

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.

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.

PROSPECTUS DATED: September 22, 1987

BULLION RANGE EXPLORATION CORP. (hereinafter called the "Issuer") #905 - 885 Dunsmuir Street Vancouver, B.C.

PUBLIC OFFERING

500,000 Units, each Unit consisting of One common share and One Series "A" share purchase warrant.

Table with 4 columns: Units, Price to Public, Commission, Net Proceeds to be received by the Issuer *. Rows: Per Unit, Total.

The price of this Offering has been determined by the Issuer in negotiation with the Agents.

* Before deduction of the cost of the issue estimated not to exceed \$20,000.00.

THERE IS NO MARKET THROUGH WHICH THESE SECURITIES MAY BE

OFFERING IS SUBJECT TO A MINIMUM SUBSCRIPTION BEING ... BY THE ISSUER WITHIN 180 DAYS OF THE EFFECTIVE OCTOBER 6, 1987. FURTHER PARTICULARS OF THE SUBSCRIPTION ARE DISCLOSED ON PAGE 4 UNDER THE "SHARE OFFERING AND PLAN OF DISTRIBUTION".

USE OF THE SECURITIES OFFERED BY THIS PROSPECTUS CONSIDERED AS SPECULATION. THE PROPERTY IN WHICH USER HAS AN INTEREST IS IN THE EXPLORATION AND ... STAGE ONLY AND IS WITHOUT KNOWN RESERVES. NO ... OF ANY PROPERTY OF THE ISSUER HAS BEEN MADE AND ... RE IN ACCORDANCE WITH THE LAWS OF THE JURISDICTION ... H THE PROPERTIES ARE SITUATE, THEIR EXISTENCE AND ... ULD BE IN DOUBT. SEE ALSO PARAGRAPH "RISK FACTORS" 14.

G.A. PROPERTY FILE D. Labore 827/86 8275156 - 05

THE ISSUER'S PRICE TO THE PUBLIC PER COMMON SHARE EXCEEDS THE NET TANGIBLE BOOK VALUE PER COMMON SHARE AT MAY 30, 1987, BY \$0.19 PER SHARE REPRESENTING A DILUTION OF 46.8% AFTER GIVING EFFECT TO THIS OFFERING. REFERENCE IS MADE TO THE HEADING RISK FACTORS AND DILUTION ON PAGE 14.

THE VANCOUVER STOCK EXCHANGE HAS CONDITIONALLY LISTED THE SECURITIES BEING OFFERED PURSUANT TO THIS PROSPECTUS. LISTING IS SUBJECT TO THE ISSUER FULFILLING ALL THE LISTING REQUIREMENTS OF THE VANCOUVER STOCK EXCHANGE ON OR BEFORE APRIL 4, 1988 INCLUDING PRESCRIBED DISTRIBUTION AND FINANCIAL REQUIREMENTS.

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

UPON COMPLETION OF THIS OFFERING THIS ISSUE WILL REPRESENT 28% OF THE SHARES THEN OUTSTANDING AS COMPARED TO 44% THAT WILL THEN BE OWNED BY THE CONTROLLING PERSONS, PROMOTERS, DIRECTORS AND SENIOR OFFICERS OF THE ISSUER AND ASSOCIATES OF THE AGENTS. REFER TO THE HEADING "PRINCIPAL HOLDERS OF SECURITIES" ON PAGE 17 HEREIN FOR DETAILS OF SHARES HELD BY DIRECTORS, PROMOTERS AND CONTROLLING PERSONS AND ASSOCIATES OF THE AGENTS.

ONE OR MORE OF THE DIRECTORS OF THE ISSUER HAS AN INTEREST, DIRECT OR INDIRECT, IN OTHER NATURAL RESOURCE COMPANIES. REFERENCE SHOULD BE MADE TO THE ITEM "RISK FACTORS" ON PAGE 14 FOR A COMMENT AS TO THE RESOLUTION OF POSSIBLE CONFLICTS OF INTEREST.

WE, AS AGENTS, CONDITIONALLY OFFER THESE SECURITIES SUBJECT TO PRIOR SALE, IF, AS AND WHEN ISSUED BY THE ISSUER AND ACCEPTED BY US IN ACCORDANCE WITH THE CONDITIONS CONTAINED IN THE AGENCY AGREEMENT REFERRED TO UNDER "PLAN OF DISTRIBUTION" ON PAGE 3 OF THE PROSPECTUS.

Name & Address of Agents

GEORGIA PACIFIC SECURITIES CORPORATION
16th Floor
Bentall II
555 Burrard Street
Vancouver, B.C.

MERIT INVESTMENT CORPORATION
1500 - 625 Howe Street
Vancouver, B.C.

WEST COAST SECURITIES LTD.
400 - 815 West Hastings St.
Vancouver, B.C.

EFFECTIVE DATE: October 6, 1987

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BULLION RANGE EXPLORATION CORP.

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1. SUMMARY OF PROSPECTUS

The information in this summary is qualified in its entirety by the more detailed information appearing elsewhere in this prospectus.

OFFERING:

The Issuer by its Agents hereby offers to the public through the facilities of the Vancouver Stock Exchange 500,000 units, each Unit consisting of one common share and one Series "A" share purchase warrant. The offering will be made in accordance with the rules and policies of the Exchange and will take place on a day as determined by the Agents and the Issuer, with the consent of the Exchange, within a period of 180 days from the date upon which the securities of the Issuer are conditionally listed on the Exchange. The Offering Price of the Units will be \$0.45 per Unit. The Warrant will entitle the holder thereof to purchase one (1) share in the capital of the Issuer at any time up to the close of business 270 days from the date of the listing of the Issuer's shares on the VSE, or twelve (12) months from the date of this Prospectus, whichever is earlier, at the purchase price of \$0.52 per share.

ISSUER:

The principal business of the Issuer is the acquisition, exploration and development of natural resource properties located in Canada.

USE OF PROCEEDS: The net proceeds will be used to provide sufficient funds to the Corporation with which to carry on a work program on the Debbie Claims. The Issuer will not have sufficient funds to commit to further participations once identified. Additional funds will be required. See "Use of Proceeds" and "Speculative Nature of Securities".

**DIRECTORS AND
MANAGEMENT**

Stewart Vernon Meek,
President/Director;
Chief Executive Officer

David John Sykes,
Director/Secretary
Chief Financial Officer

Timothy L. Sadlier-Brown
Director

Edmond Charles Nagel,
Director

DIVIDEND POLICY

It is not contemplated that any dividends will be paid on the Common Shares in the immediate or foreseeable future. See "Dividend Policy".

SPECULATIVE

Investment in these Common Shares must be regarded as highly speculative due to the proposed nature of the Corporation's business and its present stage of development. Reference is made to the warnings on the cover of this prospectus, the description of the Company's business and the relevant disclosure contained therein.

2. NAME AND INCORPORATION

The full name of the Issuer is BULLION RANGE EXPLORATION CORP. The Issuer was incorporated by Articles and Memorandum on September 18th, 1984, under the laws of the Province of British Columbia under the name "Pink Jade Ventures Inc." On January 28th, 1987 its name was changed to Bullion Range Exploration Corp. Its registered and records office is located at #523 - 470 Granville Street, Vancouver, B.C. and its head office is #905 - 885 Dunsmuir Street, Vancouver, B.C. Upon the issuance of a Receipt for this Prospectus by the Superintendent of Brokers the Issuer will be a reporting company. Prior to December, 1986 the Issuer was inactive.

3. SHARE OFFERING AND PLAN OF DISTRIBUTION

PLAN OF DISTRIBUTION

The Issuer by its Agents hereby offers (the "Offering") to the public through the facilities of the Vancouver Stock Exchange (the "Exchange") FIVE HUNDRED THOUSAND (500,000) units (the "Units"), each Unit consisting of one (1) common share and one (1) Series "A" share purchase warrant (the "Warrants"). The offering will be made in accordance with the rules and policies of the Exchange and will take place on a day (the "Offering Day") as determined by the Agents and the Issuer, with the consent of the Exchange, within a period of 180 days from the date (the "Effective Date") upon which the securities of the Issuer are conditionally listed on the Exchange. The Offering Price of the Units will be FORTY-FIVE CENTS (\$0.45) per Unit.

Appointment of Agents

The Issuer, by an agreement (the "Agency Agreement") dated September 4, 1987, appointed the following as its agents ("Agents") to offer the Units through the Exchange as follows:

<u>Name of Agents</u>	<u>Participation</u>
Georgia Pacific Securities Corporation	300,000
Merit Investment Corporation	100,000
West Coast Securities Ltd.	100,000

The Agents will receive a commission of \$0.05 per Unit.

The Agents reserve the right to offer selling group participation, in the normal course of the brokerage

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 Agents under the Agency Agreement may be terminated prior to the opening of the market on the Offering Day and before the sale of any of the Units at the Agents discretion on the basis of their assessment of the state of the financial markets and may also be terminated at any time upon the occurrence of certain stated events.

The Issuer has granted the Agents a right of first refusal to provide future equity financing to the Issuer for a period of twelve (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 Issuer may purchase units from this Offering.

Up to 200,000 Units from this Offering may be sold to persons and companies registered for trading in securities in countries other than Canada and the United States of America, which persons and companies may in turn sell to their clients, and directly to investors situate outside of Canada and the United States of America.

The Vancouver Stock Exchange has conditionally listed the securities being offered pursuant to this Prospectus. Listing is subject to the Issuer fulfilling all the listing requirements of the Vancouver Stock Exchange on or before April 4, 1988, including prescribed distribution and financial requirements.

MINIMUM SUBSCRIPTION

This Offering is subject to a minimum subscription of 500,000 Units being sold on the Offering Day within 180 days from the Effective Date. All funds received from the sale of the Units will be held in trust by Pacific Corporate Services Ltd. until the minimum of 500,000 units has been sold and the subscription price of \$225,000 has been received. If the minimum of 500,000 Units are not sold within 180 days from the Effective Date, all funds will be returned to the purchasers without deduction. If the minimum of 500,000 Units are sold and notice of the release of funds is given to the Superintendent, the proceeds received will be paid to the Issuer less the commission payable to the Agents.

Series "A" Share Purchase Warrants

The warrants will contain, among other things, anti-dilution provisions and provision for appropriate adjustment of 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, or the payment of stock dividends.

The Series "A" share purchase warrants will be transferable and in bearer form and one (1) such warrant will entitle the holder thereof to purchase one (1) share in the capital of the Issuer at any time up to the close of business 270 days from the date of the listing of the Issuer's shares on the Exchange or twelve (12) months from the date of this Prospectus, whichever is earlier, at the purchase price of \$0.52 per share.

4. DESCRIPTION OF BUSINESS, ACQUISITIONS AND PROPERTY OF ISSUER

BUSINESS

The principal business of the Issuer is the acquisition, exploration and development of natural resource properties located in Canada.

PROPERTIES

Acquisition Terms

The Issuer has obtained an option to acquire Fifty-one (51%) Per cent in the Debbie Claim totalling 20 units in the Nelson Mining Division, British Columbia (herein the "Property") pursuant to an Option/Joint Venture Agreement dated December 29th, 1986 between the Issuer and Mesa Resources Ltd. (herein "Mesa") of Edmonton, Alberta.

The Issuer was required to pay to Mesa \$5,000 upon execution of the agreement, which sum has been paid, and is required to expend a minimum of \$50,000 on exploration and development of the property before April 30, 1987. The Issuer had expended the sum of \$62,850 on the property to April 30, 1987 and therefore the Issuer has earned 51% of the property and has now entered into a Joint Venture Agreement with Mesa. Mesa is deemed to have expended \$48,000 on the Property.

The Issuer is the operator and manager of the property and will provide Mesa with Engineering Reports summarizing the exploration work carried out on the property within sixty days of its completion.

The Issuer and Mesa shall bear all exploration costs and shall own the property in proportion to their respective working interests.

The Joint Venture Agreement provided for dilution of the parties interest as follows:

(a) for the first \$100,000 of joint venture costs expended pursuant to the joint exploration program:

(i) Mesa's interest shall be reduced by one (1) percent Working Interest for every \$4,900 not contributed by Mesa to Mesa's pro rata share of the first \$100,000 of exploration costs, (being \$49,000) and the Issuer's interest shall be increased accordingly;

(ii) The Issuer's interest shall be reduced according to the terms of paragraph c and d herein;

(b) The parties shall be deemed to have contributed the following total exploration costs after the expenditure of the first \$100,000 of the joint exploration program: \$198,000 multiplied by the percentage interest each party has after the application of the formula provided in the above noted (a) (i) and (ii) herein.

(c) Thereafter the Working Interest of each Participant shall be increased and that of each non-Participant shall be decreased so that the Working Interest of each party at any time is that percentage which is equivalent to

(i) its costs, being the costs determined in (b) herein and subsequent costs;

divided by

(ii) the total Costs of all the parties;

multiplied by 100

(d) the Participants shall own and have a 100 percent interest in the Property and Assets whether acquired before or after the date the Cash Call Notice was given; and

(e) if by the application of the formula provided in paragraph (c) above the Issuer's working interest, combined with the Working Interest of its Assignees or Transferees, is reduced to a Working Interest which is less than 20 percent, the Issuer shall be deemed to have forfeited its Working Interest and its interest in the Property to the other Participants, if more than one then in proportion to their respective working interests and the Issuer shall have no further right, interest in the assets or Working Interest under this Agreement.

(i) if by the application of the formula provided in paragraph (c), Mesa's working interest is reduced to less than 20%, Mesa shall be deemed to have converted into interest to a three (3) percent Net Smelter Return as herein defined.

Net Smelter Return shall mean:

(a) the actual proceeds received from any mint, refinery, smelter or other purchaser for the sale of bullion, concentrates or ores produced from the Property and sold, after deducting from such proceeds the following charges to the extent that they are not deducted by the purchaser in computing payment:

(i) in the case of the sale of bullion, refining charges only,

(ii) in the case of the sale of concentrates, smelting and refining charges, penalties, and the cost of transportation from property to any other smelter or other purchaser; and

(iii) in the case of ores, charges for smelting, refining, penalties and the cost of transportation from property to any other smelter or other purchaser.

The greater than 5% shareholders of Mesa Resources Ltd. are:

Peter Neudorf, Bill Austin, Betty Reimer, Chris Isaac and Nancy Carroll all of Vancouver, B.C. as to 10% each, John Isaac and Larry Latter both of Edmonton, Alberta as to 10% each and Ed Fishbane of New York, New York as to 30%.

Much of the following information provided regarding location, history, local geology, property geology and recommendations is taken from the Engineering Report of Discovery Consultants dated April 24, 1987 as prepared by K.L. Daughtry, P.Eng. The Daughtry Report refers to the report of Geotronics Surveys Ltd. dated March 31, 1987. Both reports are available for inspection during normal business hours at the head office of the Issuer, #905 - 885 Dunsmuir Street, Vancouver, B.C.

Location & Access

The Debbie Claim is located on the crest of the ridge which forms the south side of the Kootenay River Valley in the Nelson Mining Division in southeastern British Columbia.

Access to the property is either by helicopter from Nelson to helipads on the property or by logging road up the east side of Connor Creek to a point 500m northeast of the Legal Corner Post at the northeast corner of the Claim.

Previous Work

Two old tunnels have been located to date in the dense bush south of the northern boundary of the Debbie claim between elevations of 1260m and 1310m. These tunnels represent substantial work and but there is apparently no published record of the activity. Both Mulligan (1952) and Little (1982) show an adit on their maps at the location of the location of the Debbie tunnels. Mulligan's map also shows a trail up the west side of Connor Creek through the Hungary Man to the tunnel on the Debbie.

It seems probable that the tunnels on the Debbie are related to activity on the Hungary Man showings, and that a diligent search of old records will reveal more historical information.

There is no evidence of significant exploration activity on the Debbie claim since the old tunnels were driven, possibly around the turn of the century. A limited prospecting programme was conducted by the owners of the Debbie 1 claim in 1983. This work resulted in the rediscovery of the two old tunnels, which were subsequently mapped and sampled in 1983 and 1984.

Work to date by Issuer

In January and February, 1987 a picket-line survey grid was established on the northeastern part of the claim by the Issuer. Detailed electromagnetic and magnetic surveys, the results of which are disclosed below, were conducted over the grid by Geotronics Surveys Ltd. in February, 1987 at a cost of \$9,455, which sum includes some of the camp costs. To April 30, 1987 the Issuer had expended the sum of \$62,850 on the property for the electromagnetic surveys, the picket line survey grid, labour and line-cutting, geology and field administration and camp costs.

Results of Electromagnetic and Magnetic Surveys

Mark concludes that the EM survey revealed several conductors of which the most promising, Conductor A, is

thought to be related to sulphide mineralization. Both conductors A and C correlate with anomalous magnetic responses suggesting that either pyrrhotite or magnetite may be present. Conductor D is thought to be related to a linear geological structure.

The known sulphide mineralization in the upper adit is not reflected in the geophysical results. This may be due to the discontinuous nature of the sulphide zone due to cross-faulting. Mark suggests that conductors C or D may be southern extensions of the known sulphide zone.

The best gold values encountered in the limited rock sampling completed to date are related to heavy sulphide mineralization. The EM conductors may be indicating the presence of gold bearing sulphide zones.

Mark recommends trenching on the conductors and an Induced Polarization/Resistivity Survey over the upper adit area to trace the discontinuous sulphide zone.

Regional Geology and Mineral Deposits

The Debbie Claim is in the Omineca Crystalline Belt of southeastern British Columbia. The property is in the northern Bonnington Range and the claim straddles the contact between granitic rocks of the Jurassic Nelson batholithic complex, to the south, and metasedimentary rocks of the Lower Jurassic and older Ymir Group.

A belt of folded northerly-trending Jurassic sedimentary and volcanic rocks extends north from the United States border to Nelson and the Kootenay River. These rocks are bounded on three sides by plutonic rocks of the Nelson Batholithic complex.

Between Nelson and Salmo this sedimentary-volcanic belt hosts a number of significant gold deposits, including among others, the Granite-Poorman, Second Relief, Arlington, Ymir and Yankee Girl mines. Past production from gold mines in the belt exceeds 500,000 ounces. The Silver King mine, in the same area, produced over 4.4 million ounces of silver and 15 million pounds of copper.

The Debbie property is on the western edge of this belt of favourable rocks near its northern end.

Property Geology and Mineralization

In the area of the Debbie claim, the contact between Nelson granitic rocks and Ymir Group metasediments strikes west-southwesterly across the southern part of the claim. Several small satellitic plutons of the Nelson Batholith

are exposed in the valleys of Connor and Rover Creeks north of the property. The Ymir rocks are also intruded by small plugs of Eocene Coryell monzonite to the east and northeast of the claim.

The Ymir Group argillites and quartzites are tightly folded along northerly trending axes. Field mapping by Mulligan shows the bedding dipping between 60 degrees and 75 degrees west on the Debbie Claim.

Mr. Sadlier-Brown, a Director of the Issuer, notes the presence of volcanic rock within the generally sedimentary sequence, and also describes the occurrence of hornfels related to a diorite plug near the northern margin of the claim.

K.L. Daughtry noted that the rocks near the upper adit were somewhat altered, possibly hornfels. The lithologies noted included siltstone, quartzite, and possibly an andesitic volcanic rock.

Two old adits have been located by recent surveys on the property. The lower adit is at 1300 m (4250 ft) a.s.l. on the northern margin of the claim. It trends 125 degrees and is about 110 m (355 ft) long. The upper adit is 60 m (200 ft) southwest of the lower, and is about 30 m (100 ft) higher in elevation. It trends 190 degrees and is about 12 m (38 ft) long. An open cut trends northerly from the portal for about 8 m (26 ft.)

Both adits are badly caved and dangerous.

The upper adit was driven on a zone of heavy sulphide mineralization. Pyrite, chalcopyrite and pyrrhotite occur in layers of massive sulphide, veins, and veinlets in a well-developed stockwork, and as disseminations in altered country rock. The massive sulphide zone is primarily pyrite with minor chalcopyrite.

The mineralized zone is dislocated by numerous cross-fractures. Measurements of the irregular massive sulphide layer indicate that it strikes 190 degrees and dips between 30 degrees and 55 degrees to the west. The maximum apparent thickness of the massive sulphide layer noted was 0.6m (2.0 ft), but the actual thickness could not be measured due to the disruption by late faults. The overall thickness of the mineralized zone appears to be at least 1.25 m (4.1 ft).

A number of rock chip samples were collected by K.L. Daughtry and assayed for gold and silver.

<u>Sample No.</u>	<u>Width (m)</u>	<u>Description</u>	<u>oz/t Au</u>	<u>oz/t Ag</u>
DBD01	0.40	Massive altered rock, sulphide veinlets	0.031	0.12
DBD02	0.20	Sheared altered oxidized zone	0.002	<0.02
DBD03	0.50	Fractured rusty siltstone	<0.002	<0.02
DBD04	0.50	Sulphide rich, gossanous zone	0.002	<0.02
DBD05	1.25	Rusty Stockwork	0.002	0.02
DBD06	2.10	"Barren" hanging-wall	0.004	<0.02
DBD07	0.80	Rusty mineralized zone	0.010	0.14
DBD08	1.10	Silicified rock	0.007	0.02
DBD09	0.30	Leached massive sulphide	0.312	0.16
DBD10	0.15	Sheared and silicified hanging wall	0.086	0.06
DBD11	grab	Silicified footwall	0.156	0.18
DBD12	0.50	Leached, rusty footwall	0.019	0.05
DBD13	1.40	"Barren" rock	0.016	0.03
DBD14	0.60	Leached massive sulphide	0.334	0.17

In July, 1986 Mr. Sadlier-Brown sampled material from the open cut and the dump at the upper adit. The results of this sampling are as follows:

<u>Sample No.</u>	<u>Width</u>	<u>Description</u>	<u>oz/ton Au</u>	<u>ppm Ag</u>
4443	grab	meta-andesite	0.004	0.8
4444	grab	massive pyrite on dump	0.240	27.0
4445	grab	pyrite in quartz dump	0.494	78.0
4446	grab	pyrite in altered rock	0.982	52.0

It is the opinion of K.L. Daughtry, P.Eng., in his Report that "The above assay results indicate the presence of significant gold values in the sulphide zone at the upper adit. The nature and extent of the gold mineralization cannot be evaluated without more detailed study, which will necessitate the rehabilitation of the adit, and surface trenching."

In the lower adit, Mr. Sadlier-Brown reports hornfels and greenstone in contact with diorite. Samples of pyritic material from the dump were collected and assayed in July, 1986.

<u>Sample No.</u>	<u>Width</u>	<u>Description</u>	<u>oz/ton Au</u>	<u>ppm Ag</u>
4440	grab	greenstone with diss.pyrite	0.062	5.6
4441	grab	greenstone with diss.pyrite	0.042	1.4

It is the opinion of K.L. Daughtry, P.Eng., in his Report that "It is possible that the lower adit was driven to intersect the downward extension of the sulphide zone from the upper adit. Rehabilitation of the lower adit will permit mapping and sampling to investigate this possibility."

Recommendations

K.L. Daughtry recommends the following work program in his report on the property dated April 24, 1987.

"A phased programme of exploration is warranted to test the potential for gold deposits on the property. The construction of a road to the Debbie property from the Connor Creek road is warranted. Road access would enable more effective exploration at a much lower cost than the helicopter access currently in use. A geological map of the property should be prepared. A programme of soil sampling on an expanded grid would enable a more detailed delineation of exploration targets. An orientation survey over the known mineralized zone would allow the selection of the best sampling and analytical techniques. An expanded geophysical survey should be considered. The adits should be made safe and a detailed mapping and sampling programme conducted to evaluate the known mineralized zone. Backhoe trenching of targets defined by the detailed geological, geochemical and geophysical surveys is recommended prior to drilling." This Phase I program would cost approximately \$40,000.

Contingent upon the successful results of Phase I diamond drilling at an approximate cost of \$60,000 would comprise a Phase II work program.

The property is without a known body of commercial ore and the programme is an exploratory search for ore.

5. USE OF PROCEEDS

The net proceeds to be received by the Issuer of \$200,000, together with the cash on hand of the Issuer of \$11,327 will be used for the following purposes:

- | | |
|--|--------------|
| a) Estimated cost of this Issue including
Legal, Audit and Printing Costs | \$ 20,000.00 |
| b) Accounts Payable* | \$ 4,285.97 |

c) To complete Phase I recommended in the report of Discovery Consultants dated April 24, 1987 on the Debbie Claims	\$ 40,000.00
d) Contingent upon the successful results of Phase I to complete Phase II recommended in the report of Discovery Consultants dated April 24, 1987 on the Debbie Claims	\$ 60,000.00
e) To pay the administrative expenses for the Issuer for the months of September - December, 1987 inclusive	\$ 16,000.00
f) Reserve for unallocated working capital	\$ 71,041.03
TOTAL	\$211,327.00

*To be paid to Nevin, Sadlier-Brown, Goodbrand (\$1,000 for consulting fees for the months of July and August, \$3,169.97 for fieldwork on the Issuer's claims and the balance of \$116.00 for expenses.

There are no plans at this time for the use of the \$71,041.03 specified for unallocated working capital other than to pay set monthly expenses estimated to be \$4,000 per month after listing on the VSE. Two Directors are required to sign all cheques of the Issuer.

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

The Issuer may, pursuant to the recommendations of a qualified Engineer abandon in whole or in part, any of its properties, may alter, as work progresses, the work program recommended and may use any monies so diverted for the purpose of conducting work or examining other properties acquired by the Issuer after the date of this Prospectus. If any such event occurs during the primary distribution of the shares referred to in this Prospectus, an amendment to

this Prospectus will be filed. If any such event occurs subsequent to completion of the primary distribution, shareholders will be notified. The Issuer has no intentions, at present, to alter the work program.

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 jurisdiction in which securities offered by the Prospectus may be lawfully sold. Should the Issuer 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 must be first obtained, and prior notice of intention filed with Securities Regulatory bodies having jurisdiction over the sale of securities being offered by this Prospectus.

6. RISK FACTORS AND DILUTION

The Shares offered by this Prospectus must be considered speculative, generally because of the nature of the Issuer's business. In particular,:

1. There is no known body of ore on the Issuer's mineral properties. The purpose of the present offering is to raise funds to carry out further exploration with the objective of establishing ore of commercial tonnage and grade. If the Issuer's exploration programs are successful, additional funds will be required for the development of an economic ore body and to place it in commercial production. A source of future funds presently available to the Issuer is through the sale of equity capital. The only alternative for the financing of future exploration would be the offering by the Issuer of an interest in its properties to be earned by another party or parties carrying out further exploration or development thereof, which is not presently contemplated.
2. There is no established market for the shares of the Issuer.
3. There is no certainty that the expenditures to be made by the Issuer in the development of the interests described herein will result in discoveries of commercial quantities of ore.
4. There is no assurance that even if commercial quantities of ore are discovered, a ready market will exist for the sale of same. Factors beyond the control of the Issuer may affect the marketability of any substances discovered.

5. The existence of title opinions should not be construed to suggest that the Issuer has good and marketable title to all of the properties described in this prospectus.

6. The Issuer's mineral interests have not been surveyed and therefore, the precise location of these properties may be in doubt.

7. Some of the directors of the Issuer also serve as Directors of other companies involved in natural resource development. The Directors will attempt to avoid dealing with such other companies in situations where conflicts might arise and will at all times use their best efforts to act in the best interests of the Issuer.

8. DILUTION

The following analysis is based on the position that will exist after the underwriting of the 500,000 shares offered hereby is complete.

The 1,232,001 common shares acquired by the present shareholders prior to this offering represent approximately 71.13% of the total 1,732,001 shares outstanding on completion of the subscription, and were acquired by them at a total cost of \$128,001, or approximately \$0.10 per share. The 500,000 shares to be acquired by the subscribers to this offering, representing approximately 28.87% of the total 1,732,001 shares outstanding on completion of the offering, will net the Issuer a total of \$200,000 or \$0.40 per share.

On completion of the subscription of this offering, there will be a total of 1,732,001 shares outstanding with a book value of \$328,001 or approximately \$0.19 per share. The book value of the 1,232,001 shares held by the present shareholders will have experienced an immediate gain of \$105,312 or \$0.09 per share in the book value of their shares. The book value of the subscriber's shares will be \$94,688 and they will have suffered an immediate dilution of \$105,312 in total book value of their shares or approximately \$0.21 per share. The \$105,312 dilution suffered by the subscriber will have been caused by the \$105,312 benefit accruing to those shareholders who acquired their shares prior to this offering.

The percentage of dilution to subscribers of this issue in relation to the offering price is 46.8%.

7. ISSUANCE OF SHARES

The authorized capital of the Issuer consists of 10,000,000 common shares without par value of which 1,232,001 are presently issued and outstanding. All of the authorized common shares of the Issuer are 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.

SHARES WITH CEE RIGHTS

The Issuer has received \$65,000 by way of subscription funds for 260,000 shares at \$0.25 per share. The funds were used to incur Canadian Exploration Expense (CEE) as defined in the Income Tax Act, Canada. The CEE incurred by the Issuer by agreements with the holders of the shares, is for the benefit of the holder of the shares and the Issuer has agreed not to include the CEE in the computation of its income pursuant to the provisions of the Income Tax Act, Canada.

8. SHARE AND LOAN CAPITAL STRUCTURE

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

Designation & Amount Authorized	Amount outstanding as at date of balance sheet	Amount outstanding as at date of Prospectus	Amount to be outstanding if all securities being issued are sold
10,000,000 common shares	1,232,001	1,232,001	1,732,001

There are 500,000 common shares of the Company reserved for issue pursuant to the Series A Warrants. There are 173,200 common shares of the Issuer reserved pursuant to Directors and Employees incentive stock options granted as disclosed in item 17.

9. PRIOR SALES

Since incorporation, the Issuer has sold the following shares for cash, all of which were sold within the past 12 months:

NUMBER OF SHARES	PRICE PER SHARE	NET CASH RECEIVED	COMMISSION PAID
1	\$1.00	\$ 1.00	nil
750,000	\$0.01	\$ 7,500.00	nil
482,000	\$0.25	\$120,500.00	nil

10. DIVIDEND RECORD

The Board of Directors has not established a dividend policy at the present time.

11. PRINCIPAL HOLDERS OF SECURITIES

The persons holding directly or beneficially over 10% of the outstanding shares of the Issuer are as follows:

NAME AND ADDRESS	TYPE OF OWNERSHIP	NUMBER OF SHARES ISSUED	PERCENTAGE OF CLASS
JOANNE S. McCLUSKY #523 - 470 Granville St. Vancouver, B.C.	Direct	208,000	12%
TIMOTHY SADLIER-BROWN #401 - 134 Abbot St. Vancouver, B.C.	Direct	284,000	16%
DAVID SYKES #905 - 885 Dunsmuir St. Vancouver, B.C.	Direct	190,000	10%
STEWART MEEK #905 - 885 Dunsmuir St. Vancouver, B.C.	Direct	190,000	10%

The number and percentage of the shares of the Issuer directly or beneficially owned by the directors and senior officers of the Issuer are as follows:

<u>Type of Shares</u>	<u>No. of Shares Beneficially owned</u>	<u>% of Class</u>
Common	764,000	44%

An associate of Merit Investment Corporation has purchased 10,000 shares of the Issuer and an associate of West Coast Securities Ltd. has purchased 10,000 shares. No other shares have been purchased by Agents or their associates.

12. DIRECTORS AND OFFICERS

<u>Name, Address and Position with Company</u>	<u>Principal Occupation for the Past Five Years</u>
STEWART VERNON MEEK 2078 Springer Avenue Burnaby, B.C. Director/President Chief Executive Officer	Vice-President Ad-done International Ltd.; 1982-1984 Broker with Continental, Carlisle Douglas; Floor Trader VSE; President of Thames Management Ltd.
DAVID JOHN SYKES #4 - 1434 Mahon Avenue North Vancouver, B.C. Director/Secretary Chief Financial Officer	Financial Consultant, Director of Thames Management Ltd.
TIMOTHY LEONARD SADLIER- BROWN 2004 Cliffwood Lane North Vancouver, B.C. Director	Consulting Geologist and Partner of Nevin, Sadlier- Brown, Goodbrand Ltd., Consulting Geologists
EDMOND CHARLES NAGEL 2 East End Avenue New York, New York Director	1982-1983 Risk Arbitrage, Edward A. Viner & Co. Inc. 1983-1984 V.P. Arbitrage Integrated Asset Management Corp. 1984 to date Head Arbitrage for A.T. Brod & Company, New York

The members of the audit committee are:

DAVID SYKES
T.L. SADLIER-BROWN
EDMOND NAGEL

13. EXECUTIVE COMPENSATION

No compensation has been paid to the Executive Officers, Directors or senior officers since incorporation, nor is any expected to be paid to them in their capacities as such during the ensuing year. Item 19, Material Contracts, discloses management remuneration.

Thames Management Ltd. (owned by Stewart Meek and David Sykes who are Directors of the Issuer) has received the sum of \$1,000 per month for the months of January, 1987 to August, 1987 inclusive as a management salary. A formal agreement was executed on April 1, 1987 regarding the management salary. Nevin, Sadlier-Brown Goodbrand Ltd. (Mr. Sadlier-Brown, a Director of the Issuer is a partner in the firm) receives the sum of \$500 per month commencing April 1st, 1987. To date Nevin Sadlier-Brown Goodbrand Ltd. has received the sum of \$1,500 for the months of May - June, 1987 inclusive.

Effective the first day of the first month in which the shares commencing trading on the Vancouver Stock Exchange the fees paid to each party double.

The firm of Nevin, Sadlier-Brown Goodbrand Ltd. has been paid the sum of \$39,735.06 for performing exploration work on the company's property.

The Directors and Officers of the Issuer hold options to purchase 173,200 Common shares of the Issuer. Refer to "Option to Purchase Securities".

There is no indebtedness to Directors or Senior Officers.

14. PROMOTERS

Pursuant to the definition in the Securities Act of British Columbia, the Directors of the Issuer are promoters.

None of the Directors have received consideration in the form of cash, shares or otherwise from the Issuer for acting as Promoters.

The Directors, Insiders and Officers have purchased the following stock:

STEWART V. MEEK	190,000 escrow
DAVID J. SYKES	190,000 escrow
EDMOND C. NAGEL	100,000 escrow
TIMOTHY L. SADLIER-BROWN	270,000 escrow 14,000 free trading

In addition two of the Directors, Stewart Meek and David Sykes, indirectly through Thames Management Ltd., have agreed to purchase 150,000 issued shares of the Company from an existing shareholder at a price of \$0.30 per share.

15. LEGAL PROCEEDINGS

There are no legal proceedings pending against the Issuer and none are contemplated by the Issuer.

16. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Management and Others have no interest in material transactions other than as disclosed herein.

Joanne McClusky, legal counsel for the Issuer, owns 208,000 shares of the Issuer.

17. OPTION TO PURCHASE SECURITIES

By agreements dated May 11, 1987, the Issuer granted stock option to the Directors and Employees to purchase a total of 173,200 shares of the Issuer exercisable at \$0.45 per share for a two year period from date of acceptance of the Issuer's Prospectus by the Superintendent of Brokers. The options are held by the following:

Directors as a Group (4 persons, 2 of which are Executive Officers)	86,600
Employees as a Group (2 persons)	86,600

The options are subject to the approval of the Vancouver Stock Exchange and the members of the Issuer.

18. ESCROWED SHARES

As at the date of the Prospectus, 750,000 shares are held in escrow by Pacific Corporate Services Limited subject to the direction or determination of the Superintendent of Brokers for British Columbia (the "Superintendent"). The escrow restrictions provide that the shares may not be traded in, dealt with in any manner whatsoever or released, nor may the Issuer, its Transfer Agent or Escrow Holder make any transfer or record any trading of such shares without the consent of the Superintendent; and in the event the shares are listed for trading on the Vancouver Stock Exchange, without the consent of the Vancouver Stock Exchange.

DESIGNATION OF CLASS	NUMBER OF SHARES HELD IN ESCROW	PERCENTAGE OF CLASS
Common	750,000	60.8%*

* Before completion of the sale of the shares offered pursuant to this prospectus.

19. MATERIAL CONTRACTS

The Corporation has not entered into any contracts material to investors in the Common Shares within the two years prior to the date hereof, other than contracts in the ordinary course of business, except the following:

1. Agency Agreement dated May 25, 1987, as amended August 17, 1987, between the Issuer and Georgia Pacific Securities Corporation, Merit Investment Corporation and West Coast Securities Ltd. in respect of the 500,000 Units offered hereby.

2. Option/Joint Venture Agreement between the Issuer and Mesa Resources Ltd. dated December 29th, 1986 wherein the Issuer was given the right to acquire 51% of the Debbie Claims.

3. Escrow Agreement dated May 4th, 1987 between the Issuer and Messrs. Nagel, Sadlier-Brown, Sykes and Meek governing the terms of release and other matters relating to the 750,000 "principals shares" of the Issuer issued to the Directors.

5. A transfer agency agreement dated May 4th, 1987 between the Issuer and Pacific Corporate Services Limited appointing Pacific Corporate Services Limited as the Registrar and Transfer Agent of the Issuer.

6. Directors stock option agreement dated May 11, 1987 between the Issuer and Messrs. Nagel, Sadlier-Brown, Meek and Sykes wherein the Issuer granted directors stock options referred to in the item "Option to Purchase Securities" herein.

7. Employees stock option agreement dated May 11, 1987 between the Issuer and Messrs. Diakow and Goodbrand wherein the Issuer granted employee stock options referred to under "Option to Purchase Securities" herein.

8. Management contract dated May 11, 1987 between the Issuer and Thames Management Ltd. contracting management services for administrative matters.

9. Management contract dated May 11, 1987 between the Issuer and Nevin, Sadlier-Brown, Goodbrand Ltd. contracting property management services regarding the Issuer's interest in natural resource properties.

Copies of these Agreements and all related Agreements are available for inspection at the registered office of the Issuer at #523 - 470 Granville Street, Vancouver, B.C.

20. AUDITOR, REGISTRAR AND LEGAL COUNSEL

The Auditor of the Issuer is Bedford Curry & Co., of #300, 842 Thurlow Street, Vancouver, B.C.

The Issuer's Registrar and Transfer Agent is Pacific Corporate Services Limited of #830 - 625 Howe Street, Vancouver, B.C.

Legal Counsel for the Issuer is Joanne S. McClusky, of #523 - 470 Granville Street, Vancouver, B.C.

21. INCORPORATION WITHIN ONE YEAR PRELIMINARY EXPENSES

As set out in the financial statements attached hereto, the following preliminary expenses were incurred by the Issuer:

Exploration & Development	\$66,211
Administration and Incorporation	<u>\$20,427</u>
	\$86,638

It is not expected that any further preliminary expenses will be incurred.

22. PURCHASER'S STATUTORY RIGHTS

The Securities Act provides a purchaser with a right to withdraw from an agreement to purchase securities within two business days after 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 Securities Act or consult a lawyer.

REPORT

on the

DEBBIE PROPERTY

Nelson Mining Division
British Columbia

FOR

BULLION RANGE EXPLORATION CORPORATION LTD.

905 - 885 Dunsmuir St.

Vancouver, B. C.

Prepared by

DISCOVERY CONSULTANTS

205 - 2900 30th Avenue

P.O. Box 933

Vernon, BC V1T 6M8

K. L. Daughtry, P.Eng.

April 24, 1987

DISCOVERY CONSULTANTS

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SUMMARY

The DEBBIE claim is located between Nelson and Castlegar in the Nelson Mining Division in southern British Columbia. The property is on the western margin of a belt of favourable geological units which hosts important gold and silver deposits.

Gold mineralization on the DEBBIE claim occurs in a zone of heavy sulphide mineralization and alteration. Several electromagnetic conductors have been delineated which may correlate with similar mineralization elsewhere on the property.

A programme of surface exploration is warranted to test the potential for gold bearing sulphide zones on the property. The initial phase of this would comprise road-building, geological, geochemical and geophysical surveys, backhoe trenching, and rock sampling of trenches and old adits. Additional exploration is recommended contingent upon favourable results from the initial phase.

The total cost of the recommended three-phase programme is estimated to be \$ 240,000.00.

INTRODUCTION

This report on the DEBBIE property has been prepared at the request of the managements of Bullion Range Exploration Corporation Ltd. and Mesa Resources Ltd. It is based primarily upon two personal visits by the writer to the property, on February 24, 1987 in the company of Mr. T. L. Sadlier-Brown, and on March 19, 1987 in the company of Mr. D. Fennings.

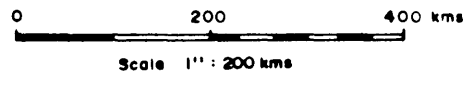
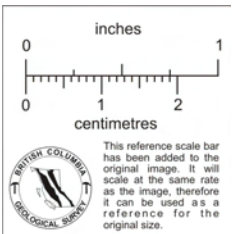
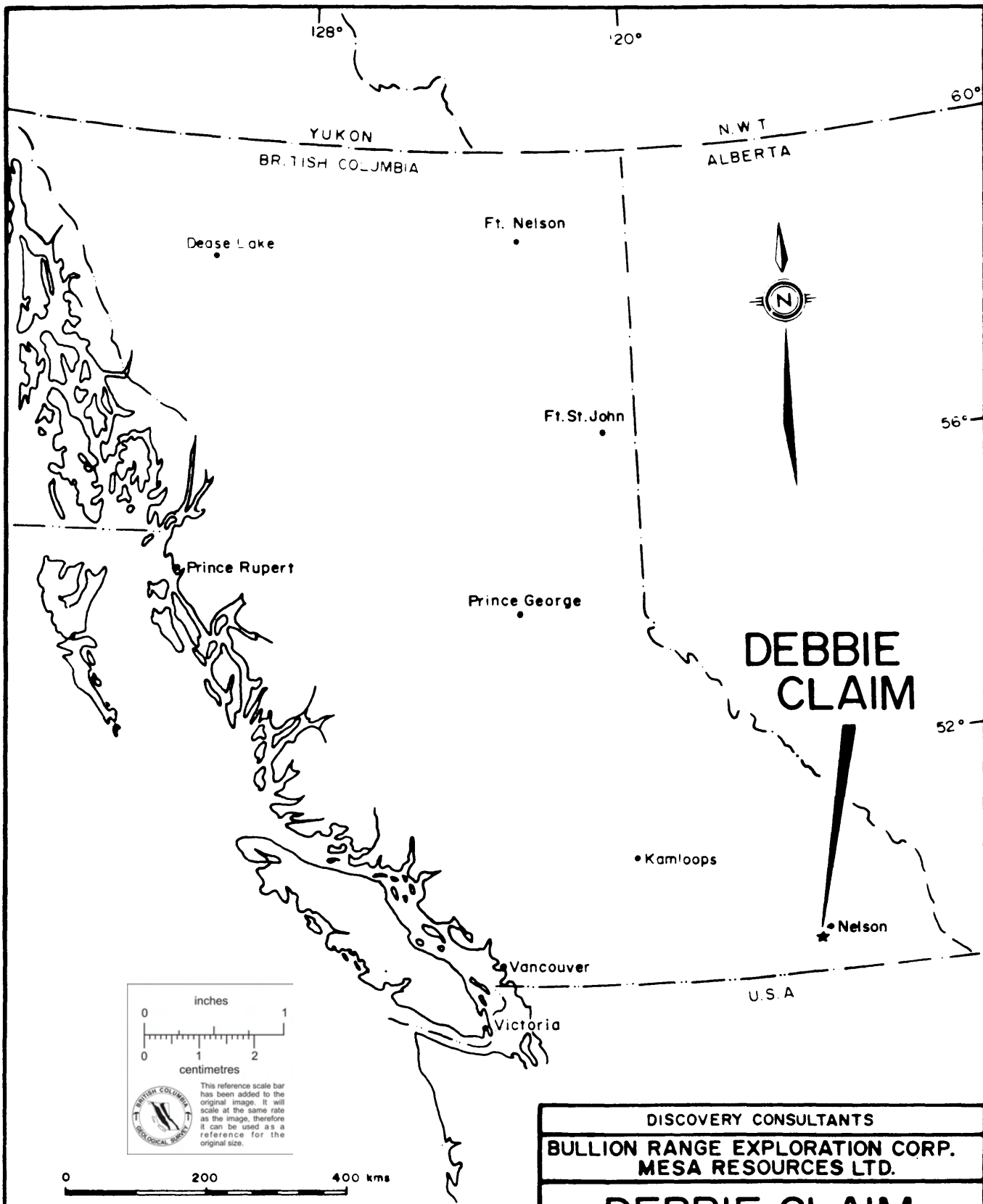
The purpose of the report is an evaluation of the exploration potential of the DEBBIE property, a proposal for an exploration programme to test this potential, and an estimate of the cost of such a programme.

LOCATION, ACCESS, TOPOGRAPHY

The DEBBIE claim is located on the crest of the ridge which forms the south side of the Kootenay River Valley in the Nelson Mining Division in southeastern British Columbia (Figure 1). The northeastern part of the claim is in the headwaters of Connor Creek, a northerly flowing tributary of Rover Creek, which in turn enters the Kootenay River at the hydroelectric power dam at South Slokan, 6 km (3.6 mi) north of the DEBBIE claim. The remainder of the property is in the headwaters of Glade Creek and a smaller creek which both flow westerly to join the Kootenay River about 2 km (1.2 mi) west of the claim (Figure 2).

The co-ordinates of the centre of the DEBBIE claim are $49^{\circ} 23.5'$ North Latitude and $117^{\circ} 30'$ West Longitude. Elevations vary from 1220 metres (4000 feet) above sea level on the north boundary of the claim in Connor Creek, to over 1600 metres (5200 feet) on the crest of the ridge in the centre of the claim, to 825 m (2700 feet) a.s.l. on the west boundary.

All services are available at either the city of Nelson, 16km (10 mi) northeast of the property, or the town of Castlegar, 14km (8.4 mi) to the southwest. The Southern Transprovincial Highway and the Canadian Pacific Railway follow the Kootenay River north and west of the property. Scheduled airline service is available at Castlegar, and a charter helicopter service operates from Nelson.



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DEBBIE CLAIM LOCATION MAP	
CONNOR CREEK, NELSON AREA, NELSON M.D., B.C.	
DRAWN BY: S. MALTBY	SCALE: 1: 7874
DATE: APRIL 1987	FIGURE: 1

At present, access to the property is either by helicopter from Nelson to helipads on the property, or by logging road up the east side of Connor Creek to a point 500m northeast of the Legal Corner Post at the northeast corner of the DEBBIE claim. Travel on foot in the area of the property is difficult due to a thick second growth of mixed coniferous and deciduous forest following a forest fire in the 1930's.

The topography is steeply sloping in all parts of the property except the ridge tops. The maximum relief is 760m (2500 ft) over a distance of 1700m (5600 ft) between the northwest corner and the centre of the claim.

PROPERTY

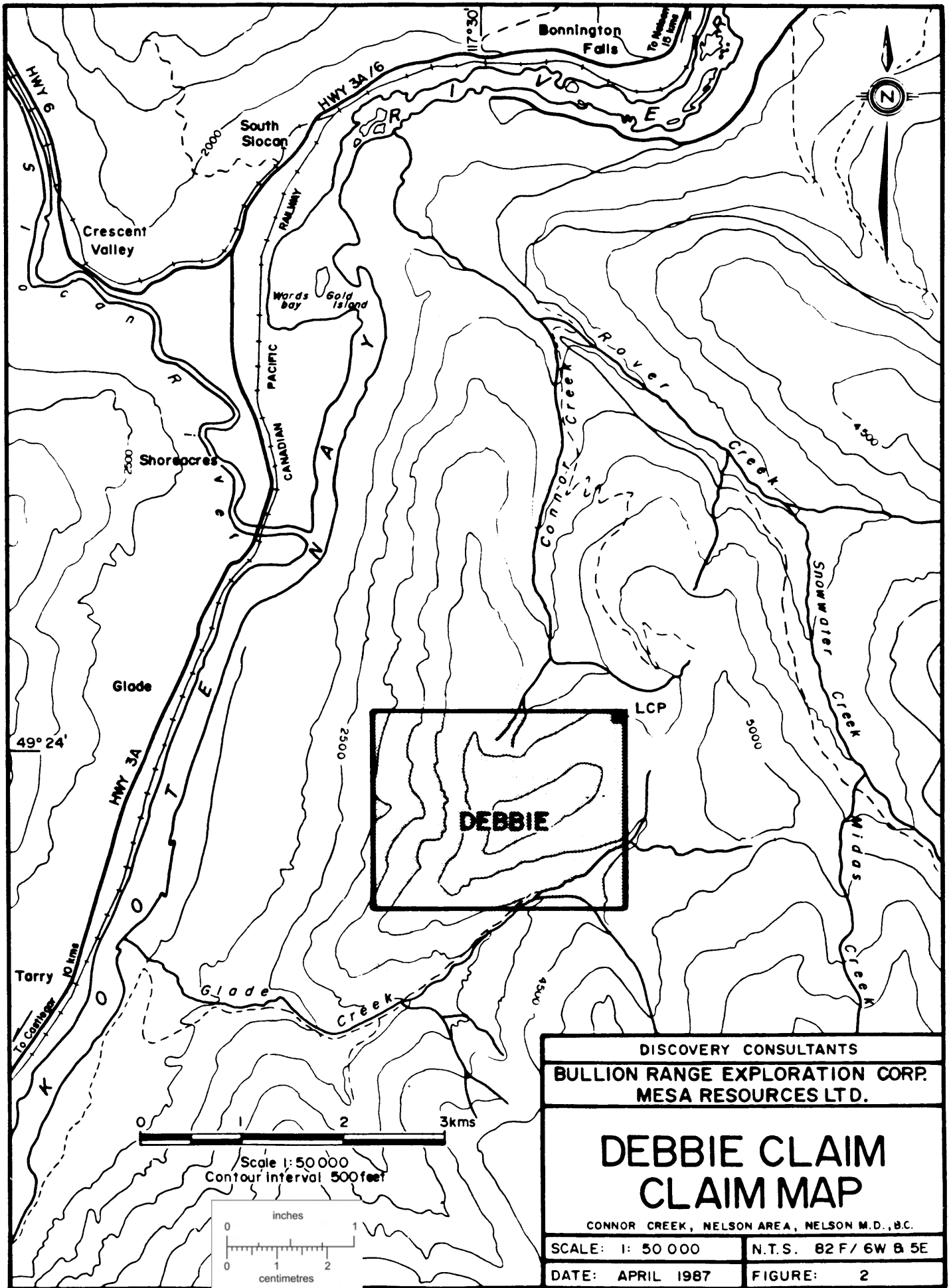
A search of the mineral claim title in the office of the Gold Commissioner for the Nelson Mining Division in Nelson, B.C. on February 24, 1987 yielded the following information.

<u>Claim Name</u>	<u>Record No.</u>	<u>Record Date</u>	<u>Owner of Record</u>	<u>Expiry Date</u>
DEBBIE	4382	July 16, 1986	Mesa Resources Ltd.	July 16, 1987

The claim was located on July 6-7, 1986 by Alan Isaak, 606-470 Granville St., Vancouver B.C. as a relocation of the DEBBIE 1 claim which expired on July 4, 1986.

On September 8, 1986 all interest in the DEBBIE claim was transferred from Alan Isaak to Mesa Resources Ltd., 11735 - 170th St., Edmonton, Alberta.

The DEBBIE claim is currently the subject of an agreement between Mesa Resources and Bullion Range Exploration Corporation, Vancouver, BC. The area adjoining the DEBBIE claim to the north and east is currently held by other parties.



49° 24'

DEBBIE

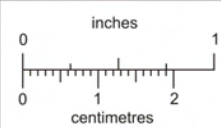
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 BULLION RANGE EXPLORATION CORP.
 MESA RESOURCES LTD.

**DEBBIE CLAIM
 CLAIM MAP**

CONNOR CREEK, NELSON AREA, NELSON M.D., B.C.

SCALE: 1: 50 000	N.T.S. 82 F/ 6W B 5E
DATE: APRIL 1987	FIGURE: 2

Scale 1: 50 000
 Contour interval 500 feet



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HISTORY

The earliest record of mining activity in the area of the DEBBIE property is an 1890 reference to the placer gold potential on Rover Creek. In 1900, the HUNGARY MAN claim was Crown-granted as Lot 4083. This lot is shown on current topographic maps to be 1000m (3300 ft) north of the north boundary of the DEBBIE. In 1956, the HUNGRY MAN (sic) claim is reported as part of the STAR KAY claim group on Connor Creek. Various workings are described on this group at elevations around 3300ft (1000m) a.s.l.

The 1927 Annual Report of the Minister of Mines refers to the TRUE FISSURE claim on Connor Creek. Old workings are described, along with a brief geological description, neither of which appear to correspond to old workings on the DEBBIE claim.

Two old tunnels have been located to date in the dense bush south of the northern boundary of the DEBBIE claim between elevations of 1260 m (4150 ft) and 1310 m (4300ft) a.s.l. These tunnels represent substantial work and it is curious that there is apparently no published record of this activity. Both Mulligan (1952) and Little (1982) show an adit on their maps at the location of the location of the DEBBIE tunnels. Mulligan's map also shows a trail up the west side of Connor Creek through the HUNGARY MAN to the tunnel on the DEBBIE.

It seems probable that the tunnels on the DEBBIE are related to activity on the HUNGARY MAN showings, and that a diligent search of old records will reveal more historical information.

There is no evidence of significant exploration activity on the DEBBIE claim since the old tunnels were driven, possibly around the turn of the century. A limited prospecting programme was conducted by the owners of the DEBBIE 1 claim in 1983. This work resulted in the rediscovery of the two old tunnels, which were subsequently mapped and sampled in 1983 and 1984.

In January and February of 1987, a picket-line survey grid was established on the northeastern part of the claim by Bullion Range Exploration Corp. Detailed electromagnetic and magnetic surveys were conducted over the grid by Geotronics Surveys Ltd. in February, 1987. The results of this work are being presented in a separate report by D.G. Mark, Geophysicist.

REGIONAL GEOLOGY AND MINERALIZATION

The DEBBIE claim is in the Omineca Crystalline Belt of southeastern British Columbia. The property is in the northern Bonnington Range and the claim straddles the contact between granitic rocks of the Jurassic Nelson batholithic complex, to the south, and metasedimentary rocks of the Lower Jurassic and older Ymir Group (Figure 3).

A belt of folded northerly-trending Jurassic sedimentary and volcanic rocks extends north from the United States border to Nelson and the Kootenay River. These rocks are bounded on three sides by plutonic rocks of the Nelson Batholithic complex.

Between Nelson and Salmo this sedimentary-volcanic belt hosts a number of significant gold deposits, including among others, the Granite-Poorman, Second Relief, Arlington, Ymir and Yankee Girl mines. Past production from gold mines in the belt exceeds 500,000 ounces. The Silver King mine, in the same area, produced over 4.4 million ounces of silver and 15 million pounds of copper.

The DEBBIE property is on the western edge of this belt of favourable rocks near its northern end.

The regional geology of the area is shown on maps by Little (1982), Mulligan (1952), and Little (1960).

PROPERTY GEOLOGY AND MINERALIZATION

In the area of the DEBBIE claim, the contact between Nelson granitic rocks and Ymir Group metasediments strikes west-southwesterly across the southern part of the claim (Figure 3). Several small satellitic plutons of the Nelson Batholith are exposed in the valleys of Connor and Rover Creeks north of the property. The Ymir rocks are also intruded by small plugs of Eocene Coryell monzonite to the east and northeast of the claim.

The Ymir Group argillites and quartzites are tightly folded along northerly trending axes. Field mapping by Mulligan shows the bedding dipping between 60° and 75° west on the DEBBIE claim.

Sadlier-Brown (1986) notes the presence of volcanic rock within the generally sedimentary sequence, and also describes the occurrence of hornfels related to a diorite plug near the northern margin of the claim.

The writer noted that the rocks near the upper adit were somewhat altered, possibly hornfels. The lithologies noted included siltstone, quartzite, and possibly an andesitic volcanic rock.

Two old adits have been located by recent surveys on the property. The lower adit is at 1300 m (4250ft) a.s.l. on the northern margin of the claim. It trends 125° and is about 110 m (355ft) long. The upper adit is 60m (200ft) southwest of the lower, and is about 30m (100ft) higher in elevation. It trends 190° and is about 12m (38ft) long. An open cut trends northerly from the portal for about 8m (26ft).

LEGEND

MIDDLE EOCENE

Ecm CORYELL INTRUSIONS: biotite monzonite, biotite-augite monzonite

JURASSIC AND (?) CRETACEOUS

Jgd NELSON INTRUSIONS: granodiorite, granite, diorite

LOWER JURASSIC

IJev ELISE FORMATION: andesite and basalt flows and flow breccia; agglomerate, augite porphyry; minor tuff

LOWER JURASSIC(?) AND OLDER YMIR GROUP

TJys Argillaceous quartzite, micaceous quartzite, argillite, slate; minor limestone; locally layered gneiss

Geological contact

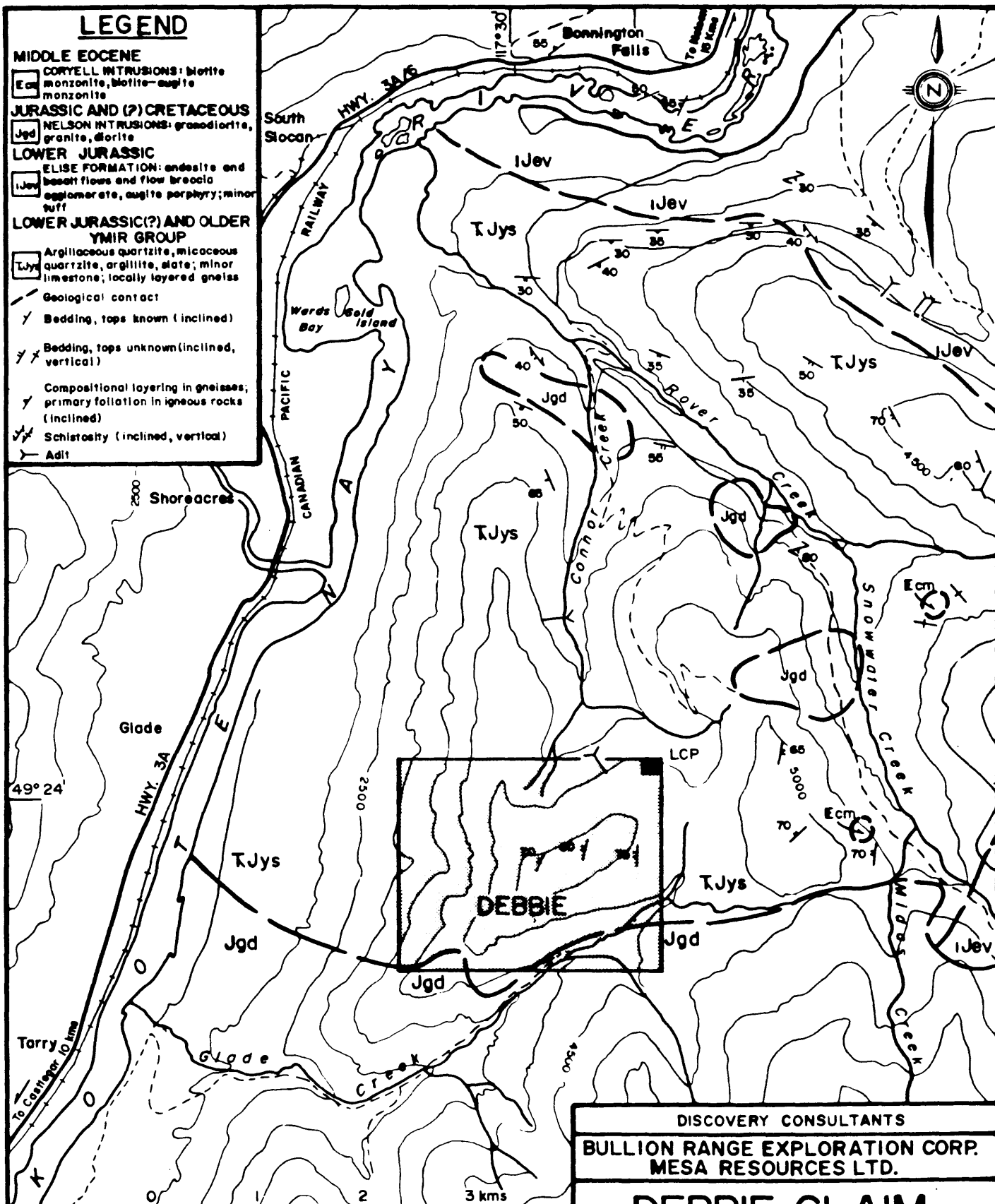
Bedding, tops known (inclined)

Bedding, tops unknown (inclined, vertical)

Compositional layering in gneisses; primary foliation in igneous rocks (inclined)

Schistosity (inclined, vertical)

Adit

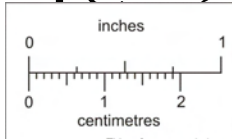


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DEBBIE CLAIM GEOLOGY MAP

CONNOR CREEK, NELSON AREA, NELSON M.D., B.C.

SCALE: 1:50 000	N.T.S. 82F/6W & 5E
DATE: APRIL 1987	FIGURE: 3



This reference scale bar has been added to the original image. It will scale at the same rate as the image, therefore it can be used as a reference for the original size.



Both adits are badly caved and dangerous.

The upper adit was driven on a zone of heavy sulphide mineralization. Pyrite, chalcopyrite and pyrrhotite occur in layers of massive sulphide, veins, and veinlets in a well-developed stockwork, and as disseminations in altered country rock. The massive sulphide zone is primarily pyrite with minor chalcopyrite.

The mineralized zone is dislocated by numerous cross-fractures. Measurements of the irregular massive sulphide layer indicate that it strikes 190° and dips between 30° and 55° to the west. The maximum apparent thickness of the massive sulphide layer noted was 0.6m (2.0ft), but the actual thickness could not be measured due to the disruption by late faults. The overall thickness of the mineralized zone appears to be at least 1.25m (4.1ft).

A number of rock chip samples were collected by the writer and assayed for gold and silver.

<u>Sample No.</u>	<u>Width (m)</u>	<u>Description</u>	<u>oz/t Au</u>	<u>oz/t Ag</u>
DBD01	0.40	Massive altered rock, sulphide veinlets	0.031	0.12
DBD02	0.20	Sheared altered oxidized zone	0.002	<0.02
DBD03	0.50	Fractured rusty siltstone	<0.002	<0.02
DBD04	0.50	Sulphide rich, gossanous zone	0.002	<0.02
DBD05	1.25	Rusty stockwork	0.002	0.02
DBD06	2.10	"Barren" hanging-wall	0.004	<0.02
DBD07	0.80	Rusty mineralized zone	0.010	0.14
DBD08	1.10	Silicified rock	0.007	0.02
DBD09	0.30	Leached massive sulphide	0.312	0.16
DBD10	0.15	Sheared and silicified hanging wall	0.086	0.06
DBD11	grab	Silicified footwall	0.156	0.18
DBD12	0.50	Leached, rusty footwall	0.019	0.05
DBD13	1.40	"Barren" rock	0.016	0.03
DBD14	0.60	Leached massive sulphide	0.334	0.17

The locations of these samples are shown on Figure 4. In July, 1986, T. L. Sadlier-Brown of Bullion Range sampled material from the open cut and the dump at the upper adit. The results of this sampling are as follows.

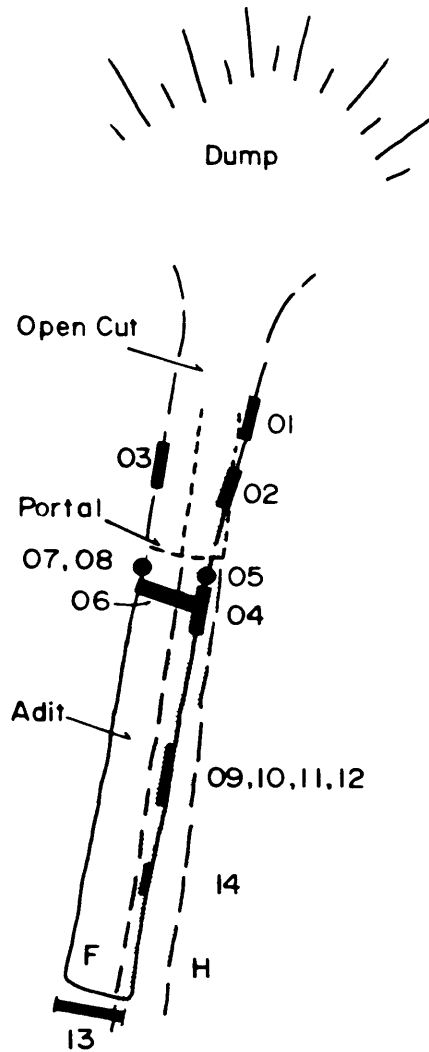
<u>Sample No.</u>	<u>Width</u>	<u>Description</u>	<u>oz/ton Au</u>	<u>ppm Ag</u>
4443	grab	meta-andesite	0.004	0.8
4444	"	massive pyrite on dump	0.240	27.0
4445	"	pyrite in quartz dump	0.494	78.0
4446	"	pyrite in altered rock	0.982	52.0

The above assay results indicate the presence of significant gold values in the sulphide zone at the upper adit. The nature and extent of the gold mineralization cannot be evaluated without more detailed study, which will necessitate the rehabilitation of the adit, and surface trenching.

In the lower adit, Sadlier-Brown reports hornfels and greenstone in contact with diorite. Samples of pyritic material from the dump were collected and assayed in July, 1986.

<u>Sample No.</u>	<u>Width</u>	<u>Description</u>	<u>oz/ton Au</u>	<u>ppm Ag</u>
4440	grab	greenstone with diss.pyrite	0.062	5.6
4441	"	"	0.042	1.4

It is possible that the lower adit was driven to intersect the downward extension of the sulphide zone from the upper adit. Rehabilitation of the lower adit will permit mapping and sampling to investigate this possibility.

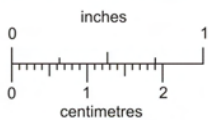


LEGEND

- 02 Rock sample number and location
- H Hanging wall altered rock
- Mineralized sulphide zone
- F Altered and silicified Footwall rock

0 5 10 metres

Scale 1 : 200



This reference scale bar has been added to the original image. It will scale at the same rate as the image, therefore it can be used as a reference for the original size.

DISCOVERY CONSULTANTS

BULLION RANGE EXPLORATION CORP.
MESA RESOURCES LTD.

DEBBIE CLAIM UPPER ADIT, SAMPLE LOCATION MAP

CONNOR CREEK, NELSON AREA, NELSON M.D., B.C.

SCALE 1 : 200

N.T.S. 82F/6WB5E

DATE: APRIL 1987

FIGURE: 4

GEOPHYSICS

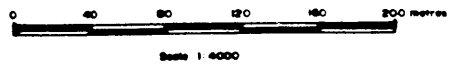
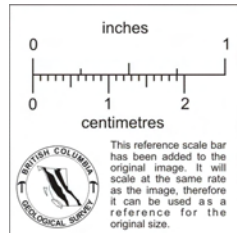
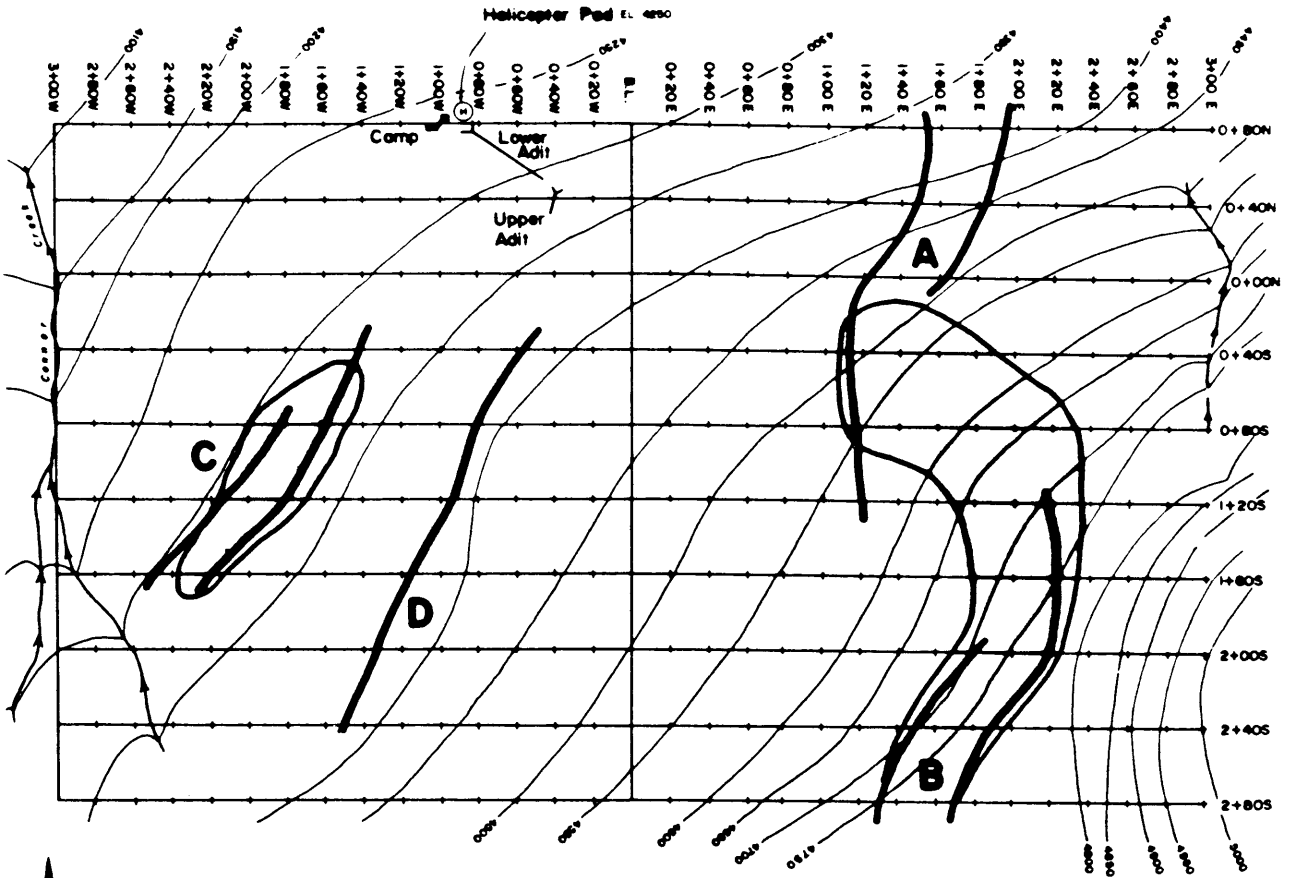
A detailed geophysical survey was conducted by Geotronics Surveys Ltd. over a picket-line grid in the northeast part of the DEBBIE claim in February 1987. The results of this work are presented in a report, currently in preparation, by D.G. Mark, Geophysicist. The writer has been provided with a draft of this report. The geophysical work comprised Horizontal Loop EM and ground magnetometer surveys. (Figure 5)

Mark concludes that the EM survey revealed several conductors of which the most promising, Conductor A, is thought to be related to sulphide mineralization. Conductors B and C are also possibly related to sulphide mineralization. Both conductors A and C correlate with anomalous magnetic responses suggesting that either pyrrhotite or magnetite may be present. Conductor D is thought to be related to a linear geological structure.



The known sulphide mineralization in the upper adit is not reflected in the geophysical results. This may be due to the discontinuous nature of the sulphide zone due to cross-faulting. Mark suggests that conductors C or D may be southern extensions of the known sulphide zone.

The best gold values encountered in the limited rock sampling completed to date are related to heavy sulphide mineralization. The EM conductors may be indicating the presence of gold bearing sulphide zones.

Mark recommends trenching on the conductors and an Induced Polarization/Resistivity Survey over the upper adit area to trace the discontinuous sulphide zone.



LEGEND

-  EM Conductor Axis
-  Magnetic Anomaly

DISCOVERY CONSULTANTS	
BULLION RANGE EXPLORATION CORP. MESA RESOURCES LTD.	
DEBBIE CLAIM GEOPHYSICS, SUMMARY MAP	
CONNOR CREEK, NELSON AREA, NELSON M.D. B.C.	
SCALE: 1:4000	NTS 82F/6W85E
DATE: APRIL 1987	FIGURE: 5

CONCLUSIONS and RECOMMENDATIONS

- 1). The DEBBIE property is located on the western edge of a belt of favourable geological units which host several important gold and silver deposits in the Nelson area.
- 2). Significant gold values occur in a zone of alteration and heavy sulphide mineralization in rocks of the Ymir Group on the DEBBIE claim.
- 3). Results of a detailed geophysical survey over a small part of the property suggest that additional zones of sulphide mineralization may occur.
- 4). A phased programme of exploration is warranted to test the potential for gold deposits on the property.
- 5). The construction of a road to the DEBBIE property from the Connor Creek road is warranted. Road access would enable more effective exploration at a much lower cost than the helicopter access currently in use.
- 6). A geological map of the property should be prepared.
- 7). A programme of soil sampling on an expanded grid would enable a more detailed delineation of exploration targets. An orientation survey over the known mineralized zone would allow the selection of the best sampling and analytical techniques.
- 8). An expanded geophysical survey should be considered.
- 9). The adits should be made safe and a detailed mapping and sampling programme conducted to evaluate the known mineralized zone.

10). Backhoe trenching of targets defined by the detailed geological, geochemical, and geophysical surveys is recommended prior to drilling.

PROPOSED BUDGET ESTIMATE

Phase I

Road construction: 2 km of road to provide access to adit area.	\$8000.00
Geological Mapping:	5000.00
Geochemical Survey:	6000.00
Rehabilitation and mapping of adits	2000.00
Geophysical Surveys	4000.00
Backhoe trenching, trench sampling	10,000.00
Supervision, management, office etc.	<u>5,000.00</u>
Total Phase I	40,000.00 =====

Phase II

Contingent upon favourable results in Phase I.

Diamond Drilling

6 NQ holes 100m deep, all in cost \$100/m	60,000.00 =====
---	--------------------

Phase III

Contingent upon favourable results in Phase II.

Road construction, expanded grid coverage,
expanded geochemical and geophysical
surveys, trenching. \$80,000.00

Diamond Drilling

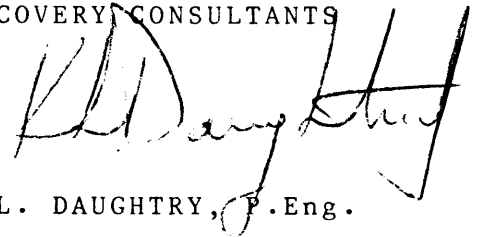
6 NQ holes 100m deep 60,000.00

Total Phase III \$140,000.00
=====

Total for Phases I, II, and III \$240,000.00
=====

Respectfully submitted,

DISCOVERY CONSULTANTS



K. L. DAUGHTRY, P.Eng.

Vernon, BC
April 21, 1987

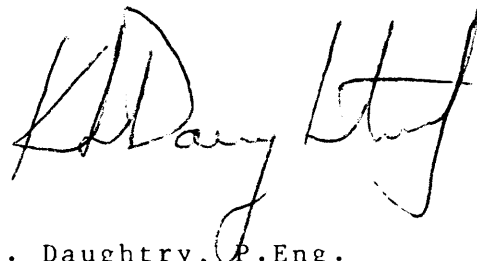
REFERENCES

- B. C. DEPARTMENT MINES various Annual Reports of the Minister of Mines.
- LITTLE, H. W. 1985 Geological Notes, Nelson W. map-area, Geol. Surv. Can. OF 1195.
- 1982 Geology, Bonnington map-area, B.C. Geol. Surv. Can. Map 1561A.
- 1964 Geology, Ymir map-area, B. C. Geol. Surv. Can. Map 1144A.
- 1960 Nelson map-area W. B.C. Geol. Surv. Can. Mem. 308.
- MARK, D. G. 1987 Geophysical Report on Horizontal Loop Electromagnetic and Magnetic Surveys over the DEBBIE claim. Private Report for Bullion Range Exploration Corp. (in preparation).
- MULLIGAN, R. 1952 Bonnington map-area, B. C. Geol. Surv. Can. Paper 52-13.
- SADLIER-BROWN, T.L. 1986 Geological Report on the DEBBIE claim, Nelson Mining Division, B. C. Private Report for Mesa Resources Ltd.

STATEMENT OF QUALIFICATIONS

I, KENNETH L. DAUGHTRY, of 7814 Tronson Road, R.R. #4, Vernon,
British Columbia, DO HEREBY CERTIFY that:

1. I am a Consulting Geologist in mineral exploration.
2. I have been practising my profession for twenty three years in Canada, the United States and Ireland.
3. I am a graduate of Carleton University, Ottawa, with a Bachelor of Science degree in Geology and Chemistry.
4. I am a member of the Associations of Professional Engineers of British Columbia, Ontario, and Yukon Territory, and a Fellow of the Geological Association of Canada.
5. This report is based upon knowledge of the DEBBIE property gained from personal examination and sampling of showings on the property, from the study of numerous reports on the Nelson area, and from private reports on the DEBBIE property.
6. I have no interest, direct or indirect, in the properties or shares of Bullion Range Exploration Corporation Ltd., or Mesa Resources Ltd, nor do I expect to receive any interest at any time.
7. Permission is hereby granted to Bullion Range Exploration Corporation Ltd. and to Mesa Resources Ltd. to use this report, in its complete form as written, to satisfy the requirements of regulatory bodies.



K. L. Daughtry, P.Eng.

Vernon, BC
April 21, 1987

BULLION RANGE EXPLORATION CORP.
VANCOUVER, BRITISH COLUMBIA, CANADA
FINANCIAL STATEMENTS
MAY 15, 1987

1. AUDITORS' REPORT
2. BALANCE SHEET
3. STATEMENT OF DEFERRED EXPLORATION AND ADMINISTRATIVE EXPENDITURES
4. STATEMENT OF CHANGES IN FINANCIAL POSITION
5. NOTES TO FINANCIAL STATEMENTS

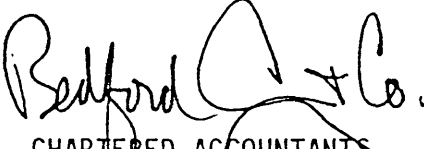
AUDITOR'S REPORT

To the Directors of Bullion Range Exploration Corp.

We have examined the balance sheet of Bullion Range Exploration Corp. as at May 15, 1987, and the statements of deferred exploration and administrative expenditures and changes in financial position for the period from December 1, 1986 to May 15, 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 May 15, 1987 and the changes in its financial position for the period then ended in accordance with generally accepted accounting principles applied on a consistent basis.

Vancouver, British Columbia
May 22, 1987


CHARTERED ACCOUNTANTS

BULLION RANGE EXPLORATION CORP.

BALANCE SHEET
MAY 15, 1987

Assets

Current assets:	
Cash	\$ 45,451
Investment in mineral property, at cost (Note 3)	5,000
Deferred exploration and administrative expenditures, at cost	<u>86,638</u>
	<u>\$ 137,089</u>

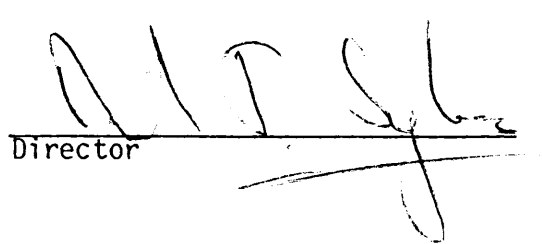
Liabilities and Shareholders' Equity

Current liabilities:	
Accounts payable and accrued liabilities	\$ 9,088
Shareholders' equity:	
Capital stock: (Note 4)	
Common shares without par value:	
Authorized 10,000,000; Issued 1,232,001	<u>128,001</u>
	<u>\$ 137,089</u>

Approved by the Board:



Director



Director

BULLION RANGE EXPLORATION CORP.

STATEMENT OF DEFERRED EXPLORATION AND ADMINISTRATIVE EXPENDITURES
FROM DECEMBER 1, 1986 TO MAY 15, 1987 (Note 1)

Exploration expenditures:	
Debbie claim:	
Survey grid linecutting	\$ 53,395
Electromagnetic survey	9,455
Other exploration	<u>3,361</u>
	66,211
Administrative expenditures:	
Legal and accounting	14,351
Management fees	3,000
Office and general	<u>3,076</u>
	<u>20,427</u>
Deferred exploration and administrative expenditures for period and balance, end of period	\$ <u><u>86,638</u></u>

BULLION RANGE EXPLORATION CORP.

STATEMENT OF CHANGES IN FINANCIAL POSITION
FROM DECEMBER 1, 1986 TO MAY 15, 1987 (Note 1)

Financing activities:	
Issue of 1,232,001 shares for cash	\$ 128,001
Investing activities:	
Investment in mineral property	(5,000)
Exploration and administrative expenditures	(86,638)
Accounts payable	<u>9,088</u>
	<u>(82,550)</u>
Cash increase for period, cash end of period	\$ <u><u>45,451</u></u>

BULLION RANGE EXPLORATION CORP.

NOTES TO FINANCIAL STATEMENTS
FROM DECEMBER 1, 1986 TO MAY 15, 1987 (Note 1)

1. Commencement of business:

The company was incorporated on September 18, 1984 under the laws of British Columbia. Business activity commenced in December, 1986. The name of the Company was changed on January 28, 1987 from Pink Jade Ventures Inc. to Bullion Range Exploration Corp.

2. Significant accounting policies:

Mineral properties and deferred exploration and administrative expenditures:

The Company carries its mineral properties at cost. The Company defers the cost of its exploration and administrative expenditures and carries them as assets until the results of the projects are known. If a project is successful, the related exploration and administrative expenditures are amortized over a period of years pro rata to anticipated income. If a project is unsuccessful, the exploration and administrative expenditures and mining claims are written off.

The amounts shown for mining properties and deferred expenditures represent costs to date and do not necessarily reflect present or future values.

3. Investment in mineral property:

Debbie Claim:

On December 29, 1986 the Company entered into an agreement to purchase 51% of a mineral claim known as the Debbie Claim from Mesa Resources Ltd. of Edmonton, Alberta for \$5,000 cash and a minimum of \$50,000 of expenditures on the property. By April 30, 1987, the required completion date of expenditures, a total of \$62,850 was spent on the property.

The Company and Mesa will share all future exploration and mine costs in proportion to their respective interests. The Company may increase its equity interest by paying Mesa's portion of expenditures. For every \$4,900 of such payments the company's interest increases by 1% to a maximum of 10%. Thereafter the percentage interest fluctuates in proportion to total contributions made over a pre-determined base.

The Debbie Claim covers 20 units (500 hectares) of land near Nelson, British Columbia.

4. Capital stock:

During the period the Company issued 1,232,001 shares for \$128,001 cash.

Included in the share capital are 750,000 shares issued for \$0.01, held in escrow, subject to release only with regulatory approval.

NOTES TO FINANCIAL STATEMENTS continued:

The company has received during the period \$65,000 by way of subscription funds for 260,000 shares at 25 cents per share. The Company has agreed with the holders of these shares to incur Canadian Exploration Expenses (CEE) as defined in the Income Tax Act, Canada, and has agreed not to include the CEE in the computation of its income pursuant to the provisions of the Income Tax Act, Canada. As at December 31, 1986 the Company had paid or payable \$62,850 in CEE.

5. Stock options:

By agreements dated May 11, 1987 the company granted stock options to four of its directors and two of its employees to purchase a total of 173,200 shares at 40 cents per share. The options are open for a two year period from the date of acceptance of a prospectus, dated May 25, 1987, by the Superintendent of Brokers.

6. Related party transactions and remuneration of directors:

During the period the company has paid or payable \$5,000 to Thames Management Ltd.; a company owned by two of the directors, Stewart Meek and David Sykes. Thames Management Ltd. has a management contract with the Company to manage the affairs of the Company for \$1,000 per month.

Nevin Sadlier-Brown Goodbrand Ltd. has a management contract with the Company to manage its natural resource properties for a monthly fee of \$500. T. Sadlier Brown is also a Director of the Company. To May 15 a total of \$1,000 is payable to Nevin Sadlier-Brown Goodbrand Ltd.

7. Income taxes:

The company has non-capital loss carry-forwards and allowances in respect of resource development costs which are available to be offset against future taxable income. No future benefit of these losses has been recognized in these financial statements.

8. Subsequent event:

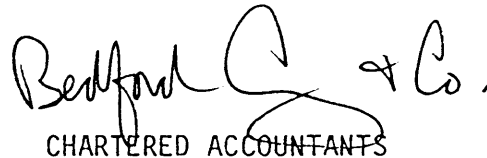
Subsequent to the balance sheet date the Company filed a prospectus with the regulatory authorities of British Columbia constituting an offering to the public of 500,000 units at \$0.40, each unit consisting of one common share and one series A share purchase warrant.

BULLION RANGE EXPLORATION CORP.
VANCOUVER, BRITISH COLUMBIA, CANADA
FINANCIAL STATEMENTS
AUGUST 31, 1987

1. ACCOUNTANTS' COMMENTS
2. BALANCE SHEET
3. STATEMENT OF DEFERRED EXPLORATION AND ADMINISTRATIVE EXPENDITURES
4. STATEMENT OF CHANGES IN FINANCIAL POSITION
5. NOTES TO FINANCIAL STATEMENTS

ACCOUNTANTS' COMMENTS

We have prepared the accompanying balance sheet as at August 31, 1987 and the statements of deferred exploration and administrative expenditures and changes in financial position for the period ended August 31, 1987 from the records of Bullion Range Exploration Corp. and from other information supplied to us by the company. In order to prepare these financial statements we made a review, consisting primarily of enquiry, comparison and discussion, of such information. However, in accordance with the terms of our engagement, we have not performed an audit and consequently do not express an opinion on these financial statements.


CHARTERED ACCOUNTANTS

Vancouver, British Columbia
September 24, 1987

BULLION RANGE EXPLORATION CORP.

BALANCE SHEET
AUGUST 31, 1987
(Unaudited)


Assets

Current assets:	
Cash	\$ 10,303
Investment in mineral property, at cost (Note 3)	5,000
Deferred exploration and administrative expenditures, at cost	<u>122,463</u>
	\$ <u>137,766</u>

Liabilities and Shareholders' Equity

Current liabilities:	
Accounts payable and accrued liabilities	\$ 9,765
Shareholders' equity:	
Capital stock: (Note 4)	
Common shares without par value:	
Authorized 10,000,000; Issued 1,232,001	<u>128,001</u>
	\$ <u>137,766</u>

Approved by the Board:



Director



Director

BULLION RANGE EXPLORATION CORP.

STATEMENT OF DEFERRED EXPLORATION AND ADMINISTRATIVE EXPENDITURES
FROM DECEMBER 1, 1986 TO AUGUST 31, 1987 (Note 1)
(Unaudited)

Exploration expenditures:	
Debbie claim:	
Survey grid linecutting	\$ 64,392
Electromagnetic survey	9,455
Other exploration	<u>3,407</u>
	77,254
Administrative expenditures:	
Legal and accounting	21,676
Management fees	10,152
Office and general	5,284
V.S.E. Fees	3,280
Filing Fees	3,150
Travel	1,000
Transfer agent fees	<u>667</u>
	45,209
Deferred exploration and administrative expenditures for period and balance, end of period	\$ <u><u>122,463</u></u>

BULLION RANGE EXPLORATION CORP.

STATEMENT OF CHANGES IN FINANCIAL POSITION
FROM DECEMBER 1, 1986 TO AUGUST 31, 1987 (Note 1)
(Unaudited)

Financing activities:	
Issue of 1,232,001 shares for cash	\$ 128,001
Investing activities:	
Investment in mineral property	(5,000)
Exploration and administrative expenditures	(122,463)
Accounts payable	<u>9,765</u>
	<u>(117,698)</u>
Cash increase for period, cash end of period	\$ <u>10,303</u>

BULLION RANGE EXPLORATION CORP.

NOTES TO FINANCIAL STATEMENTS
FROM DECEMBER 1, 1986 TO AUGUST 31, 1987 (Note 1)

1. Commencement of business:

The company was incorporated on September 18, 1984 under the laws of British Columbia. Business activity commenced in December, 1986. The name of the Company was changed on January 28, 1987 from Pink Jade Ventures Inc. to Bullion Range Exploration Corp.

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The Company carries its mineral properties at cost. The Company defers the cost of its exploration and administrative expenditures and carries them as assets until the results of the projects are known. If a project is successful, the related exploration and administrative expenditures are amortized over a period of years pro rata to anticipated income. If a project is unsuccessful, the exploration and administrative expenditures and mining claims are written off.

The amounts shown for mining properties and deferred expenditures represent costs to date and do not necessarily reflect present or future values.

3. Investment in mineral property:

Debbie Claim:

On December 29, 1986 the Company entered into an agreement to purchase 51% of a mineral claim known as the Debbie Claim from Mesa Resources Ltd. of Edmonton, Alberta for \$5,000 cash and a minimum of \$50,000 of expenditures on the property. By April 30, 1987, the required completion date of expenditures, a total of \$62,850 was spent on the property.

The Company and Mesa will share all future exploration and mine costs in proportion to their respective interests. The Company may increase its equity interest by paying Mesa's portion of expenditures. For every \$4,900 of such payments the company's interest increases by 1% to a maximum of 10%. Thereafter the percentage interest fluctuates in proportion to total contributions made over a pre-determined base.

The Debbie Claim covers 20 units (500 hectares) of land near Nelson, British Columbia.

4. Capital stock:

During the period the Company issued 1,232,001 shares for \$128,001 cash.

Included in the share capital are 750,000 shares issued for \$0.01, held in escrow, subject to release only with regulatory approval.

NOTES TO FINANCIAL STATEMENTS continued:

The company has received during the period \$65,000 by way of subscription funds for 260,000 shares at 25 cents per share. The Company has agreed with the holders of these shares to incur Canadian Exploration Expenses (CEE) as defined in the Income Tax Act, Canada, and has agreed not to include the CEE in the computation of its income pursuant to the provisions of the Income Tax Act, Canada. As at December 31, 1986 the Company had paid or payable \$62,850 in CEE.

5. Stock options:

By agreements dated May 11, 1987 the company granted stock options to four of its directors and two of its employees to purchase a total of 173,200 shares at 40 cents per share. The options are open for a two year period from the date of acceptance of a prospectus, dated May 25, 1987, by the Superintendent of Brokers.

6. Related party transactions and remuneration of directors:

During the period the company has paid \$8,000 to Thames Management Ltd.; a company owned by two of the directors, Stewart Meek and David Sykes. Thames Management Ltd. has a management contract with the Company to manage the affairs of the Company for \$1,000 per month.

Nevin Sadlier-Brown Goodbrand Ltd. has a management contract with the Company to manage its natural resource properties for a monthly fee of \$500. T. Sadlier Brown is also a Director of the Company. To August 31 a total of \$2,152 is paid to Nevin Sadlier-Brown Goodbrand Ltd.

7. Income taxes:

The company has non-capital loss carry-forwards and allowances in respect of resource development costs which are available to be offset against future taxable income. No future benefit of these losses has been recognized in these financial statements.

8. Subsequent event:

Subsequent to the balance sheet date the Company filed a prospectus with the regulatory authorities of British Columbia constituting an offering to the public of 500,000 units at \$0.40, each unit consisting of one common share and one series A share purchase warrant.

CERTIFICATE OF THE DIRECTORS, OFFICERS AND PROMOTERS

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 and its regulations.

DATED: September 22, 1987



STEWART V. MEEK
Director and
Chief Executive Officer



DAVID J. SYKES
Director and
Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS



TIMOTHY L. SADLIER-BROWN
Director/Promoter



EDMOND C. NAGEL
Director/Promoter

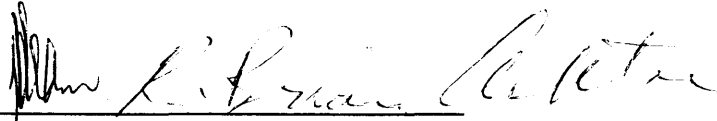
CERTIFICATE OF THE AGENTS

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 and its regulations.

DATED: September 22, 1987

GEORGIA PACIFIC SECURITIES CORPORATION

Per:



MERIT INVESTMENT CORPORATION

Per:



WEST COAST SECURITIES LTD.

Per: