

SUPERINTENDENT OF BROKERS
AND
VANCOUVER STOCK EXCHANGE

001088

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

The Issuer is, under
Company.

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G.A.
PROPERTY FILE

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<u>Name</u>	<u>Lot No.</u>	<u>Record No.</u>	<u>Expiry Date</u>
<u>Crown Granted Claims</u>			
Golden Crown	600	N/A	N/A
Winnipeg	599	N/A	N/A
<u>Reverted Crown Grants</u>			
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
<u>Recorded Two Post Claims</u>			
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		

- (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

GRAND FORKS MINES LTD.

BALANCE SHEET

30 NOVEMBER 1986


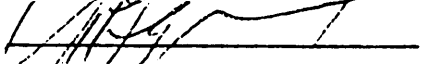

ASSETS

	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.

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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.

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.

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)

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.

CERTIFICATE OF THE AGENT

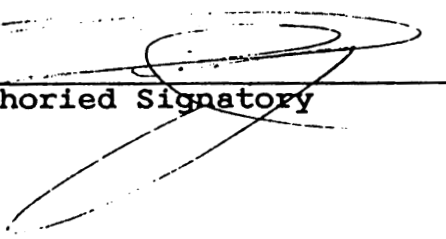
To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Statement of Material Facts as required by the Securities Act and its Regulations.

27th November 1987
(Date)

MCDERMID ST. LAWRENCE LIMITED

YORKTON SECURITIES INC.

Per: 
Authorized Signatory

Per: 
Authorized Signatory

CONTINENTAL CARLISLE DOUGLAS

Per: 
Authorized Signatory

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.

- (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;
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