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## NEW TAKU MINES LIMITED

Incorporating the former:-

NUMALAKE MINES LIMITED

and

TAKU RIVER GOLD MINES LTD.

### DIRECTORS REPORT TO THE SHAREHOLDERS

The following report by your Directors covers the period ending 31st August 1973. Audited financial statements and auditors report to 31st December 1972, and interim financial statements to 30th June, 1973 are included in the annual report.

#### MEXICO

The underground exploration and drilling on the Cerro Prieto silver-lead property in northern Mexico failed to produce anticipated results. The downward extension of the high-grade ore body was not found at depth, although extensive cross cutting and drilling was undertaken from the 150 level.

The existing ore was mined out and is stock piled at the property. This stockpile contains in excess of 400 tons of ore that should yield about \$100.00 per ton from the smelter. Your Company's Mexican representative has experienced great difficulties and expense in endeavouring to obtain the necessary duty and tax rebate permit to ship the ore to the smelter. These duties and taxes would amount to about 50% of the ore value and are refunded by the Government by way of subsidy if the proper permit is obtained. Your Directors have been informed recently that the problem has now been resolved and that the ore should be sold by the middle of September. New Taku will receive 2/3 of the proceeds, the other 1/3 going to Jason Explorers Ltd., a partner in the venture. Although the Cerro Prieto property presents many attractive exploration possibilities apart from the mine area itself, your Directors consider a suitable programme would require funds far in excess of the Company's financial capabilities for the foreseeable future.

#### TAKU - TALSEQUAH

Maintenance work was done on your Company's mill and plant at Talsequah late last Fall. An inspection was made this Spring. Some of the older buildings have collapsed due to the heavy winter snow loads, but the bulk of the plant and equipment is in usable condition and apparently would not pose too many problems for re-opening.

### EXECUTIVE OFFICE

Suite 775 - 555 Burrard Street,  
Vancouver 1, British Columbia

### SUBSIDIARY OPERATIONS

- Zohini Mines Limited (N. P. L.)  
85% owned - inactive
- Anty Mines Limited (N. P. L.)  
100% owned - inactive
- Minas del Valle, S.A.  
66 2/3% of "B" shares

### OFFICERS

President  
J. D. Mason  
Vice-President  
F. F. Moyle  
Secretary-Treasurer  
K. D. Healey  
all of Vancouver, British Columbia

### DIRECTORS

J. D. Mason  
K. D. Healey  
F. F. Moyle  
C. D. Poli  
G. W. Nobbs  
all of Vancouver, British Columbia  
M. Lobel  
of Ottawa, Ontario  
R. G. Bendall  
of Winnipeg, Manitoba

### REGISTRAR AND TRANSFER AGENT

Crown Trust Company  
at Vancouver and Toronto

### AUDITORS

Thorne, Gunn, Helliwell & Christenson  
of Vancouver, British Columbia

### LISTING

Vancouver Stock Exchange

Your Directors have been aware, since the rise started in the world free gold price, of the value of the original Taku gold mine at Tulsequah on your Company's Crown Grants. With this in mind, Company officials have for some months been seeking major partners, so far without favourable conclusion. Although the final engineering reports when the mine was closed down in 1951 showed proven and probable ore reserves of 140,000 tons of 0.4oz. gold ore, further exploration is a costly venture, which would require rehabilitation of the mine workings down to the 750' level before explorations could commence. However, if gold continues to rise as is probable, the potential of the property will cause some mining company to further explore and develop the property after making a deal with New Taku.

LIVENGOOD

Your Company was forced to drop its option agreement on the large Livengood placer gold property in Alaska. Although the shareholders of New Taku approved the agreement at the last annual meeting, the Vancouver Stock Exchange saw fit to withhold approval because they thought the terms too onerous and due to the vendor (J. D. Mason) being an "Insider" in New Taku. No specific reasons were given, apart from suggestions that the consideration should be reduced to a point at which the vendor would have made a loss on vending the property. There should be no reason why a vendor, however much concerned as an Insider, should have to sell a mining property to a company at less than fair market value.

Your Directors believe that this was a most unfortunate decision for the shareholders, as the Livengood placer deposit covers what is probably one of the largest known gold reserves in North America which could have made the Company a mining Company with a cash flow. An agreement on similar terms with another company was subsequently made by the vendor that was approved by the Ontario Securities Commission and the Montreal Stock Exchange.

VANCOUVER ISLAND

As mentioned in the last year's report your Company acquired, on a term purchase, the "Banko" gold property East of Zeballos on the West Coast of Vancouver Island. The mineralized zone is composed of massive sulphides, apparently striking uphill from a deep box canyon, outcropping intermittently for some 1500'. The zone is up to 30' wide and an independent company of unquestionable reputation have sampled a cross section of twenty-nine feet of .6 oz. gold, which is very similar to assays obtained by exploration crews of your Company. Negotiations are underway with a view to a programme being conducted by stronger financial partners. It is hoped by the time of the Annual Meeting some conclusive news will be available.

*See Banko  
92E15*

COMMENT

Your Directors will continue to investigate and acquire gold and silver properties as it is their opinion that the price of precious metals will continue to appreciate. However, participating partners will be sought, as your Company has insufficient funds and due to circumstances beyond its control, is not in a position to obtain financing without difficulty.

Submitted on behalf of the board

"J. D. MASON"

Vancouver, British Columbia  
September 10th, 1973

NEW TAKU MINES LIMITED  
STATEMENT OF SOURCE AND APPLICATION  
OF FUNDS. Half year to June 30, 1973.  
(with comparative figures for the half year to June 30, 1972)

	1973	1972
<b>Source of Funds:</b>		
Sale of shares from treasury	\$ -	\$ 150,000
Interest earned	631	384
	<hr/>	<hr/>
	\$ 631	\$ 150,384
	<hr/>	<hr/>
<b>Application of Funds:</b>		
Exploration expenditures deferred	\$ 1,551	\$ 41,898
Advance to Mexican venture	3,341	-
Purchase mining claims	1,500	-
Administration expenditures	11,501	20,839
	<hr/>	<hr/>
Total Expenditures	\$ 17,893	\$ 62,737
Deduct Interest on funded debt, not currently payable	7,514	7,514
	<hr/>	<hr/>
	\$ 10,379	\$ 55,223
Increase (decrease) in working capital	\$ 9,748	\$ 95,160
Working capital (deficiency) at beginning of year	43,089	(6,979)
	<hr/>	<hr/>
Working capital at end of half year	\$ 33,341	\$ 88,181
	<hr/>	<hr/>
Represented by:		
Current assets	\$ 36,290	\$ 94,767
Current liabilities	2,949	6,586
	<hr/>	<hr/>
	\$ 33,341	\$ 88,181
	<hr/>	<hr/>

AUDITORS' REPORT

To the Shareholders of  
New Taku Mines Limited

We have examined the balance sheet of New Taku Mines Limited as at December 31, 1972 and the statements of exploration and administrative expenditures deferred, retained earnings and source and application of funds for the year then ended. 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.

The principal assets of the company are the mining assets and properties and the related deferred exploration and administrative expenditures. As set out in note 2 to the financial statements, the realization of the investment in these assets is dependent upon the success of the company's future operations. In addition, the realization of the investments in unlisted shares, in associated and other companies, sundry participations and subsidiary companies is dependent upon the success of the future operations of those companies and syndicates.

For the above reasons, we are not in a position to express an opinion on the accompanying financial statements of New Taku Mines Limited taken as a whole.

However, in our opinion current assets, listed shares in other companies, current liabilities, long-term debt and capital stock are presented fairly in the balance sheet as at December 31, 1972, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

*Thorne Gunn & Co.*

Chartered Accountants

May 14, 1973

OFFICES THROUGHOUT CANADA AND ASSOCIATES THROUGHOUT THE WORLD

NEW TAKU MINES LIMITED  
(Incorporated under the laws of Ontario)  
BALANCE SHEET - DECEMBER 31, 1972  
(with comparative figures at December 31, 1971)

	1972	1971	LIABILITIES	1972	1971
<b>ASSETS</b>			<b>LIABILITIES</b>		
<b>CURRENT ASSETS</b>			<b>CURRENT LIABILITIES</b>		
Cash	\$ 1,635	\$ 7,090	Accounts payable and accrued liabilities	\$ 5,328	\$ 3,234
Accounts receivable	16,782	165	Due to Transcontinental Resources Ltd.	-	11,000
Deposits	30,000	-		5,328	14,234
	48,417	7,255			
<b>SHARES AND OTHER INTERESTS, at cost</b>			<b>LONG-TERM DEBT</b>		
Shares in associated and other companies	3,696	3,696	5% First mortgage bonds due January 1, 1979		
Listed (quoted market value 1972, \$20)	25,097	25,897	Outstanding at par value	343,500	343,500
Unlisted	44,056	59,057	Less payments on partial redemption	42,937	42,937
Sundry participations	574	574		300,563	300,563
Shares in subsidiary companies (note 1)					
	73,423	89,224	Bond interest accrued - payable after	142,952	127,924
Less allowance for decline in value	42,208	42,208	principal has been fully paid	443,515	428,487
	31,215	47,016			
<b>MINING ASSETS AND PROPERTIES (note 2)</b>			<b>SHAREHOLDERS' EQUITY</b>		
Mine plant and equipment	1,013,882	1,013,882	<b>CAPITAL STOCK (note 4)</b>		
Mining properties	693,523	678,523	Authorized		
	1,707,405	1,692,405	6,000,000 Shares of no par value		
			Issued		
			3,173,005 Shares (1971 - 2,848,005 shares)	1,603,791	1,446,291
<b>DEFERRED EXPENDITURES (notes 2 and 3)</b>			<b>RETAINED EARNINGS</b>		
Exploration and administrative expenditures	498,935	372,303		233,338	229,967
	\$2,285,972	\$2,118,979		1,837,129	1,676,258
				\$2,285,972	\$2,118,979

Approved by the Board

Director

*Leisl D. Role*

Director

*K. D. Hawley*

NEW TAKU MINES LIMITED

STATEMENT OF EXPLORATION AND ADMINISTRATIVE EXPENDITURES DEFERRED

YEAR ENDED DECEMBER 31, 1972  
(with comparative figures for 1971)

	Tulsequah	Vancouver Island	Livengood	Total 1972	1971
Exploration					
Assays	-	\$ 112	-	\$ 112	\$ 977
Drilling	-	-	-	-	8,706
Engineers fees	\$1,000	373	\$ 1,366	2,739	4,315
Equipment and supplies	237	791	938	1,966	2,121
Equipment repairs, maintenance and fuel	-	76	-	76	2,515
Food and accommodation	228	584	662	1,474	6,885
Maps and sundries	173	9	103	285	296
Mill and townsite maintenance	17	-	-	17	5,274
Recording fees, licences and taxes	1,035	-	36	1,071	1,608
Road and bridge work	-	560	2,035	2,595	5,235
Stripping and trenching	-	-	2,360	2,360	6,126
Telephone and radio	33	6	3	42	566
Transportation, charters and freight	736	330	2,099	3,165	12,593
Well participation	-	-	-	-	5,441
Workmen's compensation	381	-	-	381	755
Wages	1,614	2,788	2,561	6,963	-
	<u>\$5,454</u>	<u>\$5,629</u>	<u>\$12,163</u>	<u>23,246</u>	<u>63,413</u>
Mexico properties (note 3)				60,438	-
Other				5,862	-
				<u>89,546</u>	<u>63,413</u>
Administrative					
Bad debts				2,000	-
Bank charges and interest, net				(1,230)	(252)
Interest on funded debt				15,028	15,028
Legal and audit				2,605	1,497
Licences, dues and taxes				200	137
Management fees				3,500	-
Meetings and reports				1,097	1,485
Office expenses and miscellaneous				688	431
Printing and stationery				665	1,571
Rent				2,945	1,405
Secretarial and accounting				4,871	5,371
Stock exchange fees				2,000	900
Telephone and postage				1,896	1,320
Transfer agents fees				2,497	3,917
Travel				3,766	2,817
				<u>42,528</u>	<u>35,627</u>
EXPENDITURES FOR THE YEAR				132,074	99,040
BALANCE DEFERRED AT BEGINNING OF YEAR				372,303	273,263
				<u>504,377</u>	<u>372,303</u>
Less deferred exploration and administrative expenditures written off				5,442	-
BALANCE DEFERRED AT END OF YEAR				<u>\$498,935</u>	<u>\$372,303</u>

NEW TAKU MINES LIMITED  
STATEMENT OF SOURCE AND APPLICATION OF FUNDS  
YEAR ENDED DECEMBER 31, 1972  
(with comparative figures for 1971)

SOURCE OF FUNDS	1972	1971
Sale of shares from treasury	\$150,000	\$90,000
Current proceeds from sale of sundry participation, net of expenditures for current period	19,314	-
Sale of shares in other companies	-	5,928
	<u>169,314</u>	<u>95,928</u>
APPLICATION OF FUNDS		
Expenditures for year	89,546	63,413
Exploration	42,528	35,627
Administrative	132,074	99,040
Deduct		
Interest on funded debt, not currently payable	15,028	15,028
Write off of incorporation costs	800	-
	<u>15,828</u>	<u>15,028</u>
	116,246	84,012
Sundry participations	-	16
Mining claims acquired	3,000	1,500
Purchase of equipment	-	750
Investment in subsidiary and other companies	-	1,373
	<u>119,246</u>	<u>87,651</u>
INCREASE IN WORKING CAPITAL	50,068	8,277
WORKING CAPITAL DEFICIENCY AT BEGINNING OF YEAR	6,979	15,256
WORKING CAPITAL (DEFICIENCY) AT END OF YEAR	<u>\$ 43,089</u>	<u>\$(6,979)</u>
STATEMENT OF RETAINED EARNINGS		
YEAR ENDED DECEMBER 31, 1972 (with comparative figures for 1971)	1972	1971
Balance at beginning of year	\$229,967	\$217,784
Add		
Gain on sale of interest in petroleum and natural gas leases	6,371	-
Reduction of allowance for decline in value of shares and other interests	-	12,183
	<u>236,338</u>	<u>229,967</u>
Less cost of mining property abandoned	3,000	-
BALANCE AT END OF YEAR	<u>\$233,338</u>	<u>\$229,967</u>

NEW TAKU MINES LIMITED

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 1972

1. SUBSIDIARY COMPANIES

Consolidated financial statements have not been prepared because the subsidiary companies are either dormant or have not yet commenced operations. The subsidiaries are as follows:

Zohini Mines Limited (N.P.L.) (85% owned) - dormant  
 Anty Mines Limited (N.P.L.) (wholly-owned) - not active

2. MINING ASSETS AND PROPERTIES AND DEFERRED EXPENDITURES

The mine plant and equipment and the majority of the mining properties were acquired from predecessor companies in consideration for \$1,500,000 first mortgage sinking fund bonds, 750,000 common shares valued at \$675,000 and assumption of sundry liabilities. The carrying value of plant and equipment has been reduced by depreciation of \$481,869. There has been no provision for depreciation of plant and equipment since 1958, the date at which the mine ceased active operations.

The company's ability to recover the cost of its mining assets and properties and the related deferred exploration and administrative expenditures is wholly dependent upon the development of a sufficient quantity of ore of an economic value and the obtaining of adequate financing for such development.

3. DEFERRED EXPENDITURES

During the year ended December 31, 1972 the company entered into an agreement with Jason Explorers Ltd. (N.P.L.) whereby the two companies agreed to participate in a joint working agreement through Minas del Valle, S.A. on properties presently owned or anticipated to be owned by the Mexican company. At December 31, 1972 New Taku Mines Limited owned an interest of 66-2/3% of the "B" shares which represents 33-1/3% of the total share capital outstanding in the Mexican company and agreed to provide 66-2/3% of operating funds used in exploration and development of certain Mexican properties owned by Minas del Valle, S.A. At December 31, 1972 the company has advanced or paid on behalf of Minas del Valle, S.A. a total of \$71,367.

4. CAPITAL STOCK

Transactions in the capital stock account during the year ended December 31, 1972 may be summarized as follows:

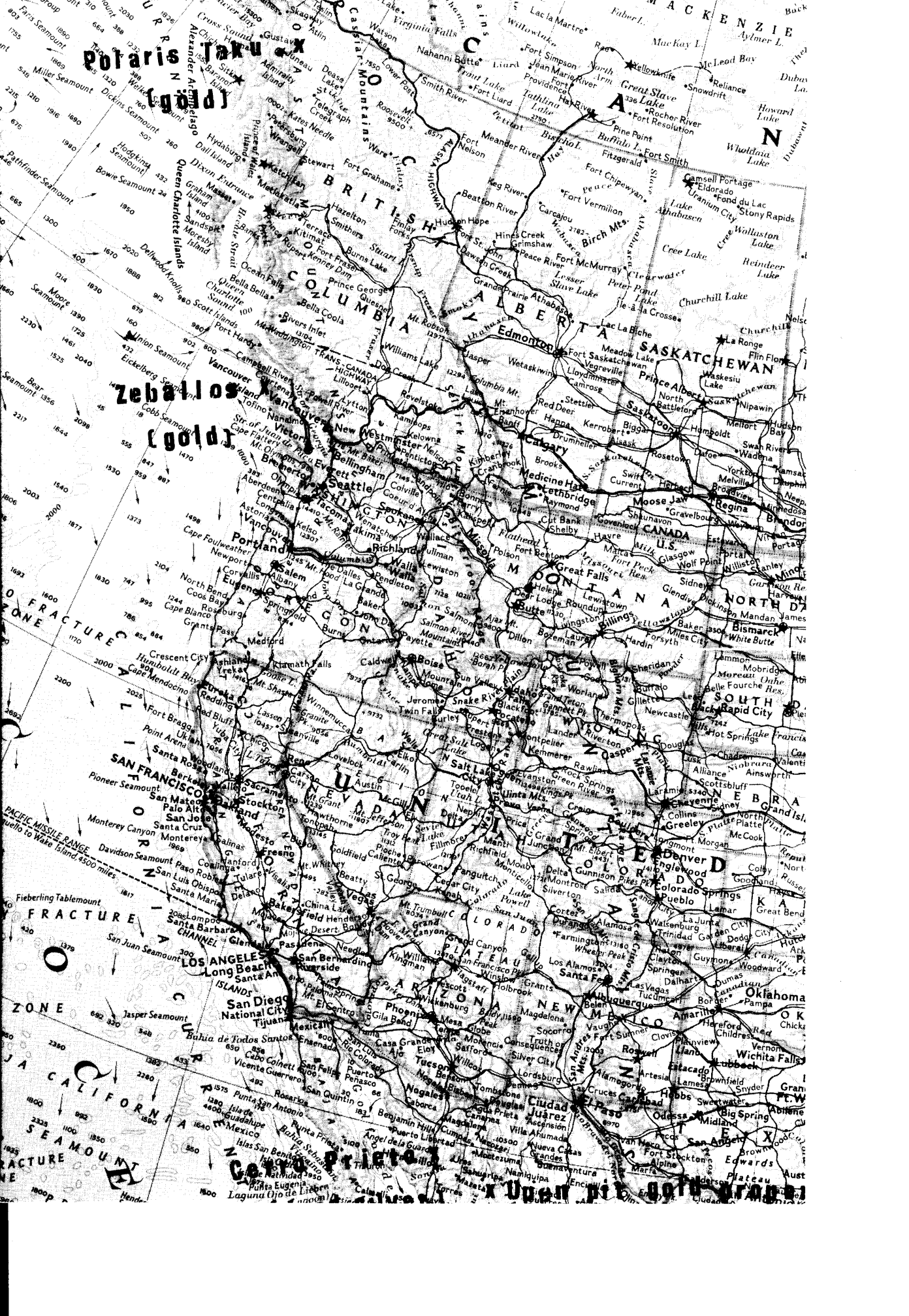
	Number of shares	Value of consideration
Issued at December 31, 1971	2,848,005	\$1,446,291
Issued during the year for:		
Cash	300,000	150,000
Interest in petroleum and natural gas leases	25,000	7,500
Issued at December 31, 1972	<u>3,173,005</u>	<u>\$1,603,791</u>
Summary of shares issued at December 31, 1972		
Cash and bonds exchanged	1,798,005	764,130
Mine plant and equipment and mining properties (note 2)	750,000	675,000
Exchanged for shares in predecessor companies	550,000	142,161
Interest in petroleum and natural gas leases	25,000	7,500
Mineral claims	50,000	15,000
	<u>3,173,005</u>	<u>\$1,603,791</u>

During the year the agreement for the purchase of an interest in petroleum and natural gas leases was rescinded. In consideration thereof the company received \$20,000 cash and 50,000 shares of its own stock, which shares were subsequently allocated pursuant to the agreement dated November 15, 1972 to acquire mineral claims.

By an agreement dated November 15, 1972 and approved by the Vancouver Stock Exchange in 1973, the company acquired, from an individual who subsequently became a director of the company, twelve mineral claims for \$3,000 and 150,000 shares. The company has paid \$3,000 and 50,000 shares and agreed, subject to satisfactory engineering reports, to issue a further 50,000 shares on each of October 12, 1973 and July 9, 1974. The vendor shall receive 4% of the net smelter returns if ore is shipped from the property.

5. REMUNERATION OF DIRECTORS

During the year remuneration in the amount of \$1,475 was paid to a director of the company as salary for exploration and development work. In addition, companies in which other directors are associated were paid \$3,500 for general management and \$10,167 for engineering services.



**Polaris (gold)**

**Zeballos (gold)**

**PACIFIC MISSILE RANGE**  
from Seattle to Wake Island, 4500 miles

**SEAMOUNT**

**Coahuila**

**Open pit**

**Grade**