GETTY COPPER CORP.

1996 ANNUAL REPORT

CORPORATE HIGHLIGHTS

- ✦ Located in a major mining area of B.C.
- ✦ Listed on Toronto Stock Exchange
- ✦ $12,000,000 in financings since March 1995
- ✦ Oxide portion of deposit amenable to SX-EW production
- ✦ Existing open-pittable oxide-sulphide porphyry copper deposits:
  Getty North - 35,000,000 tonnes grading 0.47% Cu with gold, silver and molybdenum credits
  Getty South - previously published data indicates undeveloped resource of 36,000,000 tonnes grading 0.47% Cu
- ✦ Large property - Approximately 210 sq. km (84 sq. miles) of favourable Highland Valley Guichon Creek Batholith geology
- ✦ Mineral tenure - Crown granted and legal surveyed claims at Getty North and Getty South deposits
- ✦ Located adjacent to the Highland Valley Copper Mine, reported as having the second largest copper milling rate in the world
- ✦ Extensive support infrastructure considered the best in the world
  - power on the property
  - water
  - railhead close by
  - paved roads to the property
  - stable local work force
- ✦ Deposit resource computer modeling and tonnage calculations updated as drilling progresses through 1997
- ✦ Metallurgical studies favourable for:
  - oxide deposit - SX-EW extraction
  - sulphide deposit - flotation extraction
- ✦ Environmental baseline studies (Gartner Lee & Associates) second year program initiated
- ✦ Diamond drilling total to date: 31,531 metres (103,446 feet) - 16,175 samples assayed
- ✦ Geophysical surveying: 435 line km (261 miles) of I.P. and magnetics surveys
- ✦ Geochemical surveys: 4,695 samples collected along 168 line km (101 line miles)
- ✦ Geological mapping: 20 sq. km (8 sq. miles)
- ✦ Aerial Photography and base map production (Northway Map Technology Ltd. and Watts, Griffis and McOuat)
- ✦ 93 anomolous circular feature targets and geological structures delineated by remote sensing satellite reconnaissance
- ✦ Advanced exploration and development work in preparation for a feasibility study

1997 PLANNED PROGRAM

- $3,000,000 exploration and development program
- Expansion of the open-pittable oxide copper deposits
- Expansion of the open-pittable sulphide copper deposits
- Field check the 93 satellite-remote sensing anomalous targets and geological structures by geophysical surveys, geochemical surveys and geological mapping and sampling
- 16,000 metres (52,000 ft) of diamond drilling to define the dimensions and configuration of the projected open pit and explore new large I.P. anomalies
- 140 km (84 miles) of I.P. and magnetics surveys; to be conducted over prime geological environments
- Additional metallurgical testwork on the oxide and sulphide deposits
- Geological reconnaissance mapping; over large unexplored areas
- Baseline environmental impact study for production, and initial development permit application

Getty Copper Corp. will hold its annual meeting of shareholders in the Port of Singapore Room of the Renaissance Vancouver Hotel Harbourside, 1133 West Hastings, Vancouver, B.C. on June 25, 1997 at 2:30 p.m.

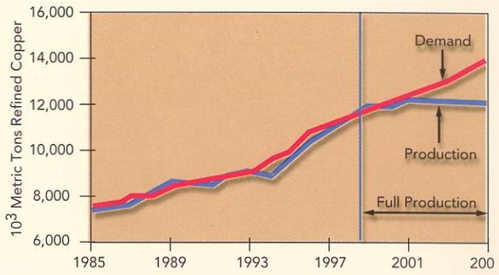
Getty North diamond drill
Getty's technical team, from left to right:
Kevin Newman, P.Geo.,
Dr. Vic Preto, Ph.D. Geo.,
Dr. Bruce Perry, Ph.D. Geo.,
Deborah McCombe, B.Sc. Geo.

Contents

REPORT TO SHAREHOLDERS

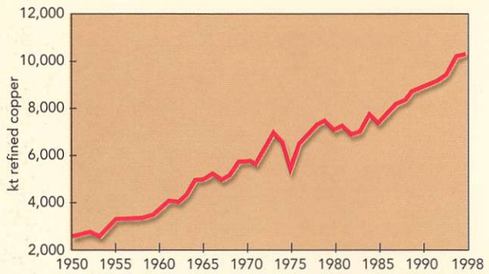
It is my pleasure to provide you with a report summarizing the significant developments on Getty's Highland Valley project.

1996 was a year of significant advancement for Getty. The diamond drill program on the Getty North deposit has increased the resource to 36 million tonnes of 0.47% Cu including a 7,000,000 tonne oxide cap grading 0.60% total Cu. Metallurgical studies by Dr. Morris Beattie have shown that the oxide tonnage is amenable to a 75% to 85% recovery by heap leaching solvent extraction (SX-EW) processing, and that flotation of the sulphide mineralization yields a very good copper molybdenum concentrate (91% recovery) with a gold and silver credit.



WORLD COPPER - SUPPLY/DEMAND BALANCE

An extensive geophysical and geochemical survey program has delineated many significant, anomalies that hold a great deal of potential for discovering more Highland Valley size porphyry copper deposits.



WESTERN WORLD COPPER DEMAND

Getty has strengthened its geological and technical management team by retaining Dr. Vic Preto, Ph.D. Geo., P. Eng., and Mr. Kevin Newman, P. Geo.. Dr. Preto was formerly with the British Columbia Ministry of Mines for 30 years and Mr. Newman was the senior geologist at the adjacent Highland Valley Copper Mine, from 1981 to 1993. They are welcome additions to our current technical staff of Dr. Bruce Perry, Ph.D. Geo. and consulting engineers of Watts, Griffis and McOuat Ltd. of Toronto, Ontario.

Getty raised a total of $7,706,708 in 1996. During the first half of the year, Getty raised $5,918,000 through a brokered private placement of special warrants. This offering was subscribed to by mutual funds, banks, financial institutions and sophisticated investors. On November 21, 1996, Getty raised $2,000,000 by way of a private placement of 1,904,762 flow through shares at a price of $1.05 with a major Canadian mutual fund. By virtue of this placement, Getty has now raised in excess of $12,000,000 since March 1995, and is currently conducting an aggressive exploration and development program on its approximately 210 sq. km (84 sq. mile) Highland Valley Property.

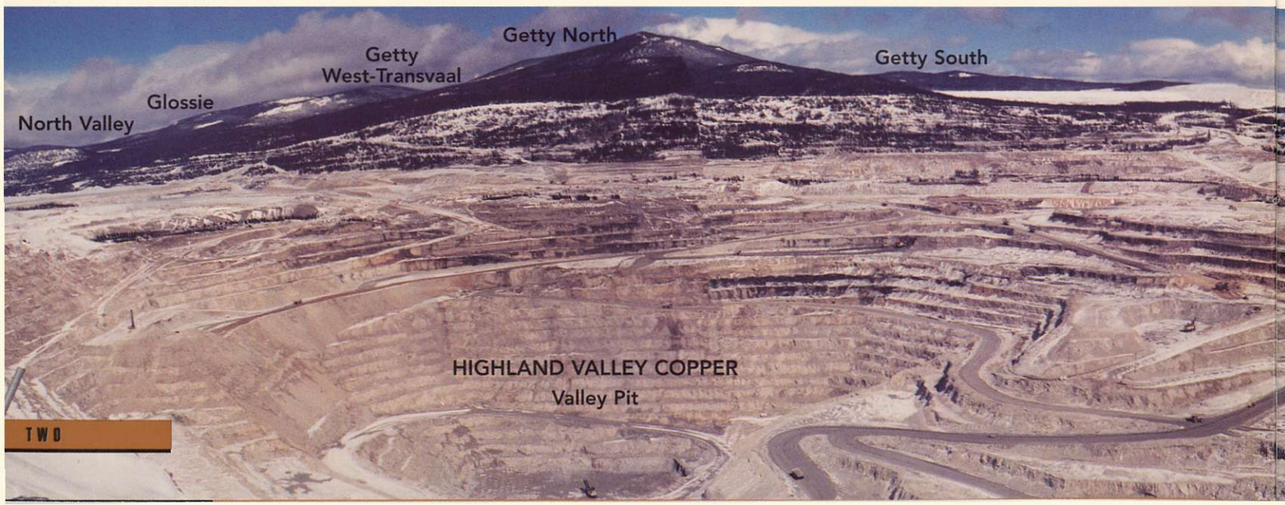
Getty does not have any bank debts and has no significant restrictions on its cash flow other than exploration commitments.

Getty in consultation with its consulting engineers, Watts, Griffis, and McOuat, has prepared a development plan through to the feasibility stage. Many aspects of this plan have already been implemented. Fundamental to this plan is the exploration and development of the two existing porphyry copper deposits and the many zones and anomalies from which it is reasonable to postulate 300,000,000 tonnes or more of copper mineralization.

On December 6, 1996, Getty's shares commenced trading on the Toronto Stock Exchange.

Your board is proud of the success that Getty has achieved to date and anticipates an exciting successful 1997.

John B. Lepinski
President



BOARD OF DIRECTORS

John Lepinski
Chief Executive Officer, President and Director

Donald Willoughby, C.A.
Chief Financial Officer, Secretary and Director

Kjeld Werbes, L.L.B.
Director

Dr. Jean-Jacques Treyvaud, Ph.D. Econ.
Director

Daniel Ringuet
Director

William Cummer
Director

Dr. Robert Ginn, Ph.D. P. Eng.
Director

Dr. Vic Preto, Ph.D. P. Eng.
Director

Getty Projects Maximizing shareholder value through:

- Discovery and development of additional deposits
- Exploration and development of the many anomalous targets on the property
- Projected acquisition of producing or advanced stage gold or base metal projects with proven reserves

Getty is a Canadian mineral exploration and development company committed to increasing shareholder value. This will be accomplished through: the continued exploration of the many extensive I.P. anomalies, the continuous growth through exploration, discovery and development of new base metal or gold orebodies and the acquisition of new producing or advanced development stage mineral assets. Throughout 1997, Getty plans to continue implementing a progressive growth strategy. Getty is committed to building shareholder value through aggressive exploration, development and acquisition.

Getty's main objective is to develop and place in production its Highland Valley open-pittable oxide-sulphide porphyry copper deposits. The underlying sulphide deposits should be processed by either standard flotation methods or heap and dump leaching - SX-EW methods.

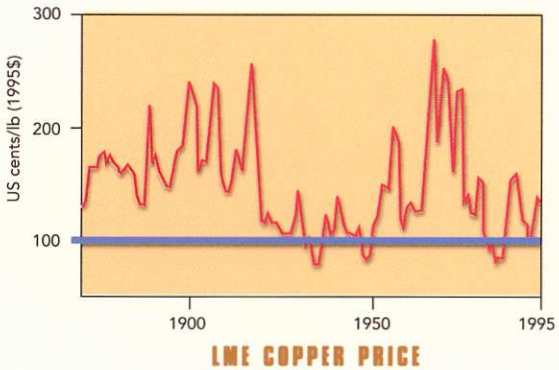
In addition to advancing the Highland Valley project, Getty is also evaluating other exploration and development projects in Canada, and worldwide.

Oxide copper mineralization

We are confident that in the years ahead, Getty will continue to reach its objective of enhancing shareholder value.

Staged Development Planned

Getty is planning a staged approach to developing the deposits. Subject to an economical tonnage of oxide copper being delineated and a feasibility study confirming a positive cash flow, an SX-EW plant will be constructed. Revenues from the projected oxide copper operation will be applied to the development of the underlying sulphide deposits. Getty will also begin the exploration of the many other extensive geophysical and geochemical anomalies on the property.



LME COPPER PRICE

The history of the Getty Highland Valley Property dates back to approximately 1898, when it was explored by prospecting, panning, trenching and drifting near high grade copper occurrences. The first record of exploration and development on the Getty property goes back to 1906 and 1907 when two shafts were sunk 67 metres (220 feet) with 140 metres (455 feet) of underground development and an adit driven 221 metres (725 feet) on the high grade oxide-sulphide copper Transvaal showings. Then in 1915, a series of shafts were sunk on the Glossie Zone whereby 21.8 tonnes of selected ore was shipped to the Tacoma smelter; which assayed 0.03 ounces of gold per ton, 2.96 ounces of silver per ton and 12.62% Cu. In the early 1900's some exploration shafts and adits were developed on the nearby property which became the Bethlehem Copper Mine. Then little else took place until the mid-1950's, when large tonnage disseminated mineralization became the target. Bethlehem Copper was brought into production in 1962, the same year that the Lornex and Highmont orebodies were discovered, and brought into production. Then in 1967, a drill hole returning a grade of 0.28% copper over 58 metres (190 feet) was considered the discovery hole of the 860 million tonne Valley Copper deposit (Casselman, 1995).

ENVIRONMENTAL

- SX-EW process is environmentally friendly;
- Property is in an existing active major mining area;
- Active logging by Weyerhaeuser Canada Ltd. on the property; a multi-resource land use area
- Environmental baseline study - proceeding to second year program;
- No salmon rivers, streams or lakes nearby;
- Adjacent to the Valley/Lornex and Bethlehem Copper tailings ponds and mine sites.

As these developments took place to the south, the ground now held by Getty underwent considerable exploration which resulted in the discovery of the Getty North and previously indicated Getty South deposit. At the time, these deposits could not be brought into production due to the unrecoverable oxide copper cap. The new heap leaching SX-EW process now makes oxide copper recoverable.

Getty's property covers approximately 210 sq. km (84 sq. miles) of contiguous claims in the Highland Valley adjacent to the Highland Valley Copper mine, which is an amalgamation of Lornex, Valley Copper, Highmont and Bethlehem Copper.

Getty North Deposit

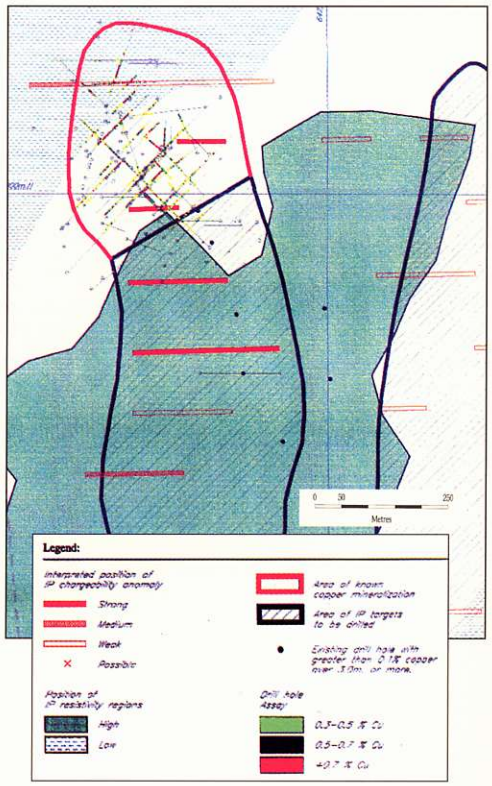
- 77 diamond drill holes totalling 26,919 m (88,330 feet)
- 73.2 km (46 miles) Induced polarization survey (I.P.)
- 81 km (50 miles) geochemical survey
- Previous preliminary pit design being re-examined by Getty

Getty South Deposit

- 45 m (150 feet) deep, development shaft
- 1,775 m (5,800 feet) of underground development
- 15,000 m (49,212 feet) diamond drilling by previous operators
- 3,236 m (10,618 feet) diamond drilling in 1996
- 14 line km (8.6 miles) of I.P. surveys and geochemical soil sampling
- Previous preliminary pit proposal being re-examined by Getty

Getty North Deposit

The Getty North Deposit is currently estimated by Watts, Griffis, and McOuat to contain 35,000,000 tonnes of oxide and sulphide copper grading 0.47% Cu with molybdenum, gold and silver credits, including 7,000,000 tonnes of oxide copper grading 0.60% total Cu. During 1996, Getty completed 39 diamond drill holes totalling 9,835 metres (32,266 ft) in order to test the extensions of the deposit and investigate the induced polarization anomalies. The 1997 program has been designed to drill the balance of the I.P. anomalies surrounding the deposits and is projected to increase tonnage and define the dimensions and configuration of the projected open pit.

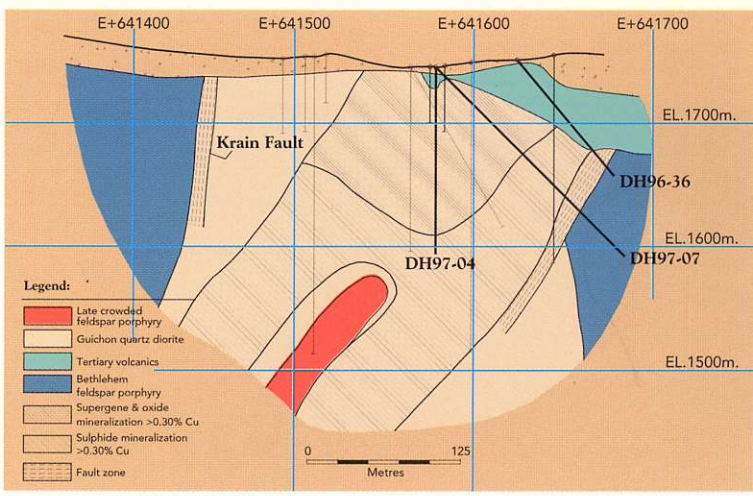


GETTY NORTH ZONE
IP AND DRILL HOLE LOCATION PLAN

Getty South Deposit

The Getty South Deposit consists of an elliptical shaped breccia and shatter zone 550 m x 575 m (1,800 ft x 1,890 ft) just 2.2 km (1.4 miles) south of the Getty North deposit.

More than 15,000 metres (49,212 ft) of diamond drilling and 1,775 metres (5,800 ft) of underground development by previous operators of the Getty South property, have indicated an initial resource of 36,000,000 tonnes of open-pittable oxide and sulphide mineralization grading 0.47% Cu, including 719,500 tonnes grading 1.41% Cu. In 1996, Getty drilled 13 diamond drill holes totalling 3,236 metres (10,618 ft) with inconclusive results. The deposit is currently being evaluated and additional drilling is planned.



GETTY NORTH DEPOSIT - CROSS-SECTION 1390SE

Getty West/ Transvaal Zone

- 3,374 m (11,046 feet) current diamond drilling
- 2 shafts (early 1900's) 67 m (220 feet) deep and 140 m (455 feet) of underground development
- 13.5 line km (9.3 miles) I.P. survey
- Adit 222 metres (725 feet) of underground development

Getty West/ Transvaal Zone

Getty completed eleven diamond drill holes 3,374 m (11,046 feet) into the northwest portion of the Transvaal Crown granted claims. These holes provided geological information related to a large, complex, I.P. chargeability anomaly that straddles the boundary between the northernmost part of the Transvaal group and the adjacent Getty West claims. The diamond drill holes intersected significant oxide and sulphide copper mineralization, indicating that both types of mineralization are more widespread than previously indicated by surface and underground showings. The presence of copper, gold and molybdenum mineralization in three of the holes support previous historic assay results. Targets in the next phase of drilling will follow-up on the porphyry copper style mineralization intersected in GL96-08 42 m (138 feet) grading 0.26% Cu with .02% Mo including 16 m (53 feet) grading 0.42% Cu with 0.025% Mo. In addition to this, several nearby geophysical and geochemical anomalies located between the Transvaal Mine and Getty North deposit will also be diamond drilled.

Technical staff at the Logan Lake office.

As a result of 13.5 line km (9.3 miles) of I.P. and ground magnetics surveying, two significant east and northeast trending I.P. chargeability anomalies (475 metres - 1,550 feet in strike length by 328 metres - 1,000 feet in width) were outlined between major faults that strike northeasterly towards the nearby Getty North deposit. The area containing the I.P. chargeability anomalies is host to widespread historic oxide and sulphide-copper showings located on surface and in underground workings. Grades of 4.8% copper with 0.07 ounces of gold per ton across 15 feet, were reported in the Chamberlain mine shaft, and 1.37% Cu across 37 feet in the Transvaal mine adit. These showings all occur in a geological environment that is favourable for Highland Valley style porphyry copper deposits.

Geochemical soil anomalies and a widespread hydrothermal alteration zone extend from the Getty North deposit

CATEGORIES OF MINERALIZATION

Projected open-pittable categories of mineralization in the Getty North and South Deposits

Heap leach rock:

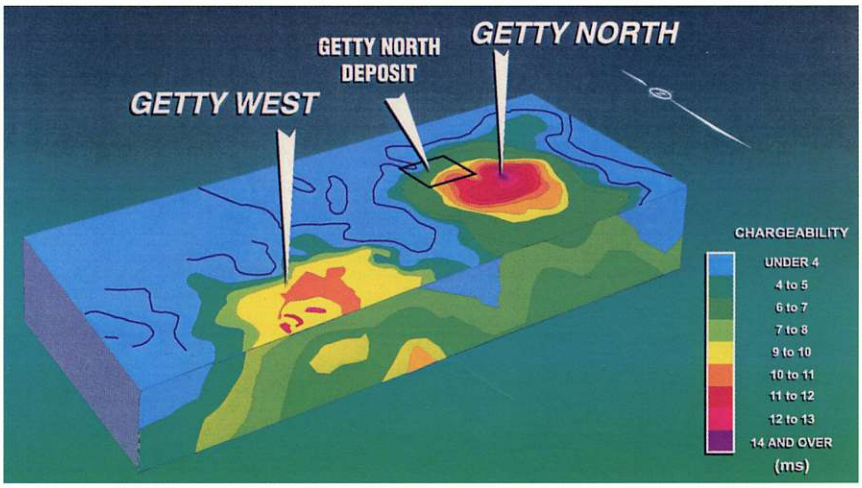
Well mineralized rock from the near surface oxide copper deposits suitable for processing by heap leaching/SX-EW method.

Dump leach rock:

Permanent leach dump of lower grade mixed oxide and sulphide mineralization suitable for processing by SX-EW method.

Milling rock:

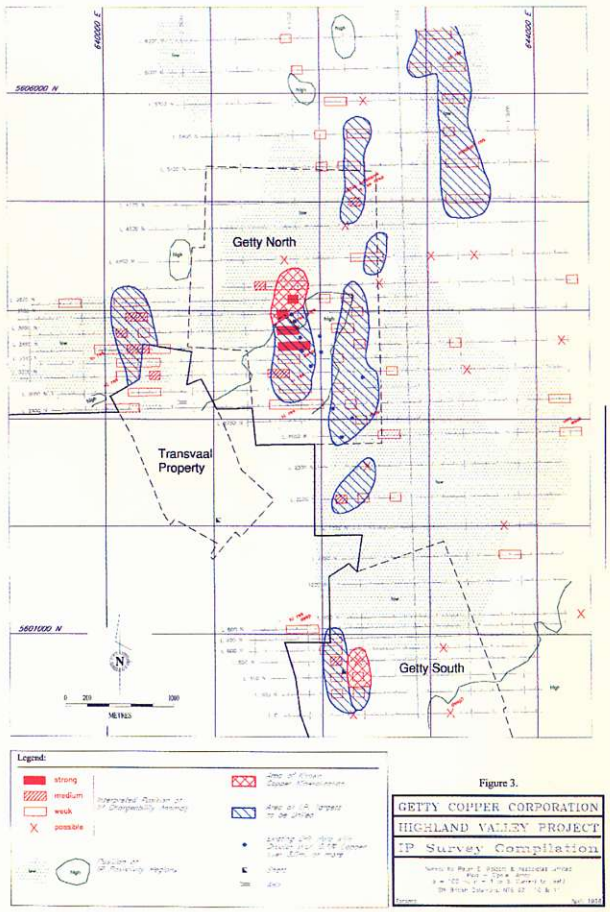
Well mineralized rock containing copper sulphides, which can be processed by a conventional flotation mill.



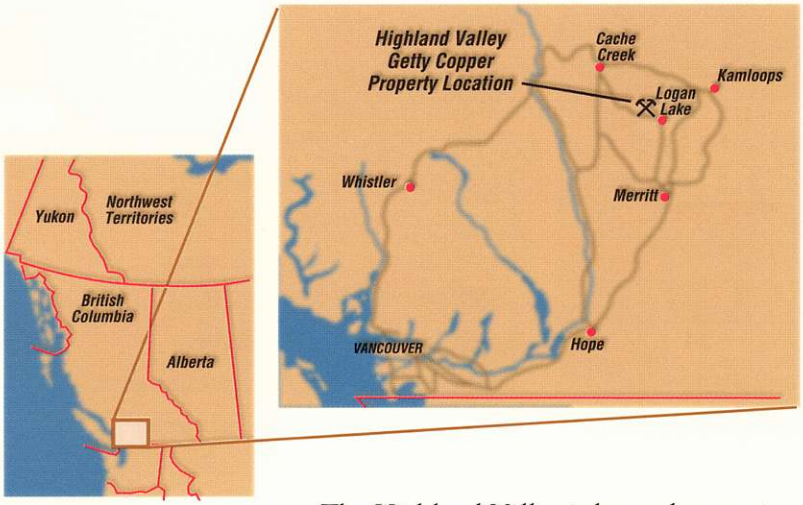
southward to the Getty West-Transvaal zone. The Getty West zone contains a one km (.6 mile) wide I.P. chargeability anomaly which trends southerly onto the Transvaal property into an area where copper mineralization has been exposed in historic shafts and underground workings.

Dr. Bruce Perry, Ph.D. Geol., Site Manager

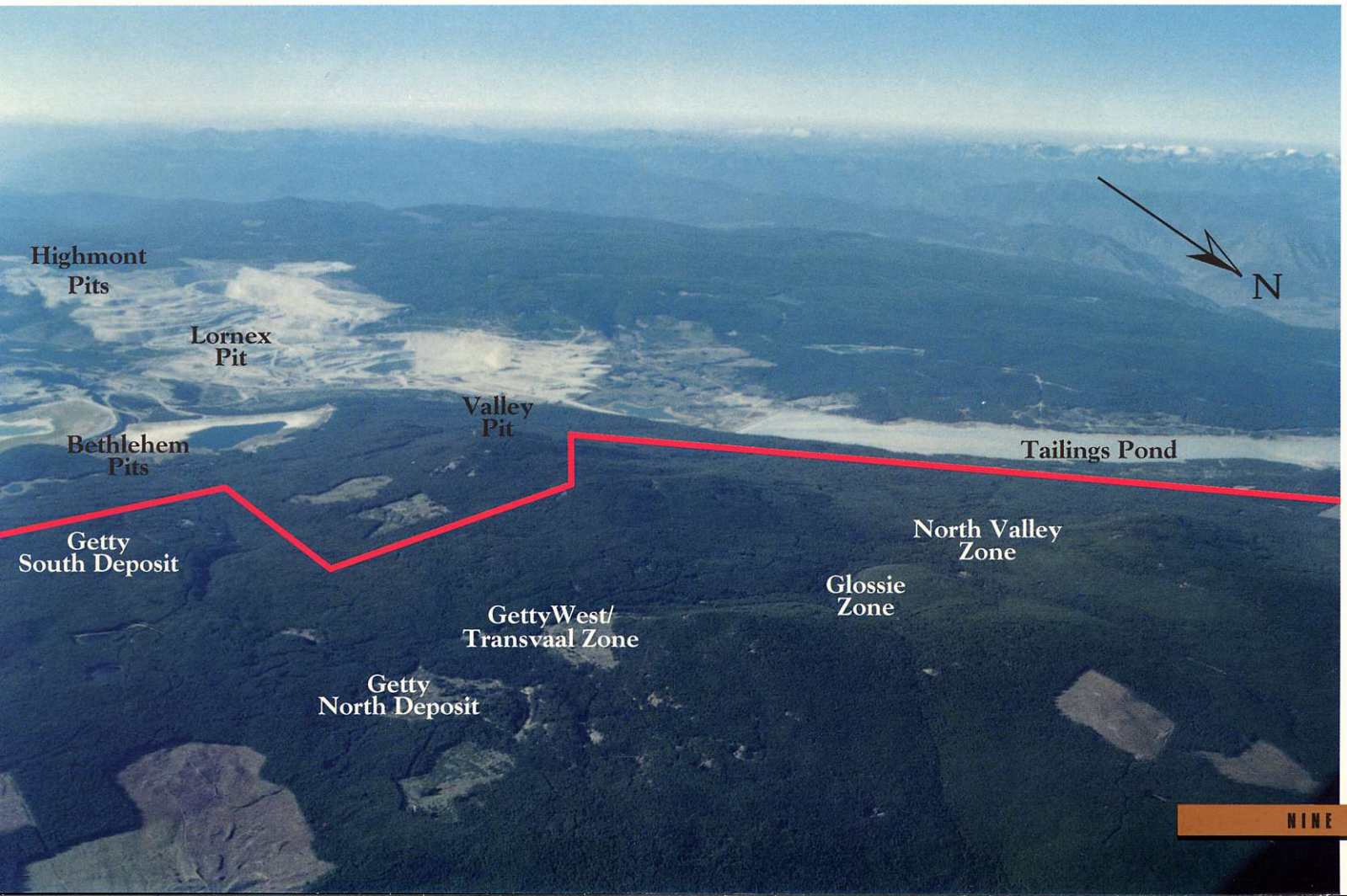
The presence of a copper deposit was previously reported in the early 1900's when significant underground work was carried out to develop the Transvaal adit and the Chamberlain shaft and associated levels. A shaft with drifts was sunk to a depth of 67 metres (220 feet). Approximately 140 metres (455 feet) of underground workings were developed in the shaft and 222 metres (725 feet) in the adit. The deposit is also indicated by alteration, Bethlehem age dykes and extensive oxide copper showings at surface.

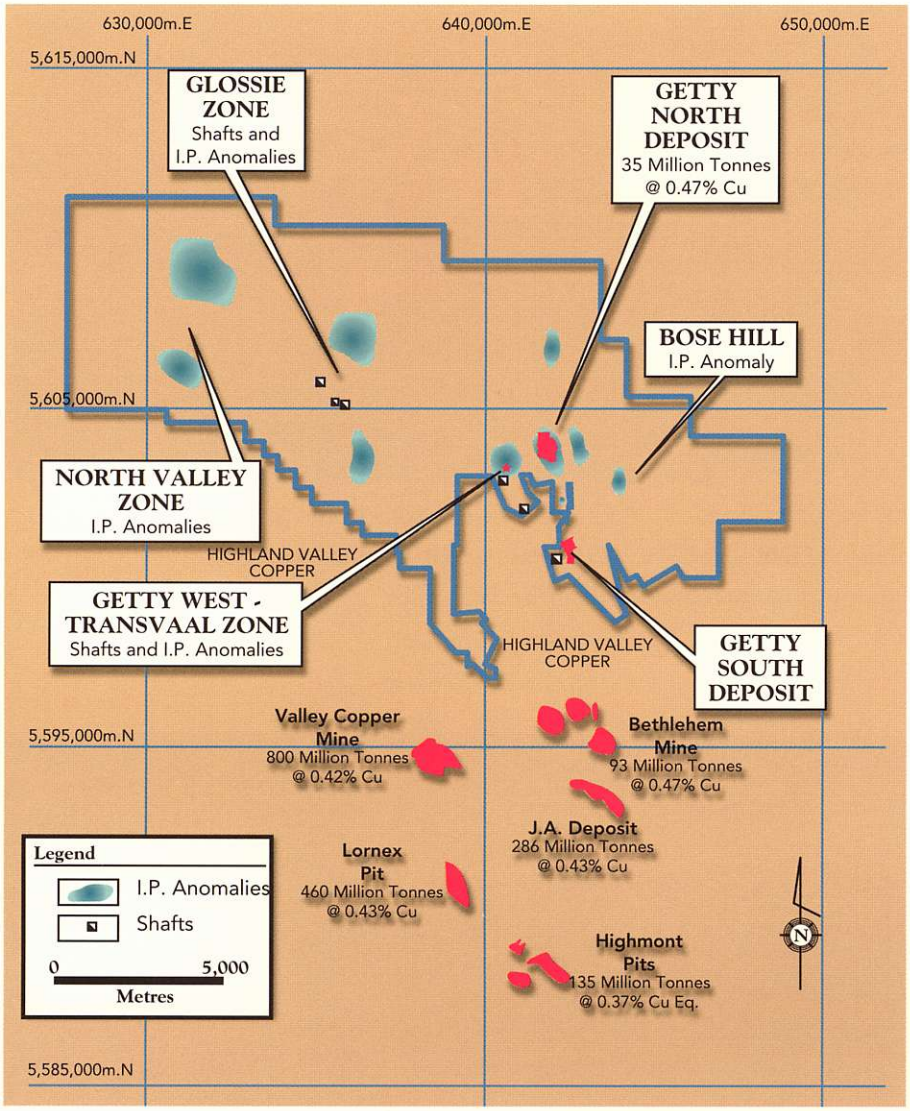


IP SURVEY COMPILATION



The Highland Valley is located approximately 320 km (200 miles) northeast of Vancouver near the mining communities of Logan Lake, Ashcroft, and Kamloops. The area has an extensive support infrastructure which is considered to be among the best in the world, as it has excellent highway and railhead access, ample water, power and a climate which permits year-round mining. This region has already seen an incredible 830 million tonnes of copper-molybdenum ore (0.22 to 0.60 copper) mined from nine major deposits. Getty's property is adjacent to the giant Highland Valley Copper Mine, a consortium of Teck Corporation, Rio Algom Ltd., and Cominco Ltd.





Getty North

A zone of 6-30 millisecond chargeability occurs in an area 1.1 km (3,600 feet) in diameter around the Getty North deposit. The Getty North deposit occupies a small portion on the northwest flank of this much larger I.P. chargeability anomaly. The Getty West anomaly is located approximately 700 metres (2,292 feet) to the southwest. This zone consists of a northeast trending 6-8 millisecond chargeability anomaly 600 metres (1,965 feet) in width.

Getty South

The I.P. anomaly over the Getty South deposit measures 200 m (655 feet) x 300 m (980 feet). A central zone of +5 millisecond chargeability is flanked by a 700 m (2,292 feet) x 1,000 m (3,275 feet) area of +4 millisecond chargeability. Values over 5 milliseconds are between 1 1/2 to 3 times background.

Secured core storage - split cores retained for re-examination.

Glossie Zone

Getty's 1996 I.P. and magnetics surveys detected portions of two large chargeability anomalies measuring 1,100 m (3,600 feet) by 700 m (2,292 feet) and 1,650 m (5,402 feet) by 425 m (1,391 feet) (still open for expansion) are associated with low resistivity and sulphide copper showings. It may be significant that these anomalies are adjacent to the old Glossie Mine shafts which were sunk in the early

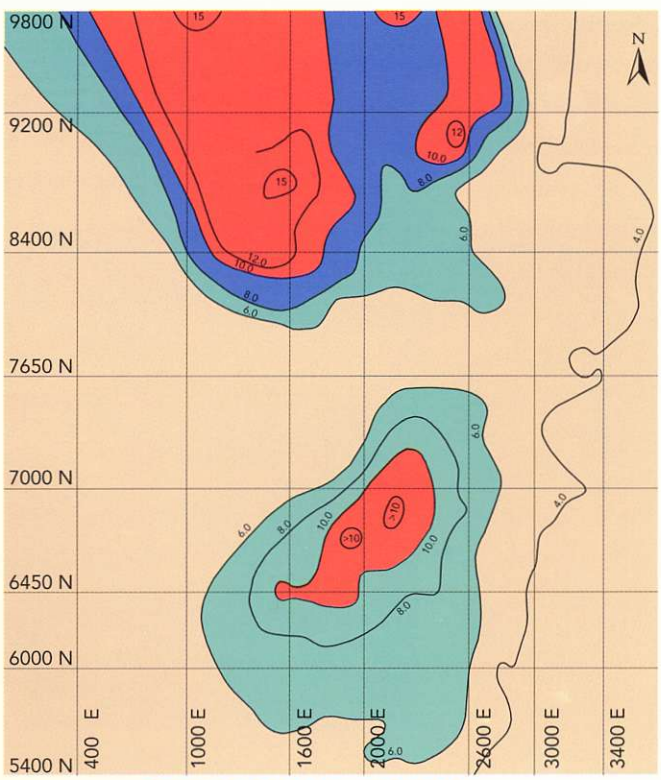
1900's, for the purpose of mining high grade copper with significant values in gold and silver. The anomalies are located on a north trending structure that parallels the Lornex Fault.

Oxide Core Samples

North Valley

During the 1997 I.P. survey, two large intense I.P. chargeability anomalies were detected.

The southwest anomaly (6-15 milliseconds) which measures 1,200 m (4,000 feet) by 2,100 m (6,900 feet) occurs in an area of favourable geology where Highland Valley phase, Guichon variety granodiorite is in contact with Guichon Creek Border phase granodiorite, and is intruded by Bethlehem phase granodiorite dikes.

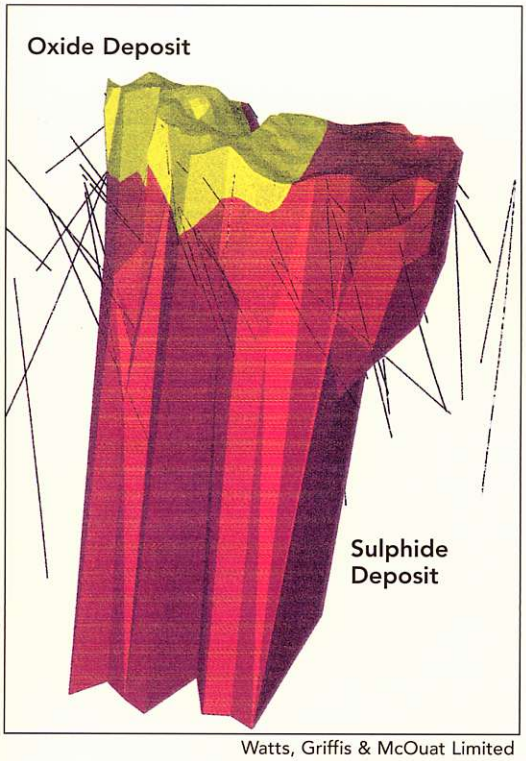


NORTH VALLEY I.P. ANOMALIES

The large northwest anomaly (6-18 milliseconds) currently measures 2,100 m (6,900 feet) by 2,900 m (9,500 feet). It is located in a geologically favourable area in which Triassic-age Guichon Border phase granodiorite is in contact with Triassic-age Highland Valley phase, Guichon variety granodiorite, both of which are in contact with the much younger Tertiary-age Kamloops Group volcanics. Previous geological mapping revealed occurrences of low-grade chalcopyrite and molybdenite mineralization on surface not far from the southeast margin of this I.P. anomaly. The full extent of this anomaly is still to be determined, as it is open to the north.

Metallurgy - Oxide Deposit

Metallurgical testwork confirmed the amenability of the oxide deposit to processing by heap leaching followed by solvent extraction-electrowinning (SX-EW). The samples tested were representative of the oxide zone within the deposit from the surface to a depth of approximately 132 metres (435 feet). This confirmed the more extensive previously conducted positive column leach results of tests conducted on a bulk sample of the surface oxide ore. Leaching test work on the bulk sample from the Getty North deposit achieved a copper extraction of 82.4% over a period of 120 days.



Watts, Griffis & McOuat Limited

SULPHIDE AND OXIDE MODEL

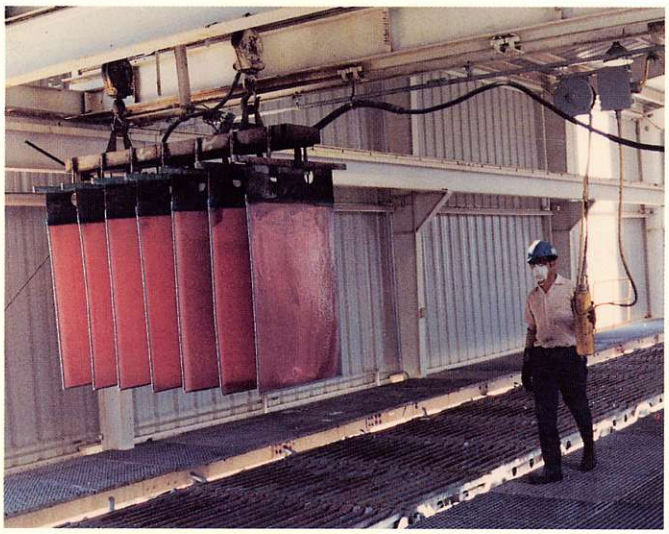
Assay results and metallurgical testing confirmed that the oxide zone is from 86% to 96% oxidized and that this 7,000,000 tonne resource is readily leachable. These tests gave extractions from 67.5% to 92% of the total copper, depending on the size of material and the grade. This indicates that a copper extraction of at least 80% can be achieved within 80-100 days during the commercial heap leaching operation.

Diamond Drill - Getty North

Metallurgy - Sulphide Deposit

A flotation test on a 90 foot composite sample of drill core resulted in a copper concentrate containing 33.8% copper (Cu) at a recovery of 96.6%. The concentrate also contained 2.37 g/t gold (Au) and 123 g/t silver (Ag). The test also indicted that additional cleaning of the concentrate could result in a higher grade concentrate containing 39% Cu while maintaining excellent recovery rates. These results demonstrate that the copper sulphides respond very favorably to conventional flotation methods.

Low Cost Heap Leaching SX-EW Process



Currently the Getty North oxide deposit contains 7,000,000 tonnes of oxide copper grading 0.60% total Cu which is amenable to direct copper production using SX-EW technology. This tonnage estimate is likely to be increased as the many additional zones and anomalies are drilled. The additional oxide tonnage in the Getty South deposit is to be delineated and added to the total oxide resource that may be processed by SX-EW method.

Additional metallurgical test work, including a site-based test facility, may be used to test extraction recovery on a larger scale. This information will be utilized in the preparation of a feasibility study.

SX-EW Proven Technology

SX-EW technology is well understood and is being successfully used throughout the world. Variations of this technology will be optimized over time to increase projected recoveries at the Getty project. Oxide copper is crushed and placed on leach pads, where it is sprinkled with both new and recycled leach solutions to dissolve the copper minerals. The pregnant leach solution containing several grams of copper per litre is concentrated by the solvent extraction process, then forwarded to the electrowinning plant to produce a 99.99% pure cathode copper. This purity commands an approximate 5% premium to the L.M.E. price. The low cost innovative SX-EW process is environmentally friendly as it does not produce any air

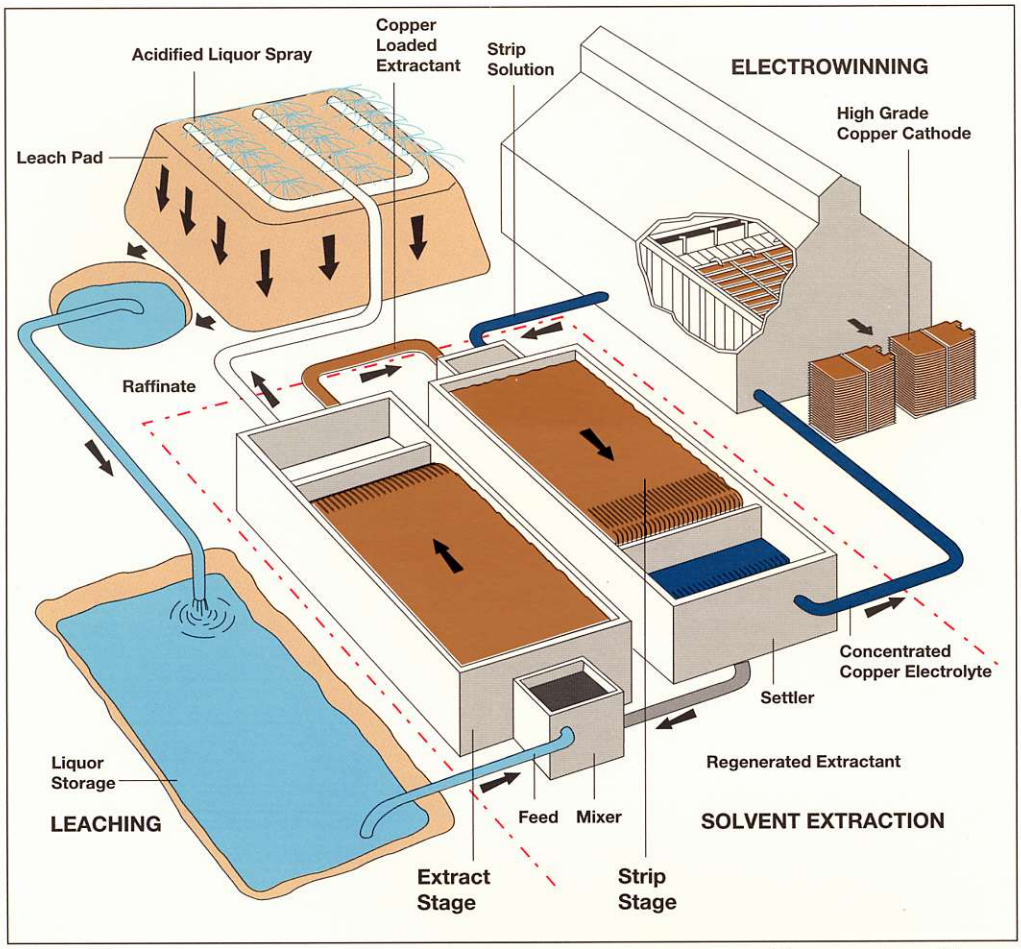


Diagram courtesy of Acorga

emissions or contaminated water discharges. Process solutions are recycled at every stage, conserving water while protecting the environment.

Low grade sulphide ores are dump leached. This process is presently used at similar porphyry copper mines all over the world.

This technology has been used successfully under variable climatic conditions at the Gibraltar Copper Mine at Williams Lake, B.C., in the Western United States and high in the Chilean Andes. SX-EW plants produce high quality copper at a cost that is below the world average and are less expensive to develop compared to conventional flotation concentrators.

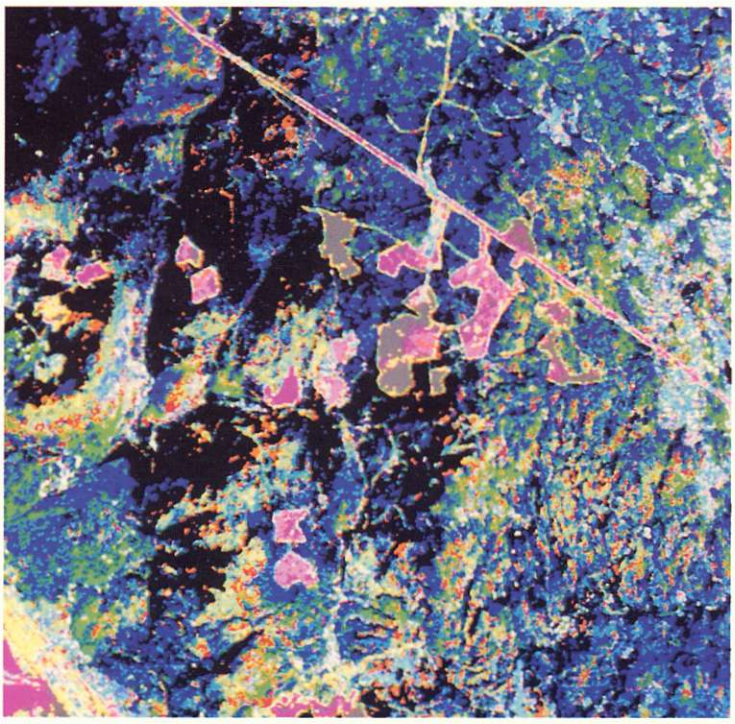
A satellite remote sensing survey utilizing Synthetic Aperture Radar (SAR) and Thematic Mapping (TM) identified many geological structures (linears) on the property.

This survey is to aid in the exploration for new copper deposits. Interpretation of the SAR and TM data was conducted by Dr. Ken Northcote of MineSat Explorations Ltd. and Vancouver Petrographics Ltd..

The satellite radar data has revealed the presence of many additional new geological structures on the Getty property, and indicates the potential for much larger copper deposits than previously expected.

In the SAR data, a northerly trending series of fault systems can be seen to cross the Getty property. One of these north-south linears is the Lornex Fault, which is the main fault that displaces the Valley and Lornex ore bodies. Three subsidiary near parallel faults pass through the Getty North, Getty South and Bethlehem deposits. These correspond to the north trending dyke swarms and the associated porphyry copper mineralization.

Satellite photo



Satellite photo - Colour composite image of TM band

Thermatic Mapping (TM) measures electromagnetic radiation from the earth's surface in the visible and infrared wave lengths of the electromagnetic (EM) spectrum. Interpretation of the TM data allows correlation of specific wavelength signatures of known deposits, and can be used to discover ore deposits under shallow drift cover. This satellite data is very useful in exploring for additional ore bodies.

It was noted that mineralization in the Getty North, Transvaal and Getty South deposits approximately coincides with three of the circular features identified on SAR imagery. A total of 93 circular features were noted on the SAR imagery that were underlain by various phases of the Guichon Batholith.

AUDITORS' REPORT

To the Shareholders of
Getty Copper Corp.

We have audited the balance sheets of Getty Copper Corp. as at December 31, 1996 and 1995 and the statements of loss 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 December 31, 1996 and 1995 and the results of its activities and the changes in its financial position for the years then ended in accordance with generally accepted accounting principles.

Collins Barrow Chartered Accountants
Vancouver, Canada
February 12, 1997

BALANCE SHEETS

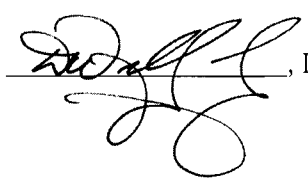
GETTY COPPER CORP.

December 31, 1996

	December 31,	
ASSETS	1996	1995
Current assets		
Cash and short-term investments	$ 3,382,997	$ 1,766,020
Goods and services tax recoverable	236,349	143,483
Prepaid expenses	69,701	41,366
	3,689,047	1,950,869
Cash held in trust (note 3)	2,000,000	–
Mineral property (note 4)	5,535,934	2,264,905
Capital assets (note 5)	118,459	59,009
	$ 11,343,440	$ 4,274,783
LIABILITIES		
Current liabilities		
Accounts payable	$ 400,190	$ 354,943
Current portion of obligation under capital lease	5,990	5,131
	406,180	360,074
Obligation under capital lease (note 6)	1,881	9,269
Share subscriptions received, net of share issue costs (note 3)	1,850,000	–
	2,258,061	369,343
SHAREHOLDERS' EQUITY		
Share capital (note 7)	11,349,465	5,642,757
Contributed surplus (note 7)	767,966	767,966
Deficit	(3,032,052)	(2,505,283)
	9,085,379	3,905,440
	$ 11,343,440	$ 4,274,783

Approved by the Directors


, Director


, Director

See accompanying notes to the financial statements.

STATEMENTS OF LOSS AND DEFICIT

GETTY COPPER CORP.

December 31, 1996

	Year Ended December 31,	
	1996	1995
Revenue		
Interest	$ 176,663	$ 63,607
Expenses		
Amortization	12,523	9,157
General and administrative	690,909	296,188
	703,432	305,345
Net loss for the year	(526,769)	(241,738)
Deficit, beginning of the year	(2,505,283)	(2,263,545)
Deficit, end of the year	$ (3,032,052)	$ (2,505,283)

See accompanying notes to the financial statements.

STATEMENTS OF CHANGES IN FINANCIAL POSITION

GETTY COPPER CORP.

December 31, 1996

	Year Ended December 31,	
	1996	1995
Cash from (used in) operating activities		
Net loss for the year	$ (526,769)	$ (241,738)
Add: Item not involving cash		
Amortization	28,755	9,157
	(498,014)	(232,581)
Net change in non-cash working capital balances	(75,954)	94,584
	(573,968)	(137,997)
Cash from (used in) financing activities		
Due to related parties, net	—	(90,226)
Obligation under capital lease	(6,529)	14,400
Cash held in trust	(2,000,000)	—
Share subscription received, net of issuance costs	1,850,000	—
Issuance of shares, net of issuance costs	5,706,708	3,855,330
	5,550,179	3,779,504
Cash used in investing activities		
Acquisition of mineral properties	(18,720)	(85,900)
Exploration and development costs	(3,252,309)	(1,723,871)
Acquisition of capital assets	(88,205)	(68,166)
	(3,359,234)	(1,877,937)
Increase in cash during the year	1,616,977	1,763,570
Cash and short-term investments, beginning of the year	1,766,020	2,450
Cash and short-term investments, end of the year	$ 3,382,997	$ 1,766,020

See accompanying notes to the financial statements.

1. General information

The company has not yet determined whether its mineral property contains ore reserves that are economically recoverable. The recoverability of amounts shown for mineral properties and the ability of the company to meet its obligations is dependent upon the discovery of economically recoverable reserves, the ability of the company to obtain necessary financing to complete the development and future profitable production or proceeds from the disposition thereof.

2. Significant accounting policies

a) Mineral properties

Costs of acquisition and exploration and development expenditures are allocated to specific groups of mineral claims as work is performed on or for the benefit of those claims and are capitalized until such time as the extent of mineralization has been determined and mineral claims are either developed, sold, or abandoned. The company does not accrue the estimated future cost of maintaining, in good standing, its mineral properties.

Capitalized costs are amortized over the useful life of the properties upon commencement of commercial production, or written off if the properties are sold or abandoned.

b) Administrative costs

Administrative costs are expensed as incurred.

c) Capital assets

Capital assets are recorded at cost. Amortization is provided on the declining balance basis at the following annual rates:

Automotive equipment	30%
Computer equipment	30%
Computer software	100%
Office equipment	20%
Portable building	30%

3. Cash held in trust

Pursuant to an Investee Agreement dated November 21, 1996 with Triax Resource Limited Partnership ("Triax"), the company received $2,000,000 for the future issuance of flow-through shares at $1.05 per share. The flow-through shares are common shares which transfer the deductibility of certain mineral exploration and development expenditures to Triax.

The funds have been placed in trust pursuant to an escrow agreement and will be released to the company and the shares will be issued to Triax after the company incurs qualifying mineral exploration and development expenditures.

If qualifying expenditures of $2,000,000 are not incurred by December 31, 1997, the remaining funds will be returned to Triax.

The company paid a finder's fee of $150,000 in connection with the agreement.

4. Mineral property

	1996	1995
Getty mineral claims		
Acquisition costs	$ 18,720	$ —
Exploration and development costs	351,115	—
	369,835	—
Getty Central mineral claims, 50% interest		
Acquisition costs	9,300	9,300
Exploration and development costs	42,359	—
	51,659	9,300
Getty North mineral claims		
Acquisition costs	288,398	288,398
Exploration and development costs	3,907,029	1,890,607
	4,195,427	2,179,005
Getty South mineral claims, 50% interest		
Acquisition costs	63,300	63,300
Exploration and development costs	445,052	—
	508,352	63,300
Getty Southwest mineral claims, 50% interest		
Acquisition costs	13,300	13,300
Exploration and development costs	204,556	—
	217,856	13,300
Transvaal mineral claims, 50% interest		
Exploration and development costs	192,805	—
	$ 5,535,934	$ 2,264,905

4. Mineral property - continued

The exploration and development costs are comprised of:

	1996	1995
Assay	$ 302,973	$ 112,459
Drilling	2,515,386	615,896
Geology	1,418,165	502,840
Metallurgy	85,158	30,192
Other	821,244	629,220
	$ 5,142,926	$ 1,890,607

The mineral claims are located within the Highland Valley, British Columbia mining district and cover an area in excess of 115 square kilometres.

The Getty and Getty North mineral claims are subject to a 1-1/2% net smelter return royalty in favour of Robak Industries Ltd. ("Robak"), which is controlled by a director of the company.

Effective November 8, 1995, the company acquired a 50% interest in the Getty Central, Getty South and Getty Southwest mineral claims from Robak in exchange for $85,900 cash, a commitment to spend an aggregate of $6,950,000 on exploration and development of the claims, an agreement to place the claims in commercial production by December 31, 2001; and a 1-1/2% royalty in favour of Robak. Once the conditions are met, the company and Robak will enter into a joint venture. If the conditions are not met, the interest in the claims will be returned to Robak.

As of December 31, 1996, the company's expenditures are as follows:

	Expenditures	Commitment
Getty Central	$ 42,359	$ 750,000
Getty South	445,052	5,100,000
Getty Southwest	204,556	1,100,000
	$ 691,967	$ 6,950,000

9,216,984 of the company's shares which are held in escrow were issued in connection with the acquisition of the Getty North mineral claims. See note 7.

The Transvaal mineral claims were acquired in 1996 through an option agreement with Globe Resources Inc., a related company, and are subject to a 1-1/2% net smelter royalty. The company has a commitment to spend no less than $525,000 on exploration and development within the next three years. Once the condition is met, the company and Globe Resources Inc. will enter into a joint venture.

5. Capital assets

	1996			1995
	Cost	Accumulated Amortization	Net	Net
Automotive equipment	$ 39,602	$ 8,563	$ 31,039	$ 8,742
Computer equipment	54,227	14,362	39,865	20,761
Computer software	10,494	2,247	8,247	—
Office equipment	39,936	7,835	32,101	19,211
Portable buildings	12,112	4,905	7,207	10,295
	$156,371	$ 37,912	$ 118,459	$ 59,009

Assets under capital lease totalled $17,280 and are included in office equipment. The net book value at December 31, 1996 is $12,441 (1995 - $15,552).

6. Obligation under capital lease

The future minimum lease payments under a capital lease are as follows:

1997	$ 7,055
1998	2,113
Total future minimum lease payments	9,168
Less: Amount representing interest at 14%	(1,297)
	7,871
Less: Current portion	5,990
	$ 1,881

7. Share capital

	Shares	Amount
Authorized		
Unlimited number of common shares		
Issued		
Balance at January 1, 1995	15,331,061	$ 1,787,427
Issued during 1995 for cash		
Private placements	3,122,500	3,122,500
Exercise of options	1,279,000	959,250
	4,401,500	4,081,750
	19,732,561	5,869,177
Share issue costs	—	226,420
Balance at December 31, 1995	19,732,561	5,642,757
Issued during 1996 for cash		
Issuance and exercise of special warrants	3,698,750	5,918,000
Exercise of options	188,500	229,950
Exercise of warrants	153,750	192,188
	4,041,000	6,340,138
	23,773,561	11,982,895
Share issue costs	—	633,430
Balance at December 31, 1996	23,773,561	$ 11,349,465

The common shares issued during 1995 were issued in a private placement which consisted of 3,122,500 units issued at $1 each. Each unit consisted of one common share and a warrant to purchase an additional common share at $1.25 up to January 27, 1997. 1,800,000 of these private placement units were for flow-through shares and warrants for flow-through shares. The flow-through shares are common shares which transfer the tax deductibility of certain mineral exploration and development expenditures to the investors. As at December 31, 1996, 2,968,750 of the warrants were still outstanding.

During 1996, the company issued 3,698,750 special warrants at $1.60 each. Each special warrant entitled the holder to one common share and one common share purchase warrant. Each common share purchase warrant entitles the holder to acquire one common share at $2.10 up to March 4, 1998. The company appointed Credifinance Securities Limited ("Credifinance") to act as its agent to find purchasers for the special warrants. In consideration for its services, the company paid Credifinance a fee equal to $414,260 and issued to Credifinance 554,813 dealer warrants. Each dealer warrant entitles the holder to acquire one common share at $1.60 up to September 4, 1998.

7. Share capital - continued

9,966,984 shares are held in escrow with their release subject to regulatory approval.

Contributed surplus of $767,966 arose on the cancellation of shares held in escrow for no consideration.

The company has granted director and employee stock options entitling the holders to purchase 225,000 common shares at $1.25 per share until November 8, 1997, 956,500 common shares of the company at $1.20 per share up to June 9, 2000, 320,000 common shares of the company at $1.34 per share up to July 3, 2000 and 395,000 common shares at $1.29 per share until March 6, 2001.

Subsequent to the year end, the company applied to Toronto Stock Exchange and Vancouver Stock Exchange to reset existing stock option agreements at a price of $0.70 per share and the term of option to expire on January 29, 2002. In addition, the company cancelled 100,000 shares of stock options priced at $1.25 per share and granted options on an additional 730,500 shares at $0.70 each to directors and employees. The above transactions are subject to regulatory approval.

8. Income taxes

The financial statements do not reflect potential tax reductions available through the application of losses carried forward for income tax purposes.

9. Commitments

The company is committed to make monthly payments of $15,500 including $10,500 to related parties, for consultant fees, management fees, marketing fees, and rent.

10. Other information

a) Related party transactions

In addition to the transactions described elsewhere in the financial statements, the company had the following transactions with officers and directors of the company and companies or professional firms with which officers or directors are associated.

	1996	1995
Exploration and development costs incurred	$ 5,500	$ 2,436
Capital asset purchases	$ 8,453	$ —
Accounts payable	$ 42,325	$ 125,484
Expenses		
Consulting fees	$ 13,667	$ —
Management fees	$ 30,000	$ 18,750
Marketing fees	$ 13,667	$ —
Professional fees	$ 234,926	$ 118,495
Rent	$ 6,000	$ 6,000

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to between the parties.

b) Loss per share

Loss per share figures have not been provided as management does not consider this information meaningful considering the company's activities to date.

c) Financial instruments

Unless otherwise noted, the fair value of financial assets and liabilities which include cash and short-term investments, cash held in trust, accounts payable, obligation under capital lease and share subscriptions received approximates their book value.

d) Comparative figures

The comparative figures have been reclassified, where applicable, to conform with the current year's presentation.

CORPORATE INFORMATION

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Transfer Agent

Montreal Trust
Vancouver, B.C.

Stock Data

Toronto Stock Exchange: Gty
Vancouver Stock Exchange: Gty

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Kevin Newman, P. Geo.

Beattie Consulting Ltd.
Metallurgical Consultant
Dr. Morris Beattie, Ph.D. P. Eng

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Chemex Labs Ltd.
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Gartner Lee Ltd.
Environmental & Ecological Consultants

Lloyd Geophysics Ltd.
Geophysical Services

KHA Resource Modeling Inc. - Mr. Art Frye
Ore Reserve Modeling, Pit Design & Optimization

Northway Map Technology Limited
Aerial Photography, Control Surveys & Topographic Mapping - Toronto

Design: Profile Design Group Inc.
Printing: Mountain Printing & Graphics Ltd.
Vancouver, B.C.