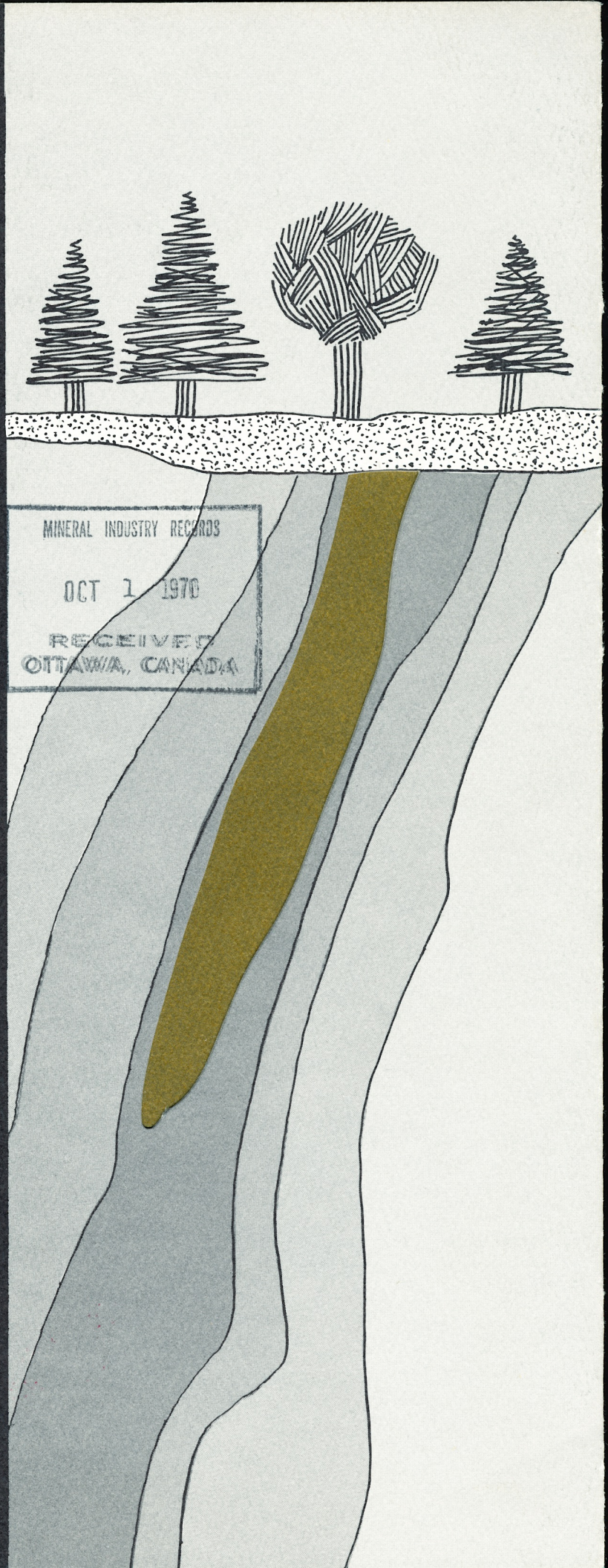

MINERAL INDUSTRY RECORDS
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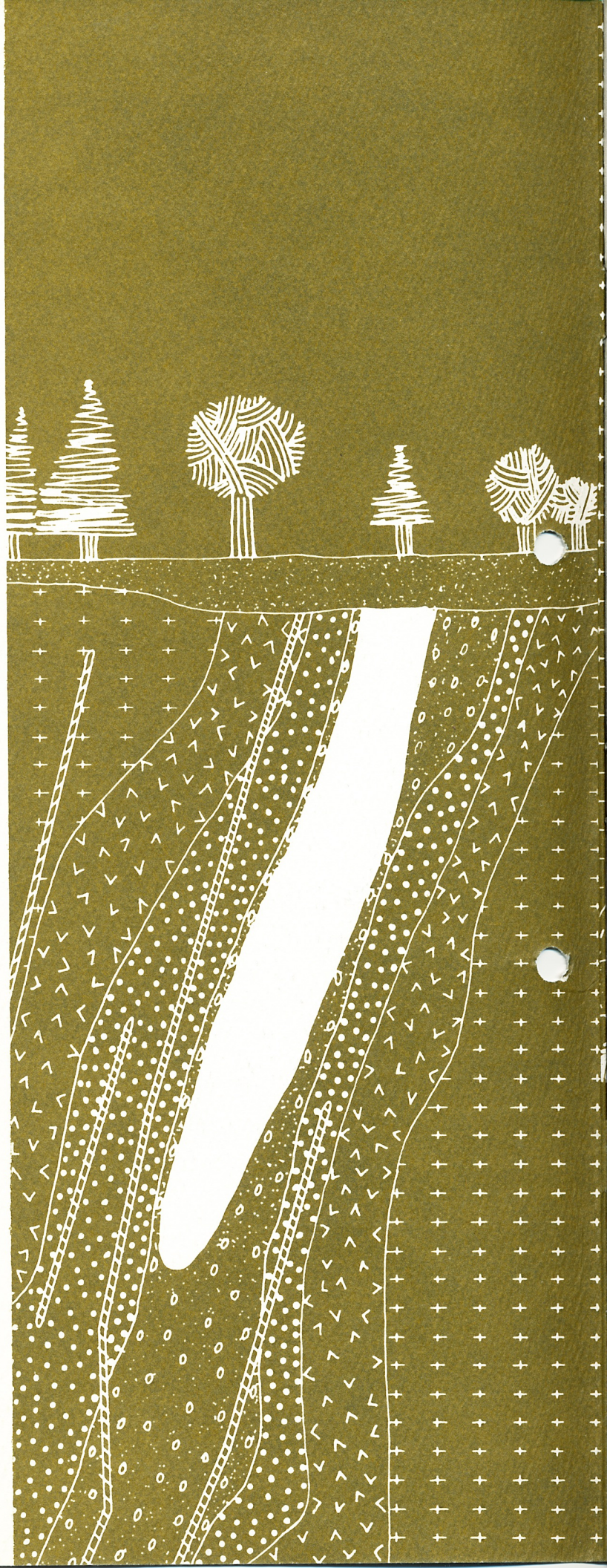
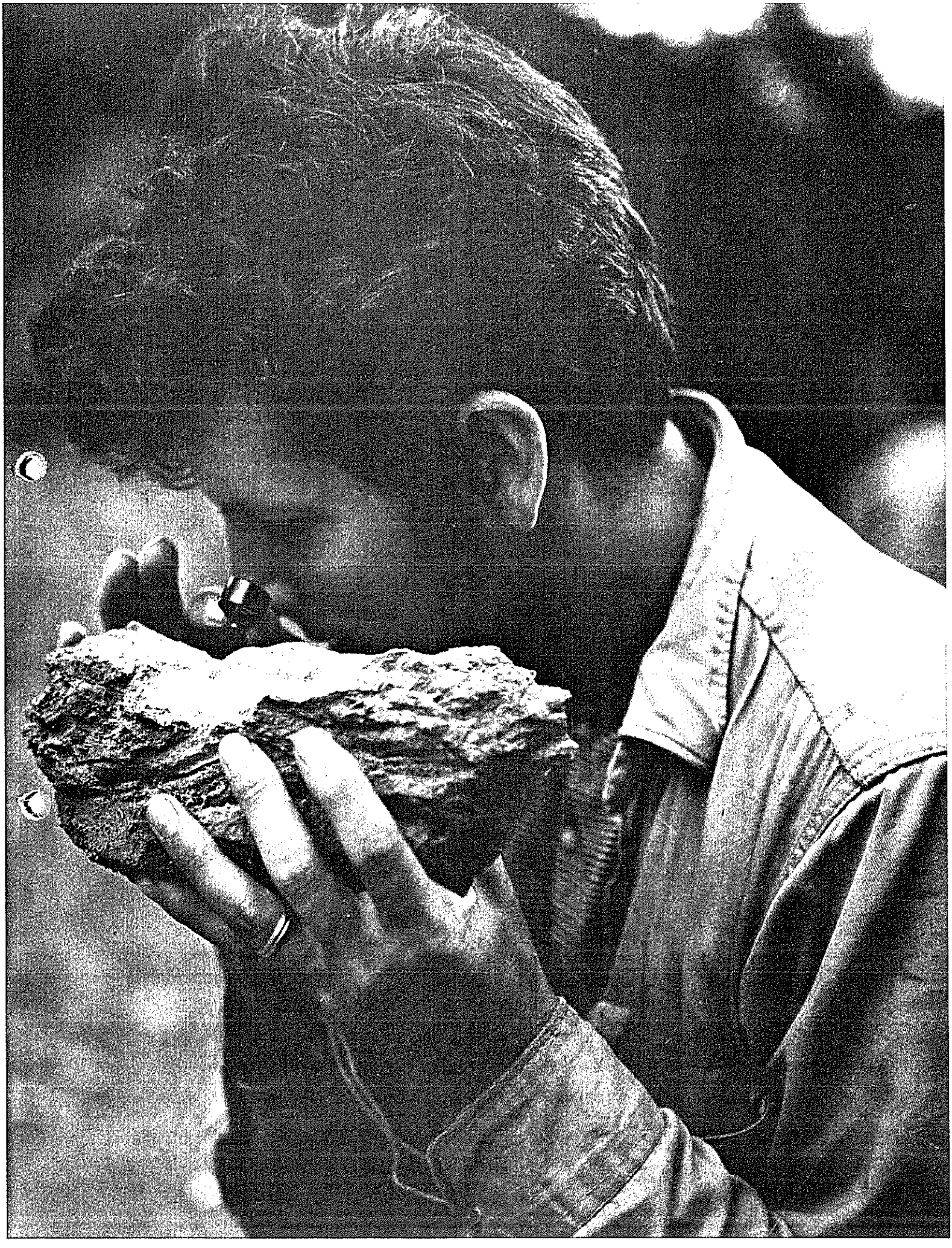
SOQUEM

annual report 1968-1969





SOQUEM

Highlights

- Discovery and development of copper deposits in Louvicourt Township, Abitibi-East County.
- Discovery of two geological complexes containing columbium and other metals as well as industrial minerals, at St. André, Argenteuil County, and St. Honoré, Dubuc County.
- Discovery of four other promising mineral occurrences containing copper, zinc, lead, and uranium.
- Twenty partnership contracts with nineteen private companies whose contribution in 1968-1969 reached about $1,000,000.
- Twenty-one joint mineral exploration projects, fifteen Company's own projects, and nine research projects on exploration techniques.

summary

	Nov. 1965 March 1966	Year 1966-1967	Year 1967-1968	Year 1968-1969*	Year 1969-1970 Estimated
Total expenses during the period	$111,073	$1,382,308	$1,994,655	$2,777,517	$2,247,830
Contribution of partners	—	242,000	507,000	1,008,091	775,740
SOQUEM's share of total expenses	111,073	1,140,308	1,487,655	1,769,426	1,472,090
Capital stock issued and fully paid	625,000	1,500,000	1,500,000	1,500,000	1,500,000
Excess (shortage) of capital stock over SOQUEM's share of expenses	$513,927	$ 359,692	$ 12,435	$ (269,426)	$ 27,910

*Before audit by the Provincial Auditor.

SOQUEM

To the Honorable Paul E. Allard, m.q.p.
Minister of Natural Resources
Parliament Buildings
Québec

Sir:

In conformity with article 18 of the charter of the Québec Mining Exploration Company, the Board of Directors submits hereunder the Annual Report of the Company for the fiscal year ending March 31, 1969.

exploration projects

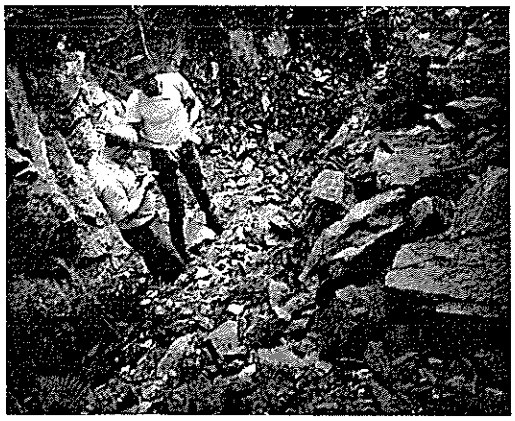
During the year ending March 31, 1969, SOQUEM undertook or continued exploration work on 108 properties of which it has total or partial rights.

The distribution of projects at the end of the year was as follows:

	Soquem	Joint ventures	TOTAL
General reconnaissance	4	8	12
Field verification of anomalies and showings	6	10	16
Development of discoveries	5	3	8
TOTAL	15	21	36

SOQUEM invested more than $1.5 million in these activities, and private companies sharing with it the risks and benefits involved in mineral exploration contributed about $1,000,000.

The main fields of activity are given below:



geology

a) Ground reconnaissance	3,448 square miles
b) Helicopter-borne reconnaissance	750 square miles
c) Detailed surveys	150 square miles

In mineral exploration, geology plays a role of coordination between the various prospecting techniques such as geochemistry and geophysics. Its concepts are basic to any exploration strategy at both the planning and the development stages. Geology is thus part of all exploration projects in the Company.

SOQUEM

geochemistry

a) Reconnaissance	2,357	square miles
stream sediment	23,332	samples
heavy mineral	21	concentrates
soil	15,718	samples
rock	2,830	samples
b) Overburden drilling	274	holes
	9,139	feet
	227	samples

Because the ordinary means of transportation in the bush could not be used, SOQUEM developed a technique for placing, by means of a large helicopter, reconnaissance geochemical crews in heavily wooded inaccessible areas in the mountainous terrain of the Gaspé Peninsula. The helicopter was fitted with a winch, a cable, and a chair which were used to lower men when the aircraft could not land. It was thus possible to collect close to 20,000 stream sediments in a largely unexplored area of about 2,000 square miles. Chemical analyses and mapping of the information revealed the presence of interesting occurrences which will be further studied during the coming season.

The search for better and more detailed information on the discoveries brought about a sizeable increase in overburden drilling to 274 holes of a total length of 9,139 feet this year, compared with 15 holes totalling 702 feet the previous year.

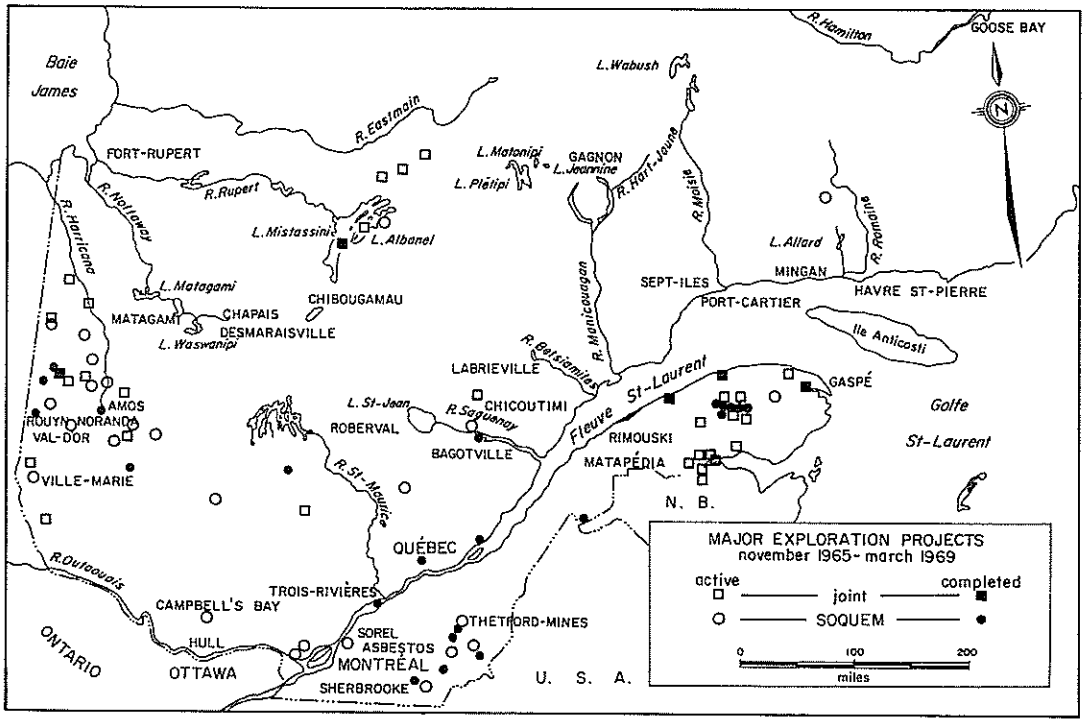
geophysics

a) airborne:		
magnetometer	2,432	linear miles
electromagnetometer	2,432	linear miles
scintillometer	55,711	linear miles
TOTAL	60,575	linear miles
b) ground:		
magnetometer	738	linear miles
electromagnetometer E.M.	654	linear miles
electromagnetometer TURAM	178	linear miles
induced polarization	65	linear miles
scintillometer	28	linear miles
gravity	6,425	stations

In 1968-1969, the use of geophysics in exploring Abitibi volcanics progressed normally. A substantial use was made of gravimetric survey to determine the most favorable zones before drilling. Extensive airborne radiometric surveys were made and over 55,000 miles were flown in the search for uranium.

SOQUEM

The location and nature of the main projects undertaken by the Company since November 1, 1965, are shown on the accompanying map.



drilling

291 holes
128,157 feet
25 properties

During the third year of activity, some of SOQUEM's properties reached an advanced stage of exploration and about 80,000 feet more diamond drilling was completed than in the preceeding year. In fact, the major program undertaken in May 1968, following a copper discovery in Louvicourt Township, called for a larger amount of diamond drilling than the total executed on all projects in 1967-68.

joint projects

Excellent relations continued to prevail between SOQUEM and private mining companies, at national as well as at international levels.

The following table shows a slight increase only in the number of joint projects compared with last year. It should be noted though that the last Annual Report covered a period extending to July 31st, 1968. On the other hand, several projects are being negotiated at present which should give positive results soon.

Here is the list of joint projects as of March 31, 1969:

SOQUEM

List of joint projects on March 31, 1969

PARTNERS	Contribution of partners and sharing of interest %	Management of the project	Location of search	Type and objective of project
Bell Asbestos Mines Ltd.	65	SOQUEM	Gaspé	Geological reconnaissance. Asbestos, Cu-Ni
Bemok Ltée (Mokta (Canada) Ltée and Serem Ltée)	50	SOQUEM	Gaspé	Geochemical reconnaissance. Cu, Pb, Zn
Geophysical Engineering & Surveys Limited; The New Jersey Zinc Company	70 15	GEOPHYSICAL ENGINEERING & SURVEYS LTD.		Development of recording helicopter E.M. lab.
Kerr Addison Mines Limited	60	KERR ADDISON	Abitibi	Verification of geophysical anomalies. Cu, Pb, Zn, Ag, Au
Nemrod Mining Co. Ltd. Naganta Mining & Development Co. Ltd. Timrod Mining Co. Ltd.	50 approx.	SOQUEM	Abitibi	Development of discoveries and verification of anomalies. Cu, Zn, Ag, Au
New Jersey Zinc Exploration Company (Canada) Ltd.	50	SOQUEM	Gaspé	Verifications of mineral showings. Ni
New Jersey Zinc Exploration Company (Canada) Ltd.	50	SOQUEM	Abitibi	Verification of geophysical anomalies. Cu, Pb, Zn, Ag, Au
New Jersey Zinc Exploration Company (Canada) Ltd.	50	SOQUEM	Abitibi-East	Verification of geophysical anomalies. Cu, Pb, Zn, Ag, Au
Noranda Exploration Company Limited	60	SOQUEM	Abitibi	Geophysical reconnaissance. Cu, Pb, Zn, Ag, Au
Penarroya-Canada Limitée	75	PENARROYA	Abitibi	Verification of geophysical anomalies. Cu, Pb, Zn, Ag, Au
Penarroya-Canada Limitée	55	PENARROYA	Abitibi	Geophysical reconnaissance. Cu, Pb, Zn, Ag, Au
Penarroya-Canada Limitée	45	SOQUEM	Gaspé	Verification of geochemical anomalies and development of discovery. Cu, Pb, Zn, Ag, Sb
Quebec Cartier Mining Company	55	SOQUEM	Laurentians	Geophysical reconnaissance. Radio-active and associated minerals.
Rio Tinto Canadian Exploration Limited	60	SOQUEM	New Québec	Geological and geophysical reconnaissance. U_3O_8
Rio Tinto Canadian Exploration Limited	60	SOQUEM	New Québec	Verification of geochemical anomalies and development of discovery. U_3O_8
SEREM Ltée	55	SEREM	Mistassini	Geochemical reconnaissance and verification of anomalies. Cu, Pb, Zn
Sullico Mines Limited	9	SOQUEM	Eastern Townships	Inactive
Sullico Mines Limited	53	SOQUEM	Gaspé	Verification of anomalies and mineral showings. Cu, Pb, Zn
Terra Nova Explorations Ltd.	50	SOQUEM	Saguenay Lake St. John	Development of discovery and ore dressing research. Fe, TiO_2, P_2O_5
Union Minière Explorations and Mining Corporation Limited (UMEX)	60	SOQUEM	Abitibi	Verification of geophysical anomalies and mineral showings. Cu, Pb, Zn
Union Minière Explorations and Mining Corporation Limited (UMEX)	60	SOQUEM	Gaspé and Northern New Brunswick	Geochemical reconnaissance and verification of anomalies. Cu, Pb, Zn, Ag
Voyager Explorations Limited; Silver Scepter Mines Limited	50	SOQUEM	Témiscamingue	Verification of anomalies and mineral showings. Cu, Pb, Zn

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SOQUEM's own projects

During the fiscal year, 13 projects out of 20 were abandoned, and eight were initiated so that at the end of the year, there were 15 active projects being carried out. To a certain extent, the decreasing number of these projects is explained by the success of some of the joint ventures which have required the investment of large sums of money.

Five of SOQUEM's own projects are described under development of discoveries. As examples of projects which have not reached such an advanced stage, we could mention Suffield and Black Lake in the Eastern Townships, and Octave in Abitibi.

Suffield project (Eastern Townships)

Late in 1968, SOQUEM optioned the Suffield mining property located six miles south of Sherbrooke, in Ascot Township. The Suffield mine, operated by Quebec Ascot Copper Corp. Ltd. between 1950 and 1956, produced approximately 620,000 tons of ore grading around 0.08 ounce of gold per ton, 2.66 ounces of silver per ton, 0.91% Cu, 0.52% Pb, and 7% Zn.

Magnetometer and E.M. Turam surveys done by SOQUEM recently indicated 13 anomalies among which four conductors are of high economic interest. Little drilling has been done under the minus 500-foot level below the known ore zone, and the possibilities of finding more ore at depth are good.

Black Lake project (Eastern Townships)

During April 1968, SOQUEM staked a group of 42 claims covering 3,465 acres in Adstock and Coleraine Townships, near Thetford Mines. This was done following the discovery of abnormal quantities of platinum in the ultrabasic rocks of the area. Detailed geochemical surveys and rock analyses are being employed to determine the location of the richest platinum zones which later will be diamond drilled.

Octave project (Abitibi)

The Octave project covers Ligneris, Desboues, Céloron and Mazarin Townships in the Abitibi-East and Abitibi-West Counties. Airborne electromagnetic surveys carried out in November 1967 indicated the presence of a favorable geological environment for the occurrence of base metal massive sulphides. The Company is carrying out ground E.M. and magnetometer surveys followed by detailed geology on 26 conductors. In the summer of 1969, these will be completed by gravity traverses of all conductors, and the drilling of every valuable target.

research projects

During the last fiscal year, SOQUEM subsidized nine research projects towards the improvement of exploration techniques, one of which was undertaken jointly with two private exploration companies. Since its inception, SOQUEM has used between 5 and 10% of its budget on such projects.

The type of research is strictly in the applied field for immediate trials and use by crews engaged in the execution of our programs. Around $20,000 have been used to support research projects by post-graduate students engaged in the development of new exploration methods, ideas, and concepts. Examples of such studies include the use of mercury traces as an indicator of metal sulphides orebodies, studies of the characteristics of copper ore disseminated in the granites.

An amount of $15,000 has been used to develop new geophysical instruments in SOQUEM's own laboratory. A similar amount was given to specialized agencies to pursue a study on operational research applied to mining exploration, and also to develop a method to plot geochemical data by computers.

An example of improved exploration methods is the development of a low-cost

SOQUEM

technique for sampling that part of overburden resting directly on the bedrock. Chemical analyses of the sample make it often possible to determine the nature and the importance of the underlying mineralization. This is very useful for instance in the assessment of electromagnetic conductors prior to drilling. Several organizations have in the past tried to reach this objective. SOQUEM's staff has succeeded in adapting some relatively inexpensive equipment to perform this operation, and to prove the usefulness and the low cost of this technique in mineral exploration.

development of discoveries

Article 3b of the Company's charter says that SOQUEM must, among other things, "participate in the development of discoveries, including those made by others, with power to purchase and to sell properties at various stages of development, and to associate itself with others for such purposes". A discovery could be defined as the finding of mineral substances of a commercial grade. Developing a discovery is to determine the quality and quantity of these substances in order to establish their economic mining possibility. An orebody (article 3c) is a mass of mineral substances of sufficient quality and quantity to make its exploitation a commercial proposition.

Louvicourt Township

Following the signature of an agreement with Nemrod Mining Company Ltd., Naganta Mining and Development Company Ltd., and Timrod Mining Company Ltd., to explore mining claims located 13 miles east of Val d'Or, SOQUEM discovered two copper deposits as well as two zones containing mineralized bodies that could be considered as a possible source of zinc, silver, and gold ore.

The main copper deposit is estimated to contain 467,700 tons of ore, grading 3.23% Cu before dilution, and occurring within 500 feet from bedrock surface. According to estimates, the second deposit contains 91,500 tons at 1.98% Cu before dilution. Exploration of this orebody at depth from the proposed bottom working level of the number 1 deposit is warranted. The net smelter return of the number 1 deposit is estimated at approximately $11,000,000.

The extension of the main deposit downward has proven to be difficult and costly to determine by surface drilling. The general geological conditions however appear highly favorable. A drill hole located near the assumed downward extension of the deposit 700 vertical feet from the surface cut across a section 21.4 feet long grading 4.13% Cu. Near the minus 1,000' level, another hole cut across a well chloritized rock containing the following core lengths:

3.2 feet at 4.5 % Cu;
10.8 feet at 0.70% Cu;
13.2 feet at 1.27% Cu;
9.0 feet at 0.66% Cu.

Moreover, a pilot hole put down recently at the location of an exploration shaft has encountered some copper values around the 1,000-foot horizon.

In accordance with the terms of its charter and of the agreement with the Nemrod Group, SOQUEM will participate in the bringing into production of this orebody in return for an interest of 46.4% in the exploitation company to be formed.

Negotiations have been taking place since September 1968 for the custom milling of the ore in one of the operating mills of the Val d'Or and Noranda areas. It appears difficult though to enter into an agreement without compromising the long-term economics of the project. So much so that the construction of a new mill on the property is being contemplated. Such a mill would also make it possible to mine other mineralized zones which only have marginal values.

At the end of the fiscal year, and in accordance with its agreement with the Nemrod group, SOQUEM was about to un-

dertake the sinking of an **exploration** shaft down to the 1,000-foot horizon. This shaft could later be used for the mining operation which, because of the length of the sinking and preparation work, could not start before the fall of 1970. As soon as it is in a financial position to do so, the new mining company will assume all management functions.

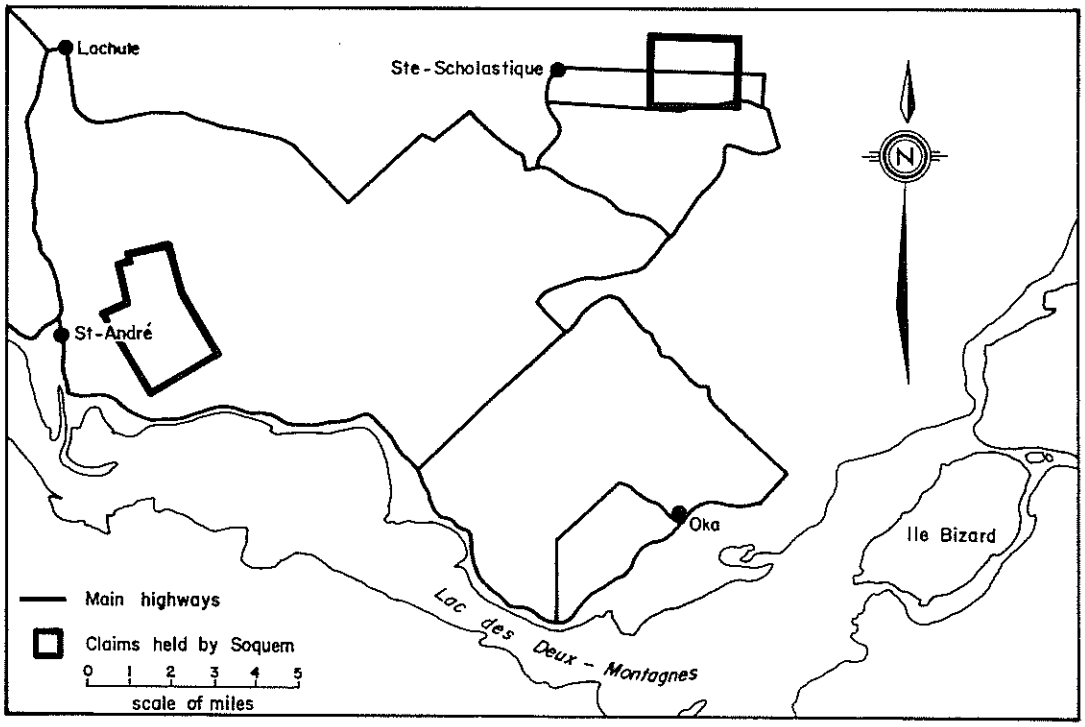
Targets

SOQUEM has also discovered mineral occurrences which are not as yet of an assured commercial level on the following properties, but which are considered very good prospecting targets.

St. André (Argenteuil County)

In this region, the Company holds exclusive mineral rights on about 4,000 acres of land. Radiometric surveys carried out during the fall of 1967 followed by 19 diamond drill holes and 70 overburden drill holes completed this year, have indicated the presence of a large carbonatite covering about 7,000 feet by 2,300 feet. Everywhere in this complex, under a few feet of overburden, rocks contain columbium pentoxide (Cb_2O_5).

The 19 diamond drill holes were put down in such a way that they cut across, at a right angle, the longest dimension (7,000 feet) of the mass, at intervals of 600 feet. Their inclination is north at about 40°.



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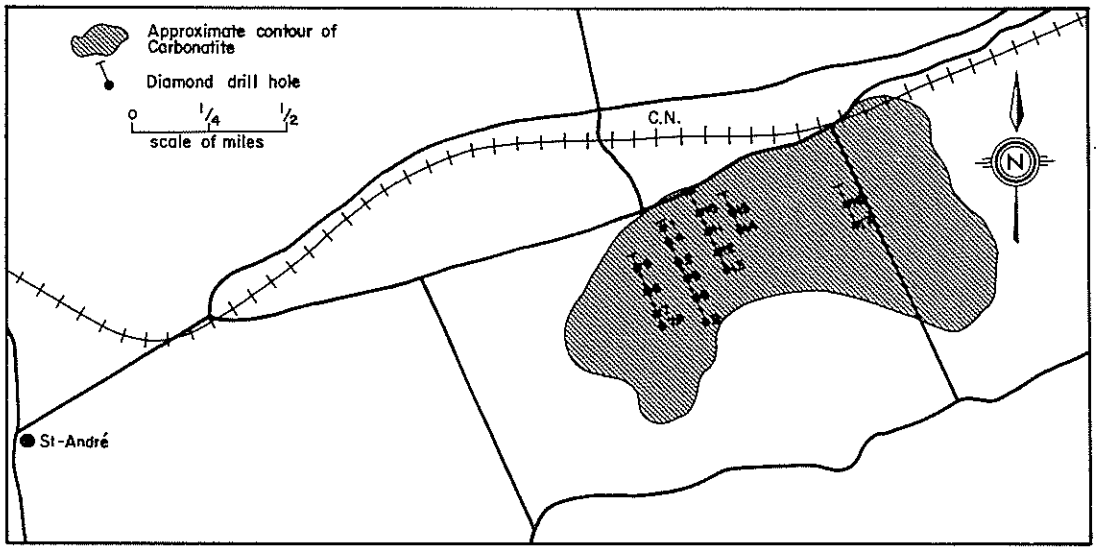
Here is a list of the best mineralized cores:

Hole No.	Footage	Core length in feet	% of recovered core	% Cb_2O_5
1	147 - 162	15	36.7	1.00
	147 - 227	80	37.4	0.49
2	47 - 202	155	59.7	0.71
4	36 - 160	124	31.8	0.54
	160 - 260	100	33.0	0.36
	36 - 260	224	32.3	0.46
5	580 - 606	26	42.3	0.52
6	46 - 80	34	90.8	0.53
7	80 - 110	30	79.3	0.44
7A	50 - 80	30	95.0	0.64
9	80 - 130	50	79.6	0.37
10	250 - 320	70	90.3	0.31
	320 - 460	140	74.3	0.48
	250 - 460	210	79.6	0.42
12	410 - 440	30	98.3	0.50
14	200 - 330	130	83.0	0.47
	330 - 400	70	79.4	0.35
	200 - 400	200	81.7	0.43
15	110 - 230	120	89.2	0.34

These mineralized sections compare in grade with the columbium ore mined at Oka, some 19 miles to the east. Nevertheless, there are many problems that have to be solved before this discovery becomes a commercial proposition.



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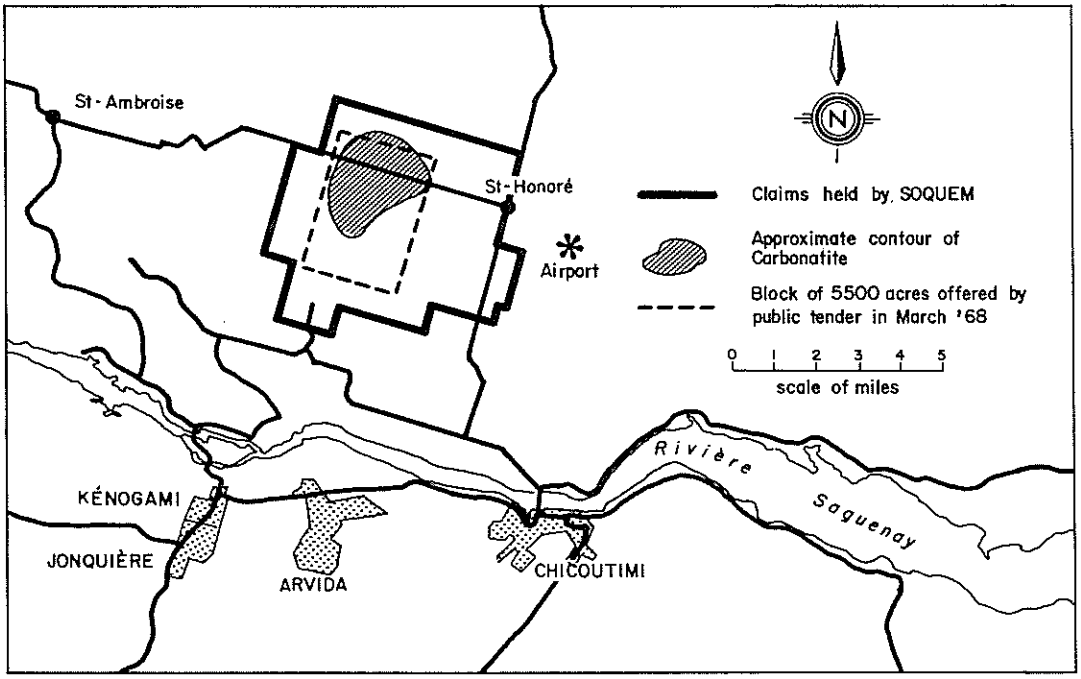


St. Honoré (Dubuc County)

An additional carbonatite body was discovered some eight miles north of Chicoutimi, in the Saguenay-Lake St. John area. It has an almost circular shape and measures a minimum of a mile and a half in diameter. It is covered with Trenton limestone and overburden of a thickness varying between 5 feet and 250 feet.

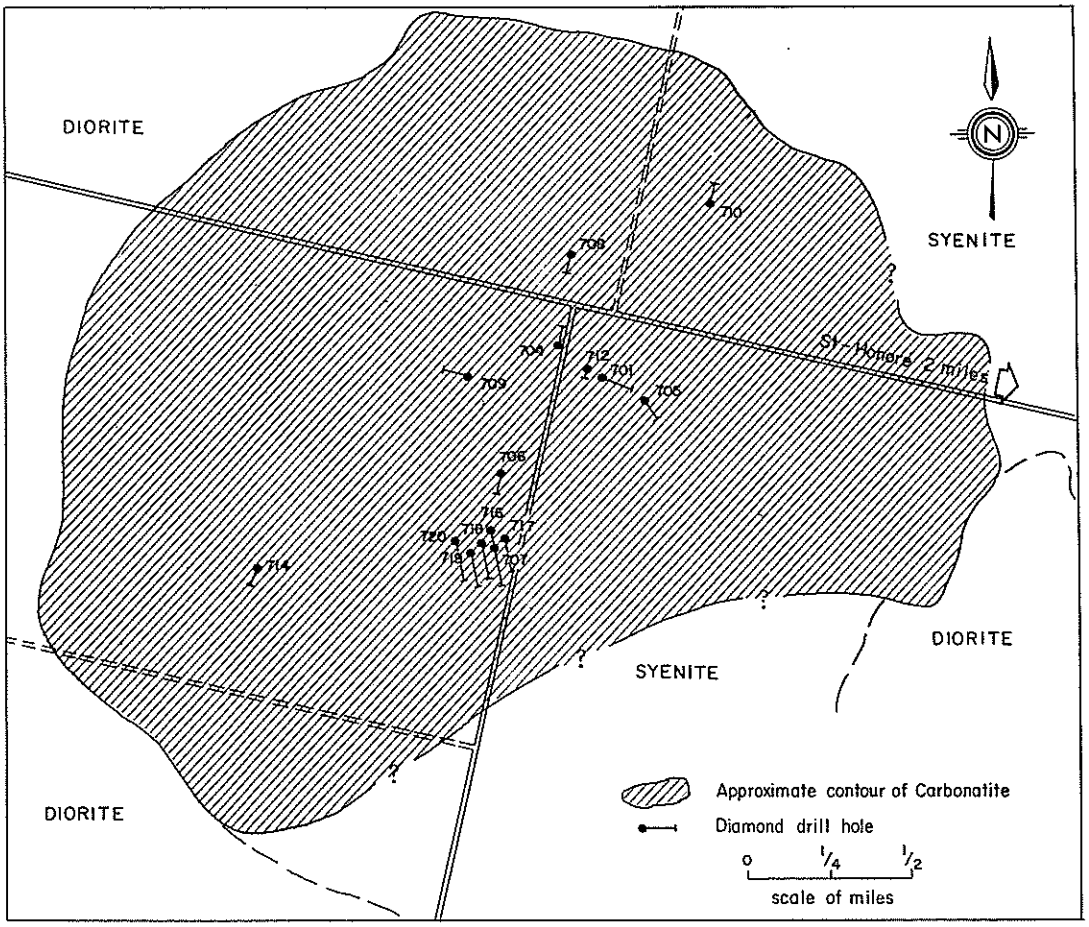
In the fall of 1967, analyses of residual soils concentrated at the surface of the carbonatite have given the following results:

Rare earths oxides:	10 to 20%
Thorium oxides:	0.34 to 1.29%
As traces:	chromium, copper, columbium, lead, vanadium, zinc.

During the last fiscal year and the period extending to the end of April 1969, 16 drill holes were put down within the complex. The most significant assay results in columbium and lanthanum received on May 15 read as follows:

Hole No.		Footage	Core length in feet	% Cb_2O_5	% La_2O_3
1		152 - 317	165	n.a.	0.25
		378 - 462	84	0.32	n.a.
4		81 - 270	189	n.a.	0.77
		270 - 290	20	n.a.	1.10
		290 - 397	107	n.a.	0.82
	ou	81 - 397	316	n.a.	0.81
5		314 - 394	80	n.a.	0.48
		414 - 430	16	0.35	n.a.
7		142 - 190	48	0.51	n.a.
		276 - 360	84	0.57	n.a.
		360 - 473	113	0.85	n.a.
		507 - 581	74	0.51	n.a.
		688 - 802	114	0.46	n.a.
	ou	142 - 802	660	0.50	n.a.
9		253 - 299	46	n.a.	0.84
		299 - 504	205	n.a.	0.41
12		12 - 104	92	n.a.	0.52
		104 - 121	17	n.a.	0.62
		121 - 150	29	n.a.	0.55
	ou	12 - 150	138	n.a.	0.54
14		416 - 438	22	0.63	n.a.
		438 - 460	22	0.32	n.a.
	ou	416 - 460	44	0.47	n.a.

n.a.: not assayed



The lanthanum figures given in this table are preliminary, but they show that some parts of the carbonatite are fairly rich in rare earths, a group of chemical elements of limited but increasing industrial consumption. More detailed assays are in progress.

The development of the St. Honoré carbonatite offers the same challenge as the one in St. André. Its geographical location in a well-organized industrial area, close to a seaport, is nevertheless advantageous when compared with the location of several other similar bodies found in different parts of the world in the last twenty years. These complexes are past, present, and potential producers of a large variety of mineral products such as barite, copper, fluorite, iron, nepheline (alumina), columbium, phosphate, rare earths, thorium, titanium, vermiculite, and zirconium.

Oak Bay area (Gaspé)

Following extensive geochemical surveys in the western part of Gaspé, detailed surface study of an altered zone revealed the presence of copper and silver-bearing minerals, south of St. Conrad de Restigouche.

SOQUEM

A first series of preliminary diamond drill holes cut across the following values in three holes:

D.D.H. No. 1: Core length of 16.8 feet at 0.73% Cu;

D.D.H. No. 7: Core length of 8.2 feet at 0.50% Cu;
Core length of 28.5 feet at 0.28% Cu;
Core length of 19.0 feet at 0.37% Cu;

D.D.H. No. 9: Core length of 50.5 feet at 0.48% Cu;
Core length of 35.0 feet at 0.23% Cu.

In addition, surface sampling indicated as much as one ounce of silver per ton.

This altered zone covering more than 1,000 feet in diameter will be surveyed in detail during the summer months. Other geochemical anomalies will also be looked into. A partner, Penarroya-Canada Limitée, has a 45% interest in this property.

Lingwick Township (Eastern Townships)

Following a regional geochemical survey, SOQUEM optioned the mining rights of a 472 acre property located in the same favorable geological environment as the Weedon and Cupra mines. Subsequent geophysical surveys followed by diamond drilling indicated the presence of two zones warranting further development.

a) A 2,000-foot long I.P. anomaly in a sericitized rhyolite, where limited trenching and drilling have indicated an important pyritic zone, and one drill hole returned 1.8% zinc over a length of 56 feet.

b) A 5-foot wide mineralized zone in andesite traced for about 50 feet by trenching where grab samples have assayed up to six ounces of silver per ton, 1.7% Cu, 1.5% Pb, and 1.1% Zn.

Lac Indicateur (Otish Mountains)

During the course of geological and radiological surveys in the Otish Mountains Basin, some 240 miles north of Lake St. John, a glacial boulder train was discovered in which several of the boulders contained encouraging uranium mineralization. Work in 1969 will be concentrated in seeking the source of the float.

Encouragement was also obtained from a uranium occurrence in sandstone outcrops east of Lac Indicateur. Although bulk samples indicate that the grade is not commercial, the deposit may eventually prove to be amenable to up-grading.

The exploration work carried out on these properties is jointly financed by Rio Tinto Canadian Exploration Limited (60%) and by SOQUEM (40%).

Bickerdike Township

Following the discovery of a surface showing by a group of prospectors of the La Tuque area, SOQUEM carried out a geophysical and diamond drilling program which outlined a small deposit of about 100,000 tons of copper-nickel ore grading 0.5% Cu, and 1.37% Ni. It seems possible to mine this deposit by open-pit method and to make some profit, providing an economical method of mineral separation is developed.

The property, which is located close to Lac Edouard, would be of much greater interest were it possible to find more tonnage in the neighborhood. It is hoped that the 1969 program in this region will accomplish this.

Magpie deposits (Awater-Lapointe) Township 1770, Duplessis County

During the year, SOQUEM undertook several laboratory research projects aimed towards the development of huge titaniferous magnetite deposits which contain over one billion tons of ore grading 44% Fe, 11% TiO_2, 1.5% Cr, and traces of vanadium.

Some experimental laboratory work has shown that magnetic concentration followed by an alkaline roasting might yield 55% Fe pellets. The proximity of important sources of electric power would facilitate the setting up of a commercial operation aimed at producing a semi-steel product (prereduced burden).

The Department of Natural Resources, Laval University and Ecole Polytechnique of Montréal are actively engaged in different phases of research on this project.

SOQUEM

proposals and options

Some 100 mining properties were offered to the Company during the year. Of these, seven were acquired by option while a few more are being negotiated or further evaluated. Several Canadian and foreign mining companies have shown a keen interest in associating themselves with SOQUEM in mineral exploration projects.

personnel

During the summer of 1968, the total number of employees reached 129. There are three main groups of employees: a seasonal staff made up of university professors and students in earth sciences, a group of temporary employees comprising prospectors and laborers, and a permanent personnel of 54. On March 31, the permanent exploration staff included 39 people, of whom 17 are geologists or engineers and 15 are technicians or prospectors.

the outlook

SOQUEM has been in operation since November 1st, 1965. During the formative years, it had the good fortune of grouping a competent and energetic staff at a time when mineral exploration scientists were in short supply. It is now a fully structured and progressive company operating smoothly.

The discovery of a copper orebody in Louvicourt Township should make it possible for SOQUEM to move one step closer to its main objective which is to become a mining holding company reinvesting profits in exploration. Judging from the encouraging results of 1968-69, we are confident that other joint projects will advance beyond the exploration stage.

The fulfillment by SOQUEM of the essential functions envisaged for its ten-year mandate is well under way. The next few years will be spent to consolidate the advance so far achieved and to assure the continued evolution in line with the expectations.

Signed on behalf of the Board of Directors,

Côme Carbonneau
President

May 30, 1969

SOQUEM

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Côme Carbonneau, Eng., Ph.D.

Georges Gauvreau, N.P.

Claude Genest, M. Com.

Jacques Lapierre, C.G.A.

Jacques Parizeau, M. Com., Ph.D.

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Edwin Gaucher, Eng., Ph.D.
Marcel St-Amant, M.Sc.

mining engineering
Michel Desrochers, Eng., M.B.A.

ore dressing
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SOQUEM

BALANCE SHEET AS AT MARCH 31, 1969

ASSETS

		1969	1968
Current assets			
Cash	$ 52,624		
Accounts receivable and advances	129,331		
Guaranteed deposit certificates and accrued interest	253,355		
Prepaid expenses and deposits	2,107		
		$ 437,417	$ 592,995
Inventory of supplies		64,515	74,370
Investments (at cost)			
Shares	60		
Promissory note	75,000		
		75,060	75,060
Fixed assets (at cost)			
Lands and buildings	74,041		
Vehicles and equipment	227,239		
Furniture and fixtures	70,101		
Leasehold improvements	35,390		
	406,771		
Less: Accumulated depreciation	145,971		
		260,800	188,916
Deferred expenditures			
Cost of mining rights and exploration expenses:			
Balance as at March 31, 1968	2,739,037		
Expenses for the year 1968-69	1,761,663		
		4,500,700	2,739,036
		$5,338,492	$3,670,377

LIABILITIES

Current liabilities			
Accounts payable	160,050		
Directors' fees payable	900		
Salaries and employer's contributions payable	27,500		
Other accrued expenses	25,042		
		213,492	45,377
Capital stock			
Authorized: 1,500,000 shares of $10 par value	15,000,000		
Issued and paid: 450,000 shares	4,500,000		
Subscribed and paid: 62,500	625,000		
		5,125,000	3,625,000
		$5,338,492	$3,670,377

Signed on behalf of the Board
Georges Gauvreau
Jacques Lapierre

Auditor's Report

In accordance with Section 17 of Statutes of 1965, c. 36, I have verified the balance sheet of the Quebec Mining Exploration Company as at March 31, 1969, and the statement of the deferred expenditure and I have submitted my report to the Board of Directors. My examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as I considered necessary.

In my opinion, the accompanying balance sheet and the statement of deferred expenditure present fairly the financial position of the Company as at March 31, 1969, and the expenses incurred during the year, in accordance with generally accepted accounting principles.

GUSTAVE-E. TREMBLAY, C.A.,
Provincial Auditor.

SOQUEM

STATEMENT OF DEFERRED EXPENDITURES FOR THE PERIOD ENDED MARCH 31, 1969

Cost of mining rights		
Options	$ 42,345	
Staking	105,953	$ 148,298
Exploration expenses		
Lines	73,906	
Ore analysis	11,744	
Research	39,556	
Geology	129,897	
Geophysics	289,946	
Geochemistry	186,625	
Drilling	1,038,863	
Planes, helicopters	189,515	
Housing and supplies	259,641	
Development licenses	64,037	
Direction and supervision	156,214	
Other expenses	102,221	2,542,165
Direct project costs		2,690,463
Indirect projects costs		
Wages and salaries	653,460	
Travelling expenses, conventions and improvement expenses	35,906	
Motor vehicles expenses	33,816	
Rental, taxes and maintenance	48,612	
Telephone and telegrams	20,660	
Supplies, stationery and other office expenses	35,991	
Data-processing	11,480	
Amortization	85,587	
Employer's contributions	60,454	
External relations	33,360	
Other expenses	15,707	
Insurance	16,846	
	1,051,879	
Deduct		
Charges to projects	428,204	
Earned interest	23,507	
Other receipts	4,912	
	456,623	595,256
		3,285,719
Less : charges to participating firms		1,524,056
		$1,761,663

N.B. The above statement of deferred expenditures for the period from April 1st, 1968 to March 31, 1969 has been prepared on a basis different from that used in previous periods. As a result it is not possible in many cases to make a comparaison item by item although the net amount of $1,761,663 is not affected. Thus, contrary to previous years, partners' share in joint projects managed by them or by Soquem has been included.

SOQUEM

COMPARATIVE STATEMENT OF DEFERRED EXPENDITURES AS AT MARCH 31, 1969

The following statement of deferred expenditures has been prepared by the Company to facilitate the comparison with previous years.

	As at March 1968	April 1968 to March 1969	As at March 1969
	$	$	$
Cost of mining rights			
Options	108,419	51,370	159,789
Claim staking	84,944	28,841	113,785
	193,363	80,211	273,574
Exploration expenditures			
Lines	129,314	45,984	175,298
Geology	244,084	42,969	287,053
Geophysics	533,028	162,127	695,155
Geochemistry	243,575	129,083	372,658
Drilling	306,151	637,162	943,313
Aircraft	137,385	112,938	250,323
Vehicles	75,417	43,955	119,372
Development licenses and renewals	18,110	47,707	65,817
Field parties supplies, camp and travel	314,640	198,988	513,628
Research fellowships	19,020	19,450	38,470
Miscellaneous research expenditures on exploration methods	67,558	33,485	101,043
	2,088,282	1,473,848	3,562,130
	2,281,645	1,554,059	3,835,704
Less: Recovery of expenditures through participation	78,683	85,250	163,933
	2,202,962	1,468,809	3,671,771
Administrative expenses			
Salaries	329,008	162,035	491,043
Directors' fees	8,700	3,900	12,600
Social security and fringe benefits	18,853	8,759	27,612
Travelling and entertaining expenses	19,276	17,453	36,729
Conventions and staff development	7,635	6,173	13,808
Regional representation expenses	3,017	338	3,355
Rent and maintenance	31,536	21,750	53,286
Insurance and taxes	4,093	3,073	7,166
Supplies and printing	35,625	13,723	49,348
Telephone and telegraph	14,702	7,366	22,068
Automobile expenses	1,238	42	1,280
Depreciation and write-offs	12,402	14,871	27,273
Legal expenses	16,558	5,800	22,358
Maps and documentation	10,648	3,141	13,789
Personnel transfer	11,880	1,519	13,399
Consultants' fees	15,961	7,014	22,975
Advertising	31,229	14,234	45,463
Data processing	—	10,862	10,862
Sundry	23,289	14,046	37,335
	595,650	316,099	911,749
Less : Interest on deposits and sundry revenue	59,576	23,244	82,820
	536,074	292,855	828,929
TOTAL	2,739,036	1,761,664	4,500,700