

OCOTILLO GOLD ZONE

The Ocotillo Gold Zone is located one mile southeast of the Indian Rose Deposit. A total of 17 holes have been drilled at 1,000-2000 foot centres to test the south easterly continuation of mineralization at Indian Rose along a gravity anomaly. Mineralization of a similar style but with a higher grade than the Indian Rose Deposit has been found in four adjacent holes. Imperial Gold intends to carry out 15,000 feet of drilling in 1989 to further define the Ocotillo Gold Zone and the outlined Gas Vapour phase geochemical anomalies.

HARRISON GOLD PROPERTY

Property

The Harrison Gold Property is owned as to 60% by Bema and as to 40% by Abo Resource Corporation.

The Harrison Gold Property is comprised of 24 mineral claims in the New Westminster Mining District located at the southeast edge of Harrison Lake about 100 kilometres east of Vancouver, British Columbia. The property covers approximately 20,000 acres.

Geology

Gold mineralization on the Harrison Gold Property on the Jenner, Portal and Hill Gold Zones is associated with quartz vein stock works in association with pyrite, pyrrhotite, chalcopyrite and sphalerite within or immediately adjacent to small quartzdiorite intrusive bodies of tertiary age. On the Breccia Gold Zone gold is associated with disseminated sphalerite, chalcopyrite and pyrite and pyrrhotite in a strongly sericite-chlorite altered polymictic breccia. This breccia extends over 400 metres along the flank of the Hill granitic Stock.

Exploration and Development

In 1983 Abo acquired an option to purchase the claims in exchange for 200,000 common shares of Abo. Abo paid \$50,000 upon execution of the option agreement and agreed to pay \$25,000 annually until 1991 and \$575,000 on September 30, 1992. The vendors of the property also retained a 5% NSR which will continue to be paid until they have received \$800,000 (of which the cash payments described above form a part) at which time they will have no further interest.

In 1984 Abo entered into a joint venture with Kerr Addison Mines Limited ("Kerr") on the Harrison Gold Property pursuant to which Kerr earned a 60% interest in the property by expending \$1,750,000 on exploration. In 1985 and 1986 Kerr conducted a major program on the Harrison Property, outlining several mineralized quartz diorite stocks on surface. Follow up drilling was carried out primarily on the Jenner Stock, indicating the potential for a large tonnage low grade gold deposit.

On March 1, 1987 Bema entered into a joint venture agreement with Kerr on the Harrison Gold Property pursuant to which Bema earned a 35% working interest in the property by expending \$1,000,000 on exploration. An extensive underground program was undertaken on the Jenner Stock to determine a more accurate representation of gold grade. Both Kerr and Bema believed that due to the extreme nugget effect and the complex network of gold bearing quartz veins, that diamond drilling had understated the grade of the Jenner Stock. The underground work consisted of driving an adit 188.9 metres with crosscuts north for 36 metres and south southeast for 43.8 metres. In addition, three raises totalling 75.6 metres were driven up pre-existing diamond drill holes.

Detailed sampling of face, rib and mucks indicated a substantially higher grade than had been indicated by diamond drilling. These underground results combined with previous drilling indicate reserves of 2,800,000 tons of Mineable Reserves grading 0.1 ounces per ton gold and 2,100,000 tons of Inferred Reserves grading 0.1 ounces per ton gold in the Jenner Stock.

Based on results from the 1987 program, L.J. Manning and Associates were commissioned to prepare a preliminary engineering study to generate a practical mine plan and cost evaluation for the Jenner Stock. A preliminary model was developed assuming an estimated 2,180,000 tons with a grade of 0.09 ounces per ton gold, recoveries of ninety percent and a U.S. \$450 per ounce gold price. Manning recommends sub-level caving as the optimal mining method and projects a capital cost of \$25,000,000. Based on these assumptions, a gold production cost of approximately U.S. \$200 per ounce is estimated at a production rate of 1,500 tons per day producing 35,000 ounces of gold per year with a ten year mine life. While the Manning report is preliminary, it indicated positive parameters to proceed with further development work on the Jenner Stock.

Based on the encouraging results from the 1987 field project, Bema directly and indirectly increased its interests in the Harrison Gold Property. Pursuant to an agreement dated October 27, 1988 between Bema and Abo, Bema exchanged 1,000,000 common shares of Bema for 2,500,000 common shares of Abo and acquired an additional 600,000 common shares of Abo by way of private placement to own approximately 40% of the outstanding common shares of Abo.

In June 1988, Bema entered into an agreement with Kerr to acquire Kerr's remaining 25% interest in the Harrison Gold Property in exchange for 700,000 common shares of Bema and \$600,000, the latter payable on or before June 30, 1989 in cash or shares of Bema. The shares of Bema will be valued with reference to the prevailing market price. This agreement gave Bema a 60% direct interest in the Harrison Gold Property and the right to be operator.

In 1988 the Company expended \$1,700,000 in exploration and development on the Harrison Gold Property. The objective of the program was twofold: first, to further define the grade and tonnage of the Jenner Stock, with 8,100 feet of

underground drilling from the 187 level adits; and second, to initiate exploration of the other mineralized stocks on the property through surface sampling, mapping and geophysics and 15,000 feet of exploration drilling.

On December 17, 1988 the underground drilling was completed on the Jenner Stock. Drill assays are currently being compiled and revised grade and tonnage estimates for the Jenner Stock will be available by late February. Based on these figures the Company will initiate a further pre-feasibility study.

The 1988 surface exploration drilling program was successful in outlining three new high grade gold zones on the Harrison Gold Property.

Hill Stock

The Hill Stock is located 2.5 kilometres south of the Jenner Stock. Diamond drill hole 130 intersected significant gold mineralization in several near vertical zones as follows:

<u>Interval</u>	<u>Length</u>	<u>Gold</u>	<u>Silver</u>
200-213 feet	13.1 ft	0.25 oz/ton	0.40 oz/ton
512-538 feet	26.3 ft	0.25 oz/ton	0.40 oz/ton

The gold mineralization is associated with quartz, pyrrhotite veins carrying copper, zinc and molybdenum mineralization.

Breccia Zone

A second significant discovery was made in a large north-south trending breccia zone to the west and peripheral to the Hill Stock. Hole DDH-127 intersected a sulphide zone which occurs within a 250 foot wide breccia with a strike length of 1,500 feet. The sulphide zone contains pyrrhotite, pyrite with chalcopyrite and sphalerite and is widening at depth. Gold and silver mineralization has been intersected through the breccia zone with the most significant interval as follows:

<u>Interval</u>	<u>Length</u>	<u>Gold</u>	<u>Silver</u>	<u>Zinc</u>
430-453 feet	23 feet	0.10 oz/ton	0.30 oz/ton	1.2Z

Portal Stock

Drilling on the Portal Stock has intersected significant high grade gold results contained within the footwall zone. Drill hole 88-83 is located 200 feet to the east of drill hole 88-76.

<u>Drill Hole</u>	<u>Interval</u>	<u>Length</u>	<u>Gold</u>
88-76	299-325 feet	26 feet	0.31 oz/ton
88-83	856-866 feet	10 feet	0.60 oz/ton

Abo, Bema's joint venture partner, has indicated that it will fund a second phase drill program estimated to cost \$500,000, scheduled to commence in April 1989 to further test the Hill and Portal Stocks and Breccia Zone.

OTHER MINERAL PROPERTIES

The Company has interests in a number of other mineral properties as follows:

<u>Property</u>	<u>Location</u>	<u>Ownership</u>	<u>Number of Claims</u>
Dev Property	northern British Columbia	51%	10 claims
Wait Property	southeastern British Columbia	option to earn 51%	28 claims
True Fissure Property	northern British Columbia	100%	8 claims
Pin Money and King Fraction Property	central British Columbia	100%	2 claims

To December 31, 1988 approximately \$950,000 has been expended on acquisition, exploration and development work on the above-noted properties. However, Bema does not propose to expend further funds on these properties in the near future.

PETROLEUM AND NATURAL GAS INTERESTS

Bema, through its shareholdings in Abo, has an indirect interest in a number of petroleum and natural gas properties. Abo's 1987 oil production was approximately 21,000 barrels which produced revenues of \$370,571. Total reserves, proven and probable, are approximately 132,000 barrels.

CAPITAL EXPENDITURES

The approximate capital expenditures of Bema during each of the three fiscal years ended December 31, 1988 were as follows: