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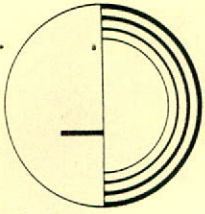
LANGIS
SILVER
&
COBALT
MINING
COMPANY
LIMITED

HOWARD ROSS LIBRARY
OF MANAGEMENT

AUG 27 1979

MCCILL UNIVERSITY

ANNUAL REPORT 1978



LANGIS SILVER & COBALT MINING COMPANY LIMITED

Suite 1402 - 390 Bay Street Toronto M5H 2Y2
(416) 361-0402 Telex 06-22016

DIRECTORS' REPORT TO SHAREHOLDERS

We present the Annual Report of Langis Silver & Cobalt Mining Company Limited which includes the audited financial statements for the year ended December 31, 1978 reported upon by the auditors.

The acquisition by the Company of properties in the general Cobalt area has now been completed. Two of the properties, formerly belonging to United Cobalt Mines Limited are, namely, the King Edward group and the Genessee group. The Genessee group was leased to outside interests. This lease, however, has now lapsed and the property is now returned to Langis.

A further property, formerly owned by Dolphin-Miller Mines is adjacent to the original Langis property in Casey and Harris Townships, Ontario. These properties are now the subject of a Letter of Intent from Agnico-Eagle Mines Limited whereby Agnico has made an offer to lease the properties on terms which have been approved by resolution of the Directors of Langis Silver.

At the forthcoming Annual and General Meeting to be held on June 29, 1979, Shareholders will be asked to approve the leasing of the properties to Agnico-Eagle. The terms of the lease are laid out in the Information Circular herewith. Your management considers the leasing to be in the best interests of the Company. Agnico-Eagle intends to rehabilitate the Langis mine and use its own concentrator at Agnico mine in Cobalt for milling.

The Company retains its King Edward and Genessee groups. The former property was last operated by Rix Athabasca, which deepened the shaft on the King Edward claims to 1,000 feet and extracted close to \$400,000 of silver from them. At that time, however, the price of silver was approximately \$1.00 per ounce and economically, was difficult to mine.

At today's price for silver, further consideration should be given to the property and the Company proposes to review the data available. At the same time the Company proposes to look at other mining situations of merit.

Shareholders are invited to attend the Annual and General Meeting on June 29, 1979. If you are unable to attend in person, you may be represented by proxy. A form is enclosed for this purpose.

Respectfully submitted on behalf of the Board.

Arthur W. White
President

Toronto, Ontario
May 30, 1979

LANGIS SILVER & COBALT MINING COMPANY LIMITED

Suite 1402, 390 Bay Street,
Toronto, Ontario, M5H 2Y2.

NOTICE OF ANNUAL AND GENERAL MEETING OF SHAREHOLDERS

NOTICE is hereby given that the Annual and General Meeting of the Shareholders of Langis Silver & Cobalt Mining Company Limited (hereinafter called the "Company") will be held in Suite 1402, 390 Bay Street, Toronto, Ontario, on

Friday, June 29, 1979

at the hour of 10:00 o'clock in the forenoon (Toronto time) for the following purposes:

- (a) to receive the Annual Report of the Company including report of the Directors, the financial statements for the year ended December 31, 1978, and the report of the Auditors, Ernst & Ernst;
- (b) to elect directors;
- (c) to appoint auditors;
- (d) to consider and if thought fit confirm with or without variation a resolution passed by the Board of Directors on March 12, 1979 as follows:

IT WAS RESOLVED:

"That, subject to ratification and approval by the shareholders of Langis Silver & Cobalt Mining Company Limited, 300,000 treasury shares of the capital of the company be and they are hereby set aside for the purpose of granting non-assignable options to certain employees, directors and senior officers of the company for services rendered or to be rendered, such shares to be purchased by such employees at a price of 20¢ per share, on or before December 31, 1980".

- (e) to consider and if thought fit confirm with or without variation a resolution passed by the Board of Directors on May 28, 1979 as a special resolution of the Company as follows:

IT WAS RESOLVED:

"That officers and/or appointed representatives of the Company be authorized to enter into , and sign on behalf of the Company, an agreement with Agnico-Eagle Mines Limited for the leasing of the Company's property in Casey and Harris Townships, Ontario on the general terms and conditions as laid out in a Letter of Intent dated March 20, 1979, a copy of which is attached to these minutes".

- (f) generally to transact such further and other business as may be properly brought before the meeting and any adjournment or adjournments thereof.

Copies of the aforementioned reports and financial statements to be submitted to the meeting are forwarded herewith and the Information Circular is attached hereto.

If you are unable to be present and wish to be represented, please appoint your proxy. A form to be used for this purpose accompanies this notice. Your form of proxy should be forwarded to the Company in the enclosed envelope at your early convenience.

DATED at TORONTO, this 25th day of May, 1979.

By Order of the Board of Directors

H. S. Dolson
Secretary

LANGIS SILVER & COBALT MINING COMPANY LIMITED

INFORMATION CIRCULAR

SOLICITATION OF PROXIES

This information circular is furnished in connection with the solicitation by the management of Langis Silver & Cobalt Mining Company Limited (the Company), of proxies to be used at the Annual and General Meeting of the Shareholders of the Company, to be held at the time and place and for the purpose set out in the accompanying Notice of Meeting. It is expected that the solicitation will be primarily by mail.

The cost of solicitation by management will be borne by the Company. No remuneration will be paid to any person for soliciting proxies but the Company may, upon request, but only if written approval is given, pay to certain brokerage firms, fiduciaries and other persons holding shares in their names for others, the charges entailed for sending out proxies to the persons for whom they hold shares.

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of Proxy are Directors and/or Officers of the Company. **A SHAREHOLDER DESIRING TO APPOINT SOME OTHER PERSON TO REPRESENT HIM AT THE MEETING MAY DO SO EITHER BY INSERTING SUCH PERSON'S NAME IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY OR BY COMPLETING ANOTHER PROPER FORM OF PROXY AND IN EITHER CASE, DELIVERING THE COMPLETED PROXY TO THE SECRETARY OF THE COMPANY.**

A shareholder who has given a Proxy may revoke it either

- (a) by signing a Proxy bearing a later date and delivering it to the Secretary of the Company, or,
- (b) as to any matter on which a vote shall not already have been cast pursuant to the authority conferred by such Proxy, by signing written notice of revocation and delivering it to the Secretary of the Company or the Chairman of the meeting.

EXERCISE OF DISCRETION BY PROXIES

The persons named in the enclosed form of Proxy will vote the shares in respect of which they are appointed in accordance with the direction of the shareholder appointing them. **IN THE ABSENCE OF SUCH DIRECTION, SUCH SHARES WILL BE VOTED FOR THE ELECTION OF DIRECTORS, THE APPOINTMENT OF AUDITORS, THE CONFIRMATION OF STOCK OPTIONS AND THE LEASING OF THE COMPANY'S PROPERTY, AS STATED UNDER THOSE HEADINGS IN THIS CIRCULAR.** The enclosed form of proxy confers discretionary authority on the persons named therein with respect to amendments or variations to matters identified in the Notice of Meeting and with respect to other matters which may properly come before the meeting. At the time of printing this Circular, the management of the Company knows of no such amendments, variations or other matters to come before the meeting other than the matters referred to in the Notice of Meeting.

VOTING SHARES

On May 25, 1979, the Company had outstanding 8,158,175 shares of no par value, each carrying the right to one vote per share. Holders of outstanding shares of record at the time of the meeting will be entitled to vote at such meeting. The Directors and Senior Officers of the Company do not know of any person or company beneficially owning, directly or indirectly, shares carrying more than 10% of the voting rights attached to the shares of the Company with the exception of Dolphin-Miller Mines Limited which holds 2,798,673 shares or 34.3%, and United Cobalt Mines Limited which holds 1,559,487 shares or 19.1% of issued shares of the Company.

ELECTION OF DIRECTORS

The Board consists of five Directors to be elected annually. The persons named in the enclosed form of Proxy intend to vote for the election of the nominees whose names are set forth below, all of whom are now members of the Board of Directors and have been since the dates indicated. The management does not contemplate that any of the nominees will be unable to serve as a Director, but if that should occur for any reason prior to the meeting, the persons named in the enclosed form of Proxy reserve the right to vote for another nominee in their discretion. Each Director elected will hold office until the next Annual Meeting and until his successor is duly elected unless his office is earlier vacated in accordance with the by-laws.

The following table and notes thereto state the names of all persons proposed to be nominated for election as Directors, all other positions and offices with the Company now held by them, their principal occupations or employment, the year in which they became Directors of the Company and the approximate number of shares of the Company beneficially owned directly or indirectly by each of them as of May 25, 1979.

<u>Name</u>	<u>Position with Company</u>	<u>Became Director</u>	<u>No. of shares Beneficially Owned</u>
A. W. White, Mining Executive, President, Dickenson Mines Limited	Director & President	1959	66,635
H. I. Miller, President, New Kelore Mines Limited	Director & Vice-President	1974	5,001
H. R. Heard, Chartered Accountant, Vice-President, Mid-North Engineering Services Limited	Director	1977	-
H. V. White, Mining Executive, Vice-President, Dickenson Mines Limited	Director	1974	2,001
R. A. Halet, Consulting Engineer, H. B. & O. Engineering Limited	Director	1960	1

The information as to shares beneficially owned not being within the knowledge of the Company, has been furnished by the respective Directors individually. Each of the above-named persons has held the principal occupation or employment indicated for at least five years.

REMUNERATION OF MANAGEMENT AND OTHERS

The aggregate remuneration paid by the Company to Directors and Senior Officers, as such, during the year ended December 31, 1978, amounted to \$550.00.

Mid-North Engineering Services Limited (Mid-North) provides management, accounting, secretarial and office services to the Company and several other mining companies. During the year ended December 31, 1978, the Company paid Mid-North \$3,000.00.

The insiders of Mid-North are A. W. White, H. R. Heard, J. Geddes, H. I. Miller, H. V. White, D. L. Sannes, and H. S. Dolson, all with the same address as the Company.

APPOINTMENT OF AUDITORS

The persons named in the enclosed Form of Proxy intend to vote for the re-appointment of Ernst & Ernst, Chartered Accountants of the City of Toronto, as auditors of the Company, to hold office until the next annual meeting of shareholders. Ernst & Ernst have been auditors of the Company for more than five years.

CONFIRMATION OF STOCK OPTIONS

Shareholders will be asked to confirm, with or without variation, the following resolution:

IT WAS RESOLVED:

"That, subject to ratification and approval by the shareholders of Langis Silver & Cobalt Mining Company Limited, 300,000 treasury shares of the capital of the Company be and they are hereby set aside for the purpose of granting non-assignable options to certain employees, directors and senior officers of the Company for services rendered or to be rendered, such shares to be purchased by such employees at a price of 20¢ per share, on or before December 31, 1980".

On the date of the resolution of the directors the shares of the Company were trading in the 15 to 18 cents per share range.

LEASING OF THE COMPANY'S PROPERTY

Shareholders will be asked to consider and if approved, confirm as a Special Resolution, the following resolution passed by the Directors at a Meeting of the Board on May 28, 1979.

IT WAS RESOLVED:

"That officers and/or appointed representatives of the Company be authorized to enter into and sign on behalf of the Company an agreement with Agnico-Eagle Mines Limited for the leasing of the Company's property in Casey and Harris Townships, Ontario on the general terms and conditions as laid out in a Letter of Intent dated March 20, 1979 a copy of which is attached to these minutes".

The terms within the Letter of Intent are as follows:

terms: Agnico-Eagle is prepared to lease these properties from Langis on the following

- (a) Agnico-Eagle will pay to Langis, \$25,000 upon signing of the lease;
- (b) During the term of the lease, Agnico-Eagle will pay to Langis \$10,000 a year, the first of which payments shall be made on the first-year anniversary date of signing of the lease;
- (c) Agnico-Eagle will pay to Langis a 4% net smelter royalty on all metals and minerals extracted from the subject properties; it being understood that all payments referred to in (a) and (b) above shall be credited against Agnico-Eagle's obligation to pay the said net smelter royalty;
- (d) Agnico-Eagle undertakes the following work commitments:
 - (1) a minimum of \$80,000 work is to be carried out on the subject properties within 12 months of the signing of the lease;
 - (2) a minimum of \$200,000 work is to be carried out in the 18 month period starting 12 months after the signing of the lease.Excess work in (d) (1) shall be credited to the work commitment in (d) (2).
- (e) The initial term of the lease shall be 5 years and Agnico-Eagle shall have the option to renew the said term for a further period of 5 years;
- (f) Realty taxes respecting the subject properties shall be paid by Agnico-Eagle during the term of the lease;
- (g) This is a Letter of Intent only and a binding agreement between Agnico-Eagle and Langis will occur only upon execution of a lease in form satisfactory to Agnico-Eagle and Langis.

OTHER BUSINESS

All resolutions to be submitted to the meeting must be passed by at least a majority of votes cast at the meeting with the exception of the special resolution which requires to be passed by two-thirds of the votes cast at the meeting.

The Management does not know of any other matters to be brought before the meeting other than those set forth herein and in the Notice of Meeting. However, if any other matters which are not known to the Management should properly come before the meeting, the accompanying Proxy will be voted on such matters in accordance with the best judgment of the person or persons voting the Proxy.

TORONTO, Ontario
May 25, 1979

Ernst & Ernst CHARTERED ACCOUNTANTS

2200 Commerce Court West • Toronto, Ontario M5L 1C6 • Phone 416/864-9520

To the Shareholders
Langis Silver & Cobalt Mining Company Limited

We have examined the balance sheets of Langis Silver & Cobalt Mining Company Limited as at December 31, 1978 and December 31, 1977, and the statements of operations and deficit and changes in financial position for the years then ended. Our examinations were made in accordance with generally accepted auditing standards and, accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, subject to realization of the interest in and expenditures on mining properties as explained in Note C, these financial statements present fairly the financial position of the Company as at December 31, 1978 and December 31, 1977, and the results of its operations and changes in its financial position for the years then ended in accordance with generally accepted accounting principles applied on a consistent basis.

Ernst & Ernst

April 12, 1979

Chartered Accountants

BALANCE SHEETS

LANGIS SILVER & COBALT MINING COMPANY LIMITED

	December 31	
	1978	1977
ASSETS		
CURRENT ASSETS		
Cash	\$ 92	\$ 40
Short-term deposit	-0-	25,000
Accrued interest and dividend income receivable	<u>65</u>	<u>359</u>
	157	25,399
INVESTMENTS IN AND ADVANCES TO OTHER MINING COMPANIES--Note B		
	<u>972</u>	<u>972</u>
MINING PROPERTIES--Notes A and C		
Land and mining properties	345,782	224,096
Building and equipment	<u>1</u>	<u>1</u>
	<u>345,783</u>	<u>224,097</u>
OTHER ASSETS		
Deferred charges	296	2,500
Deferred exploration costs--Notes A and D	<u>2,770</u>	<u>2,759</u>
	<u>3,066</u>	<u>5,259</u>
	\$ 349,978	\$255,727
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 6,605	\$ 8,814
Due to affiliated companies	28,150	18,671
Note payable	<u>-0-</u>	<u>25,000</u>
	<u>34,755</u>	<u>52,485</u>
SHAREHOLDERS' EQUITY		
Capital stock:		
Authorized--8,500,000 shares without par value--Note I		
Issued --8,158,174 shares (1977--3,800,015 shares)--Note E	1,100,760	970,015
Deficit (deduction)	<u>(785,537)</u>	<u>(766,773)</u>
	<u>315,223</u>	<u>203,242</u>
	\$ 349,978	\$255,727

APPROVED BY THE BOARD:

A. W. WHITE Director

H. R. HEARD Director

See notes to financial statements

STATEMENTS OF OPERATIONS AND DEFICIT

LANGIS SILVER & COBALT MINING COMPANY LIMITED

	Year Ended December 31	
	1978	1977
Income:		
Interest and dividend	\$ 3,010	\$ 4,906
Expenses:		
Mine administration and general	10,193	11,352
Head office administration and general	11,581	11,554
Interest	-0-	2,500
	<u>21,774</u>	<u>25,406</u>
NET LOSS	18,764	20,500
Deficit at beginning of year	<u>766,773</u>	<u>746,273</u>
DEFICIT AT END OF YEAR	\$785,537	\$766,773
	<u><u> </u></u>	<u><u> </u></u>
LOSS PER SHARE	\$ 0.002	\$ 0.005
	<u><u> </u></u>	<u><u> </u></u>

STATEMENTS OF CHANGES IN FINANCIAL POSITION
 LANGIS SILVER & COBALT MINING COMPANY LIMITED

	Year Ended December 31	
	1978	1977
Working capital (deficiency) at beginning of year	<u>\$(27,086)</u>	<u>\$ 21,267</u>
SOURCE OF WORKING CAPITAL		
Issue of share capital	130,745	-0-
Decrease in other assets	<u>2,193</u>	<u>-0-</u>
	<u>132,938</u>	<u>-0-</u>
APPLICATION OF WORKING CAPITAL		
Net loss	18,764	20,500
Purchase of mining claims	121,686	-0-
Decrease in long-term debt	-0-	27,842
Increase in other assets	<u>-0-</u>	<u>11</u>
	<u>140,450</u>	<u>48,353</u>
DECREASE IN WORKING CAPITAL	<u>7,512</u>	<u>48,353</u>
WORKING CAPITAL DEFICIENCY AT END OF YEAR	<u>\$ 34,598</u>	<u>\$ 27,086</u>
CHANGES IN COMPONENTS OF WORKING CAPITAL		
Increase (decrease) in current assets:		
Cash	\$ 52	\$ (3,490)
Short-term deposit	(25,000)	-0-
Accrued interest and dividend income receivable	<u>(294)</u>	<u>(17)</u>
	<u>(25,242)</u>	<u>(3,507)</u>
Increase (decrease) in current liabilities:		
Accounts payable	(2,209)	7,055
Due to affiliated companies	9,479	8,449
Note payable	<u>(25,000)</u>	<u>29,342</u>
	<u>(17,730)</u>	<u>44,846</u>
DECREASE IN WORKING CAPITAL	<u>\$ 7,512</u>	<u>\$ 48,353</u>

See notes to financial statements

NOTES TO FINANCIAL STATEMENTS

LANGIS SILVER & COBALT MINING COMPANY LIMITED

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Land and mining properties are carried at cost in respect of purchases from non-related sources and at the directors' valuation in respect of purchases from related companies.
2. Building and equipment are carried at nominal value.
3. Deferred exploration costs related to mining properties are deferred until interest in the properties is relinquished or disposed of, at which time the accumulated costs are written off and any proceeds of disposal are recorded.
4. The Company provides for the decline in market value below cost for all investments having a quoted market value.
5. The Company provides full allowances for decline in value of investments having no quoted market value.

NOTE B--INVESTMENTS IN AND ADVANCES TO OTHER MINING COMPANIES

The Company's investment in and advances to other mining companies consist of the following:

	<u>1978</u>	<u>1977</u>
Capital stock of mining companies, at cost, quoted market value (1978--\$7,920; 1977--\$1,890)	\$ 5,818	\$ 5,818
Capital stock of inactive mining companies, at cost, no quoted market value	79,246	79,246
Demand notes, 6%	<u>47,500</u>	<u>47,500</u>
	132,564	132,564
Less allowance for decline in value	<u>131,592</u>	<u>131,592</u>
	<u>\$ 972</u>	<u>\$ 972</u>

NOTE C--MINING PROPERTIES

Mining operations were suspended in July 1968 and have not been resumed.

The realization of mining properties and expenditures thereon amounting to \$345,783 is dependent upon future commercial success or possible disposition of these properties.

NOTES TO FINANCIAL STATEMENTS

LANGIS SILVER & COBALT MINING COMPANY LIMITED

NOTE D--DEFERRED EXPLORATION COSTS

During 1970 the Company entered into an agreement to participate to the extent of 15% in the acquisition and exploration of 46 claims in the Sturgeon Lake area, Province of Ontario. Thirty claims were returned to the vendor during 1972. The total cost of the Company's participation (\$2,770; 1977--\$2,759) has been charged to deferred exploration costs.

NOTE E--PURCHASE OF ASSETS OF RELATED COMPANIES

On July 25, 1978 the Company acquired all the assets of Dolphin-Miller Mines Limited and United Cobalt Mines Limited, in exchange for shares in the Company as follows:

Dolphin-Miller Mines Limited	2,798,673 shares
United Cobalt Mines Limited	1,559,486 shares

By resolution of the directors of the Company, the capital stock issued was valued at 3¢ per share. The assets acquired were assigned the following values:

Cash	\$ 455
Accounts receivable	8,554
Mining properties	<u>121,736</u>
	\$130,745
	<u><u> </u></u>

NOTE F--REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

The aggregate remuneration paid to directors and senior officers (including the five highest paid employees) as defined by The Business Corporations Act amounted to \$550 (1977--\$1,050).

NOTE G--LOSSES FOR TAX PURPOSES

The Company has approximately \$92,250 of losses available for tax purposes. These losses expire as follows:

December 31

1979	\$12,000
1980	23,500
1981	17,500
1982	20,500
1983	18,750

NOTES TO FINANCIAL STATEMENTS

LANGIS SILVER & COBALT MINING COMPANY LIMITED

NOTE H--COMPARATIVE AMOUNTS

Certain amounts from the prior year have been restated to conform with the current year's presentation.

NOTE I--STOCK OPTION PLAN

By resolution of the directors, the Company has set aside 300,000 treasury shares of the capital stock for the purpose of granting non-assignable options to certain employees, directors and senior officers. The shares may be purchased at a price of 20 cents per share on or before December 31, 1980.

