

unexpected water inflows, machinery breakdowns, or falls in market prices. Dividends were paid too soon, leaving insufficient capital for periods of adversity. Shares were sold at discounts to promote sales.

The sales of such shares led to excessive capitalization. Prospectors capitalized properties, and received payments in shares. The promoters formed companies and also took larger shares as personal payments, and placed the remainder on the open market. Glowing accounts of the mines led to stock sales and the mines were begun. Further development work might give good prospects, and additional shares were sold at an increased price to raise capital. These increases in stock price usually attracted the owner and promoter to unload their shares on the market, at a reduced price, so that the more expensive shares couldn't be sold. Capital couldn't be raised, ~~and~~ and the mining operations ceased. Only the prospector and promoter came out on top.

For these reasons great apprehension arose in Michipicoten concerning the mineral opportunities in the area. The rush of miners out of Michipicoten ~~xxx~~ exceed^{ed} the original rush into the region.

Yet below the ground the mineral resources remained, for ~~the~~ future development in the 1930's, continuing to this day.

(1) Why was their reason to believe that this area had mineral resources? (Refer to other major discoveries gold, copper, silver, IRON.)

(2)

If Wawa did have mineral resources, why were the mines abandoned around 1906?
(3 reasons)

(3) Describe the typical financial manipulations involved in many mines.