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SUPERINTENDENT OF BROKERS
AND
VANCOUVER STOCK EXCHANGE
(Development Company)

D.L ✓
PROPERTY FILE
103P170

STATEMENT OF MATERIAL FACTS (# 135/87)

EFFECTIVE DATE: October 9, 1987

K.W. RESOURCES LTD.
401-409 Granville Street, Vancouver, B.C., V6C 1T2
Telephone: (604) 669-3756

NAME OF ISSUER, ADDRESS OF HEAD OFFICE AND TELEPHONE NUMBER

800 - 885 West Georgia Street, Vancouver, B.C., V6C 3H1
ADDRESS OF REGISTERED AND RECORDS OFFICES OF ISSUER

The Canada Trust Company
1055 Dunsmuir Street, Vancouver, B.C., V7X 1P3

NAME AND ADDRESS OF REGISTRAR AND TRANSFER AGENT FOR ISSUER'S SECURITIES
IN BRITISH COLUMBIA

The securities offered hereunder are speculative in nature. Information concerning the risks involved may be obtained by reference to this document; further clarification, if required, may be sought from a broker.

OFFERING: 360,000 COMMON SHARES

	Price to Public (estimated)*	Commission	Estimated Net Proceeds to be received by the Issuer
Per Share	\$0.40	\$.03	\$.37
Total	\$144,000.00	\$10,800.00	\$133,200.00

*To be calculated in accordance with the Rules of the Vancouver Stock Exchange and, in any event, not less than \$0.40 per Share.

ADDITIONAL OFFERING: 180,000 COMMON SHARES

The Agents will receive Agents' Warrants entitling them to purchase a total of 180,000 shares in return for guaranteeing the sale of the shares offered hereby. See "Plan of Distribution" for further information concerning the sale of these shares.

AGENTS:

WEST COAST SECURITIES LTD.
400-815 West Hastings Street
Vancouver, B.C., V6C 3G9

WOLVERTON & COMPANY LTD.
1750-701 West Georgia Street
Vancouver, B.C., V7Y 1J5

Neither the Superintendent of Brokers nor the Vancouver Stock Exchange has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence.

1. PLAN OF DISTRIBUTION

(1) Offering

The Issuer by its Agents hereby offers (the "Offering") to the public through the facilities of the Vancouver Stock Exchange the ("Exchange") 360,000 Common Shares (the "Shares"). The Shares will be sold at a price (the "Fixed Price") to be agreed upon by the Issuer and the Agents, provided such price shall not be fixed at a discount of more than 10% below the average market price determined by the Exchange, in accordance with its rules. The Offering shall be made on a day (the "Offering Day") within a period of thirty (30) business days following the Effective Date of this Statement of Material Facts (the "Effective Date" being the date of acceptance of this Statement of Material Facts by the Exchange and the Superintendent as noted on the cover page of this Statement) at the fixed price.

The purchaser of any Shares will be required to pay regular commission rates as specified in the rules and by-laws of the Exchange.

Appointment of Agents

By an agreement dated May 21, 1987 and Extension Agreement dated August 19, 1987 (the "Agency Agreement"), the Issuer appointed the following as its agents (the "Agents") to offer the Shares to the public as follows:

<u>Name of Agents</u>	<u>Participation</u>
West Coast Securities Ltd.	200,000 shares
Wolverton & Company Ltd.	160,000 shares

The Agents will receive a commission at the time the Shares are sold of 7.5% of the gross proceeds from the sale of the Shares.

The Issuer has granted the Agents a right of first refusal with respect to any future equity financings it may require during the twelve month period following the Effective Date.

The Agents reserve the right to offer selling group participation in the normal course of the brokerage business to selling groups of 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.

The Agents may offer some of the Shares to their clients in Great Britain or Europe. The Agents have advised that any sales in Great Britain or Europe will be

Group	Property Name	Issuer's Acquisition and Exploration Costs to date	Shares Issued to date	Planned Expenditures from Funds-Available upon Completion of the Offering
I	La Rose Mineral Claims	\$8,000.00	25,000	\$60,000.00
II	None			
III	None			

Group I Properties for which regulatory approval has been obtained under this Statement of Material Facts.

LA ROSE MINERAL CLAIMS

Pursuant to an option agreement (the "Option Agreement") dated the 3rd day of July, 1986, between Marco Kreklo ("Kreklo") of Chilliwack, B.C. and the Issuer, the Issuer acquired a 100% undivided interest in and to four mineral claims known as the La Rose Mineral Claims located in the Skeena Mining Division, Province of British Columbia for and in consideration of the total sum of \$78,000.00 and the issuance of a total of 150,000 shares of the Issuer. Mr. Peter Lo paid to Kreklo the sum of \$800.00 upon execution of the Option Agreement which sum has since been re-imbursed by the Issuer and the remainder of the purchase price shall be paid as follows:

- (a) \$7,200.00 in cash and 25,000 shares on or before January 31, 1987, which cash and shares will be paid upon completion of the Offering;
- (b) \$15,000.00 in cash and 35,000 shares on or before September 1, 1987;
- (c) \$15,000.00 in cash and 30,000 shares on or before September 1, 1988;
- (d) \$15,000.00 in cash and 30,000 shares on or before September 1, 1989; and
- (e) \$25,000.00 in cash and 30,000 shares on or before September 1, 1990.

Mr. Peter Lo, President and a Director of the Issuer, having paid the initial downpayment personally, had an interest in the property until re-imbursed by the Issuer.

(a)	Estimated cost of this issue, including legal, audit and printing costs (approx.)	\$ 12,000.00
(b)	Phase I of the proposed exploration program on the La Rose Mineral Claims as recommended in the report of C. Raymond Saunders, P.Eng of Orcan Mineral Associates Ltd. dated March 31, 1987	\$ 60,000.00
(c)	Reserve for administrative expenses and general working capital to acquire and/or develop properties of merit	<u>\$ 61,200.00</u>
	TOTAL:	<u>\$133,200.00</u>

In the event that all of the Agents' Warrants being offered herein are exercised, the Issuer will receive additional funds which, if the first stage of the proposed exploration programs are successful, will be used to further develop the La Rose Mineral Claims and to provide additional working capital. If the first stages of such programs are unsuccessful and the Issuer elects not to proceed with successive stages of the programs, the funds will be used to provide additional working capital.

There are no provisions or arrangements for holding any part of the net proceeds received from the sale of the securities in trust or subject to the fulfillment of any conditions.

3. MATERIAL NATURAL RESOURCE PROPERTIES

(1) Summary of Material Mining Properties

- Group I Properties for which regulatory approval has been obtained under this Statement of Material Facts.
- Group II Presently held properties which are currently producing or being explored, or upon which exploration is planned within the next year.
- Group III Other presently held properties upon which the Issuer's acquisition and exploration costs to date exceed \$100,000.

This re-imbusement has now taken place. Kreklo acquired the La Rose Mineral Claims on April 30, 1986 for the acquisition cost of approximately \$20,000.00.

Raymond Saunders, P. Eng. in his report dated March 31, 1987 (the "Saunders Report") which is included in this Statement of Material Facts described previous work done on the claims and recommends a two stage exploration program.

The Saunders Report states that the general area, referred to as the "Portland Canal" region has been prospected since 1898 with more serious attempts at mining beginning about 1908. In the Alice Arm area of this region, several mines have been developed, the more notable being Torbit (silver), Esperanza (silver) and Lime Creek (molybdenum).

The La Rose property was originally staked about 1916 and exploration and small scale mining was carried out intermittently from 1917 to 1931. Total production of hand sorted ore was 74 tons containing 15 ounces gold, 15,993 ounces silver, 4,383 pounds lead and 3,576 pounds zinc (equivalent to 0.20 Au per ton, 216 oz Ag per ton, 3.0% lead and 2.4% zinc. No work of any consequence has been done since 1931.

The Saunders Report states that there are two and possibly three quartz veins on the La Rose property. The 74 tons of hand sorted ore came from on the vein termed the "Main Vein" and Saunders advises in his report that an average grade of the ore before sorting can only be guessed at, but could be in the order of 0.05 gold and 50 ounces of silver. An adit was driven 42 feet to the second vein, termed the "Big Vein" and samples returned 2.2 oz Ag per ton with traces of chalcopyrite and galena present. A 30 ft shaft was sunk on the third vein, termed the "Shear Zone" and found mineralization similar in appearance to the Main Vein high grade ore.

A two stage exploration program is recommended in the Saunders Report. The first stage to comprise property exploration and evaluation of accessible veins including geological mapping and prospecting of all rock exposures, geochemical soil surveys, magnetic and VLF0EM geophysical surveys, rehabilitation of adits and underground workings and geological mapping and sampling of underground workings. The estimated cost of the first stage program is \$60,000.00. The second stage, contingent on positive results from the first stage, is to be primarily diamond drilling at an estimated cost of \$105,000.00.

The Issuer intends to fund Stage 1 from the proceeds of this offering.

To the knowledge of the Issuer, the La Rose Claims are without a known body of commercial ore and any program conducted on the property would be an exploratory search for ore.

4. PARTICULARS OF NON-RESOURCE ASSETS

The Issuer is not presently engaged in a business other than for the exploration and development of natural resources.

5. CORPORATE INFORMATION

(1) Incorporation

The Issuer was incorporated on September 18, 1972 under the laws of the Province of British Columbia by Memorandum and Articles. The name of the Issuer was changed from Keywest Resources Ltd. (NPL) to K.W. Resources Ltd. (NPL) on April 12, 1984.

The Issuer became a public company on July 9, 1973 by the filing of a prospectus with the office of the Superintendent of Brokers for British Columbia. Shares of the Issuer were listed for trading on the Vancouver Stock Exchange on March 1, 1985. An extraordinary general meeting of the Company was held on October 1, 1986, at which time the members approved a change of control of the Company by the transfer of 750,000 escrow shares to Peter Lo and the present management took over the affairs of the Issuer.

By Special Resolution dated April 13, 1987, the memorandum and articles of the Issuer were altered to convert the Issuer from a specially limited company to an ordinary limited company by cancelling any and all restrictions on the businesses of the Company, changing the 3,500,000 shares of the Issuer with a par value of \$0.50 to 3,500,000 shares without par value and increasing the authorized capital of the Issuer to 10,000,000 common shares without par value. The special resolutions passed on April 13, 1987 became effective July 24, 1987.

(2) Share Capital

The authorized share capital of the Issuer consists of 10,000,000 shares without par value, of which 2,234,174 shares are presently issued and outstanding.

The share capital of the Issuer consists of one class of shares only. All shares issued by the Issuer rank

**ORCAN MINERAL ASSOCIATES LTD.
CONSULTING ENGINEERS**

**SUITE 1417 - 409 GRANVILLE STREET
VANCOUVER, CANADA V6C 1T2
TELEPHONE (604) 662-3722**

**K. W. Resources Ltd.
Vancouver, Canada**

**Geological Report
on the
LA ROSE PROPERTY
Kitsault Area, British Columbia**

31 March, 1987

C. Raymond Saunders, P.Eng.

Vancouver, Canada

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SUMMARY

The La Rose property of K. W. Resources Ltd., comprising four reverted Crown granted claims, is located near the head of Alice Arm, approximately 150 kilometres northeast of Prince Rupert, British Columbia. It was intermittently explored and developed by limited underground workings during the years 1917 to 1931. The mining produced 74 tons of hand-sorted ore that averaged 0.20 oz Au per ton, 216 oz Ag per ton, 3% Pb and 2.4% Cu.

The property lies near the eastern side of the Coast Plutonic Complex in Jurassic volcanic and clastic sedimentary rocks. These units have been warped into north-northwest trending folds; faults are not plentiful but are present as evidenced by the quartz veins and old descriptive records.

Silver mineralization, along with small amounts of gold, copper, lead and zinc occur in sulphides in quartz veins that strike about 010° and dip steeply east. One vein has been partially explored and two others are indicated.

The property merits exploration for mineralized quartz veins and the quartz veins require definitive exploration in the form of diamond drilling. A two stage program is recommended:

Stage I	\$ 60,000
Stage II	<u>105,000</u>
TOTAL	<u><u>\$ 165,000</u></u>

INTRODUCTION

This report has been commissioned by Mr. Peter Lo, President of K. W. Resources Ltd. It is based primarily on government reports and maps, there being no known company or private information available that is of a recent vintage. The property has not been examined by the writer.

Location (55°34'N, 129°32'W; NTS 103P/12)

The La Rose property is located in central-western British Columbia, approximately 150 kilometres northeast of the city of Prince Rupert and 50 kilometres southeast of the town of Stewart (Figure 1). Access is by helicopter from Kitsault at the head of Alice Arm (if available), or from Stewart. Provincial Highway No. 37 connects Stewart with southern cities; also, the town is serviced by scheduled airline flights from Prince Rupert.

The property lies on the steep eastern slope of Tsimtol Mountain between two main creeks, Klayduc and La Rose (Figure 2). Elevations on the claims range from about 1,500 feet to 3,200 feet; slopes are steep and the local topography generally rugged. Most of the property is barren of timber.

Property

The La Rose property consists of four reverted Crown granted mineral claims as follows (Figure 2):

<u>Name</u>	<u>Lot No.</u>	<u>Area (hectares)</u>	<u>Anniversary Date</u>
Britannia	4245	20.90	30 April
Britannia #1	4246	20.90	30 April
Britannia #3	4247	13.47	30 April
St. Eloi	4248	8.59	30 April
		<u>63.86</u>	

History

The general area comprising Bear River, Salmon River, Marmot River, Anyox, Hastings Arm and Alice Arm (Kitsault River), collectively referred to as the 'Portland Canal' region, has been prospected since 1898, with more serious attempts at mining beginning about 1908. In the Alice Arm area, numerous mineral occurrences and deposits have been discovered and several mines have been developed, the more notable being Torbrit (silver), Esperanza (silver), and Lime Creek (molybdenum).

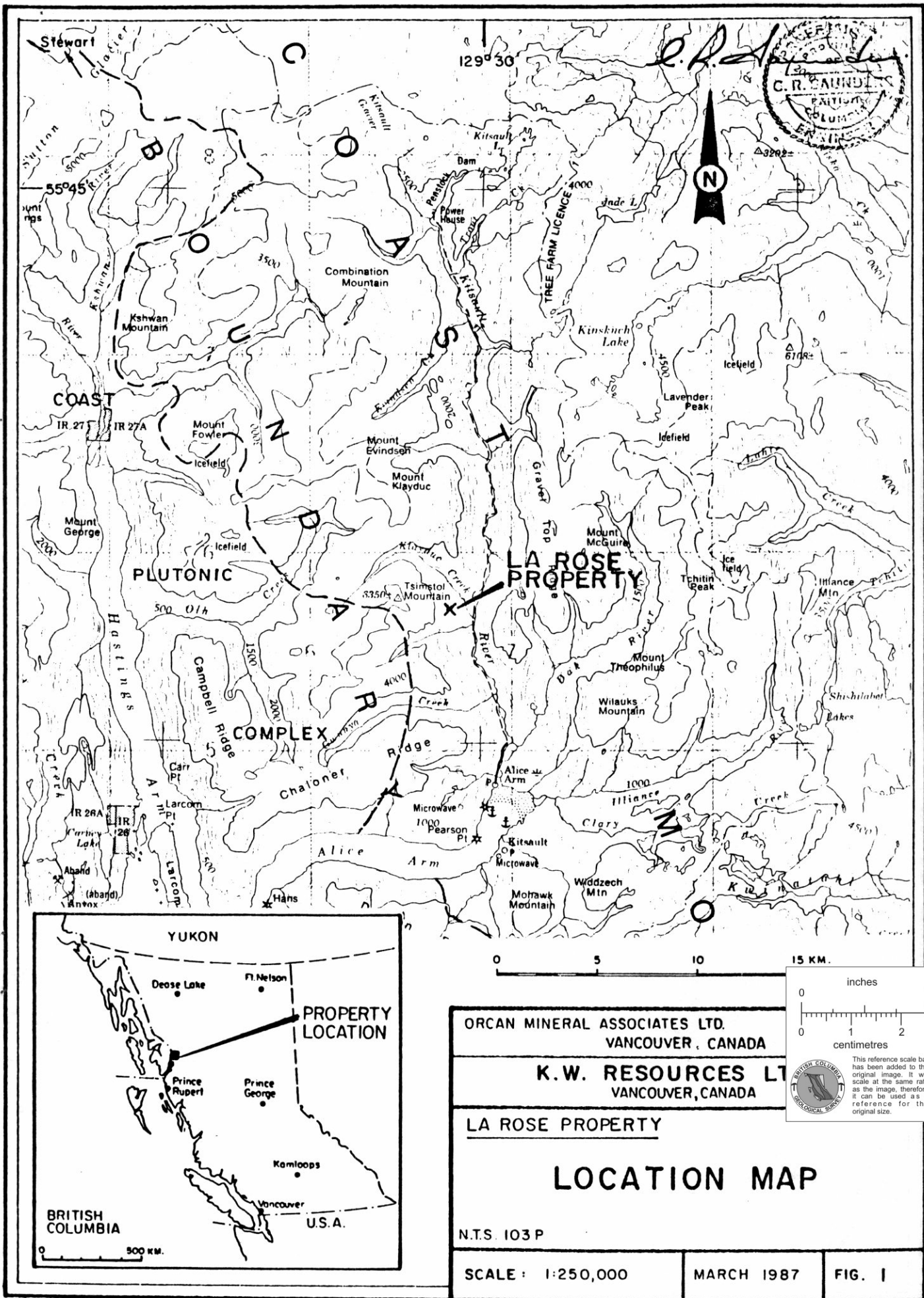
The La Rose property was originally staked about 1916; exploration and small scale mining were carried out intermittently from 1917 to 1931. Total production of hand-sorted ore was 74 tons containing 15 ounces gold, 15,993 ounces silver, 4,383 pounds lead and 3,576 pounds zinc (equivalent to 0.20 oz Au per ton, 216 oz Ag per ton, 3.0% lead and 2.4% zinc).

The La Rose vein was exposed at 2,250 feet(?) elevation by an open cut, 125 feet of adit and 14 feet of shaft. Approximately 150 feet lower in elevation, a 420 foot cross-cut was driven 70 feet past the vein and the vein drifted for 135 feet south and a "short distance" north. A raise was driven from the drift to the shaft bottom on the upper level. A short (25-30 ft.) subdrift was driven from the raise about 20 feet above the level.

No work of any consequence has been done since 1931.

References

1. Carter, N.C. and E.W. Grove; Geological Compilation Map of the Stewart, Anyox, Alice Arm and Terrace Areas; British Columbia Department of Mines and Petroleum Resources, Preliminary Map No. 8, 1971.
2. Dawson, G.L.; Geology of the Kitsault River Area, NTS 103P; British Columbia Ministry of Mines, Energy, and Petroleum Resources, Open File Map 1986/2.
3. Hanson, George; Portland Canal Area, British Columbia; G.S.C. Memoir 175, 1935.
4. British Columbia Department of Mines Annual Reports for the years 1916, 1917, 1918, 1919, 1920, 1923, 1925, 1926, 1928, 1929, and 1931.



C.R. SAUNDY
PARTITION



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VANCOUVER, CANADA

K.W. RESOURCES LTD.
VANCOUVER, CANADA

LA ROSE PROPERTY

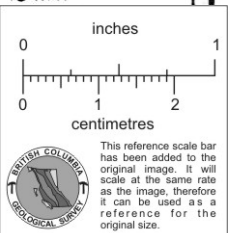
LOCATION MAP

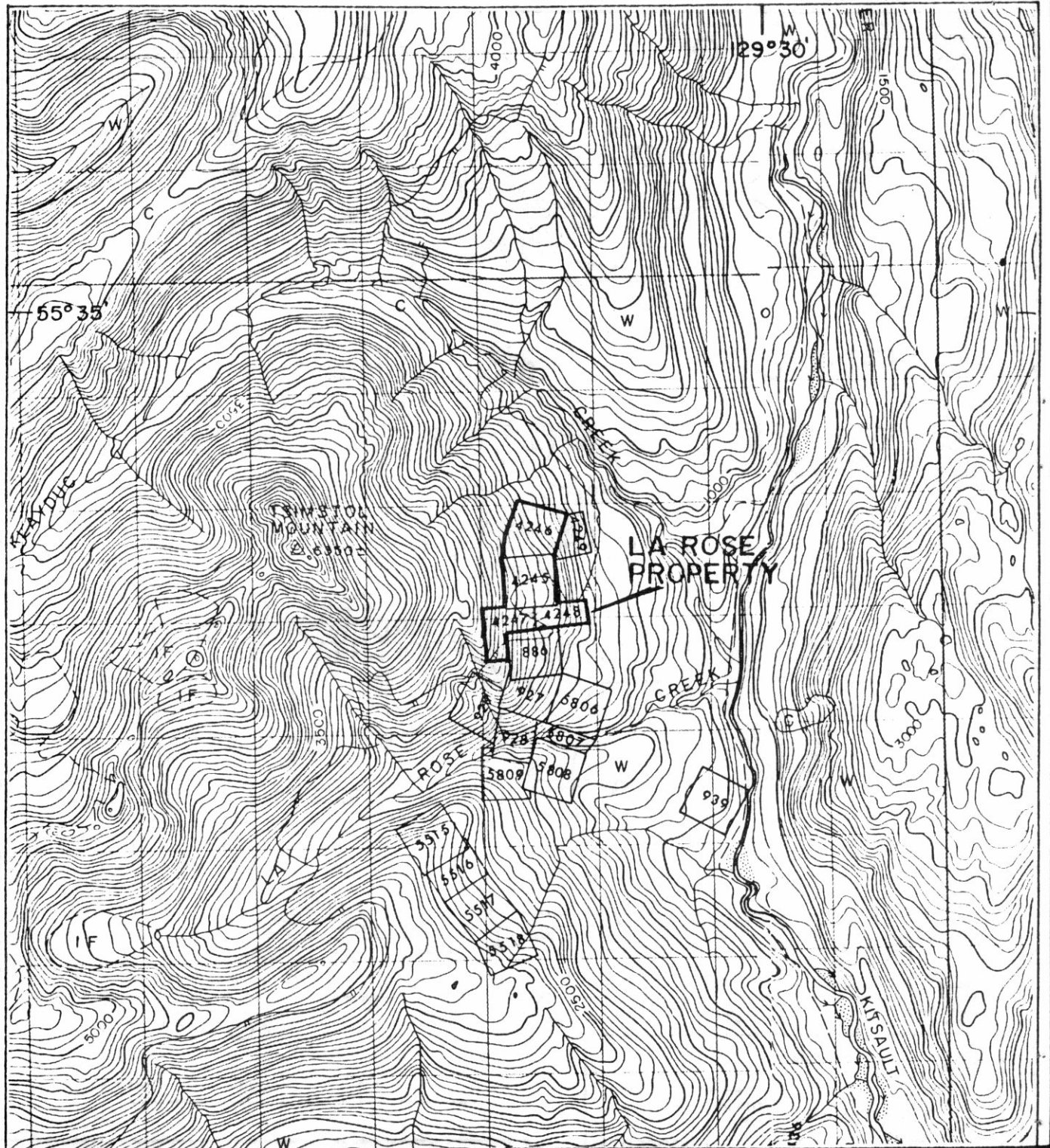
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MARCH 1987

FIG. 1





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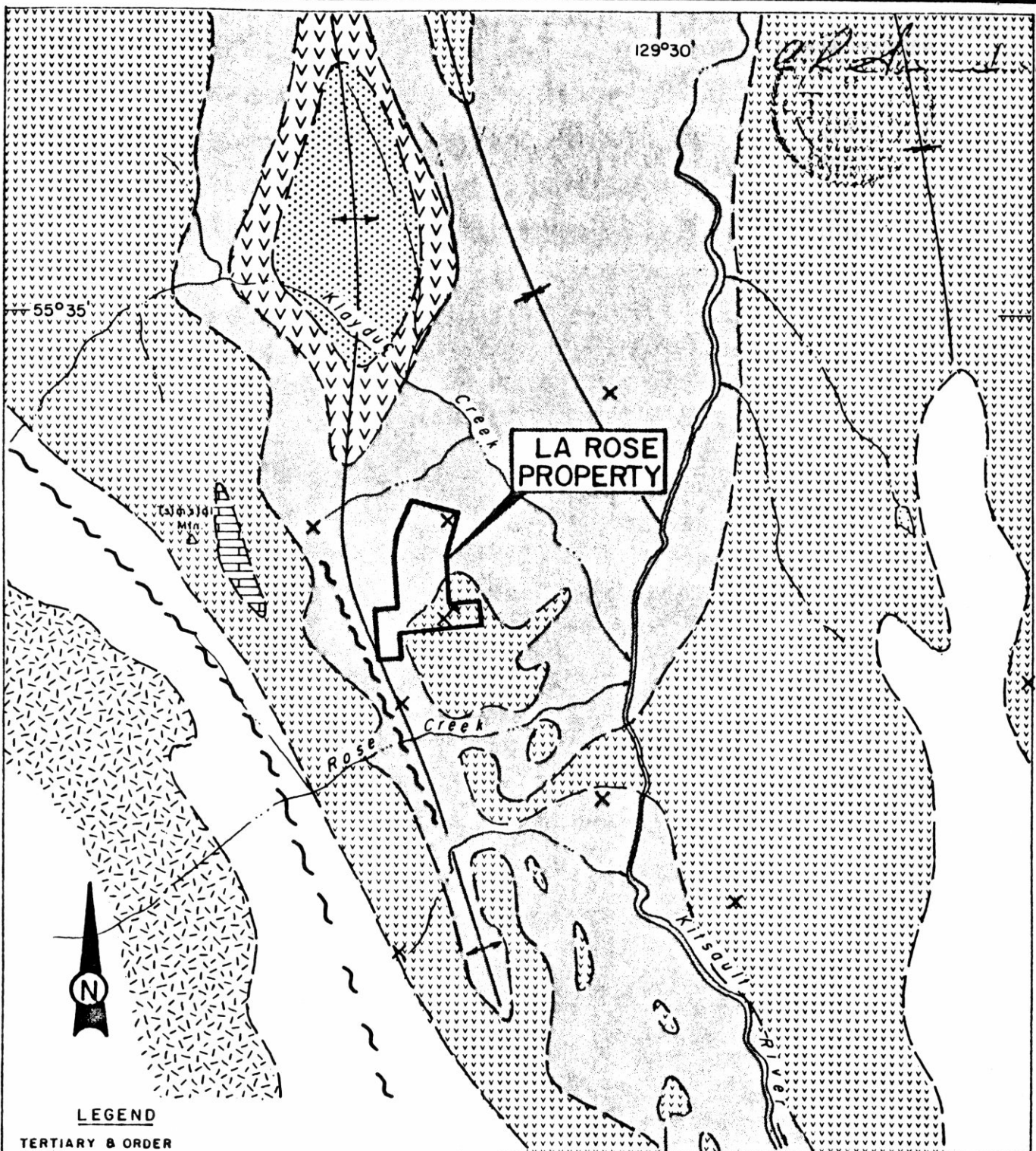
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K. W. RESOURCE VANCOUVER, B. C.		
LA ROSE PROPERTY		
<h1>CLAIM MAP</h1>		
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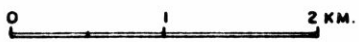
ORCAN MINERAL ASSOCIATES LTD.

5. British Columbia Department of Mines and Petroleum Resources; Geology, Exploration and Mining in British Columbia, 1969.
6. Porphyry Deposits of the Canadian Cordillera; Special Volume 15, Canadian Institute of Mining and Metallurgy, 1976.



LEGEND

- TERTIARY & ORDER
- COAST PLUTONIC COMPLEX - quartz monzonite, granodiorite
- JURASSIC
- UPPER SEDIMENTARY UNIT - siltstone, shale, minor sandstone
- INTERMEDIATE VOLCANIC UNIT - green (minor maroon) andesitic pyroclastics
- LIMESTONE
- MIDDLE SEDIMENTARY UNIT - black siltstone
- MAFIC VOLCANIC UNIT - porphyry basalt flows
- LOWER SEDIMENTARY UNIT - black siltstone, argillite, shale
- ANTICLINE, SYNCLINE
- MINERAL OCCURRENCE, OLD WORKINGS
- POSSIBLE FAULT



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VANCOUVER, CANADA

K.W. RESOURCES
VANCOUVER, B.C.

LA ROSE PROPERTY

GEOLOGICAL

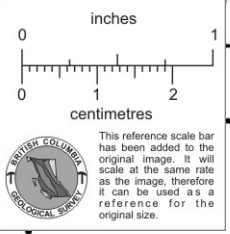
(FROM BCMEMPR OPEN FILE MAP 1986/2)

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MARCH 1987

FIG. 3



GEOLOGICAL SETTING

The La Rose property is situated in Lower to Middle Jurassic units that border the eastern margins of the Coast Plutonic Complex (Figure 3). The plutonic rocks comprise most of the acidic to intermediate composition intrusive rock types, with quartz monzonite and granodiorite being predominant in the region of the property. The intrusive contact is approximately two kilometres southwest of the La Rose property.

The Jurassic age rocks have been subdivided into Lower, Middle and Upper Sedimentary Units separated by Mafic and Intermediate Volcanic units. The sedimentary units are predominantly siltstone, although minor amounts of shale, sandstone, and argillite are present locally. The Mafic (lower) volcanic unit consists of primarily olivine porphyry basalt flows; the Intermediate (upper) volcanic unit is mostly green and minor maroon andesitic pyroclastic rocks, but occasionally includes andesite porphyry, black or maroon clastic sedimentary rocks, limestone and chert. The Middle Sedimentary and Intermediate Volcanic units underlie the La Rose property (Figure 3).

Structurally, the area is warped into north-northwest striking anticlines and inclines. The property lies on the eastern limb of an anticline where the bedding commonly dips 45°-60° to the east. Faults are not a dominant feature, possibly because most are bedding plane or near-bedding plane features that are not easily recognizable in the host sedimentary rocks. However, at least one large fault is present immediately west of the La Rose property and other, perhaps of lesser strength, are surmized, from old descriptive records, to occur on the property. As well, the quartz veins have been emplaced within some type of fault structures.

MINERAL OCCURRENCES

There are two and possibly three quartz veins on the La Rose property; they may be termed the 'Main Vein', the 'Big Vein' and the 'Shear Zone'. Only minimal work has been done on the latter two.

The Main Vein strikes about 010° and dips steeply to the east. It varies from a few inches to three feet in width. The host rocks are argillite (siltstone?) and volcanics. Mineralization consists of galena, sphalerite, tetrahedrite (grey copper), pyrite, arsenopyrite, some native silver, and possibly a little ruby silver (pyrargyrite and/or proustite). A mineralized zone, termed high grade mineable ore in the old reports, was partially defined by underground development and mining. It has dimensions in the order of 25 to 40 feet in strike length, 100 to 125 feet dip length, and a steep northerly plunge. All of the 74 tons of hand-sorted ore came from this zone. An average grade of the ore before sorting can only be guessed at, but could be in the order of 0.05 gold and 50 ounces of silver. Two samples taken in the shaft near the Upper Level by an engineer of the British Columbia Department of Mines returned the following values: 0.06 oz Au per ton and 244 oz Ag per ton across 24 inches; 0.04 oz Au per ton and 20 oz Ag per ton across 16 inches. The best values appear to be where the vein is within or near volcanic rocks.

The Big Vein obviously looks barren where it is exposed and, consequently, it was mostly ignored while work was concentrated on the Main Vein. The extent and dimensions of the exposure are not recorded. An attitude is given as $N80^{\circ}E$ (magnetic?) with a dip of 60° north. An adit was driven 42 feet to the vein but no further work is noted. A sample, or samples, returned 2.2 oz Ag per ton; traces of chalcopyrite and galena were present as well.

The Shear Zone is represented on surface by a long draw paralleling the hillside and "striking a little more north-south than the main vein". Also, it was intersected in the cross-cut on the Lower Level. Near the south boundary of the property a 30-foot shaft sunk on the Shear Zone found mineralization similar in appearance to the Main Zone high grade ore. Later attempts to trench the zone between the shaft and La Rose workings were hindered by overburden depth and water seepage. Thus, although information about the Shear Zone (probably a fault containing quartz veins or lenses) is sparse, it is of interest because it has possibilities for continuity along strike and dip.

CONCLUSIONS

The La Rose property is underlain by sedimentary and volcanic rocks that are hosts for mineralized quartz veins. At least two of the veins contain mineralization that is high in silver and has low values in gold, copper, lead and zinc. These veins merit exploration by modern methods, including diamond drilling. As well, the property should be thoroughly explored for other veins which may be hidden by overburden.

Recommendations

A two-stage exploration program is recommended for the La Rose property, the first stage to comprise property exploration and evaluation of accessible veins, and the second stage, contingent on positive results from the first stage, to be primarily diamond drilling. More specifically, the work will include the following:

Stage I

- Geological mapping and prospecting of all rock exposures
- Geochemical soil surveys
- Magnetic and VLF-EM geophysical surveys
- Rehabilitation of adits and underground workings
- Geological mapping and sampling of underground workings

Stage II

- Diamond drilling (approximately 15 holes)

Estimated Costs

The estimated costs for the proposed work are as follows:

Stage I



Rehabilitate Old Workings	\$ 9,000	
Geological Mapping, Sampling	5,000	
Geochemical Soil Survey	2,000	
Geophysical Surveys (Mag., VLF-EM)	2,000	
Topographic Map	2,000	
Assaying	6,000	
Transportation (includes helicopter)	7,000	
Camp & Maintenance	8,000	
Consulting, Reports, Administration	12,000	
Contingency	<u>7,000</u>	\$ 60,000

Stage II

Diamond Drilling (includes camp & mobilization)	\$ 63,000	
Transportation (includes helicopter)	12,000	
Assaying	2,000	
Consulting, Engineering, Administration	16,000	
Contingency	<u>12,000</u>	<u>105,000</u>

Total of Stages I & II **\$ 165,000**

Respectfully submitted,
ORCAN MINERAL ASSOCIATES LTD.



C. Raymond Saunders, P.Eng. 

CERTIFICATE

I, C. Raymond Saunders of 666 St. Ives Crescent, North Vancouver, Canada, do hereby certify that:

1. I am a graduate of the University of British Columbia, (B.A.Sc. in Geological Engineering, 1956).
2. I am a registered Professional Engineer of the Province of British Columbia (registration number 6498).
3. From 1956 until 1967, I was engaged in mining and mining exploration in Canada for a number of companies; positions included mine geologist, mine engineer and and chief geologist for underground and open pit operations. Since 1967 I have been practicing as a consulting geological engineer in minerals exploration, property development and deposit evaluation in Canada and other countries.
4. This report is based on the use of all available government and private reports, maps and records.
5. I have not received, nor do I expect to receive, any interest, directly or indirectly, in the properties or securities of K. W. Resources Ltd. or any associated companies.

Respectfully submitted,



C. Raymond Saunders, B.A.Sc., P.Eng.

Vancouver, Canada
March 31, 1987

CERTIFICATE OF DIRECTORS AND PROMOTERS OF THE ISSUER

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

September 25, 1987

Date

~~PETER LO~~
Director, Promoter

~~BETTY SUI PIK LO~~
Director

David Repetowsky
~~Director~~
DAVID REPETOWSKY
Director
(by his attorney in fact Peter Lo)

CERTIFICATE OF THE AGENTS

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 statement of material facts as required by the Securities Act and its regulations.

September 25, 1987

Date

WEST COAST SECURITIES LTD.

WOLVERTON & COMPANY LTD.

Per: *James H. ...*

Per: *William Lawrence*

Per: _____

Per: _____