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VANCOUVER STOCK EXCHANGE
BRITISH COLUMBIA, CANADA

PROPERTY FILE RM

Golden Zone (City of Vancouver) Div
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see page 9

FILING STATEMENT

(# 39/88)

MIDLAND GOLD CORPORATION (formerly Midland Energy Corporation)
NAME OF COMPANY

P.O Box 12137
808 Nelson Street
Vancouver, B.C. V6Z 2H2
Tel: (604) 684-7527

HEAD OFFICE ADDRESS AND TELEPHONE NUMBER OF COMPANY

The Canada Trust Company
1055 Dunsmuir Street
P.O. Box 49300, Four Bentall Centre
Vancouver, B.C. V7X 1P3

NAME AND ADDRESS OF COMPANY'S REGISTRAR AND TRANSFER AGENT

The common shares of the Company are listed for trading through the facilities of the Vancouver Stock Exchange. The Company is, under the rules of the Vancouver Stock Exchange, a "development company".

The Vancouver Stock Exchange has not in any way passed upon the merits of the securities or 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.

I. STATEMENT OF MATERIAL CHANGE IN THE AFFAIRS OF THE COMPANY

A. Corporate Name Change

At the Company's annual general meeting on December 11, 1987, the approval of the shareholders was obtained with respect to a change in the name of the Company from "Midland Energy Corporation" to "Midland Gold Corporation". The change of name became effective February 1, 1988 upon the Company filing the necessary corporate documentation under the Company Act (British Columbia).

B. Rayrock Yellowknife Resources Inc.

1. Background

Pursuant to a Joint Venture Agreement, dated August 1, 1984, among Westlake Resources Inc. ("Westlake"), the Company and Rea Gold Corporation, as from time to time amended, the Company and Westlake agreed to associate and participate in a joint operation with interests of 60% and 40% respectively for the purpose of exploring certain mineral rights and properties (the "Bellavista-Montezuma Properties") in the Miramar Area, Puntarenas, Costa Rica (the "Joint Venture").

2. Property Acquisition Agreement dated October 8, 1986

Pursuant to an agreement dated October 8, 1986 (the "Property Acquisition Agreement") between the Company and Rayrock Yellowknife Resources Inc. ("Rayrock"), of 65 Granby Street, Toronto, Ontario, M5B 1H8, the Company granted to Rayrock the right and option to acquire 50% of the Company's interest in the Joint Venture and an option to acquire up to 5,300,000 shares of the Company, which, if exercised, would be more than 50% of the outstanding shares of the Company. In order to earn such interest, the parties agreed:

- (a) Rayrock would spend Cdn. \$1,500,000 on the Bellavista-Montezuma Properties over a period of two years commencing January 15, 1986;
- (b) on exercise of its option, each of Westlake, the Company and Rayrock would contribute to all costs in proportion to their respective joint venture interests, but as between Rayrock and the Company, if either party elected not to contribute to any budget, the other could elect to make up the deficiency and increase its joint venture interest;

- (c) the Company granted to Rayrock the following share purchase options, which, if exercised, will enable Rayrock to acquire more than 50% of the outstanding shares of the Company:
 - (i) up to 3,000,000 shares at \$1.20 per share exercisable on or before October 8, 1988;
 - (ii) up to 2,000,000 shares at \$1.45 per share exercisable on or before October 8, 1989; and
 - (iii) up to 1,300,000 shares at \$1.70 per share exercisable on or before October 8, 1990;
- (d) Rayrock would purchase by way of private placement 530,303 shares of the Company at a price of \$0.66 per share, together with a non-transferable share purchase warrant enabling Rayrock to purchase an additional 530,303 shares at a price of \$0.76 per share for a period of 12 months after October 14, 1986.

The private placement transaction was accepted by the Vancouver Stock Exchange on November 18, 1986. Rayrock exercised the share purchase warrant on October 8, 1987. Rayrock holds 1,080,606 shares in the capital stock of the Company, representing 13.37% of the outstanding shares.

Rayrock has expended approximately Cdn. \$750,000 on the Bellavista-Montezuma Property.

The approval of the shareholders to this transaction was obtained at the Company's annual general meeting on December 10, 1986. Reference is made to item I.B.4 regarding the amendment of the Property Acquisition Agreement.

3. Costa Rican Exploration Permits

Pursuant to an agreement dated May 8, 1987, between Midland De Costa Rica S.A., the Company's wholly-owned Costa Rican subsidiary and 11 vendors, the Company acquired a 100% interest in 55 exploration permits in Costa Rica in consideration for relating to properties Cdn. \$250,000 and the issuance of 50,000 shares of the Company at a deemed price of \$1.65 per share. In addition, the Company agreed to spend U.S. \$100,000 on exploration and development of these Costa Rican properties during the first year. In order to maintain its 100% ownership of the permits, the Company will pay the lesser of \$25,000 or \$5,000 per year for each property held at the end of each of the first three years. For the fourth and succeeding years, the annual payments will be the lesser of \$50,000 or \$10,000 per property then held.

Pursuant to an agreement dated May 12, 1987 Rayrock was granted the right to acquire an undivided 50% interest in the Costa Rican properties by spending 60% of the first U.S. \$250,000 expenditures for exploration and property payments. Thereafter, either party could elect not to make any further contributions to any particular property and would retain a net proceeds interest equal to five percent of the contributing party's interest.

The Vancouver Stock Exchange accepted filing of documentation with respect to the Costa Rican properties on August 25, 1987.

4. Consolidation of Property Interests

- (a) Pursuant to a letter agreement (the "Letter Agreement"), dated October 13, 1987, executed October 19, 1987 and amended March 21, 1988 between the Company and Rayrock the parties agreed:
- (i) to consolidate the interests of Rayrock in the Bellavista-Montezuma Properties and the 55 Costa Rican properties in the Company; and
 - (ii) to transfer Rayrock's Ecuadorean and Chilian exploration organization and projects to the Company so that the Company will hold an interest in the Ivan Copper Mine, located in northern Chile, and several other exploration projects.
- (b) The terms of the Letter Agreement, as amended, are as follows:
- (i) Rayrock will reassign to the Company its right to earn one-half of the Company's 60% joint venture interest in the Bellavista-Montezuma Properties and will pay to the Company the difference between:
 - (A) the amount of Cdn. \$1,500,000 which Rayrock was required to contribute to expenditures; and
 - (B) the aggregate amount contributed by Rayrock before the execution and delivery of the formal agreement embodying the terms and conditions of the Letter Agreement (the "Effective Date").

All funds paid to the Company will be used solely for the continuation of the development of the Bellavista-Montezuma Properties.

- (ii) the Company will become the Operator of the Bellavista-Montezuma Properties;
- (iii) Rayrock will reassign to the Company its rights to a 50% joint venture interest in the 55 exploration permits in Costa Rica and the Company will reimburse Rayrock for costs incurred in the joint venture after September 30, 1987 and before the Effective Date;
- (iv) Rayrock will transfer to the Company its rights and interests in the Parcatos and Malacatos properties, Ecuador and to all other exploration information and other properties acquired, if any, in Ecuador (the "Ecuadorian Properties") before the Effective Date and the Company will reimburse Rayrock for costs incurred by Rayrock after September 30, 1987 and before the Effective Date;
- (v) Rayrock will transfer to the Company its entire 99% interest in its Chilean corporate partnership, a Chilean company, in which Discovery West Corp. holds the remaining 1%. The Chilean partnership has rights to purchase the Rio Valeriano, Santo Tomas and Clementina properties (collectively the "Chilean Properties") and the right to purchase the Ivan Copper Mine, Chile and the contiguous mineral claims as well as having an operating mineral exploration organization.

The Company will reimburse Rayrock for costs relating to its Chilean activities incurred by Rayrock after September 30, 1987 and before the Effective Date.

- (vi) Rayrock will surrender for cancellation its option to acquire shares of the Company as described in subparagraph I.B.2.(c).
- (c) In consideration, the Company has agreed to issue up to 7,881,601 shares in its capital stock as follows:

<u>Name of Project</u>	<u>No. of Shares</u>	<u>Deemed Price</u>
Bellavista-Montezuma Properties and the Costa Rican Exploration Permits	5,280,255	\$2.00 per share
Ecuadorean Properties and Chilean Properties	236,486	\$2.00 per share
Ivan Copper Mine, Chile	<u>2,364,860</u>	\$2.00 per share
Total:	<u>7,881,601</u>	

- (d) The approval of the shareholders to the Letter Agreement was obtained at the Company's annual general meeting on December 11, 1987.
- (e) Rayrock currently owns 1,080,606 shares of the Company. Upon completion of the share issuances set forth above, Rayrock will own 8,962,207 shares of the Company, representing 56% of the outstanding shares.
- (f) Upon completion of the aforesaid transactions, the Company intends to focus its business on development as a mining company with the basis of its operations in Central and South America. Rayrock is a reporting company whose shares are posted and listed for trading on The Toronto Stock Exchange.
- (g) On completion of the above transactions, a shareholder's agreement will be entered into among Larry W. Reaugh, Elizabeth J. MacLean, Rea Gold Corporation (collectively the "Principal Shareholders") and Rayrock which will provide, among other things, as follows:
 - (i) the Principal Shareholders will vote their shares of the Company for a slate comprising three persons nominated by the Principal Shareholders and four persons nominated by the management of Rayrock.
 - (ii) The officers of the Company will be:

Chairman	Larry W. Reaugh
President and Chief Executive Officer	David R. Crombie
Vice-President	David A. Hutton
Secretary	Elizabeth J. MacLean
Treasurer	J.I. Conway

Reference is made to item VI with respect to the current directors of the Company, all of whom were elected on December 11, 1987.

5. Valuation Report

- (a) A valuation of the interests of Rayrock in the Bellavista-Montezuma Properties and the Ivan Copper Deposit (the "Report"), dated October, 1987, has been prepared for the Company by Ross Glanville, B.A.Sc., M.B.A., C.G.A., P. Eng., of Glanville Management Ltd., 7415 Pandora Drive, Burnaby, B.C. V5A 3W1. A copy of the report is available for inspection at the business office of the Company and at the Vancouver Stock Exchange.

The following is taken in part from, and is based on reliance on the Report.

(i) The Bellavista-Montezuma Properties

A fair exchange ratio of Rayrock's interest in the Bellavista-Montezuma Properties for shares of the Company should be on the basis of Rayrock being issued treasury shares of the Company in the amount of 3/4 of a share for each presently issued share of the Company. Such a determination is based on the relative values of the respective interests of each of Rayrock and the Company in the Bellavista-Montezuma Properties.

The values of the interests of each of the Company and Rayrock in the Bellavista-Montezuma Properties under varying assumptions are outlined below:

	<u>Midland</u>	<u>Rayrock</u>	<u>Ratio</u> <u>Rayrock:Midland</u>
	(Millions of U.S. Dollars)		
<u>\$450 Au/\$7.50 Ag</u>			
6 year life	\$3.51	\$2.51	0.72
8 year life	5.24	3.92	0.75
10 year life	6.67	5.09	0.76
<u>\$400 Au/\$6.50 Ag</u>			
8 year life	3.26	2.20	0.67
10 year life	4.40	3.13	0.71

All of the cases assume an effective production rate of 3,000 tonnes per day with an average mineable grade of 3 grams per tonne. As a result, a six year life implies reserves of 6.57 million tonnes, while a ten year life implies reserves of 10.95 million tonnes.

The actual in situ or geological reserves for open-pit mining on the Bellavista zone were calculated by Tim Coates, P. Eng. (August 4, 1987) to be as follows:

<u>Class</u>	<u>Tonnes</u>	<u>Grade</u> (Au grams/tonne)
Proven	1,685,188	3.21
Probable	2,198,356	3.69
Possible	1,714,223	3.63

In addition, the geological reserves for open-pit mining in the Montezuma zone were calculated to be as follows:

<u>Class</u>	<u>Tonnes</u>	<u>Grade</u> (Au grams/tonne)
Probable	982,031	2.20
Possible	4,180,900	2.12

The net present values to the Company and Rayrock at a 10% real after-tax discount rate, based on an exchange rate of \$1.00 Cdn. equals \$0.75 U.S. and certain other assumptions, including capital and operating costs, metallurgical recovery, metal prices, income and other taxes, inflation, and certain payments as required in accordance with the underlying agreements, are as follows:

	Net Present Values (millions)	
	<u>U.S. Dollars</u>	<u>Canadian Dollars</u>
Company	\$5.24	\$6.99
Rayrock	\$3.92	\$5.23

On October 2, 1987, there were 7,040,340 shares of the Company issued and outstanding and the Bellavista-Montezuma Properties were substantially the Company's entire undertaking. Based upon the relative values in the Report therefore, the Company has agreed to issue 5,280,255 shares to Rayrock for Rayrock's interests.

(ii) Ivan Copper Mine

Subject to property payments and mining lease purchase instalments, Rayrock owns 100% of the Ivan Copper Mine. Preliminary reserves in all categories to a projected depth of 350 metres were estimated to be 3,700,000 tonnes grading 4% copper and 15 grams silver per tonne. At a production rate of 350,000 tonnes per year (except in the first year when the rate is assumed to be 250,000 tonnes) the reserves would be sufficient for a reserve life of almost 11 years. Copper prices of \$0.75 (combined with a silver price of \$7.50 per ounce) and \$0.70 (combined with a silver price of \$7.00 per ounce) have been assumed in the following table:

Net Present Values (Millions of U.S. Dollars)
(At a 12% Real Discount Rate)

<u>Mine Life (Years)</u>	<u>Metal Prices</u>	
	<u>Copper \$0.75</u> <u>Silver \$7.50</u>	<u>Copper \$0.70</u> <u>Silver \$7.00</u>
6	\$ 7.39	\$ 4.65
8	11.81	8.41
10	15.34	11.46

The net present value at a \$0.75 copper price and an 8 year mine life is \$11,800,000 U.S. However, this value must be reduced substantially due to the fact that a number of the input parameters are only "best estimates" at this time. These parameters include ore reserves, metallurgical recovery, capital costs and operating expenses. Because of the imprecise nature of these inputs, the net present value has been reduced from \$11,800,000 U.S. to \$3,500,000 U.S. This value is approximately one-third of the "8-year life value" and one half of the "6-year life value".

Based on the value of \$3,500,000 U.S. (\$4,730,000 Cdn.) set out in the Report, the Company has agreed to purchase all of Rayrock's interest in the Ivan Copper Deposit for 2,364,860 shares of the Company at a deemed value of \$2.00 Cdn. per share.

(iii) Other Exploration Properties

The value of the other exploration projects in Chile and Ecuador are summarized below:

	Value (U.S. Dollars)
Rio Valeriano, Chile	\$100,000
Santo Tomas, Chile	100,000
Malacatos (Ecuador)	125,000
Parcato (Ecuador)	<u>25,000</u>
Total Value:	<u>\$350,000</u>

There is no known body of commercial ore on these properties.

Based on the value of \$350,000 U.S. (\$473,000 Cdn.) set out in the report, the Company has agreed to purchase all of Rayrock's interest in these properties for 236,486 shares of the Company at a deemed value of \$2.00 Cdn. per share.

(iv) Summary

The effect of the foregoing transactions is that the Company will issue to Rayrock 7,881,601 shares so that upon completion Rayrock will hold 8,962,207 shares of the Company, representing 56% of the outstanding shares.

C. Increase in Authorized Capital

At the Company's extraordinary general meeting held on January 15, 1988, the approval of the shareholders was obtained to an increase in authorized capital of the Company from

20,000,000 common shares without par value to 40,000,000 common shares without par value. The increase in authorized capital became effective February 10, 1988.

II. FINANCIAL INFORMATION

A. Working Capital

On January 31, 1988 the Company's working capital was approximately \$900,000.

B. Subsidiaries

The Company has a 100% interest in the following wholly-owned subsidiaries:

Albufeira Investments Ltd., a corporation incorporated under the laws of Grand Cayman, B.W.I.

Midland De Costa Rica S.A., a corporation incorporated under the laws of Costa Rica.

Except for the foregoing and as disclosed in item I.B., the Company does not hold any investment in securities of companies.

III. MATERIAL NATURAL RESOURCE PROPERTIES

A. Other Properties

In addition to those set forth in item I, the Company holds the following interests in material natural resource properties:

1. Golden Zone Claims Osoyoos Mining Division, B.C.

The Company holds all right, title and interest in and to all precious and base minerals lying in or under the B.C., Golden Bell and Silver Bell Crown-granted mineral claims (collectively, the "Golden Zone Claims"), located in the Osoyoos Mining Division, B.C. The Company acquired the Golden Zone Claims in consideration of the issuance of 75,675 shares and the payment of \$30,254.79.

The Company has expended approximately \$31,178 on exploration work on the Golden Zone Claims. During 1983, the Company carried out a surface evaluation program consisting of geological mapping, rock chip and soil sampling and VLF-EM16 surveying and an exploration program consisting of grid preparation, soil sampling, detailed IP Measurements, bulldozer trenching, rock chip sampling and diamond drilling. These

programs indicated anomalous concentrations of zinc, silver and arsenic and the occurrence of precious metal mineralization over mineable widths.

2. Redding Option

Pursuant to an agreement (the "Agreement") dated August 24, 1987, between the Company and Redding Gold Corporation ("Redding"), having a registered and records office at 400 - 815 West Hastings Street, Vancouver, British Columbia, V6C 3G9, the Company granted to Redding the option to purchase a 50% interest in and to the Golden Zone Claims upon completion of work commitments in excess of \$250,000 as follows:

- (a) \$50,000 on or before November 1, 1987;
- (b) \$100,000 on or before November 1, 1988; and
- (c) \$100,000 on or before November 1, 1989;

and upon a cash payment to the Company of a total of \$30,000 as follows:

- (a) \$5,000 upon execution of the Agreement (which amount has been paid);
- (b) \$10,000 on or before February 24, 1989; and
- (c) \$15,000 on or before February 24, 1990.

With respect to the schedule of work commitments set forth above, in accordance with the terms of the Agreement, any excess expenditure on or before any of the above dates may be carried forward and applied as a credit toward the expenditures required prior to any subsequent date.

Between August 30, 1987 and October 25, 1987, Redding contracted the drilling of two diamond bore holes, totalling 145 ft. and four reverse circulation bore holes, totalling 1,947 ft. for a cost of approximately \$60,000. The results of the combined drilling program indicate that precious-bearing mineralization is hosted by vein fissure fillings and replacements within intrusives of the Okanagan batholith and metamorphosed sediments of the Hedley formation. Several gold-bearing structures were encountered over a strike length of 350 ft. and to a depth of 370 ft. Further drilling is recommended to evaluate the inferred mineralization west of the underground workings.

There are no insiders common to Redding and the Company. The Company does not currently intend to undertake any further work on the Golden Zone Claims. The Golden Zone Claims have no known ore reserves.

IV. PARTICULARS OF NON-RESOURCE ASSETS

The Company does not hold any interests in non-resource assets.

V. CORPORATE INFORMATION

A. Capitalization

The authorized capital consists of 20,000,000 common shares without par value, of which 8,085,187 are currently outstanding.

Upon acceptance of the securities regulatory authorities to the transaction set forth in item I.B., 15,966,788 common shares will be outstanding.

The share capital of the Company consists of one class of shares only. All shares of the Company rank equally as to dividends, voting powers and participation in assets and in all other respects. Each share carries one vote at meetings of the shareholders of the Company. There are no indentures or agreements limiting the payment of dividends and there are not conversion rights, special liquidation rights, pre-emptive rights or subscription rights attached to the common shares. The shares presently issued are not subject to any calls or assessments.

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

A. Management Information

Set forth below are the full names, municipality of residence, positions held with the Company, number of equity shares held and chief occupation for the past five years of directors, officers and promoters of the Company:

<u>Full name, municipality of residence and position with Company</u>	<u>No. of shares beneficially Held</u>	<u>Chief occupation for past five years</u>
Larry William Reaugh White Rock, B.C. President and director	907,378 ⁽²⁾	Junior resource company executive
Elizabeth Jessica MacLean (1) White Rock, B.C. Secretary and director	170,000 ⁽²⁾	Junior resource company executive
Robert Clemens Heim ⁽¹⁾ North Vancouver, B.C.	30,000 ⁽²⁾	Self-employed consulting geologist

<u>Full name, municipality of residence and position with Company</u>	<u>No. of shares beneficially Held</u>	<u>Chief occupation for past five years</u>
David Anderson Hutton ⁽¹⁾ Oakville, Ontario	1,000 ⁽³⁾	Professional engineer; Vice-president, exploration and development, Rayrock Yellowknife Resources Inc. and Discovery West Corp., May 1986 to date; Vice-president, corporate development and service companies, Selco Division, BP Resources Canada Limited Jan. 1985 to May 1986; President, Questor Surveys Limited, Nov. 1983 to Jan. 1985; General manager, Selco Mining Corporation before Nov. 1983
David Robert Crombie ⁽¹⁾ Toronto, Ontario	Nil	Professional Engineer; President and chief executive officer, Rayrock Yellowknife Resources Inc. and Discovery West Corp.
John William Sabine ⁽¹⁾ Oakville, Ontario	Nil	Barrister and solicitor; Partner, Campbell, Godfrey & Lewtas, Barristers and Solicitors, Toronto, Ontario.
Walter Steuerman ⁽¹⁾ Willowdale, Ontario	Nil	Chartered accountant, vice-president and secretary, Rayrock Yellowknife Resources Inc. and Discovery West Corp., Sept. 1983 to date; Secretary-treasurer of the aforesaid corporations before Sept. 1983.

NOTES:

(1) Member of Audit Committee

(2) A total of 1,121,939 shares are registered in the name of Rea Gold Corporation ("Rea Gold"), a public company whose shares are posted and listed for trading on the Vancouver Stock Exchange and The Toronto Stock Exchange. Larry W. Reaugh, Elizabeth J. MacLean and Robert C. Heim are directors of Rea Gold.

- (3) A total of 1,080,606 shares are registered in the name of Rayrock Yellowknife Resources Inc. ("Rayrock"), a public company whose shares are posted and listed for trading on The Toronto Stock Exchange. David A. Hutton is a senior officer of Rayrock. David R. Crombie and Walter Steuerman are directors of Rayrock.

B. Other Directorships

1. The following directors, officers and promoters of the Company are or have been within the past three years, a director, officer or promoter of other reporting companies, as set forth below:

<u>Name of director, officer or promoter</u>	<u>Number of reporting companies</u>
Larry W. Reaugh	Five
Elizabeth J. MacLean	Three
Robert C. Heim	Two
David A. Hutton	Nil
David R. Crombie	Six
John W. Sabine	Two
Walter Steuerman	Four

A list of the names of these reporting companies is available for inspection at the registered and records office of the Company at 500 - 666 Burrard Street, Vancouver, British Columbia, V6C 3H3, during the times as specified in Item IX.E.

2. During the period that the above individuals were directors, officers or promoters of such companies, none of such companies were struck off the Register of Companies in British Columbia, nor were the securities of any of these companies the subject of a cease trade or suspension order for a period of more than 30 consecutive days.

C. Remuneration from Company

1. Within the past year, Elizabeth J. MacLean has received direct remuneration in the amount of \$15,500 per annum with respect to her duties as corporate administrator. In addition, the Company paid \$22,250 per annum to L&L Drilling & Exploration Ltd., a private company wholly-owned by Larry W. Reaugh, for consulting services and all duties required as the chief executive officer of the Company.

2. Within the past year, none of the directors, officers or promoters or insiders of the Company has received anything of value, directly or indirectly, from the Company which has not been disclosed elsewhere in this filing statement.

D. Persons Owning More than 10% of the Equity Shares of the Company

To the knowledge of the Company's directors, the following persons or companies, other than those persons disclosed in item VI.A, beneficially own, directly or indirectly, more than 10% of the equity shares of the Company before acceptance by the securities regulatory authorities of the transactions described in item I hereof:

Prior to Transactions as set forth in Item I hereof
(8,085,187 shares issued and outstanding)

<u>Full name and municipal residence</u>	<u>No. of equity shares beneficially owned</u>	<u>Percentage of outstanding equity shares</u>
Rayrock Yellowknife Resources Inc. ⁽¹⁾ Toronto, Ontario	1,080,606	13.37%
Rea Gold Corporation ⁽²⁾ Vancouver, B.C.	1,121,939	13.88%

Upon approval of regulatory authorities to transactions as set forth in Item I hereof

<u>Full name and municipal residence</u>	<u>No. of equity shares beneficially owned</u>	<u>Percentage of outstanding equity shares</u>
Rayrock Yellowknife Resources Inc. ⁽¹⁾ Toronto, Ontario	8,962,207	56.0%

NOTES:

(1) Rayrock Yellowknife Resources Inc. ("Rayrock") is a public company whose shares are listed for trading on The Toronto Stock Exchange. David A. Hutton is a senior officer of Rayrock and a director of the Company. David R. Crombie and Walter Steurman, directors of Rayrock, were elected directors of the Company at the Company's annual general meeting held on December 11, 1987.

(2) Rea Gold Corporation ("Rea Gold") is a public company whose shares are posted and listed for trading on the Vancouver Stock Exchange and The Toronto Stock Exchange. Larry W. Reaugh, Elizabeth J. MacLean and Robert C. Heim are directors of the Company and Rea Gold.

VII. OPTIONS TO PURCHASE SECURITIES OF THE COMPANY

A. Insiders, Promoters and Employees

Incentive stock options on the terms set forth below are currently outstanding:

<u>Name of Director or Employee</u>	<u>Date of Grant</u>	<u>No. of Shares</u>	<u>Exercise Price</u>	<u>Date of Exercise or Expiry</u>	<u>No. of Shares Remaining</u>
Maurice E. (Tim) Coates	Apr.13/87	40,000	\$1.75	Apr.13/89	40,000
David A. Hutton	Mar. 6/87	50,000	\$0.70	Mar. 6/89	50,000
Elizabeth J. MacLean	Jul.23/86	100,000	\$0.50	Jul.23/88	97,500

These options are non-assignable and have been granted as incentives and not in lieu of any compensation for services.

B. Other Securities

There are no shares, share purchase warrants or rights of the Company or a present security holder which are the subject of any sale or option agreement, other than those set out above or which are not disclosed elsewhere in this filing statement.

VIII. SECURITIES OF THE COMPANY HELD IN ESCROW, IN POOL OR SUBJECT TO HOLD RESTRICTIONS

A. Escrow Shares

There are 375,000 shares of the Company held in escrow by the Company's Registrar and Transfer Agent, The Canada Trust Company, of 1055 Dunsmuir Street, Vancouver, British Columbia, V7X 1P3, subject to the direction or determination of the Vancouver Stock Exchange (the "Exchange").

The escrow restrictions provide, inter alia, that the shares may not be traded in or dealt with in any manner whatsoever nor released, nor may the Company, its transfer agent or escrowholder make any transfer or record any trading of the shares without the consent of the Exchange.

The escrow arrangements also provide, among other matters, that in the event the Company loses, abandons, or fails to obtain title to all or part of the property or shares, the Company will declare any such event to the Exchange and the

holder of such shares, the trustee thereof and the Company have agreed that such number of shares as the Exchange may determine shall become subject to cancellation and shall be transferred to the Company by way of gift or cancellation.

B. Pooled Shares

There are no shares of the Company held in pool.

C. Other Securities Subject to Hold Restrictions

There are no other securities of the Company which are subject to an unexpired hold period originally imposed by the British Columbia Securities Commission or the Vancouver Stock Exchange.

IX. PARTICULARS OF ANY OTHER MATERIAL FACTS

A. Legal Proceedings

To the knowledge of the signatories hereto, there are no legal proceedings, either actual or pending, to which the Company is or is likely to be a party or of which any of its property is or is likely to be the subject of any such proceedings.

B. Properties for which regulatory approval is not being sought

There are no properties proposed to be acquired by the Company or other transaction as at this date for which regulatory approval is not being sought under this filing statement.

C. Particulars of Bonds, Debentures, Notes or Other Debt Obligations Outstanding

There are no bonds, debentures, notes or other debt obligations of the Company outstanding.

D. Other Material Facts

There are no other material facts not previously disclosed in this filing statement save and except that the Company has made application to the Vancouver Stock Exchange for partially exempt status.

E. Inspection of Documents

A list of the names of the reporting companies referred to in item VI.B.1 of this filing statement may be inspected during normal business hours at the registered and records office of the Company located at the offices of

Ferguson Gifford, Barristers and Solicitors, 500 - 666 Burrard Street, Vancouver, British Columbia, V6C 3H3, during normal business hours during the 30-day period after the Vancouver Stock Exchange publishes its notice regarding this filing statement.

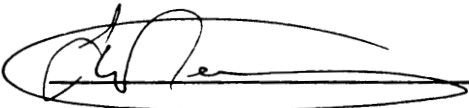
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CERTIFICATE OF THE COMPANY


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 Larry W. Reaugh

SIGNATURE 

NAME Elizabeth J. MacLean

SIGNATURE 

DATED at Vancouver, B.C. this 23 day of March, 1988.