

THIS OFFER IS MADE ONLY TO THE SHAREHOLDERS OF THE COMPANY RESIDENT IN THE PROVINCE OF BRITISH COLUMBIA AND NO SUBSCRIPTION CAN BE ACCEPTED FROM ANY PERSON OR HIS AGENT WHO IS NOT OR NOT TO BE A RESIDENT OF BRITISH COLUMBIA. THIS DOCUMENT AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFER OF ANY SHARES FOR SALE IN THE UNITED STATES OF AMERICA OR TERRITORY OR POSSESSION THEREOF OR A SOLICITATION THEREIN TO BUY ANY SHARES OF THE COMPANY.

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PROPERTY FILE

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Thorne

CONSOLIDATED INLAND RECOVERY GROUP LTD.
(formerly Inland Recovery Group Ltd.)

OFFERING OF RIGHTS TO SUBSCRIBE FOR 549,399 SHARES

EXERCISE RIGHTS BECOME EX RIGHTS: MAY 26, 1988
EXERCISE RIGHTS COMMENCE TRADING ON THE VANCOUVER STOCK EXCHANGE: MAY 26, 1988
RECORD DATE: JUNE 1, 1989
DATE RIGHTS TRADE FOR CASH: JUNE 24, 1988
EXPIRY DATE: JULY 4, 1988
EXERCISE PRICE \$0.49 PER SHARE

SUBSCRIPTION BASIS:

RIGHTS: EACH SHAREHOLDER SHALL RECEIVE ONE (1) RIGHT FOR EACH ONE (1) COMMON SHARE HELD ON THE RECORD DATE; TWO (2) RIGHTS AND \$0.49 WILL ENTITLE THE HOLDER TO SUBSCRIBE FOR ONE (1) SHARE OF CONSOLIDATED INLAND RECOVERY GROUP LTD. UP TO THE CLOSE OF BUSINESS ON JULY 4, 1988.

THERE IS A RISK THAT INSUFFICIENT PROCEEDS MAY BE AVAILABLE FROM SUBSCRIPTION TO ENABLE ALL OF THE AIMS AND OBJECTIVES OF THE RIGHTS OFFERING TO BE CARRIED OUT (SEE "USE OF PROCEEDS").

THE COMPANY IS TECHNICALLY INSOLVENT AND THE ABILITY OF THE COMPANY TO REALIZE THE CARRYING VALUE OF ITS ASSETS AND TO DISCHARGE ITS LIABILITIES IN THE ORDINARY COURSE OF BUSINESS IS DEPENDENT UPON THE COMPANY ATTAINING PROFITABLE OPERATIONS AND/OR SECURING ADDITIONAL EQUITY CAPITAL.

OFFER TO THE SHAREHOLDERS

CONSOLIDATED INLAND RECOVERY GROUP LTD. (the "Company") offers to shareholders of record on the close of business on June 1, 1988, (the "Record Date") one (1) Right for each one (1) common share held.

Two (2) Rights will entitle the holder to subscribe for one (1) share at price of \$0.49 (Canadian Funds) (the "Exercise Price") on or before July 4, 1988, (the "Expiry Date") upon the terms set forth below (such offering of Rights to be referred to herein as the "Rights Offering").

The Rights issued hereby are evidenced by a fully transferable and divisible subscription warrant (the "Subscription Warrant") which accompanies this offer. In the case of Shareholders with a registered address in British Columbia, the Subscription Warrant duly completed and executed, together with the sum of \$0.49 (for one (1) share), must be tendered in the manner set forth herein in order to exercise the Right. In the case of Shareholders with a registered address in Canada other than the Province of British Columbia, or in the United States of America, reference is made to the heading "Shareholders Outside British Columbia".

EXPIRATION OF OFFER

The Company's shares will trade on an ex-rights basis on May 26, 1988, and the Rights will commence trading on a when issued basis on or about May 26, 1988. The Rights will trade on a cash basis on and after June 24, 1988. Rights not used in subscribing for shares of the Company on or before July 4, 1988 will be void and will have no value.

HOW TO EXERCISE RIGHTS

Holders of Rights may accept the offer to subscribe for shares of the Company by forwarding the Rights Certificate, duly completed under the heading "Subscription for Shares", together with payment of the full price of \$0.49 (Canadian funds) per share purchased in cash, certified cheque, bank draft or money order payable to the order of the Yorkshire Trust Company (the "Subscription Agent"), for the shares so subscribed at the following address:

pledged shares of CMR are to be placed for sale at a public auction at Merban's offices on July 17, 1987.

As a result of Merban's actions, the Company and CMR intend to commence a legal action against Merban subject to raising sufficient funds from this Rights Offering. The Company will retain law firms in New York City to initiate proceedings. The company's litigation counsel will be retained on a 15% contingency basis. Fees for professional legal services on the part of the Company's litigation counsel will therefore not become due until the case has been decided, or settled. The Company must, however, pay an up front fee of \$80,000 (U.S.) for fees to its litigation lawyers and \$20,000 (U.S.) to cover disbursements incurred by its attorneys.

The Company, though its litigation is attempting to recover the Company's pledged securities, loss of income, costs to restart production, recovery of money which was held in trust for CMR in bank accounts, and general damages.

Management of the Company has been advised by the Royal Bank of Canada that a \$100,000 (U.S.) letter of credit issued by the Royal Bank in favour of Merban was drawn by Merban in November of 1986. Further, the Company has been notified by C.M.R. that Merban has withdrawn 65,000,000 Colombian Pesos (approximately (Cdn.) \$417,000) from C.M.R.'s trust account, which has been applied to one of the outstanding bank loans. The funds in the trust account represent the net sale value of C.M.R.'s four shipments of ore and is approximately \$905,000 (Cdn.).

A letter report by John R.W. Fox, P. Eng, the Company's Chief Metallurgical Engineer estimates lost income as a result of Merban's actions to be \$450,000 (US) per month. Mr. Fox states in his report:

"...production could have started from the July operating month without the enforced continued closure of the mine and mill and CMR would have realized U.S. \$1,350,000 additional revenue during the 3rd quarter and a like amount in the 4th quarter of 1986, or U.S. \$2,700,000 in operating profit. With current gold and zinc price recoveries well under way it is possible that loss of revenues could increase to the U.S. \$6-7,000,000 annualized rate by year end."

The Company, through its litigation is attempting to recover this lost income.

The Company does not intend to use the proceeds from this offering directly to restart production at the mine.

Thorne Property

The Company is the recorded and beneficial owner of a 50% interest in certain claims, described as Daisy and Daisy 2, located in the Atlin Mining Division, Province of British Columbia. The Company has entered into an agreement with American Reserve Mining Corporation (a British Columbia reporting company listed on the Vancouver Stock Exchange) ("ARM"), dated February 28, 1986 pursuant to which ARM would earn an undivided 50% interest in the claims by the expenditure of 100% of the costs of an exploration program recommended by an independent qualified engineer.

An exploration program consisting of eight drill holes totalling 787 meters was conducted by ARM over a distance of 600 meters at a cost of over \$200,000., and ARM has thereby earned a 50% wording interest in the Thorne property. ARM's consultant, J.R. Woodcock, P. Eng. recommends in his report to ARM that the claims should be maintained in good standing in view of the rapidly changing economic picture of precious metals and also the possible improvements in accessibility and mining activity in the general area. Mr. Woodcock further reports:

"The East Extension showing is an exposure of silicified porphyry carrying some pyrite, arsenopyrite, and minor tetrahedrite. Surface assays show values of 0.16% Cu, 3.87 oz/ton Ag, and .212 oz/ton Au. Large blocks of oxidized material downslope in the creek bed from this showing had values up to 42 oz/ton Ag with 0.402 oz/ton Au, but no Cu. The true extent and the attitude of the mineralization in the exposure and the source of the high grade boulders are uncertain."

Carl F. Zuber, the President and a Director of the company, is the Chairman of the Board and President of ARM.

DEBT SETTLEMENT

The Company has reached agreements with two arm's length creditors to settle a total of \$13,037 in debt through the issuance of a total of \$26,607 shares (post-consolidated) at a deemed consideration of \$0.49 per share.

GENERAL CORPORATE MATTERS

A Notice of Annual General Meeting of Members, Information Circular, Proxy for the meeting which was held on June 5, 1987, together with Audited Financial Statements for the year ended December 31, 1986 was distributed to each Member of the Company