

**IN THE MATTER OF THE PROPOSAL OF
RICHARD WILLIAM WARKE
BUSINESSMAN OF THE MUNICIPALITY OF WEST VANCOUVER,
IN THE PROVINCE OF BRITISH COLUMBIA.**

STATEMENT OF PROJECTED REALIZATION AND DISTRIBUTION

	<u>BANKRUPTCY</u>	<u>PROPOSAL</u>
<u>REALIZATION</u>		
Shares - Augusta Capital Corporation (Note 1)	\$ Unknown	\$ - Nil
Nesbitt Burns R.R.S.P. (Note 1)	Unknown	Nil
Household Furniture	3,500	Nil
Payments by Bankrupt (Note 2)	9,000	Nil
Payments under Conditional Discharge (Note 2)	36,000	Nil
Payment Under Proposal (Note 3)	Nil	300,000
Interest on Mortgage (Note 3)	<u>Nil</u>	<u>114,250</u>
 Total Realization	 <u>48,500</u>	 <u>414,250</u>
<u>DISBURSEMENTS</u>		
Income tax liability (Note 1)	Unknown	Nil
Trustee's fees, costs and taxes	25,000	15,000
Preferred creditors	<u>Nil</u>	<u>Nil</u>
 Total Disbursements	 <u>25,000</u>	 <u>15,000</u>
 AVAILABLE TO UNSECURED CREDITORS	 <u>\$ 23,500</u>	 <u>\$ 399,250</u>
<u>UNSECURED CLAIMS</u>		
Per Statement of Affairs (Note 4)	\$ 892,600	\$ 892,600
Plus: contingent claims (Note 4)	<u>Nil</u>	<u>Nil</u>
 Total Unsecured Claims	 <u>\$ 892,600</u>	 <u>\$ 892,600</u>
 ESTIMATED DISTRIBUTION	 <u>2.60%</u>	 <u>44.70%</u>

NOTES TO THE STATEMENT OF PROJECTED REALIZATION AND DISTRIBUTION

- Mr. Warke owns 100% of Augusta Capital Corporation ("Capital Corp."), a private company, which owns securities in related public companies. The realizable value of Mr. Warke's shares in Capital Corp. depends on several factors, including Mr. Warke's ability to remain as an Officer and Director of the public companies. The net realization from the sale of Mr. Warke's interest in Capital Corp. is further reduced by income tax considerations. At the time of writing this report the gross value of the securities owned by Capital Corp. is as follows:

Security	Bid Price	Number of shares	Gross value
Augusta Gold Corporation	0.05	1,362,000	68,100
Augusta Metals Incorporated	0.10	192,200	19,220
Augusta Resources Corporation	0.10	674,900	<u>67,490</u>
Total Gross Value			\$ <u>154,810</u>

- Given Mr. Warke's current net income of \$5,040 per month and his family size, we have estimated that Mr. Warke would be required to contribute \$1,000 per month to the Trustee for the benefit of his creditors. In addition to these payments Mr. Warke may be subject to a Conditional Order of Discharge, which we have estimated at \$36,000.

These amounts assume Mr. Warke's income will remain unchanged in a bankruptcy, and that a Court supports a Conditional Order of Discharge in the amount of \$36,000.

- Mr. Warke's proposal provides for a third mortgage in the amount of \$300,000 to be provided by Mrs. Warke on her residence. The appraised value of Mrs. Warke's property at May, 1998 was \$2,200,000. Charges in priority to the third mortgage total \$1,325,000.

The third mortgage provides for simple interest at Bank of Canada Prime plus five percent per annum for the first three years and Bank of Canada Prime for the fourth and final year. Based on the present Bank of Canada Prime rate of six percent, we have calculated the following interest will accrue to the benefit of the Proposal:

Year 1	\$ 30,250
Year 2	33,000
Year 3	33,000
Year 4	<u>18,000</u>
Total	\$ <u>114,250</u>

4. It is expected that the C.I.B.C. will recover the outstanding balance of their claim from the security provided to them and will not file as an unsecured creditor in the Proposal.

Form 37

VOTING LETTER
(Paragraphs 51(1)(f) and 66.15(3)(c))

**IN THE MATTER OF THE PROPOSAL OF
RICHARD WILLIAM WARKE,
BUSINESSMAN, OF THE MUNICIPALITY OF WEST VANCOUVER,
IN THE PROVINCE OF BRITISH COLUMBIA,
AN INSOLVENT PERSON**

I, (or we) _____ (name of creditor), of _____,
(name of city, town or village), a creditor in the above matter for the sum of \$ _____, hereby
request the Trustee acting with respect to the proposal of Richard William Warke, an insolvent person, to
record my (our) vote _____ (FOR or AGAINST) the acceptance of the Proposal made on the 14th
of September, 1998.

DATED at _____ this _____ day of _____, 19____.

Witness

Individual Creditor

or

Name of Corporate Creditor

Per:

Witness

Name and Title of Signing Officer