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Expo Property

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SUPERINTENDENT OF BROKERS

AND

VANCOUVER STOCK EXCHANGE

STATEMENT OF MATERIAL FACTS #18/91

EFFECTIVE DATE: MARCH 6, 1991

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(?)

MORAGA RESOURCES LTD. (the "Issuer")
1030-609 Granville Street, Vancouver, B.C. V7Y 1G5
Telephone: (604) 688-1508

NAME OF ISSUER, ADDRESS OF HEAD OFFICE AND TELEPHONE NUMBER

2800 - 666 Burrard Street, Vancouver, B.C. V6C 2Z7

ADDRESS OF REGISTERED AND RECORDS OFFICES OF ISSUER

THE ROYAL TRUST COMPANY

1177 West Hastings Street, Vancouver, B.C. V6E 2K3

NAME AND ADDRESS OF REGISTRAR & TRANSFER AGENT FOR ISSUER'S SECURITIES IN BRITISH COLUMBIA

OFFERING: 1,000,000 UNITS, each Unit consisting of one common share and one Series "A" share purchase warrant.

	Estimated Offering Price (1)	Estimated Agents' Commission	Estimated Net Proceeds to be Received by the Issuer (2)
Per Unit	\$1.00	\$0.075	\$0.925
Total	\$1,000,000	\$75,000	\$925,000

- (1) The actual Offering Price will be determined by the Issuer and the Agents in accordance with the Rules of the Vancouver Stock Exchange.
- (2) Before deducting the costs of the Offering estimated to be \$30,000.

ADDITIONAL OFFERING

The Agents have agreed to purchase any of the Units offered hereby which have not been sold at the conclusion of the Offering Day (the "Guarantee"). Any Units acquired by the Agents under the Guarantee will be distributed under this Statement of Material Facts through the facilities of the Vancouver Stock Exchange at the market price at the time of sale (see "Plan of Distribution").

Apr. 4/91

The Issuer is, under the rules of the Exchange, a "Venture Company".

The securities offered hereunder are speculative in nature. Information concerning the risks involved may be obtained by reference to this document; further clarification, if required, may be sought from a broker.

AGENTS

YORKTON SECURITIES INC.
Suite 1000, Bentall 4
1055 Dunsmuir Street
Vancouver, B.C.
V7X 1L4

Neither the Superintendent of Brokers nor the Vancouver Stock Exchange has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence.

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AUDITED FINANCIAL STATEMENTS FOR THE
FISCAL YEAR ENDED NOVEMBER 30, 1990

CERTIFICATE OF THE ISSUER

CERTIFICATE OF THE AGENTS

1. PLAN OF DISTRIBUTION

Offering

The Issuer by its Agents hereby offers (the "Offering") through the facilities of the Vancouver Stock Exchange (the "Exchange") 1,000,000 units (the "Units"), each Unit consisting of one common share in the capital of the Issuer and one Series "A" share purchase warrant (the "Series "A" Warrants"). The Offering will take place on a day (the "Offering Day") not more than 180 calendar days after the date (the "Effective Date") this Statement of Material Facts is accepted for filing by the Exchange and the Superintendent of Brokers for British Columbia (the "Superintendent").

The price of the Units (the "Offering Price") will be determined by the Issuer and the Agents in accordance with the rules of the Exchange at a premium over the average trading price of the Issuer's common shares as traded on the Exchange and as determined by the Exchange. The purchasers of Units will be required to pay regular commission rates as specified by the Agents.

The directors, officers and other insiders of the Issuer may purchase Units from this Offering.

Appointment of Agents

The Issuer, by an agreement (the "Agency Agreement") dated for reference January 31, 1991, appointed Yorkton Securities Inc. as its agents (the "Agents") to offer the Units through the facilities of the Exchange.

The Issuer will pay the Agents a commission of 7.5% of the Offering Price of the Units sold pursuant to the Offering.

The Agents have agreed to purchase from the Offering any Units which remain unsubscribed for at the conclusion of the Offering. In consideration therefor, the Issuer has agreed to allot and issue to the Agents, immediately following the Offering Day, a non-transferable share purchase warrant ("Agents Warrant") entitling the Agents to purchase up to 500,000 shares of the Issuer. The Agents may exercise the Agents Warrant or any portion thereof at any time up to the close of business two years after the Offering Day, at the Offering Price during the first year of the term of the Agents Warrant and at a price equal to 115% of the Offering Price during the second year of the term of the Agents Warrant.

The Issuer has granted the Agents a right of first refusal with respect to any future equity financing it may require during the twelve month period following the Effective Date.

The Agents reserve the right to offer selling group participation in the normal course of the brokerage business to selling groups

of other licenced dealers, brokers and investment dealers who may or may not be offered part of the commissions or bonuses derived from this Offering.

The obligations of the Agents under the Agency Agreement may be terminated prior to the opening of the market on the Offering Day, at the Agents' discretion, on the basis of their assessment of the state of the financial markets and may be terminated at any time upon the occurrence of certain stated events.

The Agents do not own any shares of the Issuer.

There are no payments in cash, securities or other consideration being made, or to be made, to a promoter, finder or any other person or company other than the Agents in connection with the Offering.

Series "A" Share Purchase Warrants

The Series "A" Warrants to be issued pursuant to the Offering will be transferable and in bearer form and, subject to filing with the Exchange of evidence of satisfactory distribution, shall be posted for trading on the Exchange. Two Series "A" Warrants will entitle the holder to purchase one common share of the Issuer at any time up to the close of business two years after the Offering Day at the Offering Price during the first year and at a price equal to 115% of the Offering Price during the second year of the term of the Series "A" Warrants.

The Series "A" Warrants will contain, among other things, provisions for appropriate adjustment in the class, number and price of shares issuable on exercise thereof upon the occurrence of certain events, including any subdivision, consolidation or reclassification of the shares of the Issuer, or the payment of stock dividends or the amalgamation of the Issuer.

Agents Warrant

The Agents Warrant entitling the Agents to purchase up to 500,000 common shares of the Issuer will have the same terms and conditions as the Series "A" Warrants except it will be non-transferable. The Agents may sell any shares acquired on the exercise of the Agents Warrant without further qualification and any proceeds from the sale of such shares will accrue to the Agents.

Additional Offering

(a) Units acquired by the Agents under their Guarantee

The Agents have agreed to purchase (the "Guarantee") any of the Units offered hereby which have not been sold at the conclusion of the Offering Day. Any Units acquired by the Agent pursuant to the Guarantee will be distributed under

this Statement of Material Facts through the facilities of the Exchange at the market price at the time of the sale.

2. HOW THE NET PROCEEDS OF THE ISSUER ARE TO BE SPENT

If all of the Units are sold at the estimated Offering Price of \$1.00 per Unit, the Issuer will receive gross proceeds of \$1,000,000 which, after deduction of commissions of \$75,000, will net the Issuer \$925,000. In addition, the Issuer had working capital of \$97,658 as at January 31, 1991. The Issuer intends to use the net proceeds, in order of priority, as follows:

(a)	to pay the estimated costs of this Issue ...	\$ 30,000
(b)	to carry out work programs on the Hushamu zone of the Expo Property as recommended by Harold M. Jones, P.Eng. in his summary report dated January 24, 1991	500,000
(c)	to carry out a work program on the Red Dog Property as recommended by Harold M. Jones, P.Eng. in his summary report dated January 24, 1991	160,000
(d)	to working capital...	332,658
	TOTAL:	<u>\$ 1,022,658</u> =====

None of the proceeds from the Offering will be spent on any properties other than those referred to above, without the prior approval of the Exchange except as may be permitted by the policies of the Exchange.

Any proceeds derived from the exercise of the Series "A" Warrants and the Agents Warrant will be added to working capital.

3. MATERIAL NATURAL RESOURCE PROPERTIES

Summary of Material Mining Properties

- Group I Properties for which regulatory approval has been obtained under this Statement of Material Facts.
- Group II Presently held properties which are currently producing or being explored, or upon which exploration is planned within the next year.

Group III Other presently held properties upon which the Issuer's acquisition and exploration costs to date exceed \$100,000.

Group	Property Name	Issuer's Acquisition and Exploration Costs to November 30, 1990 (in \$)	Shares Issued to Date	Planned Expenditures from Funds Available upon Completion of the Offering
I	---	---	---	---
II	Expo Property	\$ 1,273,143	Nil	\$ 500,000
	Red Dog Property	291,075	Nil	\$ 160,000
III	Wan '90 Property	\$ 134,085	Nil	Nil
	House/Lynch Property	123,775	Nil	Nil

GROUP II

A. EXPO PROPERTY

By Agreement dated May 29, 1987 (the "Utah Agreement") with BHP-Utah Mines Ltd. ("Utah"), the Issuer was granted the right to acquire an undivided 45% interest in the Expo Property. To acquire the interest the Issuer is required to expend a total of \$2,700,000 over the seven-year period ending April 1, 1994 and to pay to Utah the sum of US\$260,000.

Pursuant to the Utah Agreement, the Issuer has carried out exploration expenditures required to have been completed by May 28, 1991, totalling \$1,000,000, including a minimum of 5,000 feet of diamond drilling. The Issuer is required to expend additional exploration funds as follows: \$450,000 by May 28, 1992, of which \$55,650 remains to be spent, \$550,000 by May 28, 1993 and \$700,000 by April 1, 1994.

Upon earning its 45% interest in the Expo Property, the Issuer and Utah will enter into a formal Joint Venture Agreement whereby Utah shall have the right to elect to become operator of the project.

Engineering Report

The company has engineering reports on this property prepared by Harold M. Jones, P.Eng., Consulting Geologist, dated January 21, 1988 and revised July 11, 1988; by Peter G. Dasler, Geologist for Daiwan Engineering Ltd., dated April

17, 1989 and up-dated April 27, 1990; a letter report by Harold M. Jones, P.Eng., reviewing the April - July, 1990 diamond drilling and up-dating the above report by Dasler; and summary reports by Harold M. Jones, P. Eng. dated August 23, 1990 and January 24, 1991, both of which have been independently endorsed by A. D. Drummond, P. Eng of DDH Geomanagement Ltd. The company also has an interim report on open pit optimization and mineable reserves on the property prepared by Steffen, Robertson and Kirsten (B.C.) Inc. dated January 16, 1991.

The following description of this property is summarized from the above reports. An entire copy of the reports may be examined during normal business hours at the office of Moraga Resources Ltd., 1030 - 609 Granville Street, Vancouver, B.C., during the period of primary distribution of the securities being offered hereunder. Harold M. Jones indirectly owns 1,282 shares of the Issuer.

Location and Access

The Expo property is located in the Nanaimo Mining Division on northern Vancouver Island approximately 225 miles northwest of Vancouver, B.C. It is readily accessible by approximately 15 miles of road westerly from Port Hardy, which is serviced by Highway 16 and scheduled airlines.

Property and Title

The property consists of 537 contiguous claims totalling 624 units. All claims are beneficially owned by BHP-Utah Mines Ltd., 1600 - 1050 West Pender Street, Vancouver, B.C. and held under option by Moraga Resources Ltd., 1030 - 609 Granville Street, Vancouver, B.C.

Property History

Northern Vancouver Island has been intermittently explored since the early 1800's. During this period deposits of coal, skarn-type copper and/or iron and porphyry-type copper deposits were found, some of which were developed into producing mines. Other than the coal mines, all of which failed due to poor quality of coal, the other types of mines operated successfully for a number of years.

In the mid 1960's porphyry copper mineralization was located on Rupert Inlet, west of Port Hardy. Exploration in this area by Utah Mines Ltd. lead to the discovery and development of the Island Copper Mine's large open pit mining operation.

The Expo Group, located in similar geology to and 10 miles west of Island Copper Mine, was extensively explored between 1967-75 by Utah Mines Ltd. for porphyry copper mineralization. In 1981 their emphasis shifted to gold exploration on the Expo Group and this search continued to 1985.

In late 1987, Moraga Resources Ltd. contracted a reconnaissance pulse electromagnetic (PEM) survey on Pemberton Hills over an area of possible massive sulphide mineralization. A PEM survey was also run down one drill hole. Results indicate a flat-lying conductive zone, possibly reflecting a sulphide zone, and several parallel vertical conductors, some which may represent mineralized fault zones. This area is awaiting further field work.

In late 1988, Moraga Resources Ltd. conducted regional geological mapping, sampled road cuts, made a computer study of the 1963 airborne geophysical data and drilled four holes totalling 762 metres. These holes tested the copper-gold mineralization in the northwestern part of the Hushamu zone. In addition to the above, a number of Utah's soil samples taken from McIntosh Mountain area were retrieved from storage and analyzed for Au, As, Se, Fe, Bi and Sb. They had previously been analyzed for Cu, Pb and Zn.

During April - July, 1990, Moraga Resources Ltd. conducted an eleven hole diamond drill program. All but one hole were drilled in the McIntosh Mountain area testing the southern extension of the Hushamu zone. One hole was drilled at the northwest end of the inferred limit of the Hushamu zone. Minor geological mapping, prospecting and sampling was also conducted on the property at this time.

The company conducted a second phase of drilling during November - December 1990. Five holes continued testing the southern extension of the Hushamu zone, three tested its northwestern end and extensions of it.

Geology and Mineralization

The Expo group is underlain mostly by volcanic sediments, pyroclastics and flows of the Lower Jurassic-aged Bonanza Volcanics, which are intruded by a belt of Jurassic and Tertiary granitic stocks, dykes and sills. Associated with the intrusive belt are a number of silicified breccia zones, some with pyrophyllite, which are very pyritic and marked by strong gossans. These alteration zones are located at or in proximity to volcanic vents in the Bonanza Volcanics.

The Hushamu copper-gold deposit, located during the BHP-Utah copper exploration program, underlies one of these alteration zones. It contains a drill indicated mineable reserve of 57,500,000 tons averaging 0.32% copper, 0.008% Mo and 0.012 oz./ton gold (private report - Utah Mines Technical Services, 1982). Geological reserves are estimated to be over 100,000,000 tons of the same grade.

The silica-argillic-pyrophyllitic-pyritic volcanic breccia alteration zones on the Expo property have similarities with those capping Pueblo Viejo-type bulk tonnage gold deposits.

Utah Mines Ltd. explored several of these for their gold content. On McIntosh Mountain, rock geochemical assays were significantly anomalous in gold, arsenic and molybdenum; those from a second area were anomalous in arsenic. Two drill holes which tested the Au-As-Mo anomaly also returned anomalous values in gold. The holes drilled to test the arsenic anomaly failed to intersect any significant mineralization.

One hole was drilled in West Pemberton Hills to test for massive sulphide mineralization, which was indicated from surface mapping of road cuts, quarries and exposures in one creek. Three sections of bedded sulphide formation, totalling 57 feet, were intersected. These beds contained from 50% to 70% pyrite.

The main areas of interest on the Expo Property are:

(a) Hushamu Zone

Since Moraga Resources Ltd. acquired the property, most of their exploration was directed to testing the copper-gold content of the Hushamu zone and exploring for extensions of this zone. Work was conducted on McIntosh Mountain, which lies immediately south of the inferred limits of the Hushamu zone. Moraga Resources Ltd. were encouraged to explore this area since the mountain hosts a large gossanous area of pyrophyllitic alteration enclosing a slightly smaller zone of siliceous breccia and pyrophyllite. The alteration zone caps the southern side of the Hushamu zone.

Interest in this large alteration zone was also reinforced by the results of BHP-Utah's hole EC 154 which tested this area. It intersected, from 164.9 to 259.1 metres, a 94.2 metre section averaging 0.26% Cu, .015% Mo and 0.0085 oz./ton Au. Mineralization terminated five metres from the bottom of the hole. It clearly demonstrated that significant Cu-Au mineralization was present beneath the altered cap rock.

During the period April to July, 1990, the company drilled eleven holes totalling 3,823 metres. These included the deepening of the above mentioned hole EC 154. Five holes were drilled as a fence across McIntosh Mountain, five were drilled as fill-in holes to the south of the inferred limit of the Hushamu zone, and one was drilled to test the northwest end of the Hushamu zone, and one was drilled to test the northwest end of the Hushamu zone just beyond its inferred limit (see Figures 4 and 5).

The following is a list of significant intersections in the above holes:

Assays

<u>Hole No.</u>	<u>Interval (m)</u>	<u>Length (m)</u>	<u>Cu %</u>	<u>Mo %</u>	<u>Au Oz/ton</u>	<u>Remarks</u>
EC 154	164.9-284.4	119.5	0.23	0.013	0.008	new data added to that of BHP-Utah
EC 171	6.7-242.0	235.3	0.37	0.008	0.016	
EC 172	247.5-253.5	6.0	0.14	0.005	0.004	main zone possibly displaced by faulting(?) & is missing
	262.5-274.5	12.0	0.20	0.013	0.007	
EC 173	326.0-456.3	130.3	0.22	0.012	0.010	
EC 175	126.0-162.0	36.0	0.22	0.021	0.008	
EC 176	15.2-234.0	218.8	0.27	0.010	0.010	
	including 78.0-189.0	111.0	0.36	-	0.014	
EC 177	6.1-231.0	224.9	0.27	-	0.004	
	including 102.0-168.0	66.0	0.43	-	0.007	
EC 178	65.0-77.0	12.0	0.16	-	0.004	drilled NW end Hushamu zone interpreted to have just skimmed upper part of mineralized zone
	89.0-114.0	25.0	0.155	-	0.060	
	126.0-155.0	29.0	0.28	-	0.008	
	221.0-242.0	21.0	0.148	-	0.007	
EC 179	246.0-496.0	250.0	0.33	-	0.013	
EC 180	290.0-306.0	15.0	0.19	0.006	0.005	
	329.8-449.9	120.1	0.20	0.008	0.007	
incl.	329.8-401.7	71.9	0.24	0.009	0.009	

Hole EC 174 was abandoned in a fault at 87.5 metres. No samples were taken.

The April - July, 1990 drilling demonstrated that the main Hushamu mineralized zone extends at least 200 metres beyond its southern limit as defined by BHP-Utah. It underlies the northern part of McIntosh Mountain adding significantly to this already large mineral resource.

Hole EC 177 indicates that copper-gold mineralization extends to the northwest beyond the inferred limit of the BHP-Utah's Hushamu zone ore reserves.

The November - December 1990 drilling consisted of five holes testing the southern extension of the Hushamu one and three testing its northwest end and extensions. Significant intersections in these holes were:

Assays

<u>Hole No.</u>	<u>Interval (m)</u>	<u>Length (m)</u>	<u>Cu %</u>	<u>Mo %</u>	<u>Au Oz/ton</u>	<u>Remarks</u>
EC 182	238.0-367.0	129.0	0.19	0.002	0.011	
EC 183	34.1-46.0	11.9	0.23	0.005	0.005	hole lost at 393 m, still in mineralization last sample assayed 0.28% Cu, 0.016 oz/t Au
	78.0-117.0	39.00	0.25	0.003	0.007	
incl.	78.0-99.1	21.1	0.32	0.003	0.008	
	224.9-393.2	168.3	0.27	0.011	0.013	
incl.	257.8-320.9	63.1	0.39	0.017	0.018	
EC 184	16.8-114.9	98.1	0.19	0.006	0.006	on edge SRK pit*, inferred mineral not intersected, possible fault displacement(?)
incl.	16.8-43.0	26.1	0.28	0.009	0.010	
EC 185	10.7-163.1	152.4	0.07	0.002	0.006	weak mineralization throughout, mod. alt'n, on edge of significant mineralization (?)
EC 186	3.7-194.1	190.4	0.23	0.003	0.006	from 120-165 m grades low, avg approx 0.06% Cu from 165-194 grades increase to approx 0.10% Cu
inc.	3.7-89.9	86.2	0.38	0.005	0.011	
incl.	3.7-120.1	116.4	0.32	0.004	0.010	
EC 187	68.9-114.0	45.1	0.18	0.017	0.008	
incl.	84.1-114.0	29.9	0.22	0.020	0.008	
	132.0-189.0	57.0	0.30	0.019	0.009	
	228.0-332.2	104.2	0.13	0.005	0.003	
EC 188	3.0-20.1	17.1	0.12	0.009	0.001	
	95.1-185.0	89.9	0.22	0.019	0.012	
	224.0-372.1	148.1	0.23	0.010	0.012	
incl.	224.0-269.1	45.1	0.25	0.009	0.013	
incl.	302.0-372.1	70.1	0.31	0.004	0.016	

* SRK - Steffen, Robertson and Kirsten - see following this section.

EC 181 was poorly mineralized. It intersected a small zone of alteration adjacent to a quartz feldspar porphyry dyke

which returned low but elevated values in copper, gold and molybdenum. This may indicate it is near a mineralized zone.

Holes EC 154, 172, 173, 180, 182, 183, 187, and 188 were all drilled beneath McIntosh Mountain. They intersected significant mineralization at depth, adding significantly to the mineral resource in this area.

Hushamu Zone - Estimate of Mineable Reserves

Moraga Resources Ltd. contracted the firm of Steffen, Robertson and Kirsten (B.C.) Inc. to estimate the mineable resources on the Expo project and to evaluate the potential of other mineralized areas. They utilized all Utah Mines and Moraga drill data and assays and cost data supplied by Island Copper Mines personnel.

Their study incorporated the following costs and estimates:

Mining	\$1.00 per ton	Cu Recovery	85%
Processing	\$2.70 per ton	Au Recovery	70%
Overhead	\$1.00 per ton	Mo Recovery	70%
Transportation	\$0.10 per ton	Gold price(Cdn/oz)	\$397.73
		Mo price (Cdn/lb)	\$3.00

Three pit plans were studied based on the price of copper per pound as U.S. \$0.90, \$1.00 and \$1.08 (Cdn \$1.023, 1.136 and 1.227, exchange rate Cdn\$/US\$ 0.88) less all estimated smelting, refining, transportation, etc. charges (NSR). The NSR charges were estimated to be \$0.35 per lb. copper, reducing the value of contained copper in their studies to Cdn \$0.68, 0.78 and 0.88 per lb.

Significant gold grades may be accompanied by copper grades which fall below the cut-off grade. Copper equivalent values were used to bring some of these situations into the mineral resource.

Based on the above data, they calculated the following optimum pit resources for two zones:

(i) Main Zone (includes a small north pit)

Cu Equiv Cdn \$	Cut-off Grade %	Resource* tons	Cu Equiv %	Cu %	Au oz/ton	Mo	Strip Ratio
\$.68 Cu equiv	0.42	61,700,000	0.67	0.31	0.01	0.01	0.6
\$.78 Cu equiv	0.36	76,700,000	0.60	0.30	0.01	0.01	0.7
\$.88 Cu equiv	0.32	107,000,000	0.53	0.29	0.01	0.01	0.7

* classified by SRK as possible to probable.

(ii) South Zone

Contiguous with the Main Zone, located under McIntosh Mountain. Based on grades of 0.25% Cu, 0.014 oz/ton Au and 0.008% Mo, they calculated a potential mineable resource of 386,000,000 tons with a strip ratio of 1.5:1 using \$.88 Cu equivalent as above. This did include some mineralization from the Main Zone since the larger pit expanded into it. This calculation indicated that the mineralization at depth under McIntosh Mountain should be explored since it is potentially economic.

SRK also made semi-variograms of the drill data. They concluded that 400 foot drill hole spacing was adequate for calculating copper reserves but too widely spaced for gold and molybdenum.

(b) South McIntosh Zone

This zone is centred on an area of intense kaolinization, sericitization, carbonitization, and pyritization three kilometres southeast of McIntosh Mountain. While only a few anomalous gold assays were obtained from here, this alteration zone requires further examination.

(c) Pemberton Zone

This area is of interest because geology and alteration is similar to that in the Hushamu zone and because of the bedded pyrite-silica horizons outcropping to the south of the main siliceous breccia zone. This exhalative-style mineralization is closely associated with siliceous sinter cones along a recognized northwest-trending zone of clay and silica alteration.

It is also of interest because of the multiple sections of bedded pyrite intersected in BHP-Utah's drilling. The sulphides appear to be chemical sediments deposited in a small depression. Down hole pulse EM surveying in this area suggests several areas of thickening of the sulphide horizon.

(d) Red Dog Zone

The Red Dog claims, which form an "island" within the Expo property hosts two significant Cu-Au zones currently being explored by Moraga Resources Ltd. The western zone - Red Dog Hill zone - extends to the west onto the Expo property. Also, to the east of the Red Dog claims, Utah's hole EC 119 intersected 70 feet averaging 0.36% Cu. Both of these areas warrant additional exploration.

(e) Other Areas

Moraga Resources Ltd. conducted reconnaissance geology and soil sampling on some of the new logging roads on the property. Areas of anomalous gold and copper assays were discovered which require additional follow-up work. One of these areas is on the northwest extension of the Hushamu zone.

Discussion

Previous exploration on the Expo property was primarily oriented toward locating and defining large tonnage porphyry-type copper deposits. The Hushamu zone resulted out of this work. Present exploration is following the same direction, but putting emphasis on copper with associated values in gold.

Geology, alteration and structure on this large property are also favourable for hosting bulk tonnage, low grade gold mineralization; small tonnage, higher grade structurally controlled gold mineralization, and massive sulphide mineralization. All of the above types of mineralization must be considered when analyzing exploration data.

Exploration to date on the Hushamu zone clearly demonstrates that a large copper-gold low grade mineral resource is present. Drilling to date has been a series of small footage programs, consequently the limits of the zone are not defined nor are its tonnage and grade. This deposit requires diamond drilling on a grid pattern over the entire area of interest to provide the coverage necessary to permit an acceptable ore reserve calculation.

Reserves at BHP-Utah's Island Copper Mine are expected to be exhausted by the mid-1990's. Significant mineralization developed on the Expo property could be potential feed for the Island Copper mill.

Conclusions

It is concluded that the Hushamu zone hosts a mineral resource estimated to contain 107,000,000 tons grade 0.29% Cu, 0.01 oz/ton Au and 0.01% Mo (copper equivalent 0.53% Cu). Extensions to this zone are estimated to have the potential for hosting at least 300,000,000 tons of similar grade. It is also concluded that the south McIntosh Mountain, Pemberton Hills and other areas with strong alteration be further explored but secondary to work on the Hushamu zone.

Recommendations

A grid pattern of diamond drill holes, spaced at 400 foot (122 metres) centres, is recommended to test the Hushamu zone

and its extensions in detail. Fill-in holes will be required in some areas to give better information on the gold and molybdenum content.

Of secondary priority, the Pemberton Hills area warrants additional geological mapping, sampling and limited drilling to test significant geology, alteration and mineralization in this area. Drilling is also warranted to test the west extension of the Red Dog Hill zone and the known mineralization to the east of the Red Dog claims.

Cost Estimate

Daiwan Engineering Ltd., manager of the exploration program on the Expo property, prepared a drill plan to test the main Hushamu zone, its southern extension under McIntosh Mountain and its northern extension. The writer concurs with this planned program. The purpose of the proposed drilling is to confirm the estimated tonnage and grade in the Hushamu zone as indicated in the SRK study; define the limits, tonnage and grade of the South zone - extension of the Hushamu zone to the south; and define the northwest end of the Hushamu zone and its extensions in this direction.

The magnitude of the exploration - development drilling on the Expo property is large, consequently it was divided in a number of stages. This cost estimate supercedes that in the writer's report dated August 23, 1990.

Stage I - Drilling and Assaying

* Includes fill-in drilling on Hushamu zone and drilling on South zone - extension of Hushamu zone to south, approximately 13,150 feet at \$35/ft	\$ 460,000
* Re-assay of Utah drill core, now in storage	<u>40,000</u>
	\$ 500,000

Stage II - Drilling of South zone - continuation of Stage I

Drilling, to complete drilling of South zone and define limits of mineralization, say 35,000 ft at \$35/ft	\$1,225,000
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Stage III - additional drilling of areas not defined

(a) North zone: northwest extension of Hushamu zone, to give better definition of zone, say 5,000 feet at \$35/ft	\$ 175,000
(b) North zone: contingent on North zone drilling above perimeter drilling of North zone, say 1,500 feet at \$35/ft	52,500

(c) South zone - contingent on South zone drilling in Stage II perimeter drilling to test outer limits of mineralized area defined in Stage II, say 6,350 feet at \$35/ft	<u>222,250</u>
	\$ 449,750
Say	\$ 450,000
Total Stages I, II & III - estimated cost to fully assess Hushamu and its extensions, say	\$2,175,000

Notes:

- (1) Above cost estimates include built-in 7%-10% contingencies.
- (2) Stage I, Stage II, Stage III(a) are not contingent but represent the amount of drilling to adequately define the Hushamu zone and its north (North zone) and south (South zone) extensions on a 400 foot grid drilling pattern plus fill-in holes. If funds are available, the above stages can be blended into one continuous on-going program.

*The Issuer will be proceeding with the drill program recommended above for the Hushamu zone, at an estimated cost of \$500,000. Subject to the availability of working capital, the Issuer may thereafter undertake one or more of the other work programs recommended for the Expo property.

B. RED DOG PROPERTY

Pursuant to an agreement with Crew Natural Resources Ltd. ("Crew") dated May 31, 1990 (the "Option Agreement"), the Issuer was granted the right to earn a 50% working interest in the Red Dog Property.

Upon execution of the Option Agreement, the Issuer paid Crew the sum of \$50,000. The Issuer will be granted an option to earn a 45% working interest in the Red Dog Property by incurring exploration expenditures in the amount of \$450,000 before April 30, 1991. Under the option, the Issuer may incur a total of \$2,500,000 of expenditures on the Red Dog Property or make cash payments to Crew in lieu thereof as follows: \$750,000 by April 30, 1992, \$1,000,000 by April 30, 1993, and \$750,000 by November 30, 1993. Provided these payments have been made within the time required, the Issuer will then have earned a 45% working interest in the Property. These amounts include option payments to be made to the original owners of the property, W.G. Botel and H. Veerman, except that, after 1992, the payments due to Botel and Veerman in the year will be the greater of \$75,000 and 3% of the net smelter returns from the sale of ores and concentrates produced in the preceding year.

The Issuer may earn an additional 5% working interest in the Red Dog Property by incurring further expenditures in the amount of \$1,000,000 prior to July 30, 1994 or, at the option of the Issuer, by making a cash payment to Crew equal to the difference between \$1,000,000 and expenditures actually incurred by the Issuer or crediting Crew with such amount to be applied to future expenditures to be made by Crew under the Option Agreement.

If the Issuer earns a 50% working interest, Crew shall have the option to convert its 50% working interest in the Property to a 40% interest in the Property comprised of 20% working interest and 20% carried interest.

Upon the earlier of the Issuer earning a 50% working interest or giving notice that it does not intend to acquire the additional 5% working interest, the Property will be operated and managed as a joint venture in which the parties shall have the right to elect to participate by making contributions to expenditures in the ratio of their working interests from time to time.

Engineering Report

The company has an engineering report on this property prepared by Harold M. Jones, P.Eng., Consulting Engineer, dated August 24, 1990, and summary reports dated November 16, 1990 and January 24, 1991, both of which have been independently endorsed by A.D. Drummond, P. Eng. of DDH Geomanagement Ltd. The following description of the property is summarized from his report. An entire copy of the report may be examined during normal business hours at the registered office of Moraga Resources Ltd., 2800 - 666 Burrard Street, Vancouver, B.C. during the period of primary distribution of the securities being offered hereunder. Harold M. Jones indirectly owns 1,282 shares of the Issuer.

Location and Access

The Red Dog property is located in the Nanaimo Mining Division of northern Vancouver Island approximately 34 kilometres west of Port Hardy and 365 kilometres northwest of Vancouver. It is readily accessible by gravel roads from Port Hardy, which is serviced by regular scheduled airlines.

Property and Title

The property consists of twenty-five two-post claims and three two-post fractional claims owned by H. Veerman, 2234 Ottawa Street, West Vancouver, B.C. They are held under an option agreement by Crew Natural Resources Ltd. of Vancouver, B.C. Moraga Resources Ltd., Vancouver, B.C. entered into an option agreement with Crew Natural Resources Ltd. For the first year of the agreement exploration is being directed by

a management committee. After one year, the agreement enters into a joint venture, with Moraga Resources Ltd. being the operator.

Property History

Northern Vancouver Island has been intermittently explored since the early 1800's. During this period deposits of coal, skarn-type copper and/or iron and porphyry-type copper deposits were found, some of which were developed into producing mines. Other than the coal mines, all of which failed due to poor quality of coal, the other types of mines operated successfully for a number of years.

In the mid 1960's porphyry copper mineralization was located on Rupert Inlet, west of Port Hardy. Exploration in this area by Utah Mines Ltd. led to the discovery and development of the Island Copper Mine's large open pit mining operation. During this period, Utah explored the Expo claims, located to the northwest of the mine and discovered and drill tested the Hushamu zone, estimated to contain 57,500,000 tons averaging 0.32% Cu, 0.008% Mo and 0.012 oz/ton Au. This ground is currently under option by Moraga Resources Ltd.

Utah's exploration led to considerable interest being generated in the Port Hardy area, resulting in the staking of the Red Dog claims in 1966 by West Coast Mining and Exploration. From 1966 to the present, the property was explored by West Coast Mining and Exploration, Cities Services Ltd., Utah Mines Ltd., Crew Natural Resources Ltd. and now Moraga Resources Ltd. During this period geological, geochemical, geophysical and drilling programs were conducted. The latter included: by West Coast Mining in 1966-70, twenty-four holes totalling 2,175 metres; by Cities Services Ltd. in 1972-74, six holes totalling 1,516 metres; by Utah Mines Ltd. in 1982-88, seventeen holes totalling 1,838 metres; by Crew Natural Resources Ltd. in 1988, four holes totalling 1,042 metres; and by Moraga Resources Ltd. in 1990, eleven holes totalling 1,851 metres. The results indicate that two significant mineralized zones are present.

There is no underground plant or equipment located on the Red Dog Property.

Geology and Mineralization

The Red Dog property is underlain by andesitic flows, tuffs and tuffaceous sediments of the Lower Jurassic-aged Bonanza Volcanics. These rocks are intruded by a Jurassic quartz feldspar porphyry stock and associated dykes and by trachyte dykes. A broad band of altered Bonanza pyroclastics lies immediately south of the stock. To the south of the alteration zone is a complex porphyritic assemblage, followed by a

steeply dipping broad zone of advanced argillic-sericite and pyrophyllite and quartz-altered Bonanza pyroclastics.

Two mineralized zones present. The Red Dog Hill zone is located in the first mentioned alteration zone just south of the porphyry stock contact. It is hosted in a quartz-magnetite breccia zone formed by silica flooding, brecciation and cementing by silica and magnetite of the pyroclastics, then mineralized with pyrite, magnetite and chalcopyrite and lesser bornite and covellite. These minerals occur as disseminations along healed fractures and as veinlets. Drilling intersected numerous sections which average greater than 0.20% copper, accompanied by low values in gold, over core lengths ranging from 10 metres to 146 metres. The zone is approximately 500 metres long, up to 250 metres in width and up to 200 metres in depth. Daiwan Engineering (1990) estimate that the Red Dog Hill zone contains an inferred mineral resource in the order of 15 to 20 million tons grading 0.35 - 0.40% copper and 0.015 - 0.020 oz/ton gold. This is based on the existing holes which are at approximately 100 metre centres. Additional drilling is required to better define the size, shape and grade of the zone.

The Slide Creek zone is located in the same altered volcanics approximately 1,300 feet east of the Red Dog Hill zone. It is underlain by similar Bonanza pyroclastics but these are, in part, hornfelsic, bleached, sericitized and silicified. A strong retrograde sericite alteration overprinted the earliest alteration assemblages. Numerous discontinuous trachyte and dioritic dykes trend east to northeast through the alteration zone. The trachyte dykes and altered volcanics are mineralized with pyrite and chalcopyrite occurring as disseminations and as distinct platy grains on healed fractures. Molybdenite is also present along joints and fractures. Drilling intersected a number of sections 10 metres to 75 metres long with average grades similar to those of the Red Dog Hill zone.

Geology is very complex in the Slide Creek zone due to the intense alteration, dyking, fracturing and probable faulting. As a result, interpretation of the geology and mineral trends from the drill hole data is difficult and inconclusive. What is known is that significant mineralization occurs both within trachyte dykes and in the altered volcanics between them. From the drilling to date there is the suggestion that the porphyry stock underlies the zone at a shallow dip, limiting the potential size of the deposit. However, other data - surface geology, geophysics-combined with a few mineralized drill intersections indicate that mineralization may continue to a greater depth within mineralized trachyte dykes and the altered volcanics between them. There is insufficient data available on this zone to infer a mineral reserve. A conservative estimate is that it has an inferred mineral

resource of 3 to 5 million tons grading similar to that of the Red Dog Hill zone.

Conclusions and Recommendations

It is concluded that the Red Dog property hosts two significant zones containing a combined inferred mineral resource in the order of 20,000,000 tons grading 0.35 - 0.40% Cu and 0.015 - 0.020 oz/ton Au. It is also concluded that additional diamond drilling is warranted.

It is recommended that additional diamond drilling be conducted on the Red Dog Hill property.

Cost Estimates

Stage II - Additional diamond drilling

Red Dog Hill zone - 2000 feet at \$35/ft all inclusive	\$ 70,000
Slide Creek zone - 2500 feet at \$35/ft all inclusive	<u>\$ 87,500</u>
	\$ 157,500
Say	\$ 160,000

Stage III - Contingent on Stage II

Additional detailed diamond drilling, allow	\$ 300,000
Note: costs include contingencies of 7% - 10%	

GROUP III

A. HOUSE/LYNCH PROPERTY

Under an agreement dated May 14, 1987, the Issuer subleased certain mineral rights from North American Exploration Inc. ("NAE"). The Issuer has made a total of \$55,962 in payments, of which \$9,316 were made in 1990, to maintain its interest in the House/Lynch Property. The Issuer does not propose to expend any of the proceeds of this Offering on the House/Lynch Property.

B. WAN '90 PROPERTY

Pursuant to an option agreement dated for reference May 5, 1990 between Acheron Resources Ltd. ("Acheron") and the Issuer (the "Acheron Agreement"), the Issuer was granted an option to acquire an undivided 55% interest in the Wan '90 Property and in and to an option Agreement dated for reference May 19, 1990 between Western Pocasset Resources Ltd. and Acheron under which agreement Acheron acquired its interest in the Property.

To earn its interest, the Issuer is required to spend \$125,000 on exploration and development of the Property prior to March 1, 1991 and an additional \$225,000 prior to March 1, 1992, and to make two option payments of \$25,000 each due to Western Pocasset Resources Ltd. under its agreement with Acheron on March 15, 1991 and March 15, 1992. The exploration and development expenditures incurred prior to March 1, 1991 must be sufficient to maintain the claims in good standing for a minimum period of three years. Under the terms of the Acheron Agreement, the Issuer will be the operator with respect to these expenditures and, upon earning its 55% interest, will be deemed to have entered into a joint venture with Acheron with respect to all subsequent exploration and development. Western Pocasset Resources Ltd. has retained a 3% to 5% net smelter return interest in the Property, based on capacity.

The Issuer does not propose to expend any of the proceeds of this Offering on the Wan '90 Property.

Two of the Issuer's six directors are officers and directors of Acheron; a third director of the Issuer is also a director of Acheron. The three members of the Issuer's Board who serve as directors of Acheron hold an aggregate of less than 10% of the issued shares of Acheron as of the date hereof.

4. RISK FACTORS

The Units offered by this Statement of Material Facts must be considered speculative, generally because of the nature of the Issuer's business. In particular:

1. The purpose of the present offering is to raise funds to carry out further exploration with the objective of establishing ore of commercial tonnage and grade. If the Issuer's exploration programs are successful, additional funds will be required for the development of economic ore bodies and to place them in commercial production. The only source of future funds presently available to the Issuer is through the sale of equity capital and third party financing arrangements. The only alternative for the financing of further exploration would be the offering by the Issuer of an interest in its properties to be earned by another party or parties carrying out further exploration or development thereof, which is not presently contemplated.
2. Exploration for minerals is a speculative venture necessarily involving substantial risk. There is no certainty the expenditures to be made by the Issuer in the acquisition of the interests described herein will result in discoveries of commercial quantities of ore.

3. The mining industry, in general, is intensively competitive and there is no assurance that even if commercial quantities of ore are discovered, a ready market will exist for sale of same. Factors beyond the control of the Issuer may affect the marketability of any substances discovered.
4. While the Issuer has obtained the usual industry standard title reports with respect to its properties, these should not be considered as guarantees of title. The properties may be subject to prior unregistered agreements or transfers or native land claims, and title may be affected by undetected defects.
5. The Issuer's mining properties have not been surveyed and, therefore, the precise locations and areas of the properties may be in doubt.
6. Mining exploration involves a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not eliminate. While the rewards if an ore body is discovered can be substantial, there is no assurance that sufficient quantities of the minerals will be discovered to justify production. There is no assurance that any property owned by the Issuer or in which it has interests will reach the production stage. The marketability of minerals that may be discovered by the Issuer will be affected by factors beyond its control. These factors include market fluctuations in the price of the minerals and metals, the proximity and capacity of mining facilities and processing equipment, possible claims of native peoples and government regulations (including regulations relating to prices, royalties, production limit, mineral importing and exports and environmental and agricultural protection). The offset of these factors cannot be accurately predicted. At the present time, the Issuer has no producing properties.
7. Hazards, such as unusual or unexpected formations or other geological conditions, are involved in exploring for any developing mineral deposits. The Issuer may be subject to liability for pollution or other hazards which cannot be insured against or which the Issuer may elect not to insure due to high premium costs or other reasons. The payment of such liabilities could result in severe loss to the Issuer.
8. The construction, set-up and exploitation of a mine, including the construction of a mining installation, require, in general, the respecting of applicable legislation concerning the environment, as well as the obtaining of a land-use permit, a water permit and similar authorizations issued by various government agencies.

In particular, these statutes impose severe standards on the mining industry in order to reduce or eliminate the effects of residues generated by mining operations. As a result, the study of mines and their installations, as well as the conduct of mining operations in general, are subject to the constraints stipulated in these statutes. The Issuer may be asked to compensate those who suffer loss or damage due to its mining activities and it may be subject to penalties if found guilty under these statutes.

9. Reference is made to Item 7 concerning possible conflicts of interest involving directors and officers of the Issuer.

5. PARTICULARS OF NON-RESOURCE ASSETS

The Issuer is not engaged in, nor does it have any present intention to engage, in whole or in part, in a business other than the exploration and development of natural resource properties.

6. CORPORATE INFORMATION

The Issuer was incorporated under the name Moraga Resources Ltd. on September 29, 1986 by registration of Memorandum and Articles pursuant to the laws of the Province of British Columbia. Effective July 3, 1990 the Issuer increased its authorized capital from 10,000,000 common shares to 75,000,000 common shares without par value, of which 8,379,015 shares are issued and outstanding at the date of this Statement of Material Facts.

An additional 200,000 shares of the Issuer will be issued to the Agent pursuant to a Fiscal Agency Agreement, subject to regulatory approval (see Item 10).

All the Issuer's shares including those offered hereby are common shares without par value. They are not subject to any future call or assessment and they all have equal voting rights. There are no special rights or restrictions of any nature attached to any of the shares and they all rank pari passu, each with the other, as to all benefits that might accrue to the holder thereof.

Since November 30, 1990, the date of the latest financial statements of the Issuer included in this Statement of Material Facts, no shares of the Issuer have been issued. The Issuer is classified as a "resource company" by the Exchange and qualifies as an "exchange issuer" within the meaning of the Securities Act (British Columbia).

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

Name, Address and Position	Principal Occupation for Previous Five Years	Shares Beneficially Owned
Maurice James Young* 3856 Paseo Grande Moraga, California Chief Executive Officer, President, Director and Promoter	Self-employed profes- sional engineer; Direc- tor of Windarra Minerals Ltd., Mishibishu Gold Corporation, and Acheron Resources Ltd.; formerly Exploration Manager, North America for Utah International Inc.	137,500 Escrowed 298,833 Free <hr/> 436,333 Total
Ronald Hugh Dunbar Philp* 13141 Crescent Road Surrey, B.C. Director	Self-employed Profes- sional Engineer; Presi- dent and Director of several reporting compa- nies	(1) 137,500 Escrowed 45,000 Free
<hr/> 182,500 Total		
Donald William Russell Fraser Quaides, San Barbani Fontvieille Village Monaco Director	Self-employed Financial Consultant; Director of Pacific Star Communica- tions Corporation, Tran- stel Communications Corporation, Windarra Minerals Ltd. and Mishi- bishu Gold Corporation	(2) 137,500 Escrowed (2) 458,220 Free <hr/> 595,720 Total
Ruth Ditto 3636 Edgemount Boulevard North Vancouver, B.C. Director, Chief Financial Officer and Secretary	Director and Secretary of Universal Trident Industries Ltd., Mishi- bishu Gold Corporation, Acheron Resources Ltd., Windarra Minerals Ltd. and Consolidated Paytel Ltd.	10,000 Free <hr/> 10,000 Total
Bruce Schmidt* 2584 Haywood Avenue Vancouver, B.C. Director	General Manager of Bur- son Marstellar 1986- 1987; independent man- agement consultant; Director of Internation- al Potential Explora- tions Inc.; General Man-	13,000 Free <hr/> 13,000 Total

ager The Gospel Music
Network, Venturecom
Communications Inc.

Donald Graham Moore 56-1386 Nicola Street Vancouver, B.C. Director	President and Director of Coresam Consulting & Management; independent consultant in the junior mining industry	None
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Costas M. Takkas P.O. Box 341 Grand Cayman, B.W.I. Vice-President	Chartered Accountant; Managing Director of Delta Management Ltd.; Vice-President of Acher- on Resources Ltd.; former trust officer with Cayman Internation- al Trust Co. Limited	None
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* Member of Audit Committee

- (1) These shares are held indirectly through Rothschild Investment Corporation, the issued shares of which are held as to 49% by Ronald Philp and 49% by his wife.
- (2) These shares are held indirectly through Euro Investment Corporation, Euro Commercial Corp. Ltd., or Euro Commercial Ltd., all of the issued shares of which are owned by Donald Fraser.

The Directors serve as directors of other public companies and, to the extent that such other companies may participate in ventures in which the Issuer may participate, the Directors of the Issuer may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. From time to time, several companies may participate in the acquisition, exploration and development of natural resource properties thereby allowing for their participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment.

The Directors of the Issuer are required to act honestly, in good faith and in the best interests of the Issuer in accordance with the laws of British Columbia. In determining whether or not the Issuer will participate in a particular program and the interest therein to be acquired by it, the Directors will primarily consider the degree of risk to which the Issuer may be exposed and its financial position at the time.

Within the past five years, the directors, officers and promoter of the Issuer have held positions as directors, officers and promoters of other reporting issuers as follows:

<u>Name</u>	<u>Company</u>	<u>Position(s)</u>	<u>Period</u>
Maurice James Young	Windarra Minerals Ltd.	Director	Aug/87-Present
	Caribbean Resources Corp.	Director	Aug/87-Oct/89
	Westward Explorations Ltd.	Director	May/88-Present
	Mishibishu Gold Corporation	Director	Oct/89-Present
	Acheron Resources Ltd.	Director	Mar/90-Present
	Consolidated Paytel Ltd.	Director & President	July/90-Present
Ronald Hugh Dunbar Philp	Acheron Resources Ltd.	Director & President	Oct/82-Present
	Caribbean Resources Corp.	Director & President	Nov/78-Oct/89
	Consolidated Paytel Ltd.	Director	July/83-May/88
	Consolidated T.C. Resources Ltd.	Director	Nov/88-Present
	Exmar Resources Ltd.	Director & President	Feb/85-Oct/89
	Granby Minerals Ltd.	Director	Mar/90-Present
	Mishibishu Resources Ltd.	Director & President	Feb/85-Oct/89
	Pacific Star Communications Corp.	Director & Secretary	Nov/86-May/89
	Poseidon Explorations Ltd.	Director & President	Nov/73-Nov/86
	Silver Spur Resources Inc.	Director & President	Aug/89-Aug/90
	Skyhigh Resources Ltd.	Director & President	July/83-May/88
	Universal Trident Industries Ltd.	Director & President	Oct/73-Present
	Westward Explorations Ltd.	Director & President	May/88-Present
	Windarra Minerals Ltd.	Director & President	Mar/72-Present
	Mishibishu Gold Corporation	Director & President	Oct/89-Present
	Donald William Russell Fraser	Acheron Resources Ltd.	Director
Consolidated T.C. Resources Ltd.		Director	Dec/88-Present
Mishibishu Gold Corporation		Director	Oct/89-Present

	Exmar Resources Ltd.	Director	Feb/86-Oct/89
	Caribbean Resources Corp.	Director	Oct/83-Oct/89
	Mishibishu Resources Ltd.	Director	July/86-Oct/89
	Silver Spur Resources Inc.	Director	Aug/89-Feb/90
	Universal Trident Industries Ltd.	Director	Jun/89-Present
	Skyhigh Resources Ltd.	Director	Oct/83-Aug/88
	Windarra Minerals Ltd.	Director & Vice-President	Aug/89-Present
	Fibrequest International Ltd.	Director	Oct/83-Dec/87
	Pacific Star Communications Corp.	Director	Nov/86-Present
Ruth Ditto	Acheron Resources Ltd.	Director & Secretary	Apr/83-Present
	Windarra Minerals Ltd.	Director & Secretary	Mar/82-Present
	Universal Trident Industries Ltd.	Director & Secretary	June/81-Present
	Mishibishu Gold Corporation	Director & Secretary	Oct/89-Present
	Consolidated T.C. Resources Ltd.	Director & Secretary	Dec/88-Present
	Silver Spur Resources Inc.	Director & Secretary	Feb/90-Present
	Westward Explorations Ltd.	Director & Secretary	Dec/87-Present
	Exmar Resources Ltd.	Director & Secretary	Feb/85-Oct/89
	Caribbean Resources Corp.	Director & Secretary	Nov/81-Oct/89
	Skyhigh Resources Ltd.	Secretary	July/83-May/88
	Pacific Star Communications Corp.	Secretary	Dec/87-Present
Bruce Schmidt	International Potential Explorations Inc.	President	May/90-Present
	Venturecomm Communications Inc.	Director	Mar/90-Present
	Bitec Development Ltd.	Director	Jan/88-Dec/88
	The Gospel Music Network	President	May/87-Dec/89
Donald Graham Moore	Surf Inlet Mines Ltd.	Director	Sept/86-Apr/88

Corona Resources Ltd.	Executive Vice-President & Director	Aug/81-Apr/82
Micham Exploration Inc.	Director	Sept/81-Present
Silver Drake Resources Ltd.	Vice-President Finance & Director	Apr/90-Present
Oregon Resources Ltd.	Director	July/90-Present

The following directors, officers or promoter of the Issuer hold or have held within the past five years, the position of director, officer or promoter of other reporting issuers which, during that period were struck from the register of companies by the British Columbia Registrar of Companies, or other similar authority, or whose securities were the subject of a cease trade order or a suspension order for a period of more than 30 consecutive days:

Don Fraser, Director, and Ruth Ditto, Secretary of Pacific Star Communications Corp. suspended and then delisted in January, 1990 for failure to file audited financial statements for 1988.

Ron Philp was a Director and President of Poseidon Explorations Ltd. which was suspended for failure to file financial statements and delisted from the Vancouver Stock Exchange on November 28, 1986.

During the financial year ended November 30, 1990 the directors and officers of the Issuer were paid directly or indirectly, the following amounts:

- (a) project consulting fees of \$36,000 (\$3,000 per month) were paid to Maurice Young, the President of the Issuer;
- (b) accounting fees totalling \$6,340 were paid to Geminex Management Ltd., the issued shares of which are owned as to 25% by each of Ruth Ditto, Frances Petryshen, Lahla Administration Services Ltd. and Mogul Corporation. Geminex may also make disbursements on behalf of the Issuer for which it is reimbursed, together with a 15% fee for administration services rendered;
- (c) administration, secretarial and supervision fees of \$30,000 (including reimbursement of direct costs) and rent of \$16,200 were paid to Geminex Management Ltd.;
- (d) engineering fees including reimbursement of direct costs of \$868,627 to November 30, 1990 were paid to Daiwan Engineering Ltd., the issued shares of which are owned as to 50% by Kamaka Resources Ltd. (all the issued

shares of which are owned by Peter Dasler), as to 25% by Mrs. Philp, and as to 25% by Lahla Administrative Services Ltd.;

- (e) 604,733 shares were issued on October 24, 1989 at a deemed value of \$0.18 per share in settlement of debt totalling \$108,852 owed to the following:

<u>Creditor</u>	<u>Debt Settled</u>	<u>Number of Shares Issued</u>
Maurice Young Lahla Administration Services Ltd.	\$11,400.00 174.60	63,333 970
Geminex Management Ltd.	26,911.80	149,510
Daiwan Engineering Ltd.	69,966.00	388,700
Euro Commercial Ltd.	400.00	2,220

To the best of the Issuer's knowledge, no person beneficially owns more than 10% of the common shares of the Issuer.

8. OPTIONS TO PURCHASE SECURITIES OF THE ISSUER

<u>Name</u>	<u>No. of Shares</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
Bruce Schmidt	50,000	\$1.19	June 4, 1995
Donald Moore	50,000	\$1.00	June 27, 1995
Barbara Logan	50,000	\$1.00	June 27, 1995
Costas M. Takkas	50,000	\$0.86	Sept. 30, 1995
Ruth Ditto	25,000	\$0.60	Nov. 25, 1995
Frances Petryshen	25,000	\$0.60	Nov. 25, 1995
Maurice J. Young	150,000	\$0.60	Nov. 25, 1995
Donald Fraser	385,000	\$0.60	Nov. 25, 1995
Ronald Philp	50,000	\$0.60	Nov. 25, 1995
	<u>835,000</u>		

Share purchase warrants entitling the holders thereof to purchase up to 3,390,000 common shares in the capital of the Issuer as set out below are outstanding:

<u>No. of Shares</u>	<u>Purchase Price</u>	<u>Expiry Date</u>
270,000	\$0.30	May 11, 1991
385,000*	\$1.25	May 25, 1991
2,000,000	\$0.50	April 4, 1992
300,000*	\$1.00	August 16, 1992
270,000	\$1.00	October 16, 1992
30,000*	\$1.00	October 16, 1992
<u>135,000</u>	<u>\$0.90</u>	<u>October 15, 1992</u>

3,390,000

- * These shares will be qualified as flow-through shares under the Income Tax Act (Canada) and Canadian exploration expenses incurred with proceeds from the purchase thereof, if any, will be renounced by the Issuer in favour of the purchasers.

9. SECURITIES OF THE ISSUER HELD IN ESCROW,
IN POOL OR SUBJECT TO HOLD RESTRICTIONS

There are 412,500 common shares held in escrow by The Royal Trust Company, of 1177 West Hastings Street, Vancouver, British Columbia, subject to the direction or determination of the Superintendent or the Exchange. These shares may not be traded in or dealt with in any manner whatsoever without the prior written consent of the Superintendent or the Exchange and will be released on a pro rata basis at the discretion of the Superintendent or the Exchange. Any such shares not released by August 9, 1998 shall be cancelled.

Pooled Shares

There are no shares of the Issuer subject to a Pooling Agreement.

Restricted Shares

There are 3,120,000 common shares of the Issuer subject to an unexpired hold period. Of these shares, 2,000,000 may not be traded until after April 4, 1991, 385,000 may not be traded until after May 25, 1991, 300,000 may not be traded until after August 16, 1991, 300,000 may not be traded until after October 11, 1991, and 135,000 may not be traded until after October 15, 1991 except as permitted by the Securities Act (British Columbia) and the Regulation made thereunder.

10. PARTICULARS OF ANY OTHER MATERIAL FACTS

A. Legal Proceedings

There are no actual or pending legal proceedings to which the Issuer is or is likely to be a party or of which any of its property is or is likely to be subject.

B. Issuer's Liabilities

Since November 30, 1990, the date of the latest financial statements included in this Statement of Material Facts, the Issuer's liabilities have not significantly increased or been altered.

C. Public Relations Services

Effective December 1, 1990, the Issuer entered into an agreement with J. Perot Financial Corp. to provide financial counsel and market support to the Issuer for a two year term for a fee of \$1,500 per month, inclusive of expenses.

D. Management Agreement

Mr. Maurice J. Young, President of the Issuer, is paid a monthly management fee of \$5,000 by the Issuer under the terms of an agreement with the Issuer dated as of January 1, 1991. Geminex Management Ltd. provides accounting, administration and supervision services to the Issuer on a fixed fees for services basis.

E. Fiscal Agency Agreement

By agreement dated January 1, 1991, the Agent was engaged as fiscal agent to provide marketing and financial advice to the Issuer for a one year term and consideration of 200,000 shares of the Issuer, subject to regulatory approval.

F. Other Material Facts

There are no other material facts not previously disclosed herein.

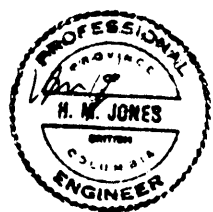
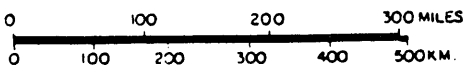
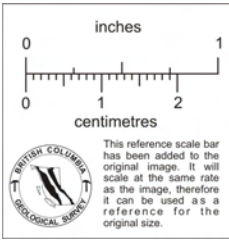
All contracts and technical reports summarized or referred to in this Statement of Material Facts may be inspected at the registered office of Moraga Resources Ltd. at 2800-666 Burrard Street, Vancouver, British Columbia, during normal business hours during the distribution of the securities offered hereby and for thirty (30) days after completion of the distribution.

11. STATUTORY RIGHTS OF RESCISSION

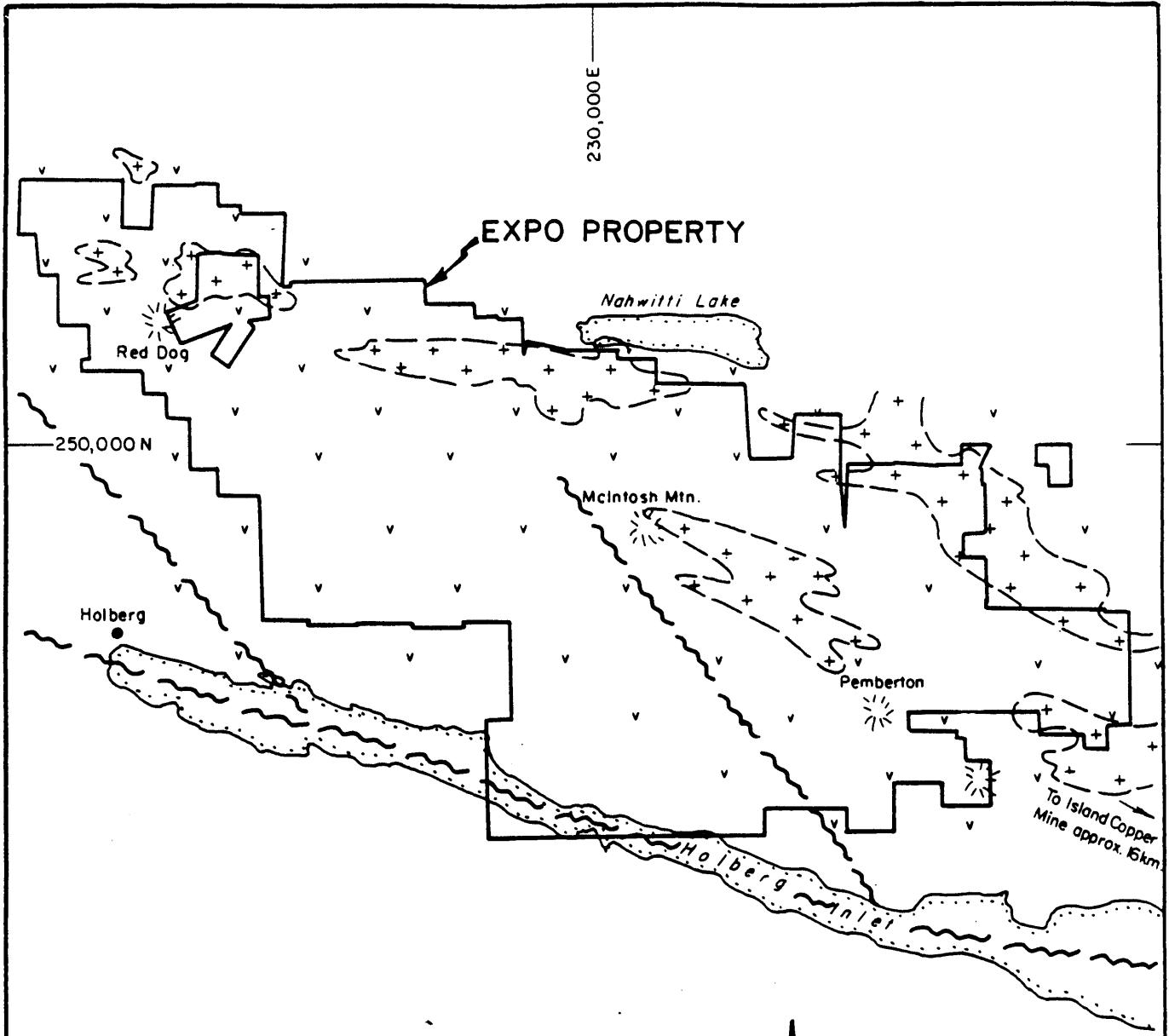
The British Columbia Securities Act provides purchasers with the right to rescind a contract for the purchase of securities where the statement of material facts and any existing amendments thereto either contain a misrepresentation or are not delivered to the purchaser before delivery of the written confirmation of sale. For further information concerning these rights and the time limits within which they must be exercised, refer to Sections 66, 114, 118 and 124 of the Securities Act or consult a lawyer.







**PROPERTY
LOCATION**



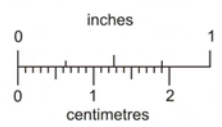
MORAGA RESOURCES LTD.		
H. M. JONES & ASSOCIATES INC.		VANCOUVER, B.C.
EXPO PROPERTY LOCATION MAP PORT HARDY AREA, VANCOUVER ISLAND N.T.S. 92L-12 NANAIMO M.D., B.C.		
SCALE AS SHOWN	JAN., 1991	FIG 1
H. M. JONES		



LEGEND


-  BONANZA VOLCANICS - andesitic lavas and pyroclastics
-  ISLAND INTRUSIVE
-  FAULT
-  VOLCANIC CENTRE

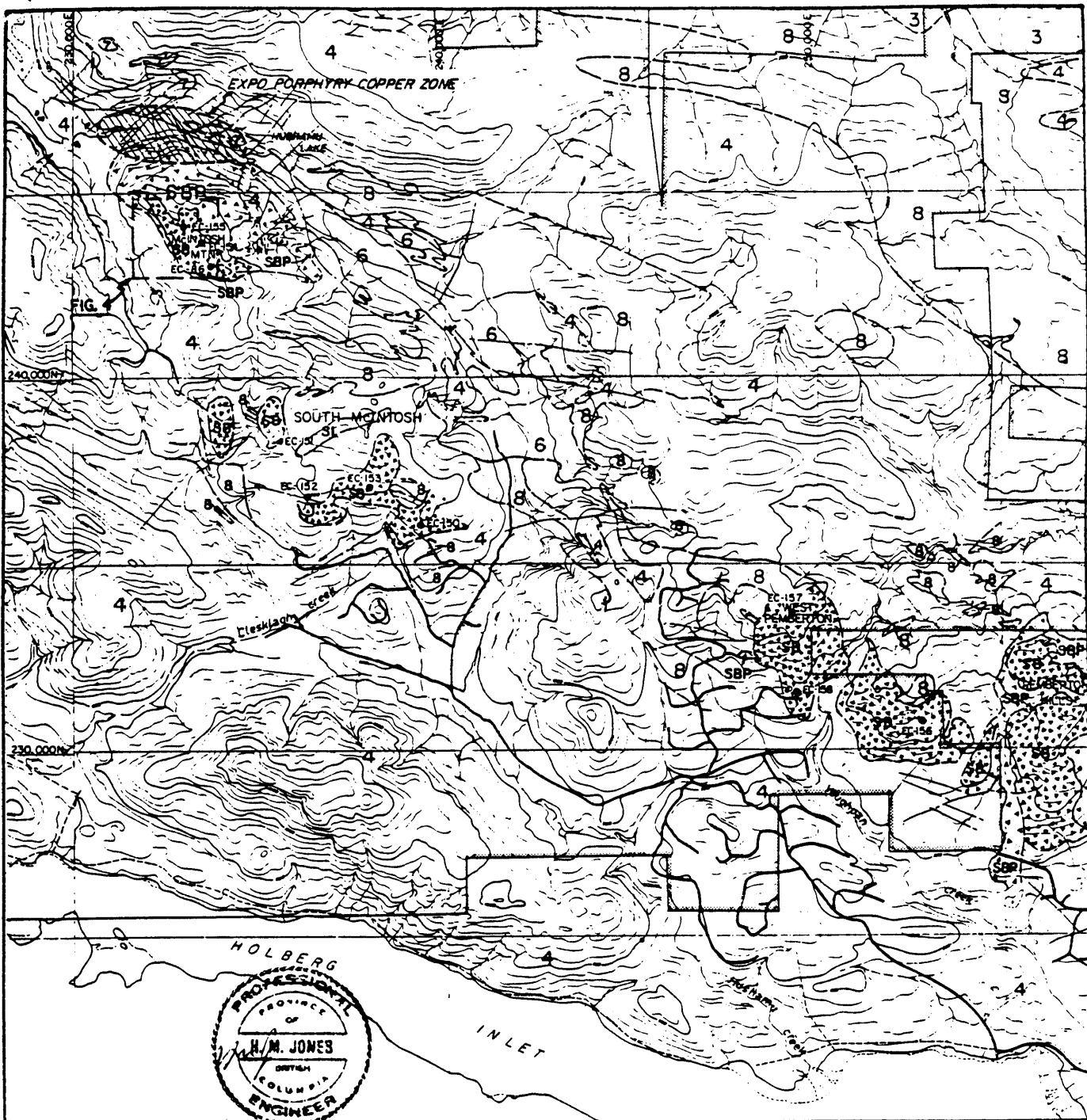
Geology simplified after Utah Mines Ltd., 1985



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MORAGA RESOURCES LTD.		
H.M. JONES & ASSOCIATES INC.		VANCOUVER, B.C.
EXPO PROPERTY CLAIM MAP WITH GENERAL GEOLOGY		
PORT HARDY AREA, VANCOUVER ISLAND		
N.T.S. 92 L-12		NANAIMO M.D., B.C.
		
SCALE 1:120,000	JAN., 1991	FIG. 2
H. M. JONES		



LEGEND

INTRUSIVE ROCKS

- 8 GRANITE, GRANODIORITE, MONZONITE, DIORITE COMPLEX
- 7 SYENITE
- 6 G.P.P. (MONZONITIC COMPOSITION)

VOLCANIC & SEDIMENTARY ROCKS

- 5 TERTIARY SEDIMENTS
- 4 BONANZA VOLCANICS: RHYOLITES, ANDESITE TUFFS, FLOWS, FLOW BRECCIAS AND LAPILLIS, AGGLOMERATES
- 3 PARSONS BAY VOLCANIC SEDIMENTS: MAINLY LAMINATED TUFFS AND LIMY SEDIMENTS
- 2 QUATZITE LIMESTONE
- 1 KARAFUTSEN VOLCANICS: MAINLY BASALTIC AND BASALTS AND MASSIVE FLOWS

BRECCIAS

- SB SALICIFIED BRECCIA (SB)
- SBP SALICIFIED BRECCIA CONTAINS PYROPHYLITE (SBP)

HYDROTHERMAL ALTERATION

- S1 SULFICATION
- S2 SERICITIZATION

SYMBOLS

- CONTACTS
- MAJOR FAULTS
- TOPOGRAPHIC
- CREEKS
- SWAMPS
- ROAD
- DRILL HOLE

AFTER UTAH MINES LTD. (1985)

MORAGA RESOURCES LTD.

H. M. JONES & ASSOCIATES INC. VANCOUVER, B.C.

**EXPO PROPERTY
GEOLOGICAL MAP**

MCINTOSH MTN. - PEMBERTON HILLS
PORT HARDY AREA, VANCOUVER ISL.
N.T.S. 92L-12 NANAIMO M.D., B.C.

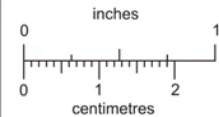
0 1 2 KM.

SCALE 1:48000

JAN., 1991

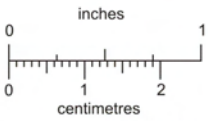
FIG 3

H. M. JONES



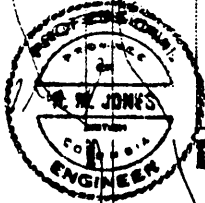
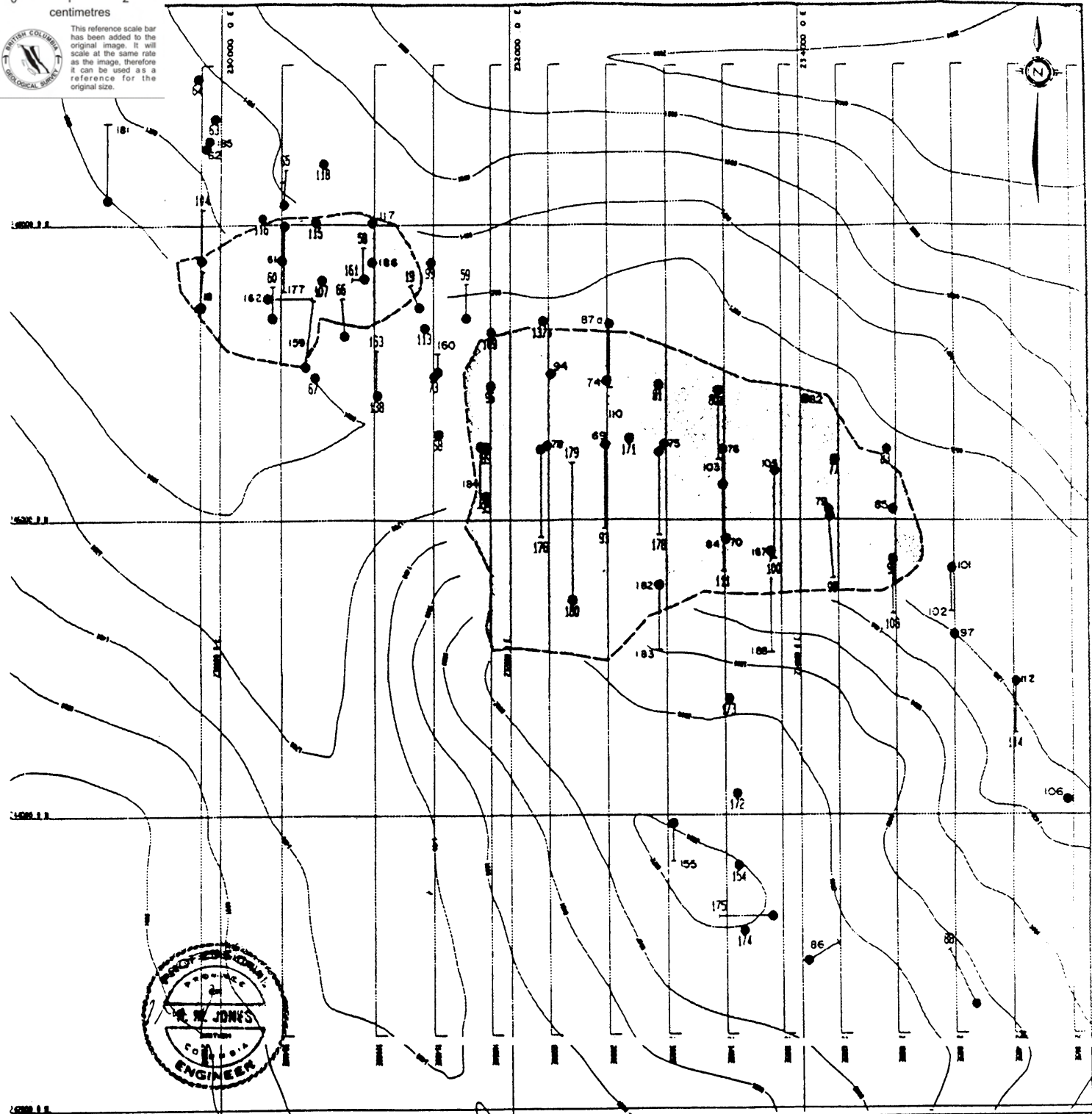
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BRITISH COLUMBIA
GEOLOGICAL SURVEY

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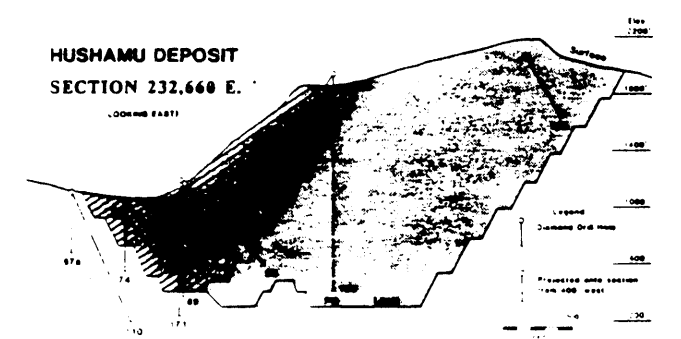
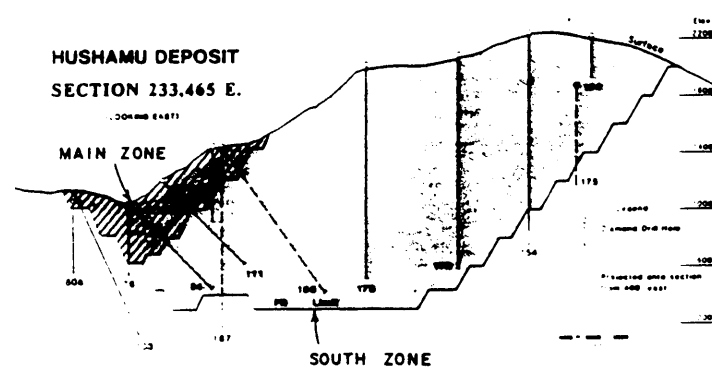
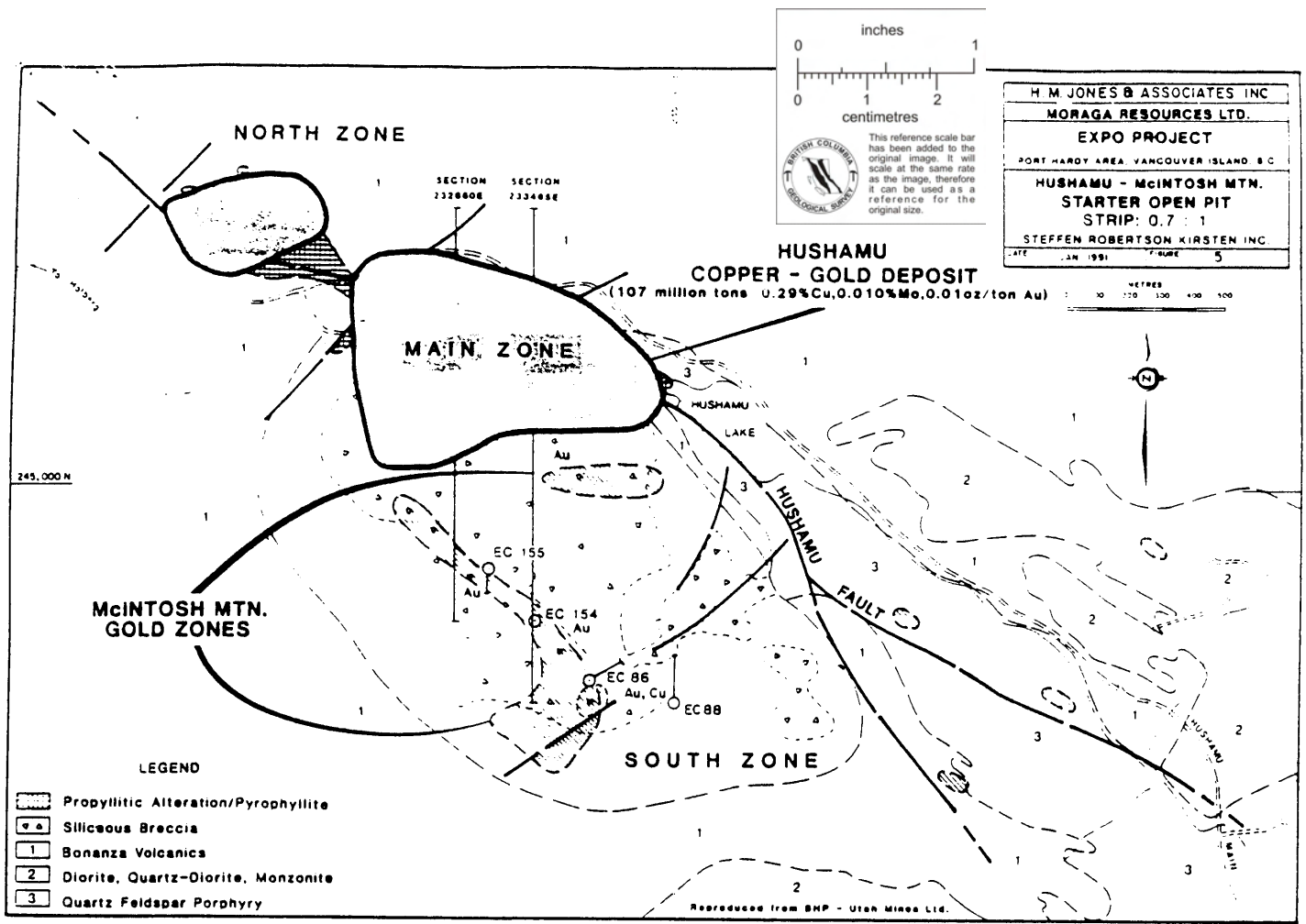
- LEGEND**
- — Diamond Drill Hole
 - — Pit boundary
 - Section line
 - Surface contours

MORAGA RESOURCES LTD.
 EXPO PROPERTY
 NORTHERN VANCOUVER ISLAND
HUSHAMU
COPPER-GOLD DEPOSIT
 DRILL HOLE LOCATIONS
 MAIN PIT LIMITS

H. M. JONES & ASSOCIATES INC.



SCALE As Shown FIGURE No. 4 DATE Jan. 1961

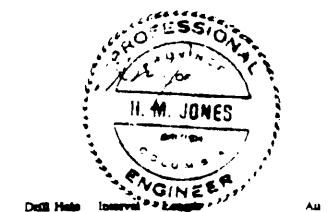


Section 233,465 E

Drill Hole Number	Interval (ft)	Length (ft)	Cu%	Mo%	Au opt
EC-80a	240-500	260	0.169	0.004	n/a
EC-103	232-910	678	0.161	0.005	n/a
EC-76	66-420	354	0.316	0.005	0.083
	70-220	150	0.418	0.008	0.085
EC-84	45-842	797	0.268	0.008	0.081
	45-250	205	0.369	0.006	0.016
LC-111	310-630	320	0.109	0.014	0.008
	220-270	50	0.340	0.008	0.008
EC-70	280-330	50	0.366	0.030	0.000

Section 232,660 E

Drill Hole Number	Interval (ft)	Length (ft)	Cu%	Mo%	Au opt
EC-173	332-440	108	0.080	0.005	0.084
	1080-1497	428	0.220	0.012	0.080
EC-172	863-900	37	0.208	0.013	0.007
EC-154	541-840	299	0.267	0.015	0.000
EC-175	413-531	118	0.220	0.210	0.000
EC-174	hole abandoned in fault at 287 feet				
EC-187	238-374	146	0.180	0.017	0.008
	433-430	187	0.308	0.019	0.000
EC-188	312-407	295	0.220	0.019	0.082
	75-1221	486	0.230	0.010	0.082



Drill Hole Number	Interval (ft)	Length (ft)	Cu%	Mo%	Au opt
EC-95	460-805	345	0.295	0.005	0.013
	510-640	130	0.361	0.006	0.017
EC-155	445-470	25	0.342	0.015	0.004
EC-179	807-1027	220	0.370	0.009	0.013
EC-180	955-1004	49	0.190	0.006	0.005
	1028-1476	394	0.200	0.008	0.007
	1082-1318	236	0.240	0.009	0.000

MORAGA RESOURCES LTD.
CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED NOVEMBER 30, 1990

AUDITORS' REPORT

EXHIBITS

- A CONSOLIDATED BALANCE SHEET
- B CONSOLIDATED STATEMENT OF OPERATIONS
AND DEFICIT
- C CONSOLIDATED STATEMENT OF DEFERRED
EXPLORATION AND DEVELOPMENT EXPENDITURES
- D CONSOLIDATED STATEMENT OF CHANGES IN
FINANCIAL POSITION
- E NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AUDITORS' REPORT

The Shareholders of
Moraga Resources Ltd.

We have audited the consolidated balance sheet of Moraga Resources Ltd. as at November 30, 1990 and November 30, 1989 and the consolidated statements of operations and deficit, deferred exploration and development expenditures and changes in financial position for the years then ended. These consolidated financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

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

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at November 30, 1990 and November 30, 1989 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. As required by the Company Act of the Province of British Columbia, we report that, in our opinion, these principles have been applied on a consistent basis.

Chambers Phillips & Co

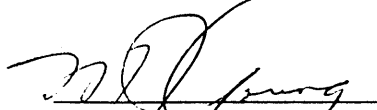
Vancouver, B.C.
January 17, 1991.

Chartered Accountants.

MORAGA RESOURCES LTD.
 CONSOLIDATED BALANCE SHEET
 NOVEMBER 30, 1990

	<u>1990</u>	<u>1989</u>
ASSETS		
CURRENT		
Cash and term deposits	\$ 537,770	\$ 328
Security deposit	-	3,202
Accounts receivable	24,651	6,149
Prepaid expenses	<u>9,825</u>	<u>403</u>
	572,246	10,082
MINERAL PROPERTIES (Note 3)	120,172	56,738
DEFERRED EXPLORATION AND DEVELOPMENT EXPENDITURES - Exhibit C	1,738,786	540,901
INCORPORATION COSTS	<u>-</u>	<u>2,783</u>
	\$ <u>2,431,204</u>	\$ <u>610,504</u>
LIABILITIES		
CURRENT		
Accounts payable	\$ 234,178	\$ 81,681
Loans payable	<u>-</u>	<u>15,000</u>
	<u>234,178</u>	<u>96,681</u>
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 4)	3,033,455	961,825
DEFICIT - Exhibit B	<u>836,429</u>	<u>448,002</u>
	<u>2,197,026</u>	<u>513,823</u>
	\$ <u>2,431,204</u>	\$ <u>610,504</u>

APPROVED BY THE DIRECTORS:


 _____ Director
 MAURICE J. YOUNG

_____ Director
 RUTH DITTO

See accompanying notes.

MORAGA RESOURCES LTD.
 CONSOLIDATED STATEMENT OF OPERATIONS AND DEFICIT
 YEAR ENDED NOVEMBER 30, 1990

	<u>1990</u>	<u>1989</u>
ADMINISTRATIVE EXPENDITURES		
Accounting and audit	\$ 23,259	\$ 12,703
Administration and supervision	30,000	30,000
Advertising	18,328	-
Consulting fees	16,748	500
Legal fees	20,565	9,362
Office and sundry	27,084	5,251
Printing	27,585	8,287
Property examination costs	4,535	2,987
Public relations	44,746	6,000
Regulatory authorities	15,212	4,213
Rent, telephone and reception	29,085	20,700
Shareholder communication costs	42,574	-
Transfer agent fees	3,903	3,400
Travel and related costs	<u>32,593</u>	<u>4,188</u>
	326,217	107,591
Less: Interest earned	<u>28,759</u>	<u>742</u>
	307,458	106,849
MINERAL PROPERTIES AND DEFERRED EXPENDITURES WRITTEN-OFF	<u>3,371</u>	<u>97,526</u>
LOSS FOR THE YEAR	310,829	204,375
DEFICIT, BEGINNING	448,002	243,627
SHARE ISSUE COSTS	<u>77,598</u>	<u>-</u>
DEFICIT, ENDING - Exhibit A	\$ <u>836,429</u>	\$ <u>448,002</u>
LOSS PER SHARE	\$ <u>0.05</u>	\$ <u>0.06</u>

See accompanying notes.

MORAGA RESOURCES LTD.

CONSOLIDATED STATEMENT OF DEFERRED EXPLORATION AND DEVELOPMENT EXPENDITURES
YEAR ENDED NOVEMBER 30, 1990

	<u>1990</u>	<u>1989</u>
EXPLORATION AND DEVELOPMENT EXPENDITURES		
Azurite Mineral Claims	\$ -	\$ 11,912
Expo Mineral Claims	817,962	286,248
House Property	4,948	34,920
Owen Property	4,498	6,179
Red Dog	240,389	-
Wann	133,400	-
Other	<u>-</u>	<u>1,338</u>
DEFERRED EXPENDITURES FOR THE YEAR	1,201,197	340,597
BALANCE, BEGINNING	<u>540,901</u>	<u>279,462</u>
	1,742,098	620,059
DEFERRED EXPENDITURES WRITTEN-OFF	<u>3,312</u>	<u>79,158</u>
BALANCE, ENDING - Exhibit A	\$ <u>1,738,786</u>	\$ <u>540,901</u>

See accompanying notes.

MORAGA RESOURCES LTD.

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED NOVEMBER 30, 1990

	<u>1990</u>	<u>1989</u>
OPERATING ACTIVITIES		
Loss for the year - Exhibit B	\$ (310,829)	\$ (204,375)
Items not involving cash		
Incorporation costs written-off	2,783	-
Mineral properties and deferred expenditures written-off	3,371	97,526
Property examination costs	<u>-</u>	<u>2,987</u>
	(304,675)	(103,862)
Changes in non-cash working capital items	<u>112,716</u>	<u>(36,324)</u>
Cash used in operating activities	<u>(191,959)</u>	<u>(140,186)</u>
FINANCING ACTIVITIES		
Shares issued for cash	2,071,630	112,500
Shares issued in settlement of debt	-	130,325
Share issue costs	<u>(77,598)</u>	<u>-</u>
Cash provided by financing activities	<u>1,994,032</u>	<u>242,825</u>
INVESTING ACTIVITIES		
Acquisition of mineral properties	(63,434)	(29,533)
Exploration advances	-	50,000
Exploration and development expenditures	<u>(1,201,197)</u>	<u>(340,597)</u>
Cash used in investing activities	<u>(1,264,631)</u>	<u>(320,130)</u>
INCREASE (DECREASE) IN CASH AND TERM DEPOSITS	537,442	(217,491)
CASH AND TERM DEPOSITS, BEGINNING	<u>328</u>	<u>217,819</u>
CASH AND TERM DEPOSITS, ENDING	\$ <u>537,770</u>	\$ <u>328</u>

See accompanying notes.

MORAGA RESOURCES LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
NOVEMBER 30, 1990

1. NATURE OF OPERATIONS

The Company is in the exploration stage with respect to its interest in certain mineral properties and, on the basis of information to date, may not have economically recoverable reserves. The underlying value of the mineral properties and related deferred exploration expenditures is dependent on the existence and economic recovery of such reserves in the future, confirmation of the Company's interest in the underlying mineral claims and the ability to raise long-term financing.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Principles of Consolidation

These consolidated financial statements include the accounts of the Company and Moraga Resources Inc. a wholly-owned U.S. subsidiary.

b) Resource Properties and Related Deferred Exploration and Development Expenditures

The Company capitalizes the cost of acquiring mineral properties. The Company defers exploration and development expenditures directly related to the mineral properties. These property costs and deferred expenditures will be written off if the properties are sold, abandoned or determined to be of no commercial value. Alternatively, if the properties are brought into production, the related property costs and deferred expenditures will be amortized over the estimated productive life of the properties.

The amounts shown as mineral properties and related deferred exploration and development expenditures represent unamortized costs to date and do not necessarily reflect present or future values.

c) Foreign Currency Translation

Foreign currencies have been converted into Canadian dollars at the following rates of exchange:

- i) Monetary assets and monetary liabilities - at rate of exchange prevailing at the balance sheet date;
- ii) All other assets - at rate of exchange prevailing at the time of acquisition;
- iii) Revenue and expenses - at the average rate of exchange prevailing during the year.

d) Share Issue Costs

Commissions paid to underwriters on the issue of the Company's shares are charged directly to share capital. Other costs such as legal, accounting, audit and printing which are related to the issuance of shares are charged to deficit.

e) Loss Per Share

Loss per share is calculated based on the weighted average number of shares outstanding during the year.

MORAGA RESOURCES LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
NOVEMBER 30, 1990

3. MINERAL PROPERTIES

	<u>1990</u>	<u>1989</u>
a) House and Lynch Properties, Halifax County, North Carolina, U.S.A.		
Under an agreement dated May 14, 1987, the Company subleased certain mineral rights from North American Exploration Inc. (NAE). Under the sublease agreement the Company is required to make payments to NAE of 5% of expenditures commencing May 14, 1991 to a maximum of U.S. \$130,000 until such time as NAE receives a 1% net smelter return royalty.	\$ 55,963	\$ 46,647

In addition, the Company has assumed a mining lease option agreement entered into by NAE covering the Lynch property. The option is for a period of one year and allows the Company to lease the property by paying the lessor U.S. \$8,000 upon exercising the option and U.S. \$117,000 in advance royalties over the ten year lease term. Any advance royalties paid will be credited against a 4% net smelter royalty payable.

b) Expo Mineral Claims, Nanaimo Mining District, British Columbia

By an agreement dated May 29, 1987, the Company has been granted the right to acquire a 45% interest in 537 contiguous mineral claims. To acquire the interest, the Company is required to make expenditures totalling \$2,700,000 over the 7 year period ending May 29, 1994. The minimum annual expenditures range from \$150,000 to \$700,000.

Following completion of the \$2,700,000 in expenditures on or before May 29, 1994, the Company can complete the exercise of its option by paying U.S. \$260,000. Thereafter, the Company and the optionor shall participate in a joint venture to further explore or develop the property. All required expenditures have been made. The Company has recently staked 42 units in the Clesk Creek Area on the Expo Property.

1,865

MORAGA RESOURCES LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
NOVEMBER 30, 1990

3. MINERAL PROPERTIES (CONT'D.)

c) Owen Property, Mojave County, Arizona

By an agreement dated January 19, 1988, Moraga has been granted the option to acquire a 100% interest in the above property. To acquire the interest, Moraga is required to make advance royalty payments totalling U.S. \$250,000 by way of an initial payment of U.S. \$5,000 (paid) and annual payments each September 30 from 1988 to 1997. The annual payments increase from U.S. \$10,000 in 1988 to a final payment of U.S. \$60,000 in 1997.

By an agreement dated May 31, 1988, Moraga granted Western Magnetite Ltd. (a related company) an option to acquire a 60% interest in the property and the right to participate in a joint venture exploration and development program on the property. Western Magnetite Ltd. assigned its 60% option interest to Minerva Gold Mines Ltd. (a related company). Minerva is required to carry out Phase I and II of a recommended exploration program and pay, on behalf of Moraga, a finder's fee of 5% of exploration and development expenditures of Phase I and II. Thereafter, Minerva is required to pay a finder's fee of 5% of its pro rata share of exploration and development expenditures.

10,974

10,091

d) Red Dog Claims, Nanaimo Mining District, British Columbia

By an agreement dated May 31, 1990, Moraga acquired the right to earn up to a 50% working interest in 16 mineral claims located in the Nanaimo Mining Division of B.C. To earn the interest, Moraga must make the following payments or expenditures:

- i) \$50,000 upon execution of the agreement;
- ii) incur expenditures of \$450,000 by April 30, 1991;
- iii) incur expenditures of \$2,500,000 by November 30, 1993. The Company has the option of making cash payments to the optionor in lieu of the expenditures to be made by November 30, 1993.

If these expenditures are made, the Company will have earned a 45% interest in the property. The option for an additional 5% interest will be granted once the 45% interest is earned. To earn the additional 5% interest, the Company must incur additional expenditures of \$1,000,000.

50,685

-

MORAGA RESOURCES LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
NOVEMBER 30, 1990

3. MINERAL PROPERTIES (CONT'D.)

e) Wann Claims, Nanaimo Mining District, British Columbia

The Company has entered into an Option Agreement with Acheron Resources Ltd. (a related company) whereby the Company can earn a 55% interest in the Wanda and Stat claims, totalling 29 claims in the Nanaimo Mining District. Under the agreement, the Company is required to make option payments of \$50,000 and spend \$350,000 on exploration and development on the property over a two year period.

685	-
<u>\$ 120,172</u>	<u>\$ 56,738</u>

4. SHARE CAPITAL

Authorized

75,000,000 common shares without par value

	<u>1990</u>		<u>1989</u>	
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>
Issued for cash	7,635,000	\$ 2,896,630	3,450,000	\$ 825,000
Issued for finders' fees	20,000	6,500	20,000	6,500
Issued in settlement of debt	<u>724,015</u>	<u>130,325</u>	<u>724,015</u>	<u>130,325</u>
	<u>8,379,015</u>	<u>\$ 3,033,455</u>	<u>4,194,015</u>	<u>\$ 961,825</u>

a) During the year, 4,185,000 shares were issued as follows:

- i) 50,000 shares at \$0.18 for cash proceeds of \$9,000, pursuant to director and employee options exercised;
- ii) 2,150,000 shares at \$0.35 for net cash proceeds of \$700,000, pursuant to a private placement of 2,000,000 units. The units consist of one common share and one non-transferable share purchase warrant that entitles the holder to purchase one common share at \$0.50 for a period of two years;
- iii) 385,000 flow-through shares at \$1.00, for cash proceeds of \$385,000, pursuant to a private placement. Each flow-through share has attached one non-transferable share purchase warrant entitling the holder to purchase an additional flow-through share at \$1.25 for a one year period. A commission of \$19,250 has been paid.
- iv) 40,000 shares at \$0.25 for cash proceeds of \$10,000 pursuant to warrants exercised;

MORAGA RESOURCES LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
NOVEMBER 30, 1990

4. SHARE CAPITAL (CONT'D.)

- v) 300,000 flow-through shares at \$0.85, for cash proceeds of \$255,000, pursuant to a private placement. Each flow-through share has attached one non-transferable share purchase warrant entitling the holder to purchase an additional flow-through share at \$1.00 for a two year period. A commission of \$15,300 has been paid.
- vi) 150,000 shares at \$0.50 for cash proceeds of \$75,000 pursuant to warrants exercised;
- vii) 140,000 shares at \$0.15 for cash proceeds of \$21,000 pursuant to options exercised;
- viii) 225,000 shares at \$0.18 for cash proceeds of \$40,500 pursuant to director and employee options exercised;
- ix) 300,000 shares at \$0.86 for cash proceeds of \$258,000 pursuant to directors' options exercised.
- x) 270,000 shares at \$0.90 and 30,000 flow-through shares at \$1 for net cash proceeds of \$248,430. Each share issued had one non-transferable share purchase warrant entitling the holder to purchase an additional share for a two year period at \$1 per share during the first year and at \$1.15 per share during the second.
- xi) 10,000 shares at \$0.30 for cash proceeds of \$3,000 pursuant to warrants exercised.
- xii) 135,000 shares at \$0.75 per share and warrants for the purchase of up to an additional 135,000 shares, for cash proceeds of \$101,250, pursuant to a private placement. The warrants are non-transferable and exercisable for two years at \$0.90 per share.

All funds received from the sale of flow-through shares are being spent on Canadian Exploration Expenses and the related deductions for income tax purposes will be claimable by the investors rather than the Company. Commissions paid on the issuance of shares are from general working capital funds.

- b) The Company has warrants outstanding allowing the holder to purchase one common share for each warrant held. As at November 30, 1990, the following warrants are outstanding:

<u>Outstanding Warrants</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
385,000	\$1.25	May 25, 1991
270,000	\$0.30	May 11, 1991
2,000,000	\$0.50	April 4, 1992
300,000	\$1.00	August 16, 1992
300,000	\$1.00/\$1.15	October 17, 1991/October 17, 1992
<u>135,000</u>	\$0.90	October 15, 1992
<u>\$ 3,390,000</u>		

MORAGA RESOURCES LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
NOVEMBER 30, 1990

4. SHARE CAPITAL (CONT'D.)

- c) Directors and employees have been granted options to purchase one common share of the Company for each option held. As at November 30, 1990, the following options are outstanding:

<u>Outstanding Options</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
50,000	\$1.19	June 3, 1995
100,000	\$1.00	June 27, 1995
50,000	\$0.86	September 30, 1995
<u>635,000</u>	\$0.60	November 26, 1995
<u>835,000</u>		

5. RELATED PARTY TRANSACTIONS

During the year, the Company had transactions with its directors and shareholders as follows:

- a) Project consulting fees of \$36,000 (\$3,000 per month) were paid to the president of the Company.
- b) Exploration and development expenditures of \$904,456 have been incurred with a private Company related to a common director for engineering services.
- c) Accounting fees totalling \$6,340 were paid to a Company related by a common director. This related Company may also make disbursements on behalf of Moraga for which it is reimbursed together with a 15% fee for administrative services rendered.
- d) Administration and supervision fees and rent of \$30,000 and \$16,200 respectively were incurred and \$4,450 prepaid to a Company related to directors of the Company.
- e) Included in accounts receivable is \$24,651 owing from a company related to directors of the Company.
- f) Accounts payable includes \$59,316 owed to companies related to directors of the Company.


6. COMPARATIVE FIGURES

Certain 1989 figures have been reclassified to conform to the presentation adopted in the current year. These changes have no effect on the 1989 loss.

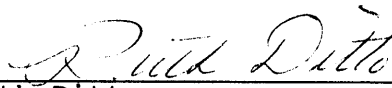
CERTIFICATE OF THE ISSUER

The foregoing constitutes full, true, and plain disclosure of all material facts relating to the securities offered by this Statement of Material Facts as required by the Securities Act and its Regulation.

Dated: February 22, 1991




Maurice S. Young
Chief Executive Officer
and Promoter

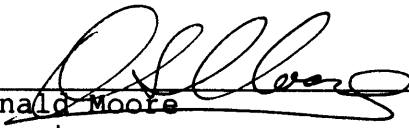


Ruth Ditto
Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS



Bruce Schmidt
Director



Donald Moore
Director

CERTIFICATE OF THE AGENTS

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

Dated: February 22, 1991

YORKTON SECURITIES INC.

Per: 