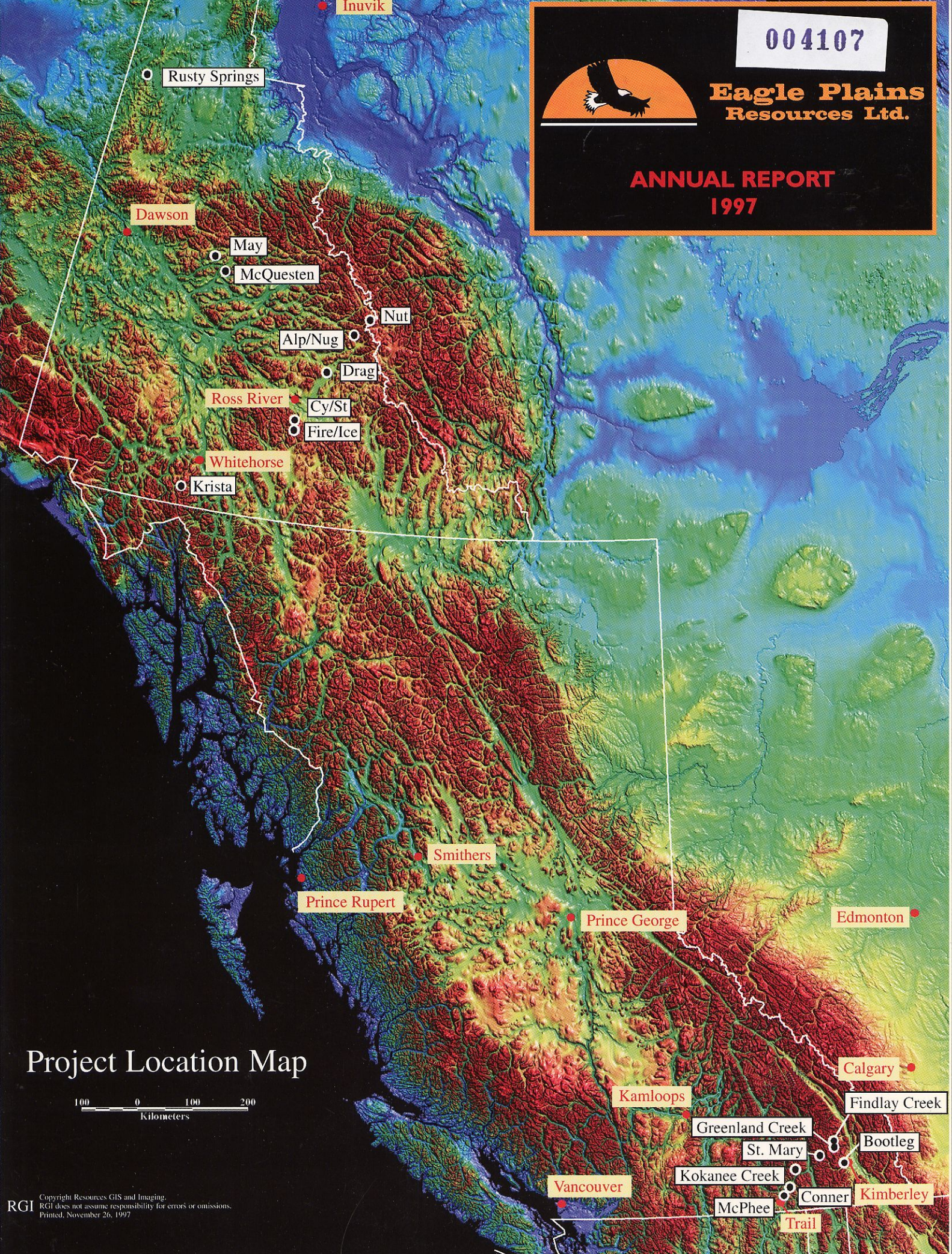


004107



**Eagle Plains
Resources Ltd.**

**ANNUAL REPORT
1997**



Inuvik

Rusty Springs

Dawson

May

McQuesten

Nut

Alp/Nug

Drag

Ross River

Cy/St

Fire/Ice

Whitehorse

Krista

Smithers

Prince Rupert

Prince George

Edmonton

Calgary

Kamloops

Findlay Creek

Greenland Creek

St. Mary

Bootleg

Kokanee Creek

McPhee

Conner

Kimberley

Trail

Vancouver

Project Location Map



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RG1 does not assume responsibility for errors or omissions.
Printed, November 26, 1997



CORPORATE INFORMATION

Directors & Officers

Robert W. Termuende	President & Director
Carol McDonald	Corporate Secretary
Glen J. Diduck	Director
John J. Barclay	Director

Operations & Explorations

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Cranbrook, B. C. V1C 6J5
Ph: (250) 426 6073 - Fax: (250) 426 6083
E.mail: rwt@EaglePlains.bc.ca

Corporate Office

Glen Diduck, C.A.
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Investor Relations

Denise Lemaster
PO Box 2618, Invermere, B. C. V0A 1K0
Ph: (250) 342 5581 - Fax: (250) 342 3777
E.mail: denise@rockies.net

Legal Counsel

McLeod & Company Calgary

Auditors

Ted Beales Professional Corp.
Chartered Accountant Calgary

Registrar & Transfer Agent

The R-M Trust Company Calgary

Eagle Plains Resources Ltd.

Listed: ASE - Symbol: EPL

Website: <http://www.EaglePlains.bc.ca>

Shares owned by the public	5,929,549
Escrowed	787,494
Held by officers & directors	<u>1,150,932</u>
Total shares outstanding	7,867,975
Fully diluted:	8,301,375

December 31, 1997



**Eagle Plains
Resources Ltd.**



TO THE SHAREHOLDERS

The Directors of Eagle Plains Resources Ltd. are pleased to present the Company's Annual Report for 1997. A number of recent property acquisitions have considerably broadened Eagle Plains' position in active exploration areas.

The Company now has interests in sixteen gold, silver and base metal properties in proven geologic environments in the Yukon and British Columbia. The cover of this report illustrates the extent of Eagle Plains' mineral interests.

Two joint-venture projects in the East Kootenay area of B. C. have particular significance:

1) At Findlay Creek the Company has a 50% interest (with Miner River Resources Ltd.) in an 18,000 acre property with good potential for hosting Sullivan-type lead, zinc and silver mineralization. In 1997 the property was optioned to Kennecott Canada Inc. under an agreement whereby Kennecott may earn a 60% interest by completing \$2,000,000 in exploration expenses and making cash payments of \$250,000 to the companies. Subsequent to its first year's exploration



Greenland Creek camp.

program in 1997, Kennecott indicated that it plans to maintain its option by spending \$500,000 on exploration (including extensive drilling) on the Findlay Creek property in 1998.

2) To the south at Greenland Creek, contiguous with the Findlay Creek claims, Eagle Plains and Miner River each own a 50% interest in a 14,700 acre property located 30 km north of Cominco's Sullivan Mine at Kimberley. This property also has good potential for hosting Sullivan-type massive sulphide mineralization. In November of 1997, the companies drilled seven shallow holes all of which encountered stratabound sulphide bands indicating a mineralized vent source. This, together with surface showings of similar banded sulphide mineralization, will determine future drill locations. The companies plan a \$500,000 exploration program, including drilling, for 1998.

The importance of these two projects is enhanced by the fact that Cominco's nearby Sullivan Mine is slated to close in the next three years, thus the environment for developing new ore-bodies in this area is positive.

The McQuesten (formerly Wayne) Property in the Yukon which is now at an advanced stage of exploration is also very important to the Company. Following a successful drill program in 1997, 50:50 joint-venture partners Eagle Plains and Miner River optioned this gold-bearing property to Viceroy Resource Corporation. Viceroy may earn a 70% interest by spending \$1,000,000 on the property and making cash payments of \$310,000. Viceroy's initial exploration in the fall of 1997, together with the companies' joint-venture drilling results, confirm the potential for bulk-mineable gold mineralization over a minimum strike length of 2.5 kilometres. In addition, preliminary metallurgical tests indicate that the gold mineralization should be amenable to a low cost method of processing. It is expected that Viceroy will carry out an aggressive exploration program on the McQuesten Property in 1998. Viceroy already has a successful bulk-tonnage gold mine in production at Brewery Creek, Yukon, and can provide the experience, expertise and infrastructure to take the McQuesten property to early production.

Although the Findlay Creek, Greenland Creek and McQuesten projects have the best near-term potential for developing into revenue-producing properties, Eagle Plains

has interests in a dozen additional properties in diverse stages of exploration. In the Yukon, two of these properties are optioned to other companies which will be carrying out exploration programs in 1998:

- 1) Eagle Plains owns a 100% interest in 549 claims (28,000 acres) comprising the Rusty Springs silver, lead, zinc and copper prospect located 280 km northwest of Dawson City, Yukon. Since being discovered in 1975, the property has been subjected to numerous exploration programs. All of them encountered high-grade "bonanza" type mineralization of undetermined origin both on surface and in drill holes. In 1997 Eagle Plains entered into an agreement with CanAustra Resources Ltd. of Calgary whereby CanAustra may earn a 60% interest in the property by completing \$2,000,000 in exploration expenses and making total cash payments of \$50,000. A \$355,000 reverse-circulation drilling program was carried out by CanAustra in 1997 with the objective of testing for stratabound base-metal mineralization. Based on the encouraging results obtained from this program, it is anticipated that CanAustra will spend \$250,000 on this project in 1998.

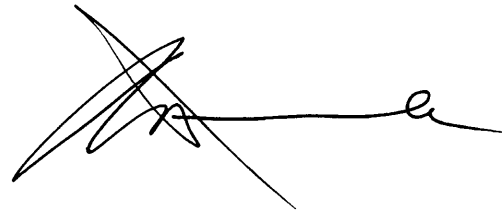
2) The Company has a 50% interest (with Miner River Resources) in the Fire and Ice claims located 45 km south of Ross River, Yukon. In 1997, the partners accepted an offer from Atna Resources Ltd. whereby Atna may earn a 60% interest in the claims by making cash payments of \$220,000 to the companies, and spending \$1,600,000 on exploration. The Fire and Ice claims are in a geologic environment similar to Atna's recent discovery of a massive sulphide deposit on their Wolf property. It is expected that Atna Resources will carry out exploration programs totaling about \$200,000 on the Fire and Ice claims this field season.

Eagle Plains has a 50% interest in ten additional properties of merit in the Yukon and British Columbia. Our joint-venture partner in, and operator of, these properties is Miner River Resources Ltd. (MRG:ASE). The partnership with Miner River (a company related by having three directors in common) provides increased property exposure and reduces risks and costs. Miner River's personnel and consultants in B. C. and the Yukon were essential in acquiring our excellent prospects and land position and carrying out successful preliminary exploration programs. Eagle Plains benefits appreciably from this association of experienced corporate management and the dynamism of young, aggressive and knowledgeable explorationists.

The Company's main objective is to develop cash flow by obtaining significant interests in producing gold, silver and base metal properties. The extensive land holdings, together with the intensive exploration programs being planned by Eagle Plains and its partners, serve to increase the potential to meet this objective. This has occurred through the efforts of the Company's partners, consultants and associates. On behalf of the shareholders, the Directors hereby express their appreciation.

Respectfully submitted on behalf of the Board,

Robert W. Termuende, President

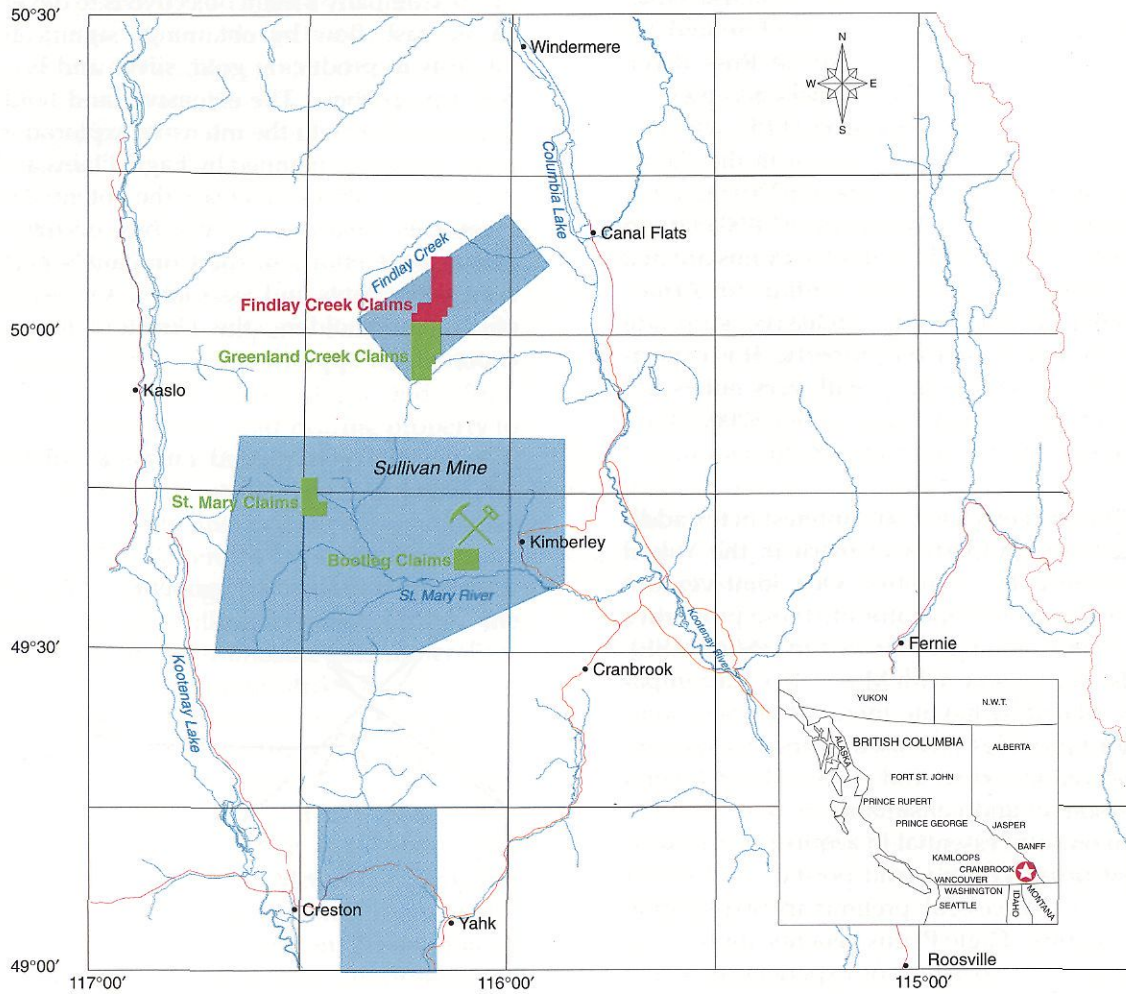


30 April, 1998



BRITISH COLUMBIA PROPERTIES

East Kootenay Properties



- PROPERTIES: EAGLE PLAINS 50%
MINER RIVER 50%
- FINDLAY CREEK (KENNECOTT OPTION)
- AREA COVERED BY AIRBORNE GEOPHYSICAL SURVEY

EAST
KOOTENAY
PROJECTS

EAGLE PLAINS RESOURCES/
MINER RIVER RESOURCES



BRITISH COLUMBIA PROPERTIES

Findlay Creek (Kennecott Option)

This 294-unit (18,000 acre) property is contiguous with the Greenland Creek claims, and shows good potential for hosting Sullivan-type mineralization. Kennecott has the right to earn a 60% interest in the property by completing \$2,000,000 in exploration expenditures, and making cash payments of \$250,000 to the companies over four years. Eagle Plains has a retained 20% interest in the prop-

erty, carried until Kennecott has exercised its option. Kennecott will be operator of the project. A 2-hole, 750-foot (230m) diamond drilling program was completed by Eagle Plains/Miner River on the property in late 1996, after an extensive mineralized tourmalinite unit was recognized. Rock and soil geochemical samples taken on surface indicate an extremely anomalous silver/lead/zinc/copper-enriched zone with dimensions of 1000m x 250m, open along strike. Petrographic studies of material from within the anomaly area confirm the presence of exhalitive tourmalinite, indicating a possible vent source for mineralization. Mineralization at Sullivan is directly associated with exhalitive tourmalinite,



nite, with ore-grade mineralization located near the vent source itself, decreasing in grade and thickness distally. On the Greenland-Doctor Creek property, a single hole was collared within the geochemical anomaly area, and encountered 25.5m of mineralized tourmalinite, 11.7m of which assayed .69% lead from 12.8-24.5m, (including 4.77% lead over interval 22.4-23.5m). Geologic mapping carried out on the property has outlined tourmalinite material with an overall thickness of 60-70m. Company geologists interpret the drill intersection and surface geochemistry as an indication of proximity to a mineralized vent source.

Diamond drilling at Findlay Creek Property



BRITISH COLUMBIA PROPERTIES



Drill move at
Greenland
Creek Property

Greenland Creek

Eagle Plains, and partner Miner River Resources Ltd. (MRG: ASE), each own a 50% interest in this 243-unit (14,700 acre) property located 30km north of Kimberley, in southeastern British Columbia. The property shows potential for hosting Sullivan-type (sedimentary-exhalitive or "sedex") massive sulphide mineralization such as that seen at Cominco's world-class deposit in Kimberley. Containing over 180 million tons of ore grading 1.9 oz/ton silver, 6.5%

lead, and 5.6% zinc, the Sullivan has been in production for over 100 years, and has a net worth of over 20 billion dollars.

Creeks draining the Greenland Creek property area are in the 99th percentile for the entire 82F mapsheet (16,500 sq. km) for the elements cesium, cobalt, copper, molybdenum, tin, tungsten, and zinc-all products of the Sullivan deposit. Surface showings containing banded sulphide mineralization returned 70.6 g/t Ag, 4.63% Pb, and 10.22% Zn over 25cm. First-phase drilling completed in early November of this year consisted of seven shallow holes comprising a total of 2000 feet.

Bootleg

This 80 unit (4860 acre), road accessed property, lies just 7km from Cominco's world class Sullivan orebody, within the same package of rocks. Preliminary work completed in 1996 identified drainages within the property anomalous in base-metal values. Follow-up work completed in 1997 returned highly encouraging values within silicified sediments, including 8.0 g/t silver and .51% lead.

BRITISH COLUMBIA PROPERTIES

Kokanee Creek

Acquired by Eagle Plains and Miner River late in 1996, this road-accessed 60 unit (3645 acre) property near Nelson, shows considerable promise for Britannia-type roof-pendant mineralization, and is distinguished by containing a 500m x 500m gold-silver-lead-zinc soil geochemical anomaly, open in all directions. A first phase, 1500-foot 5-hole drilling program completed in February-March of 1997 resulted in the discovery of significant gold mineralization near-surface. Hole KC97-02 returned 26.11 g/t gold over 0.7m from 7.0-7.7m, and 13.52 g/t gold over 1.4m from 21.8-23.2m. Fieldwork completed during 1997 further expanded the mineralized zone to the north, south and west. The companies are currently seeking a joint-venture partner to finance ongoing exploration.

McPhee Property

The McPhee property consists of 118 units (7,160 acres) located 15 km east of the Cominco smelter in Trail, B. C. It is within the Kootenay Arc Mineral District and is underlain by rafted volcanic and sedimentary Rossland Group Rocks. Both base- and precious- metal mineralization has been found associated with sheared, strongly altered Elise Formation andesite flows and silicified quartz pebble conglomerate of the Hall Formation. Rock samples from the andesite included up to 13 gm/t Au, 6.8 gm/t Ag, 1.5% Cu, 0.15% Ni, 0.05% Co and 3.8% Zn. The Second Relief Mine, located 4 km northwest of the McPhee property, was the second largest gold enriched skarn in B. C., producing over 3 million grams of gold with associated lead, zinc, silver and copper. The western part of the property hosts a zone of massive pyrrhotite and chalcopyrite within pebble conglomerate. A number of historical adits and shafts have been driven on this mineralization which occurs in a 1-5 m massive sulphide band that has been traced on surface for more than 1.5km. Rock sample values from the

massive sulphide zone contained up to 0.7% Cu, 0.06% Co, 0.26% W and 0.14% Mo. Samples of the quartz pebble conglomerate host returned values up to 3.62% Zn, 0.56% Pb, 42.5 g/t Ag and 150 ppb Au. The Rossland Mining camp, located 20 km northwest of the McPhee property, was the second biggest gold camp in B. C. and saw historical production of more than 84,000 kilograms of gold from a series of sulphide veins. Free gold has been found in many of the creeks draining the McPhee property. Eagle Plains has a 50% interest in this property.

Conner

Eagle Plains and Miner River have recently completed negotiations whereby the joint-venture can earn a 100% interest (less 2%NSR) in the Conners Gold polymetallic property located 20 km northeast of Trail, B.C. The Conners Gold property is road-accessible, and consists of 18 units (1093 acres) containing geology considered prospective for the presence of economic quantities of base- and/or precious metals. Newly-constructed logging roads transect the property, and high-voltage hydroelectric power is within 5km of claim boundaries. Stratabound massive and semi-massive pyrrhotitic sulphides up to 8m in thickness occur within both a schistose volcano-sedimentary sequence, and altered sedimentary rocks. Samples of massive pyrrhotite material exposed on surface over 100m along strike returned up to 92.4 g/T (2.7 oz/t) gold, 0.2% cobalt, and 0.34% copper. 1997 logging on the property has resulted in the discovery of significant new mineralized zones of disseminated to semi-massive pyrrhotite, chalcopyrite, sphalerite, and galena. Samples taken from road cuts returned values up to 5.7 % zinc, 1% lead, 0.3% copper, 0.35% cobalt, 0.09% nickel, and 0.5 g/T gold, representing a total contained metal value of \$US 267/ton. Soil geochemical sampling conducted on the property indicates a base-and precious-metal enriched zone over 300m x 1000m.

Y U K O N P R O P E R T I E S

R u s t y S p r i n g s (C a n A u s t r a O p t i o n)



Rusty Springs
drill site.

Eagle Plains Resources Ltd. owns an unencumbered 100% interest in 549 claims (28,000 acres) comprising the Rusty Springs silver, lead, zinc and copper prospect located 280 kilometres northwest of Dawson City, Yukon. The property is distinguished by having high-grade "bonanza" type mineral occurrences over an area of more than 5 square kilometres. The property has been subjected to numerous exploration programs since being discovered in 1975. All of them encountered high-grade mineralization of undetermined origin, both on surface and in drill holes. An early example is a 1977 hole that assayed 33.27 oz/ton silver, 4.72% lead and 2.3% copper over 37.5 metres. In 1995, a 5.3 metre interval from a drill hole 1.6 kilometres to the east assayed 15.1 oz/ton silver, 3% copper, 1.3% zinc and

0.77% lead. Significant to the 1996 drilling program was the discovery of stratabound mineralization over much of the claim area and beyond. In 1997 Eagle Plains entered into an agreement with CanAustra Resources Ltd. of Calgary whereby CanAustra may earn a 60% interest in the property by completing \$2,000,000 in exploration expenses and making total cash payments of \$50,000 over a four year period. A \$355,000 reverse-circulation drilling program was carried out by CanAustra during the period July 9th - September 1st, 1997. A total of 1,351 feet (412m) was drilled with the objective of testing for stratabound base-metal mineralization beneath the Mississippian-aged shales of the lower Earn Group. Concurrent with the drilling, surface mapping and prospecting were initiated on areas of the property staked in 1996 which were previously untested. In addition, R. W. Hodder, PhD., P.Eng., visited the property for four days during which he examined the existing drillcore, outcrop, trenches and technical data. As a result of his study he concluded that *"The limonitic interval at Rusty Springs is a resource of hundreds of million of tons, but of very subeconomic amounts of base and precious metals...the limonitic interval and its enclosed quartz veins and lamellae are however vital symptoms that ore-forming processes existed for major deposits of silver-lead-zinc and that deposits of this type cluster in districts of enormous potential"*.

With the confirmation by the 1997 drilling of a specific mineralized horizon over considerable aerial distribution, the entire property area hosting similar stratigraphy is being targeted for systematic exploration including diamond drilling.



Y U K O N P R O P E R T I E S

McQuesten (Wayne)
(Viceroy Option)

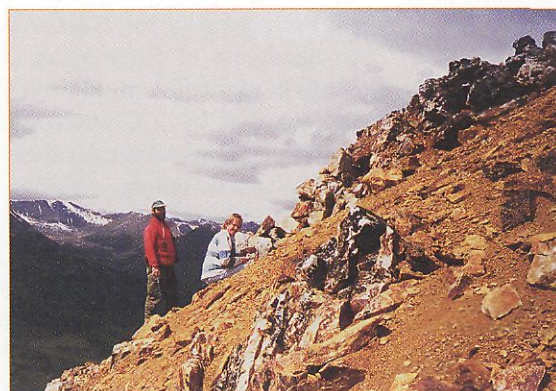
Fire and Ice
(Atna Joint-Venture)

Partners Eagle Plains and Miner River executed an agreement whereby Viceroy Resource Corporation may earn a 70% interest (subject to a 2%NSR) in the McQuesten property located in central Yukon. Viceroy may earn its interest by making cash payments totaling \$310,000 and spending \$1,000,000 on the property by October 31st, 2001. The McQuesten Property, formerly known as the "Wayne", is a road-accessible, hydroelectric-serviced bulk-tonnage gold occurrence, located 120km southeast of Viceroy Resources' Brewery Creek gold deposit, and 35 kilometres south of the Dublin Gulch gold deposit. The village of Elsa is situated 5km northeast of the property. The Property contains a broad, east-west trending zone of skarn and replacement style mineralization within a sequence of altered sedimentary rocks intruded by narrow felsic sills. Previous surface sampling and drilling has outlined zones of mineralization with values up to 5.62 g/t gold over 3 metres and 1.51 g/t gold over 18.3 metres. Reverse-circulation drilling carried out by Miner River/Eagle Plains in June, 1997 returned values up to 8.7 g/t gold over 6 metres and 3.2 g/t gold over 21 metres. Viceroy recently completed geological and geochemical studies and a trenching program to further test mineralization on the property. Results confirm the potential for bulk-minable mineralization with significant results including 2.23 g/t gold over 22 metres, 1.59 g/t over 25 metres and 1.45 g/t over 10 metres. These results combined with earlier surface sampling indicate a minimum strike length of 2.5km for the system.

A major drill program is planned for early 1998. Preliminary metallurgical test work indicates that gold occurs as free particles, resulting in ore material that should be amenable to low cost cyanide processing.

In 1997 Eagle Plains and Miner River accepted an offer from Atna Resources Ltd. whereby Atna may earn a 60% interest (less 1% NSR) in the Fire and Ice properties. These 60 claims

are located in south-central Yukon 45 kilometres south of Ross River. Atna may earn its interest by making cash payments of \$220,000 to the companies and spending \$1,600,000 on the properties by October 31, 2001. The offer followed the discovery by Atna of "a significant massive sulphide deposit" on the Wolf property, located 55km southeast of the Fire and Ice claims. In their news release of September 16th, Atna announced drill intercepts which included a massive sulphide intersection of 25.2 meters grading 6.9% zinc, 2.8% lead, and 138.6g/t silver. Atna is a well-financed, experienced mineral exploration company whose projects include the world-class Wolverine volcanogenic massive sulphide deposit. The Fire, and neighboring Ice claims overlie rocks from the same volcanic belt that hosts the Wolf deposit. Both properties contain large, prominent multi-element geochemical anomalies associated with lead-zinc-silver mineralized felsic flows, tuffs and bedded barite showings. Peak values from the Fire property include: 2.5% Pb, 11.7% Zn, 72.9 g/T Ag and 1.06g/T Au; while samples of mineralized barite from the Ice returned up to 12.7% Pb, 4.7% Zn, and 55 g/T Ag.



Fieldwork,
Fire and Ice
property.

Y U K O N P R O P E R T I E S

Drag

The Drag claims host significant Fort Knox-type gold mineralization, and are located 10km west of the North Canol Road, and 85km northeast of Ross River. Work completed in 1996 identified an altered sedimentary package intruded by a Cretaceous-aged granitic stock. High-grade mineralization is hosted by pyroxene skarn lenses. Values of 12.7 g/t (0.408 oz/ton) gold over one metre and 3.54 g/t (0.114 oz/ton) gold over 5.0 metres have been obtained. These lenses are enveloped by a lower grade zone of calc-silicate hornfels and sericitized quartzite which has returned 602 ppb (0.019 oz/ton) gold over 19.0 metres. The mineralization is concentrated within a 300 metre wide area which has been traced 600 metres along strike and could extend further. Soil sampling over this area has outlined numerous copper-gold anomalies which suggest the presence of multiple gold-bearing zones. A follow-up exploration program was completed in 1997, with encouraging results obtained, including 1236 ppb gold over 13.8m, 1626 ppb over 4.5m and 6382 ppb over 1.5m. Further work is recommended for the property. Eagle Plains and Miner River are 50:50 joint venture partners in the Drag claims.

Alp and Nug

Eagle Plains and Miner River each own a 50% interest in these 24 unit properties located near Emerald Lake in east-central Yukon. The properties show considerable potential for hosting Fort Knox-type gold mineralization. On the Alp claims, a total of five felsic porphyry dykes have been discovered to date. The largest dyke has been traced along a 1000 metre strike length and averages 10 metres in width. Forty one chip and grab samples taken from this dyke

returned an average grade of 4,640 ppb (0.149 oz/ton) gold. Fire assay values reached a peak of 1.912 oz/ton gold from a grab sample. The highest grade chip samples averaged 0.419 oz/ton gold over 1.5 metres. All dykes have returned anomalous values, with one grading 920 ppb (0.029 oz/ton) gold across 10 metres. Anomalous gold values are also present in veins and wallrock within the adjacent sedimentary rocks.

Krista

The Krista Property consists of 26 claims located within the Bennett Lake Caldera Complex. The complex consists of two nested calderas, an eroded structural dome and a thick succession of pyroclastic and epiclastic rocks. Rhyolite and andesite dykes, along with radial and concentric fault systems are the main controls on the known mineralization. This complex is coeval with the nearby Mount Skukum Complex which hosts several advanced projects currently being explored by Omni Resources and Trumpeter Yukon Gold. Each of the four main showings on the Krista Claims contain values of greater than 5.1 g/T Au and 274.3 g/T Ag, to a peak of 57.9 g/T Au and 5670 g/T Ag. The potential for the property to host economic, precious metal -bearing, epithermal to mesothermal deposits is excellent. Eagle Plains has a 50% interest in the Krista claims.

Cy / St Claims

Recently acquired by Eagle Plains/Miner River, the property consists of 56 units staked over stratigraphy with potential for hosting VMS mineralization similar to that seen at the Wolf prospect (see Fire and Ice description). The claims cover prominent copper-zinc-silver soil geochemical anomalies, and lead-zinc-barium stream-sediment anomalies.

AUDITOR'S REPORT

To the Shareholders of
Eagle Plains Resources Ltd.

I have audited the balance sheets of Eagle Plains Resources Ltd. as at December 31, 1997 and 1996 and the statements of operations and deficit and changes in financial position for the years then ended. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the company as at December 31, 1997 and 1996 and the results of its operations and the changes in its financial position for the years then ended in accordance with generally accepted accounting principles.

Calgary, Canada
March 11, 1998

CHARTERED ACCOUNTANT



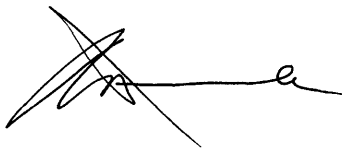
TED BEALES Professional Corporation

**EAGLE PLAINS RESOURCES LTD.
BALANCE SHEETS**

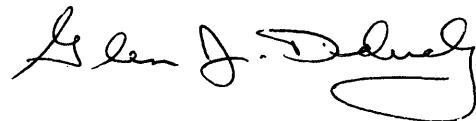
As at December 31,	1997	1996
ASSETS		
CURRENT		
Cash and term deposits	\$ 196,511	\$ 200,869
Accounts receivable	<u>26,986</u>	<u>147,329</u>
	223,497	348,198
CAPITAL ASSETS , net of accumulated amortization	6,896	2,520
MINERAL EXPLORATION PROPERTIES (Note 2)	1,174,213	1,004,141
INVESTMENT	<u> </u>	<u>38,428</u>
	\$ 1,404,606	\$ 1,393,287
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 6,793	\$ 38,824
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 4)	1,578,271	1,474,096
DEFICIT	<u>(180,458)</u>	<u>(119,633)</u>
	<u>1,397,813</u>	<u>1,354,463</u>
	\$ 1,404,606	\$ 1,393,287

See accompanying notes to financial statements.

On behalf of the Board:



Robert W. Termuende, Director



Glen J. Diduck, Director

**EAGLE PLAINS RESOURCES LTD.
STATEMENT OF OPERATIONS AND DEFICIT**

For the Years Ended December 31	1997	1996
REVENUE		
Interest and other	\$ 3,581	\$ 10,420
EXPENSES		
General and administrative	21,487	27,990
Investor Relations	20,160	
Legal and Accounting	18,340	11,028
Consulting		15,500
Reporting and Issuing fees	2,050	
Depletion and amortization of capital assets	<u>2,369</u>	<u>415</u>
	64,406	54,933
NET LOSS	(60,825)	(44,513)
DEFICIT, beginning of year	<u>(119,633)</u>	<u>(75,120)</u>
DEFICIT, end of year	\$ (180,458)	\$ (119,633)
<hr/>		
Net Loss per share	\$ (0.0076)	\$ (0.0059)

See accompanying notes to financial statements.

EAGLE PLAINS RESOURCES LTD.
STATEMENT OF CHANGES IN FINANCIAL POSITION

For the Years Ended December 31,	1997	1996
Cash provided by (used in):		
OPERATING ACTIVITIES		
Net loss for the year	\$ (60,825)	\$ (44,513)
Items not affecting cash		
Depreciation	<u>2,369</u>	<u>415</u>
	(58,456)	(44,098)
Decrease (increase) in current assets		
Accounts receivable	120,343	(76,975)
Increase (decrease) in current liabilities		
Accounts payable and accrued liabilities	<u>(32,031)</u>	<u>26,104</u>
	<u>29,856</u>	<u>(94,969)</u>
FINANCING ACTIVITIES		
Issue of shares for cash, net of issue costs	103,175	879,762
Issue of shares for other than cash		
-payment of agent's fee relating to issue of shares		63,600
-purchase of mineral exploration properties	<u>34,000</u>	
	<u>137,175</u>	<u>943,362</u>
INVESTING ACTIVITIES		
Investment & development of mineral exploration properties	(280,572)	(726,035)
Proceeds received on granting options on mineral properties	77,500	
Purchase of capital assets	(6,745)	(2,935)
Proceeds on sale of investment in affiliated company	<u>38,428</u>	<u>(38,428)</u>
	<u>(171,389)</u>	<u>(767,398)</u>
INCREASE (DECREASE) IN CASH POSITION	(4,358)	80,995
Cash, beginning of year	<u>200,869</u>	<u>119,874</u>
CASH, END OF YEAR	\$ <u>196,511</u>	\$ <u>200,869</u>

See accompanying notes to financial statements.

EAGLE PLAINS RESOURCES LTD.
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended December 31, 1997

THE COMPANY

The Company was incorporated on March 30, 1994 under the Business Corporations Act of the Province of Alberta, and extra provincially registered in the Yukon on July 11, 1994 and in British Columbia on November 3, 1995.

NATURE OF OPERATIONS

The Company was established to explore resource properties and determine whether they contain economically recoverable reserves.

1. SIGNIFICANT ACCOUNTING POLICIES

Capital Assets

Capital assets consists of computer and office furniture and are recorded at cost. Amortization has been provided for on a declining balance basis at an annual rate of 30% and 20% respectively.

Mineral Exploration Properties

Costs relating to the acquisition and exploration of non-producing mineral properties are capitalized until such time as either economically recoverable reserves are established or the properties are sold, abandoned or condemned. Costs relating to projects which have been abandoned are written off at that time. Costs relating to economically feasible projects will be amortized on a unit-of-production basis utilizing established proven reserves once production commences. Costs not directly associated with a specific claim are expensed as incurred.

The Company is in the process of exploring its mineral properties and has not yet determined whether the properties contain ore reserves that are economically recoverable. The recoverability of expenditures on mineral properties and related deferred costs is dependent upon the availability of necessary financing to complete the development, upon management's ability to farm out development work, and upon future production.

Financial Instruments

Financial instruments are recorded at fair market value unless otherwise stated.

2. MINERAL EXPLORATION PROPERTIES

During the year the Company expended \$280,572 on the exploration and development of their mineral properties in B.C. and the Yukon. These expenditures were funded in part by raising \$75,000 through the issuance of shares pursuant to flow through share agreements. During the year, Canadian Exploration Expenses in the amount of \$75,000 have been renounced to the investors which has an income tax cost to the Company of \$33,000. The tax effect of these renounced expenditures has been charged against mineral exploration properties with the corresponding offset to Issued Share Capital.

3. SHARE CAPITAL

a) Authorized:

Unlimited number of common shares without nominal or par value.
 Unlimited number of preferred shares without nominal or par value: rights privileges and conditions to be determined by directors at time of issuance.

b) Issued:

	Number of Common Shares		Value
Balance at December 31, 1995	5,720,375	\$	852,141
Transactions during 1996			
Issued for cash under a flow through share			
Issued for cash in a public offering	1,500,000		900,000
Issued as agent fees in public offering	106,000		63,600
Issued upon exercise of stock options	240,000		60,000
Agents fees on public offering			(63,600)
Legal fees on public offering			(16,637)
flow through share agreements			<u>(321,408)</u>
Balance at December 31, 1996	7,566,375		1,474,096
Transactions during 1997			
Issued for cash under a flow through share			
agreement to private investors	150,000		75,000
Issued upon exercise of stock options	126,600		31,650
Issued in exchange for mining claims	25,000		9,000
Agents fees on public offering			
Legal fees on public offering			(3,475)
Tax effect of renounced expenditures under			
flow through share agreements			<u>(33,000)</u>
	<u>7,867,975</u>		<u>1,553,271</u>
To be issued in exchange for mining claims			
pending regulatory approval	<u>100,000</u>		<u>25,000</u>
Balance at December 31, 1997	<u>7,967,975</u>	\$	<u>1,578,271</u>

c) Directors and Management Stock Options

In 1997, the Company granted options to a consultant to purchase 25,000 common shares at a price of \$.55 per share. These option expire on March 4, 2002.

Including the stock options granted in 1997, at December 31, 1997 the Company had outstanding stock options to its directors, officers and consultant which allow them to purchase up to 433,400 common shares at prices ranging from \$.25 to \$.55 per share. These options expire at various dates, but not later than March 4, 2002.

EAGLE PLAINS RESOURCES LTD.
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended December 31, 1997

4. INCOME TAXES

Under the provisions of flow through share agreements \$75,000 (1996 - \$720,000) of the amounts expended on mineral exploration properties has been renounced to shareholders as Canadian Exploration Expense.

During the year, the tax effect of these renounced expenditures was charged against mineral exploration properties with the corresponding offset to issued share capital.

For income tax purposes, the Company has losses in the amount of \$291,603 which are available to be carried forward to reduce future years taxable income. These losses expire as follows:

2001	\$ 7,687
2002	66,432
2003	125,741
2004	91,743

The Company also has approximately \$411,718 of unused tax pools available to be used to offset future taxable income subject to certain restrictions of the Income Tax Act.

The potential income tax benefits associated with the above items have not been recognized in the accompanying financial statements as their ultimate utilization is not certain.

5. CONTINGENCIES

The Company has made no provision for site restoration costs or potential environmental liabilities as all properties are still in the exploration stage.

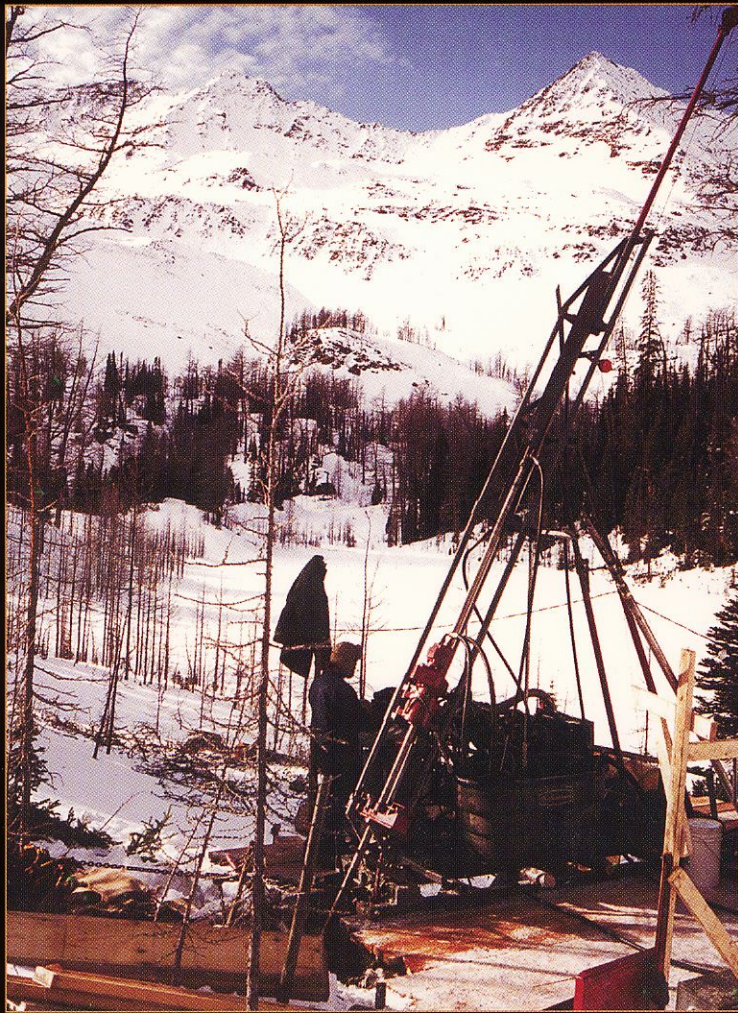
6. RELATED PARTY TRANSACTIONS

Included in the Company's expenses during the year is \$5,400 of office rent paid to the President.

During the year, the Corporation contracted and paid \$165,354 (1996 - \$727,569) to Toklat Resources Ltd. (a company controlled by the President's son) for administration, exploration and development work on mining claims.

During the year, the Corporation disposed of its 45% interest in HunCan '96 Research and Engineering Company Limited for proceeds of \$38,428 which was its cost and carrying value.

The Corporation sold a 50% net interest in certain mineral leases to a public Corporation related through common directors. The recorded proceeds of \$10,000 represents the exchange amount.



Diamond drilling at Greenland Creek



**Eagle Plains
Resources Ltd.**



Eagle Plains

NEWS RELEASE

Findlay Drilling Yields Significant Results

January 12, 1999 Cranbrook, BC: Eagle Plains Resources Ltd. (EPL:ASE) and Miner River Resources Ltd. (MRG:ASE) announce that final results have been received from a drilling program carried out during late 1998 on their 50/50 joint-venture Findlay property located in southeastern British Columbia within the North Sullivan Camp. Operator Kennecott Canada Exploration Inc. currently has an option to earn a 60% interest in the Findlay package by completing \$2,000,000 in exploration expenditures and making cash payments of \$250,000 to the companies by December 31st, 2000.

During the course of Kennecott's \$1,200,000 1998 program, five holes were drilled totaling 1853 metres (6079 ft). Four holes were drilled in the southern portion of the property, three of which failed to yield significant mineralization. Hole 98-04, drilled in the Pico Basin near the neighbouring Greenland Creek property (see Jan. 21/98 & Nov. 13/98 news releases), encountered an extensive sheeted vein system containing lead and zinc (with accessory cadmium, copper and tungsten) mineralization. Drillhole 98-05 was collared near the northern boundary of the property to test an extensive tourmalinite alteration facies discovered in 1996 by Eagle Plains/Miner River. This hole encountered significant base-metal enrichment over 105.2m from a depth of 171.8m to 277.0m. Within this interval, 46 individual thin stratabound mineralized horizons were intersected. A summary of significant results is as follows:

<u>Hole No.</u>	<u>Depth</u>	<u>Azimuth/Incl.</u>	<u>Interval</u>	<u>Length</u>	<u>Ag (ppm)</u>	<u>Pb (ppm)</u>	<u>Zn (ppm)</u>
98-01	478.2m	085/-80	(no significant mineralization)				
98-02	135.3m	049/-60	(no significant mineralization)				
98-03	468.8m	100/-85	(no significant mineralization)				
98-04	488.0m	080/-86	411.55-412.84m	1.29m	-0.2	-2	25,500
			439.00-439.34m	0.34m	7.4	3,550	7,140
98-05	282.9	166/-62	171.80-277.00m	105.20m	5.5	1,460	42
		Including:	176.00-176.48m	0.48m	14.4	17,700	12
			193.00-193.17m	0.17m	32.6	18,800	30
			199.98-200.15m	0.17m	62.2	37,500	4
			207.75-208.08m	0.33m	29.6	22,200	32
			212.97-213.30m	0.33m	57.0	24,200	40
			215.03-215.35m	0.32m	41.8	16,200	30
			216.16-216.25m	0.09m	264.0	129,500	68
Note: 10,000 ppm =1%			272.50-274.00m	1.50m	205.0	134	34

Sampling was carried out by Kennecott personnel with ICP analyses performed by Chemex Labs of Vancouver, BC. Kennecott has indicated that it will carry out further work on both the Findlay and Greenland Creek projects during the 1999 field season in an attempt to vector towards economic grade mineralization.

Robert Termuende, President

For further information on Eagle Plains Resources, contact Robert Termuende at (250) 426-6073

For Investor Relations information contact Denise Lemaster-Rose at (250) 426 8726

Email: denise@rockies.net, or visit our website at: www.EaglePlains.bc.ca

THE ALBERTA STOCK EXCHANGE HAS NEITHER APPROVED NOR DISAPPROVED

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NEWS RELEASE

Viceroy Completes 1998 Work at McQuesten Gold Project, Maintains Option

December 1st, 1998, Cranbrook, B.C.: Eagle Plains Resources Ltd. (EPL:ASE) and Miner River Resources Ltd. (MRG:ASE) announce that optionee Viceroy Resource Corporation "Viceroy" (VOY:TSE) has notified the 50/50 joint-venture partners that it has completed an extensive trenching and geophysical programme on the McQuesten (formerly "Wayne") property with encouraging results. Viceroy recently made a cash payment of \$50,000 to the companies.

During their \$425,000 Phase II 1998 programme Viceroy completed 3279m of bedrock trenching and a 5.0 line-km Induced Polarization (I.P.) geophysical survey. Viceroy reports that "1998 trenching defined a 10-120 m wide zone of >0.25 gpt Au across a strike length of 2.5 kilometres." 1998 trench results announced by geologists of the Yukon Geology Program include 2.47 gpt over 18m, 1.4 gpt over 36m, and 0.94gpt over 80m (including 40m of 1.24 gpt). The zone is open in all directions and over 5.0km of favourable stratigraphy has been mapped within property boundaries. Sampling was completed in 2m vertical continuous-chips and arithmetically averaged. Samples were collected by Viceroy personnel, and sent to Chemex labs in Vancouver for fire-assay.

The McQuesten Property contains a broad, east-west trending zone of skarn and replacement style mineralization within a sequence of altered sedimentary rocks intruded by narrow felsic sills. A mineralized intercept from a 1983 diamond drillhole contained 95.7m grading 0.72gpt, while wide-spaced reverse-circulation drilling carried out by Eagle Plains/MinerRiver in June, 1997 returned values up to 3.2 gpt gold over 21.3 metres, 1.77 gpt over 35.3m, and 0.92 gpt over 45.7m (see News Release, July 11th, 1997). In late 1997 Viceroy completed Phase I geological and geochemical studies and a trenching programme to further evaluate the property, confirming the potential for economic bulk gold mineralization. Significant results from this programme included intercepts of 2.23 gpt gold over 22 metres, 1.59 gpt over 25 metres and 1.45 gpt over 10 metres (see News Release, May 13th, 1998).

The McQuesten property is located 5km south of Elsa, in central Yukon, and is accessed by Highway #11 (The Silver Trail). The property is one of gentle terrain and is serviced by hydroelectric power. Preliminary metallurgical test work completed by Viceroy indicates that gold occurs as free particles, resulting in ore material that should be amenable to low cost cyanide processing.

Viceroy may earn a 70% interest (subject to a 2%NSR) in the McQuesten property by making cash payments totaling \$310,000 and spending \$1,000,000 on the property by October 31st, 2001. To date Viceroy has made \$70,000 in cash payments to Eagle Plains/Miner River and completed approximately \$490,000 in exploration expenditures on the property.

Eagle Plains and Miner River are currently exploring seven additional bulk-tonnage gold targets in the Yukon, many of which exhibit similar geology, mineralization and grade to that of the McQueston property. The companies are seeking joint-venture participation by interested parties.

Robert Termuende, President

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Email: info@eagleplains.bc.ca, or visit our website at: www.EaglePlains.bc.ca

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NEWS RELEASE

Eagle Plains/Miner River Sign Agreement to Increase Kennecott Activity in North Sullivan Camp

November 13, 1998 **Cranbrook, BC:** **Eagle Plains Resources Ltd. (EPL:ASE)** and **Miner River Resources Ltd. (MRG:ASE)** have signed a letter of agreement with Kennecott Canada Exploration Inc. on their 50:50 joint-venture Greenland Creek property located 30 kilometres north of Cominco's Sullivan base metal mine at Kimberley, B. C. The agreement provides that Kennecott may earn a 60% interest in the 247 claim unit property by spending \$2,000,000 in exploration expenditures and making total cash payments of \$310,000 to Eagle Plains and Miner River over a 4 year period. An initial payment of \$70,000 will be made upon signing of a formal option agreement.

The companies carried out a 7-hole diamond-drill program totaling 1893 feet (577 metres) on the Greenland Creek property late in 1997 with encouraging results. All seven holes encountered base metal mineralization and alteration assemblages associated with "sedex" deposits (see News Release January 21, 1998).

The Greenland Creek property adjoins the 425 claim unit Findlay Creek property to the north which Kennecott has under option from Eagle Plains and Miner River. To date Kennecott has made about \$1,000,000 in exploration expenditures on the Findlay property (see News Release November 2, 1998). Together the Greenland Creek and Findlay Creek properties comprise 672 claim units (40,000 acres) within the **North Sullivan Camp**. The essence of the two option agreements is that Kennecott has the right to earn a 60% interest in the combined properties by completing \$4,000,000 in exploration expenditures and making total cash payments of \$560,000 to Eagle Plains and Miner River by December 31, 2002.

Eagle Plains and Miner River are 50:50 joint venture partners holding 100% interest in 20 gold and base metal properties in various stages of exploration in British Columbia and the Yukon Territory.

Robert W. Termuende, President

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NEWS RELEASE

Kennecott Completes 1998 Drill Program at Findlay Creek

November 2, 1998 Cranbrook, BC: Eagle Plains Resources Ltd. (EPL:ASE) and Miner River Resources Ltd. (MRG:ASE) announce that Kennecott Canada Exploration Inc. have informed the 50/50 joint venture partners that the diamond-drilling program which commenced in mid-September on their Findlay Creek property has been completed.

Five holes were drilled totaling 1853 metres (6079 ft). The most significant mineralization was encountered in Hole #5 located at 50° 06' 35" N, 116° 10' 40" W near a topographic feature called Tourmalinite Ridge. Hole #5 was drilled to a depth of 283 metres (928 ft.). Laboratory analyses of drill core (type, grade and extent of mineralization) are expected to be completed by the end of November, 1998. Subsequent to visual examinations of drill core in the field, Kennecott staked 46 contiguous claim units (2,800 acres) covering adjoining geologic formations prospective for Sullivan-type mineralization. These new claims will be included in the Findlay Creek land package which now totals 425 claim units (>25,000 acres).

Kennecott has the right to earn a 60% interest in the Findlay Creek package by completing \$2,000,000 in exploration expenditures and making cash payments of \$250,000 to the companies by December 31st, 2000. To date, Kennecott has made \$80,000 in cash payments and completed about \$1,000,000 in exploration expenditures on the property, including detailed geological mapping, geochemical & geophysical surveys and diamond drilling.

The Findlay property is located 35km northwest of Kimberley, B.C., and overlies the same stratigraphic sequence which hosts the world-class Sullivan silver-lead-zinc deposit. The Sullivan mine contained over 180 million tons of ore grading 1.9 oz/ton silver, 6.5% lead, and 5.6% zinc, and has been in production for over 100 years. During this time metals worth >\$ 24 billion were produced. The mine is scheduled to shut down in 2001.

Robert Termuende, President

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