

103I 154-Paddy Mac

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 OTHER SIMILAR AUTHORITY IN CANADA HAS IN ANY WAY PASSED UPON THE MERITS OF THESE SECURITIES OFFERED HEREUNDER AND ANY REPRESENTATION TO THE CONTRARY IS AN OFFENCE.

018117

PROSPECTUS

DATED: JULY 20, 1987

A-1 RESOURCES LTD.

109 - 9620 Manchester Drive,
Burnaby, British Columbia
(hereinafter called the "Issuer")

550,000 COMMON SHARES @ \$0.40 PER SHARE

1. DISTRIBUTION SPREAD

Shares	Price to Public	Commission	Net Proceeds to be received by the Issuer *
Per Share	\$.40	\$.05	\$.35
Total	\$220,000	\$27,500	\$192,500

* Before deduction of the costs of the issue estimated to be \$15,000.

THERE IS CURRENTLY NO MARKET FOR THE SECURITIES OF THE ISSUER. THE PRICE OF THE SECURITIES OFFERED HEREBY WAS DETERMINED ARBITRARILY BY THE ISSUER.

A PURCHASE OF THE SECURITIES OFFERED BY THIS PROSPECTUS MUST BE CONSIDERED A 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" HEREIN.

THE VANCOUVER STOCK EXCHANGE HAS CONDITIONALLY LISTED THE SECURITIES BEING OFFERED PURSUANT TO THIS PROSPECTUS. LISTING IS SUBJECT TO THE COMPANY FULFILLING ALL THE LISTING REQUIREMENTS OF THE VANCOUVER STOCK EXCHANGE ON OR BEFORE MARCH 14, 1988, INCLUDING PRESCRIBED DISTRIBUTION AND FINANCIAL REQUIREMENTS.

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

UPON COMPLETION OF THIS OFFERING THIS ISSUE WILL REPRESENT 30.95% OF THE SHARES OUTSTANDING AS COMPARED TO 52.80% THAT WILL THEN BE OWNED BY THE CONTROLLING PERSONS, PROMOTERS, DIRECTORS AND SENIOR OFFICERS OF THE ISSUER AND ASSOCIATES OF THE UNDERWRITER. REFER TO THE HEADING "PRINCIPAL HOLDERS OF SECURITIES" HEREIN FOR DETAILS OF SHARES HELD BY DIRECTORS, PROMOTERS AND CONTROLLING PERSONS AND ASSOCIATES OF THE UNDERWRITERS.

UPON COMPLETION OF THIS OFFERING THE NET TANGIBLE BOOK VALUE OF THE ISSUED SHARES WILL BE \$0.109 PER SHARE.

THIS PROSPECTUS ALSO QUALIFIES FOR SALE TO THE PUBLIC AT THE MARKET PRICE FOR THE SHARES AT THE TIME OF SALE ANY SHARES OF THE ISSUER WHICH THE UNDERWRITER MAY ACQUIRE PURSUANT TO THE UNDERWRITER'S OPTION. REFERENCE SHOULD BE MADE TO "PLAN OF DISTRIBUTION" HEREIN.

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.

WE, AS UNDERWRITERS, 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 UNDERWRITER'S AGREEMENT REFERRED TO UNDER THE HEADING "PLAN OF DISTRIBUTION" ON PAGE 3 OF THIS PROSPECTUS SUBJECT TO THE APPROVAL OF ALL LEGAL MATTERS ON BEHALF OF THE ISSUER BY MESSRS. BOUGHTON & COMPANY, VANCOUVER, BRITISH COLUMBIA.

NAME AND ADDRESS OF UNDERWRITER
CANARIM INVESTMENT CORPORATION LTD.

2200 - 609 Granville Street, Vancouver, British Columbia

EFFECTIVE DATE: SEPTEMBER 16, 1987

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PROPERTY FILE
D.L.
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TABLE OF CONTENTS

	<u>PAGE</u>
SUMMARY OF PROSPECTUS	2
1 DISTRIBUTION SPREAD	Cover
2 PLAN OF DISTRIBUTION	3
3 USE OF PROCEEDS TO ISSUER	4
4 SALES OTHERWISE THAN FOR CASH	5
5 SHARE AND LOAN CAPITAL STRUCTURE	6
6 NAME AND INCORPORATION OF ISSUER	7
7 DESCRIPTION OF BUSINESS AND PROPERTY OF ISSUER	7
8 RISK FACTORS	14
9 DILUTION	14
10 PROMOTERS	15
11 LEGAL PROCEEDINGS	15
12 ISSUANCE OF SHARES	15
13 ISSUANCE OF OBLIGATIONS	16
14 ISSUANCE OF OTHER SECURITIES	16
15 DIVIDEND RECORD	16
16 DIRECTORS AND OFFICERS	16
17 EXECUTIVE COMPENSATION	17
18 OPTIONS TO PURCHASE SECURITIES	17
19 ESCROWED SECURITIES	17
20 PRINCIPAL HOLDERS OF SECURITIES	18
21 PRIOR SALES	19
22 INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS	19
23 AUDITORS, TRANSFER AGENTS, AND REGISTRARS	19
24 MATERIAL CONTRACTS	19
25 OTHER MATERIAL FACTS	20
PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION	20
FINANCIAL STATEMENTS	
ENGINEER'S REPORT	
DIRECTORS' AND PROMOTORS' CERTIFICATE	

PROSPECTUS SUMMARY

The Offering

AMOUNT: \$220,000.00

OFFERING: 550,000 COMMON SHARES

PRICE: \$0.40 PER SHARE

USE OF PROCEEDS: The estimated net proceeds of \$192,500 to be received by the Issuer from this offering will be primarily used to fund the exploration and development of the Issuer's mineral properties located in the Omineca Mining Division, British Columbia.

UNDERWRITER: Canarim Investment Corporation Ltd.

The Business

The Issuer is a natural resource company engaged in the acquisition, exploration and development of natural resource properties. The Issuer's present activities are the exploration and development of the Issuer's natural resource properties in British Columbia. The Issuer has an interest in those properties described under the heading "Description of Business and Property of Issuer" herein.

The common shares offered hereunder must be considered speculative due to the nature of the Issuer's business. Mineral exploration and development is inherently speculative and carries with it many risks. See "Risk Factors" herein for further details.

2. PLAN OF DISTRIBUTION

Offering and Appointment of Underwriter

By an agreement dated for reference July 20, 1987, (the "Underwriting Agreement"), Canarim Investment Corporation Ltd. (the "Underwriter") has agreed to underwrite Five Hundred and Fifty Thousand (550,000) Common shares (the "Shares") of the Issuer and offer the Shares on a day, (the "Offering Day"), within 180 days from the date upon which the Shares of the Issuer are conditionally listed (the "Effective Date") on the Vancouver Stock Exchange (the "Exchange") through the facilities and in accordance with the rules and policies of the Exchange (the "Offering").

The Underwriter has agreed to purchase the Shares at the purchase price of \$0.35 per Share payable within ten (10) business days of the Effective Date. The Underwriter is obligated to take up and pay for all of the Shares if any of the Shares are purchased under the Underwriting Agreement, except as otherwise noted in Rights of Termination herein. The Shares underwritten are for primary distribution to the public at a price of \$0.40 per Share.

The Underwriter has been granted an option (the "Compensation Option") to purchase up to a further One Hundred and Fifty Thousand (150,000) Common shares of the Issuer at the purchase price of Forty Five Cents (\$0.45) per share, to be exercised within 180 days from the date of listing of the Issuer's shares on the Exchange or 270 days after the Effective Date, whichever is earlier.

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

Rights of Termination

The obligations of the Underwriter under the Underwriting Agreement may be terminated prior to the Effective Date at the Underwriter's discretion on the basis of its assessment of the state of the financial markets and may also be terminated at any time upon the occurrence of certain stated events. The Underwriter may also terminate its obligations if, within ten (10) business days of the Effective Date, the Underwriter has filed a Distribution List (as defined in the Underwriting Agreement) and the Exchange does not unconditionally list, post and call for trading the Issuer's shares before 1:30 p.m. on the later of the tenth business day following the Effective Date or the day following the day the Underwriter files the Distribution List.

The Issuer has granted the Underwriter a right of first refusal to provide future public equity financing to the Issuer for a period of twelve (12) months from the Effective Date.

Those persons having an interest of not less 5% in the capital of Canarim Investment Corporation Ltd. are Alfred E. Turton, Peter M. Brown, Brian D. Harwood, Charles Channing Buckland and Michael Wayne Murphy.

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

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

The Vancouver Stock Exchange has conditionally listed the securities being offered pursuant to this Prospectus. Unconditional listing is subject to the Issuer fulfilling all the listing requirements of the Vancouver Stock Exchange on or before March 14, 1987, including prescribed distribution and financial requirements.

Additional Offering

This Prospectus also qualifies for sale to the public at the market price prevailing at the time of the sale, those shares purchased by the Underwriter upon exercise of its Compensation Option at any time up to one hundred and eighty (180) days from the listing of the Issuer's shares on the Exchange but not more than two hundred and seventy (270) days after the Effective Date. The Issuer will not receive any proceeds from the sale of any such shares by the Underwriter, all of which proceeds will in such event accrue to the Underwriter.

Description of Securities Offered

Shares - The securities being offered to the public by this Prospectus are common shares of the Issuer. The Issuer has only one kind and class of shares and each share ranks equally as to dividends, voting rights, participation in assets on winding-up and in all other respects. The shares to be issued pursuant to this Prospectus will be fully paid and will not be subject to any call or assessment.

3. USE OF PROCEEDS TO ISSUER

The estimated net proceeds to be derived by the Issuer from the sale of 550,000 Shares offered by this Prospectus, namely \$192,500, together with cash on hand of \$678 aggregating \$193,178, will be used for the following purposes in order of priority:

1. To pay legal, audit and printing expenses of this Prospectus estimated to be: \$ 15,000
2. To pay accounts payable: 7,129
3. To pay funds pursuant to an agreement, dated February 25, 1987, relating to the Issuer's option interest in the Paddy-Mac Gold Claim, Omineca Mining Division, B.C.: 20,000
4. To conduct the proposed exploration program recommended for the Issuer's Mineral Properties by Edward S. Holt, P.Eng. in his Report to the Company dated January 26, 1987, particulars of which exploration program are as follows:

Stage 1

Preliminary geological engineering	15,000
Diamond drilling, core logging, assaying, surveying etc., 600m at \$115	69,000
Helicopter support	15,000
Related project expenses including mobilization, accommodation, evaluation etc., allow	16,000
Total Stage 1	\$115,000

5. For general administrative expenses and
addition to working capital: 36,049

TOTAL \$ 193,178

Proceeds realized by the Issuer from the exercise of the Underwriter's Compensation Option will be added to working capital.

The proceeds from the sale of Shares offered by this Prospectus are intended to be used for the purposes set forth above. However, the Issuer, pursuant to the recommendations of a qualified independent engineer, may abandon in whole or in part any of its property or, as work progresses, may alter the work program recommended or make such arrangements for the performance of all or any portion of such work by other persons or companies and may use any monies so diverted for the purpose of conducting work or examining other properties acquired by the Issuer after the date of this Prospectus. All of the foregoing is subject to the advice and recommendation of a qualified independent engineer. If any such event occurs during the primary distribution of the Shares referred to in this Prospectus, an amendment to this Prospectus will be filed. If any such event occurs after primary distribution of the Shares, the shareholders will be notified.

No part of the proceeds will be used to invest, underwrite or trade in securities other than those that qualify as an investment in which trust funds may be invested under the laws of the jurisdiction in which the securities offered by this Prospectus may be lawfully sold. Should the Issuer intend to use the proceeds to acquire other than Trustee type securities after the distribution of the securities offered by this Prospectus, approval by the shareholders of the Issuer must first be obtained and notice of the intention must be filed with the regulatory bodies having jurisdiction over the sale of the securities offered by this Prospectus.

4. SALES OTHERWISE THAN FOR CASH

No shares are being offered other than for cash.

5. SHARE AND LOAN CAPITAL STRUCTURE

Designation of Security	Amount Authorized	Amount Outstanding at June 30, 1987		
		Balance Sheet contained in Prospectus	Amount Outstanding as at date of Prospectus	Amount to be Outstanding on Completion of Offering*
Common Shares Without Par Value	10,000,000	1,226,503	1,226,503	1,776,503*

* This amount does not include up to 150,000 shares which may be issued by the Issuer pursuant to the Underwriter's Compensation Option referred to in "Plan of Distribution" herein. A further 171,600 shares may be issued pursuant to Directors' and Key Employee Incentive Options referred to under the heading "Options to Purchase Securities".

The authorized capital of the Issuer is 10,000,000 common shares without par value of which 1,226,503 common shares are issued and outstanding. The retained earnings deficit of the Issuer as disclosed in the June 30, 1987 balance sheet contained in this Prospectus is \$132,429.

Particulars of shares sold for cash to date are as follows:

No. of Securities Sold	Price	Total Cash Received	Commissions Paid
3	\$1.00	\$ 3	NIL
750,000	\$.01	7,500	NIL
396,000	\$.25	99,000	NIL
50,000	\$.30	15,000	NIL
5,000	\$.35	1,750	NIL
25,500	\$.40	10,200	NIL

All of the foregoing shares were sold for cash during the preceding twelve months. 476,503 of those shares are not subject to any trading restrictions.

The Issuer has issued 376,000 flow-through shares at a price of \$0.25 per share pursuant to Exploration and Development Agreements with participating investors. These shares have been issued and are not subject to hold period trading restrictions.

The Issuer has also issued 50,000 flow-through shares at a price of \$.30 per share, and 3,000 flow-through shares at \$.40 per share, pursuant to Exploration and Development Agreements. These shares have been issued and are not subject to hold period trading restrictions.

The Issuer has issued 750,000 shares at a price of \$.01 per share which shares are subject to escrow conditions.

6. NAME AND INCORPORATION OF ISSUER

The full name of the Issuer is A-1 Resources Ltd. Its Registered and Records Offices are located at 1600 - 1100 Melville Street, Vancouver, British Columbia. The Issuer's Head Office is located at Suite 109 - 9620 Manchester Drive, Burnaby, British Columbia.

The Issuer was incorporated on July 3, 1986, under the name A-1 Resources Ltd. by registration of its Memorandum and Articles under the Company Act of the Province of British Columbia. The Issuer becomes a reporting company as defined by the Company Act of the Province of British Columbia upon the approval of this Prospectus by the Superintendent of Brokers and the issuance of a receipt therefor.

7. DESCRIPTION OF BUSINESS AND PROPERTY OF ISSUER

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

Paddy-Mac Gold Claim, Omineca Mining Division, British Columbia

The Paddy-Mac Gold Claim is located in the Omineca Mining Division, British Columbia, particulars of which are as follows:

<u>Claim Name</u>	<u>Record No.</u>	<u>Expiry Date</u>
Paddy-Mac Gold	7352	November 4, 1987

The effective area of the property is twenty (20) units.

By an agreement dated February 25, 1987, the Issuer was granted an option to purchase an undivided One Hundred (100%) percent interest in the Paddy-Mac Gold claim from Wayne McNulty and Reginald Neill, both of Victoria, British Columbia. The consideration to be paid by the Issuer for the property is as follows:

- (a) Twenty Thousand (\$20,000) Dollars payable upon the unconditional listing of the Issuer's securities on the Vancouver Stock Exchange, provided however, that such payment is made no later than November 30, 1987;
- (b) a total of 200,000 common shares in the capital stock of the Issuer to be issued equally to Messrs. McNulty and Neill as follows:

- (i) 50,000 common shares forthwith upon the unconditional listing of the Issuer's securities on the Vancouver Stock Exchange;
 - (ii) 50,000 common shares forthwith upon completion of stage I engineering work and the filing of and acceptance of an engineering report in form satisfactory to the Vancouver Stock Exchange;
 - (iii) 50,000 common shares forthwith upon completion of stage II engineering work and the filing of and acceptance of an engineering report in form satisfactory to the Vancouver Stock Exchange; and
 - (iv) 50,000 common shares forthwith upon completion of stage III engineering work and the filing of and acceptance of an engineering report in form satisfactory to the Vancouver Stock Exchange;
- (c) the Issuer will pay to Messrs. McNulty and Neill ten (10%) percent of all gross proceeds realized from the sale of bulk samples and one (1%) of proceeds realized from net smelter returns.

The \$20,000 payment required under the Option Agreement will be paid by the Issuer through the proceeds from this Offering.

In the event that the Issuer does not exercise its option by November 30, 1987, it may elect to extend the period to exercise its option until November 30, 1988. The consideration for the option extension is the sum of \$5,000 payable by the Issuer to Messrs. McNulty and Neill on or before November 30, 1987.

Wayne McNulty and Reginald Neill are arms-length parties to the Issuer.

Location

The Issuer's property is located approximately thirty (30) kilometers north - north east of Terrace, British Columbia near the headwaters of Carpenter Creek in the Omineca Mining Division (latitude 54 degrees 46'N, longitude 128 degrees 23'W). The topography in the vicinity of the property is rugged and in part inaccessible or glacier covered. Elevations in the area of the showings range from 3500 to 5500 feet.

The property can be accessed by a nine (9) mile trail along Carpenter Creek from the C.N. Railway near Pacific or via a 20 minute helicopter trip from Terrace.

History of Property

The mineral showings currently known as the Paddy-Mac Gold prospect were initially discovered and staked by Mr. Paddy Creagh in 1944. He explored the vein by blasting fresh surfaces at several locations near the eastern end of the vein system and by driving two 8 to 12 metre adits in the same general area.

The next known prospecting activity was carried out by the late J.M. McNulty of Victoria. He staked the showing in 1966 and retained ownership until his death in 1982. He carried out intermittent exploration activity including several sampling programs on the accessible eastern portion of the vein.

Subsequent to Mr. McNulty's death, the claims were allowed to lapse during 1985, but were immediately restaked by the present owners, Wayne McNulty and Reginald Neill.

The property is essentially a raw prospect with encouraging, but somewhat limited sampling coverage. The primary factor which has curtailed exploration and development activity has been the lack of access to a major portion of the structure. Most of the exposed vein occurs along a precipitous cliff face. This feature has severely limited the sampling coverage and dictates the need for a significant expenditure in order to properly assess the project's potential.

The eastern portion of the vein, which is reasonably accessible, has been sampled on numerous occasions. Edward S. Holt, P. Eng., who has prepared a report on the Issuer's property, dated January 26, 1987, and which forms a part of this Prospectus, examined and sampled this vein on June 24, 1980. Particulars relating to these samples are disclosed below and are fully set forth in the aforesaid engineering report.

One other portion was sampled by Bema Industries Ltd. during August 1980 by employing a professional mountaineer, while the remainder of the structure is unexplored. In this regard, the easy and inexpensive work has been duplicated on several occasions, while the expensive, but necessary task of demonstrating tonnage potential has been essentially neglected.

In an affidavit dated December 1, 1986, Mr. Wayne McNulty estimates exploration expenditures on the Paddy-Mac Gold showing to have amounted to \$79,266.00 during the period 1966 to 1986 inclusive. The cost of the surface trenching and underground exploration work carried out by Mr. Creagh during 1944-45 is unknown.

The Issuer has expended approximately \$22,750 on the Paddy-Mac Gold claim. The expenditures have been related to preliminary development work such as road preparation and drilling site investigations.

The Issuer's property was subject to a report prepared by Edward S. Holt, P.Eng., dated January 26, 1987, and which forms a part of this Prospectus. Readers are urged to read the report for full particulars of the property. The geology and mineralization of the property is described in Mr. Holt's report as follows:

"Geologic Setting

The Paddy-Mac gold vein is exposed along the south wall of a steep glacial cirque. The eastern end of the vein is accessible at several locations where it outcrops at the base of bluffs near the talus bedrock contact. As it climbs up the cirque wall to the west, it becomes inaccessible, but is visible to the naked eye extending along the cliff face.

The gold bearing quartz veins are within steeply dipping altered sedimentary rocks which are cut by a series of granitic dykes. As the main granite contact is approached, about a mile to the southwest, the dykes become wider and more numerous.

The main quartz vein is traceable for what appears to be several hundred metres along the cirque face. It dips into the hillside at approximately 30 degrees and strikes the north 35 degrees east. The vein is cut by the granite dykes and is offset by several faults with minor displacement. The vein width ranges from 1 metre to less than 10 centimetres as it pinches out to the east. In the accessible area it was generally .2 to .5 metres wide with considerable pinching and swelling. The vein appeared to be stronger and more consistent along the cliff to the west.

The milky quartz vein carries minor pyrite, chalcopyrite, galena, arsenopyrite and pyrrhotite. The sulphides are sporadically distributed and seem to have very little correlation with precious metal values.

Seven samples were taken for assay during our initial examination with the following results:

<u>Sample No.</u>	<u>Oz. Ag/ton</u>	<u>Oz. Au/ton</u>	<u>Description</u>
2305	0.20	0.001	Qtz. vein in talus
2306	0.38	0.003	Wall rock
2307	5.92	10.800	.4 m quartz vein
2308	0.42	0.193	.7 m brecciated vein
2309	0.54	1.625	.3 m quartz vein
2310	0.10	0.052	.2 m quartz vein
2312	8.45	7.050	quartz vein

The results of the samples shown above are all from the reasonably accessible eastern end of the vein system. The results are similar to those reported by others. They indicate that the precious metal distribution is particularly erratic with some intriguing high values. In all probability, duplication of results will be difficult to obtain and a large number of samples will be necessary before any meaningful grade estimates can be made.

A subsequent sampling program was carried out by Bema Industries Ltd. on the less accessible cirque face near the western end of the vein system. They employed a professional mountain climber and a geological assistant to collect a total of 27 chip samples from the quartz vein and adjacent host rocks. The samples were taken at 3 metre intervals along a strike length of approximately 80 metres. Twenty-one samples taken from the vein averaged 0.570 oz. Au per ton and 5.14 oz. Ag across an average vein width of .36 metres. The six wall rock samples averaged .016 oz. Au and .175 oz. Ag per ton.

The Bema sampling program is described in their report entitled, "Sampling Report for Shalmar Resources Ltd. on the Paddy-Mac Gold Group, Terrace, B.C.", dated September 3, 1980.

Several notable features regarding the results of the Bema sampling program include:

- (1) Precious metal values continue to be erratic. One high grade sample which assayed 6.6 oz. Au per ton and 26.3 oz. Ag across a 45 cm vein width significantly affects the overall average grade.
- (2) The seven most westerly samples were all very low grade and may indicate a diminishing exploration potential in that direction.
- (3) The gold values in the western portion of the vein system are lower grade than the eastern end, while silver and Cu-Pb-Zn sulphides are relatively more abundant.
- (4) The vein system pinches and swells and is offset by minor faulting.
- (5) No geologic controls for the high grade portions of the vein have as yet been recognized.

To date the exposed vein system has been intermittently sampled along approximately 150 metres of strike length at its eastern end and along 80 metres of strike length toward the western end. A central gap of approximately 400 metres between these two areas remains unexplored. The vein is visible along the cirque wall over most of this distance, but is inaccessible for sampling or mapping.

Exploration Potential

Onward exploration of the Paddy-Mac gold vein will be difficult and expensive. In our opinion, the potential of the vein system can only be determined by exploring the lateral extent of the structure in the southerly direction (into the mountainside). The mineralized vein has been shown to extend approximately 600 metres in the east-west direction, but is currently unexplored in the other dimension.

The Holt report sets forth the following conclusions and recommendations:

"The Paddy-Mac gold vein contains erratic, but significant precious metal values in that portion of the vein explored to date.

If the values obtained during the sampling programs are indicative of the tenor throughout the vein system and if the structure proves to have reasonable lateral extent, then a promising exploration project will have been developed.

A two stage diamond drilling program is recommended. The initial stage should be designed to confirm that the vein structure extends a reasonable distance into the mountain, while the second phase should provide the additional sampling points required to evaluate the structure's lateral extent and precious metal content.

The erratic nature of the gold and silver values within a vein system which is known to pinch and swell and to be cut by post mineral dykes

dictates that several holes be drilled before any meaningful assessment of the structure's potential tonnage or grade can be made. In this regard, three scenarios are possible:

- (1) the initial drilling encounters mineralized vein structure,
- (2) the initial drilling encounters geologic evidence that the structure extends say 300 metres in the southerly direction, but fails to intersect significant precious metal values, or
- (3) evidence of a persistent vein structure is found to be lacking.

Case I above represents an exploration success which obviously warrants follow-up drilling. Case 2 demonstrates favourable geologic potential while Case 3 indicates that tonnage potential is lacking and further expenditures on the project should be curtailed.

Due primarily to the erratic nature of the mineralization known to occur in the Paddy-Mac gold deposit, Case 2 is a reasonable expectation from a limited drilling program. Confirmation that the structure's dimensions meet minimum requirements should, in my opinion, provide the encouragement necessary to extend the drilling program. Under Case 2 conditions a second phase of drilling designed to provide several widely spaced sampling points would be required in order to adequately assess the project's potential.

We recommend an engineering program to select specific drill targets combined with a two stage drilling program designed to explore the lateral extent of the Paddy-Mac gold structure. The estimated cost of carrying out the work is:

STAGE I

Preliminary geological engineering	\$ 15,000.00
Diamond drilling, core logging, assaying, surveying etc., 600m at \$115	69,000.00
Helicopter support	15,000.00
Related project expenses including mobilization, accommodation, evaluation, etc., allow	<u>16,000.00</u>
TOTAL STAGE I	\$115,000.00

STAGE II

Expanded diamond drilling program, 900m @ \$110	\$ 99,000.00
Helicopter support	10,000.00
Related project expenses	<u>11,000.00</u>

TOTAL STAGE II	<u>\$120,000.00</u>
TOTAL ESTIMATED COST	\$235,000.00

Proceeding to Stage II must be contingent on geologic evidence that the vein structure extends 300 metres into the mountain.

While an investment at this stage must be regarded as speculative, we believe that the geological and sampling data available to date indicates that the exploration potential of the Paddy-Mac Gold claim is such that the expenditure is justified.

Potentially viability will depend on reasonable continuity of the vein structure, combined with similar or improved precious metal content."

There is no underground plant or equipment.

The property is primarily a gold, silver, lead property.

The property is without a known body of commercial ore and the proposed exploration program is an exploratory search for ore.

Other Mineral Properties

Pursuant to an agreement, dated for reference the 21st day of December, 1986, between the Issuer and A-1 Gold Explorations Ltd. of Victoria, British Columbia, the Issuer acquired an option to purchase a one hundred (100%) percent interest in One Hundred and Fifty Seven (157) Units located in the Alberni, Cariboo, Victoria and Revelstoke Mining Divisions, British Columbia.

Pursuant to the terms of the Agreement, the Issuer will be required to pay to A-1 Gold Explorations Ltd. \$20,000 and to issue 200,000 common shares as follows:

- (i) twenty thousand (20,000) shares forthwith upon receipt of regulatory approval of the Agreement;
- (ii) thirty thousand (30,000) shares upon completion of an engineering report recommending specific engineering work programs to be carried out on the property to be prepared by the Issuer in form satisfactory to the Vancouver Stock Exchange and filed with and accepted by the said Exchange;
- (iii) fifty thousand (50,000) shares forthwith after completion of the first phase of engineering work recommended by an engineering report to be prepared by the Issuer in form satisfactory to the Vancouver Stock Exchange and filed with and accepted by the said Exchange;
- (iv) fifty thousand (50,000) shares forthwith after completion of the second phase of engineering work recommended by an engineering

Notes to the financial statements
June 30, 1987 - continued

Note 6. Options on Mining Properties - cont'd.

b) from A-1 Gold Exploration Ltd. 156 units of claims and one placer claim throughout British Columbia, for a cost of \$20,000 and 200,000 Common shares of the Company and a 1% royalty of net smelter returns from production, upon the completion of an engineering report in a form acceptable to the Vancouver Stock Exchange.

Note 7. Key Employee Incentive Option Agreement

The Company has entered into an agreement with four of its officers/directors whereby each has been granted an option to purchase 42,900 Common shares of the Company at \$.40 per share (or at such other price as may be approved by the Superintendent of Brokers and the Vancouver Stock Exchange.) This option is open for two years commencing the day the Company's shares are conditionally listed on the Vancouver Stock Exchange.

Note 8. Public Offering

The Company is presently submitting to the Superintendent of Brokers a prospectus for a public offering of 550,000 Common shares at 40¢ per share to generate, after commission, net proceeds to the Company of \$192,500. This prospectus will require the approval of the Superintendent of Brokers and the Vancouver Stock Exchange for a listing.

The Company has entered into a contract with Canarim Investment Corporation Ltd. (Canarim) to purchase the complete offering. As additional compensation, Canarim has been granted an option to purchase up to a further 150,000 shares of the Company at a purchase price of 45¢ per share, this option to be exercised within 180 days from the date of listing of the Company's shares on the Vancouver Stock Exchange, or 270 days after conditional listing of the shares. The Company is required to pay Canarim counsel and other reasonable expenses incurred in connection with the offering. The obligations of Canarim under this purchase arrangement can be unilaterally terminated by Canarim.

To facilitate the approval of the Superintendent of Brokers and the Vancouver Stock Exchange to list the Company's shares, four shareholders have placed 750,000 Common shares in escrow with The Royal Trust Company. These shares cannot be issued out of escrow except as directed by the Superintendent of Brokers or the Vancouver Stock Exchange, but voting rights pertaining thereto are retained by the shareholders.

REPORT OF EXAMINATION, REVIEW OF SAMPLING DATA

AND RECOMMENDATIONS

PADDY - MAC GOLD CLAIM

TERRACE, B.C.

JANUARY 26, 1987

TABLE OF CONTENTS

	PAGE
INTRODUCTION	1
HISTORY OF PROPERTY	1
LOCATION AND ACCESS	3
CLAIM STATUS	3
GEOLOGIC SETTING	3
EXPLORATION POTENTIAL	8
CONCLUSIONS AND RECOMMENDATIONS	10
CERTIFICATE	13
APPENDIX	
SAMPLE DESCRIPTIONS	15
CERTIFICATES OF ASSAY	16

REPORT OF EXAMINATION, REVIEW OF SAMPLING DATA
AND RECOMMENDATIONS

INTRODUCTION

At the request of Mr. D.W. Coates, the Paddy-Mac Gold Group was examined and sampled by E.S.Holt of Holt Engineering Ltd. on June 24th, 1980.

In a report entitled "Report of Examination and Recommendations, Paddy-Mac Gold Group", dated July 10, 1980, we provided the sampling results and included recommendations for a staged exploration program on the property. The initial stage was to include sampling and measuring of the unexplored portion of the vein along the cirque wall. This work was carried out by Bema Industries Ltd. during August, 1980.

Implementation of the Stage 2 program was to be contingent upon favourable results during the initial stage. We have reviewed the results of Bema's sampling program and have utilized the information to formulate the recommendations contained in this report.

The current report has been prepared at the request of Mr. B.W. Mayhew, Director of A-1 Resources Ltd.

HISTORY OF PROPERTY DEVELOPMENT

The mineral showings currently known as the Paddy Mac Gold prospect were initially discovered and staked by Mr. Paddy Creagh in 1944. He explored the vein by blasting fresh surfaces at several locations near the eastern end of the vein system and by driving two 8 to 12 metre adits in the same general area.

The next known prospecting activity was carried out by the late J.M. McNulty of Victoria. He staked the showing in 1966 and retained ownership until his death in 1982. He carried out intermittent exploration activity including several sampling programs on the accessible eastern portion of the vein.

Subsequent to Mr. McNulty's death, the claims were allowed to lapse during 1985, but were immediately restaked by the present owners.

The project is essentially a raw prospect with encouraging, but somewhat limited sampling coverage. The primary factor which has curtailed exploration and development activity has been the lack of access to a major portion of the structure. Most of the exposed vein occurs along a precipitous cliff face. This feature has severely limited the sampling coverage and dictates the need for a significant expenditure in order to properly assess the project's potential.

The eastern portion of the vein, which is reasonably accessible, has been sampled on numerous occasions. One other portion was sampled by Bema Industries Ltd. during 1980 by employing a professional mountaineer, while the remainder of the structure is unexplored. In this regard, the easy and inexpensive work has been duplicated on several occasions, while the expensive, but necessary task of demonstrating tonnage potential has been essentially neglected.

In an affidavit dated December 1, 1986, Mr. Wayne McNulty estimates exploration expenditures on the Paddy Mac Gold showing to have amounted to \$79,266.00 during the period 1966 to 1986 inclusive. The cost of the surface trenching and underground exploration work carried out by Mr. Creagh during 1944-45 is unknown.

LOCATION AND ACCESS

The claims are located approximately 30 kilometres NNE of Terrace near the headwaters of Carpenter Creek in the Omineca Mining Division of B.C. (latitude $54^{\circ} 46'N$, longitude $128^{\circ} 23'W$). The topography in the vicinity of the claims is rugged and in part inaccessible or glacier covered. Elevations in the area of the showings range from 3500 to 5500 feet.

The claims can be reached by a 9 mile trail along Carpenter Creek from the C.N. Railway near Pacific or via a 20 minute helicopter trip from Terrace.

CLAIM STATUS

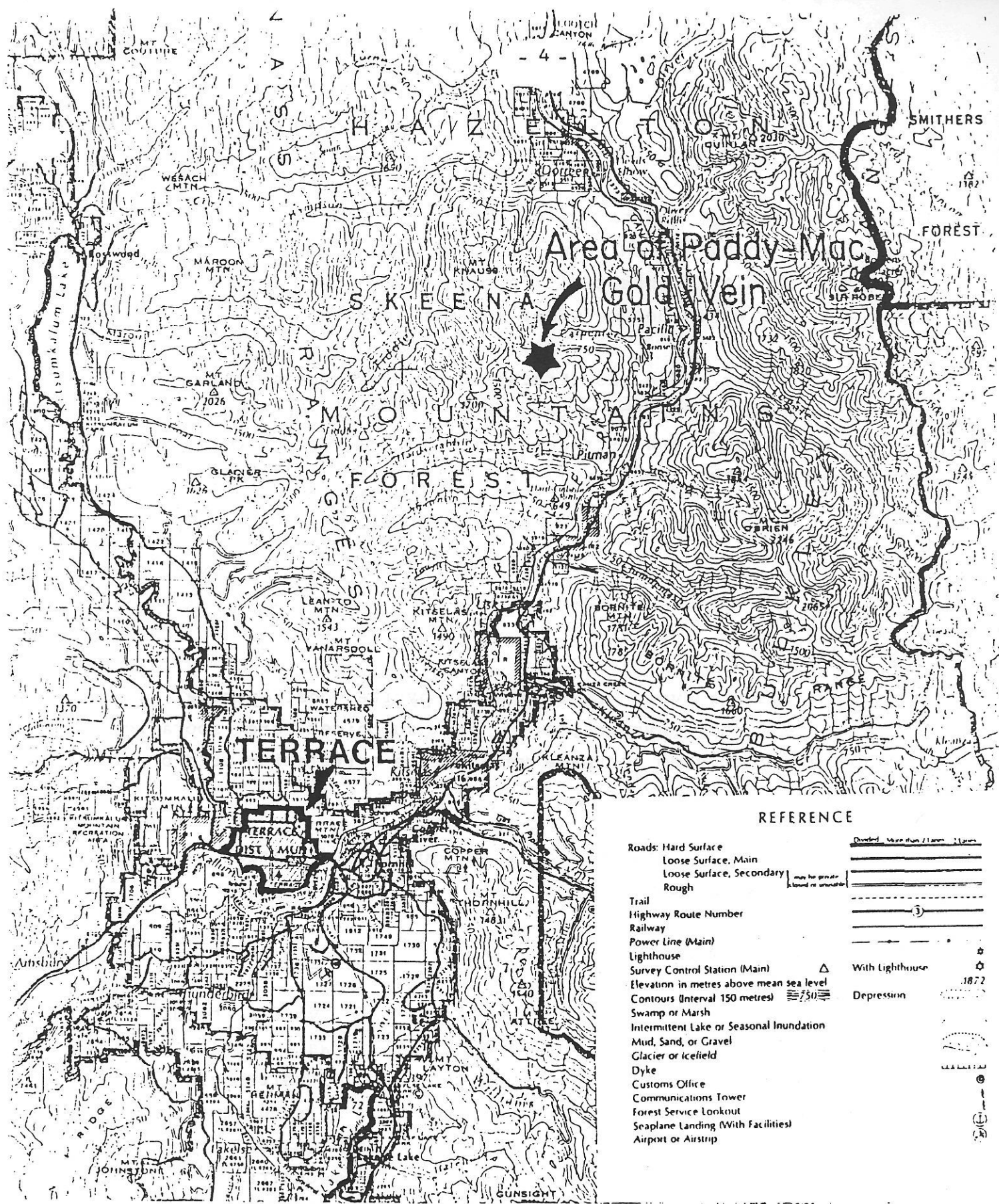
The Paddy-Mac Group consist of a single 20 unit claim owned by Mr. Wayne McNaulty and Mr.R.A. Neill of Campbell River. The record number is 7352 and the current expiry date is reported to be November 4, 1987.

The claim location relative to the gold bearing vein system is illustrated by the drawing on page 6.

At present, A-1 Resources holds an unregistered option on the Paddy-Mac Gold claim.

GEOLOGIC SETTING

The Paddy-Mac gold vein is exposed along the south wall of a steep glacial cirque. The eastern end of the vein is accessible at several locations where it outcrops at the base of bluffs near the talus bedrock contact. As it climbs up the cirque wall to the west, it becomes inaccessible, but is visible to the naked eye extending along the cliff face.

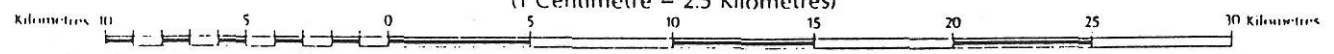


REFERENCE

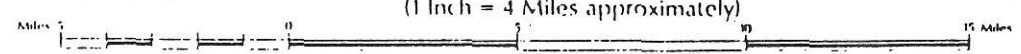
Roads: Hard Surface		Divided Main High Way	
Loose Surface, Main			
Loose Surface, Secondary		may be gravel	
Rough		found or unmade	
Trail			
Highway Route Number			
Railway			
Power Line (Main)			
Lighthouse			
Survey Control Station (Main)		With Lighthouse	
Elevation in metres above mean sea level		1872	
Contours (Interval 150 metres)		Depression	
Swamp or Marsh			
Intermittent Lake or Seasonal Inundation			
Mud, Sand, or Gravel			
Glacier or Icefield			
Dyke			
Customs Office			
Communications Tower			
Forest Service Lookout			
Seaplane Landing (With Facilities)			
Airport or Airstrip			

Scale 1:250 000

(1 Centimetre = 2.5 Kilometres)



(1 Inch = 4 Miles approximately)



The gold bearing quartz veins are within steeply dipping altered sedimentary rocks which are cut by a series of granitic dykes. As the main granite contact is approached, about a mile to the southwest, the dykes become wider and more numerous.

The main quartz vein is traceable for what appears to be several hundred metres along the cirque face. It dips into the hillside at approximately 30° and strikes north 35° east. The vein is cut by the granite dykes and is offset by several faults with minor displacement. The vein width ranges from 1 metre to less than 10 centimetres as it pinches out to the east. In the accessible area it was generally .2 to .5 metres wide with considerable pinching and swelling. The vein appeared to be stronger and more consistent along the cliff to the west.

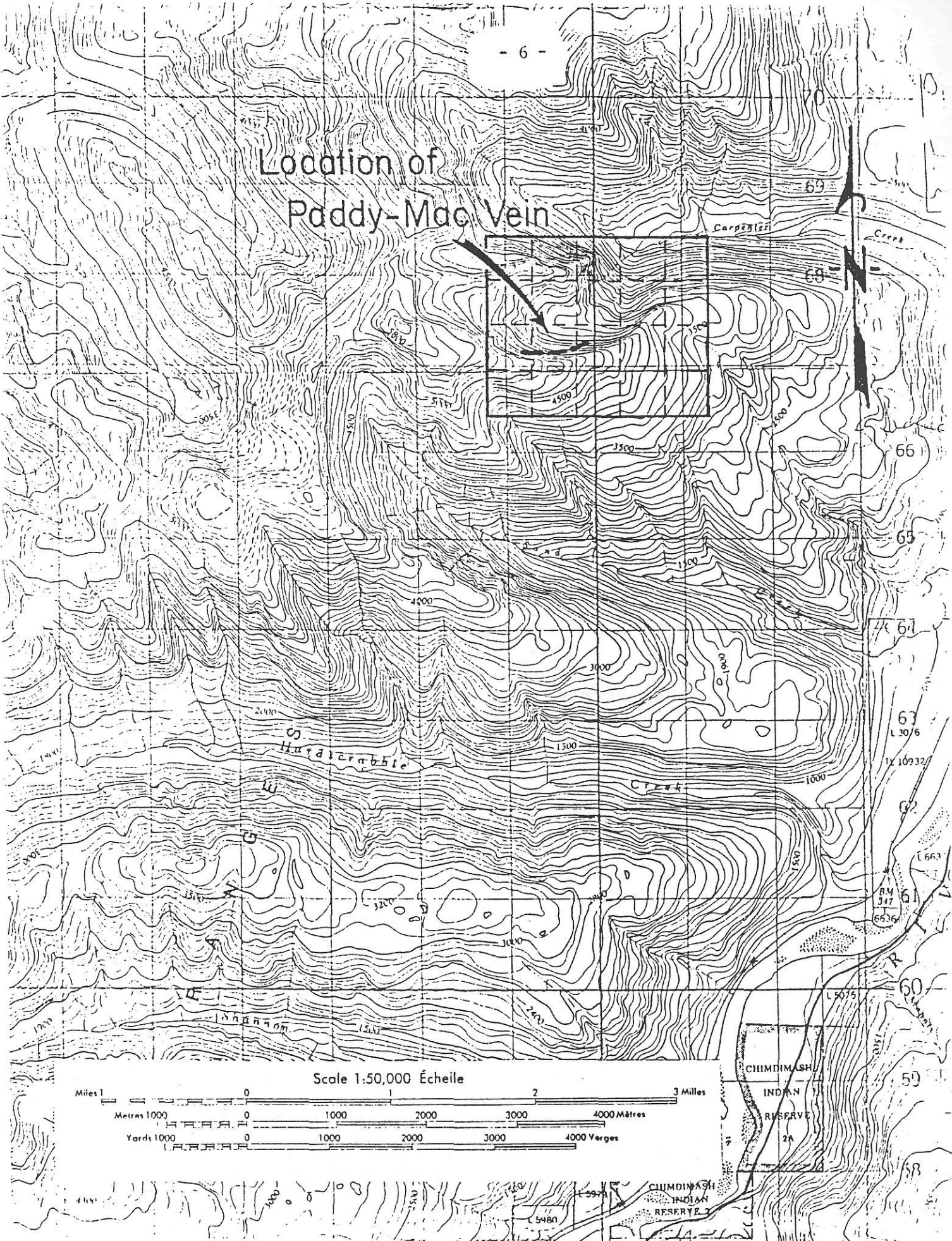
The milky quartz vein carries minor pyrite, chalcopyrite, galena, arsenopyrite and pyrrhotite. The sulphides are sporadically distributed and seem to have very little correlation with precious metal values.

Seven samples were taken for assay during our initial examination with the following results:

<u>Sample No.</u>	<u>Oz. Ag/ton</u>	<u>Oz. Au/ton</u>	<u>Description</u>
2305	0.20	0.001	Qtz. vein in talus
2306	0.38	0.003	Wall rock
2307	5.92	10.800	.4 m quartz vein
2308	0.42	0.193	.7 m brecciated vein
2309	0.54	1.625	.3 m quartz vein
2310	0.10	0.052	.2 m quartz vein
2312	8.45	7.050	quartz vein

The sample descriptions and locations are provided in the appendix.

Location of Paddy-Mac Vein



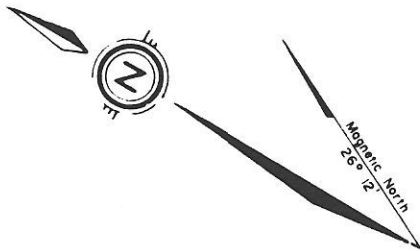
The results of the samples shown above are all from the reasonably accessible eastern end of the vein system. The results are similar to those reported by others. They indicate that the precious metal distribution is particularly erratic with some intriguing high values. In all probability, duplication of results will be difficult to obtain and a large number of samples will be necessary before any meaningful grade estimates can be made.

A subsequent sampling program was carried out by Bema Industries Ltd. on the less accessible cirque face near the western end of the vein system. They employed a professional mountain climber and a geological assistant to collect a total of 27 chip samples from the quartz vein and adjacent host rocks. The samples were taken at 3 metre intervals along a strike length of approximately 80 metres. Twenty-one samples taken from the vein averaged 0.570 oz. Au per ton and 5.14 oz. Ag across an average vein width of .36 metres. The six wall rock samples averaged .016 oz. Au and .175 oz. Ag per ton.

The Bema sampling program is described in their report entitled, "Sampling Report for Shalmar Resources Ltd. on the Paddy-Mac Gold Group, Terrace, B.C.", dated September 3, 1980.

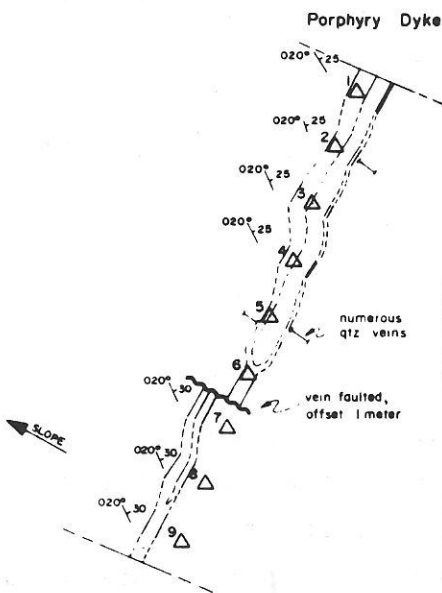
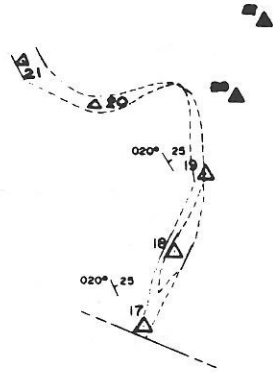
Several notable features regarding the results of the Bema sampling program include:

- (1) Precious metal values continue to be erratic. One high grade sample which assayed 6.6 oz. Au per ton and 26.3 oz. Ag across a 45 cm vein width significantly affects the overall average grade.
- (2) The seven most westerly samples were all very low grade and may indicate a diminishing exploration potential in that direction.
- (3) The gold values in the western portion of the vein system are lower grade than the eastern end, while silver and Cu-Pb-Zn sulphides are relatively more abundant.

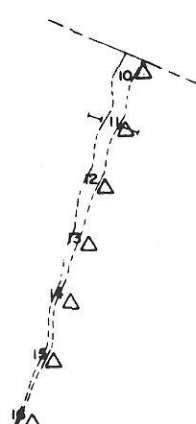


LEGEND

- Argillite
- Porphyry Dyke
- === Quartz vein
- 020° 25 Strike and Dip of Vein
- △ Sample point



Porphyry Dyke



Location	Sample No.	Ag (oz/T)	Au ⁻ (oz/T)	Cu (%)	Mo (%)	Pb (%)
21	86978 B	5.42	0.242	0.86		5.31
20	86977 B	2.08	0.280			
19	86976 B	2.95	0.456			
18	86975 B	2.54	0.138			
17	86974 B	1.20	0.010			
1	86951 B	26.3	6.600	2.32		9.88
2	86952 B	6.48	0.442	2.66		5.68
2	86953 B	0.36	0.038			
2	86954 B	0.10	0.020			
3	86955 B	9.82	0.142	5.05	-0.001	
4	86957 B	8.22	0.566	0.87		7.93
5	86958 B	5.06	0.408	0.46		1.95
	86959 B	0.14	0.018			
	86960 B	0.12	0.010			
6	86961 B	7.14	0.264	1.51	-0.001	
7	86962 B	5.06	0.348	0.48		3.17
8	86963 B	7.24	0.220	1.61		4.44
9	86964 B	0.42	0.020			
10	86965 B	1.72	0.216	0.71		0.70
11	86966 B	1.33	0.050	0.13		0.86
11	86967 B	0.01	-0.003			
11	86968 B	0.32	0.003			
12	86969 B	0.28	0.003			
13	86970 B	0.28	0.005			
14	86971 B	0.60	0.010			
15	86972 B	1.42	0.086			
16	86973 B	0.20	0.012			

- denotes less than

NOTE :

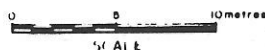
- See sample record data for sampling details.
- Width of veins shown diagrammatically only, not to scale.

SHALMAR RESOURCES

VEIN SAMPLING SKETCH
SAMPLING BY DEAN LOCKWOOD

DATE AUGUST, 1980 JOB NO 80-14
REVISED BY M J BELEY FIG NO 3

BEMA INDUSTRIES LTD.

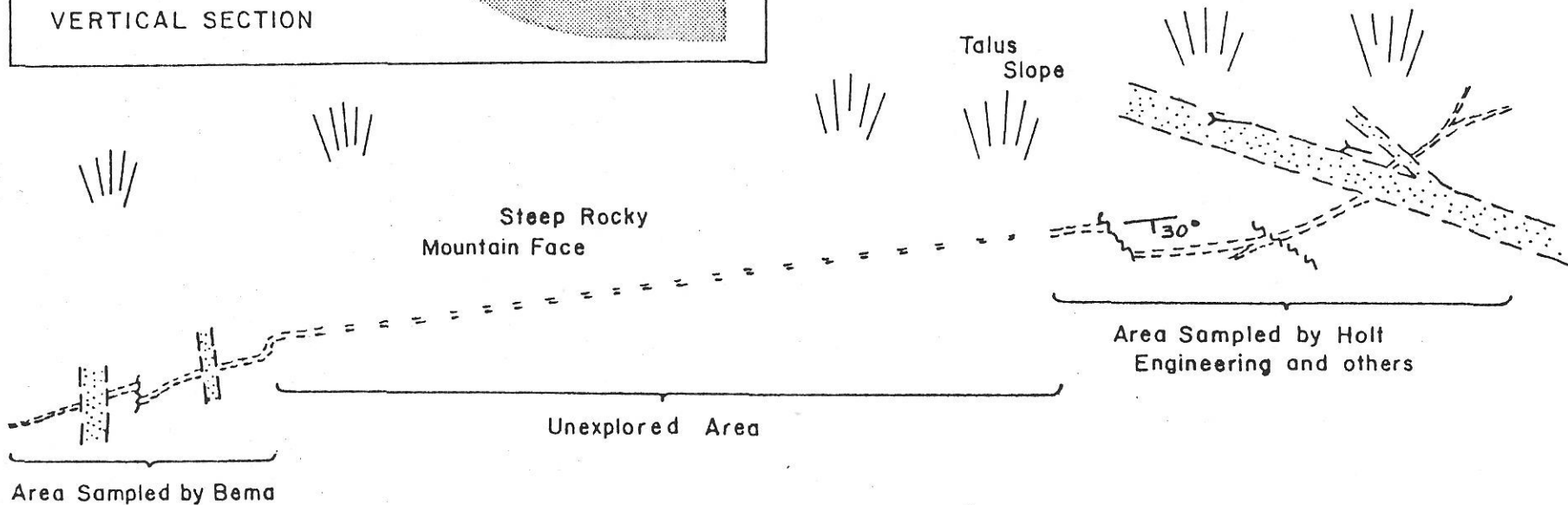
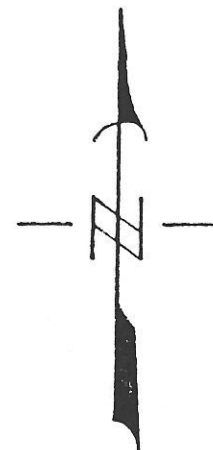
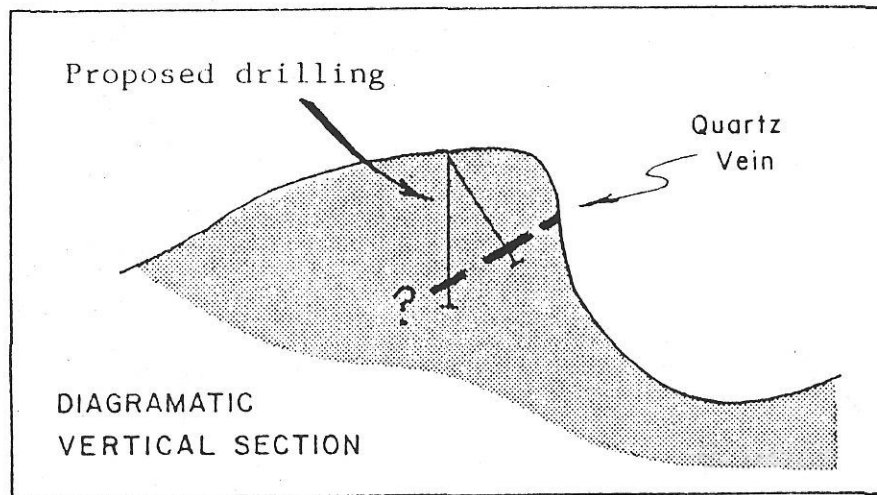





- (4) The vein system pinches and swells and is offset by minor faulting.
- (5) No geologic controls for the high grade portions of the vein have as yet been recognized.

To date the exposed vein system has been intermittently sampled along approximately 150 metres of strike length at its eastern end and along 80 metres of strike length toward the western end. A central gap of approximately 400 metres between these two areas remains unexplored. The vein is visible along the cirque wall over most of this distance, but is inaccessible for sampling or mapping.

EXPLORATION POTENTIAL

Onward exploration of the Paddy-Mac gold vein will be difficult and expensive. In our opinion, the potential of the vein system can only be determined by exploring the lateral extent of the structure in the southerly direction (into the mountainside). The mineralized vein has been shown to extend approximately 600 metres in the east-west direction, but is currently unexplored in the other dimension.



-  Quartz Vein
-  Porphyry Dyke
-  Old Adit

SKETCH PLAN OF PADDY-MAC VEIN SYSTEM

Scale approximately 1:2500

CONCLUSIONS AND RECOMMENDATIONS

The Paddy-Mac gold vein contains erratic, but significant precious metal values in that portion of the vein explored to date.

If the values obtained during the sampling programs are indicative of the tenor throughout the vein system and if the structure proves to have reasonable lateral extent, then a promising exploration project will have been developed.

A two stage diamond drilling program is recommended. The initial stage should be designed to confirm that the vein structure extends a reasonable distance into the mountain, while the second phase should provide the additional sampling points required to evaluate the structure's lateral extent and precious metal content.

The erratic nature of the gold and silver values within a vein system which is known to pinch and swell and to be cut by post mineral dykes dictates that several holes be drilled before any meaningful assessment of the structure's potential tonnage or grade can be made. In this regard, three scenarios are possible:

- (1) the initial drilling encounters mineralized vein structure,
- (2) the initial drilling encounters geologic evidence that the structure extends say 300 metres in the southerly direction, but fails to intersect significant precious metal values, or
- (3) evidence of a persistent vein structure is found to be lacking.

Case 1 above represents an exploration success which obviously warrants follow-up drilling. Case 2 demonstrates favourable geologic potential while Case 3 indicates that tonnage potential is lacking and further expenditures on the project should be curtailed.

Due primarily to the erratic nature of the mineralization known to occur in the Paddy-Mac gold deposit, Case 2 is a reasonable expectation from a limited drilling program. Confirmation that the structure's dimensions meet minimum requirements should, in my opinion, provide the encouragement necessary to extend the drilling program. Under Case 2 conditions a second phase of drilling designed to provide several widely spaced sampling points would be required in order to adequately assess the project's potential.

We recommend an engineering program to select specific drill targets combined with a two stage drilling program designed to explore the lateral extent of the Paddy-Mac gold structure. The estimated cost of carrying out the work is:

STAGE I

Preliminary geological engineering	\$15,000
Diamond drilling, core logging, assaying, surveying etc., 600m at \$115	69,000
Helicopter support	15,000
Related project expenses including mobilization, accommodation, evaluation etc., allow	<u>16,000</u>
Total Stage I	\$115,000

STAGE II

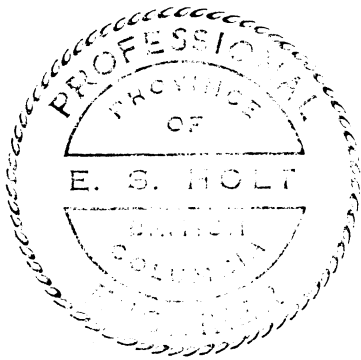
Expanded diamond drilling program, 900m @ \$110	99,000
Helicopter support	10,000
Related project expenses	<u>11,000</u>
Total Stage II	<u>\$120,000</u>

TOTAL ESTIMATED COST \$235,000

Proceeding to Stage II must be contingent on geologic evidence that the vein structure extends 300 metres into the mountain.

While an investment at this stage must be regarded as speculative, we believe that the geological and sampling data available to date indicates that the exploration potential of the Paddy Mac Gold claim is such that the expenditure is justified.

Potential viability will depend on reasonable continuity of the vein structure, combined with similar or improved precious metal content.



Respectfully submitted,

A handwritten signature in ink, appearing to read "Eward S. Holt", written over a faint circular stamp that matches the professional seal.

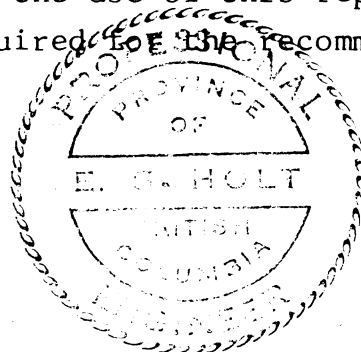
Eward S. Holt, P.Eng.

CERTIFICATE

I, E.S. Holt of North Vancouver, British Columbia, do hereby certify:

1. That I am a geologist residing at 4091 St. Albans Ave., North Vancouver, British Columbia.
2. That I am a Professional Engineer registered in the Province of British Columbia.
3. That I am employed by Holt Engineering Ltd., 4091 St. Albans Avenue, North Vancouver, British Columbia.
4. That I have practiced my profession for more than 25 years.
5. That I have no direct, or indirect interest in the Paddy-Mac Gold claim or A-1 Resources Ltd., nor do I expect to receive any such interest.
6. That I have knowledge of the Paddy-Mac Gold claim located near Terrace, British Columbia, having visited the property on June 24, 1980, sampled the eastern portion of the vein system and studied the data furnished to me by Bema Industries Ltd. Although I was not personally involved in the subsequent sampling carried out by Bema Industries Ltd., the work was done by a reputable firm and by people experienced in sampling techniques.
7. That I consent to the use of this report for the purpose of raising funds required for the recommended exploration program.

January 26, 1987
North Vancouver, B.C.



E.S. Holt
Edward S. Holt, P.Eng.

HOLT ENGINEERING LTD.

APPENDIX

SAMPLE DESCRIPTIONS - June 24, 1980

- 2305 - float taken from talus below inaccessible portion of the vein approximately 400 meters from the eastern end. Sample contained minor chalcopyrite, galena and pyrite.
- 2306 - silicified argillite (wall rock) from adjacent to vein structure, some minor quartz veining.
- 2307 - sample across .4 meter quartz vein, above and to the north of the portal at the point marked #3.
- 2308 - brecciated portion of vein west of 2307. Sample taken across .7 meter exposure approximately 150 meters from the eastern end.
- 2309 - sample across .3 meter section of vein where exposed in a talus pile.
- 2310 - taken at sample point number one at the extreme eastern end of vein system across .2 meter vein exposure; very sparse sulphides.
- 2312 - sample taken in near vertical section of vein immediately west of #1 point.

MIN-EN LABORATORIES L.

705 WEST 15TH STREET
 NORTH VANCOUVER, B.C.
 Phone: 980-5814

Certificate of Assay

TO: Holt Engrg.,
4091 St. Albans Ave.,
North Vancouver, B.C.

PROJECT No. 108
 DATE July 10/80.
 File No. 0-387

SAMPLE No.	Mo %	Cu %	Ag	Au
			oz/ton	oz/ton
2301	.234	.013	--	--
02	.020	.009	--	--
03	.002	.007	--	--
04	.001	.010	--	--
05	--	--	.20	.001
06	--	--	.38	.003
07	--	--	5.92	10.800
08	--	--	.42	.193
09	--	--	.54	1.625
10	--	--	.10	.052
11	.002	.399	--	--
2312	--	--	8.45	7.050

MIN-EN Laboratories Ltd.

CERTIFIED BY

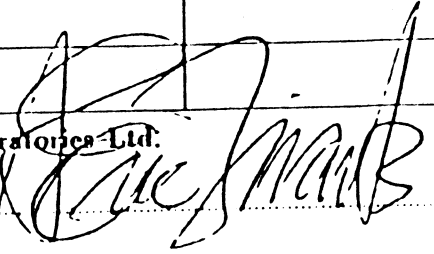
MIN-EN LABORATORIES LTD.
705 WEST 15TH STREET
NORTH VANCOUVER, B.C.
Phone: 980-5814

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03	.002	.007	--	--
04	.001	.010	--	--
05	--	--	.20	.001
06	--	--	.38	.003
07	--	--	5.92	10.800
08	--	--	.42	.193
09	--	--	.54	1.625
10	--	--	.10	.052
11	.002	.399	--	--
2312	--	--	8.45	7.050

MIN-EN Laboratories Ltd.
CERTIFIED BY 

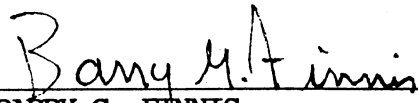
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- Malcolm, D.C., January 15, 1974, Report on Terrace-Bell Mines Limited (N.P.L.), Paddy-Mac Gold Group, Omineca Mining Division, B.C.
- McNulty, J.M., 1966 to 1980, Sketch Plan and Sampling Results, (unsigned).
- McNulty, Wayne, December 1, 1986, Affidavit regarding history, exploration and current claim status, Paddy McGold Claim.


CERTIFICATE OF THE ISSUER

DATED: July 20, 1987

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



BARRY G. FINNIS
Chief Executive Officer,
President, Director
Promoter



TERESA R. SAINSBURY
Chief Financial Officer,
Secretary



LORNE A. WAKEHAM
Director, Promoter



BARRY W. MAYHEW
Director, 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: July 20, 1987

CANARIM INVESTMENT CORPORATION LTD.

Per: 
