

PRESIDENT'S REPORT

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The past year has been most difficult and frustrating. Pressures from creditors and threats of delisting from the V.S.E. have been a continuing problem and ability to raise funds by sale of treasury shares or Sheba shares rendered impractical by very depressed market prices and stringent regulations.

There has never been any question about the merits of your companies claims. Anyone at all familiar with the mining scene in B.C. recognizes them to be very likely to make a successful silver mine. The fact remains, however, that no major company has been attracted to examine or work on our ground since Cominco in 1952. This paradoxical situation suggested a fault in your Company's efforts at presenting the properties. To correct this situation, Dr. W. R. Bacon, of the firm of Bacon and Crowhurst, Consulting Geologists and Engineers, was engaged in June, 1973 to review and familiarize himself with the voluminous data made available to him, summarize his findings in a report and assist in every way to interest a major developer in assuming the further development of our ore bodies, hopefully to the point of production. Emphasis was made on the Prosperity-Porter Idaho group of claims as these have been developed already to a point where probable ore containing over two million ounces of silver can be shown to exist.

Dr. Bacon's report was completed in late September and since that time, your Company, assisted by Dr. Bacon has presented the property to five different potential developers, one of whom has shown a special and continuing interest. This latter Company sent their exploration geologist to the property in October and then spent several months delving into the massive detail available on the ground from old reports. On February 18th, 1974 a broad outline of agreement was negotiated with these people which would have been very beneficial to your Company. Two days later the B.C. Government announced their Royalty and Super-Royalty Legislation and, of course, the entire mining industry in B.C. has been in a state of shock since. Any further action by this Company will await further clarification and emendment to this oppressive legislation. Though all Cassiar's claims are Crown Grants there is little doubt that they will be taxed in a way commensurate to the royalty which would have accrued from them as non Crown Grants.

With the phenominal increase in the price of SILVER in the last three months, it may still be possible to negotiate a favourable agreement in spite of the very adverse effects of the present Government's projected legislation. Every effort will be made to do so.

Funds to keep the Company alive this past year have been made available by your Directors and one shareholder via unsecured loans. It is planned to sell, likely by private placement, enough Treasury shares to liquidate the Company's debts and provide funds to carry on our obligations until a satisfactory agreement with a major developer can be made. Assuming early clarification and hopefully amendment to B.C. Mining Legislation, and a continuation of high

silver prices, I anticipate we shall very soon have a major developer at work on our ground.

DATED at Vancouver, British Columbia, March 25th, 1974.

"WILLIAM B. HICKS"

President

CASSIAR CONSOLIDATED MINES LIMITED (N.P.L.)

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**Report
and accounts
October 31, 1973**
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JOHN C. OSWALD & CO.
CHARTERED ACCOUNTANTS
VANCOUVER, CANADA

JOHN C. OSWALD & CO.
Chartered Accountants

Vancouver, Canada

November 16, 1973.

Auditors' Report

To the Shareholders of
Cassiar Consolidated Mines Limited (N.P.L.)

We have examined the accompanying balance sheet of Cassiar Consolidated Mines Limited (N.P.L.) as at October 31, 1973 and the statements of deferred exploration, development and other expenditures and source and use 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 October 31, 1973 and the results of its operations and the source and use 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.


Chartered Accountants

CASSIAR CONSOLIDATED MINES LIMITED (N.P.L.)

Notes to financial statements

Year ended October 31, 1973

1. INVESTMENT

The company's present holdings of 639,250 shares of Sheba Copper Mines Limited (N.P.L.) represents 24.24% of that company's issued share capital. 261,045 of these shares are held in escrow subject to the order of the British Columbia Superintendent of Brokers.

26,000 'Sheba' shares were sold during the year ended October 31, 1973, netting the company \$3,193. The \$967 'book loss' thereon was charged to Deficit.

2. MINING PROPERTIES AND CLAIMS

The company is the registered owner of 91 crown-granted mineral claims situated near Stewart in the Cassiar District, Skeena Mining Division of the Province of British Columbia.

Cost including value placed on shares issued therefor

\$ 375,995

3. BUILDINGS, PLANT AND EQUIPMENT

No provision for depreciation has been recorded in the accounts since October 31, 1971, at which time the book value of the company's buildings, plant and equipment were written down to their estimated insurable value.

4. CAPITAL STOCK

a) Capital stock has been issued for the following consideration -

| | <u>%</u> | <u>No. of shares</u> | <u>Par Value</u> | <u>Discount</u> | <u>Net</u> |
|----------------------------|---------------|----------------------|---------------------|---------------------|-------------------|
| For cash | 56.03 | 2,409,298 | \$ 1,204,649 | \$ 826,367 | \$ 378,282 |
| For property & services | <u>43.97</u> | <u>1,890,702</u> | <u>945,351</u> | <u>400,000</u> | <u>545,351</u> |
| | <u>100.00</u> | <u>4,300,000</u> | <u>\$ 2,150,000</u> | <u>\$ 1,226,367</u> | <u>\$ 923,633</u> |

b) Of the 4,300,000 shares issued 315,240 are held in escrow subject to the order of the British Columbia Superintendent of Brokers.

5. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

During the year ended October 31, 1973 no direct remuneration was paid or payable by the company to its directors and senior officers for services rendered.

CASSIAR CONSOLIDATED MINES LIMITED (N.P.L.)

Statement of source and use of funds

Year ended October 31, 1973

(with comparative figures for 1972)

| | <u>1973</u> | <u>1972</u> |
|---|------------------|------------------|
| SOURCE OF FUNDS : | | |
| Sale of shares held as investment | \$ 3,193 | \$ - |
| Insurance proceeds re fire loss | - | 6,929 |
| | <u>3,193</u> | <u>6,929</u> |
| USE OF FUNDS : | | |
| Deferred charges - | | |
| Exploration and development | 2,427 | 744 |
| Administration | 6,764 | 11,556 |
| | <u>9,191</u> | <u>12,300</u> |
| INCREASE in working capital deficiency | 5,998 | 5,371 |
| WORKING CAPITAL DEFICIENCY, beginning of year | <u>29,541</u> | <u>24,170</u> |
| WORKING CAPITAL DEFICIENCY, end of year | <u>\$ 35,539</u> | <u>\$ 29,541</u> |
| REPRESENTED BY : | | |
| Current liabilities | \$ 36,091 | \$ 36,615 |
| Less current assets | <u>552</u> | <u>7,074</u> |
| As above | <u>\$ 35,539</u> | <u>\$ 29,541</u> |

CASSIAR CONSOLIDATED MINES LIMITED (N.P.L.)

Balance sheet, October 31, 1973

(with comparative figures for 1972)

| | <u>1973</u> | <u>1972</u> |
|--|-------------------|-------------------|
| <u>ASSETS</u> | | |
| CURRENT: | | |
| Cash | \$ 552 | \$ 83 |
| Insurance claim receivable | - | 6,929 |
| Prepaid expense | - | 62 |
| | <u>552</u> | <u>7,074</u> |
| INVESTMENT, at cost (Note 1): | | |
| Sheba Copper Mines Limited (N.P.L.) | <u>102,110</u> | <u>106,270</u> |
| MINING PROPERTIES AND CLAIMS (Note 2) | <u>375,995</u> | <u>375,995</u> |
| BUILDINGS, PLANT AND EQUIPMENT, at cost | | |
| less \$50,757 accumulated depreciation (Note 3) | <u>40,421</u> | <u>40,421</u> |
| DEFERRED CHARGES: | | |
| Exploration, development and other expenditures, per statement attached | 420,811 | 411,620 |
| Incorporation cost | <u>4,087</u> | <u>4,087</u> |
| | <u>424,898</u> | <u>415,707</u> |
| | <u>\$ 943,976</u> | <u>\$ 945,467</u> |

| | | |
|--|---------------|---------------|
| <u>LIABILITIES</u> | | |
| CURRENT: | | |
| Payables | \$ 9,625 | \$ 11,743 |
| Bank loan | 11,400 | 12,000 |
| Owing to a Director - Cash advances | 9,066 | 6,872 |
| 1972 management salary | <u>6,000</u> | <u>6,000</u> |
| | <u>36,091</u> | <u>36,615</u> |

| | | |
|---|-------------------|-------------------|
| <u>SHAREHOLDERS' EQUITY</u> | | |
| CAPITAL STOCK (Note 4): | | |
| Authorized - <u>5,000,000</u> shares, par value 50¢ each | | |
| Issued - <u>4,300,000</u> shares | <u>923,633</u> | <u>923,633</u> |
| Less DEFICIT: | | |
| Balance, beginning of year | 14,781 | 14,781 |
| Add loss on sale of shares held as investment (Note 1) | 967 | - |
| Balance, end of year | <u>15,748</u> | <u>14,781</u> |
| | <u>907,885</u> | <u>908,852</u> |
| | <u>\$ 943,976</u> | <u>\$ 945,467</u> |

Approved on behalf of the Board:

J.A. Beaylark Director

[Signature] Director

To be read in conjunction with our report to the
Shareholders dated November 16, 1973.

[Signature]
Chartered Accountants

CASSIAR CONSOLIDATED MINES LIMITED (N.P.L.)

Statement of deferred exploration, development and other expenditures

Year ended October 31, 1973

(with comparative figures for 1972)

| | <u>1973</u> | <u>1972</u> |
|--|-------------------|-------------------|
| EXPLORATION AND DEVELOPMENT : | | |
| Engineer's report | \$ 1,509 | \$ - |
| Government taxes | 823 | 628 |
| Insurance | 62 | 35 |
| Sundry | 33 | 81 |
| | <u>2,427</u> | <u>744</u> |
| | | |
| ADMINISTRATION : | | |
| Management salary | - | 6,000 |
| Legal | 1,732 | 1,940 |
| Audit and accounting | 650 | 885 |
| Trust Co. fees | 1,463 | 1,092 |
| V.S.E. fees | 400 | - |
| Shareholders' information & annual meeting | 569 | 435 |
| Interest and bank charges | 1,212 | 1,162 |
| Sundry office, maps, telephone etc. | 52 | 42 |
| Capital tax | 686 | - |
| | <u>6,764</u> | <u>11,556</u> |
| | | |
| Total deferred expenditures for year | 9,191 | 12,300 |
| | | |
| BALANCE DEFERRED, beginning of year | 411,620 | 399,320 |
| | | |
| BALANCE DEFERRED, end of year | <u>\$ 420,811</u> | <u>\$ 411,620</u> |