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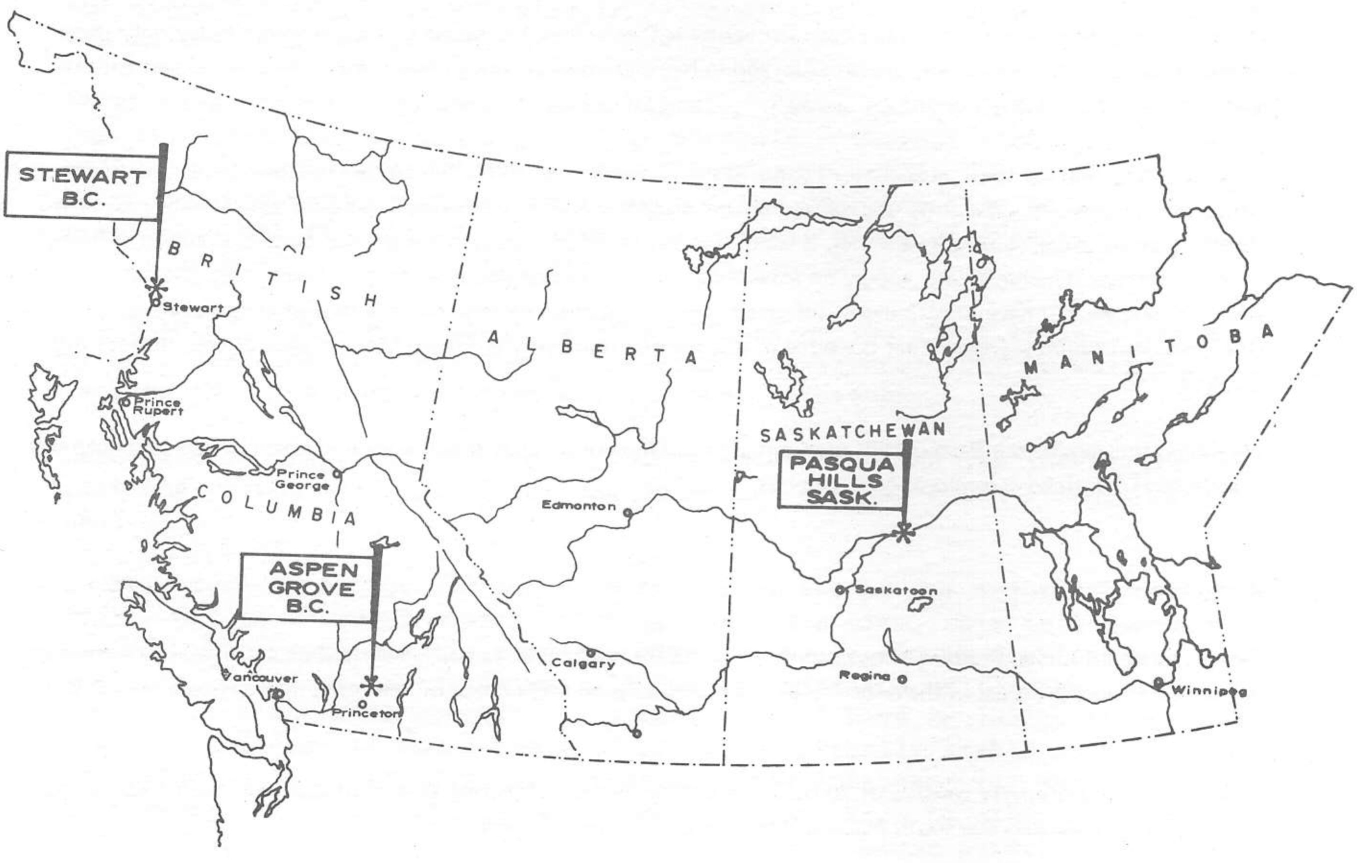
# STARBIRD MINES LTD. (N.P.L.)

309 - 850 WEST HASTINGS ST.
VANCOUVER, B.C.




# PROGRESS REPORT TO SHAREHOLDERS

Progress Report To The Shareholders:

The directors of Starbird Mines Ltd. are happy to report that the Company has made considerable progress during 1973.

## Pasqua Hills

Your company has recently acquired property at Pasqua Hills, Saskatchewan. The property consists of approximately thirty two claims covering an area of some 1,680 acres. This is an uranium prospect in the very heart of the area where two major mining companies - Rio Tinto and Amex - have staked large blocks of claims.

There are not many Vancouver-based junior mining companies which can boast such an uranium holding.

During the past few years uranium has been the veritable Cinderella of minerals to a point where today only three Canadian mines - the government owned Eldorado in Northern Saskatchewan, the Denison in Ontario and Rio Algom - are in a state of production.

We understand that by 1980, at the latest, demand for this yellow, clay-like mineral will exceed world-wide supply. Obviously the present, apparently unexpected energy crisis has probably advanced this date substantially. Governments, it seems, are becoming aware that, if we in the Western World are to maintain our present standard of living, we can no longer depend for our energy on fossil minerals (oil, natural gas, coal, peat and tar sands). Somewhere along the line we will have to turn more and more to nuclear power, for which uranium is an essential component. One would suppose therefore that the price of this mineral (currently around $7.00 per pound) will increase with demand.

We intend to examine our Pasqua Hills uranium prospect in considerable detail as soon as possible. We will keep our shareholders informed as exploration progresses.

## Aspen Grove

As you no doubt know, Starbird Mines Ltd. holds two other properties: a gold-silver-lead-zinc prospect near Stewart, B.C. and a copper prospect in the Aspen Grove Copper Camp 38 miles north of Princeton in the Nicola Mining Division of B.C.

The Aspen Grove property consists of 20 contiguous mineral claims covering an area of approximately 1,050 acres. These claims are located due south of Gold River Mines' fifty two claim property.

According to a report written on November 19, 1973 by Robert G. Hilker, P. Eng., of R.G. Hilker Ltd., the company's consulting geologist, the Starbird claims are located on the same fault zone as the Gold River Mines' property. This is important. Not only is it known that much successful development work has been carried out on the Gold River claims but it is also common knowledge that one of the very largest major mining companies in Canada is showing unusual interest in the Gold River property.

Four samples taken at random by Mr. Hilker at the southern end of Starbird's property assayed between 0.31 and 1.04 per cent copper for an arithmatic average of 0.79 per cent. With copper trading around $1.00 per pound for the first time in history on the London Metal Market 0.79 per cent copper is valuable ore.

Your directors are highly encouraged both by the success of Gold River's exploration program to the immediate north of our property and by the enthusiastic nature of Mr. Hilker'rs report.

STARBIRD MINES LTD. (NPL)

309 - 850 WEST HASTINGS STREET, VANCOUVER 2, B.C.

Telephone: 688-9146

December 31, 1973

## ENERGY AND MINING IN CANADA

In spite of the gloom and doom inflicted on us by the news media, in spite of the ineptitude of some of our politicians, in spite of the intransigence of an element of our labour force, and in spite of the recent performance of the Stock Market, it is unrealistic to consider the future of mining in Canada as anything but bright.

Never have prices of minerals been higher. Never before have the peoples of the world realized so thoroughly that minerals - whether liquid, gaseous or solid - are dwindling and are a non-renewable resource. Never has the gap between world production and world demand for minerals been so wide. Never previously has it been conceivable that a small group of Arab nations could literally hold the industrialized world to ransom.

The Shah of Iran - no Arab and a late climber on the gravy train - put our present position in a nut shell. He said, in essence, that we will have to realize that the days of cheap oil are over - forever.

Hindsight is easy, but one would presume this situation was inevitable, and that the recent Middle East war was only the catalyst which brought it to a head.

We have come to accept oil and natural gas as two of our major sources of energy. Oil is in short supply, although, at this time, this is a man-made sit uation. The price of this precious liquid becomes almost prohibitive. We will have to alter our thinking. If our civilization is to even hold its present level of material comfort it appears we will have to follow three paths: discover and exploit new deposts of oil in politically stable areas, advance our technological knowledge of extraction (the Athabasca Tar Sands are a perfect example.), and last, but by no means least, turn to other energy-producing elements: water, coal and uranium (the basis of nuclear power) - all producers of electricity, apparently our only known alternative to oil.

Any increase in the uses of electricity will be a 'shot in the arm' for our copper producers, for as yet there is no alternative to copper for the transmission of electrical current. With copper trading around $1.00 per pound in London a 'shot in the arm' seems hardly necessary!

Over and above the energy crisis almost all countries of the world are faced with a rate of inflation incompatible to the growth of their Gross National Product - a situation the spiralling price of oil must inevitable compound. To put it another way: more money buys less goods, nations devaluate their currencies, and the price of two of the most precious and beautiful of minerals - gold and silver- has risen higher than ever before in the history of mankind.

Gold, pegged for so many years at $35.00 per ounce, now changes hands on the London Bullion Market around $120.00. The price of silver in New York has risen from $1.55 an ounce in 1971 to around $3.30 today. Why? Not only because these precious metals have always been regarded as a comfortable 'hedge' or buffer against inflation, not only because the demand for ornamental purposes is almost insatiable, but also because the industrial uses of gold and silver are of truly exceptional diversity.

Gold is used in telephone transmitters, transistors, microwave tubes, aircraft engines, missiles, hi-fidelity records, computers, special glasses, instruments, electronics - and dentistry. The value of silver is closely tied to the fact that more than 28% of the world's supply is used by the fast-growing photographic industry at a time when new production of this metal runs behind demand by over a million ounces a year. At the same time the value of lead and zinc continues to rise.

What does all this mean to Canada? It means a great deal. Canada is a major copper producer. Canada is one of the few countries of the world with large known deposits of uranium. Canada is the greatest silver producer in the world, extracting 48,488,000 troy ounces during 1972, 8,848,000 more than Mexico - our closest rival. Canada is the third largest gold producer in the world. Canada is rich in lead and zinc. Canada is an important oil, natural gas and coal exporter.

How can one be other than optimistic about the future of Canada's great mining industry?

As you will see in the accompanying report, Starbird Mines owns an important uranium pospect next to Rio Tinto in Saskatchewan, a very promising gold-silver-lead-zinc property near Stewart, B.C. and two interesting copper prospects, one next to Gold River Mines Ltd. in Aspen Grove and one in the Dawson Range, Yukon Territories where Silver Standard has made an important discovery.

In view of the present demand for all these minerals it could be that we should be as optimistic about Starbird's future as we are about Canadian mining in general.

Stewart, B.C.

Your company's third property consists of nineteen claims two and a half miles north of the town of Stewart, B.C. This gold-silver-lead-zinc prospect was reported on in writing on August 14th, 1973 by Mr. Wm. G. Hainsworth, P. Eng., Consulting Geologist to the company, who recommended a drilling program estimated to cost $57,000 encompassing some 3,000 feet of diamond drilling. Drilling commenced September 4, 1973, but, due to inclement weather, by October 8th there was only 1,616 feet of drilling completed in fifteen holes. In Mr. Hainsworth's words: "Time, abetted by weather, did not allow further drilling".

The diamond drilling was recommended as a result of the success of packsack drilling carried out earlier in the year. The packsack drilling consisted of eight holes for a total of 401 feet. These were haphazard holes designed to discover the general geological potential of the area. Nevertheless no less than four holes intersecred mineralization.

The results of the curtailed diamond drilling programs were gratifying, the absolute average of all cores assayed yielding a gross value of $39.55 per ton. This figure was arrived at by Mr. Hainsworth taking gold at $100.00 per ounce, silver at $2.80 cents, lead at 17½ cents per pound and zinc at .28 cents per pound As you know these values are now higher.

In his report Mr. Hainsworth states: "The results of the drilling are encouraging from the standpoint of structural continuity". However, he also suggests that the drilling program was carried out "in a weaker extension of the vein." This assumption appears to be confirmed by assays of grab samples taken by W. Wanters, your company's resident geologist, at the northern end of the property. One of the samples returned an astonishing 0.17 oz. gold per ton, 4.28 oz. silver, 5.35 per cent lead and 3.34 per cent zinc. We believe therefore, that we may anticipate even more encouraging results with the opening of the 1974 exploration season.

Your Directors are of the opinion that, as we move into the new year, Starbird Mine's shareholders have every reason to be optimistic. The Company has acquired an uranium prospect in a 'hot' uranium area at a time when, at long last, this mineral appears to have come into its own. Your Company has a copper prospect close to, and on the same line of strike as one of the most exciting properties in B.C. and lastlyyour company's 1973 drilling program on its gold-silver-lead-zinc Stewart prospect has confirmed that this property is very worthy of extensive examination.

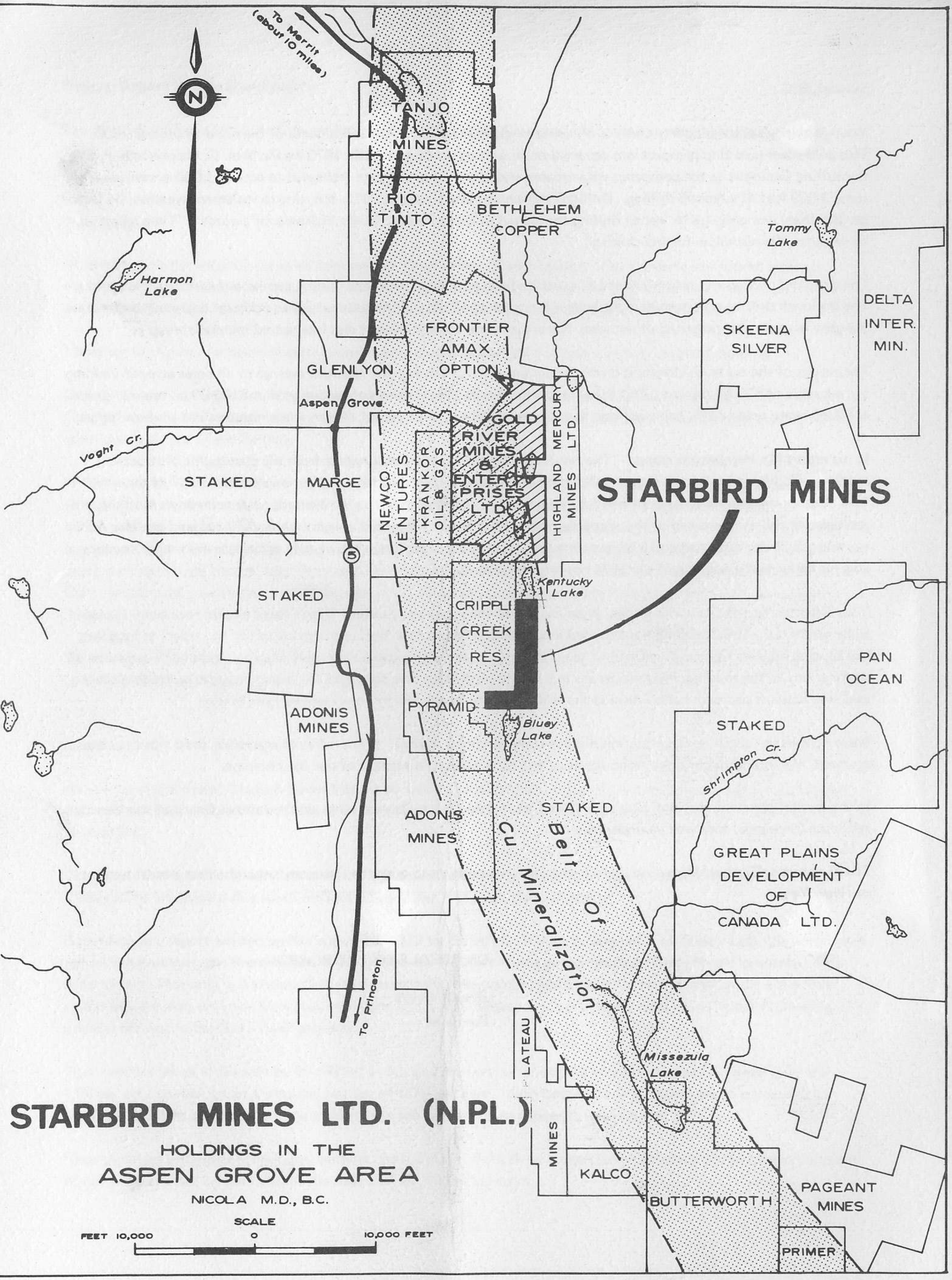
Make no mistake about it, this situation did not come about by chance. It is a result of aggressive, hard working management. We intend to continue to be aggresive and hard-working on behalf of our shareholders.

In the market place the shares of Starbird Mines Ltd., trading in the 25 cent range on the Interim Board of the Vancouver Stock Exchange, may well be undervalued.

The directors of Starbird Mines Ltd. believe they are in a position to wish the Company's shareholders a most prosperous New Year!

ON BEHALF OF THE BOARD

Robert Meirte
President


STARBIRD MINES LTD. (N.P.L.)
HOLDINGS IN THE
ASPEN GROVE AREA
NICOLA M.D., B.C.
SCALE
FEET 10,000
0
10,000 FEET
N
To Merrit (about 10 miles)
To Princeton
5
TANJO MINES
RIO TINTO
BETHLEHEM COPPER
Harmon Lake
Tommy Lake
DELTA INTER. MIN.
SKEENA SILVER
FRONTIER AMAX OPTION
GLENLYON
Aspen Grove
Voght Cr.
STAKED
MARGE
NEWCO VENTURES
KRANKOR OIL & GAS
GOLD RIVER MINES & ENTERPRISES LTD.
HIGHLAND MERCURY MINES LTD.
STARBIRD MINES
Kentucky Lake
STAKED
CRIPPLE CREEK RES.
PAN OCEAN
PYRAMID
ADONIS MINES
Bluey Lake
STAKED
Shrimpton Cr.
STAKED
ADONIS MINES
Belt of Cu Mineralization
GREAT PLAINS DEVELOPMENT OF CANADA LTD.
PLATEAU MINES
Missezula Lake
KALCO
BUTTERWORTH
PAGEANT MINES
PRIMER