

YUKON



REVENUE MINES LIMITED

"DEVELOPING IN THE STREAM OF PROGRESS" — GOLD • COPPER • SILVER • LEAD • ZINC • URANIUM

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YIA 2TB

YUKON REVENUE MINES LIMITED
HCF Claim Group, Atlin, B.C.
1981 ProjectLate
1981

Work during the 1981 season was concentrated on the old Lakeview Zone with a little additional effort at the White Star workings some one and a half kilometers to the northeast.

Road building up the mountainside and bulldozer trenching confirmed the presence of two vein zones separated by one hundred meters of the local greenstone.

The lower, or easterly, vein system is called the Lakeview (or No. 2 Zone) and the upper system is called the No. 1 Zone.

The quartz veins in No. 1 Zone occur as fissures in relatively firm rocks and are reasonably straight and persistent. Mineralization is in the form of erratically distributed fine to visible wires and blebs of native gold, usually accompanied by more or less argentite and other dark silverbearing minerals. The quartz pinches and swells with 36" being the maximum solid width observed. The richer lenses of gold-silver mineralization also pinch and swell both horizontally and vertically and commonly the distribution of native gold causes wildly differing results in channel sampling.

The mineralization in No. 2 Zone is similar but the quartz veins are either faulted and offset at intervals or they are more lenticular than the No. 1 Zone. The No. 2 vein system is largely localized in a sixty foot wide shear zone and several areas of quartz appear to occur therein. Most of the vein matter at surface is barren or unmineralized but two vein types do carry precious metals at this horizon and these are as follow:

- (a) quartz-carbonate with patchy, coarse galena - pyrite - sphalerite. In this type of material gold assays range from 0.05 to 0.25 oz. per ton gold and from 2 to 5 oz. per ton silver. Specks of free gold are occasionally seen.
- (b) quartz-carbonate with near absence of sulphide minerals but fairly easily observed amounts of native gold, argentite, etc. when glassed under ten power magnification. On occasion the gold is visible to the unaided eye and in this type of material assays can be taken which run in ounces. Since this type of mineralization occupies only a portion of the width of the vein the normal channel sample result across three feet would be 0.4 oz. per ton gold and 6 oz. per ton silver.

It must be noted that these mineralized lenses are not continuous and that some vein matter assays below 0.1 oz. per ton gold. Due to the apparent offsetting of the gold bearing veins we do not yet understand the full nature of their extent.

When vein 1 b was first opened up in deep cuts during the summer, sampling results indicated an eight hundred foot length with a three foot width assaying about 0.38 oz. per ton gold and 5.8 oz. per ton silver. Further testing of this section needs to be carried out to confirm this. A bulk sample of this material is in the early stages of processing.

Trenching of the No. 2 Zone late in the season resulted in mixed results due to the erratic presence of free gold. A bulk sample of some of the better material is being tested.

OTHER BUSINESS:

Your company has acquired, for the cost of staking, twenty-eight mineral claims covering a reconnaissance soil anomaly reported by Hudson's Bay Oil and Gas in 1970. There is a large, coincident copper-molybdenum anomaly partially delineated, plus a peripheral silver high which might indicate a vein. This property is in the Boswell River area and is call the YR group.

Mr. W. T. (Bill) Irvine died suddenly on a trip to Yukon and your company lost not simply its Consulting Geologist but the accumulated years of experience and wisdom he represented. He encouraged us to pursue a vigorous program on these gold bearing veins and his advice will be missed.

Original signed by
R. A. Granger
Vice President

RG/jb

YUKON REVENUE MINES LIMITED (N.P.L.)



FINANCIAL STATEMENTS



AS AT OCTOBER 31, 1981



BALANCE SHEET

ASSETS

	<u>October 1981</u>	<u>April 1981</u>
Cash	\$ 86,350	\$ 271,392
Accrued Interest receivable	407	960
Marketable Securities (Note 2)	2,280	2,280
Equipment (Note 3)	13,167	15,048
Option Payments (Note 4)	115,000	63,000
Investment in Subsidiary (Note 12)	110	1
Mining Properties and claims (Note 5)	117,336	114,828
Deferred exploration, development and other expenditures (Note 1(b))	1,187,975	1,033,767
Incorporation costs	2,035	2,035
	<u>\$1,524,660</u>	<u>\$1,503,311</u>

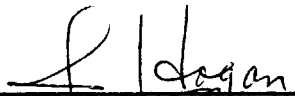
LIABILITIES


Accounts payable	\$ 1,984	\$ 19,135
Due to director (Note 11)	<u>54,292</u>	<u>46,792</u>
Due on Option Payments (Note 4)	<u>31,000</u>	

SHAREHOLDERS' EQUITY

Share Capital		
Authorized		
7,000,000 common shares, par value \$1.00 each		
Issued		
4,096,923 shares (Note 6)	\$1,818,741	\$1,818,741
Deficit	(381,357)	(381,357)
	<u>1,437,384</u>	<u>1,437,384</u>
	<u>\$1,524,660</u>	<u>\$1,503,311</u>

Approved by the Directors:


_____, Director


_____, Director

The accompanying notes are an integral
part of these financial statements

STATEMENT OF DEFICIT

	<u>October 1981</u>	<u>April 1981</u>
Deficit, beginning of the year	<u>\$ 381,357</u>	<u>\$ 337,128</u>
Add: Write-off of deferred costs related to claims and exploration agreements abandoned and terminated during the year (Note 7)		
- cost of claims abandoned		2,769
- exploration costs		-
- option and joint venture payments		-
		<u>2,769</u>
Add: Write-off of advances to subsidiary (Note 12)		41,460
		<u>44,229</u>
Deficit, end of the year	<u><u>\$ 381,357</u></u>	<u><u>\$ 381,357</u></u>

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STATEMENT OF DEFERRED EXPLORATION
DEVELOPMENT AND OTHER EXPENDITURES

	<u>October 1981</u>	<u>April 1981</u>	<u>Expenditures</u>
Exploration and development			
Whitehorse Mining District			
Revenue Creek Area			
Assay	\$ 3,420	\$ 3,420	\$ -
Camp	22,876	22,876	-
Consulting fees	3,753	3,753	-
Diamond Drilling	129,646	129,646	-
Engineering fees	10,455	10,455	-
Geological fee	39,498	39,498	-
Joint Venture costs	225,000	225,000	-
Line cutting	2,850	2,850	-
Road & camp maintenance	23,697	23,697	-
Supervision	10,486	10,486	-
Travel & transportation	10,873	10,873	-
Trenching, stripping & sampling	45,424	45,424	-
	<u>527,978</u>	<u>527,978</u>	<u>-</u>
Boswell			
Soil sampling	1,343		1,343
	<u>1,343</u>		<u>1,343</u>
Dawson City Mining District			
Indian River Area			
Assay	326	326	-
Camp expenses	4,370	4,370	-
Drilling	34,991	34,991	-
Exploration	191	191	-
Geological fees	1,725	1,725	-
Government fees	4,655	4,655	-
Travel & transportation	2,026	2,026	-
Trenching, stripping, & sampling	7,975	7,975	-
Wages	3,339	3,339	-
Northern mineral assistance program grant (Note 8)	(21,933)	(21,933)	-
	<u>37,665</u>	<u>37,665</u>	<u>-</u>
McKinnon Creek Area			
Government fee	700	700	-
Geological fees	1,348	1,348	-
Mapping	2,412	2,412	-
Travel	1,989	1,989	-
Expenditures recovered (Note 9)	(3,000)	(3,000)	-
	<u>\$ 3,449</u>	<u>\$ 3,449</u>	<u>-</u>

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STATEMENT OF DEFERRED EXPLORATION
DEVELOPMENT AND OTHER EXPENDITURES
CONTINUED

	<u>October 1981</u>	<u>April 1981</u>	<u>Expenditures</u>
Atlin Mining District			
Boulder Creek Area			
Assay	\$ 20,421	\$ 9,903	\$ 10,518
Camp supplies	37,295	23,174	14,121
Drilling	132,722	132,722	-
Geological expenses	60,704	41,793	18,911
Government fees	3,078	2,778	300
Line cutting	2,685	2,685	-
Professional fees	6,776	3,186	3,590
Soil samples	2,740	2,740	-
Survey - I.P.	9,692	9,692	-
Transportation	15,673	13,182	2,491
Trenching, roads	161,461	75,627	85,834
Wages & benefits	36,646	21,412	15,234
	<u>489,893</u>	<u>338,894</u>	<u>150,999</u>
Administration & general			
Commissions - share issue	30,600	30,600	-
Consulting fees	1,880	1,880	-
Depreciation (Note 1(c))	5,643	3,762	1,881
Government fees	6,673	6,373	300
Management fees	2,500	2,500	-
Miscellaneous exploration	13,833	13,736	97
Office supplies & expenses	29,672	22,855	6,817
Professional fees	103,725	96,913	6,812
Travel	10,576	10,576	-
Trust and stock exchange fees	18,266	17,040	1,226
	<u>223,368</u>	<u>206,235</u>	<u>17,133</u>
Deduct: Interest earned	95,721	80,454	15,267
	<u>127,647</u>	<u>125,781</u>	<u>1,866</u>
Total deferred exploration, development and other expenditures	<u><u>\$1,187,975</u></u>	<u><u>\$1,033,767</u></u>	<u><u>\$154,208</u></u>

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STATEMENT OF CHANGES IN FINANCIAL POSITION

	<u>October 1981</u>	<u>April 1981</u>
Source of working capital		
Share capital issued (Note 6)	-	\$ 408,000
Interest earned	\$ 15,267	30,881
Loan from Director (Note II)	7,500	46,792
Due on option (Note 4)	31,000	-
	<u>53,767</u>	<u>485,673</u>
Use of working capital		
Option payments (Note 4)	52,000	40,000
Advances to subsidiary (Note 12)	109	41,461
Acquisition of mineral claims	2,508	4,388
Deferred expenditures (excluding depreciation - \$5,643)	167,594	313,163
	<u>222,211</u>	<u>399,012</u>
Decrease in working capital	168,444	86,661
Working capital, beginning of the year	<u>253,217</u>	<u>166,556</u>
Working capital, end of the year	<u><u>84,773</u></u>	<u><u>253,217</u></u>
As represented by:		
Cash	86,350	271,392
Accrued interest receivable	407	960
	<u>86,757</u>	<u>272,352</u>
Less: Accounts Payable	1,984	19,135
	<u><u>\$ 84,773</u></u>	<u><u>\$ 253,217</u></u>

The accompanying notes are an integral
part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

1. Significant accounting policies:

a) Consolidation of subsidiary:

The company's wholly-owned subsidiary (see Note 12) is in a deficit position. The investment in the subsidiary is reflected on these financial statements at a minimal amount of \$110.

b) Deferred exploration, development and other expenditures:

Exploration, development and other expenditures on mining properties continuing under examination are deferred and will be amortized against production revenue from the relevant properties or written-off upon cessation of work thereon.

c) Depreciation of equipment:

The company's exploration equipment is being depreciated over five years on straight-line basis, beginning with the 1981 fiscal year which is the first year of significant use.

2. Marketable securities:

The marketable securities were written down to market value as at April 20, 1977 and are being carried on the financial statements at this value. The market value currently is \$2,000. (April 1981 - \$2,440).

3. Equipment:

The company's exploration equipment is recorded at cost.

	October 1981	April 1981
Original cost	<u>\$18,810</u>	<u>\$18,810</u>
Accumulated depreciation	<u>5,643</u>	<u>3,762</u>
Net	<u><u>\$13,167</u></u>	<u><u>\$15,048</u></u>

4. Option payments:

On May 10, 1978, the company entered into an option agreement, subsequently modified, to acquire 9 mining units in the Atlin Mining District, Atlin, B.C., Boulder Creek Area, upon the following terms and conditions:

Upon execution of the agreement	\$ 3,000	
On or before December 15, 1978	5,000	
On or before August 1, 1979	5,000	
On or before December 15, 1979	10,000	
On or before September 30, 1980	40,000	
On or before September 30, 1981	52,000	
On or before September 30, 1982	<u>35,000</u>	
	<u><u>\$150,000</u></u>	
Payments to date		\$84,000
Due to Optionees		<u><u>31,000</u></u>

NOTES TO THE FINANCIAL STATEMENT

5. Mining Properties and claims:

a) Whitehorse Mining District

- Revenue Creek Area

31 - mineral claims acquired for 750,000 shares of the company's capital stock at 1¢ per share and cash payment of \$86,000.

\$ 93,500

11 - mineral claims acquired for staking costs

1,220

5 - mineral claims acquired for transfer costs

7

4794,727

- Boswell area

28 - mineral claims acquired for staking costs

4,388

99,115

Title to 80 mineral claims previously held in this area (Whitehorse Mining District - Revenue Creek Area) have been allowed to lapse.

b) Dawson Mining District

- Indian River Area

16 mineral claims acquired for staking costs

3,646

Title to 24 mineral claims previously held in this area have been allowed to lapse.

- McKinnon Creek Area

Coal prospecting licence acquired for cash (Note 9)

10

- Dawson Area

3 Crown grants acquired by payments of assessment fees

1,198

4,854

c) Atlin Mining District

- Boulder Creek Area

24 mineral claims acquired for staking costs and 15,000 shares of the company's capital stock issued at \$.42 per share.

(See Note 4 regarding option rights to 9 additional mineral units)

10,859

60 units, 4 - 2 post claims and 4 fractions

2,508

13,367

Total

117,336

6. Share capital:

a) Issued and outstanding as at October 31, 1981:

	# of Shares	Par Value	Discount	Net
For mining properties & claims	\$ 955,000	\$ 955,000	\$ 864,200	\$ 90,800
For exploration & development	252,667	252,667	92,667	160,000
For cash	2,889,256	2,889,256	1,321,315	1,567,941
	<u>4,096,923</u>	<u>4,096,923</u>	<u>2,278,182</u>	<u>1,818,741</u>
Balance, April 30, 1981	<u>\$4,096,923</u>	<u>\$4,096,923</u>	<u>\$2,278,182</u>	<u>\$1,818,741</u>

NOTES TO THE FINANCIAL STATEMENTS

b) Issued during the year:	# of Shares	Par Value	Premium	Net
For cash	400,000	\$ 400,000	\$ 8,000	\$ 408,000

7. Properties abandoned:

During the 1981 year the company abandoned work on the following property. The accumulated acquisition costs have been written-off to deficit.

Dawson Mining District - Montana Creek Area

(i) claim acquisition write-off	\$ 2,769
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8. Contingent Liability:

In April 1976, the company received \$21,933 under the Northern Mineral Assistance Program covering the 1974 exploration program. Under the provisions of the Northern Mineral Assistance Program, should commercial production of the mineral properties be commenced, the company would be liable to repay these funds.

9. Commitment:

Under the terms of a coal prospecting licence, the company is required to spend a minimum of \$6,000 in the McKinnon Creek Area. The company received \$3,000 from Anvil Mines Corporation, as a reimbursement for its expenditures on the property for 1979. Pursuant to a commitment to explore the property, Anvil Mines Corporation did diamond drilling. This work has been recorded and the licence is in good standing.

10. Directors' remuneration:

No remuneration was paid to directors or senior officers of the company in their capacity as such. Payments to directors related only to services in connection with the exploration programs as detailed in the following note.

11. Related party transactions:

The following related persons and companies were paid or are owed amounts related to services rendered to the company or payments made on behalf of the company as follows:

	Paid	Payable
Fromme Holdings Ltd. - D7 cat rental	\$ 58,000	\$
H. C. Fromme - expense reimbursement	252	
- advances on behalf of U.S. Subsidiary		35,292
- option payment		19,000
R. A. Granger - geological fees and expenses	19,655	
	<u>\$ 77,907</u>	<u>\$ 54,292</u>

NOTES TO THE FINANCIAL STATEMENTS

12. Investment in subsidiary:

During the year, the company incorporated a wholly-owned U.S. subsidiary, Yukon Revenue Energy, Inc., to participate in oil and gas ventures in the U.S. The first drilling venture resulted in a dry hole and the company's investment in the subsidiary has been written down to a nominal value of \$110. The amount written-off of \$41,460 has been added to deficit.

13. Subsequent events:

H.C. Fromme is holding 3 mineral units called HCF 1-3 in trust for the company. These claims will be transferred at a minimum cost next year.