

August 6, 1987

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VANCOUVER STOCK EXCHANGE
BRITISH COLUMBIA, CANADA

FILING STATEMENT

(# _____)

SUN STONE RESOURCES LTD. (formerly Mistral Resources Ltd.)

NAME OF COMPANY

#302 - 698 Seymour Street, Vancouver, B.C. V6B 3K4 (604) 669-7211

HEAD OFFICE ADDRESS AND TELEPHONE NUMBER OF COMPANY

THE CANADA TRUST COMPANY

5th Floor, Four Bentall Centre, 1055 Dunsmuir Street, Vancouver, B.C. V7X 1P3

NAME AND ADDRESS OF COMPANY'S REGISTRAR AND TRANSFER AGENT

The Company is, under the Rules of the Exchange, a "Development Company".

The Vancouver Stock Exchange has not in any way passed upon the merits of the securities or the Company. The information contained in this Filing Statement has been supplied to the Exchange by the Company, and the Exchange has relied upon this information in accepting the Filing Statement.

FILING STATEMENT
OF
SUN STONE RESOURCES LTD.
(formerly Mistral Resources Ltd.)
(the "Company")

This Statement is filed with respect to the following material changes in the affairs of the Company:

**1.0 STATEMENT OF MATERIAL CHANGES
IN RESPECT TO WHICH THE FILING STATEMENT IS FILED**

1.1 Share Consolidation and Name Change

At an Extraordinary General Meeting of the Company held on February 6, 1987, the shareholders of the Company approved, by Special Resolution, the consolidation of the Company's share capital on a 5 to 1 basis.

Pursuant to the special resolution the Company's authorized capital of 100,000,000 common shares without par value will be consolidated into 20,000,000 common shares without par value.

Pursuant to the special resolution all of the Company's 4,064,768 issued and outstanding common shares without par value will be consolidated with every 5 common shares without par value being consolidated into 1 common share without par value and any fractional shares arising as a result of the consolidation will be adjusted to the next whole share. Thus, the number of issued and outstanding shares resulting from such consolidation will be 812,954 common shares without par value plus that number of shares as shall be required to be issued to holders of fractional shares resulting from the consolidation.

At the Extraordinary General Meeting the shareholders of the Company also approved, by Special Resolution, a change in the name of the Company from Mistral Resources Ltd. to a name to be selected by the Board of Directors of the Company and approved by the Registrar of Companies and the Vancouver Stock Exchange. The Company's name will be changed to Sun Stone Resources Ltd.

It is intended that the consolidation of the Company's share capital and the change of the Company's name be effected forthwith upon the acceptance of this Filing Statement.

All disclosures appearing in other items of this Filing Statement are disclosed on a consolidated basis, unless specifically otherwise indicated.

1.2 Acquisition of the Shares and Units of Genie Resources Ltd.

(i) Offer

On April 14, 1987, the Company made an offer (the "Offer") to the shareholders and certain creditors ("unitholders") of Genie Resources Ltd. ("Genie"), a non-reporting British Columbia company, to acquire their shares and units of Genie, on the basis of one (pre-consolidated) common share of the Company for each Genie share and one (pre-consolidated) common share of the Company for each \$1.00 invested in units. The offer was made subject to regulatory approval and certain other terms and conditions which are described below.

To date, holders of 6,340,700 of the 6,515,700 issued and outstanding shares of Genie have accepted the Offer. The Company expects that the holders of the remaining shares will accept the Company's offer. However, if this does not occur, the Company intends to exercise its rights under the Company Act (British Columbia) to acquire such shares on the same terms and conditions as were contained in the Offer.

Holders of \$200,000 in principal amount of units have accepted the Offer.

This will result in the issue of 1,193,140 shares of the Company (after taking into account the acquisition of the remaining shares of Genie pursuant to the Company Act and the proposed cancellation of 750,000 escrow shares of Genie).

In the Offer, the Company agreed that, subject to regulatory approval and the further conditions described below, the Company would:

- (a) pay the builder's liens against the Atlin Property (the placer leases and placer mining leases owned by Genie in the Atlin Mining District of British Columbia and more fully described under "Property" on page _____);
- (b) make the final payment to the vendors of the Drain leases constituting part of the Atlin Property;
- (c) assume the obligations of Genie to repay \$2,000,000 advanced by 666030 Ontario Limited in cash or gold; and
- (d) provide adequate funding to place the Atlin Property in full operation for the 1987 mining season.

The Offer was made subject to the following conditions:

- (a) All royalty interests accruing to associates, associated companies and relatives of the directors of Genie will be gifted back to the Company;
- (b) All claims against Genie by associated companies or companies having common directors or principals, will be withdrawn;

- (c) Kenneth O'Connor, the President of Genie, and his associates will receive 1,250,000 pre-consolidated shares of the Company in consideration for gifting back to the Company of royalties, the settlement of debt to Mr. O'Connor, and the release of claims against Genie by associated companies or companies having common directors or principals;
- (d) Genie shareholders and unitholders will receive an immediate release of 25% of their shares in the Company subject to the appropriate regulatory approvals. The balance of 75% will be held in trust by a transfer agent on an earn-out basis. 400 shares of the Company will be released to shareholders and unitholders for each troy ounce of fine gold produced from the Atlin Property. Releases will be calculated each 90 days, based on net smelter receipts;
- (e) The escrow shares of Genie will be cancelled;
- (f) Mr. O'Connor will grant an option to management of the Company of all or a substantial portion of his post-consolidation holdings in the Company at a price to be negotiated; and
- (g) The Company will pay Genie's outstanding legal and accounting fees on the basis of one pre-consolidated share of the Company for each \$1.00 of debt.

Prior to making the Offer to the Genie shareholders and unitholders, the Company made arrangements with Mr. Lyle Hallman, a substantial shareholder of Genie and the sole shareholder of 666030 Ontario Limited, a substantial creditor of Genie, to borrow the funds required to enable the Company to carry out its obligations set out in the Offer. (Reference is made to "Loan and Assumption of Debt" on page _____.)

Pursuant to the Offer and certain letter agreements, the Company, Genie, 307784 B.C. Ltd., Mr. Lyle Hallman, LSH Investments Ltd., 666030 Ontario Limited and Mr. Kenneth O'Connor will be entering into an agreement to be effective as of April 14, 1987 relating to the acquisition by the Company of the shares of Genie, the loan by LSH Investments Ltd. and the related transactions disclosed in this Filing Statement. (Hereinafter the aforesaid agreement is referred to as the "Basic Agreement.")

(ii) **Genie Corporate Information**

Genie Resources Ltd. was incorporated on May 26, 1983 by registration of its Memorandum and Articles under the Company Act (British Columbia). It is not a reporting company.

Genie's head office is located at C112-255 West 1st Street, North Vancouver, British Columbia and its registered and records office is located at 708 - 1111 West Hastings Street, Vancouver, British Columbia.

It is intended that, upon completion of the Company's acquisition of the shares of Genie as described herein, the present directors and officers of Genie will

resign or be removed and be replaced by the management of the Company. The head office of Genie will be relocated to 302 - 698 Seymour Street, Vancouver, British Columbia, being the location of the Company's head office.

(iii) Material Assets of Genie

Property

Genie is the holder of a 100% beneficial interest in and to 21 placer leases and placer mining leases located approximately 20 kilometres east of Atlin in northwestern British Columbia in the Atlin Mining Division of the Province of British Columbia (the "Atlin Property"), particulars of which are as follows:

(a) Drain Leases:

<u>Name</u>	<u>Record Number</u>	<u>Expiry Date</u>
Drain Lease - PML	1697	October 12, 1989
PL	4607	October 28, 1989
PL	4606	October 28, 1989
PL	4605	October 28, 1989
PL	4604	October 28, 1989
PL	1739	October 12, 1989
PL	1528	October 12, 1989
PL	2302	October 12, 1989

(b) Dan Leases:

<u>Name</u>	<u>Record Number</u>	<u>Expiry Date</u>
Snoopy - PML	1687	September 30, 1987
Rose - PML	1702	September 30, 1987
Joy - PML	1703	September 30, 1987
Lake - PML	1745	October 12, 1987
Dan - PML	1782	October 12, 1987
Randy - PML	1849	October 12, 1987
Lucy - PML	1866	October 12, 1987
Pauline - PML	1867	October 12, 1987
Ford - PML	1868	October 12, 1987
Surprise - PML	1869	October 12, 1987
PL	4688	October 17, 1987
PL	4689	October 17, 1987
PL	4690	October 17, 1987

The Drain leases were acquired pursuant to an agreement dated September 6, 1983 entered into by Genie with Rutherford Day and Lucy Day, both of 1015 N.E. 38th Street, Fort Lauderdale, Florida, U.S.A., and Gordon McIntyre and G. & D. Mining Ltd., both of 58 - 11th Avenue, Whitehorse, Yukon Territory (the "Vendors") whereunder Genie agreed to pay a purchase price of \$3,000,000 plus two minimum advance royalty payments of \$125,000 each to acquire the Drain leases, subject to a 10% gross overriding royalty on all mineral products

won from the ground underlying these leases until the Vendors have received the royalty payments. \$3,125,000 was paid to the Vendors. The final payment of \$125,000 remains due and owing. The Vendors instituted a proceeding in the Supreme Court of British Columbia with respect to the outstanding payment. Arrangements have been made to settle the same. (See "Claim by Vendors of Drain Leases" on page _____.)

In addition, the Drain lease 1697 is subject to:

- (i) a 1.875% gross overriding royalty in favour of Island Cash Buyers Ltd., a company beneficially owned by Mr. Kenneth O'Connor and Mr. Lawrence Foorte, of C112 - 255 West 1st Street, North Vancouver, British Columbia which pursuant to the terms of the Offer will be transferred to the Company; and
- (ii) a 1.875% gross overriding royalty in favour of LSH Investments Ltd., a company beneficially owned by Mr. Lyle Hallman, of 230 Gage Avenue, Kitchener, Ontario.

Genie acquired the Dan leases from Sebrew Holdings Ltd. ("Sebrew") of C112 - 255 West 1st Street, North Vancouver, British Columbia, a company beneficially owned and controlled by Mr. Kenneth O'Connor, the President and a director of Genie, pursuant to agreements dated as of February 29, 1984 and as of April 2, 1984. (See "Claims of Unitholders" on page _____.)

The Dan leases are burdened by gross overriding royalties totalling 10% of all gold and other minerals produced from the Dan leases and held as follows:

- (i) a 2.5% gross overriding royalty is held by LSH Investments Ltd., a company wholly owned by Mr. Lyle Hallman, of 230 Gage Avenue, Kitchener, Ontario;
- (ii) a 5% gross overriding royalty is held by Mrs. Melanie R. Stevens of P.O. Box 459, Clinton, British Columbia; and
- (iii) a 2.5% gross overriding royalty is held by Eystar Holdings Ltd. of 615 - 800 West Pender Street, Vancouver, British Columbia, a company beneficially owned by _____ of _____, payable to Eystar Holdings Ltd. until it has received \$1,000,000 whereupon payment of this royalty is to be made to Melanie R. Stevens.

Pursuant to the Basic Agreement, Melanie R. Stevens, the daughter of Kenneth O'Connor, will transfer her royalty interests in the Dan leases to the Company.

In addition to the foregoing burdens, Genie is obligated to process no less than 150,000 cubic yards of material annually from the Dan leases commencing in 1984 and requiring minimum royalties of \$75,000 per year, as to 50% to LSH Investments Ltd. and as to 50% to Melanie R. Stevens. Pursuant to the Basic Agreement, these obligations will be forgiven.

Title to the Atlin Property is also encumbered by a builder's lien registered in favour of Welling Industries Ltd. and Dominion Placers (Yukon) Ltd. carrying on business as a joint venture under the name Atlin Mining in the amount of \$365,712 and by a second builder's lien registered in favour of Dominion Placers (Yukon) Ltd. in the amount of \$184,365.21. Arrangements have been made with these parties for the release of their respective encumbrances against title. (See "Builder's Liens" on page _____.)

The Atlin Property, as well as the buildings, plant and equipment located thereon, are further encumbered by a debenture dated for reference June 11, 1986 in the face amount of \$2,000,000 in favour of 666030 Ontario Limited ("666030") of 277 King Street West, Kitchener, Ontario, a company which is beneficially owned by Mr. Lyle Hallman. Upon issuance and registration of the debenture described under "Loan and Assumption of Debt" on page _____, this debenture will be discharged. Under the Basic Agreement, 666030 will agree that it will not exercise its rights under the debenture unless and until the Company notifies 666030 that the Vancouver Stock Exchange has denied its approval to the Company's acquisition of the shares of Genie and the other matters disclosed herein.

The above-described debenture was given by Genie to 666030 pursuant to the agreement (the "Earning Option Agreement") dated June 11, 1986 as amended October 30, 1986 between Genie, 666030 and 307784 B.C. Ltd. Under the Earning Option Agreement, Genie granted 666030 the sole and exclusive right to acquire a 50% undivided right, title and interest in and to the Atlin Property subject to existing gross overriding royalties. In connection therewith Genie delivered a Bill of Sale to 666030 transferring 50% of its interest in the Atlin Property. In consideration of Mistral assuming certain obligations of Genie to 666030 as described under "Loan and Assumption of Debt" on page _____, 666030 will give up this right and transfer back to Genie the said 50% interest. Under the Basic Agreement, 666030 will agree not to exercise this right of acquisition while the Company is seeking regulatory approval.

Summary

In summary, upon conclusion of the proposed transactions disclosed herein, Genie will hold a 100% beneficial interest in the Atlin Property, subject to the following:

1. a 1.875% gross overriding royalty in favour of the Company and a 1.875% gross overriding royalty in favour of LSH Investments Ltd. on production won from Drain Lease 1697;
2. (i) a 2.5% gross overriding royalty in favour of LSH Investments Ltd.;
and
(ii) a 2.5% gross overriding royalty in favour of Eystar Holdings Ltd. until it has received \$1,000,000 and thereafter in favour of the Company;

on production won from the Dan Leases;

3. a 10% gross overriding royalty on production won from the Atlin Property in favour of unitholders holding \$365,000 in principal amount of units (see "Claims of Unitholders" on page _____);
4. a gross overriding royalty on production won from the Atlin Property equal to 40% of production won from the Atlin Property less amounts required to pay all existing royalties (except the royalty payment due the Company) in favour of LSH Investments Ltd. and 666030 Ontario Limited (as to 42.4% and 57.6%, respectively) until the Loan and the Assumed Obligation in the aggregate principal amount of \$3,470,000 and interest thereon has been paid plus a bonus of 800 troy ounces of refined gold (see "Loan and Assumption of Debt" on page _____);
5. a debenture in the face amount of \$1,570,000 containing a fixed charge on the Atlin Property and the buildings, plant and equipment located thereon in favour of LSH Investments Ltd. in respect of amounts advanced by LSH Investments Ltd. to the Company under the Loan and interest thereon and expended on or in connection with the Atlin Property (see "Loan and Assumption of Debt" on page _____); and
6. a debenture in the face amount of \$2,000,000 containing a fixed charge on the Atlin Property and the buildings, plant and equipment located thereon in favour of 666030 Ontario Limited (see "Loan and Assumption of Debt" on page _____).

Pursuant to the Basic Agreement the Company will have the option, exercisable for 10 years, to purchase the royalties owned by LSH Investments Ltd. for a price equal to the purchase price paid by LSH Investments Ltd. plus an amount equal to prime + 2% of the said purchase price for the period of time during which LSH Investments Ltd. held the said royalty.

Location and Access

The 21 claims and fractions constituting the Atlin Property are contiguous, extending in a north-south configuration over a distance of 2 kilometres from the north shore of Surprise Lake to the upper reaches of Otter Creek. The claim group is centered on 59 degrees, 37 minutes north latitude and 133 degrees 23 minutes west longitude.

The mine site is accessible by a good gravel all-weather road from Atlin, British Columbia. Access to most of the balance of claims is possible using existing rough tractor and four-wheel drive roads along both sides of Otter Creek.

The gravels encompassed by the claims are relatively free of permafrost. Sluicing can be carried out from about May 20 to October 1 yearly, although these dates can vary considerably. On average, there are 200 frost-free days per year.

Located on the claims is a fully equipped modern base camp and gold recovery room, earth moving equipment, recovery equipment consisting of an 80 yard per

hour plant to be used for bulk sampling and a new 250 yard per hour plant to be used for commercial production, pumping equipment, fuel storage facilities and mechanical repair facilities complete with welding equipment and replacement parts.

Engineering Reports

W.G. Hainsworth, P.Eng., of W.G. Hainsworth & Associates of Vancouver, British Columbia has prepared a report (hereinafter referred to as the "Hainsworth Report") dated April 14, 1986 on the Atlin Property. The report was commissioned by Mr. Kenneth O'Connor who requested Mr. Hainsworth to review all data on Genie's claims including reports and recommendations of previous authors and to advance his own view. The Company is proceeding in reliance upon the Hainsworth Report. A copy of the Hainsworth Report has been filed with the Vancouver Stock Exchange.

Among the previous reports reviewed by Mr. Hainsworth are reports dated August 17, 1983 and December 15, 1983 by M.D. Kierans, P.Eng., the project geologist from 1983 to 1986.

History of Previous Mining to 1985

W.G. Hainsworth, P.Eng. reports as follows:

"Otter Creek was subjected to its first mining in 1901 when prospectors panned, rocked, sluiced and hydraulically mined sections midway up the nine mile length of the creek. A small but continuous hydraulic operation in 1905 is testified by the present Rose Pit outline in PL 1702. In 1908, a French financed operation began hydraulically mining the gravels near the mouth of the creek but this proved financially unsound. A French engineer later concluded that the ancient creek channel was located about a half a mile east along the shoreline with the result that operations spread to this area. Hydraulic operations over a period of eight seasons resulted in weak values and it is considered that most of their operation was done in the gravels overlying the ancient Tertiary channel. The hydraulic cut was continued up the creek until 1922 at which time underground mining was carried out intermittently for some six years.

In 1928 a new French backed company was formed to continue the hydraulic work and in the ensuing years continued the cut up the ancient channel while exposing three gold-bearing gravel horizons. During these operations bedrock was never exposed. A shaft, termed as "Strand" was sunk in the bottom of the cut in 1932 and upon encountering bedrock on the right limit began drifting procedures in values reported to run 0.048 ounces of gold per cubic yard. Two years later an inlined shaft, developed at the face of the cut, encountered the true bedrock trough at bedrock level

with values running as high as one half ounces per cubic yard. Further prospecting from the cut disclosed a higher pay horizon lying some 30 feet above the bedrock floor. This was termed the Moran Level. Later investigations resulted in another pay zone called the Suoboda Level which was discovered above the previous levels. Extensive drifting operations were carried out on these four levels from the cut face. From 1934 to 1938 practically all production resulted from drift mining. Hydraulic mining during part of this period still continued the cut upstream, principally in the overlying non-productive glacial till material.

Downstream efforts both underground and in the cut by hydraulic methods following these productive levels were unsuccessful with the results. Thus in 1943 tracks and pumps were pulled and the drifts abandoned.

Prior to 1939 several other shafts had been put down in the higher reaches of Otter Creek. One shaft, known as the Berthard, was sunk to 100 feet without reaching bedrock. Another shaft on the opposite limit of the claim, close to the Berthard shaft, also failed to reach bedrock at its 40 foot depth. In August, 1939 the "Main" shaft located 8000 feet upstream from Surprise Lake was put down to a depth of 103 feet before encountering water problems. A vertical drill hole from the shaft bottom is reported to have cut bedrock and values at 24 feet.

Over the 1939 - 1940 winter prospect drilling was initiated with 14 holes being completed on three section lines. In the spring of 1940, a further nine holes were put down. The prospect drilling was organized to locate the upstream extension of the old Tertiary channel.

Work was suspended during the war but resumed with three more drill holes in 1945.

A bedrock profile utilizing an electrical resistivity survey proved of little advantage when undertaken in 1939.

From 1946 until 1976 little work was done on Otter Creek. In 1980 hydraulic activity was again initiated in the old cut.

In early 1983, some 13 placer claims lying south (up stream) of the hydraulic cut were acquired by Genie Resources Ltd. of Vancouver, B.C. The new owners ran a location survey of the claims and to assist further mining operations, an overburden drill program. The drill program consisted of 86 vertical holes aggregating 6092.1 feet of overburden material.

The addition of several placer leases including the hydraulic pit claim lying to the north of the 13 Genie claims was accomplished in 1983." (Hainsworth Report, pages 4-5.)

W.G. Hainsworth, P.Eng. comments upon the results of the 1983 drilling program as follows:

"The 1983 drilling has demonstrated a grade in the pay gravels of 0.052 ounces of gold per cubic yard. Mr. Kierans uses a figure of 0.10 in his reserve calculations, but he does not qualify it. The writer believes 0.052 to be a more realistic grade. It should be understood that this figure does not include compensation for the fineness of the gold, nor does it include refining costs of the sluiced product. On the bonus side are revenues over the average pay-outs for nugget sizes.

It is appreciated that production results in placer deposits normally exceed drill grades due to losses in drilling. On this basis the average of the drilled-off areas will, in all likelihood, vary between 0.045 to 0.070 ounces of gold per cubic yard. From past indications the higher grade would be the most likely to appear." (Hainsworth Report, p. 10.)

It should be noted that the 1983 drilling program encompassed a relatively minor portion of the existing claim block.

In 1984, Genie undertook a modified stripping and mining operation. A total of 456,000 cubic yards of waste overburden was removed and some 150,000 cubic yards of pay gravels put through the sluice boxes. The recovery system was poorly designed and the average recovery grade was 0.022 ounces gold per cubic yard. Taking sluice losses and waste dilution material into account, in his report, Mr. Hainsworth calculated an initial grade of 0.064 ounces of gold per cubic yard. Based on the 1984 wash plant results Genie decided to purchase an operating plant. Mr. Hainsworth stated in his report: "It is expected that recovery from this unit will be in the projected recovery grade." (ie, 0.07 ounces gold per cubic yard.) (See Hainsworth Report, p. i.)

No mining activity was undertaken in 1985.

Reserves

In his report, W.G. Hainsworth, P.Eng., summarizes the reserves of the Atlin Property which have been outlined to date as follows:

"Summary of Reserves

<u>Block</u>	<u>Drill Proven</u>	<u>Possible</u>	<u>Grade</u>	<u>Ounces</u>
1782	320,000		.080	25,600
		400,000	.078	31,200
1702	125,000		.075	9,375
		340,000	.075	25,500
1697	70,000		.080	5,600
Stock Pile	175,000		.033	5,775
Total	1,530,000 C.Y.			103,050"

Conclusions and Recommendations

The Hainsworth Report concludes as follows:

"During the 1984 operations, the company successfully offset some of its costs through gold revenues while getting "the feel" of mining the Tertiary channel beds. The weak returns from the sluice boxes underscored the importance of establishing a dependable processing plant. This has been rectified with the intended purchase of a modern, viable wash plant from one of the local operations.

Genie Resources Ltd. is now well placed to develop Otter Creek, with 1984 being regarded as the start-up phase. Careful supervision by well qualified personnel is recommended to make the venture a success.

The grade (0.07) developed by the earlier drilling (0.052) plus that due to drill loss (0.018) should allow the company to mine gravels from which a profit can be won.

There are enormous amounts of untested gravels lying upstream from the present workings."

The following recommendations are made by W.G. Hainsworth, P.Eng.:

"It is recommended that the company make available funds of a sufficient nature to allow a full season of stripping (750,000 cubic yards) and mining (360,000 cubic yards) of the Otter Creek gravel beds for the purpose of generating cash flows from gold sales to carry subsequent operations upstream on Otter Creek.

It is also recommended that the policy of "exploration in advance of production" be adhered to by instituting a drill campaign testing the gravels well beyond the advancing pit face.

It is also recommended that intense monitoring of the new wash plant and in particular, the tailings rejects be closely supervised."

1986 Activity

In 1986, with funds advanced by 666030 Ontario Limited, Genie once again undertook mining operations on the Atlin Property. During the 1986 mining season approximately 240,365 cubic yards of overburden were removed and approximately 93,627 cubic yards of pay gravels put through the sluice boxes. 1,191 ounces of gold recovered with an average recovery grade of .0127 ounces gold per cubic yard. In the Company's view, the operation was undercapitalized in view of Genie's obligations and was inefficiently run, and, as a consequence, Genie was unable to proceed further.

Work Undertaken and Proposed to be Undertaken by the Company

In 1987, with \$1,570,000 in funding provided by LSH Investments Ltd. and the cooperation of Genie, the Company undertook supervision of mining operations on the Atlin Property.

During the 1987 mining season, the Company has or will expend approximately \$1,733,000 on the Atlin Property as follows:

Contract stripping and mining	\$ 1,150,000
Capital equipment	300,000
Wages and benefits	160,000
Camp maintenance	
(including food and supplies)	43,000
Fuel	40,000
Miscellaneous parts and equipment	30,000
Insurance	10,000
	<u>\$ 1,733,000</u>

Based on the Company's projections, no further investment will be required. It is projected that the operations on the Atlin Property will generate sufficient income to complete the funding required for the 1987 mining season and to finance ongoing operations.

The Company is benching the existing pit. In order to generate rapid cash flow, the Company will immediately institute a bulk sampling program in areas defined by the 1983-1984 "Becker" drill program which is more fully described in the Kierans Report, in advance of production mining using the 80 yard per hour plant. The Company intends to put the 250 yard per hour plant into production in this area by the second week of August, 1987. The Company intends to continue in this manner, subject to the ongoing advice of its engineers, until the limits defined by the Becker drill program are reached, at which time it is intended that a new drill program will have been completed outlining further ore deposits within the Tertiary Channel.

To July 31, 1987, during the 1987 mining season, approximately 350,000 cubic yards of overburden have been removed. The Company expects to remove a further 75,000 cubic yards of overburden and process approximately 400,000 cubic yards of pay gravels by the end of the 1987 mining season at an average grade of .064 troy ounces gold per cubic yard.

Pursuant to an agreement dated June 5, 1987 between Degussa Canada Ltd. ("Degussa") and the Company, Degussa has agreed to refine gold bullion or clean placer fines produced at the Atlin Property and to purchase the gold and silver contained therein.

(iv) **Material Liabilities, Commitments and Undertakings of Genie, Pending Legal Proceedings**

Claims of Unitholders

Pursuant to the agreement dated April 2, 1987 between Genie and Sebrew Holdings Inc. ("Sebrew") whereunder Genie acquired Sebrew's remaining beneficial interest in the Dan leases, Genie assumed all the benefits and obligations of Sebrew under an agreement dated October 20, 1983 among Genie, Sebrew and 124664 Canada Inc. ("124664") under which 124664 received the right to purchase an undivided 50% beneficial interest in the Atlin Property. 124664 failed to pay the balance of consideration due and payable to Genie and Sebrew who then exercised their joint option to buy back the interest of 124664 in the Atlin Property by agreeing to repay the holders of investment units of 124664 the \$1,100,000 advanced by them through 124664 to Genie and Sebrew on account of the purchase made by 124664 plus accrued interest in cash or in kind (200 ounces of raw gold per \$50,000 unit) at the option of the unitholders on or before November 1, 1985. To date, Genie paid \$15,000 to one unitholder and is liable to pay the \$1,085,000 balance plus interest. The following arrangements have been made with the unitholders with respect to the settlement of their claims, subject to regulatory approval:

1. Holders of \$200,000 in principal amount of units have accepted the Offer and will receive 40,000 shares of the Company subject to earnout as described above under the "Offer".
2. Holders of \$850,000 in principal amount of units have agreed to forgo accumulated interest. They will be paid in kind, as per their original agreement, 3400 ounces of raw gold, commencing in 1987. The Company has agreed to set aside 10% of the annual production for such payment. Interest on the outstanding balance of the units will be at prime plus 2% per annum which will accumulate and be payable in gold.
3. The holder of the remaining unit, having an outstanding principal balance of \$35,000 has agreed to accept 16,000 free-trading shares of the Company in full and final settlement of its claims.

The value of all shares and gold to be transferred by the Company to the unitholders shall constitute a non-interest bearing loan from the Company to Genie.

**Liability to
666030 Ontario Limited**

Pursuant to the agreement (the "Earning Option Agreement") dated June 11, 1986 as amended October 30, 1986 between Genie, 666030 Ontario Limited and 307784 B.C. Ltd., 666030 agreed to purchase for \$2,000,000 the unencumbered absolute right and privilege to receive 40% of the total production of gold from the Atlin Property until unencumbered title to 5,700 troy ounces of refined gold (in addition to approximately 382 troy ounces of refined gold previously delivered) has been delivered without deduction to it and in any event, by not later than November 1, 1987. (The \$2,000,000 was advanced by 666030 to 307784 B.C. Ltd. which was retained to act as operator of the Atlin Property.) 666030 also received a debenture securing the repayment of \$2,000,000 plus interest and charging the Atlin Property which is presently in default.

The Company has agreed to assume Genie's obligation to repay the aforesaid principal amount of \$2,000,000 (the "Assumed Obligation") on the terms described under "Loan and Assumption of Debt" on page _____. 666030 will forgive interest and discharge the debenture as therein described.

Builder's Liens

1. Welling Industries Ltd. and Dominion Placers (Yukon) Ltd. carrying on business as a joint venture under the name Atlin Mining has agreed to a full and final settlement of all of its claims against Genie and to discharge the builder's lien filed by it against the Atlin Property in consideration for \$300,000 plus that number of common shares of the Company as may be received in respect of the settlement of \$100,000 of debt in accordance with the relevant policies of the Vancouver Stock Exchange. The Company would propose to issue 60,606 common shares pursuant to the agreement. Atlin Mining claims that it is owed \$560,245.
2. Dominion Placers (Yukon) Ltd. ("Dominion") has agreed to a full and final settlement of all of its claims against Genie, to discharge the builder's lien filed by it against the Atlin Property and to transfer to the Company the plant (except for two Ross boxes) supplied by Dominion to Genie in consideration for \$60,000 and that number of common shares of the Company as may be received in respect of the settlement of \$70,000 of debt in accordance with the relevant policies of the Vancouver Stock Exchange. The Company would propose to issue 40,000 common shares pursuant to the agreement. Dominion claims that it is owed \$184,365.

The above settlements are being made by the Company on behalf of Genie and the value thereof shall constitute a non-interest bearing loan from the Company to Genie.

Claim by Vendors of Drain Leases

Rutherford Day, Lucy Day, Gordon McIntyre and G. & D. Mining Ltd., the vendors of the Drain leases, have instituted a proceeding in the Supreme Court of British Columbia (No. 865470) against Genie and Kenneth O'Connor relating to the final minimum advance royalty payment in the amount of \$125,000 due them under the sale agreement which has not been paid. The sum claimed is \$161,963.67 plus pre-judgment interest and costs.

The vendors have agreed to a full and final settlement of their claims in consideration of \$62,500 plus 66,000 common shares of the Company.

The settlement is being made by the Company on behalf of Genie and the value thereof shall constitute a non-interest bearing loan from the Company to Genie.

Liabilities of Genie to be Forgiven

Pursuant to the Basic Agreement, Island Cash Buyers Ltd., Quatesi Investment and Development Company Ltd., Sebrew Holdings Ltd., Kenneth O'Connor and Melanie Stevens will forgive amounts owing to them from Genie. As of June 30, 1987, the aggregate of such amounts is reported to be \$979,397. In consideration thereof and of the transfer by Ms. Stevens of her royalty interest described under "Property" on page _____, the Company will issue and deliver 250,000 common shares of the Company to Mr. O'Connor (in trust for all interested parties).

Liabilities of Genie to Solicitors and Auditors

Pursuant to the Offer, the Company has agreed, subject to regulatory approval, to issue one (pre-consolidated) common share of the Company for each \$1.00 owed by Genie to its solicitors, Sikula, Werbes & Brown and its auditors, Dunwoody and Company. As at June 30, 1987, such amounts are reported to be \$7,435 and \$33,477, respectively. The Company proposes to issue 1,487 and 6,696 common shares to Sikula, Werbes & Brown and Dunwoody & Company, respectively. This settlement will be made by the Company on behalf of Genie and the value thereof shall constitute a non-interest bearing loan from the Company to Genie.

Summary of Resulting Liabilities and Undertakings of the Company

In summary, upon receipt of regulatory approval to the transactions disclosed in this item 1.2(iv), the Company will be obliged to:

- (i) issue 480,789 common shares of the Company;
 - (ii) pay \$422,500;
 - (iii) repay the \$2,000,000 advanced by 666030 Ontario Limited (see "Loan and Assumption of Debt" on page _____ for the terms thereof); and
 - (iv) deliver 3,400 ounces of raw gold plus interest thereon payable in gold.
- (v) **No Common Insiders**

No insider or promoter of the Company is an insider or promoter of Genie.

1.3 Loan and Assumption of Debt

LSH Investments Ltd. has loaned the Company \$1,570,000 (the "Loan"). \$1,520,000 was applied as described under "Work Undertaken and Proposed to be Undertaken by the Company" on page _____ and \$50,000 was applied to the Company's working capital.

LSH Investments Ltd. has agreed to convert \$100,000 in advances under the Loan made by it into 133,333 common shares of the Company upon receipt of regulatory approval to the matters disclosed herein.

Under the Basic Agreement, the Company will assume the obligation of Genie to repay the principal sum of \$2,000,000 (the "Assumed Obligation") to 666030 Ontario Limited which advanced such funds primarily for the development of the Atlin Property.

The Loan and the Assumed Obligation will bear interest at 1½% per annum over the prime rate of The Royal Bank of Canada from time to time and are due and payable on November 1, 1990, subject to mandatory prepayment by delivery of 40% of the annual gold production from the Atlin Property less amounts required to pay other existing royalties (except royalties to the Company) at an agreed value of \$350.88 per troy ounce of refined gold delivered. Principal on the Loan (less the portion thereof to be converted into shares) and the Assumed Obligation are repayable by delivery of 4,189.5 and 5,700 troy ounces of refined gold, respectively, to the extent the same is available. In addition, a bonus of 800 troy ounces of refined gold is payable to LSH Investments Ltd.

The Loan and the Assumed Obligation will be secured by a guaranty of Genie, the same to be secured by floating charge debentures given to LSH Investments Ltd. and 666030 Ontario Limited, respectively which shall contain a fixed charge on the Atlin Property and structures, machinery and equipment and which shall rank *pari passu*.

The Company has expended approximately \$1,520,000 of the Loan on the Atlin Property. Such amount together with the amount of the Assumed Obligation shall constitute a shareholders loan from the Company to Genie payable on the same terms and conditions as the Loan and Assumed Obligation to enable the Company to pay the same to LSH Investments Ltd. and 666030 Ontario Limited.

1.4 Debt Settlement

The Company has entered into agreements with certain of its creditors whereby the creditors have agreed to accept freely tradeable shares in the capital stock of the Company in payment for outstanding debts on the basis of \$0.75 per share. The creditors and amounts owing are as follows:

<u>Creditor</u>	<u>Amount of Debt to be Settled</u>	<u>Date(s) Incurred</u>	<u>Services Rendered or Goods Supplied</u>	<u>No. of Shares to be Issued</u>
AYS Word Processing Inc. (1)	\$ 14,714	Mar/85-Sept/86	Word processing and secretarial services and related disbursements	19,619
AYS Word Processing Inc. (1)	\$ 1,000	July/86	Cash advance for brewery license	1,333
Peter Bryant (2)	\$ 11,000	1985	Cash advance for brewery working capital	14,667
Chapman & Co.	\$ 5,632	1984	Legal fees and disbursements	7,510
Robert E. Forrest (3)	\$ 28,750	1985-1986	Accounting and Bookkeeping services	38,333
Lauri A. Goodman (1)	\$ 10,000	1985-1986	Administrative services for brewery	13,333
Lauri A. Goodman (1)	\$ 11,338	Jan/85-Sept/86	Salary; Corporate Secretary	15,117
A.V. Gray & Co. Ltd.	\$ 4,500	Mar/85	Marketing report and feasibility study for brewery	6,000
Bruce Luckman (4)	\$ 6,746	Jan/85-Sept/86	Salary; President	8,995
Piper & Associates	\$ 19,030 (\$13,593 US)	Sept/84-Nov/84	Engineering fees	25,374
Pollard Morgan	\$ 61,861	Sept/84-Jan/87	Legal fees and disbursements	82,481
Joseph Raffeiner	\$ 2,000	Jan/85	Equipment consulting for brewery	2,667
John Smithers (5)	\$ 4,500	Jan/85-Sept/86	New products consulting services for brewery	6,000
Total:	<u>\$181,071</u>			<u>241,429</u>

Notes:

- (1) AYS Word Processing Inc. is wholly owned by Ms. Lauri A. Goodman. Ms. Goodman is a Director and the Vice-President and Secretary of the Company.
- (2) Mr. Peter Bryant was a Director of the Company from November 28, 1984 to February 6, 1987. He was the founder and President of Bryant Breweries Ltd., the Company's subsidiary.
- (3) Mr. Robert E. Forrest was a Director of the Company from January, 1984 to November 28, 1984.
- (4) Mr. Bruce Luckman is a Director and the President of the Company.
- (5) Mr. John Smithers was a Director of the Company from May 20, 1985 to September 10, 1986.

Except as described in the notes above, no other creditor is a director, officer or insider of the Company. None of the creditors accepting shares in settlement of debt has ever done so before.

**1.5 Offer to Limited Partners of Bryant Breweries,
Limited Partnership to Exchange Units of
Limited Partnership for Common Shares in the Company**

Under the terms of an agreement dated December 19, 1984 between the Company and Bryant Breweries, Limited Partnership (the "Partnership") the Company agreed to make an offer to exchange common shares of the Company for limited partnership units of the Partnership. By letter dated September 12, 1986, which was accepted by all of the unit holders, the Company has offered to exchange each Initial unit of the Partnership for 16,667 (pre-consolidated) common shares, each Class A Unit for 3,333 (pre-consolidated) common shares and each Class B Unit for 16,667 (pre-consolidated) common shares. The exchange price was based upon \$0.30 per (pre-consolidated) common share. After consolidation, this will result in the issuance of the following number of common shares.

<u>Unit Holders</u>	<u>Type of Unit Held</u>	<u>No. of Units Held</u>	<u>Number of Common Shares to be Issued</u>
284035 B.C. Ltd. (1)	A	1	667
I.K. Chow	Initial	5	16,667
W.B. Currie	Initial	5	16,667
J. DiSilva	Initial	5	16,667
Walter Riva	Initial	20	66,668
Robert Parsons	B	7	23,334
S. Stanislaw Popielarz	B	7	23,334
Smythe Ratcliffe & Associates	B	15	<u>50,001</u>
Total Number of Common Shares to be Issued:			<u>214,005</u>

Notes:

- (1) 284035 B.C. Ltd. is wholly owned by Mr. Bruce Luckman and Ms. Lauri A. Goodman, directors and officers of the Company. All other unitholders are at arm's length to the Company.

**1.6 Cancellation of Shares Issued Into Pool
On Purchase of Bryant Breweries Ltd.**

As a consequence of continued losses from operations of the brewery and the inability of the Company or Bryant Breweries, Limited Partnership to either raise sufficient funding to properly capitalize the brewery or sell the brewery as a going concern, the Company determined to close the brewery and to wind up the Partnership upon acquisition of the units of the Partnership.

Upon the Company's acquisition of the shares of Bryant Breweries Ltd. in 1984, the Company issued 599,065 (pre-consolidated) shares of the Company which are pooled, subject to being "earned out" on the basis of net cash flow. As a consequence of the closing of the brewery, such shares will not be earned out and the Company is requesting the holders thereof to surrender such shares to the Company for cancellation. Giving effect to the consolidation, this will result in the cancellation of 119,813 common shares of the Company.

**1.7 Issuance of Additional Principal Shares
and Transfer of Escrow Shares**

At the Extraordinary General Meeting of the Company held on February 6, 1987, the shareholders approved, by Special Resolution, the issue of 225,000 additional principals shares. Upon acceptance of this Filing Statement, the Company will issue 135,000 common shares to Bruce Luckman of 11500 Granville Street, Richmond, B.C., President and director of the Company for the consideration of \$0.05 per share and 90,000 common shares to Lauri A. Goodman of 3853 Brockton Crescent, North Vancouver, B.C., Vice-President, Secretary and a director of the Company for the consideration of \$0.05 per share.

Upon acceptance of this Filing Statement, Mr. Robert P. Rennie will transfer 112,500 (pre-consolidated) escrow shares held by him to Mr. Bruce Luckman for an aggregate consideration of \$1,000 and R.E.F. Holdings Ltd. will transfer by way of gift 187,500 (pre-consolidated) escrow shares held by it to Ms. Lauri A. Goodman.

Upon the said issuance of additional principals shares and transfer of shares within escrow, the following persons will hold the number of principals shares, subject to escrow, set forth opposite their names:

Lauri A. Goodman	157,500
Bruce Luckman	195,000
Paul L. Maier	<u>22,500</u>
	<u>375,000</u>

1.8 Share Bonus

Upon acceptance of this Filing Statement, the Company proposes to issue 8,320 common shares to Mr. Bruce Luckman, a Director and the President of the Company, in consideration for (i) a personal guaranty in the amount of \$15,000 given on December 23, 1984 to Pollard Morgan, Barristers and Solicitors, which guaranty is presently outstanding; (ii) a personal guaranty in the amount of \$6,000 given on November 7, 1984 to Westminster Credit Union as landlord of the brewery premises and which was released in January, 1986; and (iii) cash advances in the aggregate amount of \$10,200 made from October 1984 to September 1986 which amount is presently outstanding.

Upon acceptance of this Filing Statement, the Company proposes to issue 8,400 common shares to Nye Resource Development Ltd., a company beneficially owned by Mr. Bruce Luckman, a Director and the President of the Company, in consideration for cash advances in the aggregate amount of \$31,497 made during the period October 1984 to September 1986 which amount is presently outstanding.

Upon acceptance of this Filing Statement, the Company proposes to issue 267 common shares to AYS Word Processing Inc., a company beneficially owned by Ms. Lauri A. Goodman, a Director and the Vice President and Secretary of the Company, in consideration for a cash advance in the amount of \$1,000 made in July 1986 which amount is proposed to be satisfied by the issue of shares (see "Debt Settlement" on page _____).

The aforesaid guarantees given by Mr. Luckman were the sole collateral for the outstanding obligations to which they relate. The cash advances were made by Mr. Luckman and Nye Resource Development Ltd. on a non-interest bearing basis for the purpose of working capital. The cash advance made by AYS Word Processing Inc. was made on a non-interest bearing basis for the purpose of a brewery license. The guarantees and advances were made at a time when the only income producing property of the Company was the Bryant brewery, which always operated at a loss and thus, the ability of the Company to repay the same was not evident.

1.9 Change of Officers and Directors

The following list provides the names of Directors who were elected or appointed and those who have resigned from or not stood for re-election to the Board of Directors since May 28, 1985, being the date of the last public filing of the Company.

<u>Elected or Appointed</u>	<u>Date</u>
John M. Smithers	May 20, 1985
James R. Landsky	December 20, 1985
Michael Chow	June 20, 1986
James Alexander	February 6, 1987
<u>Ceased to be Directors</u>	<u>Date</u>
Robert P. Rennie	November 4, 1985
Douglas MacKillop	March 26, 1986
James R. Landsky	September 10, 1986
John M. Smithers	September 10, 1986
Michael Chow	January 2, 1987
Peter Bryant	February 6, 1987

The present Directors and Officers of the Company are:

Bruce Luckman
Lauri A. Goodman

Paul L. Maier
James Alexander

President and Director
Vice President, Secretary
and Director
Director
Director

2.0 FINANCIAL INFORMATION

The Company had a working capital of approximately \$7,818.13 as of June 30, 1987. Upon completion of the transactions disclosed in this Filing Statement, the working capital of the Company will be approximately \$_____.

The Company owns 1,715,736 common shares without par value in Bryant Breweries Ltd. The Company has written off this investment.

The cost to the Company and present market value of the shares and units of Genie which are proposed to be acquired by the Company are as disclosed in item 1.2 hereof.

The Company owns no other securities of any other company.

3.0 MATERIAL NATURAL RESOURCE PROPERTIES

The Company owns no material natural resource properties.

4.0 PARTICULARS OF NON-RESOURCE ASSETS

The Company owns no material non-resource assets.

5.0 CORPORATE INFORMATION

Upon completion of the transactions disclosed in this Filing Statement, the authorized capital of the Company will be 20,000,000 common shares without par value of which 3,157,824 plus that number of shares as shall be required to be issued to holders of fractional shares resulting from the consolidation will be issued and outstanding.

6.0 DIRECTORS, OFFICERS, PROMOTERS AND PERSONS HOLDING MORE THAN 10% OF THE ISSUED SHARE CAPITAL

6.1 Directors, Officers and Promoters of the Company

<u>Name and Home Address</u>	<u>Position and Number of Shares Beneficially Owned (1)</u>	<u>Date of Appointment As Director</u>	<u>Chief Occupation</u>
Bruce Luckman 11500 Granville Ave. Richmond, B.C. V6Y 1R7	President and Director 195,000 (escrow) 26,048	Jan., 1984	President of the Company since Jan. 1984; President of Gold Seeker Resources Ltd. since 1979.
Lauri A. Goodman 3853 Brockton Cres. North Vancouver, B.C. V7G 2B4	Vice President, Secretary and Director 157,500 (escrow) 50,004	Jan., 1984	Vice President and Secretary of the Company since Jan. 1984 and August 1987, respectively; President of AYS Word Processing Inc. (self-owned) since 1983; 1982 Word Processing Supervisor, Sandwell Management Consultants Ltd.
Paul L. Maier 15603 Lake Hilles Blvd. Bellevue, Washington	Director 22,500 (escrow) Nil	Jan., 1984	Retired, instructor and test pilot with the Boeing Aircraft Company.
James J. Alexander 9565 Willowleaf Place Burnaby, B.C. V5A 4A5	Director Nil	Feb., 1987	Consultant. 1983 - present, Independent Business Consultant, J.J. Alexander Associates. 1982-1983, International Marketing Manager, Potash Corporation of Saskatchewan.

Note:

- (1) The number of shares listed above as beneficially owned is after giving effect to all of the transactions disclosed in this Filing Statement except for the agreements disclosed in item 7.0.

6.2 Directors of Other Reporting Companies

Bruce Luckman is a director and an officer of one other reporting company.

Paul Leslie Maier is a director of one other reporting company.

During the period that the above-noted individuals were directors and officers of such companies, none of such companies were struck off the Register of Companies by the British Columbia Registrar of Companies or other similar authority, nor were the securities of any of these companies the subject of a cease trade or suspension order for a period of more than thirty (30) consecutive days.

6.3 Remuneration of Management

During the Company's last completed fiscal year ended September 30, 1986, the following amounts were paid or payable in respect of salaries to Officers of the Company:

Bruce Luckman, President	\$12,000
Lauri A. Goodman, Vice-President/Secretary	\$12,000

Since the end of the last completed fiscal year to date, \$1,000 per month in salary has been paid or is payable to Mr. Luckman and Ms. Goodman. Since May 1, 1987, \$3,000 per month has been paid or is payable to Mr. James Alexander, a director of the Company, in respect of his full-time employment by the Company as operations manager of the Atlin Property.

No director, officer, promoter or insider of the Company has, directly or indirectly, received any remuneration or any thing of value from the Company within the past year except as disclosed in this Filing Statement.

6.4 Director and Employee Options

No director or employee incentive stock options were exercised during 1987.

6.5 Persons Beneficially Owning More Than 10% of the Equity Shares of the Company

To the knowledge of the Directors, after giving effect to the transactions disclosed in this Filing Statement, the following persons will beneficially own, directly or indirectly, more than 10% of the common shares of the Company:

<u>Name and Address</u>	<u>No. of Shares</u>	<u>Percentage of Outstanding Equity Shares</u>
Lyle S. Hallman 230 Gage Avenue Kitchener, Ontario N2M 2C8	433,333	13.7%

7.0 OPTIONS TO PURCHASE SECURITIES OF THE COMPANY

There are no director or employee incentive stock options presently outstanding nor are there any other options, share purchase warrants, rights or agreements to issue securities by the Company except as disclosed in this Filing Statement.

Pursuant to an agreement dated for reference April 9, 1987 between Pollard Morgan, Barristers and Solicitors, and Mr. Bruce Luckman, a director and the President of the Company, Pollard Morgan has the right, exercisable for 45 days after the approval of this Filing Statement, to require Mr. Luckman to purchase all of the 82,481 shares which Pollard Morgan receive in settlement of debt at the price of \$0.75 per share. In addition, Mr. Luckman has the right to purchase such shares during the same period and for the same price. Pollard Morgan required Mr. Luckman to enter into the aforesaid agreement as a condition to its agreement to accept shares for debt.

Pursuant to an agreement dated as of December 22, 1986 between Smythe Ratcliffe & Associates, chartered accountants, and Mr. Bruce Luckman, a director and the President of the Company, Mr. Luckman has the right, exercisable for 29 days after the approval of this Filing Statement, to purchase all of the 50,001 shares which Smythe Ratcliffe & Associates receive in exchange for their partnership units at an aggregate price of \$25,000. If Mr. Luckman does not exercise this right during the aforesaid period, Smythe Ratcliffe & Associates may require Mr. Luckman to purchase such shares at an aggregate price of \$27,500.

Pursuant to an agreement dated for reference April 8, 1987 between Mr. Walter Riva and Mr. Bruce Luckman, a director and the President of the Company, Mr. Luckman has the option, exercisable for 30 days after the approval of this Filing Statement, to purchase all of the 66,668 shares which Mr. Riva receives in exchange for his partnership units at the price of \$0.75 per share.

8.0 SECURITIES OF THE COMPANY HELD IN ESCROW, IN POOL OR SUBJECT TO HOLD RESTRICTIONS

8.1 Escrow Shares

Upon the issue of the additional principals shares described herein, The Canada Trust Company will be the escrow holder of a total of 375,000 common shares of the capital stock of the Company, under an Escrow Agreement dated January 22, 1984, as to the original escrow shares and an Escrow Agreement dated as of July 31, 1987 as to the additional principals shares.

The terms and conditions of the Escrow Agreements provide that the escrowed shares may not be traded, dealt with in any manner whatsoever or released, nor may the Company or The Canada Trust Company or any escrow shareholder make any transfer or record any trading of the escrowed shares without the consent of the applicable regulatory authorities.

Upon the acceptance of this Filing Statement the release of the escrow shares will be governed by the Company's activities on the Atlin Property instead of the Bryant brewery.

8.2 Pooled Shares

Upon the cancellation of the common shares held subject to earnout by the original shareholders of Bryant Breweries Ltd. and the issue of common shares to the Genie shareholders and unitholders who have accepted the Company's Offer as described herein, there will be 894,855 shares of the Company held in pool subject to earnout as described in clause (d) under "Offer" on page _____ hereof.

8.3 Shares Subject to Unexpired Hold Period

There are no shares of the Company which are subject to an unexpired hold period originally imposed by the Superintendent of Brokers or the Vancouver Stock Exchange.

9.0 PARTICULARS OF ANY OTHER MATERIAL FACTS

9.1 Legal Proceedings

The Directors of the Company are not aware of any legal proceedings to which the Company is or is likely to be a party or to which any of its property is or is likely to be the subject. Upon completion of the transactions disclosed herein, the Directors of the Company are not aware of any legal proceedings to which Genie Resources Ltd. will or will likely be a party or to which any of its property will or will likely be the subject.

9.2 Other Acquisitions

Upon investigation, the Company has decided not to proceed any further with respect to the acquisition of the Canadian salvage rights for the Alaska-San Diego communications cable known as "The 1908 Cable". There are no other properties proposed to be acquired, or other proposed transactions, which require regulatory approval other than as disclosed herein.

9.3 Other Debt

There are no bonds, debentures, notes or other material debt obligations of the Company except as disclosed herein.

9.4 Other Material Facts

There are no other material facts of the Company except as disclosed herein.

9.5 Inspection of Documents

A list of the names of the reporting companies referred to in Item 6.2 are available for inspection during normal business hours at the Company's head office at Suite 302, 698 Seymour Street, Vancouver, British Columbia V6B 3K4.

CERTIFICATE OF THE COMPANY

The foregoing, together with the financial information and other reports where required, constitutes full, true and plain disclosure of all material facts in respect of the Company's affairs.

This Certificate must be signed by two directors of the Company.

Name Bruce Luckman

Signature _____

Name Lauri A. Goodman

Signature _____