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Vananda

Gold

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Message From the President

Dear Shareholder,

First I would like to thank you for your continued support in what has been an excellent year for your company and second, update you on its development .

Vananda Gold Ltd. has been very fortunate , as our work this year has yielded exceptional results. These results are the culmination of an intense multi-year exploration program at a cost exceeding two million dollars. This program also marks the first time in the history of the mining camp that geological data from its 140 mineral claims has been compiled and studied in a systematic and coordinated way.

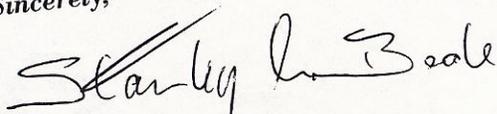
The results of this work consists of three very significant areas that have been prioritized for exploration and development. The most exciting is the recently discovered massive sulfide copper-gold targets at the south end of the property which are estimated to total approximately 75 million tons in size.

The second area is the Florence and Security ground which is a high grade copper-gold target at the middle of the the property and which has important similarities to the 12 million ton Fortitude Mine in Nevada.

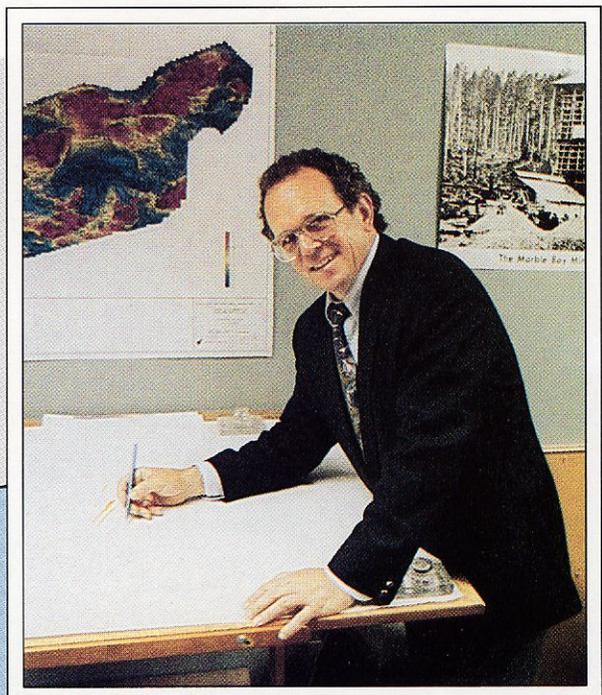
The third area is the Vananda Gold Camp where development drilling at one of its mines, The Little Billie, intersected 68 feet of ore grading .289 oz/ton gold and 2.45% copper in a program which established a geological reserve worth over \$40 million at current metal prices.

Our 1991 fall program is to focus on further exploration of the recently discovered sulfide bodies with the goal of establishing a multi-million ton copper-gold deposit. The fall program will also include the testing for an extension of the Little Billie Mine's copper-gold reserves.

Sincerely,



Stanley L. Beale
President, Vananda Gold Ltd.



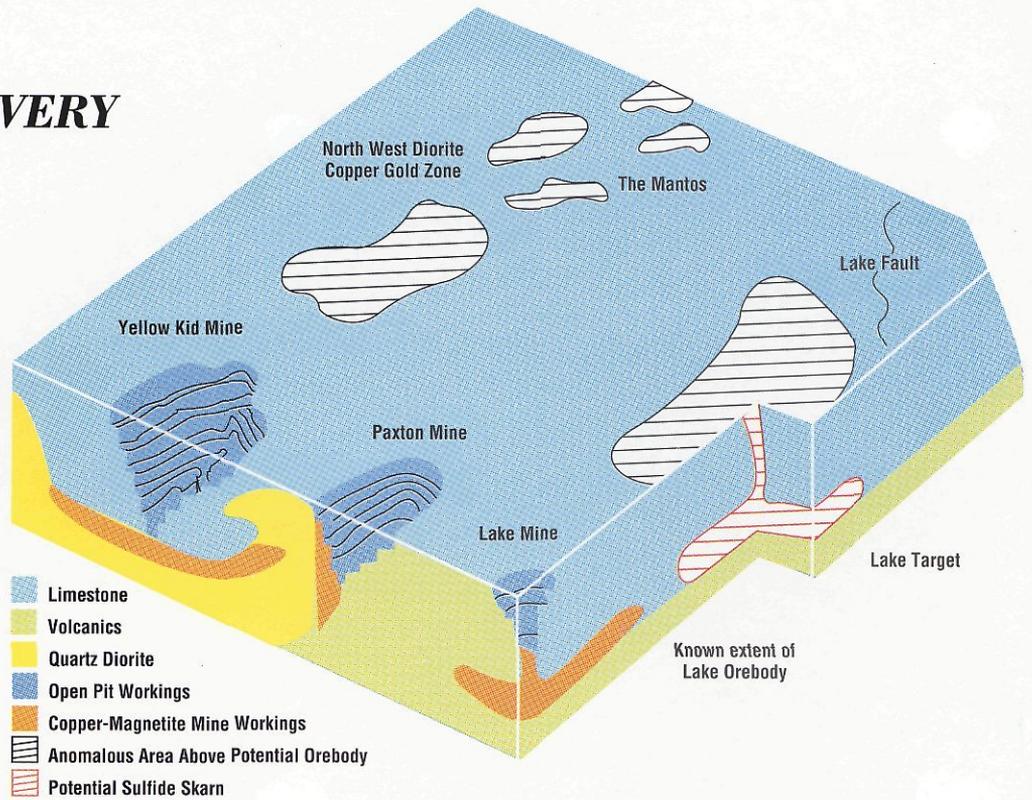
THE SOUTHERN DISCOVERY

The Southern Discovery consists of three very large copper-gold, massive sulfide targets totalling approximately 75 million tons. The targets were discovered using wide and close spaced induced polarization surveys, using state of the art techniques.

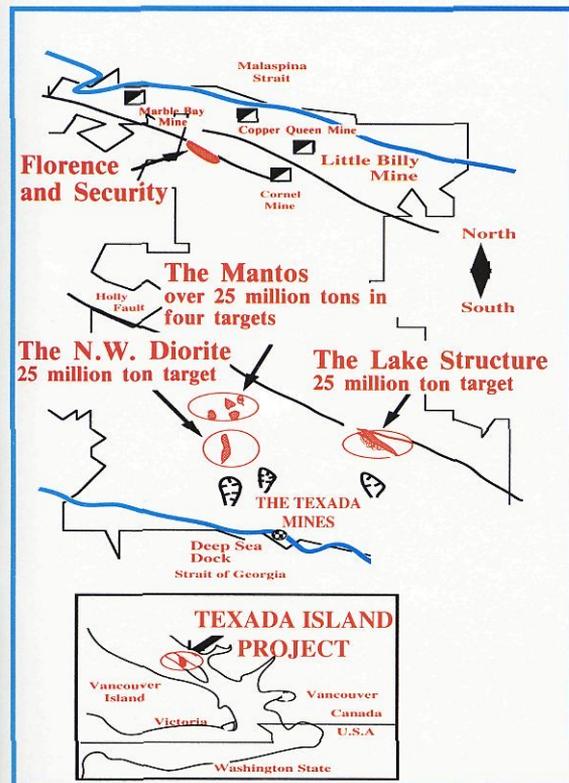
Magnetic lows also coincided with the targets, indicating a lack of (iron) magnetite ore, consequently increasing the probability that a copper-gold skarn containing massive sulfide material will be present. A gravity survey also showed areas of extremely dense material coincident to the targets.

The targets were further refined using surface data, shallow drill holes and comprehensive geological data drawn from the adjacent Texada mines.

The discovery consists of The Lake Structure, The North West Diorite, and the Mantos.



The potential for major copper-gold deposit is supported by six key factors. These are: gravity and magnetic surveys, surface geological work, shallow drilling, underground geological data from the adjacent Texada copper-iron mine; and the conclusions of a doctorate study by Skarn specialist Art D. Etlinger, Ph.D. F.G.A.C. The newly discovered massive sulfide bodies are adjacent to the Texada copper-iron mines where 20,000,000 tons of iron ore containing 59,000,000 pounds of copper was mined. As these mines' underground workings extend north towards the sulfide bodies their copper grades increase to as high as an excellent 3%.



The Lake Structure

The Lake Structure is located at the south-east boundary of the Texada property. It is 1500 feet away from the northernmost underground workings of the Lake pit, and it is located at the same depth and along the same fault and volcanic contact as the Lake copper-magnetite orebody. The numerous copper and gold showings above the Lake Structure are thought to have seeped up fractures from it. The highest grade surface showings included a 2 foot section which assayed 1.12 oz/ton gold.

A single shallow drill hole above the structure intersected a massive sulfide shoot seven feet wide which graded .302 oz/ton gold.

The North West Diorite.

The North West Diorite is located east of the Lake Structure and is also at the same depth with the same Volcanic contact as the Texada mines nearest high grade copper workings. Shallow drill holes through a section of weak IP response approximately 600 feet above the North West Diorite sulfide body intersected copper grading as high as 1% which appears to have migrated upwards from the sulfide body. Several areas on the surface above the sulfide body returned anomalous gold values.

The Mantos

The four Manto targets are approximately 300 to 700 feet north of the North West Diorite and have a potential size of up to 6 million tons each. A high grade zinc-gold Manto occurrence immediately west of the IP grid has 10% zinc, and 0.23 oz/ton gold across 17 feet.

THE FLORENCE/SECURITY TARGET & THE LITTLE BILLIE MINE

The Florence/Security Target is located within the original Vananda copper-gold camp which also includes the Little Billie, Marble Bay, Copper Queen, Cornell and Florence and Security Mines.

The entire mining camp is located on the north side of Texada Island. Its history dates back to the turn of the century, an era of significantly lower copper and gold prices. The post First World War depression and subsequent collapse in copper prices, however, resulted in the closure of the mines.

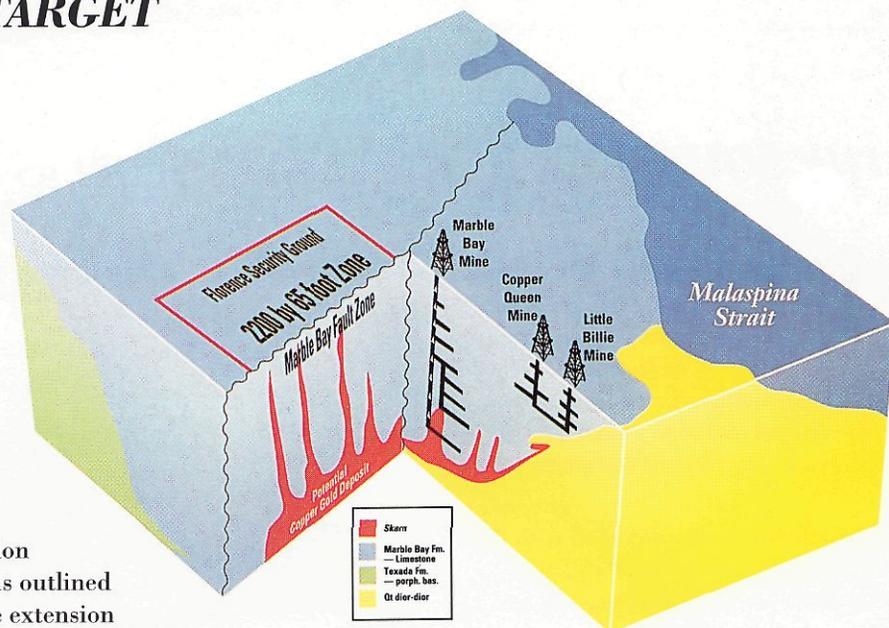
Significantly, all of the mines are reported to have still been in ore at the time. In total, the camp produced 86,000 ounces of gold, 580,000 ounces of silver and 21,000,000 pounds of copper.

A trenching program in the Florence/Security area along the Marble Bay Fault zone exposed an area 2200 feet by 65 feet of continuous skarn with localized zones of copper-gold mineralization. The best chip sample on the near half mile long anomaly was 0.692 oz/ton gold and 1.39% copper over 4.59 feet.

The Little Billie Mine

During early 1991, drilling at the sixth and lowest level of the Little Billie Mine intersected ore grade material in four of five holes drilled. The best hole included a 46.6 foot intersection grading 0.384 oz/ton gold and 3.04% copper in a bornite chalcopyrite ore which is found within a wollastonite skarn material.

This current round of drilling expanded the grade and tonnage of the 1951 zone to a geological resource of approximately 200,000 tons grading 0.34 oz/ton gold, 1.00 oz/ton silver and 2% copper with a combined value of over \$40 million at current metal prices.



A recent induced polarization survey has outlined a possible extension of the 1951 orebody to the south and southeast for approximately 1500 feet, a development which could potentially increase the zone by 500,000 to 800,000 tons.

Also significant is the current market price for wollastonite at approximately \$200.00 per ton. Initial tests have shown

the Little Billie wollastonite to be of an optimum fiber length for industrial uses in paints, plastics and cements.

Further work to assess the tonnage and marketability of this industrial mineral is ongoing.

Corporate Summary

Experienced and Capable...

The Executives:

**Stanley L. Beale, Director
President, CEO**

Private consultant to the mining industry for over 20 years; guest lecturer regarding Skarn deposits at the University of British Columbia.

David Watkins, Director

As president of Minnova Inc. he is one of North America's most successful mine finders.

Mike Ryan, Director

Active prospector and exploration management consultant for over 20 years.

William S. Beale, Director

Former president of Ideal Cement Co. (BC), a company with extensive mining operations; developed one of BC's and Texada's largest limestone quarries.

**U.S. TOLL FREE
1-800-667-7118**

Corporate Directory:

Head Office

Suite 705 - 475 Howe Street
Vancouver, BC, V6C 2B3
Telephone: (604) 688-0323
Fax: (604) 688-4329

Solicitors

Maitland & Company
Vancouver, BC

Auditors

Bishop & Wallace
Richmond, BC

Transfer Agent

Montreal Trust
Vancouver, BC

Stock Exchange Listing

Vancouver Stock Exchange
Trading Symbol: VAG
USA 12g3-2 Exemption #82-1883

Capitalization

Authorized: 100,000,000
common shares
Issued: 4,600,000 (fully diluted)

**C.M. Oliver
& Company Limited
Investments Since 1907**

**Research
Vananda Gold Ltd.
Texada Island Project, Apolo XII Project.**

*Norman Duncan
BSc. Geologist*

FEBRUARY 25 1993

**Shares outstanding: 6,954,878/ Est. Float: 1,500,000
including private placements:**

200,000 at \$1.04 (free trading Jan 1994)

400,000 at \$0.65 (free trading June 1993)

200,000 at \$0.97 (free trading Sept 1993)

Recent Price: \$0.80

**Options outstanding: 650,000
(average ex. price \$0.94)**

52 Week Price Range: \$0.70 to \$1.43

Average Daily Volume: 40,000 shares

Working capital: \$208,000 as of Jan. 1993

President: Stanley L. Beale

**Company Headquarters: 705 - 475 Howe St.
Vancouver BC.
(604) 688 0323**

USA 12g3-2 (b) Exemption #82-1883

Listed Standard and Poor's

**Traded: Vancouver Stock Exchange (VAG),
United States OTC (VAGDF),
Germany Telefonhandel
(Reuters MSKS)**

Market Makers

**CDN: Mike McKnight, McDerimid St.
Lawrence Chisholm (604) 654 1188,
David Townshend, Yorkton Securities
(403) 260 8427.**

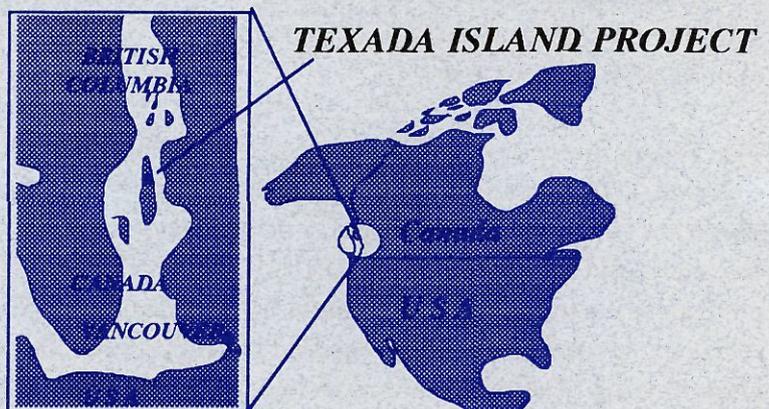
**US Bob Hurd, J. Alexander Securities
In California (800) 540 2539 Outside
California (800) 421 0258.**

**GM Kurt Siegle, Borsenmakler GmbH
(49 711) 22145456.**

Recommendation

Vananda Gold is a Vancouver, BC based mineral exploration company with two ongoing projects. The more advanced project, the Texada Island property, is in the drill exploration stage (a week ago I visited the property to examine the latest drill cores and and technical data) and the results indicate that a large tonnage, high grade copper-gold deposit could be present in the property area. A newer project, the Apolo XII property in Chile, is in the initial evaluation stages but represents a target area with significant near term potential for investors who are interested in higher risk, speculative investments. Recent trading has been in the \$0.80 - \$0.98 range. Strong technical support is at around \$0.60 - 0.70. As resource stocks can be volatile I have begun accumulating Vananda's shares at these prices (in case there are good results in the near future) but I also hope to buy any dips and will do so with confidence as this company has both excellent management and projects underpinning it. Longer term its prospects are also excellent.

Norman Duncan, BSc. Geologist (604) 668 6818



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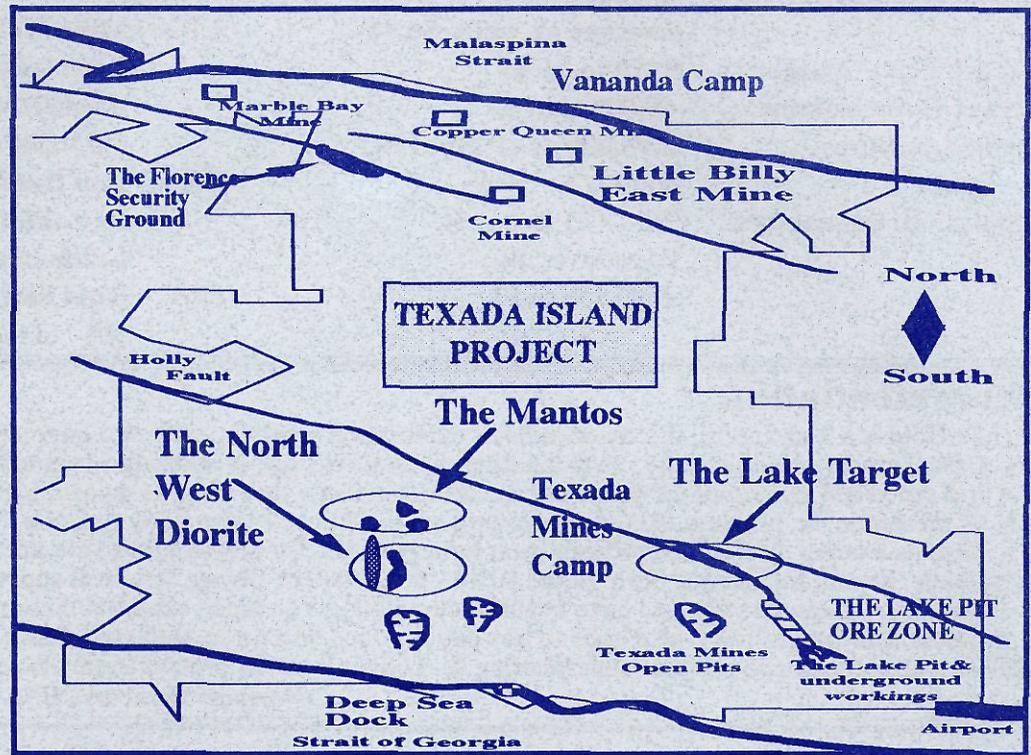
Please note: Information presented herein, while obtained from sources we consider reliable, is not guaranteed. C.M. Oliver, its affiliates, officers and directors, employees and their families may from time to time have a position in any securities mentioned herein. Neither the information nor any opinion expressed constitutes a solicitation for the sale or purchase of securities.

The Company

Vananda Gold Ltd. is a junior mining company headquartered in Vancouver and listed on the Vancouver stock exchange (VSE). The company was organized in 1986 in order to develop the Texada Island property. The company was listed for trading on the VSE on August 28, 1987 after a statement of material facts financing by Yorkton Securities consisting of 375,000 shares at \$0.45 per share with warrants exercisable at \$0.50 (since exercised). The company has virtually no debt and no long term debt (see enclosed financial statements) and has sustained itself by continually securing funding to continue its exploration programs by private placements of shares. The most recent private placement was announced on February 10, 1993 consisting of 200,000 shares at \$1.04 which was taken down by company insiders and close associates. Vananda Gold Ltd. currently has two projects, the first is the development of the Texada Island copper, gold and silver property in British Columbia, Canada. The second project is the Apolo XII property near La Serena, Chile - a copper-gold project.

Texada Island Project

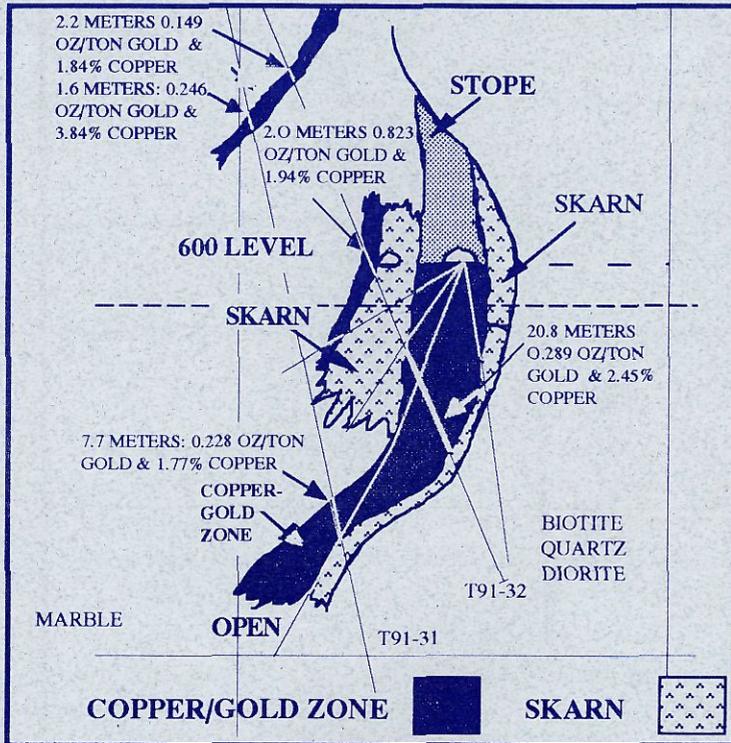
Vananda Gold Ltd. has been actively exploring the Texada Island property since incorporation. Three of the directors - Stan Beale Sr., Stan Beale Jr. and Mike Ryan - have been working on the Texada project prior to the incorporation of the company, starting in the early 1970's. Stan Beale Sr. first began accumulating the 148 claims which comprise the property during the 1950's when he was developing a limestone operation on the property. This limestone operation is still in production at a rate of 3,000,000 tons per year.



The Texada property mineral rights are 100% owned by Vananda and the property consists of 148 claims covering 6,000 acres. The island has three operating limestone quarries and ongoing timber cutting operations. There are two towns on the island, a deep sea dock, airport, car and truck ferry service, natural gas pipeline, electricity and an extensive road system. This level of industrialization provides excellent infrastructure and a predisposition to further development by the inhabitants. The property contains the third largest copper-gold replacement-type skarn in BC. The first largest is the Hedley mine which was first developed in 1904 and, after 90 years of intermittent production, still contains 7,000,000 tons at 0.15 ounce per ton gold.

LITTLE BILLIE MINE

UNDERGROUND WORKINGS SECTION 9950N LOOKING NORTH



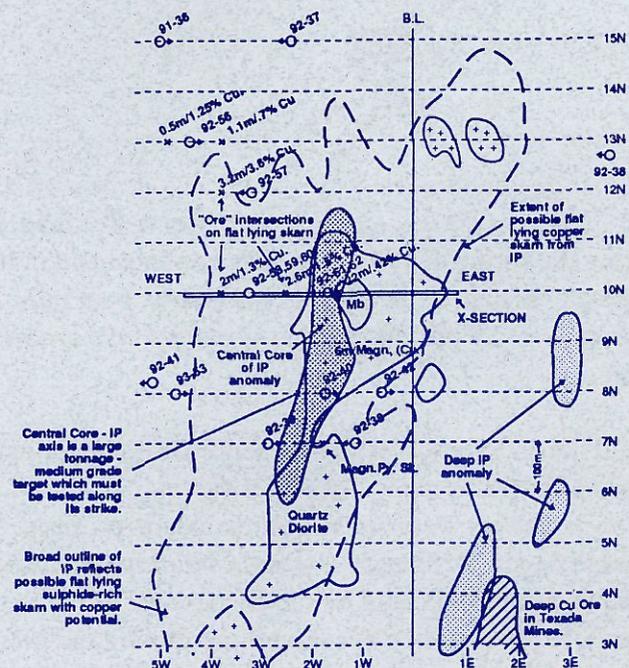
Replacement deposits are formed when hot intrusive rocks penetrate calcium-rich rocks, such as limestone. The heat, pressure and hot fluids associated with the intrusive event cause chemical reactions which alter the limy rocks into skarns. The hot fluids may also contain metals such as copper, gold, silver and zinc which are deposited in the skarn material due to complex chemical reactions.

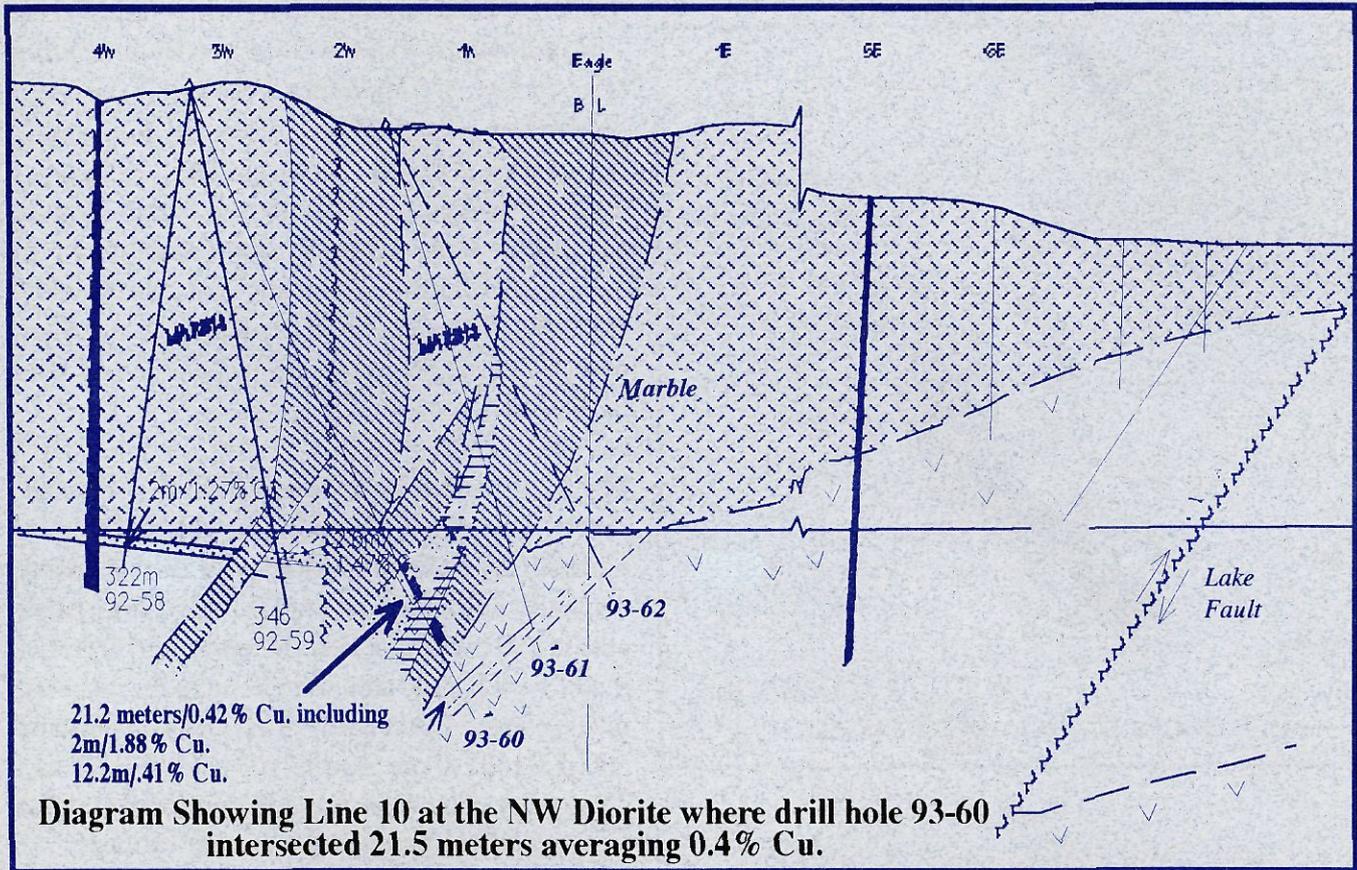
The Vananda Gold Camp

The initial stages of exploration on the Texada property were concentrated in the northern portion of the property - specifically on the Little Billie mine area in the Vananda Gold Camp.

The Little Billie is one of four former mines in the Vananda camp which were in production earlier this century. All four mines were still in ore when production ceased. These mines are quite small, but contain attractive gold grades. In May of 1988, Vananda entered into a joint venture agreement with Freeport McMoRan Gold to explore the northern deposits and, specifically, the Little Billie mine. After spending \$1.5 million over a one year period, the project was put on hold by Freeport.

The joint venture was terminated in 1990 and, shortly thereafter, Freeport was sold to Minorco with all Canadian exploration activities disbanded. Vananda continued to explore the Little Billie area in 1991 with one hole intersecting 60 feet of 0.289 oz/ton gold and 2.45% copper. In total, drilling in the Little Billie mine area has outlined 200,000 tons of ore grading 0.34 oz/ton gold and 2% copper. The deposit is still open and could be significantly larger than the current estimate.





Feldspar Porphyry Dike



Basalt



Copper Skarn



Garnet Skarn



Diorite



The Southern Texada Iron - Copper Mines Area

During the spring of 1991, Vananda conducted an induced polarization (IP) survey over the southern portion of the property near the old Texada iron-copper mine. These mines are dramatically larger than those in the north as over 50 million pounds of copper was produced from this area from approximately 20 million tons of ore.

The IP survey indicated the presence of three anomalous targets in the area which were interpreted to be massive-sulphide zones. In a later survey in 1992 a fourth target was delineated by IP. As a result of the IP surveys, efforts were shifted to the southern property area as it was thought to have potential for a large tonnage target. Drilling to date in the Northwest Diorite area has confirmed that massive-sulphides are present at depth where indicated by the IP survey. While the IP survey does not indicate thickness or grade, it has definitely proven to be accurate in predicting the presence of sulphides.

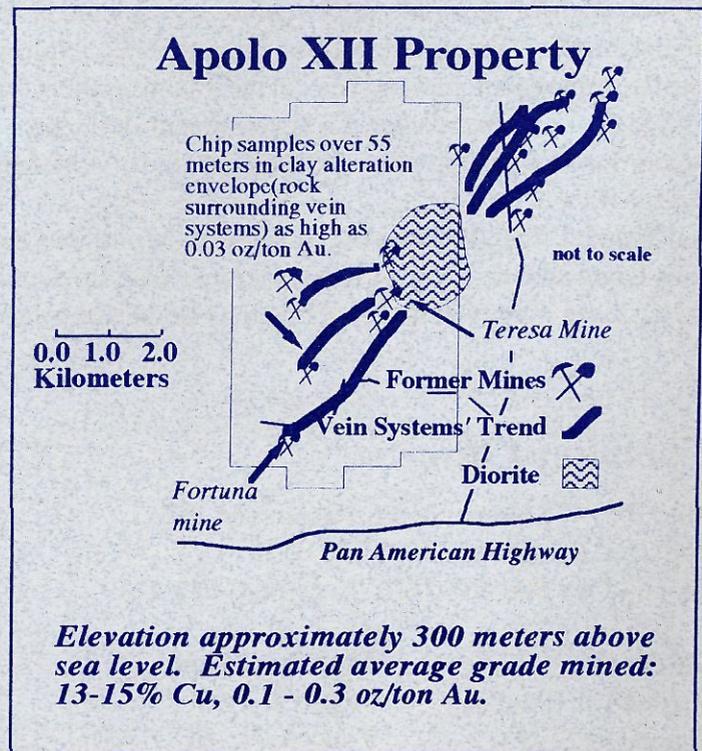
Diamond drill testing has intersected significant thicknesses of copper-bearing massive-sulphides in several holes. The best intersection to date consists of 3.2 metres (10.5 feet) of skarn grading 3.6% copper (see map - drill hole 92-57). Drill hole 93-60 intersected 21.5 metres of lower grade (0.42%) copper, but a subsequent downhole geophysical survey indicates that higher grade material may be present in the area and hole 93-61 may be on the edge of a high grade, thick, massive-sulphide zone. Gold assays in the area have, to date, been low. The low gold grades could be due to a typical zonation in skarn deposits where higher gold values occur farther from the core (high heat zone) of the skarn deposit. Further drilling is planned to test for higher gold grades at a distance from the intersections drilled to date. Diamond drilling continues on the property at the time of this report.

The Apolo XII Project

In November of 1992 Vananda signed a letter of intent with Corriente Resources Inc. to participate in a joint venture on the Apolo XII property in Chile. Under the agreement, Vananda can earn a 51% interest in the property by spending US\$200,000 on exploration over two years and two annual payments of US\$25,000 (this year's has been made) and 50,000 Vananda Gold shares. The property is located in Chile near the town of La Serena just off the Pan American highway. The property is 2,000 hectares in size and covers one-half of a mining camp which contained 20 producers that ceased production in the late 1870's following an earthquake.

The average grade of copper mined in the area is estimated to be in the 13% to 15% range. Gold grades in the 0.1 to 0.3 oz/ton range are reported to have been obtained from the vein systems in the area. The mines worked followed a series of north-easterly striking vein systems which radiate from a diorite intrusive. The larger vein systems are up to 1,200 metres wide and 3,500 metres in length. The old mining operations extracted ore at depths of up to 300 metres from these vein systems.

The area also has bulk tonnage, heap leach potential in the clay alteration zones which surround the vein systems. One zone returned assays of 1 gram per ton of gold over 55 metres. Porphyry copper-gold type mineralization has been identified in the area with 2% to 3% chalcopyrite (a copper-ore mineral) and 0.02 oz/ton gold reported from the intrusive diorite. A work program in the area will be undertaken by Vananda Gold in the near future to more accurately evaluate the potential of the Apolo XII property.



CORPORATE DATA

Directors:

Stanely L. Beale, President, Director; Dave Watkins, Director; W.S. Beale, Director; Mike N. Ryan, Director

Background:

Stanley L. Beale, Vananda Gold's founder, has been involved in mining exploration as a private consultant for over 20 years. He has been a guest lecturer on industrial minerals at the University of British Columbia.

David Watkins is also president of Minnova Inc. and is one of North America's most successful mine finders. His background is extensive and includes mine discoveries and developments in both North and South America. Minnova was recently taken over by Metall Inc. a subsidiary of the metals giant, Metallgesellschaft of Germany.

W.S. Beale developed BC's largest limestone quarry which is on the Texada property and remains in production at a rate of 3 million tons per year. He later sold the quarry to Ideal Cement (BC) and became its president. The formerly NYSE listed Ideal has since been taken private by the Swiss-based Holda bank.

Mike N. Ryan has been an active prospector and consultant to the mining industry for over 20 years. He is an expert in exploration management and last managed Vananda's Texada Island project for Freeport McMoRan Gold before joining Vananda.

Key staff:

Freeport McMoRan Gold's joint venture with Vananda was dissolved when Freeport Gold was liquidated by parent company Freeport McMoRan Inc, and its BC exploration division was disbanded. Subsequently, **Charles Forster**, senior geologist and head of the Texada project for the former exploration giant, elected to join Vananda Gold to continue overseeing the development of the property. Mr. Forster has an extensive background in the exploration of skarn type deposits which includes work for Union Carbide and exploration in North America and South Africa.

Neil Maedel, Vice President of Investor Relations, has an extensive financing network in Europe, Vancouver, Hong Kong and the USA. A former professional stock trader, he is an authority on the Vancouver stock market and has been quoted in such publications as the Globe and Mail and Personal Investor magazine.

Company Office:

Suite 705, 475 Howe Street Vancouver, BC
V6C 2B3 Telephone: (604) 688 0323
US Toll Free 800 667 7118 Fax: (604) 688 4329

Solicitors

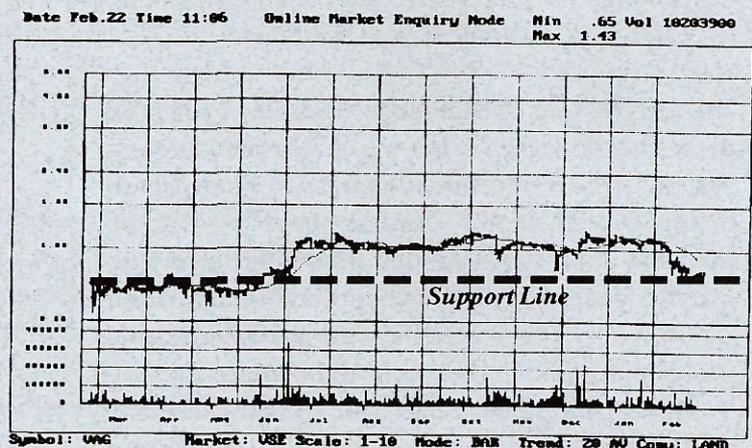
Maitland & Company
Vancouver, BC

Transfer Agent

Montreal Trust
Vancouver, BC

Auditors

Bishop and Wallace
Richmond, BC



Consolidated Balance Sheet*

As at September 30, 1992

Assets	1992	1991
Current		
Cash	\$2,244	\$14,955
Prepaid expenses	-	-
Deposits	3,750	3,750
Share Subscription Receivable	-	11,953
GST receivable	-	-
Subtotal	21,619	12,349
Fixed Assets	92,476	-
Mineral properties and related deferred costs	2,225,926	1,093,318
	<u>\$2,376,015</u>	<u>\$1,136,325</u>
Current Liabilities and Shareholders Equity		
Accounts payable	\$96,262	\$29,897
Due to director	32,164	22,820
Due to Shareholders	25,430	-
Deposit on Share Capitol	8,300	-
	-----	-----
	162,156	52,717
Capital Stock	2,312,859	1,173,608
Deficit	(99,000)	(90,000)
	<u>\$2,376,015</u>	<u>\$1,136,325</u>

Statement of Loss and deficit for the Period Ending September 30, 1992

Deficit, Beginning of Year	\$99,000	\$90,000
Net Loss for the Period	-	-
Deficit, End of the Period	<u>\$99,000</u>	<u>\$90,000</u>

*Taken from unaudited quarterly statements.



Gold Stocks often rally first...



As London and Toronto gold stocks have had no problem doing...



While sleepy gold has yet to come to life.

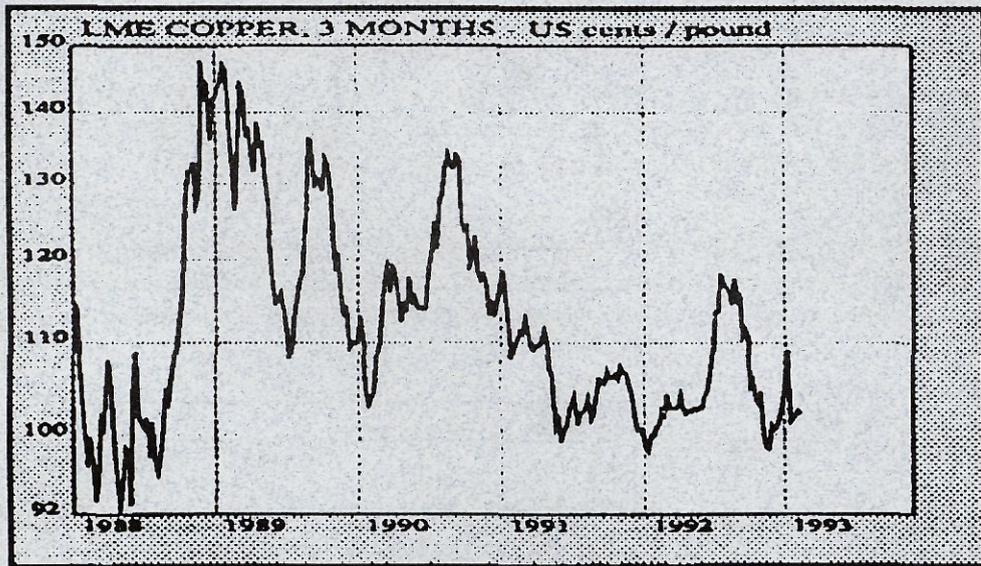
C.M. Oliver

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Investments Since 1907

MEMBERS

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Montreal Stock Exchange
Vancouver Stock Exchange
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Vancouver, BC,
V6C 1B5
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