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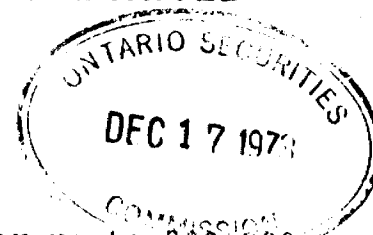
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HEREUNDER AND ANY REPRESENTATION TO THE CONTRARY IS AN OFFENCE.

AMALGAMATED RARE EARTH MINES LIMITED

Suite 1402, 390 Bay Street,
Toronto, Ontario.

NEW ISSUE



OFFERING: The Company is offering hereunder up to 200,000 treasury shares. These shares will be sold, paying normal brokerage commission through registered Securities dealers, at the market price from time to time, on a best efforts basis with a minimum net return to the Company of 35 cents per share. (SEE HEADING - THE OFFERING - PAGE 13) The Company will not pay selling expenses. The proceeds received by the Company from the sale of treasury shares hereunder will be held in trust by the Company's registrar and transfer agent until a minimum net sum of \$35,000 has been received or for a period of 90 days, whichever occurs first. In the event of failure to receive a net sum of \$35,000, all monies received on behalf of the Company shall be returned to the Subscribers.

PURPOSE

OF ISSUE: The purpose of this offering is to raise funds to cover the cost of the Company's proposed preliminary exploration programme on its properties and for general operating expenses. (SEE HEADING - HISTORY AND BUSINESS and USE OF PROCEEDS - PAGES 1 & 12)

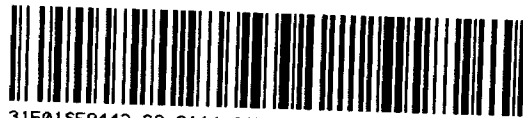
**SECONDARY
OFFERING:**

In the event of all the above mentioned treasury shares being sold to the public, Mid-North Engineering Services Limited and Brewis & White Limited, (the selling shareholders) will offer, through Registered Securities Dealers, 200,000 shares, the proceeds of which will not accrue to the Company. (SEE HEADING - PRINCIPAL HOLDERS OF SHARES - PAGE 15)

THE SHARES OF THE COMPANY ARE SPECULATIVE SECURITIES.

THE SHARES OF THE COMPANY TRADE OVER-THE-COUNTER IN TORONTO AND IN THE THREE MONTHS PREVIOUS TO THE DATE OF THIS OFFERING THE SHARES HAVE TRADED IN THE RANGE OF 11 CENTS TO 46 CENTS PER SHARE.

Registrar and Transfer Agents
GUARANTY TRUST COMPANY OF CANADA,
88 University Avenue,
Toronto, Ontario.



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AMALGAMATED RARE EARTH MINES LIMITED

HISTORY & BUSINESS

Amalgamated Rare Earth Mines Limited (hereinafter called the "Company") was incorporated under the laws of the Province of Ontario by Letters Patent of Amalgamation dated March 29, 1957, uniting Cavendish Uranium & Mining Company Limited and Rare Earth Mining Company Limited. Pursuant to the amalgamation and agreement between the parties pertaining thereto, the Company issued and allotted 2,530,000 shares. 1,265,000 shares were allotted to the shareholders of Rare Earth Mining Company Limited. 1,265,000 shares were allotted to Cavendish Uranium Mines Corporation as owner of all of the shares of Cavendish Uranium and Mining Company Limited and they were distributed to the shareholders of the former company. By Certificate of Amendment of Articles dated October 10, 1973 the capital stock of the Company was converted from par value to no par value shares.

The Property of the Company consists of three blocks of mining property located in the Eastern Ontario Mining Division of the Province of Ontario. All property is within 140 miles of Toronto and accessible by road and the Canadian National Railway.

More particularly the three blocks are:

(1) CARDIFF TOWNSHIP: 35 contiguous leased mining claims of approximately 1750 acres held on Crown Leases for 21 years and renewable in 1985 and 1986 and thereafter at 21 year intervals. Claim numbers are E.O.6194 to E.O.6198; E.O. 6351 to E.O.6359; E.O. 7306 to E.O. 7315; E.O. 7386 to E.O. 7391; E.O. 12796 to E.O.12800. This property is accessible by gravel road 2 1/4 miles south-east of the Village of Wilberforce.

On December 4, 1969, the Company acquired claims numbers E.O.219134 and E.O.219135 by staking at a cost of \$400.21.

(2) MONMOUTH TOWNSHIP: 22 leased and 18 patented contiguous claims comprising approximately 2100 acres. Leased claims are numbered E.O.4961 to E.O.4973; E.O.5448; E.O.9430 to E.O.9433; E.O.18411 to E.O.18414; and patented claims are numbered E.O.4256 to E.O.4259; E.O.4265, E.O.4267, E.O.4269, E.O.4276, E.O.4278, E.O.4956 to E.O.4960; E.O.8258 to E.O. 8261.

The leases herein run for 21 years and are renewable in 1993 save for numbers E.O. 9430 to E.O. 9433 and E.O. 118411 to E.O. 118414 which run for 21 years and are renewable for 21 years in 1986 and 1987 respectively.

In addition the Company holds mineral rights on Lots 9 and 10, Concession 13, Lot 7 and 8, Concession 14, Lot 8, Concession 15, Lot 17, Concession 17 comprising 600 acres. The Company owns part of Lot 2, Plan 8, part Lot 18, Concession 10, Lot 35, Concession 17 in the township. All of this property is accessible by gravel road approximately 2 miles southeast of the Village of Tory Hill.

- (3) CAVENDISH TOWNSHIP: 15 leased claims and part of 8 patented lots, all contiguous. The leases are renewable in 1986 and thereafter at 21 year intervals. Claim numbers are E.O. 7316, E.O. 7317, E.O. 7432, E.O. 7433, E.O. 7466, E.O. 7489 to E.O. 7497, E.O. 7608, and lots are Lot 16 and 17, Concession 5, Lots 17, 18 and 19, Concession 6. Parts of Broken Lot 17 and north part of Broken Lot 18 lying north of the arm of Catchacoma Lake, Concession 7, part of Lot 18, Concession 5 lying west of the Buckhorn Road. The property is 20 miles northwest of the town of Bobcaygeon and approximately 3/4 mile west of Highway 507.

The following exploration and development of the above properties has been undertaken:

- (1) Cardiff Township properties:-
In 1953 Stratmat Limited optioned the property from E.S. Hogan, whose prospecting discovered Uranium-bearing outcrops which are located at the site of most of the drilling and all the underground work to date. Following suspension of operations on this property in 1957, the underground and surface plant equipment and buildings were dismantled and sold.
- (2) Monmouth Township properties:-
in 1948 Lead Ura Mines Limited (which changed its name in 1951 to Rare Earth Mines Corporation of Canada Limited) carried out surface exploration on the north

half of the larger property. Further surface exploration, diamond drilling and underground development was carried out during 1955 and 1956.

In 1952 on the south half of the larger property, Blue Rock Cerium Mines Limited carried out surface exploration and diamond drilling. In 1954, Stratmat Limited took an option on the property and undertook further surface work, diamond drilling and underground development.

(3) Cavendish Township properties:-

In 1954 Cavendish Uranium and Mining Company Limited commenced surface exploration including radioactivity surveys and diamond drilling.

In 1955, a vertical shaft was sunk to 86 feet and lateral development at the 70-foot level undertaken. Surface and underground diamond drilling continued in 1956.

From early 1956 to July, 1957, extensive mill research was conducted on samples of uranium-bearing material grading from 1 pound to 2.2 pounds of U_3O_8 per ton of ore. This work was conducted by the late Professor T.V. Lord of Queen's University, under the auspices of the Atomic Energy Control Board at Ottawa. By July, 1957, numerous laboratory tests on bulk samples of ore from the above-mentioned holdings had proven the feasibility of extracting the uranium and rare earth minerals by flotation concentrates. A small scale continuous pilot run in July, 1957 in the ore-dressing laboratories of the Department of Mines, at Ottawa, confirmed the probability of obtaining an over-all recovery of up to 91 percent U_3O_8 from combined flotation and acid leach. A ratio of concentration of 5 to 1 in flotation made possible the reduction of capital cost of the mining-milling plants, of 40 percent, due to the smaller size of the expensive leaching section of the mill.

In 1957 and 1958, detailed design plans and specifications for mine and mill plants were completed, at a total engineering cost of \$300,000. Firm quotations received from contractors and suppliers confirmed the capital estimates of \$6 millions, for a complete mine-milling plant unit of 1,000 tons daily capacity, compared with \$10 millions for the same size unit using a mill unit to leach the entire ore tonnage without preconcentration.

Following suspension of operations on these properties, all underground and surface plant equipment and buildings were dismantled and removed.

Upon suspension of operations in 1957, a total expenditure of over \$3.8 millions had been made on surface exploration, diamond drilling and underground mine development.

The Halo Uranium Mine, in Cardiff Township, 6 miles northeast of the Rare Earth property, comprises 1,850 acres. Surface exploration and diamond drilling, with partial underground development from two adits, from 75 to 106 feet below the highest surface outcrop, was completed to 1957.

The Rare Earth Mines, in Monmouth Township, 15 miles northwest of the Cavendish property, comprises 1,970 acres. Surface exploration and diamond drilling, with partial underground development from two vertical shafts to respective depths of 440 and 657 feet was completed in 1957.

The Cavendish Uranium Mine, in Cavendish Township, 15 miles south-west of the Rare Earth property, comprises 1,215 acres. Surface exploration and diamond drilling, with partial underground development, from a vertical shaft, at the 70-foot horizon, was completed in 1957.

FURTHER EXPLORATION AND DEVELOPMENT

The last quarter of 1967, Asarco Exploration Company of Canada, Limited, drilled 13 vertical holes on the Cavendish property, to depths of 73 to 496 feet, from 400 to 800 feet apart over an area 2,000 by 1,200 feet, to test the feasibility of large-scale, surface-pit mining. Results confirmed the 1956 findings: that the higher grade zones within the pegmatites offer the best possibility of profitable extraction by closely-spaced selective sampling and underground mining.

The following is a summary by management of work carried out by Amalgamated Rare Earth Mines in the summer of 1968 along with a program recommended by H. Grant Harper, B. Eng. Preliminary work consisted of repair of access roads, line-cutting, mapping and rehabilitation of the two adits on the Halo property and the one at the Blue Rock shaft on the Rare Earth property.

A scintillometer survey was carried out on both the Halo and the Rare Earth properties. This was followed by a detailed geiger survey along with trenching of the areas of high radioactivity in the scintillometer survey. As a result, numerous drill targets for exploration were indicated.

During the end of 1968, and the beginning of 1969, surface diamond drilling on various zones on the Halo property amounted to 12,431 feet. In the course of this work, a minor amount of new Uranium mineralization was indicated.

Since May 30, 1969, the company has carried out a program of surface exploration and claim staking on and adjacent to the Halo Property and further minor rehabilitation of the number 2 Adit on the Blue Rock-Rare Earth Property. No work has been done on the Cavendish Property.

A total of \$151,861.00 was expended on the 1968/69 program. The Company's Management decided to stop exploration on the Halo property until the economic climate for uranium improved. No work is planned by the Company, however, the properties are the subject of an agreement between Imperial Oil Limited (hereinafter known as Imperial) and the Company.

By agreement dated October 1, 1973, between The Company and Imperial, Imperial will carry out extensive exploration on the company's properties in the Bancroft area in the following manner:

- (i) Imperial will spend not less than \$30,000 within 6 months from the date of the agreement and on or prior to commencing such exploration, will pay to the company the sum of \$10,000.
- (ii) Imperial shall then have the right to commence a further programme of exploration and spend not less than a further \$30,000 within 6 months from the date

of the notice given in (i) above and on or prior to commencing such further exploration will pay to the company a further sum of \$10,000.

- (iii) Imperial shall then have the right to commence a further programme of exploration and spend not less than \$40,000 within 12 months from the date of the notice given in (ii) above and on or prior to commencing such further exploration will pay to the company a further sum of \$20,000.
- (iv) Imperial shall then have the right to commence a further programme of exploration which shall be conducted over a period of five years from the date of the notice given in (iii) above and expenditures thereon shall be at a rate of not less than \$20,000 in each 12 month period and shall pay to the company the sum of \$15,000 at the commencement of each such 12 month period.

Upon the date that Imperial shall have expended in the aggregate \$100,000 in the carrying out the programmes of exploration referred to in clauses (i), (ii) and (iii) above the company shall issue to Imperial at its request, 400,000 fully paid shares of the company's unissued capital stock. Also, in respect of each \$100,000 expended by Imperial in carrying out the programme of exploration referred to in clause (iv) above, the company shall issue to Imperial at its request, 200,000 fully paid shares of the company's unissued capital stock.

At any time after the issue to Imperial of 400,000 shares of the capital stock of the company, Imperial shall have the right to elect to place the mining properties in production. Upon attainment of production from the mining claims showing an excess of revenue over direct costs and direct overhead for a period of 6 consecutive months or such lesser amount as the parties may mutually agree upon, and at no additional cost to the company, Imperial shall be entitled to one of the following alternatives:

- (a) To require the company to issue to Imperial shares in the capital of the company in an amount equivalent to its then issued capital and the company agrees to take all necessary steps to increase its capital stock as

may be necessary for this purpose.

OR

(b) To receive title to a 50% interest in the properties.

OR

(c) To receive convertible income bonds from the company for all expenditures by Imperial on the company's properties made after production decision.

At any time after receiving its first 400,000 shares of the company's capital, Imperial or its nominees shall have the right to purchase all uranium produced at prevailing market prices. In the event that the company shall at any time and from time to time issue any shares of its capital stock to the public or otherwise, such issue shall be made pro rata to Imperial having regard for its then holdings of shares in the capital stock of the company.

The excess of capital stock issuable subject to the requirement of the above agreement would be provided by an increase in the authorized capitalization of the Company if and when required.

STURGEON LAKE PROPERTY - PATRICIA MINING DIVISION

By Agreement dated January 23, 1970, between the Company and Mid-North Engineering Services Limited ("Mid-North"), the Company acquired, for \$2,798, (cost to "Mid-North") a 13.5% interest in 46 claims in the Patricia Mining Division of Ontario as follows:

Claim Numbers P.A.235280 to P.A.235313 inclusive (34 claims),
Claim Numbers P.A.218323 to P.A.218334 inclusive (12 claims).
The remaining 86.5% interest in the foregoing property is held as follows:

	<u>Percentage Interest</u>
Dickenson Mines Limited	40.5%
Nickel Rim Mines Limited	22.5%
Langis Silver & Cobalt Mining Company Limited	13.5%
Gordon J. Ciglen in Trust	10.0%

The property is located in the Valora Area of the southwest part of the Sturgeon Lake Area, Ontario. The property is accessible from Highway 599 which crosses the eastern portion. The only persons or company having a greater than 5% interest in "Mid-North" are Arthur W. White, 72 Dunvegan Rd., Toronto, Ontario; H. Rodney Heard, 464 Broadway Ave., Toronto, Ontario; James Geddes, 1461 Mildmay Court, Mississauga, Ontario; and H. Vance White, 100 Oriole Pkwy., Apt. 210, Toronto, Ontario.

An airborne magnetometer and electromagnetic survey has been completed over the property and detailed geophysics completed on the ground. Light surface diamond drilling was carried out in 5 holes totalling 520 feet. Low values of copper were obtained but not in economic quantity. Two further diamond drill holes were completed for a total footage of 378 feet in August 1971 on an anomaly to the northwest in the property. No economic values were encountered. The Company's portion of the total cost of all work on the property was \$2,764.57.

Of the 46 claims, 43 have now been returned to the Vendor. The three claims remaining are:

P.A.235280, P.A.235281 and P.A.235289

No further work is contemplated on this property at this time.

CONNAUGHT TOWNSHIP, LARDER LAKE MINING DIVISION, ONTARIO.

In October, 1970, the company caused to be staked 16 claims in the northeast quarter of Connaught Township. The claim numbers are L.279137 and L.279140 to L.279146 inclusive and L.279207 to L.279214 inclusive. The cost of staking was \$855.00 and transfers and abstracts \$88.00 for a total of \$943.00.

The simplest access to the property is by aircraft from Sudbury (85 miles) or Timmins (55 miles) to the west end of Chris Lake. There is no surface or underground plant on the property.

Upon recommendation by H. Grant Harper, F.G.A.C., P. Eng., consulting geologist, a program of geophysics including magnetometer and electromagnetic surveys was carried out in 1971 for a total cost of \$3,631.36. Several conductors were located.

One claim No. 279211 was dropped since the claim was mainly a water claim and it was not possible to provide sufficient work to maintain it. The property now consists of 15 claims.

In his new report dated November 1, 1973, Mr. Harper recommends the drill testing of the conductors to be preceded by some check geophysics by horizontal loop E.M. method and a limited amount of geochemical surveying. The cost estimate for the foregoing is \$18,500.

The rocks underlying the Amalgamated Rare Earth claims are Keewatin Volcanics and these are the host rocks of the known copper occurrences in the general area. On the adjoining property of Coniston Copper Mines Ltd., the Volcanics include Massive andesite and rhyolite flows, rhyolite breccias and agglomerates and tuffs of varying composition.

Exploration of Connaught Township received an impetus in the Fall of 1970 when Coniston Copper Mines Ltd. reported diamond drill intersections in 5 holes containing copper across widths varying from 5.8' to 30'. The best hole returned over 1% copper across 30 feet of core.

The above is a summary of Mr. Harper's report of November 1, 1973 whose full report is available in the public file of the Ontario Securities Commission.

Smye & McGillis Townships - Patricia Mining Division, Ontario

By Agreement dated March 19, 1971, between the Company and Mid-North Engineering Services Limited ("Mid-North") the Company acquired for \$700 (staking cost to "Mid-North") a 90% interest in 14 unpatented claims in Patricia Mining Division more particularly described as follows: Claim Nos. PA285924 to PA285926 both inclusive (3 claims), PA285928 to PA285930 both inclusive (3 claims), PA285935 to PA285940 both inclusive (6 claims) and PA285970 and PA285971, situate in Smye and McGillis Townships.

By further Letter of Agreement dated August 19, 1971, between the Company and "Mid-North" the above agreement dated March 19, 1971, was declared null and void in favour of a new agreement dated August 24, 1971 which provided the Company with opportunity to gain a further 23 contiguous claims on which magnetometer and electromagnetic surveys have been completed and several anomalous conductive areas have been indicated.

By the new agreement dated August 24, 1971, between the Company and "Mid-North" the Company acquired under option 23 unpatented mining claims more particularly described as: PA285924 to PA285930 (7 claims), PA285935 to PA285940 (6 claims), PA285961 to PA285967 (7 claims) and PA285970 to PA285972 (3 claims) all situated in Smye and McGillis Townships and also under option, a 95% interest in 14 unpatented claims namely: PA254506 to PA254518 (13 claims) and PA261210 (1 claim) all situated in Smye and McGillis Townships. Both groups of claims are contiguous.

Under the terms of the Agreement the consideration paid for the claims was:

- (a) One Thousand Four Hundred and Ninety Nine Dollars (\$1,499) (Cost to Mid-North)
- (b) The sum of Seven Thousand One Hundred and Thirty Four Dollars (\$7,034.00), payable to Mid-North as consideration for all engineering data previously obtained from 23 of the claims (Cost to Mid-North)
- (c) The issue to the Optionor (Mid-North) of 100,000 vendor shares in the capital stock of a company to be incorporated on or before the 1st day of September, 1972, (hereinafter referred to as the "new company").

(By an Agreement dated July 25, 1972, between the Company and the Optionor the date for incorporation of the New Company has been extended to December 31, 1974.)

(The amounts referred to in (a) and (b) above, were paid by the Company forthwith on execution of the agreement dated August 24, 1971.)

Out of the 100,000 shares in the "new company" mentioned in (c), the 5% non-assessable interest of Allan P. Best, Optionor, in Appendix I of the New Agreement dated August 24, 1971, will be satisfied.

The Company's property is without a known body of commercial ore and the proposed development plan is an exploratory search for ore only. There is no surface or underground plant or equipment on the property.

The following is a summary of the report to management by H. Grant Harper, F.G.A.C., P. Eng., whose full report dated November 1, 1973, is available in the public file of the Ontario Securities Commission:

The property is reached from the Village of Savant Lake Station which is 20 miles to the south. Savant Lake Station is located on the C.N. Railway and on Highway 599 connecting with Highway 17 at Ignace.

In general, the claim group straddles a contact between volcanic and granitic rocks with the bulk of the claim area lying on the volcanic side of the contact. The volcanics and their contact with the granite strike northeasterly at the southwest end of the property and are folded around a granite nose near the east boundary of the property.

The gold-silver-lead-zinc showing located near No. 1 Post of claim PA254517 was probably discovered during the 1930's and is the only evidence of early exploration history known to the Company. Since the present claim group was staked in late 1970 and early 1971, work on the property has included line cutting, mapping, sampling, electromagnetic and magnetic surveying, geochemical prospecting and 2196 feet of surface diamond drilling.

The soil sampling was indecisive indecisive in that no correlation between geophysical and geochemical results was possible.

Atleast three differing opinions as to the strike and dip of the structure may be resolved by further diamond drilling prefaced by a limited amount of check surveying.

Work is recommended as follows:

Drilling 750 Feet at \$15.00 per foot	\$11,250
Check Surveying	<u>2,500</u>
	13,750
Contingencies	<u>2,250</u>
TOTAL	<u><u>\$16,000</u></u>

After the work carried out in 1971 certain of the claims were allowed to lapse or return to the optionor and assessment work was concentrated on the remaining 28 claims as follows:

PA285924 to PA285930; Pa285935 and PA285936
PA285961 to PA285967 and PA285972 a total
of 17 claims in which the Company holds a
100% interest

and

PA254506 to PA254512; Pa254515 to PA254517 and
PA261210 a total of 11 claims in which the
Company holds a 95% interest.

In accordance with the provisions of Appendix 1 of the agreement dated 24 August 1971, the options on the II claims were taken up at \$100.00 per claim and transfer fees of \$15.00 were paid for the 3 claims returned to the endor for a total of \$1,115.00. In addition to the \$1,499 paid for the initial option, the total cash payment for all claims amounts to \$2,614.00.

The Company proposes to finance its ventures in Connaught Township and Smye and McGillis Townships by sale of unissued treasury share (SEE HEADING "THE OFFERING").

USE OF PROCEEDS

The Company proposes to spend the funds to be raised by the sale of up to 200,000 treasury shares at 35 cents per share,

to carry out the recommendations of H. Grant Harper, F.G.A.C., P. Eng., the Company's Consulting Engineer, as follows:

Savant Lake Property	\$16,000
Connaught Twp. Property	18,500
Administrative costs for one year	<u>12,000</u>
	<u>\$46,500</u>

Excess monies will form part of the general working Capital of the Company from which will be paid the expenses incidental to this offering which are estimated at \$2,500.00

Monies will not be expended on any new properties acquired without an amendment to this Prospectus being filed and accepted if the securities of the Company are then in the course of primary distribution to the public. Monies in the Company's treasury will not be used to invest, underwrite, or trade in securities other than those that qualify as investments in which Life Insurance Companies, may, under the laws of Canada, invest their funds.

THE OFFERING

The Company will offer up to 200,000 treasury shares through registered security dealers at the market price, from time to time, on a best efforts basis, with a minimum return to the treasury of the Company of 75% of the proceeds received from the public from the sale of such shares; provided that the net proceeds to the treasury shall in no event be less than 35 cents per share. The Company will pay normal brokerage Commission to any registered security dealer selling the Company's shares as its agent.

The Company's Registrar and Transfer Agent, Guaranty Trust Company of Canada, 88 University Avenue, Toronto, Ontario, will hold in trust all proceeds received for the account of the Company until a minimum net sum of \$35,000.00 has been received, or for a period of 90 days, whichever occurs first. In the event of a failure by the Company to receive atleast \$35,000 net within a 90 day period from the date of acceptance by the Ontario Securities Commission of the prospectus, all monies received will be returned to the subscribers.

SECONDARY OFFERING

In the event of all the previous mentioned treasury shares being sold to the public, Brewis & White Limited, and Mid-North Engineering Services Limited will offer, through Registered Securities Dealers, 150,000 shares and 50,000 shares respectively for a total of 200,000 shares, the proceeds of which will not accrue to the Company. (SEE HEADING "PRINCIPAL HOLDERS OF SHARES").

Brewis & White Limited acquired 400,000 shares of the Company through an underwriting which was the subject of a prospectus dated 19 April, 1968, filed with the Ontario Securities Commission. The shares were purchased net at 75 cents per share. The present secondary offering by Brewis & White Limited is part of the residue of that purchase.

Mid-North Engineering Services Limited supported the company financially when its treasury was totally out of funds and in February 1968, received 78,000 shares at 10 cents per share. Subsequently, in March 1968, Mid-North Engineering Services Limited received 233,333 at an average cost of 15 cents per share for \$35,000. These purchases are recorded on a previous prospectus dated 19 April, 1968 accepted for filing by the Ontario Securities Commission. The present secondary offering by Mid-North Engineering is part of the residue of these purchases.

CAPITALIZATION

<u>Designation of Security</u>	<u>Amount authorized by Letters Patent</u>	<u>Amount standing as at date of Balance Sheet herewith</u>	<u>Amount outstanding as at date of this Prospectus</u>	<u>Amount outstanding if all shares offered are sold</u>
Common shares	5,000,000	4,233,757	4,233,757	4,433,757
Common shares \$1 par value	\$5,000,000	\$3,032,257	\$3,032,257	\$3,102,257
The following line represents the Capitalization after the change to - no par value shares.				
Common shares no par value	\$5,000,000 (upper limit)	\$4,340,566*	\$4,340,566*	\$4,410,566*

*These figures include the amount of contributed surplus normally shown separately in Par Value presentation.

The shares of the Company are all of one class, namely, common shares. The holders of the common shares are entitled to one vote for each share held, and to participate share for share with respect to dividends and

with respect to distribution upon a winding up or dissolution of the Company. The outstanding shares of the Company are, and the shares offered hereby which are to be issued by the Company, will be fully paid and non-assessable. No dividends have been paid by the Company to date.

ESCROWED SHARES

At the present time, certificates representing 283,804 shares referred to below are held in escrow by Guaranty Trust Company of Canada, 88 University Avenue, Toronto, Ontario, subject to release, transfer or other alienation only on the written consent of the Company and the Ontario Securities Commission.

<u>Designation of Class</u>	<u>No. of Shares held in Escrow</u>	<u>Percentage of issued shares outstanding as at the date of this Prospectus</u>
Shares no par value	283,804	6.7%

PRINCIPAL HOLDERS OF SHARES

Set forth hereunder are particulars of the present principal holders of shares of the company as of 31st October, 1973.

<u>Name and Address</u>	<u>Class of Security</u>	<u>Type of Ownership</u>	<u>No. of Shares Owned</u>	<u>Percentage of Class</u>	<u>Shares Owned After Offering</u>	<u>Percentage Retained After Offering</u>
Kam-Kotia Mines Limited, 25 Adelaide Street West, Toronto, Ontario.	Shares	Of record and beneficially	488,667	11.54%	488,667	11.02%
Brewis & White Limited, 25 Adelaide Street West, Toronto, Ontario.	Shares	Of record and beneficially	356,935	8.43%	206,935	4.66%
Mid-North Engineering Services Limited, 25 Adelaide Street West, Toronto, Ontario.	Shares	Of record and beneficially	253,333	5.98%	203,333	4.58%
A.W. White, 72 Dunvegan Rd., Toronto, Ontario.	Shares	Of record and beneficially	154,113	3.88%	154,113	3.57%
				18.29% see note		12.81% see note

NOTE: A.W.White owns a beneficial 100% interest in Brewis & White Limited and a 57.14% beneficial interest in Mid-North Engineering Services Limited.

PURCHASER'S STATUTORY RIGHT OF RESCISSION AND WITHDRAWAL

The Securities Act, 1970, contains (Sections 64 and 65) certain provisions enabling a purchaser of securities offered in the course of primary distribution to rescind the contract of purchase:

- (a) while the purchaser is still the owner of the securities if the Prospectus and any amended Prospectus, at the date of receipt by the purchaser, contains an untrue statement of a material fact or omits to state a material fact in order to make any statement contained therein not misleading, but only if action is commenced within 90 days from the last to occur of the receipt of the Prospectus or amended Prospectus or the contract of purchase: and
- (b) if the person or company from whom the securities were purchased is notified in writing or by telegraph of the purchaser's intent to rescind not later than midnight of the second day, exclusive of Saturdays, Sundays and holidays, after receipt by the purchaser of the Prospectus or amended Prospectus. A Prospectus or amended Prospectus sent by prepaid mail is deemed conclusively to be received in the ordinary course of mail. The receipt thereof by a person or company acting as agent or who thereafter commences to act as agent of the purchaser shall be receipt by the purchaser as of the date of the agent's receipt thereof; however, for purposes of the foregoing, a person or company is not considered to be acting as agents of the purchaser unless the person or company is acting solely as an agent of the purchaser and has not received and has no agreement to receive compensation from or on behalf of the vendor with respect to the purchase or sale. This right of rescission is not available to a registrant or to a purchaser who sells or otherwise transfers beneficial ownership of the securities purchased before the expiration of the time within which rescission may be effected.

MANAGEMENT

The names of the directors and officers of the Company and the positions presently held are listed below:

<u>Name and Address</u>	<u>Position with Company</u>	<u>Principal Occupation</u>
Arthur Walter White 72 Dunvegan Road, Toronto, Ontario.	President & Director	Mining Executive, President, Dickenson Mines and Kam-Kotia Mines Ltd.
Harry Idris Miller, 1615 Bayview Avenue, Apt. 4, Toronto Ontario.	Vice-President & Director	Mining Executive, Vice-President, Brewis & White Limited
Charles Benjamin Farnham, 7 Sophia Drive, Scarborough, Ontario.	Director	Mining Executive, President, Mount Pleasant Mines and Atlantic Nickel Mines
Herbert Rodney Heard, 464 Broadway Avenue, Toronto, Ontario.	Secretary-Treasurer & Director	Chartered Accountant with Mid-North Engineering Services Limited
Thomas Clydesdale Michie, 7 Sophia Drive, Scarborough, Ontario.	Director	Building Contractor- Self employed.
Harvey Vance White, 100 Oriole Parkway, Toronto, Ontario.	Director	Mining Executive with Mid North Engineering Services Limited, pre- viously with Burns Bros & Denton Limited
Fred Albert Fell, 35 The Kingsway, Toronto 590, Ontario.	Director	Executive Mining Engineer, Dickenson Mines Limited.

Each of the above has held the principal occupation for the preceding five years.

The directors and officers of the Company, as a group, own 15.44% of the issued shares.

REMUNERATION OF MANAGEMENT

Each director of the Company will be paid a fee of \$50 for each directors' meeting. No official will be paid a fee.

The Company has a management agreement with Mid-North Engineering Services Limited, 25 Adelaide Street West, Toronto, Ontario, under which Mid-North has agreed to provide management, accounting and secretarial services, including office space at a cost of \$250.00 per month.

Stock options have been granted to the Officers, Directors and employees of the Company for 131,243 shares at 35 cents per share. These options are open until December 31, 1974.

The minimum price per share to be received by the Company's treasury for this offering of shares was used to establish the price to be paid for the optioned shares.

PROMOTER

Kam-Kotia Mines Limited by reason of its ownership of 488,667 shares can be considered the promoter of the Company and is in a position to elect or cause to be elected a majority of the Directors of the Company and can be considered to have current control of the Company.

AUDITORS

The Auditors of the Company are Gardner, McDonald & Co., 335 Bay Street, Toronto, Ontario.

REGISTRAR & TRANSFER AGENT

The Guaranty Trust Company of Canada, 88 University Avenue, Toronto, Ontario, is the stock registrar and transfer agent of the Company.

By Resolutions dated October 18, 1973, the Directors of the Company approved the termination of the appointment under which the Guaranty Trust Company acts as transfer agent and registrar of the Company and also approved the appointment of The Sterling Trust Corporation, 372 Bay Street, Toronto, Ontario, to be the transfer agent and registrar of the Company. The effective date of the change will be February 5, 1974. The change is being made for greater convenience of management of the Company.

PRIOR SALES

During the two years prior to this offer the Company sold no shares.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Mid-North Engineering Services Limited provides secretarial services and Head Office facilities for the Company at a cost of \$250.00 per month (referred to under the heading "REMUNERATION OF MANAGEMENT").

The only persons having a greater than 5% interest in Mid-North Engineering Services are Arthur Walter White, Herbert Rodney Heard, James Geddes and Harvey Vance White. Arthur Walter White is also the President and a Director of Kam-Kotia Mines Limited and a director and major shareholder in Brewis & White Limited.

James Geddes is Assistant Secretary and director of Mid-North Engineering Services Limited.

Herbert Rodney Heard is Secretary-Treasurer of Kam-Kotia Mines Limited also Vice-President and a director of Mid-North Engineering Services Limited.

Harry Idris Miller, is Vice-President and a director of Brewis & White Limited.

Howard Samuel Dolson is Secretary-Treasurer of Brewis & White Limited and is also Secretary of Mid-North Engineering Services Limited.

Harvey Vance White is a director of Kam-Kotia Mines, Mid-North Engineering Services Limited and Brewis & White Limited.

MATERIAL CONTRACTS

The material contracts entered into by the Company within the two years prior to the date hereof are as follows:

1. Agreement dated January 23, 1970, between the Company and Mid-North Engineering Services Limited referred to under heading "HISTORY AND BUSINESS" on Page 7.
2. Agreement dated March 19, 1971, between the Company and Mid-North Engineering Services Limited referred to under heading "HISTORY AND BUSINESS" on Page 9.
3. Letter Agreement dated August 19, 1971, between the Company and Mid-North Engineering Services Limited referred to under heading "HISTORY AND BUSINESS" on Page 9.

4. Agreement dated August 24, 1971, between the Company and Mid-North Engineering Services referred to under heading "HISTORY AND BUSINESS" on Page 9.
5. Management Agreement dated December 1, 1967 and amending letter dated September 30, 1969, between the Company and Mid-North Engineering Services Limited (see Heading - "REMUNERATION OF MANAGEMENT" - Page 17)
6. Agreement dated July 25, 1972 between the Company and Mid-North Engineering Services Limited - extending date for incorporation of a new Company (HISTORY & BUSINESS - Page 10)
7. Agreement dated 1 October, 1973 between the Company and Imperial Oil Limited referred to under heading "HISTORY AND BUSINESS" on Page 5.

During the distribution of securities offered by this Prospectus, copies of the aforementioned agreements may be inspected at the Head Office of the Company during normal working hours.

THERE ARE NO OTHER MATERIAL FACTS.

GARDNER, McDONALD & CO.

Chartered Accountants

335 BAY STREET
 TORONTO, CANADA
 M5H 2R3
 TEL. 367-1310

MONTREAL
 TORONTO
 CALGARY
 EDMONTON
 VANCOUVER
 PRINCE GEORGE

AUDITORS' REPORT

To the Directors
 Amalgamated Rare Earth Mines Limited

We have examined the balance sheet of Amalgamated Rare Earth Mines Limited as at August 31, 1973, and the statements of deficit, preliminary development, exploration and administrative expenditures and source and application of funds for the five years and eight months then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, subject to the realization of interest in and expenditures on mining properties as explained in Note 1, these financial statements present fairly the financial position of the company as at August 31, 1973, and the results of its operations and the source and application of its funds for the five years and eight months then ended in accordance with generally accepted accounting principles applied, except with regard to exploration expenditures as set out in Note 2 with which we concur, on a basis consistent throughout the period.

Gardner, McDonald & Co.

Toronto, Ontario
 November 12, 1973

CHARTERED ACCOUNTANTS.

AMALGAMATED RARE EARTH MINES LIMITEDBALANCE SHEET

August 31, 1973

ASSETSCURRENT

Cash in banks	\$	3,720	
Bank deposit receipts		13,500	
Accrued interest receivable		67	
Accounts receivable		143	
Prepaid expenses		<u>152</u>	\$ 17,582

MORTGAGE RECEIVABLE

7% due September 1, 1978			2,076
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INTEREST IN AND EXPENDITUREON MINING PROPERTIES (Notes 1 and 2)

Mining claims (Schedule A)		407,305	
Preliminary development, exploration and administrative expenditures		169,792	
Exploration and development expenditures on outside mining properties (Schedule B)		50,003	
Building and equipment, at nominal value		<u>1</u>	<u>627,101</u>
	\$		<u>646,759</u>

LIABILITIESCURRENT

Accounts payable	\$		3,570
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SHAREHOLDERS' EQUITYSHARE CAPITAL (Notes 3, 4 and 7)

Authorized

5,000,000 shares of par value \$1 each

Issued

4,233,757 shares

Less: Discount

4,233,757

1,201,500

3,032,257

1,318,309CONTRIBUTED SURPLUS (Note 5)

4,350,566

3,707,377DEFICIT643,189\$ 646,759

The accompanying notes form an integral part of these financial statements.

Approved on behalf of the Board.

.....
Director A.W.White

.....
Director H.R.Heard

AMALGAMATED RARE EARTH MINES LIMITEDSTATEMENT OF DEFICIT

For the five years and eight months ended August 31, 1973

	<u>Year Ended</u> <u>Dec 31, 1968</u>	<u>Year Ended</u> <u>Dec 31, 1969</u>
<u>BALANCE</u> at beginning of period	\$ <u>3,643,980</u>	\$ <u>3,661,453</u>
Add: Exploration, development and administrative expenses, written off	22,473	6,477
Exploration and development expenditures on outside mining properties, written off	<u>-</u>	<u>-</u>
	<u>22,473</u>	<u>6,477</u>
	3,666,453	3,667,930
Less: Proceeds from sale of fixed assets	<u>5,000</u>	<u>-</u>
<u>BALANCE</u> at end of period	\$ <u><u>3,661,453</u></u>	\$ <u><u>3,667,930</u></u>

AMALGAMATED RARE EARTH MINES LIMITEDSTATEMENT OF DEFICIT

For the five years and eight months ended August 31, 1973

<u>Year Ended</u> <u>Dec 31, 1970</u>	<u>Year Ended</u> <u>Dec 31, 1971</u>	<u>Year Ended</u> <u>Dec 31, 1972</u>	<u>Eight Months</u> <u>Ended</u> <u>AUG 31, 1973</u>	<u>(For Comparison)</u> <u>(Unaudited)</u> <u>Eight Months Ended</u> <u>AUG 31, 1972</u>
\$ <u>3,667,930</u>	\$ <u>3,678,762</u>	\$ <u>3,689,691</u>	\$ <u>3,700,019</u>	\$ <u>3,689,691</u>
10,832	9,009	9,786	7,358	6,720
<u>-</u>	<u>1,920</u>	<u>542</u>	<u>-</u>	<u>-</u>
<u>10,832</u>	<u>10,929</u>	<u>10,328</u>	<u>7,358</u>	<u>6,720</u>
3,678,762	3,689,691	3,700,019	3,707,377	3,696,411
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ <u>3,678,762</u>	\$ <u>3,689,691</u>	\$ <u>3,700,019</u>	\$ <u>3,707,377</u>	\$ <u>3,696,411</u>

The accompanying notes form an integral part of these financial statements.

AMALGAMATED RARE EARTH MINES LIMITEDSTATEMENT OF PRELIMINARY DEVELOPMENT, EXPLORATION AND ADMINISTRATIVE EXPENDITURES

For the five years and eight months ended August 31, 1973

	<u>Year Ended</u> <u>Dec 31, 1968</u>	<u>Year Ended</u> <u>Dec 31, 1969</u>
<u>PRELIMINARY DEVELOPMENT AND</u>		
<u>EXPLORATION EXPENDITURES</u>		
Access roads	\$ 2,611	\$ 63
Assaying	1,895	897
Board, lodging and supplies	2,313	1,465
Building and equipment repairs	4,614	325
Diamond drilling	54,550	17,439
Engineering and technical supervision	12,586	14,965
Exploration equipment	527	-
General expense	2,249	1,507
Geophysical surveys	6,805	3,747
Licenses, taxes and lease applications	1,962	2,402
Line cutting	8,696	503
Re-staking claims	-	283
Shaft rehabilitation	2,504	273
Surface exploration	1,367	365
Travelling	<u>3,134</u>	<u>1,814</u>
Total preliminary development and exploration	<u>105,813</u>	<u>46,048</u>
<u>ADMINISTRATIVE EXPENDITURES</u>		
Administrative services	2,400	2,550
Advertising and shareholders' information	2,545	3,938
Directors' fees (Note 6)	950	1,200
Interest expense	1,375	-
Office and general expense	1,478	1,006
Officers' salaries	-	-
Legal and audit	4,117	2,128
Prospectus preparation and distribution	10,873	2,599
Publicity and public relations	-	-
Transfer agents' fees and expenses	4,673	3,215
Travelling	<u>2,509</u>	<u>95</u>
Total administrative	<u>30,920</u>	<u>16,731</u>
Total expenditures	<u>136,733</u>	<u>62,779</u>
Less: Interest earned	7,937	9,704
Rental income	<u>510</u>	<u>550</u>
Total income	<u>8,447</u>	<u>10,254</u>
<u>NET EXPENDITURES</u> for the period	128,286	52,525
<u>BALANCE</u> at beginning of period	-	105,813
	<u>128,286</u>	<u>158,338</u>
Less: Amounts transferred to deficit	<u>22,473</u>	<u>6,477</u>
<u>BALANCE</u> at end of period	<u>\$ 105,813</u>	<u>\$ 151,861</u>

AMALGAMATED RARE EARTH MINES LIMITED

STATEMENT OF PRELIMINARY DEVELOPMENT, EXPLORATION AND ADMINISTRATIVE EXPENDITURES

For the five years and eight months ended August 31, 1973

<u>Year Ended</u> <u>Dec 31, 1970</u>	<u>Year Ended</u> <u>Dec 31, 1971</u>	<u>Year Ended</u> <u>Dec 31, 1972</u>	<u>Eight Months</u> <u>Ended</u> <u>Aug 31, 1973</u>	<u>(For Comparison)</u> <u>(Unaudited)</u> <u>Eight Months Ended</u> <u>Aug 31, 1972</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
877	-	-	-	-
-	-	-	-	-
5,291	-	-	-	-
1,825	-	-	-	-
-	-	-	-	-
789	424	-	200	-
-	-	-	-	-
2,621	2,237	2,829	510	680
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
268	60	-	-	-
<u>11,671</u>	<u>2,721</u>	<u>2,829</u>	<u>710</u>	<u>680</u>
3,000	3,000	3,000	2,000	2,000
3,303	2,351	4,020	2,543	2,818
1,750	1,400	1,050	650	700
-	-	-	-	-
915	559	1,227	420	1,012
4,000	-	-	-	-
927	500	725	800	550
-	2,214	-	25	-
392	-	300	-	300
4,294	3,313	2,085	2,258	1,239
480	238	59	92	19
<u>19,061</u>	<u>13,575</u>	<u>12,466</u>	<u>8,788</u>	<u>8,638</u>
<u>30,732</u>	<u>16,296</u>	<u>15,295</u>	<u>9,498</u>	<u>9,318</u>
7,679	3,876	1,840	830	1,378
550	690	840	600	540
<u>8,229</u>	<u>4,566</u>	<u>2,680</u>	<u>1,430</u>	<u>1,918</u>
22,503	11,730	12,615	8,068	7,400
<u>151,861</u>	<u>163,532</u>	<u>166,253</u>	<u>169,082</u>	<u>166,253</u>
174,364	175,262	178,868	177,150	173,653
10,832	9,009	9,786	7,358	6,720
<u>\$ 163,532</u>	<u>\$ 166,253</u>	<u>\$ 169,082</u>	<u>\$ 169,792</u>	<u>\$ 166,933</u>

The accompanying notes form an integral part of these financial statements.

AMALGAMATED RARE EARTH MINES LIMITEDSTATEMENT OF SOURCE AND APPLICATION OF FUNDS

For the five years and eight months ended August 31, 1973

	<u>Year Ended</u> <u>Dec 31, 1968</u>	<u>Year Ended</u> <u>Dec 31, 1969</u>
<u>SOURCE OF FUNDS</u>		
Sale of capital stock	\$ 390,000	\$ -
Disposal of fixed assets	1,500	-
Rental income	510	550
Interest earned	7,937	9,704
Proceeds of cash contribution by subscribers	10,000	-
Mortgage instalments received	61	257
Sale of surface rights	-	-
	<u>410,008</u>	<u>10,511</u>
<u>APPLICATION OF FUNDS</u>		
Expenditures on outside mining properties	-	-
Exploration expenditures	105,813	46,048
Administrative expenditures	30,920	16,731
Retirement of mortgage loan	90,000	-
Mining claims (net)	-	-
	<u>226,733</u>	<u>62,779</u>
<u>INCREASE (DECREASE) IN WORKING CAPITAL</u>	183,275	(52,268)
Working capital (deficiency) at beginning of period	<u>(4,953)</u>	<u>178,322</u>
<u>WORKING CAPITAL (DEFICIENCY) AT END OF PERIOD</u>	<u>\$ 178,322</u>	<u>\$ 126,054</u>

AMALGAMATED RARE EARTH MINES LIMITEDSTATEMENT OF SOURCE AND APPLICATION OF FUNDS

For the five years and eight months ended August 31, 1973

<u>Year Ended</u> <u>Dec 31, 1970</u>	<u>Year Ended</u> <u>Dec 31, 1971</u>	<u>Year Ended</u> <u>Dec 31, 1972</u>	<u>Eight Months</u> <u>Ended</u> <u>Aug 31, 1973</u>	<u>(For Comparison)</u> <u>(Unaudited)</u> <u>Eight Months Ended</u> <u>Aug 31, 1972</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
550	690	840	600	540
7,679	3,876	1,840	830	1,378
-	-	-	-	-
274	294	315	223	208
-	-	-	300	-
<u>8,503</u>	<u>4,860</u>	<u>2,995</u>	<u>1,953</u>	<u>2,126</u>
7,417	25,283	23,104	112	23,050
11,671	2,721	2,829	710	680
19,061	13,575	12,466	8,788	8,638
-	-	-	-	-
-	1,501	1,115	-	-
<u>38,149</u>	<u>43,080</u>	<u>39,514</u>	<u>9,610</u>	<u>32,368</u>
(29,646)	(38,220)	(36,519)	(7,657)	(30,242)
<u>126,054</u>	<u>96,408</u>	<u>58,188</u>	<u>21,669</u>	<u>58,188</u>
\$ 96,408	\$ 58,188	\$ 21,669	\$ 14,012	\$ 27,946

The accompanying notes form an integral part of these financial statements.

AMALGAMATED RARE EARTH MINES LIMITEDSCHEDULE OF MINING PROPERTIES

August 31, 1973

Bancroft Area

\$ 401,038

The company holds 15 claims and mining rights to parts of 8 patented lots in the Township of Cavendish, 35 claims in the Township of Cardiff and 18 patented claims together with 17 Crown leases covering 22 claims in the Township of Monmouth, all in the Bancroft area, Province of Ontario. The mining properties were acquired by the amalgamating companies for \$38,626 cash and 503,911 equivalent shares of reorganized capital stock, representing a total cost of \$411,038. This cost was reduced during 1967 by \$9,500 being the proceeds of a working option (since lapsed) on the claims in Cavendish Township of \$10,000 less commission paid of \$500, and was further reduced during 1971 by \$200 being proceeds of sale of surface rights of 2 claims, and during 1973 by \$300 being proceeds of sale of rock from the Cavendish Township claims.

Sturgeon Lake - 13.5% interest in 16 unpatented mining claims for cash

2,798

Connaught Township - 100% interest in 15 unpatented mining claims for cash

855

Savant Lake - 95% interest in
11 unpatented mining claims and 100% interest in
17 unpatented mining claims for cash

2,614

\$ 407,305

SCHEDULE BAMALGAMATED RARE EARTH MINES LIMITEDEXPLORATION AND DEVELOPMENT EXPENDITURES ON OUTSIDE MINING PROPERTIES

August 31, 1973

CONNAUGHT TOWNSHIP

Geophysical survey	\$ 2,119	
Line cutting	1,147	
Travel	267	
Transfers and abstracts	<u>98</u>	\$ 3,631

SAVANT LAKE

Diamond drilling	22,231	
Geophysical survey	7,883	
Professional services	3,335	
Travel	2,815	
Miscellaneous	2,184	
Board and lodging	1,847	
Technical supervision	1,459	
Line cutting	848	
Assays	719	
Transfers and abstracts	162	
Maps	<u>124</u>	43,607

STURGEON LAKE

Diamond drilling	1,215	
Geophysical survey	822	
Professional services	328	
Maps	197	
Assays	59	
Miscellaneous	55	
Transfers and abstracts	46	
Travel	<u>43</u>	<u>2,765</u>

\$ 50,003

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AMALGAMATED RARE EARTH MINES LIMITED

NOTES TO FINANCIAL STATEMENTS

For the eight months ended August 31, 1973

1. INTEREST IN AND EXPENDITURE ON MINING PROPERTIES

The realization of acquisition costs of mining properties and expenditures thereon carried on the company's books in the amount of \$627,101 is dependent upon the future commercial success of these properties.

2. EXPLORATION EXPENDITURES

In 1958 the company discontinued active exploration and development of its uranium properties in the Bancroft area, Province of Ontario. From then until exploration of these properties resumed in 1968, expenditures relating to them consisted principally of caretaking, and the payment of taxes and rentals required to keep them in good standing. All expenditures relating to the exploration and development of the company's properties to December 31, 1967, totalling \$3,096,320 have been written off, and are included in deficit.

During 1968 active exploration of these properties resumed and expenditures thereon to August 31, 1973 of \$169,792 have been deferred.

3. SHARE CAPITAL - ISSUED

	<u>Number of Shares</u>	<u>Amount</u>
Issued to December 31, 1967		
For net assets of amalgamating companies	2,530,003	\$ 2,530,003
For services	103,750	52,250
For cash	<u>600,004</u>	<u>60,004</u>
Balance, December 31, 1967	3,233,757	2,642,257
Issued in settlement of mortgage loan during the year ended December 31, 1968	600,000	90,000
Issued for cash during the year ended December 31, 1968	<u>400,000</u>	<u>300,000</u>
Balance, August 31, 1973	<u><u>4,233,757</u></u>	<u><u>\$ 3,032,257</u></u>
By articles of amendment dated October 10, 1973, the authorized and issued shares were changed from par value to no par value shares.		

4. STOCK OPTION

Subsequent to August 31, 1973, options were granted to directors, senior officers and selected employees which, if exercised, would permit them to purchase 131,243 shares of the company's capital stock at a price of 35¢ per share up to December 31, 1974.

AMALGAMATED RARE EARTH MINES LIMITEDNOTES TO FINANCIAL STATEMENTS

For the eight months ended August 31, 1973

5. CONTRIBUTED SURPLUS

In 1967 Mid-North Engineering Services Limited and Kam-Kotia Mines Limited provided the company with financing to the extent of \$90,000 secured by a first mortgage on certain of the company's properties. In consideration therefor the lenders were granted the right to and did purchase 200,000 shares in the capital stock of the company for \$10,000.

In 1968 in order to provide the company with funds for current expenditures and to facilitate anticipated financing the lenders contributed \$10,000. This amount was credited to contributed surplus. The remainder of the contributed surplus represents the excess of value attributed to net assets contributed by the amalgamating companies over the par value of shares issued.

6. STATUTORY INFORMATION

Remuneration of directors and senior officers as defined by the Business Corporations Act, Ontario, amounts to \$650 for the eight months ended August 31, 1973.

7. OFFERING OF UNISSUED SHARES

An offering through registered securities dealers on a best-efforts basis is to be made by the company to sell up to 200,000 shares of its unissued capital to yield a minimum of 35 cents per share.

8. SUBSEQUENT EVENTS

By agreement dated October 1, 1973 between Imperial Oil Limited and Amalgamated Rare Earth Mines Limited, Imperial will carry out extensive exploration on the company's properties in the Bancroft area in the following manner:

- (i) Imperial will spend not less than \$30,000 within 6 months from the date of the agreement and on or prior to commencing such exploration, will pay to the company the sum of \$10,000 and shall give the company notice when it has completed such programme.
- (ii) Imperial shall then have the right to commence a further programme of exploration and spend not less than a further \$30,000 within 6 months from the date of the notice given in (i) above and on or prior to commencing such further exploration will pay to the company a further sum of \$10,000 and shall give the company notice when it has completed this second programme.

AMALGAMATED RARE EARTH MINES LIMITEDNOTES TO FINANCIAL STATEMENTS

For the eight months ended August 31, 1973

8. SUBSEQUENT EVENTS Cont'd.

(iii) Imperial shall then have the right to commence a further programme of exploration and spend not less than \$40,000 within 12 months from the date of the notice given in (ii) above and on or prior to commencing such further exploration will pay to the company a further sum of \$20,000 and shall give the company notice when it has completed this third programme.

(iv) Imperial shall then have the right to commence a further programme of exploration which shall be conducted over a period of five years from the date of the notice given in (iii) above and expenditures thereon shall be at a rate of not less than \$20,000 in each 12 month period and shall pay to the company the sum of \$15,000 at the commencement of each such 12 month period.

Upon the date that Imperial shall have expended in the aggregate \$100,000 in the carrying out the programmes of exploration referred to in clauses (i), (ii) and (iii) above the company shall issue to Imperial at its request, 400,000 fully paid shares of the company's unissued capital stock. Also, in respect of each \$100,000 expended by Imperial in carrying out the programme of exploration referred to in clause (iv) above, the company shall issue to Imperial at its request, 200,000 fully paid shares of the company's unissued capital stock.

At any time after the issue to Imperial of 400,000 shares of the capital stock of the company, Imperial shall have the right to elect to place the mining properties in production. Upon attainment of production from the mining claims showing an excess of revenue over direct costs and direct overhead for a period of 6 consecutive months or such lesser amount as the parties may mutually agree upon, and at no additional cost to the company, Imperial shall be entitled to one of the following alternatives:

(a) To require the company to issue to Imperial shares in the capital of the company in an amount equivalent to its then issued capital and the company agrees to take all necessary steps to increase its capital stock as may be necessary for this purpose.

OR

(b) To receive title to a 50% interest in the properties.

AMALGAMATED RARE EARTH MINES LIMITEDNOTES TO FINANCIAL STATEMENTS

For the eight months ended August 31, 1973

8. SUBSEQUENT EVENTS ... Cont'd.

OR

- (c) To receive convertible income bonds from the company for all expenditures by Imperial on the company's properties made after production decision.

At any time after receiving its first 400,000 shares of the company's capital, Imperial or its nominees shall have the right to purchase all uranium produced at prevailing market prices. In the event that the company shall at any time and from time to time issue any shares of its capital stock to the public or otherwise, such issue shall be made pro rata to Imperial having regard for its then holdings of shares in the capital stock of the company.

The Foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by Part VII of The Securities Act, 1970 and the regulations thereunder.

DATED this 10th day of December, 1973

DIRECTORS

A. W. White
A. W. White

Chief Executive Officer

H. R. Heard
H. R. Heard

Chief Financial Officer

H. I. Miller
H. I. Miller

Director

H. V. White
H. V. White

Director

PROMOTER

Kam-Kotia Mines Limited

A. W. White

A. W. White

J. Geddes

J. Geddes