DL/LJ

017919

Macgold Project
Story claims
104B New

MINISTRY OF ENERGY, MINES and PETROLEUM RESOURCES
Rec'd JUL 25 1990
SMITHERS, B.C.

SUPERINTENDENT OF BROKERS
AND
VANCOUVER STOCK EXCHANGE
(Venture Company)

Bronson-Pelican Property
104B 300, 214, 117 (?)

STATEMENT OF MATERIAL FACTS: (#53/90)
EFFECTIVE DATE: July 3, 1990

Ecstall River Property
103H 50-55, 11-12, 69-70 (?)

~~Packsack~~ 103H 13, 14, 36

ECSTALL MINING CORPORATION
307-475 Howe Street
Vancouver, B.C. V6C 2B3 Tel. No. (604) 681-4402

NAME OF ISSUER, ADDRESS OF HEAD OFFICE AND TELEPHONE NUMBER

1040-999 West Hastings Street
Vancouver, B.C., V6C 2W2

ADDRESS OF REGISTERED AND RECORDS OFFICE OF ISSUER

Central Guaranty Trust Company
800 West Pender Street
Vancouver, B.C., V6C 2V7

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

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

Offering: 500,000 Common Shares

	Estimated Price to Public*	Estimated Agent's Commission	Estimated Net Proceeds to Issuer
Per Share:	$1.00	$0.075	$0.925
Total:	$500,000	$37,500	$462,500

*To be calculated in accordance with the Rules of the Vancouver Stock Exchange, but in any event the price to the public shall be not less than $0.70 per Share.

Secondary Offering

The Agent will receive an Agent's Warrant entitling the Agent to purchase up to 250,000 shares of the Issuer in consideration of agreeing to purchase any shares unsubscribed for at the conclusion of the Offering. These shares are qualified for sale pursuant to this Statement of Material Facts as described in Item 1.

AGENT

McDERMID ST. LAWRENCE LIMITED
1000-601 West Hastings Street
Vancouver, B.C. 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.

July 10/90

1. PLAN OF DISTRIBUTION

(1) The Offering and Appointment of Agent

Ecstall Mining Corporation (the "Issuer") hereby offers (the "Offering") to the public through the facilities of the Vancouver Stock Exchange (the "Exchange") 500,000 common shares (the "Shares").

The Shares will be sold on the Offering Day (as hereinafter defined) at an offering price (the "Offering Price") determined by the Issuer and the Agent in accordance with the rules and policies of the Exchange. Pursuant to the Agency Agreement (as hereinafter defined), the Offering Price shall not be less than SEVENTY CENTS ($0.70) per Share. If the Offering Price is not accepted by the Issuer or the Agent, neither party will be bound to complete the Offering.

The Offering will take place on a day (the "Offering Day") within a period of 180 calendar days following the Effective Date (the "Effective Date") of this Statement of Material Facts (the "Statement") being the date of acceptance of this Statement by the Exchange and the Superintendent of Brokers, as noted on the cover page of this Statement.

The Agent has agreed to purchase any Shares not sold at the conclusion of the Offering. In consideration therefor, the Agent has been granted a non-transferable share purchase warrant (the "Agent's Warrant") entitling it to purchase up to 250,000 shares of the Issuer at a price per share which is at a premium over the Offering Price as determined in accordance with the rules and policies of the Exchange, at any time up to the close of business one year following the conclusion of the Offering.

Agent's Warrant

The Agent's Warrant will contain among other things, anti-dilution provisions and provision for appropriate adjustment in the class, number and price of shares issuable pursuant to any 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. The Agent's Warrant will be non-transferable, will be exercisable at any time up to the close of business one year following the conclusion of the Offering and will entitle the Agent to purchase up to 250,000 additional shares.

The purchaser of any Shares will be required to pay regular commission rates as specified in the rules and by-laws of the Exchange.

The Issuer, by an agreement dated June 25, 1990 (the "Agency Agreement") appointed the following as its agent (the "Agent") to offer the Shares to the public:

Name and Address of Agent	Participation
McDermid St. Lawrence Limited 1000-601 West Hastings Street Vancouver, B.C. V6B 5E2	500,000 shares

The Issuer will pay the Agent a commission of 7.5% of the selling price of the Shares upon completion of the Offering.

The Issuer has granted the Agent a right of first refusal with respect to any future public equity financings it may require during the 12-month period following the Effective Date.

There are no sub-underwriting or sub-option agreements outstanding. The Agent reserves the right to offer selling group participation in the normal course of the brokerage business to selling groups of other licensed broker-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 Agent under the Agency Agreement may be terminated prior to the opening of the market on the Offering Day, at the Agent's discretion, on the basis of its assessment of the state of the financial markets or upon the occurrence of certain stated events.

General

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

(2) Payments to Promoters

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 in connection with the Offering.

(3) Market Maker

The Agent may be considered the "market maker" of the Shares of the Issuer during the period of distribution of the securities offered pursuant to this Statement and for a period of 30 trading days thereafter. Subject to the applicable by-laws and rules of the Exchange, the Agent may make purchases and sales of the Shares of the Issuer for the purpose of maintaining an orderly market for the securities of the Issuer and for the purpose of assisting in the distribution of securities offered hereby. The signatories hereto have no knowledge of any other market maker.

(4) Ownership by Agent

The Agent does not beneficially own, either directly or indirectly, any of the securities of the Issuer.

(5) Additional Offering

This Statement also qualifies for sale to the public through the facilities of the Exchange at the market price prevailing for the Shares at the time of sale, for a period of one year from the conclusion of the Offering, any shares which may be acquired on the exercise of the Agent's Warrant. The Issuer will receive the exercise price of shares purchased pursuant to the Agent's Warrant but will not receive any proceeds from the sale of any such securities by the Agent, all of which proceeds will in such event accrue to the Agent. The aforesaid securities will not be sold until the distribution of the Issuer's securities has been completed.

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

The Issuer cannot estimate with certainty the price at which the Shares will be sold, but if all of the 500,000 Shares are sold at an estimated price of $1.00 per Share, the Issuer will receive $500,000, less commissions of $37,500, to net the treasury of the Issuer $462,500.

The principal purposes for which the estimated net proceeds of $462,500 will be used, together with working capital in the amount of $126,791 as of March 31, 1990, for aggregate proceeds in the amount of $589,291, in order of priority, are as follows:

(a)	To pay the costs of this Offering, estimated at	$ 25,000
(b)	To provide the Issuer's 50% share of the funds necessary to carry out Phase I of the exploration programs on the MacGold South, Story 3 and 4, and Story 7 Claims, as recommended by John A. Nicholson, Warren D. Robb and Chris Sampson, in their report, dated March, 1990 (see Item 3 hereof)	$125,650
(c)	Provision for Phase II of the exploration programs on the MacGold South, Story 3 and 4, and Story 7 Claims	$249,725
(d)	To provide reserve for administrative expenses and general working capital	$188,916
	Total:	$589,291

Any funds received by the Issuer from the exercise of the Agent's Warrant will be added to working capital.

The proceeds of this issue will be sufficient to complete the immediate objectives of the Issuer as disclosed in this Statement. The allocation of funds to the items set forth above appears warranted on the basis of information presently available to the Issuer. However, the Issuer's directors may elect to redirect these funds to other activities relating to the Issuer's business in light of further information or a subsequent change in circumstances.

Notwithstanding the foregoing, none of the proceeds of this Offering will be used for exploration or development work on any other projects without the Issuer having first obtained regulatory approval for the expenditure of the funds.

There are no provisions or arrangements for holding any part of the net proceeds received from the sale of the securities in trust or subject to the fulfilment of any conditions.

3. MATERIAL NATURAL RESOURCE PROPERTIES

(1) 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 Expenditures from Funds Available upon Completion of Offering
I	n/a			
II	Iskut-Unuk Properties	$89,401(1) $14,802.50(2)	None	$125,650 (Phase I) $249,725 (Phase II)

III	Bronson-Pelican Property	nil(1) $276,000(3)	400,000	nil
	Ecstall River Property	$13,360(1) $100,000(4)	400,000	nil

(1) Exploration Costs
(2) Plus a 1% net smelter return royalty
(3) Acquisition Costs (400,000 shares at a deemed price of $0.69 per share)
(4) Acquisition Costs (400,000 shares at a deemed price of $0.25 per share)

Group I - Properties for which regulatory approval has been obtained under this Statement of Material Facts.

None

Group II - Presently held properties which are currently producing or being explored, or upon which exploration is planned within the next year.

A. Iskut-Unuk Properties,
Skeena and Liard Mining Divisions, B.C.

Interest Owned or to be Acquired by the Issuer

By Agreement, dated August 14, 1989, the Issuer acquired from Chris W. Graf ("Graf"), the President of the Issuer, an undivided 50% interest in six groups of claims in the Iskut-Unuk River area of northwestern British Columbia. The consideration paid by the Issuer was $14,802.50, representing Graf's out-of-pocket costs, and a 1% net smelter return royalty. One claim block, the Durham 1-4 Claims, was allowed to lapse and the Issuer subsequently relocated the same ground with the Rudham Claims.

The subject five remaining claim blocks are situated in the Skeena and Liard Mining Divisions and are as follows:

(a) Ning and For Claims

Ning 1-6 inclusive
For 1 and 2

(b) Isk Claims

Isk 1-6, inclusive

(c) Tom Claims

Tom 1-4, inclusive

(d) MacGold Claims

MacGold 1-4, inclusive

(e) Story Claims

Story 1-3, inclusive

The remaining undivided 50% interest in the foregoing claims is held by Omega Gold Corp. ("Omega"). Omega is a company listed on the Vancouver Stock Exchange, and Graf and Jarl Aa. B. Whist ("Whist") are directors of both the Issuer and Omega. Omega's 50% interest is subject to a 1% net smelter return royalty payable to Whist Holdings Ltd., a non-reporting company controlled by Whist.

Following the transfer of the foregoing claims to the Issuer, the Issuer and Omega have located additional claims adjacent to some of them in consideration of staking costs in the approximate amount of $10,000.

The Issuer currently holds an undivided 50% interest in the following claims in the area which it considers to be of the most commercial significance:

	Claim Name	No. of Units	Record No.
A.	Bell Property		
	Bell 3	20	6723
	Bell 4	20	6724
	Bell 5	20	6725
	Bell 6	20	6726
	Bell 15	20	6735
	Bell 18	20	6736
B.	Bing Structure Property		
	Bell 19	18	6739
	Bell 20	6	6740
	Bell 21	6	6741
	Bell 22	15	6742
	Bell 23	6	6743
	Bell 24	15	6755
	Bell 25	8	6745
	Bell 26	8	6746

	Bell 27	12	6747
	Bell 28	20	6748
C.	<u>MacGold South Group</u>		
	MacGold 1	15	6987
	MacGold 2	12	6988
	MacGold 7	8	7737
	MacGold 8	10	7738
	MacGold 9	10	8801
D.	<u>MacGold North Group</u>		
	MacGold 3	12	6989*
	MacGold 4	12	6990*
	MacGold 5	12	7716*
E.	<u>Story 3 and 4</u>		
	Story 3	10	6985
	Story 4	10	6986
F.	<u>Story 7</u>		
	Story 7	20	7829
G.	<u>Story Property</u>		
	Story 1	10	6983*
	Story 2	8	6984*
	Story 5	2	7715
H.	<u>Isk Property</u>		
	Isk 3	16	5499*
	Isk 5	20	5522*
	Isk 7	20	6276
	Isk 8	20	6256
I.	<u>Isk-Bell Property</u>		
	Isk 1	20	5487*
	Isk 2	20	5498*
	Isk 4	16	5521*
	Bell 14	20	6734

J. For Property

For 2	16	5530*
For 3	12	5531*
For 4	6	6254
For 5	6	6255
Bell 9	16	6729
Bell 10	18	6730
Bell 11	18	6731
Bell 12	18	6732
Bell 29	10	6749
Bell 30	18	6750
Ning 5	20	5528*
Ning 6	20	5529*

K. Forgold Property

Forgold 1	18	6257
Forgold 2	18	6258
Forgold 3	14	6279
Forgold 4	12	6482
Forgold 5	16	6483

L. Tom Property

Tom 1	20	5493*
Tom 2	15	5494*
Tom 3	12	5495*
Tom 4	16	5496*

M. Rudham Property

Rudham 1	20	7072
Rudham 2	12	7073
Rudham 3	9	7074
Rudham 4	16	7075
Rudham 5	16	7076
Rudham 6	12	7077
Rudham 7	20	7078
Rudham 8	20	7079

N. Bushrat's Delight Property

Bushrat's Delight 1	20	7070
Bushrat's Delight 2	20	7071

O. Miscellaneous Properties

Ning 1	20	5524
Ning 2	12	5525
Ning 4	20	5527
Isk 6	18	5523

* The Issuer's interest in these claims is subject to a 1% net smelter return royalty payable to Chris W. Graf.

The Issuer and Omega intend to jointly carry out exploration programs in 1990 on the MacGold South Group and the Story 3 and 4 Claims (collectively the "Coul Claims") and the Story 7 Claim. The Issuer's 50% share of the costs of these programs will be provided by the proceeds of the Offering hereunder.

Location and Access

All three of the properties on which work is proposed are situated near the Unuk River (see Figure 1) and lie to the southwest, south and southeast of, and within a 12 kilometre radius of the Eskay Creek gold discovery of Stikine Resources Inc. and Calpine Resources Incorporated. All three properties are accessible only by helicopter.

Regional Geology

The Unuk River area is underlain by thick, weakly metamorphosed Upper Triassic to Lower Jurassic volcanic and sedimentary arc-related units overlain by Middle Jurassic successor basin units of the Bowser Basin. Large-scale northeast plunging vertical folds and major north-trending cataclasite and fault zones are thought to be related to early Cretaceous plutonism and orogenesis.

History and Exploration in the Area

The first recorded mineral discoveries in the Unuk River area were made around 1900, and although exploration was carried out intermittently after that date, the only property to produce before World War II was the Silbak Premier gold-silver mine north of Stewart. Following the post-war period, in which large base metal deposits were the target, aggressive exploration for precious metals in the 1980s resulted in several discoveries, including the Reg deposit of Skyline Gold Corp, the Snip deposit of Cominco Ltd. and Prime Resources Corporation and the Eskay Creek deposit of Calpine and Stikine Resources.

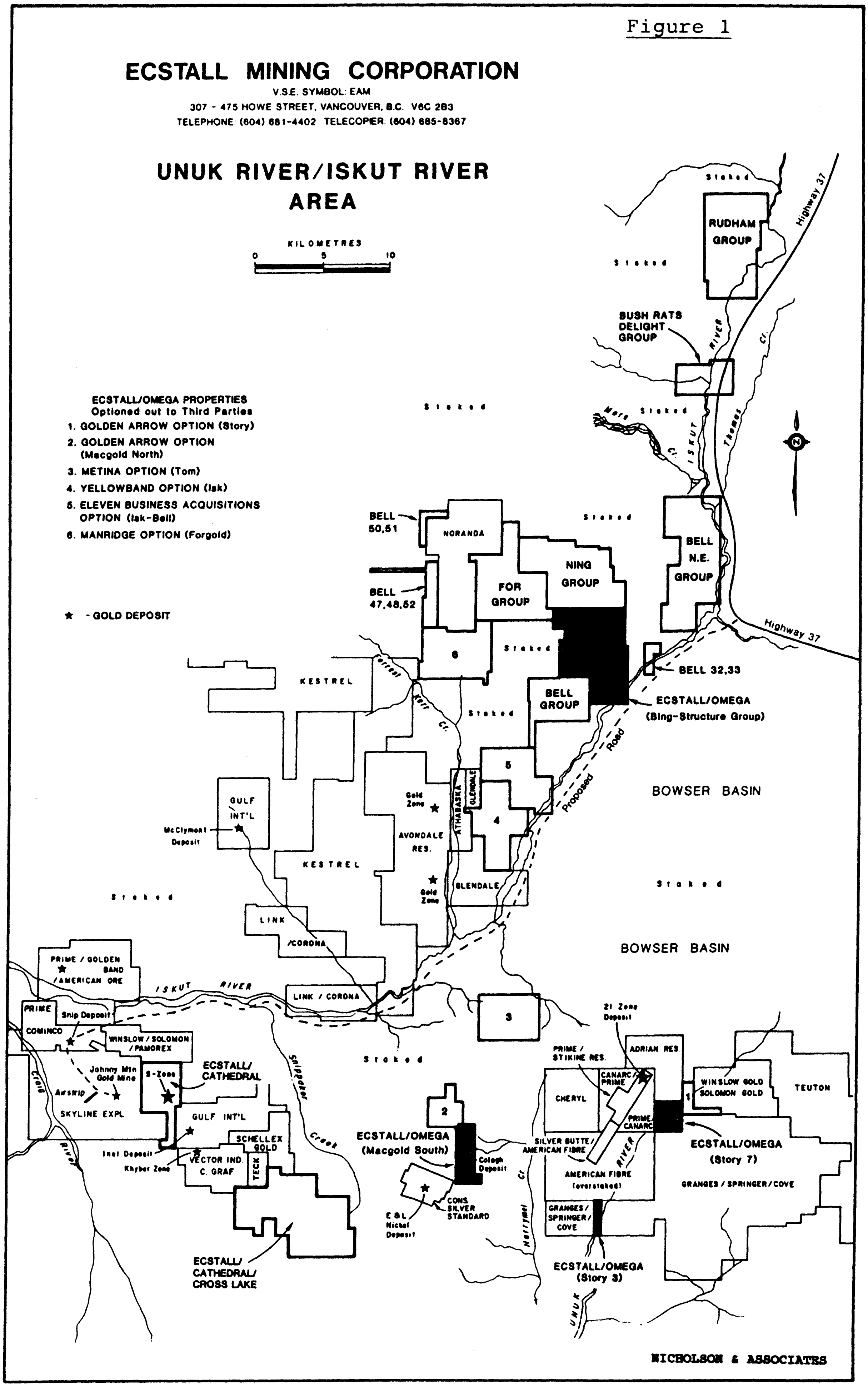


Figure 1
ECSTALL MINING CORPORATION
V.S.E. SYMBOL: EAM
307 - 475 HOWE STREET, VANCOUVER, B.C. V6C 2B3
TELEPHONE: (604) 681-4402 TELECOPIER: (604) 685-8367
UNUK RIVER/ISKUT RIVER AREA
KILOMETRES
0 5 10
ECSTALL/OMEGA PROPERTIES
Optioned out to Third Parties
1. GOLDEN ARROW OPTION (Story)
2. GOLDEN ARROW OPTION (Macgold North)
3. METINA OPTION (Tom)
4. YELLOWBAND OPTION (Isk)
5. ELEVEN BUSINESS ACQUISITIONS OPTION (Isk-Bell)
6. MANRIDGE OPTION (Forgold)
★ - GOLD DEPOSIT
RUDHAM GROUP
Highway 37
BUSH RATS DELIGHT GROUP
ISKUT RIVER
Thomas Cr.
BELL 50,51
NORANDA
NING GROUP
FOR GROUP
BELL N.E. GROUP
BELL 47,48,52
BELL 32,33
BELL GROUP
ECSTALL/OMEGA (Bing-Structure Group)
KESTREL
Proposed Road
BOWSER BASIN
GULF INT'L
McClymont Deposit
Gold Zone
AVONDALE RES.
ATHABASKA
GLENDALE
LINK /CORONA
PRIME / GOLDEN BAND / AMERICAN ORE
ISKUT RIVER
LINK / CORONA
PRIME
Snip Deposit
COMINCO
WINSLOW / SOLOMON / PAMOREX
Johnny Mtn Gold Mine
Airstrip
S-Zone
ECSTALL/ CATHEDRAL
SKYLINE EXPL
GULF INT'L
SCHELLEX GOLD
Inel Deposit
Khyber Zone
VECTOR IND. C. GRAF
TECK
Craig River
Sulpahurets Creek
ECSTALL/ CATHEDRAL/ CROSS LAKE
ECSTALL/OMEGA (Macgold South)
Colagh Deposit
E&L Nickel Deposit
CONS. SILVER STANDARD
21 Zone Deposit
PRIME / STIKINE RES.
ADRIAN RES.
CHERYL
CANARC/ PRIME
PRIME/ CANARC
WINSLOW GOLD SOLOMON GOLD
TEUTON
ECSTALL/OMEGA (Story 7)
SILVER BUTTE/ AMERICAN FIBRE
AMERICAN FIBRE (overstaked)
GRANGES / SPRINGER / COVE
ECSTALL/OMEGA (Story 3)
UNUK RIVER
Harrymel Cr.
Staked
NICHOLSON & ASSOCIATES

1. The MacGold South Claims

The MacGold South Claims consist of the MacGold 1,2 and 7-9 claims, comprising 45 units. There is no recorded work on the ground covered by the claims but there is evidence of an old grid having been located in the southwest part of the property. The claims are underlain by a volcanic assemblage of mostly intermediate flows and tuffs which have been intruded by diabase dikes. The oldest unit outcropping on the claims is a flow banded rhyolite unit. The sequence shows high angle fractures and shears which dip 60°-90° west.

Gold, silver, copper, lead and zinc have been identified on the property, with gold apparently being associated with copper and silver being associated with lead. The mineralization of economic significance appears to occur in a brecciated stockwork system and grades up to 0.21 oz./ton gold over 2.5 metres were encountered in channel samples. As well, a significant copper/zinc rich massive sulphide (High Grade Showing) occurrence was located nearby.

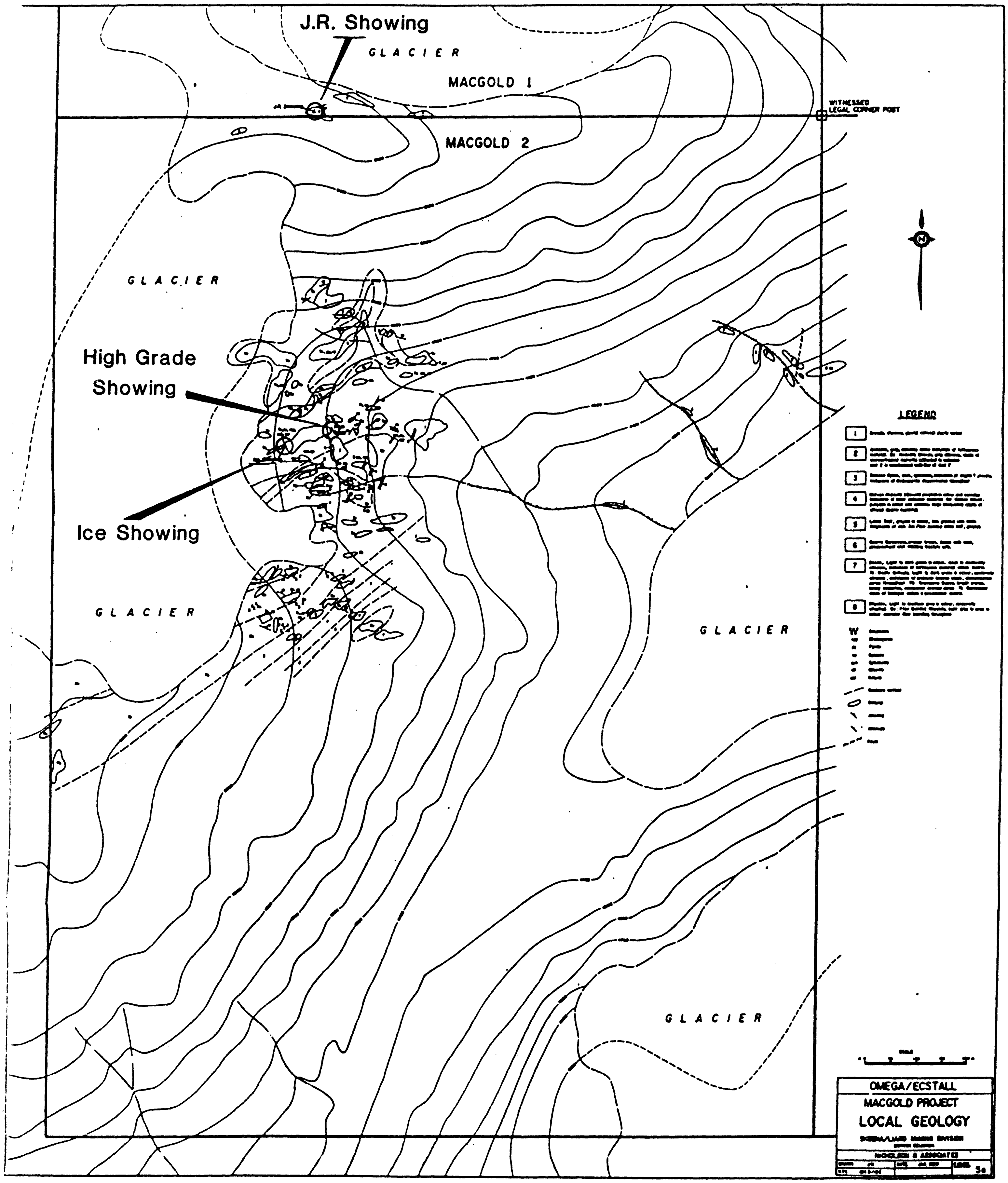
In the late summer and fall of 1989, the Issuer and Omega carried out a preliminary exploration program consisting of reconnaissance geochemical sampling and prospecting, establishing a grid, an I.P. geophysical survey and trenching. The preliminary program was successful in discovering the J.R. Showing having silver values of up to 25 oz./ton, the Ice Showing containing 0.21 oz./ton gold over 2.5 metres and the High Grade Showing which had values up to 0.007 oz./ton gold, 1.5 oz./ton silver, 22% zinc and 10% copper.

A total of $50,750 was spent on the claims during 1989. Figure 2 shows the location of the three showings on the property.

The Issuer proposes to carry out a two-phase follow-up exploration program on the MacGold South Claims in 1990 at a cost of approximately $275,375 to test for gold and copper-zinc mineralization. The program is recommended in a report (the "Sampson Report"), dated March 1990, on the MacGold South Claim Group, prepared by John A. Nicholson, B.Sc., Warren R. Robb, B.Sc., and Chris Sampson, P.Eng., and the Coul Claim Group and the Story 7 Claim, prepared by George E. Nicholson, B.Sc., Warren R. Robb, B.Sc., and Chris Sampson, P.Eng. for the Issuer and Omega. The Sampson Report is available for inspection, during normal business hours during the distribution of the securities offered hereunder, at the Company's registered and records office.

Phase I is estimated to cost $100,650 and comprises establishment of a base camp near the Ice and High Grade Showings, re-establishment of the 1989 grid and carrying out detailed trenching, mapping, rock sampling and an electromagnetic geophysical program. Prospecting on the unexplored northern portion of the property would also be undertaken in an effort to identify geological settings similar to those of the Ice and High Grade showings.

Figure 2


J.R. Showing
GLACIER
MACGOLD 1
MACGOLD 2
WITNESSED
LEGAL CORNER POST
GLACIER
High Grade
Showing
Ice Showing
GLACIER
LEGEND
GLACIER
GLACIER
OMEGA/ECSTALL
MACGOLD PROJECT
LOCAL GEOLOGY

Phase II is estimated to cost $174,725 and comprises a drilling program of 760-900 metres in four to eight holes to test anomalies resulting from the 1989 I.P. and trenching program. The Issuer does not intend to proceed with subsequent phases of the recommended program unless favourable results are encountered on the preceding stage.

The foregoing is based in reliance upon, and is taken in part from, the Sampson Report.

The Issuer intends to finance its 50% share ($50,325) of Phase I of the proposed exploration program from the proceeds of this offering.

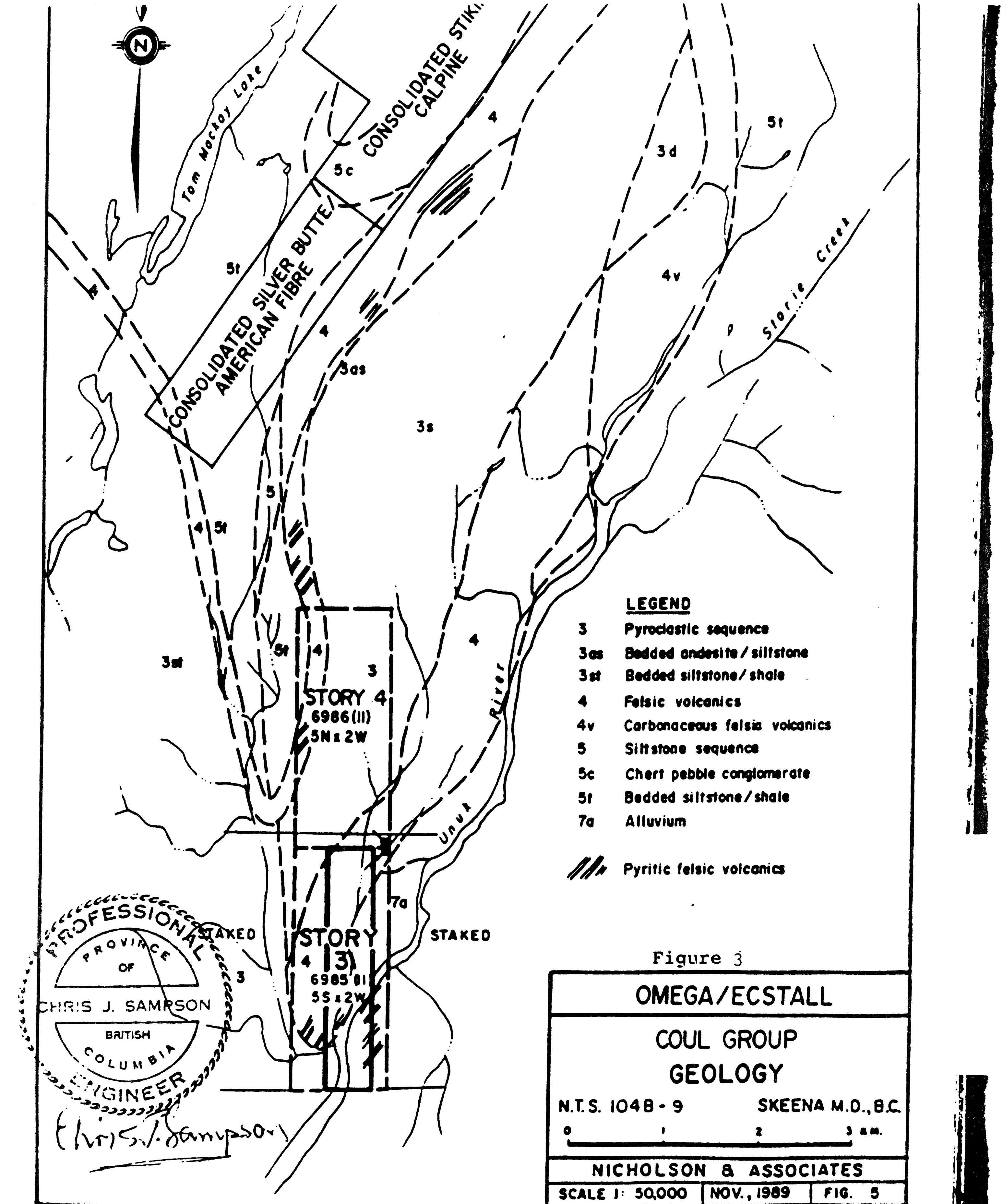
2. The Story 3 and 4 Claims

The Story 3 and Story 4 mineral claims each consist of 10 units. The claims (sometimes referred to in the Sampson Report as the "Coul Claims") are situated on the western boundary of the Bowser Basin Complex and a siltstone sequence which partly underlies a part of the property is attributed to the Bowser Lake Sedimentary Formation. This siltstone sequence is underlain first by pryoclastic volcanic Betty Creek Formation and then by the felsic volcanic Mount Dilworth Formation. This latter unit is of local economic significance since it is the host unit to many mineral occurrences, most notably the Eskay Creek gold property. Geologic reconnaissance work carried out by the Issuer in 1990 indicates that the Mount Dilworth Formation occurs in two parts of the property and is bounded to the east and west by sedimentary units (see Figure 3).

During August and September 1989, the Issuer and Omega established a grid on the southern part of the property and carried out a geochemical sampling program. A total of 145 soil samples, four silt samples and five rock samples were taken and analyzed. Although the results show varying geochemical response, largely due to prior soil development and a covering of volcanic ash, the geochemical anomalies which were found were all located close to the favourable Betty Creek-Mount Dilworth contact. The anomalies were not continuous, and this probably suggests that the mineralization causing them occurs either in small quartz veins or discrete sulphide pods.

Because the property is underlain in part by the Mount Dilworth Formation which is host to significant mineralization int he region, the Issuer proposes an exploration program consisting of further prospecting, sampling, hand trenching and geophysical surveys on the property. The program, recommended in the Sampson Report, is estimated to cost $50,000. The Sampson Report recommends two additional phases of work, estimated to cost $150,000 and $200,000, respectively. These two phases will consist of geological, geochemical and geophysical surveys. The Issuer does not intend to proceed with subsequent phases of the recommended program unless favourable results are encountered on the preceding phases.

The foregoing is based in reliance upon, and is taken in part from, the Sampson Report.



N
Tom MacKay Lake
CONSOLIDATED STIKINE CALPINE
CONSOLIDATED SILVER BUTTE/ AMERICAN FIBRE
5c
5t
4
3as
3s
3d
4v
Storie Creek
Unuk River
4 5t
3st
5t
4
3
5
STORY 4
6986(11)
5N x 2W
7a
STAKED
STAKED
STORY 3
6985(01)
5S x 2W
LEGEND
3 Pyroclastic sequence
3as Bedded andesite / siltstone
3st Bedded siltstone/ shale
4 Felsic volcanics
4v Carbonaceous felsic volcanics
5 Siltstone sequence
5c Chert pebble conglomerate
5t Bedded siltstone/shale
7a Alluvium
Pyritic felsic volcanics
PROFESSIONAL ENGINEER
PROVINCE OF BRITISH COLUMBIA
CHRIS J. SAMPSON
Chris J. Sampson
OMEGA/ECSTALL
COUL GROUP
GEOLOGY
N.T.S. 104B - 9
SKEENA M.D., B.C.
0 1 2 3 km.
NICHOLSON & ASSOCIATES
SCALE 1: 50,000
NOV., 1989
FIG. 5

Figure 3

The Issuer intends to finance its 50% share ($25,000) of Phase I of the proposed exploration program from the proceeds of the offering.

3. The Story 7 Claim

The Story 7 claim comprises 20 units and is situated near Storie Creek, approximately six kilometres south of the Eskay Creek property of Stikine Resources (see Figure 4). The northwestern part of the property is underlain by a siltstone sequence attributed to the Salmon River Formation, to the southeast of this, and trending across the property in a southwest to northeast direction, is the Mount Dilworth Formation of felsic volcanics. To the southeast of this, the property is underlain by the pyroclastic-epiclastic volcanic Betty Creek Formation. These rock units host some of the major deposits in the Iskut-Unuk River area, such as the Eskay Creek, Snip and Reg deposits.

The Issuer has carried out limited work on the property because during the 1989 field season, the Story 7 Claim was subject to a complaint filed under s.35 of the Mineral Tenure Act. This dispute has now been resolved in favour of the Issuer. The party which lost the dispute has now filed an appeal of the decision with the Supreme Court of British Columbia. The Issuer's claim has also been overstaked and the person locating the staked claim has also filed a complaint against the Story 7 Claim under s.35 of the Mineral Tenure Act. Management of the Issuer feels confident that this dispute will be resolved in its favour but does not expect a decision to be rendered until the late summer of 1990. Prospecting and reconnaissance geochemical sampling, however, did discover mineralization throughout the property, and particularly along zones of structural weakness.

The Issuer proposes to carry out a three-phase exploration program, as recommended in the Sampson Report. Phase I will consist of the establishment of a grid, detailed geological mapping and geochemical and geophysical surveys, and is estimated to cost $100,650. Phase II consists of more detailed work, concentrating on trenching and a geophysical survey and is estimated to cost $174,725. Phase III consists primarily of diamond drilling and is estimated to cost $224,074. The Issuer does not intend to proceed with subsequent phases of the recommended program unless favourable results are encountered on the preceding phases.

The foregoing is based in reliance upon, and is taken in part from, the Sampson Report.

The Issuer intends to finance its 50% share ($50,325) of Phase I of the proposed exploration program from the proceeds of the offering.

4. Farm-Out Agreements

During the spring of 1990, the Issuer and Omega negotiated ten agreements pursuant to which they granted options on certain claims groups in the Iskut-Unuk Properties. The proceeds from the Offering will be used to carry out exploration programs on claims groups

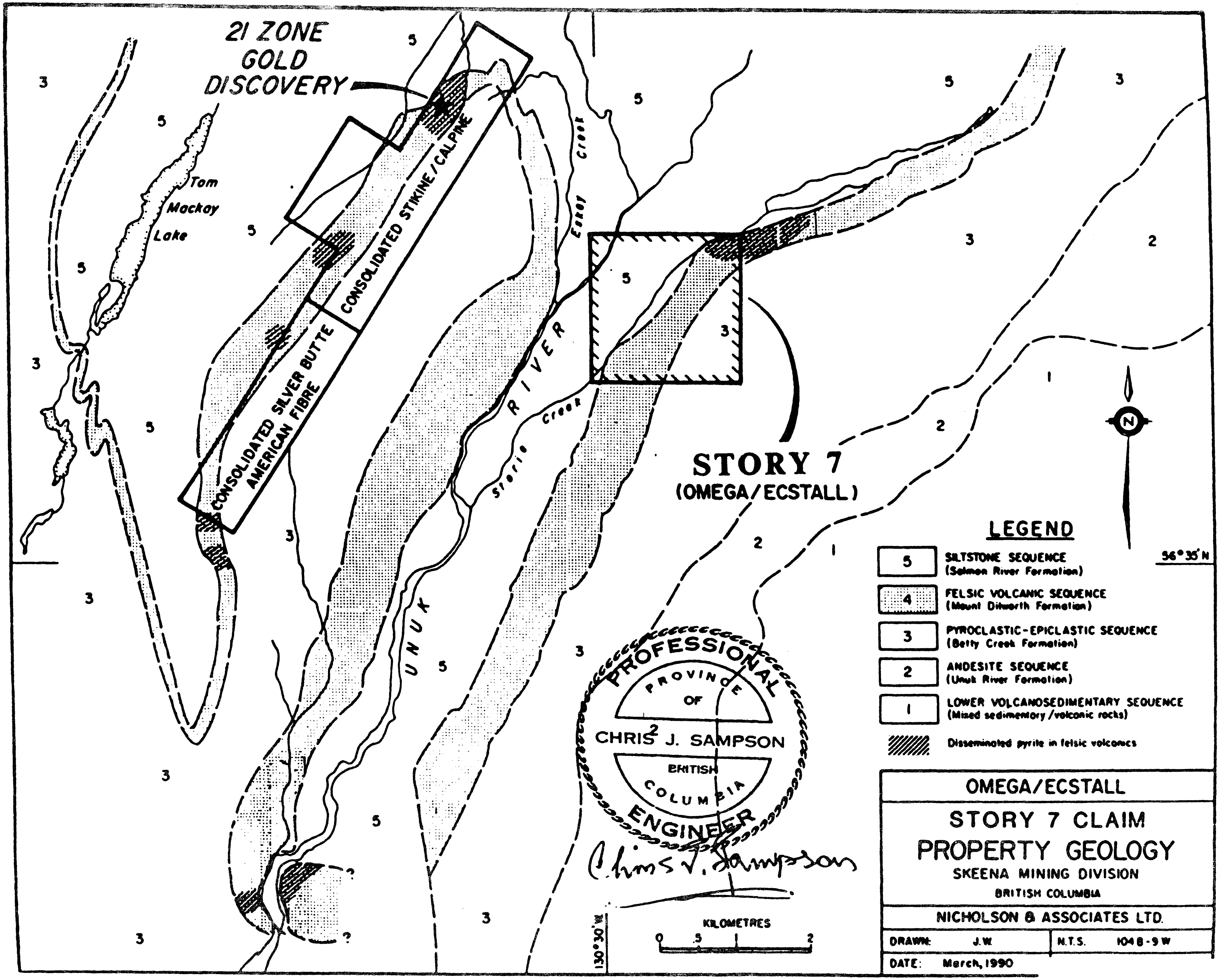

21 ZONE GOLD DISCOVERY
CONSOLIDATED STIKINE / CALPINE
CONSOLIDATED SILVER BUTTE AMERICAN FIBRE
Tom Mackay Lake
Eskay Creek
UNUK RIVER
Storie Creek
STORY 7 (OMEGA/ECSTALL)
LEGEND
5 SILTSTONE SEQUENCE (Salmon River Formation)
4 FELSIC VOLCANIC SEQUENCE (Mount Dilworth Formation)
3 PYROCLASTIC-EPICLASTIC SEQUENCE (Betty Creek Formation)
2 ANDESITE SEQUENCE (Unuk River Formation)
1 LOWER VOLCANOSEDIMENTARY SEQUENCE (Mixed sedimentary/volcanic rocks)
Disseminated pyrite in felsic volcanics
56°35'N
130°30'W
KILOMETRES
0 .5 1 2
PROFESSIONAL ENGINEER
PROVINCE OF BRITISH COLUMBIA
CHRIS J. SAMPSON
Chris J. Sampson
OMEGA/ECSTALL
STORY 7 CLAIM
PROPERTY GEOLOGY
SKEENA MINING DIVISION
BRITISH COLUMBIA
NICHOLSON & ASSOCIATES LTD.
DRAWN: J.W.
N.T.S. 104 B-9 W
DATE: March, 1990

Figure 4

which are not subject to such options. Each of the ten agreements (the "Agreements") has a similar structure. Set forth below are provisions which are common to nine of the agreements followed by summaries of each individual agreement. The agreement in respect of the Isk-Bell Property differs in some respects from that for the nine properties and details thereof are set out more particularly below.

Provisions common to nine of the Agreements

(a) Omega and the Issuer (collectively the "Optionors") granted an option to a third party (the "Optionee") to acquire up to a 100% interest in the subject property;

(b) the option may be exercised by the Optionee paying cash and issuing an aggregate of 200,000 common shares of the Optionee to the Optionors (each as to 50%), and by incurring exploration expenditures of $500,000 on the subject property, all within a period of four years;

(c) the first year's cash payment, the initial share issuance and the first year's exploration expenditures are all obligations; those for the following years are optional;

(d) if the Optionee exercises the option and thereby acquires a 100% beneficial interest in the subject property, the Optionors have 60 days in which to elect to:

A. have the right to receive an additional 100,000 common of the Optionee on commercial production and receive a 20% net profits interest; or

B. have the right to receive an additional 100,000 shares of the Optionee on commercial production and receive a 3% net smelter return interest; or

C. enter into a joint venture with the Optionee in which each of the Issuer and Omega hold a 25% interest and forfeit the right to net profits, net smelter returns and additional shares of the Optionee.

The Agreements are as follows:

(i) The MacGold Property

Pursuant to a Property Option Agreement, dated February 28, 1990, as amended by agreement, dated April 5, 1990 (collectively the "MacGold Agreement") between the Optionors and Golden Arrow Resources Inc. ("Golden Arrow"), of 710-580 Hornby Street, Vancouver, B.C. V6C 3B6, the Optionors granted to Golden

Arrow an exclusive option to acquire a 100% interest in and to the MacGold 3, 4 and 5 mineral claims, comprising 36 units (collectively the "MacGold Property").

Golden Arrow is a public company whose shares are posted and listed for trading on the Vancouver Stock Exchange.

The following table summarizes the MacGold Agreement which incorporates by reference the foregoing common provisions.

	Year One	Year Two	Year Three	Year Four
Cash (paid at start of year)	$30,000 (firm)	$30,000	$40,000	$40,000
Common Shares	75,000 (firm)	50,000	38,000	37,000
Exploration Expenditures (Cumulative)	$100,000 (firm)	$225,000	$375,000	$500,000

(ii) The Isk Property

Pursuant to a Property Option Agreement, dated February 28, 1990, as amended by agreement, dated April 5, 1990 (the "Isk Agreement"), between the Optionors and Yellow Band Resources Inc. ("Yellow Band"), of 710-580 Hornby Street, Vancouver, B.C. V6C 3B6, the Optionors granted to Yellow Band an exclusive option to acquire a 100% interest in and to the Isk 3, 5, 7 and 8 mineral claims, comprising 76 units (collectively the "Isk Property").

Yellow Band is a public company whose shares are posted and listed for trading on the Vancouver Stock Exchange.

The following table summarizes the Isk Agreement which incorporates by reference the foregoing common provisions.

	Year One	Year Two	Year Three	Year Four
Cash (paid at start of year)	$25,000 (firm)	$20,000	$20,000	$35,000
Common Shares	50,000 (firm)	50,000	50,000	50,000
Exploration Expenditures (Cumulative)	$100,000 (firm)	$250,000	$375,000	$500,000

(iii) Tom Property

Pursuant to a Property Option Agreement, dated February 28, 1990, as amended by agreement, dated April 5, 1990 (the "Tom Agreement") between the Optionors and Metina Developments Inc. ("Metina"), of 2314-401 Bay Street, Toronto, Ontario M5H 2Y4, the Optionors granted to Metina an exclusive option to acquire a 100% interest in and to the Tom 1-4 mineral claims, comprising 63 units (collectively the "Tom Property").

Metina is a public company whose shares are posted and listed for trading on the Vancouver Stock Exchange.

The following table summarizes the Tom Agreement which incorporates by reference the foregoing common provisions.

	Year One	Year Two	Year Three	Year Four
Cash (paid at start of year)	$25,000 (firm)	$20,000	$20,000	$35,000
Common Shares	75,000 (firm)	50,000	38,000	37,000
Exploration Expenditures (Cumulative)	$100,000 (firm)	$250,000	$375,000	$500,000

(iv) Story Property

Pursuant to a Property Option Agreement, dated February 28, 1990, as amended by agreement, dated April 5, 1990 (the "Story Agreement") between the Optionors and Golden Arrow Resources Inc. ("Golden Arrow"), of 710-580 Hornby Street, Vancouver, B.C. V6C 3B6, the Optionors granted to Golden Arrow an exclusive option to acquire a 100% interest in and to the Story 1-2 and 5 mineral claims, comprising 20 units (collectively the "Story Property").

Two of the Issuer's claims have been overstaked and the person locating the staked claims has filed a complaint against the Story 1 and 2 Claims under s.35 of the Mineral Tenure Act. Management of the Issuer feels confident that this dispute will be resolved in its favour but does not expect a decision to be rendered until the late summer of 1990.

Golden Arrow is a public company whose shares are posted and listed for trading on the Vancouver Stock Exchange.

The following table summarizes the Story Agreement which incorporates by reference the foregoing common provisions.

	Year One	Year Two	Year Three	Year Four
Cash (paid at start of year)	$25,000 (firm)	$25,000	$25,000	$25,000
Common Shares	75,000 (firm)	50,000	50,000	50,000
Exploration Expenditures (Cumulative)	$100,000 (firm)	$250,000	$375,000	$500,000

(v) Forgold Property

Pursuant to a Property Option Agreement, dated April 9, 1990, (the "Forgold Agreement") between the Optionors and Manridge Explorations Limited ("Manridge"), of 2314-401 Bay Street, Toronto, Ontario M5H 2Y4, the Optionors granted to Manridge an exclusive option to acquire a 100% interest in and to the Forgold 1-5 mineral claims, comprising 78 units (collectively the "Forgold Property").

Manridge is a public company whose shares are posted and listed for trading on each of The Toronto Stock Exchange and the Montreal Exchange.

The following table summarizes the Forgold Agreement which incorporates by reference the foregoing common provisions.

	Year One	Year Two	Year Three	Year Four
Cash (paid at start of year)	$25,000 (firm)	$20,000	$20,000	$35,000
Common Shares	75,000 (firm)	50,000	38,000	37,000
Exploration Expenditures (Cumulative)	$100,000 (firm)	$250,000	$375,000	$500,000

(vi) Bell Property

Pursuant to a Property Option Agreement, dated May 16, 1990, (the "Bell Agreement") between the Optionors and High Frontier Resources Inc. ("High Frontier"), of 610-650 West Georgia Street, Vancouver, B.C. V6B 4N7, the Optionors granted to High Frontier an exclusive option to acquire a 100% interest in and to the Bell Property (as hereinbefore set out) comprising 120 units.

High Frontier is a public company whose shares are posted and listed for trading on the Vancouver Stock Exchange.

The following table summarizes the Bell Agreement which incorporates by reference the foregoing common provisions.

	Year One	Year Two	Year Three	Year Four
Cash (paid at start of year)	$25,000 (firm)	$25,000	$25,000	$25,000
Common Shares	50,000 (firm)	50,000	50,000	50,000

Exploration Expenditures (Cumulative)	$100,000 (firm)	$250,000	$375,000	$500,000

(vii) For Property

Pursuant to a Property Option Agreement, dated May 16, 1990, (the "For Agreement") between the Optionors and High Frontier Resources Inc. ("High Frontier"), of 610-650 West Georgia Street, Vancouver, B.C. V6B 4N7, the Optionors granted to High Frontier an exclusive option to acquire a 100% interest in and to the For Property (as hereinbefore defined), comprising 40 units.

High Frontier is a public company whose shares are posted and listed for trading on the Vancouver Stock Exchange.

The following table summarizes the For Agreement which incorporates by reference the foregoing common provisions.

	Year One	Year Two	Year Three	Year Four
Cash (paid at start of year)	$25,000 (firm)	$25,000	$25,000	$25,000
Common Shares	50,000 (firm)	50,000	50,000	50,000
Exploration Expenditures (Cumulative)	$100,000 (firm)	$250,000	$375,000	$500,000

(viii) Bushrat's Delight Property

Pursuant to a Property Option Agreement, dated June 5, 1990, (the "Bushrat Agreement") between the Optionors and High Frontier Resources Inc. ("High Frontier"), of 610-650 West Georgia Street, Vancouver, B.C. V6B 4N7, the Optionors granted to High Frontier an exclusive option to acquire a 100% interest in and to the Bushrat's Delight Property (as hereinbefore defined), comprising 40 units.

High Frontier is a public company whose shares are posted and listed for trading on the Vancouver Stock Exchange.

The following table summarizes the Bushrat Agreement which incorporates by reference the foregoing common provisions.

	Year One	Year Two	Year Three	Year Four
Cash (paid at start of year)	$25,000 (firm)	$25,000	$25,000	$25,000
Common Shares	50,000 (firm)	50,000	50,000	50,000
Exploration Expenditures (Cumulative)	$100,000 (firm)	$250,000	$375,000	$500,000

(ix) Rudham Property

Pursuant to a Property Option Agreement, dated June 5, 1990, (the "Rudham Agreement") between the Optionors and High Frontier Resources Inc. ("High Frontier"), of 610-650 West Georgia Street, Vancouver, B.C. V6B 4N7, the Optionors granted to High Frontier an exclusive option to acquire a 100% interest in and to the Rudham Property (as hereinbefore defined), comprising 125 units.

High Frontier is a public company whose shares are posted and listed for trading on the Vancouver Stock Exchange.

The following table summarizes the Rudham Agreement which incorporates by reference the foregoing common provisions.

	Year One	Year Two	Year Three	Year Four
Cash (paid at start of year)	$25,000 (firm)	$25,000	$25,000	$25,000
Common Shares	50,000 (firm)	50,000	50,000	50,000
Exploration Expenditures (Cumulative)	$100,000 (firm)	$250,000	$375,000	$500,000

(x) Isk-Bell Property

Pursuant to a Property Option Agreement, dated March 21, 1990, (the "Isk-Bell Agreement") between the Optionors and Eleven Business Acquisitions Inc. ("Eleven"), of 1210-750 West Pender Street, Vancouver, B.C. V6C 2T8, the Optionors granted to Eleven an exclusive option (the "Option") to acquire an undivided 50% interest in and to the Isk 1-2 and 4 mineral claims and the Bell 14 mineral claim, comprising 76 units (collectively the "Isk-Bell Property").

Eleven is a public company whose shares are posted and listed for trading on each of the Alberta Stock Exchange.

The following table summarizes the Isk-Bell Agreement which incorporates by reference the foregoing common provisions, except for the following:

a. the Option is granted with respect to an undivided 50% interest in the Isk-Bell Property; and

b. within 60 days of the exercise of the Option, the Issuer and Omega must elect to:

1. enter into a joint venture with Eleven, with each of the Issuer and Omega holding a 25% property interest; and

2. convey an additional 50% property interest to Eleven and return either a 3% net smelter return royalty or a 20% net profits royalty.

	Year One	Year Two	Year Three	Year Four
Cash (paid at start of year)	$25,000 (firm)	$25,000	$25,000	$25,000
Common Shares	100,000 (firm)	33,000	33,000	34,000
Exploration Expenditures (Cumulative)	$100,000 (firm)	$250,000	$375,000	$500,000

Reserves

The Iskut-Unuk Properties do not have any known reserves of ore and the proposed programs are exploratory searches for ore.

Risk Factors

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 an economic ore body and to place it in commercial production. The only source of future funds presently available to the Issuer is through the sale of equity capital. The only alternative for the financing of further exploration would be the offering by the Issuer of an interest in its property to be earned by another party or parties carrying out further exploration or development thereof.

Exploration for minerals is a speculative venture necessarily involving some substantial risk. There is no certainty that 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.

The mining industry in general is intensely competitive and there is no assurance that even if commercial quantities of ore are discovered a ready market will exist for the products.

The existence of title opinions should not be construed to suggest that the Issuer has good and marketable title to the property described in this Statement of Material Facts. The Issuer follows usual industry practice in obtaining title opinions with respect to its properties.

The Issuer's properties consist of recorded mineral claims which have not been surveyed, and therefore, the precise location of such claims may be in doubt.

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

A. Bronson-Pelican Property
Liard Mining Division, B.C.

(i) Interest Owned or to be Acquired by the Issuer

The Issuer holds a 40% undivided interest in the Gossan Claims nos. 1-9, 14-17, 22, 23, 25 and 30, located in the Liard Mining Division, B.C. and known as the Bronson-Pelican Property (the "Property").

In consideration of its interest in the Property, the Issuer issued 400,000 common shares in the capital stock of the Company at a deemed price of $0.69 per share and agreed to pay a 1% net smelter return royalty to Chris W. Graf ("Graf"), the President of the Issuer.

Graf acquired the Property by location in 1983 and carried out reconnaissance geological and geochemical programs. By agreement, dated June 28, 1985 (the "Brinco Agreement"), Graf granted to Brinco Limited ("Brinco") the option to acquire up to a 60% undivided interest in and to 20 mineral claims (the "Gossan Claims"). The Gossan Claims comprise three contiguous groups of claims, and these groups are referred to as the Bronson, Khyber and Pelican Groups. The option could be exercised by Brinco paying to Graf the sum of $175,000 in cash and by incurring exploration expenditures on the Gossan Claims of not less than $1,325,000 on or before December 31, 1990. At any time after Brinco had earned a 40% interest in the Gossan Claims, Brinco could elect to enter into a joint venture with Graf pursuant to which each party would contribute funds in proportion to its property interest. Brinco subsequently transferred its interest in the Gossan Claims to Western Canadian Mining Corporation ("WCM").

By agreement, dated August 3, 1988, between Graf, WCM and Cathedral Gold Corporation ("Cathedral"), Graf and WCM agreed to partition the Gossan Claims in order to permit Cathedral to acquire all of WCM's interest in the Bronson Group and the Pelican Group. The Khyber Group part of the Gossan Claims remained subject to the Brinco Agreement and WCM's interest has subsequently been assigned to Vector Industries International Inc. ("Vector").

Up to the end of 1988, Brinco, WCM and Cathedral had expended approximately $340,000 on the Property. Exploration resulted in the discovery of several electromagnetic and magnetic anomalies up to 300 metres long in the Bronson Creek area. Cathedral has spent approximately $750,000 on the Property during 1989 and has encountered significant gold mineralization in the Bronson Creek area. Cathedral has now expended sufficient exploration funds to become vested in a 60% undivided interest in and to the Property, and will become vested upon making a $100,000 cash payment to WCM and a $35,000 cash payment to Graf. Because of the promising nature of the results obtained toward the end of Cathedral's 1989 budgeted program, Cathedral approached the Issuer with a proposal to permit Cathedral to carry out more work on the Property in 1989, and to have the costs of the additional work applied as a credit to its joint venture expenditures.

By agreement, dated as of September 12, 1989 (the "Extension Agreement") between Cathedral, the Issuer and Graf, the parties agreed that Cathedral's expenditures on the Property prior to it becoming vested in a 60% interest therein would be credited to its joint venture expenditures. The effect is that the Issuer will have the opportunity to review the results of Cathedral's program before it decides whether it wishes to contribute its 40% share of the costs. The Extension Agreement provides that Cathedral will not incur more than $1.5 million in expenditures on the Property between September 12, 1989 and March 31, 1991 without the Issuer's consent. If the Issuer elects to contribute its share of costs when the joint venture commences, it may do so by paying its proportionate share to

Cathedral in cash, or by paying all of the costs of the 1991 program until it has spent an amount equal to 110% of its pro rata share of expenditures incurred between September 12, 1989 and the commencement of the joint venture.

Under the Issuer's agreement with Graf, Graf assigned his entire right, title and interest in and to the Property to the Issuer except the right to receive a $35,000 cash payment on or before July 1, 1990. Pursuant to the Extension Agreement, this payment is now an obligation and is not optional. If and when Cathedral acquires a 60% undivided interest in and to the Property a joint venture agreement will be entered into, providing for the following:

(a) each party will be entitled to contribute to budgets in proportion to its property interest;

(b) failure to contribute its full proportionate share will result in the reduction of a party's interest;

(c) if a party's interest is reduced to 15%, its interest will convert automatically to a 15% net profits interest;

(d) if the Issuer is reduced to a 15% net profits interest, it will receive advance royalty payments of $20,000 per year until commercial production commences;

(e) notwithstanding that the Issuer may have elected to contribute to budgets, it will have no obligation to contribute until March 31, 1991; and

(f) for the first five years following the commencement of commercial production, the holder of the 15% net profits interest will receive a minimum of $40,000 per year.

By agreement made as of June 1, 1990, the Issuer, as to a 20% interest, and Cathedral and Cathedral's affiliates, collectively as to a 30% interest, granted an option to Cross Lake Minerals Ltd. ("Cross Lake"), of 301-121 Richmond Street West, Toronto, Ontario M5H 2K1, to acquire an undivided 50% interest in and to the Pelican Group. Cross Lake may exercise the option by spending $1,000,000 in exploration on the Pelican Group and by paying to the Issuer and Cathedral aggregate cash payments of $235,000 and issuing 100,000 shares; the Issuer is entitled to 40% of such cash payments and share issuances.

To briefly summarize the foregoing transactions, the original Gossan Claims have now been partitioned into the Khyber Group, the Bronson Group and the Pelican Group.

The Issuer has no interest in the Khyber Group.

The Issuer has a 40% interest in the Bronson Group, and WCM and Cathedral have the right to acquire a 60% interest.

The Issuer has a 40% interest in the Pelican Group and WCM and Cathedral have the right to acquire a 60% interest. The Issuer, WCM and Cathedral have granted to Cross Lake the right to acquire an undivided 50% interest in the Pelican Group; if this right is exercised, the property interests will be as follows:

Issuer:	20%
Cathedral:	30%
Cross Lake:	30%

(ii) Material Exploration and Development Work

The area around the Property has been prospected intermittently since the early 1900s when lead-silver-gold mineralization was discovered on Johnny Mountain. During the 1950s and 1960s the area was explored for porphyry copper deposits and volcanogenic sulphide deposits. However, no deposit achieved commercial production until August 1988 when the gold property of Skyline Gold Corporation commenced production.

In 1989, Cathedral carried out a soil sampling program, an airborne electromagnetic survey, a rock geochemical survey and 3,224 metres of diamond drilling in 26 holes. All of the eight holes drilled in the T-Zone intersected mineralization over a strike length of about 235 metres. The highest grade encountered was 0.075 oz./ton gold over 2.1 metres. Ten of the 13 holes drilled in the S-Zone intersected significant gold values over a strike length of about 340 metres. The best intersection was 4.6 metres grading 0.463 oz./ton gold with minor copper and zinc values.

Cathedral plans a diamond drilling program of about 5,000 metres in 1990 and the primary target will be the S-Zone. The S-Zone is open at both ends, and geophysical and geochemical surveys suggest subparallel zones to the south. Approximately 1,000 metres of the drilling is planned for geophysical targets.

(iii) Reserves

The Bronson-Pelican Property has no known reserves of ore.

B. Ecstall River Property
Skeena Mining Division, B.C.

(i) Interest Owned or to be Acquired by the Issuer

The Issuer holds a 100% interest in 15 mineral claims located in the Skeena Mining Division, B.C. known as the "Ecstall River Property". The consideration for such acquisition was the allotment and issuance to Chris W. Graf ("Graf"), the President of the Issuer, prior to the Issuer becoming a reporting company, of 400,000 common shares of the Issuer at a deemed price of $0.25 per share. Graf staked five of the claims between 1980 and 1985 and acquired the remaining claims in April 1987 from Noranda Exploration Company Limited (N.P.L.) at no cost.

The Ecstall River Property consists of the following mineral claims totalling 188 claim units and encompassing approximately 4,700 hectares:

Claim Name	No. of Units	Record No.	Expiry Date
Ecstall 8	6	2723	Dec.17/90
Ecstall 9	3	4910	Aug.29/90
Ecstall 10	3	4911	Aug.29/90
Ecstall 15	4	3866	May 06/91
Ecstall 16	4	3867	May 06/91
Tall 1	4	5081	Dec.04/90
Tall 3	4	5083	Dec.04/90
Tall 6	20	5086	Dec.04/90
Tall 7	8	5087	Dec.04/90
Tall 8	20	5088	Dec.04/90
Tall 9	12	5089	Dec.04/90
Tall 10	9	5090	Dec.04/90
Tall 11	12	5091	Dec.04/90
Tall 12 Fr.	1	5504	Aug.15/91
Tall 13 Fr.	1	5505	Aug.15/91

Pursuant to a letter agreement, dated March 6, 1990, between the Issuer and Cominco Exploration ("Cominco"), a division of Cominco Ltd., Cominco acquired the sole and exclusive right and option (the "Option") to earn up to a 60% beneficial interest in certain claims (the "Packsack Property") on the Ecstall River Property. The Packsack Property comprises the Ecstall 8, 9, 10, 15 and 16 Claims and the Tall 3 and 6 Claims and the Tall 12 and 13 Fractions, together with any ground staked by Cominco or the Issuer within 2 km. distant from the outermost boundaries thereof.

Cominco may exercise the Option by:

(a) making the following non-cumulative cash payments to the Issuer:

On or before	Payment
Upon execution	\$ 15,000 (firm)
February 15, 1991	\$ 30,000 (optional)
February 15, 1992	\$ 40,000 (optional)
February 15, 1993	\$ 50,000 (optional)
February 15, 1994	\$ 75,000 (optional)
Total:	\$210,000

(b) completing exploration work expenditures of $3,000,000 on or before February 15, 1995 as follows:

On or before	Payment
February 15, 1991	$ 150,000 (firm)
February 15, 1995	$3,000,000 (optional)

Following completion of (a) and (b), Cominco will be vested with a 60% interest in the Packsack Property and a 60:40 joint venture will be formed with Cominco as operator. At such time, deemed expenditures of $3,000,000 for Cominco and $2,000,000 for the Issuer will be used as a basis for any future dilution of interests.

(ii) Material Exploration and Development Work

The nearby Red Gulch property was first investigated by Granby Mining, Smelting and Power Company Ltd. ("Granby") in 1918-19 and again in 1923 as a possible source of ore for the Anyox smelter. Granby dropped its option in 1923. Red Gulch is in similar geology about 10 kilometres north-northwest of the Packsack deposit.

Texas Gulf Sulphur Company ("Texas Gulf") acquired the property in 1937 and did underground exploration through 1940. In 1952, Texas Gulf, through Sulgas Properties Ltd., did extensive surface and underground drilling to investigate the property as a source of sulphur, with the possibility of base and precious metals recoverable as by-products.

From 1958-60, Texas Gulf was again active in the region. In 1958, electromagnetic testing outlined a good conductor coincident with surface exposures of massive sulphides. Subsequent drilling revealed the Packsack deposit, which is located on the Ecstall 16 claim on the western edge of the property. This deposit consists of a lens or lenses of massive sulphides, mostly pyrite, ranging from one to eight metres thick. Texas Gulf drilled 11 diamond drill holes totalling 2,891 ft. over a strike length of about 500 metres to a maximum depth of 100 metres. The mineralized body is open at depth and along strike in both directions and appears to be thickening and becoming more zinc rich (relative to copper) with depth.

Graf acquired the Esctall River Property between 1980 and 1985, and in 1985 granted an option to Noranda Exploration Company Limited ("Noranda"). Noranda staked a number of additional claims and conducted an exploration program which consisted of an airborne electromagnetic survey, ground geophysics, geology and rock geochemistry on several grids. The geophysical work showed numerous conductors, the most significant of which were the Packsack, Horsefly and Steelhead showings. Geochemistry work on "grab" samples from various grid lines returned mineral values which, though anomalous, did not approach ore grade. However, a few selected samples of mineralization from the Horsefly, Steelhead and Packsack showings returned significant values in copper, zinc, silver and gold.

Approximately $250,000 has been spent on exploration programs on the property to date.

Noranda dropped its option in 1987 and the claims which they staked were transferred to Graf.

During the 1990 field season Cominco plans a geological mapping program and approximately 1,000 metres of diamond drilling in three holes on the Packsack showing.

(iii) Reserves

The Ecstall River Property has no known reserves of ore.

(2) SUMMARY OF OIL AND GAS PROPERTIES

Group I - Properties for which regulatory approval has been obtained under this Statement of Material Facts.

None.

Group II - Presently held properties which are currently producing or being explored, upon which exploration is planned within the next year or which have undiscounted reserves in excess of $50,000 or current revenue in excess of $1,000 per month.

None.

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

None.

4. PARTICULARS OF NON-RESOURCE ASSETS

The Issuer is not engaged nor does it propose to engage in whole or in part, in a business other than for the exploration and development of natural resources.

5. CORPORATE INFORMATION

(1) The Issuer was incorporated on May 16, 1984 under the Company Act (British Columbia) by the registration of its Memorandum and Articles.

(2) The authorized capital of the Issuer consists of 10,000,000 common shares without par value, of which 3,140,000 have been issued as fully paid and non-assessable.

Each issued share of the Issuer ranks equally as to dividends, voting powers and participation in assets. No shares have been issued subject to call or assessment. There are presently no pre-emptive or conversion rights and no provisions for redemption or purchase for cancellation, surrender, or sinking or purchase funds. Provisions as to the modification, amendment or variation of such rights or provisions are contained in the Articles of the Issuer and the Company Act (British Columbia).

(3) Since December 31, 1989, being the date of the Issuer's audited financial statements attached hereto and forming a part of this Statement of Material Facts, the following shares have been issued as set forth below:

No. of Common Shares	Deemed Price/ Share	Date Issued	Name and Address
400,000	$0.69	Jan.24/90	Chris W. Graf 501-1245 Beach Avenue Vancouver, B.C. V6E 1V4

pursuant to the terms and conditions of an agreement, dated September 12, 1989, between the Issuer, Cathedral Gold Corporation and Chris W. Graf pertaining to the Bronson-Pelican Property, Liard Mining Division, B.C.

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

(1) Directors, Officers and Promoters of the Issuer

The directors, officers and promoters of the Issuer are as follows:

Full Name, Residential or Postal Address and Position with the Issuer	Chief Occupation for the Past Five Years	No. of Voting Shares of the Issuer Beneficially Owned
Christopher Wayne Graf(1)(3) 501-1245 Beach Ave Vancouver, B.C. V6E 1V4 Chief Executive Officer, President and Director	Professional engineer; self-employed since 1979 working through his wholly-owned company, Active Minerals Ltd.; serves as a director of Omega Gold Corp., Winslow Gold Corp. and Northwind Ventures Ltd.	500,000 escrow 1,288,500 free 1,788,500 total(2)

Gordon Field Yolland(1) 6-7197 Ash Crescent Vancouver, B.C. V6P 3K6 Chief Financial Officer and Director	Self-employed chartered accountant since Sept.1, 1988; previously Vice-President, finance and Administration, MCL Motor Cars, 1984 to Aug.31, 1988; Secretary-Treasurer, Coastal Ford, Aug.1989 to date	250,000 escrow 20,000 free 270,000 total
Jarl Aage Bjorn Whist(1) 100 Trantra Mar, Vesuvius Bay, Box 873, Ganges Saltspring Island, B.C. V0S 1E0 Director	Barrister and Solicitor; director and CEO, Omega Gold Corp.; until Jul.31, 1988, President and director of Valhalla Group Gold Corporation, Oliver Gold Corporation, Solomon Gold Corporation and Loki Gold Corp.	20,000(4)
Graham Howard Scott 7333 West Boulevard Vancouver, B.C. V6P 5S2 Secretary	Barrister and Solicitor since 1981; since 1988, partner in law firm of Scott, Bissett; from 1984-88, partner in law form of Hanna, Forth & Scott; serves as a director of Equinox Resources Ltd. and North American Metals Corp.	68,500

(1) Member of Audit Committee.
(2) Of these shares, 500,000 are registered in the name of Active Holdings Inc., a private company controlled by Chris W. Graf.
(3) Holder of more than 10% of the voting securities of the Issuer.
(4) Of these shares, 5,000 are registered in the name of Whist Holdings Ltd., a private company controlled by Jarl Aa. B. Whist.

(2) Other Directorships

(a) Certain directors, officers or promoters of the Issuer are or have been a director, officer or promoter of other reporting issuers within the past three years. Set forth below is a table indicating the number of such issuers of which the directors and officers are currently a director, officer or promoter:

Name	No. of Other Issuers
Chris W. Graf	3
Gordon F. Yolland	nil
Jarl A.B. Whist	1
Graham H. Scott	4

A list of the names of these reporting issuers is available for inspection at the registered and records office of the Issuer at 1040-999 West Hastings Street, Vancouver, B.C. V6C 2W2 during the times specified in Item 9(5) hereof.

(b) During the period that the above-noted individuals were directors, officers and/or promoters of such reporting issuers, none of such issuers has been struck off the Register of Companies by the British Columbia Registrar of Companies, or other similar authority, nor were the securities of any of these reporting issuers the subject of a cease trade or suspension order for a period of more than 30 consecutive days.

(3) Remuneration from Issuer

(a) Within the past year, no director, officer, promoter or insider has received any direct or indirect remuneration from the Issuer.

(b) Within the past year none of the directors, officers and promoters of the Issuer has received any items of value, directly and indirectly, from the Issuer which are not otherwise disclosed in this Statement of Material Facts. However, during the 12-month period ended March 31, 1990, legal fees in the amount of $41,491 were paid to a law firm, in which an officer of the Issuer is a partner.

(4) Persons Owning More Than 10% of the Equity Shares of the Issuer

To the knowledge of the signatories hereto, the only person who owns beneficially, directly or indirectly, more than 10% of the voting shares of the Issuer is Chris W. Graf, the President of the Issuer, who owns 1,788,500 common shares, as disclosed in Item 6(1) hereof.

7. OPTIONS TO PURCHASE SECURITIES OF THE ISSUER

(1) Insiders and Promoters

Incentive stock options have been granted to certain insiders and promoters of the Issuer. Options on the terms set forth below are presently outstanding:

Name of Director	No. of Shares Optioned	Date of Grant	Exercise Price per Share	Expiry Date
Chris W. Graf	121,500	Dec.16/88	$0.45	May 16/92
Gordon F. Yolland	70,000	Dec.16/88	$0.45	May 16/92
Jarl A.B. Whist	70,000	Dec.16/88	$0.45	May 16/92

As at the date hereof, none of the aforesaid options has been exercised.

(2) Employees

No incentive stock options have been granted to employees of the Issuer.

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

(1) Escrow Shares

A total of 750,000 shares (the "Shares") are held in escrow by the Issuer's Registrar and Transfer Agent, Central Guaranty Trust Company, 200-800 West Pender Street, Vancouver, B.C., V6C 2V7, and are subject to the direction or determination of the Vancouver Stock Exchange (the "Exchange").

The escrow restrictions attached to the Shares provide, inter alia, that the shares may not be traded in or dealt with in any manner whatsoever nor released, nor may the Issuer, its transfer agent or escrow holders make any transfer or record any trading of shares without the consent of the Exchange.

The complete text of the Escrow Agreement is available for inspection at the Issuer's registered and records office.

(2) Pooled Shares

No shares of the Issuer are held in pool.

(3) Other Securities

There are no other securities of the Issuer which are subject to an unexpired hold period originally imposed by the British Columbia Securities Commission save and except the following:

(a) Private Placement Transaction

Eight investors purchased a total of 125,000 shares of the Issuer at a price of $0.65 per share for a total purchase price of $81,250 on a private placement basis. Chris W. Graf, the President of the Issuer, and Graham H. Scott, the Secretary of the Issuer, participated in such private placement as to 3,500 and 38,500 shares, respectively. The aforesaid securities are non-transferable until August 22, 1990.

9. PARTICULARS OF ANY OTHER MATERIAL FACTS

(1) Legal Proceedings

To the knowledge of the signatories hereto, there are no legal proceedings, either actual or pending, to which the Issuer is or is likely to be a part or of which any of its properties or assets is or is likely to be the subject, other than a complaint made pursuant to s.35 of the Mineral Tenure Act (British Columbia) with respect to the staking of the Story 7 Claim. If the complaint is upheld, the Issuer could lose all of its title to the claim. Reference is made to the heading entitled "Story 7 Claim" above.

(2) Properties for which Regulatory Approval is not Sought

There are no properties or non-resource assets proposed to be acquired by the Issuer for which regulatory approval is not being sought under this Statement of Material Facts.

(3) Liabilities

The liabilities of the Issuer, including bonds, debentures, notes and other debt obligations, have not significantly increased or altered subsequent to the date of the financial statements included in and made a part of this Statement of Material Facts.

(4) Other Material Facts

The Issuer holds an interest in the following properties:

A. Chodi Property
Liard Mining Division, B.C.

The Issuer holds a 100% interest in three mineral claims located in the Liard Mining Division, B.C. (the Chodi 6, 11 and 12) and known as the "Chodi Property".

As consideration for the Chodi Property, the Issuer issued to Chris W. Graf, the President, 100,000 common shares at a deemed value of $0.25 per share.

The Chodi Property has no known reserves or ore.

B. **Nick Property**
<u>**Atlin Mining Division, B.C.**</u>

The Issuer holds a 100% interest in nine claims located in the Atlin Mining Division, B.C. (the Nick 1-9) and known as the "Nick Property", subject to a 1% net smelter return royalty payable to Chris W. Graf ("Graf"), the President of the Issuer. The Issuer's acquired the Nick Property for cash consideration in the amount of $2,607, representing Graf's acquisition costs.

The Nick Property has no known reserves or ore.

C. **Pie Property,**
<u>**Omineca Mining Division, B.C.**</u>

The Issuer holds a 100% interest in twenty mineral claims located in the Omineca Mining Division, B.C. (the Pie 1-13, 17, 19 Fr., 20-22 and 25-26) and known as the "Pie Property".

As consideration for the Pie Property, the Issuer issued to Graf 50,000 common shares at a deemed value of $0.25 per share.

The Pie Property has no known reserves of ore.

D. **Shag Property,**
<u>**Golden Mining Division, B.C.**</u>

The Issuer holds a 100% interest in seven mineral claims located in the Golden Mining Division, B.C. (the Shag 1-7) and known as the "Shag Property".

As consideration for the Shag Property, the Issuer issued to Graf 200,000 common shares at a deemed value of $0.25 per share.

The Shag Property has no known reserves of ore.

The Issuer has entered into the following investor relations contracts over the past 12 months:

A. <u>**Susan Charest**</u>

Pursuant to a letter agreement, dated July 21, 1989, between Susan Charest ("Charest"), of 207-1928 West 2nd Avenue, Vancouver, B.C. V6J 1J3, the Company engaged Charest effective as of August 10, 1989 for a period of one month to carry out investor relations activities (the "Activities") on behalf of the Company:

In consideration of the foregoing, the Company agreed to pay to Charest the sum of $4,000 per month.

B. Michael Schuss

Pursuant to a letter agreement, dated July 21, 1989, between Michael Schuss ("Schuss"), of 3475 East 47th Avenue, Vancouver, B.C. V5S 1M3, the Company engaged Schuss effective as of July 21, 1989 for an initial period of three months on a month-to-month basis to carry out the Activities.

In consideration of the foregoing, the Company agreed to pay to Schuss the sum of $2,500 per month.

Neither of the aforesaid investor relations contracts was renewed.

There are no other material facts which are not previously disclosed herein.

(5) Inspection of Documents

The following documents of the Issuer, as referred to in this Statement of Material Facts, may be inspected during normal business hours at the registered and records office of the Issuer located at 1040-999 West Hastings Street, Vancouver, B.C. V6C 2W2, while the distribution of the securities offered hereunder is in progress and for a period of 30 days after completion of such distribution:

(a) all contracts referred to in this Statement of Material Facts;
(b) all technical reports summarized or referred to in Items 3 and 4 of this Statement of Material Facts; and
(c) a list of the names of the reporting companies referred to in Item 6(2) of this Statement of Material Facts.

10. STATUTORY RIGHTS OF RESCISSION

The Securities Act (British Columbia) 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.

ECSTALL MINING CORPORATION

FINANCIAL STATEMENTS

December 31, 1989

G. Ross McDonald
Chartered Accountant

Suite 806, 1155 West Georgia Street
Vancouver, B.C. V6E 3H4
(604) 685-8646

AUDITOR'S REPORT TO THE SHAREHOLDERS

I have examined the balance sheet of Ecstall Mining Corporation as at December 31, 1989 and the statement of loss and deficit and changes in financial position for the period then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Company as at December 31, 1989 and the results of its operations and the change in its financial position for the period then ended in accordance with generally accepted accounting principles applied on a consistent basis.

G. Ross McDonald
Chartered Accountant

Vancouver, B.C.
March 26, 1990

ECSTALL MINING CORPORATION

BALANCE SHEET

December 31, 1989

	December 31, 1989	April 30, 1989 (Note 1)
ASSETS		
CURRENT ASSETS:		
Cash and term deposits	$ 184,833	$ 101,536
Advances to contractors	3,750	-
Accrued interest receivable	757	807
Prepaid expenses	2,255	2,010
	191,595	104,353
MINERAL PROPERTIES (Note 3)	207,910	-
DEFERRED EXPLORATIONS COSTS	139,335	37,811
	$ 538,840	$ 142,164
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	$ 18,172	$ 13,861
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 4)	630,050	161,250
DEFICIT	(109,382)	(32,947)
	520,668	128,303
	$ 538,840	$ 142,164

APPROVED BY THE DIRECTORS:

Christopher Graf

Director - Christopher W. Graf

GYolland

Director - Gordon F. Yolland

ECSTALL MINING CORPORATION

STATEMENT OF LOSS AND DEFICIT

For the Eight Months Ended December 31, 1989

	For the Eight Months Ended December 31, 1989	For the Year Ended April 30, 1989
EXPENSES:		
Legal	$ 27,823	$ 17,102
Accounting and audit	3,995	7,045
Interest and bank charges	183	70
Consulting fees	1,247	5,170
Listing fees	4,105	5,500
Office and miscellaneous	8,939	149
Rent	8,085	1,000
Transfer agent	2,276	700
Shareholder information	6,026	-
Advertising and promotion	12,787	-
Salaries and benefits	8,809	-
Telephone	3,213	-
	87,488	36,736
Less: Interest income	(11,053)	(4,793)
NET LOSS FOR THE PERIOD	76,435	31,943
DEFICIT, BEGINING OF PERIOD	32,947	1,004
DEFICIT, END OF PERIOD	$ 109,382	$ 32,947

G. Ross McDonald, C.A.

ECSTALL MINING CORPORATION

STATEMENT OF CHANGES IN FINANCIAL POSITION

For the Eight Months Ended December 31, 1989

	For the Eight Months Ended December 31, 1989	For the Year Ended April 30, 1989
OPERATING ACTIVITIES:		
Net loss for the period	$ (76,435)	$ (31,943)
Accounts payable	4,311	12,857
Accounts receivable and advances	(3,700)	(807)
Prepaid expenses	(245)	(2,010)
Cash applied to operating activities	(76,069)	(21,903)
INVESTING ACTIVITIES:		
Mineral properties	(207,910)	-
Deferred exploration costs	(101,524)	(37,811)
Cash applied to investing activities	(309,434)	(37,811)
FINANCING ACTIVITIES:		
Shares issued for cash	281,300	161,249
Shares issued for mineral properties	187,500	-
Cash from financing activities	468,800	161,249
INCREASE IN CASH	83,297	101,535
CASH AT BEGINNING OF PERIOD	101,536	1
CASH AT END OF PERIOD	$ 184,833	$ 101,536

ECSTALL MINING CORPORATION

STATEMENT OF DEFERRED EXPLORATION EXPENSES

For the Eight Months Ended December 31, 1989

	For the Eight Months Ended December 31, 1989	For the Year Ended April 30, 1989
BALANCE, BEGINNING OF PERIOD	$ 37,811	$ -
Additions:		
Linecutting	-	6,700
Aircraft and helicopter	33,658	2,742
Geophysical survey	4,900	10,850
Camp and exploration support	-	2,439
Engineering and geology fees	43,446	300
Equipment rental	1,739	1,430
Licences and fees	7,240	4,520
Travel and accommodation	-	3,022
Reports and maps	2,612	5,808
Drilling	1,800	-
Geochemistry and assay	6,129	-
	101,524	37,811
BALANCE, END OF PERIOD	$ 139,335	$ 37,811

ALLOCATED TO:		
Shag Creek Property	$ 31,888	$ 30,628
Ecstall Property	13,360	7,079
Pie Property	1,904	104
Iskut-Unuk Property	64,173	-
Nick Property	26,610	-
Kwadacha Property	1,400	-
	$ 139,335	$ 37,811

ECSTALL MINING CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

For the Eight Months Ended December 31, 1989

1. CHANGE IN FISCAL PERIOD

The Company has changed its fiscal year end from April 30 to December 31. Comparative amounts for the prior period ended December 31 have not been presented as these figures are not available.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Mineral Property Interests and Related Deferred Costs

Mineral properties and related exploration and development costs are deferred until either commercial production is established or the property is abandoned; at that time the costs will be either amortized on a unit-of-production basis or fully charged to earnings.

The amount shown for mineral interests represents deferred costs to date and does not necessarily reflect present or future values. The Company is in the process of exploring its mineral properties and has not yet determined whether the properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for mineral interest and deferred costs are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development, and upon future profitable production.

3. MINERAL PROPERTIES

a) Ecstall Property, Skeena Mining Division, British Columbia
Shag Property, Golden Mining Division, British Columbia
Chodi Property, Liard Mining Division, British Columbia
Pie Property, Omineca Mining Division, British Columbia

Pursuant to agreements dated July 21, 1988, November 18, 1988 and March 30, 1989, the Company acquired a 100% interest in 4 separate mineral properties comprised of 30 claims in aggregate. Under the terms of the agreements the Company issued 750,000 common shares to the Vendor at a deemed value of $187,500.

Acquisition costs to date	$ 187,500

b) Iskut-Unuk Property, Liard and Skeena Mining Divisions, British Columbia

Pursuant to an agreement dated August 14, 1989, the Company acquired a 50% interest in 29 mineral claims in consideration of $14,802 with the vendor retaining a 1% net smelter return interest in the claims. An additional 9 mineral claims have been acquired by staking.

Resolution is pending of a complaint filed under section 35 of the B.C. Mineral Tenure Act disputing the Company's title to three mineral claims (Story 1, 2 and 7) within the property.

Acquisition costs to date	14,802

3. MINERAL PROPERTIES (Continued)

c) Bronson-Pelican Property, Liard Mining Division, British Columbia

Pursuant to an agreement dated August 29, 1989, the Company acquired a 40% interest in 17 mineral claims in consideration of 400,000 common shares to be issued to the vendor and the vendor retaining a 1% net smelter return.

The Company, on September 12, 1989, agreed to enter into a joint venture, to be formed on June 1, 1990, with the holder of the 60% interest in the property to further its development. Under the terms of a letter agreement the Company shall either:

i) Pay on or before March 31, 1991 its pro-rata share of expenditures incurred by the joint venture partner to an amount of $1,000,000 and on or before June 30, 1991 of an amount in excess of $1,000,000 to a limit of $1,500,000, or

ii) The Company may fund a joint venture program on the property during 1991 in an amount equal to 110% of the pro-rata share of expenditures incurred by the joint venture partner, or

iii) Elect to have its interest diluted based on a predetermined expenditure formula agreed to in the letter agreement.

Acquisition costs to date	-

d) Nick Property, Atlin Mining Division, British Columbia

Pursuant to an agreement dated October 17, 1989, the Company acquired a 100% interest in 9 mineral claims in consideration of $2,608, which amount is owed to the vendor. The vendor retains a 1% net smelter return. A 2% net smelter return, to a total of $1,000,000, is retained by a previous owner of the property.

Acquisition costs to date	2,608

e) Kwadacha Property, Omineca and Kwadacha Recreation Area Mining Divisions, British Columbia

The Company acquired sixteen mineral claims for the cost of staking.

Acquisition costs to date	3,000
	$ 207,910

4. SHARE CAPITAL

The authorized share capital consists of 10,000,000 common shares without par value.

During the period the Company issued the following shares:

	Number of Shares	Amount
For cash at $0.65 per share (flow-through)	125,000	$ 81,250
For cash at $0.45 per share, less commission	500,000	200,050
For property at $0.25 per share	750,000	187,500
	1,375,000	468,800
Balance at beginning of period	1,365,000	161,250
Balance at end of period	2,740,000	$ 630,050

Escrowed and Pooled Shares

A total of 750,000 common shares issued at $0.01 per share are subject to escrow restrictions, release of the shares is subject to approval of regulatory authorities. As at December 31, 1989 a total of 682,500 shares were subject to a pooling agreement.

Management and Employee Stock Options

The Company has granted stock options to directors and employees totalling 261,500 common shares exerciseable at a price of $0.45 per share on or before May 4, 1992.

Commitment to Issue Shares

Subsequent to the year end, the Company issued 400,000 common shares to the President of the Company as consideration for the mineral property described in Note 3 c) at a deemed value of $0.69 per share.

Flow-through Shares

The Company has issued 125,000 common shares pursuant to flow-through share subscription agreements and is obligated to renounce $81,250 in qualified exploration expenditure incurred to investors. Grants received in the amount of $24,375 under the Canadian Exploration Incentive Program will be returned to the investors.

5. RELATED PARTY TRANSACTIONS

a) The Company's interests in its mineral properties, as described in Note 3 a), b), c) and d) have been acquired under the terms of agreements from the President of the Company. Accounts payable included $2,608 owed to the President of the Company for the mineral property described in Note 3 d).

b) Accounts payable included $1,388 advanced by the President of the Company and $808 advanced by a company controlled by the President of the Company to cover the cost of operations.

c) Legal fees of $26,823 have been paid or are owed to a law firm of which an officer of the Company is a partner.

6. INCOME TAXES

The Company has accumulated losses for tax purposes of approximately $108,000 which may be carried forward to reduce taxable income of future years. Included in deferred exploration costs is an amount of $81,250 that is not deductible for income tax purposes as a result of the issue of flow-through shares.

7. COMMITMENT

The Company has entered into a lease agreement for the rental of office space covering a three year period expiring May 31, 1992. Aggregate rental payments due during the remaining term of the lease amount to $29,000.

8. SUBSEQUENT EVENTS

a) Iskut-Unuk Property

The Company, subsequent to the year end, granted optionees, subject to regulatory approval, five separate options to acquire 50% of the Company's 50% interest in 5 mineral claim groups within the Iskut-Unuk Property. The options may be exercised by each of the optionees completing all of the following:

i) Payment of $50,000 ($70,000 in the case of one claim group) in stages to the Company.

ii) Issuing 100,000 common shares, in stages, in the capital of the optionee to the Company.

iii) Incurring $500,000 in exploration expenditures in stages before February 28, 1994.

8. SUBSEQUENT EVENTS (Continued)

b) Ecstall Property

The Company has entered into an option agreement to sell a 60% interest in certain claims on the Ecstall property in consideration of aggregate cash payments of $210,000 to the Company and $3,000,000 of exploration work on the property by the optionee, on or before February 15, 1995. Once the option has been exercised, the Company and the optionee shall form a joint venture for the continued development of the property.

ECSTALL MINING CORPORATION

FINANCIAL STATEMENTS

March 31, 1990

G. Ross McDonald
Chartered Accountant

Suite 806, 1155 West Georgia Street
Vancouver, B.C. V6E 3H4
(604) 685-8646

REVIEW ENGAGEMENT REPORT

To the Shareholders of Ecstall Mining Corporation

I have reviewed the balance sheet of Ecstall Mining Corporation as at March 31, 1990 and the statements of loss and deficit and changes in financial position for the period then ended. My review was made in accordance with generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussion related to information supplied to me by the Company.

A review does not constitute an audit and consequently I do not express an audit opinion on these financial statements.

Based on my review, nothing has come to my attention that causes me to believe that these financial statements are not, in all material respects, in accordance with generally accepted accounting principles.

G. Ross McDonald
Chartered Accountant

Vancouver, B.C.
April 4, 1990

ECSTALL MINING CORPORATION

BALANCE SHEET

March 31, 1990

	March 31, 1990 (Prepared without audit)	December 31, 1989
ASSETS		
CURRENT ASSETS:		
Cash and term deposits	$ 156,582	$ 184,833
Advances to contractors	-	3,750
Accrued interest receivable	-	757
Prepaid expenses	1,005	2,255
	157,587	191,595
MINERAL PROPERTIES (Note 2)	483,910	207,910
DEFERRED EXPLORATIONS COSTS	171,396	139,335
	$ 812,893	$ 538,840
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	$ 29,791	$ 18,172
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 3)	906,050	630,050
DEFICIT	(122,948)	(109,382)
	783,102	520,668
	$ 812,893	$ 538,840

APPROVED BY THE DIRECTORS:

Christopher Graf

Director - Christopher W. Graf

G.F. Yolland

Director - Gordon F. Yolland

ECSTALL MINING CORPORATION

STATEMENT OF LOSS AND DEFICIT

	For the Three Months Ended March 31, 1990 (Prepared without audit)	For the Eight Months Ended December 31, 1989
REVENUE:		
Option income	$ 25,000	$ -
Interest income	3,513	11,053
	28,513	11,053
EXPENSES:		
Legal	$ 13,668	$ 27,823
Accounting and audit	5,795	3,995
Interest and bank charges	41	183
Consulting fees	-	1,247
Listing fees	2,825	4,105
Office and miscellaneous	3,139	8,939
Rent	2,970	8,085
Transfer agent	370	2,276
Shareholder information	-	6,026
Advertising and promotion	8,485	12,787
Salaries and benefits	3,789	8,809
Telephone	997	3,213
	42,079	87,488
NET LOSS FOR THE PERIOD	13,566	76,435
DEFICIT, BEGINING OF PERIOD	109,382	32,947
DEFICIT, END OF PERIOD	$ 122,948	$ 109,382
LOSS PER SHARE	$ .01	$ .06

ECSTALL MINING CORPORATION

STATEMENT OF CHANGES IN FINANCIAL POSITION

	For the Three Months Ended March 31, 1990 (Prepared without audit)	For the Eight Months Ended December 31, 1989
OPERATING ACTIVITIES:		
Net loss for the period	$ (13,566)	$ (76,435)
Accounts payable	11,619	4,311
Accounts receivable and advances	4,507	(3,700)
Prepaid expenses	1,250	(245)
Cash from (applied to) operating activities	3,810	(76,069)
INVESTING ACTIVITIES:		
Mineral properties	(276,000)	(207,910)
Deferred exploration costs	(32,061)	(101,524)
Cash applied to investing activities	(308,061)	(309,434)
FINANCING ACTIVITIES:		
Shares issued for cash	-	281,300
Shares issued for mineral properties	276,000	187,500
Cash from financing activities	276,000	468,800
INCREASE (DECREASE) IN CASH	(28,251)	83,297
CASH AT BEGINNING OF PERIOD	184,833	101,536
CASH AT END OF PERIOD	$ 156,582	$ 184,833

ECSTALL MINING CORPORATION

STATEMENT OF DEFERRED EXPLORATION EXPENSES

	For the Three Months Ended March 31, 1990 (Prepared without audit)	For the Eight Months Ended December 31, 1989
BALANCE, BEGINNING OF PERIOD	$ 139,335	$ 37,811
Additions:		
Aircraft and helicopter	3,032	33,658
Geophysical survey	-	4,900
Engineering and geology fees	-	43,446
Equipment rental	-	1,739
Licences and fees	3,940	7,240
Staking	4,995	-
Reports and maps	20,094	2,612
Drilling	-	1,800
Geochemistry and assay	-	6,129
	32,061	101,524
BALANCE, END OF PERIOD	$ 171,396	$ 139,335

ALLOCATED TO:		
Shag Creek Property	$ 31,888	$ 31,888
Ecstall Property	13,360	13,360
Pie Property	1,904	1,904
Iskut-Unuk Property	89,401	64,173
Nick Property	33,443	26,610
Kwadacha Property	1,400	1,400
	$ 171,396	$ 139,335

ECSTALL MINING CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

For the Three Months Ended March 31, 1990

(Prepared without audit)

1. SIGNIFICANT ACCOUNTING POLICIES

a) Mineral Property Interests and Related Deferred Costs

Mineral properties and related exploration and development costs are deferred until either commercial production is established or the property is abandoned; at that time the costs will be either amortized on a unit-of-production basis or fully charged to earnings.

The amount shown for mineral interests represents deferred costs to date and does not necessarily reflect present or future values. The Company is in the process of exploring its mineral properties and has not yet determined whether the properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for mineral interest and deferred costs are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development, and upon future profitable production.

2. MINERAL PROPERTIES

a) Ecstall Property, Skeena Mining Division, British Columbia
Shag Property, Golden Mining Division, British Columbia
Chodi Property, Liard Mining Division, British Columbia
Pie Property, Omineca Mining Division, British Columbia

Pursuant to agreements dated July 21, 1988, November 18, 1988 and March 30, 1989, the Company acquired a 100% interest in 4 separate mineral properties comprised of 30 claims in aggregate. Under the terms of the agreements the Company issued 750,000 common shares to the Vendor at a deemed value of $187,500.

Pursuant to a letter agreement dated March 6, 1990, the Company has entered into an option to sell a 60% interest in certain claims on the Ecstall property in consideration of aggregate cash payments of $210,000 to the Company and $3,000,000 of exploration work on the property by the optionee, on or before February 15, 1995. Once the option has been exercised, the Company and the optionee shall form a joint venture for the continued development of the property.

Acquisition costs to date	$	187,500

b) Iskut-Unuk Property, Liard and Skeena Mining Divisions, British Columbia

Pursuant to an agreement dated August 14, 1989, the Company acquired a 50% interest in 33 mineral claims in consideration of $14,802 with the vendor retaining a 1% net smelter return interest in the claims. An additional 51 mineral claims have been acquired by staking.

Resolution is pending of a complaint filed under section 35 of the B.C. Mineral Tenure Act disputing the Company's title to three mineral claims (Story 1, 2 and 7) within the property.

2. MINERAL PROPERTIES (Continued)

Pursuant to agreements dated February 28, 1990 and March 21, 1990, the Company granted optionees, subject to regulatory approval, five separate options to acquire 100% of the Company's 50% interest in 5 mineral claim groups within the Iskut-Unuk Property. The options may be exercised by each of the optionees completing all of the following:

i) Payment of $50,000 ($70,000 in the case of one claim group) in stages to the Company.

ii) Issuing 100,000 common shares, in stages, in the capital of the optionee to the Company.

iii) Incurring $500,000 in exploration expenditures in stages before February 28, 1994.

The Company has the election to retain either a net smelter return interest or a net profits interest or to repurchase a 50% working interest in the properties.

Acquisition costs to date	14,802

c) Bronson-Pelican Property, Liard Mining Division, British Columbia

Pursuant to an agreement dated August 29, 1989, the Company acquired a 40% interest in 17 mineral claims in consideration of 400,000 common shares issued to the vendor at a deemed value of $0.69 per share and the vendor retaining a 1% net smelter return.

The Company, on September 12, 1989, agreed to enter into a joint venture, to be formed on June 1, 1990, with the holder of the 60% interest in the property to further its development. Under the terms of a letter agreement the Company shall either:

i) Pay on or before March 31, 1991 its pro-rata share of expenditures incurred by the joint venture partner to an amount of $1,000,000 and on or before June 30, 1991 of an amount in excess of $1,000,000 to a limit of $1,500,000, or

ii) The Company may fund a joint venture program on the property during 1991 in an amount equal to 110% of the pro-rata share of expenditures incurred by the joint venture partner, or

iii) Elect to have its interest diluted based on a predetermined expenditure formula agreed to in the letter agreement.

Acquisition costs to date	276,000

2. MINERAL PROPERTIES (Continued)

d) Nick Property, Atlin Mining Division, British Columbia

Pursuant to an agreement dated October 17, 1989, the Company acquired a 100% interest in 9 mineral claims in consideration of $2,608. The vendor retains a 1% net smelter return. A 2% net smelter return, to a total of $1,000,000, is retained by a previous owner of the property.

Acquisition costs to date	2,608

e) Kwadacha Property, Omineca and Kwadacha Recreation Area Mining Divisions, British Columbia

The Company acquired sixteen mineral claims for the cost of staking.

Acquisition costs to date	3,000
	$ 483,910

3. SHARE CAPITAL

The authorized share capital consists of 10,000,000 common shares without par value.

During the period the Company issued the following shares:

	Number of Shares	Amount
For property at $0.69 per share	400,000	276,000
Balance at beginning of period	2,740,000	630,050
Balance at end of period	3,140,000	$ 906,050

Escrowed and Pooled Shares

A total of 750,000 common shares issued at $0.01 per share are subject to escrow restrictions, release of the shares is subject to approval of regulatory authorities. As at March 31, 1990 a total of 341,250 shares were subject to a pooling agreement.

Management and Employee Stock Options

The Company has granted stock options to directors and employees totalling 261,500 common shares exerciseable at a price of $0.45 per share on or before May 4, 1992.

ECSTALL MINING CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

For the Three Months Ended March 31, 1990

4. RELATED PARTY TRANSACTIONS

a) The Company's interests in its mineral properties, as described in Note 3 a), b), c) and d) have been acquired under the terms of agreements from the President of the Company.

b) Accounts payable included $1,388 advanced by the President of the Company and $808 advanced by a company controlled by the President of the Company to cover the cost of operations.

c) Legal fees of $19,097 are owed to a law firm of which an officer of the Company is a partner.

5. INCOME TAXES

The Company has accumulated losses for tax purposes of approximately $120,000 which may be carried forward to reduce taxable income of future years. Included in deferred exploration costs is an amount of $81,250 that is not deductible for income tax purposes as a result of the issue of flow-through shares.

6. COMMITMENT

The Company has entered into a lease agreement for the rental of office space covering a three year period expiring May 31, 1992. Aggregate rental payments due during the remaining term of the lease amount to $26,000.

7. LOSS PER SHARE

Loss per share is calculated based on the weighted average number of shares outstanding during the period. Fully diluted loss per share has not been calculated since the exercise of outstanding options would have the effect of reducing the loss per share.

CERTIFICATES

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 regulations.

DATED: June 25, 1990

Issuer

Chris W. Graf, Chief Executive Officer, President and Director

Gordon F. Yolland, Chief Financial Officer and Director

On behalf of the Board of Directors

Jarl Aa. B. Whist
Director

Promoter

Chris W. Graf

Agent

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 regulations.

DATED: June 25, 1990

McDERMID ST. LAWRENCE LIMITED

Per:

Authorized signatory

John Wheeler
Name - please print

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