

LIARD COPPER MINES LIMITED
(Non-Personal Liability)

To the Shareholders
Liard Copper Mines Ltd. (N.P.L.):

May 23, 1972

Liard Copper management recently has received from Hecla Operating Co. three volumes which contain all the factual data which has been accumulated as a result of their work on the Schaft Creek properties over the past four years.

In the 1971 season Hecla had two Canadian Longyear drills under contract and completed 22,053 feet of drilling in 25 holes. A further 17 line-miles of I.P. surveys were carried out during the year. Total drilling at Schaft Creek to date is now 97,728 feet in 99 holes. Hecla has expended a total of \$2,380,000 on the Liard and Paramount properties, the greater part, \$2,150,000 having been spent on the Liard ground.

Results of the 1971 drilling were generally favourable. Two rows of vertical fill-in holes through the centre of the Main Liard Zone returned better-than-average grade and confirmed continuity. It is now possible to include some tonnage of measured ore in the reserve figures.

Drill indicated ore on the Liard property as calculated by our consultant, Dr. R.H. Seraphim, is now 294 million tons grading 0.40% copper and 0.036% molybdenite, a combined grade of 0.51%. Dr. Seraphim gives the Paramount Zone, some on claims of Paramount Mining Co. and some on Liard claims, *64 million tons grading 0.40% copper and 0.053% molybdenite. There is a further 71 million tons classified as "outside present pit", for a grand total at Schaft Creek of 430 million tons.

* Say 50 x 10⁵.

After some twenty years under construction, the Stewart-Cassiar Highway will be completed this summer. Northwestern British Columbia will have access out to tidewater at Stewart and to the C.N. Railroad and Northern Trans-Provincial Highway at Terrace, B.C. Indications are that when firm customers for power come forward Brinco is prepared to go ahead with development of power sites on the Stikine and Iskut rivers.

Hecla has stated that drilling will resume about June 1. It is somewhat disappointing that the initial program is for only 10,000 feet. A portion of the drilling will test anomalous I.P. and mag trends extending south from the drilled area. Some holes are planned for the Liard Breccia Zone, where previous holes drilled by American smelting & Refining Co. produced copper grades two and three times the reserve average.

On behalf of the Board of Directors,

R.W. Wilson
President

LIARD COPPER MINES LIMITED

(Non-Personal Liability)

BALANCE SHEET

as at April 30, 1972

A S S E T S

CURRENT ASSETS:

Cash	\$	\$ 18,562.63
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FIXED ASSETS - at cost:

Mining Properties (Note 1)	544,508.00
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EXPLORATION & DEVELOPMENT EXPENDITURES:

Company Properties	35,285.65	
Add: Exhibit "A"	7,063.91	42,349.56
Paramount Agreement (Note 2)	56,681.61	
Add: Exhibit "B"	13,128.49	69,810.10
Organization Expense		1,642.47
		\$ 676,872.76

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES:

Account Payable	\$ 371.76
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SHAREHOLDERS' EQUITY

SHARE CAPITAL:

Authorized - 5,000,000 common shares of 50¢ each par value	\$	2,500,000.00
Issued - 750,000 shares for properties		375,000.00
678,032 shares for expenditures		339,016.00
359,970 shares for cash		179,985.00
1,788,002		894,001.00
<u>Less:</u> Discount thereon		217,500.00
		676,501.00
		\$ 676,872.76

NOTE: The accompanying notes form an integral part of this and related statements.

Approved on behalf of the Board

..... Director

..... Director

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NOTES TO BALANCE SHEET

as at April 30, 1972

NOTE 1: The Company has an agreement with Hecla Operating Company which provides for the expenditure of \$1,500,000.00 by Hecla on exploration and development of its property over a five year period ending February 28, 1973. Hecla may then:

- (1) Elect to place the property into production in which case all pre-production expenditures in excess of \$1,500,000.00 will be repaid from 80% of the net proceeds with the balance allocated 70% to Hecla and 30% to Liard - or
- (2) Extend option up to February 28, 1988 by spending a minimum of \$300,000.00 per year - or
- (3) Terminate the agreement and receive up to 1,000,000 shares on the basis of \$1.50 per share for work done providing expenditures exceed \$1,000,000.00.

At the present time Hecla has expended approximately \$2,146,000.00 and the agreement is in good standing.

American Smelting and Refining Company expended an amount of \$266,250.00 on the company's property under a previous agreement.

NOTE 2: Hecla Operating Company has made an agreement with Paramount Mining Ltd. (N.P.L.) covering adjoining claims similar to the agreement with your Company, providing for a division of the net proceeds 70% to Hecla and 30% to Paramount after recovery of pre-production expenses out of 80% of the net proceeds. Liard Copper Mines Ltd. is advancing 30% of the cost of development work on these claims under a supplementary agreement with Hecla Operating Company, in return for 30% of Hecla's share of the net proceeds (21%). The total expenditures to December 31, 1971 under this agreement amounted to \$232,366.99 of which \$69,810.10 (30%) was paid by your company.

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EXPLORATION AND DEVELOPMENT COSTS

for the year ended April 30, 1972

(with comparative figures for the year ended April 30, 1971)

	<u>1972</u>	<u>1971</u>
Engineering and Supervision	\$ 2,499.54	\$ 2,231.37
Legal and Audit	425.00	200.00
Administration	1,634.68	1,537.40
Transportation	84.40	275.00
Office Expense	64.16	29.37
Insurance	23.62	23.62
Telephone and Telegraph	4.30	19.45
General Expense	80.00	105.00
Consulting Fees	2,256.55	1,742.54
Interest Expense and Bank Charges	7.00	78.05
Free Miners Certificates	<u>200.00</u>	<u>200.00</u>
	\$ 7,279.25	\$ 6,441.80
<u>Deduct:</u>		
Sundry Income	<u>215.34</u>	<u>1,329.04</u>
	<u>\$ 7,063.91</u>	<u>\$ 5,112.76</u>

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EXPLORATION AND DEVELOPMENT COSTS - PARAMOUNT AGREEMENT

for the year ended April 30, 1972

(with comparative figures for the year ended April 30, 1971)

	<u>1972</u>	<u>1971</u>
<u>DIRECT CHARGES:</u>		
Drilling	\$ 9,058.35	\$ 21,419.44
Surveys	-	1,912.60
Payroll	387.63	1,156.60
	<u>\$ 9,445.98</u>	<u>\$ 24,488.64</u>
 <u>INDIRECT CHARGES:</u>		
Transportation	\$ 1,119.32	\$ 4,421.42
Accommodation	809.43	2,507.28
Feasibility Study - preliminary	71.80	1,473.85
Assaying, including freight & storage on samples	623.21	1,219.73
Recording and Filing	236.86	491.30
Mapping and Drafting	588.91	477.23
Communications	49.66	167.97
Supplies	172.96	178.93
Miscellaneous	10.36	7.81
	<u>\$ 3,682.51</u>	<u>\$ 10,945.52</u>
	<u>\$ 13,128.49</u>	<u>\$ 35,434.16</u>

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STATEMENT OF SOURCE AND APPLICATION OF WORKING CAPITAL

for the year ended April 30, 1972

(with comparative figures for the year ended April 30, 1971)

	<u>1972</u>	<u>1971</u>
WORKING CAPITAL (DEFICIENCY) -		
beginning of year	\$ (5,616.73)	\$ (5,069.81)
Add: <u>SOURCE OF FUNDS:</u>		
Proceeds, sale of shares	<u>44,000.00</u>	<u>40,000.00</u>
	\$ 38,383.27	\$ 34,930.19
Deduct: <u>APPLICATION OF FUNDS:</u>		
Exploration and Development Costs:		
Company properties	7,063.91	5,112.76
Paramount Agreement	<u>13,128.49</u>	<u>35,434.16</u>
<u>WORKING CAPITAL (DEFICIENCY) - end of</u>	<u>\$ 18,190.87</u>	<u>\$ (5,616.73)</u>
year		