

PROSPECTORS AIRWAYS
COMPANY, LIMITED



SUITE 1616 - 44 KING ST. WEST
TORONTO, ONTARIO

Annual Report

FOR THE YEAR ENDED
DECEMBER 31st, 1954

Prospectors Airways Company, Limited

CAPITAL

AUTHORIZED - 5,000,000 Shares without Nominal or Par Value
ISSUED - - - 2,280,000 Shares without Nominal or Par Value

DIRECTORS

W. S. ROW - - - - - Virginiatown, Ontario
C. L. COLEMAN - - - - - Toronto, Ontario
R. V. PORRITT - - - - - Toronto, Ontario
J. W. BAKER - - - - - Virginiatown, Ontario
P. PRICE - - - - - Noranda, Quebec

OFFICERS

W. S. ROW - - - - - President
C. L. COLEMAN - - - Vice-President & Managing Director
G. C. ANDREW - - - - - Secretary-Treasurer
R. D. STEWART - - - - - Assistant Secretary-Treasurer

TRANSFER AGENT AND REGISTRAR
THE ROYAL TRUST COMPANY
Toronto, Ontario

HEAD OFFICE

Suite 1616, 44 King Street West - - - - - Toronto 1, Ontario

THE ANNUAL GENERAL MEETING

of the Shareholders of the Company will be held in the Library, Royal York Hotel, 100 Front Street West, Toronto, on Wednesday, April 27th, 1955, at the hour of 3.00 o'clock in the afternoon (Toronto Time).

Prospectors Airways Company, Limited

Directors' Report to the Shareholders

Your Directors submit herewith the Annual Report, including Balance Sheet as at December 31st, 1954, Auditors' Report, Statement of Operations, Statement of Deficit for the year, and the Report of the Managing Director.

Operations again this year were mainly in the Yukon. At the Pelly River property a heavy program of work, consisting of geological and geophysical surveys and diamond drilling, was carried out. Results were sufficiently encouraging that a final cash payment on an option covering the original 48 claims was made in September. A substantial program of drilling is again planned for 1955.

Prospecting and examinations were carried out at various other locations in the Yukon. Six new groups totalling 220 claims were staked or optioned during the year.

Some work was done in Ontario. Geophysical work was continued on claims in the Sudbury area. A large group of claims, in which your company had an interest with others, was staked and prospected about 20 miles west of the Manitouwadge area. Results were not encouraging.

Claims were staked at Gripp Lake, north of Tashota following a reported copper discovery.

During the year \$459,914.73 was expended in the Yukon, of which \$195,264.18 is recoverable from participating associates who have a forty-two percent interest in this operation. Of the above total \$147,600 was paid out in purchasing mineral properties. In Ontario and other areas \$35,164 was spent.

It was with much regret that the Board accepted the resignation of James Ingram as both Director and President, after some twenty-two years of service with the Company. Mr. R. V. Porritt, President of Anglo-Huronian Limited was elected to replace Mr. Ingram as Director.

On behalf of the Board,

WILLIAM S. ROW,
President.

Toronto, Ontario,
February 28th, 1955.

Prospectors Airways Company, Limited

(Incorporated under the laws of Canada)

Balance Sheet

December 31, 1954

ASSETS

CURRENT ASSETS:

Cash	\$725,609.86	
Marketable shares at cost (quoted market value \$383,775)	200,765.25	
Accounts receivable	27,578.54	\$ 953,953.65

PROSPECTING AND DEVELOPMENT:

Advances to and shares in associated and other companies at net book value which is \$58,917.35 less than cost	\$886,939.97	
Deferred expenditures on mining claims at cost	329,425.54	
Claims purchased and under option	\$508,200.00	
Less payments required to exercise options	350,600.00	157,600.00
		<u>1,373,965.51</u>
		<u>\$ 2,327,919.16</u>

LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accrued charges		\$ 15,775.22
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CAPITAL:

Authorized—		
5,000,000 shares of no par value		
Issued—		
2,280,000 shares	\$ 2,323,754.50	
Deficit	11,610.56	2,312,143.94

Approved on behalf of the Board:

W. S. ROW, Director.

CHAS. L. COLEMAN, Director.

\$ 2,327,919.16

AUDITORS' REPORT

To the Shareholders of

PROSPECTORS AIRWAYS COMPANY, LIMITED:

We have examined the balance sheet of Prospectors Airways Company, Limited as at December 31, 1954 and the statements of operations and deficit for the year ended on that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying balance sheet and statements of operations and deficit are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the company as at December 31, 1954 and the results of its operations for the year ended on that date, according to the best of our information and the explanations given to us and as shown by the books of the company.

As required by Section 118 of The Companies Act, Canada, we report that the operations of the wholly-owned subsidiary company which is not consolidated showed a loss of \$262 which is not provided for in the accompanying statements; the non-consolidated partially-owned subsidiary showed neither profit nor loss in its operations.

Toronto, Canada,
February 8, 1955.

CLARKSON, GORDON & CO.,
Chartered Accountants.

Prospectors Airways Company, Limited

Statement of Operations

For the Year Ended December 31, 1954

Dividends earned	\$25,765.52	
Bond and other interest earned	15,000.98	\$40,766.50
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<i>Deduct:</i>		
General prospecting and exploration expenditures	\$13,718.47	
Administrative and general expenses	10,972.35	24,690.82
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Net profit for year		<u>\$16,075.68</u>

Statement of Deficit

For the Year Ended December 31, 1954

Deficit at December 31, 1953		\$60,174.77
<i>Deduct:</i>		
Profit on sale of securities	\$32,488.53	
Net profit for the year	16,075.68	48,564.21
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Deficit at December 31, 1954		<u>\$11,610.56</u>

Prospectors Airways Company, Limited

Managing Director's Report

To the President and Directors,
Prospectors Airways Company, Limited,
Toronto, Ontario.

Dear Sirs:

I submit herewith a report on the operations of the Company for the year ended December 31st, 1954, which includes information transmitted to you in an interim report dated December 20th, 1954.

YUKON TERRITORY

Quill Creek:

The Company owns a group of 87 claims in this area, staked contiguous to a property controlled by Hudson Bay Mining & Smelting Company on which a nickel-copper discovery is now being developed. Although no work was done on these claims during the year under review, it is planned to resume exploration in 1955.

Clarke Peak:

A group of 40 claims was staked on the flank of this mountain located near the Macmillan River about 40 miles south of Mayo. Some interesting gossans were located which merit investigation. Prospecting and geophysical work is to be done in 1955.

Big Salmon Lake:

Following the discovery of an asbestos occurrence in this area late in the season, a group of 31 claims was staked for the Company contiguous to the property on which the find had been made. Although a large belt of peridotite occurs in the area, nothing else at present is known as to the merit of the claims which will be prospected this year. The claims are accessible from the Canol Road, being about 10 miles north of Quiet Lake.

Ketza River:

A silver-lead discovery was made by others near the headwaters of this river, about 20 miles southwest of Ross River post, which resulted in the staking of numerous claims by several interests. A group of 16 claims was staked for the Company under a prospecting agreement and an option was acquired on 16 other claims. It is anticipated there will be considerable activity in this area during the coming season.

Crooked Lake:

A group of 24 claims was staked for the Company under a prospecting agreement, to cover a reported copper discovery near the headwaters of the Hart River about 65 miles north of Mayo. The property will be investigated as early as possible.

Kathleen Lake:

A group of 80 claims was optioned at this location about 65 miles northeast of Mayo where a silver-lead-zinc discovery had been made. During the latter part of the season, a considerable amount of trenching was done on the showings followed by sampling. The results of this exploration were disappointing.

Little Salmon Lake:

An option was taken on a group of eight claims situated near this lake about 65 miles east of Carmacks and five additional claims were staked. A silver-lead discovery has been made here that will be investigated this year.

Pelly River:

Diamond drilling operations for the year at this property were suspended early in October. During the six months prior, 78 holes were drilled totalling 30,817 feet.

In the last annual report details were given of intersections obtained in 15 previous holes. Similar details for holes completed this year were given in the interim report with an accompanying plan illustrating the relative location of all holes.

The results of the work to date have indicated a very extensive flat-lying mineralized zone 3,000 feet long with an average width of 480 feet. Diamond drilling within this zone, on a grid pattern of 200-foot centres, shows an apparent lens-like condition that cannot be correlated from hole to hole without additional intermediate drilling.

Many of the sulphide intersections occur directly below the overburden, while others lie at varying depths below the rock surface. In some holes there are two or more intersections separated by waste rock. It is obvious that very considerable dilution by waste rock would apply in mining but no dilution factor can be estimated from present information.

The average grade of the sulphides has been computed by triangulation using the weighted averages of intersections in holes within the area defined above. The average combined thickness of the sulphides so computed from core length intersections in vertical holes is 51 feet. The average grade for this combined thickness and areal extent is:

Pb %	Zn %	Cu %	Ag Ozs.	Au Ozs.
3.12	5.01	0.31	1.75	0.02

This grade must be considered in the light of remarks regarding dilution mentioned above.

The average depth of overburden on the mineralized area is 56 feet.

It is obvious that a very large tonnage of material of the indicated grade will be required to support a profitable operation. At present the results suggest a substantial tonnage and the chances are considered very good to enlarge same.

Geophysical and geochemical surveys of other portions of the property have disclosed anomalies that require thorough investigation.

It is planned to resume exploration work early this spring on a scale commensurate with the findings to date.

ONTARIO

Sudbury:

Geophysical work was done on the properties owned by the Company in this district without any important developments.

Manitouwadge:

In co-operation with others, a large group of claims was staked near Boomerang Lake about 20 miles west of the Manitouwadge area. Subsequently, prospecting and geophysical work was done, which failed to find anything of economic importance.

Tashota:

As a result of a reported copper discovery at Gripp Lake, 12 miles north of Tashota, a group of 32 claims was staked for the Company adjoining the discovery property.

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I wish to express my appreciation of the excellent work of E. O. Chisholm, Chief Geologist, and other members of the staff.

Your very truly,

CHARLES L. COLEMAN,
Managing Director.

Toronto, Ontario,
February 16th, 1955.

MAP OF
YUKON TERRITORY
SHOWING
CURRENT EXPLORATIONS
BY
PROSPECTORS AIRWAYS COMPANY
LIMITED



NORTHWEST
TERRITORIES

YUKON

TERRITORY

Beaufort Sea

Dawson

Mayo Landing

CROOKED LAKE

KATHLEEN LAKE

CLARKE PEAK

LITTLE SALMON LAKE

PELTY RIVER

QUILL CREEK

KETZA RIVER

BIG SALMON LAKE

Alaska Highway

Whitehorse

BRITISH COLUMBIA

