

680961
GJ Property

CANOREX
INTERNATIONAL,
INC.

CANOREX INTERNATIONAL, INC.

1200, 718 - 17th Street
Denver, Colorado 80202

INCORPORATED:

December 1979
Denver, Colorado

OFFICERS & DIRECTORS:

J.D. Tocher	Chairman
B.T. Gallant	President & Treasurer
M.D. McInnis	Vice-President & Secretary
J.L. Oaks	Vice-President
W.R. Fishman	Assistant Secretary

BANKERS:

Royal Bank of Canada
Portland, Oregon
Calgary, Alberta

AUDITORS:

Deloitte, Haskins & Sells
Denver, Colorado

LAWYERS:

Fishman & Geman, P.C.
2150 Energy Center One
Denver, Colorado 80202

OFFICES:

DENVER
Colorado, U.S.A.

CALGARY
Alberta, Canada

JOHANNESBURG
South Africa

SUBSIDIARY COMPANIES:

Canorex (PTY) Limited
South Africa

Canorex Minerals Ltd.
Canada

CANOREX INTERNATIONAL, INC.

BUSINESS AND PROPERTIES

General Summary

The Company was incorporated in December, 1979 under the laws of the State of Colorado and, therefore has a limited operating history. It has no operating revenues and is in the development stage.

The Company's principal business is the acquisition, exploration and development of resource properties. In the short term, the goal of the Company is to create a cash flow through modest scale minerals production which would be sufficient to produce a profit for our shareholders and to sustain our on-going exploration and acquisition operations. In the longer term, the Company's goal is to become a major producing and exploration company within the minerals industry.

The target metals that will be pursued by Canorex will be gold, silver, zinc, lead, copper, molybdenum, tungsten, beryllium, tin, and, to a lesser degree, uranium and coal. The Company expects to identify such prospects through its own geological staff which presently consists of Mr. Gallant and Mr. McInnis. Acquisition of mineral properties will be through Canorex's own "grass-roots" exploration effort or through negotiation with owners of attractive resource prospects. The Company's activities to date have included the acquisition of mineral properties in the United States, Canada and South Africa.

UNITED STATES PROPERTIES

Three precious metal properties consisting of patented and unpatented mineral claims have been acquired near Ely, Nevada. The BALLPARK property has 142,000 tons of proven reserves of gold and silver which may warrant development in the near future should a combination of favorable gold and silver prices and a feasible means of processing the ore be determined. The COOPER CANYON and GOLDFIELD-STEVENSON properties have no known proven mineral reserves but have good exploration potential for carbonate hosted silver gold deposits of intermediate size.

Also in Nevada, the Company has optioned two groups of claims known as the FENKITE and JEPPSON properties. These two adjacent claim groups are located on Mount Washington in White Pine County, and are being explored primarily for beryllium with possibilities for tungsten and fluorite. Canorex has completed a 1981 drilling program on these properties and plans additional drilling in 1982.

In South Central Idaho, Canorex has acquired exploration rights to the former tungsten producing mine known as the WILDHORSE. A reassessment of the property indicates a small tonnage of good grade tungsten ore with an excellent possibility of substantially increasing reserves. This property will warrant a sizable exploration drilling program in 1982.

Canorex is conducting an extensive exploration program of geochem and geologic mapping along with prospecting in NORTH CENTRAL WASHINGTON State. This program is searching for shale hosted lead-zinc-silver deposits associated with massive sulphides; porphyry tungsten-tin deposits and vein gold deposits associated with volcanics. To date the Company has identified twenty prospect areas for mineral rights acquisition which is now in progress. It is anticipated that at least ten of these prospect areas will be acquired and therefore a sizable exploration program in 1982 is planned for Northern Washington.

Canorex has joined with another exploration group in a search for volcanogenic gold deposits in the APPLACHIANS of the SOUTHEASTERN UNITED STATES. This program has proven successful and several properties will see exploration in 1982.

CANADIAN PROPERTIES

In Canada, Canorex has acquired the rights to explore properties in Ontario, Quebec and British Columbia.

→ In Northwestern British Columbia the GJ PROPERTY has excellent potential to host a copper-gold (\pm silver) stockwork deposit of substantial size. The Company has earned a 50% interest through a diamond drilling program completed in September, 1981. The 1981 drilling encountered significant intersections of copper-gold-silver values over significant thicknesses and strike lengths to indicate the potential for a major tonnage deposit. Also in north central British Columbia, in the Cariboo region some 40 miles northeast of Williams Lake, Canorex has acquired a 100% working interest in the 11,600 acre SLIDE GROUP. This project is located adjacent to a major gold discovery made by the Goldfields-Dome Mines Joint Venture. The Slide Group was staked to cover a geological similarity to the adjacent discovery and a modest exploration program is planned including drilling in 1982.

In northeastern Ontario and northwestern Quebec, Canorex has acquired an interest in two separate properties in the DETOUR LAKE area. The Detour Lake properties are adjacent to the large Dome-Amoco gold deposit which is being readied for production. Favorable geology accompanied by numerous mineral occurrences give these

properties excellent potential. One property has been optioned to GETTY CANADIAN METALS LTD. who spent over \$300,000 (Canadian) during 1981. Getty has advised that an expanded program is planned for 1982 including some drilling. The second property has been optioned to Abitibi Price Mineral Resources and Canorex's interest has been exchanged for a block of shares in Petromet Resources Limited.

Also in Ontario, along with Petromet Resources, Canorex has the right to earn a 25% working interest in the ASHLEY GOLD MINE, a former producer. A program of drilling is to start in early 1982 to delineate new reserves within the immediate mine area and on new occurrences, known but not previously drilled.

SOUTH-AFRICAN PROPERTIES

Canorex interests in South Africa are held by a wholly owned subsidiary, Canorex (PTY) Limited, with offices in Johannesburg. Through this subsidiary Canorex has an interest in gold properties comprising approximately 350,000 acres in the Witwatersrand and Eastern Transvaal areas, (see location map attached.)

In the EASTERN TRANSVAAL, the Company has a large land holding which was under a joint venture agreement with Goldfields Mining and Development Ltd. During 1981 Goldfields spent considerable in geological and geophysical studies, land rentals and the drilling of a diamond drill hole to 7500 feet without any success. They have notified Canorex that they are relinquishing their rights to earn any additional interest. At present, Canorex and Goldfields have agreed to seek out another joint venture partner.

Also in the EASTERN TRANSVAAL and to the north in the PILGRIMS REST area the Company controls approximately 195,000 acres. Also within the Pilgrims Rest Area, the Company has acquired under option the ASTRA MINE which from a preliminary economic analysis indicates that the mine could be reopened and operated to produce a modest profit. A geological appraisal of the ASTRA indicates that existing reserves could be increased substantially and a program to achieve this is now underway.

In the Witwatersrand main basin between the Klerksdorp and West Wits Goldfields, Canorex has under lease from POTCHEFSTROOM TOWN 19,570 acres. Canorex has negotiated a farmout with Goldfields Mining and Development Ltd. whereby Goldfields can earn a 75% interest by spending \$2,925,000 (U.S.). Under the agreement,

Goldfields is committed to drill one deep borehole to a depth of approximately 9,000 feet at a cost of \$900,000 (U.S.). Drilling commenced on November 15, 1981.

Also in the Witwatersrand main basin, but farther south, between the Klerksdorp and Orange Free State goldfields, Canorex is in the process of leasing lands on two separate prospect areas. When the lands have been assembled they will be offered for farmout and exploration to other major companies.

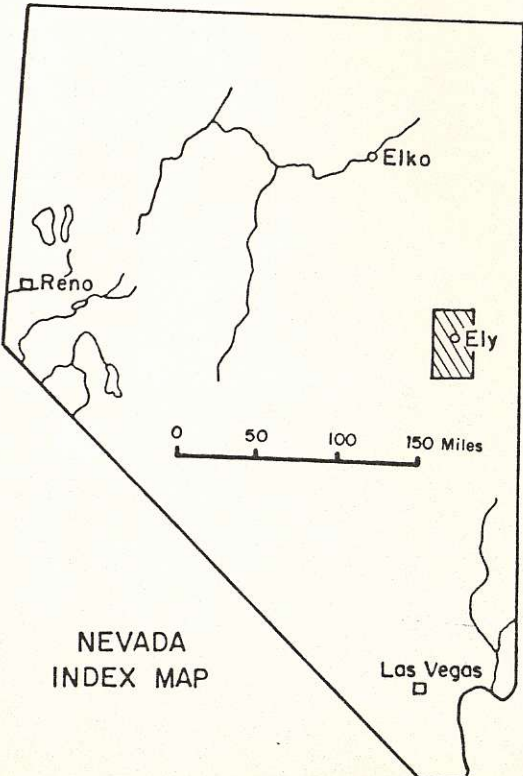
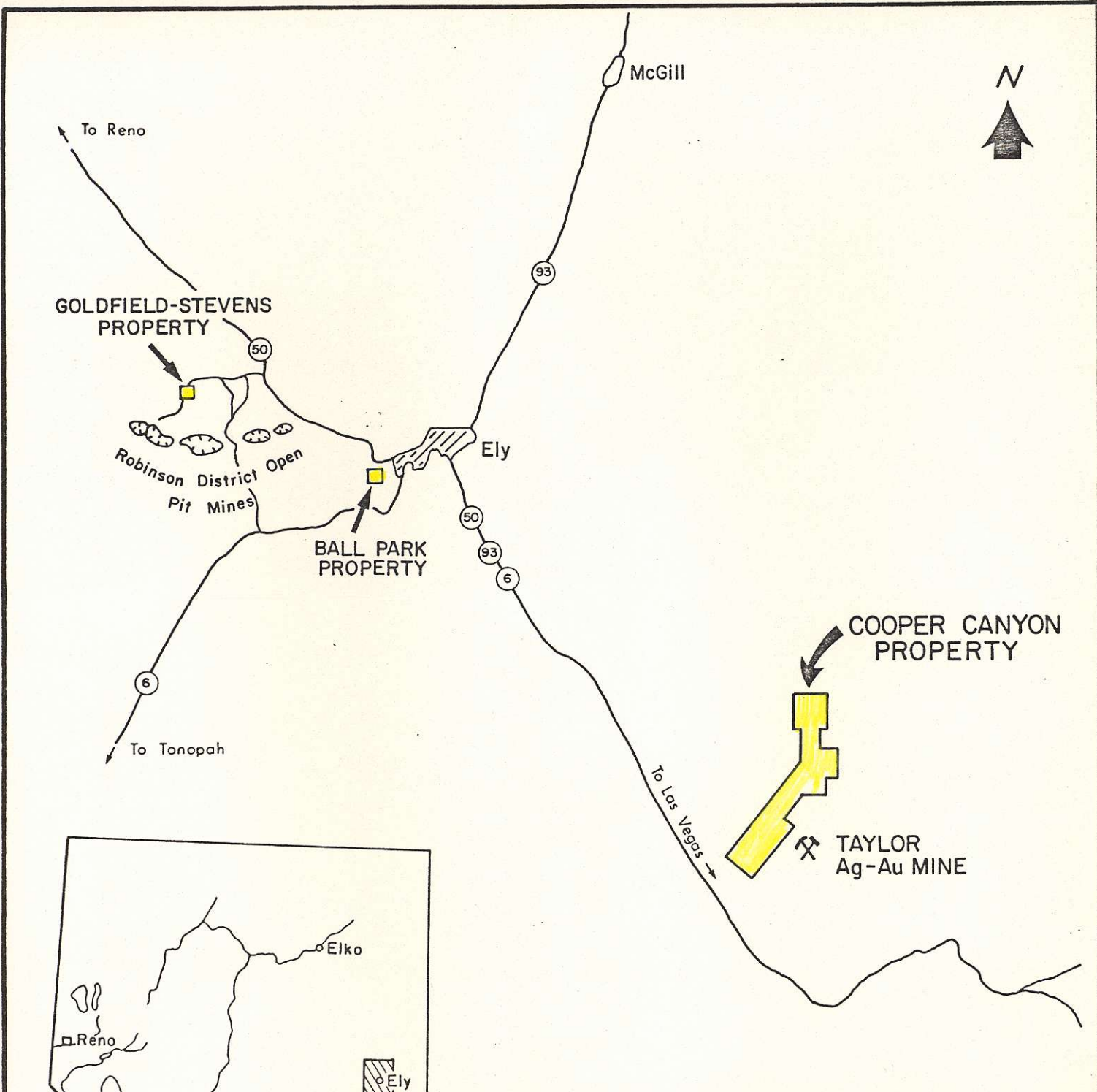
EXPLORATION PLANS

In addition to mineral property work, the Company plans to conduct reconnaissance style programs designed to locate new deposit prospects of our target metals. Our objective in these regional programs is to develop new prospects to a position of promise and then seek the involvement of major companies.

The key to successfully discovering new large deposits is to understand the various geological settings where conditions caused the formation of mineral deposits and to translate that understanding into the identification of new search areas. Consequently, the Company staff have studied the geology of the western U.S. and have identified a geological setting in the northwest that has excellent potential for shale-hosted lead-zinc-silver deposits, porphyry molybdenum-tungsten-tin deposits and bulk tonnage gold-silver deposits. All of these deposit types are characteristically large, profitable and have a long mine life. At present, a field program is underway by Canorex and ground acquisition is in progress.

In addition to the above program, the Company is presently preparing a second reconnaissance program to search for large tonnage tungsten mercury-gold deposits. These deposit types have been discovered in Europe and, through studying the European literature, the staff of Canorex have identified the particular geological setting in which these deposits are found. Since geological settings are similar on a world-wide scale, the Company is presently identifying a similar setting in the western U.S. to explore for these large deposits.

It is worthy to note that the initial exploration to locate new prospects in both reconnaissance programs will be based on a proprietary geochemical stream sampling technique which has been demonstrated to be significantly more effective than conventional stream silt sampling. Most exploration companies use conventional stream silt sampling in reconnaissance programs in spite of the numerous problems associated with the tool. The advanced technique to be used by Canorex overcomes these difficulties and will give us a distinctive competitive advantage.

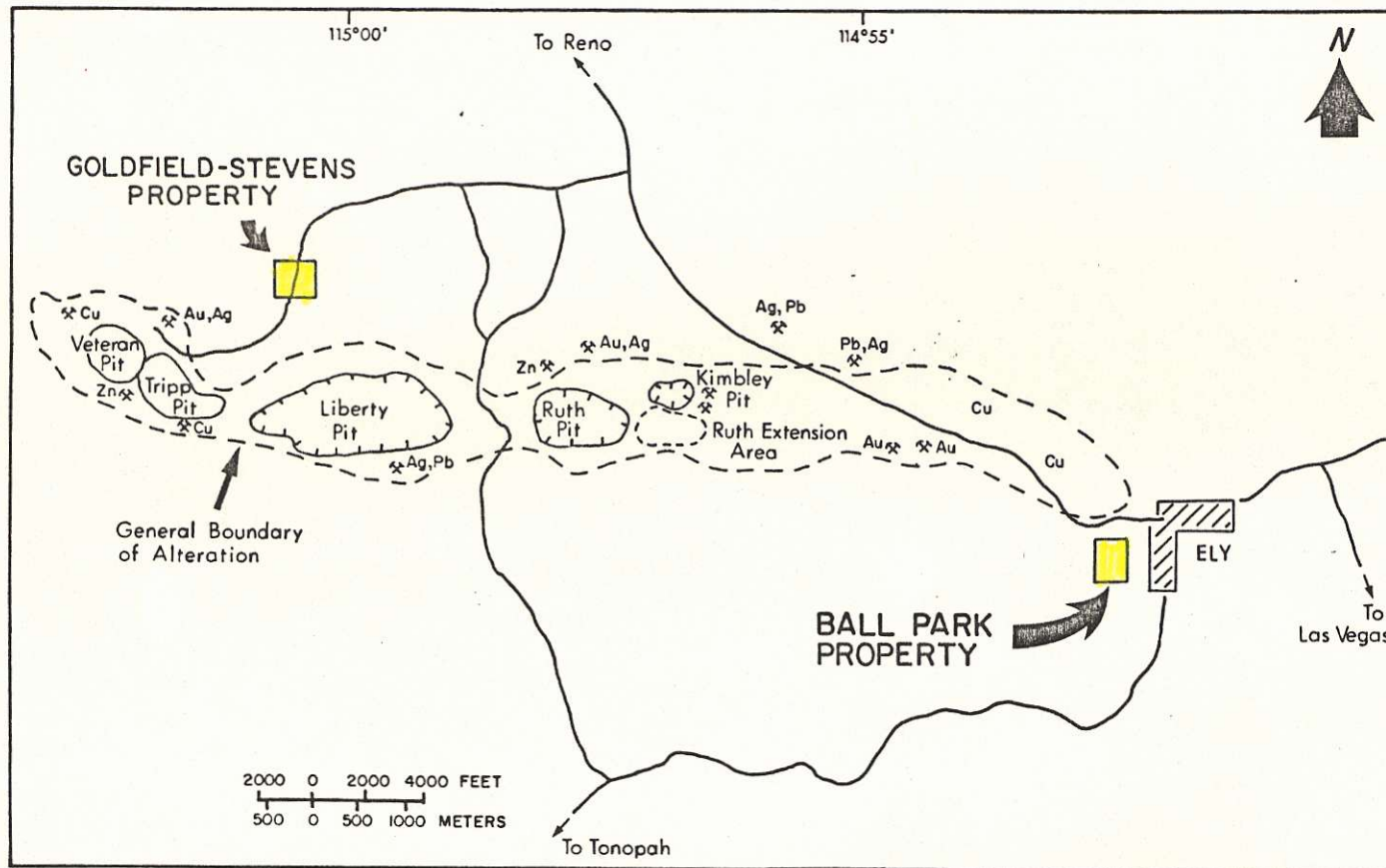


CANOREX INTERNATIONAL, INC.

NEVADA PROPERTIES

PROPERTY LOCATIONS

DATE: APRIL 1981	SCALE: 1:50,000
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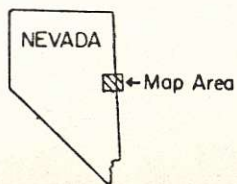
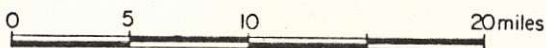
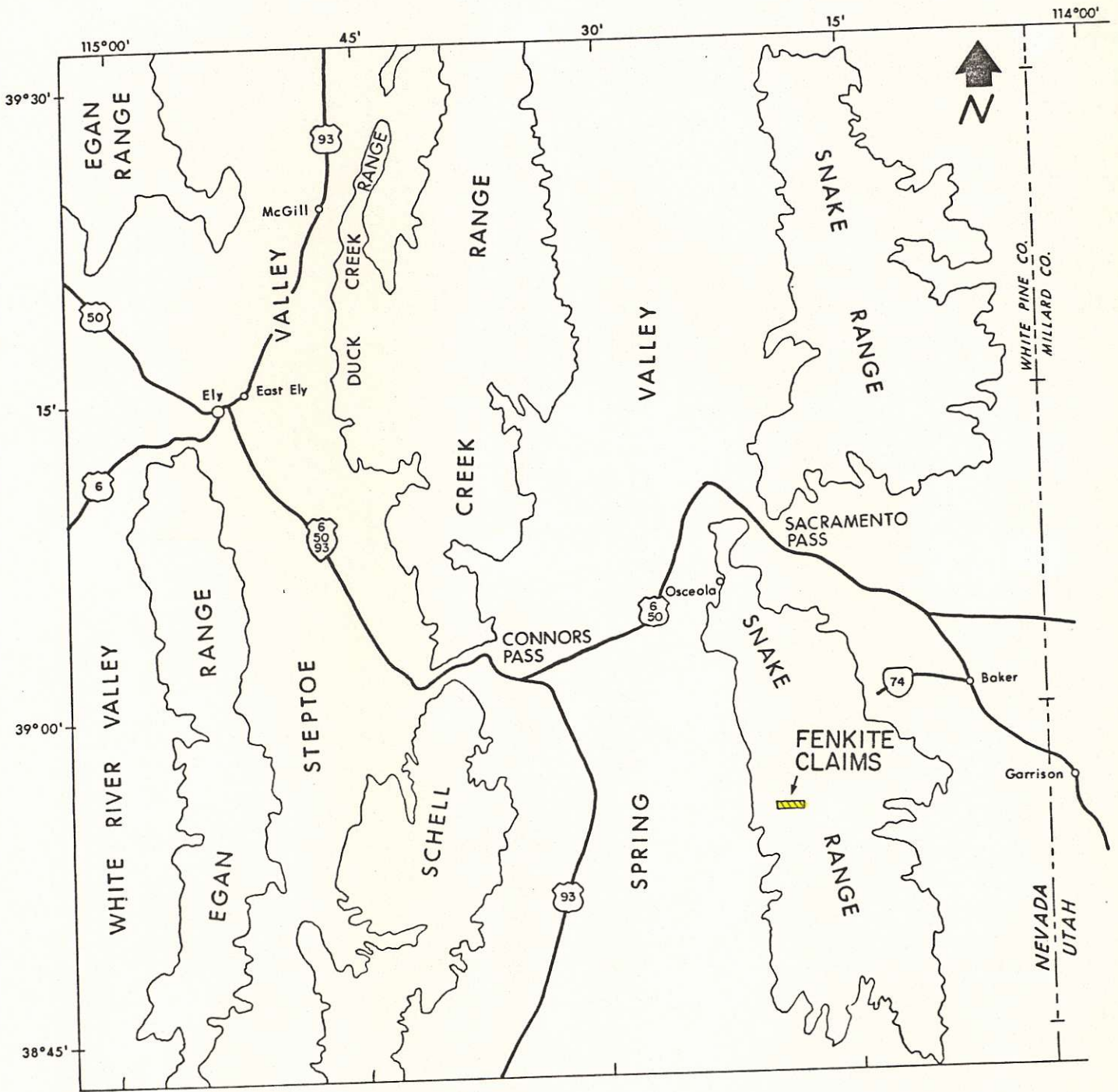
CANOREX INTERNATIONAL, INC.

ROBINSON DISTRICT PROPERTIES

PROPERTY LOCATIONS

DATE: APRIL 1981

SCALE: 1" = 6562 Ft.



CANOREX INTERNATIONAL, INC.

FENKITE CLAIMS
LOCATION MAP

DATE: October 1981

M.D. McInnis



•Coeur
d'Alene

•Salmon

•Challis

IDAHO

•Boise

•Hailey



**WILDHORSE
PROPERTY**

•Twin Falls

•Winnemucca

•Elko

•Salt Lake
City

•Reno

NEVADA

•Ely

**MT. WASHINGTON
PROPERTY**



UTAH

•Beaver

Las
Vegas



CANOREX INTERNATIONAL, INC.

**WILDHORSE PROPERTY
MT. WASHINGTON PROPERTY
LOCATION MAP**

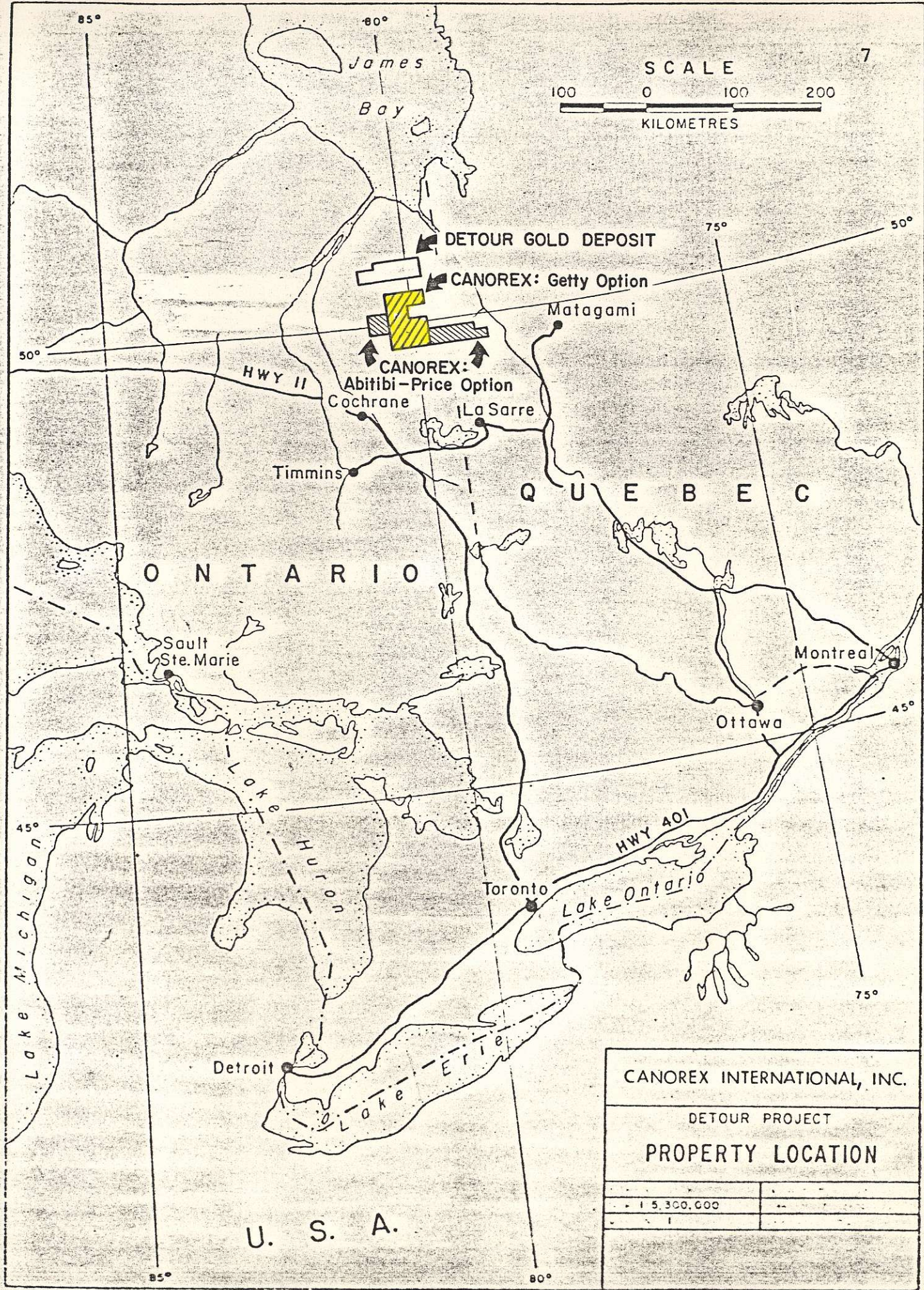
August 1981

M.D. McInnis

SCALE



KILOMETRES



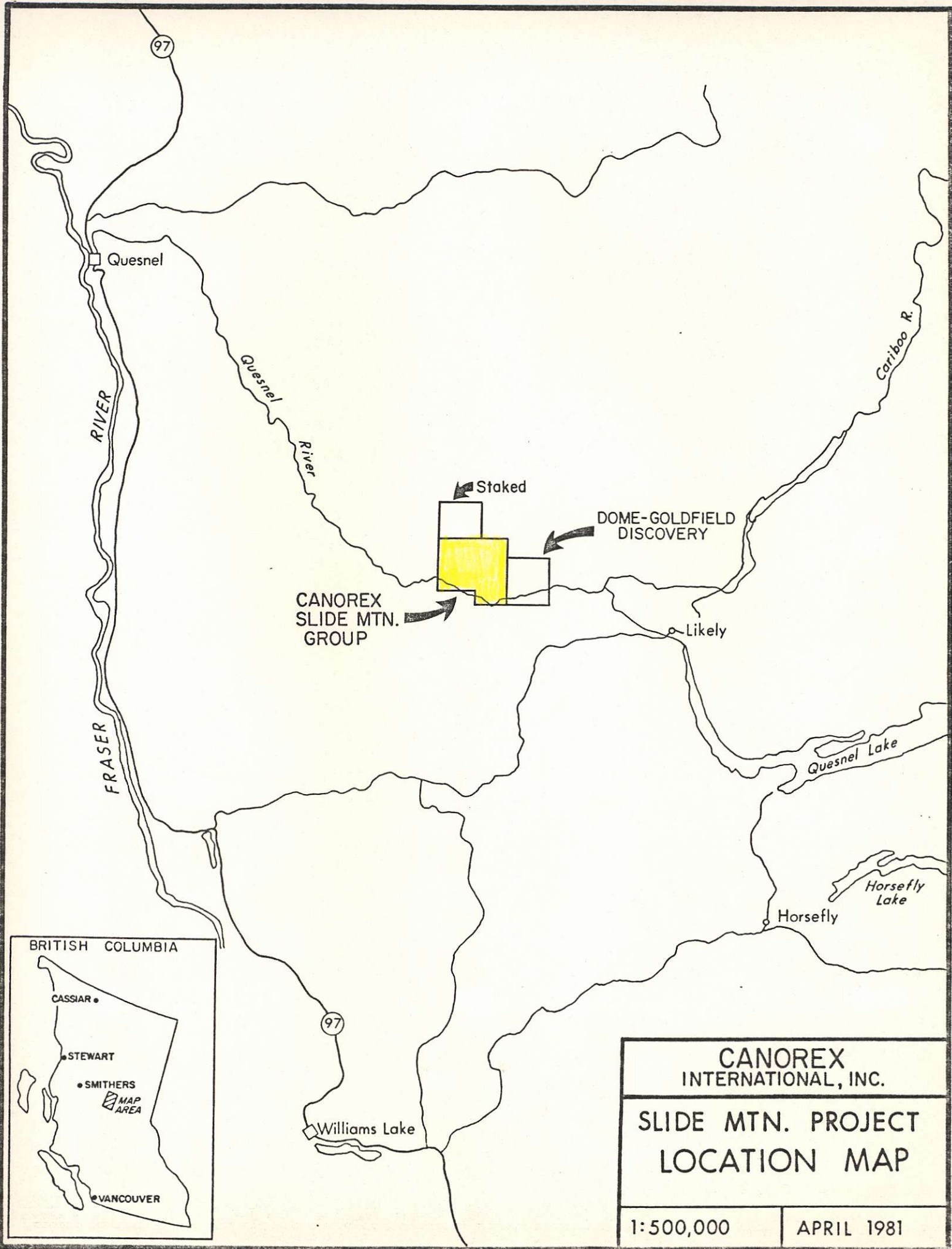
CANOREX INTERNATIONAL, INC.

DETOUR PROJECT

PROPERTY LOCATION

15,300,000	

U. S. A.



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Quesnel

FRASER RIVER

Quesnel River

Cariboo R.

Staked

DOME-GOLDFIELD DISCOVERY

CANOREX SLIDE MTN. GROUP

Lively

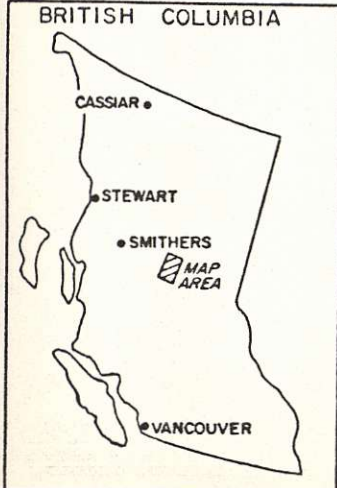
Quesnel Lake

Horsefly Lake

Horsefly

97

Williams Lake

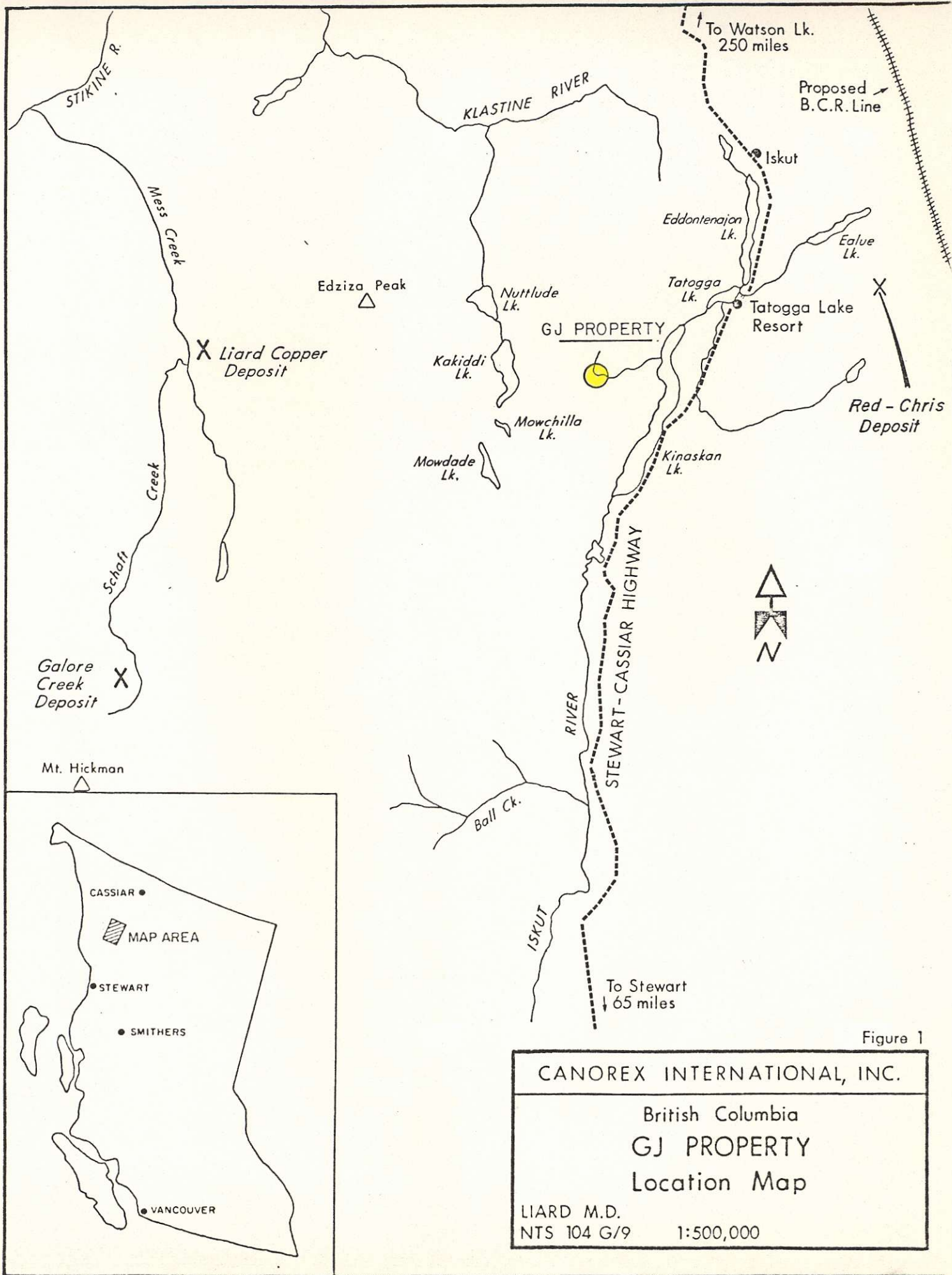


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SLIDE MTN. PROJECT LOCATION MAP

1:500,000

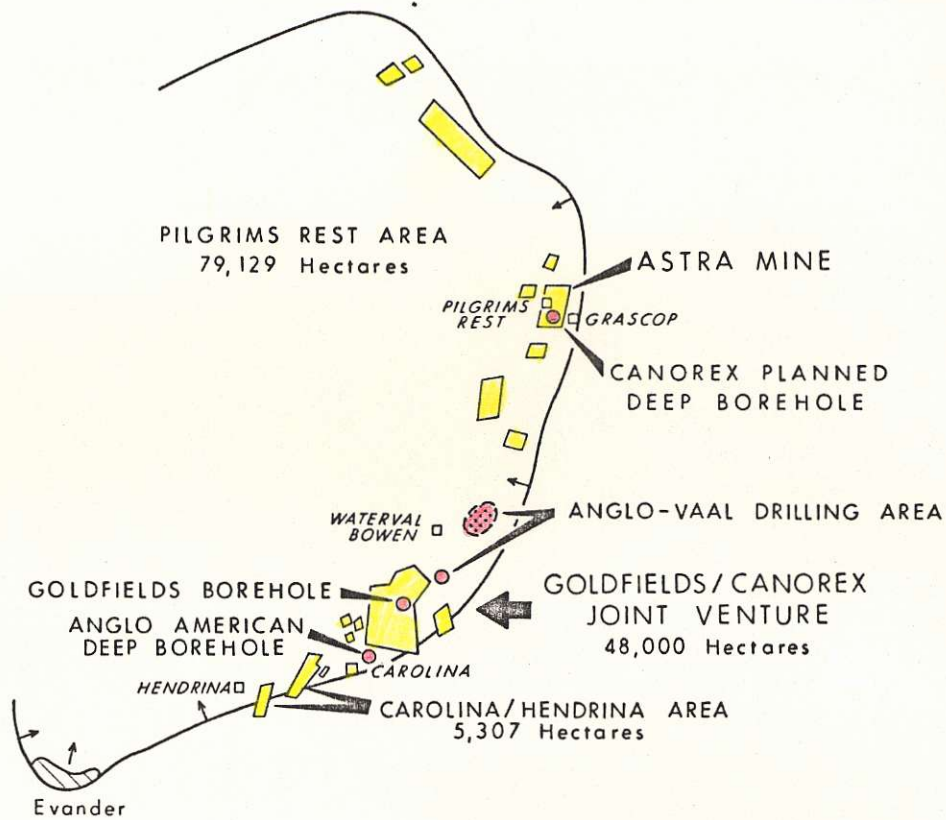
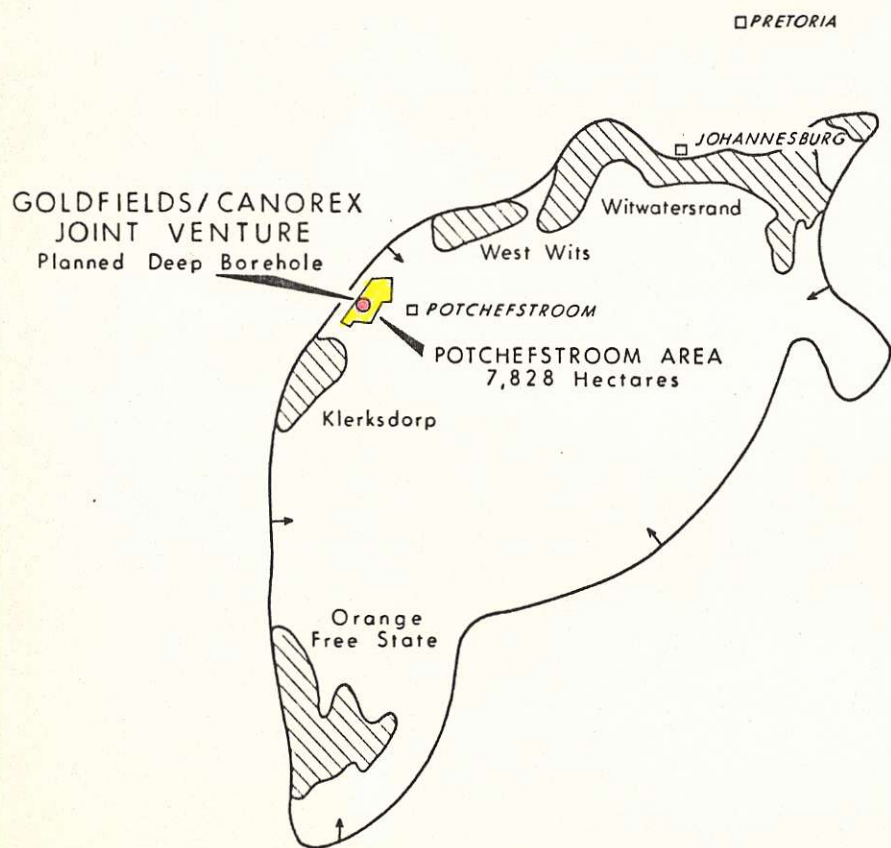
APRIL 1981








SOUTH AFRICA

CANOREX INTERNATIONAL, INC.

LOCATION OF PROJECT AREAS
& MINERAL LAND HOLDINGS



LEGEND

-  Developed Goldfield
-  Direction of dip into basin
-  Canorex Resources Mineral Lands
-  Borehole
-  Anglo-Vaal Discovery Area

BERNARD GALLANT, President, Director, and a Founder of the Company, is a Vice-President of Petrobank Resources Ltd., a private firm engaged in oil and gas and mineral exploration in the United States and Canada. Mr. Gallant has been involved in minerals exploration, including exploration for precious and base metals, uranium, coal and oil and gas since 1955. He is a registered professional geologist in the Province of Alberta, Canada and holds a Bachelor of Science in Geology (1955) from Saint Francis Xavier University in Nova Scotia, Canada. Mr. Gallant spent the last six years with Pan Ocean Oil Ltd., a wholly owned subsidiary of Marathon Oil Company, as Vice-President of Exploration. In his responsibilities with Pan Ocean, Mr. Gallant supervised a large staff of explorationists actively searching for minerals in Canada, United States, Ireland, Dominican Republic, Colombia, Niger and Australia. Prior to his association with Pan Ocean he was a Consulting Geologist for three years; a senior geologist with King Resources Company in Canada from 1963-1970; a geologist with Imperial Oil (Esso) in Canada from 1955-1962. Mr. Gallant is a member of the Association of Professional Engineers, Geologists and Geophysicists of Alberta; Canadian Institute of Mining and Metallurgy; Canadian Association of Petroleum Geologists; Prospectors and Developers Association of Canada and the Calgary Professional Club. Since early in 1980, Mr. Gallant has been devoting 100% of his time with Petrobank and a high percentage of his time has been spent in the supervision and exploration of Canorex's mineral properties. Mr. Gallant expects to devote a major amount of his time to the business of Canorex.

MICHAEL D. MCINNIS is a Director, Vice-President and one of the Founders of Canorex. Mr. McInnis initiated his professional career in mineral exploration in 1969 on graduation from the University of British Columbia with a Bachelor of Science degree with Honors in Geology. He has been involved in precious metals, base metals and uranium exploration throughout Canada, United States, Ireland and the Dominican Republic. Mr. McInnis is a registered Professional Geologist in the Province of Alberta, Canada and a member of the Canadian Mining and Metallurgical

Society. Prior to joining Canorex, Mr. McInnis spent 1977-1980 with Pan Ocean Oil Ltd., a wholly owned subsidiary of Marathon Oil Company, as Senior Base Metals Geologist, Exploration Manager Base Metals, and Chief Geologist. During his tenure with Pan Ocean he was responsible for every facet of exploration including the planning, budgeting and supervision of all base and precious metals exploration and more lately as Chief Geologist was also overseeing uranium and coal exploration. Prior to joining Pan Ocean he was supervisor of base metal projects for Norcen Energy Resources based in Calgary from 1972-1977; a geologist with Cominco Ltd. in British Columbia from 1969-1972. Mr. McInnis will be devoting his full time to the business of the Company.

JERALD L. OAKS, Vice-President, Director and a Founder of Canorex, is the President of Petrobank Energy, Inc., a private firm engaged in petroleum exploration in the U.S. Mr. Oaks has been involved in exploration and production of oil and gas on a worldwide basis since graduating from the University of Texas in 1958 with a Bachelor of Science in Petroleum Engineering. Prior to forming Petrobank in mid-1980, Mr. Oaks was President and Director of Coseka Resources (USA) Limited from 1978; he was a co-founder and Director of Taiga Resources Ltd. and Taiga Energy from 1971-1978. These companies were later sold for shares to Coseka Resources Ltd. He was Managing Director and later President of International Resources Ltd. from 1969-1971; senior engineer in drilling and production for Phillips Petroleum Company from 1958-1969 in the U.S., Middle East, North Africa and South America. Mr. Oaks remains a Director of Coseka Resources (USA) Limited.

J.D. TOCHER, a Director and Founder of the Company, is President and Founder of Petrobank Resources Ltd., a private firm engaged in petroleum and mineral exploration in the United States and Canada. Mr. Tocher has been involved in the search for mineral resources on a world wide basis since 1950. Prior to forming Petrobank, Mr. Tocher was a Director, Member of the Executive Committee and Consultant to Coseka Resources Ltd. from 1978 to present; he was the Founder, President and largest shareholder of

Taiga Resources Ltd. and Taiga Energy Inc. during 1971-1978. These companies were sold to Coseka Resources Ltd. in early 1978 for shares of Coseka. Prior to 1979 he was founder of an international resources exploration and development company with activities in over 20 countries, and before that was engaged in Canada with a major company, later his own company, and for six years was manager of an active U.S. owned Canadian oil and gas company.