

THE COMPANY

861590

General

Blackdome, which was incorporated as a non-reporting company under the Companies Act of British Columbia on June 12, 1978, became a reporting company on May 23, 1979 and its Class A shares trade on the Vancouver Stock Exchange.

Capitalization

The authorized capital of Blackdome is 4,000,000 Class A shares and 1,000,000 Class B shares. The two classes are identical except that Class B shares are non-voting. There are presently 2,530,250 Class A shares issued, with options outstanding on a further 20,000. A group of Investors contributed \$250,000 of Canadian exploration expenditures to Blackdome on October 15, 1981. When these funds have been spent the investors will be issued 62,500 Class A shares. The presently outstanding shares have been issued as follows:

| <u>Date of Issue</u> | <u>No. of Shares Issued</u> | <u>Consideration Received</u> |
|----------------------|-----------------------------|-------------------------------|
| 17/07/78 | 1 | \$.25 |
| 29/08/78 | 500,000 | .10* |
| 29/08/78 | 299,999 | .25 |
| 2/11/78 | 250,000 | .10* |
| 9/02/79 | 100,000 | .25 |
| 7/03/79 | 12,500 | .25 |
| 8/06/79 | 350,000 | .85 |
| 5/09/79 | 100,000 | 1.40 |
| 13/11/79 | 30,000 | 2.25 |
| 3/06/80 | 400,000 | 3.00 |
| 18/11/80 | 397,750 | 3.10 |
| 7/04/81 | 85,000 | 2.50 |
| 7/04/81 | 5,000 | 2.25 |
| | <u>2,530,250</u> | |

* Issued for property, deemed value

The four largest shareholders of Blackdome are:

| <u>Name</u> | <u>No. of Shares</u> | <u>Percentage</u> |
|-------------------------------------|----------------------|-------------------|
| Empire Valley Gold Mines Ltd. (NPL) | 280,000 | 11.1% |
| Barrier Reef Resources Ltd.* | 255,100 | 10.1% |
| Silver Standard Mines Ltd. | 187,500 | 7.4% |
| Castlemaine Explorations Ltd.* | 165,100 | 6.5% |

* Barrier Reef owns 54% of Empire Valley and 45% of Castlemaine and can therefore be considered to effectively control 25.7% of Blackdome's issued shares.

Trading Activity

Since its listing on the Vancouver Stock Exchange in July 1979, Blackdome has traded as follows:

| <u>Period</u> | <u>No. of Shares Traded</u> | <u>Trading Range</u> |
|--------------------------|-----------------------------|----------------------|
| | | \$ |
| July - September, 1979 | 770,600 | 1.45 - 4.00 |
| October - December, 1979 | 242,400 | 1.65 - 3.80 |
| January - March, 1980 | 218,500 | 2.50 - 4.50 |
| April - June, 1980 | 563,800 | 2.40 - 3.65 |
| July - September, 1980 | 317,200 | 2.20 - 3.25 |
| October - December, 1980 | 605,600 | 2.95 - 4.75 |
| January 1981 | 113,100 | 3.50 - 4.30 |
| February 1981 | 90,400 | 3.55 - 4.20 |
| March 1981 | 60,300 | 3.10 - 4.05 |
| April 1981 | 74,500 | 3.85 - 4.20 |
| May 1981 | 80,600 | 3.80 - 4.95 |
| June 1981 | 50,900 | 3.15 - 4.40 |
| July 1981 | 26,600 | 2.50 - 3.50 |
| August 1981 | 99,800 | 2.90 - 4.70 |
| September 1981 | 85,200 | 3.50 - 5.00 |
| October 1 - 28, 1981 | 24,200 | 3.65 - 4.40 |

Management

Those active in the management of Blackdome are:

Albert F. Reeve, President — Mr. Reeve is a geological engineer with twenty years of experience in mineral exploration in western Canada. He has been President of Barrier Reef Resources Ltd. since 1972 and was the founder and senior partner of Cordilleran Engineering Limited from 1967 to 1974.

Jurgen T. Lau, Secretary — Mr. Lau is a geological engineer and has practiced as a mining lawyer with Bull, Housser & Tupper of Vancouver for the past fifteen years.

L. J. Manning, General Manager — Mr. Manning is a senior mining engineer with extensive experience related to underground precious metal mining; he was employed at the Bralorne and Bridge River gold mines in British Columbia and at an Asarco silver mine at Taxo Guerro, Mexico in the late 40s and 50s. He was also in charge of mine development work at the Terra silver mine in the Northwest Territories for two years, carried out a feasibility study on the Northair gold-silver mine, carried out pre-feasibility work on the Dolly Varden silver mine and completed a number of engineering assignments for Wright Engineers.

The Directors of Blackdome in addition to Messrs. Reeve and Lau are as follows:

J. Haig de B. Farris — Mr. Farris is a senior officer of Ventures West Ltd., a Vancouver based venture capital firm and affiliate of the Canada Development Corporation.

William St. C. Dunn — Mr. Dunn is a mining engineer retained by Silver Standard Mines Ltd. Prior to joining Silver Standard, Mr. Dunn worked in the Bralorne gold mine.

Irvine F. Corbett — Mr. Corbett is a businessman and former member of the Legislative Assembly of B. C.

Financial

Attached are copies of the most recent annual report of Blackdome and unaudited financial statements as at June 30, 1981, together with the interim report for the six months then ended.

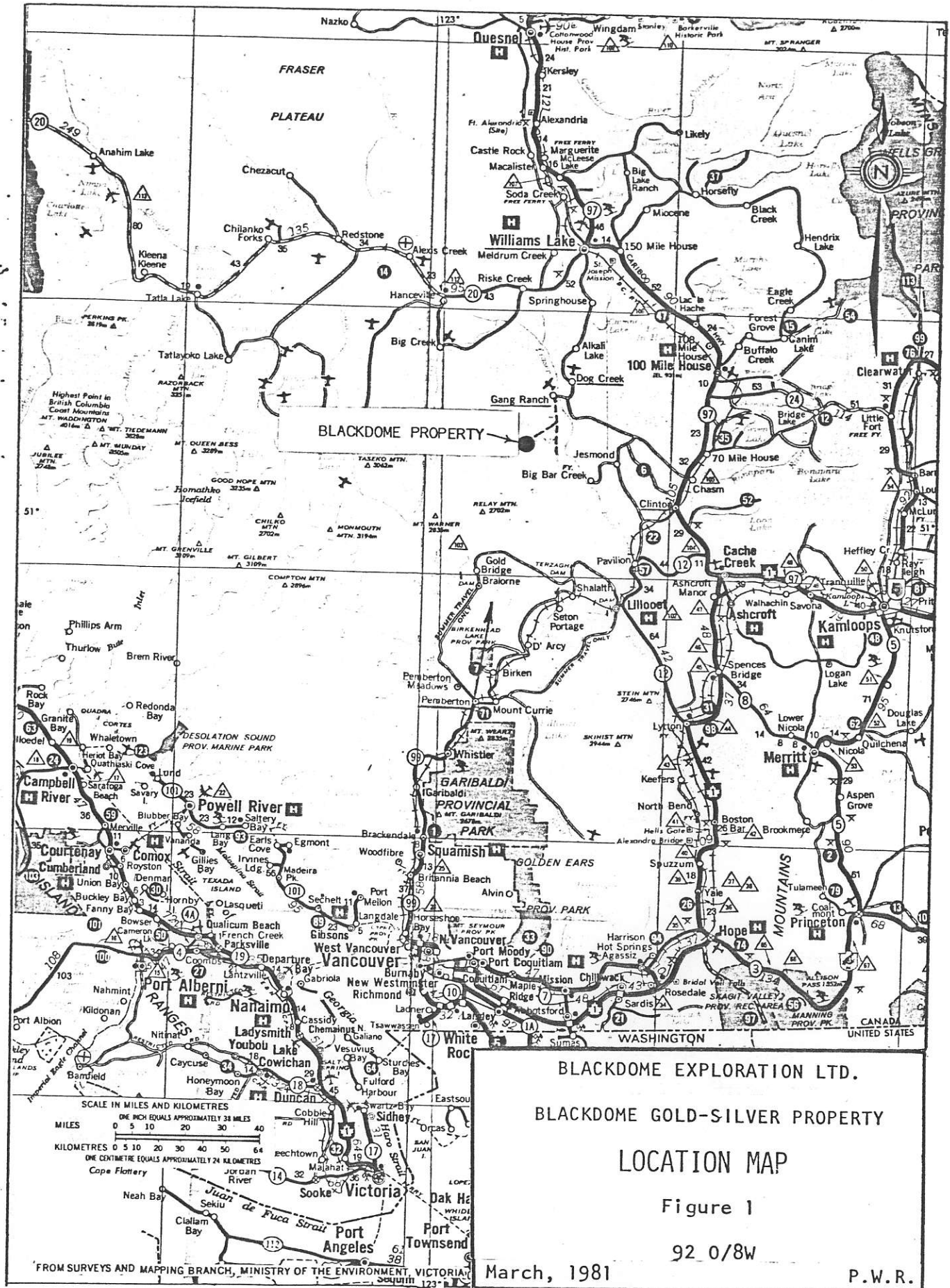
THE PROPERTY

History

Gold and silver were discovered at Blackdome Mountain in 1947. Blackdome Mountain is located on the Chilcotin Plateau in South-central British Columbia 140 air miles north of Vancouver and 90 miles by road south of the town of Williams Lake. There has never been any production and, until recently, no substantial subsurface exploration.

The Blackdome property consists of ten Crown-granted mineral claims and 142 unsurveyed mineral claim units held by record, as well as three placer leases held by record.

See location map on page 5.



BLACKDOME PROPERTY

BLACKDOME EXPLORATION LTD.

BLACKDOME GOLD-SILVER PROPERTY

LOCATION MAP

Figure 1

92 0/8W

March, 1981

P.W.R.

FROM SURVEYS AND MAPPING BRANCH, MINISTRY OF THE ENVIRONMENT, VICTORIA

Geology

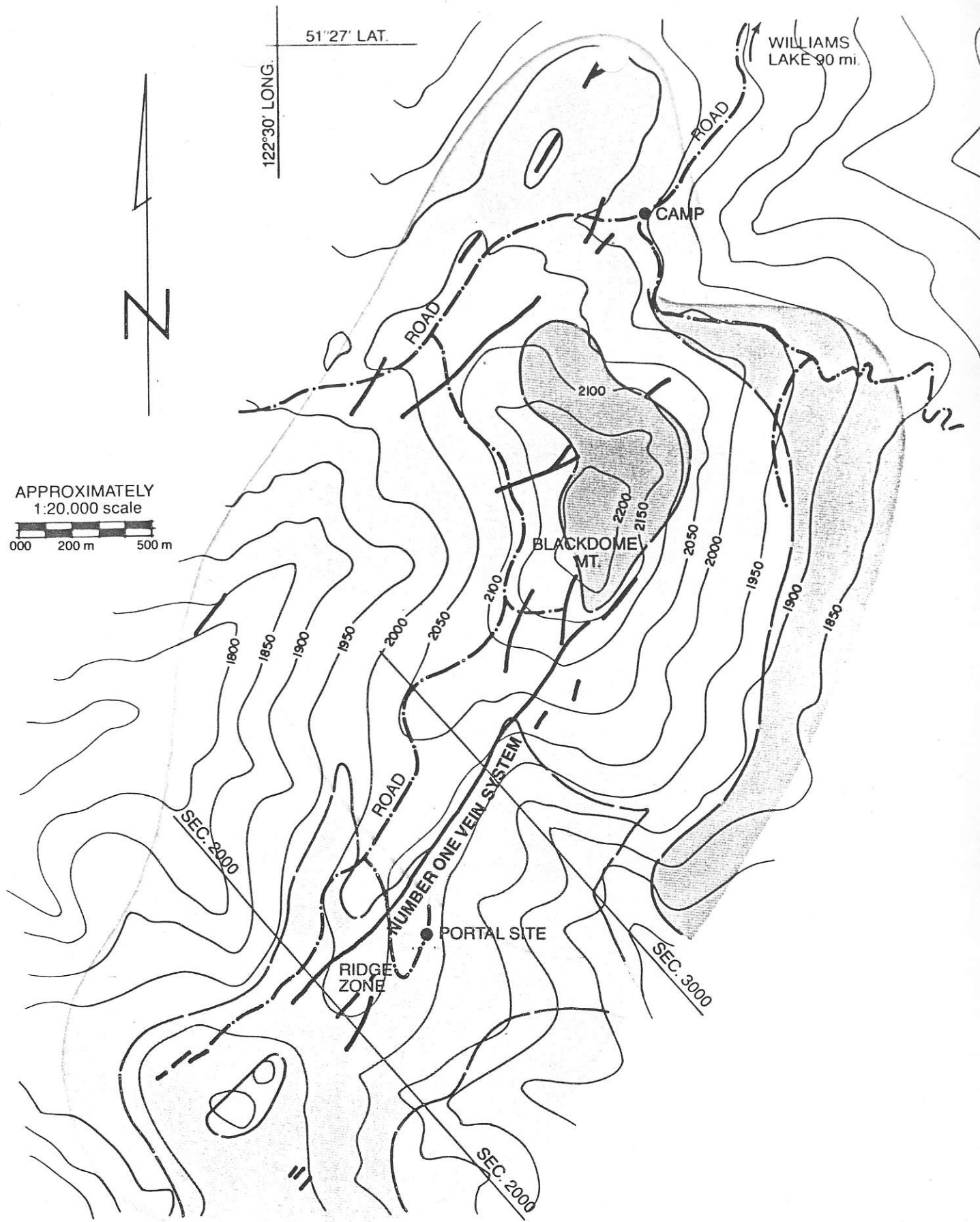
Native gold and silver occur in a number of steeply inclined fault-controlled epithermal quartz vein systems. The ore-bearing veins contain only minor amounts of sulphide and average six to eight feet in thickness; they are surrounded by alteration and quartz stockwork zones several tens of feet in width. The host rocks are gently dipping Tertiary volcanic strata. Extensive exploration work has been directed towards a structure called the "No. 1 Vein System". It is continuous and gold-bearing for a distance of one mile, has a known vertical extent of 575 feet, and is open in both dimensions.

The property covers a potential mining district of ten square miles encompassing several vein systems with ore making possibilities. The geological setting is generally similar to many well established gold and silver mining districts in western North America which have each recorded several hundred millions of dollars worth of gold-silver production at today's metal prices.






See geological map on page 7.

Ore Reserves

Drill indicated reserves in the No. 1 vein structure based on 28,500 feet of diamond drilling are 313,000 tons averaging .35 oz/T gold and 3.21 oz/T silver. A recent comparative analysis of drill core and underground drift sampling to date suggests that drifting may ultimately confirm within the area of drilling a smaller higher grade reserve containing 22% more available metal as follows: 234,400 tons averaging .6 oz gold per ton and 5.5 oz silver. It is estimated by the Company's management that the Blackdome property has geological potential for more than 750,000 tons of ore similar to that indicated by drifting and drilling in the No. 1 vein.



LEGEND

-  GOLD & SILVER BEARING VEINS
-  TERTIARY VOLCANIC FORMATIONS
-  PLATEAU BASALT
-  ANDESITE LAVA FLOWS
-  VOLCANICLASTICS & RHYOLITE FLOWS

BLACKDOME
EXPLORATION LTD.
GEOLOGICAL MAP
GOLD-SILVER PROSPECT
CLINTON MINING DISTRICT
BRITISH COLUMBIA, CANADA
NOV. 1980

Metallurgy

Preliminary tests have indicated no serious metallurgical problems should be encountered and a marketable precious metal concentrate could be produced by a simple flotation.

Two separate tests were made by Lakefield Research of Canada Ltd. on a ten pound composite sample of surface material and a ten pound composite sample of drill core. The results of both tests were similar. There are no impurities in the ore which would seriously interfere with the extraction of gold and silver. The tests show that flotation would be an efficient method of recovery. With a grind of 71.5% minus 200 mesh, about 98% of the gold and 92.5% of the silver was recovered by flotation.

**CURRENT AND CONTEMPLATED
EXPLORATION AND DEVELOPMENT PROGRAM**

The present programme consists of 2400 feet of drifting and raising directed toward confirming sufficient ore to complete a feasibility study. The current estimate of costs for this is 1.8 million dollars. This work is well advanced and should be completed by the end of the year. It is expected that the feasibility study should be completed in the first quarter of 1982.

It is contemplated that a further 1.75 million dollars is required as working capital for the first six months of 1982 to continue operations at the mine. During this period drifting and raising will be continued to confirm further reserves indicated by drilling, prepare proven ore blocks for stoping and begin work on an ore haulage system. In addition, during this period, surface diamond drilling will be carried out to test the proposed plant site and tailings disposal area, as well as selected targets in the No. 1 vein system.

It is anticipated that debt financing will be obtained and plant construction begun in the second quarter of 1982 and that production will commence in the second quarter of 1983.

See map Location of 1981-82 Mine Development Programme on Page 10.

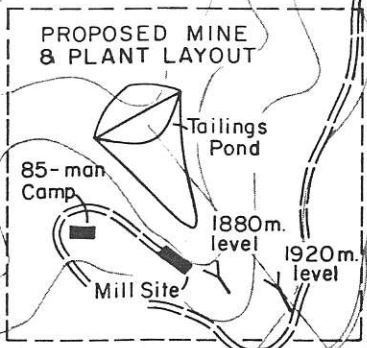
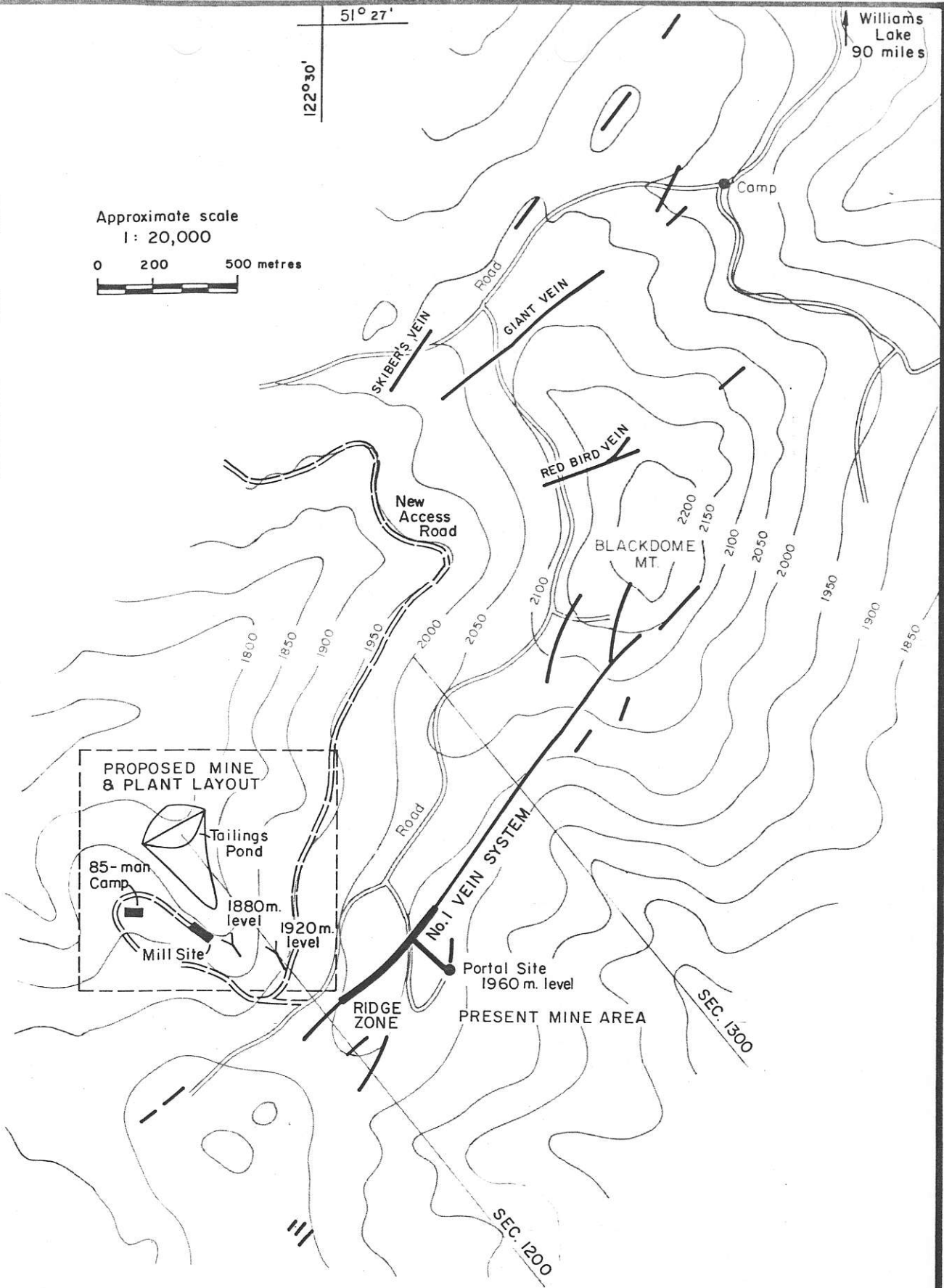
51° 27'

122° 30'

Williams Lake
90 miles

Approximate scale
1: 20,000

0 200 500 metres



LEGEND

— GOLD & SILVER BEARING VEINS

BLACKDOME EXPLORATION LTD.

LOCATION OF
1981-82 MINE DEVELOPMENT
PROGRAMME

FINANCIAL ANALYSIS

Until completion of a formal feasibility study, it cannot be said unequivocally that the property is presently economic. However, in order to give an indication of possible economics, certain assumptions have been incorporated in the financial analysis which follows and which has been prepared by Blackdome for illustrative purposes.

Reserves

| | |
|-------------------------------------|-------------------|
| Indicated by drifting and drilling: | 234,400 Tons |
| Average Grade: | .6 oz/ton Gold |
| | 5.5 oz/ton Silver |

Diluted Reserve

It is estimated that a maximum dilution of 20% would occur during mining resulting in a net diluted reserve of 281,300 tons averaging .48 oz/T gold and 4.4 oz/T silver.

Management believes the property has overall potential for more than 750,000 tons of ore similar to that which is presently indicated by drifting and drilling.

Schedule

| | |
|------------------|-----------------------------|
| January 31, 1982 | Feasibility study completed |
| April 1, 1982 | Construction commences |
| April 1, 1983 | Production commences |

Facilities

A 200 ton-per-day surface mill with capacity to process 70,000 tons per twelve-month period is envisioned to be built with all the support facilities.

Production Statistics

| <u>Year</u> | <u>Tons of Ore Mined and Processed</u> | <u>Average Grade of Ore In Ounces per Ton</u> | | <u>Metal Recoveries In %</u> | |
|-------------|--|---|---------------|----------------------------------|---------------|
| | | <u>Gold</u> | <u>Silver</u> | <u>Gold</u> | <u>Silver</u> |
| 1983 | 52,500 | .48 | 4.4 | 98 | 92 |
| 1984 | 70,000 | .48 | 4.4 | 98 | 92 |
| 1985 | 70,000 | .48 | 4.4 | 98 | 92 |
| 1986 | 70,000 | .48 | 4.4 | 98 | 92 |
| 1987 | 18,800 | .48 | 4.4 | 98 | 92 |
| | <u>281,300</u> | | | | |

Operating Costs

Mining, milling, administration and other operating costs estimated at \$120 per ton of ore processed.

Debt

Ten million dollars borrowed at an interest rate of 20%

Equity

Ultimate issued capital 3,050,250 shares includes an allowance for 437,500 shares issued for current working capital requirements of \$1,750,000.

Escalation

No escalation of metal prices, operating costs or capital costs. The implicit assumption is any escalation of costs will be offset by escalation of metal prices.

***METAL PRICES (In U.S. Dollars)**

| Average Annual Undiscounted Returns After Debt Repayment | Gold \$400 Silver \$10 | Gold \$450 Silver \$12 | Gold \$500 Silver \$12 | Gold \$600 Silver \$15 |
|---|------------------------------|---------------------------|---------------------------|---------------------------|
| Earnings per Share Before Taxes - Can. \$ | \$ 2.73 | \$ 3.71 | \$ 4.45 | \$ 6.28 |
| Tax Paid Earnings Per Share - Can. \$ | \$ 1.81 | \$ 2.24 | \$ 2.55 | \$ 3.33 |
| Time of Debt Retirement From Commencement Of Production | Within 6 months in all cases | | | |

*U.S. Dollars converted to Canadian @ 85%.