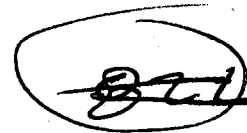


475
82E / 4W

680242



GEOLOGICAL REPORT
ON THE
ADREANA, DAN & SLO TUNGSTEN CLAIM GROUPS

OSOYOOS MINING DIVISION
BRITISH COLUMBIA

Latitude 49°7' North Longitude 119°50' West

For
BLACK GIANT MINES LTD.

10
11
12

by

Edward O. Chisholm, P.Eng.

Vancouver, B. C.

October 31, 1978

8-3039

ITEM 17 - BRIEF PARTICULARS OF ALL OPTIONS TO PURCHASE SECURITIES OF THE ISSUER UNLESS OTHERWISE DISCLOSED HEREIN

There are no options to purchase securities of the Issuer.

ITEM 18 - THE DATES OF AND PARTIES TO AND THE GENERAL NATURE OF EVERY MATERIAL CONTRACT ENTERED INTO BY THE ISSUER OR ANY SUBSIDIARY WITHIN THE PRECEDING TWO YEARS WHICH IS STILL IN EFFECT AND NOT PREVIOUSLY DISCLOSED HEREIN

There are no other material contracts entered into by the Issuer within the preceding two years which have not been disclosed in this Statement of Material Facts.

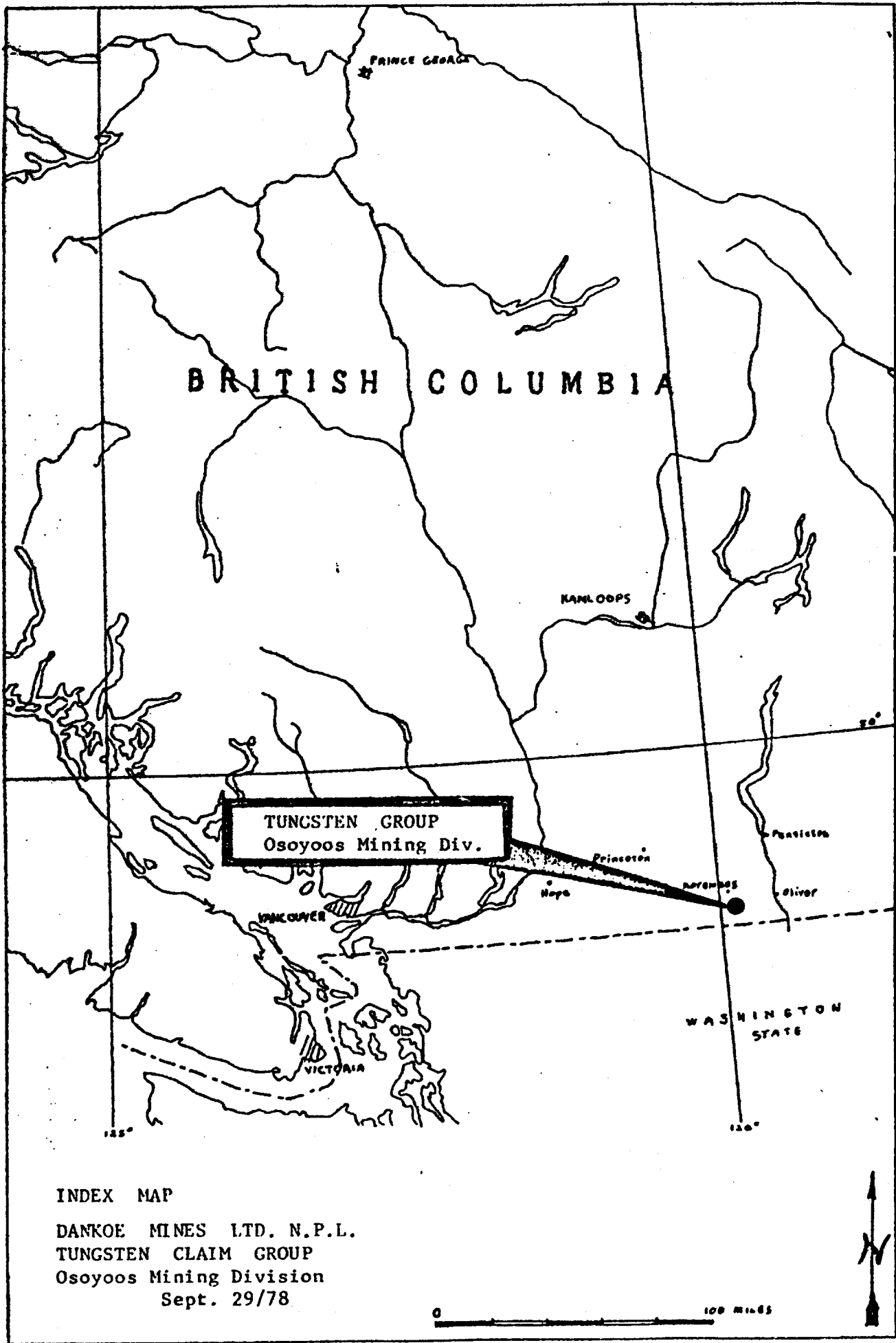
Material contracts of the Issuer may be inspected at the Records Office at Suite 2002, 1177 West Hastings Street, Vancouver, B.C. during normal business hours during primary distribution of the securities offered hereby and for thirty (30) days after completion of primary distribution.

ITEM 19 - PARTICULARS OF ANY OTHER MATERIAL FACTS RELATING TO THE SECURITIES BEING OFFERED AND NOT DISCLOSED UNDER ANY OTHER ITEM

There are no material facts relating to the securities being offered which have not been disclosed under any other item of this Statement of Material Facts.

TABLE OF CONTENTS

	<u>Page No.</u>
SUMMARY	1
INTRODUCTION	2
PROPERTY	3
LOCATION & ACCESS	4
TOPOGRAPHY & CLIMATE	5
HISTORY	6
REGIONAL GEOLOGY	7
LOCAL GEOLOGY	8
CONCLUSIONS	12
RECOMMENDATIONS	13
REFERENCES	14
CERTIFICATE	15



INDEX MAP

DANKOE MINES LTD. N.P.L.
TUNGSTEN CLAIM GROUP
Osoyoos Mining Division
Sept. 29/78

0 100 Miles

SUMMARY

The Black Giant Mines tungsten prospect comprising 100 units under option from Dankoe Mines Ltd. is located 15 miles southwest of Keremeous, British Columbia in the Osoyoos Mining Division at elevation of some 6000 ft A.S.L.

Tungsten mineralization in the form of scheelite is found over several hundred feet across vertical dipping metasedimentary bands of silicified argillite and other host rocks. It occurs in a 50 foot deep fault gully near the contact of a 200 foot wide granodiorite dike.

Preliminary sampling on one location by Dankoe engineers assayed 0.61% WO_3 over a width of eight feet and float material nearly assayed over 2% WO_3 . Ore grade concentration could be present. Tungsten mineralization is also widely distributed throughout the host rocks in the discovery area in low grade quantities.

The occurrence has the appearance of a typical contact metamorphic deposit that is favorable for an open pit type of tungsten deposit. It is reasonably accessible from nearby logging roads and year round operations could be carried out.

The discovery is classified as a new discovery that was found by conventional prospecting early this year, and little is yet known of its full extent. The claim covers an area of over 10 square miles and mapping and prospecting in conjunction with detailed exploration, including diamond drilling of the mineral sampling is recommended at an estimated cost of \$100,000.00.

CLAIMS MAP

DANKOE MINES LTD., N.P.L.

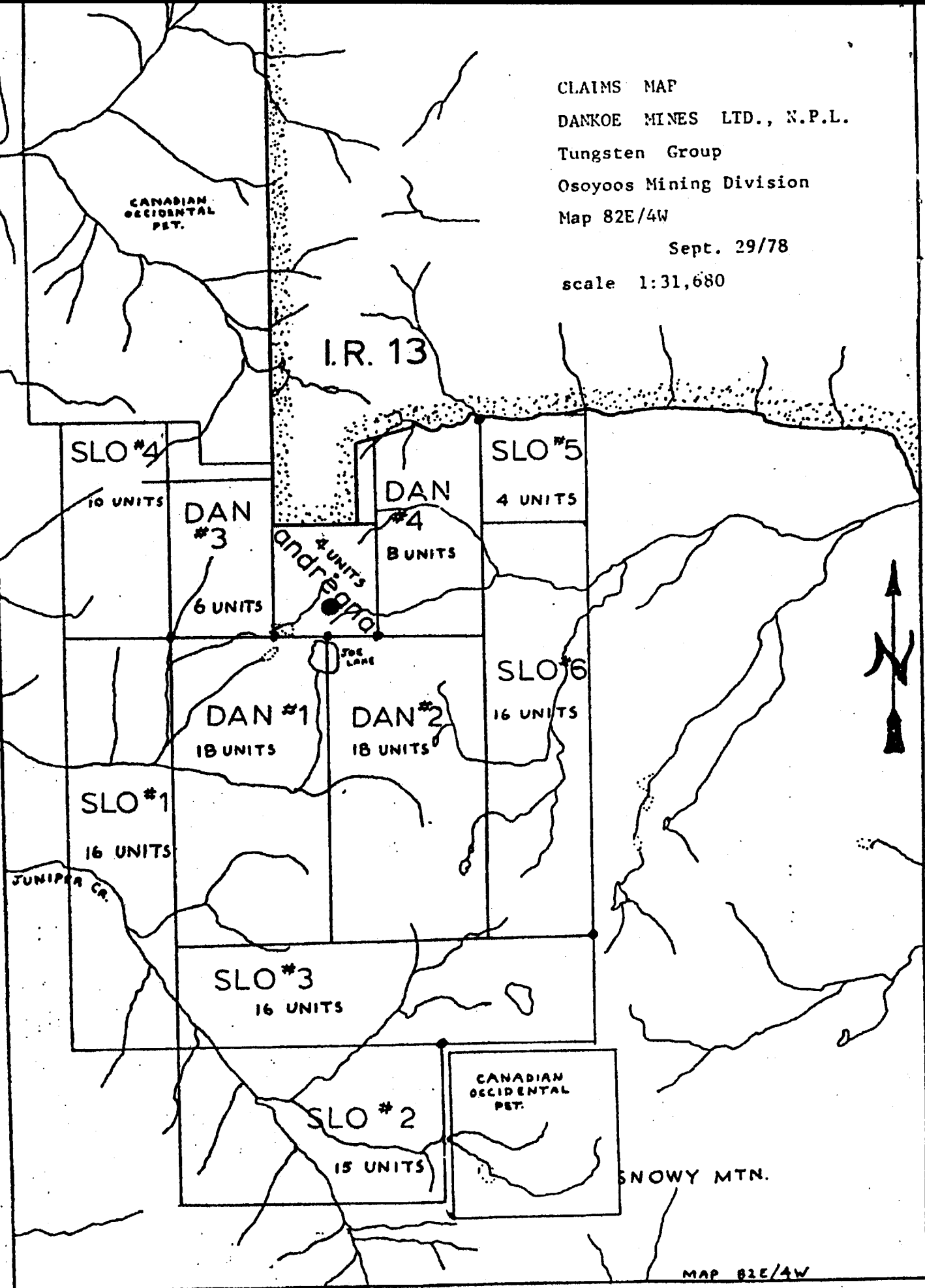
Tungsten Group

Osoyoos Mining Division

Map 82E/4W

Sept. 29/78

scale 1:31,680



CANADIAN
OCCIDENTAL
PET.

I.R. 13

SLO #4

10 UNITS

DAN
#3

6 UNITS

DAN
#4

8 UNITS

SLO #5

4 UNITS

andregga
4 UNITS

FOE LAKE

SLO #6

16 UNITS

DAN #1

18 UNITS

DAN #2

18 UNITS

SLO #1

16 UNITS

JUNIPER CR.

SLO #3

16 UNITS

SLO #2

15 UNITS

CANADIAN
OCCIDENTAL
PET.

SNOWY MTN.

MAP 82E/4W

INTRODUCTION

The data on this report is compiled from personal examination of the discovery showings on October 25, 1978 accompanied by Mr. Peter Folk, resident geologist of Dankoe Mines at Keremeous; and data supplied by H. D. Forman, P.Eng., Consulting Engineer for the company who prepared a preliminary report on the property on October 13, 1978; and published government reports on the area. Check samples were taken by the writer in two typical mineralized zones sampled by Mr. Forman and independently assayed. Results are similar. The report was requested by Black Giant Mines Ltd., Vancouver, B. C.

An inspection was made of two sets of posts on the Adriana Claim block and they were found to be staked according to B. C. Mining Regulations. Any legal aspects regarding the property itself is beyond the scope of this report.

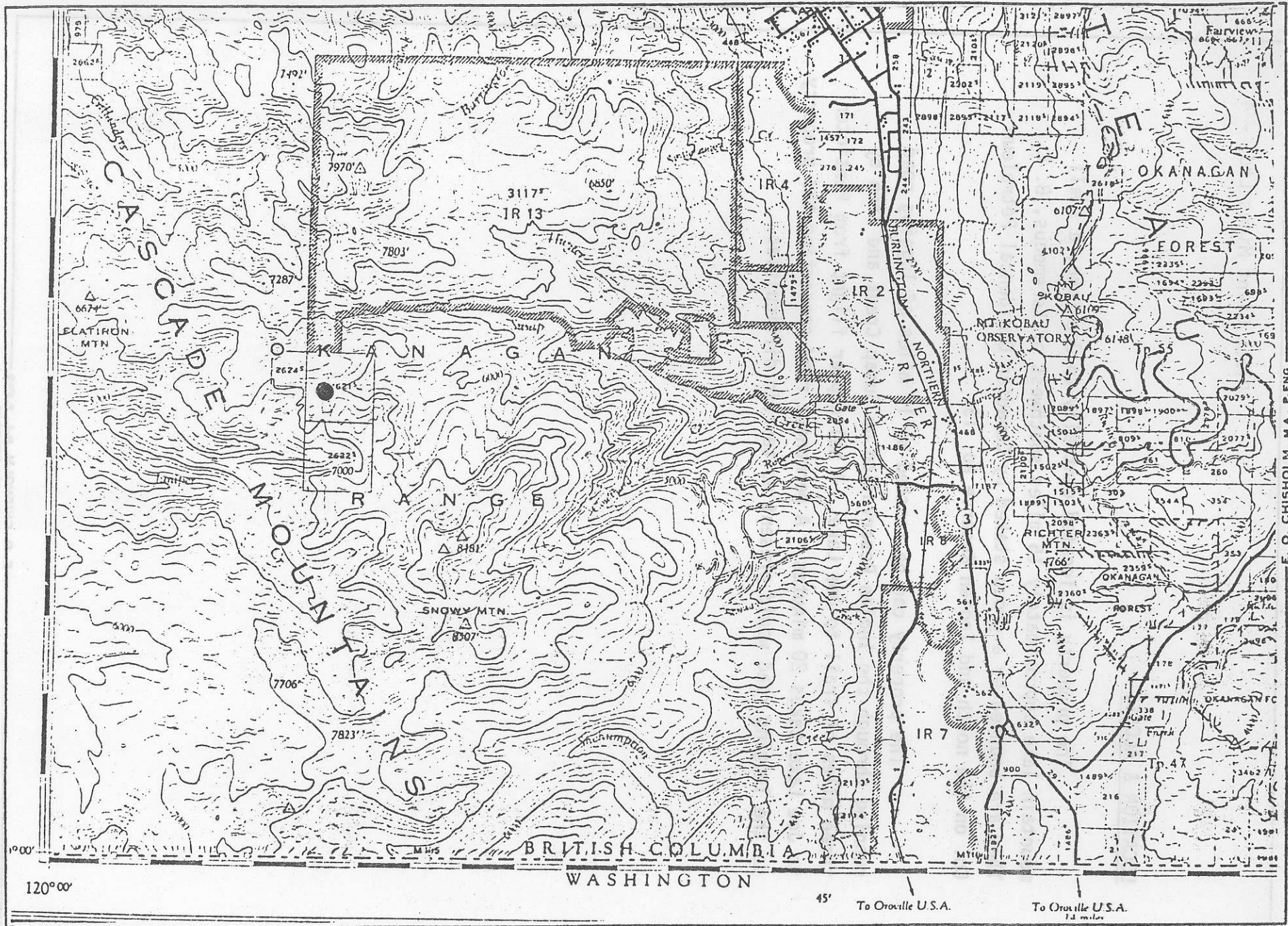
PROPERTY

The property is comprised of 100 claims as follows:

<u>Claim Name</u>	<u>No. of Units</u>
Andreana	4 units
Dan 1	18 "
Dan 2	18 "
Dan 3	6 "
Dan 4	8 "
Slo 1	16 "
Slo 4	10 "
Slo 5	4 "
Slo 6	16 "

The Andreana claims which are the discovery group, were located on September 3, 1978 by Mr. Ronald Schneider, prospector of Keremeous, B. C. who made the original discovery. These claims were purchased by Dankoe Mines. The Dan claim was later located by Schneider also on behalf of Dankoe Mines aided by Peter Folk, P.Eng. of Dankoe Mines. The Slo claims were later staked by Schneider for Slocan Development Ltd. and purchased by Dankoe Mines.

The attached staking map shows the claim location and adjacent properties.



E. O. CHISHOLM, M.A., P. ENG.
 CONSULTING ENGINEER

LOCATION & ACCESS

The property is located centrally to Joe Lake, a small mountain lake approximately 15 miles southwest of Keremeous, B. C. They are bounded by a group staked by Canadian Occidental Petroleum Co. on the north and Indian Reserve No. 13.

The property can be reached by 15 miles of logging road running through the Indian Reservation up Susap Creek and then by three miles of trail to Joe Lake. A helicopter flight from Penticton to Joe Lake takes 20 minutes. A permanent road connecting the property to the logging road would present no terrain difficulties.

TOPOGRAPHY & CLIMATE

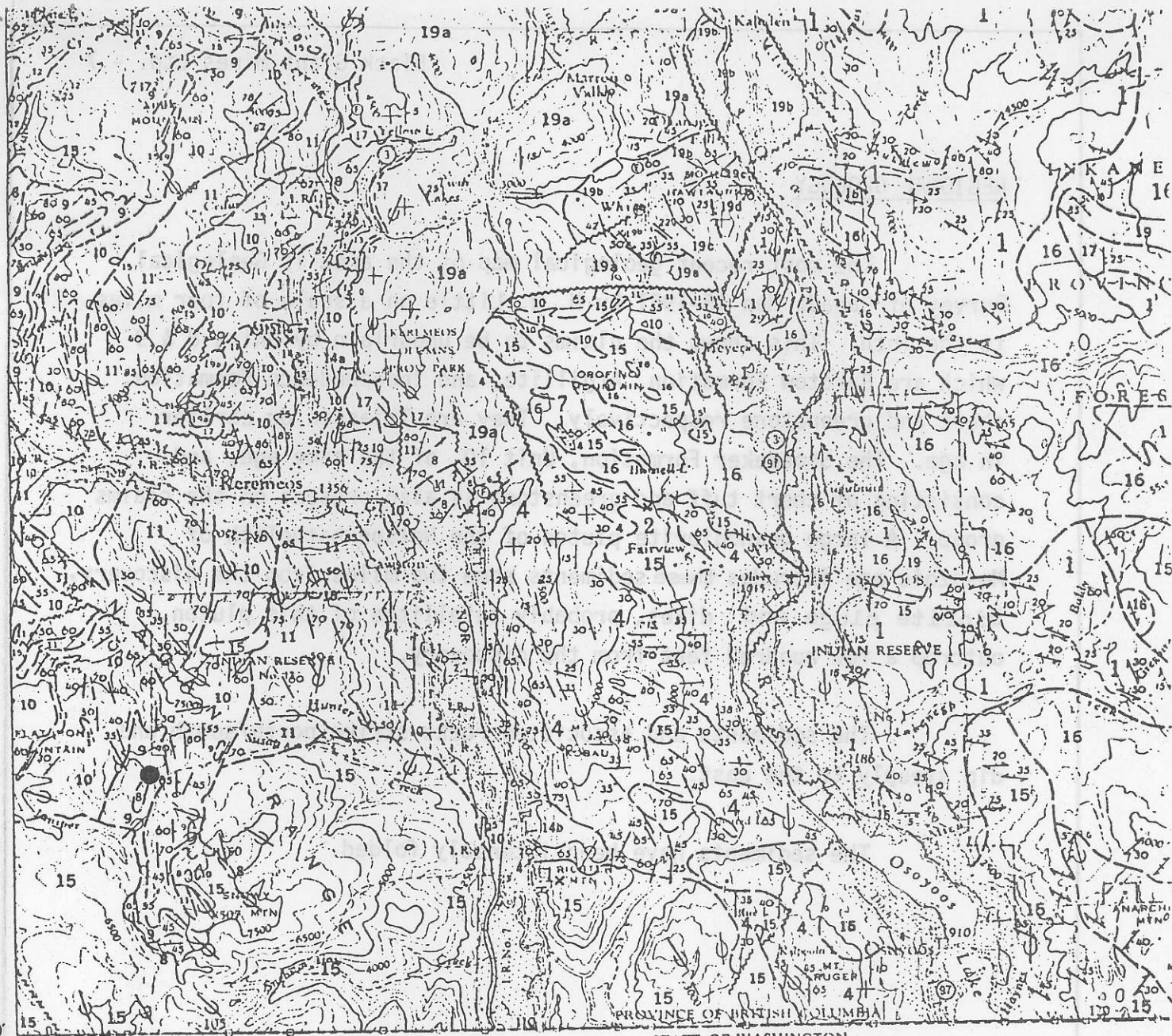
The variation in the topography on the group is between 5000 to 7500 feet above sea level. The terrain is rolling ranchland, for the most part, and has been rounded by glacial action. Bedrock is seldom more than a few feet from surface and outcrops are plentiful. Lower slopes are covered with sparse timber.

Climate is moderate and dry with light snowfall in the winter and year around operations are feasible. Labour and most facilities are readily available at nearby towns of Keremeos, Penticton and Osoyoos.

HISTORY

The discovery was made early this summer by Ronald Schneider, a local prospector working on a government prospecting grant. Tungsten was identified by Mr. Peter Folk, P.Eng. by an ultraviolet light while examining specimens from his findings. Mining in the area has been active since the turn of the century with the discovery of the Fairview gold camp. Dankoe Mines, formerly the Horne Silver Mine, is located approximately 15 miles away. It has been a producer of lead, silver and gold concentrate since 1967 and has a 400 ton concentrator.

Exploration for copper, molybdenum and tungsten has been carried out in the area by several major companies.

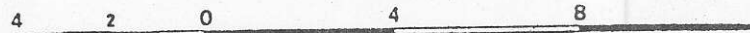


120°00' 49°00' 120°00' 45' 30' STATE OF WASHINGTON 30'

PUBLISHED, 1961
 COPIES OF THIS MAP MAY BE OBTAINED FROM THE
 DIRECTOR, GEOLOGICAL SURVEY OF CANADA, OTTAWA

MAP 15-1961
 (REVISION OF MAP 538A)
 GEOLOGY
KETTLE RIVER
 (WEST HALF)
BRITISH COLUMBIA

Scale: One Inch to Four Miles = $\frac{1}{253,440}$
 Miles



Approximate magnetic declination, 23° 00' East

Air photographs covering this area may be
 obtained through the National Air Photographic
 Library, Geological Survey, Ottawa

REGIONAL GEOLOGY

The most recent geological map of the area is Geological Survey of Canada Map 15-1961 by H. W. Little on a scale of four miles to the inch. This shows the claims to be underlain by Units 8 & 9 which are Barstow Formation, Argillite, and Independence Formation, chert and greenstone respectively. They are Triassic or earlier in age. The Shoemaker Formation, Unit 10, of the same age, and consisting of chert tuff and greenstone is also present on the claims group. A large granodiorite pluton of the Nelson batholith of Mesozoic age intrudes these sediments some two miles from the discovery. Diorite plugs and dikes, probably satellites of this pluton, outcrop a few hundred feet from the discovery.

The sediments and associated rocks strike north/south and dip steeply to the east.

The sediments have been intensely folded.

LOCAL GEOLOGY

H. D. Forman, P.Eng. in a report to Dankoe Mines dated October 13, 1978 describes the local geology in detail as follows:

"The known tungsten mineralization outcrops on the Andreana claims were bands of argillite and chert, believed to belong to the Shoemaker Formation ~~are~~ exposed. These rocks trend north south and appear to dip vertically. They are overlain to the east by volcanic flows, and covered by overburden to the west.

Southward a diorite plug appears to truncate the band but the actual contact is not exposed. Sporadic outcrops trace the band up the mountain slope to the north for over one thousand feet.

A sharp sided east west trending ravine cuts across the argillite and chert band just east of Joe Lake. This ravine is believed of fault origin and it is along the small bluffs on the north and south sides of this ravine that the mineralization is best exposed.

Scheelite occurs in narrow bands within the sediments, trending and dipping with the formation and these bands are widely separated by layers of argillite and chert nearly devoid of tungsten. It is impossible to tell in the band specimen which rocks contain the best mineralization and it was only through the use of a mineral lamp after dark that the marking of sections for sampling was accomplished.

The stratified rocks may originally have contained limey beds which have proved favourable for ore deposition, but if these existed they are now masked by intense silicification.

On the north side of the ravine, bluffs expose the argillite, chert band over the width of upward of 100 feet and an 84.3 feet on the east side was chip sampled. The south side of the ravine is largely covered by overburden; only one sample over an eight foot exposure was possible.

Some 300 feet to the south of the ravine on strike, diorite outcrops over a length of approximately 100 feet and a width of twenty to forty feet. The exposure is completely surrounded by overburden and nowhere could the actual contact be seen. The diorite is cut by numerous minute quartz stringers and the mineral light showed it contained low grade tungsten.

To the north the beds can be traced by occasional outcrops up the mountain side.

The majority of these outcrops showed minor scheelite under the mineral lamp and the best mineralization appears to favour areas with a high quartz content. A series of narrow steep dipping quartz veins tend to cross the formation in an east west direction. These pinch and swell on strike and appear to die out within a short distance. The second series of quartz veins trend and dip with the formation and these also seem to be discontinuous.

Three sets of jointing and a north south shear pattern were noted but do not appear to have had any effect upon the mineralization.

Only one sulphide, pyrite, was encountered and the usual mineral suite associated with scheelite deposits are absent.

Sampling

Sample numbers 3 to 12 were chipped from the bluffs on the north side of the ravine over a width of 84.3 feet.

Commencing on the west 0.8 feet of silicious argillite assayed 0.87% tungsten. Progressing eastward samples 4 and 5 over 17 feet of the same rock returned 0.02% tungsten. Then 0.8 feet assaying 0.63% tungsten followed by 21 feet of silicious argillite grading 0.03% tungsten. Then 9 feet of grey cherts assaying 0.01% tungsten. Samples 9 and 10 followed and these are in part from the same argillite band only cut at different elevations. Sample #9 showed 2.5 feet of 0.17% and sample #10 showed 4.5 feet of 0.08% tungsten. These two samples were estimated to be the best ore exposed on the north side when viewed under the mineral lamp. Eastward a 30 foot band of grey cherts assayed 0.07% tungsten and was followed by 0.7 feet of quartz assaying 0.17% tungsten.

On the south side sample #2 cut over 8 feet returned 0.61% tungsten and sample #1 across 8 feet of diorite returned 0.04% tungsten.

Sorties at night employing the mineral lamp showed many outcrops in the area to contain low grade tungsten mineralization. This work was hampered by grey black lichen which covers the rocks of many outcroppings and glows under the ultra violet lamp only slightly less brilliant than scheelite."

The writer examined the rocks in the discovery area and concurs in the description of the geological condition detailed by Mr. Forman and new chip samples were taken by the writer over samples No 2 and No. 10 on opposite sides of the ravine and the presence of scheelite was confirmed by ultra violet light in the samples. Assays are similar. The mineral content of the scheelite

was estimated to be in the same order of magnitude as Forman's samples.

In addition a piece of random float weighing several pounds was selected from the ravine floor and was examined by ultra violet light testing to contain 2% WO_3 . A similar sample taken from the same area by Dankoe Mine Ltd. reported 2.77% WO_3 .

The result of samples taken by H. D. Forman are detailed in Appendix No. 1.

The discovery zones exposed on both sides of an east west trending fault ravine, measures some 200 feet in width and 200 feet at least in length on either side of the 50 foot deep ravine. Beyond these dimensions it is covered by light overburden from one to two feet deep that could easily be stripped and sampled further. The zone itself is characterized by a rusty appearance in contrast to the fresher rock types. This is caused by pervasive pyritization in the metasediments. Advanced metamorphism has taken place in the original argillite sediments with widespread impregnation of silica. This has destroyed any original carbonite numbers that probably resulted in the original sedimentary lands and replaced then by silica. Irregular cherty veins and stringers occur and magnetite and sulphides have been introduced. Pyrite, pyrrhotite and very sparse molybdenite were noted.

The formation of abundant epidote alteration accompanying the scheelite, denotes advanced metamorphism of the original carbonite sediments and in a significant alteration mineral accompanying contact metamorphic scheelite deposits. One of the largest tungsten deposits in British Columbia at the Emerald Mine, Salmo, B. C. occurs in similar geological conditions to those described above.

CONCLUSIONS

A significant new tungsten find has been indicated in the preliminary prospecting and sampling carried out by Dankoe Mines Ltd. on their Joe Lake claims groups.

Scheelite mineralization is widespread in a contact metamorphic aureol in meta-sediments around a granodiorite intrusive stock. This is a classic example of conditions that have yielded a large percentage of the tungsten production of United States and Canada.

The widespread low grade scheelite mineralization together with substantial width up to 8 feet of ore tenor mineralization, and high grade float material, occurring in a geological favourable contact metamorphic zone, justifies detailed exploration of the deposit.

RECOMMENDATIONS

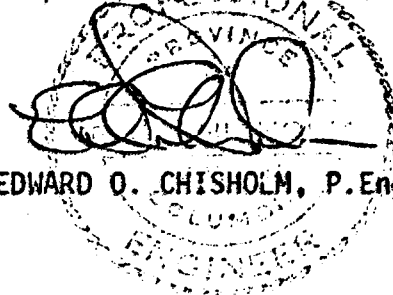
The contact zone being within 300 feet of the granodiorite intrusive should be carefully mapped, sampled and diamond drilled. The ultra violet mineral light should be used to guide the sampling. Pits or trenches should be blasted in enriched zones to aid the sampling.

At the same time a geological and prospecting crew should map the large claim groups working from a central line camp. Soil sampling should be carried out in a systematic manner in overburdened areas.

The cost of the program is estimated as followed:

Camp facilities	\$ 4,000
Geological Survey - (2 men, 1 month)	4,000
Prospecting & Soil Sampling	6,000
Rock Trenching	2,000
Supervision and Engineering	8,000
Assay & Supply	4,000
Travel & Head Office etc.	8,000
Diamond Drilling, 4000 ft. @ \$16/ft.	<u>64,000</u>
TOTAL EXPENDITURES	\$100,000

Respectfully submitted,



EDWARD O. CHISHOLM, P. Eng.

LIST OF REFERENCES

1. Forman, H. D., P.Eng., Private report on Tungsten Claim Group dated October 13, 1978.
2. Little, H. W., G.S.C. Map IS-1961 "Geology of Kettle River (West 1/2)"
3. Little, H. W., G.S.C. Bulletin Economic Geology Series No. 17. "Tungsten Deposits of Canada" 1959.
4. Peter Folk, P.Eng. and H. D. Forman, P.Eng., Dankoe Mines Ltd., Personal Communications.

C E R T I F I C A T E

I, Edward O. Chisholm of the City of Vancouver in the Province of British Columbia, hereby certify that:

- 1] I am a geologist with offices at 821 - 602 West Hastings Street, Vancouver, B.C.
- 2] I am a graduate of the University of Toronto, Ontario, Master of Arts, 1939.
- 3] I am a member of the Professional Engineers of Ontario and British Columbia.
- 4] I have no direct or indirect interest in either the property or securities of Black Giant Mines Ltd., or its affiliates, nor do I expect to receive any such interest.
- 5] This report is based on a personal knowledge of the area through past work, published government reports and a report by H.D. Forman, P.Eng. on the property.
- 6] A personal examination was made of the discovery zone on October 25, 1978.
- 7] I hereby consent to the use of this report by the company in connection with a prospectus, or a statement of material facts relating to the raising of funds for this project.

DATED at Vancouver, in the Province of British Columbia, this 31st day of October, 1978.




Edward O. Chisholm, P.Eng.

<u>Sample No.</u>	<u>Width</u>	<u>Tungsten Assay</u>	<u>Notes</u>
1	8'	0.04	Mineralized diorite #1 on section
2	8'	0.61 (0.70)	Near small tree south side of gully #2 on section
3	0.8'	0.87	North side of gully at gopher hole
4	9'	0.02	East of 3 along bluff
5	8'	0.02	East of 4 along bluff
6	0.8'	0.63	East of 5 along bluff, epidote rich quartz band
7	21'	0.03	East of 6 along bluff
8	9'	0.01	East of 7 along bluff
9	2.5'	0.17	East of 8 along bluff
10	4.5'	0.08 (0.25)	East of 9 along bluff
11	30'	0.07	East of 10 along bluff
12	0.7'	0.19	East of 11 quartz vein at east end

Above samples assayed at
 Chemex Labs Ltd.
 212 Brooksbank Avenue
 North Vancouver, B.C.
 V7J 2C1
 Telephone: 985-0648
 Certificate No. 34396
 Invoice No. 28193
 Analysed Sept. 21, 1978

Note: Samples in brackets were check samples taken by E.O.Chisholm P.Eng Oct.25th/78 and assayed at General Testing Laboratories 1001 E.Pender St. Vancouver B.C. V6A1W2.

A float sample taken in ravine below #2 assayed 2.65 % W03.


 E.O.Chisholm P.Eng.
 Vancouver B.C. Oct 31/78.

AUDITORS' REPORT

To the Shareholders of
Black Giant Mines Ltd. (N.P.L.)

We have examined the balance sheet of Black Giant Mines Ltd. (N.P.L.) as at December 31, 1977 and the statements of exploration, development, administrative expenditures and deficit and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company as at December 31, 1977 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



Thorne Riddell 

Vancouver, B.C.
February 22, 1978

Chartered Accountants

BLACK GIANT MINES LTD. (N.P.L.)
(Incorporated under the laws of British Columbia)

BALANCE SHEET AT DECEMBER 31, 1977

ASSETS	<u>1977</u>	<u>1976</u>
CURRENT ASSETS		
Cash and short-term deposits	\$ 1,001	\$ 894
Accounts receivable	-	500
	1,001	1,394
MINING PROPERTIES, at cost (notes 1 and 2)	30,000	30,000
FIXED ASSETS		
Automotive equipment, at cost	3,150	3,150
Less accumulated depreciation	3,150	3,025
	-	125
DEFERRED CHARGES		
Incorporation expenses	1,219	1,219
	\$ 32,220	\$ 32,738
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 65,751	\$ 52,635
AMOUNT PAYABLE FOR MINING PROPERTY FROM PROCEEDS OF UNDERWRITING (note 2)	27,500	27,500
Total liabilities	93,251	80,135
CAPITAL STOCK AND DEFICIT		
CAPITAL STOCK		
Authorized 5,000,000 shares of no par value Issued (note 2)	<u>Shares</u>	
For cash	2,450,000	1,075,003
For mining properties	800,000	385,000
	3,250,000	1,460,003
DEFICIT	1,521,034	1,507,400
	(61,031)	(47,397)
Approved by the Board	\$ 32,220	\$ 32,738
Director 		
Director 		

BLACK GIANT MINES LTD. (N.P.L.)

STATEMENT OF EXPLORATION, DEVELOPMENT, ADMINISTRATIVE EXPENDITURES AND DEFICIT

YEAR ENDED DECEMBER 31, 1977

	<u>1977</u>	<u>1976</u>
Exploration and development expenditures		
Claim re staking	\$ 700	-
Depreciation	125	\$ 54
Miscellaneous	-	43
	<hr/>	<hr/>
	825	97
	<hr/>	<hr/>
Administrative expenditures		
B.C. corporation capital tax	3,000	3,337
Management fee	2,200	4,600
Miscellaneous	1,165	1,447
Legal	1,700	150
Audit	825	825
Vancouver Stock Exchange charges	600	600
General office	169	304
Director's fees	150	300
	<hr/>	<hr/>
	9,809	11,563
	<hr/>	<hr/>
EXPLORATION, DEVELOPMENT AND ADMINISTRATIVE EXPENDITURES FOR THE YEAR (note 1)	10,634	11,660
	<hr/>	<hr/>
Deficit at beginning of year	1,507,400	1,490,191
	<hr/>	<hr/>
	1,518,034	1,501,851
	<hr/>	<hr/>
Mining claims abandoned (note 2)	3,000	5,000
Investment in wholly-owned subsidiary company written off	-	549
	<hr/>	<hr/>
	3,000	5,549
	<hr/>	<hr/>
DEFICIT AT END OF YEAR	<u>\$1,521,034</u>	<u>\$1,507,400</u>

BLACK GIANT MINES LTD. (N.P.L.)

STATEMENT OF CHANGES IN FINANCIAL POSITION

YEAR ENDED DECEMBER 31, 1977

	<u>1977</u>	<u>1976</u>
WORKING CAPITAL APPLIED TO		
Exploration, development and administrative expenditures	\$10,634	\$11,660
Less depreciation which does not involve working capital	(125)	(54)
	<u>10,509</u>	<u>11,606</u>
Purchase of mining properties (note 2)	3,000	-
	<u>13,509</u>	<u>11,606</u>
INCREASE IN WORKING CAPITAL DEFICIENCY		
WORKING CAPITAL DEFICIENCY AT BEGINNING OF YEAR	<u>51,241</u>	<u>39,635</u>
WORKING CAPITAL DEFICIENCY AT END OF YEAR	<u>\$64,750</u>	<u>\$51,241</u>

BLACK GIANT MINES LTD. (N.P.L.)

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 1977

1. SIGNIFICANT ACCOUNTING POLICIES

Mining properties

These properties are carried at cost until they are abandoned or it is evident that further exploration is unwarranted.

Exploration, development and administrative expenditures

These expenditures are charged to deficit as incurred and are not allocated to any specific mining property.

2. MINING PROPERTIES

The company acquired certain mineral claims in the Minto Mining Division of Yukon Territories for \$30,000 of which \$2,500 has been paid and \$27,500 is payable from funds to be derived from the next underwriting of the company's shares. Mineral claims acquired in 1977 for \$3,000 were subsequently abandoned.

The amount shown for mining properties represents costs to date and is not intended to reflect present or future values.

3. BRITISH COLUMBIA CORPORATION CAPITAL TAX

The Government of British Columbia has obtained a judgement against the company for \$5,254 of the capital taxes owing.

4. DIRECTORS' AND SENIOR OFFICERS' REMUNERATION

Remuneration of directors and senior officers as defined by the British Columbia Companies Act amounted to \$1,150 for the year ended December 31, 1977 (1976 - \$1,300).

BLACK GIANT MINES LTD. (N.P.L.)
(Incorporated under the laws of British Columbia)
BALANCE SHEET AT DECEMBER 31, 1978
(With Comparative figures for the year 1977)

<u>A S S E T S</u>	December 31 <u>1978</u>	December 31 <u>1977</u>
CURRENT ASSETS		
Cash and Accounts receivable	\$ <u>2,316</u>	\$ <u>1,001</u>
	\$ <u>2,316</u>	\$ <u>1,001</u>
MINING PROPERTIES, at cost	\$ <u>30,000</u>	\$ <u>30,000</u>
FIXED ASSETS		
Automotive equipment, at cost	\$ 3,150	\$ 3,150
Less accumulated depreciation	\$ <u>3,150</u>	\$ <u>3,150</u>
	---	---
DEFERRED CHARGES		
Incorporation expenses	\$ <u>1,219</u>	\$ <u>1,219</u>
	\$ <u>33,535</u>	\$ <u>32,220</u>
<u>L I A B I L I T I E S</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 71,708	\$ 65,751
AMOUNT PAYABLE FOR MINING PROPERTY FROM PROCEEDS OF UNDERWRITING	\$ <u>27,500</u>	\$ <u>27,500</u>
	\$ <u>99,208</u>	\$ <u>93,251</u>
<u>CAPITAL STOCK AND DEFICIT</u>		
CAPITAL STOCK		
Authorized 5,000,000 shares of no par value		
<u>ISSUED</u>	<u>SHARES</u>	
For cash	2,450,003	1,075,003
For mining properties	<u>800,000</u>	<u>385,000</u>
	<u>3,250,003</u>	<u>1,460,003</u>
DEFICIT	<u>1,525,676</u>	<u>1,521,034</u>
	(65,673)	(61,031)
Approved by the board	\$ <u>33,535</u>	\$ <u>32,220</u>

DIRECTOR

DIRECTOR

The above figures are unaudited and subject to year-end Adjustments, and have been prepared by management.

BLACK GIANT MINES LTD. (N.P.L.)
STATEMENT OF CHANGES IN FINANCIAL POSITION
PERIOD ENDED DECEMBER 31st, 1978
 (With comparative figures for the year 1977)

	<u>December 31</u> <u>1978</u>	<u>December 31</u> <u>1977</u>
WORKING CAPITAL APPLIED TO		
Exploration, development and administrative expenditures	\$ 4,743	\$ 10,634
Less depreciation which does not involve working capital	<u>\$ (101)</u>	<u>(125)</u>
	\$ 4,642	\$ 10,509
Purchase of mining properties	<u>-</u>	<u>3,000</u>
INCREASE IN WORKING CAPITAL DEFICIENCY	\$ 4,642	\$ 13,509
WORKING CAPITAL DEFICIENCY AT BEGINNING OF PERIOD	<u>64,750</u>	<u>51,241</u>
WORKING CAPITAL DEFICIENCY AT END OF PERIOD	<u><u>\$ 69,392</u></u>	<u><u>\$ 64,750</u></u>

BLACK GIANT MINES LTD.

(N.P.L.)

SUITE 2002 BOARD OF TRADE TOWER

TELEPHONE: (604) 683-3326

1177 WEST HASTINGS STREET

VANCOUVER 1, B.C., CANADA

List of Liabilities as stated on December 31, 1978 Balance Sheet.

McInnes & Neuman Legal 1975 to December 31, 1978	\$ 7,294
Thorne Riddell Auditor 1976, 1977	1,725
B.C. Government Capital Tax Dept. 1974-1977	12,377
A.K. Koffman Engineering	1,200
Torwest Helicopter	2,219
J.E. Brown Contracting	1,735
Management Fees 1974 to December 1978	6,600
E.Caron D. Drilling	17,518
Directors Fees	450
Bayshore Investments (Cash Loans)	9,000
Key Trading Ltd. (Cash Loan)	4,000
Salary 1977 - 1978 Secretary-Treasurer	2,500
B.C. Government Capital Tax 1978	2,979
Thorne Riddell 1978	700
Guaranty Trust	1,036
Misc. Accounts	375
	<u>\$71,708</u>

20. STATUTORY RIGHTS OF RESCISSION

Sections 61 and 62 of the Securities Act (British Columbia) provides in effect, that where a security is offered to the public in the course of primary distribution:

- (a) A purchaser has a right to rescind a contract for the purchase of a security, while still the owner thereof, if a copy of the last Statement of Material Facts, together with financial statements and a summary of engineering reports as filed with the Vancouver Stock Exchange, was not delivered to him or his agent prior to delivery to either of them of the written confirmation of the sale of the securities. Written notice of intention to commence an action for rescission must be served on the person who contracted to sell within 60 days of the date of delivery of the written confirmation, but no action shall be commenced after the expiration of three months from the date of service of such notice.
- (b) A purchaser has the right to rescind a contract for the purchase of such security, while still the owner thereof, if the Statement of Material Facts or any amended Statement of Material Facts offering such security contains an untrue statement of material fact or omits to state a material fact necessary in order to make any statement therein not misleading in the light of the circumstances in which it was made, but no action to enforce this right can be commenced by a purchaser after expiration of 90 days from the later of the date of such contract or the date on which such Statement of Material Facts or amended Statement of Material Facts is received or is deemed to be received by him or his agent.

Reference is made to the said Act for the complete text of the provisions under which the foregoing rights are conferred.

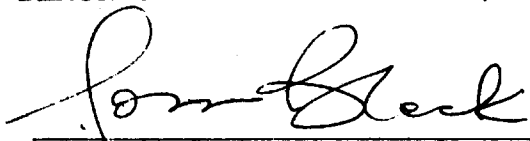
21. CERTIFICATE OF THE DIRECTORS AND PROMOTERS OF THE ISSUER:

The foregoing constitutes full, true, and plain disclosure of all material facts relating to the securities offered by this Statement of Material Facts.

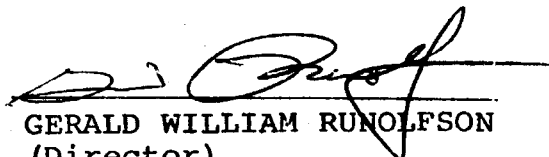
Feb. 23, 1979

(Date)

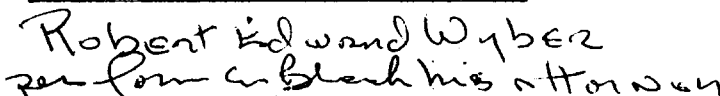
BLACK GIANT MINES LTD. (N.P.L.)



JOHN CASSITY LEE BLACK
(President, Director & Promoter)



GERALD WILLIAM RUNOLFSON
(Director)


per ~~for~~ ~~as~~ ~~Black~~ his attorney

ROBERT EDWARD WYBER
(Director)



JAMES WILFRED FRANK TUTTON
(Secretary & Director)

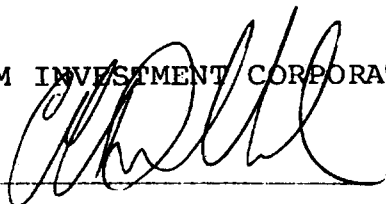
CERTIFICATE OF THE UNDERWRITER(S): AGENTS:

To the best of our knowledge, information, and belief, the foregoing constitutes full, true, and plain disclosure of all material facts relating to the securities offered by this Statement of Material Facts.

Feb. 23, 1979

(Date)

CANARIM INVESTMENT CORPORATION
LTD.:



CONTINENTAL, CARLISLE, DOUGLAS
LTD.

