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GIANT METALLICS MINES LTD.

BOX 457, SALMON ARM, B.C. LTD.

**FIRST
ANNUAL
REPORT**

For the year ended December 31, 1966

SHARES OF THIS COMPANY MUST BE CONSIDERED SPECULATIVE

GIANT METALLICS MINES LTD.

FIRST ANNUAL REPORT

For the Year Ended December 31, 1966

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Box 457,
Salmon Arm, B.C.
January 24, 1967

Directors' Report

To the Shareholders:

Your Directors are pleased to present the first annual report of the Company for the year ended December 31, 1966.

1966 Field Program - Adams Plateau Property

A detailed summary of the program and conclusions reached appears from page 1 to 23.

The program was highly successful in confirming that our property has an excellent prospect of containing an extensive ore deposit.

Financial Position

Attached are audited financial statements to July 31, 1966, our fiscal year end. We also attach unaudited financial statements to December 31, 1966 which indicates the current financial position of the Company.

The 1966 field program exceeded the budget in drilling and I.P. survey. However, it was thought advantageous to overexpend due to the very important data that was coming from these two phases of the exploration program. It was also decided to not curtail the other programs as all surveys were to be co-ordinated after the field season closed.

Consequently, your Directors have advanced the Company funds to meet its obligations and assure a comprehensive field program was concluded.

Claims

Your Company now has 141 claims registered in its name. During this season all claims in the grid system were physically verified in the field and mapped. Preliminary checks were done on claims off the grid system and these will be mapped during the 1967 field season. Schedule "A" lists the claims held by the Company.

Future Work

The large holdings of the Company contain minerals which presently enjoy a good value. Lead-zinc-silver-gold-copper are all present and possibly in sufficient quantities to be of commercial value.

We are encouraged by the possibility of silver finding a higher market price as indicated by the many articles appearing in several leading news media. More recently the federal government has decided to curtail using silver in coin due to its scarcity.

Directors' Report - P.2

To fully exploit our property is going to entail many exploration dollars and your Directors are very much aware of the need to bring our property into limited production in order to generate a cash flow.

We have instructed our new consulting engineer to fully evaluate the economics of our surface showings with a view to implementing a small milling program. The maps in Schedule "B" outlines the area presently stripped where silver-lead-zinc has been exposed. Huntec have suggested that these showings may be more widespread than has been exposed to date.

The southern group of claims have been prospected and copper samples found. It is planned to carry out limited geophysical work in this area to further define the extent of the copper prospect.

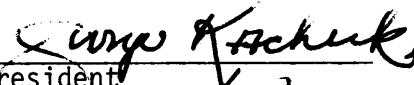
Follow-up drilling to this years' work is definitely planned

The minimum amount of dollars required is \$175,000.00 as recommended in the Engineer's Report for 1966. MacDonald Consultants Ltd. are presently correlating and evaluating the 1966 surveys and are preparing a program for the 1967 Field Season.


Our plan for the raising of this sum will be submitted to you very shortly and we would request you give it your earnest consideration.

Respectfully submitted,

Board of Directors:



President



Secretary-Treasurer

History

As far back as 1893 mineralized bodies were discovered and explored near Agate Bay on the west shore of Adams Lake but it wasn't until 1927 that the first recorded discovery was made in the high plateau area to the east of the Lake and what is now known as the Adams Plateau. There in 1949 a large prospect held by the Bischoff Brothers was optioned to Consolidated Mining and Smelting Co. of Canada through I.W.C. "Ike" Solloway.

Twenty-six short drill holes were put down on the Property. Roads at the time were poor and almost non-existent. Coupled with the fact that prices for base metals had fallen and there was virtually no demand for zinc, the option was left to lapse. In 1953 Trans Mountain Mines took an option on the Ex 1 and surrounding half dozen claims, did some drilling and shipped some high-grade ore to the Kenville Mill at Nelson, B.C. but they could not get all the property they wanted from the Bischoffs and consequently moved from the area.

In 1963 Mr. John Spelay, after having done years of work stripping the ore showings for the Bischoffs, entered into a partnership agreement whereby he held a 50 per cent interest in the property.

On August 4, 1965 Giant Metallics Mines bought outright the property and brought all claims under one Company.

Years of previous stripping of the ore bodies by Mr. John Spelay together with the work program done in 1966 have revealed substantial silver, lead, zinc mineralization.

Location

Squilax, 41 miles east of Kamloops on the main line of the Canadian Pacific Railway is the nearest rail point to the property. The Trans Canada Highway passes through this point also. From here a paved road leads north to the camp of Giant Metallics Mines for a distance of approximately eleven miles. The roads are good and one can drive a car right to the ore showings during the summer months.

Properties

The property of Giant Metallics Mines Ltd. (N.P.L.) consists of 141 claims totalling approximately 7,000 acres in area. The Shuswap District in which the claims are located has an agreeable climate. Summer months are warm with rather hot weather in the valleys. Winter months are not cold and logging operations carry on through all seasons without difficulty.

Mineralized showings lay from an elevation of 3,400 feet to an elevation of 5,800 feet. The Ex-No. 1 adit is approximately 5,300 feet in elevation and it is from here that 500 tons of ore has been shipped. This area is characterized by low hills and ridges. Ponds, muskegs and meadows are common. It is in this area that the Induced Polarization has come up with the latest new anomalies.

1966 FIELD SEASON

GIANT METALLICS MINES LTD. (N.P.L.)

ADAMS PLATEAU PROPERTY

REFERENCES: Huntec Ltd. report dated December 21, 1966
Allen Geological Engineering Ltd. reports dated February 3, 1966
and November 3, 1966.

Due to the size, elevations from 3,000 to 6,000 feet above sea level, complex geology, it was considered that the following surveys would be suitable for geophysical prospecting during 1966.

- A. Scout Diamond Drilling
- B. Induced Polarization
- C. Magnetometer
- D. Soil Sampling
- E. Geological Survey

Additionally, topography mapping and physically establishing claims in the field was carried out as a by-product of the main programs.

To facilitate the surveys a grid was established on the ground by a series of lines three hundred feet apart running north and south. On these lines stations were marked every 100 feet for reference points. These lines were cut by a D8 bulldozer which exposed rock structure and ore as lines were being run. This greatly aided geology mapping. Secondly, as we anticipated utilizing the grid for two more field season, it assured that the grid lines would not be overgrown and lost as in the field reference points.

The map at the rear of this report roughly outlines the area covered by grids.

Grid statistics are as follows:

Miles run - 39.6 miles
Area covered - approximately 1,200 acres.

Brief important details of each program are as follows:

A. SCOUT DIAMOND DRILLING

Early in this program a percussion drill was utilized for two holes. It was found that chip sampling was not satisfactory as core was required to obtain geology. The first percussion hole encountered water in the hole which we feel caused unsatisfactory sampling. Subsequent probe drilling of the area has established the vein missed by this hole.

The Diamond Drilling of six holes has proven quite satisfactory in aiding I.P. interpretation and geology mapping. Results from these holes have been released to you as they were completed. The significance of each hole in relation to I.P. interpretation will be elaborated under the I.P. survey section.

Probe drilling utilizing our own Company drill has been a tremendous aid. MacDonald Consultants Ltd. have been instructed to log and send for assay core samples from the probe drilling completed during the latter stages of the 1966 field season. This drilling was done on the silver-lead-zinc ore showings on the Pat claims.

B. INDUCED POLARIZATION SURVEY

The I.P. survey outlined 15 anomalous zones and Hunttec have submitted their comments and recommendations as follows:

(i) Anomalies and Order of Priority

<u>Priority</u>	<u>Anomaly</u>	<u>Recommended Development and Comments</u>
1	K	D.D.H. #1,2,3 "This anomaly is clearly associated with the mineralization at the Ex No. 1 workings. The conductivity is very high and the strongest zone of mineralization appears to lie still farther south of the southern most part of the present workings". The 100 feet spacing gave the strongest response reaching 53.4 milliseconds. The resistivity shows a corresponding marked decrease indicating the massive quality of this mineralization. Although the 100 foot readings are incomplete an interpretation of the zone of strongest mineralization has been made and it appears to lie up to 120 feet south of the southern boundary of the Ex 1 workings. This suggests that more massive mineralization than has been discovered to date in the Ex 1 lies immediately to the south and provides a basis on which other anomalies may be judged".

Our Comment:Our D.D. H. #6-66 was collared 150 feet north of the anomaly and just missed the anomaly clearly outlined by Hunttec. However, our drill results certainly aided I.P. interpretation.

2	1 2	D.D.H. #4 "This anomaly is interpreted as being caused by a narrow but highly conductive chargeable mass centered at 500 south on Line AC which probably dips north".
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Our Comment:Our probe drill cut a band of massive pyrrohtite 200 feet south of this anomaly. It carried good silver-zinc-lead".

3	G	D.D.H. #5 "This narrow zone extends approximately 1,800 feet across six lines. The detail profiles on Line U indicate a relatively narrow causitive body coming close to surface, but the double peak effect on the 200 and 400 foot spacing profiles that one would expect from a shallow source are absent. This is interpreted as being caused by an increase in width of the anomaly as it becomes deeper---".
---	---	---

Our Comment:Our D.D.H. #5-66 was collared 400 feet south of this anomaly. It was bottomed at 436 feet just 100 feet short of the I.P. anomaly. It bisected a mag anomaly lying south of this I.P. anomaly.

4	B	D.D.H. #6 "The causitive body is interpreted as lying roughly 40 feet below surface and having a width of about 200 feet".
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Our Comments: Percussion Hole #2 was collared 50 feet south of this anomaly and was a vertical hole. However, ore was present in the initial ten feet.

5 A D.D.H. #7, 8
 2 "This anomaly lies north-west of anomaly B above. The detailing suggests a southerly dip structure and this may be fault controlled rather than by the bedding since mapped geology to the south indicates a shallow northward dip."

6 H Trenching
 "The mineralization causing this anomaly appears to be a bread block lying very near the surface and having moderate conductivity."

Our Comment: This anomaly lies under a slew that can be very easily drained. It is of interest to note that a creek running through the anomaly does not freeze over during the winter even under very cold weather.

7 E D.D.H. #9
 "The causitive body is interpreted as lying approximately 40 feet below surface and having an east-west strike"

Our Comment: A Large ore showing lies 700 feet south of this anomaly.

8 A D.D.H. #10
 1 "This anomaly lies north of anomaly E. This anomaly appears to be roughly square in shape and have a maximum dimension of 500 feet. It is interpreted as lying possibly 80 feet below surface and is moderately conductive.

9 C D.D.H. #11
 2 "This anomaly has a more clearly defined east-west strike and is interpreted as a broad mineralization zone lying at a depth of 100 feet--".

10 c₁ Further detailing

11 l₁ D.D.H. #12
 "This anomaly is probably caused by a broad but weak chargeable mass quite near the surface."

12 J₁ and J₂
 l₃ and Zones Further detailing
 L, M, N, O,

13 D.F Work depends on results from other anomalies.

Our Comment: Anomalies J₁ and J₂ are in a radio-active area. Zone L is just north of a soil anomaly which was trenched and coarse grained galena uncovered.

Further Comments of Hunttec Are:

"The most striking characteristic of the chargeability results in the extremely high relief on activity shown over the entire area. This is undoubtedly due to the widespread mineralization which is seen in many of the outcrops and suggests that the mineralization is more widespread than would appear from an inspection of out-crops. This presents the property developer with the problem of choosing a reasonable number of drilling targets from the large number of anomalies, any of which may be underlain by sulphides barren of economic metals. The I.P. method measures resistivity as a by-product and from this it is possible to determine whether or not an I.P. anomaly is caused by massive or disseminated sulphides.

The Interpretation was selective in that it gave more weight to the more massive deposits in the assumption that these have the better chance of containing economic mineralization".

C. MAGNETOMETER SURVEY

Twenty-seven mag anomalies were outlined of which two have been drilled out. It is encouraging to note that the anomalies are associated to surface showings and/or the I.P. anomalies.

These anomalies are planned to be drilled and/or stripped.

D. SOIL SAMPLING SURVEY

The northern section showed more results from the soil sampling. Three strong copper anomalies, six medium copper anomalies and two heavy metals anomalies were outlined in the northern grid.

Trenching of one anomaly uncovered coarse grained galena which is near an I.P. anomaly and mag anomaly.

Trenching and probing of these anomalies is planned.

E. GEOLOGY SURVEY

A geology map was prepared of the total area worked but will be expanded during the coming field season as more data becomes known.

The summary and conclusions of our consulting engineer are as follows:

"Part of the large property of Giant Metallics on the Adams Plateau has been investigated over a bulldozed grid pattern by a geological survey, magnetometer survey, geochemical survey, induced polarization survey, along with two large diameter percussion drill holes and six diamond drill holes. The area so investigated represents about one-sixth of the total claims held by Giant Metallics.

Because of lack of outcrops the geological survey was not as comprehensive as had been hoped for, but rock types have been classified and an outcrop map is included with this report.

Because of the association of magnetic iron mineralization with silver-lead-zinc showings on the property, it was decided to conduct a magnetometer survey over the grid areas. Twenty-seven anomalous areas have been

outlined and only a few have been investigated by stripping and drilling.

The area was considered suitable for geochemical investigation because of the generally thin mantle of overburden and rather gentle topography. Soil samples from all grid stations were tested by the Rubianic Acid method for copper and dithizone method for heavy metals. Several small anomalous areas for higher than normal copper and lead-zinc were outlined.

The induced polarization survey, conducted by Hunttec Limited was completed over both grid areas. No final interpretation has been received, but a preliminary report was submitted for grid No. 1, and a preliminary map has been compiled for grid No. 2. Ten possible anomalies have been outlined in changes and re-evaluation of some of the preliminary results. Only a few of the areas indicated to be anomalous have been checked to date, but it is planned to investigate all anomalies during the 1967 field season.

Percussion and core drilling was confined to eight holes. The two percussion drill holes failed to cut any zones of important mineralization. The diamond drill holes supplies valuable data pertaining to six anomalous zones, including the Ex 1 deposit.

It is concluded that the results of a comprehensive exploration program, on about one-sixth of the property held by Giant Metallics are sufficiently positive to warrant proceeding with a follow-up programs and investigation of the remainder of the property.

RECOMMENDATIONS

The following recommended programs are considered minimum requirements for a thorough investigation of the Giant Metallics property on the Adams Plateau:

Schedule A

Over known areas of heavy iron mineralization, not located on the area of grid No. 1 and No. 2, conduct the following work, starting before break-up 1967:

	<u>Estimated Cost</u>
1. Magnetometer surveys	\$10,000.00
2. Winter access roads	3,000.00
3. Diamond drilling	25,000.00
4. Office, supervision, & overhead	7,000.00
5. Contingencies	<u>5,000.00</u>
Total estimated cost	\$50,000.00

Schedule B

After spring break-up, the following work should be done on grid areas of No. 1 and No. 2

	<u>Estimated Cost</u>
1. Where possible expose anomalous areas by stripping to bedrock	\$10,000.00
2. Diamond drilling	30,000.00
3. Office supervision & overhead	5,000.00
4. Contingencies	<u>5,000.00</u>
Total estimated cost	\$50,000.00

Extensive strongly mineralized surface exposures coupled with numerous anomalous zones located by geophysical methods, strongly suggest that results from the recommended work will be sufficiently positive to warrant continued investigations. It is recommended, therefore, that a budget of \$75,000.00 be provided for additional unspecified work. The administration of these funds may be in part guided by results of the work outlined above, involving the search for large low-grade silver-lead-zinc deposits, or the acquisition of sufficient high-grade ore to warrant a shipping or small milling program".

Respectfully submitted,
Allen Geological Engineering Ltd.

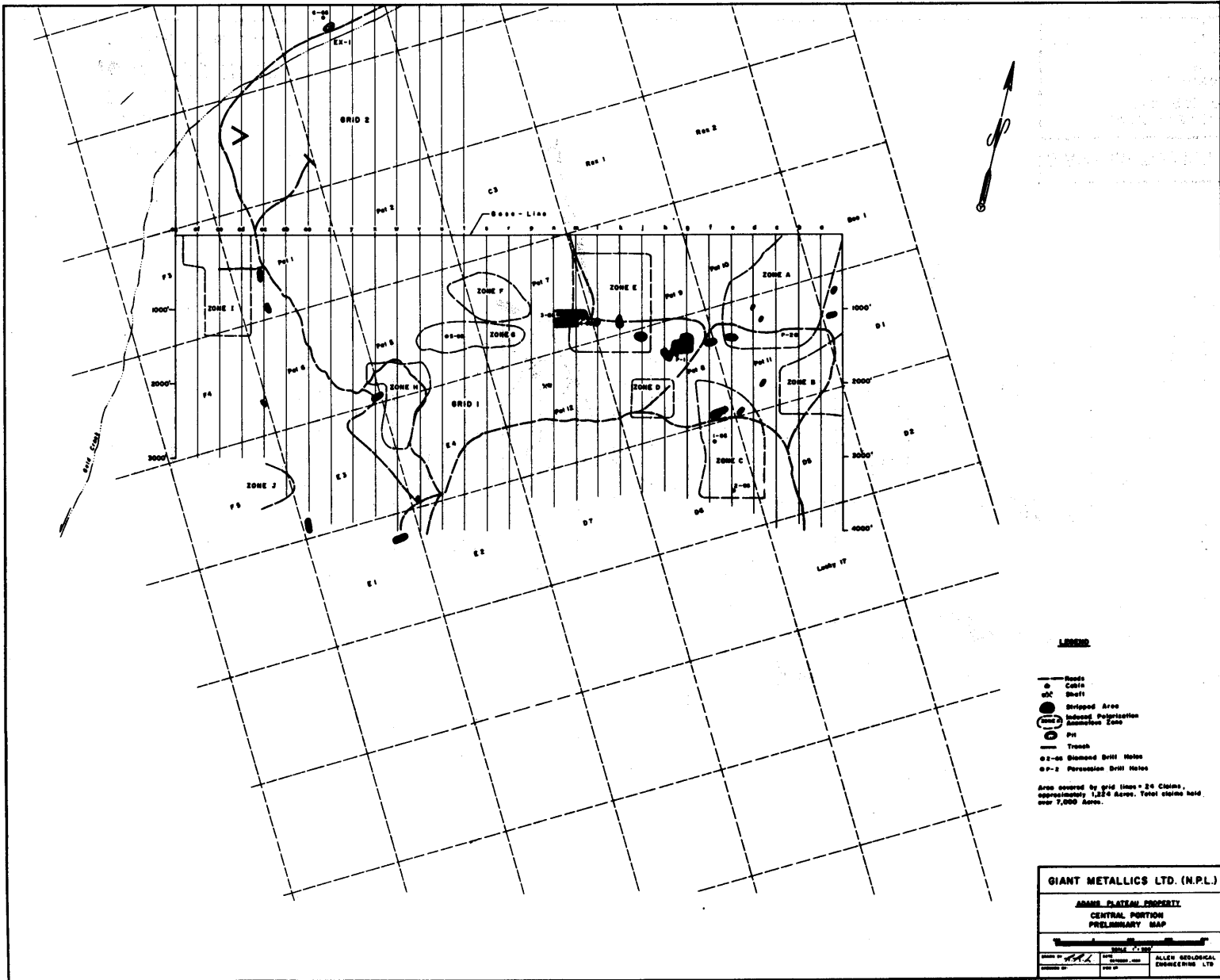
We have retained MacDonald Consultants Ltd. of Vancouver, B.C. to evaluate and correlate the 1966 surveys. Their recommendations in the 1967 field season will guide us in the expenditures of the \$175,000.00. MacDonald Consultants Ltd. are also retained to manage the field program and render periodical reports to the Board of Directors.

SCHEDULE "A"

<u>CLAIM</u>	<u>RECORD NUMBER</u>	<u>EXPIRY DATE</u>
Ex	10261	September 15, 1968
Ex 1	10262	September 4, 1968
Ex 2 Fractional	12577	September 3, 1968
C 1	12569	September 2, 1968
C 2	12524	June 3, 1968
C 3	12525	June 3, 1968
Pat 1	12575	September 3, 1968
Pat 2	12576	September 3, 1968
Pat 5	13733	June 2, 1968
Pat 6	13734	June 2, 1968
Pat 7	13830	June 19, 1968
Pat 8	13862	August 2, 1968
Pat 9	13863	August 2, 1968
Pat 10	13884	August 11, 1968
Pat 11	13885	August 11, 1968
Pat 12	13965	September 23, 1968
E 1	13370	September 26, 1967
E 3	13371	September 26, 1967
E 5	13372	September 26, 1967
E 7	13373	September 26, 1967
E 9	13374	September 26, 1967
E 2	13375	September 26, 1967
E 4	13376	September 26, 1967
E 6	13377	September 26, 1967
E 8	13378	September 26, 1967
E 10	13379	September 26, 1967
E 1	13698	May 17, 1968
E 2	13699	May 17, 1968
E 3	13700	May 17, 1968
E 4	37829	August 11, 1968
E 5 Fractional	38132	August 28, 1968
F	14684	May 26, 1968
F 1	14683	May 26, 1968
F 3	15360	July 29, 1968
F 4	15361	July 29, 1968
F 5	15362	July 29, 1968
F 6	15363	July 29, 1968
Garnet 1	30511	September 30, 1967
Garnet 2	30512	September 30, 1967
Garnet 3	30513	September 30, 1967
Garnet 4	30514	September 30, 1967
Garnet 5	30515	September 30, 1967
Garnet 6	30516	September 30, 1967
Garnet 7	30517	September 30, 1967
Garnet 8	30518	September 30, 1967
D 1	37831	August 11, 1967
D 2	37832	August 11, 1967
D 3	37836	August 11, 1967
D 4	37837	August 11, 1967
D 5	37833	August 11, 1967
D 6	37834	August 11, 1967
D 7	37835	August 11, 1967
Lucky 1	44395	September 3, 1967
Lucky 2	44396	September 3, 1967
Lucky 3	44397	September 3, 1967
Lucky 4	44398	September 3, 1967
Lucky 5	44399	September 3, 1967

<u>CLAIM</u>	<u>RECORD NUMBER</u>	<u>EXPIRY DATE</u>
Lucky 6	44400	September 3, 1967
Lucky 7	44401	September 3, 1967
Lucky 8	44402	September 3, 1967
Lucky 9	44403	September 3, 1967
Lucky 10	44404	September 3, 1967
Lucky 11	44405	September 3, 1967
Lucky 12	44406	September 3, 1967
Lucky 15	44408	September 3, 1967
Lucky 16	44409	September 3, 1967
Lucky 17	44410	September 3, 1967
Lucky 18	44411	September 3, 1967
Lucky 19	44412	September 3, 1967
Lucky 22	44415	September 3, 1967
Lucky 23	44416	September 3, 1967
Lucky 24	44417	September 3, 1967
Lucky 25	44418	September 3, 1967
Spar	43916	September 3, 1967
Bee	51266	August 16, 1968
Bee 1	51267	August 16, 1968
Bee 2	51268	August 16, 1968
S 1	54164	March 11, 1968
S 2	54165	March 11, 1968
S 3	54166	March 11, 1968
S 4	54167	March 11, 1968
S 5	54168	March 11, 1968
S 6	54169	March 11, 1968
S 7	54170	March 11, 1968
S 8	54171	March 11, 1968
S 9 Fractional	54172	March 11, 1968
R	55202	April 22, 1968
R 1	55203	April 22, 1968
B	55204	April 22, 1968
B 1	55205	April 22, 1968
B 2	55206	April 22, 1968
B 3	55207	April 22, 1968
N 1	55208	April 22, 1968
N 2	55209	April 22, 1968
N 3	55210	April 22, 1968
N 4	55211	April 22, 1968
G 1	55212	April 22, 1968
G 2	55213	April 22, 1968
G 3	55214	April 22, 1968
G 4	55215	April 22, 1968
G 6	55216	April 22, 1968
G 7	55217	April 22, 1968
G 8	55218	April 22, 1968
G 9	55219	April 22, 1968
N 5	55781	May 5, 1968
N 6	55782	May 5, 1968
N 7	55783	May 5, 1968
N 8	55784	May 5, 1968
N 9	55785	May 5, 1968
N 10	55786	May 5, 1968
G 10	55787	May 5, 1968
G 11	55788	May 5, 1968
R 2	57694	June 30, 1968
R 3	57695	June 30, 1968

<u>CLAIM</u>	<u>RECORD NUMBER</u>	<u>EXPIRY DATE</u>
R 4	57696	June 30, 1968
R 5	57697	June 30, 1968
R 6	57698	June 30, 1968
R 7	57699	June 30, 1968
R 8	57700	June 30, 1968
K	60280	September 7, 1967
K 1	60281	September 7, 1967
K 2	60282	August 7, 1967
K 3	60283	September 7, 1967
K 4	60284	September 7, 1967
K 5	60285	September 7, 1967
K 6	60286	September 7, 1967
K 7	60287	September 7, 1967
K 8	60288	September 7, 1967
K 9	60289	September 7, 1967
K 10	60290	September 7, 1967
L	60291	September 7, 1967
Z	60292	September 7, 1967
W Fraction	59411	August 8, 1967
A Fraction	59409	August 8, 1967
D Fraction	59410	August 8, 1967
Pat Fraction	60277	August 8, 1967
Pat 1 Fraction	60278	September 7, 1967
Pat 2 Fraction	60279	September 7, 1967
R 9	57701	June 30, 1968
R 10	57702	June 30, 1968
R 11	57703	June 30, 1968



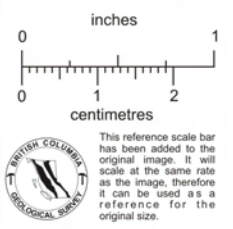
- LEGEND**
- Road
 - Cabin
 - Shaft
 - ▨ Striped Area
 - ▭ Subsidence Disruption Susceptible Zone
 - Pit
 - Trench
 - 2-26 Diamond Drill Holes
 - 7-2 Percussion Drill Holes

Area covered by grid lines = 24 Columns, approximately 1,214 Acres. Total contours held over 7,000 Acres.

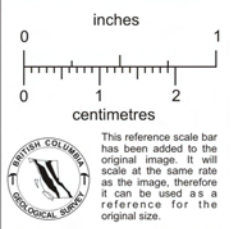
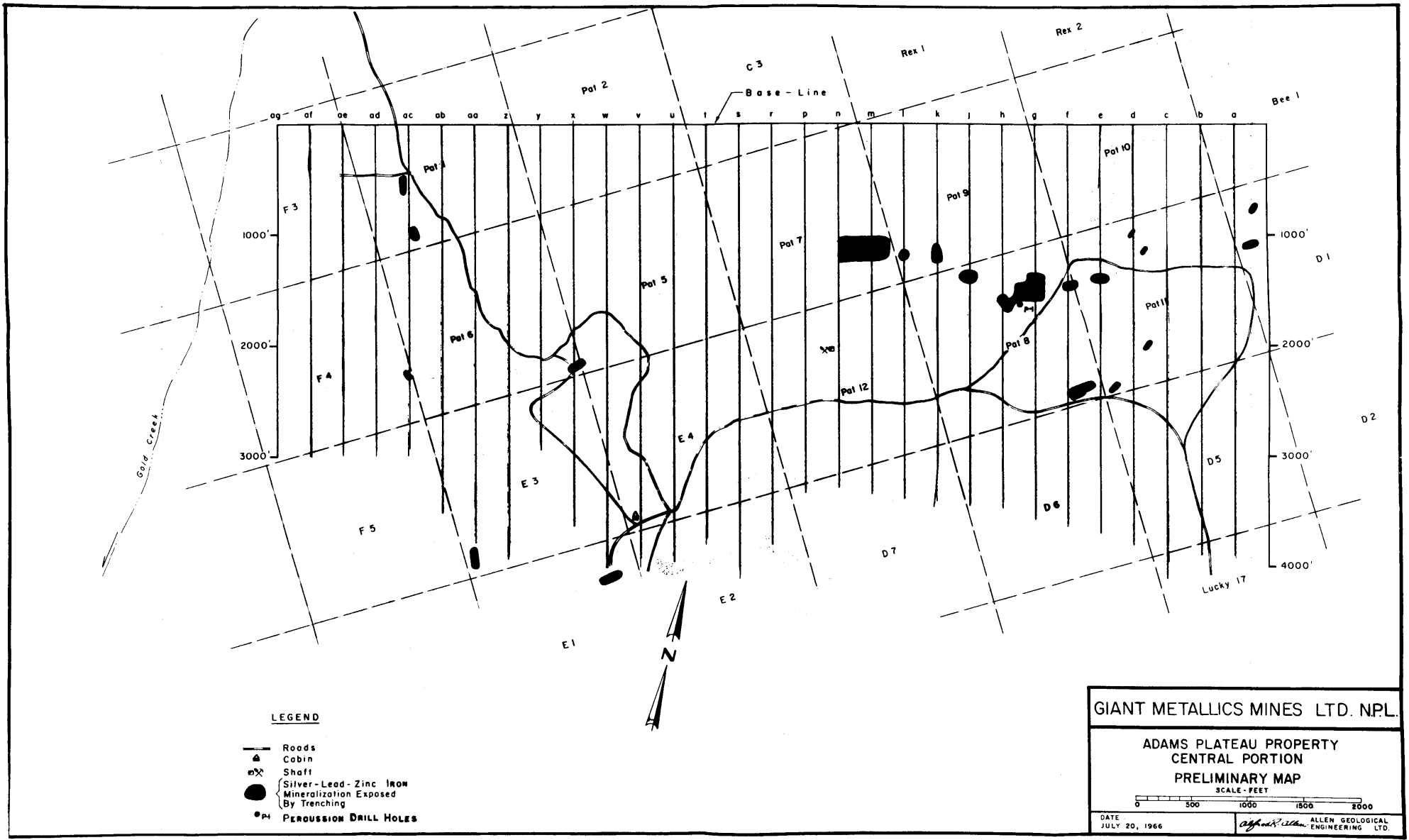
GIANT METALLICS LTD. (N.P.L.)
ADAMS PLAZA PROPERTY
CENTRAL PORTION
PRELIMINARY MAP

SCALE 1" = 100'

ALLEN AERIOLOGICAL ENGINEERING LTD.



This reference scale bar has been added to the original image. It will scale at the same rate as the image, therefore it can be used as a reference for the original size.



D E A N R O B I N S O N & C O .
Certified General Accountant

Kamloops, B.C.

December 20, 1966

Auditors Report

The Shareholders,
Giant Metallics Mines Ltd.,
(Non-Personal Liability)

I have examined the Balance Sheet of Giant Metallics Mines Ltd. (N.P.L.) as at July 31, 1966 and the Statement of Exploration, Development and Administrative Expense for the period ended on that date and have obtained all the explanations and information I required. My examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as I considered necessary in the circumstances.

I have not verified title to the mineral claims but have confirmed that all claims were in good standing at statement date. I have accepted a letter from the company solicitor confirming that all claims were validly recorded in the name of the company.

Subject to the foregoing, in my opinion the accompanying Balance Sheet and Statement of Exploration, Development and Administrative Expense present fairly the financial position of the company as at July 31, 1966 and the results of its operations for the period ended on that date, in accordance with generally accepted accounting principles.

Dean Robinson & Co.

Certified General Accountant

/be

Exhibit "A"

GIANT METALLICS MINES LTD.

(Non-Personal Liability)

BALANCE SHEET

as at July 31, 1966

ASSETS

CURRENT ASSETS:

Cash in bank-current account	\$23,727.66	
Cash in bank-term deposit	25,000.00	
Term deposit-Commonwealth Trust	30,000.00	
Accrued interest receivable	472.28	
Advances to officers (Note 1)	<u>2,547.52</u>	
		\$81,747.46

FIXED ASSETS: -at cost (Note 2)

Land rover	2,200.75	
1964 Chevrolet ½ ton truck	1,891.00	
Diamond drill	<u>2,566.96</u>	
		6,658.71

MINERAL CLAIMS: - at cost 385,000.00

Exploration, Development and Administrative costs:

Schedule "1"		79,885.06
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INCORPORATION COSTS: (Note 3) 1,465.72

\$554,756.95

GIANT METALLICS MINES LTD.

(Non-Personal Liability)

BALANCE SHEET

as at July 31, 1966

LIABILITIES and SHARE CAPITAL

CURRENT LIABILITIES:

Accounts payable \$ 24,193.45

SHARE CAPITAL: (Note 3)

Authorized:

6,000,000 ordinary shares with a par value
of 50¢ each.

Issued and fully paid

	Par Value	Discounts	Net	
For cash 388,908 shares	\$ 194,454.00	\$ 38,890.50	\$ 155,563.50	
For mineral				
Claims 750,000 shares	<u>375,000.00</u>		<u>375,000.00</u>	
1,138,908	\$ 569,454.00	<u>\$38,890.50</u>		<u>530,563.50</u>
				<u>\$ 554,756.95</u>

Approved on behalf of the board:

 Director
 Director

This is the Balance Sheet referred to in
my report of December 20, 1966

GIANT METALLICS MINES LTD.

(Non-Personal Liability)

NOTES TO FINANCIAL STATEMENTS

- Note 1. Advance for expenses and salary to Managing Director.
- Note 2. No provision has been made for depreciation of fixed assests.
- Note 3. Legal expense was reduced to provide for incorporation costs calculated on an estimated basis.
- Note 4. 750,000 shares issued for mineral claims are held in escrow by Commonwealth Trust Company as required by the Securities Act. Of these 750,000 shares, a release has been authorized by the Superintendent of Brokers for the Province of British Columbia on July 8, 1966 of 20% or 150,000 shares, and a further release on October 27, 1966 of 15% or 90,000 shares.

GIANT METALLICS MINES LTD.(Non-Personal Liability)SCHEDULE OF EXPLORATION, DEVELOPMENTAND ADMINISTRATIVE EXPENSESFor the Period March 26, 1966 to July 31, 1966

	Balance Mar. 25, 1966	Expended Mar. 26 to July 31, 1966	Total to Date
EXPLORATION & DEVELOPMENT EXPENSE:			
Camp Expense		\$ 2,065.37	\$ 2,065.37
Claim staking and recording	\$ 1,317.14	474.93	1,792.07
Diamond drilling contract		7,000.00	7,000.00
Drilling sites, assays & soil sampling		4,091.44	4,091.44
Engineering & geological surveys	796.38	4,221.77	5,018.15
Equipment repair & maintenance		144.87	144.87
Induced polarization		8,893.86	8,893.86
Line Cutting		5,523.02	5,523.02
Mapping		1,202.16	1,202.16
Stripping		2,889.00	2,889.00
Supplies		602.36	602.36
Travel	981.87	1,234.04	2,215.91
Wages	3,400.00	5,837.50	9,237.50
Total exploration & development expense		<u>44,180.32</u>	<u>50,675.71</u>
	<u>6,495.39</u>		
ADMINISTRATIVE EXPENSES:			
Accounting & management	2,201.50	1,898.50	4,100.00
Bank Charges	63.65	10.58	74.23
Legal (note 3)	2,452.82	(199.72)	2,253.10
Promotion, listing & transfer agent		21,427.57	21,427.57
Stationery & miscellaneous corporate expense	214.01	2,144.67	2,358.68
Total administrative expense	<u>4,931.98</u>	<u>25,281.60</u>	<u>30,213.58</u>
TOTAL EXPLORATION DEVELOPMENT AND ADMINISTRATION EXPENSE:	11,427.37	69,461.92	80,889.29
DEDUCT INTEREST EARNED:	<u>111.35</u>	<u>892.88</u>	<u>1,004.23</u>
	<u>\$ 11,316.02</u>	<u>\$ 68,569.04</u>	<u>\$ 79,885.06</u>

GIANT METALLICS MINES LTD.

(Non-Personal Liability)

BALANCE SHEET

As at December 31, 1966

ASSETS

CURRENT ASSETS:

Cash in bank \$3,580.59

FIXED ASSETS: at cost

1966 Jeep \$ 3172.50
Diamond Drill 2566.96 5,739.46

MINERAL CLAIMS: at cost 385,000.00

EXPLORATION, DEVELOPMENT & ADMINISTRATIVE COSTS:

Schedule 1 147,398.96

INCORPORATION COSTS

1,465.72
\$ 543,184.73

Prepared by management without audit.

GIANT METALLICS MINES LTD.

(Non-Personal Liability)

BALANCE SHEET

As at December 31, 1966

LIABILITIES AND SHARE CAPITALCURRENT LIABILITIES:

Accounts Payable	\$ 3,203.75
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OTHER LIABILITIES:

Loans from Officers and Directors	9,417.48
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SHARE CAPITAL:

Authorized:
6,000,000 ordinary shares with a par value of 50¢ each

Issued and Fully Paid:

		<u>Par Value</u>	<u>Discounts</u>	<u>Net</u>
For cash	389,908	\$194,454.00	\$38,890.50	\$155,563.50
For Mineral Claims	750,000 shares	375,000.00	<u> </u>	<u>375,000.00</u>
	<u>1,138,908</u>	<u>\$569,454.00</u>	<u>\$38,890.50</u>	<u>\$ 530,563.50</u>
				<u>\$543,184.73</u>

Prepared by management without audit.

Schedule E

GIANT METALLICS MINES LTD.

(Non-Personal Liability)

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

For the period from Incorporation to December 31, 1966

SOURCE OF FUNDS:

Sale of Shares for Cash Net	\$155,563.50	
Loans from Officers & Directors	9,417.48	
Interest Earned	<u>1,318.00</u>	
		\$166,298.98

APPLICATION OF FUNDS:

Exploration and development	\$115,228.01	
Administrative Expense	33,488.95	
Claims Purchase	10,000.00	
Equipment	5,739.46	
Incorporation Expense	<u>1,465.72</u>	
		\$165,922.14

Funds unencumbered at Statement Date		<u>\$ 376.84</u>
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Prepared by management without audit.

GIANT METALLICS MINES LTD.

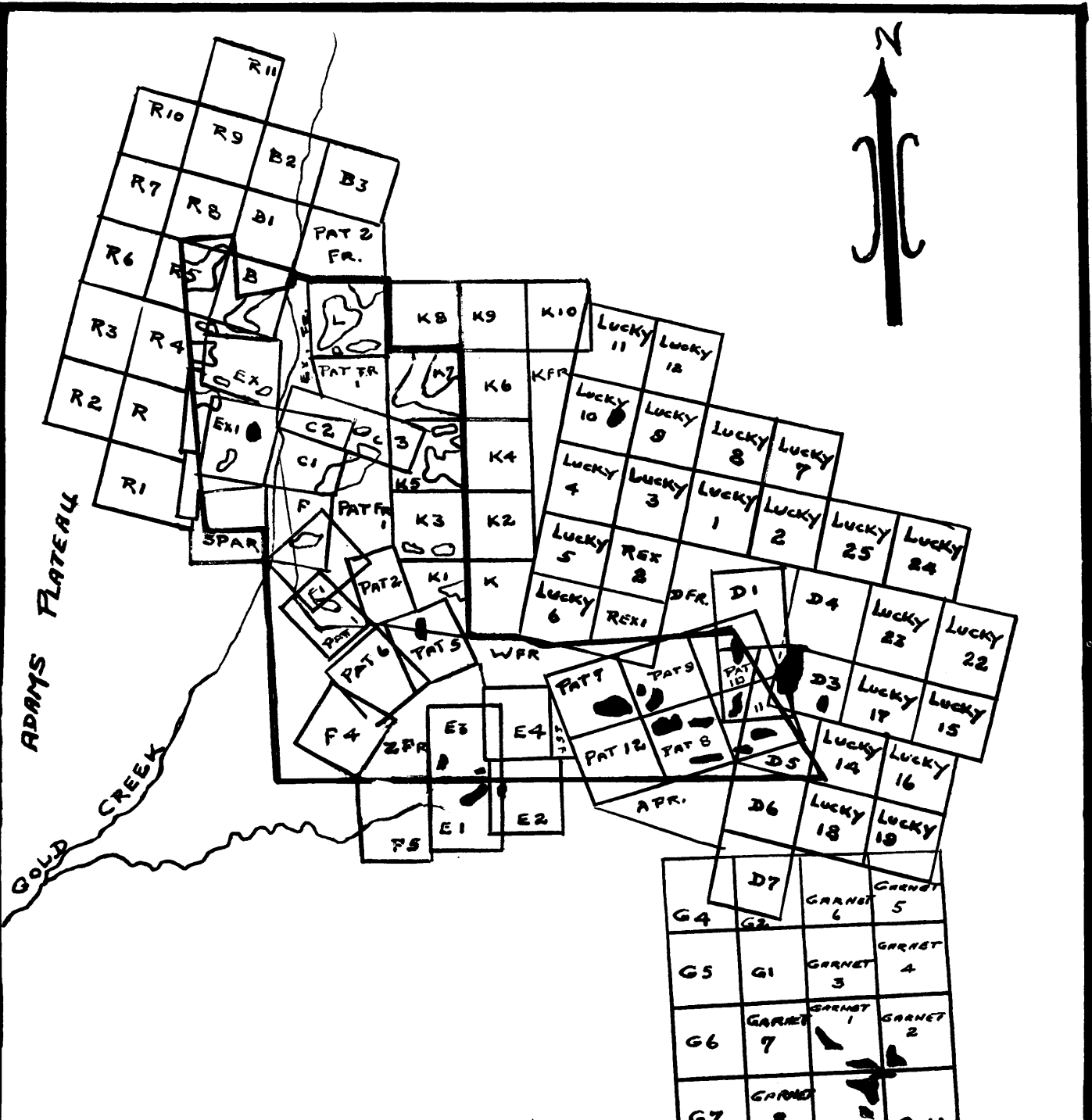
(Non-Personal Liability)

SCHEDULE OF EXPLORATION, DEVELOPMENT, AND ADMINISTRATIVE EXPENSES

For the Period August 1, 1966 to December 31, 1966



	<u>Balance</u> <u>July 31/66</u>	<u>Expended</u> <u>Aug. 1 to</u> <u>Dec. 31/66</u>	<u>Total to</u> <u>Date</u>
<u>EXPLORATION & DEVELOPMENT EXPENSES:</u>			
Camp Expense	\$ 2,065.37	\$ 2,679.11	\$ 4,744.48
Claim Staking & recording	1,792.07	276.00	2,067.07
Diamond Drilling Contract	7,000.00	16,136.49	23,136.49
Drilling sites, assays & soil sampling	4,091.44	8,712.06	12,803.50
Engineering & geological surveys	5,018.15	5,956.53	10,974.68
Equipment repair and maintenance	144.87	259.58	404.45
Induced Polarization	8,893.86	9,217.60	18,111.46
Line cutting	5,523.02	2,123.60	7,646.62
Mapping	1,202.16	5,928.65	7,130.81
Stripping	2,889.00	4,374.00	7,263.00
Supplies	602.36	1,689.94	2,292.30
Travel	2,215.91	398.74	2,614.65
Wages	<u>9,237.50</u>	<u>6,800.00</u>	<u>16,037.50</u>
Total Exploration & Development Expense	<u>\$50,675.71</u>	<u>\$64,552.30</u>	<u>\$115,228.01</u>
<u>ADMINISTRATIVE EXPENSES:</u>			
Audit, accounting & management	4,100.00	2,250.00	6,350.00
Bank charges	74.23	--	74.23
Legal	2,253.10	446.25	2,699.35
*Promotion, listing & transfer agent	21,427.57	239.16	21,666.73
Stationery & miscellaneous corporate expense	<u>2,358.68</u>	<u>339.96</u>	<u>2,698.64</u>
Total Administrative Expense	<u>\$30,213.58</u>	<u>\$ 3,275.37</u>	<u>\$ 33,488.95</u>
Total Exploration, Development & Administration Expense	\$80,889.29	\$67,827.67	\$148,716.96
Deduct Interest Earned	<u>1,004.23</u>	<u>313.77</u>	<u>1,318.00</u>
	<u>\$79,885.06</u>	<u>\$67,513.90</u>	<u>\$147,398.96</u>
Prepared by management without audit.			

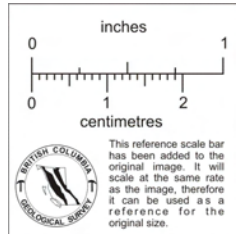
* Included is \$20,000.00 paid to Fredan Management Corporation Ltd., for the initial underwriting of the Company stock.



GIANT METALLICS MINES LTD NPL

SCALE: 1 INCH = 3000 FT.

ADAMS PLATEAU PROPERTY
 1966 AREA WORKED OUTLINED IN DARK BLACK
 ORE SHOWINGS EXPOSED 
 INDICATED IP ANOMALIES 



Giant Metallics Mines Ltd.

(Non-Personal Liability)

Authorized Capital

6,000,000 Common Shares

Par Value 50c each

Issued

1,138,908 of which 510,000 shares remain in escrow

Remaining in Treasury

4,861,092

G. H. Kachuk Vernon DIRECTORS

John Spelay Salmon Arm

C. C. Kane Salmon Arm

D. J. Duggan Salmon Arm

W. J. Sanden Kamloops

Ted Kennedy-Professional Geologist Calgary

G. H. Kachuk President OFFICERS

C. C. Kane, C.G.A. Secretary Treasurer

John Spelay MANAGING DIRECTOR

Henry Sivertz - Salmon Arm SOLICITOR

Gilmour and Snape - Vancouver CONSULTING SOLICITOR

MacDonald Consultants Ltd. - Vancouver CONSULTING ENGINEER

Commonwealth Trust Company - Vancouver REGISTRAR AND
TRANSFER AGENT

Dean Robinson & Co. - Kamloops
Certified General Accountant

Canadian Imperial Bank of Commerce - Salmon Arm BANK

Credit Union Building - Salmon Arm, B.C. HEAD OFFICE

SHARES OF THIS COMPANY ARE NOT LISTED ON ANY STOCK EXCHANGE