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Form 12

*Securities Act*

Date Accepted  
For Filing Feb. 17, 1984

**SUPERINTENDENT OF BROKERS  
AND  
VANCOUVER STOCK EXCHANGE**

27/84

**STATEMENT OF MATERIAL FACTS**

VANCOUVER STOCK EXCHANGE - Development Section

**Name of Section**

FREEPORT RESOURCES INC.

**Name of Issuer**

3578 West 47th Avenue, Vancouver, British Columbia

**Address of Head Office of Issuer**

901 - 1199 West Pender Street, Vancouver, British Columbia

**Address of Registered Office of Issuer**

901 - 1199 West Pender Street, Vancouver, British Columbia

**Address of Records Office (Section 39 - Company Act)**

GUARANTY TRUST COMPANY OF CANADA  
800 West Pender Street, Vancouver, British Columbia

**Name & address of Registrar & Transfer Agent  
for Issuer's shares in British Columbia.**

1. DETAILS OF THE CIRCUMSTANCES RELATING  
TO THE OFFERING OF SECURITIES

Offering

Freeport Resources Inc. (the "Issuer") by its Agents hereby offers (the "Offering") to the public through the facilities of the Vancouver Stock Exchange (the "Exchange") 500,000 units (the "Units"), each Unit consisting of one (1) common share and two (2) Series "A" share purchase warrants (the "warrants") (with piggyback "B" warrants attached). The Offering will take place on a day (the "Offering Day") not more than thirty (30) business days after the date (the "Effective Date") this Statement of Material Facts is accepted for filing by the Exchange and the Superintendent of Brokers for British Columbia (the "Superintendent").

The price of the Units (the "Offering Price") will be determined by the Exchange in accordance with its rules and policies, at a price of not less than 10% above the average trading ("Average Trading Price") of the Issuer's common shares as traded on the Exchange and as determined by the Exchange, but in any event at a price of no less than 80¢ per Unit.

The purchaser of any Units will be required to pay regular commission rates as specified in the rules and by-laws of the Exchange.

Appointment of Agents

The Issuer, by an Agreement dated January 30, 1984, appointed McDermid, Miller & McDermid Limited (as to 350,000 Units) and Canarim Investment Corporation Ltd. (as to 150,000 Units) as its agents ("Agents") to offer the Units to the public.

The Issuer will pay the Agents a commission of 7 1/2% of the selling price of the Units.

The Agents have agreed to purchase any Units which remain unsubscribed for at the conclusion of the Offering Day and, in consideration therefor, the Issuer has agreed to allot and issue to the Agents, immediately following the Offering Day, non-transferable share purchase warrants (the "Brokers Warrants") entitling the Agents to purchase a total of 250,000 common shares of the Issuer in the following proportions:

McDermid, Miller & McDermid Limited - 175,000 Warrants  
Canarim Investment Corporation Ltd. - 75,000 Warrants

The Agents may exercise any of the Brokers Warrants within one hundred and eighty (180) days after the Offering Day at a price which is at a premium over the Average Trading Price, as determined in accordance with the rules and policies of the Exchange.

The Issuer has granted the Agents a right of first refusal with respect to any future equity financing it may require during the twelve (12) month period following the Effective Date.

The Agents reserve the right to offer selling group participation in the normal course of the brokerage business to selling groups or other licensed dealers, brokers and investment dealers who may or may not be offered part of the commissions or bonuses derived from this Offering.

The obligations of the Agents under the Agency Agreement may be terminated prior to the completion of the Offering, at the Agents' discretion, on the basis of its assessment of the state of the financial markets and may also be terminated at any time upon the occurrence of certain stated events.

#### Share Purchase Warrants

The share purchase warrants will contain anti-dilution provisions including, among other things, provisions for appropriate adjustment in the class, number and price of shares issuable pursuant to any exercise thereof upon the occurrence of certain events, including any subdivision, consolidation or reclassification of the shares of the Issuer, or the payment of stock dividends.

#### Series "A" Share Purchase Warrants

The Series "A" share purchase warrants to be issued pursuant to the Offering will be transferable and in bearer form and subject to filing with the Exchange of evidence of satisfactory distribution, shall be posted for trading on the Exchange. Two (2) such warrants will entitle the holder to purchase one (1) common share of the Issuer at any time up to the close of business one hundred and eighty (180) days following the Offering Day at a price which is at a 15% premium over the Average Trading Price, determined in accordance with the rules and policies of the Exchange.

#### Series "B" Share Purchase Warrants

The Series "A" share purchase warrants will also entitle the holders thereof who exercise such warrants to receive two (2) Series "B" share purchase warrants for each common share purchased on the exercise of Series "A" warrants. The Series "B" share purchase warrants shall be transferable and in bearer form and subject to filing with the Exchange of evidence of satisfactory distribution shall be posted for trading on the Exchange in accordance with its requirements. Two (2) such warrants will entitle the holder to purchase one (1) common share of the Issuer at any time from their issuance up to the close of business three hundred sixty (360) days from the Offering Day at a price which is at a 30% premium over the Average Trading Price, determined in accordance with the rules and policies of the Exchange.

#### Brokers Warrants

The Brokers Warrants will have the same terms and conditions as the Series "A" warrants except they will be

non-transferable and only one (1) Brokers Warrant is required to purchase one (1) share in the capital of the Issuer and the exercise thereof shall not entitle the holder to any Series "B" share purchase warrants.

Market Range

The common shares of the Issuer are listed only on the Vancouver Stock Exchange and the range of the market price of the common shares of the Issuer and the volume of sales for each of the four weeks immediately preceding the Effective Date is as follows:

<u>Week Ending</u>	<u>High</u>	<u>Low</u>	<u>Close</u>	<u>Volume</u>
January 20, 1984	80¢	80¢	80¢	4,000
January 27, 1984	85	75	85	5,000
February 3, 1984	85	80	85	13,500
February 10, 1984	85	85	85	2,000

The number and percentage of the issued and outstanding securities of the Issuer beneficially owned, directly or indirectly, by the promoters, directors, senior officers and persons holding 10% or more of the issued shares of the Issuer, as a group, is 1,628,149 common shares representing 65.55% of the issued capital of the Issuer.

The Directors, Officers and other Insiders of the Issuer may purchase Units from this Offering.

There are no payments in cash, securities or other consideration being made, or to be made, to a promoter, finder or any other person or company in connection with the Offering.

The Agents may be considered the market maker of the Issuer during the period of primary distribution of this offering. The Agents have advised that they have no shares of the Issuer under their control as of the date hereof.

Estimated Proceeds of the Offering

The Issuer cannot estimate with certainty the price at which the Units will sell, but if all the Units are sold at the minimum price of 80¢ per Unit, the Issuer will receive gross proceeds of \$400,000.00 which, after deduction of commissions of \$30,000.00 will net the Issuer \$370,000.00.

Additional Offerings

A. This Statement of Material Facts also qualifies for sale to the public through the facilities of the Exchange at the market

price for the shares or warrants at the time of the sale, for a period of one hundred and eighty (180) days from the Offering Day, any Units purchased by the Agents on the exercise of the Brokers Warrants. The Issuer will not receive any proceeds from the sale by the Agents of the shares or warrants so acquired by the Agents, all of which proceeds will, in such event, accrue to the Agents.

The following beneficially own, directly or indirectly, in excess of 5% of the capital stock of the Agents:

McDermid, Miller & McDermid Limited

<u>Name and Address</u>	<u>Number and Class of Shares</u>	<u>Percentage</u>
Warring P. Clarke 4423 West 3rd Avenue Vancouver, B.C.	2,590	12.86%
John M. Brandreth #9 - 927 19th Avenue S.W. Calgary, Alberta	2,298	11.41%
Robert J. Rose 6023 Thornbank Dr. N.W. Calgary, Alberta	1,550	7.70%
Robert L. Harrison 5157 Sarita Place North Vancouver, B.C.	1,550	7.70%
John A. Wheeler 5882 Eagle Island West Vancouver, B.C.	1,550	7.70%
Keith N. Aune 6091 Olympic Street Vancouver, B.C.	1,550	7.70%
William D. Taylor 9855 Belfriar Avenue Burnaby, B.C.	1,250	6.21%
James A. Tartaglio 6149 Charles Street Burnaby, B.C.	1,050	5.21%
Leonard E. Fiessel 1080 Pinecrest Lane Kelowna, B.C.	1,050	5.21%

Canarim Investment Corporation Ltd.

<u>Name and Address</u>	<u>Number and Class of Shares</u>	<u>Percentage of Voting Rights</u>
InterCan Holdings Ltd.* 2200 - 609 Granville St. Vancouver, B.C.	800,000 common	82.2%
Michael Wayne Murphy 2200 - 609 Granville St. Vancouver, B.C.	50,000 common	5.1%

\*The greater than 5% shareholders of InterCan Holdings Ltd. are A.E. Turton Investments Ltd., wholly owned by Alfred E. Turton, as to 40%, The MacLachlan Investments Corporation, wholly owned by Peter M. Brown, as to 40%, Petersham Holdings Ltd., wholly owned by Brian D. Harwood, as to 15% and Channing Investments Corporation, wholly owned by Charles Channing Buckland, as to 5%, all of whom have addresses c/o 2200 - 609 Granville Street, Vancouver, B.C.

B. This Statement of Material Facts also qualifies for sale to the public for a period of 90 days from the date of completion of the Units Offering 100,000 shares of the Issuer through the facilities of the Vancouver Stock Exchange at the market price for the shares at the time of the sale. The Issuer will not receive any proceeds from the sale of shares offered for sale by the selling shareholders, all of which proceeds will accrue to the selling shareholders. Details of the shares being offered are as follows:

<u>Selling Shareholder</u>	<u>No. of Shares Owned</u>	<u>No. of Shares Being Qualified for Sale</u>	<u>No. of Shares to be Owned on Completion of the Offering</u>
Clarkdale Enterprises Ltd.* 3578 W. 47th Ave. Vancouver, B.C.	453,000	50,000	403,000
William George Clark 3578 W. 47th Ave. Vancouver, B.C.	903,732	50,000	853,732

\*Clarkdale Enterprises Ltd. is a Company 100% beneficially owned and controlled by William George Clark, President and a Director, Promoter and Insider of the Issuer and his wife.

2. PARTICULARS CONTRIBUTING TO THE SPECULATIVE  
NATURE OF THE SECURITIES BEING OFFERED

The shares of the Issuer must be considered speculative securities.

The mining properties owned by the Issuer are in the exploration and development stage only and are without known bodies of commercial ore. The Issuer's mining claims are unsurveyed and therefore, in accordance with the mining laws of the jurisdiction in which they are located, their existence and area could be in doubt.

The oil and gas properties in which the Issuer has an interest are also in the exploration and development stage. Oil and gas exploration and development is a speculative business marked, among other things, by unprofitable efforts resulting not only from the drilling of dry holes but from wells which, though productive, will not produce oil or gas in sufficient quantities to return a profit on the capital expended.

The marketability of oil and gas will be affected by numerous factors which include market fluctuations, the proximity and capacity of oil and gas pipe lines, government regulation including regulations relating to royalties, allowable production, importing and exporting of oil and gas and environmental protection which cannot be accurately predicted.

3. DETAILS OF MATERIAL CHANGES OR PROPOSED  
MATERIAL CHANGES IN THE AFFAIRS OF THE ISSUER

The last filing by the Issuer with the Vancouver Stock Exchange was a Filing Statement dated August 31, 1983. Since that date, no material changes have occurred in the affairs of the Issuer.

4. HOW THE ESTIMATED NET PROCEEDS OF THE  
ISSUER ARE TO BE SPENT

Although it is not possible to determine the actual net proceeds to be derived by the Issuer from the offering of the Units pursuant to this Statement of Material Facts, in the event all of the 500,000 units are sold at the minimum price of 80¢ per unit, the proceeds would be \$400,000.00 less commissions of \$30,000.00 for a net amount of \$370,000.00.

The principal purposes for which the estimated net proceeds from the sale of the securities offered by this Statement of Material Facts, together with cash on hand in the amount of approximately \$26,540.00 as at November 30, 1983 (after payment of all liabilities), are to be spent, in order of priority, are as follows:

a.	To pay the cost of this offering, approximately:	15,000.00
b.	To provide the Issuer with sufficient funds to be able to pay for one-half of the estimated costs of commencing a phase two exploration program on the Tsirku group of mineral claims located in the Tsirku-Jarvis Glacier area, Northwest British Columbia, in accordance with the recommendations of James McDougall, P.Eng., D. Perkins, B.Sc., and E. Glatiotis, B.Sc., as contained in their report to the Issuer dated November 23, 1983, a copy of which is hereunto attached and forms part of this Statement of Material Facts: (total estimated cost: \$441,000.00) Issuer's portion:	220,500.00
c.	General working capital:	<u>161,040.00</u>
	TOTAL:	<u>\$396,540.00</u>

Any proceeds realized by the Issuer from the exercise of outstanding warrants to purchase additional shares of the Issuer will be applied to general working capital.

None of the proceeds derived from the sale of offered shares will be spent on the acquisition or development of any property without first filing an engineering report acceptable to the Vancouver Stock Exchange recommending such expenditure unless the acquisition or expenditure is incurred on an arm's length basis and:

- The cost of acquisition involving the issuance of shares does not exceed \$50,000.00 and 50,000 shares; or
- The cost of acquisition does not involve the issuance or acquisition of shares and the expenditure does not exceed \$150,000.00.

5. THE FULL NAMES, HOME ADDRESSES AND CHIEF OCCUPATIONS, THE NUMBER OF SHARES OF THE ISSUER BENEFICIALLY OWNED, DIRECTLY OR INDIRECTLY, BY EACH SENIOR OFFICER OR DIRECTOR OF THE ISSUER AND, IF EMPLOYED DURING THE PAST FIVE YEARS, THE NAME OF EACH EMPLOYER

<u>Name and Address</u>	<u>Chief Occupation</u>	<u>Number of Shares of Issuer Beneficially Owned</u>
William George Clark 3578 W. 47th Avenue Vancouver, B.C. President and Director	President of Clarkdale Enterprises Ltd. (a family holding company) (1964 to present); President of Stryker Resources Ltd. (1979 to present)	323,732 direct, free 453,000 indirect, free 580,000 direct, escrow



<u>Name and Address</u>	<u>Chief Occupation</u>	<u>Number of Shares of Issuer Beneficially Owned</u>
Michael Lee Roberts 1804 W. McGee St. Sherman, Texas U.S.A Director	Petroleum Engineer; Vice- President of B.W. Consulting Company, Inc. (1979 to present); President of WWR Royalty Inc.; Vice- President and Director of Lunar Oil & Gas Inc.	136,417 direct, free 115,000 direct, escrow
Douglas Perkins 3339 W. 8th Avenue Vancouver, B.C. Director	Independent Geological Consultant (February, 1982 to present); Geologist, Canada Tungsten Ltd. (February, 1980 to February, 1982); Geologist, Cominco Ltd. (September, 1978 to February, 1980	3,000 direct, free
Martin Julius Mandl 3563 W. 47th Avenue Vancouver, B.C. Secretary	Retired; Secretary of Stryker Resources Ltd.	17,000 direct, free

6. PARTICULARS OF THE CORPORATE STANDING OF THE ISSUER

The Issuer was incorporated in British Columbia on February 4, 1981.

February 4, 1983 is the date to which the last Annual Report of the Issuer was filed with the Registrar of Companies of the Province of British Columbia. All filings required to be made by the Issuer under the Securities Act and the Company Act of the Province of British Columbia are up to date.

The last Meeting of members held by the Issuer was an Annual General Meeting of Members held on May 9, 1983 at which time the audited financial statements for the period ending January 31, 1983 were placed before members.

The Issuer is engaged in the business of acquiring and exploring natural resource properties.

7. THE AUTHORIZED AND ISSUED SHARE CAPITAL OF THE ISSUER

The authorized capital of the Issuer consists of 20,000,000 shares without nominal or par value of which 2,473,500 shares have been issued and allotted as fully paid and non-assessable shares.

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

On May 10, 1983, 250,000 shares of the Issuer's capital stock were issued pursuant to a Prospectus dated September 30, 1982 at a price of 67¢ per share.

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

There are no bonds, debentures, notes, mortgages, charges, liens or hypothecations of the Issuer outstanding as of the date of this Statement of Material Facts.

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,  
LEASED, HELD UNDER OPTION OR OPERATED BY THE ISSUER  
OR ANY SUBSIDIARY THEREOF

A. Tsirku Prospect,  
Atlin Mining Division,  
Province of British Columbia

The Issuer and Stryker Resources Ltd. of 901 - 1199 West Pender Street, Vancouver, British Columbia, each participating equally, are the holders of the absolute right, privilege and option to purchase a 100% undivided interest in and to 54 mineral claims consisting of 831 mineral units located in the Tsirku-Jarvis Glacier area of Northwestern British Columbia.

During the preceding year, the Issuer and Stryker Resources Ltd. spent approximately \$115,000.00 on exploration and development work undertaken on these claims on a program consisting of prospecting and mapping of areas reflecting oxidized ore or "rusty weathering gossans".

Float mapping and the location of various showings have provided target areas for airborne geophysics.

During the ensuing year, the Issuer and Stryker Resources Ltd. intend to commence the second phase of an exploration program recommended on the Tsirku claims by James McDougall, P.Eng., D. Perkins, B.Sc., and A. Glatiotis, B.Sc., in a report to the Issuer and Stryker Resources Ltd. dated November 23, 1983, a copy of which is hereunto annexed and forms part of this Statement of Material Facts. Douglas Perkins is a Director of the Issuer.

The recommended program consists of a dighem survey and a winkie diamond drill program at an estimated expense of \$441,000.00 of which one-half will be paid by the Issuer.

The proposed program is an exploratory program for ore in commercial quantities. The claims have never been in commercial production.

The claims are burdened by a 2 1/2% net smelter return royalty until such time as the Optionor of the lands has received in the aggregate \$1,000,000.00 whereupon the royalty reverts to a 2 1/2% net operating profits interest in and to the claims. The royalty burdens are shared equally by Stryker Resources Ltd. and the Issuer.

Stryker Resources Ltd. is a reporting Company under the laws of the Province of British Columbia having its shares posted for trading on the Vancouver Stock Exchange. William George Clark and Martin Julius Mandl are common Directors and/or Officers with the Issuer and Stryker Resources Ltd.

There is no known body of commercial ore underlying these lands.

B. S.E. Brooks #1A Prospect,  
Grayson County,  
Texas, U.S.A.

The Issuer is, through its wholly-owned subsidiary, the holder of a 12.1% working interest (or an 8.90% net revenue interest after payout) in and to the development of approximately 159 acres of oil and gas leased lands situate in Grayson County, Texas, U.S.A.

The first well participated in by the Issuer involved a recompletion program on a previously abandoned well. The well was completed as a successful oil well; is currently producing 20 barrels of oil per day, and production revenue due and payable to the participants is being held in an escrow account with the operator of the lands until such time as division orders are entered. A delay in the entry of the division orders has been encountered as the operator attempted to collect and distribute the participants' funds following deduction of operating costs. This proposal was rejected by participants.

No funds have been spent on exploration and development work on these leases during the preceding year.

The Issuer does not intend to incur further expenditures in respect of these lands save and except for its pro rata proportion of well operating costs.

C. Shytles #1 Prospect,  
Grayson County,  
Texas, U.S.A.

The Issuer is, through its wholly-owned subsidiary, the holder of a 12.5% working interest (9.375% net revenue

interest) in and to the development of approximately 180 acres of oil and gas leased lands located in Grayson County, Texas, U.S.A.

The well was completed as an oil well on January 9, 1982 and through to April 30, 1982 produced approximately 1,118 barrels of oil.

As a result of clay particles coated by asphaltine embedded in the well, the flow of oil to the bore hole was impeded. Recompletion techniques employed by the operator were moderately successful and the well is currently producing eight barrels of oil and 22 barrels of water per day.

No funds have been spent on this well during the preceding year.

The Company does not intend to spend further funds on this well in the ensuing year save and except for its pro rata proportion of oil well operating costs.

No production revenue has been received from this well to date.

There are no known economic quantities of oil and gas underlying these lands.

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

A. Tsirku Prospect,  
Atlin Mining Division,  
Province of British Columbia

The Issuer and Stryker Resources Ltd., each participating equally, acquired the absolute right, privilege and option to acquire a 100% undivided interest in and to the Tsirku group of mineral claims located in the Atlin Mining Division, Province of British Columbia, under an Agreement dated May 4, 1983, as amended by an Agreement dated August 31, 1983, entered into with John Clive Ball of 3520 - 14th Avenue, Smithers, British Columbia.

Under the terms of the Agreement, the option to purchase a 100% interest in and the mineral claims can be exercised by payment of the following sums due and payable, with the greater of a 2.5% net smelter return or the following minimum advance royalties:

<u>On or Before the Date Below</u>	<u>Advance Royalty</u>	<u>Issuer's Portion (50% of the Advance Royalty)</u>
May 4, 1983	\$19,000.00	\$ 8,000.00
September 1, 1984	30,000.00	15,000.00
September 1, 1985	30,000.00	15,000.00
September 1, 1986	34,000.00	17,000.00
September 1, 1987	38,000.00	19,000.00
September 1, 1988	42,000.00	21,000.00
September 1, 1989	46,000.00	23,000.00
September 1, 1990	50,000.00	25,000.00
September 1, 1991	54,000.00	27,000.00
September 1, 1992	58,000.00	29,000.00
September 1, 1993	60,000.00	30,000.00
September 1, annually until \$1,000,000.00 paid	60,000.00	30,000.00

On the date John Clive Ball has received in the aggregate \$1,000,000.00 from production from the claims, the 2 1/2% net smelter return royalty reverts to a 2 1/2% net profits interest in and to production from the claims.

Stryker Resources Ltd. is a reporting Company having its shares posted and called for trading on the Vancouver Stock Exchange.

William George Clark, the President of the Issuer, is the President, a Director, an Insider and a Promoter of Stryker Resources Ltd. and Martin Julius Mandl is the Secretary of the Issuer and Stryker Resources Ltd.

John Clive Ball is a past Insider of the Issuer by virtue of his being the son of Clive Wolfram Ball who was a Director of the Issuer until August 15, 1983.

John Clive Ball was a Director of Stryker Resources Ltd. during the period November 16, 1979 to August 13, 1983.

B. S.E. Brooks #1A Prospect,  
Grayson, County,  
Texas, U.S.A.

The Issuer's subsidiary acquired a 12.1% working interest (8.90% net revenue interest) in and to approximately 159 acres of oil and gas leased lands located in Grayson County, Texas, U.S.A. under an Agreement dated April 30, 1981 entered into with B.W. Consulting Company, Inc. of 2011 Highway 75 North, Suite 104, Sherman, Texas, U.S.A.

Under the terms of the Agreement entered into with B.W. Consulting Company, Inc., the Issuer was required to pay the lease acquisition costs, and B.W. Consulting Company, Inc. would provide personnel and expertise in assembling leases and thereafter the Issuer and B.W. Consulting Company, Inc. would share equally in any carried working interest retained in the sale of participating interests to sub-purchasers.

Pursuant to the terms of this Agreement, the cost to the Issuer of acquiring the leases was approximately \$31,245.00 Cdn. and as a result of the expenditure, the Issuer retained an approximate 11% carried working interest in and to the lands through to the tanks.

In addition, the Issuer decided to retain a 1.1% participating working interest in and to the lands on terms which require that the Issuer pay 1.1% of the estimated cost of re-entering the well. The sums paid by the Issuer on account of its participating interest was the sum of \$3,237.00.

B.W. Consulting Company, Inc. is a Company 100% beneficially owned and controlled by William Ward and Michael Lee Roberts. Michael Lee Roberts is a Director and Insider of the Issuer.

The lands are burdened by landowner and gross overriding royalties not exceeding 30%.

C. Shytles No. 1 Prospect,  
Grayson County,  
Texas, U.S.A.

The Issuer acquired the absolute right, privilege and option to participate to the extent of a 12.5% working interest (9.375% net revenue interest) in and to the development of approximately 100 acres of oil and gas leased lands located in Grayson County, Texas, U.S.A. under an Agreement dated April 30, 1981 and a subsequent Agreement dated May 26, 1981 entered into with Clarkdale Enterprises Ltd. of 3578 West 47th Avenue, Vancouver, British Columbia, for and in consideration of 750,000 fully paid and non-assessable shares of the Issuer's capital stock issued subject to escrow restrictions, and further by the Issuer agreeing to assume the obligations of Clarkdale Enterprises Ltd. under Agreements entered into with B.W. Consulting Company, Inc. of 2011 Highway 75 North, Suite 104, Sherman, Texas, U.S.A., the operator of the lands.

Under the terms of the Assignment Agreement entered into with Clarkdale Enterprises Ltd., the escrowed shares due to be issued and allotted under the terms of the Assignment Agreement were to be issued and allotted as follows:

<u>Name</u>	<u>Number of Shares</u>
William George Clark	350,000
William H. Ward	115,000
Dale Whittington	115,000
Michael Lee Roberts	115,000
Clive W. Ball	50,000
Martin Julius Mandl	5,000

Under the terms of the Agreement assumed by the Issuer, the Issuer was required to pay \$67,963.83 Cdn.

representing its pro rata proportion of turnkey costs of re-entering a well previously drilled on the lands and abandoning or completing the well to the tanks in order to earn a 9.375% working interest in and to the lands.

Under separate terms of participation relating to an additional 3.125% working interest acquired under the May 26, 1981 assignment, the Issuer paid \$17,925.36 representing 4.17% of the estimate cost of re-entering the well and abandoning or completing the well to the tanks.

Clarkdale Enterprises Ltd. is a Company 100% beneficially owned and controlled by William George Clark, President and a Director, Promoter and Insider of the Issuer, and his wife.

B.W. Consulting Company, Inc. is a Company 100% beneficially owned and controlled by William H. Ward and Michael Lee Roberts. Michael Lee Roberts is a Director and Promoter of the Issuer.

D.           Kourt #1 Prospect,  
              Grayson County,  
              Texas, U.S.A.

Under the terms of an Agreement dated April 30, 1981 entered into with B.W. Consulting Company, Inc., the Issuer acquired a 12.5% working interest (9.375% net revenue interest) in and to the development of 95.3 acres of oil and gas leased lands located in Grayson County, Texas, U.S.A.

Under the terms of the Agreement entered into with B.W. Consulting Company, Inc., the Issuer was required to pay \$89,048.00 representing its pro rata proportion of turnkey costs of drilling a re-entry well on the property to completion, including tanks, in order to earn a 12.5% working interest in and to the lands.

B.W. Consulting Company, Inc. acquired the leases for approximately \$12,226.50.

The estimated cost of drilling the well was \$424,593.00.

The well was dry and abandoned and further development of these lands has been discontinued.

E.           N.E. Southmayd Prospect,  
              Grayson County,  
              Texas, U.S.A.

The Issuer acquired the right to participate to the extent of a 1.5% working interest (1.1925% - 1.05% net revenue interest) in the development of approximately 698 acres of oil and gas leased lands located in Grayson County, Texas, U.S.A.

under an Agreement dated November 24, 1981 entered into with WWR Royalty Inc. of 2011 Highway 75 North, Suite 104, Sherman, Texas, U.S.A.

Under the terms of the Agreement entered into with WWR Royalty Inc., the Issuer was required to pay 1.7145% of the cost of drilling a re-entry well and one additional well on three separate leases relating to the lands in order to earn a 1.5% working interest in and to the lands.

The cost to the Issuer of participating in the drilling of this well was approximately \$16,790.00.

The wells were unsuccessful and further development of the lands has been discontinued.

The holders of a greater than 5% interest in and to the issued and outstanding shares of WWR Royalty Inc. are Michael Lee Roberts, William H. Ward and Dale Whittington and Mark I Energy Ventures Ltd. of Suite 1800 - 847th Avenue S.W., Calgary, Alberta. Mark I Energy Ventures Ltd. is a Company owned and controlled by B.J. Pfeffer and Barry Lahey of the same address.

12. THE NAME AND ADDRESS OF ANY PERSON OR COMPANY WHO IS OR WHO HAS BEEN A PROMOTER OF THE ISSUER WITHIN THE PRECEDING TWO YEARS AND THE NATURE AND AMOUNT OF ANYTHING OF VALUE RECEIVED OR TO BE RECEIVED FROM THE ISSUER

William George Clark and Michael Lee Roberts are the Promoters of the Issuer.

During the preceding two years, the following benefits have been extended to Promoters of the Issuer:

- a. William George Clark received 350,000 escrowed shares of the Issuer's capital stock and Michael Lee Roberts received 115,000 escrowed shares of the Issuer's capital stock under an Agreement dated April 30, 1981 pursuant to which the Issuer acquired an assignment of a right to participate to the extent of a 9.125% working interest in the development of approximately 100 acres of oil and gas leased lands located in Grayson County, Texas, U.S.A.;
- b. Clarkdale Enterprises Ltd., a Company 100% beneficially owned and controlled by William George Clark and his wife, purchased 600,000 shares of the Issuer's capital stock at a price of 20¢ per share and Michael Lee Roberts purchased 186,667 shares of the Issuer's capital stock at a price of 20¢ per share, both on September 30, 1981;



- c. William George Clark received an option to purchase 123,000 fully paid and non-assessable shares of the Issuer's capital stock and Michael Lee Roberts received an option to purchase 50,000 fully paid and non-assessable shares of the Issuer's capital stock, both exercisable at a price of \$1.15 per share under Director and Key Employee Stock Option Agreements dated May 9, 1983;
- d. William George Clark managed the affairs of the Issuer for a fee of \$2,000.00 per month commencing January 31, 1983 and as a result thereof, has received management fees of \$24,000.00 during the preceding two years.

13. THE NUMBER OF SHARES OF THE ISSUER HELD IN ESCROW OR IN POOL AND A BRIEF STATEMENT OF THE TERMS OF ESCROW OR POOLING AGREEMENTS

750,000 shares of the Issuer's capital stock are held in escrow with Guaranty Trust Company of Canada, 800 West Pender Street, Vancouver, British Columbia, subject to release only at the direction of the Vancouver Stock Exchange. The escrowed shares may be required to be surrendered to the Issuer by way of gift for cancellation in the event the Issuer abandons or discontinues work on the acreage acquired in consideration for the issuance and allotment of the escrowed shares.

368,375 shares of the Issuer's capital stock are held in pool with Guaranty Trust Company of Canada, 800 West Pender Street, Vancouver, British Columbia, to be released to the holders of the shares on March 22, 1984.

14. THE NUMBER OF EQUITY SHARES OF THE ISSUER OWNED BENEFICIALLY, DIRECTLY OR INDIRECTLY, BY EACH PERSON OR COMPANY WHO OWNS, OR IS KNOWN BY THE SIGNATORIES HERETO TO OWN BENEFICIALLY, DIRECTLY OR INDIRECTLY, MORE THAN 10% OF THE EQUITY SHARES OF THE ISSUER

William George Clark, President and a Director of the Issuer, of 3578 West 47th Avenue, Vancouver, British Columbia and Michael Lee Roberts, a Director of the Issuer, of 1804 West McGee Street, Sherman, Texas, U.S.A, are the only parties known to the signatories hereto who own more than 10% of the issued and outstanding shares of the Issuer.

William George Clark holds 1,356,732 shares in the capital stock of the Issuer representing 54.9% of the issued and outstanding share capital of the Issuer. Michael Lee Roberts owns 251,417 shares in the capital stock of the Issuer, representing 10.16% of the issued and outstanding share capital of the Issuer.

15. BRIEF STATEMENT OF ANY MATERIAL LEGAL PROCEEDINGS TO WHICH THE ISSUER OR ANY OF ITS SUBSIDIARIES IS A PARTY OR WHOSE PROPERTY IS THE SUBJECT TO SUCH PROCEEDINGS

The Issuer is not a party to an material legal proceedings.

16. THE AGGREGATE DIRECT OR INDIRECT REMUNERATION PAID OR PAYABLE BY THE ISSUER AND ITS SUBSIDIARIES DURING THE PAST YEAR TO INSIDERS OF THE ISSUER

During the past year, the Issuer paid William George Clark \$24,000.00 for managing the affairs of the Issuer.

In addition, the following Director and Key Employee Stock Options have been granted under Director and Key Employee Stock Option Agreements dated May 9, 1983, all of which Options are exercisable at a price of \$1.15 per share on or before May 9, 1984:

Directors Stock Options

<u>Name</u>	<u>Number of Shares</u>
William George Clark	123,000

Key Employee

<u>Name</u>	<u>Number of Shares</u>
Martin Julius Mandl	73,000
Michael Lee Roberts	50,000

17. BRIEF PARTICULARS OF ALL OPTIONS TO PURCHASE SECURITIES OF THE ISSUER UNLESS OTHERWISE DISCLOSED HEREIN

There are no options to purchase securities of the Issuer not already disclosed in any other item.

18. THE DATES OF AND PARTIES TO AND THE GENERAL NATURE OF EVERY MATERIAL CONTRACT ENTERED INTO BY THE ISSUER OR ANY SUBSIDIARY WITHIN THE PRECEDING TWO YEAR WHICH IS STILL IN EFFECT AND NOT PREVIOUSLY DISCLOSED HEREIN

No other material contracts have been entered into by the Issuer during the preceding two years which is still in effect and not disclosed herein. Material contracts of the Issuer may be inspected at 901 - 1199 West Pender Street, Vancouver, British Columbia, during normal business hours so long as the securities offered hereby are in primary distribution and for a period of 30 days after completion of the primary distribution.

19. PARTICULARS OF ANY MATERIAL FACTS RELATING  
TO THE SECURITIES BEING OFFERED AND NOT  
DISCLOSED UNDER ANY OTHER ITEM

The Issuer has concluded negotiations with Darien Resources Ltd. and its wholly-owned subsidiary, Darien Mining Company S.A., both care of 523 - 470 Granville Street, Vancouver, British Columbia, and has arrived at terms of an agreement pursuant to which the Issuer has received the right to earn 50% of Darien Mining Company S.A.'s interest in and to an exploration concession to be granted by the Republic of Panama related to the mineral rights attached to approximately 48,288 hectares of land located in the Republic of Panama ("concession lands").

The Issuer can earn 50% of the subsidiary's interest in and to the concession lands and any exploitation and extraction concessions subsequently granted, by spending up to \$200,000.00 Cdn., to be advanced before December 31, 1984, on a feasibility study to be prepared in order to determine the economic potential of placer deposits located on a portion of the concession lands.

In the event the feasibility study concludes that the concession lands contain mineral products in economic quantities defined as no less than 25,000,000 cubic meters of alluvial soils or placer materials containing an average grade of one gram of gold per cubic yard or better, the Issuer has agreed to commence a takeover bid of the issued and outstanding capital stock of Darien Resources Ltd. on or before December 31, 1985, subject to compliance with all requirements under the Company Act and the Securities Act of the Province of British Columbia. The takeover bid would require that the Issuer issue one share of the Issuer for each and every share of Darien Resources Ltd. acquired, and Darien Resources Ltd. has covenanted that there will not be issued and outstanding more than 2,299,000 shares as of the date of the takeover bid.

Darien Resources Ltd. is a Company incorporated under the laws of the Province of British Columbia.

The holders of a greater than 10% interest in and to the issued and outstanding shares of Darien Resources Ltd. are Paris E. Royo of 8110 Stockton Boulevard, Sacramento, California; R.J. Gilroy of 201 Cook Place, 8251 Cook Road, Richmond, B.C.; W.D. Rorison of 4944 Dogwood Drive, Delta, B.C.; and S.A. McCreehy of 281 A Evergreen Drive, Port Moody, B.C.

William George Clark, President of the Issuer, owns 208,000 shares in the issued and outstanding capital of Darien Resources Ltd.

The Issuer will offer Stryker Resources Ltd. the opportunity to participate in this agreement to the extent of one-half of the Issuer's interest. Stryker Resources Ltd. is a related reporting Company trading on the Vancouver Stock Exchange, having some common Directors and Officers.

The terms of the above agreement are subject to favourable engineering recommendations and regulatory body approval.

There are no other material contracts relating to the securities being offered hereunder and not otherwise disclosed herein.

FREEMPORT RESOURCES INC.  
CONSOLIDATED FINANCIAL STATEMENTS  
JANUARY 31, 1983

*McAfee, Lilly & Co.*

CHARTERED ACCOUNTANTS

Suite 900 - 1055 West Hastings Street,  
Vancouver, B.C., Canada V6E 2G2

Telephone (604) 685-1351

Suite 215 - 260 West Esplanade,  
North Vancouver, B.C. Canada V7M 3G7

Telephone (604) 984-4311

AUDITORS' REPORT

To the Shareholders,  
Freeport Resources Inc.

We have examined the consolidated balance sheet of Freeport Resources Inc. as at January 31, 1983 and the consolidated statements of deferred exploration, development and other expenditures and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company as at January 31, 1983 and the results of its operations and the changes in its financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

*McAfee, Lilly & Co.*

Chartered Accountants

Vancouver, B.C.  
April 12, 1983

VANCOUVER OFFICE

A.W. Lilly, B.Comm., C.A., M.C. Butschler, C.A., K.L. Johannesson, C.A., R.L. McWilliams, B.A., C.A., T.R. Pallone, C.A.

NORTH VANCOUVER OFFICE

B.P. McAfee, C.A., J.N. Godding, B. Comm., C.A.

FREEPORT RESOURCES INC.  
CONSOLIDATED BALANCE SHEET  
JANUARY 31, 1983

	<u>1983</u>	<u>1982</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and term deposits	\$ 21,349	\$ 44,795
Accrued interest receivable	<u>          -</u>	<u>          217</u>
	21,349	45,012
INTERESTS IN PETROLEUM AND NATURAL GAS LEASES (Notes 1 and 2)	226,349	254,357
DEFERRED EXPLORATION, DEVELOPMENT AND OTHER EXPENDITURES (Note 1)	61,401	4,315
<b>OTHER ASSETS</b>		
Incorporation expense, at cost	<u>          1,516</u>	<u>          1,516</u>
	<u>\$310,615</u>	<u>\$305,200</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITES</b>		
Accounts payable and accruals	\$ 8,415	\$ 3,000
<b>SHAREHOLDERS' EQUITY</b>		
<b>SHARE CAPITAL</b>		
Authorized 20,000,000 shares without par value		
Issued (Note 4) 2,223,500 shares	<u>          302,200</u>	<u>          302,200</u>
	<u>\$310,615</u>	<u>\$305,200</u>

APPROVED BY THE DIRECTORS

W. E. Clark Director  
Clare W. Bell Director

The accompanying notes are an integral part of these financial statements.

*McCree, Lilly & Co.*  
CHARTERED ACCOUNTANTS

FREEPORT RESOURCES INC.

CONSOLIDATED STATEMENT OF DEFERRED EXPLORATION, DEVELOPMENT AND OTHER EXPENDITURES  
YEAR ENDED JANUARY 31, 1983

	<u>1983</u>	<u>1982</u>
<b>EXPLORATION AND DEVELOPMENT</b>		
Engineering evaluations	\$ -	\$ 3,067
Operating and treatment costs	47,272	-
Travel - site examination	<u>1,132</u>	<u>878</u>
	48,404	3,945
Lease bonus	<u>(7,406)</u>	<u>-</u>
	<u>40,998</u>	<u>3,945</u>
<b>ADMINISTRATION</b>		
Audit	1,300	1,500
Automotive	796	536
Bank charges	80	56
Business development	30	551
Gain on disposition of lease property	(847)	-
Loss on exchange	323	229
Legal	9,933	1,500
Miscellaneous	95	540
Office equipment rental	1,228	616
Office and postage	1,398	984
Subscriptions	182	176
Telephone	723	591
Travel	<u>1,798</u>	<u>630</u>
	17,039	7,909
Interest income	<u>(951)</u>	<u>(7,539)</u>
	<u>16,088</u>	<u>370</u>
<b>EXPENDITURES FOR THE YEAR</b>	57,086	4,315
Deferred exploration, development and other expenditures, beginning	<u>4,315</u>	<u>-</u>
<b>DEFERRED EXPLORATION, DEVELOPMENT AND OTHER EXPENDITURES, ENDING</b>	<u>\$ 61,401</u>	<u>\$ 4,315</u>

The accompanying notes are an integral part of these financial statements.



FREEPORT RESOURCES INC.  
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION  
YEAR ENDED JANUARY 31, 1983

	<u>1983</u>	<u>1982</u>
<b>SOURCE OF WORKING CAPITAL</b>		
Proceeds from issuance of share capital	\$ -	\$294,700
Share capital issued for interest in petroleum and natural gas lease	-	7,500
Proceeds from sale of interest in petroleum and natural gas leases	<u>32,092</u>	<u>-</u>
	<u>32,092</u>	<u>302,200</u>
<b>APPLICATION OF WORKING CAPITAL</b>		
Deferred exploration, development and other expenditures	57,086	4,315
Add: Item not providing working capital		
Gain on disposition of resource property	<u>847</u>	<u>-</u>
	57,933	4,315
Acquisition of interests in petroleum and natural gas leases	3,237	254,357
Incorporation expense	<u>-</u>	<u>1,516</u>
	<u>61,170</u>	<u>260,188</u>
INCREASE (DECREASE) IN WORKING CAPITAL	(29,078)	42,012
WORKING CAPITAL, BEGINNING	<u>42,012</u>	<u>-</u>
WORKING CAPITAL, ENDING	<u>\$ 12,934</u>	<u>\$ 42,012</u>

The accompanying notes are in integral part of these financial statements.

FREEPORT RESOURCES INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JANUARY 31, 1983

1. SIGNIFICANT ACCOUNTING POLICIES

a) Principles of consolidation

These financial statements include the accounts of Freeport Resources Inc. and its wholly-owned subsidiary Freeport Resources (U.S.) Inc.

b) Deferred Exploration, Development and Other Expenditures

Exploration, development and administration costs incurred are deferred until the property to which they relate is placed in production, sold or abandoned. When properties are surrendered or sold, an appropriate portion of the deferred costs is charged to income.

2. INTERESTS IN PETROLEUM AND NATURAL GAS LEASES

	<u>1983</u>	<u>1982</u>
Texas		
Shybles Lease, Grayson County		
12.5% working interest - cash of \$85,889		
and 750,000 escrow shares at a deemed		
price of .01¢ per share		
- share of cost estimate to tanks	\$ 93,389	\$ 93,389
Kourt Lease, Grayson County		
12.5% working interest - cash		
- share of lease acquisition	1,987	1,987
- share of cost estimate to tanks	87,061	87,061
Sanders Lease, Grayson County		
3.125% working interest - cash		
- share of lease acquisition	500	500
- share of cost estimate to tanks	22,087	22,087
S.E. Brooks I A Lease, Grayson County		
- lease acquisition costs - cash	<u>3,237</u>	<u>31,245</u>
Sub Total	208,261	236,269

*McAfee, Lilly & Co.*

CHARTERED ACCOUNTANTS

FREEPORT RESOURCES INC.  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
 JANUARY 31, 1983

3. INTERESTS IN PETROLEUM AND NATURAL GAS LEASES (cont'd)

Texas			
	Carried forward	208,261	236,269
Southmayd Lease, Grayson County			
1.5% working interests in the following prospects - cash			
a) "McCullough"			
- share of leasehold and acreage cost		1,120	1,120
- share of cost estimates of drilling a re-entry well		15,405	15,405
b) "J.E. Fallon"			
- share of lease cost		962	962
c) "C.B. Fallon"			
- share of lease cost		<u>601</u>	<u>601</u>
		<u>\$226,349</u>	<u>\$254,357</u>

4. SHARE CAPITAL

Share capital has been issued for the following consideration to January 31, 1983:

	<u>Shares</u>	<u>Consideration</u>
Cash	1,473,500	\$294,700
Interest in petroleum and natural gas lease	<u>750,000</u>	<u>7,500</u>
	<u>2,223,500</u>	<u>\$302,200</u>

No shares were issued during the year ended January 31, 1983.

5. RELATED PARTY TRANSACTIONS

The company advances funds to companies controlled by directors and shareholders of Freeport Resources Inc. for its share of operating costs of petroleum and natural gas leases. Total advances during the year ended January 31, 1983 were 47,272.

FREEPORT RESOURCES INC.  
CONSOLIDATED FINANCIAL STATEMENTS  
NOVEMBER 30, 1983

COMMENTS ON UNAUDITED  
INTERIM FINANCIAL INFORMATION

To the Directors,  
Freeport Resources Inc.

We have prepared the accompanying unaudited interim financial information comprising a consolidated balance sheet, consolidated statements of deferred exploration, development and other expenditures and changes in financial position for the ten months ended November 30, 1983 from the records of Freeport Resources Inc. and from other information supplied to us by the company and have reviewed such interim financial information. Our review, which was made in accordance with standards established for such reviews, consisted primarily of enquiry, comparison and discussion.

We have not performed an audit and consequently do not express an opinion on this interim financial information. The most recent audited financial statements issued to shareholders on which we have expressed an opinion were for the year ended January 31, 1983.

Vancouver, B. C.  
January 17, 1984

*McAfee Lilly & Co.*  
Chartered Accountants



FREEPORT RESOURCES INC.

CONSOLIDATED STATEMENT OF DEFERRED EXPLORATION, DEVELOPMENT AND OTHER EXPENDITURES

TEN MONTHS ENDED NOVEMBER 30, 1983

(With comparative figures for the year ended January 31, 1983)

(Prepared without audit)

	November 30, 1983	January 31, 1983
<b>EXPLORATION AND DEVELOPMENT</b>		
Assessment work	\$ 29,478	\$ -
Drilling	1,190	-
Engineering evaluations	3,080	-
Operating and treatment costs	3,496	47,272
Travel - on site	24,045	1,132
	<u>61,289</u>	<u>48,404</u>
Lease bonus	-	(7,406)
	<u>61,289</u>	<u>40,998</u>
<b>ADMINISTRATION</b>		
Audit and accounting	4,150	1,300
Automotive	1,339	796
Bank charges	142	80
Business development	120	30
Consulting	120	-
Gain on disposition of lease property	-	(847)
Loss on exchange	-	323
Legal	9,748	9,933
Management fees (Note 6)	16,000	-
Miscellaneous	251	95
Office equipment rental	-	1,228
Office and postage	2,370	1,398
Shareholders' information	1,793	-
Stock exchange fees	3,020	-
Subscriptions	315	182
Taxes	70	-
Telephone	1,646	723
Transfer agents fees	3,197	-
Travel	617	1,798
Workers compensation	580	-
	<u>45,478</u>	<u>17,039</u>
Interest income	(2,783)	(951)
	<u>42,695</u>	<u>16,088</u>
<b>EXPENDITURES FOR THE YEAR</b>	<b>103,984</b>	<b>57,086</b>
Deferred exploration, development and other expenditures, beginning	<u>61,401</u>	<u>4,315</u>
<b>DEFERRED EXPLORATION, DEVELOPMENT AND OTHER EXPENDITURES, ENDING</b>	<b><u>\$165,385</u></b>	<b><u>\$ 61,401</u></b>

The accompanying notes are an integral part of these financial statements.

*McAfee, Lilly & Co.*

CHARTERED ACCOUNTANTS

FREEPORT RESOURCES INC.  
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION  
TEN MONTHS ENDED NOVEMBER 30, 1983  
(With comparative figures for the year ended January 31, 1983)  
(Prepared without audit)

	November 30, 1983	January 31, 1983
<b>SOURCE OF WORKING CAPITAL</b>		
Proceeds from issuance of share capital	\$125,000	\$ -
Proceeds from sale of interest in petroleum and natural gas leases	-	32,092
Refund of lease acquisition costs	<u>8,902</u>	<u>-</u>
	<u>133,902</u>	<u>32,092</u>
<b>APPLICATION OF WORKING CAPITAL</b>		
Deferred exploration, development and other expenditures	103,984	57,086
Add: Item not providing working capital Gain on disposition of resource property	<u>-</u>	<u>847</u>
	103,984	57,933
Purchase of fixed asset	2,500	-
Acquisition of interests in petroleum and natural gas leases	10,172	3,237
Advances to associated company	<u>5,494</u>	<u>-</u>
	<u>122,150</u>	<u>61,170</u>
<b>INCREASE (DECREASE) IN WORKING CAPITAL</b>	<b>11,752</b>	<b>(29,078)</b>
<b>WORKING CAPITAL, BEGINNING</b>	<u>12,934</u>	<u>42,012</u>
<b>WORKING CAPITAL, ENDING</b>	<u>\$ 24,686</u>	<u>\$ 12,934</u>

The accompanying notes are in integral part of these financial statements.

*McGee, Lilly & Co.*

CHARTERED ACCOUNTANTS



FREEPORT RESOURCES INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOVEMBER 30, 1983

(With comparative figures at January 31, 1983)

(Prepared without audit)

1. SIGNIFICANT ACCOUNTING POLICIES

Deferred Exploration, Development and Other Expenditures

Exploration, development and administration costs incurred are deferred until the property to which they relate is placed in production, sold or abandoned. When properties are surrendered or sold, an appropriate portion of the deferred costs is charged to income.

2. RESOURCE PROPERTIES

The company has acquired the following interests either directly or through its wholly-owned subsidiary:

	November 30, 1983	January 31, 1983
a) U. S. Properties - Texas		
Shytles Lease, Grayson County		
12.5% working interest - cash of \$85,889 and 750,000 escrow shares at a deemed price of \$.01 per share		
- share of cost estimate to tanks	\$107,074	\$ 93,389
Kourt Lease, Grayson County		
12.5% working interest - cash		
- share of lease acquisition	1,987	1,987
- share of cost estimate to tanks	87,061	87,061
Sanders Lease, Grayson County		
This acquisition was cancelled and total costs incurred, net of a refund of \$8,902, were applied to the company's acquisition obligations on the Shytles Lease	-	22,587
S. E. Brooks 1 A Lease, Grayson County		
- lease acquisition costs - cash	3,237	3,237
Southmayd Lease, Grayson County		
1.5% working interests in the following prospects - cash		
a) "McCullough"		
- share of leasehold and acreage cost	1,120	1,120
- share of cost estimates of drilling a re-entry well	15,405	15,405
b) "J. E. Fallon"		
- share of lease cost	962	962
c) "C. B. Fallon"		
- share of lease cost	601	601
	<u>217,447</u>	<u>226,349</u>

*McAffee, Lilly & Co.*

CHARTERED ACCOUNTANTS

FREEPORT RESOURCES INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOVEMBER 30, 1983

(With comparative figures at January 31, 1983)

(Prepared without audit)

2. INTERESTS IN PETROLEUM AND NATURAL GAS LEASES

(Continued)

<u>November 30,</u> 1983	<u>January 31,</u> 1983
-----------------------------	----------------------------

b) Canadian Property

Windy Craggy Prospect, Atlin Mining Division,  
British Columbia  
Tsirku and Jarvis claims (See Note 3)

The company by agreement, will be required to make annual advance royalty payments commencing September 1, 1984 of \$15,000, increasing to \$30,000 by September 1, 1993, until a total of \$500,000 has been paid.

\$ <u>10,172</u>	\$ <u>      -</u>
\$ <u>227,619</u>	\$ <u>226,349</u>

3. DEFERRED EXPLORATION, DEVELOPMENT AND OTHER EXPENDITURES

	<u>Balance</u> January 31, 1983	<u>Expenditures</u> Current Period	<u>Balance</u> November 30, 1983
<b>Exploration and Development</b>			
Canadian property	\$ -	\$ 54,946	\$ 54,946
U. S. properties	<u>44,943</u>	<u>6,343</u>	<u>51,286</u>
	44,943	61,289	106,232
Administrative	<u>16,458</u>	<u>42,695</u>	<u>59,153</u>
	<u>\$ 61,401</u>	<u>\$103,984</u>	<u>\$165,385</u>

*McAfee, Lilly & Co.*

CHARTERED ACCOUNTANTS

FREEPORT RESOURCES INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
NOVEMBER 30, 1983  
(With comparative figures at January 31, 1983)  
(Prepared without audit)

4. SHARE CAPITAL

Share capital has been issued for the following consideration to November 30, 1983:

	<u>Shares</u>	<u>Consideration</u>
Cash	1,723,500	\$419,700
Interest in petroleum and natural gas lease	<u>750,000</u>	<u>7,500</u>
	<u>2,473,500</u>	<u>\$427,200</u>

During the ten months ending November 30, 1983 the company issued 250,000 shares @ \$.50 per share, netting the company \$125,000 after commissions.

The company also granted Directors and Key Employees stock options on 246,000 shares of the company's stock, exercisable at \$1.15 per share on or before May 9, 1984.

5. RELATED PARTY TRANSACTIONS

By agreement dated May 4, 1983 Freeport Resources Inc. and Stryker Resources Ltd. each purchased a 50% interest in the "Tsirku and Jarvis claims" located in the Atlin Mining District, British Columbia. Freeport Resources Inc. pays the majority of expenditures, receiving periodic advances from Stryker Resources Ltd. Both companies are controlled by the same shareholders. The company has received \$54,150 in advances and is owed a further \$5,500 from this related company, all money having been expended on exploration of the Tsirku property.

The company advances funds to companies controlled by directors and shareholders of Freeport Resources Inc. for its share of operating costs of petroleum and natural gas leases. Total advances during the year, ended January 31, 1983 were \$47,272. There were no further advances made during the ten months ended November 30, 1983.

6. REMUNERATION TO DIRECTORS

The company paid \$16,000 in management fees to a director of the company.

GEOLOGICAL REPORT  
of the  
TSIRKU GROUP MINERAL CLAIMS  
Located in the  
TSIRKU-JARVIS GLACIER AREA  
NORTHWEST BRITISH COLUMBIA  
for the  
1983 SUMMER FIELD SEASON  
July 13 - Sept. 10  
AND PROPOSAL FOR THE 1984  
FIELD SEASON

Lat: 59°20' N.

Long: 136°35' W.

NTS 114P 6W, 7E, 8W

Atlin Mining Division

for

Stryker Resources Ltd.

and

Freeport Resources Inc

Vancouver, B.C.

by

James McDougall, P. Eng.

D. Perkins B.Sc.

A. Glatiotis B. Sc.

Nov. 23, 1983

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APPENDICES

Appendix I Cost Estimate for the Recommended Program

- a) Phase I (completed)
- b) Phase II
- c) Phase III
- d) Summary of Cost Estimates

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Appendix III References

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- a) Figure 10 - Tsirku group claim map
- b) Figure 11 - Tsirku group geology map

## INTRODUCTION

A first phase exploration program of prospecting, geochemical sampling and geological mapping was initiated by Stryker Resources Ltd. and Freeport Resources Inc. of Vancouver upon the Tsirku group of mineral claims in the summer of 1983. The field crew consisted of four geologists operating with helicopter support from a base camp on the Haines Highway in north-west British Columbia.

Field work commenced July 20th and ended September 5th, 1983. The primary objective of the 1983 survey was to thoroughly prospect as much of the property as possible and to delineate showings and targets for follow-up work.

Initial prospecting was carried out on the terminal moraines of the Jarvis and Tsirku glaciers followed by an examination of medial and lateral moraine material. A number of gossans were observed and targeted for further study.

The program resulted in the discovery of several stratiform sulfide showings. Copper, lead, zinc and barite were found in quartz-sericite talc schists, andesitic pyroclastics and sediments. All stratiform mineralization seen occurred at or near the base of pillowed basalts or in the immediately underlying sediments. The showings are similar in nature to a number of mineral occurrences immediately across the British Columbia-Alaska border in identical geology. The overall nature of mineralization on the Tsirku Group closely resembles that found on the Windy-Craggy deposit about seventy-five kilometres to the northwest.


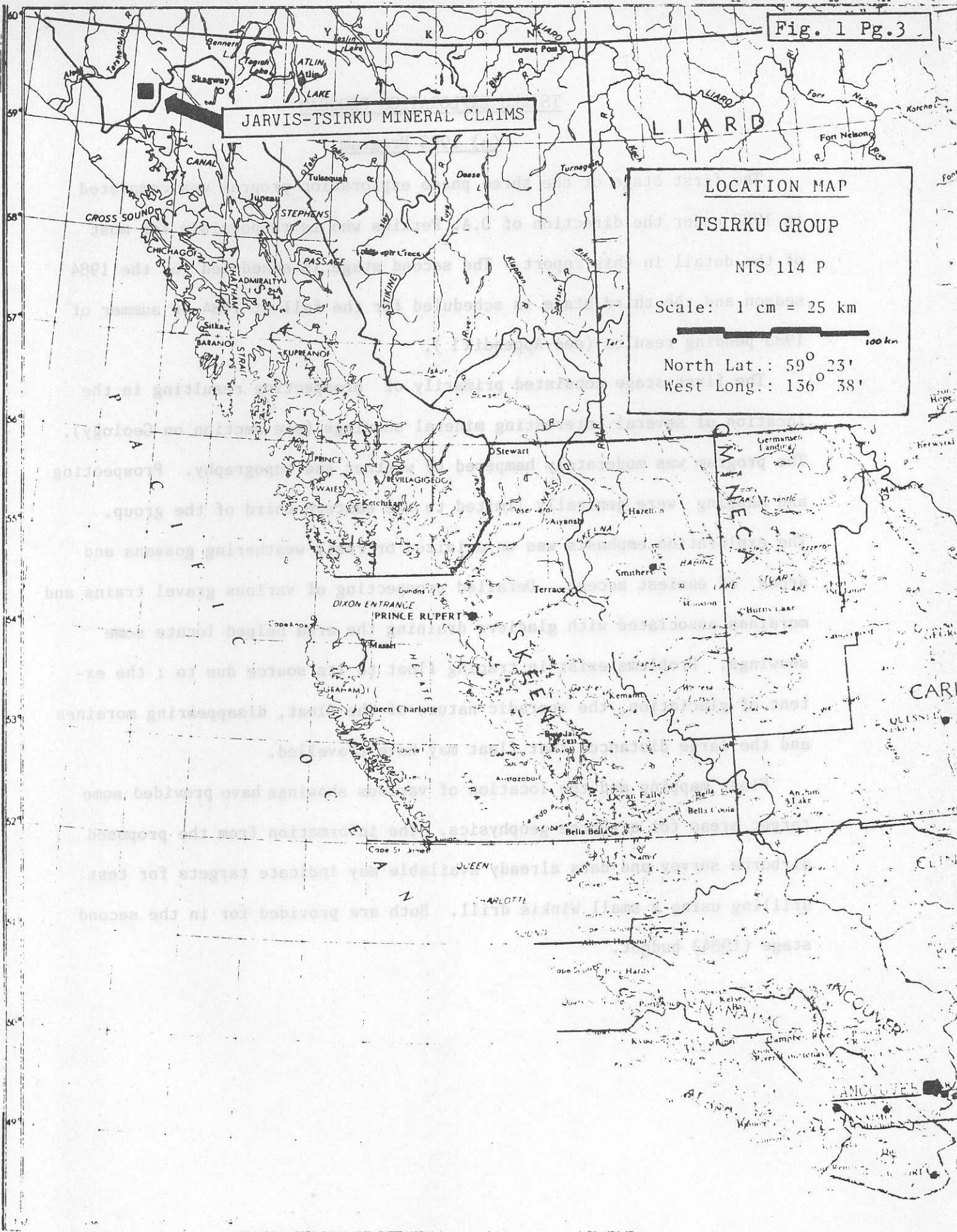
Showings were continuous chip or channel sampled where conditions permitted. Rock samples were taken wherever the horizon appeared favorable to establish geochemical distributions and patterns.

Although no road access currently exists onto the property, the Tsirku, Herbert, Buckwell and Jarvis glaciers could provide the basis for glacier-supported roads to virtually every point on the property. The gentle gradient and the lack of major crevasses on the main body of these glaciers means road construction would be both inexpensive and relatively trouble free. The drainage of both the Jarvis and the Tsirku Rivers approach the Haines Highway and provide alluvium that would make excellent roadbeds.



JARVIS-TSIRKU MINERAL CLAIMS

LOCATION MAP  
 TSIRKU GROUP  
 NTS 114 P  
 Scale: 1 cm = 25 km  
 North Lat.: 59° 23'  
 West Long.: 136° 38'

TSIRKU EXPLORATION PROGRAM(a) 1983 Program

The first stage of the three phase exploration program was completed in 1983 under the direction of D.A. Perkins who is responsible for most of the detail in this report. The second stage is scheduled for the 1984 season and the third stage is scheduled for the fall of 1984 or summer of 1985 pending results (see Appendix 1).

The first stage consisted primarily of prospecting resulting in the location of several interesting mineral showings (see section on Geology). The program was moderately hampered by weather and topography. Prospecting and mapping were generally limited to the eastern third of the group. The exploration emphasis was on oxidized or rusty weathering gossans and areas of easiest access. Detailed prospecting of various gravel trains and moraines associated with glaciers draining the area helped locate some showings. Problems exist in tracing float to its source due to : the extent of glaciation, the sporadic nature of the float, disappearing moraines and the large distances that float may have travelled.

Float mapping and the location of various showings have provided some target areas for airborne geophysics. The information from the proposed airborne survey and data already available may indicate targets for test drilling using a small Winkie drill. Both are provided for in the second stage (1984) budget.

(b) 1984 Program

The proposed second stage involves a combination of mapping, prospecting, airborne geophysics and minor test drilling. A large portion of the Tsirku Group has not been adequately prospected to date. Topographic considerations and weather will somewhat limit the ability to work in much of this area. Mapping and detailed sampling of the known showings will preferentially be done during the poorer weather periods.

Several factors indicate that a gold sampling program should be part of the second phase of the exploration. They are:

- The intersection of 61 metres of 0.32 ounce/ton gold at the Windy-Craggy, where geological conditions are similar.
- The presence of Porcupine Gold placer twenty four kilometres to the east
- The presence of several gold-bearing veins and a float sample of auriferous sediments on the property.

A large amount of rock sampling specifically for gold is required. A small portable dredge will also be used to prospect and sample streams for gold, silver and heavy metals.

Airborne geophysics have been used to define ore horizons with great success at the Windy-Craggy deposit. Personal communication with Steve Kitty, operations manager of Dighem, referred to the airborne indication of Windy-Craggy as "one of the most dramatic airborne responses that they had recorded."

In the Tsirku group, sulfides often are associated with magnetite and pyrrhotite. A magnetic response would therefore be expected. If the

sulfide body was of sufficient size there would be a measurable response from the multi-channel electromagnetic Dighem equipment. As geophysical detection through greater than fifty metres of ice is questionable, the survey would skirt the large valley glaciers rather than blindly flying a grid. The airborne survey should commence with the satisfactory flying weather (June ?) and preliminary results (highlights) should be available almost immediately, and final computer printouts available by mid field season. The results of the airborne geophysical survey will play a large part in determining the approach exploration work will take in the 1984 program. (Proposed Survey fig. 8 )

Winkie diamond drilling will be used in 1984 to test known showings and geophysical anomalies. This data will determine third stage diamond drilling requirements .

The proposed third stage of the Tsirku exploration budget involves a diamond drill program, subject to engineer's approval. A drill easily transportable by helicopter, such as a modified Boyles BBS 1, should be used. Drilling would test for depth of mineralization rather than ore body definition. One thousand metres of drilling is proposed in locations to be outlined by the Winkie drilling of Stage II.

The Tsirku group of claims lie in the northwest corner of British Columbia, Atlin Mining Division. Falconbridge's Windy-Craggy deposit is situated seventy-five kilometres northwest. The Porcupine placer gold district lies twenty-four kilometres east.

A sequence of sediments, volcanics and pillow basalts, is found on the property. Mineralization occurs near the base of the basalt sequence. Recognizable pyrrhotite, pyrite, chalcopyrite, sphalerite and galena occur in sediments and volcanoclastics. Significant assays for gold, cobalt and silver are present.

A five metre sample of pyritic andesite assayed 2.15 per cent copper and 0.33 ounce per ton silver at the "Low Herbert" (fig 3) showing. A hand sample at the "Herbert Mouth West" showing assayed 0.466 ounce per ton gold and 0.129 per cent cobalt. A sample of pyritic sediments assayed 0.183 ounce per ton gold on "Grizzly Heights". Float samples at the "Low Jarvis" reportedly assay (personal communication Jan Stills U.S.G.S.) thirty to forty per cent zinc with two to three percent copper and two ounces per ton silver. A one metre chip sample of the "High Jarvis" assayed 7.64 per cent zinc. The Basement claims forty-eight kilometres to the west of the Tsirku claims (fig 9) cover a showing with 2.69 per cent copper, 0.092 per cent cobalt over two metres.

The Tsirku group is located on a volcanic-sedimentary lithology, analogous to the complex which hosts the Windy-Craggy deposit. Copper, cobalt and gold assays are comparable to the

published assays for the Windy-Craggy deposit (pages 19-21). No source has as yet been located, either in Alaska or British Columbia, for the massive "Low Jarvis" copper-zinc float. The distribution suggests the source to be in British Columbia, however.

General conclusions are that as a result of 1983 important occurrences, including those containing copper, zinc and gold mineralization, are present in the Tsirku project area, but that much more time is required to properly assess them.

SUMMARY OF RECOMMENDATIONS

It is recommended that the second and third phase of the original 1983 proposal be adjusted based on 1983 results. These are outlined as follows:

Phase II (airborne geophysical survey, mapping, prospecting, preliminary short hole test drilling)	\$ 441,000
Phase III (diamond drill program, if recommended.)	\$ 300,000
	<hr/>
Total estimated cost of a two phase program	\$ 741,000

PROPERTY TITLES

The claim group under discussion includes 831 claim units encompassed in 54 Modified Grid System claim blocks. The blocks occupy an approximate area bounded by Latitude 50° 19' to 25' N and Longitude 136° 30' to 45' W. The 'Basement' mineral claim of 20 units located west of the Tsirku Group at Latitude 59° 22'05" N, and Longitude 137° 30'00" W, was staked in 1983.

All mineral claims are in good standing until at least March 4, 1984, and there have been no staking conflicts filed.

TABLE A /1984

<u>PROPERTY TITLES</u>				
<u>CLAIM NAME</u>	<u>UNITS</u>	<u>RECORD NUMBER</u>	<u>EXPIRATION</u>	<u>OWNERS AS OF NOV.22,1983</u>
Jarvis 1	6	1819	June 13,1984	Stryker Resources Ltd. and
Jarvis 2	6	1611	March 8,1984	Freeport resources Inc.
Jarvis 3	6	1612	March 8,1984	"
Jarvis 5	6	1613	March 8,1984	"
Jarvis 6	4	1614	March 8,1984	"
Jarvis 7	4	1615	March 8,1984	"
Jarvis 8	12	1617	March 8,1984	"
Jarvis 9	10	1618	March 8,1984	"
Jarvis 10	10	1619	March 8,1984	"
Jarvis 11	8	1620	March 8,1984	"
Jarvis 12	9	1683	March 23,1984	"
Jarvis 13	8	1684	March 23,1984	"
Jarvis 14	8	1685	March 23,1984	"
Jarvis 15	15	1686	March 23,1984	"
Jarvis 16	15	1687	March 23,1984	"
Jarvis 17	12	1688	March 23,1984	"
Jarvis 18	15	1689	March 23,1984	"
Jarvis 19	8	1900	June 13,1984	"
Jarvis 20	8	1901	June 13,1984	"
Jarvis 21	12	1902	June 13,1984	"
Jarvis 22	6	1693	March 23,1984	"
Jarvis 23	8	1694	March 23,1984	"
Bill 9	15	2013	September 13,1984	"
Bill 10	20	2014	September 13,1984	"
Bill 11	20	2015	September 13,1984	"
Basement	20	1929	June 29,1984	"



TABLE A (continued)

<u>CLAIM NAME</u>	<u>UNITS</u>	<u>RECORD NUMBER</u>	<u>PROPERTY TITLES</u>	
			<u>EXPIRATION DATE</u>	<u>OWNERS AS OF Nov. 22, 1983</u>
Tsirku 1	20	1830	March 4, 1984	Stryker Resources Ltd., and
Tsirku 2	20	1831	March 4, 1984	Freeport Resources Inc.
Tsirku 3	20	1832	March 4, 1984	"
Tsirku 4	20	1833	March 4, 1984	"
Tsirku 5	20	1834	March 4, 1984	"
Tsirku 6	20	1835	March 4, 1984	"
Tsirku 7	20	1836	March 4, 1984	"
Tsirku 8	20	1837	March 4, 1984	"
Tsirku 9	20	1838	March 4, 1984	"
Tsirku 10	20	1839	March 4, 1984	"
Tsirku 11	20	1840	March 4, 1984	"
Tsirku 12	20	1841	March 4, 1984	"
Tsirku 13	20	1842	March 4, 1984	"
Tsirku 14	20	1843	March 4, 1984	"
Tsirku 15	20	1844	March 4, 1984	"
Tsirku 16	20	1845	March 4, 1984	"
Tsirku 17	20	1846	March 4, 1984	"
Tsirku 18	20	1847	March 4, 1984	"
Tsirku 19	20	1848	March 4, 1984	"
Tsirku 20	20	1849	March 4, 1984	"
Tsirku 21	20	1850	March 4, 1984	"
Tsirku 22	20	1851	March 4, 1984	"
Tsirku 23	20	1852	March 4, 1984	"
Tsirku 24	20	1853	March 4, 1984	"
Tsirku 25	20	1854	March 4, 1984	"
Tsirku 26	20	1855	March 4, 1984	"
Tsirku 27	20	1856	March 4, 1984	"
Tsirku 28	20	1857	March 4, 1984	"

LOCATION AND ACCESS

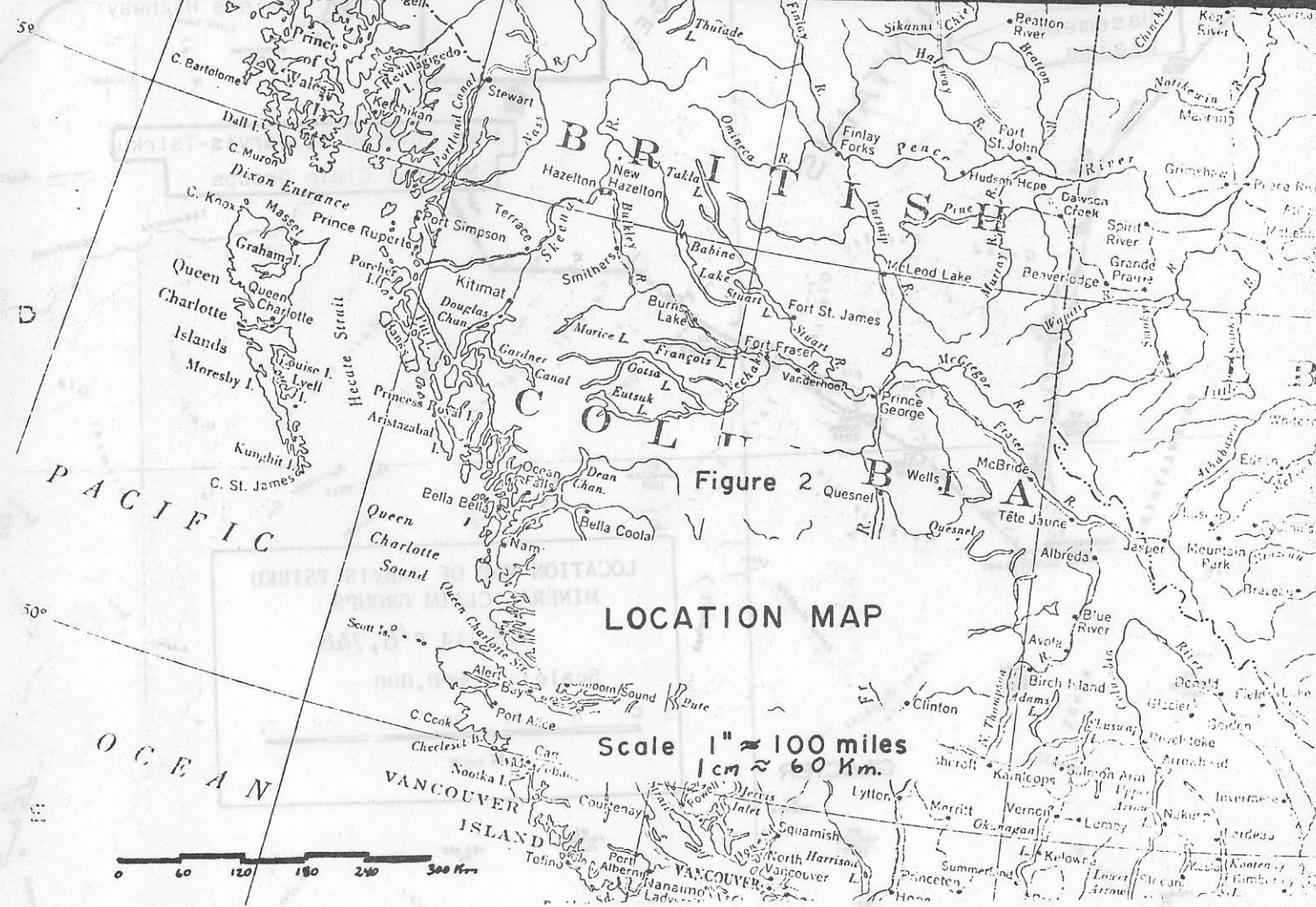
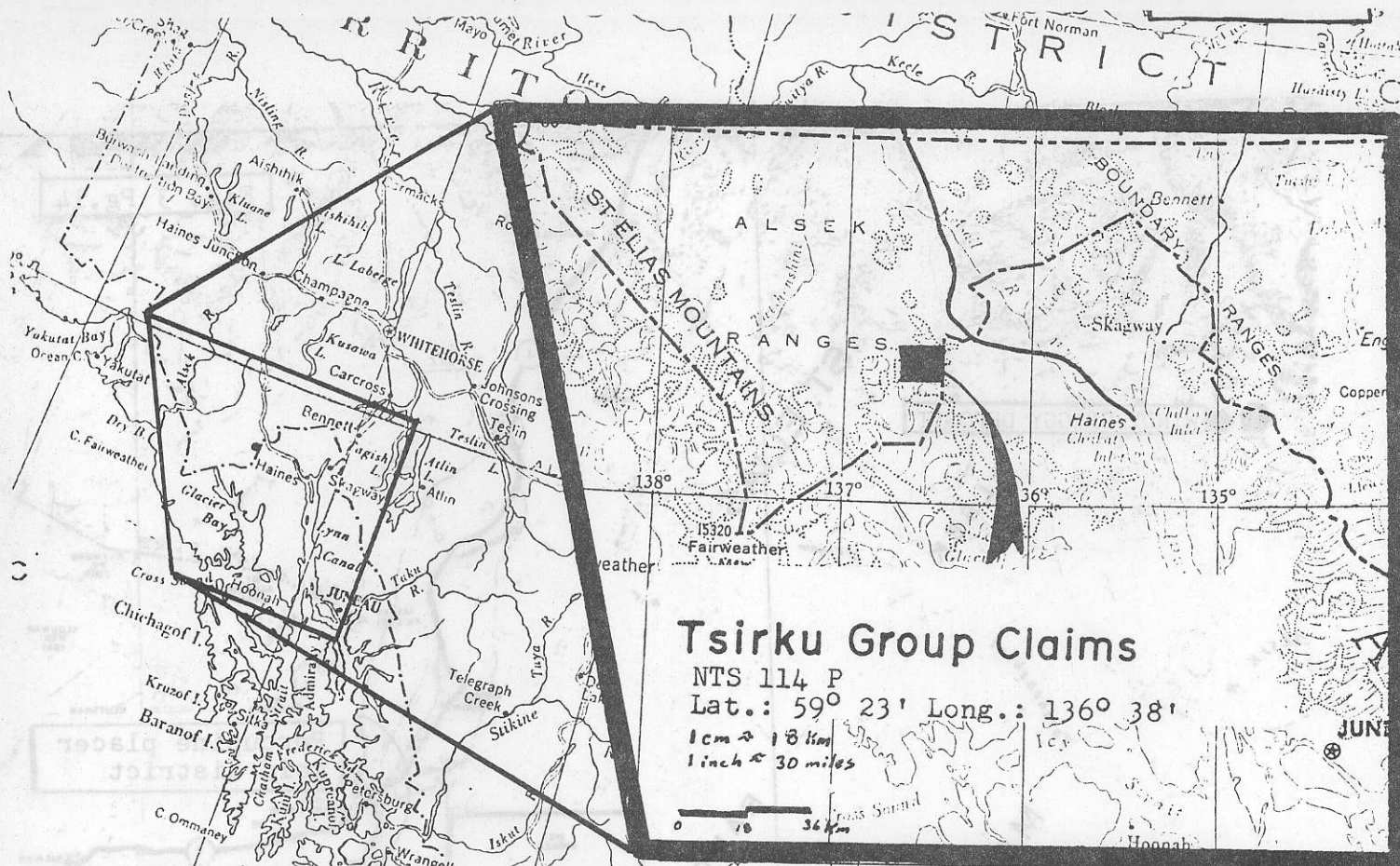
The Tsirku Group is located in the Atlin Mining Division in northwest British Columbia. The camp near the claim group, located at latitude 59°20' north and longitude 136°35' west, is sixty-five kilometres northwest of Haines, Alaska by air and seventy-nine kilometres by paved highway. Whitehorse, Yukon Territory, is one hundred and eighty kilometres northeast by air and three hundred and sixty kilometres by road.

The most convenient means of mobilizing men and materials is via the Alaska Ferry System from Seattle, Washington to Haines, Alaska followed by road access to the base camp site at mileage forty-seven on the Haines Highway. (No road access exists onto the property at this time and helicopter support is required to work effectively in the area.) The base camp site is situated just off the old highway directly opposite from the abandoned oil pumping station eight kilometres north of Pleasant Camp Canadian Customs Station.

Haines is the most convenient centre for obtaining supplies and mail.

The Whitehorse airport maintains daily scheduled flights via CP Air and PWA connecting to points south. From Whitehorse one can drive to the base camp site on well maintained gravel roads or charter a plane to the gravel airstrip at the all year road maintenance station at Glacier Camp fifty kilometres north of base camp.

Haines also has daily scheduled flights to Juneau with connections south.



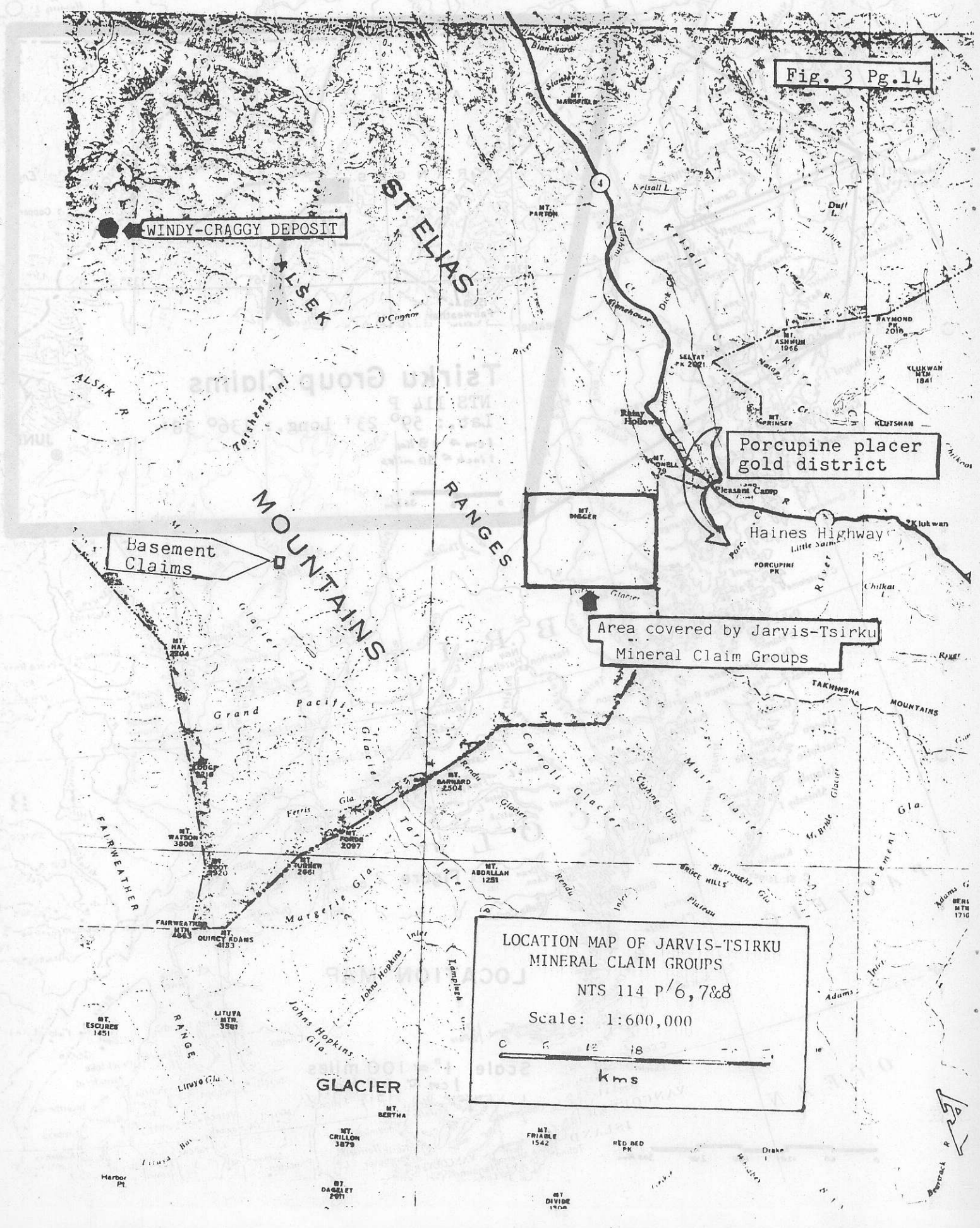
WINDY-CRAGGY DEPOSIT

Porcupine placer gold district

Basement Claims

Area covered by Jarvis-Tsirku Mineral Claim Groups

LOCATION MAP OF JARVIS-TSIRKU MINERAL CLAIM GROUPS  
 NTS 114 P/6, 7&8  
 Scale: 1:600,000  
 0 6 12 18  
 Kms



TOPOGRAPHY AND CLIMATE

The Tsirku area is mountainous with elevations ranging from eight hundred and thirty metres to twenty-seven hundred metres. Glacial ice overlies the valley bottoms and the north facing slopes. These glaciers are generally receding.

Within the Tsirku area there is a heavy snow accumulation from October to April. This results in a relatively short field season, lasting from June to mid-September.

The weather is unpredictable. Hot, dry spells can last for weeks during the summer, but low clouds and rain can move in very quickly and persist for days.

## HISTORY

Severe terrain and equally poor prevailing weather patterns in the Tsirku Group have discouraged close mineral exploration in the past. No mineral claims previously existed on the ground although a gold quartz vein to the northeast of the property has been held for many years and appears to have been extensively tested. Surface workings indicate it may actually have sustained minor production.

The famous Porcupine gold district lies immediately to the southeast of the British Columbia-Alaska border. The placer claims at Porcupine have been extensively and profitably worked from the late 1800's to the present. Adjacent to the placer claims are some copper, lead, zinc, gold and barite showings which have been intermittently staked but never adequately explored.

Similarities between the geology of the area and that of Falconbridge's Windy-Craggy deposit lead J. Ball to stake the initial Jarvis claims in 1981. He subsequently consolidated his holdings by staking the Tsirku claims in 1982. Stryker Resources Ltd. and Freeport Resources Inc. optioned the property and initiated the first stages of exploration in 1983. The Bill claims and the Basement claims were staked to cover anomalies and consolidate property position.

## PROPERTY GEOLOGY

The mineralization discovered appears to be stratiform. Small-scale structural complexities involving folding and faulting were therefore largely ignored in favour of gaining a broad geological perspective of the lithologies present.

Mineralized horizons were commonly found in close association with a basaltic unit occurring throughout the property. This geological unit represents an intermediate stage between periods of essentially sedimentary deposition and submarine basaltic volcanism. The package of sediments contains massive limestone, well bedded silty limestone, carbonaceous siltstones, cherts and mudstones. Black shale is also a common rock type in this unit. The sedimentary assemblage is succeeded by and interbedded with a sequence consisting of pyroclastic exhalatives which mark the onset of volcanic activity in the area. These exhalatives consist of intermediate to acid tuffs and volcanic breccias. Some examples of quartz-shard rhyolite and rhyodacite were found at the southwestern part of the property above a showing termed the 'Low Herbert'. This horizon is easily recognizable due to the presence of a prominent, light coloured, rusty weathering exhalative occurring at or near the base of the pillow basalt sequence. The marker horizon ranges in composition from a readily identifiable rhyolite to siliceous talc sericite schist. It is believed that this lithology represents an environment of deposition near a vent or hydrothermal flue. Sulfides of copper, lead and zinc are found disseminated within this lithology and a closely associated but more chloritic rock. Barite occurs as disseminated crystals or small (10 cm±) bands. Grey to black chert bands are commonly associated with this assemblage.

Deposition of copper appears to favour the chloritic rock while galena is more frequent in the talcose schists and chert. Silver displays an unusual, consistently high background level averaging about 0.30 ounces per ton in these rocks.

Stratiform sulfide mineralization was noted within the sediments, in the pyroclastics, and within the basal portion of the pillow basalts. This indicates that the hydrothermal activity predated the basaltic volcanism and was probably capped by the introduction of the pillow basalts.

The above set of environmental conditions allows the possibility of the development of several types of mineral deposits:

1. Sulfide deposits like the Windy-Craggy or 'Anyox type' which relate to basaltic pillow lavas, flows and shales.
2. Stratiform massive sulfide deposits which form in the submarine basins that trap heavy hydrothermal brines from which the sulfides precipitate.
3. Silica-sulfide sinter deposits in a near vent environment.
4. Stockwork gold-bearing quartz veins in the sediments (root or feeder zones).
5. Disseminated gold deposits formed in sediments and porous pyroclastics under impermeable caprock such as the pillowed basalts.

The showings found in the Tsirku group represent deposits that would form on a submarine surface due to the activity of brine-laden hydrothermal solutions. The potential for delineating a significant orebody of these types is very good.

The potential for the occurrence of a gold deposit is favourable.



Several lines of evidence support this hypothesis :

1. Porcupine Creek and Glacier Creek drain a lithology that is identical to the situation on the Tsirku Group. These creeks cut deeply into the lower sedimentary sequence and contain significant placer deposits.

2. Gold-bearing quartz veins and pyritic sediments occur in the Grizzly Heights area near the mouth of the Herbert Glacier. A float boulder of pyritic, grey siliceous sediment assayed 0.183 ounce per ton of gold. Two samples of quartz vein assayed 0.466 ounce per ton of gold and 0.344 ounce per ton of gold.

3. Drilling on the Windy-Craggy deposit intersected a sixty-one metre zone of 0.32 ounce per ton of gold in the footwall of the deposit. This probably represents a mineralized feeder zone which in similar environments elsewhere are often gold bearing.

The geology of the Windy-Craggy deposit, as published, appears similar to that of the Tsirku Group. Moreover, several of the showings occur in a lithology similar to that of Windy-Craggy. The latter is described as follows in the British Columbia Ministry of Mines "Geological Fieldwork 1982":

" Surface geology and drill hole locations are shown on Figure 54. Drilling to date on the Windy-Craggy property has defined a concordant, tabular, steeply northeast-dipping pyrrhotite-chalcopyrite-pyrite massive sulfide body over one thousand metres long and averaging approximately one hundred metres in thickness. There are unknown extensions along strike and down dip. Copper grades are variable, ranging from less than one per cent up to fourteen per cent in narrow high-grade supergene enriched intersections. The drill - indicated reserves of the best grade part of the massive sulfide

zone are reported to be over 85 million tonnes averaging 3.04 per cent copper and 0.09 per cent cobalt within an overall inferred tonnage for the deposit of 300 million tonnes averaging 1.52 per cent copper and 0.08 per cent cobalt (Northern Miner, January 13, 1983).

The most northerly drill hole, 82.12, intersected a predominantly massive pyrite zone from 24 to 187 metres that averaged 1.78 per cent copper (includes 53 metres averaging 3.09 per cent copper.) The top 12.5 metres of this intersection also averaged 0.58 per cent zinc, 79 grams silver per tonne, and 1.34 grams gold per tonne, and the bottom 38.7 metres averaged 1.75 per cent zinc, 16,25 grams silver per tonne, and 0.47 grams gold per tonne. Concentrations of zinc, silver and gold appear to increase toward the northern end of the deposit, which is predominantly pyrite. Pyritic sections also tend to be coarser and more granular in texture and framboidal texture is locally well developed. Massive pyrrhotite sections are generally much finer grained. Stilpnomelane is a common accessory material in the massive sulfide zone, which is locally magnetite rich. Pyrite and pyrrhotite bands and laminae also occur in argillites and cherts of the immediate hangingwall and footwall of the deposit. Small-scale fold structures are common in the banded and laminated sulfide zones.

One of the most interesting features of the Windy-Craggy deposit is the relatively high concentration of cobalt in massive pyrrhotite sections. Drill intersections averaging greater than 0.1 per cent cobalt are common;

some short intersections contain greater than 0.2 per cent. The best cobalt grades do not necessarily correlate with better copper grades as shown on Figure. 56. Falconbridge Limited research indicates no discrete cobalt material is present; cobalt is probably in solid solution with pyrrhotite and it might not be economically recoverable.

In addition to massive sulfide mineralization, a large zone with stringers and disseminations of pyrrhotite and chalcopyrite occurs in chlorite-epidote-serpentine altered pillow basalts, cherts and argillites along both sides of the massive sulfide body. The grade of stringer mineralization generally averages 0.5 to 0.8 per cent copper with sporadic intersections up to 2 per cent. The stringer zone has relatively low cobalt, silver and gold concentrations. A major northwest-trending fault zone separates stringer mineralization from relatively unaltered interbedded calcareous siltstones and andesitic to dacitic tuffs and flows southwest of the deposit. A similar fault may also be present below the glacier on the northeast side of the deposit as indicated by drill hole 81-10 (Fig. 56)".

FIGURE 4

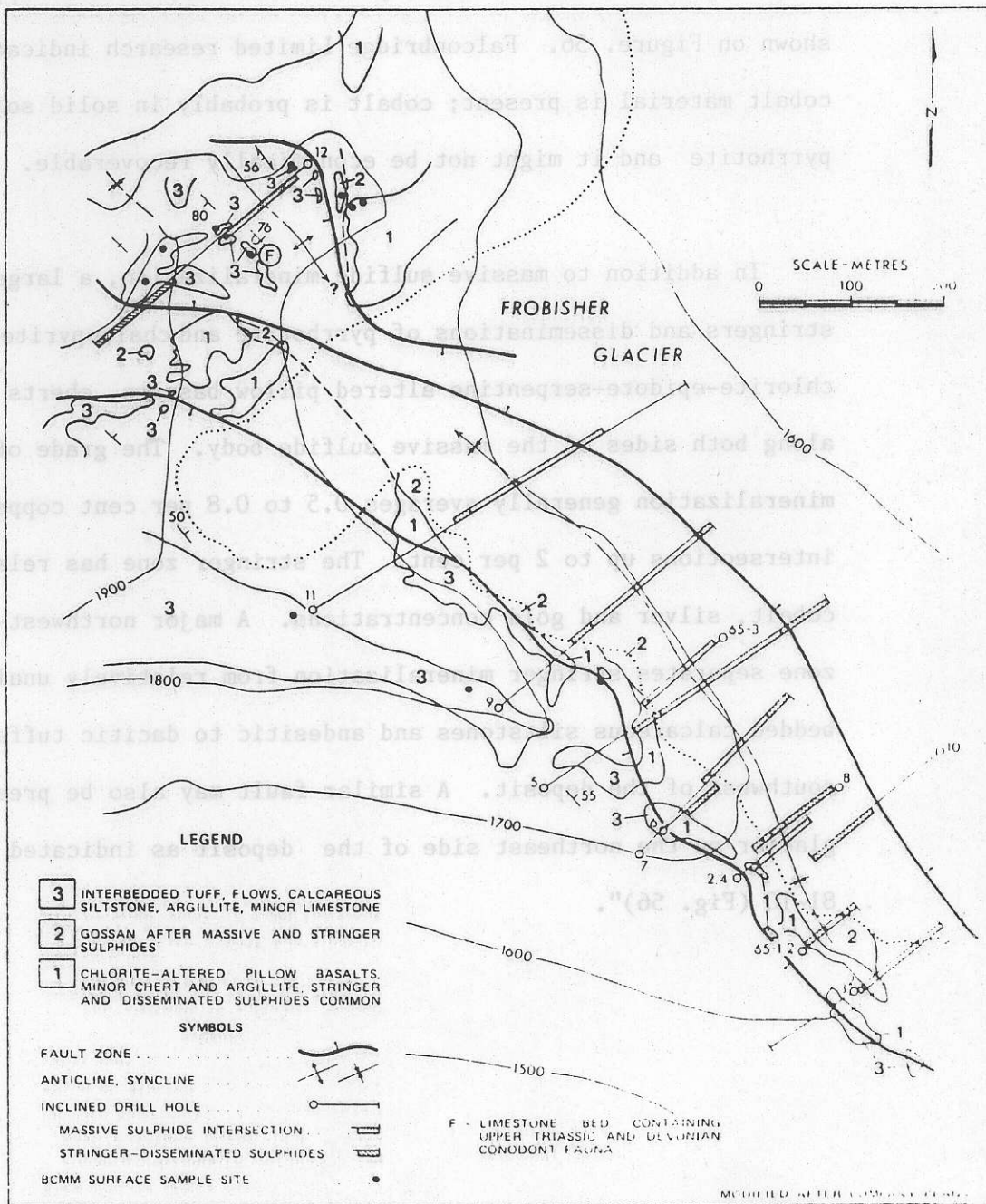


Figure 54. Geology and drill hole locations, Windy-Craggy deposit.

DESCRIPTION OF SHOWINGS, TSIRKUL AREA (Fig. 5)

Low Herbert

A prominent gossan occurs on the west side of the Herbert Glacier just at and above the ice level four kilometres from the glacier's mouth. The light colored gossan, with a maximum thickness of one hundred metres, shows which was covered two hundred metres south of the or at least five hundred metres to the north. At this latter point the valley and glacier hangingwall and glacier

FIGURE 5

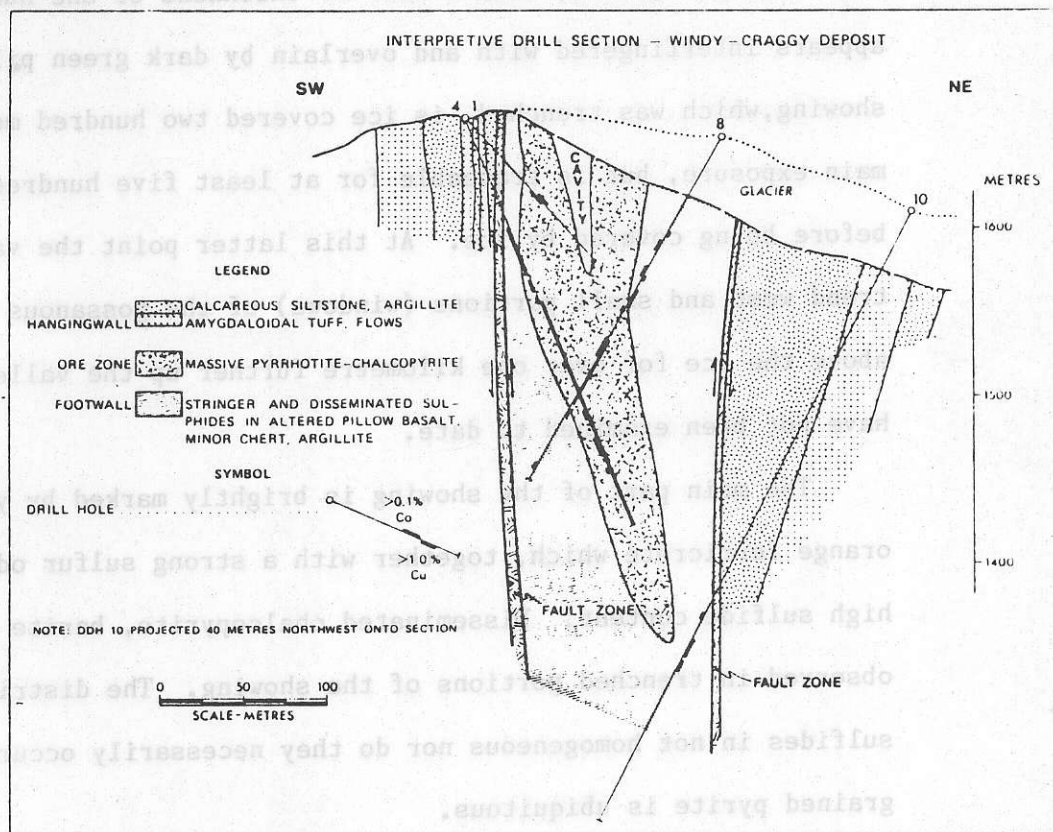


Figure 56. Interpretive drill section, Windy-Craggy deposit.

are abundant and weather in relief from a matrix that contains as much as eighty per cent fine grained pyrite. The textures and the composition of the rock suggest that this showing represents an environment of deposition close to the vent. Small siliceous clasts up to five centimetres in diameter are abundant and weather in relief from a matrix that contains as much as eighty per cent fine grained pyrite. The textures and the composition of the rock suggest that this showing represents an environment of deposition close to the vent.

DESCRIPTION OF SHOWINGS, TSIRKU AREA (fig 7)1 Low Herbert

A prominent gossan occurs on the west side of the Herbert Glacier just at and above the ice level four kilometres from the glacier's mouth. The light colored gossan, with a maximum thickness of one hundred metres, appears interfingered with and overlain by dark green pillow basalts. The showing, which was trenched, is ice covered two hundred metres south of the main exposure, but is traceable for at least five hundred metres to the north before being covered by ice. At this latter point the valley and glacier trend west and small portions (windows) of the gossanous horizon appear above the ice for over one kilometre further up the valley. These extensions have not been examined to date.

The main part of the showing is brightly marked by yellow, red and orange ferricrete which, together with a strong sulfur odor, suggests a high sulfide content. Disseminated chalcopyrite, barite and galena were observed in trenched portions of the showing. The distribution of these sulfides is not homogeneous nor do they necessarily occur together. Fine grained pyrite is ubiquitous.

The host rock consists of a grey, very siliceous, highly pyritic talc-sericite schist. Small siliceous clasts up to five centimetres in diameter are abundant and weather in relief from a matrix that contains as much as eighty per cent fine grained pyrite. The textures and the composition of the rock suggest that this showing represents an environment of deposition close

to a vent or hydrothermal flue.

A seventeen metre trench was blasted above and in the ferricrete at the top of the showing approximately perpendicular to strike. The average assay over seventeen metres for silver was 0.34 ounce per ton, gold 0.01 ounce per ton and cobalt 0.004 per cent. Other metal values were erratic with zinc attaining a high of 2.08 per cent. A five metre chip sample of pyritic andesite adjacent to the gossan assayed 2.15 per cent copper and 0.33 ounce per ton silver. This interesting zone has been inadequately explored and requires a far more detailed examination.

To gain future access to the Low Herbert showing it should be a relatively inexpensive project to construct a glacier-supported road up the Tsirku and Herbert Glaciers as the gradient of the ice is relatively gentle with few small cracks or crevasses developed. Alluvium in the Tsirku river drainage would provide excellent roadbuilding material for an access route that would join the Haines Highway thirty-five kilometres away.

Water for drilling purposes would be readily available at the foot of the showing in crevasses which have ponded, or, under extreme conditions, may be flown in by helicopter.

## 2. LOW JARVIS

Massive sulfide float was discovered on the east fork of the first southern tributary of the Jarvis Glacier. Boulders of near massive sphalerite up to two metres diameter have been noted. Mineralization has been traced up the north slope of Mount Henry Clay to ice-cap level. This float and

the hanging glacier that apparently conceals its source is on the British Columbia side of the border. The hanging glaciers on the north slope of Mount Henry Clay extend from near its peak to 4,500 feet elevation.

A gossan occurs at the confluence of the east and southwest forks of the first southern Jarvis tributary. It is mainly composed of light colored, rusty weathering, pyritic, acidic exhalatives. This gossan underlies the basaltic sequence noted in other locations on the property, and has apparently been faulted into its present location.

To the east, on the slopes of Mount Henry Clay, there is a succession of pillow basalts and andesites. Float boulders in the area (personal communication; Jan Stills U.S.G.S.) assay between thirty and forty per cent zinc, two to three per cent copper, and two ounces per ton silver. The sulfides are massive and are associated with a white barite apparently present in the andesitic package.

An abandoned cat road is located within six kilometres of this showing. The glacial ice gently slopes from the end of the road to the base of Mount Henry Clay. A glacier-supported road could be constructed on the ice as there are few crevasses and extensive gravel moraines are present.

### 3. HIGH JARVIS SHOWING

A stratiform band of massive pyrite and sphalerite was discovered near a peak south of the junction of the Jarvis Glacier and its second southern tributary.

A mineralized calcareous bed was traced for thirty metres being interrupted



by a gabbro intrusive to the southeast and disappearing under talus to the northwest where it may be displaced by a steep fault. The mineralized band attains a maximum width of two metres and was emplaced in well bedded limestone, silty limestone, siltstone, and a light colored tuffaceous material. Although the mineralization occurs in close proximity to a large, coarse grained gabbro intrusive, the emplacement of the sulfides is apparently not a replacement phenomena if the lack of accompanying alteration is a guide.

A seventeen metre chip sample was taken, one metre of which assayed 7.64 per cent zinc. The average assay across seven metres was 0.20 ounce per ton silver and 0.010 ounce per ton gold.

#### 4. HERBERT MOUTH WEST

On the west side of Herbert Glacier, near its mouth, a near vertical zone of light colored, rusty weathering acidic or intermediate volcanics was explored. The zone extends from beneath Herbert Glacier to the top of a steep slope and disappears under the ice of a hanging glacier. This unit contains an abundance of disseminated and locally massive pyrite occurring as pods. It is contained within the pillowed basalts not far from the base of the volcanic sequence. The assumed exhalatives occur at roughly the same stratigraphic horizon as the Herbert Mouth East showing. One grab sample of massive pyrrhotite float near the top of the hill just below the ice assayed: 0.466 ounce per ton gold, 0.129 per cent cobalt with 0.32 ounce per ton silver. A grab sample of pyritic siliceous sediment assayed 0.183 ounce per ton gold and 0.35 ounce per ton silver.

##### 5. HERBERT MOUTH EAST

A prospect was discovered about one hundred metres above the ice on the east side of Herbert Glacier near its junction with the Tsirku. It was briefly visited and only two samples were taken. The showing occurs in a large lense of sediments and pyroclastics enclosed within fresh, unaltered pillow basalts. The mineralization occurs in a light green weathering, andesitic volcanoclastic about fifteen metres thick and consists of pyrite, pyrrhotite, minor chalcopryite and sphalerite. Both samples assayed 0.25 ounce per ton silver. Cobalt values were 0.017 per cent and 0.010 per cent. The lense is traceable for one hundred and fifty metres pinching out to the south and apparently downfaulted under the Herbert Glacier to the north. The mineralized andesite is overlain by a continuous bed of siliceous massive pyrite and pyrrhotite forty seven centimetres wide and assaying 0.25 ounce per ton silver. This mineralized rock is overlain in turn by about fifteen metres of black, carbonaceous shale. A unit of rusty weathering pillow basalt overlies the shale and is succeeded by fresh pillow basalts to the top of the cliff.

##### 6. HIGH HERBERT NORTH

Shaley sediments overlain by interbedded rhyolite, dacite and andesite pyroclastics occur in a saddle to the south of Mount Henry Clay. This sequence is succeeded by pillowed basalts. Mineralized volcanoclastics form a large, white, rusty weathering gossan which is a minimum of thirty-

five metres thick. The mineralized strata disappear under the ice on strike both east and west of the showing. Other mineralization consists of galena in quartz veinlets and stringers in chert beds above the bergschrund. Two chip samples yielded high background silver values of 0.20 ounce per ton. Lead values were measurable but less than one per cent.

In the saddle, a ten metre thick bed of light green andesite tuff is stained on the surface with small patches of malachite. It contained disseminated pyrite and chalcopyrite along with a profusion of pyritic microfractures. A grab sample of this rock assayed 1.36 per cent copper, 0.40 ounce per ton silver and 0.033 ounce per ton gold. The values for lead and zinc are negligible. An outcrop of malachite-stained talc schist contained no visible sulfides but assayed 3.11 per cent zinc and 0.25 ounce per ton silver.

In the overlying basalts an inaccessible rusty weathering zone with malachite stain was noted.

## 7. GRIZZLY HEIGHTS

The south facing slope between Herbert and Buckwell Glaciers is referred to as Grizzly Heights. The lower slopes consist of well bedded, east-west striking sediments. A number of small hanging glaciers lie on the upper slopes, concealing the geology at the base of the basalts. Knife edged, inter-cirque ridges have exposed the outcrop. These exposures indicate that the vertical gossan of Herbert Mouth West extends all the way to the Buckwell Glacier, a distance of six kilometres.

Sediment sampling of the streams which drain the hanging glaciers and descend the south-facing slope have yielded anomalous copper values coincident with the occurrence of massive pyrite and pyrrhotite boulders. Values for copper in these boulders were less than one per cent. Cobalt values averaged 0.016 per cent. A twenty centimetre wide vein of quartz and pyrrhotite assayed 0.344 ounce per ton gold and 0.42 ounce per ton of silver.

#### 8. BASEMENT CLAIMS

The Basement Claims were staked to cover a showing on a tributary of Basement Creek forty-eight kilometres west of the Tsirku area (fig. 9). The showing consists of a rusty weathering zone containing massive pyrrhotite and chalcopyrite. This zone is six metres wide and had twenty metres of strike length exposed. It occurs in a sequence of limestone, limey sediments and minor andesite. Three continuous chip samples assayed: 1.03 per cent copper, 0.017 per cent cobalt over three metres; 2.69 per cent copper, 0.092 per cent cobalt over two metres and 0.90 per cent copper, 0.092 per cent cobalt over one metre.

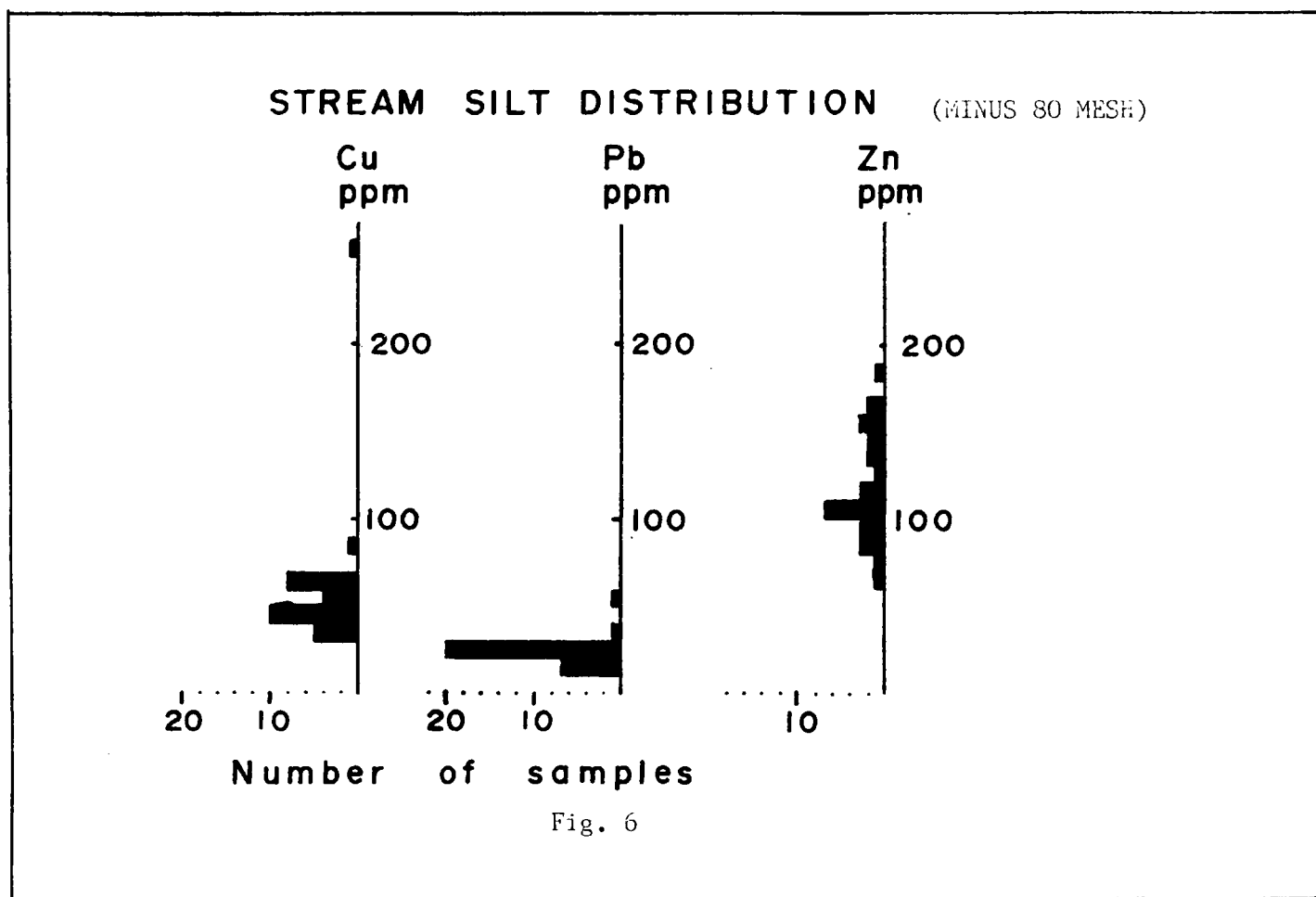
This area warrants further work in the 1984 season.

STREAM SEDIMENT GEOCHEMISTRY

Due to ice coverage, stream sediment samples were limited to streams derived from hanging glaciers and flowing down steep south facing slopes draining Grizzly Heights.

Twenty-nine samples were collected at the base of the hill just above where the streams disappeared under the Tsirku Glacier. These were subjected to a hot nitric acid digestion process and analysed with wet chemical techniques for copper, lead and zinc by General Testing Laboratories.

One sample yielded anomalous copper values and coincided with the location of the massive float occurrence. It has yet to be determined whether both float and anomaly were transported as lateral moraine material deposited earlier on the hillside by the Tsirku Glacier or if they were derived from the hanging glaciers immediately above.



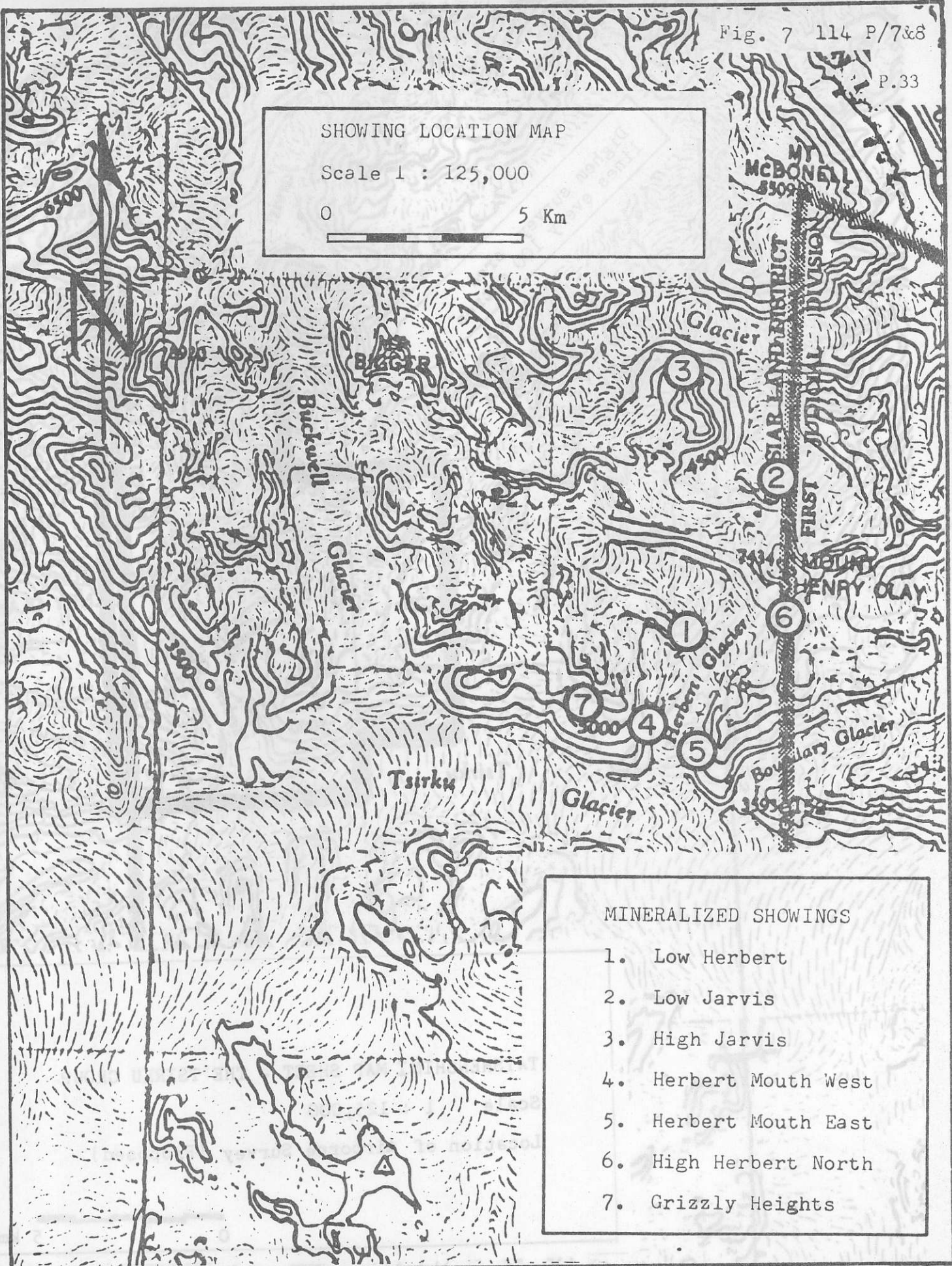
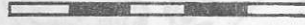
RECOMMENDATIONS

It is recommended that a 1984 Tsirku exploration program expand on discovered deposits and continue the search for new ones. A second phase program will involve various geotechnical surveys and include prospect testing using a light diamond drill. Estimated cost is \$441,000. This is a modification of the 1983 recommendation due to favorable field season results. A conditional third phase, involving preliminary definition drilling, is allowed for at a cost estimate of \$300,000.

SHOWING LOCATION MAP

Scale 1 : 125,000

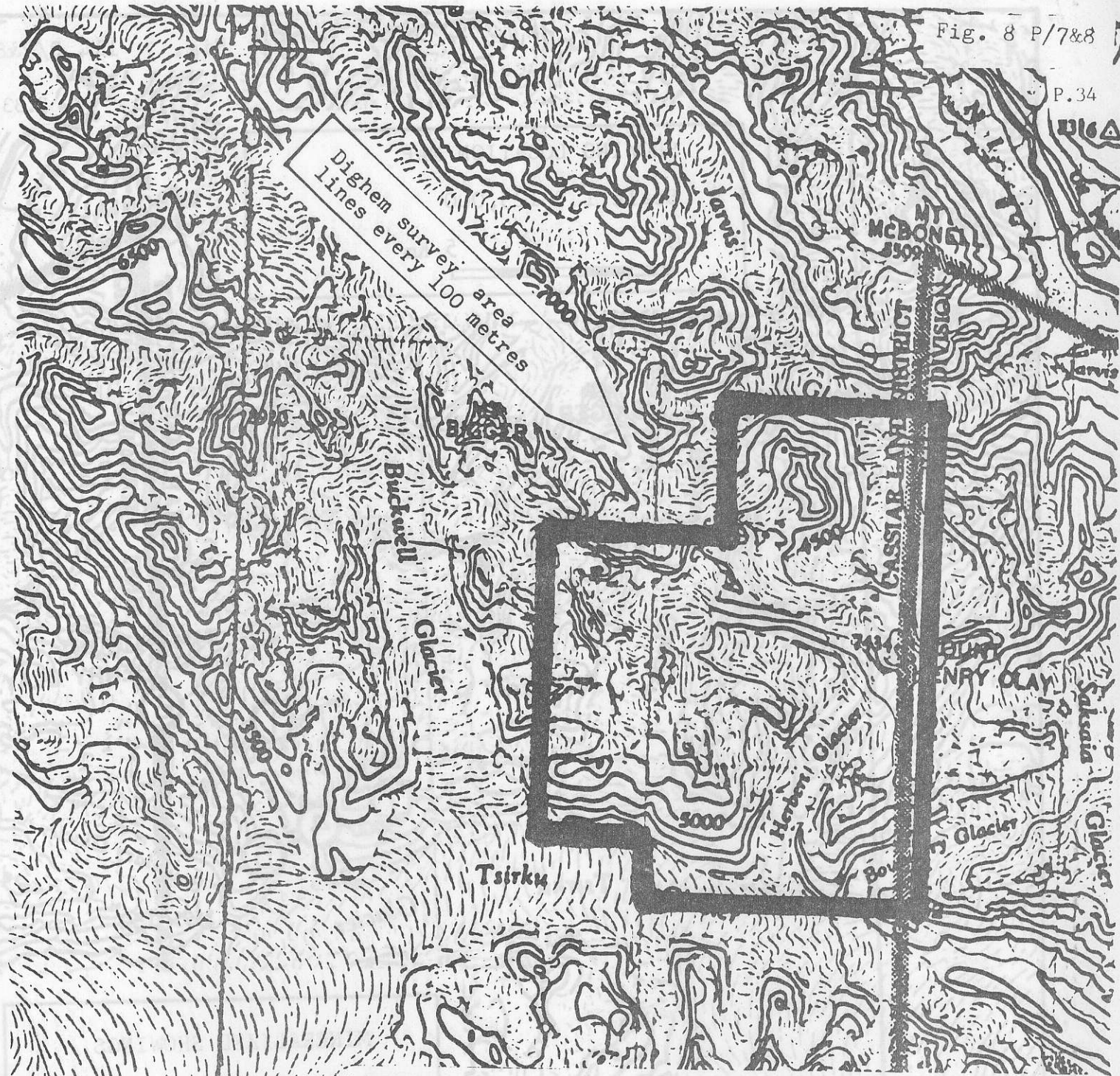
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MINERALIZED SHOWINGS

- 1. Low Herbert
- 2. Low Jarvis
- 3. High Jarvis
- 4. Herbert Mouth West
- 5. Herbert Mouth East
- 6. High Herbert North
- 7. Grizzly Heights

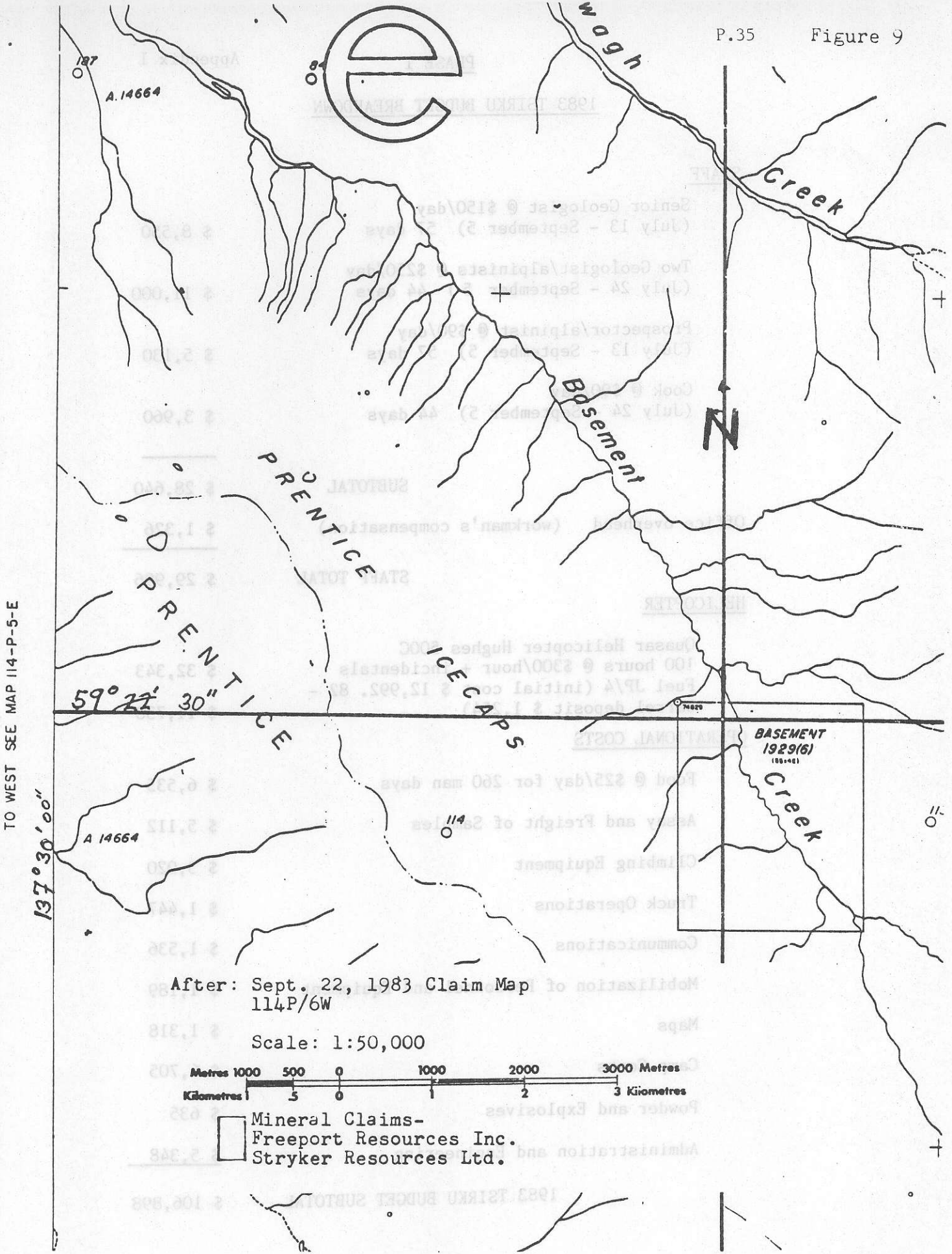
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TATSHENSHINI MAP SHEET - THE TSIRKU GROUP  
Scale 1 : 125,000  
Location of Airborne Survey (Proposed)





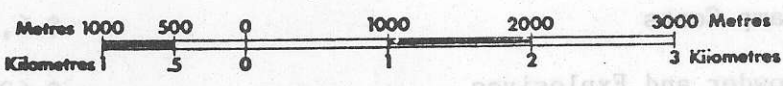


TO WEST SEE MAP 114-P-5-E

137° 30' 00"

After: Sept. 22, 1983 Claim Map 114P/6W

Scale: 1:50,000



Mineral Claims-  
 Freeport Resources Inc.  
 Stryker Resources Ltd.

PHASE I

Appendix I

1983 TSIRKU BUDGET BREAKDOWN

STAFF

Senior Geologist @ \$150/day (July 13 - September 5) 57 days	\$ 8,550
Two Geologist/alpinists @ \$250/day (July 24 - September 5) 44 days	\$ 11,000
Prospector/alpinist @ \$90/day (July 13 - September 5) 57 days	\$ 5,130
Cook @ \$90/day (July 24 - September 5) 44 days	\$ 3,960
	<hr/>
SUBTOTAL	\$ 28,640
Office overhead (workman's compensation)	\$ 1,326
	<hr/>
STAFF TOTAL	\$ 29,996

HELICOPTER

Quasar Helicopter Hughes 500C 100 hours @ \$300/hour + incidentals	\$ 32,343
Fuel JP/4 (initial cost \$ 12,992. 82 - barrel deposit \$ 1,254)	\$ 11,738

OPERATIONAL COSTS

Food @ \$25/day for 260 man days	\$ 6,535
Assay and Freight of Samples	\$ 5,112
Climbing Equipment	\$ 3,020
Truck Operations	\$ 1,447
Communications	\$ 1,536
Mobilization of Personnel and Equipment	\$ 1,189
Maps	\$ 1,318
Camp Costs	\$ 6,705
Powder and Explosives	\$ 635
Administration and Engineering	\$ 5,348

1983 TSIRKU BUDGET SUBTOTAL \$ 106,898

PHASE I

1983 TSIRKU BUDGET BREAKDOWN CONTINUED

1983 TSIRKU BUDGET SUBTOTAL	\$ 106,896
Recording fee for assessment, 5 % of subtotal (not filed as of this date)	\$ 5,344
1983 TSIRKU BUDGET TOTAL	<u>\$ 112,242</u>

PHASE II  
1984 TSIRKU BUDGET

STAFF

Two senior geologists @ total \$300/day (May 5 - September 14) 133 days	\$ 40,000
Two junior geologists @ total \$225/day (July 2 - September 14) 75 days	\$ 17,000
Two field assistants @ total \$180/day (July 2 - September 14) 75 days	\$ 13,500
Cook @ total \$90/day (June 7 - September 14) 100 days	\$ 9,000
Assistant with Winkie Drilling experience @ \$100/day (July 16 - September 3) 50 days	\$ 5,000
	<hr/>
SUBTOTAL	\$ 84,500
Office overhead 10 % (U.I.C., Comp.)	\$ 8,450
	<hr/>
STAFF TOTAL	\$ 92,950

DIGHEM SURVEY

Survey \$110/km for 700 line km	\$ 77,000
Mobilization	\$ 8,000
Weather days 5 days @ \$2000/day	\$ 10,000
Camp costs for Dighem crew	\$ 5,000
	<hr/>
TOTAL	\$ 100,000

HELICOPTER

Hughes 500D 175 hours @ \$375/hour and \$85/hour fuel (total \$460/hour)	\$ 80,500
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PHASE II1984 TSIRKU BUDGET CONTINUEDOPERATIONAL COSTS

Food @ \$25/day/man for 800 man days	\$ 20,000
Mobilization of personnel and equipment two way (7 x \$800) 5600 + 2400 trucking	\$ 9,000
Camp costs (tents, lumber and propane)	\$ 13,000
Winkie Diamond Drill	\$ 15,000
Operation of drill	\$ 10,000
Freight and Assay of Samples	\$ 10,000
Administration travel expense	\$ 5,000
Climbing equipment	\$ 4,000
Truck operations (\$30/day for 133 days)	\$ 4,000
Communications (personal radios, 4 for 3 months @ \$100/month - \$1200 and \$1300 telephone)	\$ 2,500
Legal perimeter survey of claims	\$ 3,000
Ground survey (Magnetomer, E.M., Transit)	\$ 2,000
Maps ( U-2 photos)	\$ 3,000
Data accumulation and report writing (30 days @ \$150 - \$4,500 and \$500 drafting and report typing)	\$ 5,000
Powder and Explosives	\$ 2,500
Suction Dredge for Testing	\$ 2,000
	<hr/>
SUBTOTAL	\$ 110,000
1984 TSIRKU BUDGET SUBTOTAL	\$ 383,450

PHASE II1984 TSIRKU BUDGET CONTINUED

1984 TSIRKU BUDGET SUBTOTAL	\$ 383,450
Administration 5 % of subtotal	\$ 19,172
Contingency and recording fee for assessment, 10 % of subtotal	\$ 38,355
	<hr/>
1984 TSIRKU BUDGET TOTAL	\$ 440,967
	=
	\$ 441,000
<u>THE TOTAL ESTIMATED 1984 TSIRKU BUDGET</u>	<u>\$ 441,000</u>

COST ESTIMATE

PHASE III

Diamond Drill Program

1. Estimated cost for a drill program conducted in the Tsirku

Group is:

\$200 per metre direct drilling cost .

plus

\$100 per metre indirect costs (camp, mobilization, etc.)

Total is approximately \$300 per metre

2. Estimated cost for a 1000 metre diamond drill program is:

1000 metre X \$300 per metre = \$300,000

3. Estimated cost for a phase III drill program is:

\$300,000

SUMMARY

## COST ESTIMATE OF PHASE I, II, AND III WORK PROGRAMS

PHASE I (Prospecting and mapping - complete)	\$ 112,000
<hr/>	
PHASE II (Airborne Geophysical Survey, mapping, prospecting, and short hole test drilling)	\$ 441,000
PHASE III (Diamond Drill Program)	<u>\$ 300,000</u>
TOTAL COST ESTIMATE FOR PHASE II AND III	<u>\$ 741,000</u>



STATEMENT OF QUALIFICATIONS

I, JAMES J. McDOUGAL of 7720 Sunnydene Road, Richmond,  
British Columbia, do hereby certify that :

1. I am a graduate of the University of British Columbia with  
a degree of Master of Science in Geology (1954) ;
2. I have been a practising geologist for thirty years;
3. I am a registered member, in good standing, of the  
Association of Professional Engineers of British Columbia;
4. I have no financial interest, nor do I expect to have, in  
Stryker Resources Ltd., or in Freeport Resources Inc.;
5. I consent to the use of this report for a Statement of Material  
Fact for Stryker Resources Ltd. or for Freeport Resources Inc.

*James J. McDougall P. Eng.*  
*James J. McDougall P. Eng.*  
 \_\_\_\_\_  
 James J. McDougall, P.Eng.

*[Faint signature]*  
 \_\_\_\_\_  
 DOUGLAS A. PERKINS  
 November 23, 1983

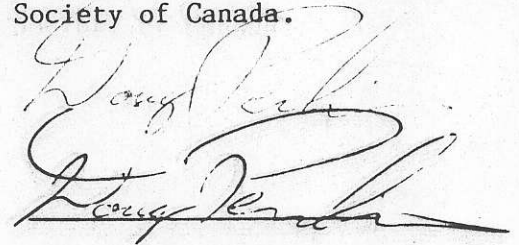
November 23, 1983

STATEMENT OF QUALIFICATIONS

STATEMENT OF QUALIFICATIONS

I, DOUGLAS PERKINS, geologist, with a business address in Vancouver, British Columbia, and a residential address in Vancouver, British Columbia, hereby certify that:

1. I am a graduate from the University of British Columbia in 1979 with a BSc majoring in Geology.
2. From 1979 to the present I have been actively engaged as a geologist in mineral exploration in British Columbia and the Yukon Territory.
3. I personally supervised field work on the TSIRKU GROUP of claims and have interpreted all data resulting from this work.
4. I am an associate of the Geological Society of Canada.



DOUGLAS A. PERKINS

November 23, 1983

STATEMENT OF QUALIFICATIONS

I, A.C. GLATIOTIS, geologist, with a business address in Vancouver, British Columbia, and a residential address in Calgary, Alberta, hereby certify that:

1. I graduated for the University of Calgary in 1977 with a BSc majoring in GEOLOGY.
2. From 1977 to the present I have been actively engaged as a geologist in mineral exploration in British Columbia and the Yukon Territory.
3. I personally participated in field work on the TSIRKU GROUP of claims and have interpreted all data resulting from this work.



A.C. GLATIOTIS

November 23, 1982

### APPENDIX III

#### REFERENCES

Campbell, R.B. and Dodds, C.J. 1978. Operation Saint Elias, Yukon Territory. In Current Research, Part A, Geological Survey of Canada, Paper 78-1A pp. 51-53.

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MacKevett, E.M., Jr. 1971 Analysis of Samples and Preliminary Geological Summary of Barites-Silver-Base Metal Deposits near Glacier Creek, Skagway B-4 Quadrangle, Southeastern Alaska. United States Department of the Interior. Open File Report, 1971.

McDougall, James J. Work Proposal for Tsirku Group, May 1983, pp.23.

Stills, Jan. United States Geological Survey, personal communication via telephone.

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Watson, K. de P. 1948. The Squaw Creek-Rainy Hollow area, Northern British Columbia. British Columbia Department of Mines Bulletin 25.

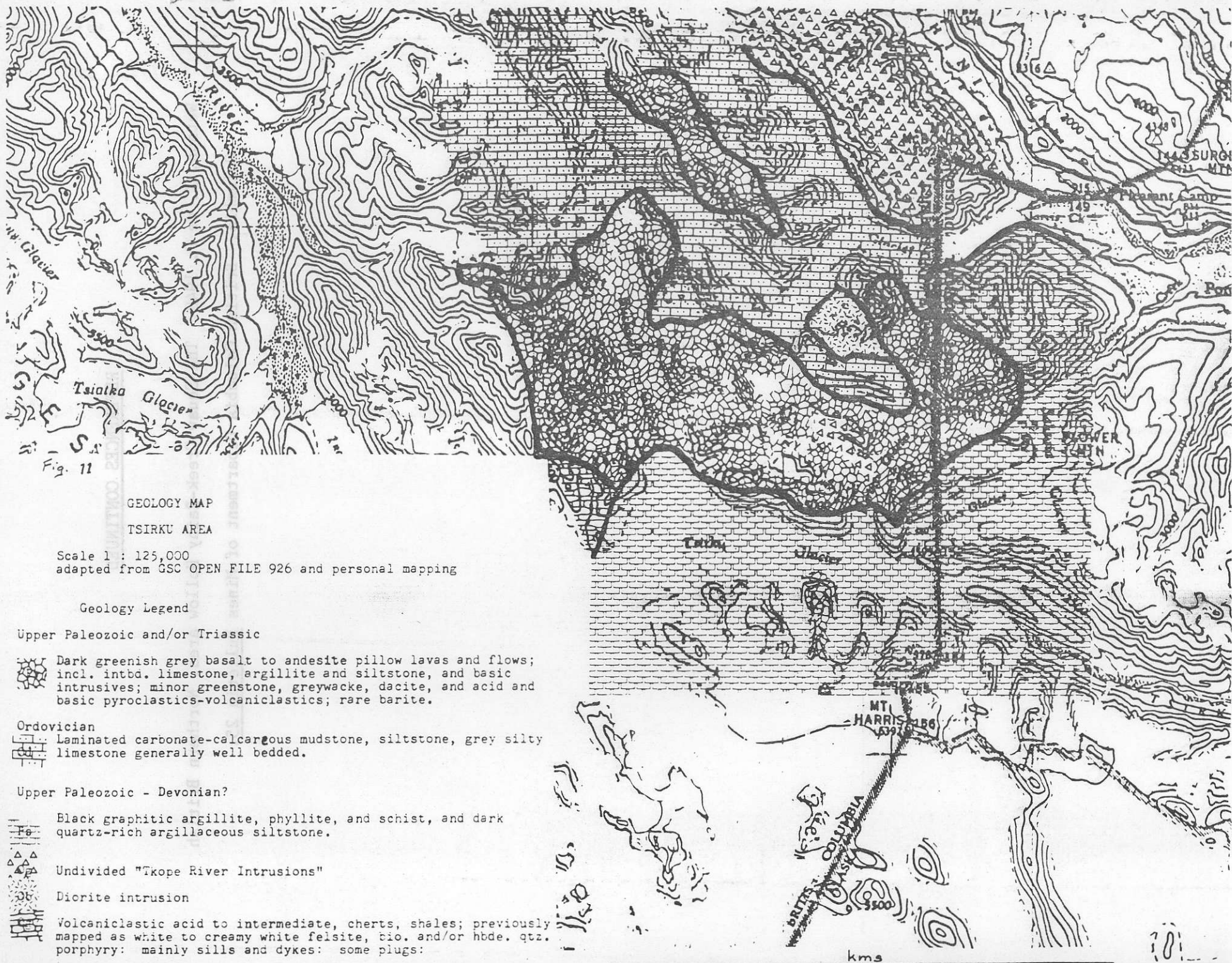


Fig. 11

GEOLOGY MAP  
TSIRKU AREA

Scale 1 : 125,000  
adapted from GSC OPEN FILE 926 and personal mapping

Geology Legend

Upper Paleozoic and/or Triassic

Dark greenish grey basalt to andesite pillow lavas and flows; incl. intbd. limestone, argillite and siltstone, and basic intrusives; minor greenstone, greywacke, dacite, and acid and basic pyroclastics-volcaniclastics; rare barite.

Ordovician

Laminated carbonate-calcareous mudstone, siltstone, grey silty limestone generally well bedded.

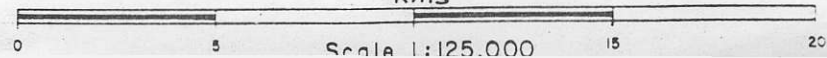
Upper Paleozoic - Devonian?

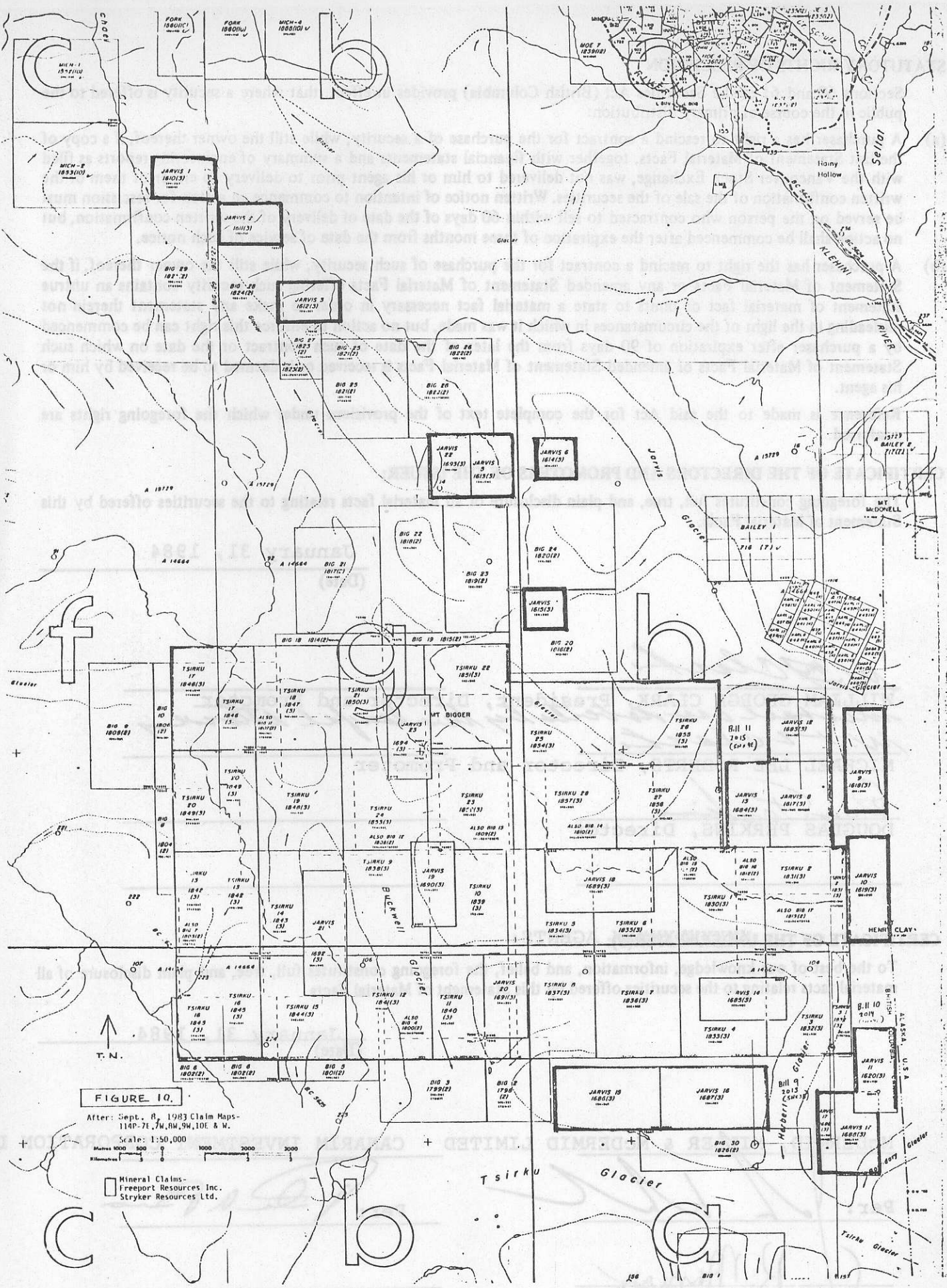
Black graphitic argillite, phyllite, and schist, and dark quartz-rich argillaceous siltstone.

Undivided "Tkope River Intrusions"

Diorite intrusion

Volcaniclastic acid to intermediate, cherts, shales; previously mapped as white to creamy white felsite, tio. and/or hbde. qtz. porphyry; mainly sills and dykes: some plugs:

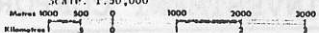




**FIGURE 10.**

After: Sept. 8, 1983 Claim Maps -  
114P-7E, 7W, 9W, 9E & W.

Scale: 1:50,000



Mineral Claims -  
 Freeport Resources Inc.  
 Stryker Resources Ltd.

20. STATUTORY RIGHTS OF RESCISSION

Sections 60 and 61 of the Securities Act (British Columbia) provides in effect, that where a security is offered to the public in the course of primary distribution:

- (a) A purchaser has a right to rescind a contract for the purchase of a security, while still the owner thereof, if a copy of the last Statement of Material Facts, together with financial statements and a summary of engineering reports as filed with the Vancouver Stock Exchange, was not delivered to him or his agent prior to delivery to either of them of the written confirmation of the sale of the securities. Written notice of intention to commence an action for rescission must be served on the person who contracted to sell within 60 days of the date of delivery of the written confirmation, but no action shall be commenced after the expiration of three months from the date of service of such notice.
- (b) A purchaser has the right to rescind a contract for the purchase of such security, while still the owner thereof, if the Statement of Material Facts or any amended Statement of Material Facts offering such security contains an untrue statement of material fact or omits to state a material fact necessary in order to make any statement therein not misleading in the light of the circumstances in which it was made, but no action to enforce this right can be commenced by a purchaser after expiration of 90 days from the later of the date of such contract or the date on which such Statement of Material Facts or amended Statement of Material Facts is received or is deemed to be received by him or his agent.

Reference is made to the said Act for the complete text of the provisions under which the foregoing rights are conferred.

21. CERTIFICATE OF THE DIRECTORS AND PROMOTERS OF THE ISSUER:

The foregoing constitutes full, true, and plain disclosure of all material facts relating to the securities offered by this Statement of Material Facts.

January 31, 1984  
(Date)

*W. G. Clark*  
 WILLIAM GEORGE CLARK, President, Director and Promoter  
*Michael Lee Roberts by his lawful attorney*  
*W. G. Clark*  
 MICHAEL LEE ROBERTS, Director and Promoter  
*Douglas Perkins*  
 DOUGLAS PERKINS, Director

CERTIFICATE OF THE UNDERWRITER(S) AGENTS:

To the best of our knowledge, information, and belief, the foregoing constitutes full, true, and plain disclosure of all material facts relating to the securities offered by this Statement of Material Facts.

January 31, 1984  
(Date)

McDERMID, MILLER & McDERMID LIMITED      CANARIM INVESTMENT CORPORATION LTD  
 Per: *[Signature]*      Per: *[Signature]*  
*J. R. Munroe*      \_\_\_\_\_