

PRELIMINARY PROSPECTUS dated January 8, 1990

THIS PROSPECTUS CONSTITUTES A PUBLIC OFFERING OF THESE SECURITIES ONLY IN THOSE JURISDICTIONS WHERE THEY MAY BE LAWFULLY OFFERED FOR SALE AND THEREIN ONLY BY PERSONS PERMITTED TO SELL SUCH SECURITIES. NO SECURITIES COMMISSION OR 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.

DIAMOND HILL MINING CORPORATION

300 - 789 West Pender Street
 Vancouver, British Columbia
 V6C 1H2

(the "Issuer")

NEW ISSUE: 600,000 Common Shares

PRICE: \$0.45 per Common Share

	<u>Price to Public (1)</u>	<u>Agent's Commission (2)</u>	<u>Net Proceeds to be received by the Issuer</u>
Per Share	\$ 0.45	\$ 0.05	\$ 0.40
Minimum	\$225,000	\$25,000	\$200,000
Maximum	\$270,000	\$30,000	\$240,000

- (1) The price to the public has been established pursuant to negotiations between the Issuer and the Agent.
- (2) Before deduction of costs of the issue estimated not to exceed \$20,000.

THE SECURITIES OF THE ISSUER MUST BE CONSIDERED SPECULATIVE AS THE ISSUER IS IN THE DEVELOPMENT STAGE. THERE IS NO MARKET THROUGH WHICH THE SECURITIES OF THE ISSUER MAY BE SOLD, AND THERE IS NO ASSURANCE THAT A MARKET WILL DEVELOP. FOR FURTHER PARTICULARS, REFER TO THE SECTION "RISK FACTORS" HEREIN.

THE PROPERTIES IN WHICH THE ISSUER HAS AN INTEREST ARE IN THE EXPLORATION AND DEVELOPMENT STAGE ONLY AND ARE WITHOUT A KNOWN BODY OF COMMERCIAL ORE. NO SURVEY OF ANY PROPERTY OF THE ISSUER HAS BEEN MADE, AND IN ACCORDANCE WITH THE LAWS OF THE JURISDICTION IN WHICH THE PROPERTIES ARE SITUATED, THEIR EXISTENCE AND AREA COULD BE IN DOUBT. REFER TO THE SECTION "RISK FACTORS" HEREIN.

This is a preliminary prospectus relating to these securities, a copy of which has been filed with the British Columbia Securities Commission but which has not yet become final for the purpose of a distribution. Information contained herein is subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time a receipt is obtained from the British Columbia Securities Commission for the final prospectus.

REFER TO THE SECTIONS "OFFERING AND PLAN OF DISTRIBUTION" AND "DESCRIPTION OF SECURITIES OF THE ISSUER BEING OFFERED" FOR A DETAILED DESCRIPTION OF THE OFFERED SHARES, THE REQUIREMENTS FOR SUBSCRIPTION, AND THE COMMISSIONS AND FEES PAYABLE THEREON.

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

ONE OR MORE OF THE DIRECTORS OF THE ISSUER HAS AN INTEREST, DIRECT OR INDIRECT, IN OTHER NATURAL RESOURCE COMPANIES. REFER TO THE SUB-SECTION "POTENTIAL CONFLICTS OF INTEREST" UNDER THE SECTION "INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS".

AN APPLICATION HAS BEEN MADE TO CONDITIONALLY LIST THE SECURITIES BEING OFFERED HEREIN ON THE VANCOUVER STOCK EXCHANGE. LISTING IS SUBJECT TO THE ISSUER FULFILLING THE LISTING REQUIREMENTS OF THE VANCOUVER STOCK EXCHANGE.

THIS OFFERING IS SUBJECT TO A MINIMUM SUBSCRIPTION OF 500,000 SHARES BEING SOLD ON THE OFFERING DAY.

UPON COMPLETION OF THE MAXIMUM OFFERING , THE SECURITIES QUALIFIED BY THIS PROSPECTUS WILL REPRESENT 29.7% OF THE SHARES OF THE ISSUER THEN OUTSTANDING AS COMPARED TO 49.1% THAT WILL THEN BE DIRECTLY OR INDIRECTLY OWNED BY THE PROMOTERS, DIRECTORS AND OFFICERS OF THE ISSUER , AND THOSE PERSONS OR GROUP OF PERSONS WHO OWN BENEFICIALLY, DIRECTLY OR INDIRECTLY, VOTING SECURITIES CARRYING MORE THAN 10% OF THE VOTING RIGHTS ATTACHED TO THE OUTSTANDING VOTING SECURITIES OF THE ISSUER. FOR FURTHER PARTICULARS REFER TO THE SECTIONS "PRINCIPAL HOLDERS OF SECURITIES" AND "INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS".

THE NET BOOK VALUE AFTER COMPLETION OF THE MAXIMUM OFFERING WILL BE \$0.18 PER SHARE (REPRESENTING A DILUTION OF 60%) ON A FULLY DILUTED BASIS, OR \$0.286 PER SHARE (REPRESENTING A DILUTION OF 36.4%) IF ESCROWED SHARES ARE EXCLUDED.

WE, AS AGENT, CONDITIONALLY OFFER THESE SECURITIES SUBJECT TO PRIOR SALE IF, AS AND WHEN ISSUED BY THE ISSUER AND ACCEPTED BY US IN ACCORDANCE WITH THE CONDITIONS CONTAINED IN THE AGENCY AGREEMENT REFERRED TO IN THE SECTION "PLAN OF DISTRIBUTION".

Name and Address of Agent

CANADIAN INTERNATIONAL SECURITIES CORPORATION
1500 - 625 Howe Street
Vancouver, British Columbia
V6C 2T6

EFFECTIVE DATE: _____, 1990

PROSPECTUS SUMMARY

THE ISSUER

Diamond Hill Mining Corporation was incorporated as a B.C. company on July 25, 1988. Its head office is located at 300 - 789 W. Pender St., Vancouver, B.C., V6C 1H2; its registered office at 204 - 888 Burrard St., Vancouver, B.C., V6Z 1X9; and its records office at 830 - 625 Howe St., Vancouver, B.C., V6C 2T6.

BUSINESS OF THE ISSUER

The Issuer is in the business of mineral exploration and development. It holds an interest in and to 16 mineral claims in the Omineca Mining Division, B.C. For further particulars, refer to the section "Description of the Business and the Property".

KEY PERSONNEL

Chief Executive Officer - Alan Yong
Chief Financial Officer - Gordon T.C. Lim

(For further details, refer to the section "Directors and Officers".)

THE OFFERING

600,000 common shares

PRICE

\$0.45 to the public
\$0.05 Agent's commission
\$0.40 net to the Issuer

MINIMUM SUBSCRIPTION

This offering is subject to a minimum of 500,000 shares being sold on the Offering Day. (For particulars, refer to the section "Plan of Distribution").

USE OF PROCEEDS

The estimated net proceeds to be derived by the Issuer from the sale of the securities offered hereunder will be \$200,000 (minimum Offering) or \$240,000 (maximum Offering). The net proceeds, together with working capital of \$753 as at August 31, 1989, will be used to pay legal and accounting costs of this Offering, pay property acquisition costs, pay exploration costs and increase the Issuer's working capital position. For further particulars, refer to the section "Use of Proceeds".

RISK FACTORS

The mineral properties in which the Issuer has an interest are in the exploration and development stage only and are without a known body of commercial ore. No survey of any property of the Issuer has been made, and in accordance with the jurisdiction in which the properties are situated, their existence and area could be in doubt. Mineral exploration and development is a speculative business. The marketability of any minerals acquired by the Issuer will be affected by numerous factors, which include production costs, market fluctuations, processing prices and government regulation, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection, which cannot be accurately predicted. See the section "Risk Factors" for further particulars.

PRO FORMA DILUTION OF INVESTMENT

The net book value after completion of the maximum Offering will be \$0.18 per share (representing a dilution of 60%) on a fully diluted basis, or \$0.286 per share (representing a dilution of 36.4%) if escrowed shares are excluded.

THIS INFORMATION IS A SUMMARY ONLY AND IS QUALIFIED BY THE MORE DETAILED INFORMATION APPEARING IN THIS PROSPECTUS.

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THE ISSUER

DIAMOND HILL MINING CORPORATION (the "Issuer") was incorporated on the 25th day of July, 1988 under the Company Act of the Province of British Columbia by registration of its Memorandum and Articles. Pursuant to the provisions of the Company Act, the Issuer will be deemed to be a "reporting company" upon the issuance of a receipt for this Prospectus.

The Issuer maintains a head office at 300 - 789 West Pender Street, Vancouver, British Columbia, V6C 1H2, its registered office is located at 204 - 888 Burrard Street, Vancouver, British Columbia, V6Z 1X9, and its records office is located at Pacific Corporate Services Limited, 830 - 625 Howe Street, Vancouver, British Columbia, V6C 2T6.

PLAN OF DISTRIBUTION

The Offering

The Issuer by its Agent hereby offers (the "Offering") to the public through the facilities of the Vancouver Stock Exchange (the "Exchange"), 600,000 common shares (the "Shares") of the Issuer at a price of \$0.45 per Share. 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 of this Prospectus, being the day upon which the securities of the Issuer are conditionally listed on the Exchange.

Up to 200,000 Shares from this Offering may be sold to persons and companies registered for trading in securities in countries other than Canada and the United States of America, which persons and companies may in turn sell to their clients, and directly to investors situated outside of Canada and the United States of America. Any sales of the Issuer's Shares by the Agent outside of Canada and the United States of America will be subject to and conducted in accordance with the securities laws of the countries in which the sales are made.

Appointment of Agent

By an agreement (the "Agency Agreement") dated January 5, 1990, the Issuer appointed **Canadian International Securities Corporation** (the "Agent") as its agent to offer the Shares for sale on a best efforts basis through the facilities of the Exchange.

The Agent will receive a commission of \$0.05 per Share sold.

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

The obligations of the Agent under the Agency Agreement may be terminated before the day the share of the Issuer are listed, posted and called for trading on the Exchange, at the Agent's discretion, on the basis of its assessment of the state of the financial markets, and may also be terminated at any time upon the occurrence of certain stated events..

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

The Directors, Officers and Insiders of the Issuer may purchase Shares at the Offering Price.

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

The Agent does not beneficially own, directly or indirectly, any shares of the Issuer.

Minimum Subscription

All funds received from the sale of the securities offered hereunder will be held in trust by the Agent or placed in trust with the Issuer's Registrar and Transfer Agent until the minimum subscription has been sold. If the minimum subscription is not sold on the Offering Day, all funds will be returned to the purchasers without deduction.

Conditional Listing

An application has been made to conditionally list the securities being offered herein on the Vancouver Stock Exchange. Listing is subject to the Issuer fulfilling the listing requirements of the Exchange, including prescribed distribution and financial requirements.

RISK FACTORS

Mineral exploration and development is a speculative business. The marketability of any minerals acquired by the Issuer will be affected by numerous factors, which include production costs, market fluctuations, processing prices and government regulation, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection, which cannot be accurately predicted.

The Shares offered hereby are considered speculative due to the nature of the Issuer's business and the present stage of its development. A prospective investor should consider carefully the following factors:

1. There is no known body of commercial ore located on the Manson Creek Property, and the chance of finding a body of commercial ore on the Manson Creek Property is slight. The purpose of the present Offering is to raise funds to carry out further exploration with the objective of establishing ore of commercial tonnage and grade. If the Issuer's exploration program is 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 Issuer is through the sale of equity capital. The only alternative for the financing of further exploration would be the offering by the Issuer of an interest in the Manson Creek 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 current market for the shares of the Issuer and there can be no assurance given that one will develop;
3. Mining operations involve a high degree of risk. Hazards such as unusual or unexpected formations and other conditions are involved. The Issuer has no liability insurance, and the Issuer may become subject to liability for pollution, cave-ins or hazards against which it cannot insure or against which it may elect not to insure. The payment of such liabilities may have a material, adverse effect on the Issuer's financial position.
4. While the Issuer has obtained a title opinion with respect to the Manson Creek Property, this should not be construed as a guarantee of title. The Manson Creek Property may be subject to prior unregistered agreements or transfers;
5. No investigation has been made of the original application for filing, the location of boundaries of the Manson Creek Property or of the existence of any interests in the Manson Creek Property other than what may be noted in the offices of the Mining Recorder in the Omineca Mining Division of the Province of British Columbia;
6. No examination has been made of the ground to determine if the Manson Creek Property has been staked or assessment work carried out to comply with the provisions of the Mineral Tenure Act and its Regulations of the Province of British Columbia;
7. One or more Directors of the Issuer has an interest, direct or indirect, in other natural resource companies. Reference should be made to the sub heading captioned "Potential Conflicts of Interest" under the heading captioned "Interest of Management and others in Material Transactions", herein; and
8. The net book value per share after completion of the maximum Offering will be \$0.18 (representing a dilution of 60%) on a fully diluted basis. If escrowed shares are excluded, the dilution will be 36.4%.

USE OF PROCEEDS

The estimated net proceeds to be received by the Issuer from the Offering after deduction of the Agent's commission will be \$240,000 if the entire Offering is sold and \$200,000 if only the minimum subscription is sold. The net proceeds, together with \$753 working capital, as at August 31, 1989 will be expended in priority in accordance with the allocation below.

FUND ALLOCATION

<u>Allocation Category</u>	<u>Fund Allocation</u>	
	<u>Minimum</u>	<u>Maximum</u>
a) to pay the estimated cost of this Offering	\$ 20,000	\$ 20,000
b) to make the final monetary payment to Kenneth Lee Conboy pursuant to the First Property Acquisition Agreement	\$ 12,500	\$ 12,500
c) to commence the second phase of the Work Program recommended on the Manson Creek Claim Group by W.G. Hainsworth in his Report dated August 31, 1989	\$103,000	\$103,000
d) unallocated reserve for Working Capital*	<u>\$ 65,253</u>	<u>\$105,253</u>
	TOTAL	\$200,753
		\$240,753

- * By the Third Mineral Property Acquisition Agreement dated August 21, 1989, the Issuer acquired a 100% right, title and interest in the Grouse #2, Volvorine and Volvorine #2 mineral claims. The Issuer has paid \$5,000 in cash and is obligated to pay the Vendor either \$5,000 or 10,000 shares of the Issuer forthwith after the issuance of a final receipt for the Prospectus of the Issuer and to pay to the Vendor either \$5,000 or 10,000 shares of the Issuer upon the Issuer's list, post and call for trading on the Vancouver Stock Exchange. In the event the Issuer elects to pay cash instead of shares as consideration for the second and third instalments of \$5,000 each, the said cash consideration will come from working capital.

It is the opinion of the Issuer that the allocation of funds in the foregoing manner appears warranted on the basis of information presently available to the Issuer, and upon current circumstances, economic and otherwise.

Funds committed to a specific program or property may be diverted in whole or in part to other uses if the program or property to which the funds are committed is abandoned or disposed of in whole or in part. Such abandonment or disposition of such program or property may only occur upon the written recommendation of the Issuer's qualified independent engineering consultants, or upon the Issuer's making arrangements with other parties for the performance of part or all of the work on the program or property. Any such event and diversion of proceeds will be subject to the approval of the appropriate regulatory authorities and will be disclosed by amendment to the Prospectus, if the Issuer is still in the course of primary distribution. Following completion of the primary distribution shareholders will be notified of changes in the affairs of the Issuer in accordance with the requirements of the appropriate regulatory authorities.

The foregoing represents the Issuer's best estimate as to how the proceeds of the Offering herein will be expended. However, the Issuer reserves the right to redirect any portion of the funds as management considers to be in the best interests of the Issuer, based upon circumstances as they arise.

No part of the proceeds will be used to invest, underwrite or trade in securities other than those that qualify as investments in which trust funds may be invested under the laws of the jurisdiction in which securities offered by this Prospectus may be lawfully sold. Should the Issuer propose to acquire non-trustee type securities after the distribution of the Shares offered by this Prospectus, approval by the shareholders will first be obtained and prior disclosure will be made to the regulatory bodies having jurisdiction over the sale of the Shares offered by this Prospectus.

DESCRIPTION OF BUSINESS AND PROPERTY

The Business

The Issuer's principal business is the exploration and development of mineral properties referred to herein. The Issuer owns or has interests in the property described below and intends to seek and acquire additional properties worthy of exploration and development.

The Property

The Manson Creek Claim Group

By a Mineral Property Acquisition Agreement dated August 31, 1988 (the "First Property Agreement"), between the Issuer and Kenneth Lee Conboy ("Conboy"), of 5486 S.E. Marine Drive, Burnaby, B.C., the Issuer acquired a 100% interest in 10 mineral claims located in the Omineca Mining Division of B.C. (the "First Property") and more particularly described as follows:

<u>Claim Name</u>	<u>Record Number</u>	<u>Units</u>	<u>Expiration Date</u>
Rare	9425	1 - 20	May 24, 1992
Rare #2	9426	1 - 18	May 24, 1992
Wolf	9427	1 - 14	May 24, 1992
Wolf #2	9428	1 - 20	May 24, 1992
Wolf #3	9429	1 - 20	May 24, 1992
Wolf #4	9430	1 - 20	May 24, 1992
Blue	9431	1 - 18	May 24, 1992
Blue #2	9432	1 - 15	May 24, 1992
Grouse	9433	1 - 8	May 24, 1992
Eat	9434	1 - 15	May 24, 1992

Pursuant to the terms of the First Property Agreement, Conboy transferred the First Property to the Issuer by way of Bill of Sale Absolute recorded in the Vancouver Mining Recorder's office on January 3, 1989. Work has been filed against the First Property to keep its claims in good standing until May 24, 1992.

The First Property Agreement provides for a total consideration comprising \$25,000 cash to be paid and 200,000 shares of the Issuer to be issued to Conboy for the sale and transfer of the First Property, as follows:

- a) \$12,500 which was paid to Conboy and the receipt of which has been acknowledged by Conboy as of August 31, 1988;
- b) \$12,500 forthwith after the issuance of a final receipt for the Prospectus of the Issuer;
- c) 50,000 shares upon the Issuer's list, post and call for trading on the Exchange;
- d) 50,000 shares upon the Issuer filing with the Exchange an Engineer's Report recommending a second-stage work program on the First Property;
- e) 50,000 shares upon the Issuer filing with the Exchange an Engineer's Report recommending a third-stage work program on the First Property; and
- f) 50,000 shares upon the Issuer filing with the Exchange an Engineer's Report recommending a fourth-stage work program on the First Property.

The First Property Agreement provides that the agreement may be amended to comply with the directions of regulatory authorities regarding the issuance of the shares to Conboy. Failure by the Issuer to obtain regulatory approval for the issuance of such shares will not result in the Issuer losing any of its interest in the First Property.

By a second Mineral Property Acquisition Agreement dated April 3, 1989, (the "Second Property Agreement"), between the Issuer and John H. Hajek ("Hajek") of #1118 - 510 E. Hastings St., Vancouver, B.C., V6B 1L8, the Issuer acquired a 100% interest in 3 mineral claims located in the Omineca Mining Division of B.C. (the "Second Property") and more particularly described as follows:

<u>Claim Name</u>	<u>Record Number</u>	<u>Units</u>	<u>Expiration Date</u>
Ice	10216	1	Feb. 21, 1990
Ice #2	10217	1	Feb. 21, 1990
Trap	10218	10	Feb. 24, 1990

The Second Property Agreement provides for the payment of \$11,500 to Hajek as consideration for the sale and transfer of the Second Property, which payment has been received by Hajek as of April 3, 1989.

The Second Property Agreement provides that the agreement may be amended to comply with the directions of regulatory authorities regarding the issuance of the shares to Hajek. Failure by the Issuer to obtain regulatory approval for the issuance of such shares will not result in the Issuer losing any of its interest in the Second Property.

By a Third Mineral Property Acquisition Agreement dated August 21, 1989, (the "Third Property Agreement"), between the Issuer and Hajek, the Issuer acquired a 100% interest in and to 3 mineral claims located in the Omineca Mining Division of B.C. (the "Third Property") and more particularly described as follows:

<u>Claim Name</u>	<u>Record Number</u>	<u>Units</u>	<u>Expiration Date</u>
Volvorine	10276	1	March 9, 1990
Volvorine #2	10277	1	March 9, 1990
Grouse #2	10278	1 - 20	March 6, 1990

The Third Property Agreement provides for consideration to be paid to Hajek for the sale and transfer of the Third Property, as follows:

- (a) \$5,000 in cash as of the date of the Third Property Agreement, which sum has been paid;
- (b) at the option of the Issuer to either pay \$5,000 or issue 10,000 shares after the issuance of a final receipt for the Prospectus;
- (c) at the option of the Issuer to either pay \$5,000 or issue 10,000 shares upon the Issuer's list, post and call for trading on the Exchange.

The Third Property Agreement provides that the Agreement may be amended to comply with the directions of regulatory authorities regarding the issuance of the shares to Hajek. Failure by the Issuer to obtain regulatory approval for the issuance of such shares will not result in the Issuer losing any of its interest the Third Property.

A copy of the aforementioned Mineral Property Acquisition Agreements will be available for inspection during the Offering Period at the offices of the Issuer, Suite 300 - 789 W. Pender St., Vancouver, B.C., V6C 1H2, during normal business hours.

The First Property, Second Property and Third Property are hereinafter collectively referred to as the "Manson Creek Property".

The Issuer has expended a total of \$29,000 dollars on property acquisition costs and a total of approximately \$112,770 on exploration costs on the Manson Creek Property as at the date of this Preliminary Prospectus. The Issuer is presently filing work reports on the Second Property and the Third Property to keep them in good standing until 1991.

Description of the Property

Location and Access

The Manson Creek Property lies 0.6 miles (1 Kilometer) east of the Village of Manson Creek, British Columbia, in the Mining Division of Omineca. By Highways 27 and 16, Prince George is 215 miles (350 Kilometers) to the southeast. Access to the Claims is good as Highway 27 passes through the northern portion of the Manson Creek Property while several gravel roads make other claim areas easily reached.

In February of 1989, the Issuer contracted with Zelon Chemicals Ltd. ("Zelon") of 1316 - 510 West Hastings Street, Vancouver, British Columbia, V6B 1L8, to carry out an exploration program on the Manson Creek Property. Although the general area had been explored and mapped in some detail, no previous work had been recorded on the Manson Creek Property, and the work performed by Zelon was a grass roots exploration attempt to locate any mineralization within the property area. The latest mapping of the Manson Creek area was done by F. Ferri and D. Melville in 1987 for the B.C. Ministry of Energy, Mines and Petroleum.

Due to heavy winter snow cover, the exploration carried out on the Manson Creek Property consisted of tree sampling of needles and stems, electromagnetic and magnetic survey results conducted over the claims as well as rock outcrop and stream bed sampling where exposure permitted.

The exploration program was undertaken on behalf of the Issuer at a cost of approximately \$112,770, and the results of the exploration program, coupled with the review of their published data on the general area, are the subject of an Engineering Report dated August 31, 1989 (the "Report"), prepared for the Issuer by William G. Hainsworth, P. Eng. of W.G. Hainsworth and Associates Ltd. (the "Engineer"), a copy of which Report is attached hereto and forms part of this Prospectus.

The following is an excerpt from the Report on the Manson Creek Property.

Summary

The area in which the Manson Creek Property is situate is known primarily for placer minerals whose origins could be local.

The Manson Creek Property adjoins mineral claims controlled by Chevron Exploration of Vancouver, B.C., who have been exploring their claims for the past three years. Additionally, the Issuer has recently secured claims vacated by Esso Minerals, upon which a known lead soil anomaly exists and from which silver assays have been cut from trenched small lead veins.

Structurally, the Manson Creek Property sits astride the Manson Creek Fault Zone. This structure, coupled with its associated gabbro intrusive, has been identified in recently-concluded geophysical surveys. The Manson Creek Fault Zone is considered to have provided ground preparation for the ensuing mineralizing solutions. A vegetation sampling program was carried out which failed to confirm the presence of mineralization. Subsequent geophysical surveys did, however, identify the location of possible mineralization.

The initial exploration program on the Manson Creek Property has included biogeochemical and geophysical evaluation of the Manson Creek Fault Zone in two locations within the claim group. The program collected tree samples, rock chips and water samples. Additionally, geophysical surveys were conducted totalling 106 km for the magnetic and 66.3 km for the VLF electromagnetic surveys. The interpretations of these magnetic and electromagnetic surveys over the three grids are displayed in Figures 5 through 17 of the Report.

Based on the results of the completed surveys, the Engineer recommends a four-phase work program be carried out on the Manson Creek Property, each successive stage to be contingent upon the results of the previous, as follows:

- Stage I: staged surface plus drill work for testing the structural, mineralized and soil anomalous situations;
- Stage II: detailed surface investigation of geophysics plus limited soil collection and trenching, all at an estimated cost of \$103,000;
- Stage III: trenching and limited drilling at an estimated cost of \$135,000; and
- Stage IV: 10,000 feet of reverse-circulation drilling coupled with diamond drilling at an estimated cost of \$300,000.

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

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

SHARE AND LOAN CAPITAL STRUCTURE

<u>Amount Authorized</u>	<u>Amount Outstanding as of August 31, 1989</u>	<u>Amount Outstanding as of January 8, 1990</u>	<u>To be outstanding on completion of Offering</u>
20,000,000	1,422,704	1,422,704	2,022,704*

- * Before the issuance of 200,000 shares to K.L. Conboy pursuant to the terms of the First Mineral Property Acquisition Agreement, and the potential issuance of 20,000 shares to John H. Hajek pursuant to the terms of Third Mineral Property Acquisition Agreement. (For further particulars, please refer to the sub-heading captioned "The Mineral Property Acquisition Agreements" under the heading captioned "Description of Business and Property" herein).

There are also 202,270 shares subject to incentive stock option agreements. For further particulars refer to the section captioned "Options to Purchase Securities" herein.

There are no other shares of the Issuer subject to rights, options and warrants, except as disclosed herein.

The Issuer has no long-term debt and the Issuer has no contributed surplus or retained earnings as at December 31, 1989.

PRIOR SALES AND SHARE ISSUANCES

Since the incorporation of the Issuer the following shares have been issued:

<u>No. of Shares</u>	<u>Price Attributable per Share</u>	<u>Total Consideration Received</u>	<u>Commissions Paid</u>
4(1)	\$0.25	\$ 1	Nil
750,000(2)	\$0.01	\$ 7,500	Nil
320,000(3)	\$0.25	\$ 80,000	Nil
<u>352,700(4)</u>	<u>\$0.25</u>	<u>\$ 88,175</u>	<u>Nil</u>
<u>1,422,704</u>		<u>\$175,676</u>	

- (1) Initial Subscribers shares
- (2) Principal escrowed shares
- (3) CEIP flow-through common seed shares
- (4) Common seed shares

DESCRIPTION OF SECURITIES BEING OFFERED

The authorized capital of the Issuer consists of 20,000,000 shares without par value of which 1,422,704 shares are issued as fully paid and non-assessable. All shares of the Issuer, both issued and unissued, are common shares of the same class and 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 provisions for redemption, purchase for cancellation, surrender or sinking or purchase funds. Provisions as to the modification, amendment or variation of such rights or such provisions are contained in the Company Act (British Columbia).

DIRECTORS AND OFFICERS

The names and addresses, and principal occupations during the last five years of each of the directors and senior officers of the Issuer are as follows:

<u>Name and Address</u>	<u>Position(s) with Issuer</u>
ALAN YONG* 7775 Sparbrook Crescent Vancouver, B.C. V5S 3K3	PRESIDENT CHIEF EXECUTIVE OFFICER DIRECTOR

Mr. Yong has been a self employed businessman with interests in various companies. Mr. Yong is currently the President of Seacorp Investment Inc. (an investment holding company), Innovest Development Corporation (a real estate and construction company), Seacorp Technology Corporation (an OEM manufacturer and distributor of computer accessories), and The Canada Eighty-Eight Fund Ltd. (an immigration fund).

GORDON T.C. LIM 8120 Gilbert Road Richmond, B.C. V7C 3W7	SECRETARY CHIEF FINANCIAL OFFICER DIRECTOR
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Mr. Lim has been employed as a Manager from March 4, 1989 to the present by Innovest Development Corporation of Vancouver, British Columbia.; from 1987 to the present by Lim Brothers Constructions Ltd. of Richmond, B.C.; and from 1971 to 1986 by Lim Brothers Construction of B.S. Beganan in Brunei.

SING LIM YEO* 3131 East 46th Avenue Vancouver, B.C. V3B 1B1	DIRECTOR
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Mr. Yeo has been self employed as a builder and realtor from March 1986 to the present; and as the managing partner of Global Enterprises Ltd. of B.S. Beganan in Brunei from 1970 to 1985.

RUBEN SIRIBAN VERZOSA* 23064 - 50th Avenue Langley, B.C. V3A 7N6	DIRECTOR
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Mr. Verzosa has been self employed as a Geological Consultant, from January 1984 to present, and employed as a Project Geologist with Denison Mines Ltd., (1981 to 1983). Mr. Verzosa is also a Director of Rose Spit Resources Ltd. and Swift Minerals Ltd., both of which are listed on the Vancouver Stock Exchange.

* Denotes a Member of the Issuer's audit committee.

Potential Conflicts of Interest

Directors and officers of the Issuer may be presented, from time to time, with situations or opportunities which give rise to apparent conflicts of interest which cannot be resolved by arms-length negotiations but only through exercise by the officers and directors of such judgment as is consistent with their fiduciary duties to the Issuer which arise under British Columbia corporate law, especially insofar as taking advantage, directly or indirectly, of information or opportunities acquired in their capacities as directors or officers of the Issuer. Any transactions with Officers and Directors will be on terms consistent with industry standards and sound business practice in accordance with the fiduciary duties of those persons to the Issuer, and, depending upon the magnitude of the transactions and the absence of any disinterested board members, may be submitted to the shareholders for their approval.

PROMOTERS

Pursuant to the definition of a promoter contained in the B.C. Securities Act, ALAN YONG is the Promoter of the Issuer.

No direct remuneration has been paid to Mr. Yong for his services as a promoter. However, reference is made to the sections "Options to Purchase Securities", "Escrowed Shares" and "Other Material Facts" for incentive stock options granted and principal's escrow shares issued to Mr. Yong, and for his interest in a management agreement with the Issuer.

In addition, Mr. Yong purchased 146,003 shares of the Issuer at a price of \$0.25 per share.

The Issuer has not acquired within the past two years and does not presently intend to acquire any assets from the promoters.

OPTIONS TO PURCHASE SECURITIES

Pursuant to agreements dated August 2, 1989, the Issuer granted incentive stock options to directors and employees for the purchase of an aggregate of 202,270 shares of the Issuer at a price of \$0.45 per share on or before two years from the Effective Date of this Prospectus, as follows:

Executive Officers (2)	152,270 shares
Directors other than Executive Officers (2)	50,000 shares

The foregoing options are subject to ratification by the shareholders of the Issuer prior to exercise by the optionees.

ESCROWED SHARES

<u>Designation of Class</u>	<u>Number of Shares held in Escrow</u>	<u>Percentage of Class Issued</u>
Common (Principals' shares)	750,000	52.7%

Pursuant to an agreement dated June 15, 1989, there are 750,000 shares of the Issuer held in escrow by Pacific Corporate Services Limited, subject to the direction and determination of the the B.C. Securities Commission (the "Superintendent"). If and when the Issuer's shares are listed for trading on the Exchange, the Exchange will assume jurisdiction over the escrowed shares.

The escrowed shares were purchased at a price of \$0.01 per share as Principals' Shares by directors of the Issuer, as follows:

<u>Name of Principal</u>	<u>No. Escrowed Shares</u>
Alan Yong	450,000
Gordon T.C. Lim	187,500
Sing Lim Yeo	112,500

The escrow restrictions provide that the shares held in escrow may not be traded in, dealt with in any manner whatsoever, or released, nor may the Issuer, its transfer agent or an escrowholder make any transfer or record any trading of shares without the consent of the Superintendent or the Exchange, as the case may be. The escrow arrangements also provide, among other things, for the cancellation of any escrow shares not released at the end of 10 years from the date of issuance of a receipt for this Prospectus by the Superintendent.

EXECUTIVE COMPENSATION

The Issuer has two Executive Officers, as follows:

Alan Yong	President & Chief Executive Officer
Gordon T.C. Lim	Secretary & Chief Financial Officer

See the sections "Options to Purchase Securities", "Escrowed Shares", "Promoters" and "Other Material Facts" for details of options granted to, shares acquired by and monies paid to Messrs. Yong and Lim.

In addition, Mr. Lim acquired 59,750 shares of the Issuer at a price of \$0.25 per share.

INDEBTEDNESS OF DIRECTORS AND SENIOR OFFICERS

None of the directors, senior officers or their associates or affiliates are or have been indebted to the Issuer at any time since the beginning of the last completed financial year of the Issuer.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed elsewhere in this Prospectus, the directors, officers and promoters of the Issuer have no interest in any material transaction enter into by the Issuer within the past three years. For further details, see the sections "Options to Purchase Securities", "Escrowed Shares", "Promoters", "Executive Compensation" and "Other Material Facts".

PRINCIPAL HOLDERS OF SECURITIES

Principal Shareholders

As of the date of this Prospectus, each person or company holding, as of record or known to the Issuer to hold beneficially, directly or indirectly, more than 10% of the issued shares of the Issuer is as follows:

<u>Name & Address</u>	<u>Class of Shares</u>	<u>Type of Ownership</u>	<u>No. of Shares</u>	<u>% of Class</u>
ALAN YONG 7775 Sparbrook Crescent Vancouver, B.C. V5S 3K3	Common	Direct	450,000 ⁽¹⁾ <u>146,003</u> ⁽²⁾ 596,003	41.9%
GORDON T.C. LIM 8120 Gilbert Road Richmond, B.C. V7C 3W7	Common	Direct	187,500 ⁽¹⁾ <u>59,750</u> ⁽²⁾ 247,250	17.4%
SING LIM YEO 3131 East 46th Avenue Vancouver, B.C. V5B 1B1	Common	Direct	112,500 ⁽¹⁾ <u>38,201</u> ⁽²⁾ 150,701	10.6%

(1) principal escrow shares

(2) free trading shares

Directors and Officers

At the date of this Prospectus, the number and percentage of securities of each class of voting securities of the Issuer beneficially owned, directly or indirectly, by all directors and senior officers of the Issuer as a group are as follows:

<u>Class of Shares</u>	<u>Number of Shares Owned</u>	<u>Percentage of Class prior to Offering</u>	<u>Percentage of Class after Offering</u>
Common	993,954	69.9%	49.1%

DIVIDEND RECORD

There have been no dividends paid by the Issuer.

LEGAL PROCEEDINGS

There are no material legal proceedings to which the Issuer is a party, nor are any such proceedings known to be contemplated.

AUDITOR, REGISTRAR & TRANSFER AGENT, AND SOLICITOR

Auditor:	Mark Aplas Certified General Accountant Suite 920 - 789 West Pender Street Vancouver, British Columbia V6C 1H2
Registrar and Transfer Agent:	Pacific Corporate Services Limited Suite 830 - 625 Howe Street Vancouver, British Columbia V6C 2T6
Solicitor:	Bruce Bragagnolo Barrister and Solicitor #204 - 888 Burrard St. Vancouver, B.C. V6Z 1X9

MATERIAL CONTRACTS

Except for contracts made in the ordinary course of the Issuer's business, the only material contracts entered into by the Issuer within two years immediately preceding the date of this Prospectus are the following:

- (a) Agency Agreement dated January 5, 1990 referred to in the section "Plan of Distribution" herein;
- (b) Mineral Property Acquisition Agreement between the Issuer and Kenneth Lee Conboy dated August 31, 1988;
- (c) Mineral Property Acquisition Agreement between the Issuer and John H. Hajek dated April 3, 1989;
- (d) Mineral Property Acquisition Agreement dated August 21, 1989 between the Issuer and John H. Hajek.

The Mineral Property Acquisition Agreements are referred to in the section "Description of Business and Property";

- (e) Stock Option Agreements dated August 2, 1989 referred to in the section "Options to Purchase Securities";

- (f) Principal Escrow Agreement dated June 15, 1989 referred to in the section "Escrowed Shares";
- (g) Management Agreement dated January 1, 1989 referred to in the section "Other Material Facts"; and
- (h) Flow-Through Unit Subscription Agreements dated January 3rd, 1989 between the Issuer and the flow-through seed shareholders referred to in the section "Other Material Facts";

Other than as previously set out, there are no material contracts except as disclosed in this Prospectus or entered into in the ordinary course of the Issuer's business, all of which may be inspected at the registered office of the Issuer during normal business hours while the primary distribution of the securities being offered under this Prospectus is in progress, and for a period of thirty days thereafter.

OTHER MATERIAL FACTS

(a) **Solicitor's Interest**

Bruce Bragagnolo, solicitor for the Issuer and a relative have subscribed for a total of 52,000 seed shares of the Issuer, accounting for 3.7% of the total number of shares of the Issuer outstanding before completion and 2.6% upon completion of this Offering.

(b) **Management Agreement**

By a Management Agreement dated January 1, 1989 (the "Management Agreement"), Alan Yong, President, Chief Executive Officer and a Director of the Issuer, is to receive \$2,000 per month plus expenses for a period of five (5) years commencing January 1, 1989, for administrative services. As at the date of this Prospectus, Alan Yong has received \$16,000 and is currently owed \$8,000 pursuant to the terms of the Management Agreement, which sum will be paid to Alan Yong from the Issuer's offering proceeds from this Prospectus.

(c) **Flow-Through Unit Subscription Agreements**

By Flow-Through Unit Subscription Agreements (the "Flow-Through Agreements") dated January 3, 1989, the Issuer issued 320,000 tax flow-through common shares at a price of \$0.25 per share (the "CEE Shares") to certain subscribers (the "Subscribers"). In consideration therefor, the Issuer agreed to incur exploration expenditures and to renounce the exploration expenditures in favour of the Subscribers for their tax benefit. The Issuer used the proceeds of the sale of the CEE Shares, being \$80,000, to carry out exploration work on its Manson Creek Property. The CEE Shares were issued to the Subscriber as of August 15, 1989.

The Issuer has agreed to apply for a grant pursuant to the Canadian Exploration Incentive Program Act whereby 30% of eligible expenditures made by the Issuer will be passed on to the Subscribers, thereby allowing the Subscribers to claim the maximum deductions available under the Income Tax Act (Canada) in their 1989 taxation year.

There are no other proposed or existing material interests in respect of the Issuer, direct or indirect, of any director, senior officer, principal holder of securities, or any associate or affiliate of any of them, within a three year period prior to the date of this Prospectus.

STATUTORY RIGHTS OF RESCISSION AND WITHDRAWAL

The Securities Act provides a purchaser with a right to withdraw from an agreement to purchase securities within two business days after a 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.

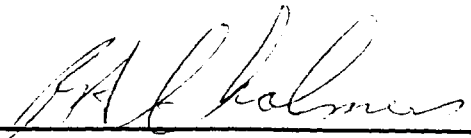
CERTIFICATE OF THE AGENT

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

Dated this 8th day of January, 1990.

**CANADIAN INTERNATIONAL
SECURITIES CORPORATION**

per:

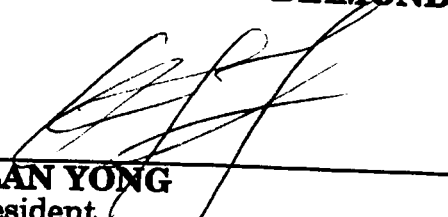


CERTIFICATE OF THE ISSUER

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

DATED this 8th day of January, 1990.

DIAMOND HILL MINING CORPORATION



ALAN YONG
President
Chief Executive Officer
and a Director



GORDON T.C. LIM
Secretary,
Chief Financial Officer
and a Director

ON BEHALF OF THE BOARD OF DIRECTORS



SING LIM YEO



RUBEN SIRIBAN VERZOSA

PROMOTER



ALAN YONG