

SUPERINTENDENT OF BROKERS AND VANCOUVER STOCK EXCHANGE

STATEMENT OF MATERIAL FACTS: (#50/88) EFFECTIVE DATE: JUNE 1, 1988

T.F. PROPERTY FILE

Pellaise 920 945

GOLD MINES LIMITED
r, 1199 West Hasting Street, Vancouver, British
V6E 3V4 (604) 689-3846
SUER, ADDRESS OF HEAD OFFICE AND TELEPHONE NUMBER

r, 1199 West Hastings Street, Vancouver, British
V6E 3V4 (604) 689-3846
REGISTERED AND RECORDS OFFICE OF THE ISSUER

TRUST COMPANY
49390, Bentall Four, 1055 Dunsmuir Street, Vancouver
Columbia, V7X 1P3
ADDRESS OF REGISTRAR AND TRANSFER AGENT FOR ISSUER'S
IN BRITISH COLUMBIA

... IS A DEVELOPMENT COMPANY ON THE VANCOUVER STOCK
AND 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.

RIGHTS OFFERING TO SHAREHOLDERS

Holder of Rights Certificates who are not residents of British
Columbia or Ontario may not exercise the Rights offered here-
under. Certain restrictions exist for Ontario residents. The
Subscription Agent will refuse to issue certificates for Common
Shares subscribed for by any holder of Rights Certificates who is
not, or appears to the Issuer or the Subscription Agent not to
be, a resident of British Columbia or Ontario. Reference is made
to "Shareholders Resident Outside British Columbia" set forth
below.

2,695,530 RIGHTS TO SUBSCRIBE FOR 539,106 COMMON SHARES

Table with 4 columns: Price to Rights Holder, Agent's Commission, Net Proceeds to Issuer (1), and a row for Total.

(1) Before deducting expenses of the issue payable by the Issuer.

BASIS OF SUBSCRIPTION: One Right for each common share
outstanding on the Record Date. Five Rights plus \$0.25 entitle
holders to purchase one common share.

EXERCISE PRICE OF RIGHTS: \$0.25 Per Common Share
RECORD DATE: JUNE 7, 1988
COMMENCEMENT OF OFFER: JUNE 7, 1988
SHARES TRADE EX-RIGHTS: JUNE 1, 1988
RIGHTS CALLED FOR TRADING: JUNE 1, 1988
RIGHTS TRADE FOR CASH: JUNE 21, 1988
RIGHTS EXPIRE: JUNE 28, 1988

AGENT

McDermid St. Lawrence Limited
Suite 1000, 601 West Hastings Street
Vancouver, British Columbia
V6B 5E2

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.

One (1) Right will be issued for each common share issued and outstanding on the Record Date. Five (5) Rights plus \$0.25 entitle the holder to purchase one (1) common share (the "Common Share") at any time until 4:30 p.m. Vancouver time on June 28, 1988. If all of the Rights are exercised, the net proceeds to the Issuer (after deducting the Agent's commission of \$0.01 per Common Share or \$0.0125 per Common Share respectively, but before deducting expenses of this Offering) will be approximately \$129,385. McDermid St. Lawrence Limited of Suite 1000, 601 West Hastings Street, Vancouver, British Columbia, V6B 5E2 (the "Agent") has guaranteed to purchase any Common Shares which are not subscribed for pursuant to the exercise of Rights.

This Statement of Material Facts qualifies, for the period up to and including June 11, 1988, the sale to the public at the market price at the time of sale of any common share of the Issuer acquired by the Agent pursuant to the exercise of the Warrants. After June 11, 1988, the sale to the public of any common shares of the Issuer acquired by the Agent pursuant to the exercise of the Warrants will be qualified by way of an exemption under the Securities Act (British Columbia). The Agent will receive the proceeds from the resale of such shares acquired pursuant to the exercise of the Warrants, and none of such proceeds shall accrue to the Issuer.

This Statement of Material Facts also qualifies the sale to the public at the market price at the time of sale of any common shares of the Issuer acquired by the subscribers pursuant to the exercise of the Rights Certificates.

No survey has been made of the Issuer's located mineral claims and no legal title opinion has been obtained with respect to the Trout Lake Property. Therefore, in accordance with the mining laws of the jurisdictions in which such claims are situated, their existence and area could be in doubt.

Management of the Issuer proposes to expend a portion of the funds raised pursuant to this offering on exploration and testing of natural resource properties and on their development to production. There is no certainty that the properties that are acquired will, when tested and explored, be found to contain reserves of ore which can be profitably produced and sold.

The directors of the Issuer also serve as directors of other companies involved in natural resource development. Accordingly, it may occur that mineral properties will be offered to both the Issuer and such other companies and that the Issuer and such other companies will be participating in the same properties. As a result, situations may arise which involve a conflict of interest between such companies.

USE OF PROCEEDS

The estimated net proceeds to the Issuer from this Offering on the basis that all of the Rights are exercised is \$129,385. The Agent will be paid a commission of either 4% or 5% of the amount subscribed for each subscription solicited and submitted by it, and the net proceeds will be reduced accordingly.

The net proceeds of \$129,385 received from the exercise of all of the Rights, together with working capital on hand at March 31, 1988, in the approximate amount of \$96,672 for aggregate proceeds in the amount of \$226,057, will be applied as follows:

To pay estimated expenses and fees associated with this offering	\$ 5,000
To carry out Phase I of the exploration program on the Trout Creek Property as recommended in the report of Dr. N. C. Carter, P.Eng., dated March 31, 1988	100,000
To provide a reserve for the Trout Creek Property option payment due June 12, 1988	25,300
To provide reserve for administrative expenses and general working capital	<u>95,757</u>
Total:	<u><u>\$226,057</u></u>

Consolidated Silver Standard Mines Limited and Teck Corporation, who as of March 31, 1988, beneficially own 27.25% and 16.41% (725,000 and 435,000 shares respectively) of the outstanding common shares of the Issuer have indicated that they anticipate exercising in full their Subscription Rights, a total of 1,160,000 Rights for 232,000 common shares.

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 Date (in \$)	Shares Issued To Date	Planned Expenditure from Funds Available upon Completion of the Offering
I	Trout Creek Property	Nil	Nil	\$100,000
II	Pellaire Property	\$535,250	750,000 escrow	Nil
III	Nil	Nil	Nil	Nil

Trout Creek Property

The 39-claim Trout Creek Property is located in the Pinion range in southwestern Elko County, Nevada, approximately 18 miles south of Carlin. Access to the property is accomplished by travelling south from Carlin on the Carlin-Eureka highway for about 20 miles, then east for roughly eight miles up Trout Creek on a well-maintained dirt and gravel road to the project site.

The property lies roughly 10 miles south of the Rain and four miles south of the Bullion subdistricts of the southern Carlin Gold Belt. The Rain subdistrict contains in excess of three million ounces of gold including a reported two million ounces in Newmont Gold Company's Rain and Gnome deposits.

Westmont Mining Inc. has identified a deposit containing roughly 100,000 ounces of gold in the Bullion subdistrict.

Amoco Minerals first conducted exploration on the property in 1981. Twenty-seven vertical rotary drill holes were completed in the southern portion of the property on 200-to 400-foot centres in an effort to locate a manto-type deposit. In 1983 Freeport McMoran Gold Company optioned the property and drilled eight vertical and angle rotary holes to test an exposed jasperoid at the northern end of the property.

Teck Resources (U.S.) 1983 Inc. acquired the property in 1987 and conducted detailed mapping of the project area. Roughly 2,400 feet of rotary drilling was then completed on both the northern and southern target areas.

Rocks at the Trout Creek Property consist of Mississippian siliciclastics of the Overlap Assemblage in fault contact with Devonian carbonates of the Eastern Assemblage along a major north-trending structure. The younger sediments are made up of north-northeast striking siltstones of the Webb Formation overlain by sandstones and conglomerates of the Chainman Formation. The Chainman is altered with moderate argillization and iron staining in the central portion of the property. The Devils Gate Formation comprises the lower carbonate sequence west of the north-trending fault and at depth below the clastics east of the fault. Northeast-and north-northwest-trending faults cut the Paleozoic section and the north-trending structure. Both of these faults sets host gold-bearing jasperoid bodies.

Two distinct types of mineralization are present at Trout Creek, a bedded jasperoid in the Webb siltstones above the contact with the underlying Devils Gate limestone, and jasperoid breccia fillings in fault zones. Both host gold, although the highest grades are found in the fault breccias. It is likely that both types were formed by the same mineralizing process.

Bedded jasperoids are widespread at depth on the property. Thickness ranges from 50 to 150 feet with gold intercepts in the 0.02 to 0.05 oz/t range over an average of about 50 feet.

The most significant mineralization occurs in jasperoid breccias that occupy the younger fault sets. Two such breccia zones are present on the property, one within a northeast-trending structure in the northern portion of the project and the other in a north-northwest-trending fault at the southern end of the property.

The northern target was tested in 1987 by Teck (U.S.) 1983 Inc. with four angle drill holes. Results were discouraging with the best intercept being 20 feet of 0.023 oz/t gold.

The southern fault zone, however, contains ore-grade mineralization. The structure is roughly 1,000 feet long, 150 to 300 feet thick and dips to the south. One previous drill hole (TC-8) intersected the structure and showed 40 feet of 0.083 oz/t gold including 0.114 oz/t over 25 feet. Four holes were completed by Teck in 1987 on this zone. TCT-2, drilled in the vicinity of TC-8 and angled across the structure, cut 100 feet of mineralization averaging 0.026 oz/t over 150 feet of fault breccia. Two additional holes, drilled roughly 500 feet west of TC-8 and angled along the structure, intersected 70 feet of 0.054 oz/t gold, including five feet of 0.165 oz/t (TCT-7) and 95 feet of 0.053 oz/t including 0.088 oz/t over 35 feet (TCT-8).

In his report dated March 31, 1988, Dr. N.C. Carter has recommended a \$100,000 six-hole drill program to further test the gold-bearing jasperoid of the southern fault zone. In addition, he has recommended testing of a second target area, 1,000 feet north of the southern fault zone as well as one wild cat hole to test for the presence of additional gold-bearing material at depth below known mineralization.

A more detailed property description is provided in the engineering report of Dr. N.C. Carter, P.Eng., dated March 31, 1988, a copy of which is available for inspection at 1040 - 999 West Hastings Street, Vancouver, British Columbia, during normal business hours while the distribution under this Statement of Material Facts is in progress.

Trout Creek Property Agreements

By an agreement dated March 23, 1988 with Teck Resources (U.S.) 1983 Inc. ("Teck") of 1199 West Hastings Street, Vancouver, B.C. V6E 2K5, the Issuer has been granted an option by Teck in which the Issuer can assume all of Teck's property interests and commitment with respect to the Trout Creek project as outlined in that agreement dated June 12, 1987 (the "DCDV Agreement") between DCDV Corporation (who own a 100% interest in the property) and Teck in exchange for an option by Teck to purchase 300,000 shares of the Issuer at \$1.00 per share and a further 200,000 shares at \$1.50 per share. Teck will act as operator in the project and retains a first right of refusal on the project financing. This agreement is subject to Vancouver Stock Exchange approval and will require approval of and ratification by the shareholders of the Issuer.

Under the DCDV Agreement, Teck was granted an option to earn a 55% interest in the Trout Creek property by making an initial payment of \$15,000, incurring a minimum of \$40,000 in

exploration expenditures (these expenditures have been made) and by providing DCDV with a Feasibility Report which recommends placing the property into commercial production. In addition, Teck is required to make property payments on June 12, 1988 of \$20,000 and \$25,000 on each subsequent anniversary. Upon the completion of the Feasibility Study, DCDV and Teck will enter into a joint venture and each will fund their share of production. Should DCDV elect not to fund its proportionate share, its interest will be reduced accordingly but will not reduce below a 10% Net Profits Interest.

DCDV confirmed its consent to the assignment by Teck (U.S.) 1983 Inc. of its interest in the DCDV Agreement to the Issuer by agreement dated March 25, 1988.

Although no legal title opinion has been obtained with respect to the Trout Creek Property claims, as of May 5, 1988, the records at the Bureau of Land Management showed that Trout Creek Property claims TC1 through TC39, inclusive, to be in good standing and recorded in the name of Teck or beneficially owned by DCDV.

Pellaire Property

Pursuant to the Issuer's prospectus dated June 1, 1987, \$210,000 was raised in flow-through funds to continue exploration of the Pellaire Property. The Pellaire Property is being explored as a joint venture between the Issuer and Cathedral Gold Corporation ("Cathedral") each as to 50%. Imperial Metals Corporation holds 58% of the issued and outstanding common shares of Cathedral. On November 10 an additional \$22,500 was raised by private placement to fund additional exploration. As of the date of this Statement of Material Facts, these funds have been expended in exploration of the Pellaire property.

The Issuer followed the engineering program outlined by C.R. Saunders, P.Eng., which recommended drilling of 6,000 feet. By a letter dated September 25, 1987, Mr. Saunders recommended approximately 175 feet of underground drifting along the 731 Level Adit in addition to the drilling. At the termination of the exploration program in mid-November, 4,380 feet of core had been recovered from 11 holes, while 160 feet of underground drifting on the 731 Level had been completed. A total of \$476,000 was spent on the exploration program, of which \$238,000 was to the Issuer's account.

The drilling was technically successful in that it showed that the gold-bearing veins extend at least 600 feet downdip. Four of the six known veins on the property were tested in the drill program while the newly discovered Number 6 Vein appears to have been tested by the underground program. A

gold-bearing shoot in the Number 6 Vein assayed 0.202 ounces of gold per ton across a 1.6-foot width along a length of 59 feet.

Consolidated Silver Standard Mines Limited, an operator of the Pellaire Property, proposed a two-phase operating plan for 1988, which was presented to the management committee on March 24, 1988. The management committee consists of representation from the Issuer and Cathedral. Phase I calls for the 731 Level draft to be extended along the Number 4 Vein to test for the downdip extension in the Number 4 Vein on the 744 Level. Phase II calls for additional underground drilling and drifting. As of the date of this Statement of Material Facts, the proposed operating plan has not been approved, but will be considered for approval at the next meeting of the management committee.

Geological reserves for the property have been calculated as 34,000 tons of probable ore grading 0.67 ounces of gold per ton and 2.3 ounces of silver per ton as well as an additional 40,000 tons of possible reserves.

PARTICULARS OF NON-RESOURCE ASSETS

The Issuer has no material non-resource assets.

NAME AND INCORPORATION OF ISSUER

The Issuer was incorporated under the laws of British Columbia on February 15, 1971. On April 18, 1973, the name of the Issuer was changed to "Lord River Gold Mines Limited (N.P.L.)". On May 25, 1981, the Issuer was converted from a specially limited company to a limited company under its present name, and new articles and memorandum were adopted.

The registered and records office of the Issuer, as well as its head office, is located at 1100 - 1199 West Hastings Street, Vancouver, British Columbia, V6E 3V4.

DIRECTORS AND OFFICERS

The following individuals are the directors and officers of the Issuer:

<u>Name and Address</u>	<u>Office Held</u>	<u>Chief Occupation For the Past Five Years</u>
ALEXANDER CAMERON RITCHIE*(1) 303 - 2350 W. 39th Avenue Vancouver, B.C.	Director	April 1985 to present, retired; January 1985 to March 1985, consultant, Consolidated Silver Standard Mines Limited;