CONTINENTAL RIDGE RESOURCES INC.

ANNUAL INFORMATION FORM

June 30, 2002

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1. CORPORATE STRUCTURE

A. Name and Incorporation

Continental Ridge Resources Inc. (the "Company") was incorporated on April 13, 1995 in the Province of British Columbia, Canada, under the name "Blue Desert Mining Inc." by registration of its Articles and Memorandum pursuant to the Company Act (British Columbia). The Company obtained a receipt on November 24, 1995, for a prospectus filed with the Alberta Securities Commission. Following the completion of the initial public offering the Company's shares were listed for trading on the Alberta Stock Exchange on January 31, 1996. The Company was designated a "Reporting Issuer" in the Province of British Columbia on December 5, 1996. The Company's shares are listed for trading on the TSX Venture Exchange (the "Exchange"), formerly the Canadian Venture Exchange.

On May 25, 2000, the name of the Company was changed to "Canada Fluorspar Inc." and the Company consolidated its share capital on the basis of three old shares for one new share. On February 5, 2001, the name of the Company was changed to "Continental Ridge Resources Inc."

The Company's head office is located at Suite 900 - 409 Granville Street, Vancouver, B.C., V6C 1T2. The Company's registered and records offices are located at Suite 1000, 840 Howe Street, Vancouver, B.C., V6Z 2M1.

B. Intercorporate Relationships

The Company holds interests in the following wholly-owned subsidiaries:

(a) Blue Desert Mining (U.S.) Inc., a Nevada corporation which is wholly-owned by the Company; and

(b) Blue Desert Mining (Chile) Limitada, a Chilean corporation which is wholly-owned by the Company and is inactive.

The Company's mineral property interests in Alaska are held by Blue Desert Mining (U.S.) Inc.

2. GENERAL DEVELOPMENT OF THE BUSINESS

A. Three Year History

The Company, through subsidiaries, is engaged in the acquisition and exploration of mineral resource and geothermal properties. During the three fiscal years ending June 30, 2002, the Company was involved in the exploration of the Nuevo Año and Enero Prospects in the Province of Petorca, Chile; the Snowstorm Property, in Elko County, Nevada; the South Midas Property, in Elko County, Nevada; the Portal/Gobi Property, in Alaska; the Plateau Property (formerly known as the Dot Com Property) in Quebec and the Blue Mountain Geothermal Project, in Humboldt County, Nevada. Except as specifically indicated below, all of the agreements to

acquire or dispose of interests in mineral properties were made with parties dealing at arms-length.

(i) Nuevo Año and Enero Prospects - Chile

In October, 1996, the Company entered into two agreements pursuant to which the Company was granted the option to acquire a 100% interest, subject to a 4% net smelter return, in certain mineral exploration concessions consisting of approximately 5,800 hectares located in North-Central Chile, known as the Nuevo Año Prospect and the Enero Prospect. Since 1997, the Company conducted exploration and development work on several zones of copper mineralization on the properties. In March 1999, the Company obtained a one-year extension of its obligations on the Nuevo Año Prospect, and terminated its option to earn an interest in the Enero Prospect. In February 2000, the Company allowed the option on the Nuevo Año Property to lapse. The Company has written-off $672,280 of costs associated with these properties

(ii) Snowstorm Property - Nevada

In 1996 the Company acquired a 100% interest in 53 mineral claims located in Elko County, Nevada, known as the "Snowstorm Property". Since 1997, the Company carried out a grid soil sampling and prospecting program on the property which identified a mineralized fault zone and a gold soil anomaly allowed the claims which comprise the Snowstorm Property to lapse. The Company has written-off $202,462 associated with this property.

(iii) South Midas Property - Nevada

In November 1997, the Company entered into an agreement whereby it was granted an option to earn up to a 75% interest in certain mineral claims located in Elko County, Nevada known as the South Midas Property. The Company intended to assess the property for ore bodies associated with vertical structures and gold mineralization in veins such as occurs at the Ken Snyder Mine, located eight miles east. In 1998, the Company granted an option to Romarco Minerals Inc. to earn a 50% interest in the South Midas Property. Romarco completed surface sampling and drilled eight holes testing for high-grade gold veins. In July, 1999, Romarco terminated their option, and the Company, in turn, terminated its option to earn a 75% interest in the property. The Company has abandoned its interest in this property and has written-off $28,066 of associated costs., partially coincident with the mineralized fault. In August, 2000, the Company

(iv) Gobi, Mojave and Sahara Properties, Alaska

On December 10, 1998, the Company entered into a letter agreement with Lawrence Barry, acting on behalf of the Hunter Exploration Group (the "Hunter Group") whereby the Company was granted the option to earn up to a 100% interest in the Gobi Property located in the Goodpaster Mining District of Alaska.

The Gobi Property is contiguous with the Pogo Property owned by Teck/Sumitomo, which has a geological resource of 5.5 million ounces of contained gold. The Gobi Property initially encompassed approximately 7,700 acres, however the Company has staked additional claims and abandoned other claims such that the combined package currently totals 7,700 acres.

The Gobi agreement provides that in order for the Company to earn a 100% interest in the property, subject to a 2% net smelter return royalty retained by the Hunter Group, the Company must:

(a) make cash payments of $17,500 (paid);

(b) issue 66,668 post-rollback shares in the capital of the Company in tranches of 16,667 shares each in the first, second, third and fourth anniversary dates of the agreement(66,668 issued); and

(c) conduct a total of $250,000 (satisfied) of exploration work on the prospect of which $50,000 must be expended on or before the first anniversary of the agreement, and a further $100,000 each must be spent on or before the second and third anniversary dates of the agreement.

The Hunter Group has retained a 2% net smelter return royalty on the Gobi property which requires that the Company pay advance minimum royalties of $10,000 per year commencing on the first anniversary date of the agreement.

In the event that the Company should sell all or any portion of its interest in each agreement prior to becoming vested with a 100% interest in the particular prospect, the Hunter Group is entitled to receive from the Company 30% of net cash and 30% of any stock which may be received by the Company pursuant to such assignment.

In January 1999, the Company staked the Sahara Property, consisting of claims covering 11,200 acres located five miles east of the Pogo Property. The Sahara Property, which was not acquired through the Hunter Group, consisted of prospecting sites and mineral claims along an intrusive contact between Cretaceous granodiorite and Precambrian schist/gneiss that is one of the controls of gold mineralization on the Pogo Property. The claims comprising the Sahara Property have been abandoned and $14,112 of associated costs has been written off.

In May 1999, the Company staked the Mojave Property consisting of claims covering approximately 10,560 acres of prospective land immediately south of the Company's Gobi Property, and six miles southwest of the Pogo Property. The Mojave Property covers a Cretaceous intrusive complex and gneissic rocks that belong to the same geologic unit that host the Pogo deposit. The Cretaceous intrusive complex and a northwest-southeast trending belt of magnetic lows mapped on the Mojave Property mirror the intrusive complex and a parallel band of magnetic lows associated with the Pogo gold mineralization. The "Gobi" fault on the north, and the "Sonora" fault on the south, bracket the gold-bearing outcrops on the Pogo Property, thus, the eight mile wide corridor formed by these northeast-southwest trending faults is targeted for exploration on the Mojave Property.

In July and August, 1999, the Company completed a helicopter supported stream sediment sampling program with samples taken at approximately 200 metre intervals along all streams draining the Gobi, Sahara and Mojave properties. Anomalous gold (10-1700 ppb) and trace element (bismuth, arsenic, and telurium) values were reported at each of the properties. Further work is required to determine the significance of the anomalous stream sediment results.

In January, 2000, the Company granted AngloGold (U.S.A.) Exploration Inc. ("AngloGold") an option to earn a 60% joint venture interest in each of the Gobi, Mojave and Sahara properties by paying $52,000 U.S., and for each property making annual cash payments of $10,000 Cdn., paying $50,000 U.S. on vesting and incurring $750,000 U.S. on exploration over a period of five (5) years. As of June 2001, AngloGold has incurred approximately $251,936 U.S. on exploration of the Gobi, Mojave and Sahara properties. Additional expenditures were made on the Gobi property in 2002.

AngloGold terminated its option on the Sahara Property in June 2001, and on the Mojave Property in October 2001. The Company subsequently abandoned the Sahara Property and has retained a 100% interest in the Mojave Property.

AngloGold's 2002 drilling program on Continental's Gobi property in Alaska has intersected gold mineralization within a newly mapped intrusive body. AngloGold completed a three-hole, 1088-metre diamond-drilling program to test the Hook target, located 5 km southwest of the 5.5 million ounce Pogo gold deposit. Anglo is expected to continue drilling in 2003.

(v) Burin Fluorspar Ltd.

In August 1999, the Company entered into a letter of intent to acquire Burin Fluorspar Ltd. ("Burin"), which indirectly owns a 100% interest in certain mining properties and related mill assets located in St. Lawrence Newfoundland. This transaction was subject to numerous conditions precedent including; a share consolidation (three old for one new) by the Company; settlement of debt; the issuance of approx. 12,000,000 transaction shares; a financing to raise approx. $2,000,000, and shareholder and regulatory approval. This transaction was a "reverse take-over" under the policies of the Exchange. As a result, trading in the shares of the Company was halted in August 1999 pending completion or termination of the acquisition.

During the ensuing 12 month period, the majority of the Company's resources and management's time were committed to satisfying the transaction conditions and the regulatory requirements associated with the Burin acquisition. The Company satisfied virtually all such requirements, however difficult market conditions for resource companies prevented the Company from completing the financing. As a result, on September 8, 2000, the Company announced that the agreement to acquire Burin had been terminated. The shares of the Company were recalled for trading on September 18, 2000. The Company incurred expenditures totalling $62,227 for geological evaluation of the project, travel, financial and legal expenses.

(vi) Plateau Property (formerly the Dot Com Property), Quebec

On September 25, 2000, the Company entered into an Option Agreement with the Freeman Prospecting Syndicate (represented by John Robins) to acquire a 100% interest, subject to a 2% NSR retained by the owners, in 106 mineral claims located in the Val d'Or Mining Division of Quebec, known as the Plateau Property. The Company acquired the Plateau property to determine the extent of certain platinum and paladium mineralization on the property.

On February 23, 2001, the Company granted Denstone Ventures Ltd. ("Denstone") an option to acquire 50 % of the Company's interest in the property. Denstone completed grid soil sampling,

magnetic induced polarization surveys, prospecting and rock sampling on the Plateau Property at a cost of approximately $85,000.

The Company abandoned its interest in the property in fiscal 2002. The property was carried on Continental's books as NIL. Net option proceeds from Denstone Ventures nullified Continental's acquisition and exploration costs related the property.

(vii) Blue Mountain Geothermal Project, Nevada.

On June 19, 2001, the Company entered into an option agreement, as amended, with Blue Mountain Power Company Inc. ("BMP") to acquire up to a 60 % interest in certain federal and private geothermal leases located in Humboldt County, Nevada. In order to earn a 60 % interest the Company must pay US$50,000, incur a total of US$1,650,000 in exploration expenditures and issue 600,000 common shares to BMP over a three-year period. The first year commitments are US$10,000 in cash (paid), 200,000 common shares (issued) and US$150,000 of exploration expenditures (satisfied). The Company will vest with a 20 % interest after satisfying US$30,000 in cash payments, US$450,000 of exploration expenditures and issuing 400,000 common shares. The Company and BMP are not dealing at arms-length, since Brian D. Fairbank and Jack W. Milligan are directors and officers of both companies, and Mr. Fairbank is a substantial shareholder of both companies.

B. Significant Acquisitions and Dispositions

Refer to item 1 A(vii) above for details of the terms of a significant transaction entered into by the Company with respect to the Blue Mountain Geothermal Project during the fiscal year ended June 30, 2002.

C. Trends

US government policy will increasingly be directed toward energy security and the development of North American energy supplies over the next decade. A program called "GeoPower West", sponsored by the US federal government, has been developed with the goal to increase geothermal power production. Environmentally clean, cost competitive geothermal plants will be encouraged by favourable tax policies, direct funding and other programs.

This past year, the State of Nevada passed Senate Bill 372 defining a renewable portfolio standard for utilities which requires that 15 per cent of total power output come from renewable energy (geothermal, wind and solar). As a direct result, geothermal plant capacity is expected to increase by about 250 megawatts or double the current capacity. The first new plants contracted to the northern Nevada utility (Sierra Power) are expected on line in 2003.

Nevada Public Utilities Commission (NPUC), at a symposium on geothermal opportunities in Nevada on Jan. 11, 2002, emphasised that 15 per cent is a significant commitment to purchase reliable geothermal power. The program goal is not to develop technology, but to diversify the energy portfolio and use geothermal energy as a hedge against future fuel costs and political risk associated with imported energy supplies. Rural economic development and establishing a lead in energy policy development and green energy credit trading are important economic benefits that will accrue to the state.

The Nevada state legislature introduced a renewable energy credit ("REC") and trading system in 2002 that to enable producers of geothermal and other forms of renewable energy to create RECs for each kWh of energy produced. Power consumers can purchase RECs as required to conform with the state renewable energy quotas. Five Las Vegas area utility customers have applied to the Nevada Public Utilities Commission (NPUC) to leave the southern Nevada utility (Nevada Power) system intending to buy gas turbine generated power from Reliant Energy. These customers would require RECs to meet the standard for renewable energy.

Policy initiatives to facilitate the development of geothermal power and other renewable resources are also being implemented on the federal government side. Senator Harry Reid of Nevada, a strong proponent of geothermal energy, announced new federal financing for Nevada including $1-million toward a Great Basin Centre for Geothermal Energy at the University of Reno, Nev. Senator Reid anticipates that a deductible tax credit for geothermal projects, similar to the program already in place for wind power projects, will be implemented. The "GeoPower the West" program administered by the U.S. Department of Energy (DOE), is mandated to increase geothermal power production through development of favourable tax policies, direct financing, educational and other programs. Continental Ridge's program receives major support in direct federal financing under this program.

3. NARRATIVE DESCRIPTION OF THE BUSINESS

Description of Business of the Issuer

The principal business of the Company is the acquisition and exploration of resource properties. The Company currently holds an option to acquire an interest in the following material resource property:

Blue Mountain Geothermal Project, Nevada

The Blue Mountain Geothermal Project is the subject of a report prepared by T.L. Sadlier-Brown, P.Geo. dated June 26, 2001 (the "Report"). Information concerning this project contained herein has been taken from the Report.

I INTRODUCTION

A. Location, Access and Physiographic Setting

The property is located in Humboldt County of north central Nevada about 30 km (20 miles) west of the town of Winnemucaa. It is centered at 118º08'W. Lat and 41º00'N. Long. near Blue Mountain in the southwest part of Desert Valley and is depicted at 1:100.000 scale on the Jackson Mountains and Eugene Mountains map sheets and on the Gaskell, Pronot, Mormon Dan Butte and Lay Waterhole U.S. Geological Survey 7.5º guadrangle maps.

From Winnemucaa the site is accessible year-round via the Jungo Road, an adequately maintained gravel county road that passes south of Blue Mountain. From the Jungo Road at a point just west of Blue Mountain a dirt road leads north along the eastern edge of the valley providing good access to the entire lease area.

The site is at an elevation of about 1300 metres (4300 feet) above sea level on the western pediment of Blue Mountain and the flat basin of Desert Valley. Bedrock outcrops are abundant at the base of the mountain in the eastern parts of Sections 12, 14 and 23 but are absent on the desert flat to the west, which is mantled in alluvium. Terrain in the principal area of interest is regular and most of the property is readily accessible by vehicle.

Local vegetation consists of arid land or desert plants such as sagebrush, bunch grass and a few other small shrubs. The climate is typical of the Basin and Range Desert: hot dry summers and cold winters with occasional snowfalls. The area is also sporadically subject to high winds.

B. Description of Tenures

The geothermal tenure is held by the Company under the terms of an option agreement dated June 19, 2001 with BMP and its wholly owned U.S. subsidiary, Noramex Corp ("Noramex") of Carson City, Nevada. The agreement grants the Company the right to earn a 60% interest in the property by making cash payments totalling US$50,000, and exploration expenditures totalling US$1,700,000 and granting 600,000 shares or special warrants over three years.

Noramex is the registered owner of three geothermal leases covering seven sections of land comprising 4,567.04 acres, more or less, in Humboldt County, Nevada. The lease descriptions and particulars of ownership area as follows:

Lease # L-6805:

Lessor: Burlington Northern and Santa Fe Railway Company (BNSF)-(formerly Atchison, Topeka & Santa Fe Railway Co.).

1) T.36N R.34E Section 15 (640 Acres)
2) T.36N R.34E Section 23 (640 Acres)

Lease #N57435:

Lessor: U.S. Bureau of Land Management (BLM).

3) T.36N R.34E Section 10 (654.66 Acres)
4) T.36N R.34E Section 12 (654.88 Acres)
5) T.36N R.34E Section 22 (649.44 Acres)
6) T.36N R.34E Section 26 (666.70 Acres)

Lease # N58196:

Lessor: U.S. Bureau of Land Management (BLM).

7) T.36N R.34E Section 14 (663.36 Acres)

C. Exploration Work

The Blue Mountain geothermal prospect was originally discovered during the course of drilling undertaken for precious metal exploration on mining claims held by Nassau Ltd. ("Nassau"), a mineral exploration company based in Sparks, Nevada. Nassau staked the original claims in 1982 and carried out exploration work on the property in 1982 and 1983. During the course of the next several years the property was optioned by five different mining and exploration companies including Noramex in 1994. The optionees conducted a variety of exploration programs including geological mapping; seismic, IP, magnetic and SP surveys and drilling at a cost of approximately US$2,000,000.

Hot water was encountered in several of the holes drilled between 1985 and 1987 by Billiton Minerals Co. ("Billiton") and later in additional holes drilled by Placer-Dome, Lac Minerals and, most recently, by BMP. A total of at least 31 of the 93 holes drilled to date are reported to have encountered hot water and artesian flows of 20 to 30 gallons per minute (gpm) at an average temperature of 79ºC (175ºF) have been observed in six of these holes. The holes have now all been plugged and abandoned in compliance with BLM requirements and are not accessible for testing.

Neither Nassau nor any of the mineral claim optionees made application for the geothermal rights, although a Billiton employee did apply for and lease one section for a year. In 1993 Noramex recognized the geothermal potential of the area and acquired the geothermal leases. BMP was formed in October 1993 to initiate the development work and obtained the rights to the leases from Noramex. BMP's management subsequently commissioned Martin Booth of Geothermal Development Associates to review the existing data and plan a geothermal exploration program. Booth concluded that a partially defined geothermal resource underlies parts of sections 14 and 23 and recommended a drill program to further delineate the resource. The proposed program included thirteen shallow temperature-gradient test holes and two small diameter test wells to a nominal depth of 3,000 feet (900m) designed to intersect the inferred reservoir.

Between 1996 and 1999 BMP drilled eleven holes and, with scientific support from the Energy and Geoscience Institute of the University of Utah (EGI), carried out valuable geophysical and geochemical studies of the project area. These included a Self Potential (SP) survey; downhole temperature logging; hydrogeochemical sampling and analyses; and geothermometry determinations. On the basis of the positive results of this work, BMP entered into negotiations with the U.S. Department of Energy (DOE) to cost-share a confirmation-drilling program under DOE Cooperative Agreement No. DE-FC04-00AL66972; Amendment No. A001 dated February 21, 2001.

In May 2001 an agreement was reached whereby the DOE will contribute 80% of the funding for the drilling and preliminary testing of a 700 metre (2,300 ft) test well costing US$450,000 (Deep Blue No.1). BMP subsequently optioned the project to the Company which, as BMPs successor, contributed 20% of the cost.

In the spring of 2002, Continental successfully completed the Deep Blue No.1 test well which resulted in the discovery of a significant geothermal resource at Blue Mountain in north-central

Nevada. Preliminary testing of the Deep Blue No. 1 test well confirmed that both high temperatures and excellent permeability were encountered at relatively shallow depths. Further tests are planned.

Deep Blue No. 1 well was cased to 175 meters and drilled to a total depth of 672 meters. A slotted liner was installed in the lower part of the hole. Well logs (temperature, pressure, and gamma ray) run immediately after hole completion yielded temperatures of up to 146°C (295°F) with temperatures still increasing in the bottom interval. Continuous circulation of cold fluids during drilling has the effect of cooling the formation around the well bore which then takes 1-2 months to fully heat up or "equilibrate" to pre-drilling temperatures. The reservoir temperature indicated by Deep Blue No. 1 is expected to be somewhat greater than 150°C (300°F). Further tests are planned.

II GEOLOGY

A. Regional Geological Setting

The project area is in the Basin and Range geomorphic province of northern Nevada, a region characterized by high terrestrial heat-flows and, not incidentally, one of North America's leading gold-producing areas. The high heat-flows are attributed to crustal extension and thinning enabled by neogene and recent lateral and normal (block and/or detachment) faulting. Many of the gold deposits are considered to be genetically related to these heat-flow and structural regimes. Within the Basin and Range terrain the highest heat-flows occur in the "Battle Mountain Heat-Flow High". This is an extensive region of northern Nevada characterized by heat-flows, which are, on average, over 50% higher than those elsewhere in the Basin and Range. These heat-flow values lie in the 100 to 120 mW/m^2 range and, depending upon conductivity, they translate to geothermal gradients of between 40° and 80°C/km. All Basin and Range geothermal power projects are in or near areas with heat-flows in the range of 100 mW/m^2 or greater. This means that temperatures of 150 to 200°C can occur between 1.5 to 2.5 km of the surface. These temperatures are appropriate for power generation and, throughout the region, they occur within a maximum acceptable economic drilling depth of 4 km.

Blue Mountain lies well within the heat-flow anomaly and temperatures up to 81°C have been measured within 125 m of the surface at the project site. Observed geothermal gradients vary from 86°C/km to 738°C/km. These gradients may be influenced by variations in subsurface conductivity and by convective movement of geothermal fluid but they are nevertheless anomalously high. A gradient of about 80°C/km for example (consistent with those elsewhere in explored Basin and Range geothermal areas), would indicate temperatures in the 200°C range at depths of about 1.5km (390°F-4900ft).

2002 drilling found that permeable zones are present in rock formations intersected by Deep Blue No. 1. The well intersected numerous open fracture zones lined by crystalline quartz as well as other fractures partially sealed by silicification from an earlier phase of geothermal activity. Additional flow and permeability tests are to be conducted later this year to determine well productivity as part of the continuing joint program with the U.S. Department of Energy (DOE).

B. Geophysical Surveys

(i) Magnetometer

Data from an airborne magnetometer survey of the project area completed in 1988 has been used to define structures such as high-angle faults and geological contacts. Results are essentially consistent with those obtained using other methods such as SP and drilling. The magnetic survey, however, covered a larger area and some of the resulting data can be used to extrapolate structures to areas not covered by the more detailed studies providing a useful guide for future SP and drilling programs.

(ii) Resistivity

In 1988 an induced polarization/resistivity survey was carried out along five northwest trending lines covering the central part of the project area on section 14. A narrow north-south trending resistive zone traverses the south-central part of the section coinciding approximately with the main zone near the surface trace of the central fault. Resistivities drop abruptly on either side of this feature. The distribution of the values suggests a west dip to the resistivity low. This would be consistent with interpretations of seismic and drilling data that indicate that the fault structures associated with geothermal fluids and mineralization dip in this direction. The resistivity low regions are most probably attributed to the presence of hot saline water in these west-dipping fault structures.

A second resistivity survey was conducted in June 1998 along five lines. Numerical modeling of the resistivity data indicates low resistivities and high chargeabilities associated with the SP anomalies. A deep region of low resistivity encountered on line BM1 is associates with an artesian thermal area and is considered to be an expression of a hydrothermal reservoir at depth. Low resistivities near drillholes BM 080, BM 081 and BM 086 are also attributed to deep geothermal activity in this area.

(iii) Reflection Seismic

A reflection seismic survey was carried out in 1989. The objective of the work was to trace the dominant basin-forming fault structures identified in drillholes and to define the structural blocks produced by them. Data were measured on four survey lines on sections 2, 12, 14 and 26 but only the structural information interpreted from lines 5 and 6 located in the southwest part of section 14 is relevant to the current geothermal study. There is not sufficient detail to allow extrapolation of inferred structures between the two lines but there is an indication that the survey intercepted a northerly trending system of steeply dipping normal faults some of which appear to converge at depth.

(iv) Self-Potential

A self potential (SP) survey was carried out in 1996 over sections 14, 22, 23 and parts of 11, 15, 26 and 27. The work was done in order to define areas of near-surface geothermal activity and obtain information on subsurface structures that may control geothermal fluid migration. The survey delineated two elongate north-south trending negative SP low anomalies centred in sections 14 and 22. SP high amplitudes are confined to a north-south trending zone between the

two negative anomalies. The negative SP features are interpreted as near-surface zones of fluid upflow and have been partially tested by holes drilled in 1996 and 1997. The SP data suggest that the distribution of geothermal fluids be controlled by prominent north-south trending structures interpreted as high-angle normal faults. This appears to be corroborated by seismic and drilling data for the Central Fault area where a number of drillholes intersected hot water.

C. Drillhole Temperature Observations

Of 93 mineral exploration and shallow gradient drillholes collared on the property, 31 are reported to have produced variable amounts of warm or hot water. The evidence of geothermal activity is, in some instances, anecdotal but for most there are reliable references in drill logs and 10 of the most recent holes have been studied in detail. These studies included temperature logging, gradient determinations, water sampling and analyses and geothermometry.

The early drilling was done for mineral exploration purposes and, as the geothermal potential of the area had not yet been recognized, no specific effort was made to collect geothermal data from drillholes BM 001 through BM 078. For this reason many drillholes with no reported water or temperatures lie within the geothermally anomalous area as it is now known but they do not constrain it. In other cases hot water was noted during drilling but no effort was made to obtain any scientific data. These drillholes provide valuable information on the near surface distribution of the geothermal fluids and the extent of the possible reservoir.

In 2002, the Deep Blue No. 1 well was cased to 175 meters and drilled to a total depth of 672 meters. A slotted liner was installed in the lower part of the hole. Well logs (temperature, pressure, and gamma ray) run immediately after hole completion yielded temperatures of up to 146º C (295°F) with temperatures still increasing in the bottom interval. Continuous circulation of cold fluids during drilling has the effect of cooling the formation around the well bore which then takes 1-2 months to fully heat up or "equilibrate" to pre-drilling temperatures. The reservoir temperature indicated by Deep Blue No. 1 is thus somewhat greater than 150°C (300°F). The pattern of temperature increase with depth indicates that higher temperature zones may be found within the geothermal system and possibly east of the Deep Blue No. 1 site.

The U.S. Department of Energy has recently awarded new funding for a second deep test well, in 2003, to further explore the eastern part of the resource area.

III DISCUSSION

A. Background on the Industry

North American electricity markets are currently experiencing transitions attributable to a variety of sources. Among these are modifications in government energy policies, deregulation of utilities, effects of NAFTA, environmental concerns, dramatic price fluctuations and growing demand. These factors directly affect the viability of new power projects but overall the market for new power is strong with U.S. domestic electrical consumption in projects to increase by 1.8% per year through 2020. To meet this demand and to compensate for obsolete plant retirements, construction of 393,000 MW of new generating capacity will be needed (DOE Energy Information Administration; 2001). Most of this is forecast to be filled by fossil fuel-fired plants although recent announcements on U.S energy policies suggest that nuclear

power too may be poised for a comeback. Both of these technologies, however, have been adversely impacted by environmental issues: greenhouse gas and other emissions from fossil fuels and radiation hazards from nuclear plants. As a result, if future electricity demand is to be satisfied and environmental issues addressed, a substantial investment in renewable and environmentally clean energy such a the geothermal resource can be realistically expected.

Western U.S. energy prices are currently strong but forecast to fall off somewhat in the long term. California's Department of Water Resources, for instance, has committed to 38 power purchase contracts over 17 years at prices ranging between $58 and $249 per MWh. The average initial price is reported to be $138/MWh (Energy Newsdata: June 2001) but the average mid-term price for which figure are provided appears to be $81/MWh. Energy pricing, however, is complicated and contracts may incorporate different price schedules for capacity, energy, baseload (energy and capacity) and peaking power sales. Give the western U.S. energy demand, however, and the fact that geothermal energy is a renewable resource, a strong market at favourable prices can be realistically expected for any output from the Blue Mountain Geothermal project.

There are currently 14 geothermal power facilities operating in the Basin and Range physiographic province of Nevada, California and Utah. Field outputs range from 800 KW to 248 MW with total 1996 productive capacity in excess of 500 MW (Benoit 1996, GRC 2001).

The plants utilize either single or dual direct-flash systems, binary systems or, in some cases, a combination of direct-flash and binary. In a direct-flash system, hot water from a well is flashed to steam and used directly to drive a turbine. Binary plants employ heat exchangers coupled to closed cycle vapour turbines to make efficient use of lower temperature fluids and are becoming increasingly popular. Both technologies, however, are well established have been in use for decades in a number of countries including the U.S., Italy, Japan, Philippines, New Zealand, Mexico, El Salvador, Nicaragua and Costa Rica among others.

The Blue Mountain Geothermal project is not advanced to the point where detailed approaches to extraction and production technologies can be specified but some perspective on the potential of the site is appropriate. A realistic model would be a phased development with first stage plant comparable in capacity to the existing generating facilities in the region as listed below (after Benoit 1996; Geo-Heat Center 1997).

List of Operating Geothermal Plants; Basin and Range Region

Name	**Type**	**Output (MW)**	**Name**	**Type**	**Output (MW)**
NEVADA			**CALIFORNIA**		
Beowawe	Dual Flash	16.0	Amedee	Binary	1.6
Brady's	Dual Flash	24.0	Coso	Dual Flash	248.0
Desert Peak	Dual Flash	8.7	Casa Diablo	Binary	27.0
Dixie Valley	Dual Flash	66.0	Wineagle	Binary	0.8
Empire	Binary	3.6			
Soda Lake	Binary	16.6	**UTAH**		
Steamboat	Binary	35.1	Cove Fort	Single Flash & Binary	11.0
Steamboat Hills	Single Flash	14.4	Roosevelt	Single Flash	23.0
Stillwater	Binary	13.0			

The average of 15 plant capacities shown is approximately 34 MW. A facility of this size operating at a 95% plant factor would produce 283 GWh/year on a renewable basis. Assuming a mid-term wholesale energy price of US$81/MWh, the gross value of the annual production would be US$21.8 million (C$25.5 million).

B. Review of Geological Data

Hot water has been observed in drillholes within an area extending from the northern part of Section 14 to the southern limit of section 22. This represents a north-south interval of 2.8 km and an east west interval of about 2.1 km. The boundaries of the geothermally anomalous area are not yet defined but it appears to underlie much of sections 14 and 22 and probably extends at least onto sections 11, 15 and 23.

The average maximum temperature of the 11 drillholes logged by EGI is 62.2.ºC at an average depth of 90m and the average of the corresponding geothermal gradients is 372ºC/km. The high (738ºC) gradient in hole BM 091 may not be representative as it is from a short interval that exhibits a steady gradient between depths of about 20 and 40m. More complete temperature profile data from other holes indicate that gradients characteristically diminish sharply below an inflection point at approximately the 30 to 40m level. This is most likely attributable to an increase in thermal conductivity at the water table - although it could also occur at the base of the overburden or at a point of pronounced variation in rock type. Hole BM 091 is reported to be dry and, as its gradient appears to have been determined from observations in an upper zone of

low conductivity, it is not considered representative of the site in general. It is probably comparable to other nearby holes such as BM 093 which has a gradient of 313ºC/km.

Hole BM 089 located at the south margin of the known thermal area was found to have a comparatively low bottom-hole gradient of 86ºC/km but the gradient in its upper part was high, probably because of low thermal conductivity in that part of the hole. Hole BM 090, about 100m to the east, has a high gradient (431ºC/km) but a profile similar to that in BM 089 suggesting that its gradient too could diminish with depth. These holes, therefore, may lie on the southwest flank of the near-surface geothermally anomalous area at some distance from its apex.

Return water temperatures from hole BM 058 were observed at the time of drilling and the approximate bottom-hole geothermal gradient here was found to be 525ºC/km. This hole lies on the flank of the western SP low anomaly and the high temperatures here may relate to fluids permeating steeply dipping structures in this area.

If data from holes BM 089, 090 and 093 are omitted and the values from BM 058 are included, the average of the geothermal gradients measured is 373ºC/km - about 15 times the world-wide average. Assuming that this gradient persists to depth without undue convective influence below the gradient inflection point that occurs, on average, at a depth of 40m and temperature of 40ºC, then a temperature of about 150ºC would occur at about 350m (1150 ft. approx.) below the surface. This temperature is consistent with use in binary power plants. Temperatures on the order of 220ºC - consistent with those required for conventional single flash systems - would be reached at a depth of about 550 metres (1800 ft. approx.).

IV CONCLUSIONS AND RECOMMENDATION

A. Conclusions

DEEP BLUE No.1 was drilled to a total depth of 2205ftTD (672.1m) in forty-seven (47) days, from spud to rig release. The maximum temperature recorded in the well (WELACO) was 292.5°F (144.7°C) at a depth of 2114.6ft (644.5m). The top expression of the geothermal system is interpreted from the BHT data to be at 1530 feet (466m).

From the temperatures measured in the well and the extent of quartz veining and silicification observed in much of the core, it appears that DEEP BLUE No.1 intersected a moderate temperature resource at 1530 feet (466m). Temperatures measured in the well likely represent the low end of the 'system' temperatures. Higher temperatures may occur in wells that are drilled deeper and that intersect permeable fractures that are in communication with the high temperature reservoir at depth. Preliminary interpretation of the temperature profiles from DEEP BLUE No.1 by David Blackwell, (W. B. Hamilton Professor of Geophysics, Southern Methodist University, Dallas, TX) suggests two possible large-scale scenarios for the thermal regime at Blue Mountain (Blackwell pers. com, August 2002).

In the first scenario, a single major flow path that might correspond to the Central Fault lies to the east of the well, and temperatures at DEEP BLUE No.1 would be equal to or less than those along the fault. If fluid circulation from depth is confined to a fault to the east of the well, the

'system' temperatures are unconstrained by the current temperatures recorded from DEEP BLUE No.1 and could be significantly higher than the temperatures measured in the well.

Alternatively, there might be multiple flow paths along an extensive and more complex system of faults and fractures at depth between the range front (western scarp of Blue Mountain) and Desert Valley to the west. Additional faults channelling hot fluids from depth may be present to the west of the well. In this case the temperature recorded in the well may more closely represent the 'system' temperatures, but the size (area) of the potential high temperature resource might be much larger than in the case of a system supplied by a single fault.

B. Recommendations

The temperatures measured in DEEP BLUE No.1 are encouraging. A maximum temperature of 292.5F (144.7C) at 2114.6ft (644.5m) was recorded in rocks that are moderately permeable. Higher temperatures might be encountered in other areas of the property at similar depth as indicated by higher temperature gradients to the southeast or in permeable zones at depth. The extensive hydrothermal alteration exposed at surface at Blue Mountain, and widespread silicification encountered in exploration holes suggests that a large, actively convecting hydrothermal system has existed at Blue Mountain over an extended period of time.

An second deep slim hole to 1000 meters (DEEPBLUE No.2) is planned 100 metres southeast of DEEPBLUE No. 1, to test other structural targets and provide additional information to on the nature of the high temperature thermal regime at depth. The well operations will be similar in scope to DEEPBLUE No.1 and will require cemented casing, Blow-Out-Prevention equipment, and specialised drilling procedures for safety. The DEEPBLUE No.2 hole will be drilled in early 2003 and has been approved for cost sharing with the Department of Energy.

Approximately 10 widely-spaced, 150-metre deep temperature gradient wells are recommended stepping out from the of the 2000 X 3000 metre known thermal anomaly to determine the outer margins of the geothermal system. The thermal anomaly as measured in shallow drill holes (above the geothermal reservoir is open in all directions and thus the lateral dimensions of the geothermal system are not known.

We have initiated discussion for power sales agreements with both the Sierra Pacific, the northern Nevada utility, and with large industrial power consumers.

Retail power costs to customers of the two large regulated utilities, Nevada Power in the south and Sierra Power in the north, have risen over the past year especially to industrial customers. The state of Nevada has recently legislated a renewable energy quota system governing regulated utilities and major power consumers not on the utility system. Renewable energy credits (RECs) will accrue to producers of geothermal power allowing major power consumers to opt out of the utility power system and abide by the required percentage of renewable power by purchasing RECs.

A power market study should be conducted to outline new Nevada State and Federal government legislation and determine how they may benefit or otherwise effect the Blue Mountain Geothermal Project. It is anticipated that Blue mountain Power will be able to sell power directly to large industrial customers. Power pricing, transmission line routing and the means available to

wheel power to industrial customers should be included in the study. Ultimately, the study might lead to Power Contracts or Letters of Intent between Continental Ridge and power consumers.

C. Cost Estimate

The cost of the proposed Deep Blue No. 2 drilling project is estimated at US $825,000 with an additional US $125,000 required for well testing and other long-term drilling project expenditures. The 10 hole shallow gradient-drilling program is projected to cost $250,000. The Power market study is budgeted at $100,000. Project costs in U.S. funds except where otherwise stated. For purposes of this estimate, all figures have been rounded to the nearest $1000.

Under the terms of the DOE agreement, the DOE has undertaken to contribute 80% of the US$825,000 Deep Blue No. 2 drilling cost or US $660,000 as well as 80% of a contingent long-term testing program estimated to cost US$125,000. The Company will be responsible for the remaining 20% of the direct drilling and post drilling costs of $165,000 and US$25,000, respectively.

Continental will fund 100% of the shallow temperature gradient drilling program ($250,000) and the power market study ($100,000).

At the completion of the above work, Continental Ridge will focus on initial plans to develop a 30MW power plant within a 2½-year time frame. We will embark on a drilling campaign to include at least two production wells. With the production test results in hand, plant design, costing studies and a feasibility report will be completed.

Pre-feasibility study of an initial 30MW power plant has been completed in the last year. It is envisioned that production wells and steam turbines will develop a 150-200°C reservoir. Supply wells will produce from 500-1000 metres below surface. Drilling has outlined a five square kilometre (2 square mile) zone with subsurface rock temperatures increasing 40°C every 100 metres of depth. The initial 30MW plant construction would cost about $65 million. Blue Mountain is close to the transmission grid and large industrial power consumers.

The Deep Blue No. 2 test well will target a different part of the Blue Mountain geothermal system where previous shallow temperature gradient wells recorded some of the highest temperature gradients on the Blue Mountain property. This well will be drilled to 1 km in depth, significantly deeper than the 672 m deep Deep Blue No. 1 well.

4. SELECTED CONSOLIDATED FINANCIAL INFORMATION

Annual Financial Data for the Three Fiscal Years ended June 30, 2002

	June 30/00	June 30/01	June 30/02
Revenues	Nil	Nil	Nil
Profit (Loss) (before extraordinary items)	($159,507)	($174,148)	($266,775)
Profit (Loss) per Share	($0.05)	($0.03)	($0.04)
Net Earnings (Loss)	($742,619)	($188,612)	($277,062)
Net Earnings (Loss) per Share	($0.22)	($0.03)	($0.04)
Net Earnings (Loss) per Share (fully diluted)	($0.19)	($0.03)	($0.03)
Total Assets	$127,256	$202,008	$418,824
Dividends per Share	Nil	Nil	Nil
Total Long-term debt	Nil	Nil	Nil

Summary Financial Information for the Eight Quarters ended June 30, 2002

Period	Revenues	Profit or (Loss)	Profit or (Loss) per Share	Net Earnings (Loss)	Net Earnings (Loss) per Share
4th Quarter 2002	Nil	(123,292)	(0.016)	(133,579)	(0.016)
3rd Quarter 2002	Nil	(65,880)	(0.01)	(65,880)	(0.01)
2nd Quarter 2002	Nil	(45,220)	(0.01)	(45,220)	(0.01)
1st Quarter 2002	Nil	(32,383)	(0.004)	(32,383)	(0.004)
4th Quarter 2001	Nil	(42,265)	(0.01)	(56,729)	(0.01)
3rd Quarter 2001	Nil	(19,377)	(0.003)	(19,377)	(0.003)
2nd Quarter 2001	Nil	(51,051)	(0.01)	(51,051)	(0.01)
1st Quarter 2001	Nil	(61,455)	(0.01)	(61,455)	(0.01)

Dividend Policy

The Company does not anticipate that it will pay any dividends on its common shares in the foreseeable future. There are no restrictions in the Company's articles that could prevent the Company from paying dividends.

5. MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion should be read in conjunction with the Company's financial statements and related notes thereto.

A. Overview

The Company's principal business is the exploration and development of resource properties. The Company is continually investigating new exploration opportunities, and exploration is carried out on properties identified by management of the Company as having favourable exploration potential. The Company advances its projects to varying degrees by prospecting, mapping, geophysics, and drilling until it decides either that the property has limited exploration potential and should be abandoned or that work on the property has reached a stage where the expense and risk of further exploration and development dictate that the property should be optioned to a third party. The resource exploration business is high risk and most exploration projects do not reach a commercial stage of operations.

B. Operating Results

For the fiscal year ended June 30, 2002, the Company incurred a net loss of $277,062 ($0.04 per share) compared to a net loss of $188,612 ($0.03 per share) for the year ended June 30, 2001. The larger loss in the 2002 fiscal year is the result of higher investor relations expenses associated with the Company's efforts to raise financing for the geothermal project. The Company had a working capital as at June 30, 2002 of $6,278.

C. Revenue

The Company received no revenue for the fiscal years ended June 30, 2002 and 2001. All of its resource properties were in the exploration stage of development.

D. Expenses

Total expenses were $266,775 in fiscal 2002 as compared to $174,148 in fiscal 2001. Accounting, administration, office and sundry, investor relations rent and telephone expenses increased this fiscal period as the Company moved into a larger office, hired more staff and commenced an investor relations program. Legal fees decreased to $21,692 in fiscal 2002 from $56,189 in fiscal 2001, and regulatory fees decreased to $13,200 in fiscal 2001 to $24,165 in fiscal 2001 which were associated with the Burin deal. Site evaluation fees declined from $14,107 in fiscal 2001 to $806 in fiscal 2002 as the Company focused on its Blue Mountain property. Consulting fees increased from $25,000 in fiscal 2001 to $36,360 in fiscal 2002 due to the filing of an OTC Bulletin Board listing. Travel and business development increase to $9,829 in fiscal 2002 from $3,220 in fiscal 2001 as a result increased promotion activity.

The Company directed its resources on the Blue Mountain project; a total of $116,744 was spent on the property in fiscal 2002 compared to $49,250 in fiscal 2000. Company abandoned its interest in the Dot-Com Property during the year.

E. Financing Activities and Capital Expenditures

For the fiscal year ended June 30, 2002, the Company raised $512,517 from the issuance of common shares through a private placement ($436,017; $86,100 of the placement had not closed as at June 30, 2002) and through the exercise of warrants ($86,100). These funds were used to finance the exploration costs associated with the Blue Mountain property and for general working capital. As at June 30, 2002, the Company had paid up share capital of $3,214,733 and a deficit of $2,943,346.

Subsequent to the year-end, the Company has raised $191,525 from the issuance of common shares through a private placement ($131,400), exercise of warrants ($53,125) and the exercise of incentive stock options ($7,000).

F. Risks and Uncertainties

The Company's current exploration project is in Nevada, therefore the Company must fund its share of exploration expenditures in United States currency. The weakness of the Canadian dollar by comparison to the United States dollar makes it more difficult for the Company to raise sufficient funds to participate in this project.

The Company's main source of funds has been, and will continue to be, the issuance of common shares. A resource project typically takes five years or more between discovery, definition, development and construction. As a result, no operating or production revenue is expected in the near future.

All of the Company's operating and exploration cash flow must be derived from external financing. The Company believes that it will be able to raise sufficient capital to fund ongoing operations, but it currently does not have sufficient funds to cover its anticipated costs for the next 12 months. Actual funding may vary from what was planned due to a number of factors, including prevailing market conditions and the progress of exploration of its current properties. In the event that the Company is unable to obtain additional financing, the Company will need to re-evaluate its property holdings and prioritize project exploration with cash availability.

G. Outlook

For fiscal 2003, the Company will focus on the Blue Mountain Geothermal Project, in Humboldt County Nevada. The Company must raise financing to fund its 20% share of the cost of the US$800,000 drilling project, 80 % of which has been funded by the DOE.

6. MARKET FOR SECURITIES

The common shares of the Company are currently listed on the TSX Venture Exchange under the symbol KRI.

7. DIRECTORS AND OFFICERS

A. Name, Address, Occupation and Security Holding

The names of the directors and officers of the Company as of September 30, 2000, their municipalities of residence, the positions in the Company held by them and their principal occupations are as follows:

Name, Municipality of Residence and Office Held	*Principal Occupation for the Preceding Five Years*	*Period Served as a Director*
BRIAN DAVID FAIRBANK North Vancouver, British Columbia PRESIDENT, CHIEF EXECUTIVE OFFICER AND DIRECTOR	President of the Company and President of Fairbank Engineering Ltd., a firm of consulting geologists and engineers since 1986.	Since April, 1995
JOHN WADDELL MILLIGAN West Vancouver, British Columbia CHIEF FINANCIAL OFFICER, SECRETARY AND DIRECTOR	Independent Consultant in engineering and construction management since 1982	Since April, 1995
JAMES ERNEST YATES North Vancouver, British Columbia DIRECTOR	Founder and President of Hycroff Realty Ltd., a company involved in real estate sales and development	Since December, 1996
MICHAEL MARCHAND Calgary,Alberta DIRECTOR	Mineral Exploration Consultant and professional geologist from July 1991 to the present	Since August, 1995

Each director holds office until the next annual meeting of shareholders of the Company or until his successor is appointed, unless his office is vacated in accordance with the articles of the Company.

As of November 15, 2002, the directors and officers of the Company in the aggregate beneficially own, directly or indirectly, or exercise control or direction over, 1,564,666 out of 9,505,725 total common shares, representing 17% of the issued and outstanding common shares of Company.

The Company is required to have an audit committee, the members of which are Brian Fairbank, James E. Yates and Michael Marchand. The Company does not have an executive committee.

B. Corporate Cease Trade Orders or Bankruptcies

None of the directors, officers or controlling shareholders of the Company have, within the last ten years, been a director or officer of a company which was declared bankrupt or made a voluntary assignment in bankruptcy, or whose securities were the subject of a cease trade or

suspension order for a period of more than thirty consecutive days during the period that they were acting in such capacity.

C. Penalties or Sanctions

None of the directors, officers or controlling shareholders of the Company have been subject to any penalties or sanctions by a court or securities regulatory authority relating to the trading of securities, the promotion, formation or management of a publicly traded company or involving theft or fraud, nor have they entered into any settlement agreements relating to such matters.

D. Personal Bankruptcies

None of the directors, officers or controlling shareholders of the Company or a personal holding company of any such persons has, within the last ten years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or a receiver, receiver manager or trustee appointed to hold the assets of such persons.

E. Conflicts of Interest

Some of the directors and officers of the Company are or may be on the board of directors of other natural resource companies from time to time. To avoid the possibility of conflicts of interest which may arise out of their fiduciary responsibilities to each of the boards, all directors have agreed that participation in natural resource prospects offered to them will be allocated between the various companies on the basis on prudent business judgement and the relative financial abilities and needs of the companies to participate. In appropriate cases, the Company will establish a special committee of independent directors to review a matter in which several directors, or management, may have a conflict.

8. ADDITIONAL INFORMATION

Additional information including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, options to purchase securities and interests of insiders in material transactions, where applicable, is contained in the Company's information circular for its most recent annual meeting of shareholders. Additional financial information is provided in comparative financial statements for the period ended June 30, 2002. Copies of this Annual Information Form, the audited financial statements as at June 30, 2002, and the Company's 2002 annual general meeting material may be obtained from the Company, at Suite 900 - 409 Granville Street, Vancouver, B.C., V6C 1T2.

Risk Factors

An investment in the securities of the Company must be considered speculative, generally because of the nature of the Company's business. In particular:

(a) There is no known body of ore of commercial grade or tonnage on any of the Company's mineral properties, nor is there any certainty that the Company's geothermal property has the necessary attributes to generate geothermal power. The Company must sell equity capital to raise funds to carry out further exploration with the objective of determining the

commercial potential of its resource properties. If the Company's exploration programs are successful, additional funds will be required for the development of resource and to place it in commercial production. The only sources of future funds presently available to the Company are the sale of equity capital, or the offering by the Company of an interest in its property to be earned by another party or parties carrying out further exploration or development thereof.

(b) Exploration for natural resources is a speculative venture necessarily involving substantial risk. There is no certainty that the expenditures to be made by the Company in the acquisition of the interests described herein will result in discoveries of commercial quantities of natural resources or an economically viable geothermal resource.

(c) The marketability of natural resources which may be acquired or discovered by the Company will be affected by numerous factors beyond the control of the Company. These factors include market fluctuations, the proximity and capacity of natural resource markets and processing equipment, government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of resources and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

(d) Mining operations generally involve a high degree of risk. Hazards such as unusual or unexpected formations or other conditions are involved. The Company may become subject to liability for pollution, cave-ins or hazards against which it cannot insure or against which it may elect not to insure. The payment of such liabilities may have a material, adverse effect on the Company's financial position.

(e) The Company has conducted enquiries that it considers to be sufficient in order to verify title to its resource properties, it has not obtained the usual industry standard title reports with respect to its resource properties, therefore there is no guarantee of title. These properties may be subject to prior unregistered agreements or transfers or native land claims, and title may be affected by undetected defects. In addition, some of the Company's properties consist of recorded mineral claims and geothermal leases, most of which have not been surveyed, and therefore, the precise area and location of such claims or leases may be in doubt.

(f) The Company's resource exploration activities may be affected in varying degrees by the extent of political and economic stability, and by the nature of various government regulations relating to the mining industry and foreign investment. Any changes in regulations or shifts in political or economic conditions or foreign currency exchange rates are beyond the control of the Company and may adversely affect its business and/or its holdings.

(g) The Company is a development stage company with a limited operating history with no pre-tax profit. There can be no assurance that the Company's operations will be profitable in the future. The Company will require additional financing to carry out its operating plan and if financing would be unavailable for any reason, the Company would become unable

to carry out its operating plan. The failure of the Company to satisfy its various work commitments and option payments could result in the loss of its interest in its resource properties.

(h) The Company has not paid any dividends since the date of its incorporation and it is not anticipated that the Company will declare dividends in the near future.