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Genoveva
Resource
Inc.

**SUPERINTENDENT OF BROKERS
and
VANCOUVER STOCK EXCHANGE
(Development Section)**

DRAFT

**STATEMENT OF MATERIAL FACTS #
EFFECTIVE DATE: March 21, 1985**

GENOVEVA RESOURCE INC.

Suite 1907, 1177 West Hastings Street,
Vancouver, British Columbia V6E 2S6 Telephone: 684-3377
(hereinafter called the "Issuer")

NAME OF ISSUER, ADDRESS OF HEAD OFFICE AND TELEPHONE NUMBER

Suite 700, 609 Granville Street,
Vancouver, British Columbia V7Y 1C3

ADDRESS OF REGISTERED AND RECORDS OFFICES OF ISSUER

Montreal Trust Company
466 Howe Street,
Vancouver, British Columbia

**NAME AND ADDRESS OF REGISTRAR AND TRANSFER AGENT FOR ISSUER'S
SECURITIES IN BRITISH COLUMBIA**

OFFERING: 450,000 Units, each Unit consisting of one
(1) common share and two (2) Series "A"
Share Purchase Warrants

	<u>Estimated Price to Public</u>	<u>Estimated Brokers' Commission</u>	<u>Estimated Net Proceeds to Issuer</u>
Per Unit:	\$0.60	\$.045	\$ 0.555
Total:	\$270,000.	\$20,250	\$ 249,750.

THE SECURITIES OFFERED HEREUNDER ARE SPECULATIVE IN NATURE. INFORMATION CONCERNING THE RISKS INVOLVED MAY BE OBTAINED BY REFERENCE TO THIS DOCUMENT. FURTHER CLARIFICATION IF REQUIRED, MAY BE SOUGHT FROM A BROKER.

AGENT

PACIFIC INTERNATIONAL SECURITIES INC.
of 660 - 700 West Georgia Street,
Vancouver, B.C.

NEITHER THE SUPERINTENDENT OF BROKERS NOR THE VANCOUVER STOCK EXCHANGE HAS IN ANY WAY PASSED UPON THE MERITS OF THE SECURITIES OFFERED HEREUNDER AND ANY REPRESENTATION TO THE CONTRARY IN AN OFFENCE.

THIS STATEMENT OF MATERIAL FACTS ALSO QUALIFIES FOR SALE TO THE PUBLIC OF UP TO 200,000 SHARES OF THE ISSUER BENEFICIALLY OWNED BY REM RAY HOLDINGS INC., A CONTROLLING SHARHOLDER OF THE ISSUER. SEE THE CAPTION "ADDITIONAL OFFERING" FOR FURTHER DETAILS.

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

Offering

The Issuer, by its Agents, hereby offers (the "Offering") to the public through the facilities of the Vancouver Stock Exchange (the "Exchange"), 450,000 Units (the "Units"), each Unit consisting of one (1) common share and two (2) Series "A" Share Purchase Warrants (the "Warrants"). The Offering will take place on a day (the "Offering Day") not more than thirty (30) business days after the date (the "Effective Date") this Statement of Material Facts is accepted for filing by the Vancouver Stock Exchange (the "Exchange") and the Superintendent of Brokers for British Columbia (the "Superintendent").

The price of the Units (the "Offering Price") will be determined by the Exchange in accordance with its rules and policies, at a premium over the average trading price ("Average Trading Price") of the Issuer's common shares as traded on the Exchange.

The purchaser of any Units will be required to pay regular commission rates as specified in the rules and by-laws of the Exchange.

Appointment of Agent

The Issuer, by an Agreement (the "Agency Agreement") dated March 21st, 1985, appointed the following as its agent ("Agent") to offer the Units to the public.

PACIFIC INTERNATIONAL SECURITIES INC.

450,000

Those persons or companies holding more than a 5% interest in Pacific International Securities Inc. are Bergstreet Investment Corp. (a company wholly owned by Max Meier), Eymann Investments Corporation (a company wholly owned by John T. Eymann), Sydenham Holdings Ltd. (a company wholly owned by Brian J. Sydenham), G.D.R. Holdings Ltd. (a company wholly owned by Gordon D. Rae), Peter A. Schriber, and Michael K. Patterson.

The Issuer will pay the Agent a commission of 7-1/2% of the selling price of the Units.

The Agent has agreed to purchase any Units of the minimum subscription of 450,000 Units which remain unsubscribed for prior to the Offering Day and, in consideration therefor the Issuer has agreed to allot and issue to the Agent, immediately following the Offering Day, non-transferable share purchase warrants entitling the Agent to purchase a total of 225,000 common shares of the Issuer (the "Broker's Warrants"). The Agent may exercise any of the Broker's warrants within One Hundred and Eighty (180) days after the Offering Day at a price which is at a premium over the Average Trading Price, as determined in accordance with the rules and policies of the Exchange.

The Issuer has granted the Agent a right of first refusal with respect to any future equity financing it may require during the twelve (12) month period following the Effective Date.

There are no sub-underwriting or sub-option agreements. To the knowledge of the signatories, only the Issuer and the Agent have any interest, direct or indirect, in the shares being offered under the Agency Agreement. The Agent, however, reserves the right to offer selling group participation in the normal course of the brokerage business to selling groups of other licenced broker-dealers, brokers and investment dealers who may or may not be offered part of the commissions or bonuses derived from this Offering.

The obligations of the Agent under the Agency Agreement may be terminated on or before the Offering Day, at the Agent's discretion, on the basis of their assessment of the state of the financial markets and may also be terminated upon the occurrence of certain stated events.

Share Purchase Warrants

The share purchase warrants will contain, among other things, anti-dilution provisions and provisions for appropriate adjustment in the class, number and price of shares issuable pursuant to any exercise thereof upon the occurrence of certain events, including any subdivision, consolidation or reclassification of the shares of the Issuer, or the payment of stock dividends.

Series "A" Share Purchase Warrants

The Series "A" share purchase warrants to be issued pursuant to the offering will be transferable and in bearer form and subject to filing with the Exchange of evidence of satisfactory distribution shall be posted for trading on the Exchange. Two (2) such warrants will entitle the holder to purchase one (1) common share of the Issuer at any time up to the close of business one hundred and eighty (180) days following the Offering Day at a price which is at a premium over the Average Trading Price, determined in accordance with the rules and policies of the Exchange.

Broker's Warrants

The Broker's warrants will have the same terms and conditions as the Series "A" share purchase warrants except they will be non-transferable, only one (1) Broker's warrant is required to purchase one (1) common

share in the capital of the Issuer and they will expire One Hundred and Eighty (180) days following the Offering Day.

The Agent may be considered the "market maker" of the shares and warrants of the Issuer during the period of primary distribution and may, subject to the by-laws of the Exchange, make purchases and sales of shares and warrants of the Issuer for the purpose of maintaining an orderly market and assisting in the distribution of the offered shares and warrants. The market maker has advised that it has no shares of the Issuer under its control.

The Directors, Officers and other Insiders of the Issuer may purchase Units from this Offering.

There are no payments in cash, securities or other consideration being made, or to be made to a promoter, finder or any other person or company by the Issuer in connection with the Offering.

Estimated Proceeds of the Offering

The Issuer cannot estimate with certainty the price at which the Units will sell, but if all the Units are sold at the estimated price of \$0.60 per Unit, the Issuer will receive gross proceeds of \$270,000.00, which, after deduction of commissions of \$20,250.00, will net the Issuer \$249,750.00.

Additional Offering

This Statement of Material Facts also qualifies for the sale to the public through the facilities of the Exchange at the market price prevailing for the shares or warrants at the time of the sale, for a period of One Hundred and Eighty (180) days from the Offering Day, any Units purchased by the Agent and any of the common shares

which may be acquired by the Agent on the exercise of the Broker's warrants. The Issuer will not receive any proceeds from the sale by the Agent of the shares or warrants so acquired by the Agent, all of which proceeds will, in such event, accrue to the Agent. In addition, this Statement of Material Facts also qualifies for sale to the public through the facilities of the Exchange at the market price prevailing for the Shares at the time of sale, for a period of One Hundred and Eighty (180) days from the Offering Day the following shares held by the following selling shareholder who is considered to be a controlling shareholder of the Issuer.

<u>Selling Shareholder</u>	<u>No. of Shares Owned</u>	<u>No. of Shares Qualified for Sale</u>	<u>No. of Shares to be owned on completion of the Offering</u>
Felix and Elisa Reyes	(1) 720,000 (escrow)	Nil	720,000 (escrow)
	(1) 411,143	200,000	211,143

(1) Felix and Elisa Reyes have agreed not to sell any of the qualified shares until after the entire Offering has been sold. The number of shares held by Felix and Elisa Reyes includes all shares held indirectly through Rem Ray Holdings Inc. which is also qualified to sell shares hereunder.

2. HOW THE PROCEEDS OF THE ISSUER ARE TO BE SPENT

Although it is not possible to determine the actual net proceeds to be derived from this Offering, in the event that all of the 450,000 Units are sold at the price of \$0.60 per Unit, the proceeds would be \$270,000.00 less commissions of \$20,250.00 leaving a net amount of \$249,750.00.

The principal purposes for which the estimated net proceeds are to be spent are as follows:

- | | | |
|-----|---|---------------|
| (a) | To pay the costs of this offering, estimated to be | \$ 20,000.00* |
| (b) | To discharge the debenture payable in favour of Thompson McKie due November 1st, 1984, including a \$5000. bonus for delay in payment | \$105,000.00 |

(c)	To pay the initial instalment under the option agreement with Scurry-Rainbow Oil Ltd, and Aberdeen Minerals Ltd. to acquire the Empress/Buzzer Mineral Claims	\$ 25,000.00
(d)	To carry out the recommendations of Roderick MacRae, P. Eng., with respect to the exploration and development of the Spokane and Rowbottom properties as set out in his Report dated July, 1984, a copy of which accompanies and forms part of this Statement of Material Facts Phase I only	\$ 61,900.00
(e)	To provide working capital for general corporate purposes	<u>\$ 37,850.00</u>
	Total:	\$249,750.00

* Of this figure, \$15,000.00 has been accrued in the accounts payable of the Company in the accompanying Financial Statements of the Issuer as at January 31st, 1985.

In the event the Series "A" share purchase warrants and the Broker's warrants are exercised, the proceeds derived therefrom will be used to reduce the Issuer's indebtedness to the Bank of Montreal. The Issuer will not spend any part of the proceeds derived from the sale of the Units hereunder on any purchase of properties acquired on a non-arm's length basis or on the exploration and development of any property so acquired without first having satisfactory consulting or engineering reports accepted by the Exchange.

3. MATERIAL NATURAL RESOURCE PROPERTIES

Summary of Material Mining Properties

Group I The properties for which regulatory approval has been obtained under this Statement of Material Facts

Group II Presently held properties which are currently producing or being explored, or upon which exploration is planned within the next year

Group III Other presently held properties upon which the Issuer's acquisition and exploration costs to date exceed \$100,000.00

Group	Property Name	Issuer's Acquisition & Exploration Costs to Date (in \$)	Shares Issued to Date	Planned Expenditure from Funds Available upon Completion of the Offering
I (a)	Empress/ Buzzer	10,000.00	Nil	\$25,000.00 (acquisition costs)
I (b)	Mohawk Motherlode/ Rowbottom	Nil	Nil	\$30,600.00 (exploration costs)
II	Copperzone/ Massenagold/ Spokane/ Syndicate	67,000.00	Nil	31,300.00 (exploration costs)
III	N/A			

GROUP I - Empress/Buzzer Claims

(a) Cost of Acquisition

By an agreement dated October 18, 1984, between the Issuer and Rem Ray Holdings Inc. ("Rem Ray"), the Issuer was assigned a 100% interest in an option agreement (the "Option") for consideration of \$1.00. The Option was granted by Scurry-Rainbow Oil Limited and

Aberdeen Minerals Limited, as optionors, of the first part to Rem Ray of the second part and is dated June 15, 1984, as amended.

The Option provides that the Issuer may acquire a 100% interest, subject only to a 2.5% net royalty interest, in certain mineral claims (the "Empress and Buzzer" claim groups) situate in the Clinton Mining Division, Province of British Columbia. The consideration payable under the Option is a total of \$260,000.000 plus 125,000 fully paid and non-assessable common shares without par value in the capital stock of the Issuer.

The net royalty interest retained by the optionors is calculated as follows:

2.5% x millhead assay x mill input volume
x market value x 90%

The net royalty interest is similar to a net smelter royalty but has been defined to provide for the calculation of the royalty based upon the approximate market value of the ore that is transferred to a mill.

The 125,000 common shares of the Issuer to be issued pursuant to the Option will be issued as of the Effective Date hereof.

The \$260,000. cash consideration is due as follows:

- (i) \$10,000. at the time of execution of the Option which amount has been paid;
- (ii) \$25,000. each January 1 commencing January 1, 1985 until the balance of \$250,000. is paid to the optionors. The first instalment due is in arrears but will be paid from the net proceeds hereunder;

Although there is no specific work commitment under the terms of the Option that the Issuer is obligated to perform, the Option does require that the Issuer do such assessment work as may be required for at least twelve (12) months in advance to satisfy the provisions of the Mineral Act (British Columbia).

The Issuer's management has determined that notwithstanding the Issuer does not plan any work on the Empress/Buzzer Claims in the current fiscal year, the acquisition of these claims is in the best interests of the Issuer because the claims are strategically located near the Issuer's other properties in the immediately surrounding area. The Issuer's management believes that to establish a low-grade large tonnage open pit mine in the vicinity, it would require the Empress/Buzzer Claims .

The Empress and the Buzzer claim groups are more particularly described as follows:

<u>Claim Name</u>	<u>Record No.</u>	<u>Expiry Date</u>
Babbling Brook No.1	8761	Oct. 4/86
Perfect Day No. 2	8762	Oct. 4/86
Old and Rare No. 3	8763	Oct. 4/86
Flapjack No. 1	9293	Oct. 9/86
Flapjack No. 2	9294	Oct. 9/86
Taseko #15	9206	Aug. 10/86
Taseko #32	16998	July 29/85
Taseko #34	17000	July 29/85
Taseko #36-41 incl.	17002-17007	July 29/85
Taseko #42-47 incl.	17008-17013	July 29/86
Taseko #48	17014	July 28/85
Taseko #49-62 incl.	17015-17028	July 29/86
Taseko #63-66 incl.	17029-17032	Aug. 8/86
Taseko #72-89	17438-17455	Dec. 11/86
Taseko #104-106 incl.	17513-17515	Jan. 7/87
Taseko #143	17552	Jan. 7/87
Taseko #144	17553	Jan. 7/87
Taseko #145	17554	Jan. 7/86
Taseko #146	17555	Jan. 7/87

(b) Exploration Work Conducted to Date

The claims cover areas that have had some exploration work undertaken on them intermittently since the early 1920's, primarily on the Empress and Buzzer deposits. Between 1956 and 1969, 15 diamond drill holes were drilled in the Buzzer and Empress areas and totalled approximately 6,000 feet.

Between 1970 and 1976, 103 percussion holes were placed on the property and totalled approximately 1,500 feet. In addition, a further 9 diamond drill holes were drilled totalling approximately 4,000 feet. It has been estimated that expenditures on the property since 1969 alone have totalled some \$885,000. The results of the exploration work to date indicate that the Empress group, which has a drilled area of approximately 3,000 feet by 1,000 feet shows porphyry type disseminated sulphides which contain gold, silver, copper, molybdenum and magnetite ore. The mineralization is known to be approximately 500 feet in depth.

The Buzzer group, shows an anomalous area of approximately 10,000 feet by 2,000 feet. A partially drilled area (approximately 600 feet in diameter) indicates potential sulphide deposits in the 10 million ton range.

(c) Proven, Probable or Possible Ore Reserves

The Empress and Buzzer claims have been previously explored with a view to finding a large tonnage of low grade disseminated copper deposits and this search has been considered unsuccessful. However, 5 separate mineralized breccia zones located in the area occurring in granodiorite with grades ranging from .35% to .70% cu per ton and tonnages ranging from 125,000 to 5,000,000 tons were considered to small too be of economic interest.

Diamond drill holes have intersected 4 separate zones occurring in altered volcanics with copper and gold values over widths considered to be of interest as a potential underground mine operation. The gold values associated with the copper mineralization in the pyritic-rich altered volcanics within the Empress zone is of particular exploration interest.

Information contained in sections (b) and (c) above were extracted from certain geology reports which may be inspected at the Issuer's registered and records office during the period of primary distribution hereunder and for 30 days following.

(d) Additional Vendor Information

The optionors under the Option are Scurry-Rainbow Oil Limited with an office at 2300 - 324 -8th Avenue S.W., Calgary, Alberta, T2P 2Z5 and Aberdeen Minerals Limited, a British Columbia company, with an address at 1620 - 701 West Georgia Street, Vancouver, B.C. The Optionors have held the property since 1969.

The Option was acquired by the Issuer from Rem Ray Holdings Inc., a holding company of Felix and Elisa Reyes, who are both officers and directors of the Issuer. Rem Ray Holdings Inc. has assigned its interest in the Option Agreement to the Issuer for nominal consideration.

Mohawk Motherlode/Rowbottom Mineral Claims

Pursuant to an agreement dated February 1, 1984, as amended, between the Issuer and Rem Ray Holdings Inc. ("Rem Ray"), the Issuer has agreed to purchase certain mineral properties comprising approximately 73 mineral claim units located in the Clinton Mining Division, Province of British Columbia. The properties are located adjacent to

the Issuer's Spokane group of mineral claims in the Taseko area and are more commonly referred to as the Mohawk and Rowbottom groups.

The consideration payable by the Issuer for the Mohawk and Rowbottom groups is as follows:

- (a) the refund of out-of-pocket costs to Rem Ray in acquiring and maintaining the claims in good standing being an amount of \$57,130. Rem Ray has further agreed with the Issuer that this amount will be paid out of available cash flows of the Issuer either from operations or from future financings.
- (b) the issuance and allotment for the two claim groups of 200,000 fully paid and non-assessable common shares of the Issuer to be issued subject to regulatory approval on the following basis:
 - (i) 50,000 shares upon the acceptance of this Statement of Material Facts;
 - (ii) three additional blocks of 50,000 shares upon satisfactory completion of each phase of a three phase program of exploration on the claims. For purposes of this Agreement, Phase I shall be those recommendations aggregating \$30,600. of the recommended program on the Rowbottom deposit area as recommended by Roderick MacRae, P. Eng., dated July, 1984, a copy of which is attached to and forms a part of this Statement of Material Facts (the "MacRae Report"). The subsequent two phases will be based upon the report of a qualified geological consultant and will be subject to regulatory approval.

(c) In addition, the vendor, Rem Ray, has retained a net profits interest of 7% of net profits from any mineral production from the claims. The 7% net profits interest shall be determined according to generally accepted accounting principles by the auditors for the Issuer and generally shall be calculated on the basis of sales of mineral products from the claims net of royalties; less:

- (i) operating costs, including applicable overhead costs; and
- (ii) depletion, amortization of pre-production expenses and depreciation charges fairly applicable to the sales of mineral products.

Pre-production expenses shall generally include every cost of whatever nature paid out-of-pocket by the Issuer in order to explore and/or develop the Claims. The calculation of net profits shall be made semi-annually and paid Rem Ray within ninety (90) days of the date of calculation. For purposes of calculating the net income which is subject to the net income interest, no charge shall be applied with respect to the Issuer's overhead not directly attributable to mining activities in the Clinton Mining Division.

The Mohawk Motherlode/Rowbottom mineral claims consist of the following:

<u>Name</u>	<u>Record No.</u>	<u>Units</u>	<u>Expiry Date</u>
Tay-2	1055	20	Mar. 27/86
N-Rose-5	1206	15	Apr. 27/85
N-Rose-6	1207	18	Apr. 27/85
Tay-3	1056	20	Mar. 27/86

Rem Ray acquired the N-Rose-5 and the N-Rose-6 claims in April of 1982, prior to Rem Ray's acquisition of a control position in the Issuer. The Tay-2 and Tay-3 claims were acquired in February of 1983.

The Mohawk property appears to be a chimney or breccia pipe containing rounded fragments of quartz monzonite mineralized with pyrite, chalcopyrite, galena sphalerite and molybdenite. The earliest recorded work on the claims occurred in 1927 where certain trenching and surface sampling was done by Consolidated Mining and Smelting Ltd. Assays from this work recorded from .31 to .12 ounces/per ton of gold associated with a fault gouge and adjacent breccia. A tunnel was driven to intersect the zone (438 feet) but encountered only a 60 foot wealth of .03 ounces per ton gold and 1.4 ounces per ton silver and .8% copper.

In 1933 Taseko-Motherlode Gold Mines Ltd. had intended to do further work on the claims however their camp was destroyed by an avalanche in 1935 and worked stopped. Canadian Exploration Ltd. ("Canex") in 1956 performed some surface sampling work which yielded .24 ounces per ton gold and .12 ounces per ton gold over 12 and 20 feet widths respectively from open cuts.

The MacRae Report indicates that Canex mapped an shear zone exposed in Rowbottom Creek. Scurry-Rainbow Oil Ltd. trenched this shear zone with a bulldozer for 125 meters, apparently along the strike, and Sumitomo Metal mapped this zone and located copper mineralization in bedrock for 1,800 meters south/west up the valley of the Rowbottom Creek. Scurry-Rainbow's trenching exposed copper mineralization for the full length of the 125 meter trench although no assays were reported. An IP anomaly located over the Rowbottom deposit measures 900 meters in length in a north/east direction and about 200 meters in width.

Another of the company's consulting geologists, Mr. Roy Phendler, examined the Rowbottom deposit and reported examining 2 shear zones striking north/east and suggested these zone are part of a major fractured and mineralized zone. Mr. Phendler's report is also available for inspection at the Issuer's registered and records office during the period of primary distribution hereunder and for 30 days following.

The MacRae Report concludes that further exploration on these claims is warranted and recommends a program in an amount of \$30,600. consisting primarily of geological suveys and trenching the Rowbottom deposits. The Issuer intends to conduct this program out of the proceeds of this Offering.

GROUP II - Spokane/Syndicate Mineral Claim

By agreement dated June 1, 1982 between the Issuer and Rem Ray Holdings Inc. ("Rem Ray") the Issuer acquired from Rem Ray all its right, title and interest in 7 reverted crown granted mineral claims and 6 located mineral claims all situate in the Clinton Mining Division, Province of British Columbia (the "Claims").

The purchase price for the property involved a reimbursement of expenses incurred by Rem Ray in maintaining the Claims in an amount of \$67,000. and the issuance of 775,000 shares of the Issuer to be issued on the following basis:

- (a) 100,000 shares at the time of regulatory approval providing the Issuer was able to conduct an exploration program in an amount of \$200,000.
- (b) Two blocks of 100,000 shares per block to be issued in 1983 and 1984.

- (c) The balance of 475,000 shares upon production. Because the Issuer was unable to conduct the exploration program referred to above, the Agreement was re-structured on the basis of current regulatory policy.

Pursuant to an amending agreement dated effective September 1, 1984, the Issuer and Rem Ray have agreed to amend the terms of the acquisition so that the Issuer may retain its interest in the Claims. Following are the terms of the amending agreement:

(1) total share consideration to be issued to Rem Ray in consideration for transferring the Claims has been reduced from 775,000 shares to 200,000;

(2) the 200,000 shares are to be issued on the following basis:

(i) 50,000 shares upon the Effective Date hereof;

(ii) 3 additional blocks of 50,000 shares each. Each block of 50,000 shares to be issued upon the completion of each phase of a recommended program of exploration on the Claims. The geological exploration program must be recommended by a qualified professional engineer and be satisfactory to the regulatory authorities having jurisdiction over the Issuer. For purposes of the Agreement, Phase I has been defined to be the recommended program contained in the MacRae Report in an amount of \$31,300.

In addition, the vendor, Rem Ray, has retained a net profits interest of 7% of net profits from any mineral production from the claims. The 7% net profits interest shall be determined according to generally accepted accounting principles by the auditors for the Issuer and generally shall be calculated on the basis of sales of mineral products from the claims net of royalties; less:

- (i) operating costs, including applicable overhead costs; and
- (ii) depletion, amortization of pre-production expenses and depreciation charges fairly applicable to the sales of mineral products.

Pre-production expenses shall generally include every cost of whatever nature paid out-of-pocket by the Issuer in order to explore and/or develop the Claims. The calculation of net profits shall be made semi-annually and paid Rem Ray within ninety (90) days of the date of calculation. For purposes of calculating the net income which is subject to the net income interest, no charge shall be applied with respect to the Issuer's overhead not directly attributable to mining activities in the Clinton Mining Division.

(a) Previous Exploration

In 1956 Canex conducted a search for large tonnage disseminated copper deposit on the Spokane Claims. Surface trenches were extended and sampled. Three short drill holes were driven in the trench area on the Spokane Claims which reported an erratic but better grades of copper and precious metals from the surface trench samples.

Canex conducted a joint pattern study in the quartz dyorite in the Spokane trenches and concluded that the major joint patterns which had a north east strike were

mineralized with chalcopyrite. One Canex drill averaged .5% cu for 27 meters with au and ag values similar to the surface trenches.

In 1963 Phelps Dodge Corporation explored the Spokane claims eastward, south of the intrusive-volcanic contact in a search for porphyry-type copper molybdenum ore bodies. Phelps Dodge's drilling program, some 8 deep drill holes, reported less than .5% cu in values and mo ranging in the average sample from .004% to .001% mo. The Canex and Phelps Dodge Corporation work indicated by diamond drilling that the mineralization persisted to at least 75 meters below surface. The sample assays of the trench indicated the metal values were erratic.

Sumitomo Metal and Mining Canada Ltd. in their study of earlier work on the Spokane claims, reported that a north east trending breccia zone and a wide (up to 100 meters) breccia zone on the syndicate deposit area may be in fact one zone. Copper with pyrite was reported although no assays of samples were reported. The Issuer proposes to carry out the recommendations of the MacRae Report. Mr. MacRae has estimated the costs of a phase I program on the Spokane deposit to conduct certain geophysical grid trenching and sampling work on the Spokane claims to be approximately \$31,300.

4. PARTICULARS OF NON-RESOURCE ASSETS

By Agreement dated March 28, 1983 with Industrial Mineral Products (B.C.) Ltd., herein ("IMP"), the Issuer acquired from IMP its interest as a lessee of a slag processing plant located in Burnaby, B.C. The slag processing plant produces sand blasting and abrasive material in addition to roofing granules by crushing and sifting mineral refinery slag material. The IMP agreement was executed at the same time as the Issuer entered into a Lease/Purchase/Supply agreement with Domtar Inc. ("Domtar"), a company which is a major purchaser of products from the

plant. The Domtar Agreement provides that the Issuer pays to Domtar a monthly rental of \$810.00 as consideration for the lease of a certain portion of Domtar's premises located adjacent to the plant, and in addition, the Issuer agreed to supply Domtar with 85% of Domtar's slag granule requirement with a minimum purchase of 2,000 tons per year. Domtar also retained the option to reacquire the plant for fair market value at the end of the term of the agreement whereby it was purchased by the Issuer, namely January 31, 1988.

Under the IMP Agreement the Issuer acquired, in addition to the leasehold interests, certain motor vehicles, chattels, equipment and fixtures as well as an interest in an equipment lease for a Caterpillar Wheel Loader.

The acquisition of the slag processing plant was originally structured as a joint venture between the Issuer and Rem Ray which would have created a separate entity to receive the Issuer's interest in the slag plant and to receive from Rem Ray certain capital contributions, technical expertise and opening inventories. After attempting to operate the plant as a joint venture for several months, it became apparent to the management of the Issuer and Rem Ray that the plants' operation as a joint venture was impractical. This fact resulted from the subjective nature of over-head allocations and financing guarantees between the joint venturers. Rem Ray, Felix Reyes and Elisa Reyes were at all times guarantors of the indebtedness resulting from the acquisition of the slag plant and in addition, Elisa Reyes was employed full-time as the accountant and the administrator for the plant. As a result of these complexities, the Issuer and Rem Ray amended their original agreement effective March 31, 1983 to provide for the assumption by the Issuer of a 100% interest in the slag plant.

The slag plant is now operated as and its financial affairs reported upon as the Issuer's "Industrial Minerals Division".

The Issuer's interest in the plant consists of a leasehold interest in the premises situate at 8255 Wiggins Road, Burnaby. As more fully disclosed in the accompanying financial statements, the plant has been financed largely by debt and in fact, is security for a demand debenture in favour of the Bank of Montreal in an amount of \$210,000. of which \$185,000. remain outstanding.

At this time the Issuer does not propose to make any material addition or acquisition with respect to the operations of the plant.

5. CORPORATE INFORMATION

The Issuer was incorporated on December 15th, 1980, as M H B Resources Ltd., under the laws of the Province of British Columbia by registration of its Memorandum and Articles. The Issuer changed its name to Genoveva Resource Inc. on September 13th, 1982.

The Issuer's authorized capital consists of 10,000,000 common shares without par value of which 2,090,900 are issued and outstanding as of the date hereof.

All shares of the Issuer, both issued and unissued, rank equally as to dividends, voting powers and participation in assets. No shares have been issued subject to call or assessment. There are no pre-emptive or conversion rights and no provision for redemption, purchase for cancellation, surrender or sinking or purchase funds. Provisions as to the modifications, amendments or variations of such rights or such provisions are contained in the Company Act of the Province of British Columbia.

6. DIRECTORS, OFFICERS, PROMOTERS AND PERSONS HOLDING MORE THAN 10% OF THE ISSUED EQUITY SHARES

<u>Name & Address</u>	<u>Chief Occupation</u>	<u>No. of Shares Held</u>
REYES, Felix A. 1027 East 29th Avenue, Vancouver, B.C. PRESIDENT & DIRECTOR	Mineral Claims Inspector B.C. Ministry of Mines and Petroleum Resources, 1973 to 1981; since then Mining Consultant, and since June 24, 1982 President of Genoveva Resource Inc.	46,450 720,000 (escrow) *
WITUSCHEK, Edmund P. 5250 Wallace Avenue, Vancouver, B.C. DIRECTOR	Employed by Environment Canada as an Environmental Engineer from June 7, 1973 to present.	10,200
HAY, Bruce Selkirk 3409 West 32nd Avenue, Vancouver, B.C. DIRECTOR	Self employed Chartered Accountant with Hay & Watson, Chartered Accountants, from June 6, 1978 to present.	38,240 **
MARKEVICH, Joe 6730 Oak Street Vancouver, B.C. SECRETARY & DIRECTOR	President of Canmark International Resource Inc.; Director and Officer of other public resource companies	35,500

* The shares indirectly owned by Felix A. Reyes are registered in the name of Rem Ray Holdings Inc., a private company wholly owned by Felix and Elisa Reyes.

** Of the 38,240 shares owned by Mr. Hay, 9,000 shares are indirectly registered in the name of Alyson Hay.

No Director, Officer or Promoter of the Issuer is or has been within the past three years, a Director, Officer or Promoter of any other reporting company.

The following remuneration has been paid to Directors, Officers, Promoters or Insiders of the Issuer within the past year:

- (a) Pursuant to a Management Contract Agreement dated February 1, 1984, Rem Ray has been entitled to receive the sum of \$3,000.00 per month as compensation for the provision to the Issuer of a full-time employee who has provided administrative and accounting services to the Issuer by assuming the management of the Issuer's industrial mineral products division.
- (b) Pursuant to a Management Agreement dated February 1, 1984, Felix A. Reyes, President of the Issuer, has received the sum of \$2,000. per month as consideration for his acting as President and Director of the Issuer.
- (c) In addition, Rem Ray Holdings Inc. has been entitled to certain share consideration as compensation for the guarantee by Rem Ray Holdings Inc. of the Issuer's indebtedness to the Bank of Montreal and in addition, the advance by Rem Ray to the Issuer of funds required by the Issuer to carry on business. As consideration for the guaranty by Rem Ray on behalf of the Issuer of debenture indebtedness in the amount of \$270,000., the Issuer has granted Rem Ray units at the public offering price hereunder constituting the number of units equal to 5% of the amount guaranteed.

The shares are to be issued at the public offering price hereunder. The cash equivalent of the deemed value of the guaranty is \$13,500.

- (d) Rem Ray has agreed to convert amounts owing to it by the Issuer as a result of advances by Rem Ray to the Issuer of cash funds, which advances have enabled the Issuer to continue operations. Pursuant to an agreement dated the 21st day of March, 1985, the Issuer agreed to settle amounts owing Rem Ray as of January 31st, 1985 for units of the Issuer at a deemed value of \$0.60 per unit being the price of the units offered hereunder. The amount due Rem Ray is \$98,316. being the amount per the attached January 31, 1985 financial statements net of the out-of-pocket reimbursement on the Mohawk and Rowbottom claims.
- (e) The Issuer has agreed to issue to Thompson J. McKie, the holder of a \$100,000. debenture of the Issuer, 1,500 Units of the Issuer and \$5,000. cash as consideration for extending the due date of the debenture from November 1, 1984 to May 1, 1985.

Other than Rem Ray Holdings Inc., the Issuer is aware of no person who holds more than 10% of the issued and outstanding common shares without par value in the capital stock of the Issuer.

7. OPTIONS TO PURCHASE SECURITIES

The only options to purchase securities of the Issuer other than the Share Purchase Warrants described in Item 1 hereof are as follows:

- (a) By Agreement dated January 25th, 1985 between the Issuer and Joe Markevich, the Secretary and a Director of the Issuer, Joe Markevich has been granted an option to purchase 100,000 common shares of the Issuer at a price of

\$0.18 per share, exercisable for a period of two (2) years, commencing January 25th, 1985.

(b) By Agreement dated March 21st, 1984 between the Issuer and Elisa Reyes, a Director of the Issuer, Elisa Reyes has been granted an option to purchase 88,450 shares of the Issuer at a price of \$0.23 per share until March 21st, 1989. Of these options, only 450 shares remain unexercised as of the date hereof.

8. SECURITIES OF THE ISSUER HELD IN ESCROW, IN POOL OR SUBJECT TO HOLD RESTRICTIONS

At the date of filing hereof, there are 750,000 shares of the Issuer held in escrow of which 720,000 are registered in the name of Rem Ray Holdings Inc.

The escrow restrictions provide that the shares may not be sold, transferred, pledged or dealt with in any way whatsoever, without the written consent of the Vancouver Stock Exchange (the "Exchange") and the Superintendent of Brokers (the "Superintendent").

There are no shares of the Issuer held in pool. There are 108,700 shares subject to unexpired hold period restrictions imposed by the Superintendent. These shares must be held until April 13, 1985.

9. PARTICULARS OF OTHER MATERIAL FACTS

(a) A lawsuit has been commenced against the Issuer, amongst others, by an individual claiming that the Issuer holds properties which rightfully belong to another company. In the opinion of the Issuer's counsel, the claim is basically without merit and is likely to be settled for negligible consideration.

There are no other legal proceedings which the Issuer is involved or expects to be involved.

(b) Tay-Summit Claims, Taseko River Area,
Clinton Mining Division

By Letter of Intent dated March 1st, 1985 between Esso Minerals Canada (herein "Esso"), a division of Esso Resources Canada Limited, of 1600 - 409 Granville Street, Vancouver, British Columbia, and the Issuer, Esso wishes to obtain an option from the Issuer to earn an undivided interest in the following mineral claims presently held by the Issuer (herein "the Claims"):

<u>Claim Name</u> <u>(type)</u>	<u>Lot No. (Reverted</u> <u>Crown Grants)</u>	<u>Record No.</u> <u>(tag)</u>
Tay 1		1084
Summit 2		1466
Summit 3		1467
Felix		Tag 101090
Flapjack 1-2		9293N-9294N
Taseko 63-66		17029K-17032K
Taseko 76-83		17442R-17449R
Taseko 84-86		17450K-17455K
Taseko 104-106		17513A-17515A
	L3132-L3134	283-285
	L3135	1082
	L3136	1079
	L3137	1081
	L3138	1719
	L3140	1080

located in the Clinton Mining Division, Province of British Columbia.

The Letter of Intent is not binding on the Issuer and should the option be negotiated, it will take place after the Effective Date of this Statement of Material Facts.

The terms of the option would be as follows:

(a) Cash payments to the Issuer as follows:

- (i) \$20,000.00 upon execution of the option agreement and upon the receipt of claim transfer by Esso;
 - (ii) \$25,000.00 on or before December 31, 1985;
 - (iii) \$30,000.00 on or before December 31, 1986; and
 - (iv) \$35,000.00 on or before December 31, 1987;
- (b) Work commitments to be performed by Esso as follows:
- (i) \$45,000.00 before December 31, 1985; and
 - (ii) an option to complete up to an additional \$450,000.00 of work on the claims before December 31, 1988.

Upon the payment of all the cash consideration to the Issuer and the completion of all the work commitments on the Claims, Esso will have earned a 60% undivided net interest in the Claims, at which point a joint venture will be formed between Esso and the Issuer for further work on the Claims, with the appointment of a Management Committee. Should either Esso or the Issuer fail to participate in further work proposed by the Management Committee, its interest will be reduced by 1% for each \$10,000.00 of non-participation, provided however that neither Esso nor the Issuer may be reduced below a 15% interest, at which point its interest becomes a net proceeds interest.

(c) Shareholders Agreement

By Agreement dated March 14th, 1985 between Felix A. Reyes, the President and a Director of the Issuer, Elisa Reyes, a Director of the Issuer, and Rem Ray Holdings, Inc., all of 1907 - 1177 West Hastings Street, Vancouver, British Columbia (herein "the Optionors") and Joe Markevich, the Secretary and a Director of the Issuer, of 6730 Oak Street, Vancouver, British Columbia (herein "the Optionee"), the Optionors granted an option to the Optionee to acquire 720,000 escrowed shares of the Issuer at a price of \$0.03 per share, exercisable for a seven (7) month period from the effective date of the Agreement (the "Term").

The major pre-condition to the exercise of the option is the receipt by the Issuer of equity financing in an amount of \$400,000. during the Term. The "effective date" of the Agreement is the effective date to this Statement of Material Facts. The \$400,000. need not be received by the Issuer from the efforts of Mr. Markevich.

In the event the option is exercised, control of the Issuer will change from Felix Reyes to Joe Markevich.

(d) There are no other properties proposed to be acquired for which regulatory approval is not being sought under this Statement of Material.

(e) There has been no significant increase or alteration of assets or liabilities of the Issuer subsequent to the date of the financial statements attached hereto since the date of those statements.

(f) There are no other material facts other than as disclosed herein.

(g) All contracts and technical reports summarized or referred to in this Statement of Material Facts may be inspected at the offices of Sobolewski Anfield,

Barristers and Solicitors, 700 - 609 Granville Street, Vancouver, B.C., during normal business hours, during the primary distribution of the securities offered hereby, and for thirty (30) days after completion of primary distribution.

10. **STATUTORY RIGHTS OF RESCISSION**

The British Columbia Securities Act provides purchasers with the right to rescind a contract for the purchase of securities where the Statement of Material Facts and any existing amendments thereto either contain a misrepresentation or are not delivered to the purchaser before delivery of the written confirmation of sale. For further information concerning these rights, and the time limits within which they must be exercised, refer to Sections 60 and 61 of the Securities Act, or consult a lawyer.

GENOVEVA RESOURCE INC.
FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED
JANUARY 31, 1985
(Unaudited)

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COMMENTS ON UNAUDITED
INTERIM FINANCIAL INFORMATION

To the Directors of Genoveva Resource Inc.:

We have prepared the accompanying unaudited interim financial information comprising the balance sheet as at January 31, 1985 and the statements of operations, deficit and changes in financial position for the three months ended January 31, 1985 from the records of Genoveva Resource Inc. and from other information supplied to us by the Company and have reviewed such interim financial information. Our review, which was made in accordance with standards established for such reviews, consisted primarily of enquiry, comparison and discussion.

We have not performed an audit and consequently do not express an opinion on this interim financial information. The most recent audited financial statements issued to shareholders on which we have expressed an opinion were for the year ended October 31, 1984.

Acton + Chowdhry

ACTON + CHOWDHRY
Chartered Accountants

Vancouver, B.C.
March 20, 1985

GENOVEVA RESOURCE INC.
STATEMENT OF OPERATIONS
FOR THE THREE MONTHS ENDED JANUARY 31, 1985
(Unaudited)

2

Revenue

Sales	\$ 110,566
Other income	630

111,196

Less cost of goods sold	151,985
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Gross profit (loss)	(40,789)
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Expenses

Amortization	2,431
Bank charges, interest & financing	13,843
Insurance	1,449
Management fees	7,500
Professional fees	14,886

Rent	4,837
Shop supplies	1,034
Telephone & office expense	1,794
Wages & employee benefits	14,290
Other	46

62,110

Loss	\$ 102,899
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Loss per share	\$ 0.05
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GENOVEVA RESOURCE INC.
BALANCE SHEET
AS AT JANUARY 31, 1985
(Unaudited)

ASSETS

Current assets

Deposits	\$ 1,047
Term deposit	8,000
Accounts receivable	70,921
Prepaid expenses	1,628
Inventory, at lower of cost and net realizable value	37,657
	<hr/>
	119,253
	<hr/>
Mineral properties, including deferred costs	386,008
Fixed assets, at cost net of accumulated depreciation of \$84,577	166,086
Goodwill, at cost net of accumulated amortization of \$17,830	79,427
	<hr/>
	\$ 750,774
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contd.

Approved by the Directors:

Felix A. Papp Director
P. W. ... Director

GENOVEVA RESOURCE INC.

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BALANCE SHEET
JANUARY 31, 1985
(Unaudited)

LIABILITIES

Current liabilities

Bank overdraft	\$ 3,144
Accounts payable and accrued liabilities	228,287
Refundable deposits	10,579
Debenture payable	100,000
Bank loans	162,500
Current portion of debenture - Industrial Mineral Products	33,333
	<hr/>
	537,843
Debenture - Industrial Mineral Products	13,889
Shareholder's loans - due to Rem Ray Holdings Inc.	155,946
	<hr/>
	707,678
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SHAREHOLDERS' EQUITY

Share capital	410,259
Deficit	367,163
	<hr/>
	43,096
	<hr/>
	\$ 750,744
	=====

GENOVEVA RESOURCE INC.
STATEMENT OF DEFICIT
FOR THE THREE MONTHS ENDED JANUARY 31, 1985
(Unaudited)

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Deficit, beginning of period	\$ 264,264
Loss for the period	102,899
	<hr/>
Deficit, end of period	\$ 367,163 =====

GENOVEVA RESOURCE INC.
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE THREE MONTHS ENDED JANUARY 31, 1985
(Unaudited)

6

Source of funds	
Increase in loan due to shareholder	\$ 7,517
Uses of funds	
Due to operations	
Net loss	102,899
Less: Items not requiring an outlay	
of funds - depreciation	(5,827)
- amortization	(2,431)
	<hr/>
	94,641
Increase in deferred cost, net of depreciation	15,306
Decrease in debenture payable	8,333
	<hr/>
	118,280
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Decrease in working capital	110,763
Working capital deficiency, beginning of period	307,827
	<hr/>
Working capital deficiency, end of period	\$ 418,590
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