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ATHABASKA GOLD RESOURCES LTD.

Financial Statements
For the Years Ended November 30, 1995 and 1994

Coopers
& Lybrand

Coopers &Lybrand

chartered accountants

AUDITORS' REPORT

To the Shareholders of Athabaska Gold Resources Ltd.

We have audited the balance sheets of Athabaska Gold Resources Ltd. as at November 30, 1995 and 1994 and the statements of loss and deficit, deferred exploration and development costs and changes in financial position for the years then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our 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 November 30, 1995 and 1994 and the results of its operations and the changes in its financial position for the years then ended in accordance with generally accepted accounting principles. As required by the British Columbia Company Act, we report that, in our opinion, these principles have been applied on a consistent basis.

Coopers & Lybrand

Vancouver, B.C.
February 8, 1996

Athabaska Gold Resources Ltd.

Balance Sheets
As at November 30, 1995 and 1994

	1995	1994
ASSETS		
Current Assets		
Cash and short-term deposits	$ 1,883,059	$ 548,581
Accounts receivable and prepaids	118,771	38,503
	2,001,830	587,084
Mineral Properties and Related Deferred Costs (notes 3 and 7)	1,710,083	6,293,124
Investments (note 4)	2,736,111	
Fixed Assets, net of accumulated amortization of $21,221 (1994 - $19,125)	16,425	18,951
	$ 6,464,449	$ 6,899,159
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	$ 541,778	$ 93,979
SHAREHOLDERS' EQUITY		
Share Capital (note 5)		
Authorized - 50,000,000 common shares without par value		
Issued - 24,081,019 common shares (1994 - 22,966,019)	10,091,163	9,624,963
Deficit	(4,168,492)	(2,819,783)
	5,922,671	6,805,180
	$ 6,464,449	$ 6,899,159

Nature of Operations and Going Concern (note 1)
Commitments (note 3)

APPROVED BY THE DIRECTORS

Director

Director

Coopers & Lybrand

Athabaska Gold Resources Ltd.

Statements of Loss and Deficit
For the Years Ended November 30, 1995 and 1994

	1995	1994
Revenue		
Interest and sundry	$ 32,013	$ 49,715
Project management fee		67,790
	32,013	117,505
Expenses		
Administrative	48,780	39,139
Amortization	6,695	10,126
Consulting	78,356	37,184
Interest charges	1,749	1,177
Management fees	41,845	700
Office and rent	66,064	58,991
Professional fees	26,459	25,806
Shareholder relations	61,565	50,087
Transfer agent and regulatory fees	21,039	25,204
Travel and promotion	36,410	27,601
	388,962	276,015
Loss Before the Following:	356,949	158,510
Costs written off relating to -		
Mineral properties abandoned (note 3)	3,883	292,386
General exploration		13,138
Loss on disposal of mineral properties (note 3)	987,877	
Loss for the Year	1,348,709	464,034
Deficit - Beginning of Year	2,819,783	2,355,749
Deficit - End of Year	$ 4,168,492	$ 2,819,783

Athabaska Gold Resources Ltd.

Statements of Deferred Exploration and Development Costs
For the Years Ended November 30, 1995 and 1994

	1995	1994
Deferred Exploration and Development Costs		
Amortization	$	$ 1,349
Assays	21,199	127,003
Communication	1,563	399
Diamond drilling	1,253,704	1,720,313
Drafting	21,646	9,813
Field support	131,169	102,185
Geophysics and geology	866,003	1,192,320
Miscellaneous	4,318	9,740
Professional fees and geological staff	176,767	67,943
Project management fee		67,790
Staking and recording cost	10,503	
Transportation and accommodation	58,841	68,860
Underground bulk sampling	121,769	2,212,812
	2,667,482	5,580,527
Recovery from joint venture partners	(602,763)	(2,390,965)
Increase in Deferred Costs During the Year	2,064,719	3,189,562
Less: Costs written off relating to -		
Mineral properties sold or abandoned	7,036,450	290,386
General exploration		13,138
	(4,971,731)	2,886,038
Balance - Beginning of Year	6,269,814	3,383,776
Balance - End of Year	$ 1,298,083	$ 6,269,814
Allocated to Mineral Properties as Follows:		
Ladner Creek	$ 1,153,098	$
Warburton Bay	119,361	
Alliger Lake West	25,624	
Damoti Lake, net of recovery		135,120
Nicholas Lake		6,130,811
Derkson Lake		3,883
	$ 1,298,083	$ 6,269,814

Athabaska Gold Resources Ltd.

Statements of Changes in Financial Position
For the Years Ended November 30, 1995 and 1994

	1995	1994
Cash Provided from (Used for)		
Operating Activities		
Loss for the year	$ (1,348,709)	$ (464,034)
Items not affecting cash -		
Amortization	6,695	11,475
Mineral properties abandoned -		
Exploration and acquisition costs	3,883	305,524
Loss on disposal of mineral properties	987,877	
	(350,254)	(147,035)
Net change in non-cash working capital	299,420	(42,081)
	(50,834)	(189,116)
Investing Activities		
Note receivable		20,000
Exploration and development costs	(2,064,719)	(3,189,562)
Mineral properties	(412,000)	
Fixed asset additions	(8,487)	(20,230)
Fixed asset disposals	4,318	
Proceeds on sale of mineral properties	6,068,000	
Acquisition of shares	(2,668,000)	
	919,112	(3,189,792)
Financing Activities		
Issuance of shares	466,200	3,645,200
Loan		(5,000)
	466,200	3,640,200
Increase in Cash and Short-Term Deposits	1,334,478	261,292
Cash and Short-Term Deposits - Beginning of Year	548,581	287,289
Cash and Short-Term Deposits - End of Year	$ 1,883,059	$ 548,581

1. Nature of Operations and Going Concern

The company is in the process of exploring and developing its mineral properties but, on the basis of information to date, has not yet determined whether these properties contain ore reserves that are economically recoverable.

These financial statements are prepared on a going concern basis, which implies that the company will continue to be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuance of the company as a going concern is dependent upon its ability to raise additional funds to meet its ongoing obligations as they become due and upon the continued financial support of its shareholders until profitable production is attained. Should the company not be able to continue as a going concern, the amounts realized for assets may be materially less than amounts appearing in the balance sheets.

2. Significant Accounting Policios

Mineral Properties and Related Deferred Costs

The recoverability of the amounts recorded as mineral properties and relatod deferred costs is dependent upon the confirmation of economically recoverable reserves, the ability of the company to obtain necessary financing to successfully complete development of the properties, and upon future profitable production.

The costs of acquiring mineral properties and related exploration and development expenses are deferred until the properties are brought into production, at which time they are amortized on a unit-of-production basis, or until the properties are abandoned or sold, at which time the costs of properties and deferred expenses are written off.

Investments

Investments are recorded at cost or are written down to estimated net realizable value in the event of a decline in value that is other than temporary.

Administrative Costs

Administrative costs are expensed as incurred.

Option Payments

Options are exercisable at the discretion of the optionee, and accordingly, option payments are only recognized when paid.

Fixed Assets

Fixed assets are stated at cost less accumulated amortization and are amortized at 20% to 30% per annum using the declining balance method.

Loss per Share

Basic loss per share has not been calculated as it is not considered meaningful at this stage in the company's operations.

3. Mineral Properties and Related Deferred Costs

	1995			1994
	Acquisition costs	Deferred exploration and development costs	Total	Total
Ladner Creek	$ 180,000	$ 1,153,098	$ 1,333,098	$
Warburton Bay	212,000	119,361	331,361	
Alliger Lake West	20,000	25,624	45,624	
Damoti Lake, net of recovery				63,120
Nicholas Lake				6,226,121
Derkson Lake				3,883
	$ 412,000	$ 1,298,083	$ 1,710,083	$ 6,293,124

Ladner Creek Property, Yale District, British Columbia

By an agreement dated November 25, 1994 and amended October 31, 1995, the company acquired an option from a third party pursuant to which the company can earn a 100% interest in certain property and equipment. In consideration, the company:

(a) has issued, to vendors, 125,000 free trading shares of the company having an ascribed value of $120,000 (note 5(a))

(b) has granted, to vendors, warrants to purchase 1,000,000 common shares of the company at $0.70 per share expiring on June 30, 1997 (note 5(e))

(c) has expended in excess of $1,000,000 on the project during the first year of the option

(d) has decided to extend its option for a second year and has therefore:

  i. issued to the vendors an additional 125,000 free trading shares of the company having an ascribed value of $60,000 (note 5(a))

  ii. committed to an additional $1,000,000 in expenditures during the second year

(e) may extend its option for a third and fourth year by committing to $1,000,000 in expenditures in each of those years

(f) may, at any time after completing the first year's obligations, exercise its option to acquire 100% of the assets and mineral claims by issuing the vendors 4,000,000 free trading shares of the company.

3. Mineral Properties and Related Deferred Costs (continued)

Warburton Bay Property, Northwest Territories

On September 28, 1995, the company entered into an option and joint venture agreement under which the company would have the option to acquire a 75% interest in the Warburton Bay Property.

Pursuant to this agreement, the company paid the optionee $112,000 and issued 200,000 common shares of the company, having an ascribed value of $100,000 (note 5(b)), which are subject to trading restrictions for a period of one year from the date of the agreement. In order to earn the interest, the company must perform exploration work on the property in the amount of $350,000 within one year of the effective date of the agreement and a further $350,000 within three years of the effective date of the agreement.

The option is subject to a 2.0% grose over-riding royalty to be retained by the optionee on diamonds and a 2.0% Net Smelter Return to be retained by the optionee on other minerals. Half of each of these royalties may be purchased by the company at any time for $1,000,000 each.

Alliger Lake West, Labrador

The company has signed an option agreement dated June 5, 1995 wherein the company has the right and option to earn a 25% participating interest in the Alliger Lake West property by making payments totalling $95,000 to the optionee. The company has made payments in the amount of $20,000 in respect of the land option and $25,000 in respect of property exploration costs to the optionee. The remaining payment in the amount of $50,000 will be for additional property exploration costs and is due on or before June 1, 1996.

Damoti Lake Property, Northwest Territories

During 1993 and 1994, the company earned a 75% interest in the property and granted an option to a third party, Consolidated Ramrod Gold Corporation (Ramrod), pursuant to which Ramrod could earn up to an undivided 53.3% interest of the company's interest in the property. Pursuant to an amending agreement dated May 6, 1994, Ramrod elected to increase its interest to 68% of the company's interest in the property (equal to a 51% interest in the property).

On September 18, 1995, the company agreed to sell all of its remaining interest in the property to Ramrod in exchange for 630,000 shares of Ramrod (note 4). The shares were valued at market value on the closing date and a gain of $1,913,538 was recorded on the transaction. These shares cannot be traded before September 18, 1996 without regulatory approval.

Nicholas Lake Property, District of MacKenzie, Northwest Territories

The company had a 100% interest in the property. Pursuant to an agreement dated September 20, 1995, the company sold all of its interest in the property for $3,800,000.

At the time of sale, expenditures on the property amounted to $6,701,415 and the company recorded a $2,901,415 loss on the transaction.

3. Mineral Properties and Related Deferred Costs (continued)

Derkson Lake Property, Northern Mining District, Saskatchewan

Prior to November 30, 1994, the company acquired a 33.3% interest by staking the property with participating parties. This property was abandoned during the year ended November 30, 1995.

4. Investments

2,666,666	common shares of Breckenridge Resources Ltd. (quoted market value - $480,000)	$ 400,000
	Advance to Breckenridge Resources Ltd.	68,111
630,000	common shares of Consolidated Ramrod Gold Corporation (quoted market value - $1,102,500) (note 3)	2,268,000
		$ 2,736,111

On October 18, 1995, the company entered into a private placement agreement with Breckenridge Resources Ltd. (Breckenridge) and acquired 2,666,666 units at a price of $0.15 per unit, amounting to approximately 18%. Each unit consists of one common share and one non-transferable share purchase warrant. One warrant entitles the company to purchase one additional share of Breckenridge for a period of two years at $0.15 per share for the first year and $0.18 per share for the second year. The shares are subject to a hold period and may not be traded until October 18, 1996. The warrants were exercised in December 1995 to increase the company's ownership to 4,000,000 common shares, or approximately 25% interest.

As part of the private placement, the company was also granted a right of first refusal to provide further financing to Breckenridge.

Breckenridge has one director, two shareholders and four officers in common with the company.

5. Share Capital

	1995		1994	
	Number of shares	Amount	Number of shares	Amount
Balance - beginning of year	22,966,019	$ 9,624,963	17,789,353	$ 5,979,763
Shares issued during the year -				
Private placements			4,416,666	3,432,400
Stock options of directors and employees	665,000	186,200	760,000	212,800
Mineral properties (note 3)	450,000	280,000		
Balance - end of year	24,081,019	$ 10,091,163	22,966,019	$ 9,624,963

(a) Pursuant to the option agreement for the Ladner Creek Property, the company issued 125,000 common shares at a price of $0.96 per share in January and an additional 125,000 common shares at a price of $0.48 per share on October 31, 1995.

(b) During the year and pursuant to the option agreement for the Warburton Bay Property dated September 28, 1995, the company issued 200,000 common shares at a price of $0.50 per share. Trading of the shares is restricted for a period of one year.

(c) During the year ended November 30, 1993, stock options were granted to directors and employees to purchase up to 1,450,000 common shares at $0.28 per share exercisable by May 27, 1995. As at November 30, 1995, options were exercised to purchase 1,425,000 shares at $0.28 per share. The remaining 25,000 options expired during the year.

(d) In October 1995, stock options were granted to directors and employees to purchase up to 1,150,000 common shares at $0.55 per share exercisable by October 5, 2000. As at November 30, 1995, all of these options remain outstanding.

(e) During the year and pursuant to the option agreement for the Ladner Creek Property dated November 25, 1994 and amended October 31, 1995, the company issued warrants to allow the vendor to acquire up to 1,000,000 common shares of the company at an exercise price of $0.70 per share. The warrants expire on June 30, 1997.

(f) During 1994, the company negotiated a non-brokered private placement of 3,406,666 common shares at a price of $0.78 per share. A finder's fee of 204,400 common shares was paid pursuant to this transaction.

(g) During 1994, the company negotiated a non-brokered private placement of 760,000 common shares at a price of $1.02 per share. A finder's fee of 45,600 shares was paid pursuant to this transaction.

6. Related Party Transactions

(a) Consulting fees totalling $130,050 (1994 - $82,142) have been paid or are payable to two directors of the company for professional and technical services during the year. An amount of $nil (1994 - $10,021) is unpaid at the year end and is included in accounts payable and accrued liabilities.

(b) Consulting fees totalling $42,975 (1994 - $55,239) have been paid or are payable to three officers of the company for technical and administrative services during the year ended November 30, 1994. An amount of $8,500 (1994 - $4,920) is unpaid at the year end and is included in accounts payable and accrued liabilities.

(c) Other related party transactions are disclosed elsewhere in these financial statements.

7. Income Taxes

The sale of the Nicholas Lake and Damoti Lake properties during the year ended November 30, 1995 resulted in income for tax purposes and the company utilized previously unrecognized deferred tax debits in the form of available Cumulative Canadian Development Expenditure and Cumulative Canadian Exploration Expenditure pools and approximately $2,000,000 of loss carryforwards to reduce taxable income to $nil. Canadian Exploration Expenditures totalling approximately $3,400,000 are available to the company to reduce future taxable income.

8. Provision for Closure Costs

Closure, shutdown and site restoration costs are not determinable at this time, and accordingly, no provision has been made in the company's accounts.

ATHABASKA GOLD RESOURCES LTD.

QUARTERLY REPORT - SUPPLEMENTARY INFORMATION - Form 61 - Schedule B:

Schedule B: 1 **RELATED PARTY TRANSACTIONS FOR THE YEAR ENDED NOVEMBER 30, 1995**

A) Consulting fees totalling $130,050 have been paid or are partially payable to 2(two) directors of the Company for professional and technical geological services for the year.

B) Consulting fees totalling $ 42,975 have been paid or are partially payable to 3 (three) officers of the Company for technical, administrative and investor relations services for the year.

Schedule B: 2(a) **SUMMARY OF SECURITIES ISSUED DURING THE QUARTER ENDED NOVEMBER 30, 1995**

Date of Issue	Type of Security	Type of Issue	Number or Amount	Price	Total Proceeds	Type of Consideration	Commission Paid	
10/25/95	Common	Property Purchase	200,000	$0.50	$100,000	Property	NIL	11/30/95
	Common	Property Purchase	125,000	$0.48	$ 60,000	Property	NIL	

Schedule B:2(b) **SUMMARY OF OPTIONS/WARRANTS GRANTED DURING THE QUARTER ENDED NOVEMBER 30, 1995**

Date of Grant	Type of Issue	Number	Name	Exercise Price	Expiry Date
10/05/95	Option	400,000	James S. Kermeen	$0.55	10/05/00
10/05/95	Option	250,000	Edward G. Kennedy	$0.55	10/05/00
10/05/95	Option	250,000	Thomas J. Adamson	$0.55	10/05/00
10/05/95	Option	150,000	Stephen C. Jackson	$0.55	10/05/00
10/05/95	Option	50,000	N. Ross Wilmot	$0.55	10/05/00
10/05/95	Option	50,000	K. Cheryl Kermeen	$0.55	10/05/00

Schedule B: 3(a) **AUTHORIZED AND ISSUED SHARE CAPITAL AS AT NOVEMBER 30, 1995**

Class	Par Value	Authorized Number	Issued Number	Amount
Common	NPV	50,000,000	24,081,018	10,297,107.14

Schedule B: 3(b) **SUMMARY OF OPTIONS, WARRANTS AND CONVERTIBLE SECURITIES OUTSTANDING AS AT NOVEMBER 30, 1995**

Number	Security	Exercise Price	Expiry Date
1,000,000	Warrants	$0.70	06/30/97
1,150,000	Options	$0.55	10/05/00

Schedule B: 3(c) **TOTAL NO. OF SHARES IN ESCROW/POOLED AS AT NOVEMBER 30, 1995**

NIL

Schedule B: 3(d) **LIST OF DIRECTORS AS AT NOVEMBER 30, 1995**

James S. Kermeen, President
Edward G. Kennedy, Director
Thomas J. Adamson, Vice President

ATHABASKA GOLD RESOURCES LTD.
PRESIDENT'S REPORT TO SHAREHOLDERS
QUARTER ENDING NOVEMBER 30, 1995

During the quarter ending November 30, 1995, several material transactions were completed.

An agreement closed October 27, 1995 completed the sale of the Nicholas Lake Project to Royal Oak Mines Inc., the main considerations being $3.8 million in cash, an option to purchase or place 2.5 million Athabaska shares held by Royal Oak at 0.70 per share and cancellation of the financing agreement between the Company and Royal Oak.

In a separate agreement closed on October 6, 1995, the Company's 24% interest in the Damoti Lake project was sold to Consolidated Ramrod Gold Corporation for 630,000 shares of that company. These shares, which had a market value of $2.3 million at the time of closure, are restricted from trading by British Columbia law until October 5, 1996. At that time, the shares are expected to represent a significant liquid asset for the Company.

The cash received from the Nicholas Lake sale and the removal of financial obligations on the Damoti Lake Project has enabled the company to proceed with several other projects which offer great promise for short and long term benefit to shareholders.

Ladner Creek Project (Option to acquire 100%)

During, and subsequent to the quarter, the Company has recently completed a successful C$2.1 million program of underground and surface diamond drilling and metallurgical testing. Feasibility studies to date indicate that a decision to re-open is probable in the near future for an operation to yield in excess of 50,000 ounces of gold per year at a cash cost of about US$245 per ounce corresponding to an operating profit of C$9 million per year at US$380 gold. The current reserve in the mine will feed the mill for three years and the nature of the mineralization is such that new reserves will be defined to prolong the operation indefinitely. Capital costs to recondition and reopen the mill and mine are estimated to be only in the order of C$7 to 10 million. Existing permits are expected to be reinstated without the environmental review process normally required for new mines.

The immediate focus of the Company is further ore definition drilling and completion of the feasibility study to re-open the mine.

March 8, 1996

Alliger Lake West Project, Labrador: (25%)

During the quarter, a ground geophysical survey defined a strong electromagnetic/magnetic anomaly believed to be caused by potentially ore-bearing sulphide mineralization. Measuring 150 metres and 800 metres, this anomaly could well represent an economically significant basemetal deposit. Diamond drilling to test it will commence in mid March.

Warburton Bay Project: (Option to acquire 75%)

In September 1995, the Company acquired the right to earn a 75% interest in a 170,000 acre tract located northeast of Yellowknife, Northwest Territories, and central to the overall NWT diamond exploration play. It was not explored during the initial exploration wave due to the previous owner's lack of funds. It lies southwest of the planned mine developments by Diamet/BHP and Kennecott/Aber and is on an east west trend connecting diamondiferous pipes held by Ashton (Cross Lake), Winspear and Mountain Province (No. 5034 pipe). A recent airborne geophysical survey identified 33 targets typical of kimberlite pipes, the host rock for diamonds. The Company has carried out ground geophysical surveys and till sampling on 12 of these as well as regional till sampling. G9 and G10 garnets and other favourable indicator minerals have been identified. Drilling of selected targets is planned.

Breckenridge Resources Ltd. (BKD-VSE)

The Company recently acquired a 25% position through a private placement into **Breckenridge Resources Ltd**. Upon exercise of warrants, the Company will hold 30% and has a right of first refusal on future financing.

Breckenridge holds a placer lease in Costa Rica which will be placed into production upon receipt of a mining permit. A proven reserve has been established which will support an operation yielding a cash flow of C$1.5 million per year for four years; the capital cost of placing it in production will be C$1.5 million. There is also a very large probable reserve on the concession which bodes well for increased production rate and prolonged life of the operation.

Breckenridge has also signed an Agreement in Principle with a Chinese consortium to jointly develop a rich silver-base metal deposit in China (Xiacun Deposit). The agreement grants **Breckenridge** the right to earn a 67% interest. A prefeasibility study by an independent engineering company indicates the deposit will support a robust 1500 tonne per day mine and mill for a minimum fifteen year life. Operating profits in the early years of operation exceed US$40 million per year indicating a very rapid payback of total capital cost estimated at US$86 million. Pretax DCFROR is 37%; the tax regime is still under negotiation but it is expected that the first two years will be income tax free and the rate will be 16.5% for 3 to 5 years thereafter. Negotiation of a final joint venture agreement is continuing. Upon satisfactory completion and approval of the joint venture agreement, **Breckenridge** will proceed with a two stage program to advance the project to final feasibility at an estimated cost of US$5 million.

BOARD CHANGES

Upon signing of the agreement to sell Nicholas Lake, the two Royal Oak appointees to the Athabaska Board, Mr. Ross Burns and Mr. Brian Abraham, resigned.

Subsequently, Mr. Ian Burgess was appointed to the Board and has also been retained as a financial advisor. Mr. Burgess spent seventeen years with Barclay's Bank chiefly involved with mine financing. His extensive financial experience will balance the technical expertise of the other Board members.

Respectfully submitted on behalf of the Board,

J. S. Kermeen, M.Sc., P.Eng., President

March 8, 1996