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BOOKER GOLD  
EXPLORATIONS LIMITED

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ANNUAL REPORT 1995

# Letter to Shareholders

1995 has been a pivotal year for your company. The continuing exploration of the Hearne Hill property 65 km northeast of Smithers, B.C. has generated much excitement in both the mining and investment communities. Diamond drilling on the property continues to uncover new high grade zones, and management's policy is to continue focusing activities on this deposit which is rapidly developing towards mineable dimensions.

The success of the 1995 drilling program has greatly improved Booker Gold's ability to raise funds for ongoing exploration. The company raised over \$2 million during the course of fiscal 1995, \$1.5 million of that total through private placements. Investor relations activities increased significantly during the year, but were all handled internally. Subsequent to year end, the company has raised a further half-million dollars through a private placement, and has hired the firm Gundy and Associates, Limited of Toronto to act as its fiscal agent. Gundy and Associates, Limited will be working in conjunction with IBK Capital Inc. in arranging the next private placement.

Most of the 1995 exploration funds were used for geological and drilling work on the Hearne Hill property, with a substantial portion being used to establish a permanent, year-round 20 man camp complete with satellite communication. During the year, Booker Gold also acquired two other groups of claims adjacent to the Hearne Hill property, but has not yet undertaken any exploration work on these properties.

Along with the increased activity level of the company have come a few changes in its management. In May of 1995, Malcolm Macdonald resigned from the Board of Directors to pursue other business interests, and the Board welcomed Shelley Hallock and Dorothy Macdonald as Directors of the Company. Ms. Hallock has been particularly active in the day-to-day activities of the Company and in ensuring environmental compliance of the drilling program.

Subsequent to year end, Chris Sampson, P. Eng., who has been the consulting geologist on the Hearne Hill property since 1993, joined the Board of Directors and has been appointed President on an interim basis. Mr. Sampson brings to the Board 30 years of experience in bringing mines into production, and his continuing input and guidance will be invaluable as Booker Gold moves closer to its objective of developing the Hearne Hill Deposit into a profitable mine.

With solid management and financial backing in place, Booker Gold Explorations looks forward to a busy and successful 1996 exploration program.

On behalf of the Board of Directors,



Shelley E. Hallock



# The Hearne Hill Property

Booker Gold's Hearne Hill property is located in the Babine Lake area of the Nechako Plateau in west-central British Columbia, approximately 65 km northeast of Smithers. Road access is excellent, with the Yellowhead Highway crossing the area in an east-west direction and numerous secondary roads branching to the north.

This area is one of low relief, dominated by flat or gently rolling topography. The northern and western boundaries of the Nechako Plateau are sharply defined by mountainous areas, which include the Omineca, Skeena and Hazelton Mountains.

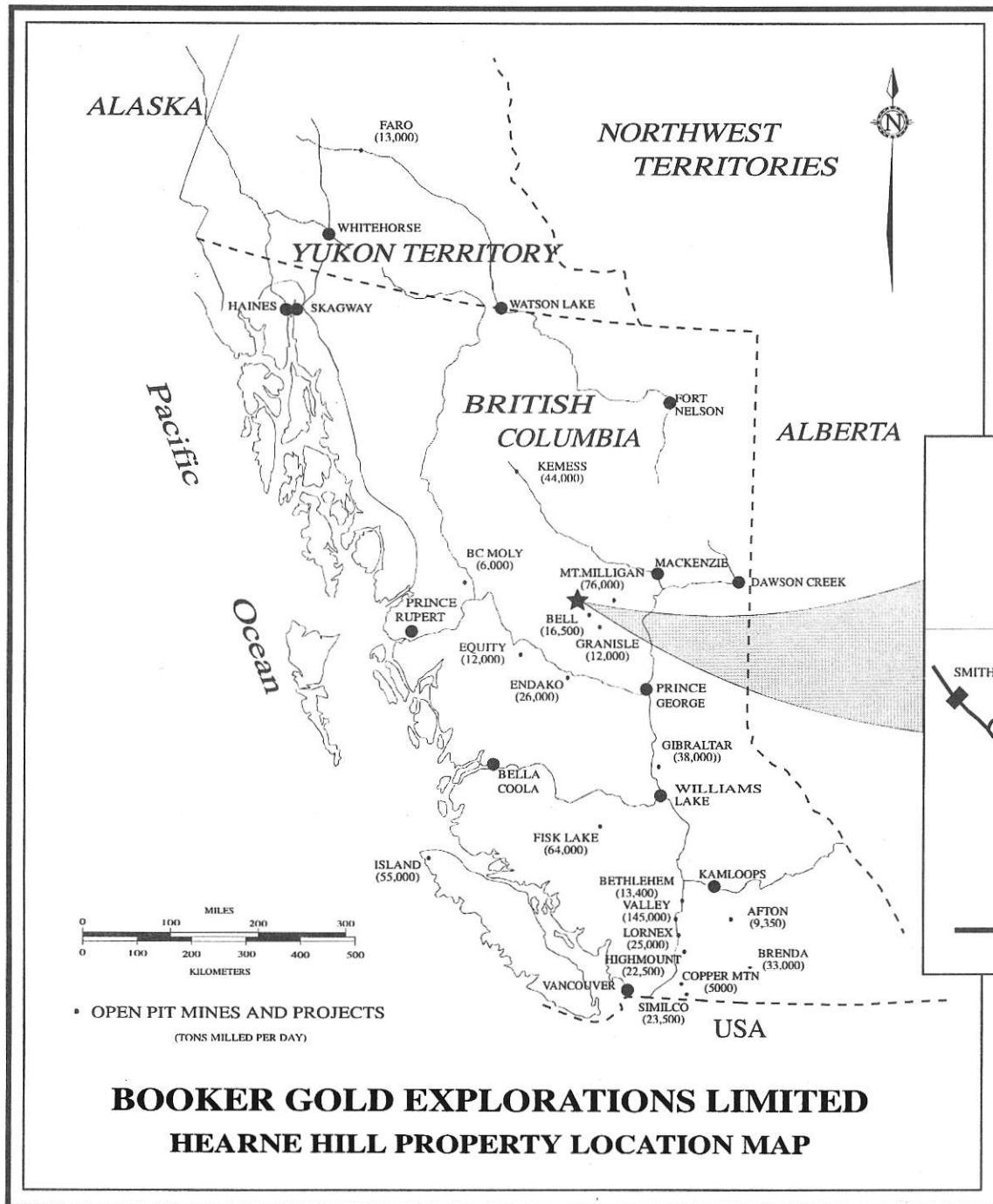
## *AREA HISTORY*

During the 1950's and 1960's, British Columbia experienced an exploration boom in porphyry-copper deposits and the Babine Lake area was intensely explored and developed. This exploration led to the discovery of several porphyry-copper deposits, two of which became producing open pit mines. The **Granisle Mine**, 30 km south of Hearne Hill, produced 52.7 million tons grading 0.47% copper with 0.13 g/t gold. Total production at the Granisle mine was 214,300 tonnes of copper, 6,833 kg of gold, and 69,753 kg of silver. The **Bell Copper Mine**, 15 km south of Hearne Hill, produced 77.2 million tonnes of ore grading 0.47% copper and 0.16 g/t of gold. The mine's total production was 303,277 tons of copper, 12,794 kg of gold, and 27,813 kg of silver. The **Morrison copper deposit**, located 5 km northwest of Hearne Hill and owned by Noranda, contains 70 million tons of ore grading 0.45% copper.

The first sizeable exploration of the **Hearne Hill** property occurred in 1967. Initial magnetometer and soil sampling surveys were followed up by bulldozer trenching which discovered breccia boulders rich in copper and gold. In the 25 years that followed, several companies conducted exploration programs on the property which defined the presence of a Babine-style porphyry copper deposit similar to the Bell, Granisle, and Morrison deposits. In 1968, Texas Gulf Sulphur Company began a diamond drilling program which outlined an overall grade of 0.2% copper in the area although no mineralized breccia was intercepted. In 1989 and 1990, Noranda carried out a drilling program in which five of the holes intersected a breccia pipe that outcropped at surface. Three of the holes intersected copper grades over 2% along good widths including 3.61% copper over 13 metres. In 1991, David Chapman drilled seven diamond drill holes into the breccia zone. One of the holes intersected 50 metres grading 2.3% copper, including a 3 metre section which assayed 12.53 g/t gold.

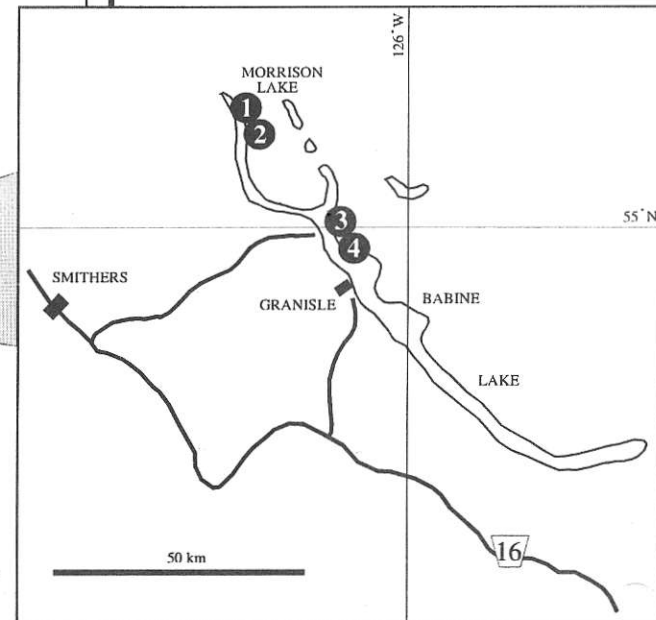
## *CURRENT PROGRAM*

Booker Gold began acquiring properties in the heart of the Babine Lake copper porphyry belt in 1992, when the Hearne Hill property was optioned from David Chapman. The company immediately began a trenching and percussion drilling program to test the mineralized breccia and surrounding area, and a magnetometer



# BOOKER GOLD'S HEARNE HILL PROPERTY

1. Morrison Deposit
2. Hearne Hill Property
3. Bell Copper Mine
4. Granisle Copper Mine



## BOOKER GOLD EXPLORATIONS LIMITED HEARNE HILL PROPERTY LOCATION MAP



# The Hearne Hill Property

survey over the main breccia body was completed. Several sulphide bearing boulders were discovered in rock slide material outside the main body which strongly resembled the mineralized breccia body. Samples from these boulders assayed as high as 20.6% copper, 4.69 g/t gold, and 54.69 g/t silver. It was believed that the boulders originated from an undiscovered mineralized breccia body northeast of the trenching area. During 1994, drilling indicated a previously unknown high grade copper-gold-silver mineralized breccia assaying 2 to 3 times higher than previous drilling results. One of the most significant intersections was found in hole 94-7, which yielded an 88 metre section assaying at 0.5% copper and 0.21 g/t gold. This breccia hosted mineralization (now called the Peter Bland zone) is northeast of the original breccia zone discovery (now called the Chapman zone).

## *1995 EXPLORATION ACTIVITIES*

In the 1995 fiscal year, Booker Gold continued to explore the new (Peter Bland) breccia body. By mid-1995, 16 BQ diamond drill holes had been completed in the zone, and the company contracted JT Thomas Diamond Drilling Ltd. to drill 16 NQ size diamond drill holes by year end. In August of 1995, a geophysical survey was conducted over a one square kilometre grid around the Peter Bland zone. The survey showed excellent coincident chargeability highs with resistivity lows, and good correlation with the geochemical anomalies uncovered in a geochemical survey of the same one square kilometre grid in September of 1995. Soil samples were tested for arsenic, copper, gold, molybdenum, and potassium, and the results support the geological interpretation of a northeast trending mineralized corridor or structural feature which continues beneath the overburden to the northeast.

Diamond drilling to date has only partially tested the Peter Bland zone, which is 500 feet east-west by 800 feet north-south. One of the most significant holes was DDH95-16, which averaged 0.75% copper, 3.15 g/t silver, and .32 g/t gold across the complete 998 feet. The hole included significant intersections of up to 1.93% copper, and .82 g/t gold. The zone is open in all directions and indicates a substantial tonnage potential.

Much of the activity in the latter part of 1995 was centered around building a permanent, year-round 20-man camp on the property complete with satellite communication to facilitate ongoing exploration.

Subsequent to year-end, IP and geochemical surveys were conducted to extend the grid northeast and southwest. This has provided several new targets for the 1996 drilling program in addition to the continued exploration of the Peter Bland zone for tonnage.



# Auditors' Report

To the Shareholders of Booker Gold Explorations Ltd.:

We have audited the balance sheet of Booker Gold Explorations Ltd. as at 31 January 1996 and 1995 and the statements of loss and deficit, resource property costs 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 audit.

We conducted our audit 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 31 January 1996 and 1995 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 of British Columbia, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Langley, B.C.  
29 March 1996

STALEY, OKADA, CHANDLER & SCOTT  
CHARTERED ACCOUNTANTS

# Balance Sheet

Booker Gold Explorations Ltd.

Statement 1

As at 31 January  
Canadian Funds

ASSETS		1996	1995
<b>Current</b>	Cash	\$ 437,547	\$ 899
	GST receivable	54,417	8,631
		<u>491,964</u>	<u>9,530</u>
<b>Capital Assets</b>	Resource property costs		
	- Statement 3 (Note 3)	2,083,254	482,919
	Exploration advance	97,958	-
	Restricted cash (Note 4)	631,192	-
		<u>2,812,404</u>	<u>482,919</u>
	Vehicles and equipment (Note 5)	31,341	926
		<u>2,843,745</u>	<u>483,845</u>
<b>Reclamation Deposits</b>		72,500	-
		<u>\$ 3,408,209</u>	<u>\$ 493,375</u>
<b>LIABILITIES</b>			
<b>CURRENT</b>	Accounts payable and accrued liabilities	\$ 526,064	\$ 403,760
	Advances from directors (Note 6)	54,614	9,878
		<u>580,678</u>	<u>413,638</u>
<b>Continued Operations (Note 1)</b>			
<b>SHAREHOLDERS' EQUITY</b>			
	Share Capital (Note 7)	4,041,840	1,079,051
	Deficit - Statement 2	(1,214,309)	(999,314)
		<u>2,827,531</u>	<u>79,737</u>
		<u>3,408,209</u>	<u>493,375</u>

ON BEHALF OF THE BOARD:

*W G Macdonald*, Director

*S E Helboel*, Director

- See Accompanying Notes -

# Statement of Loss and Deficit

Booker Gold Explorations Ltd.  
Statement of Loss and Deficit  
For the Years Ended 31 January  
*Canadian Funds*

Statement 2

	1996	1995
General and Administrative Expenses		
Professional fees	\$ 46,321	\$ 18,615
Office rent (Note 8)	42,491	25,720
Shareholder information	35,366	4,013
Travel and automotive	32,970	8,243
Telephone	22,454	3,776
Office and miscellaneous	18,312	12,105
Filing and transfer agent fees	16,896	10,616
Amortization	185	232
	<u>214,995</u>	<u>83,320</u>
<b>Loss For the Year</b>	<b>214,995</b>	<b>83,320</b>
Deficit - Beginning of year	999,314	915,994
<b>Deficit - End of the Year</b>	<b>\$ 1,214,309</b>	<b>\$ 999,314</b>
<b>Basic Loss Per Share</b>	<b>\$ 0.04</b>	<b>\$ 0.02</b>

- See Accompanying Notes -



# Statement of Resource Property Costs

Booker Gold Explorations Ltd.  
Statement of Resource Property Costs  
For the Years Ended 31 January  
*Canadian Funds*

Statement 3

	1996	1995
<b>Direct - Mineral</b>		
Hearne Hill claims, B.C.		
Drilling	\$ 562,573	\$ 144,111
Royalty payments	200,000	54,500
Geological and geophysical	143,053	28,642
Camp and general	113,057	11,130
Subcontracts	86,047	21,850
Assays	73,414	33,782
Staking	40,305	-
Travel	6,486	33,201
Amortization	5,400	-
	1,230,335	327,216
Copper claims, B.C.		
Property payments	130,000	-
CUB claims, B.C.		
Property payments	240,000	-
<b>Costs for the Year</b>	<b>1,600,335</b>	<b>327,216</b>
Balance - Beginning of year	482,919	155,703
<b>Balance - End of Year</b>	<b>\$ 2,083,254</b>	<b>\$ 482,919</b>

- See Accompanying Notes -

# Statement of Changes in Financial Position

Booker Gold Explorations Ltd.  
For the Years Ended 31 January  
Canadian Funds

Statement 4

Cash Resources Provided By (Used In)		1996	1995
<b>Operating Activities</b>	Loss for the year	\$ (214,995)	\$ (83,320)
	Item not affecting cash		
	Amortization	185	232
		(214,810)	(83,088)
	Changes in non-cash working capital	121,254 (93,556)	129,513 46,425
<b>Financing Activities</b>	Share capital, <i>net</i>	2,177,389	263,980
	Allotted shares	545,400	-
		2,722,789	263,980
<b>Investing Activities</b>	Resource property costs	(1,600,335)	(327,216)
	Less: Share capital issued for resource property	240,000	14,500
	Amortization	5,400	-
		(1,354,935)	(312,716)
	Restricted cash	(631,192)	-
	Exploration advances	(97,958)	-
		(2,084,085)	(312,716)
	Reclamation deposits	(72,500)	-
Capital assets additions	(36,000)	-	
	(2,192,585)	(312,716)	
<b>Net Increase (Decrease) in Cash</b>		436,648	(2,311)
	Cash position - Beginning of year	899	3,210
<b>Cash Position - End of Year</b>		\$ 437,547	\$ 899

- See Accompanying Notes -

# Notes to Financial Statements

Booker Gold Explorations Ltd.  
31 January 1996 and 1995  
*Canadian Funds*

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**1. Continued  
Operations**

These financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes the company will continue in operation and be able to realize its assets and discharge its liabilities in the normal course of operations.

The ability to continue as a going concern is dependent on its ability to obtain additional financing for operating and future property expenses.

If the going concern assumptions were not appropriate for these financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported revenue and expenses and the balance sheet classifications used.

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**2. Significant  
Accounting  
Policies**

**a) Mineral**

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.

Mineral exploration and development costs are capitalized on an individual prospect basis until such time as an economic ore body is defined or the prospect is abandoned. Costs for a producing prospect are amortized on a unit-of-production method based on the estimated life of the ore reserves, while costs for prospects abandoned are written off.

The recoverability of the amounts capitalized for the undeveloped mineral properties is dependent upon the determination of economically recoverable ore reserves, confirmation of the company's interest in the underlying mineral claims, the ability to obtain the necessary financing to complete their development and future profitable production or proceeds from the disposition thereof.

**b) Amortization**

The company provides for amortization on the following basis:

Office furniture - 20% declining balance

Automobile - 30% declining balance

Trailers - 30% declining balance

Amortization is provided on one-half the annual rates on net acquisitions during the year.

# Notes to Financial Statements

## 2. Significant Accounting Policies - Continued

- c) **Basic Loss per Share** Basic loss per share computations are based on the weighted average number of shares outstanding during the year. Fully diluted earnings per share has not been disclosed as it is anti-dilutive.
- d) **Environmental Expenditures** The operations of the company have been and may in the future be affected from time to time in varying degree by changes in environmental regulations, including those for future removal and site restoration costs. Both the likelihood of new regulations and their overall effect upon the company are not predictable. The company's policy is to meet or, if possible, surpass standards set by relevant legislation, by application of technically proven and economically feasible measures.
- Environmental expenditures that relate to ongoing environmental and reclamation programs are charged against earnings as incurred or capitalized and depreciated depending on their future economic benefits. Estimated future removal and site restoration costs are secured by reclamation deposits of \$72,500.

## 3. Resource

**Property Costs** a) Details are as follows:

	1996	1995
B.C.		
Hearne Hill claims	\$ 1,713,254	\$ 482,919
Copper claims	130,000	-
CUB claims	240,000	-
	<u>2,083,254</u>	<u>\$ 482,919</u>

### b) **Hearne Hill Claims**

By an agreement dated 5 December 1992, the company entered into an agreement to purchase 100% of the rights, title and interest in the Hearne Hill claims in the Omineca District of B.C. under the following terms:

- a) \$60,000 on or before 21 December 1993 (paid);
- b) 200,000 common shares of the company at the following stages:
- 50,000 common shares on approval of this agreement by the Vancouver Stock Exchange (issued);
  - 50,000 common shares on completion of first stage of exploration program (issued);
  - 50,000 common shares on completion of second stage of exploration program;

# Notes to Financial Statements

## 3. Resource Property Costs (Continued)

- final 50,000 common shares on completion of third stage of exploration program. After the completion of cash option payments referred to in a) above, the company is required to make advance royalty payments of \$100,000 per annum (1996 and 1995 payments made). The royalty payments may offset any net smelter royalty obligations that may arise.

The optionor retains a 4% net smelter royalty which may be acquired by the company for a cash payment of \$2,000,000.

### c) Copper claims

By agreement dated 4 July 1995, the company purchased a 100% interest in mineral claims located in the Granisle area of B.C., subject to a 3% smelter return royalty for consideration of the following:

- i) \$10,000 cash (paid);
- ii) 100,000 common shares (issued).

### d) CUB claims

By agreement dated 15 June 1995, the company purchased a 100% interest in mineral claims located in the Granisle area of B.C., subject to a 3% smelter return royalty for consideration of 100,000 common shares (issued).

## 4. Restricted Cash

The cash balance of \$631,192 is to be spent solely on exploration of the company's Canadian resource properties under the terms of flow-through share agreements. This balance has been spent subsequent to year end.

## 5. Vehicles and Equipment

Details are as follows:

	Cost	Accumulated Amortization	1996 Net Book Value	1995 Net Book Value
Trailers	\$ 25,000	\$ 3,750	\$ 21,250	\$ -
Automobile	11,000	1,650	9,350	-
Office furniture and equipment	4,989	4,248	741	926
	\$ 40,989	\$ 9,648	\$ 31,341	\$ 926

# Notes to Financial Statements

**6. Advances From Directors** Advances from directors are non-interest bearing and have no specific repayment terms.

**7. Share Capital** a) Details are as follows:

	Number		Amount	
	1996	1995	1996	1995
Authorized:				
25,000,000 common shares without par value				
Issued and fully paid:				
For cash	6,153,441	4,366,335	\$ 3,229,440	\$ 1,052,051
For resource property	300,000	100,000	267,000	27,000
	6,453,441	4,466,335	3,496,440	1,079,051
Allotted: *	170,972	-	545,400	-
	6,624,413	4,466,335	\$ 4,041,840	\$ 1,079,051

\* Issued subsequent to year end to a director of the company.

b) During the years ended 31 January 1996 and 1995, the following shares were issued:

	Shares		Amount	
	1996	1995	1996	1995
For cash				
- private placement	907,702	257,536	\$ 1,474,825	\$ 212,480
- share purchase options	577,168	-	537,239	-
- share purchase warrants	302,236	200,000	165,325	51,500
For resource property	200,000	50,000	240,000	14,500
	1,987,106	507,536	\$ 2,417,389	\$ 278,480

c) 274,125 (1995 - 581,250) shares held in escrow to be released only with the consent of the governing regulatory bodies.

# Notes to Financial Statements

## 7. Share Capital

(Continued)

d) As at 31 January 1996 the following share purchase options were outstanding:

Number	Exercise Price	Expiry Date
83,532	\$1.54	5 April 1996
119,000	\$0.75	14 July 1996
	or \$0.80	14 July 1997
200,000	\$1.53	4 January 1997
215,000	\$1.53	4 January 1997
90,000	\$1.28	5 July 1997
263,302	\$4.16	9 November 1997
<hr/>		
970,834		

e) As at 31 January 1996, the following share purchase warrants were outstanding:

Number	Exercise Price	Expiry Date
420,168	\$2.38	18 October 1996
	or \$2.74	18 October 1997
14,000	\$0.81	6 March 1997
123,213	\$0.70	24 March 1997
<hr/>		
557,381		

f) Of the 907,702 private placement shares issued during the current period, 735,590 shares were flow-through shares issued for cash of \$1,420,473. The tax benefits arising from such shares belong to the share subscribers and not the company. Subsequent to year end, all flow-through expenditures have been renounced.

## 8. Related Party

### Transactions

- During the year, the company paid \$42,491 (1995 - \$25,720) for rent to a company owned 50% by a director of the company.
- During the year, the company issued 572,418 common shares for cash consideration of \$544,844 to the directors and relatives of the directors of the company.

## 9. Income Taxes

The company has incurred certain resource related expenditures of approximately \$1,390,000 which may be carried forward indefinitely and used to reduce prescribed taxable income in future years.



# Notes to Financial Statements

## 9. Income Taxes (Continued)

The company has non-capital losses for tax purposes of approximately \$36,000 which are available to offset future taxable income.

These losses are carried-forward and expire as follows:

1997	\$ 13,000
1998	\$ 23,000
	<hr/>
	\$ 36,000

The potential future tax benefits of these expenditures and income tax losses have not been recognized in the accounts of the company.

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# Corporate Directory

## **Directors and Officers:**

**Christopher J. Sampson**  
Director and President for the Interim

**Shelley E. Hallock**  
Secretary Treasurer and Director

**Barbara J. Hilton**  
Director

**Dorothy E. MacDonald**  
Director

**Hugh Grenfal**  
Director

**Fabrizio Alberico**  
Chief Financial Officer

## **Trust Company:**

Montreal Trust Company,  
510 Burrard Street,  
Vancouver, British Columbia,  
Canada V6C 3B9  
Tel: (604) 661-9400 Fax: (604) 669-1548

## **Corporate Head Office:**

10th Floor, 609 W. Hastings St.,  
Vancouver, British Columbia,  
Canada V6B 4W4  
Tel: (604) 681-8556 Fax: (604) 687-5995  
Toll-free: 1-800-747-9911

## **Auditors:**

Staley, Okada, Chandler & Scott,  
Chartered Accountants,  
221 — 20316 56th Avenue,  
Langley, British Columbia,  
Canada V3A 3Y7  
Tel: (604) 532-9913 Fax: (604) 532-1209

## **Corporate Lawyers:**

Hemsworth Schmidt,  
Barristers and Solicitors,  
430 — 580 Hornby Street,  
Vancouver, British Columbia,  
Canada V6C 3B6  
Tel: (604) 687-4456 Fax: (604) 687-0586

## **Share Structure as of June 19, 1996:**

Issued and Outstanding: 6,954,236  
Fully Diluted: 8,374,538

## **Trading Symbol:**

BGE,VSE



BOOKER GOLD EXPLORATIONS LTD.

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