

**WHARF RESOURCES LTD.****Annie Creek, South Dakota**

On February 28, 1980, your Company received a report from its Mining Consultant on the 1979 drilling results on its 300 acre Annie Creek property in the Black Hills of South Dakota. Drill indicated mineral reserves are 3,155,000 tons grading 0.049 ounces gold per ton and 0.15 ounces silver per ton. These reserves could be mined by open pit at a waste to mineralization ratio of 0.45:1. Similar grade mineralization extends beyond the drilled area on three sides and at depth.

This surface exploration program consisted of 40 percussion drill holes spaced 100 feet apart on grid lines 200 feet apart covering an area approximately 1400 feet by 600 feet. The holes were all -60° from horizontal plunging in a southeasterly direction to cut across known structure. A total of 7523 feet of hole was drilled and sampled on 10-foot intervals. This program tested less than 12% of the Annie Creek surface area and established open pit ore grade mineralization over 25% of the grid drilled area. To date, 27 sample pulps have been check-assayed with results indicating the validity of the original data.

Metallurgy is based upon historical operating data on the property and on adjoining properties where fine grinding and cyanidation usually recovered 88% of the gold and 55% of the silver. A preliminary bench scale metallurgical test on ore taken from the property in 1979 indicated a 92% Au recovery and a 67% Ag recovery at a -60 mesh grind with low cyanide and lime consumption.

Additional sampling, geological and metallurgical work is planned for the Annie Creek property during the 1980 field season.

Wharf's interest in Annie Creek is held through its wholly-owned U.S. subsidiary, Taiga Gold Inc. Taiga owns a 100% leasehold interest in Annie Creek subject to a 5% net smelter or mint return royalty due the property owners. This royalty is limited to an amount not in excess of 50% of the profit as defined in the agreement.

Bald Mountain Partners, South Dakota

Homestake Mining Company has advised that it is preparing plans for an exploration and development program on the 4,000-acre old Bald Mountain Mining Company property adjoining the Annie Creek property on the east. Wharf Resources Limited, through Taiga Gold Inc., is a 50-50 partner with Homestake on the Bald Mountain property.

The Bald Mountain Partners property is known to have nearly identical geology and habit of mineralization as Annie Creek which adjoins it on the west. It can, therefore, be inferred that very large tonnages of open pit mineralization may exist on the Bald Mountain Partners property.

Cariboo Gold Quartz, British Columbia

Wharf Resources Ltd. owns the Cariboo Gold Quartz property near Wells, B.C., historically one of the largest lode gold producers in the Province. At present gold prices, this property is considered to have excellent ore potential, as indicated by a report prepared on the property in 1974 by E.E. Mason, P. Eng.

This report suggests a tonnage potential capable of supporting a 500-ton per day mining and milling operation with an ore grade of 0.30 ounces gold per ton. As an initial step in implementing a program to appraise the economic potential of the property, plans are to up-date all of the old information on it. From the data currently available, it appears that a \$300,000 to \$500,000 exploration and development program will be warranted. If the current reappraisal program substantiates past work, it is expected that the \$300,000 - \$500,000 program will confirm the presence of substantial ore reserves in the general grade indicated in the 1974 E.E. Mason report.

This program will include reappraisal of all of the known information on the property. From this study it is expected that some of the more modern exploration techniques, such as Electro-Magnetic or Induced Polarization surveys, may have application. The program will undoubtedly include re-opening, re-mapping and sampling some of the more accessible old working levels. The prospect will be moved forward as rapidly as possible. It is expected that actual field work can begin in April 1980.

Landusky, Montana

Wharf has also been advised by Pegasus Explorations Limited that excellent progress is being made on the 1980 mining and leaching program at Landusky, Montana. New leach pads are being prepared and required ore haul roads and general open pit preparation for mining at least 1,000,000 tons of ore in 1980 are underway.

The leaching operating itself will begin as soon as weather permits, probably in the latter half of March. The leaching will start on the 550,000 tons of ore, still mostly unleached, placed on leach pads prior to 1980. Leaching of 1980 ore will begin as soon as possible after placement of ore on the leach pads.

Respectfully submitted,

Vancouver, B.C.
10 March 1980

E.A. Scholz
President



WHARF RESOURCES LTD.

STATEMENT OF INCOME

For the Six Months Ended January 31, 1980
(With prior year's figures for comparison)
(Not Audited)

	1980	1979
INCOME		
Other	\$ 614	\$ -
Interest	80,021	326
FUNDS GENERATED BY OPERATIONS		
Provision for deferred income taxes	40,317	-
PROFIT (LOSS) BEFORE EXTRAORDINARY ITEMS . . .		
EXTRAORDINARY ITEMS:	40,318	326
Gain on Sale of Marketable Securities	313,606	-
Loss on Sale of Land	-	(2,000)
NET INCOME (LOSS) FOR THE YEAR		
	<u>\$353,924</u>	<u>\$(1,674)</u>

STATEMENT OF CHANGES IN FINANCIAL POSITION

For the Six Months Ended January 31, 1980
(With prior year's figures for comparison)
(Not Audited)

	1980	1979
FUNDS PROVIDED:		
Funds provided by Operations . . .	\$ 80,635	\$ 326
Proceeds from issue of common shares	212,050	-
Refund of Deposit	-	4,900
Non-Current Investment reclassified to marketable securities	-	125,000
Advances from Coseka Resources (U.S.A.) Ltd.	132,994	-
Proceeds from sale of securities	418,141	-
Adjustment re: settlement of claims on Ram River	9,431	-
Total Funds Provided	<u>853,251</u>	<u>130,226</u>
FUNDS APPLIED:		
Expenditures on Properties	483,630	23,709
Investment in Taiga Gold	9,354	-
Investment in Goldex	322,390	-
Expenditures related to sale of property	-	2,000
Total Funds Applied	<u>815,374</u>	<u>25,709</u>
INCREASE IN WORKING CAPITAL FOR THE YEAR . . .		
WORKING CAPITAL AT BEGINNING OF THE YEAR	<u>894,692</u>	<u>200,074</u>
WORKING CAPITAL AT END OF THE YEAR	<u>\$ 932,569</u>	<u>\$ 304,591</u>

81 Directors
L. Clark
D. Sangster
M. Tremblay

82
J. A. Coope
John Senior
R.R. Potter
83
A.L. Barber
McRitchie
~~Jack Garnet~~ (on Jack Garnet)



WHARF RESOURCES LTD.

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REPORT TO THE SHAREHOLDERS

For the Six Months Ended January 31, 1980