

LETTER FROM THE PRESIDENT

The year ending August 31, 2000 for the Company was a period of reduced activity due to the weakness in the junior resource sector and related commodities in general.

TIMMINS, ONTARIO, CANADA

Notwithstanding minimal financial interest in the sector, Opawica completed a \$608,750 gross flowthrough share private placement in September, 1999. The proceeds from this funding were substantially applied to properties under the Opawica (40%) and Falconbridge Limited ("Falconbridge") (60%) joint venture properties located near the Kidd Creek Mine, north of Timmins, Ontario.

Under the joint venture, four deep diamond drill holes were completed on the Chance Rhyolite Package during September 1999 and January 2000. The total drilling completed as at January 28, 2000 on this target area, under the 60:40 Falconbridge/Opawica joint venture announced February 12, 1999, was 8,417 metres. All of the holes successfully intersected the favourable South Chance horizon, however, no base metal intersections of potential economic significance were encountered.

One hole was completed on the Wigley property, in Carnegie Township, to test an electromagnetic target. Wigley is one of nine original peripheral properties located in Kidd and Carnegie Townships subject to a separate 70:30 Falconbridge/Opawica joint venture also announced on February 12, 1999. Nothing of potential economic significance was encountered in the Wigley hole.

Due to the absence of economic results concerning several properties under the 70:30 Falconbridge/Opawica joint venture, namely, Rimmer, Belleterre, Wigley and St. Lucie properties, Opawica and Falconbridge did not carry out any further drilling and abandoned the properties and options relating thereto.

Concerning the Whitestar #1 (North) and Whitestar #2 (South) properties which form part of the Chance Group and which were under option from White Star Copper Mines Ltd., one further deep hole was drilled and completed in August 2000. This hole (K54-31 A) commenced in late May 2000 and was targeted to test for the presence of the favourable felsic volcanic stratigraphy approximately 700m on strike to the west of the Kidd Creek Mine. The hole was scheduled to consist of up to 2,200 metres of drilling but was stopped at 1,682m in the regional Porcupine sediments. There were no favourable felsic volcanics or mineralization intersected in the hole. As at this writing, there is no further drilling planned at this time by the Company on its properties located in Kidd and Carnegie Townships, Ontario. The Company and Falconbridge are reviewing the properties for other potential targets. Consequently, a decision to abandon these properties has not been made.

ARGENTINA, SOUTH AMERICA -"Valle del Cura" & "Cure Este" Properties

During 1999 to this writing, the Company has expended approximately US \$400,000 on the above captioned properties in exploration, overhead, and property costs.

As financing for foreign-based grass-roots exploration properties is exceedingly difficult to secure under current market conditions, the Company, in April 2000, decided to sell all of its Au, Ag, properties in the Valle del Cura and Cura Este areas to Barrick Gold Corporation (Barrick).

Opawica sold the properties by selling all of its equity in Minera Rodeo S.A. ("MRSA") for US\$12,000 plus US\$338,000 in MRSA loan assignments to a Barrick subsidiary for gross proceeds received by the Company of US\$350,000 (Cdn\$524,000). Opawica retains a 1% Net Smelter Royalty on all of the Argentina properties retained by MRSA which is now 100% controlled by Barrick.

As a result of the October 12, 2000 closing of the above transaction, the February 12, 1999 Barrick-Opawica option agreement terminated and was replaced with the Net Smelter Royalty ("NSR") agreement concerning the 1 % NSR noted above.

The Company wrote off the balance of its properties in Argentina as there are no current plans to further explore these properties at current gold and base metal prices.

Barrick continues to hold 1,000,000 shares and 1,000,000 warrants of Opawica. These Barrick warrants and a further 500,000 warrants held by Falconbridge are exercisable into common shares of the Company, at any time, at Cdn\$1.25 per share until March 4, 2001.

FINANCIAL

During the year the Company raised gross proceeds of \$608,750 by way of a flow-through private placement. The flow-through placement consisted of 462,000 special warrants and 25,000 Class A flow-through special warrants at a price of \$1.25 each. Each flow through special warrant was convertible into one flow-through share and one-half of one purchase warrant for no further consideration. Each whole purchase warrant entitled the holder to purchase one further flowthrough common share of the Company at any time until September 16, 2000 at \$1.50 per share. The warrants expired without exercise. The 25,000 Class A flow-through special warrants, purchased by two of the Directors of the Company, were convertible into one flow-through common share of the Company, for no further consideration, and had no warrants attached thereto.

During the year ending August 31, 2000 \$737,941 was expended on mining interests. In addition, a further \$134,789 was expended on engineering and property investigation costs. Total administrative expenses for the period were \$406,675 which was a 22% decrease from the previous year ending August 31, 1999.

Revenue for the year, from interest and dividend income, was \$29,391 and the loss for the year was \$2,022,483 resulting in a \$0.18 loss per common share.

As at August 31, 2000, cash and cash equivalents, marketable securities / short-term investments, plus sundry receivables and advances totaled \$338,664. Subsequent to the August 31, 2000 year end the Company closed on the sale of certain Argentina interests, on October 12, 2000, as noted previously above, for gross proceeds to the Company of Cdn\$524,000.

The Company is proceeding to evaluate many new opportunities for possible acquisition in 2001. Management feels that by securing further projects as well as improvement in the junior resource sector and related commodity prices, 2001 has the potential to be another active year for Opawica.

Donald (Dan) M. Clark
President, CEO
Opawica Explorations Inc.
December 31, 2000

Consolidated Financial Statements of

OPAWICA EXPLORATIONS INC.

Years ended August 31, 2000 and 1999



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AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the consolidated balance sheets of Opawica Explorations Inc. as at August 31, 2000 and 1999 and the consolidated statements of operations and deficit and cash flows for the years then ended. 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 Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance 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.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at August 31, 2000 and 1999 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a long, horizontal, slightly curved line that serves as a flourish or underline.

Chartered Accountants

Toronto, Canada

December 29, 2000

OPAWICA EXPLORATIONS INC.

Consolidated Balance Sheets

August 31, 2000 and 1999

	2000	1999
Assets		
Current assets:		
Cash and cash equivalents	\$ 226,326	\$ 655,284
Marketable securities and short-term investments	54,000	47,721
Sundry receivables and advances	58,338	57,756
	<u>338,664</u>	<u>760,761</u>
Mining interests (note 3)	2,771,586	3,687,358
Capital assets (note 4)	12,399	41,127
	<u>\$ 3,122,649</u>	<u>\$ 4,489,246</u>

Liabilities and Shareholders' Equity

Current liabilities:		
Accounts payable and accrued liabilities	\$ 144,132	\$ 110,948
Shareholders' equity:		
Capital stock (note 5)	10,857,962	10,796,462
Special warrants (note 5)	561,202	—
Deficit	<u>(8,440,647)</u>	<u>(6,418,164)</u>
	2,978,517	4,378,298
	<u>\$ 3,122,649</u>	<u>\$ 4,489,246</u>

See accompanying notes to consolidated financial statements.

On behalf of the Board:

_____ Director

_____ Director

OPAWICA EXPLORATIONS INC.

Consolidated Statements of Operations and Deficit

Years ended August 31, 2000 and 1999

	2000	1999
Revenue:		
Interest and dividend income	\$ 29,391	\$ 29,088
Administrative expenses:		
General administration	109,522	82,477
Engineering and property investigation costs	134,789	191,729
Business promotion	79,300	114,196
Legal fees	16,596	36,507
Shareholder services	36,174	92,163
Depreciation	30,294	6,246
	<u>406,675</u>	<u>523,318</u>
Loss before the undernoted items	(377,284)	(494,230)
Write-off of mining interests (note 3)	(1,653,713)	(197,112)
Gain (loss) on disposal of marketable securities	8,514	(35,605)
Loss for the year	(2,022,483)	(726,947)
Deficit, beginning of year	(6,418,164)	(5,691,217)
Deficit, end of year	<u>\$ (8,440,647)</u>	<u>\$ (6,418,164)</u>
Loss per common share	\$ (0.18)	\$ (0.08)

See accompanying notes to consolidated financial statements.

OPAWICA EXPLORATIONS INC.

Consolidated Statements of Cash Flows

Years ended August 31, 2000 and 1999

	2000	1999
Cash provided by (used in):		
Operating activities:		
Loss for the year	\$ (2,022,483)	\$ (726,947)
Items not involving cash:		
Depreciation	30,294	6,246
Write-off of mining interests	1,653,713	197,112
Loss (gain) on disposal of marketable securities	(8,514)	35,605
Issuance of common stock for mineral property	35,500	—
Change in non-cash working capital	32,602	18,976
	<u>(278,888)</u>	<u>(469,008)</u>
Financing activities:		
Issuance of capital stock	26,000	2,343,432
Special warrants	561,202	—
	<u>587,202</u>	<u>2,343,432</u>
Investing activities:		
Mining interests	(737,941)	(2,112,255)
Marketable securities and short-term investments	2,235	607,883
Purchase of capital assets	(1,566)	(8,880)
	<u>(737,272)</u>	<u>(1,513,252)</u>
Increase (decrease) in cash and cash equivalents	(428,958)	361,172
Cash and cash equivalents, beginning of year	655,284	294,112
Cash and cash equivalents, end of year	<u>\$ 226,326</u>	<u>\$ 655,284</u>

See accompanying notes to consolidated financial statements.

OPAWICA EXPLORATIONS INC.

Notes to Consolidated Financial Statements

Years ended August 31, 2000 and 1999

Opawica Explorations Inc. (the "Company") is in the business of exploring for and developing mineral properties. The recoverability of the amounts shown for mining interests is dependent upon the existence of economically recoverable reserves, the ability to obtain financing to complete the development of such reserves and meet its obligations under various agreements and the success of future operations or dispositions.

1. Significant accounting policies:

These consolidated financial statements have been prepared in accordance with generally accepted accounting principles in Canada. The principal accounting policies followed by the Company are as follows:

(a) Principles of consolidation:

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Opawica Minerals Argentina S.A. and Minera Rodeo S.A. All intercompany accounts and transactions have been eliminated.

(b) Cash and cash equivalents and marketable securities:

Cash and cash equivalents consist of cash on hand, balances with banks and short-term money market instruments with maturities of less than 90 days at the date of purchase carried at the lower of cost and market value, with market value based on quoted market prices.

Marketable securities and short-term investments consist of investments in marketable securities with maturities of greater than 90 days at the date of purchase carried at the lower of cost and market value, with market value based on quoted market prices.

(c) Mining interests:

The Company records its interests in mineral projects at cost less associated recoveries and receipts from exploration agreements. Exploration expenditures are deferred until the project to which they relate is placed in production or abandoned. Deferred costs are amortized on the unit-of-production basis upon commencement of commercial production or written off if the mineral project is sold or abandoned.

OPAWICA EXPLORATIONS INC.

Notes to Consolidated Financial Statements (continued)

Years ended August 31, 2000 and 1999

1. Significant accounting policies (continued):

(d) Measurement uncertainty:

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, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting year.

The Company is subject to all of the risks normally associated with mining activities. Changes in estimates and assumptions will occur based on additional information and the occurrence of future events.

(e) Capital assets:

Capital assets are recorded at cost. Depreciation is calculated annually on a declining-balance basis as follows:

Computer equipment	30%
Furniture and equipment	20%
Truck	15%

(f) Foreign currency translation:

The assets and liabilities of the Company's foreign subsidiaries are considered financially and operationally dependent on the Company and are, therefore, classified as integrated operations. The temporal method is used to translate the financial statements of the subsidiaries, wherein monetary items are translated at the rates of exchange in effect at the balance sheet date and non-monetary items are translated at historical exchange rates.

2. Marketable securities and short-term investments:

The Company's marketable securities and short-term investments are carried at \$54,000 (1999 - \$47,721), which was equivalent to their market value. The market value, determined on the basis of closing market quotations, does not necessarily represent the realizable value of the total holding of any security, which may be more or less than that indicated by market quotations.

OPAWICA EXPLORATIONS INC.

Notes to Consolidated Financial Statements (continued)

Years ended August 31, 2000 and 1999

3. Mining interests:

(a) Mining properties in Canada:

During fiscal 1999, the Company entered into the following transactions:

- (i) the acquisition of 100% interest in 12 properties, subject to a 1% net smelter return royalty, and a 10% net profits interest in one further property in Godfrey, Wark, Kidd and Carnegie Townships of Ontario. The Company issued 300,000 common shares valued at \$195,000 and paid \$350,000 in consideration for these properties.
- (ii) entered into an option agreement with four entities (collectively, the "Sheridan Agreement") to earn up to a 100% interest in four properties located in Kidd and Carnegie Townships of Ontario. Under this option agreement, the Company may earn up to a 100% interest through the payment of \$110,000 over the period ending July 31, 2000, of which \$100,000 is at the Company's option. Thereafter, to maintain the Company's interest, payments of \$12,500 per property must be made every six months.
- (iii) entered into an agreement with White Star Copper Mines Ltd. ("White Star") to earn up to a 100% interest in two properties located in Kidd Township of Ontario. Under this agreement, the Company earned a 100% interest through the issuance of 200,000 common shares valued at \$106,000 and payment of \$50,000. Option payments of \$12,500 are required every six months to maintain the interest in the properties.
- (iv) entered into a 60:40 option and joint venture agreement with Falconbridge Limited ("Falconbridge") which granted the Company an option to acquire a 40% interest in the mineral and mining rights to three Falconbridge properties located in Kidd Township. Under this agreement, the Company earned its 40% interest in two of the properties for consideration of \$900,000 in cash and exploration advances.

In addition, this agreement grants the Company the option to earn a 40% interest in the mineral rights below 1,000 metres in a third Falconbridge property located in Kidd Township. The Company may vest its 40% interest in the third property by incurring the first \$1,000,000 in underground development and/or exploration prior to February 9, 2004. (No amounts have been expended pursuant to this commitment to August 31, 2000).

OPAWICA EXPLORATIONS INC.

Notes to Consolidated Financial Statements (continued)

Years ended August 31, 2000 and 1999

3. Mining interests (continued):

Further to the above agreement, the Company has agreed to cancel its 10% net profits interest in its property in Kidd Township as well as to provide Falconbridge the option to earn a 60% interest in options acquired in the Company's agreement with White Star.

- (v) entered into a 70:30 option and joint venture agreement with Falconbridge which grants Falconbridge the option to earn up to a 70% interest in nine properties, which are 100% owned or under option by the Company, in Kidd and Carnegie Townships. Under this agreement and amendments thereto, Falconbridge has committed to \$175,000 in expenditures, consisting of \$100,000 in property payments to underlying vendors to be made by July 31, 2000 and \$75,000 in exploration to be incurred by February 9, 2001.

During fiscal 1998, the Company acquired a further three patented claims located in Maisonville Township for consideration of 30,000 common shares in the Company. The vendor shall retain a 2.5% net smelter royalty, of which the Company may acquire 1% of the 2.5%, at any time, for \$1,000,000.

During fiscal 1996, the Company optioned the 38-claim Matarrow Mine property located in the Matachewan gold-base metal camp of northeastern Ontario. The Company has the right to explore and exploit this property and has acquired 100% of the property, subject to a 2% net smelter return royalty.

During 2000:

- (i) The Company did not exercise its option to acquire the four properties under the Sheridan Agreement or the two properties under the agreement with White Star and wrote off the related option payments and exploration expenditures.
- (ii) There are three properties retained of the original five under the 60:40 option and joint venture agreement with Falconbridge. Due to the Company expending more than its pro-rata share under this agreement, the joint venture interest on two of the three properties, under this agreement, have now been adjusted to 58.8% Falconbridge and 41.2% Opawica.
- (iii) Under the 70:30 option and joint venture agreement with Falconbridge, all Falconbridge commitments and payments have been made and therefore a joint venture now exists between the Company (30%) and Falconbridge (70%). The joint venture parties have retained five of the original nine properties in good standing under this agreement.

OPAWICA EXPLORATIONS INC.

Notes to Consolidated Financial Statements (continued)

Years ended August 31, 2000 and 1999

3. Mining interests (continued):

(b) Mining properties in Argentina:

During fiscal 1999, the Company entered into an option agreement with Minvail S.A. to earn up to a 100% interest in the following properties: Los Despoblados, La Ortiga Norte, Los Banitos, Arroyo Sepultura and Las Maquinas, in the Valle del Cura area of the El Indio Gold Belt, San Juan province. Under this option agreement, the Company earned up to a 100% interest through the issuance of 100,000 common shares valued at \$51,000 and the payment of U.S. \$136,000. The vendors shall retain a 1% net smelter royalty, which may be purchased at any time at the option of the Company for U.S. \$1,000,000.

During fiscal 1999, the Company entered into an option agreement with several individual owners (collectively, the "Torrent Agreement"), to earn up to a 100% interest in the Cura Este property. This property lies to the east of the La Ortiga Norte and Los Despoblados properties. Under this agreement, the Company may earn up to a 100% interest by making payments and incurring costs of U.S. \$190,000 and issuing 50,000 common shares over the next three years.

During fiscal 1999, the Company entered into a joint venture agreement with Barrick Gold Corporation ("Barrick"). The terms of the agreement give Barrick the option to acquire a 70% interest in any property located in the Valle del Cura region within the next three years. Barrick may earn its 70% interest in any of the properties by making cash and exploration expenditures in aggregate of 250% of the costs incurred by the Company, of which the Company will be reimbursed for 100% of its incurred costs and Barrick will spend 150% of the incurred costs on exploration. The Company must carry out a minimum U.S. \$500,000 in exploration and property costs by June 30, 2000.

In October 2000, the Company entered into an agreement with Barrick to terminate their joint venture and to sell the Company's interests in Cura Este for U.S. \$350,000. Accordingly, the Company then wrote down their interests in Cura Este to Cdn. \$524,000 to approximate the proceeds that were received subsequent to year end. The Company retained a 1% net smelter return on production from the properties sold.

OPAWICA EXPLORATIONS INC.

Notes to Consolidated Financial Statements (continued)

Years ended August 31, 2000 and 1999

3. Mining interests (continued):

Total costs incurred on mineral properties are summarized as follows:

	August 31, 1998	Incurred, fiscal 1999	Mineral properties written off	August 31, 1999	Incurred, fiscal 2000	Mineral properties written off	August 31, 2000
Canada							
Kidd, Carnegie	\$ —	\$ 1,844,551	\$ —	\$ 1,844,551	\$ 526,608	\$ (636,543)	\$ 1,734,616
Godfrey, Wark	—	104,522	—	104,522	—	—	104,522
Mattarow	348,803	1,001	—	349,804	367	—	350,171
Maisonville	58,186	73	—	58,259	18	—	58,277
Argentina							
Valle del Cura/Cura Este	553,219	504,670	—	1,057,889	210,948	(744,837)	524,000
Argentina - Other	460,007	9,438	(197,112)	272,333	—	(272,333)	—
	\$ 1,420,215	\$ 2,464,255	\$ (197,112)	\$ 3,687,358	\$ 737,941	\$ (1,653,713)	\$ 2,771,586

OPAWICA EXPLORATIONS INC.

Notes to Consolidated Financial Statements (continued)

Years ended August 31, 2000 and 1999

4. Capital assets:

			2000	1999
	Cost	Accumulated depreciation	Net book value	Net book value
Computer equipment	\$ 12,638	\$ 12,638	\$ -	\$ 1,283
Furniture and equipment	41,647	29,248	12,399	19,894
Truck	26,750	26,750	-	19,950
	\$ 81,035	\$ 68,636	\$ 12,399	\$ 41,127

5. Capital stock:

(a) Authorized:
Unlimited common shares

(b) Issued and outstanding:

	Number of shares	Amount
Outstanding, August 31, 1998	6,658,933	\$ 8,101,030
Exercise of stock options	590,000	345,750
Issued in private placements	3,175,000	1,997,682
Issued to acquire mineral properties	600,000	352,000
Outstanding, August 31, 1999	11,023,933	10,796,462
Exercise of stock options	34,600	26,000
Issued for mineral property claims	50,000	35,500
Outstanding, August 31, 2000	11,108,533	\$ 10,857,962

Weighted average number of common shares outstanding during the year is 11,077,776 (1999 - 9,392,683).

OPAWICA EXPLORATIONS INC.

Notes to Consolidated Financial Statements (continued)

Years ended August 31, 2000 and 1999

5. Capital stock (continued):

- (c) Pursuant to a Stock Option Incentive Plan (the "Plan"), the Company has set aside 2,500,000 common shares for issuance under the Plan. The options are exercisable when granted.

Changes in the Plan are as follows:

	2000		1999	
	Options (000's)	Weighted average exercise price	Options (000's)	Weighted average exercise price
Outstanding, beginning of year	45	\$ 0.75	610	\$ 0.70
Granted	1,000	0.40	635	0.60
Exercised	(35)	0.75	(590)	0.59
Expired	—	—	(610)	0.70
Outstanding, end of year	1,010	0.40	45	0.75

The following summarizes information about stock options outstanding as at August 31, 2000:

Exercise price	Options outstanding and exercisable		
	Number outstanding (000's)	Weighted average remaining contractual life in years	Weighted average exercise price
\$ 0.75	10	0.42	\$ 0.75
0.40	1,000	1.50	0.40
	1,010	1.49	0.40

OPAWICA EXPLORATIONS INC.

Notes to Consolidated Financial Statements (continued)

Years ended August 31, 2000 and 1999

5. Capital stock (continued):

- (d) During 1999, the Company completed the issuance of 3,175,000 common shares and 1,500,000 warrants for gross proceeds of \$2,002,500. The net proceeds from the sale of the common shares, after deducting offering expenses, were \$1,997,682.

The warrants are exercisable into common shares at \$1.25 per share and expire in March 2001. At August 31, 2000, there were 1,500,000 warrants outstanding (1999 - 1,500,000).

- (e) In September 1999, the Company issued 462,000 flow-through special warrants and 25,000 Class A flow-through special warrants (the "special warrants") at a price of \$1.25 each for net proceeds of \$561,202. The special warrants are exercisable into one flow-through common share of the Company and one-half of one warrant, each whole special warrant entitling the holder to purchase one additional flow-through common share of the Company at a price of \$1.50 per share which expired on August 31, 2000. The 25,000 Class A flow-through special warrants were purchased by two of the directors of the Company and are convertible into one flow-through common share of the Company, for no further warrants attached thereto.

All special warrants were automatically converted to 487,000 common shares of the Company on or about the anniversary date of their issuance, September 2000. No additional special warrants were issued or exercised prior to their expiry date of August 31, 2000.

Pursuant to the terms of the special warrants, the Company will renounce Canadian Exploration Expenditures ("CEE") pursuant to the Income Tax Act (Canada) to holders of the common shares resulting from the exercise of the special warrants. To August 31, 2000, the Company has incurred \$578,617 and spent in excess of \$608,750 prior to December 31, 2000 to meet its obligations to renounce CEE.

OPAWICA EXPLORATIONS INC.

Notes to Consolidated Financial Statements (continued)

Years ended August 31, 2000 and 1999

6. Income taxes:

The Company has non-capital tax loss carryforwards of approximately \$3,544,000 available for Canadian income tax purposes to reduce future taxable income. These losses expire as follows:

2001	\$ 398,000
2002	505,000
2003	680,000
2004	495,000
2005	600,000
2006	492,000
2007	374,000
	<hr/>
	\$ 3,544,000

7. Related party transactions:

During the year ended August 31, 2000, \$169,637 (1999 - \$231,398) was paid to directors, an officer and companies in which they have an interest for professional and technical services rendered.

Included in sundry receivables and advances is an amount advanced to a director of \$10,814 (1999 - \$10,797).

25,000 Class A flow-through special warrants were purchased by two of the directors of the Company (note 5(e)).

8. Material contracts:

Royalty agreement with Inmet Mining Corporation:

The Company holds a net smelter royalty on any future gold production from the Lac Shortt Mine. The Lac Shortt Mine held by Inmet Mining Corporation is presently not producing. The net smelter royalty is based on a sliding scale which provides a net smelter return of 1% to 2% on production sold. To date, there have been no net proceeds from production.

OPAWICA EXPLORATIONS INC.

Notes to Consolidated Financial Statements (continued)

Years ended August 31, 2000 and 1999

9. Fair values of financial instruments:

The carrying values of cash and cash equivalents, marketable securities and short-term investments, sundry receivables and advances and accounts payable and accrued liabilities approximate their fair values due to the relatively short periods to maturity of these instruments.

10. Commitments:

The Company has the following minimum annual rent commitment for the next two years:

2001	\$ 13,600
2002	11,130
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	\$ 24,730
