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ANGLO CANADIAN MINING CORPORATION



FIRST ANNUAL REPORT 1980

BOARD OF DIRECTORS

Ronald B. Stokes, P.Eng.
Robert L. Kemeny, P.Eng.
Herbert D. Drechsler, P.Eng., Ph.D.
Donald H. Clark, B.Com., C.G.A.

OFFICERS

Ronald B. Stokes, President
Robert L. Kemeny, Secretary-Treasurer

HEAD OFFICE

713 - 744 West Hastings Street
Vancouver, British Columbia
V6C 1A5, Tel. (604) 688-8541

REGISTERED OFFICE

Twenty-Eighth Floor
595 Burrard Street
Three Bentall Centre
Vancouver, British Columbia
V7X 1J5

LEGAL COUNSEL

Owen, Bird
Vancouver, British Columbia

BANKERS

The Royal Bank of Canada
Vancouver, British Columbia

AUDITORS

Bruce T. Hamilton
Vancouver, British Columbia

REGISTRAR AND TRANSFER AGENT

National Trust Co.
Vancouver, British Columbia

STOCK LISTING

The Vancouver Stock Exchange
Call letters ANPJ

THE COMPANY

Anglo Canadian Mining Corporation was incorporated in the Province of British Columbia on March 27th, 1979.

The corporate objective of the Company is the exploration, development and production of mineral resource properties in British Columbia.

Anglo Canadian Mining Corporation is a public company whose shares are listed on the Vancouver Stock Exchange with the trading symbol ANP UN and Computer Call letters ANPJ.

FRONT COVER PHOTO

The upper camp on Mt. Ericksen Ashby lies on a narrow ridge above the Taku river. The blue tanks collected snow water from earlier in the season. The trail leads to the drill sites and surface mineralized zones.

THE ANNUAL MEETING

The Annual Meeting of Shareholders will be held on October 23rd, 1980 at 10:00 A.M. in the Private Dining Room at The Engineers Club, 640 West Pender Street, Vancouver, British Columbia, V6B 1V8.



PRESIDENTS REPORT

1980 saw a dynamic start to your company.

Early in the year your directors resolved to move Anglo Canadian Mining Corporation from a private company to a public Vancouver listed company. This was encouraged by several brokerage houses who realised that the long standing professional background of your directors and the properties they had to offer would appeal to potential shareholders.

The preparations for the prospectus and the public placement took from January to June of this year, a period of continuous activity.

Private placement of funds allowed your company to start on time with the field programs, planned for the Tulsequah area, 130km south of Atlin, in Northern British Columbia.

The 8 person team headed by Dr. John Payne, Consulting Geologist, moved into the Tulsequah airstrip in late May about 10 days before other company exploration teams were expected in the area.

The objective was to carry out a geologic mapping and prospecting program over an area 40km by 20km surrounding the Ericksen-Ashby, Big Bull, Tulsequah Chief and Polaris Taku Mining properties. The helicopter supported program was to look for volcanogenic massive sulphide deposits in the Stuhini formation, which hosts several formerly producing mines and numerous prospects in the area.

The Big Bull and Tulsequah Chief mines formerly operated by Cominco from 1951 to 1957 produced over a million tons of ore grading 0.02 oz/t gold, 3.3 oz/t silver, 1.32% copper, 1.46% lead and 6.05% zinc.

Close by and in the same geologic belt is the Ericksen-Ashby property overlooking the Tulsequah-Taku river valley.

This property was examined by your president, R.B. Stokes, P.Eng., Consulting Mining Engineer in June, 1979 and was mapped in detail in August, 1979 by Dr. John Payne who is a specialist in this type of volcanogenic deposits.

His compilation and rock studies carried out during the winter of 1979 resulted in a new model for the formation of the deposit.

The property was optioned from Gerald H. Rayner and Associates and transferred into your company in March, 1980.

It lies on a steep mountainside with an elevation range of 550 to 1400 metres.

Lenticular orebodies extend intermittently over a horizontal distance of 5000 ft. and up to 40 ft. in width.

Drilling, trenching, surface and underground sampling indicate at least 1,000,000 tons of mineralisation grading 6.27 oz/t of silver, 2.23% lead, 3.79% zinc, plus recoverable gold and cadmium.

Cominco in the 1950's examined one of the twelve showings and estimated 300,000 tons of 0.06 oz/t gold, 10.3 oz/t silver, 1.9% lead, 1.8% zinc of mineable reserves to a depth of 150 ft. only.

The location of the orebodies, steeply dipping within the ridge, makes for easy mining by gravity, through adits from the side and below, for the majority of the reserves.

A tunnel of over 500 ft. driven into the property passed through one ore zone and provided underground drill stations for further exploration.

FINANCING

\$185,000 was raised by private placement prior to the field season. This allowed the program to get underway while the prospectus was being approved.

Excellent cooperation was received from Midland Doherty Ltd., who did the public placement of 400,000 units at \$1.25 to net the treasury \$425,000. Each unit is one common share and one share purchase warrant. The whole issue sold out, well oversubscribed, in a few hours.

The share purchase warrants entitle the holder to purchase one common share at \$1.30 between 90 days and 180 days from listing on the Vancouver Stock Exchange.

Your Company was listed on the Curb Exchange on September 8, 1980. Consequently the warrants can be exercised from December 9, 1980 to March 9, 1981.

The purpose of the warrant proceeds is to extend the exploration on the Ericksen-Ashby and the three discoveries made by Dr. Payne's team this summer. Assuming that sufficient funds are available, your directors plan participation in oil and gas plays available from the excellent contacts they have established in Canada and the United States.

A subsidiary company, Anglo Canadian Mining Incorporated, has been formed in the U.S.A. for this purpose.

DISCOVERIES — 1980 PROGRAM

The 800 sq. km area of exploration was covered in about 10 weeks by Dr. Payne and his excellent team. Daily individual traverses were made by the geologists from helicopter drops in rugged terrain. Part of the success of the rapid coverage was due to the skill of the pilot Darryl Bruns of Atlin.

A number of mineralised discoveries were made, three of which were staked.

These warrant substantial and detailed exploration programs.

THE ONO-OYA CLAIMS, 30 units are on the Shazah Creek Valley, 5km to the north of the Tulsequah Chief Mine and are in an identical geologic setting.

The property was staked because of the abundance of altered rhyolites on the claims area and three zones with significant sulphides.

Assays and geologic maps are being assembled at this time.

THE JOLY-JAK CLAIMS, 15 units staked for Anglo Canadian are on the eastern flank of Mt. Lester Jones. Access is by helicopter from the Tulsequah airstrip 26km S.W.

The claims are underlain by sedimentary and volcanic rocks of the King Salmon-Stuhini group of Triassic age.

The Joly-Jak property contains vein and vein stockwork mineralisation dominated by pyrite, arsenopyrite and sphalerite with lesser stibnite.

It has good potential to contain a porphyry-vein system with values in copper, molybdenum, silver, gold and some lead and zinc. It is very similar to the Red Cap property to the west being explored by OMNI and is part of the belt covered by the SEMCO/ANGLO CANADIAN team.

The WY CLAIMS, 6 units are located 2.5km N.W. of the Polaris Taku mine.

They were staked based on similarities to the Polaris Taku gold property, previously mined by COMINCO.

A major fault system passes through the Polaris Taku carrying shear controlled veins containing gold. A branch of the fault passes through the W Y claims.

Mapping and prospecting show a 2m by 500m quartz-carbonate-mariposite-actinolite altered zone with pyrite and stibnite carrying gold.



THE ERICKSEN-ASHBY PROGRAM

Plans were made to start diamond drilling on the upper part of the property during 1980.

In June and July elaborate snow water collection systems were set up to catch drill water in large portable swimming pools.

The drill sites were excavated and levelled by hand and timbers helicoptered in for the drill platforms.

A camp for 10 people was established up on the mountain within walking distance of the drill stations to save constant helicopter use.

A contractor was arranged for the job but by the time he was in position to start in August, the water supply had dropped to an inadequate quantity for drilling.

Logistically everything is ready for an immediate start in the early summer of 1981.

LIKE PROPERTY

This silver lead high grade property is near Likely in the historic Cariboo of Central British Columbia.

Three veins exist, the principal one of which has been traced for 600 ft. on the surface, varying in width from 1 to 15 ft. with an average of 5 feet.

Small tonnages of high grade ore (80 oz/t silver and 40% lead) were shipped in 1949 to 1951 from the No. 2 vein.

In 1967-68 underground work totalling 825 feet was carried out but didn't reach its objective of defining the main vein. These workings have now collapsed.

Surface trenching of this No. 2 vein averages 5.8 oz/t silver and 2.27% lead across 4.8 ft. over a length of 280 ft.

A 1980 program of backhoe trenching, hand trenching and road improvement is now underway, with the objective of defining the higher grade areas for obtaining direct shipping ore.

PLANS FOR THE FUTURE

1. The steadily increasing metal prices, particularly those of silver, 15-20 U.S. \$/oz and gold 600-670 U.S. \$/oz puts all the company controlled properties into an attractive economic perspective.

Although the Ericksen-Ashby property requires important exploration fund expenditures as it has already substantial tonnage potential, the gross value of metals contained in only one million of ore at current metal prices is over 160 million U.S. dollars. It is an expensive area in which to work, though if a

mine were developed, the Taku river access through the U.S. border only 15km away, would give direct barging to tidewater and Juneau.

2. Your company has been approached by several major mining companies with the objective of participating on both the Ericksen-Ashby and the discoveries.

If suitable terms can be reached, joint ventures will be formed to spread the high cost of operating in the second stage of exploration.

3. Planned diversification into alternative natural resource ventures, with emphasis on low risk oil and gas plays, in Canada and the United States is being studied by the Board. This should establish a cash flow to contribute to the cash requirements for ongoing company activities.

4. Your directors have considerable experience in evaluating, optioning and farming out mining properties of merit while retaining a percentage of participation by negotiation. High grade gold-silver properties in the United States south-west merit attention for activities such as direct shipping or dump leaching. Several proposals for joint ventures in this area are being evaluated at the present time.

PROSPECTS

Based on the current high level of exploration activity in British Columbia, the interest of major Canadian and foreign mining companies in participating in joint ventures, and the anticipated increase in metal prices, the general corporate outlook is excellent.

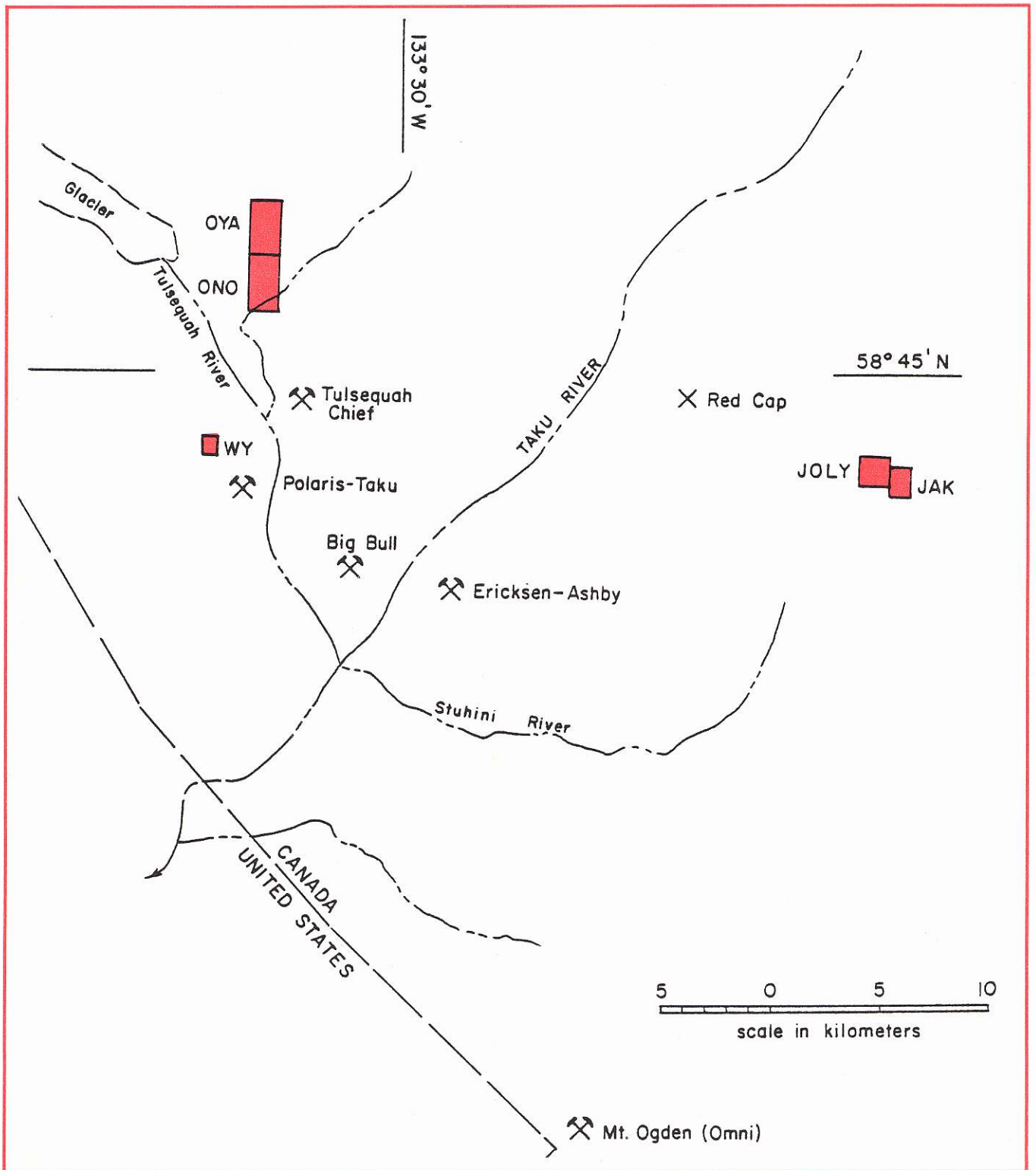
The company acknowledges the excellent efforts of Stokes Exploration Management Co. Ltd., in organizing the many exploration programs carried out during the season.

I wish to express the appreciation of the Board and management for the interest of our shareholders and for the many contributions of our team to the success of our organization.

On Behalf of the Board,

Ronald B. Stokes, P.Eng.,
President.

September 18th, 1980.





Statement 1

ANGLO CANADIAN MINING CORPORATION

Balance Sheet April 30, 1980

ASSETS

Current

Bank	\$139,997	
Deposit	<u>1,058</u>	141,055

Investment in mineral properties

Claims and options — Note 3	42,500	
Deferred expenditures — Statement 2	<u>16,798</u>	59,298

Incorporation cost		<u>477</u>
		<u>\$200,830</u>

LIABILITIES

Current

Accounts payable		\$ 8,330
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Shareholders' equity

Share capital:

Authorized — Note 4		
Issued — Note 5		<u>192,500</u>
		<u>\$200,830</u>

Approved by the Directors
July 15, 1980:

R. B. STOKES, Director

R. L. KEMENY, Director

To be read with Auditor's Report dated July 15, 1980

ANGLO CANADIAN MINING CORPORATION

**Statement of Deferred Expenditures
for the period ended April 30, 1980**

Exploration		
Ericksen Ashby	\$ 4,253	
Like	<u>662</u>	\$ 4,915
Administration		
Sundry office expenses	1,059	
Administration fee (Note 7)	750	
Audit	1,347	
Legal	7,963	
Printing	<u>764</u>	<u>11,883</u>
Total — Statement 1		<u><u>\$ 16,798</u></u>

ANGLO CANADIAN MINING CORPORATION

**Statement of Changes in Financial Position
for the period ended April 30, 1980**

Source		
Sale of shares — for cash	\$185,000	
— for property	<u>7,500</u>	192,500
Use		
Purchase of properties — for cash	35,000	
— for shares	<u>7,500</u>	42,500
Deferred expenditures	16,798	
Incorporation	<u>477</u>	<u>59,775</u>
Working capital — end of period		<u><u>\$132,725</u></u>
Working capital comprises:		
Current assets	141,055	
Current liabilities	<u>(8,330)</u>	<u><u>\$132,725</u></u>



AUDITOR'S REPORT

To the Shareholders
Anglo Canadian Mining Corporation
Vancouver, B.C.

I have examined the balance sheet of Anglo Canadian Mining Corporation as at April 30, 1980 and the statements of deferred expenditures and changes in financial position for the period then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Company as at April 30, 1980, and the results of its deferred expenditures and the changes in its financial position for the period then ended in accordance with generally accepted accounting principles.

BRUCE T. HAMILTON
Chartered Accountant
Vancouver, B.C.

July 15, 1980

ANGLO CANADIAN MINING CORPORATION

Notes to the Financial Statements April 30, 1980

1. Incorporation

The Company was incorporated March 27, 1979 under the laws of the Province of British Columbia.

2. Accounting Policies

In common with most mining companies in the exploration stage, the Company defers all direct expenditures on properties and related administration expenditure. At such time as the Company abandons or loses its interest in any property, the accumulated direct expenditure and the attributable administration expenditures are written off to deficit. If any property reaches commercial production, the applicable deferred expenditures will be amortized over the estimated productive life of the property.

Accordingly, amounts shown for claims and deferred expenditures represent costs to date, and do not necessarily reflect present or future values.

3. Claims and options

(a) **Like claims** — Cariboo Mining Division, B.C.

These four claims were purchased from the Company directors, for 750,000 of the Company's shares at a deemed value of 1¢ each (But see Note 8) \$ 7,500

The claims are in good standing until November, 1980.

(b) **Ericksen/Ashby option** — Atlin Mining Division, B.C.

The Company acquired an option to purchase these twelve units from the Company's directors for \$35,000 cash, and assumed the obligation to pay \$15,000 in June 1980, \$20,000 in June, 1981, and \$25,000 yearly thereafter to the original vendor 35,000

In addition, following commercial production, the claims are subject to royalties of (i) 2% of net smelter returns, plus (ii) either 5% of net smelter returns (minimum \$25,000 yearly) or 25% fully carried interest in the operating profit. The Company may purchase a 3% net smelter return or 15% fully carried interest for \$900,000.

The claims are in good standing until October, 1982 and May, 1983.

Total — Statement 1 \$42,500

4. **Authorized share capital**

The Company was incorporated with authorized share capital of 10,000 common shares of no par value. By a special resolution of January 23, 1980 the authorized capital was increased to 10,000,000 common shares. (But see Note 8)

5. **Issued share capital**

During the period, the following shares were issued:

	Shares	@	\$
For cash	350,002	10¢	35,000
	250,000	20¢	50,000
	200,000	50¢	100,000
	<u>800,002</u>		<u>185,000</u>
For mineral property — Note 3(a)	750,000	1¢	7,500
Total — Statement 1 (But see Note 8)	<u>1,550,002</u>		<u>\$192,500</u>

6. **Directors remuneration**

During the period, the directors received no remuneration as such. (But see Notes 3, 7 & 8)

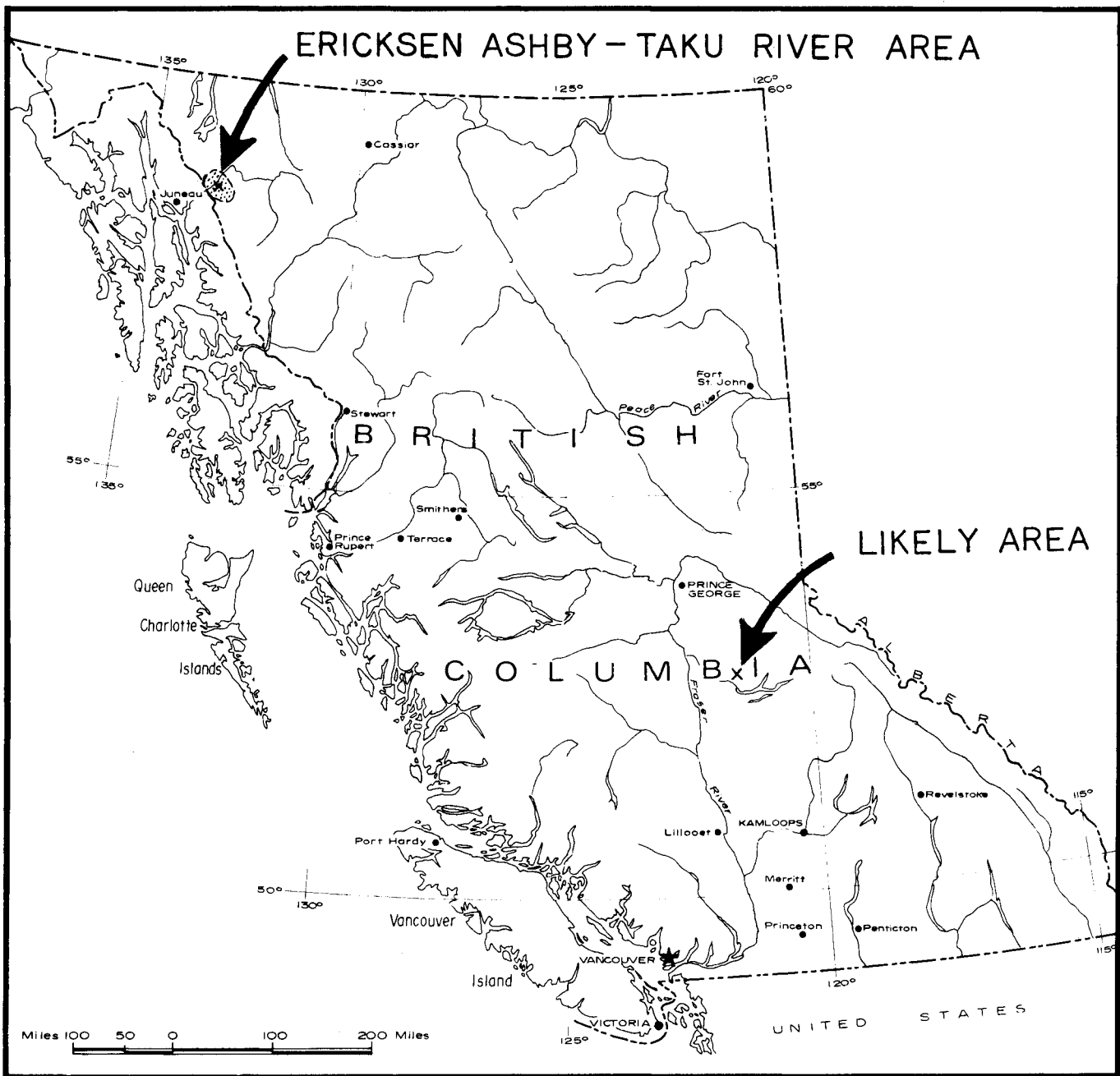
7. **Commitments**

The Company has entered an agreement with a company, of which the Company's directors are principals, to provide administrative management services at \$1,500 a month for the coming year.

8. **Subsequent Events**

After the year end, the Company had a public share offering of 400,000 units (400,000 shares and 400,000 "A" warrants) which netted the Company \$425,000. In addition, 100,000 series "B" warrants were allotted to the agent for the offering.

The property acquisition referred to in Note 3(a) was approved by the regulatory authorities on condition that 36,000 be gifted back to the Company for cancellation. When this transaction is fully registered it will have the effect of reducing both authorized and issued share capital by 36,000 shares.



BACK COVER PHOTOGRAPHS

- 1 Dr. John Payne maps the discovery on the joly-jak claims.
- 2 Late return after a long traverse.
- 3 Drill core stocked in the adit.
- 4 100 power magnification of ore section for metallurgical studies.
- 5 R.B. Stokes, P.Eng., President, at the mouth of the Ericksen Ashby adit.
- 6 Team of geologists near the peak of Mt. Ericksen Ashby in early June.
- 7 Dr. John Payne, team leader who mapped the underground and surface in detail.
- 8 The eight person team traversed such terrain daily.
- 9 Mt. Ericksen Ashby. Our workings are on the skyline directly above the two men.

