

Dear shareholders,

Thank you for your inquiries. The following update was provided by management:

Granada turned out to be one of the better projects.

It is a former producer with resources, infrastructure and it is close to a large city.

The previous operators have done extensive drilling and bulk sampling from the 1980s going forward. There must have been over \$20 million spent by previous companies over the years. When we got the property we took only a small amount of the land package which included the two shafts, mill site, and hoist building. The previous operator began a bulk sample and did not finish it. We looked at the results and decided to carry on with the bulk sample. To begin the program we commissioned the mill with waste rock from the waste pile left by the previous operators. From the waste pile we poured a 4.3 kilogram (about 120 ounces) gold bar. From the results of the waste pile we decided to make a change to the pit design by making the mining widths of the mineralized zones wider. The pit design for mill feed went from 50,000 tonnes to 142,000 tonnes. The work was to be done in benches. The first bench was 130,000 tonnes of which 30,000 tonnes was mill feed. As processing of the mill feed was done we experienced sampling irregularity indicating a nugget effect. We completed the processing of the 30,000 tonnes and then began to clean out the plant for any gold that may have settled out in the circuit. After a preliminary inspection we found the gold throughout the whole plant. We then began to dismantle the plant and clean it out. After the clean out we found that by doing a metallurgical balance we got a 20 percent increase in gold from the assayed head sample coming into the mill.

This result changed the value of the property and how the company will proceed. The bulk sampling program was stopped and the company then began to increase the land package from the original 70 hectares to the current 1100 hectares. We reviewed the previous reports done by ACA Howe in 1994. Of the 100s of holes drilled, three were deeper than the others. The deep holes' widths and assays reported by ACA Howe in a reported dated 1994 are as follows:

Hole No (oz Au/ton)	Width (feet)	Grade
93-186	6.6	0.115
93-187	10.9	0.055
93-188	17.80	0.134

When the data was reviewed by the company, and applying the 20 % free gold content, the following was discovered:

Hole No (oz Au/ton)	Width (feet)	Grade
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93-186	135	0.030
93-187	140	0.034
93-188	195	0.032

This is all within 300 feet of surface with little overburden. This is only for the number two vein. There are 5 more vein structures.

Presently we have engaged the services of Genivar, a geological and mining engineering consulting company, to review all the work done by the previous operators on site and do a revised technical NI43-101 report. We may also undertake a drill program to increase the resource.

A 3-D model will be developed and the best mining method will be determined to mine the deposit.

What began as a small deposit may yet become a larger than expected resource.

*How much was spent on now abandoned projects? What is the current cash situation? Will more money have to be raised to fund current operations?

*On the Rousseau property \$105,000 was spent. The company let it go because a suitable contractor was not found to mine the bulk sample at an effective cost.

On the refinery \$55,000 was spent. As this was a very large undertaking the company let it go because the interconnecting agreements could not be concluded by all parties.

*What is the current cash situation?

*There are funds due to us by a third party which have not been received. We also have access to funds from past exploration expenditures.

*Will more money have to be raised to fund current operations?

*We will and we have yet to determine the amount and how it will be done.

*If there comes a time when a gold purchase program is possible, why not just pay a dividend instead and let shareholders buy their own gold?

Wouldn't this be more fair to all shareholders, and save the company from spending 100's of thousands of dollars for all the documents required for the program?

*The gold program was begun at the request of some of the shareholders who believe in gold.

As our shareholders are all over the world the program had to be changed accordingly. It appears that the best way for this program to be executed is to make the shareholders JV partners in one of the gold mines. By doing this we achieve two things, lower the amount

of money to be raised to put the mine into production and give the shareholders a dividend. In essence we create a gold back share.

Once the 43-101 technical report is completed on the Granada Property we will announce the revised gold program. If the shareholders want it, the company will then implement it.

To date we have spent a little under \$8,000 in legal fees.

*On second thought, why not reinvest the money in operations so we don't need to constantly do private placements, and so that we have deeper pockets and staying power for when we again start looking at new projects?

*The shareholders are the company. We listen to them.

Regards,

AGORACOM Investor Relations