PROPERTY FILE 092F 274
CONQUEST RES.
007522

PHASE II **Remainder of Property**			
Grid Establishment			
Baseline - 5 km @ $400/km	$ 2,000		
Grid Lines - 60 km @ $200/km	12,000		
Geological Mapping	8,000		
Geochemical Sampling			
Collection - 1,200 @ $5 each	6,000		
Analysis - 1,200 @ $15 each	18,000		
Lithogeochemical Analysis - 200 @ $25 each	5,000		
Geophysical Surveying			
Magnetometer, VHF-EM - 60 km @ $200/km	12,000		
Induced Polarization - 30 km @ $800/km	24,000		87,000
Targets resulting from work on remainder of property:			
Diamond Drilling 4,000ft. @ $17/ft. (1,214m @ $56/m)	68,000		
Supervision, etc.	6,000		
Assays, etc.	3,000		77,000
Contingency			12,000
Support Costs			
Motel, meals, vehicle, fuel, etc.	6,000		
Miscellaneous			
Telephone, courier, freight, etc.	1,000		
Report Preparation, drafting, etc.	4,000	$	11,000
TOTAL PHASE II		**$**	**187,000**
GRAND TOTAL		**$**	**447,000**

The Issuer expects to initiate Phase I of the exploration program at a cost of $17,100 immediately after the proceeds from this Offering are received. The initial work is expected to be completed by the end of February, 1996. The Issuer intends to issue interim reports on the progress of the work and to disclose promptly any results which might reasonably be expected to affect materially the values of its shares. Plans for the funding of the balance of the recommended program have not been formulated as at the date of this Prospectus; however the $17,100 to be expended will generate sufficient assessment credits to extend the expiry dates of all the present claims until at least April 19, 1996.

MAGNOLIA PROPERTY

The information contained herein regarding the Magnolia property (except for the description of ownership and terms of acquisition, and the description of cumulative exploration expenditures) is derived from a report dated February 15 1994, and revised August 12, 1994, and reconfirmed May 25, 1995, prepared for the Issuer by Paul Reynolds, B.Sc., P.Geo., consulting geologist. The report is entitled "GEOLOGICAL REPORT AND RECOMMENDATIONS ON THE MAGNOLIA PROPERTY, NANAIMO MINING DIVISION, BRITISH COLUMBIA". The report is available for inspection at the head offices of the Issuer during normal business hours during the course of primary distribution of the securities offered by this Prospectus and for a period of 30 days thereafter.

Location, Size and Means of Access

The Magnolia property is located on Texada Island, B.C., one km north of the Town of Gillies Bay. This largest island in the Strait of Georgia lies 110 km west-northwest of Vancouver and is accessible from Vancouver by car and ferry combinations either directly via Powell River on the mainland or circuitously through the Town of Comox on Vancouver Island. Air service on request is available on certain scheduled flights from Vancouver to Powell River.

The property is centered at 49^0 42'30" north latitude (UTM 5507050 N) 124^0 29'30" west longitude (UTM 392500 E) on N.T.S. mapsheets 092F/09W and 092F/10E. Road access to and within the property is good. The gravel Central Road and the paved Gillies Bay - Vananda highway cross the northeastern and western boundaries respectively. Interior travel is aided by old logging roads traversable by 4-wheel drive vehicles and other trails suitable for foot access only.

The topographic relief on the property ranges from 60 m above sea level on the southwest to approximately 250 m on the east boundary which is on the southwest flank of Mount Pocahontas. The forest cover is mostly second or third growth Douglas fir, arbutus and jackpine on the fairly sparse ridges and cedar, spruce, hemlock, balsam and poplar in the lower elevations.

The island is within the "Sunshine Coast" area of British Columbia and features mild winters and moderate, dry summers. Consequently, all aspects of surface exploration may be carried out year round.

Claim Status

The Magnolia property is comprised of 3 four-post claims and 40 two-post claims containing 77 units. The contiguous claims form a group which is approximately 3.5 kms by 4.5 kms with an area of 1.925 hectares (7.4 sq. miles).

Name	Tenure	Units	Expiry	
Tucson 1	230207	5	Nov 25	1995
Tucson 2	230208	20	Nov 25	1995
Comet 1	317217	1	Apr 29	1996
Comet 2	317218	1	Apr 29	1996
Comet 3	317219	1	Apr 29	1996
Comet 4	317220	1	Apr 29	1996
Comet 5	317221	1	Apr 29	1996
Mag 1	317407	1	May 12	1996
Mag 2	317408	1	May 12	1996
Mag 3	317409	1	May 12	1996
Mag 4	317410	1	May 12	1996
Mag 5	317411	1	May 12	1996
Mag 6	317412	1	May 12	1996
Mag 7	322654	1	Nov 20	1995
Mag 8	322655	1	Nov 20	1995
Mag 9	322656	1	Nov 20	1995
Mag 10	322657	1	Nov 20	1995
Mag 11	322975	1	Dec 13	1995
Mag 12	322976	1	Dec 13	1995
Mag 13	322977	1	Dec 13	1995
Mag 14	322978	1	Dec 13	1995
Mag 15	322979	1	Dec 13	1995
Mag 16	322980	1	Dec 13	1995
Mag 17	322981	1	Dec 13	1995
Mag 18	322982	1	Dec 13	1995
Scot 4	231249	12	Oct 30	1995
Scot 5	320112	1	Aug 16	1995
Scot 6	320113	1	Aug 16	1995
Scot 7	322632	1	Nov 21	1995
Scot 8	322633	1	Nov 21	1995
Scot 9	322634	1	Nov 21	1995
Scot 10	322635	1	Nov 21	1995
Scot 11	322636	1	Nov 21	1995
Scot 12	322637	1	Nov 21	1995
Scot 13	322638	1	Nov 21	1995
Scot 14	322984	1	Dec 13	1995
Scot 15	322985	1	Dec 13	1995
Scot 16	322986	1	Dec 13	1995
Cranby 2	322983	1	Dec 13	1995
Cranby Fr.	322987	1	Dec 14	1995
Mag 19	323322	1	Jan 17	1996

Mag 20	323323	1	Jan 17	1996
Chase Fr.	323324	1	Jan 17	1996

Except for some reverted Crown granted claims whose exact positions within the property boundaries are no longer determinable, none of the located claims have been surveyed. The Crown grants in all cases have been overstaked in total or in part by the Issuer to ensure that no gaps exist in the assemblage. Claim locations are determined by reference to government mineral tenure maps for the Nanaimo Mining Division, NTS 092F/09W and 092F/10E. The above expiry dates have been derived from the same mineral tenure records.

The property boundaries contain two small groups of claims not owned by the Issuer. They are: (a) reverted Crown grants Copper Cave (230202), Stobie Fraction (230230), both owned by James E. Newman and located in the north central part of the property; and (b) two-post claims Bolt 1 (229848), Bolt 2 (229849) owned by Damir Cukor and X-ray reverted Crown grant (229535) owned by Kenneth Misner. These last three continuous claims are located within the Issuer's Tucson 2 claim in the south central part of the property.

Ownership and Terms of Acquisition

The Issuer has a 100% interest in the claims comprising the Magnolia property.

By agreement dated May 18, 1988 and amending agreements dated April 28, 1990 and February 27, 1992 between the Issuer and Darrel M. White and April Julia White of R.R. #1, Box 42, Black Point Road, Powell River, British Columbia, V8A 4Z2, the Issuer purchased the Tucson 1, Tucson 2, Magnolia 1 and Magnolia 2 claims in consideration for $15,000 in cash and 100,000 Class "A" common voting shares of the Issuer to be issued as to 25,000 shares on September 15, 1994, which is the date the Issuer became a reporting issuer in British Columbia and 25,000 shares on each the days that falls 6 months, 12 months and 18 months after the first issue. These claims are also currently subject to annual royalty payments of 4% of net smelter returns or $10,000, whichever is the greater, payable to Darrel M. White and April Julia White annually on June 1, until a total of $500,000 in aggregate royalties payments and payments in lieu of royalties shall have been paid. Title to the Tucson 1 and Tucson 2 claims was transferred to John Bissett, who had advanced part of the purchase funds, on October 12, 1989. John Bissett held these claims in trust for the Issuer. Title to the Magnolia 1 and Magnolia 2 claims was transferred to the Issuer by Darrel White on February 6, 1990, on which day John Bissett also transferred title to the Tucson 1 and Tucson 2 claims to the Issuer without compensation other than reimbursement for his cash outlay.

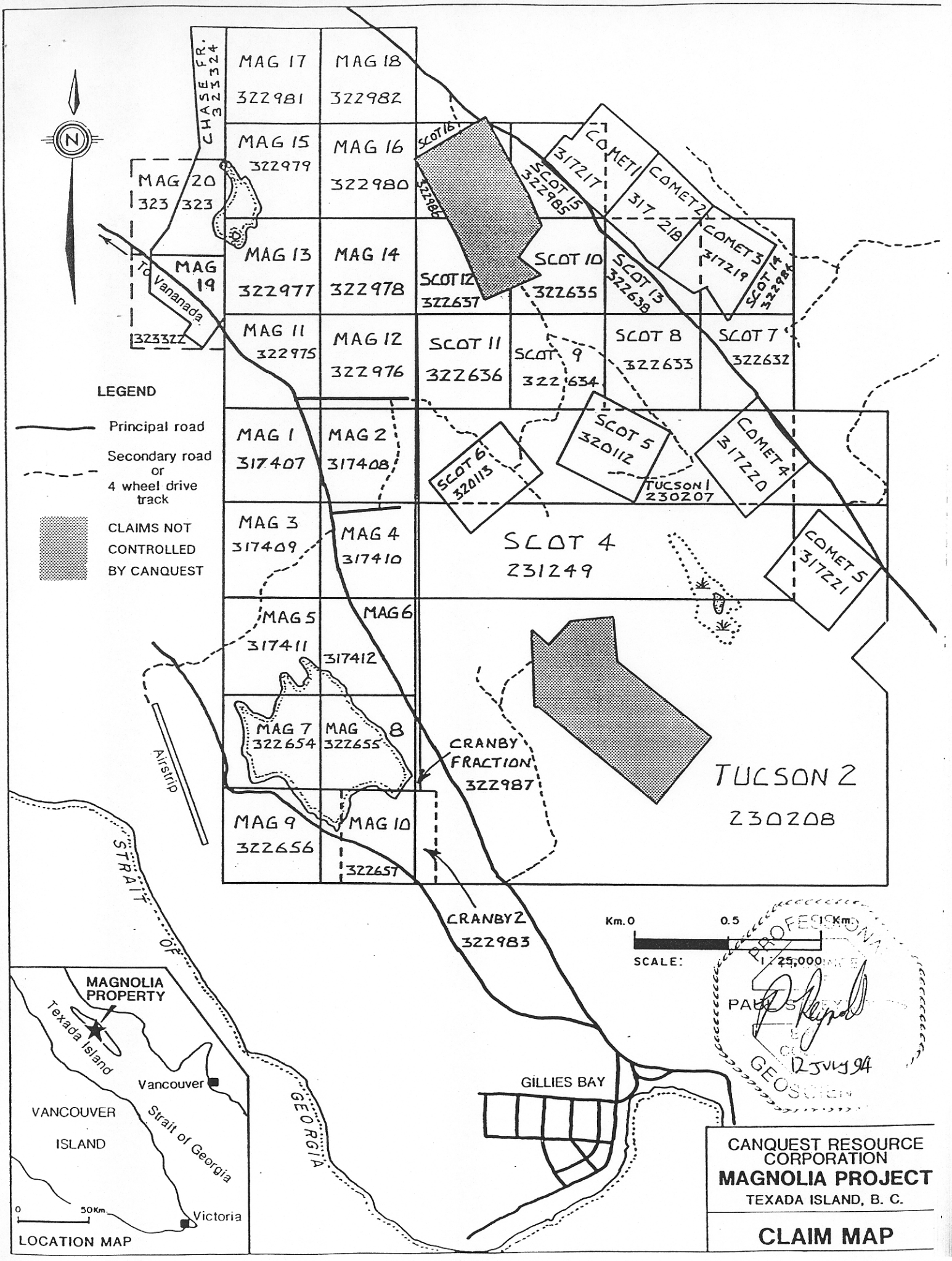
By agreement dated January 12, 1994 and amended June 23, 1994 between the Issuer and Bethlehem Resources Corporation of 420 - 355 Burrard Street, Vancouver, B.C., V6C 2G8, the Issuer purchased the Comet 1-5 mineral claims in consideration for 50,000 Class "A" shares of the Issuer. Title to the claims remains with Bethlehem Resources Corporation until receipt of the shares which were to be issued after September 15, 1994 when the Issuer became a reporting issuer in British Columbia, and according to the following schedule: 12,500 effective January 12, 1994, 12,500 effective July 12, 1994, 12,500 on January 12, 1995 and 12,500 on July 12, 1995. Bethlehem Resources Corporation retained an interest equal to 5% of any net profits from the claims. In addition, the previous owner of the claims, Campbell Resources Inc., of Suite 2701, One First Canadian Place, Toronto, Ontario, M5X 1E5, is entitled to a royalty of 1.25% of the net smelter returns from any production from the claims. The royalty is effective after return of all capital expenditures required to bring the claims into production or after four years of commercial production, whichever is first, and it converts into a 10% net profits interest when royalty payments total 10% of the capital expenditures.

The remaining claims were staked on behalf of the Issuer during 1990, 1992, 1993 and 1994.

Regional Geology

The geology of Texada Island has been reported on by several people since magnetite was first discovered in 1873. G.M. Dawson, of the Geological Survey of Canada, examined the shoreline geology in 1887. A comprehensive report on Texada Island geology was made in 1914 by R.G. McConnell of the Geological Survey of Canada. That report mainly concentrated on the iron occurrences adjacent to the northwestern shore of the Island. More recent work was done on the skarn mineralization by J.E. Muller of the Geological Survey of Canada who mapped the whole Island on a reconnaissance basis in 1968. Webster and Ray of the B.C. Ministry of Energy, Mines and Petroleum Resources produced a geological map of the northern third of the Island based on reconnaissance mapping during July and August 1989 and information provided by local prospectors, geologists and quarry managers.

Texada Island is located along the eastern margin of both the Insular tectono-stratigraphic belt and the Wrangellia Terrane of the Canadian Cordillera. The oldest rocks mapped on the Island are calc-alkaline volcaniclastics of the Paleozoic Sicker Group exposed on the southeastern tip of the Island. These are unconformably overlain to the north by pillowed to massive basaltic flows and volcaniclastics of the Middle to Upper Triassic Karmutsen Formation. Near the top of the formation the flows contain thin interbeds of fossilliferous limestone. The Karmutsen is conformably overlain by limestones of the Upper Triassic Quatsino Formation whose exposures vary in thickness from marginal east and south of the exhausted iron mines to more than 500 m at the northern tip of the Island. Cretaceous sediments of the Nanaimo Group crop out around Gillies Bay and may extend a short distance northward under alluvium.


CHASE FR. 323324
MAG 17 322981
MAG 18 322982
MAG 15 322979
MAG 16 322980
MAG 20 323 323
MAG 19
To Vananada
323322
MAG 13 322977
MAG 14 322978
MAG 11 322975
MAG 12 322976
SCOT 16
322986
SCOT 12 322637
SCOT 15 322985
COMET 1 317217
COMET 2 317 218
COMET 3 317219
SCOT 14 322984
SCOT 10 322635
SCOT 13 322638
SCOT 11 322636
SCOT 9 322 634
SCOT 8 322633
SCOT 7 322632
MAG 1 317407
MAG 2 317408
SCOT 6 320113
SCOT 5 320112
COMET 4 317220
TUCSON 1 230207
MAG 3 317409
MAG 4 317410
SCOT 4 231249
COMET 5 317221
MAG 5 317411
MAG 6 317412
MAG 7 322654
MAG 8 322655
Airstrip
CRANBY FRACTION 322987
TUCSON 2 230208
MAG 9 322656
MAG 10 322657
CRANBY 2 322983
STRAIT OF GEORGIA
GILLIES BAY
LEGEND
Principal road
Secondary road or 4 wheel drive track
CLAIMS NOT CONTROLLED BY CANQUEST
Km. 0 0.5 1 Km.
SCALE: 1 : 25,000
MAGNOLIA PROPERTY
Texada Island
Vancouver
VANCOUVER ISLAND
Strait of Georgia
0 50Km.
Victoria
LOCATION MAP
PROFESSIONAL ENGINEER
PAUL S. REYNOLDS
12 July 94
GEOSCIENTIST
CANQUEST RESOURCE CORPORATION
MAGNOLIA PROJECT
TEXADA ISLAND, B. C.
CLAIM MAP

Various stocks and minor intrusions, ranging in composition from gabbro through the more common diorite to quartz monzonite intrude the volcanics and limestones. These have been radiometrically dated as Middle to Upper Jurassic, and may correlate with the Coast Plutonic Complex on the mainland or the Island Intrusions on Vancouver Island. The more mafic stocks, which tend to be concentrated along the northwest trending Marble Bay Fault, are associated with copper-gold skarn mineralization around Vananda and the northeastern tip of the Island. The Gillies Bay felsic stock is associated with several magnetite-rich skarn deposits. Other stocks and minor intrusives reportedly have skarn development but apparently have not been examined in great detail.

The limestone and volcanics have been deformed into a series of broad, northwest trending open folds that plunge gently to moderately northwards. Three sub-parallel, northwesterly lineaments are the most striking structural features of the north end of the Island. The most persistent and visually striking one, the Marble Bay fault, appears to traverse the entire length of the Island, albeit with some offsets. The other two, the Holly and Ideal faults are substantially shorter. All of them appear to have controlled the emplacement of the Jurassic intrusives and their associated skarn mineralization. The area between these faults has undergone substantial brittle deformation expressed by numerous low-angle splay faults and right-angle faults and shear zones either mapped or inferred from airborne geophysical surveys and aerial photographs.

Regional Economic Setting

Texada Island has a long history of mining and exploration for gold, copper and iron ore that began with the discovery of magnetite in 1873.

Gold, copper and silver were produced during intermittent production mainly from three mines during the period 1896 to 1952. The Marble Bay, Little Billie and Cornell mines, located at Vanada 5 kms northwest of the Magnolia property, produced a total of 303,608 tonnes of ore with an average grade of 7.83 grams/tone gold, 52.74 grams/tonne silver and 2.9% copper. These three deposits were in skarn mineralization at contacts between the Quatsino limestone and diorite intrusions. Other deposits which produced small amounts of ore during the same period were either in similar skarn environments or in quartz-flooded breccia zones along faults cutting t' e interbedded volcanics and limestones of the Karmutsen formation. It is believed that northwesterly trending faults, as well as low-angle splays from these faults, are associated with the emplacement of the diorite intrusions and, locally, skarn mineralization.

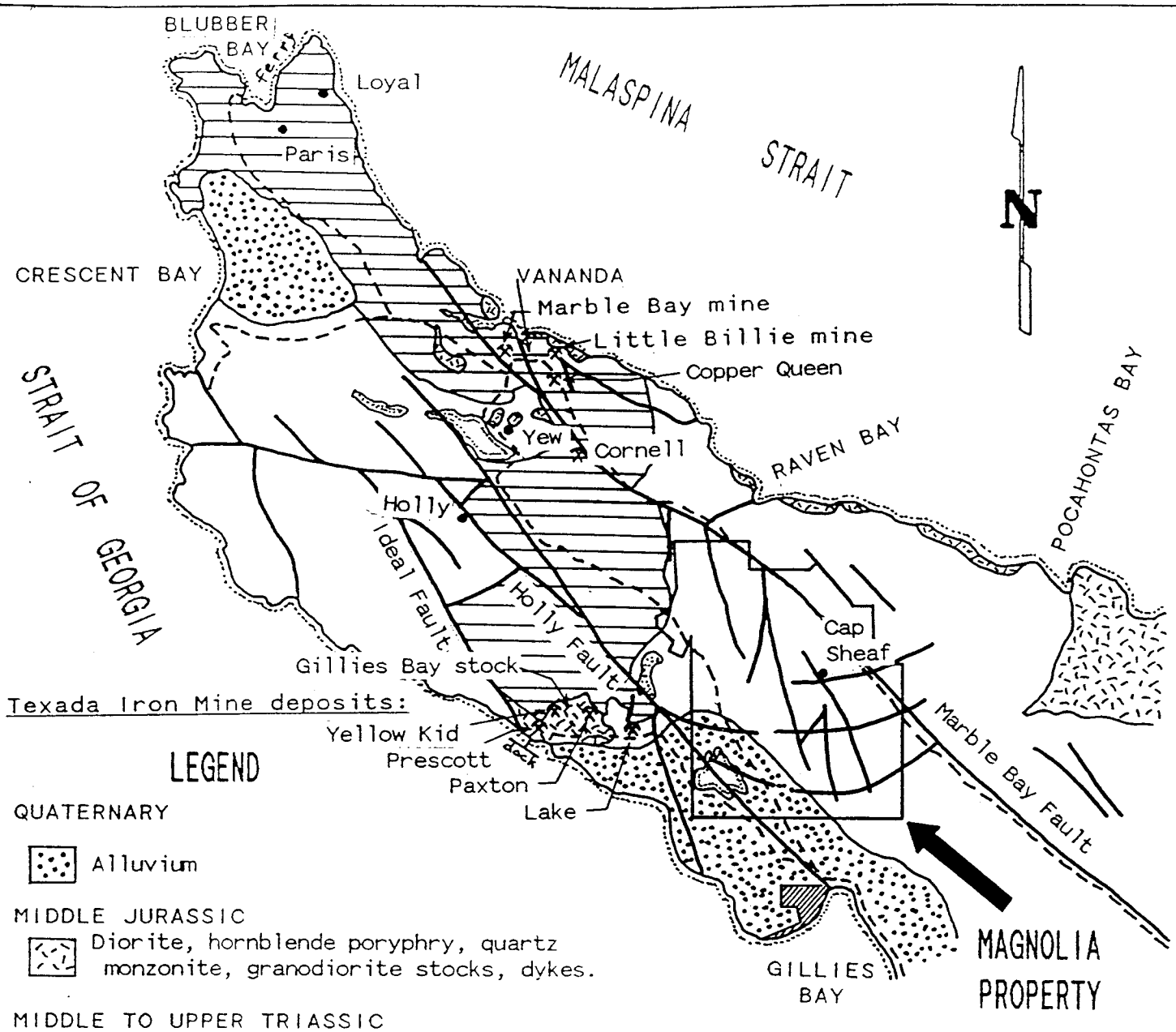
Iron ore was mined from a discontinuous line of magnetite-copper lenses, approximately 2 km in length, situated immediately northwest of the Town of Gillies Bay. Magnetite-copper skarn mineralization is developed along either the Quatsino-Karmutsen contact, near the margin of the Gillies stock or along the instrusive-Quatsino contact. Alternatively, skarn mineralization may form in the limestone and volcanic rocks some distance from the stock where the skarn-forming fluids were controlled by near-vertical brittle fractures. Between 1885 and 1976, Texada Iron Mines Ltd., produced from four open pits and subsequent underground workings 20,800,900 tonnes of ore which yielded 10,000,000 tonnes of iron concentrate, 887,560 grams of gold, 23,644,310 grams of silver and 26,740,300 kilograms of copper.

Numerous small magnetite lenses associated with limestone beds within the Karmutsen Formation occur near the east coast of the Island from the northern tip to Mount Pocahontas. Most of them contain considerable amounts of copper and at least one of them, the Yew showing which was discovered in 1985, contains free gold in unevenly distributed amounts. None of them has produced on a commercial basis. The Capsheaf and Southcap showings, within the central part of the Issuer's claims, fall under this category. Similarly, a number of small quartz veins and silicified shear zones containing free gold have been discovered on the northern part of the Island. The gold values in these showings were highly variable and proved to be uneconomic. The Holly showing, approximately four kms northwest of the Magnolia property, exhibited spectacular near-surface free gold in silicified Karmutsen volcanics within the Holly Fault but subsequent trenching could provide no evidence of economic continuity.

The iron and copper-gold skarns are believed to be coeval, are structurally and stratigraphically controlled, and are related to a varied suite of continental margin intrusions that formed part of the early to middle Jurassic Bonanza magmatic arc. The massive, impermeable nature of the Quatsino limestone on Texada Island is detrimental to skarn formation and may have prevented the formation of wide exoskarn halos. The presence of extensive bleaching in limestones is thought to indicate skarn alternation at depth. The Quatsino Formation is being mined from open pits on the northern and northeastern end of the Island. The limestone is crushed, screened and barged to Vancouver and Portland, Oregon for use in a variety of pharmaceutical and industrial uses.

Exploration History

Numerous pits, trenches, adits and at least one shaft on the Magnolia property attest to previous, mostly unrecorded exploration of the property. The Capsheaf showing, within the Scot 5 claim in the centre of the property, occurs within a skarn lens within a gently west-southwest dipping limestone interlayer of the Karmutsen Formation at a diorite intrusive contact. A shaft was sunk, before 1914, to a depth of 27 m (90 feet) and some drifting done. In 1975, Longbar Minerals Ltd. conducted a magnetometer and electro--magnetic survey in conjunction with geological mapping on and around the Capsheaf. Three short diamond drill holes were completed to the south of the Capsheaf shaft. Assay results from drill core included one 1.5 m (5 foot) section containing 6.17 grams/tonne (0.18 oz/ton) gold, 54.17 grams/tonne (1.58 oz/ton) silver, 5.52% copper and 26.8% iron. Several sections returned 0.5 to 1% copper with negligible gold. Four magnetic anomalies were noted to be worthy of follow-up work.



LEGEND

QUATERNARY

Alluvium

MIDDLE JURASSIC

Diorite, hornblende poryphry, quartz monzonite, granodiorite stocks, dykes.

MIDDLE TO UPPER TRIASSIC

Quatsino Formation: limestone

Karmutson Formation: massive to pillowed basalt; intervals of limestone with minor siltstone near top.

SYMBOLS

Geologic unit boundary.

Fault.

Past-producing mine.

Mineral occurrence: gold + copper skarns except gold-quartz veins at Holly.

PROFESSIONAL ENGINEERS PROVINCE OF BRITISH COLUMBIA PAUL [illegible] 12 JULY 94

CANQUEST

MAGNOLIA PROJECT

TEXADA ISLAND, B.C.

REGIONAL GEOLOGY

(after Webster-Ray, 1990)

Scale:

CanQuest Resource Corporation

Reconnaissance-scale geologic mapping, prospecting and soil/rock geochemical surveys were conducted during 1984 and 1985 on what are now the Comet 1-5 claims by Packard Resources Ltd.. A magnetic and EM survey was run over the Bolt 1 & 2 claims by its owner in 1988. Also in 1988, BP Minerals Canada Limited conducted a large-scale soil sampling and geological mapping program on a large block of claims adjoining the north and east of the Magnolia property. Some of the ground surveyed was absorbed by the Magnolia claims in late 1993 and January 1994 and a number of anomalous gold values require investigation.

An airborne geophysical survey was conducted for the Issuer in August 1988. Aerodat Ltd. flew 175 line kms over what is now the claim group except for the ground covered by the Mag 13-20 claims in the northwest corner of the property. The survey, with lines oriented at 045^0 and spaced 125 m apart, included a four frequency electro-magnetic system, a cesium magnetometer and a dual frequency electro-magnetic system. This survey delineated most of the prominent structural features (vertical gradient magnetics) and postulated several possible bedrock conductors.

In November 1990, reconnaissance scale programs of geologic mapping, prospecting and soil sampling were conducted by the Issuer in an area south of the tear shaped swamp in the east centre of the Tucson 2 claim and in an area of the Tucson 1 claim near the Central Road-Pocahontas Bay Road intersection, including part of the Comet 4 claim. The purpose was to explore on the ground some areas of intersecting, conductive structures indicated by the airborne geophysical survey. Soil sampling returned some single point anomalous gold values. The prospecting south of the swamp requires follow-up where some potentially significant quartz-flooded shear zones were discovered. On Texada, such quartz-flooded shear zones are commonly associated with gold mineralization.

In April 1991, reconnaissance scale ground magnetic and electromagnetic surveys were carried out by the Issuer south of the above-mentioned swamp and in the southwest of the property near the airport. The geophysical features detected corresponded generally with the anomalies indicated by the airborne survey. One additional north-northwest trending conductor was located.

In February 1992, further soil sampling and geophysical surveys together with limited geological mapping were conducted by the Issuer over blazed and flagged grid lines on selected areas of what was then the northern part of the property and limited by the northern boundary of the Scot 4 claim. The analysis of 671 reconnaissance spaced soil samples returned 55 results with anomalous concentration· of precious and/or base metals which served to delineate two gold-in-soil anomalies on the northeast quarter of the Scot 4 claim whose gold values ranged from 35 parts per billion (ppb) to 275 ppb and 20 ppb to 420 ppb respectively. These two anomalous areas, each of which presently measure roughly 100 m x 200 m, are "open" to the north and south thus require further soil sampling. Four short conductors were detected by the electro-magnetic survey proximate to these two gold anomalies. The geophysical survey over the north central area detected ten northwest trending conductors which more or less coincided with airborne survey results. On the west side of the property, covered now by the Mag 3-6 claims, a moderately strong magnetic anomaly was detected in an area of extensive overburden. A model of the anomaly's source, by the consulting geophysicist, suggests a shallow lying massive magnetic body about 20 m thick and 60 m wide. The location is 1.4 km east of the Leroy magnetite-copper open pit and close to the inferred easterly projection of the contact between the Gillies Bay diorite stock and the Karmutsen formation.

During the period January 14 to 22, 1994, a 1,500 m long baseline was cut in order to tie in the eastern ends of the previously established grid and to establish survey control for geological mapping in the Capsheaf area and the area to the south. The line was picketed, tight chained and marked at 50 m stations. At the same time, portions of the property were mapped at a scale of 1:10,000. The purpose of the geological mapping was to determine the cause of the various geophysical signatures and to relocate the sample several old showings. Additionally, it was hoped that an explanation of some of the soil anomalies would be gained by mapping. A total of 16 rock samples were collected and sent to Acme Analytical Laboratories in Vancouver, B.C. for analysis.

As at March 31, 1995, the Issuer's cumulative expenditures on the Magnolia property excluding acquisition and royalty costs are $225,472.

Property Geology and Mineralization

The property is underlain, for the most part, by basaltic flows and volcaniclastics of the Middle and Upper Triassic Karmutsen Formation. The basalt grades from massive feldsparphyric with individual laths of feldspar to three millimetres in size. The basalt almost always contains disseminated, fine grained magnetite.

Amygdaloidal basalt is located around Case Lake in the northwest corner of the claims. Amygdules are commonly filled with secondary epidote. Immediately north of Case Lake mafic volcanic tuff and breccia is exposed. At the Capsheaf and Southcap showings dark gray, massive limestone hosts magnetite-garnet-sulphide skarn zones. The limestone strikes approximately 350^0 and dips 20^0 to the southwest. This limestone unit occurs as interbeds within the top of the Karmutsen Formation and, as such, suggests that the basalt flows have a gentle attitude.

On the highway, immediately west of Case Lake, light to dark gray, poorly bedded recrystallized limestone of the Upper Triassic Quatsino Formation is exposed. Relict bedding is observed striking 350^0.

Only one small exposure of diorite was seen on the north end of Cranby Lake. In this area several outcrops of moderately to strongly altered basalt are truncated to the east by a fault. This basalt outcrop is the only relief in an otherwise flat area and may be the expression of an underlying stock.

There are two styles of mineralization present on the property: (a) pyritized, carbonate-silica altered sheared basalts and (b) magnetite-garnet-sulphide skarn zones within limestone interlayers of the Karmutsen. The carbonate-silica altered basalts tend to have low grade copper mineralization and anomalous gold values. Lead, zinc and silver mineralization may also be present.

Two zones of magnetite-garnet-sulphide skarn are present on the property - Capshear and Southcap. Both skarn zones have developed within an interlayer of limestone surrounded by basalt at or near the contact of diorite intrusive. These skarn zones appear to form proximal to the intersection of northwest trending and northeast trending faults which most likely serve as a conduit for the mineralizing solutions.

At the Capsheaf showing, magnetite-garnet-epidote skarn is exposed in a trench and one outcrop. It is assumed that this same unit is exposed in the shaft but, at present, the shaft is full of water so this cannot be confirmed. The skarn zone trends north-northwest and most likely dips southwest. Within the trench, a one m wide zone of massive magnetite-pyrrhotite-pyrite-chalcopyrite-bornite-malachite occurs on the footwall of the magnetite-garnet-epidote skarn. A total of nine grab samples were taken from this area. Five samples were taken from the trench and one was taken from an outcrop of magnetite-garnet-epidote skarn located approximately five m north of the trench. Three picked samples were taken from the mineralized dump material. Gold values ranged from 66 ppb to 5,260 ppb and copper values ranged from 3,244 ppm to 18,942 ppm. Fire assay checks of the geochemical analysis gave a range of 0.053 to 0.139 oz/tonne for gold and 1.714% to 2.135% for copper.

At the Southcap showing, garnet skarn with or without sulphides occurs along the contact of carbonate altered basalt and recrystallized limestone within an approximately 20 m long open cut. Massive magnetite-pyrrhotite-pyrite-chalcopyrite occurs within a highly sheared area on the north end of the trench. Five grab samples were collected from this showing. One sample was taken from the dump and four were collected from the open cut. Gold values ranged from 980 ppb to 8,620 ppb and copper values ranged from 4,715 to 73,320 ppm. Fire assay checks of the geochemical analysis gave a range of 0.026 to 0.258 oz/tonne for gold and 1.085% to 7.976% for copper.

Conclusion and Recommendations

There are two known gold and copper bearing skarn zones on the Magnolia property, namely Capsheaf and Southcap zones. These zones appear to be intimately associated with intersecting northwest and northeast trending fault zones. Two magnetic features located during the 1975 geophysical survey, suggest there may be more magnetite bodies within this immediate area. Furthermore, this area is bisected by several northwest and northeast trending airphoto linears, thought to represent faults.

An outcrop of basalt with disseminated magnetite was located on the north shore of Cranby Lake and is thought to be the cause of an airborne magnetic anomaly. Diorite was noted along the faulted east boundary of the outcrop and it is possible that a tongue of Gillies Bay diorite extends under the north end of Cranby Lake. A strong magnetic anomaly was noted in 1992 approximately 200 m west of this outcrop and a north-northwest trending electro-magnetic conductor was located proximate to it by ground geophysical crews. A source for this conductor was not located as the area is covered with overburden. To the south, a small northwest trending pyritized shear was noted. It is possible that this conductor is caused by sulphide mineralization in the Holly Fault or a splay off of the main fault.

In the central part of the claims the airborne geophysics delineated many of the prominent structural features and postulated several possible bedrock conductors.

It is recommended that an exploration program consisting of soil sampling, geological mapping and prospecting be undertaken to test for further gold-copper mineralization. Additionally, an excavator should be utilized to trench to the north and south of the Capsheaf and to enlarge the cut on the Southcap showing.

Soil sampling should be conducted over the Capsheaf and Southcap showings and within the anomalous areas delineated by previous geochemical surveys. Soils should be collected at 25 m intervals along east-west lines spaced 50 m apart. Detailed notes as to topography, soil type, etc. will have to be taken to facilitate interpretation. More detailed mapping within this soil grid should be completed at the same time. Particular attention should be paid to fault structures as sulphide bearing skarn mineralization appears to be formed at or near the intersection of two fault structures.

Estimated Cost of Recommended Work Program – Magnolia Property

Grid preparation and soil sampling – approximately 59 line kms of flagged grid lines, 6 kms of brushed and flagged tie lines, 800 m of cut baseline and 2,375 soil samples. Estimate 55 man days @ $150/day.	$	8,250
Analytical costs: 2,375 soil samples @ $10/sample 100 rock samples @ $10/sample		23,750 1,000
Geological mapping and supervision: 30 man days @ $300/day		9,000
Excavator: 3 days @ $1,000/day		3,000
Room and board 85 may days @ $60/day		5,100
Truck rental: (2 trucks)		1,600
Field supplies		1,000
Mob/de-mob		400
Subtotal	**$**	**53,100**
Contingency @ 10%		5,310
TOTAL	**$**	**58,410**

The Issuer expects to initiate the exploration program at a cost of $11,400 immediately after the proceeds from this Offering are received. The program is expected to be completed by the end of February, 1996. The Issuer intends to issue interim reports on the progress of the work and to disclose promptly any results which might reasonably be expected to affect materially the values of its shares. Plans for the funding of the balance of the recommended program have not been formulated as at the date of this Prospectus. The $11,400 to be expended will generate sufficient assessment credits to extend the expiry dates of all the present claims until at least April 29, 1996.

OK PROPERTY

The information contained herein regarding the OK property (except for the description of ownership and terms of acquisition and the description of cumulative expenditures is derived from a report dated January 7, 1994 and revised July 4, 1994, and reconfirmed May 26, 1995, prepared for the Issuer by N.C. Carter Ph.D., P.Eng., consulting geologist. The report is entitled "GEOLOGICAL REPORT ON THE OK PROPERTY". The report is available for inspection at the head offices of the Issuer during normal business hours during the course of primary distribution of the securities offered by this Prospectus and for a period of 30 days thereafter.

REFER TO "LEGAL PROCEEDINGS"

Location, Size and Means of Access

The OK Property is situated 25 km northwest of the municipality of Powell River in the southwest coast area of British Columbia. The mineral property includes an area of 3,575 hectares (13.8 sq. miles) bounded on the north and west by Theodosia and Okeover Inlets. The geographic centre of the property is at latitude 50^0 02' North and longitude 124^0 39' West in NTS map-areas 92F/15E and 92K/2E. Access to the central part of the property from Powell River is by 30 km of highway and logging roads.

The OK Property includes 8 Modified Grid mineral claims comprising 143 mineral claim units, located in the Vancouver Mining Division:

Claim Name	Tenure No.	Units	Expiry Date
OK A	258171	20	June 17, 1999
OK B	258172	20	June 17, 1997
OK C	258173	20	June 17, 2001
OK D	258174	18	June 17, 1996
OK E	258175	10	June 17, 1996
OK F	258176	15	June 17, 1996
OK G	258177	20	June 17, 1996
OK H	321056	20	Sept. 24, 1996