

President's Report to the Shareholders

To the Shareholders:

The past year has seen significant development of the Company.

Continued exploration on the Lookout property at Cranbrook, B.C. has resulted in a significant gold discovery. The three discovery trenches along a strike length of about 150m returned the following results:

Trench	Width (ft)	Gold (oz/ton)
31+00N	66	0.035
32+00N	98	0.045
32+30N	85	0.132

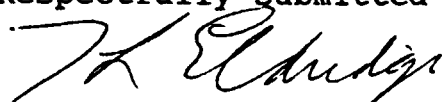
Additional trenching and soil geochemistry surveys have been carried out with results expected in the near future.

On the MGM massive sulphide property, the Company reached an agreement with Teck Exploration Ltd. whereby Teck may earn a 60% interest in the MGM property by making cash payments of \$250,000 and work expenditures of \$1,500,000 over 4 years. Upon earn in, the Company will have a 20% participating interest in the property. Teck carried out mapping, geophysical and soil geochemistry surveys on the property and based on encouraging results are currently carrying out a 4 hole drill program on the property.

The agreement with Cominco Exploration has been finalized. The Company has the right to earn a 50% interest in the Dodge claims from Cominco by expending \$500,000 on exploration over 4 years. Cominco retains a back in right to earn a 51% interest in the Dodge claims for a period of 10 years by funding property exploration equal to 1.5 times the amount the Company expends in excess of \$500,000. At any time during the 10 years Cominco has the right to decline to exercise its back in right and may elect to receive a 3% NSR royalty. The Dodge claims adjoin the Company's 100% owned Sullivan Two property.

With exposure to gold on the Lookout property and base metals on the MGM and Sullivan Two properties, the Company is well placed for any upturn in the economy in the next year. 1992 should be an exciting time for the Company.

Respectfully Submitted



Terry L. Eldridge
President, White Knight Resources Ltd.

LOOKOUT GOLD

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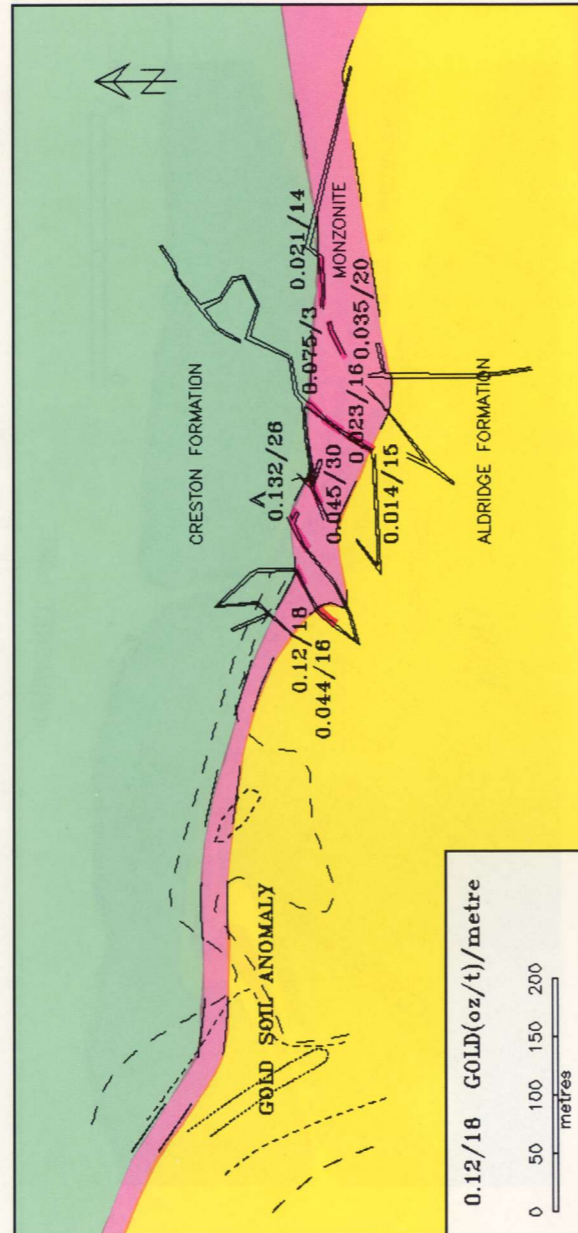
TRANSFER AGENT: Pacific Corporate Trust
Vancouver, B.C.

STOCK EXCHANGE: Vancouver Stock Exchange
Trading Symbol "WKR"
Standard & Poors

SHARES ISSUED: 5,242,790

US S.E.C. 12g3-2(b): #82-2850

BROKER CONTACT:



The **LOOKOUT** gold property is located about 12 kilometres southwest of Cranbrook, B.C. White Knight has the right to earn a 50% interest in the property from Goldpac Investments Ltd.

LOOKOUT displays marked geologic similarities to the **Beartrack** deposit at Salmon, Idaho and the **Miller Mountain** deposit east of Helena, Montana, both being prepared for production.

On **LOOKOUT**, gold is hosted within and adjacent to a highly altered and quartz stockworked quartz monzonite dyke of late Cretaceous to early Tertiary age. The dyke is intruded into the Cranbrook fault from the Kiakho stock located east of the property.

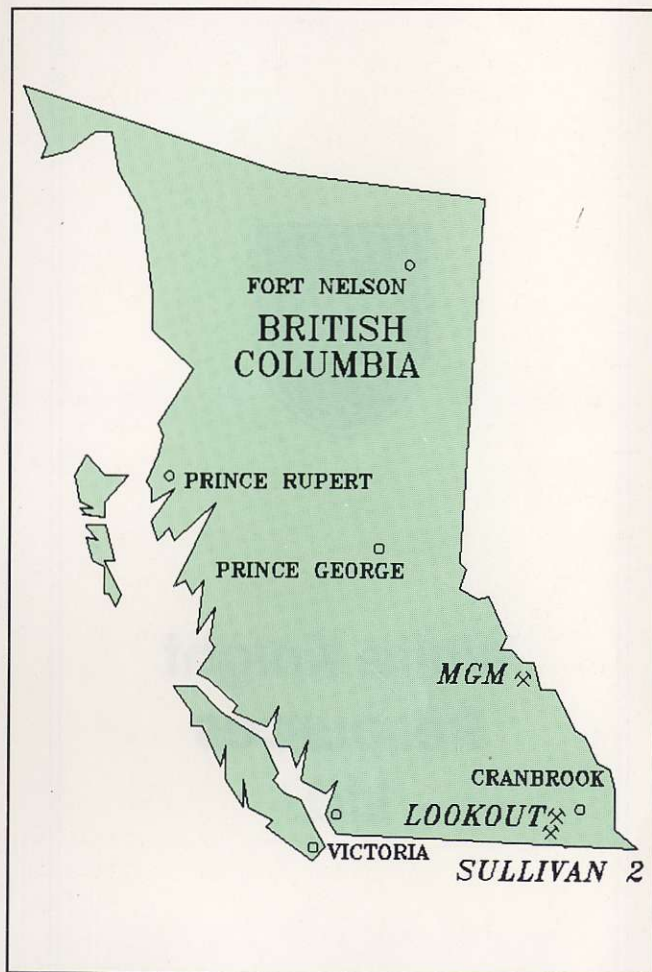
Work to date includes soil geochemistry surveys and trenching. Gold mineralization, traced by prospecting, soil geochemistry and trenching extends over a strike length of **800 metres** and is open to the west. Trenching along the structure has returned values of up to **0.132 oz/ton gold across 26 metres** in the intrusive and **0.044 oz/ton gold across 16 metres** in altered Aldridge sediment.

Based on the geologic similarities to known gold deposits in the terrane and the increasing width and intensity of gold mineralization to the west of the existing trenches, Company geologists believe that a gold resource of **1,000,000 ounces** may be outlined on the property.



**White Knight
Resources
Ltd.**

OVERVIEW



White Knight has acquired a portfolio of impressive mineral properties since its incorporation in 1986 including the **MGM** shale hosted massive sulphide deposit, the **LOOKOUT** gold porphyry deposit and the **SULLIVAN TWO** massive sulphide property.

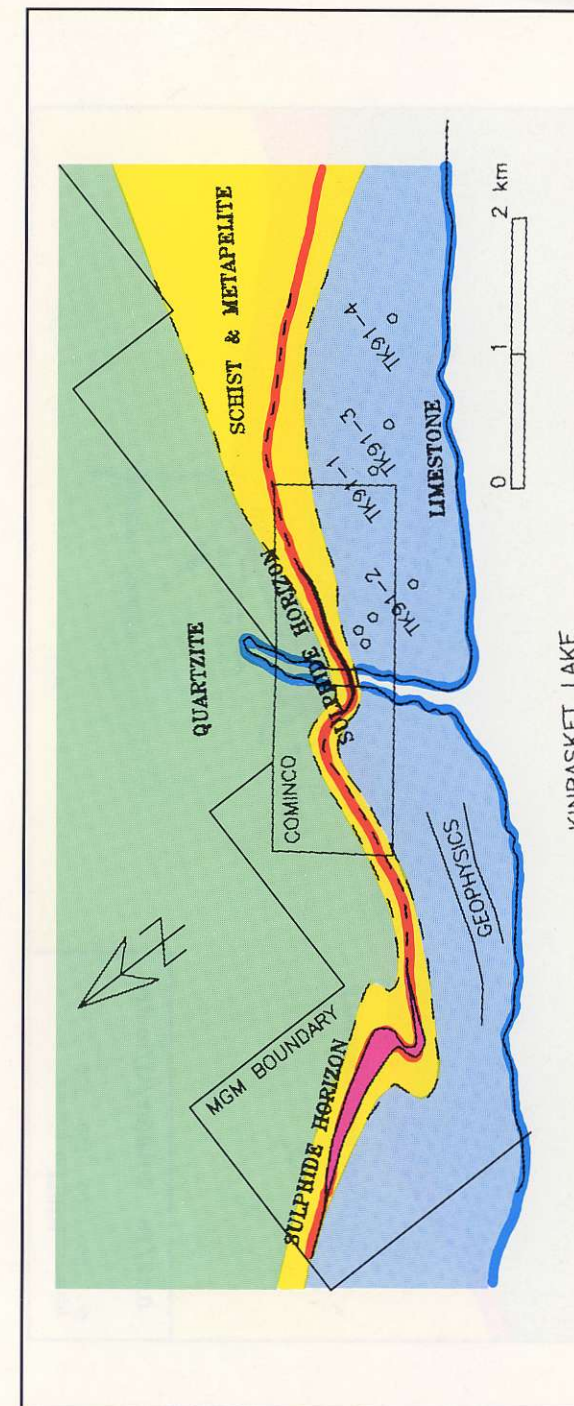
Initial targeting and exploration is based on three guidelines: targets must provide attractive investment return, must diversify the Company's mineral inventory and must be in areas with existing infrastructure.

The Company's two recent major mineral discoveries, the **MGM** massive sulphide deposit and the **LOOKOUT** gold porphyry deposit, meet these criteria and will have a significant impact on the Company.

On the **MGM** property, Company geologists see marked similarities with the Anvil and Rammelsberg mines and believe that a deposit in excess of **60,000,000 tons** grading up to 12 to 15 percent combined lead and zinc may be defined.

On the **LOOKOUT** property, Company geologists believe a resource of **1,000,000 ounces** of gold may be outlined in the areas of current exploration.

Management's goal remains to maximize shareholder return by participation in significant mineral discoveries and with exploration programs continuing on both the **MGM** and the **LOOKOUT** the Company is poised for success.



The **MGM** shale hosted massive sulphide deposit is located about 110 km north of Golden, B.C. White Knight has the right to earn a 50% interest in the property and has granted **Teck Exploration Ltd.** the right to earn 60% of its interest for incurring \$1,500,000 of property expenditures and making property payments.

Cominco owns the 12 claim unit Bend property that protects the Canyon massive sulphide showing on the Cummins River. The **MGM** property covers the north and south strike extensions and the dip extent of the mineralized horizon.

The property is underlain by Lower to Middle Cambrian shales, carbonates and quartzites of the Gog Group. Stratiform zinc-lead-silver-gold-barite mineralization occurs at a regional "shale-out". The age and style of mineralization has marked similarities to the deposits of the Anvil Camp in the Yukon.

Exploration work by **Cominco**, **Teck** and others has identified a significant massive sulphide horizon trending from the Canyon showing onto the **MGM** property both to the north and south.

Sulphide mineralization has been traced along a strike length in excess of **6 kilometres** and **massive sulphides up to 23 metres thick** have been intersected beneath the Canyon showing. Sulphide mineralization intersected by the 1991 **Teck** drilling graded up to **9.36% zinc, 4.22% lead and 1.91 oz/ton silver**. Hole TK91-03 encountered sulphide mineralization over a **75 metre interval**.

Exploration in 1992 will focus on a magnetic and electromagnetic geophysical response believed to be the expression of a higher grade core within the sulphide horizon to the north of the Canyon showing. To the south, electromagnetic surveying will precede further drilling.

3. MINERAL PROPERTIES (CONT'D)

- \$125,000 on or before February 23, 1993
- \$330,000 on or before February 23, 1995
(provided the Option Agreement described below is exercised)

The issue of shares of the company's capital stock as follows:

- 50,000 shares (issued at a deemed price of \$0.57 per share) 28,500
- 50,000 shares on or before February 23, 1991 (subsequently issued)
- 50,000 shares on or before February 23, 1992
- 50,000 shares on or before February 23, 1993
- 50,000 shares upon the commencement of commercial production.

By a third party Option Agreement dated April 12, 1991, the company reduced its interest in the above mineral claims from a 50% interest (subject to a 1.5% net smelter returns royalty) to a 20% interest, for consideration of:

Cash payments to be received as follows:

- \$5,000 on execution of Agreement (received) (5,000)
- \$10,000 on or before April 12, 1992
- \$25,000 on or before April 12, 1993
- \$35,000 on or before April 12, 1994
- \$50,000 on or before April 12, 1995

and a commitment by the optionee to incur exploration expenditures on the property of:

- \$200,000 on or before April 12, 1992
- \$250,000 on or before April 12, 1993
- \$350,000 on or before April 12, 1994
- \$700,000 on or before April 12, 1995

Deferred exploration and development costs incurred to date by the company on the MGM Property

11,277
65,277

c. Lookout Property, Fort Steele Mining Division, British Columbia

By an Assignment Agreement dated January 8, 1990 (as amended February 20, 1990 and April 5, 1990) the company may earn a 50% interest in a zone above 150 metres above sea level (first option) and a 40% interest in a zone

3. MINERAL PROPERTIES (CONT'D)

below 150 metres above sea level (subject to a 2.5% net smelter returns royalty) in sixteen (16) mineral claims and two (2) crown granted mineral claims, for consideration of:

Cash payments payable as follows:

- \$30,000 (paid)	30,000
- \$35,000 on or before April 5, 1991 (paid)	35,000
- \$75,000 on or before April 5, 1992	
- \$150,000 on or before April 5, 1993	
- \$600,000 on or before April 5, 1994	

The issue of 100,000 shares of the company's capital stock (issued at a deemed price of \$0.40 per share)	40,000
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A commitment to incur exploration expenditures on the property as follows:

<u>On or before</u>	<u>1st Option</u>	<u>2nd Option</u>
April 5, 1991	\$100,000 (completed)	\$ -
April 5, 1992	\$150,000 (completed)	\$ 350,000 (completed)
April 5, 1993	\$250,000	\$ 650,000
April 5, 1994	\$500,000	\$1,000,000

The company has staked an additional eleven (11) mineral claims adjacent to the optioned area.

Staking costs	972
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Deferred exploration and development costs incurred to date by the company on the Lookout Property

<u>676,723</u>
<u>782,695</u>
<u>\$ 953,062</u>

4. PRIVATE PLACEMENT ADVANCES

By Private Placement Agreements with six (6) placees, the company subsequently issued 300,000 shares at a price of \$0.33 per share with share purchase warrants to acquire an additional 300,000 shares exercisable at a price of \$0.33 per share within one year. A finder's fee is payable regarding one (1) of the placees totaling 9,000 shares of the company's capital stock.

The company has received advances on this Placement for the total subscriptions of \$99,000.