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STOCK EXCHANGE LISTED

Vancouver Stock Exchange
Trading Symbol: CAA.A
US S.E.C. - 12G: 82-1615

CAPITALIZATION

20,000,000 Class A Common Shares
No Par Value
5,000,000 Class B Preferred Shares
Par Value \$10
5,857,049 Shares Issued Including
750,000 Escrow

ANNUAL MEETING

September 22, 1987 at 2:00 p.m.
Bourne Lyall Offices
3000, 595 Burrard Street
Vancouver, B.C.
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Cover Photo:
Fine native gold within white quartz,
Goldwedge Claim

EXPLORATION HIGHLIGHTS

■ Drilling on Goldwedge claim establishes reserves of 77,000 tons averaging 0.53 oz/ton gold and 4.04 oz/ton silver. The zone is 19.3 feet wide and open on both ends and to depth.

■ Geochemical work on Mount Madge area returns anomalous gold, silver and platinum values.

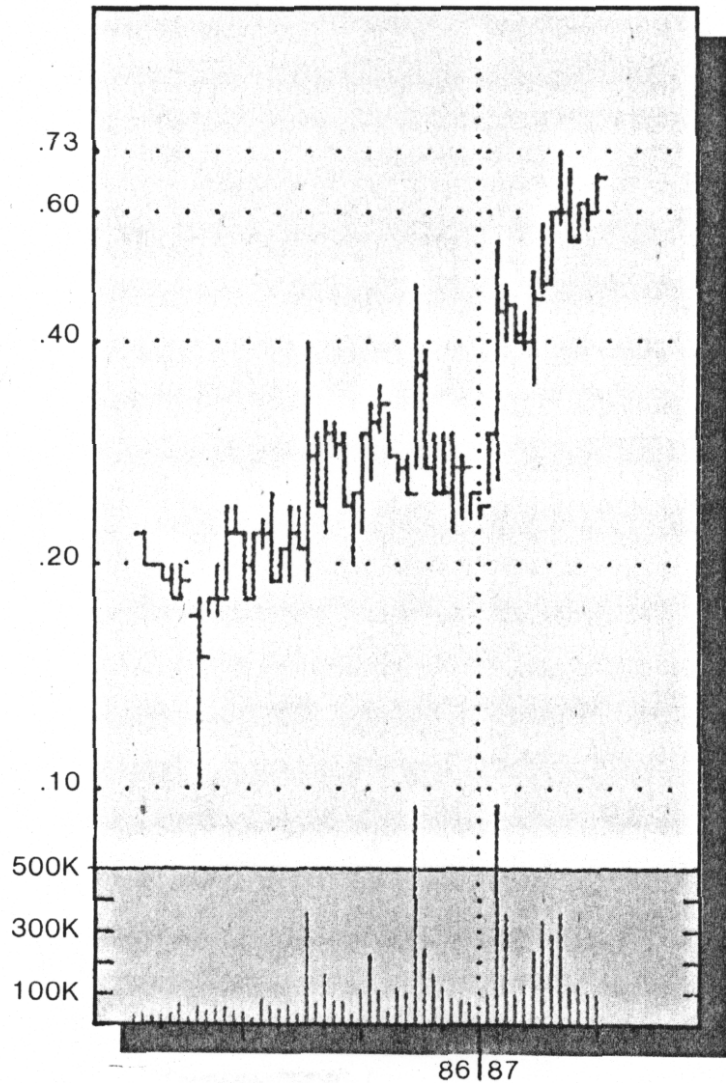
■ Catear farms out Mount Madge area acquiring and additional 32,110 acres as part of the deal.

■ Catear acquires 5 crown grants in the Mount Madge area where exist 2 adits and dumps near the adits carrying gold and silver values.

■ Catear stakes additional land near Bowser River and now has a total land holding in excess of 94,000 acres in the Sulphurets Gold Camp.

■ Drilling on the Roland Property returns one hole carrying .126 oz/ton gold across 5.3 feet.

STOCK PRICE AND VOLUME



REPORT TO SHAREHOLDERS

On behalf of the Board of Directors, I am pleased to present a summary of the Company's activities and financial statements for the year ending March 31, 1987.

In the past year the Company curtailed its oil and gas activities due to the down turn in the petroleum industry and only participated in the drilling of three wells in Manitoba. In addition, the Company sold its interest in two producing wells in Willesden Green for a consideration of \$40,000. Due to a down turn in the industry revenues, the Company experienced a 50% decrease in oil and gas revenue as well as a \$286,000 write-down in oil and gas assets.

The Company successfully raised \$531,500 in 3 private placements during the past year. This money was used to further explore the 100% owned Goldwedge property.

As a result of the above money-raising efforts and through a share for debt conversion, the Company substantially reduced debt. The remaining debt will be paid once the present underwriting on the Vancouver Stock Exchange is completed.

During the past year, the Company actively developed mineral plays in order to be in a position either to farm them out or develop them by itself. The Company initially stakes the ground, carries out preliminary surveys and then seeks potential partners. This has resulted in the acquisition of 94,000 acres in the Sulphurets area with half the land holdings being farmed out. At present, two other potential partners are discussing farm-in on the remaining land holdings.

The most exciting aspect of the past year was the diamond drilling on the Goldwedge property. A total of 2,600 feet were drilled in 15 holes with assays varying from .084 opt Au over 3 feet to 3.709 opt Au over 31.2 feet. As a result of the drilling, a total of 77,000 tons averaging 0.53 opt Au and 4.04 opt Ag were indicated in a zone open in all directions and across a width of 19.3 feet.

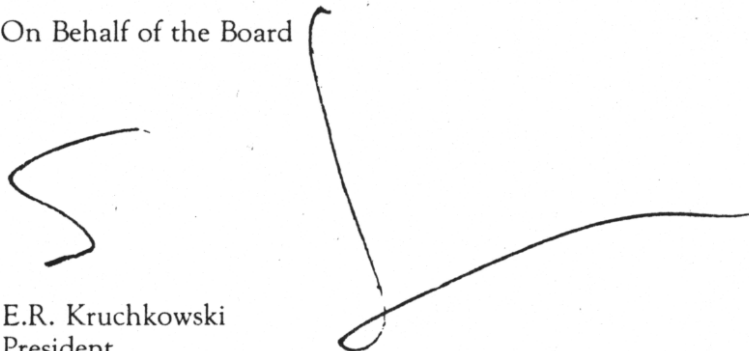
Geological work on the Mount Madge ground, 10 miles west of the Goldwedge claim indicated anomalous gold, silver and platinum values in a geological environment similar to that at Sulphurets Creek. Subsequent to the Company's work, the ground was farmed out to a partner and the Company retains a 20% interest.

Catear's objective for the up-coming year is to place its Goldwedge property into production. The Company has purchased a complete mill capable of 250-300 tons per day and will be working at setting this mill up and getting it operational before mid October 1987.

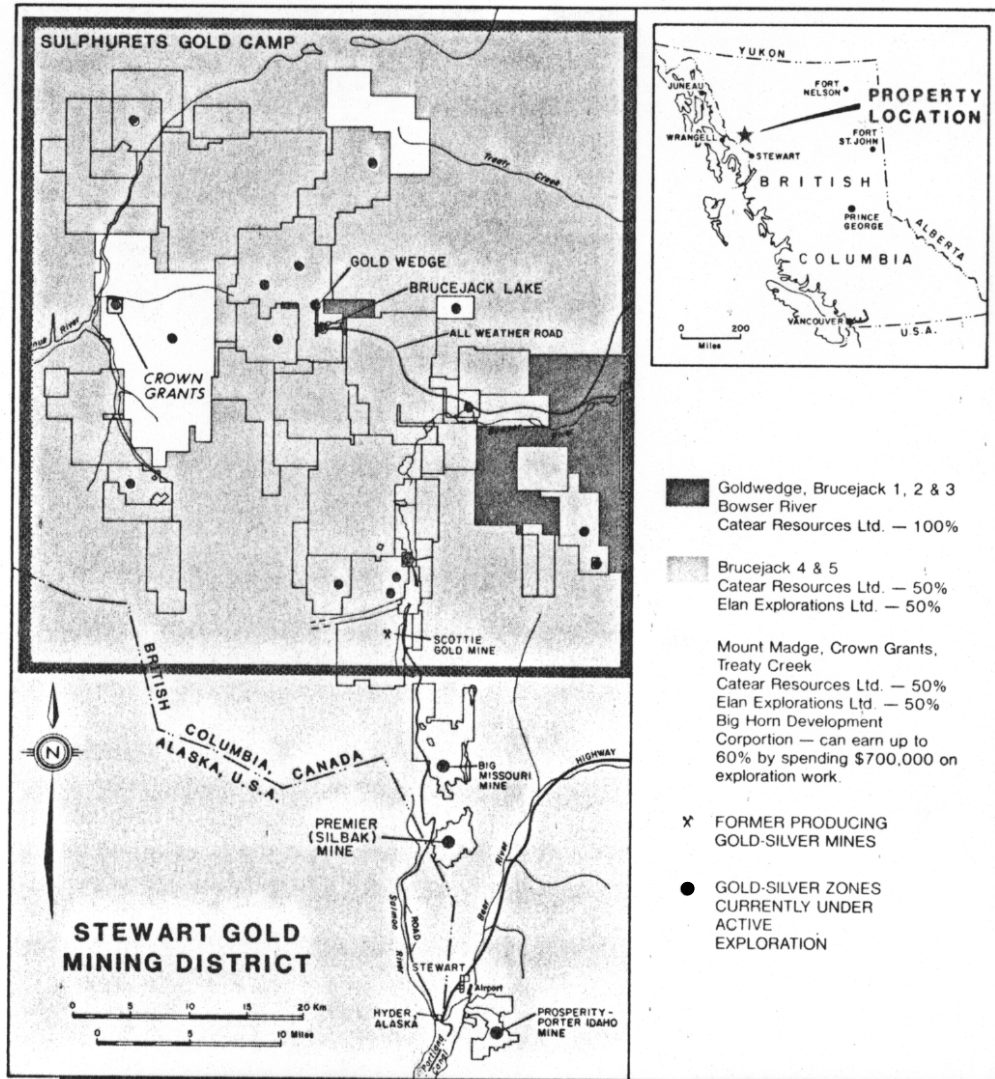
The continued support of the shareholders is greatly appreciated and the directors wish to express their gratitude.

On Behalf of the Board

E.R. Kruchkowski
President



SULPHURETS GOLD CAMP



GOLDWEDGE

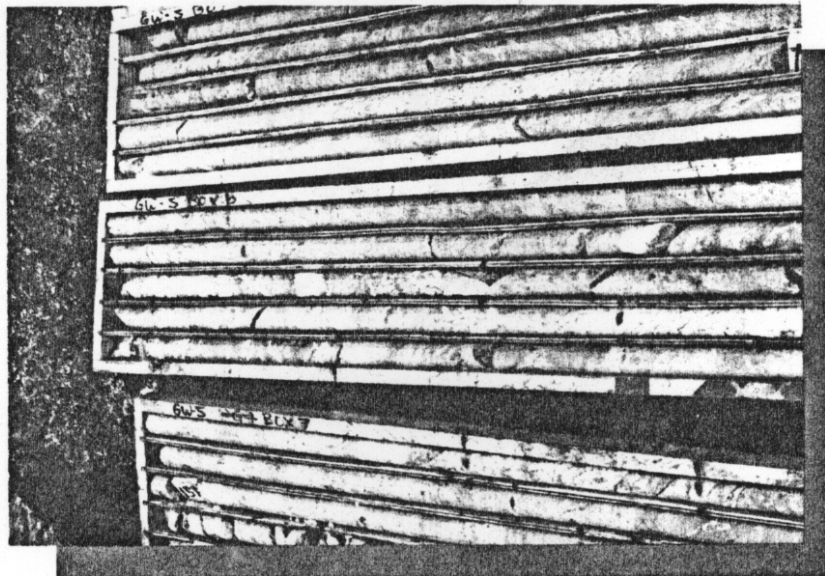
This property consists of 4 fractional claims encompassing an area of approximately 115 acres, located entirely within the Newhawk-Lacana-Granduc claim boundaries. The original claim was staked in 1980 and the additional claims were acquired as a result of a legal survey conducted August, 1986 which revealed open ground.

Location of these claims is within the Sulphurets Gold Camp approximately 72 km northwest of Stewart, B.C. Access presently is by the helicopter from the Tide Lake airstrip. However, Catear has approached Newhawk with respect to participation of a proposed temporary access road for the summer of 1987. A road study is being conducted by Newhawk with the intention of having a permanent road in place by next year.

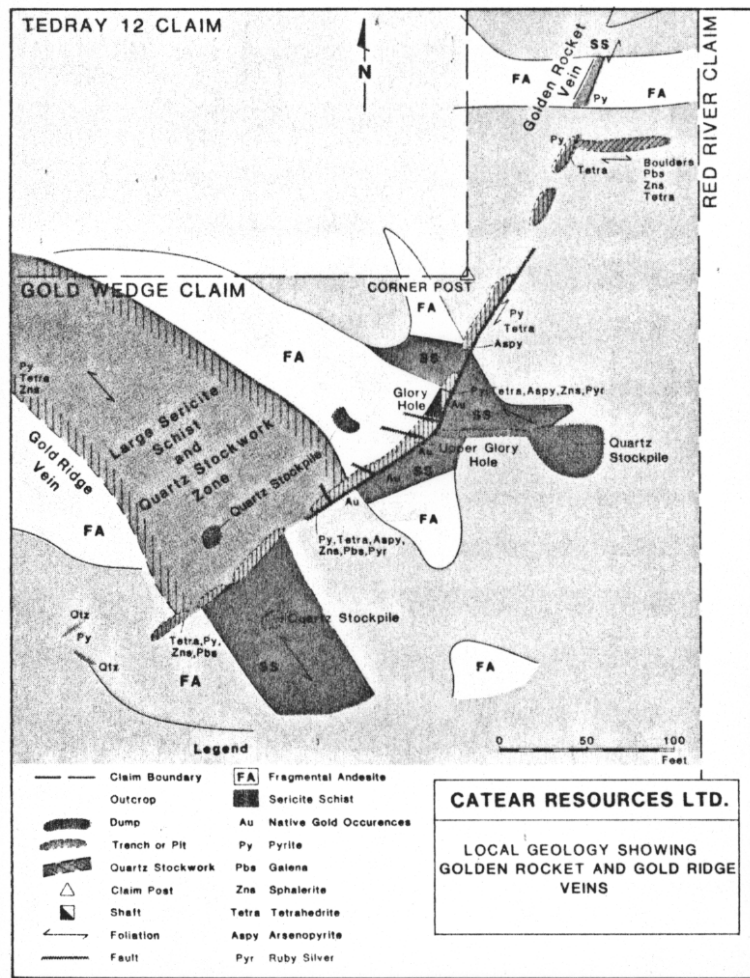


Coarse native gold, Goldwedge Claim.

These claims cover an area of fragmental andesites and volcanically derived sedimentary rocks of the Unuk River Formation. All rocks in this area of interest have been pervasively altered to sericite schists with quartz stockworks and mineralized with pyrite, electrum, tetrahedrite, arsenopyrite, sphalerite, galena and pyrrargyrite. These altered zones are interpreted as structurally-controlled, high-level epithermal vein systems associated with syenodiorite intrusions. Precious metals mineralization on the Goldwedge property is similar in nature to that reported by Newhawk-Lacana-Granduc and is characteristic of "high-level epithermal, mesothermal, bonanza type" occurrences and deposits.



Drill core, diamond drilling October 1986, Goldwedge Claim.



Initial sampling on the Goldwedge claim was done as early as 1976-1977 by a Granduc crew. Later work by E.R. Kruckowski in 1980 and 1982 consisted of stripping and trenching as well as small scale mining. During 1982, small scale mining produced 60 ounces of native gold from 30 tons of rock. In 1985, a high grading operation on the Glory Hole removed 300 tons of rock to average 1 oz/ton gold and 0.6 oz/ton silver. Numerous grab, chip, and trench samplings taken from this claim during various intervals from 1976-1986 have assayed from 0.001 oz/ton — 52.508 oz/ton gold and 0.01 oz/ton — 101.90 oz/ton silver. Selected pieces of high grade mineralization have assayed as high as 2,000 oz/ton gold.

Catear conducted a drill program in October 1986 on its Goldwedge claim. A total of 2,600 feet of diamond drilling was completed in 15 holes on 5 different sites. Drilling was designed to test the down dip extension of the coarse gold outlined in the various glory holes. Fourteen holes tested the glory holes along the Golden Rocket Vein while one hole tested the Goldridge Zone. Drill holes DDH-4 and DDH-5 encountered coarse visible gold at the 102 foot and the 135 foot levels respectively. DDH-6, the deepest hole intersected 15 feet of mineralization to a depth of 335 feet. All fifteen holes encountered mineralized zones. A summary of assay values greater than 0.08 oz/ton gold is as follows:

DRILL HOLES

Golden Rocket Vein (NE trending zone)

| Drill Hole | From (Feet) | To | Width (Feet) | AU OZ/T | AG OZ/T |
|------------|-------------|-------|--------------|---------|---------|
| DDH-1 | 90 | 93 | 3. | 0.084 | 1.61 |
| DDH-2 | 132 | 140 | 8 | 0.18 | 1.88 |
| incl. | 137 | 140 | 3 | 0.39 | 0.40 |
| DDH-3 | 228 | 231 | 3 | 0.094 | 0.21 |
| DDH-4 | 89 | 120.2 | 31.2 | 3.709 | 2.62 |
| incl. | 101.5 | 103 | 1.5 | 75.968 | 50.05 |
| | 116.8 | 118 | 1.2 | 0.548 | 0.61 |
| DDH-5 | 130 | 150.8 | 20.8 | 0.69 | 0.93 |
| incl. | 133.9 | 136 | 2.1 | 6.634 | 5.10 |
| DDH-6 | 320 | 335 | 15 | 0.31 | 0.05 |
| incl. | 326 | 331.1 | 5.1 | 0.516 | 0.10 |
| DDH-7 | 184.5 | 189.2 | 4.7 | 0.22 | 1.96 |
| incl. | 188 | 189.2 | 1.2 | 0.613 | 6.21 |
| DDH-8 | 31.5 | 42 | 10.5 | 0.100 | 0.50 |
| DDH-9 | 28 | 44 | 16 | 0.114 | 0.52 |
| DDH-10 | 31 | 36 | 5 | 0.080 | 0.01 |
| | 41 | 47.7 | 6.7 | 0.108 | 0.35 |
| DDH-11 | 79.7 | 94 | 14.3 | 0.113 | 0.65 |
| DDH-12 | 74 | 80 | 6 | 0.227 | 0.24 |
| DDH-13 | 31.5 | 46.3 | 14.8 | 0.160 | 0.69 |
| incl. | 45 | 46.3 | 1.3 | 0.926 | 1.43 |
| | 70.3 | 72 | 1.7 | 0.232 | 0.58 |
| DDH-14 | 95 | 100 | 5 | 0.093 | 0.11 |

Goldridge Vein (NW trending zone)

| | | | | | |
|--------|-----|-----|----|-------|------|
| DDH-15 | 55 | 60 | 5 | 0.102 | 0.08 |
| | 212 | 231 | 19 | 0.105 | 0.06 |

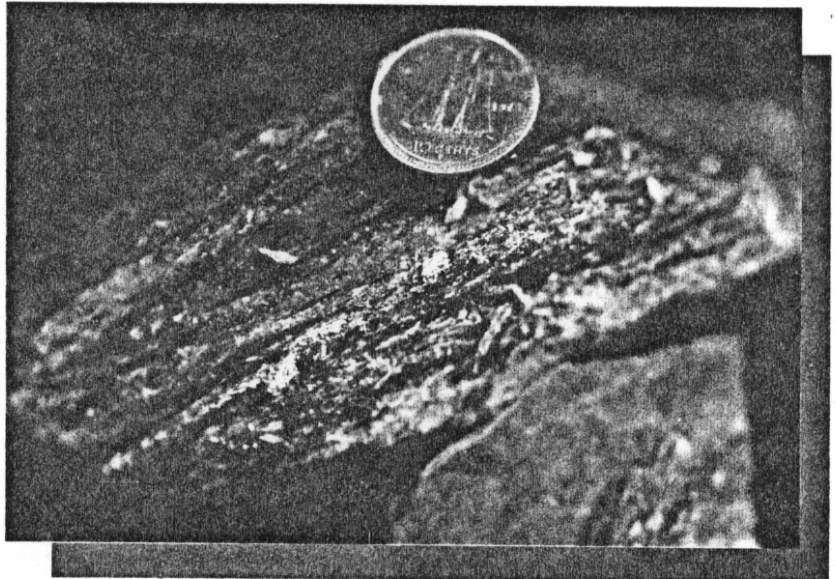
Initial estimates of "drill indicated" material have defined a tabular, steeply-dipping, structurally-controlled body of some 77,000 tons assaying 0.53 oz/ton gold and 4.04 oz/ton silver across 19.3 feet. However, this vein is open along strike and down dip. The geologically inferred potential of the Golden Rocket Vein is believed to be an expanded tabular body containing 1,000,000 tons utilizing parameters of a strike length of 600 feet, a dip length of 1,500 feet and a waste factor of 30%. The Goldridge Zone was tested with only one drill hole. Alteration features and lower grade mineralization are documented over a width of 200 feet. The Goldridge Zone appears to be a complimentary structure to the Golden Rocket Zone and, may offer potential for low grade, "bulk tonnage" opportunities.

Catear has planned an extensive \$1,100,000 exploration program consisting of diamond drilling and underground development. A two phase program consisting of 12,000 feet of step-out and at depth drilling on both zones will be undertaken. This drilling will commence on or about July, 1987. An exploration decline consisting of 1,200 feet plus 500 feet of drifting and cross-cutting along the Golden Rocket vein will commence shortly after completion of the drilling. A 25 ton/day pilot mill will be utilized to provide on-site bulk testing, recovery and metallurgical work.

Catear has purchased several pieces of mining equipment for a total price of \$100,000 US. Included in this equipment are 3 ball mills with a combined capacity of approximately 300 tons/day. This equipment is presently in storage and will be moved onto the property site as soon as a temporary road is in place.

Work is currently in progress with respect to all the necessary permitting for the pilot milling. Approval is expected to be granted as soon as the study on the tailings pond is completed.

Catear has presently submitted a Statement of Material Facts to the Vancouver Stock Exchange prior to a public offering. If this offering is fully subscribed, Catear will have in place all the funding required for this extensive program.



Narrow sheets of native gold in sericite schist, Goldwedge Claim.

MOUNT MADGE, TREATY CREEK AREA

This project area is located in the Sulphurets Gold Camp and consists of 60 separate claims totalling 54,526 acres. This property consists of two separate areas, and was acquired in three stages. Firstly in 1986, 18 claims totalling 22,230 acres were acquired through staking in joint venture with Elan Explorations Ltd. Secondly, on April 30, 1987, Catear signed a formal agreement to purchase 5 crown grants comprising 186 acres within the Mount Madge area. The purchase price is \$30,000 payable in stages before December 31, 1987 plus a 2% net smelter royalty. Catear has the option to purchase this royalty by paying an additional \$250,000 on or before December 31, 1995. Thirdly, on June 3, 1987, a formal agreement was signed between Catear, Elan Explorations Ltd. and Bighorn Development Corporation whereby in exchange for staking an additional 37 claims totalling 32,110 acres in the immediate vicinity of the Mount Madge area, Bighorn can earn up to 60% by spending \$700,000 and making option payments totalling \$60,000 by 1989.

During July-August, 1986, a silt sampling, prospecting and rock geochemistry program were undertaken on the Mount Madge area. The limited reconnaissance mapping by the field crew indicated that the area of the Corey 6 and 8 claims were underlain by green clastic volcanics variably altered to sericitic and chlorite schists in a few locations. These schists are present along the east slopes of Mount Madge and along the lower west slopes of a ridge immediately east of Mount Madge. The schists are pale green to green and contain abundant pyrite with local areas containing up to 30% quartz veinlets. These zones appear as bright yellow to dull orange gossan zones. Massive pyrrhotite and chalcopyrite float boulders generally several inches in diameter have been found along the slopes of Mount Madge.

A total of 36 rock sample and 10 silt samples were collected during the 1986 summer program. Results of the work undertaken indicate anomalous gold, silver and platinum values. **The highest values in the rocks were 0.278 oz/ton gold and 3.38 oz/ton silver and in the silts were 405 ppb gold, 7 ppm silver and 60 ppb platinum.**

Geological mapping, trenching, prospecting of all gossaned zones as well as an expanded rock geochemical survey in the immediate vicinity of the area that returned 0.278 oz/ton gold is planned for this year. Bighorn Development Corporation is funding this program of \$100,000. Work is to commence on or about June 15, 1987.

No work has been done on the Treaty Creek area but a preliminary silt sampling and rock geochemistry program will be completed prior to June 15, 1987.

The five crown grants are situated along the south side of the Sulphurets Creek about 2 miles from its mouth. These claims have history dating back to 1900 when development work was carried out on these claims but ceased when attempts to transport machinery failed.

According to a 1935 B.C. Department of Mines Report, two mineral occurrences are present on these claims.

The first showing has been developed by a 51 foot adit and consists of a sheared fissure-vein mineralized with quartz, calcite, barite, pyrite, galena, sphalerite, stibnite, tetrahedrite, and argentite. The values are mainly in silver. This vein has been traced along a strike length of at least 1,000 feet and varies from 2-8 inches in width. Native silver occurs near the surface usually in altered ferruginous matrix. **A grab sample taken from a small dump nearby during 1935, assayed silver, 104.6 oz/ton; gold, 0.02 oz/ton; copper, 0.5%; lead, 8%; zinc, 4%.**

The second showing has been developed by 30 feet of adit and 21 feet of cross-cutting and consists of a quartz replacement zone mineralized mainly with pyrite, pyrrhotite, chalcopyrite, sphalerite, and galena, and carrying appreciable gold values. This showing has been reportedly traced along a vertical extent of at least 150 feet. In the workings, veinlets and replacement lenses of quartz occur in a dense, highly altered and generally silicified volcanic rock. The quartz is accompanied by stringers, patches and disseminations of chalcopyrite, pyrrhotite, pyrite, sphalerite and galena. **A representative sample taken from a dump of about 15 tons at the portal of the adit in 1935 by Joe Mandy of the B.C. Department of Mines assayed gold, 0.26 oz/ton; copper, 0.3%; lead, 3%; zinc, 10%.**

Preliminary work consisting of trenching and geochemical work will commence June 1987 to delineate drill targets. A drilling program consisting of \$100,000 funded by Bighorn Development Corporation will commence shortly after the results from the preliminary work are received.

BRUCEJACK 1, 2 & 3

This area consists of 30 units in 3 separate claims totalling 1,853 acres. The company has a 100% interest in this area. These claims are located within the Sulphurets Gold Camp and are adjacent to the Newhawk-Lacana-Granduc's eastern claim boundaries.

Work during July-August 1986 consisted of a total of 35 rock geochemical samples including 36 cubic meters of trenching. Results of this survey indicate anomalous gold and silver values with maximum values of 140 ppb gold and 30 ppm silver. The anomalous gold values tended to be associated with pyritic and sericitic schists.

The presence of gossaned rocks in close proximity to the recent gold discoveries immediately west and south of these claims present excellent exploration targets. Recommendations for a work program include prospecting and trenching of all gossaned zones as well as geological mapping. This work program would be subject to available funding.

BRUCEJACK 4 & 5

This area, located in the Sulphurets Gold Camp, was recently acquired through staking. It is located approximately 8 km north of Knipple Lake and consists of 2 claims encompassing 1,482 acres. Catear has a 50% interest along with its joint venture partner, Elan Explorations Ltd.

There is no documentation of work performed on these claims although there is reported quartz veins carrying lead/zinc mineralization. This type of mineralization carries appreciable gold and silver values in the Stewart area. Subject to available funding a preliminary program of trenching and rock geochemistry prior to diamond drilling is proposed for this property this year.

BOWSER RIVER

These recently acquired claims in the Sulphurets Gold Camp encompass a large area involving 39 claims in 40,508 acres. Catear has a 100% interest in these claims.

These claims surround a block of claims held by Noranda which contain the potential for large low-grade deposits. Reports on the Noranda ground indicate intense silicification and the presence of Jasper-barite zones. The altered rocks contain assay values ranging from 4' of 0.250 oz/ton gold to 50' of 0.039 oz/ton gold and 0.35% copper. This zone is reported to be over 100 feet wide and in excess of 2,000 feet long. The zone apparently trends on to the recently staked Catear ground. Catear is presently seeking potential joint venture partners for these claims. An extensive silt sampling and rock geochemical program is planned on these claims subject to available financing.

QUEBEC PROPERTIES

ROLAND PROPERTY

This property is located approximately 68 km northeast of Val D'Or in the townships of Carpentier and Montgay. The area consists of 9 claims totalling 792 acres. As a result of Sennol Resources non-participation in the drill program of April, Catear has increased its interest from 15% to 26.8%.

This property has been largely unexplored. Roland Gold and Copper Mines in 1947 drilled a total of 4,881 feet in 17 holes. From this drilling, they identified a mineralized zone 270 feet long, open at both ends and at depth, containing grades of 2.16% copper over 4.5 feet and variable but low gold values. One hole returned 0.7% copper over 14 feet with the sludge from a 10 foot section assaying 0.1 oz/ton gold. At surface an outcrop 62 feet in length carried 0.156 oz/ton gold across 8 feet over the entire length. From 1975-1987, limited ground and airborne geophysics was completed and identified several electromagnetic conductors on this property.

In April 1987, Catear as operator, conducted an eight hole diamond drill program totalling 3,508 feet on this property. The purpose was designed to investigate electromagnetic conductors and the known gold occurrence.