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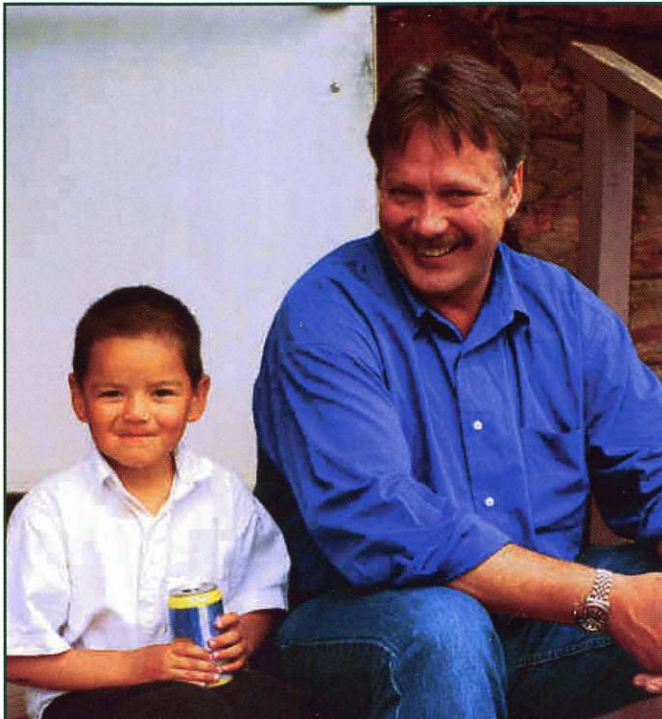


**INTERNATIONAL WAYSIDE GOLD MINES LTD.**



**Annual Report 1999 – 2000**





Frank Callaghan with Davish Longue on the steps of the Lhtako Nation Office, June 2000

**Cover Photos:** *Upper left*, B.C. Vein drilling – Gene Harris and Kevin Cright; *Upper right*, Mineralization zone, Bonanza Ledge; *Lower left*, Drill core – B.C. Vein through to new discovery “Bonanza Ledge Zone”; *Lower right*, Winter Staking

INTERNATIONAL WAYSIDE GOLD MINES LTD. is a junior gold exploration company whose objective is to develop gold reserves in the Cariboo Gold Belt of British Columbia. For the past five years, the Company has explored historical gold properties at Wells, close to the Historic Town of Barkerville, the terminus of the Cariboo Gold Rush of the 1860's. Consolidation of the Cariboo Gold Quartz mine (1933-59), Island Mountain-Aurum mine (1934-67) and Mosquito Creek Gold mine (1980-83) properties form the basis of the Cariboo Gold Project and were described in previous annual reports. Recorded production of the camp was 3.8 million ounces of gold (2.6 million ounces of placer & 1.2 million ounces of lode).

During the period 1995-98 the Company completed 40,502 feet of drilling in 238 drill holes on the Cariboo Gold Quartz mine property on the flank of Cow Mountain creating a data base of 11,000 gold assays. About one half of the drilling was underground, long hole percussion drilling in the 1200 Level Adit (4,316 ft elevation) rehabilitated for access in 1996.

In September of 1998 the Company commenced a drilling program on the B.C. Vein, near the B.C. Shaft on Barkerville Mountain. A higher-grade underground component was the target to compliment the open-pit potential on Cow Mountain. The B.C. Vein averages 20 feet in thickness on surface and was exposed for 2,000 feet by previous stripping operations. The vein has vertical continuity over 850 feet to the 1500 Level of the Cariboo Gold Quartz mine. To date 19,583 feet of drilling in 61 drill holes have been carried out over a strike length of 3,200 feet.

In March 2000, the Bonanza Ledge Zone was discovered in altered strata, in the structural footwall of the B.C. Vein. This new discovery demonstrates that the potential for pyritic gold mineralization is not restricted to marble along the Baker-Rainbow contact and provides many new targets for renewed exploration near Wells. Drilling continues.

In April 2000 the British Columbia Environmental Assessment Office accepted for review the Company's Application, containing conceptual plans to develop an open-pit gold mine on Cow Mountain.

The discovery of the Bonanza Ledge Zone, and the resulting staking rush are encouraging developments in the 140-year history of gold exploration and production in the Cariboo. The Company is proud to be part of this emerging new chapter in B.C. mining history.



1999 - 2000 MILESTONE ACHIEVEMENTS



Larry Gagnon, Driller with Bonanza Ledge discovery drill core

- Cumulative net expenditures of \$4,614,216 on the Cariboo Gold Property.
- Raised \$1,970,650 during fiscal 2000, proceeds for exploration, working capital and property acquisition in the Cariboo Gold Project.
- Tenure consolidation of approximately 152.66 sq. km. or 15,265 hectares.
- Assembled highly experienced team of consultants to conduct research and prepare Application to the BC Environmental Assessment Office for approval to develop the Cariboo Gold Project which has been submitted and accepted.
- Wells/Barkerville Public Liaison Committee established
- Memorandum of Understanding signed with Lhtako First Nation in relation to Cariboo Gold Project Application
- Discovery of Bonanza Ledge Zone
- Share price hits new high
- Island Gold Mines Ltd. joint venture

**"The newly discovered type of mineralisation and its high-grade nature are clearly significant.**

**There have not been grades and thicknesses of this kind in a new discovery in Canada since Hemlo or Eskay Creek."**

**Glenn R. Brown, Ph.D.  
Haywood Securities Ltd**

**(April 10, 2000 – excerpt from Radar Screen)**

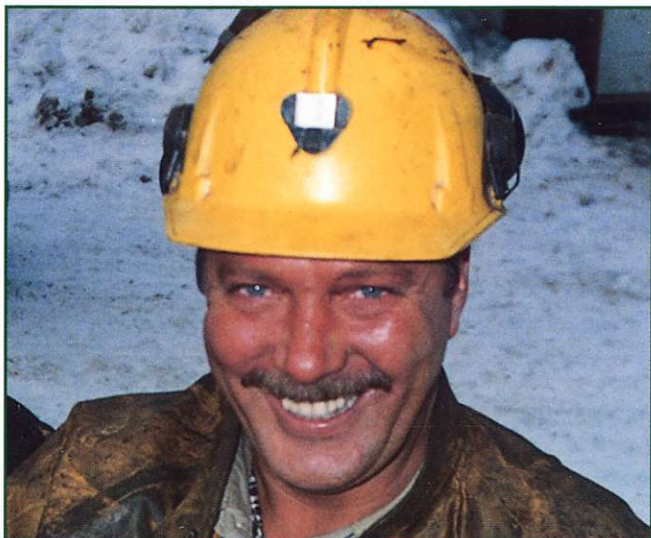
2000 - 2001 OBJECTIVES



Drilling on Cow Mountain

- Continue systematic drilling and interpretation of the Cariboo Gold Camp with emphasis on the Bonanza Ledge Zone strike length.
- Continue drilling on Cow Mountain, surface and underground to increase resource and grade
- Expand and interpret resources to obtain a mineable reserve
- Conduct Project pre-feasibility study
- Complete environmental and socio-economic baseline research
- Submit Amended Application and Project Report to the B.C. Environmental Assessment Office
- Continue drilling B.C. Vein on strike
- Regional exploration program on Company property, continue tenure acquisition in Cariboo Gold Project area





It has always been Management's goal to explore and develop a gold resource in the historically prolific Cariboo Gold Camp. Through this determination, we were successful in securing financing to continue to fund this objective, even in today's challenging mining market.

This perseverance has resulted in the identification of a larger gold resource on Cow Mountain, near Wells, British Columbia, an area we continue to explore and define. Of significant note this year is the discovery of a new type of gold-bearing mineralization with excellent gold grades and thicknesses located near the B.C. Shaft on Barkerville Mountain. This zone of high-grade mineralization, initially marked by the footwall of the B.C. Vein, has been named the Bonanza Ledge Zone.

The discovery of the Bonanza Ledge sparked great interest in the property and the area in general. The project site has been toured by a number of major mining companies and securities analysts. Their interest is gladly welcomed. Despite overtures, it is Management's intention at the present time to continue to provide in-house working capital to thoroughly define the potential of the new Bonanza Ledge Zone in order to maximize the benefit to you, our shareholders.

The attention focused on the discovery precipitated a record rise in the price of your stock. However, as you are probably keenly aware, the Canadian Venture Exchange (CDNX) halted trading for a lengthy time. To satisfy the CDNX that we were on solid ground, a number of proactive measures were taken by the Company. Hence trading resumed. The expertise of the Board of Directors and

Officers was strengthened with the appointment of Richard C. Atkinson, B.A.Sc., P. Eng., as Chairman, and Douglas J. Hurst, B.Sc., as a Director. Their considerable skills and experience are being utilized to the fullest at this busy and exciting time. Mr. Claud Blagdon resigned as a Director of the Company. However, I am pleased to report that he will continue to be associated with the Cariboo Gold Project. I give special recognition this year to H.K. (Ken) Maddison, F.C.A., our Chief Financial Officer, in positioning the Company to the best financial shape since start-up. To all of you thank you very much.

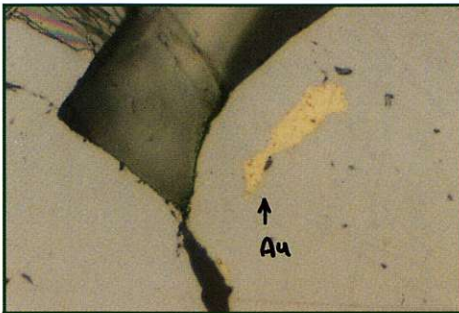
As a result of greater geological knowledge gained through past programs, the Company has acquired additional prospective ground. Agreements entered into with individuals and companies over the past several months now bring our total holdings to an impressive 150 square kilometers covering a strike length of more than 40 km. As a direct result of the Bonanza Ledge discovery other mining companies have acquired ground in the area and are beginning exploration work, establishing that the discovery has regional and provincial significance. In this context, the Company is very pleased to have been instrumental in initiating renewed interest in mining in British Columbia.

Based upon our work of the past five years, the Company has submitted an Application to the BC Environmental Assessment Office describing conceptual plans for an open pit gold mine on Cow Mountain. A pre-feasibility study of this proposal is to be carried out in the coming months coupled with a surface and underground drilling programs. Added viability is expected as a result of the Bonanza Ledge Zone where drilling is continues. In addition, a regional exploration program is planned for this year.

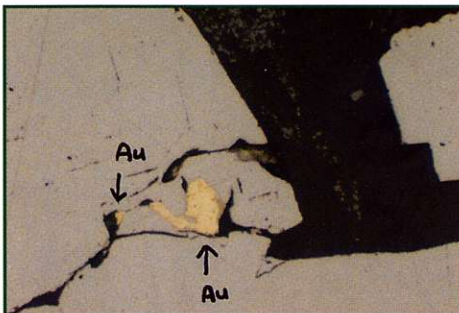
In closing, I would like to express my sincere gratitude to all of the shareholders who have persevered and believed in the dream. To the team of consultants and staff in Vancouver and Wells who have worked hard to make our Cariboo Gold Project one of the most exciting in British Columbia's recent history, job well done! Thank you very much.

J. Frank Callaghan  
President & CEO  
July 25, 2000

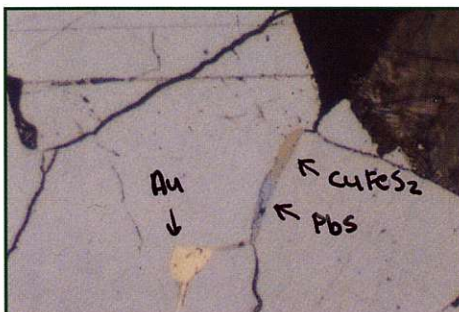




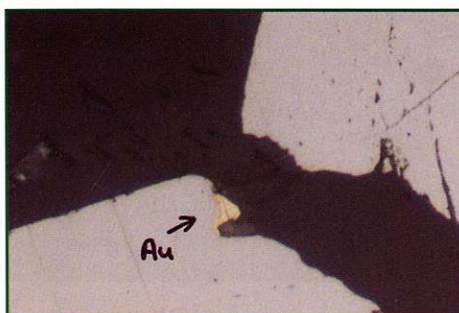
A gold grain 50  $\mu\text{m}$  in length is encapsulated in pyrite.



A 25  $\mu\text{m}$  gold grain is intergrown with pyrite.



Several gold grains up to 10  $\mu\text{m}$ , occur along fractures with chalcopyrite (dark yellow) and galena (silver-grey).



A 7.5  $\mu\text{m}$  gold grain occurs on the margin of a pyrite crystal.

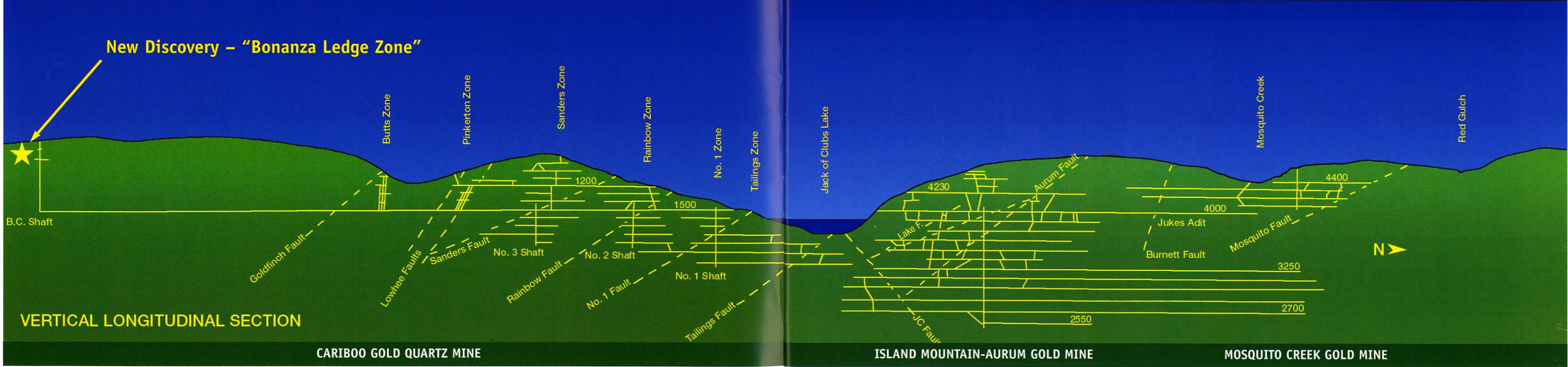
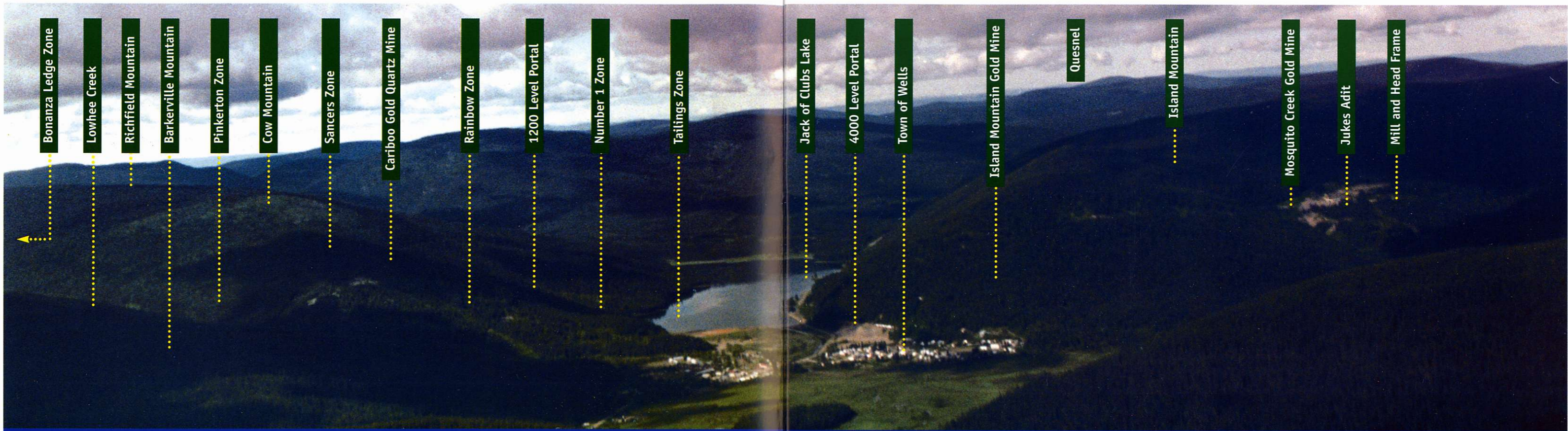
Above: Petrography, Bonanza Ledge Zone. Au = gold

The newly discovered Bonanza Ledge Zone is 3 km South East of Wells, B.C. and adjacent to the past producing Cariboo Gold Quartz mine. The zone was discovered during drilling of the B.C. Vein system, a northwest trending and steeply northeast-dipping quartz vein from which several pyritic ore shoots were historically mined from the Cariboo Gold Quartz workings. Mineralization in the Bonanza Ledge Zone consists of discrete areas of massive, banded and stringer type pyrite in the footwall of the B.C. Vein. It is hosted by an overturned, northeast-dipping sequence of metamorphosed clastic metasedimentary rocks comprising (i) structurally upper laminated, carbonaceous pelitic phyllite, the main host to mineralization and (ii) lower psammitic metaturbiditic rocks. Host rocks are affected by tight to isoclinal folds that have northwesterly plunging axes.

Mineralization in the Bonanza Ledge Zone has to date been traced over a strike length of 400 feet. It is open to the southeast and down dip, and is currently being further drill tested. Pyrite mineralization is best developed in discrete areas locally more than 100 feet thick in the upper zone where it comprises 10-70% of the rock as stringers, concordant laminations and massive bands. Muscovite, dolomite/ankerite and quartz form gangue to the pyrite. Au occurs as 2.5-60  $\mu\text{m}$  grains of native gold on fractures or grain boundaries of pyrite, often with chalcopyrite, and galena, or encapsulated in pyrite. Grades range from 5 to 80 g/t Au. Extensive carbonate-muscovite-pyrite alteration affects lithologies in the vicinity of the Bonanza Ledge Zone and imparts a tan to yellow colour to the units. Muscovite schist and sets of sheeted quartz veins that frequently occur adjacent to mineralization may represent proximal alteration. The area is structurally complicated, and both lithologies and mineralization are affected by northeast-verging asymmetric D2 folds. Veinlets and pyrite bands are folded and thickened parallel to the northwest plunging fold axes.

The fold style and distribution of mineralization currently defined by drilling in the Bonanza Ledge Zone suggests that the mineralized zones may be elongate and plunge to the northwest, similar in morphology to pyritic "sulphide replacement" bodies historically mined at the Island Mountain mine. The early structural timing, mineralogy and associated alteration of pyritic mineralized zones at Bonanza Ledge are similar to the limestone-hosted Island Mountain orebodies, although the host rock differs, and the vertical thickness of and lateral continuity of the Bonanza Ledge mineralized bodies is greater than individual ore shoots at Island Mountain. Mineralization may represent pre- or syn-deformational replacement bodies and veins.







## **STATUS**

The B.C. Environmental Assessment Office (BCEAO) has extended the timeline for the Cariboo Gold Project review in light of the recent discovery of the Bonanza Ledge Zone.

A Project Application, earlier submitted to the BCEAO, provided a number of conceptual scenarios for the development of an open pit gold mine on Cow Mountain near Wells, B.C. Exploration at the Bonanza Ledge on Barkerville Mountain, however, now indicates that the new zone of mineralization may extend into an area proposed for tailings impoundment in one or more of the scenarios.

An Amendment to the Application will be submitted should the new zone be found to conflict with plans presented in the Application. During the timeline extension the Company will continue with its environmental baseline monitoring program, Aboriginal impact assessment, and scheduled environmental and socio-economic studies.



**L – R: Frank Callaghan, Marcia Farquhar (EAO) and M.O.T.H. staff talking with geologist, Ned Reid near the B.C. shaft**

## **ENVIRONMENTAL POLICY**

The aim of the Company, through the Environmental Assessment Process, is for the Cariboo Gold Project to meet all federal and provincial legislation and policies. The Company is working closely with government agencies, the public and First Nations to achieve this goal.

## **PUBLIC CONSULTATION PROGRAM**

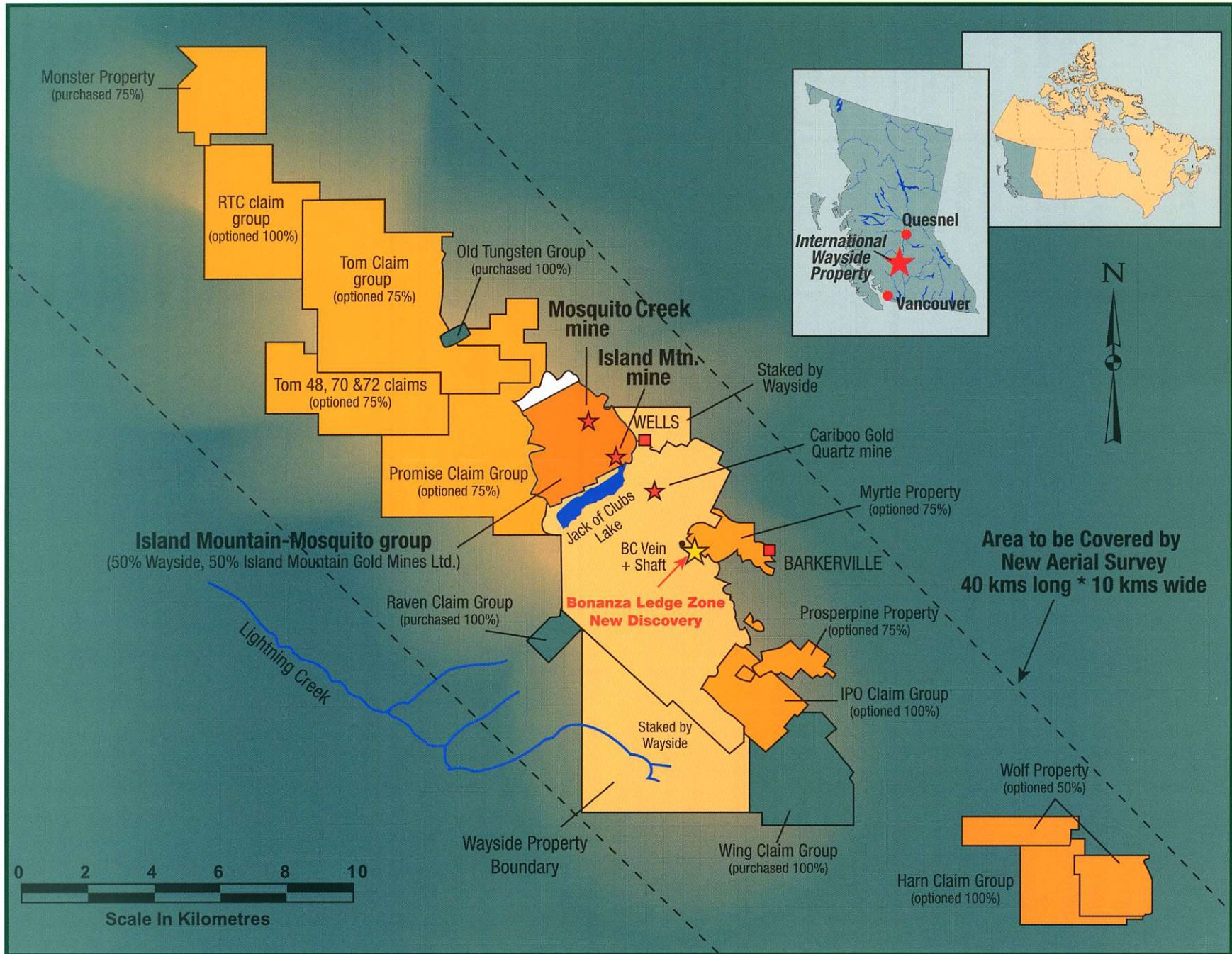
Open houses to present the Application to the general public were well attended in Wells, Quesnel, Prince George and Williams Lake, British Columbia. Results of these presentations return a regional groundswell of support for the project. Due to the proximity of the Cariboo Gold Project to Wells and the historic town of Barkerville, a Public Liaison Committee has been formed to provide a direct forum with the Company for residents to provide feedback on the conceptual mine plan scenarios and input on aesthetic considerations.

## **FIRST NATIONS PROGRAM**

On June 8th 2000 the Company signed a Memorandum of Understanding (MOU) with the Lhtako (Red Bluff) Nation in regard to the Cariboo Gold Project. The purpose of consultation by the Company is to assist the federal and provincial governments in ensuring that, prior to treaty settlement, the Project will not adversely affect potential Aboriginal rights and title. To this effect, an Aboriginal Impact Assessment is being commissioned by the Company.

The Company and the Lhtako have been meeting on an ad hoc basis since 1997. While details of the MOU remain confidential, the document reflects the recognition and respect that has evolved between the parties, and their future commitment in working together in the assessment of the Cariboo Gold Project.







	2000	1999
<b>ASSETS</b>		
Current assets:		
<i>Cash and cash equivalents</i>	\$ 927,939	\$ 57,171
<i>Amounts receivable and prepaid expenses</i>	51,592	29,835
	979,531	87,006
Investments, at cost (quoted market value - \$25,000) (note 4(b))	15,000	-
Reclamation deposits	12,000	12,000
Property and equipment (note 3)	325,905	291,757
Mineral properties (note 4)	4,614,217	4,115,331
	\$ 5,946,653	\$ 4,506,094
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
<i>Accounts payable and accrued liabilities</i>	\$ 170,829	\$ 276,873
<i>Payable to related parties (note 5)</i>	148,379	187,233
<i>Current portion of mortgage payable</i>	1,017	-
	320,225	464,106
Mortgage payable (note 6)	68,983	-
Shareholders' equity:		
<i>Capital stock (note 7)</i>	12,298,038	11,077,738
<i>Advances on share subscriptions (note 7(b))</i>	957,500	249,650
<i>Advances on share purchase warrants (note 7(b))</i>	42,500	-
<i>Deficit</i>	(7,740,593)	(7,285,400)
	5,557,445	4,041,988
Nature of operations (note 1)		
Commitments (note 4)		
Subsequent events (notes 4(b), 7(b) and 10)		
	\$ 5,946,653	\$ 4,506,094

See accompanying notes to financial statements.

On behalf of the Board:



J. Frank Callaghan  
Director



H. Ken Maddison  
Director



	2000	1999
Revenue:		
Interest	\$ 417	\$ 469
Administrative expenses:		
Accounting, audit and legal	46,943	140,639
Automobile	3,531	11,263
Bad debt (note 5(a))	-	36,840
Bank charges and interest	4,607	3,272
Corporation capital tax	8,026	-
Depreciation	58,352	76,223
Management fees (note 5(b))	120,000	120,000
Office and administration (note 5(b))	18,666	85,288
Printing	9,659	10,668
Promotion and shareholder communications	73,154	151,822
Rent	8,850	14,722
Telephone	14,709	30,140
Transfer agent and filing fees	29,327	26,624
Wages, consulting fees and benefits	59,786	88,979
	455,610	796,480
Other:		
Write-off of mineral properties (note 4)	-	1,786,780
Loss for the year	455,193	2,582,791
Deficit, beginning of year	7,285,400	4,702,609
Deficit, end of year	\$ 7,740,593	\$ 7,285,400
Loss per share	\$ 0.02	\$ 0.15

See accompanying notes to financial statements.

#### AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the balance sheets of International Wayside Gold Mines Ltd. as at February 29, 2000 and February 28, 1999 and the statements of operations and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at February 29, 2000 and February 28, 1999 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles. As required by the Company Act (British Columbia), we report that, in our opinion, these principles have been applied on a consistent basis.

**KPMG LLP**

Chartered Accountants  
Vancouver, Canada  
June 16, 2000



	2000	1999
Cash provided by (used in):		
Operating activities:		
<i>Loss for the year</i>	\$ (455,193)	\$ (2,582,791)
Items not involving cash:		
<i>Depreciation</i>	58,352	76,223
<i>Write-off of mineral properties</i>	-	1,786,780
	(396,841)	(719,788)
Changes in non-cash operating working capital:		
<i>Amounts receivable and prepaid expenses</i>	(21,757)	(2,962)
<i>Accounts payable and accrued liabilities</i>	(106,044)	133,673
	(524,642)	(589,077)
Financing activities:		
<i>Payable to related parties</i>	(38,854)	75,741
<i>Issue of capital stock for cash</i>	1,220,300	1,182,658
<i>Advances on share subscriptions</i>	707,850	17,750
<i>Advances on share purchase warrants</i>	42,500	-
	1,931,796	1,276,149
Investing activities:		
<i>Expenditures on mineral properties, net of recoveries</i>	(513,886)	(622,762)
<i>Purchase of property and equipment</i>	(22,500)	-
	(536,386)	(622,762)
Increase in cash and cash equivalents	870,768	64,310
Cash and cash equivalents, beginning of year	57,171	(7,139)
Cash and cash equivalents, end of year	\$ 927,939	\$ 57,171
Supplemental cash flow information:		
<i>Income taxes paid</i>	\$ -	\$ -
<i>Interest paid</i>	524	372
Non-cash financing and investing activities:		
<i>Issuance of capital stock for mineral properties</i>	\$ -	\$ 53,500
<i>Issuance of capital stock on settlement of debts</i>	-	242,126
<i>Acquisition of property and equipment for mortgage payable to vendor</i>	70,000	-
<i>Shares received pursuant to mineral property option agreement</i>	15,000	-

See accompanying notes to financial statements.



## 1. NATURE OF OPERATIONS:

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

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

### 2. Significant accounting policies:

#### (a) Basis of presentation:

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

#### (b) Investments:

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

#### (c) Property and equipment:

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

#### (d) Mineral properties:

The Company capitalizes the acquisition cost of mineral properties and defers exploration and development expenditures directly related to specific mineral properties until such time as the extent of mineralization has been determined

and the mineral properties are developed, the Company's mineral rights are allowed to lapse or the Company determines that the deferred costs are in excess of the net recoverable amount. At that time the deferred costs are either amortized on a unit-of-production basis, written off or written down, as appropriate.

Mineral property acquisition costs include the cash consideration paid and the fair value of common shares issued, based on the trading price of the shares on the date of the agreement to issue the shares. Amounts shown for mineral properties represent costs incurred to date, less write-downs and write-offs, and do not necessarily reflect present or future values.

#### (e) Stock-based compensation:

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

#### (f) Loss per share:

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

#### (g) Use of estimates:

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



## (h) Financial instruments:

As at February 29, 2000 and February 28, 1999, in all material respects the carrying amounts of the Company's financial instruments, other than investments and amounts payable to related parties, approximate fair values due to the short-term to maturity of such instruments. The fair value of investments is disclosed on the balance sheet. It is not practicable to determine the fair values of the amounts payable to related parties due to the related party nature of such amounts and the absence of a secondary market for such instruments.

## (i) Cash flow statement:

The Canadian Institute of Chartered Accountants established a new standard for the presentation of cash flows and related information, that was effective for the Company's 2000 fiscal year. The Company has adopted the new standard during the year ended February 29, 2000 and has restated the comparative amounts and disclosures to reflect the new standard.

## (j) Comparative figures:

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



**Frank Callaghan and Richard Hall, Project Geologist**  
The smiles say it all at the core shack.

**3. PROPERTY AND EQUIPMENT:**

			2000	1999
	Cost	Accumulated depreciation	Net book value	Net book value
Land	\$ 59,300	\$ -	\$ 59,300	\$ -
Building	33,200	-	33,200	-
Office equipment	133,755	78,449	55,306	69,133
Mining equipment	309,200	131,101	178,099	222,624
	\$ 535,455	\$ 209,550	\$ 325,905	\$ 291,757



4. MINERAL PROPERTIES:	Wayside property	Cariboo Gold Project	Total
Balance, February 28, 1998	\$ 1,786,571	\$ 3,439,278	\$ 5,225,849
Net expenditures during fiscal 1999:			
<i>Acquisition costs and option payments</i>	-	163,500	163,500
<i>Exploration and development expenditures:</i>			
<i>Administration fees (note 5(b))</i>	-	30,773	30,773
<i>Assaying</i>	-	54,232	54,232
<i>Consulting</i>	-	38,109	38,109
<i>Engineering</i>	-	53,805	53,805
<i>Equipment rentals (note 5(b))</i>	-	99,750	99,750
<i>Project management fees (note 5(b))</i>	-	30,000	30,000
<i>Mine and field supplies</i>	210	202,412	202,622
<i>Travel</i>	-	3,471	3,471
	210	512,552	512,762
Less deferred costs written-off	(1,786,780)	-	(1,786,780)
Balance, February 28, 1999	1	4,115,330	4,115,331
Net expenditures during fiscal 2000:			
<i>Acquisition costs and option payments</i>	-	100,000	100,000
<i>Option payments and shares received</i>	-	(215,000)	(215,000)
<i>Exploration and development expenditures:</i>			
<i>Administration fees (note 5(b))</i>	-	25,230	25,230
<i>Assaying</i>	-	34,990	34,990
<i>Consulting</i>	-	78,564	78,564
<i>Engineering</i>	-	14,401	14,401
<i>Equipment rentals (note 5(b))</i>	-	77,408	77,408
<i>Project management fees (note 5(b))</i>	-	30,000	30,000
<i>Mine and field supplies</i>	-	347,021	347,021
<i>Travel</i>	-	6,272	6,272
	-	613,886	613,886
Balance, February 29, 2000	\$ 1	\$ 4,614,216	\$ 4,614,217



Winter drilling, B.C. Vein



## 4. MINERAL PROPERTIES (CONTINUED):

## (a) Wayside property:

At February 29, 2000, the Company holds a 100% interest in the Wayside property, consisting of certain mineral claims and leases located in the Lillooet Mining Division, British Columbia. If, and when, the property commences commercial production, the Company will be required to issue shares equal in value to \$480,000 to the party from whom it was initially acquired.

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

## (b) Cariboo Gold Project:

Effective October 3, 1994, the Company entered into an option agreement with Mosquito Consolidated Gold Mines Ltd. ("Mosquito"), to earn a 50% undivided interest in the Cariboo Gold Quartz property, consisting of certain mineral claims and leases located in the Lillooet Mining Division, British Columbia. The President of Mosquito subsequently became a director of the Company but as of August 29, 1997, was no longer a director. In order to earn its 50% interest in the property, the Company is required to make option payments totalling \$50,000 (paid), issue 500,000 common shares in annual instalments of 100,000 common shares each (100,000 common shares were issued in each of fiscal 1995, fiscal 1996 and fiscal 1998 and 200,000 common shares were issued in fiscal 1999) and incur cumulative exploration and development expenditures totalling \$1,450,000 over six years in accordance with the following schedule:

By October 3, 1995	\$ 100,000
By October 3, 1996	100,000
By October 3, 1997	200,000
By October 3, 1998	250,000
By October 3, 1999	300,000
By October 3, 2000	500,000
	\$ 1,450,000

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.

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

Also during the year ended February 28, 1999, the Company acquired two additional properties contiguous to the Cariboo Gold Quartz property. One property, consisting of two crown grants, was acquired by the issuance of 50,000 shares of the Company and the second property, consisting of four placer leases and two mineral claims, was acquired for \$2,000 and the issuance of 25,000 shares of the Company.

During the year ended February 29, 2000, the Company entered into an agreement with Island





**Road building on Cow Mountain with Island Mountain in the background**

#### 4. MINERAL PROPERTIES (CONTINUED):

##### (b) Cariboo Gold Project: (Continued)

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

Subsequent to February 29, 2000, the Company entered into agreements with several third parties to acquire interests in certain mineral properties contiguous to the Cariboo Gold Project. In aggregate, the agreements call for the Company to pay \$312,500, issue 444,500 common shares (244,500 issued to June 16, 2000) and incur \$350,000 of exploration expenditures. Certain of these agreements are subject to regulatory approval. The third party on two of the agreements has served notice of cancellation, which the Company has not accepted.

#### 5. PAYABLE TO RELATED PARTIES:

##### (a) Balances payable:

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

	2000	1999
Payable to directors	\$ 15,939	\$ 80,860
Payable to companies controlled by directors	132,440	106,373
	<u>\$ 148,379</u>	<u>\$ 187,233</u>

During fiscal 1999, the Company provided an allowance for a receivable of \$36,840 from a company which had a common director, to reflect the uncertainty of recovery.

##### (b) Related party transactions:

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

	2000	1999
Exploration and development expenditures:		
<i>Equipment rentals</i>	\$ 76,450	\$ 99,750
<i>Project management fees</i>	30,000	30,000
<i>Administration fees on reimbursed expenditures</i>	25,230	30,773
Administrative expenses:		
<i>Management fees</i>	120,000	120,000
<i>Office and administration</i>	-	11,000
	<u>\$ 251,680</u>	<u>\$ 291,523</u>



**5. PAYABLE TO RELATED PARTIES:**

(b) Related party transactions

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

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

**6. MORTGAGE PAYABLE:**

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

2001	\$ 1,017
2002	1,018
2003	1,101
2004	1,188
2005	65,676
	<b>\$ 70,000</b>

**7. CAPITAL STOCK:**

(a) Authorized capital:

100,000,000 (1999 – 50,000,000) common shares without par value

During the year ended February 29, 2000, the Company increased its authorized share capital from 50,000,000 common shares without par value to 100,000,000 common shares without par value.



**Geologist Ned Reid (credited with Bonanza Ledge discovery) trenching on Cow Mountain**



**B.C. Vein outcropping (60' wide) with shareholder Graeme O'Neill**



## 7. CAPITAL STOCK (CONTINUED):

## (b) Issued and outstanding:

	Number of shares	Total
Balance, February 28, 1998	11,697,978	\$ 7,208,549
Issued during the year:		
For cash by way of private placements, net of finders fees	6,931,988	1,122,658
For mineral properties (note 4(b))	275,000	53,500
On settlement of debts (note 7(c)) 733,713 242,126		
For cash on exercise of share purchase options (note 7(e))	100,000	15,000
For cash on exercise of share purchase warrants (note 7(f))	300,000	45,000
For cash on exercise of special warrants	4,000,000	2,390,905
Balance, February 28, 1999	24,038,679	11,077,738
Issued during the year:		
For cash by way of private placements, net of finders fees	7,350,334	1,102,550
For cash on exercise of share purchase options (note 7(e))	720,000	108,000
For cash on exercise of share purchase warrants (note 7(f))	55,000	9,750
Balance, February 29, 2000	32,164,013	\$ 12,298,038

During the year ended February 28, 1998, the Company issued 4,000,000 special warrants at \$0.65 per special warrant by way of a private placement. Each special warrant entitled the holder to one unit comprising one common share and one-half of a non-transferable share purchase warrant, with each whole warrant entitling the holder to purchase an additional share at \$0.80 per share for a one year period. The Company incurred total commissions and issuance costs of \$209,095 in connection with this private placement and issued the Company's agent a total of 303,250 share purchase warrants to purchase one common share at \$0.80 per share for a one year period. During the year ended February 28, 1999, the special warrants were exercised and the Company issued 4,000,000 common shares and 2,000,000 share purchase warrants.

At February 28, 1998, the Company had received advances on share subscriptions totaling \$231,900 relating to a private placement of 927,600 units at \$0.25 per unit, with each unit consisting of one flow-through common share and one-half of a non-transferrable flow-through

share purchase warrant. Each whole warrant is exercisable at \$0.40 per share for a one year period.

During the year ended February 28, 1999, the Company issued the above-mentioned 927,600 flow-through shares at \$0.25 per share and 463,800 flow-through share purchase warrants exercisable at \$0.40 per share, and issued 2,445,335 flow-through common shares and share purchase warrants and 3,493,053 non-flow-through common shares and share purchase warrants by way of a private placement at \$0.15 per share. Each two share purchase warrants are exercisable at \$0.25 per share for a one year period. The Company also issued 66,000 shares as a finders' fee in connection with this private placement.

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



**7. CAPITAL STOCK (CONTINUED):****(b) Issued and outstanding (continued):**

During the year ended February 29, 2000, the Company received the remaining \$84,000 and issued 1,509,334 flow-through common shares, 715,000 non-flow-through common shares, 754,667 flow-through share purchase warrants and 357,500 non-flow-through share purchase warrants. Each share purchase warrant allows the holder to purchase an additional flow-through or non-flow-through common share at a price of \$0.25 per share for a one year period. The Company also completed two private placements totalling 5,126,000 units at \$0.15 per unit for total proceeds of \$768,900. A total of 2,596,000 of the units were flow-through units. Each unit consists of one flow-through or non-flow-through common share and one-half of a flow-through or non-flow-through share purchase warrant. One full share purchase warrant allows the holder to purchase an additional flow-through or non-flow-through common share at a price of \$0.25 per share for a one year period.

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

Subsequent to February 29, 2000, the Company received the remaining \$42,500 and issued 4,000,000 common shares and 2,000,000 share purchase warrants.

**(c) Shares issued on settlement of debts:**

During fiscal 1999, the Company issued 733,713 common shares at a price of \$0.33 per share in settlement of \$242,125 of accounts payable.

**(d) Flow-through shares:**

During the year ended February 29, 2000, the Company issued a total of 4,105,334 flow-through common shares for cash consideration of \$615,800 and during the year ended February 28, 1999, the Company issued a total of 3,372,935 flow-through common shares for cash consideration of \$598,700 (note 7(b)). These and previous years expenditures related to the use of flow-through share proceeds are included in mineral properties but are not available as a tax deduction to the Company as the tax benefits of these expenditures have been renounced to the investors.

**(e) Share purchase options:**

Pursuant to the policies of the Canadian Venture Exchange (the "CDNX"), the Company may grant incentive stock options to its officers, directors and employees. CDNX policies permit the Company's directors to grant incentive stock options for the purchase of shares of the Company to persons in consideration for services. Stock options must be non-transferable and the aggregate number of shares that may be reserved for issuance pursuant to stock options may not exceed 10% of the issued shares of the Company at the time of granting and may not exceed 5% to any individual. The exercise price of stock options is determined by the board of directors of the Company at the time of grant and may not be less than the average closing price of the Company's shares on the ten trading days immediately preceding the date on which the option is granted and publicly announced, and may not otherwise be less than \$0.15 per share. Options have a maximum term of ten years and terminate 30 days following the termination of the optionee's employment, except in the case of retirement, death or disability, in which case they terminate one year after the event. Vesting of options is made at the time of granting of the options at the discretion of the board of directors. Once approved and vested, options are exercisable at any time.

The continuity of the Company's share purchase options for the years ended February 29, 2000 and February 28, 1999 are as follows:



## 7. CAPITAL STOCK (CONTINUED):

## (e) Share purchase options (continued):

Exercise prices	Expiry dates	Balance February 28, 1999	Granted	Exercised	Expired/cancelled	Balance February 29, 2000
\$ 0.48	August 21, 1999	370,000	-	-	(370,000)	-
\$ 0.32	February 12, 2000	191,115	-	-	(191,115)	-
\$ 0.65	November 3, 2001	353,582	-	-	-	353,582
\$ 0.15	August 31, 2003	18,732	-	(243,732)	(20,000)	455,000
\$ 0.17	February 2, 2003	-	792,600	-	-	792,600
\$ 0.30	February 10, 2003	-	300,000	-	-	300,000
\$ 0.30	February 16, 2003	-	148,980	-	-	148,980
\$ 0.15	October 8, 2003	-	1,512,987	(476,268)	(60,000)	976,719
		1,633,429	2,754,567	(720,000)	(641,115)	3,026,881
Weighted average exercise price		\$ 0.35	\$ 0.18	\$ 0.15	\$ 0.39	\$ 0.24

Exercise prices	Expiry dates	Balance February 28, 1998	Granted	Exercised	Expired/cancelled	Balance February 28, 1999
\$ 0.88	May 17, 1998	40,000	-	-	(40,000)	-
\$ 0.48	August 21, 1999	480,000	-	-	(110,000)	370,000
\$ 0.32	February 12, 2000	-	296,115	-	(105,000)	191,115
\$ 0.65	November 3, 2001	353,582	-	-	-	353,582
\$ 0.15	August 31, 2003	-	833,732	(100,000)	(15,000)	718,732
		873,582	1,129,847	(100,000)	(270,000)	1,633,429
Weighted average exercise price		\$ 0.57	\$ 0.19	\$ 0.15	\$ 0.46	\$ 0.35

Also see note 10.

## (f) Share purchase warrants:

The continuity of the Company's share purchase warrants for the years ended February 29, 2000 and February 28, 1999, are as follows:

Exercise prices	Expiry dates	Balance February 28, 1999	Issued	Exercised	Expired	Balance February 29, 2000
\$ 0.15	April 2, 1999	1,401,250	-	(40,000)	(1,361,250)	-
\$ 0.25 <sup>(2)</sup>	December 9, 1999/2000 <sup>(2)</sup>	2,969,194	-	-	-	2,969,194
\$ 0.25	March 31, 2000	-	500,000	-	-	500,000
\$ 0.25	October 8, 2000	-	2,063,000	-	-	2,063,000
\$ 0.25 <sup>(2)</sup>	December 7, 1999 /February 1, 2001 <sup>(2)</sup>	-	1,112,167	(15,000)	-	1,097,167
		4,370,444	3,675,167	(55,000)	(1,361,250)	6,629,361

Exercise prices	Expiry dates	Balance February 28, 1998	Issued	Exercised	Expired	Balance February 28, 1999
\$0.60	August 23, 1998	400,000	-	-	(400,000)	-
\$0.54	October 11, 1998	500,000	-	-	(500,000)	-
\$0.40	December 1, 1998	-	463,800	-	(463,800)	-
\$0.15 <sup>(1)</sup>	April 2, 1998/1999 <sup>(1)</sup>	303,250	2,000,000	(300,000)	(602,000)	1,401,250
\$0.25	December 9, 1999	-	2,969,194	-	-	2,969,194
		1,203,250	5,432,994	(300,000)	(1,965,800)	4,370,444





1200 Level Portal at Cow Mtn. – Claude Blagdon, U.G. Shift Boss, Drillers, Mike Mulholland, Larry Pawlowicz

## 7. CAPITAL STOCK (CONTINUED):

### (f) Share purchase warrants (continued):

- (1) During fiscal 1999, the Company issued 2,000,000 share purchase warrants exercisable at \$0.80 per share on exercise of the 4,000,000 previously issued special warrants (note 7(b)) and received regulatory approval to extend the expiry date of a total of 2,092,000 of the \$0.80 warrants that were issued in connection with these special warrants that expire April 2, 1998, to October 2, 1998. The expiry date of the remaining 211,250 of the \$0.80 warrants issued in connection with these special warrants were not extended and they expired unexercised on April 2, 1998. The Company subsequently received approval to reduce the exercise price from \$0.80 to \$0.15 per share and to extend the expiry date from October 2, 1998 to April 2, 1999, for a total of 1,701,250 of these share purchase warrants. The remaining 390,750 warrants expired unexercised on October 2, 1998.
- (2) During fiscal 2000, the Company received regulatory approval to extend the expiry date of 2,969,194 share purchase warrants with an exercise price of \$0.25 per share from December 9, 1999 to December 9, 2000. In addition, regulatory approval was obtained to extend the expiry date of 1,112,167 share purchase warrants with an exercise price of \$0.25 from December 7, 1999 to February 1, 2001.

Also see note 10.

### (g) Escrow shares:

At February 29, 2000, a total of 496,875 of the issued shares are held in escrow and will not be released without the consent of the regulatory authorities. During the year ended February 28, 1998, the Company filed an application with the regulatory authorities for the release of up to 126,684 performance shares from escrow. Pursuant to the underlying escrow agreements, these 126,684 escrow shares would be cancelled if not released prior to November 2, 1997. The Company has not yet received regulatory approval for this application.

## 8. INCOME TAXES:

In addition to available resource deductions, at February 29, 2000, the Company has losses for income tax purposes of approximately \$4,237,000 which are available to be carried forward and applied against taxable income of future periods. These losses expire as follows:

2001	\$ 240,000
2002	300,000
2003	420,000
2004	970,000
2005	1,260,000
2006	720,000
2007	327,000
	\$ 4,237,000

Refer to note 7(d) for income tax information regarding flow-through shares.

## 9. SEGMENT DISCLOSURES:

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

## 10. SUBSEQUENT EVENTS:

In addition to the subsequent events disclosed in notes 4(b) and 7(b), the Company:

- (a) granted 849,448 share purchase options exercisable at \$1.93 per share for a three year period, subject to regulatory approval; and
- (b) issued 2,686,339 shares at \$0.25 per share on exercise of warrants and issued 213,980 shares at prices between \$0.15 and \$0.30 per share on exercise of incentive stock options.



**OFFICE LOCATION**

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**BOARD OF DIRECTORS AND OFFICERS**

Richard Atkinson, B.A.Sc., P.Eng., Director, Chairman of the Board  
J. Frank Callaghan, Director, President and CEO  
H.K. (Ken) Maddison F.C.A., Director, CFO  
Douglas Hurst B.Sc.(Geol), Director  
Mr. Richard Jordan C.G.A. - Corporate Secretary

**CONSULTING GEOLOGISTS AND ENGINEERS**

Richard D. Hall, Phd.P.Eng.  
Shaun Dykes, P.Geo  
Ned Reid, P.Geo.  
Ken Robertson, P.Geo.  
Ken Lord, B.Sc.,  
Panterra Geoservices Inc.  
GeoSim Services Inc.  
Giroux Consultants Ltd.  
Beacon Hill Consultants Ltd.

**GOVERNMENT RELATIONS**

Jo Harris & Associates

**GENERAL CONTRACTORS**

Standard Drilling & Engineering  
Knight Piesold Ltd.  
Elixir Construction Consultants

**ENVIRONMENTAL CONSULTANTS**

Cariboo Envirotech Ltd.

**TRANSFER AGENT:**

Montreal Trust Company of Canada  
Vancouver, British Columbia

**BANK:**

Bank of Montreal  
Vancouver, British Columbia

**AUDITORS:**

KPMG LLP Chartered Accountants  
Vancouver, British Columbia

**LEGAL COUNSEL:**

Martin & Associates  
Vancouver, British Columbia

**SPECIAL COUNSEL:**

Scott Bissett, Barristers and Solicitors  
Vancouver, British Columbia

**FISCAL AGENTS:**

Haywood Securities Inc.  
Vancouver, British Columbia

**LISTING**

Canadian Venture Exchange (CDNX):  
Trading Symbol: **IWA**  
CUSIP Number: 946901 10 5  
S.E.C. Registration Number: 12g3-2(b) 82-1606  
Standards and Poors registered

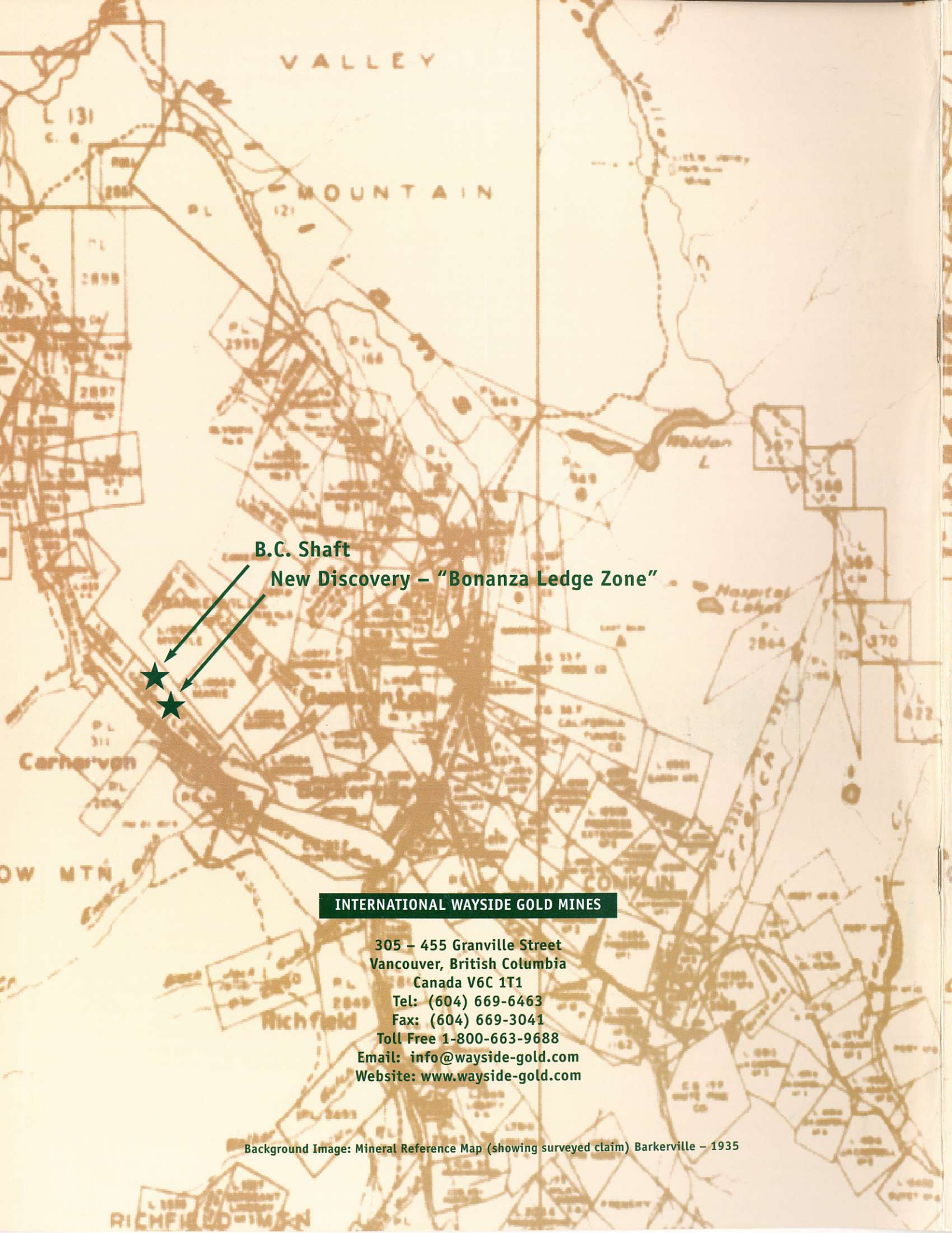
**SHARE STRUCTURE FEBRUARY 29, 2000**

Total Authorized: 100,000,000  
Shares Outstanding: 32,164,013  
Fully Diluted: 43,020,255



**New drill core compound**





**B.C. Shaft**  
**New Discovery - "Bonanza Ledge Zone"**

**INTERNATIONAL WAYSIDE GOLD MINES**

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