TF/LD/DL

93L/3E Haggas

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 SEC HEREUNDER AND ANY REPRESENTATION TO THE CONTRARY IS AN OFFENCE.

5779

DATED: MARCH 13, 1989
EFFECTIVE DATE: MARCH 21, 1989

PROGOLD RESOURCES LTD.

860 - 789 West Pender Street
Vancouver, British Columbia
V6C 1H2

(hereinafter called the "Issuer")

93L 221

PUBLIC OFFERING

NEW ISSUE

500,000 Common Shares

Rcvd. July 26/89

Shares	Price to Public	Commission	Net Proceeds to be Received by the Issuer *
Per Share	$0.35	$0.05	$0.30
Total	$175,000	$25,000	$150,000

* Before deduction of the balance of the costs of the issue estimated to be $7,500.

THERE IS NO MARKET FOR THE SECURITIES OF THE ISSUER.

The Vancouver Stock Exchange has conditionally listed the securities being offered pursuant to this Prospectus. Listing is subject to the Issuer fulfilling the listing requirements of the Vancouver Stock Exchange on or before July 4, 1989, including prescribed distribution and financial requirements.

THE ISSUE PRICE TO THE PUBLIC EXCEEDS THE NET TANGIBLE BOOK VALUE PER COMMON SHARE CALCULATED AS AT OCTOBER 31, 1988, AFTER GIVING EFFECT TO THE OFFERING BY $0.16 or 54.29%.

ONE OR MORE OF THE DIRECTORS OF THE ISSUER HAS AN INTEREST, DIRECT OR INDIRECT, IN OTHER NATURAL RESOURCE COMPANIES. REFERENCE SHOULD BE MADE TO THE HEADING "DIRECTORS AND OFFICERS" FOR A COMMENT AS TO THE RESOLUTION OF POSSIBLE CONFLICTS OF INTEREST.

A PURCHASE 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.

THE PRICE TO BE PAID TO THE ISSUER WAS ESTABLISHED THROUGH NEGOTIATION WITH THE AGENT. THESE SHARES ARE SPECULATIVE SECURITIES. SEE "RISK FACTORS" HEREIN.

THIS PROSPECTUS ALSO QUALIFIES THE ISSUANCE OF THE BROKER'S WARRANTS ENTITLING IT TO PURCHASE A TOTAL OF 125,000 SHARES IN RETURN FOR GUARANTEEING THE SALE OF THE SHARES OFFERED HEREBY. THESE SHARES MAY BE OFFERED FOR SALE BY THE AGENT PURSUANT TO THE PROVISIONS OF THE SECURITIES ACT AND REGULATIONS, WITHOUT FURTHER QUALIFICATION.

NO PERSON IS AUTHORIZED BY THE ISSUER TO GIVE 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 21.55% OF THE SHARES THEN OUTSTANDING AS COMPARED TO 43.53% THAT WILL BE OWNED BY THE CONTROLLING PERSONS, PROMOTERS, DIRECTORS AND SENIOR OFFICERS OF THE ISSUER AND "UNDERWRITERS" AS DEFINED IN LOCAL POLICY 3-30 OF THE SUPERINTENDENT OF BROKERS. REFER TO THE HEADING "PRINCIPAL HOLDERS OF SECURITIES" HEREIN FOR DETAILS OF SHARES HELD BY PROMOTERS, DIRECTORS, OFFICERS AND CONTROLLING PERSONS OF THE ISSUER AND "UNDERWRITERS" AS DEFINED IN LOCAL POLICY 3-30 OF THE SUPERINTENDENT OF BROKERS.

THIS PROSPECTUS ALSO QUALIFIES FOR SALE TO THE PUBLIC THE OVER-ALLOTMENT OF UP TO 15% OF THE 500,000 COMMON SHARES OFFERED UNDER THIS PROSPECTUS AS A "GREENSHOE OPTION". SEE "PLAN OF DISTRIBUTION" HEREIN FOR DETAILS.

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

NAME AND ADDRESS OF AGENT

PACIFIC INTERNATIONAL SECURITIES INC.
P.O. Box 10015 Pacific Centre
1500 - 700 W. Georgia St.
Vancouver, B.C. V7Y 1G1

SUMMARY OF PROSPECTUS

The following is a summary of the principal features of this Offering. More detailed information is contained in the body of the Prospectus:

The Offering:	500,000 common shares at a price of $0.35 per share through the facilities of the Vancouver Stock Exchange, pursuant to the Issuer's conditional listing on that Exchange. The Agent will receive a commission of $0.05 per share and a warrant to purchase 125,000 shares at $0.40 per share.
The Properties:	The Issuer is the holder of an option to purchase a 100% interest in and to 14 mineral claims encompassing 80 mineral units and owns 1 mineral claim encompassing 15 minerals units in the Omineca Mining Division, British Columbia (the "Hagas Property").
Use of Proceeds:	To complete Phase I of an exploration program recommended on the said Hagas Property located in the Omineca Mining Division, in the Province of British Columbia, in accordance with the recommendations received from the Issuer's consulting engineers.
Dilution:	The issue price to the public exceeds the net tangible book value per common share calculated as at October 31, 1988, after giving effect to the Offering by $0.16 or 54.29%.
Management:	Wilfred Peter Stokes - Chief Executive Officer, Chief Financial Officer, President and Director; Andrew MacGregor Robertson - Director Robert Letay Kemeny - Director Douglas Ivan Mills - Secretary/Treasurer
Risk Factors:	The shares offered hereunder are speculative. There is no market for the Issuer's shares. A purchase of the shares is subject to a number of risk factors, particulars of which are set forth under the heading "Risk Factors".
The Issuer:	The Issuer was incorporated on June 11, 1987. The Issuer is engaged in the business of acquiring, exploring and developing natural resource properties.

REPORT ON

GEOLOGY, GEOPHYSICS AND EXPLORATION POTENTIAL

HAGAS CLAIMS,
NEAR HOUSTON, OMINECA MINING DIVISION
BRITISH COLUMBIA

Latitude: 54°09'N **Longitude: 127°01'W**

N.T.S. 93-L-3E

for

PROGOLD RESOURCES LTD.
2690 - 666 Burrard Street
Vancouver, B.C.
(604) 682-8585

Vancouver, B.C.
28 September 1987

Chris J. Sampson, P.Eng.
Consulting Geologist

6. SUBSEQUENT EVENTS

The company proposes to issue 500,000 shares at $0.35 per share by way of prospectus, subject to regulatory approval. After commissions of $0.05 per share, the company expects to net $150,000.

TABLE OF CONTENTS

SUMMARY

Progold Resources Limited hold the 95 metric unit Hagas claim group situated 32 kilometres south of Houston, B.C. in the Omenica Mining Division.

The claim group is underlain by Lower Jurassic Hazelton group volcanics and Eocene Buck Creek volcanics which have been intruded by an Eocene alkaline Gabbro. The geology of the claim group thus closely resembles that on the nearby Equity Silver Mines property where silver-copper ore bodies have been mined since 1979. Pre-production reserves were quoted at 30.8 million tons, 3.4 oz/ton silver, 0.03 oz/ton Au.

A series of geochemical and geophysical surveys have been done on the Hagas property since 1970 in a search for an Equity Silver type ore body. Four short diamond drill holes have also been drilled. Silver, copper values were encountered in pyrite in one of the drill holes and further copper, silver values were located in a quartz stringer uncovered by trenching. Tetrahedrite bearing float is apparently present on the southwestern part of the claim group.

INTRODUCTION

On 24 September 1987 the writer accompanied Mr. John Robins of Cooke Geological on a visit to the Hagas Property. Cooke Geological have been doing a series of exploration programmes on the property. Work has consisted of running a NE-SW baseline and 100 metre spaced cross lines, geological mapping, induced polarization surveys and some trenching. During the course of the property examination the writer examined some of the limited amount of outcrop; the trenches recently excavated by Cooke Geological,
and the core from the 1973 and 1977 drilling.

This report is based on the observations made during the field visit and study of published and unpublished reports.

PROPERTY, LOCATION, TOPOGRAPHY & CLIMATE

The Hagas Property which Progold Resources hold under option is located within the Omineca Mining Division in the central interior of British Columbia, approximately 32 km (20 miles) southwest of Houston, B.C. Geodetic coordinates are 54°09' N and 127°01' W
N.T.S. 93-L-3E.

The property is easily accessible from Houston via the Morice River Road to Mile 26 (Km 41.6) and then via a good logging road for 3 kilometres. The Hagas Property is entered just beyond Frypan Lake. For much of the year a two wheel-drive vehicle can be used but during spring or winter, four wheel-drive may be necessary.

Topographically, the property consists of rounded hills and broad open valleys with one major flat swampy area in the centre of the claim group. Approximately 30% of the property has been logged off and the remainder is covered by moderate stands of mature spruce and fir. Relief is moderate and ranges from a low elevation of 830m (2700 feet) ASL on the northern edge of the claim group to a high point of 1160m (3800 feet) in the south-central part of the claims. Claim details are as follows:

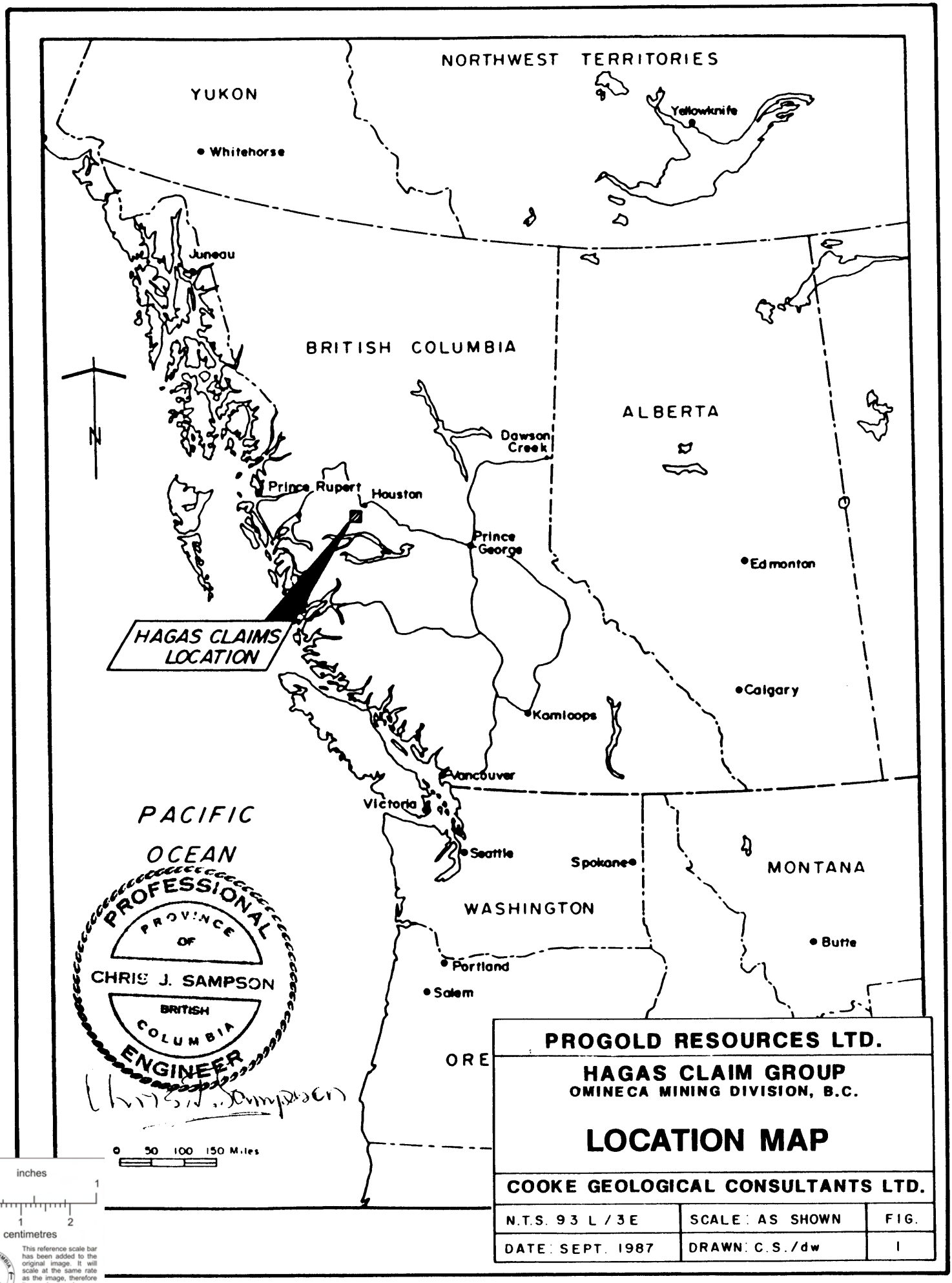
Claim Name	Units		Record Number	Record Date	Expiry Date
Hagas 1		1	108688	17 Apr 72	1989
Hag 2	(2Ex1S)	2	5548	13 Jul 83	1988
Hagas 3		1	108690	17 Apr 72	1989
Hagas 4		1	108691	17 Apr 72	1989
Hagas 5		1	108692	17 Apr 72	1989
Hagas 76	(2Ex2N)	4	507	22 Nov 76	1988
Hagas 77	(1Sx4S)	4	564	14 Apr 77	1989
Hagas 78	(6Sx3W)	18	7804	22 Aug 86	1988
Hagas 79	(1Nx3W)	3	1161	12 May 78	1989
Hagas 80	(2Ex4N)	8	1162	12 May 78	1988
Hagas 81FR		1	1163	12 May 78	1988
Hagas 85	(3Ex6S)	18	2073	19 Oct 79	1987
HEM	(4Ex3S)	12	826	26 Oct 77	1987
Frost	(3Nx2W)	6	6735	17 Oct 84	1988
Frost II	(3Nx5E)	15	8690	18 Aug 87	1988
		95 units			

HISTORY OF THE PROPERTY

The area of the central interior plateau around Smithers and Houston was the subject of extensive prophyry-copper and molybdenum searches during the 1960's. The large regional programmes carried out by major porphyry-copper producing companies, such as Anaconda and Kennecot, resulted in the discovery of several porphyry-copper-molybdenum deposits in the area south and southwest of Houston between Ootsa and Morice Lakes. It also resulted in discovery of a silver ore body near Sam Goosley Lake which was brought into production in 1979 as Equity Silver Mines.

Recognition of the size and grade of the Equity ore body in the early 1970's (pre-production reserves were quoted in 1979 at 30.8 M tons grading 3.4 oz/ton Ag, 0.03 oz/ton Au) lead to extensive exploration activity in the general areas south and west of Houston. Exploration was particularly intense in those areas where gabbroic stocks cutting the Jurassic Hazelton volcanics were present.

In 1970 Anaconda conducted regional geochemical surveys in the general area of the Hagas claims and located arsenic, zinc and mercury anomalies along the swamp in the center of the claim group.



PROGOLD RESOURCES LTD.

HAGAS CLAIM GROUP
OMINECA MINING DIVISION, B.C.

LOCATION MAP

COOKE GEOLOGICAL CONSULTANTS LTD.

N.T.S. 93 L / 3E	SCALE: AS SHOWN	FIG.
DATE: SEPT. 1987	DRAWN: C.S./dw	1

inches
0 1
0 1 2
centimetres

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

During 1971, Dr. B.N. Church of the B.C. Department of Mines mapped the area and described a 0.5 km diameter basic intrusive south of Morice River which is included in the Hagas claims. The stock was identified as being chemically similar to the Goosley basic intrusive.

In 1972, Perry, Knox, Kaufman & Associates optioned the ground from prospectors who had staked on the basis of Dr. Church's mapping. Field work by P.K.K. confirmed the earlier geochemical anomalies of arsenic-zinc, but mercury was not confirmed due to analytical difficulties. A Turam EM survey by Scintrex located a 1,000 metre strike length north-easterly trending, steeply dipping conductor.

In 1973, two 90m 60° dip diamond holes were drilled from locations on the east side of the swamp to test the conductor. The drilling failed to intersect conductive material.

By 1977, the Hagas property was held by Aquitaine Company of Canada Limited. They re-interpreted the 1973 Turam results and recognized that the conductive body probably dips to the north-west and thus the 1973 drill holes by Perry Knox Kaufman had been drilled in the wrong direction. Aquitaine relogged the core and found that Hole 73-1 had intersected a highly altered zone with 1-2% sulphides in fractured, fine grained tuffs.

In March 1977, Aquitaine commissioned a Max-Min II survey on 3, 100 metre spaced NW-SE lines, running across the area of the original Turam conductor. This survey located a moderately conductive anomaly striking north-easterly and dipping to the north-west.

In October, 1977 the Scintrex airborne HEM 801 system was flown across the property and Aquitaine also drilled the Turam conductor from the north-west. Hole 77-1 (154.6m) intersected both massive and fracture filling pyrite with an aggregate thickness of 8 metres over a 31 metre core length. Several sections of the pyrite were assayed. The most significant intersection being 99-101 feet which assayed 0.36 oz/ton Ag, trace Au, 0.17% As and 0.005% Cu. Hole 77-2 (154.2m) which was drilled on the eastern side of the property penetrated a conductor in overburden and encountered no mineralization. (See Figure 4B).

Aquitaine staked the HEM claim at this time to cover airborne geophysical anomalies south of the Hagas group. Kenting Surveys carried out a programme of Max-Min II geophysics on three lines, 1000SW, 1000NE and 00 over the HEM claims. Aquitaine subsequently dropped their option on the Hagas ground but in May 1978 they staked the Fry & Pan claims west and north of the Hagas to cover airborne geophysical conductors indicated by the HEM 801, October 1977 survey. They carried out programmes of soil geochemical sampling on these claims and in August 1978 Max-Min EM and magnetic surveys located a good deep seated conductor on the Fry claim.

In February 1979, Aquitaine drilled the Fry 79-1 (182.9m) hole, which encountered a 6 metre wide fault zone which is possibly the explanation for the geophysical conductor. The drill hole intersected a few pyritic stringers. A sample of galena assayed trace gold, 0.66 oz/ton Ag, 0.005% Cu.

In 1979, the claim group was optioned by the Catre-Ben Joint Venture.

In April 1980, this group commissioned an Aerodat airborne EM survey over the claim group which was interpreted by Excalibur International Consultants who highlighted six conductors. These appear to be on trend to the south-west of the 1973 Turam anomaly
and on the northern flank of the Gabbroic stock. In August 1980, Max-Min and magnetometer surveys were done on the property by Peter E. Walcott and Associates in order to evaluate the six conductors located by the airborne Aerodat EM survey. Walcott suggested that some of the conductors located by the airborne geophysics were due to conductive material in the glacial overburden. In addition, the Catre-Ben Joint Venture commissioned Holt Engineering to carry out programmes of geochemical sampling and reconnaissance geological mapping plus trenching during the summer of 1980.

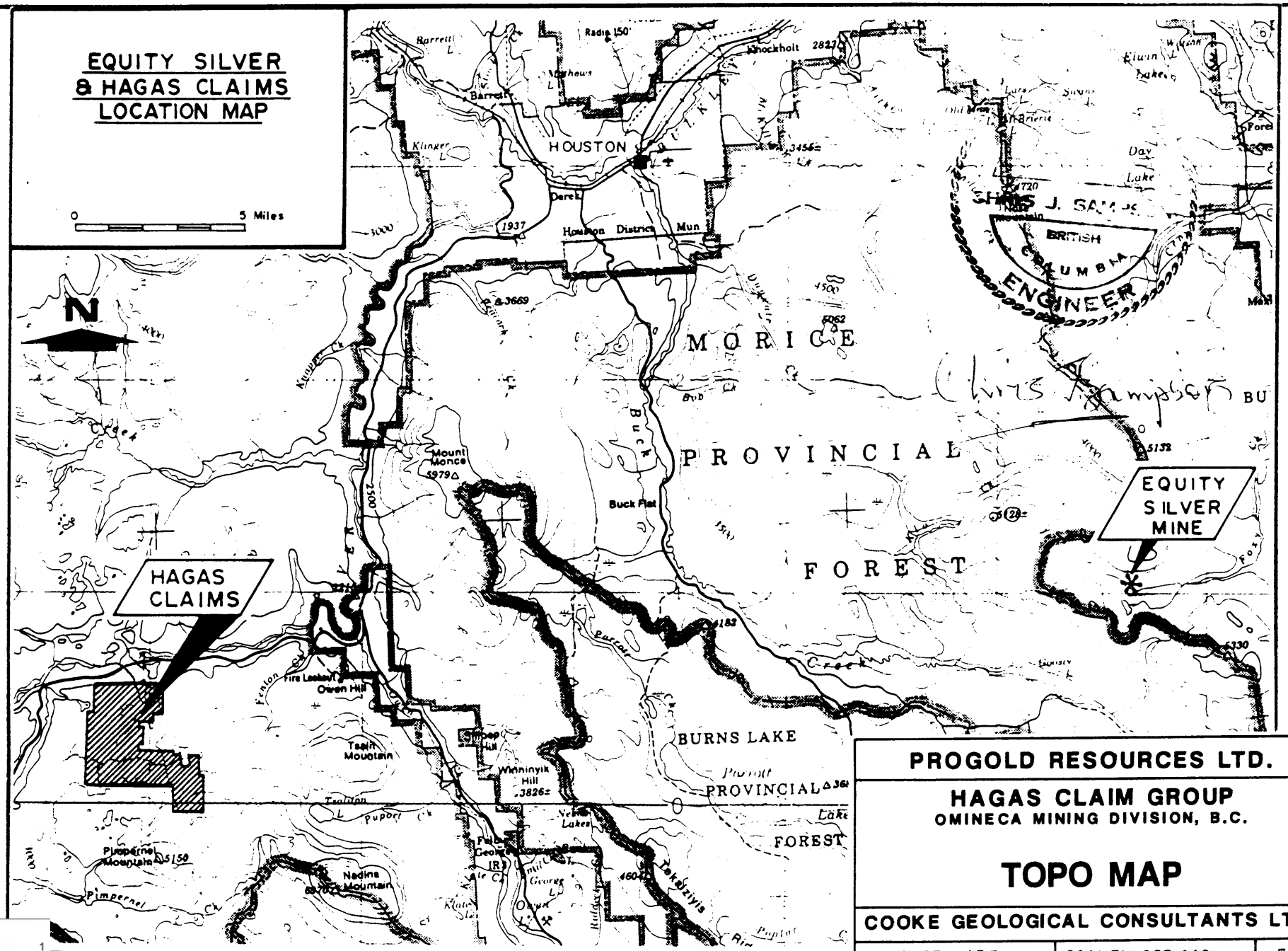
This programme located one quartz stringer in outcrop from which a sample assayed 2.03% Cu, 0.12 oz/ton Ag and 0.002 oz/ton Au. The trenches encountered strong chlorite, epidote alteration, but mineralization was generally rare to absent. Geochemical soil sampling located zinc and copper anomalies but other than the limited trenching programme the Catre-Ben Joint Venture did not follow up the programmes of geophysics and geochemistry.

In July 1983 part of the claim group was re-staked by Zastavnikovich as the Hag 2 claims. He conducted programmes of geochemical stream sediment sampling and sporadic outcrop rock chip sampling. These were analyzed for gold, silver, lead, zinc, arsenic and antimony.

By 1984, the property was controlled by Petrostone Resources who collected 167 heavy mineral soil samples, 144 regular geochemical soil samples and 20 rock samples. Their work apparently located coincident, multi-element geochemical anomalies in the B & C soil horizons and indicated good correlation of C horizon anomalies with known EM conductors and drill hole rock anomalies.

In January, 1985, M. Vulimiri summarized the history of exploration results on the property and recommended extensions of geochemical work, further airborne geophysics and diamond drilling. Also during that year, Zastavnikovich, on behalf of Petrostone Resources collected 20 further geochemical soil samples as follow up on gold anomalies located by previous surveys. Heavy mineral analysis of 47 core samples from drill hole 77-1 indicated that the intermediate volcanics in the upper part of the hole are highly enriched with respect to arsenic, mercury, zinc and maganese.

EQUITY SILVER & HAGAS CLAIMS LOCATION MAP



PROGOLD RESOURCES LTD.		
HAGAS CLAIM GROUP OMINECA MINING DIVISION, B.C.		
TOPO MAP		
COOKE GEOLOGICAL CONSULTANTS LTD.		
N.T.S. 93 L / 3E	SCALE: 1:253,440	FIG.
DATE: SEPT. 1987	DRAWN: C.S./dw	2

In June, 1986, Zastavnikovich carried out programmes of geochemical soil sampling on the Hag 2 claim.

In August, 1986, a further 120 soil samples were collected and analyzed by heavy mineral separation techniques. Anomalous values correlated well with known EM conductors and fault structures.

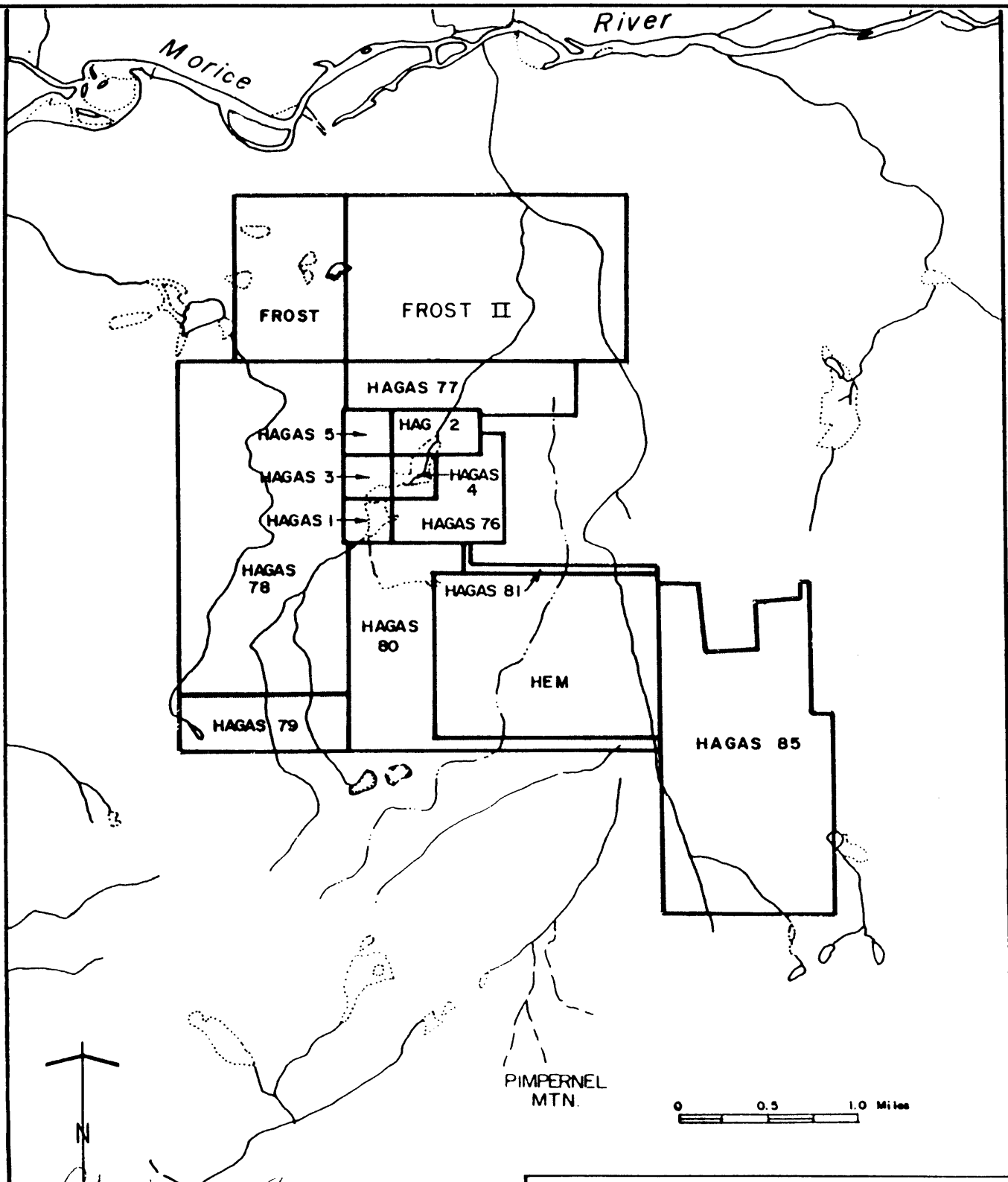
In summer 1987, Cooke Geological cut a north-east/south-west trending baseline across the central part of the Hagas claim group and ran NW/SE 100 metre spaced lines. Pacific Geophysical carried out an Induced Polarization survey across this grid. In addition, a programme of backhoe trenching was done partly on previously located geochemical targets and also on those areas where previous prospecting had indicated presence of mineralization, such as the quartz stringer originally sampled by Holt Engineering.

REGIONAL GEOLOGY

The Smithers-Houston area of central B.C. is situated in the central interior plateau, physiographic division of the Cordillera. The region consists predominantly of rolling country, showing gentle to moderate relief with low rounded hills interspersed by flat bottomed valleys which are generally filled with variable thicknesses of glacial debris. Outcrop is generally scarce and can be misleading as the softer, more recessive units are sometimes completely unrepresented in outcrop.

The geology of the area is shown on Geological Survey of Canada Map 971A (Smithers-Ft. St. James) and Geological Survey Open File, Smithers, B.C. 351. The geology of the area immediately east of the Hagas claims which contains the Equity Silver and the Silver Queen deposits near Owen Lake is shown on the B.C.D.M. Preliminary Map No. 11 by B.N. Church, May 1973. The oldest rocks in the region forming what may be referred as the basement belong to the Lower to Middle Jurassic Hazelton group which in turn is subdivided into the Sinemurian and lower Pliensbachian Telkwa formation which consists of variagated red, maroon, grey-green breccias, tuffs and flows of basaltic to andesitic composition. This in turn is overlain by middle Toarcian Nilkitkwa formation which consists mostly of red to brick red fine grained tuffs and breccias. This is in turn overlain by the upper Nilkitkwa formation consisting of dark grey shale and andesitic to rhyolitic tuff and minor greywacke and these are in turn overlain by the upper part of the Hazelton group which is the Smithers formation of lower Bajocian to lower Callovian age and consists of grey-brown to greenish grey or grey greywackes, sandstone, siltstone, shale, tuff, glauconitic sandstone and minor conglomerate. The Hazelton has been extensively faulted. The major block faults strike NW-SE.

The Hazelton group which is mostly volcanic is considered to be of middle to lower Jurassic age and is in turn overlain by the Middle and Upper Jurassic mostly sedimentary Bowser Lake group, by the volcanic and sedimentary lower Cretaceous Skeena group and the later Tertiary volcanic Endako and Ootsa Lake groups.



Chris J. Sampson

PROFESSIONAL ENGINEER
PROVINCE OF BRITISH COLUMBIA
CHRIS J. SAMPSON

inches
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centimetres

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PROGOLD RESOURCES LTD.

HAGAS CLAIM GROUP
OMINECA MINING DIVISION, B.C.

CLAIM MAP

COOKE GEOLOGICAL CONSULTANTS LTD.

N.T.S. 93 L/3E	SCALE: 1:50,000 approx.	FIG.
DATE: SEPT. 1987	DRAWN: C.S./dw	3

Uncomformably overlying the Hazelton group volcanics are a series of brown weathering aphanitic hornblende andesites of the Buck Creek Ocene volcanic group. These outcrop in the eastern and souther parts of the property and form conspicuous rounded knolls emerging from the generally flat lying landscape.

In the north-eastern part of the Hagas 78 claim a small gabbroic stock intrudes the Hazelton volcanics. It is composed of green coarse grained gabbro with well developed platioclase laths and poikilitic augite. Several small dykes of very fine grained diorite cut through the property. These generally strike in an NW-SE direction. The gabbro intrusive is believed to be of Eocene age and of similar composition to that occurring at the Equity Silver Mine property.

ECONOMIC MINERALIZATION

Due to the sparse distribution of outcrop economic mineralization has generally been rarely encountered. The pyritic units in Aquitaine`s 77-1 drill hole did contain low values in silver, copper and arsenic. Assay values taken from Salats report are as follows:

TABLE

SAMPLE NO.	OZ/TON AU	OZ/TON AG	% Cu	% Pb	% Zn	% As
Hagas 41-48	Trace	.24	.01	Nil	.01	.09
Hagas 74-74.5	Trace	.24	.005	.02	.02	.06
Hagas 76	Trace	.14	.005	.04	.01	.05
Hagas 78-78.5	Trace	.28	.005	.02	.02	.18
Hagas 79.5	Trace	.04	.005	.02	.01	.03
Hagas 99-101	Trace	.36	.005	.02	.01	.17
Hagas 107-111	Trace	.34	.005	.02	.02	.74
Hagas 114-117	Trace	.10	NIL	.04	.04	.09
Hagas 136.5 - 137.8	Trace	.10	.02	.02	.04	.69
Hagas 142-143	Trace	Trace	.005	.02	.02	.51

Unfortunately in outcrop the Tertiary volcanics can be easily confused with some of the Jurassic units making field mapping difficult. The early Jurassic Topley intrusions cut the lower part of the Hazelton group and a variety of intermediate to acidic plutons of late Cretaceous to Eocene age intrude most older units throughout the area.

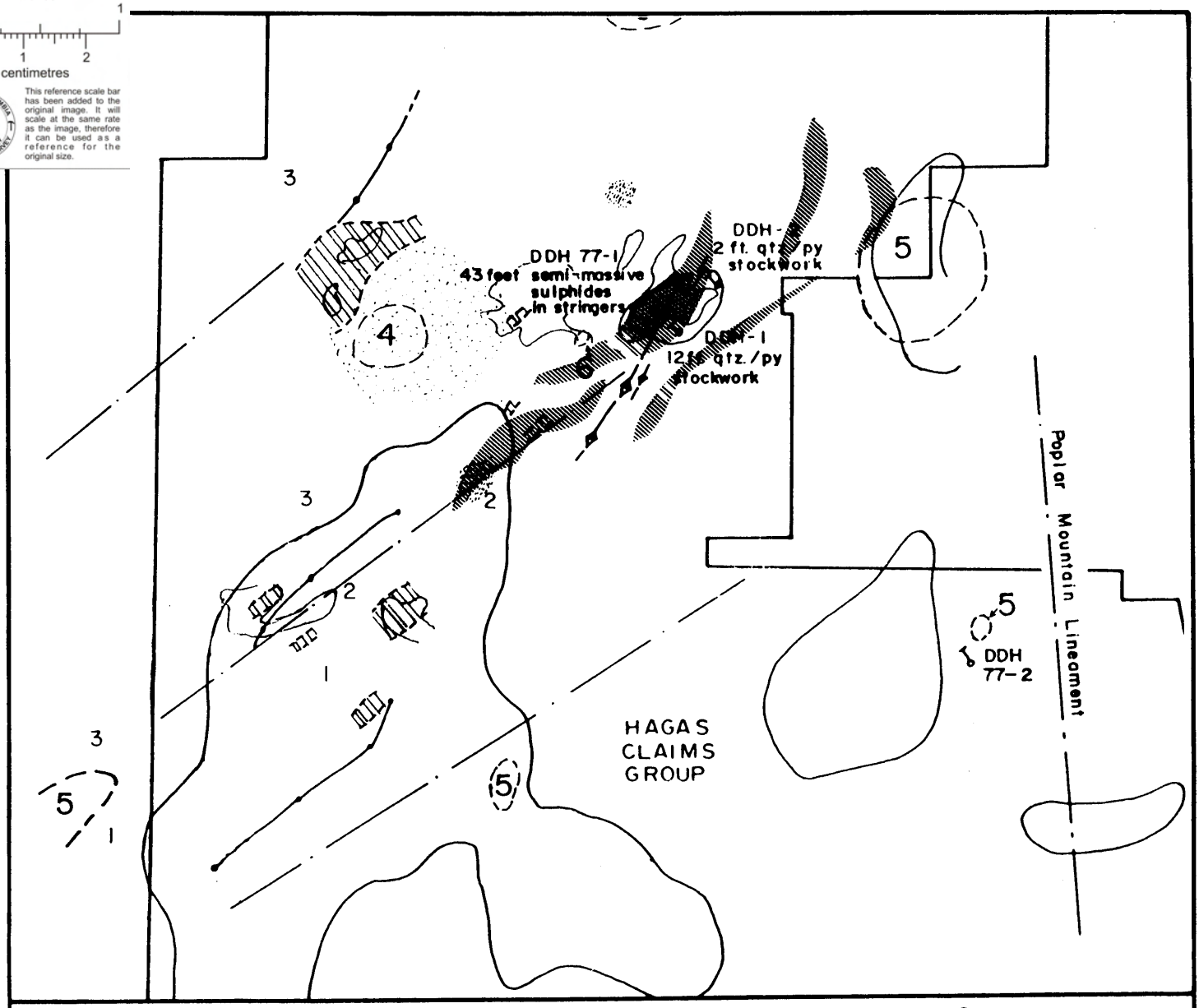
Structurally, the area is dominated by a multitude of steep normal faults. Few contacts between map units are unfaulted and these are mainly intrusive or contacts between younger map units. Folding is common only in a few sedimentary units and is spacially and genetically related to the Eocene thrust faults.

In the Goosley Lake area, shown on Church's BCDM Preliminary Map 11, a series of lower Jurassic acid to intermediate lavas and pyroclastics is overlain unconformably by flat lying Eocene volcanic rocks of the Goosley Lake and Buck Creek formations. The Goosley Lake volcanics consist mainly of biotite-pyroxene-plagioclase trachy andesite lavas and thick sills or flows. The Buck Creek volcanics are predominantly flows, mostly aphanitic andesites some dacites and basalts. The assemblage has been intruded by syeno-monzonite alkalic gabbro stocks referred to as the Parrott Lake and Goosley Lake intrusions. These are of Eocene age and are probably coeval with the volcanics.

PROPERTY GEOLOGY

Rock outcrop is generally scarce in the central and northern part of the property but is more abundant at higher elevations to the south and west. Mostly overburden consists of dense glacial till containing up to 15% rounded boulders. Although the till is extensive, it is often shallow because in many cases logging road construction has exposed bedrock. The oldest rocks exposed on the property are the lower Jurassic Hazelton group which underlies most of the central and northern part of the property and is mostly volcanics. H. Salat of Aquitaine divided them into two successive volcanic assemblages. At the base, a series of green andesite breccias and pyroclastics, outcrop over the entire southwestern corner of the claim group and these show a strong pervasive epidotization associated with chlorite, calcite and quartz. Salat interpreted this as regional metamorphic alteration. The top of this unit is marked by dark green fragmental volcanic rocks interlayered with red brown argillite containing green flattened fragments, similar to volcanic material seen in the underlying flows.

Overlying this predominantly dark green volcanic breccia and pyroclastic assemblage are a series of bedded maroon and brown andesitic flows, lapilli tuffs and andesitic pyroclastics which outcrop in nearly horizontal horizons in the northern part of the property. These units also show the same epidote alteration. Aquitaine interpreted these units as sub-aerially deposited and thin sections and other studies identified tephra, welded tuffs, hematized flow tops and numerous Vesicles, etc. The underlying unit was interpreted as of a more subaqueous depositional nature.



6 Rhyolite Flow
5 Buck Creek Volcanics
4 Gabbroic Stock

HAZELTON GROUP
3 Coarse pyroclastics
2 Altered andesite and dacite flows
1 Maroon pyroclastics and andesites

Alteration Zone: rusty qtz.-carbonate-ankerite, minor malachite

Epidote Alteration

Anomalous PP Zone (Cooke, 1987)

Airborne Geophysical Conductor

Ground Turam Anomaly

Airborne Magnetometer >58 000 gammas

Multi-Element Soil/Heavy Mineral Anomaly

Zn. Anomalies

Inferred Geological Contact

Diamond Drill Hole

Airphoto Linear

Property Boundary

0 500 1000 metres

PROFESSIONAL ENGINEER
PROVINCE OF BRITISH COLUMBIA
CHRIS J. SAMPSON

PROGOLD RESOURCES LTD.

HAGAS CLAIM GROUP
OMINECA MINING DIVISION, B.C.

PROPERTY GEOLOGY

COOKE GEOLOGICAL CONSULTANTS LTD.

N.T.S. 93 L / 3E	SCALE: 1:28,393 approx.	FIG.
DATE: SEPT. 1987	DRAWN: C.S./dw	4a

Detailed mapping by Holt on behalf of Catre-Ben Joint Venture did encounter one minor occurrence of disseminated chalcopyrite and native copper in a quartz stringer in an andesitic flow at 32+50N, 22+20E on the Catre-Ben grid (shown in Figure 4B). Samples from the mineralized quartz stringer assayed:

	% Cu	Oz/Au	Oz/Ag
Sample 2404	1.98	0.002	0.09
Sample 2322	2.03	0.002	0.12

The stringer is up to 20 cms wide, strikes approximately east/west, dips 75°S and was exposed over a strike length of approximately 6 metres. The surrounding andesitic flow material shows strong epidote alteration.

Catre-Ben excavated 11 bulldozer trenches around the showing, 4 of which encountered bedrock. This consisted of grey-green andesitic flow showing strong epdotization and minor calcite and hematite similar to that seen in the discovery outcrop but with no associated mineralization.

Vulimiri (1985) mentions presence of sulphide mineralization in float in the south-western part of the claim group. These he identified as chalcopyrite and sphalerite occurring as disseminations and stringers in andesitic flow material and tetrahedrite stringers occurring as veinlets within breccias in fine grained tuff. These occurrences remain as yet undocumented.

GEOPHYSICAL SURVEYS

During January, February 1973 Perry Knox Kaufman commissioned Scintrex Limited to carry out a programme of Turam EM surveys over what is now held as the Hagas 3, 4 & 5 and Hag 2 claims. A north-west/south-east trending 400 ft. spaced line grid, was run over the area of the large swamp and the Turam survey located in areas where Perry Knox Kaufman had earlier located VLF EM conductors and geochemical soil anomalies which in turn had probably been indicated by earlier surveys by Anaconda. Although the Turam survey covered only 2.4 line miles, it did locate several anomalous electromagnetic responses which likely reflect moderately conducting, steeply dipping bedrock conductors. Scintrex recommended drilling two diamond drill holes to test the conductive bodies.

In March 1977, an Aquitaine geophysical crew carried out an Electromagnetic survey using a Max-Min II instrument over the area located by the original Scintrex Turam survey. Magnetometer surveys were also run. The Acquitaine crew ran three 100m only spaced NW-SE lines across the area of the Turam conductor. They had

concluded "there was a good chance the previous owner of this property had drilled the anomaly from the wrong side. The effects of conductive overburden often makes conductors appear more vertical than they really are. Horizontal loop electromagnetic surveys generally give a good indication of dip", but as a result of the survey, they concluded "interpretation of the dip is not as easy as was hoped. There are conflicting indications of dip. However, all the evidence on hand is slightly in favour of a west dip". And in conclusion "this anomaly has now been studied with two geophysical methods both capable of good depth penetration. Both surveys have indicated an anomaly of moderate conductivity which is yet to be explained by drilling. The next drill hole should be drilled from the west side of line 2N to intersect the anomaly 50 metres below the surface".

During September, October 1977 Aquitaine commissioned a Scintrex HEM 801 airborne electromagnetic and magnetometer survey over the claim group. As a result of the airborne survey, Aquitaine staked the HEM claims to the southeast of the Hagas group and carried out a programme of Max-Min on three 1000 metre spaced NW-SE trending lines across the present Hagas 78,79,80 and HEM claims. The survey located several anomalies. One conductor on the extreme eastern side of the property was tested by drill hole 77-2. The conductor was found to be located in overburden.

As a result of the airborne EM survey, Aquitaine had staked the Pan claims on the west side of the present Hagas 78 claim and Fry claim over what is now covered by Frost & Frost 2 claims. They conducted programmes of Max-Min, EM, magnetometer and geochemical soil sampling of these two claim groups and located a good deep seated conductor on the Fry claim. This was subsequently drilled in February 1979 by a BQ size hole 183m (600 ft.) which intersected predominantly volcanic tuffs, rhyolite and andesite with some stringers of pyrite and iron-manganese oxides. The hole did encounter a 6 metre thick fault zone which is the probable
explanation of the geophysical conductor. At 165.8m (544 ft.) specks of galena were noted. The various pyritic sections were split and assayed. These carried silver, copper and lead values:

SAMPLE NO.	OZ/TON AU	OZ/TON AG	% Cu	% Pb	% Zn
Fry 79-1 42 - 44 ft.	Trace	.38	.01	.06	.03
51 - 54 ft.	Trace	.18	.005	.02	.01
239.5 - 240 ft.	Trace	.44	.05	.02	.02
249 - 250 ft.	Trace	.42	.005	.02	.01
273 - 274 ft.	Trace	.66	.005	.04	.02
544 ft.	Trace	.28	.005	.04	.01

In April 1980, as part of a regional airborne EM survey using the Aerodat helicopter mounted system, Equity Mines overflew the Hagas claim group. The airborne results were interpreted by John Bonniwell of Excalibur International Consultants. He highlighted six anomalies which trend NE-SW across the Hagas 78 claims (see Figure 4B). He particularly recommended anomaly 10A for ground follow up.

In August 1980 Peter E. Walcott & Associates carried out 42 kms of Max-Min and magnetometer surveys over the anomalies which had been located by the Aerodat survey. He concluded "Results of the EM work on the grid were very disappointing." The anomalous responses obtained, although numerous in quantity were poor in quality.... All of the anomalies obtained generally strike across the grid lines and are of poor conductivity... They are in the writer's opinion due to conductive material within the glacial cover or to material of glacial origin."

In summer 1987, Cooke Geological contracted Pacific Geophysical Ltd. to carry out an I.P. and Resistivity Survey over an area 750 x 2400m (Figure 4B). The following description was supplied by Paul Cartwright of Pacific Geophysical Ltd.

"I.P. effects are recorded as Percent Frequency Effects (P.F.E.) using frequencies of 4.0 and 0.25 hertz while apparent resistivity values are calculated in units of ohm-meters, at the 4.0 hertz frequency. A Phoenix Model IPV-1 receiver unit together with a Phoenix Model IPT-1 transmitter and a Phoenix Model M6-2 motor-generator were used to make the measurements. Dipole-dipole array was employed exclusively, using a basic interelectrode distance of 50 meters. Line 3100N was also evaluated utilizing 100 meter, 75 meter, and 25 meter interelectrode spacing, in addition to the 50 meter coverage. Four separations are recorded in all cases.

Field work commenced on August 14, 1987 and was completed on September 8, 1987.

Five zones of anaomalous I.P. effects are interpreted in the data, and are illustrated on Figure 5, and Figure 6, plan maps of the contoured N=1 I.P. effects and resistivity values respectively. The I.P. anomalies shown are, however, derived using all available data, that is, N=1 through N=4.

I.P. Zone 1 has been drilled previously, (Hole 77-1) with encouraging intersections of massive to semi-massive mineralization being reported in at least two holes. Therefore, it is recommended that additional drilling be carried out to test the source of I.P. Zone 1 along strike from the area of earlier drilling. A first priority diamond drill hole located on Line 3400N so as to pass approximately 50 metres beneath Station 875E is recommended to better evaluate the northern part of the zone. The southwestern extent of Zone 1 could best be tested by a second priority diamond drill hole collared in the vicinity of Line 2500E, Station 925E, and drilled -45° northwest for a distance of 125 metres.

Diamond drilling should also be considered to test the source of I.P. Zone 2, with a hole collared near Line 2500N, Station 1050E, and drilled at -45° northwest for a distance of approximately 125 metres, on a second priority basis.

The southwestern end of I.P. Zone 2 should also be drilled as a third priority target, by a drill hole situated so as to pass approximately 50 metres beneath Line 1900N, Station 910E.

Drill testing of I.P. Zones 3, 4 & 5 should await the results of drilling carried out to evaluate the causative sources of I.P. Zone 1, and I.P. Zone 2."

GEOCHEMICAL SAMPLING RESULTS

As a result of geochemical surveys Anaconda located arsenic, zinc and mercury geochemical soil anomalies along the swamp across the central part of the Hagas claim. In 1972, Perry Knox Kaufman reconfirmed arsenic and zinc geochemical anomalies. Although Aquitaine did not carry out programmes of geochemical soil sampling over the Hagas claim group itself, they did collect B horizon soil samples from the Pan & Fry claims. These were analyzed for copper, lead, zinc and silver. Probably due to thick glacial overburden no significant anomalies were detected by this work.

In the summer of 1980 the Catre-Ben Joint Venture collected 387 B horizon soil samples at 100 metre intervals across their survey grid. These were analyzed for copper, lead and zinc. They detected one weak zinc anomaly but copper values were generally too scattered to indicate anomalies.

In 1984 on behalf of Petrostone Resources, Zastavnikovich collected 167 heavy mineral separated soil samples and another 144 soil samples which were analyzed for copper, silver, lead, zinc, cadmium, arsenic, antimony, mercury, barium and gold. It was concluded that good correlations were obtained from heavy mineral samples from the C horizon with the known EM conductors. Some coincident multi-element anomalies were detected in both B and C horizons. Subsequent geochemical surveys by Petrostone in 1985 and 1986 concentrated on following up gold anomalies which had been located by the 1984 work. In particular 1986 surveys collected 120, 2 kgs soil samples of the B & C horizons. The -40 to +80 mesh and the -80 mesh sizes from the large soil samples were processed by heavy liquid separation at Min-En Laboratories, North Vancouver. Both of the heavy mineral fractions as well as the standard -80 mesh fractions were analyzed for 31 trace and minor elements by I.C.P. plus mercury, total barium and geochemical fire gold. The I.C.P. multi-element analytical results indicated a high degree of correlation among all three size fractions at clearly anomalous sites but less uniformity at sites with subtle element

enrichment. It was concluded that the total -80 mesh fraction is adequate for I.C.P. trace element analyses but prior to geochemical analyses for gold, preconcentration methods such as heavy mineral separation are warranted. It was felt that there was good correlation between the I.C.P. analyzed trace elements and gold analysis in heavy minerals with the known EM conductors and fault structures on the property, indicating that comprehensive soil sampling surveys are a valid exploration method in the claim area.

TRENCHING RESULTS

During August 1987, Cooke Geological Consultants Ltd. excavated 7 trenches on the Hagas claims (Figure 4B). These were sited on geochemical anomalies and other targets from previous work programmes. Trenches 1 and 7 exposed bedrock 5m chip samples were collected from Trench 1 along a pronounced alteration zone. Analytical results are shown in Appendix A. Some elevated arsenic values were encountered.

Trench 7 was excavated on the site of an old trench by Catre-Ben Joint Venture where sampling of a 20cm wide quartz stringer in altered volcanics containing epidote, calcite and hematite, had assayed 1.98% Cu, 0.002 oz/ton Au, 0.09 oz/ton Ag, and 2.03% Cu, 0.002 oz/ton Au, and 0.12 oz/ton Ag.

Two grab samples taken by Cooke Geological from Trench 7 showed strong copper values at 7461 ppm and 2143 ppm. 10m chip samples along the alteration zone showed only moderate copper and silver values.

CONCLUSIONS

1. The Hagas claims are underlain by a series of Jurassic Hazelton volcanics, overlain by Eocene Buck Creek volcanics which have been intruded by an Eocene alkaline gabbro. Thus, the geology of the claim group closely resembles that at Equity Silver which has produced silver, copper and gold since 1979 when pre-production reserves were 30.8m tons grading 3.4 oz/ton Ag and 0.03 oz/ton Au.

2. Geophysical surveys over the property during the past 20 years have indicated Turam conductors, airborne E.M. conductors and recently I.P. conductivity highs and resistivity lows - all trending approximately NE/SW across the swampy area in the middle of the claim group.

3. Two short diamond holes by Perry, Knox, Kaufman in 1973 to test the Turam conductor were drilled in the wrong direction. Hole 77-1 by Aquitaine was apparently drilled in the correct direction and intersected pyritic zones comprising some 8m of 31m core length. Assays of this material ran up to 0.36 oz/ton Ag and 0.18% As. Thus the Turam and I.P. targets have been tested by only 1 drill which did encounter mineralization.

4. Trenching by Catre-Ben Joint Venture in 1980 exposed a 20cm quartz stringer in altered andesites which assayed as high as 2.03% Cu, 0.12 oz/ton Ag and 0.002 oz/ton Au. Further trenching of this zone by Cooke Geological in 1987 also located high copper values.

5. Due to depths of overburden further trenching is of limited usefulness - especially in the swampy area where most of the geophysical targets are situated.

RECOMMENDATIONS

In order to test geochemical values in the basal till and top few metres of bedrock in the area of the I.P. and Turam targets a programme of rotary drilling using a track mounted drill is recommended.

Fences of 50m spaced vertical holes, which should not exceed 30m (150 ft. approx.) in depth should be drilled along the 1987 grid lines across the I.P. targets as shown on Figures 5 and 6. The fences can be spaced at 200m (i.e. on alternate lines). The basal till and upper bedrock would be sampled at 2m intervals. These samples would be analyzed by geochemical methods for arsenic, antimony, silver, lead, copper and zinc.

Should this Phase I programme successfully locate mineralization in bedrock, a Phase II programme consisting of diamond drilling is recommended.

COST ESTIMATES

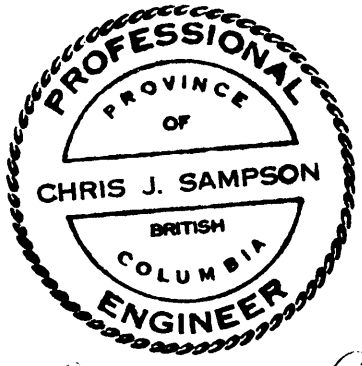
PHASE I: ROTARY DRILLING

Contract drilling:	60 holes averaging 150 ft. (30m) i.e. 2750m (9000 ft.) at $33m ($10 ft.)	$ 90,000
Analyses:	600 samples at $15 each	9,000
Assays:	200 at $15 each	3,000
Geologist and assistant:	50 days at $300/day	15,000
Food and Accomodation:	50 days at $100/day	5,000
Truck Rental		2,000

Freight, Field Supplies etc...	2,000
Report Preparation	4,000
TOTAL	$130,000

PHASE II: DIAMOND DRILLING (Contingent Upon Success in Phase I)

2200 m (7200 feet) approximately 20 holes of NQ size diamond drilling @ $75m ($22.85 foot)	$165,000
Analyses and assays (500 samples)	10,000
Field Supervision: Geologist and Assistant (40 days @ $300/day)	12,000
Truck Rentals, Freight, Field Supplies Accomodation	8,000
Report Preparation, etc...	5,000
TOTAL	$200,000



Chris J. Sampson

Vancouver, B.C.
28 September 1987

Chris J. Sampson, P.Eng.
Consulting Geologist

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	Geochemical Assessment Report Heavy Minerals in Drill Core and Soils: Hagas group (B.C.D.M. MMAR 14060)	Oct 1985
	Geochemical Assessment Report on Has 2 claim	Oct 1986

CERTIFICATE

I, Christopher J. Sampson, of 2696 West 11th Avenue, Vancouver, British Columbia, V6K 2L6, hereby certify that:

1. I am a graduate (1966) of the Royal School of Mines, London University, England with a Bachelor of Science degree (Honours) in Economic Geology.

2. I have practiced my profession of mining exploration for the past 21 years in Canada, Europe, United States and Central America. For the past 11 years I have been based in British Columbia.

3. I am a consulting geologist. I am a registered member in good standing of the Association of Professional Engineers of British Columbia.

4. I have not written any other reports on the Hagas claims nor on any other properties within 10kms of those claims.

5. The present report is based on knowledge gained from a visit to the property in September 1987, study of published and unpublished reports.

6. I have not received, nor do I expect to receive, any interest, direct or indirect, in the properties or securities of Progold Resources Ltd. or in those of its associated companies.

7. Progold Resources Ltd., and its affiliates are hereby authorized to use this report in, or in conjunction with, any prospectus or statement of material facts.

8. I have no interest in any other property or company holding property within 10 kilometres of the Hagas group of claims.

Chris J. Sampson

Vancouver, B.C.
28 September 1987

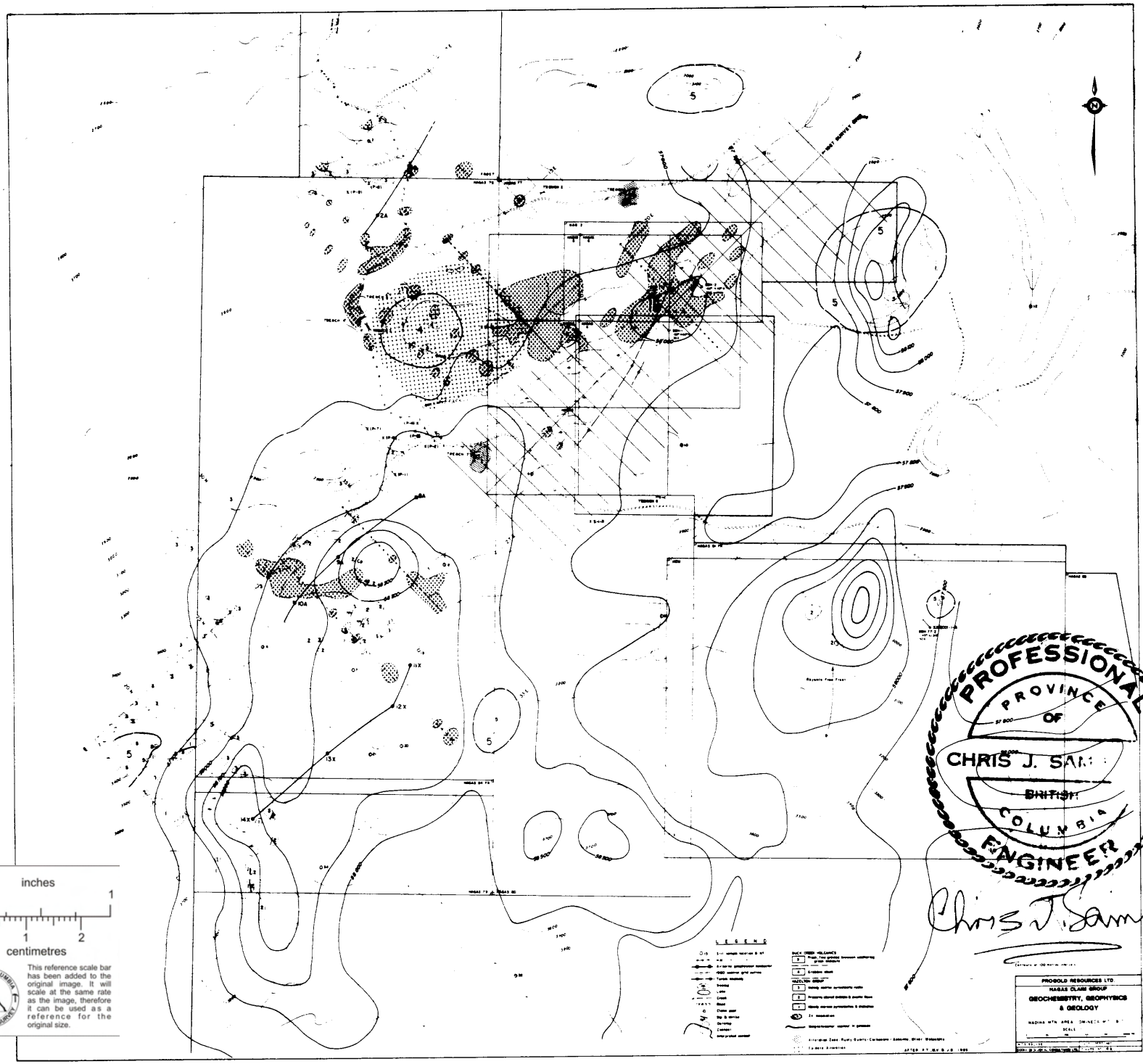
Christopher J. Sampson, P.Eng
Consulting Geologist

APPENDIX A.

ANALYTICAL RESULTS:

SAMPLES FROM TRENCHES AND

DRILL HOLE 73



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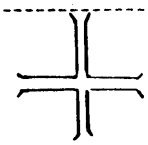
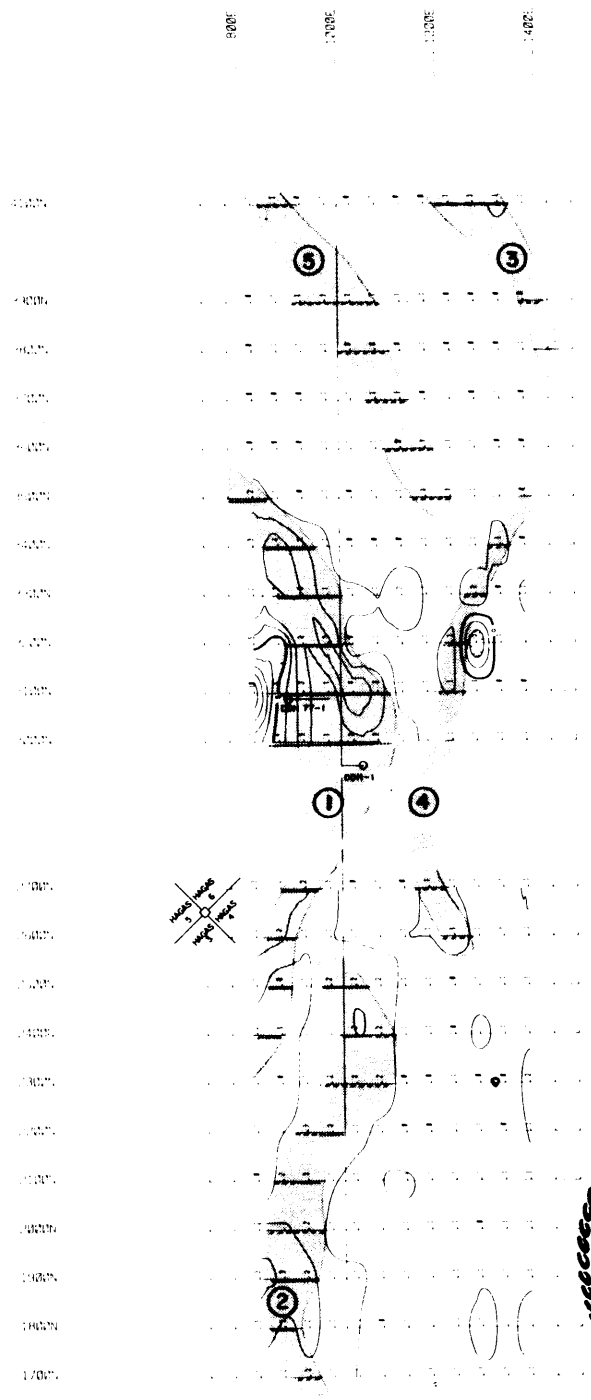
COMPANY: COOKE GEOLOGICAL CONSULTANTS — MIN-EN LABS ICP REPORT — (ACT:F31) PAGE 1 OF 1

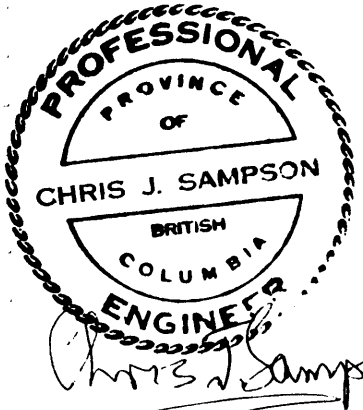
PROJECT NO: PG87MF — 705 WEST 15TH ST., NORTH VANCOUVER, B.C. V7M 1T2 — FILE NO: 7-1170

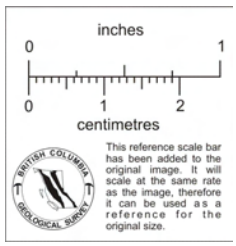
ATTENTION: B.COOKE — (604)980-5814 OR (604)988-4524 * TYPE ROCK GEOCHEM * — DATE:AUGUST 27, 1987

(VALUES IN PPM)	AG	AS	CU	PB	SB	ZN	AU-PPB	
JRHP-5A	1.2	877	105	65	55	733	4	TRENCH 1 5M CHIP
JRHP-5B	1.2	147	16	42	21	240	7	TRENCH 1 5M CHIP
JRHP-5C	1.1	2	51	37	18	919	4	TRENCH 1 5M CHIP
JRHP-5D	1.0	10	17	41	10	364	2	TRENCH 1 5M CHIP
JRHP-9	2.2	4	7461	27	6	144	5	TRENCH 7 GRAB MALACHITE, RUSTY PURPLE VOLCANICS
JRHP-9A	1.3	26	228	11	6	178	5	TRENCH 7 GRAB ANKERITE MALACHITE RUSTY PURPLE VOLCANICS
JRHP-9B	.8	39	523	19	1	85	6	TRENCH 7 10M CHIP
JRHP-15	1.9	14	2143	6	2	9	8	10CM QUARTZ VEIN MALACHITE + EPIDOTE
DH73-1-175-177	.7	557	44	13	11	210	3	DH73-1 175'-177' ALTERED VOLCANICS DISSEMINATED SULPHIDES
DH73-1-206-208	.9	21	11	16	1	229	7	DH 73-1 206'-208'
DH73-1-243-248	.5	705	13	12	15	21	2	DH 73-1 243'-248
DH73-1-248-253	.5	859	38	11	30	48	1	DH 73-1 248'-253'
DH73-1-253-256	.5	289	55	10	9	55	5	DH 73-1 253-256'
DH73-1-268-268.5	1.0	690	48	28	16	400	2	DH 73-1 268'-268.5'
DH73-1-275-276	.8	178	531	37	49	213	2	DH 73-1 275'-276'
DH73-1-303	1.0	11	49	59	3	241	3	DH 73-1 303' END OF HOLE









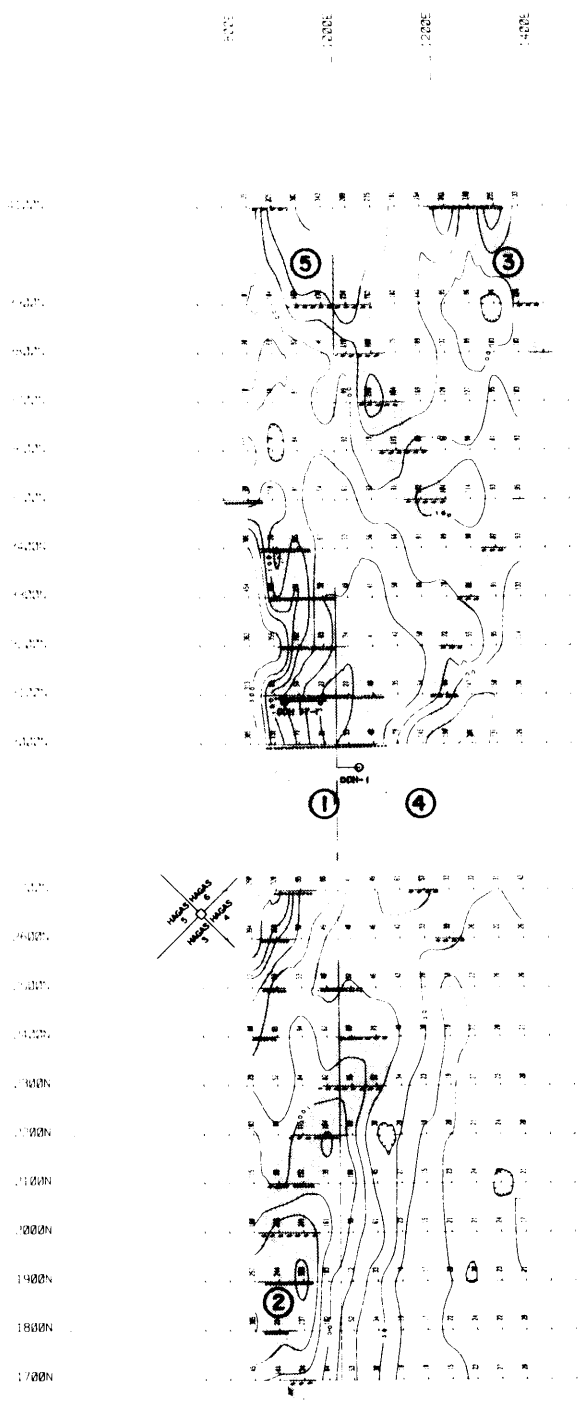
COOKE GEOLOGICAL CONSULTANTS

INDUCED POLARIZATION SURVEY

PROJECT: HAGAS PROPERTY PROJECT # : PG87HP
BASELINE AZIMUTH : 45 Deg.

DATE : 9/16/87
SURVEY BY : K.C./N.N.M. NTS : 93L/3
FILE: HPVA1C00
Pacific Geophysical Ltd.

Fig.5



PROFESSIONAL ENGINEER
PROVINCE OF BRITISH COLUMBIA
CHRIS J. SAMPSON

Chris J. Sampson

inches
0 1
0 1 2
centimetres

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

HAGAS CLASS : Definite ——
Probable - - - -
Possible · · · ·

Outline Of Anomalous IP Zone

Contour Interval : 1, 2, 3, 5, 7, 10, 15 ohm-m's
( ) pass through a 9 pt. Hanning Filter)
( ) pass through a 3 pt. Hanning Filter

Dipole-Dipole Array X=50m N=1

COOKE GEOLOGICAL CONSULTANTS

RESISTIVITY SURVEY

(FILTERED CONTOUR PRESENTATION)

PROJECT: HAGAS PROPERTY PROJECT # : PG87HP
BASELINE AZIMUTH : 45 Deg.

DATE : 9/16/87
SURVEY BY : K.C./M.H.M. NTS : 93L/3
FILE: HPV18C00
Pacific Geophysical Ltd.

Fig. 6

SAMPSON ENGINEERING INC.

2696 West Eleventh Avenue
Vancouver, British Columbia, Canada
V6K 2L6
(604) 734-7837

10 November 1988

Progold Resources Ltd.
600 - 1281 W. Georgia St.
Vancouver, B. C.
V6E 3J7

Attn: Mr. Peter Stokes (Tel. 681-4100)

Dear Sirs:

With reference to the following report:

> «Geology, Geophysics and Exploration Potential - Hagas Claims, near Houston, Omineca Mining Division, British Columbia, 28 September 1987»

which was authored and approved by me as a registered Professional Engineer in the province of British Columbia, there has been no change in the status of the property since 28 September 1987. Exploration and other costs have not changed since that time and therefore the report can be regarded as quite current.

Yours very truly,

Chris J. Sampson

Chris J. Sampson, P.Eng.
Consulting Geologist

CJS/np

PROFESSIONAL ENGINEER
PROVINCE OF BRITISH COLUMBIA
CHRIS J. SAMPSON

CERTIFICATE

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 (British Columbia) and its regulations.

THE ISSUER

WILFRED PETER STOKES
Chief Executive Officer and
Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS

ANDREW MacGREGOR ROBERTSON
Director

ROBERT LETAY KEMENY
Director

PROMOTER

WILFRED PETER STOKES

DATED at Vancouver, British Columbia this 10th day of May, 1988.

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 (British Columbia) and its regulations.

PACIFIC INTERNATIONAL SECURITIES INC.

Per: _____

Per: _____

DATED at Vancouver, British Columbia this 10th day of May, 1988.