

G W R RESOURCES INC.

Tom Schwets
Lac La Pêche → Parich Lk.
884732



Corporate Information

CORPORATE ADDRESS

204 - 20641 Logan Avenue
Langley, B. C.
V3A 7R3
Telephone: (604)530-2124
Facsimile: (604)533-2770

OFFICERS

Irvin Eisler, President
Douglas B. James, Vice-president
Margaret U. Glimhagen, Secretary

DIRECTORS

Gordon R. Eisler
Irvin Eisler
Margaret U. Glimhagen
Douglas B. James
Allan L. Smith

ATTORNEY

Godinho Sinclair
1590 - 609 Granville Street
Vancouver, B. C.
V7Y 1G5

AUDITORS

Peat Marwick Thorne
Suite 400, North Tower
5811 Conney Road
Richmond, B. C.
V6X 3M1

TRANSFER AGENT

Pacific Corporate Trust Company
Suite 830 - 625 Howe Street
Vancouver, B. C.
V6C 3B8

TRADING SYMBOL

Vancouver Stock Exchange - GWQ

ANNUAL MEETING

The Annual Meeting of the Shareholders
will be held at 10:00 am on March 30, 1994
at 1590 -609 Granville Street, Vancouver, B. C.

FOR INFORMATION CONTACT:

Scott Berkey
Public Relations Director
1108 East Trans Canada Hwy.
Cache Creek, B. C.
V0K 1H0



in summary . . .

Achievements in 1993:

- acquired interest in more than 50 claims surrounding our initial Lac La Hache claims
- carried out a 13-hole diamond drilling program on the "Peach" claims
- reached agreement of a \$3 million work program upon completion of which Regional Resources Ltd. will earn a 50% interest in the properties
- proved up large tonnage of magnetite in skarn zone on "Peach" claims
- discovered two significant anomalies on Murphy and Nemrud claims



Goals for 1994:

- continue to enhance the integrity of the Company by sound Board and management decisions
- introduce the Company to a wider scope of investors and analysts
- continue to seek interest in gold property
- acquire interest in gas/oil well

History of GWR Resources Inc.



60% interest was negotiated with Peach Lake Resources on 7 claims north of the Miracle/Murphy claims. The interest in the property was increased to 80% on March 10, 1993. In the meantime the boundary of interest to the north was extended by entering an agreement with Ophir Copper Corp. for 65% interest in the Ann 1 and 2 claims.

All of the work done by GWR Resources had concentrated on the "Peach Lake" claims in the fall and winter of 1992/1993. Diamond drilling was carried out throughout the winter months with very interesting and encouraging results in most of the 13 holes drilled. As a result, it seemed prudent to expand the boundaries north and west of the area. 100% interest in another 23 claims was acquired from Action Mine

GWR Resources Inc. was incorporated on February 13, 1987 under the Company Act of British Columbia. On June 28, 1988 the Company was listed on the Vancouver Stock Exchange.

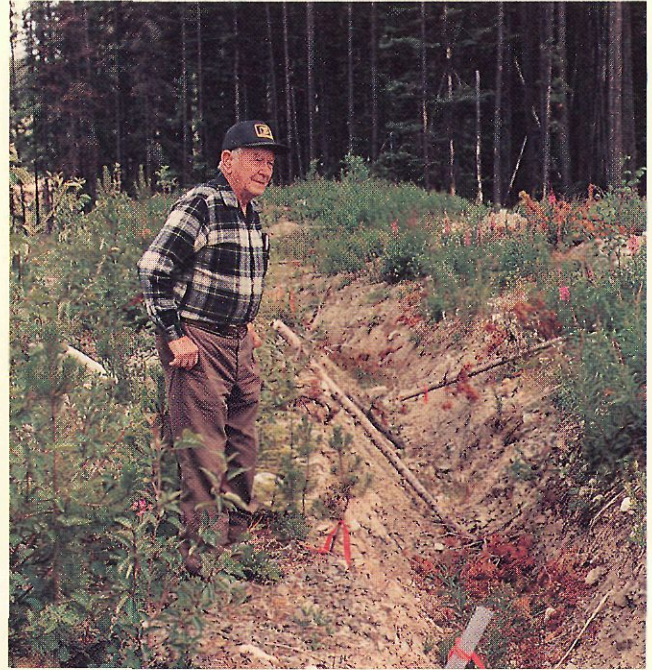
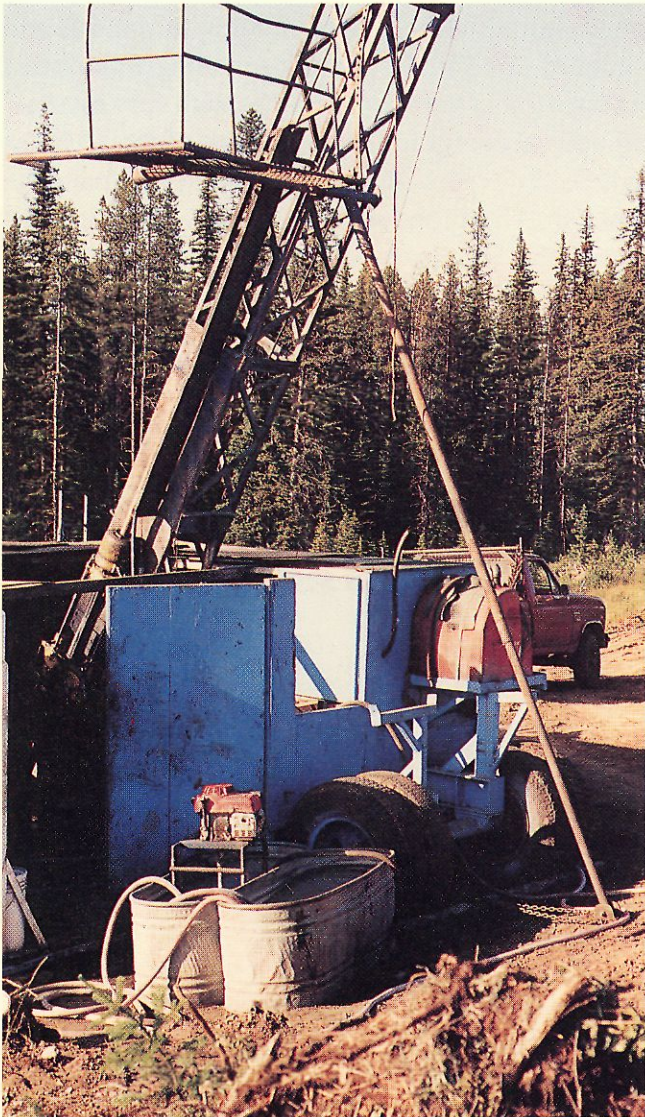
At that time, the Company had options on claims in the Revelstoke area, the Princeton area as well as the Lac La Hache property. The Revelstoke and Princeton claims were eventually dropped.

In 1988 the Lac La Hache property consisted of the four Miracle claims totalling 52 units. The area around these claims was held by numerous companies, both public and private. Convinced that the property was worth exploring, the Company spent its resources doing as much work on the properties as was possible over a period of seven years.

The Board of Directors, which has stayed together since the beginning, decided to forge ahead, determined that the block of claims had to be increase dramatically if perhaps in the future an ore body should be found and subsequently, a mine would be developed. Consequently, on October 14, 1992, a



Services Inc. in June, 1993. In the late fall 1993, an agreement was reached on yet another 100% interest in 22 claims surrounding the peripheral area of the property already held.



Over the past few years, several of the larger mining companies had shown considerable interest but for one reason or another did not get involved. Our geologist, David Blann, put together a compilation map of all the work done by us and others in the past thereby allowing for a focused look at the area. This work was instrumental in attracting attention to the potential of the claims. Consequently, this past summer Regional Resources Ltd., which is a subsidiary of Conwest Exploration Limited, signed an agreement to earn a 50% interest in the land package by spending \$3 million. They have been working on the claim until late in the fall adding additional claims to the block to the east, doing line cutting and IP over a large area as other work mostly under the direction of David Blann.

We look forward with anticipation to the new year with the potential of a major discovery.

Report to Shareholders

Project Summary

During 1993, GWR Resources inc. Established a drill indicated mineral reserve of 600,000 tons grading 1.54% copper and 50% magnetite on the Peach Lake property, then optioned adjoining claims resulting in a claim holding covering an area of 170 square kilometres. GWR optioned the "Lac La Hache Project" to Regional Resources Ltd. of Toronto. Regional Resources funded a \$425,000 two-phase program resulting in the discovery of the Nemrud garnet-bornite skarn zone and the definition of a 1.1 kilometre diameter 15-50 millisecond IP anomaly on the Miracle copper-gold porphyry prospect. A first phase exploration program including 4,000 metres of diamond drilling is scheduled to commence early in 1994.



Location/infrastructure

The Lac La Hache Project is located approximately 30 kilometres northeast of Lac La Hache, on highway 97, in south central British Columbia. The project area has a mining supportive infrastructure and labour force nearby in the town of 100 Mile House, ~~24~~ 26 kilometres from Lac La Hache. A B. C. Rail line connects Lac La Hache with the deep water port of Squamish. Suitable energy sources may be obtained from trans-provincial natural gas and power lines at Lac La Hache. As about 40% of the project area is already logged, excellent road access to the property occurs over easy to moderate terrain.

The Properties

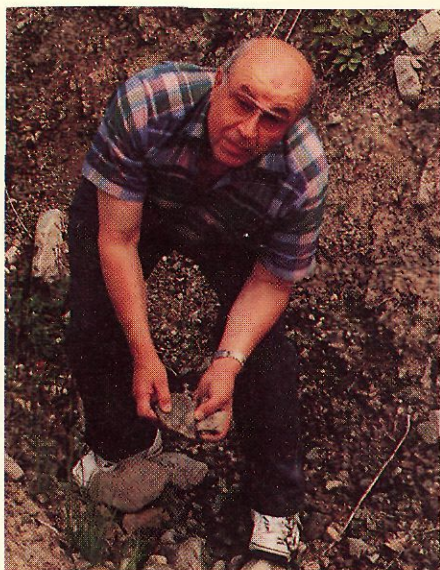
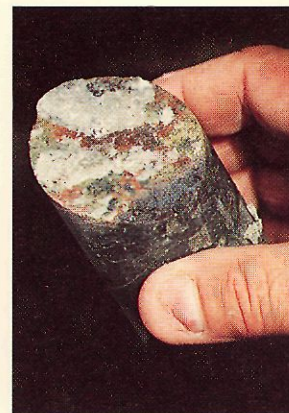
GWR holds options on claims totalling 170 square kilometres in area. The target area is defined by a regionally extensive arcuate magnetic anomaly. Currently main target areas are defined within the claim package.

Plans

GWR will continue to seek quality mineral properties throughout North America.

The Peach Lake copper-iron skarn

During the winter of 1992-1993, GWR funded a \$300,000 drill program on the Peach Lake property. A report by David Blann (1993) suggests a drill indicated reserve for the "North Zone" of 600,000 tons grading 1.54% copper and 50% magnetite. The zone is northwest trending, subvertical, and strataform; the rocks consist of calc-silicate altered limy volcanic flows, breccia and sediments in proximity to quartz-feldspar dykes and a large monzonite intrusion. This zone is open along strike and to depth. Approximately 125 metres to the north, drill hole 93-14 intersected a parallel zone in which 28 metres graded 0.22% copper. About 250 metres south of the North Zone, Amax Exploration Ltd. percussion drilled an area in 1972-3. The Amax report suggests the flat lying South Zone may hold the potential for several million tons of mineralization. Further work in this area will be conducted in 1994.

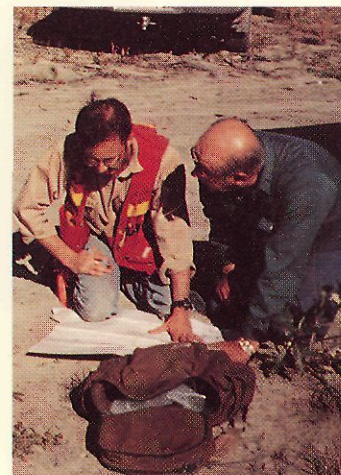


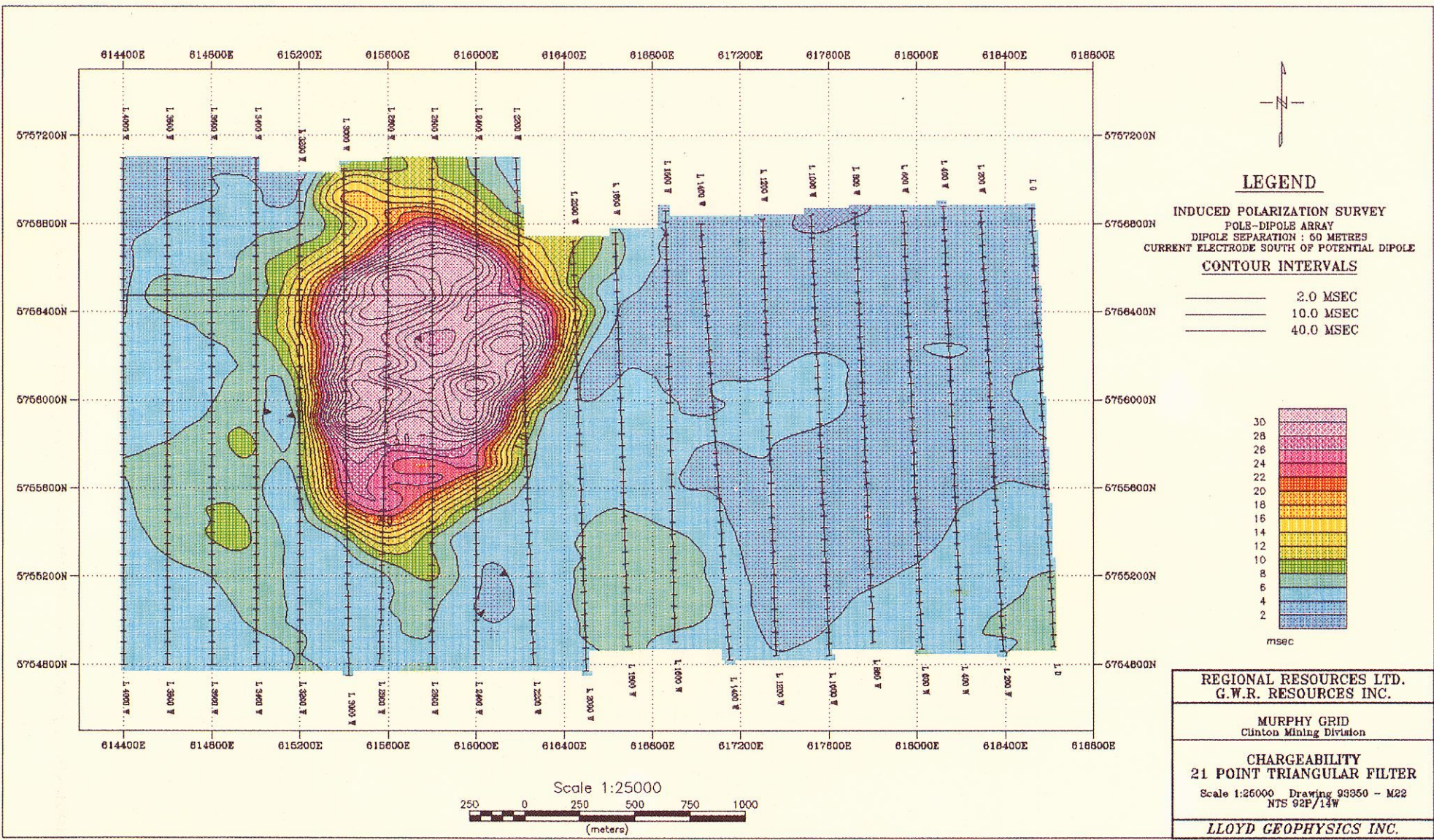
The Miracle copper-gold porphyry system

The Miracle property was known previously to contain geology, alteration, mineralization, and significant drill intersections with an alkalic, volcanic hosted porphyry copper-gold system. During 1993, an induced polarization survey was conducted over the entire property. This work outlined a 15-50 millisecond chargeable anomaly 1.3 kilometres long and 1.0 kilometres wide. Previous work programs appear to have been concentrated on the outer edge of this anomaly. Drill hole 1989-1 was located approximately 500 metres east-northeast of the centre of the anomaly. Hole 89-1 intersected K-feldspar altered Nicola volcanic rock and syenite. Partially sampled, 28 metres contained 0.19% copper with 0.17 g/t gold and 12 metres contained 0.17% copper with 0.34 g/t gold. The Miracle anomaly will be tested thoroughly by drilling in early 1994.

The Nemrud bornite-gold-silver skarn

This zone was located during the first phase of exploration by Regional Resources Ltd. It is comprised of hornfelsed and garnet-epidote altered limy volcanic flows and sediments. Patches of bornite-covellite-chalcopryrite mineralization with associated silver-gold values occur over a 500 by 1.5 kilometre area; the zone is unusual in that there appears to be only traces of pyrite present. An induced polarization geophysical survey has outlined an anomaly approximately 600 metres long by 150 metres wide and dominantly beneath overburden and swamp. An erratic copper soil geochemical anomaly roughly coincides with the IP anomaly. The Nemrud zone provides several targets for drilling and further induced polarization surveys.



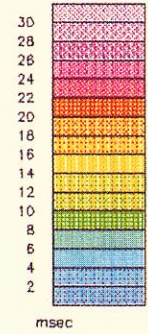


LEGEND

INDUCED POLARIZATION SURVEY
 POLE-DIPOLE ARRAY
 DIPOLE SEPARATION : 60 METRES
 CURRENT ELECTRODE SOUTH OF POTENTIAL DIPOLE

CONTOUR INTERVALS

- 2.0 MSEC
- 10.0 MSEC
- 40.0 MSEC



REGIONAL RESOURCES LTD.
 G.W.R. RESOURCES INC.

MURPHY GRID
 Clinton Mining Division

CHARGEABILITY
 21 POINT TRIANGULAR FILTER
 Scale 1:25000 Drawing 93350 - M22
 NTS 92F/14W

LLOYD GEOPHYSICS INC.



Peat Marwick Thorne

Chartered Accountants

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File Ref.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the balance sheets of G W R Resources Inc. as at September 30, 1993 and 1992 and the statements of loss and deficit, deferred exploration expenditures 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 September 30, 1993 and 1992 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. As required by the Company Act of the Province of British Columbia, we report that, in our opinion, these principles have been applied on a consistent basis.

Peat Marwick Thorne

Chartered Accountants

Richmond, Canada
December 10, 1993

G W R RESOURCES INC.

Balance Sheets

September 30, 1993 and 1992

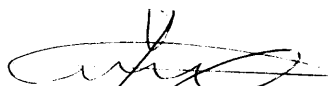

	1993	1992
Assets		
Current assets		
Cash	\$ 171,339	\$ 3,023
Accounts receivable	10,858	9,505
	182,197	12,528
Equipment (note 2)	13,629	11,717
Mineral claims (note 3)	191,413	24,001
Deferred exploration expenditures	1,137,244	873,331
Incorporation costs	1,800	1,800
	\$ 1,526,283	\$ 923,377

Liabilities and Shareholders' Equity

Current liabilities		
Accounts payable and accrued liabilities	\$ 5,072	\$ 55,239
Due to related parties	70,645	95,410
	75,717	150,649
Debt subsequently settled for shares (note 7)	53,050	41,348
Shareholders' equity		
Share capital (note 4)	2,140,219	1,249,104
Deficit	(742,703)	(517,724)
	1,397,516	731,380
Commitments (note 3)		
	\$ 1,526,283	\$ 923,377

See accompanying notes to financial statements.

On behalf of the Board

 Director  Director

G W R RESOURCES INC.

Statements of Loss and Deficit

Years ended September 30, 1993 and 1992

	1993	1992
General and administrative expenses		
Consulting	\$ 70,038	\$ 24,000
Depreciation	2,000	2,501
Entertainment	690	—
Interest and bank charges	125	122
Legal and audit	31,424	7,799
Miscellaneous	11,699	3,492
Office	76,026	39,089
Rent	4,659	6,000
Travel	3,658	—
	200,319	83,003
Exploration expenditures written off on abandoned property	24,660	—
Net loss	224,979	83,003
Deficit, beginning of year	517,724	434,721
Deficit, end of year	\$ 742,703	\$ 517,724
Loss per share (note 1(c))	\$ (.03)	\$ (.02)

See accompanying notes to financial statements.

G W R RESOURCES INC.

Statements of Deferred Exploration Expenditures

Years ended September 30, 1993 and 1992

	<u>Year ended September 30, 1993</u>			
	Cumulative Expenditures September 30 1992	Net Expenditures	Write-off of Lapsed Claims	Cumulative Expenditures September 30 1993
Miracle/Murphy	\$ 873,331	\$ 14,398	\$	\$ 887,729
Peach Lake	—	248,234		248,234
Ann	—	1,281		1,281
General	—	24,660	(24,660)	—
	\$ 873,331	\$ 288,573	(24,660)	\$ 1,137,244

	<u>Year ended September 30, 1992</u>		
	Cumulative Expenditures September 30 1991	Net Expenditures	Cumulative Expenditures September 30 1992
Miracle/Murphy	\$ 705,533	\$ 167,798	\$ 873,331

See accompanying notes to financial statements

G W R RESOURCES INC.

Statements of Changes in Financial Position

Years ended September 30, 1993 and 1992

	1993	1992
CASH PROVIDED BY (USED IN)		
Operations		
Net loss	\$ (224,979)	\$ (83,003)
Items not involving cash		
Depreciation	2,342	2,929
Exploration expenditures written off	24,660	—
Net changes in payables and receivables	(39,818)	66,858
	(237,795)	(13,216)
Financing		
Due to related parties	(24,765)	(19,575)
Issue of share capital for cash	658,065	11,632
Issue of share capital for settlement of debts	125,550	189,803
Issue of share capital for mineral claims	107,500	—
	866,350	181,860
Investments		
Purchase of equipment	(4,254)	—
Mineral claims	(167,412)	—
Deferred exploration expenditures	(288,573)	(167,798)
	(460,239)	(167,798)
Increase in cash	168,316	846
Cash, beginning of year	3,023	2,177
Cash, end of year	\$ 171,339	\$ 3,023

See accompanying notes to financial statements.

G W R RESOURCES INC.

Notes to Financial Statements

September 30, 1993 and 1992

Operations and basis of presentation

The Company, directly and through joint ventures, is in the process of exploring its mineral properties and has not yet determined whether these properties contain ore reserves that are economically recoverable.

The recoverability of amounts shown for mineral properties and related deferred costs is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development and future profitable production or proceeds from the disposition thereof.

The Company is a development stage enterprise and its ability to generate cash and continue as a going concern depends solely on public share offerings since there are no active projects which are likely to generate cash in the near future.

1. Significant accounting policies

(a) Mineral claims and deferred exploration expenditures

Amounts shown as mineral claims and the deferred exploration expenditures have been capitalized on an area of interest basis. These expenditures will be charged against income when properties are developed to the stage of commercial production, through unit of production depletion. If an area of interest is abandoned or if it is determined that its value is less than book value, the related costs are charged against income in the year of abandonment or determination of value. The amounts capitalized represent costs to date and do not necessarily reflect present or future values.

(b) Equipment

Equipment is stated at cost and depreciated on a declining balance basis at rates designed to amortize the cost over the estimated useful lives at the following rates:

Field equipment	20%
Office furniture and equipment	20%

(c) Loss per share

The loss per share has been calculated on the weighted average number of shares outstanding during the year. The full exercise of share options referred to in note 3(c) is anti-dilutive and consequently loss per share on a fully diluted basis has not been presented.

(d) Comparative figures

Certain of the comparative figures have been reclassified to conform to the presentation adopted in the current year.

G W R RESOURCES INC.

Notes to Financial Statements, continued

September 30, 1993 and 1992

2. Equipment

	Cost	Accumulated depreciation	1993 Net book value	1992 Net book value
Field equipment	\$ 5,593	\$ 4,224	\$ 1,369	\$ 1,712
Office furniture and equipment	35,061	22,801	12,260	10,005
	\$ 40,654	\$ 27,025	\$ 13,629	\$ 11,717

3. Mineral claims

Mineral claims consist of:

	1993	1992
Lac La Hache		
Miracle/Murphy (note 3(a))	\$ 24,001	\$ 24,001
Peach Lake (note 3(b))	55,000	—
Ann (note 3(c))	102,500	—
	181,501	24,001
Leeward (note 3(e))	9,912	—
	\$ 191,413	\$ 24,001

Lac La Hache

The Company has entered into an agreement dated July 13, 1993 under which Regional Resources Ltd. may expend \$3,000,000 in the Lac La Hache area of British Columbia over the next five years on the exploration of claims which are currently owned by the Company or claims which the Company has an option to purchase. Regional Resources Ltd. may make option payments to the Company over the next four years totalling \$132,500. At the end of five years, Regional Resources Ltd. will have an option of forming a 50% joint venture with the Company ("Initial Joint Venture"). At the option of Regional Resources Ltd., a further 25% interest can be acquired by incurring further exploration costs of \$1,500,000 before December 31, 1998 and paying the Company a further \$150,000 ("Second Joint Venture").

(a) Miracle/Murphy

The Company owns a 100% interest in four mineral claims situated in the Clinton Mining Division located in Lac La Hache, British Columbia. Under the terms of an agreement dated April 25, 1987 and subsequently amended June 9, 1987 and July 24, 1987, the claims are subject to a 5% net smelter return due to the original vendor. Pursuant to an amendment dated December 9, 1993, the maximum royalty is \$1,500,000. In return, the Company is to issue 250,000 common shares of the Company. This agreement is subject to the approval of the Vancouver Stock Exchange ("Exchange").

G W R RESOURCES INC.

Notes to Financial Statements, continued

September 30, 1993 and 1992

3. Mineral claims, continued

(b) Peach Lake

By an agreement dated October 14, 1992 and amended March 10, 1993, the Company has acquired an option to purchase an 80% interest in certain mineral claims located in the Cariboo and Lillooet Mining Divisions of British Columbia, near 100 Mile House. Under the terms of the agreement, the Company issued 50,000 and 100,000 common shares on April 19, 1993 and December 10, 1993 respectively. The option shall be deemed to have been exercised when the Company issues a further 50,000 shares and incurs minimum exploration expenditures of \$400,000 on or before April 14, 1994.

(c) Ann

Pursuant to an agreement dated January 4, 1993, the Company acquired an option to purchase a 65% interest in certain mineral claims in the Clinton Mining Division of British Columbia, near 100 Mile House. Under the terms of the agreement, the Company issued 50,000 common shares on June 4, 1993 and a further 50,000 shares were transferred by the Directors of the Company on August 20, 1993. The option shall be deemed to have been exercised when the Company issues a further 50,000 shares on or before March 15, 1994 and incurs minimum exploration costs of \$125,000 on or before August 15, 1994.

(d) Spout Lake North

Under the terms of two agreements, both dated June 3, 1993, the Company acquired options to purchase a 100% interest in certain mineral claims in the Cariboo Mining Division of British Columbia, near 100 Mile House. The Company agreed to pay under each agreement \$34,500 cash and issue 50,000 common shares upon receiving approval of this agreement by the Exchange. As at December 10 1993, approval from the Exchange is still outstanding. The options shall be deemed to have been exercised when the Company issues 50,000 common shares after completing each of phases I, II, and III of an exploration program, subject to an engineering or geological report recommending further exploration or development after each phase. In addition, the Company agreed to issue another 300,000 shares when it is confirmed that an ore body exists and plans to commence commercial production are in place. The Company is to pay under each agreement, a royalty of 3% of the net smelter return to a maximum of \$1,000,000.

(e) Leeward

By an agreement dated December 31, 1992, the Company purchased interests ranging from 25% to 50% in six permit bonds. Exploration has not commenced on these properties which are located in the Dubawnt Lake area in the North West Territories.

G W R RESOURCES INC.

Notes to Financial Statements, continued

September 30, 1993 and 1992

4. Share capital

(a) Authorized

40,000,000 common shares of no par value.

(b) Issued and allotted:

	Number	Amount
Period from date of incorporation, February 13, 1987 to September 30, 1992:		
Issued for cash	3,599,704	\$ 953,748
Issued for settlement of debts	1,483,049	192,460
Issued for mineral claims	685,974	102,896
Shares issued and allocated, September 30, 1992	5,768,727	1,249,104
Year ended September 30, 1993:		
Issued for cash	1,306,276	658,065
Issued for settlement of debts	173,872	125,550
Issued for mineral claims	100,000	107,500
Shares issued and allotted, September 30, 1993	7,348,875	\$ 2,140,219

(c) During fiscal year ended September 30, 1993, 173,872 shares were issued to retire debt totalling \$125,550, of which 144,457 shares valued at \$96,389 were issued to retire debt to related parties of the Company.

(d) Pursuant to a certain escrow agreement, a total of 375,000 shares are held in escrow and may not be released without the approval of the regulatory authorities.

(e) At September 30, 1993 stock options were outstanding to certain directors and employees in respect of 730,600 shares of the Company as follows:

Options	Exercise price	Expiry date
356,600	\$0.70	August 18, 1998
250,000	\$0.85	September 22, 1998
<u>124,000</u>	\$0.51	December 7, 1994
730,600		

G W R RESOURCES INC.

Notes to Financial Statements, continued

September 30, 1993 and 1992

4. Share capital, continued

(f) At September 30, 1993 warrants were outstanding in respect of 393,451 shares of the Company as follows:

Warrants	Price Year 1	Price Year 2	Expiry Date
143,355	\$ 0.42	\$ 0.48	October 27, 1994
123,759	\$ 1.01	\$ 1.16	January 15, 1995
126,337	\$ 1.12	\$ 1.29	March 4, 1995
<u>393,451</u>			

5. Income taxes

As at September 30, 1993, the Company had available for deduction against future taxable income the following approximate amounts:

Canadian development expense	\$ 49,000
Canadian exploration expenditures	\$ 1,500,000
Mining earned depletion allowance	\$ 50,000
Share issue expenses	\$ 11,000
Non-capital loss carry-forward, expiring in:	
1996 and prior	\$ 18,400
1997	\$ 28,100
1998	\$ 10,700
1999	\$ 11,100
2000	\$ 1,600

At September 30, 1993, the tax value of the Company's depreciable assets exceeds the book value by approximately \$23,557.

G W R RESOURCES INC.

Notes to Financial Statements, continued

September 30, 1993 and 1992

6. Related party transactions

The financial statements include transactions with related parties during the year as follows:

	1993	1992
Accounting	\$ 22,946	\$ 7,670
Consulting	\$ 36,959	\$ 24,000
Office	\$ 58,361	\$ 25,087
Rent	\$ 6,000	\$ 6,000
Deferred exploration expenditures	\$ 23,596	\$ 43,816
Purchase of equipment	\$ 3,119	\$ —

7. Subsequent events

Debt subsequently settled for shares

Subsequent to September 30, 1993 the Company issued 54,345 shares to retire indebtedness totalling \$54,345, of which \$53,050 was due to related parties as at September 30, 1993.

