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DIRECTORS' REPORT TO THE SHAREHOLDERSBUREAU OF ECONOMICS
AND STATISTICS

The Directors present the Second Annual Report of your Company for the fiscal year ending December 31st, 1939, with a supplementary report to date.

The Annual Meeting was purposely postponed until such time as your Directors were in a position to submit some solution to the problems with which the Company was confronted.

As a result of the exploration work carried on during 1938 and 1939 we were advised by our Managing Director and Consulting Engineer in June 1939 that he was of the opinion that expenditure of further money on development without receiving some returns from the ore now in hand would be wasteful, involving as it does all the overhead which would be carried by a productive operation. Further development could be more intelligently carried out when the ore bodies were being mined. We were further advised that in his opinion we were justified in the installation of a 50 Ton Mill and Cyanide Plant.

As it was impossible to proceed with this construction without further financing it was deemed advisable to close the operation down until necessary financial arrangements could be made.

Negotiations were started with a view of raising sufficient capital to carry out this recommendation and were not completed when war was declared, which for the time being precluded any possibility of raising the necessary funds.

Subsequently arrangements were concluded with the Hedley Mascot Gold Mines Limited on a mutually satisfactory basis whereby they would mill an average of 50 Tons of ore per day. During September, 1940, negotiations were completed and arrangements made to overhaul the Canty Plant, and dewater the workings which work has now been completed and mining the Canty ore is now under way but sufficient mining has not been done to give you any definite or accurate information as to what results may be expected.

Submitted on behalf of the Board this 12th day of December, 1940.

WENDELL B. FARRIS,
President.

R. H. STEWART
Mining Engineer
1318 Marine Building
Vancouver, B. C.

October 19th, 1940.

The President,
Canty Gold Mines (Hedley) Ltd.,
VANCOUVER, B. C.

Dear Sir:

Since February 1939 the Canty Mine operated until June 1939 and has been closed down since.

About 500 ft. of raising, 238 ft. of drifting and 4980 ft. of diamond drilling were done:

The work included extension of the East drift on the lower level and a crosscut on this level, neither of which found ore.

On the upper level a crosscut and drift exposed ore under ore exposed in drill hole No. 4.

Two raises were driven, one to connect the lower with the upper level. This raise followed ore to some extent, but owing to its irregularity could not be followed.

The other raise was driven to connect to the surface and in its lower part followed ore. It has yet 80 to 90 ft. to go to connect to the surface.

Thirty three diamond drill holes were drilled, twenty three from the lower level, eight from the upper level and two from a point intermediate between the two levels. This work, together with previous work, has shown, in drifting, a number of comparatively short sections of ore in three or four horizons on the upper level; the south or footwall sections apparently in line with ore found in a drill hole 100 ft. below the upper level and with ore found in the lower level and following the raise from that level for some distance.

Drill holes to the north of the lower level, both horizontal and inclined, show a wide mineralized area, apparently more or less corresponding with the ore in the north sections of the upper level, with some erratic assays of fairly high grade but of no apparent continuity.

Evidently there are sections of mineable grade, but there is little more that can be determined with regard to them except by mining the ore.

Tests were made of the metallurgy and it was decided that the ore was amenable to treatment by the same methods as Mascot ore.

Arrangements have been made to mill the ore in the Mascot mill, weighing and sampling it before it enters the mill and making settlement on the basis of estimated recoveries.

No estimate of tonnage can be made, as so little can be ascertained in regard to the shape and size of the ore bodies.

Yours truly,



VICTOR DOLMAGE
Consulting Geologist

1318 Marine Building,
VANCOUVER, B. C.

October 15th, 1940.

CANTY GOLD MINES (HEDLEY) LTD.

REPORT ON DEVELOPMENT

The last report on development of Canty Gold Mines was submitted on June 5th, 1939, at which time 400 feet of shafting, 322 feet of raising, 2301 feet of drifting and 6400 feet of diamond drilling has been done. Of this work, only the raises and 1621 feet of the drifting are actually in the ore zone and this has resulted in the discovery of eight ore bodies ranging from 30 to 70 feet in length and 5 to 20 feet in width. Only two of these ore bodies have been tested as to vertical extent by raises and both have shown a greater length in this than in the horizontal direction. Several other ore bodies penetrated by diamond drill holes have not yet been reached by drifts or raises. It was estimated that there is within a few feet of these workings about 10,000 tons of ore, averaging about .50 ounces of gold per ton, and which because of dilution will grade on mining about 0.40 ounces per ton, or better.

It was evident from the number of ore bodies found in relation to the amount of work done in the ore zone that other ore bodies would be found, and it was concluded that 50,000 tons of ore might be reasonably expected from the section between the 400 foot level and the surface.

Since June 1939 no further development work has been done, but some further information regarding the grade of the ore has been gained from a car load of sorted ore shipped to the smelter and some large samples taken from each of the ore bodies for mill tests. This work confirmed the original face sampling.

The openings made in blasting down these samples were examined recently and each one shows good ore over full tunnel width.

V. Dolmage

CANTY GOLD MINES (HEDLEY) LIMITED
(NON PERSONAL LIABILITY)

BALANCE SHEET AS AT DECEMBER 31 1939.

<u>ASSETS</u>		<u>LIABILITIES</u>	
<u>CURRENT ASSETS:</u>		<u>CURRENT LIABILITIES:</u>	
Cash in bank and on hand	\$ 485.55	Accounts Payable	\$ 2,012.95
Sundry Debtors	6.60	Notes Payable - demand	<u>45,000.00</u>
Inventories of Stores and Supplies as determined from the records, valued on the basis of cost	<u>5,703.75</u>		\$ 47,012.95
	\$ 6,195.90		
<u>DEFERRED CHARGES:</u>		<u>SHARE CAPITAL:</u>	
Unexpired Insurance and Prepaid Items	\$ 746.91	<u>Authorized-</u>	
Incorporation Expenses	<u>2,793.06</u>	3,000,000 Shares of \$1.00 each	<u>\$3,000,000.00</u>
	3,539.97	<u>Issued-</u>	
<u>DISCOUNT ON SHARES</u>	550,000.00	2,172,788 Shares of \$1.00 each	2,172,788.00
<u>CAPITAL ASSETS:</u>			
Mining Properties and Mineral Claims acquired by purchase in consideration for allotment to Vendors of 1,500,000 fully paid shares of the Company less 127,217 shares subsequently surrendered to the Company and re-issued for cash	\$1,372,783.00		
Exploration and Development	238,449.31		
Buildings, Plant and Equipment	<u>48,832.77</u>		
	1,660,065.08		
	<u>\$2,219,800.95</u>		<u>\$2,219,800.95</u>

Auditors' Report to the Members:

We have made an examination of the books and accounts of Canty Gold Mines (Hedley) Limited (Non Personal Liability) as at December 31 1939, and have obtained all the information and explanations which we have required. In this connection we examined or tested the accounting records of the Company and other supporting evidence, but the scope of our examination of the detail transactions was confined to a test thereof. We report that, based on such examination, the above Balance Sheet is in our opinion properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs according to the best of our information and the explanations given to us and as shown by the books of the Company.

Vancouver, B. C.
March 21 1940

Green Waterhouse & Co.
Chartered Accountants.

CANTY GOLD MINES (HEDLEY) LIMITED
(NON PERSONAL LIABILITY)

BALANCE SHEET AS AT AUGUST 31 1940.

<u>ASSETS</u>				<u>LIABILITIES</u>
<u>CURRENT ASSETS:</u>				<u>LOANS AND ADVANCES:</u>
Cash at bank	\$	47.04		<u>Hedley Masoot Gold Mines Ltd. (N.P.L.)-</u>
Inventories of Stores and Supplies as determined from the records, valued on the basis of cost		<u>5,703.75</u>	\$	Notes Payable - Demand
				\$50,000.00
				<u>2,807.78</u>
				\$ 52,807.78
 <u>DEFERRED CHARGES:</u>				 <u>OTHER LIABILITIES:</u>
Unexpired Insurance and Prepaid Items		366.38		Accounts Payable
Incorporation Expenses		<u>2,793.06</u>	3,159.44	207.02
 <u>DISCOUNT ON SHARES</u>			550,000.00	
 <u>CAPITAL ASSETS:</u>				 <u>SHARE CAPITAL:</u>
Mining Properties and Mineral Claims acquired by purchase in consideration for allotment to Vendors of 1,500,000 fully paid shares of the Company less 127,217 shares subsequently surrendered to the Company and re-issued for cash		\$1,372,783.00		<u>Authorized-</u>
Exploration and Development		242,947.34		3,000,000 Shares of \$1.00 each
Buildings, Plant and Equipment		<u>51,162.23</u>	1,666,892.57	<u>\$3,000,000.00</u>
				 <u>Issued-</u>
				2,172,788 Shares of \$1.00 each
				2,172,788.00
			<u>\$2,225,802.80</u>	<u>\$2,225,802.80</u>

Auditors' Report to the Members:

We have made an examination of the books and accounts of Canty Gold Mines (Hedley) Limited (Non Personal Liability) as at August 31 1940, and have obtained all the information and explanations which we have required. In this connection we examined or tested the accounting records of the Company and other supporting evidence, but the scope of our examination of the detail transactions was confined to a test thereof. We report that, based on such examination, the above Balance Sheet is in our opinion properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs according to the best of our information and the explanations given to us and as shown by the books of the Company.

Vancouver, B. C.
November 18 1940

Green Waterhouse
Chartered Accountants.

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AUG 3 1939

CANTY GOLD MINES (HEDLEY) LIMITED
(NON PERSONAL LIABILITY)

BUREAU OF ECONOMICS
AND STATISTICS

BALANCE SHEET AS AT DECEMBER 31 1938.

ASSETS

CURRENT ASSETS:

CASH IN BANK AND ON HAND	\$22,490.84	
SUNDRY DEBTORS	109.97	
INVENTORIES OF STORES AND SUPPLIES AT BOOK VALUATIONS AS DETERMINED AND CERTIFIED BY RESPONSIBLE OFFICIALS OF THE COMPANY AND VALUED ON THE BASIS OF COST	9,814.17	\$ 32,414.98

DEFERRED CHARGES:

UNEXPIRED INSURANCE PREMIUMS	\$ 535.15	
INCORPORATION EXPENSES	2,793.06	3,328.21

DISCOUNT ON SHARES

550,000.00

CAPITAL ASSETS:

MINING PROPERTIES AND MINERAL CLAIMS ACQUIRED BY PURCHASE IN CONSIDERATION FOR ALLOTMENT TO VENDORS OF 1,500,000 FULLY PAID SHARES OF THE COMPANY, LESS 127,217 SHARES SUBSEQUENTLY SURRENDERED TO THE COMPANY AND REISSUED FOR CASH	\$1,372,783.00	
PAYMENTS ON OPTIONED PROPERTIES	900.00	
EXPLORATION AND DEVELOPMENT	172,767.33	
BUILDINGS, PLANT AND EQUIPMENT	48,144.84	1,594,595.17

APPROVED ON BEHALF OF THE BOARD:

V. J. CREEDEN, DIRECTOR

W. S. CHARLTON, DIRECTOR

\$2,180,338.36

LIABILITIES

CURRENT LIABILITIES:

ACCOUNTS PAYABLE	\$7,946.82	
WAGES PAYABLE	1,603.54	\$ 9,550.36

SHARE CAPITAL:

AUTHORIZED -
3,000,000 SHARES OF \$1.00 EACH \$3,000,000.00

ISSUED -

BALANCE AS AT DECEMBER 31 1937 2,100,005 \$2,100,005.00

LESS -

ESCROW SHARES SURRENDERED
BY VENDORS, SUBSEQUENTLY
REISSUED FOR CASH 127,217 127,217.00

ADD -

SHARES ISSUED FOR CASH AT
25¢ PER SHARE 200,000 200,000.00
2,172,788 \$2,172,788.00

LESS -

UNPAID 2,000.00 2,170,788.00

CONTINGENT ITEMS:

PAYMENTS TO ACCRUE UNDER
OPTION AGREEMENTS \$34,100.00

\$2,180,338.36

AUDITOR'S REPORT TO THE MEMBERS:

WE HAVE MADE AN EXAMINATION OF THE BOOKS AND ACCOUNTS OF CANTY GOLD MINES (HEDLEY) LIMITED (NON PERSONAL LIABILITY) AS AT DECEMBER 31 1938, AND HAVE OBTAINED ALL THE INFORMATION AND EXPLANATIONS WHICH WE HAVE REQUIRED. IN THIS CONNECTION WE EXAMINED OR TESTED THE ACCOUNTING RECORDS OF THE COMPANY AND OTHER SUPPORTING EVIDENCE, BUT THE SCOPE OF OUR EXAMINATION OF THE DETAIL TRANSACTIONS WAS CONFINED TO

A TEST THEREOF. WE REPORT THAT, BASED ON SUCH EXAMINATION, THE ABOVE BALANCE SHEET IS, IN OUR OPINION, PROPERLY DRAWN UP SO AS TO EXHIBIT A TRUE AND CORRECT VIEW OF THE STATE OF THE COMPANY'S AFFAIRS AS AT DECEMBER 31 1938, ACCORDING TO THE BEST OF OUR INFORMATION AND THE EXPLANATIONS GIVEN TO US AND AS SHOWN BY THE BOOKS OF THE COMPANY.

Price Waterhouse Co.

CHARTERED ACCOUNTANTS.

VANCOUVER, B.C.
JANUARY 20 1939

CANTY 092HSE064

R.H. STEWART

Mining Engineer
1318 Marine Building
Vancouver, B.C.

August 27, 1938.

The Directors,
Canty Gold Mines (Hedley) Limited,
Vancouver, B. C.

Dear Sirs: Development.

Preliminary prospecting by diamond drilling was carried on during the summer of 1937, ore being disclosed in several holes, one of these at a depth of about 500 feet.

The ore shown was bounded to the northeast by granite, to the southwest by a fault; beyond the fault no ore appeared. The reason was not disclosed by the drilling.

It was then decided that further drilling would be inadvisable, and that it would be necessary to prove the ore by deep development.

Accordingly, during the winter of 1937, a bunk-house, boarding-house, Blacksmith shop, Warehouse, Miner's Dry, Power-house, etc. were erected, a power plant was installed consisting of an air compressor and diesel engine to operate it and a diesel engine and generator, for lighting, pumping if necessary and for ventilating underground workings.

A diesel engine connected to a double drum hoist was also installed, head frame erected and a three compartment shaft sunk to a depth of 425 feet; stations being cut at 175 and 400 feet.

Drifting was started on the 175 foot level; the lower level being left until more accurate determination of the location and character of ore bodies should be made in the upper level.

As, on account of the nature of the surface the shaft was sunk about 250 feet to the south of the fault it required about 340 feet of drift to reach the fault; and, as an unexpected dyke of granite showed up to the north of the fault a further 100 to 150 feet of drifting was required before the ore was found.

Ore was found in a crosscut to the west of the main drift, width about 10 feet; also in the main drift.

Continuing in the main drift a fault cut off mineralization. Crosscutting to the east disclosed the ore beyond this fault.

Drifting has been started on the ore found in the crosscut and drifting north has been resumed swinging the drift to catch the ore encountered in the east crosscut.

~~This is as far as development has been carried to date.~~

Results so far are inconclusive. The last fault encountered explains certain discrepancies in diamond drilling records and increases the probability of more or less continuous ore bodies; but until further work is done no estimate of ore is possible.

As to further development work. It is proposed to continue drifting on the 175 foot level until the granite is encountered. This may require, including crosscuts, 400 feet of work. The amount of drifting and crosscutting required on the 400 foot level is, of course, indeterminate, but is estimated at 1,000 feet. When this work is completed, raises from level to level, and to the surface, should complete the opening up of the ore body in this area.

The crosscut from the shaft to the main fault shows distinct change in dip and strike of the formation and explains lack of ore occurrence in the drill holes in that area. Later this area can and should be prospected.

Yours truly,



Managing Director.

RHS:FM.

R. H. STEWART

Mining Engineer
1318 Marine Building
Vancouver, B.C.

February 3rd, 1939.

The Directors,
Canty Gold Mines (Hedley) Ltd.,
Vancouver, B. C.

Dear Sirs:

Regarding results of development to date on the Boston claim.

The shaft was sunk 425 feet and two levels driven from it at about 200 and 400 feet. On the upper level about 1500 feet of drifting and crosscutting has been done, and on the lower level about 600 feet. A raise has been driven in ore for about 40 feet on the upper level.

Results to date are:

On the upper level.

(1) A drift on ore more or less spotty in values but with good grade sections for about 300 feet. Somewhat over half of this length of mineable value. One raise of 40 feet in length on this ore still in ore.

(2) A second zone 50 feet from the above, crosscut by No. 120 crosscut and apparently cut by drill hole No. 5 70 feet back, not yet otherwise explored.

(3) Crosscut 125 exposes ore 10 feet in width, with drill hole No. 4, 70 feet above, also showing ore; not further explored.

On the lower level ore showing in the drift for a length of 60 feet, apparently passing out of the drift at the south end and fading in the north end.

A drill hole No. 15, shows high grade ore 35 feet above the level. No ore in the level below this in 243 crosscut, but low grade ore coming into the drift 15 feet ahead.

Results to date are then in the upper level, 80 to 100 tons per foot of depth, and in the lower level 30 to 40 tons per foot of depth, with a great deal less development work.

It seems probable that at least this tonnage can be realized from present developments, although the ore occurrences will be erratic.

This does not take into consideration Nos. 2 and 3 ore occurrences.

The ore occurs on a fold approaching a granite contact and in the upper level turns parallel to this contact.

The turn is now beginning to show on the lower level.

Future Development.

I suggest the purchase of a small diamond drill which can be obtained for \$800.00 with 160 feet of rods.

Drill short holes from the drifts, crosscutting the area near the granite, extending both upper and lower levels, and raise from No. 2 to No. 1 level under the ore zone in No. 1 level.


Diamond drill will explore the area more cheaply than crosscutting, now that sufficient work has been done to give some idea of the structure.

The possibilities appear to be:

- (1) A series of ore bodies on the fold referred to.
- (2) Possibility of extensions along or near the contact of the granite.

If the latter line of weakness should prove to be the source of the ore bearing solutions, there is a possibility of considerable extension of the ore bearing zone.

Yours truly,


Managing Director.

RHS:FM.

JULY 17, 1987

Mr. John Godfrey reports:

Golden North is currently conducting exploration and development on four project areas on its Nickel Plate properties located near Hedley, B.C., under the direction of Mascot Gold Mines Limited. **92HSE037-38**

Golden North has received results of a further three diamond drill holes carried out on the Horsefly Terrier group of mineral claims which are located immediately to the southwest of Mascot Gold Mines' south pit area. As reported in a previous news release published in the Stockwatch dated April 3, 1987, this drilling has indicated a significant extension to the southpit area reserve zone. **S.W.**

Further exploration and drilling in this area will continue as part of the overall mine development. Golden North has a 20% net profits interest in production from these properties.

A summary of assay results is as follows:

HOLE NO.	INTERVAL (FEET)	WIDTH (FEET)	OZ AU/T
MG87-497	66.5-74.0	5.5	0.253
	119.0-122.0	3.0	0.030
	256.0-269.0	13.0	0.070
	281.0-297.0	16.0	0.612
	313.5-339.5	29.0	0.224
	383.5-386.0	2.5	0.048
	429.0-433.0	4.0	0.084
	458.0-467.5	9.5	0.129
	470.0-482.0	12.0	0.143
	506.5-513.0	6.5	0.066
	517.0-524.0	7.0	0.067
	569.0-580.5	11.5	0.126
	590.0-594.5	4.5	0.058
	597.0-600.0	3.0	0.062
	628.5-637.5	9.0	0.047
MG87-510	181.0-183.5	2.5	0.084
	292.0-295.0	3.0	0.034
	356.5-368.0	11.5	0.164
	388.5-394.0	5.5	0.200
	430.0-436.0	6.0	0.057
	440.0-444.0	4.0	0.352
	466.0-472.0	6.0	0.188
	475.0-479.5	4.5	0.110
	495.0-502.0	7.0	0.050
	541.0-546.0	5.0	0.032
MG87-530	556.5-558.5	2.0	0.174
	19.0-25.0	6.0	0.056
	119.5-124.0	4.5	0.082
	127.0-130.5	3.5	0.096
	140.0-147.5	7.5	0.047
	167.0-177.0	10.0	0.036
	187.0-192.0	5.0	0.060
	323.5-328.5	5.0	0.046
	405.0-410.0	5.0	0.042
	443.0-455.5	12.5	0.131
	599.0-602.5	3.5	0.109
	662.0-687.5	25.5	0.300
701.0-704.0	3.0	0.046	

On the Canty project, a phase II, 2,500 foot diamond drill program has recently been completed. The results of this drilling are currently being assayed, compiled and correlated by Mascot Gold Mines and will be announced in due course. This additional drilling will be integrated with all previous drill results on the Canty into a mine grid base.

92HSE 064

Underground drilling on the Mascot Fraction of the planned 18,000 foot drill program continues. Current drill results are also being assayed, compiled and correlated by Mascot Gold Mines and will be announced in due course.

An initial phase I, 4,000 foot diamond drill program has commenced on the Good Hope group of mineral claims.

Golden North also announces that its shares have been listed on the Toronto stock exchange, effective June 23, 1987. Burns Fry Limited of Toronto are acting as the company's market specialist.



INTERNATIONAL
CORONA
CORPORATION

09CHSE 064
NICKEL PLATE MINE
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Penticton, B.C.
V2A 6Y7
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- Purchasing (604) 292-8660

TELECOPIER TRANSMITTAL SHEET

TELECOPY LOG NUMBER: _____ DATE: May 14, 1992

NUMBER OF PAGES: 1 (INCL. TRANSMITTAL SHEET)

TO: Peter Fischel

COMPANY: Geological Survey Branch

TELECOPIER NO.: 604 356 7413

FROM: Don Parsons, Chief Engineer.

COMPANY: Nickel Plate Mine.

DATA TRANSMITTED:

As per your request of May 7, 1992 re: Canby Production

As of March, 1992 : 934,570 short dry tons
@ 0.0795 Au oz. / short dry ton.

Remaining reserves in the Canby Pit are presently
under evaluation & cannot be released at this time.

ADMIN.-1(Form1):clg

FAX OPERATOR: _____