ERIN VENTURES INC.

ANNUAL INFORMATION FORM

January 23, 2001

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Item 1: Incorporation

(1) Incorporation or Organization of the Issuer

Erin Ventures Inc. (the "Issuer") was incorporated by Articles of Incorporation under the Business Corporations Act of the Province of Alberta on July 19, 1993.

(2) Subsidiaries

The Issuer holds a 65% interest in Soundcache.com Inc., formerly Shadow Capital Corp. (referred to herein as "SCC" or "Shadow"); a 100% interest in 766072 Alberta Inc. and a 50% interest in Ras Borati, Ltd. ("Ras") a company incorporated in the Federal Republic of Yugoslavia.

Item 2: General Development of the Business

The Issuer completed its initial public offering on October 27, 1994 as a junior capital pool corporation on The Alberta Stock Exchange. On March 20, 1996 the Issuer completed its Major Transaction pursuant to which the Issuer acquired all the issued capital of Shadow. Pursuant to an Option and Joint Venture Agreement dated February 14, 1996, Shadow was the optionor of the Stope Baby Property, 4 mineral claims located in the Atlin Mining Division of British Columbia. During the fiscal year ended June 30, 2000 this property was abandoned by SCC and all associated costs of $277,022 were written off. Pursuant to a Non-Offering Prospectus dated October 29, 1998 Shadow was issued a receipt on November 3, 1998 from each of the Alberta and Ontario Securities Commissions. Subsequently, the Issuer established December 24, 1998 as the record date for distributing 3,400,000 common shares of Shadow, 3,400,000 Series A Warrants and 3,400,000 Series B Warrants to the shareholders of the Issuer as a dividend in specie on the basis of one common share, one Series A Warrant and one Series B Warrant for each 5 common shares of the Issuer held as of the record date. Securities of Shadow were distributed to shareholders of the Issuer resident in Alberta, Ontario and other jurisdictions where the Issuer was permitted to do so without further approval as of February 12, 1999.

Pursuant to a Joint Venture Agreement dated January 22, 1997 as amended by an agreement dated November 28, 2000 among Electroprivreda Srbije and the Issuer, the Issuer holds a 50% interest in the Piskanja Borate Property located in Yugoslavia through its 50% ownership of Ras Borati Ltd. Pursuant to the terms of the Joint Venture Agreement, the Issuer is obligated to fund a maximum of $2,670,000 to complete a pre-feasibility drilling program. Thereafter all exploration and development expenses are to be funded equally by the joint venturers.

Pursuant to an agreement dated February 28, 2000 the Corporation acquired 766072 Alberta Inc., the holder of an option to acquire a 100% working interest in the Stope Baby Claims, a 32 claim block located in the Quesnell Mining Division of British Columbia. Subsequently, 766072 staked an additional 32 claims expanding the Stope Baby Property.

Item 3: Narrative Description of the Business

The Issuer is a natural resource company engaged in the acquisition, exploration and development of natural resource properties. The Issuer owns or has an interest in the following described properties and intends to seek and acquire additional properties worthy of exploration and development.

1. Piskanja Borate Property, Baljevac, Republic of Serbia, Yugoslavia

Pursuant to a Joint Venture Agreement dated January 22, 1997 for reference, among Electroprivreda Sjerbe and the Issuer, the Issuer holds a 50% interest in the Piskanja Borate Property through its 50% ownership of the joint venture company, Ras Borati Ltd. Pursuant to the terms of the Joint Venture Agreement, the Issuer is obligated to fund a maximum of $2,670,000 to complete a pre-feasibility drilling program. Thereafter a joint venture wii be created and all exploration and development expenses are to be funded equally by the joint venturers. According to the agreement, all exploration work up to and including the completion of a feasibility study is to be completed by 2002. Application has been made to the Chief Court of Yugoslavia to extend the incorporation of Ras Borati for two years. Electroprivreda Sjerbe has ratified this extension duration

James Wallis, M.Sc. (Eng.), P.Eng. of Williams Lake, British Columbia, has prepared an engineering report dated February 14, 1997 entitled *Preliminary Evaluation Report on the Piskanja Borate Deposit*, Baljevac, Republic of Serbia, Yugoslavia. Copies of the report are on file at the registered office of the Issuer located at Suite 907 Empire Building, 10080 Jasper Avenue, Edmonton, Alberta. An excerpt of that report reads as follows:

Preliminary Evaluation Report on the Piskanja Borate Deposit

Location

The Baljevac borate deposits are located in the Republic of Serbia, Yugoslavia near the mining town of Baljevac. Best access is from the city of Belgrade by good paved road to Baljevac, a 3.5 hour drive to cover a distance of some 250 kilometers. Belgrade is serviced by daily international flights. The town of Baljevac is equipped with railway loading facilities which provides connector service to most of Europe, including inexpensive barge access to major coastal seaports via the Danube River.

Property

Electroprivreda (the national power company of Yugoslavia) has the exclusive rights to all mineral exploration and development in the Baljevac area (with the exception of bauxite). This extensive concession was granted to protect their thermal coal mining interests in the district and to ensure that the local mining infrastructure developed by the socialistic government is fully supported.

Known borate mineral resources are contained in two separate properties known as the “Pobrdski Potok”, on the north side and the “Piskanja” deposit on the south side of the Jarandol basin. Additional resources may well exist in the approximate 3 kilometers of untested area separating these two deposits and at ‘Raspopovici’ some 20 kilometers to the south. Exploration prior to the Issuer’s involvement, consisting of detailed drilling and underground bulk sampling, has been concentrated on the Pobrdjski Potok property which has probable resources of 140,000 metric tonnes of 37 percent B_20_3 in an upper and lower zone with an average thickness of 1.0 meter. The larger of the two properties, the Piskanja, which has been subjected to the least exploration, has a probable resource

of some 7 million tonnes of similar grade with an average thickness of 4.5 meters for the upper layer and 3.5 meters for the lower layer.

The Piskanja deposit, because of its larger resource potential and the thicker borate beds, will be the primary target of the next planned phase of drilling and development.

Local Geology

Both the Pobrdjski Potok and Piskanja borate properties are located within the Jarandol basin. The subsidence which formed the Jarandol Basin appears to have been initiated by an east-west fault system, with subsequent north-south faulting during the second phase of volcanic extrusion resulting in their separation. The lithological composition of the basin sequence is characterized by the following rock types: unconsolidated Quaternary and alluvial sediments, Tertiary claystones, tuffaceus claystones, marlstones with organic material and pyrite, siltstones with organic material and pyrite, pelitic and silty tuffs, highly calcareous tuffites, dolomitic and marly limestones, volcanic-sedimentary breccias of varying composition and borate layers.

The volcanic-sedimentary breccias apparently are a constant lithological constituent in the sedimentary sequence between the borate beds. Fragments vary in size from 20 cm to less than 2 cm and are primarily of dacite-andesite composition with a find sandstone matrix that is highly pyritized.

The distribution of the boron minerals in the borate layers is variable, depending both on depth and perhaps their horizontal location in the basin. Although the full suite of boron minerals have been recognized, the primary minerals consist of colemanite and ulexite.

Drilling by Electroprivreda

Between 1984 and 1991, Electroprivreda drilled a total of 20 vertical HQ size diamond drill holes in the Piskanja boron deposit that varied in depth from 250 meters to 500 meters and averaged 300 meters. The initial holes were drilled on a 800 X 800 meter grid with second phase drilling on a 400 X 200 meter grid and third phase drilling reduced to a 300 X 200 meters. The majority of the drill holes (14 of the 20 holes completed) intersected at least 2 zones of boron rich mineralization which occur for the most part within volcanic-sediment beds. This series of beds is composed of quaternary and alluvial sediments, marls (tuffogenic and alluvial), alverolite, dolomitic and marly limestones, carbonates and volcanic breccias. The upper boron layer varies from 2.8 to 14.0 meters in thickness and averages 4.6 meters while the second zone varies from 1.5 to 7.5 meters and averages 3.3 meters thick. Drilling results indicate that the deposit remains open to the south.

The drill holes were logged and the collars of the holes surveyed and collar elevations established.

Serbian drilling technology has not kept pace with that of the western world primarily because of laws which demanded that most industrial equipment be manufactured within communist bloc countries. As a result, drilling equipment is cumbersome and is several years behind in technological improvements which greatly affects its efficiency by western standards. These factors coupled with the ‘laid back’ work ethics of the general labour force is reflected in the time that is required to complete a normal drilling project. HQ size diamond drill holes drilled to an average depth of 300 meters on the Piskanja borate deposit required drilling times that varied from 90 to 120 days per hole. The 20 holes drilled on this project by Electroprivreda required 7 years to complete.

Recent Exploration by Ras Borati Ltd.

Ras Borati Ltd. contracted a large truck mounted Schram reverse circulation drill from Midnight Sun Drilling Ltd. of Whitehorse, Yukon, Canada and completed the first 10 holes of a planned 50 to 60 hole drilling program. The drilling was conducted between October, 1997 and December, 1997. Assays from hole #B-9 which were published by the Issuer on February 5, 1998 are attached hereto as Schedule A. Duplicate sample splits and pulps were sent to Lakefield Reasearch in Lakefield, Ontario for check analysis and confirmed the absence of bias. The Issuer intends to publish assay results of the balance of the completed drilling upon receipt of the results.

Mineralogy

Although the full suite of borate minerals have been identified in the initial drill holes, the deposit appears to be mineralogically similar to the Turkish deposits with the primary minerals consisting of the calcium borate mineral Colemanite and the sodium-calcium borate mineral Ulexite; both of which are the primary source of most boron products that are produced world-wide. The distribution of mineral types varies both vertically and laterally within the deposit.

Assays of the boron intersections by Electroprivreda and the Geological and Mining Institute suggest that the average arithmetic grade of all borate sections intersected in the Piskanja deposit is 39.39% $B_2 0_3$.

Mineral Resources

The Geological and Mining Institute in Belgrade has taken a cursory look at mineral resources for the Piskanja Deposit based on existing drill results and have calculated that borate resources in all categories are approximately 7 million tonnes with an average grade of 39 percent B_20_3. A quick approximation of the resource tonnage, based on a drilled plan area of $350{,}000^2$ meters (700 m X 500 m) and 2 beds with a total thickness of 8 meters with 1 $meter^3$ weighing 2.5 tonnes, calculates to be approximately 6.9 million tonnes. Further detailed drilling is a necessity before refinements to the resource and grade are warranted.

Geotechnical Studies

Preliminary rock mechanic studies that were undertaken by Electroprivreda on core samples collected during drilling of the smaller Pobrdjski Potok deposit indicates that the borate beds and the overlying strata have sufficient strength to support room and pillar type underground workings.

Although similar tests have not been conducted on the Piskanja deposit; visually the core is similar and is expected to exhibit comparable or better shear strengths due to slightly more dense overlying sediments. A multitude of samples for geotechnical testing must be collected during the next phase of drilling to ensure that sufficient data is available to permit design of underground openings and mining systems.

Hydro-metallurgical Studies

The Institute for Nuclear and Metallurgical Studies, located in Belgrade, conducted a series of preliminary beneficiation and hydro-metallurgical studies on bulk borate samples from the Pobrdjski Potok deposit which were designed to investigate the feasibility of producing marketable products from these borates. These studies indicate that the borate ore can be readily upgraded to a saleable product and/or can be chemically reacted with sulphuric acid to produce another saleable product-boric acid.

As an added benefit, the tailings form this process are suitable for use in the production of a marketable grade of boron enriched fertilizers. Conventional weak sulphuric acid leaching of the concentrate followed by evaporation and recrystallization of the pregnant solution permitted the manufacture of a technical grade boric acid (99.96% H_3BO_3).

Markets and Marketing Considerations

Borate minerals and refined borate products are used extensively in the manufacture of vitreous products, such as fiberglass insulation, textile fiberglass, borosilicate glass, ceramic glazes and porcelain enamels. In North America these applications account for approximately 60 percent of borate consumption. Other substantial uses of borates include detergents, fire retardants, metallurgy, agriculture, insecticides and wood preservatives. The latest figures that are available show that in 1998, glass products accounted for approximately 71% of United States usage, followed by soaps and detergents with 5%, agriculture with 4%, fire retardants with 4%, and other uses with 16%. Demand for borates tends to follow world economic patterns because of a large consumption in building and construction applications.

The United States continues to be the world's largest producer and consumer of boron compounds. An excerpt from the United States Geological Survey Mineral Commodity Summaries, February 2000 on Boron is attached hereto as Schedule B. This report can be found on the world wide web at http://minerals.er.usgs.gov/minerals/pubs/commodity/boron/120300.pdf.

U.S. Borax, the world's largest producer, operates a large open pit kernite and tincal mine at Boron, California which produces boric acid, borax and enhanced borate products. More than 80 percent of the US production results from mineral deposits mined only for their boron content, with extraction from lake brines for sodium carbonate, sodium sulfate, potassium sulfate and potassium chloride accounting for the remaining borate production.

In 1954, Borax Consolidated formed Turk Boraks to explore for and mine borax in Turkey. Extensive exploration resulted in the discovery of a major borate deposit at Kirka in Anatoli in 1960 which was subsequently developed by Turk Boraks in conjunction with Turkish interests; shortly after a successful start-up, the operation was nationalized by the Turkish government. Turkey continues to be the world's second largest producer and exporter of both raw and refined borate products.

The vulnerability of the world borate supply to local labour disruptions was emphasized in 1995 when a strike by the Turkish metal and mining workers between September and November affected the delivery of all borate products for many months. This strike served to remind customers that the world borate supply is controlled by just two major producers.

1995 imports of borates to the United States totaled 145,500 short tons, approximately the same amount as in 1994. Imports of boric acid totals 20,000 short tons, borax 15,400 short tons, colemanite 44,000 short tons and ulexite 66,000 short tons. Nearly all of the imported colemanite came from Turkey with approximately 57% of the boric acid imports originating in Italy from Turkish feed-stock and the remainder imported from Chile and South America. Imports of boric acid and ulexite from South American producers are generally destined for agricultural use because of their low grades.

Fifty percent of domestic production in the United States is exported and competes with borate concentrates and refined products from Turkish, South American and European sources.

The principal refined borates sold on the market today are as follows:

CHEMICAL NAME	FORMULA	% $B_2 0_3$	USES
Borax pentahydrate	$Na_2O.2B_20_3.5H_20$	47.8	Fertilizer, ceramics, flux, fibreglass, metallurgy, perborate detergents
Borax decahydrate	$Na_2O.2B_20_3.10H_20$	36.5	Flux, nuclear, adhesives, detergents
Boric acid	H_3B0_3	56.3	Fire retardant, flux, glass, insecticide, nuclear
Anhydrous borax	$Na_2O.2B_20_3$	69.2	Ceramics, frit, glass
Anhydrous boric acid	B_20_3	100.0	Frit, ceramics

Borate minerals are comparatively rare with large deposits only known to occur in a few places in the world, with the best known located in California and Turkey. Boron touches the lives of everyone and can be found in almost everything including fertilizer, cookware, medicines and space age metals. For these reasons borates are extremely valuable industrial minerals that command prices from US$300 per ton for raw material to US$95 per kg for boric nitric powder a specialty chemical. The product in common demand, and hence most readily marketed, is boric acid which has a value of approximately US$500 to $600 per ton.

Foreign Investment

As with all types of international business operations, currency fluctuations, exchange controls, restriction on foreign investment, changes to tax regimes or political action could impair the value of the Issuer's investment, and may adversely affect the Issuer's financial position and the results of its operations. See “Risk Factors” on page 19.

2. The Stope Baby VMS Project – British Columbia, Canada
121° 26’ 30”W 52° 17’ 30”N

766072 Alberta Inc. (“766072”) is the Optionee pursuant to a Mineral Propery Option Agreement (the “Mineral Property Option Agreement”) dated January 21, 2000 between 766072 and Herb Wahl and Jack Brown-John ("Wahl”) , to conduct mineral exploration activities pursuant to the Option Agreement on certain mineral claims held by Wahl located in the Quesnell Mining Division of British Columbia (defined in detail below as the "Stobe Baby Property") and to engage in the acquisition and exploration of other mining properties. 766072 was acquired by the Issuer in February, 2000. 766072 is obligated to pay an aggregate of $140,000 of rental payments of which $20,000 has been paid and incur an aggregate of $1,050,000 of expenditures on the Stope Baby Property prior to December 1, 2002. 766072 is dealing at arms' length with Wahl.

Other than its right to earn an interest in the Stope Baby Property under the Mineral Property Option Agreement, 776072 has no interests in any mineral properties and to date its activities have been concentrated solely on acquiring its rights under the Mineral Property Option Agreement and fulfilling its obligations thereunder.

Mineral Property Option Agreement

Under the Mineral Property Option Agreement, in consideration of expending a total of $1,050,000 in exploration, land holding costs, and development work as more specifically set out in the Mineral Property Option Agreement (the "Project Work") over three (3) years pursuant to the Mineral Property Option Agreement, 766072 is entitled to earn an undivided one hundred (100%) interest under the Mineral Property Option Agreement in the Stope Baby Property.

The additional required expenditures of $450,000 is to be expended in the following minimum annual amounts and any excess expenditures in any year may be credited towards future expenditure requirements:

Project Year	Minimum Property Expenditure	Deadline	Status
2001	$400,000	12/31/01[(1)]	Pending
2002	$500,000	12/31/02	Not Yet Due

In addition to expenditures required for Project Work, upon execution of the Mineral Property Option Agreement 766072 was required to pay Wahl $140,000 during the term of the Mineral Property Option Agreement. 766072 is required to pay the following amount in order to extend the term of the Mineral Property Option Agreement on an annual basis (collectively the "Rentals"):

Project Year	Amount	Rental Period	Rental Due Date	Status
2000	$20,000	01/21/00 to 01/15/01	01/28/00	Paid
2001	$40,000	01/16/01 to 01/15/02	01/15/01	Outstanding
2002	$80,000	01/16/02 to 12/31/02	01/15/02	Not Yet Due

766072 is required to make the expenditures indicated above for the Project Work and the rentals on or before 11:59 p.m. on January 15 of each of the Project Years or the Mineral Property Option Agreement will terminate. In the event of an unexcused failure by 766072 to comply with any of the covenants, terms and conditions of the Mineral Property Option Agreement Wahl shall be entitled to give 766072 written notice of its defaults specifying the details of same. Generally, if such default is not remedied within 30 days after receipt of the said notice then the Mineral Property Option Agreement may be cancelled at the option of Wahl by written notice to 766072.

766072 may cancel and terminate the Mineral Property Option Agreement by delivering to Wahl written notice stating 766072's desire not to extend the term of the Mineral Property Option Agreement for an additional Project Year or by failure to satisfy the Project Work obligations required, provided that the Property is in good standing the Mining Recorders' Office for a minimum period of three (3) years. Otherwise, upon the payment of the Rentals and expenditures for Project Work, the term of the Mineral Property Option Agreement automatically extends to cover each Project Year subsequent to 2000.

The Stope Baby Property consists of 36 claims comprised of 74 units in the Quesnell Mining Division of British Columbia, more particularly described as follows:

Claim Name	Units	Record Number	Record Date	Expiry Date
Stope Baby 1	1	373348	Nov. 10, 1999	Nov. 10, 2002
Stope Baby 2	1	373349	Nov. 10, 1999	Nov. 10, 2002

Stope Baby 3	1	373350	Nov. 10, 1999	Nov. 10, 2002
Stope Baby 4	1	373351	Nov. 10, 1999	Nov. 10, 2002
Stope Baby 5	1	373352	Nov. 10, 1999	Nov. 10, 2002
Stope Baby 6	1	373353	Nov. 10, 1999	Nov. 10, 2002
Stope Baby 7	1	373786	Nov. 30, 1999	Nov. 30, 2002
Stope Baby 8	1	373787	Nov. 30, 1999	Nov. 30, 2002
Stope Baby 9	1	373788	Nov. 30, 1999	Nov. 30, 2002
Stope Baby 10	1	373789	Nov. 30, 1999	Nov. 30, 2002
Stope Baby 11	1	373790	Nov. 30, 1999	Nov. 30, 2002
Stope Baby 12	1	373791	Nov. 30, 1999	Nov. 30, 2002
Stope Baby 13	1	373792	Nov. 30, 1999	Nov. 30, 2002
Stope Baby 14	1	373793	Nov. 30, 1999	Nov. 30, 2002
Stope Baby 15	1	373794	Nov. 30, 1999	Nov. 30, 2002
Stope Baby 16	1	373795	Nov. 30, 1999	Nov. 30, 2002
Stope Baby 17	1	373796	Nov. 30, 1999	Nov. 30, 2002
Stope Baby 18	1	373797	Nov. 30, 1999	Nov. 30, 2002
Stope Baby 19	1	373798	Nov. 30, 1999	Nov. 30, 2002
Stope Baby 20	1	373799	Dec.1, 1999	Dec. 1, 2002
Stope Baby 21	1	373800	Dec.1, 1999	Dec. 1, 2002
Stope Baby 22	1	373801	Dec.1, 1999	Dec. 1, 2002
Stope Baby 23	1	373802	Dec.1, 1999	Dec. 1, 2002
Stope Baby 24	1	373803	Dec.1, 1999	Dec. 1, 2002
Stope Baby 25	1	373804	Dec.1, 1999	Dec. 1, 2002
Stope Baby 26	1	373805	Dec.1, 1999	Dec. 1, 2002
Stope Baby 27	1	373806	Dec.1, 1999	Dec. 1, 2002
Stope Baby 28	1	373807	Dec.1, 1999	Dec. 1, 2002
Stope Baby 29	1	373808	Dec.1, 1999	Dec. 1, 2002
Stope Baby 30	1	373809	Dec.1, 1999	Dec. 1, 2002
Stope Baby 31	1	373810	Dec.1, 1999	Dec. 1, 2002
Stope Baby 32	1	373811	Dec.1, 1999	Dec. 1, 2002
EV 1	6	374347	Feb. 5, 2000	Feb. 5, 2002
EV 2	15	374386	Feb. 17, 2000	Feb. 17, 2002
EV 3	12	376981	May 9, 2000	May 9, 2002
EV4	9	376982	May 11, 2000	May 11, 2002

collectively referred to as the "Stope Baby Property").

The Mineral Property Option Agreement further provides that 766072 shall procure, and at all times, during the term of the Mineral Property Option Agreement, maintain in full force and effect such insurance as required by law.

Pursuant to the Mineral Property Option Agreement, 766072 has indemnified and saved harmless Wahl and its successors and assigns of and from any and all liability in any way arising out of 766072's occupation and use of the Stope Baby Property or its operations thereon or therein, excluding any liability arising out of any claims, actions or damages resulting from Wahl's own negligence or default.

766072 has satisfied the 2000 commitment required pursuant to the Mineral Property Option Agreement dated January 21, 2000. During August of 1999 766072 attempted to complete the reclamation of the Stope Baby Claims. This work was filed as assessment to maintain the Stope Baby Claims for a further 12 months from their expiry date until April 2001. **The Mineral Property Option Ageement is currently in default.** A payment of $40,000 is required, on or before, February 16, 2001.

Location

The Stope Baby VMS Project is located some 3 miles south east of the village of Horsefly, B.C. and approximately 15 kms south of Mount Polley Mine's open pit, copper-gold mine. The historic Horsefly mining district first gained prominence with the discovery of rich placer gold deposits in the area during the early 1850's, and again in the early 1960's with the discovery of the Mount Polley deposit and the QR gold deposit, some 15 kilometers north of Mount Polley. A 1999 discovery of a high grade boulder train, thought to represent a yet undiscovered VMS source, near Eureka Peak to the east has been recently optioned to Hudson Bay Mining.

Excellent access from Horsefly is provided by a good all-weather road which crosses the property diagonally.

Regional Geology

The property is located on the eastern side of a volcanic belt of rocks (Nicola Group) mapped as the Quesnel Trough. This belt is bounded on the east by the Eureka thrust, and on the west by major regional dextral faults. In the Quesnel Lake area, rocks of the Nicola Group form a broad, northwest trending syncline. The basal strata is represented by middle-to-late Triassic black phyllite which grades locally into siltstone, sandstone and greywacke. Overlying this package are Upper Triassic alkali olivine basalt flows and breccias. Monolithic latite breccias are common near volcanic centers.

Locally, the Triassic and Jurassic volcanic rocks are intruded by Lower Jurassic syn-volcanic synenite to dioritic stocks and plugs. Many of these alkalic stocks host, or are spatially related to, copper-gold mineralizaiton with associated strong K-feldspar and propylitic alternation zones; ie the Mount Polley deposit with reserves of 53 million tons averaging 0.44% copper and 0.017 opt gold per tone.

Target Synopsis

The Quesnel trough has long been recognized as having the potential to host volcanic massive sulphide deposits (VMS deposits). Exploration for these types of targets has been unsuccessful to date primarily because of lack of rock exposure and the problems this creates for accurate bedrock mapping. The late December 1999 discovery of a massive sphalerite showing, with copper, lead, silver and gold values, in Triassic volcanics on the Stope Baby property is the first significant polymetallic, epithermal discovery in the Quesnel trough. Subsequent review of available aeromagnetic data suggests that the Meese Lake syenite intrusive forms much of the bedrock geology just to the south of this new showing.

Discovery Showing

The property hosts the first significant polymetallic epithermal discovery within the headwaters of the Horsefly District, a prolific mining area since the 1800's. This new discovery occurs on Moffit Creek and is hosted in a 9-10 meter wide, north-south trending, steeply dipping shear zone in Triassic volcanics. Mineralization within the exposed portion of the shear zone consists of massive sphalerite, fine-grained galena and/or jamesonite and chalcopyrite, contained in at least 3 quartz-carbonate lenses or veins ranging from 25-35 cm in width. Portions of the zone show strong micro quartz vein stockworks with individual thicknesses to 2 cm. Three composite grab samples cut from the massive sulphide zone were submitted to Acme Analytical Laboratories in Vancouver for analyses and returned the following values:

Sample #	Cu, %	Pb, %	Zn, %	Ag, Opt	Au, opt
SB 2	0.667	2.52	23.04	7.33	0.069
SB 8	0.698	1.13	19.04	11.14	0.110
SB Vn3	0.795	2.66	30.91	3.16	0.105

Trenching and Sampling - 2000

The showing was cleared of debris, hand trenched and sampled. Mapping and trenching exposed the basal section of an overlying younger volcanic, thought to be of Miocene age, which overlies Triassic volcanics. The high-grade mineralization occurs in quartz-carbonate, ladder type vein structures within the Triassic unit with the rock between the high grade mineralized structures exhibiting strong quartz stockwork with individual vein thickness to 2 cm. The basal portion of the Miocene volcanic is undulating and disappears below the level of the creek to the east and to the west of the showing. As a result, mapping and sampling was completed across a 7.15 meter width of the exposure and concluded that similar type mineralization extends to the west and perhaps the east, and is confined to the underlying Triassic volcanic. The tenure of mineralization suggests that mineralization is epithermal and that the underlying Triassic volcanics may well host a significant bonanza type epithermal deposit. Assay results of chip samples, received from ASL Chemex of Vancouver on May 24, 2000, from across the 7.15 meter east-west width of the exposure, are as follows:

Sample No.	Width, m	Cu, %	Pb, %	Zn, %	Ag, g/t	Au, g/t
239151	0.25	0.85	1.48	22.0	211	1.32
239152	0.30	0.82	1.25	17.7	129.5	2.01
239153	0.15	0.86	1.83	4.00	168	0.90
239154	0.50	615 ppm	48 ppm	170 ppm	1.2 ppm	----
239155	0.30	0.69	1.15	19.6	157.8	3.18
239156	2.50	83 ppm	44 ppm	128 ppm	0.6	----
239157	2.00	51 ppm	14 ppm	94 ppm	< 0.2	----

Four new mineralized zones were discovered to the west of the discovery showing, all of which carry significant mineralization over widths of 15 to 25 cm. The mineralized zone now exceeds 100 meters in width and occurs in Triassic volcanics with a well-developed quarts-carbonate stockwork. Lack of rock exposure has prevented mapping of the lateral extension of this mineralized zone. Sampling of the new zones returned the following assay values:

SAMPLE #	COMMENTS	Cu, %	PB, %	Zn, %	Ag, g/t	Au, g/t
056809	Zone 4, in creek 25cm Qtz carbonate with fine Cu ZN	1.032	0.06	1.06	9.3	0.94
056810	Zone 3, in creek 20 cm carbonate fine Cu Zn	0.961	0.08	0.42	13.2	0.94
056811	Zone 6, south side 15 cm carbonate Pb-Zn-Cu	0.156	0.32	17.76	6.7	7.47
056812	Zone 6, 18 cm carbonate minor Cu, Pb-Zn	0.138	0.10	10.42	4.7	3.37
056813	Zone 5, 20 cm carbonate Cu-Pb-Zn	0.372	0.04	18.23	4.6	1.59
056814	Zone 6, west wall 20 cm fine sulfides	0.114	0.06	0.48	2.3	2.67

Enzyme Analysis of Surface Samples

72 soil samples, which were collected on its high-grade epithermal Stope Baby project, returned positive results. These samples were collected along 3 east-west lines, north of the discovery and were submitted to Acme Laboratories of Vancouver B.C. for enzyme leach analysis. Interpretation by Enzyme Laboratories Inc. of Reno, Nevada suggests that a copper, nickel and zinc leakage anomaly extends over the sampled area – a distance of some 120 meters north of the showing.

Line Cutting

A 24.5 km line grid was established over that portion of the property centered on the discovery showing. The grid consists of a 2 km north-south baseline with crosslines of 50 meter intervals which extend 500 meters to the east and west.

Geophysics

Scott Geophysics of Vancouver, British Columbia completed a 12.5 km induced polarization (I.P.) and magnetic survey over a portion of the grid central to the discovery showing. This limited survey was undertaken to test the geophysical response in a pyrite poor, mineralized system. Survey results show that the showings occur in a resistivity anomaly which is somewhat centrally located within a broad, low grade chargeability anomaly.

Results of Initial Diamond Drill Program

2 diamond drill holes were drilled to date to test the discovery showing. Drill hole 1-2000 was drilled to the southeast at –45 degrees and bottomed at 578 feet in volcanics. The shallow attack angled coupled with hole deviation resulted in the hole paralleling structure and missing the target. Drill hole 2-2000 was drilled to the southwest at –42 degrees and shows significant quartz and carbonate stockwork in the volcanics from near surface to hole bottom at 556 feet. The target zone was encountered from 119.9 to 121.7 meters and consisted of semi-massive sphalerite enclosing blebs of galena and chalcopyrite within a grey-green carbonate zone. Assay results for this interval returned values of 0.13% Cu, 0.10% Pb, 3.57% Zn, 9.1 g/t AG and 0.42 g/t Au.

All assaying was conducted by Acme Laboratories of Vancouver, B.C. The gold and silver values are the result of the fire assaying, while the lead, zinc and copper values were produced by wet chemical assaying methods.

Proposed Exploration for the 2001 Season

Exploration to date suggests that the mineralized zones are emanating veins from a distal intrusive. Geophysical interpretation indicates that the intrusive lies at depth on the southern portion of the property. As a result, proposed exploration for the 2001 season will include an extension of induced polarization (I.P.) surveys to the south followed by additional diamond drilling.

ITEM 4: SELECTED CONSOLIDATED FINANCIAL DATA

The following tables summarize financial data for the Issuer, including its subsidiaries, SCC and 766072 Alberta Inc., for the last five completed financial years and the last eight quarters ending with June 30, 2000, the most recently completed financial year:

For the Years ending June 30,	2000	1999	1998	1997	1996
Net revenue (Interest Income)	1,677	842	1,921	23,018	12,389
Loss before discontinued operations and extraordinary items	(360,251)	(380,178)	(524,272)	(302,148)	(31,503)
Loss before discontinued operations and extraordinary items, per share	(0.016)	(0.02)	(0.04)	(0.03)	(0.007)
Loss before discontinued operations and extraordinary items, per share fully diluted	(0.013)	(0.02)	(0.03)	(0.02)	(0.002)
Loss	(309,239)	(401,085)	(604,298)	(378,887)	(146,503)
Loss, per share	(0.014)	(0.022)	(0.04)	(0.03)	(0.03)
Loss, per share fully diluted	(0.011)	(0.019)	(0.03)	(0.02)	(0.01)
Total assets	5,158,650	4,770,156	4,015,259	2,291,134	990,084
Total long term debt	-	-	308,716	-	750,000
Cash dividends	-	-	-	-	-

For the Four Quarters for Fiscal 2000	Q1	Q2	Q3	Q4	Total
Net revenue (Interest Income)	251	246	443	737	1,677
Loss before discontinued operations and extraordinary items	(71,356)	(76,879)	(98,318)	(113,698)	(360,251)
Loss before discontinued operations and extraordinary items, per share	(0.004)	(0.004)	(0.005)	(0.005)	(0.016)
Loss before discontinued operations and extraordinary items, per share fully diluted	(0.003)	(0.004)	(0.004)	(0.004)	(0.013)
Loss	(83,527)	(41,130)	(103,823)	(80,759)	(309,239)
Loss, per share	(0.005)	(0.002)	(0.005)	(0.004)	(0.014)
Loss, per share fully diluted	(0.004)	(0.002)	(0.004)	(0.003)	(0.011)

For the Four Quarters for Fiscal 1999	Q1	Q2	Q3	Q4	Total
Net revenue (Interest Income)	318	140	107	277	842
Loss before discontinued operations and extraordinary items	(43,700)	(98,293)	(109,567)	(128,618)	(380,178)
Loss before discontinued operations and extraordinary items, per share	(0.003)	(0.006)	(0.006)	(0.007)	(0.021)
Loss before discontinued operations and extraordinary items, per share fully diluted	(0.002)	(0.005)	(0.005)	(0.006)	(0.018)
Loss	(81,414)	(99,344)	(103,942)	(116,385)	(401,085)
Loss, per share	(0.005)	(0.006)	(0.006)	(0.006)	(0.022)
Loss, per share fully diluted	(0.004)	(0.005)	(0.005)	(0.005)	(0.019)

Since its incorporation, the Issuer has declared no cash dividends and has no formal policy with respect to the declaration of dividends. There are no restrictions which could prevent the Issuer from paying dividends.

Note: In fiscal year 1999 the Issuer issued a dividend in specie comprised of one share of Shadow, one Series A Warrant of Shadow and one Series B Warrant of Shadow for each 5 shares of the Issuer held as of the close of business on December 24, 1998 . The Issuer has not declared or paid any other dividends.

Item 5: Management's Discussion and Analysis of Operating Results

(1) Issuer

The following discussion of the results of operations of the Issuer for the fiscal years ended June 30, 2000 and 1999 should be read in conjunction with the financial statements of the Issuer and notes thereto. There have been no major changes in the accounting policies during the two-year period.

Results of Operations

In that the Issuer does not have a producing mineral property, it has no sources of revenue other than interest income. The interest amounts earned fluctuate with changing amounts on deposit and with changing interest rates. These amounts are, in any event, not material, and are merely used to offset administrative operating expenses. The increase in such income to June 30, 2000 from the previous period reflects the increase in amounts held on deposit during the latest period.

The Issuer's administration expenses decreased approximately 5% for the year ended June 30, 2000 compared to the year ended June 30, 1999. This is simply a reflection of efforts to conserve expenses of the Issuer over the past year.

The Issuer's loss for the year ended June 30, 2000 was $309,239 or $0.02 per share, compared with a loss for the previous year of $401,085, or $0.04 per share, representing approximately a 34% decrease. Due to the Issuer's focus on exploration rather than on mining operations, an annual profit or loss is not currently a meaningful measure of the Issuer's performance or value.

The Issuer has not been subject to income or capital taxes during either of the two most recent fiscal years.

Cumulative net deferred exploration costs as at June 30, 2000 totaled $4,977,257, compared with $4,736,462 as at the previous year-end. Deferred mineral property costs are an accumulation of exploration and development costs on active properties. The Issuer's policy is to write-off such costs on a property-by-property basis, as the claims or agreements lapse. During the period $277,022 was written off as a result of the abandonment of the Cop Property previously held through the Issuer's 65% subsidiary SCC. Costs for properties held but on which little or no current work is being performed are not written down, since the possibility exists of re-activation by either the Issuer or a joint venture partner.

Accounts payable at the end of the current fiscal year were relatively unchanged at the previous year-end, $1,430,166 versus $1,458,462 in 1999.

Outlook for the Fiscal Year Ending June 30, 2001

The Issuer will continue to operate with annual losses until sufficient revenues may be generated from one or more mineral properties of the Issuer which may be taken to the production stage. At the present time, management believes that the Piskanja Borate Property offers the best potential for development into a profitable producing mining operation. Management also believes that if the feasibility study proves positive and the Issuer can raise the necessary capital for more development, production could be initiated during the fiscal year ended June 30, 2002. For this reason, management will focus its attention on completion of a feasibility study on the Piskanja Borate Property in 2001 and raising additional capital to reduce its working capital deficit.

During fiscal 2000 the Issuer completed private placements resulting in gross proceeds of $526,128 in additional working capital which funds were utilized to fund the Corporations operations during fiscal 2000.

Investors are cautioned that, even with a positive feasibility study, the uncertainties in commodity markets and political developments, may delay or prevent the Issuer from developing the Piskanja Borate Property or any other mineral resource discovered by the Issuer.

Liquidity and Capital Reserves

In management's view, given the nature of the Issuer's operations, which consists of the exploration and evaluation of mining properties, the most relevant financial information relates primarily to current liquidity, solvency and planned property expenditures. The Issuer's financial success will be dependent upon the economic viability of the Piskanja Borate Property and the extent to which it can discover new mineral deposits. Such development may take several years to complete and the amount of resulting income, if any, is difficult to determine. The sales value of any mineralization discovered by the Issuer is largely dependent upon factors beyond the Issuer's control, including the market value of the minerals to be produced. The Issuer does not expect to receive significant revenue from any of its properties in the next year.

The Issuer's historical capital needs have been met by equity subscriptions (2000 - $526,128; 1999 - $1,342,350; 1998 - $513,126; 1997 - $1,585,050). The Issuer will require additional financing to fund future exploration and development work. However, the Issuer presently does not have sufficient working capital to fund its exploration work programs and to meet its anticipated administrative and overhead expenses for the current fiscal year.

In light of the current volatile financing markets, there is no assurance that funding by equity subscriptions will be possible at the times required or desired by the Issuer.

As at June 30, 2000, the Issuer's working capital deficit was approximately $1,780,123 versus a working capital deficit of $1,773,377 in 1999.

(2) Soundcache.com Inc., formerly Shadow Capital Corp.
(referred to herein as either "Shadow" or "SCC")

The following discussion of the results of operations of SCC for the fiscal years ended June 30, 2000 and 1999, should be read in conjunction with the financial statements of Shadow and notes thereto. There have been no major changes in the accounting policies since incorporation.

General

SCC is an exploration-stage company, and as such it has yet to receive income from its mineral exploration operations. In that SCC does not have a producing mineral property, it has no sources of revenue other than interest income. The interest amounts earned fluctuate with changing amounts on deposit and with changing interest rates. These amounts are, in any event, not material, and are merely used to offset administrative operating expenses.

To date SCC has raised funds through the issuance of its securities. SCC's expenses relate to work done on the Stope Baby Property and limited corporate and administration expenses.

Currently, Tim Daniels, the President of the Corporation, is the only director accruing a salary of $2,500 a month. Otherwise, expenses directly related to the administration of SCC on a day to day basis are incurred.

Year Ended June 30, 1999 compared to Year Ended June 30, 1998

During the year ended June 30, 1999, SCC incurred a loss of $35,202 or $0.003 per share, as compared to a loss of $6,645 or $0.0007 per share for the one year period ended June 30, 1998. Administration and corporate expenses amounted to $34,945, as compared to $6,868 in the same period in 1998. No exploration expenses were incurred during 1999 as compared to exploration and property development in 1998 of $12,565.

Liquidity and Capital Resources

As at June 30, 1999 SCC had 10,000,000 Common Shares issued and outstanding and 3,400,000 Series A Warrants and 3,400,000 Series B Warrants issued and outstanding. Three Series A Warrants and $0.25 are required to acquire one common shares of SCI prior to August 15, 1999. Three Series B Warrants and $0.50 are required to acquire one common shares of SCI prior to April 31, 2000.

As at June 30, 1999, SCI had a working capital deficit of ($27,997).

Year Ended June 30, 2000 compared to Year Ended June 30, 1999

During the year ended June 30, 2000, SCC incurred a loss of $304,066 or $0.10 per share, as compared to a loss of $35,202 or $0.02 per share for the year ended June 30, 1999. Administration and corporate expenses amounted to $37,183, as compared to $34,945 in the same period in 1999. No exploration expenses were incurred during 2000 or 1999. During fiscal 2000, SCC abandoned its interest in its Cop Property which represented its primary asset and wrote off associated expenses of $266,883.

Liquidity and Capital Resources

As at June 30, 2000 SCC had 2,900,598 Common Shares issued and outstanding and 3,400,000 Series B Warrants issued and outstanding. Eleven Series B Warrants and $3.50 are required to acquire two common shares of SCC prior to December 29, 2000.

As at January 23, 2001, all Series B Warrants expired with the exception of 199 which were exercised for proceeds of $99.75 and 57 shares of SCC were issued.

As at June 30, 2000, SCC had a working capital deficit of ($58,062) arising primarily from administrative expenditures.

Outlook

SCC having abandoned its mining property is seeking to acquire a meritous project to enhance shareholder value in any business segment within or beyond the resource sector. Management of SCC is confident that SCC's reporting issuer status in each of the Provinces of Alberta and Ontario will be of value to secure a new project to enhance shareholder value.

Events Subsequent to June 30, 2000

1. Pursuant to Directors' Resolution dated August 31, 2000 the Board of Directors extended the expiry date of the Shadow Capital Corp. Series B Warrants to December 29, 2000.

2. On December 29, 2000, the Series B Warrants of SCC expired. 599 Series B Warrants were exercised and SCC issued 57 shares at $1.75 per share for aggregate consideration of $99.75.

3. On July 21, 2000, the Issuer completed a Private Placement of 970,000 units at a price of $0.15 per unit. Each unit was comprised of one common share and one warrant. Two warrants are required to purchase an additional common share at a price of $0.50 until May 18, 2001. The Issuer paid a cash commission of $14,550.

Item 6: Market for Securities

The Issuer's common shares trade on The Canadian Venture Exchange located in Calgary, Alberta, Canada.

Item 7: Directors and Officers

Name, Office Held and Municipality of Residence	Director Since	Principal Occupation For the Previous Five Years
TIM DANIELS[(1)] Director and President Victoria, British Columbia	March 20, 1996	Since 1996, President of Issuer.
BARBARA MORROW[(1)] Director New York, New York, U.S.A.	March 7, 1998	President of Barronett Global Investors Inc., a registered investment advisor; and, President of Barronett Financial Services, Inc., a provider of consulting and financial services.
WILL THOMPSON[(1)] Director Qualicum Beach, British Columbia	March 20, 1996	Since Feb., 2000, Community Development Coordinator, Kahama Mining Corporation; and, prior thereto between June 1997 and Jan. 2000, Assistant Exploration Manager with Sutton Resources Inc..; prior thereto, for two years insurance salesman; and, prior thereto self-employed mineral explorationist.
Dr. DRAGOLJUB JUJIC Director Belgrade, Yugoslavia	January 30, 1997	Since 1993, independent mining engineering consultant primarily consulting on mining technology.
JIM WALLIS	October 22, 1999	Mining Consultant.

Director Williams Lake, British Columbia		

(1) Member of the Issuer's audit committee.

The directors of the Issuer are elected and hold office until the next annual general meeting of shareholders of the Issuer, unless any director resigns, is removed or becomes disqualified earlier.

The directors and senior officers of the Issuer as a group beneficially own, directly or indirectly, or exercise control or direction over 2,608,333 common shares representing 11.8% of the voting securities of the Issuer as of June 30,2000.

The Issuer has no executive committee.

Item 8: Additional Information

(1) Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Issuer's securities, options to purchase securities and interests of insiders in material transactions, where applicable, are contained in the Issuer's Information Circular dated September 18, 2000 for its Annual Shareholders' Meeting held on October 23, 2000. Additional financial information is provided in the Issuer's comparative financial statements for its fiscal year ended June 30,2000. A copy of the financial statements may be obtained from the Issuer at Suite 907 Empire Building, 10080 Jasper Avenue, Edmonton, Alberta, T5J 1V9 or on the world wide web at www.sedar.com. The Issuer may require payment of a reasonable charge for such copy if the request is made by a person who is not a security holder of the Issuer.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of Shadow's securities, options to purchase securities and interests of insiders in material transactions, where applicable, are contained in Shadow's Non-Offering Prospectus dated October 29, 1998. Additional financial information respecting Shadow is provided in Shadow's comparative financial statements for its fiscal year ended June 30, 2000. A copy of the financial statements may be obtained from the Issuer at Suite 907 Empire Building, 10080 Jasper Avenue, Edmonton, Alberta, T5J 1V9. The Issuer may require payment of a reasonable charge for such copy if the request is made by a person who is not a security holder of the Issuer or Shadow.

(2) **Risk Factors**

Foreign Government Risks

The Issuer's major property is located in Yugoslavia where mineral exploration and mining activities may be affected in varying degrees by political stability and government regulations relating to the mining industry. Any changes in regulations or shifts in political conditions are beyond the control of the Issuer and may adversely affect its business. Yugoslavia is, to a degree, a developing country, which may make it more difficult for the Issuer to obtain any required exploration, development and production financing for projects located there. Existing and possible future environmental legislation, regulations and actions could cause additional expense, capital expenditures, restrictions and delays in the activities of the Issuer, the extent of which cannot be predicted. Before production can commence on any properties, the Issuer must obtain regulatory and environmental approvals and there is no assurance that such approval

will be obtained, and on a timely basis. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations.

Future operations of the Issuer, including development activities and commencement of production on its properties, will require permits from various Yugoslavian federal, state and local governmental authorities and such operations will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. Companies engaged in the development and operation of mines and related facilities generally experience increased cost, and delays in production and other schedules as a result of the need to comply with applicable laws, regulations and permits.

The Issuer's exploration activities and its potential mining and any future operations are subject to various laws governing the land use, the protection of the environment, prospecting, development, productions, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, mine safety and other matters. Such operations and exploration activities are also subject to substantial regulation under these laws by governmental agencies and may require that the Issuer obtain permits from various governmental agencies. The Issuer believes it is currently in substantial compliance with all material laws and regulations which currently apply to its activities. There can be no assurance, however, that all permits which the Issuer may require for construction of future mining facilities and conduct of mining operations will be obtainable on reasonable terms or that such laws and regulations would not have an adverse effect on any mining project which the Issuer might undertake.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, where more stringent implementation thereof, could have a material adverse impact on the Issuer and cause increases in capital expenditures or production costs or reduction in levels of productions at producing properties or require abandonment or delays in development of new mining properties.

The previous government of the Federal Republic of Yugoslavia conducted its actions in a manner which resulted in the imposition of trade and economic sanctions by its major financial and trading partners resulting in severe difficulty in the Issuer in attracting financial partners for its activities in the Federal Republic of Yugoslavia.

Title Risks

The Issuer is satisfied that evidence of title to each of its mining properties is adequate and acceptable by prevailing industry standards with respect to the current stage of exploration on that property. Nevertheless, there is no guarantee that title to the mining properties the Issuer has invested into will not be challenged or impugned by third parties or that the applicable governmental authorities will not revoke, or significantly alter the conditions of the mineral properties. There is no certainty that the current rights represented by the mineral properties or any additional rights applied for, will be granted or renewed on terms satisfactory to the Issuer.

Currency Fluctuations and Deflationary Risks

The Issuer's operations in Yugoslavia make it subject to foreign currency fluctuations and deflationary pressures which may adversely effect the Issuer's financial position and results. With respect to Yugoslavian currency, the Issuer transfers funds to its subsidiaries on a "as needed" basis to avoid significant exposure to currency fluctuations. There can be no assurance that steps taken by management to address foreign currency fluctuations will eliminate all adverse effects and, accordingly, the Issuer may suffer losses due to adverse foreign currency fluctuations.

Exploration and Mining Risks

Mineral exploration and development involves a high degree of risk and few properties which are explored are ultimately developed into producing mines. The long-term profitability of the Issuer's operations will be in part directly related to the cost and success of its exploration programs, which may be affected by a number of factors. Substantial expenditures are required to establish ore reserves through drilling, to develop metallurgical processes to extract the metals from the ore and, in the case of new properties, to develop the mining and processing facilities at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that the funds required for development can be obtained on a timely basis.

If the Issuer proceeds to production on a particular property, commercial viability will be affected by factors that are beyond the Issuer's control, including the particular attributes of the deposit, the fluctuation in mineral prices, the costs of mining, processing and refining facilities, the availability of economic sources of energy, government regulations including regulations relating to prices, royalties, restrictions on production, quotas on exportation of minerals, as well as the protection of the environment and agricultural lands. It is impossible to assess with certainty the impact of these factors.

Competition Risks

The Issuer competes with major mining companies and other smaller natural resource companies in the acquisition, exploration, financing and development of new properties and projects. Many of these companies are more experienced, larger and better capitalized than the Issuer. The Issuer's competitive position will depend upon its ability to successfully explore, acquire and develop new and existing mineral resource properties or projects. The Issuer is also in competition with other companies insofar as they produce the same product in a market where pricing and quality advantages can be claimed by all of the market participants. Factors which allow producers to remain competitive in the market over the long term are the quality and the size of the ore body, cost of production, and proximity to market. In all of these factors, the Issuer is competitive to greater or lesser degrees but because of the limited number of companies and variables involved, an individual group of producers can be pointed to as being in direct competition.

Financing Risks

The Issuer has limited financial resources and there is no assurance that additional funding would be available to the Issuer fur further exploration or development of its properties or to fulfil its obligations under any applicable agreements. Although the Issuer has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Issuer will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to

obtain such additional financing could result in delay or indefinite postponement of further exploration and development of the Issuer's properties with the possible loss of properties.

The Issuer has no source of revenue and must rely on equity financing to support its operations.

Uninsurable Risks

In the course of exploration, development and production of mineral properties, several risks, and in particular, unusual geological or unexpected operating conditions including rockbursts, cave-ins, fires and flooding, may occur. The Issuer may also incur liability as a result of pollution and other casualties. It is not always possible to fully insure against such risks and the Issuer may decide not to take out insurance against such risks as a result of high premiums or other reasons. Paying compensation for obligations resulting from such liability may entail significant costs for the Issuer.

Permits and Licences Risks

The operations of the Issuer may require licenses and permits from various governmental authorities. There can be no assurance that the Issuer will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects.

Mineral Prices Risks

Factors beyond the control of the Issuer may affect the marketability of any minerals discovered. Mineral prices have fluctuated wildly, particularly in recent years. The effect of these factors cannot accurately be predicted.

Environmental Regulations Risks

The Issuer's operations may be subject to environmental regulations promulgated by government agencies from time to time. Environment legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which means stricter standards, and enforcements, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations. The Issuer intends to fully comply with all environmental regulations in Yugoslavia and in the areas in which it is active as well as with the sometimes higher standards set by North American environmental regulations.

The Issuer's Canadian operations as conducted through 766072 subject it to obligations to fund reclamation and abandonment expenses. There is no assurance that funds posted as bond with public authorities will be sufficient to fund any obligations arising from property reclamation and abandonment expenses.

Conflicts of Interest

Certain of the directors and officers of the Issuer are also directors and/or officers and/or shareholders of other natural resource companies. Such associations may give rise to conflicts of interest arises at a meeting of the Board of Directors, any director in a conflict will disclose his or her interest and abstain from voting on such matter. In determining whether or not the Issuer will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Issuer may be exposed and its financial position at the time.

Directors and Assets Outside Canada

Certain of the directors are resident outside of Canada, and it may not be possible to effect service of process upon such directors and since all or a substantial portion of the assets of such directors are located outside of Canada, there may be difficulties in enforcing against such directors the judgements obtained in Canadian courts. Similarly, substantially all of the Issuer's non-monetary assets are located outside of Canada and there may be difficulties in enforcing against the Issuer judgements obtained in Canadian courts.

(3) Glossary

Certain terms used in this Annual Information Form are defined below:

"**alteration**" means any change in the mineralogic composition of a rock brought about by physical or chemical means.

"**andesite**" means a dark-colored, fine-grained extrusive rock.

"**anomaly (geophysical)**" means a deviation from uniformity or regularity in geophysical quantities.

"**anomaly (geochemical)**" means a deviation from uniformity or regularity in geochemical quantities.

"biotite" means a widely distributed and important rock-forming mineral of the mica group.

"borate" means a generic term for boron compounds that contain oxygen.

"borax" means natural or refined sodium tetraborate decahydrate. This term is also used for pentahydrate (five molecules of water) and anhydrous (without water) forms of the refined mineral.

"boric acid" means a compound formed from the reaction of borates with acid and was formerly called boracic acid. Its formula is H_3BO_3.

"boric oxide" means anhydrous boric acid,B_2O_3. The boron content of materials is usually measured by their percentage of ,B_2O_3.

"boron" means a non-metallic element, fifth in the atomic table. In nature, boron always occurs in combination with oxygen and other elements, notably sodium and/or calcium.

"claystones" means fine, compact equigranular rock composed of clay particles.

"colemanite" means the principal calcium borate mineral, used mainly for making boric acid.

“contiguous” means touching or joining at the edge or boundary; adjacent.

“deposit” means a mineralized body which has been physically delineated by sufficient drilling, trenching, and/or underground work, and found to contain a sufficient average grade of metal or metals to warrant further exploration and/or development expenditures; such a deposit does not qualify as a commercially mineable ore body or as containing ore reserves, until final legal, technical and economic factors have been resolved.

“**diorite**” means a group of plutonic rocks intermediate in composition between acidic and basic rocks.

“**epigenetic**” is said of a mineral deposit of origin later than that of the enclosing rocks.

“**fracture**” means any break in a rock, includes, cracks, joints and faults.

“geochemical survey” means the sampling of rocks, stream sediments, and soils in order to locate abnormal concentrations of metallic elements or minerals. The samples are usually assayed by various methods to determine the quantities of elements or minerals in each sample.

“geophysical survey” means the expoloration of an area in which physical properties relating to geology are used. Geophysical methods include seismic, magnetic, gravity and induced polarization techniques.

“**granodiorite**” means a group of coarse-grained plutonic rocks intermediate in composition between quartz diorite and quartz monzonite, containing quartz, plagioclase and potassium feldspar, with biotite, hornblende.

“**hornblende**” refers to the commonest minerals of the amphibole group. It has a variable composition, and may contain potassium and appreciable fluorine.

“induced polarization survey” means a method of ground geophysical surveying employing current to determine indications of mineralization through electrical conductivity.

“**intermontaine belt**” refers to the north-south trending tectonic belt bordered by the Coast Crystalline belt to the west and the Omineca belt to the east in the province of British Columbia.

“kernite” means a sodium borate mineral with four molecules of water, used for the manufacture of boric acid.

“marls” means fine compact water impervious clays.

“mineralization” means a natural aggregate of one or more metalliferous minerals.

“**monzonite**” means a group of plutonic rocks intermediate in composition between syenite and diorite.

“**plagioclase**” means a group of triclinic feldspars of general formula. Plagioclase minerals are among the commonest rock-forming minerals.

“reverse circulation drilling” means a drilling method used in geological appraisals whereby the drlling fluid passes inside the drill stem to a down-the-hole precision bed and returns to the surface outside the drill stem carrying chips of rock.

"**sediment**" means a solid fragmental material that originates from weathering of rocks.

"**siltstone**" means an indurated silt having the texture and composition of shale but lacking its fine lamination.

"**syenite**" means a group of plutonic rocks containing alkali feldspar (usually orthoclase, microcline, or perthite), a small amount of plagioclase (less than in monzonite), one or more mafic minerals.

"tincal" means the historic name of decahydrate borax, the principal sodium borate mineral.

"tuff" means a compacted pyroclastic deposit of volcanic ash and dust which may or may not contain up to 50% sediments such as sand or clay.

"ulexite" means a sodium-calcium borate mineral, often called "cottonball" in the late 19^{th} and early 20^{th} centuries because of the silky, felted appearance of its crystals.

"**VLF- EM survey**" means a very low frequency electromagnetic geophysical survey.

(3) Metric Equivalents and Abbreviations

For ease of reference, the following conversion factors are provided:

1 acre	= 0.4047 hectares
1 foot	= 0.3048 metres
1 gram per tonne	= 0.0291 ounces per ton
1 ton	= 0.9072 tonnes (2000 pounds)
1 mile	= 1.6093 kilometres
1 troy ounce	= 31.1035 grams
1 square mile	= 2.59 square kilometers (259 hectares)
1 tonne	= metric tonne (2204.6 pounds)
short ton	= ton

The following abbreviations of measurements are used herein:

g	= grams	mg	= milligrams
g/t	= grams per tonne	mg/m^3	= milligrams per cubic metre
km	= kilometers	t	= tones
m	= metre	oz.	= Troy ounces
m^2	= square metre	oz./t	= Troy ounces per tonne
ha	= hectares	ppb	= parts per billion
m^3	= cubic metre	ppm	= parts per million

The following abbreviations are used herein:

B_sO_2	=	boric oxide	Au	=	gold
SiO_2	=	silica	Zn	=	zinc
MgO	=	magnesium oxide	Cu	=	copper

CaO = calcium oxide

Na_2O = sodium oxide

K_2O = potassium oxide