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WELCOME NORTH MINES LTD.

ANNUAL REPORT REVIEW - Welcome North Mines Ltd. president John S. Brock has reported a shift in exploration from the priority for the last 9 years of large scale regional prospecting for lead and zinc in the Yukon to a search for precious metals closer to established infrastructure.

The methods of financing on-going exploration of newly acquired mineral prospects has also been recently modified to the well financed junior mining companies for new project financing. This has resulted in Welcome North converting some of its property interests to shares in other companies whose exploration budgets are provided by the equity market.

Most of Welcome North's mineral properties are still maintained under option or joint venture agreements with other companies. The Tenas Creek lead-zinc prospects are held by a consortium headed by Du Pont of Canada Exploration Ltd. Continued drilling is warranted but is not contemplated for this year. The Vangorda joint venture, financed by Getty Canadian Metals, Limited, owns 463 mineral claims in the Anvil area, Yukon. Drilling was carried out in 1982, however results were not significant enough to warrant further work in 1983. Noranda Exploration Ltd. drilled the Lady D1 lead/zinc/silver prospect with disappointing results and relinquished their option at the end of 1982. Du Pont and Duval, in joint venture are maintaining their option on the Swift tin property in ^{YUKON} northern B.C. Active exploration was carried out in 1982, with good encouragement reported, and will be continued in 1983, with drilling proposed for 1984. Cominco Ltd., who holds the Hasten lead/zinc property under option in the MacMillan Pass area, completed a program of mapping and geochemical surveys in 1982, and propose diamond drilling this year. Drilling continued on lead/zinc projects held by the Gataga joint venture in the Williston Lake area of B.C., financed by Chevron, Kidd Creek Mines and Getty. Further exploration is also proposed for 1983. Overall expenditures for the past year on properties farmed out were approximately \$1,000,000. Expenditures for 1983 are not expected to exceed \$600,000. Welcome North's own program was mainly evaluation of property submittals. Over 100 proposals were received. Negotiations are proceeding on two gold properties in Ontario. Welcome North owns: 954,638 shares, representing 25% of the currently issued capital of Esperanza Explorations Ltd. (See story above); 337,500 shares, representing 15% of the currently issued capital of Nakusp Resources Ltd; 336,700 shares, representing 7% of the currently issued capital of Arctic Red.

Working capital at year-end stood at \$245,000 and market value of share holdings totals \$2,600,000.

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