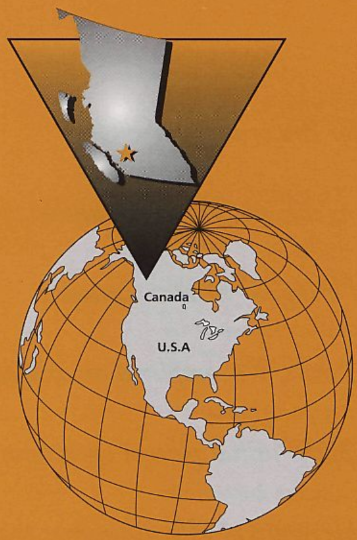
BRALORNE PIONEER GOLD MINE LTD.

1995 ANNUAL REPORT

Forging a **New Era** at Western Canada's Richest Gold Mine

Ore grades were sometimes measured in many ounces per ton.

Bralorne Pioneer Gold Mines Ltd., with its 50% joint venture partner International Avino Mines Ltd., is developing and re-opening the Bralorne-Pioneer gold mine at the town of Bralorne in southern British Columbia. Bralorne-Pioneer, which consists of the Bralorne, King and Pioneer mines, is historically one of Western Canada's richest and most productive gold mines. Since its discovery in 1897, this operation has produced 4.1 million ounces of gold, worth some US$1.5 billion at today's gold prices.



Background

Old timers who worked at Bralorne-Pioneer during its heyday still talk excitedly about finding clumps of gold as big as a man's fist. Ore grades, which averaged more than half-an-ounce per ton, were sometimes measured in many ounces per ton. Pioneer was considered one of the world's richest gold mines. In 1935, it operated at 550 tons per day with an average grade of one ounce per ton.

Although low gold prices forced the operation to close in 1971, considerable ore remained. Additionally, a number of gold veins had terminated at fault lines and the extensions of these veins had not been located.

Following attempts to re-open the mine–first by E & B Explorations in the early 1980s and then Corona Corp. in the late 1980s–International Avino Mines acquired 100% interest in 1991. International Avino had located several of the missing vein extensions on key properties that adjoined the Bralorne claims. These added considerably to the reserve potential and provided the catalyst for further exploration and development.

In 1993, Bralorne Pioneer Gold Mines negotiated an option to earn a 50% interest in the entire Bralorne project.

Achievements 1995

- Initial public offering raised C$900,000 and the Company began trading on the Vancouver Stock Exchange in late 1994.
- With joint venture partner International Avino Mines Ltd., completed the Mine Development Certificate process.
- Received Mine Development Certificate in March of 1995
- Began installation of plant and equipment for an initial 150 ton per day operation.
- Made significant progress in securing additional environmental and land use permits.
- Raised more than C$2.6 million in equity and debenture financings.
- Completed earn-in option with International Avino Mines in November of 1995.

Objectives 1996

- Begin initial production phase at Bralorne-Pioneer at a rate of 150 tons per day.
- Complete start-up phase, begin gradual increase toward full production of 450 tons per day.
- Continue development of gold reserves and expand development of new discovery areas located during the last several years.

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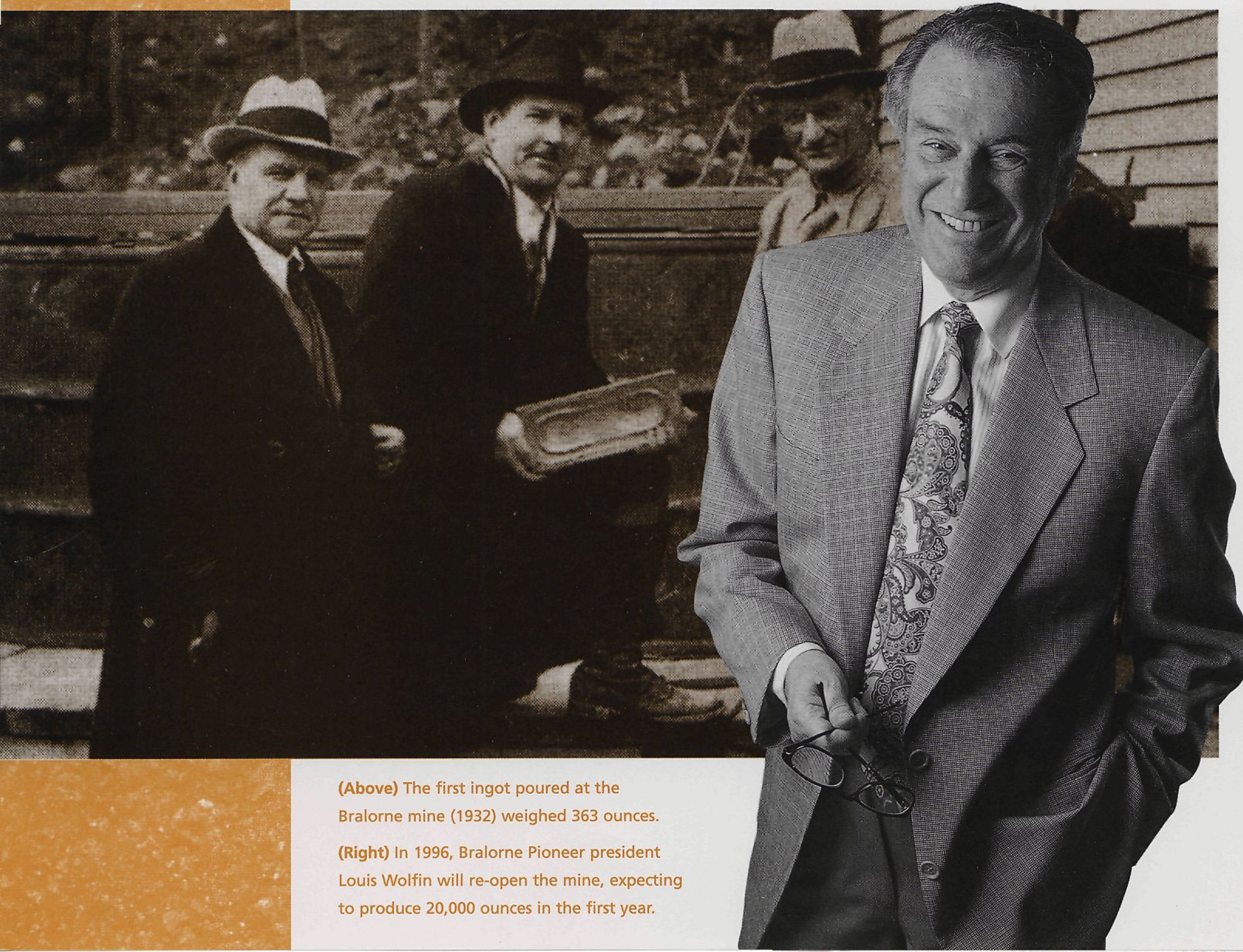
To Our Shareholders

I am pleased to present the first annual report for Bralorne Pioneer Gold Mines Ltd. Our initial year as a public company was marked by a number of significant accomplishments, all focused toward bringing Western Canada's richest gold mine back into production after 25 years. We completed an arduous permitting process, successfully funded the Company's initial plan of operations and, most importantly, continued the remarkable record of gold discoveries that have provided the catalyst to re-open the historic Bralorne-Pioneer gold mine.

A Remarkable Record of Gold Discoveries



(Above) The first ingot poured at the Bralorne mine (1932) weighed 363 ounces.

(Right) In 1996, Bralorne Pioneer president Louis Wolfin will re-open the mine, expecting to produce 20,000 ounces in the first year.

Improvements in exploration technology–combined with some commendable prospecting work by our field staff–allowed us to find unknown extensions of major gold veins mined during Bralorne-Pioneer's heyday. These are rich finds, with some ore zones averaging more than one ounce of gold per ton. Perhaps most exciting is the fact that we are now finding completely new gold systems that extend onto ground never explored by the original miners. These discoveries offer vast potential for new ore and may expand the life of the mine for many years to come.

While these accomplishments certainly underscore our hard work and commitment during the year, they actually represent the culmination of many years spent persistently prospecting and exploring the entire Bralorne mineral region. The decision to proceed with acquisition of the Bralorne-Pioneer mine resulted from a wealth of data and knowledge about the area acquired by management over the past 30 years. Our discoveries on adjoining and nearby claims indicated long-term expansion potential, while exhaustive study of the area's geology and history provided the confidence to explore the expansion potential of the existing Bralorne and Pioneer gold workings.

The results of our efforts have been most gratifying. Not only have we identified a large, mineable resource within the known Bralorne-Pioneer vein system, we may have unlocked secrets of this enormous gold system that will promise a new era of mining and prosperity well into the next century.

Combining data from our research with extensive information from previous mine operators, we submitted an application for a Mine Development Certificate to the British Columbia Ministry of Energy, Mines and Petroleum Resources in 1994. On March 15, 1995, the Ministry and British Columbia Premier Mike Harcourt announced they had granted a Mine Development Certificate to develop and re-open the Bralorne gold mine. The certificate allows Bralorne Pioneer Gold Mines, along with 50% joint venture partner International Avino Mines, to immediately complete development and final permitting to re-open the mine.

Our long history in the area has also provided the credibility to attract a substantial level of exploration and development funding. Private placement funding during the year allowed us to raise more than C$2.6 million, while our initial public offering raised C$900,000.

The mine's existing infrastructure allows us to develop the mine for significantly less money than a comparable operation built "from the ground up," and also to complete the job in much less time. We will begin production from previous underground workings that have required only a minimum of rehabilitation.

While the known block of mineable ore is expected to provide significant initial production, we are most excited about the exploration potential from at least three new zones discovered over the past several years. As well, a key portion of the area between the Bralorne and Pioneer mines remains unexplored and offers considerable development potential.

Outlook

We will continue development of the mine, with initial start-up expected mid 1996. At the same time, we will further explore the zones discovered to date and continue our search for new gold zones. We look forward to a very exciting year.

I am happy for this opportunity to express my sincere thanks to all our personnel for a remarkable first year. Particular recognition must go to Director William (Bill) Glasier for his dedication in managing the Mine Development Certificate application. Without his commitment to a very complicated and often frustrating process, we would be well behind our present level of progress.

Mr. Louis Wolfin
President

We may have unlocked secrets of this enormous gold system that will promise a new era of mining and prosperity well into the next century.

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A New Era Begins

The initial mining and milling operation will produce up to 20,000 ounces of gold in the first year. As designed, the gold recovery and milling plant will have an ultimate capacity of 450 to 500 tons of ore per day and increase gradually toward full capacity as the underground mine development proceeds.

Mineable reserves in the "readily available" category are 476,835 tons grading 0.31 oz/ton gold, all situated above the 800 level. These calculations exclude significant new discoveries made by Bralorne Pioneer and International Avino since 1992, particularly in the Peter Zone. Further geological evaluation points to an additional five years of ore in other areas. In addition, potential reserves adding up to at least ten years of production have been outlined.

The mill, as permitted, will have standard recovery by jigs and tables followed by flotation—a much cleaner method which eliminates the potentially hazardous use of cyanide and mercury while maintaining recoveries of about 94%.

First year production is forecast at up to 20,000 ounces

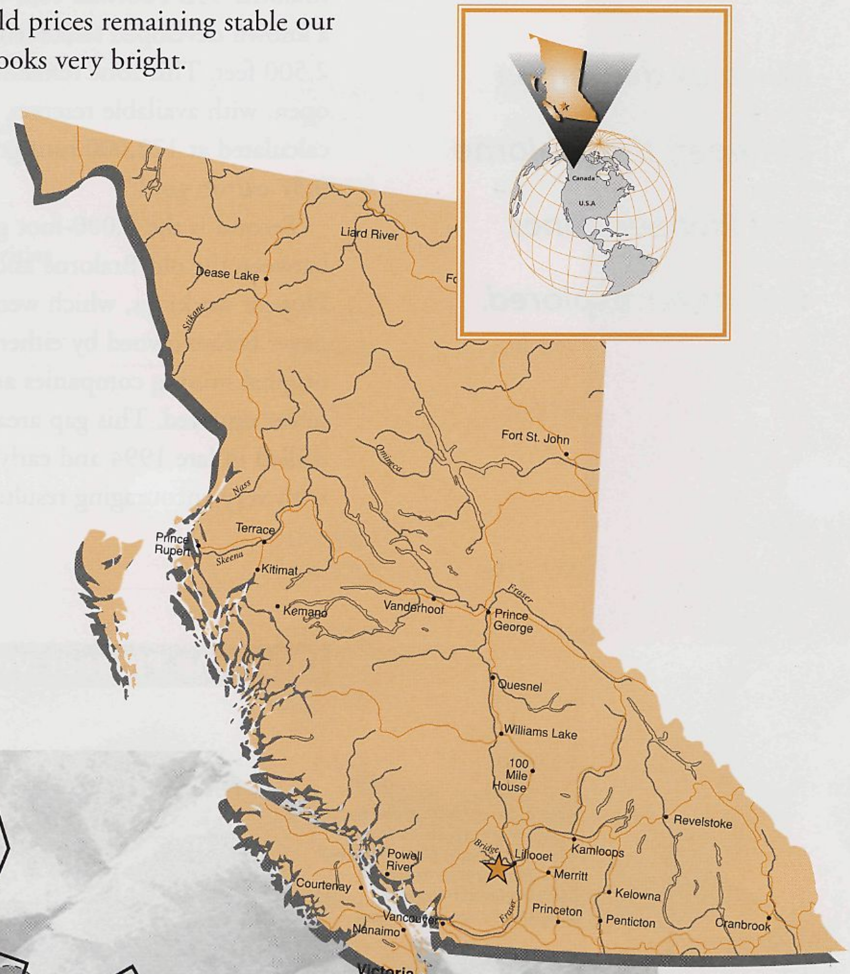
Construction of new mill facility is proceeding on schedule

The gravity concentrate will be furnaced and poured into dore bars on the property with flotation concentrate shipped to a Northwest smelter for final processing. Capital costs to production are projected at C$6.4 million. Production is expected to begin in mid 1996.

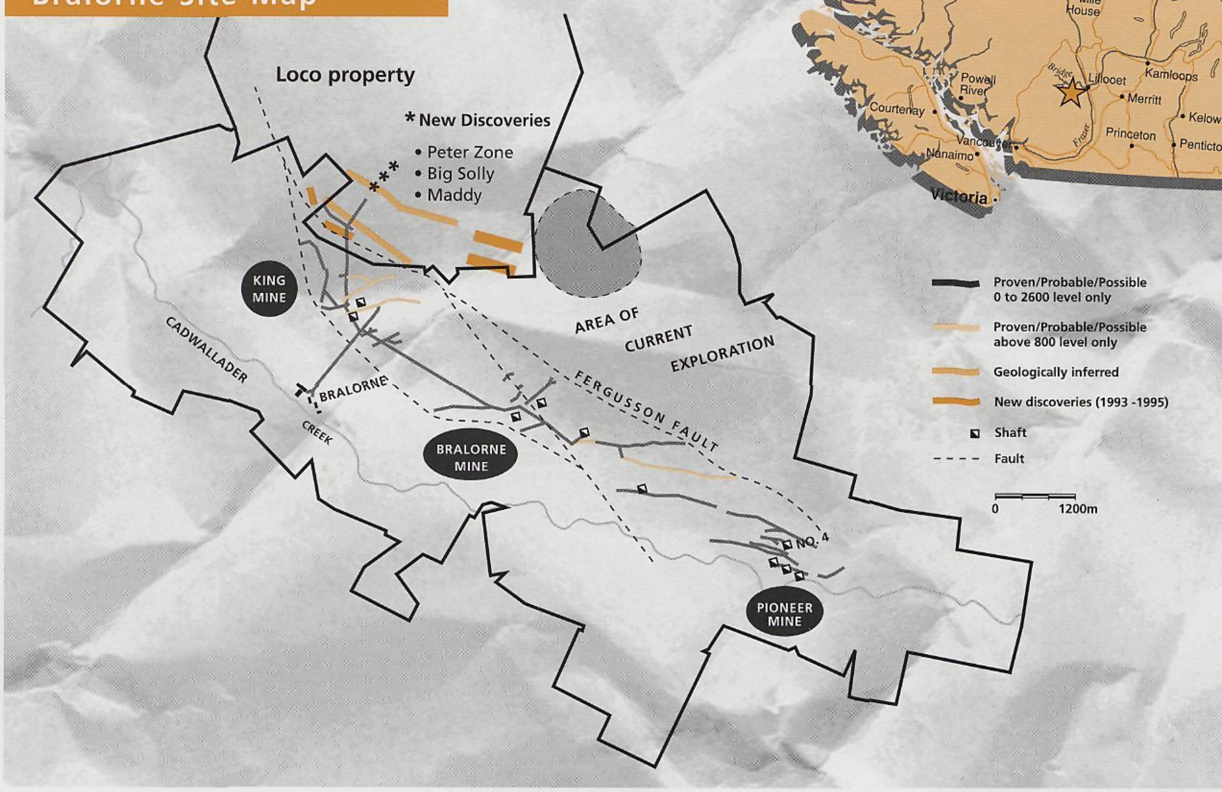
The mill will begin tune-up in early 1996. Present efforts are focused on mill construction and rehabilitation.

Initial production will come from the formerly producing Taylor, 51 and 51B veins where exploration in recent years has outlined the largest and most accessible block of reserves. The nearby Countless vein holds approximately 120,000 tons of drill indicated reserves grading 0.5 oz/ton gold.

Based on a US$350 per ounce gold price, production of 360 tons per day (260 mining days per year) and 95% recovery, the mine should provide projected net income of US$2.7 million during the first year. As production builds to 50,000 ounces over the next few years–and with gold prices remaining stable our future looks very bright.



Bralorne Site Map



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Much of the region between the Bralorne and Pioneer Mines was never explored.

The New Discoveries

Three key zones, constitute an area of significant exploration potential.

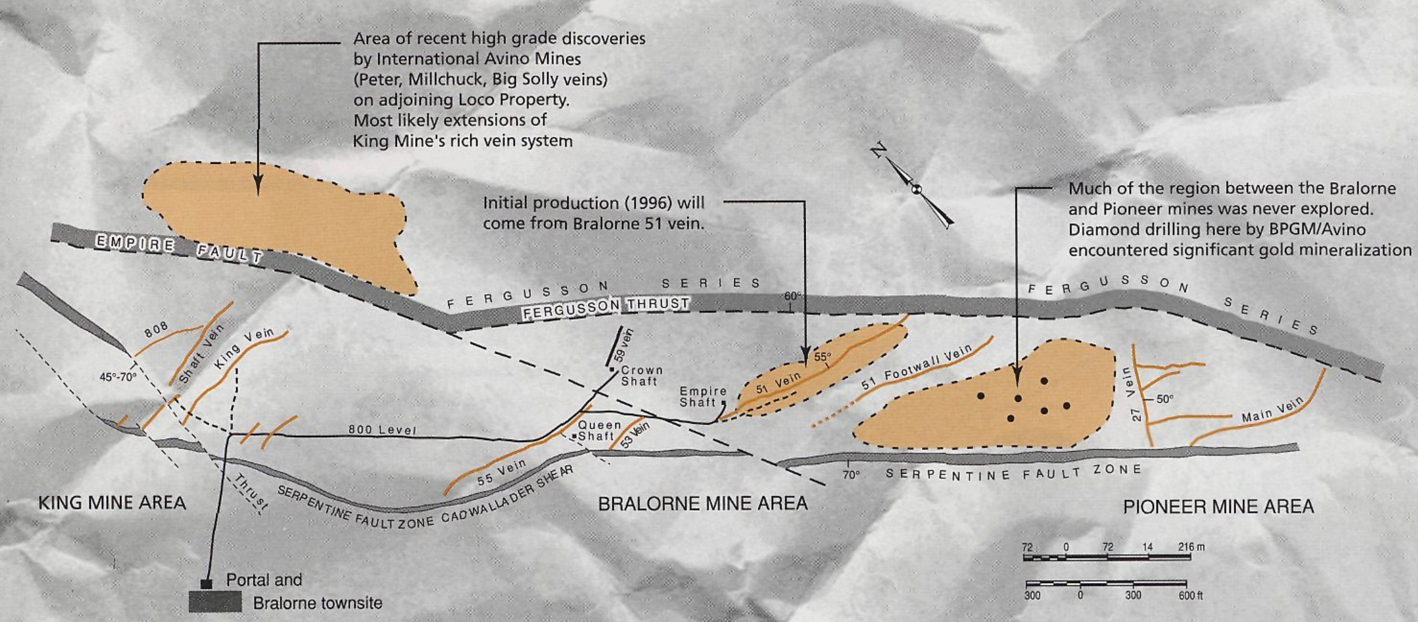
One is the extension of the Bralorne 51B Footwall vein with a known developed strike length of 2,500 feet. This zone remains open, with available reserves calculated at 122,000 tons grading 0.37 oz/ton gold.

Second is the 2,000-foot gap between the old Bralorne and Pioneer workings, which were never before owned by either of the original mining companies and were never explored. This gap area was drilled in late 1994 and early 1995 with very encouraging results.

Third is the area northeast of the Fergusson fault (on the adjoining Loco Property) which hosts the Peter, Millchuck and Big Solly veins. Drifting on the upper adit of the Peter vein encountered 215 feet grading 0.38 oz/ton gold over a 3.4-foot average width, *including a 105-foot section* grading 0.611 oz/ton.

In 1995, development drifting from the 800 level of the Peter vein immediately encountered 100 feet grading 0.46 oz/ton gold over a true width of six feet. The area between the discovery and the upper adit represents a large zone of significant potential.

Bralorne Pioneer Vein System and Fault Lense



100 Years -
A Brief History of the Bralorne Mine

1896 First claims of the Bralorne staked downstream from where the Pioneer mine is eventually established.

1928 New owners take over Pioneer Gold Mines, improved mill opens at 100 tons per day.

1931 Mr. Austin Taylor and associates acquire Bralorne property and finance construction of a 100 tpd mill.

1932 First gold brick, weighing 363 ounces (worth some $138,000 at today's gold prices), poured at Bralorne mine.

1971 Low gold prices force shutdown of entire operation.

1982 E & B Exploration Inc. presents application to re-open Bralorne mine. Economics and reserves deemed unfavorable at that time.

1990 Avino Mines & Resources (now International Avino Mines Ltd.) discovers significant gold mineralization on adjoining Loco property.

1991 International Avino Mines acquires 100% interest in entire Bralorne operation from Corona Corp., et al.

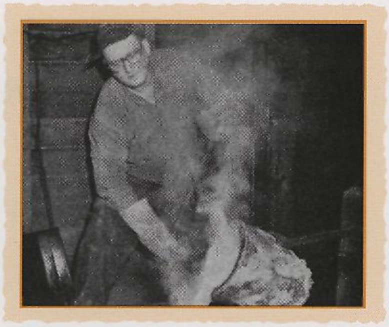
1993 International Avino continues to discover significant new gold zones in areas not previously explored along the Fergusson fault.

1993 Bralorne Pioneer and International Avino Mines begin joint venture exploration and development of the Bralorne-Pioneer mine and adjoining ground

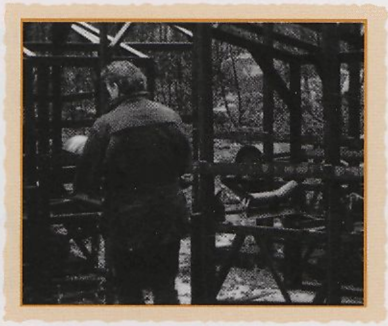
1995 International Avino and Bralorne Pioneer Gold Mines obtain Mine Development Certificate from British Columbia Ministry of Mines.

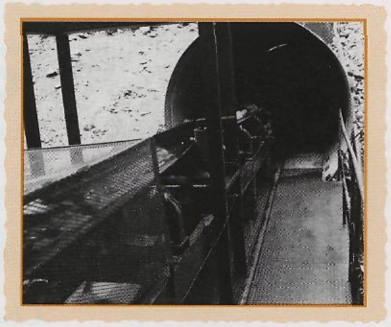
1995 The joint venture continues to make major gold discoveries in the Peter zone.

1996 The joint venture purchases existing mill facility, begins plant construction. Mine start-up expected mid year.


Pouring one of the first gold bricks.


In Pioneer mine, 1930s.


Plant construction began in 1996.


The mill will eventually process 450 tons per day.

AUDITORS' REPORT

To the Shareholders of

BRALORNE-PIONEER GOLD MINES LTD.

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We have audited the balance sheets of Bralorne-Pioneer Gold Mines Ltd. as at July 31, 1995 and 1994 and the statements of operations and deficit and changes in financial position for the years then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at July 31, 1995 and 1994 and the results of its operations and the changes in its financial position for the years then ended in accordance with generally accepted accounting principles.

Ellis Foster

Ellis Foster

Vancouver, Canada

October 27, 1995

Chartered Accountants

Balance Sheet

July 31, 1995 and 1994

		1995		1994
ASSETS				
Current				
Cash	$	379,273	$	2,168
Subscriptions receivable		3,100		100
Other receivable		113,562		14,277
Prepaid expenses		2,810		-
		498,745		16,545
Resource property (Note 2)		1,420,911		480,999
	$	1,919,656	$	497,544
LIABILITIES				
Current				
Accounts payable and accrued liabilities	$	361,931	$	161,585
SHAREHOLDERS' EQUITY				
Share capital (Note 3)		1,872,850		435,350
Deficit		(315,125)		(99,391)
		1,557,725		335,959
Commitment (note 5)				
Contingent liability (note 6)				
	$	1,919,656	$	497,544

Approved by the Directors:

Director ....
Ernest Calvert

Director ....
Louis Wolfin

Statement of Operations and Deficit

For the Years Ended July 31, 1995 and 1994

		1995		1994
Interest income	$	26,603	$	2,325
Expenses				
Consulting fees		1,603		-
Listings & filings fees		5,666		6,708
Office, occupancy & miscellaneous		77,165		26,000
Professional fees		27,813		17,658
Salaries & benefits		29,674		20,488
Transfer agent fees		4,808		-
Travel & accommodation		10,680		428
		157,409		71,282
Loss for the year		(130,806)		(68,957)
Deficit, beginning of year		(99,391)		(2,060)
Share issuance costs		(84,928)		(28,374)
Deficit, end of year	$	(315,125)	$	(99,391)

Statement of Changes in Financial Position

For the Years Ended July 31, 1995 and 1994

		1995		1994
Cash provided by (used for) operating activities				
Loss for the year	$	(130,806)	$	(68,957)
Cash provided by non-cash working capital		95,251		46,182
		(35,555)		(22,775)
Cash provided by (used for) financing activities				
Proceeds from the issuance of share capital		1,437,500		-
Share issuance costs		(84,928)		(28,374)
		1,352,572		(28,374)
Cash used for investing activities				
Acquisition of resource property		(435,392)		-
Exploration expenditures incurred		(504,520)		(217,598)
		(939,912)		(217,598)
Increase (decrease) in cash position		377,105		(268,747)
Cash position beginning of year		2,168		270,915
Cash position end of year	$	379,273	$	2,168

Notes to Financial Statements
July 31, 1995 and 1994

1. Significant Accounting Policies

a. Resource Property
The Company is in the exploration stage and defers all expenditures related to its resource property until such time it is put into commercial production sold or abandoned. Under this method all costs related to the exploration and development are capitalized and do not necessarily reflect current or future values. If the property is put into commercial production the expenditures will be depleted based upon the proven reserves available. If the property is sold or abandoned the expenditures will be written off. The Company does not accrue the estimated future expenditures of maintaining in good standing its resource property.

b. Option Agreements
From time to time, the Company may acquire or dispose 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 resource property costs or recoveries when the payments are made or received.

2. Resource Property

By an agreement dated July 21, 1993, Bralorne-Pioneer Gold Mines Ltd. ("Bralorne") entered into an option and joint venture agreement with International Avino Mines Ltd. ("Avino"), a company with common Directors, to acquire a 50% interest in certain mineral properties located in the Lillooet Mining Division, B.C. The Properties consist of 155 Crown granted mineral claims, ten freehold parcels of land, five reverted Crown granted claims, four located mineral claims and two placer leases, all known as the "Bralorne property". The Bralorne property is subject to notes payable to a former interest holder totalling $244,000. The notes are non-interest bearing and are due and payable if the Bralorne property is sold, joint ventured with a third party, or put into commercial production on or before February 1, 1998. If none of the events occur the promissory notes are unenforceable.

In order to exercise its 50% interest under the above agreement, the Company was required to make option payments totalling $350,000 and issue 200,000 shares, both by scheduled instalments to September 30, 1997, and incur exploration expenditures of a minimum of $1,000,000 on the Bralorne property.

The Company had made payments totalling $200,000 issued 50,000 shares at a deemed value of $44,000 and incurred exploration expenditures of $808,608 under the July 21, 1993 agreement.

On July 12, 1995, the Company and Avino entered into an amending agreement to facilitate the financing required to place the Bralorne property or a portion thereof into commercial production. (Subsequent Event - Agency Financing -(note 7)). The original option agreement was amended to accelerate, and complete the earning of the Company's 50% interest, and formation of the joint venture with Avino. Accordingly, the Company committed to complete the final cash payments of $150,000, issue the balance of the 150,000 shares, and provide the amount of $191,392 to Avino (being the amount of the exploration work deficiency under the original $1,000,000 work requirement). The two amounts due in cash above, totalling $341,392, are included in the accounts payable and accrued liabilities at July 31, 1995. At the date of issue of these financial statements, this amount has been paid to Avino, and the 150,000 shares have been issued.

Notes to Financial Statements

July 31, 1995 and 1994

2. Resource Property (continued)

Exploration expenditures incurred to date are as follows:

Acquisition Costs	1995	1994
Balance forward	$ 150,000	$ 150,000
Property option payments - accrued	150,000	-
Accrued exploration expenditures - cash in lieu (note 2)	191,392	-
Cash paid during the year	50,000	-
Shares issued during the year	44,000	-
Total acquisition costs to date	585,392	150,000
Exploration Expenditures		
Balance forward	330,999	113,401
Expenditures during the year:		
Trenching stripping and road construction	64,866	27,829
Consulting and engineering	5,253	9,361
Wages & benefits	9,076	3,835
Assessment taxes and staking	355	16,377
Drafting & reproductions	3,817	4,784
Equipment rental & repairs	8,349	7,754
Geochemical & assay	26,446	12,332
Meals transportation & accommodation	18,787	15,362
Environmental	1,722	9,385
Drilling and related	202,233	272
Mapping & logging	-	249
Mine development	111,932	67,894
Mine office	14,284	16,840
Licenses & permits	1,050	9,532
Site operations	-	2,112
Fuel & oil	15,302	7,121
Other	21,048	6,559
	504,520	217,598
Total exploration expenditures to date	835,519	330,999
Total	$ 1,420,911	$ 480,999

Notes to Financial Statements

July 31, 1995 and 1994

3. Share Capital

Authorized: 100,000,000 common shares without par value.

Issued:

	1995			1994		
	Number of Shares		Paid Up Capital	Number of Shares		Paid Up Capital
Balance, beginning of year	1,741,100	$	435,350	100	$	100
Shares issued for:						
Resource property	50,000		44,000	-		-
Cash	3,060,000		1,393,500	1,741,000		435,250
Balance end of year	4,851,100	$	1,872,850	1,741,100	$	435,350

a. During the year 750,000 shares were issued to a director of the Company under an Escrow Agreement for net cash proceeds of $7,500.

   These shares are subject to escrow conditions and may not be released except on receipt of approval by the regulatory authorities of the Province of British Columbia.

b. During the year 1,500,000 shares were issued under a prospectus offering for gross proceeds of $900,000. In connection with the offering the Company granted 375,000 agent's warrants entitling the holder to purchase an additional common share at $0.60 for a period of 180 days from September 2, 1994. In addition, a Greenshoe option was granted for over subscriptions of up to an additional 225,000 common shares at a price of $0.60 per share. The Greenshoe options and the agent's warrants were exercised during the year.

c. The Company entered into a Flow-Through private placement involving the issuance of 100,000 units at a price of $0.60 per unit. Each unit consisted of 1 common share and 1 share purchase warrant entitling the investor to purchase an additional common share for $0.60. During the period the warrants were exercised.

d. 425,000 incentive stock options were granted to the directors and employees at an exercise price of $0.60 per share exercisable for a period of five years. During the year, 10,000 shares were exercised.

e. During the year, 50,000 shares were issued as consideration for the acquisition of the resource property. These shares were issued at a price of $0.88 per share for deemed proceeds of $44,000.

f. As at July 31, 1995, the company has granted director's and employees' incentive stock options outstanding as follows:

No. of Shares		Exercise Price	Expiry Date
415,000	$	0.60	November 14, 1999
40,000	$	1.79	July 19, 1997

Notes to Financial Statements

July 31, 1995 and 1994

g. Subsequent to July 31, 1995, the Company issued the following common shares:

- Pursuant to employee and director incentive stock options, 10,000 common shares at a price of $0.60 per share for an aggregate consideration of $6,000.
- In consideration of property acquisition cost, 150,000 common shares at a deemed value of $1.75 per share, total consideration $262,500.
- Pursuant to a private placement agreement, 300,000 common shares at a deemed value of $1.40 per share for gross proceeds of $420,000.
- As consideration for a finders fee 22,674 common shares at a price of $1.72 per share for deemed proceeds of $39,000.
- Pursuant to an Agency Financing (note 7) 100,000 common shares at a deemed value of $1.60 per share.

4. Related Party Transactions

Related party transactions not disclosed elsewhere in these statements are as follows:

a. During the year the Company paid or made provision for the future payment of the following:

i. $581,255 (1994 - $310,238) to a private company having common management for exploration and administrative expenses incurred on behalf of the Company.
ii. $10,835 to a private company controlled by a director for travel and accommodation expenses.

b. Accounts receivable includes the amount of $81,922 (1994 - Nil) receivable from the private company as described in a)i) above.

c. The promissory notes referred to in note 6 are with companies with directors in common.

5. Commitment

Cost Sharing Agreement

The Company entered into a cost sharing agreement with a related party for certain overhead expenses. The agreement is in effect for an initial term of one year to September 1, 1994 and following that date may be terminated with one month notice by either party.

Consulting Agreement

As of June 1, 1995, the Company has entered into a one-year consulting services agreement at a cost of US$2,000 per month. The agreement may be terminated on written agreement by both parties. The terms will automatically be extended unless either party gives thirty days notice that the terms shall not be renewed.

Notes to Financial Statements
July 31, 1995 and 1994

6. Contingent Liability

Upon earning a 50% interest in the Bralorne Property (note 2), the company will assume liability for $122,000 being their 50% interest in two promissory notes. The notes are non-interest bearing and are due and payable if the property is sold, joint ventured with a third party or put into commercial production on or before February 20, 1999. If none of these events occur, the promissory notes are unenforceable.

7. Agency Financing

The Company, together with Avino jointly entered into an agency agreement providing for a private placement of Units. Each unit consisting of one US$1,000 subordinated Convertible Debenture issued jointly and severally by the Company and Avino and one hundred shares of the Company, fifty percent of which will be issued by the company and fifty percent of which will be delivered by Avino from its shareholdings, to raise a minimum of US$2,000,000 and up to maximum of US$6,000,000 for the purposes of placing the Bralorne Property into commercial production. Subsequent to the balance sheet date this placement was completed for 2,000 units netting the treasury of the joint venture U.S.$1,821,000 after commissions, Bralorne's portion $910,500.

8. Income Taxes

At July 31, 1995, the Company has non-capital losses carried forward of $226,365 which has not been recognized for accounting purposes and is available to reduce future years' taxable income. The losses expire as follows:

2000	$ 2,060
2001	69,573
2002	154,732

The Company is not entitled to the tax benefit of $60,000 worth of expenditures incurred on its properties as this amount was financed using flow-through shares.

CORPORATE INFORMATION

Shares Listed:

Vancouver Stock Exchange

BPN

Head Offices:

Suite 400, 455 Granville Street

Vancouver, British Columbia

Canada V6C 1T1

Officers:

William Glasier, Vice-President Finance

Louis Wolfin, President

Ernest Calvert, Executive Vice-President

Chris Sampson, Vice-President Operations

Andrea Regnier, Secretary

Directors:

Chris Sampson

Louis Wolfin

Ernest Calvert

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Florian Riedl-Riedenstein

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