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Project No: 1527-100

March 5, 1987

Mr. Rodney N. Duncan
President
Minerex Resources Ltd.
Suite 1800 - 999 West Hastings Street
Vancouver, B.C.
V6C 2W2

Dear Mr. Duncan:

We are pleased to submit twelve copies of our Preliminary Evaluation of the Aurora Gold Project.

We are recommending additional metallurgical testwork and reverse circulation or diamond drilling. If the results from this work are positive, Minerex's share of this project will increase significantly.

We trust this report meets your present requirements and we look forward to a continuing association.

Yours very truly,

WRIGHT ENGINEERS LIMITED

WKM:srm

W.K. Midan, P.Eng.,
Snr. Mining Engineer

PRELIMINARY EVALUATION

OF THE AURORA GOLD PROJECT

PROJECT NO: 1527-100 MARCH 4, 1987

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SECTION 1.0 - INTRODUCTION

1.0 INTRODUCTION

On February 19, 1987 Wright Engineers Limited (WEL) was requested by Mr. Rodney N. Duncan, President of Minerex Resources Limited, to undertake a preliminry evaluation of the Aurora Project located in Mineral County, Nevada. The scope of this evaluation was proposed to be as follows:

- Review available information currently in our hands, and other reports prepared by Performance Associates and American Mine Services Inc., plus any metallurgical data obtainable
- Audit the ore reserve report by American Mine Services
- Undertake a conceptual pit design to establish a stripping ratio and develop a production schedule
- Examine the importance of the adjacent Golconda property
- Determine the size of leach pads required if leaching is indicated
- Estimate metallurgical recoveries
- Develop a conceptual process flowsheet and plant configuration
- Determine water and power requirements
- Estimate capital and operating costs
- Conduct a financial analysis and produce project rates of return and N.P.V.
- Prepare a report which summarizes the technical and economic aspects of the project
- After preliminary examination of the data a site visit may be advisable to obtain an appreciation of the site conditions and possible physical constraints.

After a review of the information on hand and discussion with Dr. Lynton Gormely it was decided that a site visit be made to observe the operation and site conditions. The site visit was undertaken by Mr. K. Midan and Patrick Lo of WEL on February 23, 1987. They were accompanied by Dr. Stanley Reamsbottom, a geological consultant and Director of Minerex.

WEL personnel met with Mr. John Veelik, Mining Consultant, at the Aurora project office in Hawthorne, Nevada. Subsequent to discussion about the project,

Mr. Veelik conducted a tour of the site. Later in the day Mr. Guy Rothwell, Project Manager, met with WEL personnel at the Hawthorne office and answered further questions.

The Aurora project property is located in Mineral County, Nevada, approximately 22 miles S.W. of Hawthorne, at an elevation of 7,400 ft. There are good gravel surfaced roads accessing the property (refer to Figure 1).

The presently defined ore reserves are located within the boundaries of the Humbolt East and West claims in the Aurora District. The property is currently controlled by Electra North West Resources Ltd. and by Global Resources Recovery in a joint venture agreement. Global Resources are the present operators and are heap leaching an estimated 100,000 tons of ore. Golconda Minerals, a subsidiary company of Nevada Goldfields hold the surrounding claims, which may restrict future development of the Humbolt claims (refer to Figure 3).

Minerex Resources Limited have currently negotiated an agreement to take over Global Resources' interest in the Aurora Project. The details of this agreement are documented in Section 7.0 of this report.

WEL prepared this evaluation for the Aurora Gold Project assuming the gold will be extracted by conventional heap leaching techniques. A conventional plant was not considered, due primarily to the lack of metallurgical test data.

SECTION 2.0 - SUMMARY

2.0 SUMMARY

The Aurora Project Claims (the Humbolt East and West) currently belonging to Electra North West Resources and Global Resources, contain drill defined minable reserves of 1.1 million tons grading 0.098 oz. Au/t. This reserve is open pittable at a waste to ore ratio of 3.7:1 within the confines of the claim boundaries. Projected reserves, estimated at 700,000 tons grading 0.12 oz. Au/t lie below the present drill defined reerves and are considered minable at a stripping ratio of 7:1. To recover these lower reserves will require an agreement with Golconda minerals that will allow the pit boundaries to be located on their claims.

Additional reserves are also believed to exist in pillars in the old underground workings and at the west end of the Humbolt West claims. Both these areas are considered good exploration targets with a high probability of finding additional shallow ore. The possibility also exists that the ore continues at depth with sufficient reserves and grade to permit profitable underground mining.

Based on testwork by Kappes Cassidy and the past leaching experience of previous operators, a recovery of 60% for a 40 day leaching cycle was chosen for this evaluation. During actual operations this recovery may increase. This evaluation assumes the ore will be crushed but not agglomerated. Further testwork is required to determine if agglomeration will increase the gold recovery.

The capital required to develop the project into a 330,000 ton per year heap leach operation is estimated to be U.S.$1.255 million. The operating costs for the project will average U.S.$9.71/ton or U.S.$180 per ounce gold recovered.

Minerex's share of the project, should they take over Global Resources' interest and finance the development of the defined 1.1 million tons of ore reserves, will amount to a net present value of U.S.$2.1 million at a 10% discount rate. Developing and mining the projected reserves will increase their net present value in the project to U.S.$3.9 million at a 10% discount rate, assuming the ore exists as projected and no royalty is payable to Golconda Minerals. The above NPV's are based on a gold price of U.S.$400 per ounce.

After further metallurgical testwork and drilling it is recommended that a preliminary feasibility study be undertaken to examine the cost of a conventional plant.

It is further recommended that Minerex investigate the advantages of sharing the capital cost and operation of a conventional plant with Golconda Minerals.

Although the project will produce silver, the value is considered negligible and ignored for the purposes of this evaluation.

SECTION 3.0 - HISTORY AND PRESENT OPERATION

3.0 HISTORY AND PRESENT OPERATION

3.1 History

Electra North West Resources Limited of Vancouver, B.C. acquired the claims in 1980 from Houston Oil and Minerals who retain a 6% N.S.R. Royalty Interest in the project. During 1980 and 1983 Electra carried out programs of percussion and diamond drilling and in 1983 entered into a joint venture agreement with Centennial Minerals Limited to develop the property. A program to mine and heap leach Aurora Gold ore was initiated in the summer of 1983.

During 1983 and 1984 Centennial Minerals mined and placed on pad an estimated 73,000 tons of ore averaging 0.11 oz Au/ton. The exact amount of gold recovered from this ore is not known, however the recovery was estimated by the Manager as somewhere around 60-65%. A summary of Centennial's mining activities during 1983 and 1984 are outlined below:

Year	Tons Ore Mined	Grade Au.oz/t	Grade Ag.oz/t	Waste Mined	Stripping Ratio
1983	22,165	0.078	0.15	52,600	2.3:1
1984	49,900	0.130	0.11	406,000	8.1:1
Total	72,065	0.11	0.12	458,600	6.4:1

Centennial Minerals abandoned the project subsequent to their take-over by Pegasus for the Montana Tunnels project.

Global Resources Recovery Limited entered into a joint venture with Electra during 1986 and are the current operators. Global mined an estimated 40,000 tons of ore during 1986 which was crushed and screened. This ore, along with the old Centennial ore, is presently in a heap consisting of an estimated 100,000 tons of ore and currently under leach. An additional 10,000 tons of fines grading an estimated 0.08 oz. Au/t were stockpiled near the crusher and are currently available for agglomeration and leaching. Documentation for gold produced and sold by Global for their leaching operation was unavailable for review by WEL, however Guy Rothwell stated they had recovered an estimated 2,800 ounces of gold to date.

The mining undertaken by Centennial Minerals was confined to the Humbolt East Claims, while the mining by Global was undertaken on the Humbolt West Claims (Refer to Figure 4). In 1983, Electra obtained a lease from Siskon Corporation to mine ore on the Humbolt West Claim between the 400 ft. level and surface. This lease agreement is still in effect.

In 1985 and 1986, Golconda Minerals outlined proven, probable and possible ore reserves amounting to 475,000 tons grading 0.15 oz. Au/ton in a similar vein system to that found on the Humbolt Claims. This vein system is considered to be a faulted offset of the veins found on the Humbolt Claims.

3.2 Present Operation

At the present time Global Resources are continuing to leach a single 100,000 ton heap and have prepared areas either side which are ready for liner placement. This additional pad area will be able to contain an estimated 100,000 to 150,000 tons of ore. They are presently heating and recirculating about 120 gpm of cyanide solution through the heap. The system they have in place at present is capable of recirculating 185-190 gpm.

The gold is extracted by running the solutions through ion exchange resin supplied in bottled form by Akwaklame. The bottles are collected and exchanged on a regular basis by Akwaklame who strip the gold, silver and other metals from the resin.

A fee of $13/oz. Au is charged for this service. The exact commercial details of payment for the precious metals is not known, but it is assumed that Akwaklame pays for the metals and then re-sells them.

The equipment belonging to the joint venture, on site at the present time includes: 3 - 35 ton Haul Trucks, 1 - 5 yd. FEL, 1 - 9 yd. FEL, 2 - Air Track Type Drills, 1 Grader, 1 Water Tanker, 1 Track Dozer, 2 Crushers, Conveyors and other miscellaneous equipment.

The facilities include a complete sample preparation and assaying facility located in a mobile trailer, various sheds, explosive magazines and miscellaneous tools.

Power is obtained from a single phase line running near the operation. Process water comes from old underground workings.

SECTION 4.0 - ORE RESERVES AND PRODUCTION SCHEDULE

4.0 ORE RESERVES AND PRODUCTION SCHEDULE

4.1 Ore Reserves

Gold and silver mineralization occurs in northeast trending quartz veins which extend for a distance of about 2,400 feet in length across the Humbolt East and West Claims. The quartz veins vary in width from a few feet to about 60 feet. The wall rocks are volcanics which have been hydrothermally altered up to 100 feet on either side of the veins with intense silicification common at the vein contacts.

Considerable drilling has been undertaken on the property, most of which has been concentrated on the Humbolt East Claim. Electra, Centennial and, more recently, Global, have conducted various drilling programs. These programs have concentrated on defining near surface open pittable ore reserves above elevation 6980. Except for 6 diamond drill holes drilled by Electra in 1981 and 30 reverse circulation holes drilled by Global Resources in 1986, the bulk of the drilling was done using conventional percussion type drills.

The information supplied to Wright Engineers Limited for this preliminary evaluation included the following:

- Drill hole cross sections
- Level plans
- Drill hole sampling results
- Ore reserve calculations by Global Resources
- Project feasibility study by Performance Associates Inc.
- A report on the Aurora Project by Questore Consultants Ltd. of Vancouver
- A preliminary feasibility study of underground mining methods by J.S. Redpath Corp.
- Various memoranda and drawings

The presently defined minable ore reserves occur predominantly on the Humbolt East Claim. The extention of the gold quartz vein on the Humbolt West

Claim has been mined previously by underground methods and although some recoverable ore probably exists in pillars, at present this has not been sufficiently defined to be included as an open pittable reserve.

After reviewing the above information and performing some limited checks, WEL estimate that the minable ore reserves defined at the present time within Performance Associates' ultimate pit, amount to some 1.1 million tons grading 0.098 oz. Au/t undiluted, Proven, Probable and Possible. The reserves were calculated by Global Resources' personnel using a 0.03 oz. Au/t cut-off grade. The amount of waste that requires mining to recover these reserves is estimated to be some 4.4 million tons for an overall stripping ratio of 3.7:1 (tons waste/ton ore). A listing of the tons of ore and associated grade by bench is shown on Table 4-1.

The minable ore reserve figures on Table 4-1 were derived using Global Resources' mineral inventory calculations and Performance Associates' ultimate pit design. Due to the limited time available to complete this preliminary evaluation, WEL did not perform a complete independent minable ore reserve estimate. However some limited volume and grade averaging checks were performed. These checks agreed closely with the Global Resources' calculations.

4.2 Potential Minable Ore Reserves

WEL estimates there could be an additional 700,000 tons of open pit minable ore grading 0.12 oz. Au/t at a stripping ratio of 7:1 below the present ultimate pit design as shown on Figure 5. This ore is considered Projected and will require confirming by additional reverse circulation or diamond drilling.

It is WEL's understanding that the present ultimate pit designed by Performance Associates was purposely constrained to stay within the Humbolt Claim boundaries. The surrounding claims belong to Golconda Minerals and will require some form of agreement prior to deepening and expanding the pit beyond the present ultimate design.

Additional reserves are also believed to exist in pillars in the old underground workings and at the west end of the Humbolt West Claims. Both these areas are considered good exploration targets with a high probability of finding additional shallow ore. The possibility also exists that the ore continues at depth with sufficient reserves and grade to permit profitable underground mining.

4.3 Production Schedule

For the purposes of this evaluation, the Proven, Probable and Possible ore noted on Table 4-1 was used to develop the Annual Production Schedule shown on Table 4-2. As detailed mine plans and sequences are beyond the scope of this evaluation, a simplified schedule was arrived at by mining the pit from the top down on a bench by bench basis. Waste was scheduled at the average overall ratio except for the last year when the bulk of the stripping must have been completed. To prepare the pit for production, 100,000 tons of preproduction stripping was allowed for in the first year. An allowance amounting to 10% of the in place ore at a grade of 0.015 oz. Au/ton was added for dilution.

A production rate for mining and heap leaching of 1,100 TPD for 300 days per year was chosen. Although the Aurora Project is at elevation 7400' the climate in winter is not unduly harsh and it should be possible to heap leach 10 months per year.

The schedule as shown on Table 4-3 was developed to allow the potential open pit reserve below the present ultimate pit design to be assessed. As in the Base Case Schedule, a 10% dilution allowance was added to the ore.

TABLE 4-1

MINABLE ORE RESERVES BY BENCH

Bench	Tons Ore	Grade Oz.Au/t	Cum.Tons Ore	Cum.Grade Oz.Au/t
7390	5,000	0.066	5,000	0.066
7370	21,000	0.060	26,000	0.061
7350	24,000	0.062	50,000	0.062
7330	22,000	0.064	72,000	0.062
7310	29,000	0.030	101,000	0.053
7290	29,000	0.053	130,000	0.053
7270	39,000	0.049	169,000	0.052
7250	49,000	0.111	218,000	0.065
7230	68,000	0.119	286,000	0.078
7210	75,000	0.094	361,000	0.081
7190	85,000	0.097	446,000	0.084
7170	94,000	0.101	540,000	0.087
7150	103,000	0.101	643,000	0,089
7130	58,000	0.069	701,000	0.088
7110	61,000	0.099	762,000	0.089
7090	49,000	0.118	811,000	0.090
7070	62,000	0.111	873,000	0.092
7050	61,000	0.116	934,000	0.093
7030	63,000	0.115	997,000	0.095
7010	65,000	0.119	1,062,000	0.096
6990	47,000	0.123	1,109,000	0.097
6970	43,000	0.111	1.152,000	0.098
Total	1,152,000	0.098		

TABLE 4-2

ANNUAL PRODUCTION SCHEDULE FOR DEFINED RESERVES

Year	Undiluted		Diluted			
	Tons Ore	Grade oz.Au/t	Tons Ore Mined and Leached	Grade oz.Au/t	Pre-Production Stripping	Tons Waste Mined
1	150,000	0.079	* 175,000	0.074	100,000	656,000
2	300,000	0.089	330,000	0.082		1,312,000
3	300,000	0.099	330,000	0.091		1,312,000
4	300,000	0.109	330,000	0.100		805,000
5	102,000	0.117	112,000	0.108		100,000
Total	1,152,000	0.098	1,277,000	0.090	100,000	4,185,000

* Includes 10,000 tons of fines grading 0.08 oz. Au/t presently stockpiled.

TABLE 4-3

ANNUAL PRODUCTION SCHEDULE INCLUDING PROJECTED RESERVES

Year	Undiluted		Diluted			
	Tons Ore	Grade oz.Au/t	Tons Ore Mined and Leached	Grade oz.Au/t	Pre-Production Stripping	Tons Waste Mined
1	150,000	0.079	* 175,000	0.074	100,000	656,000
2	300,000	0.089	330,000	0.082		1,312,000
3	300,000	0.099	330,000	0.091		1,312,000
4	300,000	0.109	330,000	0.100		1,750,000
5	300,000	0.119	330,000	0.110		1,565,000
6	300,000	0.120	330,000	0.110		1,565,000
7	202,000	0.120	222,000	0.110		855,000
Total	1,852,000	0.106	2,047,000	0.098	100,000	9,015,000

* Includes 10,000 tons of fines grading 0.08 oz. Au/t presently stockpiled

SECTION 5.0 - PROCESS AND SITE SERVICES

5.0 PROCESS AND SITE SERVICES

5.1 Heap Leaching System Design

Barren solution from carbon adsorption is pH adjusted with caustic and fortified with sodium cyanide as it flows into the high density polyethylene-lined barren solution pond. Sodium cyanide can be dissolved in this flow as required by passing the flow over cyanide briquets in a screen basket, thereby eliminating the need to make up a cyanide solution for addition to the stream. Variations in cyanide concentration will be evened out by passage through the barren solution pond. Caustic can be added as 50% solution at the same location. Water is added as required to maintain the level.

Solution is pumped from the barren solution pond to the heaps by four self-priming centrifugal pumps located at the pond edge. Each pump supplies one irrigation module in the four module rotation. After 40 days of leaching, the feed to the heap is switched to water for 5 days for chemical recovery.

Solution and washwater are distributed onto the heap surface using a network of Senninger wobbler sprinklers. The solution percolates downward through the ore and is collected above a high density polyethylene membrane which leads it to a lined collection ditch at the edge of the heap. The ditch carries the pregnant solution to the lined pregnant solution pond. The barren and pregnant ponds will be designed and sized to deal with emergencies such as power outages, sudden rainstorms, spring runoff, etc.

A self-priming centrifugal pump supplies pregnant solution to the carbon adsorption plant which is a modular unit mounted in a trailer. The plant provides for counter-current fixed bed contacting of carbon with the pregnant solution, with the solution exiting returning by gravity to the barren solution pond. Each carbon column can be isolated from the system and the gold removed by an atmospheric hot alcohol stripping process. The stripping alcohol passes through an electrowinning cell for recovery of the gold on steel wool cathodes. The cathodes are periodically removed and smelted to dore bullion.

5.2 Process Flows and Equipment Sizing

The process is sized to treat 330,000 tons of ore per year during a 300 day operating season. The ore is piled in two successive permanent lifts of 20 ft. depth on a lined pad site at the rate of 1,100 tpd. To maintain a rotation of 4 irrigation modules on a 40 day cycle, approximately 44,000 tons are leached by each module. At the 20 ft. nominal depth, the suface area would be 34,000 ft^2 for each module. The proposed sprinkling rate is 4 USGPM per 1000 ft^2, or 136 USGPM total feed to the adsorption plant.

At 1,100 tpd, 0.090 opt Au, and 60% extraction, the gold production is 59 opd. This results in an average pregnant solution concentration of about 5 ppm. At this level, a Merrill-Crowe system could also be considered for gold recovery.

A plant loading carbon to 400 opt would produce 220 lb per day of loaded carbon. The columns have not been sized in detail, but this rate should permit reasonable cycling of the columns to the stripping system.

5.3 Discussion of Design Status

In the conceptual design, a compromise was struck between the operating cost of rehandling the material if temporary heaps are constructed and the capital cost of permanent pads of sufficient area to hold the entire mineral inventory in one lift. Normally, the range of options including permanent pads and temporary pads with various membrane materials and heap depths would be evaluated to determine the economic optimum for this situation. The very compressed schedule for the study did not permit this type of optimisation, and the compromise that was reached was to provide sufficient area to avoid the need for rehandling the material, but to built a second lift on the first, once the first lift is leached out.

While this may be somewhere near the optimum, we recognize that this system has not proven successful in some previous instances. In some cases, gold seems to be readsorbed from the leach solution as it passes through the spent rock, or cyanicides in the spent rock reduce the carrying power of the solution. As well, the pregnant solution will not be in equilibrium with pore solution in washed, spent rock, with the result that there will be diffusion of gold into the washed rock. This gold should be recoverable at the end of the leach, but the effect is to lengthen the leach cycle since there is twice the rock to wash the second time.

Generally, it is best policy in hydrometallurgy to recover dissolved metals as soon in the process as possible after leaching, since it seems that losses inevitably increase, the longer one delays. Thus, while we have assumed an extraction apparently demonstrated by Centennial when they operated the property, such extraction may not be attainable from the second lift of ore.

The carbon recovery system used in the costing is one supplied as a module by Kappes, Cassiday and Associates. This system is quite similar to the one that was used unsuccesfully by Centennial, and was later substituted by ion exchange. It appeared that the carbon system worked satisfactorily initially, but its performance deteriorated with cycling. The writer attributed Centennial's problems with the carbon system to its inadequate sizing, the inability to operate it in true counter-current fashion, and the lack of provision for regeneration.

Carbon in columns is widely used for gold recovery from heap leach solutions, and we are confident that a system can be obtained which will perform for the Aurora project, although the exact configuration might vary somewhat from that described above.

Reagent usages and extractions are based on historical data. As the pit gets deeper and/or new pits are developed, the metallurgical behaviour could alter significantly; e.g. due to increasing sulphide content. A complete feasibility study would have to include a test program using representative samples from all the ore intended to be processed over the project life.

5.4 Process Cost Estimates

The capital cost estimate for the process equipment exclusive of the heaps and ponds is $200,000.

Most of the capital cost for the process equipment is in the modular carbon adsorption/stripping/electrowinning/smelting unit, for which a telephone quote was obtained from Kappes, Cassiday & Associates. The remaining hardware consists of pumps, piping, sprinklers, and electrical switchgear, none of which is individually significant in the estimate.

With a modular trailer-mounted process plant, installation costs are assumed to be negligible. Assembly of the irrigation modules is included in their capital cost. Engineering costs are not included at this stage - they will be itemised separately when all the project capital costs are brought together.

Compared to the capital cost of mining and preparing the heap bases and ponds, any errors in process equipment estimates cannot be very significant.

The operating cost for the irrigation and carbon recovery circuit total $1.50 per ton. Here, too, errors in the estimates are unlikely to be significant in comparison with the cost mining and of pad construction (if viewed as an operating cost).

Operating costs for the process allow for one operator, three shifts per day, who monitors and moves the irrigation equipment, and ensures that caustic and cyanide levels are maintained. Supervision is considered separately, but it is assumed that the mine manager would assist by harvesting and smelting the cathodes, and perform solution analysis and miscellaneous metallurgical duties as required.

Power is allowed for pumping, electrowinning, and miscellaneous lab and process plant loads at $0.08 per kWH.

Sodium cyanide is provided at 0.80 lb/ton of ore, using a delivered cost of $0.88/lb. This is based on the usage determined by Centennial, with correction for losses by windage and evaporation.

Caustic solution is provided at the rate of 0.65 lb/t at a delivered cost of $0.25/lb (100% basis) for 50% solution in drums.

No costs have been allowed for effluent cleanup. It is assumed that a negative water balance will exist, and any bleed required will result from unavoidable solution losses. Thus, there should be no need to discharge any toxic solutions from the process.

5.5 Residual Gold in Existing Heaps

We contacted Gordon Nixon, who operated the property for Centennial in 1984. Gordon said that their heaps were leaching to about 60% extraction in 40 days. The effluent from the heaps at the end of 40 days still contained gold, but they were constrained by pad area and could not maintain production without recharging the heaps at this point. Laboratory results of bucket tests on Aurora ore show extractions levelling out at about 72% for -5/8 material after about 100 days of leaching. Thus, the potential extra extraction would appear to be about 12%, worth about $5.00 per ton at current prices. Even with restacking, in an industrial situation, probably only about half this is realizable.

We do not have any information on the leaching history, size distribution or current extraction level of the crushed, leached material currently on the heaps, and so cannot speculate as to the potential value recoverable in secondary processing. It can be said, however, that the easily obtainable gold will be gone if it has been subjected to at least one leaching cycle. A second cycle appears to have the potential to recover at most about $2.50 value, at a leaching cost of the same order as estimated above. Cost of restacking (and possibly of new membrane) would be additional.

The actual cost would depend on to what extent this leaching has to bear the cost of operating labour that might already be available to operate primary heaps, and on the cycle length required to achieve the extra recovery. Additional costs (or opportunity costs) might be incurred if the adsorption plant is incapable of processing the extra solution produced, and thus new capacity would need to be provided, or primary leaching delayed. Use of the secondary pregnant solution as primary leach irrigation solution gets around this but invites gold losses and reduced primary leaching rates (longer primary leaching cycle times).

It does not seem to us to be prudent to assign significant value to the leached ore now on the pad unless the current level of extraction can be shown to be subsantially less than the 60% expected from a single leaching cycle. However, the 10,000 tons of stockpiled fines represent a gold resource that may be easily recovered during the initial months of operation.

5.6 Heap Leach Construction

The proposed heap leach pad is located east of the existing heap leach pads No. 1 and 2, on a north-facing hillside bounded by an existing power line. For the 1 million tons of ore reserves, the required heap size is about 1,100 feet long by 400 feet wide, with an average height of 40 feet. The entire heap leach pad will be located within the Marcia claims.

The heap will be constructed in cells of 44,000 tons capacity each, or approximately 40 days of mining output. The area under the heap will be excavated to designed grades, and lined with 100 mil HDPE geomembrane. Pregnant solution will be collected by perimeter, lined ditches and discharge to the pregnant solution pond.

The pregnant solution pond, as well as the barren solution pond, will be located downstream of the heap leach pad to facilitate the collection of process solution and run-off by gravity. Sizing of these ponds will be based on the latest state requirements: 24 hours operating volume, plus 72 hours draining from the heap and run-off from a 24 hours, 100 years storm. Both ponds will be lined with 80 mil HDPE geomembrane. Pumping will be required to deliver both the pregnant solution to the processing plant and the barren solution to the heap for spraying.

5.7 Site Services

Water required for process make-up will be obtained from a well. The water will be pumped to a storage tank and then gravitate to the processing plant. A fire reserve will be provided to supply the fire mains and hydrants around the plantsite. Depending on the quality of the groundwater, the water from the well may or may not be suitable for potable uses. For this study, it is assumed that potable water will be brought in from Hawthorne by tanker truck.

A sanitary sewerage system discharging to a septic tank and disposal field will be provided at the plant site.

Power for the processing plant will be supplied by Sierra Pacific Power Company. Negotiations have been made to up-grade the existing power line from the Substation at Fletcher to serve both Aurora Mine and the adjacent new mine proposed by Nevada Goldfield Company on a cost sharing basis. The share of capital cost for Aurora mine is about $90,000 and is included in the capital cost estimate.

The processing plant site will be located near the existing crushing plant. It is estimated that the plant will occupy an area about 100 feet long by 50 feet wide. Existing access to the plant site is generally adequate and no upgrading work will be required.

SECTION 6.0 - CAPITAL AND OPERATING COST ESTIMATES

6.0 CAPITAL AND OPERATING COSTS

6.1 Capital Costs

The following table summarizes the estimated capital expenditures required for the first year's production or 165,000 tons of ore. Additional pad construction for the remaining 4 years is considered an operating cost. It is assumed that the mining will be done by contractor, therefore no capital is included for mining equipment.

TABLE 6-1
CAPITAL COSTS

	Item	Capital Cost $U.S.
1.	Preproduction Pit Development	$ 125,000
2.	Initial Pad Construction	165,000
3.	Solution Pond Construction	95,000
4.	Gold Extraction Facility	200,000
5.	Water Supply	100,000
6.	Power Supply	100,000
7.	Site Development	20,000
8	Trailers and Miscellaneous Equipment	50,000
9.	Testwork and Permitting	100,000
10.	Feasibility Studies and Consultants	100,000
11.	Owners' Cost	200,000
	Total	$1,255,000
12.	Working Capital Estimate	$ 500,000

6.2 Operating Costs

Operating costs were estimated for the various activities and are summarized in the following table. It is assumed that a mining contractor will be employed to mine the ore and waste, crush the ore and load the pads. Pad construction, including the civil work, is estimated to cost about $2.00 per ft.^{2} or $1.00/ton and will also be contracted.

TABLE 6-2
OPERATING COSTS

Activity	$U.S./Ton Ore
Mine Ore	1.20
Mine Waste (1.15 x 3.4)	3.90
Crush Ore	0.40
Load Pads	0.50
Leaching and Gold Extraction	1.50
Pad Construction	1.00
General and Administration	1.50
Total Cost per Ton Ore	$ 10.00

TABLE 6-3

ANNUAL CAPITAL AND OPERATING COSTS

Activity	Pre-Production Development	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Tons Ore Mined and Leached		175,000	330,000	330,000	330,000	112,000	1,277,000
Tons Waste Mined	100,000	656,000	1,312,000	1,312,000	805,000	100,000	4,285,000
Ore Grade		0.074	0.082	0.091	0.100	0.108	0.090
Operating Costs							
Mine Ore (1.20/t)		$ 198,000	$ 396,000	$ 396,000	$ 396,000	$134,000	$ 1,520,000
Mine Waste (1.15/t)		754,000	1,509,000	1,509,000	925,000	115,000	4,812,000
Crush Ore (0.40/t)		66,000	132,000	132,000	132,000	45,000	507,000
Load Pads (0.50/t)		88,000	165,000	165,000	165,000	56,000	639,000
Leaching (1.50/t)		263,000	495,000	495,000	495,000	168,000	1,916,000
Pad Construction (1.00/t)		165,000	330,000	330,000	277,00	-	1,102,000
G. & A. (1.50/t)		263,000	495,000	495,000	495,000	168,000	1,916,000
Total		$1,797,000	$3,522,000	$3,522,000	$2,885,000	$686,000	$12,214,000
Total Cost/Ton Ore		$10.27	$10.67	$10.67	$8.74	$6.13	$9.71
Cost per Ounce at 60% Recovery		$231	$217	$195	$145	$95	$180
Capital Costs		$1,255,000					$ 1,255,000
Working Capital		$ 500,000					$ 500,000

TABLE 6-4

ANNUAL CAPITAL AND OPERATING COSTS INCLUDING PROJECTED RESERVES

Activity	Pre-Production Development	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Total
Tons Ore Mined		175,000	330,000	330,000	330,000	330,000	330,000	222,000	2,047,000
Tons Waste Mined	100,000	656,000	1,312,000	1,312,000	1,750,000	1,565,000	1,565,000	855,000	9,115,000
Ore Grade		0.074	0.082	0.091	0.100	0.110	0.110	0.110	0.098
Operating Cost									
Mine Ore (1.20/t)		198,000	396,000	396,000	396,000	396,000	396,000	266,000	2,444,000
Mine Waste (1.15/t)		754,000	1,509,000	1,509,000	2,012,000	1,780,000	1,780,000	983,000	10,327,000
Crush Ore (0.40/t)		66,000	132,000	132,000	132,000	132,000	132,000	89,000	815,000
Load Pads (0.50/t)		88,000	165,000	165,000	165,000	165,000	165,000	111,000	1,024,000
Leaching (1.50/t)		263,000	495,000	495,000	495,000	495,000	495,000	333,000	3,071,000
Pad Construction (1.00/t)		165,000	330,000	330,000	330,000	330,000	330,000	57,000	1,872,000
G. & A. (1.50/t)		263,000	495,000	495,000	495,000	495,000	495,000	333,000	3,071,000
Total		$1,797,000	$3,522,000	$3,522,000	$4,025,000	$3,793,000	$3,793,000	$2,172,000	$22,624,000
Total Cost/Ton Ore		$10.27	$10.67	$10.67	$12.20	$11.49	$11.49	$9.78	$11.05
Cost per Ounce at 60% Recovery		$231	$217	$195	$203	$192	$192	$146	$188
Capital Costs		$1,255,000							$ 1,255,000
Working Capital		$ 500,000							$ 500,000

SECTION 7.0 - VALUATION OF AURORA PROJECT

7.0 VALUATION OF THE AURORA PROPERTY

7.1 Introduction

Minerex's share of the Aurora property has been valued using a discounted cashflow approach. This method of valuation requires projecting yearly cash inflows, or revenue, subtracting yearly cash outflows, such as operating costs, capital costs, royalties and taxes, and discounting the difference back to the date of valuation. Using the facts previously outlined in the report and the assumptions listed below, a base case was established. These results, along with sensitivity analysis, are tabulated following the list of assumptions.

7.2 Assumptions

7.2.1 Ore leached: 1.277 million tons at a rate of 330,000 tons per year. First year includes 6 month pre-production and 6 months production of 175,000 tons

7.2.2 Average ore grade: .09 ounces per ton

7.2.3 Recovery: 60%

7.2.4 Pay factor: 99%

7.2.5 Gold Price: $400/ounce

7.2.6 Average Operating Cost: $9.71/ton

7.2.7 Capital Cost: $1.255 million

7.2.8 Working Capital: $0.5 million

7.2.9 Royalty Agreements and Acquisition Costs:

i) 6% NSR royalty to Houston/Siskon

ii) 1% NSR royalty to Global on gold price over $399/ounce plus $1.3 million U.S.

iii) Minerex receives 100% of the cashflow until all development costs and acquisition costs have been recovered subject to a 3% NSR royalty to Electra. Electra is paid the next $200,000 and 60% of the cashflow until it has received an additional $1 million. From this time on the cashflow is split 50/50 between Minerex and Electra.

7.2.10 Taxes: Federal incom tax, minimum income tax, and Nevada state taxes are detailed in the base case cashflows.

7.2.11 Inflation: none (constant $ analysis)

7.2.12 Debt and Equity: 100% equity (no debt or interest was considered)

7.2.13 Discount Rates: 5%, 10% and 15% were reported.

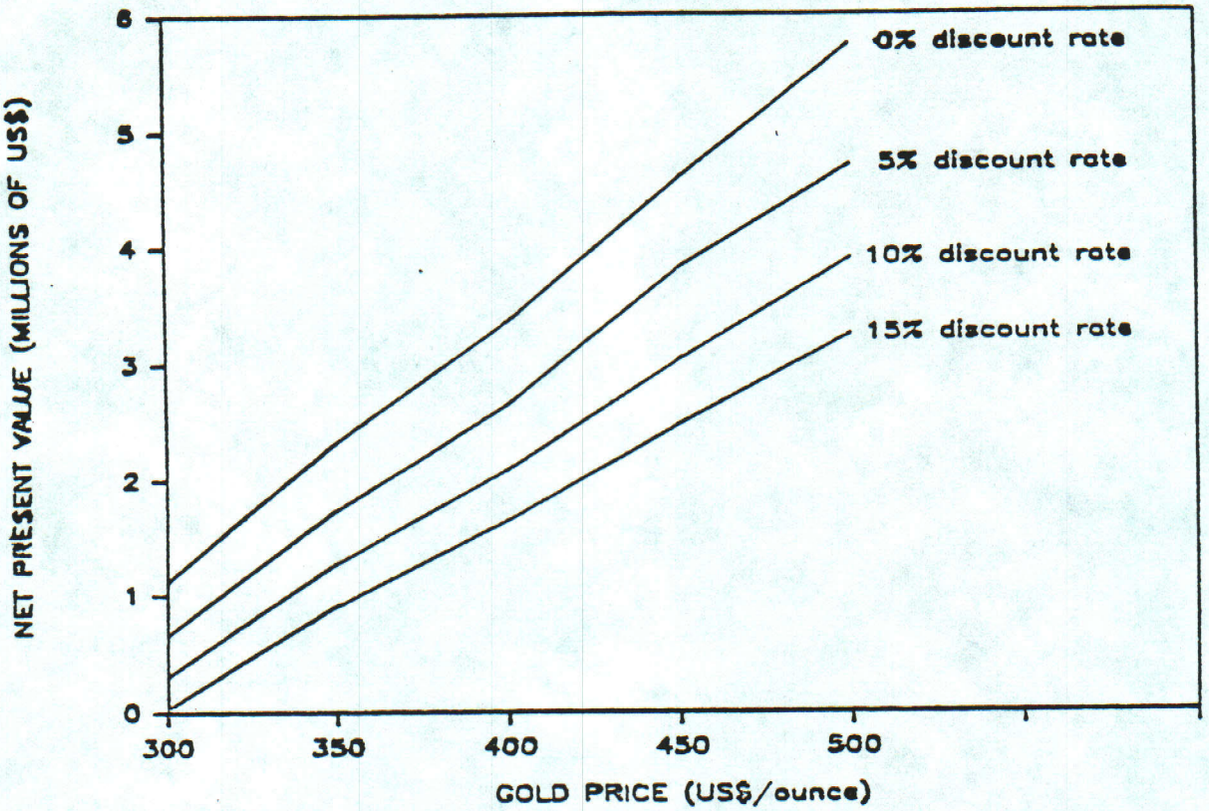
7.3 Results

		Net Present Value (millions U.S.$) at discount rates of:		
		5%	10%	15%
Base Case		$2.7	$2.1	$1.6
Additional Reserves		5.0	3.9	3.0
Gold Price	+20%	4.3	3.6	3.0
	-20%	1.1	0.7	0.4
Operating Cost	+20%	1.9	1.4	1.0
	-20%	3.5	2.8	2.3
Capital Cost	+20%	2.4	1.8	1.4
	-20%	2.9	2.3	1.9

The above results show that additional reserves increase the net present value dramatically. Changing gold prices also has a pronounced effect. The above results are graphically depicted on the following page.

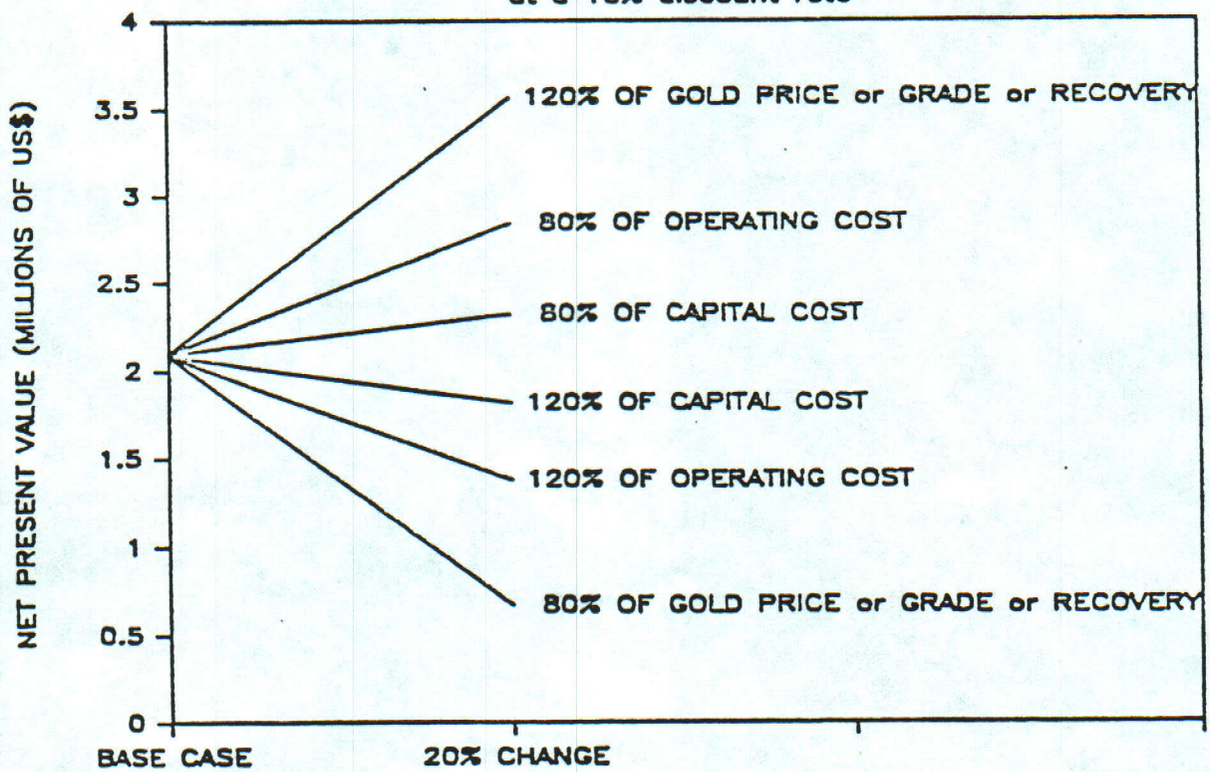
NET PRESENT VALUE vs GOLD PRICE

Minerex



SENSITIVITY ANALYSIS: Minerex

at a 10% discount rate



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WELOFF FINANCIAL SYSTEM

AURORA/MINEREX:BASE CASE/300000 TPY/GOLD $400

CASHFLOW STATEMENT

YEAR: JULY 1ST/JUNE 30TH	1	2	3	4	5	6	ACCUM
TONS MILLED (000'S)	175	330	330	330	112	0	1277
GOLD HEAD GRADE (OZ/TON)	0.074	0.092	0.091	0.100	0.108	0.000	0.090
GOLD RECOVERY (%)	60	60	60	60	60	60	60
GOLD PAY FACTOR (%)	99	99	99	99	99	99	99
PAYABLE PRODUCTION (000'S OZS)	7.692	16.074	17.838	19.602	7.185	0.000	68.391
PRICE OF GOLD	400	400	400	400	400	400	400
NET REVENUE (MILLIONS)	3.077	6.429	7.135	7.841	2.874	0.000	27.356
- OPERATING COSTS	1.797	3.522	3.522	2.885	0.686	0.000	12.412
- ROYALTY TO HOUSTON SISKON	0.185	0.386	0.428	0.470	0.172	0.000	1.641
- ROYALTY TO GLOBAL	0.031	0.064	0.071	0.078	0.029	0.000	0.274
- ROYALTY TO ELECTRA	0.092	0.193	0.021	0.000	0.000	0.000	0.307
- NEVADA STATE TAXES	0.016	0.038	0.054	0.080	0.036	0.000	0.224
- FEDERAL TAX	0.092	0.282	0.575	1.071	0.517	0.000	2.538
CASHFLOW BEFORE CAPITAL COSTS	0.864	1.944	2.463	3.256	1.434	0.000	9.961
- EXPLORATION	0.000	0.000	0.000	0.000	0.000	0.000	0.000
- PROPERTY ACQUISITION	1.300	0.000	0.000	0.000	0.000	0.000	1.300
- CAPITAL COSTS	1.255	0.000	0.000	0.000	0.000	0.000	1.255
- MINE DEVELOPMENT	0.000	0.000	0.000	0.000	0.000	0.000	0.000
- WORKING CAPITAL CHANGE	0.500	0.000	0.000	0.000	-0.500	0.000	0.000
+ SALVAGE	0.000	0.000	0.000	0.000	0.000	0.000	0.000
CASHFLOW BEFORE FINANCING	-2.191	1.944	2.463	3.256	1.934	0.000	7.406
+ PRIMARY BANK LOAN DRAWDOWN	0.000	0.000	0.000	0.000	0.000	0.000	0.000
+ OPTIONAL LOAN DRAWDOWN	0.000	0.000	0.000	0.000	0.000	0.000	0.000
- SCHEDULED LOAN REPAYMENT	0.000	0.000	0.000	0.000	0.000	0.000	0.000
- OPTIONAL LOAN REPAYMENT	0.000	0.000	0.000	0.000	0.000	0.000	0.000
- INTEREST EXPENSE	0.000	0.000	0.000	0.000	0.000	0.000	0.000
PROJECT CASH FLOW	-2.191	1.944	2.463	3.256	1.934	0.000	7.406
NET CASH FLOW TO MINEREX	-2.191	1.944	1.020	1.628	0.967	0.000	3.368
DISCOUNTED NCF (5 %)	-2.087	1.763	0.881	1.339	0.758	0.000	2.655
DISCOUNTED NCF (10 %)	-1.992	1.607	0.766	1.112	0.601	0.000	2.093
DISCOUNTED NCF (15 %)	-1.905	1.470	0.670	0.931	0.481	0.000	1.647
AFTER TAX DCFRR (%)	58.630	0.000	0.000	0.000	0.000	0.000	58.630

WELOFF FINANCIAL SYSTEM 87/ 3/ 5

AURORA/MINEREX:BASE CASE/300000 TPY/GOLD $400

INCOME TAX STATEMENT

YEAR: JULY 1ST/JUNE 30TH	1	2	3	4	5	6	ACCUM
FEDERAL INCOME TAX							
PRODUCTION REVENUE	3.077	6.429	7.135	7.841	2.874	0.000	27.356
- OPERATING COSTS	1.797	3.522	3.522	2.885	0.686	0.000	12.412
- ROYALTIES	0.308	0.643	0.521	0.549	0.201	0.000	2.222
- INTEREST EXPENSE	0.000	0.000	0.000	0.000	0.000	0.000	0.000
- NEVADA STATE TAXES	0.016	0.038	0.054	0.080	0.036	0.000	0.224
- DEPRECIATION (200% DB)	0.414	0.565	0.276	0.000	0.000	0.000	1.255
- MINE DEVELOPMENT	0.000	0.000	0.000	0.000	0.000	0.000	0.000
- DEPLETION	0.271	0.831	1.070	1.176	0.431	0.000	3.779
TAXABLE INCOME	0.271	0.831	1.692	3.151	1.520	0.000	7.465
+ TAX LOSS CREATED	0.000	0.000	0.000	0.000	0.000	0.000	0.000
- LOSS CARRYFORWARD	0.000	0.000	0.000	0.000	0.000	0.000	0.000
NET TAXABLE INCOME	0.271	0.831	1.692	3.151	1.520	0.000	7.465
INCOME TAX CALCULATED	0.092	0.282	0.575	1.071	0.517	0.000	2.538
ALTERNATIVE MINIMUM TAX							
PRODUCTION REVENUE	3.077	6.429	7.135	7.841	2.874	0.000	27.356
- OPERATING COSTS	1.797	3.522	3.522	2.885	0.686	0.000	12.412
- ROYALTIES	0.308	0.643	0.521	0.549	0.201	0.000	2.222
- INTEREST EXPENSE	0.000	0.000	0.000	0.000	0.000	0.000	0.000
- NEVADA STATE TAXES	0.016	0.038	0.054	0.080	0.036	0.000	0.224
- DEPR'N (150% DB)	0.364	0.477	0.414	0.000	0.000	0.000	1.255
- DEPLETION	0.271	0.831	1.070	1.176	0.431	0.000	3.779
+ EXCESS DEPLETION	0.000	0.000	0.872	1.176	0.431	0.000	2.479
TAXABLE INCOME	0.321	0.919	2.426	4.327	1.951	0.000	9.944
+ TAX LOSS CREATED	0.000	0.000	0.000	0.000	0.000	0.000	0.000
- LOSS CARRYFORWARD	0.000	0.000	0.000	0.000	0.000	0.000	0.000
NET TAXABLE INCOME	0.321	0.919	2.426	4.327	1.951	0.000	9.944
MINIMUM TAX (20%)	0.064	0.184	0.485	0.865	0.390	0.000	1.989
FEDERAL TAX PAYABLE	0.092	0.282	0.575	1.071	0.517	0.000	2.538
NEVADA SEVERENCE TAX							
PRODUCTION REVENUE	3.077	6.429	7.135	7.841	2.874	0.000	27.356
- OPERATING COSTS	1.797	3.522	3.522	2.885	0.686	0.000	12.412
- ROYALTIES	0.308	0.643	0.521	0.549	0.201	0.000	2.222
- DEPRECIATION (SL)	0.157	0.314	0.314	0.314	0.157	0.000	1.255
TAXABLE INCOME	0.815	1.951	2.778	4.093	1.830	0.000	11.468
RATE (%)	1.950	1.950	1.950	1.950	1.950	1.950	11.700
TOTAL STATE TAX	0.016	0.038	0.054	0.080	0.036	0.000	0.224

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WELOFF FINANCIAL SYSTEM

AURORA/MINEREX: EXTENDED TONNAGE

CASHFLOW STATEMENT

YEAR: JULY 1ST/JUNE 30TH	1	2	3	4	5	6	7	8	ACCUM
TONS MILLED (000'S)	175	330	330	330	330	330	222	0	2047
GOLD HEAD GRADE (OZ/TON)	0.074	0.082	0.091	0.100	0.110	0.110	0.110	0.110	0.098
GOLD RECOVERY (%)	60	60	60	60	60	60	60	60	60
GOLD PAY FACTOR (%)	99	99	99	99	99	99	99	99	99
PAYABLE PRODUCTION (000'S OZS)	7.692	16.074	17.838	19.602	21.562	21.562	14.505	0.000	118.835
PRICE OF GOLD	400	400	400	400	400	400	400	400	400
NET REVENUE (MILLIONS)	3.077	6.429	7.135	7.841	8.625	8.625	5.802	0.000	47.534
- OPERATING COSTS	1.797	3.522	3.522	4.025	3.793	3.793	2.172	0.000	22.624
- ROYALTY TO HOUSTON SISKON	0.185	0.386	0.428	0.470	0.517	0.517	0.348	0.000	2.852
- ROYALTY TO GLOBAL	0.031	0.064	0.071	0.078	0.086	0.086	0.058	0.000	0.475
- ROYALTY TO ELECTRA	0.092	0.193	0.022	0.000	0.000	0.000	0.000	0.000	0.307
- NEVADA STATE TAXES	0.017	0.040	0.056	0.060	0.078	0.078	0.061	0.000	0.390
- FEDERAL TAX	0.092	0.282	0.574	0.691	0.971	0.971	0.780	0.000	4.361
CASHFLOW BEFORE CAPITAL COSTS	0.863	1.942	2.461	2.517	3.179	3.179	2.384	0.000	16.525
- EXPLORATION	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
- PROPERTY ACQUISITION	1.300	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.300
- CAPITAL COSTS	1.255	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.255
- MINE DEVELOPMENT	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
- WORKING CAPITAL CHANGE	0.500	0.000	0.000	0.000	0.000	0.000	-0.500	0.000	0.000
+ SALVAGE	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
CASHFLOW BEFORE FINANCING	-2.192	1.942	2.461	2.517	3.179	3.179	2.884	0.000	13.970
+ PRIMARY BANK LOAN DRAWDOWN	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
+ OPTIONAL LOAN DRAWDOWN	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
- SCHEDULED LOAN REPAYMENT	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
- OPTIONAL LOAN REPAYMENT	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
- INTEREST EXPENSE	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
PROJECT CASH FLOW	-2.192	1.942	2.461	2.517	3.179	3.179	2.884	0.000	13.970
NET CASH FLOW TO MINEREX	-2.192	1.942	1.019	1.258	1.589	1.589	1.442	0.000	6.648
DISCOUNTED NCF (5 %)	-2.087	1.762	0.890	1.035	1.245	1.186	1.025	0.000	5.046
DISCOUNTED NCF (10 %)	-1.992	1.605	0.765	0.859	0.987	0.897	0.740	0.000	3.862
DISCOUNTED NCF (15 %)	-1.906	1.469	0.670	0.719	0.790	0.687	0.542	0.000	2.971
AFTER TAX DCFRR (%)	67.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	67.000

WELOFF FINANCIAL SYSTEM 87/ 3/ 5

AURORA/MINEREX:METAL PRICE +20%

CASHFLOW STATEMENT

YEAR: JULY 1ST/JUNE 30TH	1	2	3	4	5	6	ACCUM
TONS MILLED (000'S)	175	330	330	330	112	0	1277
GOLD HEAD GRADE (OZ/TON)	0.074	0.082	0.091	0.100	0.108	0.000	0.090
GOLD RECOVERY (%)	60	60	60	60	60	60	60
GOLD PAY FACTOR (%)	99	99	99	99	99	99	99
PAYABLE PRODUCTION (000'S OZS)	7.692	16.074	17.838	19.602	7.185	0.000	68.391
PRICE OF GOLD	480	480	480	480	480	480	480
NET REVENUE (MILLIONS)	3.692	7.715	8.562	9.409	3.449	0.000	32.827
- OPERATING COSTS	1.797	3.522	3.522	2.885	0.686	0.000	12.412
- ROYALTY TO HOUSTON SISKON	0.222	0.463	0.514	0.565	0.207	0.000	1.970
- ROYALTY TO GLOBAL	0.037	0.077	0.086	0.094	0.034	0.000	0.328
- ROYALTY TO ELECTRA	0.111	0.141	0.000	0.000	0.000	0.000	0.251
- NEVADA STATE TAXES	0.027	0.062	0.080	0.108	0.046	0.000	0.324
- FEDERAL TAX	0.184	0.588	0.952	1.478	0.666	0.000	3.867
CASHFLOW BEFORE CAPITAL COSTS	1.315	2.863	3.408	4.280	1.810	0.000	13.675
- EXPLORATION	0.000	0.000	0.000	0.000	0.000	0.000	0.000
- PROPERTY ACQUISITION	1.300	0.000	0.000	0.000	0.000	0.000	1.300
- CAPITAL COSTS	1.255	0.000	0.000	0.000	0.000	0.000	1.255
- MINE DEVELOPMENT	0.000	0.000	0.000	0.000	0.000	0.000	0.000
- WORKING CAPITAL CHANGE	0.500	0.000	0.000	0.000	-0.500	0.000	0.000
+ SALVAGE	0.000	0.000	0.000	0.000	0.000	0.000	0.000
CASHFLOW BEFORE FINANCING	-1.740	2.863	3.408	4.280	2.310	0.000	11.120
+ PRIMARY BANK LOAN DRAWDOWN	0.000	0.000	0.000	0.000	0.000	0.000	0.000
+ OPTIONAL LOAN DRAWDOWN	0.000	0.000	0.000	0.000	0.000	0.000	0.000
- SCHEDULED LOAN REPAYMENT	0.000	0.000	0.000	0.000	0.000	0.000	0.000
- OPTIONAL LOAN REPAYMENT	0.000	0.000	0.000	0.000	0.000	0.000	0.000
- INTEREST EXPENSE	0.000	0.000	0.000	0.000	0.000	0.000	0.000
PROJECT CASH FLOW	-1.740	2.863	3.408	4.280	2.310	0.000	11.120
NET CASH FLOW TO MINEREX	-1.740	2.109	1.629	2.140	1.155	0.000	5.293
DISCOUNTED NCF (5 %)	-1.657	1.913	1.408	1.760	0.905	0.000	4.329
DISCOUNTED NCF (10 %)	-1.582	1.743	1.224	1.461	0.717	0.000	3.564
DISCOUNTED NCF (15 %)	-1.513	1.595	1.071	1.223	0.574	0.000	2.951
AFTER TAX DCFRR (%)	104.300	0.000	0.000	0.000	0.000	0.000	104.300

WELOFF FINANCIAL SYSTEM 87/ 3/ 5

AURORA/MINEREX:METAL PRICE -20%

CASHFLOW STATEMENT

YEAR: JULY 1ST/JUNE 30TH	1	2	3	4	5	6	ACCUM
TONS MILLED (000'S)	175	330	330	330	112	0	1277
GOLD HEAD GRADE (OZ/TON)	0.074	0.082	0.091	0.100	0.108	0.000	0.090
GOLD RECOVERY (%)	60	60	60	60	60	60	60
GOLD PAY FACTOR (%)	99	99	99	99	99	99	99
PAYABLE PRODUCTION (000'S OZS)	7.692	16.074	17.838	19.602	7.185	0.000	68.391
PRICE OF GOLD	320	320	320	320	320	320	320
NET REVENUE (MILLIONS)	2.462	5.144	5.708	6.273	2.299	0.000	21.885
- OPERATING COSTS	1.797	3.522	3.522	2.885	0.686	0.000	12.412
- ROYALTY TO HOUSTON SISKON	0.148	0.309	0.342	0.376	0.138	0.000	1.313
- ROYALTY TO GLOBAL	0.000	0.000	0.000	0.000	0.000	0.000	0.000
- ROYALTY TO ELECTRA	0.074	0.154	0.171	0.013	0.000	0.000	0.413
- NEVADA STATE TAXES	0.006	0.016	0.026	0.052	0.026	0.000	0.127
- FEDERAL TAX	0.012	0.087	0.233	0.682	0.376	0.000	1.389
CASHFLOW BEFORE CAPITAL COSTS	0.425	1.055	1.413	2.264	1.074	0.000	6.231
- EXPLORATION	0.000	0.000	0.000	0.000	0.000	0.000	0.000
- PROPERTY ACQUISITION	1.300	0.000	0.000	0.000	0.000	0.000	1.300
- CAPITAL COSTS	1.255	0.000	0.000	0.000	0.000	0.000	1.255
- MINE DEVELOPMENT	0.000	0.000	0.000	0.000	0.000	0.000	0.000
- WORKING CAPITAL CHANGE	0.500	0.000	0.000	0.000	-0.500	0.000	0.000
+ SALVAGE	0.000	0.000	0.000	0.000	0.000	0.000	0.000
CASHFLOW BEFORE FINANCING	-2.630	1.055	1.413	2.264	1.574	0.000	3.676
+ PRIMARY BANK LOAN DRAWDOWN	0.000	0.000	0.000	0.000	0.000	0.000	0.000
+ OPTIONAL LOAN DRAWDOWN	0.000	0.000	0.000	0.000	0.000	0.000	0.000
- SCHEDULED LOAN REPAYMENT	0.000	0.000	0.000	0.000	0.000	0.000	0.000
- OPTIONAL LOAN REPAYMENT	0.000	0.000	0.000	0.000	0.000	0.000	0.000
- INTEREST EXPENSE	0.000	0.000	0.000	0.000	0.000	0.000	0.000
PROJECT CASH FLOW	-2.630	1.055	1.413	2.264	1.574	0.000	3.676
NET CASH FLOW TO MINEREX	-2.630	1.055	1.413	0.929	0.787	0.000	1.554
DISCOUNTED NCF (5 %)	-2.505	0.957	1.221	0.764	0.617	0.000	1.054
DISCOUNTED NCF (10 %)	-2.391	0.872	1.062	0.634	0.489	0.000	0.666
DISCOUNTED NCF (15 %)	-2.287	0.798	0.929	0.531	0.391	0.000	0.362
AFTER TAX DCFRR (%)	23.100	0.000	0.000	0.000	0.000	0.000	23.100

87/ 3/ 5

WELOFF FINANCIAL SYSTEM

AURORA/MINEREX:OPERATING COST +20%

CASHFLOW STATEMENT

YEAR: JULY 1ST/JUNE 30TH	1	2	3	4	5	6	ACCUM
TONS MILLED (000'S)	175	330	330	330	112	0	1277
GOLD HEAD GRADE (OZ/TON)	0.074	0.082	0.091	0.100	0.108	0.000	0.090
GOLD RECOVERY (%)	60	60	60	60	60	60	60
GOLD PAY FACTOR (%)	99	99	99	99	99	99	99
PAYABLE PRODUCTION (000'S OZS)	7.692	16.074	17.838	19.602	7.185	0.000	68.391
PRICE OF GOLD	400	400	400	400	400	400	400
NET REVENUE (MILLIONS)	3.077	6.429	7.135	7.841	2.874	0.000	27.356
- OPERATING COSTS	2.156	4.226	4.226	3.462	0.823	0.000	14.894
- ROYALTY TO HOUSTON SISKON	0.185	0.386	0.428	0.470	0.172	0.000	1.641
- ROYALTY TO GLOBAL	0.031	0.064	0.071	0.078	0.029	0.000	0.274
- ROYALTY TO ELECTRA	0.092	0.193	0.125	0.000	0.000	0.000	0.410
- NEVADA STATE TAXES	0.009	0.024	0.038	0.069	0.033	0.000	0.173
- FEDERAL TAX	0.032	0.165	0.335	0.879	0.471	0.000	1.882
CASHFLOW BEFORE CAPITAL COSTS	0.572	1.371	1.911	2.882	1.346	0.000	8.082
- EXPLORATION	0.000	0.000	0.000	0.000	0.000	0.000	0.000
- PROPERTY ACQUISITION	1.300	0.000	0.000	0.000	0.000	0.000	1.300
- CAPITAL COSTS	1.255	0.000	0.000	0.000	0.000	0.000	1.255
- MINE DEVELOPMENT	0.000	0.000	0.000	0.000	0.000	0.000	0.000
- WORKING CAPITAL CHANGE	0.500	0.000	0.000	0.000	-0.500	0.000	0.000
+ SALVAGE	0.000	0.000	0.000	0.000	0.000	0.000	0.000
CASHFLOW BEFORE FINANCING	-2.483	1.371	1.911	2.882	1.846	0.000	5.527
+ PRIMARY BANK LOAN DRAWDOWN	0.000	0.000	0.000	0.000	0.000	0.000	0.000
+ OPTIONAL LOAN DRAWDOWN	0.000	0.000	0.000	0.000	0.000	0.000	0.000
- SCHEDULED LOAN REPAYMENT	0.000	0.000	0.000	0.000	0.000	0.000	0.000
- OPTIONAL LOAN REPAYMENT	0.000	0.000	0.000	0.000	0.000	0.000	0.000
- INTEREST EXPENSE	0.000	0.000	0.000	0.000	0.000	0.000	0.000
PROJECT CASH FLOW	-2.483	1.371	1.911	2.882	1.846	0.000	5.527
NET CASH FLOW TO MINEREX	-2.483	1.371	1.352	1.334	0.923	0.000	2.496
DISCOUNTED NCF (5 %)	-2.365	1.243	1.168	1.098	0.723	0.000	1.867
DISCOUNTED NCF (10 %)	-2.258	1.133	1.016	0.911	0.573	0.000	1.375
DISCOUNTED NCF (15 %)	-2.159	1.036	0.889	0.763	0.459	0.000	0.988
AFTER TAX DCFRR (%)	37.500	0.000	0.000	0.000	0.000	0.000	37.500

WELOFF FINANCIAL SYSTEM 87/ 3/ 5

AURORA/MINEREX:OPERATING COST -20%

CASHFLOW STATEMENT

YEAR: JULY 1ST/JUNE 30TH	1	2	3	4	5	6	ACCUM
TONS MILLED (000'S)	175	330	330	330	112	0	1277
GOLD HEAD GRADE (OZ/TON)	0.074	0.082	0.091	0.100	0.108	0.000	0.090
GOLD RECOVERY (%)	60	60	60	60	60	60	60
GOLD PAY FACTOR (%)	99	99	99	99	99	99	99
PAYABLE PRODUCTION (000'S OZS)	7.692	16.074	17.838	19.602	7.185	0.000	68.391
PRICE OF GOLD	400	400	400	400	400	400	400
NET REVENUE (MILLIONS)	3.077	6.429	7.135	7.841	2.874	0.000	27.356
- OPERATING COSTS	1.438	2.818	2.818	2.308	0.549	0.000	9.930
- ROYALTY TO HOUSTON SISKON	0.185	0.386	0.428	0.470	0.172	0.000	1.641
- ROYALTY TO GLOBAL	0.031	0.064	0.071	0.078	0.029	0.000	0.274
- ROYALTY TO ELECTRA	0.092	0.148	0.000	0.000	0.000	0.000	0.240
- NEVADA STATE TAXES	0.023	0.053	0.068	0.091	0.038	0.000	0.273
- FEDERAL TAX	0.152	0.487	0.817	1.264	0.563	0.000	3.282
CASHFLOW BEFORE CAPITAL COSTS	1.157	2.474	2.933	3.629	1.523	0.000	11.716
- EXPLORATION	0.000	0.000	0.000	0.000	0.000	0.000	0.000
- PROPERTY ACQUISITION	1.300	0.000	0.000	0.000	0.000	0.000	1.300
- CAPITAL COSTS	1.255	0.000	0.000	0.000	0.000	0.000	1.255
- MINE DEVELOPMENT	0.000	0.000	0.000	0.000	0.000	0.000	0.000
- WORKING CAPITAL CHANGE	0.500	0.000	0.000	0.000	-0.500	0.000	0.000
+ SALVAGE	0.000	0.000	0.000	0.000	0.000	0.000	0.000
CASHFLOW BEFORE FINANCING	-1.898	2.474	2.933	3.629	2.023	0.000	9.161
+ PRIMARY BANK LOAN DRAWDOWN	0.000	0.000	0.000	0.000	0.000	0.000	0.000
+ OPTIONAL LOAN DRAWDOWN	0.000	0.000	0.000	0.000	0.000	0.000	0.000
- SCHEDULED LOAN REPAYMENT	0.000	0.000	0.000	0.000	0.000	0.000	0.000
- OPTIONAL LOAN REPAYMENT	0.000	0.000	0.000	0.000	0.000	0.000	0.000
- INTEREST EXPENSE	0.000	0.000	0.000	0.000	0.000	0.000	0.000
PROJECT CASH FLOW	-1.898	2.474	2.933	3.629	2.023	0.000	9.161
NET CASH FLOW TO MINEREX	-1.898	2.049	1.337	1.815	1.012	0.000	4.313
DISCOUNTED NCF (5 %)	-1.808	1.858	1.155	1.493	0.793	0.000	3.491
DISCOUNTED NCF (10 %)	-1.726	1.693	1.004	1.239	0.623	0.000	2.339
DISCOUNTED NCF (15 %)	-1.651	1.549	0.879	1.037	0.503	0.000	2.318
AFTER TAX DEFRR (%)	33.400	0.000	0.000	0.000	0.000	0.000	33.400

WELOFF FINANCIAL SYSTEM 87/ 3/ 5

AURORA,MINEREX:CAPITAL COST +20%

CASHFLOW STATEMENT

YEAR: JULY 1ST/JUNE 30TH	1	2	3	4	5	6	ACCUM
TONS MILLED (000'S)	175	330	330	330	112	0	1277
GOLD HEAD GRADE (OZ/TON)	0.074	0.082	0.091	0.100	0.108	0.000	0.090
GOLD RECOVERY (%)	60	60	60	60	60	60	60
GOLD PAY FACTOR (%)	99	99	99	99	99	99	99
PAYABLE PRODUCTION (000'S OZS)	7.692	16.074	17.838	19.602	7.185	0.000	68.391
PRICE OF GOLD	400	400	400	400	400	400	400
NET REVENUE (MILLIONS)	3.077	6.429	7.135	7.841	2.874	0.000	27.356
- OPERATING COSTS	1.797	3.522	3.522	2.885	0.686	0.000	12.412
- ROYALTY TO HOUSTON SISKON	0.185	0.396	0.428	0.470	0.172	0.000	1.641
- ROYALTY TO GLOBAL	0.031	0.064	0.071	0.078	0.029	0.000	0.274
- ROYALTY TO ELECTRA	0.092	0.193	0.049	0.000	0.000	0.000	0.334
- NEVADA STATE TAXES	0.015	0.037	0.052	0.079	0.035	0.000	0.218
- FEDERAL TAX	0.078	0.263	0.548	1.072	0.517	0.000	2.478
CASHFLOW BEFORE CAPITAL COSTS	0.879	1.964	2.465	3.257	1.435	0.000	9.999
- EXPLORATION	0.000	0.000	0.000	0.000	0.000	0.000	0.000
- PROPERTY ACQUISITION	1.300	0.000	0.000	0.000	0.000	0.000	1.300
- CAPITAL COSTS	1.506	0.000	0.000	0.000	0.000	0.000	1.506
- MINE DEVELOPMENT	0.000	0.000	0.000	0.000	0.000	0.000	0.000
- WORKING CAPITAL CHANGE	0.600	0.000	0.000	0.000	-0.600	0.000	0.000
+ SALVAGE	0.000	0.000	0.000	0.000	0.000	0.000	0.000
CASHFLOW BEFORE FINANCING	-2.527	1.964	2.465	3.257	2.035	0.000	7.193
+ PRIMARY BANK LOAN DRAWDOWN	0.000	0.000	0.000	0.000	0.000	0.000	0.000
+ OPTIONAL LOAN DRAWDOWN	0.000	0.000	0.000	0.000	0.000	0.000	0.000
- SCHEDULED LOAN REPAYMENT	0.000	0.000	0.000	0.000	0.000	0.000	0.000
- OPTIONAL LOAN REPAYMENT	0.000	0.000	0.000	0.000	0.000	0.000	0.000
- INTEREST EXPENSE	0.000	0.000	0.000	0.000	0.000	0.000	0.000
PROJECT CASH FLOW	-2.527	1.964	2.465	3.257	2.035	0.000	7.193
NET CASH FLOW TO MINEREX	-2.527	1.964	0.989	1.628	1.017	0.000	3.072
DISCOUNTED NCF (5 %)	-2.407	1.782	0.854	1.340	0.797	0.000	2.366
DISCOUNTED NCF (10 %)	-2.298	1.623	0.743	1.112	0.632	0.000	1.813
DISCOUNTED NCF (15 %)	-2.193	1.485	0.650	0.931	0.506	0.000	1.375
AFTER TAX DCFRR (%)	46.900	0.000	0.000	0.000	0.000	0.000	46.900

87/ 3/ 5

WELOFF FINANCIAL SYSTEM ********** AURORA/MINEREX:CAPITAL COST -20% **********

CASHFLOW STATEMENT

YEAR: JULY 1ST/JUNE 30TH	1	2	3	4	5	6	ACCUM
TONS MILLED (000'S)	175	330	330	330	112	0	1277
GOLD HEAD GRADE (OZ/TON)	0.074	0.082	0.091	0.100	0.108	0.000	0.090
GOLD RECOVERY (%)	60	60	60	60	60	60	60
GOLD PAY FACTOR (%)	99	99	99	99	99	99	99
PAYABLE PRODUCTION (000'S OZS)	7.692	16.074	17.838	19.602	7.185	0.000	68.391
PRICE OF GOLD	400	400	400	400	400	400	400
NET REVENUE (MILLIONS)	3.077	6.429	7.135	7.841	2.874	0.000	27.356
- OPERATING COSTS	1.797	3.522	3.522	2.885	0.686	0.000	12.412
- ROYALTY TO HOUSTON SISKON	0.185	0.386	0.428	0.470	0.172	0.000	1.641
- ROYALTY TO GLOBAL	0.031	0.064	0.071	0.078	0.029	0.000	0.274
- ROYALTY TO ELECTRA	0.092	0.185	0.000	0.000	0.000	0.000	0.278
- NEVADA STATE TAXES	0.017	0.039	0.056	0.081	0.036	0.000	0.229
- FEDERAL TAX	0.106	0.303	0.601	1.071	0.517	0.000	2.597
CASHFLOW BEFORE CAPITAL COSTS	0.850	1.930	2.457	3.255	1.434	0.000	9.926
- EXPLORATION	0.000	0.000	0.000	0.000	0.000	0.000	0.000
- PROPERTY ACQUISITION	1.300	0.000	0.000	0.000	0.000	0.000	1.300
- CAPITAL COSTS	1.004	0.000	0.000	0.000	0.000	0.000	1.004
- MINE DEVELOPMENT	0.000	0.000	0.000	0.000	0.000	0.000	0.000
- WORKING CAPITAL CHANGE	0.400	0.000	0.000	0.000	-0.400	0.000	0.000
+ SALVAGE	0.000	0.000	0.000	0.000	0.000	0.000	0.000
CASHFLOW BEFORE FINANCING	-1.854	1.930	2.457	3.255	1.834	0.000	7.622
+ PRIMARY BANK LOAN DRAWDOWN	0.000	0.000	0.000	0.000	0.000	0.000	0.000
+ OPTIONAL LOAN DRAWDOWN	0.000	0.000	0.000	0.000	0.000	0.000	0.000
- SCHEDULED LOAN REPAYMENT	0.000	0.000	0.000	0.000	0.000	0.000	0.000
- OPTIONAL LOAN REPAYMENT	0.000	0.000	0.000	0.000	0.000	0.000	0.000
- INTEREST EXPENSE	0.000	0.000	0.000	0.000	0.000	0.000	0.000
PROJECT CASH FLOW	-1.854	1.930	2.457	3.255	1.834	0.000	7.622
NET CASH FLOW TO MINEREX	-1.854	1.854	1.049	1.627	0.917	0.000	3.594
DISCOUNTED NCF (5 %)	-1.766	1.682	0.906	1.339	0.718	0.000	2.880
DISCOUNTED NCF (10 %)	-1.686	1.533	0.738	1.112	0.569	0.000	2.316
DISCOUNTED NCF (15 %)	-1.613	1.402	0.690	0.931	0.456	0.000	1.866
AFTER TAX DCFRR (%)	72.140	0.000	0.000	0.000	0.000	0.000	72.140

SECTION 8.0 - CONCLUSIONS AND RECOMMENDATIONS

8.0 CONCLUSIONS AND RECOMMENDATIONS

1. An open pit within the Humbolt Claim Boundaries will recover an estimated 1.1 million tons of ore grading 0.098 oz. Au/t (undiluted). The overall waste to ore ratio (stripping ratio) will be 3.7:1.

2. A potential minable reserve estimated at 700,000 tons grading 0.12 oz. Au/t lies beneath the present ultimate pit design with a stripping ratio of 7:1. Recovering this reserve will require that the pit boundaries be located on Golconda Minerals Claims.

3. A recovery of 60% for 40 days' leaching was used for this evaluation. During actual operations this recovery may increase.

4. The operating costs for the project will average an estimated U.S.$9.71/ton ore or U.S.$180 per ounce gold recovered.

5. To develop the property into a 330,000 ton per year heap leach operation will require an additional capital expenditure of U.S.$1.255 million.

6. Based on the presently defined ore reserves of 1.1 million tons and upon the royalties and acquisition agreement outlined in Section 7.0, Minerex's share of the Aurora Project will have a net present value of U.S.$2.1 million at a 10% discount rate.

7. Additional metallurgical testwork is required prior to final process design.

8. It is recommended that additional drilling be performed to:

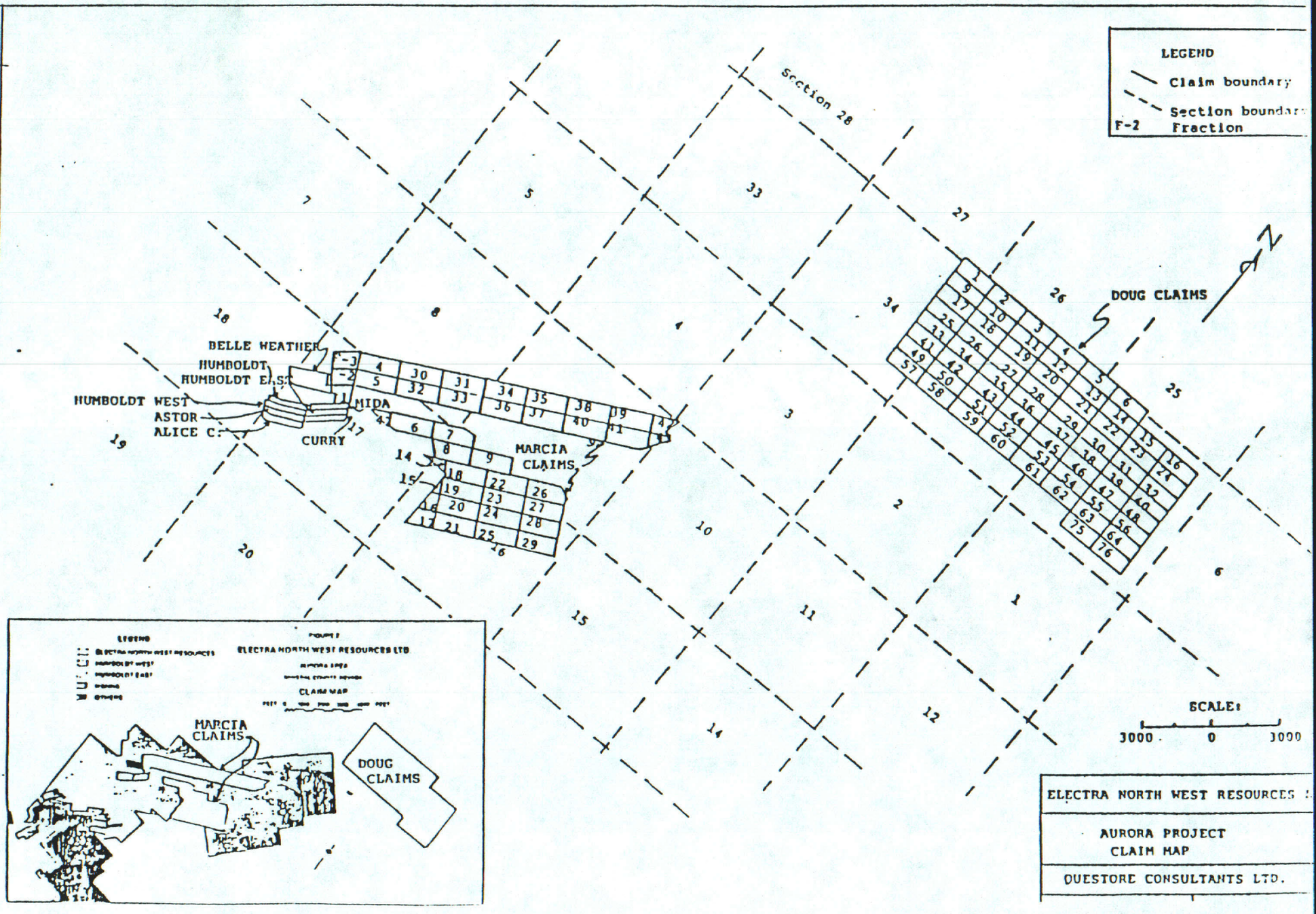
    1. Confirm the present minable reserve
    2. Prove up the deeper projected reserves
    3. Locate additional shallow reserves on the Humbolt West Claims

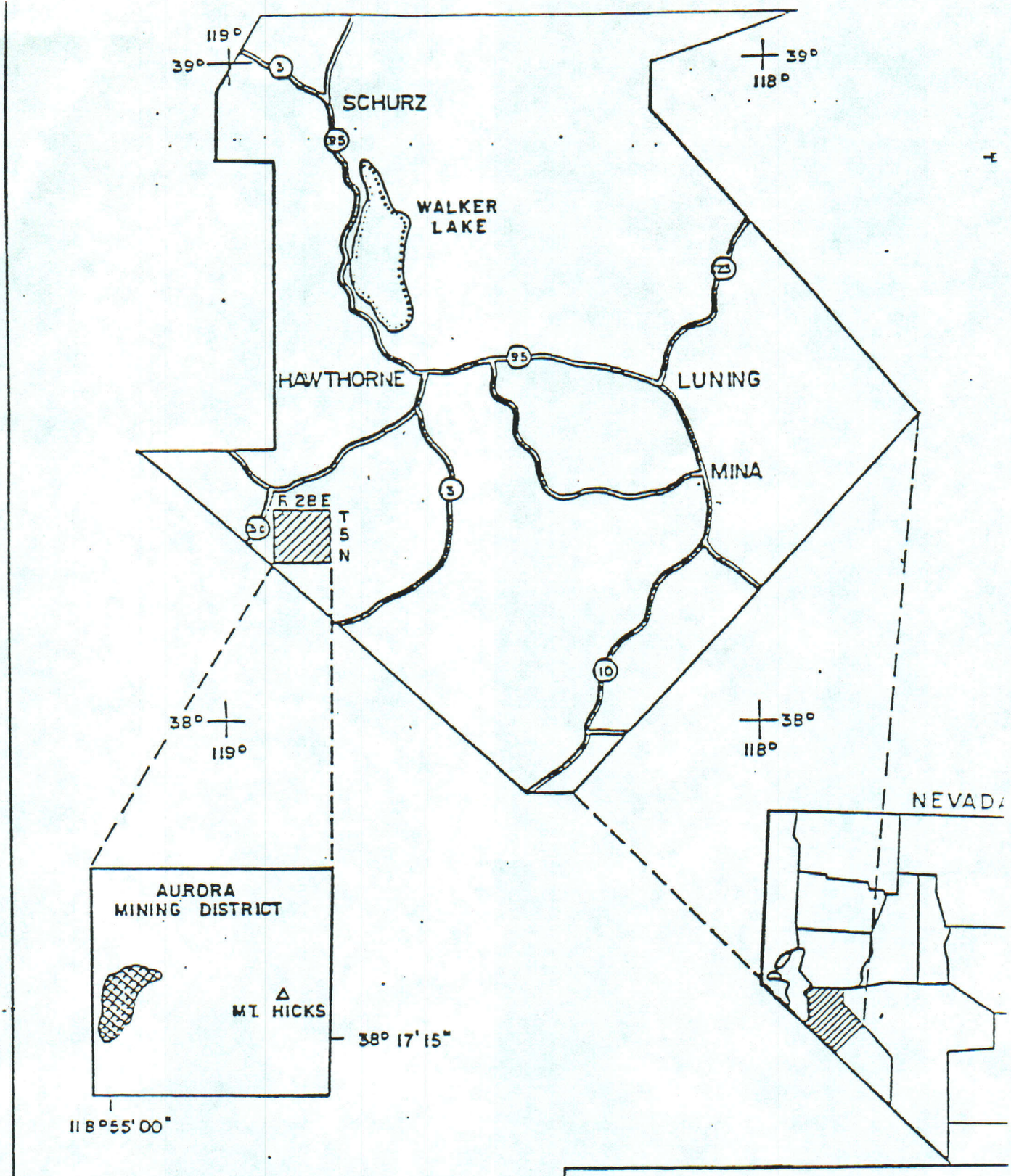
9. Pursue an agreement with Golconda Minerals so that the open pit can be expanded onto their claims.

10. After additional metallurgical testwork and drilling, it is recommended that a preliminary feasibility study be undertaken to examine the costs and viability of constructing a conventional cyanide plant and tailings pond.

11. Investigate the advantages of sharing the capital cost of a conventional plant with Golconda Minerals.

SECTION 9.0 - DRAWINGS


LEGEND
Claim boundary
Section boundary
F-2 Fraction
Section 28
DOUG CLAIMS
BELLE HEATHER
HUMBOLDT
HUMBOLDT EAST
HUMBOLDT WEST
ASTOR
ALICE C.
CURRY
NIDA
MARCIA CLAIMS
SCALE:
3000 0 3000
ELECTRA NORTH WEST RESOURCES
AURORA PROJECT
CLAIM MAP
QUESTORE CONSULTANTS LTD.
ELECTRA NORTH WEST RESOURCES LTD
CLAIM MAP
MARCIA CLAIMS
DOUG CLAIMS



ELECTRA NORTH WEST RESOURCES

AURORA PROJECT
PROPERTY LOCATION MAP, M.C., NE

QUESTORE CONSULTANTS LTD.

AUGUST, 1984 FIGURE 1

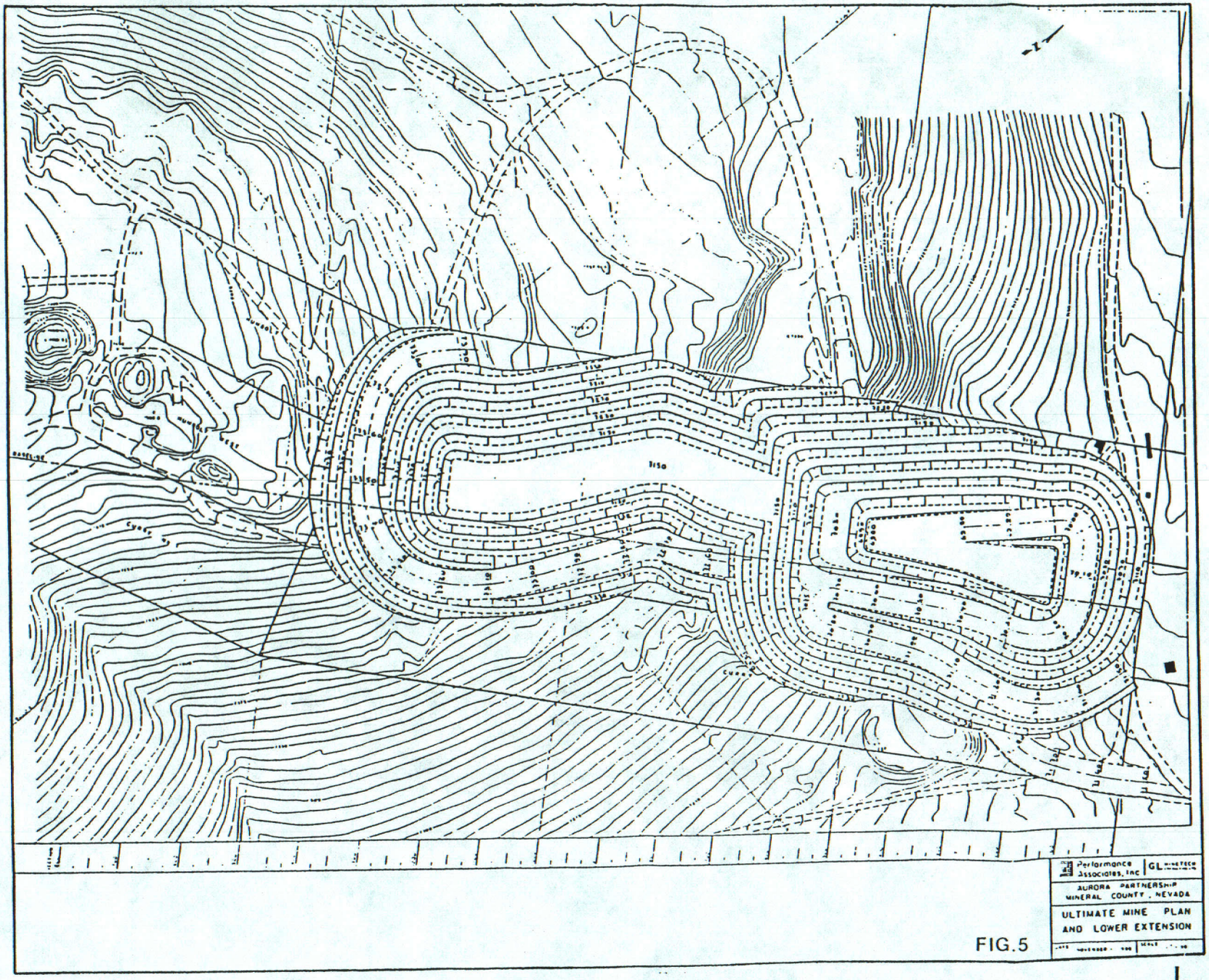

Performance Associates, Inc
GL
AURORA PARTNERSHIP
MINERAL COUNTY, NEVADA
ULTIMATE MINE PLAN
AND LOWER EXTENSION

FIG.5

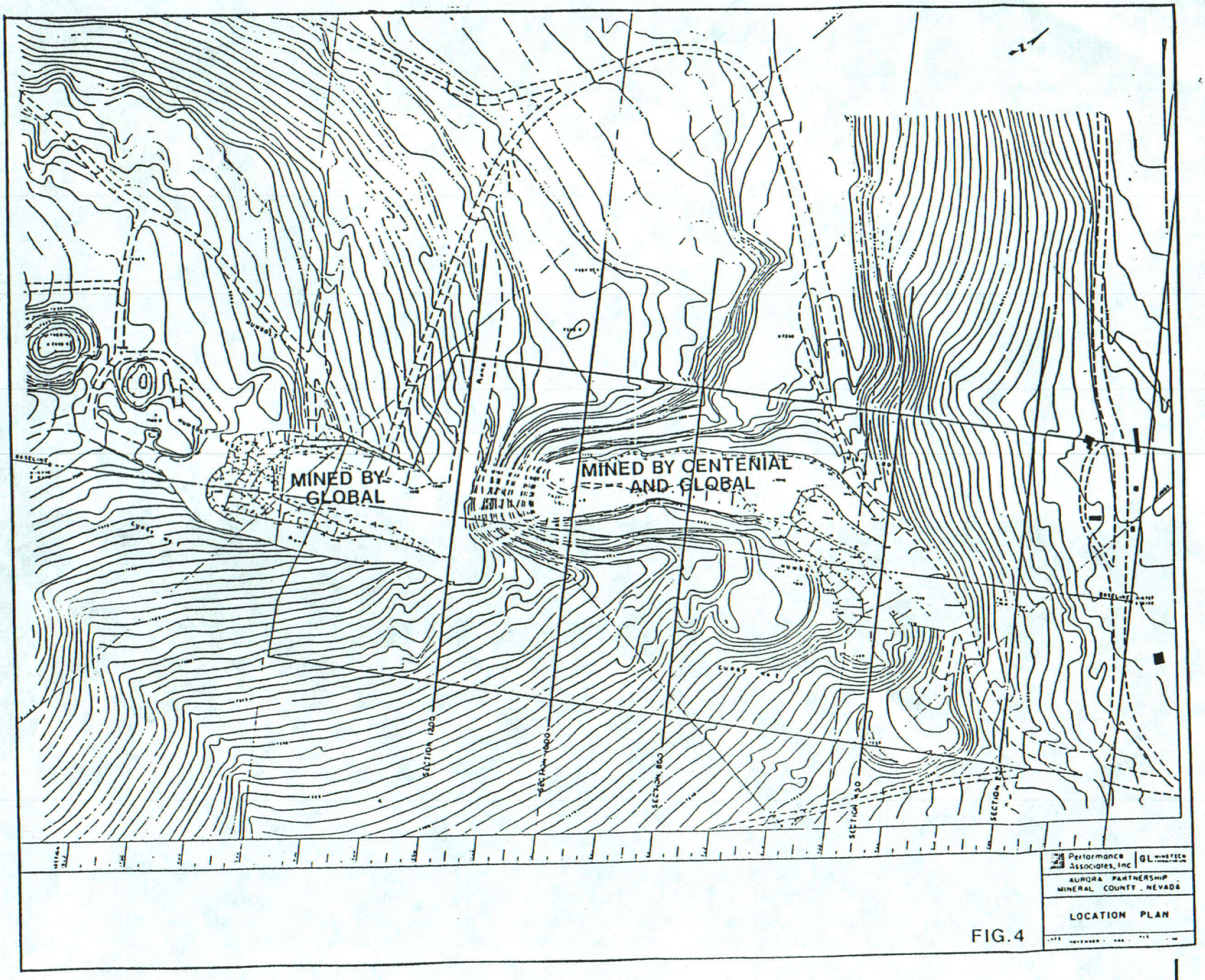
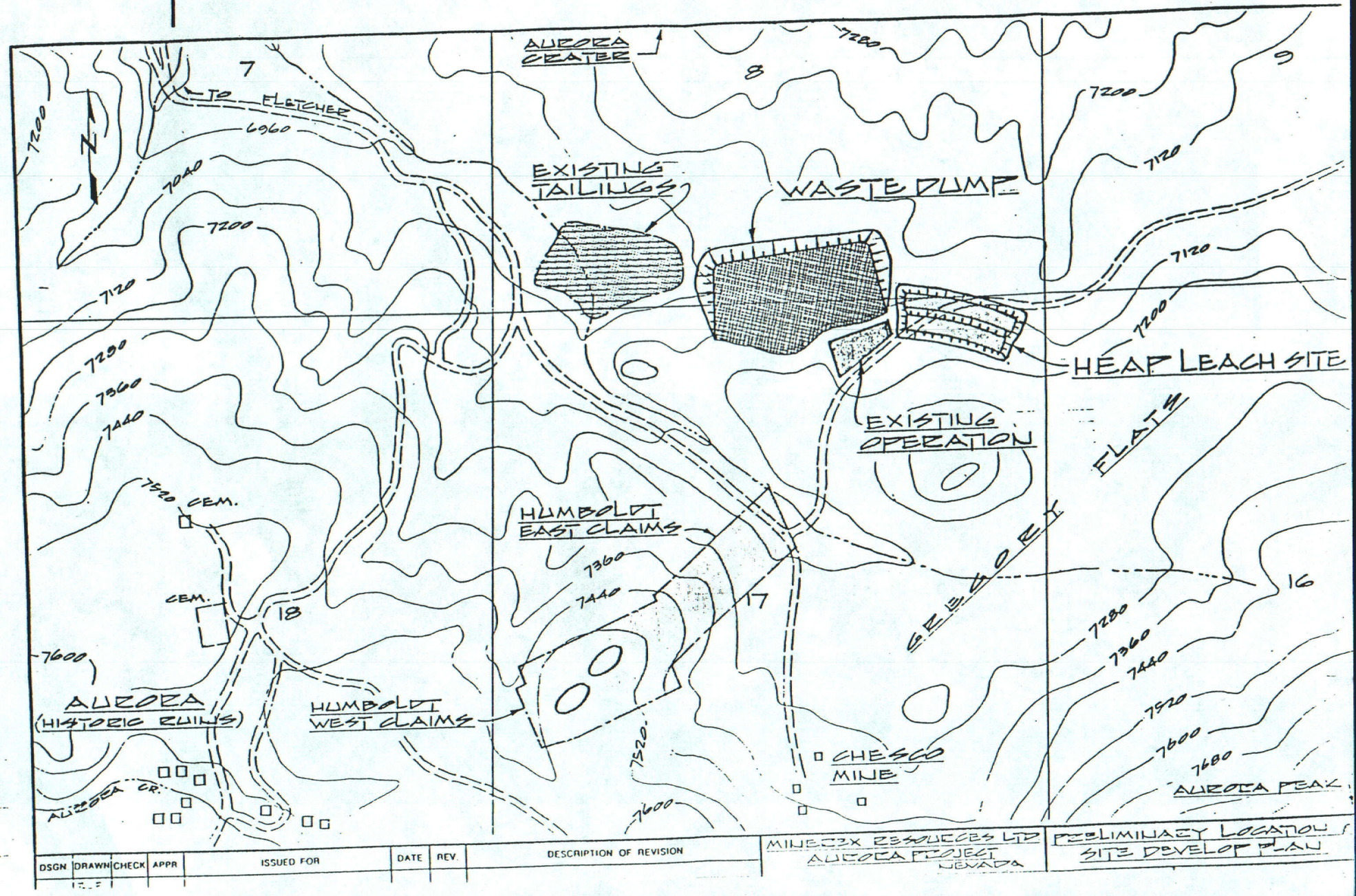
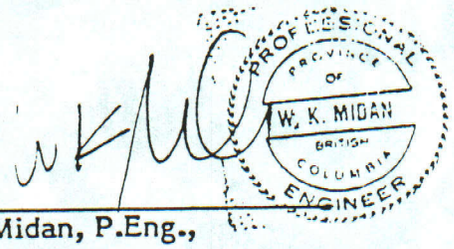

MINED BY GLOBAL
MINED BY CENTENIAL AND GLOBAL
SECTION 1200
SECTION 1000
SECTION 800
SECTION 600
SECTION 400
Performance Associates, Inc
GL MINETECH
AURORA PARTNERSHIP
MINERAL COUNTY, NEVADA
LOCATION PLAN

FIG. 4


AURORA CRATER
7
8
9
TO FLETCHER
6960
7040
7200
7120
7280
7360
7440
7520
7600
7680
EXISTING TAILINGS
WASTE DUMP
HEAP LEACH SITE
EXISTING OPERATION
FLAT
CEM.
CEM.
18
17
16
HUMBOLDT EAST CLAIMS
HUMBOLDT WEST CLAIMS
AURORA (HISTORIC RUINS)
AURORA CR.
CHESCO MINE
AURORA PEAK
DSGN
DRAWN
CHECK
APPR
ISSUED FOR
DATE
REV.
DESCRIPTION OF REVISION
MINECORP RESOURCES LTD
AURORA PROJECT
NEVADA
PRELIMINARY LOCATION
SITE DEVELOP PLAN

SUBMITTED BY:

WRIGHT ENGINEERS LIMITED



W.K. Midan, P.Eng.,

VANCOUVER, B.C.
MARCH 5, 1987