

SUPERINTENDENT OF BROKERS
AND
VANCOUVER STOCK EXCHANGE

STATEMENT OF MATERIAL FACTS

EFFECTIVE DATE: September 30, 1988

(No. 77/88)

Ltd., #205, 2900 - 30th Avenue,
Columbia, V1T 6M7, 542-8960

ADDRESS OF HEAD OFFICE AND TELEPHONE NUMBER

Georgia Street,
sh Columbia, V6E 3R3

TERED AND RECORDS OFFICES OF ISSUER

montreal trust Company, 510 Burrard Street,
Vancouver, British Columbia, V6C 3B9

NAME AND ADDRESS OF REGISTRAR & TRANSFER AGENT FOR ISSUER'S SECURITIES IN
BRITISH COLUMBIA

OFFERING:

750,000 Common Shares

	Estimated Price to Public	Estimated Agents' Commission	Estimated Proceeds to be received by Issuer
Per Share:	\$0.70	\$0.0525	\$0.6475
Total:	\$525,000	\$39,375	\$485,625

The shares will be offered for sale to the public through the facilities of the Vancouver Stock Exchange at a price to be determined by the Issuer and the Agents in accordance with the rules of the Vancouver Stock Exchange.

Agents

Canarim Investment Corporation Ltd. 2200-609 Granville St. Vancouver, B.C. V7Y 1H2	Continental Securities Tenth Floor, Four Bentall Centre 1055 Dunsmuir St. Vancouver, B.C. V7X 1L4	Georgia Pacific Securities Corporation 16th Floor, Two Bentall Ctr. Vancouver, B.C. V7X 1S6	Merit Investment Corporation 1500-625 Howe St. Vancouver, B.C. V6C 2T6	Pacific International Securities Inc. 1500-700 W. Georgia St. Vancouver, B.C. V7Y 1G1
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The securities offered hereunder are speculative in nature. Information concerning the risks involved may be obtained by reference to this document; further clarification, if required, may be sought from a broker.

PROPERTY FILE
R.M. 205

Jolly Creek 082ESW428
VICTORIA
082ESW428
GOLD STANDARD

- (b) a further \$40,000 on January 31, 1990 and thereafter on January 31 of every subsequent year until and including January 31, 1994.

The rights and obligations of the Issuer terminate at the option of the Issuer by giving notice in writing, or at the option of Morrison if the Issuer has not remedied any default in making payments as aforesaid within 30 days of receiving notice of default. In the event of termination prior to exercise of the option, the Issuer will retain no interest in the Gold Star Property and will forfeit any payments made. The Issuer would also be required to leave the Gold Star Property in good standing for not less than 12 months after termination.

In the fall and winter of 1986, the Issuer carried out a program of backhoe trenching on several parts of the Gold Star Property where anomalous gold values occurred in soils and stream sediments. This work revealed the presence of several zones of intense epithermal alteration in which the Tertiary volcanic rocks have been silicified and brecciated.

In 1987, a program of surface geological, geophysical and geochemical surveys, backhoe trenching, road building and diamond drilling was conducted by the Issuer. This work confirmed the existence of several structurally controlled zones considered to be potential hosts for epithermal precious metal mineralization. Although anomalous gold values have been obtained no ore-grade mineralization has been encountered on the Gold Star Property.

In 1988, the Issuer intends to carry out an intensive program of trenching and drilling at an estimated cost of \$220,000 to further explore this promising prospect. The funds will be allocated from the flow-through private placement with NIM & Company, Limited Partnership - 1988.

The work done on the Gold Star Property to date has not established the existence of reserves of proven, probable or possible ore, and to date, the property has no known ore reserves. The Gold Star Property is not as yet producing.

3. Jolly Creek Property, Greenwood Mining Division,
British Columbia

Pursuant to a letter agreement dated May 1, 1988 (the "Minnova Agreement") between the Issuer and Minnova Inc. ("Minnova") of P.O. Box 91, Commerce Court West, Toronto, Ontario the Issuer granted to Minnova the exclusive right and option to earn a 70% undivided interest in 7 located mineral

claims, 4 crown granted claims and certain fee simple surface rights in the Greenwood Mining Division, British Columbia, known as the Jolly Creek Property, and in the Issuer's interest under an agreement dated April 21, 1988, as amended July 7, 1988, between Arthur Hook of P.O. Box 888, Oliver, British Columbia, Cyril Heady of P.O. Box 657, Oliver, British Columbia, Conkle Lake Mines Ltd. of 8318A - 76th Avenue, Osoyoos, British Columbia (collectively called the "Owners") and the Issuer (the "Underlying Agreement") (collectively the "Interest"). In order to earn the Interest, Minnova must keep the Underlying Agreement in good standing and exercise the option to acquire a 100% right, title and interest in and to the Jolly Creek Property (the "Option"). The Issuer assigned all of its rights and obligations under the Underlying Agreement to Minnova for the purposes of permitting Minnova to exercise the Option. Should Minnova fail to exercise the Option it will lose any interest it may have in the Underlying Agreement and the Jolly Creek Property and the Minnova Agreement will terminate.

If Minnova exercises the Option and acquires the Jolly Creek Property it will have earned the Interest under the Minnova Agreement and thereafter the Jolly Creek Property will be operated as a joint venture with each of the parties' initial percentage ownership interest in the Jolly Creek Property and the Issuer's rights and interests under the Underlying Agreement ("Participating Interest") being 70% for Minnova and 30% for the Issuer.

Subject to the terms of the Minnova Agreement, Minnova will be the operator for the joint venture and until an aggregate of \$225,000 in expenditures have been incurred since the formation of the joint venture. Minnova must deliver a work plan and budget of at least \$25,000 by December 31st of each year and provide 100% of the funding.

If Minnova defaults, the Issuer is entitled to prepare and commence implementation of a work plan and budget to be not less than \$225,000 (minus the amount of expenditures incurred since the formation of the joint venture) and upon completion of this work plan and budget its Participating Interest will increase to 50% and Minnova's Participating Interest will be reduced to 50%.

The party who is operator at the end of the period wherein they have incurred an aggregate of \$225,000 in expenditures (not including expenditures incurred prior to the joint venture) on the Jolly Creek Property shall by the end of that year submit a work plan and budget to the management committee for the next succeeding year. Each party must within 30 days of receipt of a work plan and budget elect to

participate and fund its share of required expenditures. Failure to elect within this time will be deemed to be an election not to participate. In that event, if the other party makes at least 80% of expenditures contemplated, the non-contributing party's Participating Interest shall be reduced accordingly.

Should either party's Participating Interest be reduced to a percentage equal to or less than 10% then its Participating Interest will be forfeited and it will have no further interest in the Jolly Creek Property and its interest in the Jolly Creek Property will be limited to a 10% net profits royalty.

Subsequent to entering into the Minnova Agreement, the Owners, the Issuer and Minnova entered into an Assignment and Novation Agreement dated June 1, 1988 whereby the Issuer assigned all of its interest in the Underlying Agreement and the Jolly Creek Property to Minnova and Minnova agreed to be bound by, observe and perform all of the covenants and obligations of the Issuer in proportion to Minnova's percentage share of the interest it holds in the Issuer's interest under the Underlying Agreement. In addition, the Owners consented to the assignment from the Issuer to Minnova.

The Issuer was initially granted the right to examine the Jolly Creek Property by a letter agreement dated June 26, 1987 which was replaced by the Underlying Agreement. Pursuant to the Underlying Agreement the Issuer was granted the right to acquire a 100% right, title and interest in and to the Jolly Creek Property, in consideration of a \$5,000 down payment (paid), cash payments totalling \$70,000, expenditures totalling \$275,000 and a 5% net smelter return as follows:

Cash

- (a) \$10,000 on or before September 1, 1988;
- (b) \$15,000 on or before August 1, 1989;
- (c) \$20,000 on or before August 1, 1990;
- (d) \$25,000 on or before August 1, 1991;

Expenditures

- (a) \$25,000 by September 1, 1988;
- (b) an additional \$50,000 by August 1, 1989;
- (c) an additional \$100,000 by August 1, 1990;
- (d) an additional \$100,000 by August 1, 1991.

All expenditures on the Jolly Creek Property to May 1, 1988 by the Issuer are to be reimbursed to it by Minnova as a commitment to enter into the Minnova Agreement, while it is reviewing the Jolly Creek Property.

Expenditures on exploration made in excess of the commitment for that period may be carried forward and applied to reduce subsequent commitments.

Net Smelter Return

The Issuer shall pay the Owners a 5% net smelter return within 30 days after the end of each calendar quarter during the currency of the agreement.

If production from the Jolly Creek Property has not commenced on or before January 1, 1992 and the net smelter return payable to the Owners for the calendar year commencing on January 1, 1992 or in any succeeding calendar year is less than \$10,000 (each such calendar year in which the net smelter return paid to the owners is less than \$10,000 is to be known as a "Negative Year"), the Issuer will either:

- (a) pay to the Owners on or before March 31 of the next ensuing calendar year the difference between \$10,000 and the amount of the net smelter return actually payable for such Negative Year; or
- (b) incur additional exploration expenditures in the amount of at least \$25,000 prior to December 31 of such Negative Year.

The obligation of the Issuer to make minimum net smelter return payments or incur additional exploration expenditures will terminate on the commencement of production.

The Issuer may acquire at any time 100% of the Jolly Creek Property at a purchase price equal to \$500,000 less any net smelter return royalties or equivalent paid to the Owners.

The rights and obligations of the Issuer under the Underlying Agreement will terminate for failure to make the payments referred to above provided that it has the right to remedy any default within ten days of having received notice thereof. In addition, the Issuer may abandon its option at any time by serving a notice of abandonment to the Owners. In the event of termination prior to the exercise of the option, the Issuer will retain no interest in the Jolly Creek Property and will forfeit any payments made. The Issuer would be required to leave the Jolly Creek Property in good standing for one year from termination.

The Jolly Creek Property overlies a large zone of intensely faulted, altered and mineralized tuffaceous greenstone of the Permo-Triassic Anarchist Group. Within fault zones narrow fissure filling quartz veins contain significant gold values and altered greenstone contains anomalous gold values over significant widths.

The Issuer carried out a program in 1987 consisting of geological mapping and rock sampling. The results indicate that gold mineralization occurs in altered zones as well as in the veins known previously. Significant surface chip samples indicated 0.075 opt of gold in altered greenstone over a width of 3.0m, 4100 ppb of gold in altered greenstone over a width of 1.5m, 0.28 opt of gold in fault zone with quartz veining over a width of 1.0m, and 6400 ppb of gold from a rusty quartz vein over a width of 0.5m.

The Jolly Creek Property is presently being explored and managed by Minnova. In the next year Minnova plans to carry out a program consisting of geological mapping, rock sampling and geophysical surveys at an estimated cost of \$50,000. The Issuer does not intend to conduct further programs on the Jolly Creek Property in the next year.

The work done on the Jolly Creek Property to date has not established the existence of reserves of proven, probable or possible ore, and to date, the property has no known ore reserves. The Jolly Creek Property is not as yet producing.

4. Man Property, Similkameen Mining Division,
British Columbia

Pursuant to an agreement dated September 15, 1987 (the "Wynne Agreement") between Wynne and the Issuer, the Issuer was granted the right to acquire a 100% right, title and interest in and to the Man and Man 2 claims located in the Missezula Lake area in the Similkameen Mining Division of British Columbia (the "Man Property") and in an option agreement (the "Mehner Agreement") dated September 9, 1987 as amended March 10, 1988 between David T. Mehner ("Mehner") of 104 - 2000 31st Street, Vernon, British Columbia, V1T 5G9, and Wynne, in consideration of:

- (a) the assumption and performance by the Issuer of all of the obligations of Wynne under the Mehner Agreement;
- (b) the allotment and issuance of a total of 50,000 shares in the capital stock of the Issuer to Wynne as follows:
 - (i) 10,000 shares within 10 days of agreements approved by appropriate regulatory authorities (issued);
 - (ii) 15,000 shares within five business days after \$250,000 has been spent on the property; and