

THIS PROSPECTUS CONSTITUTES A PUBLIC OFFERING OF THESE SECURITIES ONLY IN THOSE JURISDICTIONS IN WHICH THIS PROSPECTUS HAS BEEN ACCEPTED FOR FILING AND THEREIN ONLY BY PERSONS PERMITTED TO SELL SUCH SECURITIES.

NO SECURITIES COMMISSION OR SIMILAR AUTHORITY IN CANADA HAS IN ANY WAY PASSED UPON THE MERITS OF THE SECURITIES OFFERED HEREUNDER AND ANY REPRESENTATION TO THE CONTRARY IS AN OFFENCE.

**NEW ISSUE
PROSPECTUS**

DATED: APRIL 28TH, 1989

ALBAR RESOURCES LTD.

(the "Company")
602 - 409 Granville Street
Vancouver, B.C. V6C 1T2

PUBLIC OFFERING 600,000 Shares Without Par Value

	Price to Public	Commission	Net Proceeds to be Received by Company ⁽¹⁾
Per Share	\$0.40	\$0.06	\$0.34
Total	\$240,000.00	\$36,000.00	\$204,000.00

(1) Before deduction of the remaining costs of the Issue, estimated at \$6,000.

A PURCHASE OF THE SECURITIES OFFERED BY THIS PROSPECTUS MUST BE CONSIDERED AS SPECULATION. ALL OF THE PROPERTIES IN WHICH THE COMPANY HAS AN INTEREST ARE IN THE EXPLORATION AND DEVELOPMENT STAGE ONLY AND ARE WITHOUT A KNOWN BODY OF COMMERCIAL ORE. SEE ALSO "RISK FACTORS" ON PAGE 8.

THERE IS NO MARKET THROUGH WHICH THESE SECURITIES MAY BE SOLD.

THE VANCOUVER STOCK EXCHANGE HAS CONDITIONALLY LISTED THE SECURITIES BEING OFFERED PURSUANT TO THIS PROSPECTUS. LISTING IS SUBJECT TO THE COMPANY FULFILLING THE LISTING REQUIREMENTS OF THE VANCOUVER STOCK EXCHANGE ON OR BEFORE NOVEMBER 7TH, 1989, INCLUDING PRESCRIBED DISTRIBUTION AND FINANCIAL STATEMENTS.

NO PERSON IS AUTHORIZED BY THE COMPANY 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 COMPANY.

UPON COMPLETION OF THIS OFFERING, THIS ISSUE WILL REPRESENT 26.37% OF THE SHARES THEN OUTSTANDING AS COMPARED TO 35.39% THAT WILL THEN BE OWNED BY THE CONTROLLING PERSONS, DIRECTORS, PROMOTERS AND SENIOR OFFICERS OF THE COMPANY AND ASSOCIATES OF THE AGENTS. REFER TO THE HEADING "PRINCIPAL HOLDERS OF SECURITIES" HEREIN FOR DETAILS OF SHARES HELD BY DIRECTORS, SENIOR OFFICERS, PROMOTERS AND CONTROLLING PERSONS AND ASSOCIATES OF THE AGENTS.

ONE OR MORE OF THE DIRECTORS OF THE ISSUER HAS AN INTEREST, DIRECT OR INDIRECT IN OTHER NATURAL RESOURCE COMPANIES. REFERENCE SHOULD BE MADE TO THE ITEM "RISK FACTORS" ON PAGE 8 FOR A COMMENT AS TO THE RESOLUTION OF POSSIBLE CONFLICTS OF INTEREST.

THE PRICE OF THIS OFFERING WAS DETERMINED BY NEGOTIATION BETWEEN THE COMPANY AND THE AGENT.

THE SHARES OFFERED UNDER THIS PROSPECTUS WILL BE SUBJECT TO A DILUTION OF \$0.2655 PER SHARE (66.38%).

THE COMPLETION OF THIS OFFERING IS SUBJECT TO A MINIMUM SUBSCRIPTION OF 600,000 SHARES. SEE PAGE 8 HEREIN.

WE, AS AGENT, CONDITIONALLY OFFER THESE SECURITIES SUBJECT TO PRIOR SALE, IF, AS AND WHEN ISSUED BY THE COMPANY AND ACCEPTED BY US IN ACCORDANCE WITH THE CONDITIONS CONTAINED IN THE AGENCY AGREEMENT REFERRED TO UNDER "PLAN OF DISTRIBUTION" ON PAGE 8 OF THIS PROSPECTUS.

Name and Address of Agent

CANARIM INVESTMENT CORPORATION LTD.
2200 - 609 Granville Street
Vancouver, B.C.

EFFECTIVE DATE: MAY 11TH, 1989

SUMMARY

THE OFFERING

Issue: 600,000 Shares (subject to a minimum subscription of 600,000 shares)
Price: \$0.40 Per Share to the Public (to the treasury \$0.34 per share)

Use of Proceeds: The estimated net proceeds of \$204,000 to be received by the Company from the Issue, together with working capital as at April 28th, 1989 of \$9,499 will be used as follows: \$6,000 for the remaining costs of this Issue; \$150,000 to carry out an exploration program on the Company's mineral property; and the remaining balance will be used for working capital.

The Company intends to carry out a program of geological mapping and geochemical sampling, and bulk sampling for metallurgical purposes on its 38 contiguous mineral claim units and 12 crown granted mineral claims, (the Regal Silver Property), Revelstoke Mining Division, Province of British Columbia. The previous development and the future development plans in respect to these mineral claims are set out herein under the heading of "Business and Property".

While there is a known body of ore on the Company's property, it has not been established that the property is commercially viable. In the event that the Company's exploration program as described in this Prospectus is successful, the Company will require additional financing in order to further develop the Company's property. These funds may not be available. There is no existing market for the shares of the Company. Exploration for minerals is a speculative venture necessarily involving substantial risks in respect to discovering commercial quantities of ore, or if they are discovered, to funding exploration and development costs, or if put into production, to successfully market the materials produced. The Company's property include mineral claims which have not been surveyed and therefore, the precise location of these properties may be in doubt.

In addition, other "Risk Factors" are set out in this Prospectus under that heading including dilution and methods to resolve possible conflicts of interest.

Upon completion of this Offering this issue will represent 26.37% of the shares then outstanding as compared to 35.39% that will then be owned by the controlling persons, promoters, directors and senior officers of the Company.

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NAME AND INCORPORATION

Albar Resources Ltd. (the "Company") was incorporated on July 8th, 1983 under the Company Act of the Province of British Columbia by the registration of its Memorandum and Articles as Suecon Development Corporation. On November 26, 1986, the Company changed its name to Albar Resources Ltd. By the provisions of the Company Act, R.S.B.C. 1979 as amended, the Company will be deemed to be a reporting company upon the issue of a receipt for this Prospectus.

The head office of the Company is 602 - 409 Granville Street, Vancouver, B.C. V6C 1T2. The registered and records office of the Company is 430 - 580 Hornby Street, Vancouver, B.C. V6C 3B6.

DESCRIPTION OF BUSINESS AND PROPERTY

Business

The Company is a natural resource company engaged in the acquisition, exploration and development of mining properties. The Company has interests in the properties described below and intends to seek and acquire additional properties worthy of exploration and development.

Property

REGAL SILVER PROPERTY
REVELSTOKE MINING DIVISION
PROVINCE OF BRITISH COLUMBIA

The Company has acquired the following interest in the Regal Silver Property:

(1) By an Agreement dated May 27, 1987, the Company has an option to acquire the BN mineral claim (Record #2108) (18 units) (Expiry date August 7, 1992) located in Revelstoke Mining Division, Province of British Columbia from Robert B. Pincombe of 22114 - 64th Avenue, Langley, B.C., in consideration for 200,000 shares of the Company's common stock to be issued as follows:

(a) 25,000 shares upon the approval of the Agreement by the Superintendent of Brokers.

(b) a further 58,333 shares within 6 months of the issue of shares described in subparagraph (a) upon the filing of an Engineers report accepted by the Superintendent of Brokers, or in the event

that the Company's shares are listed on the Vancouver Stock Exchange, by the Vancouver Stock Exchange describing a work program carried out in the said mineral claim and recommending further work.

(c) a further 58,333 shares within 6 months of the issue of shares described in subparagraph (b) upon the filing of an Engineers report accepted by the Superintendent of Brokers, or in the event that the Company's shares are listed on the Vancouver Stock Exchange, by the Vancouver Stock Exchange describing a work program carried out in the said mineral claim and recommending further work.

(d) a further 58,334 shares within 6 months of the issue of shares described in subparagraph (c) upon the filing of an Engineers report accepted by the Superintendent of Brokers, or in the event that the Company's shares are listed on the Vancouver Stock Exchange, by the Vancouver Stock Exchange describing a work program carried out in the said mineral claim and recommending further work.

Robert B. Pincombe is the principal shareholder in Marikan Enterprises Ltd. a private Company of the same address which is a shareholder of the Company.

(2) By an Agreement dated May 27, 1987, the Company was assigned by Marikan Enterprises Ltd. (Marikan) of 22114 - 64th Avenue, Langley, B.C. in consideration for \$25,000 (which was paid), all of Marikan's rights under an option agreement dated May 19, 1987 granted to Marikan by Stannite Mines Ltd. (NPL) of 720 - 505 Burrard Street, Vancouver, B.C. (the Stannite Option). The purchase price under the Stannite Option is \$400,000 payable as follows:

(a) \$10,000 on execution (which was paid)

(b) a 5% net smelter return royalty with a minimum royalty of \$10,000 per year commencing in 1988 until 1997 payable on or before May 19th of each year; and

(c) the balance on May 19, 1997.

Under the term of the Stannite Option, the Company may acquire all of Stannite Mines Ltd.'s (NPL) interest by paying \$275,000 including previously paid royalties on or before May 19, 1989 or \$325,000 including previously paid royalties on or before May 19, 1992.

In addition the Company agreed to carry out a work program at a cost of \$25,000 on the following

properties before May 19, 1989 (this work requirement has been carried out) and thereafter to carry out work at a cost of \$10,000 per year during each of the following years with any excess to be applied to the following years work obligations.

The properties which are the subject of the Stannite Option are a 100% interest in the following Crown granted mineral claims located in Kootenay Land District:

<u>Claim Name</u>	<u>Lot Number</u>
JOY MC	14182
ALICE MC	14183
HELENA MC	14184
BEE MC	14185
MAY MC	14186
CORA MC	14187
EMILY MC	14188
ANNIE MC	14189
NESTORIA MC	14190
FRANCIS MC	14191
HILDA MC	14192
BIG LEDGE MC	14193

Subject to (i) a 2 1/2% Net Smelter Return Royalty to a total amount of \$75,000 to paid to the following persons:

J. Frank McMillan	\$29,000
Walter S. Campbell	23,000
Elisha N. Kennedy	6,000
Wainwright Gas Company Limited a federally incorporated company with offices at 36 Toronto Dominion Bank Chamber, Edmonton, Alberta	6,000

(ii) a 2 1/2 Net Smelter Return Royalty to a total amount of \$25,000 to be paid to Fredrick Roy Woolsey, Executor of the Will of Frances Emily Nestoria Young, deceased.

(3) The Company acquired a 100% interest in the CAM mineral claim (Record #2412) (20 units) (Expiry date June 2, 1993) mineral claim located in Revelstoke Mining Division, Province of British Columbia by staking.

The CAM, BN and all of the Crown granted mineral claims except Hilda are contiguous. Most of the Crown granted mineral claims have been overstaked by the BN mineral claim. The Hilda Crown granted claim is within 1500 feet of the contiguous ground. None of the Directors, Officers, Insiders or their associates have any interest in the royalties described above. The BN and CAM mineral claims overtake 4 Crown granted mineral claims,

SNOWFLAKE A, SNOWFLAKE B, SNOWFLAKE C, and SUNSET A, in which the Company does not own any interest.

Robert B. Pincombe, Marikan Enterprises Ltd. and Stannite Mines Ltd. (N.P.L.) are at arm's length to the Company.

LOCATION AND ACCESS

The property is situated in the Selkirk Mountains, 28 kilometres northeast of Revelstoke. The property covers the Clabon Creek basin, a tributary of Woolsey Creek which in turn flows into the Illecillewaet River.

The property can be reached via a 10 kilometre logging road from the point where the Trans Canada Highway crosses Woolsey Creek.

HISTORY

The early history of the Regal Silver and adjacent Snowflake properties has been described as follows:

- 1915-1920 The four Snowflake claims were staked and subsequently acquired by David Woolsey. He began underground development on levels 3 and 5 and conducted minor hand-cobbed production.
- 1925-1930 Development on the 5 and 10 levels was undertaken by Bernier Metals Corporation and later work was done on the 3, 5, 8, 9 and 10 levels by Regal Silver Mines. Stannite was discovered on the Snowflake ground in 1929.
- 1939-1944 A 25 ton/day underground tungsten plant was assembled in 1939, removed in 1940 and replaced by a small 75-100 ton/day pilot mill. In 1942 the Federal government drilled eight holes totalling 1,062 feet in an attempt to investigate the down-dip extension of the upper stannite shoot. Mill testing by the Federal government in 1943 was followed by metallurgical testing by Selkirk Tungs-Tin Mines Ltd. in 1944.
- 1949-1954 Minor underground development on levels 5 and 8. A small shipment of Tungsten, Silver, Lead, Zinc ore was sent to Trail, B.C. by Stannite Mines Ltd. in 1950. Columbia Metals Corporation built a 50 ton/day concentrator in 1952 and in 1953 milled 2,800 tons of tungsten ore and 2,400 tons of Silver, Lead, Zinc ore.

1967-1970 The property was acquired by Stannex Minerals who did 2,450 metres of underground development and carried out a feasibility study.

In 1980, AMAX of Canada held both the Regal Silver and the Snowflake properties and conducted underground and surface mapping and sampling and 554 metres of diamond drilling in two holes.

Altogether there are 5,900 metres of underground workings on the Regal Silver property and an additional 875 metres on the adjacent Snowflake property which were driven during the period 1915 to 1970.

In 1987 and 1988, the Company carried out a program consisting of road work and trenching on the property at a cost of \$62,031. The results of the work, including a description of estimates of proven and probable reserves of ore are set out in the report of Donald G. Allen, P. Eng., dated January 30, 1988 which forms part of this Prospectus.

In this report Mr. Allen has recommended a two-phase program on the property. At this time, the Company intends to carry out Phase I of that program consisting of geological mapping, geochemical sampling, and bulk sampling for metallurgical purposes at a cost of \$150,000. Should the results of this work be positive, he recommends Phase II consisting of diamond drilling at an estimated cost of \$165,000.

There is no surface or underground plant or equipment on the property.

THERE IS NO KNOWN BODY OF ORE IN COMMERCIAL QUANTITIES ON THIS PROPERTY.

The proposed program is an exploratory search for additional ore.

Earlier Operations

During the period July 8th, 1983 to April 30th, 1986, the Company was involved in a number of natural resource ventures. The Company had an interest in the following properties:

(a) Eight placer claims in the Mayo Mining District, Yukon Territory (acquisition cost of \$5,000), which were abandoned.

(b) The Falls #1 and #2, Bear #1 - 4 and Bear II mineral claims in New Westminster Mining Division, British

Columbia (acquisition and associated deferred costs of \$25,000), which were abandoned.

(c) The Jet, Chief and Deb 1 mineral claims in Vancouver Mining Division, British Columbia (acquisition and associated deferred costs \$51,320), which were abandoned.

(d) A .0625% working interest in a petroleum and natural gas lease of approximately 183 acres and a 1.03125% working interest in a petroleum and natural gas lease of approximately 216 acres, both located in Brown County, Texas (loss \$5,778), were sold.

PLAN OF DISTRIBUTION

The Company, by an agreement (the "Agency Agreement") dated December 22nd, 1988 as amended on April 21st, 1989 appointed Canarim Investment Corporation Ltd. as its Agent ("Agent") to offer the Shares, on a Best Efforts basis, through the facilities of the Vancouver Stock Exchange (the "Exchange").

The Company by its Agent hereby offers (the "Offering") to the public through the facilities of the Exchange 600,000 shares (the "Shares") of the Company 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 (the "Effective Date") upon which the Shares of the Company are conditionally listed on the Exchange.

The Agent will receive a commission of \$0.06 per share on the sale of the shares.

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 or investment dealers, who may or may not be offered part of the commissions or bonuses derived from this Offering.

The obligations of the Agent under the Agency Agreement may be terminated prior to the opening of the market on the Offering Day at the Agent's discretion on the basis of its assessment of the state of the financial markets and upon the occurrence of certain stated events.

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

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

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

CONDITIONAL LISTING ON THE VANCOUVER STOCK EXCHANGE

The Vancouver Stock Exchange has conditionally listed the securities being offered pursuant to this Prospectus. Listing is subject to the Company fulfilling all the listing requirements of the Vancouver Stock Exchange on or before November 7th, 1989, including prescribed distribution and financial statements.

Minimum Subscription

In the opinion of the Directors of the Company, the proceeds of this Offering will be sufficient to carry out the recommended program of work and to maintain the Company's properties in good standing. In the opinion of the Company's Directors, it will be necessary to sell 600,000 shares offered by this Prospectus in order to raise sufficient funds to carry out the recommended program and to provide for administration and adequate working capital. All monies received from the sale of shares sold pursuant to this Prospectus in British Columbia during the 180 day period following the date of acceptance for filing of the Prospectus by the Superintendent, shall be held in trust by the Company's Registrar or Transfer Agent or by the Agent until the minimum subscription has been sold, and if the minimum subscription of 600,000 shares have not been sold within 180 days of the acceptance, all monies will be returned in full to the subscribers.

MARKET FOR SECURITIES

The price to be paid to the Company for the shares offered for sale by the Prospectus was set by negotiations between the Company and the Agent.

RISK FACTORS

The shares offered by this Prospectus must be considered speculative, generally because of the nature of the Company's business. In particular:

1. While there is a known body of ore on the Company's property, it has not been established that the property is commercially viable. The purpose of the present offering is to raise funds to carry out further exploration with the objective of establishing ore reserves of commercial tonnage and grade. If the Company's exploration programs are successful, additional funds will be required for the development of an economic ore body and to place it in commercial production. The only source of future funds presently available to the Company is through the sale of equity capital. The only alternative for the financing of further exploration would be the offering by the Company of an interest in its property to be earned by another party or parties carrying out further exploration or development thereof, which is not presently contemplated.

2. There is no established market for the shares of the Company.

3. Exploration for minerals is a speculative venture necessarily involving some substantial risk. There is no certainty that the expenditure to be made by the Company in the acquisition and exploration of the interests described herein will result in discoveries of commercial quantities of ore.

4. The mining industry in general is intensely competitive and there is no assurance that even if commercial quantities of ore are discovered, a ready market will exist for the sale of same. Factors beyond the control of the Company may affect the marketability of any substances discovered.

5. While the Company has obtained the usual industry standard title report with respect to its property, this should not be construed as a guarantee of title. The property may be subject to prior unregistered agreements or transfers or native land claims, and title may be affected by undetected defects. The Company must expend monies to carry out further work on the property described in this Prospectus in order to keep in good standing the interests as described under the heading "Business and Property" on page 2 of this Prospectus.

6. The Company's property include mineral claims which have not been surveyed, and therefore, the precise location of a portion of the property may be in doubt.

7. Certain of the Directors serve as directors of other reporting companies or have significant shareholdings in other reporting companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the

Directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a Board of Directors meeting, a Director who has such a conflict will abstain from voting for or against the approval of such a participation or such terms. From time to time several companies may participate in the acquisition, exploration and development of natural resource properties thereby allowing for their participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the Company making the assignment.

8. In accordance with the laws of the Province of British Columbia, the Directors of the Company are required to act honestly, in good faith and in the best interests of the Company. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the Directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

9. The value of the net tangible assets of the Company other than the value of its mineral property based on the Company's financial statements for the period ended October 31st, 1988 is \$19,365. The proposed expenditures from the Use of Proceeds raised by the Offering described in this Prospectus will not increase net tangible assets owned by the Company other than the value of its mineral property.

10. The shareholders offered under this Prospectus will be subject to a dilution of \$0.2655 per share (66.38%).

11. Upon completion of this Offering this issue will represent 26.37% of the shares then outstanding as compared to 35.39% that will then be owned by the controlling persons, promoters, directors and senior officers of the Company and their associates and associates of the Agents.

USE OF PROCEEDS

The net proceeds to be derived by the Company from the Offering will be the sum of \$204,000 which together with working capital on hand as at April 28th, 1989 of \$9,499 shall be spent as follows:

1. To pay the remaining costs of Issue, estimated at	\$ 6,000
2. To carry out the program recommended by Donald G. Allen, P.Eng., as set out in his Revised Summary Report dated January 30th, 1988 and revised on February 24, 1989 on the Company's Regal Silver property;	150,000
3. To reserve for working capital;	<u>57,499</u>
	<u>\$213,499</u>

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

The proceeds from the sale of shares offered by this Prospectus are intended to be used for the purposes set forth above, and in carrying out the above program of work and the Company will not discontinue or depart from the recommended program of work unless advised in writing by its independent consulting engineer to do so. Should the Company contemplate any such change or departure, notice thereof will be given to all registered shareholders by mail.

In the event of any material change in the affairs of the Company during the primary distribution of the shares offered by this Prospectus, an amendment to this Prospectus will be filed.

Following completion of the primary distribution of the shares offered by this Prospectus, shareholders will be notified of changes in the affairs of the Company in accordance with the requirements of the appropriate regulatory authorities.

DESCRIPTION OF SHARES AND SHARE CAPITAL STRUCTURE

The authorized capital of the Company consists of 10,000,000 common shares without par value. As of the

date of this Prospectus, 1,650,287 common shares were issued and outstanding.

All common shares of the Company, both issued and unissued, rank equally as to dividends, voting powers and participation in assets. No shares have been issued subject to call or assessment. There are no pre-emptive or conversion rights and no provision for redemption, purchase for cancellation, surrender or sinking or purchase funds. Provisions as to the modifications, amendments or variations of such rights or such provisions are contained in the Company Act of the Province of British Columbia.

As at October 31st, 1988, the Company had no contributed surplus or retained earnings. As at that date, the Company's Balance Sheet recorded a working capital position of \$19,365 and a deficit of (\$203,612).

There are 200,000 shares of the Company which are subject to directors and employees stock options. For particulars of these options, reference should be made to the term "Options to Purchase Securities" of this Prospectus.

Designation	Amount of Security Authorized	Amount Issued & Outstanding as of October 31, 1988	Amount Outstanding as of April 28, 1989	Amount Outstanding if all Securities are Sold
Common	10,000,000	1,650,287	1,650,287	2,275,287

PRIOR SALES

During the period from July 8th, 1983, the date of incorporation and November 26th, 1986, the date of a consolidation on the basis of 1 new share for 3 old shares, the following shares were issued for cash:

<u>Number of Shares</u>	<u>Price per Share</u>	<u>Commissions Paid</u>	<u>Net Cash Received</u>
698,000	\$0.15	Nil	\$104,700
317,500	0.20	Nil	63,500
78,575	0.21	Nil	16,500
<u>1,094,075</u>			<u>\$184,700</u>

In addition, the Company issued 750,000 escrow

shares at a deemed price of \$0.01 per share for certain mineral properties.

Subsequently 82,214 shares issued at \$0.15 per share were surrendered to the Issuer as settlement for shareholders' loans totalling \$12,332 made by the Issuer to those shareholders. Also, the 750,000 escrowed shares were surrendered.

After Consolidation on November 26th, 1986, the following shares were issued for cash:

<u>Number of Shares</u>	<u>Price per Share</u>	<u>Commissions Paid</u>	<u>Net Cash Received</u>
750,000	\$0.01	Nil	\$ 7,500
563,000	0.25	Nil	140,750
1,313,000			148,250
337,287 (1)			172,368 (1)
1,650,827 (2)			\$320,618 (2)

(1) Shares issued prior to consolidation and after the surrenders described above.

(2) Present totals.

DIRECTORS AND OFFICERS

The names, addresses and principal business or occupations of which each of the Directors and Officers of the Company have been engaged during the immediately preceding five years are as follows:

<u>Name and Address</u> <u>Principal Occupation</u>	<u>Principal Occupation for</u> <u>Past Five Years</u>
ERIC NORMAN ASCROFT * 1878 West 37th Avenue Vancouver, B.C. PRESIDENT & DIRECTOR	Businessman; Director & President of Silver Cloud Mines Ltd. (a public natural resource exploration & development company) 1979 - 1987

ROBERT BOYD *
655 Ballantree Road
West Vancouver, B.C.
DIRECTOR

Insurance Agent, Director of
Turner Meakin & Company Limited,
January 1965 to Present

MICHAEL GORE WALKER *
#104, 1445 - 13th Avenue
Vancouver, B.C.
DIRECTOR

Businessman; Director Silver
Cloud Mines Ltd. 1983 - 1987;
Director Ormont Explorations
Ltd. 1983 - 1987

ROGER FREDRICK BAPTY
106-2121 West 44th Avenue
Vancouver, B.C.
SECRETARY

Self-Employed Business Consultant
December 1987 to Present;
Partner CSI Capital Services
April 1983 to December 1987

* Member of the Audit Committee.

EXECUTIVE COMPENSATION

There are two executive officers of the Company. No monies were paid to these executive officers and their associates for their service during the period since incorporation. Both of the executive officers have an Employee option to purchase securities. One executive officer has an option to purchase 20,000 shares and another has an option to purchase 80,000 shares of the Company's common stock at a price of \$0.40 per share for a period of two years from the effective date of this Prospectus. Two persons who are directors but not executive officers of the Company each have directors stock options to purchase 50,000 shares on the same terms. The executive officers and directors may receive payments from time to time for services rendered to the Company. The rate of such payment shall be determined by the Board of Directors and shall be based on standard industry rates. Reference is made to the item "Promoters" on page 16 for additional details.

OPTIONS TO PURCHASE SECURITIES

Pursuant to a Directors Stock Option agreement and an Employees Stock Option agreement dated August 1st, 1988 (the "Option Agreements"), the Company has granted options to the following directors and employees in such numbers of common shares as is set opposite the name of each director or employee:

Directors:

Robert Boyd - up to 50,000 shares
Michael G. Walker - up to 50,000 shares

Employees:

Eric N. Ascroft - up to 80,000 shares
Roger F. Bapty - up to 20,000 shares

The Option Agreements provide that the option price is \$0.40 per share and that the options are exercisable during that period of time commencing on the Effective Date of this Prospectus ending two years thereafter. There are no other options to purchase securities under this Prospectus.

ACQUISITIONS

During the past two years, the Company has acquired the following interests in mineral claim forming part of the Regal Silver Property located in Revelstoke Mining Division, Province of British Columbia.

(1) An option to acquire the BN mineral claim in consideration for 200,000 shares of the Company's common stock for Robert B. Pincombe.

(2) An option to acquire a 100% interest, subject to certain Net Smelter Return Royalties, in consideration for \$25,000 payable to an assignor, Marikan Enterprises Ltd., and the payment of \$400,000 in payments over ten years payable to Stannite Mines Ltd. (NPL). The royalties shall not exceed \$500,000 including the previously noted \$400,000.

(3) An undivided 100% in CAM mineral claim for the cost of staking.

Reference should be made to the item "Description of Business and Property" of this Prospectus.

PRINCIPAL HOLDERS OF SECURITIES

As of the date of this Prospectus, the following table sets forth the number of shares owned of record or beneficially, directly or indirectly, by each person who owns more than 10% of the Company's shares.

Name and Address	Type of Ownership	Number of Shares	Percentage of Shares Outstanding
ERIC N. ASCROFT 602 - 409 Granville Vancouver, B.C.	Direct, Beneficial	655,000	39.7%

The percentage of common shares held by all directors, promoters, senior officers or their associates, beneficially owned, directly or indirectly, of the Company are as follows:

<u>Designation of Class</u>	<u>Percentage of Class</u>
Common	48.79%

ESCROWED SHARES

As of the date of this Prospectus, 750,000 common shares are held in escrow by Montreal Trust Company, 510 - Burrard Street, Vancouver, B.C. subject to the direction or determination of the Office of Superintendent of Brokers ("Superintendent") or, in the event the Company's shares are listed on the Vancouver Stock Exchange (the "Exchange") subject to the direction or determination of the Exchange. The escrow restrictions provide that the shares may not be traded in, dealt with in any manner whatsoever or released, nor may the Company, its Transfer Agent or Escrow holder make any transfer or record any trading of shares without the consent of the Superintendent or the Exchange.

The complete text of the escrow agreement is available for inspection at the registered office of the Company at 430 - 580 Hornby Street, Vancouver, B.C.

<u>Designation of Class</u>	<u>Number of Shares Held in Escrow</u>	<u>Percentage of Class</u>
Common	750,000	45.45%

POOLED SHARES

There are no pooled shares.

DIVIDEND RECORD

The Company has not since the incorporation of the Company on July 8th, 1983 paid any dividends on any of its shares. The Company has no present intention to pay dividends, but, the future dividend policy will be determined by the Board of Directors on the basis of earnings, financial requirements and other relevant factors.

PROMOTERS

By virtue of the definition as set out in Section 1(1) of the Securities Act (British Columbia) the Directors of the Company are the Promoters of the Company.

The Promoters have acquired the following common shares in the capital of the Company:

<u>Name</u>	<u>No. of Shares</u>	<u>Price per Share</u>
Eric Ascroft	650,000	\$0.01 (cash paid)
	5,000	\$0.45 (cash paid)
Robert Boyd	100,000	\$0.01 (cash paid)
	50,000	\$0.25 (cash paid)

Under the headings "Options to Purchase Securities" and "Executive Compensation" herein there are set out further details in respect to the Promoters.

PENDING LEGAL PROCEEDINGS

The Company is not a party with respect to any legal proceedings.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

The Directors and Senior Officers of the Company have no interest in any material transactions in which the Company has participated or intends to participate at this time, save and except as disclosed in this Prospectus and, in particular, those matters disclosed under the heading

"Option to Purchase Securities" and "Executive Compensation" herein.

MATERIAL CONTRACTS

There are no material contracts entered into by the Company other than as disclosed in this Prospectus.

The material contracts are:

1. The Stannite Option, the Assignment from Marikan Enterprises, and the option from Robert B. Pincombe of the Regal Silver Property described under the section captioned "Description of Business and Property" herein.

2. The Agency Agreement and Amendment described in the section captioned "Plan of Distribution" herein.

3. The Directors and Employees stock option agreement described in the section captioned "Options to Purchase Securities" herein

4. The Escrow Agreement described in the section captioned "Escrowed Shares" herein.

Material contracts may be inspected at the offices of Hemsworth, Schmidt, of 430 - 580 Hornby Street, Vancouver, B.C. during normal business hours during the period of primary distribution of the securities being offered under this Prospectus.

OTHER MATERIAL FACTS

There are no other material facts relating to the offering of securities under this Prospectus other than as disclosed herein.

TRANSFER AGENTS AND REGISTRARS AND AUDITORS

The Registrar and Transfer Agent for the Company is Montreal Trust Company, 510 Burrard Street, Vancouver, B.C. The Auditor for the Company is Bruce F. Jamieson & Company, Certified General Accountant, of 407 - 325 Howe Street, Vancouver, B.C.

PURCHASER'S STATUTORY RIGHT OF WITHDRAWAL AND RESCISSION

The Securities Act provides a purchaser with a right to withdraw from an agreement to purchase securities within two business days after receipt or deemed receipt of a prospectus and further provides a purchaser with remedies for rescission or damages where the prospectus and any amendment contains a material misrepresentation or is not delivered to the purchaser prior to delivery of the written confirmation of sale or prior to midnight on the second business day after entering into the agreement, but such remedies must be exercised by the purchaser within the time limit prescribed. For further information concerning these rights and the time limits within which they must be exercised the purchaser should refer to Sections 66, 114, 118 and 124 of the Securities Act or consult a lawyer.

ALBAR RESOURCES LTD.
FINANCIAL STATEMENTS
OCTOBER 31, 1988
(APRIL 30, 1988; APRIL 30, 1987; APRIL 30, 1986;
APRIL 30, 1985; and APRIL 30, 1984)

ALBAR RESOURCES LTD.
INDEX TO THE FINANCIAL STATEMENTS
OCTOBER 31, 1988
(APRIL 30, 1988; APRIL 30, 1987; APRIL 30, 1986;
APRIL 30, 1985; and APRIL 30, 1984)

AUDITOR'S REPORT

BALANCE SHEET

STATEMENT OF LOSS AND DEFICIT

STATEMENT OF OPERATING, FINANCING AND INVESTING ACTIVITIES

SCHEDULE OF DEFERRED EXPLORATION AND DEVELOPMENT COSTS

NOTES TO THE FINANCIAL STATEMENTS

Exhibit A

Exhibit B

Exhibit C

Schedule I

BRUCE F. JAMIESON & CO.
CERTIFIED GENERAL ACCOUNTANT

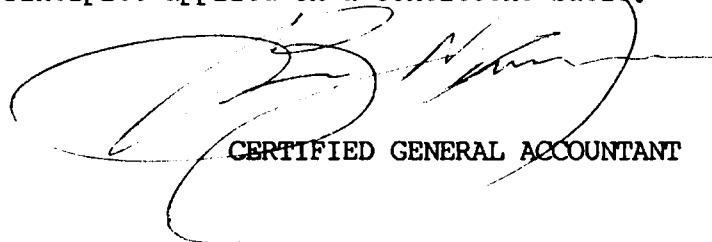
#407 - 325 HOWE STREET
VANCOUVER, B.C. V6C 1Z7
Telephone: (604) 684-3354

AUDITOR'S REPORT

To the Shareholders of
Albar Resources Ltd.

I have examined the balance sheets of Albar Resources Ltd. as at October 31, 1988, April 30, 1988, April 30, 1987, April 30, 1986, April 30, 1985, and April 30, 1984, the statements of loss and deficit, the statements of operating, financing and investing activities, and the schedules of deferred exploration and development costs for the period and years then ended. My examination was made in accordance with generally accepted auditing standards and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the company as at October 31, 1988, April 30, 1988, April 30, 1987, April 30, 1986, April 30, 1985, and April 30, 1984, and the results of its operations and changes in its financial position for the period and years then ended, in accordance with generally accepted accounting principles applied on a consistent basis.




CERTIFIED GENERAL ACCOUNTANT

Vancouver, B.C.
December 6, 1988


ALBAR RESOURCES LTD.
BALANCE SHEET

	October 31, <u>1988</u>	April 30, <u>1988</u>	April 30, <u>1987</u>	April 30, <u>1986</u>	April 30, <u>1985</u>	April 30, <u>1984</u>
<u>ASSETS</u>						
Current Assets						
Bank	\$ 21,845	\$ 45,205	\$ 17,758	\$ 1,065	\$ 624	\$ 4,544
Accounts receivable	4,000	2,000	1,357	482	-	2,766
Term deposit	3,750	3,750	-	-	-	-
Shareholders' loans	-	-	-	12,332	10,728	6,541
Prepaid expense	270	602	-	-	-	21,225
Interest receivable	50	181	-	-	-	-
	<u>29,915</u>	<u>51,738</u>	<u>19,115</u>	<u>13,879</u>	<u>11,352</u>	<u>35,076</u>
Mineral Properties, including deferred costs (Notes 2 and 4)	97,041	81,934	-	-	51,320	76,649
Petroleum and Natural Gas Prospects, net (Note 2)	-	-	-	8,625	13,631	19,301
Incorporation Costs (Note 3)	600	600	600	600	600	600
	<u>\$ 127,556</u>	<u>\$ 134,272</u>	<u>\$ 19,715</u>	<u>\$ 23,104</u>	<u>\$ 76,903</u>	<u>\$ 131,626</u>
<u>LIABILITIES</u>						
Current Liabilities						
Accounts payable (Note 5)	\$ 10,550	\$ 5,377	\$ 9,065	\$ 7,012	\$ 6,762	\$ 3,609
<u>SHAREHOLDERS' EQUITY</u>						
Share Capital (Note 6)	320,618	320,618	191,118	192,200	192,200	192,200
Deficit (Note 7)	(203,612)	(191,723)	(180,468)	(176,108)	(122,059)	(64,183)
	<u>\$ 127,556</u>	<u>\$ 134,272</u>	<u>\$ 19,715</u>	<u>\$ 23,104</u>	<u>\$ 76,903</u>	<u>\$ 131,626</u>

Approved on Behalf of the Board:



Michael Walker - Director



Eric Ascroft - Director

The accompanying notes are an integral part of the financial statements.

ALBAR RESOURCES LTD.
STATEMENT OF LOSS AND DEFICIT

	Six Months Ended October 31, 1988	Year Ended April 30, 1988	Year Ended April 30, 1987	Year Ended April 30, 1986	Year Ended April 30, 1985	Period Ended April 30, 1984 *
REVENUE, from sale of petroleum products, net of operating expenses	\$ -	\$ -	\$ 763	\$ 2,809	\$ 5,913	\$ 3,757
EXPENSES:						
Bad debt (Note 8)	-	-	-	-	-	12,000
Bank charges and interest	20	56	50	16	50	83
Consulting	-	-	-	-	-	3,716
Depletion	-	-	1,927	3,557	3,846	1,755
Management fees	-	-	-	-	20,500	20,000
Office	1,478	3,574	637	117	421	12,907
Printing	-	77	-	-	-	1,375
Professional fees	5,757	2,504	1,437	1,450	1,170	7,481
Promotion	236	-	-	-	478	1,963
Rent	2,805	4,071	-	338	4,634	4,675
Telephone	1,320	1,589	579	60	2,366	1,985
Travel	75	-	-	-	324	-
Trust company	339	647	2,215	-	-	-
	<u>12,030</u>	<u>12,518</u>	<u>6,845</u>	<u>5,538</u>	<u>33,789</u>	<u>67,940</u>
Interest income	(141)	(181)	-	-	-	-
	<u>11,889</u>	<u>12,337</u>	<u>6,845</u>	<u>5,538</u>	<u>33,789</u>	<u>67,940</u>
NET OPERATING LOSS BEFORE EXTRAORDINARY ITEMS	11,889	12,337	6,082	2,729	27,876	64,183
EXTRA-ORDINARY ITEMS:						
Surrender and cancellation of escrow shares	-	-	(7,500)	-	-	-
Loss on abandonment of mineral properties and associated costs	-	-	-	51,320	30,000	-
Gain on forgiven debt	-	(1,082)	-	-	-	-
Loss on sale of petroleum and natural gas prospects	-	-	5,778	-	-	-
	<u>-</u>	<u>-</u>	<u>5,778</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET LOSS	11,889	11,255	4,360	54,049	57,876	64,183
DEFICIT AT BEGINNING OF YEARS (PERIOD)	<u>191,723</u>	<u>180,468</u>	<u>176,108</u>	<u>122,059</u>	<u>64,183</u>	<u>-</u>
DEFICIT AT END OF YEARS (PERIOD)	<u>\$ 203,612</u>	<u>\$ 191,723</u>	<u>\$ 180,468</u>	<u>\$ 176,108</u>	<u>\$ 122,059</u>	<u>\$ 64,183</u>

*For the Period July 8, 1983, date of incorporation, to April 30, 1984.

The accompanying notes are an integral part of the financial statements.

ALBAR RESOURCES LTD.
STATEMENT OF OPERATING, FINANCING AND INVESTING ACTIVITIES

	Six Months Ended October 31, <u>1988</u>	Year Ended April 30, <u>1988</u>	Year Ended April 30, <u>1987</u>	Year Ended April 30, <u>1986</u>	Year Ended April 30, <u>1985</u>	Period Ended April 30, <u>1984</u> *
OPERATING ACTIVITIES:						
Net loss	\$ (11,889)	\$ (11,255)	\$ (4,360)	\$ (54,049)	\$ (57,876)	\$ (64,183)
Add non-cash items:						
Depletion	-	-	1,927	3,557	3,846	1,755
Loss on abandonment of mineral properties	-	-	-	51,320	30,000	-
Loss on sale of petroleum and natural gas prospects	-	-	5,778	-	-	-
	<u>(11,889)</u>	<u>(11,255)</u>	<u>3,345</u>	<u>828</u>	<u>(24,030)</u>	<u>(62,428)</u>
Increase (Decrease) in accounts payable	4,941	(3,698)	2,053	250	3,153	3,609
Decrease (Increase) in prepaid expenses	332	(602)	-	-	21,225	(21,225)
Decrease (Increase) in accounts receivable	(2,000)	(643)	(875)	(482)	2,766	(2,766)
Decrease (Increase) in interest receivable	131	(181)	-	-	-	-
	<u>(8,485)</u>	<u>(16,379)</u>	<u>4,523</u>	<u>596</u>	<u>3,114</u>	<u>(82,810)</u>
FINANCING ACTIVITIES:						
Issue (Cancellation) of share capital originally issued for:						
Cash	-	129,500	(12,332)	-	-	184,700
Mineral property	-	-	(7,500)	-	-	7,500
Cost recovery on petroleum and natural gas prospects	-	-	-	1,449	1,824	-
Proceeds on sale of petroleum and natural gas prospects	-	-	920	-	-	-
Increase (Decrease) in shareholders' loans	232	10	31,082	(1,604)	(4,187)	(6,541)
	<u>232</u>	<u>129,510</u>	<u>12,170</u>	<u>(155)</u>	<u>(2,363)</u>	<u>185,659</u>
INVESTING ACTIVITIES:						
Acquisition of mineral properties	10,000	25,010	-	-	-	71,000
Acquisition of petroleum and natural gas prospects	-	-	-	-	-	21,056
Deferred exploration and development costs	5,107	56,924	-	-	4,671	5,649
Incorporation costs	-	-	-	-	-	600
	<u>15,107</u>	<u>81,934</u>	<u>-</u>	<u>-</u>	<u>4,671</u>	<u>98,305</u>
INCREASE (DECREASE) IN CASH	(23,360)	31,197	16,693	441	(3,920)	4,544
CASH AT BEGINNING OF YEARS (PERIOD)	48,955	17,758	1,065	624	4,544	-
CASH AT END OF YEARS (PERIOD)	\$ 25,595	\$ 48,955	\$ 17,758	\$ 1,065	\$ 624	\$ 4,544
Cash Consists of:						
Bank	\$ 21,845	\$ 45,205	\$ 17,758	\$ 1,065	\$ 624	\$ 4,544
Term deposit	3,750	3,750	-	-	-	-
	<u>\$ 25,595</u>	<u>\$ 48,955</u>	<u>\$ 17,758</u>	<u>\$ 1,065</u>	<u>\$ 624</u>	<u>\$ 4,544</u>

*For the Period July 8, 1983, date of incorporation, to April 30, 1984.

The accompanying notes are an integral part of the financial statements.

ALBAR RESOURCES LTD.
SCHEDULE OF DEFERRED EXPLORATION AND DEVELOPMENT COSTS

	Six Months Ended October 31, <u>1988</u>	Year Ended April 30, <u>1988</u>	Year Ended April 30, <u>1987</u>	Year Ended April 30, <u>1986</u>	Year Ended April 30, <u>1985</u>	Period Ended April 30, <u>1984</u> *
MINERAL PROPERTIES:						
Balance at Beginning of Years (Period)	\$ 56,924	\$ -	\$ -	\$ 7,320	\$ 5,649	\$ -
Accommodation and meals	781	1,715	-	-	-	-
Assays	77	858	-	-	-	-
Assessment work	-	-	-	-	4,171	3,000
Drafting	35	5,735	-	-	-	-
Engineer	-	3,050	-	-	-	1,719
Equipment rental	306	-	-	-	-	-
Excavation	2,446	36,413	-	-	-	-
Helicopter	-	498	-	-	-	-
Labour	-	1,950	-	-	-	-
Licence and recording fees	87	1,710	-	-	500	930
Miscellaneous	35	114	-	-	-	-
Supplies	62	1,385	-	-	-	-
Travel	1,278	3,496	-	-	-	-
Costs Incurred During Years (Period)	5,107	56,924	-	-	4,671	5,649
Allocation to Deficit	-	-	-	(7,320)	(3,000)	-
Balance at End of Years (Period)	\$ 62,031	\$ 56,924	\$ -	\$ -	\$ 7,320	\$ 5,649

*For the Period July 8, 1983, date of incorporation, to April 30, 1984.

The accompanying notes are an integral part of the financial statements.

ALBAR RESOURCES LTD.

NOTES TO THE FINANCIAL STATEMENTS

OCTOBER 31, 1988

(APRIL 30, 1988; APRIL 30, 1987; APRIL 30, 1986;

APRIL 30, 1985; and APRIL 30, 1984)

1. NATURE OF OPERATIONS

The company is in the process of exploring its resource properties and has not yet determined whether these properties contain reserves that are economically recoverable. The continued operations of the company and the recoverability of the amount shown for resource properties is dependent upon the existence of economically recoverable reserves, the ability of the company to obtain necessary financing to complete the development, and upon future profitable production.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Deferred Costs

i. Mineral Properties

The company is in the exploration stage with respect to its investment in mineral properties and accordingly follows the practice of capitalizing all costs related to the exploration project until such time as the project is put into commercial production, sold, or abandoned. If commercial production commences, these capitalized costs will be amortized on a unit-of-production basis.

ii. Petroleum and Natural Gas Prospects

The company follows the full cost method of accounting for petroleum and natural gas prospects. Under this method, all costs incurred in connection with the exploration for and the development of petroleum and natural gas reserves are capitalized. The costs associated with producing wells are depleted at a rate of 20% per annum since there are no independent engineering reports available.

b. Values

The amounts shown for the mineral properties, deferred costs and petroleum and natural gas prospects, represented costs to the date of the financial statements and are not intended to reflect present or future values.

c. Option Payments

Payments on option agreements are made at the discretion of the company and accordingly are accounted for on a cash basis.

d. Conversion of Foreign Currencies

Foreign currencies have been converted into Canadian funds as follows:

- i. Acquisition costs and deferred costs associated with petroleum and natural gas prospects, at the rate of exchange prevailing as at the date of the individual transactions.

.../2

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

- ii. Current assets and current liabilities, at the rate of exchange prevailing as at the balance sheet date.

3. INCORPORATION

The company was incorporated as Suecon Development Corporation, under the Company Act (British Columbia) on July 8, 1983. The company changed its name to Albar Resources Ltd. on November 26, 1986.

4. MINERAL PROPERTIES

Capitalized
Costs

- a. By an Assignment Agreement dated May 27, 1987 of an Option Agreement dated May 19, 1987, the company may acquire a 100% interest (subject to a 2 1/2% net smelter returns royalty to a maximum of \$100,000 and a 5% net smelter returns royalty with minimum payments of \$10,000 per year for a ten year period commencing May 19, 1988) in twelve (12) crown granted mineral claims located in the Revelstoke Mining Division of British Columbia for consideration of:

- | | |
|--|-----------|
| i. Assignment Agreement: | |
| - cash - \$25,000 (paid) | \$ 25,000 |
| - royalty payment - \$10,000 (annually) | 10,000 |
| ii. Option Agreement: | |
| - a purchase price of \$400,000, of which \$10,000 was prepaid by the assignor of the Option, reduced by payments on the 5% royalty described above. | |

The Option may be exercised by prepayments of \$275,000 on or before May 19, 1989 or \$325,000 on or before May 19, 1992. These amounts are reduced by the 5% royalty advances made to date.

In addition, the company is committed to expend \$25,000 in exploration work on the properties on or before May 19, 1989, and \$10,000 per year thereafter.

- b. By an Option Agreement dated May 27, 1987, the company may acquire a 100% interest in the BN mineral claim located in the Revelstoke Mining Division of British Columbia for consideration of:

- | | |
|--|----|
| i. Cash - \$10 (paid) | 10 |
| ii. 200,000 shares of the company's capital stock issued in increments of: | |
| - 25,000 shares on approval of agreement by the regulatory authorities | |

4. MINERAL PROPERTIES (CONT'D)

- 175,000 shares in three stages, commencing six, twelve, and eighteen months from the date of receipt of appropriate regulatory authorities approval of the agreement and acceptance by those authorities of an engineering report on the claims.

c. The company owns 100% interest in the CAM mineral claim located in the Revelstoke Mining Division of British Columbia

	35,010
Total Deferred Exploration and Development Costs incurred on the company's mineral properties	62,031
Balance of Mineral Properties, including deferred costs, at October 31, 1988	\$ 97,041

5. ACCOUNTS PAYABLE

The company is currently disputing an amount of \$3,867 which is included in the balance of accounts payable.

6. SHARE CAPITAL

The authorized share capital of the company is 10,000,000 shares without par value.

The company has issued and allotted shares of its capital stock as follows:

	October 31, 1988 and April 30, 1988		April 30, * 1987		April 30, 1986, 1985, 1984	
	Number of Shares	Amount \$	Number of Shares	Amount \$	Number of Shares	Amount \$
For cash	900,287	\$313,118	412,287	\$191,118	1,094,075	\$184,700
For cash (escrow)	750,000	7,500	-	-	-	-
For mineral property (escrow shares at a deemed value of \$0.01 per share)	-	-	-	-	750,000	7,500
	<u>1,650,287</u>	<u>\$320,618</u>	<u>412,287</u>	<u>\$191,118</u>	<u>1,844,075</u>	<u>\$192,200</u>

6. SHARE CAPITAL (CONT'D)

Transactions for the Issue and Allotment of Share Capital for the:

Period Ended April 30, 1984:

- i. The company issued 698,000 shares at a price of \$0.15 per share.
- ii. The company issued 317,500 shares at a price of \$0.20 per share.
- iii. The company issued 78,575 shares at a price of \$0.21 per share.
- iv. The company issued 750,000 escrow shares at a deemed price of \$0.01 per share as part consideration for seven (7) mineral claims located in the New Westminster Mining Division of British Columbia.

Year Ended April 30, 1987:

- * i. The company has consolidated its issued share capital on a basis of one share for each three shares previously issued. In addition, the company has consolidated and subsequently increased its authorized share capital to 10,000,000 shares without par value.
- ii. A total of 82,214 shares were surrendered at a price of \$0.15 per share as settlement for shareholders' loans totaling \$12,332.
- iii. The 750,000 escrow shares were surrendered and cancelled. This resulted in a reduction of the authorized share capital.
- iv. The company allotted 75,000 shares at a price of \$0.25 per share.

Year Ended April 30, 1988:

- i. The company issued 750,000 escrow shares at a price of \$0.01 per share.
- ii. The company issued 488,000 shares at a price of \$0.25 per share.

Stock Options:

The company has granted stock options to Directors and employees totaling 200,000 shares of its capital stock, exercisable at a price of \$0.40 per share for a two year period commencing on the effective date of the company's Primary Prospectus.

7. DEFICIT

Balance as at April 30, 1984 as per Exhibit B	\$ 64,183
Additions During Year:	
a. Net operating loss	27,876

7. DEFICIT (CONT'D)

b.	Loss on abandonment of seven (7) mineral claims described as the Falls #1 and #2, Bear #1-4, and Bear II, located in the New Westminster Mining Division of British Columbia	
	- Acquisition and associated deferred costs	25,000
c.	Loss on abandonment of eight (8) placer claims located in the Mayo Mining District, Yukon Territory.	
	- Acquisition costs	<u>5,000</u>
	Balance as at April 30, 1985	122,059
	Additions During Year:	
a.	Net operating loss	2,729
b.	Loss on abandonment of three (3) mineral claims, described as the Jet, Chief, and Deb 1, located in the Vancouver Mining Division of British Columbia	
	- Acquisition and associated deferred costs	<u>51,320</u>
	Balance as at April 30, 1986	176,108
	Additions During Year:	
a.	Net operating loss	6,082
b.	Surrender and cancellation of escrow shares	(7,500)
c.	Loss on sale of two (2) petroleum and natural gas leases, a .0625% working interest in approximately 183 acres, and 1 .03125% working interest in approximately 216 acres, located in Brown County, Texas	
	- Acquisition costs	<u>5,778</u>
	Balance as at April 30, 1987	180,468
	Additions During Year:	
a.	Net operating loss	12,337
b.	Gain on forgiven debt	<u>(1,082)</u>
	Balance as at April 30, 1988	191,723
	Additions During Period:	
a.	Net operating loss	<u>11,889</u>
	Balance as at October 31, 1988	<u>\$ 203,612</u>

8. BAD DEBT

During the period ended April 30, 1984, the subject company made a refundable deposit of \$12,000 to U.S.D. Energy Corporation of Vancouver, B.C. It is the opinion of present company management that this amount was non-recoverable at that time and accordingly, it was written-off as a bad debt.

9. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

A management fee totaling \$41,225 was paid to former Directors of the subject company for services rendered in that capacity during the 1984 and 1985 fiscal years.

No other direct remuneration was paid or is payable to the current or former Directors or Senior Officers of the subject company.

10. TAX LOSS CARRY-FORWARD

The company has the following net operating loss carry-forwards which may be applied against future taxable income. The potential future tax benefit of these losses has not been reflected in the accompanying financial statements.

The loss carry-forwards will expire as follows:

<u>Expiration</u>	<u>Loss</u>
1991	\$ 64,183
1992	27,876
1993	2,729
1993	6,082
1994	<u>11,255</u>
	<u>\$ 112,125</u>

11. ADDITIONAL INFORMATION

The company plans to offer to the public a financing, by way of a Preliminary Prospectus, consisting of 600,000 shares of its capital stock at a price of \$0.40 per share to net the corporate treasury \$204,000 after a commission to be paid of \$36,000 (\$0.06 per share).



exploration ltd.

680292

**GEOLOGY · GEOPHYSICS
MINING ENGINEERING**

#704 - 850 WEST HASTINGS ST., VANCOUVER, B.C. V6C 1E1
TELEPHONE (604) 681-0191 FAX 681-7480

GEOLOGICAL AND GEOCHEMICAL REPORT

on the

REGAL SILVER PROPERTY

Revelstoke Mining Division - British Columbia

Lat. $51^{\circ} 12' N.$

Long. $117^{\circ} 54' W.$

N.T.S. 82 N/4W

for

ALBAR RESOURCES LTD.

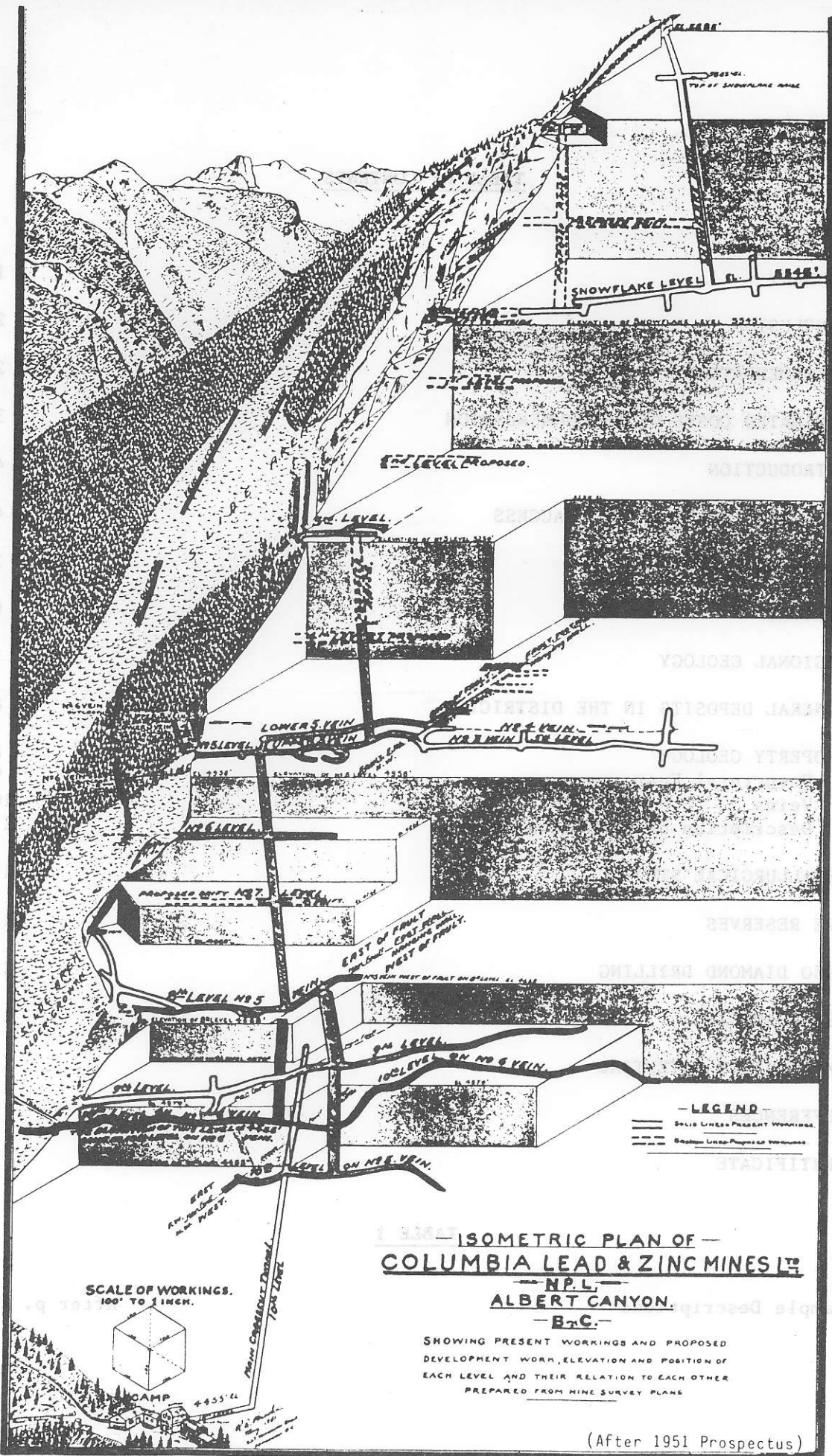
by

Donald G. Allen, P. Eng. (B.C.)

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Vancouver, B.C.

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Frontispiece: Isometric plan of Regal Silver-Snowflake workings

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SUMMARY

Albar Resources Ltd. holds the Regal Silver property comprising 50 claims and claim units near Revelstoke, British Columbia. The property lies at the head of Clabon Creek, a tributary of Woolsey Creek in the rugged Selkirk Mountains. Access is by logging and 4-wheel drive roads from the Trans Canada Highway, 30 kilometres east of Revelstoke.

The property is underlain by metasedimentary rocks of the Lardeau Group of Cambrian age. Silver-lead-zinc-tungsten + tin mineralization occurs in a swarm of at least 14 quartz veins which outcrop over an area of 3.5 by 1.0 kilometres. The veins range in width up to 5 metres wide.

Substantial reserves have been established on two of the veins. Stannex Minerals in 1970 estimated proven and probable reserves of 651,200 tons grading 2.69 ounces per ton silver, 2.66% lead, 1.26% zinc, 1.10% copper, 0.13% tin, 0.02% tungsten oxide and 0.02% cadmium. Included in this reserve is 27,700 tons grading 1.31% tungsten oxide. The most recent major work on the property was in 1980 by AMAX of Canada, who made an attempt to verify these reserve estimates and to test for a molybdenum-tungsten-tin-bearing quartz vein stockwork related to a postulated buried intrusion. Two holes were drilled: one to test the possible extension of an ore shoot and one to test for the buried intrusion immediately to the east of the property. Results were negative and ore reserve figures were reduced. However, considerable exploration potential remains on other veins on the property.

In 1987, Albar Resources rehabilitated the access road to the property and carried out road construction and trenching in the vicinity of the northwest extension of the vein system. A number of veins were intersected, several of which carried weakly anomalous amounts of lead and zinc. Exploration potential therefore is considered to exist along strike of the vein system as well as down dip. A program of trenching, remapping and sampling, metallurgical studies and diamond drilling is proposed to verify the existence of the reserves established to date and to discover new reserves in unexplored veins.

CONCLUSION

In spite of the work that has been carried out on the Regal Silver property to date, considerable exploration potential remains. Reserves to date have been established on only two of the six major veins on the property. An attempt should be made to verify the previously established reserves as well as locate additional reserves.

The relatively coarse nature of mineralization indicates that metallurgical studies are warranted to investigate gravity methods or other low cost methods of preconcentration.

A buried molybdenum-tungsten-tin stockwork remains as a significant but lower priority exploration target.

RECOMMENDATION

A two-phase exploration program is recommended to further evaluate the Regal Silver property. Phase I will comprise geological mapping and geochemical sampling to attempt to delineate the vein system along strike to the northwest. Detailed sampling and bulk sampling should be conducted on the known mineralized shoots in the accessible underground workings to establish grade control and to obtain a bulk sample for metallurgical purposes. Provision is made for bulldozer work to rehabilitate the access road to upper levels and to trench any geochemical targets that might be generated to the northwest. Should results of Phase I be positive, then a second phase program of diamond drilling to enlarge reserves of the property is recommended. Estimated costs of Phase I and II are \$150,000 and \$165,000, respectively, for a grand total of \$315,000.

ESTIMATED COSTS OF RECOMMENDATIONPHASE I Geological mapping and geochemical sampling.

Personnel		
Geologist	30 days @ \$200	\$ 6,000
Assistants - Samplers	90 days @ \$150	13,500
Room and Board		4,800
Vehicle rental	60 vehicle days @ \$75	4,500
Bulldozer		
Access road construction, stripping and trenching	500 hrs. @ \$100 all inclusive	50,000
Metallurgical studies		20,000
Compressor and airtrac		15,000
Geochemical analyses, assay		10,000
Report, consulting, supervision		<u>12,000</u>
	Subtotal	\$135,800
	Contingencies	<u>14,200</u>
	TOTAL PHASE I	\$150,000

PHASE II Follow-up diamond drilling.

Drilling	1,500 metres @ \$100 all inclusive	\$150,000
Engineering, supervision		<u>15,000</u>
	TOTAL PHASE II	\$165,000
	GRAND TOTAL	\$315,000

INTRODUCTION

Albar Resources Ltd. holds under option the Regal Silver property in the Revelstoke area of east central British Columbia. The property encompasses a swarm of subparallel quartz veins which occur over an area of 3.5 by 1.0 kilometres. These veins carry variable amounts of silver, lead, zinc, tungsten and tin. Of the six principal veins explored to date, the No. 5 vein and subsidiary offshoot have significant reserves. The Regal Silver and the adjacent Snowflake Mine have been subjected to several periods of intense exploration from 1915 to the present. About 5500 metres of underground workings are present. Recorded past production is 93 grams of gold, 481,723 grams of silver, 574 kilograms of copper, 150,224 kilograms of lead and 31,406 kilograms of zinc from 2696 tonnes. In addition, 2895 kilograms of tungsten oxide has been produced from 2858 tonnes.

In 1987, Albar Resources Ltd. conducted a program of access road construction and rehabilitation and trenching on the western side of the property to explore for a possible extension of the vein system along strike in an overburden-covered area.

The purpose of this report is to summarize results of previous work on the Regal Silver property and propose an exploration program to further evaluate the property. Much of this report is based on previous work by Stannex Minerals Ltd. and AMAX of Canada (Canamax Resources Inc.). The report will deal specifically with the Regal Silver Mine. Four internal Crown Grant claims, not held by Albar, cover the Snowflake Mine, which has some interconnected underground workings. Throughout the report references are made to the Snowflake Mine because of its proximity.

LOCATION, PHYSIOGRAPHY, ACCESS

The Regal Silver property is situated in the rugged Selkirk Mountains, 28 kilometres northeast of Revelstoke (Figure 1). The property covers the Clabon Creek basin, a tributary of Woolsey Creek which in turn flows into the Illecillewaet River (Figure 2).

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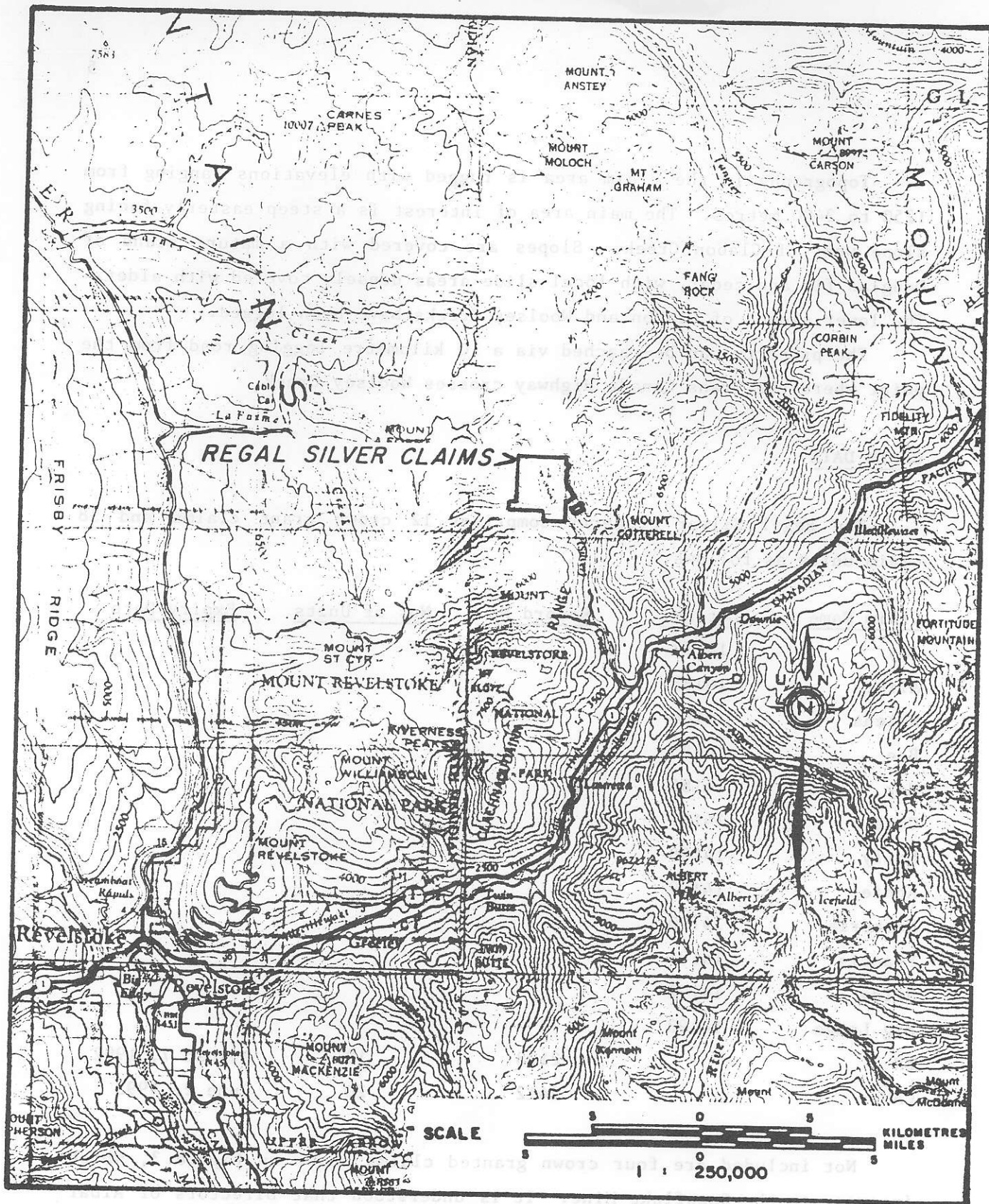
LOCATION MAP

REGAL SILVER

SCALE 0 100 200 KILOMETRES 0 100 200 MILES



FIGURE - I



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N.T.S. 82 N,M

ACCESS MAP

REGAL SILVER PROPERTY

Revelstoke Mining Division - British Columbia



Figure 2

Topography in the claim area is rugged with elevations ranging from 1250 to 2400 metres. The main area of interest is a steep easterly-facing slope west of Clabon Creek. Slopes are covered with a mature stand of Douglas fir and cedar, with local slide areas densely covered with alder. The lower slopes of Clabon and Woolsey Creeks have been logged.

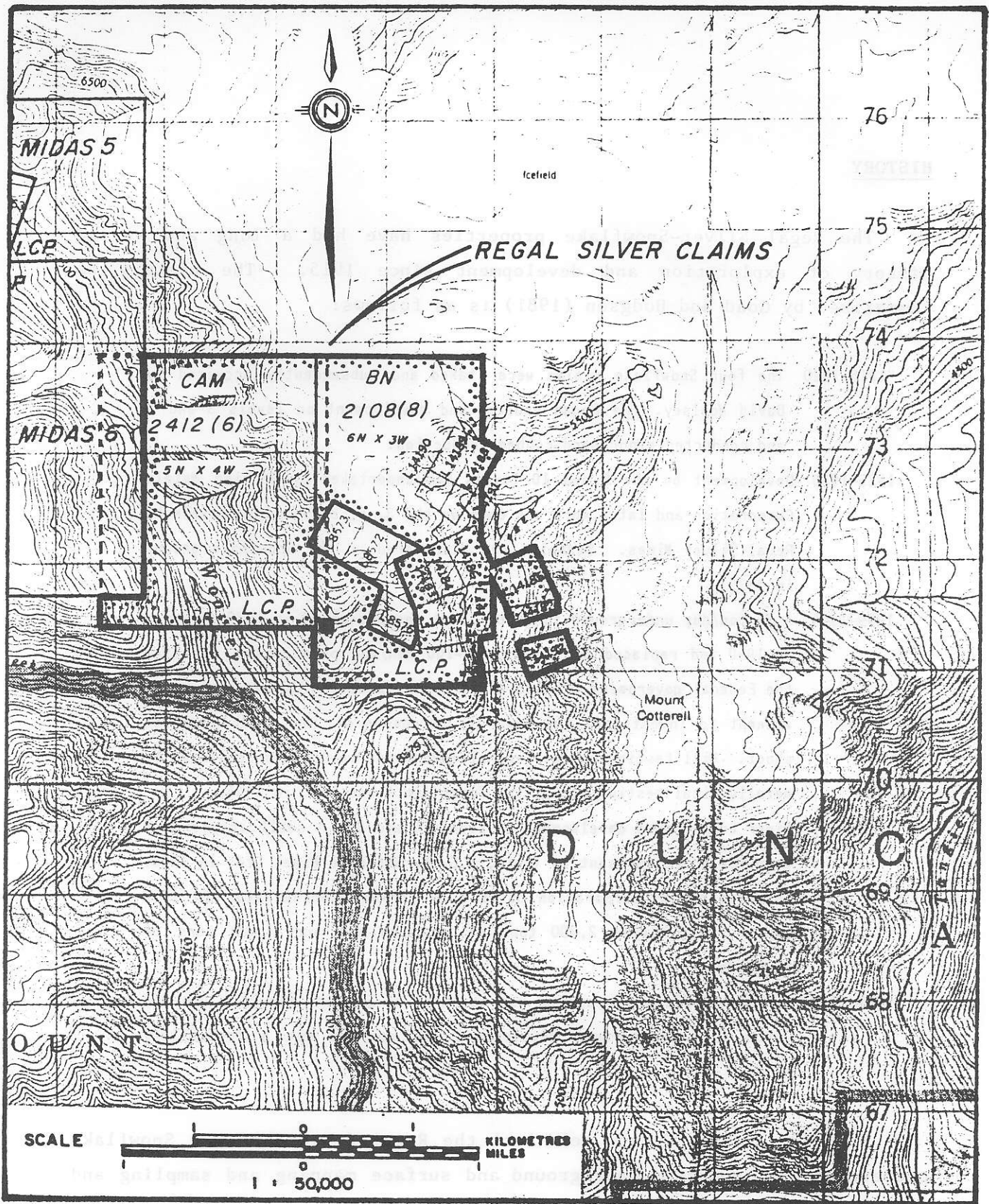
The property can be reached via a 10 kilometre logging road from the point where the Trans Canada Highway crosses Woolsey Creek.

CLAIM DATA

The Regal Silver property comprises 12 crown grant claims and 38 claim units as follows:

<u>Claim Name</u>	<u>Lot No.</u>	<u>Record No.</u>	<u>No. of Units</u>	<u>Expiry Date</u>
Joy	14182			
Alice	14183			
Helena	14184			
Bee	14185			
May	14186			
Cora	14187			
Emily	14188			
Annie	14189			
Nestoria	14190			
Francis	14191			
Hilda	14192			
Big Ledge	14193			
BN		2108	18	August 7, 1992
CAM		2412	20	June 2, 1993

Not included are four crown granted claims shown on Figure 3, which incorporate the Snowflake Mine. It is understood that Directors of Albar are negotiating to acquire them.



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N.T.S. 82 N/4, 82 M/1

CLAIM MAP

REGAL SILVER PROPERTY

Revelstoke Mining Division - British Columbia



Figure 3

HISTORY

The Regal Silver-Snowflake properties have had a long and varied history of exploration and development since 1915. The history as summarized by Goad and Hodgson (1981) is as follows:

- "1915-1920 The four Snowflake claims were staked and subsequently acquired by David Woolsey. He began underground development on levels 3 and 5 and conducted minor hand-cobbed production.
- 1925-1930 Development on the 5 and 10 levels was undertaken by Bernier Metals Corporation and later work was done on the 3, 5, 8, 9 and 10 levels by Regal Silver Mines. Stannite was discovered on the Snowflake ground in 1929.
- 1939-1944 A 25 ton/day underground tungsten plant was assembled in 1939, removed in 1940 and replaced by a small 75-100 ton/day pilot mill. In 1942 the Federal government drilled eight holes totalling 1,062 feet in an attempt to investigate the down-dip extension of the upper stannite shoot. Mill testing by the Federal government in 1943 was followed by metallurgical testing by Selkirk Tungs-Tin Mines Ltd. in 1944.
- 1949-1954 Minor underground development on levels 5 and 8. A small shipment of W-Ag-Pb-Zn ore was sent to Trail, B.C. by Stannite Mines Ltd. in 1950. Columbia Metals Corporation built a 50 ton/day concentrator in 1952 and in 1953 milled 2,800 tons of tungsten ore and 2,400 tons of Ag-Pb-Zn ore.
- 1967-1970 The (Regal Silver) property was acquired by Stannex Minerals who did 2,450 m of underground development and carried out a feasibility study."

In 1980, AMAX of Canada held both the Regal Silver and the Snowflake properties and conducted underground and surface mapping and sampling and 554 metres of diamond drilling in two holes.

Altogether there are 5,900 metres of underground workings on the Regal Silver property and an additional 875 metres on the adjacent Snowflake property which were driven during the period 1915 to 1970.

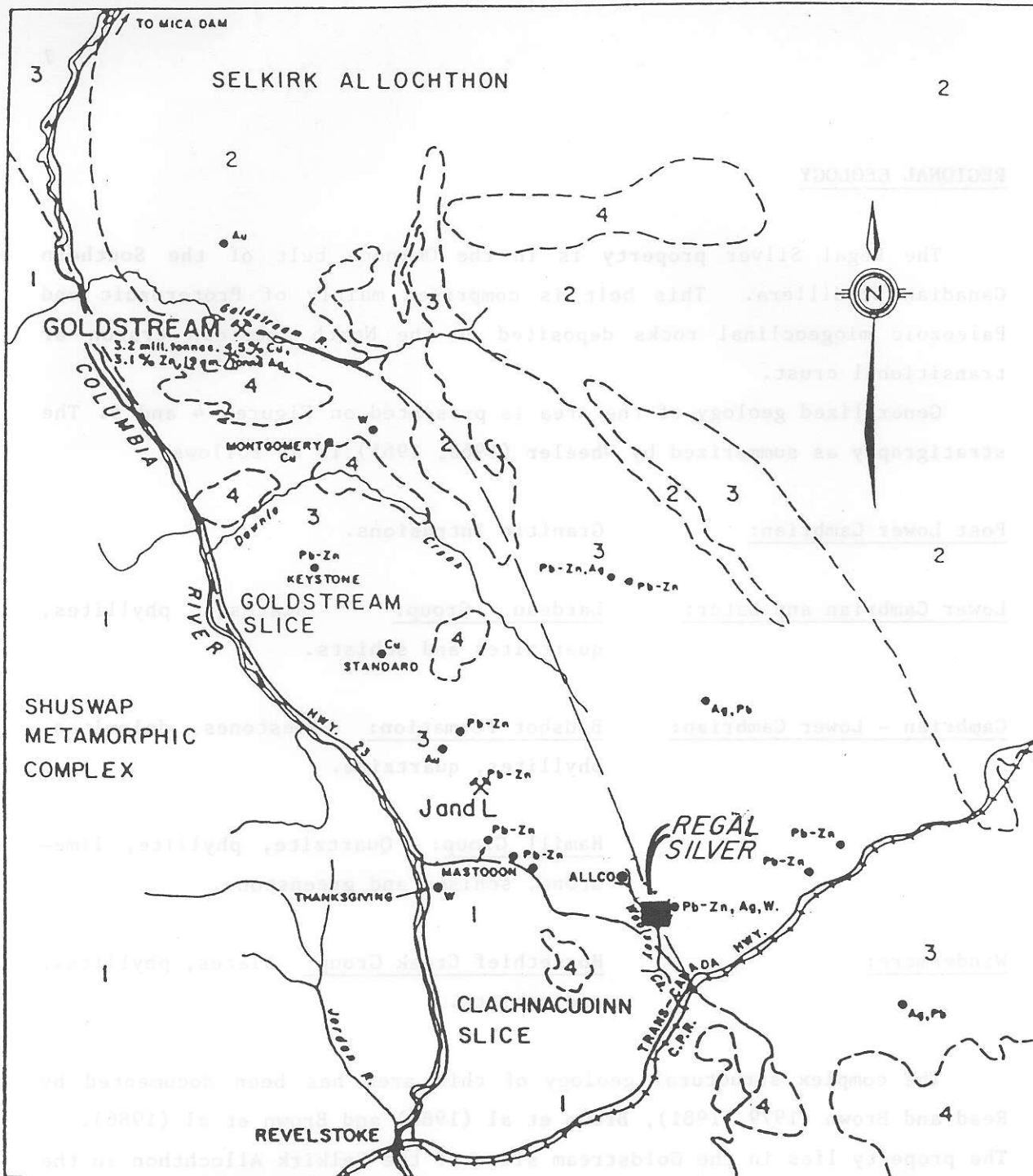
REGIONAL GEOLOGY

The Regal Silver property is in the Omineca belt of the Southern Canadian Cordillera. This belt is comprised mainly of Proterozoic and Paleozoic miogeoclinal rocks deposited on the North American craton or transitional crust.

Generalized geology of the area is presented on Figures 4 and 5. The stratigraphy as summarized by Wheeler (1963, 1965) is as follows:

<u>Post Lower Cambrian:</u>	Granitic Intrusions.
<u>Lower Cambrian and Later:</u>	<u>Lardeau Group:</u> Slates, phyllites, quartzites and schists.
<u>Cambrian - Lower Cambrian:</u>	<u>Badshot Formation:</u> Limestones, dolomites, phyllites, quartzite.
	<u>Hamill Group:</u> Quartzite, phyllite, limestone, schists and greenstone.
<u>Windermere:</u>	<u>Horsethief Creek Group:</u> Slates, phyllites, and schists.

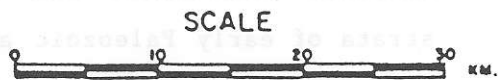
The complex structural geology of this area has been documented by Read and Brown (1979, 1981), Brown et al (1983) and Brown et al (1986). The property lies in the Goldstream slice of the Selkirk Allochthon in the northern part of the Kootenay Arc. The Selkirk Allochthon sits above the Monashee Decollement and consists of complexly deformed and inverted strata of early Paleozoic age. Two phases of tight to isoclinal folding and subsequent faulting have been documented by Read and Brown. This deformation and metamorphism are interpreted by Price (1986) to have occurred as a result of crustal shortening that is attributed to compressional thickening of crustal rocks during collisions between North America and the allochthonous terranes that were accreted to its western margins.



N.T.S 82ME, 82NW

LEGEND

- 4 MESOZOIC GRANITIC ROCKS
- 3 PALEOZOIC LARDEAU & HAMILL GROUPS
- 2 PROTEROZOIC HORSETHIEF CK. GROUP
- 1 SHUSWAP METAMORPHIC COMPLEX
- MINERAL DEPOSITS



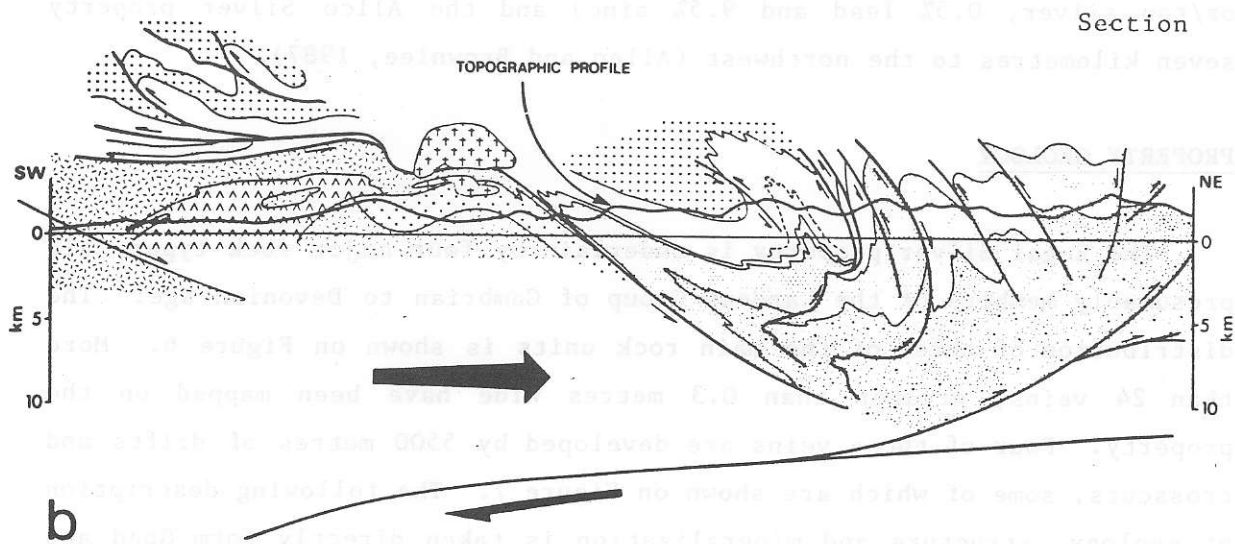
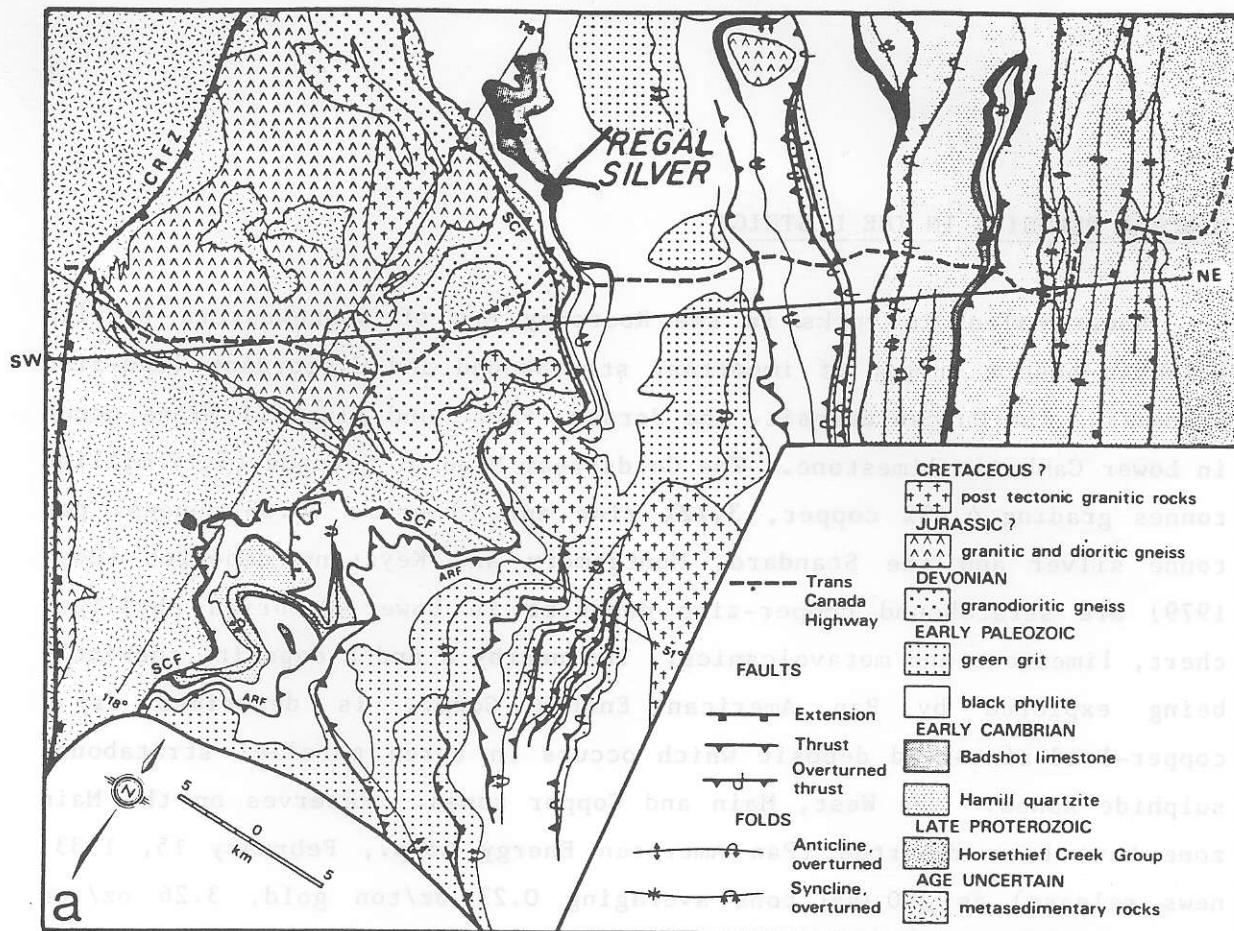
ALBAR RESOURCES LTD.
REGAL SILVER PROPERTY

Revelstoke Mining Division - British Columbia
REGIONAL GEOLOGY AND MINERAL DEPOSITS

Geology after Wheeler, 1962 and 1965.

Donald S. Allen
A.M. exploration Ltd.

FIGURE 4



GEOLOGY OF A SECTION OF THE TRANS CANADA HIGHWAY
 EAST OF REVELSTOKE

Donald J. Allen

MINERAL DEPOSITS IN THE DISTRICT

Lower Paleozoic rocks in the Kootenay Arc of southwestern British Columbia host a number of important stratabound and discordant lead-zinc deposits. The Duncan deposit, the Jersey, Remac and Bluebell Mines occur in Lower Cambrian limestone. The Goldstream Mine of Noranda (3.17 million tonnes grading 4.49% copper, 3.12% zinc and 19 grams (0.68 ounces) per tonne silver and the Standard, Montgomery and Keystone deposits (Hoy, 1979) are stratabound copper-zinc deposits in Lower Cambrian phyllite, chert, limestone and metavolcanics. The nearby J and L deposit, currently being explored by Pan American Energy Corp., is described as a copper-lead-zinc-gold deposit which occurs in three parallel stratabound sulphide zones: the West, Main and Copper zones. Reserves on the Main zone have been reported (Pan American Energy Corp., February 15, 1983, news release) as 200,000 tons averaging 0.23 oz/ton gold, 3.26 oz/ton silver, 4.31% lead and 5.86% zinc.

Important vein type deposits in the area include the Mastodon Mine, 16 kilometres to the west (past production - 15,300 tons grading 0.2 oz/ton silver, 0.5% lead and 9.5% zinc) and the Allco Silver property seven kilometres to the northwest (Allen and Brownlee, 1987).

PROPERTY GEOLOGY

The Regal Silver property is underlain by four major rock types, all presumably members of the Lardeau Group of Cambrian to Devonian age. The distribution of three of the main rock units is shown on Figure 6. More than 24 veins, greater than 0.3 metres wide have been mapped on the property. Four of these veins are developed by 5500 metres of drifts and crosscuts, some of which are shown on Figure 7. The following description of geology, structure and mineralization is taken directly from Goad and Hodgson (1980) whose work represents the most recent conducted on the property:

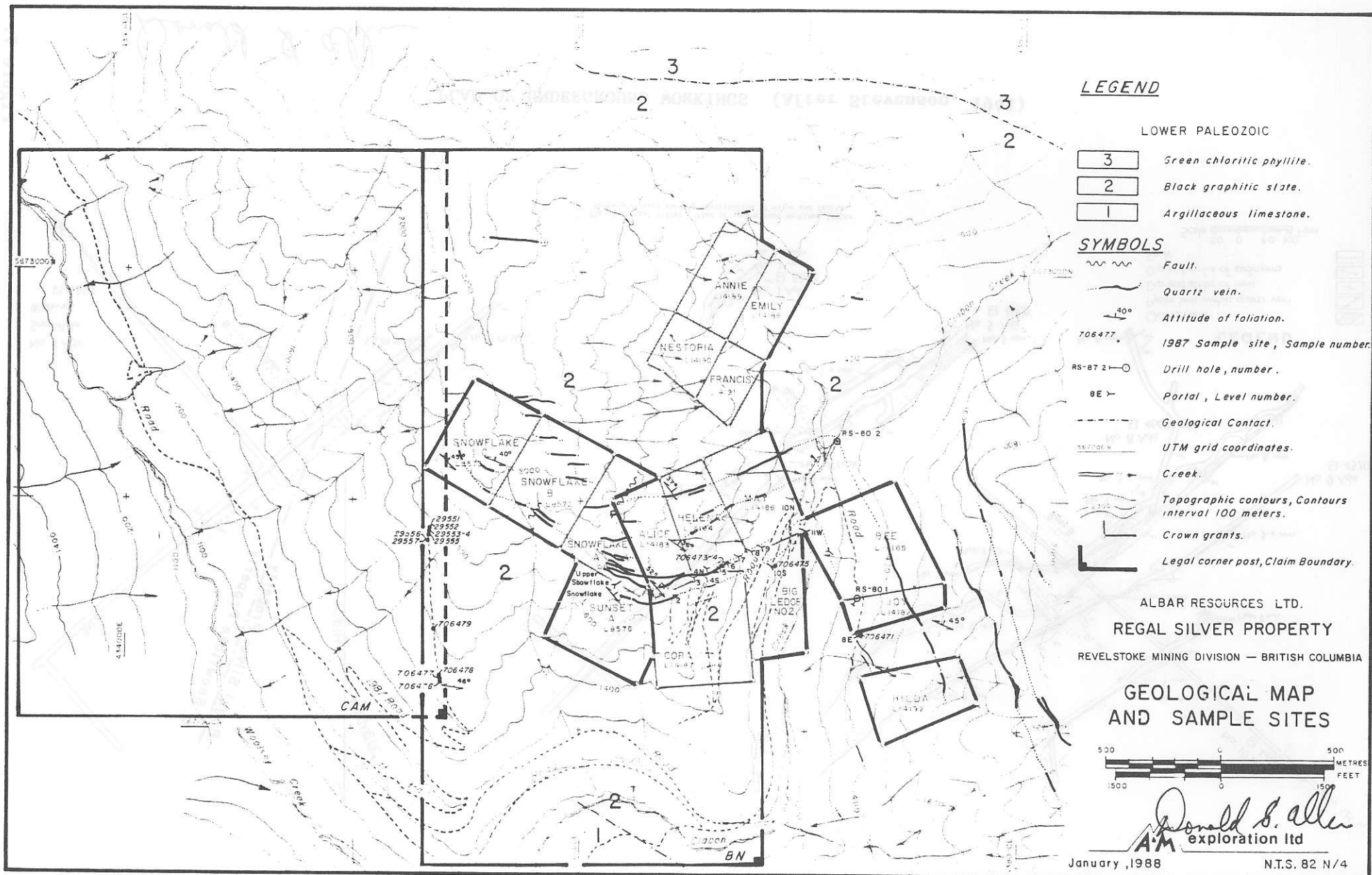


FIGURE 6

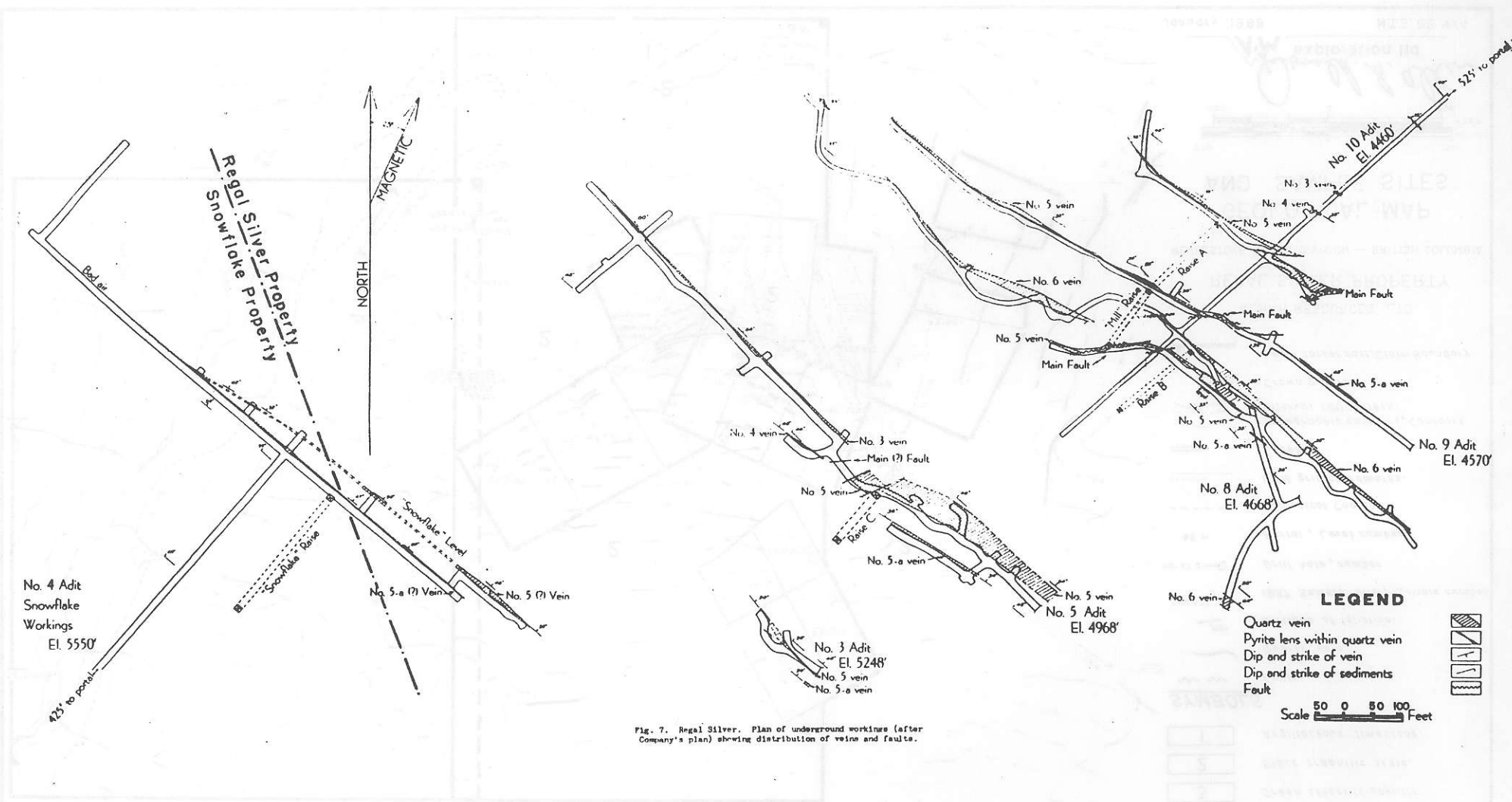


Fig. 7. Regal Silver. Plan of underground workings (after Company's plan) showing distribution of veins and faults.

PLAN OF UNDERGROUND WORKINGS (After Stevenson, 1943)

Donald D. Allen

Figure 7.

"Strata strike consistently to the northwest dipping steeply to moderately to the northeast. Dips generally flatten at lower elevation exposures, from -60° on the ridgetops to -30° in Clabon Creek valley. A well developed slaty cleavage parallel to bedding is universally present.

The central part of the property covering the area of economic interest is underlain entirely by black, fissile, graphitic shales, in which local minor variations in carbonate and silica content were noted. Andalusite is abundant in beds of favourable composition in the drill core, but was not noted in outcrop. Pyrite occurs locally as disseminated cubes in the argillite, nowhere exceeding five percent.

Near the southern boundary of the property at the former Bell Point campsite, dark gray argillaceous limestone and limy argillite forms a second mappable unit which is exposed along the access road for about one kilometre.

Near the northern margin of the property at the headwaters of Clabon Creek, a greenish-gray blocky weathering phyllite unit is exposed.

A fourth unit, found only in drill core, is a light green calc-silicate unit composed of quartz, calcite, brown biotite and minor actinolite and garnet.

Although granitic boulders are common in Clabon Creek, no granitic rocks were noted anywhere in outcrop on the property. According to G.S.C. Map 43-1962, the nearest granitic stocks lie 10 kilometres north and 12 kilometres south of the property. No hornfelsing of strata was noted on the property, although andalusite, referred to above as present locally in black slates, is generally considered to be a contact metamorphic mineral.

Structural Features

As indicated by flattening of dips at lower elevations, the property is located on the southwest flank of a northwest trending syncline. Minor small scale isoclinal folding occurs in argillite, predominantly at higher elevations. Small quartz veins in argillite have also been intensely folded.

Major faulting is not evident on the surface. However, several faults have been mapped underground. The largest, an east-west striking fault, is mappable on all levels. This fault postdates the veins and displaces them to the left up to 30 metres. Four shear zones were intersected in drill core on which displacement and orientation are unknown. Shear zones occur also adjacent

and parallel to the larger quartz veins. These postdate the veins and have no effect on mineralization.

Veins

Approximately 24 sub-parallel quartz veins greater than 0.3 metres wide have been mapped on the property (Figure 3) over an area of 3.5 by 1.0 kilometres. The veins are all concordant with enclosing black slates.

Six of the larger veins which contain some sulphides have been explored by underground development on both sides of Clabon Creek, although Nos. 5 and 5A veins are the only ones with economic potential. These veins have been numbered 1 through 6, respectively (north to south), by previous owners. The same numbering sequence is used in this report (Figure 4).

Nos. 1 and 5 veins apparently extend to the east side of Clabon Creek, since respective veins on both sides of the valley are on strike and of comparable width and sulphide content. Veins 2, 3, 4 and 6 are not present east of Clabon Creek, while several large veins stratigraphically above No. 1 vein east of Clabon Creek are apparently absent west of the creek.

The six main veins range up to 5 metres wide, averaging 1.5 metres wide, strike northwest, and extend for a maximum distance of 2.4 kilometres. Over this distance they pinch, swell and splay. The veins commonly display a band of argillite paralleling the vein contact. This and the adjacent hosting slates show no sign of thermal alteration. A second common texture of the veins is the presence of brecciated fragments of argillite which, when re-oriented, can be refitted like a jigsaw puzzle.

The veins are composed mainly of quartz with accessory pyrite galena, sphalerite, local scheelite, stannite, chalcopyrite and possibly some tetrahedrite. The sulphides occur either as disseminations in the quartz, or as massive pods or bands. The occurrence of these mineralized areas, or "shoots", is unpredictable. However, they may be related to points where the veins pinch down or out. Two examples of such a relationship are on the No. 5 vein in the 8E adit and on the No. 5A vein in the upper Snowflake level. In both cases the vein width pinches down from over 2 metres to several centimetres adjacent to a well mineralized ore zone.

Silver, lead and zinc are the only metals of economic significance in the veins but copper, tin and tungsten are locally present. Silver varies

sympathetically with lead, with oz Ag:Pb ratios approaching 1:1. Although silver apparently is associated also with tetrahedrite, the latter is not sufficiently abundant or widespread to have a measurable effect on total silver content.

Metal zoning is best developed in the No. 5 vein where copper and tin occur at highest elevations (Snowflake level) while tungsten appears to be more common in the 8 to 10 levels.

Description of Individual Veins

Vein 1 - Although minor pyrite, galena and sphalerite occur in this vein, it is essentially barren. No underground workings are developed but pits have been opened on it: one east and one west of Clabon Creek. The vein is approximately two metres wide.

Veins 2 and 3 - These veins, located west of Clabon Creek, are each approximately one metre wide and barren of sulphides. No surface or underground development has been done on either vein. However, No. 3 was intersected in a crosscut on the 10 level.

Vein 4 - The No. 4 vein, 150 metres below vein No. 3, carries minor galena, sphalerite and scheelite. Of the levels accessible in 1980, it has been intersected and developed on levels 10, 9, 5 and 4. This vein changes character with depth. It is wispy (with abundant slate bands) in the upper levels and carries no economic mineralization. At depth (8-10 levels) the slaty whisps disappear leaving massive quartz containing minor lead-zinc-silver mineralization.

Vein 5 - No. 5 vein, some 20 metres stratigraphically below the No. 4 vein, together with a closely associated offshoot (No. 5A vein), carry most of the sulphide mineralization and, according to present calculations, all existing ore reserves. (The Stannex feasibility study credited these two veins with 95% of the ore reserves.) The No. 5 vein is continuous for 600 metres between levels 1 and 10 west of Clabon Creek and is assumed to extend beneath the drift covered valley floor to connect with the well mineralized vein exposed in the 8E adit east of Clabon Creek some 750 metres southeast of the nearest occurrence of the vein west of the creek on level 10 but directly on strike. However, drill hole RS-80-1 established that the supposed No. 5 vein, if present at all between levels 10W and 8E, is discontinuous. Above level 1 west of Clabon Creek, No. 5

vein pinches out and a subsidiary vein (5A) continues. The width of No. 5 vein varies significantly, the maximum width being 4 to 6 metres on level 5.

Nos. 5 and 5A veins have several pods or shoots of Pb-Zn-Ag ($+WO_3$) mineralization: on the Snowflake level, between levels 1 and 2, on level 5, level 10 and level 8E. These are discussed in more detail in the next chapter.

Vein 5A - No. 5A, located 10 metres below the No. 5 vein footwall is exposed in the 1, 2, 3, 4 and 5 underground levels and appears to join the No. 5 vein between levels 5 and 6. (This could not be verified since level 6 was inaccessible.) It is only 0.2-1.5 metres wide. Level 1 and Snowflake workings on this vein contain locally high tin and moderate silver-lead-zinc values (Appendix I). Little work has been done to explore the potential of the western extension of this vein on the Snowflake property.

Vein 6 - Vein 6 is the second largest vein on the property, exposed in levels 2, 5, 8, 9 and 10. It has no economic potential since any sulphide pods are small and discontinuous. On the 10 level it lies 43 metres below the footwall of the No. 5 vein. This distance is increased to 50 metres at the 2 level."

METALLURGICAL STUDIES

In 1969-1970 Stannex conducted metallurgical tests on the Regal Silver ore. Mineralogical studies and mineral dressing tests were conducted at the Mines Branch of the Canada Department of Energy, Mines, and Resources in Ottawa (Owens, 1969; Wall and Bruce, 1970). H.M. Howard (1970), consulting metallurgist, summarized results of this work. Howard states: "good separations and recoveries were obtained at coarse grind with short flotation times has made it possible to suggest a rather compact and relatively inexpensive mill." Western Resources Consultants Ltd. concluded that, based on their reserve calculations, and 1970 metal prices, "reserves appear to be adequate to pay out without interest the capital estimated by consultants and suppliers to be required to place the property into production", i.e., using conventional milling, the property appeared to be close to a break-even point when considering rate of return on investment capital.

As suggested in a separate report by Chisholm (1981), the economics might be improved by adopting a gravity or sink-float technique to produce a bulk heavy mineral concentrate with only coarse crushing.

ORE RESERVES

In 1969 Stannex Minerals calculated the total proven and probable undiluted reserve on the Regal Silver property to be 651,200 tons grading 2.69 oz/ton silver, 2.66% lead, 1.26% zinc, 1.10% copper, 0.13% tin, 0.02% tungsten oxide and 0.02% cadmium. A block of 27,700 tons grading 1.31% WO_3 was included in this estimate. These reserves were established mainly on the No. 5 and 6 veins. The approximate position of these reserves are shown on Figure 8. A portion of one of the reserve blocks (25,000 to 60,000 tons ±), on the east side of Clabon Creek are shown on Figure 8 to be partly off the claims. Because of uncertainties in the exact location of the claim boundaries it is probable that the reserve block is actually on the Crown Grant claim (Lot 14192) held by Albar and not on the adjacent non-Crown Grant claims.

Western Resource Consultants (Robinson and Guild, 1971, consultants to Stannex Minerals) collected a total of 134 samples from underground workings in 1970. Thirty of these samples corresponded in position with samples taken by Stannex staff. Statistical analyses of the two groups of assays show no significant differences. They concluded that the sampling conducted by Stannex was reliable and results were dependable. Their subsequent calculation of reserves totalled 726,000 tons grading 2.64 ounces per ton silver, 2.55% lead and 1.15% zinc with an additional block of 18,700 tons grading 1.05% WO_3 .

AMAX, in their 1980 study, resampled the accessible underground workings at a fairly widespaced interval (15 metres) and came up with significantly lower grade and reserve figures. They concluded that the ore zones may not be as extensive as Western Resources Consultants' plans indicate.

Part of any future work program should be to check and verify grades and volumes in the more accessible levels.

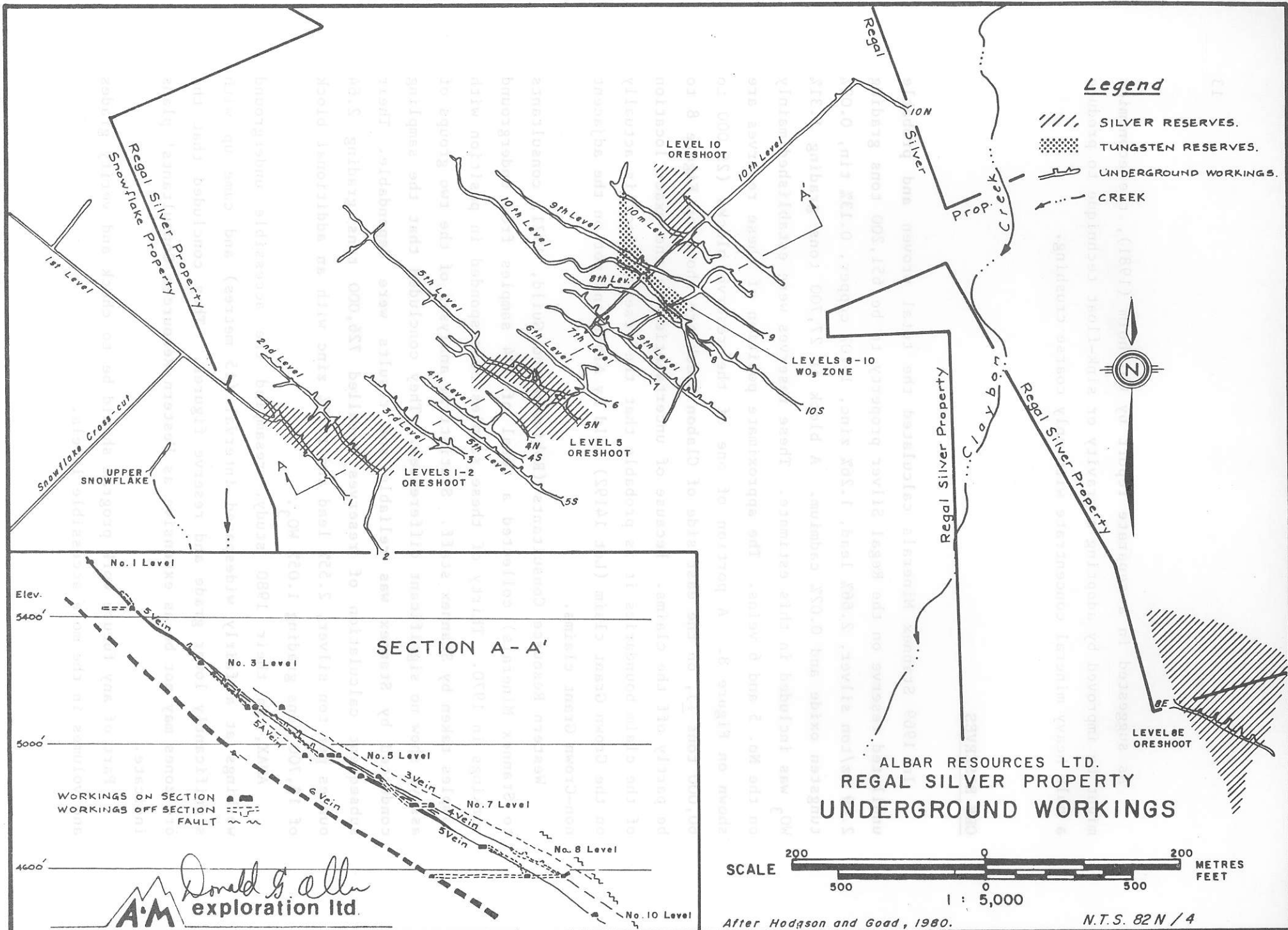


FIGURE 8

1980 DIAMOND DRILLING

In 1980, AMAX of Canada conducted a program of diamond drilling. One of the main objectives was to test for unexposed molybdenum-tungsten-tin bearing quartz vein stockworks that might be associated with an inferred buried stock. The high tungsten and anomalous amounts of tin and molybdenum in the veins of the property and the lack of any obvious intrusive rocks with which the veins might be genetically related, suggest the presence of a Climax-type environment. Two holes totalling 554 metres were drilled.

Drill hole 80-1 was collared on the east side of Clabon Creek at an elevation of 1342 metres (Figure 6). The purpose of this hole was to test for a northerly extension of the 8E oreshoot. The hole was drilled to a depth of 124 metres and failed to intersect the vein at a projected depth of 70 to 80 metres. Because of deep overburden (26 metres) the hole may have missed the vein or else a fault offset may have displaced the vein in that area.

Drill hole 80-2 located immediately to the east of the claim currently held by Albar, was drilled to a depth of 430 metres. Purpose of this hole was to intersect all the significantly mineralized veins as well as to test for a stockwork molybdenum-tungsten deposit at depth. According to Goad and Hodgson (1980):

"Black graphitic slates were encountered to 391 m below which the same green calc-silicate unit of RS-80-1 extended to the bottom of the hole at 430 m. No intrusive rock, hornfels, hydrothermal alteration, stockwork veins, fluorite or molybdenite were noted anywhere in the hole although andalusite, a possible contact metamorphic mineral, occurs in compositionally favourable bands throughout the core.

Minor quartz veins occur throughout the core; however, only the wide ones near the top of the hole could be correlated with any degree of certainty. Vein No. 1, intersected at 41.96 m is 2.34 m wide and contains minor galena, sphalerite, chalcopyrite and pyrite (Sample No. 80-LGI-235). Vein No. 2 at 121.7 m is 1.10 m wide and contains no sulphides. Two additional reasonably wide

barren quartz veins between Nos. 1 and 2 veins may be eastern extensions of veins exposed at 1,600 m elevation on the Helena crown granted claim. A sphalerite-bearing .3 m wide vein not correlatable with any vein exposed on surface was intersected at 63.1 m and assayed 18% Zn.

The occurrence of large quartz veins decreases below 140 m with the last major vein intersection at 250 m. Narrow veins below this depth could represent Nos. 5 and 6 veins that have significantly reduced their sulphide content and pinched down. However, confirmatory correlation was not possible. Pyrite is a common trace component of most of the quartz veins. Pyrrhotite and trace chalcopyrite become slightly more abundant at depths greater than 250 m. Trace sphalerite occurs sporadically in veins throughout the hole."

1987 SAMPLING

A total of 16 samples were collected mainly of vein material from dumps and exposures along a newly constructed access road. Samples were analyzed for gold by atomic absorption techniques and for 30 element analyses by inductively coupled plasma (I.C.P.) spectrometry. Samples collected on the road were analyzed for gold by atomic absorption and selected elements by either atomic absorption or I.C.P. analyses. Sample sites are plotted on Figure 6. Sample results are included in Appendix I and descriptions are presented in Table 1.

Although abundant information is available on grades of the veins on the Regal Silver property, 5 samples of vein material were analyzed to obtain additional information on their geochemical "character". In addition to significant grades of lead, zinc and silver, anomalous amounts of molybdenum, arsenic, cadmium, antimony, bismuth and tungsten are present. All could be useful pathfinder elements for geochemical surveys in overburden covered areas.

Veins encountered along the road to the northwest have the appearance of "quartz sweats", i.e., they may be of metamorphic origin. However, the size, (up to 1.1 metres wide), and the trend of the Regal Silver veins suggest that they may be part of the vein system. One sample returned weakly anomalous lead and zinc values (38 and 216 parts per million, respectively).

TABLE 1

SAMPLE DESCRIPTIONS

<u>Sample No.</u>	<u>Description</u>
706471	Mineralized quartz vein material; grab sample from 8E level dump.
706472	Graphitic phyllite with disseminated cubes of pyrite; grab sample of core from Hole 80-2 at 54-60 metres.
706473	Pyritic quartz vein material; grab sample from 9 level dump.
706474	Quartz vein material - mineralized with pyrite, galena, sphalerite; grab sample from 9 level dump.
706475	Quartz vein material - unmineralized and mineralized with pyrite, minor galena; from 10N dump.
706476	Prominent quartz vein; channel sample across 1.65 metres.
706477	Vein material - bulk sample of 2 to 25 cm vein.
706478	Vein material - bulk sample of 2 to 20 cm vein.
706479	Black graphitic phyllite.
29551	Quartz vein, channel sample across 0.46 m.
29552	Quartz vein, channel sample across 0.46 m.
29553	Quartz vein, channel sample across 0.9 m.
29554	Quartz vein, channel sample across 0.3 m.
29555	Quartz vein, channel sample across 0.3 m.
29556	Quartz vein, channel sample across 0.6 m.
29557	Quartz vein, channel sample across 0.6 m.

Also sampled was the host rock - two samples of graphitic phyllite which returned anomalous amounts of molybdenum and lead.

EXPLORATION POTENTIAL

Exploration work to date has been conducted mainly on the 3, 4, 5 and 5A veins and veins and to a lesser extent on the 6 vein. All 14 known veins would appear to have potential to host additional reserves. Western Resources Consultants Ltd. (Robinson and Guild, 1971) suggest a minimum exploratory potential of 1,344,000 tons. AMAX's (Hodgson and Goad, 1981) conclusion was much less favourable; however, they indicated four areas with potential for increasing reserves (on both the Regal Silver and Snowflake properties) as follows:

- "1) On the No. 5 vein, ore shoots on levels 10W and 8E are both open at depth. On both shoots there is sufficient room to double existing reserves.
- 2) The 5A vein west of the Snowflake workings is essentially untested, but is known to be well mineralized at exploration pits on the Snowflake B and C claims. The possibility exists for another ore shoot in this area similar in size to that on the Snowflake Level.
- 3) The mineralized vein intersected at 63 m in RS-80-2 (18% Zn over 0.3 m) suggests the presence of an ore shoot in this vein beneath Clabon Creek.
- 4) On the basis of the more-or-less regular spacing of ore shoots in the No. 5 vein west of Clabon Creek, there is sufficient room for one to three additional shoots on this vein between the 10N and 8E adits on the east side of Clabon Creek."

In summary, there should be potential to at least double the existing reserves. An attempt should be made to acquire the Snowflake property, as it covers the known northwestern part of the quartz vein system and also has modest reserves. Part of any future work program should be directed towards increasing these reserves.

Donald G. Allen

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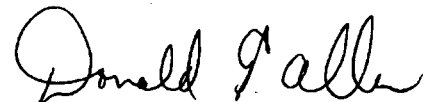
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CERTIFICATE

I, Donald G. Allen, certify that:

1. I am a Consulting Geological Engineer, at A & M Exploration Ltd., with offices at #704-850 West Hastings Street, Vancouver, British Columbia.
2. I am a graduate of the University of British Columbia with degrees in Geological Engineering (B.A.Sc., 1964; M.A.Sc., 1966).
3. I have been practising my profession since 1964 in British Columbia, the Yukon, Alaska and various parts of the Western United States.
4. I am a member in good standing of the Association of Professional Engineers of British Columbia.
5. This report is based on information listed under References in the accompanying report and a personal visit to the property on October 15, 1987.
6. I have no interest, nor do I expect to receive any, the Regal Silver property or in Albar Resources Ltd.
7. I have been actively involved with an exploration project immediately to the northwest of the Regal Silver property on behalf of Gunsteel Resources Incorporated, a company of which I am a director and shareholder.
8. I consent to the use of this report in a Statement of Material Facts or a Prospectus for the purpose of raising funds for the project covered by this report.

February 24, 1989
Vancouver, B.C.


Donald G. Allen,
P. Eng. (B.C.)

APPENDIX I

1987 Sample Results

FOSSBACHER LABORATORY LTD.

2225 S. SPRINGER AVENUE
BURNABY, B.C. V5B 3N1
TEL : (604) 299 - 6910

CERTIFICATE OF ANALYSIS

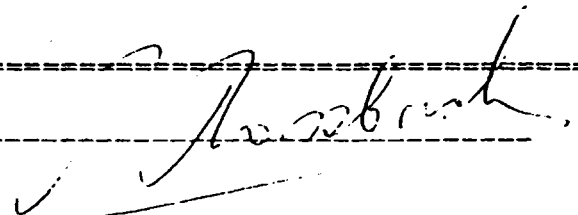
TO : A&M EXPLORATION LTD.
614-850 W. HASTINGS STREET
VANCOUVER B.C.

CERTIFICATE#: 87751
INVOICE#: 80147
DATE ENTERED: 87-11-02
FILE NAME: A&M87751
PAGE # : 1

PROJECT: ~~411~~ 411
TYPE OF ANALYSIS: GEOCHEMICAL

PRE FIX	SAMPLE NAME	PPM Cu	PPM Ag	PPM Zn	PPM Pb	PPB Au
A	29551	14	0.2	44	2	5
A	29552	6	0.2	28	2	5
A	29553	6	0.2	66	2	5
A	29554	14	0.2	216	38	5
A	29555	12	0.2	36	4	5
A	29556	2	0.2	26	42	5
A	29557	4	0.2	34	12	5

CERTIFIED BY :



ACME ANALY

LABORATORIES LTD.

852 E. HASTINGS ST. VANCOUVER B.C. V6A 1R6

PHONE (604) 253-3158 FAX (604) 253-17

GEOCHEMICAL ANALYSIS CERTIFICATE

ICP - .500 GRAM SAMPLE IS DIGESTED WITH 3ML 3-1-2 HCL-HNO₃-H₂O AT 95 DEC. C FOR ONE HOUR AND IS DILUTED TO 10 ML WITH WATER.
 THIS LEACH IS PARTIAL FOR MN FE CA P LA CR MG BA TI B M AND LIMITED FOR NA K AND AL. AU DETECTION LIMIT BY ICP IS 3 PPM.
 - SAMPLE TYPE: SOLUTION

DATE RECEIVED: OCT 24 1987

DATE REPORT MAILED:

*Oct 26/87*ASSAYER. *D. J. ...* DEAN TOYE, CERTIFIED B.C. ASSAYER

ROSSBACHER LABORATORY PROJECT-CERT # 87719 File # 87-5105

411

SAMPLE#	NO	CU	PB	ZN	AG	NI	CO	MN	FE	AS	U	AU	TH	SR	CB	SB	BI	V	CA	P	LA	CR	MG	BA	TI	B	AL	NA	K	M
	PPM	PPM	PPM	PPM	PPM	PPM	PPM	PPM	%	PPM	PPM	PPM	PPM	PPM	PPM	PPM	PPM	PPM	%	%	PPM	PPM	%	PPM	%	%	%	%	%	PPM
AP 706471	35	7	15103	71	21.8	9	1	39	.95	37	5	ND	1	1	1	8	6	4	.01	.005	2	196	.01	11	.01	5	.02	.01	.01	6
AP 706472	21	44	63	83	.1	39	4	211	1.16	27	5	ND	5	78	1	2	2	41	2.20	.047	3	94	1.15	117	.01	7	.27	.01	.17	2
AP 706473	5	16	859	981	5.5	47	35	176	21.95	483	5	ND	2	4	10	2	2	8	.03	.001	2	82	.01	8	.01	8	.01	.01	.03	275
AP 706474	59	79	12274	13262	46.6	10	5	89	1.97	59	5	ND	1	1	138	13	50	2	.03	.001	2	159	.02	3	.01	4	.01	.01	.01	14
AP 706475	7	42	3902	1730	44.3	13	4	838	2.34	30	5	ND	1	9	21	2	66	7	.27	.004	2	184	.14	12	.01	8	.05	.01	.04	212
AP 706476	1	7	25	22	.2	7	1	111	.50	2	5	ND	1	40	1	2	2	1	2.10	.032	2	140	.03	9	.01	3	.04	.01	.02	3
AP 706477	1	15	13	25	.3	7	3	342	2.00	6	5	ND	1	226	1	3	2	1	17.47	.015	4	53	.97	16	.01	2	.04	.01	.03	1
AP 706478	1	3	15	19	.1	7	1	561	.86	6	5	ND	1	360	1	2	2	1	12.74	.003	4	81	.27	23	.01	2	.25	.01	.04	1
AP 706479	11	31	11	194	.1	46	5	226	1.27	6	5	ND	5	3	1	2	2	20	.06	.023	12	97	.04	67	.01	2	.20	.01	.10	2
STD C	19	60	38	130	7.6	71	28	1074	4.00	42	20	8	39	52	18	17	20	59	.47	.091	39	58	.88	178	.07	35	1.89	.06	.14	12

ROSSBACHER LABORATORY LTD.

2225 S. SPRINGER AVENUE
BURNABY, B.C. V5B 3N1
TEL : (604) 299 - 6910

CERTIFICATE OF ANALYSIS

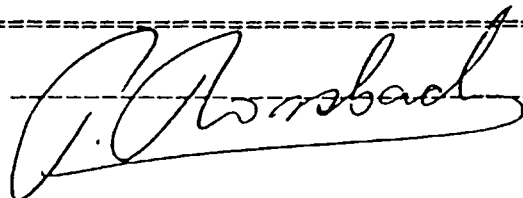
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614-850 W. HASTINGS STREET
VANCOUVER B.C.

CERTIFICATE#: 87719
INVOICE#: 80106
DATE ENTERED: 87-10-26
FILE NAME: A&M87719
PAGE # : 1

PROJECT: 411
TYPE OF ANALYSIS: GEOCHEMICAL

PRE FIX	SAMPLE NAME	PPB Au
A	706471	5
A	706472	5
A	706473	5
A	706474	5
A	706475	5
A	706476	5
A	706477	5
A	706478	5
A	706479	5

CERTIFIED BY :



ROSSBACHER LABORATORY LTD.

2225 S. SPRINGER AVENUE
BURNABY, B.C. V5B 3N1
TEL : (604) 299 - 6910

CERTIFICATE OF ANALYSIS

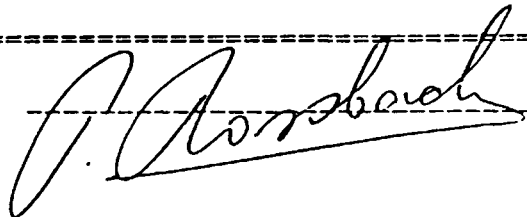
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614-850 W. HASTINGS STREET
VANCOUVER B.C.

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INVOICE#: 80106
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FILE NAME: A&M87717
PAGE # : 1

PROJECT: 411
TYPE OF ANALYSIS: GEOCHEMICAL

PRE FIX	SAMPLE NAME	PPB Au
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A	706472	5
A	706473	5
A	706474	5
A	706475	5
A	706476	5
A	706477	5
A	706478	5
A	706479	5

CERTIFIED BY :

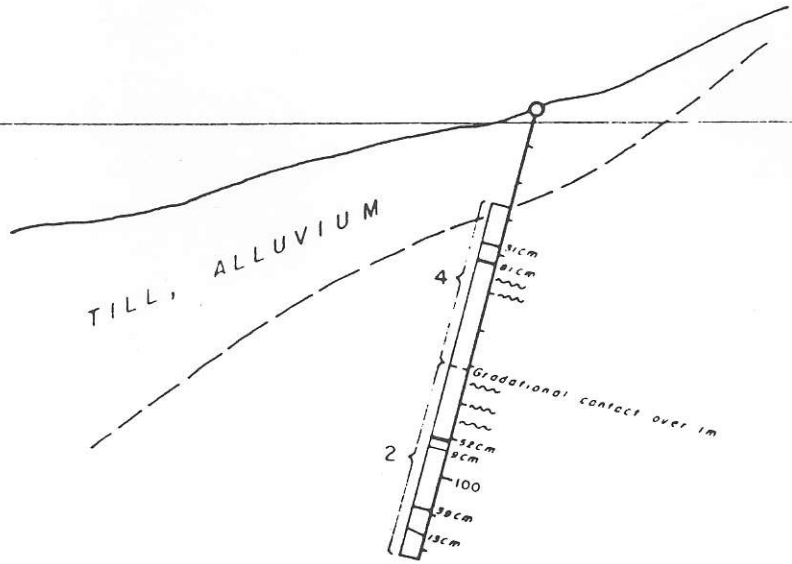


APPENDIX II

Drill Hole Sections, after Amax 1980

Looking NW

Elev. 1,300 m



L E G E N D

MESOZOIC (?)

Quartz vein.

LOWER PALEOZOIC

4 Green calc-silicate

2 Black graphitic slate.

S Y M B O L S

H_{32cm} Quartz vein (width in centimetres).

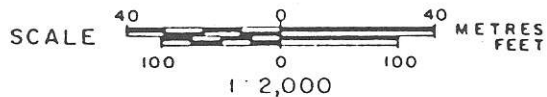
Fault zone.

AMAX OF CANADA LIMITED

REGAL SILVER PROPERTY

REVELSTOKE M. D. — B. C.

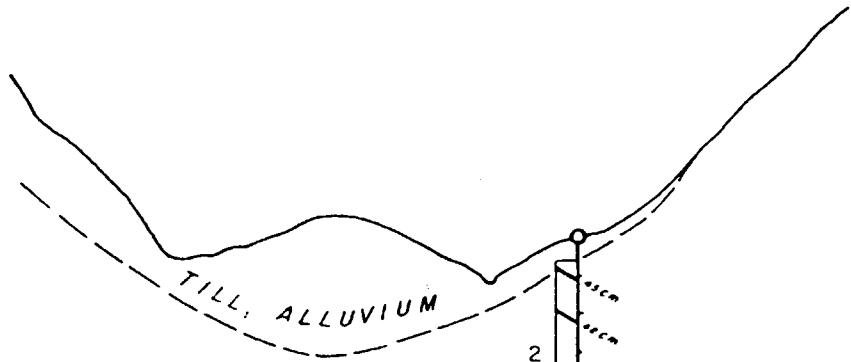
SECTION ALONG
DIAMOND DRILL HOLE RS-80-1



Vancouver —

H.P.

Looking N.



Elev 1,300m

LEGEND

MESOZOIC (?)

Quartz vein

LOWER PALEOZOIC

4 Green calc-silicate.

2 Black graphitic slate.

SYMBOLS

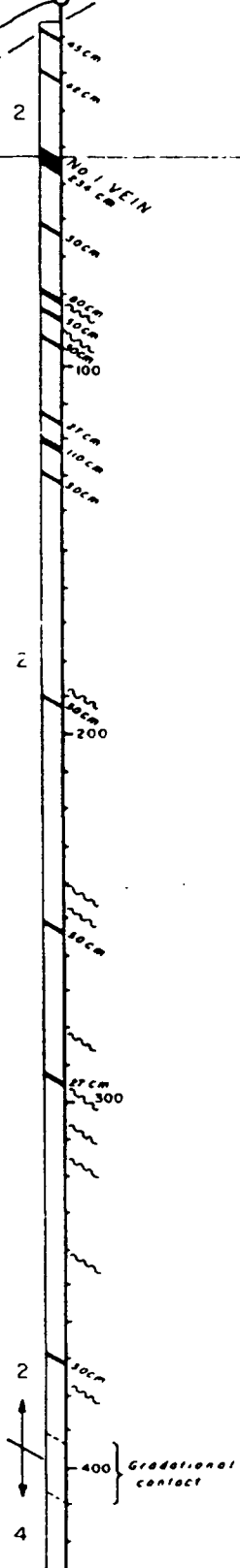
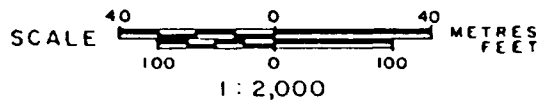
H^{50cm} Quartz vein (width in centimetres).

Fault zone.

AMAX OF CANADA LIMITED

REGAL SILVER PROPERTY
REVELSTOKE M.D. — B.C.

SECTION ALONG DIAMOND DRILL HOLE RS-80-2



HP

Vancouver —

CERTIFICATE OF COMPANY

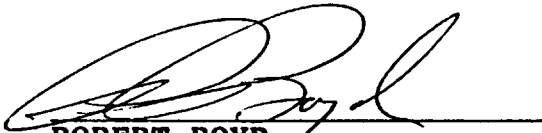
The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by the Securities Act and its regulations.

DATED: APRIL 28TH, 1989


Chief Executive Officer
ERIC NORMAN ASCROFT

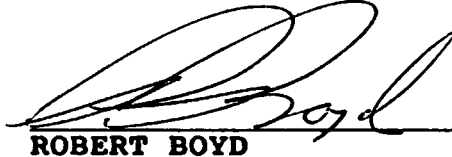

Chief Financial Officer
ROGER F. BAPTY

On behalf of the Directors of the Company:


ROBERT BOYD,
Director


MICHAEL GORE WALKER,
Director


ERIC NORMAN ASCROFT - Promoter


ROBERT BOYD - Promoter


MICHAEL GORE WALKER - Promoter

CERTIFICATE OF AGENT

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

CANARIM INVESTMENT CORPORATION LTD.

Per:

A handwritten signature in black ink, appearing to read 'Peter M. Brown', written over a horizontal line.

PETER M. BROWN

DATED this 28th day of April, A.D. 1989.