

## EASTMAIN RESOURCES INC. – 1999 YEAR END FINANCIAL STATEMENTS

### REPORT TO SHAREHOLDERS

**Eastmain Resources Inc.** continues to build upon a strong base metal and gold exploration portfolio within the mining camps and unexplored frontiers of Canada. As we exit this century and enter the next millennium it is time to reflect upon the numerous success stories of our mining and exploration industry. Eastmain's corporate strategy - *to focus on exploration within Canada* - is largely based on the impressive track record of our predecessors. Few Canadians are aware of the enormous wealth the mining industry has contributed to our national economy, let alone its contribution to the infrastructure of the north. Fewer still realize the number of discoveries yet to be made.

Eastmain has maintained a balanced approach to exploring in Canada with an emphasis on forming joint venture partnerships with senior companies, to augment financing and to benefit from their technical expertise. We are pleased to report new partnerships formed in 1999 with Cambior Inc. and Quaterra Resources Inc. Both partners have given us the ability to increase the number of active programs, effectively improving our chances of discovery.

#### Base Metal Exploration

All explorationists agree that the best place to find a mine is within an established mining camp next to an existing mine. With this in mind, Eastmain has acquired base metal properties within two of the most productive mining camps in the world, Bathurst and Timmins. Highlighted by our Railroad Project, the Company holds a substantial land package within the Bathurst Mining Camp. Railroad covers a 10-kilometre-long unexplored section of the prolific Brunswick mine trend and is located next to Noranda's 25-million-tonne Heath Steele Mine.

In 1998 Eastmain acquired 100% interest in the Railroad Project and US\$1 million in exploration data from BHP. In exchange, the Company granted BHP a royalty and one million share-purchase-warrants, priced at 10 times the current market value. Systematic geological mapping and ground geophysical surveys conducted over the past two field seasons have enabled us to trace the key *Brunswick Mine Horizon* across the Railroad claim block. Detailed groundwork has also identified altered and mineralized rocks typical of the base metal mines in the area. Remarkably, very little was known about the geology of this claim group despite its close proximity to a producing mine. In fact, most of the key mine horizon has never been drilled. An extensive diamond drill program is essential to evaluating this property.

In August a diamond drill program was completed to test coincident geophysical and geochemical base metal anomalies at our Tingley Brook Project. Four of nine drill holes encountered altered and mineralized rocks similar to those hosting the orebodies at Bathurst. According to preliminary modeling by independent geophysicists, a very large untested magnetic anomaly indicative of a metallic source has been identified on the property. This geophysical anomaly is in close proximity to mineralized and altered *mine rocks* intersected below the first drill hole and has not been recognized until now.

The best place to find elephants is in elephant country. The best place to find mines is where mines have been found before. The best place to find giant ore deposits is within new frontiers. To this end we have established a land position of 24,000 hectares to cover the western extension of the Abitibi Greenstone belt, one of the world's largest and richest greenstone belts.

In March 1999, BHP reduced the outstanding royalty tariff on the Abitibi Extension Project to a 2% NSR. In April 1999 Eastmain reached an agreement with Quaterra Resources Inc., whereby Quaterra has the right to earn a 50% interest in the project in exchange for \$1.53 million in exploration funding over four years.

Unlike the well-known mining camps of Timmins and Kirkland Lake, thick overburden cover in the Abitibi Extension has prevented discovery by prospecting. Recent advances in geophysical technology have unlocked this new frontier for the benefit of our shareholders. In preparation for a winter diamond drill program, the first phase of exploration is underway.

### **Gold Exploration**

Clearwater is our most advanced gold exploration project and continues to reveal very positive results with each program. Eastmain and SOQUEM will have completed three phases of exploration, including one drill program and two surface stripping campaigns, by December 1999. The partners have defined a drill-indicated gold resource containing in excess of one-half million tonnes grading 11.3 grams gold per tonne within the Eau Claire Deposit. We have concluded that drill spacing is too large to include over 50% of the ore grade intercepts encountered in previous drilling within the deposit. The Companies anticipate closer spaced drilling will add significantly to this gold resource.

Eau Claire is typical of many lode gold deposits found within the Canadian Shield, as there is a large amount of free gold present creating difficulties in estimating grade in diamond drill core. To this effect, an extensive surface-stripping program has been implemented to verify the continuity and grade of additional gold-bearing veins. Eau Claire has the potential to add substantial value to our shareholders as a future producing gold mine. The next step towards the realization of this goal will commence with a winter drill program in March 2000.

In February 1999 Cambior signed an option to earn Barrick's interest in our Lac Elmer Project for \$1 million in expenditures, thereby adding a second major exploration program at the Eastmain greenstone belt. Both Barrick and Cambior optioned Lac Elmer due to similarities to their producing gold mines at Bousquet and Doyon respectively.

Previous exploration has barely scratched the surface of these frontier greenstone belts. Discoveries are often made after exploration projects change ownership many times. Although we cannot predict with certainty when or where the next Canadian discovery will be made – the key is to be actively looking for that elusive giant in geological settings where others have been found.

### **Financial**

Eastmain had \$ 1,186,783 in working capital and invested \$566,461 in exploration for the fiscal year ending April 30, 1999. Our exploration budget for the current fiscal year is \$1.3 million of which Eastmain's contribution is \$105,000. The Company's base metal exploration budget is \$530,000, which includes \$40,000 funded by Eastmain. Expenditures for gold exploration are estimated at \$775,000. This includes a \$65,000 commitment from Eastmain. Despite low metal prices and declining treasuries, Eastmain has managed to continue with an aggressive exploration program bolstered by joint venture partners funding and government grants.

Our central focus at Bathurst is to drill the Brunswick mine trend on our Railroad property. However, Eastmain has identified an opportunity to fortify its treasury through contract mining of the CNE base metal deposit. At CNE a small but very high grade zinc deposit lies at surface beneath five metres of overburden. Extracting this high-grade deposit through local contractors will enable us to increase the treasury while minimizing shareholder dilution and maximizing our search for ore along the Brunswick mine trend.

On behalf of the Board of Directors, we wish to thank our employees and contractors for their contributions and our shareholders for their support.

Donald J. Robinson,  
President  
September 29, 1999

**EASTMAIN RESOURCES INC.**  
**BALANCE SHEETS**  
**AS AT APRIL 30, 1999 AND APRIL 30, 1998**

	<b>1999</b>	<b>1998</b>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and equivalents	\$ 628,363	\$ 1,395,319
Marketable securities (Note 2)	551,425	451,216
Prepaid and sundry	6,995	48,677
	1,186,783	1,895,212
<b>CAPITAL ASSETS</b> (Note 3)	26,831	31,685
<b>MINING PROPERTIES</b> (Note 4)	645,845	606,311
<b>DEFERRED EXPLORATION EXPENDITURES</b> (Note 5)	4,486,248	4,107,900
	<u>\$ 6,345,707</u>	<u>\$ 6,641,108</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable	\$ 69,700	\$ 27,838
Advances from joint venture partner	135,845	145,045
	205,545	172,883
<b>SHAREHOLDERS' EQUITY</b>		
<b>CAPITAL STOCK</b> (Note 6)	8,098,578	8,092,328
<b>DEFICIT</b>	(1,958,416)	(1,624,103)
	6,140,162	6,468,225
	<u>\$ 6,345,707</u>	<u>\$ 6,641,108</u>

**APPROVED ON BEHALF OF THE BOARD:**

Director "Donald J. Robinson"

Director "Hugh R. Snyder"

**EASTMAIN RESOURCES INC.**  
**STATEMENTS OF LOSS AND DEFICIT**  
**FOR THE YEARS ENDED APRIL 30, 1999 AND APRIL 30, 1998**

	<b>1999</b>	<b>1998</b>
<b>REVENUE</b>		
Interest and dividends	\$ 112,050	\$ 121,429
Gain on sale of investments	-	91,162
	<u>112,050</u>	<u>212,591</u>
<b>EXPENSES</b>		
Writedown in investments	191,292	112,976
General and office	173,705	226,595
Abandoned mineral property	52,527	-
Professional fees	13,281	27,304
Loss on sale of investments	5,232	-
Consulting	-	41,212
Depreciation	10,326	9,884
	<u>446,363</u>	<u>417,971</u>
<b>NET LOSS FOR YEAR</b>	334,313	205,380
<b>DEFICIT</b> , beginning of year	<u>1,624,103</u>	<u>1,418,723</u>
<b>DEFICIT</b> , end of year	<u>\$ 1,958,416</u>	<u>\$ 1,624,103</u>
<b>LOSS</b> per common share (Note 6)	<u>\$ (0.021)</u>	<u>\$ (0.013)</u>

The attached notes form an integral part of these financial statements

**EASTMAIN RESOURCES INC.**  
**STATEMENTS OF CHANGES IN FINANCIAL POSITION**  
**FOR THE YEARS ENDED APRIL 30, 1999 AND APRIL 30, 1998**

	<b>1999</b>	<b>1998</b>
<b>CASH PROVIDED BY (USED FOR) OPERATIONS</b>		
Net loss for year	\$ (334,313)	\$ (205,380)
Non-cash items:		
- loss (gain) on sale of investments	5,232	(91,162)
- write-down in investments	191,292	112,976
- abandoned mineral property	52,527	-
- depreciation	10,326	9,884
	(74,936)	(173,682)
Changes in non-cash working capital (Note 7)	74,344	91,918
	(592)	(81,764)
<b>FINANCING ACTIVITIES</b>		
Capital stock issued	6,250	628,049
<b>INVESTING ACTIVITIES</b>		
Acquisition of capital assets	(5,472)	(16,236)
Acquisition of mining claims	(39,534)	(42,996)
Deferred exploration expenditures	(566,461)	(1,025,408)
Government grants	135,586	414,175
Purchase of marketable securities	(300,000)	(1,405,293)
Proceeds from marketable securities	3,267	1,327,476
	(772,614)	(748,282)
<b>(DECREASE) IN CASH</b>	(766,956)	(201,997)
<b>CASH AND EQUIVALENTS, beginning of year</b>	1,395,319	1,597,316
<b>CASH AND EQUIVALENTS, end of year</b>	\$ 628,363	\$ 1,395,319

The attached notes form an integral part of these financial statements

**EASTMAIN RESOURCES INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**APRIL 30, 1999 AND APRIL 30, 1998**

---

**1. SIGNIFICANT ACCOUNTING POLICIES**

a) Financial Statements

These financial statements are prepared in accordance with generally accepted accounting principles in Canada.

b) Mineral properties and exploration and development costs

All costs of acquiring mineral properties are capitalized. Exploration and development costs incurred to bring a mining property into production, expand the capacity of an operating mine, develop new ore bodies, or develop mine areas substantially in advance of production are capitalized.

If a mineral property or major exploration project is abandoned, or considered to have no immediate value, all costs related thereto are written off. Mineral property acquisition costs and deferred exploration and development costs relating to producing properties will be amortized using a unit-of-production method based on the estimated useful life of the mine.

c) Depreciation

Depreciation on the Company's capital assets is provided for at 30% per annum on a declining balance basis.

**2. MARKETABLE SECURITIES**

The marketable securities are recorded at the lower of cost and market value.

**3. CAPITAL ASSETS**

The capital assets are recorded at cost and are comprised as follows:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	1999 <u>Net Book Value</u>	1998 <u>Net Book Value</u>
Computer equipment	\$ 31,198	\$ 14,066	\$ 17,132	\$ 19,126
Office and field equipment	<u>21,757</u>	<u>12,058</u>	<u>9,699</u>	<u>12,559</u>
	<u>\$ 52,955</u>	<u>\$ 26,124</u>	<u>\$ 26,831</u>	<u>\$ 31,685</u>

#### 4. MINING PROPERTIES

The mining property claims are recorded at cost and consist of the following projects:

	<u>1999</u>	<u>1998</u>
Reservoir	\$ 103,874	\$ 99,468
Akweskwa	139,483	139,400
Lac Hudson	11,738	6,338
Lac Elmer	12,542	9,900
Clearwater	230,800	230,800
Lidge	44,842	43,950
Rocky Lake	10,146	7,500
Railroad	8,743	2,700
Bathurst	1,404	-
Matagami	1,829	-
Abitibi	18,747	5,915
Otter Brook	<u>1,357</u>	<u>-</u>
	<u>\$ 645,845</u>	<u>\$ 606,311</u>

#### 5. DEFERRED EXPLORATION EXPENDITURES

Deferred exploration expenditures are recorded at cost and are comprised as follows:

	<u>Balance April 30, 1998</u>	<u>Expenditures</u>	<u>Government Grants</u>	<u>Abandoned Mineral Property</u>	<u>Balance April 30, 1999</u>
a) Reservoir	\$ 1,389,493	\$ 17,216	\$ (26,611)	\$ -	\$ 1,380,098
Kidd	69,203	-	-	-	69,203
Akweskwa	606,911	6,155	-	-	613,066
General and other	139,496	103,042	-	-	242,538
Lac Hudson	117,548	-	-	-	117,548
Lac Elmer	77,143	59,625	(494)	-	136,274
Clearwater	1,176,356	14,872	(48,975)	-	1,142,253
Lidge	387,942	2,223	(19,506)	-	370,659
Rocky Lake	82,002	7,563	-	-	89,565
Railroad	6,398	219,434	(40,000)	-	185,832
Bathurst	1,624	86,865	-	-	88,489
Matagami	154	4,200	-	-	4,354
Abitibi	1,103	45,266	-	-	46,369
Taber	<u>52,527</u>	<u>-</u>	<u>-</u>	<u>(52,527)</u>	<u>-</u>
	<u>\$ 4,107,900</u>	<u>\$ 566,461</u>	<u>\$ (135,586)</u>	<u>\$ (52,527)</u>	<u>\$ 4,486,248</u>

5. **DEFERRED EXPLORATION EXPENDITURES** (contd.)

	<b>Balance April 30, 1997</b>	<b>Expenditures</b>	<b>Government Grants</b>	<b>Balance April 30, 1998</b>
b) Reservoir	\$ 1,208,763	\$ 383,801	\$ (203,071)	\$ 1,389,493
Kidd	69,105	98	-	69,203
Akweskwa	579,494	27,417	-	606,911
General and other	63,749	82,247	(6,500)	139,496
Lac Hudson	117,364	184	-	117,548
Lac Elmer	8,708	68,987	(552)	77,143
Clearwater	1,065,651	210,705	(100,000)	1,176,356
Lidge	267,659	220,835	(100,552)	387,942
Rocky Lake	63,647	21,855	(3,500)	82,002
Railroad	-	6,398	-	6,398
Bathurst	-	1,624	-	1,624
Matagami	-	154	-	154
Abitibi	-	1,103	-	1,103
Taber	<u>52,527</u>	<u>-</u>	<u>-</u>	<u>52,527</u>
	<u>\$ 3,496,667</u>	<u>\$ 1,025,408</u>	<u>\$ (414,175)</u>	<u>\$ 4,107,900</u>

c) Projects subject to option and royalty agreements as at April 30, 1999:

**Kidd Project**

The Company holds an option to earn a 100% interest in the Butterworth claims, situated in Wark Township, Timmins, Ontario, by advancing \$330,000 or issuing the equivalent in Eastmain Common Shares on or before April 30, 1999. The Company has paid the vendors \$37,500 to date. The property is subject to a 10% Net Profits Interest Royalty, whereby Eastmain has the option to purchase one half of the royalty. The Company formed a 50/50 joint venture with Falconbridge Limited, which includes the Butterworth claims and adjacent claims owned by Falconbridge. Falconbridge must fund the next \$150,000 in work expenditures to earn their 50% interest in this 112 hectare base metal project and the cost of the Butterworth option payments shall be divided equally among the joint venture partners. The owners of the Butterworth claims have accepted notice that further option payments will be suspended until market conditions improve.

**Akweskwa Project**

The Company has acquired the Akweskwa Project subject to a Net Smelter Return Royalty up to 2.5%, located near Timmins, Ontario. This 752 hectare property includes 9 patented claims optioned from Falconbridge Limited, 7 mining claims optioned from Hanson, 11 mining claims optioned from Bradbrook and 20 mining claims staked by the Company. Eastmain has earned a 50% interest in the Falconbridge claims by issuing 20,000 Eastmain Common Shares and incurring work expenditures in excess of \$175,000. Eastmain can increase its interest to 100% subject to a 2% Net Smelter Return Royalty, Eastmain also has the option to purchase one half of the royalty. The Company can earn a 100% interest in the adjacent Hanson claims subject to a 2.5% Net Smelter Return Royalty by incurring work expenditures of \$500,000 on or before April 30, 2000 and by advancing \$52,500 and issuing 100,000 Common Shares on or before April 30, 1999. Eastmain had paid \$32,500 and issued

5. **DEFERRED EXPLORATION EXPENDITURES (contd.)**

100,000 Common Shares to date. The Company has the option to purchase one-half of the Hanson Net Smelter Return Royalty. Eastmain has earned a 100% interest in the Bradbrook claims by issuing 10,000 Common Shares, subject to a 1% Net Smelter Return Royalty. The Company has the option to purchase one-half percent of the Bradbrook Net Smelter Return Royalty.

The owners of the Hanson claims have accepted notice that further option payments will be suspended until market conditions improve.

**Opinaca Project (includes Reservoir, Lidge and Taber Projects)**

The Company holds an agreement with Boliden Westmin Limited, dated October 1, 1983, the "Opinaca Joint Venture Agreement". Both parties to this agreement are subject to a dilution of interest if they do not participate in future exploration programs. In an agreement with Boliden Westmin Limited dated February 21, 1995, Eastmain acquired a 100% interest in the Opinaca Project subject to a 1% Net Smelter Return Royalty.

**Clearwater Project**

Eastmain holds a 50% interest in the 14,480 hectare Clearwater Project, located in Quebec, subject to a 3% Net Smelter Return Royalty to Boliden Limited. Eastmain has issued 200,000 Common Shares valued at \$144,000 for this 50% interest. Eastmain has the option to convert two-thirds of the Net Smelter Return Royalty in exchange for 750,000 Common Shares and 750,000 Share Purchase Warrants at \$0.75 per share. Societe Quebequoise d' Exploration Miniere (SOQUEM) has earned the other 50% interest in the project by expending \$2 million. SOQUEM has funded an additional \$525,000 in work expenditures on the project.

**Lac Elmer Project**

The Company holds a 50% interest in three exploration permits totalling 27,595 hectares, located within the Eastmain River area, Quebec, in joint venture with Barrick Gold Corporation. Barrick has earned a 50% interest in the Lac Elmer Project by funding \$1 million in work expenditures.

On February 15, 1999, Cambior Inc. acquired an option to earn Barrick's interest in the Lac Elmer Project in exchange for \$1,000,000 in exploration expenditures, to be completed by January 31, 2004. Upon Cambior earning its 50% interest, Cambior and Eastmain shall form a joint venture and shall grant in favour of Barrick a 2% Net Smelter Return Royalty. Cambior and Eastmain are entitled to buy back half of the Net Smelter Return Royalty from Barrick for \$1,000,000.

**BHP Agreement (includes Railroad and Abitibi Extension Projects)**

The Company acquired a 100% interest in lands formerly under BHP Minerals Canada Ltd.'s control or ownership in Quebec, Ontario and New Brunswick subject to a 3% Net Smelter Return Royalty by issuing 1,500,000 Share Purchase Warrants. These Warrants are exercisable as follows: 500,000 at \$2.00 until May 31, 2000 and 500,000 at \$2.75 until May 31, 2001. Eastmain has the option to purchase one percent of the Net Smelter Return Royalty for \$1 million.

Eastmain and BHP Minerals amended their agreement on March 26, 1999, whereby the Abitibi Extension Project shall be subject to a 2% Net Smelter Return Royalty in favour of BHP. Eastmain has the option to purchase one-half of the royalty for \$1,000,000.

5. **DEFERRED EXPLORATION EXPENDITURES (contd.)**

**Rocky Lake - Otter Brook Project**

The Company has granted McBroom Resources Inc. an option to earn a 25% interest in the Rocky Lake - Otter Brook Project, located within the Bathurst Mining District, New Brunswick. McBroom can earn its interest in the property by funding \$200,000 in work, managed by Eastmain. Upon McBroom completing its funding requirements, Eastmain and McBroom shall form a joint venture on the property. Any further work shall be funded on a pro rata share of expenditures. Any party failing to contribute its pro rata share of future expenditures shall have its interest converted to a 10% net profits interest if its interest is diluted below 10%.

**Abitibi Extension Project**

Quaterra Resources Inc. acquired an option to earn a 50% interest in the Abitibi Extension Project in exchange for \$1,530,000 in exploration expenditures and 300,000 Quaterra common shares prior to April 30, 2003. Eastmain shall be the project operator and entitled to a 10% management fee.

**Tingley Brook Project**

Eastmain has granted Bubbee Ventures Inc. an option to earn a 25% interest in the Tingley Brook Project, located within the Bathurst Mining District, New Brunswick. Bubbee can earn its interest in the property by funding \$150,000 in work, on or before December 30, 1999. Eastmain is the project operator. Upon Bubbee completing its funding requirements, Eastmain and Bubbee shall form a joint venture on the property. Any further work shall be funded on a pro-rata share of expenditures. Any party failing to contribute its pro-rata share of future expenditures shall have its interest converted to a 10% net profits interest if its interest is diluted below 10%.

6. **CAPITAL STOCK**

- a) The following table sets forth the changes in issued and outstanding Common Shares of the Company:

	<u>Number of Shares</u>	<u>Amount</u>
Authorized:		
Unlimited Common Shares		
Issued and outstanding - April 30, 1997	15,304,187	\$ 7,464,278
Issued during the year- exercise of Share Purchase		
Warrants (cash)	917,000	596,050
- acquisition of mining properties 30,000	19,500	
- conversion of stock options (cash)	<u>50,000</u>	<u>12,500</u>
Issued and outstanding - April 30, 1998	16,301,187	8,092,328
Issued during year - conversion of stock option (cash)	<u>25,000</u>	<u>6,250</u>
Issued and outstanding - April 30, 1999	<u>16,326,187</u>	<u>\$ 8,098,578</u>

6. **CAPITAL STOCK (cont'd)**

b) The Company has a stock option plan available to directors, officers, employees and other service providers of the Company. A maximum of 2,000,000 Common Shares may be issued under the Plan from time to time at prices not less than the market price of the Common Shares at the date of grant. The number of Common Shares reserved for issuance to any one person may not exceed 5% of the issued and outstanding Common Shares at the date of such grant.

At April 30, 1999 the following stock options were outstanding:

<u>Number of Options</u>	<u>Price Per Share</u>	<u>Expiry Date</u>
305,000	.25	November 14, 1999
325,000	.60	March 21, 2001
100,000	.87	October 16, 2001
100,000	.25	March 25, 2003
470,000	.65	August 13, 2002
<u>50,000</u>	.30	May 19, 2003
<u>1,350,000</u>		

c) Earnings per share are computed using the weighted average number of Common Shares outstanding amounting to 16,312,645 (1998 - 16,105,245).

7. **CHANGES IN NON-CASH WORKING CAPITAL**

The changes in non-cash working capital is comprised as follows:

	<u>1999</u>	<u>1998</u>
Prepaid and sundry	\$ 41,682	\$ (28,670)
Advances from joint venture partner	(9,200)	145,045
Accounts payable	<u>41,862</u>	<u>(24,457)</u>
	<u>\$ 74,344</u>	<u>\$ 91,918</u>

8. **INCOME TAXES**

The Company estimates that \$2,876,000 (\$2,405,500 in 1998) of various classes of exploration expenses can be applied against taxable income in subsequent taxation years.

In addition, the Company has remaining losses of approximately \$758,915 carried forward for income tax purposes. These may be used until the year 2005 to reduce income which would otherwise have been taxed. No provision has been recorded in these financial statements for this possible tax benefit. These losses expire as follows:

2000	2,578
2001	10,102
2002	69,886
2003	90,786
2004	252,794
2005	196,369
2006	136,400

9. **THE YEAR 2000 ISSUE**

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems that use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure, which could affect an entity's ability to conduct normal business operations.

10. **COMPARATIVE FIGURES**

The comparative figures have been reclassified where necessary to conform with the current year's presentation.

11. **FINANCIAL INSTRUMENTS**

The fair value of the prepaid and sundry, accounts payable and advances from joint venture partner is approximately equal to the carrying value due to the short-term nature of the instruments.