

# Dejour Mines Limited

Annual Report 1981

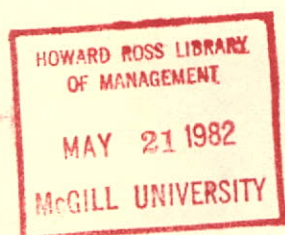






**DEJOUR MINES LIMITED**  
**Unaudited Statement of Income**

	Three Months Ended	
	March 31, <u>1982</u>	March 31, <u>1981</u>
<b>Revenue</b>		
Interest	<u>\$33,802</u>	<u>\$45,864</u>
<b>Expenses</b>		
Administrative expenses	8,758	17,072
General exploration expenses	10,418	---
Deferred exploration and development expenses - written off	---	5,628
	<u>\$19,176</u>	<u>\$22,700</u>
<b>Earnings for the Period</b>	<u>\$14,626</u>	<u>\$23,164</u>
<b>Earnings per share</b>	<u>1.95¢</u>	<u>3.08¢</u>





# DEJOUR MINES LIMITED

## Unaudited Statement of Changes In Financial Position

	Three Months Ended March 31, <u>1982</u>	March 31, <u>1981</u>
<b>Source of Working Capital</b>		
Earnings for the period	\$14,626	\$23,164
Items not requiring cash outlay -		
Depreciation	5	6
Deferred exploration and development expenses		
- written off	---	5,628
	<u>\$14,631</u>	<u>\$28,798</u>
<b>Use of Working Capital</b>		
Exploration and development expenses	\$75,314	\$108,515
Increase in investments	<u>1,250</u>	---
	<u>\$76,564</u>	<u>\$108,515</u>
<b>(Decrease in) Working Capital</b>	(61,933)	(79,717)
<b>Working Capital, beginning of period</b>	<u>954,923</u>	<u>1,243,962</u>
<b>Working Capital, end of period</b>	<u>\$892,990</u>	<u>\$1,164,245</u>

**NOTE:** Prepared in accordance with the changes in accounting policies outlined in the 1981 Annual Report.

---

## **Notice of Annual and General Meeting of Shareholders**

---

NOTICE is hereby given that the annual and general meeting of the shareholders of Dejour Mines Limited (the "Company") will be held in the Sir John A Room, the Albany Club, 91 King Street East, Toronto, Ontario, on Thursday, June 10, 1982 at 3:30 p.m. for the following purposes:

1. to receive the 1981 Annual Report, including the financial statements for the financial year ended December 31, 1981 and the report of the auditors thereon;
2. to consider and, if thought advisable, to pass, with or without variation, a resolution approving the grant by the Company to Mr. I. S. Thompson, the Vice-President, of an option to purchase up to 50,000 common shares of the Company;
3. to consider and, if thought advisable, to confirm, with or without variation, a special resolution to increase the authorized capital of the Company by the creation of 5,000,000 special shares without par value, 5,000,000 special shares with a par value of \$1.00 each and 2,000,000 common shares without par value;
4. to elect directors;
5. to appoint auditors and authorize the directors to fix the auditors' remuneration; and
6. to transact such further and other business as may properly come before the meeting or any adjournment thereof.

Shareholders who are unable to attend the meeting in person are requested to date, sign and return, in the envelope provided for that purpose, the attached form of proxy.

DATED at Toronto this 17th day of May, 1982.

By Order of the Board,

EDWARD A. TORY,  
Secretary

---

## DEJOUR MINES LIMITED

---

### President's Message

---

#### TO THE SHAREHOLDERS:

The fourteenth annual report of the Company is herewith presented including the Report of Directors, Financial Statements for the period from January 1st, 1981 to December 31st, 1981 and the Auditors' Report for the same period.

#### Exploration

Exploration during the year 1981 was largely directed to gold but interests were maintained in uranium and base metal prospects.

The largest portion of the expenditure was devoted to the joint venture with Lynx-Canada Explorations Limited on the Ellison gold property in Bousquet Township, Quebec.

The Company continued its participation to a small extent in three oil and gas projects, one of which appears likely to have some production.

#### Gold

##### (a) Bousquet Township, Quebec

The initial drilling program, undertaken jointly and equally by Dejour and Lynx-Canada Explorations, was completed in December 1981 and resulted in extending the strike length and depth of the mineralized zones. A total of 35,235 ft. was drilled in 66 holes.

A preliminary ore reserve study by the joint venturers' consultants, Derry, Michener, Booth & Wahl, indicated the following undiluted geological ore reserves of the Main Zone between bedrock surface and a vertical depth of 700 ft.

Category*	Cut Grade (Oz. Au/Ton)	Tons (Short)	Gold (Ounces)
Drill-Indicated	0.22	156,900	34,500
Drill-Inferred	0.24	159,200	38,200

\* — "The arithmetic average true width of the 31 drill hole intersections, on which the reserves are based, is 7.4 ft., and these vary from a minimum of 6 ft. to a maximum of 21.7 ft. in hole 81-64 in the west part of the deposit. Only four intersections exceeded 10 ft. in true thickness. Mineralization is known to extend to a depth of 900 ft. in a single hole, 81-43, in the west part of the deposit where 0.19 oz. Au/ton was intersected over a true width of 6 ft."

The longitudinal section shows the "ore-grade" drill hole intercepts on the Main Zone on which the reserve calculations were made and the general limits of the mineralization outlined to date.

A preliminary mining feasibility study to be used in conjunction with an election to take full ownership of the property and to place it into production was initiated during the year and completed early in 1982. Pursuant to the Option Agreement and subject to its conditions, Dejour and Lynx may each earn a 50% interest in the property which is subject to a 41% net profits royalty commencing after the recovery of all pre-production costs including stipulated cost of capital.

##### (b) Vauquelin Township, Quebec

Dejour retained its 31.5% interest in two properties totalling 125 claims in this township on which Nova-Co Exploration Limited carried out geological, geochemical and geophysical exploration during the year 1981. Several anomalous areas have been selected for diamond drilling when finances are available. Nova-Co has informed Dejour that it intends to renew the option for the succeeding year and will issue additional shares to Dejour.



**(c) Mackelcan Township, Sudbury District, Ontario**

Airborne EM surveys and ground follow-up work by Dejour and another company on this 50-claim group north of the Golden Briar gold-bearing breccias did not indicate sufficient promise and the option was relinquished.

**(d) Chibougamau**

Dejour acquired a 7.5% interest in 327 claims in the Chibougamau area in Quebec on which a substantial exploration program for gold was carried out in 1981.

**Base Metals**

**(a) Hebecourt Township, Quebec**

Dejour continues to hold a 15.59% interest in this property which is under lease to Noranda Mines Limited. Full details of the arrangement with Noranda were set forth in Footnote 2 to the Financial Statements accompanying the 1980 Annual Report. Additional exploration may be undertaken on two adjacent properties held by the Hebecourt joint venture. Production will recommence when Noranda requires the ore.

**(b) Onaman Lake Area, Ontario**

Dejour continues to hold a 33.75% interest in the 69 claims in the Onaman Lake area, north of Beardmore, Ontario where two zones of copper-silver mineralization were previously discovered by Dejour and others. The Government of Ontario has financed a custom mill designed to treat ores from this district. This will have a positive impact on economics of small deposits in the area.

**(c) Swayze Belt, Ontario**

By acting promptly on a Government release of INPUT electromagnetic data, Dejour and another company acquired 45 claims covering 10 EM anomalies in late March 1982. The anomalies are located in favourable geological settings within this greenstone volcanic belt lying 90 miles southwest of Timmins. Dejour intends to carry out an exploration program, together with partners, on these claims.

**Uranium**

Dejour continues to hold properties in the Straits of Fury and Hecla, Baffin Island, in Russell Lake and in the Uranium City area of Saskatchewan. Brinco continued geophysical surveys and drilling on the Russell Lake properties where Dejour retains a 4.17% net profits royalty.

**Oil and Gas**

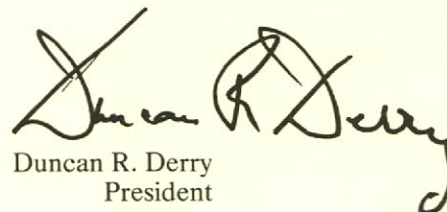
Drilling results in Kern County, California were not successful and exploration in which Dejour participated with McAdam Mines has been terminated.

Dejour holds an 8⅓% working interest in the 1,200 acre Cottingim Ranch, Collinsville, Oklahoma. Legal title problems which delayed the technical program have now been cleared. Seven of the 14 shallow wells on the property are capable of modest production at rates varying from 1 to 6 barrels of oil per day. The operator, Dynamar Energy Limited, reports that better production rates may be expected from the south end of the property but no new wells will be drilled until the performance of the existing wells has been thoroughly assessed. Negotiations are in progress for the possible sale of this property.

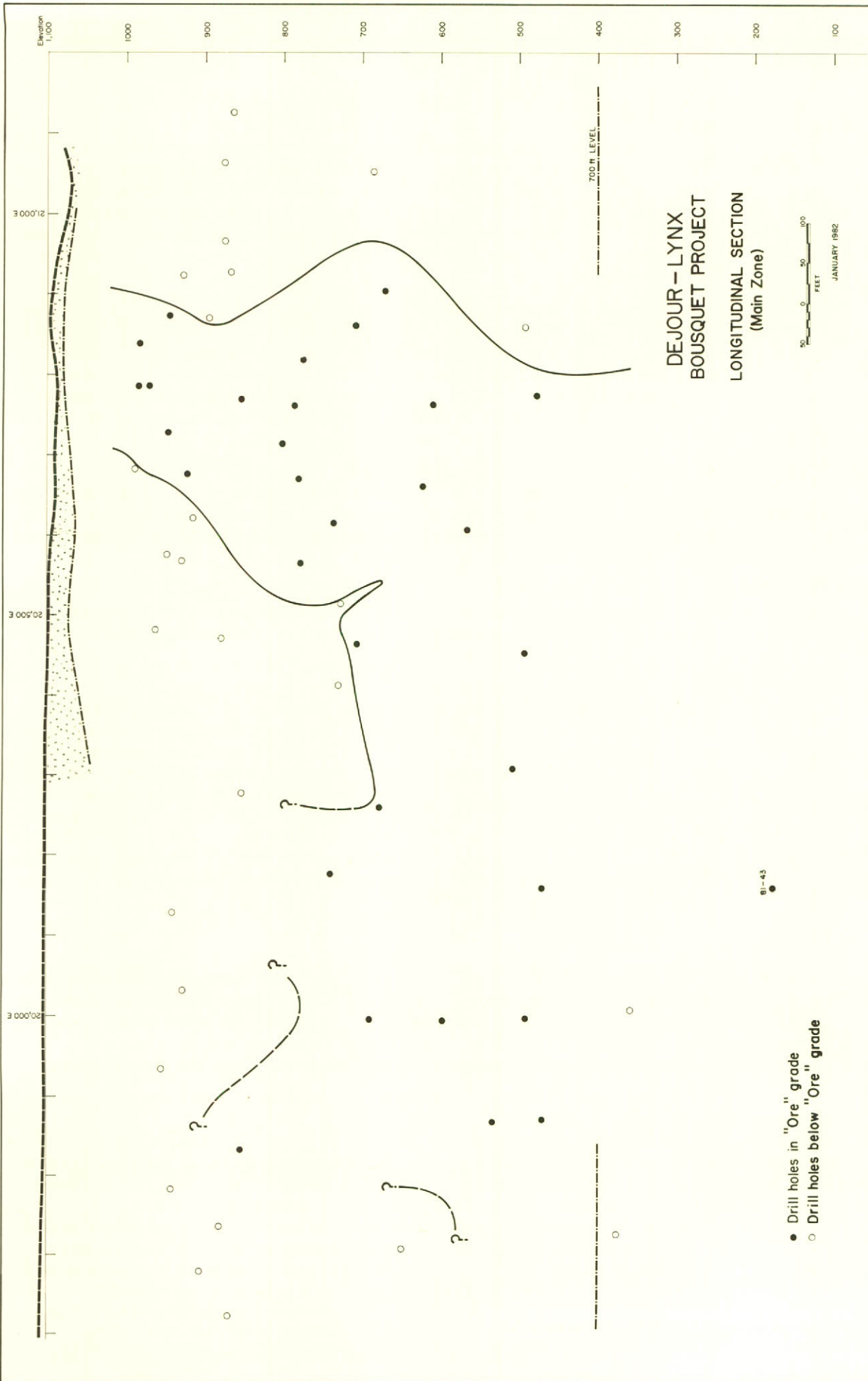
**General**

Dejour continues to maintain a strong working capital position to continue the Bousquet project, exploration, research and appraisals of mature mineral prospects. Further capital may have to be raised to place the Bousquet property into production and accordingly a special resolution to increase the capital of Dejour has been passed. Details are provided in the accompanying Information Circular.

ON BEHALF OF THE BOARD OF DIRECTORS,

  
Duncan R. Derry  
President

May 10, 1982



DEJOUR-LYNX  
BOUSQUET PROJECT  
LONGITUDINAL SECTION  
(Main Zone)

0 50 100  
FEET  
JANUARY 1962

81-43

- Drill holes in "Ore" grade
- Drill holes below "Ore" grade



---

## DEJOUR MINES LIMITED

---

### Information Circular

---

This information circular is furnished in connection with the solicitation of proxies by the management of Dejour Mines Limited (the "Company") for use at the annual and general meeting of the shareholders of the Company to be held on Thursday, June 10th, 1982 for the purposes set forth in the accompanying notice of meeting. It is expected that the solicitation will be primarily by mail, but proxies may also be solicited personally or by telephone by representatives of the Company. The costs of solicitation will be borne by the Company.

#### **Revocability of Proxy**

The shareholder executing the accompanying proxy instrument has the power to revoke it at any time insofar as it has not been exercised. In addition to revocation in any other manner permitted by law, a proxy may be revoked by an instrument in writing executed by the shareholder or by his attorney authorized in writing or, if the shareholder is a body corporate, under its corporate seal or by an officer or attorney thereof duly authorized, and deposited either at the head office of the Company at any time up to and including the last business day preceding the day of the meeting, or any adjournment thereof, at which the proxy is to be used or with the chairman of the meeting on the day of the meeting, or any adjournment thereof.

#### **Voting Shares**

There are 7,507,778 common shares without par value of the Company issued and outstanding. Each common share entitles the holder to one vote at all annual and general meetings of the shareholders. All shareholders of record as of the time of the meeting or any adjournment thereof are entitled to attend and to vote thereat, either in person or by proxy, the shares held by them.

#### **Principal Holders of Voting Shares.**

No person or company is known by the directors or senior officers of the Company to own beneficially, directly or indirectly, or to exercise control or direction over, more than 10% of the outstanding shares of the Company.

#### **Option to Vice-President**

On April 21, 1981, the directors authorized the Company to enter into an agreement (the "Option Agreement") with Mr. I. S. Thompson, the Vice-President of the Company, providing for the grant by the Company to Mr. Thompson of an option to purchase up to 50,000 common shares of the Company at a purchase price of \$1.07 per share (the "Option"), which Option terminates on February 27, 1986 or, if before that date Mr. Thompson ceases to be an executive officer of the Company, on such earlier date. Prior to becoming effective, the Option Agreement must be approved by the shareholders of the Company. On April 29, 1981, The Toronto Stock Exchange (the "Exchange") gave its written approval to the grant of the Option, subject to the aforesaid shareholder approval. The option price was established at a discount of approximately 6% from the market price as at the date preceding the meeting of directors. The discount was less than the maximum discount permitted under the rules of the Exchange.

Shareholders will be asked to consider and, if thought advisable, to pass a resolution approving the Option Agreement. The resolution reads as follows:

"RESOLVED that the entering into by the Company with Mr. I. S. Thompson, Vice-President, of an agreement made as of April 21, 1981 providing for the grant to Mr. Thompson of an option to purchase up to 50,000 common shares of the Company at a purchase price of \$1.07 per share be and is hereby approved."

To be effective, the resolution must be passed by a majority of the votes cast at the meeting of shareholders.

#### **Increase in Authorized Capital**

Until the Company has sufficient operating income to enable it to defray completely all acquisition, exploration and development expenses, it must raise moneys to finance its operations by way of borrowing or sale of shares. The directors of the Company have the power to borrow moneys but are reluctant so to do because of high bank interest rates. The directors believe that the Company should be given greater flexibility in its power to finance its exploration and development programs, particularly as the Company may have to get into the position of being able to raise moneys to finance its share of the putting into production of the property in Bousquet Township, Quebec. Accordingly a special resolution has been passed by the directors providing for the creation of First Preferred Shares, issuable in series, and Second Preferred Shares, issuable in series. In addition, the special resolution provides for the creation of 2,000,000 additional common shares. The provisions relating to each series of each class of preferred shares can be determined by the directors at the time of their issue to meet market demands then existing. To become effective, the special resolution must be confirmed, with or without



variation, by at least two-thirds of the votes cast at the meeting. A copy of the said special resolution appears as Appendix I annexed to this Information Circular.

### Election of Directors

Proxies in favour of management nominees will be voted for the following proposed nominees (or for substitute nominees in the event of contingencies not known at present), whose term of office will continue until the next annual meeting of shareholders or, subject to the Company's by-laws, until their successors are elected in accordance with such by-laws:

Name and Position	Principal Occupation	Director Since	Shares of the Company, Beneficially Owned, Controlled or Directed as of April 30, 1982
Dr. D. R. Derry President and Managing Director	Principal, Derry, Michener, Booth & Wahl (Consulting Geologists)	1968	219,654
John L. Easson (1)	President, McEwen Easson Limited (Stockbrokers)	1979	76,500
T. P. Matthews (1)	Financial consultant, self employed	1970	3,025
D. G. C. Menzel (1)	Partner, Campbell, Godfrey & Lewtas (Barristers and Solicitors)	1968	nil
I. S. Thompson Vice-President	Partner of Derry, Michener, Booth & Wahl (Consulting Geologists)	1974	23,500
M. I. Watson	President and a director of Lynx-Canada Explorations Ltd.	1974	35,380

(1) Member of the Audit Committee

The information as to the shareholdings of each nominee has been furnished by the respective nominees.

### Remuneration of Management and Others

Dr. Derry, the President of the Company, and members of his family are the shareholders of Duncan R. Derry Limited, which is a partner of Derry, Michener, Booth & Wahl ("DMBW"). Mr. Thompson, the Vice-President of the Company, is also a partner of DMBW. DMBW has provided, at usual professional rates, geological, exploration and administrative services for certain of the exploration programs of the Company or for syndicates of which it is a participant. In addition, DMBW from time to time charges the Company for direct administrative services rendered and rent. In the last fiscal year the aggregate charges for such geological, exploration and administrative services were approximately \$26,700 and the aggregate charges for such direct administrative services and rent were \$8,400 and \$4,200, respectively.

### Interest of Management and Others in Material Transactions

The Company, in accordance with practice in the industry, undertakes many of its exploration activities in joint ventures with others. From time to time since the Company commenced activities, these ventures have been with the companies in which one or more directors have interests. Since the beginning of the last fiscal year, the Company's exploration programs have included ventures with Lynx-Canada Explorations Ltd., a company in which Messrs. Matthews and Watson are interested as directors, officers and shareholders, and Nova-Co Explorations Ltd., a company in which Dr. Derry and Messrs. Easson and Thompson are interested as directors, officers and shareholders. The terms and conditions of the relations with these companies were consistent with those for other parties.

During 1981 the Company acquired from Dr. Derry a 25% undivided interest in certain mining claims located in the Province of Quebec at a cost of \$8,750. This interest was subsequently sold to Corporation Auchib Inc., a company in which Dr. Derry and Mr. Thompson are interested as directors, officers and shareholders and Mr. Menzel is interested as a director, for a consideration of 50,000 of its common shares.

### Appointment of Auditors

It is intended to vote proxies in favour of management nominees to reappoint as auditors of the Company the firm of Coopers & Lybrand.

### General

Unless otherwise specified, the information contained herein is given as of April 30, 1982. Management knows of no matters to come before the annual and general meeting of shareholders other than the matters referred to in the notice of meeting. Receipt at such meeting of reports of the directors and auditors and the Company's financial statements for its last completed fiscal period will not constitute approval or disapproval of any matters referred to therein.

By Order of the Board,  
EDWARD A. TORY,  
Secretary

May 17, 1982



## APPENDIX I

“RESOLVED as a Special Resolution of Dejour Mines Limited (hereinafter called the “Corporation”) that:

1. The authorized capital of the Corporation be increased by creating:
  - (a) 5,000,000 special shares without par value;
  - (b) 5,000,000 special shares with a par value of \$1.00 each; and
  - (c) 2,000,000 common shares without par value, which shall rank on a parity with the presently authorized 8,000,000 common shares;so that the authorized capital of the Corporation shall consist of 5,000,000 special shares without par value, 5,000,000 special shares with a par value of \$1.00 each, and 10,000,000 common shares without par value.
2. The designations, preferences, rights, conditions, restrictions, limitations and prohibitions attaching to the special shares are:

### **A. First Preferred Shares**

#### **(a) Designation**

The 5,000,000 special shares without par value are designated as “First Preferred Shares”.

#### **(b) Directors’ Right to Issue First Preferred Shares in One or More Series**

The Directors of the Corporation may at any time and from time to time issue First Preferred Shares in one or more series, each series (a) being entitled to dividends (if any) at such rate or rates, in such amount or amounts, being determined in such manner and with such dates of payment; (b) being redeemable (if at all) at such time or times, at such price or prices and on such terms and conditions; (c) being entitled to such sinking or other retirement fund or funds (if any); (d) being subject to such purchase provision (if any) by the Corporation; (e) having such designation; (f) having such conversion rights (if any); and (g) having such other preferences, rights, conditions, restrictions, limitations and prohibitions attaching thereto, all as shall be determined by resolution of the Directors passed prior to the issue thereof, and each First Preferred Share shall carry such voting rights or such restrictions, conditions, limitations or prohibitions on the right to vote (if any) as are determined by resolution of the Directors with respect to each share of the first series of First Preferred Shares prior to the issue of any share of such first series. All First Preferred Shares of every series shall have attached thereto provisions as follows:

#### **Dividend and Distribution Preference with respect to First Preferred Shares**

First Preferred Shares shall be entitled to preference over the Second Preferred Shares and the Common Shares and over any other shares in the capital of the Corporation ranking junior to First Preferred Shares with respect to any payment of dividends and in the distribution of assets in the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, or other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs.

#### **Parity of Each Series of First Preferred Shares as to Dividends and Distribution**

First Preferred Shares of each series shall rank on a parity with First Preferred Shares of every other series with respect to priority in payment of dividends and in the distribution of assets in the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, or other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs and when any fixed cumulative dividends or amounts payable on a repayment of capital are not paid in full, First Preferred Shares of all series shall participate rateably in respect of such dividends including accumulations (if any) in accordance with the sums that would be payable on such shares if all such dividends were declared and paid in full and on any repayment of capital in accordance with the sums that would be payable on such repayment of capital if all sums so payable were paid in full.

#### **Amendment with Approval of Holders of First Preferred Shares**

Any amendment to the articles of the Corporation to delete or vary any preference, right, condition, restriction, limitation or prohibition attaching to First Preferred Shares or to create preferred shares ranking in priority to or on a parity with First Preferred Shares, in addition to the authorization by a special resolution, may be confirmed by at least 66⅔% of the votes cast at a meeting of the holders of First Preferred Shares duly called for that purpose.

The formalities to be observed in respect of the giving or waiving of notice of any such meeting and the conduct thereof shall be those from time to time prescribed in the by-laws of the Corporation with respect to meetings of shareholders.



## **B. Second Preferred Shares**

### **(a) Designation**

The 5,000,000 special shares with a par value of \$1.00 each are designated as "Second Preferred Shares".

### **(b) Directors' Rights to Issue Second Preferred Shares in One or More Series**

The Directors of the Corporation may at any time and from time to time issue Second Preferred Shares in one or more series, each series (a) being entitled to dividends (if any) at such rate or rates, in such amount or amounts, determined in such manner and with such dates of payment; (b) being redeemable (if at all) at such time or times, at such price or prices and on such terms and conditions; (c) being entitled to such sinking or other retirement fund or funds (if any); (d) being subject to such purchase provision (if any) by the Corporation; (e) having such designation; (f) having such conversion rights (if any), and (g) having such other preferences, rights, conditions, restrictions, limitations and prohibitions attaching thereto, all as shall be determined by resolution of the Directors passed prior to the issue thereof, and each Second Preferred Share shall carry such voting rights or such restrictions, conditions, limitations or prohibitions on the right to vote (if any) as are determined by resolution of the Directors with respect to each share of the first series of Second Preferred Shares prior to the issue of any share of such first series. All Second Preferred Shares of every series shall have attached thereto provisions as follows:

#### **Dividend and Distribution Preference with respect to Second Preferred Shares**

Second Preferred Shares shall be subject to the prior preferences, rights and conditions attaching to the First Preferred Shares but entitled to preference over the Common Shares and over any other shares in the capital of the Corporation ranking junior to Second Preferred Shares with respect to the payment of dividends and in the distribution of assets in the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, or other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs.

#### **Parity of Each Series of Second Preferred Shares as to Dividends and Distribution**

Second Preferred Shares of each series shall rank on a parity with Second Preferred Shares of every other series with respect to priority in payment of dividends and in the distribution of assets in the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, or other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs and when any fixed cumulative dividends or amounts payable on a repayment of capital are not paid in full Second Preferred Shares of all series shall participate rateably in respect of such dividends including accumulations (if any) in accordance with the sums that would be payable on such shares if all such dividends were declared and paid in full and on any repayment of capital in accordance with the sums that would be payable on such repayment of capital if all sums so payable were paid in full.

#### **Amendment with Approval of Holders of Second Preferred Shares**

Any amendment to the articles of the Corporation to delete or vary any preference, right, condition, restriction, limitation, or prohibition attaching to Second Preferred Shares or to create preferred shares ranking in priority to or on a parity with Second Preferred Shares, in addition to the authorization by a special resolution, may be confirmed by at least 66 $\frac{2}{3}$ % of the votes cast at a meeting of the holders of Second Preferred Shares duly called for that purpose.

The formalities to be observed in respect of the giving or waiving of notice of any such meeting and the conduct thereof shall be those from time to time prescribed in the bylaws of the Corporation with respect to meetings of shareholders.

3. The proper officers of the Corporation be and they are hereby authorized and directed forthwith to execute under the seal of the Corporation and deliver to the Minister of Consumer and Commercial Relations Articles of Amendment as required by the Business Corporations Act for the purpose of bringing this resolution into effect."



## **Auditors' Report to the Shareholders**

We have examined the balance sheet of Dejour Mines Limited as at December 31, 1981 and the statements of loss, deficit, deferred exploration and development expenses and changes in financial position for the year then ended. Our examination was 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, these financial statements present fairly the financial position of the Company as at December 31, 1981 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied, after giving retroactive effect to the change in method of accounting for administrative and general exploration expenses as explained in note 3, on a basis consistent with that of the preceding year.

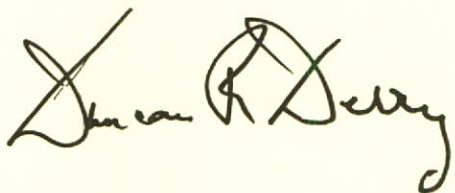
COOPERS & LYBRAND  
Chartered Accountants

# DEJOUR MINES LIMITED

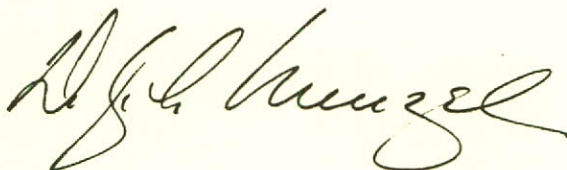
## Balance Sheet as at December 31, 1981

	ASSETS	
	1981 \$	1980 \$
<b>CURRENT ASSETS</b>		
Cash and short-term deposits	997,512	1,301,469
Accounts receivable	<u>5,544</u>	<u>16,558</u>
	<u>1,003,056</u>	<u>1,318,027</u>
<b>MINING PROPERTIES AND RELATED EXPENDITURES (note 2)</b>		
Mining properties	1	3,001
Deferred exploration and development expenses	<u>949,616</u>	<u>1,022,002</u>
	<u>949,617</u>	<u>1,025,003</u>
<b>OTHER ASSETS</b>		
Investments (notes 6(c) and 6(d))	20,317	793
Equipment — at cost, less accumulated depreciation of \$7,078 (1980 — \$7,052)	<u>62</u>	<u>88</u>
	<u>20,379</u>	<u>881</u>
	<u>1,973,052</u>	<u>2,343,911</u>

### SIGNED ON BEHALF OF THE BOARD



Director



Director



	1981	1980
	\$	\$
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	<u>48,133</u>	<u>74,065</u>
<b>SHAREHOLDERS' EQUITY</b>		
<b>SHARE CAPITAL</b> (note 5)		
Authorized —		
8,000,000 shares without par value		
Issued and fully paid —		
6,757,778 shares for cash	2,927,518	2,927,518
750,000 shares for mining claims	<u>37,500</u>	<u>37,500</u>
<u>7,507,778</u>	<u>2,965,018</u>	<u>2,965,018</u>
<b>CONTRIBUTED SURPLUS</b>		
Proceeds of sale of donated shares	89,758	89,758
Contribution to exploration and preparatory work	<u>5,715</u>	<u>5,715</u>
	<u>95,473</u>	<u>95,473</u>
	3,060,491	3,060,491
<b>DEFICIT</b>	<u>1,135,572</u>	<u>790,645</u>
	<u>1,924,919</u>	<u>2,269,846</u>
	<u>1,973,052</u>	<u>2,343,911</u>

---

**DEJOUR MINES LIMITED****Statement of Loss** for the year ended December 31, 1981

---

	1981 \$	1980 \$
<b>REVENUE</b>		
Interest .....	200,785	55,399
Option payments .....	10,774	—
	<u>211,559</u>	<u>55,399</u>
<b>EXPENSES</b>		
Administrative expenses .....	61,093	66,886
General exploration expenses .....	10,558	729
Mining properties written off .....	3,000	—
Deferred exploration and development expenses written off .....	481,835	131,823
	<u>556,486</u>	<u>199,438</u>
<b>LOSS FOR THE YEAR</b> .....	<u>344,927</u>	<u>144,039</u>
<b>LOSS PER SHARE</b> .....	<u>4.59¢</u>	<u>2.34¢</u>

**Statement of Deficit** for the year ended December 31, 1981

---

	1981 \$	1980 \$
<b>BALANCE – BEGINNING OF YEAR</b>		
As previously reported .....	541,968	451,544
Adjustment for prior years' administrative and general exploration expenses written off (note 3) .....	248,677	181,062
As restated .....	790,645	632,606
Loss for the year .....	344,927	144,039
Share issue expenses .....	—	14,000
<b>BALANCE – END OF YEAR</b> .....	<u>1,135,572</u>	<u>790,645</u>



---

**DEJOUR MINES LIMITED****Statement of Deferred Exploration and Development Expenses**for the year ended December 31, 1981

---

Property or Joint Venture	Balance December 31, 1980 \$	Expenditures during the year \$	Amounts written off \$	Balance December 31, 1981 \$
Bousquet Township	142,627	313,592	—	456,219
California Oil	39,013	47,339	86,352	—
Collinsville Oil	183,205	12,581	—	195,786
Dighem	19,434	—	19,434	—
Fury and Hecla	9,503	—	—	9,503
Goldak	53,990	—	—	53,990
Hebecourt	31,898	778	—	32,676
Hunter	—	5,628	5,628	—
Hunters Point	—	1,039	1,039	—
Little River	9,500	—	9,500	—
Mackelcan	—	18,097	—	18,097
Nova Scotia Gold	190,587	505	191,092	—
Onaman River	150,334	1,505	—	151,839
Phoenix Oil	48,838	2,729	51,567	—
Ranson	59,291	—	59,291	—
Russell Lake	2,049	—	—	2,049
Taz Bay	14,629	—	14,629	—
Taz River	14,601	—	—	14,601
Uranium City Area	50,481	—	41,148	9,333
Other Projects	2,022	5,656	2,155	5,523
	<u>1,022,002</u>	<u>409,449</u>	<u>481,835</u>	<u>949,616</u>

---

**DEJOUR MINES LIMITED****Statement of Changes in Financial Position** for the year ended December 31, 1981

---

	1981 \$	1980 \$
<b>SOURCE OF WORKING CAPITAL</b>		
Loss for the year .....	(344,927)	(144,039)
Items not requiring cash outlay —		
Depreciation .....	26	38
Mining properties written off .....	3,000	—
Deferred exploration and development expenses written off .....	<u>481,835</u>	<u>131,823</u>
	139,934	(12,178)
Proceeds on sale of capital stock .....	<u>—</u>	<u>2,030,386</u>
	<u>139,934</u>	<u>2,018,208</u>
 <b>USE OF WORKING CAPITAL</b>		
Exploration and development expenses .....	409,449	713,767
Share issue expenses .....	—	14,000
Increase in investments .....	<u>19,524</u>	<u>793</u>
	<u>428,973</u>	<u>728,560</u>
INCREASE (DECREASE) IN WORKING CAPITAL .....	(289,039)	1,289,648
WORKING CAPITAL (DEFICIENCY) — BEGINNING OF YEAR .....	<u>1,243,962</u>	<u>(45,686)</u>
WORKING CAPITAL — END OF YEAR .....	<u><u>954,923</u></u>	<u><u>1,243,962</u></u>



---

## DEJOUR MINES LIMITED

### Notes to Financial Statements for the year ended December 31, 1981

#### 1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with accounting principles generally accepted in Canada and conform in all material respects to International Accounting Standards. The following is a summary of the significant accounting policies followed by the company:

(a) Investments

Investments are carried at cost, except for those investments received from disposition of mining properties (note 6(c)), which are carried at the market value at the date of receipt.

(b) Mining properties and related expenditures

The amounts shown for mining properties and related expenditures represent costs to date, less amounts written off.

Mining property costs and associated deferred exploration and development expenses are written off when the properties to which they relate cease to be held. Interests in joint ventures and the related deferred exploration and development expenses are written off when management has determined that the joint venture projects are to be abandoned. Administrative and general exploration expenditures are written off as incurred.

#### 2. VALUES

The company on its own and with participants in joint venture agreements has carried out exploration and development work on, and has made expenditures in, acquiring mining properties. The recoverability of the amounts shown for mining properties and related deferred exploration and development expenses is dependent upon a variety of factors including the existence of economically recoverable reserves, the ability to obtain necessary financing to complete development, and future profitable production, or alternatively upon the ability of the company to dispose of properties or its interests therein on an advantageous basis.

#### 3. PRIOR PERIOD ADJUSTMENT

During 1981, the company changed its policy on accounting for administrative and general exploration expenses. These expenses are now written off as incurred as opposed to the previous policy of deferring such expenses until the company commenced active mining operations. The effect of this change in accounting policy, which has been applied retroactively, is to increase the company's deficit at December 31, 1980 and 1979 by \$248,677 and \$181,062, respectively and to increase the loss for the year by \$71,651 in 1981 and by \$67,615 in 1980. The figures reported as at December 31, 1980 for deferred exploration and development expenses have been restated.

#### 4. INCOME TAXES

As at December 31, 1981, the company has deferred exploration, development and administrative expenses amounting to approximately \$1,949,000 which are available to offset future taxable income. \$999,000 of this amount has been expensed in the accounts. The potential tax benefits arising from these expenses have not been reflected in these financial statements, and will be recognized in future periods only to the extent they are deductible for income tax purposes.

#### 5. SHARE CAPITAL

During the year, the company granted its Vice-President an option to purchase up to 50,000 shares of the company at a price of \$1.07 per share. The option, which is subject to the approvals of The Toronto Stock Exchange and the shareholders, is exercisable up to 15,000 shares commencing in 1982, 15,000 shares commencing in 1983 and 20,000 shares commencing in 1984 and in each case, terminates on February 27, 1986.

## 6. RELATED PARTY TRANSACTIONS

The following is a summary of the transactions with related parties during the year ended December 31, 1981:

- (a) A legal firm, in which a director and an officer of the company are partners, has provided legal services to the company at usual professional rates. During the year, the aggregate charges for such services amounted to approximately \$4,500.
- (b) A mining and geological consulting firm, in which both the company's vice-president and another company in which the company's president is a shareholder are partners, has provided, at usual professional rates, geological, exploration and administrative services for certain of the exploration programmes of the company or for syndicates in which it participates. In addition, this firm charges the company for direct administrative services rendered and rent. During the year, approximately \$26,700 was charged for geological, exploration and administrative services and \$8,400 and \$4,200 for direct administrative services and rent, respectively.
- (c) Three of the directors and officers of the company are also directors and officers of Nova-Co Explorations Limited ("Nova-Co"), an Ontario corporation to which, in 1980, the company sold certain mining properties in Ontario and Quebec for \$10,387 cash and up to 154,950 shares. 30,990 shares were received in 1980 and the remaining 123,960 shares were to be received at the rate of 30,990 shares in each of the years 1981 to 1984, inclusive, only if Nova-Co retained its right of possession to both properties. In 1981, part of the Ontario properties was relinquished to the company and 19,590 shares were issued to the company in respect of the remaining properties. If such remaining properties are retained through 1984, the company will be entitled to receive 58,770 further Nova-Co shares. The shares received are included in investments at a cost of \$11,567 (1980 — \$793). The quoted market value as at December 31, 1981 was \$5,058, however the actual value of that investment may be more or less than that amount.
- (d) In 1981, the company acquired from a director a 25% undivided interest in certain Quebec mining claims at his cost, namely, \$8,750. The interest acquired was subsequently sold for 50,000 vendor's shares of Corporation Auchib Inc., a company formed to explore those claims, and is carried on the books of the company as an investment at a cost of \$8,750. There is no quoted market for the shares of Corporation Auchib Inc.

## 7. SEGMENTED INFORMATION

The company is primarily engaged in the exploration and development of mining properties in Canada. It is also engaged in oil and gas exploration in the United States. As at December 31, 1981, deferred exploration and development expenses in respect of U.S. properties amounted to \$195,786.







