

# *International Wayside Gold Mines Ltd.*

301 - 455 Granville Street  
Vancouver, B.C. Canada V6C 1T1

676161  
93H/4

Tel: (604) 669-6463  
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VSE Symbol  
"IWA"

Dear Shareholders;

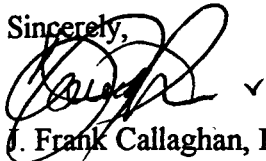
July 20, 1995

Our growing family of venturers has reached almost 900 registered shareholders and it's interesting that 25% of you are from across the Atlantic Ocean or in the U.S.A. The expansion of our shareholder base, through private placements and Vancouver Stock Exchange transactions, urges me to welcome you new investors and to thank the "old timers" for their patience and valuable input to our business. We are eager to keep you better informed and hopefully more often than this annual report to you! If you're not receiving our periodic news releases, and want them, please call the office to have your name put on our mailing list. We also have the toll-free number available to assist you with news and in buying or selling strategies on "IWA".

Gold exploration companies, such as ours, live or die on the quality of the work they do on properties they own, or would like to own. My focus, since election by the Board of Directors to run our company, in 1991, has been to acquire the best possible prospects in historically prolific gold camps - and that's why I'm so pleased we control the properties now in our portfolio. Originally, we had only half the Wayside Gold Mine and today we've secured 100% interest and added opportunity to earn 50% of both the Olympic and Minto Gold Mines nearby. The Company anticipates work programs will commence later this summer. I am convinced our exploration investment and hard work will demonstrate that commercially mineable gold ore remains in the fabulous Gold Bridge, B.C. district. We're about to follow up 1994's testing on the two "Woodchopper" Placer Claims with a final, pre-production, test because we suspect that an exciting opportunity exists separating gold from glacial gravel downstream from the famous Bralorne/Pioneer Gold Mines. Bralorne/Pioneer have announced that they expect to pour their first gold bars by January of 1996. We also expect to make the transition from gold explorers to gold producers!

Perhaps most thrilling to write you about is the on-going work being done in a wholly new district, for us, the 2nd most prolific gold producing region in B.C. (Gold Bridge is #1). This past year we signed an agreement to earn a 50% interest in Mosquito Consolidated Gold Mines Ltd's. big producing (635,000 ounces gold so far!) Cariboo Gold Quartz Mine, near Wells/Barkerville, B.C. Our exceptional diamond drilling team has completed, to date, four drill holes up to 200 feet, upwards from the 1200 level adit to surface. These efforts on the Rainbow Zone are ongoing on a 6 day week shift and they validate the probability that inexpensive open pit mining atop the Cariboo's "Cow Mountain" could incorporate the Rainbow, Sanders (already shows 85,000 ounces in 760,000 tonnes) and Pinkerton Zones. This is not "Penny-Ante" stuff! If we're able to demonstrate economic feasibility to a major mine developer and can negotiate a satisfactory agreement ... then our venturing will be splendidly rewarded! It's with a growing sense of anticipation that all of us working actively here day-to-day feel. It's happening and at a pace we can handle, so participate in the affairs of our company, vote your stock and I know you will be pleased with what's coming!

Sincerely,



J. Frank Callaghan, President

**INTERNATIONAL WAYSIDE GOLD MINES LTD.**

**NOTICE OF ANNUAL GENERAL MEETING OF MEMBERS**

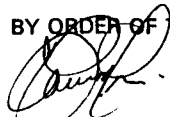
**NOTICE IS HEREBY GIVEN THAT** the Annual General Meeting (the "Meeting") of the members of International Wayside Gold Mines Ltd. (the "Company"), will be held in the Boardroom, Suite 300, 885 Dunsmuir Street, Vancouver, B.C., V6C 1N5 on **August 23, 1995** at the hour of 10:00 o'clock in the forenoon (Vancouver time) for the following purposes:

1. To receive and consider the Report of the Directors and to receive and consider the audited financial statements for the year ended February 28, 1995 together with the Auditor's Report thereon.
2. To re-appoint the auditors of the Company for the ensuing year and to authorize the directors to fix the remuneration to be paid to the auditors.
3. To elect directors for the ensuing year.
4. To consider, and if thought fit, to pass an ordinary resolution ratifying and approving incentive stock options granted by the Company to insiders during the period since the last Annual General Meeting held on August 29, 1994 described under the heading "Particulars of Other Matters to be Acted Upon" in the Company's Information Circular dated July 14, 1995.
5. To consider, and if thought fit, to pass an ordinary resolution authorizing the directors of the Company in their discretion to grant stock options to insiders of the Company and to amend stock options granted to insiders of the Company and to ratify amendments made by the directors, in their discretion, to stock options granted to insiders of the Company, subject to acceptance by the Vancouver Stock Exchange.
6. To transact such other business as may properly be transacted at such meeting or at any adjournment thereof.

Accompanying this Notice of Meeting and the Information Circular is a Form of Proxy. If you are unable to attend the Meeting in person, please return the Proxy within the time set out in the Information Circular. As set out in the Form of Proxy, the enclosed Form of Proxy is solicited by management, but, you may amend it, if you so desire, by striking out the names listed therein and inserting in the space provided, the name of the person you wish to represent you at the Meeting.

DATED on July 14, 1995 at Vancouver, British Columbia.

BY ORDER OF THE BOARD

  
J. Frank Callaghan,  
President and a Director

**INTERNATIONAL WAYSIDE GOLD MINES LTD.**

**INFORMATION CIRCULAR**

(as at and dated July 14, 1995)

This Information Circular is furnished in connection with the solicitation of proxies by the management of **INTERNATIONAL WAYSIDE GOLD MINES LTD.** (the "Company"), for use at the Annual General Meeting (the "Meeting") of the members of the Company, to be held at the time and place and for the purposes set forth in the accompanying Notice of Meeting and at any adjournment thereof.

**REVOCABILITY OF PROXY**

A member giving a proxy has the power to revoke it in any manner permitted by law.

A proxy to be valid must be deposited at least forty-eight hours, excluding Saturdays and holidays, before the time of the Meeting, or adjourned meeting, at the office of the Company's Registrar and Transfer Agent, Montreal Trust Company of Canada, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9.

If the instructions contained in the Form of Proxy are certain, the shares represented by the proxy shall be voted on any poll and, where a choice is specified, in accordance with the specification so made. **IF NO CHOICE IS SPECIFIED WITH RESPECT TO ANY MATTER REFERRED TO HEREIN, IT IS INTENDED ON A POLL TO VOTE SUCH SHARES IN FAVOUR OF EACH SUCH MATTER.**

The proxy confers discretionary authority with respect to amendments or variations to matters referred to herein and to other matters which may properly come before the Meeting.

**A MEMBER HAS THE RIGHT TO APPOINT A PERSON, WHO NEED NOT BE A MEMBER, TO ATTEND AND ACT FOR HIM AND ON HIS BEHALF AT THE MEETING, OTHER THAN THE PERSON DESIGNATED IN THE FORM OF PROXY AND MAY DO SO BY INSERTING SUCH OTHER PERSON'S NAME IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY. SUCH OTHER PERSON NEED NOT BE A MEMBER OF THE COMPANY.**

**PERSONS MAKING THE SOLICITATION**

The solicitation is made by the management of the Company and the cost of the soliciting will be borne by the Company.

**INTEREST OF CERTAIN PERSONS AND COMPANIES IN MATTERS TO BE ACTED UPON**

Except as set out herein or under "Particulars of Other Matters to be Acted Upon" and other than the election of directors or the appointment of auditors, no director or senior officer of the Company or any proposed nominee of the management of the Company for election as a director of the Company, nor any associate or affiliate of the foregoing persons has any substantial interest direct or indirect, by way of beneficial ownership or otherwise in matters to be acted upon at the Meeting.

**VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES**

The voting securities of the Company are entitled to one vote each and the number outstanding is 4,082,063 shares. Only members of record at the close of business on July 14, 1995 will be entitled to vote at the Meeting.

To the knowledge of the directors and senior officers of the Company, only the following beneficially owns, directly or indirectly, shares carrying more than 10% of the voting rights attached to all outstanding shares of the Company:

<u>Name and Place of Residence of Shareholder</u>	<u>Number of Shares</u>	<u>Percentage of Issued and Outstanding</u>
J. Frank Callaghan North Vancouver, B.C.	593,198 *	14.5%

\* Of these shares, a total of 420,867 shares are held in escrow by Montreal Trust Company of Canada and a total of 86,956 shares are registered in the name of Standard Drilling & Engineering Ltd.

**FINANCIAL STATEMENTS**

Shareholders will be asked to consider the audited financial statements of the Company for the year ended February 28, 1995 together with the auditor's report thereon.

Additional copies of the Financial Statements, together with the Notice of Meeting, Information Circular and Form of Proxy will be available from the Company's Registrar and Transfer Agent, Montreal Trust Company of Canada, 510 Burrard Street, Vancouver, B.C., V6C 3B9, or the Company's head office, 301 - 455 Granville Street, Vancouver, B.C., V6C 1T1.

**ELECTION OF DIRECTORS**

The persons named in the enclosed Form of Proxy intend to vote for the election of a Board of Directors comprised of three persons. The names of further nominees for directors may come from the floor of the Meeting. Pursuant to the Company's Advance Notice of Meeting, published in The Vancouver Province newspaper on June 28, 1995, to date, the Company has received no nominations for directors.

Each director elected will hold office until the next Annual General Meeting or until his successor is duly elected, unless his office is earlier vacated, in accordance with the Articles of the Company.

**INFORMATION CONCERNING NOMINEES SUBMITTED BY MANAGEMENT**

<u>Name and Municipality of Residence</u>	<u>Occupation (1)</u>	<u>Year First Became a Director</u>	<u>No. of Shares Owned by Nominees (2)</u>
J. Frank Callaghan West Vancouver, B.C. <i>President</i>	Formerly, manager and principal of companies involved in the real estate development and construction industries for 20 years	27/02/91	593,158 *
Frank Power Burnaby, B.C.	Businessman; managed administered companies involved in the mining industry for the past 15 years	12/07/93	Nil
Brian McClay Vancouver, B.C.	Businessman; managed and provided administration services to companies involved in the mining industry for the past 25 years	22/03/94	67,500

\* Of these shares, a total of 420,867 shares are held in escrow by Montreal Trust Company of Canada and a total of 86,956 shares are registered in the name of Standard Drilling & Engineering Ltd.

**Notes:**

- (1) Each of the above-named nominees has held the principal occupation or employment for at least five years unless otherwise stated.

- (2) The number of shares beneficially owned by the above-named nominees for directors, directly or indirectly, is based on information furnished by the Registrar and Transfer Agent of the Company and by the nominees themselves.

The Board of Directors of the Company does not have an Executive Committee. The following directors are members of the Company's Audit Committee: J. Frank Callaghan, Frank Power and Brian McClay.

**EXECUTIVE COMPENSATION**

(a) **Compensation and Other Benefits of Executive Officers:**

The following table (presented in accordance with the regulation (the "Regulation") made under the Securities Act (British Columbia) sets forth all annual and long-term compensation for services in all capacities to the Company for the most recently completed financial year in respect of the individual who was, as at February 28, 1995, the President of the Company (the "Named Executive Officer"):

Name and Principal Position (a)	Year (b)	Annual Compensation			Long-Term Compensation			
		Salary (\$) (c)	Bonus (\$) (d)	Other Annual Compensation (\$) (e)	Awards		Payouts	
					Securities Under Options/SARs Granted (#) (f)	Restricted Shares or Restricted Share Units (\$) (g)	LTIP Payouts (\$) (h)	All Other Compensation (\$) (i)
J. Frank Callaghan, President	1995	\$27,500	Nil	Nil	136,899	\$20,000 *	Nil	Nil

\* purchased through Standard Drilling & Engineering Ltd. Refer to "Interest of Management and Others in Material Transactions" herein for further details.

(b) **Long-term Incentive Plan**

The Company does not have a long-term incentive plan or "LTIP", pursuant to which cash or non-cash compensation intended to serve as an incentive for

performance (whereby performance is measured by reference to financial performance or the price of the Company's securities) was paid or distributed to the Named Executive Officer during the most recently completed financial year.

(c) **Option Grants**

The Company does not grant stock appreciation rights or "SARS" as compensation for services rendered, whereby the Named Executive Officer would receive payment based wholly or in part on changes in the trading price of the Company's publicly traded securities. In addition, the Company does not have a formalized stock option plan for the granting of incentive stock options to the Named Executive Officer.

However, the Company has granted an incentive stock option to the Named Executive Officer during the most recently completed financial year. The purpose of granting such an option is to assist the Company in compensating, attracting, retaining and motivating the Named Executive Officer and to closely align the personal interests of the Named Executive Officer to that of the shareholders. The following table (presented in accordance with the Regulation) sets forth information concerning the individual grant of an option to purchase securities of the Company made during the most recently completed financial year to the Named Executive Officer:

(1)	Securities Under Options Granted (#) <sup>(1)</sup>	% of Total Options Granted to All Employees in the Financial Year	Exercise or Base Price (\$/Securities) <sup>(2)</sup>	Market Value of Securities Underlying Options on the Date of Grant (\$/Security)	Expiration Date
J. Frank Callaghan, President	136,899	50%	\$0.38	\$0.37	Nov. 24, 1996

**Notes:**

- (1) The Option was granted on November 25, 1994 and is for a term of two years.  
 (2) The exercise price of stock options is determined by the Board of Directors but shall in no event be less than the 10-day average price of the common shares of the Company on the Vancouver Stock Exchange.

(d) **Option Exercises and Year End Option Values**

During the financial year ended February 28, 1995, no options were exercised in whole or in part by the Named Executive Officer.

(e) **Termination of Employment, Changes in Responsibility and Employment Contracts**

The Company has no plan or arrangement in respect of compensation received or that may be received by the Named Executive Officer in the Company's most recently completed financial or current financial year to compensate such officer in the event of the termination of employment (resignation, retirement, change of control) or in the event of a change in responsibilities following a change in control, other than statutory severance pay.

(f) **Compensation of Directors**

The Company does not have a formalized stock option plan for the granting of incentive stock options to the officers, employees and directors. However, the Company has granted stock options to its directors. The purpose of granting such options is to assist the Company in compensating, attracting, retaining and motivating the directors of the Company and to closely align the personal interests of such persons to that of the shareholders.

The following table sets forth information concerning individual grants of options to directors to purchase securities of the Company made during the most recently completed financial year (excluding J. Frank Callaghan):

(1) Name of Director and Position as at FY-End	Securities Under Options Granted (#) <sup>(1)</sup>	% of Total Options Granted to All Employees in the Financial Year	Exercise or Base Price (\$/Securities) <sup>(2)</sup>	Market Value of Securities Underlying Options on the Date of Grant (\$/Security)	Expiration Date
Frank Power	136,899	50%	\$0.38	\$0.37	Nov. 24, 1996

**Notes:**

(1) *The Option is for a term of two years.*

(2) *The exercise price of stock options is determined by the Board of Directors but shall in no event be less than the 10-day average price of the common shares of the Company on the Vancouver Stock Exchange.*

During the financial year ended February 28, 1995, no options were exercised in whole or in part by the above Director of the Company.

**INDEBTEDNESS OF DIRECTORS AND SENIOR OFFICERS**

None of the directors or senior officers of the Company, no proposed nominee for election as a director of the Company and no associates or affiliates of any of them, is or has been indebted to the Company at any time since the beginning of the Company's last completed financial year.

**MANAGEMENT CONTRACTS**

The business of the Company is managed by its directors and senior officers and the Company has no management agreements with persons who are not officers or directors of the Company.

**INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

Except as set out under "Particulars of Other Matters to be Acted Upon" and other than pursuant to an agreement dated April 5, 1995 wherein Standard Drilling & Engineering Ltd. ("Standard") agreed to purchase by way of private placement a total of 86,956 units of the Company at a price of \$0.23 per unit (each unit consisting of one (1) common share and one non-transferable share purchase warrant entitling Mr. Callaghan to purchase one (1) additional common share of the Company at a price of \$0.23 per share during the first year or at \$0.26 per share during the second year), none of the directors or senior officers of the Company, or any associate or affiliate of such person or company, has any material interest, direct or indirect, in any transaction during the past year or any proposed transaction which has materially affected or will affect the Company. Standard is a private B.C. company owned as to 100% by J. Frank Callaghan, the President and a Director of the Company.

**APPOINTMENT AND REMUNERATION OF AUDITORS**

The persons named in the enclosed Form of Proxy will vote for the re-appointment of Peat Marwick Thorne, Chartered Accountants, Vancouver, British Columbia, Auditors for the Company, to hold office until the next Annual General Meeting of the Members, at a remuneration to be fixed by the Board of Directors. Peat Marwick Thorne were appointed as the Company's auditors on April 1, 1991.

**PARTICULARS OF OTHER MATTERS TO BE ACTED UPON**

**Approval of Incentive Stock Options**

Management of the Company will request approval of the following ordinary resolutions:

- a) "RESOLVED, as an ordinary resolution, that the granting of the following incentive stock options granted by the Company to insiders during the period since the last Annual General Meeting held on August 29, 1994 be approved:


Name	Date of Granting	No. of Shares	Option Exercise Price	Expiry Date
J. Frank Callaghan	Nov. 25/94	138,899	\$0.38	Nov. 24/96
Frank Power	Nov. 25/94	138,899	\$0.38	Nov. 24/96

- b) RESOLVED, as an ordinary resolution, that the directors of the Company in their discretion be authorized to grant stock options to insiders of the Company and to amend stock options granted to insiders of the Company and to ratify amendments made by the directors, in their discretion, to stock options granted to insiders of the Company, subject to acceptance by the Vancouver Stock Exchange."

MANAGEMENT OF THE COMPANY KNOWS OF NO OTHER MATTERS TO COME BEFORE THE MEETING OTHER THAN THOSE REFERRED TO IN THE NOTICE OF MEETING. THE SHARES REPRESENTED BY THE PROXY SOLICITED HEREBY WILL BE VOTED IN ACCORDANCE WITH THE BEST JUDGMENT OF THE PERSONS VOTING THE PROXY ON SUCH OTHER BUSINESS AS MAY PROPERLY BE TRANSACTED AT THE ANNUAL GENERAL MEETING OR AT ANY ADJOURNMENT THEREOF.

DATED at Vancouver, British Columbia, this 14th day of July, 1995.

BY ORDER OF THE BOARD

  
**J. Frank Callaghan,**  
 President and a Director

**MONEY & INVESTMENTS**  
**HARD ASSETS**

# What's holding gold down?

BY FRANK A. J. VENEROSO



Frank A.J. Veneroso is an economic consultant and investment strategy adviser. He has been an economics consultant to many foreign governments and financial institutions.

AGAIN, THE GOLD PRICE has met resistance at \$400 an ounce. The markets are abuzz with rumors that central banks have capped the price. The recent Belgian sale supports the rumors. I believe these rumors may be true. Looking at gold as a commodity, only heavy undisclosed selling by central banks could explain why the price hasn't jumped to \$500 an ounce or more.

In recent years supply and demand for gold have been about in balance, which explains why the price has fluctuated within a fairly narrow range. Without central bank selling, however, demand would have overwhelmed supply at \$400, since demand for jewelry, industry and bar hoarding has regularly exceeded supply from mines and scrapage.

The official statistics on the gold market are produced by Gold Fields Mineral Services Ltd. (GFMS). GFMS reported rapid expansion of gold demand for the period 1990-92 relative to mine and scrap supply, yet the price did not rise because there was an expanding flow of central bank gold coming onto the market. This flow of central bank selling peaked at an unusually high level—600 tons, or almost 20% of total supplies—in 1992. Since then, according to GFMS, central bank selling has abated.

However, I believe that central bank selling was much heavier than that, and so were both demand and supply. Here are my reasons.

1) During 1990-92, there were far larger sales of gold by the former Soviet Union and distressed Middle Eastern potentates than GFMS estimates. This implies correspondingly higher levels of demand.

2) In 1993, GFMS estimates, investors in Europe and North America purchased 300 tons, mostly through derivatives. However, a WGC survey of U.S. pension fund purchases of physical gold and figures on Comex speculative positions establishes a level of investor demand in 1993 that far exceeds GFMS' estimates. There is a large o-t-c market in gold forwards and options; according to most dealers, unrecorded investor purchases in this market were far greater than those visible on Comex. This suggests investor purchases of 500 to 1,000 tons in excess of GFMS estimates.

If I am right—that demand far exceeded the generally accepted figures—then it follows

that there was offsetting supply. Only central bank sales could be large enough to account for such supplies.

3) From Comex and warrant issue data, we can see that investors, disappointed by gold's lack of positive price performance, sold in 1994 most of what they purchased in 1993. This would suggest investor sales of perhaps 500 to 1,000 tons rather than the mere 199 tons estimated by GFMS. Again, to make the gold market balance, one would have to assume a large understatement of fabrication and bar hoarding demands by GFMS in 1994. Other data sources confirm this estimate. A WGC survey of gold demand in 1994 (excluding Western investment) puts global demand more than 300 tons higher than the GFMS estimate. Adding recent official figures on Chinese demand would put the demand up another 500 tons.

This year the investor sales of 1994 have abated. Globally, demand for gold has increased sharply, yet the gold price has once again met resistance at \$390 to \$400. It appears that intense central bank sales have resumed.

We cannot determine with certainty which central banks have been doing the selling that kept demand from overwhelming supply, but the recent Belgian sale suggests one plausible hypothesis: European central banks are realigning their gold reserves downward to the Bundesbank level prior to European Monetary Union. When the Dutch sold in 1992, they explained the sale in those terms. When the Belgians sold this year, they echoed this explanation. France and Italy have the highest ratios of gold to total reserves in Europe; to realign their reserves down to German levels would require a sale of 1,500 to 2,000 tons of gold. Perhaps this has been the source of undisclosed sales since 1992.

I cannot predict when central bank selling will dry up, but when it does, there is potential

**When central bank selling stops, the price of gold could surge to \$500 or beyond.**

for a considerable appreciation in the price—to at least \$500 an ounce and possibly much higher from the recent \$383.

How to play this probability? Given that the timing is uncertain, gold futures and options are a poor bet. Gold shares are cheap relative to bullion. Junior gold stocks, those with growing production and increasing reserves, are even cheaper. If gold breaks through \$500, some of these could appreciate five- or even tenfold. ■

## ***International Wayside Gold Mines Ltd.***

301 - 455 Granville Street  
Vancouver, B.C. Canada V6C 1T1

Tel: (604) 669-6463  
Fax: (604) 669-3041  
North America Toll Free: 1-800-663-9688

VSE Symbol  
"IWA"

### **CORPORATE INFORMATION**

The Company was incorporated under number 91892 in British Columbia on February 12, 1970, as Dawson Range Mines Ltd.(N.P.L.); converted to a limited company on January 29, 1979, as Carpenter Lake Resources Ltd.; upon a capital consolidation of 1 for 4 shares on February 14, 1992, it became Wayside Gold Mines Ltd., and on July 24, 1994, with a capital consolidation of 1 for 3.7 shares the Company was renamed International Wayside Gold Mines Ltd.

Authorized capital of the Company is 50,000,000 common shares without par value, shares issued and outstanding are 3,736,063 including 496,875 escrowed shares. A Private Placement of 600,000 units at \$0.23 which was completed at the end of May, 1995, each unit has one two year warrant attached, exercisable at \$0.23 for the first year and \$0.26 during the second year. There are 273,798 Directors' and Employee Incentive Stock Options granted, which with the proposed warrants issued will give a fully diluted issued share capital of 4,609,861 shares.

#### **The Directors and Officers.**

J. FRANK G. CALLAGHAN, Director and President, formerly founder, manager, and principal of companies involved in mining services, construction, and real estate development for 20 years.

FRANK W. POWER, Director, manager and administrator of resource based companies for 15 years, with substantial experience in public companies.

BRIAN A. McCLAY, Director, 25 years involved in mining operations and mining and related companies, as a director and officer.

RICHARD J. JORDAN, Secretary, Certified General Accountant.

#### **Other Corporate Information.**

CONSULTING GEOLOGISTS: Dr Richard D. Hall, P.Eng.  
Christopher J. Sampson P.Geo. P.Eng. James Miller-Tait P.Geo.

AUDITORS: KMPG Peat Marwick & Thorne, Vancouver.

LEGAL COUNSEL: Martin and Associates, Vancouver.

TRANSFER AGENTS: Montreal Trust Company, Vancouver.

BANKING: Bank of Montreal, Main Branch Vancouver.

CUSIP NUMBER: 946901 10 5

S.E.C. Registration Number: 12g3-2(b)

### **ASSETS OF THE COMPANY**

The assets of the Company consist of mining properties, most of which are former gold producing mines or developed gold prospects, and it is reported that on some of the properties probable reserves exist. The work to be conducted by the Company is directed primarily towards the delineation of mineable ore bodies which can be extracted at a profit. The Company is confident that, based upon previous geological and engineering studies and reports, development work will result in indicated reserves being established. The Company owns minor mining equipment.

The Company has directed its gold properties acquisition program to the securing of properties of merit, and has entered into various earn-in option agreements with other mining companies, as most former producing gold mines are, and have been for some time, owned by relatively established mining companies. The Company has targeted its interest in the two historically most prolific gold producing areas in British Columbia.

Firstly, the "Bralorne" area which rose to prominence in the 1930's, which area derived its name from the famous Bralorne Pioneer Mine, at the hub of numerous profitable gold mines, in an area some 200 miles north of Vancouver, and secondly, the Wells /Barkerville district, the scene of the 1860's placer gold Cariboo Gold Rush, some 400 miles north, north east of Vancouver.

The Cariboo Gold Quartz mine and the adjacent Island Mountain mine made the former placer gold Wells/Barkerville area into a prominent hard rock gold producing area in the 1930's. Both areas targeted were closed down as thriving gold mining communities in the 1960's with the ending of the Government of Canada equalisation grant for gold mines, which event closed most of Canada's smaller high grade gold mines, many of which closed with proven reserves developed, but the gold mining companies were caught in the post World War period of rising costs and fixed gold price, and urban population shift.

The description of the properties immediately following is intended as an informative summary, which is followed by a more comprehensive analysis of the properties. Those interested in detailed geologic and engineering data may request copies of specific geologic and engineering reports on which the analysis is based.

#### **THE "BRALORNE" AREA**

Officially referred to as the Bridge River District, containing the two towns of Gold Bridge and Bralorne, the area produced 4.5 million ounces of gold, from the various mines (including those in which the Company has an interest), contained in a 12 mile north/south and approximately 6 mile east/west corridor. The recent impetus has been due to the mining interests, primarily of Avino Mines & Resources, which, with Bralorne Pioneer Mines, plan to reopen the Bralorne Pioneer Mine in late summer, 1995. The Company's properties are located approximately 5 miles north and north-east of Bralorne, around Gold Bridge, and in addition to the actual former mine properties, the Company has staked 6,919 acres in the Bridge River District. The milling capacity of the new mill is such that the Company will be able to ship any ore mined to that facility.

**WAYSIDE GOLD MINE PROPERTY**, a former producing mine, and adjacent claims (4,510 acres), surround Gold Bridge and the mine is owned 100% by the Company. The mine was worked on a single vein system intermittently between 1911 and 1952 over 10 mining levels, and has virtually identical mineralization features to the Bralorne Pioneer. Since 1971, exploration and development work has been conducted on the property by the Company. During the period between 1987 and 1989 Chevron Canada Resources conducted exploration work under a joint venture until Chevron abandoned their Canadian mineral division.

**MINTO GOLD MINE PROPERTY**. These Crown Grants and claims cover the mine opened by Minto Gold Mines Ltd. in 1933, utilising a 125 tons per day mill and mining from 5 levels. From 1934 to 1940, 88,900 tons were mined containing 17,558 ounces of gold, 50,584 ounces of silver, 21,327 lbs of copper, and 124,421 lbs of lead. The workings extended from the 200 to the 700 foot level, the majority of the production being taken from the 200 level. In 1987, 5 new mineralised zones were located, on which the Company will concentrate future work. The Company can earn a 50% interest from Avino Mines & Resources by expending \$500,000 in the ground over the next 5 years. The property is 5.5 miles east of Gold Bridge

**OLYMPIC GOLD MINE PROPERTY**. Consisting of 20 reverted Crown Grants, 1 mineral claim, and 3 fractions, the property is 6 miles east of Gold Bridge. In the 1930's Olympic Gold Mines and Kelvin Gold Mines conducted underground development work showing multi-metallic mineralization over widths of 5 to 13 feet, and on the Billyo massive magnetite-pyrrhotite-pyrite zone discovered low grade mineralization up to 30 feet in width. Since 1977 various optionees have conducted exploration work with encouraging results, sufficient for Avino Mines to purchase the property in 1985. Subsequent work discovered the Margarita Zone, but difficult ground precluded obtaining detailed diamond drill results. However, values obtained justify further work. The Company can earn a 50% interest from Avino Mines & Resources by expending \$500,000 in the ground over the next 5 years.

**PLACER LEASES 17084 AND 17093**. Trenching and seismic work, mainly conducted in 1988 and 1993 on part of the 2 leases indicate 2,426 ounces of gold are contained in only 133,824 cubic yards of material. Swamp ground so far has precluded examination of much of the leases, however, the values obtained have resulted in the Company being approached for a farm-out of the leases by placer operators. Previous placer production from the leases was concentrated on the lower benches, but no production figures are known. The Company has yet to develop a plan for the leases. The Company has an option on the leases, the final payment of \$75,000 due November 4, 1995.

**CARIBOO GOLD QUARTZ MINE ("Cariboo")**. The Cariboo property consists of 63 Crown Grants and fractions comprising 2,296 acres on Cow Mountain and Barkerville Mountain at Wells. The Company has an option to acquire a 50% interest from Mosquito Consolidated Gold Mines Ltd. by expending \$1.5 million in the ground over 5 years. The Company has staked 2,842 contiguous acres on Cow Mountain.

Contained on the Cariboo are 9 significant mineral zones, the Tailings; No. 1; Rainbow; Sanders; Pinkerton; No. 6; No. 7; Butts, and the B.C. Vein. Ore bodies in the Cariboo are two types; quartz contained free gold, and the higher grade fine grained pyrite (Replacement Ore) that are associated with a series of North-South normal faults dipping to the east.

Underground workings connect all the known zones. Four of the zones are known to project to surface, the Sanders, Pinkerton, Butts, and B.C. Vein. The Cariboo connects under the Jack of Clubs Lake to the Island Mountain Mine and Mosquito Creek Gold Mine.

The Cariboo and Island Mountain Mine produced over 1.23 million ounces of gold from 1934 to 1966, from an underground strike length of 3.5 miles and depth of 2000 feet. This production was in addition to the widespread placer operations opened in the 1860's, which are reported to have produced 2,622,400 ounces of gold between 1874 and 1985.

In 1980-81 development of open pit reserves of quartz-type gold ore within the Sanders Zone was conducted by Wharf Resources Ltd., utilising percussion drilling and they calculated 360,072 tons of probable reserves grading 0.131 oz/ton. In 1984 Golder Associates reviewed the data on the Sanders Zone, and reported that:

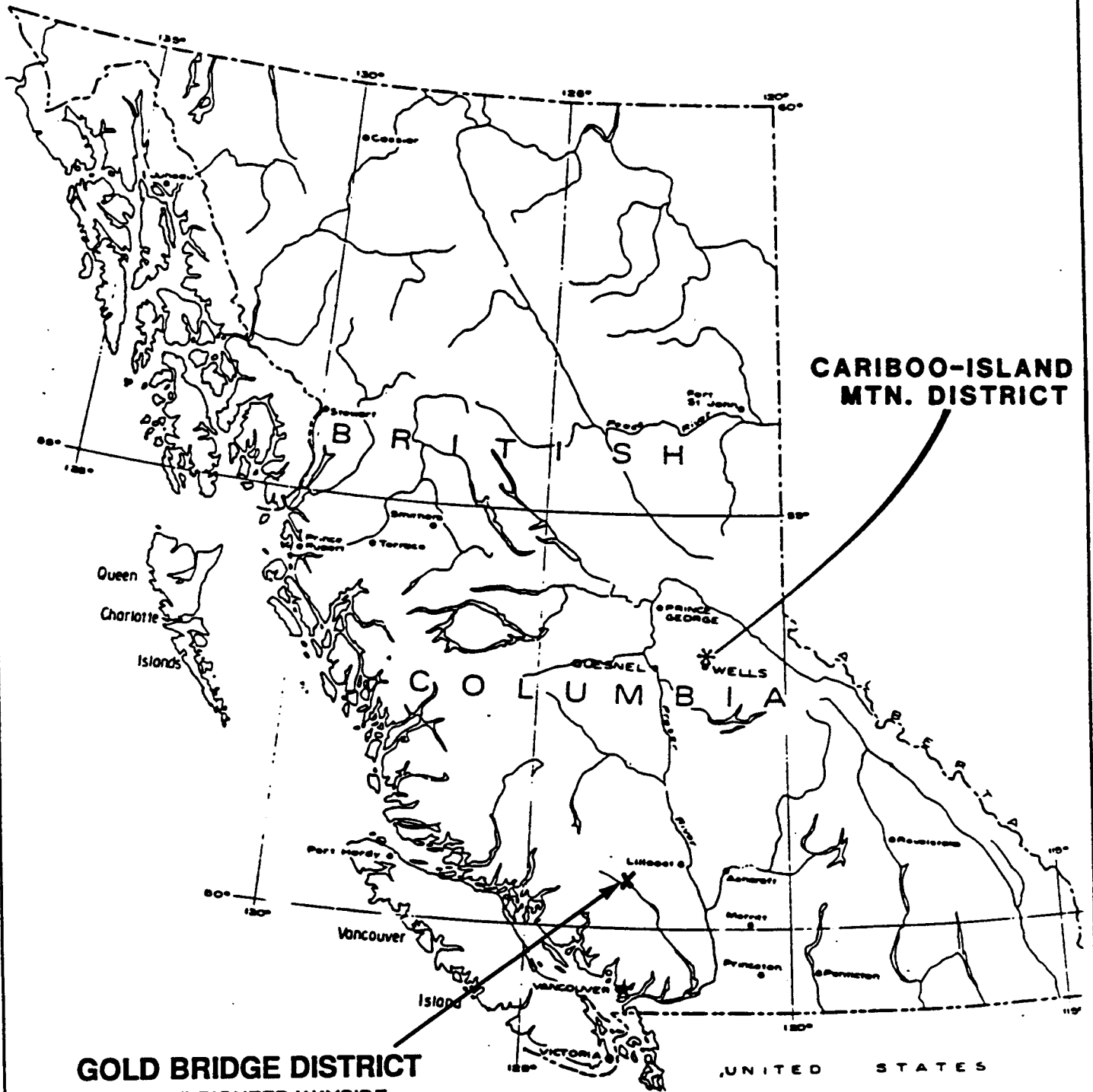
*"The Wharf holdings in the Cariboo district of British Columbia have the potential for the development of up to several million tons of gold ore reserves which may be available for surface mining. If the surface project should prove viable, then the potential exists for the discovery and development of additional high grade ore bodies, particularly of the massive sulphide replacement type, in the underground portions of the mine. The development of the underground reserve will probably be largely dependent on the success of the surface operation and on the cost of rehabilitation and development of the underground mine".*

Pan Orvana Resources Inc. in 1988/1989 completed a field study which upgraded the total probable ore reserves to 391,740 ton grading 0.146 oz/ton gold on the Sanders Zone, and also test drilled the Rainbow Zone from surface and reported 0.586 oz/ton over 39.4 ft., and 0.451 oz/ton over 6.56 ft. Previous trenching results on the B.C. Vein showed gold values as high as 1.21 oz/ton over 16.4 feet



# LOCATION OF CARIBOO ISLAND MTN. DISTRICT

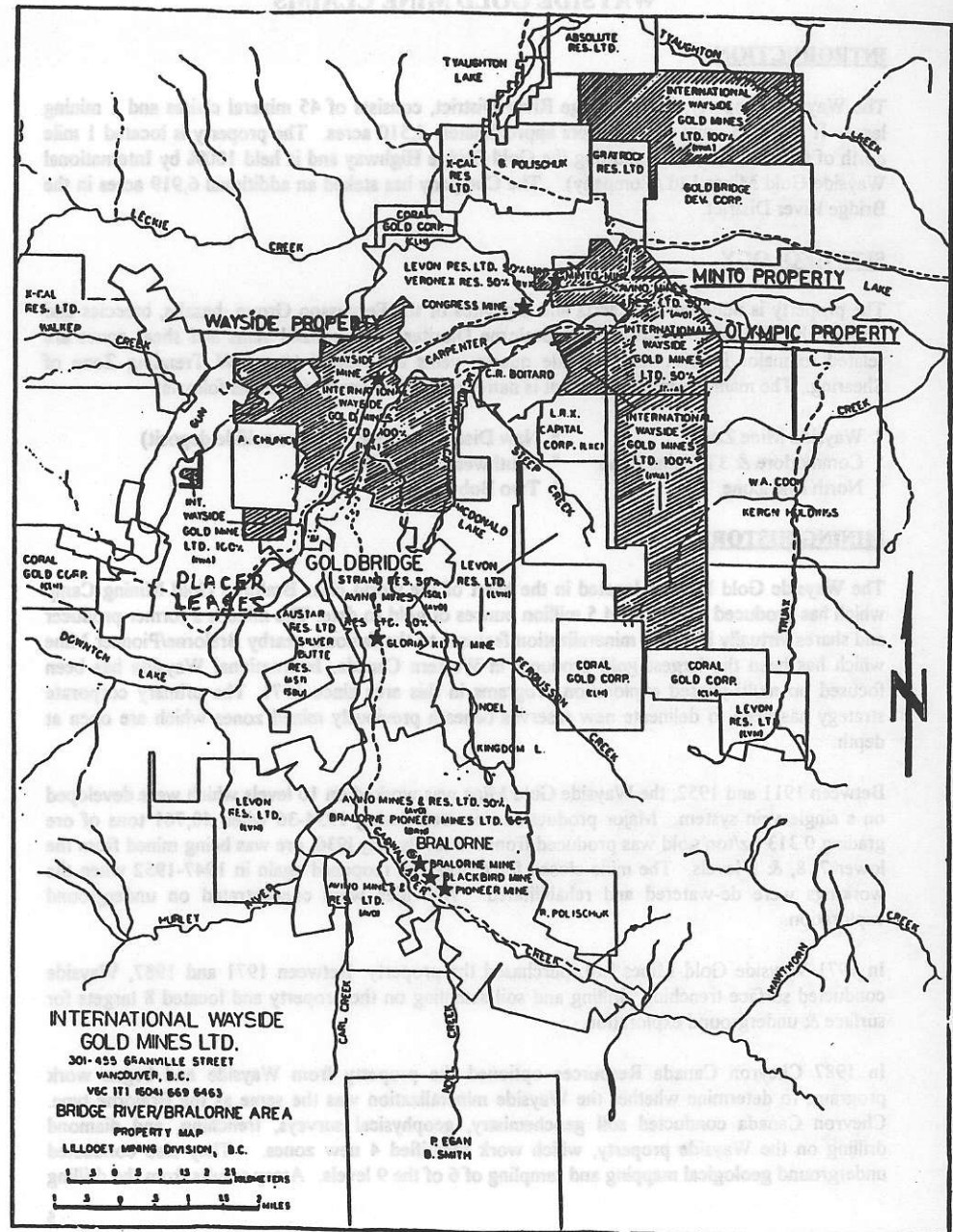
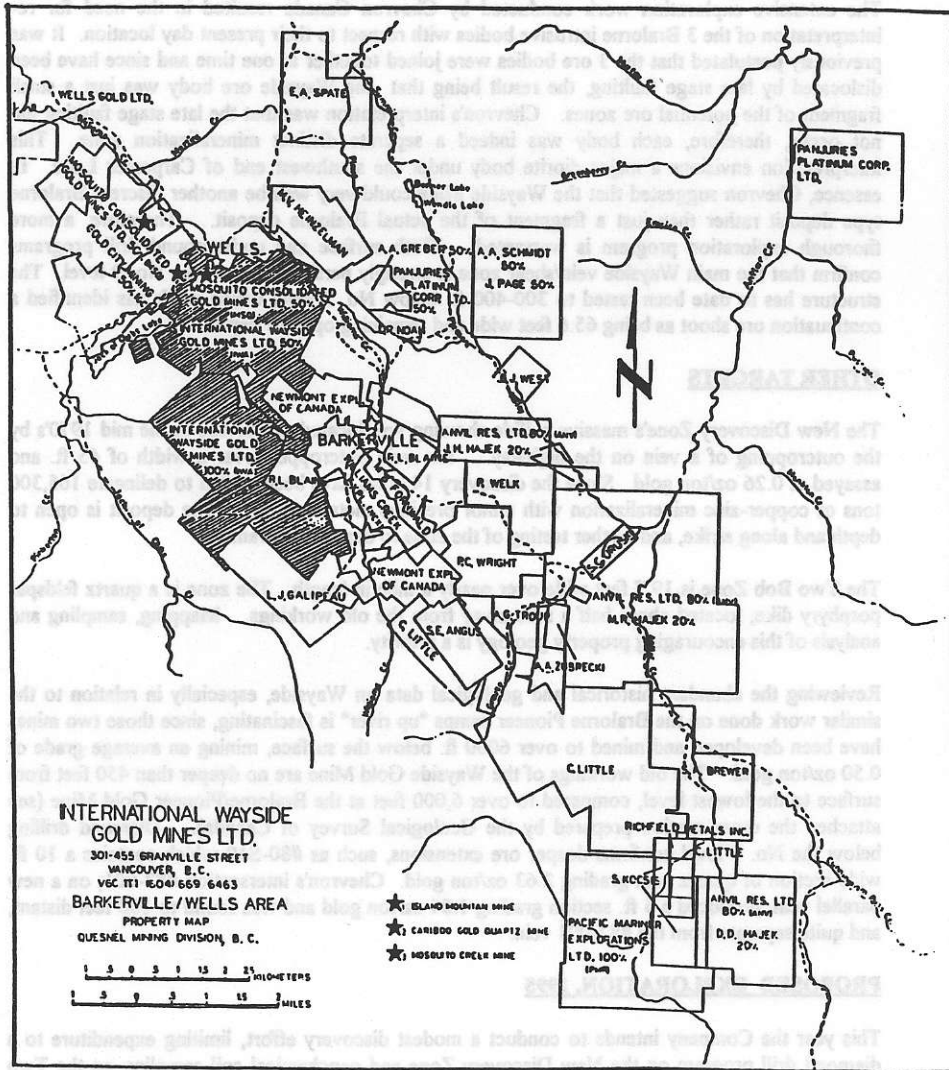
FIGURE 2.1



**GOLD BRIDGE DISTRICT**  
BRALORNE-PIONEER-WAYSIDE-  
MINTO-OLYMPIC GOLD MINES  
& PLACER LEASES

Scale: 1" = 136 Miles

Golder Associates



system striking South towards the adjoining Levon/Veronex property, on which a proven reserve of 300,000 ounces of gold has been delineated. Management believes that investing \$50,000 in the program could prove up mineable development ore on the New Discovery Zone. If open pit mining were possible, these revenues could fund further underground exploration at Wayside.

## MINTO GOLD MINE CLAIMS

### INTRODUCTION

The Minto property, consists of 8 Crown grants, 10 reverted Crown grants, and metric unit claims. It is located 5.5 miles east of Gold Bridge, B.C. directly on the Gold Bridge highway. The property is held by International Wayside Gold Mines Ltd. (50%) under option from Avino Mines and Resources Ltd.

### SITE GEOLOGY

The Minto property is underlain by cherty sediments of the Fergusson Group and basaltic rocks of the Pioneer Member of the Cadwallader Group. Feldspar porphyry dikes are evident along the road section and occupy some mineralized shear zones on the property. Strata strike northerly and in general dip steeply.

Previously discovered ore zones are comprised of quartz-carbonate veins with maraposite in silicified and carbonized shear zones. These zones carry dissemination's of pyrite, arsenopyrite, stibnite, chalcopryrite, galena, and sphalerite. Gold is usually associated with these sulfides. Gold assays of up to 1.66 oz/ton over 152 feet of length were reported on the 400 level of the mine.

### MINING HISTORY

The Minto mine is also located in the heart of the famed Bralorne Gold Mining Camp. The mine is a former multi-metal producer and shares virtually identical mineralization features with the prolific nearby Bralorne/Pioneer Mine. International Wayside is focused on multi-phased exploration program in this area. The primary corporate strategy will be to delineate new reserves on the off set faulted block which contains the Minto North Vein and delineate new reserves within and below the old workings which are open at depth.

In 1933, Minto Gold Mines Ltd. opened a small mining operation, eventually processing up to 125 TPD(tons per day) from 5 working levels. Between 1934 and 1940, 88,900 tons of ore were mined to produce 17,558 ounces of gold; 50,584 ounces of silver; 21,327 lbs. of copper, and 124,421 lbs. of lead. Gold and silver mined grades at the time averaged 0.20 oz/ton and 0.57 oz/ton respectively. Workings extended from the 200 to the 700 level. The majority of ore was recovered from the 200 level where the mineralized structure extended approximately 1,300 feet. Minto Gold Mines Ltd. ceased operations in 1940 and the property has changed hands several times since the 1940 closure.

No serious work was done on the property until 1985 when Avino Mines & Resources Ltd. purchased a 100% interest. During the 1985, and subsequent 1987 exploration programs,

geological, geochemical, and geophysical surveys were conducted on the property. Excavating and sampling of trenches was also done. The 1987 operations located 5 mineralized zones on the Minto property; the Winter, Rainbow, View, Ponderosa, and Minto North. These zones are spatially separated and thought to be distinct from the original Minto Ore body. The 1987 trenching program determined that all zones carry silver values, while the Minto North and Winter zones contained significant gold values as well. Trench MT 10 (Minto North) contained a grade of 0.1490 Oz/ton gold over 14.1 feet while trenches TR 3 and TR 4 (Winter Zone) contained grades of 0.101 oz/ton gold over 4.1 feet and 0.122 oz/ton gold over 4.9 feet. These gold values are significant and warrant further exploration.

Four diamond drill holes were drilled on the Minto North and Winter zones and had grades of 0.548 oz/ton over 1.1 feet (88-2), 0.266 oz/ton over 10.5 feet (88-4), 0.361 oz/ton over 2.3 feet (88-5), and 0.193 oz/ton over 1.6 feet (88-6). Although rather narrow, these zones and those on the neighboring Jumper claim show promise and are the basis for any further exploration.

### PROPOSED EXPLORATION

International Wayside Gold Mines Ltd. is in the process of finalizing an exploration program comprising trenching and surface/underground drilling on the Minto Mine. The purpose will be to verify the results obtained by Avino Mines & Resources Ltd. and to define new mineralization within the Winter and Minto North zones. It is probable that the Minto North zone represents the northern extension of the original Minto ore body. The Company is to investigate this theory and other possible potential ore targets by diamond drilling. An estimated budget of \$80,000.00 for both trenching and diamond drilling has been recommended. \$16,000 is intended to be allocated for trenching while the remaining \$64,000 will be used for diamond drilling.

## OLYMPIC GOLD MINE CLAIMS

### INTRODUCTION

The Olympic property consists of 20 reverted Crown grants, 1 mineral claim, and 3 fractional claims. The property is located 6 miles east of Gold Bridge, B.C. on a secondary road on the south side of Carpenter Lake. The property is held by International Wayside Gold Mines Ltd. (50%) under option from Avino Mines and Resources Ltd. (50%) the option earned by spending \$500,000. over 5 years. In addition the company has staked 3,706 acres contiguous to the property.

### SITE GEOLOGY

The Olympic property is underlain by cherty sediments of the Fergusson Group and basaltic rocks of the Pioneer Member of the Cadwallader Group. Fergusson cherts & cherty argillites are tectonized and form wide-spread breccias throughout the property. Pioneer greenstones dominate the central part of the property. Silty sedimentary rocks, possibly of the Noel or Hurley type are thought to be exposed in the more remote upper reaches of the property. Ultra basic dikes occupy some mineralized shear zones on the property.

Ore zones are typically located in narrow irregular quartz-carbonate veins within wide shear zones, which trend in a NW-SE direction. Ore minerals typically comprise pyrite, arsenopyrite, chalcopyrite, magnetite, and minor chalcopyrite/sphalerite is found in a skarn in the eastern proximity of the property. Stibnite in the antimony zone may reflect a vertical mineral zoning on the property. Mineral zones on the property are as follows:

- \* Antimony zone
- \* Leckie zone (structure)
- \* Billyo zone
- \* Margarita zone (later discovery)
- \* Enigma zone (later discovery)
- \* Magee zone

### MINING HISTORY

The Olympic property is also located in the heart of the Bralorne Gold Mining Camp. The property shares similar mineralization features as the famous, nearby Bralorne/Pioneer Mine. The primary corporate strategy has been to delineate new reserves beneath previously mined zones, and in this case to delineate new reserves in newly discovered mineralization zones.

The Olympic property was originally comprised of the Olympic and Kelvin Claim Groups, operated by Olympic Gold Mines Ltd. and Kelvin Gold Mines Ltd. Between 1934 & 1937, Olympic Gold Mines Ltd. drove the Leckie and Magee adits on the Alta. #1 claim. They were driven 300 ft. in a steep gold-bearing shear zone striking SE (BCDM-1937-Annual Report). Gold grades were reported in the range of 0.01-0.12 oz/ton, with 0.6-6.5 oz/ton silver; 1.7-25% zinc; 0.3% copper, and 1% lead over widths of 5 to 13 ft. Olympic Gold Mines Ltd. also drove a 150 ft. adit on the Billyo massive magnetite-pyrrhotite-pyrite zone and encountered low grade gold, silver, and copper, over widths of up to 30 ft. A 135 ft. adit was driven on the Antimony Zone in a quartz-stibnite vein striking SE-NW and dipping 45 degrees NE.

At the same time, Kelvin Gold Mines Ltd. opened the Alma, Bridge, and Kelvin adits to follow a quartz-carbonate zone (Alma), and a narrow vein (Bridge & Kelvin). Assays in the Kelvin adit ranged from 0.01 to 0.088 oz/ton gold with traces of silver. The Bridge adit returned gold values of 0.40 oz/ton over 1 foot, 0.23 oz/ton over 5 feet, and 0.29 oz/ton over 5 feet. The property was inactive till 1977 when it was restaked by D. Ingram of Lillooet.

Noranda optioned the ground in 1980 and conducted a geochemical survey within the Billyo Zone. This program outlined an indicated molybdenum anomaly, on which two short holes were subsequently drilled. The core carried pyrite, but gold assayed at less than 0.005 oz/ton. Subsequently Lencana Mining Corp. optioned the property in 1983-84 and carried out limited soil geochemical surveys and diamond drilling.

In 1985 Big 1 Developments and Redwood Resources optioned the property. The group carried out soil geochemical surveys and re-sampled some of the old workings. The results are not known.

Avino Mines & Resources Ltd. purchased 100% interest in the property in 1985, and immediately conducted a soil geochemical program over the entire property. Avino Mines & Resources Ltd. conducted geological mapping/trenching and diamond drilling in 1988. The purpose of the diamond drilling was to explore at depth the recently discovered Margarita Zone, and to test the

potential for other parallel mineral structures located between the Magee and Margarita zones. Holes were drilled bearing NE and SW due to the rugged nature of topography. Of the six holes collared, only four were successfully completed due to difficult ground. Of the holes, 88-4 and 88-6 intersected mineralized zones which returned values of 0.773 oz/ton gold and 5.93 oz/ton silver over 2.8 feet, and 0.137 oz/ton gold and 3.15 oz/ton silver over 4.4 feet. These drill holes are considered to be drilled in part of the new Margarita Zone due to the high assay results.

### PROPOSED EXPLORATION

International Wayside Gold Mines Ltd. is finalizing an exploration program comprising of surface trenching and surface/underground diamond drilling on the Olympic property. This program will be conducted in conjunction with the proposed Minto property exploration program. Purpose of the program is to further define the Margarita Zone and to assess the potential for contained mineable ore grades and tonnages. Significant gold and silver values have been found on the Margarita Zone and warrant further exploration.

A program of in-fill diamond drill holes between previous intersections is planned. Trenching may be conducted on the Enigma Zone to follow up previous trenching, but it is not a priority. A budget of approximately \$55,000 has been recommended for exploration of the Olympic property.

## **GOLD BRIDGE PLACER LEASES**

### LOCATION, ACCESS, AND TOPOGRAPHY

The placer lease numbers are 17084 and 17093 and are located in the Coast Mountains near the confluence of the Hurley and Bridge Rivers, near Gold bridge, B.C. They are considered part of the Bridge River-Bralorne gold camp.

The leases are located on a west side bench above the Hurley River. The leases cover part of an old channel which was created when previous glaciation blocked and rerouted the Hurley River. This channel was left dry after the glaciers and ice receded. The area has since been reclaimed as swamp, forest, and bench land by natural geological processes.

The location consists of gravel beds which have depths of up to 32 meters in places, although, serpentine bedrock is exposed in the vicinity of the leases.

Geophysical analysis of the north end of placer lease 17084 has outlined several different zones within the gravel beds, each containing placer gold. The analysis has also suggested that bedrock may be much deeper than originally anticipated. If bedrock is deeper than believed a greater volume of gold bearing material will be present.

Tests have indicated that the swamp region within the south end of lease 17084 is rich in placer gold. (returning the highest gold values), while the remaining portions of the lease have demonstrated placer gold potential. Similarly, tests conducted along a lateral straine on the north side of leases 17084 and 17093 showed high gold values.

Analysis of the 5 seismic profiles conducted on the north end of placer lease 17084, indicate that the bedrock is much deeper than originally thought. Large boulders may also be present below the 32 meter level. Four distinct zones were surveyed, each recorded as containing placer gold. The depth of each zone within the 5 profiles vary to a degree, but the general trend is similar.

The four zones are as follows:

- overburden to 2 m depth
- dry unconsolidated sand/gravel to 6.6 m depth
- gravel under load, possible moisture to 14.3 m depth
- gravel under load, possible clay/water to 32 m depth (from profile 2)

A 5.5 m trench dug at the same location as the profiles on placer lease 17084 returned good gold assay results. They are as follows:

- upper sample Cdn. \$ 3.09/yd in a 0.6 m zone
- mid sample Cdn. \$ 3.94/yd in a 0.9 m zone
- lower sample Cdn. \$ 0.46/yd in a 0.9 m. zone
- lowest sample Cdn. \$ 10.94/yd in a 1.2 m zone

The value of each assay suggests that there is enrichment of gold values at depth, however a weighted average calculation of gold values within the trench was calculated as Cdn. \$ 5.52/yd over a 3.7 m depth. Volumetric calculation of the gold value of the trenched area indicates that there is approximately Cdn. \$ 1,319,170. value of placer gold present within 133,824 yd of material

### CONCLUSION

Analysis of the geophysical and trenching data indicates that the placer leases 17084 and 17093 are of considerable value. Although the trenching and other sampling gave acceptable results, they are not believed to be representative of both leases. This is due to the nature of placer gold which occurs in rich streaks rather than being evenly distributed laterally or to depth throughout the leases area.

The known gold values suggest that the maximum gold extraction value has been obtained to date. As previously commented upon, the lower depths of the two leases (around 32m') have yet to be systematically sampled, but the known trend to depth indicates that the lower portions of the lease will prove to be more valuable than the upper levels. To prove up this expectation, a large scale trenching and sampling program will be conducted in order to more accurately determine the value of the leases.

Churn drilling will be utilized to determine the true depth of bedrock as well as ensure proper recovery of drilled samples. This will give a more accurate assessment of the potential gold recovery from the leases, and where to locate placer operations for rapid cost recovery and provide cash flow. A budget of approximately \$37,500.00 should adequately cover the cost of the above operations.

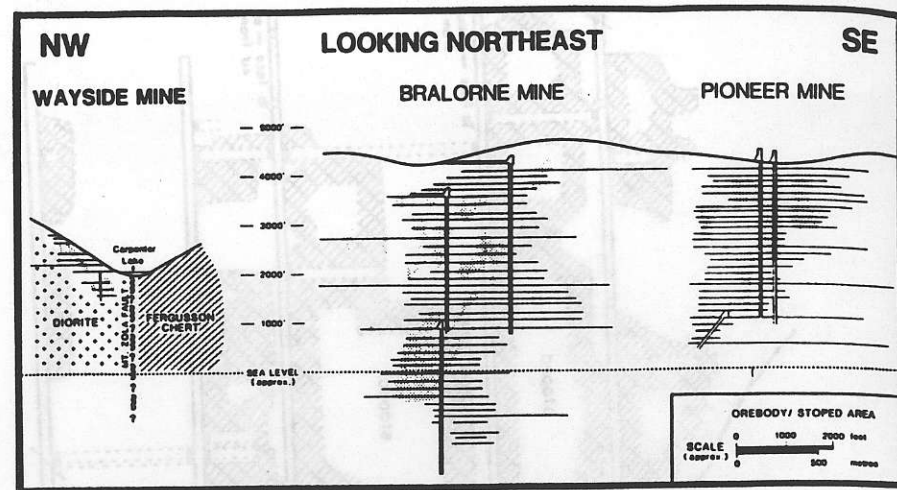


Figure B13. Schematic longitudinal section through Wayside mine for comparison with Bralorne and Pioneer mines (after James and Weeks, 1961; Bellamy and Saleken, 1983; B.C. Ministry of Energy, Mines and Petroleum Resources, Wayside Property File, unpublished maps).

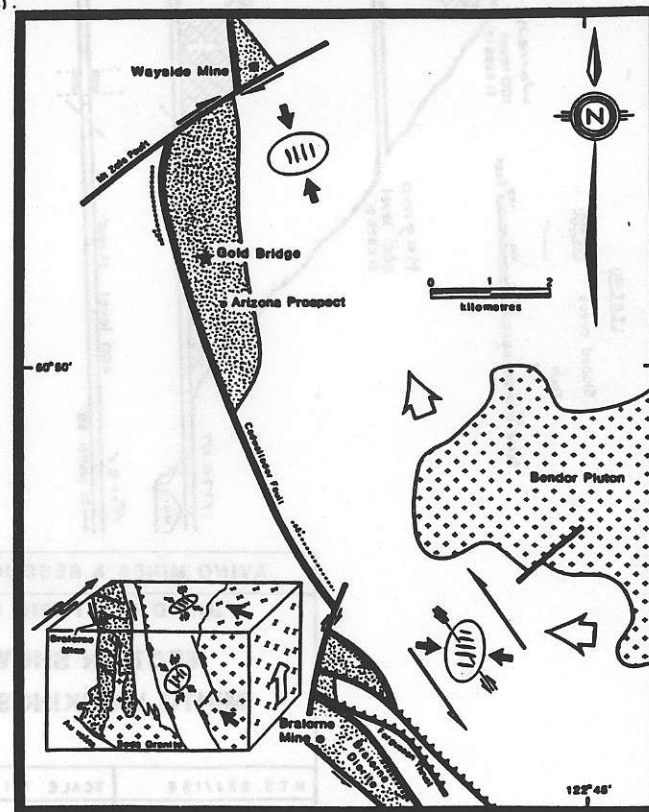


Figure B12. Geological sketch map of the Bralorne mine - Wayside mine area. Apparent sections of strain ellipsoids and direction of maximum compressive stress showing resultant dilatations (gold veins) and faults. Inset block diagram of Bralorne mine shows section of plunging strain ellipsoid and resultant gold veins and faults.

## CARIBOO GOLD QUARTZ MINE CLAIMS

### INTRODUCTION

The Cariboo Gold Quartz Mine Property ("Property") consists of 63 crown granted mineral claims and fractions comprising 2,296 acres on Cow Mountain and Barkerville Mountain at Wells, British Columbia. On October 3, 1994, International Wayside Gold Mines Ltd. entered into an Option Agreement with Mosquito Consolidated Gold Mines Ltd. specific to the Property. Terms of the Agreement include the right to earn a 50% interest in the Property following a work commitment in the amount of \$1.5 million (Cdn) over a period of five years. In addition to the optioned Property, Wayside has staked another 2,842 contiguous acres on Cow Mountain. Wayside holds a 100% interest in this claim group.

### SITE GEOLOGY

On the Property to date, the following major mineral zones have been identified. The 9 zones are The Tailings; No. 1; Rainbow; Sanders; Pinkerton; No. 6; No. 7; Butts, and B.C. Vein. These zones containing gold mineralization mainly consist of free gold in quartz and dissemination in high grade pyrite (Replacement Ore). The ore bodies that have been mined are associated with a series of North-South faults, which dip to the east.

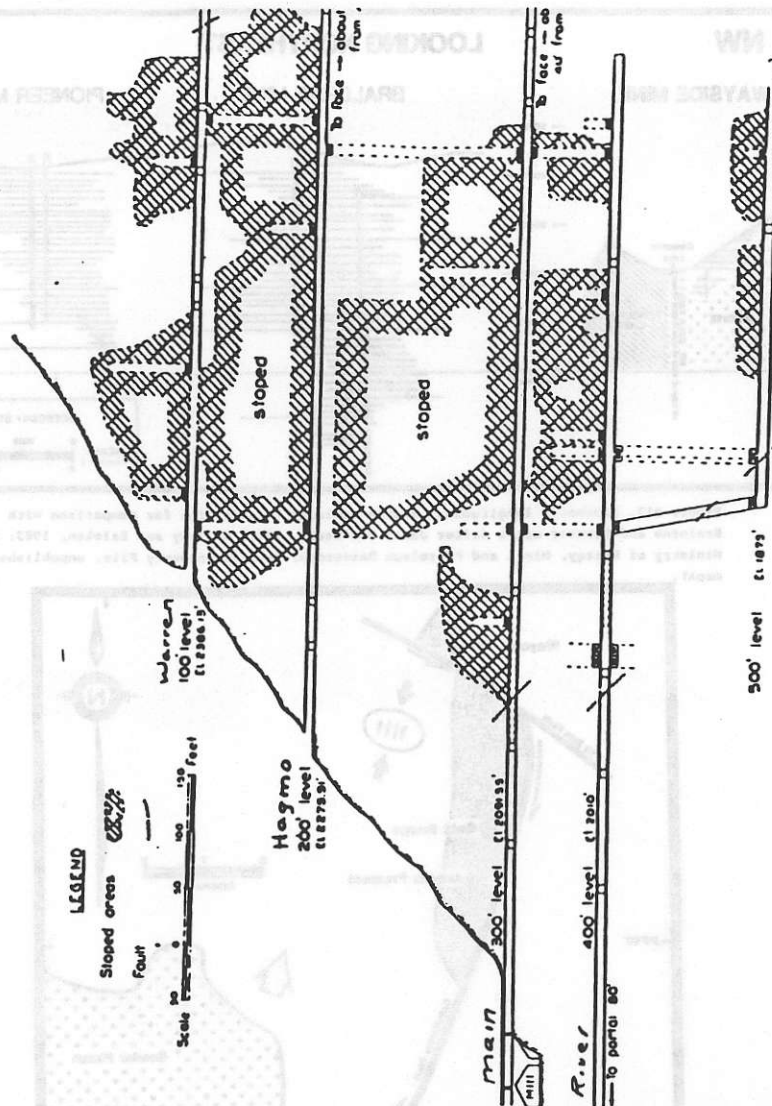
Underground levels connect all the zones within the Cariboo Gold Quartz Mine (CGQ Mine). Of particular note is the fact that the Sanders; Pinkerton; Butts, and B.C. Vein project to surface, and as with the Sanders zone, may contain mineable reserves which can be surface mined. The CGQ Mine is reported as being connected to the Island Mountain Mine (IM Mine), and the Mosquito Creek Gold Mine (MCG Mine), by a level driven under the Jack of Clubs Lake.

### MINING HISTORY

The Cariboo Gold District has been a world class producer of gold, and was the cause of the Cariboo Gold Rush in 1865. The district was a prolific producer of both placer gold, and since the 1930's, was considered primarily a hard rock gold mining area.

The CGQ Mine, IM Mine and the MCG Mine produced a total of 1.23 million ounces of gold, since 1933. Production was from a mineralized trend developed underground over a strike length of 3.5 miles, with a vertical range of 2000 feet, and a width of about 500 feet. Unexplored gaps exist within the plane of the developed trend. Two types of lode gold ore were mined in the Wells Region. 75% of the gold was recovered from crosscutting the quartz veins, producing ore with an average grade of 0.38 ounces gold per ton. The balance was from Replacement Ore with an average grade of 0.63 ounces gold per ton.

B.C. Mineral Statistics Annual Summary Tables estimate placer gold production for the Cariboo District amounted to 2,622,400 ounces to year-end 1985. Total production was probably closer to 3 million ounces of gold, since between the discovery of placer gold in the Stanley-Wells-Barkerville gold fields in the 1860's and 1874, gold production was unrecorded. The first indications of sustainable hard rock mining in the Wells area were not realized until the 1920's, when A.E. Sanders located the Rainbow Claims. Fred Wells purchased the Rainbow Group of



<b>AVINO MINES &amp; RESOURCES LTD.</b>		
<b>MINTO &amp; OLYMPIC CLAIMS</b>		
<b>SECTION SHOWING</b>		
<b>MINTO WORKINGS (1936)</b>		
N.T.S. 92J/15E	SCALE 1:1500	FIG.
DATE DEC. 1987	DRAWN: J.C./d.w.	4

Claims from A.E. Sanders and incorporated the Cariboo Gold Quartz Company ("C.G.Q. Company") in 1927. An adit was driven (1100 Level) in 1927, from an elevation of 4,375 ft. to intersect the quartz veins on the Rainbow Claims. These gold bearing quartz veins laid the basis for a mining operation at 50-60 TPD in 1933, increased to 100 TPD in 1935. Peak production of 350 TPD was reached in 1941. (40,000 ounces of gold annually).

During the period 1933 to 1959, the CGQ Mine produced 626,755 oz. of gold and 56,092 oz. of silver from 1,681,951 tons of quartz vein ore. A grade of 0.4 oz. gold per ton was required to meet pre-war production costs; this grade requirement had increased to 0.5 oz. gold per ton to meet production costs at the time of closure. Such a high grade was required because of the fixed gold price of US\$35.00 until 1971.

The CGQ Mine consists of 36 miles of underground development on 13 levels (900 to 2100 Levels), between elevations of about 4,800 and 3,350 feet. The 1500 Level main haulage extends 10,500 feet to the B.C. Shaft on the B.C. Vein. Intelined raises from the 1500 Level and adits on the 1200 Level (4,300 feet), and 1000 Level (4,500 feet), provided access to upper Levels of the mine. Three shafts sunk internally from the 1500 Level to access the lower levels, these being the No.1 Shaft in the No. 1 Zone, No.2 Shaft in the Rainbow Zone, and the No. 3 Shaft in the Sanders Zone. By the late 1940's, all the mineralized zones were interconnected by underground workings.

In 1940-41, the main haulage-way was extended 5,500 feet to the B.C. Vein, at the southeast boundary of the Property. No exploration or development work was reported as being carried out on this drift extension. The drift extension was wide, ranging from 20-42 feet in width.

In October 1942, gold mining was classified as a non-war industry by the Federal Government of Canada, which meant gold mines received no priority for labour or supplies. As a result, gold mines in British Columbia were unable to hire replacement labor for the duration of the war, or obtain necessary mining supplies, consequently the mining operation lost viability and never recovered from the 50% decrease in production levels. The CGQ Company could not sustain the required level of exploration drilling or proper underground development work, and the blocked out reserves were depleted and not replaced. In 1944, the first Replacement Ore in the CGQ mine was found, by accident, in the Rainbow Zone.

Post-war development was concentrated in the No. 1, and The Tailings Zones, below the 1500 Level through the No. 1 Shaft, in the Rainbow Zone through the No. 2 Shaft and the No. 1 - No. 2 Shaft connection. Similarly development work was conducted on the Sanders Zone through the No. 3 Shaft, and also on the Pinkerton Zone. In 1948 the No. 1 Shaft was deepened to the 2100 Level and gold bearing quartz ore was mined by selective stoping. A major Replacement Ore body, grading 0.70 ounces of gold per ton, was discovered in the Tailings Zone in 1950.

The CGQ Company purchased the adjacent IM Mine from Newmont Mining Corporation in 1954, and subsequently concentrated on the development of the higher value gold Replacement Ore prevalent in the IM Mine. The Replacement Ore grading 0.6 oz./ton gold, dictated that the CGQ Company should redirect more of its resources towards development of the IM Mine, to the extent that by 1959, it was decided that production would only ensue from the IM Mine and mining at the CGQ Mine was discontinued. Of note is the fact that ore grades of 0.402 oz. per

ton from quartz ore, and 0.699 oz. per ton for Replacement Ore, were still being mined at the time of closure of CGQ Mine in 1959. Reserves were reported at the time of closure 115,010 tons, composed of 1952 reserve write down of 46,600 tons of 0.27 ounces gold per ton, for a contained 12,582 ounces of gold, and 68,410 tons at 0.37 ounces gold per ton equaling 25,311.7 ounces of gold.

In the 1957 CGQ Company Annual Report, E.E. Mason, P. Eng., stated:  
*"Figures include certain quantities also representing the six ore zones lying east of No. 1 Shaft, a distance of roughly 10,000 feet to the B.C. Shaft. They are not being worked, nor is any consideration being given to working them in the immediate future."*

*These are nominal quantities, not necessarily representative of the production possibilities of these zones. Rather can they be expected to resemble in productivity the three ore zones that have largely supplied the production of the last ten years and earlier. Ore grades and the major distances separating these from the active ore zones, however, render their development and exploitation impractical until an improved climate for gold production has evolved."*

It is clear from CGQ Company Annual Reports at the time, that the decision to close the CGQ Mine was not based on a lack of reserves in the CGQ Mine, but was based on the concentration of effort mining Replacement Ore in the IM Mine. A higher average mined grade of ore of 0.5182 oz./ton was being mined from the adjacent IM Mine, which the CGQ Company acquired prior to closure of the CGQ Mine. This mineable grade was obviously more attractive when compared with the 0.402 oz./ton obtainable at the CGQ Mine.

In the 1960 CGQ Company Annual Report, E.E. Mason stated, *"The CGQ Mine closed because of exhaustion of ore structures developed in the Tailings and No. 1 Zone. Development of new ore reserves within this region would require the deepening of the No. 1 Shaft and 2000 feet of lateral development on each level"*. CGQ Company was not able to build cash reserves capable of financing such an undertaking, although it continued operations at the IM Mine until 1967.

1966 Dolmage-Campbell, Mining Consultants reported, *"There is no doubt in the writer's mind that the CGQ Mine has outstanding potential for exploration for Replacement Ore bodies. From the information available there is no reason not to expect as much Replacement Ore in the developed parts of CGQ Mine as have been mined from Island Mountain to date, namely about 500,000 tons, with untapped potential at depth"*.

#### OPEN PIT RESERVES

In 1980-81, development of open pit reserves of quartz gold ore within the Sanders Zone was conducted by Wharf Resources Ltd., formerly the Cariboo Gold Quartz Mining Company. Percussion drilling by Wharf Resources Ltd. reported as delineating 360,072 tons of probable reserves, grading 0.131 oz./ton.

In 1981, Scholtz Minerals Engineering completed a study on the data provided by Wharf Resources (Table 1), on the probable open pit reserves in the Sanders Zone. In 1984, Golder Associates (Consulting Geo-Technical & Mining Engineers) reviewed the data on the Sanders Zone, and confirmed the probable reserves, reporting:

"The Wharf holdings in the Cariboo district of British Columbia have the potential for the development of up to several million tons of gold ore reserves which may be available for surface mining. If the surface project should prove viable, then the potential exists for the discovery and development of additional high grade ore bodies, particularly of the massive sulfide replacement type, in the underground portions of the mine. The development of the underground reserve will probably be largely dependent on the success of the surface operation and on the cost of rehabilitation and development of the underground mine."

The 1981 Annual Report of Wharf Resources, disclosed that the company drilled three rotary drill holes on the 2,927,246 tons of tailings, which returned an average gold content value of 0.04 ounces per ton, the equivalent to approximately 120,000 ounces of gold. The Rainbow Zone rotary drill holes gave reported grades of 0.8 oz./ton gold over 42 ft., .305 oz./ton gold over 20 ft., and .032 oz./ton gold over 50 ft.

Two pilot holes drilled on the Phikerton Zone returned significant gold values. These values broaden the area of potential open pit tonnage. The two best holes were 811B (0-45' grading .04 oz/ton gold) and 81-7 (0-44' grading .218 oz/ton gold).

Pan Orvana Resources Inc. in 1988-89, upon reviewing Wharf Resources data and completing a field study, reported that the total probable ore reserves were upgraded to 391,740 tons, grading 0.146 oz/ton gold on the Sanders Zone. See Table 1.

Pan Orvana also test drilled the Rainbow Zone from surface, and reported values of 0.586 oz/ton over 39.4 ft., and 0.451 oz/ton over 6.56 ft. This Rainbow Zone is open to depth, and requires further exploration work.

Further, Pan Orvana conducted percussion drilling on the B.C. Vein, southwest of the Pinkerton Zone, to test gold anomalies within the Wells Trend trenches. Previous trenching returned gold values as high as 1.21 oz/ton over 16.4 ft. The percussion drill holes were drilled at a 45 degree angle, in order to bottom directly below the trenches. DDH 89-01 was drilled 303 ft. near the lower trench, while DDH 89-02 was drilled 330 ft. near the upper trench. Quartz vein intersections assayed up to 0.035 oz/ton, but drilling recovery was poor. Core drilling will be conducted to obtain more accurate assay results of contained gold, and to verify the results from the percussion drilling, which normally understate actual values.

Table 1. Upgraded Ore Reserves - Sanders Zone.

	Wharf 1	Golder 2	Pan Orvana 3	4	5
Tonnage (ton)	360,072	760,072*	391,740*	1,874,311	7,607,497
Grade (oz/ton)	0.13	.112	0.146	0.092	0.026
Tonnage Factor (ton/ft.3)	0.083	0.078	0.078	0.078	0.078
Bench Height (for assay composite, ft.)	20.0		32.8	32.8	32.8
Cutoff grade (oz/ton)	0.033		0.032	0.016	0.0
Maximum pit depth (ft.)	140.1	400	196.9		
Strip ratio (waste:ore)	2.4:1	3.2:1	2.5:1		

1. J.D. Taylor (1981), Schotz Minerals Engineering Inc., Probable reserves. Converted to imperial by International Wayside for comparison with Pan Orvana
2. Golder & Associates (1984), (Consulting Geo-Technical & Mining Engineers) \* Probable reserves 360,072 and 400,000 possible .
3. A.A. Laird (1990), Pan Orvana. Recalculated from data of Wharf.
- 4&5 A.A. Laird (1990), Pan Orvana. Global geological reserves, cases without confining pit boundary, calculated using polygons with 65.6 ft search radius on 32.8 ft. benches.

Subsequent to the ore reserve upgrading by Pan Orvana, R.W. Turner, C. Eng., in his 1989 report, compiled all the Pan Orvana data to calculate a statistical model (Table 2), of a producing open pit operation based on a 1000 TPD operation, using heap leaching as the principle recovery method, a strip ratio of 2:1, and grades of 0.128 oz per ton. The model is based on a 75% recovery rate. All metric values have been converted to imperial for continuity.

Table 2. R.W. Turner, C. Eng., open pit mine model.

Operations months per year	9
Operating days per year	230
Annual tons mined	253,585
Days sprinkling (8 months)	243
Tons waste mined	507,166
Pad grade (oz/ton)	0.128
Recovered grade (oz/ton @ 75%)	0.096
Recovered ounces/annum	22,200
Annual revenue @ \$350 gold price (US)	\$7.8 million US
	\$9.1 million CAN
Operating Costs per ton ore (CAN)	
Mining	7.70
Processing	4.40
General & administration	3.00
Total Unit Cost	15.10
Annual Operating Costs	\$3.22 million (CAN)
Operating Profits per Annum	\$5.88 million (CAN)
Pre-Production Capital Costs	\$9.00 million (CAN)

Using the current gold price of (\$380 US) and current Canadian exchange rates, annual revenue are recalculated to be approximately Canadian \$12.0 million, resulting in an estimated annual operating profit of approximately Canadian \$8.8 million.

### EXPLORATION TARGETS

The Tailing Zone is located at the north end of Jack of Clubs Lake. Wharf Resources Ltd. drilled 3 rotary drill holes on the 2.9 MT of tailings in 1981, which are located on the surface above the Tailings Zone itself. Drill results are reported to have returned values grading 0.04 oz/ton gold



per ton, indicating a contained 120,000 oz/ton gold. During the last 10 years of mining operations at the CGQ Mine, mining in the underground Tailings Zone was the primary source of mill feed, which was also the higher gold grade Replacement Ore. Gold mineralization below the 2000 Level is known to exist, but it has not been developed due to high development costs. Exploration work in the future below the 2000 Level will be conducted.

The No. 1 Zone is located approximately 700 ft. southeast of the Tailings Zone. This Zone was developed on the main 15 Level adit, and on five levels below, where Replacement Ore was discovered. These levels were a secondary source of mill feed in the years prior to the mine's closure. No. 1 Shaft was sunk to the 2000 Level. Like the Tailings Zone, gold mineralization is known to exist in the No. 1 Zone below the 2000 Level and to extend to an unknown depth. Other mineral reserves are located in isolated locations, mainly in stope pillars within the No. 1 Zone.

The Rainbow (2) Zone, which borders the No. 1 Zone to the east, may well project through the surface. Ore grades during production, exceeded 0.409 ounces per ton from 12 to 20 Level until January 31, 1948. This Zone produced 48% of the total tonnage mined and 54% of the gold produced. The Pan Orvana drilling on the Rainbow Zone encountered a section of Replacement Type ore, which ran 0.531 oz/ton gold over 39.4 ft. This coincides with the plotted location of the high grade intersection encountered by Wharf Resources in 1980. The Pan Orvana drill hole 89-04 returned gold values as high as .451 oz/ton gold over 6.56 feet. It is anticipated the Rainbow Zone projects through to surface, and will prove to be of considerable value. An underground drill program and surface trenching is planned, the drilling to be located on the 1200 Level and directed to surface.

The Sanders (3) Zone is located approximately 1000 ft southeast of the Rainbow Zone and projects through to surface. A great deal of exploration work has been conducted to prove up open pit reserves within this Zone. Gold grades obtained from this zone underground between the 9 and 12 Levels ranged up to 0.41 oz per ton. The zone was originally developed from surface down to the 19 Level. Exploration has been limited to the 18 and 19 Levels, but the Replacement Ore is believed to extend below these levels as the zone is open to depth.

The Pinkerton (4) Zone projects to surface at an elevation of 4,500 feet, within a few hundred feet of Lowhee Creek. Records show the existence of a zone of extensive veining (27 veins), between the 12 and 15 Levels, within the Pinkerton Zone. This area of veining is known to project approximately 300 feet between the 15 main cross cut and the Lowhee Fault. A section of this vein area graded 0.25 oz/ton, over a width of 6.7 feet and a length of 30 ft. Most of the 27 veins remain unexplored, as the grade was considered to be too low to be profitable with previous mining methods, and smaller scale milling operations. Parallel structures which were mined graded 0.43 oz/ton gold, and the Wharf tests in 1981 produced results which were regarded as most encouraging for open pit potential.

The two best holes reported (0-45' graded .04 oz/ton gold) and (0-44' graded .218 oz/ton gold). Exploration work on the Pinkerton Zone is planned for the future.

The Butts (5) Zone is located approximately 1000 feet southeast of the Pinkerton Zone and was partially developed between the 12 and 15 Levels. Some drifting was done but no stoping.

Exploration work was conducted on the favorable area along the Lowhee Fault (Skerl 1948). A number of auriferous veins were mapped and sampled prior to 1948. A zone of oxidized Replacement Ore, assaying 1.34 oz/ton over 0.3 feet, was returned near surface at the Baker contact, near the north end of the Butts Zone. Surface exploration should be focused on defining these Replacement Ores.

The No. 6 & No. 7 Zones are located within the Goldfinch Fault. The No. 6 and No. 7 Zones remain virtually unexplored, with the exception of the 1500 Main Haulage Level which was driven through these zones to gain access to the B.C. Vein. Several gold bearing veins were encountered in driving the 1500 level, one of which assayed 0.28 oz/ton over 5 feet. Stopping indicated that the potential would prove to be considerable larger (Skerl 1948). This mineral location is approximately 600 feet below surface, and therefore requires underground exploration. The downward extension is open to depth and will be investigated in the future.

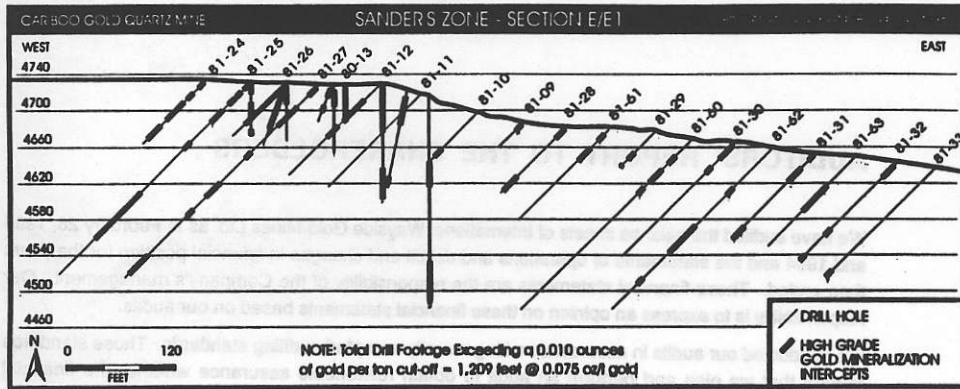
The B.C. Vein (8) Zone is located approximately 10,500 ft southeast of the No. 1 Zone. The B.C. Vein is accessed via the B.C. Shaft and 1500 Main Haulage Level. Two mineable quartz veins were intersected during the development of the 1500 Haulage Level, in 1940. High grade ore showing visible gold was also encountered during sinking of the B.C. Shaft. (Skerl 1948). The B.C. Vein was exposed on surface for 2400 feet with an average width of 20 feet. The west end was found to pinch out, but the east end where still out-cropping, maintained an average width of 20 feet. Deep overburden at the east end prevents further exposure of the B.C. vein. In 1947, an 800 foot long length of the B.C. Vein surface showing was re-examined near the B.C. Shaft. The examination resulted in the calculation of various blocks; a 90' x 7' block containing 2.24 oz/ton gold; a 22' x 5' block containing 0.45 oz/ton gold; a 70' x 7' block containing 0.38 oz/ton gold, and a 75' x 8' block containing 0.51 oz/ton gold. The high assay grades for these blocks require a further re-examination and exploration and development work which will include surface trenching and diamond drilling, with the intention of further defining the east end of the B.C. Vein.

#### PROPOSED EXPLORATION

International Wayside Gold Mines Ltd. intends to prove up the open pit potential of the various zones located on the Cariboo Gold Quartz property, to arrive at a threshold gold reserve that will justify commencing open pit production, the cash flow from which will be used to provide a substantial proportion of the funds to finance the exploration and development of the lower reaches of the underground workings.

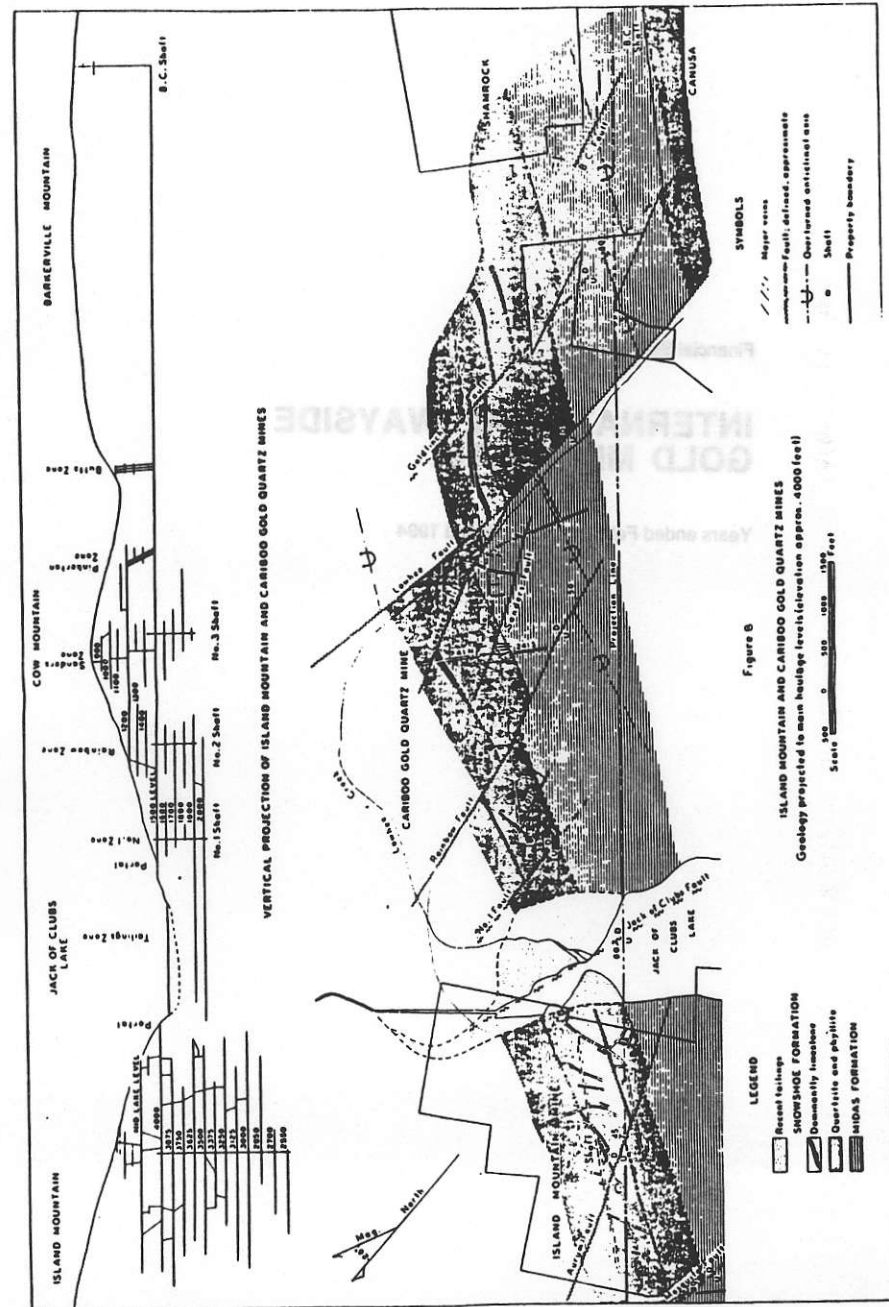
International Wayside Gold Mines Ltd. is proposing a \$100,000 initial exploration program consisting of trenching and drilling on the Rainbow, Pinkerton and B.C. Zones, scheduled to commence in June, 1995.





FORMER GOLD PRODUCERS, WELLS & BARKERVILLE AREA

	Years Operated	Kilograms Au Produced	Today's Value @C\$550 per oz.
<b>Hardrock:</b>			
<b>Cariboo Gold</b>			
Quartz	1933-59	19,530	345,340,000
Cariboo-Hudson	1938-39	160	2,830,000
Island Mountain	1934-67	17,720	313,340,000
<b>Placer:</b>			
Cariboo District	1860-94	+62,200	+1,099,860,000
<b>Total</b>		<b>+100,680</b>	<b>+1,780,290,000</b>





KPMG Peat Marwick Thorne  
Chartered Accountants

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Canada

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Financial Statements of

## INTERNATIONAL WAYSIDE GOLD MINES LTD.

Years ended February 28, 1995 and 1994

### AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the balance sheets of International Wayside Gold Mines Ltd. as at February 28, 1995 and 1994 and the statements of operations and deficit and changes in financial position 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 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, 1995 and 1994 and the results of its operations and the changes in its financial position for the years then ended in accordance with generally accepted accounting principles. As required by the Company Act (British Columbia), we report that, in our opinion, these principles have been applied on a consistent basis.

*KPMG Peat Marwick Thorne*

Chartered Accountants

Vancouver, Canada

July 4, 1995

## INTERNATIONAL WAYSIDE GOLD MINES LTD.

Balance Sheets

February 28, 1995 and 1994

	1995	1994
<b>Assets</b>		
Current assets:		
Cash	\$ 3,500	\$ 4,580
Accounts receivable	8,782	4,811
	<u>12,282</u>	<u>9,391</u>
Mineral properties (note 2)	1,948,415	1,677,781
Equipment	51,801	6,668
Less accumulated depreciation	7,540	2,116
	<u>44,261</u>	<u>4,552</u>
	<u>\$ 2,004,958</u>	<u>\$ 1,691,724</u>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 23,956	\$ 64,801
Commitments payable (note 3)	105,000	-
Payable to related parties (note 4)	5,976	60,785
	<u>134,932</u>	<u>125,586</u>
Shareholders' equity:		
Capital stock (note 5)	3,559,283	2,953,582
Deficit	1,689,257	1,387,444
	<u>1,870,026</u>	<u>1,566,138</u>
Subsequent event (note 6)		
	<u>\$ 2,004,958</u>	<u>\$ 1,691,724</u>

See accompanying notes to financial statements.

On behalf of the Board:

 Director  
 Director

## INTERNATIONAL WAYSIDE GOLD MINES LTD.

Statements of Operations and Deficit

Years ended February 28, 1995 and 1994

	1995	1994
<b>Revenue:</b>		
Expense recovery	\$ 1,054	\$ 670
<b>Expenses:</b>		
Accounting, audit and legal	51,543	46,482
Automobile	11,400	3,188
Bad debt	10,228	25,701
Bank charges and interest	1,244	1,009
Capital taxes	-	4,120
Consulting services	20,186	12,500
Courier and delivery	6,837	344
Depreciation	5,424	719
Equipment rent	-	2,146
Filing fees	9,543	5,763
Management fees	27,500	30,000
Office	7,245	7,910
Printing	11,817	2,628
Promotion	59,804	48,467
Property investigation	8,250	-
Wages and benefits	12,427	-
Rent	12,830	4,730
Shareholder information	-	1,181
Telephone	31,824	22,627
Transfer agent	4,288	5,493
Travel	10,477	20,292
	<u>302,867</u>	<u>245,300</u>
Loss for the year	301,813	244,630
Deficit, beginning of year	1,387,444	1,142,814
Deficit, end of year	<u>\$ 1,689,257</u>	<u>\$ 1,387,444</u>
Loss per share	\$ (.17)	\$ (.26)

See accompanying notes to financial statements.

## INTERNATIONAL WAYSIDE GOLD MINES LTD.

Statements of Changes in Financial Position

Years ended February 28, 1995 and 1994

	1995	1994
Cash provided by (used in):		
Operations:		
Loss for the year	\$ (301,813)	\$ (244,630)
Depreciation, an item not involving cash	5,424	719
	(296,389)	(243,911)
Changes in non-cash operating working capital	5,375	55,445
	(291,014)	(188,466)
Financing:		
Issue of capital stock	605,701	187,525
Investment:		
Deferred development expenditures	(17,634)	(68,536)
Purchase of mineral properties	(253,000)	-
Purchase of equipment	(45,133)	(3,352)
	(315,767)	(71,888)
Decrease in cash	(1,080)	(72,829)
Cash, beginning of year	4,580	77,409
Cash, end of year	\$ 3,500	\$ 4,580

See accompanying notes to financial statements.

## INTERNATIONAL WAYSIDE GOLD MINES LTD.

Notes to Financial Statements

Years ended February 28, 1995 and 1994

The Company was incorporated on February 12, 1970 under the Company Act of British Columbia. On February 8, 1994, the Company changed its name to International Wayside Gold Mines Ltd. This change was filed with the Registrar of Companies on July 22, 1994. Its principal business activities include the exploration and development of mineral claims.

The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain ore reserves that are economically recoverable. The recoverability of amounts shown for mineral properties and the related deferred costs is dependent upon the discovery of economically recoverable reserves and the ability of the Company to obtain necessary financing to complete the development and attain future profitable production, or the receipt of proceeds from the disposition thereof.

The Company has incurred a loss of \$301,813 for the year ended February 28, 1995 and has an accumulated deficit of \$1,689,257 at that date.

These financial statements have been prepared on the basis that the Company will be able to meet its commitments and realize its assets in the normal course of business. The Company's continued operations are contingent upon its ability to operate profitably and to raise additional working capital.

### 1. Significant accounting policies:

#### (a) Mineral properties

The costs of acquisition, exploration and development of mineral properties are capitalized and will be amortized on a unit-of-production method based on estimated recoverable reserves once commercial production commences. Costs related to abandoned claims are charged to operations at the time of abandonment.

Deferred exploration and development expenditures represent unamortized costs to date and do not necessarily reflect present or future values.

#### (b) Equipment:

Equipment is recorded at cost. Depreciation is provided over the estimated useful life on a declining basis at a rate of 20% per annum.

#### (c) Administration costs:

Administrative costs are expensed as incurred.

## INTERNATIONAL WAYSIDE GOLD MINES LTD.

Notes to Financial Statements, page 2

Years ended February 28, 1995 and 1994

### 2. Mineral properties:

	1995	1994
<b>Wayside property:</b>		
Acquisition costs	\$ 375,820	\$ 375,820
Deferred expenditures (schedule)	1,316,380	1,301,961
	<u>1,692,200</u>	<u>1,677,781</u>
<b>Placer leases 26768 and 267620:</b>		
Acquisition costs	115,000	-
<b>Cariboo Gold Quartz property:</b>		
Acquisition costs	89,000	-
Deferred expenditures (schedule)	3,215	-
	<u>92,215</u>	<u>-</u>
<b>Minto and Olympic property:</b>		
Acquisition costs	49,000	-
<b>Bridge River District (6919 acres):</b>		
Acquisition costs	-	-
<b>Cow Mountain (2842 acres)</b>		
Acquisition costs	-	-
	<u>\$ 1,948,415</u>	<u>\$ 1,677,781</u>

#### (a) Wayside property:

The Company holds a 50% interest in Wayside property located in the Lillooet Mining Division. As at February 28, 1995, the remaining 50% interest was held by Parametric Ventures Inc. Subsequent to year end, the Company acquired the remaining 50% interest from Parametric Ventures Inc. for 200,000 common shares issued at an agreed price of \$.35, for a total value of \$70,000. 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 acquired.

## INTERNATIONAL WAYSIDE GOLD MINES LTD.

Notes to Financial Statements, page 3

Years ended February 28, 1995 and 1994

### 2. Mineral properties (continued):

#### (b) Placer leases 267618 and 267620:

By an agreement dated January 3, 1995, the Company acquired the right, through an option agreement, to earn a 100% interest in Placer leases 267618 (formerly 17084) and 267620 (formerly 17093) located in the Lillooet Mining Division. As consideration for purchase, the Company has issued 100,000 common shares at \$.45 per share and has agreed to pay the following:

- (i) \$70,000 cash to the optioner on or before November 4, 1995 (see note 3); and
- (ii) a net smelter return of 5%.

#### (c) Cariboo Gold Quartz:

By agreement with Mosquito Consolidated Gold Mines Ltd., dated October 3, 1994, the Company has acquired a 50% undivided interest in the Cariboo Gold Quartz property located in the Lillooet Mining Division. As consideration, the Company, in addition to the issuance of 100,000 common shares at \$.39 per share and payment of \$50,000 has committed to the following additional non-cumulative payments:

	Shares	Exploration and Development Expenditures
First year	-	\$100,000
Second year	100,000	\$100,000
Third year	100,000	\$200,000
Fourth year	100,000	\$250,000
Fifth year	100,000	\$300,000
Sixth year	-	\$500,000

For each additional year thereafter until a production decision is made, the Company will be required to spend \$500,000 on further exploration and development work on the property.

## INTERNATIONAL WAYSIDE GOLD MINES LTD.

Notes to Financial Statements, page 4

Years ended February 28, 1995 and 1994

### 2. Mineral properties (continued):

#### (d) Minto and Olympic properties:

The Company has acquired an option to acquire a 50% interest in the Minto and Olympic properties located in the Lillooet Mining Division. As consideration for this option, the Company has issued 100,000 common shares at \$.39 per share, paid \$10,000 and committed to incur the following future payments:

First year	\$ 100,000
Second year	200,000
Third year	200,000
Fourth year	200,000
Fifth year	300,000
	<u>\$ 1,000,000</u>

#### (e) Other:

The Company has incurred development expenditures of \$17,634 (1994 - \$68,536) in the year ended February 28, 1995, \$17,634 (1994 - \$45,285) of which were eligible as Canadian Exploration Expenses (CEE) for tax purposes.

### 3. Commitments payable:

	1995	1994
Edmund Szwagryk: Re Placer leases 267,618 and 267,620 due on or before November 4, 1995	\$ 70,000	\$ -
Mosquito Consolidated Gold Mines Ltd.: Cariboo Gold Quartz property, payable on completion of statement of material facts	35,000	-
	<u>\$ 105,000</u>	<u>\$ -</u>

## INTERNATIONAL WAYSIDE GOLD MINES LTD.

Notes to Financial Statements, page 5

Years ended February 28, 1995 and 1994

### 4. Payable to related parties:

Payable to related parties is comprised of the following:

	1995	1994
Payable to (receivable from) directors:		
Frank Callaghan	\$ (30)	\$ 48,680
Frank Power	-	13,961
	<u>(30)</u>	<u>62,641</u>
Payable to (receivable from) company owned 100% by a director: 369742 B.C. Ltd. (Standard Drilling & Engineering Ltd.)	6,006	(1,856)
	<u>\$ 5,976</u>	<u>\$ 60,785</u>

Amounts payable to related parties are non-interest-bearing, unsecured and due on demand.

### 5. Capital stock:

Authorized capital:

50,000,000 common shares, without par value

Issued and outstanding:

	Number of shares	Price	Amount
Balance, February 28, 1993	3,052,774	-	\$ 2,766,057
Exercise of stock options Issued for cash	116,000 570,928	.50 .21 -.95	58,000 129,525
Balance, February 7, 1994	3,739,702	-	2,953,582
Consolidation of issued shares (3.7:1)	2,728,972		-
Balance, February 28, 1994	1,010,730		2,953,582
Issued for cash	1,215,837	.32	389,084
Issued for settlement of debt	219,305	.41	89,915
Issued for mineral properties	300,000	.39 and .45	123,000
Escrow shares	370,191	.01	3,702
Balance, February 28, 1995	3,116,063		\$ 3,559,283



## INTERNATIONAL WAYSIDE GOLD MINES LTD.

Notes to Financial Statements, page 6

Years ended February 28, 1995 and 1994

### 5. Capital stock (continued):

Of the total shares issued, 496,875 (1994 - 126,684) (post consolidation) are held in escrow subject to release based upon the requirements of regulatory authorities.

During 1994, the Company granted incentive stock options to directors entitling them to purchase 273,798 shares at \$0.38 per share. As of February 28, 1995, no options have been exercised. The options expire on November 24, 1996.

### 6. Subsequent event:

On May 31, 1995, 600,000 units were issued through a private placement at \$0.23 per unit. Each unit consists of one common share and one non-transferable warrant exercisable at \$.23 per share until May 31, 1996 and \$.26 per share from June 1, 1996 to May 31, 1997.

### 7. Related party transactions:

Charges for services by current directors and companies wholly-owned by current directors consist of the following:

	1995	1994
Consulting	\$ 500	\$ 10,000
Drilling	808	63,534
Management fees	27,500	30,000
Promotion	-	13,961
Rent	-	288
Wages and benefits	12,427	-
	<u>\$ 41,235</u>	<u>\$ 117,783</u>

## INTERNATIONAL WAYSIDE GOLD MINES LTD.

Notes to Financial Statements, page 7

Years ended February 28, 1995 and 1994

### 8. Income taxes:

The Company has incurred losses or deductible expenditures for income tax purposes of \$945,000 which are available to be carried forward and applied against taxable income of future periods. If utilized as non-capital losses, these losses expire as follows:

1996	\$ 20,000
1997	20,000
1998	60,000
1999	130,000
2000	175,000
2001	240,000
2002	300,000

If these amounts are utilized as undeducted expenditures, the deduction of amounts have no expiry date. The potential tax benefits of these losses have not been reflected in the financial statements.

# INTERNATIONAL WAYSIDE GOLD MINES LTD.

## Schedules of Deferred Expenditures

Years ended February 28, 1995 and 1994

	1995	1994
<u>Wayside property:</u>		
Expenditure during the year:		
Management fee and surcharge	\$ -	\$ 23,251
Assays	-	-
Consulting and engineering	10,222	3,566
Drilling	-	40,283
Mine supplies and travel	4,197	1,436
	<u>14,419</u>	<u>68,536</u>
<u>Cariboo Gold Quartz property:</u>		
Expenditures during the year:		
Consulting and engineering	3,215	-
Balance, beginning of year	<u>1,301,961</u>	<u>1,233,425</u>
Balance, end of year	<u>\$ 1,319,595</u>	<u>\$ 1,301,961</u>