

BROWN-McDADE MINES LIMITED

(No Personal Liability)

CAPITALIZATION

Authorized Capital (Par Value \$1.00)	- -	3,000,000 shares
Issued for Properties and Cash	- - - -	1,600,005 shares
Remaining in the Treasury	- - - -	1,399,995 shares

OFFICERS AND DIRECTORS

President

KARL J. SPRINGER
67 Yonge St.
Toronto, Ont.

Secretary-Treasurer

W. W. McBRIEN
67 Yonge St.
Toronto, Ont.

Assistant Secretary

H. J. MACKAY
844 Hastings St. W.
Vancouver, B.C.

Directors

W. F. JAMES
Toronto, Ont.

F. V. C. HEWETT
Toronto, Ont.

OLIVER HALL
Toronto, Ont.

J. D. BARRINGTON
Toronto, Ont.

Registrar and Transfer Agent

CHARTERED TRUSTS AND EXECUTOR COMPANY
34 King St. West, Toronto, Ont.

Head Office

Suite 1207 - 67 Yonge St.
Toronto, Ont.

Engineer's Report on Brown-McDade Property

The following is a brief summary report on the Brown and McDade Property, Victoria Creek, Carmacks area, Y.T., up to October 1st, 1946. To this date 3,623 ft. of diamond drilling and 1,225 ft. of bulldoze trenching were completed. In addition, a landing strip 3,600 ft. long by 115 ft. wide, has been prepared, and planes have recently landed on this. A reconnaissance of the winter road has been made and work, preparing it for winter truck haulage, will be started immediately.

RESULTS OF WORK

(A) Trenching

In all, eight trenches were made, seven on the main mineral zone, and one to the west on what appears to be a north-easterly branch-zone in the hanging wall of the principal shear.

Four of these trenches (Nos. 2, 3, 5 and 7) have exposed the shear over a total length of 600 ft. If the high assay in trench 3—(four feet—Au 9.4 oz.; Ag 20.7 oz.)—is reduced to four feet—Au 1.0 oz.; Ag 7.0 oz., the average value as exposed in trenches Nos. 2, 3 and 5 is 16½ ft.—Au 0.426 oz.; Ag 2.59 oz. over a length of 600 ft.

Besides the main zone, there is in trench 3, a h.w. zone of indicated value—six feet—Au 0.455 oz.; Ag 13.56 oz. The surface extent of this is not exposed although it appears to be present in trench No. 7, 130 ft. north.

Trench No. 7, excavated to roughly eight ft. depth, still has loose material in it. The zone passes through this trench. Samples along the walls—near the bottom—returned generally less than 0.10 oz. Au; one sample across 2½ ft. returned Au 0.24 oz.; Ag 5.9 oz.

Trench No. 6, approximately 200 ft. north of trench No. 2, was not completed due to excessive sloughing of the sides. Oxidation, characteristic of the mineral zone, was exposed in this cut, but no samples were taken since nothing of a representative character was obtainable.

Trench No. 4, 400 ft. southerly from trench No. 5, exposes, in its eastern end, a 19 ft. zone averaging Au 0.412 oz.; Ag 3.43 oz. Seventy feet north of the main trench is an old hand trench, the eastern seven feet of which shows on the dump, leached cellular material similar to trench No. 4. A sample of this assayed Au 0.14; Ag 0.90 oz. The mineralization in trench No. 4 and the hand trench is either a faulted section of that in trenches Nos. 2, 3, 5, 6 and 7 or it is an en echelon structure.

Some 220 ft. south of trench No. 4 is trench No. 8. This has exposed Yukon schists. About the middle, there is a zone suggestive of porphyry rock and in it is a shearing on strike with the zone in trench No. 4. Grab samples along this trench returned only indications of gold.

(B) Diamond Drilling

Drill holes Nos. 1A - 12A (spaced at 100-ft. intervals), 1 and 4 established the presence of the mineral zone to a depth of 120 ft. (aver. vertical) and showed it to be dipping westerly around 65°. Intersections in holes Nos. 5A - 6A indicate the presence of a h.w. zone similar to and correlated to that in trench No. 3.

Intersections in holes Nos. 4B and 6A indicate the northeasterly trending zone exposed in trench No. 1 may be of moderate extent and to carry fair to good values (Au 0.20 to 1.28 oz. and several oz. Ag) in places.

Drill holes Nos. 2A - 11A including No. 1 have exposed the mineral zone along a horizontal length of 900 ft. at 100-ft. intervals. The visual recognition of the zone is distinct and shows the mineralization to be from 10 to 15 ft. in width along the southern portion, with widths of 20 to 30 ft. in the northern section. Values vary considerably—No. 2A, 6 ft. Au 0.45 oz., Ag 16.21 oz.; 8A, 18 ft. Au 1.1 oz., Ag 4.16 oz.; 11A, 14 ft. Au 0.33 oz., Ag 2.07 oz. The other drill holes all show values in gold. In any one hole the mineralized zone will give returns of Au 0.30 oz. or better for some portion of it, with adjoining minor values.

The apparent erratic gold values in the drill cores, as compared to surface trench samples, is believed to be due to the poor core recovery in the mineral zone sections (10% to 60%) averaging less than 50%.

SUMMARY

Development work this year has established the existence of a strong zone of shearing striking generally N. 20° W. dip 65° S.W. in a shattered body of intrusive porphyritic rock. Mineralization occurs as a siliceous replacement, near the footwall of the porphyry, with disseminated pyrite, some arsenopyrite, galena, sphalerite, occasional chalcopyrite, grey copper and stibnite. The presence of telluride minerals is suspected. The mineralization in general is very fine-grained.

From Drill Hole 2A, Bulldoze Trench No. 5, northward to Drill Hole 11A, there is a main mineral zone 900 ft. in length, approximately 15 ft. in width, carrying gold values of 0.4 to 0.5 oz. and silver three to six ounce. For two to three hundred feet near the southern section there is indicated a closely parallel h.w. zone, six feet in width with corresponding gold values and silver values tending to be higher.

There are indications that easterly trending faults cause minor displacements to the left.

Drill Hole 12A exposed two zones of light mineralization with low values. It is not considered that this hole limits the northern extension of the zone.

A secondary branch zone of mineralization (N. 25° E. dip 70° S.E.) carrying promising gold values is exposed in holes 6A (72 ft. - 110 ft.), 4B (204 ft. - 214 ft.) and Trench No. 1. The surface exposure gave negligible values in channel sampling, although considerable amounts of float, in the initial part of the work, returned values around half ounce gold.

A second main zone of mineralization is exposed in trench No. 4, 400 ft. southerly from trench No. 5. The relative positions of the mineralization in these two trenches suggest that there is either a fault immediately south of trench No. 5 or the mineral in trench No. 4 is in a parallel or an en echelon structure. Drill hole 1A remained in granodiorite throughout its length. This hole is 100 ft. south of trench No. 5 and thus indicates either an abrupt termination to the principal zone, or an offsetting of it to the east. The latter is considered quite probable.

RECOMMENDATIONS

An adit entry from Pony Creek is recommended. Portal elevation of 4,070 ft. is designed to intersect the main ore zone at approximately the same elevation as the drill hole, intersections 2A - 12A. Length of crosscut to the zone is estimated at 685 ft.

To establish temporary winter quarters, purchase and instal plant and equipment, and complete 2,000 ft. of underground work, an estimated minimum of \$80,000.00 will be required.

WM. V. SMITHERINGALE.

844 Hastings Street West,
Vancouver, B.C.,
October 22nd, 1946.

Statement

Wm. V. Smitheringale, 844 Hastings St. W., Vancouver, B.C., Manager, Yukon Northwest Explorations Limited in B.C. and Yukon Territory, certifies:

- (1) The above to be a fair and unprejudiced report on the Brown and McDade Property.
- (2) My qualifications are:— B.A. Sc., Mining Eng.; M.A. Sc., Geol. Eng.; Univ. of B.C.; Ph.D. Geol. Mass. Inst. Tech., Boston, Mass.; registered Mining & Geology, Prof. Eng. of B.C.
- (3) My interest in the property is 5% of the vendors' interest.
- (4) The report is based on personal supervision of the development work during the summer 1946 and final examination in September, 1946.

WM. V. SMITHERINGALE.

FORM 5

STATEMENT

to be filed with the Ontario Securities Commission

MINING COMPANY

OR A COMPANY OTHER THAN A NATURAL GAS OR OIL COMPANY

1. Full Name of Company.
BROWN-McDADE MINES LIMITED
(No Personal Liability)

2. Date of Incorporation. (Under what Law, Dominion, Province, etc.)
October 3rd, 1946. Province of Ontario.

3. Head Office Address.
67 Yonge Street, Toronto 1, Ontario.

4. Officers: (Name in Full and Occupation, Address in Full, Shares Owned)
President

Karl John Springer, Prospector, 270,001
67 Yonge Street, Toronto 1, Ont.

Secretary-Treasurer

Wesley Wilson McBrien, Accountant,
67 Yonge Street, Toronto 1, Ont.

Directors

Karl John Springer, Prospector, 270,001
67 Yonge Street, Toronto 1, Ont.

Frank Victor Charles Hewett, Mining Engineer, 60,001
904 Temple Bldg., 386 Bay St., Toronto, Ont.

William Fleming James, Geologist, 60,001
67 Yonge Street, Toronto 1, Ont.

John Defrayne Barrington, Mining Engineer, 1
67 Yonge Street, Toronto 1, Ont.

Oliver Hall, Consulting Engineer, 1
1600 Royal Bank Bldg., 2-8 King St. E., Toronto, Ont.

5. Registry and/or Transfer Agency in Ontario.
Chartered Trust and Executor Company, 34 King Street West,
Toronto, Ontario.

6. Capital.	Shares:	Authorized	Issued
	Preferred (par value \$.....)	nil	—
	Common (par value \$1.00)	3,000,000	1,600,005
	No Par Value (disclose classes, if any)	—	—

7. Nature and amount of any other security issued (or planned to be issued) which if issued will as to security rank ahead of, or pari passu with the issue described.

No other security is issued or planned to be issued.

8. Number of shares or other securities held in escrow and the name of the Trustee,—also a summary of provisions of the escrow agreement.

400,000 shares are held in escrow by Chartered Trust and Executor Company, Toronto. The shares are held subject to release, pro rata at the rate of one share for each Treasury share sold with the consent of the Ontario Securities Commission and the Directors of the Company and subject further to transfer, hypothecation, assignment, termination or other alienation only with the written consent of the Commission.

9. Shares and other Securities sold for cash to date:
Common—5 at \$1.00.

(a) Number of shares sold (separately listed as to price).
600,000 at 50c.

(b) Total cash received for shares sold.
\$300,005.00.

(c) Commissions paid on sale of the shares.
Nil.

(d) Securities other than shares sold.

Nil.

(e) Total cash received for the securities.

Nil.

(f) Commissions paid.

Nil.

10. Number of shares issued or to be issued or cash paid or to be paid to any promoter with his name and address and the consideration for the payment.

None.

11. (a) Official designation and location of all properties, showing whether owned, leased or held under option or intended to be acquired by the Company and all material facts relating to leases or options.

Under an Agreement dated October 21st, 1946, between Yukon Northwest Explorations Limited and this Company, Yukon Northwest Explorations Limited has sold, assigned, transferred and set over unto this Company:—

(1) A certain Agreement in writing dated December 7th, 1945, between George McDade and Afe Brown of the First Part and Yukon Northwest Explorations Limited of the Second Part under the terms of which this Company acquired the option to purchase—

Mineral Claim	Grant Number
Big Thing	4329
Gloucher	4324
Old Timer	4242
Blue Belle	39191
Rose	4241
Shamrock	4354
Golden Eagle	4278
War Eagle	4279
Amalee	4351
Buster	

all situated on the west side of Victoria Creek between Dome Creek on the south and the main west fork of Victoria Creek on the north, about 35 miles west of Carmacks, Yukon Territory,

the balance of the purchase price under this Agreement being the sum of \$89,000.00 payable in instalments on the 15th days of February, 1947, 1948, 1949 and 1950. (This option has since been exercised, the sum of \$70,000.00 having been accepted, by reason of payment in advance, as payment in full of the balance of the purchase price.)

(2) A certain Agreement in writing dated March 1st, 1946, between A. R. Hayes and LeRoy Churchill of the First Part and Yukon Northwest Explorations Limited of the Second Part under the terms of which this Company has the option to purchase—

Mineral Claim	Grant Number
Victory	4364
Spot	4361
Nunsen	4359
Yukon	4376
Clarence	4363
Senorite	4367
Rex	4366
Queen	55620
Duke	55625
LeRoi	55621
Lora	55622
Nippy	4358

all situated on the west side of Victoria Creek about 35 miles west of Carmacks, Yukon Territory, and adjacent to the Brown and McDade Claims,

the balance of the purchase price under this Agreement being the sum of \$62,200.00 payable in instalments on the 1st days of October, 1947, 1948, 1949 and 1950.

(3) The benefit of all exploration and development work carried on by Yukon Northwest Explorations Limited on the above-mentioned mineral claims.

(b) Names and addresses of all vendors of property purchased or intended to be purchased by the Company, showing consideration paid or intended to be paid to each vendor, and the property acquired from each.

In consideration of the transfer to it of the said Agreements and the benefit of all exploration and development work by Yukon Northwest Explorations Limited as aforesaid, this Company has issued 1,000,000 shares of its Capital Stock as fully paid and non-assessable shares as follows:

To Yukon Northwest Explorations Limited,
67 Yonge Street, Toronto, Ontario 800,000 shares

Karl J. Springer,
67 Yonge Street, Toronto, Ontario 150,000 shares

Wm. B. Smitheringale,
844 West Hastings Street, Vancouver, B.C., 50,000 shares
and has paid Yukon Northwest Explorations Limited the sum of \$40,000.00 in cash.

In the exercise of the option to acquire said mineral claims from George McDade and Afe Brown of Carmacks, Yukon Territory, the Company has paid \$70,000.00 to Messrs. McDade and Brown.

(c) Where any vendor is a company, syndicate or partnership, give names and addresses of all persons who own more than a five per cent interest in the company, syndicate or partnership.

The following persons own more than a five per cent interest in Yukon Northwest Explorations Limited:

Karl John Springer, 67 Yonge Street, Toronto 1, Ontario.

Frank Victor Charles Hewett, 904 Temple Building, 386 Bay Street, Toronto, Ontario.

William Fleming James,, Room 1107, 67 Yonge Street, Toronto 1, Ontario.

Noranda Mines Limited, 1600 Royal Bank Building, 2-8 King Street East, Toronto 1, Ontario.

Moneta Porcupine Mines, Limited (No Personal Liability), Room 1107, 67 Yonge Street, Toronto 1, Ontario.

James Young Murdoch, 1600 Royal Bank Building, 2-8 King Street East, Toronto 1, Ontario.

Milner Ross and Company, 320 Bay Street, Toronto, Ontario.

12. Particulars of the securities, if any, covered by options outstanding or proposed to be given and the price or prices at which and the date or dates by which such options must be exercised, showing name of optionee, and where optionee is a company, syndicate or partnership, the names of all persons having more than a five per cent interest therein, and the name and address of the person for or on whose behalf the option agreement has been entered into.

By ten separate Agreements in writing, dated October 21st, 1946, made by the Company with Karl J. Springer, William F. James, James Y. Murdoch, Moneta Porcupine Mines Limited, Arthur T. Brooke, Noranda Mines Limited, John S. Brown, Acadia Securities Limited, Trans American Mining Corporation Limited and Frank V. C. Hewett, all of Toronto, the Company has sold to the parties above named a total of 600,000 shares of its Capital Stock at 50c per share and has granted options to the said parties to purchase a further 900,000 shares of its Capital Stock. The number of shares purchased by each of the above-named, the number of shares which each has the option to purchase, the prices at which and the times within which the options may be exercised are as set forth below: —

Name	No. of Shares Sold at 50c	No. of Shares Under Option to Oct. 1/47 at \$1.00	No. of Shares Under Option to Jan. 1/49 at \$2.00	No. of Shares Under Option to Oct. 1/49 at \$2.00
Karl J. Springer	120,000	80,000	50,000	50,000
William F. James	60,000	40,000	25,000	25,000
James Y. Murdoch	60,000	40,000	25,000	25,000
Noranda Mines, Limited	60,000	40,000	25,000	25,000
Moneta Porcupine Mines, Limited	60,000	40,000	25,000	25,000
Frank V. C. Hewett	60,000	40,000	25,000	25,000
Arthur T. Brooke	30,000	20,000	12,500	12,500
Trans American Mining Corporation Limited	30,000	20,000	12,500	12,500
John S. Brown	12,000	8,000	5,000	5,000
Acadia Securities Limited	108,000	72,000	45,000	45,000
	600,000	400,000	250,000	250,000

The following have more than a five per cent. interest in Noranda Mines, Limited:

N. A. Timmins Corporation, 1010 Canada Cement Building, Montreal, Que.

The following have more than a five per cent. interest in Moneta Porcupine Mines, Limited:

Sir Mortimer Davis Incorporated, Canada Cement Building, Montreal, Que.

The Estate of Walter E. Segsworth, deceased, Excelsior Life Building, Toronto 1, Ontario.

The following have more than a five per cent. interest in Trans American Mining Corporation:

W. J. McDonough, 55 York Street, Toronto, Ontario.
Robert Fennell, 357 Bay Street, Toronto, Ontario.

Moorgate Agencies (Canada) Limited, 360 St. James Street West, Montreal, Quebec.

T. Reid Vreeland, 5723 70 East 45th St., New York 17, N. Y.

Charles S. Payson, 4417 30 Rockefeller Plaza, New York, N. Y.

Clendenin J. Ryan, 515 Madison Avenue, New York, N. Y.

Allan A. Ryan, 2 Park Avenue, New York 16, N. Y.

James A. Burden, 250 Park Avenue, New York, N. Y.

John L. Loeb, c/o Carl M. Loeb, Rhoades Inc., 61 Broadway, New York, N. Y.

The following have more than a five per cent. interest in Acadia Securities Limited:

W. B. Milner, 320 Bay Street, Toronto, Ontario.

13. Particulars of underwriting agreements, if any.

600,000 shares purchased at 50c per share, as set forth in the answer to Item 12.

14. Details of expenses, development work and any proposed acquisition of property, and the estimated cost thereof, which the company proposes to pay for with the proceeds of the current sale of its securities and its other resources, and the net amount which the company estimates will be received from such proceeds.

The Vendor, Yukon Northwest Explorations Limited, expended heretofore \$54,114.26 on account of the purchase price of said Mineral Claims and in exploration and development work on the Claims acquired by this Company and Claims which this Company has the option to acquire.

Estimated expenses which the Company proposes to pay for with the proceeds of current sale of its shares: —

Driving Adit and 2,000 ft. to 3,000 ft. of lateral work	\$ 80,000
Balance of purchase price on Brown-McDade Claims	70,000
Payment to Vendor, Yukon Northwest Explorations Limited	40,000
Buildings	30,000
Shaft Sinking and Underground Development	75,000
Miscellaneous	5,000
	<hr/>
	\$300,000

If the results of the above development work warrant, the Company will erect a mill and proceed with the mining of the properties.

The Company has received \$300,005 from the sale of its shares and if the options to purchase aforesaid shares are fully exercised the Company will receive an additional \$1,400,000.00.

15. Provision, if any, made to hold the proceeds of sale of securities in trust until a stated minimum is available for the purposes mentioned in 14.

None.

16. Where a company has not been carrying on business for more than one year, the amount or estimated amount of preliminary expenses.

\$4,000.00.

17. Particulars of any debt, incumbrance or liability owing or intended to be assumed by the company.

Nil.

18. (a) The principal business in which each director or officer has been engaged during the past three years. Give length of time, position held and name of company or firm.

KARL JOHN SPRINGER, President of the Company, President and Director of Leitch Gold Mines Limited and Springer, Sturgeon Gold Mines Limited, has carried on his duties in connection with these and other companies and has conducted prospecting programs.

WESLEY WILSON McBRIEN, Secretary-Treasurer of the Company, Secretary-Treasurer of Leitch Gold Mines Limited and Springer, Sturgeon Gold Mines Limited, has been engaged in his duties as an officer of the foregoing and other companies.

FRANK VICTOR CHARLES HEWETT, a Director, from 1941 to 1944 a Deputy Metals Controller with the Department of Munitions and Supply; since then an active consulting mining engineer.

WILLIAM FLEMING JAMES, a Director, an active consulting geologist.

JOHN DEFRAVNE BARRINGTON, a Director, a mining engineer and manager of Moneta Porcupine Mines, Limited and Dominion Magnesium Limited.

OLIVER HALL, a Director, consulting engineer for Noranda Mines, Limited and subsidiary Companies.

Each of the above Directors has been engaged in his respective principal business as indicated above, for more than three years.

(b) The nature and extent of the interest which any director or officer of the company, whether personally or as partner in a firm, has or ever had in any property acquired or to be acquired by the company.

Messrs. K. J. Springer, F. V. C. Hewett and W. F. James are Directors and substantial Shareholders of Yukon Northwest Explorations Limited. K. J. Springer also had a fifteen per cent. (15%) prospector's interest in the proceeds of the sale of said Agreements to this Company.

(c) The aggregate remuneration paid by the company during the last financial year, and estimated to be paid or payable during the current financial year to directors and, separately stated, to officers.

No amount has been paid or is to be paid during the current financial year to any Director for his services as such. It is

contemplated that the Company may pay a reasonable fee for secretarial or accounting services.

19. Particulars of dividends, if any, paid during the last five years.

Nil.

20. Names and addresses of the persons who by reason of beneficial ownership of securities of the company or any agreement in writing are in a position or are entitled to elect or cause to be elected a majority of the directors of the company.

No person owns, beneficially, a majority of the outstanding shares of the Company, and there is no Agreement in writing regarding the election of Directors of the Company, consequently the holders of the majority of the outstanding shares are in a position to elect the Directors.

WE HEREBY CERTIFY that the foregoing is a true and correct statement of facts in reference to BROWN-McDADE MINES LIMITED (No Personal Liability).

DATED this 31st day of October, 1946.

Underwriter — Optionee:

(Signed) K. J. SPRINGER,

(Signed) W. F. JAMES,

(Signed) F. HEWETT,

ACADIA SECURITIES LIMITED:

(Signed) By: GEO. C. KNOWLES,

(Signed) F. M. MacKAY,

(Signed) ARTHUR T. BROOKE,

NORANDA MINES, LIMITED:

(Signed) R. G. RUDOLF, Treasurer,

TRANS AMERICAN MINING CORPORATION LIMITED:

(Signed) ROBERT FENNELL, Vice-Pres.,

(Signed) V. F. BOWMAN, Secty.

MONETA PORCUPINE MINES LIMITED:

(Signed) C. C. CALVIN, Pres.,

(Signed) R. J. JOWSEY, Vice-Pres.,

(Signed) JAMES Y. MURDOCH,

(Signed) J. S. BROWN.

Directors:

(Signed) K. J. SPRINGER,

(Signed) JOHN D. BARRINGTON,

(Signed) W. F. JAMES,

(Signed) F. HEWETT,

(Signed) OLIVER HALL.

B R O W N - M c D A D E M I N E S L I M I T E D

(No Personal Liability)



ANNUAL REPORT

For the Year Ended December 31st, 1949



Directors

- K. J. SPRINGER ----- Toronto
- W. F. JAMES ----- Toronto
- O. HALL ----- Toronto
- F. V. C. HEWETT ----- Toronto
- J. D. BARRINGTON ----- Toronto

Officers

- K. J. SPRINGER ----- President
- W. W. McBRIEN ----- Secretary-Treasurer
- A. T. CARLSON ----- Assistant Secretary

Head Office

67 Yonge Street, Toronto, Ontario

BROWN-McDADE MINES, LIMITED
(No Personal Liability)

DIRECTORS' REPORT

To the Shareholders:

Your Directors herewith submit the Annual Report of your Company for the period ending December 31st, 1949 including the Financial Statements and the Manager's Report for 1947 covering the last work done on the Company's property.

Underground work has tested the main zone to shallow depth for only 1,150 feet length, with encouraging results. The known structure is strong and probably persists much beyond the explored limits. The relation of this feature to the overall structure is not known because of the widespread mantle of residual rock and soil covering most of the ground. This material is the product of normal erosion, unmodified by glaciation, and is seldom far removed from the underlying source, a fact that aids prospecting and mapping. However, it obscures contacts and other geological structures of possible importance and, together with permanent frost, renders prospecting by ordinary means slow and inconclusive.

Because of lack of finances your property was closed down in August, 1947. Work so far has consisted mainly of drilling and underground development on the main showing and little work was done to explore the rest of the property, on which the known mineralized zone extends across several claims. Included in this report is a summary by Mr. J. L. Hough of the work done.

Your Company, together with Conwest Exploration Company Limited, purchased a coal deposit near Carmacks, Yukon Territory, which was sold to the Yukon Coal Company Limited for 500,000 shares of its capital stock, of which your Company received 200,000 shares representing a 40 per cent interest.

In order to provide funds and because it was thought it would be some time before work would be resumed on the Company's property, some machinery and

equipment was sold.

After allowing options on a number of surrounding claims to lapse, your Company has retained 19 of its original claims in good standing, with sufficient work recorded to apply for a lease. Recently your Company has acquired 8 claims adjoining your property on the west and staked an additional group of claims, which fully protect the veins on your Company's property.

Most of the ground owned by your Company and the claims recently purchased and staked have received little or no attention to date. Mineralization is widespread both on the claims and throughout the area. The geology is attractive in that a variety of younger intrusives cut the older Yukon and Mount Nansen formations. Dykes and masses of quartz or granite porphyry, with which the known deposits appear to be associated, are numerous and are worthy of much more close work. With the advent of improved transportation by road through to the Carmacks and the prospect of power, the south Dawson Range, including the Freegold Mountain and Nansen Creek areas, will receive renewed and deserved attention.

Your Company is making plans, subject to obtaining sufficient finances, to resume work on the property this season. This will consist of extensive surface prospecting of the large area your Company now holds, with the object of opening up the zone north and south of where previous underground work was done, and also searching for parallel structures.

On behalf of the Board,

K. J. SPRINGER,

President.

May 16, 1950.

BROWN-McDADE MINES LIMITED
NO PERSONAL LIABILITY

AUDITORS' REPORT TO THE SHAREHOLDERS

We have made an examination of the above balance sheet of Brown-McDade Mines Limited (No Personal Liability) at 31st December, 1949. In connection therewith we examined or tested the accounting records of the company and other supporting evidence by methods and to the extent we considered appropriate under the circumstances, and obtained all the information and explanations we required from its officers and employees. Insurable assets at the mine were not insured at 31st December, 1949.

We report that in our opinion, based upon our examination, the above balance sheet has been drawn up in accordance with accepted principles of accounting and on a basis consistent with the preceding year so as to exhibit a true and correct view of the state of the company's affairs at 31st December, 1949, according to the best of our information and the explanations given us and as shown by the books.

FOSTER & BARRETT - LENNARD,

Chartered Accountants.

VANCOUVER, B. C.
9th March, 1950.

BROWN-McDADE MINES LIMITED
NO PERSONAL LIABILITY

TORONTO, ONTARIO

BALANCE SHEET

31ST DECEMBER, 1949

ASSETS

CURRENT ASSETS:

Funds on deposit at banks	\$ 1,169.28	
Accounts receivable	175.00	\$ 1,344.28

INVESTMENTS:

200,000 shares in Yukon Coal Co. Ltd. - at cost	18,712.57
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FIXED ASSETS:

	<u>Cost</u>	<u>Reserve for Depreciation</u>	<u>Book Value</u>	
Office building	\$1,538.92	\$ 25.65	\$ 1,513.27	
Furniture and fixtures	334.00	23.04	310.96	
Mining equipment	6,640.04	481.45	6,158.59	
	<u>\$8,512.96</u>	<u>\$ 530.14</u>		7,982.82

MINING PROPERTIES:

Mineral claims -	
Purchased for cash	\$ 78,885.74
Purchased for 1,003,500 shares of company stock - par value \$1.00 per share	<u>1,003,500.00</u>
	1,082,385.74

(Includes option payments on 20 mineral claims not taken up)

DEVELOPMENT EXPENDITURE - including loss of
\$14,776.85 on disposal of equipment

229,681.30

INCORPORATION COSTS -

3,621.25

\$ 1,343,727.96

LIABILITIES

CURRENT LIABILITIES:

Accounts Payable	\$ 222.96
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CAPITAL STOCK:

Authorized - 3,000,000 shares of \$1.00 par value	\$ 3,000,000.00
Issued - 1,703,505 shares of \$1.00 par value	\$ 1,703,505.00
Less: Discount thereon	<u>360,000.00</u>
	<u>1,343,505.00</u>
	<u>\$ 1,343,727.96</u>

BROWN-McDADE MINES LIMITED
NO PERSONAL LIABILITY

TORONTO, ONTARIO

SCHEDULE OF DEVELOPMENT EXPENDITURE

FOR THE PERIOD FROM INCORPORATION 3RD OCTOBER, 1946,
TO 31ST DECEMBER, 1949.

	3rd October 1946 to 31st December 1948	1949	Balance at 31st December 1949
Air strip	\$ 1,437.00		\$ 1,437.00
Assaying	4,371.72		4,371.72
Construction - temporary buildings	9,371.33		9,371.33
Cookhouse operating	6,862.42		6,862.42
Camp maintenance	3,672.40		3,672.40
Depreciation	3,328.70		3,328.70
Diamond drilling	10,605.06		10,605.06
Engineering	1,545.24		1,545.24
Firewood	1,892.06		1,892.06
Half-track operating and maintenance	3,653.61		3,653.61
Insurance	3,108.44		3,108.44
Mine office salaries	1,669.98		1,669.98
Miscellaneous expense	4,553.10		4,553.10
Roads	1,750.10		1,750.10
Shipping and storage	3,828.84		3,828.84
Surveying claims	3,780.72		3,780.72
Supervision	9,717.01		9,717.01
Tools and appliances	1,980.83		1,980.83
Tunnelling	57,696.87		57,696.87
Transport by air	13,239.32		13,239.32
Whitehorse office salaries	1,157.26		1,157.26
Whitehorse office expense	1,363.77		1,363.77
Workmen's compensation	1,318.18		1,318.18
Yukon Northwest Explorations Ltd.- development expense	34,855.36		34,855.36
Bank charges and exchange	555.49		555.49
Toronto office expense	5,169.60	16.69	5,186.29
Travelling	8,190.29		8,190.29
Telephone, telegraph and postage	2,033.57		2,033.57
Vancouver office expense	6,171.55	265.19	6,436.74
Audit expense		650.00	650.00
Asset adjustment - refrigerator		1,174.37	1,174.37
Inventory adjustments		5,092.75	5,092.75
Loss on sale of equipment	1,434.33	12,168.15	13,602.48
	<u>\$ 210,314.15</u>	<u>\$ 19,367.15</u>	
Balance - 31st December, 1949			<u>\$ 229,681.30</u>

BROWN-McDADE MINES, LIMITED

(No Personal Liability)

Mr. K. J. Springer, President; and Directors,
TORONTO 1, Ontario.

Dear Sirs:

The following is a report of operations on the property of your Company for the year ending December 31st, 1947.

The writer was responsible for the work at your Victoria Creek property, Yukon Territories, for less than two months prior to suspension of work on September 29th. Included herewith is a brief review of all previous work on the property including that done by Yukon Northwest Explorations Limited in 1946.

SUMMARY OF DEVELOPMENT

Total:

1. Hand Trenching	383 feet	1946
2. Bulldoze Trenching	1,225 lineal feet in 8 trenches	1946
3. Surface Drilling	3,623 feet in 16 holes	1946
4. Adit Level	2,354 feet X-cutting and drifting	1947
5. Underground Drilling	2,021 feet in 34 holes	1947
6. Survey of 46 claims and fractions owned or held under option by Brown-McDade Mines, Limited		1947

In addition a landing strip for aircraft was made; minimum accommodation including compressor house and machine shop, assay office, mine office and cookery constructed and some work done on the winter road from Aishihik and the road from the landing strip to the Camp, a distance of three miles.

Surface:

Surface trenching and drilling in 1946 outlined a broad zone of shearing in granodiorite intruded by lenticular porphyry dikes and containing two or more zones of mineralization carrying erratic medium to high values in gold with some silver values over a length exceeding 1,400 feet and to a depth of 120 feet. All of this work was in the oxidized zone of permanent frost. Core recovery was poor, averaging little more than 50% over all and generally less in the vein material.

Four contiguous trenches exposed the main vein over a length of 600 feet, an average width of 16 feet and indicated average values of .426 oz. gold and 2.59 ozs. silver uncut. Other trenches disclosed values within the same broad zone for an additional length of 800 feet. Drilling was confirmatory of surface results. Nine contiguous holes at 100 foot intervals cut gold values of .3 to 1.54 ozs. with adjoining lower values across indicated widths of 10 to 18 feet in the main zone near the foot wall of the shear. Some of these holes cut appreciable values along porphyry contacts in the hanging wall of the main vein zone while other drilling indicated possible extensions and subsidiary structures carrying low values.

Underground:

Underground work started in January of last year and continued through the

end of September. A main crosscut was driven on line from the portal on Pony Creek to the intersection in hole 8A, 120 feet below the surface outcrop. The footwall of the shear or fault zone was reached 583 feet from the portal and on March 28th the ore zone was entered at 603 feet. Subsequently the crosscut was continued 190 feet on line to explore the full width of shear and establish a drill station.

The mineralized structure was explored for a total length of 1,150 feet by drifting, secondary crosscuts and flat drill holes. In addition 3 deep and 7 shorter holes were drilled to test the zone below the adit level.

Summary of Drifting

Main Drift North	522 feet
Main Drift South	663 feet
North H. W. Drift	77 feet
South H. W. Drift	70 feet
South F. W. Drift	65 feet
TOTAL	1,397 feet

Summary of Values in Drifting

<u>Place</u>	<u>Length</u>	<u>Width</u>	<u>Average Au (ozs.)</u>		<u>Average Ag</u>
			<u>Uncut</u>	<u>Cut to 1 oz.</u>	
Main Shoot (N and S Drift)	255'	5.6'★	.407	.35	2.7
South Drift No. 1	110'	4.8'	.402	.337	4.0
South Drift No. 2	30'	3.6'	.29	-	1.0
North H. W. Drift	75' plus	5.2'★	.19	-	1.0
TOTAL	470'	= 33.7%	of Drifting		

★ Full average width may be somewhat more because not slashed between flat drill holes. Average values from back samples every 5 feet. Face samples slightly higher while car samples slightly lower.

Summary of Values Below Adit Level

<u>Drill Hole</u>	<u>Location</u>	<u>Vertical Depth</u>		<u>Average Au (ozs.)</u>
		<u>Below Level</u>	<u>True Width</u>	
N 31 E	At main X-cut	25'	14.0'★	(1.5 uncut
	Main shoot			(.50 cut
N 30 E	62' N of N 31 E	30'	3.5'	.32
S 32 E	30' S of N 31 E -	12'	8.0'	.19
	Main shoot			
S 33 E	80' S of N 31 E	14'	2.0'	.21
S 35 E	170' S of N 31 E	25'	10.0'	.21
101	Under main X-cut	115'	6.0'	.03
		140'	0.3'	.24
102	75' N of 101	140'	7.0'★	(.86 uncut
				(.55 cut
103	35' N of 101	125'	0.8'	.32
		140'	7.0'	.20

★ Calculation includes lost core at nil values and assays above one ounce as one ounce.

The main zone consists of lenses of silicious replacement along the footwall of a porphyry dike. The degree and character of silicification varies from 50% cellular quartz to massive cherty quartz. The chief sulphide is pyrite with variable lesser to sparse amounts of arsenopyrite, stibnite, galena, sphalerite and (suspected) fine telluride.

A parallel mineralized zone occurs along the footwall of the wide shear and has been exposed and traced by underground workings and flat drill holes along most of the zone length explored. This zone contains small discontinuous lenses of silicious-sulphide replacement, erratic disseminated pyrite and lenses of powdery pyrite. With the exception of one drill intersection, in hole S 21 E, of 2.40 ozs. gold and 32.0 ozs. silver across one foot, values are low.

The north hanging wall lens, drifted on for 75 feet, is a bluish cherty silicious-carbonate replacement of granodiorite between two porphyries. The vein material is mineralized with pyrite, sparse galena and sphalerite and carries more consistent though lower gold and silver values. The maximum width is 20 feet and maximum length indicated by limited drilling beyond the drift openings, 170 feet.

No significant values were encountered in the north drift or drill holes north of the north H. W. lens. Scattered values occur along the main zone, between shoots, to the end of the south drift, 400 feet north of surface trench No. 4 which averaged .412 ozs. gold and 3.49 ozs. silver across 19 feet. The two best sections in the main zone with adjoining lower values comprise a zone comparable in length and values to that indicated in surface trenches 2, 3, 5 and 7 and suggest a north rake. Limited exploration of the hanging wall of the shear has disclosed some values but, as yet, no continuous ore. Drilling, both surface and underground, proved to be slow, costly and of limited value because of the intense alteration and resulting core loss due to grinding.

Geology:

The property lies 28 miles airline due west of Carmacks in the Dawson Range, a broad upland plateau of rolling mountains to 5,000 feet elevation broken by scattered peaks to above 6,000 feet. The present surface is largely covered by a mantle of residual soil and rock fragments characteristic of deep weathering unmodified by late glaciation.

The area is underlain by metamorphosed schists of the Yukon group overlain in part by Mount Nansen volcanic flows, breccia and tuffs. These older series are intruded by dykes and masses of related granitic rocks of variable composition which in turn are intruded by later granitic porphyries and rhyolite. Over a wide area mineralization is associated with the younger porphyritic intrusives and is found in all the older rocks. Outcrop is limited on the Company's property. This has precluded detailed mapping of the geology beyond outlining the distribution of rock types within reasonably close limits.

The known deposit occurs in a wide zone of faulting in granodiorite. The fault zone strikes N 20° W, dips at 50° W to 65° W, has been traced for close to 1,600 feet length and may extend much further. The total or average zone width is not known but exceeds 190 feet at the main crosscut. Within the zone the granodiorite is intensely altered (kaolinized) and mashed and is intruded by lenticular dykes and masses of granite porphyry. Superimposed oxidation is marked to below the adit level but drill cores show little oxidation at depth of 250 feet below the surface. Permanent frost extends at least to the adit level. Mineralization occurs as lenses of silicious-sulphide replacement of altered granodiorite and some porphyry along the margins of porphyry dykes, more commonly the footwall contacts. The degree of silicification and mineralization varies as does the amount of carbonate. The chief sulphides are pyrite, arsenopyrite, stibnite, sparse galena and

sphalerite and possibly a telluride. Pyrite is the chief sulphide accompanying values in the deep drilling. Irregular patches of a soluble ferrous sulphate mineral occur in the best ore section in the north drift and suggest possible secondary enrichment. The fact that deep drilling cut some high values in unoxidized material at a depth of 250 feet below surface tends to offset this possibility as does the fact that the best values in drifting occur in highly silicious unaltered vein material. Faults and slips of minor displacement, in part post mineral, are numerous in the footwall of the broad zone and a seam of gouge follows the footwall of the ore at the adit level. Drilling below the level suggests a flattening of the ore structure or possible displacement.

With the exception of one trench which exposes Yukon quartz-mica schist, all of the work to date has been in porphyritic granodiorite. No work, other than limited mapping and prospecting, has been done along the possible extensions of the known zone or elsewhere on the property although mineralization, chiefly in frost heaved rock fragments, occurs in several places. It is recommended that intensive surface exploration be included in future plans.

Claims:

The work has been recorded and application made for a Certificate of Improvements on the 19 claims and fractions owned by your Company. This work is more than sufficient to obtain a lease on the claims now held. Options on 25 additional surrounding claims have been dropped.

Respectfully submitted,

J. L. HOUGH

Manager.

January 27, 1950.