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Report

on

DEER LAKE COPPER-GOLD PROSPECT

KAMLOOPS MINING DIVISION, B.C.

on behalf of

MERIDIAN RESOURCES LIMITED

by

J.H. Montgomery, Ph.D., P.Eng.

April 7, 1977

J.H. Montgomery

CERTIFICATION

I, Virgil R. Chamberlain, the writer of the Geological report on Midway Prospect, Pondera County, Montana do hereby state:

1. I am a registered Professional Engineer and Professional Geologist of the Province of Alberta as well as a Certified Petroleum Geologist of the American Association of Petroleum Geologists. I reside at 3615 7th Avenue South, Great Falls, Montana 59405.

2. I am a graduate Geologist and Engineer with a Bachelor of Science degree in Geological Engineering from Montana School of Mineral Sciences and Technology, Butte, Montana. I have a Master of Science degree in Petroleum Geology from Stanford University, Stanford, California.

3. I am familiar with the area having looked after numerous wells in this vicinity and made detailed stratigraphic and structural studies of the various productive horizons in these fields.

4. I have incorporated into the report data from my personal files, Oil and Gas Commission reports and records, and private reports covering this area.

5. I have not received, directly or indirectly, nor do I expect to receive any interest direct or indirect in the property of Berkley Oil and Gas Inc. and Meridian Resources, Ltd, or any associate thereof, nor do I beneficially own directly or indirectly any securities or leases that could be beneficially enhanced by work on the area covered by this report, nor do I expect any remuneration other than professional fees normally charged for this type of report.

6. I have worked for, in, and around oil fields all of my life and for numerous oil and mining companies, both here and in Canada. I have been a consulting Geologist and Engineer since 1950 working out of Great Falls, Montana, and am sole owner of Geo. Research and Engineering Company of that city.

Virgil R. Chamberlain

Virgil R. Chamberlain, P. Eng. & P. Geol.
Certified Petroleum Geologist.

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FIGURES

1.0 INTRODUCTION

The following is a report on the Deer Lake Copper-Gold Prospect located in the Kamloops Mining Division near Little Fort, B.C.

The report was prepared on the basis of information compiled from a personal visit to the property on April 5-6, 1977 and on a study of government publications and previous engineering reports.

This report was written for Meridian Resources Limited and contains recommendations for a program of exploration on the property and an estimation of costs

2.0 SUMMARY AND CONCLUSIONS

Meridian Resources Limited of Vancouver, B.C. has an option on the FORT-LV-ADD-PYCU claims and owns the COPPER-SILVER-GOLD claims located in the Kamloops Mining Division about 19 air-kilometers (12 air-miles) northwest of Little Fort, B.C.

The property is accessible by road from Little Fort, a distance of 26 kilometers (16 miles). There are a total of 70 mineral claims and, in addition, 5 blocks containing 50 units.

Previous work in the general area consists of geochemical andgeophysical surveys, geological mapping, trenching and drilling by various companies.

The claim-area is underlain mainly by Nicola Group volcanics and sediments which have been intruded by diorite. Mineralization on and near the claim area is of several types: copper/gold skarns, silver/lead/copper shear zones, copper in porphyry stocks, etc.

The presence of widespread occurrences of copper, gold, silver, lead and zinc combined with geologically favorable structures and host rocks makes the area a good exploration target. Although considerable work has been done in the general area, a number of favorable areas still remain untested. Recommendations are made for additional exploration consisting of air photo studies, a compilation and evaluation of previous work, geological mapping, geophysical surveys, trenching and drilling.

The program is estimated to cost $70,000.00 and to take about 2 months to complete.

3.0 LOCATION AND ACCESS

The location of the property is shown of Figure 1. It is located mainly on the highland plateau between Deer Lake and Laurel Lake at elevations between 1310 and 1490 meters (4300 feet and 4900 feet). See N.T.S. Map 92P/2W (Clearwater): Latitude - 51° 31'N; Longitude - 120° 23'W.

The area is heavily wooded and active logging operations are in progress.

The property is accessible by road from Kamloops, B.C. north on highway 5 to Little Fort a distance of about 90 kilometers (56 miles). From there, the Bridge Lake road is followed westerly for 15 kilometers (9.5 miles) and then a FWD dirt road is followed northerly a distance of 9.6 kilometers (6 miles) to the property. An extensive network of logging roads provides good access to many parts of the property.

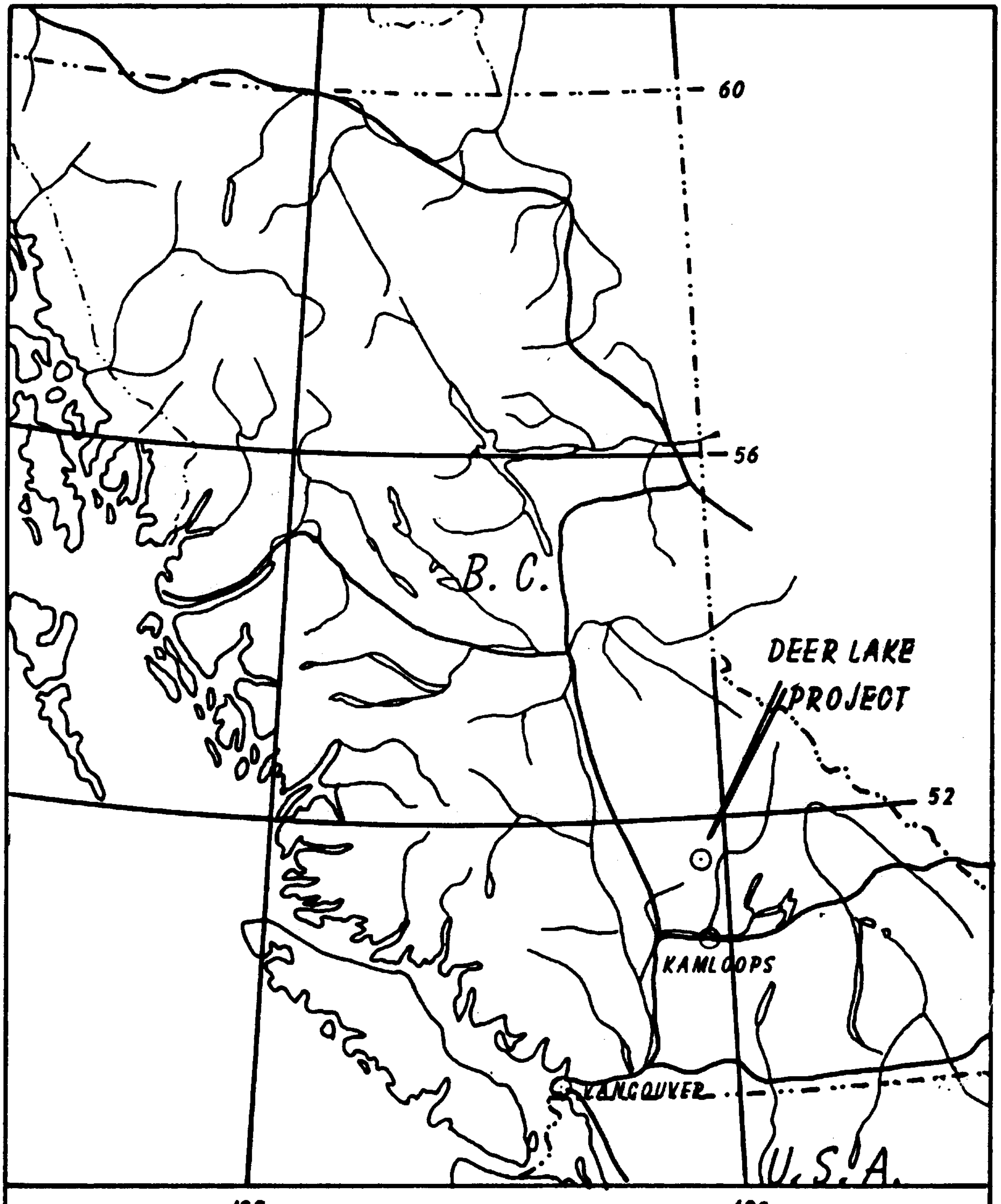

FIGURE 1

LOCATION MAP

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DEER LAKE PROJECT

MONTGOMERY CONSULTANTS LIMITED

APRIL 7, 1977

4.0 CLAIM INFORMATION

The property consists of 77 mineral claims and 5 blocks containing 50 units all located in the Kamloops Mining Division of British Columbia. The claims are shown on Figure 2 and listed in Table I with pertinent information on names, record numbers and expiry dates.

Table I

Claim No.	Record No.	Expiry Date
FORT 1-6 (6)	10282-10287	Dec. 7/78
FORT 7 (4 units)	178	Dec. 30/76
FORT 8 (1)	221	Feb. 6/77
FORT 9 (4 units)	428	June 25/77
LV 27-68 (42)	115217-115258	May 3/78
LV 69 Fr.-72Fr. (4)	115259-115262	May 3/78
ADD 4 (1)	128356	Aug. 9/77
ADD 6 (1)	128358	Aug. 9/77
ADD 15-27 (13)	128367-128379	Aug. 9/77
PYCU 3 (1)	106123	Feb. 28/78
PYCU 4 (1)	106124	Feb. 28/78
COPPER #1 (14 units) *		Mar.8/78
SILVER #1 (12 units) *		Mar. 8/78
GOLD #1 (16 units) *		Mar.8/78

total 70 mineral claims

Claim information was obtained from company officials and from the Mining Recorder's office in Vancouver, B.C. Some posts and location lines were examined in the field and they appear to have been staked according to the regulations under the Mining Act for British Columbia.

The claims in Table I marked '*' were staked by Mr. John Young of Vancouver, B.C. acting as agent for Meridian Resources Limited. All of the others are under option by the company from Mr. John S. Burns of Vancouver, B.C.

5.0 HISTORY AND PREVIOUS WORK

The first recorded activity was in 1930 when the Lakeview claim was staked on a magnetite replacement in limestone on the southwest of Deer Lake (figure 3, No.1). At that time, some stripping was done on a seam of sulfides within the magnetite zone. An assay of 2.5 oz/ton gold across 6 feet of sulfides was reported (B.C. Minister of Mines Annual Report, 1930, pp.191-193).

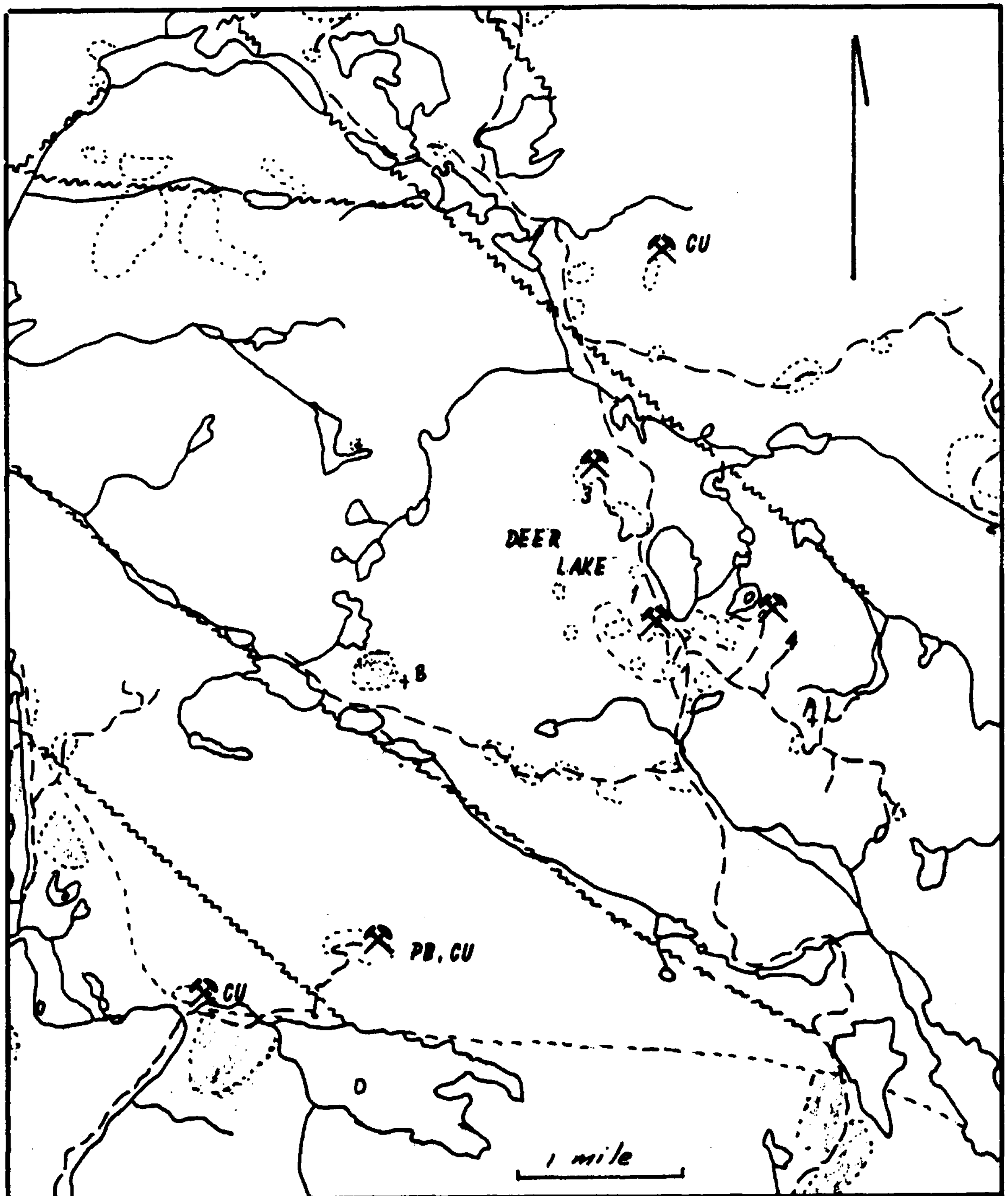
At a later date, coneiderable stripping and some underground work was done on the property but no record of it is available to the writer.

The next recorded activety was in 1966 when Anaconda staked the TC group of claims on mineralization consisting of pyrite, magnetite, pyrrhotite and chalcopyrite in diorite and volcanics. The company built some access roads and did trenching, induced polarization surveys, magnetometric and geochemical surveys and geological mapping.

The area covered by the surveys is shown on figure 4. A line-spacing of 800 feet was used and a number of scattered anomalous copper values (up to 4000 ppm) were obtained.

(Reference: MMAR, 1966, p.143; AR=Assessment Report-905,907, 910).

As well, the United Copper Corporation Limited did some geochemical soil-sampling near Silver Lake (figure 3,No.3) on the SILVER claims, a copper-lead-zinc showing.



7A	AUGITE PORPH. BRECCIA	2B	ANDESITE TUFF
4	MICRO-DIORITE	2C	ARGILLITE SILTSTONE
3	QTZ. DIORITE	2D	LIMESTONE
2A	ANDESITE. FLOWS & BR.	1	CACHE CREEK

FIGURE 3

REGIONAL GEOLOGY

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DEER LAKE PROJECT

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The area covered is shown in figure 4. Rubeanic acid was used on soils to test for copper. Scattered anomalous values were obtained west and north-west of Deer Lake.

(Reference: MMAR, 1966, p.144, AR 981)

The following year, Anaconda did geological, geophysical and geochemical surveys on the RED and KÅLA claims located about 1/2 mile east of Deer Lake (figure 3, No. 4). Two diamond drill holes (totalling 587 ft.) were also completed on the copper showing (Reference: MMAR, 1967, p.132; AR 1123). Additional work, including bulldozer trenching and 4 diamond drill holes (totalling 1250 ft.), was done on the TC claims by Anaconda. Drill-hole locations are shown on figure 4 (marked A1-A5). (Reference: MMAR, 1967, p.133; Ar 905, 907, 910).

During the same year, United Copper completed geochemical sampling and magnetometric surveys on the SILVER claims. The area covered is shown in figure 4. A long, narrow magnetic high was obtained immediately west of Deer Lake. (Reference: MMAR, 1967, p. 133; AR 981, 1061, 1169).

In 1968, additional work was done on the SILVER claims (plus adjoining MAE, BILL and SP claims). Trenching exposed mineralized skarn containing pyrrhotite, pyrite, magnetite, chalcopyrite and sphalerite. The area covered is shown in figure 4. (Reference: MMAR, 1968, p 166-167; AR 981, 1061, 1169, 1690).

In 1970 and 1971, some additional mapping and magnetometer surveys were done by United Copper Corporation Limited on the SILVER claims south of Deer Lake. The area covered is shown in figure 4. A moderate magnetic anomaly

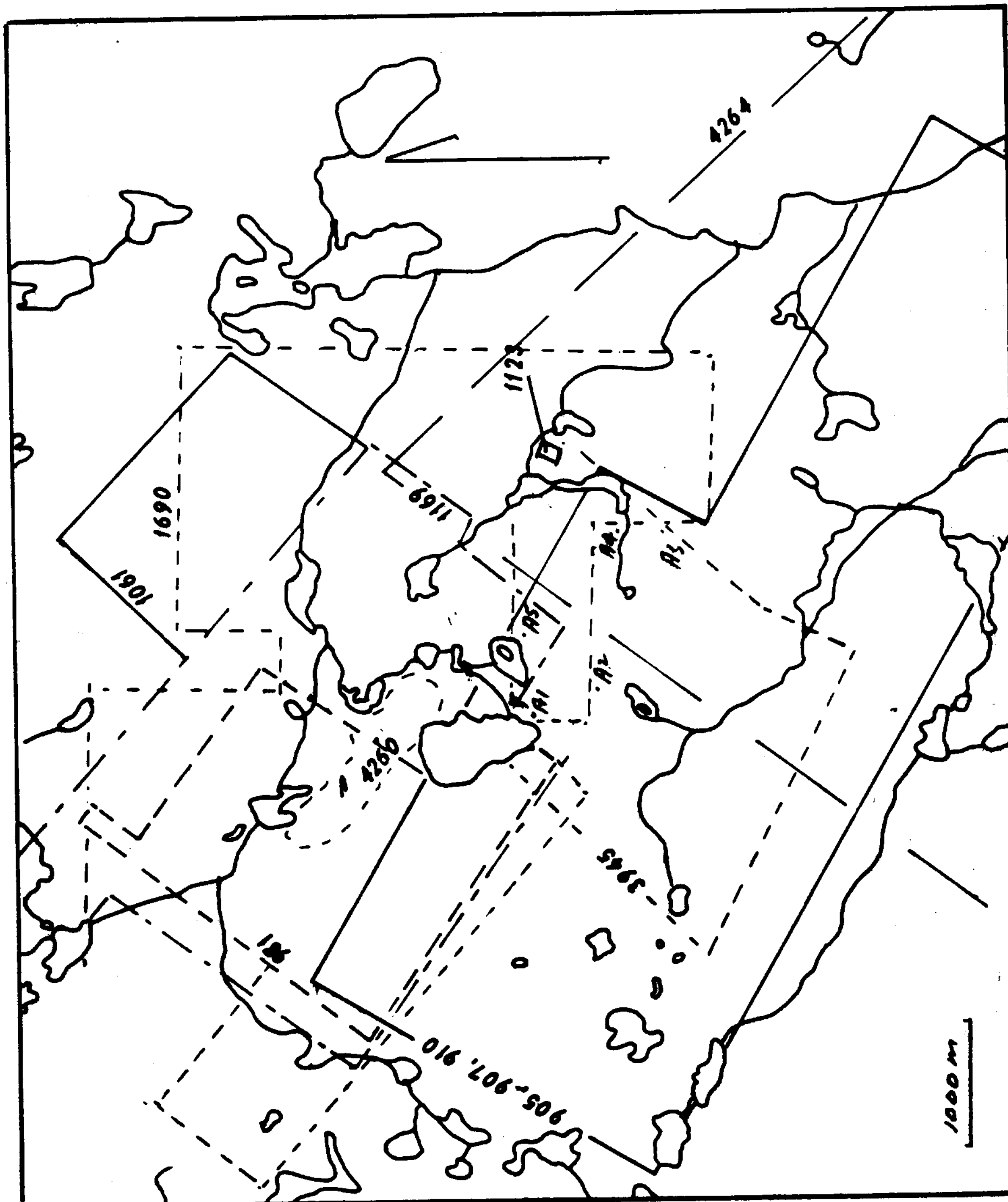

FIGURE 4

PREVIOUS WORK

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covers some old trenches exposing skarn. (Reference: MMAR,1971, p.334; AR 981, 1061, 1169, 1690, 2712,3349).

In 1972, Barrier Reef Resources Limited (N.P.L.) did an electromagnetic survey on the PYCU claims (see figure 4). Several anomalies were detected and drilling recommended at two places.

Additional geological and magnetometer surveys were done on the UNITED and DEER claims (covering the old Lakeview workings) by the Cariboo Syndicate.

In 1973, Barrier Reef Resources Limited and Rio Tinto Canadian Exploration Limited did extensive geochemical, geological and geophysical surveys plus some minor drilling on the PYCU, LV and FORT claims.

Part of the area covered is shown in figure 4. (Reference: GEM,1973, p. 275; AR 4262, 4264, 4835).

Medallion Explorations Limited (formerly United Copper Corporation Limited) did some geological mapping and minor drilling on the UNITED, LAKEVIEW, SILVER, RED claims. (Reference: GEM 1973, p. 275-276; AR 4260, 4678, 4684).

In 1974, Rio Tinto Canadian Exploration Limited did magnetometer and induced polarization surveys plus 1250 feet of percussion drilling on the LV claims (Reference: GEM 1974, p.225; AR 4947). During the following year, they did additional induced polarization surveys and some percussion drilling. (Reference: GEM, 1975, p.E120; AR 5424, 5425, 5734).

6.0 REGIONAL GEOLOGY

The regional geology of the area has been mapped by R.B. Campbell and H.W. Tipper (1971) and by V. Preto (1970). Figure 3 shows the geology mapped by Preto.

The oldest rocks in the general area are those of the Triassic Nicola Group. This group consists mainly of andesitic flows and breccias, tuff, argillite, greywacke and limestone. These rocks have been intruded by the Thuya batholith of Triassic/Jurassic age. The batholith is composed of quartz diorite, granodiorite, monzonite and gabbro. In addition, many small bodies of diorite, quartz diorite and granodiorite have intruded the Triassic rocks.

To the east and west in fault contact with Nicola Group rocks are Jurassic volcanic and sedimentary rocks.

7.0 LOCAL GEOLOGY AND MINERALIZATION

The following geological detail is taken mainly from Preto (1970). The claim area is underlain mainly by a fault block comprised of various Nicola Group volcanics and sediments which are intruded by small bodies of diorite. The Nicola rocks are described as follows: (see figure 3).

Unit 2a - is composed of andesite flows (both aphanitic and porphyritic) and breccias. Alteration includes contact metamorphism resulting in hornfelsic rocks and amphibolite schist. Epidotization is common and limestone has been skarnetized.

Unit 2b - is composed of thin-bedded tuff and breccia.

Unit 2c - is composed of siltstone, argillite, shale and sandstone.

Unit 2d - is composed of fine-grained, bedded limestone.

The Nicola rocks within the map area are intruded by diorite bodies (Unit 4) which are probablysatellitic to the Thuya granodiorite (Unit 3) on the south.

Several types of mineralization are described by Preto:

(a) Deer Lake Skarns

Massive pyrrhotite-magnetite lenses carrying pyrite, chalcopyrite and gold occur in skarns derived from limestones (Unit 2d) near contacts with diorite (Unit 4).

(b) Friendly Lake Shear Zone

About 4 miles northwest of Deer Lake, argentiferous galena occurs in a shear zone in andesite with minor pyrite and chalcopyrite.

(c) Copper With Porphyry Stocks (Unit 5)

About 7 miles northwest of Deer Lake, chalcopyrite, pyrite, galena and tetrahedrite occur in altered volcanics and granite/syenite.

(d) Long Island Lake Skarn

Pyrrhotite, pyrite and chalcopyrite occur in biotite or pyroxene hornfels near the Thuya batholith contact abour four miles east of Deer Lake.

(e) Long Island Lake Skarn

Pyrrhotite, pyrite, galena and chalcopyrite occur in Nicola sediments about three miles southwest of Deer Lake.

(f) Thuya Lake

Chalcopyrite occurs in fractured, altered Thuya granodiorite south of Eakin Creek.

8.0 RECOMMENDATIONS

The general area in and around the claims has had a considerable amount of work done on it. Several different companies, beginning in 1930, but more recently during the period 1966 to 1975, have recognized the area as a prime exploration target. Widespread occurrences of copper, gold, silver, lead and zinc combined with geologically favorable structures and host rocks have attracted intensive exploration of many parts of the area.

The work done varies a good deal from place to place. Geochemical sampling ranges from lake-sediment sampling, stream-sediment sampling and rubeanic acid analysis to multi-element rock and soil geochemistry. Geophysical surveys include magnetic, electromagnetic and induced polarization surveys, but line-spacing ranges from 200 feet to 800 feet and the surveys are not entirely coincident. See figure 4.

During the course of the above exploration programs, a number of significant anomalies were detected but only part of them were tested by drilling or trenching.

It is the writer's opinion that the area has not been fully tested and recommendations are made for a program of additional exploration. The proposed program consists of air photo interpretation, compilation and evaluation of previous works, geological mapping, geophysical surveys, trenching and drilling. Details of the program associated with an induced polarization high, and Area B is arsenic-anomalous with associated electromagnetic and induced polarization highs.

9.0 COST ESTIMATE

1.	Air Photo Interpretation	
	(a) Photographs	$50.00
	(b) Interpretation (incl. maps & report)	$2,000.00
2.	Compilation and Evaluation of Previous Work	
	(a) Acquisition and copying previous work	$200.00
	(b) Study & Evaluation of Reports	$2,000.00
	(c) Preparation Map & Report	$400.00
3.	Geological Mapping	
	(a) Geologist - 1 month	$3,000.00
	(b) Assistant - 1 month	$2,000.00
	(c) Sample Analysis	$1,500.00
4.	Geophysical Surveys	
	(a) Equipment Rental	$1,200.00
	(b) Operator - 1 month	$2,500.00
	(c) Assistant - 1 month	$2,000.00
5.	Trenching - 50 hrs @ $50/hr	$2,500.00
6.	Drilling - 1500 ft @ $25/ft	$37,500.00
7.	Transportation	
	(a) FWD Truck Rental @ $600/month	$1,200.00
	(b) Gasoline & oil etc.	$400.00
8.	Accomodation	
	(a) Camp Equipment	$350.00
	(b) Food & Supplies - $15/man·day	$2,700.00

9. Supervision and Engineering

incl. prep. of final report $1,600.00

sub-total $63,100.00

10. Contingencies $6,900.00

total $70,000.00

Respectfully submitted

J.H. Montgomery

J.H. Montgomery, Ph.D., P.Eng.

10.0 BIBLIOGRAPHY

1. Preto, V.A.G. (1970) - "Geology of the Area between Eakin Creek and Windy Mountain," Geology, Exploration and Mining in British Columbia, 1970.
2. Hallof, P.G. (1972) - "Report on the Electromagnetic Survey on the LV-PYCU-FORT claim group, Deer Lake Area, Little Fort, Kamloops Mining Division, B.C." Private report for Barrier Reef Resources Ltd.
3. Paltser, V. (1975) - "Deer Lake Option, Little Fort, B.C. Percussion Drilling Program".
4. Sanquinetti, M.H. (1973) - "Geochemical Report on the FORT,PYCU, and LV claim group". Private report for Barrier Reef Resources Ltd.
5. Campbell, R.B. and Tipper, H.W. (1971) - "Geology of Bonaparte Lake Map-Area, British Columbia," G.S.C. Memoir 363.
6. The following B.C. Minister of Mines Annual Reports:

1930	Silver Lake	p.A191
1930	Lakeview	p.A191
1966	TC	p.143
1966	Silver	p.144
1967	TC	p.133
1967	Silver	p.133
1968	Silver	p.166
1968	EC	p.166
1970	Silver	p.312
1970	PC	p.312

1971	Silver	p.334
1972	PYCU,LV,FORT	p.320
1972	LAKEVIEW, RED	p.320
1973	PYCU, LV, FORT	p.275
1973	LAKEVIEW, SILVER, RED	p.275
1974	LV	p.224
1975	LV	p.120

7. The following Assessment Reports:

No.	Type	Claims	Operator	Year
905	Geochem.	TC	Anaconda	1967
907	Geochem.	TC	Anaconda	1967
910	Geochem.	TC	Anaconda	1967
981	Geochem.	SILVER	United Copper	1967
1061	Geochem.	MAE,SP,BILL,SILVER	United Copper	1967
1123	Geophys.	KALA	Anaconda	1967
1169	Geophys,Geochem.	SILVER	United Copper	1967
1690	Geophys.	SILVER,MAE,SP,BILL	United Copper	1968
2712	Geophys,Lc.	UNITED	United Copper	1970
3349	Geophys,Lc.	UNITED	United Copper	1971
3945	Geol.,Geophys.	DEER,UNITED	Cariboo Synd.	1972
4028	Geophys.Lc.	PYCU	Barrier Reef	1972
4260	Geol.	SILVER	United Copper	1973
4262	Geochem.	PYCU,LV,FORT	Barrier Reef	1972
4678	Geol.	MAE,SP	United Copper	1973
4684	Geol.	BILL	Rio Tinto	1973
4689	Geochem.	DUM	Rio Tinto	1973

No.	Type	Claims	Operator	Year
4835	Geochem.	LV	Rio Tinto	1973
4947	Geophys.	LV	Rio Tinto	1973
5424	Drilling	LV	Rio Tinto	1974
5425	Geophys, Lc.	ADD, LV	Rio Tinto	1974
5734	Perc.Drill.	LV	Rio Tinto	1975

CERTIFICATE

I, J.H. Montgomery of Vancouver, British Columbia, hereby certify that:

1. I am a geological engineer and that I reside at 4153 West 11th Ave., Vancouver 8, B.C.
2. I am a graduate of the University of British Columbia; B.Sc. in 1959, M.Sc. in 1960, Ph.D. in 1967.
3. I have practiced my profession since 1959.
4. I am a member of the Association of Professional Engineers of British Columbia and of the Yukon Territory.
5. I have no interest, direct or indirect, in the securities or properties of Meridian Resources Limited, nor do I expect to receive any.
6. I have based this report on a personal visit to the Deer Lake Copper-Gold Prospect and on a study of previous reports and government publications.

Dated at Vancouver, B.C., this 7th day of April, 1977.

J.H. Montgomery

J.H. Montgomery, Ph.D., P.Eng.
4153 West 11th Ave.,
Vancouver, B.C.

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.

18 MAY 1977
(Date)

MERIDIAN RESOURCES LTD. (N.P.L.)

Per: R. Hughes
Richard W. Hughes

Per: F. Lang
Frank A. Lang

Per: John Wolfe by his Power of Attorney
John Wolfe

R. Hughes

CERTIFICATE OF THE UNDERWRITER(S):

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.

18 MAY 1977
(Date)

CANARIM INVESTMENT CORPORATION LTD.

Per:

principal purposes for which the estimated net proceeds from the sale of the securities offered by this Statement of Material Facts are to be spent, and in the order of priority, are as follows:

(a)	To pay accounts payable -	$ 13,796
(b)	Property Payment - Midway Project -	$ 10,000
(c)	Completion costs - Midway Project - as per the Report of Virgil R. Chamberlain, P.Eng., dated April, 1977, which is attached hereto -	$ 26,000
(d)	Property Payment - Deer Lake Copper-Gold Prospect -	$ 4,500
(e)	To commence the recommendations of J.H. Montgomery, P.Eng., in his Report dated 7 April 1977, on the Deer Lake Copper-Gold Prospect, to the point of drilling at which time additional financing will be obtained, which is attached hereto -	$ 25,000
(f)	To provide general working capital -	$ 3,954
	Total Proceeds:	$ 83,250

5. GIVE THE FULL NAME, HOME ADDRESS AND CHIEF OCCUPATION, THE NUMBER OF SHARES OF THE ISSUER BENEFICIALLY OWNED, DIRECTLY OR INDIRECTLY, BY EACH SENIOR OFFICER OR DIRECTORS OF THE ISSUER AND IF EMPLOYED DURING THE PAST FIVE YEARS THE NAME OF EACH EMPLOYER.

Name and Address	Chief Occupation	Number of Shares of Issuer Beneficially Owned
RICHARD W. HUGHES 2484 Ottawa Avenue West Vancouver, B.C. PRESIDENT/DIRECTOR	President & Director of the Issuer; President & Director, Belmoral Mines Ltd. (NPL); Director of other B.C. mining companies	273,666 shares
JOHN WOLFE P.O. Box 150 Erickson, B.C. VICE-PRESIDENT/ DIRECTOR	President, John Wolfe Construction Co. Ltd.	462,022 shares

Directors and Insiders of the Issuer may purchase shares from this Offering.

The Agent, Canarim Investment Corporation Ltd., of 424 Burrard Street, Vancouver, British Columbia, may be considered the "market maker" of the shares of the Issuer during the period of primary distribution of the shares offered pursuant to this Statement of Material Facts and may, subject to the by-laws of the Vancouver Stock Exchange, make purchases and sales of the shares of the Issuer for the purpose of maintaining an orderly market for the shares of the Issuer and for assisting in the distribution of the offered shares. The Agent owns no shares and has no shares under its control.

The number of and percentage of the issued and outstanding securities of each class of the Issuer, beneficially owned directl- or indirectly, by Promoters, Directors, Senior Officers, and persons holding 10% or more of the issued shares as a group is 1,103,684 shares and 62.05%.

2. PARTICULARS CONTRIBUTING TO THE SPECULATIVE NATURE OF THE SECURITIES BEING OFFERED.

The properties of the Issuer on which the proceeds from the sale of securities offered by this Statement of Material Facts are to be spent are without a known body of commercial ore and the proposed program is an exploratory search for ore.

The shares of the Issuer must be considered speculative securities as the Issuer's mining properties are in the exploration and development stage.

No survey has been made of the Issuer's located mineral claims and, therefore, in accordance with the mining laws of the jurisdiction in which such claims are situate their existence and area could be in doubt.

3. DETAILS OF ANY MATERIAL CHANGES OR PROPOSED MATERIAL CHANGES IN THE AFFAIRS OF THE ISSUER.

None.

4. THE ESTIMATED NET PROCEEDS OF THE ISSUER ARE TO BE SPENT.

Although it is not possible to determine the actual net proceeds from the offering of shares pursuant to this Statement of Material Facts, in the event all of the 300,000 shares are sold at the minimum price of 30¢ per share, the proceeds would be $90,000 less commissions of $6,750, for a net amount of $83,250. The

Name and Address	Chief Occupation	Number of Shares of Issuer Beneficially Owned
FRANK A. LANG 1575 Rena Crescent West Vancouver, B.C. SECRETARY/DIRECTOR	Industrial Sales Engineer, B.C. Hydro; President, Cream Silver Mines Ltd. (NPL); Director, other B.C. mining companies	212,000 shares

6. PARTICULARS OF THE CORPORATE STANDING OF THE ISSUER.

The Issuer was incorporated in British Columbia on 4 January 1967 by Memorandum and Articles.

The last annual report was filed with the Registrar of Companies of British Columbia on 4 January 1977. All filing required to be made by the Issuer under the Securities Act and Companies Act of British Columbia are up-to-date.

The latest audited financial statements of the Issuer were dated 31 July 1976 and were placed before the members of the Issuer at the Annual General Meeting on 6 January 1977.

There is no businesses which the Issuer is restricted from carrying on, however, the Issuer is primarily engaged in the business of acquiring and developing natural resource properties.

7. THE AUTHORIZED AND ISSUED CAPITAL OF THE ISSUER.

The authorized capital of the Issuer consists of 5,000,000 shares with a par value of 50¢ each, of which 1,778,689 shares have been issued as fully paid.

8. THE PRICES AT WHICH SECURITIES OF THE ISSUER HAVE BEEN ISSUED DURING THE PAST YEARS.

300,000 shares were issued for cash at 25¢ per share.

66,667 shares were issued for cash at 15¢ per share as a Private Placement.

9. PARTICULARS OF ANY BONDS, DEBENTURES, NOTES, MORTGAGES, CHARGES, LIENS, OR HYPOTHECATIONS OF THE ISSUER.

None.

10. PARTICULARS OF IMPORTANT PROPERTIES PRESENTLY OWNED, LEASED, HELD UNDER OPTION OR OPERATED BY THE ISSUER OR ANY SUBSIDIARY THEREOF OR PROPOSED TO BE OWNED, LEASED, HELD UNDER OPTION, OR OPERATED BY THE ISSUER OR ANY SUBSIDIARY THEREOF.

(A) BRACEBRIDGE PROPERTY, Fort Steele Mining Division, B.C.

The Issuer holds an option to purchase certain located mineral claims and a mineral lease in the Fort Steele Mining Division of the Province of British Columbia as follows:

DON No.1, DON No.2 - JOE No.1, JOE No.2	5790 - 5793 incl.
SURPRISE MINERAL LEASE -	Lot No. 3560
WOLFE FR. MINERAL CLAIM-	Record No. 10590

In addition, the Issuer owns a 100% interest in the following located mineral claims in the Fort Steele Mining Division of the Province of British Columbia:

NAME OF CLAIM	RECORD NUMBERS
WINNIE	11286
VERA	11287
JIM FRACTION	11288
LILLIAN FRACTION	11290
JOE NO. 3	12532
JOE NO. 4	12533
JOE NO. 5	12534
JOE NO. 6	12535
GORDON FRACTION	12536
MONICA FRACTION	12537
SILVERTIP FRACTION	18229
SILVERTIP FRACTION NO.1	18230
SILVERTIP FRACTION NO.2	18231
SILVERTIP	18232
SILVERTIP NO. 1	18233
SILVERTIP NOS. 2 - 15	18234 - 18247 incl.

In addition, the Issuer holds a lease on the Welcome Crown Granted Mineral Claim in the Kootenay Land District, Lot No. 1389.

During the past year, the Issuer has spent approximately $20,000 on trenching, geochemical and electromagnetic surveys on the Property in carrying out Phase I of the Report of F. Holcapek, P.Eng., in his Report dated 20 April 1974, which resulted in the delineation of several localized anomalies.

(B) MIDWAY PROJECT, Pondera County, State of Montana, U.S.A.

The Issuer has been assigned the gas and oil interests