

MENIKA MINING LTD. (N.P.L.)
2245 West 13th Avenue
Vancouver, B.C.

NOTICE OF ANNUAL GENERAL MEETING OF MEMBERS

To the Members of MENIKA MINING LTD. (N.P.L.):

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the members of MENIKA MINING LTD. (N.P.L.), (hereinafter called the "Company") will be held at #523 - 470 Granville Street, Vancouver, B.C. on the 27th day of August, 1986 at 10:00 a.m., for the following purposes:

1. to place before the meeting the report of the directors, a comparative financial statement of the Company for the fiscal year ended February 28th, 1986 and the report of the auditor thereon and if appropriate, approve same;
2. to fix the number of directors at THREE and elect THREE directors;
3. to appoint auditors;
4. to authorize the directors to fix the auditors' remuneration;
5. to transact such other business as may properly come before the members or any adjournment or adjournments thereof.

Copies of the comparative financial statement, auditors' report and directors' report to be placed before the meeting will be mailed to shareholders prior to the meeting.

The Board of Directors has fixed the close of business on August 1st, 1986 as the record date for determination of members entitled to notice of meeting or any adjournment or adjournments thereof and the right to vote thereat.

Members who are unable to attend the meeting in person are requested to read the enclosed Information Circular and proxy and then complete, sign, date and deposit the proxy together with the power of attorney or other authority if any, under which it was signed with the Company's transfer agent Guardian Estates & Agencies Ltd., #404 - 470 Granville Street, Vancouver, B.C., not less than 48 hours before the time fixed for the meeting or any adjournment thereof or with the chairman of the meeting prior to the commencement thereof.

DATED at Vancouver, B.C. this 1st day of August, 1986.

BY ORDER OF THE BOARD

CHARLES BOITARD
President

MENIKA MINING LTD. (N.P.L.)
2245 West 13th Avenue
Vancouver, B.C.

INFORMATION CIRCULAR

PERSONS MAKING THIS SOLICITATION OF PROXIES

This information circular is furnished in connection with the solicitation of proxies by the Board of Directors and the Management of MENIKA MINING LTD. (N.P.L.), (hereinafter called the "Company") for use at the Annual General Meeting of members to be held on August 27th, 1986 and any adjournment thereof for the purposes set forth in the accompanying Notice of Meeting. The expense of this solicitation will be paid by the Company.

COMPLETION AND VOTING OF PROXIES

The persons named in the accompanying Proxy are directors or senior officers of the Company. A SHAREHOLDER HAS THE RIGHT TO APPOINT A PERSON (WHO NEED NOT BE A SHAREHOLDER) TO ATTEND AND ACT ON HIS BEHALF AT THE MEETING OTHER THAN THE PERSONS NAMED IN THE PROXY. TO EXERCISE THIS RIGHT THE SHAREHOLDER MUST STRIKE OUT THE NAMES OF THE PERSONS NAMED IN THE PROXY AND INSERT THE NAME OF HIS NOMINEE IN THE SPACE PROVIDED OR COMPLETE ANOTHER PROXY.

A shareholder may indicate the manner in which the persons named in the enclosed proxy are to vote with respect to any matter by checking the appropriate space. On any poll, those persons will vote the shares in respect of which they are appointed and, will do so in accordance with the directions, if any, given in the proxy.

If the shareholder wishes to confer a discretionary authority with respect to any matter, then the space should be left blank. IN SUCH INSTANCE, THE NOMINEE, IF ONE PROPOSED BY MANAGEMENT, INTENDS TO VOTE THE SHARES REPRESENTED BY THE PROXY IN FAVOUR OF THE MOTION. The enclosed Proxy, when properly signed, also confers discretionary authority with respect to amendments or variations to the matters identified in the Notice of Meeting and other matters which may be properly brought before the Meeting. At the time of printing this Circular, the management of the Company is not aware that any such amendments, variations or other matters are to be presented for action at the meeting. If, however, other matters which are not now known to the management should properly come before the Meeting, the proxies hereby solicited will be exercised on such matters in accordance with the best judgement of the nominees.

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INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

None of the Directors or Senior Officers of the Company, nor any person who has held such a position since the beginning of the last completed financial year of the Company, nor any proposed nominee for election as a Director of the Company, nor any associate of the foregoing persons, has any substantial interest, direct or indirect by way of beneficial ownership of securities or otherwise, in any manner to be acted on at the meeting other than the election of Directors and the appointment of an auditor.

RECORD DATE

Those registered members entitled to vote at the meeting or at any adjournment thereof will be determined by the record of such holders at the close of business on August 1st, 1986.

GENERAL

The Company was incorporated on February 25, 1974. It's authorized capital consists of 10,000,000 common shares without par value of which 2,312,124 are currently issued and outstanding each share carrying the right to one vote.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

Advance notice of the meeting was published, pursuant to the Company Act of British Columbia, in the June 28th, 1986 edition of The Sun and forwarded to the Vancouver Stock Exchange and Superintendent of Brokers on the same day.

To the knowledge of the directors and senior officers of the Company the only persons holding 10% or more of the issued shares of the Company are:

<u>Name and Address</u>	<u>Number of Shares</u>	<u>Percentage</u>
CHARLES BOITARD 2245 West 13th Avenue Vancouver, B.C.	666,695	29%
WEST COAST SECURITIES LTD.* 837 West Hastings St. Vancouver, B.C.	269,375	12%
YORKTON SECURITIES INC.* 609 Granville Street Vancouver, B.C.	263,500	11%

*The beneficial owners of the shares are not known to the Company.

FIXING THE NUMBER OF DIRECTORS

The members will be asked to vote for a resolution fixing the number of directors at THREE.

ELECTION OF DIRECTORS

Action is to be taken at the meeting with respect to the election of THREE directors to succeed the directors whose terms of office expire on the date of the meeting and to serve until the next Annual General Meeting of Members. All of the proposed nominees listed below are presently directors of the Company and have served continuously as such since the date they first became directors as set forth below. All the proposed nominees named below have consented in writing to serve as directors if elected.

<u>NAME</u>	<u>PRINCIPAL OCCUPATION FOR THE PAST FIVE YEARS</u>	<u>SHARES BENEFICIALLY HELD</u>
CHARLES R. BOITARD 2245 West 13th Avenue Vancouver, B.C.	Prospector, President of Green Valley Mine Inc. and Menika Mining Ltd. (N.P.L.) and a Director of each Company.	630,000 esc. 36,695 free

Mr. Boitard has been a Director since February 25, 1974.

DOREEN BOITARD 2245 West 13th Avenue Vancouver, B.C.	Director and Secretary of Green Valley Mine Inc. Director of Menika Mining Ltd. (N.P.L.)	70,000 esc. 17,875 free
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Mrs. Boitard has been a Director since July 15, 1979.

OSVALDO CONTINI 204-2145 W. 2nd Ave. Vancouver, B.C.	Presently employed by G & R Enterprises Ltd.; From Feb. 77 to date; From June, 1981 to Feb. 1984 free lance salesman with Lions Realty Ltd.; Director of Green Valley Mine Incorporated, Menika Mining Ltd. and Fontana Resources Ltd. B.Comm. 1965	50,000 esc 47,125
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Mr. Contini has been a Director since March 9, 1984.

REMUNERATION OF DIRECTORS AND OFFICERS

Charles Boitard, a Director of the Company, has a management contract with the Company dated February 1, 1982 whereby he receives the sum of \$750.00 per month. During the preceding year Mr. Boitard received the sum of \$8,500.

No pension plan or retirement benefit plans have been instituted by the Company and none are proposed at this time.

None of the Directors or Senior Officers of the Company or any associates or affiliates of any of them is indebted to the Company.

APPOINTMENT OF AUDITORS

Members will be asked to vote for the reappointment of JOHN R. CHANT, Chartered Accountant, on the representations of the said accountant that he does not have any direct financial interest or any material indirect financial interest in the Company or any of its subsidiaries or has had any connection during the past three years with the Company or any of its subsidiaries in the capacity of promoter, underwriter, voting trustee, director, officer or employee.

AUTHORIZING DIRECTORS TO FIX AUDITOR'S REMUNERATION

The Company Act of British Columbia requires that the remuneration of the auditor of the Company shall be fixed by ordinary resolution of the Members i.e. one passed by the Members of a Company in general meeting by a simple majority of the votes cast in person or by proxy, or, if the Company so resolves, by the directors. The Members will be asked to vote for an ordinary resolution authorizing the directors to fix the remuneration of the auditors, such authorization to expire at the next annual general meeting of the Company.

DESTRUCTION OF PROXIES

In the absence of a challenge to the proceedings of the meeting within 3 months of the meeting date, legal counsel will be authorized to destroy the proxies.

OTHER BUSINESS

The Board of Directors and the Management are not aware that any matters will be brought before the meeting other than those set forth in Items 1 to 6, inclusive, of the Notice thereof. If other matters are properly brought before the meeting, it is the intention of the persons named in the enclosed proxy to vote the proxy on such matters in accordance with their judgment.

MENIKA MINING LTD.
(Non-Personal Liability)
Consolidated Balance Sheet
As at February 28, 1986
(With Comparative Figures as at February 28, 1985)

Assets	1986	1985
Current		
Cash	\$ 4,497	\$ 32,851
Prepayments	875	833
Due from affiliated companies	<u>6,672</u>	<u>3,052</u>
	12,044	36,736
Fixed assets (Notes 1 and 2)	<u>794</u>	<u>532</u>
Investment in Joint Venture (Note 3)	<u>42,435</u>	<u>41,620</u>
Resource properties (Notes 1 and 4)	<u>22,482</u>	<u>52,001</u>
Deferred costs		
Exploration and development	103,194	3,769
Administrative (Note 5)	101,627	62,188
Incorporation	<u>1,226</u>	<u>1,226</u>
	206,047	67,183
	<u>283,802</u>	<u>198,072</u>

Liabilities and Shareholders' Equity

Current		
Accounts payable	\$ 19,356	\$ 5,478
Due to affiliated company	500	3,756
Due to directors	<u>8,186</u>	<u>13,421</u>
	28,042	22,655
Shareholders' equity		
Share capital		
Authorized		
9,250,000 common shares of \$1 each par value		
Issued, fully paid (Note 6)		
2,312,124 shares (1985 2,022,124 shares)	2,312,124	2,022,124
Deduct: Discounts and commissions thereon	<u>1,893,632</u>	<u>1,720,132</u>
	418,492	301,992
Deficit (Note 1)	<u>(162,732)</u>	<u>(126,575)</u>
	255,760	175,417
	<u>283,802</u>	<u>198,072</u>

Approved by the directors

Director Director

The accompanying notes are an integral part of these financial statements.

MENIKA MINING LTD.
(Non-Personal Liability)
Consolidated Statement of Deficit
For the Year ended February 28, 1986
(With Comparative Figures for the Year ended February 28, 1985)

	1986	1985
Balance - Beginning of year	\$ 126,575	\$ 72,394
Add: Costs of acquisition, service and rental of oil and gas leases abandoned during the year	36,157	54,181
Balance - End of year	<u>\$ 162,732</u>	<u>\$ 126,575</u>

The accompanying notes are an integral part of these financial statements.


JOHN R. CHANT
CHARTERED ACCOUNTANT
616 - 736 Granville Street
Vancouver, B.C. V6Z 1G3
Telephone (604) 684 0115

AUDITOR'S REPORT

To the shareholders of
Menika Mining Ltd. (Non-Personal Liability)

I have examined the consolidated balance sheet of Menika Mining Ltd. (Non-Personal Liability) as at February 28, 1986 and the consolidated statements of deficit, deferred exploration and development costs, deferred administrative costs and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion these consolidated financial statements present fairly the financial position of the company as at February 28, 1986 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



John R. Chant
Chartered Accountant

Vancouver, B.C.
May 25, 1986

MENIKA MINING LTD.
(NON-PERSONAL LIABILITY)
CONSOLIDATED FINANCIAL STATEMENTS
FEBRUARY 28, 1986

MENIKA MINING LTD.
(Non-Personal Liability)
Consolidated Statement of Deferred Exploration and Development Costs
For the Year ended February 28, 1986
(With Comparative Figures for the Year ended February 28, 1985)

	1986	1985
Exploration and development costs		
Des Group		
Geological consulting	\$ -	\$ 715
Recording fees	-	240
Miscellaneous	-	95
	<u> </u>	<u>1,050</u>
Deferred balance - Beginning of year	1,050	-
Deferred balance - End of year	<u>1,050</u>	<u>1,050</u>
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Reliance Group		
Assays	1,057	-
Drafting	454	-
Drilling	45,391	-
Geological reports	5,516	2,000
Miscellaneous	608	179
Recording fees	650	540
Roadwork	38,726	-
Surveying	3,147	-
Travel and accommodation	4,155	-
Truck rental and operating	4,432	-
	<u>104,136</u>	<u>2,719</u>
Deduct: Sale of logs	4,711	-
	<u>99,425</u>	<u>2,719</u>
Deferred balance - Beginning of year	2,719	-
Deferred balance - End of year	<u>102,144</u>	<u>2,719</u>
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Total deferred exploration and development costs	<u>\$ 103,194</u>	<u>\$ 3,769</u>

The accompanying notes are an integral part of these financial statements.

MENIKA MINING LTD.
(Non-Personal Liability)
Consolidated Statement of Deferred Administrative Costs
For the Year ended February 28, 1986
(With Comparative Figures for the Year ended February 28, 1985)

	1986	1985
Administrative costs		
Accounting	\$ 1,000	\$ 3,450
Advertising and promotion	9,976	-
Depreciation	199	133
Filing and listing fees	1,408	10,342
Interest and bank charges	475	24
Legal	6,368	8,986
Management fees	9,000	3,000
Miscellaneous	189	425
Office, printing and stationery	5,824	2,534
Registrar and transfer agent's fees	2,270	2,093
Rent	3,720	1,200
Secretarial services	4,326	1,265
Telephone	2,372	-
Travel	303	-
	<u>47,430</u>	<u>33,452</u>
Deduct: Interest earned	1,352	1,551
	<u>46,078</u>	<u>31,901</u>
Deferred balance - Beginning of year	62,188	30,287
	<u>108,266</u>	<u>62,188</u>
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Deduct: Administrative costs attributable to oil and gas leases abandoned during the year	6,639	-
Deferred balance - End of year	<u>101,627</u>	<u>62,188</u>
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Total deferred administrative costs	<u>\$ 101,627</u>	<u>\$ 62,188</u>

The accompanying notes are an integral part of these financial statements.

MENIKA MINING LTD.
(Non-Personal Liability)
Notes to the Consolidated Financial Statements
February 28, 1986
(1)

MENIKA MINING LTD.
(Non-Personal Liability)
Consolidated Statement of Changes in Financial Position
For the Year ended February 28, 1986
(With Comparative Figures for the Year ended February 28, 1985)

	1986	1985
Sources of working capital		
Proceeds from issue of shares	\$ 116,500	\$ 95,000
Uses of working capital		
Exploration and development	99,425	3,769
Administrative costs	46,078	31,901
	<u>145,503</u>	<u>35,670</u>
Deduct: Charges not involving the use of working capital		
Depreciation	199	133
	<u>145,304</u>	<u>35,537</u>
Acquisition of fixed assets	461	665
Acquisition of resource properties	-	9,849
Investment in joint venture	814	5,503
	<u>146,579</u>	<u>51,554</u>
Increase (Decrease) in working capital	(30,079)	43,446
Working capital (deficiency) - Beginning of year	14,081	(29,365)
Working capital (deficiency) - End of year	<u>\$(15,998)</u>	<u>\$ 14,081</u>
Working capital (deficiency) consists		
Current assets	\$ 12,044	\$ 36,736
Minus - current liabilities	28,042	22,655
	<u>\$(15,998)</u>	<u>\$ 14,081</u>

1. Significant accounting policies

(a) Principles of consolidation

These consolidated financial statements incorporate the financial position, the operating results and changes in financial position of the company and its wholly owned subsidiary, Cosmic Energy Ltd.. All inter-company balances have been eliminated on consolidation.

(b) Fixed assets

Fixed assets are stated at cost and depreciation is recorded on the declining balance method over the useful life of the assets at 20% per annum.

(c) Resource properties

(1) Mineral claims are recorded in the company's records at -

- (a) the purchase price, or
- (b) the cost of staking, or
- (c) the value ascribed to shares issued in consideration thereof.

(2) The company follows the practice of deferring all costs relating to the exploration and development of oil and gas leases and mineral claims. These costs, including related administrative expenses, are allocated to each group of oil and gas leases or group of claims. If production occurs, costs on producing properties will be amortized by the unit of production method based on estimated recoverable resources. Costs applicable to abandoned leases and claims are written off to deficit.

(3) The amounts shown for resource properties and related deferred costs represent costs to date and are not intended to reflect present or future values.

2. Fixed assets

	Cost	Accumulated depreciation	Net book value
Office furniture and equipment	\$1,126	\$ 332	\$ 794

3. Investment in Joint Venture

By an agreement dated July 1, 1982 as amended August 15, 1983, the company granted Green Valley Mine Inc. (Green) and Lakewood Mining Co. Ltd. (Lakewood) an option to purchase an undivided one third interest each in the following mineral claims known as the Clinton (Vidette) Group. (See also Note 4(b))

Province of British Columbia Clinton Mining Division			
	Claim	Units	Record Numbers
	Norkam Nos 1 - 4	66	1174 - 1177
	Clinton Nos 1 - 3	12	1182 - 1184
	Esther Nos 1 - 3	3	1244 - 1246
	Mo Nos 1 - 4	80	1336 - 1339
	Vito	8	1243
	Brigade	20	1393

Continued

The accompanying notes are an integral part of these financial statements.

MENIKA MINING LTD.
(Non-Personal Liability)
Notes to the Consolidated Financial Statements
February 28, 1986
(2)

3. Investment in Joint Venture (continued)

The option was exercised by Green and Lakewood -
(a) agreeing to pay the company \$1,000 each (paid) on approval of the agreement by the Regulatory Authorities.
(b) performing not less than \$16,000 of exploration work on the claims by August 30, 1982.

The agreement called for Green and Lakewood to each make additional payments to the company as follows-

- (a) \$1,800 on or before December 31, 1982 (paid)
(b) \$1,800 on or before December 31, 1983 (paid)

The company is required to contribute one third of all exploration and development costs. One third of the first \$25,000 of exploration costs were required to be contributed before May 18, 1984 or the company would have lost 2% of its interest in the claims. To date the Joint Venturers have incurred exploration and development costs totalling \$127,305 and the company has contributed all of its one third share.

4. Resource properties

(a) Des Group of Claims

\$ 13,832

By agreement dated January 11, 1982 the company acquired from Charles Boitard (a director and officer of the company) a 100% interest in the Des Group of Claims for \$6,332 (his acquisition costs) and 750,000 escrowed shares to be issued at a deemed price of \$7,500. The Des Group of Claims consists of the following -

Province of British Columbia Kamloops Mining Division		
Claim	Units	Record Number
Des	8	1544

(b) Clinton (Vidette) Group of Claims

\$ 5,150

By an agreement dated January 14, 1982, as amended August 15, 1983, the company acquired an option to purchase from Charles Boitard (a director and officer of the company) (the vendor) a 100% interest in the following mineral claims. (See also Note 3)

Province of British Columbia Clinton Mining Division		
Claim	Units	Record Numbers
Notkam Nos 1 - 4	66	1174 - 1177
Clinton Nos 1 - 3	12	1182 - 1184
Mo Nos 1 - 4	80	1336 - 1339

Continued

MENIKA MINING LTD.
(Non-Personal Liability)
Notes to the Consolidated Financial Statements
February 28, 1986
(3)

4. Resource properties (continued)

(b) Clinton (Vidette) Group of Claims (continued)

The option was exercised by the company -
(1) paying the vendor \$4,500.
(2) performing not less than \$8,500 of exploration work on the claims by August 30, 1982.
The vendor retains the right to salvage all logs where trees are cut for exploration or mining.
The agreement called for the company to make additional payments to the vendor as follows -
(1) \$3,000 on or before January 1, 1983 (paid)
(2) \$3,000 on or before January 1, 1984 (paid)
(3) a royalty of 5% of net smelter returns from production of each mineral claim thereafter.

The following contiguous claims were acquired by location and added to the group -

Claim	Units	Record Numbers
Esther Nos 1 - 3	3	1244 - 1246
Vito	8	1243
Brigade	20	1393

(c) Reliance Group of Claims

\$ 3,500

By an agreement dated November 5, 1984 the company agreed to acquire from Charles Boitard (a director and officer of the company) a 100% interest in the following claims for his acquisition costs thereof, being \$3,500 plus 65,000 of his personal holding of the company's shares at a deemed price of 30 cents. Subject to approval by the Regulatory Authorities 65,000 shares of the company are to be issued to Mr. Boitard to replace the shares used by him to acquire the claim.

Province of British Columbia Lillooet Mining Division		
Claim	Units	Record Numbers
Omen 1	1	2158
Omen 2	1	2150
Omen 3	1	2151
Omen 7	1	2141
Omen 8	1	2142
Nemo	8	2143/9 & 2149
Eros 2	1	2152
Omen	Frc	2143
Nemo	Frc	2151
Thin	Frc	2141
Nova	Frc	2152
Eros	Frc	2142

(d) Oil and gas leases

North Dakota
Net revenue interest in 87.5% of 3,888.41 acres of North Dakota oil and gas leases acquired for \$29,519 was abandoned during the year.

Continued

MENIKA MINING LTD.
(Non-Personal Liability)
Notes to the Consolidated Financial Statements
February 28, 1986
(4)

5. Deferred administrative costs

Deferred administrative costs incurred to date have been allocated as follows -

	1985	Adjustments	1986
Oil and gas leases	\$ 6,639	\$(6,639)	\$ -
Des Group	39,599	401	40,000
Reliance Group	15,950	45,677	61,627
	<u>\$ 62,188</u>	<u>\$ 39,439</u>	<u>\$ 101,627</u>

6. Share capital

The company has issued shares as follows -

	No. of shares at \$1 par value	Discount and Commission	Net
(a) During the year ended February 28, 1986			
For cash (see below)	\$ 290,000	\$ 173,500	\$ 116,500
(a) Prior to March 1, 1985			
For cash	855,378	679,242	176,136
For debt	165,462	131,110	34,352
For property	750,000	742,500	7,500
For Cosmic Energy Ltd.	251,284	167,280	84,004
	<u>2,022,124</u>	<u>1,720,132</u>	<u>301,922</u>
Total	<u>\$2,312,124</u>	<u>\$1,893,632</u>	<u>\$ 418,492</u>

380,000 shares issued during the year ended February 28, 1985 were offered to the public pursuant to a Prospectus dated September 14, 1984. Under the Prospectus the agents for the company agreed to purchase all shares not subscribed for at the close of the offering, in consideration for which the company agreed to issue to them 180,000 Series A share purchase warrants. These non-transferable warrants entitled the holder to purchase, for each warrant held, one common share of the company at 35 cents per share. The agents exercised the warrants on April 23, 1985 thus providing the company with \$66,500 in additional funds.

100,000 shares at 50 cents per share were issued under a private placement during the year.

7. Related party transactions

- (a) The company is related to Green Valley Mine Inc. and Lakewood Mining Co. Ltd., both of which are involved with the company in the Clinton (Vidette) Group of Claims.
- (b) The company purchased the Des Group of Claims from a director of the company.
- (c) The company purchased most of the Clinton (Vidette) Group of Claims from a director of the company.
- (d) An affiliated company, Cosmic Energy Inc., incorporated in the State of Washington to act as agent for the company's subsidiary doing business in the United States, is owned by two directors of the company. The company has not been active during the year.

