

(082m/b5W) Adon/Sobs claims
Gem claim

521180



VANCOUVER STOCK EXCHANGE
BRITISH COLUMBIA, CANADA

FILING STATEMENT

(# 160/89)

Board 3

TITAN PACIFIC RESOURCES LTD.
(formerly Golden Titan Resources Ltd.)

NAME OF COMPANY

Suite 1000
675 West Hastings Street
Vancouver, B.C. V6B 1N6
Tel: (604) 685-2222

HEAD OFFICE ADDRESS AND TELEPHONE NUMBER OF COMPANY

CENTRAL GUARANTY TRUST COMPANY
800 West Pender Street
Vancouver, B.C. V6C 2V7
Tel: (604) 681-0151

NAME AND ADDRESS OF COMPANY'S REGISTRAR AND TRANSFER AGENT

The Vancouver Stock Exchange has not in any way passed upon the merits of the securities or the Company. The information contained in this Filing Statement has been supplied to the Exchange by the Company, and the Exchange has relied upon this information in accepting the Filing Statement.

GOLDEN TITAN RESOURCES LTD.1. STATEMENT OF MATERIAL CHANGES IN THE AFFAIRS OF THE COMPANY(A) Amalgamation of Golden Titan Resources Ltd. and
No. 182 Dynamic Endeavours Inc.

By amalgamation agreement and amendment thereto dated October 24, 1989 (the "Amalgamation Agreement") between Golden Titan Resources Ltd. ("Golden Titan") and No. 182 Dynamic Endeavours Inc. ("Dynamic"), the latter being a private British Columbia company, the two companies (the "amalgamating companies") agreed to amalgamate under the Company Act (British Columbia) into one company called TITAN PACIFIC RESOURCES LTD. (the "Company"). The amalgamation was approved by the shareholders of Golden Titan on October 31, 1989, and by the shareholders of Dynamic on September 12, 1989.

In accordance with the provisions of the Company Act, the amalgamating companies received the approval of the Supreme Court of British Columbia to the amalgamation and, upon receipt of approval of the Vancouver Stock Exchange with respect to the listing of the shares of the Company on the exchange, the amalgamating companies applied to the British Columbia Registrar of Companies for a Certificate of Amalgamation to be issued under the Company Act on December 28, 1989, being the effective date of the amalgamation.

(B) Share Exchange Ratio

The Vancouver Stock Exchange approved the following share exchange ratio: that each of Golden Titan's issued and outstanding shares be exchanged for 0.20 of a share of the Company, and that each of Dynamic's issued and outstanding shares be exchanged for 0.2495742 of a share of the Company, and that no fractional shares of the Company be issued pursuant to the conversion and no cash paid in lieu of any.

(C) Material Provisions of the Amalgamation Agreement

The material terms of the Amalgamation Agreement are as follows:

(i) Name

The name of the Company will be "Titan Pacific Resources Ltd."

(ii) Directors

The Amalgamation Agreement provides that, until otherwise determined, there will be five directors of the Company, as follows:

Name and Address and Position
With Amalgamated Company

Occupation

Richard W. Hughes
2321 Bellevue Avenue
West Vancouver, B.C.
(Chairman/director)

Mining executive; Co-Chairman,
Hughes-Lang Corporation;
director of various natural
resource reporting companies
including Hemlo Gold Mines Inc.

Ian E. Gallie
757 Transit Road
Victoria, B.C.
(President and Chief Executive Officer/
director)

Petroleum geologist; director of
two natural resource reporting
companies.

Sargent H. Berner
2145 West 34th Avenue
Vancouver, B.C.
(Secretary/director)

Partner, DuMoulin Black,
Barristers & Solicitors,
Vancouver, B.C.

George F. Shaw
517 East Drive
Esterhazy, Saskatchewan
(director)

Vice President of Finance, Alto
Construction Services Ltd.,
Esterhazy, Saskatchewan;
Director and chairman of the
audit committee of the
Saskatchewan Government
Insurance.

J.W. Al Edwards
604 Kubic Drive
Esterhazy, Saskatchewan
(director)

Executive Vice-President, Alto
Construction Services Ltd.,
Esterhazy, Saskatchewan.

(iii) Authorized Capital

The Company will be authorized to issue 100,000,000 shares without par value.

(iv) Registered Office

The registered office of the Company shall be situate at 10th Floor, 595 Howe Street, Vancouver, B.C.

(v) Auditor

The auditor of the Company shall be Coopers & Lybrand, Chartered Accountants, Vancouver, B.C.

(D) Purpose of the Amalgamation

The proposed amalgamation is intended to facilitate the financing and long-term growth of the amalgamating companies into one company. It will give the Company interests in several mining exploration properties and a net smelter return royalty, and it is expected that the amalgamation will allow the Company to operate efficiently.

(E) Securities and Principal Holders Thereof

On the basis of the share exchange ratio set out above, there will be 3,488,388 shares of the Company issued forthwith upon the effective date of the amalgamation.

Based on the shareholdings in the amalgamating companies, the only shareholders of the Company who will own, directly or indirectly, or exercise control or direction over more than 10% of the outstanding voting securities of the Company are as follows:

<u>Name</u>	<u>Number Number of Shares</u>	<u>Percentage</u>
Cadillac Explorations Ltd. through its trustee, Coopers & Lybrand Limited	2,905,786	83.3%

(F) Properties of Golden Titan which will become the
properties of the Company

Golden Titan is a Vancouver-based mineral exploration company which holds options or interests in three mineral prospects in British Columbia and Quebec, summarized as follows:

- i) Adon/Sobs Claims - located in the Kamloops Mining Division, B.C., consisting of 16 mineral claims. Golden Titan holds a 90% interest in the property.
- ii) Gem Claims - adjoin the Adon/Sobs claims. The property consists of five claims in which Golden Titan holds a 50% interest.
- iii) Pascalis Property - Located in Range IV, Pascalis Township, Québec. The West group consists of 12 surveyed mining claims over an area of 480 hectares, and the East group consists of 20 unsurveyed claims totalling 320 hectares. Golden Titan holds an option to acquire a 100% interest in all of these claims.

For fuller details on Golden Titan's properties, kindly turn to the fairness opinion of Canarim Investment Corporation Ltd. included as part of this filing statement.

(G) Properties of Dynamic which will become the properties of the Company

Dynamic is in the business of mining and oil and gas investment. Material assets include a \$1.576 million drilling fund, physical mining assets of approximately \$10 million and a 2% net smelter return royalty on the Prairie Creek mine in the Northwest Territories, presently not operational. Dynamic has no liabilities other than \$100,000 due to its parent company, Cadillac Explorations Ltd.

For fuller details on Dynamic's properties, kindly turn to the fairness opinion of Canarim Investment Corporation Ltd. included as part of this filing statement.

2. FINANCIAL INFORMATION

As at October 31, 1989, the Company had a working capital deficiency of \$10,021.92.

To add to corporate working capital and to pay the outstanding liabilities of Dynamic disclosed in Item 1(G) above, for which the Company is now responsible, the Company intends to proceed with an equity financing of \$250,000 to \$400,000.

The Company does not own any shares or other securities of any other company except as follows:

<u>Company name</u>	<u>Number of shares</u>	<u>Market value as at November 2, 1989</u>
First Guardian Petroleum Corporation	22,341	\$11,170

3. MATERIAL NATURAL RESOURCE PROPERTIES

The material resource properties owned by the Company are outlined in Item 1 of this filing statement.

4. PARTICULARS OF NON-RESOURCE ASSETS

The Company does not own any non-resource assets other than as disclosed in Item 1 of this filing statement.

5. CORPORATE INFORMATION

The Company will be amalgamated pursuant to the laws of the province of British Columbia on December 28, 1989.

The authorized capital of the Company consists of 100,000,000 shares without par value, of which 3,488,388 are currently issued and outstanding.

The shares are not subject to any future call or assessment, and they all have equal voting rights. There are no special rights or restrictions of any nature attached to any of the shares, and they all rank pari passu, each with the other, as to all benefits that might accrue to the holder thereof.

6. DIRECTORS, OFFICERS, PROMOTERS AND PERSONS HOLDING MORE THAN 10% OF THE ISSUED EQUITY SHARES

The directors and officers of the Company are listed in Item 1(C) of this filing statement, under the heading "Material Provisions of the Amalgamation Agreement". The only holder of more than 10% of the issued equity shares is Cadillac Expolorations Ltd., through its trustee, Coopers & Lybrand Limited, which owns 83.3% of the outstanding shares.

The following directors and/or officers of the Company are also directors, officers or promoters of other reporting companies: Richard W. Hughes of 20, Ian E. Gallie of two and Sargent H. Berner of two other reporting companies.

No director or officer of the Company holds more than 10% of the issued equity shares of the Company.

7. OPTIONS TO PURCHASE SECURITIES OF THE COMPANY

No options to purchase securities of the Company are outstanding.

8. SECURITIES OF THE COMPANY HELD IN ESCROW, IN POOL, OR SUBJECT TO HOLD RESTRICTIONS.

Prior to amalgamation, 75,000 shares of Golden Titan were held in escrow. The breakdown of these shares, before and after amalgamation, is as follows:

<u>Name of shareholder</u>	<u>Escrow shares in Golden Titan</u>	<u>Escrow shares in the Company</u>
Eugene Larabie	5,000	1,000
Besse V. Enterprises Inc.	5,000	1,000
Dauntless Developments Ltd.	8,214	1,643
Dex Management Group	15,000	3,000
Hastings Management Corp.	23,572	4,714
Jan Don Enterprises Ltd.	10,000	2,000
Nautilus Ventures Ltd.	<u>8,214</u>	<u>1,643</u>
	75,000	15,000

No securities of the Company are held in pool, nor are any issued securities of the Company subject to hold restrictions.

9. PARTICULARS OF ANY OTHER MATERIAL FACTS

There are no legal proceedings to which the Company is a party or of which any of its properties is the subject, nor are there any such legal proceedings pending.

There are no other properties to be acquired, or other transactions for which regulatory approval is being sought under this filing statement.

The Company has no bonds, debentures, notes and other debt obligations (other than accounts payable in the ordinary course of business) except as disclosed in this filing statement.

The directors and officers of the Company may also be directors, officers or promoters of other reporting companies (see Item 6). A list of the names of such other reporting companies referred to in Item 6 of this filing statement may be inspected at the Company's head office at Suite 1000, 675 West Hastings Street, Vancouver, B.C. during normal business hours during the 30-day period after the exchange publishes its notice regarding this filing statement.

There are no other material facts.

CERTIFICATE OF THE COMPANY

The foregoing, together with the financial information and other reports where required, constitutes full, true and plain disclosure of all material facts in respect of the Company's affairs.

NAME: I.E. Gallie

SIGNATURE: I.E. Gallie

NAME: Darcy W. Hughes

SIGNATURE: Darcy W. Hughes

DATED at Vancouver, B.C., this 21st day of December, 1989.

**CANARIM
INVESTMENT
CORPORATION
LTD.**

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Toronto
Stock Exchange,
Alberta
Stock Exchange,
The Montreal
Exchange,
Investment Dealers
Association
of Canada

August 15, 1989

Golden Titan Resources Ltd.
1000 - 675 West Hastings St.
Vancouver, B.C.
V6B 1N6

ATTENTION: Mr. Ian Gallie

RE: Fairness Opinion: Merger of Golden Titan Resources Ltd.
and No. 182 Dynamic Endeavours Inc.

We have assessed the proposed merger between Golden Titan and Dynamic. We have relied upon the information as presented to us by Golden Titan and have assumed the accuracy and completeness of the unaudited financial statements of Golden Titan dated May 31, 1989 and audited financial statements of Dynamic dated August 10, 1989 and all other information and material received. Based on our analysis as set out in the body of this Fairness Opinion, we consider the following ratios to the successor company to be fair and equitable to the current shareholders of Golden Titan:

Dynamic shareholders to hold 83.3% of the new entity.
Golden Titan shareholders to hold 16.7% of the new entity.

We appreciate the opportunity of being of service to you.

Yours sincerely

CANARIM INVESTMENT CORPORATION LTD.


Clive Stockdale


Graeme Currie

INTRODUCTION

In undertaking this Fairness Opinion, the brief was to provide a fair and reasonable amalgamation ratio on behalf of the shareholders of Golden Titan Resources. All information obtained to render such an opinion was provided by Golden Titan management. In reviewing Golden Titan and applying a reasonable net worth, the audit trail was essentially straightforward. The same cannot be said of 182 Dynamic Endeavours, which presented analytical problems that necessitated painstaking adjustments of book values. Cadillac Explorations Limited, the predecessor of Dynamic, is in bankruptcy and is, apparently, still involved in several legal actions with various individuals. It has been clearly represented to us that no encumbrances or right of recall can be placed on the assets held within Dynamic. It is on this premise that we have placed a value on the net worth of Dynamic's assets. We have not considered any past association of Dynamic with Cadillac, past the fact that the residual assets placed in it were for the benefit of the unsecured creditors, as having any bearing on our opinion. Procan is a private entity, thus we have no guarantees that the funds, as discussed in the body of this report, are available and forthcoming. We have, however, endeavoured to confirm Procan's intent to disburse the funds to the best of our ability. Finally, in arriving at the final proposed net worth ratio, we have valued all assets based on printed matter from, and communication with, management, since the cost of a site visit and updated engineering valuation of the Prairie Creek operation was considered by Golden Titan management as excessive.

NET WORTH APPRAISAL

Summary

On the basis of our review of No. 182 Dynamic Endeavours Inc. and Golden Titan Resources, we assess the net worth of the combination of the two companies as follows:

Combined Net Worth

	(\$ CDN)	%
Dynamic Endeavours	\$1,738,160	83.3
Golden Titan	<u>346,819</u>	<u>16.7</u>
 Total Assets	 <u>\$2,084,979</u>	 <u>100.0</u>

In further elaboration, the following is a comparison of the net worths calculated for Dynamic and Golden Titan:

\$ CDN	Golden Titan	Dynamic
Current Assets	\$ 61,503	-
Mineral Properties	<u>\$505,540</u>	<u>\$1,838,160</u>
Gross Assets	<u>\$567,043</u>	<u>\$1,838,160</u>
 Less:		
Current Liabilities	<u>\$19,042</u>	<u>\$100,000</u>
Net Assets	<u>\$548,001</u>	<u>\$1,738,160</u>
 Shares Outstanding	 2,912,762	 11,642,972
Net Assets per Share	18.8¢	14.9¢

The figures directly above for Golden Titan are abstracted from the unaudited statements and are as at May 31, 1989. The figures for Dynamic are based on audited statements, as at August 10, 1989 prepared by Coopers & Lybrand. These statements are attached as Appendices A and B. With reference to the statements, it should be stressed that the nature of the book values of mineral properties compared are significantly different: with Golden Titan they represent money spent, with Dynamic they reflect an anticipated revenue stream. To be sure, book values representing the undepreciated capital costs of the Dynamic mine assets totalling \$11.3 million are noted, but this figure is secondary to the anticipated revenue stream. For this reason, as discussed in later sections of this opinion, present valuing and risk assessment of the Dynamic book values have been required.

We have also reviewed the recent share price for Golden Titan which trades under the symbol GN on the Vancouver Stock Exchange. There is no comparison for Dynamic as it is not a publicly traded entity. Golden Titan has been an illiquid trader for the past three months and recent trading has been almost non-existent.

The bid-ask for the stock has held at \$0.05 to \$0.09 per share. Thus, the market capitalization of the company at \$0.05 per share is \$145,638. Given the discrepancy between the market's appraisal of Golden Titan and its properties and a net worth appraisal as stated above, we have chosen to value Golden Titan at the arithmetic mean of these two figures, that being \$346,819, as a reasonable compromise.

NO. 182 DYNAMIC ENDEAVOURS INC.

No. 182 Dynamic Endeavours Inc ("Dynamic") has, according to its September 1, 1989 pro-forma balance sheet, two major assets, namely a drilling fund valued at \$1.576 million and mining assets carried at \$10 million. Dynamic was incorporated for the purpose of acquiring the residual assets of the estate of Cadillac Explorations Ltd. ("Estate") after the sale to Procan Explorations Company ("Procan") of Estate's 60% interest in the Cadillac mine. This was funded by cash of \$2.5 million, forgiveness of debts of \$1.24 million, an oil and gas fund totalling \$1.8 million, and a 2% net smelter royalty to a maximum of \$10 million less the net revenue received from the oil and gas drilling fund. The cash was used to discharge the secured creditors leaving the fund and the net smelter royalty for the benefit of unsecured creditors. A 40% interest in mine plant and equipment was also retained, subject to Procan having an option to acquire that interest for a nominal amount if \$10 million is generated by the revenues from the oil and gas fund and the 2% net smelter royalty. With these remarks in mind, we assess the two assets:

(1) Drilling Fund

Originally the drilling fund was to be administered by Procan and Placid Oil Company in accordance with an agreement dated July 17, 1986. However, in a letter dated July 24, 1987 Placid Oil Company withdrew as operator. (See Appendix C)

The operating agreement, as signed, followed a conventional format, notably employing the Petroleum Accountant's Society of Western Canada 1983 (PASWC 1983) Accounting Procedure. However, specific sections refer to the purchase agreement with Procan, noting that Procan may withhold revenues if specific liabilities still remain to be discharged under the Purchase agreement. Procan in a letter attached as Appendix D dated August 4, 1989 confirms this obligation. As originally envisaged, Dynamic will receive the full 100% of net production revenue for the first three years from a property after it is brought on stream and, after that period, will split the revenue 50% to Dynamic and 50% to Procan.

Of the original \$1.8 million, \$223,679 has already been disbursed, notably \$139,000 for a ten percent interest in a well drilled at Kyklo near Fort Nelson, B.C. and \$84,679 spent on a 50% interest in leases and a well at Elswick, Saskatchewan. Both wells were dry and subsequently abandoned.

(2) Investment in Prairie Creek Mine

This comprises a 40% undivided interest in the physical assets of the Prairie Creek mine and thus includes equipment, machinery, vehicles, tools, furniture, etc. plus a 2% net smelter royalty.

The undepreciated capital cost of the mine assets is carried on Dynamic's books at \$11.308 million, but is valued by the company at \$10 million in view of a provision of the Purchase Agreement, specifically the following option:

- o before December 31, 2019 and after receiving \$5,000,000 from the net smelter royalty and the net oil production revenue, Cadillac Explorations Limited will transfer to Procan Exploration Company Limited one-half of its 40% undivided interest in the physical assets of the Prairie Creek Mine upon exercise of the option and payment of \$1.00.
- o before December 31, 2019 and after receiving \$10,000,000 from the net smelter royalty and the net oil production revenue, Cadillac Explorations Limited will transfer to Procan Exploration Company its remaining undivided interest in the physical assets of the Prairie Creek mine upon exercise of the option and payment of \$1.00.

Quite clearly, the figure of \$10 million on the Dynamic balance sheet ignores the time value of money. It's also worth noting that the valuation of the investment in Prairie Creek Mine is not independent of the fortunes of the drilling fund.

Valuation of assets:

The assessment of the drilling fund depends on the probability of obtaining the funds from Procan, the timing of the receipts, and the disposition of the funds. Various considerations convince us that the drilling funds will be forthcoming including (a) the representation by Procan itself in its letter of August 4th, (Appendix D) which builds on (b) the statement by Procan's lawyers, Campney & Murphy, that upon conclusion of the purchase agreement, Procan will be contractually obliged to advance the funds and (c) the fact that \$223,679 has already been disbursed. Nevertheless, the money is not sitting in Dynamic's bank account so some consideration has been taken about possible delays as well as unforeseen impediments. Hindsight is 20:20, nevertheless with the two initial ventures unproductive, some recognition has to be made of the risk aspect. Accordingly, we have adopted the stance of assuming that those funds are akin to probable oil reserves and have valued them, using a 50% factor, at \$788,160.

Reflecting on the value of the investment in the Prairie Creek Mine, the first item to note is that successful revenues from the deployment of the drilling fund will be used to offset the mining assets. Thus the two percent net smelter royalty, to a maximum of \$10 million, is subject to deductions representing net revenue received from the oil and gas fund. Naturally, should Procan effect the salvage of the physical assets of the mine, then on completion of the salvage, Dynamic will have no further claim for net smelter royalty.

However, the abandonment of the mine and the decision to proceed

to salvage is at the sole discretion of Procan. Not surprisingly, therefore, Coopers and Lybrand Ltd. make a first point on the 40% interest in the physical assets that it may be available to shelter income from the oil and gas fund and the net smelter royalty.

In summary then, the \$10 million represents either revenue from the net smelter interest or potential salvage value. In the first instance, the revenue should be adjusted downwards to reflect the offsetting oil revenue and an assessment should be made of the likelihood of the mine going on production and the timing of such a decision. Timing is the clearest obstacle for valuing salvage value, given Procan's sole discretion.

Turning first of all to the net smelter interest, the following two assumptions have been made given a go ahead on the mine: (a) delay in generating net smelter royalties from the mine is set at five years i.e. 1994 and (b) that the ten million dollars in net smelter royalty payments is spread evenly over ten years. Both assumptions may be regarded as arbitrary, but take into consideration that a) Dynamic has no control over, if, and when, construction will resume in order to move to production b) the time required to acquire the funding for commencement of construction which is substantial i.e. \$25 to \$40 million c) the detailed work required, inclusive of: road construction, rehabilitation of the current mill infrastructure, recruitment of a skilled work force, permitting and mining plan and methodology. All this will likely require a minimum of two to three years to complete and prior to any production decisions, further exploration may be required in order to develop a satisfactory proven mineable reserve life.

On the basis of these assumptions, the present value of the net smelter royalty is \$2.5 million which should be weighted by a factor recognizing that going ahead with the mine is not assured: we have employed a factor of 0.5 which, though arbitrary, does give a concrete figure. From this must be deducted the oil revenue which we have present valued at \$788,160. However, given our time frame for repayment, in present value terms, this burden is less onerous, i.e. \$400,000 and this should be adjusted by the same 0.5 factor. On this basis, then, the mining assets are valued at \$1.05 million.

The avenue of salvage value is quite as tenuous, given once again the uncertainty of timing of the disposition of the assets. With such unavoidable vagueness, it seems fruitless to generate a conflicting valuation.

In reviewing Dynamic's interest in the Prairie Creek Mill, inclusive of their 2% net smelter royalty, we have adopted a somewhat optimistic stance, that being the assumption of the likelihood of the mine achieving production given a) relevant economic parameters and b) that Procan will actively pursue production. Insofar as we have relied exclusively on information

provided by, and discussions with, management of Golden Titan, our assessment was heavily influenced by an Information Package prepared in December, 1984 by Kilborn Engineering (B.C.) Ltd. of Vancouver on behalf of the trustee in bankruptcy of Cadillac Explorations Limited, Coopers & Lybrand Limited. To a much lesser degree we relied on information from a report dated February 12, 1988 to the creditors of Cadillac authored by the Trustee.

Physical Description

The Prairie Creek Mill, in which Dynamic holds a 40% interest, subject to several options held by Procan, as previously discussed, is located in the Nahanni Mining District of the Northwest Territories. The property covers some 6659 acres. Fort Simpson, N.W.T. is the nearest major centre located some 115 miles east of the project. Access is by air from either Fort Simpson or Fort Nelson, British Columbia. A 3000 foot gravel strip is located on a flood plain 4300 feet north of the mill site but is confined to use by STOL aircraft with reduced loads being required in the summer due to ground conditions. The runway was in usable condition as at December 1984.

The main body of mineralization is located within the Whittaker formation and is believed to be replacement type veining occurring along the crest of a major anticline. The mineral reserves, as calculated by Kilborn in September 1980, employing a 15% dilution factor with an average vein width of 12 feet in the No. 3 zone are:

	Tons	Ag (oz/t)	Total Pb(%)	Total Zn(%)	Nonsulfide Pb(%)	Zn(%)
No. 3 Zone						
Proven	740,000	5.60	10.96	12.88	-	-
Probable	377,000	5.34	11.08	12.65	-	-
Possible	512,000	5.59	11.50	10.80	-	-
TOTAL	<u>1,629,000</u>	<u>5.54</u>	<u>11.16</u>	<u>12.17</u>	<u>1.67</u>	<u>2.37</u>
Other Zones						
Possible	365,000	4.30	9.20	9.90		
TOTAL	<u>1,994,000</u>	<u>5.30</u>	<u>10.80</u>	<u>11.75</u>		

The mill is a conventional two circuit installation designed to produce 1000 t.p.d. and produce both a lead and zinc concentrate with 71% of the silver reporting to the lead concentrate and 9% to the zinc concentrate. The mill, as estimated in late 1984, was about 90% complete. The No.3 zone is developed on two adit levels (3050 level and 2848 level) with up to 2800 feet of

mineralized strike exposed.

Infrastructure in place as at December 1984 included power from four diesel generators, water, tailings impoundment, accommodation for 240 people, fuel storage, office and maintenance shops, and laboratory. Kilborn estimated that 2300 man-days of construction are required to complete the surface installations with some materials still to be purchased.

Control over any future development of this prospect rests not with Dynamic but with Procan. It appears, given Procan's lack of initiative to re-open development, that the Prairie Creek Mine has up until this point been considered uneconomic or not financeable. Further support for this statement is taken from the fact that between February 6, 1985 and June 30, 1986, the Trustee, prepared and distributed a package on the project to prospective purchasers. No satisfactory bid was apparently tendered.

The problems that are overhanging any further development are numerous and time consuming but not so difficult to be considered insurmountable under normal circumstances. Challenges which confront the initiation of production include, in no particular order:

- a) Developing and demonstrating mining plan, method and capacity limits.
- b) Drill and define additional proven reserves as current proven reserves are sufficient only for two years of production at 1000 t.p.d.
- c) Complete detailed metallurgical work inclusive of developing reagent balances and control procedures.
- d) Develop a concentrate handling system from mill to railhead.
- e) Find buyers for the high mercury concentrates.
- f) Recruit and mobilize a skilled and motivated work force as well as developing a comfortable environment and work schedule.
- g) Re-apply for all permits.
- h) Re-opening and repairing the present on-site facilities including underground.
- i) Improving access which may include an all-weather road.
- j) Acquire the necessary funding in order to proceed with development as well as a reasonable working capital position to ensure funding through start-up.

The most important of the above points is funding. In December 1984, Kilborn indicated that to maintain a 60% interest (that being the interest then held by Cadillac) and to take the project to production, the costs were variously estimated at between \$10 and \$20 million. By inference then, for 100% these figures would read \$16.6 to \$33.3 million. Given cost escalations, deterioration of present facilities, costs to re-open the site and re-apply for permitting, such costs could now well exceed \$25 to \$40 million. In addition, this figure does not include construction of a 105 mile long all-weather road which could cost a minimum of \$8-\$10 million.

Therefore, we have assumed that such funding could require up to a year to secure. Thereafter, the balance of the work could take from between two to three years to complete. Given the uncertainty as to any future plans, the hurdles (financial and pre-production) and finally economic parameters relating to metal prices, we have concluded that a significant discounting factor should be employed in order to arrive at a fair and reasonable value to be applied to Dynamic's holdings in Prairie Creek. The details of the discounting employed are described previously in this opinion.

GOLDEN TITAN RESOURCES LTD.

Golden Titan Resources Ltd. is a Vancouver-based mineral exploration company which holds options or interests in three mineral prospects located in British Columbia and Quebec. Expenditures to date are summarized as follows:

Property	Acquisition Costs (\$CDN)	Exploration Costs (\$CDN)	Admin. Costs (\$CDN)	Total (\$CDN)
Gem	5,450	420	3,647	9,517
Adon/Sobs	143,250	24,427	112,212	279,889
Pascalis	78,750	50,980	86,404	216,134

Total costs for all three properties are \$505,540.

Adon/Sobs Claims

The Adon/Sobs claims consist of 16 mineral claims located in the Kamloops Mining Division, B.C. Golden Titan holds a 90% interest in the property. The geology is largely of volcanic origin and hosts a number of massive sulphide occurrences. The claims straddle East Barriere Lake resulting in essentially two areas for investigation. Limited exploration of surface mapping and reconnaissance has been completed. A total of 12 grass-roots exploration targets are reported by management. No current work is proposed.

Gem Claims

The Gem claims adjoin to the south the Adon/Sobs claims and consist of five mineral claims. Golden Titan holds a 50% interest. Virtually no work has been conducted on the property and no work is proposed or planned at present.

Pascalis Property

Golden Titan holds an option to acquire a 100% interest in 32 claims (comprised of two properties) located in Range IV, Pascalis Township, Quebec,

The West group consists of 12 surveyed mining claims totalling 480 hectares. The East group is composed of 20 unsurveyed claims for a total of 320 hectares. On the East group, three holes totalling 319 metres were drilled in 1987 to test the stronger electromagnetic conductors striking east-west and northwest-southeast. The drill holes intersected mostly felsic pyroclastics interlayered with felsic and mafic lavas. The electromagnetic anomalies were explained by massive pyrrhotite bands in the pyroclastics and in one hole the massive mineralization was associated with a graphite schist. Samples analyzed for gold gave low values. The West group was explored by a two-hole diamond drill program, totalling 169 metres, which

was designed to test a weak Induced Polarization anomaly. The two holes drilled near the western boundary intersected granodiorite rocks of the Bourlamaque batholith and mafic lavas. The Induced Polarization anomaly was explained by weak disseminated pyrite in both rock types. Analysis of the mineralized drill cores returned traces of gold. In the eastern part of the property anomalous gold values in soils of up to 1000 ppb are located along and near axes of electromagnetic conductors. No significant work has been completed on the property since late 1987 and at present no work is planned or budgeted.

APPENDIX A

GOLDEN TITAN RESOURCES LTD.

BALANCE SHEET

AS AT MAY 31, 1989

<u>ASSETS</u>	<u>1989</u>
CURRENT ASSETS	
Cash	\$ 1,190
Accounts Receivable	17
Advances to Operators	35,023
Due from Affiliated Companies	<u>10,896</u>
	47,126
MARKETABLE SECURITIES	14,377
MINERAL PROPERTIES	227,450
DEFERRED EXPLORATION AND ADMINISTRATIVE EXPENDITURES	<u>278,090</u>
	<u>567,043</u>
	=====

LIABILITIES

CURRENT LIABILITIES	
Accounts Payable & Accrued Liabilities	\$ 11,128
Due to Affiliated Companies	<u>7,914</u>
	<u>19,042</u>

SHAREHOLDER'S EQUITY

SHARE CAPITAL	1,395,407
DEFICIT	<u>(847,406)</u>
	<u>548,001</u>
	\$ 567,043
	=====

APPROVED BY THE DIRECTORS:

Jan E. Hallie
Director

David H. [Signature]
Director

GOLDEN TITAN RESOURCES LTD.

STATEMENT OF DEFERRED EXPLORATION AND ADMINISTRATIVE EXPENDITURES
FOR THE THREE MONTHS ENDED MAY 31, 1989

1989

EXPLORATION

Pascalis Claims	\$ -
SOBS/ADON Claims	-
GEM Claims	-
	<u>-</u>
Deferred Expenditure at Beginning of Period	75,827
Charged to statement of Loss and Deficit	-
Deferred Expenditure at End of Period	<u>75,827</u>

ADMINISTRATIVE

Deferred Expenditure at Beginning of Period	202,263
Charged to statement of Loss and Deficit	-
Deferred Expenditure at End of Period	<u>202,263</u>

TOTAL DEFERRED EXPENDITURE \$ 278,090
=====

ALLOCATION OF DEFERRED EXPLORATION EXPENDITURE

Pascalis - Quebec	50,980
SOBS/ADON Claims - British Columbia	24,427
GEM Claims - British Columbia	420
	<u>75,827</u>
	\$ <u>75,827</u>
	=====

GOLDEN TITAN RESOURCES LTD.
STATEMENT OF LOSS AND DEFICIT
FOR THE THREE MONTHS ENDED MAY 31, 1989

	<u>1989</u>
ADMINISTRATIVE EXPENSES	
Legal and Audit	\$ 1,265
Management and Consulting	(4,000)
Office Administration	196
Regulatory Fees	4,414
Transfer Fees	<u>781</u>
LOSS BEFORE OTHER ITEMS	2,656
OTHER (INCOME) EXPENSES	
Write-down of Marketable Securities	89
Interest Income	<u>(17)</u>
LOSS (INCOME) FOR THE PERIOD	2,728
DEFICIT, Beginning of Period	<u>844,678</u>
DEFICIT, End of Period	847,406 =====

GOLDEN TITAN RESOURCES LTD.
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE THREE MONTHS ENDED MAY 31, 1989

1989

CASH PROVIDED BY (USED FOR)

OPERATING ACTIVITIES

Net Income (Loss)	\$ (2,729)
Adjust for Items not Requiring an Outlay of Cash	
Write down of Marketable Securities	89
Net Change in Non-Cash Working Capital Items	<u>(8,846)</u>
	<u>(11,486)</u>

INVESTMENT ACTIVITIES

Proceeds from Sale of Marketable Securities	7,261
Exploration Expenditures	-
Acquisition of Mineral Properties	<u>-</u>
	<u>7,261</u>

INCREASE (DECREASE) IN CASH (4,225)

CASH POSITION, Beginning of Period 5,415

CASH POSITION, End of Period 1,190
=====

APPENDIX B

NO. 182 DYNAMIC ENDEAVOURS INC.
BALANCE SHEET
AS AT AUGUST 10, 1989

	\$
CURRENT ASSETS	
Drilling fund (Note 2, 5)	1,576,321
MINING - Investment in Prairie Creek Mine (Note 1, 3, 4)	10,000,000
INCORPORATION COSTS	<u>750</u>
Total Assets	<u>11,577,071</u>
LIABILITIES	
Due to parent company	100,000
SHAREHOLDERS' EQUITY	
Share Capital (Note 6)	11,642,972
Less Deficit	<u>165,901</u>
	<u>11,477,071</u>
	<u>11,577,071</u>

NO. 182 DYNAMIC ENDEAVOURS INC.
 NOTES TO BALANCE SHEET
 AS AT AUGUST 10, 1989

1. The Company has a 40% undivided interest in the Physical Assets of the Prairie Creek mine which includes the equipment, machinery, vehicles, tools, furniture, buildings, improvements, mills, concentrators, fixtures and other assets, plus a 2% Net Smelter Royalty.
2. The drilling fund represents funds payable by Procan Exploration Company Limited for investment in oil exploration lands or oil producing lands pursuant to an Oil Operating Agreement. The Net Oil Production Revenue will be paid for the first three years to the Company and after the first three years of production, will be split 50% to the Company and 50% to Procan Exploration Company Limited.
3. The mining assets are valued based on the following option to purchase granted to Procan Exploration Company Limited:
 - before December 31, 2019 and after receiving \$5,000,000 from the Net Smelter Royalty and the Net Oil Production Revenue, the Company will transfer to Procan Exploration Company Limited one-half of its 40% undivided interest in the Physical Assets of the Prairie Creek Mine upon exercise of the option and payment of \$1.00.
 - before December 31, 2019 and after receiving \$10,000,000 from the Net Smelter Royalty and the Net Oil Production Revenue, the Company will transfer to Procan Exploration Company its remaining undivided interest in the Physical Assets of the Prairie Creek mine upon exercise of the option and payment of \$1.00.
4. The undepreciated capital cost of the mine assets is \$11,308,788 broken down as follows:

	\$
Class 6	23,899
Class 8	48,935
Class 10	309,272
Class 22	912,699
Class 28	<u>10,013,983</u>
	<u>11,308,788</u>

5. The Company is committed to contributing \$58,220 to the drilling fund in addition to the amount payable by Procan Exploration Company Limited.
6. Share Capital

	<u>Shares</u>	<u>\$</u>
Authorized 20,000,000 share of no par value		
Issued and fully paid up	11,642,972	11,642,972

APPENDIX C

PLACID OIL COMPANY
3900 Thanksgiving Tower
Dallas, Texas 75201

July 24, 1987

Coopers & Lybrand Limited, Trustee
Procan Exploration Company Limited
No. 182 Dynamic Endeavours, Inc.

Dear Sirs:

Reference is made to the Oil Operating Agreement between Coopers & Lybrand Limited, Trustee in the Bankruptcy of the Estate of Cadillac Exploration Ltd., a bankrupt and Procan Exploration Company Limited, and Placid Oil Company and No. 182 Dynamic Endeavours, Inc. dated July 17, 1986 ("Oil Operating Agreement").

Placid Oil Company, a debtor-in-possession, hereby resigns and withdraws from the Oil Operating Agreement effective immediately.

Yours truly,



Dan Brown, President

APPENDIX D

PROCAN EXPLORATION COMPANY LIMITED

1400, 727 - 7TH AVENUE S.W., CALGARY, ALBERTA T2P 0Z5

TELEPHONE: (403) 234-7726

TELEX: 038-21651

TELECOPIER: (403) 264-2992

August 4, 1989

Canarim Investment Corp. Ltd.
P.O. Box 10337, Pacific Centre
2100, 609 Granville Street
Vancouver, B.C.
V7Y 1H2

Attention: Mr. Graeme Currie

Dear Sir:

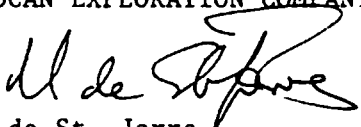
RE: Procان Exploration Company Limited
Obligation to No. 182 Dynamic Endeavours Inc.

Mr. Ian Gallie of First Guardian Petroleum Corp. has requested that I confirm to you the amount of the obligation Procان has to No. 182 Dynamic Endeavours with regard to the Drilling Fund (Article XV of Purchase Agreement dated June 30, 1986).

As of June 30, 1989 Procان's accounting records show this balance to be \$1,587,281. As there has been no recent activity with regard to the Drilling Fund, the balance should be essentially the same at this time.

Yours very truly,

PROCAN EXPLORATION COMPANY LIMITED


M. de St. Jorre
Manager - Minerals Development

MDSJ/aml

c.c. Mr. P. Turton
Coopers & Lybrand, Vancouver

Mr. I. Gallie
First Guardian, Vancouver