

Blackdome Mine

MinVen owns 50.7% of Blackdome Mining Corporation which, in turn, owns and operates the Blackdome Mine located about 140 miles north of Vancouver, British Columbia. The underground mine produces over 200 tons per day of high-grade gold-silver ore which is processed at the adjacent mill. The facility was completed and began operation in May 1986.

Ore Reserves

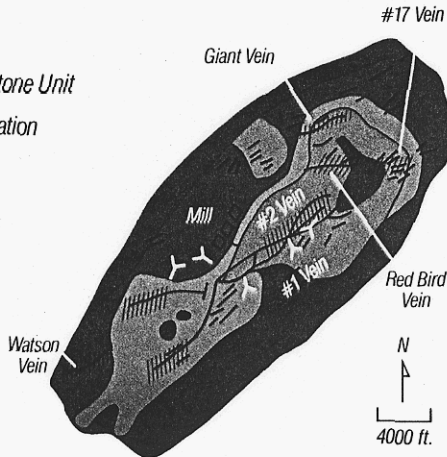
Proven and probable ore reserves (cut and diluted) for the Blackdome Mine as of December 31, 1988 were as follows:

	Tonnage	Grade Oz/Ton		Contained Ounces	
		Au	Ag	Au	Ag
Proven & Probable	124,279	0.59	1.87	73,615	232,377
Gold Ore Resource	91,862	0.51	1.16	46,949	106,735

During 1988, Blackdome spent Cdn\$5.4 million on an extensive exploration program on the 30,100 acre property. The program was designed to significantly increase the Company's geologic knowledge of the property in the dual effort to replace mined ore reserves and increase the efficiency of future exploration and development work.

Blackdome Mine

- Basalt
- Andesite
- Rhyolite
- Dacite
- Lower Greenstone Unit
- ▨ Priority Exploration Potential
- ~ Quartz Veins
- Portal



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The program was structured to continue the development efforts on the Nos. 1 and 2 Veins and begin exploration of the Watson, Red Bird, Giant, and No. 17 Veins. Drilling of the Watson Vein was encouraging enough for the Company to drive an adit to examine the mineralized zones. However, adverse ground conditions and poor results delayed further exploration.

Drilling on the Giant Vein has been more encouraging; 53 drill holes were completed in 1988 resulting in several ore shoots being identified over a 1,600 foot strike length and a 500 foot depth. The structures are open on strike and at depth. A total of 30 holes were drilled on the Red Bird Vein. Several ore shoots with mineralogy and metal values similar to those discovered on the Giant Vein were identified and additional work is planned for 1989.

The No. 17 Vein is a new system discovered by trenching operations in the fall of 1988. It is characterized by the same quartz veining as other veins on the property and appears to be a northern extension of the No. 1 Vein (which has provided most of the mine production to date). Eleven holes were completed in the No. 17 Vein with encouraging results.

Although Blackdome only replaced 67% of the tons mined during 1988, the work and money spent during the year on the wide-ranging exploration program on the geologically complex Blackdome property will benefit the Company for many years to come.

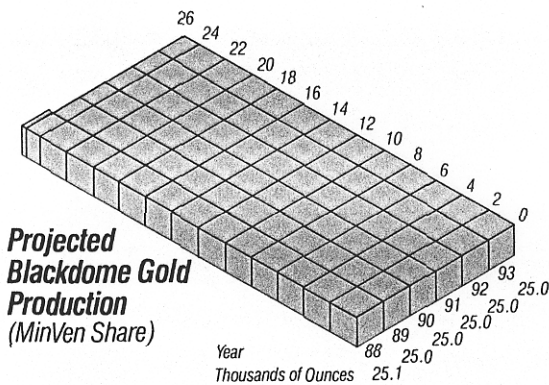
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Operations

The Blackdome Mine achieved new records during its second full year of production in 1988.

Mill throughput was 87,519 tons of ore, an improvement of 7% over 1987 production. The average grade of the mill feed was 0.63 ounces of gold and 2.96 ounces of silver per ton. Improved recoveries of 93.4% of the gold and 71.7% of the silver resulted in total production of 51,629 ounces of gold and 182,106 ounces of silver compared to 46,698 ounces of gold and 126,520 ounces of silver in 1987.

The 1988 average cash cost of production, including all mining, development, milling and on-site administration costs totaled Cdn\$300 (US\$244) per ounce of gold produced compared to Cdn\$260 (US\$196) per ounce in 1987. Exploration costs in 1988 amounted to Cdn\$106 (US\$85) per ounce produced compared to Cdn\$30 (US\$22) per ounce in 1987. These exploration costs which were unusually large in 1988 were expensed as part of the on-going exploration and development cost of the mine.



Income and Resource Taxes

The effective tax rate declined from 44.4% in 1986 to 37.1% in 1988 as a result of reduced Federal and Provincial tax rates in Canada and the increased effect of U.S. operations subject to lower taxes.

Net Income

As a result of all of the above factors, net income of \$90,918 or \$0.01 per share in 1988 was less than net income of \$5,020,364 or \$0.35 per share in 1987.

Investment Activities

Effective January 1, 1988, MinVen acquired, from VenturesTrident, L.P., Compass Mining, Inc. which owns a 25% joint venture interest in the Cactus Gold Mines in consideration for 1.47 million Common shares valued at \$5.7 million.

Effective January 27, 1988, MFC Mining Finance Corporation amalgamated with Castlemain Explorations Ltd and Empire Valley Gold Mines Limited. The principal asset of both companies were shares of Blackdome Mining Corporation. MinVen subsequently acquired an additional 30,000 shares of Blackdome Mining Corporation through open market transactions.

Effective December 30, 1988, MinVen acquired, from VenturesTrident, L.P., Helix Mining Inc. and Matrix Financial, Inc., which own a 33 $\frac{1}{3}$ % joint venture interest in the Golden Reward Mine in consideration for 2.9 million Common shares valued at \$10.7 million.

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During 1988 MinVen invested \$33.3 million in new plant facilities and equipment, including US\$13.9 million for the Gilt Edge Heap Leach facility, US\$5.3 million for the Gilt Edge Expansion Project, US\$2.6 million for the Cactus-Shumake facility, US\$3.3 million for the Golden Reward facility prior to completing the acquisition of Helix and Matrix, and \$1.0 million for the Blackdome Mine.

Expenditures for property acquisitions, facilities development and equipment totaled \$53.1 million. As a result of these expenditures, MinVen changed from a company with two operating mines and one property under development to a company with four mines in operation, a fifth in development, and a major expansion of one under consideration.

MinVen invested \$13.8 and \$6.8 million in new plant and facilities during 1987 and 1986, respectively.