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CASINO SILVER MINES LTD. (N.P.L.)
ANNUAL REPORT

FOR THE YEAR ENDED NOVEMBER 30, 1968
AND INCLUDING THE PERIOD TO MAY 31, 1969

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

ANNUAL REPORT

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AND INCLUDING THE PERIOD TO MAY 31, 1969

DIRECTORS

Bernard O. Brynelsen	Vancouver, B.C.
Mervin E. Davis	Vancouver, B.C.
Jacob Austin	Vancouver, B.C.
Morris M. Menzies	Vancouver, B.C.
F. S. Welters	Vancouver, B.C.
L. I. Proctor	Vancouver, B.C.

OFFICERS

President	Bernard O. Brynelsen
Senior Vice-President	Mervin E. Davis
Executive Vice-President	Jacob Austin
Vice-President, Exploration	Morris M. Menzies
Vice-President & Secretary	D. Ross Fitzpatrick
Vice-President & Treasurer	Stanley B. Slym
Assistant Secretary/Treasurer	R. F. Campbell

HEAD OFFICE

Seventh Floor — 1177 West Hastings Street,
Vancouver, B.C.

REGISTERED OFFICES

901 — 900 West Hastings Street,
Vancouver, B.C.

AUDITORS

McDonald, Currie & Co., Vancouver, B.C.

SOLICITORS

Andrews, Swinton, Margach, Austin & Williams
Vancouver, B.C.

REGISTRAR AND TRANSFER AGENT

Montreal Trust Co., Vancouver, B.C.

**Annual General Meeting: Queen Anne Lounge, Hotel Georgia, Vancouver, B.C.
September 10th, 1969, 2:30 p.m. Vancouver Time**

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

DIRECTORS' REPORT TO THE SHAREHOLDERS:

The Board of Directors take pleasure in submitting this Annual Report of our Company's activities for the year ended November 30, 1968 and for the period ended May 31, 1969.

During the 15 months since the last Annual General Meeting significant developments have taken place and the Company has maintained a high level of activity in exploration programs. Substantial work has been carried out in the Yukon Territory, The Northwest Territories, Alberta and California.

The continuing policy of the Company is to initiate and evaluate attractive exploration ventures, particularly in the Yukon Territory, and to develop such work as far as the practical limits of the Company's financing and the risk inherent in each of these ventures will allow. The Company is seeking at all times to hold a worthwhile interest in a variety of exploration programs, while maintaining sufficient treasury funds to be able to move quickly into new ventures where the chance of reward is high.

Mr. Leo I. Proctor, formerly President of this Company and the person most responsible for initiating this Company's program and activities, resigned from the Board for personal reasons on March 28th, 1969. Your directors accepted the resignation of Mr. Proctor with regret and we acknowledge his early contribution to this Company.

Shareholders are aware that since December, 1967, Messrs. B. O. Brynelsen, M. E. Davis, M.M. Menzies and J. Austin have composed the majority of the Board of Directors. These men, known as the "Brynelsen Group" have been responsible during 1968 and 1969, along with the other Directors, for arranging the new financing of this Company and for using that new financing in exploration as described in this report. In June, 1969, the Brynelsen Group transferred their personal share interest in this Company, amounting to approximately 16% of the issued shares, to Brameda Resources Limited, which is the senior exploration and development Company in their group. It is proposed that Messrs. J. R. Croll, C.A. and L. P. Starck, P.Eng., who are directors of Brameda Resources Limited, also be elected as directors of this Company at the Annual Meeting. Mr. Croll has been chief financial officer of Placer Development Limited and Mr. Starck is Managing Director of Giant Mascot Mines Limited. The Board feels they will make an extremely valuable contribution.

We are now pleased to advise of developments in the Company's exploration activities since the last Annual Report:

CASINO AND CANADIAN CREEK PROPERTY, YUKON TERRITORY

Casino Silver Mines Ltd. (N.P.L.) owns a 326 claim property in the Dawson Range, Yukon, some 190 air miles northwest of Whitehorse. This property has been investigated at various times since 1911 for its placer gold and tungsten potential and its silver-lead vein deposits. The first extensive work was carried out by Casino between 1964 and 1967 exploring the silver-lead veins. During the latter course of this work, an intriguing copper-molybdenum zone with large tonnage possibilities was indicated. The 1968 program consisted of a review of all previous work on the property, a geological survey of the limited outcrops, and geochemical soil survey of the copper-molybdenum zone.

The 1968 work has confirmed that a potentially sizeable mineralized zone is centred on Patton Hill, between the headwaters of Casino and Canadian Creeks. The zone does not outcrop and is only very poorly suggested in the overburden. It is best indicated by strong, well-defined copper and molybdenum soil anomalies about 3500 feet in diameter, a coincident magnetic anomaly, an intense alteration halo, a large iron gossan precipitating from strongly acid groundwater on one side, and a gold-tungsten placer deposit on the other side.

Our consultants, Archer, Cathro & Associates Ltd., recommended for 1969, a program of preliminary drilling to determine the nature and grade of the mineralization causing the anomalies. This program was begun in mid-May by Casino and then transferred to Brameda Resources Limited on June 20, 1969.

At the date of this report two machines have completed a total of nine holes in and marginal to the copper-molybdenite Patton Hill anomalous zone. These holes are widely spaced within an area approximately 2400 feet by 3600 feet. The locations were chosen with respect to both geochemical and geophysical interpretations. Future holes will be guided also by geological information now becoming available.

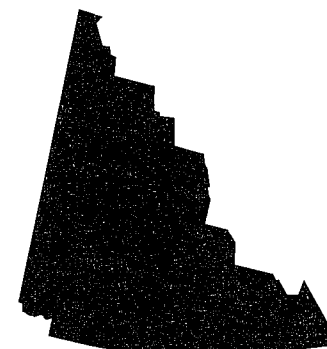
The combined studies (geochemical, geophysical and geological) indicate the presence of a quartz-monzonite porphyry body intrusive into the Klotassin granodiorite. The dimensions of the porphyry are indicated to be in the order of 4500 feet by 6000 feet. Holes P-2 and P-3 were drilled in the core of this intrusive on the basis of geophysical response. This was found to be caused mainly by magnetite and pyrite with associated low values in copper and molybdenite. Holes P-1 and P-5, which to date have returned values up to .56 in copper, are located about 1000 feet from the centre of the quartz-monzonite-porphry core. Other holes have given much lower results but all have indicated mineralization.

Because this part of the Yukon was not glaciated, the rocks near the surface have been leached almost entirely of their metallic sulphide minerals. Drilling has revealed three zones. The first is a weathered zone in which small quantities of copper and molybdenum oxides remain and extend to a vertical depth of 150 feet. In the second zone from 150 to approximately 450 feet, the copper mineralization consists mainly of chalcocite with minor chalcopyrite. One hole, P-5, has penetrated the third zone which is primary chalcopyrite with at least 25 feet of the hole assaying 0.39% copper and 0.03% molybdenite.

The second mineralized zone consisting mainly of chalcocite, if of substantial width and reasonable grade provides a special advantage to production inasmuch as chalcocite concentration is normally about 60% copper in comparison with chalcopyrite which reaches a level of about 30% copper in concentration. Accordingly a much more valuable production would be available for transportation which might offset the cost factors of location and climate. Also, the Federal Government has provided substantial development financing for such projects as the Clinton Creek asbestos and Anvil lead-zinc properties. It may be expected that similar assistance will be available at such time as the property could be developed to a feasibility stage.

By early June the results indicated that an extensive exploration program would be required. In order to provide the funds for this program the company entered into an Agreement dated June 20, 1969 with Brameda Resources Limited for a joint venture in which Brameda has the carriage of all exploration and development expenditures from June 20th, 1969. This Agreement is more particularly described under the paragraph headed "Financing", and is similar to many other agreements entered into in the B.C. mining industry, the Agreement between Endako Mines Limited and Placer Development Limited being one example.

Brameda is evaluating the work to date in order to determine whether a winter program is justified in an attempt to define the extent and grade of mineralization for economic production. The cost of a winter program is very high against which must be balanced the short working season in the area during the summer time which allows the development of only a limited amount of information. An announcement from Brameda with respect to a winter program is expected in the early fall of 1969.



RACKLA RIVER PROPERTY — YUKON TERRITORY

In pursuance of Casino's interest in attractive exploration projects an Agreement dated July 31, 1969 was entered into with Rackla River Mines Ltd. (N. P. L.) in connection with a group of 130 mineral claims situated in the Mayo Mining Division of the Yukon Territory in the Kathleen Lake area. Casino has the option to purchase a 65% interest in this property for which a sum of \$5,000 has been paid. \$60,000 of exploration work must be performed by December 31, 1969 to maintain the option in good standing and in addition certain instalment payments are required. Casino must make a production decision prior to December 31, 1974.

The claims are located in an area of slates and limestone locally mineralized over an extensive area with disseminated lead and zinc sulphides carrying variable values in silver. The existence of large gossans along the limbs of a major synclinal structure suggests the possibility of sulphide replacement deposits at the contact zone between limestone and slate members. One mineral occurrence on the property is a large gossan zone measuring at least 2,000 feet in length by some 300 feet in width. Attractive but erratic values have been obtained in grab samples. Other interesting gossan zones occur and the whole area contains a high background value both in lead and zinc. One bulldozer trench which reached partly unoxidized galena mineralization in dolomitic limestone was channel sampled across 25 feet and returned an average assay of 35.6% lead, 6.80% zinc and 20.57 oz. of silver per ton.

Casino's program for 1969 will be to outline the size and extent of certain showings by I. P. survey, carry out soil sampling of attractive sections of the claim group, and drill short exploration holes. The use of a bulldozer for surface stripping is also being considered.

COPPERMINE RIVER AREA OF THE NORTHWEST TERRITORIES

Your Company has 100 claims in good standing in the Coppermine River area of the Northwest Territories, which were acquired in 1968 at a cost of \$25,000. The claims are well located adjoining holdings of Coppermine River Limited and Hearne Coppermine Explorations Limited (N. P. L.).

During the 1968 exploration season Watts, Griffis & McQuat Limited of Toronto, carried out a program of prospecting and geological mapping. The program demonstrated that the Casino property is located in the upper contact of the basalt belt. Where the basalt is exposed, minor native copper and chalcocite fracture fillings were observed but no mineralization showings were located to justify a further program.

However, the presence of extensive contact surface and strata bound sulphide mineralization were considered potentially favorable factors and the consultants recommended that if other companies

detected significant amounts of strata bound chalcocite along the contact then a shallow diamond drilling program to explore the sedimentary horizon on the Company's claims would be warranted.

During 1969 no work is being conducted on the claims pending results of programs being carried out by other companies in that area. Geophysical studies recently done in the Coppermine area should be available during 1969 which will allow a further assessment of this property.

LEVIATHAN PROPERTY, ALPINE COUNTY, CALIFORNIA

During 1967 an option to purchase a 2/3 interest in the Leviathan sulphur property in Alpine County, California, was acquired from U.S. Borax and Chemical Corporation, who retained a 1/3 interest. Casino's interest in sulphur was attracted by the high prices then prevailing and also by the availability for use of the Thermochem Process being developed at the Colorado School of Mines Research Foundation by a private company, Thermochem Industries Limited (now Brameda Resources Limited).

The cost of the option to purchase the 2/3 interest was \$27,850 (U.S.), plus an extension payment of \$29,287 (U.S.) for a total of \$57,137 (U.S.). A program of exploration and economic assessment was carried on for Casino by Chapman, Wood & Griswold Ltd., Consulting Engineers and Geologists of Vancouver, B.C. Their recommendation was that the Company ought not to continue with the balance of the purchase price which would have required a payment of \$112,000 (U.S.) by July 1, 1969. While the Leviathan deposit contained substantial sulphur, it was felt that the cost of mining would be high and at the same time it was apparent that sulphur prices were weakening. Accordingly, all interest in the Leviathan property was dropped and returned to U.S. Borax and Chemical Corporation.

Casino had acquired a best user Agreement with Thermochem Industries Limited in consideration of the payment by Casino to Thermochem of \$25,000 (U.S.). Subsequent to the termination of the option on the Leviathan property Casino and Thermochem Industries Limited agreed to terminate the best user Agreement and to reimburse Casino in full for the advance it had made to Thermochem Industries Limited.

EXPLORATION ACTIVITIES — NORTHERN ALBERTA

In late 1967 and early 1968 sulphur exploration in Northern Alberta appeared attractive. The Company paid \$8,020 for a 10% interest in a farmout of sulphur permits covering in total 80,000 acres. While early drilling in Northern Alberta, showed the possibility of attractive deposits of sulphur, follow-up work has indicated that a more long-range view has to be taken of the value of these sulphur occurrences and again the current price of sulphur has moved into a period of weakness. Accordingly Casino decided to terminate all interest in this project.

Also in Northern Alberta the Company acquired for \$2,812.50 a 35% interest in 50,000 acres of uranium permits. This interest has now been terminated.

OIL AND GAS INTERESTS — ALBERTA

In February, 1968, Casino entered into a farmout Agreement at a cost of \$10,000 to acquire a 2½% participation with Imperial Oil Enterprises Limited in nine sections of land in the Chinchaga area of the South Rainbow field in Alberta. A well drilled on this property was not successful.

Also in February, 1968, Casino participated in turn-key drilling performed by Central Del-Rio Oils Limited in the West Rainbow field in Alberta. Casino's cost was \$50,000 to earn a net interest of 11.25% in approximately 8,800 acres. A well drilled was not successful.

RESEARCH — IONARC SMELTERS LTD.

Casino was amongst the early investors in the development by Ionarc Smelters Ltd. of a high temperature plasma arc torch designed to treat certain high value compounds. The Ionarc program is continuing and since the last Annual Report, Ionarc Smelters Ltd. has become a public company. Casino's holding of 12,500 shares of Ionarc at a cost of \$6,250 has a market price at the time of writing of approximately \$75,000.

Casino also assisted at a cost of \$6,000 in the establishment of Seymour Laboratory Limited in order to provide the mining industry in British Columbia with additional professional assay services. By agreement with the other founding members all interests have been transferred at cost to Brameda Resources Limited. Casino will recover its original investment of \$6,000.00

FINANCING

In order to provide for financing the Casino and Canadian Creek exploration program, Casino entered into an Agreement with Brameda Resources Limited on June 20, 1969 whereby Brameda has agreed to provide the financing of further exploration work for which it will earn an interest in the property. If total expenditures by Brameda to the point of production are less than \$10,000,000 it will earn a 60% interest and if over \$10,000,000 is spent it will earn 70%.

Under this Agreement Brameda Resources Limited is committed to spend \$150,000 in the first period ending December 31, 1969 and in order to maintain its interest it must spend a further \$300,000 by December 31, 1970, and thereafter \$500,000 in the 18-month period ending June, 1972. Brameda also has the right at any time before December 31, 1973 to elect to place the property into production, and must undertake to provide the financing under this arrangement.

The Company holds a working capital position of approximately \$100,000 at this time. All financing obligations at the Casino and


Canadian Creek property have been assumed by Brameda Resources Limited and the main activity of the Company during 1969 will now be concentrated on the Rackla River property.

While the Company has no immediate need for funds, it will be apparent that fresh financing will be required in the spring of 1970 if the Company is to maintain an active program in general exploration. The Directors are now considering appropriate means of financing for the Company.

SUMMARY

We extend our appreciation to the exploration team under the direction of Mr. L. S. Trenholme and to our consultants, Archer, Cathro & Associates Ltd., for their excellent work on the Company's behalf since the last Annual Report. Our appreciation is also extended to our shareholders for their continuing support and confidence in the Company.

SUBMITTED ON BEHALF OF THE BOARD


B. O. Brynelsen,
President.

August 25, 1969.

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

FINANCIAL STATEMENTS FOR THE YEAR ENDED NOVEMBER 30, 1968

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of Casino Silver Mines Ltd. (N.P.L.) as at November 30, 1968, and the statements of deferred costs and source and use of working capital 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 present fairly the financial position of the company as at November 30, 1968, and the results of its operations and the source and use of its working capital for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year except for the change in depreciation policy set out in note 4(b) with which we concur.



Chartered Accountants

Vancouver, B.C.

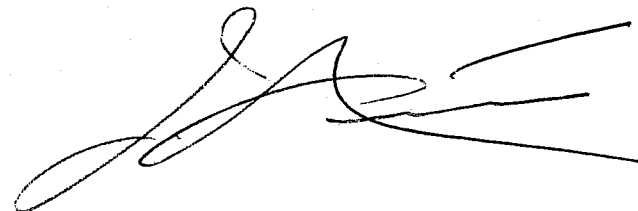
March 12, 1969

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

BALANCE SHEET AS AT NOVEMBER 30, 1968

ASSETS	1968	1967
	\$	\$
CURRENT ASSETS		
Cash	111,227	1,292
Accounts receivable	64,565	3,160
Investment — at cost (quoted value — \$2,425)	2,488	
Prepaid expenses	6,000	
	<u>184,280</u>	<u>4,452</u>
MINERAL, OIL AND NATURAL GAS PROPERTIES (notes 1 and 2)	315,622	158,000
OTHER ASSETS (note 3)	33,125	
FIXED ASSETS — at cost less accumulated depreciation (note 4)	51,581	68,749
DEFERRED COSTS (note 1)	462,149	425,871
	<u>1,046,757</u>	<u>657,072</u>

SIGNED ON BEHALF OF THE BOARD

 Director

 Director

LIABILITIES	1968	1967
	\$	\$
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	7,754	2,993
Amount due to a shareholder		84,076
	<u>7,754</u>	<u>87,069</u>
SHAREHOLDERS' EQUITY		
CAPITAL STOCK (note 5)		
Authorized —		
5,000,000 common shares of no par value with a maximum issue price of 50c each		
Issued and fully paid —		
2,826,005 common shares	1,039,003	570,003
	<u>1,046,757</u>	<u>657,072</u>

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

STATEMENT OF DEFERRED COSTS FOR THE YEAR ENDED NOVEMBER 30, 1968

	Total to November 30, 1967 \$	Costs during the year \$	Total to November 30, 1968 \$
EXPLORATION AND DEVELOPMENT			
Administration	35,499	21,221	56,720
Camp operation	37,657	15,656	53,313
Depreciation (note 4 (b))		17,168	17,168
Drilling and underground exploration	217,124		217,124
Engineering, consulting and assaying	21,117	20,386	41,503
Trenching and bulldozing	113,384		113,384
	<u>424,781</u>	<u>74,431</u>	<u>499,212</u>
Less: Government grant applicable to prior year's work (note 6)		38,153	38,153
	<u>424,781</u>	<u>36,278</u>	<u>461,059</u>
ORGANIZATION			
	<u>1,090</u>		<u>1,090</u>
	<u><u>425,871</u></u>	<u><u>36,278</u></u>	<u><u>462,149</u></u>
ALLOCATION OF DEFERRED EXPLORATION AND DEVELOPMENT COSTS TO MINERAL PROPERTIES AS FOLLOWS:			
Yukon Territory —			
Casino-Canadian Creek	424,781	(1,737)	423,044
Northwest Territories —			
Coppermine		27,532	27,532
Alberta—			
Oil and gas exploration		4,944	4,944
Sulphur properties		5,539	5,539
	<u>424,781</u>	<u>36,278</u>	<u>461,059</u>

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

STATEMENT OF SOURCE AND USE OF WORKING CAPITAL FOR THE YEAR ENDED NOVEMBER 30, 1968

	1968 \$	1967 \$
SOURCE		
Capital stock issued	<u>469,000</u>	<u>80,000</u>
USE		
Deferred exploration and development costs	<u>36,278</u>	100,678
Less depreciation included therein not affecting working capital.	<u>17,168</u>	
	<u>19,110</u>	<u>100,678</u>
Mineral properties	<u>157,622</u>	
Other asset acquisitions	<u>33,125</u>	
	<u>209,857</u>	<u>100,678</u>
INCREASE (DECREASE) IN WORKING CAPITAL	259,143	(20,678)
WORKING CAPITAL (DEFICIENCY) — BEGINNING OF YEAR	(82,617)	(61,939)
WORKING CAPITAL (DEFICIENCY) — END OF YEAR	<u>176,526</u>	<u>(82,617)</u>
REPRESENTED BY:		
Current assets	<u>184,280</u>	4,452
Current liabilities	<u>7,754</u>	<u>87,069</u>
WORKING CAPITAL (DEFICIENCY) — END OF YEAR	<u>176,526</u>	<u>(82,617)</u>

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED NOVEMBER 30, 1968

1. VALUE

The amounts shown for mineral, oil and natural gas properties and deferred costs represent costs to date and do not necessarily reflect present or future values.

2. MINERAL, OIL AND NATURAL GAS PROPERTIES

As at November 30, 1968, the company owned, or had the right to acquire under option, the following mineral properties and interests in mineral properties:

(a) Yukon Territory —	\$
Casino-Canadian Creek (Whitehorse Mining Division) 166 mineral claims at the value ascribed to 754,000 shares (\$150,000) and \$8,000 cash	158,000
(b) Northwest Territories —	
Coppermine River (MacKenzie Mining Division) 100 mineral claims purchased for cash	25,000
(c) Alberta —	
A 35% interest in two Quartz Mineral Exploration Permits purchased for cash. Subsequent to November 30, 1968, the company abandoned this interest	2,812
A 2½ % interest in a farmout of oil and gas leases purchased for cash	10,000
For its participation the company is entitled to earn the above mentioned percentage in the leases but is required to bear its portion of costs to fulfil the terms of the agreement.	
An 11¼ % working interest in an oil drilling reservation purchased for cash	50,000
Carried forward	245,812

Brought forward	\$ 245,812
(d) Sulphur Interests —	

California —

The company had the option to acquire a minimum of 2/3 of certain patented and unpatented mineral claims. This right was recorded at the total of the payments made under the option agreement	61,790
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Alberta —

The company held a 10% interest in a syndicate which has various interests in five sulphur permits in Alberta, which it acquired for cash	8,020
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In order to develop its sulphur properties the company
acquired best user rights to a new process for refining
sulphur being developed by the Colorado School of Mines
for cash consideration of \$26,875 (\$25,000 U.S.)
(note 3)

All interests in sulphur properties were abandoned
subsequent to November 30, 1968. The company expects
to recover the funds expended on best user rights.

315,622

3. OTHER ASSETS

Other assets are classified as follows:	\$
Best user rights for sulphur refining process (note 2(d))	26,875
Investment without quoted value	6,250
	33,125

4. FIXED ASSETS

(a) Fixed assets and related accumulated depreciation, which has been calculated on a straight line basis, are classified as follows:

	1968			1967	
	Cost	Accumulated depreciation	Net	Net	Net
	\$	Rate	\$	\$	\$
Mining and camp equipment	68,371	25%	17,094	51,277	68,371
Furniture	378	20%	74	304	378
	<u>68,749</u>		<u>17,168</u>	<u>51,581</u>	<u>68,749</u>

(b) During the year ended November 30, 1968, the company adopted the policy of depreciating fixed assets.

5. CAPITAL STOCK

As at November 30, 1968, the company had issued the following shares:

	Number of Shares	\$
For cash —		
Opening balance	1,000,005	420,003
Issued during the year	1,076,000	469,000
Closing balance	2,076,005	889,003
For mineral properties —		
Opening and closing balance	750,000	150,000
Total	<u>2,826,005</u>	<u>1,039,003</u>

6. NORTHERN MINERAL EXPLORATION ASSISTANCE REGULATIONS GRANT

During the year ended November 30, 1968, the company received a grant of \$38,153. If the Casino-Canadian Creek property should come into production the grant becomes a loan subject to repayment, with interest, over a period of ten years from the date said production commences.

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

FINANCIAL STATEMENTS FOR THE EIGHTEEN MONTHS ENDED MAY 31, 1969

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of Casino Silver Mines Ltd. (N.P.L.) as at May 31, 1969 and the statements of deficit, deferred costs and source and use of working capital for the period from December 1, 1967 to May 31, 1969. 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 present fairly the financial position of the company as at May 31, 1969 and the results of its operations and the source and use of its working capital for the period then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year, except for the change in depreciation policy set out in note 3(b) with which we concur.

McDonald, Currier & Co.

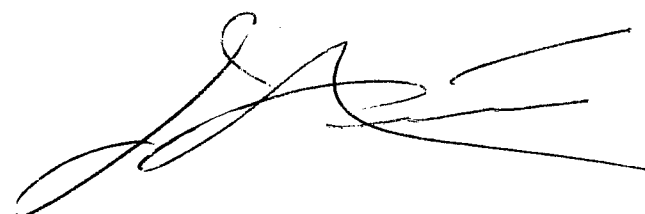
Chartered Accountants

Vancouver, B.C.
July 17, 1969

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

BALANCE SHEET AS AT MAY 31, 1969

ASSETS	May 31, 1969 \$	November 30, 1967 \$
CURRENT ASSETS		
Cash	129,477	1,292
Accounts receivable	25,748	3,160
Investment — 12,500 common shares of Ionarc Smelters Ltd. — at cost (quoted value — \$131,250)	6,250	
Prepaid expenses	<u>6,000</u>	
	167,475	4,452
MINERAL, OIL AND NATURAL GAS PROPERTIES (notes 1, 2, 6 and 7)	243,000	158,000
FIXED ASSETS — at cost less accumulated depreciation (note 3)	50,704	68,749
DEFERRED COSTS (note 1)	<u>531,262</u>	<u>425,871</u>
 SIGNED ON BEHALF OF THE BOARD	 <u>992,441</u>	 <u>657,072</u>



Director



Director

LIABILITIES	May 31, 1969 \$	November 30, 1967 \$
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	30,424	2,993
Amount due to a shareholder		84,076
	<u>30,424</u>	<u>87,069</u>
 SHAREHOLDERS' EQUITY		
CAPITAL STOCK (note 4)		
Authorized —		
5,000,000 common shares of no par value with a maximum issue price of 50c each		
Issued and fully paid —		
2,826,005 common shares	1,039,003	570,003
 DEFICIT	 <u>76,986</u>	 <u>570,003</u>
	<u>992,441</u>	<u>657,072</u>

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

STATEMENT OF DEFICIT FOR THE EIGHTEEN MONTHS ENDED MAY 31, 1969

	\$
BALANCE — BEGINNING OF PERIOD	Nil
Cost of abandoned mineral properties	71,447
Exploration and development costs relating to abandoned mineral properties	<u>5,539</u>
BALANCE — END OF PERIOD	<u><u>76,986</u></u>

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

STATEMENT OF DEFERRED COSTS FOR THE EIGHTEEN MONTHS ENDED MAY 31, 1969

	Total to November 30, 1967 \$	Costs during the period \$	Total to May 31, 1969 \$
EXPLORATION AND DEVELOPMENT			
Administration	35,499	30,737	66,236
Camp operation	37,657	53,252	90,909
Depreciation (note 3(b))		26,854	26,854
Drilling and underground exploration	217,124	5,693	222,817
Engineering, consulting and assaying	21,117	32,547	53,664
Trenching and bulldozing	113,384		113,384
	<u>424,781</u>	<u>149,083</u>	<u>573,864</u>
Less: Government grant applicable to prior year's work (note 5)		38,153	38,153
	<u>424,781</u>	<u>110,930</u>	<u>535,711</u>
Less: Costs relating to abandoned mineral properties		5,539	5,539
	<u>424,781</u>	<u>105,391</u>	<u>530,172</u>
ORGANIZATION	1,090		1,090
	<u>425,871</u>	<u>105,391</u>	<u>531,262</u>
ALLOCATION OF DEFERRED EXPLORATION AND DEVELOPMENT COSTS TO MINERAL, OIL AND NATURAL GAS PROPERTIES AS FOLLOWS:			
Yukon Territory — Casino-Canadian Creek	424,781	72,915	497,696
Northwest Territories — Coppermine		27,532	27,532
Alberta — Oil and gas exploration		4,944	4,944
	<u>424,781</u>	<u>105,391</u>	<u>530,172</u>

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

STATEMENT OF SOURCE AND USE OF WORKING CAPITAL FOR THE EIGHTEEN MONTHS ENDED MAY 31, 1969

	Eighteen months ended May 31, 1969 \$	Year ended November 30, 1967 \$
SOURCE		
Capital stock issued	469,000	80,000
Recoveries from abandoned mineral properties	1,175	—
	<u>470,175</u>	<u>80,000</u>
USE		
Deferred exploration and development costs	110,930	100,678
Less depreciation included therein not affecting working capital	26,854	—
	<u>84,076</u>	<u>100,678</u>
Mineral, oil and natural gas properties including \$71,447 relating to properties since abandoned	157,622	—
Fixed asset acquisitions	8,809	—
	<u>250,507</u>	<u>100,678</u>
INCREASE (DECREASE) IN WORKING CAPITAL	219,668	(20,678)
WORKING CAPITAL (DEFICIENCY) — BEGINNING OF PERIOD	(82,617)	(61,939)
WORKING CAPITAL (DEFICIENCY) — END OF PERIOD	137,051	(82,617)
REPRESENTED BY:		
Current assets	167,475	4,452
Current liabilities	30,424	87,069
	<u>137,051</u>	<u>(82,617)</u>

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

NOTES TO FINANCIAL STATEMENTS FOR THE EIGHTEEN MONTHS ENDED MAY 31, 1969

1. VALUES

The amounts shown for mineral, oil and natural gas properties and deferred costs represent costs to date and do not necessarily reflect present or future values.

2. MINERAL, OIL AND NATURAL GAS PROPERTIES

As at May 31, 1969 the company owned the following: \$

(a) Yukon Territory —

Casino — Canadian Creek (Whitehorse Mining Division) (note 6 (b))
166 mineral claims at the value ascribed to 754,000 shares (\$150,000) and \$8,000 cash 158,000

(b) Northwest Territories —

Coppermine River (MacKenzie Mining Division)
100 mineral claims purchased for cash 25,000

(c) Alberta —

A 2½% interest in a farmout of oil and gas leases purchased for cash 10,000

For its participation the company is entitled to earn the above mentioned percentage in the leases but is required to bear its portion of costs to fulfil the terms of the agreement.

An 11¼% working interest in an oil and gas drilling reservation purchased for cash 50,000

243,000

3. FIXED ASSETS

(a) Fixed assets and related accumulated depreciation, which has been calculated on a straight line basis, are classified as follows:

	May 31, 1969		November 30, 1967	
	Cost	Accumulated depreciation	Net	Net
	\$	Rate	\$	\$
Mining and camp equipment	77,180	25%	26,740	50,440
Furniture	378	20%	114	264
	<u>77,558</u>		<u>26,854</u>	<u>50,704</u>
				<u>68,749</u>

(b) During the eighteen months ended May 31, 1969, the company adopted the policy of depreciating fixed assets.

4. CAPITAL STOCK

As at May 31, 1969, the company had issued the following shares:

	Number of Shares	\$
For cash —		
Opening balance	1,000,005	420,003
Issued during the period	1,076,000	469,000
Closing balance	2,076,005	889,003
For mineral properties —		
Opening and closing balance	750,000	150,000
Total	<u>2,826,005</u>	<u>1,039,003</u>

5. NORTHERN MINERAL EXPLORATION ASSISTANCE REGULATIONS GRANT

During the period the company received a grant of \$38,153. If the Casino-Canadian Creek property should come into production the grant becomes a loan subject to repayment, with interest, over a period of ten years from the date said production commences.

6. MINERAL PROPERTY DEVELOPMENT AGREEMENTS

(a) As at May 31, 1969, the company had entered into a letter of intent, which was ratified by an option agreement dated July 31, 1969, with Rackla River Mines Ltd. (N.P.L.) under which Casino may acquire a 65% interest in certain mineral properties. This interest will be increased to 70% if preproduction costs exceed \$10,000,000. In order to exercise this option, Casino is required to make payments of \$5,000 on or before July 1, 1969, and \$2,000 per month commencing August 1, 1969, and every month thereafter until December 1, 1974. If Casino commits the funds required to equip the property for production before December 1, 1974, the monthly payments will cease. In addition, the company must expend not less than \$60,000 on these properties during 1969.

In the event that Casino commits these properties to commercial production, it must form a new company to which it must transfer all its interests in properties acquired under this agreement. Casino and Rackla are to receive shares in the new company according to their respective interest in the properties at the time of such transfer. Preproduction costs paid by Casino shall constitute a first charge of 80% of the net proceeds of the new company until fully repaid.

(b) Subsequent to May 31, 1969, the company granted Brameda Resources Limited the exclusive right to conduct an exploration program on the company's Casino-Canadian Creek mineral properties. In order to retain this right until June 30, 1974, Brameda must expend not less than the following amounts on exploration of the properties:

	\$
1969	150,000
1970	300,000
1971	500,000

Any amount expended in one year in excess of the stipulated amount will be credited to succeeding years. At any time prior to June 30, 1974, Brameda may elect to bring the property into production within five years. If this election is made, Brameda is not required to expend any further amounts, as scheduled above, on exploration of properties but is required to fully equip the properties for production.

All money borrowed from third parties, preproduction expenditures and advances are to be repaid out of 90% of the first net proceeds of production, as defined. The remaining and future net proceeds will be divided 40% to Casino and 60% to Brameda. If the preproduction expenditures of Brameda exceed \$10,000,000, Brameda shall receive 70% and Casino shall receive 30% of the net proceeds.

7. SUBSEQUENT EVENTS

In June 1969, 160 additional claims were staked in the Casino-Canadian Creek area.

Beaufort Sea

ALASKA

NORTH-WEST
TERRITORIES

● DAWSON CITY

● RACKLA

● CASINO

YUKON

● WHITEHORSE

Gulf
of
Alaska

ALTA.

BRITISH
COLUMBIA