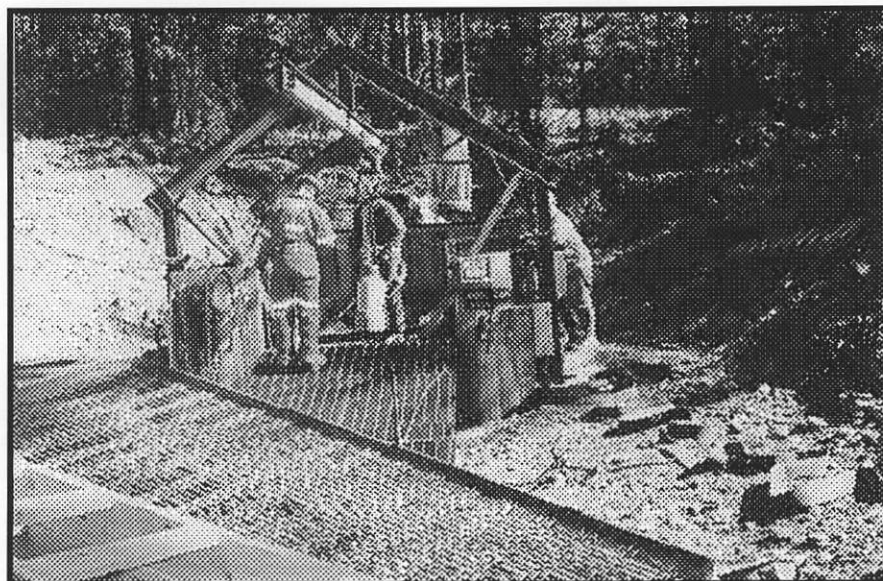


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Waterloo Gold Mine



The Waterloo Mineral Claim was acquired by SWG Sherman Whatley Group in January 2000, after being held as a Crown Granted Mineral Claim by a family in the USA since the early 1900's. There had been an attempt to dewater the underground workings in 1929 and again in 1950, the latter ended in the tragic loss of life. The adjacent claims (The Caribou Amelia Mine) were mined to a depth of 600 feet with the resulting production of 84,000 oz of gold between 1895 and 1903.

The Waterloo Mine has a vertical shaft reported to be 260 feet deep, with three horizontal levels. Some mining was done from the 60' and 150' levels, and presumably from the 250' level. The stopes are nearly vertical and from 4' to 10' in width. It is assumed that the ore was transported across the road to be milled at the operating Caribou Amelia Mine mill. When the caribou shut down in 1903, the entire camp was dismantled and all the people went elsewhere.

When SWG acquired the Waterloo claim, sampling was done on the large waste pile next to the shaft, resulting in some very high assays ranging to 17oz/t Au, 16oz/t Ag, 0.5% Cu, 5%Pb and 3% Zn. Geologists from some junior mining companies and Echo Bay Mines (Republic, WA) scoured the property, taking samples and making suggestions. The samples they all took, were also very high in assay, but SWG did not consider the offers that were made adequate.

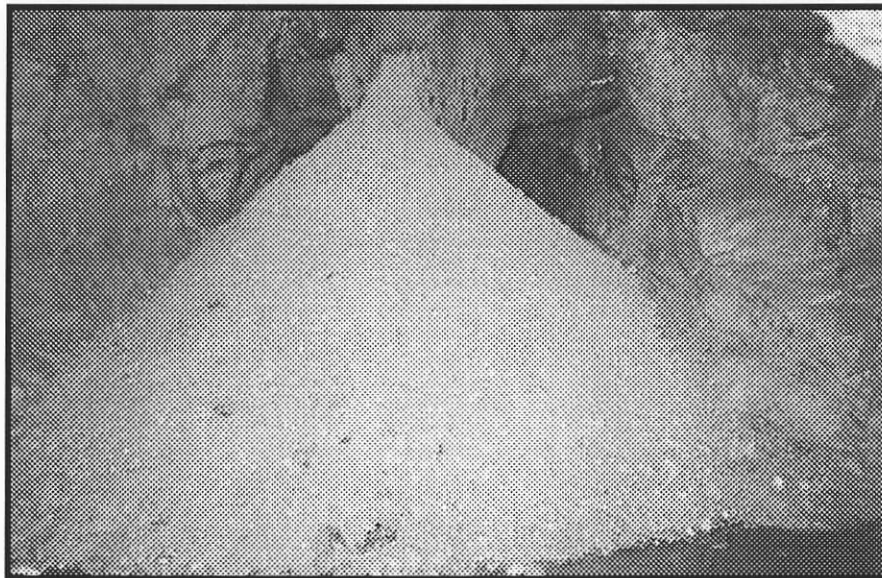
Deciding to "go it alone" the four equal partners hired an excavator in the summer of 2001 to uncover the collar of the shaft and stabilize the area. An "I" beam structure was constructed over the shaft for lowering the

pump. The shaft was dewatered to about 200'. Some sampling was done on the 60' level and mapping of all the accessible areas on both the 60' and 150' levels. With winter coming on, entrance to the shaft was secured, and left until the spring of 2002. A small but effective portable Boyles Diamond Drill was purchased. Drilling commenced and continued as time allowed, for the rest of the summer. Four NQ holes were drilled, without intersecting the sulphide zone, for a total of approximately 1280 feet. After discussion with some well known geologists, it has been decided that a drill program in the spring of 2003 will target an area to the west of the previous drilling, where the vein outcrops and assays 0.25 oz/t Au.

Access to the property can be made by either travelling 40Km east of Osoyoos, BC. on Highway 3, then 11Km north on Baldy Road (an all season, well maintained gravel road) or from Oliver, BC., which is about half paved and well maintained as well. Two wheel drive vehicles are more than adequate for driving right to the shaft.

POWER: There is a West Kootenay main transmission line passing by the Waterloo south claim line.

Ore chute on the 150 foot level



High Grade sample from the adjacent waste pile: 17oz/t Au, 15oz/t AG, 0.4% Cu, 5% Pb, 3% Zn.

