

**British Columbia  
Securities Commission**

## **QUARTERLY REPORT**

### **Form 61 –Schedule B and C**

**Name of Issuer** – FM Resources Corp.

**For Quarter Ended** – March 31, 1999

**Date of Report** – May 31, 1999

**Issuer’s Address** - 9<sup>th</sup> Floor – 609 West Hastings Street, Vancouver, B.C. V6B 4W4

**Issuer’s Fax No.** - (604) 687-4862

**Issuer’s Telephone No.** - (604) 687-1134

**Contact Person** – Mike Bourdeau

**Contact’s Position** - President

**Contact Telephone No.** – (604) 687-1134

## **CERTIFICATE**

The three schedules required to complete this Quarterly Report are attached and the disclosure contained therein has been approved by the Board of Directors. A copy of this Quarterly Report will be provided to any shareholder who requests it.

**Director’s Signature** – “Mike Bourdeau” – Mike Bourdeau – May 31, 1999

**Director’s Signature** – “Luard Manning” – Luard Manning – May 31, 1999

## FM Resources Corp.

### Schedule B

Supplementary Information (*expressed in Canadian dollars*)

March 31, 1999

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#### Section 1

The fiscal year to date aggregate amount of expenditures made to parties not at arm's length from the issuer amounted to \$19,440. This was paid to a related company controlled by a director/officer of the Company.

#### Section 2

a) Summary of securities issued during the quarter:

| <u>Issue Date</u> | <u>Type of Security</u> | <u>Type of Issue</u> | <u>Number of shares</u> | <u>Price</u> | <u>Total Proceeds</u> | <u>Type of Consideration</u> |
|-------------------|-------------------------|----------------------|-------------------------|--------------|-----------------------|------------------------------|
| Jan 6/99          | Common                  | Private placement    | 33,334                  | \$ 0.15      | \$ 5,000              | Cash                         |

a) There were no options granted during the quarter:

#### Section 3

a) Particulars of Authorized Capital as at March 31, 1999

| <u>Class</u> | <u>Par Value</u> | <u>Number Authorized</u> | <u>Number Issued</u> | <u>Total Consideration</u> |
|--------------|------------------|--------------------------|----------------------|----------------------------|
| Common       | Nil              | 100,000,000              | 2,357,358            | \$13,285,998               |

a) Summary of options and warrants outstanding at March 31, 1999

| <u>Security Type</u> | <u>Number Outstanding</u> | <u>Price</u>   | <u>Expiry Date</u> |
|----------------------|---------------------------|--|--------------------|
| Warrants             | 36,092                    | \$ 5.20  | May 14, 1999       |
| Warrants             | 1,111                     | \$ 5.20  | October 29, 1999   |
| Warrants             | 545,866                   | \$ 0.30  | May 29, 2000       |
| Warrants             | 33,334                    | \$ 0.15/1 <sup>st</sup> year<br>\$ 0.20/2 <sup>nd</sup> year | January 6, 2001    |
| Options              | 62,500                    | \$ 6.00  | October 8, 2002    |
| Options              | 30,500                    | \$ 3.00  | November 14, 2002  |

a) There was an aggregate total of 1,123 held in escrow at March 31, 1999

b) Directors:

|                 |                       |
|-----------------|-----------------------|
| Mike Bourdeau   | Maple Ridge, B.C.     |
| Peter Bryant    | Vancouver, B.C.       |
| Luard J Manning | North Vancouver, B.C. |

William B Horie  
Alan Hubick

Richmond, B.C.  
Victoria, B.C.

## **MANAGEMENT DISCUSSION**

The persistent weakness of the gold markets continues to hamper the expedient development of the Mt. Freegold properties. Management is still confident however, that these holdings will at some point present sufficient upside potential so as to support further extensive development. We believe that the operating plans and mining methods conceived to date are still quite valid and represent the most feasible approach to the challenges presented by these properties. While remaining cognizant of the difficulties imposed by the current market environment, Management remains committed to the responsible development of the Company's holdings in the Mt. Freegold area.

## **Y2K COMPLIANCE**

The company has assessed its vulnerability to the Year 2000 ("Y2K") issue in all aspects of its business from the financial information systems to any foreseeable mechanical applications at its remote sites. A preliminary assessment suggests that there is no critical reliance on computer systems or programs that would expose the Company to any substantial Y2K problem. Dialogue and correspondence with our major suppliers indicates that their compliance programs are sufficiently advanced so as to pose little concern to the Company. The Company believes that its exposure is minimal and that the cost of addressing this issue is not significant. Because of the potentially pervasive nature of the potential difficulties posed by system failures beyond the Company's control, it is not possible however to gauge with certainty, the ultimate impact on the operations and or financial reporting capabilities of the Company.

In an effort to improve the Company's bottom line on behalf of the shareholders, management undertook a debt reduction campaign in January of 1999. Subsequent to quarter end successful negotiations with a number of our suppliers have enabled the Company to achieve a debt reduction of approximately \$45,000. Efforts aimed at additional improvements to the Company's financial position continue.

On February 17, 1999 BYG were directed by the Water Resources Branch of the Department of Indian Affairs and Northern Development to cease milling operations at the Mt. Nansen site in response to some environmental concerns. Subsequent to these developments, BYG appointed a Receiver-Manager to oversee the affairs of BYG Natural Resources Inc. effective March 23, 1999. As FM Resources Corp. envisages utilizing the Mt. Nansen facilities to "custom mill" Mt. Freegold ore, this suspension of operations will necessitate adjustments to the Company's near term approach to the development of the Mt. Freegold properties.

