

PROPERTY FILE 104A/4W DL
104A Gen-05

PROSPECTUS DATED: MAY 2, 1987

THIS PROSPECTUS CONSTITUTES A PUBLIC OFFERING OF THESE SECURITIES ONLY IN THOSE JURISDICTIONS OFFERED FOR SALE AND THEREIN ONLY BY PERSONS PERMITTED TO SELL SUCH SECURITIES. NO SUCH AUTHORITY IN CANADA HAS IN ANY WAY PASSED UPON THE MERITS OF THE SECURITIES OFFERED HERE TO THE CONTRARY IS AN OFFENCE.

018887
LAWFULLY
OR SIMILAR
SENTATION

104A 093

TRI GOLD INDUSTRIES INC.

840 - 1066 West Hastings Street
Vancouver, British Columbia

(hereinafter called the "Issuer")

(Incorporated under the laws of the Province of British Columbia)

300,000 COMMON SHARES WITHOUT PAR VALUE

PRICE: \$1.00 PER SHARE

DISTRIBUTION SPREAD

	PRICE TO PUBLIC	COMMISSIONS	NET PROCEEDS TO ISSUER
PER SHARE.....	\$1.00	\$0.15	\$0.85
TOTAL	\$300,000.00	\$45,000.00	\$255,000.00 (1)

(1) Before deduction of expenses of this issue estimated to be \$15,000.00.

THERE IS NO MARKET FOR THE SECURITIES OF THE ISSUER. THE OFFERING PRICE OF \$1.00 PER SHARE WAS DETERMINED ARBITRARILY BY THE ISSUER.

A PURCHASE OF THE SECURITIES OFFERED BY THIS PROSPECTUS MUST BE CONSIDERED AS SPECULATION. ALL OF THE PROPERTIES IN WHICH THE ISSUER HAS AN INTEREST ARE IN THE EXPLORATION AND DEVELOPMENT STAGE ONLY AND ARE WITHOUT A KNOWN BODY OF COMMERCIAL ORE. 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 "RISK FACTORS" ON PAGE 14.

THE VANCOUVER STOCK EXCHANGE HAS CONDITIONALLY LISTED THE SECURITIES BEING OFFERED PURSUANT TO THIS PROSPECTUS. LISTING IS SUBJECT TO THE ISSUER FULFILLING ALL LISTING REQUIREMENTS OF THE VANCOUVER STOCK EXCHANGE ON OR BEFORE DECEMBER 7, 1987, INCLUDING PRESCRIBED DISTRIBUTION AND FINANCIAL REQUIREMENTS.

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

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 AGENT MAY ACQUIRE PURSUANT TO THE EXERCISE OF THE AGENT'S WARRANT. REFERENCE IS MADE TO THE SECTION "PLAN OF DISTRIBUTION".

UPON COMPLETION OF THIS OFFERING THIS ISSUE WILL REPRESENT 21.7% OF THE SHARES THEN OUTSTANDING, AS COMPARED TO 66.7% THAT WILL THEN BE OWNED BY THE CONTROLLING PERSONS, PROMOTERS, DIRECTORS AND SENIOR OFFICERS OF THE ISSUER AND ASSOCIATES OF THE AGENT. REFER TO THE HEADING "PRINCIPAL HOLDERS OF SECURITIES" ON PAGE 18 HEREIN FOR DETAILS OF SHARES HELD BY DIRECTORS, PROMOTERS AND CONTROLLING PERSONS AND ASSOCIATES OF THE AGENT. UPON COMPLETION OF THIS OFFERING THE BOOK VALUE OF THE ISSUED SHARES WILL BE APPROXIMATELY \$0.174 PER SHARE.

ONE OR MORE OF THE DIRECTORS OF THE COMPANY HAS AN INTEREST, DIRECT OR INDIRECT, IN OTHER NATURAL RESOURCE COMPANIES. REFERENCE SHOULD BE MADE TO THE ITEM "CONFLICTS OF INTEREST" ON PAGE 15 FOR A COMMENT AS TO THE RESOLUTION OF POSSIBLE CONFLICTS OF INTEREST.

WE, AS AGENTS, CONDITIONALLY OFFER THESE SECURITIES SUBJECT TO PRIOR SALE, IF, AS AND WHEN ISSUED BY THE ISSUER AND ACCEPTED BY US IN ACCORDANCE WITH THE CONDITIONS CONTAINED IN THE AGENCY AGREEMENT REFERRED TO UNDER "PLAN OF DISTRIBUTION" ON PAGE 4 OF THIS PROSPECTUS.

AGENT

PACIFIC INTERNATIONAL SECURITIES INC.

660 - 700 West Georgia Street
Vancouver, British Columbia

Effective Date: June 8, 1987

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shares rank equally as to dividends, voting power and participation in assets as well as in all other respects. The shares presently issued are not subject to any call or assessment.

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 interest in those properties described under the heading "Property" on page 10. The Issuer was incorporated on March 21, 1986 and has no prior operating history.

THE PROPERTY

1. Indian Project Claims

By Agreement dated December 15, 1986, the Issuer acquired an option from Esso Minerals Canada, a division of Esso Resources Canada Limited, of 1600 - 409 Granville Street, Vancouver, British Columbia, to acquire up to an undivided 49% interest in the following reverted Crown Granted Mineral Claims located in the Skeena Mining Division of British Columbia (hereinafter collectively called the "Mineral Claims").

A.M. Fraction	L9440	1987/July/02
Big Dick	L1981	1987/July/02
Boundary No. 2	L2315	1987/July/02
Brookland	L511	1987/July/02
Cobalt	L4053	1987/July/02
Cobalt No. 2	L4654	1987/July/02
Exchange Fr.	L1848	1987/July/02
Exchange No.1	L1843	1987/July/02
Exchange No.2	L1844	1987/July/02
Exchange No.3	L1845	1987/July/02
Exchange No.4	L1846	1987/July/02
Exchange No.5	L1847	1987/July/02
Extra	L1593	1987/July/02
Five Fr.	L5192	1987/July/02
Forty Five	L512	1987/July/02
Four Fr.	L5191	1987/July/02
Fritz	L1982	1987/July/02
ML Fr.	L4452	1987/July/02
Maggie Jiggy Fr.	L4442	1987/July/02
Maple Leaf No.1	L4451	1987/July/02
Maple Leaf No.2	L4450	1987/July/02
Maple Leaf No.3	L4449	1987/July/02
Maple Leaf No.5	L4447	1987/July/02
Missing Link Fr.	L2316	1987/July/02
Morn	L4064	1987/July/02
One Fr.	L5190	1987/July/02
Obrian Fr.	L4441	1987/July/02

<u>Claim Name</u>	<u>Record No.</u>	<u>Expiry Date</u>
Pay Roll No.3	L5524	1987/July/02
Pay Roll No.4	L5025	1987/July/02
Portland No.1	L1980	1987/July/02
Portland No.2	L1979	1987/July/02
Sunshine	L4194	1987/July/02
Three	L5188	1987/July/02
Three Fr.	L5189	1987/July/02
Winner	L4116	1987/July/02
XIOUS	L5180	1987/July/02
XIOUS FR.	L5195	1987/July/02
XIOUS No.2	L5181	1987/July/02
XIOUS No.4	L5182	1987/July/02
XIOUS No.5	L5184	1987/July/02
XIOUS No.6	L5185	1987/July/02

The Issuer and Esso Minerals Canada deal at arms length with each other.

The registered owner of the claims is Azure Resources Ltd. of 100 - 601 West Cordova Street, Vancouver, British Columbia. Pursuant to an option agreement between Azure Resources Ltd. and Esso Minerals Canada dated November 6, 1986, Esso Minerals Canada was granted an option to acquire up to a 100% legal and beneficial interest in the Mineral Claims exercisable by Esso Minerals spending, in aggregate, \$878,000 on the Mineral Claims on or before March 30, 1994, subject to Azure Resources Ltd.'s right to retain up to an undivided 30% interest in the Mineral Claims and to form a joint venture with Esso Minerals after Esso Minerals has expended, in aggregate, \$478,000 on the Mineral Claims.

Depending upon the elections made by Azure Resources Ltd. pursuant to its agreement with Esso Minerals Canada, the Issuer may acquire an undivided 49% interest in the Mineral Claims (should Azure elect not to retain any interest therein) in consideration of which the Issuer is to pay to Esso Minerals Canada the following sums and to make the following expenditures on the following dates:

<u>Payment to Esso</u>	<u>Expenditure on Mineral Claims</u>	<u>Date</u>
\$ 3,750		March 1, 1987
\$15,000		June 1, 1987
	\$ 78,000	November 15, 1987
\$15,000		April 15, 1988
	\$100,000	November 15, 1988
\$15,000		April 15, 1989
	\$100,000	November 15, 1989
\$15,000		April 15, 1990
	\$100,000	November 15, 1990
\$15,000		April 15, 1991
	\$100,000	November 15, 1991
\$15,000		November 15, 1992
	\$200,000	November 15, 1992
\$15,000		November 15, 1993
	\$200,000	November 15, 1993

CONCLUSIONS and RECOMMENDATIONS

The Stewart area has hosted a number of significant base and precious metal deposits. Several of the most important of these deposits lie in the same stratigraphy and are near the Indian project claims.

Since 1910 a number of operators have demonstrated significant potential for combined base-precious metal production from the Indian vein. Available literature indicates that areas of massive sulfide deposition were singled out for gold testing. Although a great deal of data is unavailable concerning the production on the Indian vein it appears that areas of siliceous alteration along this shear zone may not have been extensively tested for gold.

Work conducted by Esso Resources has discovered areas of alteration within tuff units east of the Indian vein. Sampling of this alteration has indicated that elevated levels of gold and silver do exist within this alteration. Several areas of coincident soil geochemical and IP anomalies have yet to be tested. These areas should be considered viable exploration targets.

The area of the Indian property east of the Cascade River has not been extensively explored by recent operators. This area should be considered viable for preliminary stage prospecting.

The results of limited sampling by Coffin, and values reported from some of the previous work on the property, indicate that gold and lead-zinc deposition may not be directly related to each other. As a result, areas of siliceous alteration devoid of significant sulfide mineralization may remain viable targets for future exploration.

It is recommended that accessible areas of the Indian vein be trenched at regular intervals, and that sampling be conducted across the width of the altered area. This sampling should be conducted in such a manner as to allow for the differentiation of gold results into areas of sulfide and non-sulfide mineralization. A number of areas indicating significant gold deposition should then undergo mineralogical and petrographic analysis in order to determine the relationship between gold and other deposition, and to determine the mode and time sequence of deposition.

Areas of soil geochemical and IP anomaly which have yet to be tested by Esso Resources should undergo surface trenching and sampling. Areas of significant gold deposition should undergo mineralogical analysis, in a like manner to that performed on the Indian vein, and an attempt should be made to determine the

relationship between metal deposition in the vein and in the other alteration packages if possible.

The area east of the Cascade River should undergo detailed prospecting, and geological mapping. Prospecting should attempt to locate lithologies which have proven amenable to metal deposition in the region, as well as areas of alteration.

ESTIMATED COST OF PROPOSED EXPLORATION PROGRAM

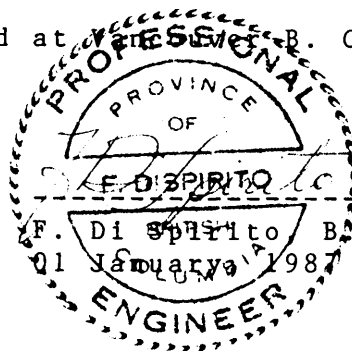
Surface trenching and sampling allow	\$45,000
Mineralogical studies allow	\$10,000
Prospecting and related costs allow	\$25,000
Research and report writing allow	\$10,000
Contingencies allow	\$10,000

TOTAL	\$100,000

Contingent upon favorable results from the proposed program, a further stage of exploration should be conducted to test the geometry and grade of the Indian vein at depth. Such testing would involve diamond drilling, which may be carried out from both surface, and/or from the lower adit if practical. A sum of \$100,000 should be allocated for this purpose.

Further exploration would also be required on areas of interest determined by the results of work proposed for areas away from the Indian vein. Allocation of funds for further exploration of these areas should be determined after completion of the proposed work.

Signed at _____ B. C.



REFERENCES

- Alldrick, D.J. (1984) "Geologic Setting of the Precious Metal Deposits in the Stewart Area"
B.C. Ministry of Energy Mines and Resources;
Paper 1984-1
- Alldrick, D.J. (1985) "Stratigraphy and Petrology of the Stewart Mining Camp"
B.C. Ministry of Energy Mines and Resources;
Paper 1985-1
- Best, R.V. (1962) The Cascade Creek Area, Salmon River District, Portland Canal
Report prepared for New Indian Mines Ltd. .
- Grove, E.W. (1971) Geology and Mineral Deposits of the Stewart Area British Columbia
B.C. Department of Mines and Petroleum Resources
Bulletin No. 58
- Grove, E.W. (1982) "Geology of the Unuk River-Salmon River-Anyox Map Area" MAP ONLY
B.C. Ministry of Energy Mines and Resources
1 : 100,000 scale area mapping
- Hanson, G. (1935) Portland Canal Area, British Columbia
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- Kretschmar, E. (1978) Evaluation of the Stewart Area for Huston Oil and Minerals Corp.
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- McGuigan, P.J. (1983) 1982 Silver Butte Summary Report
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- McGuigan, P.J. (1985) Report on Indian project program for Esso Resources
- McGuigan, P.J. (1986) "Handout for Indian project"
Prepared by Esso Resources
- Northern Miner (1986) Articles pertaining to Westmin properties dated Dec. 01 and Nov. 10

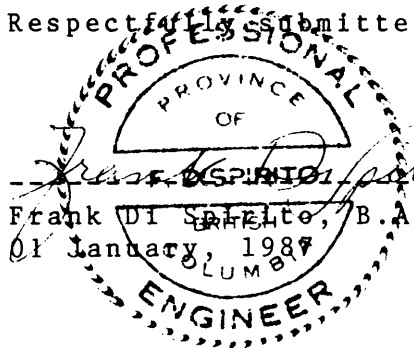
APPENDIX A
CERTIFICATES

CERTIFICATE

I, Frank Di Spirito, of the City of Vancouver in the Province of British Columbia, do hereby certify:

- I) I am a Consulting Engineer with the firm of Shangri-La Minerals Limited, based at 706-675 West Hastings Street, Vancouver, B.C., V6B 1N2.
- II) I am a graduate of the University of British Columbia (1974) and hold a Bachelor of Applied Science in Geological Engineering.
- III) I am a registered member, in good standing, of the Association of Professional Engineers of British Columbia.
- IV) Since graduation, I have been involved in numerous mineral exploration programs throughout Canada and the United States of America.
- V) This report is based on a personal visit made on November 8, 1986 and on an evaluation of information provided by Esso Resources Ltd. and on information gathered or compiled by Shangri-La Minerals Limited.
- VI) I have no direct or indirect interest in the property, or in any securities of Ocean Gold Resources Limited, nor do I expect to receive any.
- VII) This report may be utilized by Ocean Gold Resources Limited inclusion in a Prospectus or Statement of Material Facts.

Respectfully submitted at Vancouver, B.C.



Frank Di Spirito

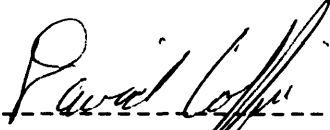
Frank Di Spirito, B.A.Sc., P.Eng.
01 January, 1987

CERTIFICATE

I, David Coffin, do hereby certify:

- 1) I am a consultant with the firm of Shangri-La Minerals at 706-675 West Hastings St., Vancouver, B.C., V6B 1N2.
- 2) I attended the Halibury School of Mines, Ontario, in the department of Mining Technology, from 1975 to 1977.
- 3) I have been involved in mineral exploration since 1974.
- 4) This report is based on visits to the Indian project claims, on information furnished by Esso Resources Ltd. and on information compiled by Shangri-La Minerals Ltd.
- 5) I hold no direct or indirect interest in the property or in the securities of Ocean Gold Resources Limited, or in any associated companies, nor do I expect to receive any.
- 6) This evaluation report may be used by Ocean Gold Resources Limited in a Prospectus or a Statement of Material Facts.

Signed at Vancouver, B.C.



David Coffin
01 January, 1987

APPENDIX B
ANALYTICAL AND ASSAY RESULTS

ACME ANALYTICAL LABORATORIES LTD. 852 E. HASTINGS ST. VANCOUVER B.C. V6A 1R6 PHONE 253-3158 DATA LINE 251-1011

GEOCHEMICAL/ASSAY CERTIFICATE

.500 GRAM SAMPLE IS DIGESTED WITH 3ML 3-1-2 HCL-HNO3-H2O AT 95 DEG. C FOR ONE HOUR AND IS DILUTED TO 10 ML WITH WATER.
 THIS LEACH IS PARTIAL FOR MN.FE.CA.P.CR.MG.BA.TI.B.AL.NA.K.W.SI.ZR.CE.SN.Y.NB AND TA. AU DETECTION LIMIT BY ICP IS 3 PPM.
 - SAMPLE TYPE: ROCK CHIPS AU# ANALYSIS BY AA FROM 10 GRAM SAMPLE. AU## BY FIRE ASSAY

DATE RECEIVED: SEPT 29 1986 DATE REPORT MAILED: *Oct 4/86* ASSAYER: *D. Toye* DEAN TOYE. CERTIFIED B.C. ASSAYER.

SHANGRI-LA MINERALS PROJECT - INDIAN FILE # 86-2921

PAGE 1

SAMPLE#	Mo	Cu	Pb	Zn	Ag	Ni	Co	Mn	Fe	As	U	Au	Th	Sr	Cd	Sb	Bi	V	Ca	P	La	Cr	Mg	Ba	Ti	B	Al	Na	K	W	Au#	Ag##	Au##
	PPM	PPM	PPM	PPM	PPM	PPM	PPM	PPM	%	PPM	PPM	PPM	PPM	PPM	PPM	PPM	PPM	PPM	%	%	PPM	PPM	%	PPM	%	PPM	%	%	%	PPM	PPB	OZ/T	OZ/T
INC-1	4	235	219	1898	3.0	3	5	1329	1.85	30	5	ND	2	92	12	2	2	9	3.58	.040	4	3	.47	76	.01	4	.69	.05	.12	1	60	-	-
INC-2	38	299	27	247	4.3	2	5	695	3.81	13	5	ND	3	6	2	3	2	36	.24	.096	7	3	.78	122	.01	7	1.31	.03	.20	1	880	-	-
INC-3	16	930	23114	22588	51.8	12	10	734	3.88	57	5	3	2	19	281	40	5	12	.40	.075	5	10	.28	30	.01	6	.47	.03	.15	1	3480	-	-
INC-4	16	533	22880	19477	58.9	3	9	293	4.87	214	5	12	2	20	247	35	4	10	.28	.057	3	1	.17	25	.01	8	.49	.02	.26	1	-	1.55	.448
INC-5	11	140	1138	1690	12.2	2	11	662	4.03	128	5	ND	2	49	19	10	2	19	.62	.126	6	1	.37	68	.01	7	.90	.03	.33	1	-	.36	.025
INC-6	34	4750	20297	99999	247.5	26	35	49	9.58	240	5	3	2	2	2317	141	2	2	.01	.001	2	1	.04	6	.01	2	.06	.02	.04	1	-	7.50	.104
STD C	22	59	39	135	7.1	69	29	1032	3.97	39	19	7	35	49	18	15	21	62	.48	.104	38	58	.88	184	.09	34	1.72	.09	.13	13	-	-	-

Assay required for correct result

ACME ANALYTICAL LABORATORIES LTD.
852 E. HASTINGS ST. VANCOUVER B.C. V6A 1R6
PHONE 253-3158 DATA LINE: 251-1011

DATE RECEIVED: OCT 7 1986

DATE REPORT MAILED: *Oct 14/86*.....

ASSAY CERTIFICATE

SAMPLE TYPE: PULP AU** AND AG** BY FIRE ASSAY

ASSAYER: *D. Toye*. DEAN TOYE. CERTIFIED B.C. ASSAYER.

SHANGRI-LA MINERALS

PROJECT-INDIAN FILE#86-2921R

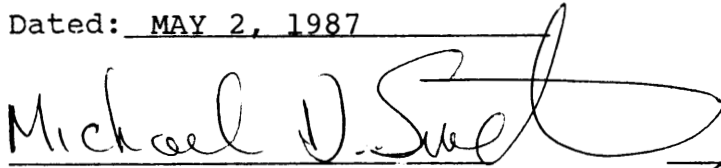
PAGE 1

SAMPLE#	Pb %	Zn %	Ag** OZ/T	Au** OZ/T
INC-3	2.53	2.55	1.48	.114
INC-4	2.39	2.08	-	-
INC-6	26.90	21.70	-	-

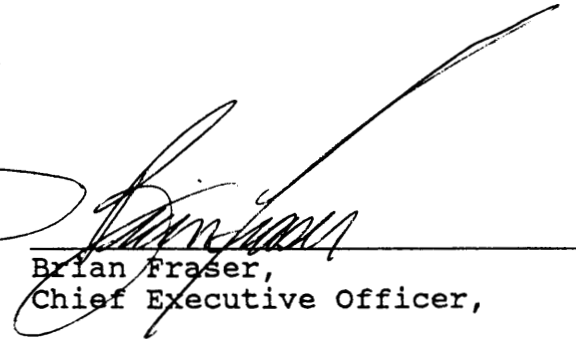
CERTIFICATE

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

Dated: MAY 2, 1987

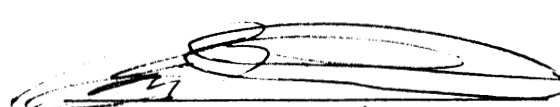


Michael Sweetman,
Chief Financial Officer



Brian Fraser,
Chief Executive Officer,

On behalf of the Board



Byron Loewen, Director,



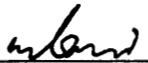
Gerald Mazzei, Director

AGENT

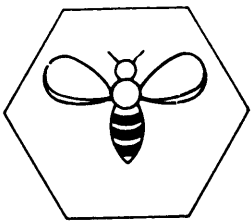
To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus required by the Securities Act (British Columbia), and its regulations.

Dated: MAY 2, 1987

PACIFIC INTERNATIONAL SECURITIES INC.

Per: 

DI/NO68.1



Shangri-La Minerals Limited

PRELIMINARY EVALUATION OF THE INDIAN PROJECT CLAIMS

SKEENA MINING DIVISION

LATITUDE 56 03' NORTH
LONGITUDE 130 00' WEST

NTS 104A-4W

for OCEAN GOLD RESOURCES LIMITED

BY

F. DI SPIRITO, B.A.Sc., P. Eng.
D. COFFIN

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SUMMARY

An evaluation for Ocean Gold Resources Limited of the Indian project claims has been completed by Shangri-La Minerals Limited. The evaluation was requested pursuant to an option agreement with Esso Resources Canada Limited which allows Ocean Gold Resources Limited to earn up to a 49% joint venture interest in the Indian property. This report documents that evaluation and is based on information provided by Esso, a literature search and a tour conducted for D. Coffin on September 22, 1986 and a field visit conducted by F. Di Spirito, P. Eng, and D. Coffin on November 8, 1986.

The Indian property is located approximately 17 km north-northwest of Stewart B. C., in the Skeena Mining Division. The property is easily accessible via two gravel roads which traverse either side of the property. The Indian project claims consist of 42 contiguous Crown granted minerals claims currently under option to Esso Resources.

The Stewart region is one of the major gold-silver producing districts of British Columbia. The most successful mine in the region has been the Silbak Premier mine, located south of and adjacent to the Indian project claims. The other major mine in the region has been the Big Missouri mine located two km north of the Indian project claims. Westmin Resources has recently outlined substantial new gold-silver deposits on both the Premier and Big Missouri properties.

The Indian property produced 14,187 tons of ore averaging 0.09 oz/ton gold, 3.49 oz/ton silver, 4.4% lead, and 5.5% zinc during 1951 and 1952. Production was discontinued at that time due to low lead and zinc prices.

A 1978 Houston Oil and Minerals Ltd. report evaluating the property stated values of 0.411 oz/ton gold, 11 oz/ton silver, and 49% combined lead-zinc from a portal of the old workings. A 3.3 m chip sample taken from the vein structure 900 m north of the portal returned values of 0.18 oz/ton gold, 1.96 oz/ton silver, 5.3% lead, and 10.3% zinc.

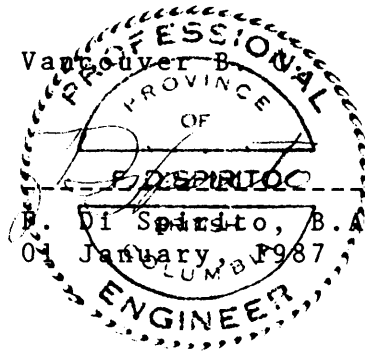
Work conducted by Esso Resources from 1983 to 1985 discovered an area or areas of intense alteration east of and not directly related to the known vein. Sampling of this alteration has indicated elevated levels of gold and silver. A drill intersection 1.35 m in length contained 0.210 oz/ton gold and 0.83 oz/ton silver. The alteration appears to be similar to that found at the Premier property. Several areas of coincident soil geochemistry and IP anomaly, similar to those found over the altered zones have yet to be tested.

Sampling conducted by Coffin during his tour indicated the presence of significant precious metal grades in material from the Indian vein structure. The best result obtained during this sampling was a 1.5 m chip sample from the portal sight which assayed 0.448 oz/ton gold, 1.55 oz/ton silver, 2.39% lead, 2.08% zinc. Sampling also indicated that gold and other metal deposition within the vein structure may not be directly related to each other. The author believes that a better understanding of this possible segregation may enhance the potential for greater gold values within the Indian vein than had been produced from previous studies.

It is recommended that a program of surface trenching and sampling be carried out over the vein, and that areas of interest indicated from the sampling undergo mineralogical and petrographic studies in order to determine the relationship between gold and other metal deposition. As well it is recommended that areas of anomalous soil geochemistry and IP response discovered by Esso Resources undergo further examination.

A sum of 100,000 dollars should be allocated to complete the evaluation as recommended above. Contingent upon favorable results from the recommended program, the geometry and grade of the Indian vein should be tested at depth by diamond drilling. A sum of 100,000 dollars should be allocated to allow for drill testing.

Signed at Vancouver B.C.



P. Di Spirito, B.A.Sc., P. Eng.
01 January, 1987

INTRODUCTION

Pursuant to a request by Ocean Gold Resources Limited a review and examination of the mineral claims held by Esso Resources Canada in its (Esso's) Indian property was conducted by Shangri-La Mineral Limited. The Indian property is located north-northwest of Stewart B.C. Ocean Gold Resources Limited has entered into an option agreement with Esso Resources Limited by which Ocean may earn a 49% joint venture interest in the Indian property.

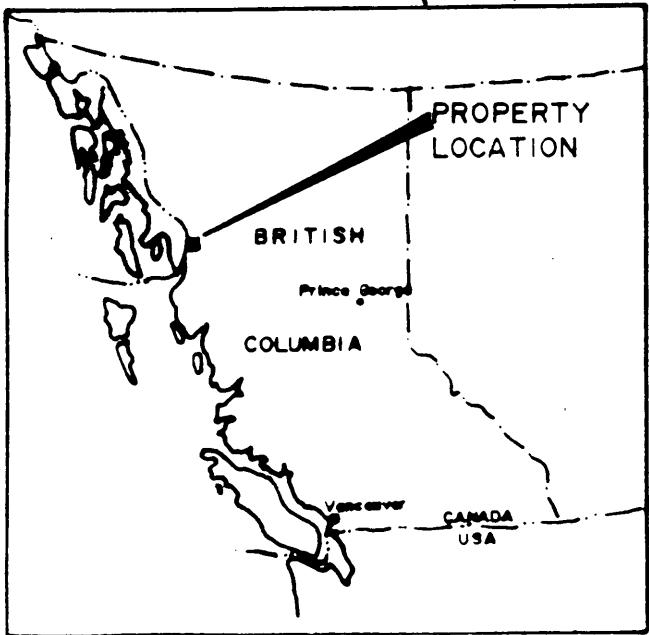
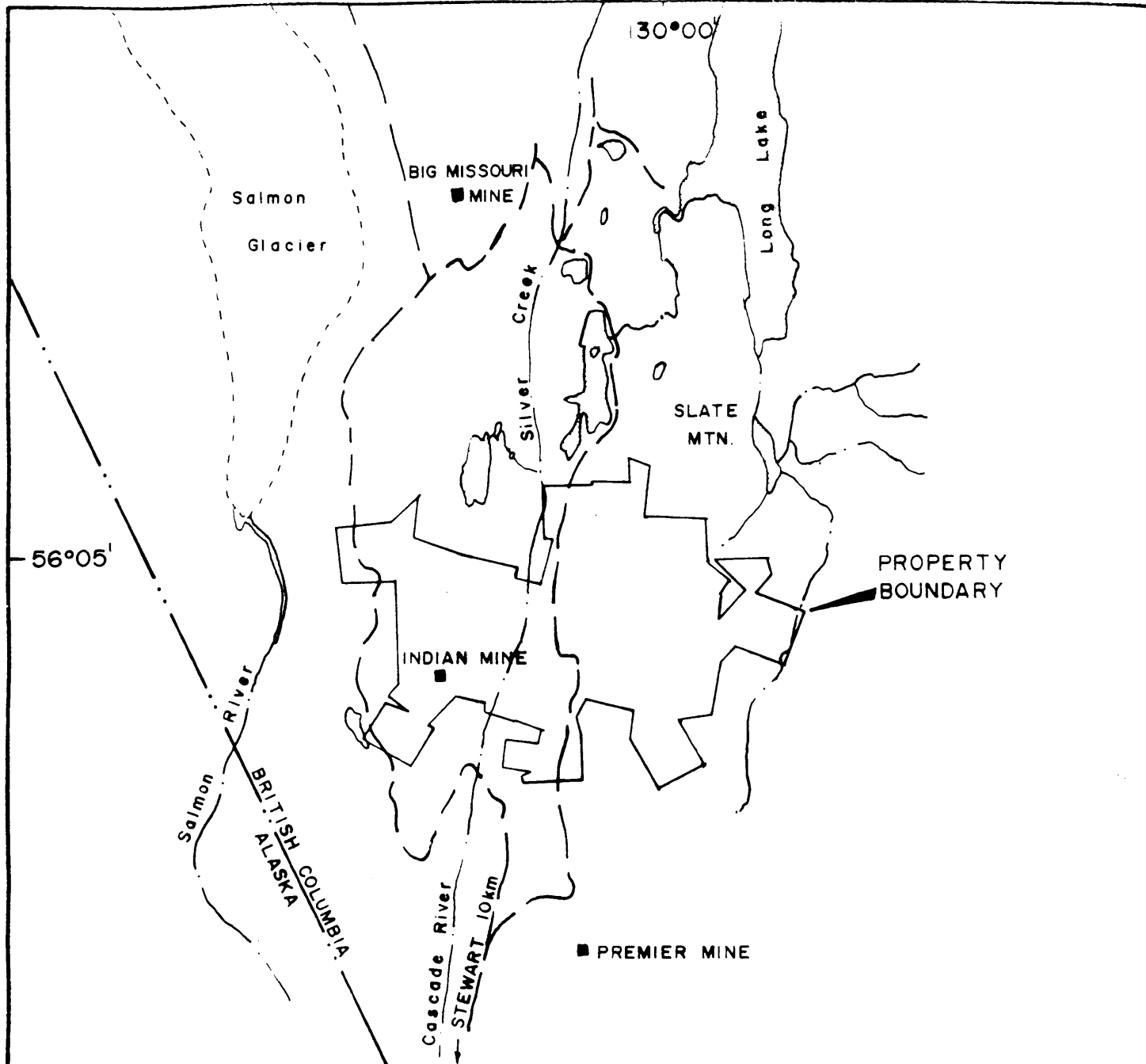
This report presents the results of the requested review and examination. The report is based upon a tour conducted by P. McGuigan for D. Coffin on September 22, and a visit made by F. Di Spirito and D. Coffin on November 8, 1986; a search of assessment and government research files; and information provided by Esso Resources Canada Limited.

LOCATION and ACCESS

The Indian property is located approximately 17 kilometers north-northwest of Stewart, British Columbia, straddling the southern nose of the Big Missouri Ridge and the adjacent Salmon and Cascade River valleys. Stewart, located 870 kilometers north of Vancouver B.C., has an ice-free port and jet-capable air strip, and can provide any food, fuel or related supplies necessary for the completion of exploration related field programs.

Access to the Indian property is obtained by traveling approximately 24 kilometers along the all-weather Granduc road, which runs west and north from Stewart through the settlement of Hyder, Alaska and follows the Salmon river valley. An old horse trail leads from the Granduc road to the site of the former Indian mine, a distance of approximately 1 km, in the western part of the property. A fair-weather gravel road runs from the site of the former Premier Silbak mill, located at app. km 20 of the Granduc road, to Silver Lake at the eastern end of the property.

Although road access is sufficient to most parts of the property for work requiring light equipment or haulage, the use of helicopter to convey heavier equipment or small scale bulk samples to road transport may be more efficient. Several helicopter companies maintain permanent bases in Stewart.



SCALE 1:50 000



To accompany a report by F. Di Spirito, B.A.Sc., P. Eng

INDIAN PROJECT	
FOR : OCEAN GOLD RESOURCES LTD.	
BY : SHANGRI-LA MINERALS LIMITED	
LOCATION MAP	
SKEENA M.D., B.C.	
NTS. 104 B1, 104 A4	DATE: DEC 1986
DRAWN BY: MJM	FIGURE NO. 1

CLIMATE and PHYSIOGRAPHY

Stewart falls within the Pacific coastal climate regime. Typically the area receives high precipitation and moderate temperatures. This combination results in very heavy snow fall from November to May; the Premier mine site, 3 km southeast of the Indian property, is reported to average over 10 meters of snow per year (Grove, 1971).

The Indian property is characterized by very steep topography, typical of the young terrain found in the Stewart area. On the western (Salmon River) side of the property, elevations rise from 425 to 900 meters A.S.L. on the nose of the Big Missouri Ridge through a distance of approximately 1 km. East of the Big Missouri Ridge the property is dissected by the valley of the Cascade River, which rises in a series of moss covered cliffs for an average of 300 m from its floor. The section of the property east of the Cascade River valley rises somewhat more moderately to the property's high point of 1350 m A.S.L. on the southern slopes of Slate Mt.

The property is moderately forested with stands of mature cedar and fir where topography allow. Due to the heavy precipitation in the region steep areas of the property are generally covered by moss and outcrop exposure is poor.

PROPERTY STATUS

The Indian project property consists of 42 contiguous Crown Granted mineral claims and fractional-mineral claims registered to Azure Resources Ltd. An option agreement exists between Azure Resources Ltd. and Esso Resources Canada Limited by which Esso may exercise a joint venture position in the property. The details of the claims are as follows:

CLAIM	RECORD NUMBER	EXPIRY DATE
A.M. Fraction	L4440	1987/July/02
Big Dick	L1981	1987/July/02
Boundary No. 2	L2315	1987/July/02
Brookland	L511	1987/July/02
Cobalt	L4053	1987/July/02
Cobalt No. 2	L4054	1987/July/02
Exchange Fr.	L1848	1987/July/02
Exchange No. 1	L1843	1987/July/02
Exchange No. 2	L1844	1987/July/02
Exchange No. 3	L1845	1987/July/02
Exchange No. 4	L1846	1987/July/02

Exchange No. 5	L1847	1987/July/02
Extra	L1593	1987/July/02
Five Fr.	L5192	1987/July/02
Forty Five	L512	1987/July/02
Four Fr.	L5191	1987/July/02
Fritz	L1982	1987/July/02
ML Fr.	L4452	1987/July/02
Maggie Jiggs Fr.	L4442	1987/July/02
Maple Leaf No. 1	L4451	1987/July/02
Maple Leaf No. 2	L4450	1987/July/02
Maple Leaf No. 3	L4449	1987/July/02
Maple Leaf No. 5	L4447	1987/July/02
Missing Link Fr.	L2316	1987/July/02
Morn	L4064	1987/July/02
One Fr.	L5190	1987/July/02
Obrien Fr.	L4441	1987/July/02
Pay Roll No. 3	L5524	1987/July/02
Pay Roll No. 4	L5525	1987/July/02
Portland No. 1	L1980	1987/July/02
Portland No. 2	L1979	1987/July/02
Sunshine	L4194	1987/July/02
Three	L5188	1987/July/02
Three Fr.	L5189	1987/July/02
Winner	L4116	1987/July/02
XIOUS	L5180	1987/July/02
XIOUS Fr.	L5195	1987/July/02
XIOUS No. 2	L5181	1987/July/02
XIOUS No. 3	L5182	1987/July/02
XIOUS No. 4	L5183	1987/July/02
XIOUS No. 5	L5184	1987/July/02
XIOUS No. 6	L5185	1987/July/02

The claims are located in the Skenna mining division, and are found on NTS maps 104A-4W and 104B-1E. Ocean Gold Resources Limited has entered in to an option agreement with Esso Resources Canada Limited by which it may earn up to a 49% interest in the Indian project claims.

Regional History

The history of the Stewart area is largely the history of the mineral exploration activities and mining ventures which have occurred there since 1898. Production since that time has established the Stewart area as one of the major gold-silver districts of British Columbia.

Historically, the most successful mine in the area has been the Silbak Premier mine, which is immediately south of and adjacent to the Indian project claims. Total production as of 1968 from 4 mines on the Premier vein system was 1.8 million ounces of gold (96% of all gold production through 1968 in the Stewart area), 41.1 million ounces of silver, and millions of pounds of base metals including cadmium, copper, lead, and zinc (Grove, 1971). The last mine to operate on the Premier vein system was the Silbak Premier mine, which closed down in 1967.

The Premier property is currently the subject of a detailed underground exploration program conducted by Westmin Resources to delineate a stratigraphically controlled alteration package. The current reserve estimate on the Westmin deposit, as reported by Westmin in the Northern Miner, is 6,000,000 tons grading .05 oz/ton gold and 2.5 oz/ton silver. The rock unit which hosts the Premier vein system is present on the Indian project claims.

The Big Missouri deposit produced 58,000 ounces of gold (3% of all gold production through 1968 in the Stewart area) from 1942, making it the second largest gold producer in the Stewart area. Big Missouri is approximately 2 km north of the Indian project claims.

The Big Missouri production came from silicified lenses in volcanics of the Lower Jurassic "Hazelton" assemblage of mixed near shore volcanic and sedimentary rocks. "Gold was associated with areas of most intense veining and silicification..." (Grove, 1971). The same horizons of Hazelton rock which host the Big Missouri deposit run through the Indian project claims.

Westmin Resources recently announced two drill hole intersections of "above average grade" from exploration on their Big Missouri project; one section cut 96 ft grading 0.31 oz/ton gold, the second 91 ft assaying 0.247 oz/ton. Both sections are considered to represent near true width lengths. These sections are expected to up-grade Westmin's reserve estimate for their Big Missouri project, which currently total three million tons grading 0.075oz/ton gold and 0.95 oz/ton silver (Northern Miner, 01/Dec/86).

Together, the Big Missouri deposit and the Premier vein system were responsible for 99% of all the gold production through 1968 in the Stewart area. The recent discoveries made by Westmin Resources of new reserves on both these properties greatly enhances the scope for new exploration activity on the adjacent and stratigraphically similar Indian project claims.

PROPERTY HISTORY

The property was first staked in 1910 to explore the extent of mineralization related to surface showings of the Indian vein, located on Portland No. 1 and Portland No. 2 Crown Grants.

Underground testing of the vein was conducted by Indian Mines Corporation Limited in 1925 and 1926. Approximately 1500 m of drifting along three levels of the vein structure was carried out in order to examine lenses of massive pyrite-galena-sphalerite varying in width from 0.6 to 6.0 meters. The lenses were found in a silicified shear zone which was traced for a distance of over 360 m along a north-south strike, and over 150 m of maximum vertical extent. Recovery from 30 tons of ore shipped for refining is reported as 1 oz of gold, 371 ozs of silver, 17,000 lbs of lead, and 8,325 lbs of zinc (Hanson, 1935). Based on the recovery of lead and zinc, 28.3% and 13.9% respectively, areas of massive sulfide mineralization and/or hand sorted mineralization must have been shipped for refining.

During 1951 and 1952 a 3 km aerial tram-line was built from the Indian mine to the Silbak Premier mill site, and ore shipped to that site for concentration. Total production to the end of 1953 from the Indian Mine is reported as 14,187 tons which averaged 0.09 oz/ton gold, 3.49 oz/ton silver, 4.4% lead, and 5.5% zinc (Grove, 1971). The bulk of this production appears to have come from a stope mined from the uppermost of the three levels through to the original surface showing; this stope is referred to below as the "open stope". Work was discontinued because of low lead and zinc prices. The aerial tram-line has subsequently been dismantled.

The Indian property was included in a geological mapping and sampling program conducted for New Indian Mines Ltd. in 1962 and 1963. This program resulted in the drilling of 4 holes on a northwest trending zone found on the Missing Link and Payroll No. 4 Crown Grants.

In 1978 Houston Oil and Minerals conducted preliminary mapping and sampling of the property. A grab sample from the Number 1 (upper most) portal returned values of 0.411 oz/ton gold, 11 oz/ton silver, and 49% combined lead-zinc. A 3.3 m (10 ft.) chip sample taken across a vein of similar composition 900 m

chip sample taken across a vein of similar composition 900 m along strike to the north of Number 1 portal returned values of 0.18 oz/ton gold, 1.96 oz/ton silver, 5.3% lead, and 10.3% zinc (Kretschmar, 1978).

As a result of the work conducted in 1978, Windy Point Minerals operated programs over the claim area in 1980 and 81. This work included grid establishment, soil geochemistry and magnetometer surveys, geological mapping of available outcrop, and a limited diamond drill program.

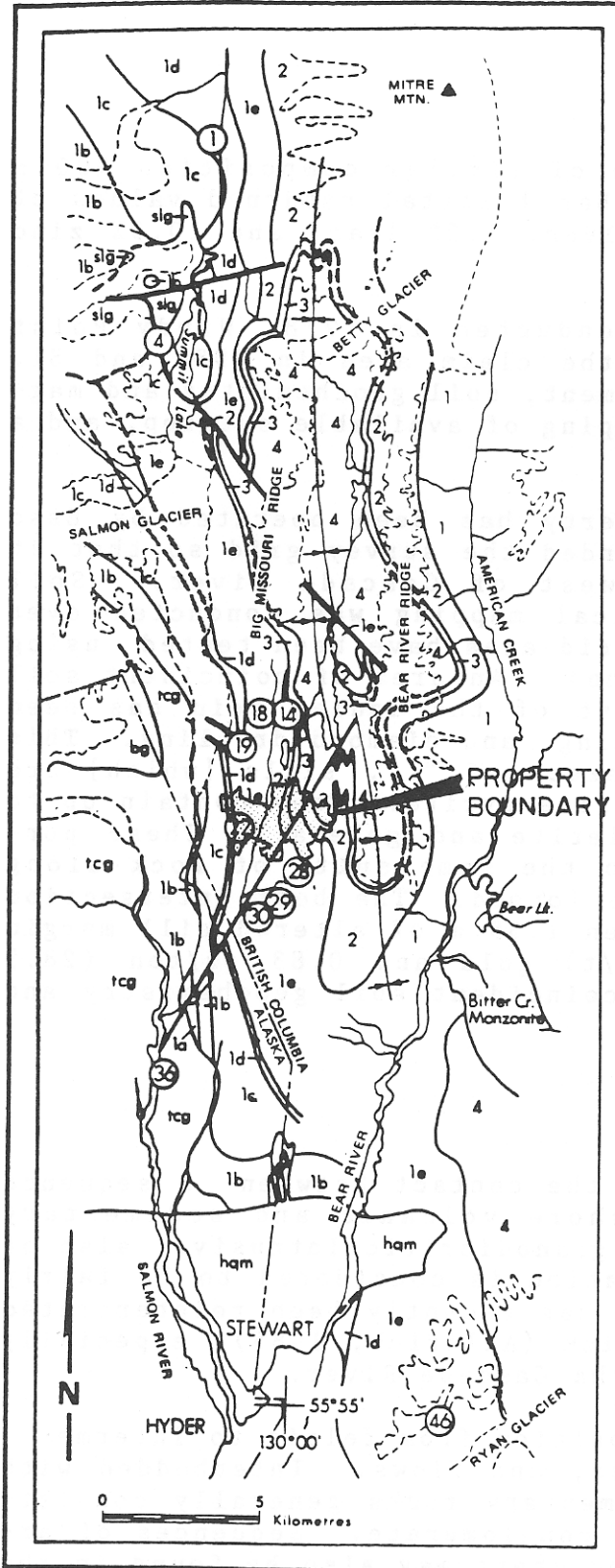
Since 1983 the Indian property has been operated by Esso Resources. Esso's work has extended the survey grid so that it now covers most of the area west of Cascade River. Soil geochemical sampling and geological mapping was conducted over the grid area. Portions of the grid area have been tested using an induced polarization (IP) method. An area of coincident soil geochemistry and IP anomalies east of the Indian vein has been selectively tested by hand trenching and diamond drilling. This testing has revealed an area or areas of "... sills [which] are strongly altered to sericite-chlorite-pyrite. They contain up to 15% pyrite, with traces of sphalerite and galena." These porphyry sills appear to belong to the same suite of rock along which the Premier ore bodies were formed. The best intersection found by diamond drilling has been 1.35 m of altered sill margin containing 0.210 oz/ton (7.2 g/t) gold and 0.83 oz/ton (28.5 g/t) silver. Several areas of coincident soil geochemistry and IP anomaly have yet to be tested.

REGIONAL GEOLOGY

The Stewart area lies along the contact between a sequence of Jurassic and younger near-shore volcanic and sedimentary rocks, and the major Texas Creek granodioritic intrusive, also of Jurassic age. Structural deformation is considered to be fairly minor by Grove (Grove, 1971) but has recently been reinterpreted as being fairly complex by Alldrick (Alldrick, 1985), especially with respect to folding east of the Cascade River.

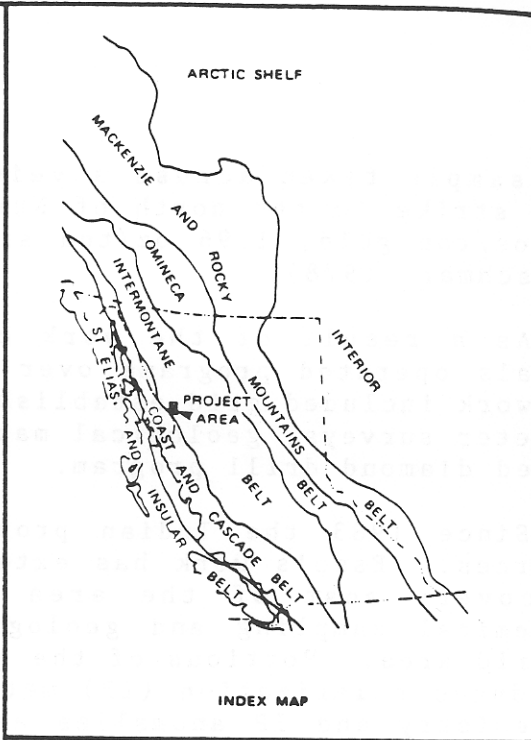
Volcanic rocks range in composition from felsic to intermediate and include tuffs, breccias, and flows. Interbedded with these volcanic horizons are sedimentary rocks generally consisting of siltstone, sandstone, and conglomerate. Sequences of argillite, siltstone, limestone, and chert may also be found in the younger portions of the formations.

The volcanic-sedimentary sequence is divided into Lower Hazelton (lower Jurassic) and Upper Hazelton (lower to middle Jurassic) by Alldrick (1984), or into Hazelton and Bowser units by Grove (1971).



MAJOR ROCK UNITS

- 4 - Sedimentary Sequence
- 3 - Felsic Volcanic Sequence
- 2 - Epiclastic Sequence
- 1 - Andesitic Sequence
- rcg - Texas Creek Granodiorite



MAJOR MINERAL DEPOSITS

- EAST GOLD MINE _____ (1)
- SCOTTIE GOLD MINE _____ (4)
- DAGO HILL DEPOSIT _____ (14)
- BIG MISSOURI MINE (S-1 ZONE) _____ (18)
- CONSOLIDATED SILVER BUTTE DEPOSIT _____ (19)
- INDIAN MINE _____ (22)
- SEBAKWE MINE _____ (28)
- B.C. SILVER MINE _____ (29)
- SILBAK PREMIER MINE _____ (30)
- RIVERSIDE MINE _____ (36)
- PROSPERITY AND PORTER IDAHO MINES _____ (46)

To accompany a report by F. Di Spirito, B.A.Sc., P. Eng.

INDIAN PROJECT	
FOR : OCEAN GOLD RESOURCES LTD.	
BY : SHANGRI-LA MINERALS LIMITED	
REGIONAL GEOLOGY reproduced from Alldrick, 1984	
SKEENA M.D., B.C.	
N.T.S. 104 B1, 104 A4	DATE: DEC 1986
DRAWN BY: MJM	FIGURE Nº 1

The Texas Creek granodiorite intruded the Hazelton assemblage prior to the deposition of the Bowser assemblage. While no firm correlation has been made between the Texas Creek intrusion and metal deposition in the Stewart area, it should be noted that the bulk, though not all, of the metal production in the area has come from volcanic units within the Hazelton assemblage.

The Texas Creek intrusion is described by Alldrick as having two distinct phases. The core of the pluton is massive, equigranular, medium to coarse grained hornblende granodiorite. The margin of the stock is described as a coarse grained feldspar-porphyrific hornblende granodiorite with a zone "up to a few tens of meters wide, of medium to dark greenish gray chloritic alteration that is sometimes accompanied by fractures and a crude foliation" (Alldrick, 1984).

Numerous smaller intrusive bodies are found in the region. The most interesting of these in economic terms are the "Premier porphyry dykes", around which the ore lenses of the Silbak Premier mine were formed. These porphyry bodies appear to be related to the late stages of the Texas Creek intrusion. Recent work in the area indicates that some of the Premier porphyry bodies may have been emplaced as volcanic flows.

PROPERTY GEOLOGY and SAMPLING RESULTS

The Indian property has been geologically mapped in detail several times. As with the region as a whole several interpretations have been applied to the geology of the property. The most recent interpretation by McGuigan for Esso Resources has been summarized as follows:

"The property is underlain by easterly dipping Hazelton Group volcanic rocks and by the sub-volcanic Texas Creek pluton. Hazelton group rocks include a basal argillite, siltstone and dacite tuff unit which is overlain by a thick andesite pyroclastic unit. East of Cascade Creek [River], those units are overlain by a younger andesite pyroclastic and epiclastic unit. The Hazelton group rocks are intruded by the Texas Creek granodiorite. Late sanidine-plagioclase-amphibole-porphyry phases of the Texas Creek intrusion occur as sills in the andesite pyroclastic unit."

The visit conducted by F. Di Spirito and D. Coffin on November 8, 1986 examined road cuts in the portion of the property east of the Cascade river. Rock units seen included a unit of andesitic tuff and a feldspar-porphyry unit of intermediate composition. The contact area between these units has been altered by hematite and silica. Feldspar alteration was also seen in micro-fractures away from the contact.

During the tour conducted for D. Coffin on 22/Sept/86 several areas of alteration, as described in Property History, which had been exposed by trenching and several exposures of the Indian vein were visited. During that tour a total of 6 rock samples, INC-1 to INC-6, were collected by Coffin and given to Acme Analytical Laboratory of Vancouver for analysis and subsequent assay. The description and results of the sampling are as follows:

INC-1 grab sample of altered andesite, with disseminated pyrite and galena(?) from Esso trench 21, top of ridge;
results - 60 ppb Au, 3.0 ppm Ag, 219 ppm Pb, 1898 ppm Zn

INC-2 grab sample of porphyritic andesite with sericite, silica, and fine grained pyrite from hand trench;
results - 880 ppb Au, 4.3 ppm Ag, 27 ppm Pb, 247 ppm Zn

INC-3 grab sample of siliceous material from "open stope"
results - .114 oz/ton Au, 1.48 oz/ton Ag, 2.53% Pb, 2.55% Zn

INC-4 1.5 m chip of siliceous material from Adit 1 portal, east side of zone
results - .448 oz/ton Au, 1.55 oz/ton Ag, 2.39% Pb, 2.08% Zn

INC-5 2.0 m chip of siliceous material from Adit 1 portal, west side of zone
results - .025 oz/ton Au, .36 oz/ton Ag, 1138 ppm Pb,
1690 ppm Zn

INC-6 grab of massive galena-sphalerite from "open-stope"
results - .104 oz/ton Au, 7.50 oz/ton Ag, 26.90% Pb,
21.70% Zn

The results of the sampling indicate that elevated levels of gold do exist in areas of the alteration package (samples INC-1 & 2) recently discovered by Esso, and appear to indicate that gold may not be directly related to lead and zinc mineralization.

Results of the samples taken from the open-stope material (samples INC-3 & 6) indicate that potentially ore-grade precious and base metal values are intermixed in the Indian vein, but that again the grade of gold mineralization may not be related directly to the grade of lead and zinc.

Results from the samples taken at the Adit 1 portal (samples INC-4 & 5) indicate that very good grades of gold may be found in the Indian vein and that they are not necessarily related to high-grade areas of lead and zinc mineralization. They also appear to indicate that some relationship may exist between precious and base metal deposition.