



Affiliate  
of Goldbelt  
Mines Inc.

# PASS LAKE RESOURCES LTD.

NORTH WEST BRITISH COLUMBIA MINING EXPLORATION

RECEIVED  
9/12/90

## ANNUAL REPORT - OPERATIONS

File 1990

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### The Company

Pass Lake Resources Ltd. is a public (VSE) company engaged in mineral exploration in British Columbia. Since mid-1988, Pass Lake has assembled and explored a large claim holding (2,587 units) in the active Galore Creek, Telegraph Creek and Iskut River gold camps of northwest British Columbia.

Pass Lake's strategy has been to obtain third party funding to explore carefully selected mineral properties and steady progress has been made in farming out properties.

### Northwest British Columbia

This region, which encompasses a 300-kilometre belt extending northward from Stewart, has proven over the past several years to be highly prospective for precious metals. Significant developing mines and advanced projects include Silbak-Premier, Skyline, Snip, Golden Bear, Sulphurets and Eskay Creek. With the recent addition of Eskay Creek, total gold resources in these deposits probably exceed 11 million ounces.

Northwest B.C. represents the largest and most exciting exploration play in Canada. As such, the region is likely to remain the focus of Canadian gold exploration and development for years to come. Estimates for 1990 expenditures alone are as high as \$100 million, the largest amount ever committed to the area in one year. Of this amount, \$60 million has been allocated to exploration (including more than 40 planned diamond drilling programs).

Within the region, new target areas are expected to emerge in 1990, notably at Galore Creek, where promising results from exploration over the last two years are being followed by at least eight drill programs in the 1990 season, two of which are to be carried out on Pass Lake Properties.

### Report to Shareholders

In the year ended April 30, 1990, Pass Lake increased its northwest British Columbia mineral property holdings from 1,143 units (283 sq. km.) to 2,333 units (583 sq. km.). Staking subsequent to year-end has added an additional 254 units.

As of the date of this report, all of Pass Lake's properties are under option to third parties in agreements which, in aggregate, would require the optionees to spend approximately \$15 million in property exploration and make cash/share payments to Pass Lake of approximately \$1 million to exercise the options.

In 1990, the option agreements provide for third party exploration expenditures of approximately \$2 million, mostly on Pass Lake's Galore Creek properties. As well, the agreements now in place provide for exploration funding for 1991 of greater than \$4 million, promising active follow up of discoveries made in the 1988 - 1990 period.

The Company's financial position is sound with \$300,000 in working capital, no liabilities and no near-term funding requirements. With additional property payments and option/warrant exercises expected this fall, the Company's working capital should increase to \$500,000 by the end of 1990. The directors have authorized a public financing to sell 400,000 units (share and warrant for 1/2 share) subject to a minimum unit price of \$1.25. This financing proposal is now in the regulatory review process. If completed, the offering, including exercise of A and B warrants, would add over \$800,000 to Pass Lake's treasury, leaving the Company well positioned to participate in advanced exploration programs.

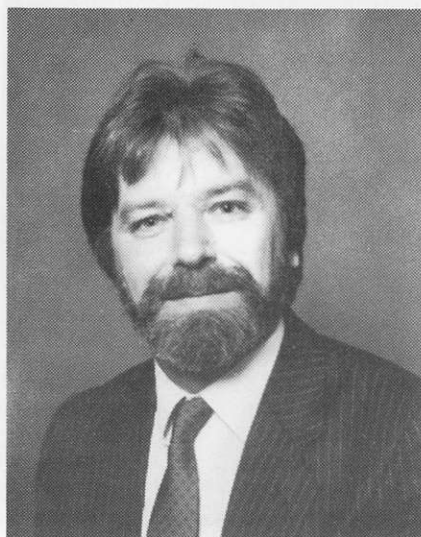
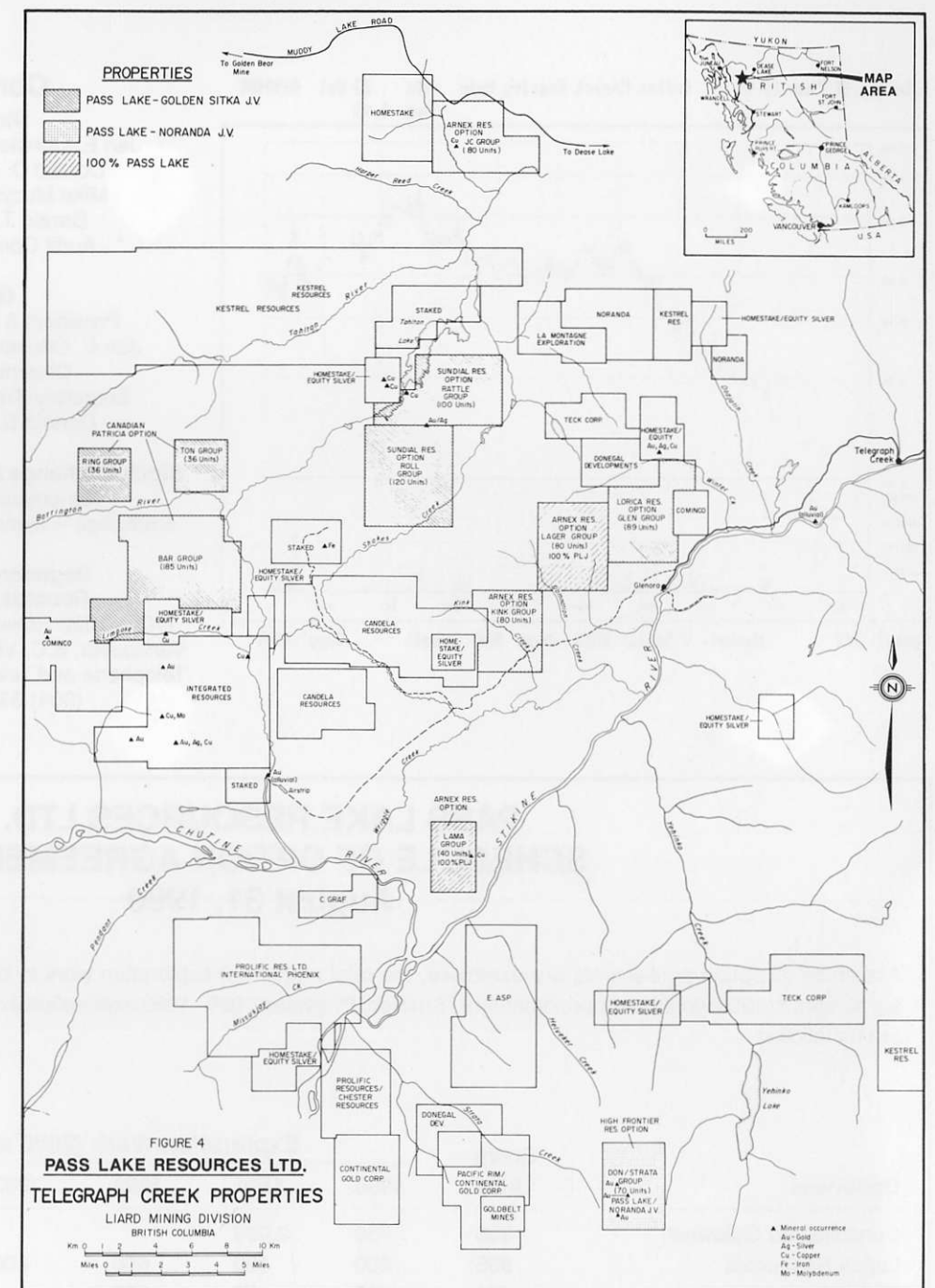
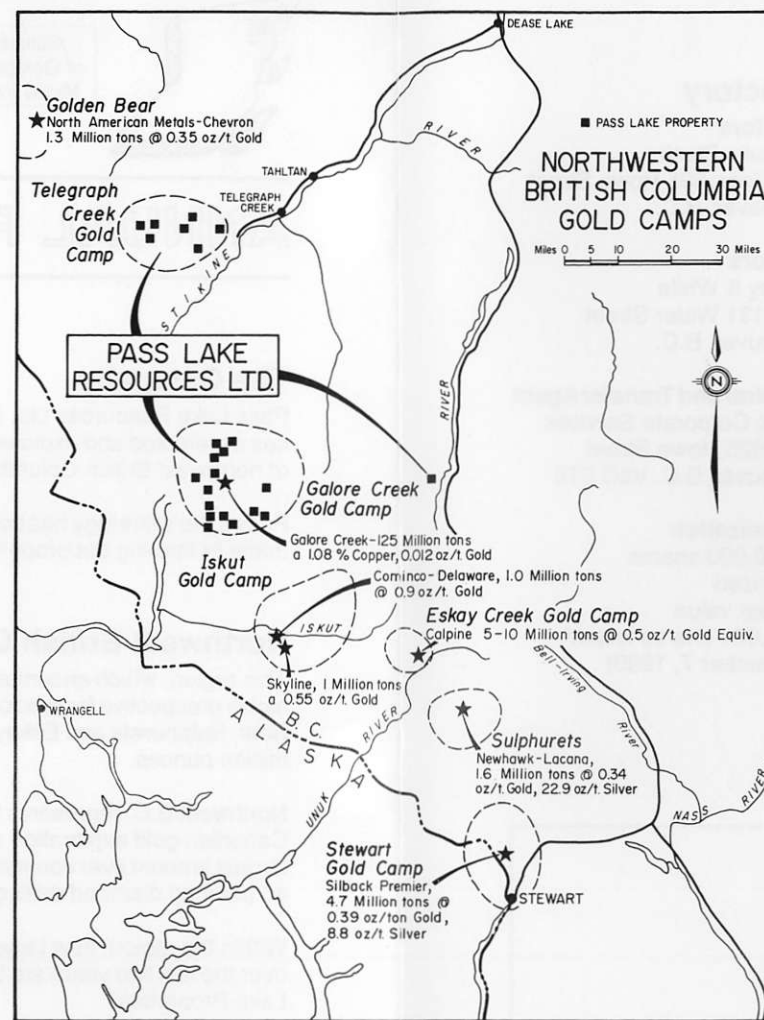
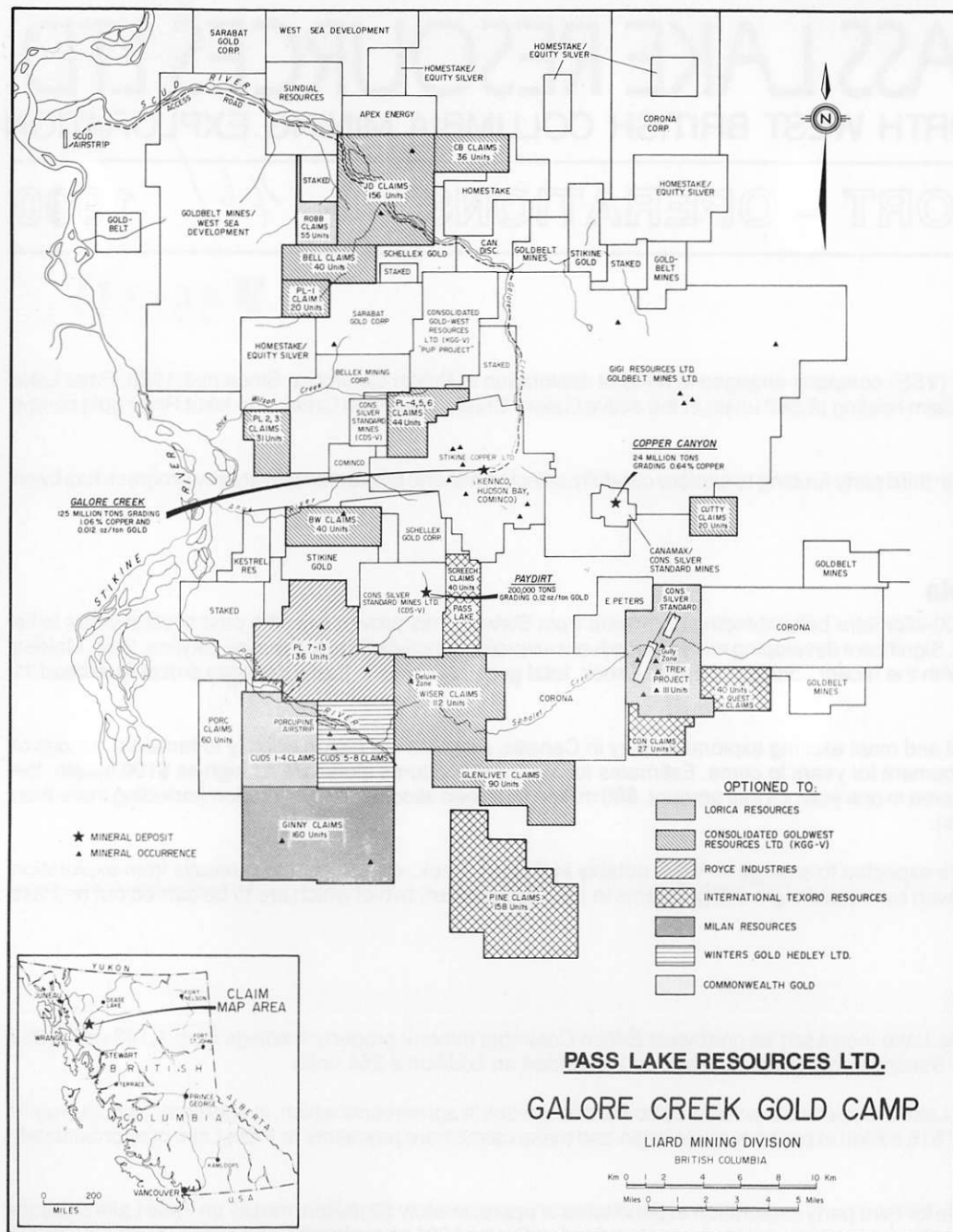
On behalf of the Board of Directors, I wish to thank Pass Lake's shareholders, exploration contractors and crews and property optionees for their contributions to our growth in 1989 - 1990.

September 7, 1990

Donald D. Sharp  
Chairman



Donald D. Sharp, C.A.  
Chairman and Secretary-Treasurer



**J.E. Christoffersen, P.Eng.**  
 President and C.E.O.

**President's Report**

**Galore Creek Area**

The season has been very active with field budgets in the \$5.0 million range, of which about 50% has now been expended. Operations are being conducted from three major camps employing some 80 field crew. Field work is expected to continue well into October.

Drill programs completed or underway include Mingold (Galore Creek), Gigi (Trophy project), Bellex (JW property) and Consolidated Rhodes (Copper Canyon). Drilling is expected to commence in September on two Pass Lake properties, the Trek and Wiser (Deluxe) claims.

**Property Highlights**

**Lorica Option (\$350,000)**

The Gully Zone massive sulphide on the Trek property is ready for drilling, which is scheduled for start-up in late September. The initial plan is to carry out 800 metres (2,500 ft.) of drilling in up to 10 holes.

Lorica has largely completed a \$60,000 program of additional surface exploration on the Heel, Toe and East Zones. Work on the Heel Zone has confirmed widespread copper minerals coincident with a gold-copper soil anomaly. The Toe Zone comprises massive base-metal sulphide pods within an envelope of sulphide-enriched volcanic and sedimentary rocks. Both zones could be ideally suited to I.P. survey coverage to generate new drill targets.

**Consolidated Goldwest Option (\$750,000)**

Most of this year's effort has focused on the Deluxe Zone, a large gold-bearing structure found late in the 1989 season. Gold contents in the zone generally range up to 0.30 ounce/ton with one spectacular sample carrying 8.25 ounces/ton. The structure has a known strike length of over 1.5 km and vertical relief of 1.0 km.

Work this season on the Deluxe Zone has included mapping and grid geophysics and geochemistry where permitted by topography. Drilling should commence in September once all analytical data has been received and interpreted. The first phase of drilling will comprise up to 1000 metres (3,300 ft.).

**Royce Industries Option (\$125,000)**

Royce has exceeded its 1990 budget by \$15,000 to this point. Detailed follow-up of last year's encouraging program (assays up to 2.20 ounce/ton Au) has directed attention to the eastern half of the property where extensive gold-silver-arsenic soil anomalies have been identified.

One of the anomalies coincides with a 1200 metre long structure that appears to be a splay from the Deluxe Zone on the adjacent Goldwest option property. Prospecting of a second anomaly recently resulted in the discovery of a vein of massive pyrite-arsenopyrite. Both targets require trenching prior to a drilling decision being made.

**Milan Resources Option (\$150,000)**

Mapping, prospecting and geochemical surveys were initiated on the large Ginny claim block in mid-August as a follow-up to promising preliminary surveys done by Pass Lake in 1989 (0.54 ounce/ton Au over 2.0 metres). No results have yet been received.

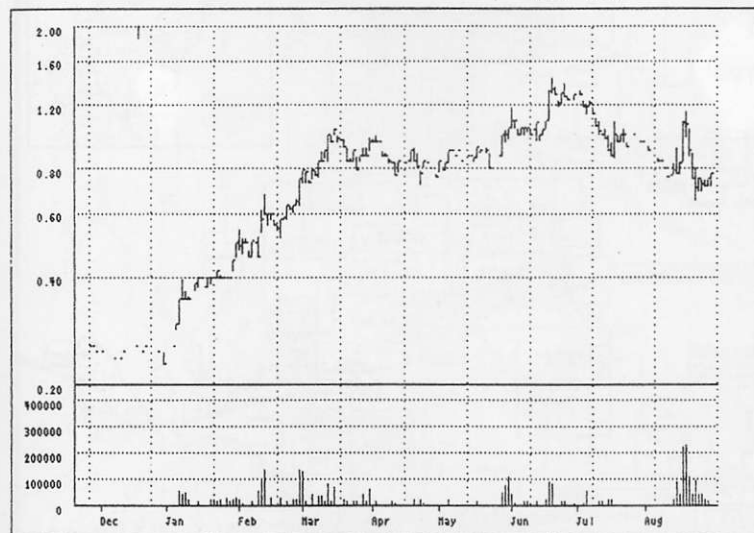
**Other Properties**

Surface programs are expected to commence in September on properties optioned to Commonwealth Gold, Winters Gold Hedley, International Texoro and Lorica.

**Telegraph Creek and North Iskut**

High Frontier Resources has commenced work on the Bull claim group (\$50,000) early in September. Sundial Resources is scheduled to start a follow-up program of \$75,000 on the Rattle and Roll block early in September. Canadian Patricia and Arnex projects will also be initiated during September.

Date Aug.31 Time 11:45 Online Market Enquiry Mode Min .23 Vol 4698400  
Max 1.45



Symbol: PLJ Market: U Scale: AUTO Mode: BAR Trend: Copy: PRNT

## Corporate Directory

### Directors

Jan E. Christoffersen  
Donald D. Sharp\*  
Mike Muzykowski\*  
Gerald T. Cook\*

\* - Audit Committee

### Officers

President & C.E.O.  
Jan E. Christoffersen  
Chairman and  
Secretary-Treasurer  
Donald D. Sharp

### Solicitors

DuMoulin Black  
10th Floor, 595 Howe Street  
Vancouver, B.C.

### Auditors

Tierney & White  
214 - 131 Water Street  
Vancouver, B.C.

### Registrar and Transfer Agent

Pacific Corporate Services  
830 - 625 Howe Street  
Vancouver, B.C. V6C 2T6

### Stock Exchange Listing

Vancouver Stock  
Exchange - Symbol PLJ

### Registered and

### Records Office

1105 - 1020 Howe Street  
Vancouver, B.C. V6Z 1R2  
Telephone and Telecopier  
(604) 682-5205

### Capitalization

20,000,000 shares  
authorized  
- no par value  
5,056,024 shares issued  
(September 7, 1990)

## PASS LAKE RESOURCES LTD. SCHEDULE OF OPTION AGREEMENTS August 31, 1990

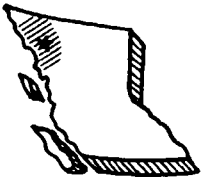
Assuming all option agreements are exercised, the total amount of exploration work to be funded through Pass Lake's option agreement to 1995 would be approximately \$15 million. Projected 1990 - 1993 exploration expenditures through option agreements are as follows:

Optionees	Claim Units	Exploration Work (\$000's)				Total	Pass Lake Interest	
		1990	1991	1992	1993		Before option exercise	After option exercise
Consolidated Goldwest	566	750	2,000			2,700	100%	49%
Lorica Resources	335	200	400	600	800	2,000	100%	49%
Royce Industries	136	125	150	200		475	100%	49%
Milan Resources	160	150	250	400	600	1,400	100%	49%
Canadian Patricia*	257	70	130	200	300	700	50%	24.5%
Winters Gold Hedley*	80	100	150	200	400	850	100%	49%
International Texoro	265	135	250	430	615	1,430	100%	49%
Commonwealth Gold	60	50	100	150	200	500	100%	49%
High Frontier*	228	150	300	450	700	1,600	50-100%	25-49%
Sundial	220	75	125	250	350	800	50%	24.5%
Arnex**	280	30	210	435	660	1,335	50-100%	24-49%
All properties	2,587	1,835	4,065	3,315	4,625	13,840		

\*Regulatory approval required

\*\*Subject to definitive agreement

TO RECEIVE PASS LAKE ANNUAL REPORTS OR NEW RELEASES, PLEASE CONTACT DON SHARP OR  
JAN CHRISTOFFERSEN AT THE ADDRESS / PHONE NUMBER ABOVE.



Affiliate  
of Goldbelt  
Mines Inc.

# PASS LAKE RESOURCES LTD.

NORTH WEST BRITISH COLUMBIA MINING EXPLORATION

## ANNUAL REPORT – FINANCIALS

1990

### Auditors Report

To the Shareholders of Pass Lake Resources

We have examined the balance sheet of Pass Lake Resources Ltd. as at April 30, 1990 and the statements of operations and deficit and 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 April 30, 1990 and the results of its operations and changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Tierney & White  
Chartered Accountants

May 26, 1990  
Vancouver, B.C.

### PASS LAKE RESOURCES LTD. BALANCE SHEET APRIL 30, 1990

#### ASSETS

	<u>NOTES</u>	<u>1990</u>	<u>1989</u>
CURRENT			
Cash		\$ 207,799	\$ 64,112
Accounts receivable		5,520	1,044
Prepaid expenses		—	1,500
		213,319	66,656
LOAN RECEIVABLE	(3)	4,300	39,191
INVESTMENT	(4)	2,500	24,470
MINERAL PROPERTIES AND DEFERRED COSTS	(5) (6)	216,115	125,931
		<u>\$ 436,234</u>	<u>\$ 256,248</u>

#### LIABILITIES

CURRENT			
Accounts payable		\$ 2,500	\$ 8,500

#### SHAREHOLDER'S EQUITY

SHARE CAPITAL	(7)		
Authorized			
20,000,000 Common shares without par value			
Issued			
4,796,024 Common shares (1989 - 4,223,524)		1,147,673	951,673
DEFICIT		<u>(713,939)</u>	<u>(703,925)</u>
		433,734	247,748
		<u>\$ 436,234</u>	<u>\$ 256,248</u>

Approved by the Board of Directors:

Director

Director

**PASS LAKE RESOURCES LTD.  
STATEMENT OF OPERATIONS AND DEFICIT  
FOR THE YEAR ENDED APRIL 30, 1990**

	<u>1990</u>	<u>1989</u>
<b>REVENUE</b>		
Interest income	\$ 7,759	\$ 6,174
Option payments received in excess of cost	70,830	—
Gain (loss) on sale of investment	(7,312)	107
	<u>71,277</u>	<u>6,281</u>
<b>EXPENSES</b>		
Audit and accounting	2,500	2,200
Legal	(105)	12,748
Management fees	27,000	25,600
Office, telephone and sundry	12,197	3,336
Regulatory authorities	4,818	4,281
Shareholder, investor relations	7,748	7,082
Transfer agent	2,467	2,925
	<u>56,625</u>	<u>58,172</u>
<b>GAIN (LOSS) BEFORE THE FOLLOWING WRITEDOWN OF LOAN RECEIVABLE LOSS ON ABANDONMENT OF MINERAL PROPERTIES</b>	<u>14,652</u>	<u>(51,891)</u>
	(24,666)	(20,000)
	—	(78,203)
<b>NET LOSS FOR THE YEAR</b>	(10,014)	(150,094)
<b>DEFICIT, BEGINNING OF YEAR</b>	<u>(703,925)</u>	<u>(553,831)</u>
<b>DEFICIT, END OF YEAR</b>	<u>\$ (713,939)</u>	<u>\$ (703,925)</u>

**PASS LAKE RESOURCES LTD.  
STATEMENT OF CHANGES IN FINANCIAL POSITION  
FOR THE YEAR ENDED APRIL 30, 1990**

	<u>1990</u>	<u>1989</u>
<b>OPERATING ACTIVITIES</b>		
Net loss for the year	\$ (10,014)	\$ (150,094)
Add (deduct) items not involving an outlay of cash		
Deferred exploration costs written off	—	78,203
Loss (gain) on sale of investments	7,312	(107)
	(2,702)	(71,998)
Decrease (increase) in non-cash working capital	(8,976)	572
<b>Cash used for operating activities</b>	<u>(11,678)</u>	<u>(71,426)</u>
<b>INVESTING ACTIVITIES</b>		
Loan (net of recovery and loss provision)	34,891	(39,191)
Investments (net)	14,658	(24,363)
Exploration and resource property costs	(163,921)	(167,884)
Property option payments received	73,737	40,750
<b>Cash used for investing activities</b>	<u>(40,635)</u>	<u>(190,688)</u>
<b>FINANCING ACTIVITIES</b>		
Shares issued for cash	188,500	270,308
Shares issued for resource properties	7,500	33,300
<b>Cash from financing activities</b>	<u>196,000</u>	<u>303,608</u>
<b>INCREASE IN CASH</b>	<u>143,687</u>	<u>41,494</u>
<b>CASH, BEGINNING OF YEAR</b>	<u>64,112</u>	<u>22,618</u>
<b>CASH, END OF YEAR</b>	<u>\$ 207,799</u>	<u>\$ 64,112</u>

**PASS LAKE RESOURCES LTD.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED APRIL 30, 1990**

**1. SIGNIFICANT ACCOUNTING POLICIES**

**a) Mineral Properties and Deferred Costs**

The company is in the process of exploring its mineral properties. Accordingly, property acquisition and exploration costs are deferred until the property is placed into production, sold or abandoned. The deferred costs will be amortized over the productive period when a property reaches commercial production. On abandonment or sale of any property, applicable accumulated deferred expenditures will be written off.

The amount shown for mineral properties represents costs to date and does not necessarily represent present or future value.

**b) Option Agreements**

From time to time, the company acquires or disposes of properties pursuant to the terms of option agreements. Due to the fact that options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as mineral property costs or recoveries when the payments are made or received.

**2. OPERATING STATUS**

The financial statements have been prepared on the basis of a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The company is in the exploration stage and additional costs for exploration and development of its mining properties must be incurred. The continuation of the company as a going concern is therefore dependent on its ability to obtain additional financing for the exploration and development of its mineral properties and the attainment of successful operations.

**3. LOAN RECEIVABLE**

The company has an amount due from Protector Industries Corp. secured by specialized inventory and sales receivables. The company has provided \$24,666 as an estimate of loss on recovery of this amount due. The recovery of any part of this amount is subject to the ability to sell the inventory and collect the receivables.

**4. INVESTMENT**

April 30, 1990	
Number of shares	Cost
International Texoro Resources Ltd. (VSE)	25,000
	\$2,500

The quoted market value of the investment at the close of trading on April 30, 1990 was \$3,250.

**5. MINERAL PROPERTIES AND DEFERRED COSTS**

Properties	Opening	Expenditures	Write-down	Recoveries	Closing
<b>TREK, B.C.</b>					
Acquisition	\$44,743	7,500	-	-	52,243
Exploration	8,631	-	-	-	8,631
<b>Goldwest, B.C.</b>					
Acquisition	1,376	-	-	1,376	
Exploration	35,937	-	-	35,937	
<b>PL 7-13, B.C.</b>					
Acquisition	1,757	-	-	1,757	-
Exploration	600	-	-	600	-
<b>Galore Ck., B.C.</b>					
Acquisition	13,351	21,077	-	12,500	21,928
Exploration	6,029	62,024	-	11,891	56,162
<b>Telegraph Ck., B.C.</b>					
Acquisition	10,134	1,878	-	-	12,012
Exploration	3,373	56,788	-	7,798	52,363
<b>Bull Claims, B.C.</b>					
Acquisition	-	11,713	-	-	11,713
Exploration	-	1,063	-	-	1,063
<b>TOTAL</b>	\$125,931	\$162,043	\$ -	\$71,859	\$216,115

**6. MINERAL PROPERTY AGREEMENTS**

**a) TREK Property**

By agreement dated June 10, 1988 (amended), the Company acquired the subject mineral claims for \$25,000 cash (paid on signing), 200,000 shares (100,000 yet to be delivered) and \$500,000 of exploration expenditures. The claims are subject to a 1.5% net smelter royalty reserved to the optionor.

By agreement dated July 4, 1988 (amended), the Company granted an option to Lorica Resources Ltd. under which Lorica can earn a 51% interest in the subject property by spending \$1,215,000 in exploration on or before December 31, 1993.

**b) PL 7-13 Property**

On December 29, 1989, the Company granted an option on the subject 136 unit property (acquired by staking) to Royce Industries Inc. Royce can earn a 51% interest in the property by making a \$10,000 cash payment and spending \$550,000 in exploration on or before December 31, 1992.

**c) Consolidated Goldwest Properties**

On January 3, 1989, the Company granted an option on the 566 unit Galore Creek property to Consolidated Goldwest Resources Ltd. The property consists of nine claim groups acquired by purchase and staking. To exercise the option to earn a 51% interest in the property, Goldwest must make \$50,000 in cash payments (paid), deliver 280,000 Goldwest shares (180,000 shares delivered) and spend \$2,950,000 in exploration (\$750,000 in 1990 and \$2,000,000 in 1991).

**d) International Texoro Properties**

In agreements dated May 1, 1989 and March 26, 1990 (amended) the Company granted options to International Texoro Resources Ltd. to earn a 51% interest in 211 units in Galore Creek, consisting of four claim groups. The properties were acquired by the Company by staking. To exercise the options, Texoro must incur \$1,600,000 in exploration costs on or before December 31, 1994, make \$85,000 of cash payments and issue 300,000 shares.

**e) Ginny 1-8 Claims**

On March 9, 1990, the Company granted an option to Milan Resources & Explorations Ltd. to earn a 51% interest in the 160 unit Ginny 1-8 claims which were acquired by staking. To exercise the option, Milan must make cash payments of \$50,000, incur exploration expenditures of \$1,400,000 on or before December 31, 1993 and issue 200,000 Milan shares.

**f) Cuds 5-8 Claims**

On April 27, 1990, the Company granted an option to Winters Gold Hedley Ltd. to earn a 51% interest in the 80 unit Cuds 5-8 claims which were acquired by staking. To exercise the option, Winters Gold must make cash payments of \$50,000, issue 200,000 Winters Gold shares and incur exploration expenditures of \$850,000 on or before December 31, 1993.

**g) Lorica Option**

On February 5, 1990, the Company granted an option to Lorica Resources Ltd. to earn a 51% interest in the 89 unit Glen claims which were jointly acquired by staking by the Company and Golden Sitka Resources Inc. To exercise the option, Lorica must incur exploration expenditures of \$200,000 on or before December 31, 1993. On exercise of the Glen claims option, the Company will retain a 24.5% participating interest in the property. Also on February 5, 1990 the Company granted a second option to Lorica to earn a 51% interest in 135 units in Galore Creek (Cuds 1-4 and Robb 1-3 claims) which were acquired by the Company by staking. To exercise this option Lorica must incur \$800,000 of exploration expenditures on or before December 31, 1993.

**h) BAR/ RING and TON Option**

The 257 units comprising the BAR, RING and TON claims in Telegraph Creek area of Northwest British Columbia were jointly acquired by staking by the Company and Golden Sitka Resources Inc. On April 27, 1990, the Company and Golden Sitka granted an option to Canadian Patricia Exploration Ltd. to earn a 51% interest in the subject property. To exercise the option, Canadian Patricia must make a \$20,000 cash payment, issue 150,000 Canadian Patricia shares and incur \$700,000 in exploration on or before December 31, 1993. On option exercise, the Company will hold a 24% participating interest in subject claims.

**i) Other Properties**

The Company also holds 588 units (acquired by staking) for which option agreements have not yet been completed. Of this total, 300 units are located in the Telegraph Creek area and are held jointly (50% each) by the Company and Golden Sitka Resources Inc. The remaining 288 units are held 100% by the Company.

**7. SHARE CAPITAL**

a) The company has authorized share capital of 20,000,000 common shares. Changes in the Company's issued and outstanding common shares during the year were as follows:

	<u>Number of shares</u>	<u>Amount</u>
BALANCE - APRIL 30, 1989	4,223,524	\$951,673
Shares issued pursuant to private placements	497,500	168,500
Shares issued on stock option exercises	50,000	20,000
Shares issued for mineral properties	<u>25,000</u>	<u>7,500</u>
BALANCE - APRIL 30, 1990	<u>4,796,024</u>	<u>\$1,147,673</u>

b) The company has granted stock options to directors and employees. The options outstanding at April 30, 1990 allow for the acquisition, in aggregate, of up to 300,000 shares at an exercise price of \$.40 per share. The options are for two year terms, expiring principally in 1990, and are exercisable in whole or in part at any time during that term.

c) In connection with the flow-through share private placements the company has incurred Canadian Exploration Expenditures (CEE) in an amount equal to the consideration received and has renounced to the shareholders the tax benefits associated with the CEE incurred.

d) Of the company's issued and outstanding shares, 328,126 are held in escrow, their release being subject to the approval of the regulatory authorities.

**8. INCOME TAXES**

The company has \$373,195 available from operating losses to reduce income taxes in future years.

**9. RELATED PARTY TRANSACTION**

During the year the company paid \$69,000 to directors and senior officers for management of the company's affairs.