

- (a) The Issuer sold the whole of the 250,000 shares offered for sale by the Statement of Material Facts accepted for filing November 9, 1979. The shares were sold for the price of 60¢ per share to provide to the Issuer net proceeds of \$150,000.00
- (b) On February 14, 1980 the Issuer entered into an agreement with James E. Irwin, Prospector, ("Irwin") in respect of an option granted to the Company over the Storm No. 2 Mineral Claim, located approximately 45 miles east of Yellowknife, in the Northwest Territories. Subsequently 20 additional claims were staked by Irwin which were also subject to the option (the totality of which claims are herein called the "Storm Mineral Claims"). The option allowed the Company to obtain a 90% interest in the Storm Mineral Claims by paying initially the sum of \$100.00 and then a payment of \$7,500.00 on March 15, 1980, both of which payments were duly made. The Company was required to make a further payment of \$10,000.00 on October 31, 1980 and thereafter yearly payments on March 31, of \$10,000.00. After a review of the Storm Mineral Claims by R.G. McEachern, Mining Engineer, the Issuer decided to refrain from further exploration and the option was allowed to lapse.
- (c) The Issuer carried out further exploratory work on its copper prospect near Keremeos, B.C. (the "Ashnola Property") including diamond drilling, all in accordance with the recommendations of J.H. Montgomery PhD, P. Eng contained in his report dated September 10, 1979. The results of such exploratory work indicated to the Issuer that further exploration by the Issuer was not warranted at this time. The Issuer retains its interest in the Ashnola Property.
- (d) On June 30, 1980, the Company entered into an agreement with Louise Stephens, Executrix of the Estate of J.E.S. Stephens ("Stephens"), in respect of an option granted to the Company over certain mineral claims (the "J.E.S. Claims") located approximately 40 miles north of Yellowknife, Northwest Territories. The Company made an initial cash payment on the sum of \$150.00 upon the execution of this Agreement. The Agreement calls for further payments of \$2,500.00 quarterly from and after July 1, 1980, until the J.E.S. Claims are brought into production, and thereafter the Company is required to pay 10% of the Company's annual net proceeds from such production, or \$10,000.00, whichever is greater. The Company may, by December 31, 1984, elect to exercise the

is dated May 31st, 1980 and was placed before the Annual General Meeting of the Company on December 2nd, 1980.

There is no business which the Issuer is restricted from carrying on. However, the Issuer has been and will be primarily engaged in the business of acquiring and developing its speculative mining property.

7. THE AUTHORIZED AND ISSUED SHARE CAPITAL OF THE ISSUER.

The authorized capital of the Issuer consists of 5,000,000 shares without par value of which 1,200,000 shares have been issued. The total shares remaining in the treasury, exclusive of any shares the subject matter of the Agency Agreement are 3,800,000 shares.

8. THE PRICES AT WHICH SECURITIES OF THE ISSUER HAVE BEEN ISSUED DURING THE PAST YEAR.

Nil.

9. PARTICULARS OF ANY BONDS, DEBENTURES, NOTES, MORTGAGES, CHARGES, LIENS OR HYPOTHECATIONS OF THE ISSUER.

Nil.

10. PARTICULARS OF IMPORTANT PROPERTIES PRESENTLY OWNED, LEASED, HELD UNDER OPTION OR OPERATED BY THE ISSUER OR ANY SUBSIDIARY THEREOF OR PROPOSED TO BE OWNED, HELD UNDER OPTION OR OPERATED BY THE ISSUER OR ANY SUBSIDIARY THEREOF.

Ashnola Property

The property consists of 12 contiguous mineral claims (67 units) located on the west side of Ashnola River, Osoyoos Mining Division, B.C. about 50 kilometers southwest of Keremeos, B.C. The Issuer is the registered owner of the mineral claims and has made all filings required to keep the property up-to-date with the Office of the Gold Commissioner as indicated under item 3 of the Statement of Material Facts. In the past year the Issuer has carried out an exploration program on the Ashnola Property including diamond drilling and surface mapping and sampling, for a cost to the Issuer of approximately \$74,000.00. The Issuer intends to retain the Ashnola Property in good standing in the name of the Issuer, but does not intend to expend further funds of the Issuer in exploration or development of the Ashnola Property.

J.E.S. Claims

On June 30, 1980, the Company entered into an agreement with Louise Stephens, Executrix of the Estate of J.E.S. Stephens ("Stephens"), in respect of an option granted to the Company

over certain mineral claims (the "J.E.S. Claims") located approximately 40 miles north of Yellowknife, Northwest Territories. The J.E.S. Claims are known as J.E.S. Nos. 1 to 3 and 5 to 7 inclusive. The J.E.S. Claims are presently registered in the name of the Issuer as the registered holder of a mining lease dated April 9, 1973. The lease expires on June 13, 1992 and is expressed to contain 386.56 acres more or less. The Issuer was registered as the holder of the lease by the Mining Records Office, Department of Mines, Ottawa, on October 23, 1980. The Issuer's rights under the lease are subject to the terms of the agreement entered into with Louise Stephens as above described.

The Issuer intends to conduct the exploration program as set out in the Report of Mr. McEachern dated November 14, 1980 (printed herein).

11. PARTICULARS OF THE COST OF PROPERTIES ACQUIRED BY THE ISSUER OR ANY SUBSIDIARY THEREOF WITHIN THE PAST THREE YEARS OR PROPOSED TO BE ACQUIRED BY THE ISSUER OR ANY SUBSIDIARY THEREOF.

Ashnola Property

By Agreement made as of October 1, 1978, the Company acquired from H.E. Denis Atkinson, of 1050 Redlands Rd., Walter Bonin, of 320 Newton Dr., Norman Bonin, of 320 Newton Dr., Tage Peterson, of 110 Creighton Cr., and Donald M. Buchanan, of 1136 Redland Rd., (the "Vendors"), all of Penticton, British Columbia, the Ashnola Property. The Agreement made as of October 1, 1978, by which the Issuer acquired from the Vendors the Ashnola Property, provided for 500,000 escrow shares to be transferred to the Vendors as to 100,000 shares each. These shares are held pursuant to Escrow Agreements entered into between the Vendors and Guaranty Trust Company of Canada. The consideration of 500,000 shares included both the transfer of the Ashnola Property and the improvements thereon made by the Vendors prior to sale.

With respect to the CU4 and CU5 Mineral Claims which were staked by the Vendors, the cost of the irrevocable option granted by the Vendors to the Issuer and the cost of the exercise of the options is \$200.00 which was paid on June 1, 1980. Upon the exercise of the option the claims were transferred into the name of the Issuer. There will be no further costs incurred in respect of acquisition of these two mineral claims.

J.E.S. Claims

On June 30, 1980, the Company entered into an agreement with Louise Stephens, Executrix of the Estate of J.E.S. Stephens ("Stephens") in respect of an option granted to the Company over certain mineral claims (the "J.E.S. Claims") located