

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

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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: JANUARY 19, 1988

JAGUAR EQUITIES INC.

(hereinafter called the "Issuer")

Suite 211 - 900 West Georgia Street
Vancouver, British Columbia
V6C 2W6

PUBLIC OFFERING - 1,000,000 Common Shares

| Shares | Price to Public | Commission | Net Proceeds to be received by the Issuer * |
|-----------------|-----------------|-------------|---|
| Per Share | \$0.35 | \$0.05 | \$0.30 |
| Total | \$350,000.00 | \$50,000.00 | \$300,000.00 |

of the costs of the issue estimated to be \$30,000.00.

MARKET THROUGH WHICH THESE SECURITIES MAY BE SOLD. THE PRICE OF THE SECURITIES BEING PURSUANT TO THIS PROSPECTUS WAS DETERMINED BY THE ISSUER.

OF THE SECURITIES OFFERED BY THIS PROSPECTUS MUST BE CONSIDERED AS SPECULATION. ALL PROPERTIES IN WHICH THE ISSUER HAS AN INTEREST ARE IN THE EXPLORATION AND DEVELOPMENT AND ARE WITHOUT A KNOWN BODY OF COMMERCIAL ORE. NO SURVEY OF ANY PROPERTY OF INTEREST HAS BEEN MADE AND, THEREFORE, IN ACCORDANCE WITH THE LAWS OF THE JURISDICTION IN WHICH THE PROPERTIES ARE SITUATE, THEIR EXISTENCE AND AREA COULD BE IN DOUBT. SEE ALSO PARAGRAPH 10 "RISKS" HEREIN.

NO ATTEMPT HAS BEEN MADE TO CONDITIONALLY LIST THE SECURITIES BEING OFFERED HEREIN ON THE STOCK EXCHANGE. LISTING IS SUBJECT TO THE COMPANY FULFILLING THE LISTING REQUIREMENTS AND LISTING CHANGE ON OR BEFORE JULY 20, 1988 INCLUDING PRESCRIBED DISTRIBUTION AND FINANCIAL STATEMENTS.

THE ISSUER IS AUTHORIZED BY THE ISSUER TO PROVIDE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS PROSPECTUS IN CONNECTION WITH THE ISSUE AND SALE OF SECURITIES OFFERED BY THE ISSUER.

AS A RESULT OF THIS OFFERING THIS ISSUE WILL REPRESENT 49% OF THE SHARES THEN OUTSTANDING AND WILL BE OWNED TO 36.42% THAT WILL THEN BE OWNED BY THE CONTROLLING PERSONS, PROMOTERS, DIRECTORS AND SENIOR OFFICERS OF THE ISSUER AND ASSOCIATES OF THE AGENTS.

SEE THE HEADING "PRINCIPAL HOLDERS OF SECURITIES" HEREIN FOR DETAILS OF SHARES HELD BY DIRECTORS, PROMOTERS AND CONTROLLING PERSONS.

AFTER GIVING EFFECT TO THIS ISSUE, THE OFFERING PRICE PER SHARE EXCEEDS THE NET TANGIBLE BOOK VALUE AS AT NOVEMBER 30, 1987, PER COMMON SHARE BY \$0.25 REPRESENTING A DILUTION FACTOR OF 71.4%.

IF 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" HEREIN FOR A COMMENT AS TO THE RESOLUTION OF POSSIBLE CONFLICTS OF INTEREST.

WE, AS AGENT, 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 THE HEADING "PLAN OF DISTRIBUTION" IN THIS PROSPECTUS SUBJECT TO APPROVAL OF ALL LEGAL MATTERS ON BEHALF OF THE ISSUER BY CASEY, O'NEILL & BENCE.

AGENT:

GEORGIA PACIFIC SECURITIES CORPORATION

16th Floor - Two Bentall Centre
555 Burrard Street
Vancouver, British Columbia
V7X 1S6

EFFECTIVE DATE: JANUARY 22, 1988

R.M.
PROPERTY FILE
born 9/21/49

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PROSPECTUS SUMMARY

THE FOLLOWING IS A SUMMARY ONLY AND REFERENCE IS MADE TO THE MORE DETAILED INFORMATION APPEARING ELSEWHERE IN THIS PROSPECTUS.

THE ISSUER

The Issuer is a natural resource company engaged in the acquisition, exploration and development of mineral properties. The Issuer owns or has an interest in the properties described under the heading "Properties" and intends to seek and acquire additional properties worthy of exploration and development.

THE OFFERING

- Issue: 1,000,000 Common shares (the "Shares")
- Price: \$0.35 per Share
- Use of Proceeds: The aggregate of the estimated net proceeds, after deducting expenses of the Offering, and after deducting the estimated working capital deficit as at January 19, 1988 is \$169,947 of which \$105,000 will be used to carry out the Phase I work program on the Barn property, and \$5,000 will be used to pay the acquisition costs of the Barn property.
- Risk Factors: An investment in the Shares is speculative and subject to certain risks. See "Risk Factors".
- Financial Results: The Issuer was incorporated on September 22, 1981 and has carried on a limited amount of business since that date. Accordingly, the financial results of the Issuer since the date of its incorporation are not indicative of its future business operations.
- Dividends: Management intends that the Issuer will retain future earnings to expand its business. The payment of dividends on the Shares will be determined by the board of directors on the basis of the Issuer's earnings, financial requirements and other relevant circumstances.

NAME AND INCORPORATION

The name of the Issuer is Jaguar Equities Inc. The Issuer was incorporated on September 22, 1981 under the name, Keloil Resources Corporation, under the Company Act of the Province of British Columbia by registration of its Memorandum and Articles. The Issuer changed its name to Jaguar Equities Inc. by special resolution of its members dated June 15, 1987.

The address of the Head Office for the Issuer is Suite 211 - 900 West Georgia Street, Vancouver, British Columbia, V6C 2W6.

The address of the registered and records office of the Issuer is 12th Floor - 1190 Hornby Street, Vancouver, British Columbia, V6Z 2L3.

The Issuer has two wholly-owned inactive subsidiaries. Keloil Resources Limited was incorporated pursuant to the Canada Business Corporations Act. Keloil Resources, Inc. was incorporated in the State of Colorado, United States of America.

DESCRIPTION OF BUSINESS AND PROPERTY

Business

The Issuer is a natural resource company engaged in the acquisition, exploration and development of mineral properties. The Issuer owns or has an interest in the properties described under the heading "Properties" and intends to seek and acquire additional properties worthy of exploration and development.

History of the Issuer

The Issuer originally carried on business as an oil and gas exploration and development company. The Issuer acquired interests in two producing oil and gas properties known as the "Kirkella" and "Galloway" properties. The Issuer expended \$211,420 on the acquisition and development of the two properties. Due to the downturn in the oil and gas business, the revenues generated by the two properties were greatly diminished. The Issuer has sold the Kirkella property to Rideau Petroleums Ltd. in and for a consideration of \$12,000. The Galloway property was sold to Caroline Danforth in and for a consideration of the sum of \$12,400. The two sales were negotiated at arms length and the price received was the best price possible at that time. The Issuer does not intend to be actively involved in the oil and gas industry at the present time.

Properties

By an agreement dated as of January 20, 1987 as amended, between the Issuer and Michael McElgunn ("McElgunn") (the "McElgunn Agreement"), the Issuer acquired the exclusive right from McElgunn to earn a 100% undivided interest in one unpatented mining claim in the Kamloops Mining Division, Province of British Columbia (the "Claim"). The Claim is more particularly described as the Barn claim, record number 6590, Kamloops Mining Division, Province of British Columbia. McElgunn is at arms length from the Issuer.

The consideration for the acquisition of the Claim was the payment of \$5,000 to McElgunn within two business days of the date upon which the McElgunn Agreement was accepted for filing by the regulatory authorities and the issuance by the Issuer to McElgunn of 200,000 shares of the Issuer. These shares will be issued in the following manner:

1. 50,000 shares on the date the agreement is accepted for filing by the Regulatory Authorities;
2. 50,000 shares upon completion of a Phase I work program recommended by A.F. Roberts, P.Eng., in his engineering report dated June 25, 1986 subject to the filing with the Vancouver Stock Exchange of an acceptable engineering report recommending further work on the Claim;
3. 50,000 shares upon completion of a Phase II work program recommended by A.F. Roberts, P.Eng., in his engineering report dated June 25, 1986 subject to the filing with the Vancouver Stock Exchange of an acceptable engineering report recommending further work on the Claim; and
4. 50,000 shares upon completion of Phase III work program recommended by an independent qualified engineering of not less than the cost of the Phase I work program subject to the filing with the Vancouver Stock Exchange of an acceptable engineering report recommending further work on the Claim.

In addition, the Issuer must spend a minimum of \$100,000 in development expenditures on the Claim on or before April 30, 1988. McElgunn is also entitled to receive a 5% net smelter return from the sale of minerals from the Claim. The Issuer has also agreed to pay to McElgunn an annual cash payment of \$25,000 commencing January 1, 1989 with such payments to continue until the commencement of commercial production from the Claim.

The Claim is located in Barnhart Vale approximately 8 miles southeast of the City of Kamloops, British Columbia. Access to the Claim is by paved highway which passes through the northern

section of the property. A gravel road parallels the western boundaries and local farm roads provide access to other parts of the Claim. The Issuer has obtained all applicable permissions from the land owners and governmental agencies to conduct exploration work on the Claims.

Exploration on the Claim was conducted in 1971 by Copper Range Exploration Company Inc. ("Copper Range") which discovered anomalous copper-gold values and staked 22 claims. Their follow-up work consisted of geological mapping, geochemical soil and rock chip analysis. This work suggested an anomalous area about 300 feet wide with a possible east-west strike open at both ends. In 1973 a more detailed program indicated three anomalous zones on the Claim. Further work was recommended on the Claim but was not carried out due to the closure of the Vancouver office of Copper Range.

Additional grid work and geophysics have been carried out on the Claims. The VLF survey showed a positive area with an average width of 150 metres and 1,250 metres long. This area covered the main anomaly and extended through the dry lake area on the south end of the Claims. The work done to date indicates that the Claim has a large, strong gold-silver-arsenic-copper anomaly coincident with a strong VLF-EM anomaly.

The Issuer has not expended any funds on the Claims to date. The Issuer intends to complete the Phase I work program recommended by the Issuer's independent engineering consultant, A.F. Roberts, P.Eng., (the "Consultant") in his report dated June 25, 1986 (the "Report") a copy of which is attached to and forms part of this Prospectus. Phase I consists of 600 metres of diamond drilling and the re-establishment of grid, magnetic and geological surveys at an approximate total cost of \$105,000. The Issuer intends to carry out the Phase I program with the proceeds from this Offering. Dependent upon the results obtained from the Phase I work program, the Consultant has estimated that a further Phase II work program at an approximate cost of \$250,000 will be required. The Issuer does not intend to expend any proceeds from this Offering on a Phase II work program.

There is no surface or underground plant or equipment on the Claim. There are no known reserves of ore on the Claim. The proposed work program is an exploratory search for ore.

PLAN OF DISTRIBUTION

The Issuer by its Agent hereby offers (the "Offering") to the public through the facilities of the Vancouver Stock Exchange (the "Exchange") 1,000,000 shares (the "Shares") of the Issuer at a price of \$0.35 per Share. The Offering will be made in accordance with the rules and policies of the Exchange and on a

day (the "Offering Day") determined by the Agent and the Issuer, with the consent of the Exchange, within a period of 180 days from the date upon which the Shares of the Issuer are conditionally listed on the Exchange.

Appointment of the Agent

The Issuer, by an agreement dated as of July 22, 1987 as amended (the "Agency Agreement") appointed Georgia Pacific Securities Corporation as its agent ("Agent") to offer the shares through the facilities of the Exchange. The Agent has agreed to purchase from the Offering any shares not sold at the conclusion of the Offering.

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

Under the Agency Agreement, the Agent may terminate its obligations at its discretion on the basis of its assessment of the state of the financial markets and may also be terminated at any time upon the occurrence of certain stated events, including any material adverse change in the business, personnel or financial condition of the Issuer.

Up to 500,000 Shares 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. Any sales of the Issuer's shares sold outside of Canada will be subject to and conducted in accordance with the securities laws of the countries in which those shares are sold.

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

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

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

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

The Issuer has applied to the Vancouver Stock Exchange to conditionally list the securities being offered pursuant to this Prospectus. Listing is subject to the Issuer fulfilling all the listing requirements of the Exchange on or before July 20, 1988, including prescribed distribution and financial requirements.

RISK FACTORS

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 property. 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. The only source of future funds presently available to the Issuer is through the sale of equity capital. The only alternative for the financing of further 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. Exploration for minerals is a speculative venture necessarily involving some substantial risk. There is no certainty that the expenditures to be made by the Issuer in the acquisition of the interests described herein will result in discovery of commercial quantities of ore.
4. The mining industry, in general, is intensively competitive and there is no assurance that even if commercial quantities of ore are discovered, a ready market will exist for 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 the property described in this Prospectus.
6. The Issuer's property has not been completely surveyed and therefore, the precise location of the property may be in doubt.

USE OF PROCEEDS

The net proceeds to be derived by the Issuer from the offering will be \$300,000, which shall be expended as follows:

| | | |
|--------|--|----------------------|
| 1. | To pay the costs of issue estimated at | \$ 30,000.00 |
| 2. | To carry out the Phase I work program on the Barn Claims recommended in the report of A.F. Roberts, P.Eng., dated June 25, 1986 | \$ 105,000.00 |
| 3. | To pay the acquisition costs of the Barn Claims | \$ 5,000.00 |
| 4. | To pay the estimated working capital deficit of the Issuer as at January 19, 1988 including \$24,773 owing to a Director of the Issuer | \$ 100,053.00* |
| 5. | For general corporate purposes | \$ <u>59,947.00</u> |
| TOTAL: | | \$ <u>300,000.00</u> |

* The \$24,773 owing to a Director of the Issuer is repayable on demand and bears no interest.

No part of the proceeds will be used to invest, underwrite or trade in securities other than those that qualify as an investment in which trust funds may be invested under the laws of the jurisdiction in which the securities offered by this 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 by the members of the Issuer must first be obtained and notice of the intention must be filed with the regulatory securities bodies having jurisdiction over the sale of the securities offered by this Prospectus.

The allocation of funds to the performance of further development of the Issuer's properties appears warranted on the basis of the information presently available to the Issuer and current circumstances, economic and otherwise. Therefore, the Issuer will not alter or abandon its proposed programs without attaining the recommendation of a qualified engineer or geologist.

In the event of any material change in the affairs of the Issuer during the primary distribution of the shares offered by this Prospectus, an amendment of this Prospectus will be filed. Following completion of the primary distribution of the shares offered by this Prospectus, shareholders will be notified of changes in the affairs of the Issuer in accordance with the

requirements of the appropriate regulatory authorities.

DESCRIPTION OF SHARES

The authorized capital of the Issuer consists of 10,000,000 Common shares without par value. As of the date of this Prospectus 1,040,754 Common shares are issued and outstanding.

The issued and outstanding shares of the Issuer were consolidated on a four for one basis on June 15, 1987.

All Common shares of the Issuer, both issued and unissued, 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, purchase for cancellation, surrender or sinking funds or purchase funds. Provisions as to modifications, amendments or variations of such funds or such provisions are contained in the Company Act of the Province of British Columbia.

SHARE AND LOAN CAPITAL STRUCTURE

| Designation of Security | Amount Authorized | Amount Issued and outstanding as of Nov. 30, 1987 (date of Balance Sheet in the Prospectus) | Amount Outstanding as of Jan. 19, 1988 (date of Prospectus) | Amount Outstanding if all securities are sold |
|-------------------------|-------------------|---|---|---|
| Common Shares | 10,000,000 | 1,040,754* | 1,040,754 | 2,040,754** |

* The issued and outstanding shares of the Issuer were consolidated on a four for one basis by special resolution of the members dated June 15, 1987. The Issuer subsequently issued an additional 562,500 shares.

** The Issuer has reserved an additional 204,074 Common shares for issuance pursuant to certain agreements and incentive stock options. See "Properties" and "Options to Purchase Securities".

PRIOR SALES

During the period from incorporation of the Issuer on September 22, 1981 to the date of this Prospectus, the Issuer issued the following shares for cash and other consideration:

| <u>Number of Shares</u> | <u>Price per Share</u> | <u>Commissions Paid</u> | <u>Net Cash Received</u> |
|-------------------------|------------------------|-------------------------|--------------------------|
| 562,500** | \$0.01 | Nil | \$ 5,625.00 |
| 187,500**** | \$0.04(deemed) | Nil | Nil |
| 100,000* | \$0.6408 | Nil | \$ 64,098.00 |
| 52,500* | \$0.80 | Nil | \$ 42,000.00 |
| 20,500* | \$1.00 | Nil | \$ 20,500.00 |
| 2,500* | \$2.00 | Nil | \$ 5,000.00 |
| 73,750* | \$4.00 | Nil | \$295,000.00 |
| 41,504*** | \$1.60(deemed) | Nil | Nil |
| <u>1,040,754</u> | | | <u>\$432,223.00</u> |

* After giving effect to the four-to-one share consolidation on June 15, 1987.

** The Issuer issued 562,500 additional principal shares at a price of \$0.01 per share.

*** The Issuer issued 166,016 shares at a deemed price of \$0.40 per share to a chartered bank to settle an outstanding bank debt. The shares were subsequently consolidated on a four-to-one basis.

**** The Issuer issued 750,000 shares in consideration of the acquisition of a property at a deemed value of \$0.01 per share. The shares were subsequently consolidated on a four-to-one basis.

SALES OTHERWISE THAN FOR CASH

No securities are being offered under this Prospectus otherwise than for cash.

DIRECTORS AND OFFICERS

The names, addresses and principal business or occupations of each of the Directors and Officers of the Issuer are as follows:

Names and Addresses

Glen Charles Loder*
Penthouse 2
955 Marine Drive
West Vancouver, B.C.
V7T 1A9

Positions Held

President,
Chief Executive Officer,
Chief Financial Officer,
Director and Promoter

William Barry Kraigsley* Director
 2039 Kirkstone Road
 North Vancouver, B.C.
 V7J 3L9

Kenneth Cecil Ellerbeck* Director
 1834 Breakenridge Court
 Kamloops, B.C.
 V2E 1W9

Michael Jay Loder Secretary
 708 - 1651 Harwood Street
 Vancouver, B.C.
 V6G 2Y3

* Denotes member of the Audit Committee

MANAGEMENT BACKGROUND

GLEN CHARLES LODER
 President, Chief Executive Officer, Chief Financial Officer,
 Director and Promoter

Mr. Loder has been a self-employed businessman since 1964. Mr. Loder has extensive marketing and management expertise in the Retail Automotive Industry having owned and managed automotive dealerships and related service businesses in Alberta. He also brings to the Company experience in the public company field. He has held directorships in two public companies, Argonaut Resources Ltd. and International Sinabarb Industries Ltd. and has been instrumental in corporate reorganizations and packaging of projects for public companies.

WILLIAM BARRY KRAIGSLEY
Director

Mr. Kraigsley has been the President and Director of Torhsen Energy Corporation, Director and Officer of Corporate Oil & Gas Ltd., Spectrum Industrial Resources Ltd. and Skelly Resources Ltd.; formerly President and Director of Nexus Resource Corporation; formerly Vice-President of Fisher Oil & Gas Corporation; formerly District Manager for Ford Motor Company, B.C. Region. The aforementioned companies are resource oriented companies.

KENNETH CECIL ELLERBECK
Director

Mr. Ellerbeck has been President of Titan Consulting Inc. since 1980. Through Titan Consulting Inc. Mr. Ellerbeck has provided marketing and management expertise to a variety of businesses. From 1980 to 1982 Mr. Ellerbeck developed a Canadian market for an industrial rebuilt diesel engine manufacturer, Precision Engine Specialists and realized gross sales of \$1,000,000 annually. From 1982 to 1985 he was employed by Texaco Canada as a Marketing and Lubrication Engineer to provide sales and consulting functions to selected large Commercial-Industrial customers of refined petroleum products, lubricants and greases, mainly in the mining and forestry sectors.

Mr. Ellerbeck has been directly involved with management of publicly traded resource companies since 1980 and has been a director of Consolidated Player Resources, Shamrock Resources, Lionheart Resources Corporation, and is presently the President and controlling shareholder of Rapid Canadian Resource Corporation listed on the Vancouver Stock Exchange. Through Titan Consulting he provides management services to other publicly traded and private resource companies involved in mineral exploration and development.

MICHAEL JAY LODER
Secretary

Mr. Loder has been a Branch Administration Officer with the Royal Bank of Canada since April 1985, wherein he is responsible for the administration of branch operations and personnel management. From January 1984 to March 1985, Mr. Loder performed various bookkeeping and promotional services for several junior resource companies. From January 1983 to August 1983, he was a Field Sales Representative with Lanier Business Products. Mr. Loder was previously employed by Mobil Oil Canada Ltd. Mr. Loder has a Bachelor of Arts degree from Simon Fraser University.

EXECUTIVE COMPENSATION

The following table sets forth the aggregate remuneration paid or payable by the Company in respect of the fiscal period ended July 31, 1987 to its directors in their capacity as directors and to its three senior officers (including directors):

Nature of Remuneration

| | <u>From Office Employment and Employer Contributions</u> | <u>Cost of Pension Benefits</u> | <u>Other</u> |
|---------------------------|--|---|--------------|
| Directors (Total 0) | Nil | Nil | Nil |
| Senior Officers (Total 1) | \$22,000 | Nil | Nil |

The Issuer has granted to senior officers options of 102,037 Common shares. See "Options to Purchase Securities". The number of securities under option to each executive officer is determined by a variety of factors including the number of executive officers eligible for stock options, job function, past performance and anticipated future performance. Pursuant to an agreement dated September 1, 1986, the Issuer has agreed to pay Glen C. Loder, an officer and director of the Issuer, \$2,000 per month for providing management services. The agreement can be terminated by either party by the giving of three months written notice. Pursuant to an agreement dated January 1, 1986, the Issuer agreed to pay \$600.00 per month to lease office space from Kirkstone Investments Ltd. Mr. W.B. Kraigsley, a Director of the Issuer, is the principal shareholder of Kirkstone Investments Ltd. The agreement may be cancelled by the giving of 30 days written notice by the Issuer.

OPTIONS TO PURCHASE SECURITIES

Details of options to purchase Common shares of the Issuer which are outstanding are as follows:

| | <u>No. of Common Shares</u> | <u>Exercise Price Per Common Share</u> | <u>Expiry Date</u> |
|-------------------------------------|-------------------------------------|--|------------------------|
| Directors (Total number 1) | 80,000 | \$0.35 | July 22, 1992 |
| Senior officers (Total number 1) | 102,037 | \$0.35 | July 22, 1992 |
| Employees (Total number 0) | Nil | Nil | Nil |

There are no other options to purchase securities under this Prospectus.

PRINCIPAL HOLDERS OF SECURITIES

The following table sets forth the number of shares owned of record or beneficially, directly or indirectly, by each person who owns more than 10% of the Issuer's shares as of January 19, 1988:

| <u>Name and Address</u> | <u>Type of Ownership</u> | <u>Designation of Class</u> | <u>Number of Shares</u> | <u>Percentage of Shares Outstanding</u> |
|--|--------------------------|-----------------------------|-------------------------|---|
| Glen Charles Loder Penthouse 2 955 Marine Drive West Vancouver, B.C. V7T 1A9 | direct | Common | 370,788 | 35.63% |
| Kenneth Cecil Ellerbeck 1834 Breakenridge Court Kamloops, B.C. V2E 1W9 | direct | Common | 366,712 | 35.24% |

The number and percentage of each class of equity shares of the Issuer owned directly or indirectly by all Directors and Senior Officers of the Issuer as a group is as follows:

| <u>Designation of Class</u> | <u>Number of Shares Beneficially owned</u> | <u>Percentage of Class</u> |
|-----------------------------|--|----------------------------|
| Common shares * | 741,775 | 71.27%** |

* No shares of any other class have been issued.

** Upon completion of this offering this percentage will be 36.35%.

ESCROWED SHARES

As of January 19, 1988, 750,000 Common shares are held in escrow by The Canada Trust Company of 5th Floor - 1055 Dunsmuir Street, Vancouver, British Columbia subject to the direction or determination of the Superintendent of Brokers ("Superintendent") and subject to the Exchange upon listing of the shares on the Exchange. 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 shares without the consent of the Superintendent and the Exchange.

The complete text of the escrow agreement is available for inspection at the offices of the Issuer's solicitors, Casey, O'Neill & Bence, at 12th Floor, 1190 Hornby Street, Vancouver, British Columbia.

| <u>Designation of Class</u> | <u>Number of Shares Held in Escrow</u> | <u>Percentage of Class</u> |
|-----------------------------|--|--------------------------------|
| Common Shares | 750,000 | 72.06%* |

* Upon completion of this offering this percentage will be 48.68%.

DIVIDEND RECORD

The Issuer has not, since the incorporation of the Issuer on September 22, 1981, paid any dividends on any of its shares. The Issuer has no present intention to pay dividends, but the future dividend policy will be determined by the Board of Directors on the basis of earnings, financial requirements and other relevant factors.

PROMOTERS

By virtue of the definition as set out in Section 1(1) of the Securities Act (British Columbia), Glen Charles Loder is considered to be a Promoter of the Issuer. The Promoter has acquired the following Common shares in the capital of the Issuer:

| <u>Name</u> | <u>Number of Shares</u> | <u>Price per Share</u> |
|--------------------|-------------------------|------------------------|
| Glen Charles Loder | 181,250 (escrowed) | \$0.04 (deemed) |
| | 185,463 (escrowed) | \$0.01 (cash paid) |
| | 1,575 | \$0.6408 (cash paid) |
| | 1 | \$1.00 (cash paid) |
| | 2,500 | \$4.00 (cash paid) |

Reference is made to the heading "Executive Compensation" for details of remuneration paid to Promoters.

PENDING LEGAL PROCEEDINGS

The Issuer is not a party with respect to any legal proceedings and no legal proceedings by or against the Issuer are contemplated.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

The Directors and Senior Officers of the Issuer have no interest in any material transactions in which the Issuer has participated or intends to participate at this time, save and except as disclosed in this Prospectus and, in particular, those matters disclosed under "Description of Business and Property".

MATERIAL CONTRACTS

The only material contracts entered into by the Issuer are as follows:

1. Agreement dated as of January 20, 1987 as amended between the Issuer and Michael McElgunn referred to under "Description of Business and Property - Properties".
2. The Agency Agreement as amended referred to under "Plan of Distribution".
3. The Escrow Agreement referred to under "Escrowed Shares".
4. Agreement dated September 1, 1986 between the Issuer and Glen C. Loder referred to under "Executive Compensation".

Copies of the foregoing may be examined at 12th Floor, 1190 Hornby Street, Vancouver, British Columbia, V6Z 2L3, during normal business hours for the period of distribution of the Shares.

OTHER MATERIAL FACTS

There are no material facts relating to the offering of the securities under this Prospectus other than as disclosed herein.

LEGAL MATTERS

Legal matters in connection with the Offering of the Shares will be passed upon on behalf of the Issuer by Messrs. Casey, O'Neill & Bence, 12th Floor, 1190 Hornby Street, Vancouver, British Columbia, V6Z 2L3.

AUDITOR, TRANSFER AGENT AND REGISTRAR

The auditor of the Issuer is J. M. Ross, Chartered Accountant, of Suite 1012 - 475 Howe Street, Vancouver, British Columbia.

The Canada Trust Company, Fifth Floor, 1055 Dunsmuir Street, Vancouver, British Columbia, V7X 1P3, is the registrar and transfer agent of the Issuer at its principal office in Vancouver.

STATUTORY RIGHTS OF RESCISSION AND WITHDRAWAL

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 time limits within which they must be exercised the purchaser should refer to Section 66, 114, 118 and 124 of the Securities Act or consult a lawyer.

JAGUAR EQUITIES INC.
(FORMERLY KELOIL RESOURCES CORPORATION)
FINANCIAL STATEMENTS
JULY 31, 1987


AUDITOR'S REPORT

The Directors
Jaguar Equities Inc.

I have examined the consolidated balance sheet of Jaguar Equities Inc. as at July 31, 1987 and 1986 and the consolidated statements of loss and deficit and changes in financial position for each of the years in the five year period ended July 31, 1987. My examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these consolidated financial statements present fairly the financial position of the company as at July 31, 1987 and 1986 and the results of its operations and the changes in its financial position for each of the years in the five year period ended July 31, 1987 in accordance with generally accepted accounting principles applied on a consistent basis.

Vancouver, B. C.
December 14, 1987



CHARTERED ACCOUNTANT

JAGUAR EQUITIES INC.
(Formerly Keloil Resources Corporation)

CONSOLIDATED BALANCE SHEET

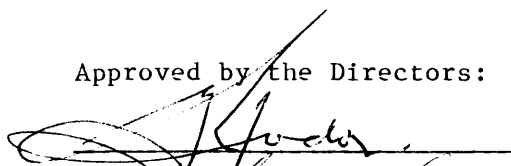
AS AT JULY 31, 1987

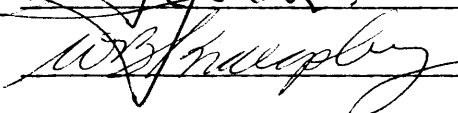
| | ASSETS | |
|--|------------------|---------------|
| | <u>1987</u> | <u>1986</u> |
| CURRENT ASSETS: | | |
| Cash | \$ 3,363 | \$ 44 |
| Accounts receivable | <u>1,000</u> | <u>2,660</u> |
| | \$ 4,363 | \$ 2,704 |
| PETROLEUM AND NATURAL GAS INTERESTS (Note 3) | - | 38,452 |
| FIXED ASSETS (Note 4) | <u>4,784</u> | <u>-</u> |
| | \$ 9,147 | \$ 41,156 |
| | <u>=====</u> | <u>=====</u> |

| LIABILITIES | | |
|----------------------------|---------------|---------------|
| CURRENT LIABILITIES: | | |
| Bank indebtedness (Note 5) | \$ - | \$ 64,096 |
| Accounts payable | 67,893 | 49,448 |
| Due to officer | <u>16,572</u> | <u>11,822</u> |
| | \$ 84,465 | \$ 125,366 |

| SHAREHOLDERS' EQUITY | | |
|--|--------------------|--------------------|
| CAPITAL STOCK (Note 6) | \$ 506,129 | \$ 434,098 |
| ACCUMULATED LOSSES ON FOREIGN CURRENCY TRANSLATION | (103) | (103) |
| DEFICIT | <u>(581,344)</u> | <u>(518,205)</u> |
| | <u>\$ (75,318)</u> | <u>\$ (84,210)</u> |
| | \$ 9,147 | \$ 41,156 |
| | <u>=====</u> | <u>=====</u> |

Approved by the Directors:

 Director

 Director

JAGUAR EQUITIES INC.

(Formerly Keloil Resources Corporation)

CONSOLIDATED STATEMENT OF LOSS AND DEFICIT

FOR THE YEARS ENDED JULY 31

| | <u>1987</u> | <u>1986</u> | <u>1985</u> | <u>1984</u> | <u>1983</u> |
|---|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| REVENUE | \$ <u>17,725</u> | \$ <u>53,845</u> | \$ <u>100,547</u> | \$ <u>108,836</u> | \$ <u>163,626</u> |
| EXPENSES: | | | | | |
| Operating | \$ 17,028 | \$ 36,115 | \$ 44,899 | \$ 42,155 | \$ 35,370 |
| Depletion and Depreciation | 20,355 | 38,100 | 47,523 | 45,721 | 62,215 |
| Engineering | 407 | - | - | - | - |
| Interest | 2,244 | 8,105 | 9,872 | 13,602 | 18,255 |
| Administration | 43,396 | 36,106 | 38,014 | 59,568 | 8,711 |
| Profit on disposal of well equipment | (6,302) | - | - | - | - |
| Bad Debt | (20,364) | - | (194) | (67,043) | 89,078 |
| | <u>\$ 56,764</u> | <u>\$ 118,426</u> | <u>\$ 140,114</u> | <u>\$ 94,003</u> | <u>\$ 213,629</u> |
| LOSS (INCOME) BEFORE OTHER CHARGES: | \$ 39,039 | \$ 64,581 | \$ 39,567 | \$ (14,833) | \$ 50,003 |
| Well costs | - | 39,532 | - | - | - |
| Incorporation | - | 1,307 | - | - | - |
| Mineral property abandoned | - | (5,000) | 21,247 | - | - |
| LOSS (INCOME) FOR THE YEAR | \$ 39,039 | \$ 100,420 | \$ 60,814 | \$ (14,833) | \$ 50,003 |
| DEFICIT, BEGINNING OF YEAR | 518,205 | 417,785 | 356,971 | 371,804 | 321,801 |
| Share issue expenses | <u>24,100</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| DEFICIT, END OF YEAR | <u>\$ 581,344</u> ===== | <u>\$ 518,205</u> ===== | <u>\$ 417,785</u> ===== | <u>\$ 356,971</u> ===== | <u>\$ 371,804</u> ===== |

JAGUAR EQUITIES INC.

(Formerly Keloil Resources Corporation)

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE YEARS ENDED JULY 31

| | <u>1987</u> | <u>1986</u> | <u>1985</u> | <u>1984</u> | <u>1983</u> |
|---|---------------------|--------------------|--------------------|---------------------|---------------------|
| OPERATING ACTIVITIES: | | | | | |
| Profit (loss) | | | | | |
| from operations | \$ (39,039) | \$ (100,420) | \$ (60,814) | \$ 14,833 | \$ (50,003) |
| Items not involving cash: | | | | | |
| Depreciation and depletion | 20,440 | 38,100 | 45,523 | 45,721 | 62,215 |
| Properties abandoned | - | 39,532 | 21,247 | - | - |
| Profit on disposal | (6,294) | - | - | - | - |
| Incorporation written off | - | 1,307 | - | - | - |
| Accumulated exchange gains (losses) | - | (48) | (194) | 191 | (53) |
| | <u>\$ (24,893)</u> | <u>\$ (21,529)</u> | <u>\$ 5,762</u> | <u>\$ 60,745</u> | <u>\$ 12,159</u> |
| Cash provided (used) by changes in non-cash working capital | <u>(39,241)</u> | <u>19,774</u> | <u>(2,871)</u> | <u>(30,441)</u> | <u>(17,114)</u> |
| | <u>\$ (64,134)</u> | <u>\$ (1,755)</u> | <u>\$ 2,891</u> | <u>\$ 30,304</u> | <u>\$ (4,955)</u> |
| FINANCING ACTIVITIES: | | | | | |
| Sale of capital stock | \$ 72,031 | \$ - | \$ 5,000 | \$ 15,500 | \$ - |
| Share issue expenses | <u>(24,100)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 47,931</u> | <u>\$ -</u> | <u>\$ 5,000</u> | <u>\$ 15,500</u> | <u>\$ -</u> |
| INVESTING ACTIVITIES: | | | | | |
| Petroleum and natural gas interests | \$ 24,400 | \$ - | \$ (1,960) | \$ (28,690) | \$ 4,955 |
| Mineral properties | - | - | (4,132) | (17,114) | - |
| Fixed assets | <u>(4,878)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 19,522</u> | <u>\$ -</u> | <u>\$ (6,092)</u> | <u>\$ (45,804)</u> | <u>\$ 4,955</u> |
| INCREASE (DECREASE) IN CASH | \$ 3,319 | \$ (1,755) | \$ 1,799 | \$ - | \$ - |
| CASH, BEGINNING OF YEAR | <u>44</u> | <u>1,799</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| CASH, END OF YEAR | <u>\$ 3,363</u> | <u>\$ 44</u> | <u>\$ 1,799</u> | <u>\$ -</u> | <u>\$ -</u> |

JAGUAR EQUITIES INC.

(Formerly Keloil Resources Corporation)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JULY 31, 1987

NATURE OF OPERATIONS

The company plans to explore certain mineral properties to determine whether the properties contain reserves that are economically recoverable. The ability of the company to explore and develop these properties is dependent on obtaining necessary financing to complete development and upon future profitable production.

1. ORGANIZATION AND CONSOLIDATION

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Keloil Resources Limited, and Keloil Resources Inc., a company incorporated in the state of Colorado, U.S.A.. Acquisitions are accounted for by the purchase method, and accordingly include the results of operations of subsidiary companies since the date of acquisition.

2. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the basis of generally accepted accounting principles and include the following policies:

(a) Petroleum and Natural Gas Interests

Petroleum and natural gas interests have been accounted for using the full-cost method and are either depleted on the basis of production or written off on abandonment.

(b) Foreign Currency Translation

Accounts in foreign currencies have been translated into Canadian dollars using the "temporal" method. Under this method, monetary assets and liabilities have been translated at the year-end exchange rate. Non-monetary assets have been translated at the historical rate of exchange prevailing at the date of acquisition. Charges for depreciation written off have been translated at the same rate as the related assets. Administrative expenses have been translated at the average rate of exchange during the period. Realized and unrealized foreign exchange gains and losses are included in shareholders' equity.

(c) Loss per share

Basic loss per share has not been calculated as it is not considered meaningful at this stage of the company's operations

(d) Depreciation

Depreciation is recorded by straight-line method at the following rate:

Office equipment 20%

3. PETROLEUM AND NATURAL GAS INTERESTS

The company's petroleum and natural gas interests were sold during the year as follows:

| | |
|---------------------------|---------------|
| Canadian wells | \$ 12,000 |
| United States wells | <u>12,400</u> |
| | \$ 24,400 |
| | ===== |

4. FIXED ASSETS

| | <u>Cost</u> | <u>Accumulated Depreciation</u> | <u>Net Book Value</u> |
|------------------|-------------|-------------------------------------|---------------------------|
| Office furniture | \$ 4,869 | \$ 85 | \$ 4,784 |
| | ===== | ===== | ===== |

5. BANK INDEBTEDNESS

The company's bank loan was paid by the issuance of 116,016 shares of capital stock at a deemed value of \$0.40 per share.

6. SHARE CAPITAL

Particulars of share capital are as follows:

Authorized:

10,000,000 shares - no par value

Issued and Allotted:

| | <u>Shares</u> | <u>Amount</u> |
|--|----------------|---------------|
| Balance beginning of year | 1,747,000 | \$ 434,098 |
| Add: | | |
| Shares issued for debt at \$0.40 per share | <u>166,016</u> | <u>66,406</u> |
| | 1,913,016 | \$ 500,504 |
| | ===== | ===== |
| Consolidated 1 for 4 | 478,254 | \$ 500,504 |
| Principal shares at \$0.01 per share | <u>562,500</u> | <u>5,625</u> |
| Balance end of year | 1,040,754 | \$ 506,129 |
| | ===== | ===== |

Of the issued shares 750,000 shares are held in escrow subject to release by regulatory authority.

The company has granted options to a director and a senior officer of the company to purchase 204,074 shares of capital stock at a price of \$0.35 per share exercisable on or before July 3, 1992. The options to directors are subject to shareholder approval.

7. RELATED PARTY TRANSACTIONS

The company's Canadian petroleum and natural gas interests were sold to a company that is related as a result of a common director.

The company paid a total of \$ 22,000 to a director for management during the period (July 31, 1986 - \$1,500); and \$ 2,950 to a director as consulting fees.

8. MINERAL PROPERTY

By agreement dated January 20, 1987 the company acquired, subject to regulatory approval, an option to purchase the Barn Mineral claim in the Kamloops Mining Division, Province of British Columbia in consideration of \$ 5,000, payable on acceptance date and 200,000 shares of the company's capital stock payable as follows:

| | <u>Shares</u> |
|--|------------------|
| On acceptance date | 50,000 |
| On completion of Phase I of a work program | 50,000 |
| On completion of Phase II of a work program and recommendation of further work | 50,000 |
| On completion of Phase III of a work program and recommendation of further work | <u>50,000</u> |
| Total shares | 200,000 ===== |

In addition the company is required to spend \$100,000 on development of the claims on or before April 30, 1988. Payments of \$ 25,000 are to be paid to the optionor annually commencing January 1, 1989 up to commencement of commercial production. A 5% net smelter return is to be paid from the sale of minerals from the claims.

9. CONSOLIDATION

On June 15, 1987 the shareholders of the company approved by special resolution the consolidation of the company's authorized and issued share capital on a basis of 1 share of a new company, Jaguar Equities Inc., for 4 shares of Keloil and approved the issuance of a further 562,500 shares of principal stock at a price of \$0.01 per share to be held in escrow subject to release by regulatory authority.

10. OTHER MATERIAL AGREEMENTS

The company has entered into an agency agreement whereby it will through its agent offer to the public 1,000,000 common shares at \$0.35 per share. The agent will receive a commission of \$0.05 per share and has agreed to purchase any shares not sold at the conclusion of the offering.

JAGUAR EQUITIES INC.

(Formerly Keloil Resources Corporation)

SCHEDULE OF ADMINISTRATIVE EXPENDITURES

FOR THE YEARS ENDED JULY 31

| | 1987 | 1986 | 1985 | 1984 | 1983 |
|-----------------------|------------------|------------------|------------------|------------------|-----------------|
| Consulting fees | \$ 2,950 | \$ - | \$ - | \$ - | \$ - |
| Interest and exchange | 136 | 231 | - | - | - |
| Management fees | 22,000 | 1,500 | 9,569 | 15,051 | - |
| Office | 7,912 | 12,955 | 14,324 | 14,875 | 774 |
| Professional fees | 7,774 | 18,895 | 7,639 | 14,630 | 3,660 |
| Property examination | 200 | 1,602 | - | - | - |
| Travel and promotion | 2,339 | 925 | 6,482 | 15,012 | 4,277 |
| Depreciation | 85 | - | - | - | - |
| | <u>\$ 43,396</u> | <u>\$ 36,106</u> | <u>\$ 38,014</u> | <u>\$ 59,568</u> | <u>\$ 8,711</u> |
| | ===== | ===== | ===== | ===== | ===== |

JAGUAR EQUITIES INC.

FINANCIAL STATEMENTS

FOR THE FOUR MONTHS ENDED NOVEMBER 30, 1987

REVIEW ENGAGEMENT REPORT

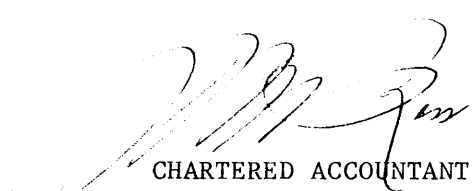
The Directors
Jaguar Equities Inc.

I have reviewed the balance sheet of Jaguar Equities Inc, as at November 30, 1987 and the statements of income, retained earnings and changes in financial position for the four month period from August 1 to November 30, 1987. My review was made in accordance with generally accepted accounting standards established for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussion related to information supplied to me by the company.

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

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

Vancouver, B. C.
December 16, 1987



CHARTERED ACCOUNTANT

JAGUAR EQUITIES INC.
CONSOLIDATED BALANCE SHEET
AS AT NOVEMBER 30, 1987

ASSETS

| | |
|------------------------|-----------------|
| CURRENT ASSETS: | |
| Cash | \$ 3 |
| FIXED ASSETS: (Note 4) | <u>4,460</u> |
| | \$ <u>4,463</u> |
| | ===== |

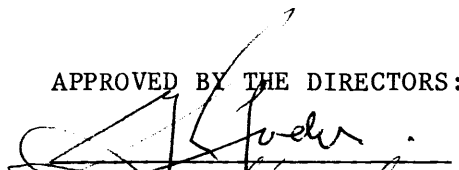
LIABILITIES

| | |
|---------------------|------------------|
| CURRENT LIABILITIES | |
| Accounts payable | \$ 70,833 |
| Due to officer | <u>24,773</u> |
| | \$ <u>95,606</u> |


SHAREHOLDERS' EQUITY

| | |
|--|--------------------|
| CAPITAL STOCK (Note 5) | \$ 506,129 |
| ACCUMULATED LOSSES ON FOREIGN CURRENCY TRANSLATION | (103) |
| DEFICIT | <u>(597,169)</u> |
| | \$ <u>(91,143)</u> |
| | \$ <u>4,463</u> |
| | ===== |

APPROVED BY THE DIRECTORS:



Director



Director

PREPARED WITHOUT AUDIT

JAGUAR EQUITIES INC.
CONSOLIDATED STATEMENT OF LOSS AND DEFICIT
FOR THE FOUR MONTHS ENDED NOVEMBER 30, 1987

ADMINISTRATIVE EXPENDITURES:

| | |
|-------------------------------|---------------------|
| Management fees | \$ 8,000 |
| Office | 3,140 |
| Filing fees | 1,100 |
| Telephone | 528 |
| Promotion | 232 |
| Vancouver Stock Exchange fees | 2,500 |
| Depreciation | <u>325</u> |
| LOSS FOR THE PERIOD | \$ 15,825 |
| DEFICIT, BEGINNING OF PERIOD | <u>581,344</u> |
| DEFICIT, END OF PERIOD | \$ 597,169 ===== |

PREPARED WITHOUT AUDIT

JAGUAR EQUITIES INC.
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE FOUR MONTHS ENDED NOVEMBER 30, 1987

OPERATING ACTIVITIES:

| | |
|--|-----------------|
| Net loss for the period | \$ (15,825) |
| Add: Items not involving cash: | |
| Depreciation | <u>325</u> |
| | \$ (15,500) |
| | |
| Cash provided (used) by changes in non-cash working capital | <u>12,140</u> |
| | |
| DECREASE IN CASH | \$ (3,360) |
| | |
| CASH, BEGINNING OF PERIOD | <u>3,363</u> |
| | |
| CASH, END OF PERIOD | <u><u>3</u></u> |

PREPARED WITHOUT AUDIT

JAGUAR EQUITIES INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOVEMBER 30, 1987

NATURE OF OPERATIONS

The company plans to explore certain mineral properties to determine whether the properties contain reserves that are economically recoverable. The ability of the company to explore and develop these properties is dependent on obtaining necessary financing to complete development and upon future profitable production.

1. ORGANIZATION AND CONSOLIDATION

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Keloil Resources Limited, and Keloil Resources Inc., a company incorporated in the state of Colorado, U.S.A.. Acquisitions are accounted for by the purchase method, and accordingly include the results of operations of subsidiary companies since the date of acquisition.

2. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the basis of generally accepted accounting principles and include the following policies:

(a) Foreign Currency Translation

Accounts in foreign currencies have been translated into Canadian dollar using the "temporal" method. Under this method, monetary assets and liabilities have been translated at the year-end exchange rate. Non-monetary assets have been translated at the historical rate of exchange prevailing at the date of acquisition. Charges for depreciation written off have been translated at the same rate as the related assets. Administrative expenses have been translated at the average rate of exchange during the period. Realized and unrealized foreign exchange gains and losses are included in shareholders' equity.

(b) Loss per share

Basic loss per share has not been calculated at it is not considered meaningful at this stage of the company's operations

(c) Depreciation

Depreciation is recorded by straight-line method at the following rate:

Office equipment 20%

3. COMPARATIVE FIGURES

The nature of the company's business has changed and therefore comparative figures for the period from August 1 to November 30, 1986 have not been presented as they are not comparable.

4. FIXED ASSETS

| | <u>Cost</u> | <u>Accumulated Depreciation</u> | <u>Net Book Value</u> |
|------------------|-------------------|-------------------------------------|---------------------------|
| Office furniture | \$ 4,869 ===== | \$ 411 ===== | \$ 4,460 ===== |

5. SHARE CAPITAL

Particulars of share capital are as follows:

Authorized:

10,000,000 shares - no par value

Issued and Allotted:

| | <u>Shares</u> | <u>Amount</u> |
|-------------------------------------|--------------------|---------------------|
| Balance beginning and end of period | 1,040,754 ===== | \$ 506,129 ===== |

Of the issued shares 750,000 shares are held in escrow subject to release by regulatory authority.

The company has granted options to a director and a senior officer of the company to purchase 204,074 shares of capital stock at a price of \$0.35 per share exercisable on or before July 3, 1992. The options to directors are subject to shareholder approval.

6. RELATED PARTY TRANSACTIONS

The company paid a total of \$ 8,000 to a director for management during the period. Office rent of \$ 2,400 has been paid to a company related as a result of a common director.

7. MINERAL PROPERTY

By agreement dated January 20, 1987 the company acquired, subject to regulatory approval, an option to purchase the Barn Mineral claim in the Kamloops Mining Division, Province of British Columbia in consideration of \$ 5,000, payable on acceptance date, and 200,000 shares of the company's capital stock payable as follows:

| | <u>Shares</u> |
|--|------------------|
| On acceptance date | 50,000 |
| On completion of Phase I of a work program | 50,000 |
| On completion of Phase II of a work program and recommendation of further work | 50,000 |
| On completion of Phase III of a work program and recommendation of further work | <u>50,000</u> |
| Total shares | 200,000 ===== |

In addition the company is required to spend \$100,000 on development of the claims on or before April 30, 1988. Payments of \$ 25,000 are to be paid to the optionor annually commencing January 1, 1989 up to commencement of commercial production. A 5% net smelter return is to be paid from the sale of minerals from the claims.

8. OTHER MATERIAL AGREEMENTS

The company has entered into an agency agreement whereby it will through its agent offer to the public 1,000,000 common shares at \$0.35 per share. The agent will receive a commission of \$0.05 per share and has agreed to purchase any shares not sold at the conclusion of the offering.

EVALUATION REPORT
ON THE
BARN CLAIM [12 UNITS]

Latitude $50^{\circ}38'N$

Longitude $120^{\circ}07'W$

NTS 92I/94
KAMLOOPS M. D.

for
KELOIL RESOURCES CORPORATION
Vancouver, B.C.

by
A.F. ROBERTS, P. ENG.

June 25, 1986.

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| GEOLOGY STRUCTURE | 4 |
| MINERALIZATION | 6 |
| GEOCHEMISTRY | 6 |
| GEOPHYSICS | 7 |
| CONCLUSIONS | 8 |
| RECOMMENDATIONS | 9 |
| ESTIMATED COSTS | 10 |
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MAPS

Ref. No.

| | |
|---|---|
| 8) Location Map, B.C. Road Map 1:250,000 | (Frontispiece) |
| 9) Topographic Map NTS 921/9 1: 50,000 | (Follows page 1) |
| 10) Claim Map, B.C. Department of Mines & Petroleum Resources, 921/9E, 1:50,000 | (Follows page 2) |
| 11) General Geology Map, Memoir 249, Geology of the Nicola Map Area, 1:253,440, W. Cockfield | (Follows page 3) |
| 12) Geology Map, Assessment Report No. 4315, 1" = 1,000', C.Phillips Purdy, Jr., P.Eng., May 26, 1973 | (Follows page 4) |
| 15) Geochemistry Map - Gold Reduced to | - 1 cm = 25 m... (Back Pocket) 1 cm = 75 m |
| 16) Geochemistry Map - Silver Reduced to | - 1 cm = 25 m... (Back Pocket) 1 cm = 75 m |
| 17) Geochemistry Map - Arsenic Reduced to | - 1 cm = 25 m... (Back Pocket) - 1 cm = 75 m |
| 18) Geochemistry Map - Copper Reduced to | - 1 cm = 25 m... (Back Pocket) - 1 cm = 75 m |
| 19) Geophysics Plan Fraser Filter, Reduced to | 1 cm = 25 m... (Back Pocket) - 1 cm = 75 m |

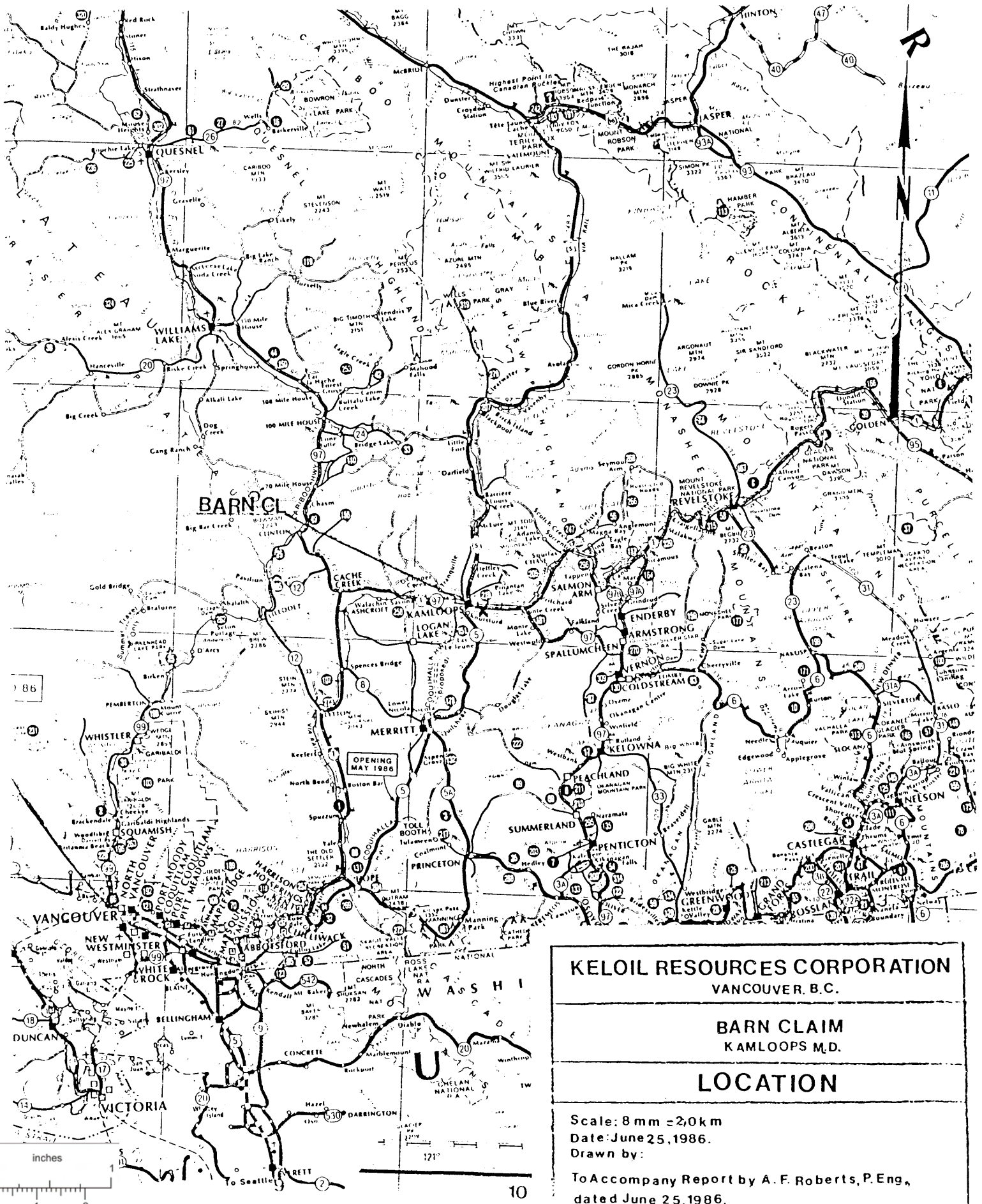
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APPENDIX

| <u>Ref.No.</u> | | <u>Page</u> |
|----------------|---|-----------------|
| 14] | Appendix A - Assays and Maps, MOT 5 Claim Area, Assessment Reports 3016, 4315, Dickenson-McLaren 1975 Rockchemistry Map | [End of Report] |

REFERENCES

- 1] Report on the Carlin 2 claim, Kamloops M. D. for United Mineral Services Ltd., J.B.P. Sawyer, P. Eng., May 11, 1976
- 2] Report on the Carlin 2 claim for T. Alexander, J.B.P. Sawyer, P. Eng., May 11, 1979
- 3] Report on the Carlin 2 M.C. held by R. Dickenson; R. Dickenson-McLaren, October 1975
- 4] Assessment Report No. 3616, December 7, 1971, D.E. Hopkins
- 5] Assessment Report No. 4315, May 26, 1973, C.P. Purdy
- 6] Geochemical-Geophysical Report on the Carlin 2 claim for Vantex Resources Inc., A.F. Roberts, P. Eng., October 31, 1980
- 7] Geochemical Report on the Colin A&B, Rob A&B, Carlin 2 claims for Vantex Resources Inc., A.F. Roberts, P. Eng., December 7, 1981
- 13] GSC, Bedrock Geology of the Ashcroft Map Area, 92I, OF 980, 1:125,000

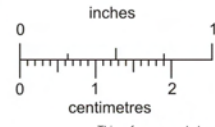


KELOIL RESOURCES CORPORATION
 VANCOUVER, B.C.

BARN CLAIM
 KAMLOOPS M.D.

LOCATION

Scale: 8 mm = 2.0 km
 Date: June 25, 1986.
 Drawn by:
 To Accompany Report by A. F. Roberts, P. Eng.,
 dated June 25, 1986.



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.

S U M M A R Y

The Barn claim has been shown to hold four-metal coincident geochemical anomalies, which are also coincident with VLF-EM anomalies.

The chief metal sought is gold. It is believed that the anomalies are a worthwhile target for the discovery of an economic deposit of gold.

To this end, a program consisting of magnetic mapping of the sub-surface, with detailed geological mapping of all outcrops, and 600 metres of diamond drilling is recommended.

This Phase I program is estimated to cost \$105,000.

With good results from Phase I, a Phase II program consisting of further drilling can be expected to cost in excess of \$250,000.

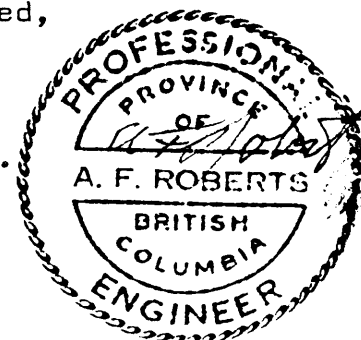
It should be noted that the Barn claim is staked over Ranch and Domestic lands. Therefore, it will be necessary to clear use of the land with the owners well in advance of starting any program.

Also, the permits obtained from the B.C. Department of Mines & Petroleum Resources, should be obtained several months in advance, and strictly adhered to.

Respectfully submitted,



A.F. Roberts, P. Eng.
June 25, 1986



EVALUATION REPORT
ON THE
BARN CLAIM [12 UNITS]
Latitude 50°38'N Longitude 120°07'W
NTS 92I/9E
KAMLOOPS M. D.
for
KELOIL RESOURCES CORPORATION
Vancouver, B.C.
by
A.F. ROBERTS, P. ENG.
June 25, 1986

INTRODUCTION 1] 2] 3] 4] 5] 6] 7]

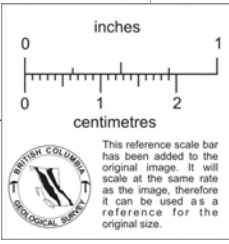
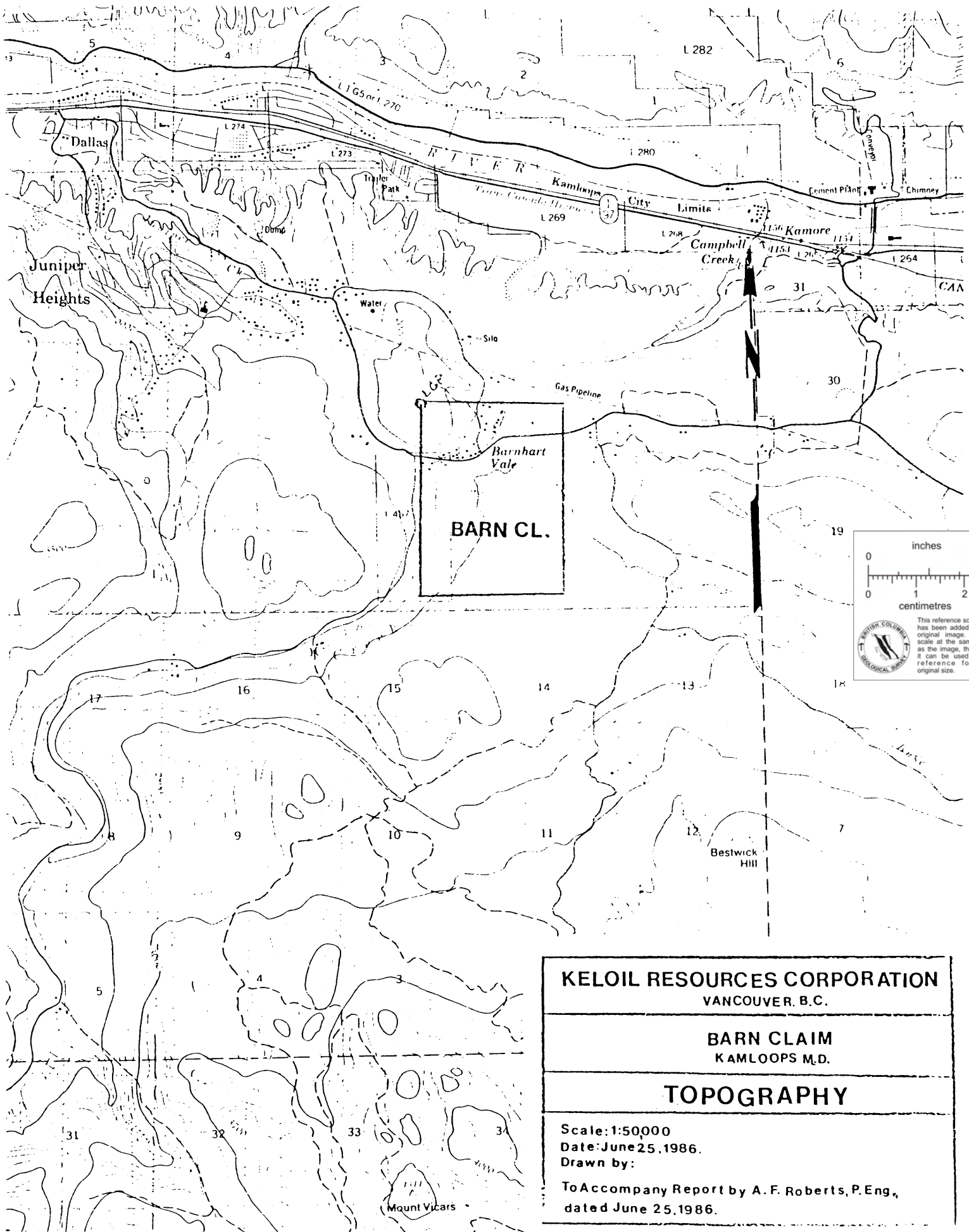
This report was authorized by the Directors of the Company.

Its purpose is to evaluate all past reports and to recommend a work program, if justified.

The writer examined the property on August 23, 1980, and recommended a geochemical-geophysical program which was carried out in the period October 3 - October 7, 1980.

Claims were staked around the claim and a geochemical survey was carried out over them in the period October 29 - November 2, 1981.

-
- 1] Report on the Carlin 2 claim, Kamloops, M.D., for United Mineral Services Ltd., J.B.P. Sawyer, P. Eng., March 12, 1976
 - 2] Report on the Carlin 2 claim for T. Alexander, J.B.P. Sawyer, P. Eng., May 11, 1979
 - 3] Report on the Carlin 2 M.C. held by R. Dickenson, Dickenson-McLaren, October 1975
 - 4] Assessment Report No. 3616, December 7, 1971, D.E. Hopkins
 - 5] Assessment Report No. 4315, May 26, 1973, C.P. Purdy
 - 6] Geochemical-Geophysical Report on the Carlin 2 Claim for Vantex Resources Inc., A.F. Roberts, P.Eng., October 31, 1980
 - 7] Geochemical Report on the Colin A&B, Rob A&B, Carlin 2 claims, A.F. Roberts, P.Eng., December 7, 1981



KELOIL RESOURCES CORPORATION
VANCOUVER, B.C.

BARN CLAIM
KAMLOOPS M.D.

TOPOGRAPHY

Scale: 1:50000
Date: June 25, 1986.
Drawn by:

To Accompany Report by A. F. Roberts, P. Eng.,
dated June 25, 1986.

The claim, then known as the Carlin II claim, was allowed to lapse and has been re-staked as the Barn Claim.

No work has been done on the property since 1981.

LOCATION, ACCESS, TOPOGRAPHY 8] 9]

The property is located in Barnhart Vale, about eight miles southeasterly from the City of Kamloops.

A paved highway passes through the northern units of the property. A gravel road parallels the western boundary, and some local farm roads give access to other parts.

The country is generally ranchland, with few commercial trees, and partly cultivated hay and alfalfa land.

There are a few rock exposures on the northwest corner, and a small area near the centre where work was done many years ago.

Otherwise, the country is flat to gently rolling from the valley of Campbell Creek, which flows northerly through Barnhart Vale.

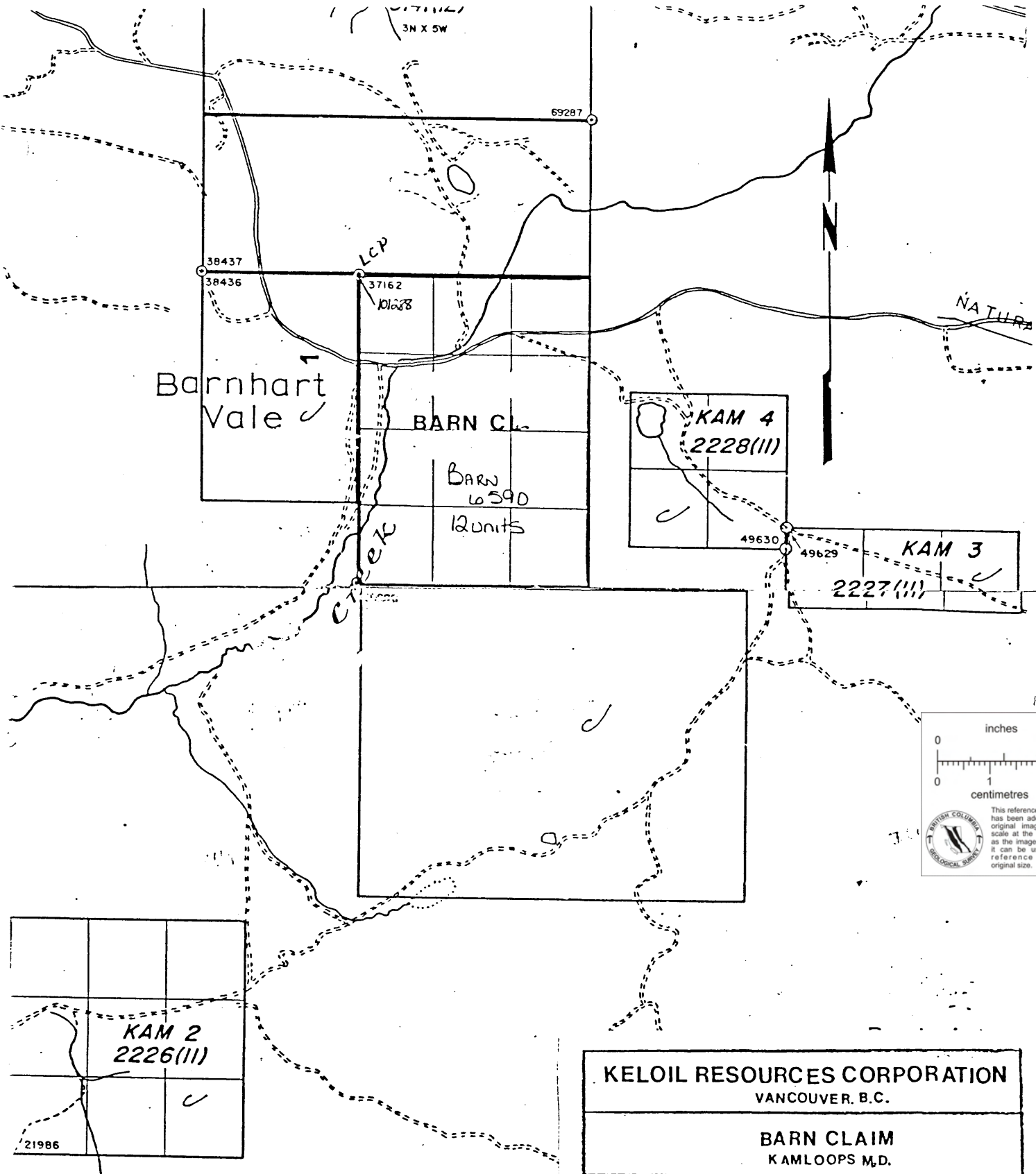
CLAIM 10]

The claim is described as follows:

| <u>Name</u> | <u>Units</u> | <u>Record No.</u> | <u>Expiry Date</u> |
|-------------|--------------|-------------------|--------------------|
| Barn | 12 | 6590 | April 7, 1987 |

This is a re-staking of the Carlin 2 claim, with which the writer is familiar. The Barn follows the old

-
- 8] Location Map, B.C. Road Map, 1:250,000 [Frontispiece]
 9] Topographic Map, NTS 92I/9, 1: 50,000 [Follows page 1]
 10] Claim Map, B.C. Department of Mines, 92I/9E, 1:50,000 [Follows page 2]



KELOIL RESOURCES CORPORATION
 VANCOUVER, B.C.

BARN CLAIM
 KAMLOOPS M.D.

CLAIM

Scale: 1:50,000
 Date: June 25, 1986.
 Drawn by:

To Accompany Report by A. F. Roberts, P. Eng.,
 dated June 25, 1986.

| | | | | | |
|--|--|--|--|--|--|
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boundaries. The writer has not been on the property since it was re-staked, but knows the people responsible for the staking and is sure that the work was properly done.

The exact location, and the area covered can only be determined by a legal survey.

HISTORY

Trenching on the property suggests prospecting early in this century as there are no known records of it.

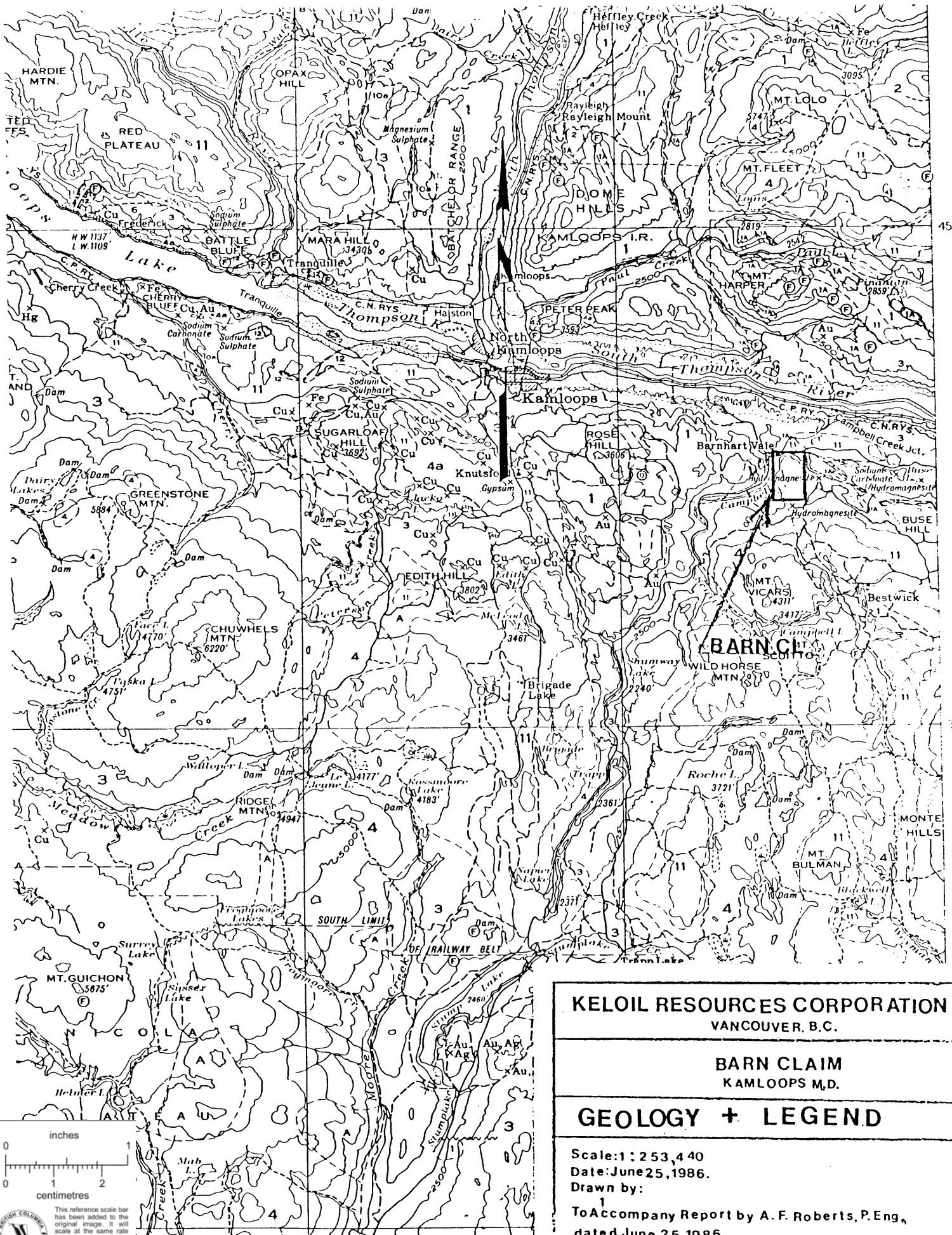
In 1971, regional prospecting by Copper Range Exploration Company Inc., discovered anomalous copper-gold values, and staked twenty-two claims, MOT 9-30 inclusive. Their followup work consisted of geological mapping, geo-chemical soil and rock chips analysis.

This work suggested an anomalous area about 300 feet wide, with a possible east-west strike, open at both ends.

In 1973, a more detailed program indicated three anomalous zones:

- 1] Approximately 1,000 feet east of Barnhart Vale, 1,000 feet by 2,000 feet.
- 2] 1,000 feet southeast of Barnhart Vale, 700 feet by 1,000 feet.
- 3] Further south, 500 feet by 1,000 feet.

Further work was recommended, but not carried out, due to closure of the Vancouver Office.

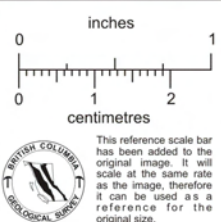


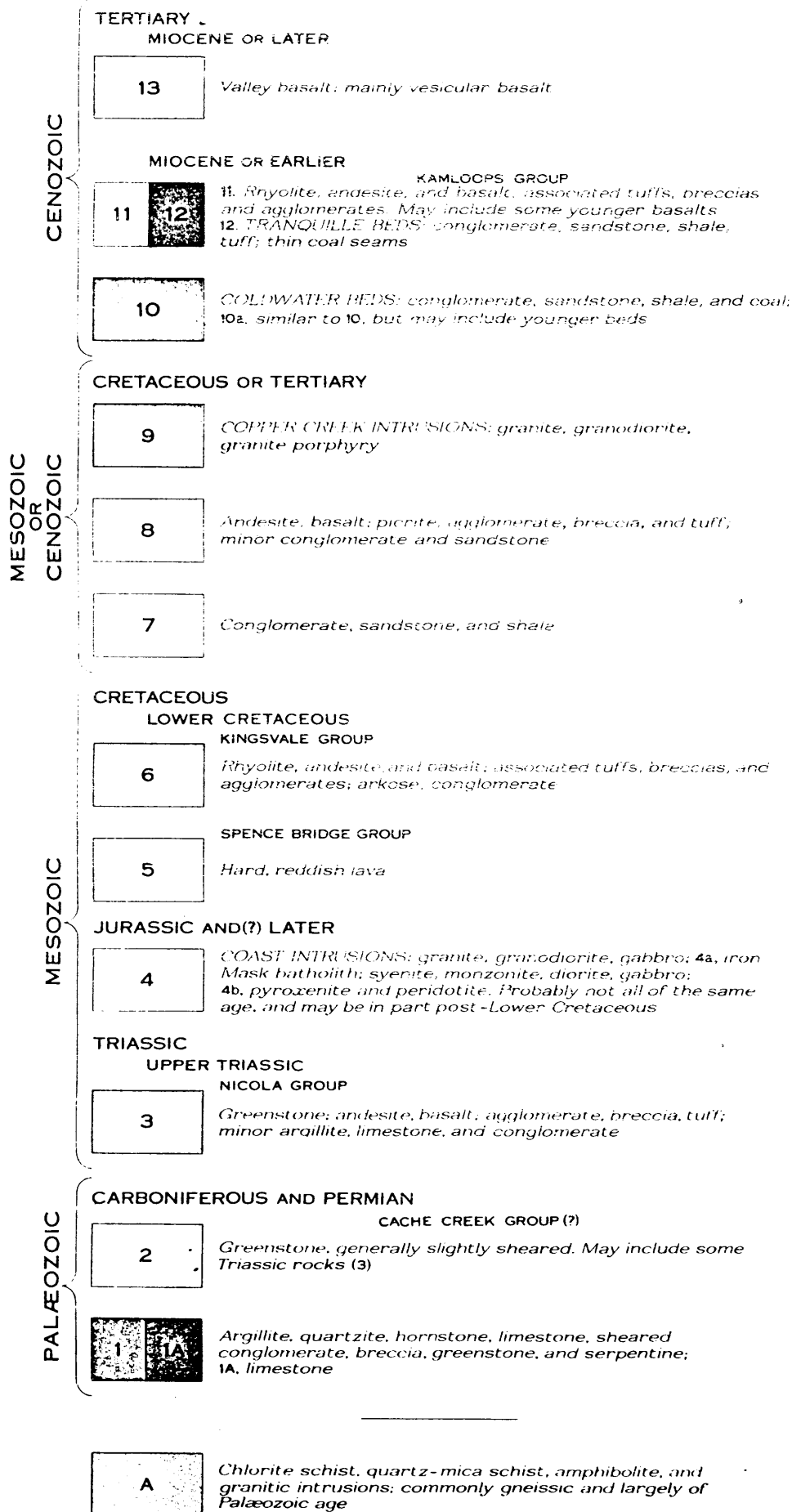
KELOIL RESOURCES CORPORATION
VANCOUVER, B.C.

BARN CLAIM
KAMLOOPS, M.D.

GEOLOGY + LEGEND

Scale: 1 : 253,440
 Date: June 25, 1986.
 Drawn by:
 To accompany Report by A. F. Roberts, P. Eng.,
 dated June 25, 1986





45

30

Heavily drift-covered area 

Fault 

Synclinal axis 

Fossil locality 

The property was re-staked by R.A. Dickenson in 1975, when the ground became open. The area of the Copper Range work was re-sampled, and the samples assayed by a cyanide leach method, with three assays by normal fire assaying methods.

A few anomalous values were found by cyanide leach methods. Fire assaying gave only low values.

No cross-checking was done on the sampling and assaying.

GEOLOGY STRUCTURE 11] 12] 13]

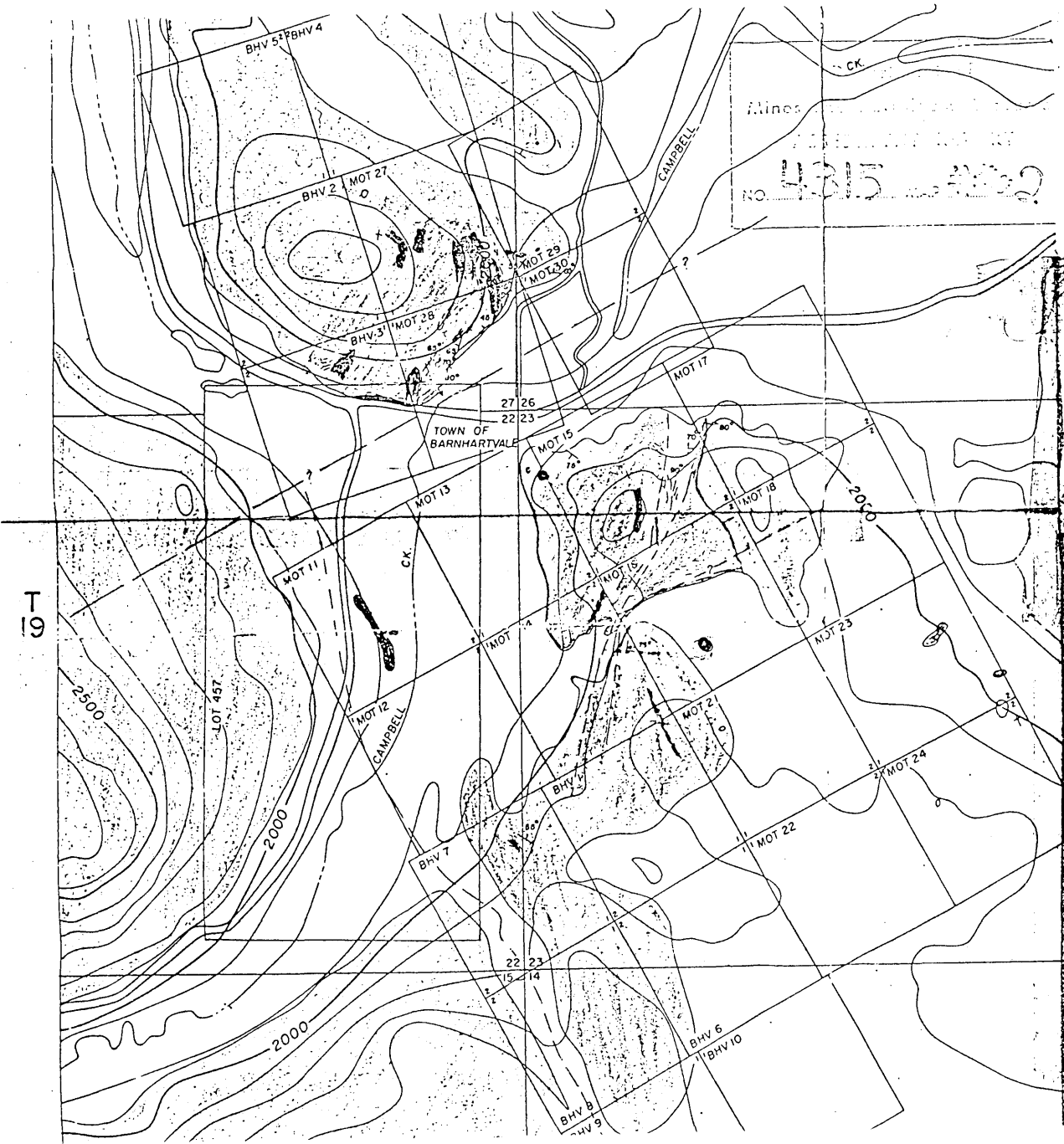
Cockfield's geology map indicates that the property is underlain by Paleozoic sediments of the Cache Creek group consisting of medium to dark, thin bedded argillite with irregular inclusions of chert, and some beds of grey-wacke, and minor limestone. All rocks are highly fractured and brecciated, in places veined with fine quartz stringers and segregations.

It is suggested that these altered phases carry the gold values.

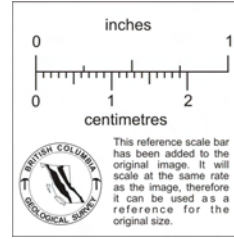
A large granodiorite body lies to the west, without any apparent effect on the property.

Dykes of feldspar porphyry, with fine pyrite, and pyrrhotite are known in the area, cutting the Cache Creek sediments.

-
- 11] General Geology Map: Memoir 249, Geology of the Nicola Map Area, 1:253,440, W. Cockfield [Follows page 3]
- 12] Geology Map, Assessment Report No. 4315, 1" = 1,000 feet, C. Phillips Purdy, Jr., P. Eng., May 26, 1973 [Follows page 4]
- 13] GSC Bedrock Geology of Ashcroft Map Area [921] O.F.980, 1:125,000



Mines
 No. 4315



VANTEX RESOURCES INC.
 VANCOUVER, BC

CARLIN 2 CLAIM
 KAMLOOPS MD
 MTS 921/9E

LOCAL GEOLOGY

Drawn by: CFA
 Scale: 1:1000
 Date: Oct. 31, 1980
 To Accompany Report by A. F. Roberts,
 P. Eng, date October 31 1980.

COPPER RANGE EXPLORATION CO., INC

- Kamloops Group) Early Tertiary
 - Tranquille Beds)
 - Feldspar and quartz feldspar porphyry
 - Biotite feldspar porphyry
 - Diorite) Cretaceous
 - Granodiorite and oplite)
 - Cache Creek Group (argillite, greywacke, conglomerate, limestone and mafic volcanics)) Permian
 Intensity of shading shows degree of iron staining and bleaching of the Cache Creek Group
- ↳ Fault, showing attitude, dashed where conjectured
- ↳ Attitude of bedding

In the area of the main showing, a feldspar porphyry dyke cuts the sediments, and in turn, is cut by numerous quartz stringers and veinlets, and is associated with the gold values.

At Barnhart Vale there is an outcrop of rock that may be a diorite. Alteration and oxidation do not permit proper identification.

Purdy reports beds of conglomerate 1,800 feet east of Barnhart Vale on the down-thrown side of a NE striking fault. These are oxidized with a sandy matrix enclosing feldspar porphyry and argillite fragments.

OF 980, the most recent map of the area, shows a strong fault to the east of the Barnhart Vale with a southeasterly strike; then a southwesterly striking fault to the west of the town.

A short fault appears to go directly through Barnhart Vale, and may be associated with Campbell Creek.

At the scale of the map, it is hard to determine boundaries. The Barnhart Vale area appears to be the junction of Kamloops and Nicola Groups.

Nicola Group, mostly sediments - argillite, siltstone, volcanic sandstone, and locally, tuff.

Kamloops Group, mostly igneous rocks - basalt, andesite, dacite, rhyolite, tuff, locally, sandstone, conglomerate shale.

All strata are indicated as having westerly to northwesterly dips.

It is noticeable that OF 980 does not mention the presence of feldspar porphyry dykes, nor of granitic outcrops. Possibly the scale is too tight to refer to them.

MINERALIZATION 14)

No samples were taken. Assay results are taken from the assessment report and are in the Appendix.

All this sampling indicated anomalous gold values, in the surface rock of sufficient strength to make an open pit mine, if there is sufficient tonnage.

It is possible that drilling will indicate higher values, as there are probably losses from the surface rocks.

Locally, there are specks of chalcopyrite and pyrrhotite.

GEOCHEMISTRY 15) 16) 17) 18) 19)

The grid was laid out with east-west lines spaced at 125 metres with 50 metre stations.

Maps were made at 1 cm = 25 metres, with separate maps for gold, silver arsenic and copper.

-
- 14) APPENDIX A - Assays and Maps MOT 5 claim area. Assessment reports 3016, 4315, Dickenson-McLaren 1975, Rock Geochemistry (End of Report)
- 15) Geochemistry Map - Gold - 1 cm = 25 m. (Back Pocket)
Reduced to 1 cm = 75 m
- 16) Geochemistry Map - Silver - 1 cm = 25 m. (Back Pocket)
Reduced to 1 cm = 75 m
- 17) Geochemistry Map - Arsenic - 1 cm = 25 m. (Back Pocket)
Reduced to 1 cm = 75 m
- 18) Geochemistry Map - Copper - 1 cm = 25 m. (Back Pocket)
Reduced to 1 cm = 75 m
- 19) Geophysics: Fraser Filter Plan 1 cm = 25 m (Back Pocket)
reduced to 1 cm = 75 m

A computer program was carried out, from which frequency and probability curves were constructed to determine threshold values.

| | <u>Background</u> | <u>Threshold</u> | <u>Anomalous</u> |
|---------|-------------------|------------------|--------------------------|
| Gold | 5 ppb | 10 ppb | 15 ppb [10% of assays] |
| Arsenic | - | 20 ppm | 30 ppb [10% of assays] |
| Silver | - | 0.5 ppm | 0.7 ppm [4.5% of assays] |

The main anomaly is indicated as being 250 x 250 metres at its north end and tapering to 25 metres, 700 metres to the south.

The validity of this anomaly is confirmed by silver at the north end with copper and arsenic adding further confirmation and extending the length and width. There is a slight tendency shown by all metals towards a northeasterly strike.

Another anomaly or group of anomalies is indicated 1,500 metres to the northwest. It is confirmed, in part, by coincident values of the other metals.

It has a definite northeasterly strike.

This group has dimensions of 500 metres by 700 metres.

There are a number of spot anomalies for gold that are confirmed by other metals.

GEOPHYSICS

This survey was carried out on the same lines and stations, and at the same time as the geochemical survey, using a Sabre Model 27 VLF-EM machine.

High tension power lines on the north and west sides of the property caused a loss of some readings.

The VLF readings were reduced by Fraser's method to give positive and negative values.

The Fraser Filter plan shows a positive area with an average width of 150 metres and 1,250 metres long. This covers all the main anomaly and extends through the dry lake on the south end of the claims, and has the same shape as the geochemical anomaly.

The group of anomalies in the northwest claim show some positive values, but due to the readings lost around the power lines, there is little of value.

This group will have to depend entirely on geochemistry and possibly magnetics, if not distorted by the power lines.

CONCLUSIONS

The work done in the past, particularly the geochemical - geophysical surveys of 1980, has indicated that the property has a large, strong gold, silver, arsenic copper anomaly coincident with a strong VLF-EM anomaly. There is at least one group of similar anomalies to the northwest of the main anomaly worthy of further investigation.

In this writer's opinion the Company is justified in spending further funds to locate an economic gold deposit on this property.

RECOMMENDATIONS

- 1] Re-establish the grid of the 1980 survey.
- 2] Run a magnetic survey over the grid to define the hard rock geology.
- 3] Diamond drill in the following six locations, at -90° to 100 metres:

| <u>Hole No.</u> | <u>Location</u> |
|-----------------|-------------------|
| DDH 1/86 | 70 + 50E, 7 + 75S |
| DDH 2/86 | 8 + 25E, 7 + 75S |
| DDH 3/86 | 7 + 25E, 12 + 75S |
| DDH 4/86 | 7 + 50E, 17 + 75S |
| DDH 5/86 | 4 + 75E, 2 + 50S |
| DDH 6/86 | 3 + 50E, 0 + 00S |

- 4] Detailed geological mapping of all rock exposures in conjunction with the magnetic survey.

ESTIMATED COSTSPhase I

| | | |
|-------------------------|----|---------------------|
| Diamond Drilling | \$ | 75.00/metre |
| Assaying | | 12.50/metre |
| Core Boxes, etc. | | 5.00/metre |
| Camp, supervision, etc. | | <u>35.00/metre</u> |
| Total | \$ | <u>127.50/metre</u> |

Say \$130.00/metre

| | | |
|---|----|---------------------|
| 600 metres @ \$130.00/metre | \$ | 78,000.00 |
| Reports, logging, etc. | | 7,500.00 |
| Re-establish grid, magnetic and geological surveys | | <u>5,000.00</u> |
| | | 90,500.00 |
| 15% contingencies | | <u>13,575.00</u> |
| Total | | <u>\$104,075.00</u> |

Say \$105,000.00

All holes subject to field supervision as to exact location and depth. It may be necessary to run holes deeper if still in mineralization.

NOTE: As this property lies on ranchlands, permission to work must be obtained from the owners of the surface rights before starting work.

All Department of Energy, Mines and Petroleum Resources guidelines must be strictly adhered to.

All permits required to work on the property should be obtained several months in advance of the projected starting date.

Phase II

With satisfactory results from Phase I, considerably more drilling will be required to outline potential ore bodies.

Without the actual results from Phase I, the cost cannot be estimated, but can be expected to cost in excess of \$250,000.

Respectfully submitted,



A.F. Roberts, P. Eng.,
June 25, 1986



CERTIFICATE

I, A.F. Roberts, of 812 Fairbrook Crescent, Richmond, British Columbia, do hereby certify that:

- 1] I am a graduate of the University of British Columbia, B.Ap.Sc., in Mining Engineering, 1951.
- 2] I am a Registered Professional Engineer of the Province of British Columbia; and am a Member of the Canadian Institute of Mining and Metallurgy.
- 3] I have practiced my profession since 1951, with Quatsino Copper-Gold Mines Ltd., Giant Mascot Mines Ltd., Cochenour-Willans Gold Mines Ltd., Mogul Mines Ltd., Kerr-Addison Gold Mines Ltd., Atlantic Coast Copper Corporation Ltd., Wasamac Mines Ltd., Brenda Mines Ltd., and T.C. Explorations Ltd.

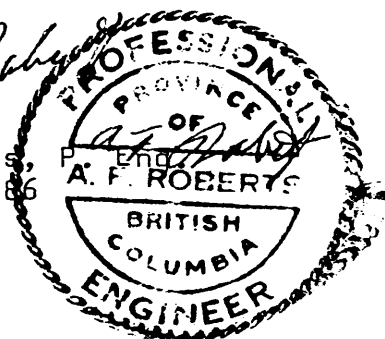
Since January 1970, I have been an independent Consulting Engineer.

Previous to, and during University, I worked underground as a miner, and on several exploration-development projects.

- 4] The accompanying report is based entirely on my personal examination of the area, August 24-27 and September 19-22, 1980, while engaged in the area, and later on October 29 to November 2, 1981.
- 5] I have no interest, direct or indirect, in the Barn Claim, nor have I any interest, direct or indirect, in Keloil Resources Corporation, or in any companies with which it may be associated. I have not, nor do I expect to receive any interest in shares of any company, in its securities, or any company with which it may become associated.
- 6] I consent to the use of this report in, or in conjunction with a prospectus, or a statement of material facts, relating to the raising of funds for this project.

DATED at Vancouver, British Columbia, this twenty-fifth day of June, 1986.

A.F. Roberts
A.F. Roberts, P. Eng.
June 25, 1986



A. F. ROBERTS, P.ENG.
CONSULTING MINING ENGINEER

APPENDIX A

ASSAYS AND MAPS

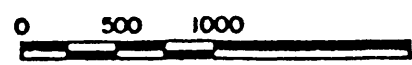
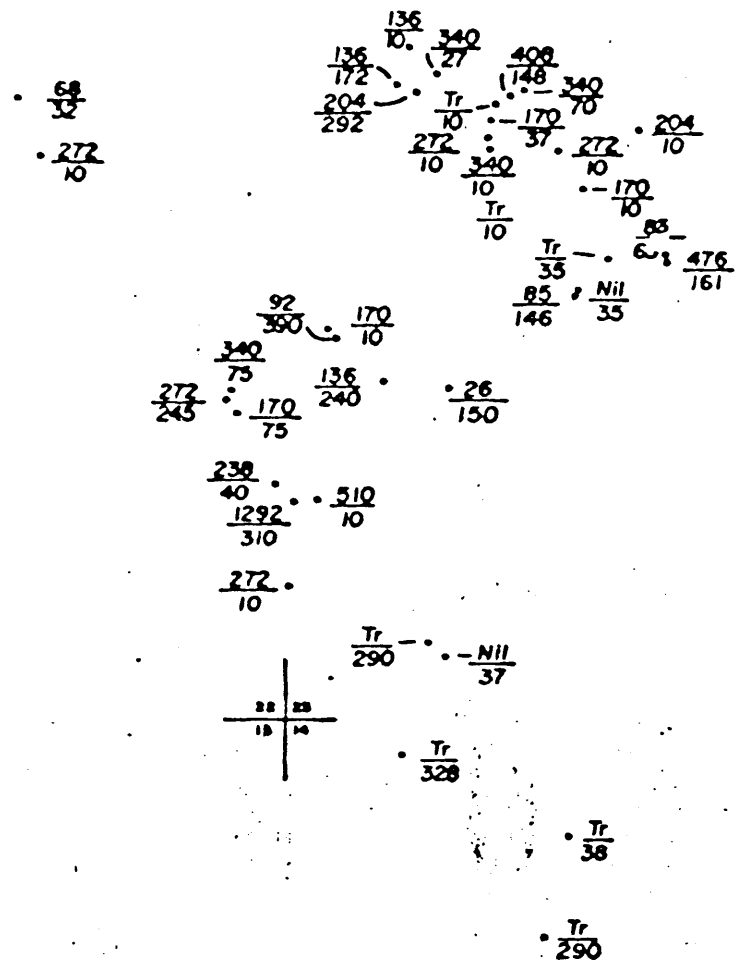
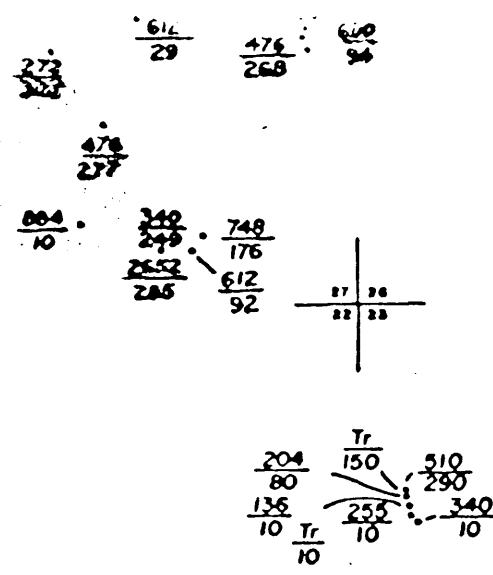
MOT 5 CLAIM

ROCK GEOCHEMISTRY MAP

ASSESSMENT REPORTS 3616, 4315

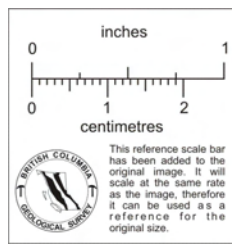
DICKINSON, McCLAREN, 1975

Department of
Mines and Petroleum Resources
ASSESSMENT REPORT
NO. 11315 MAP 11315




Scale: 1" = 1000'


340 Gold in ppb
249 Arsenic in ppm





To accompany geological and geochemical report by C. Phillips Purdy, Jr. P. Eng.
on the MOT group, Barnhartvale, Kamloops Mining Division, dated May 20, 1973

Porphyry (dyke)  Tr. 76-5
(=M3?)

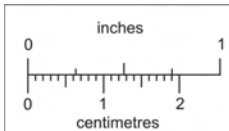
Porphyry (dyke)  Tr. 76-4
1976 Assay Sample No. 11407

Cache Creek sediments
with good quartz stringers
and veinlets.  Tr. 76-2
(=M8?)

 Tr. 76-3

Tr. 76-0 

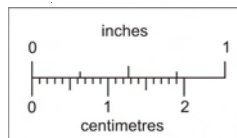
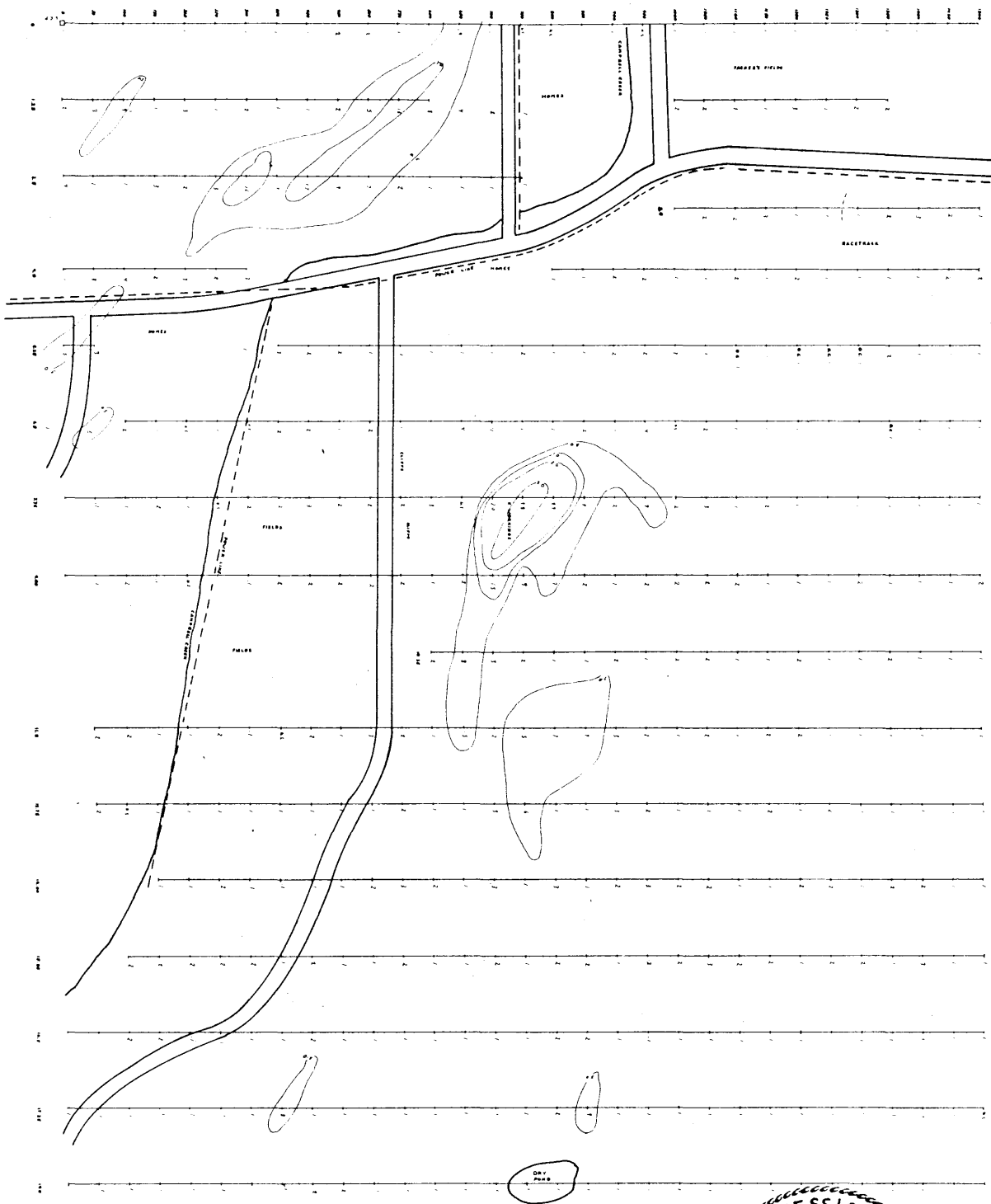
Location of high grade
gold sample in
sulphides  Tr. 76-1
1976 Assay Sample No. 11408



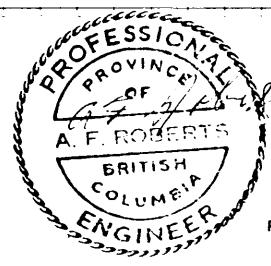
 This reference scale bar has been added to the original image. It will scale at the same rate as the image, therefore it can be used as a reference for the original size.



CARLIN 2 CLAIM
KAMLOOPS MINING DIVISION, B. C.
PLAN OF PITS-MAIN HILL AREA
Scale: 1" = 50' Fig. 3

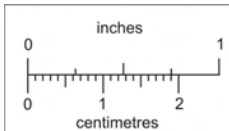
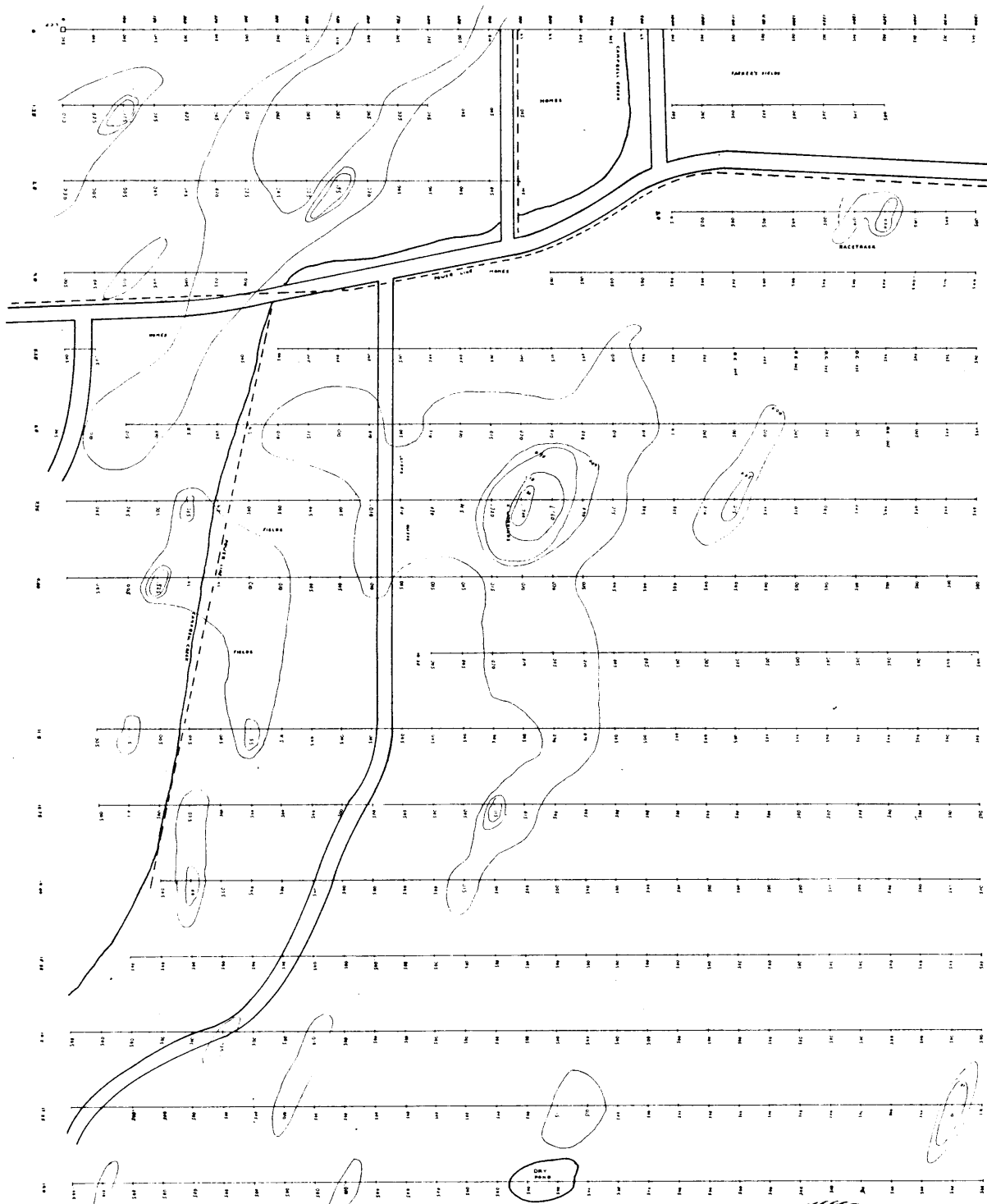


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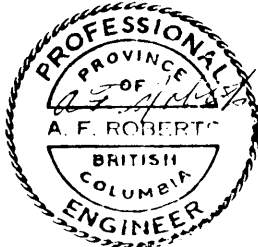


| | |
|--|--------|
| KELLOI RESOURCES CORPORATION VANCOUVER B.C. | |
| BAR #1 CLAYM 1480-01088 | |
| GEOCHEMISTRY-SILVER | |
| Scale 1:50,000 | |
| Map No. 1000 | |
| Project No. 1000 | |
| Geotechnical Engineer: A. F. Roberts, B.Sc. | |
| Date: June 15, 1988 | |
| Issue No. 1 | LEGEND |
| Symbol | |

REDUCED SCALE
1 cm = 75 m

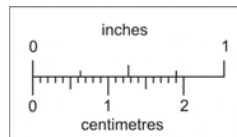
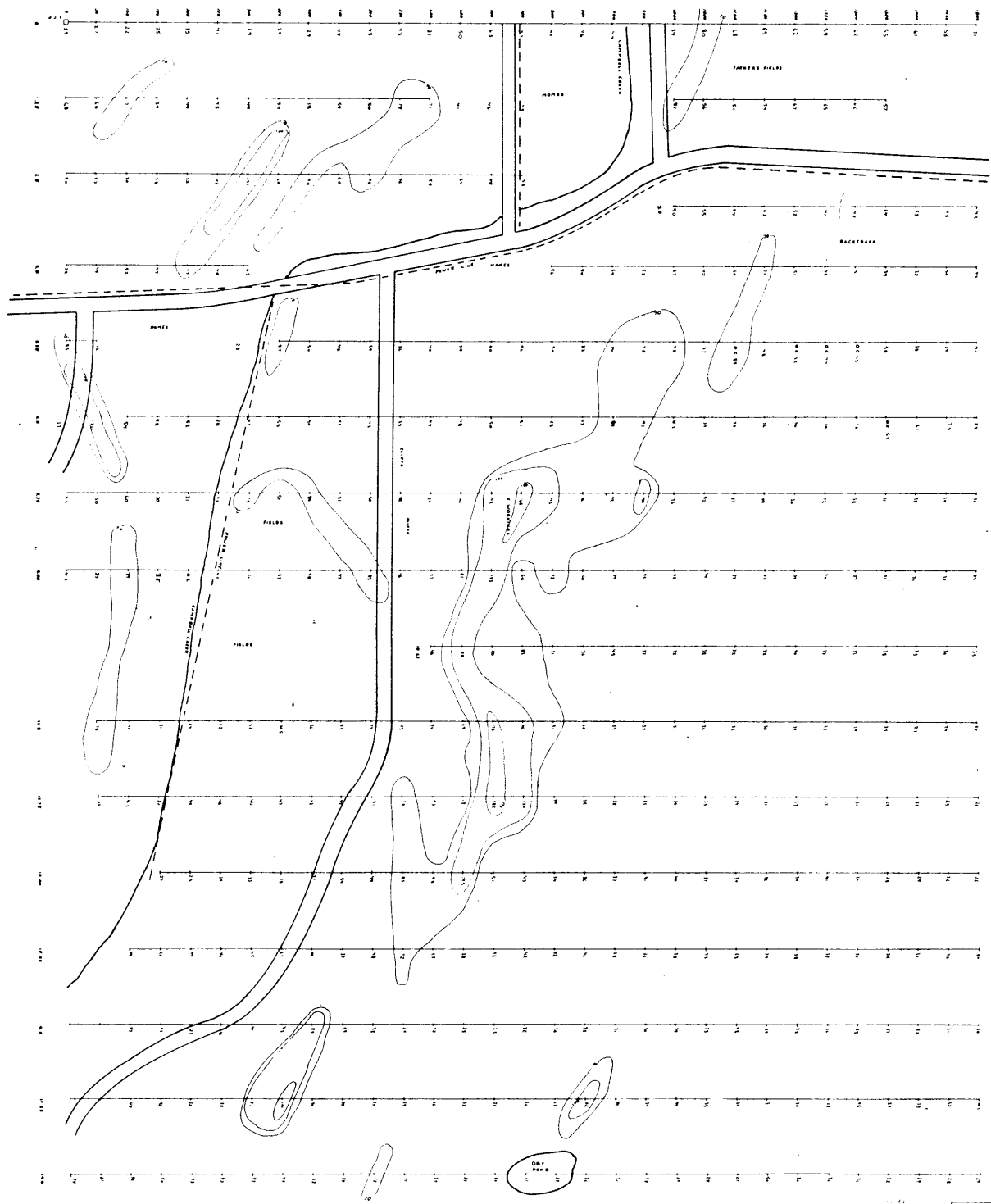


This reference scale bar has been added to the original image. It will scale at the same rate as the image, therefore it can be used as a reference for the original size.

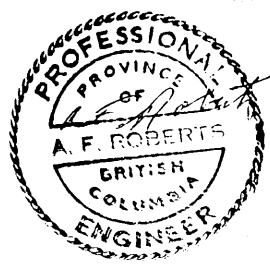


| | |
|---|--------|
| RELON RESOURCES CORPORATION VANCOUVER BC | |
| BARN CLAIM | - |
| GEOCHEMISTRY - GOLD | |
| Scale 1:50,000 | |
| Date 1983, 1984 | |
| Drawn by: JWH | |
| Checked by: JWH | |
| Field notes by: N. Anderson, M.Sc. | |
| Map scale: 1:50,000 | |
| 1983-84 | LEGEND |
| Exploration | --- |

REDUCED SCALE
1cm = 75m

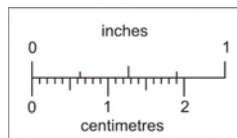
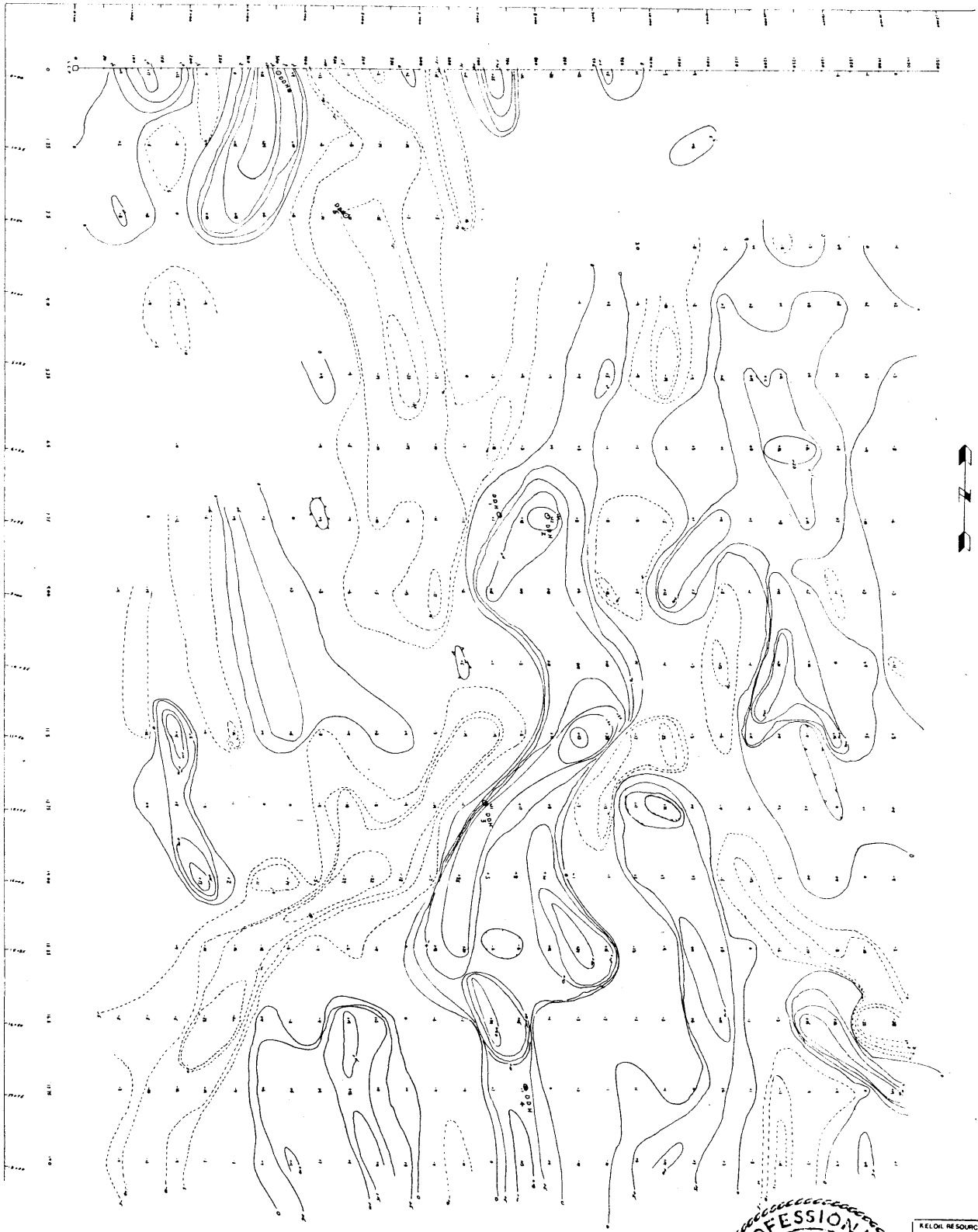


This reference scale bar has been added to the original image. It will scale at the same rate as the image, therefore it can be used as a reference for the original size.

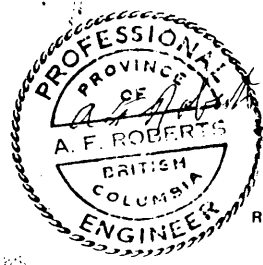


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| KELOI RESOURCES CORPORATION VANCOUVER BC |
| BANK CLAIM SARVADAPPA |
| GEOCHEMISTRY - COPPER |
| Scale 1:50,000 Map No. 1000 Map Date 1968 Geological Survey of Canada, Ottawa Map No. 1000 |
| LEGEND |
| Symbol: [Symbol] Description: [Symbol] |

REDUCED SCALE
1 cm = 75 m



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.



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| KELON RESOURCES CORPORATION - INCORPORATED | |
| BARNE CLERK 2101 DUFFIN | |
| V.L.F.-E.M. FRASER FILTER/DOH | |
| Scale 1:50,000 | |
| Map Number 100 | |
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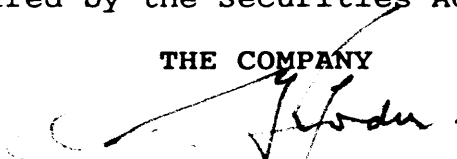
REDUCED SCALE
1 cm = 75m

CERTIFICATE OF THE ISSUER AND THE PROMOTERS

DATED: JANUARY 19, 1988


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.

THE COMPANY

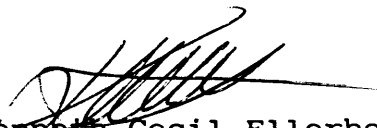


Glen Charles Loder
Chief Executive Officer and Chief Financial Officer

On behalf of the Board of Directors

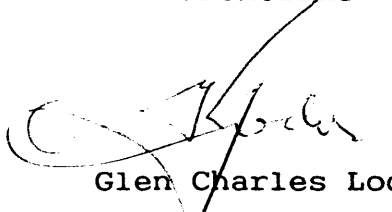


William Barry Kraigsley
Director



Kenneth Cecil Ellerbeck
Director

PROMOTERS



Glen Charles Loder

CERTIFICATE OF THE AGENT

DATED: JANUARY 19, 1988

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.

GEORGIA PACIFIC SECURITIES CORPORATION

By: 