



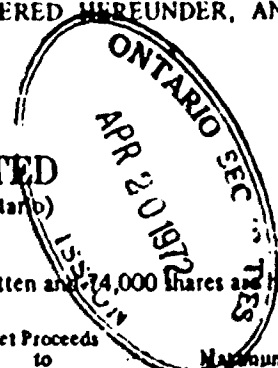
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NO SECURITIES COMMISSION OR SIMILAR AUTHORITY IN CANADA HAS IN ANY WAY PASSED UPON THE MERITS OF THE SECURITIES OFFERED HEREUNDER, AND ANY REPRESENTATION TO THE CONTRARY IS AN OFFENCE.

PROSPECTUS
of
SHILO MINES LIMITED
(Incorporated under the laws of Ontario)



PRIMARY OFFERING:

224,000 shares, whereof 150,000 shares have been firmly underwritten and 74,000 shares are held under options by the Underwriter-Optionee.

No. of Shares Firmly Underwritten	No. of Shares under Option	Price per Share	Net Proceeds to Corporation*	Maximum Offering Price per Share
150,000		20¢	\$30,000.00	40¢
	50,000	25¢	12,500.00	50¢
	24,000	30¢	7,200.00	60¢
	74,000		\$49,700.00	

* The Underwriter-Optionee is not obliged to purchase any of the optioned shares and there is no assurance that any of the same will be purchased.

DISTRIBUTION SPREAD:

The Underwriter-Optionee may be said to realize a gross profit in an amount equal to the difference between the price paid by it to the Corporation for shares and the price at which such shares are sold to the public.

PLAN OF DISTRIBUTION:

The Underwriter-Optionee, as the principal, will offer shares purchased by it to the public in Ontario and may make part of such offering through other registered security dealers acting as agents who may be paid commissions not exceeding 25% of the selling price of shares so offered.

PURPOSE OF OFFERING:

The purpose of this Primary Offering is to provide the Corporation with funds to defray its ordinary operating expenses and to pay the costs of carrying out exploration on its mining properties as recommended by its consulting engineer. See within under the captions "History and Business" and "Use of Proceeds".

SECONDARY OFFERING:

A selling shareholder will offer 75,000 shares for his own account. These shares comprise the free portion of vendor shares issued by the Corporation as part consideration for the acquisition of mining properties. The selling shareholder is Mark Rash. No part of the proceeds from this secondary offering will benefit the treasury of the Corporation. See within under the caption "History and Business" for particulars.

The selling shareholder will not offer any part of the secondary offering unless and until the 74,000 treasury shares under option as above have been purchased from the Corporation by the Underwriter-Optionee.

There is no market for the shares of the Corporation.

THESE SECURITIES ARE SPECULATIVE.

UNDERWRITER-OPTIONEE:

M. Rash & Co. Limited

Suite 930, 159 Bay Street, Toronto 115, Ontario - 363-6451



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HISTORY AND BUSINESS

The full name of the Corporation is Shilo Mines Limited (hereinafter sometimes referred to as the "Corporation"). The Corporation has its head office at Suite 203, 350 Bay Street, Toronto, Ontario.

The Corporation was incorporated as a mineral exploration corporation under The Business Corporations Act by articles of incorporation dated March 2, 1972.

It is intended that the Corporation will carry on the business of a mineral exploration corporation generally exploring for mines and mineral lands and deposits.

The Corporation has one mineral prospect which it intends to subject to immediate preliminary exploration. The property consists of thirteen unpatented mining claims in the Parnes Lake area, Patricia Mining Division, Ontario, and numbered Pa 331097 to 331109, inclusive. The claims were recorded on February 28, 1972. They have been transferred into the name of a trustee for the Corporation.

The Mining Act (Ontario) requires that the recorded holder of an unpatented claim shall within five years immediately following recording perform or cause to be performed assessment work consisting of at least 20 days during the first year, at least 40 days not later than two years from recording, at least 40 days not later than three years from recording, at least 40 days not later than four years from recording, and at least 60 days not later than five years from recording.

The following is the summary from a report of Arthur S. Bayne, P.Eng., which report is dated March 15, 1972. A copy of the full report of Mr. Bayne has been filed with the Ontario Securities Commission and is available for inspection at the offices of the commission at 555 Yonge Street, Toronto, Ontario.

Shilo Mines Limited holds 13 contiguous unpatented mining claims comprising 520 acres in the Parnes Lake Area, Patricia Mining Division, Ontario, Canada. The recorded claim numbers are Pa 331097 to Pa 331109 inclusive. Titles are in good standing until February 28, 1973.

The property is easily accessible, 8 miles south of Sioux Lookout, on the main line of the C.N.R. and 241 miles northwest of the City of Thunder Bay. Power, water, experienced labour and supply are economically available.

The claims cover most of Burnthut Island at the north shore of Minnitaki Lake and the east 1/2 mile of the mainland point lying between Pickerel Arm and Butterfly Lake. About 55% of the property area projects into the waters of Minnitaki Lake.

Gold was discovered on Burnthut Island in 1898, when a 50-foot vertical shaft was sunk. Transportation problems at that time prohibited further work and little or no work was done in the vicinity until the 1940s. In 1947 and 1948, Ourgold Mines Limited drilled 21 core holes totalling 6,000 feet, but suspended operations due to inadequate capital. In the winter of 1961-62, the same company drilled an additional 18 core holes totalling 2,563 feet. Lack of funds again stopped the work and the claims subsequently reverted to the Crown. The property described herein including the old Burnthut Island work sites has been recently acquired by Shilo Mines Limited.

There are no buildings or equipment on the property. Except for the original 50-foot shaft and a few debris-filled surface trenches, there are no mine workings on the property. No records or field evidence has been found of any mining or exploratory work on the property, other than described in this report.

All the rocks of the area are pre-Cambrian volcanics and sediments intruded by igneous granites, diorites, porphyries and quartz veins. Most of the area is covered by glacial and stream deposits of gravel, sand, clay and muskeg. In 1966 the Ontario Department of Mines mapped the correlation of all geological and aerial magnetic data to date (p. 353, Minnitaki-Sturgeon Lakes Area). The band of volcanic-sedimentary rocks favourable to metallic mineral deposition about 15 miles wide, extends through Sturgeon Lake westward over 40 miles through the area north and south of Minnitaki Lake.

In 1969 and 1970, major copper-zinc-lead sulphide ore bodies, now being developed for production, were discovered by modern geophysical prospecting at the southwest end of Sturgeon Lake by Mattagami Lake Mines Ltd. and Falconbridge Nickel Mines Ltd. This resulted in a sustained rush of claims staking and prospecting activity which has, in the past two years, moved westward over 40 miles through Minnitaki Lake.

Until after 1966 practically all activity in the Minnitaki-Sturgeon Lakes Areas was confined to gold, although copper-zinc-lead sulphides associated with the gold occurrences have been consistently recorded.

The small amount of drilling done on Burnthut Island between 1947 and 1962 was inconclusive, but the best core sections assayed from 0.176 oz/ton (\$7.92/ton @ \$45/oz gold) over 14 feet core length to 1.130 oz/ton (\$50.85) over 2 feet core length. Wide sections up to 100 feet core length assayed 0.01 to 0.08 oz/ton (\$0.45 to \$3.60 per ton). Copper-zinc-lead sulphides were common accessory minerals.

A program of geophysical surveys and core drilling is recommended in two phases. The speculative capital required for Phase I is estimated at \$19,105.00. Phase II, contingent on the findings of Phase I, is estimated at \$20,025.00.

The aforesaid claims were acquired by the Corporation by purchase from Mark Rash, 2 Delia Court, Downsview, Ontario, under an agreement dated March 15, 1972. The claims had originally cost the said vendor \$2,500 paid by the said vendor to Calvin Black, of 46 Alexander Street, Penthouse 9B, Toronto, Ontario.

As consideration for the acquisition of the claims the Corporation allotted and issued to Mr. Rash a total of 750,000 fully paid and non-assessable shares without par value. Certificates for 75,000 of such shares have been delivered to him. Certificates for the remaining 675,000 shares are in escrow in his name on the terms and conditions set out under the heading "Escrowed Shares", to which reference is hereby made.

There is no equipment of any kind at the property at present. No work has been done by the Corporation to date.

Except for Mark Rash aforesaid, no person has received or is entitled to receive any part of the said vendor consideration.

The escrowed shares are subject to surrender for the benefit of the Corporation if the mineral prospect for which they were issued is abandoned upon the recommendation of an independent engineer or geologist.

CAPITAL STRUCTURE

The capital of the Corporation consists of 3,000,000 shares of one class only, namely, common shares without par value. All shares issued by the Corporation rank equally as to entitlement of dividends and voting power, each share carrying one vote. There are no indentures or agreements extant or proposed limiting the payment of dividends. At all meetings of shareholders of the Corporation two shareholders personally present constitute a quorum, and at such meetings resolutions may be voted upon by a show of hands unless a poll is demanded by a shareholder. On a show of hands, every shareholder voting exercises one vote, whereas on a poll every shareholder voting exercises one vote for each share held by him. In either case, the Chairman has a second or deciding vote in the event of a tie vote. There are no conversion, pre-emptive, liquidation or distribution rights or other special privileges or provisions whatsoever attaching to any of the shares in the capital of the Corporation. None of the presently issued and outstanding shares in the capital of the said Corporation are subject to call, having been issued as fully paid and non-assessable shares. None of the shares offered hereby will be subject to call or assessment of any kind.

CAPITALIZATION

<u>Designation of Security</u>	<u>Amount Authorized</u>	<u>Amount outstanding as at March 15, 1972 (see balance sheet attached)</u>	<u>Amount outstanding if all securities being issued are sold</u>
Common shares without par value.	3,000,000 (\$1,500,000)	750,005 (\$22,505)	974,005 * (\$72,205)

* Assumes the sale of all 74,000 optioned shares in addition to the 150,000 shares underwritten.

DIVIDENDS

No dividends have been paid by the Corporation to date.

AUDITOR

The auditor of the Corporation is T.H. Bernholtz, Chartered Accountant, Suite 804, 330 Bay Street, Toronto, Ontario.

SHARE REGISTRAR AND TRANSFER AGENT

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

OFFERING

A. PRIMARY OFFERING:

By an agreement made as of March 15, 1972, between the Corporation and M. Rash and Co. Limited, a broker-dealer acting as principal for its own account, and with offices at Suite 930, 159 Bay Street, Toronto, Ontario, (the "Underwriter-Optionee"), the Underwriter-Optionee has agreed to purchase firmly 150,000 shares in the capital of the Corporation at the price of 20 cents per share for a total purchase price of \$30,000 payable in full to the Corporation on the next business day following the effective date of the agreement. The effective date is defined in the agreement as the business day next following the day upon which the Corporation receives a final receipt for this prospectus from the Ontario Securities Commission under The Securities Act, 1970, as amended.

In consideration of such underwriting commitment, the Corporation has granted to the Underwriter-Optionee as the principal the exclusive right and option to purchase all or any part of an additional 74,000 shares without par value in the capital of the Corporation as follows:

- (a) All or any part or parts of 50,000 shares at the price of 25 cents per share exercisable in whole or in part within three (3) months following the effective date of the agreement;
- (b) provided that the option referred to in (a) has been fully exercised, all or any part or parts of 24,000 shares at the price of 30 cents per share exercisable in whole or in part within six (6) months following the effective date of the agreement.

The Underwriter-Optionee has informed the Corporation that the only person having a greater than 5% interest in the Underwriter-Optionee is Mark Rash, 2 Delia Court, Downsview, Ontario.

Shares purchased by the Underwriter-Optionee under its said underwriting commitment and through the exercise of its option rights will be offered by it as the principal and may be offered through its agents who will also be security dealers and will be paid a commission not to exceed 25% of the selling price of shares so sold by them.

There are no sub-underwriting agreements or sub-option agreements outstanding or proposed. In the event that there shall occur any material change, including the granting of a sub-underwriting or sub-option or an extension of any of the present dates referred to in the agreement, an amendment to this prospectus will be filed at the expense of the Corporation within ten days thereof if the shares of the Corporation are then in the course of public distribution and if the Underwriter-Optionee shall so request.

The maximum offering prices of the shares offered hereby will be determined by the Underwriter-Optionee in accordance with the schedule set forth on the facing page of this prospectus.

B. SECONDARY OFFERING:

Reference is made to the facing page of this prospectus and to the caption "History and Business"

The 75,000 free vendor shares issued to the Vendor named under the caption "History and Business" may be offered by the holder of such shares as a selling shareholder under this prospectus. None of the proceeds resulting from the sale of such shares will benefit the treasury of the Corporation. The selling shareholder will not offer any part of the secondary offering unless and until the 74,000 treasury shares under option as described above have been purchased from the Corporation by the Underwriter-Optionee.

ESCROWED SHARES

Certificates representing an aggregate of 675,000 shares in the capital of the Corporation are held in escrow by Guaranty Trust Company of Canada at Toronto, Ontario, for the benefit of the registered holders of such shares and those who shall from time to time become the registered holders of same. Such shares may only be released from escrow after the prior written consents of the directors of the Corporation and the Ontario Securities Commission have been obtained. Any dealings with the escrowed shares within the escrow also require the prior written consent of the Ontario Securities Commission.

The escrowed shares are subject to surrender for the benefit of the Corporation if the mineral prospect for which they were issued is abandoned upon the recommendation of an independent engineer or geologist.

<u>Designation of Class</u>	<u>No. of Shares held in escrow</u>	<u>Percentage of Class</u>
Common shares without par value	675,000	75% *

* After giving effect to the issue of 150,000 underwritten shares.

USE OF PROCEEDS

The net proceeds receivable by the Corporation from the sale of the underwritten shares will be approximately \$25,500 after payment of \$4,500 to cover incorporation and organization expense and the costs of this issue. While there is no assurance that any of the 74,000 shares held under option by the Underwriter-Optionee will be purchased, the Corporation would receive an additional \$19,700 if all of the optioned shares are purchased. The funds which will be received by the Corporation will be used for general operating expenses and to pay the costs of carrying out the proposed preliminary exploration programme referred to under the caption "History and Business" and estimated to cost initially \$19,105 in Phase I of the recommendations of A.S. Bayne, P.Eng.

Additionally, moneys in the Corporation's treasury as available may be used to defray programmes of acquiring, staking, examining, exploring and developing mining and/or oil and gas properties, either alone or in concert with others, and to generally carry out exploration programmes as opportunity and finances permit; provided, however, that no new properties will be acquired or expenditures made thereon without an amendment to the Corporation's prospectus being filed if the shares of the Corporation are still in the course of distribution to the public.

PURCHASER'S STATUTORY RIGHT OF WITHDRAWAL AND RESCISSION

A. Right of Withdrawal

An agreement of purchase and sale covering any of the shares hereby offered is not binding upon the purchaser if the Company from whom the purchaser buys same receives written or telegraphic notice evidencing the intention of the purchaser not to be bound by the agreement not later than midnight of the second day (exclusive of Saturdays, Sundays and holidays) after receipt of the prospectus of the Company or amended prospectus; provided the purchaser has not sold or transferred the said shares prior to the expiration of the said two-day period.

Receipt of the prospectus or amended prospectus by the agent of the purchaser and receipt of the said notice by the agent for the vendor of the said shares shall be receipt by the purchaser and vendor respectively.

B. Right of Rescission

A purchaser of any of the shares hereby offered has a right to rescind his contract to purchase while he is still the owner of the said shares if the prospectus of the Company and any amending prospectus received by such purchaser, as of the date of receipt, contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement contained therein not misleading; provided, however, such right of rescission will not apply:

- (a) if the untruth or fact of omission was unknown to the Company and to the underwriter and could not have been known in the exercise of reasonable diligence;
- (b) if such statement or omission is disclosed in an amended prospectus and same has been received by the purchaser;
- (c) if the purchaser knew the untruth of the statement or knew of the omission at the time of purchase.

Receipt of a prospectus or an amended prospectus by a party who is acting as agent or who thereafter commences to act as agent of the purchaser shall be receipt by the purchaser. No action shall be commenced after the expiration of ninety days from the last to occur of the receipt of the prospectus or the date of the contract.

The full text of the respective statutory provisions summarized above is contained in Sections 64 and 65 of The Securities Act, 1970, as amended.

PRINCIPAL HOLDERS OF SHARES

A. The following sets forth the principal holders of shares of the Corporation, being the owners of record or known by the Corporation to own beneficially, directly or indirectly, more than 10% of the presently issued shares and the underwritten shares agreed to be sold to the Underwriter-Optionee (based on a total of 900,005 shares, after giving effect to the issue of the underwritten shares):

<u>Name and Address</u>	<u>Designation of Class</u>	<u>Type of Ownership</u>	<u>No. of Shares Owned</u>	<u>Percentage of Class</u>
Mark Rash, 2 Delia Court, Downsview, Ontario	Common shares without par value	Record and Beneficial	750,000	83.33%

B. Selling Shareholder:

As disclosed in this prospectus, 75,000 shares may be offered hereunder by way of Secondary Offering by the holder of such shares. The 75,000 shares which may be offered by the selling shareholder will be offered as follows:

<u>Name and Address</u>	<u>No. of Shares offered</u>	<u>No. of Shares to be owned after offering *</u>	<u>Percentage of Class **</u>
Mark Rash, 2 Delia Crt., Downsview, Ont.	75,000	675,000	69.37

* Assuming the sale of all shares offered.

** Assuming the sale of all shares offered and after giving effect to the issue of 150,000 underwritten shares and 74,000 shares under option.

PROMOTER

Mark Rash, 2 Delia Court, Downsview, Ontario, referred to throughout this prospectus, may be regarded as the promoter of the Corporation.

MANAGEMENT

The names and home addresses of the directors and officers of the Corporation, the positions in the Corporation presently held by them, and their principal occupations within the preceding five years are:

<u>Name and Address</u>	<u>Position</u>	<u>Occupation</u>
WILBERT AARON PERRY, 1382 Glenburnie Drive, Port Credit, Ontario	President and a Director	Self-employed in the association management business in Toronto for the last five years. In addition he acts as an officer and/or director of several mining companies including Copper-Man Mines Limited, Great Indian Explorations Limited and Arawak Mines Limited.
IRWIN ARTHUR WALLACE, 2500 Bathurst Street, Toronto, Ontario.	Vice-President and a Director	Self-employed Notary Public and Insurance and Real Estate Broker, 330 Bay St., Toronto, and also acts as an officer and/or director of several mining companies, including Dove Lake Mines Inc., East Rock Explorations Limited and Blackwater Mines Limited.
TERRY SOKOLOFF, 749 Steeles Avenue W., Unit 25, Willowdale, Ontario	Secretary- Treasurer and a Director	Accountant. Previously employed by Laventhol Krekstein Horwath & Horwath, Chartered Accountants, Toronto, Ontario. Presently employed by Shlesinger Corporate Services Limited, 350 Bay Street, Toronto, and is also an officer and/or director of several mining companies, including Richan Explorations Limited, Great Eagle Explorations Limited and Iron Cliff Mines Limited.
IAN ALBERT MacNAUGHTAN, 242 Kinglake Road, Willowdale, Ontario	Director	Accountant and Corporate Secretary. Previously office manager of G.D. Richmond Securities Limited, Toronto, and is also an officer and/or director of several mining companies including Haben Mines Limited and Ardel Exploration Limited.
WALTER ANDREW CARTER, P.Eng., P.O. Box 417, Colborne, Ontario.	Director	Self-employed as a Consulting Engineer. Officer and/or director of several mining companies including Pine Ridge Exploration Company Limited, Silver Miller Mines Limited, and Eagle Rock Iron Mines Limited.

REMUNERATION OF MANAGEMENT

No director or senior officer of the Corporation has received any remuneration since incorporation of the Corporation. Officers and directors are entitled to receive \$50 for each meeting attended by them.

Walter Andrew Carter, P.Eng., a director, will be paid for professional services rendered at the usual rates for such services.

A monthly fee of \$275 will be paid to Shlesinger Corporate Services Limited, Suite 203, 350 Bay Street, Toronto, Ontario, for head office accommodation, accounting, administration and secretarial services for the Corporation. Terry Sokoloff, a director and the Secretary-Treasurer of the Corporation, is an employee of Shlesinger Corporate Services Limited.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL CONTRACTS

Reference is made to the caption "History and Business" for particulars of the agreement under which the Corporation has acquired the thirteen (13) unpatented mining claims in the Parnes Lake area, Patricia Mining Division, Ontario. Mark Rash, named in this prospectus as the promoter, was the other party to the agreement and has received by allotment 750,000 shares without par value in the capital of the Corporation, whereof 75,000 shares were free from escrow and 675,000 shares are in escrow.

The said Mark Rash is also the controlling shareholder of M. Rash & Co. Limited, the Underwriter-Optionee with respect to certain shares of the Corporation, and referred to throughout this prospectus.

INCORPORATION WITHIN ONE YEAR - PRELIMINARY EXPENSES

The estimated amount of preliminary expenses for the first year of the Corporation's existence is \$4,000 for administration, exclusive of the cost of this offering, and \$19,000 for development and exploration in Phase I as recommended by A.S. Bayne, P.Eng.

MATERIAL CONTRACTS

The only material contracts entered into by the Corporation to date, copies of which may be inspected at the head office of the Corporation during normal business hours while the shares offered hereunder are in the course of public distribution, are as follows:

1. Agreement made March 15, 1972, between Mark Rash and the Corporation, covering the acquisition of the Corporation's mineral prospect in the Patricia Mining Division of Ontario, and referred to under the caption "History and Business".
2. Underwriting and option agreement made as of March 15, 1972, between the Corporation and M. Rash & Co. Limited, and referred to above under the caption "Offering".

SHILO MINES LIMITED
NOTES TO BALANCE SHEET
AS AT MARCH 15, 1972

- Note 1. The mining claims consist of thirteen unpatented claims in the Parnes Lake Area, Patricia Mining Division, Province of Ontario and are valued at the consideration attributed to 750,000 shares of the Corporation's capital stock, issued therefore.
- Note 2. By agreement dated March 15, 1972, the underwriter has agreed to firmly purchase 150,000 shares of the Corporation's capital stock at 20¢ per share, payable within two business days of the day on which the shares shall be qualified for public sale. The effective date of the agreement is defined as the business day next following the day upon which the Corporation receives a final receipt for its prospectus from the Ontario Securities Commission. In consideration of the firm purchase, the Corporation has granted the underwriter an option to purchase all or any part of an additional 74,000 shares of the capital stock as follows:
- | | |
|--------|--|
| 50,000 | shares at 25¢ per share within three months following the effective date of the agreement |
| 24,000 | shares at 30¢ per share within six months following the effective date of the agreement, provided that the previous option has been fully exercised. |
- Note 3. A statement of source and application of funds from inception (March 2, 1972) to March 15, 1972 is not included as the Corporation has not yet commenced operations.

There are no other material facts.

DATED the 15th day of March, 1972.

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by The Securities Act.

WILBERT AARON PERRY
Chief Executive Officer

TERRY SOKOLOFF
Chief Financial Officer

On behalf of the board of directors:

IRWIN ARTHUR WALLACE
Director

IAN ALBERT MacNAUGHTAN
Director

Promoter:

MARK RASH

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by The Securities Act.

UNDERWRITER-OPTIONEE:
M. RASH & CO. LIMITED
Per: MARK RASH



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REPORT ON MINNITAKI LAKE PROPERTY
- of -
SHILO MINES LIMITED
Area of Parnes Lake
MINNITAKI-STURGEON LAKES MAP AREA
Patricia Mining Division
Ontario Canada

- submitted -
March 15, 1972

- by -

A. S. BAYNE & COMPANY
Consulting Engineers

A. S. Bayne, P.Eng. - Ontario

March 15, 1972



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MAP

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See pocket

Preliminary Map- Scale 1" = 400'


March 15, 1972

C E R T I F I C A T E

I, Arthur Stewart Bayne, do hereby certify that:-

1. I am a Consulting Engineer, residing at 45 Strathallan Boulevard, Toronto, Canada, with offices at 80 Richmond Street West, Toronto, Ontario, Canada.
2. I am a Bachelor of Science in Mining & Metallurgical Engineering (Queen's University, Kingston, Canada, 1935).
3. I am a member, in good standing, of the Association of Professional Engineers of the Province of Ontario.
4. I have continuously practised my profession under the registered name and style of A. S. Bayne & Company, Consulting Engineers, since 1946.
5. This Certificate is part of the attached "Report on Minnitaki Lake Property of Shilo Mines Limited, Area of Parnes Lake, Minnitaki - Sturgeon Lakes Map Area, Patricia Mining Division, Ontario, Canada, dated March 15, 1972.
6. I have no interest, direct, indirect nor expected, in the properties or securities of Shilo Mines Limited.
7. This report is based on:-
 - a) My personal examination of the area of and contiguous to the property in 1937, 1951, 1952. Examination of the present claims locations by my trusted agent in February 1972.
 - b) My examination in 1952 of the drill cores from the 1947-48 drilling by Ourgold Mines Ltd.
 - c) Studies of the drill logs and reports of the previous drilling for gold, from 1947 to 1962.
 - d) Consultations with the geologists in charge of the previous drilling.
 - e) Studies of the geological reports and maps on the Minnitaki - Sturgeon Lakes area by Government geologists from 1932 to 1966 inclusive.
 - f) My full cognizance of the facts.

SIGNED AT TORONTO, in the County of York,
in the Province of Ontario, Canada, this
15th day of March, 1972.


A.S. Bayne

SUMMARY

Shilo Mines Limited holds 13 contiguous unpatented mining claims comprising 520 acres in the Parnes Lake Area, Patricia Mining Division, Ontario, Canada. The recorded claim numbers are Pa 331097 to Pa 331109 inclusive. Titles are in good standing until February 28, 1973.

The property is easily accessible, 8 miles south of Sioux Lookout, on the main line of the C.N.R. and 241 miles northwest of the City of Thunder Bay. Power, water, experienced labour and supply are economically available.

The claims cover most of Burnthut Island at the north shore of Minnitaki Lake and the east 1/2 mile of the mainland point lying between Pickerel Arm and Butterfly Lake. About 55% of the property area projects into the waters of Minnitaki Lake.

Gold was discovered on Burnthut Island in 1898, when a 50-foot vertical shaft was sunk. Transportation problems at that time prohibited further work and little or no work was done in the vicinity until the 1940's. In 1947 and 1948, Ourgold Mines Limited drilled 21 core holes totalling 6,000 feet, but suspended operations due to inadequate capital. In the winter of 1961-62, the same company drilled an additional 18 core holes totalling 2,563 feet. Lack of funds again stopped the work and the claims subsequently reverted to the Crown. The property described herein including the old Burnthut Island work sites have been recently acquired by Shilo Mines Ltd.

There are no buildings or equipment on the property. Except for the original 50-foot shaft and a few debris-filled surface trenches, there are no mine workings on the property. No records or field evidence has been found of any mining or exploratory work on the property, other than described in this report.

All the rocks of the area are pre-Cambrian volcanics and sediments intruded by igneous granites, diorites, porphyries and quartz veins. Most of the area is covered by glacial and stream deposits of gravel, sand, clay and muskeg. In 1966, the Ontario Department of Mines mapped the correlation of all geological and aerial magnetic data to date (p. 353, Minnitaki-Sturgeon Lakes Area). The band of volcanic-sedimentary rocks favourable to metallic mineral deposition about 15 miles wide, extends through Sturgeon Lake westward over 40 miles through the area north and south of Minnitaki Lake.

In 1969 and 1970, major copper-zinc-lead sulphide orebodies, now being developed for production, were discovered by modern geophysical prospecting, at the southwest end of Sturgeon Lake by Mattagami Lake Mines Ltd. and Falconbridge Nickel Mines Ltd. This resulted in a sustained rush of claims staking and prospecting activity which has, in the past two years moved westward over 40 miles through Minnitaki Lake.

Until after 1966 practically all activity, in the Minnitaki-Sturgeon Lakes Areas was confined to gold, although copper-zinc-lead sulphides, associated with the gold occurrences, have been consistently recorded.

The small amount of drilling done on Burnthut Island between 1947 and 1962 was inconclusive, but the best core sections assayed from 0.176 oz/ton (\$7.92/ton @ \$45./oz gold) over 14 feet core length to 1.130 oz/ton (\$50.85) over 2 feet core length. Wide sections up to 100 feet core length assayed 0.01 to 0.08 oz/ton (\$0.45 to \$3.60 per ton). Copper-zinc-lead sulphides were common accessory minerals.

A program of geophysical surveys and core drilling is recommended in two phases. The speculative capital required for Phase I is estimated at \$19,105.00. Phase II, contingent on the findings of Phase I, is estimated at \$20,025.00.

- end of summary -

March 15th, 1972

MINING CLAIMS - TITLES

Shilo Mines Limited holds 13 contiguous, unpatented mining claims comprising approximately 520 acres in the Parnes Lake Area, Patricia Mining Division, Ontario, Canada.

The recorded claim numbers are: Pa 331097 to Pa 331109 inclusive. Titles to the claims, in respect of assessment work requirements, are in good standing until February 28, 1973.

LOCATION & ACCESS

The claims cover the south 80% (about 160 acres) of Burnthut Island and extend westward across the 500-foot mouth of Lyons Bay to cover the east part (about 80 acres) of the mainland point of the bay. The land area therefore totals about 45% of the total property area, the remainder being covered by the waters of Minnitaki Lake.

The property is 8 miles south of Sioux Lookout, Ontario, an important junction on the main line of the Canadian National Railways, 241 miles northwest of the city of Thunder Bay. It is 2 miles south of Highway No. 72, connecting Sioux Lookout to Dinorwic, 45 miles to the southwest, on the Canadian Pacific Railway and trans-Canada Highway No. 17.

The property is easily accessible by boat or aircraft from Sioux Lookout.

POWER, WATER, LABOUR, SUPPLY

Hydro-electric power is available from a 13.2 kv power line passing 8 miles north of the property. Ample fresh water is available in Minnitaki Lake. Experienced labour and supply are available in the district due to location relative to Thunder Bay and Winnipeg, the latter being 294 miles west.

HISTORY OF AREA

The earliest geological report of the area was by R. Bell in 1872, (Geol. Surv. Can., Summary Report, 1872) who followed the water routes from Sturgeon Lake via Minnitaki Lake, 45 miles west, thence via Abram and Pelican Lakes to Lake Winnipeg. The last and only comprehensive field survey including Minnitaki Lake, by the Ontario Department of Mines, was in 1931, (Vol. XLI Pt. VI, 1932), by M.E. Hurst.

In 1898 a Winnipeg syndicate sank a 48-foot shaft on Burnthut Island. High transportation costs discouraged further prospecting and in the 1920's and 1940's, the area was mainly bypassed for activities in the Red Lake and Pickle Crow areas, 100 miles north. Gold production in 1968, from these two areas comprised 60 percent of Ontario's total, for that year, of 1,309,159 ounces of gold and 232,032 ounces of silver, from 4,638,252 tons of ore milled. The total value of this 1968 production from Ontario gold mines was \$50,129,900.00, or \$10.81 per ton milled, with a total of \$23,972,304.00 paid in dividends.

HISTORY OF AREA-continued

The area south of Sioux Lookout received little attention until the 1940's. From 1941 to 1948, Newlund Mines Limited completed 45,303 feet of core drilling in Echo Township, 25 miles southwest of Sioux Lookout. In 1949-52 lateral underground exploration was completed on four levels to 800 feet depth from a vertical shaft and an additional 10,419 feet of core drilling was completed underground. Reports indicate an orebody about 900 feet long, 28 feet wide, to the 500-foot level. The average grade reported from the 200 and 350-foot level was 0.25 oz/ton gold. The property has been inactive since 1952.

Various occurrences of base metals sulphides have been reported in the area, but until recent years the entire Patricia District has been earmarked as a "gold camp". One exception was the North Pines Mine on Vermillion Lake, 10 miles west of Sioux Lookout. Between 1909 and 1921, this mine developed an iron pyrite deposit from 30 to 68 feet wide by 1,000 feet long to 325-foot depth. From 1909 to 1921, 500,000 tons were shipped.

By the 1960's, successful discoveries of major copper-zinc-lead sulphide orebodies in the gold areas of Timmins and elsewhere, led to increased modern prospecting of northwestern Ontario.

In 1969 extensive geophysical prospecting and drilling was carried out around Sturgeon Lake, 40 miles east of Minnitaki Lake. This area, like the Sioux Lookout area, was found to contain numerous gold occurrences during sporadic prospecting from 1898 to the late 1940's. In October 1969, Mattagami Lake Mines Limited announced discovery of a major copper-lead-zinc-silver-gold orebody in volcanic rocks at the south end of Sturgeon Lake. This orebody is now estimated to include at least 10,000,000 tons of ore from surface to 600-foot depth. In late 1970, Falconbridge Nickel Mines Limited discovered a similar orebody about 3 miles farther east. Both these orebodies are currently under production development.

The Sturgeon Lake discoveries have resulted in a sustained rush of staking and prospecting activity which has, in the past two years, moved westward to include the Sioux Lookout area. Since 1970, Imperial Oil Enterprises has been carrying out extensive geophysical and surface exploration over about 150 contiguous claims adjoining Shilo Mines Limited to the north and west.

HISTORY OF PROPERTY

In 1897 and 1898, the Harvey Syndicate of Winnipeg prospected the north shore of Minnitaki Lake and sank a 7'x9' shaft to 50 feet vertical, near the south shore of Burnthut Island. This shaft is located near the middle of the south boundary of current claim Pa 331101.

HISTORY OF PROPERTY-continued

Little or no work was done until 1947-48, when Ourgold Mines Limited completed 21 core holes totalling approximately 6,000 feet, were drilled on the south part of Burnthut Island. Work was then suspended for lack of funds.

From October 29, 1961 to April 19, 1962, Ourgold Mines Limited completed, near the original locations, 18 additional core holes, totalling 2,563 feet of drilling. A magnetometer survey was also conducted over the waters of Minnitaki Lake, in the winter of 1961-62. In 1962 Ourgold Mines Limited ran out of funds and the claims titles subsequently lapsed and reverted to the Crown.

In February 1972, following the current surge of exploratory work in the vicinity, the claims, now comprising the holdings of Shilo Mines Limited, were staked.

There are no buildings or equipment on the property. There are no mine workings nor evidence of any mining work on the property, except as described in this report.

GEOLOGY

Hurst's mapping, (O.D.M. 1932) extended 24 miles south of Sioux Lookout and covered an area 40 miles along the general geological strike, from the west end of Vermilion Lake to just east of Split Lake.

In 1966, the Ontario Department of Mines (O.D.M.) published the Minnitaki-Sturgeon Lakes Sheet, Map P.353. This map is a compilation of the general lithology and structure from the east side of Sturgeon Lake to 3/4 mile west of Burnthut Island on Minnitaki Lake.

The underlying rocks are all pre-Cambrian, overlain to a large extent by glacial and stream deposits. The oldest formations are the Keewatin and Timiskaming volcanic-sedimentary rocks, which strike westward under a belt 15 miles wide through Minnitaki and Vermilion Lakes. These are intruded younger by igneous quartz and syenite porphyry, diorite, granodiorite and granite.

The average surface elevation is about 1,200 feet. Relief is generally flat but often locally rugged, with low rocky hills and ridges, rising up to 100 feet above intervening areas of sand and muskeg. In the granite areas, north and south of Minnitaki Lake, occasional ridges rise to 300 feet above the surrounding country.

STRUCTURAL & ECONOMIC GEOLOGY

The volcanic-sedimentary rocks are closely folded, faulted and sheared, shearing and cross-fracturing is well developed on both sides of igneous porphyry intrusive contacts. On Burnthut Island the shears and fracture zones are filled with quartz over widths up to 10 feet.

STRUCTURAL & ECONOMIC GEOLOGY-continued

Mineralization consists of gold, pyrite, chalcopyrite, sphalerite and galena. The sulphides are often disseminated in the gold-quartz veins and occur also as replacement blebs and fillings in chloritic schist. The strike of the main shears are N.55°E to N.70°E and dips are 70° to 80° N.W.

A strong shearing about 300 feet wide is exposed in places along the north shore of Pickeral Arm across Shilo's mainland Pa 331105 and 331106 and continues across the south part of Burnthut Island. No work has been done on the mainland claims, but it is reported in 1930 that stripping and trenching of this shear, 3/4 mile west of Pa 331105, exposed sheared pyritized quartz porphyry containing stringers of quartz mineralized by chalcopyrite.

The drilling on Burnthut Island is shown on the accompanying map.

Most of the drilling was shallow, the 30°-to 40°-dip holes ranging from 81 to 485 feet in length and averaging 200 feet in length. Intersections of the gold-bearing zone were from 40 to 100 feet vertical. In the few holes where the core was sampled over long contiguous sections, low but significant gold values (up to 0.05 oz/ton) occurred frequently over sections up to 100 feet of core.

Following are some of the highest average assays of core (values @ \$45./oz gold).

Hole	Footage		Core Length feet	Average	
	From feet	To feet		Gold oz/ton	Assay Value/ton
7	74.1	76.1	2.0	0.160	\$ 7.20
8	57.9	61.6	3.7	.158	\$ 7.11
9	52.5	58.8	6.3	.194	\$ 8.73
13	80.0	82.5	2.5	.200	\$ 9.00
14	82.5	87.9	5.4	.250	\$ 11.25
	82.5	96.9	14.4	.176	\$ 7.92
15	34.6	42.5	7.9	.154	\$ 6.93
17	34.9	40.0	5.1	.160	\$ 7.20
	40.0	50.0	10.0	.050	\$ 2.25
20	157.8	158.8	1.0	.300	\$ 13.50
35	68.0	70.0	2.0	.230	\$ 10.35
37	38.6	39.5	0.9	.270	\$ 12.15
40A	130.0	132.5	2.5	.710	\$ 31.95
62	24.0	26.0	2.0	1.130	\$ 50.85
37A	99.5	100.9	1.4	.300	\$ 13.50

March 15th, 1972

OBSERVATIONS & CONCLUSIONS

1. Enough of the gold values in the core were high enough over narrow but mineable widths to have warranted assaying all of the drill cores. For instance, drill logs indicate only about 1/3 of the total core length was assayed. The sampling was evidently governed by visual evidence of mineralization, which was an error. In the few cases where continuous core samples were taken over lengths of 100 feet, values of 0.02 to 0.07 ounce per ton indicate that the assaying of the entire core would have yielded valuable correlative data.
2. Visible gold detected in the 1961-62 drill cores was reported to occur in narrow cross-fractures, which dip steeply and strike across the general shearing. This indicates that a re-orientation of drill hole bearings is warranted.
3. In the light of current important base-metals developments in the Minnitaki-Sturgeon Lakes area, the known occurrences, of ferrous-copper-lead-zinc sulphides occurring in the few surface outcrops and in some of the gold-bearing drill cores, are very important.
4. Electromagnetic surveys of the property will more specifically outline the mineralized gold-bearing structures, as well as providing valuable data leading to the possible discovery of economic base metals sulphide deposits.

RECOMMENDATIONS

The following recommended work is scheduled in two consecutive phases:-

Phase I

1. If work can be started before this Spring break-up, a locational line grid should be established over the entire property, including the water claims. The base lines should run N.W.-S.E. at 200-foot intervals, with picket stations every 100 feet.
2. Complete a ground magnetometer and electromagnetic surveys over the complete line grid.
3. Provide for at least 1,000 feet of core drilling to test the S.W. extension of the mineralized shear on the mainland claims, Pa 331103 to 331106 inclusive.

If the geophysical work cannot be completed on the water claims before the ice goes out, a ground to air galvanic E.M. method can be used at about the same cost.

Depending on Spring break-up conditions, the Phase I work can be completed in 2 to 3 months. Subject to the results obtained during this preliminary work, the following schedule should immediately succeed Phase I.

March 15th, 1972

RECOMMENDATIONS-continued

Phase II

1. Correlate and map geological data from all surface outcrops and drilling to date.
2. Complete at least 1,500 feet of additional core drilling, to cross-section selected targets indicated by the Phase I work.

ESTIMATE OF COST

Following is the minimum estimated speculative capital, required to implement the foregoing recommendations.

Phase I

Establish camp and core storage	\$ 2,000.00
Locational Grid:	
Base Line = 1.25 miles	
Tie Lines = 4.25 miles	
Grid Lines = 20.00 miles	
25.50 miles @ \$100/mile	2,550.00
Magnetometer & E.M. Surveys	
20 miles @ \$200.00/mile	4,000.00
Core Drilling, AXT(1-1/4"core)	
1,000 feet @ \$7.00/foot	7,000.00
Contingency @ 10%	1,555.00
Supervision and Engineering	2,000.00
<u>Total Estimated Cost - Phase I</u>	<u>\$ 19,105.00</u>

The following expenditure is contingent on the results obtained in Phase I.

Phase II

Provision for detailed field mapping	\$ 3,000.00
Core drilling AXT(1-1/4"core)	
1,500 feet @ \$7.00/foot	10,500.00
Contingency @ 15%	2,025.00
Supervision & Engineering	4,500.00
<u>Total Estimated Cost - Phase II</u>	<u>\$ 20,025.00</u>
<u>GRAND TOTAL ESTIMATED COST - Phases I & II</u>	<u>\$ 39,130.00</u>

Minnitaki Lake Property
Chilo Mines Limited

March 15th, 1972

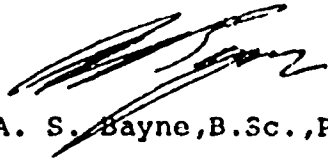
ESTIMATE OF COST-continued

In the light of the known mineral occurrences on this property and the important developments since 1968, in the Minnitaki-Sturgeon Lakes Area, this property presents a better than average speculative possibility for the discovery of economic precious and/or base metal deposits.

The foregoing estimated expenditure is well warranted, provided it is efficiently budgeted in accordance and concurrently with the successive stages of the recommended work.

Respectfully submitted,

A. S. BAYNE & COMPANY



A. S. Bayne, B.Sc., P.Eng.

A. S BAYNE & COMPANY
CONSULTING ENGINEERS

80 RICHMOND STREET WEST
TORONTO 1, CANADA
366-3283

ADDRESS ALL CORRESPONDENCE • 45 STRATHALLAN BLVD., TORONTO 12, CANADA • 485-6793



52G13NW0031 52G13NW0026A1 PARNES LAKE

900

March 15, 1972.

The President and Directors,
Shilo Mines Limited,
Suite 203,
350 Bay Street,
Toronto, Ontario, Canada.

Gentlemen:

Enclosed you will find my report of even date entitled "Report on Minnitaki Lake Property of Shilo Mines Limited, Area of Parnes Lake, Minnitaki - Sturgeon Lakes Map Area, Patricia Mining Division, Ontario, Canada."

For your convenience, please refer to the "Summary" on page (iv) of the preface, also to the "Preliminary Map....." in back of the report.

Yours very truly,


A.S. Bayne, B.Sc., P.Eng.

encl.

March 15, 1972

Mr. John S. Grant, Q.C.,
Barrister & Solicitor,
366 Bay Street,
Toronto, Ontario.

Re: Consent as to "Report on Minnitaki Lake Property of Shilo Mines Limited....." - submitted March 15, 1972.

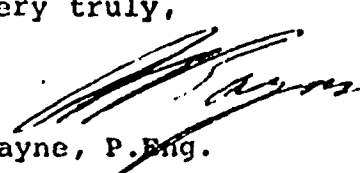
Dear Sir:

Pursuant to the regulations of the pertinent Canadian Provincial Securities Acts, I hereby consent as follows:-

1. To the reference to my name in a Prospectus and/or Amendment to Prospectus which may be filed and published by Shilo Mines Limited, as the author of the attached "Report on Minnitaki Lake Property of Shilo Mines Limited, Area of Parnes Lake, Minnitaki-Sturgeon Lakes Map Area, Patricia Mining Division, Ontario, Canada, dated March 15, 1972.
2. The inclusion in its entirety of the "Summary" of the said Report (see page (iv) of the preface thereof) in the said Prospectus and/or Amendment to Prospectus.
3. The placing of the said Summary and the said Report and its accompanying map on file, for examination by any person or persons wishing to read the said Summary and the said Report.

Please be advised that no part, of the said Summary nor of the said Report, which is out of context with the said Summary or the said Report as a whole, may be reproduced for any purpose whatsoever, without the written permission of the undersigned.

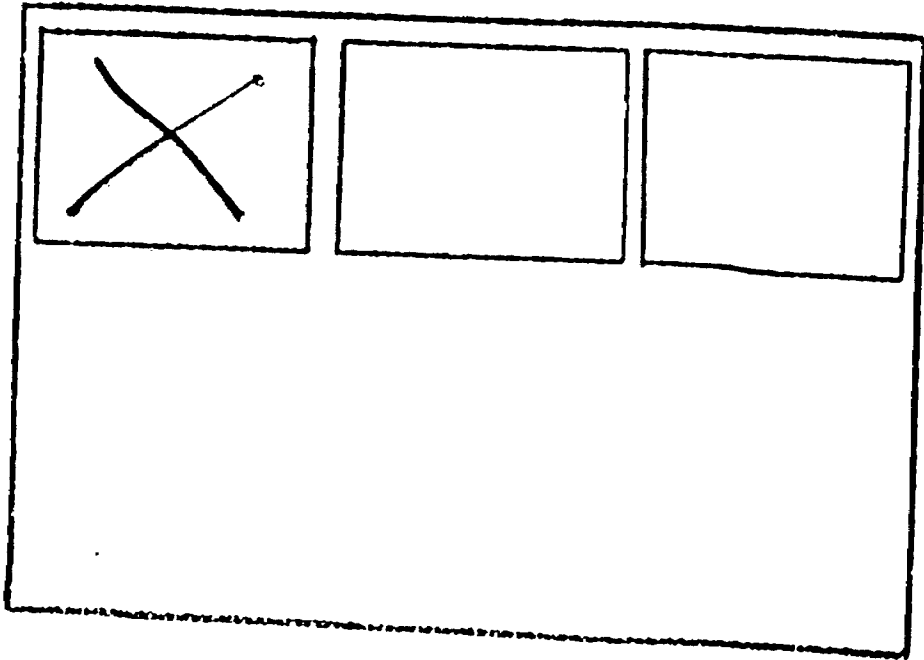
Yours very truly,

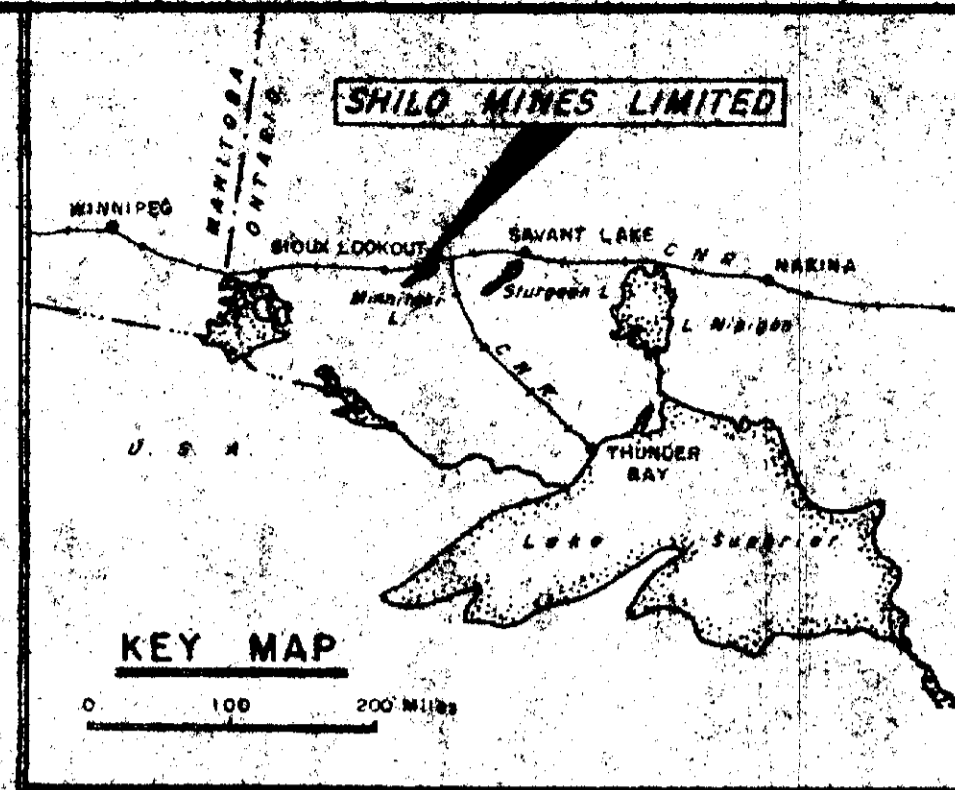
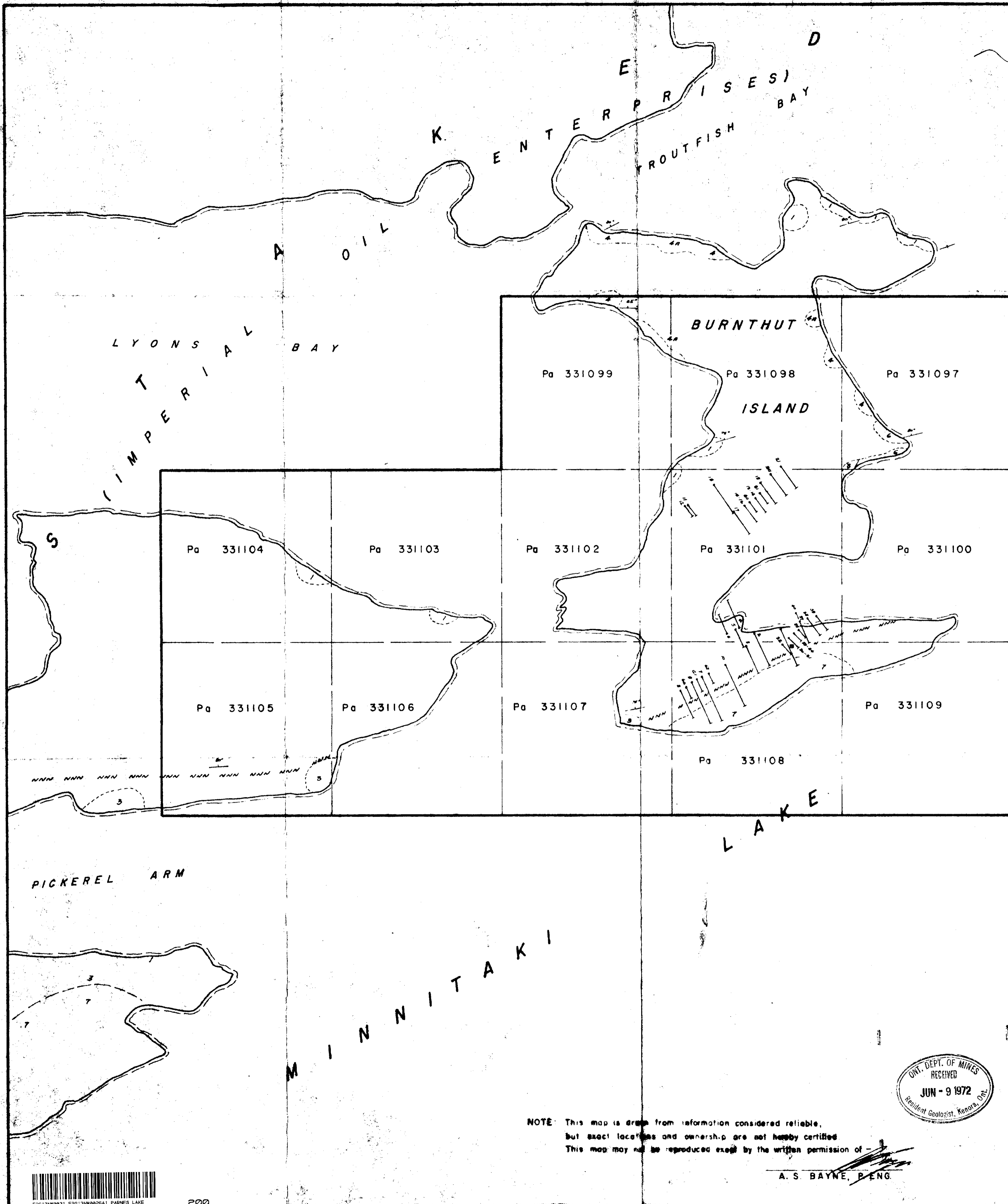

A. S. Bayne, P. Eng.

ASB/ams
encl.

SEE ACCOMPANYING
MAP(S) IDENTIFIED AS
52G/13NW-0026-A1-#1

LOCATED IN THE MAP
CHANNEL IN THE FOLLOWING
SEQUENCE (X)





LEGEND

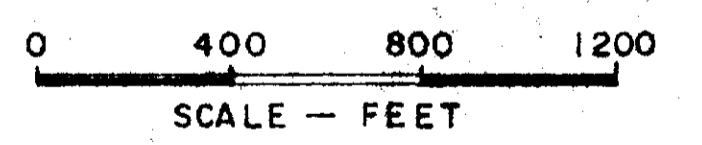
- CENEZOIC**
 Pleistocene & Recent
 Gravel, sand, clay, muskeg
- PRE-CAMBRIAN**
 Algonian intrusives
 7 Quartz porphyry, granite porphyry
 Timiskaming Sediments
 6 Greywacke, slate, quartzite
 Keewatin Volcanics
 4 Agglomerate, tuff and breccia-4A
 3 Rhyolite
 1 Basic and intermediate volcanics

SYMBOLS

- Boundary of outcrop
 Strike and dip of schistosity
 Strike of sheared or schistosed zone
 Plan of core hole (drilled 1947-48, 1961-62)
 Test pit, 50' deep

REFERENCES

- O.D.M. Claims Map, Plan M 2150, Area of Parnes Lake, March 2, 1972
- O.D.M. Preliminary Geological Map P 353, Minnitaki - Sturgeon Lakes Sheet, 1966
- O.D.M. Vol. XLI, Part VI, 1932, Geology of Sioux Lookout Area (also Map 41B)
- Drill Plan, Ourgold Mining Co. Ltd., Burnthut Island, R.V. Oja P. Eng., March 5, 1962
- Drill Logs, Ourgold Mining Co. Ltd., R.V. Oja P. Eng., 1961-62
- Report on Burnthut Island Property, R.V. Oja P. Eng., 1961-62
- Drill Logs, Ourgold Mining Co. Ltd., A.S. Hudson P. Eng., 1947-48



52G/13NW-0026-A1
PRELIMINARY MAP.

GOLD-BASE METALS PROSPECT

SHILO MINES LIMITED

MINNITAKI LAKE, PATRICIA MINING DIVISION, ONTARIO

LOCATIONS & PARTS OF SURFACE GEOLOGY

TORONTO, CANADA
 MARCH 15, 1972

A. S. BAYNE & COMPANY
 CONSULTING ENGINEERS



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A. S. BAYNE, P. ENG.

