RM

001472 Twin Lakes Prop.

THIS PROSPECTUS CONSTITUTES A PUBLIC OFFERING OF THESE SECURITIES ONLY IN THOSE JURISDICTIONS WHERE THEY MAY BE LAWFULLY OFFERED FOR SALE AND THEREIN ONLY BY PERSONS PERMITTED TO SELL SUCH SECURITIES.

82E/5E

NO SECURITIES COMMISSION OR SIMILAR AUTHORITY IN CANADA HAS IN ANY WAY PASSED UPON THE MERITS OF THE SECURITIES OFFERED HEREUNDER AND ANY REPRESENTATION TO THE CONTRARY IS AN OFFENCE.

82ESW011

PROPERTY FILE

PROSPECTUS **DATED: AUGUST 2, 1989**

BRENNA RESOURCES LTD.
1842 Chesterfield Avenue
North Vancouver, British Columbia
V7M 2P3

PUBLIC OFFERING - 700,000 COMMON SHARES

	Price to Public	Commission	Net Proceeds to be Received by the Company
Per Share	$0.35(1)	$ 0.05	$ 0.30
Total	$245,000	$35,000(2)	$210,000(3)

(1) The price of the Common Shares has been determined by the Company in negotiation with the Agent.
(2) The Agent has also been granted warrants to purchase up to 175,000 common shares of the Company exercisable for two years at $0.35 per share in the first year and $0.40 per share in the second year. See "Share Offering and Plan of Distribution".
(3) Before deduction of expenses of this issue estimated not to exceed $35,000.

THERE IS NO MARKET THROUGH WHICH THESE SECURITIES MAY BE SOLD.

AN INVESTMENT IN THE SHARES OF THE COMPANY MUST BE CONSIDERED SPECULATIVE. THERE HAS BEEN NO SURVEY OF THE COMPANY'S PROPERTY AND UNTIL SUCH A SURVEY IS CONDUCTED THE AREA OF BOUNDARIES OF SUCH PROPERTY COULD BE IN DOUBT. FURTHER, THE PROPERTY IN WHICH THE COMPANY HAS AN INTEREST IS IN THE EXPLORATION AND DEVELOPMENT STAGE ONLY AND IS WITHOUT A KNOWN BODY OF COMMERCIAL ORE. UPON COMPLETION OF THIS OFFERING, THE COMMON SHARES QUALIFIED BY THIS PROSPECTUS WILL REPRESENT 31.98% OF THE SHARES OF THE COMPANY THEN OUTSTANDING AS COMPARED TO 46.51% THAT WILL THEN BE BENEFICIALLY OWNED BY PROMOTERS, DIRECTORS, OFFICERS, SUBSTANTIAL SECURITY HOLDERS AND THE AGENT. BASED UPON THE OFFERING PRICE OF $0.35 PER COMMON SHARE, THE NET BOOK VALUE (AFTER PAYMENT OF THE AGENT'S COMMISSION AND ESTIMATED COSTS OF THIS ISSUE) FOR EACH OF THE 2,189,001 COMMON SHARES OF THE COMPANY THEN OUTSTANDING WOULD BE APPROXIMATELY $0.155 RESULTING IN AN IMMEDIATE DILUTION OF APPROXIMATELY $0.195 PER COMMON SHARE OR 55.8%. SEE "RISK FACTORS" FOR DETAILS OF THE SPECULATIVE NATURE OF THE SECURITIES AND DETAILS OF DILUTION.

Rcvd 10/05/89

ONE OR MORE OF THE DIRECTORS OF THE COMPANY HAS AN INTEREST, DIRECT OR INDIRECT, IN OTHER NATURAL RESOURCE COMPANIES. SEE "DIRECTORS AND OFFICERS" FOR A COMMENT AS TO THE RESOLUTION OF POSSIBLE CONFLICTS OF INTEREST.

NO PERSON IS AUTHORIZED BY THE COMPANY TO PROVIDE ANY INFORMATION OR TO MAKE ANY REPRESENTATION OTHER THAN THOSE CONTAINED IN THIS PROSPECTUS IN CONNECTION WITH THIS ISSUE AND THE SALE OF THE SECURITIES OFFERED BY THE COMPANY.

THIS PROSPECTUS ALSO QUALIFIES THE ISSUANCE OF THE AGENT'S WARRANTS TO PURCHASE UP TO 175,000 COMMON SHARES OF THE COMPANY AND THE SALE AT THE MARKET PRICE AT THE TIME OF SALE OF ANY SHARES ACQUIRED BY THE AGENT PURSUANT TO ITS GUARANTEE TO PURCHASE ANY SHARES OF THE COMPANY NOT SOLD AT THE CONCLUSION OF THE OFFERING. THE AGENT MAY SELL ANY SHARES ACQUIRED ON THE EXERCISE OF THE AGENT'S WARRANTS WITHOUT FURTHER QUALIFICATION. THE AGENT WILL RECEIVE THE PROCEEDS FROM THE SALE OF SUCH SHARES AND NONE OF THESE PROCEEDS WILL ACCRUE TO THE COMPANY. SEE "SHARE OFFERING AND PLAN OF DISTRIBUTION".

THE VANCOUVER STOCK EXCHANGE HAS CONDITIONALLY LISTED THE SECURITIES BEING OFFERED PURSUANT TO THIS PROSPECTUS. LISTING IS SUBJECT TO THE COMPANY FULFILLING ALL OF THE LISTING REQUIREMENTS OF THE VANCOUVER STOCK EXCHANGE ON OR BEFORE FEBRUARY 5, 1990, INCLUDING PRESCRIBED DISTRIBUTION AND FINANCIAL REQUIREMENTS.

WE, AS AGENT, CONDITIONALLY OFFER THESE SECURITIES SUBJECT TO PRIOR SALE, IF, AS AND WHEN ISSUED BY THE COMPANY AND ACCEPTED BY US IN ACCORDANCE WITH THE CONDITIONS CONTAINED IN THE AGENCY AGREEMENT REFERRED TO UNDER "SHARE OFFERING AND PLAN OF DISTRIBUTION".

AGENT

Canarim Investment Corporation Limited
P.O. Box 10337
Suite 2200
609 Granville Street
Vancouver, British Columbia
V7Y 1H2

EFFECTIVE DATE: AUGUST 9, 1989

TABLE OF CONTENTS

BRENNA RESOURCES LTD.

PROSPECTUS SUMMARY

The Company

Brenna Resources Ltd. (the "Company") was incorporated on February 26, 1987 in the Province of British Columbia and has an authorized capital of 20,000,000 common shares without par value of which 1,439,001 common shares are issued and outstanding. Its head office is located at 1842 Chesterfield Avenue, North Vancouver, British Columbia, V7M 2P3, and its registered and records office is located at 1500 - 885 West Georgia Street, Vancouver, British Columbia, V6C 3H7.

The Business

The Company is engaged in the business of evaluating, acquiring and developing mineral resource properties. The Company has an option to earn a 100% interest in the Property described in "Property of the Company".

The Issue

The Agent hereby offers 700,000 common shares of the Company at a price of $0.35 per share to the public through the facilities of the Vancouver Stock Exchange. The Company will net $0.30 per common share for total proceeds of $210,000 prior to deduction of offering expenses.

The Agent holds a warrant to purchase an additional 175,000 common shares of the Company at any time up to the close of business two years from the day the shares of the Company are listed, posted and called for trading on the Vancouver Stock Exchange at $0.35 per share during the first year and at $0.40 per share during the second year. See "Share Offering and Plan of Distribution".

Use of Proceeds

The estimated net proceeds to be received by the Company from the sale of the securities offered hereunder, but before exercise of the Agent's Warrants, will be $210,000. The net proceeds will be used primarily to fund an exploration program on the Property described in "Property of the Company". The balance will be added to the working capital of the Company. See "Use of Proceeds" for further particulars.

Risk Factors

Investment in the shares of the Company must be considered speculative due to the nature of the Company's business and its present stage of development. Mineral exploration and development are highly speculative and involve significant risks and, while the reward if an ore body is discovered can be substantial, few properties explored are ultimately placed into commercial production. Reference is made to the warnings on the cover of this Prospectus, the description of the Company's business and other relevant disclosure contained herein. See "Risk Factors".

Pro Forma Dilution of Investment

The net book value per share after completion of the Offering but before the exercise of any of the Agent's Warrants will be $0.155 representing a dilution of 55.8% on a fully diluted basis.

THE FOREGOING IS A SUMMARY ONLY AND SHOULD BE READ IN CONJUNCTION WITH THE MORE DETAILED INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS.

THE COMPANY

Brenna Resources Ltd. (the "Company") was incorporated on February 26, 1987 by the registration of its Memorandum and Articles under the Company Act of the Province of British Columbia. The Company maintains its head office at 1842 Chesterfield Avenue, North Vancouver, British Columbia, V7M 2P3, and its registered and records office is located at 1500 - 885 West Georgia Street, Vancouver, British Columbia, V6C 3H7.

DESCRIPTION OF THE BUSINESS

The principal business of the Company is the acquisition, exploration and development of natural resource properties of merit. The Company owns or has interests in the property described in "Property of the Company" and intends to seek and acquire additional properties worthy of exploration and development.

PROPERTY OF THE COMPANY

The Twin Lakes Property

By an agreement dated April 13, 1987, as amended by agreements dated April 13, 1987, February 15, 1989, May 5, 1989 and July 11, 1989, (the "Twin Lakes Agreement") entered into between the Company and Alec P. Davidoff of P.O. Box 492, Grand Forks, British Columbia, (the "Vendor"), the Company was granted an option to acquire 100% of the Vendor's interest in four mineral claims, all in the Osoyoos Mining Division of the Province of British Columbia, more fully described as:

Claim Name	Record Number	Expiry Date
Twin Lakes No. 1	6956	October 11, 1994
Twin Lakes No. 2	6957	October 11, 1994
Twin Lakes No. 3	6958	October 11, 1994
Twin Lakes No. 4	6959	October 11, 1994

(the "Property")

The four claims comprising the Property are two-post claims each 1,500 feet by 1,500 feet.

The claims comprising the Property were staked in 1956. Due to the existence of a federal observatory to the north of the Property, in 1959, at the request of the federal government, the government of British Columbia passed an Order-in-Council creating a government reserve on mining, placer and coal which extends far enough south to cover a large portion of the Property. The reserve does not affect the validity of the claims comprising the Property, which were staked prior to the creation of the reserve. However, the effect of the reserve is that within the area of the reserve, no additional ground may be staked adjoining the claims comprising the Property.

The Twin Lakes Agreement provides that in consideration for the acquisition of the Property, the Company is required to make the following cash payments to the Vendor:

(a) $5,000 upon execution of the Twin Lakes Agreement (which sum has been paid to the Vendor by the Company);

(b) $5,000 on November 1, 1987 (which sum has been paid to the Vendor by the Company);

(c) $10,000 on May 1, 1988 (which amount has been paid);

(d) $10,000 on or before 5 days after the Offering Day as defined in "Share Offering and Plan of Distribution";

(e) $10,000 on May 1, 1990; and

(f) $210,000 on May 1, 1991.

As further consideration for the acquisition of the Property by the Company, the Company shall issue a total of 100,000 common shares to the Vendor on the following basis:

(a) 25,000 common shares upon the issuance by the British Columbia Securities Commission of a receipt for this Prospectus;

(b) 25,000 common shares after listing of the Company's shares on the Vancouver Stock Exchange (the "Exchange") and upon the filing with the Exchange of an engineering report recommending work on the Property involving the expenditure of at least $25,000;

(c) 25,000 common shares upon the filing with the Exchange of an engineering report recommending further work on the Property involving the expenditure of at least a further $25,000, subsequent to the report and expenditure referred to above; and

(d) 25,000 common shares upon the filing with the Exchange of an engineering report recommending further work on the Property involving the expenditure of at least a further $25,000, subsequent to the report and expenditure referred to above.

If the Company fails to make any of the payments due under the Agreement, the Agreement will terminate 30 days after the Company receives notice of nonpayment, unless the payment called for in the notice is made within the 30 day period. In the event of such termination, the Company will not earn any interest in the Property and the Vendor will be entitled to retain all cash paid and shares issued prior to the termination.

The Company further agreed to make expenditures on the Property as follows:

(a) $40,000 by December 31, 1987 (which amount has been expended);

(b) $40,000 by December 31, 1988 (which amount has been expended);

(c) $100,000 by December 31, 1989; and

(d) $140,000 by December 31, 1990.

The Twin Lakes Agreement also provides that in addition to the purchase price, when the Property is brought into production the Company shall pay to the Vendor 5% of the net smelter returns. These payments shall be made annually. The first of such payments shall be made one year after the date of commencement of commercial production and subsequent payments shall be made on the anniversary of the commencement of production.

As set out in an amending agreement dated April 13, 1987 (the "Amending Agreement"), the Vendor agreed to pay a fee of 25% of the consideration outlined above to Daniel D. Geronazzo, a director of the Company, and Ronald Mellett, for their services in facilitating the Twin Lakes Agreement, by paying to each of Daniel Geronazzo and Ronald Mellett the following:

(a) $625 upon execution of the Twin Lakes Agreement (which sum has been paid);

(b) $625 on November 1, 1987 (which sum has been paid);

(c) $1,250 on May 1, 1988 (which sum has been paid);

(d) $1,250 on or before 5 days after the Offering Day as defined in "Share Offering and Plan of Distribution";

(e) $1,250 on May 1, 1990;

(f) $26,250 on May 1, 1991;

(g) 3,125 common shares of the Company upon the issuance by the British Columbia Securities Commission of a receipt for this Prospectus;

(h) 3,125 common shares of the Company after listing of the Company's shares on the Exchange and upon the filing with the Exchange of an engineering report recommending work on the Property involving the expenditure of at least $25,000;

(i) 3,125 common shares of the Company upon the filing with the Exchange of an engineering report recommending further work on the Property involving the expenditure of at least a further $25,000, subsequent to the report and expenditure referred to above;

(j) 3,125 common shares of the Company upon the filing with the Exchange of an engineering report recommending further work on the Property involving the expenditure of at least a further $25,000, subsequent to the report and expenditure referred to above; and

(k) 0.625% of the Net Smelter Returns when the Property is brought into production.

The Company has expended a total of $103,965 on exploration and development of the Property as at April 30, 1989.

A copy of the Twin Lakes Agreement and the Amending Agreement are available for inspection at the registered office of the Company, 1500 - 885 West Georgia Street, Vancouver, British Columbia, V6C 3H7, on reasonable notice during normal business hours while the primary distribution of the securities being offered under this Prospectus is in progress, and for a period of 30 days thereafter.

The Report

The Property is the subject of an engineering report dated October, 1987 (the "Report"), prepared for the Company by Alex Burton, P. Eng. and Karl E. Ricker, F.G.A.C., both of Burton Consulting Inc., of Vancouver, British Columbia. The Report is available for inspection at the registered and records office of the Company at 1500 - 885 West Georgia Street, Vancouver, British Columbia, V6C 3H7, on reasonable notice during normal business hours while the distribution of the securities offered hereunder is in progress and for 30 days thereafter. The following is taken in part from and based on reliance upon the Report.

Location and Access

The Property is in the Osoyoos Mining Division, NTS 82E/5E, Latitude is 49° 16′ and Longitude is 119° 41′.

The claims are on the north slope of Orofino Mountain. Access is from Provincial Highway 3A between Keremeos and Penticton. It is reached by taking the Twin Lakes turnoff to the south and going 3.6 km past Twin Lakes and then 8.9 km on logging roads to the workings. Under normal conditions the road can be driven by a two-wheel drive, but a four-wheel drive is preferable. The property is 400 km. by road from Vancouver and can be reached in approximately 5 hours of driving.

History of the Property

Between 1929 and 1942 the Twin Lakes Mine produced 3,470 oz. of gold from underground mining of 8,008 tons of rock for an average mill recovered grade of 0.43 oz. Au/T.

The camp which is generally called the Oro Fino Camp had two main producers, the Grandoro and the Twin Lakes. Total camp production from all the mines is 8,858 oz. Au from 24,058 tons of rock for an average grade of 0.37 oz. Au/T.

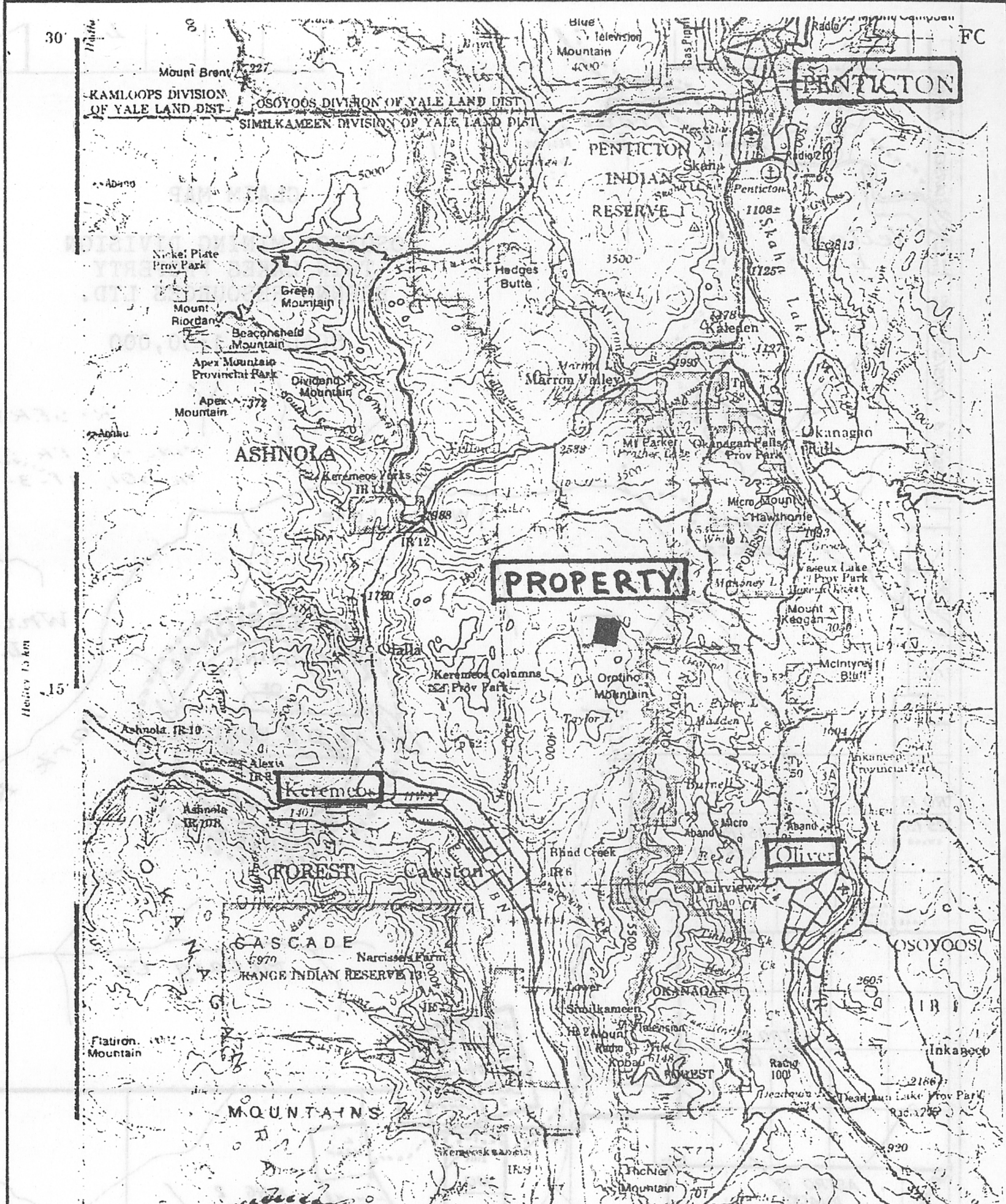
Production from the Oro Fino Camp was of smaller tonnage but much higher grade than the Fairview Camp, about 5 miles southeast. The Fairview Camp produced 16,992 oz. Au and 162,680 oz. Ag from 149,686 tons of ore for an average grade of 0.11 oz. Au/T and 1.08 oz. Ag/T. The Dividend Camp some 18 miles south of the Oro Fino Camp produced an average of 0.15 oz. Au/T ore grade.

The higher grade in the Oro Fino Camp, and the Twin Lakes Mine in particular, was offset by a more complex structure associated with the generally flat lying but high grade veins. Some veins yet undeveloped are steeply dipping.

Early production on the Property came from the Summit Shaft area where they mined flat lying, high grade veins. The minus 20 degrees Summit Shaft (winze) encountered a fault which moved the vein down.

The Number Two Shaft was probably sunk in an effort to reduce the amount of handling required from the deeper ore.

Later, a long horizontal adit was started from near the mill and driven towards the Summit Shaft area. This mill adit reached at least (275 metres) 900 feet, which is about 3/4 of the distance required. With this adit they hoped to use gravity instead of hoisting the ore and then could train the ore out to the mill without having to truck it. This would mean lower production costs.



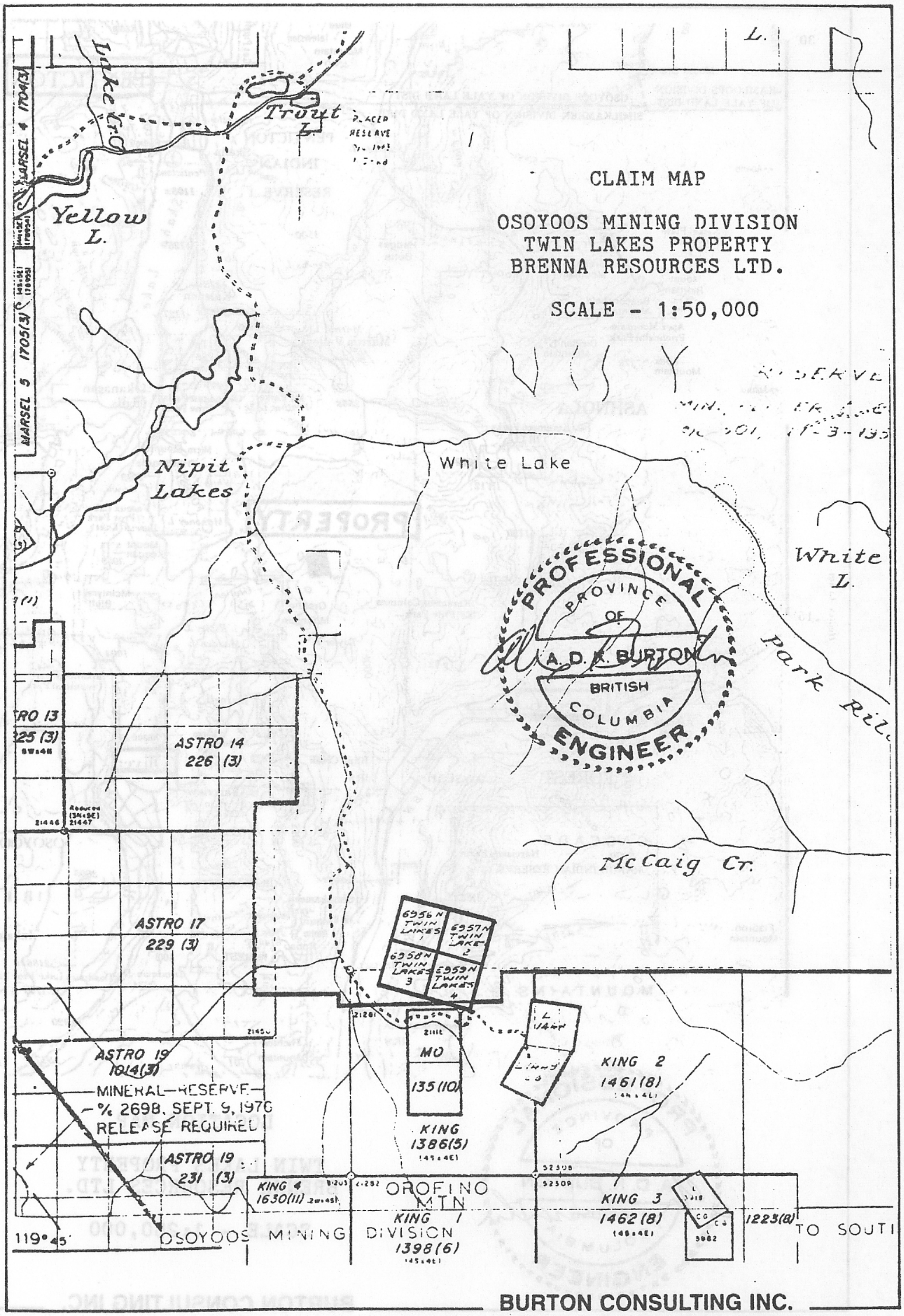
PROFESSIONAL ENGINEER
PROVINCE OF BRITISH COLUMBIA
A. D. R. BURTON

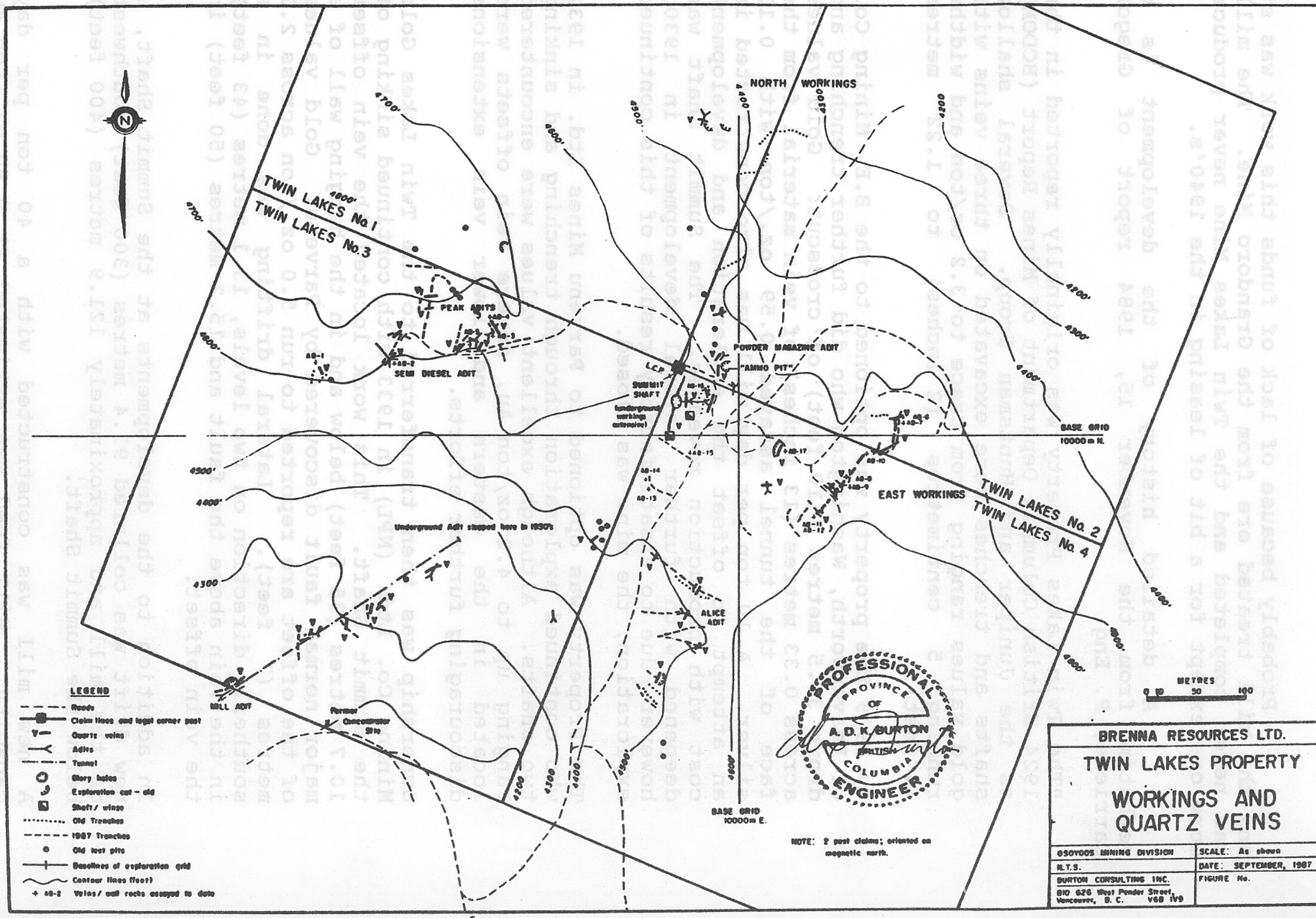
LOCATION MAP

TWIN LAKES PROPERTY
BRENNA RESOURCES LTD.

SCALE - 1:250,000

BURTON CONSULTING INC.


CLAIM MAP
OSOYOOS MINING DIVISION
TWIN LAKES PROPERTY
BRENNA RESOURCES LTD.
SCALE - 1:50,000
Trout L.
Yellow L.
Lake Cr.
Nipit Lakes
White Lake
White L.
Park Rd.
McCaig Cr.
PROFESSIONAL ENGINEER
PROVINCE OF BRITISH COLUMBIA
A. D. K. BURTON
MARSEL 4 1704(3)
MARSEL 5 1705(3)
ASTRO 13
225 (3)
ASTRO 14
226 (3)
ASTRO 17
229 (3)
ASTRO 19
1014(3)
MINERAL—RESERVE—
—% 2698, SEPT. 9, 1976
RELEASE REQUIRED
ASTRO 19
231 (3)
6956N TWIN LAKES
6957N TWIN LAKE 2
6958N TWIN LAKES 3
6959N TWIN LAKES 4
MO
135 (10)
KING
1386(5)
KING 2
1461 (8)
KING 3
1462 (8)
KING 4
1630(11)
KING 1
1398 (6)
1223(8)
OROFINO MTN
OSOYOOS MINING DIVISION
TO SOUTH
119° 45'
BURTON CONSULTING INC.


NORTH WORKINGS
TWIN LAKES No. 1
TWIN LAKES No. 3
TWIN LAKES No. 2
TWIN LAKES No. 4
PEAK ADITS
SEMI DIESEL ADIT
POWDER MAGAZINE ADIT
"AMMO PIT"
L.C.P.
SUMMIT SHAFT
(underground workings extensive)
EAST WORKINGS
BASE GRID 10000m N.
BASE GRID 10000m E.
Underground Adit stoped here in 1930's
ALICE ADIT
MILL ADIT
Former Concentrator Site
NOTE: 2 post claims; oriented on magnetic north.
METRES
LEGEND
Roads
Claim lines and legal corner post
Quartz veins
Adits
Tunnel
Glory holes
Exploration cut - old
Shaft / winze
Old Trenches
1987 Trenches
Old test pits
Baselines of exploration grid
Contour lines (feet)
AB-2 Veins / wall rocks assayed to date
PROFESSIONAL ENGINEER
PROVINCE OF BRITISH COLUMBIA
A. D. K. BURTON
BRENNA RESOURCES LTD.
TWIN LAKES PROPERTY
WORKINGS AND QUARTZ VEINS
OSOYOOS MINING DIVISION
N.T.S.
BURTON CONSULTING INC.
810 626 West Pender Street, Vancouver, B. C. V6B 1V9
SCALE: As shown
DATE: SEPTEMBER, 1987
FIGURE No.

Probably because of lack of funds this work was stopped and the mill treated ore from the Grandoro Mine. The mill adit was never completed and the Twin Lakes Mine never produced any more ore except for a bit of leasing in the 1940's.

A detailed history of the development is copied verbatim from the November 15, 1984 report of Gregory H. Carriere, P. Eng.

> "The Twin Lakes Property was originally reported in the 1924 British Columbia Department of Mines Report (BCDOM) as the Juniper and Huntsman Group. Several shallow shafts and trenches were excavated on three veins with gold values ranging from trace to 3.2 oz/ton and widths running 5 centimetres (2 inches) to 1.22 metres (4 feet).
>
> By 1929 the property was optioned to the B.E. Mining Co. of Leavenworth, Washington who did further trenching and drove 33.5 metres (110 feet) of crosscut. Gold values across 0.33 metres (13 inches) of vein material from the face of the tunnel assayed 0.59 oz./ton with 0.11 silver. A 10 ton per day mill was also constructed in an attempt to offset the exploration and development cost with production revenues. The Summit Shaft was deepened with further lateral development in 1930, however, due to unsatisfactory results of this continued exploration, the mine was closed.
>
> The Property was optioned to Parvenu Mines Ltd. in 1932 who continued exploration through trenching and sinking two shafts. Although excellent values were encountered ranging up to 4.2 oz/ton Au, severe vein offsets were located in the eastern and lower vein extensions discouraging further efforts.
>
> Ownership was then transferred to the Twin Lakes Gold Mining Co. Ltd. (NPL) in 1933 with continued sinking of the Summit Shaft. This work located the vein offset 10.7 metres (35 feet) below and in the hanging wall of a major normal fault discovered by Parvenu. Gold values of the offset are reported to run 5.0 oz./ton across 2.1 metres (7 feet). Lateral drifting was done in a southerly direction on two levels, 13.1 metres (43 feet) in the vein above the fault and 15.2 metres (50 feet) in the vein offset.
>
> In addition to the developments at the Summit Shaft, a new drift was collared 91.4 metres (300 feet) southwest of the mill and approximately 121.9 metres (400 feet) below the Summit Shaft.
>
> A new mill was constructed with a 40 ton per day capacity. Mill feed was estimated at 0.60 oz./ton Au

with some high grade material being direct shipped to a smelter.

By 1934 the Summit Shaft had been deepened to 76.2 metres (250 feet) with drifting extending 30.5 metres (100 feet) northeast and 48.8 metres (160 feet) southwest of the shaft. A connection was established with a second inclined shaft 42.7 metres (140 feet) southwest. Due to the faulting northeast of the shaft, all mill feed was obtained from above the southwest drift.

Other development included extending the Mill Adit to 274.3 metres (900 feet) and sinking 11 metres (36 feet) of shaft on a 1.5 metre (5 feet) vein 182.9 metres (600 feet) south of the Summit Shaft. No values have been reported from either of these workings.

Diamond drilling totaling 305 metres (1,000 feet) was also reported and is said to have indicated additional reserves. However, by the end of the year an option on the Grandoro Mine had been worked out and Twin Lakes workings were abandoned as the Twin Lakes Mill processed the Grandoro Ore.

Production statistics indicate that the Twin Lakes Mine was temporarily reactivated between 1940 and 1942 when a small quantity of ore was recovered. Unfortunately, no specific details are available at this time. Except for two known geochemical surveys carried out in 1973 and 1980, the property has since been dormant."

Underground and Surface Exploration

There is no underground or surface plant or equipment on the Property and there has been no underground exploration on the Property except as herein set forth. The Property is without a known body of commercial ore and the proposed program is an exploratory search for ore.

Summer 1987 Exploration Program

The Property was first examined by Burton Consulting Inc. in April, 1987. Over the summer work consisted of: surveying and establishing a grid, re-excavating old workings and additional trenching between old showings (ca 1,000 metres of excavation), magnetometer and VLF survey on a 25 X 100 metre grid, sampling and assays, and geologic grid mapping. The field program was concluded in early September.

The survey work was established in July using an EDM electronic distances measuring device which could also measure horizontal and vertical angles. The base station called 10,000 N and 10,000 E was set up in the parking area just east of the

Summit Shaft and about 60 hubs were set out from this reference point on old workings, exposed quartz veins and prominent geographic features which are visible on aerial photos. Thus the precise co-ordinates and elevation of most workings are known.

A true N grid was marked out through the claim block with every 25 metres station flagged on E-W lines 100 metres apart.

The grid lines were then traversed to take magnetometer and VLF readings. For the VLF the readings were repeated in late August on some grid lines to check the consistency of observations as well as the drift in field strength. There was little observed change in dip angle readings, but the field strengths consistently drifted 10-15% for all re-occupied stations.

During July nearly all old workings were examined with the conclusion that cave-ins over the years of abandonment necessitated re-excavation for better geologic mapping and sampling. Several hundred metres of trenching and reopening of workings was carried out during late July. This work was concluded with mapping and sampling of quartz veins, 18 samples being submitted for assay to Chemex Labs Ltd. Encouraging results from the latter spawned further work in late August.

Grid geologic mapping in late August was complemented with exploration trenching beside and between areas of previous mineral production. The Mill Adit Trench was followed northeasterly upslope with several new trenches between old pit showings. The Alice Mine and Summit Shaft were systematically trenched to the north and south and new veins were found between the Peak Workings and Semi-Diesel Adit. The grid geologic mapping, though not complete, did find a few other quartz veins and the program was concluded with 42 additional sample sites.

Geology

Late Palaeozoic, or early Mesozoic, igneous, volcanic and intrusive sequences plus sedimentary sequences are found on Orofino Mountain. Most commonly the sediments are assigned to the Shoemaker Formation of Triassic or earlier age. The Shoemaker consists of cherty sediments with some tuff and some greenstone. The igneous rocks are assigned to the slightly older Old Tom Formation which consists of greenstones, basic volcanics and some equivalent dioritic intrusives. The known veins on the Twin Lakes Property occur in the basic volcanics.

Cherty sediments or metaquartzites with minor limestone and schistose greenstone of the Shoemaker Formation occur as scattered isolated blocks throughout the Property. These are surrounded by the Old Tom diorites and metavolcanics which are the country rock.

To the west the Shoemaker and old Tom Formations are unconformably overlain by the Tertiary Penticton Group, notably the Marron Volcanics. To the north the Marron Formation is down thrown against the Mesozoic Rocks by a major east-west fault along McCaig Creek.

Cretaceous, intrusive, Vallhalla and Nelson rocks occur to the south of the Property. Acidic intrusive dykes and sills cut rocks of the Property. They often have porphyritic quartz-feldspar veins.

Mineralization

Mineralization has only been seen in the basic igneous rocks. Veins in the Summit Shaft and the Peak Zones are predominantly flat lying, narrow to moderate in thickness and variable in attitude and extent. Part of the vein in the Summit Shaft area is described as warped, probably in an anticlinal shape. In places the quartz veins contain significant sulphides, including galena, where they are rich in gold. Assays in these high grade sections can run several ounces of gold to the ton. In other places the veins are quite low grade. Some veins are clean while others have alteration zones surrounding them, especially on the footwall. Dominant directions for the veins are north-northeast and east. Quartz in the veins is fractured and inclusions of altered country rock are common. Pyrite is the most common sulphide, followed by galena, although the sulphide content is low. Rare tourmaline was seen. The quartz veins may be oxidized with black films.

Veins north and northwest of the mill are steeply dipping, nearly vertical and where seen were discontinuous in strike for the length of the exposure.

In the Summit Shaft area gold veins extend at least 25 metres in depth and likely 35 to 60 metres depending upon interpretation of old records.

The Peak Zone is 50 metres (150 feet) higher in elevation than the Summit Shaft area and is about 200 metres westerly from it. This zone has been exposed intermittently for about 150 metres in length and 50 metres in width. Total thickness of this zone is unknown, but it is similar in appearance to the Summit Shaft area.

At the Alice Mine, a thick (1.5 metre) quartz vein dips 30-45 degrees into the slope on a strike length of less than 10 metres. The workings are flooded to ground surface, but at the portal entrance the hanging wall was observed to have two lesser veins in coherent rock while the footwall is of highly oxidized diorite with manganese alteration and the presence of some sulphides. The view is cutoff by a fault to the north and trenching to the south did not reveal a thick continuation along strike.

The East Vein system strikes NE, dips gently to the north and has been traced for 200 metres.

The Oro Fino Camp, which includes the Grandoro and Twin Lakes produced 24,058 tons of ore at 0.37 oz. Au/T. The Twin Lakes Mine produced 8,008 tons at 0.43 oz. Au/T. On March 23, 1934 a ten day run at the mill produced a gold brick weighing 204 oz. from 391 tons of ore. This is a recovered grade of 0.52 oz. Au/T.

In 1932 it was reported that the shipping ore averaged about \$70/T (3.5 oz. Au/T) and the mill heads ore \$27/T (1.35 oz. Au/T). In the 1933 Minister of Mines Report it was said that the mill heads will probably average 0.60 oz. Au/T.

Eighteen character samples of various veins were taken by A. Burton. Results on Assay Certificate A8719266 ranged from 0.002 to 11.510 ounces of gold per ton and 0.01 to 1.12 ounces of silver per ton. With the exception of the 11 ounce sample the results show the gold values in the quartz veins to be in three groups. The lower group ranges from 0.02 to 0.092, the middle group from 0.108 to 0.168 and the higher group from 0.236 to 0.608 ounces per ton. These ranges are consistent with past production records.

There are no proven reserves of ore on the Claims.

<u>Recommended Program</u>

The Report then recommends that the following exploration program be conducted on the Property:

Surveying, Geological Mapping, Trenching and Sampling	\$ 40,000
Diamond Drilling (+ engineering and assays) 2,000 feet	60,000
Contingencies	10,000
TOTAL	\$110,000

RISK FACTORS

The shares offered hereby are considered speculative due to the nature of the Company's business and the present stage of its development. A prospective investor should consider carefully the following factors:

Business

The securities offered hereby are a speculative investment. Mineral exploration and development are highly speculative and involve risks and, while the rewards if an ore body is discovered can be substantial, few properties explored are ultimately placed into commercial production.

The Company presently has no producing properties and therefore its ultimate success will depend on its ability to generate cash flow from producing properties. Accordingly, the Company is not in a position to pay dividends nor has it any present plans to declare or pay dividends. The Company's activities are directed to the search for ore deposits and the development thereof. There is aggressive competition within the industry for the discovery and acquisition of properties considered to have commercial potential, and while the Company intends to use highly trained and experienced personnel (see "Directors and Officers") and sophisticated techniques, such techniques are generally available to its competitors. The Company will compete with other interests, many of which have greater financial resources than the Company, for the opportunity to participate in promising exploration projects. Significant capital investment is required to achieve commercial production from successful exploration efforts.

Locating mineral deposits depends on a number of factors, not the least of which is the technical skill of the exploration personnel involved. Whether a mineral deposit once discovered will be commercially viable also depends on a number of factors some of which are particular attributes of the deposit, such as size, grade, and proximity to infrastructure, as well as metal prices, which are highly cyclical. The prices of gold and silver have in recent years been subject to extreme fluctuations. Many mineral prices are currently depressed, reflecting the abundance of minerals and current state of the economies of the industrialized nations. Most of the above factors are beyond the control of the Company.

Dilution

Based upon the unaudited balance sheet of the Company as at April 30, 1989, the net assets are $111,394 or $0.077 per outstanding common share.

The dilution per share to the purchasers of Common Shares, calculated on the basis of net assets on an undiluted basis is shown in the following table:

	Undiluted
Offering price per Common Share	$0.35
Net book value before Offering	$0.087
Increase of net value attributable to the Offering	$0.068
Net book value after the Offering	$0.155
Dilution to subscribers	$0.195 per share
Percentage of dilution in relation to Offering price	55.8%

Upon completion of this Offering this issue will represent 31.98% of the shares then outstanding as compared to 46.51% that will then be owned by the promoters, directors, officers, substantial security holders and the Agent, issued for cash and services. Refer also to "Principal Shareholders".

Resale of Shares

THERE IS NO MARKET THROUGH WHICH THESE SECURITIES MAY BE SOLD AND THERE IS NO ASSURANCE THAT ONE WILL DEVELOP. THE CONTINUED OPERATION OF THE COMPANY WILL BE DEPENDENT UPON ITS ABILITY TO GENERATE OPERATING REVENUES AND TO PROCURE ADDITIONAL FINANCING. THERE CAN BE NO ASSURANCE THAT ANY SUCH REVENUES CAN BE GENERATED OR THAT OTHER FINANCING CAN BE OBTAINED. IF THE COMPANY IS UNABLE TO GENERATE SUCH REVENUES OR OBTAIN SUCH ADDITIONAL FINANCING, ANY INVESTMENT IN THE COMPANY MAY BE LOST. IN SUCH EVENT, THE PROBABILITY OF RESALE OF THE SHARES PURCHASED WOULD BE DIMINISHED.

SHARE OFFERING AND PLAN OF DISTRIBUTION

By an agreement (the "Agency Agreement") dated June 8, 1989, the Company appointed Canarim Investment Corporation Ltd. (the "Agent") as its Agent to offer through the facilities of the Vancouver Stock Exchange (the "Exchange") 700,000 common shares of the Company (the "Shares") at a price of $0.35 per share (the "Offering").

The Offering will be made in accordance with the rules and policies of the Exchange and on a day (the "Offering Day") determined by the Agent and the Company, with the consent of the Exchange, within a period of 180 days from the date (the "Effective Date") upon which a receipt is issued for a final prospectus for the Offering.

The Agent will receive a commission of $0.05 per Share.

The Agent has agreed to purchase from the Offering any Shares not sold at the conclusion of the Offering. In consideration therefor, the Agent will receive non-transferable share purchase warrants (the "Agent's Warrants") entitling the Agent to purchase up to 175,000 common shares of the Company at any time up to the close of business two years from the day the shares of the Company are listed, posted and called for trading on the Exchange at $0.35 per share during the first year and at $0.40 per share during the second year.

The Agent's Warrants will contain, among other things, anti-dilution provisions and provision for appropriate adjustment in the class, number and price of shares issuable pursuant to any exercise thereof upon the occurrence of certain events including any subdivision, consolidation or reclassification of the shares of the Company or the payment of stock dividends.

The Agent reserves the right to offer selling group participation, in the normal course of the brokerage business, to selling groups of other licensed broker-dealers, brokers and investment dealers, who may or may not be offered part of the commissions or bonuses derived from this Offering.

The obligations of the Agent under the Agency Agreement may be terminated at any time prior to the day the shares are listed, posted and called for trading on the Exchange at the Agent's discretion on the basis of its assessment of the state of the financial markets and upon the occurrence of certain stated events.

The Company has granted the Agent a right of first refusal to provide future equity financing to the Company for a period of 12 months from the Effective Date.

There are no payments in cash, securities or other consideration being made, or to be made, to a promoter, finder, or any other person or company in connection with the Offering.

The directors, officers and other insiders of the Company may purchase Shares from the Offering.

This Prospectus also qualifies the issuance of the Agent's Warrants and the sale at the market price at the time of sale of any shares acquired by the Agent pursuant to its guarantee to purchase any Shares of the Company not sold at the conclusion of the Offering. The Agent may sell any shares acquired on the exercise of the Agent's Warrants without further qualification. The Agent will receive the proceeds from the sale of such shares and none of these proceeds will accrue to the Company.

The Vancouver Stock Exchange has conditionally listed the securities being offered pursuant to this Prospectus. Listing is subject to the Company fulfilling all of the listing requirements of the Vancouver Stock Exchange on or before February 5, 1990, including prescribed distribution and financial requirements.

USE OF PROCEEDS

The net proceeds to be derived by the Company from the sale of the securities offered hereunder after deduction of the Agent's commission will be $210,000. These net proceeds will be expended in priority in accordance with the allocation below:

To pay the expenses of the Offering, including legal, report preparation, audit and printing, estimated at	$ 35,000
To pay for the recommended exploration program on the Property as set out in the Report	$110,000
To make the next property payment due to the Vendor as described in "Property of the Company"	$ 10,000
To provide working capital	$ 55,000
TOTAL	$210,000

Any proceeds received by the Company pursuant to any exercise of the Agent's Warrants will be allocated to the working capital of the Company.

The foregoing represents the Company's best estimate as to how the proceeds of the offering herein will be expended. However, the Company reserves the right to redirect any portion of the funds as management considers to be in the best interests of the Company, based upon circumstances as they arise.

No part of the proceeds shall be used to invest, underwrite or trade in securities other than those that qualify as investments in which trust funds may be invested under the laws of the jurisdictions in which the securities offered by this prospectus may lawfully be sold.

Should the Company intend to use the proceeds to acquire other than trustee type securities after the distribution of the securities offered by this prospectus, approval of the shareholders of the Company must first be obtained and notice of the intention filed with the regulatory securities bodies having jurisdiction over the sale of the securities offered by this prospectus.

The proceeds from the sale of securities offered by this prospectus are intended to be used for the purposes set forth above and in carrying out the above work program. The Company will not discontinue or materially depart from the recommended work program unless advised to do so in writing by an independent, qualified consulting engineer.

In the event of any such discontinuance or departure during the primary distribution of the shares offered by this prospectus, which makes untrue or misleading any statement of a material fact contained herein, an amendment to this prospectus will be filed in accordance with the requirements of the Securities Act of British Columbia. Following completion of the primary distribution of the securities offered by this prospectus, shareholders will be notified of material changes in the affairs of the Company to the extent required by and in accordance with applicable legislation and the requirements of appropriate regulatory authorities.

DESCRIPTION OF SECURITIES

The authorized capital of the Company consists of 20,000,000 shares without par value.

There are 1,439,001 common shares of the Company issued as fully paid and non-assessable shares, including 1,029,001 regular common shares and 410,000 flow-through common shares which entitled the holders thereof to certain tax benefits. See "Prior Sales".

All of the authorized shares of the Company, both issued and unissued, are common shares of the same class and once issued, rank equally as to dividends, voting powers and participation in assets. No shares have been issued subject to call or assessment. There are no pre-emptive or conversion rights and no provisions for redemption or purchase for cancellation, surrender, or sinking or purchase funds. Provisions as to the modification, amendment or variation of such rights or such provisions are contained in the Company Act (British Columbia).

SHARE AND LOAN CAPITAL STRUCTURE

The share and loan capital structure of the Company is as follows:

Designation Of Security	Amount Authorized	Amount Outstanding as of October 31, 1988	Amount Outstanding as of July 15, 1989	Amount to be Outstanding if all securities being offered are sold
Common Shares	20,000,000	1	1,439,001	2,189,001*
		($0.01)	($179,750)	($407,250)**

* After the issuance of 50,000 shares of the Company to the Vendor pursuant to the terms of the Twin Lakes Agreement (see "Property of the Company"), and before the exercise of any of the Agent's Warrants.

** Prior to deduction of estimated offering expenses.

The Company has a deficit of $68,356 as at April 30, 1989.

There are 375,000 common shares of the Company reserved for issuance pursuant to warrants and options, being 175,000 common shares pursuant to the Agent's Warrants and 200,000 common shares of the Company reserved for issuance pursuant to options to directors and employees. See "Options to Purchase Securities".

PRIOR SALES

Since the date of incorporation of the Company, a total of 1,439,001 common shares of the Company have been sold and issued for cash as follows:

Number of Shares	Price Paid Per Share	Commissions Paid	Cash Received
1*	$0.01	Nil	$ 0.01
750,000**	$0.01	Nil	$ 7,500.00
279,000	$0.25	Nil	$ 69,750.00
410,000***	$0.25	Nil	$102,500.00
1,439,001			$179,750.01

* Initial Subscriber's Share

** Principals' escrowed shares. See "Escrowed Shares".

*** Issued pursuant to CEE Share Subscription Agreements. See "Flow-Through Unit Subscription Agreements" for further particulars.

The Company will also be issuing up to 100,000 shares to the Vendor of the Property as described in "Property of the Company".

The following is a list of the insiders of the Company and their associates who purchased the shares issued for cash described above.

Insiders and Associates	Number of Shares Purchased at $0.01	Number of Shares Purchased at $0.25	Number of Flow-Through Shares Purchased at $0.25
Bruce Purcell	500,000	Nil	198,000
Jeffrey Ciachurski	250,001	70,000	Nil
Audrey Geronazzo	Nil	1,000	Nil
Ronald Mellett	Nil	3,000	Nil

Flow-Through Unit Subscription Agreements

The Company entered into Flow-Through Unit Subscription Agreements (the "Unit Flow-Through Agreements") pursuant to which persons (the "Subscribers") subscribed for a total of 410 units ("Units") of the Company at a cost per Unit of $250 for a total cost of $102,500, and the Company agreed to incur Canadian Exploration Expenses ("CEE") under the provisions of the Income Tax Act (Canada). Each Unit entitled the Subscriber to receive 1,000 shares of the Company upon the expenditure by the Company of the funds subscribed by the Subscriber for the Unit on CEE. The Company has lost the right to deduct expenses renounced as CEE against future income. The Company has expended the amount subscribed for by the Subscribers on CEE, and, accordingly, 410,000 shares have been issued pursuant to the Unit Flow-Through Agreements.

DIRECTORS AND OFFICERS

The principal business or occupation in which each of the directors and officers of the Company has been engaged during the immediate preceding five years is as follows:

Name and Address	Position With Company	Occupation
Bruce Gordon Purcell* 19902 Bonnie Ridge Way Saratoga, California U.S.A. 95070	President, Chief Executive Officer and Director	Professional Geologist; President of Purcell Rhoades & Associates (a geotechnical firm) from January 1976 to present
Rino John Manarin 301-1826 Barclay Street Vancouver, B.C. V8G 1K8	Secretary and Chief Financial Officer	Assistant to the President of Pacific Liaicon Ltd. from January 1988 to present; Project Manager for Nystrom, Lee and Kobayashi from January 1987

		to January 1988; Representative for Ocean Falls Normalization Project from June 1985 to December 1986; Operations Manager for Quesnel River Pulp Company from June 1981 to October 1984
Daniel Dominic Geronazzo* 1634 Westlake Drive Christina Lake, B.C.	Director	Barrister & Solicitor, 1960 to present
Robert Brent Alexander* 6955 Isleview Road West Vancouver, B.C.	Director	President, First Hospitality Corporation, President International Laser Tech., Dominic & Dominic (Alberta) Inc.

* Member of the Company's Audit Committee.

Some of the directors of the Company are also directors and officers of other companies engaged in the acquisition, exploration and development of resource properties. The directors are aware of their potential conflicts of interest and will deal with them in accordance with the relevant provisions of the Company Act of British Columbia.

EXECUTIVE COMPENSATION

The Company has one executive officer, being Bruce Purcell, the President, Chief Executive Officer and a Director of the Company.

The aggregate cash compensation, including salaries, fees, commissions and bonuses paid or to be paid to the executive officers of the Company during the most recently completed financial year, being October 31, 1988, is $24,000. See "Interest of Management and Others in Material Transactions" and the Notes to the Company's Financial Statements attached hereto.

There are no existing pension or retirement plans or other agreements pursuant to which cash or non-cash compensation (including bonuses, non-accountable expense allowances and commissions) was paid since the incorporation of the Company or is proposed to be paid hereafter, to the Company's executive officers apart from fees paid to Jeffrey Ciachurski, a former executive officer of the Company, referred to under "Interest of Management and Others in Material Transactions".

The directors, officers and employees of the Company hold options to purchase 200,000 common shares of the Company. Refer to "Options to Purchase Securities".

OPTIONS TO PURCHASE SECURITIES

The Company has granted options to purchase 200,000 common shares of the Company at $0.35 per share, exercisable for two years from the Effective Date of this Prospectus.

The options are held by the following:

Executive Officers (1 person)	100,000
Directors of the Company (1 person)	50,000
Employees of the Company (1 person)	50,000

The purchase price of the option shares was determined at the price of the Common Shares offered under this prospectus.

PROMOTERS

Under the definition of "promoter" contained in Section 1 of the Securities Act (British Columbia), Jeffrey Ciachurski, a former Secretary, director and Chief Financial Officer of the Company, is a promoter of the Company in that he took the initiative in founding and organizing the Company and Bruce Purcell is a promoter of the Company by virtue of having received more than 10% of the common shares of the Company.

Jeffrey Ciachurski and Bruce Purcell have received no consideration in the form of cash, shares, or otherwise from the Company for acting as promoters.

Jeffrey Ciachurski purchased 750,000 common shares of the Company at the price of $0.01 per share, which shares are held in escrow, and he has transferred 500,000 of these escrow shares to Bruce Purcell. Mr. Ciachurski also purchased 70,000 shares of the Company at $0.25 per share and one share of the Company at $0.01 per share. He also holds an option to purchase 50,000 shares of the Company as described under "Options to Purchase Securities".

Bruce Purcell has purchased 500,000 common shares of the Company from Jeffrey Ciachurski at the price of $0.01 per share, which shares are held in escrow. He has also been granted an option to purchase 100,000 shares of the Company, as described under "Options to Purchase Securities".

See also "Interest of Management and Others in Material Contracts" for details of other consideration paid to Jeffrey Ciachurski.

PRINCIPAL SHAREHOLDERS

Set forth hereunder are particulars of the principal shareholders of the Company as at the date of this prospectus who beneficially own 10% or more of the issued common shares of the Company:

Name and Address	Designation of Class	Type of Ownership	Number of Shares Owned	Percentage of Class
Bruce Gordon Purcell 19902 Bonnie Ridge Way Saratoga, California U.S.A. 95070	common	direct, of record and beneficial	698,000	48.51%
Jeffrey Joseph Ciachurski 1842 Chesterfield Avenue North Vancouver, B.C. V7M 2P3	common	direct of record and beneficial	320,001	22.24%

The number and percentage of the shares of the Company beneficially owned, directly or indirectly, by all directors and senior officers of the Company as a group is as follows:

Designation of Class	Number of Shares	Percentage of Class
common	1,018,001	70.74%

ESCROWED SHARES

Designation of Class	Number of Shares Held in Escrow	Percentage of Class
common	750,000	52.12%

As at December 12, 1988, 750,000 shares of the Company are held in escrow by Pacific Corporate Services Limited. The shares, commonly referred to as "principals' shares" in accordance with Local Policy 3-07 of the Superintendent of Brokers, were issued at the price of $0.01 per share and are currently held by Bruce Purcell, the President and a director of the Company, as to 500,000 shares and by Jeffrey Ciachurski, a former Secretary, Chief Financial Officer and director of the Company, as to 250,000 shares.

The 750,000 shares were escrowed pursuant to agreements dated January 1, 1988 and January 16, 1989. The escrow restrictions, contained in the agreements, provide that the shares may not be traded in, dealt with in any manner whatsoever, or released, nor may the Company, its transfer agent, or escrow holder make any transfer or record any trading of the shares without the consent of the Superintendent of Brokers for British Columbia (the "Superintendent") or, while the shares are listed on the Vancouver Stock Exchange (the "Exchange"), without the consent of the Exchange.

The Superintendent or Exchange may permit the release of all or a portion of the escrow shares based, among other things, upon the future success of the Company. Any shares not released at the expiration of ten years from the effective date of this prospectus will be automatically cancelled. The complete texts of the escrow agreements are available for inspection at the Company's registered office.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

As evidenced by an Amending Agreement dated April 13, 1987, Daniel D. Geronazzo, a director of the Company, and Ronald Mellett will receive from Alec P. Davidoff, the Vendor of the Twin Lakes Property, a finder's fee of 25% of the consideration under the Twin Lakes Agreement in consideration for their services in facilitating the Twin Lakes Agreement. See "Property of the Company" for further details.

By an agreement dated effective March 1, 1987, Jeffrey Ciachurski, a former Secretary, Chief Financial Officer and Director of the Company, agreed to provide administrative and corporate services to the Company for a salary of $2,000 per month. Since the date of incorporation of the Company, Jeffrey Ciachurski has received $45,800 from the Company in payment of management fees and $10,200 is presently owed by the Company to Jeffrey Ciachurski. Jeffrey Ciachurski will provide the following services to the Company:

(a) administration of the day to day affairs of the Company;

(b) aid in the negotiation and conclusion of acquisitions of resource properties worthy of exploration;

(c) aid in negotiation and conclusion of future financings of the Company as required from time to time to carry out Company business; and

(d) liasion with the Company's auditor, accountant and lawyer.

DIVIDEND POLICY

The Company has not paid any dividends since its incorporation and its Board of Directors has not established a dividend policy at the present time as the Company is not in a position to pay any dividends and does not have any present plans to declare or pay dividends.

MATERIAL CONTRACTS

The only material contracts entered into by the Company since incorporation, other than in the ordinary course of business, are as follows:

1. Agency Agreement dated June 8, 1989 between the Company and Canarim Investment Corporation Limited;

2. Acquisition Agreement dated April 13, 1987 (the "Twin Lakes Agreement") between the Company and Alec Davidoff referred to in "Property of the Company";

3. Amending Agreements dated April 13, 1987 and February 15, 1989, May 5, 1989 and July 11, 1989 between the Company and Alec Davidoff referred to in "Property of the Company";

4. Management Agreement dated November 23, 1987, effective as of March 1, 1987, between the Company and Jeffrey J. Ciachurski for administrative and corporate services, referred to in "Interest of Management and Others in Material Transactions";

5. Share Subscription Agreements, variously dated;

6. Flow-Through Unit Subscription Agreements, variously dated, referred to under "Prior Sales";

7. Registrar and Transfer Agency Agreement dated January 1, 1988 between the Company and Pacific Corporate Services Limited; and

8. Principal's Escrow Agreements dated January 1, 1988 and January 16, 1989.

Copies of the foregoing contracts may be inspected at 1500 - 885 West Georgia Street, Hongkong Bank of Canada Building, Vancouver, British Columbia, during normal business hours while primary distribution of the shares offered hereunder is in progress and for the period of 30 days thereafter.

AUDITOR

Pawluk, Johnstone, Voigt & Such
Chartered Accountants
Suite 304
545 Clyde Avenue
West Vancouver, British Columbia
V7T 1C5

REGISTRAR AND TRANSFER AGENT

Pacific Corporate Services Limited
Suite 830
625 Howe Street
Vancouver, British Columbia

PURCHASER'S STATUTORY RIGHTS

The Securities Act of British Columbia (the "Act") provides a purchaser with a right to withdraw from an agreement to purchase securities within two business days after the receipt or deemed receipt of a prospectus and further provides a purchaser with remedies for rescission or damages where the prospectus and any amendment contains a material misrepresentation or is not delivered to the purchaser prior to delivery of the written confirmation of sale or prior to midnight on the second business day after entering into the agreement but such remedies must be exercised by the purchaser within the time limit prescribed. For further information concerning these rights and the time limits within which they must be exercised the purchaser should refer to Sections 66, 114, 118 and 124 of the Act or consult a lawyer.

PAWLUK, JOHNSTONE, VOIGT & SUCH
CHARTERED ACCOUNTANTS

804 - 545 CLYDE AVENUE
WEST VANCOUVER, B.C.
V7T 1C5

TEL: (604) 922-9325
FAX: (604) 922-2695

AUDITORS' REPORT

To The Directors
Brenna Resources Ltd.

We have examined the balance sheets of BRENNA RESOURCES LTD. as at October 31, 1988 and 1987 and the statements of loss and deficit, changes in financial position and deferred exploration costs for the year ended October 31, 1988 and the period from February 26, 1987 (date of incorporation) to October 31, 1987. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company as at October 31, 1988 and 1987 and the results of operations, changes in financial position and deferred exploration costs for the periods then ended in accordance with generally accepted accounting principles consistently applied during the periods.

Pawluk, Johnstone, Voigt & Such

West Vancouver, B.C.
December 2, 1988 (Except as to Note 7
which is as at February 22, 1989)

CHARTERED ACCOUNTANTS

BRENNA RESOURCES LTD.

BALANCE SHEETS — OCTOBER 31, 1988 AND 1987

ASSETS

	1988	1987
CURRENT ASSETS:		
Cash	$ 34	$ 10,710
Cash held in trust	9,100	-
Advance receivable (Note 6)	-	12,000
Prepaid expense	-	2,000
Total current assets	$ 9,134	$ 24,710
MINERAL PROPERTY (Note 3)	20,000	5,000
DEFERRED EXPLORATION COSTS	82,937	70,217
EQUIPMENT (Note 4)	3,485	4,356
	$ 115,556	$ 104,283

LIABILITIES

	1988	1987
CURRENT LIABILITIES:		
Accounts payable	$ 19,776	$ 6,190
COMMITMENTS (Note 3)		
SHAREHOLDERS' EQUITY:		
Share capital (Note 5)	$ 145,500	$ 108,500
Deficit	(49,720)	(10,407)
	$ 95,780	$ 98,093
	$ 115,556	$ 104,283

APPROVED BY THE DIRECTORS:

Director

Director

The accompanying notes are an integral part of these balance sheets.

BRENNA RESOURCES LTD.

STATEMENTS OF LOSS AND DEFICIT

FOR THE YEAR ENDED OCTOBER 31, 1988

AND THE PERIOD FROM FEBRUARY 26, 1987

(date of incorporation) TO OCTOBER 31, 1987

	1988	1987
REVENUE:		
Interest	$ 189	$ 477
EXPENSES:		
Management fees (Note 6)	$ 19,000	$ 6,000
Legal and accounting	12,093	3,660
Travel and promotion	6,552	-
Office and rent (Note 6)	1,800	1,200
Bank charges	57	24
	$ 39,502	$ 10,884
Net loss	$ 39,313	$ 10,407
DEFICIT, beginning of period	10,407	-
DEFICIT, end of period	$ 49,720	$ 10,407

The accompanying notes are an integral part of these statements.

BRENNA RESOURCES LTD.

STATEMENTS OF CHANGES IN FINANCIAL POSITION

FOR THE YEAR ENDED OCTOBER 31, 1988

AND THE PERIOD FROM FEBRUARY 26, 1987

(date of incorporation) TO OCTOBER 31, 1987

	1988	1987
CASH PROVIDED BY (USED FOR):		
FINANCING ACTIVITIES -		
Proceeds from share issues and subscriptions	$ 37,000	$ 108,500
EXPLORATION ACTIVITIES -		
Deferred exploration costs	$ (12,720)	$ (70,217)
Item not affecting cash flow - depreciation	871	316
	$ (11,849)	$ (69,901)
Net loss	(39,313)	(10,407)
Changes in components of working capital -		
Advance receivable	12,000	(12,000)
Prepaid expense	2,000	(2,000)
Accounts payable	13,586	6,190
	$ (23,576)	$ (88,118)
INVESTING ACTIVITIES:		
Acquisition of mineral property	$ (15,000)	$ (5,000)
Purchase of equipment	-	(4,672)
	$ (15,000)	$ (9,672)
Net increase (decrease) in cash	$ (1,576)	$ 10,710
CASH, beginning of period	10,710	-
CASH ON HAND AND IN TRUST, end of period	$ 9,134	$ 10,710

The accompanying notes are an integral part of these statements.

BRENNA RESOURCES LTD.

STATEMENTS OF DEFERRED EXPLORATION COSTS

FOR THE YEAR ENDED OCTOBER 31, 1988

AND THE PERIOD FROM FEBRUARY 26, 1987

(date of incorporation) TO OCTOBER 31, 1987

	1988	1987
Geological mapping, surveying, trenching, geophysics, geochemistry and report preparation	$ 6,849	$ 59,901
Management fees (Note 6)	5,000	10,000
Depreciation	871	316
Current period deferred exploration costs	$ 12,720	$ 70,217
DEFERRED EXPLORATION COSTS, beginning of period	70,217	-
DEFERRED EXPLORATION COSTS, end of period	$ 82,937	$ 70,217

The accompanying notes are an integral part of these statements.

BRENNA RESOURCES LTD.

NOTES TO FINANCIAL STATEMENTS

OCTOBER 31, 1988 AND 1987

1. NATURE OF OPERATIONS

Brenna Resources Ltd. ("the Company") was incorporated under the Company Act, Province of British Columbia on February 26, 1987.

The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain ore reserves that are economically recoverable.

The recoverability of amounts shown for mineral properties and related deferred costs is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Mineral Property

The acquisition of mineral property is recorded at cost. Producing mineral properties will be depleted over their estimated useful lives based on a method relating recoverable resource reserves to production. Non-producing mineral properties that the Company abandons interest in will be written-off in the period of abandonment.

b) Deferred Exploration Costs

The Company capitalizes all exploration costs incurred for the purpose of acquiring and retaining resource properties or an interest therein. The accumulated costs relative to non-producing mineral properties that the Company abandons interest in will be written-off. Otherwise, the estimated costs will be depleted over the estimated useful life of the producing resource properties, based on a method relating recoverable reserves to production.

c) Depreciation

Equipment is recorded at cost and is depreciated using the declining balance method at an annual rate of 20%. One-half year's depreciation is provided in the year of acquisition.

d) Loss Per Share

Loss per share has not been calculated as it is not meaningful at this stage of the Company's operations.

3. MINERAL PROPERTY

By an agreement dated April 13, 1987, as amended, the Company has acquired four mining claims in the Osoyoos Mining Division, British Columbia, referred to as the "Twin Lake Claims". Under the agreement, the Company paid $5,000 in fiscal 1987 and $15,000 in fiscal 1988 and is committed to the following:

a) Payments of $10,000 on May 1, 1989 and May 1, 1990 and $210,000 on May 1, 1991.
b) Issuance of 100,000 shares at various stages.
c) A 5% net smelter return.

The Company has agreed to expend not less than $40,000 in 1987, $80,000 in 1988 and $100,000 in 1989 and 1990.

4. EQUIPMENT

	1988	1987
Equipment, at cost	$4,672	$4,672
Accumulated depreciation	1,187	316
	$3,485	$4,356

5. SHARE CAPITAL

a) Authorized - 20,000,000 Common shares without par value.

b) Issued and subscribed -

	1988		1987	
	Shares	Amount	Shares	Amount
Opening balance	1,154,001	$108,500	-	$ -
Issued for cash ($.01)			1	-
Subscribed, but not issued -				
For cash	136,000	34,000	836,000	29,000
Re flow-through units, for cash	12,000	3,000	318,000	79,500
Closing balance	1,302,001	$145,500	1,154,001	$108,500

The proceeds of the flow-through share issue were used in the Company's exploration program and the Company has renounced $82,500 in exploration expenses as an income tax deduction.

c) Options -
On January 2, 1988, stock options were granted to an employee of the Company. The options allow the employee the right to purchase up to 90,000 shares at a price of $.35 per share exercisable for a period of two years commencing the day the Company's planned public offering receives the approval of the regulatory authorities.

6. RELATED PARTY TRANSACTIONS

The following amounts were paid to related parties:

	1988	1987
Management fees	$ 24,000	$ 16,000
Office rent and services	$ 1,800	$ 1,200
Equipment rental	$ -	$ 2,500
Rehabilitation work	$ 4,800	$ 6,000

An advance of $12,000 was made to a related party in August 1987 in connection with rehabilitation work and was repaid in December 1987.

In connection with the acquisition of the mineral property referred to in Note 3, a Director and his law partner are to receive a fee of 25% of the consideration paid, for their services in facilitating the agreement.

7. SUBSEQUENT EVENTS

a) During the period November 1, 1988 to February 22, 1989, subscriptions were received for 57,000 Common shares and 80,000 Flow-Through Common shares for total proceeds of $34,250.

b) Effective January 12, 1989, the employee referred to in Note 5(c) agreed to terminate his option with respect to 40,000 shares of the Company and be left with an option to purchase 50,000 shares. Effective the same date, the Company granted options to an employee and a director to purchase 100,000 shares and 50,000 shares, respectively, at a price of $.35 per share for a period of two years from the effective date of the Company's prospectus.

c) On February 15, 1989, the agreement referred to in Note 3 was amended to require the Company to expend not less than $40,000 in 1987, $40,000 in 1988, $100,000 in 1989 and $140,000 in 1990.

d) Pursuant to a preliminary prospectus dated February 22, 1989, the Company has indicated its intention to issue to the public 400,000 Common shares and 300,000 Flow-Through Common shares for estimated minimum net proceeds of $210,000 after deducting the agent's commission and fee of $35,000. In consideration of the agent agreeing to purchase any shares of the Company not subscribed for upon completion of the public offering, the agent is to be granted non-transferrable share purchase warrants to purchase up to 175,000 Common shares, exercisable up to two years from the day the shares are called for trading on the Vancouver Stock Exchange, at $.35 per share in the first year and $.40 per share in the second year.

PAWLUK, JOHNSTONE, VOIGT & SUCH
CHARTERED ACCOUNTANTS

304 - 545 CLYDE AVENUE
WEST VANCOUVER, B.C.
V7T 1C5

TEL: (604) 922-9325
FAX: (604) 922-2695

REVIEW ENGAGEMENT REPORT

To The Directors of
Brenna Resources Ltd.:

We have reviewed the balance sheet of BRENNA RESOURCES LTD. (a British Columbia corporation) as at April 30, 1989 and the related statements of loss and deficit, changes in financial position and deferred exploration costs for the six months then ended. Our review was made in accordance with generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the Company.

A review does not constitute an audit and consequently we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with generally accepted accounting principles.

Pawluk, Johnstone, Voigt & Such

West Vancouver, B.C.
May 11, 1989

CHARTERED ACCOUNTANTS

BRENNA RESOURCES LTD.

BALANCE SHEET — APRIL 30, 1989

(With comparative figures as at October 31, 1988 and 1987)

ASSETS

	1989 (Unaudited)	1988 (Audited Note 8)	1987 (Audited Note 8)
CURRENT ASSETS:			
Cash	$ 544	$ 34	$ 10,710
Cash held in trust	-	9,100	-
Advance receivable (Note 6)	-	-	12,000
Prepaid expense	30,934	-	2,000
Total current assets	$ 31,478	$ 9,134	$ 24,710
MINERAL PROPERTY (Note 3)	20,000	20,000	5,000
DEFERRED EXPLORATION COSTS	103,965	82,937	70,217
EQUIPMENT (Note 4)	3,137	3,485	4,356
	$ 158,580	$ 115,556	$ 104,283

LIABILITIES

	1989 (Unaudited)	1988 (Audited Note 8)	1987 (Audited Note 8)
CURRENT LIABILITIES:			
Accounts payable	$ 43,068	$ 19,776	$ 6,190
Advance from related party (Note 6)	4,118	-	-
	$ 47,186	$ 19,776	$ 6,190
COMMITMENTS (Notes 3 and 7)			
SHAREHOLDERS' EQUITY:			
Share capital (Note 5)	$ 179,750	$ 145,500	$ 108,500
Deficit	(68,356)	(49,720)	(10,407)
	$ 111,394	$ 95,780	$ 98,093
	$ 158,580	$ 115,556	$ 104,283

APPROVED BY THE DIRECTORS:

Director

Rob Alex—L Director

The accompanying notes are an integral part of this balance sheet.

BRENNA RESOURCES LTD.

STATEMENT OF LOSS AND DEFICIT

FOR THE SIX MONTHS ENDED APRIL 30, 1989

(With comparative figures for the year ended October 31, 1988
and the period from February 26, 1987 (date of incorporation) to October 31, 1987)

	1989 (Unaudited)	1988 (Audited Note 8)	1987 (Audited Note 8)
REVENUE:			
Interest	$ 75	$ 189	$ 477
EXPENSES:			
Management fees (Note 6)	$ 10,000	$ 19,000	$ 6,000
Legal and accounting	4,932	12,093	3,660
Travel and promotion	2,325	6,552	-
Office and rent (Note 6)	1,395	1,800	1,200
Bank charges	59	57	24
	$ 18,711	$ 39,502	$ 10,884
Net loss	$ 18,636	$ 39,313	$ 10,407
DEFICIT, beginning of period	49,720	10,407	-
DEFICIT, end of period	$ 68,356	$ 49,720	$ 10,407

The accompanying notes are an integral
part of this statement.

BRENNA RESOURCES LTD.

STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE SIX MONTHS ENDED APRIL 30, 1989

(With comparative figures for the year ended October 31, 1988
and the period from February 26, 1987 (date of incorporation) to October 31, 1987)

	1989 (Unaudited)	1988 (Audited Note 8)	1987 (Audited Note 8)
CASH PROVIDED BY (USED FOR):			
FINANCING ACTIVITIES -			
Proceeds from share issues and subscriptions	$ 34,250	$ 37,000	$ 108,500
EXPLORATION ACTIVITIES -			
Deferred exploration costs	$ (21,028)	$ (12,720)	$ (70,217)
Item not affecting cash flow - depreciation	348	871	316
	$ (20,680)	$ (11,849)	$ (69,901)
Net loss	(18,636)	(39,313)	(10,407)
Changes in components of working capital -			
Advance receivable	-	12,000	(12,000)
Prepaid expense	(30,934)	2,000	(2,000)
Accounts payable	23,292	13,586	6,190
Advance from related party	4,118	-	-
	$ (42,840)	$ (23,576)	$ (88,118)
INVESTING ACTIVITIES:			
Acquisition of mineral property	$ -	$ (15,000)	$ (5,000)
Purchase of equipment	-	-	(4,672)
	$ -	$ (15,000)	$ (9,672)
Net increase (decrease) in cash	$ (8,590)	$ (1,576)	$ 10,710
CASH, beginning of period	9,134	10,710	-
CASH, end of period	$ 544	$ 9,134	$ 10,710

The accompanying notes are an integral
part of this statement.

BRENNA RESOURCES LTD.

STATEMENT OF DEFERRED EXPLORATION COSTS

FOR THE SIX MONTHS ENDED APRIL 30, 1989

(With comparative figures for the year ended October 31, 1988
and the period from February 26, 1987 (date of incorporation) to October 31, 1987)

	1989 (Unaudited)	1988 (Audited Note 8)	1987 (Audited Note 8)
Geological mapping, surveying, trenching, geophysics, geochemistry and report preparation (Note 6)	$ 18,680	$ 6,849	$ 59,901
Management fees (Note 6)	2,000	5,000	10,000
Depreciation	348	871	316
Current period deferred exploration costs	$ 21,028	$ 12,720	$ 70,217
DEFERRED EXPLORATION COSTS, beginning of period	82,937	70,217	-
DEFERRED EXPLORATION COSTS, end of period	$ 103,965	$ 82,937	$ 70,217

The accompanying notes are an integral
part of this statement.

BRENNA RESOURCES LTD.

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 1989

(Unaudited)

1. NATURE OF OPERATIONS

Brenna Resources Ltd. ("the Company") was incorporated under the Company Act, Province of British Columbia on February 26, 1987.

The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain ore reserves that are economically recoverable.

The recoverability of amounts shown for mineral properties and related deferred costs is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Mineral Property

The acquisition of mineral property is recorded at cost. Producing mineral properties will be depleted over their estimated useful lives based on a method relating recoverable resource reserves to production. Non-producing mineral properties that the Company abandons interest in will be written-off in the period of abandonment.

b) Deferred Exploration Costs

The Company capitalizes all exploration costs incurred for the purpose of acquiring and retaining resource properties or an interest therein. The accumulated costs relative to non-producing mineral properties that the Company abandons interest in will be written-off. Otherwise, the estimated costs will be depleted over the estimated useful life of the producing resource properties, based on a method relating recoverable reserves to production.

c) Depreciation

Equipment is recorded at cost and is depreciated using the declining balance method at an annual rate of 20%. One-half year's depreciation is provided in the year of acquisition.

d) Loss Per Share

Loss per share has not been calculated as it is not meaningful at this stage of the Company's operations.

3. MINERAL PROPERTY

By an agreement dated April 13, 1987, as amended, the Company has acquired four mining claims in the Osoyoos Mining Division, British Columbia, referred to as the "Twin Lake Claims". Under the agreement, the Company paid $5,000 in fiscal 1987 and $15,000 in fiscal 1988 and is committed to the following:

a) Payments of $10,000 on July 1, 1989 and May 1, 1990 and $210,000 on May 1, 1991.
b) Issuance of 100,000 shares at various stages.
c) A 5% net smelter return.

The Company has agreed to expend not less than $40,000 in 1987, $40,000 in 1988, $100,000 in 1989 and $140,000 in 1990.

4. EQUIPMENT

	1989	1988	1987
Equipment, at cost	$4,672	$4,672	$4,672
Accumulated depreciation	1,535	1,187	316
	$3,137	$3,485	$4,356

5. SHARE CAPITAL

a) Authorized - 20,000,000 Common shares without par value.

b) Issued and subscribed -

	1989		1987 and 1988	
	Shares	Amount	Shares	Amount
Opening balance	1,302,001	$145,500	-	$ -
Issued -				
For cash	57,000	14,250	972,001	63,000
Re flow-through units, for cash	80,000	20,000	330,000	82,500
Closing balance	1,439,001	$179,750	1,302,001	$145,500

The proceeds of the flow-through share issues were used in the Company's exploration program and the Company has renounced $102,500 in exploration expenses as an income tax deduction.

c) Options -

Incentive stock options have been granted to two Directors and an Employee conferring the right to purchase up to 200,000 shares at a price of $.35 per share for a period of two years from the effective date of the Company's prospectus.

6. RELATED PARTY TRANSACTIONS

The following amounts were paid to related parties:

	1989	1988	1987
Management fees	$ 12,000	$ 24,000	$ 16,000
Office rent and services	$ -	$ 1,800	$ 1,200
Equipment rental	$ -	$ -	$ 2,500
Rehabilitation work	$ 3,900	$ 4,800	$ 6,000

An advance of $12,000 was made to a related party in August 1987 in connection with rehabilitation work and was repaid in December 1987.

The advance from related party of $4,118 outstanding at April 30, 1989 is interest free and has no specified repayment terms.

In connection with the acquisition of the mineral property referred to in Note 3, a Director and his law partner are to receive a fee of 25% of the consideration paid, for their services in facilitating the agreement.

7. SUBSEQUENT EVENT

Subsequent to April 30, 1989, the Company intends to file a prospectus with the regulatory authorities of British Columbia constituting an offering to the public of 700,000 Common shares for estimated minimum net proceeds of $210,000 after deducting the agent's commission and fee of $35,000. In consideration of the agent agreeing to purchase any shares of the Company not subscribed for upon completion of the public offering, the agent is to be granted non-transferrable share purchase warrants to purchase up to 175,000 Common shares, exercisable up to two years from the day the shares are called for trading on the Vancouver Stock Exchange, at $.35 per share in the first year and $.40 per share in the second year.

8. OCTOBER 31, 1988 AND 1987 FINANCIAL STATEMENTS

The October 31, 1988 and 1987 financial statements, which are presented for comparative purposes, were examined and reported on by Pawluk, Johnstone, Voigt & Such, Chartered Accountants, under the date of December 2, 1988 (as dual dated February 22, 1989).

CERTIFICATES

DATED: August 2, 1989

THE COMPANY

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the Securities Act (British Columbia) and its regulations.

BRUCE GORDON PURCELL
Chief Executive Officer

RINO JOHN MANARIN
Chief Financial Officer

ON BEHALF OF THE BOARD:

ROBERT BRENT ALEXANDER
Director

DANIEL DOMINIC GERONAZZO
Director

THE PROMOTERS

BRUCE GORDON PURCELL

JEFFREY JOSEPH CIACHURSKI

THE AGENT

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the Securities Act (British Columbia) and its regulations.

CANARIM INVESTMENT CORPORATION LIMITED

Per:

Peter Brown