

*Rec'd from E.M.
Nov. 23/71*

SILVER STAR MINES LTD. (N.P.L.)

801081

NOTICE OF ANNUAL GENERAL MEETING.

TAKE NOTICE that an Annual General Meeting of Silver Star Mines Ltd. (N.P.L.) will be held in Room 608 Marine Building, 355 Burrard Street, Vancouver, B. C., at 11:00 o'clock in the forenoon, on Monday, the 29th day of November, 1971, for the purpose of:-

- (1) Receiving and considering the Report of the Directors of the Company; the Balance Sheet as at May 31st, 1971, together with the Auditors' Report thereon.
- (2) Electing the Directors of the Company for the ensuing year.
- (3) Approving the acts of the Directors and Officers of the Company.
- (4) Appointing the Auditors of the Company for the ensuing year at a remuneration to be fixed by the Directors.
- (5) Considering, and if thought fit, passing an Ordinary Resolution, authorizing the Company to take or otherwise acquire shares in any other corporation as set forth in Section 22 (1) (g) of the "Companies Act".
- (6) Transacting such other business as may properly be transacted at such Meeting, or at any adjournment thereof, without notice.

Enclosed with this Notice of Meeting is an Information Circular and Proxy Form. If you are unable to attend the Annual General Meeting in person, kindly read the notes accompanying the Instrument of Proxy enclosed herewith and then complete and return the enclosed Form of 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, B. C., this 17th day of November, 1971.

BY ORDER OF THE BOARD

"H. Lyle Jestley"

Secretary

180108

SILVER STAR MINES LTD. (N.P.L.)

REPORT TO SHAREHOLDERS

Your Directors present with this Report, the Financial Statement of the Company as at its fiscal year ended 31st May, 1971, with the Auditors' Report thereon.

Your Company was forced to suspend operations on its "Scranton Mine" near Ainsworth, B.C., due to shortage of capital. A thorough detailed re-examination of the property's ore potential, in the light of present metal prices and smelter conditions, has been completed by the Company's engineer, Mr. W. M. Sharp, P. Eng. This has established that the Company can produce profitably subject to the completion of the necessary financial arrangements.

Your Directors have made every effort to obtain further financing. At present negotiations are in progress which we feel will result in favourable financial arrangements being completed shortly.

*This operation not
founded by W.M.S.
only on
(a big grade
salvage basis)*

November 17, 1971 ON BEHALF OF THE BOARD
"Robert G. R. Schmid"
President

Enclosed with this Notice of Meeting is an Information Circular and Proxy Form. If you are unable to attend the Annual General Meeting in person, kindly read the notes accompanying the Instrument of Proxy enclosed herewith and then complete and return the enclosed Form of 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, B.C., this 17th day of November,

1971.

BY ORDER OF THE BOARD

"H. Lyle Jesty"

Secretary

SILVER STAR MINES LTD. (N.P.L.)

INFORMATION CIRCULAR

As at November 17th, 1971, for the Annual General Meeting of the Shareholders to be held on Monday, the 29th day of November, 1971.

1. REVOCABILITY OF PROXY

Any shareholder of the above Company who executed the enclosed proxy may revoke the same by instrument in writing executed by the shareholder or by his attorney authorized in writing, or if a shareholder is a corporation, under its corporate seal or by any officer or attorney thereof duly authorized, which may be deposited either at the registered office of the Company at Suite 1900, 1055 West Hastings Street, Vancouver, B.C., at any time up to and including the last business day preceding the day of the Meeting, or at any adjournment thereof at which the proxy is to be used, or with the chairman of such Meeting on the day of the Meeting, or adjournment thereof, and upon either of such deposits the proxy shall be revoked.

2. PERSONS OR COMPANIES MAKING THE SOLICITATION

The solicitation is made on behalf of the management of the Company and the costs of this proxy solicitation will be borne by the Company.

3. VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

(a) The Company is authorized to issue 5,000,000 shares without nominal or par value, and at the date hereof there are issued and outstanding 2,050,005 shares and each such share carries with it the right to one vote.

(b) The Transfer Register of the Company shall be closed at 4:00 o'clock in the afternoon, Friday, the 26th day of November, 1971, and all shareholders of the Company recorded, at the said closing, in the Company's Share Register shall be entitled to vote at the Meeting.

(c) To the knowledge of the Directors and Senior Officers of the Company, the only persons or parties who beneficially own, directly or indirectly equity shares carrying more than 10% of the outstanding shares are as follows:-

<u>Name</u>	<u>Number of Common Shares Owned</u>	<u>Percentage of Outstanding Shares</u>
Blue Star Mines Limited (N.P.L.), 1900- 1055 W. Hastings St., Vancouver 1, B.C.	600,000	29.27%

4. ELECTION OF DIRECTORS

The Board presently consists of seven Directors, all of whom are elected at the Annual General Meeting of the Company to hold office until the next Annual General Meeting or until their successors are appointed. The following table sets out the information respecting all persons proposed to be nominated for election as Directors. This information has been supplied to management by such individuals.

Name and Present Office Held with Company	Present Principal Occupation	Principal Occupation for past five years	Periods for which Directorship held in Company	Equity Shares of Company beneficially owned, directly or indirectly as at Nov. 17/71
J.D. Annand Director	Architect	Architect, Annand-Boone, Drynen & Huffstutter	Since June 15/67 to date hereof	8,000
Edward L. Borup Managing- Director	Mining Executive	Mining Execu- tive, Managing Director, Blue Star Mines Ltd. (N.P.L.)	Since June 15/67 to date hereof	109,800
Drake L. Cummings Director	Contractor	Contractor President, Highland Development Co. Ltd.	Since June 15/67 to date hereof	61,500
James D. Hartley Director	Metallur- gical Engineer	Retired	Since June 15/67 to date hereof	8,000
H. Lyle Jestley Director & Secretary	Barrister & Solicitor	Barrister & Solicitor, Jestley, Kirstiuk, White & Jones	Since June 15/67 to Date hereof	24,326
Samuel L. Klein Director	Realtor	Realtor, Mack Realty Co. Ltd.	Since June 15/67 to date hereof	50,000
Robert G.P. Schmid President & Director	Contractor	Contractor, J. Schmid Construction Co. Ltd.	Since June 15/67 to date hereof	46,000

The persons named in the form of proxy enclosed herewith, intend to vote for the nominees whose names are set forth above, all of whom are now members of the Board.

The Management does not expect that any nominees will be unable to serve as a Director, but in that event, the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion.

5. REMUNERATION OF MANAGEMENT

No remuneration has been paid by the Company since its incorporation to any of the Directors as such. During the period ended May 31st, 1971, the sum of \$9,000.00 has been paid to the Managing Director for services rendered to the Company.

6. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No material interest, direct or indirect, was held in any transaction of the Company since the incorporation of the Company by any Director or Officer of the Company or by any shareholders holding in excess of 10% of the shares of the Company, except that the Company acquired from Scranton Mines Limited (N.P.L.) and Blue Star Mines Ltd. (N.P.L.) six Crown granted and two recorded mineral claims, plant and equipment and development for an aggregate of 1,000,000 shares of the capital stock of the Company. As herein set forth, both Scranton Mines Limited (N.P.L.) and Blue Star Mines Ltd. (N.P.L.) are each the recorded and beneficial owners of greater than 10% of the Company's outstanding equity shares. All of the Directors of the Company are shareholders of Scranton Mines Limited (N.P.L.) and/or Blue Star Mines Ltd. (N.P.L.), both of which Companies are public companies under the "Companies Act" of the Province of British Columbia. All of the Directors of the Company have also purchased shares from the Company in the ordinary course of business at the same price and on the same terms and conditions as the other shareholders who are not insiders of the Company.

7. APPOINTMENT OF AUDITORS

The persons named in the enclosed form of proxy intend to vote for the appointment of Messrs. Harwood, Grayson & McCague, Chartered Accountants, 837 West Hastings Street, Vancouver, B. C., as Auditors of the Company to hold office until the next Annual General Meeting of Shareholders. The said Messrs. Harwood, Grayson & McCague were first appointed Auditors of the Company on June 14th, 1967, and have held such appointment up to the present date.

8. PARTICULARS OF OTHER MATTERS TO BE ACTED UPON

The Board of Directors has no knowledge of any matters to be submitted to the Meeting of Shareholders of the Company set for Monday, the 29th day of November, 1971, other than those matters referred to in the notice calling such Meeting, but if any such matters should arise and properly come before the Meeting, the proxies will be voted in accordance with the discretion of the individual proxy named.

DATED at Vancouver, B.C., this 17th day of November, 1971.

BY ORDER OF THE BOARD

"H. Lyle Jestley"
Secretary

HARWOOD, GRAYSON & McCAGUE

CHARTERED ACCOUNTANTS

F. H. HARWOOD. C.A.
W. H. GRAYSON. B.Com., C.A.
J. E. McCAGUE. B.Com., C.A.

637 WEST HASTINGS STREET
VANCOUVER 1, B.C.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of Silver Star Mines Ltd. (N.P.L.) as at 31st May, 1971 and the comparative statement of 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 when read in conjunction with the notes appended thereto, present fairly the financial position of the company as at 31st May, 1971 and the results of its operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Harwood, Grayson & McCague

4th October, 1971.
VANCOUVER

CHARTERED ACCOUNTANTS

SILVER STAR MINES LTD. (N.P.L.)

BALANCE SHEET AS AT 31ST MAY, 1971

WITH COMPARATIVE FIGURES FOR THE PRECEDING YEAR.

<u>CURRENT ASSETS</u>	<u>ASSETS</u>	
	<u>1971</u>	<u>1970</u>
Cash	216.45	1,380.59
Smelter returns receivable	-	26,219.95
	<u>216.45</u>	<u>27,600.54</u>
<u>MINERAL CLAIMS</u> - at cost (Note 1)	75,000.00	75,000.00
<u>DEFERRED EXPENSES</u>		
Development and administrative (Note 1)	669,731.22	662,029.11
Incorporation	<u>4,500.00</u>	<u>4,500.00</u>
	674,231.22	666,529.11
	<u>\$749,447.67</u>	<u>\$769,129.65</u>
	<u><u> </u></u>	<u><u> </u></u>
	<u>LIABILITIES</u>	
<u>CURRENT LIABILITIES</u>		
Bank advances	40,491.49	70,000.00
Accounts payable	49,981.63	40,758.78
Equipment purchase contracts	<u>2,000.00</u>	<u>6,865.65</u>
	92,473.12	117,624.43
<u>ADVANCES</u>		
Directors' advances	71,732.26	41,997.14
Blue Star Mines Ltd. (N.P.L.)	<u>35,237.29</u>	<u>59,503.08</u>
	106,969.55	101,500.22
<u>SHAREHOLDERS' EQUITY</u>		
Share capital -		
Authorized -		
5,000,000 shares without nominal or par value		
Issued (Note 2)		
2,050,005 shares	<u>550,005.00</u>	<u>550,005.00</u>
	<u>\$749,447.67</u>	<u>\$769,129.65</u>
	<u><u> </u></u>	<u><u> </u></u>

APPROVED ON BEHALF OF THE BOARD:

Director *W. H. Steyn*

Director *P. J. ...*

This is the balance sheet referred to in our report of this date.

Harwood, Grayson & McCague

VANCOUVER, 4th October, 1971.

CHARTERED ACCOUNTANTS

HARWOOD, GRAYSON & McCAGUE

SILVER STAR MINES LTD. (N.P.L.)
STATEMENT OF SOURCE AND USE OF FUNDS
FOR THE YEAR ENDED 31ST MAY, 1971
WITH COMPARATIVE FIGURES FOR THE PRECEDING YEAR.

<u>SOURCE OF FUNDS</u>	<u>1971</u>	<u>1970</u>
Cash proceeds from sale of shares	-	250,000.00
Net increase in advances	<u>5,469.33</u>	<u>44,250.82</u>
	<u>\$ 5,469.33</u>	<u>\$294,250.82</u>
<u>USE OF FUNDS</u>		
Development expense	(10,920.08)	313,136.92
Administrative expense	<u>18,622.19</u>	<u>35,618.69</u>
	<u>\$ 7,702.11</u>	<u>\$348,755.61</u>
<u>DECREASE IN WORKING CAPITAL</u>	2,232.78	54,504.79
<u>WORKING CAPITAL DEFICIT</u> - beginning of period	<u>90,023.89</u>	<u>35,519.10</u>
<u>WORKING CAPITAL DEFICIT</u> - end of period	<u>\$ 92,256.67</u>	<u>\$ 90,023.89</u>

SILVER STAR MINES LTD. (N.P.L.)

SCHEDULE OF DEVELOPMENT AND

ADMINISTRATIVE EXPENSE

FOR THE YEAR ENDED 31ST MAY, 1971

WITH COMPARATIVE FIGURES FOR THE PRECEDING YEAR.

<u>DEVELOPMENT</u>	<u>1971</u>	<u>1970</u>
Assay	39.00	5,130.96
Camp and commissary	(388.56)	4,329.62
Equipment purchases	(1,529.47)	34,923.23
Equipment operating	(20,003.21)	53,923.93
General supplies	(1,400.75)	35,559.21
Road construction and maintenance	307.49	41,098.84
Hauling ore	-	19,062.03
Milling charges	196.00	29,400.00
Engineering	533.45	2,754.85
Insurance	716.45	2,104.58
Travel	922.82	4,548.27
Fees, taxes, licences, etc.	679.16	316.29
Wages	11,851.46	158,631.22
Other labour costs	<u>3,009.39</u>	<u>11,941.13</u>
	(5,066.77)	403,724.16
Less: Government grant in aid of road construction	-	5,000.00
Net smelter returns	<u>5,853.31</u>	<u>85,587.24</u>
	(\$10,920.08)	\$313,136.92
 <u>ADMINISTRATIVE</u>		
Salaries	812.50	1,950.00
Legal and audit	9,950.10	20,781.64
Office expense	2,523.73	8,589.36
Travel	-	1,152.32
Interest and bank charges	<u>5,335.86</u>	<u>4,645.39</u>
	18,622.19	37,118.71
Less: Interest earned	-	<u>1,500.02</u>
	\$ 18,622.19	\$ 35,618.69
 <u>TOTAL</u>		
	7,702.11	348,755.61
<u>BALANCE</u> - beginning of period	<u>662,029.11</u>	<u>313,273.50</u>
<u>BALANCE</u> - end of period	<u>\$669,731.22</u>	<u>\$662,029.11</u>

SILVER STAR MINES LTD. (N.P.L.)

NOTES TO THE FINANCIAL STATEMENTS

31ST MAY, 1971.

Note 1 - values

- A. Mineral claims - value ascribed to 750,000 of the company's shares.
- B. Development - \$25,000 being value ascribed to 250,000 of the company's shares with subsequent additions at cost.
- C. Other deferred expenses are shown at cost.

The amounts are not intended to represent present or future values.

Note 2 - share capital issued

	<u>No. of shares</u>	<u>Proceeds</u>
Cash	1,050,005	450,005.00
Mineral claims	750,000	75,000.00
Development expense	<u>250,000</u>	<u>25,000.00</u>
	2,050,005	\$550,005.00
	<u><u> </u></u>	<u><u> </u></u>

Note 3 - Remuneration of directors

Remuneration to a director for services rendered in managing the company's operations totalled \$9,000 for the year ended 31st May, 1971.