ANNUAL INFORMATION FORM

of

CRAZY HORSE INDUSTRIES INC.

(the "Company")

1360 - 605 Robson Street
Vancouver, British Columbia
V6B 5J3

February 27, 1998

PRELIMINARY NOTES

Incorporation of Financial Statements and Proxy Circular

Attached to and forming part of this annual information form (the "Annual Information Form") are the Audited Consolidated Financial Statements for the Company for the fiscal year ended July 31, 1997 together with the Auditor's Report and Management Discussion thereon, attached hereto as Schedule "A", and the most recent Management Proxy Circular of the Company dated December 09, 1997 attached hereto as Schedule "B".

All financial information in this Annual Information Form is prepared in accordance with accounting principles generally accepted in Canada ("Canadian GAAP").

Currency

All dollar amounts are expressed in Canadian dollars unless otherwise indicated.

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ANNUAL INFORMATION FORM

CRAZY HORSE INDUSTRIES INC.

ITEM 1: INCORPORATION

Incorporation or Organization of the Company

The Company was incorporated on November 3, 1993 under the *Company Act* (British Columbia) by the registration of its Memorandum and Articles, under the name 457312 B.C. Ltd. On January 11, 1994 the Company changed its name to Crazy Horse Industries Inc. The address of the head office of the Company 1360-605 Robson Street, Vancouver, B. C. V6C 2V6, and the address of the registered office of the Company is 700 - 625 Howe Street, Vancouver, B. C. V6C 2T6.

Subsidiaries

The Company has a wholly-owned subsidiary, Crazy Horse Petroleum Inc. (the "Subsidiary"), which was incorporated under the *Company Act* (British Columbia) on January 5, 1994 under the name 461589 B.C. Ltd. On May 18, 1994, the Subsidiary changed its name to Crazy Horse Petroleum Inc.

ITEM 2: GENERAL DEVELOPMENT OF THE BUSINESS

Since its incorporation, the Company, through its subsidiary, has been engaged primarily in the development of oil and gas properties. In particular, the Company has acquired interests in several producing wells in the province of Saskatchewan (the "Saskatchewan Holdings"). For further details on the Saskatchewan Holdings, see "Narrative Description of the Business" below.

Subsequent to the Company's fiscal year ended July 31, 1997, the Company resolved to further expand its oil and gas property holdings. As such, the Company began to investigate potential investment opportunities, both in Canada and elsewhere.

Following a review of several projects, the Company entered into an option agreement dated October 31, 1997(the "Venezuela Option") whereby the Company could acquire an indirect interest in certain oil producing properties Venezuela. For further details on the Venezuela Option, see "Narrative Description of the Business" below.

In early 1998, the Company further resolved to diversify its holdings and began negotiations to acquire certain interests in mineral producing properties in Mexico (the "Mexico Properties"). For further details on the Mexico Properties, see "Narrative Description of the Business" below.

ITEM 3: NARRATIVE DESCRIPTION OF THE BUSINESS

Saskatchewan Holdings

INGOLDSBY, SASKATCHEWAN

By Participation Agreements dated October 1 and October 25, 1994 between August Resources Ltd. ("August"), of 530 - 800 West Pender Street, Vancouver, B. C., and the Subsidiary, the Subsidiary agreed to pay and assume 60% of the cost, obligation and liability of August associated with the drilling, completion and equipping or abandonment of test wells (the "Ingoldsby Property") in accordance with the terms of the Farmout Agreements dated August 25 and October 25, 1994 (the "Farmout Agreements") between August and Alliance Energy Inc. ("Alliance") of 2220 - 140 4th Ave. S.W., Calgary, Alberta.

The Subsidiary has met its obligations under the Participation Agreements by paying 60% of August's costs under the Farmout Agreements, and by an Assignment and Novation Agreement made effective February 1, 1995 August assigned 60% of its interest in the Farmout Agreements to the Subsidiary. August has satisfied its obligations pursuant to the August 25, 1994 Farmout Agreement by paying 20% of the costs associated with the 91/06-01-04-32 W1M/0 test well. August has satisfied its obligations pursuant to the October 25, 1994 Farmout Agreement by paying 60% of the costs associated with the 92/08-01-04-32 W1M/0 test well.

August is a private Alberta company owned as to 50% by Starbright Energy Ltd., a private Alberta company owned by A. Michael Turko, a Director of the Issuer, and as to 50% by David M. Patterson, a Director of the Issuer.

Alliance is a public company, the shares of which trade on the Alberta Stock Exchange. Alliance is at arm's length to the Issuer, the Subsidiary, and August.

The following table sets forth the initial interests of the Subsidiary in the prospect:

Well Location	*Subsidiary's Working Interest*	*Lessor Royalty*	*Lease Burdens*
91/06-01-04-32 W1M/0	12.0% BPO 6.0% APO	Freehold 15%	1/150 (5-10%) BPO
91/08-01-04-32 W1M/0	6.0%	Freehold 15%	-
92/08-01-04-32 W1M/0	6.0%	Freehold 15%	-
Locations	6.0%	Freehold 15%	-

- Horizontal wells qualify for a holiday/incentive royalty of 5% on the first 75,500 BBLS of produced oil. A similar incentive is applied for the calculation of mineral tax on the enclosed production burdened with Freehold royalties.

The Subsidiary holds various interests in two horizontal wells and a salt water disposal well, as well as various infrastructure, located in Section 01-04-32 W1M of the Silverton/Ingoldsby areas of Saskatchewan, approximately 65 miles east of Estevan. The project is operated by Alliance.

The Ingoldsby Property produces medium gravity crude oil from two horizontal wells completed in the Frobisher Alida Formation. Well 08-01-04-32 W4M/0 is currently producing at approximately 25 BOPD.

Well 06-01-04-32 W1M/0 has been producing since October 1994. This well is currently producing at approximately 10 BOPD.

In 1997 the Subsidiary elected to drill a new well (01-01-04-32 W1M/0) on the Ingoldsby Property. Pursuant to the provisions of the Participation Agreements, the Subsidiary elected to incur 100% of the drilling, completing and equipping costs in exchange of the well. The Subsidiary is entitled to receive 100% of the well's production (net of any royalties) until it has received four times its cost of drilling, completing and equipping the well. Currently, the well is producing at approximately 6 BODP.

A total of $447,612 has been expended on the Ingoldsby Property to date which includes $113,466 and $185,509 in each of the last two (2) fiscal years respectively.

STEELMAN FROBISHER VOLUNTARY UNIT NO. 2, SASKATCHEWAN

By a Participation Agreement dated December 29, 1993 between August and the Issuer (assigned by the Issuer to the Subsidiary on March 30, 1994), the Subsidiary agreed to pay and assume 50% of the cost, obligation and liability of August associated with the drilling, completion and equipping or abandonment of the test well, located 24 miles northeast of Estevan, Saskatchewan (the "Steelman Property"), in accordance with the terms of the Farmout Agreement dated December 21, 1993 between August and Grand Bow Petroleum Limited ("Grand Bow") of 140, 4th Avenue S.W., Calgary, Alberta.

Grand Bow is a private Alberta company, at arm's length to the Issuer, the Subsidiary, and August.

Pursuant to the Participation Agreement the Subsidiary has earned the following interest in the Steelman Property by paying 50% of August's costs under the Farmout Agreement. August has satisfied its obligations pursuant to the Farmout Agreement by paying 20% of the costs associated with the Steelman Property.

The following table sets forth the interests of the Subsidiary and August in the prospect:

Well Location	*Subsidiary's Working Interest*	*August's Gross Working Interest Before Assignment to the Subsidiary*	*Lessor Royalty*	*lease Burdens*
Steelman Frobisher Voluntary Unit No. 2	5.00% BPO 5.00% APO 10.00% Capital Interest BPO	12% BPO 12% APO 20% Capital Interest BPO	15% FH	1/150 (5-15%) BPO Nil APO

The Subsidiary has earned a reversionary working interest in Steelman Frobisher Voluntary Unit No. 2 by participating in the drilling of well 12-35-03-04 W2M. The Unit was formed and the well drilled in January and February 1994 for the purpose of exploiting gas cap reserves interpreted in the Frobisher pool. The Unit encompasses an area which had been oil productive from five Frobisher wells, two of which are suspended, and the remaining three are abandoned, due to high water cuts. The Unit is operated by Grand Bow.

The 12-35 well was unsuccessful in producing gas upon completion, however oil was swabbed at approximately 5 BOPD with a water cut ranging from 90% to 95%. The well is currently suspended, and the Company has no immediate plans to further develop the well. The two remaining suspended oil wells were abandoned during 1996.

A total of $47,814 has been expended on the Steelman Property to date.

ARCOLA, SASKATCHEWAN

By a Participation Agreement dated December 29, 1993 between August and the Issuer (assigned by the Issuer to the Subsidiary on March 30, 1994), the Subsidiary agreed to pay and assume 50% of the cost, obligation and liability of August associated with the drilling, completion and equipping or abandonment of a test well (the "Arcola Property"), in accordance with the terms of the Farmout Agreement dated December 20, 1993 between August and Alliance.

The Subsidiary has met its obligations under the Participation Agreements, and by Assignment and Novation Agreement made effective February 1, 1995 August assigned 50% of its interest in the Farmout Agreements to the Subsidiary.

The following table sets forth the initial interests of the Subsidiary in the prospect:

Well Location	*Subsidiary's Working Interest*	*Lessor Royalty*	*Lease Burdens*
08-20-08-03 W2M	25% BPO 12.5% APO	Crown	1/150 (5%-15%)

On December 12, 1997, the Subsidiary disposed of its interest in the Arcola Property to Alliance in exchange for payment of $27,185.

A total of $225,438 has been expended on the Arcola Property to date which includes $19,127 and $4,200 in each of the last two (2) fiscal years respectively.

NEILBURG, SASKATCHEWAN

By a Participation Agreement dated February 2, 1994 between August and the Issuer (assigned by the Issuer to the Subsidiary on March 30, 1994), the Subsidiary agreed to pay and assume 22.5% of the cost, obligation and liability of August associated with the drilling, completion and equipping or abandonment of the four test wells (the "Neilburg Property"), in accordance with the terms of the Farmout Agreement dated February 1, 1993 between August and Lochwest Resources Ltd. ("Lochwest") of 3200, 150 - 6 Avenue S.W., Calgary, Alberta.

Lochwest is a private Alberta company, at arm's length to the Issuer and August.

The Subsidiary earned its interest pursuant to the Participation Agreement by paying 22.5% of August's costs under the Farmout Agreement. August has satisfied its obligations pursuant to the Farmout Agreement by paying 16.25% of the costs associated with the Neilburg Property. The following table sets forth the interests of the Subsidiary and August in the prospect:

Well Location	***Subsidiary's Working Interest***	***August's Gross Working Interest Before Assign-ment to the Subsidiary***	***Lessor Royalty***	***Lease Burdens***
Horizontal Wells (Producing)				
91/05-18-46-25 W3M	3.563% BPO	15.8356% BPO	Crown	1/150 (5%-15%)
91/09-18-46-25 W3M	0.8227% APO	3.6564% APO		BPO/Nil APO
91/11-18-46-25 W3M				
91/10-12-46-26 W3M				
Horizontal Wells (Locations)				
Sec. 18-46-26 W3M	2.8336%	12.5938%	Crown	-
Vertical Wells				
Sec. 18-46-25 W3M	0.8227%	3.6564%	Crown	-
Sec. 20-46-25 W3M	0.8227%	3.6564%	Crown	-
08-28-46-25 W3M	0.580%	2.5778%	Crown	-
07-01-46-26 W3M	0.452%	2.9789%	Crown	-
13-02-46-26 W3M	0.618%	2.7567%	Crown	-
Sec. 12-46-26 W3M	0.8227%	3.6564%	Crown	-
03-13-46-26 W3M	0.8227%	3.6564%	Crown	-
08-13-46-26 W3M	0.410%	1.8222%	Crown	-
09-13-46-26 W3M	0.715%	3.1778%	Crown	-
10-13-46-26 W3M	0.8227%	3.6564%	Crown	-

● Horizontal wells qualify for a holiday/incentive royalty of 5% on the first 75,500 BBLS of produced oil.

Development of the Neilburg Property commenced in 1979 and heavy oil was encountered in the Lower Cretaceous McLaren sandstone. The first production was obtained from a non-interest well (01-13-46-26 W#M) on May 1, 1979. Subsequent development resulted in delineation of the

McLaren reservoir located primarily in Sections 15, 16, 17, 18, 20, 21 and 22-46-25 W3M and Sections 12 and 13-465-26 W3M.

On March 20, 1997, the Company sold its interest in the Neilburg Property to Lochwest in exchange for net proceeds of $69,225, of which $24,450 is due from August. In total, the Company expended $47,749 on the Neilburg Property which includes $1,449 and $3,945 in each of the last two (2) fiscal years respectively.

WHITEBEAR, SASKATCHEWAN

By way of an assignment agreement dated September 23, 1996 with 473906 B.C. Ltd. ("473906"), a private company wholly-owned by Wheat Hills Resources Inc., a company trading on The Canadian Dealing Network Inc. in Ontario, the Company acquired a 24% interest in a Farmout and Participation Letter Agreement dated February 6, 1995 with Alliance Energy Inc. ("Alliance") of Calgary, Alberta, relating to the Whitebear, Saskatchewan oil and gas prospect (the "Whitebear Property"), described as follows:

Alliance Option Lands	Title Documents	Encumbrances
SW 34-9-1 W2M All PNG 100% interest	Freehold Lease dated March 25, 1993 Knowles/Temple	Lessor 15% Alliance 1/150 (2.5-12.5%) on Oil, 1.25% on gas
LSD 7 & 8 and the NE of 33 PNG to the Base of the Souris Valley 71% interest	Freehold Leases (A) Jean Houston 1/4 interest dated April 15, 1984 (B) Audrey E. Gray 1/4 interest dated March 8, 1984 (C) John Houston ½ interest dated March 7, 1984	Lessors 15% Alliance 1/150 (2.5 - 12.5%) on oil, 12.5% on gas
NW 34-9-1 W2M All PNG 100% interest	Freehold Lease Dated December 22, 1994 Knowles/Temple	Lessor 15% Alliance 1/150 (2.5-12.5%) on oil, 12.5% on gas

In consideration therefor, the Company paid 473906 $7,538 in cash and assumed $38,462 in debt owed by 473906 to Alliance as at August 31, 1996 for drilling and completion costs relating to the prospect. The consideration was based on a valuation of between $43,000 and $49,000, which was obtained from an independent valuer.

Alliance is the operator of the prospect.

There are currently two producing wells on the prospect. The 02-33 well is currently producing at approximately 5 BOPD. The 03-33 well is currently producing at approximately 6 BOPD.

No further monies have been expended on the Whitebear Property.

Venezuela Option

Subsequent to the Company's year end, pursuant to the Venezuela Option agreement between the Subsidiary and Pacific Rim Energy, Inc.("Pacific Rim"), the Subsidiary obtained an option to acquire 50% of Pacific Rim's interest (20% to the Subsidiary) in a joint venture with the Herbert Hunt Estate, to further develop three (3) mature oil fields in Venezuela (the "Venezuela Property") as follows:

Field Name	No. of Wells
Mara Oil Field	37
Jobo Oil Field	170
Socororo Oil Field	6

The Subsidiary can earn its interest by advancing US$50,000 to Pacific Rim to allow Pacific Rim to complete its due diligence review of the Venezuela Property, and by issuing 375,000 escrowed performance shares in the capital of the Company, to Pacific Rim.

Mexico Properties

Subsequent to the Company's year end, by agreement dated February 2, 1998 (the "Property Acquisition Agreement") between the Issuer and Monrovia A.V.V. ("Monrovia") of Medillin, Colombia, the Issuer agreed to acquire (the "Acquisition") Monrovia's 100% interest in five mineral concessions totalling approximately 799.64 hectares in the northwest trending mineralized belt known as the Silver Zone in Zacatecas State, Mexico (the "Mexico Properties"). Under the terms of the Property Acquisition Agreement with Monrovia, the Issuer will:

a) acquire a 100% interest directly in three mineral concessions held by Monrovia known as the "El Tessoro Property" comprising 84 hectares, the "Mariana Property" comprising 100 hectares and the "Josefina Property" comprising 243 hectares (collectively, the "First Concessions"); and

b) assume all of the rights of Monrovia under the terms of an Option Agreement dated February 2, 1998 between Monrovia and each of Arturo Rosales Salinas and Maria Dolores Torres de Gonzalez (the "Option Agreement") wherein Monrovia has the right to acquire a 100% interest in two mineral concessions covering a total of 373 hectares (the "Second Concessions").

All of the concessions has been filed and recorded with (or is the subject of a pending application with) the Mexican Ministry of Energy and Mines ("MEM")). Each of the Mexico Properties carry a 2% NSR.

Monrovia intends to incorporate a new Mexican company (the "Mexco") to hold its collective title to the Mexico Properties. The Issuer intends to incorporate a new company in Mexico to hold mineral property titles in Mexico. The Issuer will either directly or through its proposed Mexican subsidiary, acquire the Mexico Properties by acquiring either the Mexico Properties directly or by acquiring all of the issued and outstanding share capital of Mexco through issuing certain shares of its capital stock to Monrovia.

To acquire its 100% interest in the Properties, the Issuer has agreed to make cash payments and share issuances as follows:

a. pay to Monrovia the aggregate sum of US$25,000 within five days following Exchange approval of the Acquisition (the "Approval Date");

b. issue to Monrovia on the Approval Date the maximum number of Common Shares in the capital of the Issuer as permitted by the Exchange, subject to a minimum of 500,000 Common Share s(the "Payment Shares"). In the event the Exchange does not approve at least 500,000 Payment Shares, Monrovia may either accept the number of Payment Shares so approved or terminate the Property Acquisition Agreement; and

c. assume all of Monrovia's obligations and commitments under the Option Agreement and reimburse Monrovia for all of its related out of pocket costs, which costs will not exceed US$50,000.

The cash payments represent repayment to Monrovia of all access, administration, staking costs, reservation and administration fees and other out-of-pocket costs previously paid or incurred by Monrovia toward acquisition of the Properties. The Payment Shares will be issued at a deemed price of $0.25 per share, being the ten day trading average of the Issuer's stock immediately prior to the date of the Issuer's news release disclosing the terms of the Property Acquisition Agreement.

As a condition to closing the Acquisition, the Issuer must have arranged a financing of at least C$600,000 for the purposes of undertaking mineral exploration on the Properties.

The Second Concessions

Pursuant to the Option Agreement, Monrovia was granted the exclusive right to explore, and the exclusive right and option to acquire, the Second Concessions, for a period of five years. The Option Agreement may be terminated by Monrovia at any time upon 30 days' notice; and all payments thereunder are optional to Monrovia.

The two property interests which are the subject of the Option Agreement are both exploitation concessions known as the "Las Torres" property comprising 200 hectares and the "San Elias" property comprising 172.64 hectares. Although Monrovia has the exclusive right to undertake exploration and work on the First Concessions, no minimum quantity of work or expenditures is stipulated in the Option Agreement. The Option exercise price to acquire the First Concessions increases over time as follows:

a) US$250,000 if exercised in the first year;
b) US$300,000 if exercised in the second year;
c) US$350,000 if exercised in the third year;
d) US$400,000 if exercised in the fourth year; and
e) US$500,000 if exercised in the fifth year.

A US$50,000 payment has been made as an instalment toward the purchase price. In addition, Monrovia is obligated, in order to maintain the Option in good standing, to pay semi-annual amounts during the term of the Option of US$25,000, commencing on that date being six months following the date of the Option Agreement; together with an additional US$25,000 on each of the 18th, 36th and 54th month intervals. All of the semi-annual payments will be offset toward the exercise price of the Option.

To date, the Company has not expended any funds or completed any work on the Mexico Properties and no geological report has been prepared for the Company in respect of them.

Risk Factors

Investment in developmental stage ventures such as the Company is highly speculative and subject to numerous and substantial risks:

Exploration, Production and Marketing Risks - Exploring for, acquiring and producing petroleum and natural gas involves risk which even a combination of experience, knowledge and careful evaluation may not be able to overcome. The marketability of oil and gas acquired or discovered by the Company will be affected by numerous factors beyond its control. These factors include market fluctuations, the proximity and capacity of oil and gas pipelines and processing equipment and government regulations (including regulations relating to environmental protection, royalties, allowable production, pricing, importing and exporting of oil and gas).

Competition - Oil and gas acquisition and exploration is intensely competitive and the Company will be competing with a substantial number of other companies which have greater resources.

Uninsured Hazards - Hazards such as unexpected geological formations, pressures or other conditions are often encountered in drilling and operating wells that can result in pollution, injuries and other damages for which the Company may be directly or indirectly liable. Although the Company will carry and will require its own subcontractors and other operators of wells to carry insurance to insure against such eventualities in amount and coverage equal to industry standards for the size of such operations, there may be cases where the insurance coverage is not applicable or adequate. In such cases, the Company may become liable for damages arising from pollution, blowouts or other hazards against which it cannot insure or against which it may elect not to insure because of high premium costs or other reasons.

Title - Although title reviews will be done according to industry standards prior to the purchase of any oil and gas producing properties or the commencement of drilling of any wells, such reviews do not guarantee or certify that an unforeseen defect in the chain of title will not arise to defeat the claim of the Company which could result in a reduction of the revenue to be received by the Company.

Price Fluctuations - The prices of oil and gas will fluctuate through the life of the Company. Such fluctuations will have a positive or negative effect on the revenue to be received by the Company. Such fluctuations will also have an effect on the acquisition costs of any future oil and gas properties that the Company may acquire.

Similar risks will be associated with the Company's mining operations should the Company exercise its option to acquire the Mexico Properties.

ITEM 4: SELECTED CONSOLIDATED FINANCIAL INFORMATION

Years ended July 31

	1997	1996	1995	1994	1993
Revenue (1)	48,481	32,485	33,616	0	N/A
Income (loss) (2)	(71,259)	(251,319)	(154,968)	(48,423)	N/A
Income (loss) per share (2)	(0.02)	(0.08)	(0.07)	(0.06)	N/A
Total Assets	416,705	505,008	165,708	108,761	N/A
Cash Dividends Paid	-	-	-	-	N/A
Long Term Debt	-	-	-	-	N/A

(1) Revenue includes oil revenue (net of royalties) and interest, less operating expenses.
(2) Net Income in total and on per Common Shares is same as indicated above.

The following table sets forth selected quarterly information.

	Year Ended July 31, 1997				Year Ended July 31, 1996			
	Fourth Quarter	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
Revenue (1)	12,637	11,407	16,395	8,042	18,429	6,130	2,100	5,826
Income (loss) (2)	(48,729)	(11,707)	(320)	(10,503)	(221,767)	(7,099)	(16,629)	(5,824)
Income (loss) Per Share (2)	(0.02)	(3)	(3)	(3)	(0.07)	(3)	(3)	(3)

(1) Revenue includes oil revenue (net of royalties) and interest, less operating expenses.
(2) Net Income in total and on per Common Shares is same as indicated above.
(3) Indicates a loss per share of less than $0.01.

The Company has not paid any dividends on its common shares. The Company has no present intention of paying dividends on its common shares, as it anticipates that all available funds will be invested to finance the growth of its business.

ITEM 5: MANAGEMENT'S DISCUSSION AND ANALYSIS

See the Company's Audited Financial Statements for the year ended July 31, 1997 and the Management Discussion attached thereon, which is attached hereto as Schedule "A", and which is incorporated by reference and forms part of this Annual Information Form.

ITEM 6: MARKET FOR SECURITIES

The Company's Common Shares are listed and posted for trading on The Vancouver Stock Exchange.

ITEM 7: DIRECTORS AND OFFICERS

As at December 09, 1997 (the date of the Company's Information Circular), the name, municipality of residence and position with, and principal business or occupation in which each director, officer and executive officer of the Company has been engaged during the immediately preceding five years, was as follows:

Name and Municipality of Residence	Position	Principal Occupation	No. of Common Shares Held
DAVID M. PATTERSON (1) West Vancouver, B. C.	Chief Executive Officer, President, Chief Financial Officer, Director and Promoter	President and Chief Executive Officer since August 9, 1995; Chief Financial Officer since November 3, 1993; CEO of Donner Minerals Ltd.	467501
A. MICHAEL TURKO (1) West Vancouver, B. C.	Director	Petroleum Geologist. President of Starbright Energy Ltd. and August Resources Ltd., of Calgary, Alberta.	616000

Name and Municipality of Residence	Position	Principal Occupation	No. of Common Shares Held
T. JOHN MAGEE (1) Vancouver, B. C.	Director	President and Director of Windarra Minerals Ltd., Westward Explorations Ltd., Mishibishi Gold Corporation, Nikos Explorations Ltd. and Poseidon Minerals Ltd. since May 7, 1996. Prior thereto, he was an Associate Broker with M. Jean Cameron Real Estate Ltd. in Cornwall, Ontario from September 1991 to May 1996. From September 1989 until August 1991 he was a self-employed Geological Consultant.	402000
MARGARET A. MATTER Burnaby, B. C.	Secretary	Secretary since August 9, 1995; Securities Paralegal with Maitland & Company, Barristers and Solicitors, Vancouver, B. C. since October 1985	5000

(1) Denotes member of the Audit Committee.

The term of office for the Company's directors, officers and members of the Audit Committee expires at each annual general meeting. After each annual general meeting, the board of directors will appoint the Company's officers and the audit committee for the ensuing year.

As at December 09, 1997 (the date of the Company's Information Circular) the Company's directors and senior officers, as a group, held a total of 1,485,507 Common Shares (approximately 35.78%). The Company has no options outstanding.

ITEM 8: ADDITIONAL INFORMATION

Statement of Corporate Governance Practices

The Company's Board of Directors (the "Board") is responsible for supervising the conduct of the Company's affairs and the management of its business, including the strategic direction of the Company, monitoring and managing the principal risks affecting the business, appointing and supervising senior management, ensuring effective communications with shareholders and the public generally and ensuring the integrity of the Company's internal control and management information systems.

The current Board, as described herein is comprised of 3 directors.

At present, the Audit Committee is comprised of three directors, two of whom are not officers of the Company.

The mandate of the Audit Committee is to oversee the Company's financial reporting obligations, systems and disclosure and to act as a liaison between the Board and the Company's auditors. The activities of the Audit Committee including reviewing annual financial statements, ensuring that internal controls over accounting and financial systems are maintained and that accurate financial information is disseminated to shareholders, reviewing the results of internal and external audits and any change in accounting procedures or policies, and evaluating the performance of the Company's auditors.

The Board does not have in place programs for succession of management and training of management. Due to the size of the Company, management personnel who are already trained are engaged as required to fill vacancies. The performance of management is reviewed on a continual basis by the Board.

The Board is of the view that the Company's shareholders are the most important assessors of Board performance and that they provide the most effective and objective assessment of the Board's performance. Management has instituted procedures to monitor and promptly address shareholder concerns, and the Board has directed management to apprise the Board of any major concerns expressed by shareholders.

The Board expects management to efficiently implement its strategic plans for the Company, to keep the Board fully apprised of its progress in doing so, and to be fully accountable to the Board in respect to all matters for which it has been assigned responsibility.

The Company's directors receive no fees for acting as such and the Board's philosophy is that the major part of the Directors' remuneration should be tied to the enhancement of shareholder value. Accordingly, Directors of the Company are compensated primarily through stock options. In the coming year, the Company may nevertheless pay fees to Directors in respect of time spent on committees of the Board.

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; additional financial information is provided in the Company's comparative financial statements for its most recently completed financial year. Copies of such documents may be obtained upon request from the Company's secretary at its corporate head office.

SCHEDULE "A"

CRAZY HORSE INDUSTRIES INC.
CONSOLIDATED FINANCIAL STATEMENTS

JULY 31, 1997

Russell & Co.

AUDITORS' REPORT

The Shareholders
Crazy Horse Industries Inc.

We have audited the consolidated balance sheet of Crazy Horse Industries Inc. as at July 31, 1997, and July 31, 1996, and the consolidated statements of loss and deficit, and changes in financial position for the years then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at July 31, 1997 and July 31, 1996 and the results of its operations and the changes in its financial position for the years then ended, in accordance with generally accepted accounting principles.

WestVancouver, B.C.
December 5, 1997

Chartered Accountants
Russell + Co

2892 Mathers Ave., West Vancouver, B.C., V7V 2J9
Telephone : (604) 913-0405 Fax : (604) 913-0406

CRAZY HORSE INDUSTRIES INC.
CONSOLIDATED BALANCE SHEET
AS AT JULY 31, 1997

	1997	1996
ASSETS		
Current		
Cash	$ 115,079	$ 295,428
Accounts receivable	90,983	28,282
Goods and services tax receivable	5,288	21,891
Prepaid expenses	1,000	1,000
	212,350	346,601
Investment in oil and gas properties (Note 3)	204,355	158,407
	$ 416,705	$ 505,008
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 5)	$ 108,802	$ 166,643
Share subscriptions received	-	131,250
	108,802	297,893
SHAREHOLDER'S EQUITY		
Captial stock (Note 4)	833,872	661,825
Deficit	(525,969)	(454,710)
	307,903	207,115
	$ 416,705	$ 505,008

Approved by the Directors:

David Patterson

A. Michael Turko

See accompanying notes to financial statements

CRAZY HORSE INDUSTRIES INC.
CONSOLIDATED STATEMENT OF LOSS AND DEFICIT
FOR THE YEAR ENDED JULY 31, 1997

	1997	1996
Revenue		
Oil revenue (net of royalities)	$ 79,251	$ 45,636
Interest	4,177	7,204
Operating expenses	(34,947)	(20,355)
	48,481	32,485
Expenses		
Accounting and audit	3,622	10,563
Bank charges and interest	373	184
Depletion	29,600	44,847
Filing fees and transfer agent	7,757	9,604
Legal	9,714	39,955
Management fees	45,564	16,000
Office	8,674	5,474
Rent	3,638	3,309
Travel and promotion	10,798	5,061
Writedown of resource expenditures	-	148,807
	119,740	283,804
Loss for the year	(71,259)	(251,319)
Deficit at beginning of year	(454,710)	(203,391)
Deficit at end of year	$ (525,969)	$(454,710)
Loss per share	$ (0.02)	$ (0.08)

See accompanying notes to financial statements

CRAZY HORSE INDUSTRIES INC.
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED JULY 31, 1997

	1997	1996
Net inflow (outflow) of cash related to the following activities:		
Operations		
Net loss for the period	$ (71,259)	$(251,319)
Add non cash items		
Depletion	29,600	44,847
Writedown of resource property	-	148,807
	(41,659)	(57,665)
Changes in non-cash operating working capital		
Increase in accounts receivables	(62,701)	(28,282)
Decrease (increase) in goods and services tax receivable	16,603	(18,209)
Increase (decrease) in accounts payable and accrued liabilities	(57,841)	75,369
	(103,939)	28,878
	(145,598)	(28,787)
Investing Activities		
Purchase of oil and gas property	(46,000)	-
Oil and gas property expenditures	(134,042)	(193,654)
	(180,042)	(193,654)
Financing Activities		
Sale of oil and gas property	62,916	-
Share subscriptions received	(131,250)	131,250
Issue of shares for cash	213,625	384,000
	145,291	515,250
Increase (decrease) in cash for the year	(180,349)	292,809
Cash at beginning of year	295,428	2,619
Cash end of year	$ 115,079	$ 295,428

See accompanying notes to financial statements

CRAZY HORSE INDUSTRIES INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JULY 31, 1997

1. Nature of operations and incorporation

The principle business of the Company is to explore for and develop natural resource properties.

The Company was incorporated under the Company Act of British Columbia on November 3, 1993 as 457312 B.C. Ltd. The name was changed on January 11, 1994 to Crazy Horse Industries Inc.

2. Summary of significant account policies

a. **Principles of consolidation**

The financial statements include the accounts of the Company's wholly owned subsidiary, Crazy Horse Petroleum Inc. The subsidiary was incorporated January 5, 1994 as 461589 B.C. Ltd. The name was changed on May 11, 1994 to Crazy Horse Petroleum Inc.

b. **Oil and gas properties**

The Company follows the full-cost method (as opposed to the successful efforts method) of accounting for costs of oil and gas properties whereby all costs relating to exploration and development of petroleum and natural gas are capitalized. Such costs include geological and geophysical expenditures, land acquistion costs and costs of drilling productive and non-productive wells and general and administrative costs directly related to exploration and development activities.

When production is attained these costs are depleted using the unit of production method based upon estimated proven recoverable reserves. The company applies a ceiling test to determine that the capitalized costs will be recovered from estimated net future revenues from the production of proved reserves at year end oil and gas prices. No gains or losses are ordinarily recognized upon the sale or dispostion of oil and gas properties except under circumstances which result in a major disposal of assets.

3. Investment in oil and gas properties

a. The recovery of the cost of the resource properties is dependent upon the future commercial success of the property or the proceeds from its disposition. As well, the recovery will be dependent upon the Company obtaining future financing.

c. The accounts payable includes $23,465 (1996-$20,697) which is owed to a law firm, which has partners who are shareholders. As well, the Company paid legal fees of $7,748 during the year to the same law firm.

6. Income taxes

As at July 31, 1997, the Company has losses and exploration expenses for tax purposes which may be carried forward and applied against future taxable income. These are as follows:

Operating losses of $157,871 which expire as follows:

Year	Amount
2002	$ 20,635
2003	37,922
2004	57,665
2005	41,659
	$157,871

Canadian exploration and oil and gas property expenses of $822,609 (of which $404,250 have been renounced to flow through share subscribers) which may be carried forward indefinitely.

The potential effect on future income taxes, which may result from the application of these losses and exploration and oil and gas property expense, has not been reflected in these financial statements.

Crazy Horse Industries Inc.
SCHEDULE B
Quarterly Report – July 31, 1997

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1. NON-ARM'S LENGTH EXPENDITURES

During the year expenditures to non-arms length parties were as follows:

Management fees	$15,000

2. a) SECURITIES ISSUED/ALLOCATED DURING THE PERIOD

None

b) OPTIONS GRANTED DURING THE PERIOD

None

3. SHARE CAPITAL

a) AUTHORIZED AND ISSUED CAPITAL STOCK

	No. of shares
Authorized	100,000,000
Issued and outstanding	4,152,001

b) OPTIONS AND WARRANTS OUTSTANDING

OPTIONS

Optionee	Date of Option	Expiry Date	Price	No. of Shares
David Patterson	Nov. 20, 1995	Nov. 20, 1997	$0.35	29,100
A. Michael Turko	Nov. 20, 1995	Nov. 20, 1997	0.35	25,000
John Magee	Nov. 20, 1995	Nov. 20, 1997	0.35	25,000
Maggie Matter	Nov. 20, 1995	Nov. 20, 1997	0.35	5,000
John Gray	Aug. 11, 1996	Aug. 11, 1998	0.45	78,840
				162,940

WARRANTS

Outstanding	June 11, 1996	Aug. 22, 1997 1998	$0.375/ $0.43	355,000

c) SHARES IN ESCROW OR SUBJECT TO POOLING

Escrow	750,000

d) DIRECTORS OF THE COMPANY

A. Michael Turko
David Patterson
John Magee

Crazy Horse Industries Inc.
SCHEDULE C
Quarterly Report – July 31, 1997

In the quarter ended July 31, 1997 the Company generated gross oil and gas revenues of $ 30,934 from its Arcola, White Bear and Ingoldsby oil and gas interests located in Saskatchewan. The net revenues on the wells after royalties and production expenses of $ 5,144 and $ 11,144 respectively was $ 14,646 for the quarter.

During the year the Company generated gross oil and gas revenues of $ 95,623 from these same oil and gas interests located in Saskatchewan. The net revenues on the wells after royalties and production expenses of $ 16,373 and $ 34,947 respectively was $ 44,303 for the year.

The Company has completed the equipping of the vertical well at 1-1-4-32W1 on the Ingoldsby project and began production testing during the quarter.

At July 31, 1997 the Company has $ 103,548 (1996 - $ 48,708) in working capital available.

There was a moderate increase in administrative expenses over 1996 as a result of costs incurred in the evaluation of various resource opportunities. Management is actively seeking opportunities to diversify its asset base and grow the Company.

The Company is proposing to consolidate all of its issued and authorized share capital on the basis of one new common share for up to four existing common shares and to change its name from Crazy Horse Industries Inc. to Golden Horseman Resources Ltd., or such other name chosen by the Board of Directors and as may be approved by the shareholders of the Company and the applicable regulatory authorities. Following the consolidation, the Company will increase its authorized share capital to 100,000,000 common shares without par value.

The Company undertook no investor relation activity during the quarter.

CRAZY HORSE INDUSTRIES INC.
NOTICE OF ANNUAL GENERAL MEETING OF MEMBERS

TAKE NOTICE that the Annual General Meeting (the "Meeting") of the Members of Crazy Horse Industries Inc. (the "Company") will be held in the Boardroom of Maitland & Company, Barristers & Solicitors, Suite 700, 625 Howe Street, Vancouver, British Columbia, on the 15th day of January, 1998, at 10:00 o'clock in the forenoon for the following purposes:

1. To receive the Report of the Directors.

2. To receive the Audited Financial Statements of the Company for the fiscal period ending July 31, 1997, together with the Auditor's Report thereon.

3. To appoint the Auditor for the Company, and to authorize the Directors to fix the remuneration to be paid to the Auditor.

4. To fix the number of Directors at three (3).

5. To elect Directors for the ensuing year.

6. To approve, by Special Resolution, the consolidation of the Company's share capital on the basis of one (1) new common share for up to four (4) old common shares.

7. Assuming Members approve the Special Resolution set forth in Item 6 above, to approve, by Special Resolution, an increase in the authorized capital of the Company after consolidation to 100,000,000 common shares.

8. Assuming Members approve the Special Resolution set forth in Item 6 above, to approve, as a Special Resolution, that the name of the Company be changed from Crazy Horse Industries Inc. to "Golden Horsemen Resources Inc." or such other name as may be approved by the Vancouver Stock Exchange and the Registrar of Companies.

9. To authorize the Directors, in their discretion, to re-negotiate any existing stock options and to grant options to Insiders of the Company, and/or its subsidiaries, at such price or prices and upon such terms as may be acceptable to the Vancouver Stock Exchange, and to ratify and approve the grant and exercise of any stock options granted to Insiders otherwise than pursuant to a prior authorization of Members.

10. To authorize the Directors, in their discretion, to re-negotiate any existing stock options and to grant options to permitted consultants of the Company and/or its subsidiaries, at such price or prices and upon such terms as permitted under British Columbia Securities Commission Blanket Order & Ruling #96/15 and by the policies of the Vancouver Stock Exchange, and to ratify and approve the grant and exercise of any stock options granted to consultants other than pursuant to a prior authorization of Members.

11. To transact such other business as may be brought before the Meeting.

A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead. If you are unable to attend the Meeting in person, please read the Notes accompanying the Instrument of Proxy enclosed and then complete and return the Proxy within the time set out in the Notes. As set out in the Notes, the enclosed Instrument of Proxy is solicited by Management, but you may amend it, if you so desire, by striking out the names listed therein and inserting in the space provided the name of the person you wish to represent you at the Meeting.

DATED at Vancouver, British Columbia, this 9th day of December, 1997.

BY ORDER OF THE BOARD

"DAVID M. PATTERSON"

David M. Patterson, President

CRAZY HORSE INDUSTRIES INC.

INFORMATION CIRCULAR
FOR THE 1997 ANNUAL GENERAL MEETING OF MEMBERS

This information is given as of December 9, 1997

SOLICITATION OF PROXIES

This Information Circular is furnished in connection with the solicitation of proxies by the Management of Crazy Horse Industries Inc. (the "Company") for use at the Annual General Meeting (the "Meeting") of the Members of the Company, to be held at the time and place and for the purposes set forth in the accompanying Notice of Meeting and at any adjournment thereof.

PERSONS OR COMPANIES MAKING THE SOLICITATION

The enclosed Instrument of Proxy is solicited by Management. Solicitations will be made by mail and possibly supplemented by telephone or other personal contact to be made without special compensation by regular officers and employees of the Company. The Company may reimburse Members' nominees or agents (including brokers holding shares on behalf of clients) for the cost incurred in obtaining authorization from their principals to execute the Instrument of Proxy. No solicitation will be made by specifically engaged employees or soliciting agents. The cost of solicitation will be borne by the Company. None of the Directors of the Company have advised that they intend to oppose any action intended to be taken by Management as set forth in this Information Circular.

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the accompanying Instrument of Proxy are Directors or Officers of the Company. **A Member has the right to appoint a person to attend and act for him on his behalf at the Meeting other than the persons named in the enclosed Instrument of Proxy. To exercise this right, a Member shall strike out the names of the persons named in the Instrument of Proxy and insert the name of his nominee in the blank space provided, or complete another Instrument of Proxy. The completed Instrument of Proxy should be deposited with the Company's Registrar and Transfer Agent, Pacific Corporate Trust Company, at Suite 830, 625 Howe Street, Vancouver, British Columbia, V6C 3B8 (Fax: 689-8144) or with the Registered Office of the Company, c/o Maitland & Company, Barristers & Solicitors, at Suite 700, 625 Howe Street, Vancouver, British Columbia, V6C 2T6 (Fax: 681-3896), at least 48 hours before the time of the Meeting or any adjournment thereof, excluding Saturdays and holidays.**

The Instrument of Proxy must be dated and be signed by the Member or by his Attorney in writing, or, if the Member is a corporation, it must either be under its common seal or signed by a duly authorized officer.

In addition to revocation in any other manner permitted by law, a Member may revoke a Proxy either by (a) signing a Proxy bearing a later date and depositing it at the place and within the time aforesaid, or (b) signing and dating a written notice of revocation (in the same manner as the Instrument of Proxy is required to be executed as set out in the notes to the Instrument of Proxy) and either depositing it at the place and within the time aforesaid or with the Chairman of the Meeting on the day of the Meeting or on the day of any adjournment thereof, or (c) registering with the Scrutineer at the Meeting as a Member present in person, whereupon such Proxy shall be deemed to have been revoked.

VOTING OF SHARES AND EXERCISE OF DISCRETION OF PROXIES

On any poll, the persons named in the enclosed Instrument of Proxy will vote the shares in respect of which they are appointed and, where directions are given by the Member in respect of voting for or against any resolution, will do so in accordance with such direction.

In the absence of any direction in the Instrument of Proxy, it is intended that such shares will be voted in favour of the motions proposed to be made at the Meeting as stated under the headings in this Information Circular. The Instrument of Proxy enclosed, when properly signed, confers discretionary authority with respect to amendments or variations to any matters which may properly be brought before the Meeting. The enclosed Instrument of Proxy does not confer authority to vote for the election of any person as a Director of the Company other than for those persons named in this Information Circular. At the time of printing of this Information Circular, the Management of the Company is not aware that any such amendments, variations or other matters are to be presented for action at the Meeting. However, if any other matters which are not now known to the Management should properly come before the Meeting, the Proxies hereby solicited will be exercised on such matters in accordance with the best judgment of the nominee.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

On December 9, 1997, 4,152,001 common shares without par value were issued and outstanding, each share carrying the right to one vote. At a General Meeting of the Company, on a show of hands, every Member present in person shall have one vote and, on a poll, every Member shall have one vote for each share of which he is the holder.

Only Members of record on the close of business on the 9th day of December, 1997 who either personally attend the Meeting or who complete and deliver an Instrument of Proxy in the manner and subject to the provisions set out under the heading "Appointment and Revocation of Proxies" will be entitled to have his or her shares voted at the Meeting or any adjournment thereof.

To the knowledge of the Directors and Senior Officers of the Company, only the following own, directly or indirectly, or exercise control or direction over, shares carrying more than 10% of the voting rights attached to all outstanding shares of the Company:

Name of Member	Number of Shares	Percentage of Issued and Outstanding Shares
A. Michael Turko	616,000 (1)	14.8%
David M. Patterson	467,501	11.3%

(1) Of these shares 493,000 are owned by Starbright Energy Ltd., a company controlled by A. Michael Turko, a Director of the Company.

The above information was provided by Management of the Company and the Registrar and Transfer Agent of the Company as of December 9, 1997.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Other than as disclosed elsewhere in this Information Circular, none of the Directors or Senior Officers of the Company, no proposed nominee for election as a Director of the Company, none of the persons who have been Directors or Senior Officers of the Company since the commencement of the Company's last completed financial year and no associate or affiliate of any of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting.

INTEREST OF INSIDERS IN MATERIAL TRANSACTIONS

Other than as set out elsewhere in this Information Circular, no insider, no proposed nominee for election as a Director of the Company and no associate or affiliate of any such insider or proposed nominee, has any material interest, direct or indirect, in any material transaction since the commencement of the Company's last financial year or in any proposed transaction, which, in either case, has materially affected or will materially affect the Company.

STATEMENT OF EXECUTIVE COMPENSATION

A. Executive Officers of the Company

For the purposes of this Information Circular, "executive officer" and "named executive officer" of the Company have the meanings given to them in Form 41 of the *Securities Act* (British Columbia). The term "SAR" used herein refers to Stock Appreciation Rights for the period August 1, 1996 to July 31, 1997.

Summary Compensation Table

Name and Principal Position	Financial Year Ended July 31	Annual Compensation			Long Term Compensation			All Other Compensation
		Salary ($)	Bonus ($)	Other Annual Compensation ($)	Awards		Payouts	
					Securities Under Options/ SARs Granted (#)	Restricted Shares or Restricted Share Units ($)	LTIP Payouts ($)	
David M. Patterson	1997	nil	nil	nil	nil	nil	nil	nil
Chief Executive Officer,	1996	nil	nil	$8,000(1)	179,100	nil	nil	nil
President, Chief Financial Officer & Director	1995	nil	nil	nil	nil	nil	nil	nil

(1) This sum represents management fees paid to Palladin Equity Corp., a private company of which Mr. Patterson is President.

During the most recently completed financial year ended July 31, 1997, the Company did not make any long-term incentive plan awards to its Directors, officers or employees nor did the Company have a pension plan for its Directors, officers or employees.

B. Directors of the Company

Other than compensation paid to David M. Patterson and as disclosed above under the heading "Executive Officers of the Company", only Starbright Energy Ltd. a company controlled by A. Michael Turko, a Director of the Company, received any cash compensation, ($12,000 in management fees), directly or indirectly, for services rendered during the most recently completed financial year of the Company. The Company does not have any non-cash compensation plans for its Directors and it does not propose to pay or distribute any non-cash compensation during the current financial year.

C. Options to Purchase Securities

During the Company's most recently completed financial year ended July 31, 1997 the Company has not granted any stock options to Directors or Officers. During the Company's most recently completed financial year ended July 31, 1997 Directors and Officers exercised the following stock options:

Aggregated Option/SAR Exercises During the Most Recently Completed Financial Year and Financial Year-End Option/SAR Values

Name	Securities Acquired on Exercise (#)	Aggregate Value Realized ($)	Unexercised Options/SARs at FY-End (#) Exercisable/ Unexercisable	Value of Unexercised in-the-Money Options/SARs at FY-End ($) Exercisable/ Unexercisable
Maggie Matter	5,000	$0.35	5,000	$1,750
David M. Patterson	150,000	$0.35	29,100	$10,185

During the Company's most recently completed financial year ended July 31, 1997, there were no SAR or stock option repricings.

D. Related Party Transactions

1. During the fiscal year the Company, through August Resources Ltd. , a company owned by two directors of the Company and which was party to the original Farmout Agreement, sold its 3.56% interest in wells located in Neilburg, Saskatchewan to a third party for net proceeds of $69,225 of which $24,450 remains due to the Company from August Resources Ltd.

2. During the last fiscal year ending July 31, 1997, the Company purchased a 24% interest in two oil and gas wells located in Whitebear, Saskatchewan from Wheat Hills Resources Inc. The Company and Wheat Hills Resources Inc. have directors in common, namely David M. Patterson and A. Michael Turko.
3. The Company's accounts payable, as at July 31, 1997, include the sum of $23,465 which is owed to the lawfirm Maitland & Company, of which the partners Michael L. Seifert and Ross C. McCutcheon are shareholders of the Company. As well, the Company paid legal fees of $7,748 during the year to Maitland & Company.

INDEBTEDNESS OF DIRECTORS AND SENIOR OFFICERS

None other Directors or Senior Officers of the Company or any associates or affiliates of the Company, are or have been indebted to the Company at any time since the beginning of the last completed financial year of the Company.

PARTICULARS OF MATTERS TO BE ACTED UPON

A. Election of Directors

The persons named in the enclosed Instrument of Proxy intend to vote in favour of fixing the number of Directors at three (3). Although Management is only nominating three (3) individuals to stand for election, the names of further nominees for Directors may come from the floor at the Meeting. Advance Notice of the Annual General Meeting was published pursuant to section 111 of the *Company Act* in The Vancouver Province on Wednesday, November 5, 1997 and no nominations for Directors were received from the Members of the Company.

Each Director of the Company is elected annually and holds office until the next Annual General Meeting of the Members unless that person ceases to be a Director before then. In the absence of instructions to the contrary, the shares represented by Proxy will, on a poll, be voted for the nominees herein listed. **Management does not contemplate that any of the nominees will be unable to serve as a Director.**

The following table sets out the names of the persons to be nominated for election as Directors, the positions and offices which they presently hold with the Company, their respective principal occupations or employments during the past five years if such nominee is not presently an elected Director and the number of shares of the Company which each beneficially owns, directly or indirectly, or over which control or direction is exercised as of the date of this Information Circular:

Name and Residence of Proposed Directors and Present Offices Held	Principal Occupation	Number of Shares
DAVID M. PATTERSON West Vancouver, B.C. **Chief Executive Officer, President, Chief Financial Officer & Director**	C.E.O of Donner Minerals Ltd.	467,501
A. MICHAEL TURKO West Vancouver, B.C. **Director**	Petroleum Geologist. President of Starbright Energy Ltd., August Resources Ltd. and Buffalo Mines Ltd.	616,000(1)
THOMAS J. MAGEE Vancouver, B.C. **Director**	Director and officer of several junior resource companies.	402,000

(1) Of these shares, 493,000 are owned by Starbright Energy Ltd. a company controlled by Mr. Turko Of these shares 493,000 are owned by Starbright Energy Ltd., a company controlled by A. Michael Turko, a Director of the Company.

The above information was provided by Management of the Company.

David M. Patterson was appointed to the Board of Directors on November 3, 1993, A. Michael Turko was appointed to the Board on June 15, 1994, and Thomas J. Magee was appointed to the Board on August 9, 1995.

Pursuant to the provisions of the *Company Act* of British Columbia, the Company is required to have an Audit Committee which, at the present time, is comprised of Messrs. Patterson, Turko and Magee.

B. Appointment of Auditor

The persons named in the enclosed Instrument of Proxy will vote for the appointment of Russell & Company, Chartered Accountants, of 2892 Mathers Avenue, West Vancouver, British Columbia, V7V 2J9, as Auditor of the Company for the ensuing year, until the close of the next Annual General Meeting of the Members at a remuneration to be fixed by the Directors. Russell & Company was appointed to the position of Auditor of the Company on March 31, 1994.

C. Consolidation of Share Capital

The average monthly market values of the Company's shares as traded through the Vancouver Stock Exchange during the past six months are as follows:

Month	High	Low
June	$0.85	$0.50
July	$0.60	$0.33
August	$0.42	$0.31
September	$0.38	$0.30
October	$0.52	$0.30
November	$0.42	$0.35
December (1st to 8th)	$0.42	$0.35

It is the opinion of Management that further equity financing will be required in order for the Company to meet its working capital requirements and to fund any further acquisitions. It is Managements' further opinion that a consolidation of the Company's share capital of up to four (4) old common shares for one (1) new common share is required in order to attract new equity investment in the Company whether it be through private or public markets.

Assuming a consolidation on a four (4) for one (1) basis, Members will be asked to approve the following:

> **RESOLVED**, by Special Resolution, that the Company amend its Memorandum by consolidating all of the Fifty Million (50,000,000) common shares without par value, of which 4,152,001 common shares are issued and outstanding, into, no less than Twelve Million, Five Hundred Thousand (12,500,000) common shares without par value, of which, no less than 1,038,000 shares will be issued and outstanding, up to every four (4) old common shares without par value being consolidated into one (1) new common share without par value and that paragraph 2 of the Company's Memorandum be altered to read as follows:
>
> 2. The authorized capital of the Company consists of no less than Twelve Million, Five Hundred Thousand (12,500,000) common shares without par value.

The Memorandum as altered is attached hereto as Schedule "A". In the event Members do not approve this Special Resolution, then the Company will not proceed with the consolidation of its share capital. **Management of the Company recommends that Members approve this Special Resolution.**

D. Increase in Authorized Share Capital

After the consolidation of the Company's shares, the authorized share capital of the Company will be, no less than, 12,500,000 common shares without par value of which a total of, no less than, 1,038,000 common shares will be issued and outstanding. Assuming that Members approve the consolidation of the Company's share capital on a four (4) for one (1) basis as described under Item C hereof, and in anticipation of the Company's future requirements for equity financing, Members will be asked to approve a Special Resolution increasing the authorized capital of the Company as follows:

> **RESOLVED**, by Special Resolution, that the Memorandum of the Company be altered by increasing the authorized capital of the Company, which presently consists of 12,500,000 common shares without par value, of which 1,038,000 shares are issued and outstanding, to 100,000,000 common shares without par value, of which 1,038,000 shares will be issued and outstanding, all shares issued and unissued ranking pari passu, and that paragraph 2 of the Company's Memorandum be altered to read as follows:
>
> 2. The authorized capital of the Company consists of One Hundred Million (100,000,000) common shares without par value.

The Memorandum as altered is attached hereto as Schedule "A". In the event that Members do not approve this Special Resolution, the Company will not increase its authorized share capital. **Management of the Company recommends that the Members approve this Special Resolution.**

E. Change of Name

The policies of the Vancouver Stock Exchange require that a reporting company change its name upon consolidation of its share capital. The Company proposes to change its name to "Golden Horsemen Resources Inc." or such other name as may be approved by the Vancouver Stock Exchange and the Registrar of Companies. Assuming Management proceeds with a change of the Company's name to Golden Horsemen Resources Inc., Members will therefore be asked to approve the following Special Resolution:

> **RESOLVED**, by Special Resolution, that the Memorandum of the Company be altered by changing the name of the Company to "Golden Horsemen Resources Inc." and that paragraph 1 of the Company's Memorandum be altered to read as follows:
>
> 1. The name of the Company is Golden Horsemen Resources Inc.
>
> or such other name as may be approved by the Vancouver Stock Exchange and the Registrar of Companies

Assuming Members approve the name Golden Horsemen Resources Inc., the Memorandum as altered will in the form as set out in Schedule "A" hereto. In the event that the Members do not approve this Special Resolution, then the Company will not proceed with a change of its name or with the consideration of its share capital referred to under Item C. **Management of the Company recommends that the Members approve this Special Resolution.**

F. Granting of Incentive Stock Options to Insiders

Members will be asked to authorize the Directors, in their discretion, to re-negotiate any existing stock options and to grant options to Insiders (as defined below) of the Company and/or its subsidiaries, at such price or prices and upon such terms as may be acceptable to the Vancouver Stock Exchange (the "Exchange"), and to ratify and approve the grant and exercise of any stock options granted to Insiders otherwise than pursuant to a prior Member authorization. Exchange Listing Policy Number 23 (the "Policy") outlines the requirements and procedures associated with the granting of incentive stock options which include, among other things, that approval of the Members be provided prior to the exercise of stock options granted to "Insiders" of the Company.

For the purposes of the Policy, an "Insider" is a Director or Senior Officer of the Company, a director or senior officer of a person that is itself an Insider or subsidiary of the Company, or a person whose control, or direct or indirect beneficial ownership, or a combination of that control and ownership, over securities of the Company extends, not counting securities in respect of which he is acting as an underwriter in the course of a distribution, to securities carrying more than 10% of the voting rights attached to all the Company's outstanding voting securities. Reference should be made to the Policy for further details.

In the event Members do not approve this resolution, then any options, which may be granted to Insiders following the Meeting, will not be exercisable until approval of the Members is received to the granting of such options at some future General Meeting of the Members. **The Board of Directors recommend that the Members of the Company approve this resolution.**

G. Granting of Incentive Stock Options to Consultants

Members will be asked to authorize the Directors, in their discretion, to re-negotiate any existing stock options or to grant stock options to permitted consultants (as defined in British Columbia Securities Commission Blanket Order & Ruling #96/15 ("BOR#96/15")) of the Company and/or its subsidiaries, at such price or prices and upon such terms as permitted under BOR#96/15 and as may be acceptable to the Exchange, and to ratify and approve the grant and exercise of any stock options granted to permitted consultants other than pursuant to a prior Member authorization. BOR#96/15 outlines the requirements and procedures associated with the granting of stock options to permitted consultants which include, among other things, that approval of disinterested Members be provided prior to the exercise of stock options granted to a permitted consultant who is a related person (as defined in BOR#96/15).

In the event Members do not approve this resolution, then any stock options which may be granted to a permitted consultant will not be exercisable until approval of the Members is received to the granting of such options at some future General Meeting of the Members. **The Board of Directors recommend that the Members of the Company approve this resolution. As required by BOR#96/15, common shares of the Company beneficially owned by related persons will be excluded from voting on this resolution.**

Management knows of no other matters to come before the Meeting other than those referred to in the Notice of Meeting. Should any other matters properly come before the Meeting, the shares represented by the Instrument of Proxy solicited hereby will be voted on such matters in accordance with the best judgment of the persons voting by proxy.

DATED at Vancouver, British Columbia, this 9th day of December, 1997.

BY ORDER OF THE BOARD

"DAVID M. PATTERSON"

David M. Patterson, President