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

NO SECURITIES COMMISSION OR SIMILAR AUTHORITY IN CANADA HAS IN ANY WAY PASSED UPON THE MERITS OF THE SECURITIES OFFERED HEREUNDER AND ANY REPRESENTATION TO THE CONTRARY IS AN OFFENCE.

PROSPECTUS

EFFECTIVE DATE: MAY 2, 1988

LANCER RESOURCES INC.
600-890 WEST PENDER STREET
VANCOUVER, BRITISH COLUMBIA
(the "issuer")

400,000 COMMON SHARES

<u>Price to Public</u>	<u>Commission</u>	<u>Net Proceeds to be Received by the Issuer*</u>
\$ 0.35	\$ 0.03	\$ 0.32
\$140,000	\$12,000	\$128,000*

Before deduction of the costs of this issue estimated to be \$23,000.*

NO MARKET THROUGH WHICH THESE SECURITIES MAY BE SOLD. THE PRICE OF THESE SECURITIES WAS ESTABLISHED THROUGH NEGOTIATION WITH THE AGENTS.

VANCOUVER STOCK EXCHANGE HAS CONDITIONALLY LISTED THE SECURITIES BEING OFFERED UNDER THIS PROSPECTUS. LISTING IS SUBJECT TO THE ISSUER FULFILLING ALL OF THE REQUIREMENTS OF THE VANCOUVER STOCK EXCHANGE ON OR BEFORE OCTOBER 31, 1988, INCLUDING PRESCRIBED DISTRIBUTION AND FINANCIAL REQUIREMENTS.

A PORTION OF THE SECURITIES OFFERED BY THIS PROSPECTUS MUST BE CONSIDERED AS SPECULATION. ALL OF THE PROPERTIES IN WHICH THE ISSUER HAS AN INTEREST ARE IN THE EXPLORATION AND DEVELOPMENT STAGE ONLY AND ARE WITHOUT A KNOWN BODY OF COMMERCIAL ORE. NO SURVEY OF ANY PROPERTY OF THE ISSUER 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 THE HEADING "RISK FACTORS" ON PAGE 9.

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

UPON COMPLETION OF THIS OFFERING, THIS ISSUE WILL REPRESENT 25.64% OF THE SHARES THEN OUTSTANDING AS COMPARED TO 52.85% THAT WILL THEN BE OWNED BY THE PROMOTERS, DIRECTORS AND SENIOR OFFICERS OF THE ISSUER. REFER TO THE HEADING "PRINCIPAL HOLDERS OF SECURITIES" ON PAGE 14 HEREIN FOR DETAILS OF SHARES HELD BY DIRECTORS, PROMOTERS AND CONTROLLING PERSONS AND ASSOCIATES OF THE AGENT.

THE NET ASSET VALUE PER SHARE AFTER COMPLETION OF THE OFFERING WILL BE \$0.1325 REPRESENTING A DILUTION OF 62.14% ON A FULLY DILUTED BASIS OR \$0.2552 REPRESENTING A DILUTION OF 27.09 % EXCLUDING THE ESCROWED SHARES.

ONE OR MORE OF THE DIRECTORS OF THE ISSUER HAS AN INTEREST, DIRECT OR INDIRECT, IN OTHER NATURAL RESOURCE COMPANIES. REFER TO THE HEADING "RISK FACTORS" ON PAGE 9 FOR A COMMENT AS TO THE RESOLUTION OF POSSIBLE CONFLICTS OF INTEREST.

WE, AS AGENTS, CONDITIONALLY OFFER THESE SECURITIES SUBJECT TO PRIOR SALE, IF, AS AND WHEN ISSUED BY THE ISSUER AND ACCEPTED BY US IN ACCORDANCE WITH THE CONDITIONS CONTAINED IN THE AGENCY AGREEMENT REFERRED TO UNDER THE HEADING "PLAN OF DISTRIBUTION" ON PAGE 1 OF THIS PROSPECTUS.

UNION SECURITIES LTD.
#1300 - 409 Granville Street
Vancouver, British Columbia V6Z 1T2

DATED: APRIL 12, 1988

R.M.
PROPERTY FILE
H.C. Gold 92P/9N.E.

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Accompanying this Prospectus is the following material:

1. Audited Financial Statements of the Issuer as at August 31, 1987;
2. Engineering Report dated August 31, 1987 prepared by Rebagliati Geological Consulting Ltd. regarding the H.C. Gold Project.

PROSPECTUS SUMMARY

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

The Issuer:

Lancer Resources Inc. (the "Issuer") was incorporated on October 7, 1986 to acquire, explore and develop natural resource properties.

The Offering:

Securities - 400,000 common shares without par value Price to public - \$0.35 per share.

Net Proceeds to Treasury - \$0.32 per share/\$128,000.

Use of Proceeds - To be used together with approximate unallocated working capital on hand of \$40,000 to provide the Issuer's contribution to Phase I of the recommended program of exploration of the H.C. Gold Property at an estimated cost of \$45,000, to provide a reserve for the Issuer's contribution to Phase II of the recommended program of \$50,000, to pay the costs of this issue of \$23,000., and to provide a working capital reserve of \$50,000; see the heading "Use of Proceeds" on page 11.

Risk Factors - There are risk factors associated with the purchase of shares of the Issuer including the nature of exploration for minerals as a speculative venture, the lack of any known body of ore on the Issuer's mineral properties, and the fact that there is no established market for the shares of the Issuer; see the heading "Risk Factors" on page 9.

Properties:

The Issuer holds a 50% interest in the H.C. Claim, a twelve unit recorded mineral claim located in the Kamloops Mining Division, Province of British Columbia.

PLAN OF DISTRIBUTION

Offering

The Issuer by its Agent hereby offers (the "Offering") to the public through the facilities of the Vancouver Stock Exchange (the "Exchange") 400,000 common shares (the "Shares") of the Issuer at a price of \$.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 Agents

The Issuer by an agreement (the "Agency Agreement") dated February 25, 1988 appointed UNION SECURITIES INC. as its agent (the "Agent") to offer the Shares through the facilities of the Exchange.

The Agent will receive a commission of \$.03 per Share.

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

The obligations of the Agent under the Agency Agreement may be terminated prior to the opening of the market on the Offering Day at the Agent's discretion on the basis of its assessment of the state of the financial markets and upon the occurrence of certain stated events.

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 other person or company in connection with the Offering.

The Directors, Officers and other Insiders of the Issuer may purchase shares from this Offering.

Subject to the rules and by-laws of the Vancouver Stock Exchange, part of this Offering may be sold directly to investors or to brokerage houses in Great Britain and Western Europe who may sell to their clients. Any sales of shares of the Issuer outside of Canada will be subject to and conducted in accordance with the laws of the countries in which such sales are made.

Minimum Subscription

This Offering is subject to a minimum of 400,000 shares being sold within 180 days from the Effective Date. All funds received from the sale of the Shares will be held in

trust by Guaranty Trust Company of Canada until the minimum of 400,000 shares has been sold and the subscription price of \$140,000 has been received. If the minimum of 400,000 shares are not sold within 180 days from the Effective Date, all funds will be returned to the purchasers without deduction. If the minimum of 400,000 shares are sold and notice of the release of funds is given to the Superintendent, the proceeds received will be paid to the Issuer less the commission payable to the Agent.

The Vancouver Stock Exchange has conditionally listed the securities being offered pursuant to this prospectus. Listing is subject to the Issuer fulfilling all of the listing requirements of the Vancouver Stock Exchange on or before October 31, 1988, including prescribed distribution and financial requirements.

NAME AND INCORPORATION

Lancer Resources Inc. ("the Issuer") was incorporated on October 7, 1986 under the Company Act of the Province of British Columbia by the registration of its Memorandum and Articles.

The address of the head office of the Issuer is #600 - 890 West Pender Street, Vancouver, British Columbia.

The address of the records and registered offices of the Issuer is 2100 - 505 Burrard Street, Vancouver, British Columbia.

DESCRIPTION OF BUSINESS AND PROPERTY

Business

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

Property

H.C. Gold Property
Kamloops Mining Division
British Columbia

By an agreement dated January 1, 1987 (the "Agreement") between the Issuer and B.P. Resources Canada Limited ("B.P. Resources") of 7th Floor - 890 West Pender Street, Vancouver, B.C., the Issuer acquired an option to earn a 50%

interest in the following recorded mineral claim, located in the Kamloops Mining Division, Province of British Columbia (the "Property"):

(a) Mineral Claims:

<u>Name</u>	<u>Record Number</u>	<u>Number of Units</u>
H.C.1	4363	12

The Issuer was required to incur \$55,000 in exploration expenditures by December 31, 1987 on the Property in order to earn the interest. Such sum has been expended and the option exercised.

Under the terms of the Agreement, after exercising the option, the Issuer submitted to B.P. Resources a budget and a program for further exploration of the Property with a request that B.P. Resources contribute a 50% portion of the expenses of the next phase of exploration. B.P. Resources has elected to participate in the recommended Phase I of exploration according to the terms of a joint venture set out in the Agreement and has agreed to contribute 50% of the costs of Phase I in the amount of \$45,000.

B.P. Resources is a wholly-owned subsidiary of B.P. Canada Inc., a publicly-traded company listed on the Montreal, Toronto and Vancouver Stock Exchanges. B.P. Resources is involved in the exploration, development and production of oil, gas and sulphur in Canada. Both B.P. Resources Canada Limited and B.P. Canada Inc. operate at arms-length to the Issuer.

The HC claim is located approximately 22 km northwest of Little Fort, British Columbia.

The following information on the Property was obtained from an Engineering Report dated August 31, 1987 prepared by Rebagliati Geological Consulting Ltd., a copy of which is attached to this Prospectus.

A network of good quality logging roads provide easy access to the Property from Highway 24 which links the Yellowhead South Highway (No. 5) along the North Thompson River at Little Fort to the Cariboo Highway (No. 97) at 100 Mile House.

The Property lies within the Thompson Plateau, a part of the Interior Plateau characterized by rolling uplands with rounded hills and numerous small lakes. Topography within the area is moderate and elevations range from 1,340 m along

the eastern boundary to 1,560 m at the top of a hill near the western boundary.

Vegetation consists of a mature spruce, fir and jack pine forest. Underbrush is moderately thick near the moist valley bottoms and thins at higher elevations where drainage is better. Two small portions of the southern edge of the Property have been logged.

The first documented exploration on the Property is in an assessment report filed in 1974 by Imperial Oil Ltd. However, old hand-excavated shafts and several pits are located on the western side of the claim. This work may have been undertaken in the 1930's following the discovery of gold-copper skarn mineralization at the Lakeview property situated approximately 3 km to the southwest on the southwest shore of Deer Lake.

Imperial's work in 1974 included geological, geophysical and soil geochemical surveys. A silver anomaly was identified; however, no further exploration was undertaken and the claims were allowed to expire.

In 1982, a regional reconnaissance program conducted by the Selco Division of BP Resources Canada Limited identified altered rocks in the project area carrying geochemically anomalous concentrations of mercury, arsenic and gold. At that time, the ground was held by another party who was inactive. Subsequently, the claims expired and Selco restaked the ground.

In 1982 the ground was prospected and silver-lead-zinc mineralization associated with quartz-carbonate veins was found in old hand-dug trenches.

A program of diamond drilling was proposed to assess the auriferous quartz-carbonate-mariposite alternation zones however, the property became inactive in late 1985 when Selco's western Canadian exploration budget was sharply reduced.

In 1987 the Issuer optioned the HC claim from BP and undertook a detailed soil geochemical survey to relocate the define zones indicated by previous surveys to be anomalous in precious metals.

Geologically the Property is situated within the Quesnel Trough, a 2,000 km long northwesterly trending belt consisting of Upper Triassic-Lower Jurassic volcanic rocks, derived sedimentary rocks and intrusives. The belt is characterized by a volcanic core of Triassic subaqueous andesite pyroxene porphyritic flows, tuffs and breccias.

Interbedded with the volcanics are calcareous argillite, siltstone, silicious cherty sediments and thinly bedded limestone. On the eastern and western margins of the volcanic core is an overlying and flanking sequence of Lower Jurassic pyroxene volcanoclastic breccia with proximal to distal epiclastic sediments consisting of conglomerate, greywacke and argillite. To the extreme east are fine clastic sediments, consisting of a siltstone, shale and argillite assemblage, which appear to form the base of the Triassic sequence.

Regional mapping indicates that the property area is underlain by Nicola Group alkaline volcanic and sedimentary rocks intruded by numerous comagmatic diorite to syenite stocks (Preto 1970, Campbell and Tipper 1971).

Late fumarolic or hydrothermal stages related to the plutons introduced volatiles and metals into the volcanics and extensively altered and mineralized large volumes of shattered volcanic rocks.

The Copper Mountain, Afton, Cariboo Bell copper-gold porphyry deposits and the Quesnel River gold deposit are directly associated with this late hydrothermal stage.

The Property lies within an area of intense block faulting, formed where the North Thompson Fault breaks into a multitude of northwesterly trending splays).

At Little Fort, where the North Thompson Fault breaks into the splays, there are two ultramafic bodies aligned along the fault. These ultramafic bodies are evidence that the fault represents a zone of deep crustal weakness, a favourable host structure for gold mineralization associated with iron-carbonate-mariposite alteration.

On the HC claim, wide, parallel, iron-carbonate alternation zones conform to the dominant northwesterly fault trend.

The Property itself is situated to the east of the main Upper Triassic volcanic core and is underlain by the eastern flanking sequence of interbedded Lower Jurassic pyroxene porphyritic pyroclastics and distal epiclastic sediments. Block faulting has disrupted the stratigraphy which has been rotated into a near vertical attitude, however, the regional north-northwest strike is maintained.

Three similar bands of pyroxene lapilli tuff - agglomerate trend northwesterly across the claim. These rocks are medium to dark green, massive and medium to coarse-grained pyroclastics. Fragment sizes vary from 1 cm to 20 cm and are comprised of subangular to subrounded porphyritic augite

andesite. Clasts are supported by a matrix of fine-grained ash tuff. Pyrite occurs in minor concentrations as widely-spaced disseminated grains.

The epiclastic sediments comprise siltstone, argillite, chert, greywacke and conglomerate. Siltstone predominates. It is usually massive, laminated, fine to medium-grained and light to dark grey coloured. Pyrite is sparse, occurring as disseminated grains, but reaches 5% to 10% in light grey bands as heavy disseminations with interstitial carbonate. Subordinate very fine-grained, massive, black, carbonaceous argillite is occasionally interbedded with the siltstone. Disseminated pyrite is ubiquitous and commonly comprises up to 5% of the rock.

The only known intrusive rock on the claim is a northwesterly striking feldspar porphyry dyke situated near the southwest corner of the claim.

Carbonate alteration is widespread on the HC claim, occurring in three principal modes.

Narrow, randomly oriented calcite stringers and grain aggregates are commonly in all units. They are generally sulphide-free and barren.

Near the midpoint in the western claim boundary, several calcite-quartz veins, up to 80 cm thick, cut siltstone units. These veins, exposed in old hand excavated shafts and trenches in a 500 m long southeast trending zone, carry an appreciable sulphide content comprised of sphalerite, chalcopyrite, galena, pyrite and tetrahedrite. A selected sample of sulphides rich material, collected by BP personnel, ran 239 ppm silver (7.0 oz./ton), 165 ppb gold, 0.99% copper, 0.62% zinc and 0.06% lead (Gamble 1986). A representative sample taken during the 1987 exploration program from a vein exposed in an old shaft at graded 0.71 oz./ton silver, 0.022 oz./ton gold and 3.31% zinc across 0.70 m.

Potentially of greater economic significance are three northwesterly trending zones of pervasive quartz-iron carbonate-mariposite alternation. These zones are moderately discordant to bedding, display crude banding, brecciation, crosscutting ferroan dolomite veining and are interpreted to be healed faults which have undergone multiple episodes of movement. These poorly exposed alteration zones are geochemically enriched in gold and have acted as important structural sites for gold mineralization. Late quartz stringers infilling fractures, breccias and dilation zones within the broad areas of carbonate alternation carry the highest gold values

accompanied by minor concentrations of copper and antimony.

BP's 1985 trench, located near the centre of the claim, exposed a 24 m wide zone of pyrite pervasive quartz-carbonate-mariposite alternation hosted by a fragmental andesite. A series of continuous 2.0 m long chip samples cut across the full width of the zone averaged 210 ppb gold, 2.25 ppm silver and 997 ppm copper with a geochemically significant enrichment in antimony. One 2.0 m interval cut by numerous late quartz stringers graded 0.034 oz./ton gold (Gamble 1986). A 1.0 m sample of strongly quartz veined rock cut by the writer from the core of the altered area graded 0.03 oz./ton gold and 0.14% copper.

Near the southeast corner of the claim, a 58 m wide band of interbedded mafic volcanics and cherty, silty argillaceous sediments is extensively carbonate altered and carries 1% to 5% fine-grained disseminated pyrite. Gold enrichment is in the order of 20 to 310 ppb.

The third iron-carbonate alteration zone, located near the southwest corner of the claim, is well exposed in a trench along the southern claim boundary where a 27 m interval of altered interbedded andesite breccia and limy sediments is cut by a coarse-grained feldspar porphyry dyke. The altered sediments carry 5% to 10% disseminated pyrite whereas, in the more intensely altered andesite breccias, pyrite concentrations up to 15% are attained. A 2.0 interval cut by late quartz stringers in the core of the intensely altered zone ran 1,690 ppb gold (0.044 oz./ton) and 2,736 ppm lead (Gamble 1986).

Because of the intensity of the regional faulting, which is the probable structural control, the multiple auriferous quartz-carbonate-mariposite alternation zones on the Property can be expected to have long strike lengths and to extend to considerable depths.

With regard to soil geochemistry, a multi-element soil geochemical survey, performed by the Issuer in 1987, confirmed that base and precious metals are present in anomalous concentrations. Plots for gold, silver, copper and lead show that specific, coherent anomalies can be identified from the general scatter of individually anomalous samples. A compilation of coincident anomalies outlines two significant trends. The 1,300 m long eastern anomalies trend coincides with the central structure controlled eastern-most auriferous quartz-iron carbonate-mariposite alteration zone. The western anomalous trend is more closely associated with the interbedded sedimentary units and shows a much more complex pattern of metal associations.

A broad zone of high zinc values extends across the western half of the claim and encompasses both the eastern and western anomalous trends.

Core areas within the eastern and western anomalous trends have base and precious metal values sufficiently high to warrant further exploration.

On the basis of this information, Rebagliati Geological Consulting Ltd. has made recommendations for continued exploration. Phase 1 of the recommended program will consist of drilling to test the most intense geochemically anomalous sections of the quartz-carbonate-mariposite alternation zones and to evaluate the strong silver-lead-zinc soil anomaly situated along the western side of the Property. Phase 2 will consist of an additional 4,000 feet of unallocated diamond drilling pending results of Phase 1. Estimated cost of Phase 1 of the recommended program is \$90,000. The Issuer has allocated \$45,000 of the proceeds of this Offering as its contribution under the joint venture with B.P. Resources to complete Phase I of the recommended program.

Contingent upon favourable results from Phase 1, the Issuer intends to proceed with the recommended Phase 2 of the program at an estimated total cost of \$200,000. The Issuer has set aside \$50,000 from the proceeds of this Offering as a reserve for its contribution to Phase II, however, the Issuer will be required to complete further debt or equity financing to raise funds to pay its shares of the second phase of work.

Aside from the old workings, there is no underground or surface plant or equivalent on the Property, nor any known body of commercial ore. The proposed program is an exploratory search for ore.

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 properties. The purpose of the present offering is to raise funds to carry out further exploration with the objective of establishing ore of commercial tonnage and grade. If the Issuer's exploration programs are successful, additional funds will be required for the development of an economic ore body and to place it in commercial production. 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 property 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 discoveries of commercial quantities of ore.
4. The mining industry in general is intensely competitive and there is no assurance that even if commercial quantities of ore are discovered, a ready market will exist for the sale of same. Factors beyond the control of the Issuer may affect the marketability of any substances discovered.
5. The existence of title opinions should not be construed to suggest that the Issuer has good and marketable title to all of the properties described in this Prospectus. The Issuer follows usual industry practice in obtaining title opinions with respect to its properties. In the event that the Issuer is unable to obtain a title opinion with respect to any of its properties prior to the filing of this Prospectus, the Issuer undertakes not to spend any of the funds received from this offering in developing any of its properties unless and until satisfactory title has been obtained.
6. The Issuer's properties consisting of recorded mineral claims have not been surveyed, and therefore, the precise location of these properties may be in doubt.
7. Directors of the Issuer also serve as Directors of other companies involved in natural resource development. Accordingly, it may occur that mineral properties will be offered to both the Issuer and such other companies. Furthermore, those other companies may participate in the same properties as those in which the Issuer has an interest. As a result, there may be situations which involve a conflict of interests. In that event, the Directors would not be qualified to vote at meetings on resolutions which evoke any such conflict. The Directors will attempt to avoid dealing

with other companies in situations where conflicts might arise and will at all times use their best efforts to act in the best interests of the Issuer.

8. The net asset value per share after completion of the Offering will be \$0.1325 representing a dilution of 62.14% on a fully-diluted basis, or \$0.2552 representing a dilution of 27.09% excluding the escrowed shares.
9. Upon completion of this offering, this issue will represent 25.64% of the shares then outstanding as compared to 52.85% that will then be owned by the promoters, directors, senior officers and control persons of the Issuer and by associates of the Agents.

USE OF PROCEEDS

The net proceeds to be derived by the Issuer from the Offering will be the sum of \$128,000. which will be spent together with approximate unallocated working capital as of April 12, 1988 of \$40,000 in order of priority as follows:

1.	To pay for the costs of this issue estimated at	\$ 23,000.
2.	To pay the the Issuer's costs of Phase I of the recommended program of exploration of the H.C. Gold property	45,000.
3.	To provide a reserve for the Issuer's contribution to Phase II of the recommended program of exploration of the H.C. Gold property	50,000.
3.	To provide working capital	<u>50,000.</u>
	TOTAL	<u>\$ 168,000.</u>

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 the completion of the primary distribution of the securities 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 THE ISSUER'S SHARES

The authorized share capital of the Issuer consists of 10,000,000 common shares without par value. As of the date of this Prospectus, 1,160,101 shares were issued and allotted.

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 or purchase funds. Provisions as to the modifications, amendments or variations of such rights or such provisions are contained in the Company Act of the Province of British Columbia.

SHARE AND LOAN CAPITAL STRUCTURE

<u>Designation of Security</u>	<u>Amount Authorized</u>	<u>Amount issued and Allotted as of August 31, 1987 (date of Balance Sheet in the Prospectus)</u>	<u>Amount Outstanding as of the Effective Date set out on the front cover of this Prospectus</u>	<u>Amount Outstanding if all securities are sold</u>
Common Shares	10,000,000	1,160,101	1,160,101	1,560,101 (1)

(1) 156,000 shares are subject to options exercisable at a price of \$0.35 per share granted to the Issuer's Directors and Employees (see the heading "Options to Purchase Securities").

PRIOR SALES

During the period from incorporation of the Issuer on October 7, 1986 to the date of this Prospectus, the Issuer sold the following shares for cash:

<u>Number of Shares</u>	<u>Price per Share</u>	<u>Commissions Paid</u>	<u>Net Cash Received</u>
410,101(1)	\$0.25	Nil	\$102,525.25
750,000	\$0.01	Nil	\$ 7,500.00
		Total	<u>\$110,025.25</u>

- 1) 220,100 shares common shares were sold as flow-through shares at a price of \$0.25. These funds will be used to incur eligible Canadian Exploration Expenses and Canadian Development Expenses as defined in the Income Tax Act (Canada). The Canadian Exploration Expense incurred by the Issuer will be renounced to the individual investor in accordance with the terms of the subscription agreement. The Issuer has agreed not to include the Canadian Exploration Expenses in the computation of its income pursuant to the provisions of the Income Tax Act (Canada).

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 in which each of the Directors and Officers of the Issuer has been engaged during the immediately preceding five years are as follows:

<u>Names and Addresses</u>	<u>Positions Held</u>	<u>Principal Occupations for the Past Five Years</u>
*Alaudin Sachedina 4344 Peterson Drive Richmond, B.C. V7E 4X9	President & Director	Insurance Corp. of B.C., Marketing Dept., Auto Plan Processing Repres- entative, 1979 to present; Anco Food Products, Accounting and Inventory Control
*Nasim Sachedina 4344 Peterson Drive Richmond, B.C. V7E 4X9	Director & Secretary	Housewife; Director of Kilembe Resources Inc., Director, Cordiale Resources Inc.
*Nazir Sherali Dhalla 10711 Hollybank Drive Richmond, B.C. V7E 4Z4	Director	Sept. 1978 to present: Manager, Asher's Mens' Wear; Director, Cordiale Resources Inc.
Mahmood Mawji 316 - 8500 Lansdowne Rd. Richmond, B.C. V7X 3G4	Director	Office Manager, Rough River Petroleum Ltd.; Office Manager, GTM Financial; Clerk, Toronto-Dominion Bank (1981-86).

* The Issuer's Audit Committee is comprised of the Directors noted above.

Mark Rebagliati, P.Eng. has agreed to act as the consultant to the Board of Directors in respect of property development. Mr. Rebagliati has practised as a consulting geological engineer for over 14 years. He is currently registered with the Association of Professional Engineers of British Columbia.

EXECUTIVE COMPENSATION

The Issuer has two executive officers. None of the Directors or Officers of the Issuer has received any remuneration from the Issuer and there are no contracts pertaining to such remuneration, except as follows:

Options to purchase 156,000 shares at a price of \$0.35 per share have been granted to the Issuer's directors and senior officers (see the heading "Option to Purchase Securities").

The Issuer has entered into a Management Agreement with C.O.D. Management Limited ("C.O.D."), a company of which the President of the Issuer holds a one-third interest whereby the Issuer has agreed to pay \$2,000/month to C.O.D. in return for management services effective upon the listing of the Issuer's shares on the Vancouver Stock Exchange.

INDEBTEDNESS OF DIRECTORS AND SENIOR OFFICERS

There is no indebtedness of Directors or Senior Officers to the Issuer.

OPTIONS TO PURCHASE SECURITIES

By Agreements dated August 31, 1987 options to purchase a total of 156,000 common shares in the capital of the Issuer at a price of \$.35 per share exercisable during a two year period commencing on the effective date set out on the front cover of this Prospectus were granted as follows:

<u>Name</u>	<u>Nature of Option</u>	<u>Number of Shares</u>
Alaudin Sachedina	Employee	78,000
Nasim Sachedina	Director	31,500
Nazir Sherali Dhalla	Director	31,500
Mahmood Mawji	Director	15,000

PRINCIPAL HOLDERS OF SECURITIES

As of the date of this Prospectus, 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:

<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>
Alaudin Sachedina 4344 Peterson Drive Richmond, B.C. V7E 4X9	Direct	Common	410,001	35.34%
Nazir Sherali Dhalla 10711 Hollybank Dr. Richmond, B.C. V7E 4Z4	Direct	Common	394,500	34.01%

The percentage of common shares held by all directors, promoters and senior officers is 71.07% of the total issued common shares of the Issuer. After completion of this offering, this percentage will be 52.85%.

ESCROWED SHARES

As of the date of this Prospectus 750,000 common shares are held in escrow by Guaranty Trust Company of Canada of 800 West Pender Street, Vancouver, B.C. subject to the direction or determination of the Superintendent of Brokers (the "Superintendent") or, in the event that the Company is listed for trading on the Vancouver Stock Exchange (the "Exchange"), of the Exchange. These shares are "Principal Shares" as defined in the Superintendent's Local Policy 3-07 and were purchased at a price of \$0.01 per share. 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 holder of the escrowed shares make any transfer or record any trading of shares without the consent of the Superintendent or the Exchange, as the case may be. However, the escrowed shares may be released at the discretion of the Superintendent or Exchange, as the case may be, in accordance with applicable policy in the event the Issuer becomes successful due in part to the efforts of the holders of the escrowed shares. Any shares not released from escrow after 10 years from the date of the Escrow Agreement will be subject to cancellation.

<u>Designation of Class</u>	<u>Number of Shares Held in Escrow</u>	<u>Percentage of Class</u>
Common Shares	750,000	64.65% (1) 48.07% (2)

(1) Before Public Offering

(2) After Public Offering

POOLED SHARES

None of the Issuer's shares are held in pool.

DIVIDEND RECORD

The Issuer has not, since the incorporation of the Issuer on October 7, 1986, paid any dividends on any of its shares. The Issuer has no present intention of paying 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), the directors of the Issuer are the Promoters of the Issuer. The Promoters have acquired no common shares in the capital of the Issuer for the Property.

The Promoters have acquired the following common shares in the capital of the Issuer for cash:

<u>Name</u>	<u>Number of Shares</u>	<u>Price per Share</u>
Alaudin Sachedina	35,001	\$0.25
	375,000	\$0.01
Nazir Sherali Dhalla	19,500	\$0.25
	375,000	\$0.01
Nasim Sachedina	20,000	\$0.25

The Issuer has granted options to certain promoters as disclosed herein under the heading "Options to Purchase Securities". The Issuer has made payments to a promoter and to a company controlled by the promoter pursuant to various agreements as disclosed herein under the headings "Executive

Compensation" and "Indebtedness of Directors and Senior Officers".

PENDING LEGAL PROCEEDINGS

The Issuer is not a party with respect to any legal proceedings.

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, except as disclosed herein under the headings "Description of Business and Property", "Other Material Facts" and "Executive Compensation".

MATERIAL CONTRACTS

January 1/87	B.P. Resources Canada Ltd.	\$1.00 and work program expend- itures	Property Agreement
August 30/87	Guaranty Trust Co. Alaudin Sachedina Nazir Dhalla		Escrow Agreements
August 31/87	Nasim Sachedina		Director's Stock Option
August 31/87	Nazir Sherali Dhalla		Director's Stock Option
August 31/87	Alaudin Sachedina		Employee's Stock Option
August 31/87	Mahmood Mawji		Director's Stock Option
February 24/88	C.O.D. Management		Management Agreement

All of the above are disclosed elsewhere in this Prospectus. Material contracts may be inspected at the offices of Douglas, Symes & Brissenden, 2100 One Bentall Centre, 505 Burrard Street, Vancouver, British Columbia, during normal business hours, during the period of primary distribution of the securities being offered under this Prospectus.

OTHER MATERIAL FACTS

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

SOLICITORS

The solicitors for the Issuer are Messrs. Douglas, Symes & Brissenden, 2100 One Bentall Centre, 505 Burrard Street, Vancouver, British Columbia.

AUDITORS, TRANSFER AGENTS AND REGISTRARS

The auditors for the Issuer are Gee & Company, Chartered Accountants, of 2280 - 650 West Georgia Street, Vancouver, British Columbia V6B 4N8.

The Registrar and Transfer Agent for the Issuer is The Guaranty Trust Company of Canada, of 800 West Pender Street, Vancouver, British Columbia.

PURCHASER'S STATUTORY RIGHT OF WITHDRAWAL AND RESCISSION

The Securities Act provides a purchaser with a right to withdraw from an agreement to purchase securities within two business days after receipt or deemed receipt of a prospectus and further provides a purchaser with remedies for rescission or damages where the prospectus and any amendment contains a material misrepresentation or is not delivered to the purchaser prior to delivery of the written confirmation of sale or prior to midnight on the second business day after entering into the agreement, but such remedies must be exercised by the purchaser within the time limit prescribed. For further information concerning these rights and the time limits within which they must be exercised the purchaser should refer to Sections 66, 114, 118 and 124 of the Securities Act or consult a lawyer.

FINANCIAL STATEMENTS
NOTES TO THE

STATEMENT OF CHANGES IN
FINANCIAL POSITION

STATEMENT OF LOSS AND DEFICIT

STATEMENT OF DEFERRED
EXPLORATION COSTS

BALANCE SHEET

AUDITORS' REPORT

AUGUST 31, 1987

FINANCIAL STATEMENTS
LANGER RESOURCES INC.

Gee & Company

CHARTERED ACCOUNTANTS

DONALD GEE, C.A.
GILBERT WAN, C.A.

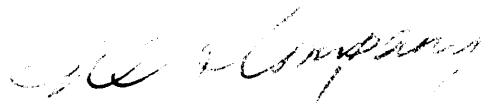
P.O. BOX 11573
#2280-650 W. GEORGIA
VANCOUVER, B.C.
V6B 4N8
TELEPHONE: (604) 687-6463
FAX: (604) 687-1331

AUDITORS' REPORT

To the Directors of
Lancer Resources Inc.

We have examined the balance sheet of Lancer Resources Inc. as at August 31, 1987, and the statements of loss and deficit, deferred exploration costs and changes in financial position from the date of incorporation to August 31, 1987. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Company as at August 31, 1987, and the results of its operations and the changes in its financial position for the eleven month period then ended in accordance with generally accepted accounting principles.



Chartered Accountants
Vancouver, B.C.

October 29, 1987

LANCER RESOURCES INC.

BALANCE SHEET

AUGUST 31, 1987

ASSETS

CURRENT		
Cash		\$ 44,339
RESOURCE PROPERTY (Note 3)		1
DEFERRED EXPLORATION COSTS (Note 5)		57,389
		<u>\$ 101,729</u>

SHAREHOLDERS' EQUITY

SHARE CAPITAL (Note 4)		
Authorized		
10,000,000 common shares without par value		
Issued and allotted		
1,160,101 common shares		\$ 110,025
DEFICIT		8,296
		<u>\$ 101,729</u>

APPROVED ON BEHALF OF THE DIRECTORS:

A. Sachedina Director
A. Sachedina Director

The accompanying notes are an integral part of these financial statements.

LANCER RESOURCES INC.

STATEMENT OF DEFERRED EXPLORATION COSTS

FOR THE ELEVEN MONTH PERIOD ENDED AUGUST 31, 1987

Geological	\$ 10,473
ICP analysis	8,694
Geochemical assay	6,158
Sampling	29,488
Report preparation	2,576
	<hr/>
BALANCE, END OF PERIOD	\$ 57,389
	<hr/> <hr/>

The accompanying notes are an integral part of these financial statements.

LANCER RESOURCES INC.

STATEMENT OF LOSS AND DEFICIT

FOR THE ELEVEN MONTH PERIOD ENDED AUGUST 31, 1987

REVENUE	
Interest	\$ 120
	<u> </u>
EXPENSES	
Accounting and legal	4,984
Administration	1,850
Bank charges and interest	142
License	500
Office	40
Professional development	900
	<u> </u>
	8,416
	<u> </u>
NET LOSS AND DEFICIT, END OF PERIOD	\$ 8,296
	<u> </u>

The accompanying notes are an integral part of these financial statements.

LANCER RESOURCES INC.

STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE ELEVEN MONTH PERIOD ENDED AUGUST 31, 1987

OPERATIONS	
Net loss for the period	\$ (8,296) <u> </u>
INVESTMENTS	
Acquisition of resource property	(1)
Deferred exploration costs	(57,389) <u> </u>
Cash used in investment activities	(57,390) <u> </u>
FINANCING	
Issuance and allotment of common shares	110,025 <u> </u>
CASH PROVIDED DURING THE PERIOD, AND CASH POSITION END OF PERIOD	\$ 44,339 <u> </u>
CASH POSITION CONSISTS OF:	
Cash	\$ 44,339 <u> </u>

The accompanying notes are an integral part of these financial statements.

LANCER RESOURCES INC.

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 1987

1. NATURE OF OPERATIONS:

The Company is in the process of exploring its resource property and has not yet determined whether the property contains reserves that are economically recoverable. The recoverability of amounts shown for deferred exploration costs and resource property are dependent upon the discovery of economically recoverable reserves and confirmations of the Company's interest in the underlying resource property in accordance with industry practice, the ability of the Company to obtain necessary financing to complete the development and upon future profitable production.

2. SIGNIFICANT ACCOUNTING POLICIES:

a) Incorporation:

The Company was incorporated on October 7, 1986, under the Laws of the Province of British Columbia and commenced operations thereafter.

b) Resource Property:

The amount shown for resource property represents costs to date and does not necessarily reflect present or future values. If the property is sold, allowed to lapse or abandoned, accumulated costs will be written off. The Company is in the exploration and development stage with respect to its interest in the resource property. On the basis of information to date, the property does not yet have economically recoverable reserves.

c) Deferred Exploration Costs:

The Company capitalizes all exploration costs that result in the acquisition and retention of resource properties or an interest therein. The accumulated costs including applicable exploration costs relative to non-productive properties that the Company abandons interest in are written off. Otherwise, the exploration costs are amortized over the estimated useful life of the producing properties, based on a method relating recoverable reserves to production.

d) Administrative Expenses:

The Company expenses all administrative costs in the year of expenditure that are not specifically related to a property.

LANCER RESOURCES INC.

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 1987

2. SIGNIFICANT ACCOUNTING POLICIES: (Continued)

e) Values:

The amounts shown for resource property and deferred exploration costs represent costs to date and do not necessarily reflect present or future values.

3. RESOURCE PROPERTY - MINERAL OPTION:

By agreement dated January 1, 1987, the Company acquired an option to earn a 50% undivided interest in the HCl mineral claim, record number 4363, located in the Kamloops Mining Division, Province of British Columbia. Consideration for the option was \$1. To earn the 50% interest in the mineral claim the Company must spend \$55,000 on exploration and development work on the property on or before December 31, 1987.

Subsequent to August 31, 1987, pursuant to the terms of the option agreement, the Company has exercised its option for 50% of the property. See Note 6(b).

4. SHARE CAPITAL:

	<u>Number of Shares</u>	<u>Amount</u>
Issued and allotted during the period		
For Cash	1,160,101	\$ 110,025

750,000 common shares issued at \$0.01 per share are held in escrow subject to release upon approval by regulatory authority.

a) Flow-Through Shares:

During the period, the Company allotted by way of a private placement subscription 220,100 common shares at a price of \$0.25 per share.

The Company, as agent for the subscribers, used its best efforts to expend \$55,025 received from and placed in trust for the subscribers, on qualifying Canadian Exploration Expenditures (CEE) as defined in the Income Tax Act. Such CEE will enure to the benefit of the subscribers and not to the Company in the year which they are incurred.

LANCER RESOURCES INC.

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 1987

4. SHARE CAPITAL: (Continued)

b) Stock Options:

During the period, the following stock options were granted:

Employees - 78,000 common shares at \$0.35 per share
Directors - 78,000 common shares at \$0.35 per share

The above stock options will expire two years from the date of receipt of the Company's prospectus by the Superintendent of Brokers for British Columbia.

5. DEFERRED EXPLORATION COSTS:

Total deferred exploration costs	\$ 57,389
Deferred exploration costs for the benefit of the subscriber [see Note 4(a)]	55,025
Net deferred exploration costs for the Company	<u>\$ 2,364</u>

6. SUBSEQUENT EVENT:

- a) Subsequent to August 31, 1987, the Company commenced the process of filing a prospectus with the Superintendent of Brokers for British Columbia and the Vancouver Stock Exchange. Thus, the Company has appointed an agent to offer 400,000 common shares at \$0.35 per share through the facilities of the Vancouver Stock Exchange.

The agent will receive a commission of \$0.03 per share.

- b) See Note 3.

7. LOSS PER SHARE:

At the current stage of development in the Company's operations, loss per share information is not considered meaningful.

LANCER RESOURCES INC.

Report on the

HC GOLD PROJECT

Kamloops Mining Division

British Columbia

N.T.S. 92P/9

Latitude $51^{\circ} 34' N$

Longitude $120^{\circ} 21' W$

by

REBAGLIATI GEOLOGICAL CONSULTING LTD.

C.M. REBAGLIATI, P.Eng.

August 31, 1987

TABLE OF CONTENTS

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CLAIMS	3
EXPLORATION HISTORY	3
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PROPERTY GEOLOGY	5
ALTERATION AND MINERALIZATION	6
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CONCLUSIONS	9
RECOMMENDATIONS	10
PROPOSED BUDGET	11
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Figure 4	BLOCK FAULTING	5
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SUMMARY

The HC claim, comprising 12 units, is located in South Central British Columbia, 22 km northwest of Little Fort. Highway 24 lies approximately 5 km south of the claim. Good quality logging roads leading from the highway traverse the claim and provide easy two-wheel drive vehicle access. Numerous small streams and lakes are ready sources of drill water.

Triassic-Jurassic volcanic units and derived sediments, lying on the eastern flank of the central volcanic core of the Quesnel Trough, underlie the claim.

The first mineral exploration within the claim area was directed towards the evaluation of silver-bearing base metal-rich veins located along the western side of the claim. This work, undertaken sometime around the 1930's, is not well documented and consisted of the sinking of hand-excavated pits and shallow shafts. In the 1960's and 1970's, the area immediately to the west of the claim was extensively explored for porphyry copper-molybdenum deposits by several companies. Reports from these companies refer to numerous silver-lead showings and some gold mineralization. From 1981 to 1985, the same area received extensive precious metal exploration. During this later period, the silver-zinc veins on the HC claim were relocated and three previously unknown zones of quartz-iron carbonate-mariposite alteration hosting gold mineralization were discovered.

Lancer Resources Inc. optioned the HC claim from BP Minerals Canada Ltd. and in 1987 conducted a detailed soil geochemical survey to trace and define the zones of gold and silver mineralization. Two strong zones of multi-element gold and silver anomalies were identified. A two-stage program of diamond drilling, budgeted at \$90,000 and \$200,000 respectively, is proposed. Phase II is contingent upon encouraging results being obtained from Phase I.

INTRODUCTION

In July 1987, the writer was commissioned by the President of Lancer Resources Inc. to make an appraisal of the company's HC mineral claim situated 22 km northwest of Little Fort, British Columbia.

This report is based on the writer's knowledge of the area gained by the study of available government and private reports; regional studies; the supervision of exploration on the adjacent Ta Hoola property during the period 1980-1982; an examination on July 13, 1986 of trenches excavated by BP Minerals; and the supervision of the geochemical survey conducted by the company in July-August 1987.

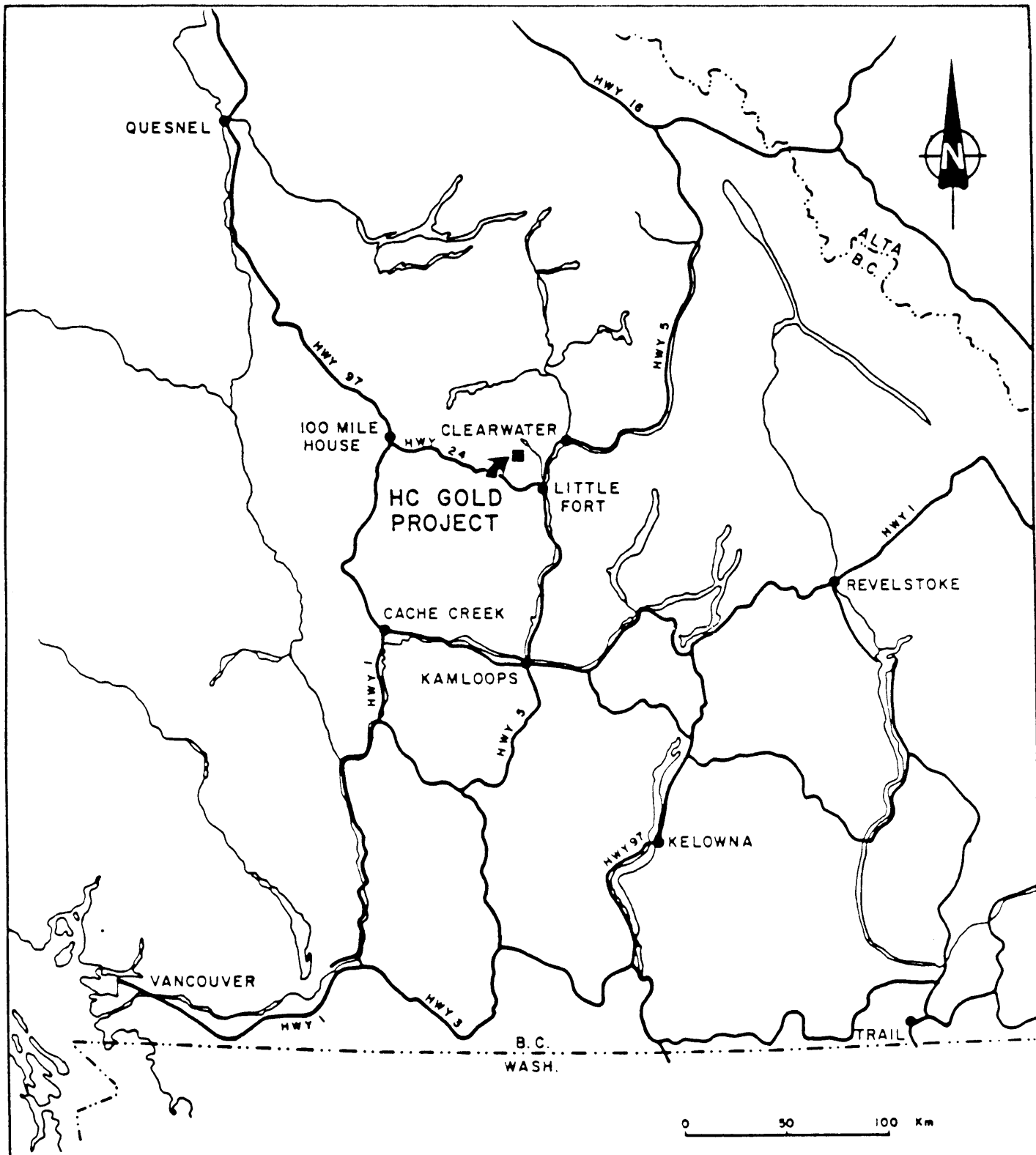
The property is held under option from BP Minerals Canada Ltd.

LOCATION AND ACCESS

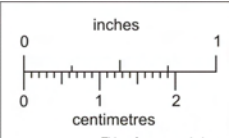
The HC claim is located approximately 22 km northwest of Little Fort, British Columbia on NTS Map Sheet 92P/9 at latitude 51°34'N and longitude 120°21'W (Figure 1).

A network of good quality logging roads provide easy access to the property from Highway 24, which links the Yellowhead South Highway (No. 5) along the North Thompson River at Little Fort to the Cariboo Highway (No. 97) at 100 Mile House.

The property lies within the Thompson Plateau, a part of the Interior Plateau characterized by rolling uplands with rounded hills and numerous small lakes. Topography within the claim is moderate and elevations range from 1,340 m along the eastern boundary to 1,560 m at the top of a hill near the western boundary.



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 PROFESSIONAL
 ENGINEER
 BRITISH COLUMBIA



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LANGER RESOURCES INC.
HC GOLD PROJECT
LOCATION MAP
Aug., 87 Figure 1

Vegetation consists of a mature spruce, fir and jack pine forest. Underbrush is moderately thick near the moist valley bottoms and thins at higher elevations where drainage is better. Two small portions of the southern edge of the claim have been logged.

CLAIMS

The 12-unit HC claim is owned by BP Resources Canada Limited. Lancer Resources Inc. holds an option to earn a 50% interest in the property by expending \$55,000 on exploration by December 31, 1987.

The writer has not inspected all of the claim posts and can pass no opinion on the manner of staking nor can he verify the location as depicted on the claim map (Figure 2). Essential claim data are as follows:

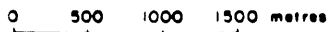
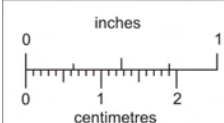
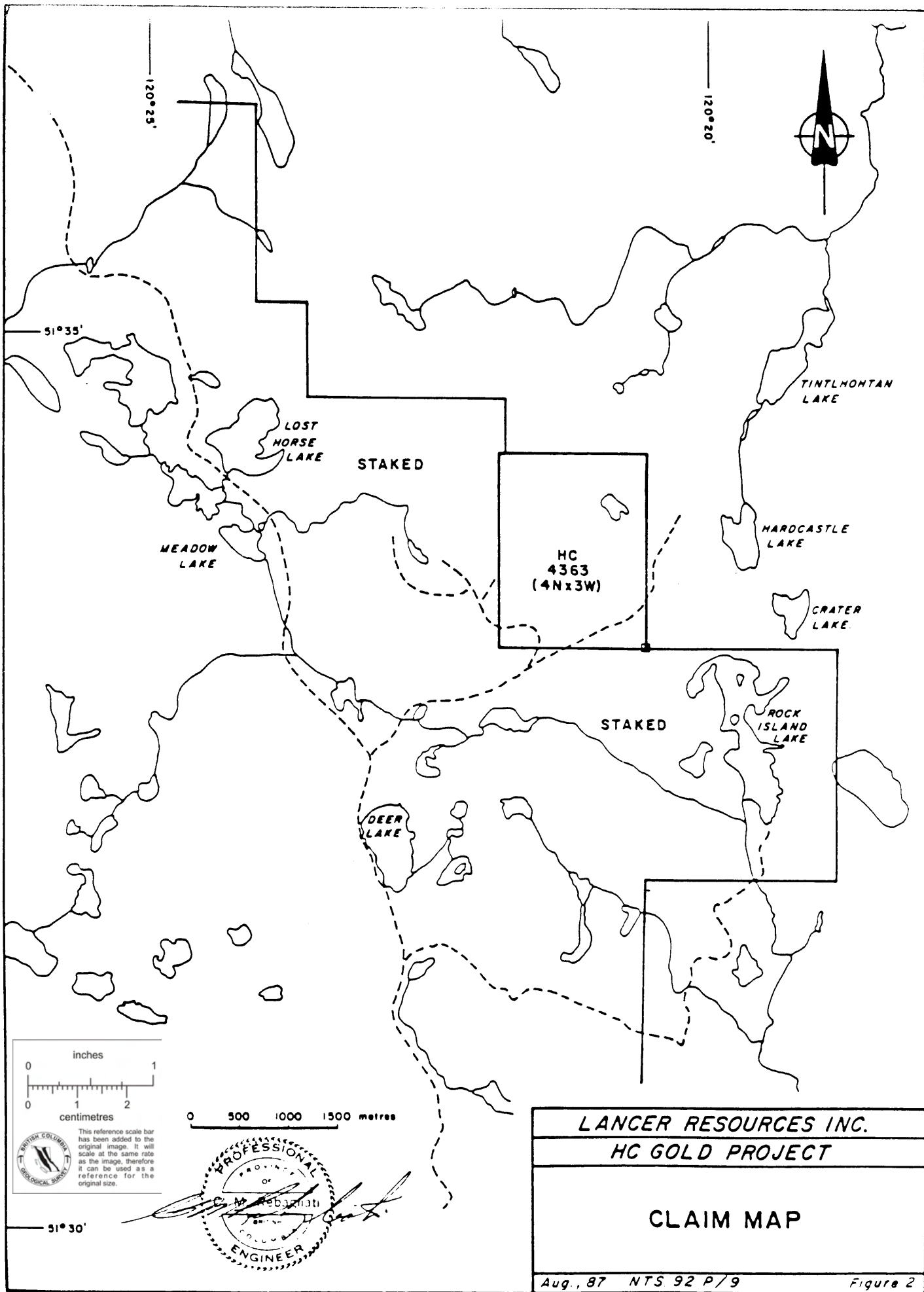
<u>Claim Name</u>	<u>Record No.</u>	<u>No. of Units</u>	<u>Mining Division</u>	<u>N.T.S.</u>	<u>Recording Date</u>	<u>Expiry Date</u>
HC1	4363	12	Kamloops	92P/9	Feb. 25, 1983	Feb. 25, 1990

EXPLORATION HISTORY

The first documented exploration on ground now covered by the HC claim is in an assessment report filed in 1974 by Imperial Oil Ltd. However, old hand-excavated shafts and several pits are located on the western side of the claim. It is speculated by the writer that this work was undertaken in the 1930's following the discovery of gold-copper skarn mineralization at the Lakeview property situated approximately 3 km to the southwest on the southwest shore of Deer Lake.

Imperial's work in 1974 included geological, geophysical and soil geochemical surveys. A silver anomaly was identified, however no further exploration was undertaken and the claims were allowed to expire.

In 1982, a regional reconnaissance program conducted by the Selco Division of BP Resources Canada Limited identified altered rocks in the project area



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PROFESSIONAL
OF
C. M. Sebastian
ENGINEER

LANCER RESOURCES INC.
HC GOLD PROJECT
CLAIM MAP
Aug., 87 NTS 92 P/9
Figure 2

carrying geochemically anomalous concentrations of mercury, arsenic and gold. At that time, the ground was held by another party who were inactive. Subsequently, the claims expired and Selco restaked the ground.

In 1982, the ground was prospected and silver-lead-zinc mineralization associated with quartz-carbonate veins was found in old hand-dug trenches. Further prospecting led to the discovery of quartz-iron carbonate-mariposite alteration zones. A reconnaissance multi-element soil geochemical survey utilizing a 200 m by 200 m sample spacing identified several single sample anomalies. The wide sample spacing proved ineffective in defining discrete zones of anomalous metal concentrations. In 1985 three quartz-iron carbonate-mariposite alteration zones were backhoe trenched to determine their width, mineralogical and structural characteristics and to ascertain their potential to host gold mineralization. (The writer had the opportunity to examine the trenches in July 1986 prior to their being back filled and landscaped.)

A program of diamond drilling was proposed to assess the auriferous quartz-carbonate-mariposite alteration zones, however, the property became inactive in late 1985 when the company's western Canadian exploration budget was sharply reduced. Lancer Resources Inc. optioned the HC claim from BP and in 1987 undertook a detailed soil geochemical survey to relocate and define zones indicated by previous surveys to be anomalous in precious metals.

REGIONAL GEOLOGICAL SETTING

The HC property is situated within the Quesnel Trough, a 2,000 km long northwesterly trending belt consisting of Upper Triassic-Lower Jurassic volcanic rocks, derived sedimentary rocks and intrusives. The belt is characterized by a volcanic core of Triassic subaqueous andesite pyroxene porphyritic flows, tuffs and breccias. Interbedded with the volcanics are calcareous argillite, siltstone, silicious cherty sediments and thinly bedded limestone. On the eastern and western margins of the volcanic core is an overlying and flanking sequence of Lower Jurassic pyroxene porphyritic volcanoclastic breccia with proximal to

distal epiclastic sediments consisting of conglomerate, greywacke and argillite (Figure 3). To the extreme east are fine clastic sediments, consisting of a siltstone, shale and argillite assemblage, which appear to form the base of the Triassic sequence.

Regional mapping indicates that the property area is underlain by Nicola Group alkaline volcanic and sedimentary rocks intruded by numerous comagmatic diorite to syenite stocks (Preto 1970, Campbell and Tipper 1971).

Late fumarolic or hydrothermal stages related to the plutons introduced volatiles and metals into the volcanics and extensively altered and mineralized large volumes of shattered volcanic rocks.

The Copper Mountain, Afton, Cariboo Bell copper-gold porphyry deposits and the Quesnel River gold deposit are directly associated with this late hydrothermal stage.

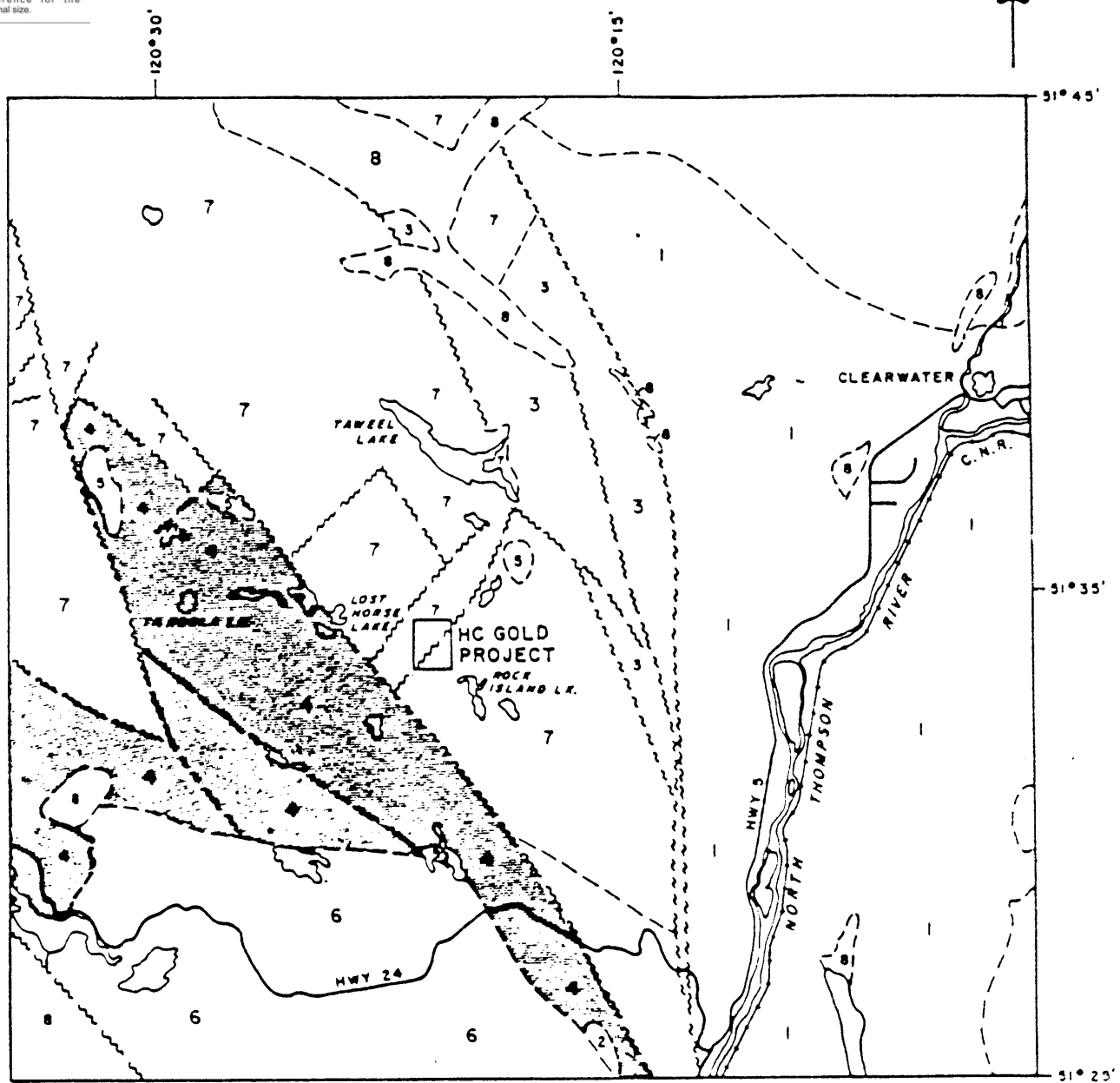
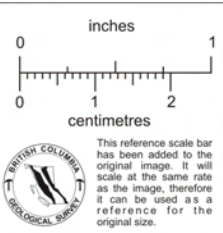
The HC claim lies within an area of intense block faulting, formed where the North Thompson Fault breaks into a multitude of northwesterly trending splays (Figure 4).

At Little Fort, where the North Thompson Fault breaks into the splays, there are two ultramafic bodies aligned along the fault. These ultramafic bodies are evidence that the fault represents a zone of deep crustal weakness, a favourable host structure for gold mineralization associated with iron-carbonate-mariposite alteration.

On the HC claim, wide, parallel, iron-carbonate alteration zones conform to the dominant northwesterly fault trend.

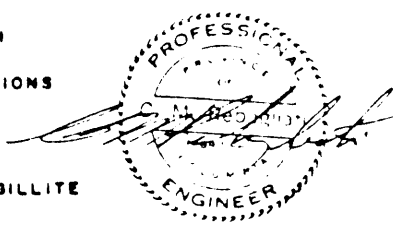
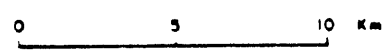
PROPERTY GEOLOGY

The HC claim is situated to the east of the main Upper Triassic volcanic core and is underlain by the eastern flanking sequence of interbedded Lower Jurassic



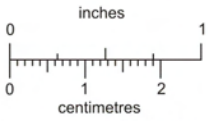
LEGEND

- 8 TERTIARY VOLCANICS
- JURASSIC
- 7 INTERBEDDED VOLCANICS AND SEDIMENTS
- TRIASSIC/JURASSIC
- 6 THUYA BATHOLITH
- 5 ALKALINE INTRUSIONS
- TRIASSIC
- 4 NICOLA GROUP
- 3 BLACK SHALE, ARGILLITE
- 2 PERIDOTITE
- MISSISSIPPIAN
- 1 FENNEL FORMATION VOLCANICS

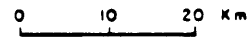
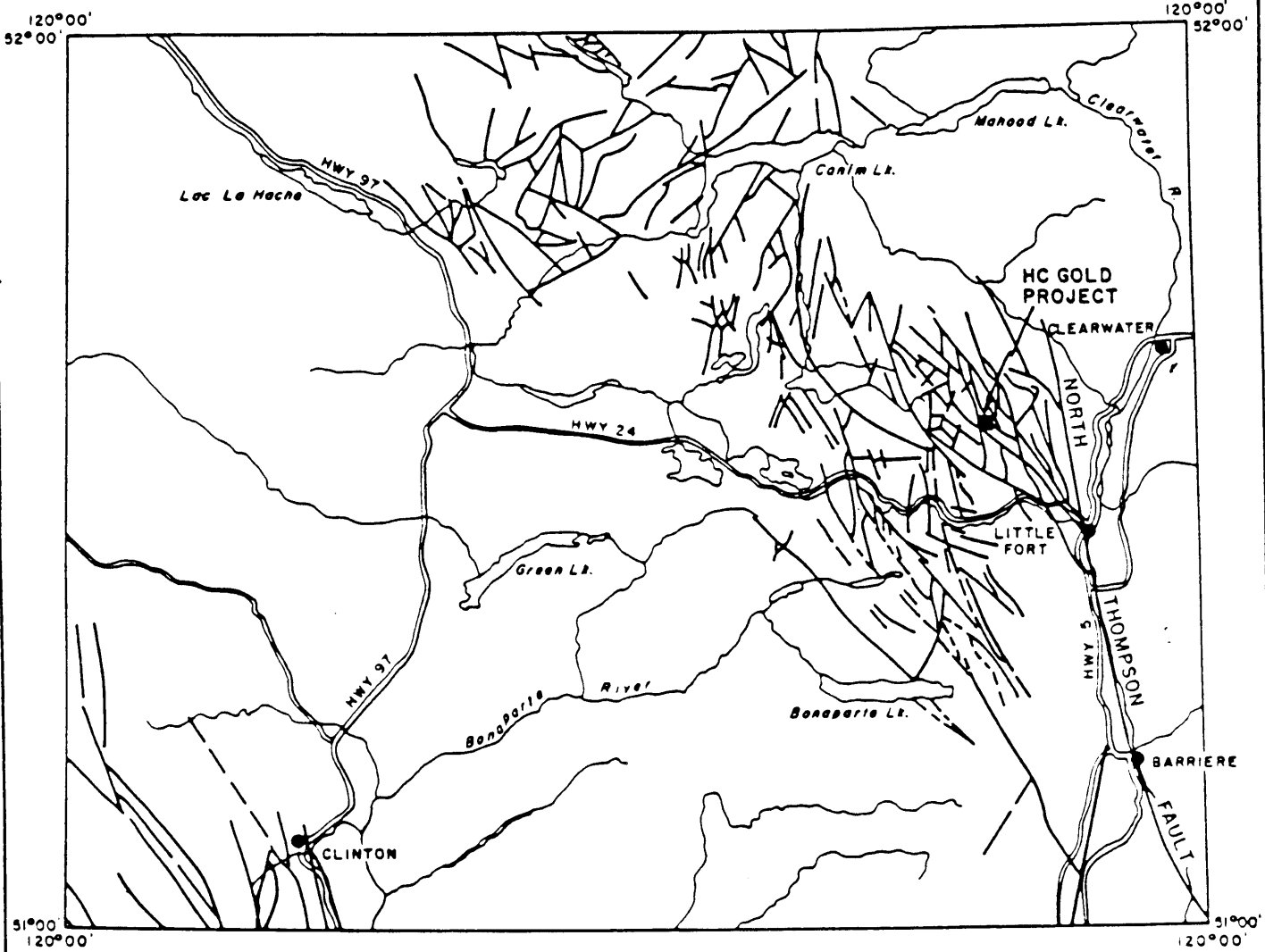


LANCER RESOURCES INC.
HC GOLD PROJECT

REGIONAL GEOLOGY



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 PROFESSIONAL
 ENGINEER
 OF
 BRITISH COLUMBIA

LANGER RESOURCES INC.
HC GOLD PROJECT
PATTERN OF BLOCK FAULTING
IN LITTLE FORT REGION

pyroxene porphyritic pyroclastics and distal epiclastic sediments (Figure 3). Block faulting has disrupted the stratigraphy which has been rotated into a near vertical attitude, however the regional north-northwest strike is maintained.

Three similar bands of pyroxene lapilli tuff - agglomerate trend northwesterly across the claim (Figure 5). These rocks are medium to dark green, massive and medium to coarse-grained pyroclastics. Fragment sizes vary from 1 cm to 20 cm and are comprised of subangular to subrounded porphyritic augite andesite. Clasts are supported by a matrix of fine-grained ash tuff. Pyrite occurs in minor concentrations as widely-spaced disseminated grains.

The epiclastic sediments comprise siltstone, argillite, chert, greywacke and conglomerate. Siltstone predominates. It is usually massive, laminated, fine to medium-grained and light to dark grey coloured. Pyrite is sparse, occurring as disseminated grains, but reaches 5% to 10% in light grey bands as heavy disseminations with interstitial carbonate. Subordinate very fine-grained, massive, black, carbonaceous argillite is occasionally interbedded with the siltstone. Disseminated pyrite is ubiquitous and commonly comprises up to 5% of the rock.

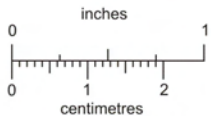
The only known intrusive rock on the claim is a northwesterly striking feldspar porphyry dyke situated near the southwest corner of the claim.

ALTERATION AND MINERALIZATION

Carbonate alteration is widespread on the HC claim, occurring in three principal modes.

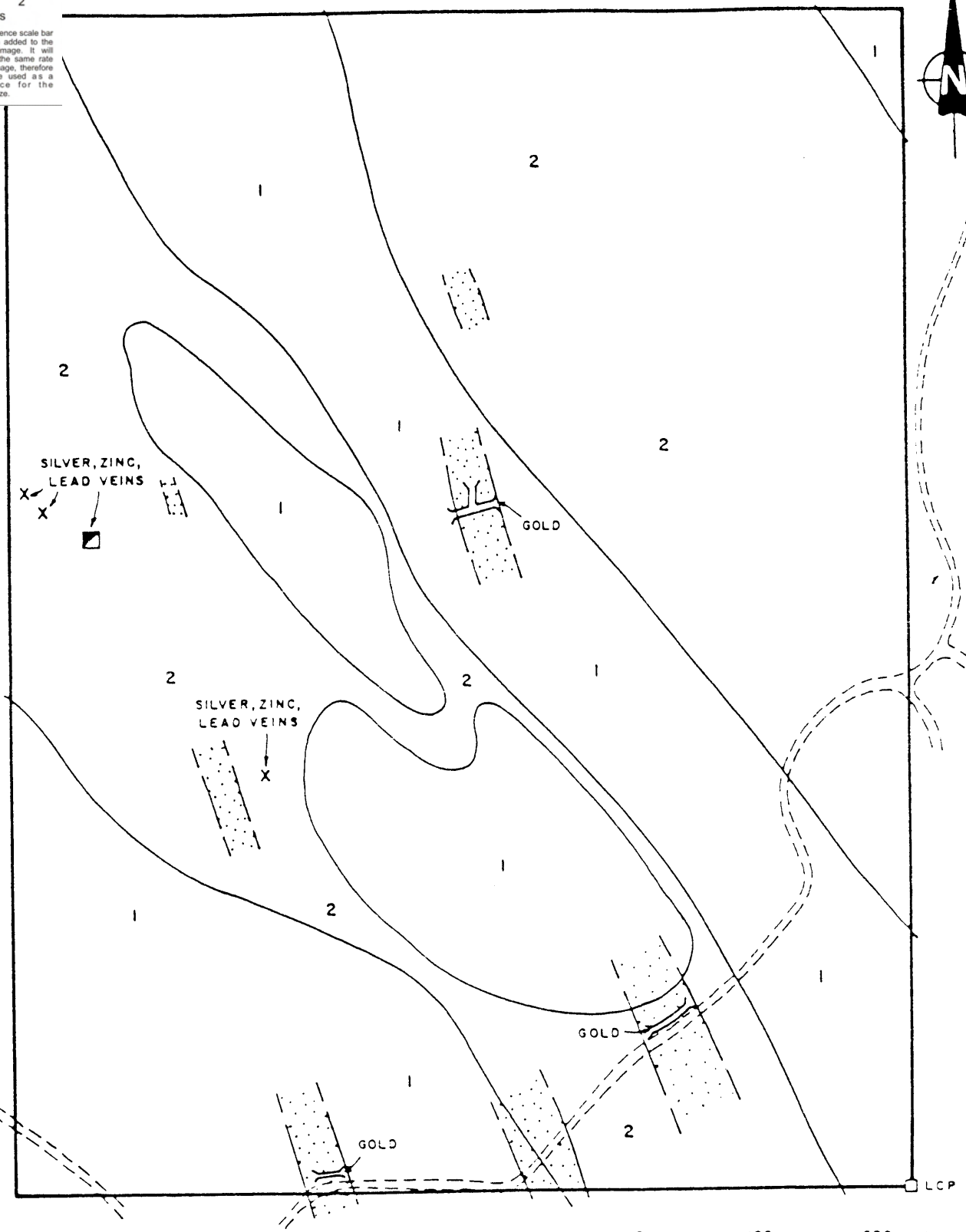
Narrow, randomly oriented calcite stringers and grain aggregates are commonly in all units. They are generally sulphide-free and barren.

Near the midpoint in the western claim boundary, several calcite-quartz veins, up to 80 cm thick, cut siltstone units. These veins, exposed in old hand excavated shafts and trenches in a 500 m long southeast trending zone, carry an



BRITISH COLUMBIA
GEOLOGICAL SURVEY

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LEGEND

- LOWER - MIDDLE JURASSIC
- 1 AUGITE PORPHYRY FLOWS AND PYROCLASTICS
 - 2 SILTSTONE, ARGILLITE, GREYWACKES
 - QUARTZ - IRON CARBONATE MARIPOSITE ALTERATION ZONE
 - SHAFT
 - X PIT
 - || TRENCH

PROFESSIONAL ENGINEER
C. M. Redington

LANCER RESOURCES INC.
HC GOLD PROJECT

PROPERTY GEOLOGY

appreciable sulphide content comprised of sphalerite, chalcopyrite, galena, pyrite and tetrahedrite. A selected sample of sulphide rich material, collected by BP personnel, ran 239 ppm silver (7.0 oz./ton), 165 ppb gold, 0.99% copper, 0.62% zinc and 0.06% lead (Gamble 1986). A representative sample, cut by the writer, from a vein exposed in an old shaft at 61+25N 51+30E graded 0.71 oz./ton silver, 0.022 oz./ton gold and 3.31% zinc across 0.70 m.

Potentially of greater economic significance are three northwesterly trending zones of pervasive quartz-iron carbonate-mariposite alteration. These zones are moderately discordant to bedding, display crude banding, brecciation, crosscutting ferroan dolomite veining and are interpreted to be healed faults which have undergone multiple episodes of movement. These poorly exposed alteration zones are geochemically enriched in gold and have acted as important structural sites for gold mineralization. Late quartz stringers infilling fractures, breccias and dilation zones within the broad areas of carbonate alteration carry the highest gold values; accompanied by minor concentrations of copper and antimony.

BP's 1985 trench, located near the centre of the claim, exposed a 24 m wide zone of pyritic pervasive quartz-carbonate-mariposite alteration hosted by a fragmental andesite. A series of continuous 2.0 m long chip samples cut across the full width of the zone averaged 210 ppb gold, 2.25 ppm silver and 997 ppm copper with a geochemically significant enrichment in antimony. One 2.0 m interval cut by numerous late quartz stringers graded 0.034 oz./ton gold (Gamble 1986). A 1.0 m sample of strongly quartz veined rock cut by the writer from the core of the altered area graded 0.03 oz./ton gold and 0.14% copper.

Near the southeast corner of the claim, a 58 m wide band of interbedded mafic volcanics and cherty, silty argillaceous sediments is extensively carbonate altered and carries 1% to 5% fine-grained disseminated pyrite. Gold enrichment is in the order of 20 to 310 ppb.

The third iron-carbonate alteration zone, located near the southwest corner of the claim, is well exposed in a trench along the southern claim boundary where a

27 m interval of altered interbedded andesite breccia and limy sediments is cut by a coarse-grained feldspar porphyry dyke. The altered sediments carry 5% to 10% disseminated pyrite whereas, in the more intensely altered andesite breccias, pyrite concentrations up to 15% are attained. A 2.0 m interval cut by late quartz stringers in the core of the intensely altered zone ran 1,690 ppb gold (0.044 oz./ton) and 2,736 ppm lead (Gamble 1986).

Because of the intensity of the regional faulting (Figure 4), which is the probable structural control, the multiple auriferous quartz-carbonate-mariposite alteration zones on the HC claim can be expected to have long strike lengths and to extend to considerable depths.

SOIL GEOCHEMISTRY

A multi-element soil geochemical survey confirmed that base and precious metals are present in anomalous concentrations. Plots for gold, silver, copper and lead show that specific, coherent anomalies can be identified from the general scatter of individually anomalous samples (Figures 6, 7, 8 and 9). A compilation of coincident anomalies outlines two significant trends (Figure 10). The 1,300 m long eastern anomalous trend coincides with the central band of augite porphyry volcanics. These volcanics host the structurally controlled eastern-most auriferous quartz-iron carbonate-mariposite alteration zone. The western anomalous trend is more closely associated with the interbedded sedimentary units and shows a much more complex pattern of metal associations.

A broad zone of high zinc values extends across the western half of the claim and encompasses both the eastern and western anomalous trends. Peak zinc values correlate well with the composite anomalies outlined in Figure 10.

Core areas within the eastern and western anomalous trends have base and precious metal values sufficiently high to directly reflect underlying mineralization and must be considered as prime exploration targets.

683000

684000

50+00 E

65+00 E

5716000

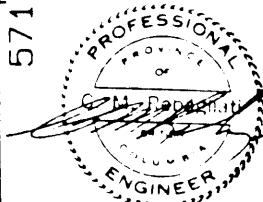
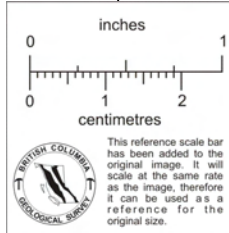
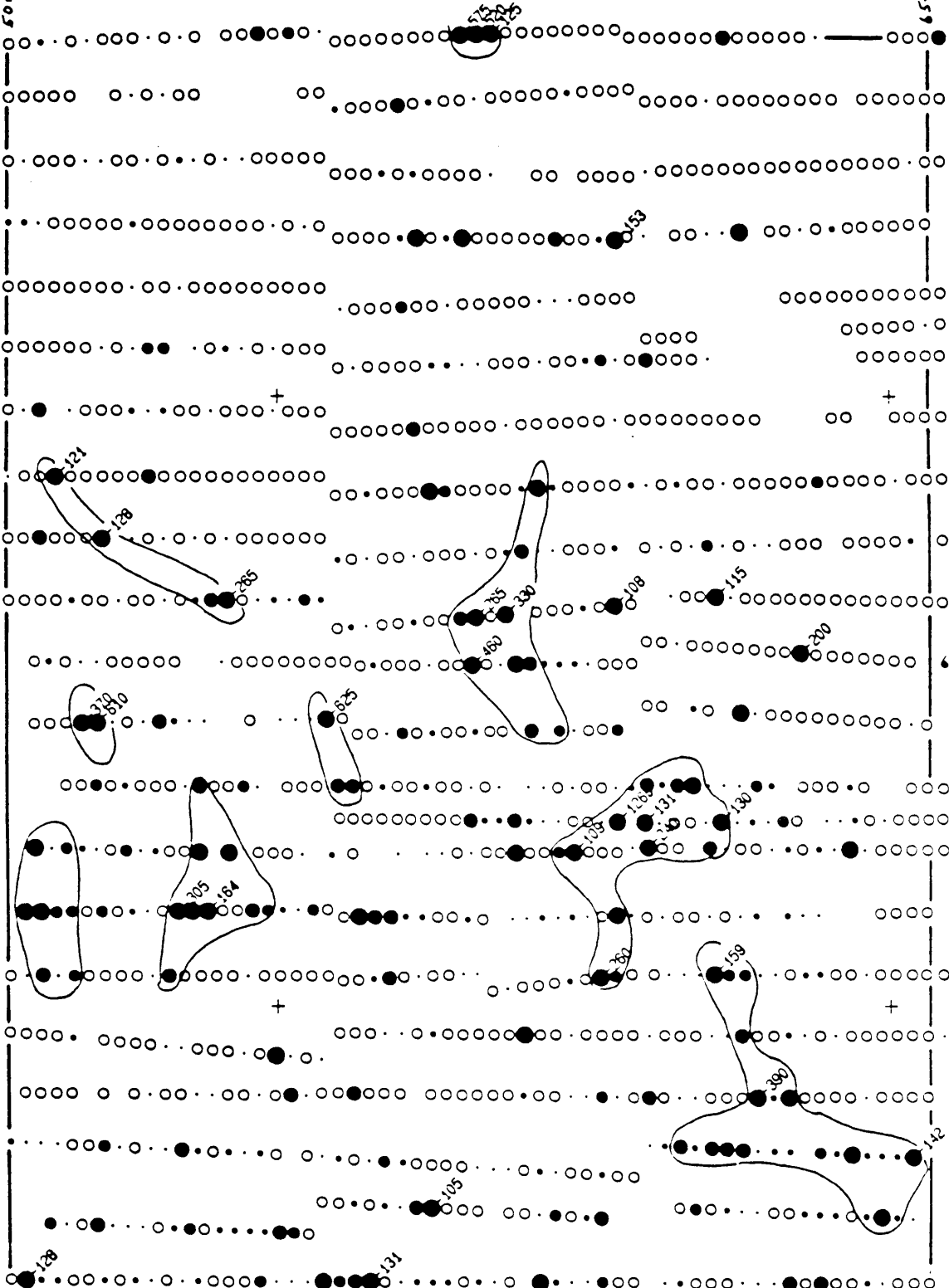
5715000

5714000

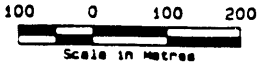
70+00 N

60+00 E

50+00 N



- > 100
- > 50 TO 100
- > 30 TO 50
- > 20 TO 30
- > 12 TO 20
- > 6 TO 12
- 0 TO 6



LANCER RESOURCES INC.
 HC PROJECT
 1987 SOIL GEOCHEMISTRY
 Gold (ppb)

DATE: AUG/87	PROJECT#: 562
NTS: 92 P/9	SCALE 1: 10000

Figure 6

683000

684000

50+000

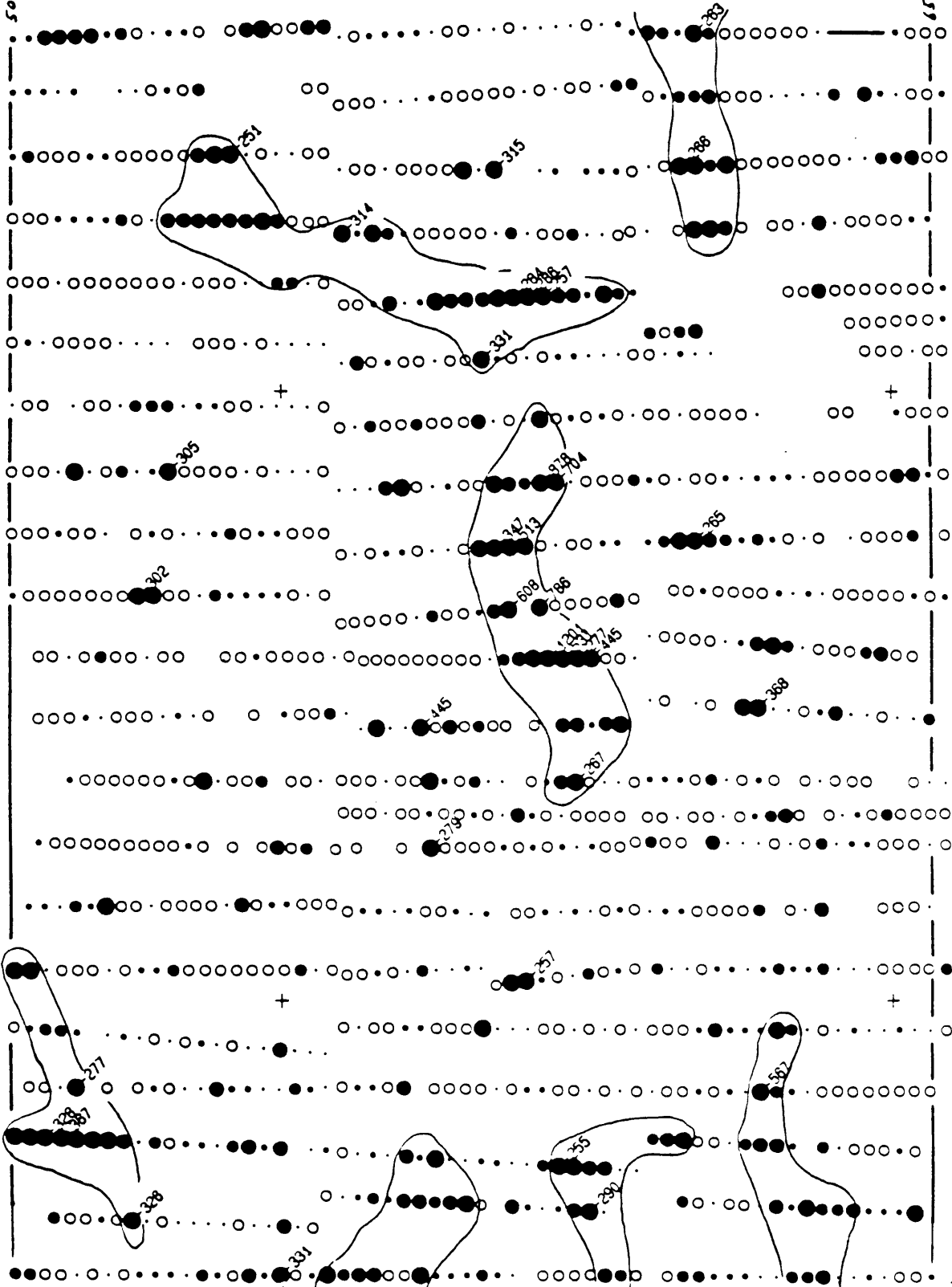
50+000

70+000

5716000

5715000

5714000



683000

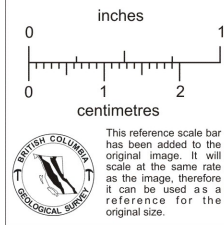
684000

50100 E

65100 E

70+00 N

5716000

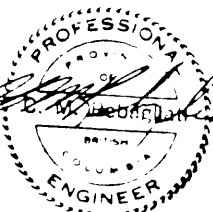


60+00 E

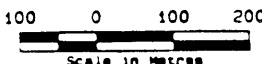
5715000

5714000

50+00 N



- > 50
- > 35 TO 50
- > 20 TO 35
- > 25 TO 20
- > 19 TO 25
- > 14 TO 19
- 0 TO 14

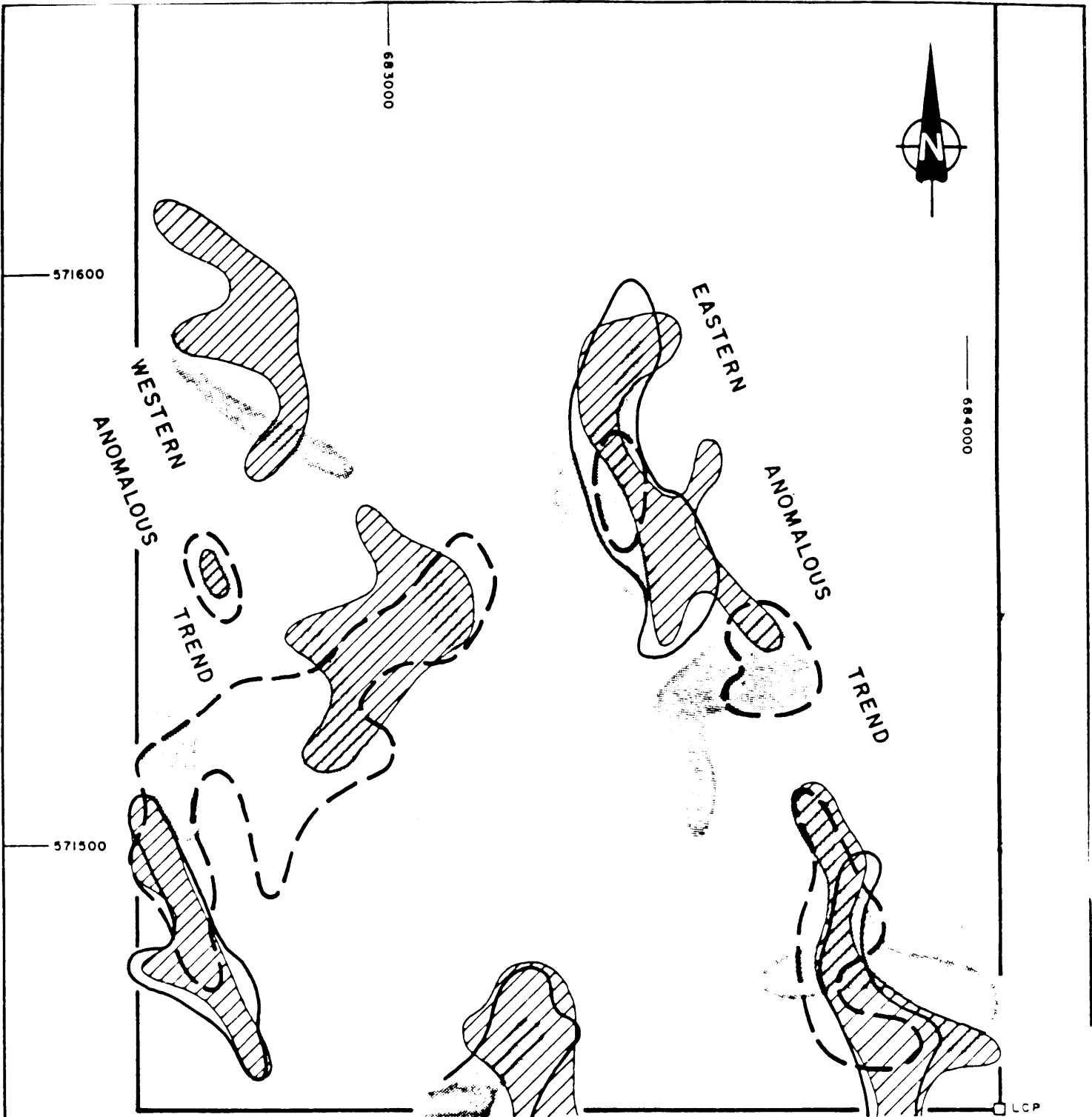


LANGER RESOURCES INC.





HC PROJECT
1987 SOIL GEOCHEMISTRY
Lead (ppm)

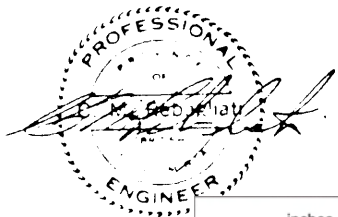
DATE: AUG/87	PROJECT#: 562
NTS: 92 P/9	SCALE 1: 10000

Figure 9



ANOMALIES

-  Au
-  Ag
-  Cu
-  Pb



0 200 400 metres

inches
0 1
centimetres
0 1 2



LANCER RESOURCES INC.
HC GOLD PROJECT

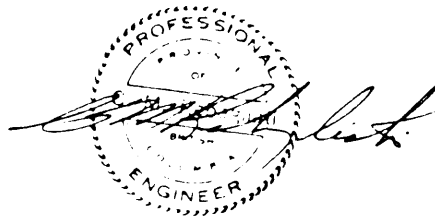
GEOCHEMICAL COMPILATION

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CONCLUSIONS

The HC claim is situated immediately to the east of the central volcanic core of the Quesnel Trough in a geologically prospective area of complex faulting. Wide bands of quartz-carbonate-mariposite alteration geochemically enriched in gold, base metals and indicator elements are evidence that precious metal-generating hydrothermal events took place within the claim area. Multi-element soil geochemistry has outlined the trace of the altered zones and test trenching combined with rock chip sampling have substantiated that significant gold mineralization is present in at least two of the three carbonate alteration zones. The highest gold values occur where late stage quartz stringers cut carbonate altered fault planes.

The silver bearing calcite-quartz base metal veins situated in the central western portion of the claim are interesting secondary exploration targets. A program of diamond drilling is justified to explore the extensive geochemically anomalous segments of the quartz-carbonate-mariposite alteration zones for gold ore bodies.

A circular professional seal for a Professional Engineer. The seal contains the text "PROFESSIONAL" at the top and "ENGINEER" at the bottom. In the center of the seal, there is a signature in cursive script that reads "Rebagliati".

RECOMMENDATIONS

A two-phase success-contingent exploration program is recommended.

Stage I:

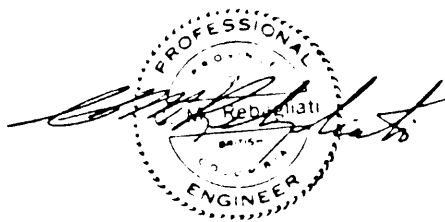
1. Test the most intense geochemically anomalous sections of the quartz-carbonate-mariposite alteration zones by systematically diamond drilling them at 100 m intervals utilizing NQ core.
2. Drill to evaluate the strong silver-lead-zinc soil anomaly situated along the western side of the property.

A 1,800 foot diamond drilling program budgeted at \$90,000 is proposed.

Stage II:

The recommended Stage II program is conditional upon encouraging results being received from Stage I. The proposed program may require modifications after the analysis of the Stage I results to more appropriately assess the property's precious metal potential.

A 4,000 foot diamond drilling program to define the strike and dip extent of the mineralized zones is proposed at an estimated cost of \$200,000.



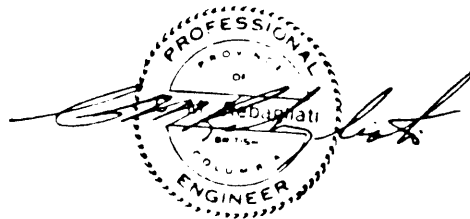
PROPOSED BUDGET

Stage I:

Diamond Drilling all inclusive	1,800 ft. @ \$32/ft.	\$ 58,000
Drill access trails		5,000
Supervision and core logging	18 days @ \$400/day	7,200
Labour core sampler	18 days @ \$150/day	2,700
Room and Board	36 days @ \$75/day	2,700
Vehicle including gas, mileage and insurance	18 days @ \$100/day	1,800
Assays	573 @ \$15.00	8,600
Engineer's Report including drafting, word processing and publication		<u>4,000</u>
		\$ 90,000

Stage II:

Fill-in diamond drilling - including all related expenditures	4,000 ft. @ \$50.00/ft.	\$200,000
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REFERENCES

Aird, C.A. 1974; Geological, Geophysical and Geochemical Report on the A.A. 1-20 Claims, Imperial Oil Limited Assessment Report No. 5191.

Campbell, R.B., Tipper, H.W. 1971; Geology of Bonapart Lake Map Area, British Columbia, GSC Memoir 363.

Gamble, A.P.D. 1986; 1985 Summary Exploration Report. Geology, Geochemistry, Geophysics on the Ta Hoola Project (including the HC claim). Assessment Report No. 12101.

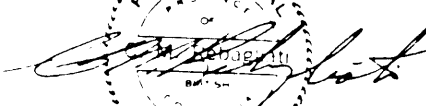
Preto, V.A.G., 1970; Geology, Exploration and Mining in British Columbia, p.p. 307-312.

Assessment Reports from nearby properties 981, 1061, 1169, 1690, 4028, 4260, 4262, 4678, 4684, 10287, 10880, 11413.

CERTIFICATE OF QUALIFICATIONS

I, Clarence Mark Rebagliati, of 3536 West 15th Avenue, Vancouver, B.C. hereby certify that:

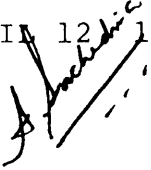
1. I am a consulting Geological Engineer with offices at 3536 West 15th Avenue, Vancouver, B.C.
2. I am a graduate of the Provincial Institute of Mining, Haileybury, Ontario (Mining Technology 1966).
3. I am a graduate of the Michigan Technological University, Houghton, Michigan, U.S.A. (B.Sc., Geological Engineering 1969).
4. I have practiced my profession continuously since graduation.
5. I am a member in good standing of the Association of Professional Engineers of British Columbia.
6. The foregoing report is based on:
 - a) A study of all available company and government reports.
 - b) My personal knowledge of the general area resulting from regional studies and from examinations of the property made on July 13, 1986 and during supervision of the geochemical survey in July and August 1987.
7. I have not directly or indirectly received nor do I expect to receive any interest, direct or indirect, in the property of Lancer Resources Inc., or any affiliate, or beneficially own, directly or indirectly, any securities of Lancer Resources Inc., or any affiliate.
8. I consent to the inclusion of this report in a Statement of Material Facts or a Prospectus.


C.M. Rebagliati, P. Eng.
August 31, 1987


CERTIFICATE OF THE ISSUER

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the Securities Act and its regulations.


DATED: APRIL 12, 1988



ALAUDIN SACHEDINA
President, Director and
Promoter

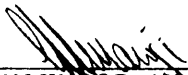


NASIM SACHEDINA
Secretary, Director and
Promoter



NAZIR SHERALI DHALLA
Director and Promoter

On Behalf of the Board of Directors




MAHMOOD MAWJI
Director and Promoter

CERTIFICATE OF THE AGENT

To the best of our knowledge, information and belief the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the Securities Act and its regulations.

DATED: APRIL 12, 1988

UNION SECURITIES LTD.

PER: 
NORMAN THOMPSON,
PRESIDENT