

**CONTINENTAL MCKINNEY MINES LIMITED**  
(NON-PERSONAL LIABILITY)

82 F  
attach to  
NOV 18 1968  
Previous  
of Nov 68

November 15, 1968

Dr. Paul M. Kavanagh  
Vice-President - Exploration  
Kerr Addison Mines Limited  
Suite 1600, 44 King Street West  
Toronto 1, Ontario

W.S.R.	
K.C.G.	
J.H.S.	✓
E.F.	
R.D.S.	
B.C.B.	
P.M.K.	✓
G.W.M.	
R.O.M.	
C.K.W.	
J.B.S.	
G.P.R.	
K.F.L.	
H.B.	
E.C.J.	○

Dear Paul:

Thank you for your letter of November 13th with enclosure of the Chapman report on Red Mountain.

I have passed on the subject matter to Mr. Archie Hanna, Secretary-Treasurer and Chief Executive Officer of Torwest--will be seeing him next week and get back to you when there is something to report.

With best regards and thank you for considering this situation.

Sincerely,

CONTINENTAL MCKINNEY MINES LIMITED (N.P.L.)

*Jerry*  
President

JERW/m  
cc W. Sivola  

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COPY

W.S.R.
K.C.G.
J.H.S. ✓
E.F.
R.D.S.
B.C.B.
P.M.K. ✓
G.W.M.
R.O.M.
C.K.W.
J.B.S.
G.P.R.
K.F.L.
J.L.B.
E.C.J.

November 13, 1968.

Mr. J. E. R. Wood,  
Continental McKinney Mines Limited,  
506 - 540 Burrard Street,  
Vancouver 1, B. C.

Dear Jerry:

Enclosed is the Chapman report which you wished me to return.

Since seeing you in Vancouver I have consulted with the Noranda Sales people re molybdenum, and I have had lunch with Brodie Hicks and John Cormie.

The Noranda Sales people are not happy about future molybdenum prices.


Brodie advised that one of the main obstacles to any revised arrangements re production from Red Mountain has been the unrealistic position taken by the Torwest people, who after all presently have 60% of Red Mountain.

John Cormie commented that more reserves could probably be developed in the Red Mountain property but he declined to give any definite order of magnitude. In this respect I remember you to say that Chapman was optimistic about more reserves, but I note that he makes no comment to that effect in his report. The picture he presents, using the known reserves, would have no attraction for us.

Having everything in mind, before we would consider whether or not to take any further interest in this proposition we would want to know what Torwest would consider its 60% worth in an overall amalgamation arrangement. Perhaps you could obtain that information for us and let me know.

It was good to be talking to you again.

Yours sincerely,



Paul M. Kavanagh  
Vice-President - Exploration.

PMK:br  
cc: W.M. Sirola

**CONTINENTAL MCKINNEY MINES LIMITED**  
(NON-PERSONAL LIABILITY)

November 6, 1968

Mr. P. M. Kavanagh  
Vice President, Exploration  
Kerr Addison Gold Mines Ltd.  
c/o Georgia Hotel  
Vancouver, B.C.

W.S.R.
K.C.G.
J.H.S.
E.F.
R.O.S.
B.C.B.
P.M.K.
G.W.M.
R.O.M.
G.K.W.
J.B.S.
G.P.R.
K.F.L.
J.H.B.
E.C.J.

Dear Paul:

Re: Red Mountain Area - Rossland, B. C.

Herewith is data on the above properties as listed below.

Preliminary Evaluation of a Proposed Consolidated Operation, Scurry-Rainbow Oil Limited, Red Mountain Mines Ltd., Rossland, B. C., February 19, 1968 by Chapman Wood & Griswold Ltd.

Spread Sheet showing gross value of ore reserves and net value of ore reserves under three headings, Scurry-Rainbow, Torwest and Continental McKinney.

Backup notes for the Torwest calculation and also the Continental McKinney calculation.

It will be in order for you to zerox the Chapman Wood Report and return same at your early convenience for our files. You may retain the other data.

The St. Elmo, Golden Queen, Surprise, Novelty, Gertrude, Consolidated St. Elmo and Cliff mineral claims are held for practical purposes 70/30 by Scurry and McKinney.

Scurry have effective control of Cascade Molybdenum which owns the Giant and other mineral claims. Red Mountain owns the other claims set out on the Chapman Wood drawing.

*Copies of everything made for Sirola*

-2-

November 6, 1968

We are also enclosing McKinney's 7th Annual Report which has a reasonable claim map of the area.

May I suggest you discuss this property with Mr. H. Brodie Hicks, Vice President, Operations of Consolidated Canadian Faraday Corporation who are the operators of Red Mountain.

Yours very truly,

CONTINENTAL MCKINNEY MINES LIMITED (N.P.L.)

A handwritten signature in cursive script, appearing to read "J. Greenwood".

President

JERW/m  
Enc.

June 25/67.

Probability of Joint Operation with Combe Walyfina Property

Item	Tonnage	\$/TON	Value	Percentage By Tonnage	Percentage By Value
Red Mountain	892,300	5.98	5,335,954	46.8	48.2
Grant - Novelty	778,500	6.01	4,678,785	40.8	42.3
Golden Queen - A. D. Co.	237,000	4.43	1,049,910	12.4	9.5
<b>Total</b>	<b>1,907,800 tons</b>		<b>\$11,064,649</b>	<b>100.0%</b>	<b>100.0%</b>

Net Value of Ore Reserve

Assume:

Total Operating Cost Grant - Novelty, Golden Queen - A. D. Co.  
= 4.02 / ton

Total Operating Cost Red Mountain  
= 2.25 / ton

Item	Net \$/ton	Net Value	Percentage By Value
Red Mt. Mt	2.73	2,435,979	59.7
Grant - Novelty	1.99	1,549,215	38.0
Golden Queen - A. D. Co.	39	92,430	2.3
<b>Total</b>		<b>\$4,077,624</b>	<b>100.0%</b>

1000 TPD.

Rmt.

Operating Expense.

Mining	-	1.52
Milling	-	2.13
Gen. expense	-	.47
Taxins. etc	-	<u>.13</u>
Total		\$ <u>3.25</u>

Ratio - 1-1.52

as per Chapman, W. H. D., General report.

② Giant Novelty.

Mining	-	<u>1.294</u>
Milling	-	2.13
Gen. exp	-	.47
Taxins etc	-	<u>.13</u>
Total		\$ <u>4.02</u>

Ratio 1-3.9<sup>1/2</sup>

26

① 0.338%  $MnS_2$  (0.203%  $MnO$ )

(.203%  $MnO$ ) (20 lb/ton) (84.6% Rec.) ( $\$1.74/lb$ )  
# 5.98

② As per Chapman Wood Survey Report - Feb 19/68

③ ~~72%  $MnS_2$  (0.203%  $MnO$ )~~  
~~# 7.01~~

0.340%  $MnS_2$  (0.204%  $MnO$ )

(.204%  $MnO$ ) (20 lb/ton) (84.6% Rec.) ( $\$1.74/lb$ )  
# 6.01

④ Accepted as per Sawyer - Rautins May 17/68 report.

**McKINNEY**  
**GOLD MINES**  
**LIMITED**  
(Non-Personal Liability)



**7th Annual Report**



# McKINNEY GOLD MINES LIMITED

(Non-Personal Liability)

Incorporated under the laws of the Province of British Columbia

Authorized Capital - - - - - 5,000,000 shares  
Issued - - - - - 5,000,000 shares

## DIRECTORS

ALLAN H. AINSWORTH - - - - - *Vancouver, B.C.*  
GRANT O. McLAREN - - - - - *Vancouver, B.C.*  
J. E. R. WOOD, P.Eng. - - - - - *Vancouver, B.C.*  
T. G. KENDALL - - - - - *Vancouver, B.C.*  
HAROLD S. EISLER - - - - - *Vancouver, B.C.*

## OFFICERS

J. E. R. WOOD - - - - - *President*  
ALLAN H. AINSWORTH - - - - - *Secretary*  
HAROLD S. EISLER - - - - - *Treasurer*

## CONSULTANTS

HILL, MANNING & ASSOCIATES LTD. - - *Consulting Engineers*  
ALLEN W. JECKELL, B.A.,Sc., P.Eng. - - *Consulting Engineers*

## SOLICITORS

AINSWORTH, HENSON, NORBY, PURVIS & KENDALL *Vancouver, B.C.*  
Counsel for Ontario:  
MANLEY, GRANT AND ARMSTRONG - - - *Toronto, Ont.*

## AUDITOR

HALLAM & McALISTER — Chartered Accountants - *Vancouver, B.C.*

## BANKERS

CANADIAN IMPERIAL BANK OF COMMERCE - - *Vancouver, B.C.*

## TRANSFER OFFICE AND REGISTRAR

THE ROYAL TRUST COMPANY—626 West Pender Street ,*Vancouver, B.C.*  
THE ROYAL TRUST COMPANY—105 St. James Street West, *Montreal, Que.*

## SHARES OF THE COMPANY ARE LISTED

CANADIAN STOCK EXCHANGE - - - - - *Montreal, P.Q.*  
VANCOUVER STOCK EXCHANGE - - - - - *Vancouver, B.C.*

## BUSINESS OFFICE

506 - 540 Burrard Street,  
Vancouver 1, B.C.

## REGISTERED OFFICE

625 - The 925 West Georgia Bldg.,  
Vancouver 1, B.C.

# McKINNEY GOLD MINES LIMITED

(Non-Personal Liability)

## **Report to the Shareholders**

On behalf of the Directors I have pleasure in presenting the Annual Report for the period to January 31, 1967 together with the Financial Statements of the Company and its subsidiary as at November 30, 1966 and the report of the Auditors thereon.

During the period H. H. Hemsworth & Co. Ltd. (acting on behalf of themselves and others) by virtue of an underwriting agreement of January 10, 1966, exercised an option April 13, 1966 on 200,000 shares at 17½c per share for a total of \$35,000. An option on 100,000 shares at 22½c due July 13, 1966 was not exercised and the agreement was cancelled. By a separate agreement of August 25, 1966 the same underwriters purchased the remaining 154,697 treasury shares at 10c per share for a total of \$15,469.70.

### **Rossland Property, British Columbia**

No work has been conducted during the period. In the interval Red Mountain Mines Limited (N.P.L.), whose principal ore zone is approximately 325 feet west of our Golden Queen boundary, has come into profitable production with a 400-ton per day mill. Previous drilling on our property has indicated

130,000 tons grading 0.244% MoS<sub>2</sub>

56,000 tons grading 0.400% MoS<sub>2</sub>

A lease on the Consolidated St. Elmo and Cliff crown-granted mineral claims, granted by the Estate of Lorne C. Campbell, deceased to Northwood Mining Limited, has been assigned to McKinney. The cash expenditure for the assignment of the lease was \$6,034.84, representing Northwood expenditures to acquire the option and explore the claims which adjoin our St. Elmo claim on the east and the View claim of Cascade Molybdenum Mines Ltd. (N.P.L.) on their south boundary. Northwood obtained some interesting assays in gold and copper in the old cuts and tunnels. More work is required and warranted.

All our property is in good standing. Payments of \$13,500. due August 5, 1966 were made on the St. Elmo, Surprise and Golden Queen Mineral Claims and \$2,000. due August 7, 1966 on the Gertrude Mineral Claim.

Under date of December 9, 1966 an agreement was entered into with Scurry-Rainbow Oil Limited whereby Scurry was granted the sole and exclusive right and option to earn a 50% interest in the Company's Rossland property by the expenditure, within the period ending December 31, 1969, in property payments and exploration of an amount equivalent to the Company's expenditures in connection with the property, namely \$132,865.63 and any additional expenditures of up to \$40,000.00 which it is contemplated by the agreement may be made by the Company, and the sole and exclusive right (whether or not Scurry has matched the Company's expenditures) to acquire in the aggregate a 70% interest in the property by electing to place some portion thereof in commercial production and providing the necessary monies. If the property is placed in commercial production, 80% and 20% of the distributable profits will be paid to Scurry and McKinney, respectively by way of recoupment until Scurry has recouped its expenditures. Thereafter, 20% of the distributable profits will be paid to Scurry and 80% to the Company until the Company has recouped the balance of its expenditures on the property. After both parties have fully recouped their expenditures, the profits will be apportioned as to 70% to Scurry and as to 30% to the Company.

#### **Batchewana-Tribag Area, Ontario**

Pursuant to the agreement dated February 21, 1966 as detailed in our Last Annual Report, Phelps Dodge Corporation of Canada Limited terminated said agreement effective January 26, 1967. During the period an aggressive exploration program was followed consisting of prospecting, geophysical surveying and 10,333 ft. of diamond drilling on the 88 claim group of McKinney and Jogan. The results of this work will be assessed by our Consulting Engineer.

#### **Senneterre Township Property, Quebec**

No work was done since our last report. Four hundred acres are presently retained.

#### **Pine Point Area, N.W.T.**

No work has been done on this 19 claim group as wet summer conditions precluded access. The ground is in good standing.

#### **Martin Lake Area, Northern Ontario**

A 50 claim group in the Port Arthur Mining Division was staked for the Company in August, 1966 adjoining a large block of claims staked by Capri Mining Corporation Ltd. (N.P.L.) on interesting surface showings of nickel and copper.

#### **Lukin Property, Quesnel Mining Division, B.C.**

By an agreement dated January 20, 1967, Northwood Mining Limited assigned unto the Company all its right, title and interest in and to an option agreement dated August 30, 1966, made between Stephan Miecznik and Northwood for 34 mineral claims which are the subject of the option agreement, in consideration of reimbursement to Northwood of its expenditures in a sum of \$5,864.06 made in connection with the claims and assumption of Northwood's obligations under the option agreement. In order to maintain the option in good standing the Company must pay to Stephan Miecznik, on an option basis, \$8,000.00 in instalments as follows:

- (i) \$1,000.00 on or before March 1, 1967;
- (ii) \$1,000.00 on or before September 1, 1967;
- (iii) the sum of \$2,000.00 on or before March 1, 1968, September 1, 1968 and March 1, 1969.

In addition the Company must incorporate, on or before September 1, 1967, a new mining company and allot and issue 250,000 of the shares of the new company to Stephan Miecznik and 500,000 of such shares to McKinney.

On this property low but intriguing gold values were found over substantial widths that indicate open pit possibilities

#### **Boot Group, Cariboo Mining Division, B.C.**

By an agreement dated January 20, 1967, made between Northwood Mining Limited and the Company, the Company purchased 8 mineral claims for a purchase price of \$1,667.58 by way of reimbursement of expenditures made by Northwood in connection with the claims.

This group adjoins the holdings of Cariboo-Bell Copper Mines Limited on the northwest.

### **Company Re-organization and Financing**

Following a thorough study and consideration of ways and means to obtain additional finances to continue the investigation of our properties and conduct an exploration program, your Directors recommend that the presently authorized and issued 5 million shares be consolidated to 1 million shares and, thereafter, the number of shares authorized be increased to 5 million shares without nominal or par value. If the required resolutions are approved by the shareholders, the Company's share capital will then consist of 5 million N.P.V. shares authorized, of which 1 million shares will be issued. To avoid confusion and meet the requirements of the Stock Exchanges, it is necessary that the name of the Company be changed. The proposed new name is Continental McKinney Mines Limited (Non-Personal Liability).

Subject to the above re-organization being effected and approved by the Vancouver and Canadian Stock Exchanges the Company has entered into an underwriting-option agreement dated January 27, 1967, with H. H. Hemsworth & Co. Ltd. as underwriter, acting on its own behalf as to an 87½% interest and on behalf of a client, Northwood Mining Limited, as to a 12½% interest, under the terms of which the Underwriter agreed to purchase 200,000 shares at 40c per share payable forthwith upon acceptance by the Vancouver and Canadian Stock Exchanges of an application for listing of the shares of the Company as consolidated and the Underwriter has been granted options to purchase up to a further 400,000 shares in two blocks of 200,000 shares each at prices of 40c and 60c per share exercisable, respectively, within 60 and 150 days from the effective date.

It is with the deepest regret that we inform you our auditor, Mr. R. M. Hoyland, C.A., has passed away. He served our Company faithfully for seven years. In his stead Messrs. Hallam & McAlister have been appointed.

Due to personal reasons Mr. W. L. Henderson of Toronto found it necessary to withdraw from the Board and his resignation has been accepted with regret. However, we look forward to continuing our association with Mr. Henderson as a Director of Jogran Mines Limited.

Our employees deserve our thanks for their effort, as do the Consulting Engineers and other professional people who have worked with us. We also wish to thank our underwriters and shareholders for their continued support.

Submitted on behalf of the Board of Directors.

**"J. E. R. WOOD"**  
President

**McKINNEY GOLD M**

(Non-Personal  
and its wholly-own  
McKINNEY M

**CONSOLIDATED BALANCE SHEET /****ASSETS**

<b>Current Assets</b>		
Cash .....		\$16,821.07
Accounts Receivable .....	\$ 2,171.37	
Less: Provision for Bad Debts .....	1,223.81	947.56
	<hr/>	
Prepaid Expenses .....		265.04
Refundable Deposits .....		4,867.00
		<hr/>
<b>Total Current Assets</b> .....		\$ 22,900.67
<b>Investments — At Cost</b> (see Note 1)		
Bond of Quebec Hydro-Electric Commission — 3½% due March 1, 1975 .....	\$ 847.50	
Jogran Mines Limited — 722,087 shares .....	41,841.03	42,688.53
	<hr/>	
<b>Mining Properties — At Cost</b> (see Note 2)		
As per Exhibit "C" .....		108,144.59
<b>Fixed Assets</b> (see Note 3)		
Equipment .....	\$ 10,855.50	
Furniture .....	500.00	11,355.50
		<hr/>
		5,100.48
<b>Preliminary Expenses</b> .....		<hr/>
		<u>\$190,189.77</u>

Approved on behalf of the Board of Directors:

J. E. R. WOOD, Director

THOMAS G. KENDALL, Director

The accompanying notes are an integral part of this statement and should be read in conjunction therewith.

**MINES LIMITED**

Liability)  
 ed Subsidiary,  
 INES, INC.

**AS AT NOVEMBER 30, 1966**

Exhibit "A"

**LIABILITIES AND CAPITAL****Current Liabilities**

Accounts Payable and Accruals ..... \$ 11,590.76

**Share Capital**

## Authorized:

5,000,000 shares of no par value

## Issued: (see Note 4)

708,917 share (after consolidation) .....\$ 53,415.92

2,804,697 shares for cash ..... 658,469.70

1,486,386 shares for other consideration ..... 347,586.50

5,000,000 ..... \$ 1,059,472.12

**Contributed Surplus**

Payment received for shares surrendered ..... 4,500.00

\$ 1,063,972.12

**Deficit**

Deficit — January 31, 1966 ..... \$859,905.56

## Expenditures for the ten months ended

November 30, 1966 — Exhibit B ..... 21,530.07

Other charges — Exhibit B ..... 3,937.48

885,373.11

178,599.01

\$190,189.77

**AUDITORS' REPORT**

We have examined the Consolidated Balance Sheet of McKinney Gold Mines Limited (N.P.L.) and its subsidiary company as at November 30, 1966, and the related Statement of Exploration, Development and Administration Expense for the ten months ended on that date, and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, and according to the best of our information and explanations given to us and as shown by the books of the companies, the accompanying Consolidated Balance Sheet and the related Statement of Exploration, Development and Administration Expense present fairly the consolidated financial position of the Company and its subsidiary as at November 30, 1966 in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding period.

Vancouver, B.C.  
 January 19, 1967

**HALLAM & McALISTER**  
 Chartered Accountants

# McKINNEY GOLD MINES LIMITED

(Non-Personal Liability)  
and its wholly-owned Subsidiary,  
McKINNEY MINES, INC.

Exhibit "B"

## STATEMENT OF EXPLORATION, DEVELOPMENT AND ADMINISTRATION EXPENSE

For the Period from February 1, 1966 to November 30, 1966

### Exploration and Development Expense

Golden Queen Property:			
Engineering salaries, etc. ....		\$	719.17
Pancake Lake Property:			
Consulting engineer's fees .....	\$	675.00	
Legal fees .....		1,020.10	
Diamond drilling costs .....		4,770.66	6,465.76
Mag Group — Pine Point Area:			
Consulting engineer's fees .....			500.00
Investigation of other properties .....			3,596.46
<b>Total Exploration and Development Expense .....</b>			<b>\$ 11,281.39</b>

### Administration Expense

Office expenses .....	\$	2,638.53	
Travel .....		477.96	
Automotive expense .....		20.25	
Telephone and telegraph .....		230.66	
Postage .....		3.37	
Entertainment .....		61.44	
Legal and audit .....		2,906.00	
Bank charges .....		10.71	
Insurance .....		319.38	
Taxes .....		16.00	
Permits and licences .....		350.00	
Engineering fees .....		668.25	
Advertising .....		123.20	
Filing fees to exchanges .....		779.39	
Transfer agent fees .....		1,070.99	
Annual report and meeting .....		578.56	
Association dues .....		25.00	
Miscellaneous .....		56.02	
			\$ 10,335.71
Deduct:			
Interest .....	\$	52.50	
U.S. Exchange .....		34.53	87.03
			10,248.68
			<b>\$ 21,530.07</b>

### STATEMENT OF OTHER CHARGES

For the period February 1, 1966 to November 30, 1966

Saskatchewan Property Written Off .....	\$	1,427.42	
Provision for Bad Debts .....		1,223.81	
Loss on Disposal of Equipment .....		1,286.25	
			\$ 3,937.48

**MINING PROPERTIES — November 30, 1966**

**Property near Rossland, B.C.**

Payments made under options to purchase the "Golden Queen", "St. Elmo", "Surprise" and "Gertrude" Crown-granted min- eral claims (see notes 2(a) and 2(b)) .....	\$ 27,091.75
Payments made to acquire a 70% interest in the "Novelty" min- eral claim (see note 2(c)) .....	17,000.00
Lease acquisition costs and lease rentals paid on the "Consoli- dated St. Elmo" and "Cliff" Crown-granted mineral claims .....	11,034.84
<b>Sub-total</b> .....	<u>\$ 55,126.59</u>

**Pancake Lake Property, Ontario** (see note 2(d))

(Under option to Phelps Dodge Corporation of Canada Limited)

Cost — January 31, 1966 .....	\$ 23,365.00	
Less — Payment received from Phelps Dodge Corporation .....	<u>1,800.00</u>	21,565.00

**Senneterre Property, Quebec** (see note 2(e))

Development License expiring December 7, 1967 on 400 acres .....	27,000.00
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**Pine Point Area, Northwest Territories**

19 recorded "MAG" mineral claims .....	1,653.00
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**Geraldton Property**

50 recorded mineral claims .....	<u>2,800.00</u>
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<b>Total as per Balance Sheet</b> .....	<u><u>\$108,144.59</u></u>
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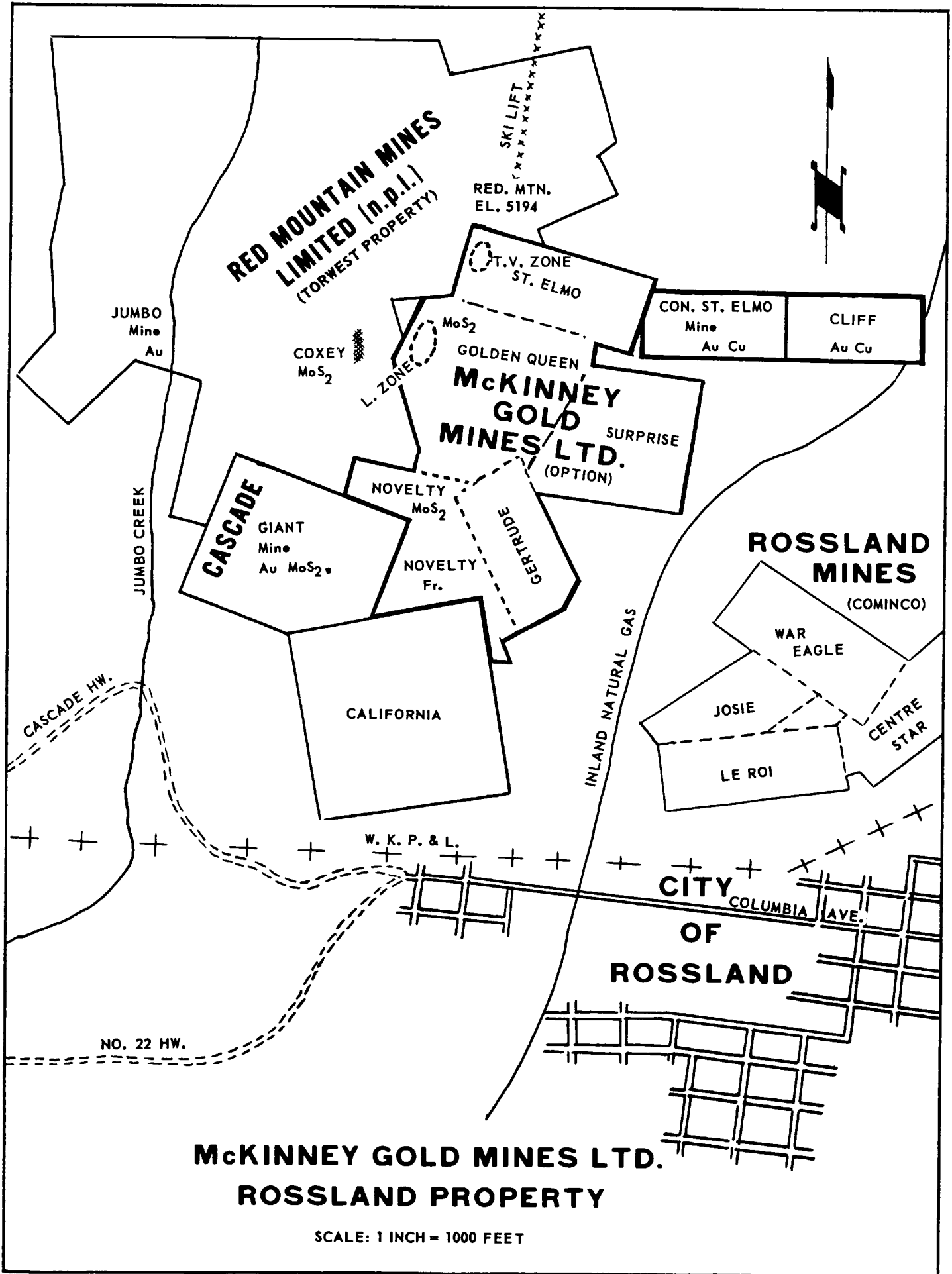
# McKINNEY GOLD MINES LIMITED

(Non-Personal Liability)  
and its wholly-owned Subsidiary,  
McKINNEY MINES, INC.

## NOTES

Exhibit "D"

1. (a) The bond of the Quebec Hydro-Electric Commission is deposited with the Government of the Province of Quebec.
- (b) The 722,087 shares of Jogran Mines Limited consist of 315,208 pooled shares and 406,879 shares held in escrow by the Guaranty Trust Company of Canada. Jogran Mines Limited at April 28, 1966 had issued 1,675,005 shares.
2. By an agreement dated September 22, 1964, Northwood Mining Limited (of which J. E. R. Wood is the principal) agreed to assign to the Company all its interest in certain options to purchase certain Crown-granted mineral claims, situated in the Kootenay District of the Province of British Columbia, as follows:
  - (a) the option granted by Andrew Joseph Grubisic and Isaac Glover to Northwood Mining Limited under an agreement dated August 5, 1964 to purchase Lots 923, 693 and 994 known respectively as the St. Elmo, Surprise and Golden Queen Mineral Claims, for a purchase price of \$50,000.00, payable as follows:
    - (i) a sum of \$2,000.00 which has already been paid;
    - (ii) a sum of \$8,000.00 which has already been paid;
    - (iii) a sum of \$13,500.00 which has already been paid;
    - (iv) \$13,500.00 on or before August 5, 1967;
    - (v) \$13,000.00 on or before August 5, 1968.In the event that the property is brought into commercial production, a royalty of 10% of the net smelter returns from the property is to be applied in reduction of the purchase price.
  - (b) the option granted by William Keane to Northwood Mining Limited, under an agreement dated August 7, 1964, to purchase Lot 690, known as the Gertrude Mineral Claim, for a purchase price of \$15,000.00, payable as follows:
    - (i) a sum of \$1,000.00 which has already been paid;
    - (ii) a sum of \$2,000.00 which has already been paid;
    - (iii) a sum of \$2,000.00 which has already been paid;
    - (iv) \$3,000.00 on or before August 7, 1967;
    - (v) \$3,000.00 on or before August 7, 1968;
    - (vi) \$4,000.00 on or before August 7, 1969.In the event that the property is brought into commercial production, a royalty of 10% of the net smelter returns is to be applied in reduction of the purchase price.
  - (c) An option to acquire a 70% interest in the Novelty Mineral Claim granted by Rossland Mining Co. Ltd. has been assigned to the Company by Northwood Mining Limited. The cash paid for the assignment of the option is \$17,000.00 representing reimbursement to Northwood of expenditures incurred by it to acquire the option and to explore the claim.  
To earn a 70% interest in the Novelty Claim, the Company must pay \$35,000.00 to Rossland Mining Co. Ltd. from 30% of the first net revenue from the property, provided that Rossland Mining Co. Ltd. shall receive a minimum by way of net revenue or cash payments of not less than \$10,000.00 by May 1, 1967, a like sum on or before May 1, 1968 and a sum of \$15,000.00 on or before May 1, 1969.
  - (d) The Company, Jogran Mines Limited and the original vendors of the property held by Jogran Mines Limited have entered into an agreement with Phelps Dodge Corporation of Canada Limited for the further development of the property. By way of a collateral agreement, the Company may be required to give up 50,000 shares which it holds in Jogran Mines Limited if the latter is not permitted by the Securities Commission of the Province of Ontario, to issue to the original vendors a share consideration in an agreed amount for the surrender by the original vendors of certain royalty rights with respect to the property.
  - (e) In 1964, the Company acquired the Senneterre Property consisting of 1,200 acres at a cost of \$27,000.00. Four hundred acres are retained by the Company and carried at the original cost of \$27,000.00.
3. Certain of the equipment and furniture presently in storage has been reduced in value and the balance has been valued at cost. No depreciation has been written off these assets.
4. (a) An underwriting agreement dated January 10, 1966 was entered into between the Company and H. H. Hemsworth & Co. Ltd. as underwriter acting on its own behalf as to a 25% interest, on behalf of Davidson & Company Ltd. as to a 25% interest, on behalf of Northwood Mining Limited as to a 25% interest and on behalf of Beubern Enterprises Limited as to the remaining 25% interest. Under the agreement the underwriter purchased 200,000 shares at 12½ cents per share on January 13, 1966. In consideration of the commitment to purchase such shares, the Company granted to the underwriter options to purchase all or any part of an additional 300,000 shares of the company as follows:
  - (a) 200,000 shares at 17½ cents each on April 14, 1966 — This option was exercised.
  - (b) 100,000 shares at 22½ cents each on July 13, 1966 — This option was not exercised.
- (b) On August 25, 1966 the Company entered into an underwriting agreement with H. H. Hemsworth & Co. Ltd. as underwriter whereby the underwriter purchased 154,697 shares of the Company's capital stock as fully paid and non-assessable at and for a price of 10c per share.



**RED MOUNTAIN MINES LIMITED (n.p.l.)**  
(TORWEST PROPERTY)

RED. MTN.  
EL. 5194

SKI LIFT

JUMBO Mine  
Au

COXEY  
MoS<sub>2</sub>

GOLDEN QUEEN  
**McKINNEY GOLD MINES LTD.**  
SURPRISE (OPTION)

CON. ST. ELMO Mine  
Au Cu

CLIFF  
Au Cu

JUMBO CREEK

**CASCADE**

GIANT Mine  
Au MoS<sub>2</sub>

NOVELTY MoS<sub>2</sub>

NOVELTY Fr.

GERTRUDE

CALIFORNIA

**ROSSLAND MINES**  
(COMINCO)

WAR EAGLE

JOSIE

LE ROI

CENTRE STAR

INLAND NATURAL GAS

CASCADE HW.

W. K. P. & L.

**CITY OF ROSSLAND**  
COLUMBIA AVE.

NO. 22 HW.

**McKINNEY GOLD MINES LTD.**  
**ROSSLAND PROPERTY**

SCALE: 1 INCH = 1000 FEET

KINCAID TWP.

TP. 28 R.13

TRIBAG  
MINING  
CO.

PANCAKE LAKE

McKINNEY-JOGRAN

88 CLAIM GROUP

MAMAINSE LAKE

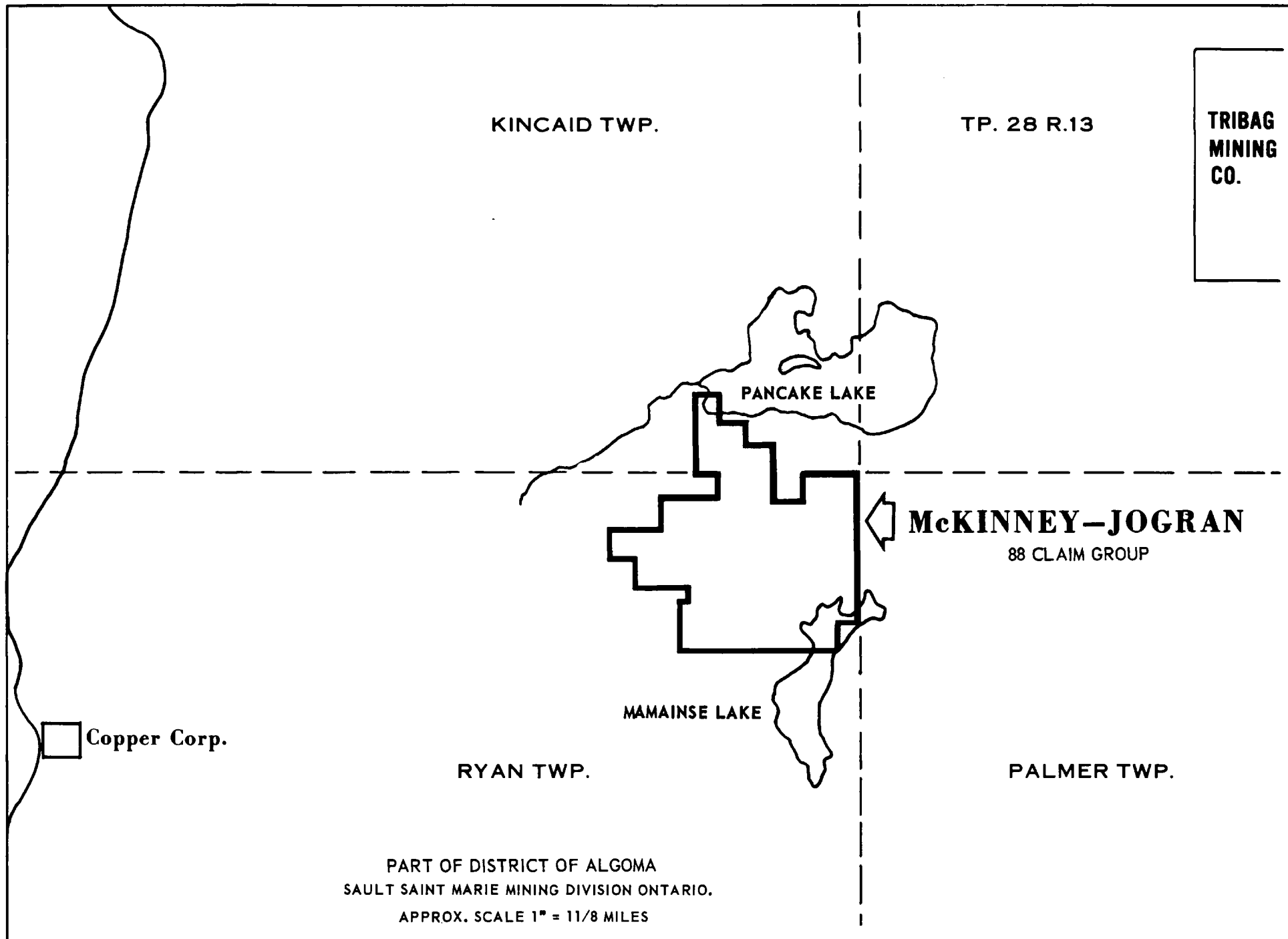
Copper Corp.

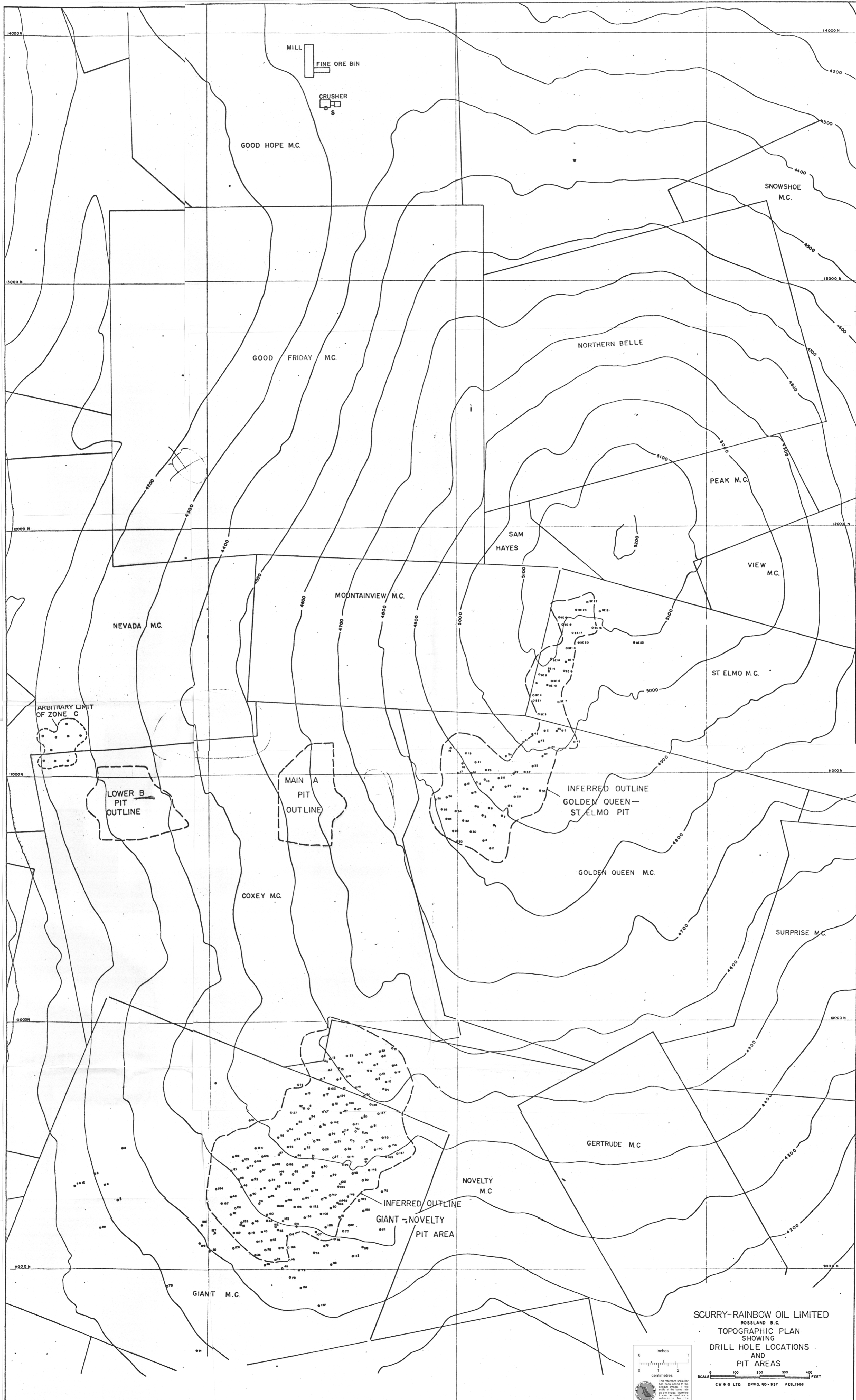
RYAN TWP.

PALMER TWP.

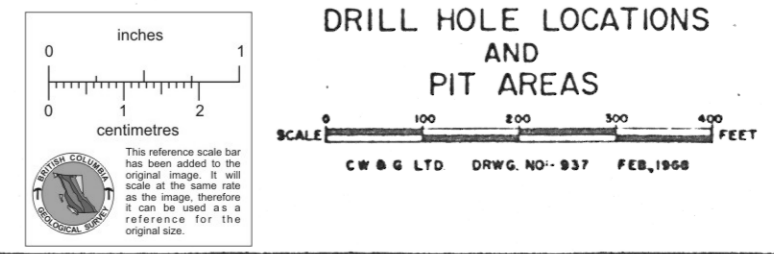
PART OF DISTRICT OF ALGOMA  
SAULT SAINT MARIE MINING DIVISION ONTARIO.

APPROX. SCALE 1" = 11/8 MILES





SCURRY-RAINBOW OIL LIMITED  
 ROSSLAND B.C.  
 TOPOGRAPHIC PLAN  
 SHOWING  
 DRILL HOLE LOCATIONS  
 AND  
 PIT AREAS



SCALE 1" = 400' FEET  
 C & G LTD. DRWG. NO. 237 FEB. 1958