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Form 12
Securities Act

Date Accepted
For Filing February 16/78

SUPERINTENDENT OF BROKERS
AND
VANCOUVER STOCK EXCHANGE
VANCOUVER CURB EXCHANGE

STATEMENT OF MATERIAL FACTS

Name of Exchange

VANCOUVER STOCK EXCHANGE

Name of Issuer

SUSIE GOLD MINES LTD.

Address of Head Office of Issuer

502 - 409 GRANVILLE STREET, VANCOUVER, BRITISH COLUMBIA

Address of Registered Office of Issuer

3000 - 1055 WEST GEORGIA STREET, VANCOUVER, BRITISH COLUMBIA

Address of Records Office (Section 38 - Companies Act)

3000 - 1055 WEST GEORGIA STREET, VANCOUVER, BRITISH COLUMBIA

Name & address of Registrar & Transfer Agent
for Issuer's shares in British Columbia.

YORKSHIRE TRUST COMPANY
900 WEST PENDER STREET
VANCOUVER, BRITISH COLUMBIA

Neither the Superintendent of Brokers nor the Vancouver Stock Exchange/Vancouver Curb Exchange has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence.

1. DETAILS OF THE CIRCUMSTANCES RELATING TO THE OFFERING OF SECURITIES.

NEW OFFERING:

Susie Gold Mines Ltd. (hereinafter called the "Issuer") hereby offers for sale to the public, through the facilities of the Vancouver Stock Exchange, up to 150,000 shares of the Company on a best-efforts basis at a price of not less than \$1.05 per share. The offering is being made pursuant to an agreement dated January 27, 1978 with Canarim Investment Corporation Ltd. (hereinafter called "Canarim") of Suite 1350 - 409 Granville Street, Vancouver, British Columbia, V6C 2J5, pursuant to which Canarim shall receive an aggregate fee of \$500.00 payable upon the effective date of this Statement of Material Facts and 6% of the gross sales at the time the shares are sold. The said agreement provides that the offering shall remain outstanding for 30 business days from the effective date of this Statement of Material Facts. In the event that all of the said 150,000 shares are sold, Canarim will receive an additional 1-1/2% of the gross sales, less the fee of \$500.00 on completion of the sales of all the said shares. The net proceeds after payment of commissions to the Company in the event all of the shares are sold at the minimum price per share will be \$145,687.50.

Directors and insiders of the Issuer may purchase shares from this offering. Canarim may, subject to the By-laws of the said Exchange, buy and sell shares of the Issuer for the purpose of maintaining an orderly market and to assist in the distribution of the offered shares during the period that the shares to be sold hereunder are being distributed to the public in British Columbia, and may be considered the market makers during that period. The market maker has no shares of the Issuer under its control.

No payments in cash, securities or other consideration are being made or are to be made, to a promoter, finder or any other person or company in connection with the proposed offering.

The range of market price for the shares of the Issuer and the volume of sales for each of the four weeks immediately preceding the effective date of this Statement of Material Facts, on the Vancouver Stock Exchange, is as follows:

<u>WEEK</u>	<u>MARKET RANGE</u>	<u>VOLUME</u>
ending January 20, 1978	1.10 - 1.42	115,500
ending January 28, 1978	1.12 - 1.40	49,340
ending February 3, 1978	1.19 - 1.37	43,700
ending February 10, 1978	1.20 - 1.32	26,000

The following beneficially own, director or indirectly, in excess of 5% of each class of issued shares of Canarim:

<u>NAME AND ADDRESS</u>	<u>NO. AND CLASS OF SHARES</u>	<u>PERCENTAGE</u>
Alfred E. Turton 1 Lakeview Square Winnipeg, Manitoba	24,119	54%
The MacLachlin Investments Corporation Sole Shareholder: Peter M. Brown 13th Floor 409 Granville Street Vancouver, B.C.	15,212	34%
Brian D. Harwood 13th Floor 409 Granville Street Vancouver, B.C.	5,625	12%

The Directors, Officers and insiders of the Issuer own as a group, directly or indirectly, 1,003,534 shares representing 40.27% of the presently issued shares of the Issuer.

2. PARTICULARS CONTRIBUTING TO THE SPECULATIVE NATURE OF THE SECURITIES BEING OFFERED

The mineral properties of the Issuer on which the proceeds from the sale of securities offered by this Statement of Material Facts are to be spent are without a known body of commercial ore and the proposed program is an exploratory search for ore.

The shares of the Issuer must be considered speculative securities because the Issuer's mining properties are in the exploration and development stage.

No survey has been made of the Issuer's located mineral claims and, therefore, in accordance with the mining laws of the jurisdiction in which such claims are situate, their existence and area could be in doubt.

3. DETAILS OF ANY MATERIAL CHANGES OR PROPOSED MATERIAL CHANGES IN THE AFFAIRS OF THE ISSUER

With the approval of the Vancouver Stock Exchange and the Superintendent of Brokers a 10% pro rata escrow release of the Issuer's share was granted as follows:

Douglas Bishop Stelling	50,000
D'Arcy James Morrow	1,000
Richard W. Hughes	24,000

Subsequent to the said 10% escrow release the holders of the balance of 675,000 escrow shares donated those shares to the Issuer and with the approval of the Vancouver Stock Exchange and Superintendent of Brokers the Issuer transferred the 675,000 escrow shares to Douglas Bishop Stelling in consideration for the Sheila Mineral Claims, Omenica Mining Division, Province of British Columbia.

The Issuer has made application with the Alberta Stock Exchange for a listing of its shares on that Exchange. The results of this application are pending.

4. ESTIMATED NET PROCEEDS OF THE ISSUER ARE TO BE SPENT

In the event that the entire estimated net proceeds from the sale of securities offered by this Statement of Material Facts are not raised, the priorities for the expenditure of funds will be as follows:

1. (a) To provide further working capital for the following as recommended in the Engineering Report of W.G. Smitheringale and Associates Ltd. dated October 31, 1977:

road and bridge building; * approximately 3 miles of road at \$8,000.00/mile. This will be a 4x4 road to provide access to the Carie anomaly viz., Carie claims 1-4 (see attached map), where drilling December, 1977 in holes #1 and #2 intersected 89 feet and 100 feet respectively of continuous mineralization as reported in newsletter #13. Hole #1 intersected 6 feet of 4.49% Pb-Zn and 1.06 oz./ton Ag, and because of these results and the geophysical results from the summer of 1977, it was felt by the directors that extensive NQ drilling was warranted on the Carie anomaly.

road and bridge*	\$ 35,187.50
camp construction	2,000.00
equipment rental (4x4 etc.)	1,500.00
diamond drilling supervision	3,000.00
core logging	2,000.00
assaying	2,000.00
	<hr/>
	\$ 45,687.50

* a bid has been received from Nelson Equipment Rentals Ltd. for a permanent bridge to cross the Osilinka River at a cost of \$66,000.00 for a 91 foot span.

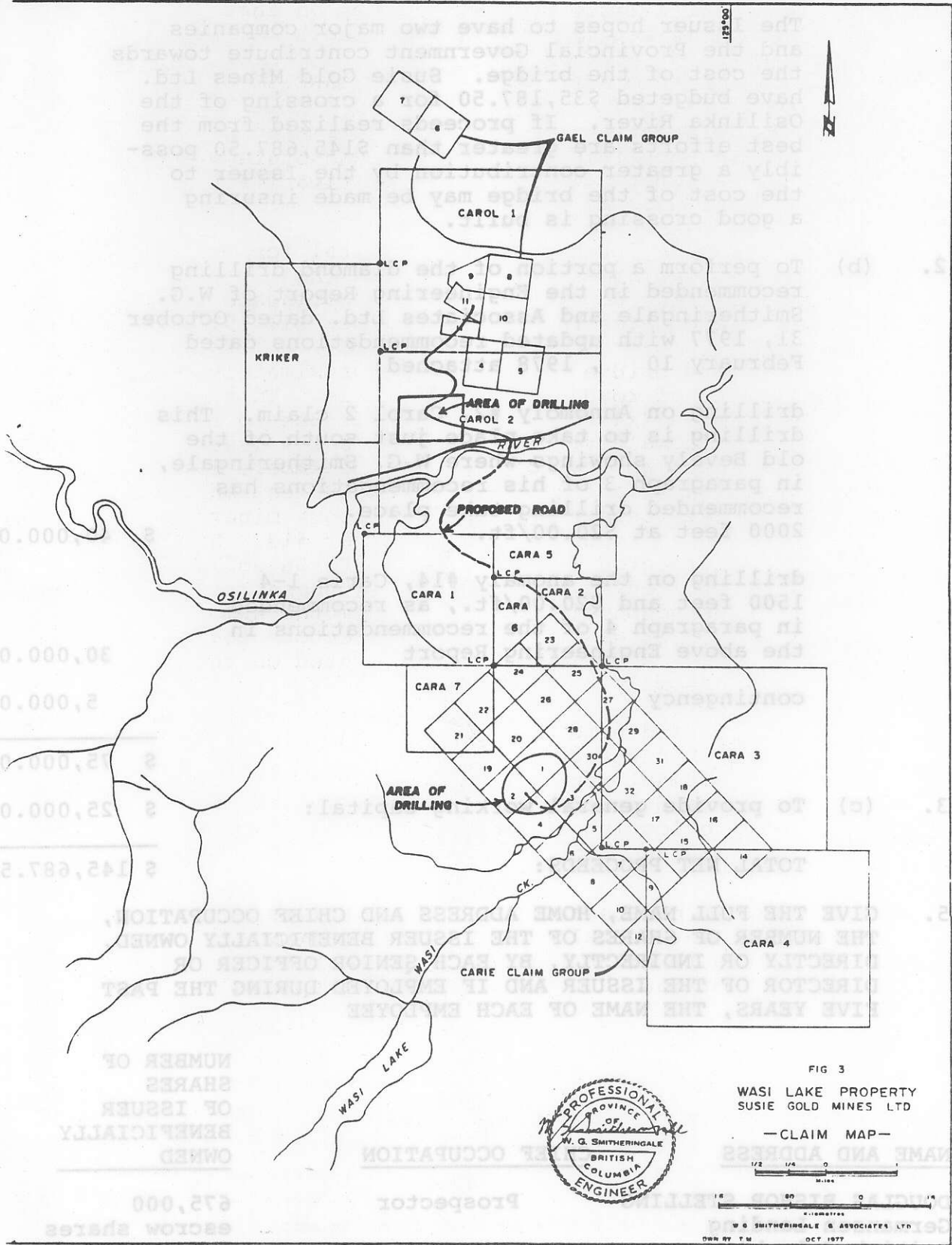


FIG 3
 WASILAKE PROPERTY
 SUSIE GOLD MINES LTD
 — CLAIM MAP —

1/2 1/4 0 1
 Miles
 W & SMITHERINGALE & ASSOCIATES LTD
 DWN BY T.M. OCT 1977



The Issuer hopes to have two major companies and the Provincial Government contribute towards the cost of the bridge. Susie Gold Mines Ltd. have budgeted \$35,187.50 for a crossing of the Osilinka River. If proceeds realized from the best efforts are greater than \$145,687.50 possibly a greater contribution by the Issuer to the cost of the bridge may be made insuring a good crossing is built.

2. (b) To perform a portion of the diamond drilling recommended in the Engineering Report of W.G. Smitheringale and Associates Ltd. dated October 31, 1977 with updated recommendations dated February 10 , 1978 attached:

drilling on Annomoly #2, Carol 2 claim. This drilling is to take place just south of the old Bevely showings where W.G. Smitheringale, in paragraph 3 of his recommendations has recommended drilling take place.
2000 feet at \$20.00/ft. \$ 40,000.00

drilling on the anomaly #14, Carie 1-4 1500 feet and \$20.00/ft., as recommended in paragraph 4 of the recommendations in the above Engineering Report 30,000.00

contingency 5,000.00

\$ 75,000.00

3. (c) To provide general working capital: \$ 25,000.00

TOTAL NET PROCEEDS: \$ 145,687.50

5. GIVE THE FULL NAME, HOME ADDRESS AND CHIEF OCCUPATION, THE NUMBER OF SHARES OF THE ISSUER BENEFICIALLY OWNED, DIRECTLY OR INDIRECTLY, BY EACH SENIOR OFFICER OR DIRECTOR OF THE ISSUER AND IF EMPLOYED DURING THE PAST FIVE YEARS, THE NAME OF EACH EMPLOYEE

<u>NAME AND ADDRESS</u>	<u>CHIEF OCCUPATION</u>	<u>NUMBER OF SHARES OF ISSUER BENEFICIALLY OWNED</u>
DOUGLAS BISHOP STELLING Germansen Landing British Columbia PRESIDENT/DIRECTOR	Prospector	675,000 escrow shares 112,001 free shares

D'ARCY JAMES MORROW 2004 Larson Road North Vancouver, B.C. SECRETARY/DIRECTOR	Consulting Engineer	72,033
GEORGE GAMBLE Gamble Ranch P.O. Box 345 Oakville, California DIRECTOR	Rancher	75,000
JOHN PAUL STEVENSON Manson Creek, B.C. DIRECTOR	Prospector Self-employed Mining contractor	69,500

6. PARTICULARS OF THE CORPORATE STANDING OF THE ISSUER

The Issuer was incorporated in British Columbia on March 18, 1975 by Memorandum and Articles.

The last annual report was filed with the Registrar of Companies of British Columbia on March 18, 1977. All filing required to be made by the Issuer under the Securities Act and Companies Act of British Columbia are up to date.

The latest audited financial statements of the Issuer were dated February 28, 1977 and the latest unaudited statements are as of December 31, 1977. The last Annual General Meeting of Shareholders of the Issuer was held on August 31, 1977. All registered shareholders were mailed on August 9, 1977 a copy of the February 28, 1977 audited financial statements.

There is no business which the Company is restricted from carrying on except as set forth in Section 23(2) of the Companies Act of British Columbia.

7. THE AUTHORIZED AND ISSUED SHARE CAPITAL OF THE ISSUER

The authorized capital of the Issuer consists of 10,000,000 common shares without par value, of which 2,492,002 shares have been issued as fully paid.

8. PRICES AT WHICH SECURITIES OF THE ISSUER HAVE BEEN ISSUED DURING THE LAST YEAR

192,000 shares of the Issuer were sold on January 4, 1977 at a price of 20¢ per share and 8,000 shares of the Issuer were sold on January 12, 1977 for a price of 21¢ per share pursuant to an Agency Agreement between the Issuer and Midland Doherty Ltd. of 11th Floor, 595 Burrard Street, Vancouver, British Columbia.

On July 29, 1977 300,000 shares of the Issuer were sold to Canarim at a price of 15¢ per share pursuant to an Underwriting Agreement between the Issuer and Canarim dated July 22, 1977. The said Underwriting Agreement contained an option to purchase a further 100,000 shares of the Issuer pursuant to which option Canarim purchased on August 24, 1977 100,000 shares of the Issuer at a price of 20¢ per share.

Pursuant to a Statement of Material Facts dated September 26, 1977, 250,000 shares of the Issuer were sold at various prices between .88¢ and \$2.50.

Pursuant to a resolution of the Directors of the Issuer in writing dated May 5, 1977 shares of the Issuer with a deemed value as of that date of 15¢ per share were issued for property on August 15, 1977 pursuant to an Agreement dated January 27, 1976 between the Issuer, Frank A. Lang and J. Paul Stevenson as follows:

Frank A. Lang 1575 Rena Crescent West Vancouver, B.C.	37,500
J. Paul Stevenson Manson Creek, B.C.	37,500

Further pursuant to the said resolution, shares of the Issuer with a deemed value as of May 5, 1977 of 15¢ per share were issued pursuant to an agreement dated March 18, 1976 between the Issuer, Dauntless Developments Ltd. and J. Paul Stevenson as follows:

Dauntless Developments Ltd. 1575 Rena Crescent West Vancouver, B.C. (Sole Shareholder: Mr. Frank A. Lang)	25,000
J. Paul Stevenson Manson Creek, B.C.	25,000

9. PARTICULARS OF ANY BONDS, DEBENTURES, NOTES, MORTGAGES, CHARGES, LIENS OR HYPOTHECATIONS OF THE ISSUER

None.

10. PARTICULARS OF IMPORTANT PROPERTIES PRESENTLY OWNED, LEASED, HELD UNDER OPTION OR OPERATED BY THE ISSUER OR ANY SUBSIDIARY THEREOF OR PROPOSED TO BE OWNED, LEASED, HELD UNDER OPTION OR OPERATED BY THE ISSUER OR ANY SUBSIDIARY THEREOF

(a) SUSIE CLAIMS - Omenica Mining Division, British Columbia

The Issuer owns a 100% interest in mineral claims Susie #1 - #6, record numbers 113402 - 113407, inclusive, Susie #8, record number 113409, Susie #7, record number 121912, Susie #19, record number 121914, and Susie #21 - #23 inclusive, record numbers 121916 - 121918

inclusive, situated in the Omenica Mining Division of the Province of British Columbia.

Up to February 28, 1977, the Issuer conducted 4,000 feet of trenching, 35 channel samples, and 100 chip samples as well as detailed mapping, at a total cost of \$32,428.53.

The results of the above work showed that the gold mineralization was too pod-shaped and discontinuous to warrant further work because tonnage production would be substantially reduced.

(b) SUE, SARA EAST and SARA WEST - Omenica Mining Division, British Columbia

The Issuer owns a 100% interest in mineral claims Sara East, record number 135, and Sara West, record number 136, and Sue, record number 55, comprising of a total of 48 units situated in the Omenica Mining Division of the Province of British Columbia.

Pursuant to the engineering report of R. Potter dated September 20, 1976, the Company has conducted a program of prospecting, geochemical sampling, soil sampling, and electromagnetic surveying (V.L.F.) as well as additional staking at a total cost up to December 31, 1977 of \$25,675.91. The results of the electromagnetic survey show a conductive source at depth, but the nature of it has not been determined. The results of the other work, above, showed that a coincident copper, zinc and molybdenum soil anomaly has been outlined and both massive copper pyrrhotite and copper-molybdenum porphyry mineralization has been found. The Roxanne claims are staked adjacent to the Sue, Sara East and Sara West claims to cover the extension of the geochemical anomalies. IP survey as well as follow-up diamond drilling has been recommended at an approximate cost of \$60,000.00 in the Engineering Report of R. Potter dated September 20, 1976.

(c) CARIE CLAIMS - Omenica Mining Division, British Columbia

The issuer owns 100% interest in the Carie group of mineral claims, Carie #1 - #4, record numbers 130960 - 130963, inclusive, Carie #5 - #10, record numbers 132742 - 132747, inclusive, Carie #12, record number 132749, Carie #14 - #18, record numbers 132751 - 132755, inclusive, Carie #19 - #32, record numbers 133623 - 133636, inclusive, Cara #1, record number 501 (9 units), Cara #2, record number 502 (4 units), Cara #3, record number 503 (20 units), Cara #4, record number 504 (20 units) in the Omenica Mining Division of the Province of British Columbia.

Up to December 31, 1977, a program of prospecting, geological mapping and soil sampling has been completed as well as a gravity survey.

The results of the above work showed a coincident lead-zinc soil anomaly and gravity anomaly and a \$96,910. work program has been recommended by R. Potter in his Engineering Report dated October 17, 1976 which includes further geophysical and diamond drilling.

(d) BEVELY CLAIMS - Omenica Mining Division, British Columbia

The Issuer has, by the terms of an agreement dated as of the 26th day of January, 1977, entered into with Ralph Hall, Prospector, 1595 Sheridan Avenue, Victoria, British Columbia, acquired a working option exercisable until and including December 31, 1977 to have the sole and exclusive right and option with respect to the following mineral claims:

<u>Name of Claim</u>	<u>Record Number</u>
Carol 1	505
Carol 2	506
Gael 4	126009
Gael 5	126010
Gael 6	128332
Gael 7	128333
Gael 8	129538
Gael 9	129539
Gael 10	129767
Gael 11	129768

all in the Omenica Mining Division, Province of British Columbia.

The Bevely and Carie properties are regarded as one property and the Issuer is working them as such.

Since July 29, 1977, the above Bevely and Carie claims have been covered by gravity, IP and some electro-magnetic surveying and diamond drilling. The results of the geophysical work showed approximately 10 anomalous zones which are diamond drilling targets and were the result of 9 line kilometers, some V.L.F. electromagnetic surveying, 70 line kilometers of induced polarization, and 92 line kilometers of gravity surveying.

Diamond drilling was carried out in two phases. Phase one incorporated the use of a lightweight Winkie drill to test anomalous areas, and if results warranted, phase two employed a large NQ drill. A total of 983 meters of drilling has been completed to date and the drill program continues.

Approximately \$17,000 was expended on the old Bevely showing, anomaly #1, \$17,000 on anomaly #14, of Carie claims and a balance of \$2,838.00 was expended on anomaly #2, Carol #2 claim.

The project is not based on a claim development but on a belt development that covers the Bevely and Carie claims.

Up to December 31, 1977 a total of \$325,668.17 has been spent on the Carie and Bevely claims.

Further diamond drilling, core logging, core sampling, geological mapping, topographical mapping, complete reconnaissance, IP and gravity surveys, electromagnetic surveys over IP-gravity anomalies, detailed IP surveys, and a camp construction program have been recommended in the engineering report of R. Jury dated January 5, 1977 and in that of W.G. Smitheringale dated October 31, 1977.

11. PARTICULARS OF THE COST OF PROPERTIES ACQUIRED BY THE ISSUER OR ANY SUBSIDIARY THEREOF WITHIN THE PAST THREE YEARS OR PROPOSED TO BE ACQUIRED BY THE ISSUER OR ANY SUBSIDIARY THEREOF

(a) SUSIE CLAIMS - Omenica Mining Division, British Columbia

By agreement dated 27 March 1975, the Issuer acquired from Douglas B. Stelling, of Germansen Landing, British Columbia, Susie #1 - #6, #8, #17, #19 and #21 - #23 mineral claims, record numbers 113402 - 113407, inclusive, 113409, 121912, 121914, and 121916 - 121918, inclusive, in the Omenica Mining Division of the Province of British Columbia, in consideration of \$7,500.00 cash and for 750,000 shares in the capital of the Issuer allotted and issued as follows:

Douglas B. Stelling	500,000 shares
Nautilus Ventures Ltd.	240,000 shares
D'Arcy Morrow	10,000 shares

The owner of all of the issued and outstanding shares of Nautilus Ventures Ltd., is Mr. Richard W. Hughes, of 2484 Ottawa Avenue, West Vancouver, British Columbia, a former Director of the Issuer.

Douglas B. Stelling is a Director and the President and Promoter of the Issuer.

(b) SUE, SARA EAST and SARA WEST - Omenica Mining Division, British Columbia

By agreement dated 27 January 1976, between the Issuer and Frank A. Lang, of 1575 Rena Crescent, West Vancouver, British Columbia, and J. Paul Stevenson, of Manson Creek, British Columbia, the Issuer acquired the Sue, Sara East and Sara West groups of mineral claims in the Omenica Mining Division of the Province of British Columbia, in consideration for \$7,500 and the allotment and issuance of 200,000 shares in the capital of the Issuer.

The purchase price is payable as follows:

- (i) \$5,000 upon the approval of the Vancouver Curb Exchange of the purchase and sale contemplated by

this agreement ("the approval date"); (paid)

- (ii) 75,000 shares within 90 days from the approval date; (issued)
- (iii) \$2,500 within 150 days from the approval date; (paid)
- (iv) 75,000 shares within 180 days from the approval date;
- (v) 50,000 shares within 270 days from the approval date.

The remaining 125,000 shares to be allotted and issued pursuant to the agreement will be allotted subject to the Issuer's filing engineering reports acceptable to the Vancouver Curb Exchange.

(c) CARIE CLAIMS - Omenica Mining Division, British Columbia

By agreement dated 18 March, 1976 between the Issuer and Dauntless Developments Ltd., of #202-900 West Pender Street, Vancouver, British Columbia, as to 50%, and J. Paul Stevenson, of Manson Creek, British Columbia, as to 50%, the Issuer acquired the Carie group of mineral claims, in the Omenica Mining Division of the Province of British Columbia, in consideration for \$7,500 and the allotment and issuance of 200,000 shares in the capital of the Issuer.

The purchase price is payable as follows:

- (i) \$5,000 upon the approval of the Vancouver Curb Exchange of the purchase and sale contemplated by this agreement ("the approval date"); (paid)
- (ii) 50,000 shares within 90 days from the approval date; (issued)
- (iii) \$2,500 within 180 days from the approval date; (paid)
- (iv) 50,000 shares within 180 days from the approval date;
- (v) 50,000 shares within 270 days from the approval date;
- (vi) 50,000 shares within 360 days from the approval date.

The remaining 150,000 shares to be allotted and issued pursuant to the agreement will be allotted subject to the Issuer's filing engineering reports acceptable to the Vancouver Curb Exchange.

All of the issued and outstanding shares of Dauntless Developments Ltd. are owned by Mr. Frank A. Lang of 1575 Rena Crescent, West Vancouver, British Columbia.

(d) BEVELY CLAIMS - Omenica Mining Division, British Columbia

Pursuant to an agreement dated the 26th day of January, 1977, between Ralph Hall, Prospector, 1595 Sheridan Avenue, Victoria, British Columbia and the Issuer, the Issuer acquired a working option from the effective date of the agreement to and including December 31, 1979, covering the following mineral claims:

<u>Name of Claim</u>	<u>Record Number</u>
Carol 1	505
Carol 2	506
Gael 4	126009
Gael 5	126010
Gael 6	128332
Gael 7	128333
Gael 8	129538
Gael 9	129539
Gael 10	129767
Gael 11	129768

In order to acquire the working option of the said claims, the Issuer is required to pay to Ralph Hall an amount of \$5,000 which has been paid on the effective date of the said agreement. Further payments by the Issuer to Ralph Hall are as follows:

December 31, 1977	\$5,000 (paid)
December 31, 1978	\$7,000
December 31, 1979	\$8,000

The said agreement provides the Issuer with the sole and exclusive right and option to:

- (1) Enter upon the mineral claims;
- (2) have exclusive and quiet possession thereof;
- (3) to do such prospecting, exploration, development or other mining work thereon and thereunder as Susie in its sole discretion may consider advisable;
- (4) bring upon and erect upon the mineral claims such buildings, plant, machinery and equipment as Susie may deem advisable; and remove from the mineral claims and sell or otherwise dispose of ores, concentrates, metals and other mineral products produced from the mineral claims, but only for the purpose of testing.

The said agreement further provides that upon making the final of the said payments, the Issuer will have acquired from Ralph Hall 100% right, title and interest

in the mineral claims, free and clear of all encumbrances, save and except that the Issuer shall pay to Ralph Hall 1% of the net smelter returns up to, but not exceeding, a total amount of \$250,000.

The said agreement further provides that the Issuer shall have the right and option, exercisable at any time prior to December 31, 1985, to discharge its obligations to pay 1% of net smelter returns to Ralph Hall by paying to Ralph Hall the amount of \$250,000.

- (e) Pursuant to an agreement dated as of the 6th day of December, 1977 between Douglas B. Stelling and Susie Gold Mines Ltd., the Company acquired the Sheila group of mineral claims, Sheila East and Sheila West, record numbers 584, 585, Omineca Mining Division, Province of British Columbia, in consideration of \$7,500 (Douglas B. Stelling's staking costs) and the transfer to Douglas B. Stelling of 675,000 escrowed shares in the capital of the Company.
 - (f) The Kriker Mineral Claims record no. 755, Omineca Mining Division mineral claims are recorded in the name of the Issuer.
 - (g) The Roxanne mineral claim record no. 431 Omineca Mining Division has been transferred to the Issuer but since a survey is pending this has not yet been recorded in the name of the Company.
 - (h) The MBI claims record no. 821, and MB2 claims record no. 822 Omineca Mining Division have been transferred to the Issuer at a cost of \$1.00 from Mauro Barretta who staked them on behalf of the Issuer. The staking costs charged to the company were \$1,946.64.
12. THE NAME AND ADDRESS OF ANY PERSON OR COMPANY WHO OR THAT IS OR HAS BEEN A PROMOTER OF THE ISSUER WITHIN THE PRECEDING TWO YEARS AND THE NATURE AND AMOUNT OF ANYTHING OF VALUE RECEIVED OR TO BE RECEIVED FROM THE ISSUER

Douglas B. Stelling, of Germansen Landing, British Columbia, may be considered the Promoter of the Issuer, but he has received nothing of value for so acting.

Douglas B. Stelling did receive 500,000 shares of the Issuer and \$7,500.00 for the Susie mineral claims. With the approval of the regulatory bodies, a 10% escrow release was granted and subsequent thereto Douglas B. Stelling donated the balance of his escrow to the Issuer. For the Sheila mineral claims, Douglas B. Stelling has received \$7,500.00 in respect of staking costs and 675,000 escrow shares in the capital of the Issuer.

Richard W. Hughes of 2884 Ottawa Avenue, West Vancouver, British Columbia, was a Promoter of the Issuer and assisted in issuing the initial 300,000 primary shares in 1975. He continued in that capacity until the fall of

1976. In consideration for so acting, Richard W. Hughes had issued to Nautilus Ventures Ltd., a company in which he is a sole shareholder, 240,000 shares of the Issuer. The Vancouver Stock Exchange and the Superintendent of Brokers approved a 10% escrow release and subsequent thereto Nautilus Ventures Ltd. donated the balance of their escrow shares to the Company.

J. Paul Stevenson of Manson Creek, British Columbia is a Promoter of the Issuer in that pursuant to an agreement dated February 27, 1976, between the Issuer and Frank A. Lang, and J. Paul Stevenson, the Issuer acquired the Sue, Sara East, and Sara West claims. According to the terms of the said agreement, J. Paul Stevenson has received \$5,500 in cash and 37,500 shares of the Issuer in respect of the Sue, Sara East and Sara West claims.

The Issuer pursuant to an agreement dated March 18, 1976 between the Issuer, Dauntless Developments Ltd. and J. Paul Stevenson acquired the Carie claims. J. Paul Stevenson received \$5,000 in cash and has received 25,000 shares of the Issuer in respect of the Carie claims.

13. THE NUMBER OF THE SHARES OF THE ISSUER HELD IN ESCROW OR IN POOL AND A BRIEF STATEMENT OF THE TERMS OF THE ESCROW OR POOLING AGREEMENTS

There are 675,000 shares of the Issuer held in escrow by the Yorkshire Trust Company, 900 West Pender Street, Vancouver, British Columbia, subject to release only with the written consent of the Vancouver Stock Exchange and the Superintendent of Brokers.

14. THE NUMBER OF EQUITY SHARES OF THE ISSUER OWNED BENEFICIALLY, DIRECTLY OR INDIRECTLY, BY EACH PERSON OR COMPANY WHO OWNS, OR IS KNOWN BY THE SIGNATORIES HERETO TO OWN BENEFICIALLY, DIRECTLY OR INDIRECTLY, MORE THAN 10% OF THE EQUITY SHARES OF THE ISSUER

The following information is provided as of

<u>NAME AND ADDRESS</u>	<u>NUMBER OF SHARES</u>
Douglas Bishop Stelling Germansen Landing British Columbia	675,000

15. A BRIEF STATEMENT OF ANY LEGAL PROCEEDINGS TO WHICH THE ISSUER OR ANY OF ITS SUBSIDIARIES IS A PARTY TO OR WHOSE PROPERTY IS THE SUBJECT OF SUCH PROCEEDINGS

None.

16. THE AGGREGATE DIRECT OR INDIRECT REMUNERATION PAID OR PAYABLE BY THE ISSUER AND ITS SUBSIDIARIES DURING THE PAST YEAR TO INSIDERS OF THE ISSUER

Up to December 31, 1977 for exploration services, Stellac Ltd., a company wholly owned by Douglas B. Stelling, a Director of the Issuer, received \$4,339.

Before J. Paul Stevenson became a Director of the Issuer, Far Out Enterprises, a partnership in which J. Paul Stevenson is an equal partner, received \$6,975 and J. Paul Stevenson personally received \$10,500, both amounts in respect of mineral claims sold to the Company pursuant to Agreements of March 18, 1976 and January 27, 1976.

17. BRIEF PARTICULARS OF ALL OPTIONS TO PURCHASE SECURITIES OF THE ISSUER UNLESS OTHERWISE DISCLOSED HEREUNDER

None.

18. THE DATES OF AND PARTIES TO AND THE GENERAL NATURE OF EVERY MATERIAL CONTRACT ENTERED INTO BY THE ISSUER OR ANY SUBSIDIARY WITHIN THE PRECEDING TWO YEARS WHICH IS STILL IN EFFECT AND NOT PREVIOUSLY DISCLOSED HEREIN

None.

19. PARTICULARS OF ANY OTHER MATERIAL FACTS RELATING TO THE SECURITIES BEING OFFERED AND NOT DISCLOSED UNDER ANY OTHER ITEM

None.

All material contracts of the Issuer may be viewed at the Issuer's registered office at 3000-1055 West Georgia Street, Vancouver, British Columbia.

APPENDIX II

ASSAY CERTIFICATES FOR DRILL HOLE SAMPLES

WASI LAKE PROPERTY

Rossbacher Laboratory

GEOCHEMICAL ANALYSTS & ASSAYERS

2225 S. SPRINGER AVE.,
BURNABY, B. C.
CANADA
TELEPHONE: 299-8910
AREA CODE: 804

CERTIFICATE OF ASSAY

TO: SUSIE GOLD MINES LTD.
502-409 Granville St.
Vancouver, B.C.
Core Samples

CERTIFICATE NO. 7150

INVOICE NO. 7148

DATE RECEIVED Oct, 1977

DATE ANALYSED Oct, 1977

ATTN:

SAMPLE NO.:	%	%	oz/T
	Pb	Zn	Ag
77-1 0-15	0.44	0.04	0.10
15-39	0.02	0.04	0.02
77-2 2-5	1.60	0.20	0.26
5-11	0.32	1.32	0.16
11-18	0.28	0.24	0.14
19-20	3.28	1.20	0.66
21-28	1.92	0.20	0.44
28-33	1.00	0.02	0.20
34-39	0.96	0.08	0.24
39-45	0.32	0.52	0.20
77-3 0-3	0.88	0.08	0.22
3-7	2.48	0.40	0.48
7-12	1.92	0.08	0.38
13-16	1.32	0.12	0.18
16-23	1.12	0.24	0.22
24-26	1.16	0.08	0.26
26-29	0.72	0.24	0.12
29-31	1.16	0.30	0.22
31-33	0.92	1.64	0.52
33-36	0.56	0.10	0.20
36-38	0.60	0.04	0.16
38-43	0.96	0.06	0.46
43-50	2.24	0.94	0.42
50-55	6.40	0.44	0.76
55-69	6.40	1.04	0.74
69-76	5.20	0.44	0.64
77-4 15-18	0.04	0.02	0.04
18-22	0.02	0.04	0.04
22-27	0.06	0.06	0.06
27-30	0.04	0.02	0.04
30-35	0.20	0.04	0.06
35-36	0.08	0.02	0.04
36-39	0.04	0.02	0.04
39-47	0.10	0.02	0.08
47-57	0.02	0.04	0.20

Certified by

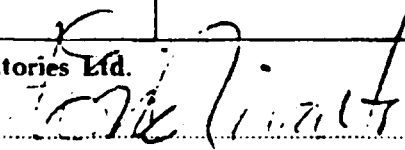
J. Rossbacher

- 26 -
 MIN-EN LABORATORIES LTD.
 705 WEST 15TH STREET
 NORTH VANCOUVER, B.C.
 Phone: 980-5814

Certificate of Assay

TO: Susie Gold Mines, PROJECT No. _____
502-409 Granville St., DATE Oct. 14/77.
Vancouver, B.C. File No. 4594

SAMPLE No.	Pb %	Zn %	Ag	
			oz/ton	
DDH77-8 0-2'	33.50	.11	22.60	
2-4'	2.06	.72	.79	
4-15'	3.30	.20	1.46	
15-22'	1.01	.14	.48	
22-26'	6.55	1.50	2.99	
25-36'	.25	1.00	.28	
36-39'	.10	4.61	.38	
39-42'	.42	3.35	.69	
42-44'	.08	.40	.17	
44-45'	.07	.27	.14	

MIN-EN Laboratories Ltd.
 CERTIFIED BY 

MIN-EN LABORATORIES LTD.

705 WEST 15TH STREET
NORTH VANCOUVER, B.C.

Phone: 980-5814

Certificate of Assay

TO: Susie Gold Mines,

PROJECT No. _____

502-409 Granville St.,

DATE Oct. 21/77.

Vancouver, B.C.

File No. 4609

SAMPLE NO. <i>DDH 77-9</i>	Pb %	Zn %	Ag oz/ton
	4801*	4.55	.28
02	3.28	.17	1.90
03	3.45	.20	1.87
04	1.68	.82	1.02
05	1.70	2.62	2.82
06	2.10	3.27	2.75
07	4.08	5.01	4.30
08	1.55	2.55	1.65
09	.38	3.18	.88
10	.63	.72	.68
11	.78	3.22	.90
12	2.10	10.10	1.78
13	.45	2.25	.38
4814	.02	.10	.06
<i>* Each sample represents 2 metres.</i>			

MIN-EN Laboratories Ltd.

CERTIFIED BY

[Signature]

APPENDIX III

SUMMARY OF 1977 GEOPHYSICAL PROGRAM

WASI LAKE PROJECT

by

C.A. AGER & ASSOCIATES LTD.

C. A. AGER & ASSOCIATES LTD.

Telephone (604) 536-1154

CONSULTING
GEOPHYSICISTS

15423 34th Ave.
Surrey, B.C. Canada
V3S 4N7

October 28, 1977

Board of Directors
Susie Gold Mines Ltd.
502-409 Granville Street
Vancouver, B.C.

RE: Project Report # 1 - Wasi Lake Area Property

Dear sirs:

The field work is now complete for Phase 1 of the Wasi Lake Project. During the period July-October 1977 approximately 180 line kilometers of geophysical work was completed as follows:

80 line km Gravity
80 line km Induced Polarization
20 line km VLF E.M.

The area covered by the work is shown on Figure 4 (see Smitheringale's report) and consists of a region some 3 km by 10 km. Grid lines are east-west at 150 meter spacing with station interval of 50 meters.

The intent of the geophysical work was to delineate possible areas of massive to semi-massive Ag-Pb-Zn mineralization within the underlying carbonate rocks. Under the concept of search, anomaly zones would be defined by coincident gravity and I.P. responses.

Presently, the results are being processed by computer before final maps will be available. However, preliminary interpretation of the field data indicates the presence of at least 15 significant anomaly zones (refer to Figure 4 of Smitheringale's report). The anomalies occur within the carbonate rocks and in close proximity to the shale contact. Within these regions prospecting of outcrop and float has detected numerous occurrences of economic grade silver-lead-zinc mineralization.

Phase 2 of the project is now in progress. It consists of detailed prospecting and drilling of the anomalous zones. Holes drilled to date in geophysical anomaly number 2 have

page 2

intersected economic Ag-Pb-Zn mineralization (see Smitheringale's report for details). Drilling within this zone is continuing.

In view of these results, the possible economic significance of the remaining anomalies, each of which has large tonnage potential, necessitates that each zone be drilled in an orderly manner.

Yours very truly,

C. A. AGER & ASSOCIATES LTD



Charles A. Ager, PhD, PEng
Geophysicist

CAA/ca

February 10, 1978.

Mr. J. Paul Stevenson
Director,
Susie Gold Mines Ltd.
502 - 409 Granville St.
Vancouver, B.C.

Dear Mr. Stevenson:

Re: Exploration Budget, Wasi Lake Property

In my report to Susie Gold Mines on the Wasi Lake lead-zinc-silver property dated October 31, 1977 I recommended an exploration program for 1978 with an estimated cost of \$331,100.00. This included \$40,000.00 for drilling the old Bevely showings. Because of the early start of the 1978 drilling program, and in view of the very positive conclusions of the final report on the 1977 geophysical program by Ager & Associates Ltd. (dated Jan.10, 1978), I suggest a modification in the program I recommended.

I suggest that drilling on the old Bevely showings be postponed, possibly until the 1979 program, and that the \$40,000.00 allocated for that drilling be spent instead on drilling the Bullseye (No.2) and Carrie (No.14) anomalies. As a result of the Ager report I think these anomalies are of higher priority than the old Bevely showings. Postponing drilling the Bevely showings will have the advantage of allowing more time to thoroughly map the Bevely showings prior to drilling.

Several of the geophysical anomalies south of Osilinka River tentatively indicated in the preliminary report by Ager & Associates have been confirmed in their final report. A bridge should therefore be constructed across Osilinka River to provide access to these anomalies.

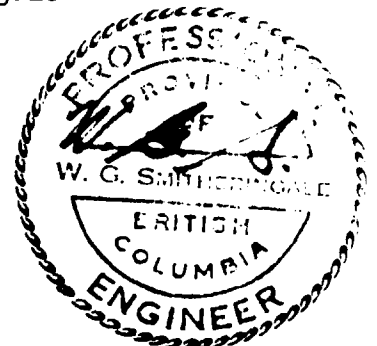
Sincerely yours,



W.G. Smitheringale

WCS:lp.

c.c. Mr. Grant Weaver
Bull Housser & Tupper



SUSIE GOLD MINES LTD.

FINANCIAL STATEMENTS

FEBRUARY 28, 1977

Morgan & Company

Chartered Accountants

1210 - 675 West Hastings Street
Vancouver, B.C. V6B 1N2
Telephone (604) 687-5841


John F. Morgan
Tor B. Barth
Lorne M. Beauchamp
James K C Fraser

AUDITORS' REPORT

We have examined the balance sheet of Susie Gold Mines Ltd. as at February 28, 1977 and the statements of deferred exploration and administrative expenditure and of changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company as at February 28, 1977 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 period.

Vancouver, Canada
August 4, 1977


Chartered Accountants

SUSIE GOLD MINES LTD.

BALANCE SHEET

FEBRUARY 28, 1977

(with comparative figures as at February 29, 1976)

ASSETS

	<u>February 28,</u> <u>1977</u>	<u>February 29,</u> <u>1976</u>
CURRENT ASSETS		
Cash in bank	\$ 1,348	\$ 8,472
Cash in solicitors' trust account		9
Bank term deposits, including accrued interest		<u>58,768</u>
	<u>1,348</u>	<u>67,249</u>
OFFICE FURNITURE at cost (note 1)	<u>255</u>	<u>255</u>
INTEREST IN MINERAL PROPERTIES at cost (note 2)	<u>41,975</u>	<u>22,500</u>
DEFERRED EXPLORATION AND ADMINISTRATIVE EXPENDITURES per attached statement	<u>122,379</u>	<u>39,045</u>
INCORPORATION COSTS	<u>656</u>	<u>656</u>
	\$ <u>166,613</u>	\$ <u>129,705</u>

LIABILITIES

CURRENT LIABILITIES		
Accounts payable	\$ 10,219	\$ 10,284
Due to shareholder	<u>543</u>	<u>544</u>
	<u>10,762</u>	<u>10,828</u>

SHAREHOLDERS' EQUITY

SHARE CAPITAL

Authorized:

10,000,000 shares of no par value

Issued: (note 3)

967,002 shares for cash (1976 - 767,002 shares)

Less commission

163,782

123,702

15,431

12,325

148,351

111,377

750,000 shares for mineral properties

7,500

7,500

1,717,002

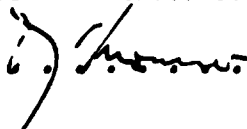
155,851


118,877

\$ 166,613

\$ 129,705

Approved on behalf of the Board:

.....  Director

 Director

SUSIE GOLD MINES LTD.

NOTES TO FINANCIAL STATEMENTS

FEBRUARY 28, 1977

ACCOUNTING POLICIES

In common with most mining companies in the exploration stage the Company defers all direct expenditures on properties and areas in which it is interested and all administrative expenditure. At such time as the Company loses or abandons title or its interest in any property the accumulated expenditure on such property and the attributable portion of administrative expenditure will be charged to deficit. If any property reaches commercial production applicable deferred expenditure will be amortized over the productive period.

No depreciation has been recorded on the Company's office furniture.

INTEREST IN MINERAL PROPERTIES

a) Susie mineral claims, Omineca Mining Division, B.C.		
The Company has acquired these claims for the following consideration:		
Cash	\$ 7,500	
750,000 shares at an attributed value of 1¢ per share	<u>7,500</u>	\$ 15,000
b) Sue, Sara East and Sara West claims, Omineca Mining Division, B.C.		
The Company has entered into an agreement to acquire these claims for the following consideration:		
Cash		7,500
200,000 shares to be issued subject to the filing of satisfactory engineering reports with the regulatory authorities (no shares yet issued)		
c) Carie claims, Omineca Mining Division, B.C.		
- The Company has entered into an agreement to acquire these claims for \$ 7,500 cash	7,500	
and 200,000 shares of the Company to be issued subject to the filing of satisfactory engineering reports with the regulatory authorities (no shares yet issued)		
- The Company has staked further claims in this area at a cost of	<u>3,487</u>	10,987
d) Beveley property, Omineca Mining Division, B.C.		
- The Company has entered into an option agreement to acquire this property for \$ 25,000 cash (\$ 5,000 paid) and the undertaking to keep the claims in good standing during the term of the agreement. The balance of the cash consideration is payable \$ 5,000 by December 31, 1977; \$ 7,000 by December 31, 1978 and \$ 8,000 by December 31, 1979. The Company is also committed to pay a 1% royalty to the optionor (maximum \$ 250,000) of the net smelter returns.	5,000	
- The Company has staked further claims in the area at a cost of	<u>3,488</u>	<u>8,488</u>
		\$ <u>41,975</u>

SUSIE GOLD MINES LTD.

NOTES TO FINANCIAL STATEMENTS

FEBRUARY 28, 1977

3. SHARE CAPITAL

- 750,000 of the issued shares are held in escrow subject to release only on the approval of the regulatory authorities.
- During the year the Company sold 200,000 treasury shares for net proceeds of \$ 37,074.
- Subsequent to February 28, 1977 the Company sold 300,000 shares for net proceeds of \$ 45,000 and granted the underwriter an option on another 100,000 shares at 20¢ to be exercised by September 27, 1977.

4. DIRECTORS REMUNERATION

No remuneration was paid during the year to any of the directors in their capacity as such while the following amounts were paid or credited for other consideration:

- To a company with which one of the directors (now resigned) was associated for office rent and supervision and accounting services and reimbursement of office expenses \$ 2,375
 - To a company with which another director was associated for exploration services on the company's mineral properties and reimbursement of field expenditures in connection therewith 4,339
- \$ 6,714

SUSIE GOLD MINES LTD.

STATEMENT OF DEFERRED EXPLORATION AND ADMINISTRATIVE EXPENDITURES

FOR THE YEAR ENDED FEBRUARY 28, 1977

(with comparative figures for the period from the date of incorporation
March 18, 1975 to February 29, 1976)

	March 18, 1975 to February 29, 1976	Year ended February 28, 1977	Total
EXPLORATION EXPENDITURES			
Susie claims, Omineca Mining Division, Province of British Columbia	\$ 11,150	\$ 21,278	\$ 32,428
Sue, Sara East and Sara West claims, Omineca Mining Division, Province of British Columbia	225	21,989	22,214
Carie claims, Omineca Mining Division, Province of British Columbia	225	20,087	20,312
Beveley property, Omineca Mining Division, Province of British Columbia		442	442
	<u>11,600</u>	<u>63,796</u>	<u>75,396</u>
ADMINISTRATIVE EXPENDITURES			
Accounting and audit fees and disbursements	1,193	4,772	5,965
Legal fees and disbursements	5,691	4,987	10,678
Management and supervision	3,500	3,000	6,500
Stock exchange fees	3,300	700	4,000
Transfer agent fees and disbursements	1,787	905	2,692
Office and sundry expense	2,315	1,464	3,779
Printing and stationery	2,205	931	3,136
Rent and telephone	3,650	929	4,579
Travel and accommodation	4,218	2,713	6,931
Promotion	223		223
Free miners licences	400	800	1,200
	<u>28,482</u>	<u>21,201</u>	<u>49,683</u>
Less interest income	<u>1,037</u>	<u>1,663</u>	<u>2,700</u>
	<u>27,445</u>	<u>19,538</u>	<u>46,983</u>
TOTAL DEFERRED EXPENDITURES to balance sheet	\$ <u>39,045</u>	\$ <u>83,334</u>	\$ <u>122,379</u>

SUSIE GOLD MINES LTD.

STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE YEAR ENDED FEBRUARY 28, 1977

(with comparative figures from the date of incorporation,
March 18, 1975 to February 29, 1976)

	Year ended February 28, 1977	March 18, 1975 to February 29, 1976
SOURCE OF FUNDS		
Proceeds from the issue of shares from the treasury	\$ <u>37,074</u>	\$ <u>111,377</u>
APPLICATION OF FUNDS		
Acquisition of interest in mineral properties	19,475	15,000
Purchase of office furniture		255
Exploration and administrative expenditures, per attached statement - net	83,334	39,045
Incorporation costs		656
Commission on prior period share issues	<u>100</u>	
	<u>102,909</u>	<u>54,956</u>
INCREASE (DECREASE) IN WORKING CAPITAL	(65,835)	56,421
WORKING CAPITAL (DEFICIENCY) AT BEGINNING OF THE PERIOD	<u>56,421</u>	<u>-</u>
	\$ <u>(9,414)</u>	\$ <u>56,421</u>
REPRESENTED BY		
Current assets	\$ 1,348	\$ 67,249
Less current liabilities	<u>10,762</u>	<u>10,828</u>
	\$ <u>(9,414)</u>	\$ <u>56,421</u>

SUSIE GOLD MINES LTD.

FINANCIAL STATEMENTS

DECEMBER 31, 1977

Morgan & Company

Chartered Accountants

1210 - 675 West Hastings Street
Vancouver, B.C. V6B 1N2
Telephone (604) 687-5841

John F. Morgan
Tor B. Barth
Lorne M. Beauchamp
James K C. Fraser

ACCOUNTANTS' COMMENTS

We have prepared the accompanying balance sheet as at December 31, 1977 and the statements of deferred exploration and administrative expenditure and of changes in financial position for the period then ended from the records of Susie Gold Mines Ltd. and from other information supplied to us by the company. In order to prepare these financial statements we made a review, consisting primarily of enquiry, comparison and discussion, of such information.

However, in accordance with the terms of our engagement, we have not performed an audit and consequently do not express an opinion on these financial statements.

Vancouver, B.C.

January 27, 1978


Chartered Accountants

SUSIE GOLD MINES LTD.

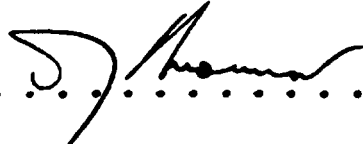
BALANCE SHEET

DECEMBER 31, 1977

(with comparative figures as at February 28, 1977 and February 29, 1976)

	December 31, 1977 (unaudited)	February 28, 1977 (audited)	February 29, 1976 (audited)
ASSETS			
CURRENT ASSETS			
Cash in bank	\$ 84,405.73	\$ 1,348.27	\$ 8,471.77
Cash in solicitor's trust account			8.96
Bank term deposits, including accrued interest			58,767.81
Accounts receivable and sundry advances	<u>4,823.04</u>		
	<u>89,228.77</u>	<u>1,348.27</u>	<u>67,248.54</u>
OFFICE FURNITURE at cost (Note 1)	<u>254.99</u>	<u>254.99</u>	<u>254.99</u>
INTEREST IN MINERAL PROPERTIES at cost (Note 2)	<u>67,201.64</u>	<u>41,975.00</u>	<u>22,500.00</u>
DEFERRED EXPLORATION AND ADMINISTRATIVE EXPENDITURES per attached statement	<u>413,782.90</u>	<u>122,378.86</u>	<u>39,044.98</u>
INCORPORATION COSTS	<u>656.17</u>	<u>656.17</u>	<u>656.17</u>
	\$ <u>571,124.47</u>	\$ <u>166,613.29</u>	\$ <u>129,704.68</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable (Note 3)	\$ 92,118.31	\$ 10,218.62	\$ 10,284.01
Due to shareholder	<u>867.87</u>	<u>543.67</u>	<u>543.67</u>
	<u>92,986.18</u>	<u>10,762.29</u>	<u>10,827.68</u>
SHAREHOLDERS' EQUITY			
SHARE CAPITAL			
Authorized: 10,000,000 shares of no par value			
Issued: (Note 4)			
1,617,002 shares for cash	553,851.00		
(1977 - 967,002 shares)		163,782.00	
(1976 - 767,002 shares)			123,702.00
Less commission	<u>39,811.18</u>	<u>15,431.00</u>	<u>12,325.00</u>
	<u>514,039.82</u>	<u>148,351.00</u>	<u>111,377.00</u>
875,000 shares for mineral properties	26,250.00		
(1977 and 1976 - 750,000 shares)		7,500.00	7,500.00
<u>2,492,002</u> shares	<u>540,289.82</u>	<u>155,851.00</u>	<u>118,877.00</u>
DEFICIT			
Cost of and exploration and administrative expenditures relating to Susie mineral claims - abandoned	<u>(62,151.53)</u>		
	<u>478,138.29</u>	<u>155,851.00</u>	<u>118,877.00</u>
	\$ <u>571,124.47</u>	\$ <u>166,613.29</u>	\$ <u>129,704.68</u>

APPROVED ON BEHALF OF THE BOARD

.....  Director

..... Director

SUSIE GOLD MINES LTD.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1977

1. ACCOUNTING POLICIES

In common with most mining companies in the exploration stage the Company defers all direct expenditures on properties and areas in which it is interested and all administrative expenditure. At such time as the Company loses or abandons title or its interest in any property the accumulated expenditure on such property and the attributable portion of administrative expenditure will be charged to deficit. If any property reaches commercial production applicable deferred expenditure will be amortized over the productive period.

No depreciation has been recorded on the Company's office furniture.

2. INTEREST IN MINERAL PROPERTIES

- a) Sue, Sara East and Sara West claims, Onineca Mining Division, B.C.

The Company has entered into an agreement to acquire these claims for the following consideration:

Cash paid	\$ 7,500.00	
200,000 shares to be issued subject to the filing of satisfactory engineering reports with the regulatory authorities		
To date 75,000 of these shares have been issued	11,250.00	
Additional claims have been staked in this area at a cost of	<u>215.00</u>	\$ 18,965.00

- b) Carie and Beveley property, Omineca Mining Division, B.C.

The Company has entered into an agreement to acquire the Carie claims for the following consideration:

Cash paid	7,500.00	
200,000 shares to be issued subject to the filing of satisfactory engineering reports with the regulatory authorities		
To date 50,000 of these shares have been issued	<u>7,500.00</u>	
	15,000.00	

The Company has entered into an option agreement to acquire the Beveley property for \$25,000 cash (\$10,000 paid) and the undertaking to keep the claims in good standing during the term of the agreement. The Company is also committed to pay a 1% royalty to the optionor (maximum \$250,000) of the net smelter returns.

The Company has also staked additional claims in the Carie-Beveley property at a staking cost of 8,986.64

forward

33,986.64
\$ 52,951.64

SUSIE GOLD MINES LTD.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1977

2. INTEREST IN MINERAL PROPERTIES - cont'd

forward \$ 52,951.64

c) Sheila claims, Omineca Mining Division, B.C.
The Company has acquired this property for
the following consideration:

Cash paid \$ 7,500.00

675,000 shares of the company being
portion of the escrowed shares
originally issued for the Susie
claims which now have been abandoned
--deemed value

6,750.00

14,250.00
\$ 67,201.64

3. ACCOUNTS PAYABLE

The Company is disputing a portion of the invoices rendered in connection with the exploration programme on the Beveley-Carrie property. The approximate amount disputed is \$35,000.00 which has been included with the total accounts payable of \$ 92,118.31. No legal actions have yet been taken by either parties in this respect.

4. SHARE CAPITAL

675,000 of the issued shares are held in escrow, subject to release only on the approval of regulatory authorities.

Since February 28, 1977 the Company has issued the following shares:

125,000 shares under property acquisition
agreements at a deemed value of

\$ 18,750.00

650,000 shares for cash - net proceeds

\$365,688.82

In addition 675,000 shares originally issued for the Susie Mineral claims were surrendered to the company by way of gift during the period and re-issued for the Sheila claims.

SUSIE GOLD MINES LTD.

STATEMENT OF DEFERRED EXPLORATION AND ADMINISTRATIVE EXPENDITURES

FOR THE PERIOD MARCH 1 TO DECEMBER 31, 1977

(with comparative figures for the period from the date of incorporation

March 18, 1975 to February 29, 1976

and for the year ended February 28, 1977

	March 18, 1975 to February 29, 1976 <u>(audited)</u>	Year to February 28 1977 <u>(audited)</u>	March 1 1977 to December 31, 1977 <u>(unaudited)</u>	Balance December 31 1977 <u>(unaudited)</u>
EXPLORATION EXPENDITURES				
Omineca Mining Division, B.C.				
Susie claims	\$11,149.91	\$21,278.62	\$ 773.00	\$ 33,201.53
Sue, Sara East and Sara West claims	225.00	21,988.68	3,462.23	25,675.91
Carie-Beveley group of claims	225.00	20,528.87	304,914.30	325,668.17
Sheila claims			1,361.93	1,361.93
Sundry exploration			290.70	290.70
	<u>11,599.91</u>	<u>63,796.17</u>	<u>310,802.16</u>	<u>386,198.24</u>
Less charged to deficit (Susie claims)			<u>33,201.53</u>	<u>33,201.53</u>
	<u>11,599.91</u>	<u>63,796.17</u>	<u>277,600.63</u>	<u>352,996.71</u>
ADMINISTRATIVE EXPENDITURES				
Accounting and audit fees and disbursements	1,192.96	4,772.21	3,565.20	9,530.37
Legal fees and disbursements	5,690.78	4,987.15	13,618.90	24,296.83
Management and supervision	3,500.00	3,000.00	2,250.00	8,750.00
Stock exchange and other regulatory authority fees	3,700.00	1,500.00	3,270.00	8,470.00
Transfer agent fees and disbursements	1,787.14	904.83	1,268.70	3,960.67
Office and sundry expense	2,314.57	1,464.19	1,448.87	5,227.63
Printing and stationery	2,205.42	930.79	2,361.47	5,497.68
Rent and telephone	3,650.26	928.62	3,966.46	8,545.34
Travel and accommodation	4,217.88	2,713.06	2,753.81	9,684.75
Promotion	223.22			223.22
	<u>28,482.23</u>	<u>21,200.85</u>	<u>34,503.41</u>	<u>84,186.49</u>
Less interest income	<u>1,037.16</u>	<u>1,663.14</u>	-	<u>2,700.30</u>
	<u>27,445.07</u>	<u>19,537.71</u>	<u>34,503.41</u>	<u>81,486.19</u>
Less charged to deficit			<u>20,700.00</u>	<u>20,700.00</u>
	<u>27,445.07</u>	<u>19,537.71</u>	<u>13,803.41</u>	<u>60,786.19</u>
TOTAL DEFERRED EXPENDITURES - to balance sheet	<u>\$39,044.98</u>	<u>\$83,333.88</u>	<u>\$291,404.04</u>	<u>\$413,782.90</u>

SUSIE GOLD MINES LTD.

STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE PERIOD MARCH 1 to DECEMBER 31, 1977

(with comparative figures from the date of incorporation March 18, 1975 to February 29, 1975 and for the year ended February 28, 1977)

	March 1, 1977 to December 31, 1977 <u>(unaudited)</u>	Year to February 28, 1977 <u>(audited)</u>	March 18, 1975 to February 29, 1975 <u>(audited)</u>
SOURCE OF FUNDS			
Proceeds from the issue of shares from the treasury	\$ <u>365,688.82</u>	\$ <u>37,074.00</u>	\$ <u>111,377.00</u>
APPLICATION OF FUNDS			
Acquisition of interest in mineral properties	14,726.64	19,475.00	15,000.00
Purchase of office furniture			254.99
Incorporation costs			656.17
Commission on prior period share issues		<u>100.00</u>	
	<u>14,726.64</u>	<u>19,575.00</u>	<u>15,911.16</u>
Exploration and administrative expenditures, per attached statement	291,404.04	83,333.88	39,044.98
Add expenditures charged to deficit			
Exploration	33,201.53		
Administrative	<u>20,700.00</u>		
	<u>360,032.21</u>	<u>102,908.88</u>	<u>54,956.14</u>
INCREASE (DECREASE) IN WORKING CAPITAL	5,656.61	(65,834.88)	56,420.86
WORKING CAPITAL (DEFICIENCY) AT BEGINNING OF THE PERIOD	<u>(9,414.02)</u>	<u>56,420.86</u>	<u>-</u>
WORKING CAPITAL (DEFICIENCY) AT END OF THE PERIOD	\$ <u>(3,757.41)</u>	\$ <u>(9,414.02)</u>	\$ <u>56,420.86</u>
REPRESENTED BY			
Current assets	\$ 89,228.77	\$ 1,348.27	\$ 67,248.54
Less current liabilities	<u>(92,986.18)</u>	<u>(10,762.29)</u>	<u>(10,827.68)</u>
	\$ <u>(3,757.41)</u>	\$ <u>(9,414.02)</u>	\$ <u>56,420.86</u>

20. STATUTORY RIGHTS OF RESCISSION

Sections 61 and 62 of the Securities Act (British Columbia) provides in effect, that where a security is offered to the public in the course of primary distribution:

- (a) A purchaser has a right to rescind a contract for the purchase of a security, while still the owner thereof, if a copy of the last Statement of Material Facts, together with financial statements and a summary of engineering reports as filed with the Vancouver Stock Exchange, was not delivered to him or his agent prior to delivery to either of them of the written confirmation of the sale of the securities. Written notice of intention to commence an action for rescission must be served on the person who contracted to sell within 60 days of the date of delivery of the written confirmation, but no action shall be commenced after the expiration of three months from the date of service of such notice.
- (b) A purchaser has the right to rescind a contract for the purchase of such security, while still the owner thereof, if the Statement of Material Facts or any amended Statement of Material Facts offering such security contains an untrue statement of material fact or omits to state a material fact necessary in order to make any statement therein not misleading in the light of the circumstances in which it was made, but no action to enforce this right can be commenced by a purchaser after expiration of 90 days from the later of the date of such contract or the date on which such Statement of Material Facts or amended Statement of Material Facts is received or is deemed to be received by him or his agent.

Reference is made to the said Act for the complete text of the provisions under which the foregoing rights are conferred.

21. CERTIFICATE OF THE DIRECTORS AND PROMOTERS OF THE ISSUER:

The foregoing constitutes full, true, and plain disclosure of all material facts relating to the securities offered by this Statement of Material Facts.

January 27, 1978
(Date)

Per: J. Paul Stevenson by his attorney in fact C.H. Staulley

Per: J. PAUL STEVENSON Douglas Bishop Stelling by his attorney in fact C.H. Staulley

Per: DOUGLAS BISHOP STELLING George Gamble by his attorney in fact D. Morrow

Per: GEORGE GAMBLE

Per: D. Morrow

D'ARCY JAMES MORROW

CERTIFICATE OF THE UNDERWRITER(S):

To the best of our knowledge, information, and belief, the foregoing constitutes full, true, and plain disclosure of all material facts relating to the securities offered by this Statement of Material Facts.

January 27, 1978
(Date)

CANARIM INVESTMENT CORPORATION LTD.

Per: Peter Brown

PETER BROWN