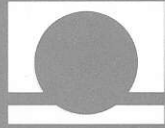




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Welcome North Mines Ltd.

**A diversified mineral
exploration company.**



Our logo depicts the midnight sun tracking the horizon. Welcome North was founded in 1973 as a northern Canadian mineral exploration company and remains today largely committed to exploring and developing mineral resources north of Canada's 60th parallel.

Welcome North Mines Ltd.

Welcome North is one of Canada's most respected and active mineral exploration companies as a result of numerous original discoveries and more than \$20 million in exploration expenditures since 1973.

Welcome North Mines Ltd., founded in 1973, is one of Canada's most respected and active mineral exploration companies. In fourteen years of operation in western North America, the Welcome North organization has become known as a technically strong and well-managed group which has demonstrated an outstanding ability to discover and finance mineral properties of merit.

That reputation is based not only on field expertise gained in over 150 mineral exploration and development projects (many original discoveries) but also on the financial resourcefulness which has afforded Welcome North shareholders maximum project exposure and minimal share dilution (3.4 million shares outstanding). Through property farm-outs, the company has received some \$4.8 million from option payments, recovered expenses and project management. In this way, Welcome North properties have benefited from over \$25 million in exploration work, only \$4 million of which has been funded directly by the company.

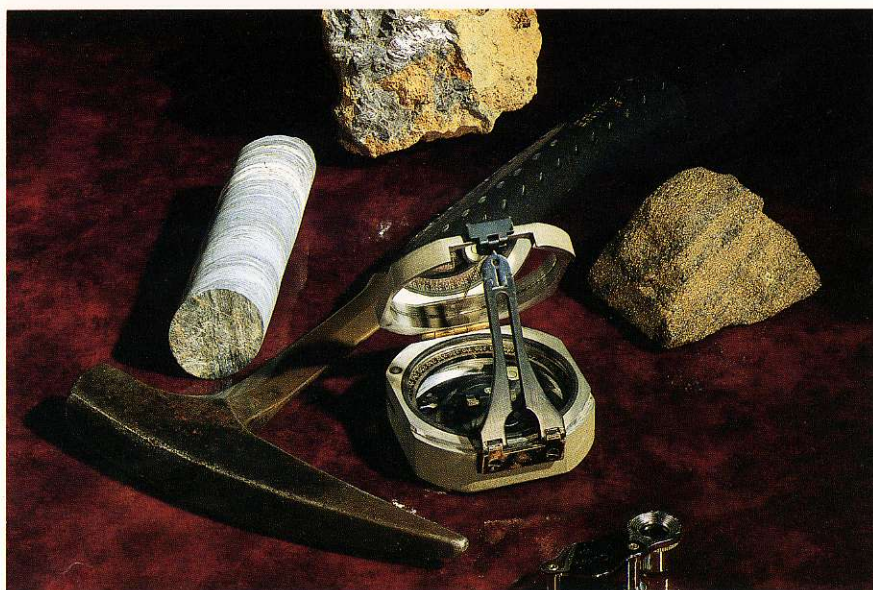
However, 1986 will see a significant shift in project financing policy with Welcome North contributing \$600,000 of its own funds toward exploration of two newly acquired gold deposits. The Company plans

more such acquisitions and more direct funding to maintain its working interests in exceptional properties. At the same time, Welcome North will continue to benefit from farm-outs which will account for \$2.4 million of its exploration expenditures in 1986.

The Company holds interests in over 20 mineral properties throughout the Yukon, Northwest Territories, British Columbia and Ontario. Key among these are two Cameron Lake gold prospects, the Penn and the McLennan, which are both being drill-tested by major companies. And in Nevada, Welcome North, through a farm-out agreement, is developing a multi-million ton gold property called the Marigold.

Welcome North is also operator for several affiliated companies such as Esperanza Explorations (15%-owned) which owns the Tillicum Gold Property, now being readied for production.

Through its industry knowledge, its financial strength and its thirst for discovery, Welcome North continues to expand its horizons. Though projects are approached in a variety of ways and financed through a variety of venture capital sources, they all lead to one goal: major mineral development and production.



Shown here "The Tools of the Trade": prospector's pick, hand lens, Brunton compass, diamond drill core and mineral specimens.

Principal Project

Welcome North today is exploring more for its own account, thus giving shareholders the opportunity of greater direct participation in major mineral discovery and development activities.

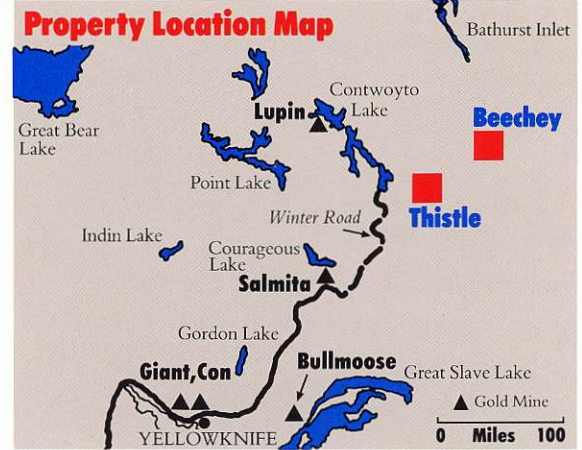
Two exciting new properties, the Beechey and the Thistle, represent a departure for Welcome North from its traditional role of prospecting, discovery and farm-out. The Company intends to initiate and execute more aggressive mineral programs with the objective of direct participation in major discoveries.

Thus, of prime speculative interest this year will be Welcome North's participation with Bow Valley Industries on two newly discovered gold properties in the Northwest Territories. The properties, comprising a total of 76,000 acres, are located 125 miles southeast of Canada's second largest gold mine, Echo Bay's Lupin Mine. Widespread surface gold mineralization has been discovered on the Beechey and the Thistle.

The agreement with Bow Valley gives Welcome North the right to earn a 49% interest in both properties.

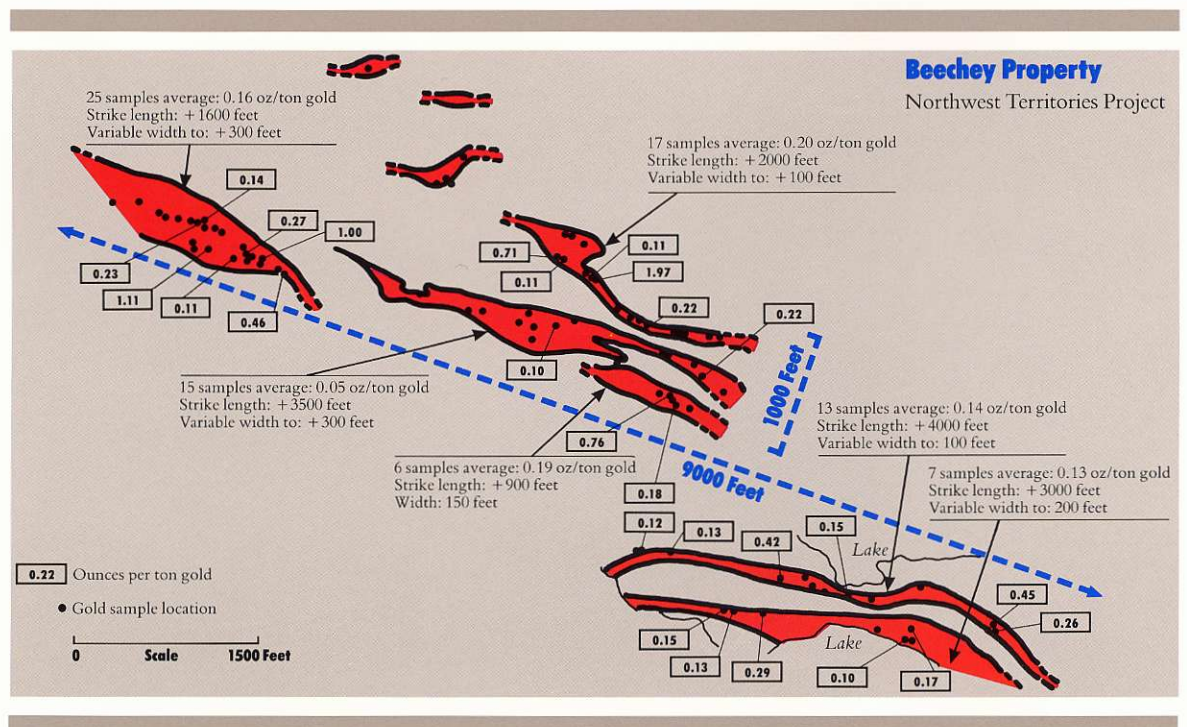
At the Beechey Property, all samples taken from exposed gold zones over a 9,000 foot strike length and up to a 1,000 foot width, range up to 1.79 ounces per ton gold and average 0.15 ounces per ton gold, indicating excellent possibilities for large-tonnage reserves.

At the Thistle Property, gold has been



traced over a 1,000 foot by 250 foot area within a fifteen-mile long structure; all surface samples collected have averaged 0.15 ounces per ton gold with higher values reaching 0.61 ounces per ton.

Welcome North has the right to operate the exploration programs during the earning period by spending \$2 million over the next four years to earn a 49% interest in the properties. This year's proposed \$500,000 expenditure will earn a 30% interest. Diamond drilling of already-defined gold zones will commence in July 1986.

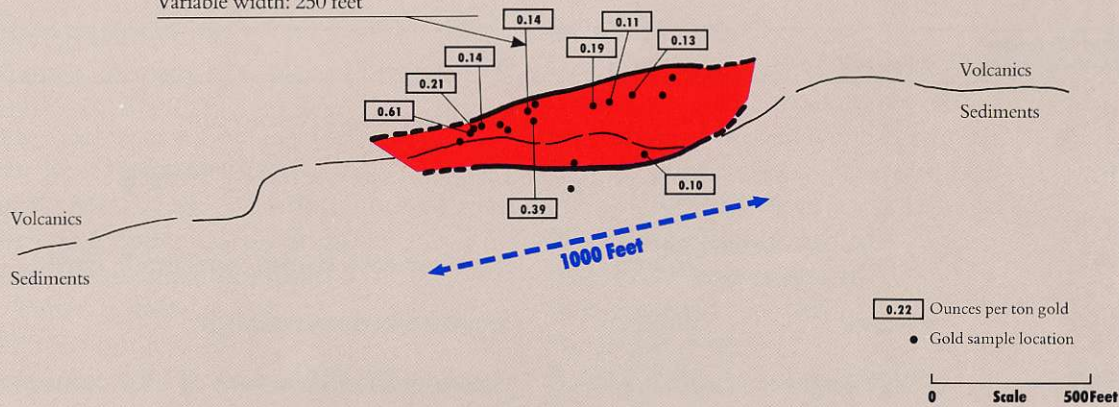


Thistle Property

Northwest Territories Project

Gold Zone

18 samples average: 0.15 oz/ton gold
Strike length: + 900 feet
Variable width: 250 feet



The coming year will see the drilling of two exciting new gold discoveries southeast of Echo Bay's Lupin Mine. Both properties have widespread surface mineralization and show potential for large tonnage reserves.



Above: Taking advantage of winter ice conditions, which form a natural airstrip for the airlifting of heavy freight; Left: Canada's second largest gold mine, Echo Bay's Lupin Mine, located 125 miles northwest of the Thistle and Beechey Properties.

Exploration Achievement

Over the years, Welcome North has earned a reputation as a leading mineral exploration company, credited with a number of original discoveries as well as acquisitions that have led to major exploration and development programs. Several properties with indicated reserves are “on hold” pending improvement in metal prices.

Welcome North has a history of exploration achievement which includes many significant base metal discoveries and development of important precious metals deposits.

Year Discovered/ Acquired	Property	Location	Resource
1973	Bear	N.W.T.	8 million tons 8% lead-zinc
1974	Art	N.W.T.	15% zinc intersected by drilling over 40-foot widths
1975	Tea	Yukon	2 million tons commercial grade barite
1977	Maxi	Yukon	Shale-hosted zinc deposit
1978	Vulcan	N.W.T.	Potential 10 million tons of 10% combined lead-zinc
1979	LaForma	Yukon	200,000 tons 0.4 oz/ton gold acquired and developed for Arctic Red Resources
1980	Tillicum	British Columbia	40,000 tons 0.6 oz/ton gold plus 5 million tons 0.06 oz/ton gold; production planned by Esperanza Explorations
1983	Penn, McLennan	Ontario	Drilling in progress to test gold zones
1984	Madre	British Columbia	Drill indicated 1 million tons 0.08 oz/ton gold; drilling in progress by Mt. Calvary Resources
1985	Marigold	Nevada	Drilling in progress; indicated 3.5 million tons 0.04 oz/ton gold
1986	Beechey, Thistle	N.W.T.	New widespread gold discoveries; drilling planned for 1986

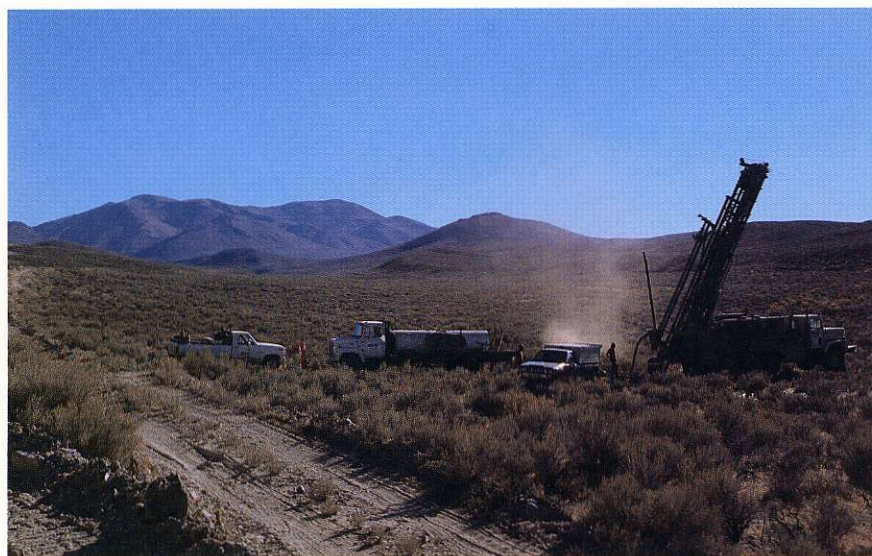
Joint Ventures & Farm Outs

Since Welcome North's formation in 1973, over 150 mineral properties have been farmed out or joint ventured to a large number of major and junior companies. These exploration participants have expended over \$20 million on mineral interests held by the Company, resulting in drill-indicated mineral reserve definition on seven out of 56 properties drilled. A partial list of exploration partners below:

Amax Exploration, Inc.
Aquitaine Company of Canada Limited
(Kidd Creek Mines)
Archer, Cathro & Associates Ltd.
Barrier Reef Resources Ltd.
Belmoral Mines Ltd.
Bethlehem Copper Corporation
Boliden-Preussag Exploration
Bow Valley Industries Ltd.
Brascan Resources Ltd.
Canadian Nickel Co. Ltd. (CANICO)
Cassiar Asbestos Corp.
Castlemaine Explorations Ltd.
Chevron Canada Ltd.
Cominco Ltd.
Conwest Explorations Ltd.
Cyprus Anvil Mining Corp.
Du Pont of Canada Exploration Ltd.
Duval International Corp.
Dynasty Explorations Ltd.
E & B Explorations Ltd.
E & B Explorations Inc.
Esperanza Explorations Ltd.
Falconbridge Limited

GCO Minerals Co.
Geomont Exploration Co. Ltd. (Abitibi)
Getty Canadian Metals, Limited
International Mogul Mines Ltd.
Kennco Explorations (Western) Ltd.
Nevada North Resources Ltd.
New Ridge Resources Ltd.
Noranda Exploration Ltd.
Ontario Paper Co. Ltd.
Pan Ocean Ltd.
Pembina Pipe Line Ltd.
Placer Development Ltd.
Quintana Minerals Corp.
Rio Tinto Canadian Exploration Limited
Rosario Resources Corporation
Serem Inc.
Shell Canada Resources Ltd.
Silver Standard Mines Ltd.
Teck Corporation
Utah Mines Ltd.
Ventures West Capital Ltd.
Western Mines Ltd.
Yukon Barite Ltd.

In fourteen years of operation, the Company has worked with a long list of major and junior companies while gaining a reputation as a leading explorer and project manager.



Rotary drilling at the Marigold Property near Battle Mountain, Nevada, 1985.

Financial Record

Only 3.4 million shares have been issued during the life of the Company. Cash contributions to working capital exceed \$7 million, \$2.4 million by way of shares and \$4.8 million from sale of property interests and from project management. During 1986, exploration and development expenditures on projects in which Welcome North manages and holds interests will be in excess of \$3.0 million, \$600,000 of which will be provided by the Company. As well, flow through funding will provide for exploration expenditures totalling \$447,000 in 1986. Welcome North is adequately financed for the year with working capital, consisting of cash and marketable investments, in excess of \$2 million.

Through good times and bad, Welcome North has remained financially strong. The key has been its ability to raise exploration capital while minimizing share dilution.

Consolidated Statement of Changes in Financial Position for the years 1973 - March 31, 1986

	1973 - 1977 \$	1978 - 1982 \$	1983 - 1986- (to March 31) \$	Cumulative Total \$
Source of working capital				
Issue of Share Capital	1,020,000	791,000	204,000	2,015,000
Issue of Share Capital (CEE)	—	—	447,000	447,000
Fees & Expenses Recovered	846,000	435,000	505,000	1,786,000
Disposal of Investments	22,000	150,000	509,000	681,000
Property Payments Received	587,000	1,482,000	171,000	2,240,000
	<u>2,475,000</u>	<u>2,858,000</u>	<u>1,836,000</u>	<u>7,169,000</u>
Use of working capital				
Administration Expenses	390,000	634,000	377,000	1,401,000
Acquisition, Exploration & Fixed Assets				
Expenses (Net of Depreciation)	1,897,000	1,429,000	689,000	4,015,000
Purchase of Investments	30,000	709,000	80,000	819,000
	<u>2,317,000</u>	<u>2,772,000</u>	<u>1,146,000</u>	<u>6,235,000</u>
Working capital — increase (decrease)	158,000	86,000	690,000	<u>934,000</u>
Working capital — beginning of period	—	158,000	244,000	
Working capital — end of period	<u>158,000</u>	<u>244,000</u>	<u>934,000</u>	

Equity Interests

Welcome North contributes to management and operation of a number of publicly held resource companies in which it is a significant shareholder.

Esperanza Explorations Ltd.

Pilot-scale mining and metallurgical testing in preparation for production feasibility has been completed. Gold is free-milling with recoveries in excess of 90%. On-site milling facilities will be assembled during 1986.

Arctic Red Resources

Welcome North is represented on the Board of this company which is well funded with approximately \$1 million in working capital. Resource assets include an option on the La Forma Gold Mine, a former Yukon producer with reserves of 200,000 tons grading 0.4 ounces per ton gold.

Mt. Calvery Resources Ltd.

A long-term exploration program is proving low-grade gold mineralization at several

wide-spaced locations within a 25,000 acre property near Likely, B.C.

Pearl Resources Ltd.

A public financing is planned to fund drill-testing of gold properties in Yukon and Manitoba.

Other companies in which Welcome North owns an equity interest include: Rockridge Mining Corp, which has hard-rock and placer gold exploration programs in B.C., Yukon, Northwest Territories and Ontario; and New Ridge Resources, which has an option on the Marigold heap leach gold property in Nevada.

Welcome also holds significant equity interests in a number of public companies for which it also acts as manager and project operator.



Above: Diamond drilling and back-hoe trenching on Mt. Calvery's Madre Gold Zone, 1984; Left: Loading high-grade gold ore at Esperanza's Tillicum Property for shipment to custom mill, 1985.

Welcome North Management

John S. Brock – President and Director

John S. Brock is a U.B.C. graduate with a B.Sc. in geology and geophysics and has 25 years of mineral exploration experience. He spent ten years with Dynasty Explorations where he participated in the discovery of one of Canada's largest lead-zinc mines, the Yukon's Faro deposit.

In 1973, prior to the merger of Dynasty with Cyprus Mining Corp., he resigned his position as vice-president and joined Welcome North as a founding director, becoming president in 1975.

He also serves as director of other companies in which Welcome North owns interests including Esperanza Explorations Ltd., Arctic Red Resources Corp., Pearl Resources Ltd., Mt. Calvary Resources Ltd., and Rockridge Mining Corp. He is a member of several professional associations and serves on the executive committee of the B.C. and Yukon Chamber of Mines.

Irene M. Wilson – Secretary and Director

Born and educated in Scotland, Irene Wilson has been involved in the exploration industry since her arrival in Canada in 1963. Between 1963 and 1973, she served in the capacities of exploration secretary for Kerr Addison Mines Ltd., and corporate and exploration secretary for a number of mining interests.

Since Welcome North's foundation in 1973, she has held the positions of corporate

secretary and director of Welcome North Mines Ltd. and most of its affiliated companies, with primary responsibility for the corporate, legal, accounting and office administrative functions of these companies.

Wayne J. Roberts – Exploration Manager and Director

Wayne Roberts, a graduate of the University of British Columbia, has been an active exploration geologist for the past 18 years. He initiated his career with Dynasty Explorations, followed by the Cyprus Anvil Mining Corporation. His most significant contribution to Cyprus Anvil was as co-discoverer and project manager of the Cirque property containing British Columbia's second largest zinc-silver deposit.

He joined Welcome North Mines as exploration manager and a director in 1983.

John A. McClintock, P.Eng. – Senior Geologist

A geological graduate of the University of British Columbia in 1973, John McClintock was employed for ten years as exploration geologist for Rio Algom Inc. During that time he was responsible for the discovery and subsequent exploration of several gold and base metal occurrences in British Columbia and the Yukon.

He joined Welcome North as a senior project geologist in 1983.



Welcome North management are 'exploration-oriented' and directly involved in day-to-day field operations.

Corporate Information

Directors and Officers:

John S. Brock
President and Director

Irene Wilson
Secretary and Director

Wayne J. Roberts
Director

David C. Pegg
Director

Head Office:

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Vancouver, B.C. V6C 1V5
Telephone (604) 687-1658

Registered Office:

3000 Royal Centre
1055 West Georgia Street
Vancouver, B.C. V6E 3R3

Solicitors:

Bull, Housser & Tupper
3000 Royal Centre,
1055 West Georgia Street,
Vancouver, B.C. V6E 3R3

Auditors:

Coopers & Lybrand
Vancouver, B.C.

Bank:

Canadian Imperial Bank of Commerce
Vancouver, B.C.

Capitalization:

10,000,000 shares authorized
3,428,936 shares issued and
allotted for issue

Shares Listed:

Vancouver Stock Exchange
Ticker Symbol: WLN

Registrar & Transfer Agent:

Canada Trust Company
1055 Dunsmuir Street
Vancouver, B.C. V7X 1P3