

92HNE 013

008396

DATED August 12, 1988

PROPERTY FILE R.M.
Rabbit 92HNE 014
→ Rabbler 92HNE 013

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.

NEW ISSUE

PROSPECTUS

STONEWALL RESOURCES INC.

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Vancouver, British Columbia
V6C 2V6
Telephone (604) 688-9100

(the "Issuer")

OFFERING OF 300,000 COMMON SHARES

THE ISSUER IS OFFERING TO THE PUBLIC THE RIGHT TO SUBSCRIBE FOR 300,000 COMMON SHARES (THE "COMMON SHARES") AT A PRICE OF \$0.50 PER SHARE.

	Price to Public (1)	Agents Commission	Net Proceeds to the Issuer (2)
Per Share	\$0.50	\$0.05	\$0.45
Total	\$150,000	\$15,000	\$135,000

- (1) The price to the public has been established pursuant to negotiations between the Issuer and the Agent.
- (2) Before deduction of costs of the issue estimated not to exceed \$18,000, which will be paid by the Issuer.

THERE IS CURRENTLY NO MARKET FOR THE SECURITIES BEING OFFERED UNDER THIS PROSPECTUS. THE SECURITIES OF THE ISSUER MUST BE CONSIDERED SPECULATIVE SECURITIES AS THE ISSUER IS IN THE DEVELOPMENT STAGE. THERE IS CURRENTLY NO MARKET FOR SECURITIES OF THE ISSUER AND THERE IS NO ASSURANCE THAT A MARKET WILL DEVELOP. SEE THE SECTION CAPTIONED "RISK FACTORS" HEREIN.

4. The 1987-88 field programs have outlined three anomalous areas. These areas are characterized by anomalous soil geochemistry, VLF-EM conductors, magnetic anomalies, and anomalous rock geochemistry."

Recommendations

The Buck Claims Report recommends that the following two phase exploration program be conducted on the Buck claims Property:

It is recommended that a Phase II reconnaissance type survey be carried out over the entire remaining property area, consisting of geological mapping, prospecting and geochemical sampling, at an estimated cost of \$66,000. If the results of this phase, combined with the results of the work done to date, are encouraging, a tentative Phase III "follow-up" program is then proposed at the additional cost of \$96,500. It is also recommended that this work be done in the summer or in the early fall, when the conditions are more favourable.

To date the Issuer has expended \$56,564 on the exploration of this property. The Issuer does not intend to expend any of the proceeds from this Offering on the Buck Claims Property.

The Rambler and PT.FR Property

Acquisition

By an Agreement dated March 8, 1988 (the "Option Agreement"), between the Issuer and Merit Technology Inc. ("Merit"), the Issuer acquired an option to earn 50% of Merit's ownership interest together with a second option to earn a further 25% of Merit's ownership interest in and to four mineral claims, all located in the Similkameen Mining District in the Province of British Columbia and more particularly described as follows:

<u>Name of Claim</u>	<u>Record Number</u>	<u>Number of Units</u>	<u>Expiry Date</u>
Rambler	2528	1	Jan. 13, 1998
"E"	2516	1	Dec. 27, 1997
"R"	2517	1	Dec. 27, 1997
"PR. FR"	2515	1	Dec. 27, 1988

(Collectively the "Property")

Merit has the exclusive option (the "Merit Option") to purchase a 100% interest in and to the Property pursuant to an agreement dated September 22, 1986, and amended October

31, 1986 between Merit and Robert W. Shaw (the "Owner"). During 1987 Merit expended a total of \$28,365 on the Property.

Merit has the exclusive right to explore and retain exclusive possession of the Property during the term of the Merit Option.

The Option Agreement provides that, in order to exercise the 50% option, the Issuer will be required to expend \$75,000 on exploration of the Property on or before December 31, 1988.

The Option Agreement provides that, in order to exercise the the further 25% option, the Issuer will be required to expend a further \$25,000 on exploration of the Property on or before June 30, 1989.

The Option Agreement also contains the provision that the Issuer shall deliver notice to Merit that the Issuer intends to proceed with the additional 25% option by delivering a notice in writing on or before February 28, 1989.

The following italic summary is obtained from an engineering report prepared for the Issuer by Sookochoff Consultants Inc. dated May 6, 1988, (the "Report"). A copy of the Report is available for examination at the registered office of the Issuer during the Offering Period.

Location and Access:

The two properties are located eight and eleven kilometers west of Tulameen. The Rambler which is located on the southern slopes of Grasshopper Mountain covers and extends northward from the Tulameen River Valley. Tulameen is located 21 km north of Princeton. Princeton is situated on the Southern Trans Provincial Highway some 300 km east of Vancouver. The Pt. Fr is on the north slopes of Olivine Mountain to the South of Tulameen River near the junction with Britton Creek.

Excellent access is provided by all weather gravel surfaced road from Tulameen which parallels Tulameen River. The Tulameen road passes through the Rambler property and is within one km of the Pt. Fr property.

Exploration History of the Surrounding Areas:

The first interest in the general Tulameen area was about 1860 when gold and platinum was discovered on the Similkameen and Tulameen Rivers and their tributaries.

Grasshopper Mountain, on which the Property is located, has yielded limited production. The production was derived principally from the Rabbitt Property which was located in 1938. Shipments from 1939 to 1941 totalled 1482 tons returning 1,057 oz gold and 584 oz silver.

The Rabbitt Gold Mine Property adjoining the Rambler claims to the north is under exploration. The Rabbitt mine workings are some 1400 meters north north-westerly of the Rambler workings. Monica reports (February 1986) that 12 diamond drill holes have been completed on the vein to test a "300 foot strike length" vein system. Assays of eight drill hole intersections have been reported to return from five feet of .008 oz Au/ton to 1.3 feet of 1.72 oz Au/ton.

In 1936 James C. Rucknick carried out a geological survey on Lodestone Mountain. Ultramafic Intrusive are reported to encompass the area of the Pt. Fr property of Merit Resources.

In the 1970 Consteel Explorations Ltd. carried out a geological and magnetometer survey over a 33 claim area on the north slopes of Lodestone Mountain. The survey area covered the present area of the Pt. Fr Property.

In May and June of 1983 recent geological mapping and geochemical soil sampling was performed by D.K. Platinum Corporation on claims adjacent to the Pt. Fr Property. Six samples from the D.K. Platinum property reportedly returned from .07 to 3.79 gm/tonne Pt.

In 1987 Merit Technologies Ltd. performed a soil geochemistry survey over the Rambler property."

There is no planned underground exploration and development. There is no underground or surface plant and equipment.

Conclusions:

The Report concludes as follows:

It is concluded that both properties are underlain by favourable geology for the location of economic mineralization. The potential of the Rambler property for the location of gold mineralization is in association with volcanic-sedimentary zone where gold mineralization in addition to occurring irregularly with quartz veins may occur in more consistent degrees within the rhyolitic to dacitic greenstones. Shear zones commonly occur along the sedimentary-volcanic contract zones and therefore geophysical surveys should detect the shear zones and potential mineralization in areas of overburden. Detailed