



1969 ANNUAL REPORT

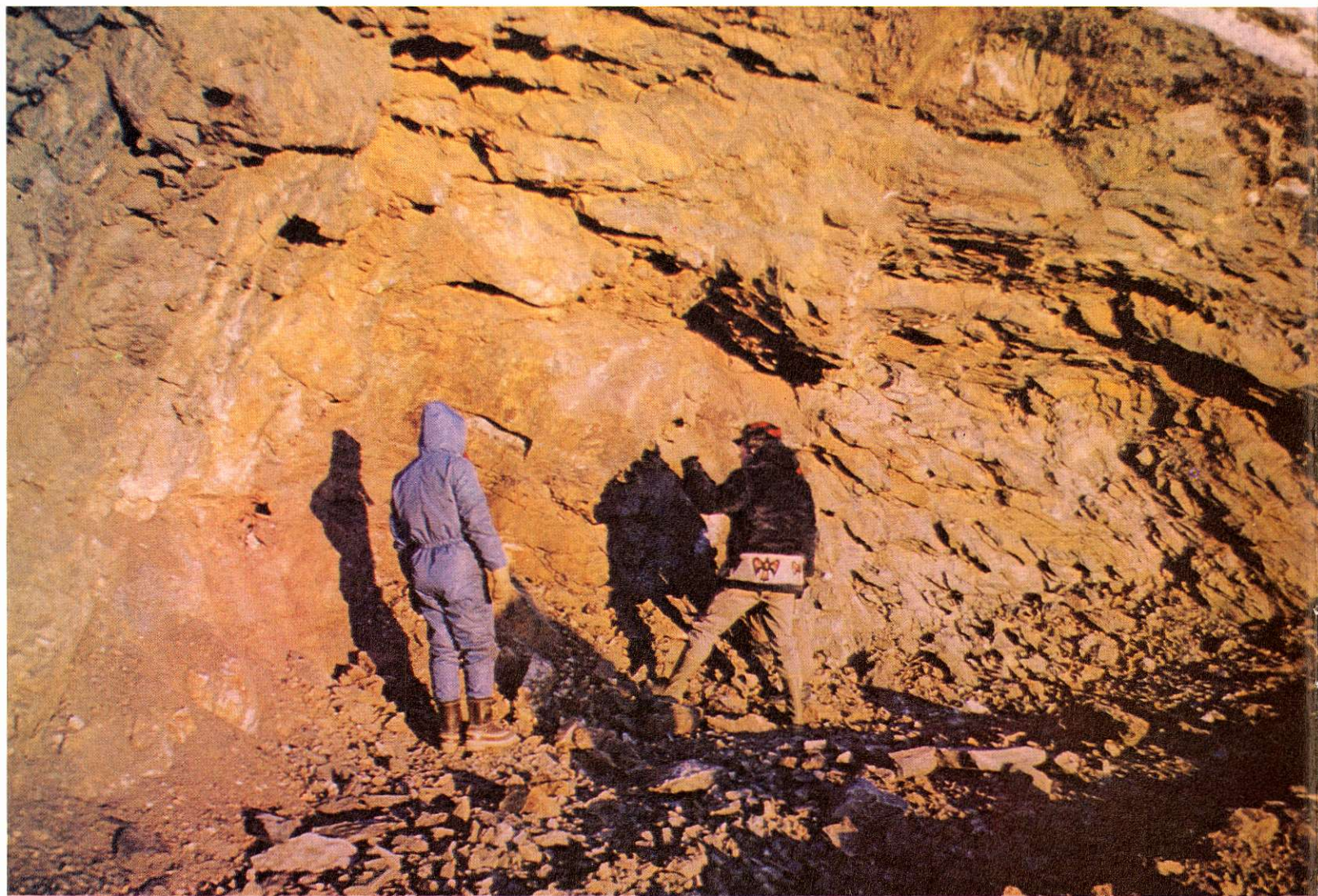
DAVIS-KEAYS MINING CO. LTD. (N.P.L.)



671120

#### THE EAGLE VEIN

This vein mapped and assayed for 1000' vertical on the eastern slope was intersected exactly on survey line on the western slope. This face about 14' wide contained 9' of ore assayed to be in excess of 4% copper.



#### Cover Story

##### THE EAGLE ROAD

This access road rises from 4800' to 7350' and consists of 22 hairpin turns. Construction of this road to enable the drifting of the Eagle Vein to commence was a major 1968 achievement.

**DIRECTORS**

J. Arthur Charpentier, C.A.  
John F. McIntyre, P.Eng.  
Kenneth Jang  
Robert Keays  
Harry L. Williams  
Alan H. Ainsworth, LL.B.  
Harris Davis

**OFFICERS**

J. Arthur Charpentier, President  
John F. McIntyre, Vice-President  
Kenneth Jang, Secretary-Treasurer

**REGISTERED OFFICE**

625 - 925 West Georgia Street  
Vancouver 1, British Columbia

**CONSULTING ENGINEERS**

Dolmage, Campbell & Associates  
Vancouver, British Columbia

**AUDITORS**

Shand, Davidson, Pearmain & Co.  
Vancouver, British Columbia

**REGISTRAR & TRANSFER AGENTS**

Guaranty Trust Company of Canada  
Vancouver, British Columbia

**CAPITALIZATION**

Authorized: 5,000,000 shares  
No par value  
Issued: 1,985,002

The Annual Meeting of Davis-Keays Mining Co. Ltd. (N.P.L.) will be on Friday, May 9, 1969 from 2:30 p.m. to 4:30 p.m. in the York Room, Georgia Hotel, 801 West Georgia Street, Vancouver 5, British Columbia. Shareholders attendance and participation are solicited.

**REPORT OF THE DIRECTORS**

**To the Shareholders:**

We present with pleasure your Company's Annual Report. Since your Company's incorporation in June 1967 the company has expended in excess of \$750,000.00 on the acquisition and exploration of the Bonanza and Eagle groups of claims. Your property is situated approximately 100 miles west of Fort Nelson, B.C. and the results to date strongly suggest that your company will operate another of British Columbia's producing mines.

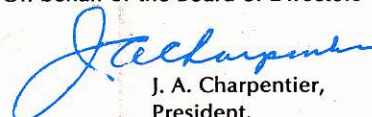
This year should see the completion of our exploration programme together with the preparation of the feasibility study that will indicate the long term level of production which we feel certain will provide your Company with many, many years of excellent income. At such time as production is certain we intend to commence an active role in the exploration and development of similar mining properties and in this way fulfill our intention of building your company into a well diversified organization possessing a broad earnings base.

The majority of our energies during the early part of the past year were directed to creation of assets that would then permit intensive exploration. This included the construction of a 28 mile access road from Mile 442 of the Alaska Highway to our property, the erection of a 24 man fully winterized camp, construction of a pumphouse, powerhouse, repairshop, and powderhouse, and building approximately 10 miles of road on our property linking the Harris, Keays, View and Ridge veins. Meanwhile a series of trenches were cut above the Harris vein considerably extending its known length and an extensive mapping and sampling programme was completed on the Eagle Vein. Our consultants after reviewing the high grade results reported by our Engineer on the east side of the Eagle Vein, recommended that we shift the emphasis of our exploration programme from the Harris vein to the Eagle vein. The decision was reached to build the difficult road from the main camp up the west side of the Eagle vein. This was by far the toughest project of the year, but, after many weeks effort we were rewarded with our most exciting discovery of the year. Directly on survey line, we intersected the Eagle vein on the western side of the mountain. The vein appeared about fourteen feet wide with nine feet averaging in excess of four percent copper at the face. The adit was collared and the drift begun immediately. To date of this report we have progressed about 600 feet and the character of the vein has continued to meet our expectations. Two crosscuts have now been completed and drilling stations established to prove ore above and below the drift level. The drift will continue through the mountain to arrive at the higher grade eastern slope. The total ore potential of the Eagle vein may in itself prove capable of supporting a milling operation. After considering our results on the Eagle vein our consultants are again amending their recommendations to advise us in addition to the intensive testing of the Eagle vein to increase our exploration activities by drilling the Harris, Keays, View and Ridge veins during the coming season in order to prove up the greatest possible ore potential.

All of this activity during 1968 was made possible through the eager subscription of our first public offering of 200,000 shares that netted the treasury \$120,000.00 last July and the subsequent underwriting of 360,000 shares that netted the treasury a further \$678,000.00 in November. While further financing will be required before the final feasibility report is completed your directors intention is to strive for as little dilution of shareholders equity as is possible. During the past year we have been pleased to see the shares of your company receive wide acceptance with the investing public.

In conclusion may we thank our underwriters for their confidence in our property and your Company's management. May we also thank our consultants, our engineers, and all of our employees for their dedicated efforts on our behalf during 1968. Finally, may we thank each of our shareholders for your support during the year and to invite each of you to join in our degree of optimism and enthusiasm towards the 1969 programme.

On behalf of the Board of Directors

  
J. A. Charpentier,  
President.



*DAVIS-KEAYS  
MINING CO. LTD. (N.P.L.)*

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On behalf of the Board of Directors

  
J. A. Charpentier,  
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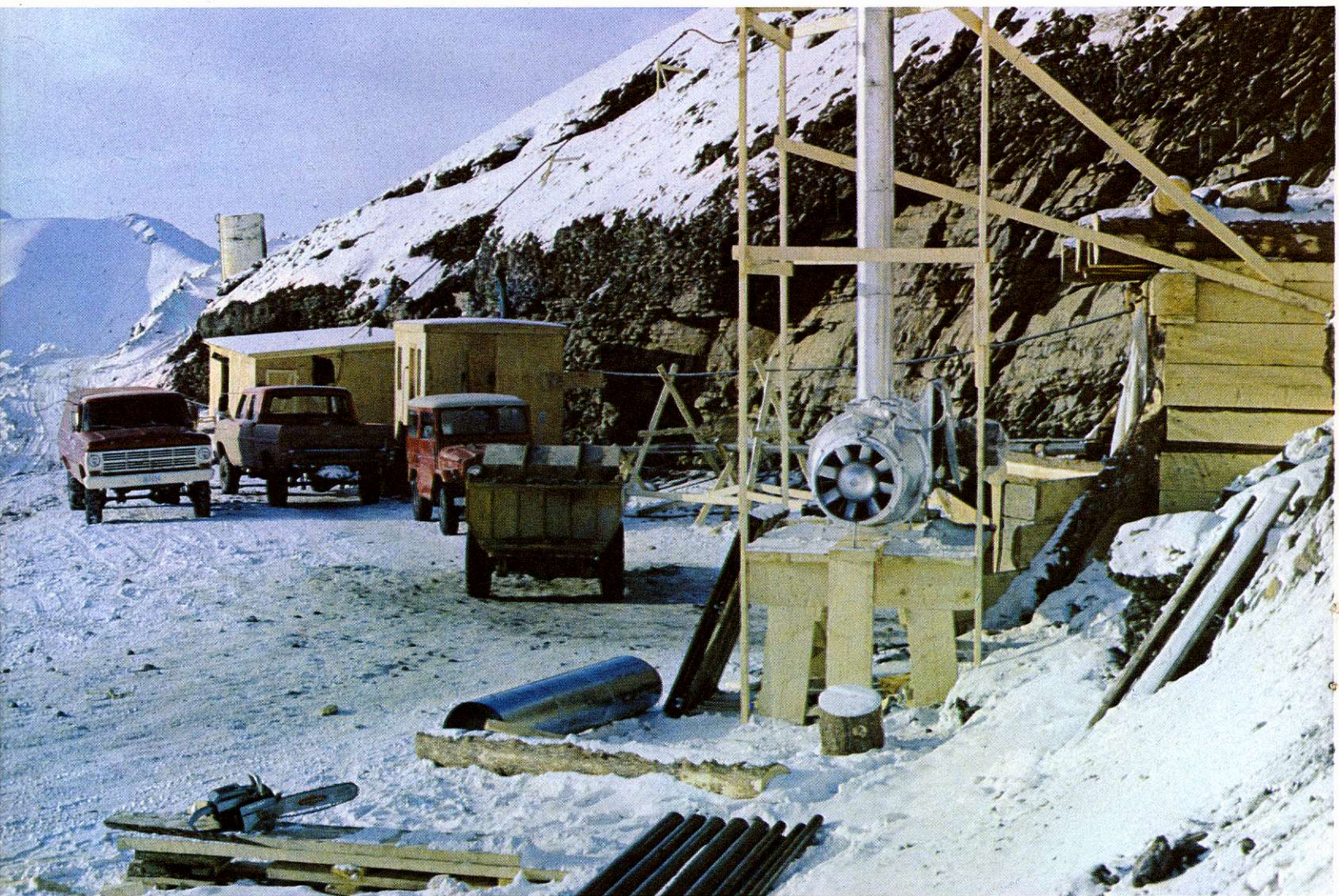


### ACCESS ROAD

28 miles of road was constructed linking the property to the Alaska Highway.

**THE MAIN PORTAL**

The face intersected above became the portal site of the first tunnel through the mountain toward the east face of the Eagle Vein.



# AUDITORS' REPORT

## To the Shareholders

*DAVIS-KEAYS MINING CO. LTD. (N.P.L.)*

Dear Sirs:

We have examined the Balance Sheet of Davis-Keays Mining Co. Ltd. (N.P.L.) as at February 28, 1969 and the Statement of Source and Application of Funds for the year ended on that date. 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 the accompanying Balance Sheet and Statement of Source and Application of Funds present fairly the financial position of the company as at February 28, 1969 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

**SHAND, DAVIDSON, PEARMAIN & CO**  
Chartered Accountants

Vancouver, B.C.  
April 7, 1969



### **THE FIRST PERMANENT CAMP BUILDING**

A twenty-four man camp building just prior to final completion. Since then, repair shop, powerhouse, powder house and pumphouse have been completed.

**BALANCE SHEET as at February 28, 1969**



**ASSETS**

**CURRENT**

Cash in Bank .....	\$	15,960.97	
Bank - Deposit Receipts .....		250,000.00	
Accrued Interest and Accounts Receivable .....		4,048.61	
Inventories - Supplies .....		8,993.53	
			<u>279,003.11</u>

**MINERAL CLAIMS (Note 1)**

Eagle, Bonanza and Lois Claims, Liard Mining Division, B.C. ....			38,274.35
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**FIXED (Note 3)**

Cost .....	\$210,738.40		
Less - Accumulated Depreciation .....	24,430.25		186,308.15
			<u>186,308.15</u>

**DEFERRED EXPENDITURES**

Exploration and Development - Schedule I .....	\$486,418.13		
Administrative - Schedule II .....	33,980.95		
Incorporation Fees and Disbursements .....	3,295.65		523,694.73
			<u>523,694.73</u>

\$ 1,027,280.34

Approved on Behalf  
of the Board:

Director

Director



# DAVIS-KEAYS MINING CO. LTD. (N.P.L.)

## LIABILITIES AND CAPITAL

### CURRENT

Accounts Payable .....	\$	71,731.03
Accrued Wages and Employee Taxes .....		8,284.31
Equipment Contract Payable .....		3,014.00
		<hr/>
		83,029.34

### SHARE CAPITAL (Note 2)

Authorized - 5,000,000 Common Shares, no par value.

Issued as Fully Paid—		
1,235,002 Shares for Cash .....	\$966,751.00	
750,000 Shares for Mineral Claims .....	7,500.00	
	<hr/>	
1,985,002	974,251.00	
<hr/>		
Less - Commission on Sale of Shares .....	30,000.00	944,251.00
	<hr/>	<hr/>
		\$ 1,027,280.34
		<hr/>

This is the Balance Sheet referred to in our report of even date.

**SHAND, DAVIDSON, PEARMAIN & CO.**  
Chartered Accountants

Vancouver, B.C.  
April 7, 1969

(The accompanying notes form an integral part of this statement.)

## Statement of Source and Application of Funds



	<b>Mar. 1/68 to Feb. 28/69</b>	<b>June 15/67 to Feb. 29/68</b>
<b>SOURCE OF FUNDS</b>		
From Sale of Shares .....	\$798,000.00	\$138,751.00
Equipment Rental .....	2,562.00	—
Cookhouse Recoveries .....	3,140.00	—
Interest Earned on Term Deposits .....	6,392.11	—
	<u>\$810,094.11</u>	<u>\$138,751.00</u>
 <b>APPLICATION OF FUNDS</b>		
Cash Consideration for Mineral Claims .....	\$ 513.00	\$ 30,261.35
Acquisition of Fixed Assets:		
Caterpillars, Grader, Trucks .....	96,894.77	1,681.50
Exploration and Mining Equipment .....	35,170.65	—
Camp Construction and Equipment .....	76,991.48	—
Road Construction and Maintenance .....	78,058.25	2,361.00
Exploration and Development .....	355,786.74	55,914.14
Administration .....	35,313.86	5,059.20
Incorporation Fees and Disbursements .....	2,144.65	1,151.00
	<u>680,873.40</u>	<u>96,428.19</u>
<b>Less - Non Cash Exploration Expense Depreciation</b> .....	<b>24,430.25</b>	<b>—</b>
	<u>\$656,443.15</u>	<u>\$ 96,428.19</u>
 <b>INCREASE IN WORKING CAPITAL</b> .....	 <b>\$153,650.96</b>	 <b>\$ 42,322.81</b>
Working Capital - Beginning of Period .....	42,322.81	NIL
	<u>\$195,973.77</u>	<u>\$ 42,322.81</u>
 <b>WORKING CAPITAL - END OF PERIOD</b> .....	 <b>\$195,973.77</b>	 <b>\$ 42,322.81</b>
 <b>REPRESENTED BY:</b>		
Current Assets .....	\$279,003.11	\$ 44,228.33
<b>Less - Current Liabilities</b> .....	<b>83,029.34</b>	<b>1,905.52</b>
	<u>\$195,973.77</u>	<u>\$ 42,322.81</u>

## Schedule of Deferred Exploration and Development Expenditure

	Mar. 1/68 to Feb. 28/69	June 15/67 (Date of Incorporation) to Feb. 29/68	Total
Helicopter Charter—			
Crew Travel .....	\$ 4,670.16	\$ 6,719.60	\$ 11,389.76
Hauling Equipment and Supplies .....	9,504.18	6,354.90	15,859.08
Property Reconnaissance .....	4,648.79	4,637.01	9,285.80
Contract Drilling .....	—	7,633.66	7,633.66
Engineering Fees and Disbursements .....	20,411.91	5,475.00	25,886.91
Fuel .....	19,513.83	—	19,513.83
Equipment Rental .....	30,418.10	1,106.61	31,524.71
Equipment Repair .....	15,548.28	—	15,548.28
Crew Travel and Accommodation .....	11,960.92	146.65	12,107.57
Wages and Property Supervision .....	97,679.43	5,334.21	103,013.64
Vehicle Operation and Lease .....	14,593.59	520.19	15,113.78
Freight and Cartage .....	19,304.68	267.50	19,572.18
Road Construction and Maintenance .....	78,058.25	2,361.00	80,419.25
Explosives .....	19,736.75	—	19,736.75
Mine Site Preparation .....	9,019.57	—	9,019.57
Aerial Survey and Mapping .....	3,757.04	—	3,757.04
Cookhouse and Camp Accommodation .....	11,935.57	2,447.64	14,383.21
Geologists Fees and Disbursements .....	9,619.91	7,659.33	17,279.24
Camp Supplies and Fuel .....	6,652.24	2,542.92	9,195.16
Mining and Exploration Supplies .....	9,178.43	—	9,178.43
Communications .....	3,866.79	331.80	4,198.59
Employees Benefits .....	3,392.10	206.00	3,598.10
Insurance .....	2,846.06	—	2,846.06
Miscellaneous .....	1,933.24	—	1,933.24
Recording Fees .....	458.00	567.00	1,025.00
Assay .....	425.92	385.90	811.82
Licences and Permits .....	281.00	—	281.00
Geophysical Survey and Reports .....	—	3,578.22	3,578.22
Depreciation—			
Mobile Equipment .....	19,715.25	—	19,715.25
Mining and Exploration Equipment .....	3,517.00	—	3,517.00
Camp Furnishings & Cookhouse Equipment .....	1,198.00	—	1,198.00
	433,844.99	58,275.14	492,120.13
LESS - Cat Rental .....	2,562.00	—	2,562.00
- Cookhouse Recoveries .....	3,140.00	—	3,140.00
	<u>\$428,142.99</u>	<u>\$ 58,275.14</u>	<u>\$486,418.13</u>

## Schedule of Deferred Administrative Expenditures



	Mar. 1/68 to Feb. 28/69	June 15/67 (Date of Incorporation) to Feb. 29/68	Total
Office Salaries .....	\$ 9,959.40	\$ —	\$ 9,959.40
Legal Fees and Disbursements .....	6,431.05	662.58	7,093.63
Office Rent .....	3,080.00	487.50	3,567.50
Audit .....	2,330.00	—	2,330.00
Printing .....	2,005.68	—	2,005.68
Listing Fees .....	2,000.00	—	2,000.00
Telephone .....	1,877.41	695.49	2,572.90
Advertising .....	1,866.33	—	1,866.33
Management Fees .....	1,365.00	1,503.50	2,868.50
Transfer Fees .....	1,353.50	—	1,353.50
Licences, Membership and Miscellaneous ....	1,281.15	—	1,281.15
Travel and Promotion .....	886.94	1,230.45	2,117.39
Office Supplies and Postage .....	766.49	429.93	1,196.42
Bank Charges .....	110.91	49.75	160.66
	35,313.86	5,059.20	40,373.06
LESS - Interest Earned on Term Deposits ....	6,392.11	—	6,392.11
	\$ 28,921.75	\$ 5,059.20	\$ 33,980.95

## Notes to the Financial Statements AS AT FEBRUARY 28, 1969

### NOTE 1 - MINERAL CLAIMS

The company is the registered owner of 169 contiguous mineral claims situate in the Liard Mining Division of the Province of British Columbia. The claims were acquired by the company for the following consideration:

Bonanza 1A - 19A inclusive		
Bonanza 1B - 17B inclusive		
Cash .....		\$ 28,500.00
750,000 Shares at a Deemed Consideration of 1c each .....		7,500.00
		<u>36,000.00</u>
Eagle 1 - 59 inclusive		
Eagle 65 - 96 inclusive		
Staking and Recording Costs .....		1,761.35
Lois 1 - 40 inclusive		
Lois 23A and Lois 24A		
Staking and Recording Costs .....		513.00
		<u>\$ 38,274.35</u>

As of Balance Sheet date, the above noted mineral claims were all in good standing. We did not examine original title documents in the Mining Recorders Office but relied upon the title opinion dated March 17, 1969 given by the company's solicitor and upon our examination of receipts pertaining to the recording of annual assessment work and the recording of location of claims.

### NOTE 2 - SHARE CAPITAL

	Shares	Price	Commission	Net Proceeds
Issued for Cash .....	2	\$ .50	\$ NIL	\$ 1.00
	200,000	.10	NIL	20,000.00
	475,000	.25	NIL	118,750.00
	200,000	.75	30,000.00	120,000.00
	240,000	1.80	NIL	432,000.00
	120,000	2.05	NIL	246,000.00
	<u>1,235,002</u>		<u>30,000.00</u>	<u>936,751.00</u>
Issued for Mineral Claims ....	750,000	.01	NIL	7,500.00
	<u>1,985,002</u>		<u>\$ 30,000.00</u>	<u>\$944,251.00</u>
Authorized .....	5,000,000			
Balance in Treasury .....	<u>3,014,998</u>			

## NOTES (Continued)



The 750,000 shares issued for mineral claims are held in escrow subject to the order of the Superintendent of Brokers for the Province of British Columbia.

During the year ended February 28, 1969 the maximum price at or for which the shares without nominal or par value could have been or may have been issued was increased from 50c per share to 75c and, subsequently, from 75c to \$2.20 per share.

During the year ended February 28, 1969 the company issued 560,000 shares to net the Treasury \$798,000.00 as follows:

Shares	Price	Commission	Net Proceeds
200,000	\$ .75	\$30,000.00	\$120,000.00
240,000	1.80	NIL	432,000.00
120,000	2.05	NIL	246,000.00
<u>560,000</u>		<u>\$ 30,000.00</u>	<u>\$798,000.00</u>

### NOTE 3 - FIXED ASSETS

	Cost	Accumulated Depreciation	Net Book Value
Mobile Equipment .....	\$ 98,576.27	\$ 19,715.25	\$ 78,861.02
Mining and Exploration Equipment .....	35,170.65	3,517.00	31,653.65
Camp Buildings and Facilities .....	71,002.19	NIL	71,002.19
Camp Furnishings, Cookhouse and Office Equipment .....	5,989.29	1,198.00	4,791.29
	<u>\$210,738.40</u>	<u>\$ 24,430.25</u>	<u>\$186,308.15</u>

Depreciation of Fixed Assets has been charged at the following rates:

Mobile Equipment .....	20% per annum.
Mining and Exploration Equipment .....	10% per annum.
Camp Buildings .....	NIL.
Camp Furnishings, Cookhouse and Office Equipment .....	20% per annum.

**THE HARRIS VEIN**

The first major vein discovered on our claims. This picture shows the trenching completed above the main outcropping.

