

SUPERINTENDENT OF BROKERS
AND
VANCOUVER STOCK EXCHANGE

001086

STATEMENT OF MATERIAL FACTS #151/87
EFFECTIVE DATE: 11TH DECEMBER 1987

GRAND FORKS MINES LTD.

8665 Barnard Street, Vancouver, B.C., V6P 5G6 Telephone: (604) 261-5214
NAME OF ISSUER, ADDRESS OF HEAD OFFICE AND TELEPHONE NUMBER

#100, 200 Granville Street, Vancouver, B.C., V6C 1S4
ADDRESS OF REGISTERED AND RECORDS OFFICES OF ISSUER

GUARDIAN ESTATES & AGENCIES LTD.

#404, 470 Granville Street, Vancouver, B.C., V6C 1V8

NAME AND ADDRESS OF REGISTRAR & TRANSFER AGENT FOR ISSUER'S SECURITIES IN
BRITISH COLUMBIA

The securities offered hereunder are speculative in nature. Information concerning the risks involved may be obtained by reference to this document; further clarification, if required, may be sought from a broker.

OFFERING : 600,000 SHARES

	Price to Public (estimated)*	Commission	Estimated Net Pro- ceeds to be Received by the Issuer**
Per Share	\$0.55	\$0.04125	\$0.50875
Total	\$330,000.00	\$24,750.00	\$305,250.00

* To be calculated in accordance with the Rules of the Vancouver Stock Exchange.

** Less the net costs of this Offering estimated to be \$25,000.00

AGENTS

MCDERMID ST. LAWRENCE LIMITED
#1000, 601 West Hastings Street
Vancouver, B.C.
V6B 5E2

YORKTON SECURITIES INC.
#1400, Stock Exchange Tower
609 Granville Street
Vancouver, B.C.
V7Y 1G5

CONTINENTAL CARLISLE DOUGLAS

10th Floor, 1055 Dunsmuir Street
Vancouver, B.C.
V7X 1L4

This Offering is subject to a minimum of all 600,000 Shares being sold on the Offering Day. Reference is made to Item 1, "Plan of Distribution".

Neither the Superintendent of Brokers nor the Vancouver Stock Exchange has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence.

The Issuer is, under the rules of the Vancouver Stock Exchange, a Development Company.

280100

PLAN OF DISTRIBUTION

1.

A. THE OFFERING

By Agreement dated for reference 25th September 1987, as amended, (the "Agency Agreement"), GRAND FORKS MINES LTD. (the "Issuer") appointed the following as its agents (the "Agents") to offer to the public through the facilities of the Vancouver Stock Exchange (the "Exchange") 600,000 Shares of the Issuer at a fixed price in the amounts set opposite their respective names (the "Offering"):

<u>Agents</u>	<u>No. of Shares</u>
McDermid St. Lawrence Limited	300,000 Shares
Yorkton Securities Inc.	150,000 Shares
Continental Carlisle Douglas	150,000 Shares

The Offering will take place on the "Offering Day" which will be not more than thirty (30) business days after the date this Statement of Material Facts is accepted for filing by the Exchange and the Superintendent of Brokers (the "Effective Date").

The offering price of the Shares will be determined in accordance with the rules of the Exchange, and accepted by the Issuer and the Agents, provided that the offering price shall not be fixed at more than ten percent (10%) below the average market price determined by the Exchange. The purchasers of any Shares under the Offering will be required to pay regular commission rates as specified by the by-laws and rules of the Exchange.

The Agents reserve the right to offer selling group participation in the normal course of the brokerage business to selling groups of other licenced dealers, brokers and investment dealers who may or may not be offered part of the commissions derived from the Offering.

The obligations of the Agents under the Agency Agreement may be terminated at their discretion on the basis of their assessment of the state of the financial markets and may also be terminated upon the occurrence of certain stated events before the opening of the market on the Offering Day; however, if any of the Shares are sold, the Agents are obligated to act as agents pursuant to the Agency Agreement.

The Issuer has agreed to notify the Agents of any further public equity financing that it may require or propose to obtain during the twelve month period following the Effective Date and the Agents shall have the right of first refusal to provide such financing.

The Directors, Officers and other Insiders of the Issuer may purchase Shares from this Offering.

There are no payments in cash, securities or other consideration being made, or to be made, to a promoter, finder or other person or company in connection with the Offering. The directors, officers and other insiders of the Issuer may purchase Shares from the Offering.

B. MINIMUM SUBSCRIPTION

This Offering is subject to a minimum of all 600,000 Shares being sold on the Offering Day. If the 600,000 Shares are not sold on the Offering Day, all funds will be returned to the subscribers without deduction.

C. MARKET MAKERS

The Agents may be considered the "market makers" of the Shares of the Issuer during the period of distribution of the Offering and for 30 trading days thereafter. Subject to the by-laws and rules of the Exchange, the Agents may make purchases and sales of shares of the Issuer on a continuous basis for the purpose of maintaining an orderly market for such shares of the Issuer and assisting in the distribution of the Shares. The Agents own no shares of the Issuer and have no shares under their control.

D. CONSIDERATION TO AGENTS

The Issuer will pay the Agents a commission of 7 1/2% on the selling price of the Shares sold pursuant to the Offering.

2. HOW THE NET PROCEEDS OF THE ISSUER ARE TO BE SPENT

Although it is not possible to determine the actual net proceeds from the Offering, in the event all of the 600,000 shares are sold at an estimated price of \$0.55 per share, the proceeds would be \$330,000, less commissions of \$24,750, to net the Issuer \$305,250, which, when added to the Issuer's working capital of approximately \$29,000 as at 31st August 1987, would aggregate \$334,250 total available funds.

The principal purposes for which the estimated net proceeds of \$334,250 are to be allocated are as follows:

(a)	To pay the costs of this Offering.....	\$ 25,000.00
(b)	To pay for the subscription of 1,015 Preferred Shares of Putco Holdings II Ltd. (see Item 9, "Particulars of Any Other Material Facts", herein).....	\$ 84,000.00
(c)	To provide a reserve for the subscription for an additional 813 Preferred Shares of Putco Holdings II Ltd (see Item 9, "Particulars of Any Other Material Facts", herein)..	\$ 81,300.00
(d)	To provide a reserve for general corporate purposes and working capital.....	<u>\$143,950.00</u>
	TOTAL:	<u><u>\$334,250.00</u></u>

3. MATERIAL NATURAL RESOURCE PROPERTIES

Summary of Material Mining Properties

- Group I Properties for which regulatory approval has been obtained under this Statement of Material Facts.
- Group II Presently held properties which are currently producing or being explored, or upon which exploration is planned within the next year.
- Group III Other presently held properties upon which the Issuer's acquisition and exploration costs to date exceed \$100,000.00.

<u>Property Name</u>	<u>Issuer's Acquisition and Exploration Costs to Date (in \$)</u>	<u>Shares Issued to Date</u>	<u>Planned Expenditure from Funds Available upon Completion of the Offering</u>
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GROUP 1

----- N/A -----

GROUP II

Golden Crown Property, B.C.	\$383,650	72,000	Nil
Hek and Hel Claims, B.C.	\$118,521	Nil	Nil

GROUP III

----- N/A -----

GROUP II

Presently held properties which are currently producing or being explored, or upon which exploration is planned within the next year

A. Golden Crown Claims, Greenwood Mining Division, British Columbia

By an agreement dated 28th December 1983 with Consolidated Boundary Explorations Limited (NPL) ("C.B.E."), the Issuer was granted an option to acquire an undivided 50% in 10 contiguous mineral claims, in the Greenwood Mining Division, Province of British Columbia, more particularly described as follows:

<u>Name</u>	<u>Lot No.</u>	<u>Record No.</u>	<u>Expiry Date</u>
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Crown Granted Claims

Golden Crown	600	N/A	N/A
Winnipeg	599	N/A	N/A

Reverted Crown Grants

Hecla	859	1772	December 12, 1992
War Cloud Fr.	1316	1773	December 12, 1994
Hard Cash	1062	1774	December 12, 1994
Nabor Fr.	1063	1774	December 12, 1994
Joe Joe	7595	1775	December 12, 1994
Sissy	1068	1776	December 12, 1994
Calumet	1314	1777	December 12, 1994

Recorded Two Post Claims

Win Fr.	1784	September 24, 1994
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(the "Golden Crown Claims")

In order to exercise its option to acquire the undivided 50% interest, the Issuer must spend \$307,123 on exploration and development of the Golden Crown Claims by 31st December 1987, of which a minimum of \$108,000 must be spent in each of 1985 and 1986. The requirement of spending \$108,000 in 1985 was waived by C.B.E. by an agreement dated 8th November 1985. To date, the Issuer has spent \$363,650 in respect of the Golden Crown Claims, of which \$257,304 has been spent directly in the exploration and development of the Golden Crown Claims pursuant to the said Agreement. Therefore, the Issuer must spend approximately \$50,000 to earn its 50% interest in the Agreement.

History and Previous Exploration

Underground development and production operations along the Winnipeg and Golden Crown Claims veins from 1901 to 1902, thence from 1910 to 1912 consisted of approximately 8,000 feet of shaft sinking, drifting and stoping. A total of 61,514 tons of ore yielding 12,914 ounces of gold, 38,800 ounces of silver and 274,507 pounds of copper was mined from the two veins. The mine has essentially been dormant from 1913 to 1964.

In 1965 through 1982, several companies conducted intermittent exploration activities on the Golden Crown Claims. From 1983 to date, the Issuer conducted continuous explorations consisting of geophysical and geochemical prospecting, trenching and diamond drilling.

A total of 7,611 m (24,970 feet) consisting of 131 BQ diamond drill holes were drilled on the Golden Crown Claims by the various operations from 1965 to the present.

The most significant exploration program yielding significant results was achieved from 1983 to the present. During this period, seven other mineralized zones, in addition to the Winnipeg and Golden Crown Claims veins, were discovered by diamond drilling. The report of Hun Kim, P.Geol., F.G.A.C., dated 15th April 1987, as amended 24th July 1987 (the "Kim Report"), estimates that the Golden Crown Claims contain drill indicted reserves of 65,962 tons averaging 0.44 ounces/ton gold, 0.513 ounces/ton silver and 0.66% copper along the nine known mineralized zones.

Out of the nine zones, the most important is the "Centre Vein". It is lenticular or podiform massive sulphide vein deposit consisting of pyrrhotite, chalcopyrite and minor pyrite. In 1986, L. Sookochoff, P.Eng., estimated a total of 40,000 tons averaging 0.30 ounces/ton drill indicated reserves, along the "Centre Vein" and the "McArthur Vein" including several high grade sections of 0.88 to 1.06 ounces/ton gold. While only limited diamond drilling has been conducted along the eight other vein systems, nevertheless, most of the drill holes intersecting them show that there are numerous sections of commercial interest.

Recommended Program

The Kim Report goes on to recommend that a 750 metre standard 6 X 7 drift be driven on the Golden Crown Claims to reach the centre of the drill indicated reserve blocks of the "Centre Vein" and the "McArthur Vein". This drift will allow for shorter diamond drill holes in testing the diamond extensions of the various veins.

The recommended drift will be driven along in proximity to the vein of high commercial interest, and therefore, some production will be realized. In this regard, the development muck could pay for the exploration operation. Also, the reserves of proven category will be established by the subsequent production ventilation raise for a step to on-going production operation.

The Kim Report estimates the costs of the drift to be \$1.3 million, which, less the said \$50,000 remaining to be spent by the Issuer on the Golden Crown Property in order to earn its 50% interest, leaves \$1.25 million to be funded by the Issuer and C.B.E. jointly, or \$625,000 each. Therefore, the Issuer's share of the said program is \$675,000 in the aggregate, which the Issuer intends to raise from two flow-through private placements (see Item 9, "Particulars of any Other Material Facts" below).

C.B.E. is the operator of the said program, which commenced on 14th August 1987 and is expected to be completed by the end of February, 1988.

B. Hek and Hel Claims, Greenwood Mining Division, British Columbia

The Issuer is the holder of an undivided 50% interest in two mineral claims comprised of 13 units in the Greenwood Mining Divi-

sion, Province of British Columbia, more particularly described as follows:

<u>Name</u>	<u>Record No. (Units)</u>	<u>Expiry Date</u>
Hek	159 (11)	17th November 1990
Hel	211 (2)	5th February 1990

(the "Hek and Hel Claims")

The remaining 50% interest in the Hek and Hel Claims is held by C.B.E.

Option to Noranda

Pursuant to an agreement dated 1st May 1987, the Issuer and C.B.E. granted to Noranda Exploration Company, Limited (N.P.L.) (no personal liability) ("Noranda") an option to earn a 50% interest in the Hek and Hel Property (the "Noranda Agreement"). In order for Noranda to earn its interest it must make the following payments, split equally between the Issuer and C.B.E.:

- (a) the payment of \$12,500 upon execution of the Noranda Agreement, which sum has been received;
- (b) the payment of \$15,000 on or before 15th May 1988;
- (c) the payment of \$25,000 on or before 15th May 1989;
- (d) the payment of \$35,000 on or before 15th May 1990; and
- (e) a final payment of \$62,500 on or before 15th May 1991.

Noranda further agreed that in order to maintain its option in good standing it must spend in exploration and development of the Hek and Hel Property the following amounts:

- (a) incur at least \$125,000 in expenditures on the Hek and Hel Property on or before 15th May 1988;
- (b) incur at least \$150,000 in additional expenditures on the Hek and Hel Property on or before 15th May 1989;
- (c) incur at least \$250,000 in additional expenditures on the Hek and Hel Property on or before 15th May 1990;
- (d) incur at least \$350,000 in additional expenditures on the Hek and Hel Property on or before 15th May 1991; and
- (e) incur an aggregate of \$1,500,000 in expenditures on the Hek and Hel Property on or before 15th May 1992.

Upon Noranda earning its 50% interest, the parties shall form a joint venture with Noranda as Operator.

History and Previous Exploration

Exploration of gold occurrences covered by the claim group dates back to 1901. In the 1930's the property was referred to as the Simpson mine with open cuts, shafts and drifts completed exploring pyrrhotite-pyrite-chalcopyrite zones.

In 1939, Hecla Mining shipped 364 tons which averaged 0.71 ounces of Au/ton and 0.25 ounces Ag/ton. A drill hole drilled by Fento Mines reportedly intersected "18 feet" of 0.30 ounces Au/ton, 3.75 ounces Ag/ton and 0.5% Cu. Drilling by C.B.E. up to 1976 disclosed significant gold values in six of the eleven drill holes. The values ranged from 0.083 ounces Au/ton over "nine feet" to 0.28 ounces Au/ton over "34 feet".

Beginning in 1983, the Issuer has explored the property. In 1984, two diamond drill holes were put down, the results of which returned a maximum of 0.38 ounces Au/ton.

In 1986, nine drill holes were completed on the Glover zone - a westerly extension of the Main zone and the location of the 18 foot intersection by Fento Mines.

In his report dated 26th January 1987, Laurence Sookochoff, P.Eng., reported that the 1986 program located a massive sulphide zone assaying up to .259 ounces Au/ton across an interval of 6.2 meters at Glover Creek. This zone designated as the Glover zone trends northwesterly, is open to depth and to the northwest and appears to terminate to the southeast. The zone is indicated to widen with lower gold values at a depth of 33 meters and appears to plunge to the northwest. The bounding intersections delineate a 33 meter by 10 meter massive sulphide zone. More significantly, a zone of volcanogenic sulphides is located north and west of the Glover Creek massive sulphide zone.

The zone appears to increase in zinc (up to 4,953 ppm) to the west with consistently anomalous gold (up to 110 ppb) values. The encouraging features of the Glover Creek area is in the potential of delineating a volcanogenic-related zone with economic copper-zinc-gold-silver values.

The said report recommended that an induced polarization survey be carried out to the west of Glover Creek to locate anomalous areas that may indicate increased metal values in a volcanogenic environment. Drilling of the anomalous zones would follow and diamond drilling if the massive sulphide zone should also continue to delineate the zone to the northwest and to depth.

Current Exploration

The Issuer is informed that Noranda has completed an induced polarization survey on the property and the survey has delineated a number of anomalies which appear to have traced the favourable faulted and offset intrusive/volcanic sedimentary contact for some 800 metres in the Property.

At this time the Issuer has no plans to make any further expenditures on the Hek and Hel Claims. Work is being done at present by Noranda under the Noranda Agreement.

To the knowledge of the Issuer, the Hek and Hel Claims are without a known body of commercial ore and any program conducted thereon would be an exploratory search for ore.

4. PARTICULARS OF NON-RESOURCE ASSETS

The Issuer is not engaged nor does it presently contemplate engaging, in whole or in part, in a business other than for the exploration and development of natural resource properties.

5. CORPORATE INFORMATION

The Issuer was incorporated under the laws of the Province of British Columbia on 25th July 1977 under the name "Exerex Resources Ltd." by registration of its Memorandum and Articles with the British Columbia Registrar of Companies. On 26th June 1979 the Issuer changed its name to "Reatta Resources Ltd.". On 28th September 1983 the Issuer changed its name to the name it presently bears and, on the same date, the Issuer consolidated its authorized capital on a five for one basis.

The authorized capital of the Issuer consists of 10,000,000 Common Shares without par value of which 2,109,599 Common Shares are issued as fully paid. All shares of the Issuer rank equally as to dividends, voting rights and participation in assets.

Since 31st August 1987, the date of the latest financial statements included in this Statement of Material Facts, no shares of the Issuer have been issued.

6. DIRECTORS, OFFICERS AND PROMOTERS AND PERSONS HOLDING MORE THAN 10% OF THE ISSUED EQUITY SHARES

<u>Name, Residence & Positions Held in the Issuer</u>	<u>No. of Equity Shares of the Issuer Beneficially Owned</u>	<u>Principal Occupation and, if not at present an elected director, occupation during past 5 years</u>
Max FUGMAN 1649 Drummond Drive Vancouver, B.C. V6T 1B7	(a) 35,000 * (b) Nil (c) 111,043 **	President of Fugman Agencies Ltd.; Director and/or Officer of 5 other reporting companies.
President, Director, Promoter and Member of Audit Committee		

William Thomas HINTON 388 Montroyal Boulevard North Vancouver, B.C. V7N 4E5	(a) 26,250 (b) Nil (c) 134,250	Vice-President Western Canada MacMillan Bat- hurst Inc. since 1983; Previously, General Manager for MacMillan Bloedel Packaging Ltd. Director of 1 other reporting company.
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Director and Member of
Audit Committee

Irwin RIBACK 4571 Pendlebury Road Richmond, B.C. V7E 1E6	(a) Nil (b) Nil (c) 6,600	General Manager of Budget Rent-A-Car of B.C. Ltd. and a Di- rector of 3 other reporting companies.
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Director and Member of
Audit Committee

Wilhelmus Gerardus KOCKEN 14642 St. Andrews Drive Surrey, B.C. V3R 5V4	(a) Nil (b) Nil (c) 6,000	President of Inlet Metal and Machining Co. Ltd. and a Di- rector of 2 other re- porting companies.
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Director

Diann Lynn SCOTT #403, 2060 Bellwood Avenue Burnaby, B.C. V5B 4V2	(a) Nil (b) Nil (c) Nil	Accountant employed by Allxplor Management Ltd. since February 1986; Accountant em- ployed by Petromin Resources Corp. from 1978 to February 1986.
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Secretary

* These shares are held by M.F. Escrow Ltd., a non-reporting British Columbia company of which Max Fugman is the sole shareholder.

** 25,000 of these shares are held by Fugman Agencies Ltd., a non-reporting British Columbia company of which Max Fugman is the sole shareholder. 27,500 of these shares are held by Fugman, Davis & Associates, a non-reporting British Columbia company of which Max Fugman has an 80% interest.

Note: (a) escrow
(b) pooled
(c) other

A list of the companies of which each of the above is also a director, officer or promoter will be available for inspection at the Issuer's office during normal business hours while the distribution of the Shares offered herein is in progress and for a period of thirty (30) days thereafter. No such company was, during

the period that the above persons were a director, officer or promoter thereof, struck off the Register of Companies by the British Columbia Registrar of Companies or similar authority, and no securities of such companies were the subject of a cease-trade or suspension order for a period of more than thirty (30) consecutive days, other than as follows:

William T. Hinton is a Director of Ark La Tex Industries Ltd., and was a Director on 13th February 1984 when a cease trading order was issued against Ark La Tex Industries Ltd. for failing to hold its annual general meeting and for failure to mail to its members its audited financial statements within the time set forth in the British Columbia Company Act. The order was rescinded on 23rd March 1984.

During the nine month period ended 31st August 1987, the Issuer paid \$18,000 to Allxplor Management Ltd. ("Allxplor") pursuant to an oral agreement whereby Allxplor provides management, administrative, clerical and office services and office space to the Issuer for a fee of \$2,000 per month. Max Fugman, the President, a Director and an employee of the Issuer, owned 50% of the issued and outstanding shares of Allxplor prior to 31st January 1987. Diann Lynn Scott, Secretary of the Issuer, is an employee of Allxplor.

During the past year, no Directors fees were paid to Directors, officers, promoters or insiders of the Issuer.

Other than as disclosed herein, to the knowledge of the Issuer there are no other persons or companies who own beneficially, directly or indirectly, more than 10% of the equity shares of the Issuer other than Global Leasing Ltd. (a company owned and controlled by Joanne C. Tymkiw) of #79, 4900 Cartier Street, Vancouver, B.C., which holds 507,305 shares of the Issuer.

7. OPTIONS TO PURCHASE SECURITIES OF THE ISSUER

The following directors' and employee stock options are currently in effect:

<u>Director Options</u>	<u>No. of Shares</u>	<u>Exercise Price & Term</u>
Max Fugman	27,100 Shares) \$0.25 per share if exercised at any time on or before 29th November 1989.
Irwin Riback	29,000 Shares) \$1.00 per share if exercised at any time on or before 14th October 1991.
Wilhelmus G. Kocken	49,380 Shares) \$1.05 per share if exercised at any time on or before 4th September 1992.

<u>Employee Options</u>	<u>No. of Shares</u>	<u>Exercise Price and Term</u>
Estella Lo	35,000 Shares) \$0.90 per share if exercised at any time on or before 16th May 1991.
D. Lynn Scott	10,000 Shares	
George Nakade	20,000 Shares	
Sharon D. Kelley	5,000 Shares) \$1.00 per share if exercised at any time on or before 14th October 1991.
Joanne Tymkiw	20,477 Shares) \$1.05 per share if exercised at any time on or before 4th September 1992.

There are no other options, share purchase warrants or rights granted to an Insider or Promoter of the Issuer by the Issuer or by a present security holder.

8. SECURITIES OF THE ISSUER HELD IN ESCROW, IN POOL OR SUBJECT TO HOLD RESTRICTIONS

60,000 shares of the Issuer are held in escrow by the Issuer's Transfer Agent, Guardian Estates & Agencies Ltd., subject to release with the consent of the Vancouver Stock Exchange. The escrow agreement provides that in the event the Issuer loses or abandons or fails to obtain title to all or part of the property for which the escrow shares were issued then the Exchange in its discretion may require that such number of shares as the Exchange may determine shall be surrendered to the Issuer for cancellation. There are no shares of the Issuer held in pool or subject to hold restrictions.

9. PARTICULARS OF ANY OTHER MATERIAL FACTS

Pursuant to a subscription agreement between the Issuer and First Exploration Fund 1987 and Company, Limited Partnership ("First Fund") dated for reference 17th June 1987 (the "Subscription Agreement"), First Fund subscribed for 253,623 shares of the Issuer on a flow-through basis at a price of \$1.38 per share for a total investment of \$350,000 (the "Subscription Amount").

The Subscription Agreement provides that:

- (a) the Issuer shall, not later than 29th February 1988, carry out the Program (as that term is defined in Item 3 herein, "Material Natural Resource Properties"); and in carrying out the Program, incur expenditures which qualify as Canadian Exploration Expenses, as defined in the Income Tax Act Canada equal to the Subscription Amount which expenses shall be renounced to First Fund;

- (b) the Issuer shall pay a fee equal to 1.2% of the Subscription Amount to CSA Management Ltd. ("CSA") in consideration for CSA monitoring the Program on behalf of First Fund;
- (c) the Issuer may request payment of the Subscription Amount in tranches of \$50,000 each upon the Issuer having incurred equivalent qualified expenditures; and
- (d) the Issuer agrees to subscribe for 1,015 Preferred Shares of Putco Holdings II Ltd. ("Putco") at \$100 each for an aggregate subscription price equal to 29% of the Subscription Amount or \$101,500 on or before the date that the Issuer makes its first request for payment from First Fund in the manner set out in the Subscription Agreement or, in any event, not later than 31st December 1987.

Pursuant to an agreement between the Issuer and Putco dated for reference 17th June 1987 (the "Putco Agreement"), the Issuer subscribed for Preferred Shares of Putco on the terms set out in paragraph (d) above.

To the extent that Putco has funds or assets available to it, Putco shall, on 1st February 1993, redeem the whole of the then outstanding Preferred Shares of Putco on payment for each share to be redeemed of an amount in cash on the equivalent amount in specie or cash and specie equal to the net asset value of Putco on the date of redemption determined in accordance with generally accepted accounting principles less the paid up capital in respect of the common shares of Putco and the expenses of redemption, divided by the total number of Preferred Shares outstanding on that day.

The said \$101,500, less a deposit of \$17,500 payable in respect of the subscription for the Putco Shares, will be paid out of the proceeds of this Offering.

The Issuer has also received a commitment from First Fund to do a further private placement on the same terms as set out in the Subscription Agreement except in respect of the 1988 taxation year, at a price to be determined, to raise gross proceeds of \$325,000. The Issuer would be required to subscribe for an additional 813 Preferred Shares of Putco in respect of the said private placement at \$100 each, for an aggregate subscription price equal to 25% of the amount subscribed for or \$81,300, and an amount equal to this sum has been reserved for such payment from the proceeds of this Offering.

There are no other material facts which have not been previously disclosed herein.

All material contracts and technical reports of the Issuer referred to herein may be inspected at the Registered Office of the Issuer at #100, 200 Granville Street, Vancouver, B.C., during normal

business hours during the distribution of the securities offered hereunto and for a period of thirty (30) days after the completion of said distribution.

No member of the firm of Worrall Scott and Page, solicitors for the Issuer, own or hold the right to acquire any shares of the Issuer.

10. STATUTORY RIGHTS OF RESCISSION

The British Columbia Securities Act provides purchasers with the right to rescind a contract for the purchase of securities where the statement of material facts and any existing amendments thereto either contain a misrepresentation or are not delivered to the purchaser before delivery of the written confirmation of sale. For further information concerning these rights, and the time limits within which they must be exercised, refer to Sections 66, 114, 118 and 124 of the Securities Act or consult a lawyer.

Samson Bélair

Chartered Accountants

AUDITORS' REPORT

The Shareholders
Grand Forks Mines Ltd.

We have examined the balance sheet of Grand Forks Mines Ltd. as at 30 November 1986 and the statements of 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 30 November 1986, 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.

Samson Bélair

Chartered Accountants
Vancouver, B.C.

26 January 1987

GRAND FORKS MINES LTD.
INDEX TO THE FINANCIAL STATEMENTS
30 NOVEMBER 1986

AUDITORS' REPORT

EXHIBIT A - BALANCE SHEET

EXHIBIT B - STATEMENT OF DEFICIT

EXHIBIT C - STATEMENT OF CHANGES IN
FINANCIAL POSITION

NOTES TO THE FINANCIAL STATEMENTS

SCHEDULE 1 - SCHEDULE OF DEFERRED
EXPLORATION COSTS

SCHEDULE 2 - SCHEDULE OF DEFERRED
ADMINISTRATION COSTS

GRAND FORKS MINES LTD.

STATEMENT OF DEFICIT

FOR THE YEAR ENDED 30 NOVEMBER 1986

	1986	1985
DEFICIT - BEGINNING OF YEAR	\$ 308,762	\$ 301,193
Write off of organization cost	1,419	-
Write off of purchase investigation costs	<u>-</u>	<u>7,569</u>
DEFICIT - END OF YEAR	\$ <u>310,181</u>	\$ <u>308,762</u>

The accompanying notes are an integral part of these financial statements.

GRAND FORKS MINES LTD.

BALANCE SHEET

30 NOVEMBER 1986

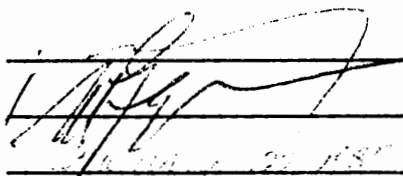
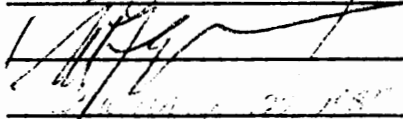
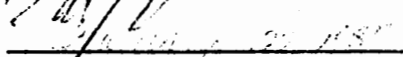
ASSETS

	1986	1985
CURRENT		
Cash and term deposits	\$ 85,670	\$ 14,709
Funds held for exploration (Note 3)	72,120	-
Accounts receivable	<u>447</u>	<u>372</u>
	<u>158,237</u>	<u>15,081</u>
INVESTMENT IN RESOURCE CLAIMS, LEASES AND OPTIONS (Note 2)	<u>25,001</u>	<u>25,001</u>
DEFERRED EXPENSES		
Exploration costs (Schedule 1)	441,699	299,132
Administration costs (Schedule 2)	<u>176,918</u>	<u>116,047</u>
	<u>618,617</u>	<u>415,179</u>
ORGANIZATION COST	<u>-</u>	<u>1,419</u>
	<u>\$ 801,855</u>	<u>\$456,680</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT		
Accounts payable	\$ 24,516	\$ 21,068
Advances payable (Note 4)	<u>49,880</u>	<u>1,663</u>
	74,396	22,731
DUE TO AFFILIATED COMPANIES (Note 5)	<u>11,790</u>	<u>22,549</u>
	86,186	45,280
SHARE CAPITAL (Note 6)	1,025,850	720,162
DEFICIT	<u>(310,181)</u>	<u>(308,762)</u>
	<u>\$ 801,855</u>	<u>\$456,680</u>

APPROVED BY THE DIRECTORS

 Director
 Director
 Date

The accompanying notes are an integral part of these financial statements.

GRAND FORKS MINES LTD.

NOTES TO THE FINANCIAL STATEMENTS

30 NOVEMBER 1986

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

(a) Investment in Resource Claims, Leases and Options:

The investments are carried at cost. The economic value of these investments is dependent upon the future commercial success of the resource properties.

(b) Deferred Expenses:

All exploration costs and administration expenditures are capitalized. Should the resource properties reach commercial production, the exploration and administration costs will be amortized over the productive life of the property. Should an interest in a property be abandoned, related deferred exploration and administration costs will be written off.

2. INVESTMENT IN RESOURCE CLAIMS, LEASES AND OPTIONS:

	1986	1985
(a) McKay mineral claim	\$ 10,000	\$ 10,000
(b) Miller #1 to #7 lease	1	1
(c) Hek and Hel, Winnipeg and Golden Crown options	<u>15,000</u>	<u>15,000</u>
	<u>\$ 25,001</u>	<u>\$ 25,001</u>

(a) McKay mineral claim, Alberni Mining Division, B.C.

This claim was acquired from a syndicate for \$2,500 in cash and \$7,500 in 150,000 shares with an assigned value of \$0.05 each.

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GRAND FORKS MINES LTD.

STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE YEAR ENDED 30 NOVEMBER 1986

	1986	1985
OPERATING ACTIVITIES		
Write off of purchase investigation costs	\$ -	\$ (7,569)
Changes in working capital excluding cash (Note 7)	<u>(20,530)</u>	<u>1,651</u>
	<u>(20,530)</u>	<u>(5,918)</u>
FINANCING ACTIVITIES		
Issue of common shares	193,568	45,500
Allotment of common shares	112,120	-
Reduction of amounts due to affiliated company	<u>(10,759)</u>	<u>(22,000)</u>
	<u>294,929</u>	<u>23,500</u>
INVESTING ACTIVITIES		
Exploration costs deferred	(142,567)	(101,895)
Administration costs deferred	<u>(60,871)</u>	<u>(24,195)</u>
	<u>(203,438)</u>	<u>(126,090)</u>
INCREASE (DECREASE) IN CASH DURING THE YEAR	70,961	(108,508)
CASH - BEGINNING OF YEAR	<u>14,709</u>	<u>123,217</u>
CASH - END OF YEAR	<u>\$ 85,670</u>	<u>\$ 14,709</u>

The accompanying notes are an integral part of these financial statements.

GRAND FORKS MINES LTD.

NOTES TO THE FINANCIAL STATEMENTS

30 NOVEMBER 1986

2. INVESTMENT IN RESOURCE CLAIMS, LEASES AND OPTIONS (cont'd):

(b) Miller #1 to #7, Brown Co., Texas

An 8.125% working interest in a 71 acre oil and gas lease was acquired in return for 10% participation in drilling and completion costs. Of the wells drilled, three are gas producers, but at a low volume. As the Company does not consider that it will recover all costs of these wells, the investment has been written off and the deferred exploration costs have been written down to a nominal value.

(c) Options on Hek and Hel mineral claims, and Winnipeg and Golden Crown group of mineral claims, Greenwood Mining Division, B.C.

These options represent the right to earn a 50% undivided interest in the above-mentioned claims. To maintain the option in good standing the Company must incur exploration and development expenditures aggregating \$307,123 before 31 December 1987 on the Winnipeg and Golden Crown, and \$284,320 before 31 December 1988 on the Hek and Hel; after which the Company will be entitled to an undivided 50% interest in either or both of the groups of claims; a joint venture will be formed with the party that currently holds title to the claim, and future costs of development will be shared equally.

If the Company terminates the agreement at any time prior to having expended the above amount of money, it will not have earned any interest in the property and any work performed or expenditures made on the property will be forfeited.

3. FUNDS HELD FOR EXPLORATION:

These funds represent the balance of monies committed for exploration and development according to a Flow-Through Share Agreement.

GRAND FORKS MINES LTD.

NOTES TO THE FINANCIAL STATEMENTS

30 NOVEMBER 1986

4. ADVANCES PAYABLE:

These advances relate to a Flow Through Share Agreement and represent the balance of monies committed by the investors to incur exploration and development expenditures solely.

	1986	1985
(a) Agreement of 30 September 1983:		
For 8,315 common shares at \$0.20 per share	\$ -	\$1,663
(b) Agreement of 16 May 1986:		
200,000 shares at \$0.81 per share, of which		
138,419 shares have been earned and allotted		
but not issued (Note 6)		
The balance of 61,581 shares at \$0.81 per share	<u>49,880</u>	<u>-</u>
	<u>\$49,880</u>	<u>\$1,663</u>

5. DUE TO AFFILIATED COMPANIES:

There are no specific terms of repayment to this non-interest bearing loan.

6. SHARE CAPITAL:

- (a) Authorized
10,000,000 common shares without par value

	1986		1985	
	<u>Shares</u>	<u>\$</u>	<u>Shares</u>	<u>\$</u>
Issued				
For cash	1,581,299	\$ 850,580	1,321,285	\$657,012
In satisfaction of debt	159,000	55,650	159,000	55,650
For McKay mineral claim	<u>150,000</u>	<u>7,500</u>	<u>150,000</u>	<u>7,500</u>
	1,890,299	913,730	1,630,285	720,162
Allotted and paid but not issued (Note 4)	<u>138,419</u>	<u>112,120</u>	<u>-</u>	<u>-</u>
	<u>2,028,718</u>	<u>\$1,025,850</u>	<u>1,630,285</u>	<u>\$720,162</u>

- (b) Of the total issued shares, 105,000 shares issued on the purchase of the McKay mineral claim are held in escrow.

GRAND FORKS MINES LTD.

NOTES TO THE FINANCIAL STATEMENTS

30 NOVEMBER 1986

4. ADVANCES PAYABLE:

These advances relate to a Flow Through Share Agreement and represent the balance of monies committed by the investors to incur exploration and development expenditures solely.

	1986	1985
(a) Agreement of 30 September 1983:		
For 8,315 common shares at \$0.20 per share	\$ -	\$1,663
(b) Agreement of 16 May 1986:		
200,000 shares at \$0.81 per share, of which		
138,419 shares have been earned and allotted		
but not issued (Note 6)		
The balance of 61,581 shares at \$0.81 per share	<u>49,880</u>	<u>-</u>
	<u>\$49,880</u>	<u>\$1,663</u>

5. DUE TO AFFILIATED COMPANIES:

There are no specific terms of repayment to this non-interest bearing loan.

6. SHARE CAPITAL:

- (a) Authorized
10,000,000 common shares without par value

	1986		1985	
	Shares	\$	Shares	\$
Issued				
For cash	1,581,299	\$ 850,580	1,321,285	\$657,012
In satisfaction of debt	159,000	55,650	159,000	55,650
For McKay mineral claim	<u>150,000</u>	<u>7,500</u>	<u>150,000</u>	<u>7,500</u>
	1,890,299	913,730	1,630,285	720,162
Allotted and paid but not issued (Note 4)	<u>138,419</u>	<u>112,120</u>	<u>-</u>	<u>-</u>
	<u>2,028,718</u>	<u>\$1,025,850</u>	<u>1,630,285</u>	<u>\$720,162</u>

- (b) Of the total issued shares, 105,000 shares issued on the purchase of the McKay mineral claim are held in escrow.

GRAND FORKS MINES LTD.

NOTES TO THE FINANCIAL STATEMENTS

30 NOVEMBER 1986

6. SHARE CAPITAL (cont'd):

(c) Pursuant to the Flow Through Share Agreement of 16 May 1986, 138,419 shares have been allotted to date in respect of exploration and development expenditures.

(d) Stock options:

The Company has granted stock options to directors and employees from time to time, options outstanding are as follows:

<u>Shares</u>	<u>Option Price</u>	<u>Expiry</u>
19,300	\$ 0.20	21 November 1989
27,100	0.25	29 November 1989
65,000	0.90	16 May 1991
<u>49,000</u>	1.00	13 October 1991
<u>160,400</u>		

7. CHANGES IN WORKING CAPITAL EXCLUDING CASH:

	1986	1985
Decrease (increase) in funds held for exploration	\$(72,120)	\$ -
Decrease (increase) in trade and other debtors	(75)	26,762
Decrease in prepaid expenses	-	2,500
Increase (decrease) in trade and accrued liabilities	3,448	(7,311)
Increase (decrease) in advances payable	48,217	(13,300)
Decrease in amounts due to director	-	(7,000)
	<u>\$(20,530)</u>	<u>\$ 1,651</u>



GRAND FORKS MINES LTD.

NOTES TO THE FINANCIAL STATEMENTS

30 NOVEMBER 1986

8. RELATED PARTY TRANSACTIONS:

For management services during the year, \$2,000 (1985 - \$6,000) was paid to a director and officer and \$22,000 (1985 - \$8,000) to an affiliated company.

9. REMUNERATION OF DIRECTORS:

No direct remuneration was paid or is payable to directors of the Company for the year (1985 - Nil).

10. COMPARATIVE FIGURES:

Certain of the comparative figures have been reclassified to conform with presentation used in the current year.



Chartered Accountants

COMMENTS ON UNAUDITED
INTERIM FINANCIAL INFORMATION

The Shareholders
Grand Forks Mines Ltd.

We have reviewed the accompanying unaudited interim financial information comprising the balance sheet as at 31 August 1987 and the statements of deficit and changes in financial position for the nine months then ended. Our review, which was made in accordance with standards established for such reviews, consisted primarily of enquiry, comparison and discussion.

We have not performed an audit and consequently do not express an opinion on this interim financial information. The most recent audited financial statements issued to shareholders on which we have expressed an opinion were for the year ended 30 November 1986.

Samson Bélair

Chartered Accountants
Vancouver, B.C.

9 September 1987

GRAND FORKS MINES LTD.

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31 AUGUST 1987

(Unaudited)

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FINANCIAL INFORMATION

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EXHIBIT B - STATEMENT OF DEFICIT

EXHIBIT C - STATEMENT OF CHANGES IN
FINANCIAL POSITION

NOTES TO THE FINANCIAL STATEMENTS

SCHEDULE 1 - SCHEDULE OF DEFERRED
EXPLORATION COSTS

SCHEDULE 2 - SCHEDULE OF DEFERRED
ADMINISTRATION COSTS

GRAND FORKS MINES LTD.

SCHEDULE OF DEFERRED ADMINISTRATION COSTS

FOR THE YEAR ENDED 30 NOVEMBER 1986

	1986	1985
Accounting and audit	\$ 4,502	\$ 1,857
Filing fees	4,085	4,603
Insurance	240	4,350
Legal	26,301	9,330
Management fees	24,000	(1,000)
Office expense	5,091	6,221
Transfer agent	2,107	1,304
Travel and entertainment	<u>4,142</u>	<u>3,849</u>
	70,468	30,514
Less: Interest and other income	<u>(9,597)</u>	<u>(6,319)</u>
	60,871	24,195
BALANCE - BEGINNING OF YEAR	<u>116,047</u>	<u>91,852</u>
BALANCE - END OF YEAR	<u>\$176,918</u>	<u>\$116,047</u>

GRAND FORKS MINES LTD.

SCHEDULE OF DEFERRED EXPLORATION COSTS

FOR THE YEAR ENDED 30 NOVEMBER 1986

	Hek and Hel; Winnipeg and Golden Crown	McKay	Miller	Total
		<u> </u>	<u> </u>	<u> </u>
BALANCE - BEGINNING OF YEAR	\$274,391	\$ 23,784	\$ 957	299,132
Field work	<u>141,247</u>	<u>1,320</u>	<u>-</u>	<u>142,567</u>
BALANCE - END OF YEAR	<u>\$415,638</u>	<u>\$ 25,104</u>	<u>\$ 957</u>	<u>\$441,699</u>

GRAND FORKS MINES LTD.

BALANCE SHEET

31 AUGUST 1987

(Unaudited)

	31 August 1987	30 November 1986
ASSETS		
CURRENT		
Cash and term deposits	\$ 33,997	\$ 85,670
Funds held for exploration	-	72,120
Accounts receivable	-	<u>447</u>
	<u>33,997</u>	<u>158,237</u>
INVESTMENT IN RESOURCE CLAIMS, LEASES AND OPTIONS (Note 2)	<u>30,000</u>	<u>25,001</u>
DEFERRED EXPENSES		
Exploration costs (Schedule 1)	502,345	441,699
Administration costs (Schedule 2)	<u>208,061</u>	<u>176,918</u>
	<u>710,406</u>	<u>618,617</u>
	<u>\$ 774,403</u>	<u>\$ 801,855</u>
LIABILITIES		
CURRENT		
Accounts payable	\$ 4,987	\$ 24,516
Advances payable	-	<u>49,880</u>
	4,987	74,396
DUE TO AFFILIATED COMPANIES	-	<u>11,790</u>
	<u>4,987</u>	<u>86,186</u>
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 3)	1,080,555	1,025,850
DEFICIT	<u>(311,139)</u>	<u>(310,181)</u>
	<u>769,416</u>	<u>715,669</u>
	<u>\$ 774,403</u>	<u>\$ 801,855</u>

COMMITMENT (Note 7)

APPROVED BY THE DIRECTORS

 Director

 Director

 Date

October 8, 1987

The accompanying notes are an integral part of these financial statements.

GRAND FORKS MINES LTD.

STATEMENT OF DEFICIT

FOR THE PERIOD ENDED 31 AUGUST 1987

(Unaudited)

	31 August 1987	30 November 1986
DEFICIT - BEGINNING OF PERIOD	\$310,181	\$308,762
Write off of organization cost	-	1,419
Write off of deferred exploration costs	<u>958</u>	<u>-</u>
DEFICIT - END OF PERIOD	<u>\$311,139</u>	<u>\$310,181</u>

The accompanying notes are an integral part of these financial statements.

GRAND FORKS MINES LTD.

STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE NINE MONTHS ENDED 31 AUGUST 1987

(Unaudited)

	31 August 1987	30 November 1986
OPERATING ACTIVITIES		
Write off of deferred exploration costs	\$ (958)	\$ -
Changes in working capital excluding cash (Note 4)	<u>3,159</u>	<u>(20,530)</u>
	<u>2,201</u>	<u>(20,530)</u>
FINANCING ACTIVITIES		
Issuance of common shares	54,705	193,568
Allotment of common shares	-	112,120
Reduction of amounts due to affiliated company	<u>(11,790)</u>	<u>(10,759)</u>
	<u>42,915</u>	<u>294,929</u>
INVESTING ACTIVITIES		
Exploration costs deferred	(60,646)	(142,567)
Administration costs deferred	(31,143)	(60,871)
Purchase of resource claims, leases and options	<u>(5,000)</u>	<u>-</u>
	<u>(96,789)</u>	<u>(203,438)</u>
INCREASE (DECREASE) IN CASH DURING THE PERIOD	(51,673)	70,961
CASH - BEGINNING OF PERIOD	<u>85,670</u>	<u>14,709</u>
CASH - END OF PERIOD	<u>\$ 33,997</u>	<u>\$ 85,670</u>

The accompanying notes are an integral part of these financial statements.

GRAND FORKS MINES LTD.

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 1987

(Unaudited)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

(a) Investment in Resource Claims, Leases and Options:

The investments are carried at cost. The economic value of these investments is dependent upon the future commercial success of the resource properties.

(b) Deferred Expenses:

All exploration costs and administration expenditures are capitalized. Should the resource properties reach commercial production, the exploration and administration costs will be amortized over the productive life of the property. Should an interest in a property be abandoned, related deferred exploration and administration costs will be written off.

2. INVESTMENT IN RESOURCE CLAIMS, LEASES AND OPTIONS:

	31 August 1987	30 November 1986
(a) McKay mineral claim	\$10,000	\$10,000
(b) Miller #1 to #7 lease	-	1
(c) Hek and Hel, Winnipeg and Golden Crown options	<u>20,000</u>	<u>15,000</u>
	<u>\$30,000</u>	<u>\$25,001</u>

- (a) McKay mineral claim, Alberni Mining Division, B.C.
This claim was acquired from a syndicate for \$2,500 in cash and \$7,500 in 150,000 shares with an assigned value of \$0.05 each.

GRAND FORKS MINES LTD.

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 1987

(Unaudited)

2. INVESTMENT IN RESOURCE CLAIMS, LEASES AND OPTIONS (cont'd):

- (b) Miller #1 to #7, Brown Co., Texas
The company has written off its interest in this property.
- (c) Options on Hek and Hel mineral claims, and Winnipeg and Golden Crown group of mineral claims, Greenwood Mining Division, B.C.

These options represent the right to earn a 50% undivided interest in the above-mentioned claims. To maintain the option in good standing the Company must incur exploration and development expenditures aggregating \$307,123 before 31 December 1987 on the Winnipeg and Golden Crown, and \$284,320 before 31 December 1988 on the Hek and Hel; after which the Company will be entitled to an undivided 50% interest in either or both of the groups of claims; a joint venture will be formed with the party that currently holds title to the claim, and future costs of development will be shared equally.

If the Company terminates the agreement at any time prior to having expended the above-mentioned amount of money, it will not have earned any interest in the property and any work performed or expenditures made on the property will be forfeited.

During the current period, the option agreement on the Hek and Hel claims has been amended whereby Consolidated Boundary Exploration Ltd. (CBX) has agreed to waive the requirement for the Company to expend a further \$198,000 on the Hek and Hel claims if in 1987 Grand Forks Mines Ltd. (Grand Forks) assists CBX to:

- (i) obtain a \$200,000 "flow-through" private placement; and
- (ii) obtain a public financing to raise sufficient funds to pay the costs of CBX's 50% share of a proposed \$1.3 million work program on the Winnipeg/Golden Crown property.

GRAND FORKS MINES LTD.

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 1987

(Unaudited)

2. INVESTMENT IN RESOURCE CLAIMS, LEASES AND OPTIONS (cont'd):

(c) Grand Forks and CBX have granted to Noranda Exploration Limited (Norex) an exclusive option to earn a 50% undivided interest in the Hek and Hel property for \$150,000. Payments, shared equally between Grand Forks and CBX are due as follows:

- (i) \$12,500 on execution of the agreement;
- (ii) \$15,000 on or before 15 May 1988;
- (iii) \$25,000 on or before 15 May 1989;
- (iv) \$35,000 on or before 15 May 1990; and
- (v) \$62,500 on or before 15 May 1991.

In order to maintain its option in good standing, Norex further agrees to spend an aggregate of \$1,500,000 in exploration and development on the Property. Expenditures are to be made as follows:

- (i) \$125,000 on or before 15 May 1988;
- (ii) additional \$150,000 on or before 15 May 1989;
- (iii) additional \$250,000 on or before 15 May 1990;
- (iv) additional \$350,000 on or before 15 May 1991; and
- (v) aggregate of \$1,500,000 on or before 15 May 1992.

GRAND FORKS MINES LTD.

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 1987

(Unaudited)

3. SHARE CAPITAL:

- (a) Authorized
10,000,000 common shares without par value

	31 August 1987		30 November 1986	
	Shares	\$	Shares	\$
Issued				
For cash	1,800,599	\$1,017,405	1,581,299	\$ 850,580
In satisfaction of debt	159,000	55,650	159,000	55,650
For McKay mineral claim	<u>150,000</u>	<u>7,500</u>	<u>150,000</u>	<u>7,500</u>
	2,109,599	1,080,555	1,890,299	913,730
Allotted and paid but not issued	<u>-</u>	<u>-</u>	<u>138,419</u>	<u>112,120</u>
	<u>2,109,599</u>	<u>\$1,080,555</u>	<u>2,028,718</u>	<u>\$1,025,850</u>

- (b) Of the total issued shares, 105,000 shares issued on the purchase of the McKay mineral claim are held in escrow.

- (c) Stock options:

The Company has granted stock options to directors and employees from time to time, options outstanding are as follows:

<u>Shares</u>	<u>Option Price</u>	<u>Expiry</u>
27,100	\$ 0.25	29 November 1989
65,000	0.90	16 May 1991
49,000	1.00	13 October 1991
<u>141,100</u>		

- (d) Subscriptions:

The Company has entered into a subscription agreement to issue 253,623 shares on a flow-through basis for \$350,000 (see Note 7).

GRAND FORKS MINES LTD.

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 1987

(Unaudited)

4. CHANGES IN WORKING CAPITAL EXCLUDING CASH:

	31 August 1987	30 November 1986
Decrease (increase) in funds held for exploration	\$72,120	\$(72,120)
Decrease (increase) in trade and other debtors	447	(75)
Increase (decrease) in trade and accrued liabilities	(19,528)	3,448
Increase (decrease) in advances payable	<u>(49,880)</u>	<u>48,217</u>
	<u>\$ 3,159</u>	<u>\$(20,530)</u>

5. RELATED PARTY TRANSACTIONS:

For management services during the period, \$4,000 (1986 - \$22,000) was paid to an affiliated company.

6. REMUNERATION OF DIRECTORS:

No direct remuneration was paid or is payable to directors of the Company for the period (1986 - Nil).

7. COMMITMENTS:

The Company has entered into a subscription agreement with First Exploration Fund 1987 and Company, Limited partnership (First Fund) on 17 June 1987. Pertinent terms of the agreement are as follows:

- a) First Fund has subscribed for 253,623 shares of the Company for \$350,000 on a flow-through basis.
- b) The Company must, not later than 29 February 1988, carry out certain exploration programs and incur expenditures equal to the subscription amount which qualify as Canadian exploration expenses and renounce the expenditures to First Fund.
- c) The Company may request payment of the subscription upon the Company having incurred equivalent qualified expenditures.
- d) The Company has agreed to subscribe for 1,015 redeemable preferred shares of Putco Holdings II Ltd. (Putco) at \$100 per share before the earlier of request for subscription payment referred to in (c) or 31 December 1987.

GRAND FORKS MINES LTD.

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 1987

(Unaudited)

7. COMMITMENTS (Cont'd.):

The Company has also received a commitment from First Fund to subscribe this year for additional shares amounting to \$325,000, at a price to be determined on the same terms as set out in (b) and (c) above. For this additional subscription, the Company is required to subscribe for an additional 943 redeemable preferred shares of Putco for \$94,300 on the same terms as set out in (d) above.

GRAND FORKS MINES LTD.

SCHEDULE OF DEFERRED EXPLORATION COSTS
 FOR THE NINE MONTHS ENDED 31 AUGUST 1987
 (Unaudited - Prepared by Management)

	Hek and Hel; Winnipeg and Golden Crown	<u>McKay</u>	<u>Miller</u>	<u>Total</u>
BALANCE - BEGINNING OF PERIOD	\$415,638	\$ 25,104	\$ 957	\$441,699
Field work	66,533	1,320	(957)	66,896
Proceeds from option (Note 2(c))	<u>(6,250)</u>	<u>-</u>	<u>-</u>	<u>(6,250)</u>
BALANCE - END OF PERIOD	<u>\$475,921</u>	<u>\$ 26,424</u>	<u>\$ -</u>	<u>\$502,345</u>

GRAND FORKS MINES LTD.

SCHEDULE OF DEFERRED ADMINISTRATION COSTS

FOR THE NINE MONTHS ENDED 31 AUGUST 1987

(Unaudited - Prepared by Management)

	31 August 1987	30 November 1986
Accounting and audit	\$ 779	\$ 4,502
Filing fees	1,740	4,085
Financing costs	3,500	-
Insurance	96	240
Legal	3,438	26,301
Management fees	18,000	24,000
Office expense	1,722	5,091
Public relations	3,700	-
Transfer agent	1,287	2,107
Travel and entertainment	<u>234</u>	<u>4,142</u>
	34,496	70,468
Less: Interest and other income	<u>(3,353)</u>	<u>(9,597)</u>
	31,143	60,871
BALANCE - BEGINNING OF PERIOD	<u>176,918</u>	<u>116,047</u>
BALANCE - END OF PERIOD	<u>\$208,061</u>	<u>\$176,918</u>

CERTIFICATE OF THE AGENT

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Statement of Material Facts as required by the Securities Act and its Regulations.

27th November 1987
(Date)

MCDERMID ST. LAWRENCE LIMITED

YORKTON SECURITIES INC.

Per: 
Authorized Signatory

Per: 
Authorized Signatory

CONTINENTAL CARLISLE DOUGLAS

Per: 
Authorized Signatory

SUPERINTENDENT OF BROKERS
AND
VANCOUVER STOCK EXCHANGE

STATEMENT OF MATERIAL FACTS #151/87
EFFECTIVE DATE: 11TH DECEMBER 1987

GRAND FORKS MINES LTD.

8665 Barnard Street, Vancouver, B.C., V6P 5G6 Telephone: (604) 261-5214

NAME OF ISSUER, ADDRESS OF HEAD OFFICE AND TELEPHONE NUMBER

#100, 200 Granville Street, Vancouver, B.C., V6C 1S4

ADDRESS OF REGISTERED AND RECORDS OFFICES OF ISSUER

GUARDIAN ESTATES & AGENCIES LTD.

#404, 470 Granville Street, Vancouver, B.C., V6C 1V8

NAME AND ADDRESS OF REGISTRAR & TRANSFER AGENT FOR ISSUER'S SECURITIES IN
BRITISH COLUMBIA

The securities offered hereunder are speculative in nature. Information concerning the risks involved may be obtained by reference to this document; further clarification, if required, may be sought from a broker.

O F F E R I N G : 600,000 SHARES

	Price to Public (estimated)*	Commission	Estimated Net Pro- ceeds to be Received by the Issuer**
Per Share	\$0.55	\$0.04125	\$0.50875
Total	\$330,000.00	\$24,750.00	\$305,250.00

* To be calculated in accordance with the Rules of the Vancouver Stock Exchange.

** Less the net costs of this Offering estimated to be \$25,000.00

A G E N T S

McDERMID ST. LAWRENCE LIMITED
#1000, 601 West Hastings Street
Vancouver, B.C.
V6B 5E2

YORKTON SECURITIES INC.
#1400, Stock Exchange Tower
609 Granville Street
Vancouver, B.C.
V7Y 1G5

CONTINENTAL CARLISLE DOUGLAS
10th Floor, 1055 Dunsmuir Street
Vancouver, B.C.
V7X 1L4

This Offering is subject to a minimum of all 600,000 Shares being sold on the Offering Day. Reference is made to Item 1, "Plan of Distribution".

Neither the Superintendent of Brokers nor the Vancouver Stock Exchange has in any way passed upon the merits of the securities offered hereunder and any representation to the c

G.A

The Issuer is, under
Company.

ge, a Development

PROPERTY FILE

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E2ESE179

B. MINIMUM SUBSCRIPTION

This Offering is subject to a minimum of all 600,000 Shares being sold on the Offering Day. If the 600,000 Shares are not sold on the Offering Day, all funds will be returned to the subscribers without deduction.

C. MARKET MAKERS

The Agents may be considered the "market makers" of the Shares of the Issuer during the period of distribution of the Offering and for 30 trading days thereafter. Subject to the by-laws and rules of the Exchange, the Agents may make purchases and sales of shares of the Issuer on a continuous basis for the purpose of maintaining an orderly market for such shares of the Issuer and assisting in the distribution of the Shares. The Agents own no shares of the Issuer and have no shares under their control.

D. CONSIDERATION TO AGENTS

The Issuer will pay the Agents a commission of 7 1/2% on the selling price of the Shares sold pursuant to the Offering.

2. HOW THE NET PROCEEDS OF THE ISSUER ARE TO BE SPENT

Although it is not possible to determine the actual net proceeds from the Offering, in the event all of the 600,000 shares are sold at an estimated price of \$0.55 per share, the proceeds would be \$330,000, less commissions of \$24,750, to net the Issuer \$305,250, which, when added to the Issuer's working capital of approximately \$29,000 as at 31st August 1987, would aggregate \$334,250 total available funds.

The principal purposes for which the estimated net proceeds of \$334,250 are to be allocated are as follows:

- | | |
|---|---------------------|
| (a) To pay the costs of this Offering..... | \$ 25,000.00 |
| (b) To pay for the subscription of 1,015 Preferred Shares of Putco Holdings II Ltd. (see Item 9, "Particulars of Any Other Material Facts", herein)..... | \$ 84,000.00 |
| (c) To provide a reserve for the subscription for an additional 813 Preferred Shares of Putco Holdings II Ltd (see Item 9, "Particulars of Any Other Material Facts", herein).. | \$ 81,300.00 |
| (d) To provide a reserve for general corporate purposes and working capital..... | <u>\$143,950.00</u> |
| TOTAL: | <u>\$334,250.00</u> |

<u>Name</u>	<u>Lot No.</u>	<u>Record No.</u>	<u>Expiry Date</u>
-------------	----------------	-------------------	--------------------

Crown Granted Claims

Golden Crown	600	N/A	N/A
Winnipeg	599	N/A	N/A

Reverted Crown Grants

Hecla	859	1772	December 12, 1992
War Cloud Fr.	1316	1773	December 12, 1994
Hard Cash	1062	1774	December 12, 1994
Nabor Fr.	1063	1774	December 12, 1994
Joe Joe	7595	1775	December 12, 1994
Sissy	1068	1776	December 12, 1994
Calumet	1314	1777	December 12, 1994

Recorded Two Post Claims

Win Fr.	1784	September 24, 1994
---------	------	--------------------

(the "Golden Crown Claims")

In order to exercise its option to acquire the undivided 50% interest, the Issuer must spend \$307,123 on exploration and development of the Golden Crown Claims by 31st December 1987, of which a minimum of \$108,000 must be spent in each of 1985 and 1986. The requirement of spending \$108,000 in 1985 was waived by C.B.E. by an agreement dated 8th November 1985. To date, the Issuer has spent \$363,650 in respect of the Golden Crown Claims, of which \$257,304 has been spent directly in the exploration and development of the Golden Crown Claims pursuant to the said Agreement. Therefore, the Issuer must spend approximately \$50,000 to earn its 50% interest in the Agreement.

History and Previous Exploration

Underground development and production operations along the Winnipeg and Golden Crown Claims veins from 1901 to 1902, thence from 1910 to 1912 consisted of approximately 8,000 feet of shaft sinking, drifting and stoping. A total of 61,514 tons of ore yielding 12,914 ounces of gold, 38,800 ounces of silver and 274,507 pounds of copper was mined from the two veins. The mine has essentially been dormant from 1913 to 1964.

In 1965 through 1982, several companies conducted intermittent exploration activities on the Golden Crown Claims. From 1983 to date, the Issuer conducted continuous explorations consisting of geophysical and geochemical prospecting, trenching and diamond drilling.

A total of 7,611 m (24,970 feet) consisting of 131 BQ diamond drill holes were drilled on the Golden Crown Claims by the various operations from 1965 to the present.

At this time the Issuer has no plans to make any further expenditures on the Hek and Hel Claims. Work is being done at present by Noranda under the Noranda Agreement.

To the knowledge of the Issuer, the Hek and Hel Claims are without a known body of commercial ore and any program conducted thereon would be an exploratory search for ore.

4. PARTICULARS OF NON-RESOURCE ASSETS

The Issuer is not engaged nor does it presently contemplate engaging, in whole or in part, in a business other than for the exploration and development of natural resource properties.

5. CORPORATE INFORMATION

The Issuer was incorporated under the laws of the Province of British Columbia on 25th July 1977 under the name "Exerex Resources Ltd." by registration of its Memorandum and Articles with the British Columbia Registrar of Companies. On 26th June 1979 the Issuer changed its name to "Reatta Resources Ltd.". On 28th September 1983 the Issuer changed its name to the name it presently bears and, on the same date, the Issuer consolidated its authorized capital on a five for one basis.

The authorized capital of the Issuer consists of 10,000,000 Common Shares without par value of which 2,109,599 Common Shares are issued as fully paid. All shares of the Issuer rank equally as to dividends, voting rights and participation in assets.

Since 31st August 1987, the date of the latest financial statements included in this Statement of Material Facts, no shares of the Issuer have been issued.

6. DIRECTORS, OFFICERS AND PROMOTERS AND PERSONS HOLDING MORE THAN 10% OF THE ISSUED EQUITY SHARES

<u>Name, Residence & Positions Held in the Issuer</u>	<u>No. of Equity Shares of the Issuer Beneficially Owned</u>	<u>Principal Occupation and, if not at present an elected director, occupation during past 5 years</u>
Max FUGMAN 1649 Drummond Drive Vancouver, B.C. V6T 1B7	(a) 35,000 * (b) Nil (c) 111,043 **	President of Fugman Agencies Ltd.; Director and/or Officer of 5 other reporting companies.
President, Director, Promoter and Member of Audit Committee		

sion, Province of British Columbia, more particularly described as follows:

<u>Name</u>	<u>Record No. (Units)</u>	<u>Expiry Date</u>
Hek	159 (11)	17th November 1990
Hel	211 (2)	5th February 1990

(the "Hek and Hel Claims")

The remaining 50% interest in the Hek and Hel Claims is held by C.B.E.

Option to Noranda

Pursuant to an agreement dated 1st May 1987, the Issuer and C.B.E. granted to Noranda Exploration Company, Limited (N.P.L.) (no personal liability) ("Noranda") an option to earn a 50% interest in the Hek and Hel Property (the "Noranda Agreement"). In order for Noranda to earn its interest it must make the following payments, split equally between the Issuer and C.B.E.:

- (a) the payment of \$12,500 upon execution of the Noranda Agreement, which sum has been received;
- (b) the payment of \$15,000 on or before 15th May 1988;
- (c) the payment of \$25,000 on or before 15th May 1989;
- (d) the payment of \$35,000 on or before 15th May 1990; and
- (e) a final payment of \$62,500 on or before 15th May 1991.

Noranda further agreed that in order to maintain its option in good standing it must spend in exploration and development of the Hek and Hel Property the following amounts:

- (a) incur at least \$125,000 in expenditures on the Hek and Hel Property on or before 15th May 1988;
- (b) incur at least \$150,000 in additional expenditures on the Hek and Hel Property on or before 15th May 1989;
- (c) incur at least \$250,000 in additional expenditures on the Hek and Hel Property on or before 15th May 1990;
- (d) incur at least \$350,000 in additional expenditures on the Hek and Hel Property on or before 15th May 1991; and
- (e) incur an aggregate of \$1,500,000 in expenditures on the Hek and Hel Property on or before 15th May 1992.

Upon Noranda earning its 50% interest, the parties shall form a joint venture with Noranda as Operator.

GRAND FORKS MINES LTD.
INDEX TO THE FINANCIAL STATEMENTS
30 NOVEMBER 1986

AUDITORS' REPORT

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NOTES TO THE FINANCIAL STATEMENTS

SCHEDULE 1 - SCHEDULE OF DEFERRED
EXPLORATION COSTS

SCHEDULE 2 - SCHEDULE OF DEFERRED
ADMINISTRATION COSTS

GRAND FORKS MINES LTD.

BALANCE SHEET

30 NOVEMBER 1986

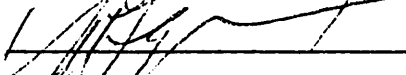

ASSETS

	1986	1985
CURRENT		
Cash and term deposits	\$ 85,670	\$ 14,709
Funds held for exploration (Note 3)	72,120	-
Accounts receivable	<u>447</u>	<u>372</u>
	<u>158,237</u>	<u>15,081</u>
INVESTMENT IN RESOURCE CLAIMS, LEASES AND OPTIONS (Note 2)	<u>25,001</u>	<u>25,001</u>
DEFERRED EXPENSES		
Exploration costs (Schedule 1)	441,699	299,132
Administration costs (Schedule 2)	<u>176,918</u>	<u>116,047</u>
	<u>618,617</u>	<u>415,179</u>
ORGANIZATION COST	<u>-</u>	<u>1,419</u>
	<u>\$ 801,855</u>	<u>\$456,680</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT		
Accounts payable	\$ 24,516	\$ 21,068
Advances payable (Note 4)	<u>49,880</u>	<u>1,663</u>
	74,396	22,731
DUE TO AFFILIATED COMPANIES (Note 5)	<u>11,790</u>	<u>22,549</u>
	86,186	45,280
SHARE CAPITAL (Note 6)	1,025,850	720,162
DEFICIT	<u>(310,181)</u>	<u>(308,762)</u>
	<u>\$ 801,855</u>	<u>\$456,680</u>

APPROVED BY THE DIRECTORS

 Director
 Director
 Date

The accompanying notes are an integral part of these financial statements.

GRAND FORKS MINES LTD.

NOTES TO THE FINANCIAL STATEMENTS

30 NOVEMBER 1986

2. INVESTMENT IN RESOURCE CLAIMS, LEASES AND OPTIONS (cont'd):

(b) Miller #1 to #7, Brown Co., Texas

An 8.125% working interest in a 71 acre oil and gas lease was acquired in return for 10% participation in drilling and completion costs. Of the wells drilled, three are gas producers, but at a low volume. As the Company does not consider that it will recover all costs of these wells, the investment has been written off and the deferred exploration costs have been written down to a nominal value.

(c) Options on Hek and Hel mineral claims, and Winnipeg and Golden Crown group of mineral claims, Greenwood Mining Division, B.C.

These options represent the right to earn a 50% undivided interest in the above-mentioned claims. To maintain the option in good standing the Company must incur exploration and development expenditures aggregating \$307,123 before 31 December 1987 on the Winnipeg and Golden Crown, and \$284,320 before 31 December 1988 on the Hek and Hel; after which the Company will be entitled to an undivided 50% interest in either or both of the groups of claims; a joint venture will be formed with the party that currently holds title to the claim, and future costs of development will be shared equally.

If the Company terminates the agreement at any time prior to having expended the above amount of money, it will not have earned any interest in the property and any work performed or expenditures made on the property will be forfeited.

3. FUNDS HELD FOR EXPLORATION:

These funds represent the balance of monies committed for exploration and development according to a Flow-Through Share Agreement.

GRAND FORKS MINES LTD.

STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE YEAR ENDED 30 NOVEMBER 1986

	1986	1985
OPERATING ACTIVITIES		
Write off of purchase investigation costs	\$ -	\$ (7,569)
Changes in working capital excluding cash (Note 7)	<u>(20,530)</u>	<u>1,651</u>
	<u>(20,530)</u>	<u>(5,918)</u>
FINANCING ACTIVITIES		
Issue of common shares	193,568	45,500
Allotment of common shares	112,120	-
Reduction of amounts due to affiliated company	<u>(10,759)</u>	<u>(22,000)</u>
	<u>294,929</u>	<u>23,500</u>
INVESTING ACTIVITIES		
Exploration costs deferred	(142,567)	(101,895)
Administration costs deferred	<u>(60,871)</u>	<u>(24,195)</u>
	<u>(203,438)</u>	<u>(126,090)</u>
INCREASE (DECREASE) IN CASH DURING THE YEAR	70,961	(108,508)
CASH - BEGINNING OF YEAR	<u>14,709</u>	<u>123,217</u>
CASH - END OF YEAR	<u>\$ 85,670</u>	<u>\$ 14,709</u>

The accompanying notes are an integral part of these financial statements.

GRAND FORKS MINES LTD.

SCHEDULE OF DEFERRED EXPLORATION COSTS

FOR THE YEAR ENDED 30 NOVEMBER 1986

	Hek and Hel; Winnipeg and Golden Crown	McKay	Miller	Total
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
BALANCE - BEGINNING OF YEAR	\$274,391	\$ 23,784	\$ 957	299,132
Field work	<u>141,247</u>	<u>1,320</u>	<u>-</u>	<u>142,567</u>
BALANCE - END OF YEAR	<u>\$415,638</u>	<u>\$ 25,104</u>	<u>\$ 957</u>	<u>\$441,699</u>

GRAND FORKS MINES LTD.

NOTES TO THE FINANCIAL STATEMENTS

30 NOVEMBER 1986

6. SHARE CAPITAL (cont'd):

(c) Pursuant to the Flow Through Share Agreement of 16 May 1986, 138,419 shares have been allotted to date in respect of exploration and development expenditures.

(d) Stock options:

The Company has granted stock options to directors and employees from time to time, options outstanding are as follows:

<u>Shares</u>	<u>Option Price</u>	<u>Expiry</u>
19,300	\$ 0.20	21 November 1989
27,100	0.25	29 November 1989
65,000	0.90	16 May 1991
<u>49,000</u>	1.00	13 October 1991
<u>160,400</u>		

7. CHANGES IN WORKING CAPITAL EXCLUDING CASH:

	1986	1985
Decrease (increase) in funds held for exploration	\$(72,120)	\$ -
Decrease (increase) in trade and other debtors	(75)	26,762
Decrease in prepaid expenses	-	2,500
Increase (decrease) in trade and accrued liabilities	3,448	(7,311)
Increase (decrease) in advances payable	48,217	(13,300)
Decrease in amounts due to director	-	(7,000)
	<u>\$(20,530)</u>	<u>\$ 1,651</u>

GRAND FORKS MINES LTD.

BALANCE SHEET

31 AUGUST 1987

(Unaudited)

	31 August 1987	30 November 1986
ASSETS		
CURRENT		
Cash and term deposits	\$ 33,997	\$ 85,670
Funds held for exploration	-	72,120
Accounts receivable	-	447
	<u>33,997</u>	<u>158,237</u>
INVESTMENT IN RESOURCE CLAIMS, LEASES AND OPTIONS (Note 2)	<u>30,000</u>	<u>25,001</u>
DEFERRED EXPENSES		
Exploration costs (Schedule 1)	502,345	441,699
Administration costs (Schedule 2)	<u>208,061</u>	<u>176,918</u>
	<u>710,406</u>	<u>618,617</u>
	<u>\$ 774,403</u>	<u>\$ 801,855</u>
LIABILITIES		
CURRENT		
Accounts payable	\$ 4,987	\$ 24,516
Advances payable	-	49,880
	4,987	74,396
DUE TO AFFILIATED COMPANIES	-	11,790
	<u>4,987</u>	<u>86,186</u>
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 3)	1,080,555	1,025,850
DEFICIT	<u>(311,139)</u>	<u>(310,181)</u>
	<u>769,416</u>	<u>715,669</u>
	<u>\$ 774,403</u>	<u>\$ 801,855</u>

COMMITMENT (Note 7)

APPROVED BY THE DIRECTORS

 Director

 Director

 Date

October 8, 1987

The accompanying notes are an integral part of these financial statements.

GRAND FORKS MINES LTD.

INDEX TO THE FINANCIAL STATEMENTS

31 AUGUST 1987

(Unaudited)

COMMENTS ON UNAUDITED INTERIM
FINANCIAL INFORMATION

EXHIBIT A - BALANCE SHEET

EXHIBIT B - STATEMENT OF DEFICIT

EXHIBIT C - STATEMENT OF CHANGES IN
FINANCIAL POSITION

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EXPLORATION COSTS

SCHEDULE 2 - SCHEDULE OF DEFERRED
ADMINISTRATION COSTS

GRAND FORKS MINES LTD.

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 1987

(Unaudited)

2. INVESTMENT IN RESOURCE CLAIMS, LEASES AND OPTIONS (cont'd):

(b) Miller #1 to #7, Brown Co., Texas

The company has written off its interest in this property.

(c) Options on Hek and Hel mineral claims, and Winnipeg and Golden Crown group of mineral claims, Greenwood Mining Division, B.C.

These options represent the right to earn a 50% undivided interest in the above-mentioned claims. To maintain the option in good standing the Company must incur exploration and development expenditures aggregating \$307,123 before 31 December 1987 on the Winnipeg and Golden Crown, and \$284,320 before 31 December 1988 on the Hek and Hel; after which the Company will be entitled to an undivided 50% interest in either or both of the groups of claims; a joint venture will be formed with the party that currently holds title to the claim, and future costs of development will be shared equally.

If the Company terminates the agreement at any time prior to having expended the above-mentioned amount of money, it will not have earned any interest in the property and any work performed or expenditures made on the property will be forfeited.

During the current period, the option agreement on the Hek and Hel claims has been amended whereby Consolidated Boundary Exploration Ltd. (CBX) has agreed to waive the requirement for the Company to expend a further \$198,000 on the Hek and Hel claims if in 1987 Grand Forks Mines Ltd. (Grand Forks) assists CBX to:

- (i) obtain a \$200,000 "flow-through" private placement; and
- (ii) obtain a public financing to raise sufficient funds to pay the costs of CBX's 50% share of a proposed \$1.3 million work program on the Winnipeg/Golden Crown property.

GRAND FORKS MINES LTD.

STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE NINE MONTHS ENDED 31 AUGUST 1987

(Unaudited)

	31 August 1987	30 November 1986
OPERATING ACTIVITIES		
Write off of deferred exploration costs	\$ (958)	\$ -
Changes in working capital excluding cash (Note 4)	<u>3,159</u>	<u>(20,530)</u>
	<u>2,201</u>	<u>(20,530)</u>
FINANCING ACTIVITIES		
Issuance of common shares	54,705	193,568
Allotment of common shares	-	112,120
Reduction of amounts due to affiliated company	<u>(11,790)</u>	<u>(10,759)</u>
	<u>42,915</u>	<u>294,929</u>
INVESTING ACTIVITIES		
Exploration costs deferred	(60,646)	(142,567)
Administration costs deferred	(31,143)	(60,871)
Purchase of resource claims, leases and options	<u>(5,000)</u>	<u>-</u>
	<u>(96,789)</u>	<u>(203,438)</u>
INCREASE (DECREASE) IN CASH DURING THE PERIOD	(51,673)	70,961
CASH - BEGINNING OF PERIOD	<u>85,670</u>	<u>14,709</u>
CASH - END OF PERIOD	<u>\$ 33,997</u>	<u>\$ 85,670</u>

The accompanying notes are an integral part of these financial statements.

GRAND FORKS MINES LTD.

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 1987

(Unaudited)

7. COMMITMENTS (Cont'd.):

The Company has also received a commitment from First Fund to subscribe this year for additional shares amounting to \$325,000, at a price to be determined on the same terms as set out in (b) and (c) above. For this additional subscription, the Company is required to subscribe for an additional 943 redeemable preferred shares of Putco for \$94,300 on the same terms as set out in (d) above.

GRAND FORKS MINES LTD.

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 1987

(Unaudited)

3. SHARE CAPITAL:

- (a) Authorized
10,000,000 common shares without par value

	31 August 1987		30 November 1986	
	Shares	\$	Shares	\$
Issued				
For cash	1,800,599	\$1,017,405	1,581,299	\$ 850,580
In satisfaction of debt	159,000	55,650	159,000	55,650
For McKay mineral claim	<u>150,000</u>	<u>7,500</u>	<u>150,000</u>	<u>7,500</u>
	2,109,599	1,080,555	1,890,299	913,730
Allotted and paid but not issued	<u>-</u>	<u>-</u>	<u>138,419</u>	<u>112,120</u>
	<u>2,109,599</u>	<u>\$1,080,555</u>	<u>2,028,718</u>	<u>\$1,025,850</u>

- (b) Of the total issued shares, 105,000 shares issued on the purchase of the McKay mineral claim are held in escrow.

- (c) Stock options:

The Company has granted stock options to directors and employees from time to time, options outstanding are as follows:

<u>Shares</u>	<u>Option Price</u>	<u>Expiry</u>
27,100	\$ 0.25	29 November 1989
65,000	0.90	16 May 1991
49,000	1.00	13 October 1991
<u>141,100</u>		

- (d) Subscriptions:

The Company has entered into a subscription agreement to issue 253,623 shares on a flow-through basis for \$350,000 (see Note 7).

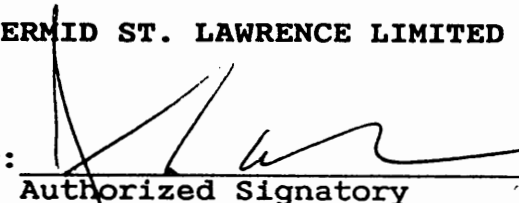
CERTIFICATE OF THE AGENT

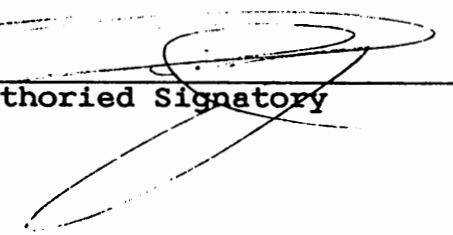
To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Statement of Material Facts as required by the Securities Act and its Regulations.

27th November 1987
(Date)

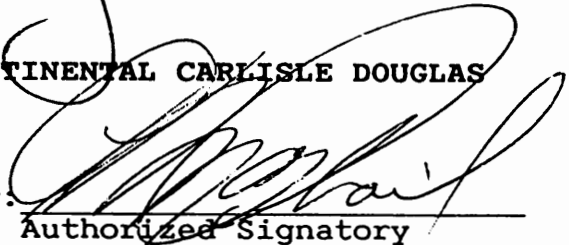
MCDERMID ST. LAWRENCE LIMITED

YORKTON SECURITIES INC.

Per: 
Authorized Signatory

Per: 
Authorized Signatory

CONTINENTAL CARLISLE DOUGLAS

Per: 
Authorized Signatory

GRAND FORKS MINES LTD.

SCHEDULE OF DEFERRED ADMINISTRATION COSTS

FOR THE NINE MONTHS ENDED 31 AUGUST 1987

(Unaudited - Prepared by Management)

	31 August 1987	30 November 1986
Accounting and audit	\$ 779	\$ 4,502
Filing fees	1,740	4,085
Financing costs	3,500	-
Insurance	96	240
Legal	3,438	26,301
Management fees	18,000	24,000
Office expense	1,722	5,091
Public relations	3,700	-
Transfer agent	1,287	2,107
Travel and entertainment	<u>234</u>	<u>4,142</u>
	34,496	70,468
Less: Interest and other income	<u>(3,353)</u>	<u>(9,597)</u>
	31,143	60,871
BALANCE - BEGINNING OF PERIOD	<u>176,918</u>	<u>116,047</u>
BALANCE - END OF PERIOD	<u>\$208,061</u>	<u>\$176,918</u>

PROPERTY FILE

Winnipeg / Golden Crown
Group
Greenwood H.L.

MINISTRY OF ENERGY, MINES
& PETROLEUM RESOURCES.
REC'D JUL 12 1989
NELSON, B.C.

VANCOUVER STOCK EXCHANGE
British Columbia, Canada

→ 82 ESE 033
82 ESE 032
82 ESE 179

Rud. June 29/89

AL

FILING STATEMENT

(# 69/89)

Section: 2

Attwood Gold Corporation (formerly Grand Forks Mines Ltd.)
Name of Company

100 - 450 West Georgia St., Vancouver, B.C. V6B 1Z3
Telephone: (604)263-2431
Head Office Address and Telephone Number of Company

Montreal Trust Company of Canada, 510 Burrard St., 2nd Floor
Vancouver, B.C. V6C 3B9
Name and Address of Company's Registrar and Transfer Agent

The Company is, under the rules of the Exchange, a "Resource Company".

The Vancouver Stock Exchange has not in any way passed upon the merits of the securities of the Company. The information contained in this Filing Statement has been supplied to the Exchange by the Company, and the Exchange has relied upon this information in accepting the Filing Statement.



ATTWOOD GOLD CORPORATION
(the "Company")

1. STATEMENT OF MATERIAL CHANGES IN THE AFFAIRS OF THE COMPANY

(A) Acquisition of Grand Forks Properties from Boundary Gold Corp. and Change of Control

Pursuant to an Agreement dated as of April 1, 1989 between Attwood Gold Corporation (the "Company") and Boundary Gold Corp. ("Boundary"), of 423 S.E. First Avenue, P.O. Box 1739, Grand Forks, B.C., the Company acquired Boundary's 50% interest in the Winnipeg/Golden Crown and Hek & Hel groups of claims, together with Boundary's 100% interest in 51 additional mineral claims (the Crown and the Ike groups of claims). All of the claims are located in the Greenwood Mining Division, Province of British Columbia. All of the claims are contiguous.

As a result of the acquisition, the Company now owns a 100% interest in the Winnipeg/Golden Crown and Hek & Hel groups of mineral claims. See "MATERIAL NATURAL RESOURCE PROPERTIES" for information about these claims.

The Crown group of claims consists of 34 unpatented claims and 5 reverted crown granted mineral claims or fractions. The Ike group of claims consists of 12 unpatented mineral claims. Prior to April 1, 1989, Noranda Exploration Company, Limited (N.P.L.) (no personal liability) ("Noranda") had an option to acquire an interest in the Crown claims from Boundary. Management of the Company has been informed by Boundary that Noranda incurred approximately \$275,000 in exploration expenditures on the claims. At this time the Company has no plans to make any expenditures on the Crown and Ike groups of claims.

To the knowledge of the Company, the Crown and Ike groups of claims are without a known body of commercial ore and any program conducted thereon would be an exploratory search for ore.

The Company acquired the said claims in consideration for the issuance of 796,695 common shares of the Company (post-consolidated), which is equal to 49% of the current issued share capital of the Company, and which resulted in a change of control of the Company.

Pursuant to a Shareholders' Agreement dated as of April 27, 1989, Boundary, Sydney Belzberg ("Belzberg"), S.A.B. Escrow Ltd., Thomas Hinton and Global Leasing Ltd., agreed to vote 1,063,837 shares of the Company owned by them, equal to 65% of the issued share capital of the Company, to elect as directors of the Company three nominees of each of Belzberg and Boundary. The Shareholders' Agreement will terminate no later than May 4, 1991.

B. Consolidation and Name Change

At the Annual General Meeting of the Company held on April 11, 1989, shareholders passed a special resolution which provided that:

- (a) the name of the Company be changed to "Attwood Gold Corporation";
- (b) the authorized share capital of the Company be altered by consolidating all of the 10,000,000 common shares without par value, of which 4,139,076 shares are issued and outstanding, into 2,000,000 common shares without par value of which 827,815.2 shares would be issued and outstanding, every 5 of such common shares without par value being consolidated into one common share without par value; and
- (c) the authorized capital of the Company be increased from 2,000,000 common shares without par value to 20,000,000 common shares without par value.

Upon the said special resolution becoming effective, the Company will have an authorized share capital of 20,000,000 common shares of which 1,624,510 (or less after the effects of rounding) of such shares will be issued and outstanding.

When the Company is advised by the Vancouver Stock Exchange (the "Exchange") that effective at the opening on a certain day (the "Effective Date") the common shares of Attwood Gold Corporation will be posted and called for trading on the Exchange and the common shares of Grand Forks Mines Ltd. will be delisted, the Company shall cause a certified copy of the said special resolution to be filed with the Registrar of Companies in British Columbia on the Effective Date and, upon its acceptance for filing on that date, the said special resolution shall become effective.

All share disclosures appearing in other items in this Filing Statement are disclosed on a consolidated basis.

The consolidation will not alter or change in any way any member's proportion of votes to total votes, however, the total votes capable of being cast by members at a members' meeting in the future will be reduced to one-fifth.

2. FINANCIAL INFORMATION

The Company's approximate working capital as at April 30, 1989 was \$27,000. The Company intends to do a financing early this summer to raise funds to increase its level of working capital and to further explore its properties.

3. MATERIAL NATURAL RESOURCE PROPERTIES

A. The Winnipeg/Golden Crown Claims

The Winnipeg/Golden Crown group of claims consists of two crown granted mineral claims, seven reverted crown granted mineral claims and one located mineral claim located in the Greenwood Mining Division, Province of British Columbia. The claims are subject to a 2 1/2% net proceeds of productions royalty granted to Munde Mines Limited (NPL) ("Mundee") pursuant to an agreement between Boundary and Mundee dated as of June 11, 1982.

Underground development and production operations along the Winnipeg and Golden Crown Claims veins from 1901 to 1902, thence from 1910 to 1912 consisted of approximately 8,000 feet of shaft sinking, drifting and stoping. A total of 61,514 tons of ore yielding 12,914 ounces of gold, 38,800 ounces of silver and 274,507 pounds of copper was mined from the two veins. The mine was essentially dormant from 1913 to 1964.

In 1965 through 1982, several companies conducted intermittent exploration activities on the claims. From 1983 to date, the Company in conjunction with Boundary conducted continuous explorations consisting of geophysical and geochemical prospecting, trenching and diamond drilling.

Commencing in August 1987, the Company in conjunction with Boundary conducted a two phase work program on the property. The program included the extension of the underground workings to connect with the old Golden Crown and Winnipeg shafts, exploration crosscuts and surface and underground diamond drilling. The total physical work completed as a result of the program was as follows:

Drifting, crosscutting, raising	3,390 ft.
Surface diamond drilling of 17 NQ holes	2,508 ft.
Underground diamond drilling of 54 BQ holes	10,849 ft.

Thirty-three of the final 42 underground drill holes resulted in establishing the continuity of the main gold bearing structures (George and King veins) to 200 feet below the Main drift. Drill hole GCU 89-5A intersected a zone of massive sulphides 100 feet below the Main drift level and returned an assay of 14.4 oz Au/ton across a true width of 15 feet. The section included a four foot interval assaying of 71.67 oz Au/ton. This lode appears to be a continuation of a zone of mineralization confirmed by current and previous drill holes within 100 feet on strike which resulted in the intersection of 5.4 feet of 4.14 oz Au/ton and 7.9 feet of 1.03 oz Au/ton.

In the drilling and exploration crosscuts, parallel and gold bearing structures were also intersected. In addition, drilling from the No. 3 crosscut near the face of the Main drift resulted in the intersection of three parallel sulphide bearing structures containing gold values. The indication is that potential gold bearing zones extend to the northeast.

R.H. Seraphim, Ph.D. P. Eng. has estimated that the claims contain drill indicated reserves of 62,670 tons averaging 0.445 oz. gold, 0.52 oz. silver and 0.70% copper per ton, including dilution of 25%.

Management is currently reviewing the results of the program in order to determine the next phase of development of the claims.

B. Hek and Hel Claims

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The Company holds a 100% interest in the Hek and Hel Claims comprising 13 units located in the Greenwood Mining Division, British Columbia.

Exploration of gold occurrences covered by the claim group dates back to 1901. In the 1930's the property was referred to as the Simpson mine with open cuts, shafts and drifts which explored pyrrhotite-pyrite-chalcopyrite zones.

In 1939, Hecla Mining shipped 364 tons which averaged 0.71 ounces of Au/ton and 0.25 ounces Ag/ton. A drill hole drilled by Fento Mines reportedly intersected "18 feet" of 0.30 ounces Au/ton, 3.75 ounces Ag/ton and 0.5% Cu. Drilling by Boundary up to 1976 disclosed significant gold values in six of the eleven drill holes. The values ranged from 0.083 ounces Au/ton over "nine feet" to 0.28 ounces Au/ton over "34 feet".

Beginning in 1983, the Company has explored the property.

Between May of 1987 and March of 1989 Noranda Exploration Company, Limited (N.P.L.) (no personal liability) ("Noranda") completed an induced polarization survey and other work on the property, including eight diamond drill holes to test IP anomalies. Drill hole HK 88-5 returned a 13.5 foot section of mineralization that averaged 0.156 oz Au/ton including a 4.2 foot interval of 0.240 oz Au/ton. Noranda has since dropped its option to acquire an interest in the property.

At this time the Company has no plans to make any further expenditures on the Hek and Hel Claims.

To the knowledge of the Company, the Hek and Hel Claims are without a known body of commercial ore and any program conducted thereon would be an exploratory search for ore.

4. PARTICULARS OF NON-RESOURCE ASSETS

None.

5. CORPORATE INFORMATION

The Company was incorporated under the laws of the Province of British Columbia with the name Exerex Resources Ltd. on July 25, 1977.

The authorized capital of the Company consists of 20,000,000 common shares without par value. There are 1,624,510 (or less, after the effects of rounding) common shares which are issued and outstanding.

Each common share entitles the holder thereof to one vote at a shareholders' meeting. All common shares rank equally.

6. DIRECTORS, OFFICERS AND PROMOTERS AND PERSONS HOLDING MORE THAN 10% OF THE ISSUED EQUITY SHARES

<u>Name, Residence & Positions Held in the Company</u>	<u>No. of Shares of Issuer Beneficially Owned Directly Or Indirectly</u>	<u>Principal Occupation and, if not at present an elected director, occupation during past five years</u>
<p>SYDNEY BELZBERG 8665 Barnard Street Vancouver, B.C. V6P 5G6</p> <p>PRESIDENT AND DIRECTOR</p>	124,952	President, Budget Rent-A-Car of B.C. Ltd.
<p>WILLIAM T. HINTON 388 Montroyal Blvd. Vancouver, B.C.</p> <p>DIRECTOR</p>	43,730	Vice-President, Western Canada MacMillan North Bathurst Inc.
<p>WILHELMUS G. KOCKEN 14642 St. Andrews Dr. Surrey, B.C.</p> <p>DIRECTOR</p>	1,600	President, Inlet Metal & Machining Co. Ltd.
<p>GEORGE NAKADE Box 511 Grand Forks, B.C.</p> <p>DIRECTOR</p>	Nil	President, Boundary Gold Corp.

LAURENCE SOOKOCHOFF Nil Consulting Geologist
4463 West 1st Avenue
Vancouver, B.C.

DIRECTOR

RICHARD PERKINS Nil Real Estate Agent
Box 73
Cristina Lake, B.C.

DIRECTOR

BOUNDARY GOLD CORP. 796,695 -
423 S.E. First Avenue
P.O. Box 1739
Grand Forks, B.C.
VOH 1H0

A list of the reporting companies of which each of the above is also a director, officer or promoter will be available for inspection at the Company's office during normal business hours for a period of thirty (30) days after the Exchange publishes its notice regarding this Filing Statement. No such company was, during the period that the above persons were a director, officer or promoter thereof, struck off the Register of Companies by the British Columbia Registrar of Companies or similar authority, and no securities of such companies were the subject of a cease-trade or suspension order for a period of more than thirty (30) consecutive days.

Other than as disclosed herein, the signatories hereto are unaware of any person who owns, directly or indirectly, more than ten (10%) percent of the issued and outstanding shares of the Company.

Save as disclosed herein, no director, officer, promoter or insider of the Company has received direct or indirect remuneration or anything of value from the Company during the past year.

7. OPTION TO PURCHASE SECURITIES OF THE ISSUERS

The following stock options are currently in effect:

<u>Name</u>	<u>No. of Shares</u>	<u>Exercise Price and Term</u>
Wilhelmus H. Kocken	9,876	\$2.40 per Share if exercised at any time up to and including Sept. 4, 1992

Sydney Belzberg	9,337	\$3.65 per Share if exercised at any time up to and including May 9, 1993
William T. Hinton	8,536	\$3.65 per Share if exercised at any time up to and including May 9, 1993
George Nakade	4,000	\$2.40 per Share if exercised at any time up to and including May 15, 1991
2 employees of the Company	2,500 (aggregate)	as to 2,000 shares, \$2.40 per Share if exercised at any time up to and including May 15, 1991 and as to 500 shares, \$3.65 per shares if exercised at any time up to and including May 9, 1993.

8. SECURITIES OF THE ISSUER HELD IN ESCROW,
IN POOL OR SUBJECT TO HOLD RESTRICTIONS

12,000 shares of the Issuer are held in escrow by the Issuer's Transfer Agent, Montreal Trust Company of Canada, subject to release of the consent of the Vancouver Stock Exchange. The escrow agreement provides that in the event the Issuer loses or abandons or fails to obtain title to all or part of the property for which the escrow shares were issued then the Exchange in its discretion may require that such number of shares as the Exchange may determine shall be surrendered to the Issuer for cancellation. There are no shares for the Issuer held in pool or subject to hold restrictions.

9. PARTICULARS OF ANY OTHER MATERIAL FACTS

There is no other material facts which have not been previously disclosed herein.

CERTIFICATE OF THE COMPANY

The foregoing, together with the financial information and other reports where required, constitutes full, true and plain disclosure of all material facts in respect of the Company's affairs.

This Certificate must be signed by two directors of the Company.

NAME SYDNEY A. BELZBERG

SIGNATURE 

NAME GEORGE NAKADE

SIGNATURE 

DATED at Vancouver, B.C. this 31st day of May, 1989.