

ANDOWAN MINES LIMITED

(No Person)



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This Prospectus has been filed pursuant to the provisions of PART VII of The Securities Act (Ontario), and under no circumstances is it to be construed as an offering by Andowan Mines Limited for the sale of the Company's shares or a solicitation by the said Company for an offer to buy any of its shares.

1. The full name of the Company is Andowan Mines Limited (No Personal Liability), hereinafter for convenience referred to as "the Company". The Head Office of the Company is Port Arthur, Ontario. The business office address is Post Office Box 880, Dryden, Ontario.

2. The Company was incorporated under Part XI of The Companies Act (Ontario) by letters patent dated the 10th February, 1939.

3. The following are the particulars as regards the officers, directors and promoter of the Company:

(a) Officers and Directors:

<i>President and Director</i>	ELWIN LUND PALMER, Theatre Manager, 64 Davis St., Dryden, Ontario.
<i>Vice-President and Director</i>	SYDNEY FRANK CHAPMAN, Chartered Accountant, 1232 Mississauga Road, Port Credit, Ontario.
<i>Director</i>	FRANCIS JOSEPH DOLAN, Business Executive, 3445 Cote des Neiges Road, Montreal, Quebec.
<i>Director</i>	ALBERT EDWARD RUPERT SCHNEIDER, JR., Business Executive, 2504 Fairmont Blvd., Cleveland Heights 6, Ohio, U.S.A.
<i>Director</i>	FRANK PETER HUNT, Business Executive, 63 East Avenue, Rochester, N.Y., U.S.A.
<i>Secretary-Treasurer</i>	NICHOLAS VICKRUCK, Theatre Manager, 63 South Cumberland St., Port Arthur, Ontario.

(b) The Promoter was Kashabowie Mining Syndicate Limited, Port Arthur, Ontario, but this Syndicate has since been wound up and its charter surrendered. The Company has no promoter or promoters other than its Directors.

4. The Company's Auditor is Leslie D. Dack, Chartered Accountant, Van Norman Block, Port Arthur, Ontario.

5. The Chartered Trust Company, 34 King Street West, Toronto, is the Transfer Agent and Registrar of the Company's capital stock.

6. The authorized capital of the Company is \$3,000,000 divided into 3,000,000 common shares of the par value of \$1.00 each, whereof at the date of this prospectus 2,412,301 shares have been allotted and issued and are outstanding as fully paid and non-assessable less unpaid subscriptions in the amount of \$500.00 on 5,000 of the said shares.

7. There are no bonds or debentures outstanding or proposed to be issued.

8. There are no escrowed or pooled shares.
9. The following are the particulars of the shares sold for cash

101,850 shares at 10¢ per share	.....	\$ 10,185.00
300,000 shares at 15¢ per share	.....	45,000.00
100,000 shares at 20¢ per share	.....	20,000.00
1,000 shares at 22¢ per share	.....	220.00
249,755 shares at 25¢ per share	.....	62,438.75
75,000 shares at 26¼¢ per share	.....	19,687.50
32,000 shares at 28¢ per share	.....	8,960.00
60,000 shares at 30¢ per share	.....	18,000.00
10,010 shares at 35¢ per share	.....	3,503.50
7 shares at \$1.00 per share	.....	7.00

Total 929,622 shares Total \$188,001.75

Commissions paid or payable on the sale of the said shares are as follows: \$885.29 cash and, in addition thereto, \$2,500.00 which was settled by the issuance in December, 1956 of 25,000 shares of the capital stock of the Company at 10¢ per share.

Other commissions paid or payable are for the following:

- (a) \$2,500.00 paid by the issuance of 25,000 shares of the capital stock of the company at 10¢ per share to F. P. Hunt for negotiating the agreement with Kashabowie Mining Syndicate Limited whereby the assets and liabilities of that company were sold to Andowan Mines Limited.
- (b) \$500.00 payable to Ray Smith for assisting in negotiating the sale of the group 6 property to the Newkirk Mining Corporation. This also was paid by the issuance in December, 1956 of 5,000 shares of the capital stock of Andowan Mines Limited.

10. There have been no securities other than the aforesaid sold for cash to date.

11. Shares issued for a consideration other than cash consist of:

Consideration	No. of shares	Price per share	Total	Issued to
(a) Commission & Services Engineering Services	500	30¢	\$ 150.00	J. W. McKenzie
Legal expense re Company Organization	10,000	10¢	1,000.00	J. Callahan
Bonus re loan received	10,000	10¢	1,000.00	P. Harrison
Bonus re loan received	10,000	10¢	1,000.00	A. E. R. Schneider
Commissions	25,000	10¢	2,500.00	F. P. Hunt
Directors Fees	480	25¢	120.00	L. S. Dear
Directors Fees	480	25¢	120.00	C. E. Anderson
Directors Fees	400	25¢	100.00	F. E. Anderson
Salaries	10,000	25¢	2,500.00	C. E. Anderson
Salaries	12,000	25¢	3,000.00	F. E. Anderson
Salaries	6,500	25¢	1,625.00	L. C. Anderson
	<u>85,360</u>		<u>\$13,115.00</u>	
(b) Properties				
Assets & Liabilities of Kashabowie Mining Syndicate	1,299,995		\$40,250.00	
FF 3696 Group 8	7,954	22¢	1,749.88	V. Anderson
FF 3696 Group 8	5,227	22¢	1,149.94	F. P. Hunt
Group 10	17,143	35¢	6,000.05	M. R. Jackson
Group 11	5,000	20¢	1,000.00	V. Anderson
Group 16	12,000	25¢	3,000.00	C. Cramette
Group 17	50,000	25¢	12,500.00	C. H. Moss
	<u>1,397,319</u>		<u>\$65,649.87</u>	

12. The properties acquired by the Company are set out in the accompanying report of D. H. Yardley, Registered Professional Engineer, dated February 18, 1957, and are designated therein as Groups 2, 3, 5, 6, 8, 9, 10 and 11.

Groups 2 and 3 of the five patented claims comprising part of Group No. 5, Group 6 and two of the patented claims, namely, FF 3419 and FF 3420 in Group 8 were acquired by the Company under an agreement dated 27th February, 1939 from Kashabowie Mining Syndicate Limited.

Included in the agreement also were other claims designated as Groups 1, 4 and 7 which were subsequently abandoned.

In accordance with the agreement 1,299,995 shares of the capital stock of Andowan Mines Limited were issued as fully paid and non-assessable to the Kashabowie Mining Syndicate Limited in consideration of the following assets and liabilities turned over to the former company.

Mining properties — (Groups 1 to 8)	\$20,925.00
Development costs	21,934.61
Sundry Assets	862.03
	<hr/>
	\$43,721.64
Less Sundry Liabilities	3,471.64
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Net	\$40,250.00

385,000 of the said shares have been transferred by the shareholders to the Chartered Trust Company, 34 King Street West, Toronto, to be held by it for the benefit of the treasury of the Company.

The nine unpatented claims comprising the balance of Group No. 5 and being TB 77232, TB 77233, TB 77234, TB 83216, TB 83217, TB 83218, TB 83219, TB 83220, TB 83221 were acquired by staking.

The balance of Group No. 8 consisting of FF 3696 which is held in the name of Andowan Mines Limited and other claims which have been abandoned were acquired from Violet May Anderson, Kashabowie, Ontario, and Frank P. Hunt, 63 East Avenue, Rochester, N.Y., U.S.A., at a cost of \$2,899.82 by the issue of 13,181 fully paid shares of the capital stock of the Company at a price of 22 cents per share.

The claims included in Group 6 were sold in October, 1955 to the Newkirk Mining Corporation Limited for \$15,000.00 cash and 300,000 shares of Bandowan Mines Limited. Of the 300,000 shares, 30,000 were to be free and the remaining 270,000 held in escrow subject to release on the consent of the board of Directors of Bandowan Mines Limited and the Ontario Securities Commission.

As noted previously, Ray Smith of Shebandowan, Ontario, received in December, 1956 5,000 shares of the capital stock of Andowan Mines Limited for assisting in negotiating the sale of the Group 6 claims to Newkirk Mining Corporation Limited.

Group No. 9 which was acquired by staking consists of two properties referred to as Upton property and the Dorion Mine property. The Upton property consists of two patented claims TB 29586 and TB 29615, and six unpatented claims TB 84882, TB 84883, TB 84884, TB 84885, TB 84886, TB 84887; and the Dorion Mine property consists of two patented claims TB 27345 and BT 27346 and three unpatented claims TB 84888, TB 84889, TB 85153.

C. E. Anderson and F. E. Anderson of Kashabowie, Ontario, each have a five per cent non-assessable interest in claims TB 29586 and TB 29615.

Group 10 consists of three patented claims, FF 2706, FF 2707 and FF 2708 acquired by the Company (along with other claims since abandoned) from Mrs. Maude R. Jackson, Fort William, Ontario, under agreement dated 11th June, 1945, for \$10,000.05. This was paid as follows: \$4,000.00 in cash and 17,143 shares of the capital stock of the Company allotted and issued as fully paid and non-assessable at a price of 35 cents per share.

Group 11 consists of six patented claims FF 4300, FF 4301, FF 4302, FF 4304, FF 4305 and FF 4320. These claims were acquired (together with other claims since abandoned) from Violet May Anderson, Kashabowie, Ontario, at a cost of \$1,000.00 by the issue of 5,000 fully paid and non-assessable shares of the capital stock of the Company.

13. In July, 1949, the Company purchased from Caesar Cramette, Fort William, Ontario, a group of claims (Group 16) comprising FF 5628 to FF 5637, both inclusive, for 12,000 fully paid shares of the capital stock of the Company at a price of 25 cents per share. These claims were subsequently abandoned.

In April, 1952, the Company paid \$12,500.00 to Charles H. Moss, Port Arthur, Ontario, for a group of claims (Group 17) in the Whitefish Lake area by the issue of 50,000 fully paid shares of the capital stock of the Company. These claims were subsequently abandoned.

14. The five patented claims and the nine unpatented claims, comprising Group No. 5 hereinbefore set out, are under contract of sale dated March 11, 1957, by the Company to Steep Rock Iron Mines Limited of Steep Rock Lake, Ontario. The purchase price is \$134,500.00 payable

\$ 2,000.00 as an initial payment
7,500.00 on or before February 15, 1958
12,500.00 on or before February 15, 1959
25,000.00 on or before February 15, 1960
37,500.00 on or before February 16, 1961
50,000.00 on or before February 15, 1962

Under the said contract of sale Steep Rock agrees to do all the assessment work and keep the claims in good standing and pay all taxes so long as the agreement is in force, but Steep Rock reserves the right to discontinue payment and forfeit instalments made, and return titles.

No person or Company received from the Vendors a greater than Five per cent interest in the shares or other consideration received or to be received by the Vendors.

15. The means of access to the Company's property, the character, extent and condition of any underground exploration and development and the known history of the properties are set out in the accompanying Report of D. H. Yardley, Registered Professional Engineer, dated 18th February, 1957. There is no surface or underground plant and equipment, other than field and office equipment of an estimated value of \$1,500.00.

16. The Company will file an amended Prospectus with the Ontario Securities Commission as required by The Securities Act (Ontario) within twenty days of any change in any material fact contained herein if primary distribution in the Company's shares is then in progress.

No one shareholder owns more than Five per cent of the total issued Vendor's shares.

There are no options on any of the treasury shares of the Company and the signatories hereto have no knowledge of any options on any of the issued and outstanding shares of the Company.

There are no options or underwriting agreements outstanding or proposed to be given.

Andowan Mines Limited plans to offer its shares to the public through registered security dealers, who will act as agents and charge a commission not exceeding the existing brokerage tariff as authorized by the Toronto Stock Exchange or other recognized Stock Exchanges for mining shares.

No indebtedness is to be created or assumed by the Company which is not shown in the accompanying Balance Sheet of the Company dated 30th November, 1956, save in the ordinary course of the Company's business. No security has been given for such indebtedness.

The incorporation and organization expenses of the Company have been paid, and there is no liability in respect thereof.

The estimated amount of additional administrative expenses for the financial year should not exceed \$3,000.00. There have been no preliminary development expenses incurred. The development expenses for the current financial year are estimated at \$3,000.00 to take care of assessment work and taxes on the Company's properties.

17. The particulars of the business in which each director and officer has been engaged during the past three years are as follows:

- | | |
|--|---|
| (i) ELWIN LUND PALMER | Manager of the Royal Theatre at Dryden, Ontario. |
| SYDNEY FRANK CHAPMAN | Secretary-Treasurer of Thomson Company Limited.
44 King Street West, Toronto, Ontario. |
| FRANCIS JOSEPH DOLAN | Secretary-Treasurer of Patrick Harrison & Company Limited, 132 St. James St. West, Montreal, Quebec. |
| ALBERT EDWARD RUPERT SCHNEIDER, JR. | General Manager of Schneider Transportation Co.,
Cleveland, Ohio, U.S.A. |
| FRANK PETER HUNT | Business Executive and Financial Broker on his
own account, 63 East Avenue, Rochester, N.Y.,
U.S.A. |
| NICHOLAS VICKRUCK | President and Manager of Plaza Theatre Limited,
Port Arthur, Ontario. |

- (ii) None of the Directors or Officers of the Company ever had any interest, direct or indirect, personally or as a partner in a firm, in the property acquired by the Company, save and except Frank Peter Hunt, one of the Vendors of claims comprising Group No. 8 set forth in the Engineer's Report herein, and with respect to which the said Frank Peter Hunt received 5,227 fully paid and non-assessable shares of the capital stock of the Company.
- (iii) The Company paid Elwin Lund Palmer, President of the Company, the sum of \$1,600.00 for salary during the eight months' period ended November 30, 1956, and, save as aforesaid, the Company has not paid and has no present plan for paying any remuneration to its Directors or Officers as such, with the exception of the sum of \$100.00 per month plus travelling expenses to be paid to Elwin Lund Palmer, President of the Company.
- (iv) The Directors of the Company are to be paid all travelling and other proper expenses incurred by them in connection with the affairs of the Company.

18. No dividends have been paid by the Company.

19. No Director or Shareholder of the Company can by reason of beneficial ownership of the securities of the Company be in a position to elect or cause to be elected a majority of Directors of the Company.

20. There is no arrangement for the sale of Vendors' shares. Free Vendors' shares, however, may be offered for sale, together with shares previously sold for cash, and the proceeds from such sale will not accrue to the benefit of the Company.

21. The proceeds from the sale of treasury shares will be used as directed by the Company's Engineer and for the purpose of doing assessment work on the Company's unpatented mining claims and for the general corporate purposes of the Company.

22. The Company proposes to sell its treasury shares through registered security dealers. A minimum of not less than seventy-five per cent of the proceeds received from the public from the sale of the Company's shares will go into the treasury of the Company.

23. There are no other material facts.

The foregoing constitutes full, true and plain discovery of all material facts in respect of the offering of securities referred to above as required by Section 38 of The Securities Act (Ontario) and there is no further material information applicable other than in the financial statements or reports where required.

Signed by the Directors

ELWIN LUND PALMER

SYDNEY FRANK CHAPMAN

ALBERT EDWARD RUPERT SCHNEIDER

FRANK P. HUNT

F. J. DOLAN

Signed by the Promoters

ELWIN LUND PALMER

SYDNEY FRANK CHAPMAN

ALBERT EDWARD RUPERT SCHNEIDER

FRANK P. HUNT

F. J. DOLAN

Dated at Toronto, Ontario, this 30th day of March, 1957.

Non-Summer Positions

1941-42	Hard Rock Gold Mine, Assistant Engineer
1942-45	Royal Canadian Engineers, Cdn. Army Lieut.
1949-51	Instructor, Mining Engineering, Univ. of Minn.
1951-to date	Asst. Prof., Mining Engineering, Univ. of Minn.
1955-to date	Supervisor Iron Ore Reserve Estimates, State Dept. of Taxation.

"D. H. YARDLEY"

D. H. Yardley, P.E.

Dated this 18th day of Feb., 1957.

ANDOWAN MINES LIMITED

DRYDEN, ONTARIO

(No Personal Liability)

Andowan Mines, Limited (No Personal Liability) is a holding and developing company with Head Office at Dryden, Ontario.

The Company's properties are located in the Mining Districts of Fort Frances and Thunder Bay in Northwestern Ontario.

This report is based on personal examination and on available records of past work.

"D. H. YARDLEY"

D. H. Yardley, P.E. "Feb. 18, 1957"

CERTIFICATE

I, D. H. YARDLEY, of the City of St. Paul, in the State of Minnesota, hereby certify:

1. That I am a member of the Professional Engineers of Ontario (Mining), and am a registered Professional Engineer in the State of Minnesota.
2. That I have no interest in the property or securities of Andowan Mines Ltd., and do not expect to receive any interest in the property or securities of the Company, save that I am a holder of 5,150 shares of stock and 150 units of Kashabowie Syndicate stock.
3. That my report on the mining properties held by Andowan Mines Ltd. is based on personal examinations at various times since 1945 and on data supplied to me by the Company.
4. That the following is a true resumé of my qualifications and experience:

B.Sc. (Honours) 1941 Mining	Queens University
M.Sc. Geology 1947	Queens University
Ph.D. Geology 1951	University of Minnesota

Temporary i.e. Summer Positions

1937 (5 mos.)	McIntyre Porcupine Mine, Ont. Exploration Field Party.
1938-39 (14 mos.)	Kennedy Lake Mine, B.C., Maps, Surveys, Exploration.
1940 (5 mos.)	Bankfield Cons. Mine, Ont., Miner.
1945-1946 (12 mos. total)	Andowan Mines Ltd., Engineer.
1947 (3 mos.)	Geol. Survey of Canada. Sub-party chief, Northwest Territories.
1948 (3 mos.)	Geol. Survey of Canada, Party chief, Northwest Territories.
1950-1951 (3½ mos.)	Estimation of Iron Ore Tonnage, Minn. Tax Comm.
1952 (3 mos.)	Nickel Plate Mine, B.C., Consultant.
1953 (3 mos.)	Minn. Tax Comm. — Iron Ore Estimates.
1954 (2½ mos.)	Bear Creek Mining (Kennecott Copper Corp.) Consultant.
1955 (4½ mos.)	Minn. Tax Comm. — Supervisor of Iron Ore Estimates.
1956 (5 mos.)	Minn. Tax Comm. — Supervisor of Iron Ore Estimates.

GROUP NO. 2 — SHEBANDOWAN LAKE AREA

Group No. 2 consists of two patented claims TB 21412 and TB 21442.

Location

The two claims are located in the Shebandowan Lake Area just east of Loch Erne near the west boundary of Hagey Township, and adjoin the western end of the International Nickel Company's Shebandowan Lake property.

General Geology

The general area is a belt of Keewatin Greenstone intruded by granitic rocks and by smaller bodies of diorite, gabbro, and peridotite.

Economic Geology

The nickel-bearing bodies on the International Nickel property, for which \$250,000 is reported to have been paid, occur in sheared basis rock (dominantly sheared peridotite) at or near the contact with granite. The western extension of the favorable granite contact crosses the southern part of the Andowan property.

The International Nickel orebodies are lenses that strike northwesterly and dip vertically or steeply north. The developed tonnage is reported as about one million tons of nickel ore with important precious metal values.

The orebodies are situated about three miles southeast of Group 2.

Map 338A, O.S.C., shows an occurrence of fluorite in quartz veins near the north boundary. Map 432A, O.S.C., shows nickel just north of the east end of Loch Erne. Sulphides occur about one-half mile north of the east end of Loch Erne (this may be the same exposure as Map 432A). Nickel and copper sulphides occur about one mile southeast of the property. These sulphide showings are "on strike" with the International Nickel orebodies.

Aeromagnetic maps of the Kashabowie and Hagey sheets (Ont. Dept. of Mines) show high magnetic readings over part of the ground, especially near the southern part of the group. A sketch of aeromagnetics is attached.

Conclusions

Because of the geology and location, the property is an interesting prospect which should be retained in good standing.

A detailed geologic map should be made when conditions permit. The scale of such mapping should be of the order of 100 feet = 1 inch. A ground geophysical survey should be considered for the geologically more favorable zones. Any geophysical work should be designed to complement the aeromagnetic data now available.

One object of the detailed geologic study should be to determine possible applicability of a geochemical survey. Consideration of exploratory drilling should await the result of the geological study.

"D. H. YARDLEY"

D. H. Yardley, P.E. "Feb. 18, 1957"

GROUP NO. 3 — SHEBANDOWAN LAKE AREA

Group No. 3 consists of two patented claims TB 24438 and TB 24440.

Location

These claims are located in Haines Township on the southeast shore of Upper Shebandowan Lake, about three miles northwest of Group No. 2.

General Geology

The claims are underlain by Keewatin volcanics which in places are highly sheared and altered. A body of granodiorite lies east of the property and an intrusive tongue of the granodiorite cuts across the volcanics in a southwesterly direction on claim 24440.

Economic Geology

Claim 24440 was at one time part of the Lake Shebandowan Gold Mine, briefly described in the 1901 and 1902 reports of the Ontario Bureau of Mines. A tunnel was driven to explore gold values along an east-west fault zone.

H. E. Bradley, B.Sc., in a report dated December 21, 1939, mentions a wide sulphide zone near the lake shore on claim TB 24438 and reports grab samples of \$2.40 to \$4.10 per ton in gold. Sulphides are reported to occur $\frac{3}{4}$ miles south, at a point $\frac{3}{4}$ miles west, and $\frac{1}{2}$ mile southeast of the property. It is reported that diamond drilling is being carried out on the showings to the southeast of the group at the present time.

Aeromagnetic maps of the Kashabowie sheet (Ont. Dept. of Mines) show very high magnetic readings on a large part of claim TB 24438.

The presence of magnetic highs is of interest, particularly as a high anomaly is located near the end of the intrusive tongue of granitic rock. If the magnetic high is related to a body of basic rock further investigation is warranted, as the nickel orebodies on the International Nickel property are situated in a somewhat similar geologic setting.

Conclusions

Not enough systematic exploratory work has been done to provide data for a reliable evaluation. The group does not appear attractive as a gold property because of the low values reported.

The group should be mapped geologically at a scale of the order of 200 feet = 1 inch. One object of the geologic study should be an evaluation of the significance of the magnetic highs and the sulphide showings. Consideration of further work should await results of the geologic study and of the drilling southeast of the group, provided the latter information can be obtained.

"D. H. YARDLEY"

D. H. Yardley, P.E. "Feb. 18, 1957"

GROUP NO. 5 — SHEBANDOWAN LAKE AREA

The Group No. 5 consists of five patented and nine unpatented claims.

The patented claims are: TB 22220
TB 22221
TB 22222
TB 22224
TB 25894.

The unpatented claims are: TB 77232
TB 77233
TB 77234
TB 83216
TB 83217
TB 83218
TB 83219
TB 83220
TB 83221.

Location

The property lies in Haines Township along the western half of the south shore of Loch Erne and extends westward to East Bay of Greenwater Lake.

General Geology

The area is underlain by volcanic and other rocks of the Keewatin series intruded by porphyries and other granitic rocks. A large body of granitic rock lies a short distance northeast, a second body to the southwest.

Economic Geology

Iron formation occurs on claim TB 22224 (formerly K526) in widths up to nearly 50 feet but the iron content is low.

Gold occurs with quartz on TB 22222 in widths up to 15 feet. Grab samples are reported to have contained gold values from \$0.40 to \$62.00 per ton. Grab samples of a parallel exposure 400 feet south gave values of \$0.75 to \$18.00 in gold.

A trench on TB 22220 exposes mineralization; pyrite, chalcopyrite, galena and sylvanite have been recognized. A grab sample returned values of \$5.00 in Au and \$2.00 in Ag.

Copper mineralization noted on Map 432A of the Geol. Surv. Canada, appears to be located on claim TB 77234 within a magnetic anomaly.

Successful development of the Coldstream Copper Mines property 10 miles to the west, where underground drilling has been very encouraging, would have a bearing on this group, as the Coldstream property is in the same belt of Keewatin rocks.

The group lies about three miles west of the International Nickel property mentioned in the report on Andowan's Group No. 2.

An aeromagnetic map (Kashabowie sheet, Ont. Dept. of Mines) shows the location of magnetic highs with respect to the property. One of the highs is apparently related to iron formation but not all are known to be so related. A sketch of the magnetic anomalies is attached. A strong magnetic anomaly occurs on the eight most westerly claims. The occurrence of sulphides on these claims gives the magnetic highs added interest. Part of the anomaly covers the low ground between Loch Erne and East Bay of Greenwater Lake.

A self-potential geophysical survey of the five westernmost claims was carried out recently by Mining Geophysics Corp. Ltd. and several distinct anomalies found.

The self-potential anomalies which are particularly interesting are those that coincide, in location, with the high aeromagnetic readings.

Conclusions

The three unpatented claims should be retained. A systematic study should be carried out to determine the cause of the magnetic and self-potential anomalies, and the importance of the gold and copper occurrences.

The exploratory program should start with geologic mapping of the group and sampling of the known mineralized zones. Test drilling should be carried out — when the preliminary studies are completed. A program involving the geologic mapping of Groups 2, 3 and 5 should be arranged as the three groups are close together.

The center of the anomalous zones which appear to be particularly significant and worthy of detailed investigation are:

1. 600 feet east of the No. 4 post of TB 77233.
2. 600 feet east and 325 feet south of No. 4 post of TB 77233.
3. 300 feet south of the No. 3 post of TB 22221.
4. 500 feet north and 150 feet west of No. 2 post of TB 77233.
5. 1,300 feet south and 225 feet east of No. 4 post of TB 77233.

Of the above zones, those along the south side of the creek joining Loch Erne and East Bay should be the first explored by drilling.

"D. H. YARDLEY"

D. H. Yardley, P.E. "Feb. 18, 1957"

GROUP NO. 6 — SHEBANDOWAN LAKE AREA

Group No. 6, the original Andowan property, near Kashabowie, Ontario, on patented Lots K-56 and 71-Z. is now Bandowan Mines Ltd. As Andowan Mines holds a vendor interest only, no description of the property is included in this report.

GROUP NO. 8 — STEEP ROCK LAKE AREA

Group No. 8 consists of three patented claims FF 3419, FF 3420 and FF 3696.

Location

This group is located at Overflow siding of the Canadian National Railway about 2½ miles west of Atikokan, Ontario. The claims are along the south shore of the Seine River near the southwest end of the west arm of Steep Rock Lake.

General Geology

The property is underlain by Keewatin volcanics and by rocks of sedimentary origin of the Seine series. The east-west contact crosses the property.

Economic Geology

Limited shallow drilling disclosed the presence of slate and iron carbonate near the northern boundary. Iron ore could occur in such a geologic setting. The northern portion of the claims is low level ground, only a few feet above the lake elevation, so that little is known of the detailed geology of the underlying rocks.

The claims are adjacent to the Steep Rock Mine property where large bodies of iron ore are now being mined in the central and eastern parts of the lake. The geologic possibilities of the west arm of the lake are not well known.

Conclusions

The claims should be retained because of the possibility of increased surface values and because of the largely untested iron possibilities.

No exploratory work is recommended at this time. Consideration of further work should be deferred until such time as developments in the west arm of Steep Rock Lake may aid in any evaluation. The property may be of interest to Steep Rock Mines now or at a later date.

"D. H. YARDLEY"

D. H. Yardley, P.E. "Feb. 18, 1957"

GROUP NO. 9 — DORION TOWNSHIP AREA

Group No. 9 consists of two properties, referred to as the Upton property and the Dorion Mine property.

The Upton property consists of two patented and six unpatented claims.

The patented claims are: TB 29586
TB 29615

The unpatented claims are: TB 84882
TB 84883
TB 84884
TB 84885
TB 84886
TB 84887

The Dorion Mine property consists of two patented and three unpatented claims.

The patented claims are: TB 27345
TB 27346

The unpatented claims are: TB 84888
TB 84889
TB 84890

Dorion township is about 40 miles northeast of Port Arthur, adjoining Black Bay on Lake Superior.

UPTON PROPERTY

General Geology

The claims are underlain by a nearly horizontal diabase sill and by sedimentary rocks of Keeweenawan age. Sediments also underlie the diabase. The sediments strike N 15° W and dip northeasterly at 45° on the patented claims, probably as a result of arching and faulting related to the intrusion of the diabase sill.

Economic Geology

The veins are in a fractured and brecciated zone in sandstone and in diabase. One vein, exposed for 140 feet, is about four feet wide and mineralized over one foot with galena and sphalerite. A second parallel vein contains massive galena and sphalerite in widths up to two feet.

A brief description of the property is given on p. 73 of Part VI, Ont. Dept. of Mines Report of 1929. The report mentions a grab sample of rich lead ore which assayed 41% lead.

A sample from one of the sphalerite rich veins was sent to the Bureau of Mines at Ottawa in 1943.

The following figures are extracts from their report:

Head Assay	Lead 8.14%
	Zinc 45.48%

The test work showed that a zinc concentrate assaying 60% zinc, with a recovery of 90% of the zinc in the ore, can be obtained without cleaning. This preliminary testing indicates that no great difficulties would be encountered in the milling procedure.

Conclusions

The character of the ore mineral occurrence is such that hand cobbing of a shipping product is possible, but not enough development has been carried out to delineate the tonnage which might be present. However, the known exposures indicate that the tonnage would not be large.

The driving of an adit should be considered in any proposed development progress to test the favorable calcareous sediments at the lower contact of the diabase sill.

If a concentrating plant is ever established in the area shipments from this property should prove feasible.

DORION MINE PROPERTY

General Geology

The Dorion Mine property is underlain by granite and flat lying Sibley sediments of Keeweenawan age. The sediments are underlain by granite.

The property is described in the Ont. Dept. of Mines 38th Annual Report, Part VI, 1929, pp. 69-71.

Economic Geology

A prominent brecciated fault zone crosses the property and extends from Cavern Lake to Wolf Lake. The fault is of the normal type, strikes N 60° E, dips 70° S and varies in width from 10 to 40 feet.

The foot wall (NW side) is granite, the hanging wall is sedimentary rock. The hanging wall side was dropped about 100 feet so that the sediments are in faulted contact with granite for a depth of 100 feet. Below this depth both walls are granite.

The main galena and sphalerite mineralization is confined to a zone from one to four feet wide within the fault breccia for a length of about 3,500 feet. The mineralization does not appear to continue below the base of the hanging wall sediments so that the vertical extent is about 100 feet.

M. W. Bartley, P.E., of Port Arthur, in a private report dated 1948 states: "Channel and chip samples cut at approximately fifty foot intervals, and taken by Andowan Mines, are reported to have assayed from 4% to 28% lead."

The 1929 Government report (cited above) reports: A sample across 26 inches assayed 4.88% lead and no zinc or silver, a sample across four feet assayed 11.48% lead, 0.6% zinc, and no silver. A grab sample from the dump assayed 35% lead. These figures confirm the Andowan samples.

Conclusions

The ore zone is long but of limited vertical extent. A maximum of 35,000 tons averaging 10% lead is suggested in Bartley's report. In my opinion this figure is a reasonable evaluation of the potential of the fault zone.

The material is of a type which could be hand sorted and would be simple to treat in a mill.

The tonnage is too small to support mining and milling except as a very small operation of perhaps 25 tons per day.

Limited shallow drilling and further sampling should be carried out to confirm tonnage and grade before considering active mining.

Installation of a mill in the district could result in operation of this property.

Other small, but occasionally rich deposits are known in the district. Amalgamation of several of these properties might provide sufficient tonnage to support a central mill.

"D. H. YARDLEY"

D. H. Yardley, P.E. "Feb. 18, 1957"

GROUP NO. 10 — McCAUL TOWNSHIP

Group No. 10 consists of three patented claims FF 2706, FF 2707, and FF 2708.

Location

The property is located in McCaul Township in the Fort Frances Mining District about eight miles east of Atikokan, Ontario. The Canadian National Railway and a power line cross about one-half mile south of the group.

General Geology

The property is underlain by Keewatin rocks, mainly greenstone, metamorphosed in varying degree to chloritic and sericitic schists and grading to blocky hybrid rocks. Small bodies and dykes of porphyry intrude the Keewatin rocks and a large body of granitic rock to the north also is intrusive.

Economic Geology

The property covers part of an east-west structural zone which extends eastward to Sapawa Lake. The zone is characterized by dykes, drag folding, shearing and siliceous replacement. Several gold occurrences are known in the area.

The property was staked by W. Jackson and later optioned to T. Johnson who carried out some diamond drilling. Andowan Mines has never been able to locate any records of the Johnson drilling.

In 1945 Andowan Mines carried out some shallow drilling just west of the west boundary of FF 2706. The general zone strikes eastward through the three claims. A sketch plan of the drill holes and assay results is attached.

MacLeod-Cockshutt Mines is reported to have relogged and resampled the core from three of the Andowan drill holes in July of 1950. The check assays are reproduced here in part.

Hole No. 1

Footage	Assay - Gold
2.5 - 5 feet	0.10 oz.
5 - 7.5 feet	0.61 oz.
7.5 - 10 feet	0.20 oz.
10 - 12.5 feet	0.31 oz.
12.5 - 15 feet	0.24 oz.
15 - 17.5 feet	0.26 oz.

The average assay of the recheck for 12.5 feet of core length is 0.32 oz.

Hole No. 2		Hole No. 3	
Footage	Assay	Footage	Assay
3 - 6 feet	0.26 oz.	30.0 - 32.8 feet	0.16 oz.
6 - 9 feet	0.26 oz.	40.0 - 42.6 feet	0.11 oz.
9 - 12 feet	0.22 oz.	52.5 - 55 feet	0.11 oz.
12 - 15 feet	0.37 oz.		

Average for 12 feet of core length is 0.28 oz.

The check assays are significantly higher than the original assays shown on the attached sketch.

A narrow vein in the northern part of the group contains pyrite, chalcopyrite and scheelite. Only a little is known of the scheelite possibilities of this group. Part of the Andowan drill cores were checked

for scheelite in 1946 with negative results. Drilling two miles or so to the east in 1945 is reported to have intersected gold values at a depth of 400 feet.

The presence of magnetic iron deposits just south of the property does not appear to add to the potential of the Andowan claims.

Conclusions

The assay results of the shallow drilling are high enough and sufficiently consistent to indicate the possibility of an ore-shoot.

Pit No. 1 may be on the sheared limb of a fold but such a structural interpretation is quite speculative because of the limited outcrop information.

In view of the rather depressed condition of gold mining no development work is recommended at this time.

If at any time further work is to be carried out, the work should be preceded by geologic mapping and by examination of the old pits for scheelite.

"D. H. YARDLEY,"

D. H. Yardley, P.E. "Feb. 18, 1957."

GROUP NO. 11 — FLANDERS, ONTARIO (Mayflower Mine)

Group No. 11 consists of the following six patented claims:

FF 4300, FF 4301, FF 4302, FF 4304, FF 4305, FF 4320.

Location

The property is located about 1½ miles west of Flanders station on the Canadian National Railway in the Fort Frances Mining Division. The railway and a power line cross the property.

History

The old Mayflower Mine is reported on briefly in the Ont. Bur. of Mines 1901 report and also in the Ont. Bur. of Mines report of 1929 Part VI. Some exploratory work was done in 1928 and in the thirties. In 1945 Andowan Mines drilled two holes, additional drilling was carried out by Freeport Exploration Company in 1946 under an option when the shaft was pumped out and the old underground workings examined. No exploration of note has been carried out since that time.

General Geology

The property is underlain by Keewatin volcanics intruded by small bodies of granitic rocks (dominantly quartz porphyry).

Economic Geology

The Mayflower shaft has a depth of 100 feet and short workings have been driven at the 50 and 100 foot levels. A sketch of the old workings (as of 1928) is attached. It should be noted that the gold values reported are based on the old lower price of gold prevailing in 1928.

The quartz veins exposed at the surface vary in width from 1 to 10 feet and strike about N 85° E. The veins are in and adjacent to a body of quartz porphyry. The main mass of porphyry is west and north of the shaft. The pattern of shearing and fracturing is not clear.

Two drill holes (1945) intersected vein material of good grade. The assays obtained were:

Hole No. 1	63' to 66'	0.50 oz. Au.
	66' to 71'	0.10 oz. Au.
Hole No. 2	122' 6" to 125'	0.23 oz.
	239' 2" to 240' 6"	5.96 oz.
	240' 6" to 243' 6"	0.26 oz.

In 1946 the Freeport Exploration Company pumped out the shaft and sampled the old workings. They then optioned the property and carried out some drilling. Only the last two holes are reported to have encountered encouraging values and the option was allowed to lapse. The data obtained by Freeport is not available.

A plan of the 100 foot level at the time the shaft was pumped out is attached.

Conclusions

The various intersections and gold occurrences cannot be correlated reliably because of insufficient data regarding the structures in which the veins occur.

Andowan Mines should obtain the information which presumably is in the possession of the Freeport Exploration Company.

A detailed geologic map should be made of claims No. 4304 and 4301, and an attempt made to plot all the surface, drill hole, and underground data in plan and section. No further drilling should be attempted until a structural pattern is determined so that the present data can be correlated.

"D. H. YARDLEY"

D. H. Yardley, P.E. "Feb. 18, 1957"

L. D. DACK
Chartered Accountant
Port Arthur, Ontario

11 February, 1957.

The President and Shareholders,
Andowan Mines Limited,
Port Arthur, Ontario.

Dear Sirs:

In accordance with your instructions, I have audited the books and records of Andowan Mines Limited for the period 1 April, 1955 — 30 November, 1956, and have prepared therefrom the following attached statements —

- Statement A — Balance Sheet as at 30th November, 1956.
- Statement B — Statement of Deficit as at 30th November, 1956.
- Statement C — Statement of Receipts and Payments for the period 1 April, 1955-30 November, 1956.
- Schedule 1 — Schedule of Purchase Price of Properties Presently Held and of Properties Disposed of.
- Schedule 2 — Schedule of Development Costs of Properties since Incorporation.
- Schedule 3 — Analysis of Development Costs of Properties.
- Schedule 4 — Schedule of Exploration and Administrative Costs since Incorporation.

Comments respecting the Balance Sheet

CASH ON HAND \$124.87 AND IN BANK — \$5,193.95

The cash on hand was verified by a cash count. A certificate from your banker indicates \$7,221.38 on deposit at 30th November, 1956, and your records are reconciled with this amount as follows:

Ledger balance	\$5,193.95
Outstanding cheques	2,027.43
	<u>7,221.38</u>
Balance per bank	<u>\$7,221.38</u>

INVESTMENTS — \$8,447.82

In October 1955 mining claims K 56 and Z 71 situated in the Shebandowan Lake area and previously classified as Group 6 were sold to the Newkirk Mining Corporation for a consideration of \$15,000.00 cash and 300,000 shares of Bandowan Mines Limited. Of the 300,000 shares, 30,000 were to be free and the remaining 270,000 held in escrow subject to release on the consent of the Board of Directors of Bandowan Mines Limited and the Ontario Securities Commission. The Guaranty Trust Company of Canada has confirmed that it is holding in escrow the 270,000 shares.

For record purposes the cost of the shares have been determined as follows:

Group 6 — Purchase cost (see schedule 1)	\$ 6,975.00
— Development costs (see schedule 2)	17,240.80
	<u>\$24,215.80</u>
Less Cash consideration	15,000.00
	<u>\$ 9,215.80</u>

Since 1 April, 1956, 25,000 shares of Bandowan Mines Limited costing on the above basis \$767.98 were sold for \$13,173.75. The gain on disposal of the shares \$12,405.77 is shown on statement B as a reduction from the deficit accumulated up to 30 November, 1956.

A stock certificate for 5,000 shares of Bandowan Mines Limited accounting for the balance of the 30,000 shares was presented for my inspection.

MINING LOCATIONS AND CLAIMS \$74,807.93

I have examined the certificates of ownership and records of mining claims to confirm the ownership of the mining locations and claims held by your company at November 30, 1956. The purchase price of the properties and the development costs amounting to \$23,654.87 and \$51,143.06 respectively are listed on schedules 1 and 2.

The purchase prices of the various properties have been determined as follows:

	Division of Purchase Price from Kashabowie Mining Syndicate	Value of Capital Stock Issued	Cash	Total
Group 1	\$ 1,395.00	-----	-----	\$ 1,395.00
Group 2	1,395.00	-----	-----	1,395.00
Group 3	1,395.00	-----	-----	1,395.00
Group 4	2,092.50	-----	-----	2,092.50
Group 5	5,580.00	-----	-----	5,580.00
Group 6	6,975.00	-----	-----	6,975.00
Group 7	697.50	-----	-----	697.50
Group 8	1,395.00	\$ 2,899.82	-----	4,294.82
Group 10	-----	6,000.05	\$4,000.00	10,000.05
Group 11	-----	1,000.00	-----	1,000.00
Group 16	-----	3,000.00	-----	3,000.00
Group 17	-----	12,500.00	-----	12,500.00
	<u>\$20,925.00</u>	<u>\$25,399.87</u>	<u>\$4,000.00</u>	<u>\$50,324.87</u>

The five patented claims and the nine unpatented claims, comprising Group No. 5, are under contract of sale dated March 11, 1957 by the Company to Steep Rock Iron Mines Limited of Steep Rock Lake, Ontario. The purchase price is \$134,500.00 payable—

\$ 2,000.00 as an initial payment
 7,500.00 on or before February 15, 1958
 12,500.00 on or before February 15, 1959
 25,000.00 on or before February 15, 1960
 37,500.00 on or before February 15, 1961
 50,000.00 on or before February 15, 1962

Under the said contract of sale Steep Rock agrees to do all the assessment work and keep the claims in good standing and pay all taxes as long as the agreement is in force, but Steep Rock reserves the right to discontinue payment and forfeit instalments made and return titles.

C. E. Anderson and F. E. Anderson of Kashabowie, Ontario, each have a five per cent non assessable interest in two of the claims TB 29586 and TB 29615 which are included in the Group 9 property.

The accumulated costs of development up to 31 March, 1955 are in accordance with those reported in the company's records as at 31 March, 1955. These costs were certified as being correct at that time by Vickruck & Co., licensed public accountants, Port Arthur, Ontario. I did not examine the costs of development prior to 31 March, 1955 but all additions subsequent to that date were verified by me.

It was noted that a portion of the exploration and administrative expenses listed on schedule 4 were incurred on behalf of the properties held at 30 November, 1956 but none of such expenses have been included in the above costs.

FIELD AND OFFICE EQUIPMENT \$1,500.00

This asset has been included in the balance sheet at an estimated value of \$1,500.00 determined by Mr. E. L. Palmer. It is understood that prior to April, 1956 some of the field equipment had been discarded as it was not worth the cost of repairs and storage.

COMMISSIONS PAYABLE \$3,000.00

This liability is comprised of—

- (a) Commission payable to Ray Smith of 5,000 shares of the capital stock of the company for assisting in negotiating the sale of the Group 6 property to the Newkirk Mining Corporation.
- (b) Bonus payable to Frank P. Hunt of 25,000 shares of the capital stock of the company in consideration of the finances supplied to the company through his having purchased and paid for 600,000 shares of the company's stock prior to July, 1951.

5,000 shares and 25,000 shares of the capital stock of the company were issued to Ray Smith and Frank P. Hunt respectively at a price of 10 cents a share in December, 1956.

LOANS FROM SHAREHOLDERS \$6,000.00

The amounts owing to A. E. R. Schneider and Patrick Harrison at the balance sheet date were verified. Payment was also made by the issue in December, 1956 of 30,000 shares of the capital stock of the company at a price of 10 cents per share to each of these men.

CAPITAL STOCK

The Chartered Trust Company has advised that there were 2,412,301 shares of capital stock issued and outstanding as at November 30, 1956. Of these 5,000 shares were unpaid at November 30, 1956.

The 2,412,301 shares have been issued for the following consideration:

<i>No. of Shares</i>	<i>Consideration</i>	<i>Amount</i>
929,622	Cash	\$188,001.75
85,360	Commission and Services	13,115.00
1,299,995	Assets and Liabilities of Kashabowie Mining Syndicate	40,250.00
97,324	Other Mining properties	25,399.87
<u>2,412,301</u>		<u>\$266,766.62</u>

In accordance with an agreement dated 16 July, 1956 between Andowan Mines Limited and Kashabowie Mining Syndicate Limited, 385,000 shares of Andowan Mines Limited have been transferred by the Kashabowie Mining Syndicate Limited to the Chartered Trust Company, Toronto. These shares are to be held for the benefit of the treasury of Andowan Mines Limited and shall be dealt with as directed by the Board of Directors of that company. Confirmation of this has been received from the Chartered Trust Company.

DEFICIT \$181,739.72

An analysis of this item is shown on Statement B, Schedules 1, 2 and 4.

EXPLORATION AND ADMINISTRATIVE COSTS

As with the Development costs, the various expenses relating to exploration and administration were examined by Vickruck & Co., licensed public accountants, Port Arthur, for the period up to 31 March, 1955 and were certified to be correct at that time. I did not examine such expenses prior to 31 March, 1955 but all additions subsequent to that date were verified by me.

Certificate

Subject to the foregoing, in my opinion the accompanying financial statements present fairly the financial position of Andowan Mines Limited at 30 November, 1956, the results of its operations to that date and the cash receipts and disbursements during the period 1 April, 1955 to 30 November, 1956.

L. D. DACK.

Chartered Accountant.

ANDOWAN MINES LIMITED

(No Personal Liability)

STATEMENT A

PORT ARTHUR, ONTARIO

BALANCE SHEET AS AT 30th NOVEMBER, 1956

ASSETS

CURRENT ASSETS:			
Cash on Hand		\$ 124.87	
Cash in Bank		5,193.95	
Advances to Officer		722.33	\$ 6,041.15
INVESTMENTS:			
Bandowan Mines Limited—275,000 shares—cost			8,447.82
(consisting of 270,000 escrowed and 5,000 free shares—market value of free shares—21 cents per share)			
FIXED ASSETS:			
Mining Locations and Claims (cost)			
Purchase Price (Schedule 1)	\$23,664.87		
Development Costs (Schedule 2)	51,143.06	74,807.93	
Field and Office Equipment		1,500.00	76,307.93
(Estimated value—E. L. Palmer—29 Nov., 1956)			
DEFERRED CHARGES:			
Prepaid Registration Fees		\$ 30.00	
Organizational Expense		2,700.00	2,730.00
			<u>\$93,526.90</u>

Approved:

E. L. PALMER
S. F. CHAPMAN

F. J. DOLAN
A. E. R. SCHNEIDER
F. P. HUNT

LIABILITIES

CURRENT LIABILITIES:				
Commissions Payable			\$ 3,000.00	
Loans from Shareholders—A. E. R. Schneider	\$ 3,000.00			
—Patrick Harrison	3,000.00	6,000.00	\$ 9,000.00	
CAPITAL STOCK:				
Authorized 3,000,000 shares of \$1.00 per share			<u>\$ 3,000,000.00</u>	
No. of Shares	Issued	Par Value	Discount	Consideration
929,622	shares for cash	\$ 929,622.00	\$ 741,620.25	\$ 188,001.75
1,397,319	shares for properties	1,397,319.00	1,331,669.13	65,649.87
85,360	shares for commissions and services	85,360.00	72,245.00	13,115.00
2,412,301	shares	\$ 2,412,301.00	\$ 2,145,534.38	\$ 266,766.62
5,000	unpaid subscriptions	5,000.00	4,500.00	500.00
2,407,301	Issued and fully paid	<u>\$ 2,407,301.00</u>	<u>\$ 2,141,034.38</u>	<u>\$ 266,266.62</u>
Deduct Deficit—Statement B			181,739.72	84,526.00
				<u>\$93,526.00</u>

(385,000 shares of the issued stock of Andowan Mines Limited have been transferred by the shareholders to the Chartered Trust Company, Toronto, to be held by that company for the benefit of the treasury of Andowan Mines Limited. As indicated more fully in my report the claims comprising Group No. 5 are under contract of sale dated March 11, 1957 by the Company to Steep Rock Iron Mines Limited for a consideration of \$134,500.00, payable in instalments. Steep Rock reserves the right to discontinue payment, forfeit instalments made and return titles.)

This is the Balance Sheet referred to in my report dated 11 February, 1957.

Port Arthur, Ontario.

L. D. DACK,
Chartered Accountant.

ANDOWAN MINES LIMITED

(No Personal Liability)

STATEMENT B.

STATEMENT OF DEFICIT AS AT 30th NOVEMBER, 1956

	Period Up To 31 Mar., 1954	Year Ended 31 Mar., 1955	Year Ended 31 Mar., 1956	Eight Months Ended 30 Nov., 1956
Balance at beginning of Period	\$ —	\$176,392.70	\$178,196.80	\$188,818.24
Exploration Costs—Schedule 4	25,909.99	165.28	184.02	176.01
Administrative Expense—Schedule 4	87,347.62	1,638.82	6,797.82	4,328.06
Development Costs re Properties dropped—Schedule 2	45,091.19			582.18
Purchase Price of Properties Dropped—Schedule 1	19,685.00			
Dome Option	941.46			
Bonus re Loans Received	2,000.00			
Investments—Lake Superior Prospecting Syndicate (No Value)	75.00			
Advances—L. C. Anderson—Not Recoverable	1,435.14			
Equipment Discarded or Written Off			4,453.21	241.00
(a)	<u>\$182,485.40</u>	<u>\$178,196.80</u>	<u>\$189,631.85</u>	<u>\$194,145.49</u>
Deduct: Option Payments Received	\$ 5,850.00	\$	\$	\$
Pole Line Rights	140.00		813.61	
Bond Coupon Interest	54.84			
Premium on United States Funds	28.12			
Miscellaneous Income	19.74			
Gain on Disposal of 25,000 shares of Bandowan Mines Limited stock				12,405.77
(b)	<u>\$ 6,092.70</u>	<u>\$ —</u>	<u>\$ 813.61</u>	<u>\$ 12,405.77</u>
Balance at end of Period—(a) - (b)	<u>\$176,392.70</u>	<u>\$178,196.80</u>	<u>\$188,818.24</u>	<u>\$181,739.72</u>

ANDOWAN MINES LIMITED

(No Personal Liability)

STATEMENT C.

STATEMENT OF RECEIPTS AND PAYMENTS FOR THE PERIOD 1 APRIL, 1955 - 30 NOVEMBER, 1956

	Year Ended 31 Mar., 1956	Eight Months Ended 30 Nov., 1956	Total
Receipts			
Hydro-Electric Power Commission—Pole Rights	\$ 406.51	\$	\$ 406.31
Department of Highways	407.10		407.10
Payments re Shares Issued	1,150.00		1,150.00
Sale of claims to Newkirk Mining Corp.	15,000.00		15,000.00
Sale of 25,000 shares of Bandowan Mines Ltd.		13,173.75	13,173.75
	<u>\$16,963.61</u>	<u>\$13,173.75</u>	<u>\$30,137.36</u>
Cash on Hand—Beginning of Period	5.00	5.00	5.00
Cash in Bank—Beginning of Period		489.80	
	<u>\$16,968.61</u>	<u>\$13,668.55</u>	<u>\$30,142.36</u>
Payments			
Properties Development	\$ 2,405.58	\$ 1,161.46	\$ 3,567.04
Prospecting	164.35	7.24	171.59
Mining Licenses	5.00	120.00	125.00
Abstracts & Assays	6.17	8.50	14.67
Maps .....		.50	.50
Equipment Repairs		48.27	48.27
Audit	175.00		175.00
Interest & Bank Charges	14.36	8.16	22.52
Company Returns	90.00		90.00
Legal Expense	163.05	152.00	315.05
Postage	5.00	25.00	30.00
Prospectuses & Reports		448.00	448.00
Report Charges		507.09	507.09
Stationery	32.25	165.53	197.78
Salary — E. L. Palmer	1,800.00	1,600.00	3,400.00
Salary — Office	269.50		269.50
Telephone & Telegraph	396.94	168.79	565.73
Travelling — E. L. Palmer	2,283.83	1,255.73	3,539.56
Travelling — Other	856.50	225.00	1,081.50
Prepaid Registration Fees		30.00	30.00
Equipment (Motor Tent)		241.00	241.00
Loans Payable	5,633.67	1,307.55	6,941.22
Accounts Payable — Mar. 31, 1955	1,593.07	147.58	1,740.65
Advance — E. L. Palmer		722.33	722.33
Bank Overdraft — Mar. 31, 1955	579.54		579.54
	<u>\$16,473.81</u>	<u>\$ 8,349.73</u>	<u>\$24,823.54</u>
Cash on Hand — End of Period	5.00	124.87	124.87
Cash in Bank — End of Period	489.80	5,193.95	5,193.95
	<u>\$16,968.61</u>	<u>\$13,668.55</u>	<u>\$30,142.36</u>

ANDOWAN MINES LIMITED

(No Personal Liability)

SCHEDULE 1.

SCHEDULE OF PURCHASE PRICE OF PROPERTIES PRESENTLY HELD AND OF PROPERTIES DISPOSED OF

	Division of Purchase Price from Kashabowie Mining Syndicate	Capital Stock Issued (in addition to 1,299,995 shares issued to Kashabowie Mining Syndicate)			
	No. of Shares	Consideration	Cash	Total Cost	
PROPERTIES PRESENTLY HELD:					
Group 2 — East Lock Erne	\$ 1,395.00		\$	\$ 1,395.00	
Group 3 — South East Bay	1,395.00			1,395.00	
Group 5 — Lock Erne	5,580.00			5,580.00	
Group 8 — Overflow Siding	1,395.00	13,181	2,899.82	4,294.82	
Group 9 — Dorion — Lead & Zinc ..				—	
Group 10 — Olcott Gold Property		17,143	6,000.05	10,000.05	4,000.00
Group 11 — Mayflower Property		5,000	1,000.00	1,000.00	
	<u>\$ 9,765.00</u>	<u>35,324</u>	<u>\$ 9,899.87</u>	<u>\$ 4,000.00</u>	<u>\$23,664.87</u>
PROPERTIES DROPPED:					
Group 1 — McLean Lake	\$ 1,395.00			\$ 1,395.00	
Group 4 — Shebandowan-Greenwater ..	2,092.50			2,092.50	
Group 7 — Olcott South	697.50			697.50	
Group 12 — Mine Centre				—	
Group 13 — Mattawin Iron				—	
Group 14 — Jackfish				—	
Group 15 — Elbow Lake Property				—	
Group 16 — Bad Vermilion Titanium ..		12,000	\$ 3,000.00	3,000.00	
Group 17 — Whitefish Lake — Iron ..		50,000	12,500.00	12,500.00	
Group 18 — Greenwich Lake				—	
	<u>\$ 4,185.00</u>	<u>62,000</u>	<u>\$15,500.00</u>	<u>—</u>	<u>\$19,685.00</u>
PROPERTIES SOLD:					
Group 6 — K56 & 71Z Kashabowie ..	\$ 6,975.00	—	—	—	\$ 6,975.00
Total	<u>\$20,925.00</u>	<u>97,324</u>	<u>\$25,399.87</u>	<u>\$ 4,000.00</u>	<u>\$50,324.87</u>

ANDOWAN MINES LIMITED

(No Personal Liability)

SCHEDULE 1

SCHEDULE OF DEVELOPMENT COSTS OF PROPERTIES SINCE INCORPORATION

	Period up to 31 Mar. 1954	Year Ended 31 Mar. 1955	Year Ended 31 Mar. 1956	8 Months Ended 30 Nov. 1956	Total Development Cost to 30 Nov. 1956
PROPERTIES PRESENTLY HELD:					
Group 2 — East Lock Erne	\$ 2,116.06	\$ 8.00	\$ 8.80	\$ 9.00	\$ 2,141.86
Group 3 — South East Bay	7,341.81	8.00	10.18	10.38	7,370.37
Group 5 — Lake Erne	8,050.15	4.80	974.39	581.21	9,610.55
Group 8 — Overflow Siding	6,655.27	109.82	49.42	34.68	6,849.19
Group 9 — Dorion-Lead and Zinc	13,107.58	41.41	606.45	266.86	14,022.30
Group 10 — Olcott Gold Property	3,802.30	—	235.70	13.87	4,051.87
Group 11 — Mayflower Property	6,474.09	595.83	27.00	—	7,096.92
	<u>\$47,547.26</u>	<u>\$ 767.86</u>	<u>\$1,911.94</u>	<u>\$ 916.00</u>	<u>\$51,143.06</u>
Group 1 — McLean Lake	\$ 4,897.21		\$	\$	\$ 4,897.21
Group 4 — Shebandowan-Greenwater	10,745.61				10,745.61
Group 7 — Olcott South	1,669.15				1,669.15
Group 12 — Mine Centre	644.25				644.25
Group 13 — Mattawin Iron	25,181.75				25,181.75
Group 14 — Jackfish	540.56				540.56
Group 15 — Elbow Lake Property	309.30				309.30
Group 16 — Bad Vermilion Titanium	769.25				769.25
Group 17 — Whitefish Lake-Iron	334.11				334.11
Group 18 — Greenwich Lake			488.00	94.18	582.18
	<u>\$45,091.19</u>		<u>\$ 488.00</u>	<u>\$ 94.18</u>	<u>\$45,673.37</u>
PROPERTIES SOLD:					
Group 6 — K56 & 71Z Kashabowie ..	<u>\$16,942.72</u>	<u>\$ 146.33</u>	<u>\$ 54.75</u>	<u>\$ 97.00</u>	<u>\$17,240.80</u>

ANDOWAN MINES LIMITED

(No Personal Liability)

SCHEDULE 3.

ANALYSIS OF DEVELOPMENT COSTS OF PROPERTIES FROM DATE OF INCORPORATION TO MARCH 31st, 1954

	<u>Wages</u>	<u>Diamond Drilling</u>	<u>Options</u>	<u>Supplies</u>	<u>Sundries</u>	<u>Surveys</u>	<u>Taxes</u>	<u>Patent Fees</u>	<u>Assays</u>	<u>Expended by Kashabowie Mining Syndicate</u>	<u>Total</u>
PROPERTIES PRESENTLY HELD:											
Group 2	\$ 597.50	\$ 69.72	\$	\$ 19.98	\$ 16.40	\$ 160.00	\$ 82.33	\$ 165.13	\$ 5.00	\$1,000.00	\$2,116.06
3	2,697.50	183.68		24.62	28.30	128.00	107.17	166.04	6.50	4,000.00	7,341.81
5	3,520.37	180.00		65.50	199.60	285.00	221.44	553.94	24.30	3,000.00	8,050.15
8	4,038.75	1,166.79		330.60	169.43	340.00	280.89	323.81	5.00		6,655.27
9	9,287.00	369.25		1,676.31	525.10	370.00	290.21	493.01	96.70		13,107.58
10	1,528.19	733.69		435.38	328.80	400.00		331.01	45.23		3,802.30
11	4,309.21	649.12		842.27	644.83				28.66		6,474.09
	<u>\$25,978.52</u>	<u>\$3,352.25</u>		<u>\$3,394.66</u>	<u>\$1,912.46</u>	<u>\$1,683.00</u>	<u>\$ 982.04</u>	<u>\$2,032.94</u>	<u>\$ 211.39</u>	<u>\$8,000.00</u>	<u>\$47,547.26</u>
PROPERTIES DROPPED:											
Group 1	\$ 3,526.62	\$ 615.79		\$ 370.93	\$ 361.27				\$ 22.60		\$ 4,897.21
4	4,946.25			168.75	101.80				28.81	\$5,500.00	10,745.61
7	260.50			391.87	16.78					1,000.00	1,669.15
12	346.25			62.82	235.18						644.25
13	19,664.79		\$2,058.00	1,949.26	1,280.50		\$ 180.20		49.00		25,181.75
14	400.00			56.15	84.41						540.56
15				264.30	45.00						309.30
16	438.75				330.50						769.25
17				334.11							334.11
	<u>\$29,583.16</u>	<u>\$ 615.79</u>	<u>\$2,058.00</u>	<u>\$3,598.19</u>	<u>\$2,455.44</u>		<u>\$ 180.20</u>		<u>\$ 100.41</u>	<u>\$6,500.00</u>	<u>\$45,091.19</u>
PROPERTIES SOLD:											
Group 6	\$ 5,103.70	\$ 513.95		\$1,641.34	\$ 376.13	\$ 770.50	\$1,072.99		\$ 29.50	\$7,434.61	\$16,942.72

SCHEDULE 3 (cont.)

ANALYSIS OF DEVELOPMENT COSTS OF PROPERTIES
FOR THE YEAR ENDED MARCH 31, 1955

	<u>Wages</u>	<u>Diamond Drilling</u>	<u>Options</u>	<u>Supplies</u>	<u>Sundries</u>	<u>Surveys</u>	<u>Taxes</u>	<u>Patent Fees</u>	<u>Assays</u>	<u>Total for the Year</u>	<u>Add Balance Mar. 31, 1954</u>	<u>Accumulated Balance Mar. 31, 1955</u>
PROPERTIES PRESENTLY HELD:												
Group 2							\$ 8.00	\$		\$ 8.00	\$ 2,116.06	\$ 2,124.06
3							8.00			8.00	7,341.81	7,349.81
5							4.80			4.80	8,050.15	8,054.95
8							109.82			109.82	6,655.27	6,765.09
9							41.41			41.41	13,107.58	13,148.99
10											3,802.30	3,802.30
11								595.83		595.83	6,474.09	7,069.92
							<u>\$ 172.03</u>	<u>\$ 595.83</u>		<u>\$ 767.86</u>	<u>\$47,547.26</u>	<u>\$48,315.12</u>
PROPERTIES DROPPED:												
Group 1											\$ 4,897.21	\$ 4,897.21
4											10,745.61	10,745.61
7											1,669.15	1,669.15
12											644.25	644.25
13											25,181.75	25,181.75
14											540.56	540.56
15											309.30	309.30
16											769.25	769.25
17											334.11	334.11
											<u>\$45,091.19</u>	<u>\$45,091.19</u>
PROPERTIES SOLD:												
Group 6							<u>\$ 146.33</u>			<u>\$ 146.33</u>	<u>\$16,942.72</u>	<u>\$17,089.05</u>

**ANALYSIS OF DEVELOPMENT COSTS OF PROPERTIES
FOR THE YEAR ENDED MARCH 31, 1955**

	Wages (Staking)	Diamond Drilling	Options	Supplies	Sundries	Surveys	Taxes	Patent Fees	Assays	Total for the Year	Add Balance Mar. 31, 1955	Accumulated Balance Mar. 31, 1956
PROPERTIES PRESENTLY HELD:												
Group 2							\$ 8.80			\$ 8.80	\$ 2,124.06	\$ 2,132.86
3							10.18			10.18	7,349.81	7,359.99
5	\$ 934.75				\$ 15.00		24.64			974.39	8,054.95	9,029.34
8							49.42			49.42	6,765.09	6,814.51
9	485.00				78.85		42.60			606.45	13,148.99	13,755.44
10						\$ 222.62	13.08			235.70	3,802.30	4,038.00
11					27.00					27.00	7,069.92	7,096.92
	<u>\$1,419.75</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>\$ 120.85</u>	<u>\$ 222.62</u>	<u>\$ 148.72</u>	<u>—</u>	<u>—</u>	<u>\$1,911.94</u>	<u>\$48,315.12</u>	<u>\$50,227.06</u>
PROPERTIES DROPPED:												
Group 1											\$ 4,897.21	\$ 4,897.21
4											10,745.61	10,745.61
7											1,669.15	1,669.15
12											644.25	644.25
13											25,181.75	25,181.75
14											540.56	540.56
15											309.30	309.30
16											769.25	769.25
17											334.11	334.11
18	\$ 353.00				\$ 135.00					\$ 488.00	—	488.00
	<u>\$ 353.00</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>\$ 135.00</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>\$ 488.00</u>	<u>\$45,091.19</u>	<u>\$45,579.19</u>
PROPERTIES SOLD:												
Group 6	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>\$ 54.75</u>	<u>—</u>	<u>—</u>	<u>\$ 54.75</u>	<u>\$17,089.05</u>	<u>\$17,143.80</u>

**ANALYSIS OF DEVELOPMENT COSTS OF PROPERTIES
FOR THE EIGHT MONTHS ENDED 30 NOVEMBER, 1956**

	<u>Wages</u>	<u>Diamond Drilling</u>	<u>Options</u>	<u>Supplies</u>	<u>Sundries</u>	<u>Surveys</u>	<u>Taxes</u>	<u>Patent Fees</u>	<u>Assays</u>	<u>Total for the year</u>	<u>Add Balance Mar. 31, 1956</u>	<u>Accumulated Balance Nov. 30, 1956</u>
PROPERTIES PRESENTLY HELD:												
Group 2							\$ 9.00			\$ 9.00	\$ 2,132.86	\$ 2,141.86
3							10.38			10.38	7,359.99	7,370.37
5	\$ 541.00				\$ 15.00		25.21			581.21	9,029.34	9,610.55
8							34.68			34.68	6,814.51	6,849.19
9	199.00				25.00		42.86			266.86	13,755.44	14,022.30
10										13.87	4,038.00	4,051.87
11										—	7,096.92	7,096.92
	<u>\$ 740.00</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>\$ 40.00</u>	<u>—</u>	<u>\$ 136.00</u>	<u>—</u>	<u>—</u>	<u>\$ 916.00</u>	<u>\$50,227.06</u>	<u>\$51,143.06</u>
PROPERTIES DROPPED:												
Group 1											\$ 4,897.21	\$ 4,897.21
4											10,745.61	10,745.61
7											1,669.15	1,669.15
12											644.25	644.25
13											25,181.75	25,181.75
14											540.56	540.56
15											309.30	309.30
16											769.25	769.25
17											334.11	334.11
18	\$ 70.00			\$ 24.18						\$ 94.18	488.00	582.18
	<u>\$ 70.00</u>	<u>—</u>	<u>—</u>	<u>\$ 24.18</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>\$ 94.18</u>	<u>\$45,579.19</u>	<u>\$45,673.37</u>
PROPERTIES SOLD:												
Group 6	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>\$ 40.00</u>	<u>—</u>	<u>\$ 57.00</u>	<u>\$ 97.00</u>	<u>\$17,143.80</u>	<u>\$17,240.80</u>

ANDOWAN MINES LIMITED

(No Personal Liability)

SCHEDULE 4.

SCHEDULE OF EXPLORATION AND ADMINISTRATIVE COSTS SINCE INCORPORATION

(Applicable to both Properties presently held and to Properties disposed of)

	Period up to Mar. 31, 1954	Year Ended 31 Mar. 1955	Year Ended 31 Mar. 1956	Eight Months Ended 30 Nov. 1956	Total to Nov. 30, 1956
EXPLORATION:					
Abstracts, Maps and Assay	\$ 1,442.85	\$ 54.15	\$ 14.67	\$.50	\$ 1,512.17
Engineering Fees & Consulting	4,475.00	—	—	—	4,475.00
Equipment Repairs and Renewals	925.75	24.00	—	48.27	998.02
Mining Licenses	2,235.55	70.00	5.00	120.00	2,430.55
Prospecting	15,104.29	17.13	164.35	7.24	13,293.01
Unemployment Insurance	267.96	—	—	—	267.96
Workmen's Compensation	1,458.59	—	—	—	1,458.59
(See Statement B)	<u>\$25,909.99</u>	<u>\$ 165.28</u>	<u>\$ 184.02</u>	<u>\$ 176.01</u>	<u>\$ 26,435.30</u>
ADMINISTRATIVE:					
Advertising	\$ 1,221.65	\$	\$	\$	\$ 1,221.65
Audit Expense	998.15	—	175.00	—	1,173.15
Agents Commissions	3,835.29	—	500.00	—	6,385.29
Company Returns	112.00	30.00	30.00	—	172.00
Directors Fees	465.00	—	—	—	465.00
General Expense	1,738.62	55.50	4.39	—	1,798.51
Interest and Bank Charges	1,359.28	25.68	19.53	12.75	1,417.24
Legal Expense	3,263.00	35.00	190.05	125.00	3,613.05
Postage and Excise	1,071.75	8.53	5.00	25.00	1,110.28
Prospectuses and Reports	959.20	—	—	448.00	1,407.20
Registration Expense	4,390.33	—	30.00	—	4,420.33
Rent — Office	4,523.50	—	—	—	4,523.50
Report Charges	2,287.36	319.60	68.48	438.61	3,114.05
Salaries — Executive	6,533.87	—	1,800.00	1,600.00	9,953.87
Salaries — Office	23,548.99	—	—	—	23,548.99
Stationery and Office Expense	2,592.33	30.89	393.05	74.23	3,090.50
Telephone and Telegraph	2,847.56	137.80	441.99	123.74	3,551.09
Travelling Expense	23,030.19	960.00	3,140.33	1,480.73	28,631.25
Taxes — Business	479.55	35.82	—	—	515.37
(See Statement B)	<u>\$87,347.62</u>	<u>\$1,638.82</u>	<u>\$6,797.82</u>	<u>\$4,328.06</u>	<u>\$100,112.32</u>

AMENDMENT NUMBER ONE TO PROSPECTUS

of

ANDOWAN MINES LIMITED

(No Personal Liability)

Dated March 30th, 1957

Under the terms of the agreement between the Company and Steep Rock Iron Mines Limited dated the 11th day of March, 1957, Steep Rock paid to the Company the initial payment of \$2,000.00. And on or about the 17th day of October, 1957, Steep Rock exercised its right to discontinue any further payments and terminate the agreement and forfeit the initial payment of \$2,000.00 made by it.

The foregoing, together with prospectus dated the 30th day of March, 1957, constitutes full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by section 38 of The Securities Act (Ontario), and there is no further material information applicable other than in the financial statements or reports where required.

Signed by the Directors

ELWIN LUND PALMER

SYDNEY FRANK CHAPMAN

ALBERT EDWARD RUPERT SCHNEIDER

FRANK P. HUNT

F. J. DOLAN

Signed by the Promoters

ELWIN LUND PALMER

SYDNEY FRANK CHAPMAN

ALBERT EDWARD RUPERT SCHNEIDER

FRANK P. HUNT

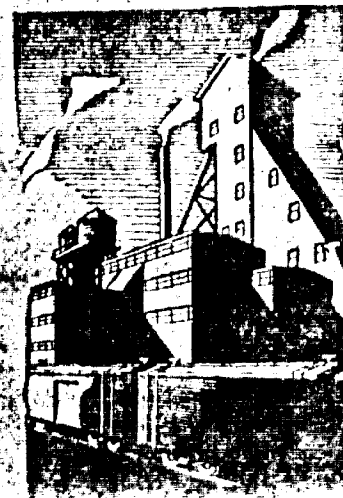
F. J. DOLAN

Dated at Toronto, Ontario, this 21st day of October, 1957.

ANDOWAN MINES LIMITED

Progress Report

September 1946



SEP 75M0030 03 3000 SASKA & MCOAL

020

ANDOWAN MINES, LIMITED

(No Personal Liability)

Head Office Kashabowie, Ont.
Branch Office 505 Public Utilities Bldg., Port Arthur

CAPITALIZATION

Authorized Capital (\$1.00 Par) 3,000,000 Shares
Issued 1,878,336 Shares

OFFICERS AND DIRECTORS

C. E. Anderson President
Frank E. Anderson Vice-President
John W. MacKenzie, M.E. Director
Lieut.-Col. L. S. Dear Director
Malcolm McLean Director
N. E. Anderson Secretary-Treasurer

SOLICITORS

John Callahan & Co., Toronto, Ont.

MINING ENGINEER

D. H. Yardley, M.E.

TRANSFER AGENT

The Chartered Trust and Executor Company, Toronto, Ont.

Progress Report

September, 1946

Dear Shareholder:

In the following pages you will find the complete story of your Company to date. We ask you to read carefully the informal remarks and to consider the suggestions regarding future operations.

Your money has been spent carefully and you should know exactly what has been accomplished, and what you can expect from the future.

Your directors realize that you have shown the utmost faith, which alone made such a record as ours possible. Not one dollar or one share has ever been paid to any of Andowan's Directors. For over seven years they have attended scores of meetings, giving their time and efforts entirely gratis. Such integrity of purpose is deserving of wholehearted appreciation.

Our President has also set a precedent by devoting his entire time to the Company in capacities much beyond the usual. He has proven a very able mining consultant, thus saving the Company many thousands of dollars that otherwise would have been paid out for such services. His ability in negotiating for the development of our properties has resulted in the expending of approximately one dollar by other interests for each one dollar we have spent.

Under Mr. Anderson's management, all of Andowan's properties have been acquired at a minimum cost, so low in fact, that the total figure for our thirteen groups totalling nearly 5,000 acres, is about the same as we stand to gain from our one group.

We know you will be sorry to learn that our President has been under doctor's care for the past two months. We are pleased, however, to pass on to you better reports from his physician.

Your Board of Directors with whom I join, felt this might be a propitious moment to submit to you an informal picture of our President together with an inside story of the Company.

The following is a simple breakdown of our financial statement as sent to you on July 6th, last.

EXPENDITURE OF ANDOWAN MINES, LIMITED

March 31st, 1939, to March 31st, 1946

SEVEN YEAR PERIOD

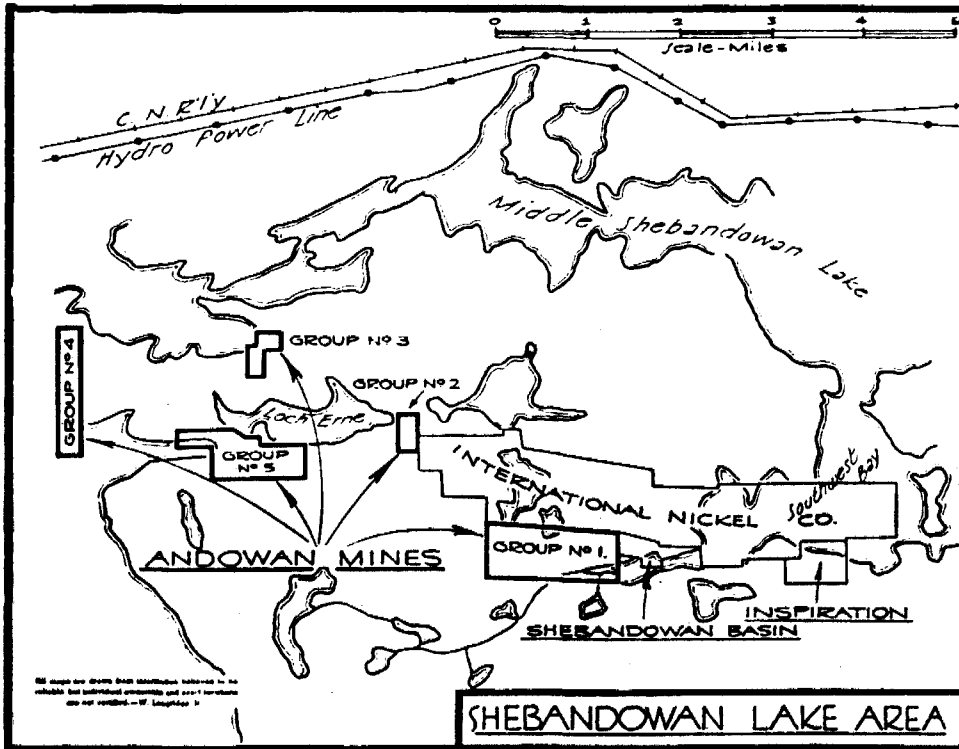
1. Cash payment on Olcott Jackson, Andowan's Group No. 10	\$ 2,500.00
2. Cash payments on Matawin Iron Range, Andowan's Group No. 13	1,000.00
3. Equipment, Diamond Drill, etc.	2,261.87
4. Furniture and Fixtures	454.54
5. Cash payments on claims	594.00
6. Cash paid out relative to absorbing the Kashabowie Mining Syndicate Limited	3,791.61
7. Cash spent on property development—Diamond Drilling 6,819 feet; Surveying, Assaying, Building, Land Patents, Government Fees, Wages (Maximum paid—Skilled Labor \$175.00 per month Unskilled Labor \$110.00 per month). Total work performed equals 14,419 eight-hour days including 6,819 feet of Diamond Drilling	38,096.80
8. Organization Expense	643.00
9. Total Executive salaries (President's salary, full time, seven years, \$14,266.72, averaging \$169.84 monthly), other salaries \$608.24	14,874.66
10. Expense, President	490.00
11. Total travelling expenses (Field Examinations, Company Promotion, etc., etc.)	5,735.07
12. Office expense (wages, secretary-treasurer, full time, seven years, \$6,532.75, averaging \$77.00 monthly). Rent — \$1,462.00; Auditor, Bank, Legal, Taxes, Insurance — \$1,782.37; all other expenses largely Governmental — \$2,972.21	12,749.33
TOTAL EXPENDITURES	\$83,190.88
Cash on hand	5.00
Cash in Bank	9,179.12
Accounts Receivable	1,916.50
	94,291.50
1. Total Income of Andowan Mines, Ltd., from sale of Treasury Stock from March 31st, 1939, to March 31st, 1946	\$93,496.50
2. Other Income	790.00
3. Directors' Shares, 5 shares at \$1.00 each	5.00
	\$94,291.50
4. Total Capital Stock issued to acquire the assets of the Kashabowie Mining Syndicate Limited	1,155,000 shares
Total Capital Stock set aside for purchase of properties, services, etc.	144,995 shares
5. Total Treasury Stock sold for cash	549,660 shares
6. Total Treasury Stock issued in payment of mining claims, Engineering and Legal Services	28,681 shares
Total Issued	1,878,336 shares
Balance in Treasury	1,121,664 shares
Authorized Capital	3,000,000 shares

THE DIFFERENTIAL in this statement as against auditors' statement sent to you is relatively accounted for in the nominal value given to the stock as shown in items No. 4 and No. 6 hereof.

Outline of Progress

The following maps and excerpts from our Engineer's report, together with covering comments, give an outline of progress and sets up a foundation for future operations.

MAP NO. 1



ANDOWAN MINES LIMITED, GROUPS NUMBERS ONE TO FIVE

This map indicates the position of our groups numbered 1 to 5. While the necessary improvement work on these groups has been practically completed, there has been no definite attempt made to prove commercial ore in these various mineral deposits. As outlined to you in previous reports, the International Nickel Company proved up an estimated 3,000,000 tons of high grade ore on their claims as shown on the above map. This required considerable Diamond Drilling. Andowan's groups in this area have all the potential earmarks required to justify a programme of Diamond Drilling. This work might have been commenced before now, but for the current shortage of diamond drill bits. It is important to note that Andowan was able to secure such favorable prospects in this area prior to other companies.

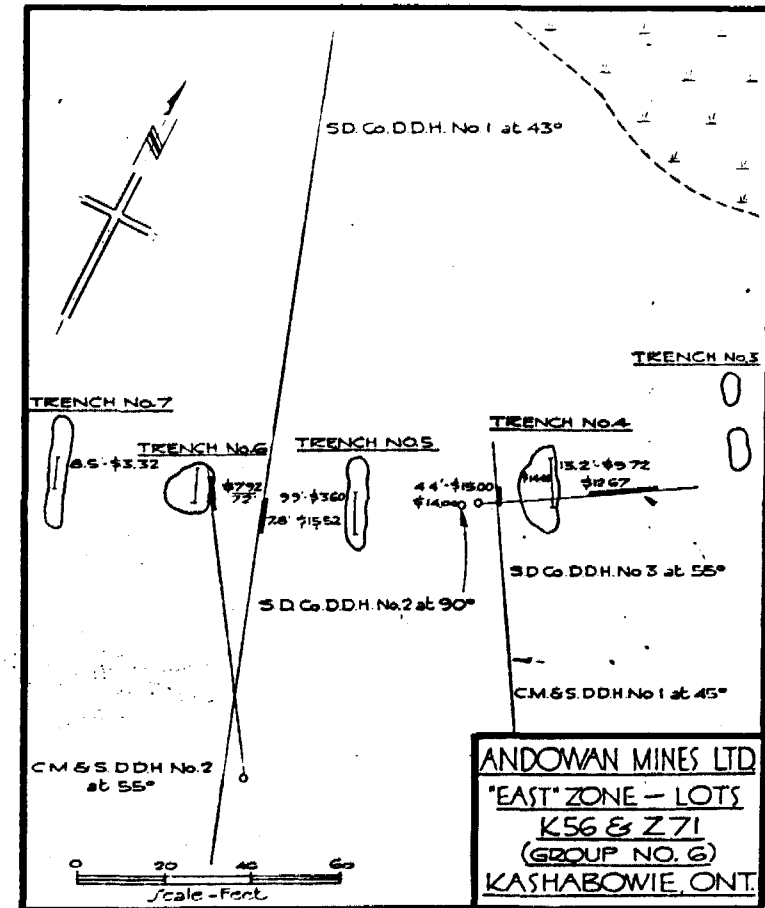
On these properties, the following is an excerpt from the report of D. H. Yardley, Mining Engineer, dated July 2nd, 1946

"Only preliminary examination and exploration has been done with some shallow drilling on the most easterly of the groups. Grab samples taken from several exposures showed values in Gold and Silver which alone justify further work.

"The location with respect to the ore bodies outlined by drilling on the International ground, is a further reason for carrying on exploration on these groups.

"This work should at first be confined to the east group adjoining International Nickel and should consist of geological mapping and geo-physical work to be followed up by Diamond Drilling."

MAP NO. 2



ANDOWAN MINES LIMITED, GROUP NUMBER SIX

This map indicates the value in the surface trenches and in the Diamond Drill holes on our Number Six Group. The initials D.D.H. on this map mean Diamond Drill Hole. As you will note, practically all of these values represent commercial ore

Just a few miles to the west of this property, the Great Lakes Copper Company is actively engaged in exploring another large Copper deposit. This Company is backed by strong financial interests and if their findings continue favorable it is more than likely they would erect a smelter. In that event our property would be greatly enhanced. At this time it would appear sound policy to eliminate further expenditures on Group Six pending these developments.

On this property we quote from our Engineer's Report dated June 26th, 1946:

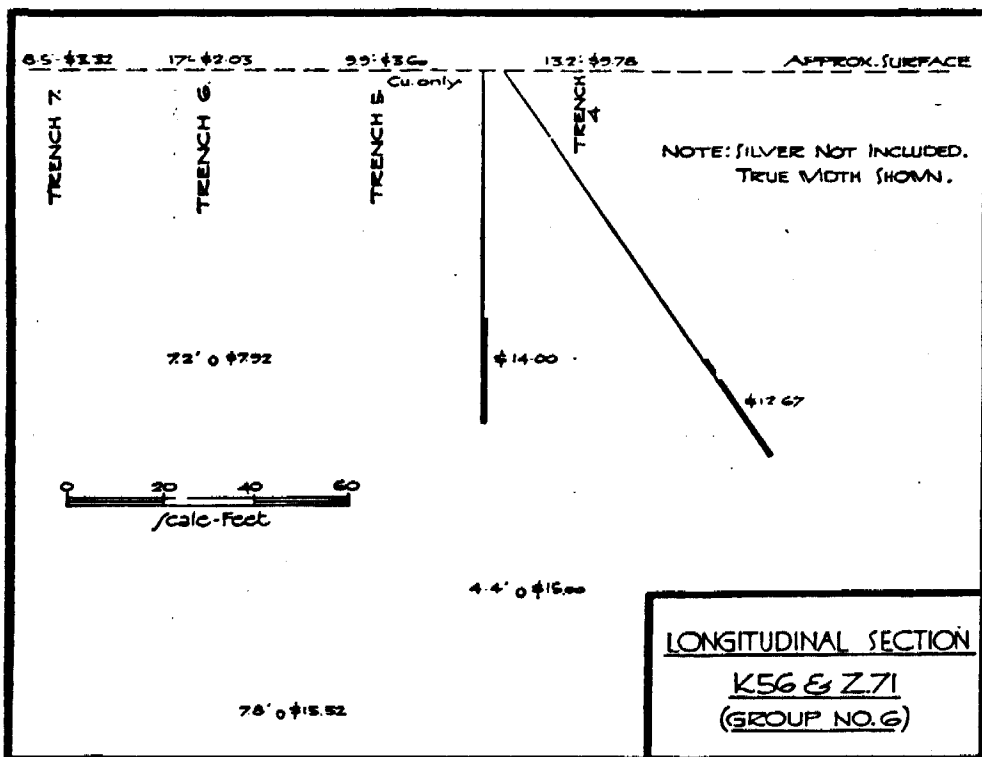
"The ore should not offer any undue difficulty in concentrating, or in mining, while the siliceous nature of the ore will lend a self-fluxing character in smelting.

"A significant result of Diamond Drilling, was the improvement in values over assays obtained in the surface trenches.

"The increase in the price of Gold since early exploration, and the present price of Copper and Silver, add a great deal to the value of this ground.

"Assays obtained and widths shown during previous work, together with exploration carried out by Andowan Mines, show that this property has an above-average possibility of becoming a profitable producer."

MAP NO. 3



This is a longitudinal section of the easterly workings on Group Six. The values along the top line on the map are from surface trenches while the values given below the top line represent those found in Diamond Drill holes. These values are considerably

ANDOWAN MINES LIMITED, GROUP NUMBER SEVEN

In previous reports little has been said on Andowan's Group Number Seven. During this season, however, an additional eleven 40-acre claims have been secured and added to our original holdings. These include two new groups on line of strike to the east thus giving Andowan control of what appears to be the largest Copper-Nickel-Platinum bearing deposits in North Western Ontario. To date, no testing or exploring has been carried out to depth. A few surface trenches were sampled, disclosing upwards of 1 per cent Copper and Nickel with approximately \$2.00 in Platinum. The important feature is the very immense tonnage of the deposits in which these minerals occur. To date, the eastern zone in particular has every indication of millions of tons. Just how much of this will prove commercial can only be determined by drilling. At the moment, however, we have reason to be very optimistic.

ANDOWAN MINES LIMITED, GROUP NUMBER EIGHT

Our Group Number Eight, consisting of 400 acres, adjoins the now well known Steep Rock Iron Mines, Limited. While shallow drilling has given some indications of Iron, these claims require a geophysical survey before doing any additional drilling. In the meantime, all of the required improvement work has been completed, and the great success of our neighbor, Steep Rock, has added to our position in this area. In due course, an attempt will be made to ascertain if we have commercial ore in significant amounts.

ANDOWAN MINES LIMITED, GROUP NUMBER NINE

Group Number Nine, consisting of three individual groups is, we consider, one of the Company's greatest potentials for the future. The exploring and mining of the Lead and Zinc on these groups has purposely been postponed. Likewise, a number of offers in the past have been rejected because we felt the market price for Lead and Zinc were bound to increase. This has now happened, although, not to the extent we feel it will. The current price in the United States and Great Britain is nearly triple our pre-war price, while our domestic price is up about double.

In view of the great shortage of these two metals, it is more than likely that the near future will see prices advance here in line with outside markets.

On these properties, we quote from our Engineer's Report dated June 21st, 1946:

"Andowan Mines holds three groups of claims in Dorion Township, each group having exposures of Lead and Zinc. There are roads to within one-quarter of a mile of the Number Two and Number Three Groups, and a road to the Number One Group. They are close to railways and Hydro Power, and only a few miles from water transportation on Lake Superior.

"In 1943 a sample was sent to the Bureau of Mines at Ottawa, from one of the sphalerite (Zinc) veins, and the following figures are extracts from their report:

Assay—Lead— 8.14 per cent
Zinc—45.48 per cent.

"The test work was confined to a single flotation test in which Lead and Zinc minerals were concentrated by selective flotation.

"The assays on the concentrates were:

Lead Concentrate—Lead—73.25 per cent
Zinc Concentrate—Zinc—60.36 per cent

"The test work showed that a Zinc concentrate assaying over 60 per cent zinc, with a recovery of 90 per cent of the zinc in the ore, can be obtained without cleaning.

"This preliminary testing indicates that no great difficulties would be encountered in the milling procedure.

"The high grade character of the ore makes it of shipping quality, but further development is necessary to outline the tonnage possibilities, particularly where the fault cuts the favorable sediments. In any development work, the driving of an adit on the zone should be considered.

"Further exploration work should begin on the Number Two Group, due to the higher grade of the ore, and to the topography, which is favorable

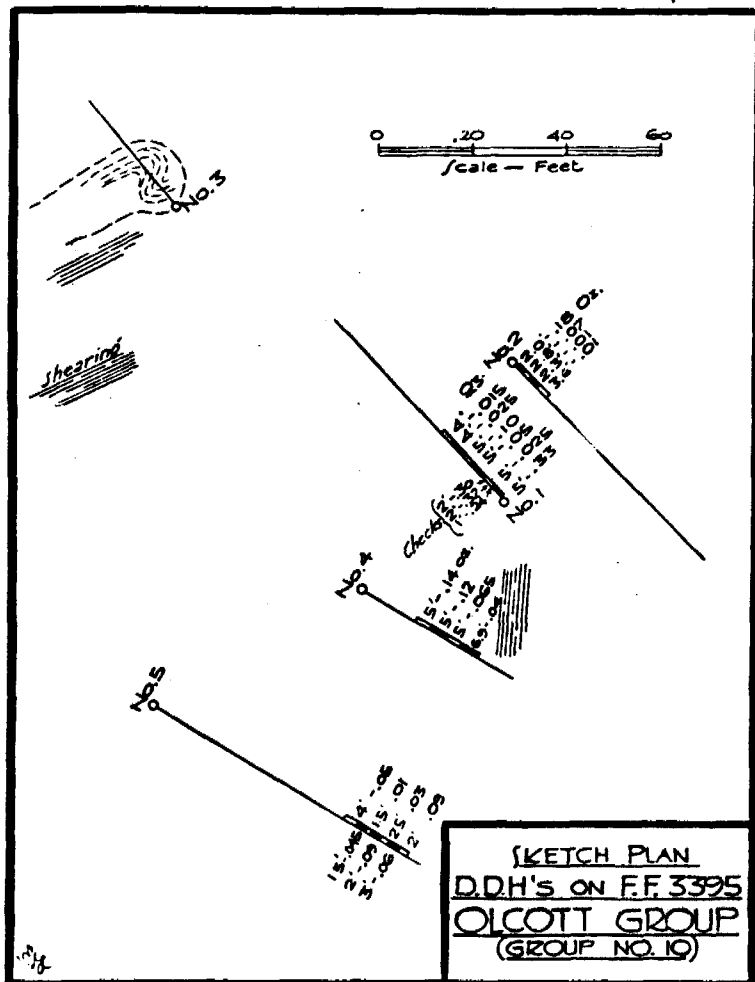
"In view of the present grave shortage of Lead and Zinc, and the price advances which have taken effect, these holdings are a valuable asset. By having these properties close together, the probability of developing sufficient tonnage to justify a concentrating unit is greatly increased."

In a private report, Julian G. Cross, M.E., associated with the Steep Rock Iron Company, Ltd., states that the Lead and Zinc deposits of this area are capable of supplying mill feed for a plant of over 500 tons capacity.

If we consider the low tenor of Lead and Zinc ores mined in other parts of the continent there is no doubt about the possibilities here.

As prices continue to advance, the search by good operators for ore becomes the more keen, and Andowan should have the chance of selecting a good offer for the development of these claims.

MAP NO. 4



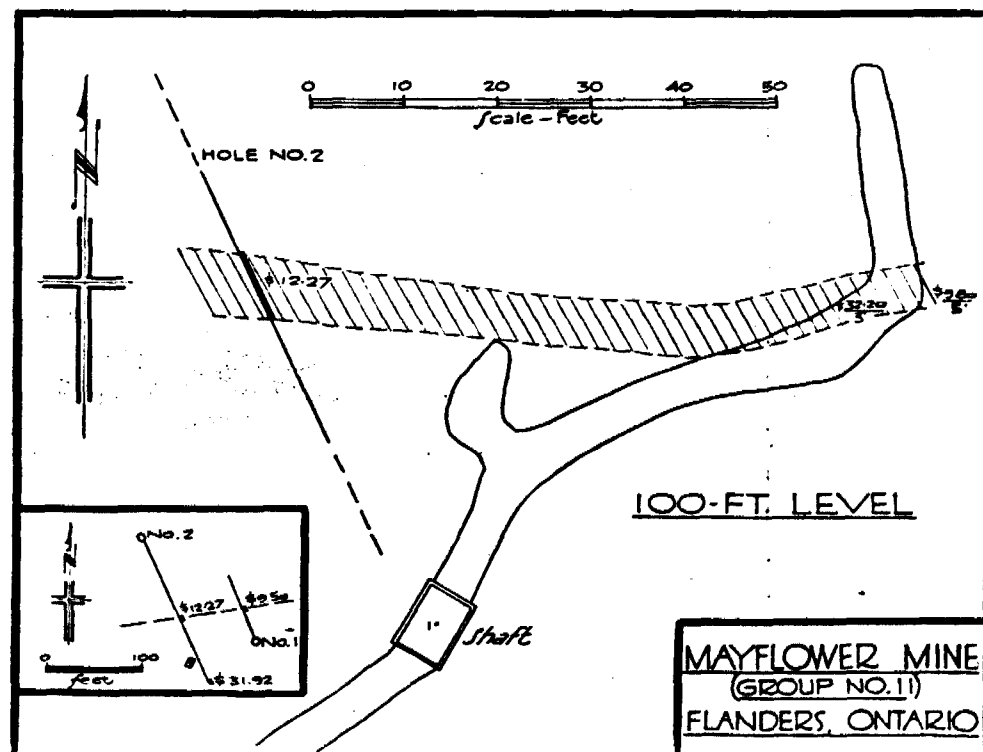
ANDOWAN MINES LIMITED, GROUP NUMBER TEN

This map indicates the values found in Diamond Drilling last year on our Group Number Ten. While the values are not spectacular, they are very consistent, and the widths are good. This is the type of Gold Prospect most sought after by big operators. Recently this prospect was examined by a large concern which was interested enough to ask for terms of a deal, which have been submitted. Now that the smoke is clearing away as a result of the temporary upset to Gold mining, caused by parity of the Canadian dollar, we look forward to further development of this prospect. On this property we quote from our Engineer's Report, dated June 1st, 1946:

"The values obtained in the shallow test drillings are very encouraging, and indicate a very good possibility of developing an ore shoot, particularly so in view of the favorable structure. The short section tested, indicates that the values lie, not in erratic pockets, but are fairly evenly distributed throughout the zone, a factor which makes for low costs in mining. This property should be geologically mapped and merits a thorough drilling campaign, both at the known showing and along the structure, to probe for further ore shoots."

On the property immediately east, and adjoining us, another ore body is now being developed, and reported to be at a depth of over 400 feet with consistent values. The mineralization and structure on this property appear identical.

MAP NO. 5



ANDOWAN MINES LIMITED, GROUP NUMBER ELEVEN

This is a map of the Diamond Drill and underground exploration on our Group Number Eleven, now under option to the Freeport Exploration Company, Limited, which is at present testing this deposit with a heavy Diamond Drill.

As indicated on this map, all of the values shown are of very good grade, and give reason to hope for an ore body. The fact that such a company as the Freeport Exploration saw fit to option this property indicates clearly that in their opinion it has merit.

From Andowan's point of view, it is of particular benefit to have other companies carry the load of testing our Gold properties. The law of averages on Gold prospects proves that the chances of a producer are much less than those on base metal prospects. Therefore, we have managed to keep our expenditures to a minimum on our Gold prospects.

If a property is proved we gain substantially, and if not, we are out but little. As most of you are aware, such a prospect as our Group Number Eleven is usually all that is required to float a company of the same capitalization as Andowan, and where such values can be secured a great deal is sometimes made before knowing if there is an ore body of commercial size.

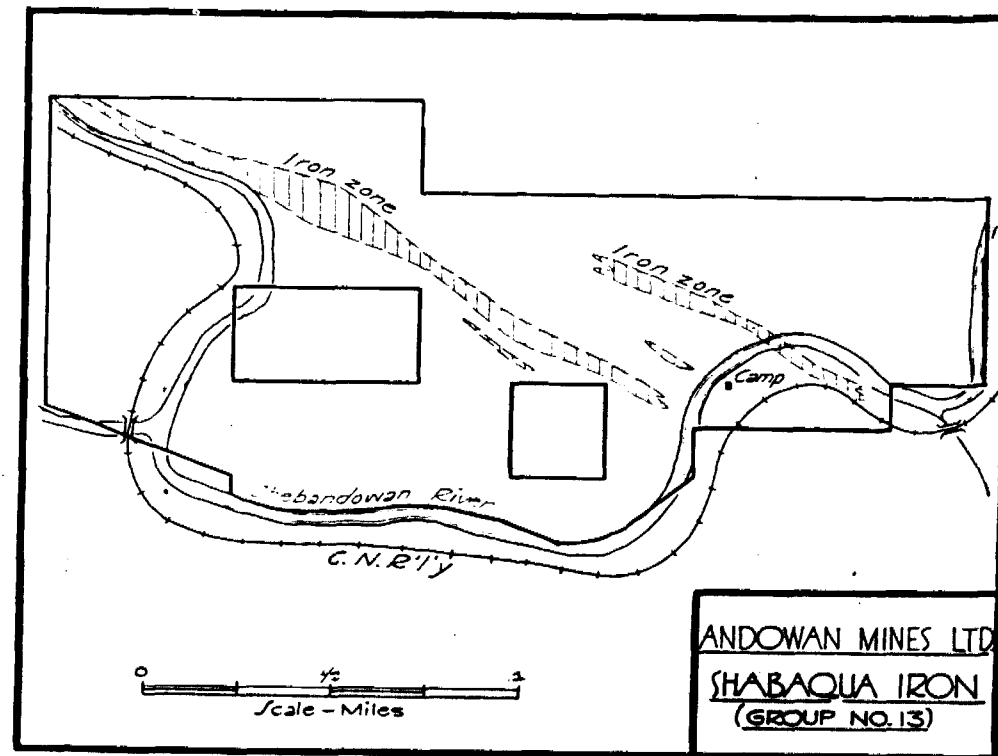
ANDOWAN MINES LIMITED, GROUP NUMBER TWELVE

Further reference to Gold prospects brings us to our Group Number Twelve, which was staked because of the small veins carrying considerable native or free Gold, as well as covering what appears to be one of the major shear zones in this field.

Our test work on these claims has indicated nine individual quartz veins striking mostly at right angles to the main shearing which is wide and well mineralized. It will require only a small expenditure to prove this ground to a point of interest one way or the other.

From the amount of free Gold in the small veins, it is hoped that the main shearing will prove the parent ore body. Further test work will be carried out this year.

MAP NO. 6



ANDOWAN MINES LIMITED, GROUP NUMBER THIRTEEN

This map indicates the very extensive Iron zones on our Group Number Thirteen.

From the data supplied by the Pickands Mather Iron Company's report, together with our own magnetic surveys and other testings, a definite proof now exists that this property is of major size.

So that you may have a simple and a complete picture on this property, we first quote excerpts from our Engineer's report, followed by excerpts from the Pickands Mather report, and finally from a letter written by one of America's foremost iron experts who has recently made an analysis of the above reports.

"Kashabowie, Ontario
July 2nd, 1946.

"LOCATION:

This Property consists of about 1,200 acres, 48 miles west of Port Arthur. The Canadian National Railways crosses the claims, with a highway and power line two miles to the north.

"GEOLOGY:

These claims lie in an area of Keewatin rocks made up of andesites, diorite, banded iron formation and intermediate rock types which strike about N 70° W.

"HISTORY:

In 1945 a dip needle survey was carried out which outlined two major zones of magnetic iron formation. The south zone was traced for 9,000 feet with indicated width from 150 feet to over 500 feet, with surface exposures up to 100 feet in width. The north zone was traced for over 3,000 feet with widths from 100 to 250 feet.

"The iron formation is magnetite interbanded with siliceous material, the bands vary in width from 1/16th to 2 inches in width. A sample of the magnetite bands only, returned 58% Iron.

"A sample from Group No. 13, tested at the Mines Experimental Station in Minnesota, gave the following:

Iron 39.52% Silica 40.80%
Phosphorous .082%

"A portion of the crude was crushed, put through rolls and screened on 65, 100, and 200 mesh. Magnetic concentration gave the following results:

-65 + 100 Mesh Portion			
Material	%Wt.	%Fe.	%SiO2
Concentrate	61.50	55.95	17.45
Tailing	38.50	11.72	74.42
-100 + 200 Mesh Portion			
Material	%Wt.	%Fe.	%SiO2
Concentrate	61.90	57.40	16.23
Tailing	38.10	12.13	74.42
-200 Mesh Portion			
Material	%Wt.	%Fe.	%SiO2
Concentrate	50.50	62.09	11.40
Tailing	49.50	17.62	68.62

"In a further test five pounds of material were separated on a small dry magnetic cobbler. Four products were made. Magnetic tube tests were made on each of these products after crushing to -100 Mesh.

Results of Magnetic Concentration Tests,
November 29, 1944. Ore No. 1029

	%Wt.	%Fe.	%Mag. Fe.	%Wt. of Feed	%Fe.
Product No. 1	30.29	56.99	48.55	22.47	65.46
Product No. 2	27.18	54.06	42.42	17.98	64.23
Product No. 3	7.38	43.05	27.31	3.22	62.53
Product No. 4	35.15	11.78	5.64	3.66	54.22
Feed (Total of Prod.)	100.00	39.27	30.24	47.30	63.92

Wet Magnetic Tube Tests at -100 Mesh

	%Wt.	%Fe.	%Mag. Fe.
Product No. 1	100.00	56.99	48.56
Tube Concentrate	74.18	65.46	
Tube Tailing	25.82	32.65	
Product No. 2	100.00	54.06	42.42
Tube Concentrate	66.05	64.23	
Tube Tailing	33.95	34.27	
Product No. 3	100.00	43.05	27.31
Tube Concentrate	54.67	62.53	
Tube Tailing	56.33	27.95	
Product No. 4	100.00	11.78	5.64
Tube Concentrate	10.41	54.22	
Tube Tailing	89.59	6.85	

"This test shows that a concentrate of 63.92% Fe. can be made from the four products with a weight recovery of 47.30%. This ratio of concentration is very good although it is likely that a ratio of concentration of 1 to 3 would be approached in practice.

"Tests from surface samples indicate that a marketable Iron concentrate can be produced from this ore by magnetic methods. The location with respect to power and railway and the nearness to the new Iron Ore dock at Port Arthur, are important for a property of this type, where a freight rate advantage adds to the value of the ore at the point of production.

"Quote from Pickands Mather report:

"Two outcrops were sampled and the material submitted to laboratory tests.

	%Fe.	%Phos.	%SiO2	%Mn.	%Al.
Sample 1	44.85	.116	33.32	.04	.40
Sample 2	35.20	.092	41.34	.07	1.38

Grinding through 100 Mesh:

	Wt. Recovery	%Fe.	%Phos.	%SiO2	Iron Recovery
Sample 1	62.84	62.93	.119	9.25	88.18
Sample 2	38.76	63.66	.098	8.64	70.09

The magnetic survey was checked sufficiently to be assured of its accuracy.

"The average results of 467 feet of drilling in Iron formation clean enough to concentrate, gave a weight recovery of 26.6% and a calculated Iron analysis in the product of 61.05%."

Quoting excerpts of Iron Expert's letter:

"Not nearly enough exploration has been done, you really just got started. The Babbit Iron runs around 29%, the Mesabi Taconites run around 30% Iron and must be ground to about 150 Mesh. Only part of the Iron can then be separated magnetically. The rest by flotation, much more costly, and they propose to spend millions on these ores. Apdowan has advantages two ways, all magnetic iron and thicker seams of ore.

"I believe banded magnetites in Ontario, if mined by open pit methods, will figure out even better than many straight underground mines here in the United States.

"You should consider clearing off the surface along the strike of the east ore body in line with holes number 1, 2 and 3, then check some other areas where the dip needle indicates ore, with more trenches or pits.

"I would say that 10,000,000 tons of concentrate would make them all sit up and take notice. Your drill holes number 1, 2 and 3, show a width of 200 feet with a 40-foot band of diorite (rock). A length of 2,000 feet by your width of 200 feet to a depth of 300 feet indicates 10,000,000 tons of crude ore. 30,000,000 tons would be better. Get a couple more like

By analyzing the above reports, we find that the tenor of ore on Group No. 13 compares favorably with other potential ores.

Since test work to date has been confined to less than one-seventh of the total length of the deposits, the tonnage requirements appear easily available. This, however, should be shown by further pits, trenches or drilling.

When Pickands Mather Company completed their first examinations, they asked to enter into an agreement with Andowan to purchase this property for \$100,000 in cash. We felt this was less than the equivalent to one year's operating royalties and rejected their proposal.

They cross-sectioned the ore body in only two places before discontinuing work on the basis that there was not sufficient clean ore in sight to warrant open pit operations.

In the case of Steep Rock, and all other Iron mines, it took dozens of cross-sections to prove sufficient ore, and as 90% of the deposit, as indicated by magnetic survey, has as yet not been explored, there can be no good grounds for thinking that sufficient ore is not available.

In fact, of the seven surface outcrops presently known, only one was tested, and this showed over 200 feet in width of Iron formation, which experts agree is wide enough for open pit mining.

When submitting their report, their representative assured us that they would be pleased to continue relations if we would prove up sufficient clean ore.

Recently two other very extensive deposits have been indicated in this area which were not known to the Pickands Mather Company.

In summing up the situation, we know we have one of the largest known banded magnetic Iron Ore bodies in Canada, being so located that freight and other operating costs are at a minimum. Once some further tonnage of clean ore is proven, Andowan should be in an enviable position.



The Key Map on the following page shows the position of each of our properties and now that you have read all of the foregoing reports, you will see the immensity of your Company's operations.

By considering the limited capital spent to achieve this position, we feel that few other mining companies can compare so favourably.

Our search in this hinterland has been rewarded with various deposits each of which has potential possibilities at a relative stage of development.

We, therefore, set out a number of suggestions which we ask you to consider, and upon which your personal opinion will be appreciated to assist in guiding our future work.

We would like to continue our conservative policy of spending. While actual development may have been somewhat slower, it has proved good economy. Since Andowan was intended primarily as a holding and development company, and has been successful in securing many prospects, we believe this policy should not be deviated from too greatly. We need but to succeed in having one of our prospects proved into a producer to make Andowan a dividend payer. Our policy of securing prospects and preparing them for examination by large companies keeps costs down to the minimum, yet leaves the door open for greater profits.

During the next two years we believe we can accelerate the movement of our prospects, since the market price on base metals has recently shown such a great advance.

It is our considered opinion that the Company's operations can be continued for some time on the present basis and still retain 1,000,000 shares in the Treasury.

The successful development of any one of our prospects could quite easily give us sufficient profits to pay a dividend and increase the value of our shares very substantially.

We intend to make application for listing on the market, whereby a definite and tangible market can be expected for our shares as valued by the public in general on the strength of developments.

Since we do not necessarily have to make any further public offerings of stock for a year or more, if at all, you will readily realize the favourable position we stand to gain.

With the price of Silver, Platinum, Copper, Lead and Zinc so greatly advanced, Gold must follow. With millions upon millions of new buildings required on this continent, together with the building of a new world in the old countries, and the stock piling of billions of pounds of metals as a future safeguard, mining should enter the greatest era of production and prosperity it has ever known.

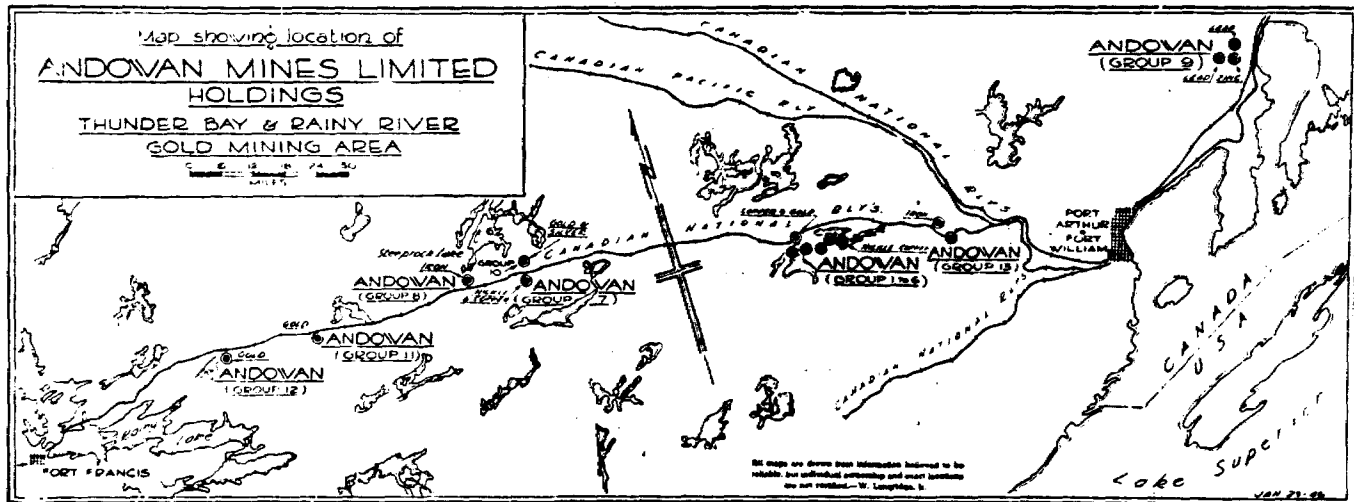
As the total number of our shareholders is still under 300 after all these years, we like to think of our organization as one happy family, and therefore look to you for a personal opinion both in regard to our past and future operations.

It is gratifying to receive comments, and we would therefore appreciate your personal viewpoint.

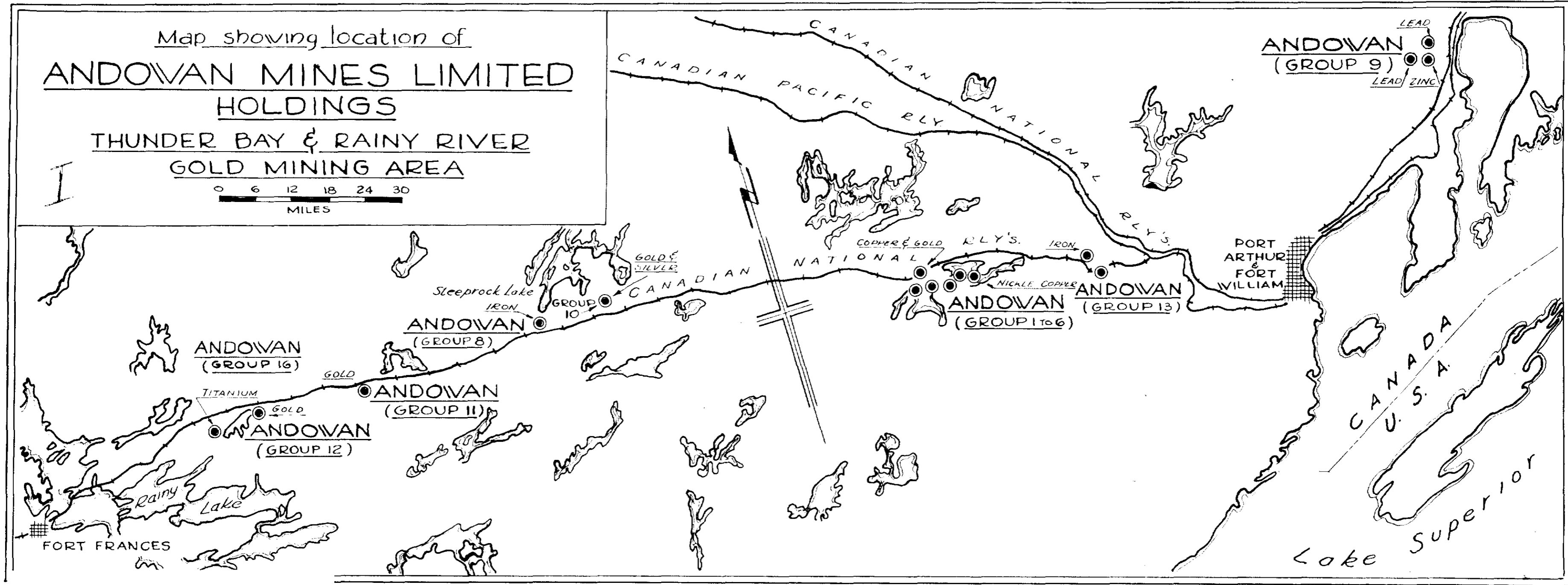
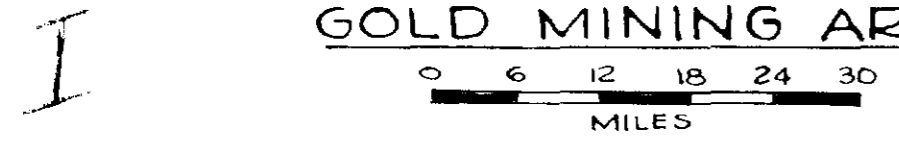
Respectfully submitted by

F. E. ANDERSON, Vice-President.

MAP NO. 7



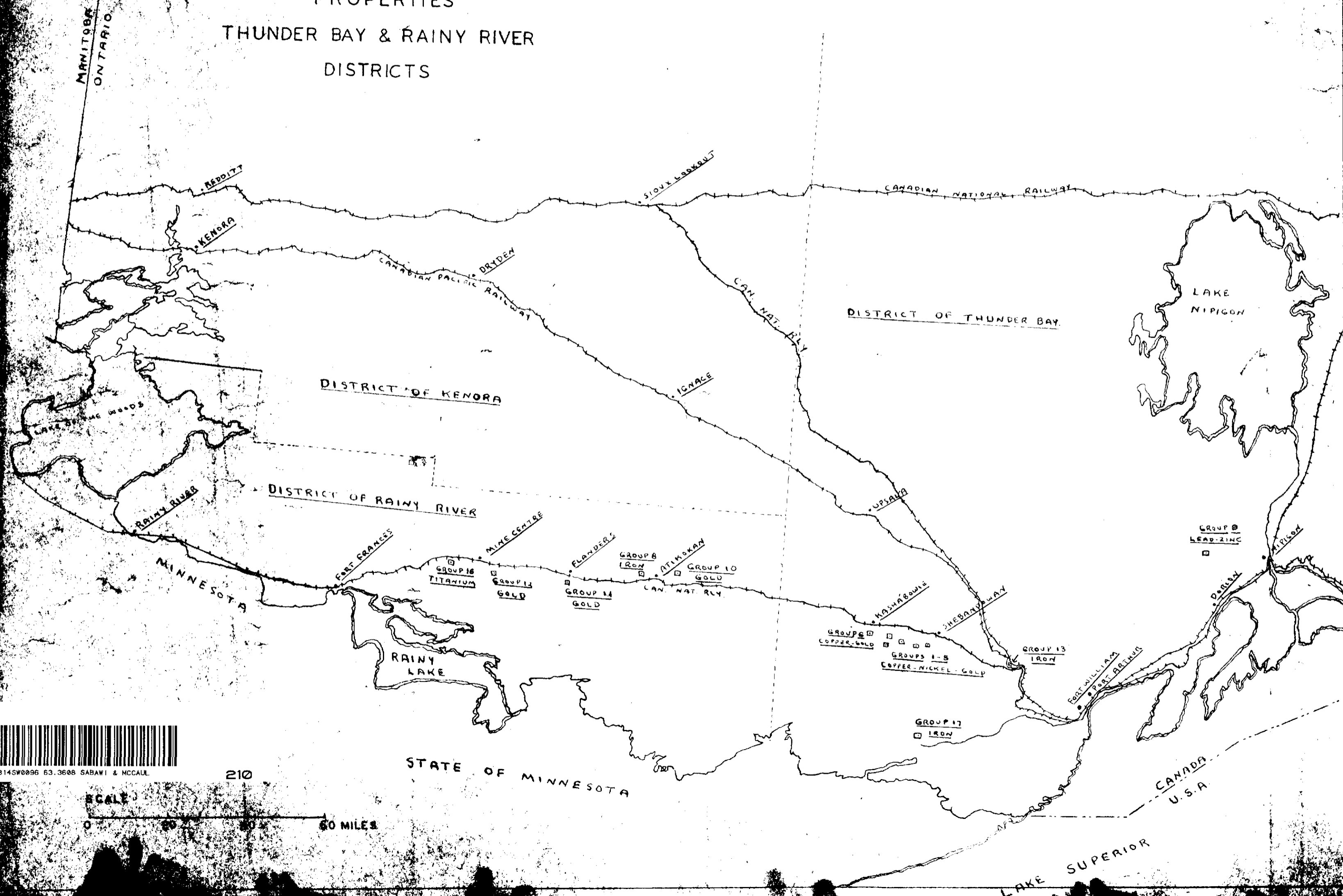
Map showing location of
ANDOWAN MINES LIMITED
HOLDINGS
THUNDER BAY & RAINY RIVER
GOLD MINING AREA



I
MAP SHOWING LOCATION OF

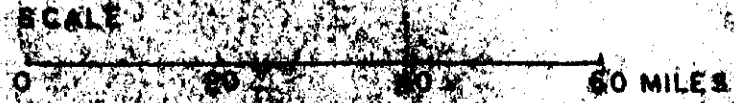
ANDOWAN MINES LIMITED

PROPERTIES
THUNDER BAY & RAINY RIVER
DISTRICTS



52B14SW0096 63.3608 SABAWI & MCCAUL

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STATE OF MINNESOTA

LAKE SUPERIOR