



EAGLET MINES LIMITED

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EAGLET MINES LIMITED

V.S.E. : EAG
SHARES OUTSTANDING : 3,014,506
RECENT PRICE : \$ 7.00 - \$ 7.50

INVESTMENT RECOMMENDATION

We consider that this broad based program offers potential for a development on a major scale. We recommend that investors seeking a growth situation with above average potential should consider the purchase of shares at current levels.

INTRODUCTION

What could well be North America's first large tonnage Fluorspar deposit is currently under development near the north arm of Quesnel Lake, British Columbia, by **EAGLET MINES LIMITED**. Responsible for this development is president Andrew Robertson, one of the world's most successful mining engineers. This operation could be extremely important to the economy of B.C. and Canada, as the known world reserves of Fluorspar will be depleted by the end of this century.

The consequence of this impending depletion will be a further increase in the price of Fluorspar from current levels, which will be necessary to justify the huge capital expenditures required to bring into production new low grade deposits. As an illustration, in one year the price of Fluorspar has increased by an average of 41%, or from \$ 117.00 to \$ 171.00 U.S. Funds per short ton.

Canadian production of Fluorspar ceased in 1977, and American production is declining, whereas demand in both countries is increasing dramatically. Similar shortages are found in other industrialized countries of the world.

The major use of fluorspar is for its fluorine content which is a critical raw material for the aluminum, fluorochemical, chemical and steel industries of the world.

New developments in the fluorochemicals industry for both industrial and military applications promise to consume large quantities of fluorine. More particularly increasing amounts of light weight and durable fluoroplastics are being adopted by the automotive industry in an effort to conserve energy.

Another area of growth is in nuclear applications. Fluorine requirements in the enrichment of the fissile uranium isotope U_{235} is expected to rise rapidly as the inevitable growth of electric generation from nuclear reactors continues.

The United States is the world's largest consumer, and its Government lists fluorspar as a strategic mineral. By 1985, it is estimated that the U.S. will have to import 94% of its fluorine requirements and would therefore be responsive to a reliable Canadian source of supply.

Mexico has traditionally been the major U.S. supplier because of its substantial reserves and production capacity, its favourable export prices, and its proximity. However, the current pricing structure coupled with the high cost of transportation indicates that a Western Canadian source of supply could enjoy significant markets in Canada, the United States, and Europe as well as Japan, Korea and other countries bordering the Pacific Rim.

FLUORINE SUPPLY AND DEMAND

As Fluorspar is produced for its Fluorine content, all statistics therefore of its production and use are normally reported in its Fluorine equivalent. The United States consumes 25% of the world's total, and annual growth rate of consumption is approximately the same for the rest of the world.

The following graph shown as Figure 1, illustrates the U.S. Fluorine demand since 1955 to the present, as well as the projected requirements to the year 2000. Also shown is the net mine production. The U.S. will have to import the substantial shortfall. Similar shortfalls are found amongst the other industrialized nations of the world.

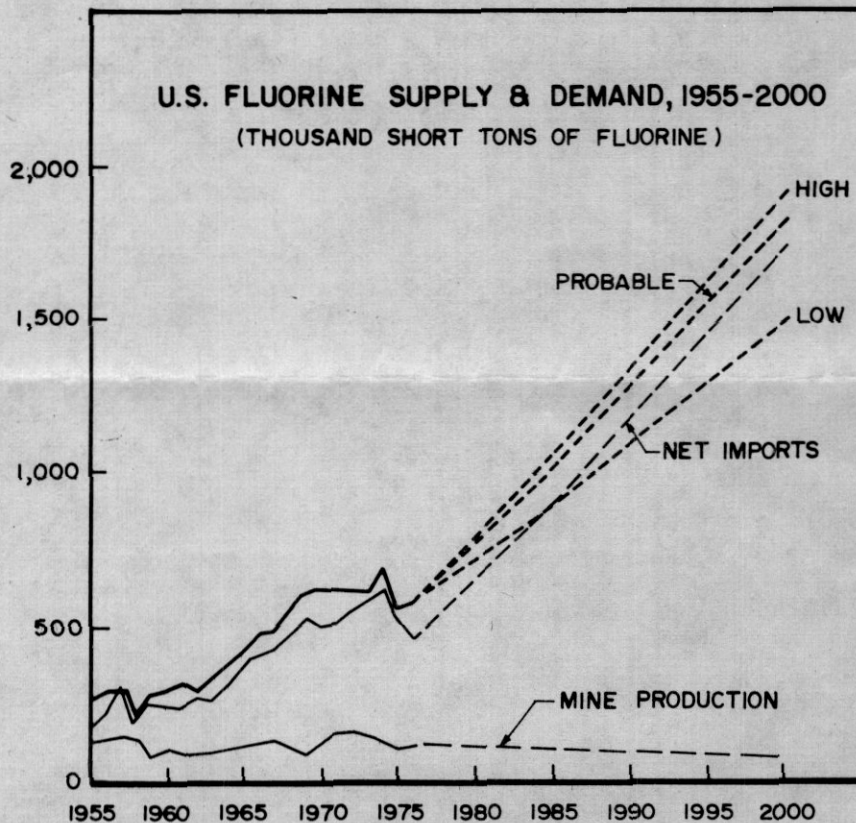
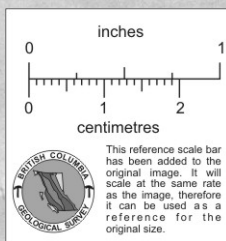


FIGURE 1 - U.S. FLUORINE SUPPLY & DEMAND, 1955 - 2000
(U.S. DEPT. OF THE INTERIOR , BUREAU OF MINES , 1978)



SUMMARY

A huge mineralized zone measuring at least 2,000 feet wide and 4,600 feet long and open in two directions and to depth has been defined. One very large block of mineralization on the west side contains a minimum of 250 million tons and a block on the east side contains nearly 40 million tons. These two zones have been defined by a total of 19,578 feet of underground and surface drilling, and 1,310 feet of underground workings. All of this work except 6,814 feet of drilling was carried out in 1980.

Current assays show gross fluorite dollar values as high as \$ 18.54 (9.0% fluorite) per ton. Earlier values go as high as \$ 55.62 (27.0% fluorite) per ton. Significant silver is found consistently throughout and averages 0.25 ounces per ton for a gross dollar value of \$ 3.50 per ton at today's prices. Cost of mining and processing a ton of this material on a large scale should be less than \$ 5.00 per ton.

Metallurgical work is currently being undertaken to determine the best methods of treatment to maximize mineral recovery for which markets are already available.

Another drilling program will begin immediately to determine the ultimate limits of mineralization to be followed by a detailed feasibility study which will include computerization of all data in order to ascertain exact tonnage and grade and determine the most profitable open pit mining plan. An operation of this type is envisaged at not less than 10,000 tons per day throughput or about the same scale the Endako molybdenite mine was designed for at start up.

Andrew Robertson, **EAGLET's** president was also responsible for the Endako Development, the world's second largest molybdenite producer.

It was the exceptional earnings from Endako that enabled its principal owner, Placer Development, to accelerate its exploration and acquisition programs which led to the development of its new mines and hence place it amongst the giants in world mining.

The work completed to date on the **EAGLET** indicates that Andrew Robertson is in the process of developing his second world scale mine, a record that very few individuals can claim.

One director of the company stated that the future for fluorite is not dissimilar to that projected for molybdenite some 25 years ago.

It is now evident that **EAGLET MINES LIMITED** has an extra-ordinary opportunity to become both a significant producer of fluorite and a world class mining company with all the attendant advantages for future growth and expansion as enjoyed by others in this category.

PURCHASE IS RECOMMENDED.

MARCH, 1981

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