

MISTRAL RESOURCES LTD.  
 PRO FORMA CASH FLOW STATEMENT  
 JULY 1987 - DECEMBER 1987  
 (PREPARED WITHOUT AUDIT)

800186

	<u>JULY</u>	<u>AUGUST</u>	<u>SEPTEMBER</u>	<u>OCTOBER</u>	<u>NOVEMBER</u>	<u>DECEMBER</u>	<u>TOTAL</u>
MONTHLY GOLD OUTPUT (OZ)	-	7,260	10,300	7,923	-	-	25,483
LESS: 20% LOSS IN PRODUCTION	-	(1,452)	(2,060)	(1,585)	-	-	(5,097)
NET GOLD OUTPUT	-	5,808	8,240	6,338	-	-	20,386
SMELTING & REFINING LOSS (18%)	-	(1,045)	(1,483)	(1,140)	-	-	(3,668)
BALANCE	-	4,763	6,757	5,198	-	-	16,718
RESERVES:							
Jointholder (10% of net gold)	-	(581)	(824)	(634)	-	-	(2,039)
LSH Inv. (27.5% of balance)	-	(1,310)	(1,858)	(1,429)	-	-	(4,597)
NET REFINED GOLD (OZ)	-	2,872	4,075	3,135	-	-	10,082
REVENUES	\$ -	\$ 1,693,331	\$ 2,402,620	\$ 1,848,396	\$ -	\$ -	\$ 5,944,347
EXPENSES							
Administration	15,000	15,000	15,000	15,000	15,000	15,000	90,000
Contract management	16,080	16,080	16,080	16,080	-	-	64,320
Equipment rental	19,980	19,980	19,980	19,980	-	-	79,920
Exploration and development	81,000	81,000	81,000	81,000	-	-	324,000
Food and supplies	15,000	15,000	15,000	15,000	-	-	60,000
Fuel	6,000	6,000	6,000	6,000	-	-	24,000
Mine maintenance	-	-	-	-	2,500	2,500	5,000
Royalty to Bystar (2.5% of revenue)	-	31,592	60,065	46,210	-	-	137,867
Stripping	-	226,880	321,880	247,600	-	-	796,360
Wages	24,000	24,000	24,000	24,000	-	-	96,000
	177,060	435,532	559,005	470,870	17,500	17,500	1,677,467
NET INCOME (LOSS) FOR THE PERIOD	(177,060)	1,257,799	1,843,615	1,377,526	(17,500)	(17,500)	4,266,880
CASH, beginning of period	-	(177,060)	1,080,739	2,924,354	4,301,880	4,284,380	-
ACCUMULATED CASH BALANCE	\$ (177,060)	\$ 1,080,739	\$ 2,924,354	\$ 4,301,880	\$ 4,284,380	\$ 4,266,880	\$ 4,266,880

NOTE

Gold is calculated at \$440 U.S. per ounce and U.S. dollar converted to Canadian at 1.34.

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	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
DAILY GOLD OUTPUT (OZ)	-	-	-	-	10,300	10,300	10,300	10,300	10,300	10,300	-	-	61,800
LESS: 20% LOSS IN PRODUCTION	-	-	-	-	(2,060)	(2,060)	(2,060)	(2,060)	(2,060)	(2,060)	-	-	(12,360)
NET GOLD OUTPUT	-	-	-	-	8,240	8,240	8,240	8,240	8,240	8,240	-	-	49,440
SMELTING & REFINING LOSS (10%)	-	-	-	-	(1,483)	(1,483)	(1,483)	(1,483)	(1,483)	(1,483)	-	-	(8,898)
BALANCE	-	-	-	-	6,757	6,757	6,757	6,757	6,757	6,757	-	-	40,542
ROYALTIES													
Partners (10% of net gold)	-	-	-	-	(824)	(537)	-	-	-	-	-	-	(1,361)
LES Inv. (27.5% of balance)	-	-	-	-	(1,858)	(1,858)	(1,677)	-	-	-	-	-	(5,393)
INTEREST													
Partners (12% p.a.)	-	-	-	-	(54)	(14)	(5)	-	-	-	-	-	(73)
LES Inv. (11.5% p.a.)	-	-	-	-	(207)	(52)	(34)	(16)	-	-	-	-	(309)
BONUS - LES Investments	-	-	-	-	-	-	-	(800)	-	-	-	-	(800)
FURTHER ROYALTIES													
LES Inv. (2.188% of balance)	-	-	-	-	-	-	-	(148)	(148)	(148)	-	-	(444)
NET REFINED GOLD (OZ)	-	-	-	-	3,814	4,296	5,041	5,793	6,609	6,609	-	-	32,162
REVENUES	\$ -	\$ -	\$ -	\$ -	\$ 2,248,734	\$ 2,532,922	\$ 2,972,174	\$ 3,415,553	\$ 3,896,666	\$ 3,896,666	\$ -	\$ -	\$ 18,962,715
EXPENSES													
Administration	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	180,000
Contract management	-	-	-	-	16,080	16,080	16,080	16,080	16,080	16,080	-	-	96,480
Equipment rental	-	-	-	-	19,980	19,980	19,980	19,980	19,980	19,980	-	-	119,880
Exploration and development	-	-	-	-	81,000	81,000	81,000	81,000	81,000	81,000	-	-	486,000
Feed and supplies	-	-	-	-	15,000	15,000	15,000	15,000	15,000	15,000	-	-	90,000
Fuel	-	-	-	-	6,000	6,000	6,000	6,000	6,000	6,000	-	-	36,000
Mine maintenance	2,500	2,500	2,500	2,500	-	-	-	-	-	-	2,500	2,500	15,000
start-up costs	-	-	-	50,000	-	-	-	-	-	-	-	-	50,000
Royalty to Hyster (2.5% of revenue)	-	-	-	-	56,218	63,323	74,304	85,389	97,417	97,417	-	-	474,068
Stripping	-	-	-	-	321,880	321,880	321,880	321,880	321,880	321,880	-	-	1,931,280
Wages	-	-	-	-	24,000	24,000	24,000	24,000	24,000	24,000	-	-	144,000
	17,500	17,500	17,500	67,500	555,158	562,263	573,244	584,329	596,357	596,357	17,500	17,500	3,622,708
NET INCOME (LOSS) FOR PERIOD	(17,500)	(17,500)	(17,500)	(67,500)	1,693,576	1,970,659	2,398,930	2,831,224	3,300,309	3,300,309	(17,500)	(17,500)	15,340,007
CASH, beginning of period	4,266,880	4,249,380	4,231,880	4,214,380	4,146,880	5,840,456	7,811,115	10,210,045	13,041,269	16,341,578	19,641,887	19,624,387	4,266,880
ACCUMULATED CASH BALANCE	\$ 4,249,380	\$ 4,231,880	\$ 4,214,380	\$ 4,146,880	\$ 5,840,456	\$ 7,811,115	\$ 10,210,045	\$ 13,041,269	\$ 16,341,578	\$ 19,641,887	\$ 19,624,387	\$ 19,606,887	\$ 19,606,887

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	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
MONTHLY GOLD OUTPUT (OZ)	-	-	-	-	10,300	10,300	10,300	10,300	10,300	10,300	-	-	61,800
LESS: 20% LOSS IN PRODUCTION	-	-	-	-	(2,060)	(2,060)	(2,060)	(2,060)	(2,060)	(2,060)	-	-	(12,360)
NET GOLD OUTPUT	-	-	-	-	8,240	8,240	8,240	8,240	8,240	8,240	-	-	49,440
SMELTING & REFINING LOSS (18%)	-	-	-	-	(1,483)	(1,483)	(1,483)	(1,483)	(1,483)	(1,483)	-	-	(8,898)
BALANCE	-	-	-	-	6,757	6,757	6,757	6,757	6,757	6,757	-	-	40,542
ROYALTIES													
LSM Inv. (2.188% of balance)	-	-	-	-	(148)	(148)	(148)	(148)	(148)	(148)	-	-	885 (288)
ADVANCED ROYALTY M Investments	-	-	-	-	(1,254)	-	-	-	-	-	-	-	(1,254)
NET REFINED GOLD (OZ)	-	-	-	-	5,355	6,609	6,609	6,609	6,609	6,609	-	-	38,488
REVENUES	\$ -	\$ -	\$ -	\$ -	\$ 3,157,308	\$ 3,896,666	\$ 3,896,666	\$ 3,896,666	\$ 3,896,666	\$ 3,896,666	\$ -	\$ -	\$ 22,640,438
EXPENSES													
Administration	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	180,000
Contract management	-	-	-	-	16,080	16,080	16,080	16,080	16,080	16,080	-	-	96,480
Equipment rental	-	-	-	-	19,980	19,980	19,980	19,980	19,980	19,980	-	-	119,880
Exploration and development	-	-	-	-	81,000	81,000	81,000	81,000	81,000	81,000	-	-	486,000
Food and supplies	-	-	-	-	15,000	15,000	15,000	15,000	15,000	15,000	-	-	90,000
Fuel	-	-	-	-	6,000	6,000	6,000	6,000	6,000	6,000	-	-	36,000
Mine maintenance	2,500	2,500	2,500	2,500	-	-	-	-	-	-	2,500	2,500	15,000
Mine start-up costs	-	-	-	50,000	-	-	-	-	-	-	-	-	50,000
Royalty to Hystar (2.5% of revenue)	-	-	-	-	78,933	97,417	97,417	97,417	16,881	-	-	-	388,065
Stripping	-	-	-	-	321,880	321,880	321,880	321,880	321,880	321,880	-	-	1,931,280
Wages	-	-	-	-	24,000	24,000	24,000	24,000	24,000	24,000	-	-	144,000
	17,500	17,500	17,500	67,500	577,873	596,357	596,357	596,357	515,821	498,940	17,500	17,500	3,536,785
NET GAIN (LOSS) FOR PERIOD	(17,500)	(17,500)	(17,500)	(67,500)	2,579,435	3,300,309	3,300,309	3,300,309	3,380,845	3,397,726	(17,500)	(17,500)	19,103,653
CASH, beginning of period	19,606,887	19,589,387	19,571,887	19,554,387	19,486,887	22,066,322	25,366,631	28,666,940	31,967,249	35,348,094	38,745,820	38,728,320	19,606,887
ACCUMULATED CASH BALANCE	\$ 19,589,387	\$ 19,571,887	\$ 19,554,387	\$ 19,486,887	\$ 22,066,322	\$ 25,366,631	\$ 28,666,940	\$ 31,967,249	\$ 35,348,094	\$ 38,745,820	\$ 38,728,320	\$ 38,710,820	\$ 38,710,820

NOTE  
 Gold is calculated at \$440 U.S. per ounce and U.S. dollar converted to Canadian at 1.34.

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**NOTES TO THE PRO FORMA CASH FLOW STATEMENTS  
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The following assumptions have been made in arriving at the figures included in the Pro Forma Cash Flow Statements.

1. The grade of gold mined is 0.064 ounces per cubic yard. Maximum production reached from 1988 is 160,940 cubic yards per month.
2. Each mining season commences in May and ends in October.
3. Production loss of 20% is factored into these statements.
4. Royalties to Unitholders and LSH Investments Ltd. are in fact repayments of loans. (The royalty shown as payable to LSH Investments Ltd. includes amounts payable to its associate 666030 Ontario Limited.) The royalties, in aggregate, are subject to a maximum of 40% and consist of the following:
  - a. Unitholders are entitled to 10% of gold production up to an agreed figure of 3,400 ounces.
  - b. Eystar Holdings Ltd. is entitled to 2.5% of revenues up to \$1,000,000 *aggregate*
  - c. LSH Investments Ltd. and 666030 Ontario Limited are together entitled to the balance of the 40% i.e. initially 27.5% of gold production up to an agreed figure of 9,890 ounces of fine gold. After such payment, LSH Investments Ltd. is entitled to an additional 800 ounces of fine gold.
5. Interest commences January 1988 at the rates stated, payable in raw gold to Unitholders and fine gold to LSH Investments Ltd. and 666030 Ontario Limited.
6. Accrued royalty to LSH Investments Ltd. represents an average royalty from two different leases in the percentage stated, payable in gold from the time production started.