PF: 104B 193

GRANDUC MINES LIMITED

019404

AND

CAZADOR EXPLORATIONS LIMITED

JOINT MANAGEMENT INFORMATION CIRCULAR
as at September 10, 1993
issued by the Boards of Directors in
connection with the solicitation of proxies
for Extraordinary General Meetings of members
to be held on October 22, 1993

PF: Bruceside 104B 193
Granduc 104B 021
Hanson Lake 093K 078
Hewitt - Van Roi 082FNW 065
082FNW 064
Arlington Silver 082FNW 152
Wonderful 082FNW 043

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JOINT INFORMATION CIRCULAR OF GRANDUC MINES LIMITED AND CAZADOR EXPLORATIONS LIMITED

member of the intention to act on the Amalgamation Resolution. A Notice of Intention to Act need not be sent to any member who voted for the Amalgamation Resolution or who has withdrawn a Dissent Notice.

Within 14 days after an Amalgamating Company gives the Notice of Intention to Act, the dissenting member is required to send a written notice (the "Demand for Payment") to the Amalgamating Company requiring the Amalgamating Company or the Amalgamated Company to purchase all the member's shares. Upon delivery of a Demand for Payment in accordance with the Act, a member is bound to sell and the Amalgamating Company or the Amalgamated Company is bound to purchase the shares subject to the Demand for Payment for their fair value as of the day before the date on which the Amalgamation Resolution was passed, including any appreciation or depreciation in anticipation of the vote.

A dissenting member who has sent a Demand for Payment or the Amalgamated Company may apply to the Court which may:

(a) require the dissenting member to sell, and the Amalgamating Company or the Amalgamated Company to purchase, the shares in respect of which the Demand for Payment has been given;

(b) fix the price and terms of the purchase and sale, or order that the price and terms be established by arbitration, in either case having due regard for the rights of creditors;

(c) join in the application any other dissenting member who has delivered a Demand for Payment; and

(d) make consequential orders and give directions it considers appropriate.

No dissenting member who has delivered a Demand for Payment may vote or exercise or assert any rights of a member in respect of the shares for which a Demand for Payment has been given, other than the right to receive payment for those shares. Until a holder of shares who has delivered a Demand for Payment is paid in full, that member may exercise and assert all the rights a creditor of the Amalgamated Company. No dissenting member may withdraw the Demand for Payment unless the Amalgamated Company consents.

If the Amalgamation is implemented, a dissenting member who is ultimately not entitled to be paid fair value for his shares for any reason, including the withdrawal of his Demand for Payment or the failure of the dissenting member to comply with

each of the steps required to dissent, shall be deemed to have participated in the Amalgamation on the same basis as any non-dissenting holder of shares of the Amalgamating Company and shall receive shares of the Amalgamated Company in accordance with the Amalgamation Agreement.

For a summary of relevant Canadian federal income tax considerations, see "Canadian Federal Income Tax Considerations - Taxation of Dissenting Members" in this Circular.

GRANDUC MINES LIMITED

The Company

Granduc Mines Limited ("Granduc") was incorporated on March 19, 1953 by filing a Memorandum and Articles of Association under the Company Act of British Columbia. Granduc's head, registered and records offices are located at 2500-595 Burrard Street, Vancouver, British Columbia, V7X 1L1.

Business

Granduc is engaged in exploring for and developing precious metal properties. Granduc's main asset is a participating undivided 40% interest in a Joint Venture with Newhawk Gold Mines Ltd. in respect of the Bruceside Project located in northwestern British Columbia. In addition Granduc owns the mineral interests and certain real property associated with the former copper-silver producing Granduc Mine.

Properties

The Granduc Mine

Following its incorporation in 1953, Granduc acquired and explored numerous mineral claims located approximately 35 kilometres northwest of Stewart, British Columbia. After substantial exploration and significant work toward the development of a copper-silver mine, the claims were leased in 1965 to a joint venture comprised of Newmont Mining Corporation ("Newmont"), Granduc Operating Company ("Granduc Operating") and American Smelting and Refining Company. Granduc Operating, a subsidiary of Newmont, brought the property (which became known as the Granduc Mine) into regular commercial production in the autumn of 1971. The joint venture operated the mine until 1978 when, as a result of depressed copper prices and increased operating costs, it surrendered the lease and

returned the mine to Granduc. In anticipation of the closure of the Granduc Mine, Granduc wrote down the value of the property in 1977 to $1 and wrote-off the unamortized balance of mine development and pre-production expenditures. These charges account for $15,283,234 of the Company's accumulated deficit.

Granduc sold the Granduc Mine property to Esso Resources Canada Limited ("Esso") in early 1979. Esso purchased other assets employed in the Granduc Mine from Newmont and proceeded to bring the mine back into production. After operating the mine for several years, Esso terminated its operation and, pursuant to an agreement with Granduc, reconveyed all the mineral properties comprised in the Granduc Mine to Granduc in the spring of 1984. These mineral properties have been retained by Granduc.

Known copper mineralization remains at the Granduc Mine; however, such is uneconomic in today's environment. The Glanville Report (see "Valuation Report") places a value of $1,000,000 on the Granduc Mine due to the possibility of the property hosting an Eskay Creek type of deposit, or additional resources of copper mineralization being delineated, which, together with the known mineralization, might be economic at some future date.

The Sulphurets Joint Venture - The Bruceside Project

The Bruceside Project is located in the Sulphurets-Mitchell Creek area approximately 60 kilometres northwest of Stewart, British Columbia, and approximately 40 kilometres west of Highway 37. An access route to the property is open eight months of the year and includes a forest road from Highway 37 to Bowser Lake, transportation by barge along Bowser Lake, by road along the Bowser River and final access to the camp across about 16 kilometres of the Knipple Glacier. Tracked vehicles and trucks are used on the glacier.

In 1960 Granduc commenced exploration on the Sulphurets property (the "Sulphurets Property") part of which comprised the Bruceside Project. Preliminary indications were that the Sulphurets Property was of potential interest for copper and molybdenum. Diamond drilling in 1962 and 1968 confirmed the presence of low-grade copper mineralization.

In 1980 Granduc granted an option to Esso to explore and acquire an interest in the Sulphurets Property. Esso explored the property from 1980 to 1984 and discovered several high-grade silver-gold veins as well as copper-molybdenum-gold mineralization. On April 24, 1985, following Esso's closure of the Granduc Mine, Esso surrendered its interest in the Sulphurets Property to Granduc after spending approximately $2,400,000 on exploration of the property.

By an option agreement dated July 24, 1985, Granduc granted to Newhawk and Lacana Mining Corporation ("Lacana"), of Toronto, Ontario, an option to explore and acquire an undivided 30% interest each in the Sulphurets Property. Lacana transferred its interest in the Sulphurets Property to its wholly-owned subsidiary Lacana Ex (1985) Inc. ("Lacana Ex") on January 3, 1986.

A formal joint venture agreement (the "Sulphurets Joint Venture Agreement") in respect of the Sulphurets Property was entered into amongst Granduc, Newhawk, and Lacana Ex on November 14, 1986. Subsequently, on September 27, 1987, Lacana Ex sold its undivided 30% interest in the Sulphurets Property to Newhawk, which resulted in its owning an undivided 60% interest in the Sulphurets Property.

The Sulphurets Property originally consisted of 65 mineral claims staked and recorded pursuant to the Mineral Act of British Columbia. On December 19, 1991, Granduc granted an option to Newhawk for the purchase of Granduc's undivided 40% interest in the 40 mineral claims and options for an additional five mineral claims, together known as the Sulphside area of the Sulphurets Property, and for the eight mineral claims and six units of a ninth mineral claim together known as the Snowfield Zone. On February 4, 1992, Newhawk exercised its option and Granduc sold its undivided 40% interest in the Sulphside area and the Snowfield Zone to Newhawk for $3,500,000 cash. Newhawk, in turn, sold the Sulphside area to Placer Dome Inc. but retained the Snowfield Zone. The Sulphurets Joint Venture continues with the Bruceside area, which presently comprises some 31 mineral claims.

The affairs of the Sulphurets Joint Venture are governed by a management committee comprised of a representative of each joint venturer. Newhawk is the operator of the joint venture. Provision is made for each joint venturer to contribute to the cost of exploration and development work in proportion to their respective participating interests. If a joint venturer chooses not to contribute to any program of work its participating interest is reduced by 1% for every $75,000 of its pro rata share of the cost of such program. In the event that Granduc's participating interest is reduced to 20% it will have no further right to participate in work programs or to be represented on the management committee and its participating interest will be automatically converted to a 20% net proceeds interest as defined in the Joint Venture Agreement. To date, the Joint Venture has expended over $34 million in exploration of the property. The 1993 exploration program for the property, with a planned budget of $1,056,000, has been completed.

Geology and Mineralization

The Bruceside Project is generally rocky, mountainous terrain with elevations ranging from 550 metres at Sulphurets Creek to approximately 1830 metres. Elevation at Brucejack Lake is approximately 1370 metres, which is 480 metres above the tree line.

The geology of the Bruceside Project is typified by moderately folded intermediate volcanics and sediments intruded by a succession of syenitic plutons. The gold mineralization is structurally controlled and is usually in the volcanic rocks, near the sedimentary contact, adjacent to intrusive rocks within a wide zone of intense sericite-dominated alteration. The veins consist of quartz with up to 20% sulphides. They range from simple veins to complex vein zones and stockworks. Pyrite, sphalerite, galena, tetrahedrite, electrum, argentite, pyrargyrite, chalcopyrite, barite and molybdenite have been identified in these veins.

The West Zone of the Bruceside Project has been extensively explored since 1986. This exploration has included approximately 80,000 metres of diamond drilling from both surface and underground, as well as more than 5000 metres of underground development.

A feasibility study of the West Zone was carried out by senior personnel of Newhawk, Corona Corporation and the engineering firm of Fluor Daniel Wright in 1990, which considered earlier studies by Cominco Engineering Services Ltd. and Watts Griffis McOuat Ltd. This study disclosed that diluted mineable ore reserves were calculated to be 550,900 tons grading 0.418 ounces per ton gold and 18.0 ounces per ton silver, at a cut-off grade of 0.30 ounces per ton of gold equivalent. A proposed 350 ton per day operation had an estimated direct operating cost of $145 per ton and an operating life of 4 1/2 years. The estimated capital cost, including $3 million working capital and a 15% contingency was $42.7 million. Based on such costs, a gold price of $400 (U.S.) per ounce, and an exchange rate of $0.85 (U.S.) for each $1 (Cdn), the discounted pre-tax rate of return was calculated to be 6.7%. Given the prevailing prices of gold and silver, the project was not considered economic at that time.

Exploration has continued each season since the 1990 study was completed. Some 47,000 tonnes of mineable reserves, grading 0.31 ounces per ton gold and 9.3 ounces per ton silver, have been added to the reserves ascertained in the 1990 feasibility study. In addition there are other zones which have the potential to provide additional reserves including the Shore Zone and the Gossan Hill Zone.

The Valuation Report places a value of $6,000,000 on Granduc's Interest in the Bruceside Project.

Reference should be made to the Valuation Report for further details of the mineral properties owned by Granduc.

Directors and Officers

The following table sets out the names of the directors and officers of Granduc, the Country in which each is ordinarily resident and their principal occupations:

Name, Position and Country of Residence *	Principal Occupation or Employment	Shares Beneficially Owned
Arthur Brown President and Director United States of America	Chairman, CEO & President of Hecla Mining Company	Nil (1)
L. John Creery Secretary and a Director Canada	Partner, Lang Michener Barristers & Solicitors	Nil
John Weatherall Director Canada	Vice-President Toronto-Dominion Bank	27,500 (2)
Robert F. Sheldon Director Canada	Consulting Geological Engineer	Nil
Ralph R. Noyes Director United States of America	Vice President, Metal Mining Hecla Mining Company	Nil (1)
David F. Wolfe Treasurer United States of America	Assistant Treasurer of Hecla Mining Company	Nil (1)

(1) Hecla Mining Company of which each of Messrs. Brown, Wolfe and Noyes are associated beneficially owns 2,815,330 common shares of Granduc.

(2) 5,000 common shares are held in a Registered Retirement Savings Plan and 20,000 common shares are held by Klondike and Le Moyne Investments Ltd. of which Mr. Weatherall is a director and officer and of which he controls more than 50% of the voting shares.

cash flow projections), as equipment and buildings could be moved from the BT deposit upon completion of the open pit mining there. A pre-aeration system would need to be added to the Lynn Mill at a cost of approximately $1.0 million. Kilborn utilized mineable reserves of 2,200,000 tonnes grading 3.4 grams of gold per tonne while Strathcona Mineral Services Ltd. utilized 1,600,000 tonnes grading 3.6 grams of gold per tonne. Strathcona eliminated the Southeast Deposit due to its marginal economics at the time. For purposes of the cash flow projections, the Strathcona reserves were utilized.

MacLellan Deposit

This underground mine was commissioned in 1985 at a capital cost of $25,000,000. An additional $12,000,000 was spent prior to 1985 on exploration and development. Published mineable reserves at closure in 1989 were 765,000 tonnes grading 6.4 grams of gold per tonne. In addition to these reserves there is the potential for open-pit mining of the Main Zone crown pillar which is estimated to contain 240,000 tonnes grading 3.0 gpt gold.

A more recent mineral inventory was stated to be as follows:

Proven	351,900	Tonnes @	6.1	Grams of Gold/Ton
Probable	348,400	Tonnes @	6.3	Grams of Gold/Ton
Possible	361,300	Tonnes @	6.6	Grams of Gold/Ton
Total	1,061,600	Tonnes @	6.3	Grams of Gold/Ton

Valuation

The Glanville Report places a value on Cazador's interest in the Keystone Gold Project at approximately $10,000,000.

Other Properties

Hanson Lake Project

The Hanson Lake Project, located in the Omineca Mining Division of British Columbia, consists of 16 claims which are subject to an October 16, 1987 Option Agreement with Metamin Enterprises Inc. The remaining commitments under the Option Agreement require Cazador to pay an advance minimum royalty of $15,000 in 1994 and this annual royalty will escalate by $5,000 each year (commencing in 1995) until it reaches $50,000, at which point it will remain at the $50,000 as long as the agreement is in effect). In addition, Cazador must make a cash payment of $50,000 in 1996 in order to earn a 100% interest in the Project subject to a 2% net smelter return royalty).

The project is located 15 kilometres north of Highway 16 and the Canadian National Railway. The nearest community is Endako, British Columbia, which is between the communities of Fraser Lake and Burns Lake. Access to prospects north of Hanson Lake is by all-weather mainline forestry road. New forestry road construction is now removing the previous impediment to exploration of the anomalies south of Hanson Lake. The project benefits from proximity to most requisite infrastructure and skilled mine labour.

Exploration north of Hanson Lake by Endako Mines and later by Cazador Explorations Limited has discovered gold and gold/copper mineralization in a very large polymetallic soil geochemical anomaly. Three target areas, within the large anomaly, show promise for mineral discovery. These are, from west to east, the Kimura Zone (copper), Bysouth Zone (copper and gold) and the Cyr Zone (gold/silver/lead/zinc). Reconnaissance style soil sampling south of the lake has identified additional areas of very substantial size containing elevated base metals and precious metals.

The Hanson Lake project may be centered over a major intrusive/hydrothermal event(s). The large size of the polymetallic soil anomalies, the wide spread and pervasive sulfides and precious metals mineralization, as well as the wide-spread and pervasive rock alteration all points to the possibility of a large buried porphyry copper deposit, or deposits, yet to be discovered.

Based on the encouraging (although mixed) results to-date, the exploration potential as summarized above, and comparable properties, the Glanville Report placed a value on Cazador's net interest in the Hanson Lake Project at approximately $200,000.

The Slocan Area Properties

The Slocan Mining Camp in southeastern British Columbia has historically been a significant producer of silver, lead and zinc. The Slocan Mining area covers approximately 700 square kilometres in extent between Slocan Lake and Kootenay Lake. Slocan City, Silverton, New Denver, Kaslo and Ainsworth are within the mining area. Silver, lead, zinc, with minor gold and cadmium, are the important metals, with silver outranking the rest in importance. Mineralization was first discovered in the area in 1891 and subsequent production has amounted to approximately 75 million ounces of silver.

During the past four years, Cazador has acquired three mineral properties at relatively low prices which reflected the reduced metal prices over that period. Cazador is investigating the potential of acquiring additional properties in the area which, together with the existing properties could form the basis of supplying a central milling facility. The "old timers" mined most of the small properties at 25 to 75 tons per day, with each property operating its own mill or shipping the ore straight to the smelter at Trail. By operating a few properties at once, and feeding a larger mill, operating costs could be reduced, permitting the mining of lower grade ore zones which remain undeveloped in many of the mines in the district. Exploration on the properties is required to outline mineral reserves to feed the mill, and modern exploration techniques such as geochemistry and geophysics could be utilized to find new ore bodies.

The three existing properties are the Hewitt-Van Roi Property, the Arlington Silver Property and the Wonderful Property.

The Hewitt-Van Roi Property comprised of 43 Crown Granted mineral claims, is owned 100% by Cazador subject to a 1.5% net smelter return royalty and a 10% net profit interest royalty on mineral production.

Based on the value of the comparable properties in the area, the recommended exploration budgets, a previous valuation of the property, consideration given by Cazador to acquire the property, and the recent increase in the silver price, the Glanville Report places a value on Cazador's interest in the Hewitt-Van Roi Property at approximately $175,000.

Cazador is the 100% beneficial owner of the Arlington Silver Project, which is comprised of six Crown Grants, two mining leases and five mineral claims.

Remaining ore reserve/resources (geological) have been calculated, utilizing footwall and hanging wall long sections to be as follows:

	Tonnage	AG (OZ/T)	PB (%)	ZN (%)
Underground				
Probable	1,839	14.23	0.40	0.38
Indicated	19,257	20.40	1.04	0.85
Surface Dumps				
Proven	47,525	4.33	0.87	0.39

Four areas of potential within the Arlington Mine have been identified.

Based on the results to-date, the value of comparable properties in the area, consideration given by Cazador to acquire the property, a previous valuation of the property and the recent increase in silver prices, the Glanville Report places a value on Cazador's interest in the Arlington Property at approximately $150,000.

Cazador is the 100% owner of the Wonderful Property, which consists of seven reverted Crown Granted mineral claims located immediately adjacent to the Silvana Mine. Previous production from the Wonderful Mine amounted to 31,000 tons yielding 415,000 ounces of silver,220 ounces of gold,3,500,000 pounds of lead and 2,600,000 pounds of zinc. Extensive underground exploration and development was undertaken in the early 1950s and again in the early 1980s, but each time the work was stopped due to falling silver prices and lack of access to a milling facility. The underground development is well positioned for drill stations, and in some cases could serve as haulage levels should sufficient reserves be identified.

Based on sales of comparable properties in the area, consideration provided by Cazador to acquire the property, a previous valuation of the property and the recent increase in the silver price, the Glanville Report places a value on Cazador's interest in the Wonderful Property at approximately $125,000.

Reference should be made to the Valuation Report for further details of the mineral properties owned by Cazador.

Directors and Senior Officers of Cazador

The following table sets out the names of the directors and officers of Cazador, the country in which each is ordinarily resident and their principal occupations:

Name, Position and Country of Residence	Principal Occupaton or Employment	Shares Beneficially Owned
John A. Chapman President & Director Canada	Mining Engineer	475,000
Melvin W. Smale Director Canada	Businessman/Principal of consulting firm	130,877

Cash Flow Projections

The detailed pre-tax cash flow projections are presented in Appendix II. As can be seen from those cash flow outputs the pre-tax present values are as follows:

	Discount Rate		
	5%	7.5%	10.0%
Gold Price of $350/Ounce	$11,331,000	$9,878,000	$8,300,000
Gold Price of $375/Ounce	$15,620,000	$13,850,000	$11,900,000
Gold Price of $400/Ounce	$20,122,000	$17,657,000	$15,200,000

As can be seen from the above, the values obviously vary considerably depending upon the gold price and the discount rate. If we utilize a long-term gold price of U.S. $375 per ounce and discount rate of 7.5%, the pre-tax present value is shown to be $13.9 million. However, there are certain factors which must be accounted for. These include the slightly higher operating costs expected by Kilborn and income and mining taxes. Although it is expected that over one half of the cash flow will be sheltered from income tax due to available income tax pools, there is always a risk that some or all of these pools might not be available to the DCC/Cazador partnership. Consequently, it is Glanville's opinion that the present value should be reduced to approximately $10.0 million.

Dollars Per Ounce of Reserves

Although the application of "dollars per ounce of reserves" figures can provide an indication of value, it must be emphasized it is only an indication since there are a variety of complexities in the application. The "dollars per ounce" figures vary according to the classification of reserves (such as in situ or mineable, or proven, probable and possible), the stage of development of the property, the projected operating and capital costs, the price of gold, and the order of development, among other factors. The calculations for Cazador's net beneficial interest in the mineable reserves are provided below:

Deposit	Ounces Recovered	U.S. ($) Per Ounce	% Interest of Cazador	Attributed Value[1/] To Cazador
BT (Stages 1, 2, 3)	102,960	$35.00	50.%	$2,310,000
Farley lake (Wendy/East)	167,838	30.00	27.5%	1,775,000
Farley Lake Low Grade	2,025	15.00	27.5%	11,000
BT Low Grade	22,944	15.00	50.0%	221,000
MacLellan	69,621	20.00	50.0%	893,000
BT (Stage 4)	65,058	20.00	50.0%	834,000
Sub-Total Value (Cdn.)				$6,044,000

1/ *In Canadian dollars (at an exchange rate of Cdn. $1.00 equals U.S. $0.78).*

In addition to the foregoing mineable reserves, there are other in-situ reserves already delineated, which are summarized below:

TIA:	900,000 Tonnes	@	3.1 g/t	(90,000 Ounces)
Dot Lake:	705,000 Tonnes	@	3.4 g/t	(77,000 Ounces)
Bonanza:	650,000 Tonnes	@	2.4 g/t	(50,000 Ounces)
MacLellan	650,000 Tonnes	@	6.4 g/t	(134,000 Ounces)

The ounces attributed to Cazador's 50% in the foregoing deposits total 175,000. At U.S. $5 per ounce the value attributed to Cazador would be approximately Cdn. $1,125,000.

Although the total of the foregoing mineable and in-situ reserves is $7,169,000, it is Glanville's opinion that the value should be increased by approximately one-third for the additional exploration potential in the area. As a result, the total value attributed to Cazador's interest would be approximately **$9,600,000**.

HANSON LAKE PROJECT

The Hanson Lake Project, located in the Omineca Mining Division of British Columbia, consists of 16 claims which are subject to an October 16, 1987 Option Agreement with Metamin Enterprises Inc. The remaining commitments under the Option Agreement require Cazador to pay an advance minimum royalty of $15,000 in 1994 and this annual royalty will escalate by $5,000 each year (commencing in 1995) until it reaches $50,000 (at which point it will remain at the $50,000 as long as the agreement is in effect). In addition, Cazador must make a cash payment of $50,000 in 1996 in order to earn a 100% interest in the Project (subject to a 2% net smelter return royalty).

The project is located 15 kilometres north of Highway 16 and the Canadian National Railway. The nearest community is Endako, British Columbia, which is between the communities of Fraser Lake and Burns Lake. Access to prospects north of Hanson Lake is by all weather mainline forestry road. New forestry road construction is now removing the previous impediment to exploration of the anomalies south of Hanson Lake. The project benefits from proximity to most requisite infrastructure and skilled mine labour.

Exploration north of Hanson Lake by Endako Mines and later by Cazador Explorations Limited has discovered gold and gold/copper mineralization in a very large polymetallic soil geochemical anomaly. Three target areas, within the large anomaly, show promise for mineral discovery. These are, from west to east, the Kimura Zone (copper), Bysouth Zone (copper and gold) and the Cyr Zone (gold/silver/lead/zinc). Reconnaissance style soil sampling south of the lake has identified additional areas of very substantial size containing elevated base metals and precious metals.

The Bysouth Zone is a 2.3 kilometre long copper anomaly with peak copper analysis in excess of 4,000 ppm. It is associated spatially with metamorphosed equivalents of the

Cache Creek Group which is known to host copper mineralization in several areas of central British Columbia. Trenching on discontinuous magnetic highs discovered 74 m of skarn and disseminated chalcopyrite and bornite mineralization grading 0.30% copper and 0.36 g/t gold. The mineralization occurs in an area of relatively thick overburden and has not been traced with a detailed follow-up exploration program.

The 3.8 kilometre long Cyr Zone has a distinctive geochemical gold/silver/lead/zinc signature relative to other anomalies at Hanson Lake. Gold is a significant component of the anomaly with peak analyses of a few grams/tonne in soil materials. Gold is normally present in the anomaly at a level of concentration between several 10's of parts per billion and 510 ppb. Zinc, lead and silver are very anomalous and provide strong support for the gold anomaly. Drilling within the anomaly has intersected long intervals (>20m) of low grade base metal and silver mineralization. Trenching at the west edge of the geochemical anomaly found strong concentrations of gold to >2.0 g/t in basal till. Trenching and drilling at the western edge of the anomaly intersected gold mineralization in which the most important intersection was 9.0 m of 2.0 g/t gold mineralization.

The Kimura Zone is a 400 m x 500 m copper/zinc/silver soil anomaly which is open to the northwest. Test pitting has not found a metal source in the underlying acid intrusives. Profile sampling of overburden exposed in the pits discovered strong metal concentrations at the bedrock-overburden contact. Copper and zinc commonly occur at concentrations in excess of 1,000 ppm. Silver is present at concentrations as great as 210 ppm, and in several pits silver reaches levels in excess of 100 ppm.

The Hanson Lake project may be centered over a major intrusive/hydrothermal event(s). The large size of the polymetallic soil anomalies, the wide spread and pervasive sulfides and precious metals mineralization, as well as the wide spread and pervasive rock alteration all points to the possibility of a large buried porphyry copper deposit, or deposits, yet to be discovered.

Based on the encouraging (although mixed) results to-date, the exploration potential as summarized above, and comparable properties, it is Glanville's opinion that Cazador's net interest in the Hanson Lake Project is worth approximately **$200,000**.

THE SLOCAN AREA PROPERTIES

The Slocan Mining Camp in southeastern British Columbia has historically been a significant producer of silver, lead and zinc. The Slocan Mining area covers approximately 700 square kilometres in extent between Slocan Lake and Kootenay Lake. Slocan City, Silverton, New Denver, Kaslo and Ainsworth are within the mining area. Silver, lead, zinc, with minor gold and cadmium, are the important metals, with silver outranking the rest in importance. Mineralization was first discovered in the area in 1891 and subsequent production has amounted to approximately 75 million ounces of silver.

During the past four years, Cazador has acquired three mineral properties at relatively low prices which reflected the reduced metal prices over that period. Cazador is investigating the potential of acquiring additional properties in the area which, together with the existing properties could form the basis of supplying a central milling facility. The "old timers" mined most of the small properties at 25 to 75 tons per day, with each property operating its own mill or shipping the ore straight to the smelter at Trail. By operating a few properties at once, and feeding a larger mill, operating costs could be reduced, permitting the mining of lower grade ore zones which remain undeveloped in many of the mines in the district. Exploration on the properties is required to outline mineral reserves to feed the mill, and modern exploration techniques such as geochemistry and geophysics could be utilized to find new ore bodies.

The three existing properties are the Arlington Silver Property, the Wonderful Property and the Hewitt-Van Roi Property.

Hewitt-Van Roi Property

The Hewitt-Van Roi Property, comprised of 43 Crown Granted mineral claims, is owned 100% by Cazador subject to a 1.5% net smelter return royalty and a 10% net profit interest royalty on mineral production.

The Hewitt-Van Roi properties have undergone extensive underground development since 1900, and their combined production (approximately 420,000 tonnes - 300,000 tons from the Van Roi and 120,000 tons from the Hewitt) has resulted in them being one of the larger Slocan producers of silver-lead-zinc direct-smelting and milling ones. Small shipments of direct-smelting ore have returned up to 600 ounces of silver per ton. Both properties are situated on the same major through-going lode on which ore shoots have been mined or partly developed over a vertical range exceeding 1,500 feet. The two properties have operated intermittently (mainly during periods of increased silver prices) as separate units or amalgamations from 1893 to 1983. The Hewitt ore averaged approximately 14 ounces of silver per ton, 1% lead and 18% zinc, while the ore from the Van Roi has been approximately 8 ounces of silver per ton, 3% lead and 2% zinc.

As least four mineralized lodes have been explored in the Hewitt and two in the Van Roi. These "so-called lodes" are within the major shear zone, and for the most part conform with it in strike and dip. Mineralization consists of argentiferous galena, sphalerite, pyrite, pyrrhotite, tetrahedrite and ruby silver. The ore is found in elongated sheets, with the down-dip extensions usually greater then the length. These shoots were found as brecciated vein filling, either as singular fissures or in en-echelon structures within and conforming with the strike and dip of the major shear zone. The Hewitt-Van Roi lode has been mined over widths of 4 to 6 feet (and locally to 20 feet), along a 6,000 foot strike length and to a depth of 1,200 feet.

Several of the zones still have promise for additional ore development. These include the Van Roi East below 9 Level, Hewitt 10 Level East, and the Hewitt 10 West. Previous operators have recognized the potential of the unexplored 10 West; and in 1928 a tunnel was advanced 1,400 feet, 1,000 feet short of its target (when the price of silver fell in 1930). The tunnel was driven another 200 feet in the early 1970s, but for reasons unknown to the writer, work terminated about 800 feet short of the target.

Based on the value of the comparable properties in the area, the recommended exploration budgets, a previous valuation of the property, consideration given by Cazador to acquire the property, and the recent increase in the silver price, it is Glanville's opinion that the value of Cazador's interest in the Hewitt-Van Roi Property is approximately **$175,000**.

Arlington Silver Property

Cazador is the 100% beneficial owner of the Arlington Silver Project, which is comprised of six Crown Grants, two mining leases and five mineral claims. Peak production from the property occurred during the period of 1898 - 1902, during which time just under three quarters of a million ounces of silver was mined. Production from the mine to 1980 was 1,010,000 ounces of silver from 22,640 tons of ore for an average grade of 44.6 ounces of silver per ton. Production was obtained from both the hanging wall and the footwall of the Arlington Shear (the structure that hosts the deposit). A large shallow ore pod, dipping 5 to 10 degrees to the northeast, and having horizontal dimensions in the order of 400 metres and vertical dimensions in the order of 100 metres, provided the bulk of the production.

Remaining ore reserve/resources (geological) have been calculated, utilizing footwall and hanging wall long sections to be as follows:

	Tonnage	Ag (oz/t)	Pb (%)	Zn (%)
Underground				
Probable	1,839	14.23	0.49	0.39
Indicated	19,257	20.40	1.04	0.85
Surface Dumps				
Proven	47,525	4.33	0.87	0.39

Four areas of potential within the Arlington Mine have been identified. These are the sill of "B" Level on the Footwall Vein, the Hanging Wall Vein between Sections 1360N and 1680N, both the Footwall and Hanging Wall Veins to the north of Section 1750N, and the 1900's stope muck accessible from the "B" Level cross cut.

Based on the results to-date, the value of comparable properties in the area, consideration given by Cazador to acquire the property, a previous valuation of the property and the

recent increase in silver prices, it is Glanville's opinion that the value of Cazador's interest in the Arlington Property is approximately **$150,000**.

Wonderful Property

Cazador is the 100% owner of the Wonderful Property, which consists of seven reverted Crown Granted mineral claims located immediately adjacent to the Silvana Mine. Previous production from the Wonderful Mine amounted to 31,000 tons yielding 415,000 ounces of silver, 220 ounces of gold, 3,500,000 pounds of lead and 2,600,000 pounds of zinc. Extensive underground exploration and development was undertaken in the early 1950s and again in the early 1980s, but each time the work was stopped due to falling silver prices and lack of access to a milling facility. The underground development is well positioned for drill stations, and in some cases could serve as haulage levels should sufficient reserves be identified.

The Wonderful Mine is in the same sedimentary package that hosts the Victor Mine 1 ½ miles to the southeast. The Victor produced 165,000 tons (mostly between 1951 and 1963) averaging 25 ounces of silver per ton, 14.5 percent lead and 9.5 percent zinc. The Silvana Mine has produced, since 1970, over 500,000 tons averaging 15 ounces of silver per ton, 5.8 percent lead and 5.4 percent zinc. The Wonderful lode is at the same structural level as the Victor and it can be expected that the best prospects for finding significant new reserves will be down the structural plunge from the old stopes. In addition, prospects are expected to improve as exploration moves west into stratigraphy that contains interbeds of quartzites. Mr. S.J. Pedley, P.Eng., in a report (dated December 30, 1991), recommended diamond drilling of the western extension of the Wonderful lode in three stages. The first could indicate reserves that could be put into production quickly. The second would test extensions (below track level) of mineralization located in the first stage, while the third stage would test for the larger potential expected to occur to the west.

Based on sales of comparable properties in the area, consideration provided by Cazador to acquire the property, a previous valuation of the property and the recent increase in the silver price, it is Glanville's opinion that the value of the Wonderful Property in approximately **$125,000**.

ASSETS OF GRANDUC

The major components of the net asset values of Granduc are summarized below:

ASSETS OF GRANDUC	VALUES
Net Working Capital	$5,992,000
Net Interest in Bruceside Project	6,000,000
Other Assets/Liabilities	187,000
Granduc Property	1,000,000
Shares of Cazador 793,650 @ $1.25~1~	992,008
Options on Cazador Shares (793,650 x $0.935~2~)	742,000
Total Net Assets	$14,913,000
Shares Issued	7,426,520
Net Asset Value/Share	$2.01

BRUCESIDE PROJECT (SULPHURETS~3~)

Introduction

The Bruceside Project is a gold-silver deposit in northwestern British Columbia, seventy kilometres north of Stewart. The West Zone of the Bruceside Project has been extensively explored since 1986. This Program included almost 80,000 metres of diamond drilling from both surface and underground, as well as more than 5,000 metres of underground development. The project is a joint venture between Newhawk Gold Mines (60 percent) and Granduc Mines Ltd. (40 percent), with Newhawk as operator.

Geology/Mineralization

The Sulphurets claims are located within the Stewart Complex, predominantly consisting of Jurassic sedimentary and volcanic rocks intruded by late-Jurassic plutons. To the west is the main Coast Crystalline Complex, with Bowser Basin sedimentary rocks lying to the east. Numerous past producers, exploration projects and new mines are located within the Stewart Complex including several excellent precious metal properties nearby, such as Eskay Creek, Doc and Kerr. To the south are the old Granduc copper mine, the former

~1~ *The net asset value per share of Cazador ($1.25).*

~2~ *$1.25 minus the exercise price of 31.5 cents/share.*

~3~ *Although the property was commonly referred to as the Sulphurets Property, that name referred to a larger claim block which included the Bruceside Project. Granduc no longer has any interest in the claims outside of the Bruceside Project.*

Summit Lake gold mine of Royal Scot Resources, the small S.B. gold-silver mine of Tenajon Resources Corp., the Premier and Big Missouri gold mines of Westmin Resources Limited, and the former Prosperity-Porter Idaho gold mine of Pacific Cassiar Ltd.

The sedimentary and volcanic rocks have been folded and extensively faulted. Extreme alteration is associated with mineralization throughout the Stewart Complex. Altered tuffs and breccias are the host for most of the vein deposits in the area and appear to be the most favourable host rocks on the Sulphurets Property.

The volcanic-sedimentary sequence is cut by two elongated, sub-parallel, northerly trending zones of intrusive stocks which are probably of Middle Jurassic age. The emplacement of these intrusive plutons appears to be related to faulting, and with those events are associated intense alteration, silicification and epithermal gold-silver mineralization.

Over thirty mineralization zones have been identified on the Sulphurets Property. Most have received limited exploration, but indicate a very high potential for future discoveries of importance. The most advanced project is the West Zone, a structurally controlled southeast trending vein system that is likely to be a splay off the major north trending Bruckjack Fault immediately to the west. The vein system is emplaced in volcanic rocks sandwiched between intrusive stocks to the northeast and southwest. There are over 20 veins in the West Zone and, although they vary considerably, exhibit two main characteristics. The most important of these characteristics economically, is the presence of well-defined pods of high grade ore that have developed in tensional openings.

The second characteristic is that vein groups rather than single veins exist. Veins within these groups may be parallel or en echelon a few metres apart, and quite frequently split. Grade in some places is maintained across the width of several veins, in other cases, the dilution of barren rock between veins causes the grade to drop below cut-off, so that perhaps only one vein meets reserves criteria, and in yet other cases, the barren rock is wide enough that several veins may be separately included in reserves.

All the veins are affected by numerous faults and the history has clearly been a complex one of periodic regimes of faulting and veining superimposed on one another. Strike faults are thought to have been mineralized in general, as were wrench type faults. Cross faults generally appear to have created barriers to mineralizing fluids as well as minor displacements.

Mineralogically, the ore of the West Zone contains native gold and silver together with a variety of sulphide minerals in a quartz rich environment. The gold occurs in a range from relatively course grains (40 - 100 microns) to minutely fine grained material locked in either pyrite or quartz gangue. The silver occurs in small amounts as native metal, but the

bulk is intimately associated with, or is a component of the various sulphide minerals found in the ore.

Reserves/Resources

There are several different reserve numbers for the Bruceside Property, depending upon the cutoff grade, the type of reserve (geological or mineable) and the interpretation of continuity by different estimates. The reserves for the West Zone have been stated as follows:

Newhawk Gold Mines[1] (July 1993)	Geological reserves of 826,000 tons grading 0.45 ounces of gold per ton and 18.8 ounces of silver per ton.
Corona Corporation (October 1990)	Diluted mineable reserves of 550,900 tons[2] grading 0.42 ounces of gold per ton and 18.0 ounces of silver per ton at a cut-off grade of 0.30 ounces of gold equivalent per ton.
Watts Griffis McOuat (WGM) (March 1990)	715,000 tons[3] of proven and probable reserves at a grade of 0.43 ounces of gold per ton and 19.7 ounces of silver per ton.
Cominco Engineering Services Ltd. (March 1990)	Diluted mineable ore reserves of 616,222 tons grading 0.41 ounces of gold per ton and 18.0 ounces of silver per ton.

It should be noted that there is a very good probability of increasing the reserves in the West Zone as it is open along strike and to depth.

Reserves for the Shore Zone have been estimated to be 92,000 tons grading 0.37 ounces of gold per ton and 4.9 ounces of silver per ton.

In addition to the reserves in the West Zone and Shore Zones, there are other zones which have drill-inferred resources. However, due to the uncertainty of quantity and grade, they have not been included as reserves. Nevertheless, there is significant exploration potential, as outlined later in this report.

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(1) Newhawk is the operator of the Bruceside Project.

(2) Subsequent mineable reserve additions as calulated by Newhawk were 47,000 tons grading 0.31 ounces of gold per ton and 9.3 ounces of silver per ton.

(3) Subsequent probable reserve additional as calculated by Newhawk were 111,000 tons of a grade of 0.57 ounces of gold per ton and 13.6 ounces of silver per ton.

Feasibility Study on the West Zone

In April 1990 Corona Corporation was contracted to optimize previous studies by other firms, principally Cominco Engineering Services Ltd. ("CESL") and Watts Griffis McOuat Ltd. ("WGM"). The study was carried out by senior personnel from Newhawk, Corona and the engineering firm of Fluor Daniel Wright, and completed in October 1990. The diluted mineable ore reserves in the West Zone only were calculated to be 550,900 tons grading 0.418 ounces per ton gold and 18.0 ounces per ton silver, at a cut-off grade of 0.30 ounces per ton of gold equivalent.

The proposed 350 ton per day operation had an estimated direct operating cost of $145 per ton and an operating life of 4 ½ years. The estimated capital cost, including $3,000,000 working capital and a 15 percent contingency, was $42,700,000. Based on the foregoing costs, a gold price of U.S. $400 per ounce, and exchange rate of U.S. $0.85 and Cdn. $1.00, the DCF ROR was calculated to be 6.7 percent.

In spite of the fact that the pre-tax rate of return was determined to be only 6.7% based on the foregoing assumptions, there are a variety of factors, as outlined below, which could result in the project becoming much more financially attractive in the future:

1. Although the gold price utilized was U.S. $400 per ounce (gold accounts for about two thirds of the total value of the project) and the silver price was U.S. $5.00 per ounce, the exchange rate incorporated was U.S. $0.85 for each Canadian $1.00. At today's exchange rate of approximately U.S. $0.78 for each Cdn. $1.00, the effective prices utilized in the 1990 feasibility study were $367 per ounce of gold and $4.59 per ounce of silver.

2. An increase in the level of reserves would substantially increase the real rate of return. It should be noted that subsequent exploration added 47,000 tonnes of mineable reserves (grading 0.31 opt Au and 9.3 opt Ag) to the reserve level assumed in the feasibility study for the West Zone. Other zones have the potential to provide additional reserves, including the Shore Zone and the Gossan Hill Zone.

3. The entire Bruceside Prospect is attractive for precious metals exploration as evidenced by numerous occurrences of precious metals and widespread alteration. Most have received very limited exploration, but indicate a very high potential for future discoveries of importance. A $335,000 exploration program on the Bruceside Project in 1992 was successful in identifying at least 16 new zones that required follow-up exploration. The proposed program for 1993 (now underway) is budgeted at $1.0 million.

4. Optimization studies may indicate some savings in the capital and operating costs projected in the 1990 feasibility study. One such alternative may be custom milling to reduce capital costs.

5. In future years, infrastructure may be developed for other potential major projects in the area (such as the Kerr deposit of Placer Dome Inc.). This could result in lower capital and operating costs for the Bruceside Project.

6. On April 14, 1993, the Mine Development Certificate (MDC) for the Sulphurets Project was received from the Provincial Government. The MDC gives the project owners the right to proceed to Stage III (permitting).

1992 Exploration Program

In 1992, the Sulphurets Joint Venture completed a $355,000 surface program consisting of mapping, prospecting, trenching, geochemical sampling and surveying on the Bruceside Property.

The major effort focused on 12 precious metals zones in the southern half of the property and one in the north. As a result of this work, three zones, Galena Hill, Tommyknocker, and SG, were classified as having high potential as drill targets for the 1993 program. Four zones, namely the Quartz Hill, 367, Gossan Hill/Silver Streak and Camino Real, were considered to be moderate targets. The above zones range up to a maximum of 13 meters wide and 260 meters long with the grades being variable along their width and length. The most promising, SG, has a 3 x 155 metre section, as defined by channel sampling, that averages 0.604 ounce per ton gold and 1.12 ounces per ton silver.

The SG Zone is a north-northwest trending, steeply dipping quartz-carbonate vein and stockwork occurrence that has been traced along strike for 260 metres. Widths are variable up to 12 metres, the zone is open along strike to the west and is situated at an elevation that lends itself to easy adit development. Additionally, several splays off the SG and parallel veining have been noted, with grades comparable to those obtained on the main structure.

The Tommyknocker Zone, located approximately 50 metres west of the Brucejack campsite, consists of both tetrahedrite and pyrite bearing, west trending quartz veins and stockworks. The zone has been traced 130 metres with widths of up to 10 metres. One vein within the zone has been traced for 40 metres with widths of up to five metres. Grab samples from this vein returned the following values: 11.95 ounces of gold and 118.0 ounces of silver per ton, 0.99 ounces of gold and 88.0 ounces of silver per ton, 0.30 ounces of gold and 84.5 ounces of silver per ton.

The Galena Zone, shown by work in previous years to consist of a series of parallel quartz vein zones within a 200 by 300 metre area, is mineralized with tetrahedrite, pyrite, galena and rare electrum. The most prominent vein system, the G-3, has been traced for 200 metres with widths variable to 5.2 metres. The best hole in the limited drilling completed in previous years averaged 0.445 opt Au and 5.04 opt Ag over 3.26 metres.

1993 Exploration Program

The 1993 exploration program (presently ongoing) on the Bruceside, budgeted to cost $1,000,000 is to include 3,830 metres of diamond drilling on the SG, Tommyknocker and Galena Hill Zones. Other drill targets will be tested as field results warrant. The program is to develop reserves in the vicinity of the West Zone deposit which would improve the project economics.

As of July 27, 1993, approximately 700 metres had been drilled on each of the SG and Galena Hill Zones. Drilling at SG was completed on three sections located approximately 40 metres apart. Five of the six holes intersected the zone at down-dip lengths between 15 and 50 metres. In the sixth hole, faulting appears to have offset the zone. Significant gold values occur in association with arsenopyrite and fine felty black sulphides primarily within quartz veining and on occasion within the quartz-sericite-pyrite altered andesitic lapilli tuff host.

The following is a listing of a few of the significant intersections.

Hole Length	From	To	Int	Au (opt)	Ag (opt)
93-405	14.0	15.0	1.0	0.229	0.35
	40.3	43.3	3.0	0.261	0.75
93-406	39.4	43.4	4.0	0.213	0.19
93-407	32.2	35.2	3.0	0.208	0.46
93-408	37.6	42.6	5.0	0.115	0.33
93-409	66.4	69.4	3.0	0.401	1.39

Five holes were drilled to test the various structures at Galena Hill. All of the holes intersected extensive zones of quartz vein and stockwork in which variable amounts of pyrite, galena, sphalerite and tetrahedrite occur. Three of the holes had visible gold in them while a fourth had short sections of vein related semi-massive sulphide mineralization. Assays have only been received for the first hole, as follows:

Hole Length	From	To	Int	Au (opt)	Ag (opt)
93-411	32.3	35.3	3.0	0.145	4.58
	94.5	-95.5	1.0	0.483	1.02
	148.8	150.8	2.0	0.756	18.67
	157.8	158.8	1.0	0.214	1.58

Geological mapping, trenching and sampling have been completed at the Gossan Hill, SG, Maddux, Coogan's Bluff and Electrum Zones. Assays are only partially in.

A plot of the Gossan Hill longitudinal shows that most of the intersections are located high up in the structure and the best values 4.188 opt Au and 3.92 opt Ag over 1.05 metres, 10.93 opt Au with 11.94 opt Ag over 0.93 metre and 7.615 opt Au with 3.47 opt Ag over 0.64 metres occur at depth. The zone appears open along strike with the suggested plunge being in the northeast.

Mapping, trenching and sampling have traced the Maddux Zone for in excess of 200 metres with widths variable to four metres. Assays within the zone include a 1.0 metre sample assaying 2.097 opt Au with 1.4 opt Ag and a 3.30 metre channel averaging 0.253 opt Au with 0.43 opt Ag. The Maddux Zone is possibly along the strike extension of the SG Zone.

Valuation of Bruceside

Determining the Fair Market Value of a mineral property such as Bruceside, which may be close to (if not already) economic (at today's metal prices, exchange rates, and cost structure), is a relatively subjective, specialized and difficult task. Glanville has published several articles related to the valuation methods that have been utilized in the past along with comments as to their applicability in specific situations. For purposes of this valuation, two methods are deemed appropriate, these being the "dollars per ounce of gold in reserves" and the "consideration for comparable properties". Neither of these methods leads to a precise calculation of value based on a formula, since each mineral property is relatively unique. However, they do provide reasonable approximations of value and have formed the basis for actual transactions in the past. Although discounted cash flows were prepared under a variety of different scenarios as to reserve additions, capital costs, and metal prices, it was felt that these were too preliminary to be of additional assistance in determining value.

Regarding the "dollars per ounce of gold in reserves" method of valuation, mineral reserves have different values depending upon metal prices, projected operating and capital costs, the classification of reserves, and the degree of development. However, based on a comparative analysis of selected merger and acquisition transactions in the North American gold market over the period 1990 to 1993, it would appear that a precious metals deposit such as the West Zone of the Bruceside would be accorded a value of approximately U.S. $25.00 per ounce for each ounce of recovered gold equivalent (converting the silver content to gold equivalent value) recovered from the mineable reserves. However, due to the additional geological inventory already delineated, plus the substantial exploration potential of several other showings on the claim group, it would be appropriate to add a significant amount to the foregoing value for this exploration upside.

Regarding the "consideration for comparable properties" method of valuation, the transaction price of a comparable property can be used to indicate a value for the subject property. The difficulty with this approach in the mining industry (unlike with real estate,

or oil and gas) is that there are very rarely true comparables since each property is unique with regard to key factors such as commodity, geology, target being sought, development and production costs, stage of exploration/development, and infrastructure. In addition, there are relatively few transactions for mining properties that are contemporaneous with the valuation date of the subject property, and when transactions do occur they rarely involve strictly cash, leaving the valuer the task of converting large quantities of shares, royalties or option terms into present day money. Nonetheless, transactions prices of similar properties can indicate a range of value for a particular property. If a publicly traded company's only major asset is all or a portion of the mineral property to be valued, the market capitalization of the company (i.e. the price per share multiplied by the number of shares) can provide an independent indication of fair market value, after making adjustments to account for other assets of the company. Similarly, in the absence of other corporate developments, the change in the company's market capitalization before and after a significant asset acquisition or disposition can provide a market indication of value of the asset. However, since the quoted market price of a small number of shares may not necessarily be reflective of what all the shares could be sold for, and since share prices are dependent on other factors such as promotional abilities, a market premium or discount may be applicable.

Based on mineable reserves for the West Zone as calculated (in 1990) by Corona Corporation ("Corona") and Newhawk from the in-situ ore reserves calculated by Watts Griffis McOuat Ltd. ("WGM"), the total recovered ounces of gold equivalent were calculated to be as follows:

Mineable Tons:	550,900
Mineable Grade:	0.418 ounces of gold/ton
	18.0 ounces of silver/ton
Gold Recovery:	89%
Silver Recovery:	85%
Gold/Silver Value Ratio:	80:1
Recovered Ounces of Gold:	205,000
Equivalent Ounces of Silver:	105,000
Total Gold Equivalent Ounces:	310,000

Utilizing a "dollars per ounce of recovered gold in reserves" figure of U.S. $25.00, the attributed value of the West Zone reserves would be U.S. $7.75 million, or approximately Cdn. $9.9 million. Based on the exploration targets already identified, and the potential for substantial additional reserves, it is Glanville's opinion that the foregoing value should be increased by approximately 50% (or Cdn. $4.95 million) to establish a value of the total property at Cdn. $14.85 million ($9.9 million plus $4.95 million).

Based on transactions for similar properties, and market capitalizations (adjusted for assets other than the subject property) of companies that own interests in similar, or comparable properties, there appears to be a fairly wide range of values which are generally between Cdn. $5.0 million and Cdn. $25.0 million (approximate mid-point of $15 million). Such an apparent wide range is not inconsistent with the risks associated with exploration and mining, as well as the uncertainties of external factors such as metal prices and exchange rates.

Based on a review of the results of the foregoing approaches to valuation, it is Glanville's opinion that the value of the Bruceside Project is approximately Cdn. $15 million.<1> Although Granduc's interest in the claims is stated as 40%, Glanville believes that Granduc's net beneficial interest is slightly lower due to the fact that Newhawk is the operator and will receive fees above the actual cost of being operator. Utilizing a 39% factor, Granduc's interest would be valued at $5.85 million. If one adds the value of Granduc's share of the equipment on-site, Granduc's interest would be approximately **$6.0 million**.

GRANDUC PROPERTY *(100% OWNED BY GRANDUC MINES LIMITED)*

The claim block containing the Granduc Mine is located about 25 air miles northwest of Stewart in the rugged Coast Range of northwestern British Columbia. The mine is situated just a few miles east of the British Columbia - Alaska border. Granduc Mountain, in which the mine is located, is surrounded by glaciers feeding the headwaters of the Leduc and Unuk rivers. At the time of exploration and development of the mine, crews gained access to the area by plane and helicopter initially, then by means of a 10.3 mile tunnel driven westerly from the Tide Lake portal and mill site location. A 32 mile road was pushed through the mountainous terrain to provide access to the mill and portal site from Stewart.

Newmont operated the mine from 1970 to 1978, then Esso operated from 1980 to 1984. The two companies extracted a total of 17,375,262 tons at an average grade of 1.31% copper with minor gold and silver credits in the concentrates. When Esso shut down in 1984, they sold the equipment, demolished the remaining buildings, and reclaimed the mill and campsite area.

Development and exploration by Newmont and Esso during their management of the property indicates that about 17.4 million tons of reserve or resource at an in situ grade of 1.86% copper remains below the mined areas and above the 1,600' elevation. Esso projected another 24 million tons between the 1,600' elevation and sea level.

Mineralization at the Granduc Mine consists of chalcopyrite, pyrite and pyrrhotite, hosted by biotite-rich tuffaceous cherts. It occurs as disseminations, massive bands and stringers

<1> *Although over $30 million was spent on the Bruceside Project, much of the funding was with flow-through funds.*

that parallel bedding and foliation, and as irregular high-grade masses in breccia zones. Sphalerite and galena are minor constituents. Magnetite commonly accompanies the mineralization and enables the host stratigraphy to be traced by magnetic surveys along probable strike extensions.

Ore zones at Granduc average 50 feet in thickness, but vary from five feet up to 150 feet, particularly where repeated by folding or mobilized into breccia masses. Known ore grade mineralization occurs as five bodies ("A", "B1", "B2", "C" and "F") which are structurally controlled by southwest-plunging folding. The "A", "B1" and "F" zones averaged 1.9% copper and the "B2" and "C" zones graded 1.3% and 1.7% copper, respectively. The Granduc deposit is similar to Kuroko deposits in the Green Tuff district of Japan where syngenetic massive sulphide deposits are associated with back-arc rifting and felsic volcanism.

Recent regional mapping and correlations suggest the Granduc deposit is hosted by the Middle Jurassic Salmon River formation (Eskay Creek facies) and not the late Triassic Stuhini Group as previously mapped. This interpretation is economically significant in that the Eskay Creek and other precious metal-rich massive sulphide deposits in the district are hosted by this formation. The Anyox deposit, south of Granduc and Stewart, is now thought to be the same age and origin and occurring on the same stratigraphic contact as Eskay Creek. Diagnostic volcanic strata (pillow lavas) associated with both Eskay Creek and Anyox have been traced south and north, respectively, toward, and onto the Granduc claims. Based on this evidence, it is believed that the Granduc deposit probably occurs at or near the same stratigraphic level as Eskay Creek and Anyox. It is also considered to be exhalitive in origin, as is Eskay Creek.

Cambria Geological Ltd. (P.J. McGuigan, P. Geol., W. Melnyk, P. Eng. and G.L. Dawson) prepared a compilation report on the Granduc property in May of 1992. Some of their conclusions and/or recommendations are summarized below:

1. Known ore bodies were interpreted as occurring on the periphery of a Kuroko-style mineralizing system with more-favourable felsic volcanics increasing in abundance to the south and to depth.

2. Mine series host rocks were recognized as having been cut off to the north of the Granduc fault and, as a result, it was recommended that exploration for any extension/continuation be conducted farther north and to the west of the fault.

3. Exploration of the South Zone, both under the Leduc Glacier and to the south, was emphasized for potential continuations of known ore bodies and of Kuroko-style copper-zinc-gold-silver ore bodies. The Kuroko-style ore bodies, because of the stronger possibility of an inferred felsic volcanic, center in that direction.

4. Ore bodies, were fitted into specific stratigraphic positions, in the mine series, including identification of the North Zone as a separate (footwall) occurrence. The latter was recognized as a separate large-scale hydrothermal/exhalitive event worthy of further exploration.

5. The genesis, ore controls and distribution of the Granduc massive sulphide deposits is believed to be hosted by Eskay Creek faces of the Salmon River formation.

Although the Granduc deposit is presently uneconomic, there are two factors that result in a significant value being accorded to it. The first is the likelihood that the deposit could become economic at some time in the future as the demand for copper increases (long-term projections of plus 2% per year growth) and existing deposits are eventually depleted. The second is the potential for the discovery of an Eskay Creek type of deposit. Based on the foregoing and comparable properties, it is Glanville's opinion that the Granduc property is worth approximately **$1,000,000**.

WORKING CAPITAL OF GRANDUC

The working capital of Granduc as of May 31, 1993, was calculated as follows:

CURRENT ASSETS	
Cash and short term investments	$4,274,630
Marketable securities (at cost)	1,196,826
Receivables and prepaid expenses	64,759
Total Current Assets	$5,536,215
CURRENT LIABILITIES:	
Accounts payable and accrued expenses	$39,232
Due to operator of Sulphuret's joint venture	4,503
	$43,735
Working Capital	$5,492,480

Although the marketable securities have been recorded on the books at a cost of $1,196,826, the market value as at May 31, 1993, was $1,838,121. Consequently, if the securities were sold, there would be a gain of $641,295. However, there would be income tax to pay on 75% of the net gain after brokerage costs. Although this tax would be over $200,000 if the shares were sold on May 31, the shares may well be held for a period of time, thus delaying the tax on the gain. In addition, some of the shares are in a loss position and these might be sold to offset a portion of the gains on a sale of other shares. Considering the forgoing, Glanville has added a net $500,000 to the working capital

(rather than the full $641,295 gain as of May 31, 1993), resulting in a total working capital amount of approximately $5,992,000.

OTHER ASSETS/LIABILITIES OF GRANDUC

Notes Payable

There is a $2,242,000 non-interest-bearing note payable to Hecla Mining Company, but this note is only repayable as follows:

a. if the Company commences operation of the Granduc Mine, to a maximum of 15% of the net proceeds, as defined, and

b. if substantially all the Granduc Mine claims are sold or otherwise disposed of by the Company, to a maximum of 15% of any royalty or interest received by the Company on such sale of disposal.

There is no other circumstance that would give rise to any obligation to make payment on these notes and at the present time there is no outstanding obligation to make any such payment.

In effect, the value of Granduc's interest in the Granduc property is reduced by approximately 15% due to the note payable. Since 100% of the Granduc property was valued at $1,000,000, the net reduction is approximately $150,000 (15% of $1,000,000).

Tax Pools

As of December 31, 1992, Granduc had tax losses of $148,000 expiring in 1993, $922,000 expiring in 1994 and $187,000 expiring in 1998. In addition, Granduc had unapplied Canadian Exploration Expenses at December 31, 1992, of $491,000. For the period from December 31, 1992 to May 31, 1993, it is estimated that interest and dividend income would approximately offset administration and other costs such as capital taxes. Since there is an uncertainty as to when (or how much of) the tax pools might be utilized, Glanville has only assumed a value of 5% of the pools, or approximately $87,000.

TSE Listing

Although the value of a listing on The Toronto Stock Exchange (TSE varies considerably depending on a variety of factors, it is estimated that the value is around $250,000. Such a value reflects the costs and timing of taking a company public.

The net effect of the foregoing is $187,000 addition to the value of Granduc.

SHARE TRADING HISTORIES

Share trading prices of Cazador and Granduc were analyzed for the months of July 1992 to July 1993 inclusive. That period was chosen as being the most relevant, since the announcement of the Partnership Agreement (between DCC Equities and Cazador regarding the Keystone Project) was made on June 17, 1992. The average of the weekly closing prices of Cazador and Granduc for each month (from July 1992 to July 1993) are shown below, along with the indicated share exchange ratios:

	CAZADOR SHARE PRICE	GRANDUC SHARE PRICE	EXCHANGE RATIO>1<
July 1992	$0.27	$0.48	0.56
August 1992	0.28	0.44	0.64
September 1992	0.30	0.43	0.70
October 1992	0.21	0.40	0.52
November 1992	0.25	0.45	0.56
December 1992	0.21	0.49	0.43
January 1993	0.23	0.54	0.43
February 1993	0.26	0.54	0.48
March 1993	0.30	0.72	0.42
April 1993	0.38	0.86	0.44
May 1993	0.60	1.08	0.56
June 1993	0.92	1.26	0.73
July 1993	1.05	1.35	0.84

On April 26, 1993, Cazador issued a press release announcing a private placement financing whereby Granduc agreed to purchase 793,6540 shares of Cazador at 31.5 cents per share. The release also announced a future private placement whereby Cazador would issue 6,349,210 shares to Granduc at 31.5 cents per share. That announcement was presumably the major reason why the closing weekly price of Cazador increased from 35 cents per share on April 23 to 49 cents per share on April 30 (a 40% increase). During that same period the gold price increased by less than 4% and Granduc's share price remained at the same level. Thus, it appears that the share exchange ratio was influenced by the financing strength of Granduc (with almost $6.0 million of cash and marketable securities).

>1< *Number of shares of Granduc for each 1.00 shares of Cazador.*

The indicated share exchange ratios (based on the average of the monthly prices) for three different periods have been summarized below:

	INDICATED SHARE EXCHANGE RATIO
July 1992 to December 1992	0.57
January to April 1993	0.44
May to July 1993	0.71

The average of the three periods (and the average of all of the months in 1993) gives an indicated share exchange ratio of 0.57 shares of Granduc for each 1.00 shares of Cazador. Although the recent indicated share exchange ratio is considerably higher than 0.57:1.00, it would appear that a ratio of approximately 0.60 shares of Cazador for each one share of Granduc would be reasonable.

Appendix I

CERTIFICATE OF QUALIFICATION

I, Ross Glanville, of 7513 Pandora Drive, Burnaby, British Columbia, Canada, hereby certify that:

1. I graduated with a B.A.Sc. (Mining Engineering) from the University of British Columbia (1970).

2. I hold a Masters Degree in Business Administration (M.B.A.) from the University of British Columbia (1974).

3. I am a registered member of the Association of Professional Engineers of British Columbia, and have been since 1972.

4. I am a registered member of the Certified General Accountants Association of British Columbia.

5. I am President of Ross Glanville & Associates Ltd., a company specializing in the valuations of exploration properties and mining companies.

6. I have been practising my mining engineering profession since 1970 and have valued exploration and mining properties in many parts of Canada, the U.S.A., Australia, and Mexico, as well as in other areas of the world including South America and Africa.

7. I was formerly President of Giant Bay Resources Ltd. and Vice President - Valuations of Wright Engineers Limited, a large international mining, engineering, and consulting company. Prior to that I was a mining engineer and transportation manager with Placer Development Ltd., and a mining and project analyst with two major investment holding companies.

8. I have relied on the geological reports and other information provided to me.

9. The financial terms of the retainer are set out in Appendix III.

10. I have no interest, nor do I expect to receive any interest, either directly or indirectly in Cazador Explorations Limited or Granduc Mines Limited.

11. I herewith grant my permission for Granduc and Cazador to use this report for amalgamation purposes.

DATED in Vancouver, British Columbia on the 13th day of August, 1993.

Ross O. Glanville, B.A.Sc., P.Eng., M.B.A., C.G.A.

Appendix II

CAZADOR EXPLORATIONS LIMITED / KEYSTONE GOLD PROJECT / CAZADOR'S CASH FLOW SUMMARY

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	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	TOTAL
CAZADOR'S PRETAX OPERATING CASH FLOW												
@ US$300 (C$)		1,656,543	3,777,533	2,702,963	4,017,797	2,645,158	1,391,513					16,191,506
@ US$350 (C$)		2,337,435	5,277,637	3,914,620	5,350,586	3,652,090	2,191,784	847,979	199,150		704,506	24,475,786
@ US$400 (C$)		3,018,327	6,777,741	5,126,276	6,545,558	4,639,074	2,995,123	1,499,425	2,645,875	1,754,087	1,754,087	36,755,574
@ US$450 (C$)		3,699,218	8,017,687	6,289,855	7,822,214	5,636,274	3,723,142	2,081,041	5,089,489	2,706,285	2,706,285	47,771,490
@ US$500 (C$)		4,380,110	9,430,552	7,554,504	8,958,536	6,674,492	4,518,349	2,712,102	7,544,716	3,745,046	3,745,046	59,263,451
CAZADOR'S CAPITAL COST												
@ US$300 (C$)		8,707,000	800,000	100,000	412,500	68,750	68,750				(810,350)	9,346,650
@ US$350 (C$)		8,707,000	800,000	100,000	412,500	68,750	68,750	125,000			(822,850)	9,459,150
@ US$400 (C$)		8,707,000	800,000	100,000	412,500	68,750	68,750	125,000	125,000	750,000	(910,350)	10,246,650
@ US$450 (C$)		8,707,000	800,000	100,000	412,500	68,750	68,750	125,000	125,000	750,000	(910,350)	10,246,650
@ US$500 (C$)		8,707,000	800,000	100,000	412,500	68,750	68,750	125,000	125,000	750,000	(910,350)	10,246,650
CAZADOR'S PRETAX NET CASH FLOW												
@ US$300 (C$)		(7,050,457)	2,977,533	2,602,963	3,605,297	2,576,408	1,322,763				810,350	6,844,856
@ US$350 (C$)		(6,369,565)	4,477,637	3,814,620	4,938,086	3,583,340	2,123,034	722,979	199,150		1,527,356	15,016,636
@ US$400 (C$)		(5,688,674)	5,977,741	5,026,276	6,133,058	4,570,324	2,926,373	1,374,425	2,520,875	1,004,087	2,664,437	26,508,924
@ US$450 (C$)		(5,007,782)	7,217,687	6,189,855	7,409,714	5,567,524	3,654,392	1,956,041	4,964,489	1,956,285	3,616,635	37,524,840
@ US$500 (C$)		(4,326,890)	8,630,552	7,454,504	8,546,036	6,605,742	4,449,599	2,587,102	7,419,716	2,995,046	4,655,396	49,016,801

CAZADOR'S PRETAX NET PRESENT VALUE

Discount Factor	2.5%	5.0%	7.5%
@ US$300 (C$): NPV	5,689,722	4,703,846	3,857,617
@ US$350 (C$): NPV	13,026,258	11,331,029	9,877,686
@ US$400 (C$): NPV	23,037,034	20,122,427	17,657,396
@ US$450 (C$): NPV	32,628,938	28,541,245	25,102,046
@ US$500 (C$): NPV	42,634,401	37,322,977	32,868,173

Note: Cazador's NPV is actually better than shown – as for purposes of this analysis a 50/50 split with DCC was applied rather than Cazador's preferential 70/30 split of cash flow to payback.

PROJECT PRETAX RATE OF RETURN

@ US$300	28%
@ US$350	59%
@ US$400	95%
@ US$450	135%
@ US$500	190%

Note: There are approximately $35,000,000 in losses and undepreciated capital costs available to the Project Participants.