

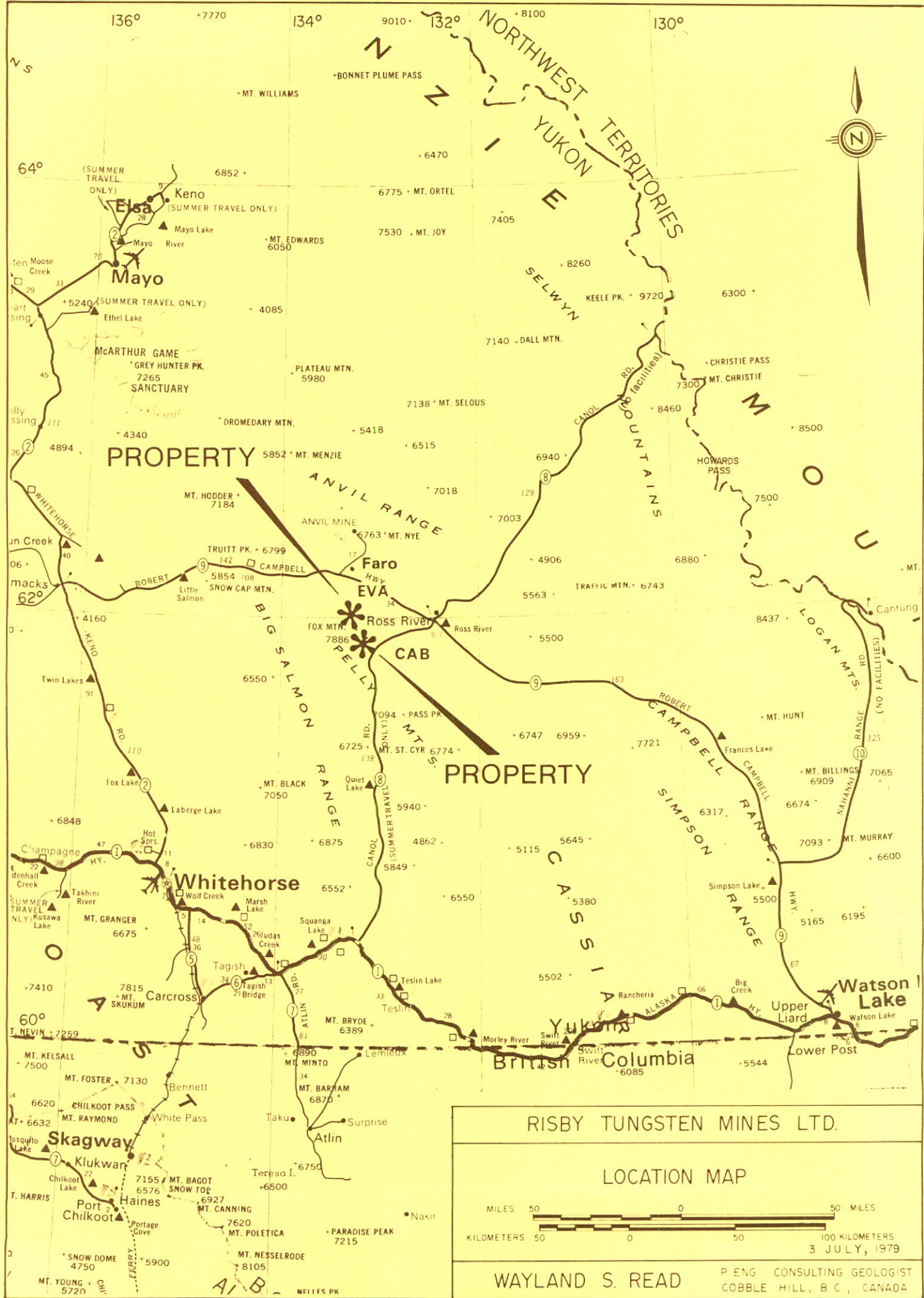
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# RISBY TUNGSTEN MINES LTD.



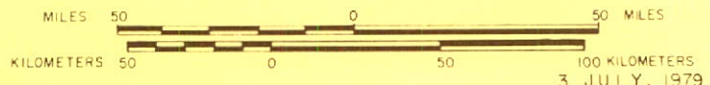
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## ANNUAL REPORT 1979



RISBY TUNGSTEN MINES LTD.

LOCATION MAP



WAYLAND S. READ

PENG CONSULTING GEOLOGIST  
COBBLE HILL, B.C., CANADA

## THE PRESIDENT'S REPORT



To our Shareholders:

Your company has just completed its second year as a public company and it has been a very fruitful year. Our activities for the past two years were directed mainly to laying the foundations upon which we will build the company. A great deal of emphasis has been put on the organization of a sound and stable corporate structure.

We continue to expand our field programs in the Yukon. The 1978 \$100,000 field program on the CAB claims, directed by W.S. Read, P.Eng., blocked out 341,800 tonnes of "possible" reserves. As a result of these "possible" reserves Hudson Bay Exploration and Development entered into an option agreement with the company on May 18, 1979. The results of Hudson Bay's step-out drilling program last summer extended the area of the known mineralization. Hudson Bay expended a total of \$197,000 which completes their work commitment up to May 1, 1980.

Risby also did a \$50,000 preliminary exploration program on the EVA claims, a group of 29 claims, 5 miles north of the CAB claims, headed by John McAndrew, P.Eng. McAndrew describes the results as "very encouraging", and suggests further exploration next season. The program was funded by proceeds from an underwriting by Brink, Hudson and Lefever.

We are also proud to announce that Risby is now fully listed on the Vancouver Stock Exchange. We hope this acceptance enhances Risby's position in the stock market.

The company is now preparing plans for 1980, which include another field program on the EVA claims next summer-or a conclusion of a joint-venture agreement on the EVA claims with one of the major mining companies. Due to climatic conditions in the Yukon the company goes into a lull during the winter, so we are presently evaluating some gold and oil properties in the United States and other tungsten properties of merit.

We will continue our policy of keeping you informed. With your support and faith in the company we look forward to a profitable and successful future.

ON BEHALF OF THE BOARD OF DIRECTORS

A handwritten signature in cursive script that reads "William B. Warke".

WILLIAM B. WARKE  
President



## EVA REPORT SUMMARY

During the period July 12 to August 4, 1979 a preliminary exploration program consisting of detailed geological mapping, magnetometer surveys and trenching was conducted on Risby Tungsten's EVA claims, which lie 52 km (33 miles) southwest of Ross River, Yukon Territory, Canada.

The claims were acquired in 1978 to cover an area of reported tungsten showings, one of which, assayed 1.66%  $WO_3$ . The claim group is underlaid by a thick series of Silurian and Devonian sedimentary and metamorphic rocks which strike N 40-60 degrees W and dip 30-60 degrees northeast and are intruded to the south and west by biotite-quartz-monzonite of the Mid-Cretaceous Fox Mountain Stock. The sedimentary and metamorphic sequence is also intruded by numerous dikes and sills of biotite-quartz-monzonite, felsite, aplite, andesite, lamprophyr and quartz diorite.



EVA CLAIMS LOOKING NORTHWEST

Six (6) partially exposed zones of mineralization have been located by detailed geological mapping. They all occur within a black, slaty shale and are spread out along a strike length of 785 m (2,574') and across an approximate width of 90.53 m (297'). They range in elevation from 1,720 m (5,643') to 1,911 m (6,270'). They are from 0.8-10 metres wide and from 8-80 metres long where exposed.

The showings share the following characteristics — distinctive reddish-brown colour; disseminated and massive, weakly to strongly magnetic pyrrhotite; minor disseminations and minute seams of chalcophyrite; calcareous and in part skarnified.

Their greatest difference is in their scheelite content and the reason for this is yet unresolved. Showings 1 and 3-5 are composed almost entirely of massive anhedral to subhedral pyrrhotite and the specimens from these zones appear almost identical yet samples from Showings 1 and 3 range from 0.42-1.92%  $WO_3$  whereas Showings 4 and 5 contain only trace amounts. The scheelite in the various showings occurs as fine to coarse crystals up to 1/2 by 1 cm and its intense blue-white colour under shortwave ultraviolet light indicates great purity.

Showings 2 and 6 contain appreciably more skarn and calcite but their scheelite content is very low. Although Showing 6 contains fine to coarse grained scheelite the mineralization is erratic.

Faults, sills and quartz veins appear to have acted as conduits and traps for the mineralizing solutions, which formed the showings.

Refer to accompanying Maps 1 and 2 for details of the magnetometer survey, geology, showings, trenches and assays.

Since the scheelite mineralization is associated with weakly to strongly magnetic pyrrhotite a magnetometer survey seemed appropriate to help define the limits of the known showings in areas of cover and locate new concealed zones. Overburden exceeds 50% in some geologically favourable areas so the odds were good.

Background for the EVA claims appears to be from 600-700 gammas. Negative readings and those about 1,500 gammas were considered anomalous but even readings in excess of 1,000 gammas may be significant since a reading directly above Showing 1, which assayed 1.16%  $WO_3$ , was only 1,035 gammas.

Twelve (12) moderately to strongly magnetic anomalies were completely or partially defined. Two of these define and extend Showings 2 and 3 very well. Many of the anomalies have dimensions far in excess of the known showings. The MacDonald Anomaly averages 40 metres wide along a length of 180 metres, and presents the possibility of finding economic size tonnages on the EVA group. Ten of the anomalies correspond to areas of partial or total cover. The author feels there is a very good chance that they are indicating the presence of concealed magnetic pyrrhotite.

By carrying out a program of soil sampling in all areas exceeding 1,000 gammas, if overburden conditions are favourable, it may be possible to determine which of the concealed zones of pyrrhotite carries scheelite. Caution is advised in the case of the MacDonald Anomaly, which could be capped by quartzite schist, which might be impervious to upward mobility of the metallic ions.

Results to date on the EVA claim group are very encouraging. In just 3 weeks 6 mineral showings were located; 2 of which grade from 1.16 to 1.70%  $WO_3$ .

Numerous moderate to strong magnetic anomalies with dimensions, in some cases, far in excess of the known showings present many possibilities of locating magnetic, scheelite bearing pyrrhotite deposits.

A follow up program of magnetometer and geochemical surveys, detailed geological mapping, possibly followed by diamond drilling has been recommended and outlined. This could be accomplished during one summer season provided the basecamp was moved to the area of the main showings and anomalies (Station 3+00N on Line 34+00W).



BLASTING ON #1 SHOWING



TRENCHING ON THE EVA CLAIMS

**COOPERS & LYBRAND**  
CHARTERED ACCOUNTANTS

OFFICES THROUGHOUT CANADA  
AND IN PRINCIPAL AREAS  
OF THE WORLD

MAILING ADDRESS

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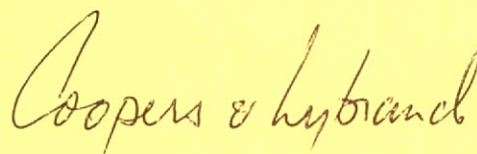
TELEPHONE (604) 682-7821  
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V6E 3R2

CABLE ADDRESS COLYBRAND, VANCOUVER, B. C.  
TELEX 04-507630

## AUDITORS REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of Risby Tungsten Mines Ltd. as at June 30, 1979, and as at December 31, 1978 and the statements of mineral properties and related deferred costs and changes in financial position for the six months ended June 30, 1979, and for the year ended December 31, 1978. 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 June 30, 1979, and as at December 31, 1978 and the results of its operations and the changes in its financial position for the periods then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



Vancouver, B.C.  
August 17, 1979

CHARTERED ACCOUNTANTS

Balance Sheet as at June 30, 1979,  
and as at December 31, 1978

**RISBY TUNGSTEN MINES LTD.**

ASSETS

	June 30, 1979 \$	December 31, 1978 \$	December 31, 1977 \$
CURRENT ASSET			
Cash	3,317	15,692	4,999
FIXED ASSETS, at cost	1,507		
MINERAL PROPERTIES AND RELATED DEFERRED COSTS (notes 2 and 5)	270,140	262,829	97,612
ORGANIZATION COSTS			873
	<u>274,964</u>	<u>278,521</u>	<u>103,484</u>

LIABILITIES

CURRENT LIABILITIES

Accounts payable and accrued liabilities	10,028	11,342	8,230
DUE TO AFFILIATED COMPANIES	<u>1,935</u>	<u>4,178</u>	<u>15,253</u>
	<u>11,963</u>	<u>15,520</u>	<u>23,483</u>

SHAREHOLDERS' EQUITY

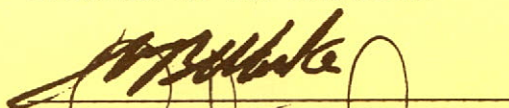
CAPITAL STOCK (notes 3, 6 and 7)

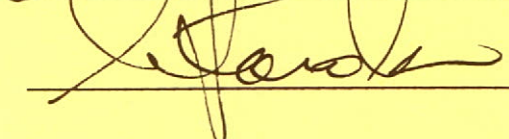
Authorized -  
5,000,000 shares of no par value

Issued and fully paid -  
1,425,002 shares

	<u>263,001</u>	<u>263,001</u>	<u>80,001</u>
	<u>274,964</u>	<u>278,521</u>	<u>103,484</u>

APPROVED BY THE DIRECTORS

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

## RISBY TUNGSTEN MINES LTD.

Statement of Mineral Properties and  
Related Deferred Costs  
for the six month period ended June 30, 1979  
and for the year ended December 31, 1978

	June 30, 1979 \$	December 31, 1978 \$	December 31, 1977 \$
<b>EXPLORATION AND DEVELOPMENT</b>			
Assaying	20	1,844	178
Board, lodging and camp supplies		11,732	
Drafting and blue prints	47	2,478	715
Drilling equipment	107	3,165	
Engineering		1,705	
Exploration management	146	7,314	
Explosives		1,204	
Field communications		721	1,121
Geological consulting and research	5,738	25,325	5,850
Recording fees	6	1,101	488
Salaries	384	29,503	4,660
Staking lines and tagging		9,266	
Supplies		3,217	
Travel and accommodation	299	11,652	1,227
	<u>6,747</u>	<u>110,227</u>	<u>14,239</u>
<b>ADMINISTRATION</b>			
Accounting and audit	4,100	5,853	400
Corporate and legal	3,950	12,634	1,050
Management fees (note 4)	6,000	12,000	
Office and general	11,514	11,503	217
Share issuance costs		13,000	
	<u>25,564</u>	<u>54,990</u>	<u>1,667</u>
<b>EXPENDED DURING THE PERIOD</b>	32,311	165,217	15,906
<b>CONSIDERATION FOR MINERAL PROPERTY OPTIONED (note 5)</b>	<u>25,000</u>		
	7,311	165,217	15,906
<b>BALANCE - BEGINNING OF PERIOD</b>	<u>262,829</u>	<u>97,612</u>	<u>81,706</u>
<b>BALANCE - END OF PERIOD</b>	<u>270,140</u>	<u>262,829</u>	<u>97,612</u>
<b>REPRESENTED BY:</b>			
Cost of properties	75,000	75,000	75,000
Deferred exploration and development costs	137,693	130,946	20,719
Deferred administration costs	82,447	56,883	1,893
Consideration for mineral property optioned (note 5)	<u>(25,000)</u>		
	<u>270,140</u>	<u>262,829</u>	<u>97,612</u>



## RISBY TUNGSTEN MINES LTD.

Statement of Changes in Financial Position  
for the six month period ended June 30, 1979  
and for the year ended December 31, 1978

	June 30, 1979 \$	December 31, 1978 \$	December 31, 1977 \$
<b>SOURCE OF WORKING CAPITAL</b>			
Consideration for mineral property optioned (note 5)	25,000		
Decrease in organization expense		873	
Issue of share capital	<u>          </u>	<u>183,000</u>	<u>5,000</u>
	<u>25,000</u>	<u>183,873</u>	<u>5,000</u>
<b>USE OF WORKING CAPITAL</b>			
Purchase of fixed assets	1,507		
Mineral properties and related deferred costs	32,311	165,217	15,906
Reduction of advances from associated companies	<u>2,243</u>	<u>11,075</u>	<u>          </u>
	<u>36,061</u>	<u>176,292</u>	<u>15,906</u>
<b>INCREASE (DECREASE) IN WORKING CAPITAL</b>	(11,061)	7,581	(10,906)
<b>WORKING CAPITAL (DEFICIENCY) - BEGINNING     OF PERIOD</b>	<u>4,350</u>	<u>(3,231)</u>	<u>7,675</u>
<b>WORKING CAPITAL (DEFICIENCY) - END OF PERIOD</b>	<u>(6,711)</u>	<u>4,350</u>	<u>(3,231)</u>
 <b>REPRESENTED BY:</b>			
Current asset	3,317	15,692	4,999
Current liabilities	<u>10,028</u>	<u>11,342</u>	<u>8,230</u>
<b>WORKING CAPITAL (DEFICIENCY) - END OF PERIOD</b>	<u>(6,711)</u>	<u>4,350</u>	<u>(3,231)</u>

1. SIGNIFICANT ACCOUNTING POLICIES

Operations

The company is in the exploration stage and, on the basis of information to date, does not yet have economically recoverable reserves. The underlying value of the mineral properties and related deferred costs is entirely dependent on the existence and economic recovery of such reserves in the future.

Deferred Costs

Exploration, development, preproduction and administration costs incurred are deferred until the property to which they relate is placed into production or abandoned. The deferred costs will be amortized over the useful life of the orebody following commencement of production or written off if the property is abandoned. Cash consideration for mineral properties optioned is credited to deferred costs.

Comparative Figures

Certain of the 1977 comparative figures have been reclassified to conform to 1978 and 1979 presentation.

2. MINERAL PROPERTIES AND RELATED DEFERRED COSTS

The company owns 160 mineral claims in the Yukon Territory recorded at the amount ascribed to 750,000 shares (note 3) issued as consideration therefor, together with expenditures incurred since acquisition. See note 5.

## RISBY TUNGSTEN MINES LTD.

### 3. CAPITAL STOCK

To December 31, 1978, and to June 30, 1979 shares have been issued and allotted as follows:

Consideration	Shares	\$
For underwriting of capital stock issue	25,000	13,000
For mineral properties	750,000	75,000
For cash	<u>650,002</u>	<u>175,001</u>
	<u>1,425,002</u>	<u>263,001</u>

During 1978, 600,000 shares were issued for a cash consideration of \$170,000 and 25,000 shares were issued as consideration for underwriting certain shares sold during the year at a deemed price of \$13,000.

No shares were issued during the six months ended June 30, 1979.

### 4. MANAGEMENT AGREEMENT

The company entered into an agreement with Warke Agencies Ltd., a company in which the president of Risby Tungsten Ltd. is the principal shareholder, whereby Warke Agencies Ltd. provides management services at \$1,500 per month commencing May 1978. This amount was reduced to \$1,000 per month effective January 1, 1979.

### 5. OPTION AGREEMENT

The company has entered into an option agreement for 128 mineral claims in the CAB claim group. If the option is exercised to the full extent set out in the option agreement, the company will sell up to 80% of its interest in the mineral claims in return for a total maximum consideration of \$1,400,000 receivable in varying amounts over five years. Consideration of \$25,000 has been received during the period.

## RISBY TUNGSTEN MINES LTD.

### 5. OPTION AGREEMENT (continued)

The optionee will be required to spend a minimum \$100,000 on work on the property during the first year of the agreement at which time the option agreement may be terminated. In order to earn a 15% interest in the property, an additional \$550,000 must be spent on work during the first two years, and \$100,000 total consideration must be paid in the first year. Thereafter, the option agreement provides for a series of payments to the company and minimum expenditures to be made on work on the property over the balance of the option period in order to earn up to its 80% interest in the property.

### 6. CAPITAL STOCK OPTIONS

Options have been granted to directors of the company to purchase up to 70,000 shares of the company as follows:

No. of shares	Option price \$	Expiry date
55,000	.55	November 3, 1979
15,000	.60	December 12, 1979

Subsequent to June 30, 1979, an additional 100,000 shares have been optioned to the company's investment dealer at \$1 per share as consideration for their underwriting the sale of the company's shares (note 7). The option expires on October 9, 1979.

### 7. SUBSEQUENT EVENT

On July 16, 1979, the directors of the company authorized the issuance of 200,000 treasury shares at \$.80 per share. The issue was underwritten for the entire amount and the company has received the proceeds in full. An option to purchase an additional 100,000 shares (note 6) was also granted as consideration for the underwriting.

## CAB TUNGSTEN CLAIMS

The CAB group of 128 mineral claims are located along a tungsten belt in the Pelly mountain chain, 58 kilometres west of Ross River.



From left to right, Hudson Bay's Pat de Veaux, Risby's director, Carl Irmann-Jacobsen, and Risby's president, Bill Warke present for the signing of the option agreement.

The RISBY-HUDBAY agreement involves cash payments to Risby totaling \$400,000 over a 4-year period, of which \$25,000 has been received, plus work commitments in stages to May 1, 1984 totaling \$1,050,000. Details are as follows:

- (i) \$25,000 forthwith upon execution of the agreement;
- (ii) a further \$25,000 by November 1, 1979;
- (iii) a further \$50,000 by May 1, 1980;
- (iv) a further \$75,000 by May 1, 1981;
- (v) a further \$100,000 by May 1, 1982; and
- (vi) a further \$125,000 by May 1, 1983;

and fulfilling the following work commitments on the CAB claims:

- (i) \$100,000 by May 1, 1980;
- (ii) a further \$100,000 by May 1, 1981;
- (iii) a total of \$450,000 by May 1, 1982; and
- (iv) a total of \$1,050,000 by May 1, 1984.

NOTE: At printing time a cheque for \$25,000.00 was received from Hudson Bay Exploration and Development Co., Ltd. thus completing the second payment of the option agreement.

Hudson Bay Exploration and Development Co. Ltd. began the drilling program on the CAB claims on June 24, 1979 and completed the program on August 14, 1979. The total footage drilled was 5,334 feet (1,625.6 m) in 16 holes. Assays range from .02%  $WO_3$  to 1.88%  $WO_3$ . We are presently awaiting Hudbay's evaluation of this drill program which will determine the future plans for this property.



Looking north from the CAB claims.



The Pelly mountain chain, looking south from the CAB claims.

**PRESIDENT:**

William B. Warke

**DIRECTOR:**

Carl I. Jacobsen

President, Vanport Shipping

**DIRECTOR:**

Hector H. Waller

Mining Engineer;

Teck Mining Corporation — Mining Consultant

**SECRETARY:**

Barry Donald Speton

Sobolewski, Anfield &amp; Ree

**AUDITORS:**

Coopers and Lybrand

**SOLICITORS:**

Sobolewski, Anfield &amp; Ree

**REGISTRAR & TRANSFER AGENT:**

Guaranty Trust Co. of Canada

**BANKERS:**

Bank of British Columbia

Cima Resources Limited holds management control of **Risby Tungsten Mines Ltd.** and also holds from 100% to control position in the following Yukon ventures:

**Risby Tungsten:** 161 claims; tungsten, 30 miles southwest of Ross River, Cima interest 44%.

**Mount Hundere Mines:** 102 claims, lead-zinc-silver, 33 miles north of Watson Lake. Cima interest 68.87%.

**Cima's Bot Claims:** 10 claims, chrysotile asbestos, near Campbell Creek. Cima interest 100%.

**Fortin Mining:** 16 claims, zinc-silver-gold, east of Fortin Lake. Cima interest, majority shares.

**Atsui Mining:** 47 claims, copper, silver, 52 miles east of Ross River; and 42 claims, copper-lead-zinc-silver, southeast of Pelley Lake. Cima interest 95%.

**Hess Venture:** 80 claims in silver-lead-zinc-copper, east side of Mt. Selous; and 42 claims, zinc, Hess River area. Cima interest, control.

**Cima Mines:** 8 claims in silver-lead-zinc area of Elsa, north of McQuestin River. Cima interest 100%.

Cima holds participating interest in:

**United Keno's Galena Hill:** 36 claims, zinc-silver, adjoining United Keno Mine. Cima interest 40%.

Cima owns carried interests in three other developing Yukon prospects:

**Selwyn Project:** 211 claims lead-zinc at Howard's Pass on NWT-Yukon border. Cima interest 10%.

**Tintina Anvil:** 652 claims, lead-zinc, in the Anvil Mountain Range. Cima interest 10%.

**Plata Project:** 244 claims, silver-lead, in the Hess Mountains. Cima interest 20%.



Risby Tungsten Mines Ltd.  
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