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**Annual
Report
1980**

**Blackdome
Exploration
Ltd.**

Report to Shareholders

Dear Shareholder:

In late November 1980, the Company concluded a substantial diamond drilling programme on its Blackdome Mountain Gold-Silver Prospect located 40 miles west of the town of Clinton, British Columbia. One hundred six drill holes totalling 28,500 feet have been completed.

Based on this work, the Company has estimated a drill indicated reserve in the No. 1 Vein system of 313,000 tons averaging .35 oz. gold and 3.21 oz. silver per ton. This includes the Ridge Zone which contains 145,000 tons averaging .51 oz. gold and 3.34 oz. silver per ton.

The Company presently has 1.4 million dollars of working capital and in 1981 plans to proceed with underground exploration and development of the Ridge Zone and further diamond drilling to expand the reserve potential of the Blackdome Mountain Property.

It is presently anticipated that a decision to begin production from the Ridge Zone could be made in late 1981 or early 1982.

On Behalf of the Board



A. F. Reeve, President

February 17, 1981

Blackdome Exploration Ltd.

Auditors' Report

To the Shareholders of
Blackdome Exploration Ltd.

We have examined the balance sheet of Blackdome Exploration Ltd. as at December 31, 1980 and the statements of deferred administration costs and exploration and development costs and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company as at December 31, 1980 and the results of its operations and the changes in its financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

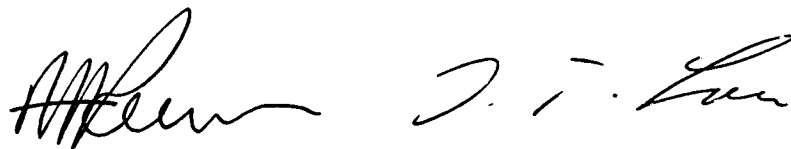
Vancouver, Canada
January 27, 1981

MacGillivray & Co.
Chartered Accountants

Balance Sheet
December 31, 1980

Assets	1980	1979
Current		
Cash	\$ 3,796	\$ 17,802
Term deposits	1,446,959	84,901
Accounts and accrued interest receivable	16,897	378
Permit security	5,000	5,000
Prepaid insurance	1,373	—
	<u>1,474,025</u>	<u>108,081</u>
Mineral Properties (Note 2)	188,330	188,125
Fixed Assets		
	Cost	Accumulated Depreciation
Furniture and fixtures	\$ 1,565	\$ 345
Machinery and equipment	84,309	17,355
	<u>\$ 85,874</u>	<u>\$ 17,700</u>
	1,220	162
	<u>66,954</u>	<u>2,466</u>
	<u>68,174</u>	<u>2,628</u>
Deferred Costs		
Administration	62,644	47,548
Exploration and development	1,279,427	356,509
	<u>1,342,071</u>	<u>404,057</u>
	<u>\$ 3,072,600</u>	<u>\$ 702,891</u>
Liabilities		
Current		
Accounts payable	\$ 47,136	\$ 20,096
Shareholders' Equity		
Capital Stock (Notes 3 and 5)	3,025,464	682,795
	<u>\$ 3,072,600</u>	<u>\$ 702,891</u>

Approved by the directors



**Statement
of Deferred
Administration
Costs**
*for the year ended
December 31, 1980*

	1980	1979
Audit and accounting	\$ 3,450	\$ 3,450
Depreciation	305	41
Legal	26,875	22,700
Licences and taxes	6,086	305
Management fee	8,750	6,293
Miscellaneous	1,853	626
Printing, stationery and office	10,844	2,960
Telephone and postage	476	190
Travel	—	283
Transfer fees	<u>7,156</u>	<u>5,728</u>
	65,795	42,576
Interest income	<u>(50,699)</u>	<u>(10,945)</u>
	15,096	31,631
Deferred administration costs beginning of year	<u>47,548</u>	<u>15,917</u>
Deferred administration costs end of year	<u>\$ 62,644</u>	<u>\$ 47,548</u>

**Statement
of Deferred
Exploration
& Development
Costs**
for the year ended
December 31, 1980

	1980	1979
Bulldozing	\$ 57,941	\$ 10,390
Camp supplies	30,816	16,708
Depreciation	16,739	616
Drilling	416,998	132,299
Freight and storage	9,882	2,519
Geochemical analysis and assays	20,064	10,633
Helicopter and aircraft	5,633	7,058
Insurance	2,203	200
Licences, permits and recording fees	3,371	5,378
Operator's fee	65,187	14,840
Printing, maps and office	8,135	6,191
Professional technical services	87,949	69,483
Field staff	95,462	13,420
Telephone and postage	6,052	2,171
Travel	13,837	4,430
Truck and car expenses	30,450	13,070
Equipment rental and supplies	38,140	540
Petro products and containers	14,059	3,812
	<u>922,918</u>	<u>313,758</u>
Expense recoveries	—	(2,651)
Government grant	—	(3,910)
	<u>—</u>	<u>(6,561)</u>
	922,918	307,197
Deferred exploration and development costs beginning of year	<u>356,509</u>	<u>49,312</u>
Deferred exploration and development costs end of year	<u>\$ 1,279,427</u>	<u>\$ 356,509</u>

**Statement
of Changes
in Financial
Position**
*for the year ended
December 31, 1980*

	1980	1979
Working Capital Provided By		
Issuance of capital stock (Note 3)		
For cash	\$ 2,342,669	\$ 462,170
For mineral properties	<u> —</u>	<u>95,625</u>
	<u>2,342,669</u>	<u>557,795</u>
Working Capital Applied To		
Mineral properties	205	138,125
Acquisition of fixed assets	82,590	3,285
Deferred administration costs — net of depreciation	14,791	31,590
Deferred exploration and development costs — net of depreciation	<u>906,179</u>	<u>306,581</u>
	<u>1,003,765</u>	<u>479,581</u>
Increase in Working Capital for the year	1,338,904	78,214
Working Capital beginning of year	<u>87,985</u>	<u>9,771</u>
Working Capital end of year	<u>\$ 1,426,889</u>	<u>\$ 87,985</u>

**Notes to the
Financial
Statements**
December 31, 1980

1. Accounting Policies

(a) Deferred Costs

The Company is in the exploration stage and has established a policy of deferring all costs relating to exploration projects, including related administration costs, until such time as the projects are put into commercial production, sold or abandoned.

(b) Values

The amounts shown for mineral properties and deferred costs represent costs to date and are not intended to reflect present or future values.

(c) Fixed Assets and Depreciation

Fixed assets are carried at cost. Depreciation on these assets is taken on the declining balance method at the rate of 20% per annum.

2. Mineral Properties

The company owns several mineral claims and placer leases in the Blackdome Mountain area of the Clinton Mining Division of British Columbia acquired for the following consideration:

Cash	\$ 42,705
792,500 shares of the company's capital stock at assigned values	<u>145,625</u>
	<u>\$ 188,330</u>

3. Capital Stock

Authorized

During the year, the company increased its authorized capital to 5,000,000 shares without par value. 2,500,000 shares are designated as Class "A" shares of which 2,440,250 are issued, and 2,500,000 unissued shares are designated as Class "B" shares which are non-voting.

Issued

The company has issued Class "A" shares of its capital stock as follows:

	1980		1979	
	Number of Shares	Amount	Number of Shares	Amount
For cash				
Balance beginning of the year	850,000	\$ 537,170	300,000	\$ 75,000
Issued during the year	<u>797,750</u>	<u>2,342,669</u>	<u>550,000</u>	<u>462,170</u>
Balance end of the year	<u>1,647,750</u>	<u>2,879,839</u>	<u>850,000</u>	<u>537,170</u>
For properties				
Balance beginning of the year	792,500	145,625	500,000	50,000
Issued during the year	<u>—</u>	<u>—</u>	<u>292,500</u>	<u>95,625</u>
Balance end of the year	<u>792,500</u>	<u>145,625</u>	<u>792,500</u>	<u>145,625</u>
Total issued	<u>2,440,250</u>	<u>\$ 3,025,464</u>	<u>1,642,500</u>	<u>\$ 682,795</u>

4. Remuneration of Directors and Senior Officers

No direct remuneration was paid or is payable to directors and senior officers of the company, as defined by the British Columbia Companies Act in the year ended December 31, 1980.

A company controlled by a director of the company, received \$20,625 for services performed in the year.

5. Stock Options

The company has granted the following options to purchase shares of its capital stock.

Directors — 85,000 Class "A" shares at an option price of \$2.50 per share if exercised during 1981.

The option price increases by \$.25 per share per year up to and including 1984 when the option expires on December 6, 1984.

**Notes to the
Financial
Statements**

*December 31, 1980
continued*

Exploration manager — at an option price of \$2.25 per share.

- 5,000 Class "A" shares exercisable after January 1, 1981
- 5,000 Class "A" shares exercisable after January 1, 1982
- 5,000 Class "A" shares exercisable after January 1, 1983

This option also expires on December 6, 1984.

Subsequent to the year end the directors exercised their options to purchase 85,000 Class "A" shares at \$2.50 per share and the exploration manager exercised his option to acquire 5,000 Class "A" shares at \$2.25 per share.

The company proposes to designate 1,500,000 unissued Class "B" shares as Class "A" shares at its annual general meeting. This will enable the company to deliver all of the 90,000 Class "A" shares in respect of which the options have been exercised.

6. Related Party Transactions

Barrier Reef Resources Ltd., a company having two common directors with Blackdome Exploration Ltd. earned \$65,187 as operator for the company's exploration program during 1980. Of this amount \$7,863 is included in accounts payable as at December 31, 1980.

7. Comparative figures

Certain 1979 figures provided for purposes of comparison have been restated to conform to the presentation used in the current year. These changes have no effect on 1979 deferred costs.

Corporate Data

Head Office:

Blackdome Exploration Ltd.
904 - 675 W. Hastings St.
Vancouver, B.C. V6B 1N2
Telephone 688-3584

Directors & Officers:

Albert F. Reeve, President & Director
Jurgen T. Lau, Secretary & Director
Irvine Corbett, Director
William St. C. Dunn, Director
J. Haig deB. Farris, Director

Solicitors:

Bull, Housser & Tupper
Vancouver, B.C.

Auditors:

MacGillivray & Co.
Vancouver, B.C.

Transfer Agent & Registrar:

Canada Permanent Trust Co.
701 West Georgia St.
Vancouver, B.C. V7Y 1E5

Listed:

Vancouver Stock Exchange
Symbol — BEE

Authorized Capital:

2,500,000 Class A Common
2,500,000 Class B Common

Issued Capital:

2,442,500 Class A Common

Principal Shareholder:

Barrier Reef Resources Ltd.
Vancouver, B.C.

Blackdome Exploration Ltd.
904 -675 West Hastings Street, Vancouver, B.C. V6B 1N2
Telephone 688-3584