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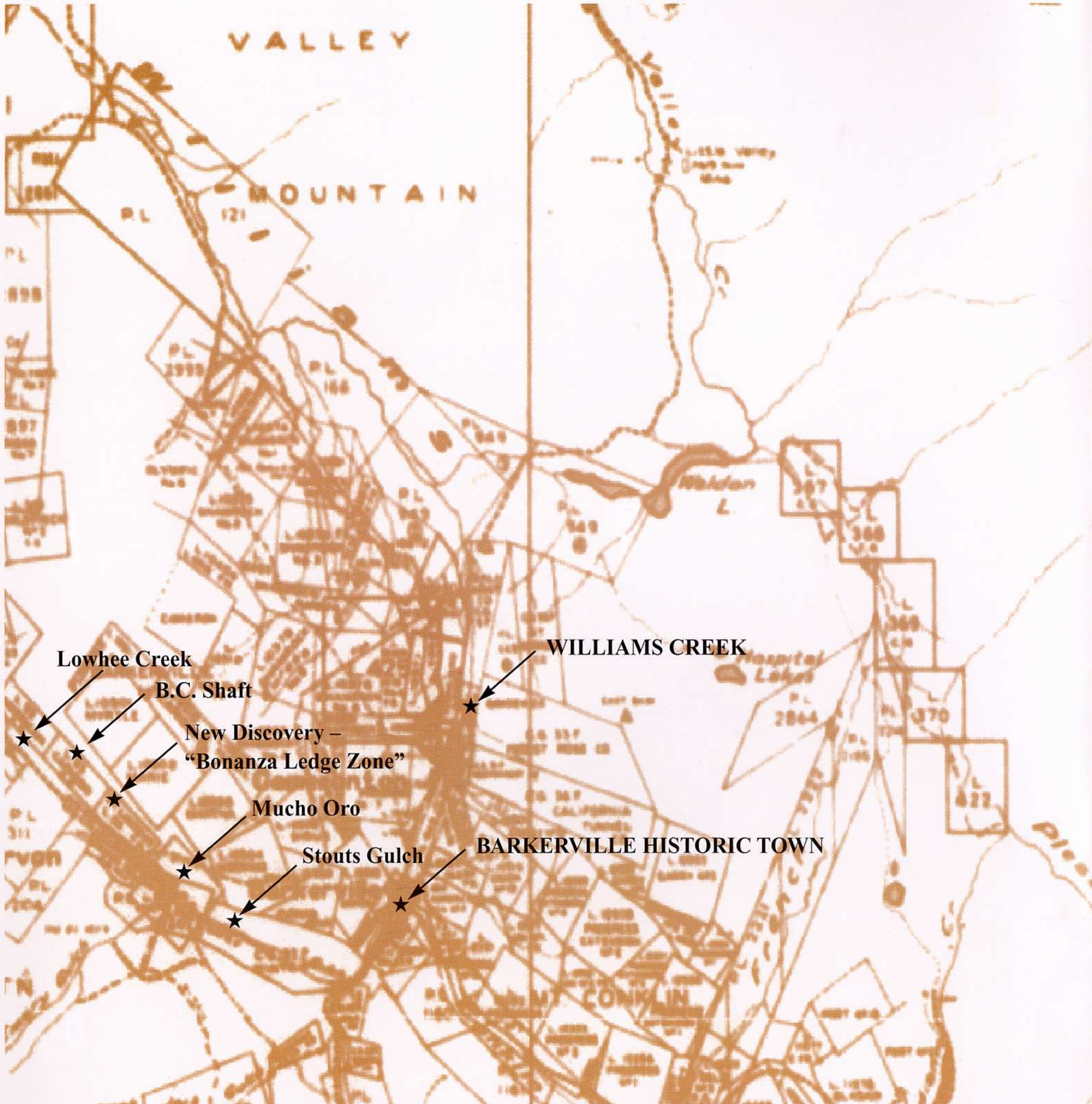
International Wayside Gold Mines Ltd.

Annual Report 2001



Front Cover: Photographed in 1866, the Mucho Oro mine was staked by Harry Jones and his partners on Stouts Gulch. The Cornish Wheel behind the miners was used to pump water out of the mineshaft. The Mucho Oro mine recovered about $685,000 in gold at today's gold price.

Above: The Bonanza Ledge gold discovery is located at the headwaters of Lowhee Creek and Stouts Gulch about 1200' northwest of the Mucho Oro claim.

Background: Mineral Reference Map (showing surveyed claim) Barkerville – 1935

Barkerville Historic Town today.

Ellsworth Dixon panning Williams Creek.

Corporate Profile

International Wayside Gold Mines Ltd. (the "Company"), a gold exploration company, is currently advancing its Cariboo Gold Project, located in the Wells-Barkerville area of east-central British Columbia. The area is famous because of the historic Cariboo Gold Rush of the 1860s that produced an estimated 93 tons of placer gold. From 1933 to 1967, the Wells-Barkerville area produced approximately 38 tons of lode gold from several underground mining operations, with most of the gold produced from two mines, the Cariboo Gold Quartz and the Island Mountain mines, both of which are currently under option to the Company. The Company has been actively exploring the property since early 1995, completing 225 surface and underground drill holes (37,724 feet) on the flank of Cow Mountain (4,316 foot elevation) creating a data base of 11,000 gold assays, with an emphasis on developing a large, low-grade open pit mine. In light of historically low gold prices in world markets, a higher-grade gold component was needed. Hence in the autumn of 1998, drilling was focused on the BC Vein on Barkerville Mountain. In the spring of 2000, drilling the 34th hole near the BC Shaft, the Company cored a new and significant gold mineralized zone in hole BC2K-03 on the foot wall side of the BC Vein, named the Bonanza Ledge. The Bonanza Ledge discovery precipitated a staking rush in the surrounding area. The Company's mineral holdings are approximately 45km long by 10km wide, which includes several past-producing underground lode gold mines, including Cariboo Gold Quartz, Island Mountain/Aurum, and the Mosquito Creek mines.

In April 2000, The British Columbia Environmental Assessment Office accepted for review, the Company's Application for a conceptual plan for an open pit mining operation near Wells. Because of the Bonanza Ledge discovery, the Company then requested that the original Application be put on hold. The request was granted and the Company has until August 31, 2001, to present its revised plans for the Cariboo Gold Project.

During the past fiscal year, the Company continued its drilling program on the Bonanza Ledge discovery area in an effort to extend known gold mineralization. A drilling program was also conducted northwest of Wells on the Island Mountain claim group, 50% optioned to a related company, Island Mountain Gold Mines Ltd.

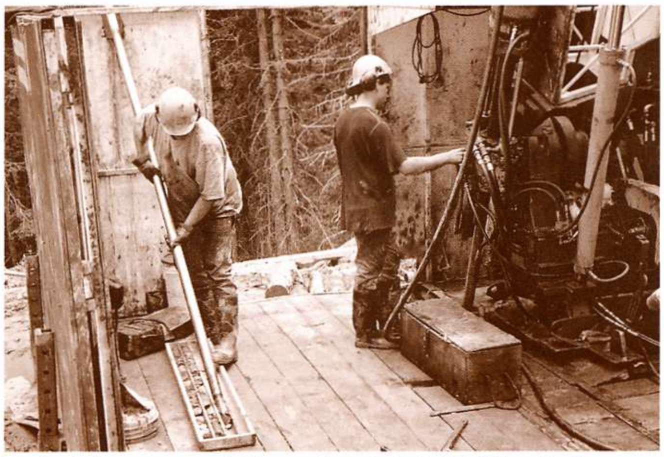
The Company conducted extensive environmental base line studies, mineral land acquisitions, permitting, archaeological and ethnological research and gold resource evaluations. A Memorandum of Understanding was signed with the Lhtako Dene Nation (Red Bluff) to foster amicable relations with local First Nation's people during the development of the Cariboo Gold Project.

Plans for future exploration work include diamond drilling on the Bonanza Ledge, Cow Mountain, and Island Mountain areas. Geological mapping and trenching will be carried out in these areas while geochemical surveys are planned for outlying areas to locate other drill targets.

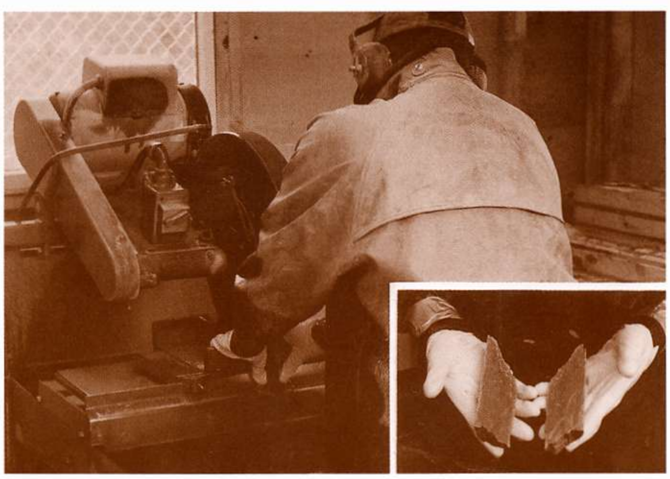
Left to right: George Cross, Frank Callaghan, Larry Gagnon, Fred Svensen, Grahame O'Neil, Geff Carter – winter visit to the drill shack.

Milestones and Achievements

Since the last annual report, progress has continued at the Cariboo Gold Project in the Wells/Barkerville area of east-central British Columbia. A wide range of activities took place including various geological programs, diamond drilling, aerial photography and mapping, property acquisitions, environmental baseline studies and a development permit application.



Kevin Cright extracts drill core from hole BC01-08 at the Bonanza Ledge. Gene Harris, at right, is operating the diamond drill. This hole returned 0.452 oz.gold/ton over 15.0 feet in the B.C. Vein extending its strike length to 3,300 feet.



Benoit Landry cutting core for assay in the new compound.

Keith Montgomery organizes diamond drill core.

- Following the discovery of high-grade mineralization in the Bonanza Ledge zone on Barkerville Mountain, diamond drill holes demonstrated mineralization continues along strike to the northwest, and southeast, of discovery hole BC2K-03 (24.5 feet grading 0.27 oz. gold/ton).
- The British Columbia Environmental Assessment Office accepted for review the Company's Application for a development permit comprising conceptual plans for an open-pit mine on Cow Mountain.
- A Memorandum of Understanding was signed with the Lhtako Dene Nation (Red Bluff) in regard to the Cariboo Gold Project.
- Archaeo Research Ltd. of Victoria (ethnography) and Arcas Associates of Vancouver (archaeology) were retained to conduct an Aboriginal Impact Assessment study in association with the Lhtako Dene Nation of Quesnel, BC.
- A program of public consultation indicated 86% of Wells/Barkerville residents support the Cariboo Gold Project.
- A coloured aerial photographic map survey was completed covering all of the Company's mineral lands (45km by 10km) comprising the Cariboo Gold Project.
- Surface exploration included geological mapping, prospecting and 144,355 feet (44 line-km) of soil sampling (2,400 samples) on cut grid lines, plus 28 line-km on Island Mountain.
- A total of 104,980 feet (32 line-km) of ground geophysics were completed, including IP, VLF-EM, ground magnetometer and self-potential surveys.
- During the fiscal year 2001, a total of 48 diamond drill holes were completed totalling 20,435 feet on the Company's ground, with a further 10 holes totalling 1,750 feet on the Island Mountain claims.
- Giroux Consultants Ltd. completed a resource study on the Sanders, Pinkerton and Rainbow zones for a conceptualized open pit mining operation.
- One year of Environmental and Socio-Economic Base Line Research Studies were completed including water, fisheries and wildlife studies.
- Rock types favourable for hosting Bonanza Ledge style mineralization were confirmed along strike northwest onto the Island Mountain claim group.
- Numerous mineral property groups were acquired as part of the Cariboo Gold Project.
- By the end of the year, a total of $8,300,835 had been expended on exploration and mineral property acquisitions.

President's Report to Shareholders

I am pleased to report to our shareholders the significant events that have taken place since my last report concerning the Cariboo Gold Project. Your Company successfully completed several financings of sufficient size for exploration and base line study programs to continue in an effort to increase shareholder value. These financings were completed despite the share price decline after trading resumed from a lengthy halt, historically low Bullion prices attributed to a high US Dollar, and the negative perception towards the resource market in general. In addition, our Development Permit Application for a conceptual mine plan was recited, then put on hold due to the Bonanza Ledge discovery. Open houses for public consultation were held in Wells, Quesnel, Williams Lake and Prince George with 86% of the Wells-Barkerville residents indicating supporting the Cariboo Gold Project.

A Memorandum of Understanding was reached with the Lhtako Dene Nation (Red Bluff) to secure harmonious relations with First Nations people during the project's development. Consultants were engaged to conduct an Aboriginal Impact Assessment Study.

Our field staff at Wells and consultants were active over a broad spectrum including prospecting, line cutting, geophysical and geochemical surveys, diamond drilling, aerial photography and permitting. Exploration of the Cariboo Gold Project has been both encouraging and rewarding. As noted in last year's annual report, the Company had discovered a new and previously unrecognized type of gold mineralization in the footwall of the BC Vein, Southeast of the BC Shaft. The discovery named the Bonanza Ledge is characterized by high-grade gold mineralization in pods or lenses over substantial widths. It precipitated a staking rush around the Company's land holdings along the Cariboo Gold Belt, with over a dozen resource companies acquiring tracts of mineral lands. The Company also acquired numerous claim groups regarded as hosting favourable geology that are contiguous to the claims comprising the Cariboo Gold Project.

To provide storage security for diamond drill core, a secure fenced compound has been erected near the field office. Giroux Consultants Ltd. was retained to provide an independent gold resource evaluation in the Cow Mountain area of the project, the results of which are detailed in the Year in Review. By February 2001, the Company had completed one year of Environmental and Socio-Economic base line studies.

Over the past year it has been the Company's objective to expand and define the known Bonanza Ledge style of mineralization. To that end, diamond drilling has been concentrated in targeting geologically favourable areas along the trend of the BC Vein, on Barkerville Mountain. Drill sites have been selected based upon data obtained from extensive soil sampling and 32 line-km of ground geophysical surveys. Due to complex faulting and folding, it has been a challenge for drill holes to obtain significant high-grade gold mineralized intersections. Many drill intersections have been very encouraging - hole BC2K-10, interval 157.9-242.6 twice assayed averaged 84.7 feet of 0.865-oz/ton gold (including 46.5-foot intersection assayed 1.459-oz/ton gold). Drill hole BC2K-32, interval 197-345 assayed 148 feet of 0.312-oz/ton gold. Over a dozen other drill holes also returned samples yielding impressive assay values.

The 2001-drill program began March 3, designed to test geophysical and geochemical targets with signature characteristics similar to that of the Bonanza Ledge style mineralization. Emphasis is being placed on testing for continuity of known mineralization with encouraging results. There are indications that the favourable environment is open in both directions trending to the southeast of the Bonanza Ledge discovery and northwest onto the Island Mountain claim groups, hence drilling is underway in both locations. Drilling is providing valuable geological information that supports our understanding of the genesis and possible location of Bonanza Ledge style of mineralization. Company geologists believe a pattern of Bonanza Ledge style mineralization is beginning to emerge, making future exploration easier to plan.

A special note of appreciation to Marcia Farquhar, Project Director B.C. Environmental Assessment Office and the agencies who contributed to our application. In addition to all the government geologists who have contributed their efforts to help grasp a better understanding of the geology at the Bonanza Ledge, in particular, Bob Lane, Regional Geologist, Ministry of Energy and Mines, Prince George, Tom Schroeter Senior Regional Geologist, BC MEM, Gerry E. Ray and Ian Webster of the B.C. Geological Survey and Consulting Geologist Kathryn P. E. Dunne..

I would like to thank our Wells and Vancouver office management and personnel, geological consultants and field staff for their diligence and dedication, in particular Richard Hall who has been with us since the beginning. I would also like to welcome Audrey Dinning our new Corporate Secretary and Godfrey Walton our VP Exploration. In addition, I would like to take this opportunity to express my sincere appreciation to all our shareholders for their continued commitment and support to our dream of building a new mine in the historic Cariboo Gold Camp of British Columbia.

J. Frank Callaghan
President & Chief Executive Officer
July 16, 2001

Year in Review

The Cariboo Gold Project

During the past fiscal year, your Company continued follow-up exploration programs on its Bonanza Ledge gold discovery near Wells, British Columbia. In addition, a number of strategic property acquisitions were completed by which the Company staked, purchased, or optioned over 20 claim groups contiguous to mineral lands comprising the Cariboo Gold Project. The dispute regarding an option on claims granted to the Company by Gold City Industries Ltd. concerning the Promise, Myrtle and Proserpine properties has been resolved. The Company will be earning a 50% interest in the claim groups. The additional claims have supplemented the Company's large mineral land position which includes the formerly producing Cariboo Gold Quartz , Island Mountain, Aurum and Mosquito Creek gold mines. In total, the Company's mineral land holdings encompass approximately 152.66 square km, or 15,266 hectares.

The Bonanza Ledge Zone, discovered in the footwall of the BC Vein on Barkerville Mountain, is located three km southeast of Wells, adjacent to Cariboo Gold Quartz mine on Cow Mountain. The previously unrecognized gold mineralization was discovered in March 2000, and consists of discrete areas of massive banded and small stringer-type pyrite crystals. It is hosted by an overturned, northeast-dipping sequence of metamorphosed clastic metasedimentary rock consisting of (i) structurally bound laminated, carbonaceous and calcareous peltic phyllite and (ii) psammitic siltstone rocks. Host rocks are affected by tight isoclinal folds, which have a northwesterly plunging axes of 6(to 8(.

To date, Bonanza Ledge style mineralization has been traced over a strike length of 1,050 feet, is open in all directions and is currently being drilled. Pyrite mineralization is best developed in discrete cigar shaped bodies 20 to 100 feet thick in calcareous and clastic zones where it comprises 10% to 70% of the rock as stringers, concordant laminations and massive bands. Muscovite, dolomite/ankerite and quartz form gangue to the pyrite. Native gold occurs as grains 2.5-60 (m in size on fractures or grain boundaries of pyrite often with chalcopyrite and galena, or minor encapsulation in pyrite. Grades range from 5 to 80 grams gold/tonne. Extensive carbonate-muscovite-pyrite alteration affects lithologies in the vicinity of the Bonanza Ledge style of mineralization and gives a tan to yellow colour to the units. The area is structurally complicated, and both lithologies and mineralization are affected by northeast verging asymmetric D2 folds. Veinlets and pyrite bands are folded and parallel to the northwest-plunging fold axes.

Godfrey Walton, VP Exploration, Richard Atkinson, Chairman of the Board, John Tully, geologist and Doug Hurst, Director, at the core compound.

The fold style and distribution of mineralization currently defined by drilling the Bonanza Ledge suggests that the mineralized zones are elongated with an apparent plunge to the southeast. This apparent plunge may represent a number of cross-faults cutting the ore bodies. Southeast of the Bonanza Ledge, the L2 lineation plunges to the southeast. The Bonanza Ledge mineralized bodies are greater in size than the replacement lenses and pods at Island Mountain. At present, it appears the Bonanza Ledge can be visualized as a long and thick cigar-like lenses undulating over unknown lengths, but certainly for hundreds of feet. Drilling is continuing to fully explore the Bonanza Ledge and B.C. Vein.

Scott MacArthur, Andrew Rees, Frank Callaghan and Ken Maddison, Chief Financial Officer, in Wells.

The Company submitted an Application under the BC Environmental Assessment Act in April 2000, to provide conceptual information on proposed mine developments for review by relevant government agencies, the public, and the First Nations people and to identify any obstacles which may exist preventing project development. The assessment process has been ongoing including a program of sampling, cataloging and analysis of water quality; fish habitat; wildlife impact and environmental studies at the Cariboo Gold Project. As the Bonanza Ledge discovery will have a significant impact on the mine plan, the Company requested that the Application be put on hold. The BC Environmental Assessment Office granted the request and has given the Company until August 31, 2001 to present its overall mine plan.

In July 2000, the Company signed a Memorandum of Understanding with the Lhtako Dene Nation (Red Bluff) who claim that the Cariboo Gold Project falls within their traditional territory. The Company and the Lhtako Dene Nation have been meeting on an ad hoc basis since 1997. The

Godfrey Walton, VP Exploration, left, and Dr. Richard Hall, Site Manager and senior geologist, examine diamond drill core from the Cariboo Gold project.

document reflects the recognition and mutual respect that has evolved between the parties and their future commitment to work together in the assessment of any impacts that the Cariboo Gold Project may have. Related to the memorandum is an Aboriginal Impact Assessment study, drafted in association with the Lhtako Dene Nation of Quesnel, to be conducted by Archaeo Research of Victoria, BC (ethnography) and Arcas Associates of Vancouver, BC (archaeology). Environmental studies, including water, fish and wildlife research, were conducted under the direction of Knight Piesold Ltd., Consulting Engineers.

During August 2000, 46.6 km of line cutting and soil sampling commenced, designed to outline other areas of the Bonanza Ledge style mineralization on Barkerville, Richfield, and Cow Mountains.

Eagle Mapping Services Ltd. flew an aerial photographic survey in September 2000, producing colour aerial photographs encompassing the full extent of the Company's 45km by 10km claim area. Four topographic map sheets on a 1:2,500 scale with 2-meter contour intervals were produced. All targets for the aerial survey were surveyed on both metric UTM and imperial standard scale Cariboo Gold Quartz mine grid to provide a precise UTM link to the existing mine grid system.

Prior to drill testing for extensions of the Bonanza Ledge, 44 km of line cutting and 32 line-km of ground geophysical surveys (induced polarization, VLF-EM and ground magnetometer) were completed, after which 2,400 soil samples were collected at a spacing of 200 foot and 50 foot on the newly cut grid lines took place. This data will assist in locating drill sites to test the geophysical and geochemical targets having signatures similar to that displayed by Bonanza Ledge style of mineralization

A secure drill core compound enclosed by a high barbwire fence was constructed near Lowhee Creek a short distance from the Wells field office. The compound includes roofed core shacks where several years' drill core boxes have been stacked. The compound also includes an office and a room for logging and cutting drill core.

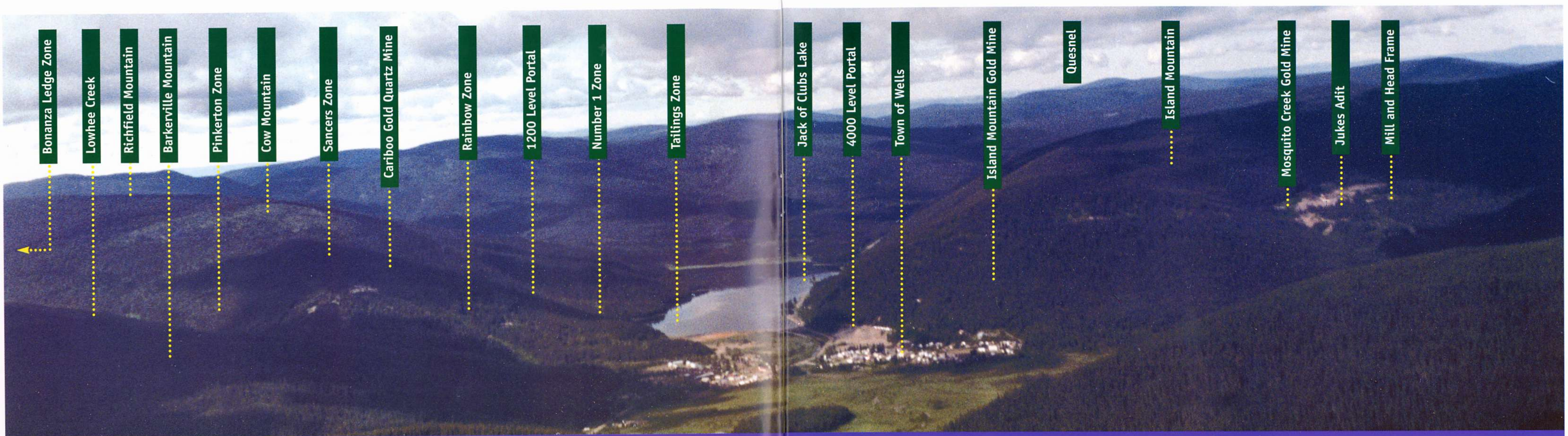
In November 2000, results of base line exploration defined new drill targets in the Bonanza Ledge Zone. A total of 432 samples were submitted for assay verification of previous assays taken from drill holes on Cow Mountain. The 2000 drill program of 48 holes was completed on Barkerville Mountain.

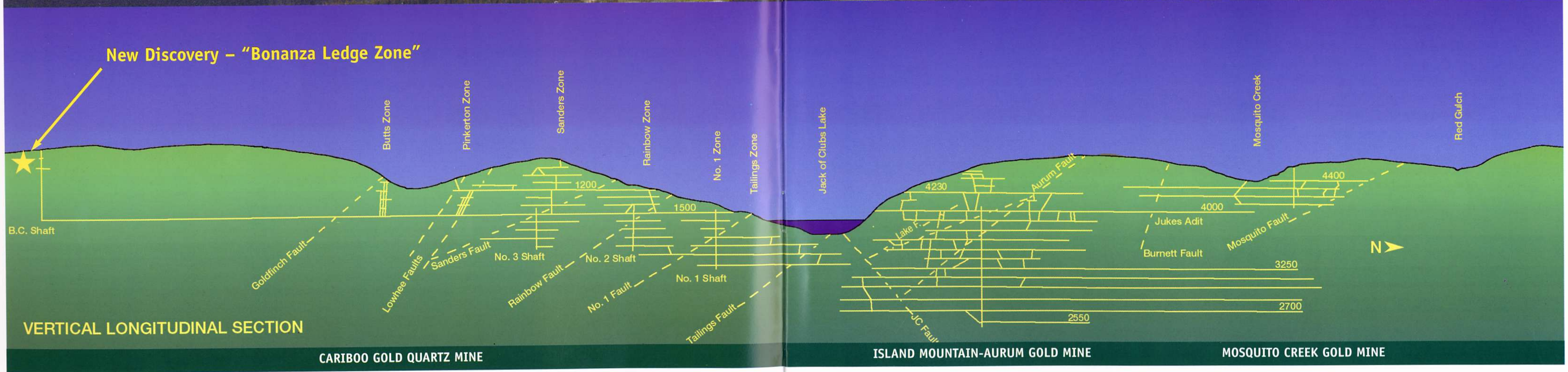
In late 2000, independent geological consultants, Giroux Consultants Ltd., completed a resource study in the area of the Cariboo Gold Project where a concept had been developed for a low-grade/high tonnage open pit mining operation. The report stated a geological resource had been calculated in the Sanders, Pinkerton and Rainbow zones on Cow Mountain totalling 6.6 million tons averaging 0.065 oz. gold/ton (6.01 million tonnes averaging 2.23 grams gold/tonne) at a 0.02 oz. gold/ton cut-off classed as indicated as well as an additional 1.86 million tonnes averaging 0.054 oz.gold/ton (1.53 million tonnes averaging 1.85 grams gold/tonne) which are classed as inferred.

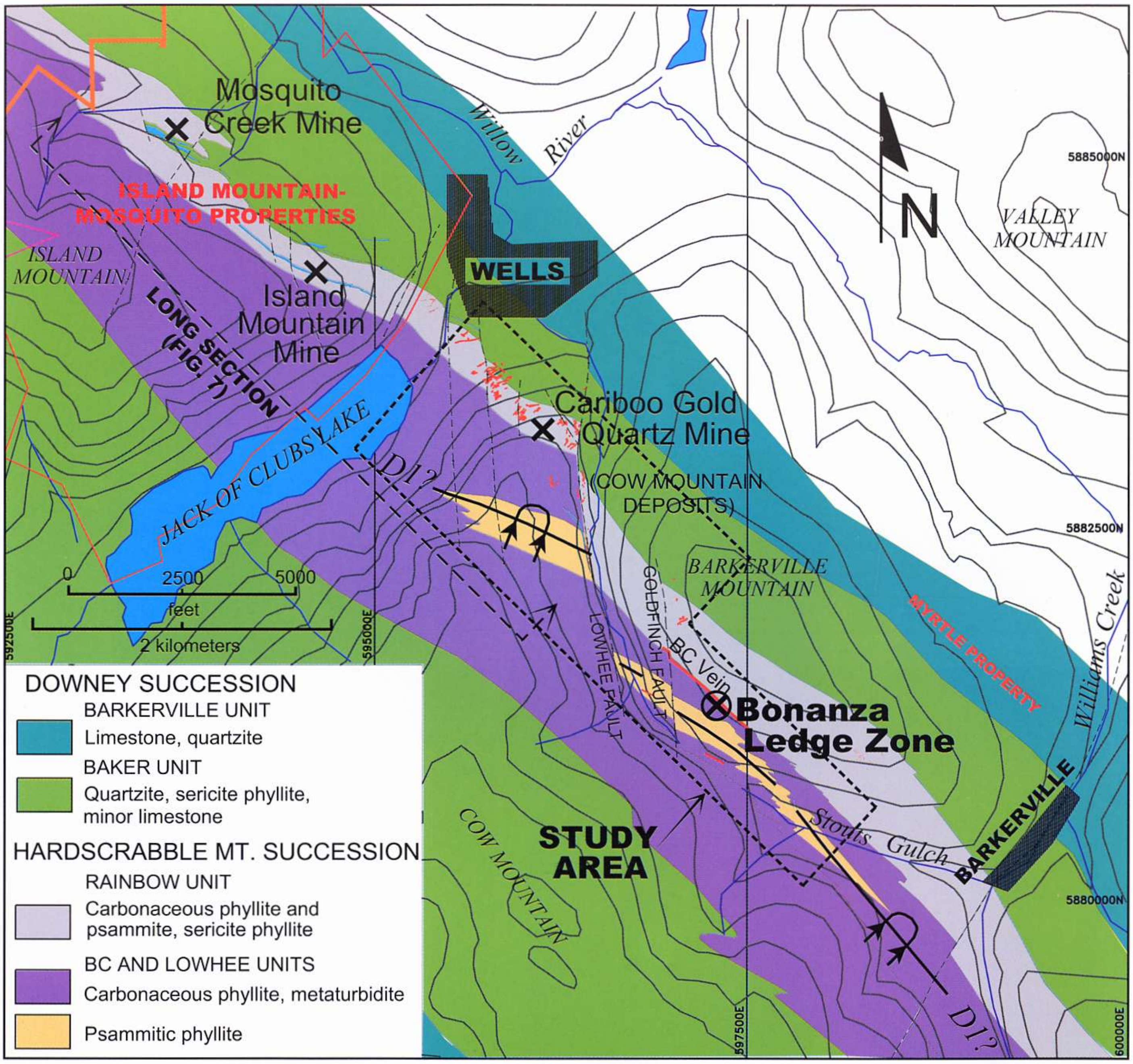
In February 2001, the Company concluded one year of Environmental & Socio-Economic base line studies.

Fiscal year 2001 drilling highlights included :

Drill Hole BC2K-	Interval in Feet	Length in Feet	Assay gram/tonne Au	Assay ounce/ton Au
3	210-234.5	24.5	9.410	0.270
4	142-170	28.0	10.120	0.300
8	210.2-228.9	18.7	14.360	0.420
10	157.9-242.6	84.7	29.640	0.865
Within hole 10	196.1-242.6	46.5	50.020	1.459
12	199.3-257	57.7	20.796	0.606
13	245-354	109.0	10.600	0.309
15	200-215	15.0	12.560	0.366
19	268-332.8	64.8	18.150	0.529
27	290-310	20.0	14.800	0.432
29	220-252.1	32.1	27.580	0.804
30	160-202	42.0	9.100	0.270
31	199.3-280	80.7	9.900	0.290
32	197-345	148.0	11.200	0.330
33	582-599	16.5	11.560	0.337

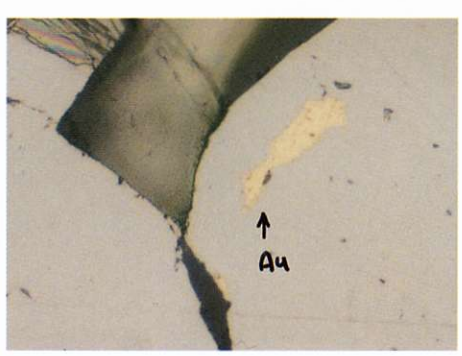

Bonanza Ledge Zone
Lowhee Creek
Richfield Mountain
Barkerville Mountain
Pinkerton Zone
Cow Mountain
Sancers Zone
Cariboo Gold Quartz Mine
Rainbow Zone
1200 Level Portal
Number 1 Zone
Tailings Zone
Jack of Clubs Lake
4000 Level Portal
Town of Wells
Island Mountain Gold Mine
Quesnel
Island Mountain
Mosquito Creek Gold Mine
Jukes Adit
Mill and Head Frame


New Discovery – "Bonanza Ledge Zone"
Butts Zone
Pinkerton Zone
Sanders Zone
Rainbow Zone
No. 1 Zone
Tailings Zone
Jack of Clubs Lake
Mosquito Creek
Red Gulch
B.C. Shaft
1200
1500
Goldfinch Fault
Lowhee Faults
Sanders Fault
No. 3 Shaft
Rainbow Fault
No. 2 Shaft
No. 1 Fault
No. 1 Shaft
Tailings Fault
4230
Aurum Fault
Lake F.
JC Fault
4400
4000
Jukes Adit
Burnett Fault
Mosquito Fault
3250
2700
2550
N
VERTICAL LONGITUDINAL SECTION
CARIBOO GOLD QUARTZ MINE
ISLAND MOUNTAIN-AURUM GOLD MINE
MOSQUITO CREEK GOLD MINE

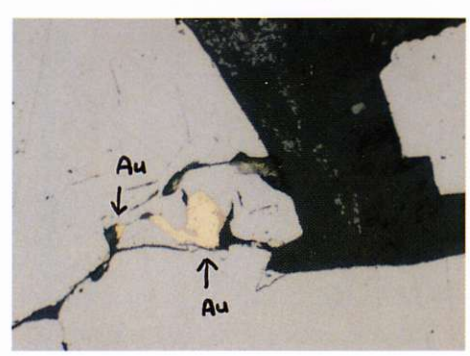


Geology of the Wells-Barkerville area, showing the locations of the study area and the Bonanza Zone

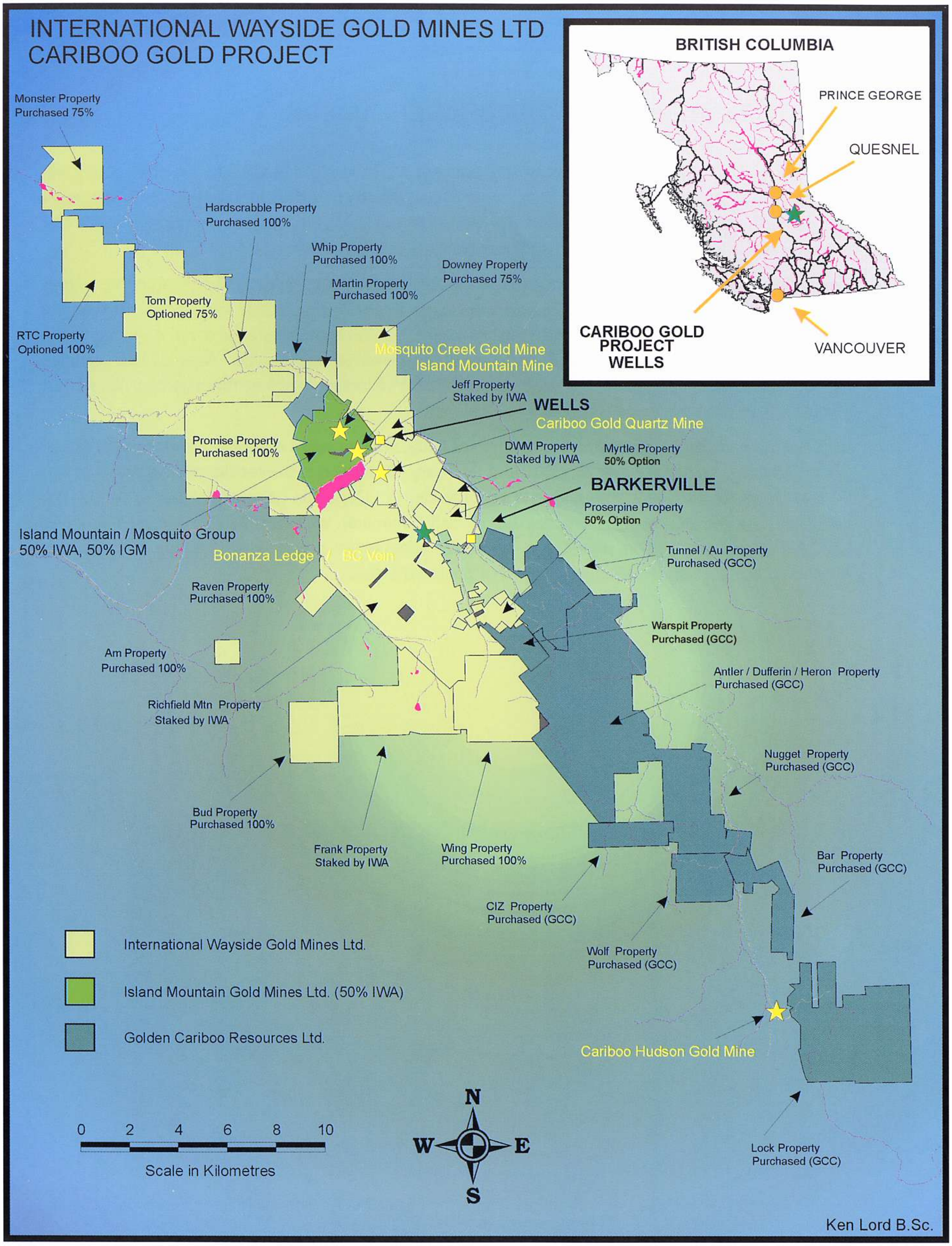
Bonanza Ledge style of mineralization in core from drill hole BC2K-25.



A gold grain 50 μm in length is encapsulated in pyrite.



A 25 μm gold grain is intergrown with pyrite.



INTERNATIONAL WAYSIDE GOLD MINES LTD
CARIBOO GOLD PROJECT
BRITISH COLUMBIA
PRINCE GEORGE
QUESNEL
CARIBOO GOLD PROJECT WELLS
VANCOUVER
Monster Property Purchased 75%
Hardscrabble Property Purchased 100%
Whip Property Purchased 100%
Downey Property Purchased 75%
Martin Property Purchased 100%
Tom Property Optioned 75%
RTC Property Optioned 100%
Mosquito Creek Gold Mine
Island Mountain Mine
Jeff Property Staked by IWA
WELLS
Cariboo Gold Quartz Mine
Promise Property Purchased 100%
DWM Property Staked by IWA
Myrtle Property 50% Option
BARKERVILLE
Proserpine Property 50% Option
Island Mountain / Mosquito Group 50% IWA, 50% IGM
Bonanza Ledge / BC Vein
Tunnel / Au Property Purchased (GCC)
Raven Property Purchased 100%
Warspit Property Purchased (GCC)
Am Property Purchased 100%
Antler / Dufferin / Heron Property Purchased (GCC)
Richfield Mtn Property Staked by IWA
Nugget Property Purchased (GCC)
Bud Property Purchased 100%
Frank Property Staked by IWA
Wing Property Purchased 100%
Bar Property Purchased (GCC)
CIZ Property Purchased (GCC)
Wolf Property Purchased (GCC)
International Wayside Gold Mines Ltd.
Island Mountain Gold Mines Ltd. (50% IWA)
Golden Cariboo Resources Ltd.
Cariboo Hudson Gold Mine
0 2 4 6 8 10
Scale in Kilometres
N
W
E
S
Lock Property Purchased (GCC)
Ken Lord B.Sc.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the balance sheets of International Wayside Gold Mines Ltd. as at February 28, 2001 and February 29, 2000 and the statements of operations and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at February 28, 2001 and February 29, 2000 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles. As required by the Company Act (British Columbia), we report that, in our opinion, these principles have been applied, after giving retroactive effect to the change in the method of accounting for income taxes as explained in note 2(f), on a consistent basis.

KPMG LLP

Chartered Accountants

Vancouver, Canada

June 29, 2001

Richard Hall, lower left, explaining the regional geology of the Cariboo to Ed Beswick, Regional Manager, Prince George Mines Branch, and other guests at the CIM visit while Angelique Justason, lower right, listens in.

International Wayside Gold Mines Ltd.

Balance Sheets
(Expressed in Canadian Dollars)

February 28, 2001 and February 29, 2000

	2001	2000
Assets		
Current assets:		
Cash and cash equivalents	$ 550,126	$ 927,939
Amounts receivable and prepaid expenses	286,224	51,592
	836,350	979,531
Investments, at cost (quoted market value - $23,000; 2000 - $25,000) (note 4(b))	30,000	15,000
Reclamation deposits	22,000	12,000
Property and equipment (note 3)	350,613	325,905
Mineral properties (note 4)	8,300,836	4,614,217
	$ 9,539,799	$ 5,946,653
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 446,035	$ 170,829
Payable to related parties (note 5)	203,138	148,379
Current portion of mortgage payable	1,018	1,017
	650,191	320,225
Mortgage payable (note 6)	68,318	68,983
Shareholders' equity:		
Capital stock (note 7)	17,921,346	12,298,038
Advances on share subscriptions (note 7(b))	–	957,500
Advances on share purchase warrants (note 7(b))	–	42,500
Deficit	(9,100,056)	(7,740,593)
	8,821,290	5,557,445
	$ 9,539,799	$ 5,946,653

Continuing operations (note 1)
Commitments (note 4)
Subsequent events (note 10)

See accompanying notes to financial statements.

Approved on behalf of the Board:

Director

Director

International Wayside Gold Mines Ltd.

Statements of Operations and Deficit
(Expressed in Canadian Dollars)

Years ended February 28, 2001 and February 29, 2000

	2001	2000
Revenue:		
Interest	$ 5,316	$ 417
Administrative expenses:		
Accounting, audit and legal	257,100	46,943
Automobile	8,512	3,531
Bank charges and interest	21,472	4,607
Corporation capital tax	–	8,026
Depreciation	48,341	58,352
Management fees (note 5(b))	120,000	120,000
Office and administration	64,114	18,666
Printing	78,784	9,659
Rent	22,238	8,850
Shareholder communications and advertising	332,849	73,154
Telephone	24,152	14,709
Transfer agent and filing fees	37,908	29,327
Wages, consulting fees and benefits	349,309	59,786
	1,364,779	455,610
Loss for the year	1,359,463	455,193
Deficit, beginning of year	7,740,593	7,285,400
Deficit, end of year	$ 9,100,056	$ 7,740,593
Loss per share	$ 0.03	$ 0.02

See accompanying notes to financial statements.

An aerial view of diamond drilling operations on the Island Mountain claim group, part of the Cariboo Gold Project.

Bill Hartford drilling and Larry Gagnon adding another ten foot length to the drill string on Island Mountain.

Statements of Cash Flows
(Expressed in Canadian Dollars)

Years ended February 28, 2001 and February 29, 2000

	2000	1999
Cash provided by (used in):		
Operating activities:		
Loss for the year	$ (1,359,463)	$ (455,193)
Depreciation, an item not involving cash	48,341	58,352
	(1,311,122)	(396,841)
Changes in non-cash operating working capital:		
Amounts receivable and prepaid expenses	(234,632)	(21,757)
Accounts payable and accrued liabilities	275,206	(106,044)
	(1,270,548)	(524,642)
Investing activities:		
Expenditures on mineral properties, net of recoveries	(2,896,253)	(513,886)
Purchase of property and equipment	(73,049)	(22,500)
Reclamation deposits	(10,000)	–
	(2,979,302)	(536,386)
Financing activities:		
Mortgage payable	(664)	–
Payable to related parties	54,759	(38,854)
Issuance of capital stock for cash	3,817,942	1,220,300
Advances on share subscriptions	–	707,850
Advances on share purchase warrants	–	42,500
	3,872,037	1,931,796
Increase (decrease) in cash and cash equivalents	(377,813)	870,768
Cash and cash equivalents, beginning of year	927,939	57,171
Cash and cash equivalents, end of year	$ 550,126	$ 927,939
Supplemental cash flow information:		
Income taxes paid	$ –	$ –
Interest paid	9,305	524
Non-cash financing and investing activities:		
Issuance of capital stock for mineral properties	805,366	–
Acquisition of property and equipment for mortgage payable to vendor	–	70,000
Shares received pursuant to mineral property option agreements	15,000	15,000

See accompanying notes to financial statements.

1. Continuing operations:

The Company was incorporated on February 12, 1970 undar the Company Act (British Columbia). Its principal business activities are the exploration and development of mineral properties in British Columbia, with its principal properties being the Cariboo Gold Project (note 4(b)).

The Company is in the process of exploring and developing its mineral properties and has not yet determined whether its mineral properties contain ore reserves that are economically recoverable. The recoverability of amounts shown for mineral properties is dependent upon the discovery of economically recoverable ore reserves in its mineral properties, the ability of the Company to obtain the necessary financing to complete development, confirmation of the Company's interest in the underlying mineral claims and leases and upon future profitable production from or the proceeds from the disposition of its mineral properties.

These financial statements have been prepared in accordance with accounting principles applicable to a going concern, which assumes that the Company will realize its assets and discharge its liabilities in the ordinary course of business. As at February 28, 2001, the Company had working capital of approximately $186,000, which is not sufficient to fund the Company's commitments and ongoing operations. The Company's continuing operations and the ability of the Company to discharge its liabilities as they come due is dependent upon the ability of the Company to continue to obtain equity financing. Failure to continue as a going concern would require the restatement of assts and liabilities on a liquidation basis, which would differ materially from the going concern basis.

2. Significant accounting policies:

(a) Basis of presentation:

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

(b) Investments:

Investments are carried at cost less any provision for impairment in value.

(c) Property and equipment:

Property and equipment is recorded at cost. Depreciation is provided, once the assets are in use, over their estimated useful lives on a declining balance basis at rates between 5% and 20% per annum.

2. Significant accounting policies (continued):

(d) Mineral properties:

The Company capitalizes the acquisition cost of mineral properties and defers exploration and development expenditures directly related to specific mineral properties, net of recoveries received, until such time as the extent of mineralization has been determined and the mineral properties are developed, the Company's mineral rights are allowed to lapse or the Company determines that the deferred costs are in excess of the net recoverable amount. At that time the deferred costs are either amortized on a unit-of-production basis, written off or written down, as appropriate.

Mineral property acquisition costs include the cash consideration paid and the fair value of common shares issued, based on the trading price of the shares on the date of the agreement to issue the shares.

Recoveries for option payments and shares received are recorded on receipt as the payments or shares received under the agreement are made at the sole discretion of the optionee. Refundable mineral exploration tax credits are also recorded on receipt as the amounts are subject to acceptance by the taxation authorities.

Amounts shown for mineral properties represent costs incurred to date, less write-downs, write-offs and recoveries, and do not necessarily reflect present or future values.

(e) Stock-based compensation:

The Company grants incentive stock options to employees, directors and consultants under Canadian Venture Exchange ("CDNX") policies. No compensation expense is recorded when the options are granted. Any consideration paid on the exercise of stock options is credited to share capital.

(f) Income taxes:

Effective March 1, 2000, the Company adopted, retroactively and without restatement of prior periods, the new recommendations of the Canadian Institute of Chartered Accountants (the "CICA") regarding accounting for income taxes, which requires the use of the asset and liability method. The cumulative effect, at March 1, 2000, of adopting these recommendations was not material.

Under this method of tax allocation, future income tax assets and liabilities are determined based on differences between the financial statement carrying values and their respective income tax bases (temporary differences). Future income tax assets and liabilities are measured using the enacted tax rates expected to be in effect when the temporary differences are likely to reverse. The effect on future income tax assets and liabilities of a change in tax rates is included in operations in the period in which the change is enacted or substantively enacted. The amount of future income tax assets recognized is limited to the amount that is more likely than not to be realized.

2. Significant accounting policies (continued):

(f) Income taxes (continued):

Prior to the adoption of the new recommendations, income tax expense was determined using the deferral method of tax allocation. Under this method, future income tax expense was based on differences in the recognition of revenues and expenses for income tax and financial reporting purposes.

(g) Loss per share:

Loss per share is calculated using the weighted average number of shares outstanding during the year. Fully diluted loss per share has not been presented as the effect on basic loss per share would be anti-dilutive.

(h) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the determination of recovery of mineral property, deferred costs and useful lives for depreciation. Actual results could differ from those estimates.

(i) Financial instruments:

As at February 28, 2001 and February 29, 2000, in all material respects the carrying amounts of the Company's financial instruments, other than investments and amounts payable to related parties, approximate fair values due to the short-term to maturity of such instruments. The fair value of investments is disclosed on the balance sheet. It is not practicable to determine the fair values of the amounts payable to related parties due to the related party nature of such amounts and the absence of a secondary market for such instruments.

(j) Comparative figures:

Certain of the prior years comparative figures have been reclassified to conform with the presentation adopted for the current year.

Nancy Curry, VP Corporate Communications (front) preparing for a property tour. Dorothy Hoffort of Wolverton Securities and Derek van Larre on the skidoos with Verna Savor of Alpine Snow Ventures, Wells.

Notes to Financial Statements
(Expressed in Canadian Dollars)

Years ended February 28, 2001 and February 29, 2000

3. Property and equipment:

	Cost	Accumulated depreciation	2001 Net book value	2000 Net book value
Land	$ 59,300	$ –	$ 59,300	$ 59,300
Building	33,200	1,660	31,540	33,200
Office equipment	146,594	89,510	57,084	55,306
Mining equipment	369,410	166,721	202,689	178,099
	$ 608,504	$ 257,891	$ 350,613	$ 325,905

4. Mineral properties:

	Wayside property	Cariboo Gold Project	Total
Balance, February 28, 1999	$ 1	$ 4,115,330	$ 4,115,331
Net expenditures during fiscal 2000:			
Acquisition costs and option payments	–	100,000	100,000
Option payments and shares received	–	(215,000)	(215,000)
Exploration and development expenditures:			
Administration fees (note 5(b))	–	25,230	25,230
Assaying	–	34,990	34,990
Consulting	–	78,564	78,564
Engineering	–	14,401	14,401
Equipment rentals (note 5(b))	–	77,408	77,408
Project administration fees (note 5(b))	–	30,000	30,000
Mine and field supplies	–	347,021	347,021
Travel	–	6,272	6,272
	–	613,886	613,886
Balance, February 29, 2000	1	4,614,216	4,614,217
Net expenditures during fiscal 2000:			
Acquisition costs and option payments	–	1,038,690	1,038,690
Option payments and shares received	–	(45,000)	(45,000)
Exploration and development expenditures:			
Administration fees (note 5(b))	–	84,133	84,133
Assaying	–	127,624	127,624
Consulting (note 5(b))	–	154,100	154,100
Engineering	–	84,336	84,336
Environmental	–	793,496	793,496
Equipment rentals (note 5(b))	–	75,975	75,975
Project administration fees (note 5(b))	–	30,000	30,000
Land fees and permitting	–	84,339	84,339
Exploration	–	591,551	591,551
Mine and field supplies	–	587,894	587,894
Travel	–	79,481	79,481
	–	2,692,929	2,692,929
Balance, February 28, 2001	$ 1	$ 8,300,835	$ 8,300,836

4. Mineral properties (continued):

(a) Wayside property:

At February 28, 2001, the Company holds a 100% interest in the Wayside property, consisting of certain mineral claims and leases located in the Lillooet Mining Division, British Columbia. If, and when, the property commences commercial production, the Company will be required to issue shares equal in value to $480,000 to the party from whom it was initially acquired.

Based on limited financial resources and current economics, the Company has been focusing its efforts in recent years on the Cariboo Gold Quartz property (note 4(b)) and has been seeking, without success, a joint venture partner to fund exploration expenditures on the Wayside property. Based on the limited exploration work performed on the property in recent years and the uncertainty of recovering the deferred costs, the Company wrote down the $1,786,571 of deferred costs on this property to a nominal amount during the year ended February 28, 1999.

(b) Cariboo Gold Project:

During 1994, the Company entered into an option agreement with Mosquito Consolidated Gold Mines Ltd. ("Mosquito"), to earn a 50% undivided interest in the Cariboo Gold Quartz property, consisting of certain mineral claims and leases located in the Lillooet Mining Division, British Columbia. In order to earn its 50% interest in the property, the Company is required to make option payments totalling $50,000 (paid), issue 500,000 common shares (issued), and incur cumulative exploration and development expenditures totalling $1,450,000 over a six year period to October 3, 2000 (incurred). For each additional year thereafter until a production decision is made, the Company agrees to spend $500,000 on further exploration and development work on the property, although the agreement provides that the Company can apply expenditures incurred during the six year period to October 3, 2000 in excess of $1,450,000 against this $500,000 annual expenditure commitment.

During the year ended February 28, 1999, the Company entered into a letter agreement with Mosquito whereby the Company can acquire the remaining 50% of the Cariboo Gold Quartz property held by Mosquito as well as a 100% interest in Mosquito's Island Mountain and Mosquito Creek properties that are contiguous to the Cariboo Gold Quartz property (which collectively form the Cariboo Gold Project) (the "Properties"), for cash of $4,000,000 to be paid in stages to December 31, 2003. The letter agreement provides for a NSR royalty to Mosquito of 3% of net revenues derived from production of minerals from the Properties and the Company has the option of purchasing this royalty for a period of one year from the completion of a positive feasibility study for U.S. $4,200,000. The Company is responsible for settling an existing 10% net profits interest on the Properties and has been granted an option to purchase all equipment on the Properties owned by Mosquito. Mosquito retains all placer rights to the Properties.

4. Mineral properties (continued):

(b) Cariboo Gold Project (continued):

Also during fiscal 1999, the Company acquired two additional properties contiguous to the Cariboo Gold Quartz property, consisting of a total of two crown grants, four placer leases and two mineral claims for 75,000 shares of the Company and $2,000.

During fiscal 2000, the Company entered into an agreement with Island Mountain Gold Mines Ltd. ("IMGML"), a public company listed on the CDNX which has common directors with the Company, granting IMGML an option to earn a 50% interest in the Island Mountain and Mosquito Creek properties from the Company. In order to earn its 50% interest, the agreement provides that IMGML will pay the Company $150,000 upon execution of the agreement (received) and make annual option payments to the Company of $50,000 per year for the next five years ($50,000 received in fiscal 2000), issue 500,000 shares of IMGML in stages (50,000 shares received in fiscal 2000) and incur $4,000,000 in exploration expenditures over a five year period. The Company will remain the operator on the exploration work programs, although it intends to utilize the services of the primary contractor used for the exploration work programs on its own properties (see note 5(b)).

During fiscal 2001, the Company entered into agreements with several third parties to acquire interests in certain mineral properties contiguous to the Cariboo Gold Project. In aggregate, the agreements call for the Company to pay $312,500, issue 664,500 common shares and incur $350,000 of exploration expenditures over a three year period. The third party on two of the agreements has served notice of cancellation, which the Company has not accepted.

Also during fiscal 2001, the Company entered into an agreement with Global Tree Technologies Inc. ("Global"), a public company listed on the CDNX, granting Global an option to acquire a 50% interest in 24 mineral claims located in the Cariboo Mining Division. In order to earn its 50% interest, the agreement provides that Global will pay the Company $25,000 upon execution of this agreement (received) and $25,000 within one year of regulatory approval, issue to the Company a total of 500,000 shares of Global in stages (100,000 received in fiscal 2001) and incur $1,550,000 of exploration expenditures over a five year period.

Pete Wright, Dale Pinkerton and Arnold Schmode adjusting the grade leading to the drill core compound.

(Expressed in Canadian Dollars)

5. Payable to related parties:

(a) Balances payable:

The amounts payable to related parties, which are non-interest bearing, unsecured and due on demand, are comprised of the following:

		2001		2000
Payable to directors	$	175,276	$	15,939
Payable to companies controlled by directors		27,862		132,440
	$	203,138	$	148,379

(b) Related party transactions:

A summary of the amounts charged to the Company by officers, directors, and by companies controlled by directors is as follows:

		2001		2000
Exploration and development expenditures:				
Equipment rentals	$	63,050	$	76,450
Project administration fees		30,000		30,000
Administration fees on reimbursed expenditures		84,133		25,230
Consulting fees		19,436		–
Administrative expenses:				
Management fees		120,000		120,000
	$	316,619	$	251,680

Substantially all of the exploration and development expenditures incurred by the Company are charged from a company controlled by a director. These charges consist of equipment rentals, project administration fees, reimbursement of expenditures incurred on behalf of the Company and administration fees of 12% (to a maximum of $8,000 per month) on such reimbursement of expenditures. Management believes the equipment rental charges and project administration fees are at fair values, compared to what the Company would be required to pay to third parties.

The Company is also charged $5,000 per month for general management services by each of two directors, the president of the Company and the chief financial officer.

(Expressed in Canadian Dollars)

6. Mortgage payable:

In connection with the acquisition of the land and building during fiscal 2000, the vendors granted the Company a mortgage payable of $70,000 that bears interest at 8% per annum, is payable in monthly instalments of $534, including interest, and is due on January 1, 2005. The principal repayments due in each of the next four years are as follows:

2002	$ 1,018
2003	1,101
2004	1,188
2005	66,029
	$ 69,336

7. Capital stock:

(a) Authorized capital:

100,000,000 common shares without par value

(b) Issued and outstanding:

	Number of shares	Total
Balance, February 28, 1999	24,038,679	$ 11,077,738
Issued during the year:		
For cash by way of private placements, net of finders fees	7,350,334	1,102,550
For cash on exercise of share purchase options (note 7(e))	720,000	108,000
For cash on exercise of share purchase warrants (note 7(f))	55,000	9,750
Balance, February 29, 2000	32,164,013	12,298,038
Issued during the year:		
For cash by way of private placements, net of finders fees	10,284,670	3,004,793
For cash on exercise of share purchase options (note 7(e))	1,312,562	405,522
For cash on exercise of share purchase warrants (note 7(f))	5,298,006	1,407,627
For acquisition of mineral properties	564,500	805,366
Balance, February 28, 2001	49,623,751	$ 17,921,346

At February 28, 1999, the Company had received advances on share subscriptions totalling $249,650 relating to a private placement totalling 2,224,334 units at $0.15 per unit.

7. Capital stock (continued):

(b) Issued and outstanding (continued):

During fiscal 2000, the Company received the remaining $84,000 and issued 1,509,334 flow-through common shares, 715,000 non-flow-through common shares, 754,667 flow-through share purchase warrants and 357,500 non-flow-through share purchase warrants. Each share purchase warrant allows the holder to purchase an additional flow-through or non-flow-through common share at a price of $0.25 per share for a one year period. The Company also completed two private placements totalling 5,126,000 units at $0.15 per unit for total proceeds of $768,900. A total of 2,596,000 of the units were flow-through units. Each unit consists of one flow-through or non-flow-through common share and one-half of a flow-through or non-flow-through share purchase warrant. One full share purchase warrant allows the holder to purchase an additional flow-through or non-flow-through common share at a price of $0.25 per share for a one year period.

At February 29, 2000, the Company had received advances on share subscriptions totalling $957,500 relating to a private placement of 4,000,000 units at $0.25 per unit, with each unit consisting of one flow-through or non-flow-through common share and one-half of a flow-through or non-flow-through share purchase warrant, with each whole share purchase warrant exercisable at $0.35 per share for a one year period. The Company also received $42,500 of advances on the exercise of 170,000 warrants at $0.25 per share (note 7(e)).

During fiscal 2001, the Company received the remaining $42,500 and issued 4,000,000 common shares and 2,000,000 share purchase warrants. The Company also completed three other private placements, the first consisting of 1,734,500 units at $0.50 per unit, with each unit consisting of one common share and one-half of a share purchase warrant. One whole share purchase warrant allows the holder to purchase an additional common share at a price of $0.65 per share for a one year period. The other two private placements totalled 4,550,170 units at $0.25 per unit for total proceeds of $1,137,543. A totat of 1,575,000 units were flow-through. Each unit consists of one flow-through or non-flow-through common share and one-half of a flow-through or non-flow-through share purchase warrant. One whele share purchase warrant allows the holder to purchase an additional flow-through or non-flow-through common share at a price of $0.35 per share for a one year period.

(c) Flow-through shares:

During fiscal 2001, the Company issued a total of 1,575,000 flow-through common shares for cash consideration of $393,750 and during fiscal 2000, the Company issued a total of 4,105,334 flow-through common shares for cash consideration of $615,800 (note 7(b)). These and previous years expenditures related to the use of flow-through share proceeds are included in mineral properties but are not available as a tax deduction to the Company as the tax benefits of these expenditures have been renounced to the investors.

(Expressed in Canadian Dollars)

7. Capital stock (continued):

(d) Share purchase options:

Pursuant to the policies of the CDNX, the Company may grant incentive stock options to its officers, directors, employees and consultants. CDNX policies permit the Company's directors to grant incentive stock options for the purchase of shares of the Company to persons in consideration for services. Stock options must be non-transferable and the aggregate number of shares that may be reserved for issuance pursuant to stock options may not exceed 10% of the issued shares of the Company at the time of granting and may not exceed 5% to any individual (maximum of 2% to any consultant). The exercise price of stock options is determined by the board of directors of the Company at the time of grant and may not be less than the closing price of the Company's shares on the trading day immediately preceding the date on which the option is granted and publicly announced, less an applicable discount, and may not otherwise be less than $0.10 per share. Options have a maximum term of five years and terminate 90 days following the termination of the optionee's employment, except in the case of retirement, death or disability, in which case they terminate one year after the event. Vesting of options is made at the time of granting of the options at the discretion of the board of directors. Once approved and vested, options are exercisable at any time.

The continuity of the Company's share purchase options for the years ended February 28, 2001 and February 29, 2000, all of which are exercisable, are as follows:

Exercise prices	Expiry dates	Balance February 29, 2000	Granted	Exercised	Expired/ cancelled	Balance February 28, 2001
$ 0.65	November 3, 2001	353,582	–	(353,582)	–	–
$ 0.15	August 31, 2003	455,000	–	(310,000)	(10,000)	135,000
$ 0.17	February 2, 2003	792,600	–	(100,000)	–	692,600
$ 0.30	February 10, 2003	300,000	–	(150,000)	–	150,000
$ 0.30	February 16, 2003	148,980	–	(48,980)	–	100,000
$ 0.15	October 8, 2003	976,719	–	(350,000)	–	626,719
$ 0.50	August 30, 2003	–	2,050,397	–	–	2,050,397
		3,026,881	2,050,397	(1,312,562)	(10,000)	3,754,716
Weighted average exercise price		$ 0.24	$ 0.50	$ 0.31	$ 0.15	$ 0.35

(Expressed in Canadian Dollars)

7. Capital stock (continued):

(d) Share purchase options (continued):

Exercise prices	Expiry dates	Balance February 28, 1999	Granted	Exercised	Expired/ cancelled	Balance February 29, 2000
$ 0.48	August 21, 1999	370,000	–	–	(370,000)	–
$ 0.32	February 12, 2000	191,115	–	–	(191,115)	–
$ 0.65	November 3, 2001	353,582	–	–	–	353,582
$ 0.15	August 31, 2003	718,732	–	(243,732)	(20,000)	455,000
$ 0.17	February 2, 2003	–	792,600	–	–	792,600
$ 0.30	February 10, 2003	–	300,000	–	–	300,000
$ 0.30	February 16, 2003	–	148,980	–	–	148,980
$ 0.15	October 8, 2003	–	1,512,987	(476,268)	(60,000)	976,719
		1,633,429	2,754,567	(720,000)	(641,115)	3,026,881
Weighted average exercise price		$ 0.35	$ 0.18	$ 0.15	$ 0.39	$ 0.24

Also see note 10.

(e) Share purchase warrants:

The continuity of the Company's share purchase warrants for the years ended February 28, 2001 and February 29, 2000, are as follows:

Exercise prices	Expiry dates	Balance February 29, 2000	Issued	Exercised	Expired	Balance February 28, 2001
$ 0.25	December 9, 2000	2,969,194	–	(1,247,839)	(1,721,355)	–
$ 0.25	March 31, 2000	500,000	–	(500,000)	–	–
$ 0.25	October 8, 2000	2,063,000	–	(2,005,500)	(57,500)	–
$ 0.25	February 1, 2001	1,097,167	–	(807,167)	(290,000)	–
$ 0.65	October 5, 2001	–	925,000	–	(56,250)	868,750
$ 0.35	February 28, 2001 / 2002 [(2)]	–	2,000,000	(737,500)	–	1,262,500
$ 0.35	February 20, 2002	–	1,840,085	–	–	1,840,085
$ 0.35	February 27, 2002	–	435,000	–	–	435,000
		6,629,361	5,200,085	(5,298,006)	(2,125,105)	4,406,335
Weighted average exercise price		$ 0.25	$ 0.40	$ 0.26	$ 0.26	$ 0.41

(Expressed in Canadian Dollars)

7. Capital stock (continued):

(e) Share purchase warrants (continued):

Exercise prices	Expiry dates	Balance February 28, 1999	Issued	Exercised	Expired	Balance February 29, 2000
$ 0.15	April 2, 1999	1,401,250	–	(40,000)	(1,361,250)	–
$ 0.25	December 9, 1999/2000 [1]	2,969,194	–	–	–	2,969,194
$ 0.25	March 31, 2000	–	500,000	–	–	500,000
$ 0.25	October 8, 2000	–	2,063,000	–	–	2,063,000
$ 0.25	December 7, 1999 / February 1, 2001 [1]	–	1,112,167	(15,000)	–	1,097,167
		4,370,444	3,675,167	(55,000)	(1,361,250)	6,629,361
Weighted average exercise price		$ 0.22	$ 0.25	$ 0.18	$ 0.15	$ 0.25

[1] During fiscal 2000, the Company received regulatory approval to extend the expiry date of 2,969,194 share purchase warrants with an exercise price of $0.25 per share from December 9, 1999 to December 9, 2000. In addition, regulatory approval was obtained to extend the expiry date of 1,112,167 share purchase warrants with an exercise price of $0.25 from December 7, 1999 to February 1, 2001.

[2] During fiscal 2001, the Company received regulatory approval to extend the expiry date of 1,740,000 share purchase warrants with an exercise price of $0.35 per share from February 28, 2001 to February 28, 2002.

(f) Escrow shares:

At February 28, 2001, a total of 496,875 (2000 – 496,875) of the issued shares are held in escrow and will not be released without the consent of the regulatory authorities.

During fiscal 1998, the Company filed an application with the regulatory authorities for the release of up to 126,684 performance shares from escrow. Pursuant to the underlying escrow agreements, these 126,684 escrow shares would be cancelled if not released prior to November 2, 1997. The Company has not yet received regulatory approval for this application.

(Expressed in Canadian Dollars)

8. Income taxes:

In 2000, the Company retroactively adopted the asset and liability method of accounting for income taxes in accordance with the new Recommendations of the CICA. However, there was no effect of the change in accounting policy on the 2001 or 2000 financial statements.

Substantially all of the difference between the actual income tax expense (recovery) of nil and the expected B.C. statutory corporate income tax recovery relates to losses not recognized.

The significant components of the Company's future income tax assets and liabilities at February 28, 2001 are as follows:

Future income tax assets:	
Property and equipment	$ 117,000
Mineral properties	843,000
Losses carried forward	848,000
Total future income tax assets	1,808,000
Valuation allowance	(1,808,000)
	$ –

At February 28, 2001, the Company has operating losses of approximately $1,860,000 that expire at various dates to 2008.

9. Segment disclosures:

The Company considers its business to comprise a single operating segment, being exploration of resource properties, within the geographic area of British Columbia, Canada.

10. Subsequent events:

Subsequent to February 28, 2001, the Company:

(a) granted 1,312,500 share purchase options to directors, officers, employees and consultants exercisable at $0.25 per share to May 10, 2004;

(b) announced a private placement of 3,000,000 units at $0.25 per unit with each unit consisting of one common share and one-half of a share purchase warrant, each whole warrant entitling the holder to purchase one common share at $0.35 per share for a one year period; and

(c) announced a debt settlement arrangement whereby the Company would issue up to 1,065,060 common shares at a price of $0.25 per share in settlement of $266,265 of accounts payable and amounts payable to related parties.

The private placement and debt settlement are subject to CDNX approval.

Corporate Information

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Board of Directors and Officers
Richard Atkinson, B.A. Sc., P.Eng., Director, Chairman
J. Frank Callaghan, Director, President and CEO
H.K. (Ken) Maddison, F.C.A., Director, CFO
Douglas Hurst, B.Sc. (Geol.), Director
Audrey Dinning, Corporate Secretary

Consulting Geologists and Engineers
Godfrey Walton, M.Sc., P.Geo.
Richard D. Hall, Ph.D., P.Eng.
Ken Lord, B.Sc., Geologist
David Hladky, Geologist
Jean Poulter, P.Geo.
Ken Robertson, P.Geo.
Shaun Dykes, P.Geo.
Wayne Pickett, M.Sc., P.Geo.
Steve Kocsis, P.Geo.
Panterra Geoservices Inc.
John V. Tully & Associates
Giroux Consultants Ltd.
Geosim Services Inc.
Beacon Hill Consultants Ltd.

Government & First Nations Relations
Jo Harris & Associates

General Contractors
Standard Drilling & Engineering Ltd.
Elixir Construction Consultants
Wright Contracting Ltd.
Two Boys 2000
Boychuck Contracting
Doug Merric Contracting
John Bot Contracting
Gary Polischuk, Prospecting Services
Sabre Exploration Ltd.
Eagle Mapping Services Ltd.

Environmental Consultants
Knight Piesold Ltd.
Cariboo Envirotech Ltd.

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Computershare Trust Company of Canada
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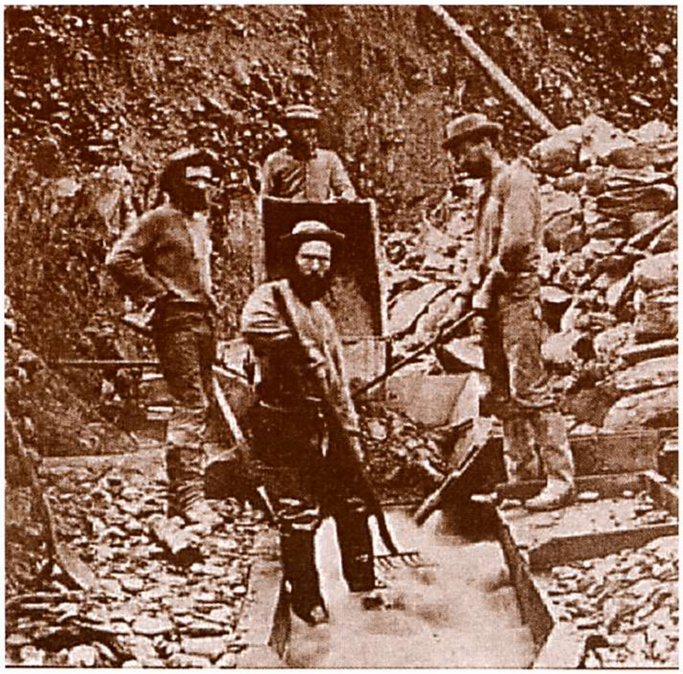
Stock Exchange Listing
Canadian Venture Exchange (CDNX)
Trading Symbol: IWA
CUIP Number: 946901 10 5
S.E.C. Registration Number: 12g3-2(b) 82-1606
Standard and Poors registered

Share Structure (February 28, 2001)
Total Authorized: 100,000,000
Shares Outstanding: 49,6232,751
Fully Diluted: 57,884,802

Frank Callaghan, left and Roger Boychuk install a new sign at the field office in Wells, B.C.

The Cariboo Gold Rush



The Cariboo Gold Rush of the 1860s, the largest in British Columbia's history, was part of a series of 19th century gold rushes. The California Gold Rush in 1849 could not last forever and, as the placer gold dwindled, many miners followed rumours of a new of discovery on the Fraser River which flows into the ocean just south of Vancouver, British Columbia.

A flood of gold seeking hopefuls descended on Fort Victoria (now Victoria), located on the southern tip of Vancouver Island, some 70 miles west of the mouth of the Fraser River. Eager to reach the new gold fields, miners attempted the crossing of Georgia Strait in anything that would float. Many drowned on flimsy rafts. Still, thousands made it and gradually worked their way up the Fraser River recovering fine placer gold. Then in 1859, about 130 miles upstream, where the Thompson River joins the Fraser, the determined prospectors found larger gold nuggets, spurring them onward. This was a few miles south of what became known as the Cariboo, a slang term after the majestic caribou that still roam the alpine regions.

Ever working their way north, the placer miners began to branch out on tributaries of the Fraser. The first gold discovery in the Cariboo occurred when Long Baptiste, a local Indian, led a party headed by Doc Keithley and George Weaver, and showed the men a gold-bearing creek that still bears the name Keithley Creek. This discovery led to many others in the region, some incredibly rich. Antler Creek produced $1,000 in gold per square foot. Other fabulous gold creeks included Cunningham, Dragon, Grouse, Lightning, Lowhee, Mosquito and Williams Creek.

Discovered in 1861 by a party led by "Dutch Bill" Deitz, Williams Creek was disappointing at first until a miner named Abbott dug below a layer of blue clay down about 15 feet and in two days about 50 ounces of gold were recovered. Abbott's claim went on to produce 40 pounds of gold per day with nearby claims doing even better. But this was just the beginning.

In 1862, a sailor named Billy Barker burrowed down through 52 feet of gravel and hit placer gold worth $1,000 per longitudinal foot, resulting in some $600,000 in gold being mined from his claim. This was when the price of gold was US $20.65. The Diller claim recovered 102 pounds of gold in a single day. In the heyday of the 1860s, Barkerville (named after Billy Barker) was said to be the largest town west of Chicago and north of San Francisco. In total, it is estimated some 93 tons of placer gold has been recovered from the Cariboo; however, many miners did not declare their recoveries so the actual gold recovered will never be known.

By 1900, the placer gold was petering out and barely a hundred miners remained. Prospectors now turned their attention to the source of the placer deposits - lode gold. Even though assays from quartz veins were good, gold recoveries were poor as the cyanide recovery method had not yet been invented. It was not until 1933 when an Englishman, Fred Marshall Wells, developed the Cariboo Gold Quartz Mine. A huge success, the mine produced more than $25 million in gold at US $32 per ounce. The mine finally closed in 1959 after recovering 626,755 ounces of gold. Other nearby underground mines were also successful. In 1934 Newmont Mining placed the Island Mountain/ Aurum Gold mine into production which recovered 559,000 ounces of gold by the time it closed in 1967.

At the present time, following the Bonanza Ledge discovery of International Wayside Gold Mines Ltd., a new gold rush is taking place with over a dozen resource companies staking claims along the Cariboo Gold Trend.

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