

WEBB & KNAPP (CANADA) LIMITED

<u>Year Ended Dec.31</u>	<u>1982</u>	<u>1981</u>
Revenue	\$11,410,000	\$15,882,000
Direct Costs & Expense	12,378,000	11,934,000
Net (loss) Revenue	(968,000)	3,948,000
Gain on Property and Asset Sales	2,185,000	89,000
Operating Expenses	1,246,000	1,477,000
Provision for Decline in Value of Deve.Land	2,450,000	178,000
Income Tax (recovery)	1,465,000	1,293,000
Minority Interest	22,000	23,000
Net Income (loss)	(\$1,036,000)	\$1,066,000
Earnings (loss) Per Share	(36¢)	38¢

BETTER YEAR EXPECTED IN 1983

James Tutton, president of Webb & Knapp (Canada) Limited stated in the annual report for the year ended Dec.31,1982, that the company has every reason to expect a good year in housing starts in 1983. Land development remains the most important profit centre. He stated that there will be an upturn in the demand for single family building lots, beginning slowly but accelerating towards year end. The company remains the dominant force in real estate sales activity in the Fraser Valley.

Webb & Knapp will continue to follow its basic strategy, which is to invest profits from housing developments in industrial buildings, warehouses.

Wolstencroft Realty Corporation became a 100% owned subsidiary effective Dec.31,1982. In the fourth quarter of 1982 this division enjoyed a quick upswing. During the year two new real estate offices were purchased increasing sales staff to 170 persons.

The net asset value of the company remains in excess of \$9.50 per share before provision for income tax, based on independent appraisals and management estimates of current market values. This valuation reflects substantial writedowns in the market value of the company's assets. Net asset value, fully taxed, is estimated to be approximately \$6.00 per share.

AERO ENERGY LTD.

DRAFT REORGANIZATION PLAN PRESENTED - John S.Watt, president, has announced Aero Energy Ltd. has a plan for settlement of the parent company indebtedness in the amount of \$2,818,586, comprised of \$2,500,000 in series A convertible debentures, \$114,991 in promissory notes and demand loans and \$203,595 in trade accounts payable. Terms of the settlement require the company to issue 8,053,104 common shares at an ascribed price of 35¢ each with such terms being subject to both shareholders and regulatory approval.

A draft plan of reorganization for the U.S. subsidiary has been approved by directors. Finalization of a plan is subject to continued negotiations with various creditors.

Mr.Watt states that the parent company, as part of the settlement arrangements on its indebtedness, has received an undertaking from the series A convertible debenture holders, whereby, if the present draft plan of reorganization for the U.S. subsidiary is finalized without material changes, they will provide certain necessary support to execute the plan. Certain statutory constraints placed upon the U.S. subsidiary preclude the directors from indicating the specifics of the draft plan.

Effective June 3,1983, Messrs. Richard C.Baxter, Raymond A. McLean, G.Arnold Armstrong and Vaughan S.Bruneau were appointed directors of Aero to replace John M.Hobbs, J.Howard Hawke and Peter R.Kutney, who resigned.

EAGLET MINES LIMITED

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SIGNIFICANCE OF SILVER VALUES TO BE PROBED IN EVALUATION WORK - Andrew Robertson, president of Eaglet Mines Limited, told the June 7,1983 annual meeting that in the process of relogging portions of the diamond drill cores on the fluorite property at Quesnel Lake, B.C., sections of significant silver values were located. As a result, cores are being double checked for metallic minerals such as pyrite and galena that occur outside the rich fluorite zone. Silver occurs throughout the area, usually in the order of two tenths of an ounce, well below possible economic limits. Checking of two core sections with visible metallic mineral content in hole S59 has given assays of specimen sections, of six to 10 inches long, assaying 6.5 oz. silver/t, 13.0% lead and 8.1 oz. silver/t and 16.2% lead. He stated that these silver sections are adjacent to the fluorite zone which assayed 25% CaF₂ (fluorite) across a width of three metres. While a concentration of silver mineral was expected somewhere in the area, because of the widespread hydro-thermal silver deposition, this is the first time that such potential has been encountered. The area also has a gold content potential which is to be tested as well.

The 1983 exploration program on the fluorite zone has started and will include extending the No.2 adit level by 360 meters to permit bulk sampling of the better grade section of the drill reserves. The work will also include diamond drilling, metallurgical test work and environmental studies. The thickness of the fluorite zone averages 6.7 metres and the economic mineralization is estimated to be 5,000,000 tonnes grading 11.5% CaF₂ by assay. There is a further 15,000,000 tons of the same grade in the indicated and inferred classifications. Acid grade fluorspar (97% CaF₂) has been quoted at \$180 U.S. per Ton f.o.b. Kentucky, U.S.A. The price has been stabilized for some months.

In 1982 the company spent \$1,099,993 on the property and plans to spend in excess of \$1,200,000 in 1983 with the funds to come from a planned public offering. The company hopes to raise approximately \$2,000,000 from the new offering now in application with Pemberton Securities Ltd. as the sponsoring broker.

On Dec.3,1982 the company shares were posted for trading on the Toronto Seock Exchange.