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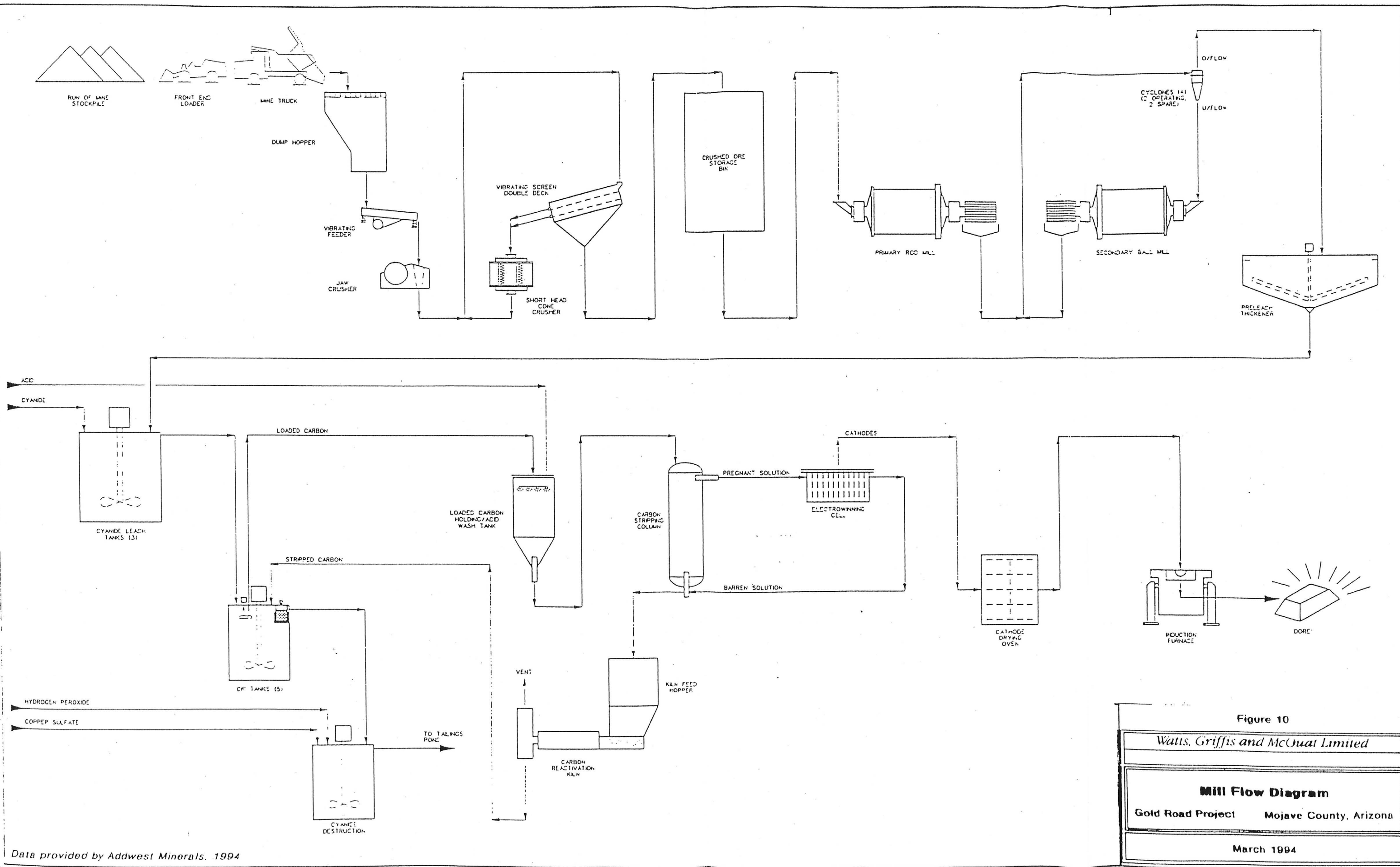
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Mine Construction Schedule

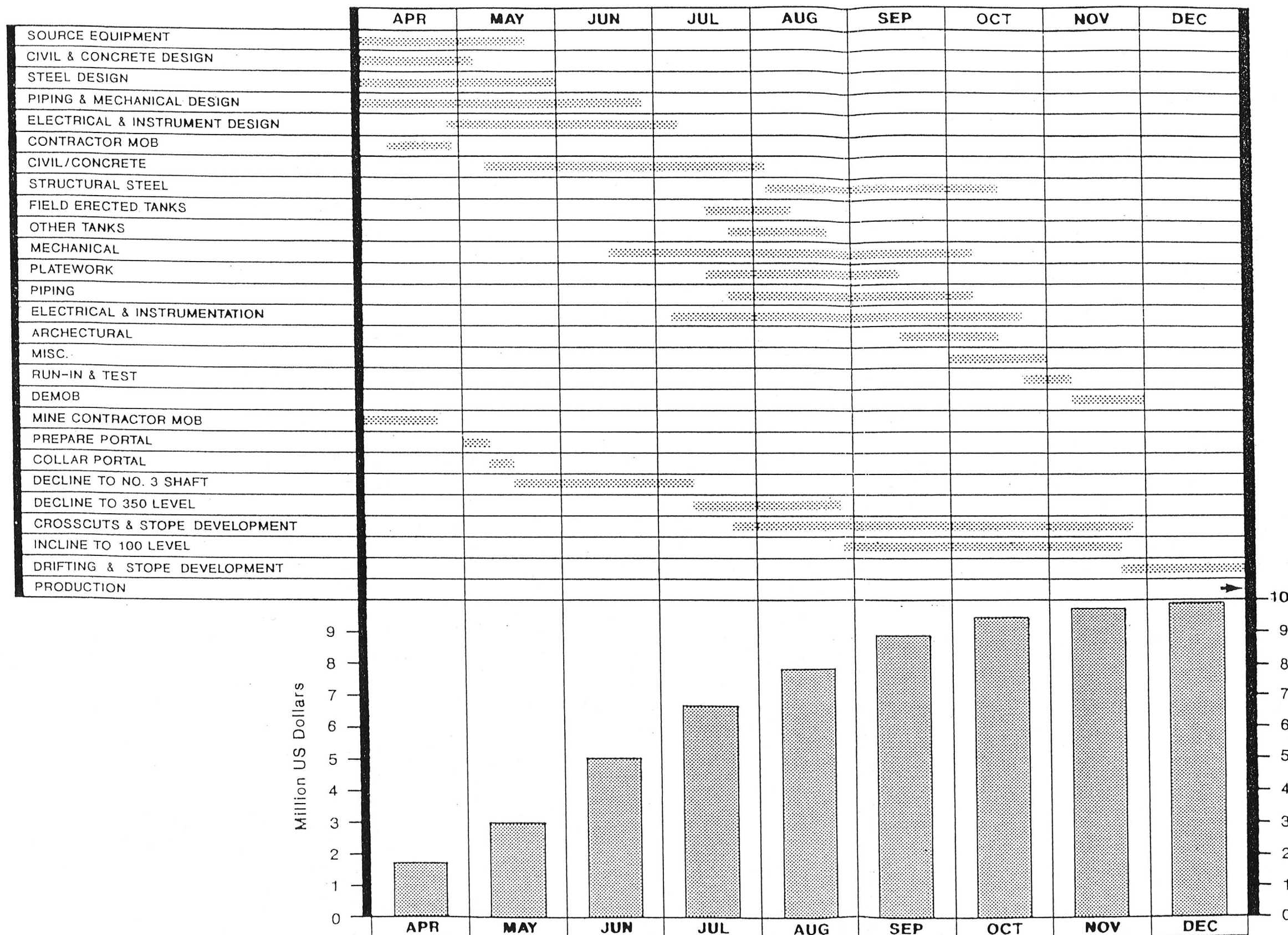


Figure 11

Watts, Griffis and McQuat Limited

Schedule of Mine Construction and Investments

Gold Road Project Mojave County, Arizona

March 1994

ITEM	DESCRIPTION	CALC	QTR -3	QTR -2	QTR -1	QTR 1	QTR 2	QTR 3	QTR 4	QTR 5	QTR 6	QTR 7	QTR 8	QTR 9	QTR 10	QTR 11	TOTAL
1	TONS MILLED					45,500	45,500	45,500	45,500	45,500	45,500	45,500	45,500	45,500	45,500	45,500	540,000
2	GRADE (oz AU/ton)					0.387	0.377	0.399	0.409	0.319	0.262	0.253	0.272	0.284	0.291	0.233	0.201
3	CONTAINED OUNCES	1*2				16698.5	17153.5	18154.5	18609.5	14514.5	11921	11511.5	12378	12922	13240.5	10601.5	9145.5
4	RECOVERY, GOLD %					0.9	0.93	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95
5	GOLD PRODUCED, OUNCES	3*4				15028.65	15952.78	17246.78	17679.03	13788.78	11324.95	10935.83	11757.2	12275.9	12578.48	10071.43	8688.225
6	CUMULATIVE OUNCES, GOLD					15028.65	30981.41	48228.18	65907.21	79695.98	91020.93	101958.9	113714.1	125990	138568.4	148639.9	157328.1
7	GOLD PRICE US\$OUNCE					380	380	380	380	380	380	380	380	380	380	380	380
8	REVENUE, GOLD US\$	5*7				5,711	6,062	6,554	8,718	5,240	4,303	4,156	4,468	4,665	4,780	3,827	3,302
9	GRADE, (oz AG/ton)					0.275	0.283	0.299	0.307	0.239	0.197	0.190	0.204	0.213	0.218	0.175	0.151
10	CONTAINED OUNCES, SILVER	1*9				12523.88	12865.13	13815.88	13957.12	10885.88	8940.75	8633.625	9282	9891.5	9930.375	7951.125	6859.125
11	RECOVERY, SILVER %					0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
12	SILVER PRODUCED, OUNCES	9*10				6261.938	6432.583	6807.938	6978.562	5442.038	4470.375	4318.813	4841	4845.75	4965.188	3975.563	3429.563
13	CUMULATIVE OUNCES, SILVER					6261.938	12694.5	19502.44	26481	31923.94	36394.31	40711.13	45352.13	50197.88	55183.08	59138.63	62568.19
14	SILVER PRICE, US\$OUNCE					4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5
15	REVENUE, SILVER US\$	12*14				0.028	0.029	0.031	0.031	0.024	0.020	0.018	0.021	0.022	0.022	0.018	0.015
16	TOTAL GROSS REVENUE	8+15				5,739	8,091	8,584	8,749	5,264	4,324	4,175	4,489	4,687	4,802	3,845	3,317
OPERATING COST																	
17	MINING X 10 ⁶					1.5829	1.5114	1.4388	1.4388	1.4388	1.4388	1.4388	1.4388	1.4388	1.4388	1.4388	1.4388
18	MILLING X 10 ⁶					0.6039	0.6039	0.6039	0.6039	0.6039	0.6039	0.6039	0.6039	0.6039	0.6039	0.6039	0.6039
19	GENERAL & ADMINISTRATION X 10 ⁶					0.1507	0.1507	0.1507	0.1507	0.1507	0.1507	0.1507	0.1507	0.1507	0.1507	0.1507	0.1507
20	SALES, TRANSP, INS. X 10 ⁶	5*3.5				0.053	0.057	0.061	0.063	0.049	0.040	0.039	0.042	0.044	0.045	0.038	0.031
21	ROYALTIES X 10 ⁶	16*0.038				0.209	0.222	0.240	0.248	0.192	0.158	0.152	0.164	0.171	0.175	0.140	0.121
22	SEVERANCE TAX X 10 ⁶	(18-17)*				0.104	0.114	0.129	0.133	0.098	0.072	0.068	0.076	0.081	0.084	0.060	0.047
23	PROPERTY TAX X 10 ⁶					0.079	0.079	0.079	0.079	0.079	0.079	0.079	0.079	0.079	0.079	0.079	0.079
24	INTEREST X 10 ⁶		0.028	0.045	0.047	0.070	0.062	0.060	0.043	0.023	0.012	0.007	2.539	2.554	2.568	2.578	2.471
25	TOTAL COSTS	sum(17-24)	0.026	0.045	0.047	2.853	2.800	2.762	2.757	2.632	2.554	2.539	2.554	2.568	2.578	2.509	2.471
26	OPERATING PROFIT	16-25	-0.028	-0.045	-0.047	2.886	3.291	3.822	3.992	2.632	1.769	1.636	1.934	2.118	2.226	1.336	0.848
28	DEPRECIATION X 10 ⁶					0.737	0.737	0.737	0.737	0.289	0.289	0.289	0.289	0.289	0.289	0.289	0.289
29	DEPLETION X 10 ⁶	LESSER OF (15*16) AND (5*(26-27-28))				0.861	0.914	0.988	1.012	0.790	0.848	0.626	0.673	0.703	0.720	0.524	0.278
27	LOSS CARRY FORWARD			-0.070	-0.117	0.117	0	0	0	0	0	0	0	0	0	0	0
30	TAXABLE INCOME X 10 ⁶	26-27-28				1.171	1.840	2.097	2.243	1.553	0.832	0.721	0.972	1.126	1.218	0.524	0.278
31	INCOME TAX X 10 ⁶	AZ(.05)+FED(28)*(1-AZ(.05))=318				0.370	0.518	0.663	0.709	0.491	0.263	0.228	0.307	0.356	0.384	0.185	0.098
32	PROFIT AFTER TAX	30-31				0.801	1.122	1.435	1.534	1.063	0.569	0.493	0.665	0.770	0.832	0.358	0.190
CAPITAL																	
33	LOAN PROCEEDS		5.100	3.800	0.430												9.330
34	INVESTMENT		5.400	3.800	1.000												9.700
35	EXPLORATION					0.017	0.215	0.194	0.312	0.137	0.182	0.144	0.412	0.100	0.100	0.100	2.013
36	WORKING CAPITAL		0.333	0.333	0.334												0.000
37	LOAN REPAYMENTS					1.127	0.227	2.268	2.646	1.512	0.605	0.945					9.330
38	PROPERTY PAYMENTS		0.200														0.200
39	CASH FLOW 32+28+29+33-34-35-36-37-38		-0.833	-0.333	-0.804	1.255	2.331	0.697	0.326	0.492	0.720	0.319	1.215	1.662	1.741	1.071	11.917
40	CUM CASH FLOW		-0.833	-1.168	-2.070	-0.815	1.516	2.213	2.539	3.031	3.750	4.070	5.285	6.947	8.689	9.759	11.917
41	NET PRESENT VALUE @10% @15%	9.008 7.855															
42	CASH FLOW BEFORE TAX		-0.859	-0.308	-0.951	1.625	2.849	1.360	1.034	0.683	0.982	0.547	1.522	2.018	2.128	1.238	2.248
43	NET PRESENT VALUE @ 10%	12.670															16.460

COST X 1.10

ITEM	DESCRIPTION	CALC	QTR -3	QTR -2	QTR -1	QTR 1	QTR 2	QTR 3	QTR 4	QTR 5	QTR 6	QTR 7	QTR 8	QTR 9	QTR 10	QTR 11	QTR 12	TOTAL
1	TONS MILLED					45,500	45,500	45,500	45,500	45,500	45,500	45,500	45,500	45,500	45,500	45,500	45,500	546000
2	GRADE (oz AU/ton)					0.367	0.377	0.399	0.409	0.319	0.262	0.253	0.272	0.284	0.291	0.233	0.201	0.288
3	CONTAINED OUNCES	1*2				16698.5	17153.5	18154.5	18609.5	14514.5	11921	11511.5	12378	12922	13240.5	10601.5	9145.5	166849
4	RECOVERY, GOLD %					0.9	0.93	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95	157328
5	GOLD PRODUCED, OUNCES	3*4				15028.65	15962.78	17248.78	17679.03	13788.78	11324.95	10935.93	11757.2	12275.9	12578.48	10071.43	8688.225	157328.1
6	CUMULATIVE OUNCES, GOLD					15028.65	30981.41	48228.18	65907.21	79695.98	91020.93	101958.9	113714.1	125990	138568.4	148639.9	157328.1	
7	GOLD PRICE US\$/OUNCE					380	380	380	380	380	380	380	380	380	380	380	380	59.785
8	REVENUE, GOLD US\$	5*7				5.711	6.062	6.554	6.718	5.240	4.303	4.158	4.468	4.665	4.780	3.827	3.302	
9	GRADE, (oz AG/ton)					0.275	0.283	0.299	0.307	0.239	0.197	0.190	0.204	0.213	0.218	0.175	0.151	
10	CONTAINED OUNCES, SILVER	1*9				12523.88	12865.13	13615.88	13957.12	10885.88	8940.75	8633.625	9282	9991.5	9930.375	7951.125	6858.125	
11	RECOVERY, SILVER %					0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	
12	SILVER PRODUCED, OUNCES	9*10				6261.938	8432.563	6807.938	6978.562	5442.938	4470.375	4318.813	4841	4845.75	4965.188	3975.503	3429.563	62568
13	CUMULATIVE OUNCES, SILVER					6261.938	12694.5	19502.44	26481	31923.94	36394.31	40711.13	45352.13	50197.88	55163.08	59138.63	62568.19	
14	SILVER PRICE, US\$/OUNCE					4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	
15	REVENUE, SILVER US\$	12*14				0.028	0.029	0.031	0.031	0.024	0.020	0.019	0.021	0.022	0.022	0.018	0.015	0.282
16	TOTAL GROSS REVENUE	8+15				5.739	6.091	6.584	6.749	5.264	4.324	4.175	4.489	4.687	4.802	3.845	3.317	60.068
OPERATING COST																		0.000
17	MINING X 10 ⁶					1.2951	1.2366	1.1772	1.1772	1.1772	1.1772	1.1772	1.1772	1.1772	1.1772	1.1772	1.1772	14.304
18	MILLING X 10 ⁶					0.4941	0.4941	0.4941	0.4941	0.4941	0.4941	0.4941	0.4941	0.4941	0.4941	0.4941	0.4941	5.929
19	GENERAL & ADMINISTRATION X 10 ⁶					0.1233	0.1233	0.1233	0.1233	0.1233	0.1233	0.1233	0.1233	0.1233	0.1233	0.1233	0.1233	1.480
20	SALES, TRANSP, INS. X 10 ⁶	5*3.5				0.053	0.057	0.061	0.063	0.049	0.040	0.039	0.042	0.044	0.045	0.036	0.031	0.559
21	ROYALTIES X 10 ⁶	16*0.008				0.200	0.222	0.240	0.246	0.192	0.158	0.152	0.164	0.171	0.175	0.140	0.121	2.192
22	SEVERANCE TAX X 10 ⁶	(16-17)*				0.111	0.121	0.135	0.139	0.102	0.079	0.075	0.083	0.088	0.091	0.087	0.053	1.144
23	PROPERTY TAX X 10 ⁶					0.079	0.079	0.079	0.079	0.079	0.079	0.079	0.079	0.079	0.079	0.079	0.079	0.392
24	INTEREST X 10 ⁶		0.028	0.045	0.047	0.070	0.062	0.060	0.043	0.023	0.012	0.007						
25	TOTAL COSTS	sum(17..24)	0.028	0.045	0.047	2.435	2.395	2.370	2.365	2.240	2.162	2.147	2.162	2.178	2.184	2.118	2.079	26.831
26	OPERATING PROFIT	16-26	-0.028	-0.045	-0.047	3.304	3.698	4.214	4.385	3.024	2.162	2.028	2.327	2.511	2.618	1.729	1.238	33.235
28	DEPRECIATION X 10 ⁶					0.737	0.737	0.737	0.737	0.289	0.289	0.289	0.289	0.289	0.289	0.289	0.289	5.200
29	DEPLETION X 10 ⁶	LESSER OF (.15*16) AND (.5*(26-27-28))				0.861	0.814	0.908	1.012	0.790	0.649	0.628	0.673	0.703	0.720	0.577	0.474	8.987
27	LOSS CARRY FORWARD			-0.070	-0.117	0.117	0	0	0	0	0	0	0	0	0	0	0	
30	TAXABLE INCOME X 10 ⁶	26-27-28				1.589	2.048	2.490	2.635	1.948	1.224	1.113	1.384	1.519	1.609	0.863	0.474	18.871
31	INCOME TAX X 10 ⁶	AZ(.05)+FED(.28)*(1-AZ(.05))=.318				0.502	0.648	0.787	0.833	0.615	0.387	0.352	0.431	0.480	0.508	0.273	0.150	5.963
32	PROFIT AFTER TAX	30-31				1.087	1.399	1.703	1.802	1.331	0.837	0.761	0.933	1.039	1.100	0.590	0.325	12.908
CAPITAL																		
33	LOAN PROCEEDS		5.100	3.800	0.430													9.330
34	INVESTMENT		5.400	3.800	1.000													9.700
35	EXPLORATION					0.017	0.215	0.194	0.312	0.137	0.182	0.144	0.412	0.100	0.100	0.100	-0.500	2.013
36	WORKING CAPITAL		0.333	0.333	0.334												-1.000	0.000
37	LOAN REPAYMENTS					1.127	0.227	2.268	2.646	1.512	0.605	0.945						9.330
38	PROPERTY PAYMENTS		0.200															0.200
39	CASH FLOW 32+28+29+33-34-35-36-37-38		-0.833	-0.333	-0.904	1.541	2.608	0.968	0.594	0.781	0.908	0.588	1.484	1.931	2.010	1.356	2.488	15.242
40	CUM CASH FLOW		-0.833	-1.166	-2.070	-0.529	2.079	3.044	3.638	4.399	5.386	5.974	7.457	9.388	11.398	12.754	15.242	15.242
41	NET PRESENT VALUE @ 10%	11.640																
	@ 15%	10.211																
42	CASH FLOW BEFORE TAX		-0.859	-0.308	-0.951	2.043	3.254	1.752	1.427	1.375	1.375	0.939	1.915	2.411	2.518	1.629	2.638	21.205
43	NET PRESENT VALUE @ 10%	16.441																

COST X .90

ITEM	DESCRIPTION	CALC	QTR-3	QTR-2	QTR-1	QTR 1	QTR 2	QTR 3	QTR 4	QTR 5	QTR 6	QTR 7	QTR 8	QTR 9	QTR 10	QTR 11	QTR 12	TOTAL
1	TONS MILLED					45,500	45,500	45,500	45,500	45,500	45,500	45,500	45,500	45,500	45,500	45,500	45,500	546000
2	GRADE (oz AU/lt)					0.330	0.378	0.359	0.368	0.320	0.264	0.252	0.273	0.277	0.300	0.210	0.202	0.278
3	CONTAINED OUNCES	1*2				15028.65	17108	16339.05	16748.55	14560	12012	11468	12421.5	12603.5	13650	9541.35	9191	160670
4	RECOVERY, GOLD %					0.9	0.93	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95	151543
5	GOLD PRODUCED, OUNCES 3*4					13525.79	15810.44	15522.1	15911.12	13832	11411.4	10892.7	11800.43	11973.33	12987.5	9084.283	8731.45	151542.5
6	CUMULATIVE OUNCES, GOLD					13525.79	29436.23	44958.32	60669.44	74701.45	86112.85	97005.54	108808	120779.3	133748.8	142811.1	151542.5	
7	GOLD PRICE US\$/OUNCE					380	380	380	380	380	380	380	380	380	380	380	380	57.586
8	REVENUE, GOLD US\$	5*7				5.140	8.048	5.898	8.048	5.258	4.336	4.139	4.484	4.550	4.928	3.444	3.318	
9	GRADE, (oz AG/lt)					0.248	0.282	0.269	0.278	0.240	0.198	0.189	0.205	0.208	0.225	0.157	0.152	
10	CONTAINED OUNCES, SILV 1*9					11271.49	12831	12254.29	12581.41	10920	9009	8599.5	9318.125	9452.625	10237.5	7158.013	6893.25	
11	RECOVERY, SILVER %					0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	
12	SILVER PRODUCED, OUNCE 9*10					5635.744	8415.5	8127.144	8280.708	5480	4504.5	4299.75	4658.063	4728.313	5118.75	3578.008	3448.625	60251
13	CUMULATIVE OUNCES, SILVER					5635.744	12051.24	18178.39	24459.09	29919.09	34423.59	38723.34	43381.41	48107.72	53228.47	58904.48	60251.1	60251
14	SILVER PRICE, US\$/OUNCE					4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	
15	REVENUE, SILVER US\$	12*14				0.025	0.029	0.028	0.028	0.025	0.020	0.019	0.021	0.021	0.023	0.018	0.018	0.271
16	TOTAL GROSS REVENUE	8+15				5.165	8.075	5.928	8.074	5.281	4.357	4.159	4.506	4.571	4.951	3.461	3.333	57.857
																		0.000
OPERATING COST																		
17	MINING X 10*8					1.439	1.374	1.308	1.308	1.308	1.308	1.308	1.308	1.308	1.308	1.308	1.308	15.893
18	MILLING X 10*8					0.549	0.549	0.549	0.549	0.549	0.549	0.549	0.549	0.549	0.549	0.549	0.549	6.588
19	GENERAL & ADMINISTRATION X 10*8					0.137	0.137	0.137	0.137	0.137	0.137	0.137	0.137	0.137	0.137	0.137	0.137	1.644
20	SALES, TRANSP, INS. X 10*8 5*3.5					0.048	0.058	0.055	0.058	0.049	0.041	0.039	0.042	0.043	0.048	0.032	0.031	0.538
21	ROYAL TIES X 10*8	16*0.038				0.189	0.222	0.216	0.222	0.193	0.159	0.152	0.164	0.167	0.181	0.128	0.122	2.112
22	SEVERANCE TAX X 10*8	(18-17)*				0.093	0.118	0.115	0.119	0.099	0.078	0.071	0.080	0.082	0.091	0.054	0.051	1.049
23	PROPERTY TAX X 10*8					0.079	0.079	0.079	0.079	0.079	0.079	0.079	0.079	0.079	0.079	0.079	0.079	0.948
24	INTEREST X 10*8		0.028	0.045	0.047	0.070	0.062	0.060	0.043	0.023	0.012	0.007						0.362
25	TOTAL COSTS	sum(17-24)	0.028	0.045	0.047	2.604	2.598	2.520	2.513	2.437	2.360	2.342	2.359	2.364	2.391	2.285	2.278	29.048
26	OPERATING PROFIT	16-25	-0.028	-0.045	-0.047	2.581	3.479	3.408	3.561	2.844	1.998	1.817	2.146	2.207	2.580	1.175	1.057	28.810
28	DEPRECIATION X 10*8					0.737	0.737	0.737	0.737	0.289	0.289	0.289	0.289	0.289	0.289	0.289	0.289	5.260
29	DEPLETION X 10*8	LESSER OF (15*16) AND (5*(28-27-28))				0.775	0.911	0.889	0.911	0.792	0.653	0.624	0.678	0.688	0.743	0.443	0.384	8.487
27	LOSS CARRY FORWARD			-0.070	-0.117	0.117	0	0	0	0	0	0	0	0	0	0	0	
30	TAXABLE INCOME X 10*8	28-27-28				0.933	1.830	1.780	1.913	1.762	1.054	0.904	1.181	1.233	1.528	0.443	0.384	14.946
31	INCOME TAX X 10*8	AZ(05)+FED(28)*(1-AZ(05))-318				0.295	0.578	0.583	0.605	0.557	0.333	0.288	0.373	0.388	0.483	0.140	0.121	4.723
32	PROFIT AFTER TAX	30-31				0.638	1.252	1.218	1.308	1.208	0.721	0.618	0.808	0.843	1.045	0.303	0.263	10.223
CAPITAL																		
33	LOAN PROCEEDS		5.100	3.800	0.430													9.330
34	INVESTMENT		5.400	3.800	1.000												-0.500	9.700
35	EXPLORATION					0.017	0.215	0.194	0.312	0.137	0.182	0.144	0.412	0.100	0.100	0.100	2.013	
36	WORKING CAPITAL		0.333	0.333	0.334												-1.000	0.000
37	LOAN REPAYMENTS					1.127	0.227	2.268	2.646	1.512	0.605	0.945						9.330
38	PROPERTY PAYMENTS		0.200															0.200
39	CASH FLOW 32+28+29+33-34-35-36-37-		-0.833	-0.333	-0.904	1.008	2.458	0.382	-0.001	0.638	0.876	0.442	1.361	1.718	1.977	0.935	2.336	12.057
40	CUM CASH FLOW		-0.833	-1.166	-2.070	-1.064	1.394	1.776	1.775	2.412	3.289	3.731	5.091	6.809	8.788	9.721	12.057	12.057
41	NET PRESENT VALUE @ 10 @ 15%	9.036 7.847																
42	CASH FLOW BEFORE TAX		-0.859	-0.308	-0.951	1.301	3.037	0.944	0.603	1.195	1.209	0.728	1.734	2.107	2.460	1.075	2.457	16.780
43	NET PRESENT VALUE @ 10	12.819																

GRADE X 90

Watts, Griffiths and McQuar

ITEM	DESCRIPTION	CALC	QTR -3	QTR -2	QTR -1	QTR 1	QTR 2	QTR 3	QTR 4	QTR 5	QTR 6	QTR 7	QTR 8	QTR 9	QTR 10	QTR 11	QTR 12	TOTAL
1	TONS MILLED					45,500	45,500	45,500	45,500	45,500	45,500	45,500	45,500	45,500	45,500	45,500	45,500	546000
2	GRADE (oz AU/zt)					0.367	0.378	0.399	0.409	0.320	0.264	0.252	0.273	0.277	0.300	0.233	0.202	0.269
3	CONTAINED OUNCES	1*2				16698.5	17108	18154.5	18609.5	14560	12012	11468	12421.5	12603.5	13650	10301.5	9191	167078
4	RECOVERY, GOLD %					0.9	0.93	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95	
5	GOLD PRODUCED, OUNCES 3*4					15028.65	15910.44	17248.78	17679.03	13832	11411.4	10692.7	11800.43	11973.33	12967.5	10071.43	8731.45	157545
6	CUMULATIVE OUNCES, GOLD					15028.65	30939.09	48185.87	65864.89	79696.89	91108.29	102001	113801.4	125774.7	138742.2	148813.7	157545.1	
7	GOLD PRICE US\$/OUNCE					418	418	418	418	418	418	418	418	418	418	418	418	
8	REVENUE, GOLD US\$	5*7				6282	6651	7209	7390	5782	4770	4553	4933	5005	5420	4210	3650	65854
9	GRADE, (oz AG/zt)					0.275	0.282	0.299	0.307	0.240	0.198	0.189	0.205	0.208	0.225	0.175	0.152	
10	CONTAINED OUNCES, SILV 1*9					12523.88	12831	13815.88	13957.12	10920	9009	8598.5	9318.125	9452.625	10237.5	7951.125	6893.25	
11	RECOVERY, SILVER %					0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	
12	SILVER PRODUCED, OUNCE 9*10					6281.938	6415.5	6807.938	6978.562	5480	4504.5	4299.75	4658.063	4728.313	5118.75	3975.563	3448.625	62054
13	CUMULATIVE OUNCES, SILVER					6281.938	12677.44	19485.38	26463.94	31923.94	36428.44	40728.19	45386.25	50112.58	55231.31	59208.88	62653.5	62054
14	SILVER PRICE, US\$/OUNCE					4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	
15	REVENUE, SILVER US\$	12*14				0.028	0.029	0.031	0.031	0.025	0.020	0.019	0.021	0.021	0.023	0.018	0.016	0.282
16	TOTAL GROSS REVENUE	8+15				8.310	8.879	7.240	7.421	5.808	4.790	4.572	4.954	5.028	5.443	4.228	3.665	68.138
OPERATING COST																		
17	MINING X 10*8					1.439	1.374	1.308	1.308	1.308	1.308	1.308	1.308	1.308	1.308	1.308	1.308	15893
18	MILLING X 10*8					0.549	0.549	0.549	0.549	0.549	0.549	0.549	0.549	0.549	0.549	0.549	0.549	8.588
19	GENERAL & ADMINISTRATION X 10*8					0.137	0.137	0.137	0.137	0.137	0.137	0.137	0.137	0.137	0.137	0.137	0.137	1.644
20	SALES, TRANSP, INS. X 10*8 5*3.5					0.053	0.058	0.081	0.063	0.049	0.041	0.039	0.042	0.043	0.048	0.038	0.031	0.559
21	ROYAL TIES X 10*8	16*0.038				0.230	0.244	0.284	0.271	0.212	0.175	0.167	0.181	0.183	0.199	0.154	0.134	2.414
22	SEVERANCE TAX X 10*8	(16-17)*				0.122	0.133	0.148	0.153	0.112	0.087	0.082	0.091	0.093	0.103	0.073	0.059	1.258
23	PROPERTY TAX X 10*8					0.079	0.079	0.079	0.079	0.079	0.079	0.079	0.079	0.079	0.079	0.079	0.079	0.948
24	INTEREST X 10*8		0.028	0.045	0.047	0.070	0.062	0.060	0.043	0.023	0.012	0.007						0.392
25	TOTAL COSTS	sum(17..2	0.028	0.045	0.047	2.679	2.633	2.607	2.602	2.469	2.387	2.367	2.387	2.392	2.421	2.338	2.297	29.578
26	OPERATING PROFIT	16-26	-0.028	-0.045	-0.047	3.631	4.048	4.633	4.819	3.337	2.403	2.205	2.567	2.634	3.022	1.892	1.369	38.558
28	DEPRECIATION X 10*8					0.737	0.737	0.737	0.737	0.289	0.289	0.289	0.289	0.289	0.289	0.289	0.289	5.260
29	DEPLETION X 10*8	LESSER OF (15*18) AND (5*(26-27-28))				0.947	1.002	1.086	1.113	0.871	0.719	0.688	0.743	0.754	0.817	0.634	0.540	9.910
27	LOSS CARRY FORWARD			-0.070	-0.117	0.117	0	0	0	0	0	0	0	0	0	0	0	
30	TAXABLE INCOME X 10*8	28-27-28				1.831	2.307	2.810	2.969	2.177	1.398	1.230	1.535	1.591	1.917	0.969	0.540	21.271
31	INCOME TAX X 10*8	AZ(.05)+FED(.28)*(1-AZ(.05))+.318				0.578	0.729	0.888	0.938	0.688	0.441	0.389	0.485	0.503	0.608	0.308	0.171	8.722
32	PROFIT AFTER TAX	30-31				1.252	1.578	1.922	2.031	1.489	0.955	0.842	1.050	1.088	1.311	0.662	0.369	14.549
CAPITAL																		
33	LOAN PROCEEDS		5.100	3.800	0.430													9.330
34	INVESTMENT		5.400	3.800	1.000												-0.500	9.700
35	EXPLORATION & DEVELOPMENT					0.017	0.215	0.194	0.312	0.137	0.182	0.144	0.412	0.100	0.100	0.100	0.100	2.013
36	WORKING CAPITAL		0.333	0.333	0.334												-1.000	0.000
37	LOAN REPAYMENTS					1.127	0.227	2.258	2.648	1.512	0.605	0.945						9.330
38	PROPERTY PAYMENTS		0.200															0.200
39	CASH FLOW 32+28+29+33-35-36-37-		-0.833	-0.333	-0.904	1.792	2.875	1.283	0.923	1.000	1.175	0.727	1.670	2.031	2.317	1.486	2.598	17.808
40	CUM CASH FLOW		-0.833	-1.168	-2.070	-0.278	2.597	3.880	4.803	5.803	6.978	7.705	9.375	11.406	13.723	15.209	17.808	17.808
41	NET PRESENT VALUE @10 @15%	13.717 12.088																
42	CASH FLOW BEFORE TAX		-0.859	-0.308	-0.951	2.370	3.604	2.171	1.861	1.688	1.616	1.116	2.155	2.534	2.922	1.792	2.769	24.528
43	NET PRESENT VALUE @ 10	18.135																

PRICE X 1.10

ITEM	DESCRIPTION	CALC	QTR-3	QTR-2	QTR-1	QTR 1	QTR 2	QTR 3	QTR 4	QTR 5	QTR 6	QTR 7	QTR 8	QTR 9	QTR 10	QTR 11	QTR 12	TOTAL
1	TONS MILLED					45,500	45,500	45,500	45,500	45,500	45,500	45,500	45,500	45,500	45,500	45,500	45,500	546000
2	GRADE (oz AU/t)					0.404	0.378	0.439	0.450	0.320	0.264	0.252	0.273	0.277	0.300	0.256	0.202	0.300
3	CONTAINED OUNCES	1*2				18368.35	17108	19969.95	20470.45	14560	12012	11466	12421.5	12603.5	13650	11661.65	9191	173482
4	RECOVERY, GOLD %					0.9	0.93	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95	
5	GOLD PRODUCED, OUNCES 3*4					16531.52	15910.44	18971.45	19448.93	13832	11411.4	10892.7	11800.43	11973.33	12967.5	11078.57	8731.45	163548
6	CUMULATIVE OUNCES, GOLD					16531.52	32441.98	51413.41	70860.34	84692.34	96103.74	106998.4	118796.9	130770.2	143737.7	154818.3	163547.7	
7	GOLD PRICE US\$/OUNCE					380	380	380	380	380	380	380	380	380	380	380	380	
8	REVENUE, GOLD US\$	5*7				8282	6048	7209	7390	5258	4336	4139	4484	4550	4828	4210	3318	62148
9	GRADE, (oz AG/t)					0.303	0.282	0.329	0.337	0.240	0.198	0.189	0.205	0.208	0.225	0.192	0.152	
10	CONTAINED OUNCES, SILV 1*9					13778.26	12831	14977.46	15352.84	10920	9009	8599.5	9316.125	9452.625	10237.5	8748.238	6893.25	
11	RECOVERY, SILVER %					0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	
12	SILVER PRODUCED, OUNCE 9*10					6888.131	6415.5	7488.731	7678.419	5460	4504.5	4299.75	4658.063	4728.313	5118.75	4373.119	3448.625	65056
13	CUMULATIVE OUNCES, SILVER					6888.131	13303.63	20792.36	28468.78	33928.78	38433.28	42733.03	47391.09	52117.41	57236.16	61609.28	65055.9	65056
14	SILVER PRICE, US\$/OUNCE					4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	
15	REVENUE, SILVER US\$	12*14				0.031	0.029	0.034	0.035	0.025	0.020	0.019	0.021	0.021	0.023	0.020	0.018	0.293
16	TOTAL GROSS REVENUE	8+15				8.313	6.075	7.243	7.424	5.281	4.357	4.159	4.505	4.571	4.951	4.230	3.333	62.441
OPERATING COST																		0.000
17	MINING X 10*8					1.439	1.374	1.308	1.308	1.308	1.308	1.308	1.308	1.308	1.308	1.308	1.308	15.893
18	MILLING X 10*8					0.549	0.549	0.549	0.549	0.549	0.549	0.549	0.549	0.549	0.549	0.549	0.549	6.588
19	GENERAL & ADMINISTRATION X 10*8					0.137	0.137	0.137	0.137	0.137	0.137	0.137	0.137	0.137	0.137	0.137	0.137	1.644
20	SALES, TRANSP, INS. X 10*8 5*15					0.059	0.056	0.067	0.069	0.049	0.041	0.039	0.042	0.043	0.046	0.039	0.031	0.581
21	ROYAL TIES X 10*8	16*0.038				0.230	0.222	0.264	0.271	0.193	0.159	0.152	0.164	0.167	0.181	0.154	0.122	2.279
22	SEVERANCE TAX X 10*8	(18-17)*				0.122	0.118	0.148	0.153	0.099	0.078	0.071	0.080	0.082	0.091	0.073	0.051	1.164
23	PROPERTY TAX X 10*8					0.079	0.079	0.079	0.079	0.079	0.079	0.079	0.079	0.079	0.079	0.079	0.079	0.948
24	INTEREST X 10*8		0.028	0.045	0.047	0.070	0.062	0.060	0.043	0.023	0.012	0.007						0.392
25	TOTAL COSTS	sum(17-24)	0.028	0.045	0.047	2.605	2.598	2.613	2.609	2.437	2.360	2.342	2.359	2.364	2.391	2.340	2.278	29.372
26	OPERATING PROFIT	16-26	-0.026	-0.045	-0.047	3.628	3.479	4.630	4.816	2.844	1.998	1.817	2.148	2.207	2.560	1.890	1.057	33.069
28	DEPRECIATION X 10*8					0.737	0.737	0.737	0.737	0.289	0.289	0.289	0.289	0.289	0.289	0.289	0.289	5.260
29	DEPLETION X 10*8	LESSER OF (15*16) AND (5*(26-27-28))				0.947	0.911	1.068	1.114	0.792	0.653	0.624	0.676	0.688	0.743	0.634	0.384	9.250
27	LOSS CARRY FORWARD			-0.070	-0.117	0.117	0	0	0	0	0	0	0	0	0	0	0	
30	TAXABLE INCOME X 10*8	26-27-28				1.827	1.830	2.807	2.965	1.762	1.054	0.904	1.181	1.233	1.528	0.968	0.384	18.442
31	INCOME TAX X 10*8	AZ(05)+FED(28)*(1-AZ(05))+.318				0.577	0.578	0.887	0.937	0.557	0.333	0.288	0.373	0.389	0.483	0.305	0.121	5.828
32	PROFIT AFTER TAX	30-31				1.250	1.252	1.920	2.028	1.208	0.721	0.618	0.808	0.843	1.045	0.681	0.263	12.614
CAPITAL																		
33	LOAN PROCEEDS		5.100	3.800	0.430													9.330
34	INVESTMENT		5.400	3.800	1.000												-0.500	9.700
35	EXPLORATION					0.017	0.215	0.194	0.312	0.137	0.182	0.144	0.412	0.100	0.100	0.100	0.100	2.013
36	WORKING CAPITAL		0.333	0.333	0.334												-1.000	0.000
37	LOAN REPAYMENTS					1.127	0.227	2.268	2.648	1.512	0.605	0.945						9.330
38	PROPERTY PAYMENTS		0.200															0.200
39	CASH FLOW 32+28+29+33-34-35-36-37-		-0.833	-0.333	-0.904	1.790	2.458	1.281	0.921	0.638	0.878	0.442	1.361	1.718	1.977	1.484	2.336	15.211
40	CUM CASH FLOW		-0.833	-1.166	-2.070	-0.280	2.178	3.459	4.380	5.018	5.894	6.336	7.697	9.414	11.391	12.878	15.211	15.211
41	NET PRESENT VALUE @ 10% @ 15%	11.698 10.285																
42	CASH FLOW BEFORE TAX		-0.859	-0.308	-0.951	2.367	3.037	2.168	1.858	1.195	1.209	0.728	1.734	2.107	2.460	1.790	2.457	21.039
43	NET PRESENT VALUE @ 10	16.401																

GRADE X 1 10

1	DESCRIPTION	CALC	QTR-3	QTR-2	QTR-1	QTR 1	QTR 2	QTR 3	QTR 4	QTR 5	QTR 6	QTR 7	QTR 8	QTR 9	QTR 10	QTR 11	QTR12	TOTAL	
1	TONS MILLED					45,500	45,500	45,500	45,500	45,500	45,500	45,500	45,500	45,500	45,500	45,500	45,500	546000	
2	GRADE (oz AU/t)					0.367	0.378	0.399	0.409	0.320	0.264	0.252	0.273	0.277	0.300	0.233	0.202	0.289	
3	CONTAINED OUNCES	1*2				16698.5	17108	18154.5	18609.5	14560	12012	11468	12421.5	12603.5	13650	10601.5	9191	167078	
4	RECOVERY, GOLD %					0.9	0.93	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95		
5	GOLD PRODUCED, OUNCES 3*4					15028.65	15910.44	17248.78	17679.03	13832	11411.4	10892.7	11800.43	11973.33	12967.5	10071.43	8731.45	157545	
6	CUMULATIVE OUNCES, GOLD					15028.65	30939.09	48185.87	65864.89	79698.89	91108.29	102001	113801.4	125774.7	138742.2	148813.7	157545.1		
7	GOLD PRICE US\$/OUNCE					342	342	342	342	342	342	342	342	342	342	342	342		
8	REVENUE, GOLD US\$	5*7				5,140	5,441	5,898	6,048	4,731	3,903	3,725	4,036	4,095	4,435	3,444	2,986	53,800	
9	GRADE, (oz AG/t)					0.275	0.282	0.299	0.307	0.240	0.198	0.189	0.205	0.208	0.225	0.175	0.152		
10	CONTAINED OUNCES, SILV 1*9					12523.88	12831	13615.88	13957.12	10920	9009	8599.5	9316.125	9452.625	10237.5	7951.125	6893.25		
11	RECOVERY, SILVER %					0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5		
12	SILVER PRODUCED, OUNCE 9*10					6261.938	6415.5	6807.938	6978.582	5400	4504.5	4259.75	4658.093	4728.313	5118.75	3975.563	3448.625	62654	
13	CUMULATIVE OUNCES, SILVER					6261.938	12677.44	19485.38	26463.94	31923.94	36428.44	40728.19	45386.25	50112.58	55231.31	59208.88	62653.5	62654	
14	SILVER PRICE, US\$/OUNCE					4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5		
15	REVENUE, SILVER US\$	12*14				0.028	0.029	0.031	0.031	0.025	0.020	0.019	0.021	0.021	0.023	0.018	0.016	0.282	
16	TOTAL GROSS REVENUE	8+15				5.168	5.470	5.929	6.078	4.755	3.923	3.745	4.057	4.118	4.458	3.462	3.002	54.162	
OPERATING COST																			0.000
17	MINING X 10*8					1.439	1.374	1.308	1.308	1.308	1.308	1.308	1.308	1.308	1.308	1.308	1.308	15.893	
18	MILLING X 10*8					0.549	0.549	0.549	0.549	0.549	0.549	0.549	0.549	0.549	0.549	0.549	0.549	6.588	
19	GENERAL & ADMINISTRATION X 10*8					0.137	0.137	0.137	0.137	0.137	0.137	0.137	0.137	0.137	0.137	0.137	0.137	1.644	
20	SALES, TRANSP, INS. X 10*8 5*3.5					0.053	0.058	0.061	0.063	0.049	0.041	0.039	0.042	0.043	0.048	0.038	0.031	0.559	
21	ROYAL TIES X10*8	16*0.036				0.189	0.200	0.218	0.222	0.174	0.143	0.137	0.148	0.150	0.163	0.128	0.110	1.977	
22	SEVERANCE TAX X10*8	(18-17)*				0.093	0.102	0.118	0.119	0.098	0.065	0.061	0.069	0.070	0.079	0.054	0.042	0.957	
23	PROPERTY TAX X10*8					0.079	0.079	0.079	0.079	0.079	0.079	0.079	0.079	0.079	0.079	0.079	0.079	0.948	
24	INTEREST X 10*8		-0.028	0.045	0.047	0.070	0.062	0.060	0.043	0.023	0.012	0.007						0.392	
25	TOTAL COSTS	sum(17-24)	0.028	0.045	0.047	2.609	2.559	2.528	2.520	2.405	2.334	2.316	2.332	2.338	2.360	2.289	2.256	28.842	
26	OPERATING PROFIT	16-26	-0.028	-0.045	-0.047	2.559	2.911	3.403	3.558	2.350	1.589	1.428	1.725	1.780	2.097	1.173	0.746	25.321	
28	DEPRECIATION X 10*8					0.737	0.737	0.737	0.737	0.289	0.289	0.289	0.289	0.289	0.289	0.289	0.289	5.280	
29	DEPLETION X 10*8	LESSER OF (15*8) AND (5*(26-27-28))				0.775	0.821	0.889	0.912	0.713	0.588	0.562	0.609	0.617	0.668	0.442	0.228	7.825	
27	LOSS CARRY FORWARD			-0.070	-0.117	0.117	0	0	0	0	0	0	0	0	0	0	0		
30	TAXABLE INCOME X 10*8	26-27-28				0.930	1.354	1.777	1.909	1.348	0.712	0.578	0.828	0.874	1.140	0.442	0.228	12.119	
31	INCOME TAX X10*8	AZ(05)+FED(28)*(1-AZ(05))=318				0.294	0.428	0.561	0.603	0.428	0.225	0.183	0.281	0.278	0.360	0.140	0.072	3.829	
32	PROFIT AFTER TAX	30-31				0.636	0.926	1.215	1.306	0.922	0.487	0.395	0.568	0.598	0.780	0.302	0.156	8.289	
CAPITAL																			
33	LOAN PROCEEDS		5.100	3.800	0.430													9.330	
34	INVESTMENT		5.400	3.800	1.000												-0.500	9.700	
35	EXPLORATION & DEVELOPMENT					0.017	0.215	0.194	0.312	0.137	0.182	0.144	0.412	0.100	0.100	0.100	0.100	2.013	
36	WORKING CAPITAL		0.333	0.333	0.334												-1.000	0.000	
37	LOAN REPAYMENTS					1.127	0.227	2.268	2.646	1.512	0.605	0.945						9.330	
38	PROPERTY PAYMENTS		0.200															0.200	
39	CASH FLOW 32+28+29+33-34-35-36-37-		-0.833	-0.333	-0.904	1.004	2.041	0.380	-0.003	0.275	0.577	0.157	1.052	1.404	1.637	0.934	2.074	9.481	
40	CUM CASH FLOW		-0.833	-1.168	-2.070	-1.068	0.976	1.355	1.352	1.627	2.205	2.361	3.413	4.817	6.454	7.388	9.461	9.461	
41	NET PRESENT VALUE @ 10 @ 15%	7.006 6.043																	
42	CASH FLOW BEFORE TAX		-0.859	-0.308	-0.951	1.298	2.469	0.941	0.600	0.701	0.802	0.339	1.313	1.680	1.997	1.073	2.146	13.291	
43	NET PRESENT VALUE @ 10	10.085																	

PRICE X .90

APPENDIX B
MINE OUT PLAN

STOPE	QTR1	QTR2	QTR3	QTR4	QTR5	QTR6	QTR7	QTR8	QTR9	QTR10	QTR11	QTR12	QTR13	TOTAL
54	9750	7816												17566
52	4189													4189
51	5472													5472
38	7790													7790
31	4288													4288
30	4235													4235
25	9776	11375	7315											28486
21		11375	5070											16445
14		11375	8482											19857
4		3759	11375	2714										17848
3			11375	11375	1453									24203
1			1883	11375	11375	4701								29334
2				11375	8146									19521
11				3535										3535
12				1428										1428
13				2853										2853
20				845	1943									2788
19					8514	898								9410
24					11188									11188
28					2149									2149
29					731	4821								5552
18						6842								6842
15						5784								5784
6						11375	928							12303
5						8367	8367							14858
27						4320	4984							9304
33							8974							8974
22							11375	11375	2343					25063
17							3313							3313
9							9829							14788
7								4959						18123
35								11375	8748					9166
43								9166						5498
45								5498						2984
44								2984						1775
34								143	1632					27743
46									11375	11375	4893			2222
47									2222					18048
48									11375	4873				6060
53									8060					3414
56									3414					1882
58									331	1531				2195
59										2195				2848
60										2848				2008
61										2008				716
62										716				8078
63										8078				11201
64										6456	4745			5206
65										5206				2491
66										210	2281			30815
68										208	11375	11375	7859	1419
69											1419			1124
71											1124			4112
72											4112			15278
73											11375	3903		1398
74											1398			5047
75											2878	2389		2975
39												2975		1840
41												1840		4836
42												4836		8059
49												8059		8876
50												8876		4749
67												3287	1482	
	45500	45500	45500	45500	45500	45500	45500	45500	45500	45500	45500	45500	9341	555341
												546000	555341	

APPENDIX C

GOLD ROAD MINE
MOHAVE COUNTY, ARIZONA

Part I: The following patented lode mining claims and patented millsites comprising the Goldroad Mine, situate in Sections 2, 10, 11, 13 and 14, Township 19 North, Range 20 West; and Sections 7, 17 and 18, Township 19 North, Range 19 West, G&SRB&M. to wit:

<u>Name of Claim</u>	<u>Survey Number</u>	<u>Book / Page</u>
Billy Bryan	1699A	21/426
Billy Bryan Millsite	1699B	21/426
Climax	1699A	21/426
Come:	2240A	18/294
Eclipse	2240A	18/694
Fraction	2240A	18/694
Gold Road	1699A	21/426
Gold Dollar	1699A	21/426
Gold Dollar Extension	1699A	21/426
Gambier	1699A	21/426
Goldroad Millsite	1699B	21/426
Houghton	1699A	21/426
Iron Rod	2240A	18/694
Last Chance	2440	21/434
Line Road Millsite	1699B	21/426
Line Road	1699A	21/426
Railroad	2440	21/434
Robbie	1699A	21/426
Silver Dollar	1699A	21/426
Tip Top	1699	21/426
Tom Tit	2240A	18/694
Tom Tit Millsite	2240B	18/694

Part II: The following unpatented lode mining claims and millsites to-wit:

<u>Name of Claim</u>	<u>Book/Page</u>	<u>Tnshp/Range/Sec. No.</u>	<u>BLM Serial Number</u>
Houghton Annex	3T/274 3T/489	19N 20W 11	A-MC 35929
Houghton Annex No. 1	3T/504	19N 20W 11	A-MC 35930
Mabel Fraction	QQ/242	19N 20W 11	A-MC 35936
Latite Frac. No. 1	3-U/449	19N 20W 11	A-MC 35934
Latite Frac. No. 2	3-U/450	19N 20W 11	A-MC 35935
Latite No. 4	3-U/452	19N 20W 11	A-MC 35931
Latite No. 5	3-U/453	19N 20W 13	A-MC 35932
Latite No. 6	3-U/454	19N 20W 13	A-MC 35933
G.R. 1	36/576	19N 20W 13	A-MC 35916
G.R. 2	36/578	19N 20W 13	A-MC 35917
G.R. 3	36/580	19N 19W 18	A-MC 35918
G.R. 4	36/582	19N 19W 18	A-MC 35919
G.R. 5	36/584	19N 19W 18	A-MC 35920
G.R. 6	36/586	19N 19W 18	A-MC 35921
G.R. 7	36/588	19N 19W 18	A-MC 35922
G.R. 8	109/411	19N 20W 13	A-MC 35923
G.R. 9	109/413	19N 20W 13	A-MC 35924
G.R. 10	109/415	19N 20W 13	A-MC 35925
G.R. 11	109/417	19N 20W 13	A-MC 35926
G.R. 12	109/419	19N 19W 18	A-MC 35927
G.R. 13	112/245	19N 20W 11	A-MC 35928
GR #16	416/183	19N 20W 13	A-MC 12799
GR #17	416/185	19N 20W 13	A-MC 12800
GR #18	416/187	19N 20W 13	A-MC 12801
GR #19	416/189	19N 19W 18	A-MC 12802
Bull Run Millsite	1/347	20N 20W 35	A-MC 35909
Climax Millsite	1/487	19N 19W 16	A-MC 35910
Gold Brook Millsite	1/348	19N 20W 2	A-MC 35911
Railroad Millsite	2/66	19N 19W 18	A-MC 35912
Surprise Millsite	1/343	19N 20W 11	A-MC 35913
Tip Top Millsite	1/409	20N 20W 34	A-MC 35914

Part III: Lease dated October 1, 1972, between Gold Road Red Top Mining Company and UV Industries, Inc. (Memorandum of Lease recorded January 12, 1973 in Book 83, Page 157, official records of Mohave County, Arizona, covering the following unpatented Lode Mining Claims, to-wit:

<u>Name of Claim</u>	<u>Sec.</u>	<u>Tws.</u>	<u>Rng.</u>	<u>Certificate of Location</u>		<u>BLM</u>
				<u>Recorded in</u>		
				<u>Book</u>	<u>Page</u>	<u>Serial</u>
						<u>Number</u>
Red Top	13	19N	20W	Q	8	A-MC 35951
Red Top Extension	13	19N	20W	AA	292	A-MC 35952
Red Top Extension No. 1	13	19N	20W	3-C	407	A-MC 35953
Red Top Extension No. 2	13	19N	20W	EE	186	A-MC 35954

Part IV: The following described waters and water rights, wells and well rights, springs and spring rights situated in the County of Mohave, Arizona, to-wit:

1. Well No. 632093 on file with the Arizona Department of Water Resources located in the NE1/4, Sec. 18, T19N, R19W, G&SRB&M.
2. All water appurtenant to or for use on the following described locations:
 - i. Billy Bryan Mill Site located in the SE1/4, Sec. 7, T19N, R19W, G&SRB&M.
 - ii. Goldroad Mill site, Little Meadows Well.
 - iii. Lineroad Mill Site, water right.
 - iv. Antelope Spring located in the SE1/4, Sec. 20, T19N, R19W, G&SRB&M.
 - v. Bull Run Mill Site located in the SE1/4, Sec. 35, T20N, R20W, G&SRB&M.
 - vi. Climax Mill Site located in the SW1/4, Sec. 16, T19N, R20W, G&SRB&M.
 - vii. Surprise Mill Site located in the NE1/4, Sec. 11, T19N, R20W, G&SRB&M.
3. Little Meadows Well, Goldroad Millsite, Mineral Survey 1699-B and water placed to use on unpatented Railroad Millsite in Section 18, T19N, R19W, G&SRB&M., Mohave County, Arizona.

EXCEPTIONS

1. Any rights of 3rd parties reflected of record in Mohave County, Arizona or determinable from a physical inspection of the Gold Road Properties.
2. Any rights evidenced by Mohave County records, or otherwise to a part of the Eclipse Parented Lode Mining Claim, believed to be a rectangle having sides of 130 feet and 147 feet.
3. Rights of others with respect to existing roads, fence lines, railroad facilities, and power, telephone and pipe lines and use of water.
4. All exceptions, conditions, stipulations, reservations, easements, restrictions and encumbrances pertaining to the premises and contained in the patents from the United States of America or in the conveyances to AEC and its predecessors in interest.
5. Rights and restrictions represented by existence of the BLM Mount Nutt Wilderness Area and the Warm Springs Wilderness Area portions of which lie within Townships 18 N through 21 N, and Ranges 19 and 20 W, G&SRB&M.

GOLD ROAD MINE
MOHAVE COUNTY, ARIZONA

Watts, Griffis and McOuat

<u>Name of Claim</u>	<u>Book/Page</u>	<u>Tnshp/Range/Sec. No.</u>	<u>BLM Serial Number</u>
Ruth 1	2059/878	19N 20W 11	AMC 322538
Ruth 2	2059/880	19N 20W 11	AMC 322539
Ruth 3	2059/882	19N 20W 11	AMC 322540
Ruth 4	2059/884	19N 20W 11	AMC 322541
Ruth 5	2059/886	19N 20W 11	AMC 322542
Ruth 6	2059/888	19N 20W 11	AMC 322543
Ruth 7	2059/890	19N 20W 11	AMC 322544
Ruth 8	2059/892	19N 20W 11	AMC 322545
Ruth 9	2059/894	19N 20W 11	AMC 322546
Ruth 10	2059/896	19N 20W 12	AMC 322547
Ruth 11	2059/898	19N 20W 12	AMC 322548
Ruth 12	2059/900	19N 20W 12	AMC 322549
Ruth 13	2059/902	19N 20W 12	AMC 322550
Ruth 14	2059/904	19N 20W 12	AMC 322551
Ruth 15	2059/906	19N 20W 13	AMC 322552
Ruth 16	2059/908	19N 20W 13	AMC 322553
Ruth 17	2059/910	19N 20W 13	AMC 322554
Ruth 18	2059/912	19N 20W 13	AMC 322555
Ruth 19	2059/914	19N 20W 13	AMC 322556
Ruth 20	2059/916	19N 19W 18	AMC 322557
Ruth 21	2059/918	19N 19W 18	AMC 322558
Ruth 22	2059/920	19N 19W 18	AMC 322559
Ruth 23	2059/922	19N 19W 18	AMC 322560
Ruth 24	2059/924	19N 19W 18	AMC 322561
Ruth 25	2059/926	19N 19W 18	AMC 322562
Ruth 26	2059/928	19N 19W 18	AMC 322563
Ruth 27	2059/930	19N 19W 18	AMC 322564
Ruth 28	2059/932	19N 19W 18	AMC 322565
Ruth 29	2059/934	19N 19W 18	AMC 322566
Ruth 30	2059/936	19N 19W 18	AMC 322567
Ruth 31	2059/938	19N 19W 18	AMC 322568
Ruth 32	2059/940	19N 19W 18	AMC 322569
Ruth 33	2059/942	19N 19W 18	AMC 322570
Ruth 34	2059/944	19N 19W 18	AMC 322571
Ruth 35	2059/946	19N 19W 18	AMC 322572
Ruth 36	2059/948	19N 19W 18	AMC 322573
Ruth 37	2059/950	19N 19W 18	AMC 322574
Ruth 38	2059/952	19N 19W 18	AMC 322575
Ruth 39	2059/954	19N 19W 18	AMC 322576
Ruth 40	2059/956	19N 19W 18	AMC 322577
Ruth 41	2059/958	19N 19W 18	AMC 322578
Ruth 42	2059/960	19N 20W 11	AMC 322579
Ruth 43	2059/962	19N 20W 11	AMC 322580
Ruth 44	2059/964	19N 20W 11	AMC 322581
Ruth 45	2059/966	19N 20W 11	AMC 322582

<u>Name of Claim</u>	<u>Book/Page</u>	<u>Tnshp/Range/Sec. No.</u>	<u>BLM Serial Number</u>
Ruth 46	2059/968	19N 20W 14	AMC 322583
Ruth 47	2059/970	19N 20W 11	AMC 322584
Ruth 48	2059/972	19N 20W 14	AMC 322585
Ruth 49	2059/974	19N 20W 14	AMC 322586
Ruth 50	2059/976	19N 20W 14	AMC 322587
Ruth 51	2059/978	19N 20W 14	AMC 322588
Ruth 52	2059/980	19N 20W 14	AMC 322589
Ruth 53	2059/982	19N 20W 14	AMC 322590
Ruth 54	2059/984	19N 20W 13	AMC 322591
Ruth 55	2059/986	19N 20W 14	AMC 322592
Ruth 56	2059/988	19N 20W 14	AMC 322593
Ruth 57	2059/990	19N 20W 13	AMC 322594
Ruth 59	2059/994	19N 20W 13	AMC 322596
Ruth 61	2059/998	19N 20W 13	AMC 322598
Ruth 62	2059/1000	19N 20W 13	AMC 322599
Ruth 63	2060/1	19N 20W 13	AMC 322600
Ruth 64	2060/3	19N 20W 13	AMC 322601
Ruth 65	2060/5	19N 20W 13	AMC 322602
Ruth 66	2060/7	19N 20W 13	AMC 322603

APPENDIX D

TABLE OF CONVERSIONS

<u>From:</u>	<u>To convert</u>	<u>Multiplv by:</u>
Short ton (st)	tonnes (t)	0.9072
Ounces (oz)	grams (g)	31.103
ounces Au/short ton (oz Au/st)	grams Au/tonne (g Au/t)	34.285
feet (ft)	metres (m)	0.305
miles (mi)	kilometres (km)	0.621
inches (in)	millimetres (mm)	25.4
Degrees Fahrenheit (°F)	Degrees Centigrade(°C)	Subtract 32 then x 0.556
Cubic Feet/short ton (ft ³ /t)	Cubic metres/tonne (m ³ /t)	0.0312
Cubic metres/tonne (m ³ /t)	grams/cubic centimetre (g/cc)	1/m ³ /t

APPENDIX E

GLOSSARY OF MINING AND GEOLOGICAL TERMS

"alkali feldspar"	A common mineral composed of potassium silicate.
"alluvial"	Pertaining to alluvium.
"alluvium"	Unconsolidated material of recent geological time.
"altered"	A rock that has undergone changes in its chemical and mineralogical structure since its original formation.
"andesite"	Fine grained dark colored igneous rock composed primarily of the plagioclase mineral andesine.
"argillized"	A rock in which the feldspars have been altered to clay minerals.
"arsenopyrite"	A mineral composed of iron and arsenic sulphide.
"auriferous"	A substance that contains gold.
"backfilling"	The process of placing mined, processed and stripped material back into completed excavations.
"basalt"	Fine grained, dark colored igneous rock composed principally of the minerals plagioclase and pyroxene.
"base metal"	Commonly copper, lead, zinc.
"bornite"	A mineral comprising copper and iron sulphide.
"breccia pipe"	Vertical or highly inclined oval or round opening in rocks which has been filled by angular rock fragments.
"breccia"	A rock consisting of highly angular and coarse fragments.
"calcite"	A mineral comprising calcium carbonate.
"chalcopyrite"	A mineral composed of copper and iron sulphide.
"chert"	A rock consisting of very fine-grained quartz.
"chip sampling"	A series of chips of ore or rock taken at regular intervals.

"chlorite"	A green flaky mineral which occurs in a variety of rock types.
"colluvium"	Loose material and/or rock fragments usually collecting at the base of slopes or on hillsides.
"cross-cutting"	Excavating a horizontal mine opening across the dominant structures.
"cyanidation"	A process whereby gold is selectively dissolved by a cyanide solution thereby being separated from the waste rock.
"decline"	An excavation sloping gently downward
"diamond core drilling"	A drilling method that uses a diamond studded, cylindrical drill bit to recover solid samples of rock.
"dilution"	Low grade or unmineralized material that must be mixed and processed with the ore for an efficient mining operation.
"dike"	(1) An artificial wall or levee. (2) A sheet-like igneous intrusion that cuts across the surrounding rocks.
"disseminated"	Carrying fine particles of minerals, usually sulphides, scattered throughout the rock.
"drifting"	Excavating a horizontal mine opening along a vein or structure.
"dump"	A deposit of rock or other material removed to gain access to mineralized material.
"epidote"	A calcium and iron-rich mineral.
"felsic"	A light colored fine grained, crystalline rock.
"flotation"	A concentrating process whereby metallic minerals may be separated from non-metallic minerals by contacting with air bubbles.
"garnet"	A mineral occurring in igneous and metamorphic rocks.

"geochemistry"	Analysis of the amounts of certain elements in soils, streams and rocks.
"gossan"	A ferruginous deposit filling the upper parts of mineral veins resulting from the oxidation and removal of sulfur as well as copper, etc.
"granodiorite"	A granite-like rock composed of plagioclase and quartz.
"graphite"	Naturally occurring crystalline carbon.
"hard rock"	A term used to describe those mineral deposits occurring in consolidated rocks.
"hornblende"	A common calcium and iron silicate mineral.
"host rocks"	The enclosing rocks of a mineral deposit.
"igneous"	Rocks that formed from molten magma, either at the surface (extrusive or volcanic), or at depth (intrusive).
"internal waste"	Unmineralized material included between layers or zones of mineralized material. Internal waste may or may not become dilution depending on the selectivity of the mining method.
"intrusion"	The process of emplacement of molten rock into pre-existing rocks.
"intrusive"	Various consolidated rock types formed by intrusion.
"jasper"	A red form of chert - usually iron-rich.
"kaolinization"	The alteration of feldspars or other minerals to form the clay mineral kaolin.
"lode"	A mineral deposit in consolidated rock.
"magma"	Molten rock.
"massive"	In mineralogy, without definite crystalline structure.
"metaquartzite"	A quartz-rich rock formed by metamorphism.

"metamorphosed"	Transformed, in the solid state, in response to pronounced changes of temperature, pressure and chemical environment which take place, in general, below the weathering zone.
"mill"	The processing plant where the desired components are recovered from the ore.
"monzonite"	A granite like rock with little quartz.
"native gold"	Gold occurring, in rocks or veins, in the pure state, not in combination with other elements.
"oxidised"	That portion of a deposit that has been exposed to air and water resulting in the alteration of sulphide minerals to oxides or carbonates.
"pay gravel, pay zone"	That part of a gravel layer which contains the bulk of the gold.
"phyllite"	A metamorphic rock composed of fine crystals of quartz, chlorite and sericite.
"placer"	A deposit of unconsolidated material containing particles of gold, tin, platinum or other heavy minerals.
"plagioclase"	A common mineral of calcium and sodium silicate.
"precambrian"	A geologic time period ending about 570 million years ago.
"pyrite"	Iron sulphide.
"pyroclastics"	Deposits resulting from volcanic eruptions into the air.
"quartz"	A very common mineral composed of silica.
"raising"	Excavating a vertical or upward directed mine opening.
"rhyodacite"	Fine-grained volcanic igneous rocks containing quartz, alkali feldspar, plagioclase and biotite.
"rhyolite"	Fine-grained volcanic igneous rock containing quartz and alkali feldspar.
"sericitization"	The development of the clay mineral sericite in schists and other rocks.

"schist"	A strongly foliated crystalline rock.
"silicified"	Made into silica.
"skarn"	Rocks composed of lime bearing silicates derived from nearly pure limestone by the introduction of large amounts of silica, aluminum, iron and magnesium.
"slate"	A compact fine-grained metamorphic rock.
"stock"	An igneous intrusion.
"stockworks"	A rock mass so interpenetrated by small veins of ore that the whole mass must be mined together.
"stope"	An excavation, underground, from which ore is mined.
"strike/striking"	The direction or trend of a rock boundary or structure.
"trachyte"	A volcanic rock composed of alkalic feldspar with minor biotite, hornblende or pyroxene.
"tuff"	A rock formed of compacted volcanic fragments usually smaller than 4 mm in diameter.
"volcaniclastic"	Sedimentary rocks composed of rock debris and ash derived from volcanic eruptions.
"winze"	An excavation sloping steeply downward.



ADDWEST MINERALS INTERNATIONAL, LTD.
1 9 9 6
SUMMARY ANNUAL REPORT



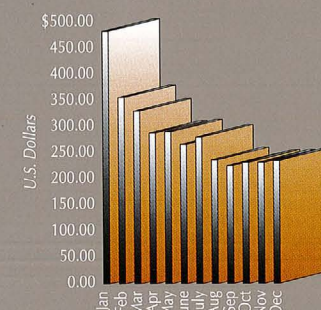
Addwest Minerals International, Ltd.
5460 Ward Road, Suite 202
Arvada, Colorado 80002 USA

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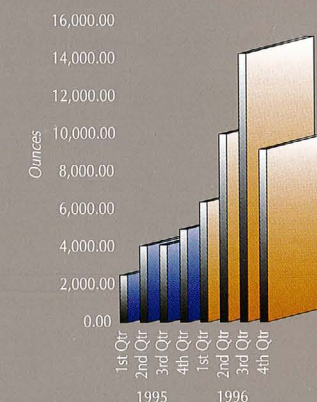
financial HIGHLIGHTS

and philosophy

CUMULATIVE MONTHLY COST
PER OUNCE OF GOLD - 1996

* Year-to-date Cash Operating Costs

ADDWEST ACTIVITY SITES

ADDWEST GOLD PRODUCTION
— 1995 - 1996 —

KEY FINANCIAL AND OPERATING HIGHLIGHTS

Year ending December 31, 1996
In millions of U.S. dollars

Revenue	\$ 16.10
Operating Costs & Expenses	\$ 14.00
Net Income	\$ 2.10
Mine Development	\$ 2.60

AT YEAR END

Total Assets	\$ 9.40
Current Liabilities	\$ 2.00
Shareholder Equity	\$ 2.00

OPERATING

Ounces Produced	40,400
Average Gold Price Realized	\$ 385.36
Cash Operating Cost ¹	\$ 235.00
Total Cash Cost ¹	\$ 259.00
Total Production Cost ¹	\$ 293.00

¹ Gold Institute Production Cost Standard, per ounce

ADDWEST MISSION STATEMENT

Addwest Minerals International, Ltd. will continue its growth of production and low-cost reserves through its aggressive exploration and development programs, participation in joint ventures, and strategic acquisitions. In implementing its business strategy, the Company continues to focus on:

- Enhancing shareholder value by growing the asset base, optimizing operations to enhance profitability and informing the marketplace of the Company's activities.
- Achieving consistent, sustainable production growth.
- Expanding its reserves through exploration of current properties and acquiring new high-quality prospects.
- Maintaining cash costs of production below the industry average.
- Maintaining a proactive program of environmental protection and workplace safety.
- Providing employees with opportunities for professional growth and compensation, which is competitive and closely linked to the Company's performance.

DEAR FELLOW SHAREHOLDERS,

We take great pride in introducing you to our new public company, our team, and most importantly, our unique story rooted in our collective expertise. The company, more commonly referred to as the Addwest team, has emerged from a long series of Addwest "labels." As it stands today, Addwest Minerals International, Ltd. is still comprised of the same "team" that was formed at inception. This unique group of skilled professionals continues to maintain their highly successful track-record of turning "prospects into profits" via acquisition, exploration and development.

Our original Addwest team was formed with the incorporation of Addwest Gold, Inc. in 1988. Between 1988 and 1990, the aggressiveness and effectiveness of the team was demonstrated through the opening of the Kendall Mine in Montana, discovery of the Briggs Deposit in California, discovery of the McDonald property in Montana, development of the 7-Up Pete deposit in Montana, joint ventures with Phelps Dodge, Inc. and Canyon Resources Corporation, and ultimately the sale of Addwest Gold to Canyon Resources early in 1990. Our track-record demonstrates our team's outstanding ability to acquire, explore, develop, permit and mine gold deposits.

Upon the sale of Addwest Gold, our team continued as Addwest Minerals, Inc. This was followed by the acquisition and development of the Gold Road Mine, and the acquisition and resource delineation at the Golden Zone and Moss properties. The start-up and initial operation of our Gold Road Mine, is a stellar example of our perseverance, project identification skills, and problem solving abilities. The ability to comprehend the "big picture" coupled with tenacity are two key characteristics of the Addwest team.

In December of 1995, a group of private investors joined our Addwest team and together were successful in acquiring 100% of the Addwest Minerals stock. Throughout 1996, as a private company, our Addwest team conducted major exploration programs, and reduced company debt solely from positive earnings and cash flow from our Gold Road Mine. Recognizing that Gold Road would continue to produce and has excellent exploration potential, the need became clear that additional funding would be required to accelerate the development of the Moss and Golden Zone projects, and to enable the team to acquire additional targeted projects. Therefore a decision was made to take our profitable, privately-held company public. The goal of becoming public was accomplished by merging with the existing

addressing SHAREHOLDERS' interests

1997 GOALS

- COMPLETE THE MERGER WITH ALINA INTERNATIONAL INDUSTRIES
- COMPLETE PREFEASIBILITY STUDIES AT THE MOSS AND GOLDEN ZONE PROJECTS
- SUSTAIN GOLD PRODUCTION OF 40,000 OUNCES AT THE GOLD ROAD MINE WHILE REDUCING OPERATING COSTS
- INCREASE GOLD ROAD MINE LIFE BY 2 YEARS
- INCREASE GOLD RESOURCES AT MOSS AND GOLDEN ZONE PROJECTS

public company, Alina International Industries, in early 1997. The merged company was renamed Addwest Minerals International, Ltd. to reflect the combination of Canadian and U.S. assets.

Each member of the Addwest team has over twenty years of successful experience. Not afraid to wear many hats, all members possess a cross-matrix of skills, enabling them to understand every component that is needed to bring a mine into production: i.e. geology, reserves, land, financing, engineering, metallurgy, permitting, politics, environmental concern and last, but certainly not least, human and employee relations.

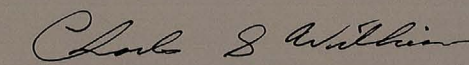
We differ from many exploration groups in that we examine each prospect as a potential mine, not as a geologic target. As we approach each prospect we concentrate on the total package of traits that are required for a mine to reach production, not just if there is gold mineralization present. This commitment, along with the rare ability to recognize a good prospect, the tenacity to follow through, and our results-oriented philosophy have been the reasons for the Addwest team's success and optimism for the future of Addwest Minerals International, Ltd.

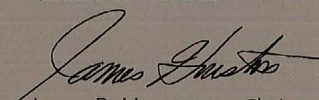
As we move forward into 1997, we are currently evaluating an equity financing to fund the aggressive exploration and development activities the team has determined necessary to continue growing the company. We expect to add two years to the mine life at our Gold Road Mine, complete prefeasibility studies, expand reserves at Moss and

Golden Zone to move them closer to production, and to add a minimum of one new prospective mine project to the company holdings.

We believe that a successful mining company must have a pipeline of properties in various stages of development in order to maintain growth. Addwest's current projects have been carefully selected to meet a particular need in our mining development program. In 1997 Gold Road will continue producing and has excellent exploration potential, and Moss has a resource delineated and will be brought quickly to prefeasibility and permitting can be rapidly advanced. Golden Zone has a delineated resource that can be enhanced, and prefeasibility studies are underway along with baseline environmental studies. All the projects have excellent potential to expand reserves from additional targets already identified on Addwest controlled land. The Addwest team expects to make 1997 a year of rapid growth as we continue to turn "prospects to profits." We invite you to join the team.

Sincerely,


Charles S. Williams — President


James R. Houston — Chairman of the Board

February 28, 1997

mill. The gold-loaded carbon is stripped, electrowinned, and the gold-silver doré poured on site. The doré is then shipped to a refiner for final processing and sold.

The Company's technical efforts during 1996 substantially enhanced the mine's performance. During the year, the Addwest team increased the number of active stopes to eight, improved the mill recovery to 95%, improved production per man shift, reduced material costs, improved equipment availability and increased overall gold production.

EXPLORATION

Development on the east end of the mine during 1996 has allowed for the exploration of previously untested ore zones along the

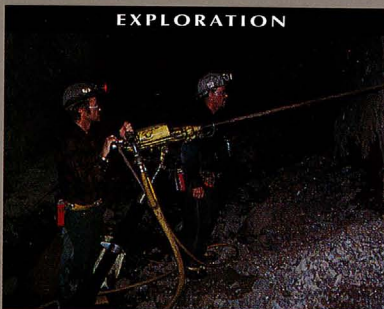
GOLD ROAD MINE PROFILE

Ownership:	100% Addwest Minerals, Inc.
Status:	Producing operation, fully permitted
Commissioning Date:	January 1995
Geology:	High-grade veins within Tertiary-age volcanic rocks
Land Position:	2,366 acres
Mining Method:	Modified underground shrinkage stope; 9 working faces
Processing Method:	500 TPD Agitated CIP mill with electro winning and smelting
Recovery Rate:	95% gold and 50% silver (Average for 1996)
Final Product:	Dore (64% Au, 34% Ag)
Current Prod. Rate:	40,000 ounces gold per year
Estm. Operating Cost:	US\$235 / gold ounce
Investment to Date:	US\$25 million
Current Reserves:	524,000 tons grading 0.234 Oz gold per ton for 120,000 ounces
Current Mine Life:	Three years
Potential:	10 year mine life increase
Current Work Focus:	Expand and upgrade existing resources through in-fill confirmation drilling. Additional underground development to access and extend known ore zones

vein. This work also lengthened the mine life through the expansion of known reserves into this virgin area. Addwest expects additional ore to be developed as its drifting and drilling program continues into this immediately accessible and promising ground. A diamond drilling program is currently probing this area. *(long section)*

Surface exploration efforts also continue as part of a multi-year, systematic district-wide evaluation. The Moss Mine Gold Project was acquired in 1994 as a consequence of this effort. Other prospects in the Oatman area within hauling distance to the Gold

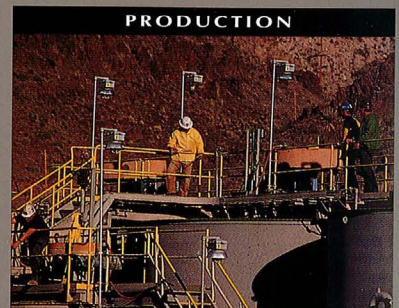
Road mill are being reviewed by the Addwest team, results to date are encouraging.



EXPLORATION



DEVELOPMENT



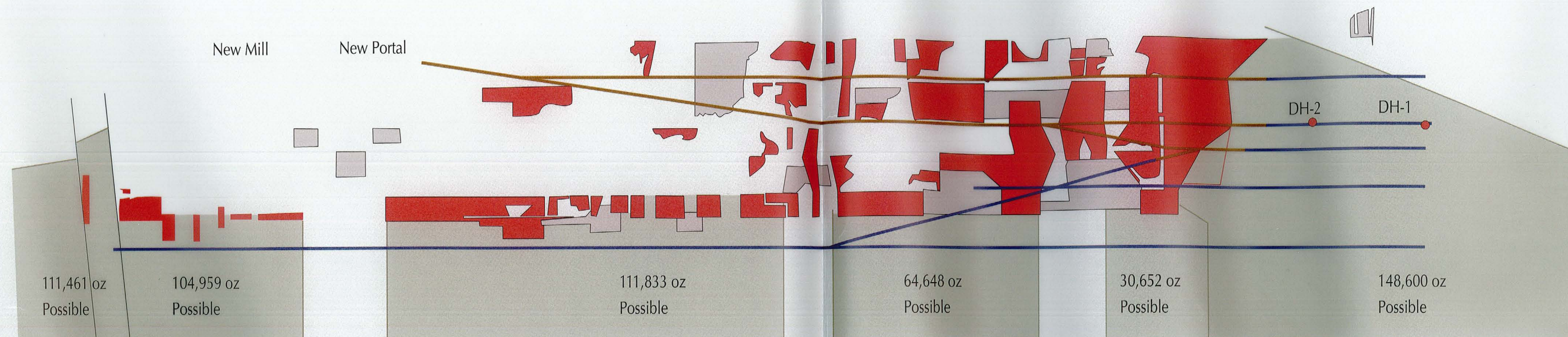
PRODUCTION

"The Company's technical efforts during 1996 substantially enhanced the mine's performance"

1,000'

NW

SE



111,461 oz
Possible

104,959 oz
Possible

111,833 oz
Possible

64,648 oz
Possible

30,652 oz
Possible

148,600 oz
Possible

Other Possible Ore

Internal	43,470
Parallel Structures	117,243
External	115,000

■ Proven/Probable
■ Possible
■ Inferred/Possible

Total All Categories:

120,000 oz.
43,470 oz.
804,396 oz.
<u>967,866 oz.</u>

Planned development —————
Completed development —————

#1 SHAFT

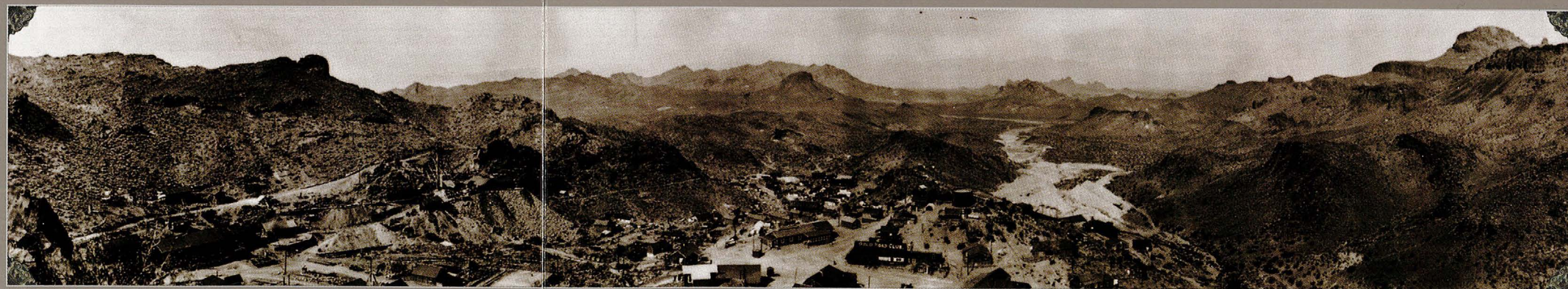
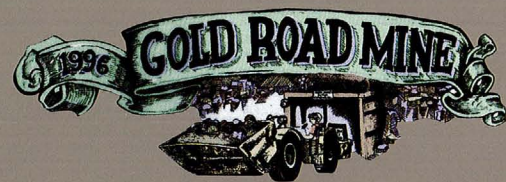
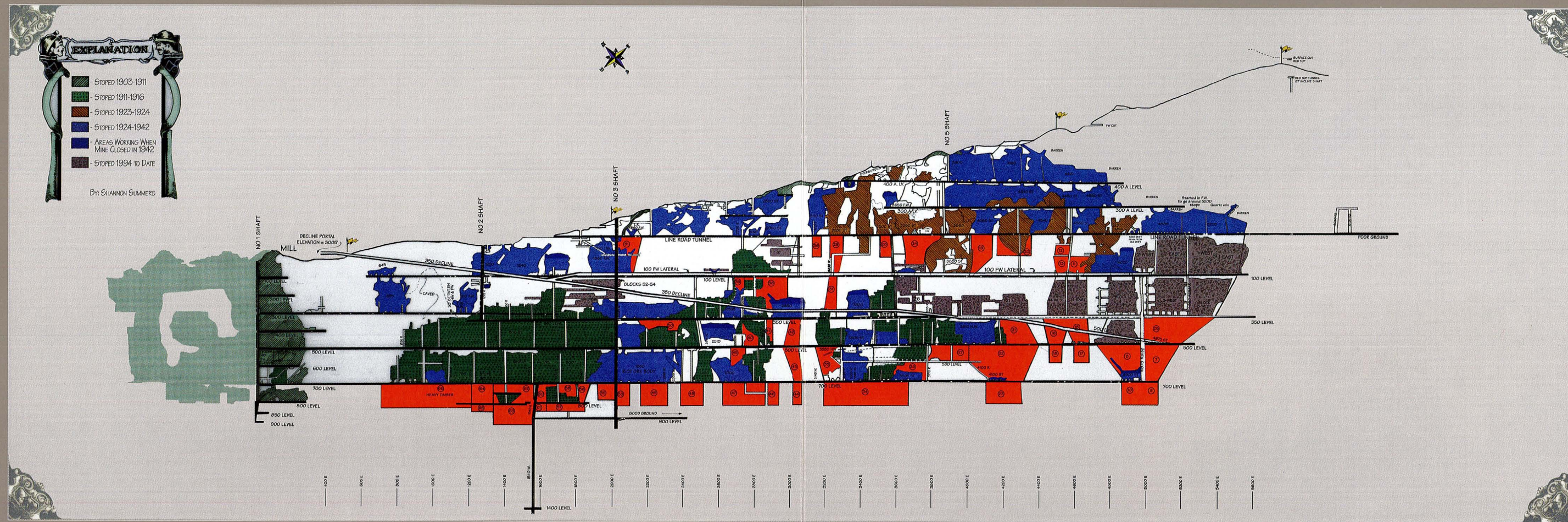
OLD MILL

ROUTE 66

TENNIS COURT

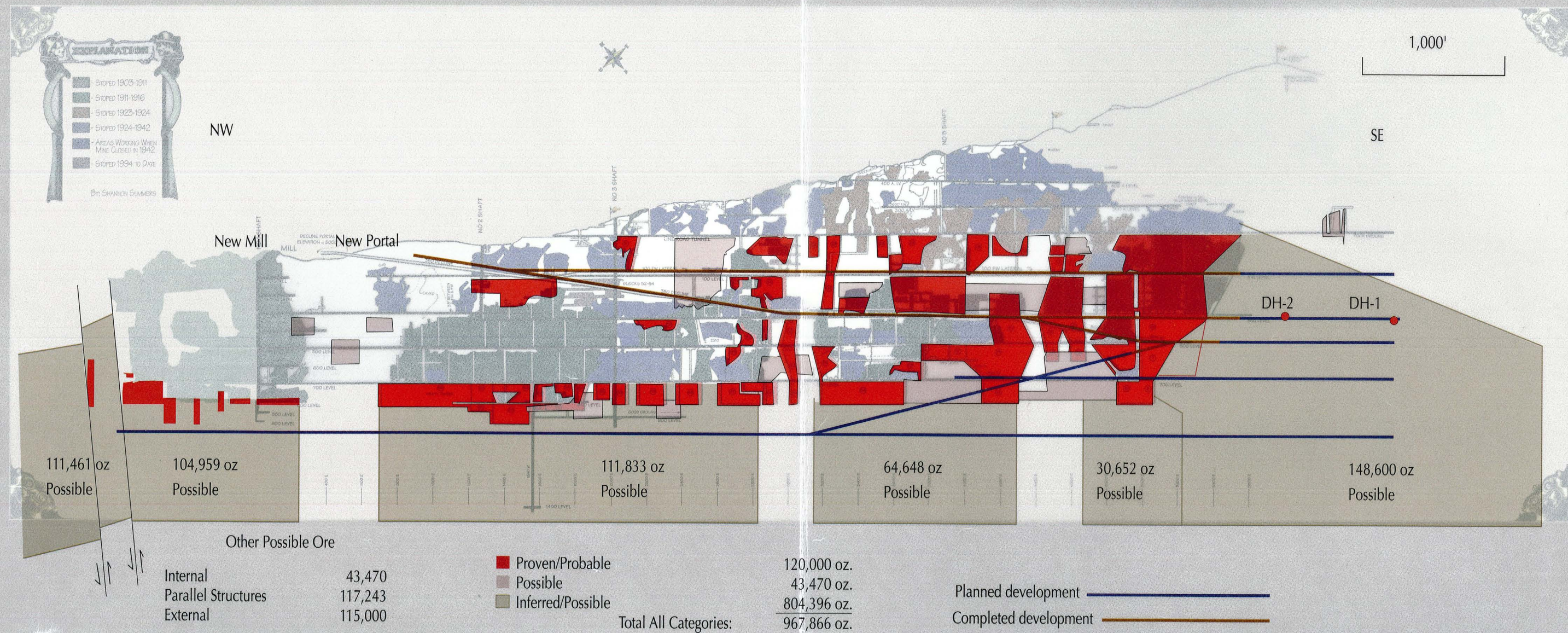
NEW MILL SITE

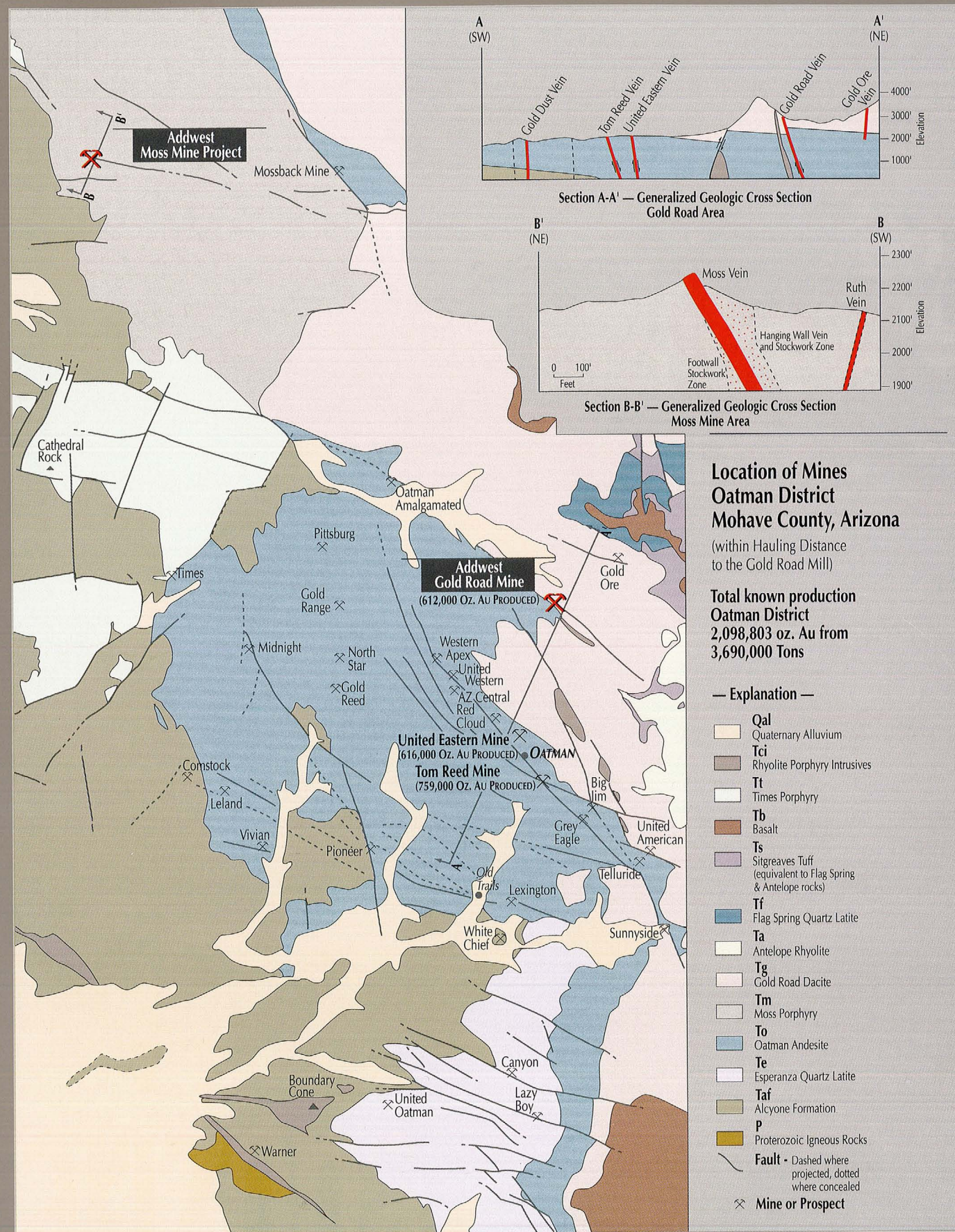
LONG SECTION - (HISTORICAL)



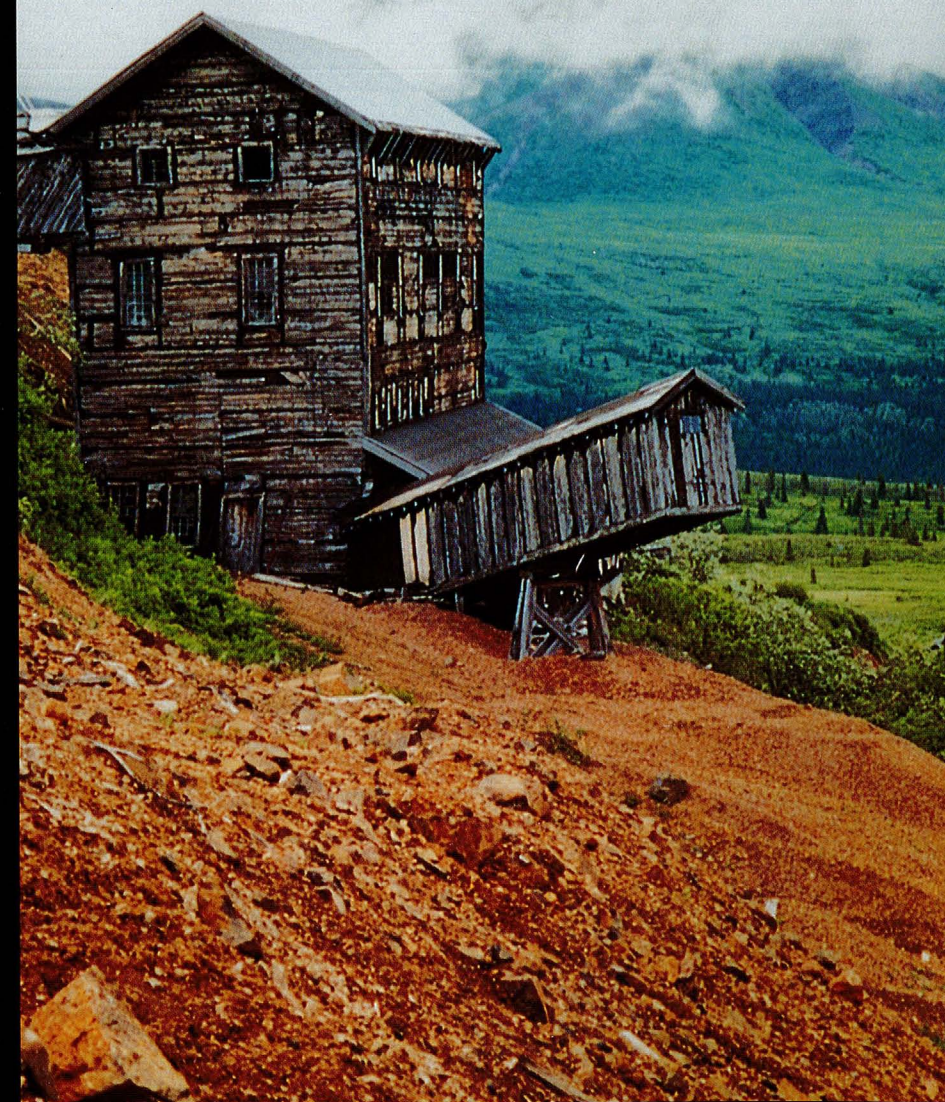
LONG SECTION — (HISTORICAL)

LONG SECTION - (CURRENT)





development EXPLORATION production



LOCATION

The Golden Zone Gold Project, Alaska, lies on the south flank of the Alaska Range. The deposit consists of a gold-bearing, sulfide rich breccia pipe, veins and skarns. The Golden Zone breccia pipe has been the focus of the historical exploration and development efforts.

In 1994, Addwest entered into an option to acquire the property with Mines Trust, Inc., a private company. By working together with the team that discovered the Golden Zone mineralization, we have moved the deposit closer to production and discovered new promising zones of mineralization.

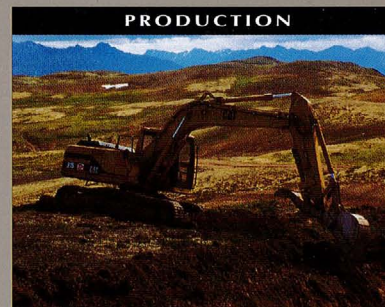
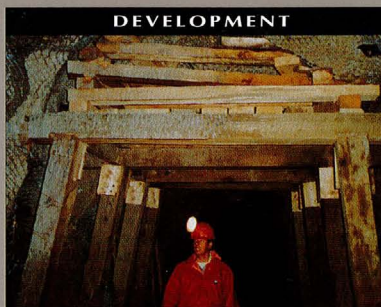
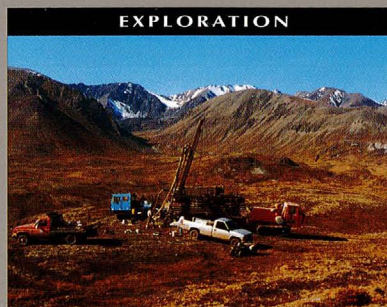
DEVELOPMENT

In excess of 40,000 feet of drilling, 4,000 feet of underground development and 1,500 feet of trenching had been completed when Addwest acquired the property. Resource calculations for the breccia pipe based on this data ranged from 1.4 million tons grading 0.149 Oz

Au/ST (208,600 contained ounces) to 13 million tons grading 0.041 Oz Au/ST (533,000 contained ounces).

Since Addwest acquired the property in 1994, it has invested approximately \$2.2 million (U.S.) in exploration, metallurgical and development programs. Addwest has added 21,200 feet of drilling, 12,000 feet of trenching, significant surface mapping and sampling, an aerial geophysical survey, and three discrete metallurgical test programs. Resource estimates have been enhanced to over 675,000 ounces with potential of well over 1,000,000 ounces gold.

- The additional drilling has substantially expanded the geologic resource and defined our geologic model.
- The metallurgical data indicates that 86% of the gold can be recovered using the standard metallurgical process of bulk sulfide floatation followed by cyanide leaching of the concentrate.



"Resource estimates have been enhanced to over 675,000 ounces with potential of well over 1,000,000 ounces gold."

ACTIVITY AT GOLDEN ZONE

The geophysical and geologic reconnaissance has generated an impressive number of both geophysical anomalies and geochemical targets (see overlay)

The geophysical survey also indicated a regionally structurally-defined corridor which prompted the company to stake additional state land claims, doubling the project area to 16,200 contiguous acres along this mineral trend.

GOLDEN ZONE MINE PROFILE

Ownership:	100% Addvest Minerals, Inc.
Status:	Feasibility
Geology:	Breccia pipes within a shear zone
Land Position:	16,200 acres
Mining Method:	Open pit and underground
Processing Method:	Milling
Estm. Recovery Rate:	85% gold
Estm. Prod. Rate:	75,000 ounces of gold per year
Estm. Operating Costs:	US\$250 / gold ounce
Estm. Capital Costs:	US\$30 million
Earliest Poss. Prod.:	1999
Mine Life:	8 - 9 years
Investment to Date:	US\$7.7 million
Current Resources:	6,560,000 tons grading 0.103 Oz gold per ton for 675,000 ounces
Potential:	Multi-million ounces
Current Work Focus:	Additional exploration; completion of feasibility study; baseline environmental data being collected for permits

The most recent resource calculations indicate the deposit has a mineral inventory of 6,562,000 tons grading 0.103 ounce gold per ton containing 675,000 ounces of gold. The deposit continues to be open at depth. (see cross section below)

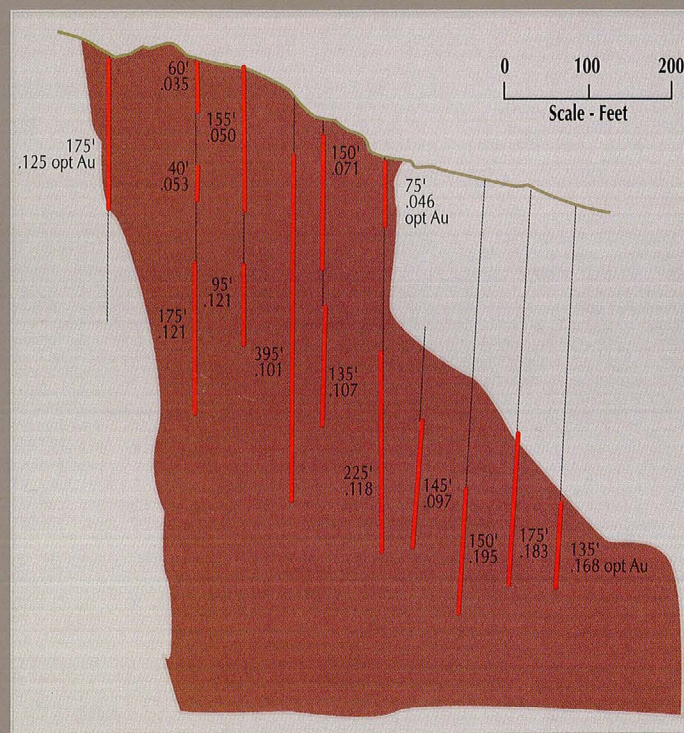
EXPLORATION

An extensive exploration and planning program is planned for 1997 to define and expand the known reserves, to determine the most suitable mining method and to test the

multiple exploration targets. All data is currently being compiled into an internal feasibility study in order to justify a third-party feasibility study.

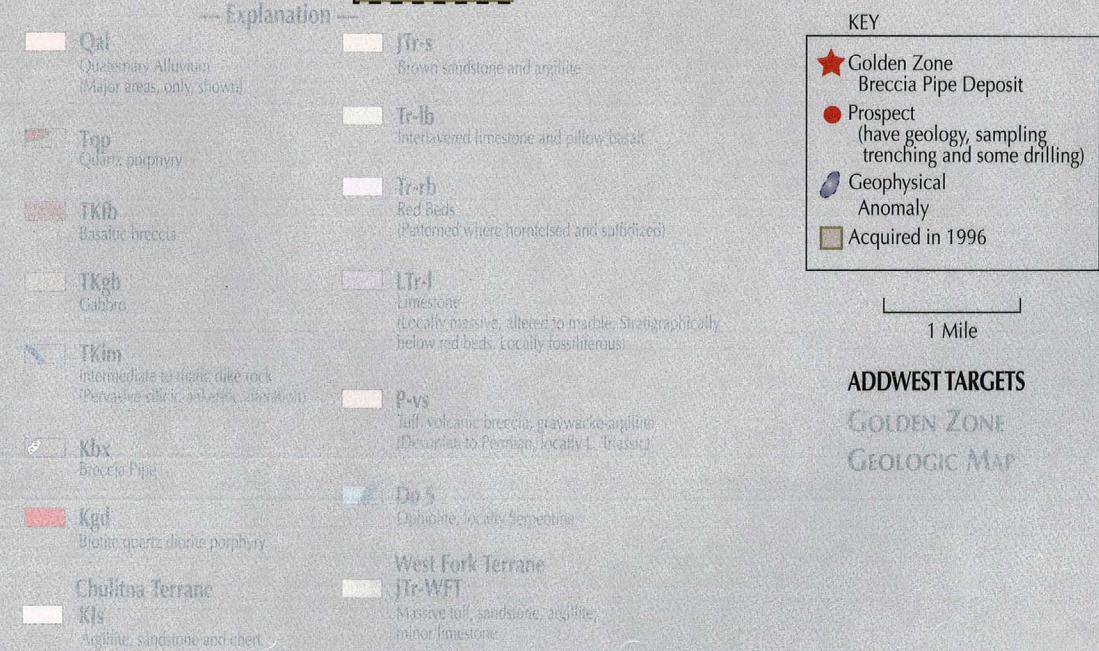
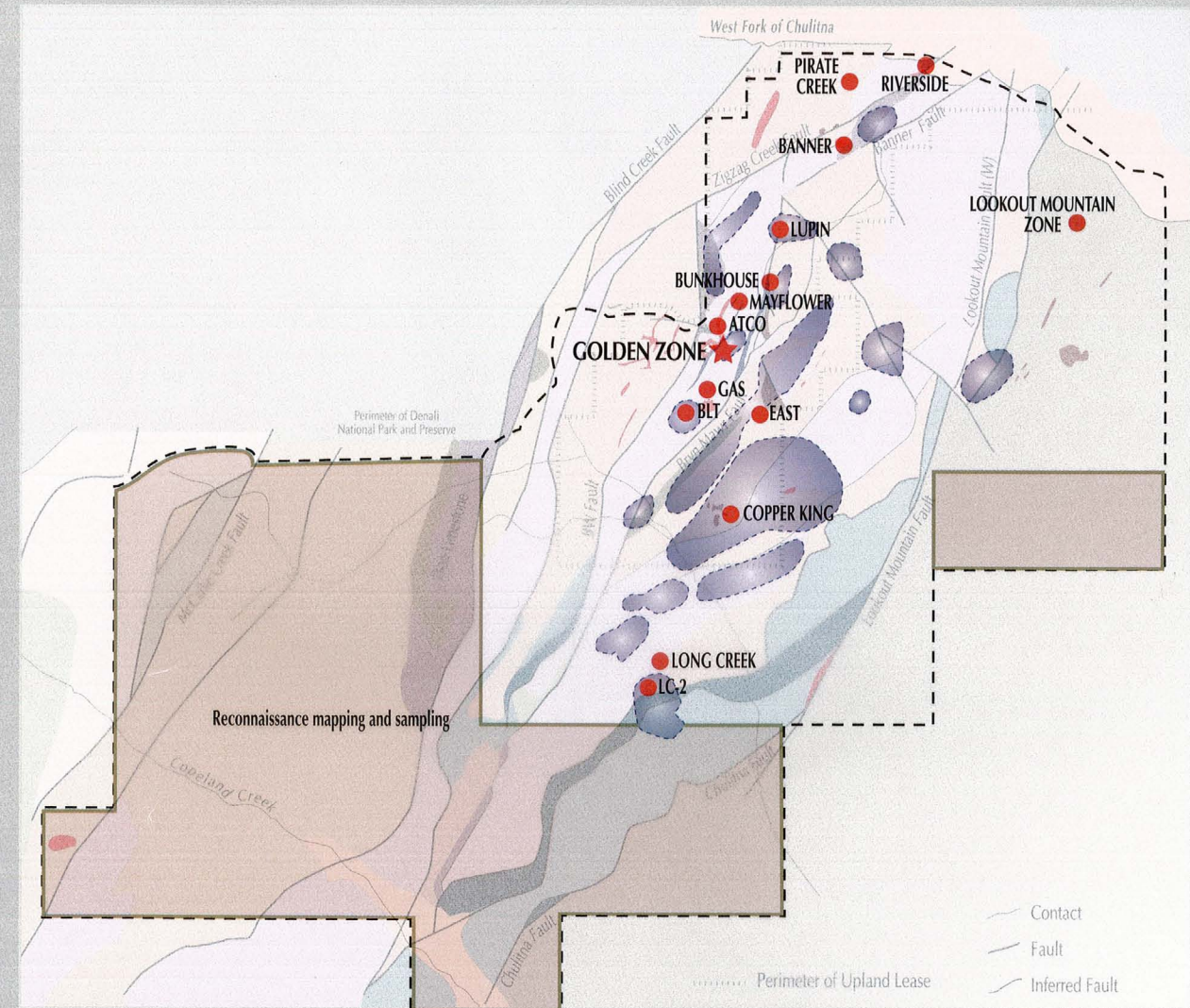
Addvest expects to continue expanding the resource of this property as we push the property towards production.

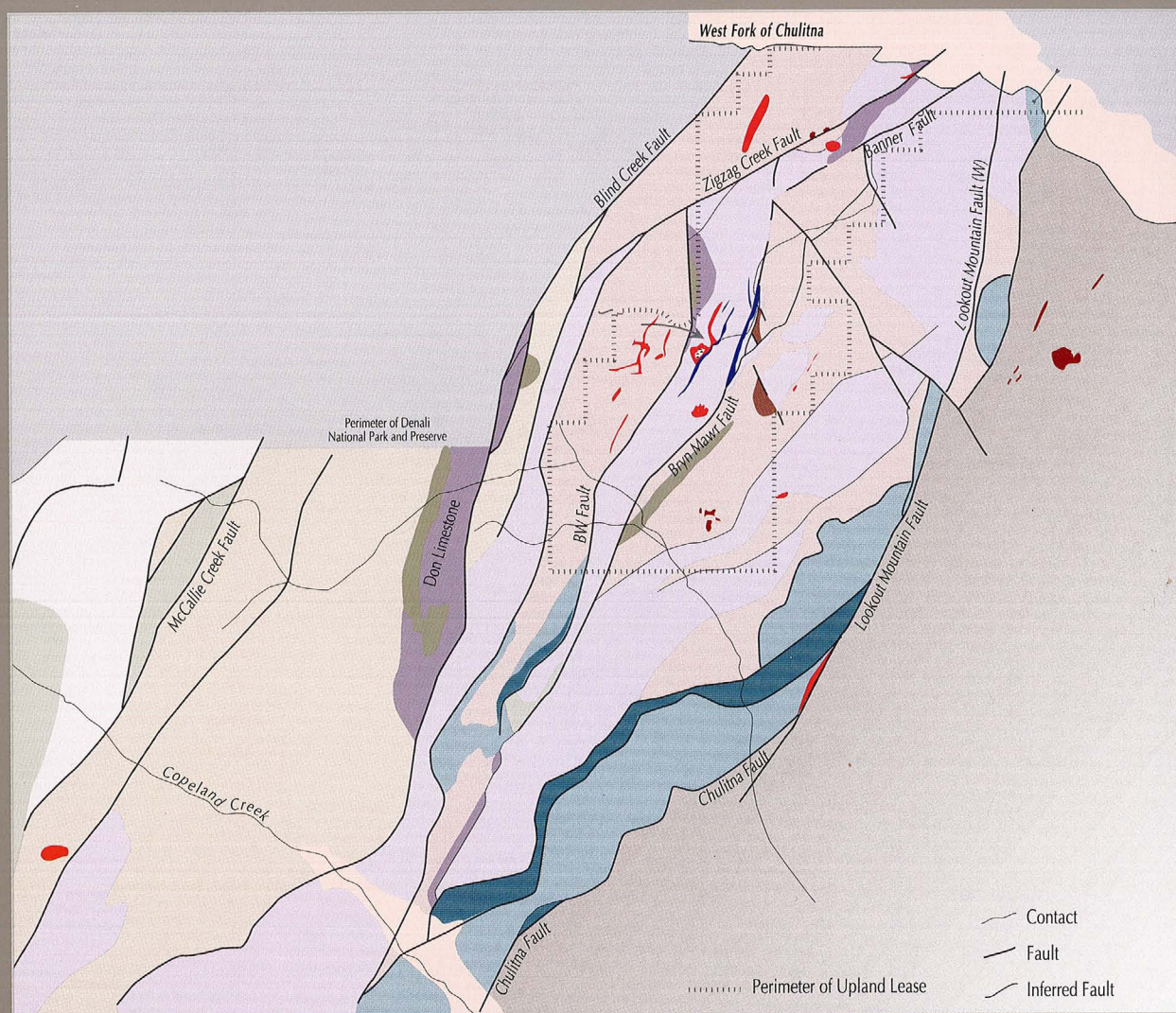
Baseline environmental studies and scoping are now underway to enable Addvest to prepare permit applications for Golden Zone.



GOLDEN ZONE BRECCIA PIPE CROSS SECTION

ACTIVITY AT GOLDEN ZONE





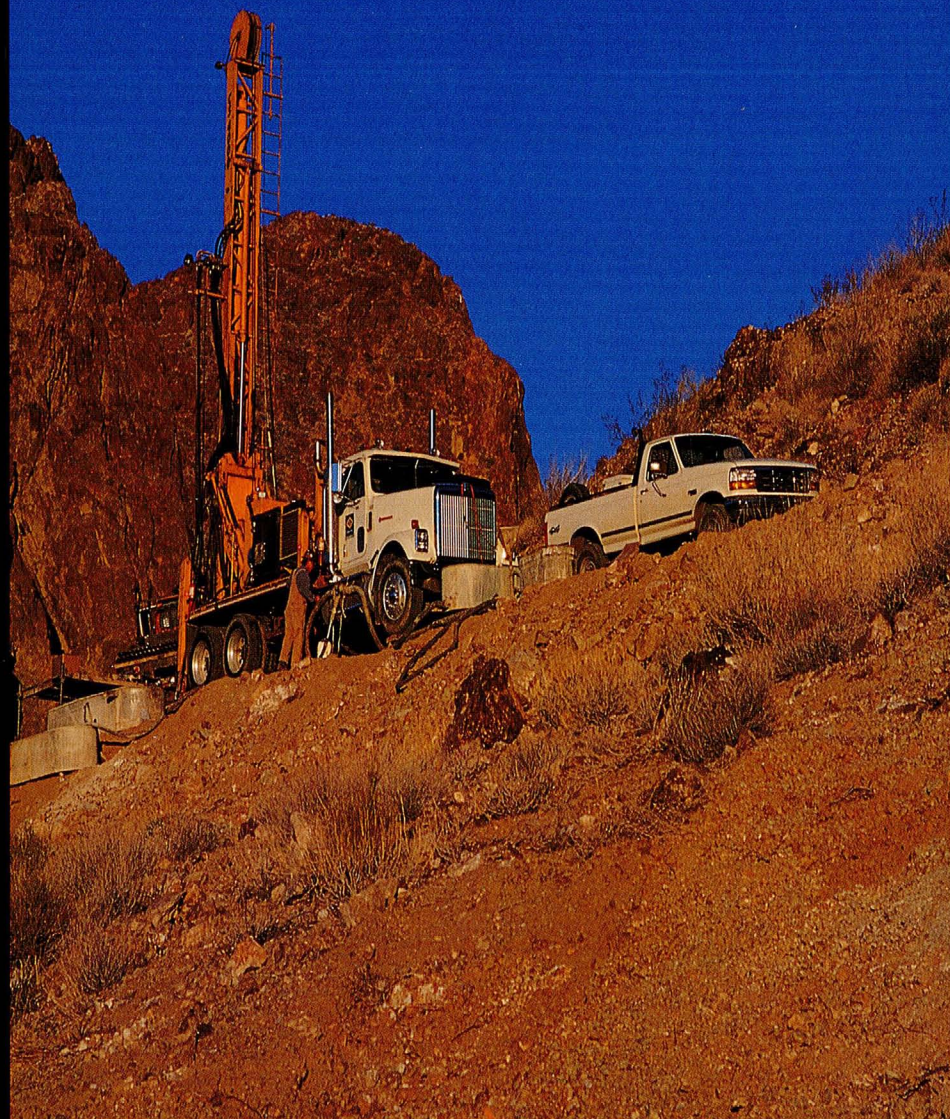
— Explanation —

- | | |
|--|--|
| Qal
Quaternary Alluvium
(Major areas, only, shown) | JTr-s
Brown sandstone and argillite |
| Tqp
Quartz porphyry | Tr-lb
Interlayered limestone and pillow basalt |
| TKfb
Basaltic breccia | Tr-rb
Red Beds
(Patterned where hornfelsed and sulfidized) |
| TKgb
Gabbro | LTr-l
Limestone
(Locally massive, altered to marble: Stratigraphically below red beds. Locally fossiliferous) |
| TKim
Intermediate to mafic dike rock
(Pervasive silicic-ankeritic alteration) | P-vs
Tuff, volcanic breccia, graywacke-argillite
(Devonian to Permian, locally L. Triassic) |
| Kbx
Breccia Pipe | Do S
Ophiolite, locally Serpentine |
| Kgd
Biotite quartz diorite porphyry | West Fork Terrane |
| Chulitna Terrane | JTr-WFT
Massive tuff, sandstone, argillite;
minor limestone |
| Kjs
Argillite, sandstone and chert | |

GOLDEN ZONE
GEOLOGIC MAP

1 Mile

feasibility EXPLORATION development



LOCATION

The Moss Mine Gold Project is located eight miles northwest of the Gold Road Mine. The proximity of the Moss Mine to the Gold Road Mine offers many commercial advantages. Higher-grade ores can be custom milled and logistical services can be shared with existing staff at the Gold Road Mine.

DEVELOPMENT

Several mining companies drilled a total of 120 holes and developed a geological resource. Addwest acquired an option-to-purchase the property in 1994 subject to a 3.5% to 4% net smelter royalty.

During 1995, Addwest staked 120 federal lode-mining claims around the core block of the Moss property for a total area of approximately 2,200 contiguous acres.

ACTIVITY AT MOSS MINE

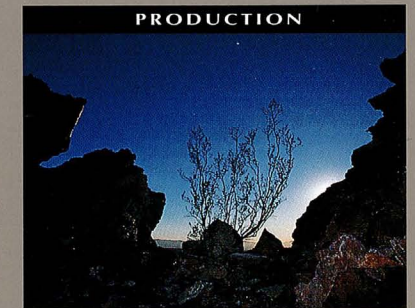
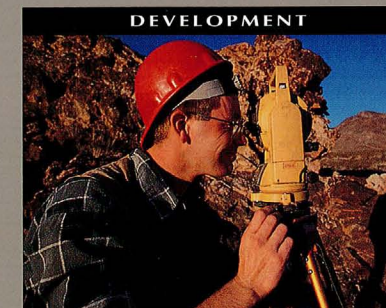
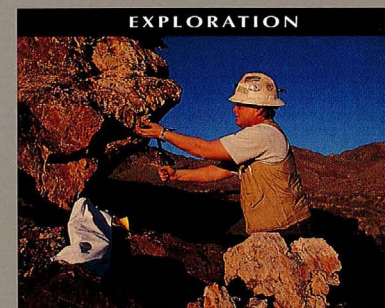
MOSS MINE PROFILE

Ownership:	100% Addwest Minerals, Inc.
Status:	Reserve delineation / Feasibility studies
Geology:	High-grade veins and stockworks within Tertiary-age volcanic rocks
Land Position:	2,200 acres
Mining Method:	Open pit and underground
Processing Method:	Heap Leach and Milling
Estm. Prod. Rate:	50,000 ounces of gold per year
Estm. Operating Costs:	US\$230 / gold ounce
Estm. Capital Costs:	US\$9 million
Investment to Date:	US\$2.5 million
Current Resources:	7,400,000 tons grading 0.38 Oz gold per ton for 281,200 ounces
Potential:	Three-fold increase
Current Work Focus:	In-fill and expansion drilling and metallurgical studies

In 1996, Addwest upgraded the resource at the Moss Mine Gold Project by completing 2 phases of drilling (12,000 feet in 38 holes). The results of this drilling demonstrate a continuous stockwork zone extending to at least 400 feet below the surface. Current resource estimates are 7.4 million tons grading 0.038 ounces per ton or 281,000 ounces. A significant portion of these tons are greater than 0.1 ounces per ton.

EXPLORATION

In 1997 metallurgical studies and in-fill drilling will be conducted to verify the feasibility of an open-pit heap-leach facility and segregation and shipping of the high-grade ores to the Gold Road mill. Baseline environmental studies will be conducted as we begin permitting.



"In 1996, Addwest upgraded the resource at the Moss Mine Gold Project by completing 2 phases of drilling"

acquisition

EXPLORATION

feasibility



Addwest Minerals International, Ltd., through the combination with Alina, controls the Mt. Selwyn and Tibbitt Lake properties in Canada. **Mt. Selwyn Gold-Silver Project**, Omineca division, British Columbia, Canada sampling indicates a large gold-bearing deposit within Cambrian quartzites and marbles. Historic reports indicate that the gold is free-milling and the deposit is amenable to open-pit mining.

Tibbitt Lake Gold Project, Northwest Territories, Canada hosts multiple gold-bearing quartz veins within metavolcanics and metasediments. Previous sampling returned gold values in excess of one ounce per ton within the claim block and in a regional setting containing operating gold mines.

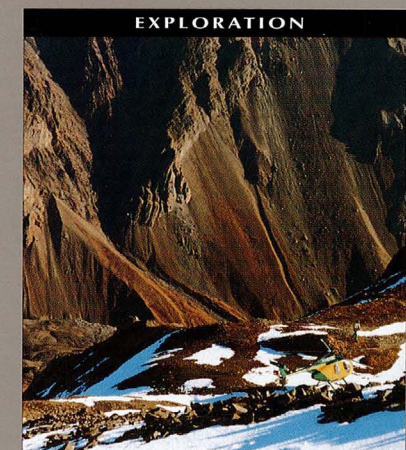
Wind Mountain Project is a large nepheline-analcine-syenite deposit located in Otero County, New Mexico. The project, originally found in a regional gold exploration survey, is a rare intrusive body containing no free crystalline silica. Because of its lack of crystalline silica, the products produced from the mine are in demand to substitute for

high-silica materials. The EPA determination that crystalline silica is a carcinogen, is prompting raw material consumers to look for a non-silica substitute. Wind Mountain offers in excess of a 100-year mine life, filling this environmentally-directed new market.

Marketing to date has shown suitability of the material in the following markets:

- Sandblast media
- Fillers and extenders
- Ceramics
- Emerging markets
- Glass

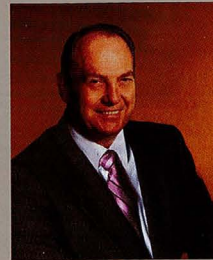
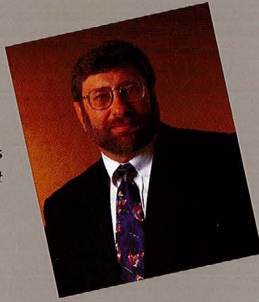
The current focus is to identify an appropriate marketing company to joint venture the development of the project, to continue the permitting process, and continue definition of the reserve. Addwest Minerals International, Ltd. continues to search out, and explore new gold opportunities for continued growth.



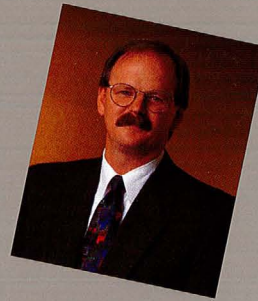
"Previous sampling returned gold values in excess of one ounce per ton within the claim block"

OFFICERS

CHARLES S. WILLIAMS
President

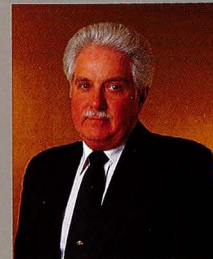
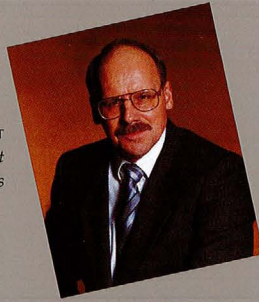


JAMES R. HOUSTON
Chairman of the Board



WILLIAM J. N. BUCHAN
*Vice President,
Chief Financial Officer & Treasurer*

RONALD R. SHORT
*Vice President
Operations*



CHARLES W. DALRYMPLE
*Vice President Contract
and Land Acquisitions*

ALAN FOUNIE
Vice President Exploration



TEAM CHRONOLOGY

1988	The Addwest team forms Addwest Gold (a subsidiary of Addington Resources, a public company) and entered the hard-rock mineral industry.
1990	Addwest Gold (with assets including the Kendall Mine, the McDonald Meadows deposit, the 7-UP Pete deposit and the Briggs deposit) is sold to Canyon Resources for \$32 million. The Addwest team forms Addwest Minerals (again a subsidiary of Addington Resources) to restart its mineral development efforts.
1992	Addwest acquires the Gold Road Mine.
1994	Addwest acquires the Moss Mine Gold Project and the Golden Zone Gold Project. Construction begins at the Gold Road Mine.
1995	The Gold Road Mine is commissioned in January, 1995. In December, 1995 the Addwest team completes a leveraged buy-out of the Addwest Minerals assets from Addington Resources.
1996	The Addwest team optimizes production and profitability at the Gold Road Mine and enlarges the resources and land positions at its other projects.
1997	In early 1997 Addwest Minerals is acquired by the Vancouver-listed public company, Alina International Industries Ltd., and the Addwest team takes management control of the public company. In early 1997 the Company, now known as Addwest Minerals International, Ltd., begins trading on the Vancouver Stock Exchange.

FINANCIAL INFORMATION

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Addwest Minerals, Inc. 1996 Summary Annual Report
(in U.S. Dollars)

Since its incorporation in February, 1990, Addwest has successfully focused on the development and production of precious metals. During this period, the Company concentrated principally on the development of the Gold Road Mine located near Oatman, Arizona. Gold Road commenced modern production in 1995 and produced 15,690 ounces of gold in 1995. Commercial production of 40,300 ounces was achieved in 1996. The increase in ounces was attributable to a full year of operations from the mine and an optimization of the mining methods used. Management is committed to expanding both reserves and production levels at Gold Road.

Effective December 29, 1995, an investor group, Urban Projects (Barbados) Ltd. ("Urban"), purchased the stock of Addwest from Addington Resources, Inc. Urban did not have prior ownership in Addwest. The purchase price consisted of cash for the stock of Addwest and the assumption of certain existing net liabilities of Addwest by the investors of approximately \$6,500,000 million.

The purchase of Addwest was completed at a price that was significantly below its historical cost basis as recorded by the predecessor owner. The "post transaction" balance sheet was prepared using the purchase method of accounting whereby the purchase price was allocated to property, plant and mine development based on the assessment of the relative fair values.

Addwest continues to optimize the production at Gold Road Mine and invest in its portfolio of advanced stage properties. In 1996, a successful development-drilling program was completed on the Golden Zone Mine Project located in Alaska. The funding for this project, which amounted to \$1,318,000 during 1996, was provided by internally generated cash flow. The majority of the program provided in-fill drilling results to confirm the known ore body. In addition, the Company conducted two development-drilling programs on its Moss Mine Project located seven miles from the Gold Road Mine in Arizona. The results at the Golden Zone Mine Project and Moss Mine Project are very encouraging and are being analyzed by the company for inclusion into prefeasibility studies that will be completed during this year.

RESULTS OF OPERATIONS**NET INCOME FOR YEAR**

Addwest realized net income of \$2,062,000 for year ended December 31, 1996. This is a direct result of very favorable operations at Gold Road Mine. A tax provision for 1996 is not required. During the year, the operations at Gold Road achieved: 1) 166,774 tons mined; 2) 140,426 tons milled at an average grade of .31 of gold per ton.

In 1996, gold and silver revenues were \$15,592,000. Gold Road produced 40,300 ounces compared to a budget of 35,300 ounces. In 1996, Addwest realized average gold revenues of \$385.36 per ounce. The Company did not enter into any hedging activities during the year.

INTEREST AND OTHER INCOME

Interest and other income of \$476,800 was primarily the result of \$412,500 received as equity securities from Canyon Resources Corporation. A royalty owned by Addwest on Canyon's Briggs Gold Mine was transferred back to Canyon in the transaction.

OPERATING COSTS

Operating costs for the Gold Road Mine were \$10,257,000 in 1996. Total cash costs per ounce were \$254 and total production costs were \$289 per ounce in 1996. Total cash costs of \$255 per ounce and total production costs of \$290 per ounce are forecast for 1997.

DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSE

In 1996, Addwest recorded depreciation, depletion and amortization expense of \$1,366,000. Such costs are expected to increase in future years due to increased capital assets and deferred mine development balances. D D & A charges of \$35 per ounce are forecast for 1997.

GENERAL AND ADMINISTRATIVE EXPENSE

General and administrative expenses were \$982,000. Of this amount, professional and legal fees of \$516,000 were principally related to merger costs for the Alina transaction "as discussed in Note 8 of the audited financial statements."

EXPLORATION EXPENSES

Mine exploration expenses in 1996 were \$238,000 at Gold Road Mine. Exploration expenditures at the Gold Road Mine for 1997 are budgeted at \$500,000.

DEVELOPMENT

The Company plans on expending \$200,000 on continued drilling at the Moss Mine Project and \$250,000 at Golden Zone Mine Project in 1997. The Company is pursuing several financing alternatives that may increase the funding available to these projects.

CAPITAL RESOURCES AND LIQUIDITY**INVESTING ACTIVITIES**

In 1996, Addwest incurred expenditures of \$3,880,000 on property, plant and equipment. This included \$2,010,000 on plant, equipment and mine development at Gold Road Mine. The remaining expenditures were \$1,318,000 on expenditures at Golden Zone Mine Project, \$378,000 on expenditures at Moss Mine Project and \$174,000 at Wind Mountain.

FINANCING ACTIVITIES

In 1995, Addwest established a Line-of-Credit with Canpower International, B.V. Various pieces of mobile equipment have been purchased for the Gold Road Mine and financed over the course of the next several years.

OUTLOOK

Gold Road Mine gold production for 1997 is forecast at 40,000 ounces. 1997 cash costs are forecast to be \$255 per ounce. Addwest plans on completing prefeasibility studies on both the Moss Mine Project and the Golden Zone Mine Project.

In December 1996, Addwest, working with the Alina International Industries, Ltd. Board of Directors, received shareholder approval for a major purchase acquisition. This transaction provided for Alina to acquire the stock of Urban Projects (Barbados), Ltd. Subsequent to the shareholder vote, the decision was made to allow Alina to acquire 85% of Urban with an option to acquire the remaining 15%.

This transaction was accepted on February 26, 1997 by the Vancouver Stock Exchange.

To finance the ongoing development programs for its existing assets, Addwest is reviewing several funding alternatives including equity and debt placements.

RISKS

Addwest operates in the precious metal industry and faces price, political and economic risks. Metal prices are carefully monitored by management and in accordance with Company's hedging policy, when appropriate, limited hedges may be established.

The discovery, development and acquisition of mineral properties are in many instances unpredictable events. Future metal prices, the success of exploration programs, and other property transactions can have a significant impact on capital requirements.

A significant uncertainty facing Addwest which could potentially impact its financial position, profitability and liquidity in the short term is the price of gold. Management attempts, when appropriate, to mitigate its risk exposure relative to the gold price environment through hedging and other price protection techniques. The gold price is a function of a number of factors including investors' expectations with respect to inflation, the strength of world currencies, decisions by central banks regarding their gold reserves, and supply and demand factors, none of which are under the control of Addwest's management. After reaching a three-year high at the beginning of 1996, the price of gold has moved downward to set new three and three-quarter year lows during the beginning of 1997.

To Addwest Minerals, Inc.:

We have audited the accompanying balance sheets of ADDWEST MINERALS, INC. (a Kentucky corporation) as of December 31, 1996 and 1995, and the related statements of operations, changes in stockholders' equity and cash flows for the year ended December 31, 1996. 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 the audit to obtain reasonable assurance about 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. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 1996 and 1995, and the results of its operations and its cash flows for the year ended December 31, 1996 in conformity with generally accepted accounting principles.

Arthur Andersen LLP

Denver, Colorado,
February 13, 1997.

As of December 31, 1996 and 1995
(Amounts in \$US)

	December 31	
	1996	1995
ASSETS		
CURRENT ASSETS:		
Cash	\$ 477,975	\$ 812,936
Investment in marketable securities	393,750	—
Inventories	451,837	94,338
Advance royalties — current portion	334,739	114,650
Prepaid expenses and other	88,195	117,153
Total current assets	1,746,496	1,139,077
PROPERTY, PLANT AND MINE DEVELOPMENT:		
Land and mining claims	106,468	399,000
Buildings and equipment	4,250,127	3,265,000
Mine development	4,249,012	1,062,000
	8,605,607	4,726,000
Less — Accumulated depreciation and depletion	(1,342,375)	—
Property, plant and mine development, net	7,263,232	4,726,000
OTHER ASSETS:		
Advance royalties	212,000	668,243
Organizational costs, net of accumulated amortization of \$23,852 at December 31, 1996	135,159	—
Total assets	\$ 9,356,887	\$ 6,533,320
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 813,576	\$ 505,870
Accrued liabilities	515,357	653,731
Current portion of long-term debt	816,071	3,809,328
Total current liabilities	2,145,004	4,968,929
LONG-TERM LIABILITIES:		
Long-term debt, less current portion	3,027,644	163,391
Reclamation and remediation liabilities	1,440,374	1,400,000
Accrued loan fee	700,000	—
Total long-term liabilities	5,168,018	1,563,391
STOCKHOLDERS' EQUITY:		
Common stock, no par value; 1,000 shares authorized; 100 shares issued and outstanding	1,000	1,000
Retained earnings	2,061,615	—
Unrealized loss on investment in marketable securities	(18,750)	—
Total stockholders' equity	2,043,865	1,000
Total liabilities and stockholders' equity	\$ 9,356,887	\$ 6,533,320

The accompanying notes are an integral part of these balance sheets.

STATEMENT OF OPERATIONS

For the Year Ended December 31, 1996
(Amounts in \$US)

REVENUES FROM MINERAL SALES	\$ 15,591,711
COST AND EXPENSES:	
Cost of mineral sales	9,698,428
Depreciation, depletion and amortization	1,366,227
Royalties expense	558,620
General and administrative	981,587
Exploration	237,988
Interest and financing fees	1,123,705
Reclamation	40,374
Total costs and expenses	14,006,929
INCOME FROM OPERATIONS	1,584,782
OTHER INCOME:	
Receipt of equity securities	412,500
Miscellaneous income	64,333
Total other income	476,833
INCOME BEFORE INCOME TAXES	2,061,615
INCOME TAX PROVISION	—
NET INCOME	\$ 2,061,615

The accompanying notes are an integral part of this statement.

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

For the Year Ended December 31, 1996
(Amounts in \$US)

	Common Stock	Retained Earnings	Unrealized Loss on Marketable Securities	Total
BALANCE, AT DECEMBER 31, 1995	\$ 1,000	\$ —	\$ —	\$ 1,000
Net income	—	2,061,615	—	2,061,615
Unrealized loss on investment	—	—	(18,750)	(18,750)
BALANCE, AT DECEMBER 31, 1996	\$ 1,000	\$ 2,061,615	\$ (18,750)	\$ 2,043,865

The accompanying notes are an integral part of this statement.

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 1996
(Amounts in \$US)

CASH FLOWS FROM OPERATING ACTIVITIES:

Net income	\$ 2,061,615
Adjustments to reconcile net income to net cash provided by operating activities —	
Depreciation, depletion and amortization	1,366,227
Receipt of equity securities in exchange for royalty	(412,500)
Increase in inventories	(357,499)
Decrease in prepaid expenses and other	28,958
Decrease in advance royalties	236,154
Increase in other assets	(159,011)
Increase in accounts payable	307,706
Decrease in accrued liabilities	(138,374)
Increase in reclamation liabilities	40,374
Increase in accrued loan fees	700,000
Net cash provided by operating activities	<u>3,673,650</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Additions to property, equipment and development costs	<u>(3,879,607)</u>
Net cash used in investing activities	<u>(3,879,607)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Borrowings	768,580
Payments on debt	<u>(897,584)</u>
Net cash used in financing activities	<u>(129,004)</u>

NET DECREASE IN CASH (334,961)

CASH, at beginning of period 812,936

CASH, at end of period \$ 477,975

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

Cash paid during the year for interest \$ 353,394

NONCASH INVESTING ACTIVITIES:

During 1996, the Company received marketable equity securities with a fair market value of \$412,500 in exchange for a royalty interest which was carried at zero book value.

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

December 31, 1996
(Amounts in \$US)

(1) ORGANIZATION AND DESCRIPTION OF THE COMPANY

Addwest Minerals, Inc. (the "Company" or "AMI") was originally organized in 1990 to mine, extract and market precious and industrial minerals. Currently, gold and silver reserves are being mined in Arizona and developed in Alaska and Arizona. Through December 31, 1994, the Company was in the development stage and was primarily involved in planning, obtaining financing, acquiring assets and developing mines. Effective January 1, 1995, the Company began operations and commenced production of gold and silver.

Effective December 29, 1995, an investor group, Urban Projects (Barbados) Ltd. ("Urban"), purchased the stock of AMI (the "Purchase Transaction") from the predecessor owner. Urban did not have any prior ownership in AMI. The purchase price consisted of cash of \$1,000 for the stock of AMI and the assumption of certain existing net liabilities of AMI by Urban of approximately \$6.5 million.

The purchase of AMI by Urban was completed at a price that was significantly below its historical cost basis as recorded by the predecessor owner. The balance sheet as of December 31, 1995 was prepared using the purchase method of accounting whereby the purchase price was allocated to property, plant and mine development based on an assessment of the relative fair values.

Comparative balances are shown for the balance sheet only as the Company's 1995 results of operations are not comparable as a result of the Purchase Transaction.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PROPERTY, EQUIPMENT AND MINE DEVELOPMENT COSTS

Property, equipment and mine development costs are stated at the allocated values determined through the application of the purchase method of accounting, increased by the costs incurred since the purchase date. Depreciation and amortization are provided using either the straight-line or units-of-production method. The following estimated useful lives are being used under the straight-line method:

	Years
Buildings and improvements	5 to 7
Furniture and fixtures	5 to 7
Trucks and automobiles	5 to 7
Mining equipment	5 to 7

The Company capitalizes mine development costs applicable to the development of new mines. Such costs are amortized on a units-of-production method over the related estimated proven and probable reserves.

REVENUE RECOGNITION

Gold sales are recognized when doré bars are produced.

ADVANCE ROYALTY PAYMENTS

The Company is required, under certain royalty lease agreements, to make minimum royalty payments regardless of the level of activity being performed on the leased property. These minimum payments range from an aggregate of \$10,000 to \$75,000 per year until 2020. These royalty payments are cancelable at the Company's discretion, but the lease agreements would terminate at the same time. These minimum payments are recoverable once mining begins on the leased property. The Company capitalizes these minimum royalty payments and will amortize them over the units produced once mining activities begin or expense them when the Company has ceased mining or has made a decision not to mine on such property.

INVESTMENT IN MARKETABLE SECURITIES

The Company's investment in marketable securities consists of equity securities. The Company classifies all short-term investments as available-for-sale securities. Unrealized gains and losses on the investment are recorded as a separate component of shareholders' equity, except that declines in market value judged to be other than temporary are recognized in determining net income.

RECLAMATION

Certain standards for mine reclamation have been established by various agencies which affect the operations of AMI. Costs to perform reclamation activities are estimated based primarily upon environmental and regulatory requirements and are accrued and charged to expense over the expected life of the mine using the units-of-production method.

At December 31, 1996, the Company has accrued \$1,440,374 in long-term reclamation and remediation liabilities. In conjunction with the Company's mining permits, AMI has procured reclamation bonds in the amount of approximately \$282,000 at December 31, 1996.

EXPLORATION COSTS

The Company incurs expenditures related to exploration. To the extent these exploration costs relate to the development of mine sites, the costs are capitalized as deferred mine development. All exploration expenses not related to the development of mine sites are expensed.

INCOME TAXES

Income taxes are accounted for by recognizing deferred income tax assets and liabilities for the expected future income tax consequences, based on enacted tax laws, of temporary differences between the financial reporting and tax bases of assets, liabilities and carryforwards. Deferred tax assets are recognized for the expected future effects of all deductible temporary differences, loss carryforwards and tax credit carryforwards. Deferred tax assets are then reduced, if deemed necessary, by a valuation allowance for the amount of any tax benefits which, more likely than not based on current circumstances, are not expected to be realized.

GOLD HEDGING ACTIVITIES

The Company may enter into gold loans, option contracts and forward sales contracts to hedge the effect of price changes on the gold it produces. Gains and losses realized on such instruments, as well as any cost or revenue associated therewith, are recognized in sales when the related gold production is delivered.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values of the Company's cash and equivalents, accounts payable, accrued expenses and long-term debt approximate their estimated fair values.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the

date of the financial statements, and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Management believes that the estimates are reasonable.

Realization of the Company's assets is subject to various risks including permitting of the Company's new mines, reserves estimation, gold prices and environmental factors.

RECLASSIFICATIONS

Certain amounts in prior years have been reclassified to conform to the 1996 presentation.

(3) INVENTORIES

Inventories at December 31, 1996 and 1995 consist of the following:

	December 31, 1996	December 31, 1995
Precious metals	\$ 222,923	\$ —
In-process inventories	119,864	84,675
Materials and supplies	109,050	9,663
	<u>\$ 451,837</u>	<u>\$ 94,338</u>

(4) DEBT

CREDIT AGREEMENT

The Company entered into a credit agreement with a lender which is a party related to AMI whereunder \$3,451,022 was outstanding at December 31, 1996. At the lender's option, the Company may borrow up to \$5,700,000 under the credit agreement.

Effective January 2, 1997, the credit agreement was amended, extending the due date to April 4, 1998. The amendment provides that interest is payable quarterly in arrears on March 31, June 30, September 30 and December 31 of each year, commencing March 31, 1997. The amendment also states that a principal payment of \$700,000 is due on June 1, 1997, with the remaining principal due at maturity.

TOTAL DEBT:

	December 31, 1996	December 31, 1995
Credit agreement with related party, secured by property and mining equipment, payable in full on April 4, 1998	\$ 3,451,022	\$ 3,599,233
Note payable, unsecured, interest imputed at 9%, paid in full during 1996	—	154,914
Note payable, unsecured, payable in semi-annual installments of \$12,954, including interest at 9.5%, due April 1999	66,704	76,046
Note payable, secured by mining equipment, payable in monthly installments of \$3,168, including interest at 9.9%, due July 1999	83,788	109,692
Notes payable, secured by mining equipment, payable in monthly installments totaling \$6,227, including interest at 9.75%, due March and September 2000	219,518	—
Capital lease obligation	22,683	32,834
	<u>3,843,715</u>	<u>3,972,719</u>
Less — amounts due within one year	<u>816,071</u>	<u>3,809,328</u>
	<u>\$ 3,027,644</u>	<u>\$ 163,391</u>

In connection with the credit agreement, a \$700,000 loan fee was accrued and is outstanding as of December 31, 1996. The loan fee is due upon maturity of the credit agreement, as amended. Accordingly, the loan fee is classified as long-term in the accompanying balance sheet at December 31, 1996.

The following summarizes the maturities of the Company's debt:

1997	\$ 816,071
1998	\$ 127,689
1999	\$ 2,865,382
2000	\$ 34,573
	<u>\$ 3,843,715</u>

(5) INCOME TAXES

The tax basis of AMI at the time of the Purchase Transaction was in excess of the purchase price discussed in Note 1, which resulted in a deferred tax asset to the extent of the tax effect of the difference.

Deferred tax assets at December 31, 1996 consisted of the following:

Deferred tax assets:	
Property, plant and mine development	\$ 3,420,000
Net operating losses	<u>2,090,000</u>
	5,510,000
Valuation allowance	<u>(5,510,000)</u>
Net deferred tax asset	<u>\$ —</u>

The Company has provided a full valuation allowance at December 31, 1996 and 1995 since certain of its losses are subject to limitation as a result of the Purchase Transaction. In addition, because of the Company's minimal production history, the Company is unable to demonstrate that it will more likely than not realize its net deferred tax asset.

(6) EMPLOYEE SAVINGS PLAN

The majority of Company employees participate in a 401(k) tax-deferred savings plan. The plan includes both discretionary company matching and company profit sharing arrangements. Plan assets are invested in a variety of mutual funds and are administered by Key Trust Corporation. The Company did not make a contribution during 1996.

(7) COMMITMENTS AND CONTINGENCIES

LEASE AGREEMENTS

AMI leases mineral reserves under cancelable agreements that require royalties to be paid as the minerals are mined. Certain agreements require minimum annual royalties to be paid regardless of the amount of minerals mined during the year (see Note 2).

The Company also leases office space in Arvada, Colorado under a lease term which expires in July 1997. The annual expense is \$29,292 under this lease agreement.

ENVIRONMENTAL LAWS AND REGULATIONS

Based upon current knowledge, management of the Company believes that it is in compliance with environmental laws and regulations as currently promulgated. However, the exact nature of environmental control problems, if any, which the Company may encounter in the future cannot be predicted, primarily because of the increasing number, complexity and changing character of environmental requirements that may be enacted by federal and state authorities.

LEGAL

On July 2, 1996, proceedings were commenced in the Supreme Court of British Columbia by Brian Fraser against James Ralph Houston, Urban Projects Ltd., Urban and the Company. Mr. Fraser,

as plaintiff, alleges that the defendants, other than the Company, were parties to an agreement, whereby they would purchase the Company and divide the shares amongst themselves. The plaintiff further alleges that the defendants, other than the Company, breached that agreement and seeks a declaration that the defendant Houston as the alter ego of the defendant, Urban, as well as Urban Projects Ltd., hold all or a portion of the shares in the Company in trust for the plaintiff. The plaintiff further claims damages including punitive damages. The plaintiff also alleges that it was agreed amongst the plaintiff and the defendants, other than the Company, and the plaintiff seeks a declaration that the Company would not sell any of its assets except after the assets of the Company had become part of a publicly traded company.

Management of the Company denies the validity of the plaintiff's claims and intends to vigorously defend itself. The proceedings are in the early stages of discovery. Management of the Company believes that the ultimate outcome of this proceeding will not have a material effect on the Company's financial position or the results of its operations.

PROPERTY COMMITMENTS

The minimum aggregate future expenditures that are required in the next five years to maintain the Company's developing properties are as follows:

1997	\$ 417,200
1998	1,632,200
1999	632,200
2000	632,200
2001	632,200
Total	\$ 3,946,000

(8) SUBSEQUENT EVENT

Subsequent to yearend, the Company's parent, Urban, was purchased by Alina International Industries, Ltd. ("Alina"). Alina, a Canadian public company listed on the Vancouver Stock Exchange, acquired 85% of issued and outstanding shares of Urban in exchange for a specified number of Alina shares issued to the shareholders of Urban. For accounting purposes, under APB Opinion No. 16, Urban is considered to be the acquiring enterprise as Urban received the majority of the shares and voting rights of the combined entity in connection with the transaction.

CORPORATE INFORMATION

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