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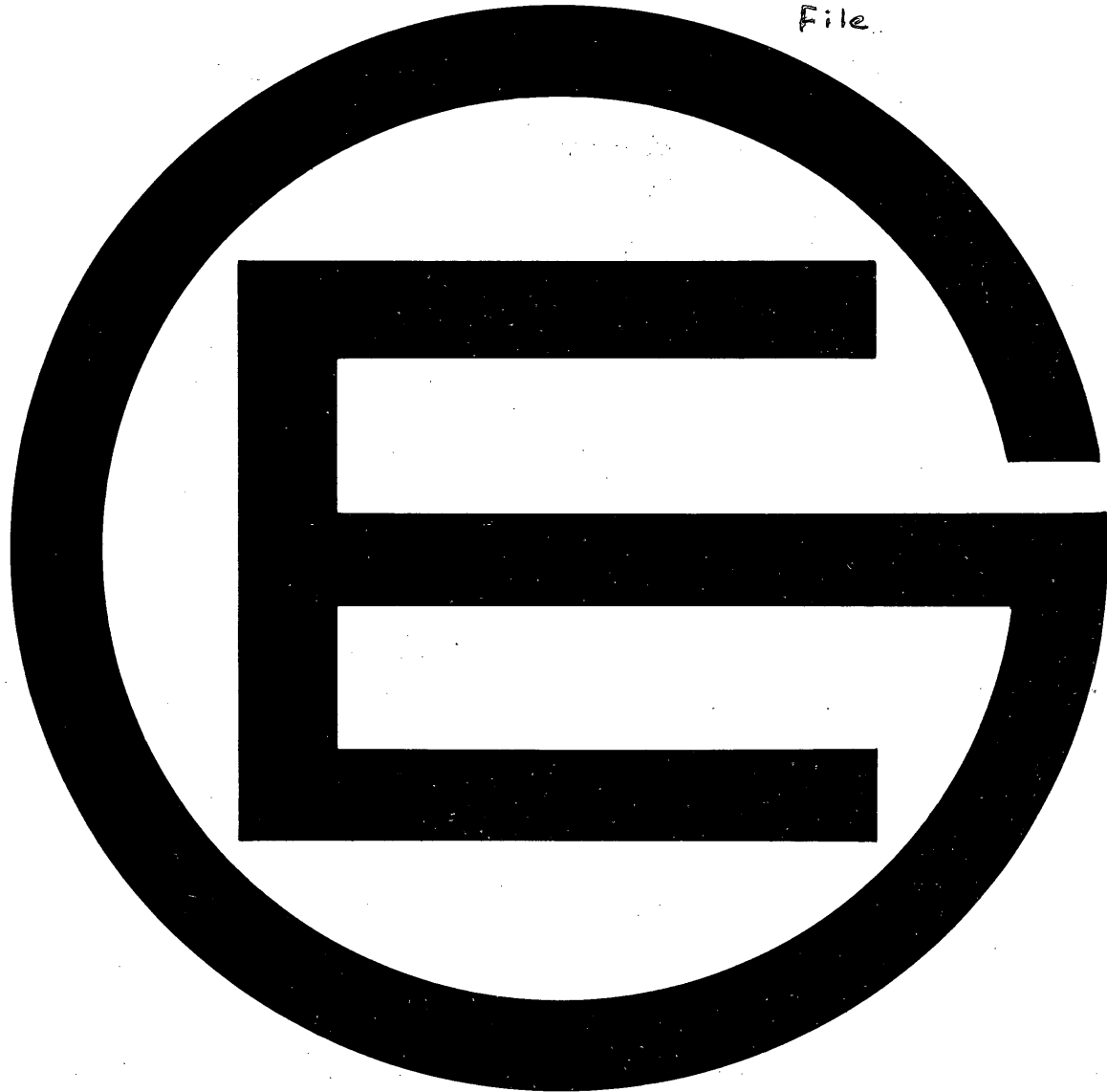
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# GIANT EXPLORATIONS LIMITED

of  
Giant  
Mascot

(NON-PERSONAL LIABILITY)

Property  
File



## FIFTH ANNUAL REPORT

for the year ended November 30, 1970



**FIFTH ANNUAL REPORT**

**GIANT EXPLORATIONS LIMITED**

*(Non-Personal Liability)*

(Incorporated under the laws of the Province of British Columbia)

Listed on the Vancouver Stock Exchange.

**DIRECTORS**

A.H. AINSWORTH, Vancouver  
K.G. BREAM, Toronto  
R.B. CARLETON, Montreal  
J.L. GIBSON, Vancouver  
W.C. GIBSON, Vancouver  
H.A. McDIARMID, Vancouver  
L.P. STARCK, Vancouver  
J.T. WANAMAKER, Montreal

**OFFICERS**

W.C. GIBSON, Chairman of the Board  
L.P. STARCK, President and Managing Director  
A.H. AINSWORTH, Secretary and General Counsel  
R.J. COBB, Treasurer and Chief Financial Officer

**REGISTERED OFFICE**

625 - 925 West Georgia Street, Vancouver

**ADMINISTRATIVE OFFICE**

1131 Melville Street, Vancouver 5, B.C.

**REGISTRAR AND TRANSFER AGENTS**

Canada Permanent Trust Company, Vancouver

**SOLICITORS**

Ainsworth, Henson, Norby, Purvis & Kendall,  
Vancouver

## REPORT OF THE DIRECTORS

For Giant Explorations the year ended November 30, 1970, proved to be the most rewarding in its history as during the year the integrated geochemical, geophysical and geological techniques developed by the Company in recent years as a method of reconnaissance exploration proved their value in establishing the Nickel Syndicate property as an exploration prospect of most interesting potential. In addition to the Nickel Syndicate program carried on by the Company as a joint venture with Giant Mascot Mines Limited, the Company also participated with Pacific Petroleum Ltd., as the Hedley Syndicate, in exploration in the Beaverdell-Greenwood and Hedley areas, and carried out further geophysical work at the Nahwitti Lake property as part of a continuing program to evaluate its potential. A detailed report on these programmes by W.E. Clarke, B.Sc, P. Eng., the Company's Chief Geologist and Manager Explorations, accompanies this report.

To provide the necessary financing for the Company during 1970, including the cost of maintaining the Company's 50% interest in the Nickel Syndicate program which had been initiated in 1969, a private placement of 225,000 treasury shares of the Company was arranged with Giant Mascot Mines Limited from which \$50,625 was received. On the basis of the results obtained in the Nickel Syndicate program during 1970, however, the possibility of the Company obtaining financing for 1971 by way of a public underwriting is presently being examined.

As in the past, the Company, during 1970 examined many prospects of merit and will continue to do so on at least the same scale in 1971, notwithstanding the fact that the Company's principal activity will consist of its participation in the substantially expanded program which is planned for the Nickel Syndicate property and the continuing program proposed to be undertaken by the Hedley Syndicate.

The program planned for the Nickel Syndicate property in 1971 is designed to test the five major geochemically anomalous areas of coincident nickel, copper and lead values, which were found to be not only associated with aeromagnetic anomalies, but also situate in areas where the rock types were of the same character as those in which commercial deposits of nickel copper have been found in the Giant Mascot Nickel mine, which adjoins the Nickel Syndicate property to the southeast. To date eight such areas of ultrabasics and other favourable host rocks have been defined as indicated on the map which accompanies Mr. Clarke's report. Apart from the fact that, as already noted, at least five geophysical and geochemical anomalies have been indicated, field surveys have discovered to date two areas of surface mineralization from which samples running from 0.18% to 0.23% in nickel values have been obtained. In view of the size of the anomalous areas which are involved, ground geophysical work and detailed geological mapping will first be undertaken in order to delimit more closely the optimum areas for diamond drilling and surface stripping.

On behalf of the Board

"L.P. STARCK"

L.P. Starck,  
President and Managing Director

+

The President & Directors  
Giant Explorations Limited (N.P.L.)  
1131 Melville Street  
Vancouver 5, B.C.

Gentlemen:

During the fiscal year ended November 30, 1970, the Company's principal exploration activities consisted of its participation in the Nickel Syndicate, the Hedley Syndicate and a continuing program at Nahwitti Lake in British Columbia. Interesting prospects were examined in Western Canada, the Yukon Territory and a number of the Western States, some of which warrant further investigation.

The Nickel Syndicate property lying to the southeast of Harrison Lake became the major exploration effort for your Company in 1970. In view of the encouraging geochemical and geophysical results, the size of the property was increased to 564 claims. Although the geologic data at hand must still be considered of a preliminary nature, it is sufficiently significant that detailed exploration of specific areas at an increased tempo will be undertaken in 1971.

As part of the Company's continuing program at its Nahwitti Lake property on Vancouver Island, an Induced Polarization survey was carried out over a portion of the property.

Work continued on properties previously acquired by the Hedley Syndicate and as a result of a review of the geological data accumulated over the past four years by the Syndicate, the Company and Pacific Petroleums Ltd., as the members of the Syndicate, have agreed to extend the program of reconnaissance prospecting into certain adjoining areas of interest and to continue exploration of other sectors previously prospected.

Total exploration expenditures for the year ended November 30, 1970 were \$116,388 of which \$103,417 was spent on exploration and operating expenses, \$5,549 on additions to vehicles and exploration equipment and \$7,422 on property payments.

## **PROPERTIES**

### **1. Nickel Syndicate - 50% interest - 564 claims**

This joint venture with Giant Mascot Mines Limited, on an equal basis, was considerably expanded during the year, and as a result of the reconnaissance exploration the property was enlarged from 240 to 564 claims, covering favourable geological structures and rock types, from the northwesterly boundary of the Giant Mascot mine property westerly through to Harrison Lake.

An airborne magnetometer survey of the Syndicate's area of interest and the Giant Mascot property, an area of approximately 85 square miles, was conducted at nominal quarter mile spacing, utilizing a Scintrex NPM-1 Nuclear Resonance, total intensity magnetometer, suspended 50 feet below a Bell 206 helicopter, maintaining a mean terrain elevation of 300 feet. Sixty flight lines, measuring a total of 335 line miles, were flown in a northeast-southwest direction. The results of this survey have been and will continue to be of value in subsurface interpretation of geological formations and structural conditions.

Geochemical soil sampling and, where possible, collection of rock samples, were carried out concurrently, along contours at approximately 400 foot elevation differentials and 200 foot sample intervals, covering a major portion of the property. Over 4,000 soil and 600 rock samples were collected. The soil samples were tested for copper, nickel and lead, while mineralized rock samples were assayed for nickel and copper.

Correlation of all data has indicated at least five areas of coincident geochemical copper and nickel values, in direct association with ultrabasics and other rock types common to the Giant Mascot mine area, with a further significant association with the airborne magnetics. Mineralized samples from two areas of ultrabasics in the south-central sector of the property, near the headwaters of Talc Creek, returned interesting nickel values.

The proposed program for 1971 provides for an overall acceleration of exploration work. The five selected areas will be subjected to detailed geochemical, geological and geophysical surveying to locate specific diamond drill targets. Reconnaissance exploration will be continued over the balance of the property.

**2. Nahwitti Lake – 111 recorded mineral claims near Port Hardy, B.C.**

The two well-defined airborne electromagnetic anomalies, located in 1969, were further tested by 3.5 line miles of ground Induced Polarization survey, combined with geochemical and geological reconnaissance. Sulphides, essentially pyrite with lesser quantities of chalcopyrite, were observed in several localities. Certain economies were effected by co-ordinating the geophysical surveys with a like program carried out by adjoining property holders, and this cooperation may well be advantageously continued in the future.

Additional claims were staked to protect the geophysical anomaly at the east end of the property.

An Induced Polarization survey of a portion of the western sector of the property, underlain by intrusive rocks, is planned as part of the 1971 program.

**3. Hedley Syndicate – 50% interest**

This fifty-fifty prospecting joint venture with Pacific Petroleum Limited was continued in the Beaverdell-Greenwood and Hedley areas. The program this year consisted largely of geochemical and geological investigations of promising targets located during previous years.

In the Beaverdell-Greenwood area, the claim group on the Tuzo Creek watershed was enlarged, but after further detailed examination some of the claims were allowed to lapse, and the property presently consists of 21 claims. Geochemical and geological work indicated a prophyry intrusive, with scattered molybdenum mineralization along the east-central property boundary, which undoubtedly contributed to the anomalous geochemical values.

Several claim groups in the Hedley area did not respond to detailed geochemical and geological investigation and were allowed to lapse.

A review and reassessment of all work over the past four years has resulted in the proposal to enlarge one of the areas of interest and pursue in more detailed fashion other specific targets, requiring an increase in the budget for 1971.

**4. Other Properties**

No work was carried out this year on the G.M. Group, 250 miles east of Yellowknife, N.W.T., held in partnership with Ulster Petroleum Ltd. and Western Exploration Ltd., and as there were no significant developments on other properties in the area during the year, certain of the claims were allowed to lapse.

The O.K. Group in the Vangorda-Dynasty area in the Yukon were maintained in good standing.

The Mag Group in the Pine Point area of the Northwest Territories and the Bow Group in the Sekulumun Lake area of the Yukon were allowed to lapse.

**PROPERTY EXAMINATIONS**

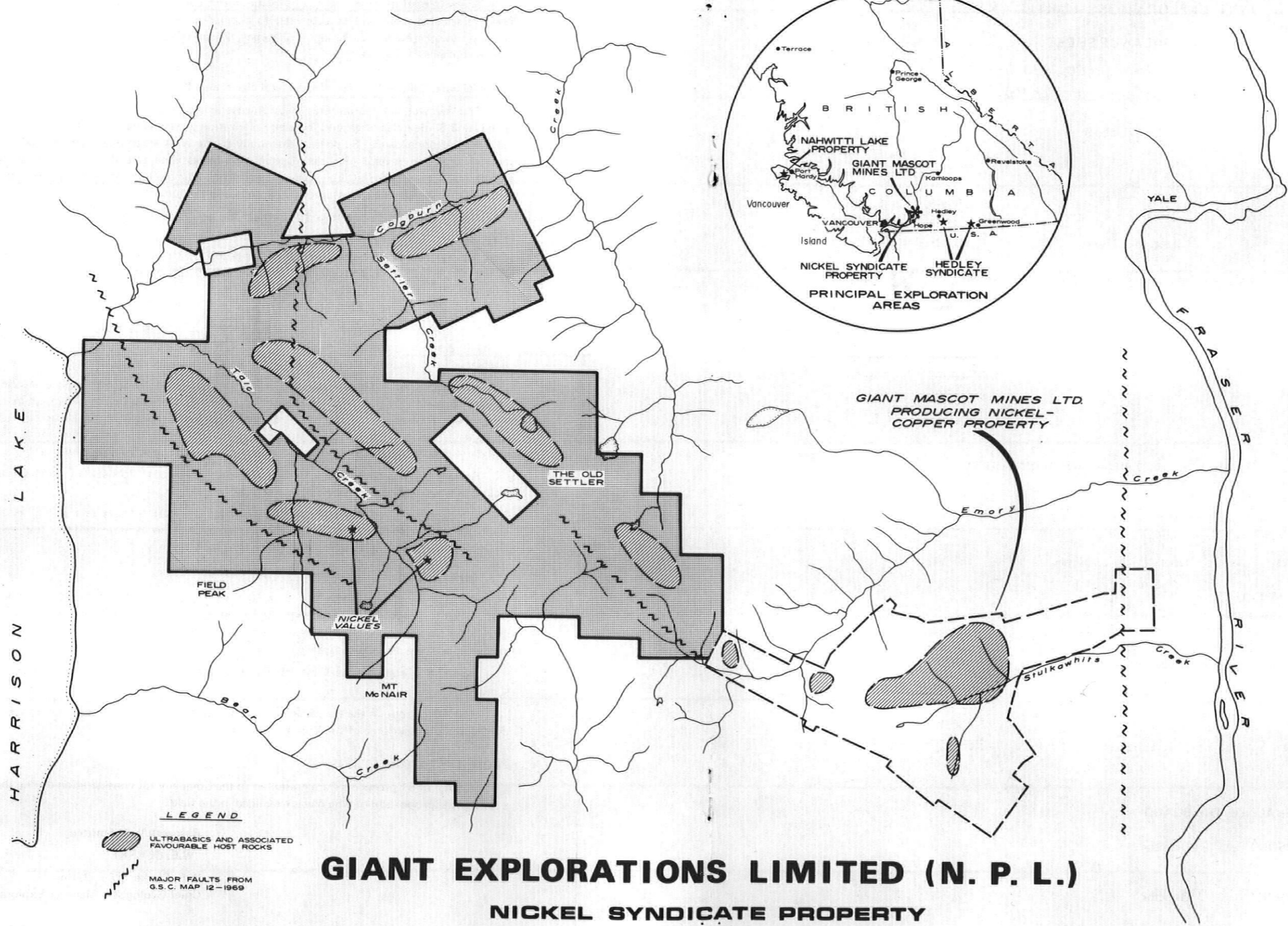
A total of 51 prospects were presented to the Company for consideration during the year, a substantial proportion of which was examined in the field.

Respectfully submitted,


"W.E. CLARKE"


W.E. Clarke, B.Sc., P. Eng.

Chief Geologist – Manager Explorations



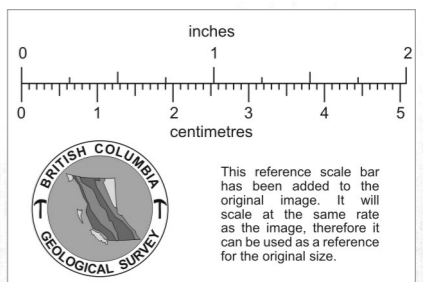
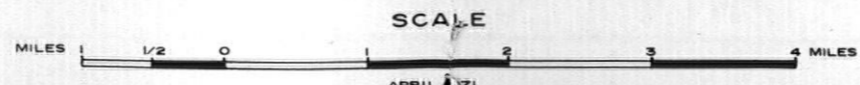
**LEGEND**

 ULTRABASICS AND ASSOCIATED FAVOURABLE HOST ROCKS

 MAJOR FAULTS FROM G.S.C. MAP 12-1969

GIANT MASCOT MINES LTD.  
PRODUCING NICKEL-  
COPPER PROPERTY

**GIANT EXPLORATIONS LIMITED (N. P. L.)**  
**NICKEL SYNDICATE PROPERTY**



**GIANT EXPLORATIONS LIMITED (N.P.L.)**

**BALANCE SHEET**

As at November 30, 1970

*(With comparative figures for 1969)*

**ASSETS**

	1970	1969
<b>CURRENT ASSETS:</b>		
Cash	\$ 55,240	\$ 53,202
Receivables	645	7,493
Total Current Assets	55,885	60,695
Investment in shares of Macsan Explorations Ltd. (N.P.L.), at cost	—	22,500
Vehicles and exploration equipment, at cost (Note 2)	43,581	65,691
Mineral claims and options, at cost (Note 1)	43,744	58,645
Deferred exploration, development and other expenditures, per accompanying statement	295,288	279,988
	\$ 438,498	\$ 487,519

**LIABILITIES AND SHAREHOLDERS' EQUITY**

<b>CURRENT LIABILITIES:</b>		
Accounts payable and accrued liabilities	\$ 10,165	\$ 10,364
Advances from Giant Mascot Mines Limited	47,677	3,242
Total Current Liabilities	57,842	13,606
<b>SHAREHOLDERS' EQUITY:</b>		
Capital stock (Note 3)		
Authorized 5,000,000 shares of no par value		
Issued 2,494,224 shares (1969 — 2,269,224)	930,237	879,612
Deficit, per accompanying statement	549,581	405,699
Total Shareholders' Equity	380,656	473,913
	\$ 438,498	\$ 487,519

SIGNED ON BEHALF OF THE BOARD

"W.C. GIBSON"                      Director

"L.P. STARCK"                      Director



**GIANT EXPLORATIONS LIMITED (N.P.L.)**

**NOTES TO FINANCIAL STATEMENTS**

Year Ended November 30, 1970

**1. VALUES**

The amounts shown for mineral claims, options to acquire mineral claims and deferred expenditures represent accumulated costs and are not intended to reflect present or future values.

**2. VEHICLES AND EXPLORATION EQUIPMENT**

No depreciation of vehicles and equipment has been recorded in the accounts. It is the Company's policy to write off to deficit the cost less proceeds of sale applicable to each asset at the time of disposal or abandonment.

**3. CAPITAL STOCK**

Capital stock has been issued for the following consideration:

	<u>Shares</u>	<u>Amount</u>
Cash	1,978,224	\$ 872,237
Mineral rights	516,000	58,000
	<u>2,494,224</u>	<u>\$ 930,237</u>

During the year 225,000 shares were issued to Giant Mascot Mines Limited for \$50,625 in cash.

**STATEMENT OF DEFICIT**

Year Ended November 30, 1970

*(With comparative figures for 1969)*

	<u>1970</u>	<u>1969</u>
Balance at beginning of year	\$ 405,699	\$ 260,684
Add:		
Cost of mineral claims and option interests relinquished, including cost of shares in Macsan Explorations Ltd. (N.P.L.)	44,822	15,299
Exploration, development and other expenditures applicable to properties relinquished	88,117	128,711
Loss on disposal of vehicles and exploration equipment	10,943	1,005
	<u>143,882</u>	<u>145,015</u>
Balance at end of year	<u>\$ 549,581</u>	<u>\$ 405,699</u>



**GIANT EXPLORATIONS LIMITED (N.P.L.)**  
**STATEMENT OF DEFERRED EXPLORATION, DEVELOPMENT**  
**AND OTHER EXPENDITURES**

Year Ended November 30, 1970

*(With comparative figures for 1969)*

	<u>1970</u>	<u>1969</u>
Exploration and development:		
Engineering and geological surveys	\$ 54,744	\$ 77,564
Camp operation and accommodation	16,053	22,247
Diamond drilling	2,125	11,151
Travel and vehicle operating	12,409	24,404
Assays, geophysical and geochemical surveys	31,995	34,630
Filing fees and sundry	5,399	5,223
Road building	—	2,800
	<u>122,725</u>	<u>178,019</u>
Less portion applicable to joint venture partners	44,794	46,126
	<u>77,931</u>	<u>131,893</u>
Administration:		
Legal and audit	7,700	8,698
Office operating	9,797	12,416
Transfer agent's fees	2,851	3,233
Shareholders reports, meetings, etc.	1,602	2,176
General supervision	6,362	6,000
Insurance	741	808
	<u>29,053</u>	<u>33,331</u>
Less rental and interest income	3,567	10,397
	<u>25,486</u>	<u>22,934</u>
Net expenditures for the year	103,417	154,827
Balance deferred at beginning of year	279,988	253,872
	<u>383,405</u>	<u>408,699</u>
Deduct expenditures applicable to properties relinquished during year	88,117	128,711
	<u>\$ 295,288</u>	<u>\$ 279,988</u>

Allocation to mineral claims:

	<u>Balance at beginning of year</u>	<u>Expenditures during the year</u>	<u>Charged to deficit</u>	<u>Balance at end of year</u>
Hedley Syndicate	\$ 66,845	\$ 8,550	\$ —	\$ 75,395
Nahwitti Lake	147,392	6,480	—	153,872
Nickel Syndicate	16,572	49,449	—	66,021
Others	49,179	38,938	88,117	—
	<u>\$ 279,988</u>	<u>\$ 103,417</u>	<u>\$ 88,117</u>	<u>\$ 295,288</u>

## GIANT EXPLORATIONS LIMITED

*(Non-Personal Liability)*

### NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifth Annual General Meeting of Giant Explorations Limited (Non-Personal Liability) will be held in the Alouette Room of the Hotel Vancouver, 900 West Georgia Street, Vancouver, British Columbia, on Friday, the 30th day of April, 1971, at the hour of 3:00 o'clock in the afternoon, for the following purposes:

- (a) to receive and approve the Annual Report to the shareholders by the President on behalf of the Board of Directors and the Operating Report by the Chief Geologist-Manager Explorations annexed thereto, and the Financial Statements of the Company for the year ended November 30, 1970, together with the Report of the Auditors thereon;
- (b) to appoint Auditors and to authorize the Directors to fix the remuneration to be paid to the Auditors;
- (c) to ratify, confirm and approve all acts, deeds and things done by and the proceedings of Directors and Officers of the Company on its behalf since the last Annual General Meeting of the Company as referred to in the Annual Report and the Financial Statements to be presented to the Meeting which accompany this Notice;
- (d) to fix the number of Directors for the ensuing year at eight (8), and to empower the Board of Directors, in their discretion, to appoint at any time one (1) additional Director to hold office until the next succeeding Annual General Meeting of the Company, unless his office be earlier vacated, and if, as and when any such appointment of an additional Director is made, to fix the number of Directors of the Company accordingly at nine (9) to give effect to such appointment;
- (e) for the election of Directors;
- (f) to authorize the Company, pursuant to Sections 22(1) (g) and 150 of the "Companies Act", to take or otherwise acquire and hold the shares, stock or debentures or other securities of any company, wheresoever incorporated, having objects, altogether or in part, similar to those of the Company or carrying on any business capable of being conducted so as, directly or indirectly, to benefit the Company, and to sell or reissue with or without guarantee or otherwise deal with the same, and to empower the Board of Directors to exercise such authority on the Company's behalf;
- (g) to transact such other business as may properly be transacted at such meeting, or at any adjournment thereof, without notice.

Copies of the Annual Report to Shareholders, the Financial Statements of the Company made up to November 30, 1970, and of an Information Circular accompany this Notice.

If you are unable to attend the Annual General Meeting in person, kindly read the Notes on the instrument of proxy enclosed herewith and then complete and return the proxy within the time stipulated in the Notes. As set out in the Notes, the enclosed proxy is solicited by management but you may amend it, if you so desire, by striking out the names listed therein and inserting in the space provided the name of the person you wish to represent you at the meeting.

DATED at Vancouver, B.C. this 8th day of April, 1971.

ON BEHALF OF THE BOARD

"Allan H. Ainsworth"

Secretary.

## INFORMATION CIRCULAR

issued in connection with the Fifth Annual General Meeting to be held on April 30th, 1971.

### SOLICITATION OF PROXIES:

This information circular is furnished in connection with the solicitation by the management of Giant Explorations Limited (Non-Personal Liability) ('the Company') of proxies to be used at the Fifth Annual General Meeting of the Shareholders of the Company to be held at the time and place and for the purposes set forth in the accompanying Notice of Meeting. It is expected that the solicitation will be primarily by mail. Proxies may also be solicited personally by regular employees of the Company at nominal cost. The cost of solicitation by management will be borne by the Company.

### APPOINTMENT AND REVOCATION OF PROXIES:

The persons named in the enclosed form of proxy are Directors and/or Senior Officers of the Company. A shareholder desiring to appoint some other person to represent him at the meeting may do so either:

- (a) by striking out the printed names and inserting such other person's name in the blank space provided in the form of proxy; or
- (b) by completing another proper form of proxy, and, in either case, depositing the completed proxy at Suite 625, 925 West Georgia Street, Vancouver 1, B.C., not less than twenty-four (24) hours before the time for holding the meeting or any adjournment thereof.

A shareholder who has given a proxy may revoke it either:

- (a) by signing a proxy bearing a later date and depositing it as aforesaid; or
- (b) as to any matter on which a vote shall not already have been cast pursuant to the authority conferred by such proxy, by signing and dating a written notice of such revocation (in the same manner as the instrument of proxy is required to be executed as set out in the Notes to the instrument of proxy herewith) and either depositing the same at the address and within the time aforesaid or with the Chairman of the meeting on the day of the meeting or on the day of any adjournment thereof; or
- (c) by attending the meeting in person and registering with the scrutineers which shall serve as notice of revocation of any proxy previously filed but only as to matters which have not already been dealt with at the meeting.

Furthermore, the Articles of Association of the Company expressly provide that the casting of a vote on the basis of an instrument of proxy will be valid notwithstanding the previous death of the principal, or revocation of the proxy, or transfer of the share in respect of which the vote is to be cast, provided that no intimation in writing of such death, revocation or transfer shall have been received at the registered office of the Company or by the Chairman of the meeting before the vote is cast.

### EXERCISE OF DISCRETION BY PROXIES:

The persons named in the enclosed form of proxy will vote the shares in respect of which they are appointed in accordance with the direction of the shareholder appointing them. In the absence of such direction, it is intended that such shares will be voted:

- (a) in favour of the approval of the Annual Report and the Financial Statements of the Company;
- (b) for the appointment of Auditors, as stated under that heading in this circular;
- (c) for the ratification, confirmation and approval of all acts, deeds and things done by and proceedings of the Directors and Officers of the Company on its behalf as set out in the Notice of Meeting;
- (d) to fix the number of Directors at eight (8) and to empower the Board of Directors to appoint one (1) additional Director;

- (e) for the election of Directors as stated under that heading in this circular;
- (f) to authorize the Company to exercise the power to invest in other companies, as more particularly set out as Item (f) in the accompanying Notice of Meeting.

**VOTING SHARES:**

On the date of the accompanying Notice of Meeting, the Company had outstanding 2,494,224 common shares without nominal or par value, each carrying the right to one vote, so that the aggregate number of votes attaching to all the outstanding shares is 2,494,224.

Shareholders registered prior to the time of the meeting will be entitled to attend and vote thereat. The person duly appointed under an instrument of proxy, however, will only be entitled to vote the shares represented thereby if the instrument of proxy (together with any instrument which may be required as set out in Note 3 on the instrument of proxy) is deposited at the address aforesaid not less than twenty-four (24) hours before the time for holding the meeting or any adjournment thereof.

Giant Mascot Mines Limited, 1131 Melville Street, Vancouver 5, B.C., is the registered and beneficial owner of 725,255 shares of the Company, being some 29.07% of the voting shares of the Company presently issued and outstanding. Furthermore, the Directors and Officers of the Company are all Directors and Officers of Giant Mascot Mines Limited.

**ELECTION OF DIRECTORS:**

The Board presently consists of eight (8) Directors, all of whom are deemed to retire at the Annual General Meeting but are eligible for re-election. The persons named in the enclosed form of proxy intend to vote in favour of the resolution to fix the number of Directors for the ensuing year at eight (8) and to empower the Board of Directors, in their discretion, to appoint one (1) additional Director. If such resolution is adopted, the persons named in the enclosed form of proxy intend to vote for the election of the eight (8) nominees whose names are set forth below, all of whom are now members of the Board of Directors and have been since the dates indicated. The management does not contemplate that any of the nominees will be unable to serve as a Director, but, if that should occur for any reason prior to the meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion. Each Director elected will hold office until his successor is elected at the next Annual General Meeting of the Company, or at any adjournment thereof, unless his office is earlier vacated under any of the relevant provisions of the Articles of Association of the Company.

The following table and the notes thereto state the names of all the persons proposed to be nominated for election as Directors, all other positions and offices with the Company now held by them, their principal occupation or employments, the dates upon which they became Directors of the Company, and the approximate number of shares of the Company beneficially owned, directly or indirectly, by each of them, as of the date of the accompanying Notice of Meeting:

Name and Office	Principal Occupation or Employment	Date of Appointment as Director	Shares Owned
W. Clarke Gibson Chairman of the Board	Lumberman and Mining Executive: Chairman of the Board of Giant Mascot Mines Limited; President of Giant Explorations Limited (N.P.L.) from its incorporation to 1969.	Dec. 29, 1965	*79,361
Louis P. Starck President and Managing Director	Professional Mining Engineer: President and Managing Director of Giant Mascot Mines Limited; presently President and Managing Director, and from incorporation to 1969, Vice-President and General Manager, of Giant Explorations Limited (N.P.L.).	Dec. 29, 1965	8,000

Kenneth George Bream	Real Estate Executive, formerly General Manager, and still Vice-President, of Pacific Centre Limited; Vice-President, Development, The Fairview Corporation Limited; Director, Giant Mascot Mines Limited.	May 21, 1970	nil
Rupert B. Carleton	Barrister and Solicitor; Vice-President and General Counsel, Cemp Investments Ltd.; Director, Giant Mascot Mines Limited.	May 21, 1970	nil
John Lambert Gibson	Lumberman and Mining Executive; previously President, now Chairman of the Board, Torwest Resources (1962) Ltd. (N.P.L.) and Highmont Mining Corp. Ltd. (N.P.L.); Director, Giant Mascot Mines Limited.	Mar. 31, 1967	*45,041
Harvey A. McDiarmid	Lumberman and Mining Executive; Chairman of the Board, H.M. Development Ltd., National Homes Ltd.; Director, Giant Mascot Mines Limited.	Mar. 31, 1967	10,500
John Thornton Wanamaker	Investment Analyst; formerly General Manager of securities, then Vice-President of Corporate Investments, Cemp Investments Ltd. since April 1, 1971; self-employed investment analyst; Vice-President, Finance, and Director, Giant Mascot Mines Limited.	May 21, 1970	nil
Allan Harrison Ainsworth	Barrister and Solicitor; Partner of Ainsworth, Henson, Norby, Purvis and Kendall, the Company's Solicitors; General Counsel, Secretary and Director, Giant Mascot Mines Limited.	Apr. 8, 1971	nil

\* W. Clarke Gibson and John Lambert Gibson are brothers. In addition to the shares of the Company which they individually own, directly or indirectly (including the shares held by their respective personal corporations), as set out above, they each hold an equal interest with their two brothers in Gibson Barge Company Ltd. which owns 23,760 shares.

**NOTES:**

- (a) The information as to shares beneficially owned, not being within the knowledge of the Company, has been furnished by the respective Directors individually.
- (b) Unless otherwise stated above, each of the above-named persons has held the first named principal occupation or employment indicated for at least five years.

**APPOINTMENT OF AUDITORS:**

The persons named in the enclosed form of proxy intend to vote for the appointment of Price, Waterhouse & Co., Chartered Accountants, Vancouver, B.C., as Auditors of the Company, to hold office until the next Annual General Meeting of Shareholders.

#### **REMUNERATION OF MANAGEMENT AND OTHERS:**

1. During the twelve-month period from the commencement of the last completed fiscal year of the Company on December 1, 1969 to November 30, 1970, no remuneration has been paid by the Company to its Directors and Senior Officers. During the period in question, however, the Company paid to Giant Mascot Mines Limited in the aggregate the sum of \$26,000.00 for which the latter supplied the services of a full-time manager, and all accounting and clerical services, as well as office accommodation, senior engineering and management.
2. No pension or retirement benefit plans have been instituted by the Company and none is proposed at this time.
3. Save as set out in paragraph 1 above, no remuneration has been paid, directly or indirectly, to any Senior Officers or Directors by the Company pursuant to any plan or otherwise, and none is intended to be paid in the ensuing year, other than compensation to Giant Mascot Mines Limited for like services and facilities to those furnished by it to the Company during the past year in a similar amount to that paid by the Company during the last completed fiscal year.
4. No options to purchase securities of the Company have been granted to any Senior Officers or Directors since the incorporation of the Company.
5. None of the Directors or Senior Officers of the Company or any person associated with them has been indebted to the Company since the commencement of the last completed fiscal year on December 1, 1969.

#### **INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

None of the Directors, Senior Officers, or their associates had any interest, direct or indirect, in any material transaction since December 1, 1969, or in any proposed transaction which has materially affected or will materially affect the Company. During the fiscal year ended November 30, 1970, however, Giant Mascot Mines Limited, which is the principal holder of the shares of the Company, purchased for investment purposes, pursuant to an agreement with the Company dated August 27, 1970, 225,000 unissued shares of the Company for a lump sum subscription of \$50,625. The proceeds of this private placement were required by the Company primarily to meet its 50% share, in the sum of approximately \$37,500, of the costs of the 1970 program of the Nickel Syndicate, a joint venture carried on by the Company in association with Giant Mascot Mines Limited, as well as the Company's 50% share of the balance then remaining of the costs of the 1970 program of the Hedley Syndicate, a joint venture carried on by the Company in association with Pacific Petroleum Ltd., and for other exploration expenditures and general corporate purposes. The acquisition of the shares in question served to increase the percentage of the total issued shares of the Company held by Giant Mascot Mines Limited from some 22% to 29.07%.

#### **MANAGEMENT CONTRACTS:**

The Company has not entered into any management contracts. As already set out herein, Giant Mascot Mines Limited furnishes the Company with senior engineering and management, field supervision, accounting and administrative and clerical services.

April 8, 1971.

GIANT EXPLORATIONS LIMITED (N.P.L.)

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

Year Ended November 30, 1970

*(With comparative figures for 1969)*

	1970	1969
<b>Source of Funds:</b>		
Issue of capital stock for cash	\$ 50,625	\$ 145,000
Proceeds from sale of vehicles and exploration equipment	16,717	250
	67,342	145,250
<b>Application of Funds:</b>		
Additions to vehicles and exploration equipment	5,549	10,097
Purchase of mineral claims and option payments	7,422	6,112
Purchase of shares of Macsan Explorations Ltd. (N.P.L.)	-	22,500
Exploration, development and other expenditures	103,417	154,827
	116,388	193,536
Decrease in working capital	49,046	48,286
	47,089	95,375
Working capital at beginning of year		
Working capital (deficiency) at end of year	\$ (1,957)	\$ 47,089

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**AUDITORS' REPORT**

To the Shareholders of  
Giant Explorations Limited (N.P.L.)

We have examined the balance sheet of Giant Explorations Limited (N.P.L.) as at November 30, 1970 and the statements of deficit, deferred exploration, development and other expenditures 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.

In our opinion these financial statements present fairly the financial position of the company as at November 30, 1970 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

"THORNE, GUNN, HELLIWELL & CHRISTENSON"

Thorne, Gunn, Helliwell & Christenson  
Chartered Accountants

December 29, 1970