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# SPOONER

**MINES AND OILS LIMITED**

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## ANNUAL REPORT

FOR THE YEAR ENDED  
JUNE 30, 1982



The Harbinson Mining and Oil Group





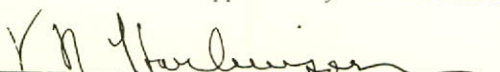
SPOONER MINES AND OILS LIMITED  
(Incorporated under the laws of Canada)  
(unaudited)  
STATEMENT OF INCOME  
For the Three Months ended September 30, 1982

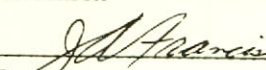
	1982	1981
Revenue		
Profit from oil and gas operations	\$ 11,359	\$ 9,521
Investment income	21,990	2,039
	33,349	11,560
Oil and gas and administrative expenditures written off	11,131	96,525
NET INCOME (LOSS) FOR THE PERIOD	\$ 22,218	\$ (84,965)
SHARES ISSUED AND OUTSTANDING	9,386,788	9,386,788
EARNINGS PER SHARE	\$ 0.002	\$ (0.009)

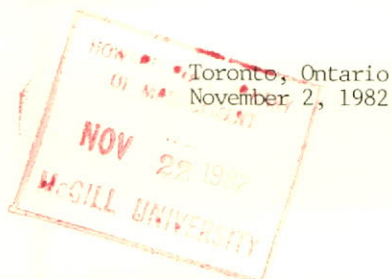
(unaudited)  
STATEMENT OF CHANGES IN FINANCIAL POSITION  
For the Three Months ended September 30, 1982

	1982	1981
WORKING CAPITAL DERIVED FROM		
Net income (loss) for the period	\$ 22,218	\$ (84,965)
Add items not involving working capital		
Depreciation	2,700	5,600
Profit on sale of investments	(21,226)	
Oil and gas interests written off		57,479
Proceeds from sale of investments	3,692	(21,886)
	55,670	
	59,362	(21,886)
WORKING CAPITAL APPLIED TO		
Long term advance	5,500	2,000
Oil and gas interests	4,477	1,949
Mining claims and deferred expenditures		6,666
Fixed assets		27,185
	9,977	37,800
INCREASE (DECREASE) IN WORKING CAPITAL	49,385	(59,686)
WORKING CAPITAL AT BEGINNING OF YEAR	67,943	193,281
WORKING CAPITAL AT SEPTEMBER 30	\$ 117,328	\$ 133,595

Approved by the Directors:

  
V.N. Harbinson

  
J.A. Francis





# SPOONER MINES AND OILS LIMITED

*Head Office:* Suite 916  
111 Richmond Street West  
Toronto, Ontario M5H 2G4

*Directors:* J.A. Francis  
J.N. Harbinson  
V.N. Harbinson  
E.F. Merringer  
C.E. Page  
B.V. Reed, Q.C.  
J.S. Thompson

*Officers:* V.N. Harbinson  
Chairman of the Board and President

J.N. Harbinson  
Executive Vice-President

C.E. Page  
Vice-President, Exploration

H.D. Harbinson  
Secretary

B.V. Reed, Q.C.  
Assistant Secretary

J.A. Francis  
Treasurer

*Transfer Agent and Registrar:* Crown Trust Company  
Toronto, Ontario

*Legal Counsel:* Tilley, Carson & Findlay  
Toronto, Ontario

*Auditors:* Thorne Riddell  
Toronto, Ontario

*Share Listing:* The Toronto Stock Exchange  
The Alberta Stock Exchange



The Harbinson Mining and Oil Group

# SPOONER MINES AND OILS LIMITED

## Directors' Report

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### TO THE SHAREHOLDERS:

Your Directors hereby submit the Annual Report for the year ended June 30, 1982. Also enclosed is the Quarterly Report for the three months ended September 30, 1982.

In the past, a major source of Spooner's income was derived from their management fees relating to Consolidated Durham Mines & Resources Limited's Lake George Mine near Fredericton, New Brunswick. This contract expired on January 1, 1982. Although a new contract has been approved between the parties on the basis of cost plus two percent, no net income has been received from this source.

As mentioned in the June 30, 1981 Annual Report, a new antimony ore body has been located on the Durham property. Modification and rehabilitation have been made to the mill and mining plant whereby a five hundred ton-per-day capacity can readily be obtained. However, due to the presently low prevailing price of antimony in concentrate form, and with no foreseeable up-turn in the demand for antimony in the immediate future, the Directors have delayed a decision to develop the new ore body.

Spooner still retains a 5 percent non-assessable net carried interest in the Croinor-Pershing gold property in Quebec.

The Company will be participating, as to a 12½ percent working interest, in two wells in the Gleneath Sector of the Dodsland Oil Field, Saskatchewan. Its other oil interests have been retained.

As of the date of this Directors' Report, the Company has cash on deposit of approximately \$360,000, resulting from revenues plus the sale of certain securities which netted the Company a profit of \$180,000.

On behalf of the Board,



V.N. Harbinson  
Chairman

November 10, 1982  
Toronto, Canada

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# SPOONER MINES AND OILS LIMITED

(Incorporated under the laws of Canada)

## Balance Sheet

		June 30,	
		1982	1981
<b>ASSETS</b>			
<b>CURRENT</b>			
Cash .....	\$	76,448	\$ 120,350
Accounts receivable .....		10,154	93,522
		86,602	213,872
INVESTMENTS (quoted market value 1982 — \$725,479; 1981 — \$4,081,723) .....		588,981	588,981
NON-CURRENT ACCOUNTS RECEIVABLE .....		51,500	41,500
OIL AND GAS INTERESTS .....		38,057	95,092
MINING CLAIMS AND DEFERRED EXPENDITURES (note 2) .....		365,529	358,863
FIXED ASSETS .....		43,670	58,399
		<u>\$1,174,339</u>	<u>\$1,356,707</u>
<b>LIABILITY</b>			
<b>CURRENT</b>			
Accounts payable and accrued liabilities .....	\$	18,659	\$ 20,591
<b>SHAREHOLDERS' EQUITY</b>			
<b>CAPITAL STOCK (note 3)</b>			
Issued — 9,386,788 common shares .....		4,383,979	4,383,979
DEFICIT .....		3,228,299	3,047,863
		1,155,680	1,336,116
		<u>\$1,174,339</u>	<u>\$1,356,707</u>

Approved by the Directors:

  
V.N. HARBINSON, Director

  
J.A. FRANCIS, Director

## AUDITORS' REPORT

To the Shareholders of  
Spooner Mines and Oils Limited

We have examined the balance sheet of Spooner Mines and Oils Limited as at June 30, 1982 and the statements of income, deficit 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 June 30, 1982 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 on a basis consistent with that of the preceding year.

Toronto, Canada  
September 10, 1982

THORNE RIDDELL  
Chartered Accountants

# SPOONER MINES AND OILS LIMITED

Year ended June 30,

1982                      1981

## Statement of Income

Revenue		
Management fees (net) (note 5) .....		\$ 130,000
Profit on oil and gas operations		
(gross revenue \$157,320; 1981 — \$135,766) .....	\$ 43,208	42,051
Profit on sale of investments .....		116,399
Interest .....	5,728	17,264
	48,936	305,714
Oil and gas and administrative expenditures written off .....	229,372	338,882
LOSS FOR THE YEAR .....	\$ 180,436	\$ 33,168
LOSS PER SHARE .....	\$ 0.019	\$ 0.004

## Statement of Deficit

DEFICIT AT BEGINNING OF YEAR .....	\$3,047,863	\$3,014,695
Loss for the year .....	180,436	33,168
DEFICIT AT END OF YEAR .....	\$3,228,299	\$3,047,863

## Statement of Changes in Financial Position

WORKING CAPITAL DERIVED FROM		
Loss for the year .....		\$ (33,168)
Items not involving working capital		
Depletion and depreciation .....		22,666
Profit on sale of investments .....		(116,399)
Oil and gas interests written off .....		166,079
		39,178
Proceeds on sale of fixed assets .....	\$ 20,500	10,666
Proceeds on sale of investments .....		116,399
	20,500	166,243
WORKING CAPITAL APPLIED TO		
Loss for the year .....	180,436	
Items not involving working capital		
Depletion and depreciation .....	(17,637)	
Oil and gas interests written off .....	(57,509)	
Loss on disposal of fixed assets .....	(6,049)	
	99,241	
Oil and gas interests .....	3,946	94,434
Mining claims and deferred expenditures .....	6,666	187,294
Increase in non-current accounts receivable .....	10,000	7,000
Fixed assets .....	25,985	38,888
	145,838	327,616
DECREASE IN WORKING CAPITAL .....	125,338	161,373
WORKING CAPITAL AT BEGINNING OF YEAR .....	193,281	354,654
WORKING CAPITAL AT END OF YEAR .....	\$ 67,943	\$ 193,281



# SPOONER MINES AND OILS LIMITED

## Notes to Financial Statements — Year Ended June 30, 1982

### 1. ACCOUNTING POLICIES

#### (a) Investments

Investments are recorded at the lower of cost and net realizable value. Because of the large number of shares held in some of the companies, the amount that may be realized on disposal of these shares may be more or less than the quoted market value.

#### (b) Recovery of costs

Oil and gas interests, and mining claims and deferred expenditures are capitalized in the accounts to be amortized when production is attained or the balance thereof written off when disposition occurs. These assets are recorded at cost and are not intended to represent present or future values.

#### (c) Depletion and depreciation

Oil and gas interests are recorded at cost less accumulated depletion. Where oil and gas reserve figures are available, depletion has been provided on the unit of production method at rates calculated to amortize the lease costs and development expenditures in the proportion production bears to estimated reserves of oil and gas. Where reserve figures are not available, amortization has been determined on an estimated basis.

Fixed assets are recorded at cost less accumulated depreciation. Depreciation is calculated on a declining balance basis at annual rates of 20% or 30%.

Accumulated depletion and depreciation consist of:

	1982	1981
Oil and gas interests .....	\$217,604	\$214,133
Fixed assets .....	43,348	40,561

### 2. MINING CLAIMS AND DEFERRED EXPENDITURES

#### (a) Ungava Bay, Quebec

\$ 79,000

Under an agreement dated February 1, 1970 Imperial Oil Enterprises (Imperial Oil) agreed to undertake an exploration program on this property. Imperial Oil has spent approximately \$537,000 and thereby has earned a 75% interest in the property. The exploration permit has now expired and in order to protect this area of interest 67 claims were staked.

If requested, the company is to pay its proportionate share of expenditures in excess of \$400,000 or be abated by 1% for each \$10,000 of non-participation until it reaches a minimum of 10%. The abated interest under certain circumstances is recoverable by the company.

To date no request for payment has been received.

#### (b) Croinor Pershing Project, Quebec

286,529

Under option agreements dated July 26, 1979 and July 31, 1981, the company acquired a one-third interest in 97 mining claims in Pershing Township, Province of Quebec.

Under an agreement dated November 7, 1979, the company became a one-third joint venturer in this project along with Onaping Resources Limited, a related party and operator, and Dominion Explorers Limited. Presently the company holds a 5% non-assessable net carried interest which becomes a 5% working interest after recoupment.

\$365,529

# SPOONER MINES AND OILS LIMITED

## Notes to Financial Statements — Year Ended June 30, 1982 (continued)

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### 3. CAPITAL STOCK

#### (a) Authorized

Unlimited number of

Class "A" shares issuable in series, redeemable and one vote per share;

Class "B" shares issuable in series, redeemable and five votes per share;

Common shares one vote per share.

The rights and other features of each series of class "A" and "B" shares will be determined by resolution of the Board of Directors prior to their issue.

The common and class "A" shares have identical rights with respect to dividends whereas the class "B" shares shall be entitled to dividends of  $\frac{1}{5}$  in proportion.

#### (b) Options

Under an incentive stock option plan dated October 23, 1979, 400,000 shares were set aside for options to officers, directors and key employees. At June 30, 1982, no options have been granted on these shares.

Under a previous stock option plan dated November 22, 1977, there remain 28,000 shares unallocated at June 30, 1982.

### 4. INCOME TAXES

#### (a) Loss carry-forward

At June 30, 1982, the company has a tax loss carry-forward of approximately \$22,000 available until 1987 to reduce future years' income for tax purposes, the tax effect of which has not been recorded in the accounts.

#### (b) Exploration and development expenditures

The company has costs of oil and gas interests and mining exploration expenditures available for tax purposes at June 30, 1982, of approximately \$1,194,000.

### 5. MANAGEMENT CONTRACT

Under an agreement dated December 1, 1981, with respect to an antimony property at Lake George, New Brunswick, the company provides overall operating management, at cost plus 2% of net profits from the operations (as defined therein) until December 31, 1991.

### 6. RELATED PARTY TRANSACTION

Professional Management Services (P.M.S.) is controlled by a director of the company. During the year P.M.S. provided administrative management and head office facilities for a cost of \$39,000 (1981 — \$32,000).

### 7. COMPARATIVE FIGURES

Certain 1981 comparative figures have been reclassified to conform with the financial statement presentation adopted for 1982.

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# SPOONER MINES AND OILS LIMITED

(Incorporated under the laws of Canada)

## Information Circular

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### Solicitation of Proxies

This information circular is furnished in connection with the solicitation by the management of Spooner Mines and Oils Limited (the "Company") of proxies to be used at the Annual Meeting of Shareholders of the Company to be held **on Thursday, December 9, 1982 at the hour of 11:00 o'clock in the forenoon, local time, at the Engineers' Club, 105 Victoria Street, Toronto, Ontario**, for the purposes set forth in the enclosed notice of meeting. It is expected that the solicitation will be primarily by mail but proxies may also be solicited personally by regular employees of the Company at nominal cost. The cost of solicitation by management will be borne by the Company.

### Appointment and Revocation of Proxies

A proxy may be executed by the shareholder or his attorney in writing, or if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized. The persons named in the enclosed form of proxy are directors and/or senior 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 on that 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 before the time of holding the meeting.

A proxy given pursuant to this solicitation may be revoked by instrument in writing executed by the shareholder or by his attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized, and delivered 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 such meeting on the day of the meeting, or adjournment thereof.

A shareholder may also revoke a proxy by either (a) 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 a written revocation and delivering it to the Secretary of the Company or the Chairman of the meeting, or (c) by personal attendance at the meeting.

### Exercise of Discretion by Proxy

Shares represented by properly executed proxies in favour of persons designated in the printed portion of the enclosed form of proxy **will be voted for the election of Directors and the appointment of auditors as stated in the accompanying notice and under those headings in this circular, or withheld from voting or otherwise voted as directed in the spaces provided in the form of proxy**. The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the notice of meeting, or 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 November 10, 1982 the Company had outstanding 9,386,788 common shares without nominal or par value, each carrying the right to one vote per share. Any registered shareholder of record at the time of the meeting will be entitled to attend and vote at the meeting.

To the knowledge of the directors and senior officers of the Company, the following are the only persons or companies beneficially owning, directly or indirectly, or exercising control or direction over, greater than 10% of the outstanding equity shares of the Company as of November 10, 1982.

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<i>Name and Address</i>	<i>Number of Shares Beneficially Owned</i>	<i>Percentage of Issued Shares</i>
V.N. HARBINSON R.R. 1, Kinmount, Ontario (Direct and indirect)	1,685,368	18%

### **Election of Directors**

The Board presently consists of seven directors to be elected annually. 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.

In the following table and note thereto are stated the names of all the persons proposed to be nominated for election as directors, all other positions and offices with the Company now held by them, if any, their principal occupations or employment for the five preceding years, the period or periods of their service as directors of the Company and the approximate number of shares of the Company beneficially owned, directly or indirectly, by each of them as of November 10, 1982.

The Company is required to have an audit committee and the present members of such committee are indicated with an asterisk.

<i>Name and Position with the Company</i>	<i>Principal Occupation</i>	<i>Director Since</i>	<i>Number of Shares</i>
*J.A. Francis Treasurer	Treasurer of various companies associated with the Harbinson Mining and Oil Group. Prior thereto Manager, Gardner, McDonald & Co., Chartered Accountants, Toronto	1982	Nil
V.N. Harbinson Chairman of the Board and President	Mining and Oil Executive.	1956	1,685,368
J.N. Harbinson Executive Vice-President	President, John N. Harbinson Limited.	1978	1
*E.F. Merringer	Partner, Tilley, Carson & Findlay, Barristers & Solicitors, Toronto, Ontario.	1976	25
C.E. Page Vice-President, Exploration	Geologist.	1978	1
*B.V. Reed, Q.C.	Barrister & Solicitor, Calgary, Alberta.	1980	Nil
J.S. Thompson	Petroleum Engineer.	1980	Nil

**NOTE:** The information as to shares beneficially owned, not being within the knowledge of the Company, has been furnished by the respective nominees individually.

If any of the above nominees is unable to serve as a Director, proxies in favour of management will be voted for another nominee in their discretion unless the shareholder has specified in the proxy that his shares are to be withheld from voting in the election of directors.

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## Remuneration of Management and Others

	Nature of Remuneration		
	<i>From Office, Employment and Employer Contributions (Aggregate)</i>	<i>Cost of Pension Benefits (Aggregate)</i>	<i>Other (Aggregate)</i>
I DIRECTORS (Total Number: 7)			
(a) From Company and wholly-owned subsidiaries:	\$1,700	—	—
(b) From partially-owned subsidiaries:	—	—	—
Total:	\$1,700	—	—
II 5 SENIOR OFFICERS: OFFICERS RECEIVING OVER \$50,000:			
(a) From Company and wholly-owned subsidiaries:	—	—	—
(b) From partially-owned subsidiaries:	—	—	—
Total:	—	—	—
III OFFICERS WITH REMUNERATION OVER \$50,000 (Total Number: Nil)			
(a) From Company and wholly-owned subsidiaries:	—	—	—
(b) From partially-owned subsidiaries:	—	—	—
Total:	—	—	—

**NOTE:** The amounts appearing under the heading "Other" are with respect to both the last completed financial year of the Company and future years.

## Other Remuneration of Management and Others

Administrative management and head office facilities are provided to the Company by an arrangement with Professional Management Services, a sole proprietorship of Mr. V.N. Harbinson, the Chairman of the Board of the Company. Financial and investment advisory services are provided to the Company by an arrangement with Onaping Resources Limited in which V.N. Harbinson has a controlling interest. The amount of \$55,500 is the aggregate sum paid or payable by the Company pursuant to these arrangements during the fiscal year ended June 30, 1982.

On November 22, 1977 the Board of Directors established an Incentive Stock Option Plan in the amount of 400,000 shares, which Plan was subsequently approved by the shareholders on December 15, 1977. To date 28,000 shares remain unallocated under this Plan.



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On October 23, 1979, the Board of Directors established a new Incentive Stock Option Plan in the amount of 400,000 shares of the Company to be issued from time to time to the directors, officers and employees of the Company, which Plan was subsequently approved by shareholders on December 20, 1979. To date no shares have been allotted under the plan.

#### **Appointment of Auditors**

Unless such authority is withheld, the persons named in the accompanying proxy intend to vote for the appointment of Thorne Riddell, Chartered Accountants, Toronto, as auditors of the Company to hold office until the next Annual Meeting of Shareholders and to authorize the directors to fix their remuneration.

#### **General**

The information contained herein is given as of November 10, 1982. The management knows of no matters to come before the Annual 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. If any matters which are not now known should properly come before the meeting, the accompanying proxy instrument will be voted on such matters in accordance with the best judgment of the person voting it.

The contents and the sending of this Circular have been approved by the Board of Directors of the Company.

*H.D. Harbinson*

H.D. Harbinson  
Secretary

Toronto, Canada  
November 10, 1982.

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