

Topley - Richfields D.L.
 93 L018
 Tim Tim 82 F/4 A.L.
 Adams Silver 82 M/3-6 or 82 L/13 R.M.
 Fraser Gold 93 A 150 R.M.
 Burjone Kmlps Min. Div. R.M.
 92 I, 82 L, 82 M, 83, D.

014061

Oct 3/88



VANCOUVER STOCK EXCHANGE
BRITISH COLUMBIA, CANADA

FILING STATEMENT

(117/88)

) formed by the amalgamation of
) KELLEY-KERR ENERGY CORPORATION and
 SIRIUS RESOURCE CORPORATION) SIRIUS RESOURCE CORPORATION

 NAME OF COMPANY

1251 - 409 Granville Street
 Vancouver, British Columbia, V6C 1T2 (604) 685-6477

 HEAD OFFICE ADDRESS AND TELEPHONE NUMBER OF COMPANY

Guaranty Trust Company of Canada
 800 West Pender Street, Vancouver, British Columbia, V6C 2V7

 NAME AND ADDRESS OF COMPANY'S REGISTRAR AND TRANSFER AGENT

THE COMPANY IS, UNDER THE RULES OF THE EXCHANGE,
 A "DEVELOPMENT COMPANY".

SIRIUS RESOURCE CORPORATION
(the "Company")

STATEMENT OF MATERIAL CHANGE

**I. AMALGAMATION OF KELLEY-KERR ENERGY CORPORATION
AND SIRIUS RESOURCE CORPORATION**

The members of KELLEY-KERR ENERGY CORPORATION ("Kelley-Kerr") approved, by way of Special Resolution at Kelley-Kerr's Annual General Meeting held July 26, 1988, an Amalgamation Agreement dated for reference June 27, 1988 (the "Amalgamation Agreement") between Kelley-Kerr and SIRIUS RESOURCE CORPORATION ("Sirius") (collectively, the "Amalgamating Companies") providing for the Amalgamation and continuation as one company under the name of "SIRIUS RESOURCE CORPORATION". At an Extraordinary General Meeting of Sirius held August 5, 1988, the members of Sirius approved the Amalgamation Agreement and the Amalgamation of Kelley-Kerr and Sirius.

The Amalgamating Companies have, in accordance with the provisions of the British Columbia Company Act, received the approval of the Supreme Court of British Columbia to the Amalgamation and, upon receipt of approval of the Vancouver Stock Exchange with respect to the listing of the shares of the Company on the Exchange, the Amalgamating Companies shall apply to the British Columbia Registrar of Companies for a Certificate of Amalgamation. The "Effective Date" of the Amalgamation of the Company shall be the date of the Certificate of Amalgamation is issued to the Company pursuant to the Company Act.

Share Exchange Ratio

As the property interests of each Amalgamating Company are, to a large extent, intangible, it was considered by the respective managements that, even if evaluations by independent consultants could be obtained, such evaluations would likely be expensive, time consuming and unlikely to result in a more accurate or equitable share allocation to the Company than could be determined by management. It was also considered likely that such evaluation would be as, if not more, speculative than one based on relative market and asset values.

The share exchange ratios set out in the Amalgamation Agreement were, therefore, determined by management of the Amalgamating Companies and an opinion as to the reasonableness of the proposed share exchange ratios has been received from Continental Securities.

Material Provisions of the Amalgamation Agreement

The Amalgamation Agreement was entered into pursuant to the Master Agreement, dated for reference June 27, 1988, between the Amalgamating Companies. The Master Agreement contains various conditions, representations, warranties and covenants by each of the Amalgamating Companies to each other, all of which are typical in agreements of this nature and required that each Amalgamating Company execute and deliver a form of amalgamation agreement.

The material terms of the Amalgamation Agreement are as follows:

1. Name

The name of the Amalgamated Company will be "SIRIUS RESOURCE CORPORATION".

2. Directors

The Amalgamation Agreement provides that, until otherwise determined, there will be three directors of the Amalgamated Company as follows:

Name and Address

Occupation

ANDREW VON KURSELL, P.Eng.
1367 Devonshire Crescent
Vancouver, B.C.
V6H 2G3

Director of Eaglet Mines Limited; previously Vice-President of Operations, Yukon with Cyprus Anvil Mining Corporation.

JOHN MICHAEL ASHTON, P.Eng.
1251 - 409 Granville Street
Vancouver, B.C.
V6C 1T2

Consulting Engineer with J.M. Ashton & Associates Limited.

ERNIE DI LABIO
3009 Uplands Drive
Ottawa, Ontario

Businessman; Realtor; Director of Eaglet Mines Limited.

3. Authorized Capital

The Amalgamated Company will be authorized to issue Thirty Million (30,000,000) Common shares without par value.

4. Share Exchange

(a) Each four (4) issued and outstanding shares of Kelley-Kerr shall be exchanged for one (1) share of the Company;

(b) Each one (1) issued and outstanding share of Sirius shall be exchanged for one (1) share of the Company;

(c) Upon exercise of any such options or warrants granted by Kelley-Kerr or Sirius, or upon completion of such agreements requiring the issuance of Kelley-Kerr or Sirius shares, the recipient of such shares shall pay an exercise price and receive a number of shares adjusted in accordance with the ratios set forth above.

5. Minimum Stated Capital

The issued and outstanding shares of the Company shall be a minimum of 8,356,687 common shares, which represents 86.3% of the Sirius common shares and 13.6% of the Kelley-Kerr common shares issued and outstanding.

6. Maximum Stated Capital

In the event that, prior to the Effective Date of the Amalgamation, all of the outstanding options and warrants are exercised and all private placements are completed and all finder's fee and property shares are issued with respect to the Amalgamating Companies, the issued and outstanding shares of the Company shall be a maximum of 9,793,499 common shares, which represents 88.3% of the Sirius common shares and 12.8% of the Kelley-Kerr common shares then issued and outstanding.

7. Registered Office

The Registered Office of the Company shall be Suite 100 - 200 Granville Street, Vancouver, British Columbia, V6C 1S4.

8. Registrar and Transfer Agent

The Registrar and Transfer Agent for the securities of the Company shall be Guaranty Trust Company of Canada, at its principal office in Vancouver, British Columbia.

9. Auditors

The auditors of the Company shall be Gee & Company, Chartered Accountants.

10. Restriction on Transfer

The Company shall be a "reporting company" as defined by the Company Act of British Columbia and there shall be no restrictions upon the right to transfer any shares of the Company.

11. Conditions Precedent

The Amalgamation shall be subject to the fulfillment of the following conditions:

- (a) The Amalgamation Agreement shall have been approved by special resolutions passed by members of each of the Amalgamating Companies;
- (b) The Amalgamation shall have been approved by order of the Supreme Court of British Columbia;
- (c) The Amalgamation Agreement and the Memorandum and Articles of the Company shall have been delivered to the Registrar of Companies for registration; and
- (d) The listing of the common shares of the Company on the Vancouver Stock Exchange shall be approved for listing on the Effective Date of the Amalgamation.

12. Termination

The Amalgamation Agreement may be terminated by the mutual agreement of the Amalgamating Companies at any time prior to the issuance of a Certificate of Amalgamation by the Registrar of Companies.

Purpose of the Amalgamation

The proposed Amalgamation will integrate the assets and business operations of each of the Amalgamating Companies into one corporate entity. Management of each of the Amalgamating Companies believes that the Company will be a stronger corporation as a result of the pooling of interests and that the Company will be a more attractive investment, thereby facilitating the ability to attract the capital required to develop its resource properties.

Approval of Members and the Supreme Court of British Columbia

At an Annual General Meeting of Kelley-Kerr held July 26, 1988 and at an Extraordinary General Meeting of Sirius held August 5, 1988, members of the Amalgamating Companies duly passed a Special Resolution approving the Amalgamation Agreement and the amalgamation of the two companies into the Company.

On an application to the Supreme Court of British Columbia made on Friday, August 19, 1988, the Court ordered that the amalgamation of Kelley-Kerr and Sirius pursuant to the terms of the Amalgamation Agreement be approved in accordance with Section 273 of the Company Act.

Voting Securities and Principal Holders Thereof

On the basis of the share exchange ratio set out above, there will be a minimum of 8,352,059 common shares of the Company issued forthwith upon the Effective Date of the Amalgamation. No fractional share interests will be recognized and shares will be exchanged on the basis of the nearest lower whole number of shares.

Based on the shareholdings in the Amalgamating Companies, the only shareholder of the Company who will own directly or indirectly or exercise control or direction over more than 10% of the outstanding voting securities of the Company is:

<u>Name</u>	<u>Number of Shares</u>	<u>Percentage</u>
First Exploration Fund 1987 and Company, Limited Partnership	1,294,117	15.4%

II. FINANCIAL INFORMATION

Effect of Amalgamation

Pursuant to the terms of the Amalgamation Agreement, each of the Amalgamating Companies has agreed to contribute to the Company all of its assets, subject to its liabilities, as they exist immediately prior to the Effective Date of the Amalgamation. Upon completion of the Amalgamation, the Company shall possess all the property, rights, privileges and franchises of each of the Amalgamating Companies as they exist immediately before the Effective Date of the Amalgamation, and shall be subject to all the liabilities, contracts, disabilities and debts of each of the Amalgamating Companies as they exist immediately before the Effective Date of the Amalgamation. All rights of creditors against the property, assets, rights, privileges and franchises of the Amalgamating Companies and all liens upon their property, rights and assets shall be unimpaired by the Amalgamation and all debts, contracts, liabilities and duties of the Amalgamating Companies shall henceforth attach to and may be enforced against the Company. No action or proceeding by or against either of the Amalgamating Companies shall abate or be affected by the Amalgamation.

Pro Forma Working Capital

Based on pro forma financial information prepared by the Amalgamating Companies as at June 30, 1988, it is anticipated that on the Effective Date of the Amalgamation, the Company will have working capital of approximately \$536,317.

Pro Forma Assets and Liabilities of the Company

Based on pro forma financial information prepared by the Amalgamating Companies as at June 30, 1988, it is anticipated that on the Effective Date of the Amalgamation, the Company will have the following assets and liabilities:

PRO-FORMA ASSETS

(June 30, 1988)

CURRENT

Cash	\$ 123,333
Prepays	280
Accounts receivable	391,204
Refundable deposit	100
Funds advanced for exploration	8,200
Share subscription receivable	440,000
SECURITIES	533,700
RESOURCE PROPERTY	145,926
DEFERRED EXPLORATION COSTS	2,095,198
FIXED	<u>14,641</u>
	<u>\$3,752,582</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT

Accounts payable	\$ 268,000
Due to affiliated company	23,657
CANADIAN EXPLORATION EXPENDITURE TRUST LIABILITY	<u>440,000</u>
	<u>890,457</u>

III. MATERIAL RESOURCE PROPERTIES

Pursuant to the Amalgamation Agreement, each of the Amalgamating Companies shall contribute the following material natural resource properties to the Company on the Effective Date of the Amalgamation.

A. SIRIUS RESOURCE CORPORATION

Topley-Richfield Property

Pursuant to a Joint Venture Agreement between Sirius and Esso Minerals Canada and Mountain West Resources Inc., Sirius has been granted an option to acquire a 30% interest in and to the Topley-Richfield Property, located six miles north of Topley, British Columbia. A current exploration program is directed toward locating new deposits on the Topley-Richfield Property and expanding existing gold and silver mineral inventory. Current inventory stands at 170,000 tons of 0.24 ounces of gold equivalent.

A budget of approximately \$450,000 in three expenditure stages has been recommended by Esso Minerals Canada for further work on the Topley-Richfield Property.

Bennett Lake Caldera Property

Pursuant to an Option Agreement between Sirius and Eaglet Mines Limited dated May 2, 1987, Sirius has an option to earn up to a 51% interest in and to the Bennett Lake Caldera Property, located in the Yukon Territory. Eaglet Mines Limited ("Eaglet") has obtained an option to earn a 100% interest in the Property pursuant to an Agreement dated February 26, 1986 with MineQuest Exploration Associates Ltd., Leslie Allen and Ronald Bilquist. In order to earn its interest, Sirius must:

- (i) spend \$400,000 on exploration on the Property by December 31, 1988;
- (ii) pay to Eaglet the sum of \$20,000 upon receipt of funds obtained from a public underwriting;
- (iii) pay to Eaglet the sum of \$10,000 on or before December 31, 1988;
- (iv) pay to Eaglet the sum of \$10,000 on or before December 31, 1989.

To date, Sirius has paid \$23,810 to Eaglet and has incurred \$187,746 on exploration and development of the Property.

The mineral claim groups are all located in a classic volcanic caldera environment. All claim groups contain favourable geological structures with anomalous silver and gold values in soils and rocks. The mineralized structure on the Boud Claim Group has been identified as a classic hot-springs type environment with potential epithermal style gold bearing potential. Minequest Exploration Associates Ltd. is the Operator.

Tiny Tim Silver Property

Pursuant to an Agreement with Skagit Mining Ltd. ("Skagit") dated April 23, 1987, Sirius acquired an option to earn a 60% interest in and to the Tiny Tim Silver Property, located near Trail, British Columbia. In order to earn its interest, Sirius is required:

- (a) to make the following cash payments to Skagit:
 - (i) \$5,000 upon execution of the Agreement;
 - (ii) \$10,000 on or before June 19, 1987;
 - (iii) \$10,000 on or before July 20, 1987;
- (b) to issue 150,000 shares, of which 100,000 shares will be issued to Skagit and 50,000 shares will be issued to William M. Snelson, a principal of Skagit;
- (c) to make the following expenditures on exploration and development:
 - (i) \$512,500 on or before April 13, 1988;
 - (ii) thereafter, Sirius may elect to spend an additional \$487,500 on exploration or to enter into a joint venture with Skagit to bring the property to commercial production.

To date, Sirius has paid \$25,000 to Skagit, has issued 100,000 and 50,000 shares to Skagit and Snelson respectively, and has spent \$85,373 on exploration of the Tiny Tim Property.

A detailed underground sampling and mapping program showed a persistent and well-developed fissure vein that is continuous for at least 400 metres. Silver values as high as 632 ounces per ton have been obtained from this vein; however, average tenor of ore mined to date is 25 ounces of silver per ton. The average grade of the vein and width are increasing with depth. The next stage of exploration is intended to indicate a downward extension of the vein and to define more ore. Sirius is the project Operator.

Adams Silver Property

Pursuant to an Option and Joint Venture Agreement dated September 28, 1987 between Sirius and Adams Exploration Limited, Sirius obtained an option to earn a 75% interest in and to the Adams Silver Property, located in the Adams Lake area, British Columbia. Subsequently, Sirius assigned a portion of its option to Eaglet Mines Limited ("Eaglet"), giving Eaglet the right to earn up to a 35% interest in the Adams Silver Property:

- (a) by paying to Sirius:

- (i) \$12,500 by December 31, 1988;
 - (ii) \$15,000 by December 31, 1989; and
 - (iii) \$15,000 by December 31, 1990;
- (b) and by incurring exploration expenses as follows:
- (i) \$200,000 before March 1, 1988;
 - (ii) \$300,000 before March 1, 1989;
 - (iii) \$250,000 before March 1, 1990;
 - (iv) \$250,000 before March 1, 1991.

To date, \$11,401 has been spent on exploration and development of the Property.

During the winter of 1987-88, Sirius, as Operator, carried out a 2,873-foot drill program to test the favourable volcanic-sedimentary contact, which is known to host several massive sulphide lenses on the Property, one of which, the Lucky-Coon pit area, was mined for its silver, lead and zinc in the 1970s. Simultaneously with the drilling, a gravity survey was carried out along the same structure and in the area of the Lucky-Coon pit. The only drill hole placed in the down dip extension of the Lucky-Coon pit massive sulphide body and coincident gravity anomaly successfully cut 2 metres of massive sulphides averaging 0.073 ounces per ton (opt) gold, 1.34 opt silver, 2.84% zinc and 1.96% lead. Sirius intends to continue exploration with a drilling program as soon as Eaglet arranges the necessary funds; notwithstanding Eaglet's commitment for 1988 has been fulfilled.

Frasergold Property

Pursuant to an agreement between Sirius and Southlands Mining Corporation dated June 9, 1988, Sirius has an option to acquire a 25% net profits interest in and to the Frasergold Property, located approximately 35 miles east of Horsefly, British Columbia. Sirius is also the designated project operator. In order to earn the interest, Sirius and Southlands, in joint ventures, must spend up to \$2,000,000 on or before December 31, 1988 on exploration and development. To date, Sirius has spent approximately \$1,245,842 on exploration and development.

Sirius, as operator of the Frasergold Project, has carried out an aggressive exploration program since beginning work on the project in late 1987. An underground bulk sampling program to test a small section of the gold bearing zone, known to extend a minimum strike length of 10 kilometres, showed a significant increase in total measured gold content from what was previously indicated

through assay of drill core. Extrapolation of the increase in gold content measured through bulk sampling, compared with previous drill results, may substantially increase the expected gold content of the deposit, which had previously been estimated in the 0.05 to 0.08 ounces gold per ton. The gold bearing zone identified so far has the potential for containing upwards to 20 million tons of open pit mineable material at the grades stated. Sirius plans to continue the exploration and development program on this property with a feasibility study planned to be completed by the end of 1989.

Burgoyne Prospect

Pursuant to an agreement made June 1, 1988 between Sirius and John Ashton and Andrew von Kursell, both directors of Sirius, Sirius purchased a 100% interest in certain mineral claims located in the Kamloops Mining Division, British Columbia. Messrs. Ashton and von Kursell are to retain a 7.2% and a 4.8% net profits royalty respectively and receive \$2,000 on or before June 1, 1989; \$2,000 on or before June 1, 1990; or 50% of such other amount as may be paid to Sirius pursuant to any disposition of the property to a third party. The agreement is subject to regulatory approval.

The Burgoyne Prospect represents a large copper in soils anomaly covering an area of approximately 5,000 feet by 3,000 feet that was found in 1969, but never drilled. Associated with the copper anomaly is a large, well-developed mineralized skarn area. This deposit type has the potential for hosting precious metals mineralization, along with the copper.

B. KELLEY KERR

Kelley-Kerr has maintained a 100% interest in two mineral claims located in the Omenica Mining Division, British Columbia, otherwise known as the Debra Lynn and Marker Claims. Upon the Effective Date of the Amalgamation, management of the Company will consider if it wishes to proceed with exploration and development of the Debra Lynn and Marker Claims or to abandon the Claims.

IV. NON-RESOURCE PROPERTIES

The Company holds the following investments:

	<u>No. of Shares</u>	<u>Amount</u>
Putco Holdings II Ltd., non-voting preferred shares at \$100 per share	3,117	\$311,700

Putco Holdings II Ltd., non-reporting preferred shares at \$100 per share	1,000	\$100,000
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V. DIRECTORS AND OFFICERS OF THE COMPANY
AND PERSONS HOLDING MORE THAN 10% OF
THE ISSUED EQUITY SHARES

The first directors of the Company shall be the persons whose names, addresses and occupations appear under the subheading "Material Provisions of the Amalgamation Agreement" herein. On the Effective Date of the Amalgamation, First Exploration Fund 1987 and Company, Limited Partnership, will be the only shareholder of the Company which will own 10% or more of the outstanding voting securities of the Company and will hold 15.4% of the voting securities.

VI. OPTIONS TO PURCHASE SECURITIES OF THE COMPANY

Pursuant to the terms of the Amalgamation Agreement, the holders of options to purchase securities of Sirius or Kelley-Kerr shall, on the Effective Date of the Amalgamation, be entitled to purchase common shares of the Company upon such terms and conditions as adjusted in accordance with the respective share exchange ratios. Therefore, the Company will have the following options outstanding:

- (a) a non-transferable warrant to purchase 500,000 common shares of the Company at a price of \$1.75 per share on or before March 18, 1989, and at a price of \$2.00 per share on or before March 18, 1990, has been issued to CBC Pension Board of Trustees;
- (b) non-transferable warrants entitling holders thereof to purchase a total of 296,300 common shares of the Company at an exercise price of \$1.75 per share on or before February 28, 1989 and at a price of \$2.00 per share on or before August 31, 1989 have been issued.

VII. SECURITIES OF THE COMPANY HELD IN ESCROW, IN
POOL, OR SUBJECT TO HOLD RESTRICTIONS

1. Transfer Within Escrow

At an Annual General Meeting of Kelley-Kerr held June 26, 1987, the members of Kelley-Kerr approved the transfer of 543,250 escrowed shares to the following persons in the following amounts:

<u>Transfers</u>	<u>Number of Shares</u>
Thomas Twohig	171,625
James R. King	171,625
Brent Hagerman	100,000
Thomas Wilson	100,000

These transfers were not completed and at the last Annual General Meeting of Kelley-Kerr held July 26, 1988, the members of Kelley-Kerr approved that the transfer of 171,625 escrow shares to Thomas Twohig be completed and also approved the transfer of the remaining 371,625 escrow shares to Three Four Investments Ltd., a private British Columbia company wholly owned by James R. King, subject to the approval of the Vancouver Stock Exchange.

Kelley-Kerr is currently making application to the regulatory authorities for approval of the transfer within escrow, and Kelley-Kerr plans to complete the transfer prior to the Effective Date of the Amalgamation.

2. Issuance of Additional Principal Shares

The policies of the Vancouver Stock Exchange and the Superintendent of Brokers authorize the issuance of such number of escrowed shares as will result in the number of issued escrowed shares being increased to 750,000 following the Amalgamation. One of the prerequisites to such issuance is that the approval of the members of the Amalgamating Companies, by Special Resolution, must be obtained. Such approval was obtained at Kelley-Kerr's Annual General Meeting held July 26, 1988, and at the Extraordinary General Meeting of Sirius held August 5, 1988.

After the Effective Date of the proposed Amalgamation, there will be 159,375 escrowed shares issued of the Company and, accordingly, the Company will seek the approval of the regulatory authorities to issue additional escrowed shares. As it is not certain what number of additional escrowed shares the regulatory authorities will approve to be issued, the members of the Amalgamating Companies were asked to approve the maximum amount that may be approved by the regulatory authorities. Additionally, management of the Company will, after the Effective Date of the proposed Amalgamation, determine the number of escrowed shares to be received by principals of the Company.

The additional escrowed shares will be subject to release in accordance with the Rules and Policies of the Vancouver Stock Exchange in force from time to time.

VIII. PARTICULARS OF OTHER MATERIAL FACTS

A. SIRIUS LITIGATION

Southlands Mining Corporation ("Southlands") acquired an option to earn an interest in the Frasergold Property pursuant to an agreement with Eureka Resources, Inc. ("Eureka") dated May 19, 1987 (the "Eureka Agreement"). As of the date hereof, Eureka has not consented to the assignment by Southlands to Sirius of a portion of its interest under the Eureka Agreement. Additionally, Eureka has commenced an action in the Supreme Court of British Columbia against Sirius, Southlands and others, claiming, inter alia, that the Eureka Agreement has ended and a declaration that Southlands does not have an option or a right to acquire an interest in the Frasergold Property. Accordingly, the agreement between Sirius and Southlands, and Sirius' interest in the Frasergold Property, may be affected by any adverse judgment resulting from the litigation.

B. KELLEY-KERR LITIGATION

Brian Borrowdale has commenced an action in the British Columbia Supreme Court against Kelley-Kerr claiming a one-half interest in a limosine and damages for loss of income in relation to a limosine owned and operated by Kelley-Kerr. The Plaintiff received a default judgment, which has been set aside and Kelley-Kerr has entered a Statement of Defence and issued a counter-claim claiming entitlement to title of the limosine and damages for loss of income.

C. There are no other material facts other than as described herein.

Any document referred to herein may be inspected at the Registered Office of the Company, at Suite 100 - 200 Granville Street, Vancouver, British Columbia, V6C 1S4, during normal business hours.

CERTIFICATE OF THE COMPANY

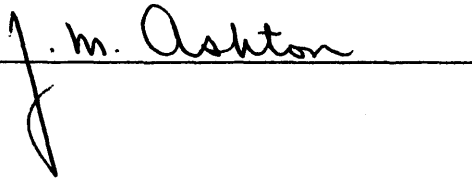
The foregoing, together with the financial information and other reports where required, constitutes full, true and plain disclosure of all material facts in respect of the company's affairs.

This Certificate must be signed by two directors of the company.

NAME Andrew von Kursall

SIGNATURE 

NAME John Michael Ashton

SIGNATURE 

DATED at Vancouver, B.C. this 3rd day of October 19 88.