

25. Full description of the properties owned by the Company are as follows:

GALENA FARM PROPERTY - SLOCAN MINING DIVISION

The Company holds all right, title and interest in and to those Crown granted mineral claims situate in the Kootenay Land District, Slocan Mining Division of the Province of British Columbia, being described as all minerals, precious and base (save coal), in and under Lots 744, 1330, 1331, 1332 and 1333 all in Group 1 known as the "Currie", "Grover", "Stevenson", "Peerless Revised" and "Kate".

This property was acquired by assignment dated January 25th, 1980, to the Company by W. Paul Hammond acting on behalf of John M. Anderson, a Director of the Company and Canterrex Ltd. (a Company of which W. Paul Hammond, a Director of the Company, is the sole shareholder) of his contractual rights acquired under an Agreement on the 23rd day of January, 1980 between W. Paul Hammond and Galena Mining and Milling Company of 250 Payton Building, in the City of Spokane, State of Washington, United States of America. The only person holding more than 10% of the issued and outstanding shares of Galena Mining and Milling Company is Geoffrey L. Clark, 250 Peyton Building, Spokane, Washington, U.S.A. The full consideration for the transfer of the Galena Farm property and the L.H. property hereinafter referred to was 400,000 escrow shares together with the fulfillment of the contractual obligation under the Agreement of the 22nd day of January, 1980 above referred to. These contractual obligations so far as the Galena Farm property is concerned consist of the payment of \$10,000.00 (which amount has been paid) together with the issuance and allotment of 100,000 escrow shares, being a portion of the escrow shares hereinafter referred to, together with a 3% net smelter return.

The claims are accessible by one mile of good gravel road south from the community of Silverton on the Slocan Lake. Silverton is 82 miles by paved road from the Cominco Smelter at Trail.

The early development of this property from a 220 foot shaft, was financed by English money. The property was idle from 1904 until 1915 when it was acquired by Mr. Clark of Spokane, Washington. A 100 ton mill was built in 1915 but it would appear that insufficient ore was developed to maintain operation. Sixty men were employed in 1916 and after 1917 work became sporadic with small shipments made most years until 1929 when the mill was remodelled and 10,000 tons treated to produce 42,000 oz. Ag. and 242,000 lbs. lead. The mill was shut down in 1930 due to low prices. Small shipments were made in 1936 and 1937 and in 1947 the lease was acquired by Frank Mills. Mr. Mills made small shipments, 1,880 tons in 1949 (being the best year) up to 1966 when the property was optioned to Larch Mining Ltd., such company having reopened the VanRoi Mines located on Slocan Lake just below the Galena Farm. Larch Mining Ltd. carried out an I.P. Survey and drilled two holes totalling 265 feet before the option was dropped in 1970. Production is recorded at 88,000 tons with recovered grade of 6.6 oz. Ag., 3.5% Pb and 5.5% Zn.

NTS: 82F/14W

B.C. MAP:

82F/NW

#67

Mineralization on the property is found in a lode trending N 60 degrees W and dipping about 50 degrees to the north. The lode is offset by a number of normal faults striking N 60 degrees W and dipping about 25 degrees to the south, although one of these, known as the main fault, displaces the lode about 170 feet with the hanging wall portion known as the Galena Farm and the foot wall as the Noonday.

Underground development from the 150 foot level crosscut explores the lode on both the Noonday and Galena Farm segments for about 800 feet laterally. The zone is terminated to the east by a fault striking N 20 degrees W and dipping 70 degrees east.

Other than indicated above there is no underground exploration and development, nor underground plant or equipment. There is no surface plant or equipment although the Company is arranging for the purchase or lease of the requisite equipment to carry out the recommended exploration and development programme by J.W. MacLeod, P.Eng., in his Report dated the 1st day of February, 1980, such work programme consisting of soil sampling, geological mapping, pulse E.M. survey and diamond drilling at a total estimated cost of \$130,000.00.

Since acquisition of the property, the Company spent an initial \$10,000.00 in line cutting and trenching and since then has carried out detailed geophysical and geochemical work on the property which defines several anomalies of interest. The Company is currently arranging a drilling contract to undertake at least 3,000 feet of diamond drilling to test such anomalies. The Company has expended recently on these claims, as well as the L.H. property set out below, the approximate sum of \$50,000.00 and intends to carry out work programmes on both properties.

L.H. PROPERTY - SLOCAN MINING DIVISION

(original copy of this report is filed under Galena Farm Property, NTS: 82F/4W)

The Company holds all right, title and interest in and to those Crown Granted mineral claims situate in the Slocan Assessment District of the Province of British Columbia described as all minerals precious and base (save coal and petroleum) in or under Lots 5735, 2229, 5738, 5739, 5740, 6908, 6909, 6910, 6911 known respectively as Bristol, Baby Ruth, L.H., Camden, C.B., St. Joe, Summit, Basin Fraction and Harlem claims together with all mineral precious and base (save coal, petroleum and natural gas) in and under Lots 5735, 14516, 14515, 8976, 5734, 14923, 14924, 14925, 14926, 14927 known respectively as Commander, Arkoa, Colfax, Harlem Fraction, Congo No. 2, Douglas, Grief Fraction, Pest Fraction, Junior Fraction and Fred Fraction.

This property was acquired by an Assignment dated the 25th day of January, 1980 to the Company by W. Paul Hammond, acting on behalf of John M. Anderson, a Director of the Company and Canterrex Limited (a Company of which W. Paul Hammond, a Director of the Company is the sole shareholder) of his contractual rights acquired under an Agreement dated the 22nd day of January, 1980 between W. Paul Hammond and Helen Margaret Pybus of 1479 West 59th Avenue, Vancouver, B.C. The full consideration for the transfer of the L.H. Property on the Galena Farm Property hereinbefore referred to was 400,000 escrow shares together with the fulfillment of the contractual obligation under the Agreement of the 22nd day of January, 1980 above referred to. These contractual obligations so far as the L.H. Property is concerned consist of the payment of \$30,000.00 (which amount has been paid) together with the issuance of 250,000 escrow shares being a portion of the escrow shares hereinafter referred to together with a 3% net smelter return.

The property is 4 air miles south of Silverton. Access is by way of the old Slocan road for two miles south from Silverton, then 2 and 1/2 miles of a steep, rough trail, which will have to be improved for truck use, leading to the workings.

NTS: 82L/15W

B.C. MAP:
82LNE
#12

Initial staking of this vicinity was carried out in 1895 by Alex Harrison and the area was reported on in the 1895 G.S.C. Annual Report. A.R. Fingland acquired the ground in 1897 and his daughter, Helen Pybus, is referred to above as the Vendor.

By 1911, when the property was optioned by B.C. Copper, numbers 1 and 2 tunnels had been started and development continued until 1914 when the option was dropped and an estimated 33,000 tons of 0.26 Au established. Number 3 tunnel was started in 1915 but most of the work was done in 1934 by J.E.R. Wood. In 1936 Pacific Mines, Petroleum and Development Company optioned the ground and under the direction of H.A. Rose, diamond drilled six holes. In 1939 a Lessor shipped 216 tons to recover 111 ounces (.51) gold. In 1945 and 1946 Kenville Gold drilled 18 holes for a total of 1,507 feet and published an estimate of 60,000 tons of 0.25 Au.

The Slocan is known as a silver-lead-zinc camp but the principal interest to date for the L.H. Property has been gold. The gold here, as on the adjoining Rockland Property, is found in silicified shears mineralized with pyrrhotite, arsenopyrite, pyrite, and minor chalcopyrite.

The L.H. zone strikes east-west and dips to the south. It has been explored laterally for a distance of 500 feet on the east side of Fingland Creek by 3 adits. The mineralized portions of the shear, 15 to a maximum of 40 feet wide, plunges to the west in such a manner that it is exposed for 145 feet in the number 1 tunnel, 60 feet in number 2 and is not found in number 3. Evans B. Mayo who examined the workings in detail for Kelowna Exploration in 1941 concluded that the zone dips to the south so that it would not have been exposed by the number 3 tunnel. This possibility was not tested by Noranda (Kenville Gold) in 1945 and 1946. A small adit was put in on the west side of the creek by B.C. Copper but it is doubtful that this is on the same zone. The Kenville Gold estimate for the explored area was 60,000 tons of 0.25 Au which zone is open up plunge. Within this zone are lenses of high grade as evidenced by old holes 202 (1.44 ounces), 203 (2.22 ounces) and Kenville Hole 8 (1 ounce over 2.5 feet). Gold values are erratic as indicated by the detailed sampling carried out by B.C. Copper. Molybdenum and copper are mentioned in reports but no assays are given. Metallurgical tests carried out for the B.C. Copper Company gave recoveries of 37.5% by amalgamation and 90% by cyanidation.

Other than as indicated above, there is no surface or underground exploration or plant or equipment.

Since acquisition of the Property, the Company has expended approximately \$20,000.00 on road work for access to this property and in mobilizing for the purpose of conducting a programme of exploration and development in accordance with the Report of J.W. MacLeod, P.Eng., dated February 4th, 1980, such work programme consisting of road repair, ground control, collection of rock and soil samples, geophysics - I.P. survey, and geology with respect to Phase I of the programme in the total estimated amount of \$75,000.00, followed by Phase II consisting of 6,000 feet of diamond drilling at an estimated cost of \$240,000.00, for a total cost for Phases I and II of \$315,000.00. The Company has recently constructed 3 miles of road to showings on the property and has carried out preliminary sampling and mapping. Recent expenditures by the Company on this property as well as the Galena property set out above is in the approximate amount of \$50,000.00 and the Company intends to continue an exploration and development programme on this property.

26. There have been no Annual General Meetings yet held.
27. There are no shares listed on any stock exchange nor have the Company's shares ever been de-listed or suspended by any stock exchange. No application for listing the Company's shares on any stock exchange has ever been refused or deferred.
28. There has been no production to date.
29. No dividends of the Company have been paid to date.
30. There are no other material contracts or facts of the Company still in effect which have not been disclosed in the foregoing.
31. A statement showing the distribution of issued capital is as follows:

Shares

1. Free stock:

(a) Distributed and in the hands of the public (exclusive of the promoters, officers and directors of the Company and their agents or trustees)	1,200,000
(b) Distributed and in the hands of the promoters, officers and directors of the Company and their agents or trustees	<u>300,000</u>
Total free stock	1,500,000

2. Escrowed or Pooled stock:

(c) Held in escrow or pool as set out in Item 15	<u>750,000</u>
Total issued capital	2,250,000

3. Record of Shareholders:

Number of shareholders holding shares in class (a) above	451
Number of shareholders holding shares in class (b) above	3
Number of shareholders holding shares in class (c) above	4

32. Statement showing number of shareholders is as follows:

<u>Number</u>	<u>Holder</u> s of	<u>Shares</u>
--	1 - 99 shares	--
10	100 - 499 shares	2,700
165	500 - 999 shares	82,600
164	1000 - 1999 shares	167,800
65	2000 - 2999 shares	136,000
15	3000 - 3999 shares	45,000
5	4000 - 4999 shares	20,000
<u>34</u>	5000 - up shares	<u>1,795,900</u>
<u>458</u> Stockholders	Total Shares	<u>2,250,000</u>

DATE: October 9, 1980