

SUPERINTENDENT OF BROKERS
VANCOUVER STOCK EXCHANGE

010532

DANSTAR RESOURCES LTD.
(A Development Company)
STATEMENT OF MATERIAL FACTS #18/88
EFFECTIVE DATE: 29 February 1988

DANSTAR RESOURCES LTD.

#1550, 609 Granville Street, Vancouver, B.C., V7Y 1C6 Phone: (604) 687-3303

NAME OF ISSUER, ADDRESS OF HEAD OFFICE AND TELEPHONE NUMBER

#100, 200 Granville Street, Vancouver, B.C., V6C 1S4

ADDRESS OF REGISTERED AND RECORDS OFFICES OF ISSUER

GUARANTY TRUST COMPANY OF CANADA

2nd Floor, 800 West Pender Street, Vancouver, B.C, V6C 2V7

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

Units offered hereunder are speculative in nature. Information concerning the units offered may be obtained by reference to this document; further clarification, if required, may be sought from a broker.

OFFERING : 1,000,000 UNITS

Consists of One Common Share and Two Series "A" Warrants, two such Warrants will be issued to the holder thereof who exercises such warrant to purchase one additional common share from the Issuer at any time up to the close of business within one year following the date of issue at a price to be determined in accordance with the rules of the Vancouver Stock Exchange.

Price to Public (estimated)*	Commission	Estimated Net Proceeds to be Received by the Issuer
\$0.40	\$0.03	\$0.37
\$400,000.00	\$30,000.00	\$370,000.00

Units are offered in accordance with the Rules of the Vancouver Stock Exchange but, in any event, not less than \$0.40 per Unit.

ADDITIONAL OFFERING - 500,000 SHARES

The Agents will receive Agent's Warrants entitling them to purchase a total of 500,000 shares in return for guaranteeing the sale of the Units offered hereby. These shares are hereby qualified for sale. See "Additional Offering" for further information concerning the sale of these shares.

AGENTS

CANARIM INVESTMENT CORPORATION LTD.
#2200, 609 Granville Street
Vancouver, B.C.
V7Y 1H2

CONTINENTAL CARLISLE DOUGLAS
10th Floor, 1055 Dunsmuir Street
Vancouver, B.C.
V7X 1L4

Neither the Superintendent of Brokers nor the Vancouver Stock Exchange has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence.

R.M. 09215055
PROPERTY FILE
Star #100 927/3

PLAN OF DISTRIBUTION

A. THE OFFERING

By Agreement dated for reference 30th September 1987, as amended, (the "Agency Agreement"), DANSTAR RESOURCES LTD. (the "Issuer") appointed the following as its agents (the "Agents") to offer through the facilities of the Vancouver Stock Exchange (the "Exchange") 1,000,000 Units of the Issuer at a fixed price in the amounts set opposite their respective names (the "Offering"):

<u>Agents</u>	<u>No. of Units</u>
Canarim Investment Corporation Ltd.	600,000 Units
Continental Carlisle Douglas	400,000 Units

The Offering will take place on the "Offering Day" which will be not more than thirty (30) business days after the date this Statement of Material Facts is accepted for filing by the Exchange and the Superintendent of Brokers (the "Effective Date").

The offering price of the Units will be determined in accordance with the rules of the Exchange, at a premium over the average trading price of the Issuer's shares as determined by the Exchange (the "Average Price"). The purchasers of any Units under the Offering will be required to pay regular commission rates as specified by the by-laws and rules of the Exchange.

The Agents reserve the right to offer selling group participation in the normal course of the brokerage business to selling groups of other licenced dealers, brokers and investment dealers who may or may not be offered part of the commissions derived from the Offering.

The obligations of the Agents under the Agency Agreement may be terminated prior to the opening of the market on the Offering Day, at their discretion on the basis of their assessment of the state of the financial markets and may also be terminated upon the occurrence of certain stated events; however, if any of the Units are sold, the Agents are obligated to act as agents pursuant to the Agency Agreement.

The Issuer has agreed to notify the Agents of any further public equity financing that it may require or propose to obtain during the twelve month period following the Effective Date and the Agents shall have the right of first refusal to provide such financing.

There are no payments in cash, securities or other consideration being made, or to be made, to a promoter, finder or other person or company in connection with the Offering. The directors, officers and other insiders of the Issuer may purchase Units from the Offering.

B. THE UNIT

Each Unit shall consist of one share and two Series "A" Share Purchase Warrants (the "Series "A" Warrants"). The Series "A" Warrants will be transferable and in bearer form and two such Warrants will entitle the holder thereof to purchase one share of the Issuer at any time up to the close of business one year following the Offering Day at a price which is at a premium over the Average Price, as determined in accordance with the rules of the Exchange.

The Series "A" Warrants shall be posted for trading subject to evidence of satisfactory distribution of such Warrants as specified by the rules of the Exchange. The Series "A" Warrants will contain antidilution provisions including provisions for appropriate adjustment in the class, number and price of shares issuable pursuant to any exercise thereof upon the occurrence of certain events, including any subdivision, consolidation or reclassification of the shares of the Issuer or the payment of stock dividends.

C. MARKET MAKERS

The Agents may be considered the "market makers" of the shares and Series "A" Warrants of the Issuer during the period of distribution of the Offering and for 30 trading days thereafter. Subject to the by-laws and rules of the Exchange, the Agents may make purchases and sales of shares of the Issuer and of the Series "A" Warrants on a continuous basis for the purpose of maintaining an orderly market for such shares and Series "A" Warrants of the Issuer and assisting in the distribution of the Units. The Agents own no shares of the Issuer and have no shares under their control.

D. CONSIDERATION TO AGENTS

The Agents will receive a commission at the time the Units are sold of 7.5% of the gross proceeds from the sale of the Units.

The Agents have agreed to purchase any Units unsubscribed for at the completion of the Offering at the offering price in consideration of which the Issuer has agreed to issue to the Agents non-transferable share purchase warrants (the "Agents' Warrants") entitling the Agents to purchase up to 500,000 shares of the Issuer in proportion to their participation in the Offering.

The Agents may exercise the Agents' Warrants or any portion thereof at any time up to the close of business one year following the Offering Day at a price which is at a premium over the Average Price, as determined in accordance with the rules of the Exchange.

E. ADDITIONAL OFFERING

This Statement of Material Facts also qualifies for sale for a period of one year following the Offering Day, any of the aggregate 500,000 shares of the Issuer which may be acquired by the Agents on the exercise of the Agents' Warrants.

The Issuer will receive the proceeds from the exercise of the Agents' Warrants; the proceeds from any sale of such shares will accrue to the Agents.

2. HOW THE NET PROCEEDS OF THE ISSUE ARE TO BE SPENT

Although it is not possible to determine the actual net proceeds from the Offering, in the event all of the 1,000,000 Units are sold at an estimated price of \$0.40 per Unit, the proceeds would be \$400,000 less commissions of \$30,000 to net the Issuer \$370,000.

The principal purposes for which the total available funds are to be allocated are as follows:

- (a) To pay the estimated costs of this issue\$ 25,000.00
 - (b) To pay Issuer's accounts payable (as at 31st December 1987).....\$ 44,490.00
 - (c) To pay the balance of the estimated Phase I exploration costs on the LaRonge (De-Armond Lake Property) Claim as recommended by James Wade Engineering Ltd. in its report dated 4th December 1987 as more particularly described in Item 3IIA herein.....\$ 25,000.00
 - (d) To provide a reserve for the estimated Phase II exploration costs on the La Ronge (De-Armond Lake Property) Claim as recommended by Orequest Consultants Ltd. in its report dated 5th June 1987 as more particularly described in Item 3IIA herein.....\$155,000.00
 - (e) To provide for working capital.....\$120,510.00
- TOTAL: \$370,000.00
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Any proceeds from the exercise of the Series "A" or Agents' Warrants will be added to the working capital of the Issuer.

3. MATERIAL NATURAL RESOURCE PROPERTIES

Summary of Material Mining Properties

- Group I** Properties for which regulatory approval has been obtained under this Statement of Material Facts.
- Group II** Presently held properties which are currently producing or being explored, or upon which exploration is planned within the next year.
- Group III** Other presently held properties upon which the Issuer's acquisition and exploration costs to date exceed \$100,000.00.

Property Name	Issuer's Acquisition and Exploration Costs to Date (in \$)	Shares Issued to Date	Planned Expenditures from Funds Available upon Completion of the Offering
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GROUP I

----- N/A -----

GROUP II

A. LaRonge (De-Armond Lake Property) Claim Saskatchewan	Acquisition \$ 30,000.00 Exploration \$145,083.00	100,000 Shares 242,390 Shares (Flow-Through)	\$180,000.00
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GROUP III

A. Star #100 Claim, British Columbia	Acquisition \$ 7,950.00 Exploration \$160,091.00	745,000 Shares (Escrow)	Nil
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GROUP II

- A. LaRonge (De-Armond Lake Property) Claim, Saskatchewan

Pursuant to an agreement dated 6th December 1985, as amended, the Issuer agreed to purchase from Leslie MacConnell of Santa Monica, California, U.S.A., a 100% interest in Mineral Claim Block CBS 7415, Tricker Lake Area, LaRonge Mining District, Saskatchewan

Map No. 73-P-16-NW and 74-A-1, excepting those areas contained in CBS 8909, containing 2,940 acres, more or less (the "LaRonge Claim"), for \$10,000 cash (paid) and 200,000 shares in the capital of the Issuer. 100,000 shares have been issued to date and the remaining two blocks of 50,000 shares are subject, in the first case, to the filing with and the acceptance by the Exchange of engineering or geological reports outlining the performance of work conducted on the Claim in the preceding period and recommending the performance of further work on the Claim by 30th April 1988 and, in the second case, completion of a feasibility study in respect of the Claim by 31st December 1990. The LaRonge Claim is in good standing to 20th September 1988.

During March, 1986, Mascot Gold Mines Limited of Vancouver, British Columbia ("Mascot"), conducted, on behalf of the Issuer, a program of ground magnetometer and VLF-EM surveys on a 63.9 kilometre picket line grid covering the entire La Ronge Claim, at a cost of \$54,528. Mascot reported on the program in their geophysical report and preliminary geological evaluation dated 10th May 1986.

Orequest Consultants Ltd. ("Orequest"), in its report dated 5th June 1987, which report is included in this Statement of Material Facts, recommended that the Issuer carry out a two phase exploration program on the LaRonge Claim, with Phase I consisting of extensive soil sampling, geological mapping, prospecting and trenching, inclusive of detailed geophysics of selected anomalies discovered by Mascot, at an estimated cost of \$100,000. Contingent upon receipt of positive results from Phase I, Orequest recommends that Phase II of the exploration program, consisting of 1,000 metres of diamond drilling, be carried out on the LaRonge Claim at an estimated cost of \$155,000.

Orequest reports that several zones of strong conductivity with associated high magnetic response were outlined by Mascot which may indicate sulphide facies iron formation and that numerous other geophysical anomalies were noted and remain to be evaluated. Orequest further notes that the Property has the potential to host two distinct styles of gold mineralization:

- (a) Auriferous quartz veins associated with zones of shearing and faulting, common within the LaRonge domain;
- (b) strata bound gold mineralization associated with sulphide facies iron formation, as at Sulphide and Wedge Lakes.

During 1987, the Issuer retained Galveston Explorations Ltd. to provide exploration supervisory and consulting services to the Issuer for a fee of 15% of costs and undertook a portion of the Phase I exploration program on the La Ronge Claim at a cost of \$91,923, the results of which are reported on by James Wade Engineering Ltd. ("Wade") in their "Geochemical Soil Sampling Report" dated December 4, 1987, which report is included in this Statement of Material Facts. Wade reports that the geochemical soil sampling program carried out during August 30 to September 20, 1987 resulted in 1,776 soil samples and an additional 43 rock

samples collected from exposures displaying sulphide mineralization or pervasive oxidization. The existing cut line grid, having a line spacing of 200 metres and station intervals of 25 metres, was used for control with sample sites at picket locations 25 metres apart.

Gold values ranging from less than 5 ppb to 250 ppb were returned from the samples, of which 29 exceeded 15 ppb being the anomalous threshold value. Wade notes that, except for a cluster of 3 samples, the anomalous samples are of the single station variety and virtually none of them are directly related to the VLF or magnetic zones which are considered favourable indicators for formational stratabound gold mineralization or structurally controlled vein type deposits. Accordingly, Wade recommends that additional fill-in soil sampling be carried out using lines at 25 metre intervals parallel to the existing grid and that the same grid be utilized for prospecting and detailed mapping to locate any showings or potential sources of the elevated gold values, at an estimated cost of \$25,000. Based on favourable results of the follow-up geochemical survey, Wade recommends a diamond drilling program to evaluate targets delineated by the detailed work.

Galveston Explorations Ltd. is the wholly owned subsidiary of Galveston Resources Ltd., a British Columbia reporting company whose shares are listed for trading on the Vancouver and Toronto Stock Exchanges and are quoted on NASDAQ. Murray Pezim and Arthur Clemmiss, directors of the Issuer, are directors and officers of Galveston Resources Ltd.. Prime Explorations Ltd., a wholly owned subsidiary of Prime Capital Corporation, a non-reporting British Columbia company, the officers, directors and shareholders of which include Murray Pezim and Arthur Clemmiss, has subsequently assumed the responsibilities of Galveston Explorations Ltd. to the Issuer.

The Issuer had entered into the "Flow-Through" Subscription Agreement more particularly described in Item 9A herein and funded \$89,354 of the exploration work carried out during 1987 from the proceeds thereof. The Issuer intends to undertake the balance of the Phase I exploration program recommended on the La Ronge Claim in the Wade Report and, contingent upon receipt of favourable results therefrom, to carry out the Phase II program recommended by Orequest.

As the La Ronge Claim is a new claim block, no recorded assessment data is available. To the knowledge of the Issuer, the La Ronge Claim is without a known body of commercial ore.

GROUP III

A. Star #100 Claim, British Columbia

The Issuer holds the Star #100 Mineral Claim, Record Number 1099 (the "Claim"), situated in the Nicola Mining Division, Province of British Columbia. The Claim comprises 20 claim units, located

approximately 22 kilometres northwest of Merritt, British Columbia, is recorded under the name of the Issuer and is in good standing to 20th July 1989.

Mineralization was discovered in the general area covered by the Claim north of Nicola Lake in about 1920. The mineralized vein occupies the strong shear zone which was trenched and subsequently developed by a tunnel and later by a shallow decline shaft to about 60 feet in the period 1928-1929. A small body of copper/gold/silver ore was indicated from this work. Anaconda Copper Mining Company optioned the Claim and did 2,578 feet of diamond drilling before relinquishing the Claim in 1948. Additionally, diamond drilling and deepening of the shaft to 270 feet, including lateral work on the 200 foot level was done and by 1950-1951 the decline shaft had been sunk to the 450-foot level with drifting and cross-cutting amounting to 615 feet done on the 100, 325 and 425 foot levels. Some 150-200 tons of copper ore, reported to average five percent copper content per ton, was shipped to a smelter at Tacoma, Washington. Some geophysical surveying was done on the Claim in 1951 and, by 1956, the shaft was dewatered and some 2,000 feet of diamond drill holes on the 200 foot level were drilled. Approximately 45 tons of ore said to grade 6.91 percent copper were shipped to the Tacoma smelter. In 1957 a geophysical survey was carried out over the Claim and 20 diamond drill holes totalling 9,962 feet were drilled to test several anomalous zones approximately one mile north of the Turlight shaft, a short adit was driven and several short holes were drilled in a mineralized zone.

Between 1960 and 1965 extensive surface exploration work including induced polarization and geochemical surveys as well as bulldozer trenching of the resulting anomalous zones were carried out on the Claim. Spontaneous polarization was carried out over the ground and developed two mineralized zones of interest in the northwest and southeast sections of the Claim. The southeast area of the Claim was given special attention and tested with six diamond drill holes and trenching. In 1965, a magnetometer survey was carried out over the northwest and southeast zones and, in 1967, magnetometer, photogeological and geochemical studies of the Claim were undertaken. During this period, a joint British Columbia-Federal Government aeromagnetic survey was undertaken over the region. In 1973, the Turlight shaft was dewatered again and a program of surveying, geological mapping and sampling was carried out. Evidence on the Claim shows a program of percussion drilling was carried out about this time but the results are not known.

During 1981 and 1982, two BQ core size diamond drill holes were drilled on the Claim totalling 306.76 metres. While copper values of interest were found in one of the drill holes, the Issuer has not undertaken any further exploration work on the Claim and, as the Claim is in good standing until 20th July 1989, the Issuer intends no further exploration work on the Claim at the present time.