

TWIN PEAK MINES LTD.

Notes to financial statements

for the period from December 1, 1971 to December 10, 1972

1. AMALGAMATION with Whitesail Mines Ltd. (N.P.L.)

Further to an agreement dated July 20, 1972, which was approved by the Shareholders at the September 25, 1972 Annual and Extraordinary General Meeting, the company under date of December 11, 1972 amalgamated with Whitesail Mines Ltd. (N.P.L.) to form Twin Peak Resources Ltd., a new public company.

Under the agreement both companies are to contribute to Twin Peak Resources Ltd. all their respective assets subject to all their respective liabilities and the issued shares of both companies are to be exchanged on a 1 for 1 basis for shares in Twin Peak Resources Ltd.

2. INVESTMENT in Whitesail Mines Ltd. (N.P.L.)

The 32,200 shares of Whitesail Mines Ltd. (N.P.L.) held by the company as an investment were transferred to Evergreen Explorations Ltd. at 20¢ per share to reduce the debt owing to that company. These shares were valued on the books at their cost of \$8,175 and the resultant loss of \$1,735 was transferred to deficit.

3. MINERAL CLAIMS

a) Netalzul property -

This property which presently consists of 38 mineral claims is situated on the southwest flank of Netalzul Mountain about 40 miles northeast of Smithers, in the Omineca Mining Division, Northern British Columbia.

Acquisition cost -

250,000 shares of the company's capital stock	
at a deemed price of 1¢ per share	\$ 2,500

These claims are subject to an option agreement with Selco Mining Corporation Limited - see Note 3(c).

During the period from December 1, 1971 to December 10, 1972 the 58 mineral claims which had been acquired by staking were allowed to lapse and were abandoned.

forward	\$ 2,500
---------	----------

TWIN PEAK MINES LTD.

Notes to financial statements

for the period from December 1, 1971 to December 10, 1972

3. MINERAL CLAIMS (continued)

forward \$ 2,500

b) Babine Project -

This presently includes 5 separate properties situated in the Babine Lake area, Omineca Mining Division, Northern British Columbia.

<u>Property</u>	<u>No. of mineral claims</u>
Dorothy	146
Diane	4
Lynn	66
Friday	21
Dara	16
	<hr/>
Total claims	253
	<hr/> <hr/>

Acquisition cost of claims presently held -

12	of these claims were acquired for 500,000 shares of the company's capital stock at a deemed price of 1¢ per share	5,000
241	of these claims were acquired by the company by staking	
<hr/>		
253		
		<hr/> <hr/>

Under an agreement with Ducanex Resources Limited, a company jointly owned by Lacanex Mining Company Limited and Du Pont of Canada Ltd., Ducanex through exploration expenditures has acquired a 90% interest in these claims. Also under the terms of the agreement Twin Peak is conducting a reconnaissance program in the Smithers-Babine Lake area for Ducanex and any claims acquired up to December 31, 1973 by either party are to be owned 90% by Ducanex and 10% by Twin Peak; all field work has been contracted to Evergreen Explorations Ltd.

Up to the date of the balance sheet Ducanex Resources has been billed \$374,520 in connection with the above exploration and property work.

During the period from December 1, 1971 to December 10, 1972 36 of the claims which were acquired for shares and 130 of the claims which had been acquired by staking were allowed to lapse and were abandoned.

forward \$ 7,500

TWIN PEAK MINES LTD.

Notes to financial statements

for the period from December 1, 1971 to December 10, 1972

3. MINERAL CLAIMS (continued)

forward \$ 7,500

c) Blunt Mountain Joint Venture -

This presently includes 10 separate properties situated southwest of Babine Lake, in the Omineca Mining Division, Northern British Columbia.

<u>Property</u>	<u>No. of mineral claims</u>
Netalzul	38
Travis	16
Doris	16
Eve	22
Ann	102
Cathy	22
Pam	16
Donna	22
Liz	34
Nora	24
	<hr/>
Total claims	312
	<hr/> <hr/>

The above claims are subject to an option agreement with Selco Mining Corporation Limited, dated February 25, 1972, whereby Selco can earn a 90% interest in these claims by spending \$5,000,000 before March 31, 1977 on an exploration program on these claims or within an adjacent defined joint venture area. Twin Peak's 10% is contributory after Selco has spent the \$5,000,000.

Selco is to use the contract and consulting services of Evergreen Explorations Ltd. wherever possible and to date has been billed \$85,027 in this connection.

\$ 7,500

TWIN PEAK MINES LTD.

Notes to financial statements

for the period from December 1, 1971 to December 10, 1972

4. HOUSING UNIT and FIELD EQUIPMENT

No provision for depreciation of fixed assets has been recorded in the accounts.

5. CAPITAL STOCK

a) Capital stock has been issued for the following consideration -

	<u>No. of shares</u> <u>(no par value)</u>	<u>Price</u>	<u>Total</u>
For cash	5	\$1.00	\$ 5
	560,000	.12½	70,000
	250,000	.20	50,000
	<u>810,005</u>		<u>120,005</u>
For mineral claims	<u>750,000</u>	.01	<u>7,500</u>
	<u>1,560,005</u>		<u>\$ 127,505</u>

b) The 750,000 shares issued for mineral claims are held in escrow to the order of the British Columbia Securities Commission.

6. DIRECTORS' REMUNERATION

The directors did not receive any remuneration as such during the period from December 1, 1971 to December 10, 1972, however management fees of \$5,068 were paid and the company's field work was contracted to Evergreen Explorations Ltd., a company owned by Mr. R.W. Woolverton, P.Eng., this company's president.

TWIN PEAK MINES LTD.

Statement of source and use of funds
for the period from December 1, 1971 to December 10, 1972
(with comparative figures for year ended November 30, 1971)

	Dec. 1/71 to <u>Dec.10/72</u>	Year ended <u>Nov.30/71</u>
SOURCE OF FUNDS :		
Exploration funds from -		
Ducanex Resources Limited	\$ 67,120	\$ 214,423
Selco Mining Corporation Limited	<u>85,027</u>	<u>-</u>
	152,147	214,423
Rental of housing unit and field equipment	1,575	2,325
Proceeds from disposal of investment in Whitesail Mines Ltd. (N.P.L.)	6,440	-
Issue of shares of capital stock	<u>-</u>	<u>50,000</u>
	<u>160,162</u>	<u>266,748</u>
USE OF FUNDS :		
Deferred expenditures -		
Exploration -		
Netazul property	3,089	15,003
Blunt property	100	13,693
Other prospects	3,983	1,049
Babine Project	67,120	214,423
Blunt Mountain Project	<u>85,027</u>	<u>-</u>
	159,319	244,168
Administration	<u>11,160</u>	<u>16,662</u>
	<u>170,479</u>	<u>260,830</u>
Acquisitions -		
Housing unit		1,778
Tractor		1,520
Magnetometer		<u>2,000</u>
		5,298
Investment in Whitesail Mines Ltd. (N.P.L.)		<u>7,251</u>
		<u>12,549</u>
	<u>170,479</u>	<u>273,379</u>
DECREASE in working capital	(10,317)	(6,631)
WORKING CAPITAL, beginning of period	<u>1,509</u>	<u>8,140</u>
WORKING CAPITAL (DEFICIENCY), end of period	<u>\$ (8,808)</u>	<u>\$ 1,509</u>
REPRESENTED BY :		
Current liabilities	\$ 24,189	\$ 3,400
Less current assets	<u>15,381</u>	<u>4,909</u>
As above	<u>\$ (8,808)</u>	<u>\$ 1,509</u>

TWIN PEAK MINES LTD.

Statement of deferred administration expenditures
for the period from December 1, 1971 to December 10, 1972
(with comparative figures for year ended November 30, 1971)

	Dec. 1/71 to Dec. 10/72	Year ended Nov. 30/71
Management fees	\$ 5,068	\$ 3,284
Shareholders' information and meeting	190	-
Postage, stationery and office	1,171	1,827
Meetings, travel and promotion	563	1,401
Office rent, light and cleaning	1,642	2,803
Insurance	315	-
Telephone	285	1,011
Audit and accounting	1,360	1,585
Legal	18	1,815
Share issue	548	2,936
	<hr/>	<hr/>
	11,160	16,662
Less rental income from housing unit and field equipment	1,575	2,325
	<hr/>	<hr/>
	9,585	14,337
Deferred balance, beginning of period	31,826	17,489
	<hr/>	<hr/>
	41,411	31,826
Less portion transferred to deficit on abandonment of Blunt property	8,130	-
	<hr/>	<hr/>
Deferred balance, end of period	\$ 33,281	\$ 31,826
	<hr/> <hr/>	<hr/> <hr/>