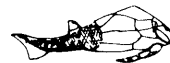


005694



**LARAMIDE RESOURCES LTD.**

*Mineral Exploration  
and Development*

***Laramide Resources Ltd.***  
Annual Report 1985

#904-675 West Hastings Street  
Vancouver, B.C. Canada  
V6B 1N2

Albert F. Reeve  
President  
(604) 688-3584

## ***Volcanogenic Massive Sulphide Deposits***

A Major World Source of Gold, Silver, Copper and Zinc

**L**aramide's Lara prospect on Vancouver Island belongs to a geological class of metal deposits of great commercial and scientific importance in the modern industrial world. These "volcanogenic massive sulphide" accumulations are a major source of zinc, copper and lead as well as silver and gold. They represent a solid core of world class orebodies within the Canadian metal mining industry, in such areas as: Bathurst, New Brunswick; Noranda, Quebec; Flin Flon, Manitoba; Faro, Yukon and Buttle Lake (Westmin), British Columbia. They are the principal reason for Canada having the

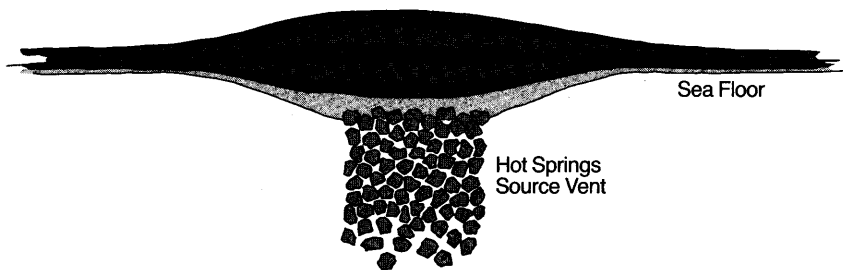
largest reserves and production of zinc in the world. The frequent presence of up to five metals including gold and silver helps to sustain productivity from these deposits in periods of low prices for particular metals or metal groups.

In geological terms, these orebodies rich in iron, zinc, copper, lead and sulphur compounds are believed to have been formed by the discharge of hot metal-bearing fluids and gels from under-sea fractures and vents, millions of years ago. These materials spread over the sea floor

forming broad sheets and pools of metal-rich material. This was followed by: burial, solidification and uplift onto continental land masses where they are found by today's prospectors and miners. This process is in keeping with accepted modern theories of continental drift or "plate tectonics". In fact, modern metal-rich sulphide deposits have been observed accumulating on the sea floor from submarine hot springs called "black smokers" in such places as the Red Sea and off the coast of British Columbia near the large fractures that represent joints in the earth's moving crust.

On the Company's Lara property geologists have recently identified significant concentrations of copper, lead, zinc, gold and silver in volcanogenic massive sulphides which have the potential to become an important economic source of these metals with the added benefit, at this time, of a higher-than-average gold content.

**Formation of a metal-rich massive sulphide layer on the ancient sea floor.**



## Annual Report to Shareholders

Nineteen eighty-five was Laramide's fifth year of successful operation as a privately funded exploration company. More than \$580,000 was spent on mineral projects, concentrated mainly in southern British Columbia. Management looks forward optimistically to the forthcoming exploration season and plans a first public offering of the Company's shares in 1986.

The Company's most promising project continues to be the *Lara* located near Duncan on southern Vancouver Island where a stratified sulphide deposit containing gold, silver, zinc and copper has recently been identified by diamond drilling. Commercial metal grades have been encountered over thicknesses up to 27 ft. with seventeen drill holes returning an average grade of 0.79% copper, 0.83% lead, 4.54% zinc, 2.71 oz/ton silver and 0.12 oz/ton gold over an average thickness of 12.5 ft. in two mineralized zones. There is well recognized geological potential for large tonnages in this area which is ideally located for low-cost mining operations. The Company owns a 35% working interest in the *Lara* property and plans to participate in a \$1 million drilling program planned for 1986. Abermin Corporation owns the remaining 65% and is the operator. There are no royalties or carried interests outstanding against the property.

Early in 1986 the Company acquired a 100% interest in a gold rich base metals prospect on a logging road near *Kitimat*, B.C. A surface sample is reported to have returned 4% copper and 0.2 oz/ton gold across 50 ft. Surface work is planned for this prospect in 1986.

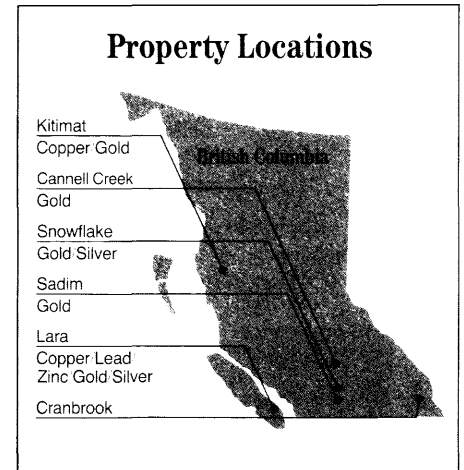
The Company has optioned its *Cannell Creek* gold prospect, located 25 miles by road north of Kamloops, B.C., to Relay Creek Resources Ltd. Relay plans to drill

at *Cannell Creek* this summer to trace the source of high-grade gold-bearing float. Relay can earn a 50% interest in the property by spending \$200,000 on exploration.

The Company's 50%-owned subsidiary, *Quilchena Resources Ltd.*, has optioned its *Snowflake* gold prospect near the Village of Aspen Grove, to Lornex Mining Corporation. Lornex plans to commence drilling at Aspen Grove this spring and can earn a 70% interest in the property by spending \$1,250,000 on exploration work, and by making payments of \$75,000. The best drill intersection returned from the *Snowflake* prospect to date is 10 ft. averaging 0.55 oz/ton gold and 6.6 oz/ton silver. The precious metals occur in sedimentary and volcanic rocks of the Nicola Formation with potential for a large tonnage deposit.

Also in 1985 the Company participated in a number of "grass roots" exploration projects including three gold prospecting programs in southern B.C., in the Nation Lakes area of central B.C. and near Kenora, Ontario. As a result of this work, the Company acquired an option on a block of claims, called the *Sadim group*, located 13 miles south of the *Snowflake* property, and also earned a 9.6% interest in *Nation River Resources Ltd.* The Company also participated as to 25% in a deep (5,000 ft.) diamond drill hole on a base metal prospect near *Cranbrook*, B.C. and carried out surface work on its base metal prospect at *Oregon Jack Creek* near *Ashcroft*, B.C. No commercial metal values were returned from these projects in 1985.

In these times, Canadian mining companies are hard pressed to compete with mineral producers in other countries who have advantages of climate, low-



cost labour and discounted currencies. For this reason, management believes that it is important to select mining opportunities in Canada that are high grade, have a precious metals component and are conveniently located for low-cost exploitation. The *Lara* project represents such an opportunity. The Company intends to pursue it vigorously while carefully searching for prospects of similar high quality.

In 1986 the Company plans to continue funding its mineral exploration work by the private placement of flow-through shares and, as well, by a first public offering of its shares by prospectus in British Columbia.

On behalf of the Board

A.F. Reeve  
President

April 22, 1986

## The Lara Property

A Gold and Silver Rich Base Metals Deposit

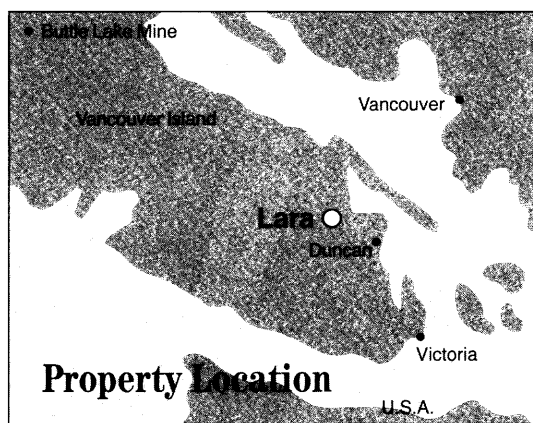
In December 1984 a new precious metals-rich base metal deposit was discovered by drilling on southern Vancouver Island, about 10 miles northwest of the Town of Duncan, B.C. near Mt. Sicker. The discovery by Abermin Corporation is called the Coronation Zone and was made on property owned by Laramide Resources Ltd. after two

years of detailed work on favourable rhyolite formations of the Mt. Sicker Volcanic Group. These strata have a NW-SE trend and dip at about 60° to the NE. To date 73 exploratory diamond drill holes totalling approximately 29,000 ft. have been completed.

This work has identified two mineralized zones composed of bedded sub-massive sulphide with significant concentrations of copper, lead, zinc, gold and silver. Gold represents 40% of the estimated commercial value. The thickest mineralized section is 27 ft. The average grade of 17 holes in the two zones is .29 oz/ton total gold equivalent over an average thickness of 12.4 ft.

This total grade figure discounts metal content by applying net estimated recoveries based on recent operating experience at a similar deposit. Insufficient drilling has been completed to begin making estimates of commercial tonnage. However, the stratified sulphide mineralization is similar in character to many large Canadian base-metal deposits of volcanogenic origin and has good size potential.

The property is covered by overburden and the initial drill hole discovery was based on geophysical and geochemical surveys. Most of the drilling has been concentrated in the discovery area on

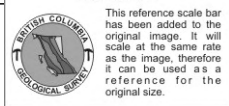
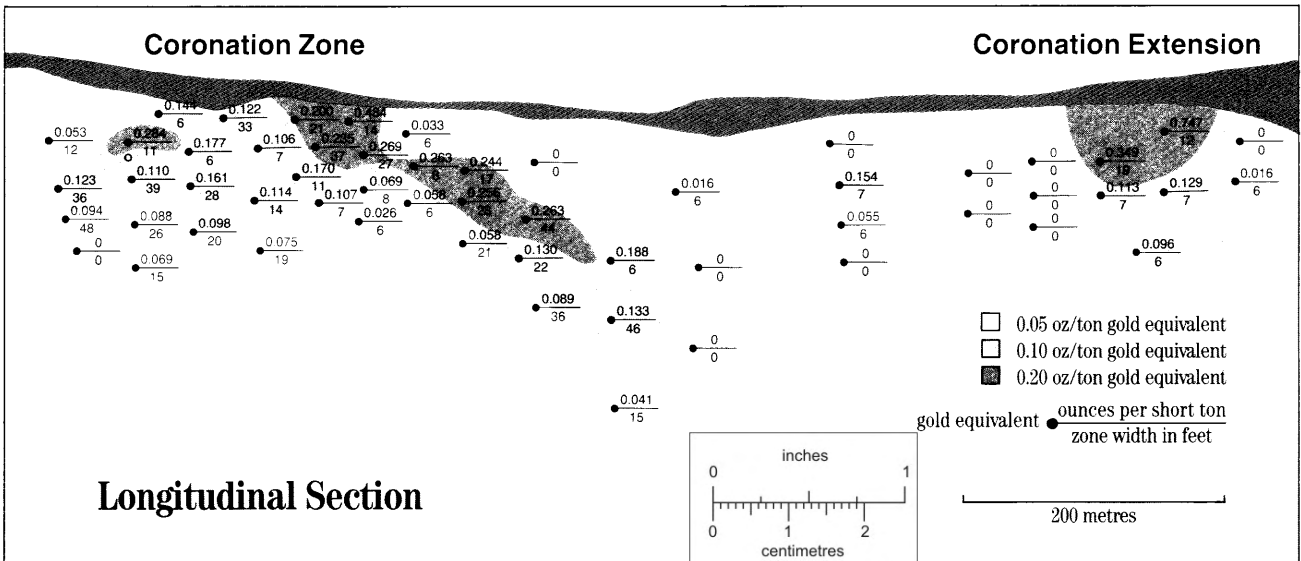
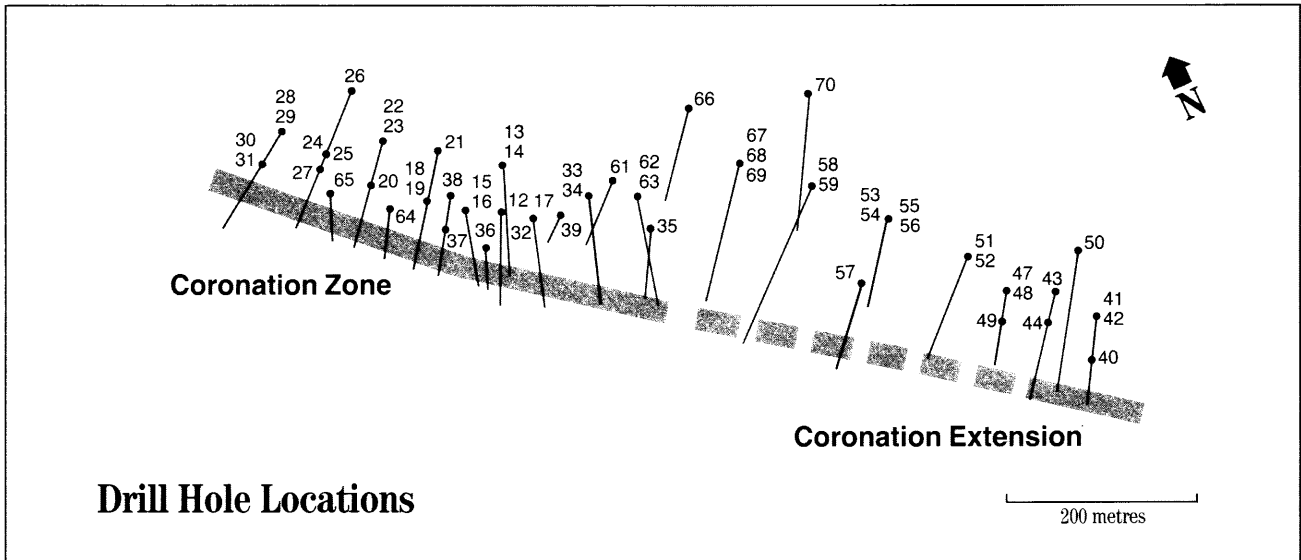
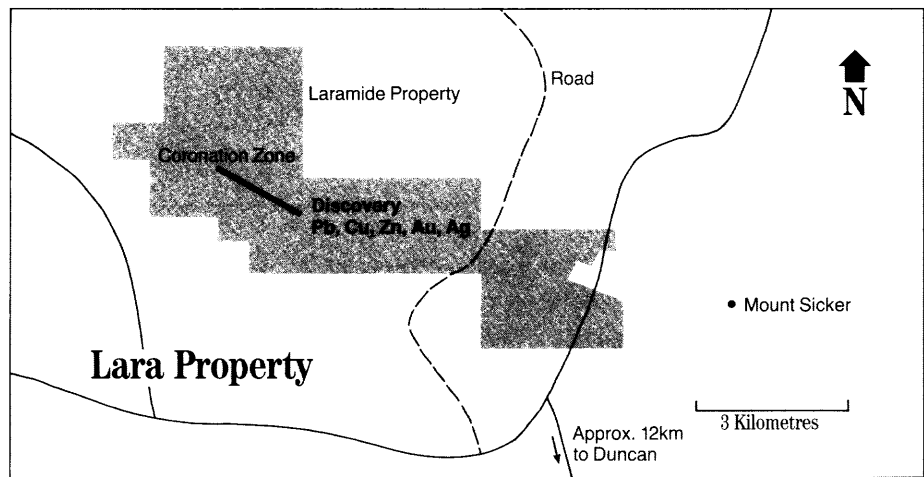


### Lara Project – Summary of Diamond Drill Hole Intersections

Hole	True Width (feet)	Cu %	Pb %	Zn %	Ag oz/ton	Au oz/ton
<b>Coronation Zone</b>						
DDH 84 12	27.13	0.68	0.45	3.01	1.97	0.105
DDH 85 15	17.09	0.62	0.73	4.71	3.21	0.153
DDH 85 24	4.62	0.15	0.39	2.64	5.08	0.071
DDH 85 27	11.12	2.01	0.58	3.34	2.11	0.050
DDH 85 33	7.02	0.57	2.66	7.23	1.84	0.053
DDH 85 34	9.02	1.00	0.52	9.14	1.47	0.041
DDH 85 36	14.17	0.86	0.50	3.47	2.41	0.289
DDH 85 37	20.60	1.21	0.35	2.04	1.61	0.051
DDH 85 39	7.90	0.36	1.05	3.30	1.87	0.098
DDH 85 62	14.43	0.91	0.80	8.01	5.61	0.281
DDH 85 63	14.76	0.46	0.10	4.20	1.01	0.048
DDH 85 65	4.92	0.10	0.20	0.57	0.71	0.166
DDH 85 68	12.96	1.20	1.61	5.86	4.03	0.048
Weighted Average:	12.75	0.85	0.69	4.33	2.50	0.116
<b>Extension Zone</b>						
DDH 85 40	12.07	1.16	2.53	9.22	8.60	0.213
DDH 85 42	5.70	0.11	1.11	2.65	1.25	0.096
DDH 85 44	19.15	0.33	0.95	4.08	1.88	0.168
DDH 85 48	7.83	0.55	0.66	4.28	1.30	0.023
Weighted Average:	11.19	0.56	1.35	5.31	3.51	0.146

a section of the favourable rhyolite formation which is 3,000 ft. long. Further potential lies within numerous geochemical features and EM conductors along the five mile strike length of the sulphide bearing rhyolite unit. Work to date has not identified any adverse structural problems or terrain conditions that would seriously interfere with the ongoing exploration program.

In 1986, an exploration program, to include 33,000 ft. of diamond drilling, is planned at an estimated cost of \$1 million.



**Balance Sheet**

As at December 31, 1985

	1985 \$	1984 \$
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and term deposits	396,668	284,798
Accounts receivable	7,715	—
	<u>404,383</u>	<u>284,798</u>
<b>Fixed Assets, net of accumulated depreciation of \$5,291 (1984 - \$563)</b>	18,909	1,659
<b>Investments (note 3)</b>	312,135	—
<b>Mineral Properties and Related Deferred Costs (note 4)</b>	688,923	488,365
	<u>1,424,350</u>	<u>774,822</u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Trust liability (note 5)	55,114	54,945
Accounts payable	37,025	6,902
	<u>92,139</u>	<u>61,847</u>
<b>SHAREHOLDERS' EQUITY</b>		
<b>Capital Stock (note 5)</b>	1,344,191	724,955
<b>Deficit</b>	(11,980)	(11,980)
	<u>1,332,211</u>	<u>712,975</u>
	<u>1,424,350</u>	<u>774,822</u>

Approved by the Directors



Director



Director

## **Statement of Mineral Properties and Related Deferred Costs**

*For the Year Ended December 31, 1985*

	Total costs December 31, 1984 \$	Costs incurred during 1985 \$	Total costs December 31, 1985 \$
<b>Exploration Costs</b>			
Aircraft	6,576	—	6,576
Automotive	23,667	11,391	35,058
Communications and delivery	3,260	2,239	5,499
Depreciation	563	4,727	5,290
Diamond drilling	72,627	167,367	239,994
Geochemical analysis	13,683	35,596	49,279
Heavy equipment rentals	15,670	—	15,670
Legal	6,562	—	6,562
Licences and fees	17,043	4,869	21,912
Mineral research	44,858	16,748	61,606
Miscellaneous	26	5,075	5,101
Office	10,774	7,158	17,932
Operator's fee	—	9,087	9,087
Supplies	3,708	11,852	15,560
Surveys and claim staking	7,978	48,317	56,295
Technical and professional services	169,208	169,000	338,208
Travel	19,663	29,260	48,923
	415,866	522,686	938,552
<b>Administration Costs</b>			
Administrative and office services	36,230	34,250	70,480
Advertising and promotion	1,496	814	2,310
Audit and legal	52,849	34,771	87,620
Communications	201	371	572
Licences and taxes	146	103	249
Office expense	2,997	2,328	5,325
Travel	5,806	2,298	8,104
Interest income	(40,246)	(31,928)	(72,174)
	59,479	43,007	102,486
<b>Total Mineral Properties and Related Deferred Costs</b>	475,345	565,693	1,041,038
<b>Option Payments Made (Received), net</b>	25,000	(115,000)	(90,000)
<b>Mineral Properties and Related Deferred Costs Before Write-offs and Adjustments</b>	500,345	450,693	951,038
Less: Costs written off on abandonment of properties	11,980	—	11,980
Costs incurred to earn a fifty percent interest in Quilchena Resources Ltd. (note 3)	—	250,135	250,135
<b>Mineral Properties and Related Deferred Costs (note 4)</b>	488,365	200,558	688,923

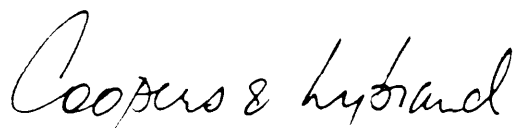
**Statement of Changes in Financial Position***For the Year Ended December 31, 1985*

	1985 \$	1984 \$
<b>Source of Working Capital</b>		
Share capital issued –		
For cash	126,375	218,250
For exploration	211,250	156,000
Reserved for issue and fully paid	281,611	305
Option payments received, net	115,000	—
	<hr/> 734,236	<hr/> 374,555
<b>Use of Working Capital</b>		
Fixed assets	21,977	—
Investments	62,000	—
Mineral properties and related deferred costs, excluding depreciation	560,966	176,199
	<hr/> 644,943	<hr/> 176,199
<b>Increase in Working Capital</b>	89,293	198,356
<b>Working Capital – Beginning of Year</b>	222,951	24,595
<b>Working Capital – End of Year</b>	<hr/> 312,244	<hr/> 222,951
<b>Represented by:</b>		
Current assets	404,383	284,798
Current liabilities	92,139	61,847
	<hr/> 312,244	<hr/> 222,951

**Auditors' Report to the Directors**

We have examined the balance sheet of Laramide Resources Ltd. as at December 31, 1985 and the statements of mineral properties and related deferred costs and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company as at December 31, 1985 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



Vancouver, B.C.  
February 14, 1986



## *Notes to Financial Statements*

*For the Year Ended December 31, 1985*

### 1. Operations

The company is in the exploration stage and, on the basis of information to date, does not yet have economically recoverable reserves. The underlying value of the mineral properties and related deferred costs and investments in resource assets is entirely dependent upon the existence of such reserves, the ability to obtain the necessary financing to develop the reserves and upon future profitable production.

### 2. Significant Accounting Policies

#### Mineral Properties and Related Deferred Costs

The cost of mineral properties and the related exploration and administration costs are deferred until the properties to which they relate are placed into production, sold or abandoned. These costs will be amortized over the estimated useful life of the properties following the commencement of production or written off if the properties are sold or abandoned.

#### Option Payments

Option payments are made at the discretion of the optionee and, accordingly, are accounted for on the cash basis.

#### Depreciation

Depreciation of fixed assets is provided on a declining-balance basis at the rate of 20% per annum.

#### Investments

The company follows the equity method of accounting for its investments in companies in which it owns 20% to 50% of the common shares. Other investments are accounted for on the cost basis.

### 3. Investments

The company made the following investments during the year:

	Shares	\$
Quilchena Resources Ltd. (no quoted value)	400,000	300,135
Nation River Resources Ltd. (no quoted value)	86,000	12,000
		312,135

The company owns 50% of the outstanding shares of Quilchena Resources Ltd.; therefore, it is accounted for by the equity method. The carrying value of this investment is exploration costs of \$250,135, incurred by the company, on property owned by Quilchena Resources Ltd. and a cash subscription for shares of \$50,000.

Nation River Resources Ltd. is accounted for by the cost method.

### 4. Mineral Properties

The company owns interests ranging from 2½% to 100% in 556 mineral claim units in British Columbia. Sixty-eight of the mineral claim units are held under an option agreement. In order to fully exercise the option, the company is required to make payments totalling \$50,000 before December 31, 1987.

## Notes to Financial Statements

For the Year Ended December 31, 1985

### 5. Capital Stock

Authorized –

5,000,000 common shares of no par value

Issued and fully paid –

	1985		1984	
	Shares	\$	Shares	\$
For cash	1,955,500	524,025	1,787,000	397,650
For exploration	645,000	382,250	320,000	171,000
	2,600,500	906,275	2,107,000	568,650
Reserved for issue and fully paid	385,906	437,916	240,469	156,305
	2,986,406	1,344,191	2,347,469	724,955

During the year, the company:

- (a) issued 168,500 shares for \$126,375 cash.
- (b) issued 325,000 shares (240,469 of which had been reserved at December 31, 1984) to Canada Northwest Energy Limited (C.N.W.). Under a 1983 agreement, C.N.W. was to incur Canadian Exploration Expenses (C.E.E.) totalling \$211,250 in exchange for 325,000 shares of the company during the period ending December 31, 1986. C.N.W. had incurred the total C.E.E. required by May 9, 1985.

In March 1985, the company gave its existing shareholders the opportunity to earn 337,000 shares in the company by incurring \$337,000 of C.E.E. on the company's properties by December 31, 1986. At December 31, 1985, \$281,886 of C.E.E. had been carried out; and 281,886 shares were reserved to meet the obligations under this agreement. The balance of the funds, yet to be expended (\$55,114), is held in trust by the company.

In addition, the company funded its participation in an exploration project by offering flow-through shares to investors. At December 31, 1985, the work requirement pursuant to this agreement had been completed and 104,020 shares (\$156,030) were reserved.

During the year, the company granted a stock option to its president to purchase 100,000 common shares, exercisable during the period April 9, 1985 to April 8, 1990, inclusive, at a price of \$0.75 per share.

### 6. Related Party Transactions

During the year the company was billed \$78,425 (1984 – \$31,295) by a director and a company controlled by two of its directors for office services and technical and professional services. Of this amount \$6,100 (1984 – \$2,597) is included in accounts payable at the year end.

## *Corporate Data*

**Head Office:**

904 - 675 West Hastings Street  
Vancouver, B.C. V6B 1N2  
Telephone: (604) 688-3584

**Directors:**

Albert F. Reeve  
Jurgen T. Lau  
R. James Kirker  
William Wolodarsky  
Gary R. McDonald  
John W. Stollery  
Duncan M. Stewart

**Officers:**

Albert F. Reeve  
President  
Annikki Puusaari  
Secretary

**Auditors:**

Coopers & Lybrand  
Chartered Accountants  
Vancouver, B.C.

**Solicitors:**

Bull, Housser & Tupper  
3000 Royal Centre  
1055 West Georgia Street  
Vancouver, B.C.  
V6E 3R3

**Records & Registered Offices:**

3000 Royal Centre  
1055 West Georgia Street  
Vancouver, B.C.  
V6E 3R3

**Principal Shareholders:**

Canada Northwest Energy Limited	34%
Exaton Resources Ltd.	14%