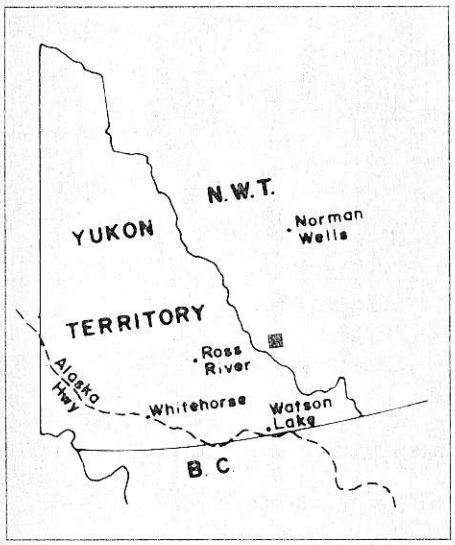
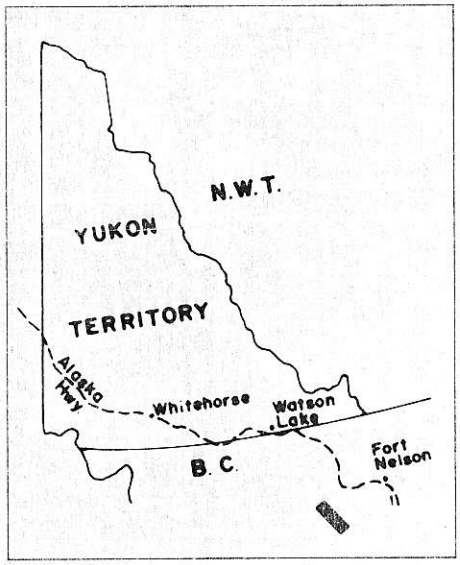


Vulcan

The VULCAN is located 32 kilometres north of Cantung Mine in the Northwest Territories. The VULCAN deposits were discovered and staked in 1978 by the Basin Project and in 1979 Riocanex began comprehensive exploration of the claims. Through an option agreement with Welcome North, Riocanex can purchase the property through payments of $500,000 over a five-year period. The Company will retain a seven percent Net Smelter Return interest should the property become a producer.

Shallow reconnaissance diamond drilling amounting to 1321 metres was performed in 1979 by Riocanex to test a 2000-metre section of the known VULCAN mineral horizon. This section comprises about 20 percent of the total indicated surface trace of the horizon. Drilling was not sufficiently detailed to outline mineral reserves but did indicate the geological and structural characteristics of the deposit. The best mineralization cut in the drilling includes the following section of combined lead-zinc: 3.7 metres of 6.24 percent in Hole No. 1, 6.1 metres of 10.34 percent in Hole No. 3, 2.7 metres of 7.19 percent in Hole No. 6 and 2.3 metres of 6.23 percent in Hole No. 7. Additional lower grade values in lead and zinc over thicknesses of up to 38 metres were also encountered in the drilling. Of particular interest are the thick zones of fluorite found in Holes No. 6 and 7, which assay in excess of 20 percent fluorite. These zones, over 30 metres in Hole No. 7, appear to hold potential economic significance to the deposit as fluorite would contribute approximately $25 Cdn. per ton to the gross value of the ore.

A continuing program of diamond drilling in 1980 is proposed by Riocanex, which will be aimed principally at deeper targets on the property as well as further investigation of surface-indicated strike extensions of the horizon.



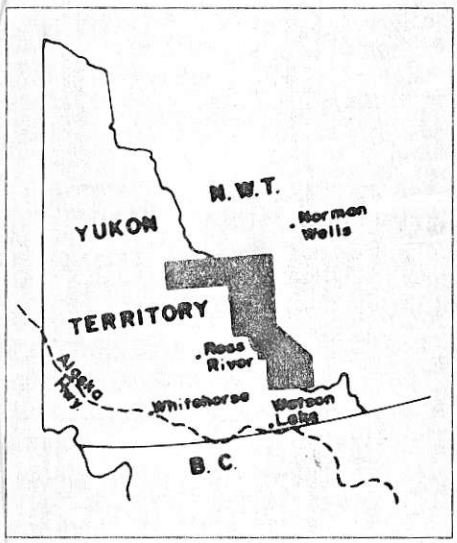
Gataga

In 1980 the Gataga Joint Venture will continue exploration on the Driftpile Creek lead-zinc deposits, under option from Placer Development Ltd. and for the fourth year on its own adjacent claim holdings. Interest in the venture has been spurred by the substantial lead-zinc drill intersections recently announced from the Cirque deposit by Cyprus Anvil Mining Corp. The Cirque, which has similar geological characteristics and occurs in the same metallogenic shale belt as the Gataga deposits, is located 75 kilometres to the southeast.

Welcome North Mines Ltd.

In the Gataga area, 1979 exploration under the management of Welcome North included 2416 metres of diamond drilling in 21 holes. Thirty holes for an accumulated total of 3432 metres have been drilled to date. This work indicates the presence of four mineralized horizons within a 325-metre thickness of Upper Devonian shales. Mineralized intersections have so far been of low grade; 4.5 percent combined lead-zinc (DDH 78-09), and 3.2 metres of 17.7 percent combined lead-zinc (DDH 79-28). Preliminary zoning studies of this mineralization suggest an overall increase in grade beneath cover rocks in a south-westerly direction. Shallow drilling to date in eleven localities over a strike length of 1100 metres indicates reserves of about 20 million tons of material grading 2.38 percent combined lead-zinc.

A program involving some 6000 metres of diamond drilling is proposed for 1980.



Basin Project

The Basin Project relies on the expertise of the Company's Ross River-based prospecting team. Since 1973, the Basin Project has been exploring Cambrian to Mississippian shale and carbonet basin and platform environments in the northwest Cordillera for base metals. The success record is impressive.

1973 Godlin Lakes, N.W.T.

Discovery of 10 carbonate-hosted lead-zinc occurrences. Discoveries farmed out to Cominco, Bethlehem Copper, Cyprus Anvil, Inco, Shell, Amax, Cassiar Asbestos, Conwest and Abitibi. Principal deposit, BEAR GROUP, consists of a deposit open to length and along strike of 8 percent combined lead-zinc.

1974-1976 Arctic Red Project, Yukon and N.W.T.

Discovery of eight carbonate-hosted lead-zinc occurrences, six of which were subsequently drilled by International Mogul, Getty Mines, Utah Mines, Bethlehem Copper and Du Pont Exploration of Canada Limited. Area considered too remote for further immediate exploration.

1977 Woodside Project, Yukon and Basin Project, N.W.T.

Exploration of shale horizons within Selwyn Basin. Program resulted in discovery of ANGIE, PMJ, DEV, LOU and PIM prospects — all optioned to Getty. WOAH TUNGSTEN optioned to Riocanex, MAXI optioned to Utah. Exploration still in progress.

1978 Basin Project, Selwyn Basin, N.W.T.

Discovery of VULCAN lead-zinc deposit, optioned to Riocanex. Large tonnage potential indicated, drilling in progress.

1979 Basin Project, Selwyn Basin, N.W.T.

Joint venture with Riocanex resulted in discovery of MAJESTY lead-zinc-silver deposit and BIG RED, JOLI GREEN, RE carbonate-hosted lead-zinc occurrences as well as MASS precious metal occurrences. Drilling is planned on the MAJESTY in 1980.

In addition, the Basin crew have over seven years found and staked over 50 occurrences — finds which stimulated exploration expenditures in excess of $6 million by participating parties.

The discovery in 1979 of the MAJESTY deposit by the Basin crew has proven the exploration potential of Cambrian shale formations within the eastern margins of the Selwyn Basin.

On-going prospecting for deposits of similar potential is definitely warranted. It is proposed, therefore, to carry out a prospecting program in 1980 through Welcome North Mines.