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BLACKDOME EXPLORATION LTD.

904 - 675 WEST HASTINGS STREET, VANCOUVER, B. C. V6B 1N2

TELEPHONE 688-3584

January 28, 1982

NEWS RELEASE

Blackdome Exploration Ltd. ("Blackdome") and Heath Steele Mines Limited ("Heath Steele") have reached an agreement in principle, pursuant to which, subject to approval of the Vancouver Stock Exchange, Heath Steele will subscribe to 150,000 Class A common shares of Blackdome at \$3.00 per share and initially expend not less than \$600,000 on exploration of Blackdome's gold-silver property west of Clinton, B.C.

Heath Steele will have the right and option to subscribe for a further 100,000 shares of Blackdome at \$3.00 per share and expend a further \$2,400,000, over a 24 month period. All expenditures made by Heath Steele are convertible to Class A common shares of Blackdome at the rate of one share for every \$3.00 of expenditures.

If, after the expenditure of \$3,000,000 on the property, a production decision is made, Heath Steele will have the right to subscribe for a further 1,000,000 Class A shares at \$3.50 per share and a further 1,000,000 Class A shares at \$4.00 per share.

At that time, any additional funds required to bring the property into production will be provided by debt financing.

If all rights and options are exercised by Heath Steele, it will have acquired 3,250,000 Class A shares of Blackdome or 55% of the then issued capital at a total cost of \$11,250,000. At that time Heath Steele will be entitled to appoint three of the five directors of Blackdome.

In order to accommodate the proposed transaction, Blackdome will increase its authorized capital to 6,000,000 common shares, all of one class. Currently issued capital of Blackdome consists of 2,692,750 Class A common shares with a further 20,000 shares being subject to options to employees.

On Behalf of the
Board of Directors


A. F. Reeve, President

*Rita
Blackdome
File
(dead)*