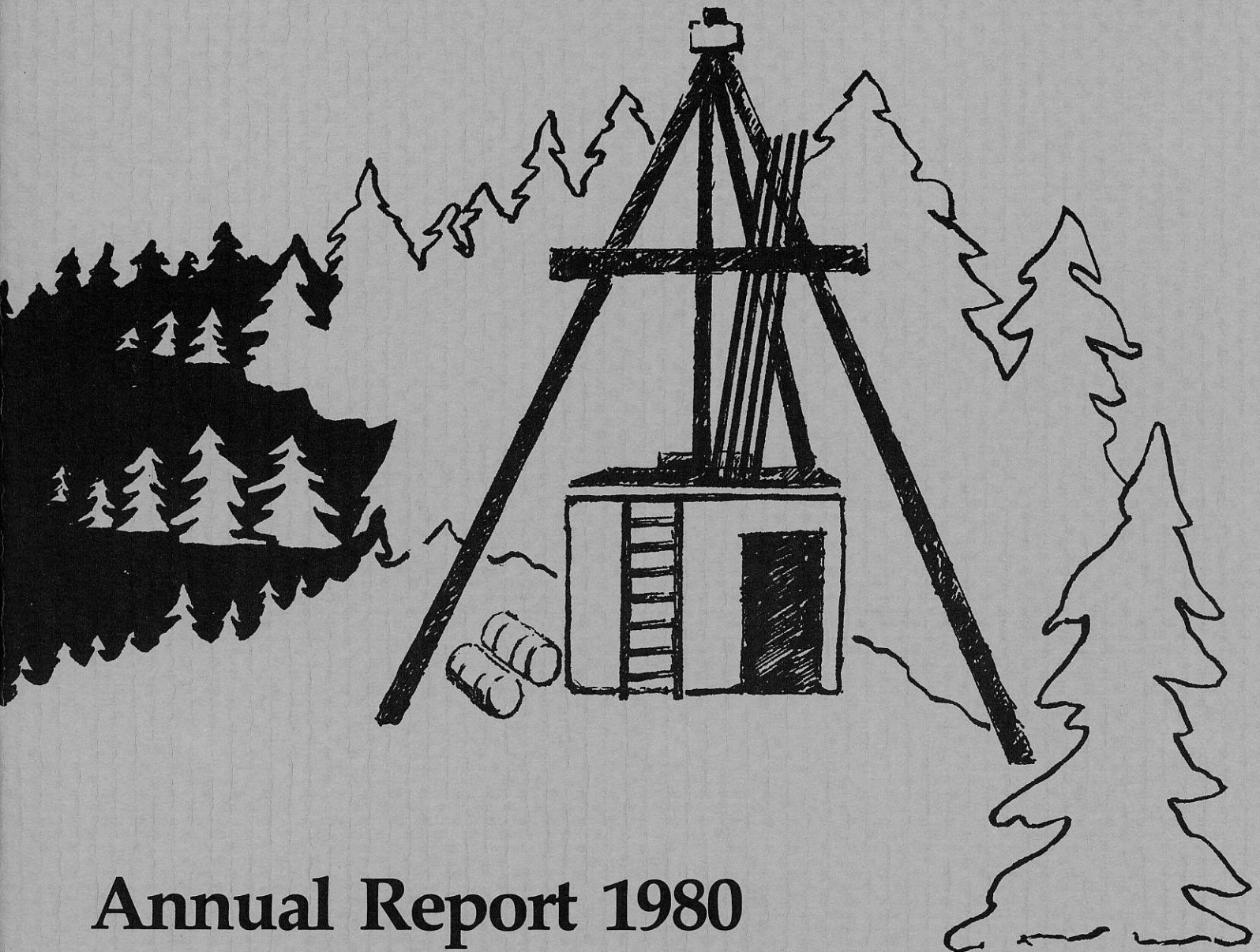


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Nuspar Resources Ltd.



Annual Report 1980

Annual Report 1980

Nuspar Resources Ltd.

PRESIDENT'S REPORT TO SHAREHOLDERS

Excellent response to the recently completed share offering has provided financing to expand the 1980 Nuspar-Esso joint venture program at Eaglehead. This has been done in accordance with recommendations from the Project Engineer and reflects success in extending the known zones of potentially commercial mineralization.

World prices for copper, molybdenum and silver are at, or near, levels where expansion of the British Columbia mineral industry is highly probable. Eaglehead is located in a resource rich but underdeveloped region. A major highway system is nearing completion and several hydro electric projects are under consideration. Essential infrastructure is rapidly being developed. As a stable, competitive source of raw and semi-finished mineral products, the region is unique in its diversity of natural resources. The Eaglehead occurrence may substantially expand the existing resource base.

Cameron T. Scott, Project Geologist, responsible for much of the success to date at Eaglehead, has consented to stand for nomination as a Director, in which capacity he may be expected to assume greater responsibility for the future planning at Eaglehead.

We look forward to a successful 1980 field season with every confidence that an expanded program in 1981 will be warranted by technical and economic development.

On behalf of the Board,



H.S. Aikins
President

September 11, 1980

Financial Statements
for the year ended July 31, 1980

Nuspar Resources Ltd.

JOHN G. OSWALD
Chartered Accountant

Vancouver, Canada

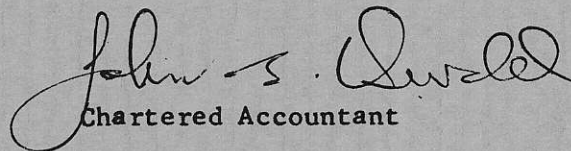
September 4, 1980

Auditor's Report

To the Shareholders of
Nuspar Resources Ltd.

I have examined the balance sheet of Nuspar Resources Ltd. as at July 31, 1980 and the statements of deficit, deferred exploration and other expenditures and changes in financial position for the year 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 July 31, 1980 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.


Chartered Accountant

Nuspar Resources Ltd.

Balance sheet, July 31, 1980
(with comparative figures for 1979)

	<u>1980</u>	<u>1979</u>
<u>ASSETS</u>		
CURRENT:		
Cash	\$ 142,502	\$ 68,562
Expenditures recoverable -		
Esso Resources Canada Limited (Note 2)	47,236	
Goldera Resources Inc. (Note 2)	39,100	55,557
Exploration advances and prepaid expenses	20,910	2,869
Due from Director	-	2,325
	249,748	129,313
MINING PROPERTIES AND CLAIMS, at cost (Note 2)	32,286	80,713
EQUIPMENT, at nominal value	1	1
DEFERRED EXPLORATION AND OTHER EXPENDITURES, per statement attached	492,954	270,789
	\$ 774,989	\$ 480,816
<u>LIABILITIES</u>		
CURRENT:		
Payables	\$ 26,414	\$ 42,400
Loan, plus accrued interest (Note 3)	-	100,633
Subscriptions received for shares	-	13,750
	26,414	156,783
<u>SHAREHOLDERS' EQUITY</u>		
CAPITAL STOCK (Note 4):		
Authorized -		
<u>10,000,000</u> shares of no par value		
Issued -		
<u>4,136,996</u> shares (2,751,996)	2,012,101	1,481,351
CONTRIBUTED SURPLUS	450,664	450,664
	2,462,765	1,932,015
Less DEFICIT, per statement attached	1,714,190	1,607,982
	748,575	324,033
	\$ 774,989	\$ 480,816

APPROVED by the Directors:

H. S. Aik
Director

M. L. Luville Tongen
Director

To be read in conjunction with my report
to the Shareholders dated September 4, 1980.

John S. Swedel
Chartered Accountant

Nuspar Resources Ltd.

Statement of deficit
Year ended July 31, 1980
 (with comparative figures for 1979)

	<u>1980</u>	<u>1979</u>
Cost of options, mineral claims and other prospects abandoned during year -		
CAVE VALLEY CLAIMS		
Option payments to date -		
Cash (\$26,000 U.S.)	\$ 29,927	
25,000 free shares of capital stock at a deemed price of 60¢ per share	15,000	
	<u>44,927</u>	
Expenditures thereon -		
Exploration	30,754	
Administration	13,075	
	<u>88,756</u>	
SEA CLAIMS		
Acquisition cost - cash	3,500	
Expenditures thereon -		
Exploration	7,729	
Administration	5,500	
	<u>16,729</u>	
ORION CLAIMS		
Option payments to date -		
Cash		\$ 10,760
50,000 free shares of capital stock at a deemed price of 15¢ per share		7,500
		<u>18,260</u>
Expenditures thereon -		
Exploration		3,636
Administration		3,636
		<u>25,532</u>
VALDEZ OPTION re Kipawa Property		
Option payment		<u>2,000</u>
OTHER PROSPECTS, not acquired		
Expenditures thereon -		
Exploration	513	662
Administration	210	220
	<u>723</u>	<u>882</u>
	106,208	28,414
Deficit, beginning of year	<u>1,607,982</u>	<u>1,579,568</u>
Deficit, end of year	<u>\$1,714,190</u>	<u>\$1,607,982</u>

Nuspar Resources Ltd.

Statement of deferred exploration and other expenditures

Year ended July 31, 1980

(with comparative figures for 1979)

	<u>1980</u>	<u>1979</u>
EXPLORATION:		
British Columbia - EAGLEHEAD PROJECT		
Consulting and engineering	\$ 121,766	\$ 46,624
Diamond drilling	111,786	-
Staking	3,684	-
Drafting, travel and sundry	<u>1,758</u>	<u>-</u>
	238,994	46,624
Less recovered/recoverable from Esso Resources Canada Limited	<u>100,826</u>	<u>-</u>
	138,168	46,624
Deferred balance, beginning of year	<u>46,624</u>	<u>-</u>
Deferred balance, end of year	<u>184,792</u>	<u>46,624</u>
Quebec - KIPAWA PROPERTY		
Consulting and engineering	18,336	42,614
Diamond drilling	1,442	83,645
Bulk sampling and assaying	14,568	1,524
Filing of assessment work	1,874	-
Travel	866	21,201
Repairs, maintenance and equipment rental	-	4,136
Staking	-	8,538
Drafting and reproduction charges	<u>-</u>	<u>1,536</u>
	37,086	163,194
Less recovered/recoverable from Goldera Resources Inc.	<u>18,543</u>	<u>74,097</u>
	18,543	89,097
Deferred balance, beginning of year	<u>123,801</u>	<u>34,704</u>
Deferred balance, end of year	<u>142,344</u>	<u>123,801</u>
Nevada - CAVE VALLEY CLAIMS		
Consulting and engineering	2,595	2,388
Diamond drilling	8,893	-
Travel	<u>-</u>	<u>1,126</u>
	11,488	3,514
Deferred balance, beginning of year	<u>19,266</u>	<u>15,752</u>
	30,754	19,266
Transferred to deficit on abandonment	<u>30,754</u>	<u>-</u>
Deferred balance, end of year	<u>-</u>	<u>19,266</u>
Yukon Territory -		
SEA CLAIMS		
Deferred balance, beginning of year	7,729	7,729
Transferred to deficit on abandonment	<u>7,729</u>	<u>-</u>
Deferred balance, end of year	<u>-</u>	<u>7,729</u>
MOOSE CLAIMS		
Deferred balance, beginning of year	<u>3,753</u>	<u>3,753</u>
Deferred balance, end of year	<u>3,753</u>	<u>3,753</u>
forward	\$ 330,889	\$ 201,173

Nuspar Resources Ltd.

Statement of deferred exploration and other expenditures

Year ended July 31, 1980

(with comparative figures for 1979)

	<u>1980</u>	<u>1979</u>
EXPLORATION (cont'd.):		
forward	\$ 330,889	\$ 201,173
Other prospects -		
Travel and sundry	513	-
Consulting and engineering	-	600
Assaying	-	62
	<u>513</u>	<u>662</u>
Transferred to deficit, not acquired	513	662
Deferred balance, end of year	-	-
	<u>330,889</u>	<u>201,173</u>
TOTAL DEFERRED EXPLORATION	330,889	201,173
TOTAL DEFERRED ADMINISTRATION, per statement attached	<u>162,065</u>	<u>69,616</u>
	<u>\$ 492,954</u>	<u>\$ 270,789</u>

Nuspar Resources Ltd.

Statement of deferred administration

Year ended July 31, 1980

(with comparative figures for 1979)

	<u>1980</u>	<u>1979</u>
Management fees	\$ 2,687	\$ 2,875
Secretarial and bookkeeping	4,021	2,914
Trust Co.	5,746	2,290
Audit	3,397	3,085
Legal	11,475	12,085
Vancouver Stock Exchange fees	1,200	1,500
Shareholders' information, promotion and annual general meeting	15,612	7,506
Office and sundry	1,363	1,315
Government fees	620	800
Travel	-	2,243
Telephone	5,923	5,613
Office rent	2,840	3,060
Interest, exchange and bank charges	2,324	1,302
	<u>57,208</u>	<u>46,588</u>
Charges re loan agreement and debenture (Note 3) - Bonuses		
Cash (for extension agreement)	10,000	
50,000 free shares of capital stock at a deemed price of 50¢ per share	25,000	
Interest	23,956	
	<u>58,956</u>	
	116,164	<u>46,588</u>
Less -		
Recovered/recoverable from Esso Resources Canada Limited	(4,930)	
Interest income	-	(768)
Write off of prior years' payables	-	(1,504)
	<u>111,234</u>	<u>44,316</u>
Deferred balance, beginning of year	69,616	29,156
	<u>180,850</u>	<u>73,472</u>
Less portion transferred to deficit on abandonment of options, mineral claims and other prospects	18,785	3,856
Deferred balance, end of year	<u>\$ 162,065</u>	<u>\$ 69,616</u>

Nuspar Resources Ltd.

Notes to financial statements

Year ended July 31, 1980

1. SIGNIFICANT ACCOUNTING POLICIES

All costs relative to the acquisition and expenditures on mining properties and claims are capitalized or deferred until such time as commercial production commences or the property is abandoned. Costs applicable to abandoned properties are charged to deficit in the year of abandonment.

2. MINING PROPERTIES AND CLAIMS

British Columbia - EAGLEHEAD PROJECT

The company holds a 40% interest in a group of mineral claims near Eaglehead Lake in the Liard Mining Division under a joint venture agreement dated August 15, 1971 with Imperial Oil Ltd. (subsequently assigned to their wholly owned subsidiary, Esso Resources Canada Limited ("Esso")).

During the past year to December 31st, the company carried out a two stage program on the property consisting of completion of existing data and enlargement of the previously surveyed geochemical and geophysical (I.P.) grids and a re-evaluation of the diamond drill holes previously drilled on the property together with additional diamond drilling. The \$203,165 expenditure by the company on these programs was sufficient to allow the company to regain that percentage of its interest in the joint venture lost by non-participation in previous programs carried out by Imperial Oil Ltd. and to regain its 40% interest. Esso reimbursed the company a total of \$56,309 as its portion of the above costs (including overhead charges) in order to maintain its interest at 60% and also contributed \$2,210 for its share of further staking costs.

Esso has committed \$120,000 to be applied to the current exploration program estimated to cost some \$200,000, and their share of the expenditures thereon to date, amounting to \$47,236, is included in current assets on the July 31, 1980 balance sheet.

Cost of acquiring minority interest of others -

Cash	\$ 6,000
41,881 free shares at a deemed price of 15¢ per share	<u>6,282</u>
	12,282

As the company failed to make the further payments (totalling \$4,000) required under a prospecting agreement dated May 12, 1970, as amended July 16, 1976, James S. Dodge retained a 1½% share of the company's 40% interest in the project.

forward \$ 12,282

Nuspar Resources Ltd.

Notes to financial statements

Year ended July 31, 1980

2. MINING PROPERTIES AND CLAIMS (cont'd.)

forward

\$ 12,282

Quebec - KIPAWA PROPERTY

Under an agreement dated May 2, 1978, the company acquired an assignment of an option dated March 30, 1978 (amended June 16, 1978) to acquire an undivided 50% interest in a group of mineral claims situated in the Villedieu Township, Temiscamingue County, Quebec, consisting of 50 contiguous units having a total area of 2000 acres.

Option payments to date -

Cash

10,000

17,500 free shares of capital stock at a deemed price of 57.14¢ per share

10,000

20,000

In order to exercise the option the company must issue a further 52,500 shares to Robert Rosenblat ("Rosenblat") as follows -

26,250 shares no sooner than June 1, 1980

26,250 shares no sooner than June 1, 1981

52,500

subject to the prior filing of satisfactory engineering reports.

The company's interest in the property is subject to a retained interest in favour of Rosenblat who is to receive \$500 per month or 3% of net smelter returns, whichever is the greater, commencing September 15, 1980.

Under a letter agreement dated June 22, 1978, the company and Valdez Resource Industries Ltd., now Goldera Resources Inc. ("Goldera"), who hold the other 50% interest in the claims under an option agreement dated February 18, 1977 with Rosenblat, agreed to enter into a joint venture agreement for the further development of the property. The formal joint venture agreement dated January 26, 1979 called for Nuspar, as operator, to invoice Goldera from time to time with 50% of its expenditures on the exploration and development of these claims, and for Goldera to reimburse Nuspar within 180 days of the date of the invoice. Should Goldera fail to do so then Nuspar shall be entitled to an additional 1% interest in the property for each \$5,000 of expenditure not reimbursed.

During the past year the company carried out further exploration and bulk sampling on the property at a total cost of \$37,086 (with \$18,543 recoverable from Goldera). Goldera has agreed to either reimburse the company for the accumulated balance due (\$39,100) or to discharge its obligation to the company by carrying out work on the property for double that amount.

forward

\$ 32,282

Nuspar Resources Ltd.

Notes to financial statements

Year ended July 31, 1980

2. MINING PROPERTIES AND CLAIMS (cont'd.)

forward

\$ 32,282

Nevada - CAVE VALLEY CLAIMS

During the past year the company carried out a limited diamond drill program on this optioned property, consisting of a group of 5 patented mining claims situated in the Cave Valley area in Lincoln County, Nevada. The 3 short drill holes failed to provide a basis for further work and the option was allowed to lapse and the claims were returned to the optionors.

The option payments and expenditures thereon were written off to deficit.

Yukon Territory - SEA CLAIMS

During the past year, this property, consisting of 17 mineral claims located in the Seagull Creek area of the Watson Lake Mining District, was allowed to lapse and was dropped.

The acquisition cost and expenditures thereon were written off to deficit.

Yukon Territory - MOOSE CLAIMS

This property, consisting of 4 mineral claims with a nominal value of 4 is located in the McMillan Pass area of the Mayo Mining District and is subject to an agreement with Yukon Barite Company Ltd. ("Yukon Barite"), whereby that company has the right to mine the property for barite and an option to purchase the property at any time before July 16, 1997. Until the exercise by Yukon Barite of its purchase option, the right to all other minerals upon the property is specifically reserved by the company, and royalties of between \$1 and \$3 per ton are payable to the company upon production from the property.

During the past year Yukon Barite conducted sufficient work on the claims to maintain them in good standing.

Other prospects

During the past year the company examined various other properties, none of which were acquired, and the expenditures thereon were written off to deficit.

\$ 32,286

Nuspar Resources Ltd.

Notes to financial statements

Year ended July 31, 1980

3. LOAN AGREEMENT AND DEBENTURE

During the past year the company borrowed a total of \$200,000 from 51 Creek Ranch Ltd. ("51 Ranch") under the loan agreement dated June 28, 1979 as amended July 9, 1979. The loan was secured by a debenture and was fully repaid in June 1980 from the proceeds of the May 27, 1980 underwriting agreement.

As consideration for the loan, 51 Creek received interest (at bank prime rate plus 1½%) totalling \$23,956, plus a bonus of \$10,000 for granting an extension and 50,000 free shares of capital stock.

4. CAPITAL STOCK

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

	<u>%</u>	<u>No. of shares</u>	<u>Net</u>
For cash	88.20	3,648,615	\$1,824,119
For mining properties and claims	9.87	408,381	158,482
For other	<u>1.93</u>	<u>80,000</u>	<u>29,500</u>
	<u>100.00</u>	<u>4,136,996</u>	<u>\$2,012,101</u>

b) During the past year 1,385,000 shares of capital stock were issued as follows -

35,000	shares to the directors under the November 20, 1978 directors' incentive share purchase option agreements (25,000 @ 55¢ and 10,000 @ 65¢), netting the company \$20,250.
50,000	shares to 51 Creek Ranch Ltd. under the June 28, 1979 loan agreement, at a deemed price of 50¢ per share, totalling \$25,000.
1,300,000	shares under the May 27, 1980 underwriting agreement (1,000,000 @ 36¢, 250,000 @ 41¢ and 50,000 @ 46¢), netting the company \$485,500.
<u>1,385,000</u>	

Nuspar Resources Ltd.

Notes to financial statements

Year ended July 31, 1980

4. CAPITAL STOCK (cont'd.)

c) Options are outstanding to purchase 225,000 shares of capital stock as follows -

200,000 shares under the May 27, 1980 underwriting agreement @ 46¢ per share on or before December 8, 1980 (See Note 6).

25,000 shares to the directors under the November 20, 1978 directors' incentive share purchase agreements @ 75¢ per share on or before July 31, 1981 (2 directors 10,000 shares each and 1 director 5,000 shares).

225,000

5. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS AND RELATED PARTY TRANSACTIONS

During the past year the directors did not receive any remuneration as such but the secretary received fees totalling \$2,275 for bookkeeping services and H.S. Aikins Exploration Services Ltd., a company owned by the president, received fees totalling \$6,937 for technical and administrative services.

6. SUBSEQUENT EVENT

The underwriters exercised their options on the remaining 200,000 shares @ 46¢, netting the company \$92,000.

Nuspar Resources Ltd.

Statement of changes in financial position

Year ended July 31, 1980

(with comparative figures for 1979)

	<u>1980</u>	<u>1979</u>
SOURCE of working capital		
Issue of shares of capital stock	\$ 530,750	\$ 217,038
Expenditures recovered/recoverable -		
EAGLEHEAD PROJECT	105,756	
KIPAWA PROPERTY	18,543	74,097
Interest income	-	768
Write off of prior years' payables	-	1,504
	<u>655,049</u>	<u>293,407</u>
USE of working capital		
Deferred charges -		
EXPLORATION		
British Columbia - EAGLEHEAD PROJECT	238,994	46,624
Quebec - KIPAWA PROPERTY	37,086	163,194
Nevada - CAVE VALLEY CLAIMS	11,488	3,514
Other prospects	513	662
	<u>288,081</u>	<u>213,994</u>
ADMINISTRATION (including \$25,000 value placed on issue of shares of capital stock)	116,164	46,588
	<u>404,245</u>	<u>260,582</u>
Payments on options to purchase mining properties and claims -		
By cash		30,277
By issue of shares of capital stock		25,000
		<u>55,277</u>
	<u>404,245</u>	<u>315,859</u>
DECREASE in working capital	250,804	(22,452)
WORKING CAPITAL (DEFICIENCY), beginning of year	(27,470)	(5,018)
WORKING CAPITAL (DEFICIENCY), end of year	<u>\$ 223,334</u>	<u>\$ (27,470)</u>
REPRESENTED BY:		
Current assets	\$ 249,748	\$ 129,313
Less current liabilities	<u>26,414</u>	<u>156,783</u>
As above	<u>\$ 223,334</u>	<u>\$ (27,470)</u>

Nuspar Resources Ltd.

CORPORATE DATA

Directors & Officers

H.S. Aikins
President & Director
N. Vancouver, B.C.

L. Tangen
Secretary & Director
Vancouver, B.C.

R. Thomas
Director
Edmonton, Alberta

R. Rosenblat
Director
Toronto, Ontario

Head Office

#305-535 Thurlow Street
Vancouver, B.C.
V6E 3L2

Solicitor & Records Office

DuMoulin, Black, Brazier & Hall
#1004-595 Howe Street
Vancouver, B.C.
V6C 2T5

Transfer Agent

The Canada Trust Company
901 West Pender Street
Vancouver, B.C.
V6C 1L7

Auditors

John G. Oswald
1112 Kapilano 100
100 Park Royal South
West Vancouver, B.C.
V7T 1A2

Bank

Bank of Montreal
1105 West Georgia Street
Vancouver, B.C.
V6E 3G6

Capitalization

Authorized: 10,000,000 Shares n.p.v.
Issued: 4,136,996 Shares

Exchange Listing

Vancouver Stock Exchange
Ticker Symbol NUR

