

APRIL 14, 1971

SENATE MINING & EXPLORATION LTD.

CURRENT HOLDINGS AND ACTIVITY - A special meeting of Senate Mining & Exploration Ltd. **SINCE INCORPORATION REVIEWED** was held on 13 Apr 71 at which shareholders approved conversion of Senate from a private to a public company.

To Senate's first annual meeting on 10 Mar 71, president Richard F.J. Newsom read a seven page report and said preliminary arrangements for an underwriting had been made. He reviewed five mining property interests and said Senate had made a good investment in Haelan Industries Limited, an Ontario-based hospital and hotel supply company and which has a 45% interest in Advanced Systems Associates Ltd., an Edmonton-based firm engaged in developing monitoring controls for the oil patch industry. (Financial statements as at 31 Aug 70 show Haelan was a private firm in which Senate acquired 25,000 shares by conversion of a \$50,000 loan).

All five mining properties are in B.C. The Heath copper prospect is some 70 miles NW of Ft. St. James on the SW slope of Nation Mt. and on the E shore of Tchentlo Lake. It comprises 83 claims in three groups. In the fall of 1969, Senate acquired an option to buy the Heath 1-16 claims from Colin Campbell for \$50,000 and 200,000 shares of which \$30,000 has been paid, \$10,000 is due 1 Jun 71 and \$10,000 and the shares are due 1 Nov 71. In October and November 1969, Senate staked the Heath 17-52 claims. In December, the 31 N.S. claims were optioned from Marc Explorations. Purchase price is \$20,000 of which \$10,000 has been paid and \$5,000 is due 1 May 71 and \$5000 on 1 Nov 71. Initially detected by geochemical means (in 1968), subsequent prospecting confirmed the presence of copper mineralization both in several shear zones as well as disseminated widely in an environment typical of porphyry deposits, said Mr. Newsom. He quoted R.H. Seraphim, Ph.D., as reporting that chalcopyrite is found disseminated in the syenite in several localities and is exposed in several trenches in shear zones in the diorite; that a sample from the widest known shear zone exposure assayed 3.25% across 7 ft.; and that exploration of the large areas covered by overburden is an attractive venture.

In Slocan mining division, SE B.C., three separate silver properties are held. All lie on creeks tributary to Kaslo Creek some 10 to 13 road miles from Kaslo village. All have old workings. All have yielded high-grade samples. Mr. Newsom said geologist John S. Vincent has recommended work on the Gold Cure group on Briggs Creek to include geological mapping, sampling on surface and in 5 old adits, induced polarity survey and more stripping. On the Keen Creek group he proposed soil sampling and bulldozer trenching. On the Jardin Mt. group he proposed air photo analysis (now done), geological mapping, bulldozer stripping, road building and reconnaissance of a nickeliferous ultramafic mass on the property.

In the fall of 1969, Senate paid Arctic Gold & Silver Mines Limited \$250,000 for a 49% interest in the Old Nick nickel prospect just east of Bridesville, some 25 miles east of Osoyoos in S central B.C. Later, Arctic and Senate placed the property in a jointly held company, Northern Deep Levels Ltd. Mr. Newsom said discussions with major firms are underway aimed at their participation. Utica Mines Ltd. previously held an option on this ground, but following exploration done pursuant to deals made with Copper Ridge Mines Ltd. and Newmont Mining Corp., the option was dropped due to difficult metallurgy. (Egil Livgard, P. Eng., expressed optimism that the metallurgical problem could be overcome). From 27 percussion and 9 diamond drill holes, first assays averaged about 0.22% nickel. Subsequent reassaying of split cores came out at 10% to 20% higher. This prospect has large tonnage, open pit potential. It is the subject of discussions underway with a major firm.

From incorporation 4 Sep 68 to 31 Aug 70, Senate received \$654,570 (being \$623,701 from sale of 1,909,802 shares and \$30,869 from sale of 142,858 shs. of Arctic Gold & Silver Mines). Applied were \$666,913 so that at 31 Aug 70 there was a working capital deficit of \$12,343. Major items applied were \$30,621 for mineral properties, \$52,313 for fixed asset additions and \$450,000 investments. These comprise \$250,000 for 367,500 shs. of Northern Deep Level Mines (being 49% of the vendor shs.); \$50,000 loan to Haelan Industries (converted to 25,000 Haelan shs.); and \$150,000 loan to Arctic Gold & Silver (of which \$100,000 was converted to 142,858 shs. of Arctic sold for \$30,869 at a loss of \$69,131 and the \$50,000 will be converted into Arctic shs. at 20¢ each if regulatory bodies approve. Meanwhile Senate's statements reflect full provision for possible loss of this \$50,000.

Of 5,000,000 shs. auth., 2,659,802 were issued at 31 Aug 71, unchanged at 1 Mar 71.

Although a shareholder demanded a ballot vote on a number of management resolutions, all were passed including the re-election as directors of R.F.J. Newsom, president (owning 225,000 shares); Robt Hughes, treas. (122,801 shs.); Jas. C. Snell, P. Eng. (306,700 shs.); and Egil Livgard, P. Eng. (136,000 shs.).

FOR THE RECORD

Ponderay Exploration Company Ltd. has offered all registered holders of Highland Acceptance Corporation Ltd., one share of Ponderay for each share of Highland. At the offering date, 194,115 shares of Highland were outstanding, of which 11,200 were held by Ponderay. Also reported is that Ponderay has no underwritings proposed or outstanding. However, it has outstanding 175,000 share purchase warrants which were issued to Pacific Western Securities, Edmonton. Issued for 5¢ each, these entitle the holder to buy one share of Ponderay for each warrant held at \$4.25 per share at any time from 31 Aug 70 and to 30 Sep 71 when the warrants expire. Ponderay reports Highland Acceptance 1970 revenue of \$82,614 vs \$34,747 in 1969, and net loss of \$23,111 vs net profit of \$16,697. Net cash generated before non-cash items was \$22,821 and the company received \$51,141 in 1970 from sale of 100,000 shs. Spent was \$257,242 for purchase of new assets to be leased. The decrease of \$183,280 left working capital deficiency of Highland at \$183,280 vs working capital of \$179,008 at 31 Dec 69. Ponderay reports that, of its 5,000,000 auth. shs., 2,458,899 were issued as at 15 Mar 71, incl. 577,499 deposited in a voting trust scheduled to terminate 2 Nov 80. The statement says that 247,501 shs. have been released or 30% & that 10% will be released 28 Jan & 2 July in each yr. as from 2 Jan 71, subj. Alta. Sec. Com. & V.S.E. Also, there were 79,380 shs. subj. to 29 Feb 68 & 1 Mar 68 escrow agt. of which 19,845 have been released subj. ASC & BCSC. (See GCNL 61 (1970) and NO. 35 (1971)).