

PROPERTY FILE

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NEW ISSUE

INITIAL PUBLIC OFFERING

ROSE SPIT RESOURCES INC.

804 - 750 West Pender Street,
Vancouver, British Columbia
V6C 2T8

(the "Issuer")

\$280,000

OFFERING OF 700,000 COMMON SHARES

PRICE: \$0.40 per COMMON SHARE

	<u>Price to Public (1)</u>	<u>Agent's Commission (2)</u>	<u>Net Proceeds to be received by the Issuer (3)</u>
Per Share:	\$0.40	\$0.04	\$0.36
Total:	\$280,000	\$28,000	\$252,000

- (1) The price to the public has been established pursuant to negotiations between the Issuer and the Agent.
- (2) In addition, the Agent will be granted Agent's Warrants as described in the section captioned "Plan of Distribution" herein.
- (3) Before deducting offering expenses estimated to be \$10,000, which will be paid by the Issuer.

concentrating capacity for 30 days out of 40 consecutive days, or if there is no such concentrator, ore from the Ben Ali Property or any part thereof or dore' has been shipped therefrom on a reasonably regular basis for a 30 day period for the purpose of earning revenues, but in any event the Ben Ali Property will be deemed to have been placed in Commercial Production 90 days after leaching for other than test purposes has commenced or 90 days after such concentrator has for the first time operated or if there is no such concentrator, 90 days after ore has first been shipped from the Ben Ali Property for the purpose of earning revenues."

A copy of the aforementioned Mineral Property Acquisition Agreement will be available for inspection during the Offering Period at the offices of Devlin Jensen Harvey, Barristers and Solicitors, at 2550 - 555 West Hastings Street, Vancouver, British Columbia, V6B 4N5, during normal business hours, and will continue to be available during normal business hours for a period of thirty (30) days following completion of this Offering.

The Issuer has expended a total of \$30,000 on Property acquisition costs and a total of approximately \$104,902 on exploration costs of the Property as at the date of this Prospectus.

Description of the Ben Ali Property

Location and Access

The Ben Ali Property (the "Property") is located approximately 8 kilometres north of Stewart, British Columbia, in the Skeena Mining Division. Stewart is approximately 800 kilometres north of Vancouver, lying near the British Columbia-Alaska border. The Property area overlies the Bear River Valley, the steep western slopes of the Bear River Ridge and the more moderate eastern slopes of Mt. Dickie. The old Property workings lie on the east side of the Bear River Valley approximately 1 kilometre north west of the Dunwell mine site.

Stewart is served by scheduled air service from Vancouver, via the City of Terrace during the summer months, or by the provincial highway year round. Access to the old Property workings is gained by a trail which rises from the highway to the No. 4 level portal. Access to the western portion of the Property is restricted by the Bear River and steep, densely forested slopes, and requires helicopter use.

Exploration History

The following historical information is extracted in full from an engineering report dated February 4, 1988 (the "Ben Ali Property Report"), prepared for the Issuer by Frank Di Spirito, B.A.Sc., P.Eng., Grant Milner, B.Sc., Darcy Krohman, B.Sc. and Herbert Mertens, B.Sc., all of Shangri-La Minerals Limited, Consulting Geologists, of 706 - 675 West Hastings Street, Vancouver, British Columbia, V6B 1N2:

"The Stewart camp is one of British Columbia's oldest and largest producers of gold and silver. Prospectors were drawn to the area during the Klondike gold rush in anticipation of recovering placer gold from the local creeks & rivers. Disappointing returns from the placer operations resulted in the prospectors focusing on lode deposits. Several major producers, including the Granduc, Premier, Silbak Premier, Big Missouri, Dunwell, Indian, Scottie, Prosperity and Porter Idaho Mines are located in the Stewart Camp. The Premier and Silbak Premier Mines alone produced nearly 2 million ounces of gold, 41 million ounces of silver, 4 million pounds of copper, 60 million pounds of lead and 16 million pounds of zinc. Renewed interest by Westmin Resources Ltd. in the Premier and Silbak Premier mines will result in new production.

The Dunwell Mine, lying approximately 1 km east of the Ben Ali workings, has an extensive production history. A mill with a capacity of 100 tons per day was built and operated for 8 months in 1926, until the known ore was exhausted. A total of 17,067 tons was milled averaging 0.18 oz Au per ton, 3.8 oz. Ag per ton, 2.3% pb and 3.0% Zn. Prior to this, 200 tons were shipped that averaged 0.66 oz Au per ton, 24.0 oz Ag per ton, 19% pb and 16% Zn. Lessors mined until 1941 with a production of 23,120 tons averaging 0.21 oz Au per ton, 9.6 oz Ag per ton, 1.1% pb and 1.7% Zn. Since then the property has remained idle (Skerl, 1966). The Dunwell Mine site is currently owned by Silver Princess Resources Inc. of Vancouver.

The MM100 claims, lying to the north of the Ben Ali workings, produced several small high grade shipments from a 700 foot tunnel and a short winze during the 1920's. A 1981 exploration program confirmed good gold and silver values from quartz-breccia veins. The assays of 13 sulphide-bearing samples ranged from .02 to 3.10 oz Au/T and 1.43 to 38.10 oz Ag/T. The MM100 claim group is held by Kingdom Resources of Vancouver.

On the Ben Ali claims, adits were drifted on four levels. The lowest adit, (No. 4 level) lying approximately 200 m above the Bear River Valley, drifted on a quartz-breccia sulphide vein for 96 m. Cross veining, which intersects the main structure from the north, was drifted on for 15 m and

overhand stoped for approximately 15 m. The No. 3 level adit was drifted on for 12 m and has since collapsed. The No. 2 level adit was drifted for approximately 25 m and subsequently overhand stoped to surface to produce a glory hole with a horizontal extent of 35 m, an average width of 2 m and a depth of 20 m. An examination of the Ben Ali claims, completed by J. W. Young in 1949 for Hedley Mascot Gold Mines, reports that the production to 1949 had been about 5,000 tons of 0.60 oz Au/T. Young reports that three x-ray drill holes were completed on the property. One hold located just north of the No. 4 Level portal intersected the vein but did not contain any "ore". Two holes were completed to the southeast of the No. 1 Level stoped. The first hole is reported to have intersected 15 cm of 5.0 oz Au/T. The second hole further to the southeast did not contain any mineralization.

Several other prospects in the immediate vicinity of the Ben Ali & Dunwell workings have seen various levels of development. These include the Mayflower, George E., and Emperor groups. All possess essentially the same structurally controlled auriferous, quartz-breccia sulphide veins seen on the Ben Ali property."

Current Exploration

From October 20th to November 12th, 1987, Shangri-La Minerals Limited, of Vancouver, British Columbia, conducted a first phase exploration program on the Property, consisting of control grid establishment, geological mapping, rock and soil geochemical surveys and ground VLF-EM and magnetometer surveys, with the objective of defining targets with potential for precious metal mineralization. The exploration program was undertaken on behalf of the Issuer at a cost of approximately \$104,902, and the results of the exploration program, coupled with a review of the published data on the general area, are the subject of the aforementioned Ben Ali Property Report (hereinafter referred to as the "Report"), a copy of which Report is attached hereto and forms part of this Prospectus.

The following information respecting the published data and recent exploration program undertaken on the Property has been extracted in full from the Report.

Geology:

Structure:

The Report reveals, at pages 11 and 12, as follows:

"The vein system exposed on the Ben Ali and adjacent properties, such as the Dunwell Mine, are all structurally

controlled by fissure zones and related conjugate fracture sets caused by tectonic deformation. Ore shoots are concentrated in dilation features created by the intersections of these fracture sets, or at flexures in the fissure zone which allow low pressure precipitation of the sulphides.

Surface exposures and trenches indicate that the vein system extends from Glacier Creek, north through Dunwell to the Sunbeam showings. Past efforts to prove the continuity of single veins by trenching and diamond drilling have been inconclusive, partly because of the dense vegetation and overburden and partly because of the highly fractured nature of the country rocks.

East of the Ben Ali claim boundary the Portland Canal dyke swarm strikes northwesterly across the country rock, limiting possible continuation of related fissure-type veins. To the west, glacial and fluvial deposits cover the floor of the Bear River Valley, restricting exploration to depth penetrating geophysical methods or drilling.

The Ben Ali vein (Q1) is in a structure striking 140° and dipping steeply, $80^{\circ}+$, to the southwest. Exposed within the main adit a second vertical structure hosts the second (Q2) vein. Striking 50° , this vein is truncated or intersected by the Q1 vein. Good gold values from channel samples taken at and near the intersection indicate the highest grade of ore was probably taken from this ore shoot.

Trenching perpendicular to the strike of the main showing exposed the vein system in each of the three trenches that reached bedrock. Although strikes and dips are consistent, it is not certain whether the vein exposed in each of the trenches is in fact the same vein or part of a much more extensive system. The vein is seen to pinch and swell in both the adit and in the trenches, and in some exposures possesses a stockwork texture."

Mineralization:

The Report then reveals, at pages 12 and 13, as follows:

"...

Mineralization is concentrated in quartz-breccia veins which formed as fissure or fracture fillings. Large, euhedral pyrite crystals, constitute 10 to 25% of the ore grade material, with minor galena, sphalerite and chalcopyrite forming the remainder of the sulphide mineralization. The gangue is massive, white, microcrystalline, bull quartz. A mineralogical study performed on several samples of wallrock material indicated that economic gold and silver values are present near the countryrock/vein contact.

As mentioned previously, the quartz veining and related ore shoots are structurally controlled, with fracture set intersections and flexures in the system providing the most desirable locations for ore deposition. While thick, well mineralized shoots concentrate at these points, the main vein pinches in areas of intense fracturing and a stockwork of mineralized quartz stringers and altered wallrock is formed.

The vein system has been found to be sporadic over even short distances along strike. The main vein (Q1) exposed in the adit is lost altogether. The fissure zone varies from .6 to 1.0 m in width. The vein in No. 1 Trench swells from .2 to .7 m over an exposed strike length of only 3 m, while in No. 3 Trench the vein varies between .1 and .4 m over a similar distance. This characteristic makes it difficult to predict whether the vein exposed in one trench is in fact the same as that exposed in another.

Approximately 300 m north of the No. 4 Level Portal on the Gloria Reverted Crown Grant Mineral claim (L. 4474), a vein is exposed for approximately 5 m along strike. Although no significant gold values were found, the orientation of the vein, $130^{\circ}/85^{\circ}$ SW, is consistent with other exposures in the area, suggesting the vein system is much more extensive than the single vein exploited on the Ben Ali property.

The low Ag/Au ratios from the ore grade material on the Ben Ali property seem to indicate a near surface origin for the mineralization."

Trenching Program:

The Issuer's initial exploration program included the excavation of four hand trenches with plunger drills with the objective of extending the length of the known vein system exposed on the Property. A total of thirteen individual rock chip, channel and grab samples were taken from the trenches.

The Report reveals, at pages 14 and 15, as follows:

"The program extended the vein system to a strike distance of over 300 m. The vein was initially exposed at 165 W/100 N by No. 1 Trench. The mineralized zone has a width of 2.0 m and a vein width varying from .20 to .70 m along an exposed strike of 3.0 m. While assay values from the vein were generally low, a single grab sample assayed .22 oz Au/T, .59 oz Ag/T....

A second trench 50 m southeast of the first, at 120 W/75 N exposed the vein along strike for 4.5 m. The maximum vein width is .55 m narrowing to the northwest. The highest

assay value from No. 2 Trench was .05 oz Au/T., .95 oz Ag/T across .45 m.

In No. 3 Trench, a further 50 m to the southeast from No. 2 Trench, the vein pinches and swells from .10 to .40 m in a mineralized zone varying from 2 to 3 m in width. Much of this zone is intensely fractured and intruded by mineralized quartz veins 5 cm or less in width. The intensely altered host, containing abundant disseminated pyrite, has been assimilated with the vein material. The highest assay value was .07 oz Au/T, .84 oz Ag/T across 3 m.

A fourth trench located at 190W/140N failed to penetrate the deep accumulation of talus found near the slope bottom.

The exposure in the trenches may represent a single consistent vein as strikes, dips and mineralogy characteristics appear constant. However, the pinching and swelling nature makes correlation of individual veins of this width over such distance uncertain. As mentioned previously, this continuity along strike, together with vein exposures with similar orientation, suggest the presence of several veins which are part of a more extensive system."

Underground Mapping and Sampling Program:

Upon rehabilitation of the adit portal, the exploration program initiated an underground mapping and sampling program. The adit was systematically rock chip sampled at five metre intervals along its strike length, and channel sampled across the vein width at periodic intervals. A total of 27 rock chip channel and grab samples were collected from the adit.

The Report then reveals, at pages 15 and 16, as follows:

"....

The adit was drifted on a fracture/fissure zone containing a steeply dipping, auriferous, quartz-breccia sulphide vein (Q1). The vein pinches and swells within the tunnel and in places is lost altogether. Intense fracturing of the country rock and the subsequent influx and precipitation of mineralizing fluids has created a stockwork in parts of the adit. Horizontal movement along the fracture zone is minimal. Aplite dykes exposed on both the head and foot wall of the vein near the portal indicate a displacement of approximately 3 m, probably caused by a dilatant offset associated with the intrusion of the vein.

The Q1 vein has a consistent strike of about 140° with minor variations due to flexures in the fracture zone. It dips steeply to the southwest at attitudes of 65° to 88° . 50 m's within the adit a drift perpendicular to the main tunnel

exposes the second vein, Q2. This north easterly trending drift which extends for 15 m is overhand stoped for approximately 15 m. A 5 m drift to the southwest, on the head wall of the Q1 vein, failed to expose a southwesterly trending extension of Q2. A measurement of other fracture sets in the area are consistent with those ore bearing sets exposed in the adit.

Most of the economic mineralization appears to be associated with this fracture set intersection. A low pressure zone at this intersection produced a favourable environment for precipitation of the mineralized fluids, creating an "ore shoot".

Oxidation of the sulfides is evident on the walls of the adit as malachite, azurite and manganese oxide are abundant near the intersection. Wallrock alteration is not extensive and is limited to a thin halo of minor propylitic alteration and silicification. A raise at 57 m appears to extend to the No. 3 level and probably provided a shoot for the ore mined from the higher levels."

Rock and Soil Geochemical Surveys:

The Issuer's initial exploration program also included the collection of 107 rock samples and 1,226 soil samples. Rock chip, channel, grab and float samples were collected from areas where signs of mineralization, alteration and/or leaching were observed, and the adit, the dumps and the trenches were each systematically sampled after required rehabilitation and blasting.

Rock Geochemistry:

The Report reveals, at pages 20 and 21, as follows:

"A five element geochemical analysis was performed by Northwest Precious Metals of Vancouver on 107 rock samples. Each sample was analyzed for silver, copper, zinc and lead by atomic absorption and for gold by both atomic absorption and fire assay methods. Thirty-nine samples assaying greater than 1.5 ppm Au (.044 oz Au/T) were reassayed for gold, silver and copper content with 0.5 A.T. of sample to give increased accuracy.

Impressive results were received from the sampling program conducted on the adits and their respective dumps. While values obtained from trenching were generally lower, isolated samples did return good assays. These sporadic values from the trenches may suggest the presence of free gold.

Systematic sampling of the No. 4 level dump produced seven samples which assayed greater than .40 oz Au/T, 1.0 oz Ag/T. BAK 08 and BAK 11 assayed 1.69 oz Au/T, 5.4 oz Ag/T; and 1.95 oz Au/T, 6.12 oz Ag/T respectively. Systematic sampling of the other levels was also encouraging with several values assaying greater than .25 oz Au/T, 1.0 oz Ag/T...

A continuous rock chip sample the length of the adit isolated a highly anomalous zone approximately 20 m along strike. BAK 110 (50 m to 55 m) .12 oz Au/T, .36 oz Ag/T; BAK 111 (55 m to 60 m) .142 oz Au/T, .73 oz Ag/T; BAK 112 (60 m to 65 m) .23 oz Au/T., .73 oz Ag/T. A channel sample across the vein, 48 m within the adit, assayed .26 oz Au/T, .69 oz Ag/T across .7 m while a grab sample from the Q1 and Q2 vein intersection, assayed .78 oz Au/T, 3.5 oz Ag/T.

Eight samples of mineralized vein material that were randomly selected from the dump at No. 4 level assayed an average of .64 oz Au/T, 3.6 oz Ag/T. To obtain an average grade for the dump a total of 18 random samples of dump material were averaged (the two highest and lowest values weren't included in the calculation), and an estimation of the dump tonnage was made. Conservative estimates indicate roughly 2,000 metric tons of dump material grading 0.083 oz Au/T are found at the No. 4 level. While assay values from the dump at the other levels were impressive, the number and type of samples collected would not give an accurate indication of the representative grade or tonnage.

A float sample from the adit on the Sunbeam Fraction also produced some encouraging results that warrant follow-up work. This sample, which is very similar to the Dunwell ore, returned assay values of .21 oz Au/T and .76 oz Ag/T."

Soil Geochemistry:

The Report then reveals, at pages 21 to 23, as follows:

A total of 13.25 km of grid was sampled at 10 m intervals. 1,226 soil samples were collected and analyzed by ICP for a 30 element suit, and by atomic absorption for gold, by Chemix Labs Ltd. of North Vancouver. The values for seven separate pathfinder and indicator elements were plotted in order to establish geochemical trends. Arsenic, lead, zinc, copper and cobalt are generally considered to be pathfinder elements for precious metal veins such as those found on the Ben Ali property.

A simple statistical analysis was performed on the geochemical data to isolate anomalous zones with a degree of probability. The threshold value for an element was taken to be its mean value plus two standard deviations....

Four zones, possessing both anomalous pathfinder and indicator elements, were isolated by the geochemical survey. The most anomalous zone is the area lying adjacent to the old workings. Extremely high values, which in part represent leaching of the dumps and the subsequent concentration of gold and silver in favourable locations are found along the length of the exposed vein system. A soil sample from 0+50E/0+40S which required assaying, returned a value of 0.650 oz/T Au. Samples from 150W/90N and 150W/80N returned values of 60.2 and 52 ppm Ag respectively. Other highly anomalous samples along the vein system returned values of 1,280, 895, 890, 650 ppb Au and 34.8, 31.2, 23.6 ppm Ag. Several values in this zone do not appear to have been significantly influenced by the leaching of the dumps and the identification of their source deserves more attention. Lead, zinc, copper and cobalt pathfinders were all anomalous in this area, but do not appear to have any economic significance other than as pathfinders for the precious metals.

A second anomalous area is located in the northeastern portion of the grid near the Sunbeam workings. The zone extends from 500E to 7+50E, 1+50N to 7+00N and is open to the east. While no significant gold values were obtained, good silver copper and pathfinder values indicate that mineralization in the area is more extensive than that exposed in the Sunbeam adit.

The third zone lies northeast of the Ben Ali workings and extends from 1+00E to 3+00E, 2+00N to 3+00N. A soil sample from 1+00E/2+50N assayed .496 oz/T Au (17013 ppb), 1.57 oz/T Ag (54 ppm) while a sample from 3+50E/4+00N assayed .120 oz/T Au (4,130 ppb). The source of these extreme values is unknown at this time.

The pathfinder elements seem to indicate a correlation exists between the second and third zones. This east/west trend is the result of a small creek originating in the second zone and terminating at the foot of the slope in the Bear River.

The fourth zone lies in the southeast portion of the grid between 6+00E and 6+50E, 1+00S and 2+00S. Two isolated gold values exist independent of any other anomalous values."

Conclusions and Recommendations

The Report summarizes, at pages 24 and 25, as follows:

"The 1987 exploration program isolated four areas of note on the Ben Ali Property. The most interesting area was that lying adjacent to the old workings. Geochemical values from the area are considered very anomalous for both indicator

and pathfinder elements, with values of .64 and .04 oz/T Au, 1.75 and 1.52 oz/T Ag being reported from individual soil samples. While these are extreme, most values in the vicinity of the old workings can be considered highly anomalous (i.e. greater than 3 SD). The ground magnetometer survey complements the geochemical survey. A sequence of mag lows appear to be masked in part by several mag highs. The mag lows appear to represent the mineralized quartz-breccia veins found in the magnetite rich quartz monzonite. This provides a signature for the vein that may be used to identify similar features. The spread of anomalous pathfinder elements is much greater than the lateral extent of this exposed vein system. This may be in part due to the high mobility of some of the elements or may indicate greater lateral extent to the system than presently known.

A second anomalous zone lies in the northeast portion of the grid on the Sunbeam Fraction. Anomalous silver, copper, arsenic and zinc values are supported by corresponding magnetic and VLF-EM highs, which trend east off the property. A grab sample from the Sunbeam adit, located in this zone, assayed 0.202 oz/T Au, 0.77 oz/T Ag. Three VLF anomalies located south of the main anomaly do not show geochemical trends, but warrant further investigation.

A third area of interest lies approximately 200 m northeast of the old Ben Ali workings. A magnetic high, related to the intrusive/volcanic contact, engulfs the area, masking smaller scale features. A mineralized quartz-breccia vein exposed by trenching possesses the same orientation as those veins exploited by the more extensive workings to the southwest. Values of .496 oz/T Au (17013 ppb), .054 oz/T Au (1860 ppb), and 1.57 oz/T Ag (54 ppm) were reported from the soils. This anomaly appears to extend north off the property.

The fourth area of interest trends north to south in the eastern portion of the grid near the volcanic/sediment contact. It is identified by several spot magnetic highs, but does not correlate to VLF-EM or geochemical anomalies. These continuous highs may represent a large scale geological feature warranting further investigation.

Spot geochemical anomalies are numerous throughout the property. The source of one of these, a soil sample from 2+37E/4+00N that returned a value of .120 oz/T Au (4130 ppb) should be identified."

The Report then concludes, at page 26, as follows:

"Encouraging results were obtained from the exploration performed on the Ben Ali property. Geochemical and geophysical surveys outlined three new areas of interest along with those already known to contain economic-grade

mineralization. The extent of the ore shoot, which has been exploited in part by past high grade operations, was delineated by surface and underground exposures and a calculation of possible reserves made. With present information, sufficient reserves do not remain between the No. 1 and No. 4 levels to warrant a high grade/low tonnage operation. However, the geometry of the ore shoot above the No. 1 Level and below the No. 4 Level is open - there may be significant additional tonnage.

Samples from the adit found on the Sunbeam Fraction also produced encouraging results. Geochemical and geophysical trends indicate the mineralization may be more extensive than presently known.

Approximately 200 m northeast of the Ben Ali workings a mineralized quartz vein was exposed and several extremely high soil geochemistry values obtained. One soil sample, high enough to require assaying for precision, returned .496 oz/T Au."

The Report then recommends that a Phase II work program to consist of induced polarization surveying and trenching be undertaken on the Property in order to delineate the extent of the vein system and gold mineralization. The Report continues, as follows, at page 27:

"...

The Induced Polarization surveys should be conducted over the three anomalous zones isolated by the Phase I program. IP targets should be trenched. Rehabilitation and examination of the Sunbeam Adit should also be attempted in an effort to trace the exposed vein system in this portion of the property.

An exploration program should be conducted on the Ben Ali No. 5 claim, located on the western slopes of the Bear River Ridge. This program should include soil sampling at 100 m contour intervals and geological mapping. Steep and often heavily forested slopes inhibit accessibility to a large portion of the Ben Ali No. 5 claim and the program may have to be modified accordingly."

A sum of \$125,000 is recommended to be allotted to complete the recommended Phase II work program, as follows:

"Soil Geochemical Survey	\$ 15,000
Rock Sample analyses	1,800
Line Cutting 10 km x \$650/km	6,500
IP Survey 10 km x \$1,500/km	15,000
Geology and Support	14,000
Trenching and blasting	24,000
Helicopter support	5,000

Accommodation, Materials & Vehicles	15,000
Contingencies, allow approx. 15% of above	16,200
Engineering Supervision and Report	<u>12,500</u>
Total Estimated Cost of Phase II	<u>\$125,000"</u>

Contingent upon favourable results being obtained from the recommended Phase II work program, the Report then recommends that a Phase III work program to consist of reverse circulation and diamond drilling be undertaken on the Property in order to allow reserve calculations. The contingent Phase III work program is estimated to cost approximately \$150,000.

There are no known reserves of commercial ore located on the Property, and the Issuer is conducting an exploratory search for ore only.

There are no known material underground or surface workings, plant or equipment located on the Property, except as disclosed herein.

PLAN OF DISTRIBUTION

The Offering

The Issuer by its Agent hereby offers (the "Offering"), to the public through the facilities of the Vancouver Stock Exchange (the "Exchange"), 700,000 shares (the "Shares") of the Issuer at a price of \$0.40 per Share (the "Offering Price"). The Offering will be made in accordance with the rules and policies of the Exchange and on a day (the "Offering Day") determined by the Agent and the Issuer, with the consent of the Exchange, within a period of 180 days from the date upon which the Shares of the Issuer are conditionally listed on the Exchange (the "Effective Date").

Appointment of Agent

The Issuer, by an agreement (the "Agency Agreement") dated January 9, 1989, appointed Canarim Investment Corporation Ltd., of Stock Exchange Tower, P.O. Box 10337, 2200 - 609 Granville Street, Vancouver, British Columbia, V7Y 1H2, as its agent ("Agent") to offer the Shares through the facilities of the Vancouver Stock Exchange (the "Exchange").

The Agent will receive a commission of \$0.04 per Share sold.

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