

DELKIRK MINING LTD. (N.P.L.)

**ANNUAL
REPORT**

673647

DELKIRK MINING LTD. (N.P.L.)

DIRECTORS' REPORT

REPORT TO THE SHAREHOLDERS

We are pleased to report at this time on the current holdings of your Company, activities over the past year and work programmes planned for the ensuing year.

FINANCING

1970 has been a very difficult year to finance mining ventures. However, since the last Annual General Meeting your Company has been able to negotiate four Underwritings of 100,000 shares each and a private placement of 200,000 shares. The proceeds from these sales of Treasury Shares netted the Company \$305,000 and financed a vigorous exploration and development programme. Because of the unfavourable financial climate during the past year money that was raised ostensibly for one purpose was in some cases diverted to other programmes. For instance it was hoped to carry out a much fuller programme on the Red Hill property near Cache Creek, but because of adverse claims on the property, the programme was postponed. Similarly it had been hoped that the Marble Quarries owned by Ultra Marbles Inc. of Belan, New Mexico would have been in production by the middle of the Summer, but production plans had to be extended. In the meantime your Company diverted funds on hand for these purposes to other endeavours of the Company.

EXPLORATION

Princeton Area

The Company owns 8 claims near the south end of Missezula Lake near Princeton, B.C. It also had 31 other claims in the area under option. The Company employed Bacon & Crowhurst Engineering to carry out an exploration programme. Diamond Drilling on the property did not produce the favourable results expected from the earlier encouraging surface exploration.

Cache Creek Area

The Company holds 54 claims located near Ashcroft, B.C. between the Trans-Canada Highway and Ashcroft.

A Report was completed by John W. Hogan, P.Eng. of L.J. Manning & Associates Ltd. recommending an expenditure of \$42,000 on the property. Bacon & Crowhurst Engineering were employed to carry out a part of the Recommendations and sufficient funds were raised by an Underwriting to finance the programme. However, Bacon & Crowhurst recommended, as did Mr. Hogan, that any further programme should be suspended until the matter of the adverse claims within the Company's claim boundaries was clarified.

Kane County, Utah

Your Company took part in the exploration at depth for Uranium in Kane County, Utah. The area explored consisted of a block of approximately 500 claims. Your Company owned a strip of 36 claims across the favourable chindle formation. Your Company also had various interests in claims held by others in the area notably with Casex, a Texas Exploration Company that held the bulk of the favourable claims. The area was staked following the evaluation of gamma ray logs run on three dry oil well holes. Your Company worked very closely with Casex from the beginning of the venture. Three holes were drilled. The first was lost before hitting the chindle structure, the second hit the structure, however, the major target had faulted off at the point of intersection. The third hole cut the structure and Uranium was found in the chindle formation as expected. The Uranium content was estimated to be .8 pounds per ton and at the depths involved it was considered too expensive to carry on further exploration in a search to establish a commercial ore body.

OTHER EXPLORATIONS

Oregon, U.S.A.

Your Company has been involved in a joint venture in Oregon. A Copper-Silver property has been acquired and further financing for the project will be raised through a separate Company.

Mexico

Your Company has been involved in a joint venture in Mexico. Investigation of various properties have taken place, and an option is being arranged on a promising copper property.

DEVELOPMENT

Belan, New Mexico

Your Company has entered into a Joint Venture Agreement with Ultra Marbles Inc. of Belan, New Mexico to place that Company's travertine and Onyx Marble properties near Belan into production.

Pursuant to the Joint Venture Agreement your Company is obligated to advance up to \$150,000 to earn 40% of the production proceeds for a 99 year period. To date \$100,000 US funds have been advanced. A feasibility study for the project has been completed by Dr. Byron N. Cooper, Certified Professional Geologist of Blacksburg, Virginia. Dr. Cooper is a recognized authority of Non-Metallic Mineral deposits in the United States. With the funds advanced to date Ultra Marbles has been able to pay its pre-existing trade debts, the quarries have been cleaned-up ready for production and all the necessary production equipment has been purchased. The quarries were developed at a cost of approximately \$1.2 million by Ultra Marbles and it is believed by your directors that this is a very fortunate acquisition for your Company at a low capital cost. Your Company is presently having the joint venture agreement secured against the quarry titles, this will entail certain court applications. Once this has been completed the balance of the \$150,000 can be advanced for working capital and production commenced.

SUBMITTED ON BEHALF OF THE
BOARD OF DIRECTORS
DELKIRK MINING LTD. (N.P.L.)

DELKIRK MINING LTD. (N.P.L.)

Vancouver, B.C.

To the Directors,
Delkirk Mining Ltd. (N.P.L.),
540 Burrard Street,
Vancouver, B.C.

Dear Sirs:

In accordance with your instructions we have prepared and submit unaudited financial statements as at August 31st, 1970. Our information was obtained from the books of the Company other corporate records and information as supplied by you. We did not perform an audit of the accounts and accordingly have not expressed an opinion on the financial statements.

The unaudited financial statements referred to above are the following;

Exhibit "A" – Balance Sheet as at August 31st, 1970.

Exhibit "B" – Notes to the Financial Statements as at August 31st, 1970.

Exhibit "C" – Statement of Source and Application of Funds for the Six Months Ended August 31st, 1970.

Schedule "1" – Statement of Exploration and Development Expenses for the Six Months Ended August 31st, 1970.

Schedule "2" – Statement of Administration Expenses for the Six Months Ended August 31st, 1970.

Yours very truly,

"MacGILLIVRAY & CO."
Chartered Accountants

October 20, 1970

DELKIRK MINING LTD. (N.P.L.)

Exhibit "A"

Vancouver, B.C.

BALANCE SHEET AS AT AUGUST 31st, 1970

ASSETS

CURRENT ASSETS

Bank \$ 50,507

ADVANCES

Bordel Explorations Ltd. (N.P.L.)	\$ 12,499	
George Smith Syndicate	10,000	
Valencia Joint Venture (Note 3)	<u>72,483</u>	94,982

INVESTMENT, at cost

Bordel Explorations Ltd. (N.P.L.) 1

MINERAL PROPERTIES, at cost (Note 1) 88,960

FIXED ASSETS, at cost (Note 2)

Mining equipment	51,052	
Furniture and fixtures	<u>290</u>	51,342

DEFERRED EXPENSES

Exploration and development expenses, per Schedule "1"	36,283	
Administration expenses, per Schedule "2"	24,897	
Incorporation costs	<u>1,694</u>	62,874

\$348,666

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES

Accounts payable \$ 1,715

SHAREHOLDERS' EQUITY

Share Capital (Note 4)

Authorized:

3,000,000 common shares without nominal or par value

Issued:

2,115,750 shares \$474,074

Deficit (Note 5) 127,123 346,951

\$348,666

APPROVED ON BEHALF OF THE BOARD

"ROBERT G. REID" Director

"JOHN K. CAMPBELL" Director

DELKIRK MINING LTD. (N.P.L.)

Vancouver, B.C.

NOTES TO THE FINANCIAL STATEMENTS AS AT AUGUST 31st, 1970

1. MINERAL PROPERTIES

A.	Cache Creek Group 54 mineral claims in the Kamloops Mining Division, British Columbia, acquired for 750,000 shares of the Company's share capital, recorded at a deemed value of \$.10 per share.	\$ 75,000
B.	Kane County Group 36 mineral claims in Kane County, Utah, subject to a 12% royalty, acquired for cash.	13,959
C.	Princeton Group 8 mineral claims in the Similkameen Mining Division, British Columbia, acquired for cash	<u>1</u>

2. FIXED ASSETS

\$ 88,960

No provision for depreciation of fixed assets has been made in the accounts.

3. ADVANCES TO VALENCIA JOINT VENTURE - \$72,483

Pursuant to an agreement dated January 26th, 1970 the Company advanced \$50,000 for completing a feasibility report and conducting marble production tests on land in New Mexico, U.S.A. The Company must also provide the first \$100,000 to place the property into production. Subsequent joint venture contributions are on an equal basis. The Company has obtained title to mining equipment (\$51,052) from additional funds advanced.

After production is commenced the Company will have an equal vote and a 40% participation in profits.

4. SHARE CAPITAL

Details of shares issued are as follows:

750,000 shares for properties	\$ 75,000
1,365,750 shares for cash	399,073
	<u>2,115,750</u>
	<u>\$474,073</u>

During the six months ended August 31st, 1970, 500,000 shares were issued for a cash consideration of \$165,000.

5. DEFICIT

Balance at February 28th, 1970 \$101,631

Add:	MacKenzie property:		
	Cost of mineral claims	\$ 6,250	
	Related exploration and development expenses	2,253	
	Related administration expenses	<u>1,331</u>	9,834
	Oil lease abandoned		2,150
	Investigation costs	8,833	
	Related administration expenses	<u>4,675</u>	13,508
			<u>\$127,123</u>

6. DIRECTOR'S REMUNERATION

During the period ended August 31st, 1970 \$3,900 was paid to a company controlled by a director for management services. Of this amount \$2,100 relates to services before February 28th, 1970.

DELKIRK MINING LTD. (N.P.L.)

Vancouver, B.C.

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE SIX MONTHS ENDED AUGUST 31st, 1970

WORKING CAPITAL, beginning of period		\$12,763
SOURCE OF FUNDS		
Sale of shares		\$165,000
APPLICATION OF FUNDS		
Advances, net	\$18,023	
Purchase of investment	1	
Purchase of mineral properties	16,109	
Purchase of fixed assets	51,342	
Exploration and development expenses	21,757	
Administration expenses	20,614	
Reorganization costs	1,125	
		<u>128,971</u>
WORKING CAPITAL INCREASE		<u>36,029</u>
WORKING CAPITAL, end of period		<u><u>\$48,792</u></u>

DELKIRK MINING LTD. (N.P.L.)

Vancouver, B.C.

EXPLORATION AND DEVELOPMENT EXPENSES
FOR THE SIX MONTHS ENDED AUGUST 31st, 1970

CACHE CREEK GROUP, British Columbia

TOTAL, beginning of period		\$23,683
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MACKENZIE GROUP, Northwest Territories

TOTAL, beginning of period	\$ 1,929	
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Expenses for period:

Travel	<u>324</u>	
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	2,253	
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Less: Transfer to deficit	<u>2,253</u>	—
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KANE COUNTY GROUP, Utah, U.S.A.

Expenses for period:

Engineering	2,377	
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Drilling	5,000	
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Investigation costs	2,151	
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Travel	3,072	<u>12,600</u>
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TOTAL, to Exhibit "A"		<u>\$36,283</u>
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DELKIRK MINING LTD. (N.P.L.)

Vancouver, B.C.

ADMINISTRATION EXPENSES

FOR THE SIX MONTHS ENDED AUGUST 31st, 1970

TOTAL, beginning of period	\$10,289	
Add: Prior period adjustment	<u>2,100</u>	
	12,389	
Less: Transfer to deficit	<u>805</u>	\$11,584
Expenses for period:		
Accounting	1,050	
Bad debts	480	
Filing fees	600	
Legal	2,693	
Licence	200	
Management fees	1,800	
Office	135	
Printing	926	
Rent	1,800	
Secretarial services	335	
Shareholders' information	713	
Telephone	1,839	
Transfer fees	796	
Travel	<u>5,147</u>	
	18,514	
Less: Transfer to deficit	<u>5,201</u>	<u>13,313</u>
TOTAL, to Exhibit "A"		<u><u>\$24,897</u></u>

DELKIRK MINING LTD. (N.P.L.)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting of Delkirk Mining Ltd. (N.P.L.) ("the Company") will be held in the Tudor Room of the Hotel Georgia, 801 West Georgia Street, Vancouver, British Columbia, on Monday, December 7, 1970 at the hour of 10:00 o'clock in the forenoon for the following purposes:

- (a) To receive and approve the auditors' report and the financial statements of the Company for the period ended August 31, 1970.
- (b) To appoint auditors;
- (c) To ratify, confirm and approve all acts, deeds and things done by and the proceedings of the directors and officers of the Company on its behalf since the last annual meeting;
- (d) To fix the number of directors for the ensuing year at three (3) and to authorize the board of directors in their discretion to appoint two (2) additional directors to hold office until the next annual general meeting of the Company or until their successors are appointed;
- (e) To elect directors;
- (f) To authorize the Company pursuant to Section 150 of the "Companies Act" to take or otherwise acquire and hold the shares, stocks or debentures of any company, wheresoever incorporated, having objects altogether or in part, similar to those of the Company or carrying on business capable of being conducted so as, directly or indirectly, to benefit the Company and to sell or re-issue with or without guarantee or otherwise deal with the same, and to empower the directors to exercise such authority on the Company's behalf;
- (g) To transact such other business as may properly come before the meeting or at any adjournment thereof without notice.

If you are unable to attend the annual general meeting in person, kindly read the notes accompanying the instrument of proxy enclosed and complete and return the proxy within the time set out 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, British Columbia this 24th day of November, 1970.

BY ORDER OF THE BOARD OF DIRECTORS

"JOHN K. CAMPBELL"
Secretary

DELKIRK MINING LTD. (N.P.L.)

INFORMATION CIRCULAR

SOLICITATION OF PROXIES

This information circular is furnished in connection with the solicitation by the management of Delkirk Mining Ltd. (N.P.L.) ("the Company") of proxies to be used at the annual meeting of 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 the management will be borne by the Company.

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy are directors of the Company. A shareholder desiring to appoint some other person to represent him at the meeting may do so either by striking out the printed names and inserting such person's name and address in the blank space provided in the form of proxy or by completing another proper form of proxy and, in either case, depositing the completed form of proxy with Montreal Trust Company, 466 Howe Street, Vancouver, British Columbia not less than twenty-four (24) hours before the time of 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.

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 shareholders appointing them. In the absence of such direction, it is intended that such shares will be voted in favour of resolutions (a) (b) (c) (d) (e) and (f).

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the notice of meeting, and with respect to other matters which may properly come before the meeting. At the time of printing of this circular, the management of the Company knows of no such amendment, variations or other matters to come before the meeting other than the matters referred to in the notice of meeting.

VOTING SHARES

On the date of the accompanying notice of meeting the Company had outstanding 2,115,752 common shares each carrying the right to one vote, so that the aggregate number of votes attaching to all outstanding shares is 2,115,752.

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 of 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.

ELECTION OF DIRECTORS

The board presently consists of three 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 for the election of the 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 states the names of the persons proposed to be nominated for election as directors and information concerning them:

<u>Name</u>	<u>Occupation</u>	<u>Date of First Appointment</u>	<u>Shares Owned</u>
Robert G. Reid 722 Rochester Road Coquitlam, B.C.	Mining executive	January 26, 1970	450,000
John K. Campbell 540 Burrard Street Vancouver, B.C.	Solicitor	September 15, 1969	171,500
N. Victor Wylie, Q.C. 540 Burrard Street Vancouver, B.C.	Solicitor	January 29, 1970	50,000

APPOINTMENT OF AUDITORS

The persons named in the enclosed form of proxy intend to vote for the appointment of MacGillivray & Co., Chartered Accountants of 550 Burrard Street, Vancouver, B.C., as auditors of the Company to hold office until the next annual general meeting of the Company.

REMUNERATION OF MANAGEMENT AND OTHERS

1. Remuneration in the amount of \$3,900 has been paid by the Company since its last annual general meeting to directors or officers as such. Of this amount, \$2,100 relates to services rendered before February 28, 1970. It is anticipated that remuneration in the amount of \$3,600 will be paid by the company to its directors or officers during the year ending August 31, 1971.
2. No pension or retirement benefit plans have been instituted by the Company and none is proposed at this time.
3. No options to purchase securities of the Company have been granted to any director or senior officer since the last annual meeting of the Company.
4. None of the directors or senior officers of the Company has been indebted to the Company since the last annual meeting of the Company.