

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.

NEW ISSUE

RELAY CREEK RESOURCES LTD.

711 - 850 West Hastings Street
Vancouver, British Columbia
(hereinafter called the "Issuer")

PUBLIC OFFERING
500,000 SHARES AT \$0.50 PER SHARE

Shares	Price to Public*	Commission	Net Proceeds to be Received by the Issuer**
Per Share.....	\$0.50	\$0.05	\$0.45
Total.....	\$250,000	\$25,000	\$225,000

* The price of the shares has been determined by the Issuer in negotiation with the Agent.

** Before deduction of the costs of the issue estimated to be \$15,000.

THE VANCOUVER STOCK EXCHANGE HAS CONDITIONALLY LISTED THE SECURITIES BEING OFFERED PURSUANT TO THIS PROSPECTUS. LISTING IS SUBJECT TO THE ISSUER FULFILLING ALL THE LISTING REQUIREMENTS OF THE VANCOUVER STOCK EXCHANGE ON OR BEFORE DECEMBER 15, 1986, INCLUDING PRESCRIBED DISTRIBUTION AND FINANCIAL REQUIREMENTS.

A PURCHASE OF THE SECURITIES OFFERED BY THIS PROSPECTUS MUST BE CONSIDERED AS SPECULATION. ALL OF THE PROPERTIES IN WHICH THE ISSUER HAS AN INTEREST ARE IN THE EXPLORATION AND DEVELOPMENT STAGE ONLY AND ARE WITHOUT A KNOWN BODY OF COMMERCIAL ORE. NO SURVEY OF ANY PROPERTY OF THE ISSUER HAS BEEN MADE AND THEREFORE IN ACCORDANCE WITH THE LAWS OF THE JURISDICTION IN WHICH THE PROPERTIES ARE SITUATE, THEIR EXISTENCE AND AREA COULD BE IN DOUBT. SEE ALSO PARAGRAPH "RISK FACTORS" ON PAGE 19 HEREOF.

THERE IS NO CURRENT MARKET FOR THE SECURITIES OF THE ISSUER.

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

UPON COMPLETION OF THIS OFFERING THIS ISSUE WILL REPRESENT 30.2% OF THE SHARES THEN OUTSTANDING AS COMPARED TO 59.09% THAT WILL THEN BE OWNED BY THE PROMOTERS, DIRECTORS AND SENIOR OFFICERS OF THE ISSUER AND ASSOCIATES OF THE AGENTS. REFER TO THE HEADING "PRINCIPAL HOLDERS OF SECURITIES" ON PAGE 18 HEREIN FOR DETAILS OF SHARES HELD BY DIRECTORS, PROMOTERS AND CONTROLLING PERSONS AND ASSOCIATES OF THE 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 "DIRECTORS AND OFFICERS" ON PAGE 15 HEREIN FOR A COMMENT AS TO THE RESOLUTION OF POSSIBLE CONFLICTS OF INTEREST.

THIS PROSPECTUS ALSO QUALIFIES FOR SALE TO THE PUBLIC AT THE MARKET PRICE FOR THE SHARES AT ANY TIME OF SALE OF ANY SHARES OF THE ISSUER WHICH THE AGENTS MAY ACQUIRE PURSUANT TO THE AGENTS WARRANTS OR THE GREENSHOE OPTION. REFERENCE SHOULD BE MADE TO "PLAN OF DISTRIBUTION" ON PAGE 1.

WE, AS AGENTS, CONDITIONALLY OFFER THESE SECURITIES SUBJECT TO PRIOR SALE, IF, AS AND WHEN ISSUED BY THE ISSUER AND ACCEPTED BY US IN ACCORDANCE WITH THE CONDITIONS CONTAINED IN THE AGENCY AGREEMENT REFERRED TO UNDER "PLAN OF DISTRIBUTION" ON PAGE 1 OF THIS PROSPECTUS AND SUBJECT TO APPROVAL OF ALL LEGAL MATTERS ON BEHALF OF THE ISSUER BY BRIANT, ANGUS, McCLELLAN & RUBENSTEIN, BARRISTERS AND SOLICITORS.

WEST COAST SECURITIES LTD.
511 - 837 West Hastings Street
Vancouver, British Columbia V6C 1B6

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PLAN OF DISTRIBUTION

Offering

The Issuer, by its Agents hereby offers (the "Offering" to the public through the facilities of the Vancouver Stock Exchange (the "Exchange") 500,000 shares (the "Shares") of the Issuer at a price of Fifty Cents (\$0.50) per share (the "Offering Price"). The Offering will be made in accordance with the rules and policies of the Exchange on a day (the "Offering Day") determined by the Agents and 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 Issuer are conditionally listed on the Exchange.

Appointment of Agents

The Issuer, by an agreement (the "Agency Agreement") dated as of April 7, 1986, appointed the following as its agents ("Agents") to offer the Shares through the facilities of the Exchange as follows:

<u>Name of Agents</u>	<u>Participation</u>
West Coast Securities Ltd.	100%

The Agents have agreed to purchase from their respective portions of the Offering any shares not sold at the conclusion of the Offering. In consideration therefor, the Agents have been granted non-transferable share purchase warrants ("Agents' Warrants") in proportion to their participation in the Offering, entitling them to purchase up to 50,000 shares of the Issuer at any time up to the close of business 180 days from listing of the Issuer's shares on the Vancouver Stock Exchange (the "Exchange") or 12 months from the date of this Prospectus, whichever is earlier, at a price of Sixty Cents (\$0.60) per share.

The Agents' Warrants will contain, among other things, anti-dilution provisions and provision for appropriate adjustment of the class, number and price of shares issuable pursuant to any exercise thereof upon the occurrence of certain events including any subdivision, consolidation or reclassification of the shares or the payment of stock dividends.

The Agents will receive a commission of Five cents (\$0.05) per share.

The Agents are entitled to over allot the shares of the Issuer in connection with this offering and the Issuer has granted to the Agents an option (the "Greenshoe option") to purchase at Forty Five Cents (\$0.45) per share such number of shares of the Issuer being the lesser of 15% of the Offering or the actual number of shares subscribed for by way of an over-subscription during

primary distribution of the securities offered hereunder. The Greenshoe Option shall be exercisable for a period of thirty (30) trading days from the Offering Day. The number of shares subject to the Greenshoe Option shall be determined at the conclusion of the Offering Day. Alternatively, the Agents are entitled to cover each over allotment by making purchases of the Issuer's shares in the open market through the facilities of the Exchange at the market price from time to time during the exercise period of the Greenshoe Option.

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

The obligations of the Agents under the Agency Agreement may be terminated prior to the Offering Day at the Agents' discretion on the basis of their assessment of the state of the financial markets and may also be terminated prior to the Offering Day upon the occurrence of certain stated events.

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

Those persons holding an interest of not less than 5% in the capital of West Coast Securities Ltd. are James D. Thomas, James H. Thomas, Gary Henry, Douglas Corrigan, Earl Hope, Ruth Wade and Surjeit Johal.

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 Issuer may purchase shares from this Offering.

The Vancouver Stock Exchange has conditionally listed the securities being offered pursuant to this Prospectus. Listing is subject to the Issuer fulfilling all the listing requirements of the Vancouver Stock Exchange on or before December 15, 1986, including prescribed distribution and financial requirements.

Additional Offering

The Prospectus also qualifies for sale to the public at the market price prevailing at the time of the sale, any shares purchased by the Agents hereunder and any of the common shares which may be acquired on the exercise of the Agents' Warrants or the Greenshoe Option at any time up to 180 days from the listing of the Issuer's shares on the Exchange but not more than one year from the date of this Prospectus. The Issuer will not receive

any proceeds from the sale of any such shares by the Agents, all of which proceeds will in such event accrue to the Agents.

2. USE OF PROCEEDS TO ISSUER

As at April 30, 1986, the Issuer had working capital in the amount of approximately \$25,355. The net proceeds to be received by the Issuer pursuant to the Agency Agreement will be \$225,000. The principal purposes for which such net proceeds and working capital on hand will be spent, in order of priority, are as follows:

1.	To pay the balance of the legal, accounting, printing and all other expenses of this issue, estimated at:.....	\$ 7,000
2.	To pay the costs of carrying out the balance of Phase I of the work program recommended by Luca Riccio, Ph.D. on the Allies Property:.....	38,225
3.	Reserve to pay for an additional 105 metres of diamond drilling and associated assays, supervision, reporting and contingencies, all contingent on acceptable Phase I results, but to be undertaken in 1986 if at all:....	15,015
4.	To pay the costs of carrying out Phase I of the work program recommended by Luca Riccio, Ph.D. on the Big Property:.....	73,356
5.	To pay the sum of \$5,000, being reimbursement of out-of-pocket costs, to Mr. James Dawson, with respect to the Big Property:..	5,000
6.	To pay the costs of doing assessment work on the VS Claims:.....	4,000
7.	Additions to working capital:.....	82,404
8.	Working capital on hand (as above).....	<u>25,355</u>
	Total:.....	<u>\$250,355</u> =====

The proceeds from any exercise of the Agents' Warrants or the Greenshoe Option will be added to working capital.

The allocation of funds to the expenditures on the Issuer's properties, as set out above, appears warranted on the basis of information presently available to the Issuer and current circumstances, economic or otherwise.

The Issuer may, pursuant to the written recommendations of a qualified engineer, abandon, in whole or in part, any of its properties, allow leasehold interests to lapse, abandon acquisition targets, alter as work progresses any work program recommended, planned, or underway, or make arrangements for the performance of all or any portion of any such work by other persons or companies, and may use any money diverted as a result of any such act for the purpose of conducting work on or examining other properties acquired or held by the Issuer after the date of the Prospectus, although the Issuer has not present plans in this regard. If any such event or any other material change in the affairs of the Issuer occurs during the primary distribution of the securities offered by this Prospectus, an amendment to this Prospectus will be filed. If any such event or any other material change in the affairs of the Issuer occurs subsequent to completion of primary distribution, shareholders will be notified in accordance with the requirements of the appropriate regulatory bodies.

Until required for the Issuer's purposes all of the net proceeds of this issue will be invested in short term deposits or similar securities. No part of the proceeds of this issue shall 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 jurisdictions in which the securities offered under this Prospectus may lawfully be sold. Should the Issuer intend to use the proceeds to acquire other than such "trustee-type" securities after the distribution of the securities offered under this Prospectus, approval by the shareholders of the Issuer must first be obtained and notice of the intended acquisition must be filed with the securities regulatory bodies having jurisdiction over the sale of the securities offered under this Prospectus.

3. SHARE CAPITAL STRUCTURE AND PRIOR SALES

The authorized capital of the Issuer consists of 20,000,000 common voting shares without par value. All of the shares of the Issuer, including those offered by this Prospectus, are common shares with equal voting rights, and they are not subject to any future call or assessment. There are no special rights or restrictions of any nature attached to any of the shares, and all shares rank pari passu, each with the other, as to all benefits which might accrue to the holders of the shares.

Authorized and Outstanding Shares

<u>Share Capital Authorized</u>	<u>Outstanding as of Dec. 31, 1985</u>	<u>Outstanding as of April 30, 1986</u>	<u>Outstanding on Completion of Offering, if all Shares Sold (1)</u>
20,000,000	1,147,421	1,147,421	1,657,421

- (1) Prior to the exercise of the Agents' Warrants or the Greenshoe Option and after the issue to Brian Mountford & Associates Ltd. of the 10,000 share downpayment described below in Item 6 II.

Shares Sold for Cash as at April 30, 1986

<u>Number of Shares</u>	<u>Date Issued</u>	<u>Cash Price</u>	<u>Commission Paid</u>	<u>Received</u>
1	August 1985	\$0.25	nil	\$ 0.25
750,000	September 1985	\$0.01	nil	\$ 7,500.00
257,000	October 1985	\$0.25	nil	\$64,250.00
<u>140,420</u>	November 1985	*\$0.25(deemed)	nil	<u>\$35,105.20</u>
1,147,421				\$106,855.45
=====				=====

- * These shares were issued for Canadian Exploration Expense. On September 30, 1985 the Issuer agreed to issue common shares to certain directors in consideration of those directors incurring Canadian Exploration Expense as defined in the Income Tax Act (Canada) ("CEE") on the Issuer's British Columbia mining properties. These shares were issued on November 29, 1985, at the rate of one share for each \$0.25 of CEE so incurred. The said Directors incurred a total of \$35,105.20 in CEE and accordingly in November 1985, 140,420 shares were issued being 80,240 shares to Mr. Rubenstein and 60,180 shares to Mr. Erickson. The unexpended balance of funds originally posted by Mr. Erickson and Mr. Rubenstein, being \$178.36, together with the interest earned on the subscription price, was returned to the said persons.

4. NAME AND INCORPORATION OF ISSUER

The Issuer was incorporated under the laws of the Province of British Columbia by Memorandum and Articles on August 6th, 1985. The Issuer will become a reporting company upon the issuance of the receipt for this Prospectus. The registered and records offices of the Issuer are located at World Trade Centre, 550 -999 Canada Place, Vancouver, British Columbia. The Issuer's Head Office is located at 711 - 850 West Hastings Street, Vancouver, British Columbia.

5. DESCRIPTION OF BUSINESS AND PROPERTY OF ISSUER

The principal business of the Issuer is the acquisition, exploration, development and exploitation, or resale, or farmout, of mineral properties.

The Issuer has the following business interests:

I. The Allies Property

By an agreement in writing dated as of the 30th day of September, 1985, the Issuer agreed to option from Laramide Resources Ltd., ("Laramide") a non-reporting British Columbia company dealing at arms' length with the Issuer, a 50% undivided interest in and to the Allies Property. The consideration for the option was \$5,000 in lawful money of Canada paid to Laramide. The beneficial owners of more than 5% of the shares of Laramide are Canada Northwest Energy Limited, a reporting company listed on the Toronto Stock Exchange; Exaton Resources Ltd., a British Columbia non-reporting company, the voting shares of which are owned by Albert F. Reeve, and Jurgen T. Lau; and William Wolodarski.

The Issuer may exercise the option by expending the following minimum amount on the Allies Property:

<u>Year ending December 31</u>	<u>Minimum Amount</u>	<u>Status</u>
1986	\$75,000	required
1987	\$50,000 additional	optional
1988	\$75,000 additional	optional

The Option Agreement also requires that at least 1,500 feet of diamond drilling must be concluded in the year ending December 31, 1986. (see below)

Of the first \$75,000, \$30,295 has been spent to date. Any shortfall in the first year's minimum must be paid to Laramide. Expenditures in excess of the minimums may be carried forward.

Upon exercise, Laramide will have an option to:

- (a) participate in further exploration and development of the Allies Property by sharing further costs and further returns with the Issuer on a 50-50 basis;
- (b) convert to a 25% interest in costs and returns after commencement of a Development Program, in which case the Issuer must fund 100% of the exploration of the Allies Property until commencement of a Development Program, the purpose of which is to achieve production in accordance with a Feasibility Report, the latter being a detailed analysis by an independent firm of consultants demonstrating the feasibility of placing property or any part thereof into commercial production (all as better detailed in the Option Agreement); or
- (c) convert to a 2% Net Smelter Royalty, as defined in the Option Agreement.

The Option Agreement defines Net Smelter Royalty as the proceeds received or receivable from any mint, smelter, refinery or other purchaser of concentrates, ores, and metals produced from the claims and sold after deducting from such proceeds the following charges levied by third parties to the extent that they are not deducted by the purchaser in computing payments:

- (i) smelting and refining charges, penalties, assay costs and umpire assay costs, and the cost of transportation of such concentrates, ores and metals from the claims to any mint, smelter, refinery or other purchaser;
- (ii) related insurance on such ores, concentrates and metals.

If Laramide elects to participate as to 50%, it will be initial operator of this property. Otherwise, the Issuer will remain operator.

The Option Agreement contemplates formation of a joint venture upon exercise by the Issuer and in the event of an election to participate as to 50% by Laramide. The joint venture provisions provide for an area of mutual interest, dilution for non-contribution and other matters between the joint venturers. A party to the joint venture can be diluted to a point where its interest converts to a Net Profits interest, as defined in the joint venture provisions, and accordingly it is possible in the event of such dilution that a party will not be able to recoup its investment in the property. In particular, if a party fails to contribute its share of a program, then it loses its rights to contribute to any future programs, and its interest is diluted as the other party expends money on programs. Upon the formation of the joint venture, each party's initial contribution is deemed to be \$200,000. Thereafter, the interest of each party at any time will be equal to the product obtained by multiplying 100 by a fraction of which the numerator is the amount of such party's contributions and deemed contributions to Expenditures and the denominator or which is the amount of all contributions and deemed contributions to Expenditures by both parties at that time. Upon dilution to less than 10%, an automatic conversion to 5% Net Profits occurs, (recoverable after payout).

The Allies Property is located in the Kamloops Mining Division, British Columbia and consists of two claims totalling 24 units as follows:

<u>Claim Name</u>	<u>Record No.</u>	<u>No. of Units</u>	<u>Expiry Date</u>
Allies 1	3617	20	July 23, 1995
Allies 2	6308	4	July 19, 1986

A dispute filed by Laramide in respect of claims conflicting with two other 20 unit claims, the Allies 3 and 4 claims, was disallowed in March 1986, and accordingly the Allies 3 and 4, which were part of the property originally subject to the Option Agreement, are now no longer part of such property. The Allies 3 and 4 claims were not central to the Allies property, and the descriptions, recommendations and program detailed below pertain to the 20 unit Allies 1 claim.

The Allies property lies at the headwaters of Cannell Creek, a tributary of Tranquille River and is reached via about 28 kilometres of gravel road, northwest from Kamloops.

The Allies property covers an erosional/tectonic window of ultramafic and mafic rocks intruded by feldspar porphyry dikes. These rocks are overlain by Miocene plateau basalt. Outcrop in this vicinity is sparse and overburden is 5 to 15 metres thick.

Showings on the 20 unit Allies 1 claim were probably discovered in the early 1900's and were explored in the early 1930's, mid-1970's and again in 1984.

Limited drilling (3 holes totaling 162.5 metres) was completed by previous owners, Yamoto Industries Limited, in 1978. The objective of these programs was to locate the source of high grade gold mineralization found in large angular boulders of quartz-veined feldspar - hornblende porphyry (discovery site). This drilling was near the Number one shaft, in the Southeast corner of the property and drill logs report barren "seppentine".

A total of \$63,000, has been spent since 1978 on this property by Laramide and others in the said earlier exploration programs (including the said drilling).

Gold values up to 45.2 gm/tonne over 20 cm. were reported to be present in quartz stringers from the discovery site. Recent trenching in that locality has uncovered possible bedrock that assayed 10.2 gm/tonne gold (character sample). Low gold values (100 to 1,000 ppb gold) are also reported from quartz-veined porphyries and locally mineralized country rock up to 800 metres away from the discovery site. Quartz-veined and gold-bearing porphyries are extensively silicified, ankeritized, and carry variable amounts of pyrite, subordinate chalcopyrite and minor galena.

There is no surface plant or equipment on this property. There is approximately 240 metres of underground workings but these are now largely caved and inaccessible. No known body of commercial ore presently exists on this property.

According to Luca Riccio, Ph.D., in his report dated September 22, 1985 which is included in this prospectus, the geological setting and style of alteration and mineralization is comparable

to that found in many of the Archean gold camps of the Abitibi greenstone belt. Dr. Riccio concludes that gold mineralization at the Alliea property may be of potential economic significance and has recommended a two-phase exploration program as follows:

- Phase I: Induced polarization survey, cat and backhoe trenching and exploratory diamond drilling:.....\$ 72,930
- Phase II: Detailed trenching and diamond drilling all as set out in his report here included:.....\$202,950

In exchange for flow through shares of the Issuer, certain directors have carried out a portion of the recommended Phase I work by conducting the line cutting, induced polarization survey, the bulldozer and backhoe trenching and 56 metres of diamond drilling in one hole, at a total cost of \$30,295. This amount was actually \$4,410 under the \$34,705 budgeted for this work by Dr. Riccio. The induced polarization program disclosed the presence of one weak geophysical anomaly at the edge of the surveyed area. Because the anomaly appears to extend beneath a basalt cap, further exploration by geophysical methods is unlikely to be useful. Trench No. 1 uncovered further mineralized materials which are believed to be bedrock. Three grab samples from the area uncovered, (at a depth of 9 metres under overburden), assayed 0.08, 0.09, and 0.19 oz. gold per ton respectively. These samples were taken from an area 3 metres in length before the trench collapsed. Trench 2 uncovered decomposed picrite. Trench 6 exposed fresh basalt, but failed to penetrate beneath the unconformity. New material uncovered in trenching along the road below Trench 6 returned weakly anomalous gold values. The diamond drill hole did not reach targeted depth due to severe weather conditions. However, casing was left in place to permit completion of the hole.

The Issuer intends to complete the remainder of Phase I including completion of the drill hole, at a further estimated cost of \$38,225, to be paid from the net proceeds of this issue.

Phase II of the program, if warranted, will be funded, for the most part, by subsequent equity issues or from cash flow or by farmout. However, since the recommended Phase I program includes only 350 metres of diamond drilling and the option requires 1,500 feet (455 metres) in 1986, the sum of \$15,015 has been reserved out of the proceeds of the Offering to be expended in 1986 on a further 105 metres of diamond drilling and associated assays, supervision, reporting and contingencies, if Phase I results warrant proceeding. If Phase I results do not warrant proceedings, any amount due to Laramide because of a shortfall in diamond drilling will be paid by the Issuer from its existing working capital, and not from the proceeds of the Offering.

II. The Big Property

By an agreement dated as of February 12, 1986, (the "Option Date") made between the Issuer, as optionee, and Brian Mountford & Associates Ltd. (of Vancouver, British Columbia) and Dawson Geological Consultants Ltd. (of Kamloops, British Columbia) (the "Optionors"), the Issuer acquired an option of 100% of the Optionors' interest in the Big Property. The consideration for the Issuer's option was \$5,000 cash, to be paid to Dawson Geological Consultants Ltd. representing repayment of out-of-pocket expenses, and 10,000 shares to be issued to Brian Mountford & Associates Ltd. at the time this Prospectus is received by the Superintendent. Dawson Geological Consultants Ltd. is owned by the Issuer's director, James M. Dawson. Brian Mountford & Associates Ltd. deals at arm's length with the Issuer.

The Issuer's Option may be exercised by delivery of a further 90,000 shares to Brian Mountford & Associates Ltd. before February 12, 1987, or, at the Issuer's option, in optional staged amounts, as follows:

<u>Before</u>	<u>Shares</u>
February 12, 1987	20,000
February 12, 1988	30,000
February 12, 1989	<u>40,000</u>
Total:	90,000 =====

Each delivery of shares towards exercise is subject to prior regulatory approval.

The Optionor's interest in the Big Property is itself an optional right to acquire such property from Consolidated CSA Minerals Inc., of Toronto, Ontario, a public company which deals at arm's length with the Issuer. This right arises under an agreement in writing between the Optionors and Consolidated CSA Minerals Inc., dated as of February 12, 1986 (the "CSA Agreement").

While the Issuer's option is in force, the Issuer will have the unimpeded right to explore the Big Property and during the currency of the Issuer's option and for six (6) months thereafter, the Issuer must honour all obligations of the Optionors under the CSA Agreement. Upon exercise of the Issuer's option, the Issuer will have acquired the Optionors' rights under the CSA Agreement.

The CSA Agreement allows the Optionors (and accordingly, the Issuer) to earn a 100% interest in the Big Property, subject only to a 2 1/2% Net Smelter Return (as defined in the CSA Agreement) (the "NSR") in favour of CSA. To honour the obligations of the Optionors under the CSA Agreement, the Issuer will be obliged to

make the following cash payments and work program expenditures which will when completed earn a 100% interest in the property subject to the "NSR":

Cash Payments

<u>On or Before</u>	<u>Amount</u>
April 1, 1987	\$ 5,000
April 1, 1988	\$ 10,000
April 1, 1989	\$ 10,000
April 1, 1990	\$ 10,000
April 1, 1991	\$ 10,000

Exploration Programs:

<u>Year ending March 31</u>	<u>Minimum Expenditures</u>
1987	\$35,000
as below *	\$75,000 more *

- * to be executed on or before the March 31 immediately following any year after 1986 in which the London Bullion Dealers afternoon gold price has averaged \$350 per ounce (U.S. Funds) or higher during the period between September 1 and December 31. The earliest date by which this expenditure is due is March 31, 1988.

The NSR payments in each year prior to 1991 will be 2 1/2% of the Net Smelter Returns from actual production, less \$10,000. In each year after 1991, there will be minimum payments on account of the NSR of \$20,000 per year, whether or not there is production from the property.

The CSA Agreement provides that the costs of staking the Big #2 claim, being \$1,567, and the costs of road layout work and initiation of the permitting process, being \$3,243 in 1985 and \$1,034 in 1986, all count towards the 1987 minimum expenditures with the result that the Issuer has now satisfied \$5,844 of the required 1987 expenditure.

The CSA Agreement provides for an area of mutual interest of 1 km. from the perimeter of the Big Claim. Expenditures by the Issuer on property acquisitions within the area of mutual interest will count towards minimum expenditures on the CSA Agreement exploration programs.

The Big Property is located in the Lillooet Mining Division, British Columbia and consists of 2 claims totalling 36 units as follows:

<u>Claim Name</u>	<u>Record No.</u>	<u>No. of Units</u>	<u>Expiry Date</u>
Big	1367	20	June 11, 1989
Big #2	3378	16	October 10, 1986

The Big Property covers the summit and north slopes of Big Sheep Mountain which is located about 23 kilometres northeast of the town of Goldbridge and is accessible to within 1 1/2 kilometres via the Bridge River road and the Marshall Lake logging road system.

The property was first staked in 1980 by Dupont of Canada Exploration Ltd. to cover the source of a gold-silver geochemical anomaly. Subsequent work in 1980, 1981 and 1982 which was completed by Dupont at a cost of \$25,000 total, delineated a gold-silver soil geochemical anomaly approximately 900 metres long and 300-350 metres wide. The anomaly is centred upon a 450 metre by 300 metre plug-like body of altered, fractured and quartz-veined rhyolite porphyry. vein quartz is crystalline and drusy and is locally associated with tetrahedrite. Gold and silver values up to 19.2 gm./ton gold and 541.9 gm./ton silver have been found in one character sample of quartz veined rhyolite porphyry and other anomalous gold and silver values were obtained from similar samples of rhyolite porphyry.

There is no underground or surface development or equipment on this property and no known body of commercial ore presently exists on this property.

According to Luca Riccio, Ph.D. in his report dated September 14, 1985, which is included in this prospectus, this property represents a good target for stockwork, bulk tonnage gold-silver mineralization. The program recommended by Dr. Riccio consists of two phases as follows:

- Phase I: Road construction and exploratory diamond drilling.....\$ 79,200
- Phase II: Detailed diamond drilling.....\$200,000

The Issuer has completed part of the recommended Phase I program at a cost of \$5,844. The Issuer intends to complete Phase I of the said program at a further cost of \$73,356 to be paid from the net proceeds of this issue.

Phase II of the program, if warranted, will be funded by subsequent equity issues or from cash flow or by farm out.

III. The VS Property

The Issuer acquired the rights to transfer of 2 claims totalling 40 units in the Kamloops Mining Division, near Vavenby, British

Columbia, (the "VS Claims"). These claims are now held by the Issuer. The cost of the VS claims was \$2,325, being staking and recording costs.

The VS property is located in the Kamloops Mining Division, British Columbia and consists of 2 claims totalling 40 units as follows:

<u>Claim Name</u>	<u>Record No.</u>	<u>No. of Units</u>	<u>Expiry Date</u>
VS #1	6441	20	November 20, 1986
VS #2	6442	20	November 20, 1986

The claims cover portions of a northerly sloping hillside immediately south of the North Thompson River near Vavenby, British Columbia, and is easily accessible from the nearby Yellowhead Highway.

According to James M. Dawson, who staked the property, the property is underlain by various volcanic and clastic sedimentary units of the Eagle Bay formation which are known to most numerous occurrences of volcanogenic sulphides in the Adams Plateau-Barriere-Clearwater District. To Mr. Dawson's knowledge, a number of mineral showings of the volcanogenic type are located in the immediate vicinity of the property. The property is regarded by Mr. Dawson as a prospective to host strataform polymetallic sulphides of the Homestake (Kamad Silver) or Hilton (Rea Gold) type.

The Issuer does not intend to spend any of the proceeds of this issue on the VS claims. Assessment work of \$4,000 (\$100 per unit) will be funded from existing working capital.

6. INCORPORATION WITHIN ONE YEAR - PRELIMINARY EXPENSES

For the initial fiscal period from incorporation to December 31, 1985, the Issuer has incurred \$13,588 in administrative expenses and \$38,910 in development expenses (including the expenditures for which flow-through shares were issued). For the fiscal year ending December 31, 1986, the Issuer expects to incur \$50,000 in administrative expenses (which includes the expenses of this offering) and \$118,182 in development expenses (which includes the intended property work on the Allies and Big properties and assessment work on the VS Property) and might include a further \$15,015 on development expenses for additional diamond drilling in 1986 on the Allies property. If so, total development expenses will be \$133,197.

7. PROMOTERS

Pursuant to the definition in the Securities Act, (British Columbia), the persons set out in the following chart are the promoters of the Issuer:

<u>Name</u>	<u>Number of Shares</u>	<u>Nature of Ownership</u>	<u>Price per Share</u>
Victor F. Erickson	312,500 60,180*	Direct	\$0.01 \$0.25
Jonathan A. Rubenstein	187,500 80,240* 1	Direct	\$0.01 \$0.25 \$0.25
James M. Dawson	250,000 60,000	Direct	\$0.01 \$0.25

* Victor F. Erickson and Jonathan A. Rubenstein received these shares on a flow through basis as set out in "SHARE CAPITAL STRUCTURE AND PRIOR SALES" on page 4 hereof, for expending money on CEE on the Issuer's properties at the rate of one share for each \$0.25 so expended. The Canadian Exploration Expense tax benefits of these expenditures accrued to Mr. Erickson and Mr. Rubenstein and not to the Issuer.

Other Items of Value Received by Promoter From the Issuer

Mr. Erickson and Mr. Rubenstein are directors and officers of, and own shares in, Pacific Minsearch Limited, a British Columbia reporting company, which, as of January 1, 1986, receives rent and office services payments of \$350 per month. Total payments for these services from incorporation to date at varying monthly rates has totalled \$2,400.

Mr. Dawson's company, Dawson Geological Consultants Ltd., has received \$32,159 (from incorporation to date) from the Issuer for geological consulting services and disbursements relating to the bulk of the programs undertaken by the Issuer on its properties. As well, Mr. Dawson is to receive \$5,000, being reimbursement of his out-of-pocket expenses, in connection with acquisition of the Big Property by the Issuer.

La Van MacKinlay, a law firm with whom Mr. Rubenstein was previously associate counsel, received \$10,082 in legal fees and disbursements from the Issuer (from incorporation to date), and legal fees and disbursements of \$10,118 have been billed by, and further legal fees and disbursements are accruing at this time to, Briant, Angus, McClellan & Rubenstein, a law firm of which Mr. Rubenstein is a partner.

8. PENDING LEGAL PROCEEDINGS

There are no legal proceedings of which the Issuer or its directors and officers are aware to which the Issuer is a party or of which any of its properties are the subject nor are any such proceedings pending or contemplated.

9. DIVIDEND RECORD

The Issuer has not paid any dividends on its common shares. The Issuer has no present intention of paying dividends on its common shares, as it anticipates that all available funds will be invested to finance the growth of its business.

10. DIRECTORS AND OFFICERS

The name, address, position with the Issuer of each director and officer of the Issuer and the principal business or occupation in which each director and officer of the Issuer has been engaged during the immediately preceding five years, is as follows:

VICTOR FREDERIC ERICKSON, #206 - 2466 West 3rd Avenue, Vancouver, British Columbia, V6K 1L8, President and Director; Mr. Erickson has held the following principal occupations: Metallurgist, Conzinc Riotinto of Australia, 1968 - 1971; Assistant to president of Long Lac Mineral Exploration Ltd., 1973 - 1975; self-employed mining consultant 1975 -1979; President and Director of Ventures West Minerals Ltd. 1979 - 1982; President and Director of Westley Mines Ltd. 1980 -1982; 1982 to date: self-employed mining consultant and President of Pacific Minesearch Limited; Mr. Erickson holds an M.B.A. (1973) from York University and a B.A.Sc., (1967) University of British Columbia, and is a Registered Professional Engineer (Mining) in British Columbia.

JONATHAN ARN RUBENSTEIN, 885 3rd Street, West Vancouver, B.C. V7T 2J2, Director: Mr. Rubenstein has been a solicitor in private practice in British Columbia since 1977.

JAMES MARTIN DAWSON, #2 - 423 First Avenue, Kamloops, British Columbia, V2C 3J8, Director: Mr. Dawson worked for several mining exploration companies before joining the geological consulting firm of Kerr Dawson and Associates Ltd. as a partner in 1972. In 1985 he formed the consulting company of Dawson Geological Consultants Ltd. From 1983-85 he was a director of Eureka Resources Inc. Mr. Dawson holds B.Sc. and M.Sc. degrees in geology from the Memorial University of Newfoundland and is a registered Professional Engineer (Geological) in British Columbia.

JAMES WALTER PRIER, 3592 Oxford Street, Vancouver, British Columbia, V5K 1P1, Secretary; Since 1979 Mr. Prier, carrying on as James Prier Associates, has provided consulting advice regarding the acquisition of ownership interest in strategic metals and high tech industries on behalf of a private Ontario investment group. In 1981 he carried out a staking and prospecting program from Borealis Explorational Services Ltd. and a field program for Alaska

Apollo Gold Mines Ltd. During 1982-1983 Mr. Prier was supervisor of a successful drilling program for the Berglynn Goldstar Project, Silver Star, Montana and provided consulting services for Omni Resources Ltd. and Berglynn Resources Inc. From 1984 to the present, Mr. Prier has been engaged as a consultant to various companies and as a director and Vice-President of Pacific Minesearch Limited.

11. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

The Issuer has paid the Directors and Senior Officers as set out in "PROMOTERS" on page 13 hereof. No other remuneration has been paid to directors and senior officers of the Issuer to date.

The Issuer has no pension plans.

The Issuer does not propose to pay any salaries to directors or senior officers as such during the current years. However, it is anticipated that Briant, Angus, McClellan & Rubenstein, a firm in which Mr. Rubenstein is a partner, will be paid for legal services rendered to the Issuer from time to time, on an ongoing basis, that Pacific Minesearch Limited will continue to be paid \$350 per month for office services and rental, that Dawson Geological Consultants Ltd. will be paid per diem rates for geological consulting services when rendered from time to time on an ongoing basis. In addition, it is intended that V.F. Erickson Consultants Limited, Mr. Erickson's company, will be paid \$1,000 per month, for general administrative services and for the services of Mr. Erickson, commencing following the date the Issuer's shares are called for trading on the Vancouver Stock Exchange.

12. OPTIONS TO PURCHASE SECURITIES

As of the date of this Prospectus the following options to purchase shares in the capital of the Issuer, issued to directors, senior officers and employees of the Issuer are outstanding:

<u>Optionee</u>	<u>Number of Common Voting Shares</u>	<u>Price</u>	<u>Expiry Date</u>
Victor F. Erickson (Employee's Option)	41,175	\$0.50	November 27, 1987
James W. Prier (Employee's Option)	10,000	\$0.50	November 27, 1987
James M. Dawson (Director's Option)	41,175	\$0.50	November 27, 1987
Jonathan A. Rubenstein (Director's Option)	41,175	\$0.50	November 27, 1987

There was no market for the Issuer's shares at the time these options were granted, nor is there a market at the date of this Prospectus. Mr. Erickson provides services as President and day to day management services to the Company.

The options to directors must be approved by shareholders in general meeting prior to exercise. Each option is cancelled upon 30 days following sale of the Issuer's undertaking as a whole, or upon 30 days following termination of the optionee's employment or directorship or upon 92 days following the optionee's death.

13. ESCROWED SHARES

Pursuant to the terms of an Escrow Agreement dated for reference as of the 30th day of September, 1985, between the Issuer, Victor F. Erickson, Jonathan A. Rubenstein, James M. Dawson and The Canada Trust Company, 750,000 shares are held in escrow by The Canada Trust Company, 1055 Dunsmuir Street, Vancouver, British Columbia.

The said shares are restricted and any dealings with them are subject to the direction or determination of the Superintendent of Brokers for British Columbia ("Superintendent") and will be subject to the order of the Vancouver Stock Exchange in the event of listing of the Issuer's shares on the Vancouver Stock Exchange. The escrow restrictions prohibit all trading or dealing in any manner with, or release of, the said shares without the consent of the Superintendent or Vancouver Stock Exchange as the case may be and further prohibit the recording of trading or any transfer of the said shares prior to release from escrow without such consent.

In the event that any shares are not released from the escrow created before the expiration of ten years from the Effective Date of this Prospectus, those shares are to be cancelled forthwith by the Escrow Holder.

The complete text of the Escrow Agreement is being filed with the Prospectus at the office of the Superintendent and is available for inspection at the registered office of the Issuer, located at the World Trade Centre, 550 - 999 Canada Place, Vancouver, British Columbia.

The following chart sets out the Escrowed Shares information:

<u>Designation of Class</u>	<u>Number of Shares To be held in Escrow</u>	<u>Percentage of Class *</u>
Common Voting	750,000	45.25%

* after all shares sold hereunder are issued and after the issue to Brian Mountford & Associates Ltd. of the 10,000 share down payment described in Item 6 II hereof, but before issue of

shares for exercise of the Agents' warrants or Greenshoe Option, if any.

14. POOLED SHARES

None of the shares of the Issuer are pooled.

15. PRINCIPAL HOLDERS OF SECURITIES

As of the date of this Prospectus, to the knowledge of the Issuer, the following persons hold more than 10% of the issued shares of the Issuer:

<u>Name and Address</u>	<u>Class</u>	<u>Type of Ownership</u>	<u>Number of Shares Owned</u>	<u>% of Class</u>
Victor F. Erickson #206 - 2466 West 3rd Avenue, Vancouver, B.C. V6K 1L8	common voting	direct	372,680	32.5%
James Martin Dawson 2 - 423 First Ave., Kamloops, B.C. V2C 3J8	common voting	direct	310,000	27.0%
Jonathan A. Rubenstein 885 - 3rd Street West Vancouver, B.C. V7T 2J2	common voting	direct	267,741	23.3%

As of the date of this Prospectus, the directors and senior officers as a group own, directly or indirectly, 954,421 shares of the Issuer representing 83.18% of the issued shares.

As of the date of the Prospectus, the promoters, directors and officers of the Issuer and their associates, and associates of the Agent, as a group own directly or indirectly 979,421 shares of the Issuer representing 85.36% of the issued shares. On completion of the sale of the shares offered under this Prospectus, and after issue to Brian Mountford & Associates Ltd. of the 10,000 share down payment described in Item 6 II hereof, the said persons will continue to hold 979,421 shares which will then represent 59.09% of the issued shares of the Issuer.

Underwriters as a group own directly or indirectly 40,000 shares of the Issuer, representing approximately 3.5% of the issued shares, which were issued for cash of \$0.25 per share. On completion of the sale of the shares offered under this Prospectus, and after issue to Brian Mountford & Associates Ltd. of the 10,000 share down payment described in Item 6 II hereof, the said persons will continue to hold 40,000 shares which will then represent 2.4% of the issued shares of the Issuer. The said

persons have undertaken not to sell such shares until filing notice of such sale with regulatory authorities, and not to sell the said shares prior to the expiry of six months from the date of listing of the Issuer's shares on the Vancouver Stock Exchange.

The shares being offered by this Prospectus represent approximately 30.2% of the total shares to be issued on completion of this issue and after issue to Brian Mountford & Associates Ltd. of the 10,000 share down payment described in Item 6 II hereof.

16. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

The directors, senior officers, 10% shareholders and their associates or affiliates have no direct or indirect material interests in transactions within the last three years, or in proposed transactions, which materially affected or will materially affect the Issuer, other than as disclosed herein.

17. AUDITORS, REGISTRAR AND TRANSFER AGENT

The auditors of the Issuer are Lohn & Company, Chartered Accountants, 837 Homer Street, Vancouver, British Columbia, V6B 2W2.

The Registrar and Transfer Agent is The Canada Trust Company with offices at 1055 Dunsmuir Street, Vancouver, British Columbia.

18. MATERIAL CONTRACTS

There are no other material contracts other than those disclosed in this Prospectus. Copies of all material contracts have been filed with this Prospectus at the office of the Superintendent of Brokers for British Columbia and may be inspected at the registered offices of the Issuer during normal business hours while primary distribution of the shares offered hereunder is in progress and for thirty (30) days thereafter.

19. RISK FACTORS

Mineral exploration and development are speculative businesses, marked, among other things, by unprofitable efforts resulting not only from the failure to discover mineral deposits but from finding mineral deposits which, though present, are insufficient in size to return a profit from production. The marketability of minerals acquired or discovered by the Issuer may be affected by numerous factors which are beyond the control of the Issuer and which cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection. The minerals industry is

intensely competitive and the Issuer will be competing with other companies that have greater resources.

The Issuer has obtained title opinions on portions of the acreage of its lands. All title opinions now in the possession of or available to the Issuer have been filed with this Prospectus at the office of the Superintendent of Brokers for British Columbia and will be available for inspection at the Issuer's registered and records office during the primary distribution of the securities offered by this Prospectus. The existence of title opinions should not be construed to suggest that the Issuer has good and marketable title to all of the properties described in this Prospectus; the mining claims of the Issuer have not been surveyed and accordingly the precise location of the boundaries of the claims and ownership of mineral rights on specific tracts of land comprising the claims may be in doubt.

Some of the directors and officers of the Issuer are involved in a number of companies similar to the Issuer; however none of such companies are directly in competition with the Issuer. The Issuer and its directors are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosures by directors of conflicts of interest and the Issuer will rely upon such laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty by directors or officers.

20. LEGAL MATTERS

Legal matters in connection with the sale of securities offered hereunder will be reviewed on behalf of the issuer by Briant, Angus, McClellan & Rubenstein, of Vancouver, British Columbia.

21. OTHER MATERIAL FACTS

Jonathan A. Rubenstein, a director of the Issuer, and two of his partners in the firm Briant, Angus, McClellan & Rubenstein, beneficially and directly hold in the aggregate 275,741 of the issued shares of the Issuer. Mr. Rubenstein is the solicitor primarily responsible for the preparation of this Prospectus and for advice to the Issuer with respect to the contents hereof.

There are no other material facts relating to the shares offered under this Prospectus other than those disclosed pursuant to the foregoing items.

22. STATUTORY RIGHTS OF RESCISSION AND WITHDRAWAL

Sections 59, 60 and 61 of the Securities Act (British Columbia) provide, in effect, that where a security is offered to the public in the course of primary distribution:

- (a) a purchaser has the right to rescind a contract for the purchase of a security while still the owner thereof if

a copy of the last prospectus, together with financial statements and reports and summaries of reports relating to the securities as filed with the Superintendent, was not delivered to him or his agent prior to delivery of the written confirmation of the sale of the securities to either of them, provided that written notice of intention to commence an action for rescission must be served on the person who contracted to sell within sixty (60) days of the date of delivery of the written confirmation, but no action shall be commenced after the expiration of three (3) months from the date of service of such notice;

- (b) a purchaser has the right to rescind a contract for the purchase of such security, while still the owner thereof, if the Prospectus or any amended Prospectus issued with such security contains an untrue statement of material fact or omits to state a material fact necessary in order to make any statement therein not misleading in the light of the circumstances in which it was made, but no action to enforce this right can be commenced by a purchaser after expiration of ninety (90) days from the later of the date of such contract or the date on which such Prospectus or amended Prospectus is received or is deemed to be received by him or his agent.

Reference is made to the aforesaid Act for the complete texts of the provisions under which the foregoing rights are conferred and the foregoing summary is subject to the express provisions thereof.

REPORT ON THE ALLIES PROPERTY

For Relay Creek Resources Ltd
711-850 West Hastings Street
Vancouver, B.C., V6C 1E1

KAMLOOPS MINING DIVISION

NTS 92I/15E

Luca Riccio, PhD.
Geological Consultant

September 22, 1985

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SUMMARY

The Allies property consists of 2 metric claims totaling 24 units located in moderate terrain 30 km northwest of Kamloops, B.C. The property is accessible by road.

The area covers an erosional/tectonic window of ultramafic and mafic rocks intruded by porphyries. These rocks are overlain by Miocene plateau basalts. Outcrop at the property is very scarce. Overburden is 5-15 m thick.

The claims cover showings probably discovered in the early 1900's and explored in the early 1930's, mid 1970's, and again in 1984. Only very limited drilling (3 holes totalling 162.5 m) has been carried out to date. The objective of these exploration programs was to locate the source of high grade gold mineralization found in large angular boulders of quartz veined feldspar \pm hornblende porphyry (Discovery Site).

Gold values of up to 45.2 g/t Au over 20 cm were reported to be present in quartz stringers from the Discovery Site. Recent trenching in that locality has uncovered possible bedrock that assayed 10.2 g/t Au (character sample). Low gold values (100-1000 ppb Au) are also reported from quartz-veined porphyries and locally mineralized country rock up to 800 m away from the Discovery Site. Quartz-veined and gold bearing porphyries are extensively silicified, ankeritized, and carry variable amounts of pyrite, subordinate chalcopyrite, and minor galena.

It is believed that the lithologic assemblages and style of alteration mineralization at the Allies property can be compared to those found in many of the Archean gold camps of the Abitibi Belt.

A two phase exploration program has been recommended to further evaluate the property. The first phase will include line cutting, an IP Survey, cat and backhoe trenching, and preliminary diamond drilling at an estimated cost of \$ 72,930.00. Phase II, contingent upon success of phase I, will consist of further trenching and more extensive diamond drilling at a cost of \$ 202,950.00.

INTRODUCTION

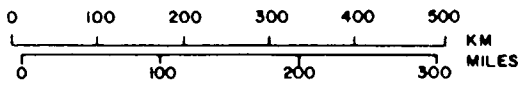
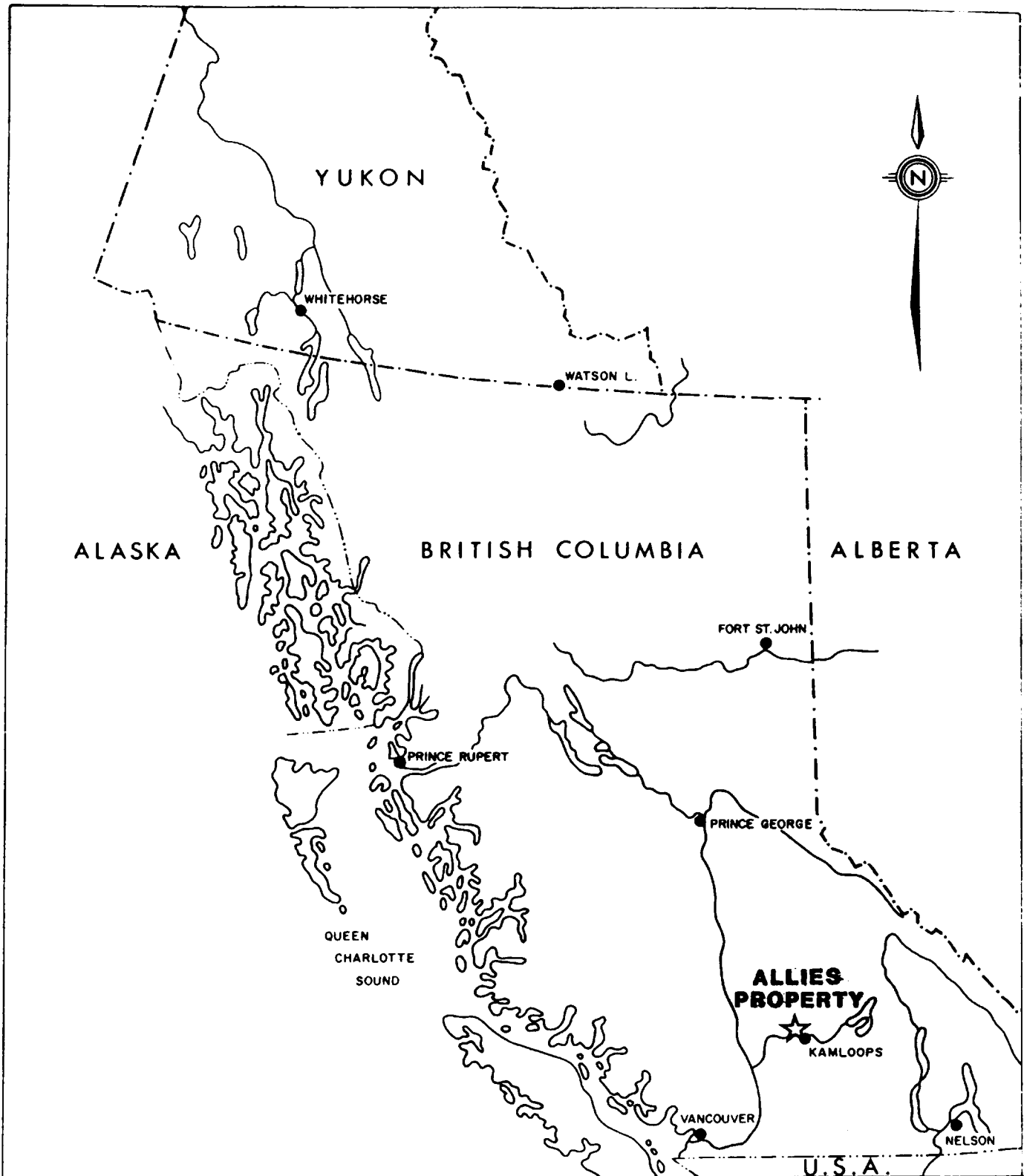
Relay Creek Resources Ltd. has commissioned L. Riccio to compile this report on the Allies property, synthesizing the work carried out to date and recommending an appropriate exploration program for further evaluation.

This report is based on a one day field examination carried out on September 14, 1985 and a review of all available literature. The writer's observations are in general agreement with those presented in technical reports dealing with the property.

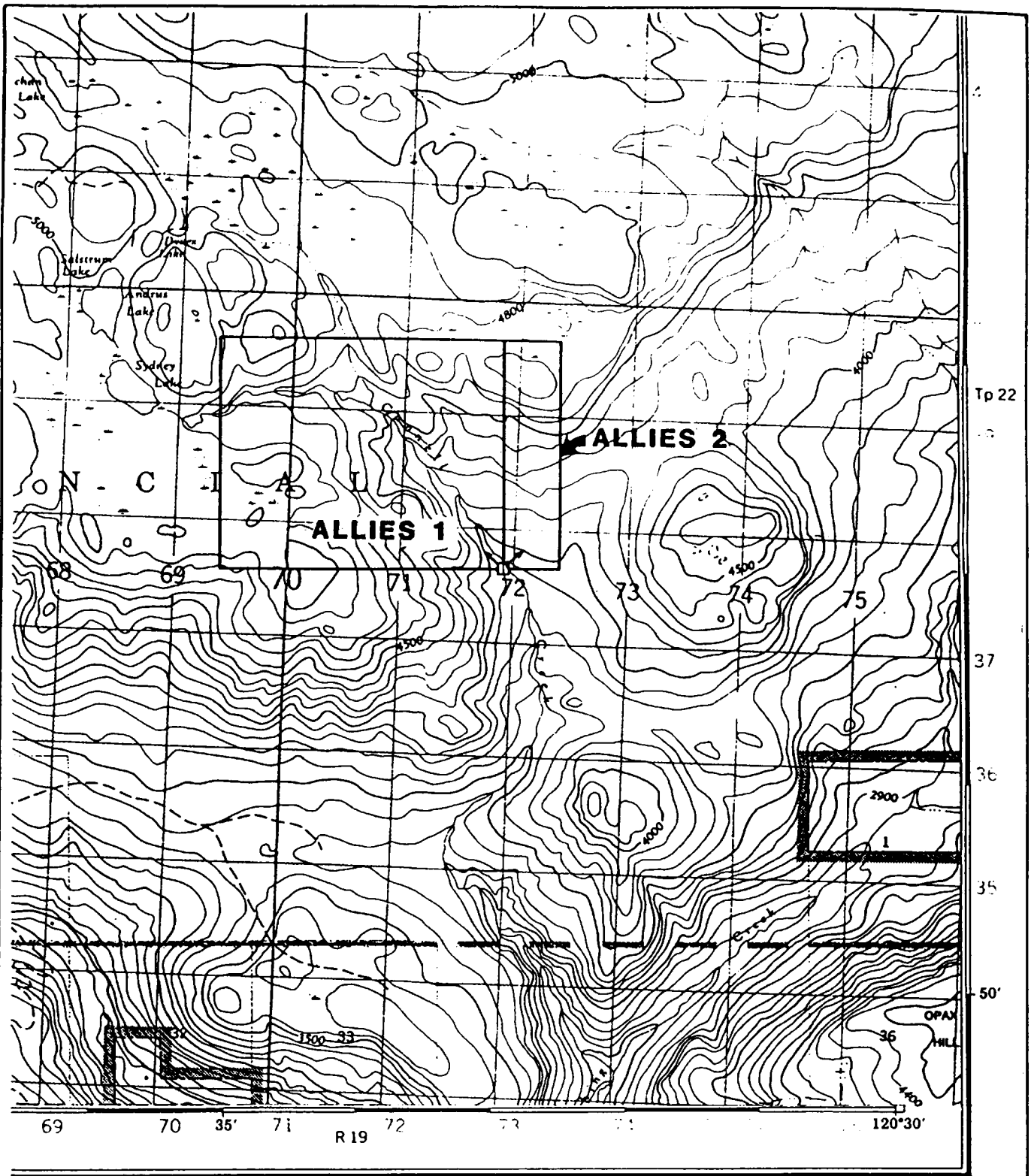
Location, Physiography, Access

The property is located 30 km northwest of Kamloops, B.C. at 50°52' N latitude and 120°34' W longitude (figure 1).

The claims lie along the southern edge of the Bonaparte Plateau and are bisected by the northwest trending Cannell River Valley. Elevations range from 1200 m at the southeast corner of the property to 1460 m in the northwest. A mature coniferous forest occupies the valley bottom and north facing slopes. Upland areas and south facing slopes are generally more open and covered by lodgepole pine.



RELAY CK. RESOURCES LTD.		
ALLIES PROPERTY LOCATION MAP		
As shown	92 1/15	D.M.C. 12881.00 SEPT, 85



RELAY CK. RESOURCES LTD.

**ALLIES PROPERTY
CLAIM MAP**

Geology by:	Drawn by: D.M.C.	Date: SEPT, 85
Scale: 1:50,000	N.T.S. 92 1/15E	Figure no. 2

Access to the property is from Kamloops via all weather gravel roads leading to McQueen Lake (15 km) and thence to Cannel Creek (10 km). From there a poor quality 4x4 wheel drive road follows the east bank of Cannell Creek leading to the main showing area, a distance of approximately 3 km.

Property and Ownership

The property consists of two metric claims totalling 24 units (figure 2). The claims are recorded as follows:

<u>Claim Name</u>	<u>Units</u>	<u>Record No.</u>	<u>Expiry Date</u>
Allies 1	20	3617	June 23, 1995
Allies 2	4	6308	July 19, 1986

The registered owner of the claims is Laramide Resources Ltd. Relay Creek Resources Ltd. is in the process of negotiating an option agreement with the owners. The writer has investigated title to the mineral claims and personally examined the common Legal Corner Post to the Allies 1 and Allies 2 claims in the field.

History

Early references to the Allies property are found in the BCDM Annual Reports for 1924, 1931, 1932 and in BCDM Bulletin No. 1 (O'Grady, 1932). These reports refer to high grade gold mineralization (up to 20.6 g/t Au over 2.4 m or 98 g/t Au from selected high grade samples) associated with decomposed rusty material and quartz stringers in an area underlain by feldspar porphyries and olivine basalt. According to Cockfield (1961) the original discovery consisted of large blocks of quartz-veined porphyry interpreted to be outcrops. Gold values from quartz vein material are reported to have been as high as 45.3 g/t over 20 cm. A

shaft sunk in the vicinity of the discovery "outcrop" (shaft No. 1 or Discovery Shaft) failed to reach bedrock, thus demonstrating that the discovery "outcrop" was indeed float.

In 1933-34 an extensive program of underground development (3 shafts and 4 or 5 adits totalling at least 240 linear metres) was implemented to locate the source of the high grade mineralization (BCDM Annual Report 1933; Cockfield 1961) to the west and southwest of the Discovery Shaft. No high grade mineralization was encountered. However, quartz-veined porphyries carrying low grade gold mineralization were located as far as 460 m southwest of the No. 1 shaft.

The property lay dormant until 1967 when new claims (Bob and Dog Groups) were staked in the area and minor trenching carried out around the old workings.

In 1972-73 geophysical (Mag, VLF-EM; Mark, 1973) and geological-geochemical (Sookochoff, 1973) surveys were conducted by Bon Val Mines Ltd. This work led to the definition of weak Cu-Au gold anomalies in areas of auriferous porphyry float, as well as VLF-EM anomalies partly coincident with magnetic lows.

In the mid 70's Bon Val Mines was reorganized as Yamoto Industries and the property restaked as the Cannel Claim. Work by Yamoto Industries included an extensive (800 samples) soil sampling survey (Mark, 1976) which outlined five gold geochemical anomalies (> 40 ppb Au) and minor diamond drilling (162.5 m in three holes) in the vicinity of the No. 1 Shaft (Sookochoff, 1978). The latter only intersected barren "serpentine" throughout.

In 1984 title to the property was awarded to Laramide Resources Ltd. after a lengthy legal dispute.

Work by Laramide in 1984-85 (Dawson, 1984; Leishman and Dawson, 1985) consisted of road construction, trenching, geological mapping and geochemical rock, soil and drainage surveys. Trenching in the vicinity of the No. 1 Shaft uncovered possible bedrock of quartz-veined and sulphide bearing porphyry that assayed 10.2 g/t Au.

REGIONAL GEOLOGY

Basement rocks in the region (figure 3) consist of fine clastic sediments, epiclastic rocks, tuffs and mafic flows of the Upper Triassic Nicola Group, subordinate granitoid and ultramafic intrusions of Triassic and (?) Jurassic age, and minor clastic sediments assigned to the Sinemurian to Callovian Ashcroft Formation. The Mesozoic rocks are faulted against volcanics and subordinate sediments of the Eocene Kamloops Group. Both Mesozoic and Eocene assemblages are extensively overlain by Miocene Plateau basalts in the northern part of the map area (figure 3).

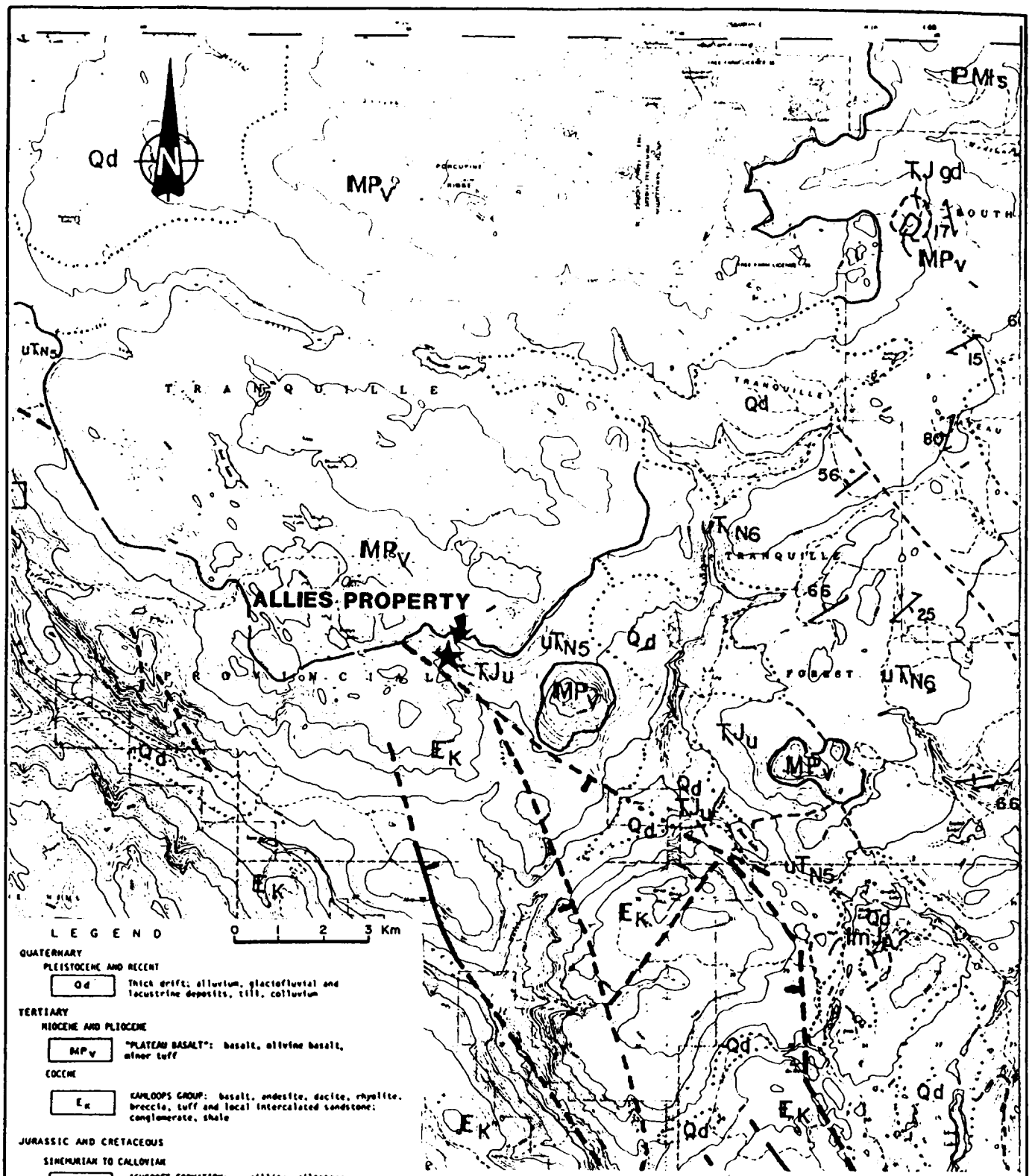
Tertiary horst and graben block faulting is the dominant structural feature in the region.

PROPERTY

Geology

The property is largely covered by Miocene Plateau basalts. Older rocks consisting of picrites, Nicola "greenstones", and porphyry dykes are confined to a 600 m x 400 m erosional/tectonic window (figure 4). Exposures of pre-Miocene rocks are minimal and almost exclusively confined to areas of workings.

Plateau basalts are black, fine grained, massive to olivine porphyritic, occasionally amygdaloidal and columnar jointed. The basalts locally overlie a poorly stratified unit, up to 30 m thick, composed of volcanic wacke and conglomerate.



LEGEND

- QUATERNARY**
PLEISTOCENE AND RECENT
 Qd Thick drift; alluvium, glaciofluvial and lacustrine deposits; till, colluvium
- TERTIARY**
MIOCENE AND PLEISTOCENE
 MPv "PLATEAU BASALT": basalt, olivine basalt, minor tuff
- Eocene**
 Ek KAPLOOPS GROUP: basalt, andesite, dacite, rhyolite, breccia, tuff and local intercalated sandstone; conglomerate, shale
- JURASSIC AND CRETACEOUS**
SILURIAN TO CALLOVIAN
 ImJ ASHCROFT FORMATION: argillite, siltstone, sandstone, conglomerate, local, minor, carbonate
- TRIASSIC AND (?) JURASSIC**
 TJgd,qm GUICHON CREEK BATHOLITH AND SIMILAR GRANITIC ROCKS: quartz monzonite and granodiorite (qm (gd)); granodiorite, quartz diorite (gd(qd)) and subordinate diorite (d)
- TJgn,d,gb,w Alkaline intrusives of uncertain age but in part probably coeval with Iron Mask Batholith: granite (gn); syenite (s); diorite (d); gabbro (gb); ultramafic rocks including picrite and local serpentine (ul, undifferentiated (i))
- UTK5 NICOLA GROUP: augite porphyry, augite-plagioclase porphyry, volcaniclastic breccia and tuff; interbedded argillite
- UTK6 NICOLA GROUP: argillite, siltstone, volcanic sandstone, local intercalated tuff. Rocks along North Thompson River contain interbedded chert pebble conglomerate, chert, arenite, local carbonate, and minor augite/hornblende porphyry. Northwest of Kamloops, these strata are as old as Middle Triassic

G.S.C. OF 980

RELAY CK. RESOURCES LTD.

ALLIES PROPERTY REGIONAL GEOLOGY

Geology by:	Drawn by: D.M.C.	Date: SEPT, 85
Scale: 1:125,000	N.T.S. 921/15	Figure no. 3

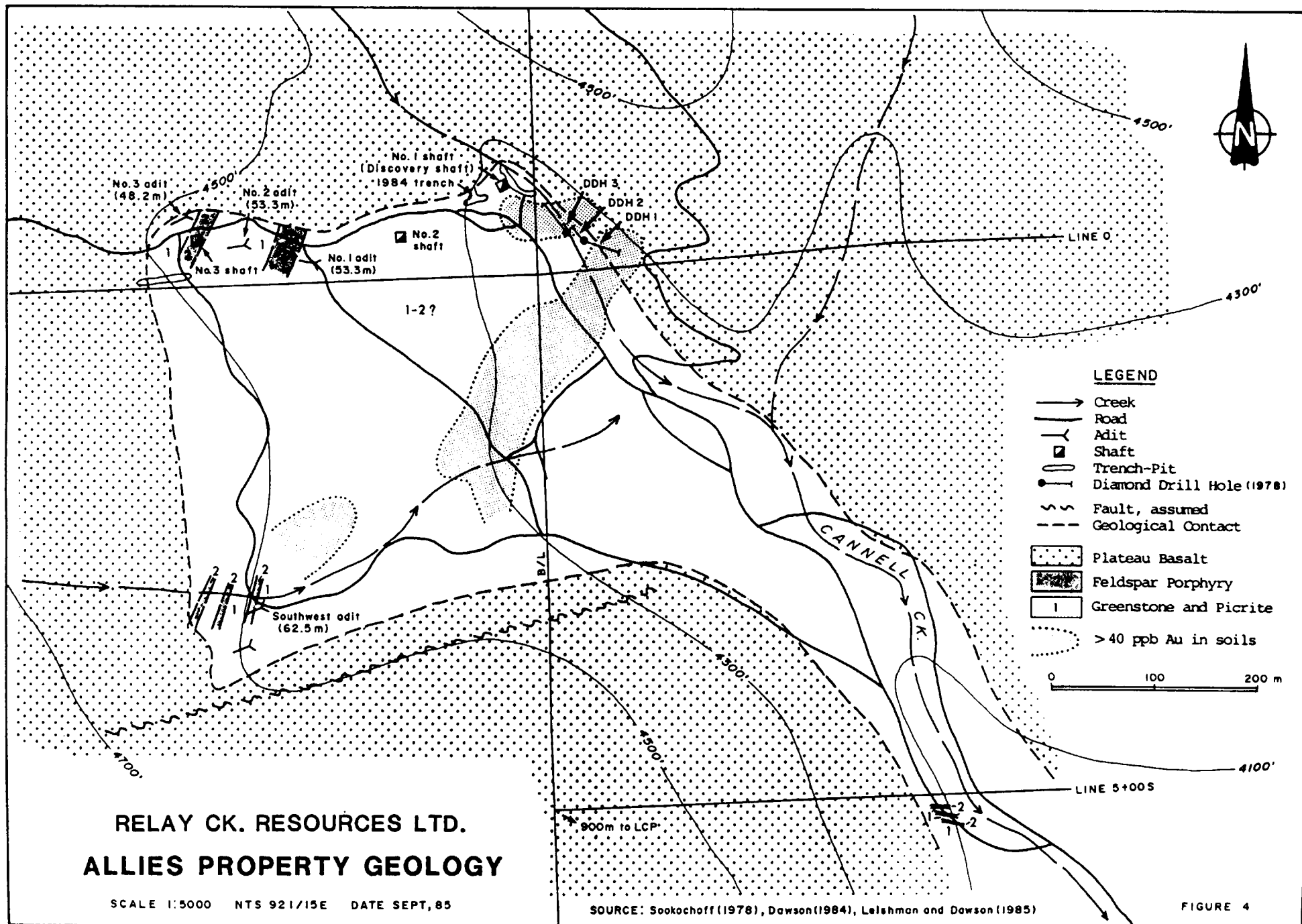
Picrites are green to dark green rocks composed of subrounded serpentized olivine grains (2-5 mm) set in a dark chloritic matrix. Outcrops of picrite are generally deeply weathered and decomposed. "Greenstones" are light green, chloritized and carbonatized, feldspar porphyritic to aphanitic rocks which can be interpreted as either flows or tuffs. Age relationships between "greenstones" and picrites cannot be established in the field. However, according to Monger (1984), the picritic rocks at the Allies property are probably coeval with or slightly younger than the "greenstones".

The feldspar porphyries are grey coloured rocks, composed of 20-30% small feldspar (2-5 mm) and minor hornblende phenocrysts set in a grey aphanitic groundmass. Data from old workings and contact relations observed in the field indicate that they are subvertical and strike NNE or EW.

Alteration and Mineralization

Observations on alteration and mineralization at the Allies property are based on personal close examination of float and outcrops in areas of known gold mineralization. They can be summarized as follows;

1. Gold-bearing, angular feldspar-hornblende porphyry float (up to 8 m³ blocks) near the Discovery Site is cut by subparallel sets of milky and glassy quartz stringers and veins, 1 to 20 cm wide, carrying disseminated pyrite, blebs of chalcopyrite, and minor galena. Vein density accounts for 10 to 30 % of the rock volume. Country rock between quartz veins is strongly silicified and ankeritized. Samples of quartz stringers are reported to have assayed up to 45.2 g/t Au over 20 cm (Cockfield, 1961). One grab sample (85857) collected by Laramide Resources in 1984 (Leishman and Dawson, 1985) returned 11.1 g/t Au.



2. Trenching by Laramide Resources (Leishman and Dawson, 1985) 40 m west and southwest of the No. 1 Shaft uncovered quartz-veined, angular feldspar porphyry float and porphyry material suspected to be suboutcrop. These porphyry fragments are highly fractured, silicified and ankeritized. They are crisscrossed by quartz veins and stringers carrying pyrite (5-10%) and minor chalcopyrite. A composite sample of suspected bedrock assayed 10.2 g/t Au.
3. Sheared, carbonatized "greenstones" cut by quartz-veined porphyry dykes are exposed in the Southern Adit area. In general these porphyries appear more pyritized, more chloritized and less silicified than those near the No. 1 Shaft area. Low (100-1000 ppb Au) and erratic gold values occur in both porphyry and volcanic rocks (Leishman and Dawson, 1985).
4. Narrow (± 1 m) quartz-veined and carbonatized E-W trending feldspar porphyry dykes containing minor disseminated pyrite are exposed on a new road cut on line 5S near Cannell Creek. All porphyry samples collected in 1984 from this locality returned low but anomalous (35-1032 ppb Au) gold values (Leishman and Dawson, 1985).

Geochemistry

Gold anomalies (> 40 ppb Au) outlined by the 1976 survey (Mark, 1976) are shown in figure 4. Silt, soil and pan concentrate samples collected in 1984 (Leishman and Dawson, 1985) were erratically anomalous in gold.

The erratic distribution of gold in soils is probably the result of complex overburden features including locally heavy cover and impervious clay horizons.

CONCLUSIONS AND RECOMMENDATIONS

At the Allies property, an inlier of Mesozoic mafic to ultramafic rocks is cut by feldspar porphyry dykes and overlain by Miocene Plateau basalt.

The porphyry dykes (1 to 30 m wide) range from unaltered to quartz-veined, silicified and heavily ankeritized. Quartz-veined porphyries contain varying amounts of fracture filling pyrite and may carry subordinate chalcopyrite and minor galena.

Significant gold values (>10 g/t Au) are known to occur in angular, locally derived quartz-veined porphyry float, and in suspected subcrop in the vicinity of the Discovery Shaft. Low gold values (100-1000 ppb Au) characterize quartz veined-porphyries found at two widely separated localities up to 800 m south of the Discovery Shaft. Additional gold-bearing porphyries are likely to underlie the heavy overburden cover which mantles the area.

The spatial association of epizonal felsic intrusions and gold mineralization in the Superior Province of the Canadian Shield is well documented. Hodgson (1982) in a compilation of 725 gold deposits of Ontario and Quebec has indicated that 54% of all gold occurrences are associated with felsic intrusions. It is this writer's opinion that the geological environment at the Allies property resembles that of portions of Archean greenstone belts. If this is the case, gold mineralization at the Allies property may be of potential economic significance.

It is strongly recommended that the property be further evaluated through a Phase I program of IP surveys, cat and backhoe trenching, and diamond drilling at a cost of \$72,930.00, and a contingent Phase II program of additional trenching and diamond drilling, at a cost of \$202,950.00.

Purpose of the Phase I program should be a) to outline IP/Resistivity anomalies possibly caused by buried mineralized porphyries; b) deepen and extend the 1984 trenches west of Shaft No. 1 to locate and trace the suspected mineralized suboutcrop; c) diamond drill mineralization uncovered by trenching and, if budget allows, conduct a preliminary drill test of IP targets.

Cost estimates of the recommended programs are summarized below:

COST ESTIMATES

Phase I

Line cutting (9 km @ \$400/km)	3,600.00
IP Survey (9 km @ \$800/km)	7,200.00
Cat and Backhoe Trenching	10,000.00
NQ Diamond Drilling (350 m @ \$90/m)	31,500.00
Assays (200 samples @ \$10/sample)	2,000.00
Supervision and Reporting	12,000.00
Contingency (10%)	6,630.00
Total	72,930.00

Phase II

Cat and Backhoe Trenching	20,000.00
NQ Diamond Drilling (1500 m @ \$90/m)	135,000.00
Assays (800 samples @ \$10/sample)	8,000.00
Supervision and Reporting	21,500.00
Contingency (10%)	18,450.00
Total	202,950.00

Summary of Evaluation Costs

Phase I	72,930.00
Phase II	202,950.00
Total	<hr/> 275,880.00

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Cockfield, W.E. (1961): Geology and Mineral Deposits of Nicola Map Area, British Columbia: GSC Memoir 249.

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Hodgson, C.J. (1982): Gold deposits of the Abitibi Belt Ontario, p 192-197 in: Summary of Field Work, 1982, by the Ontario Geological Survey.

Leishman, D.A. and Dawson, J.M. (1985): Geological and Geochemical Report on the Allies Claim, Kamloops Mining Division, British Columbia. BCDM Assessment Report.

Monger, J.W.H. (1984): Bedrock Geology of Ashcroft (92I) Map Area. GSC Open File Report 980.

O'Grady, B.T. (1932): Lode Gold Deposits of British Columbia. BCDM Bulletin No. 1.

Mark, D.G. (1973): Geophysical Report on a Ground Magnetic and VLF-EM Survey and the Government Areomagnetic Survey - Dog Claim Group, Kamloops M.D. BCDM Assessment Report 04212.

Mark, D.G. (1976): Geochemical Report on a Soil Geochemistry Survey on the Cannell Claim, Kamloops M.D. BCDM Assessment Report 05950.

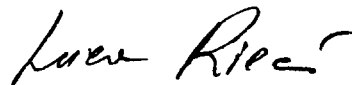
Sookochoff, L. (1973): Summary Report on the Cannell Creek Property for Bon-Val Mines Ltd. BCDM Assessment Report 04546.

Sookochoff, L. (1978): Diamond Drill Report on the Cannell Creek Property: BCDM Assessment Report 07085.

CERTIFICATE OF QUALIFICATIONS

I, Luca Riccio, hereby certify that:

- 1) I am a consulting geologist residing at 1440 Paisley Road, North Vancouver, B.C. V7R 1C3
- 2) I was awarded a BSc (Honours) Geology degree at the University at Turin (Italy) in 1969, and a MSc and a PhD in Geology at the University of Western Ontario in 1972, and 1976, respectively.
- 3) I have been involved in mineral exploration both seasonally and full-time since 1969.
- 4) I am an Associate of the Geological Association of Canada and a Member of the Canadian Institute of Mining and Metallurgy.
- 5) I personally reviewed the literature on the Big property and examined the property in 1984.
- 6) I have no interest, nor do I expect to receive any interest in the securities or properties of Relay Creek Resources Inc.
- 7) I consent to the inclusion of this report in a Prospectus or Statement of Material Facts for the purpose of raising funds through the Vancouver Stock Exchange or other financial institutions.



Luca Riccio, PhD
Geological Consultant
September 22, 1985

Gerald G. Carlson
1740 Orchard Way
West Vancouver, B.C.
V7V 4E8

Relay Resources Ltd.
711-850 West Hastings St.
Vancouver, B.C.
V6C 1R1

Gentlemen:

Re: Report on the Allies Property, by Luca Riccio, PhD.

I have reviewed Dr. Luca Riccio's report, "Report on the Allies Property, Kamloops Mining Division", dated September 22, 1985.

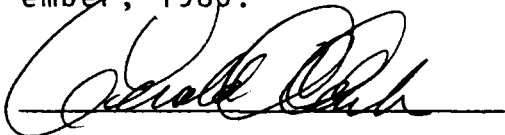
The report appears to be a reasonable synthesis of the accumulated data, presenting a good account of the property's location and access, claims summary, history, geology and mineral showings. It is apparent that, due to overburden cover, the exact source of the gold mineralized float on the property has not been discovered. However, because of the size and angularity of the float boulders, the source is likely very near. I would therefore concur with Dr. Riccio's Phase I Exploration program recommendation.

I have known Dr. Riccio since 1980 and have had the opportunity over the past five years of reviewing much of his work. I regard Dr. Riccio as a very competent exploration geologist who has had significant experience, particularly in the search for precious metals in British Columbia.

I am a geological engineer, registered with the Association of Professional Engineers of British Columbia. I am a graduate of the University of Toronto with a B.A.Sc. degree in 1969, an M.S. degree from Michigan Technological University in 1974, and a PhD. from Dartmouth College in 1978. Since graduation, I have been involved in mineral exploration, mainly in western Canada.

I hereby consent to the inclusion of this letter in a Prospectus or Statement of Material Facts.

Dated at Vancouver, British Columbia, this 24th day of September, 1985.



Gerald G. Carlson, P.Eng.

Luca Riccio, Ph.D.

Geological Consultant

1440 Paisley Rd.
North Vancouver, B.C.
V7R 1C3

Phone: (604) 980-7352

May 1, 1986

The Superintendent of Brokers,
Suite 1100, 865 Hornby Street,
VANCOUVER, British Columbia
V6Z 2H4

-and-

Relay Creek Resources Ltd.,
Suite 711, 850 West Hastings Street,
VANCOUVER, British Columbia
V6C 1E1

Dear Sirs:

RE: Relay Creek Prospectus, Initial Deficiencies
File X01-5394-4, April 15, 1986

This letter is in response to your office's engineer's enquiries about my Allies property report (paragraph II, sections 1 and 2).

1. The only available maps of underground workings at the Allies property are those published in Cockfield's GSC Memoir 249 (1961).

The underground workings are inaccessible and caved. Attempts to re-open them were made in 1984, but failed because of poor ground conditions.

2. The results of the 1985 exploration program can be summarized as follows:
 - a) In October 1985, a 6.18-kilometer IP survey was carried out by A. Scott, geophysicist, over the window of older rocks. Thirteen lines spaced 50 meters apart were surveyed, using an electrode spacing of 25 meters. Weak to very weak chargeability highs within a very low chargeability background were outlined. The most interesting chargeability anomaly corresponds to the Southern Adit mineralized zone.
 - b) A trenching program was later conducted in the vicinity of the Discovery Shaft (Trenches 1 to 5), and above the Southernmost Showing (Trench 6) using a Cat 225 hydraulic excavator. Trench 1, which deepened and extended a backhoe trench excavated in 1984, exposed decomposed picrite and possible mineralized bedrock (quartz-veined porphyry). Three grab samples of this material

...cont'd

Page 2

May 1, 1986

The Superintendent of Brokers
and
Relay Creek Resources Ltd.,
Vancouver, British Columbia

assayed in the range of 2.46 to 6.50 grams/tonne Au. Trench 2 uncovered decomposed picrite. Trenches 3, 4 and 5 failed to reach bedrock. Trench 6 exposed fresh basalt, but failed to penetrate below the unconformity; however, new material uncovered by trenching along the road cut below Trench 6 returned weakly anomalous gold values.

- c) Drilling to outline the geometry and depth potential of the Southernmost Showing was initiated in November 1986, but had to be suspended due to extreme cold weather when the first hole had reached a depth of 56.4 meters. Drilling is expected to resume in late spring, 1986.

We trust that the above comments meet your requirements.

Yours truly,



Luca Riccio, F.G.A.C.,
Geological Consultant

Luca Riccio, Ph.D.

Geological Consultant

1440 Paisley Rd.
North Vancouver, B.C.
V7R 1C3

Phone: (604) 980-7352

June 6, 1986

The Superintendent of Brokers,
1100 - 865 Hornby Street,
VANCOUVER, British Columbia
V6Z 2H4

-and-

Relay Creek Resources Ltd.,
711 - 850 W. Hastings Street,
VANCOUVER, British Columbia
V6C 1E1

Dear Sirs:

RE: Relay Creek Resources Ltd.
File X01-5394-4

Further to my letter of May 1, 1986 and subsequent comments from the Superintendent of Broker's consulting engineer, please find enclosed those maps requested, namely:

- 1) a photocopy of the "Workings on Allies group", published as Figure 5 in W.E.Cockfield's 1961 GSC Memoir 249, "Geology and Mineral Deposits of Nicola Map Area"; and
- 2) an updated version of Figure 4 from my report of September 22, 1985 to show the locations of -
 - a) the weak chargeability anomalies obtained in the IP survey conducted by A. Scott, geophysicist,
 - b) the trenches excavated in 1985, and the location of samples taken from trench #1, and
 - c) the location of DDH 85-1 suspended at 56 meters.

I trust that the above meets your requirements.

I consent to the publication of my said May 1st letter as well as this letter and its enclosures as a part of the prospectus of Relay Creek Resources Ltd.

Yours truly,

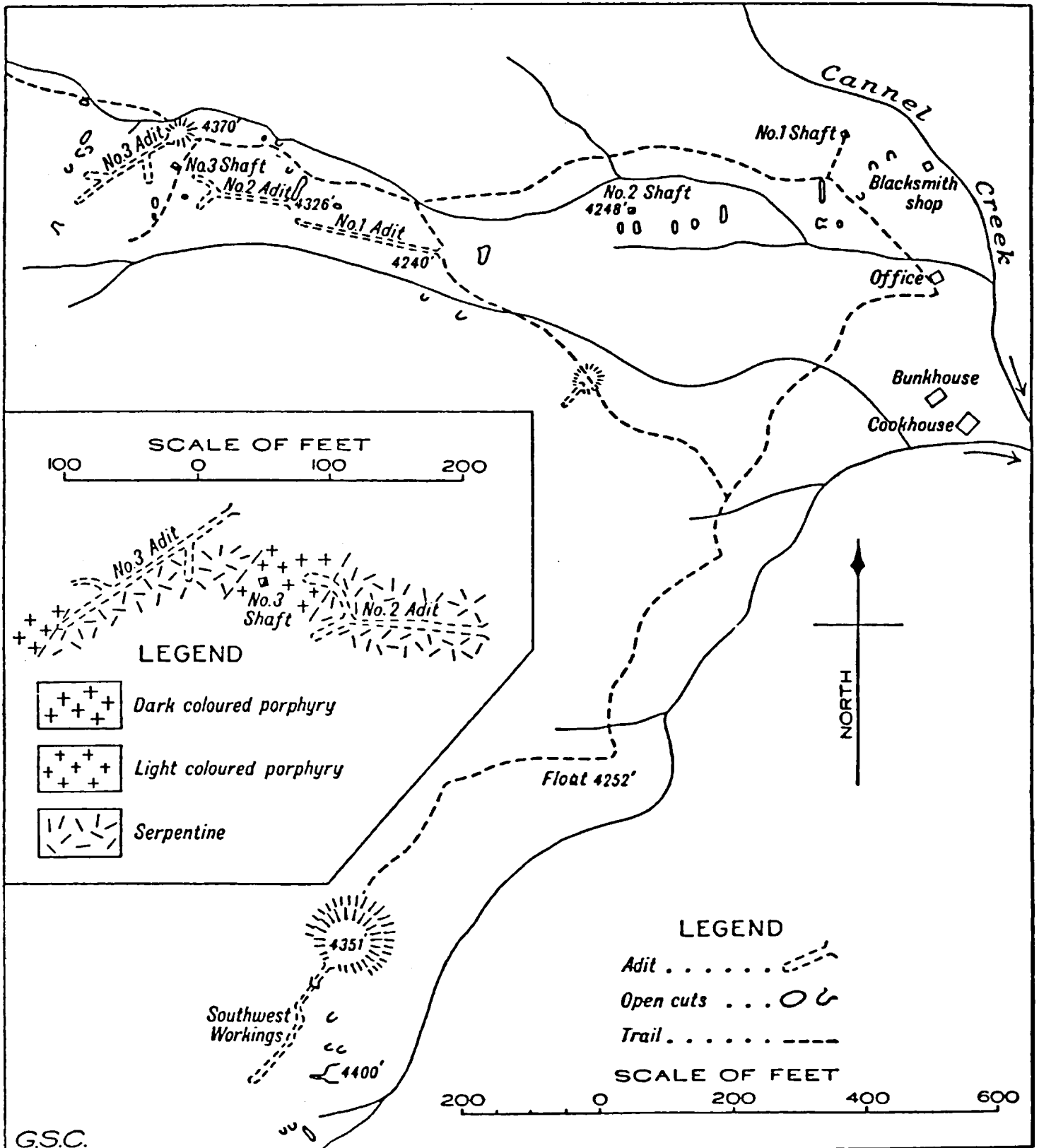


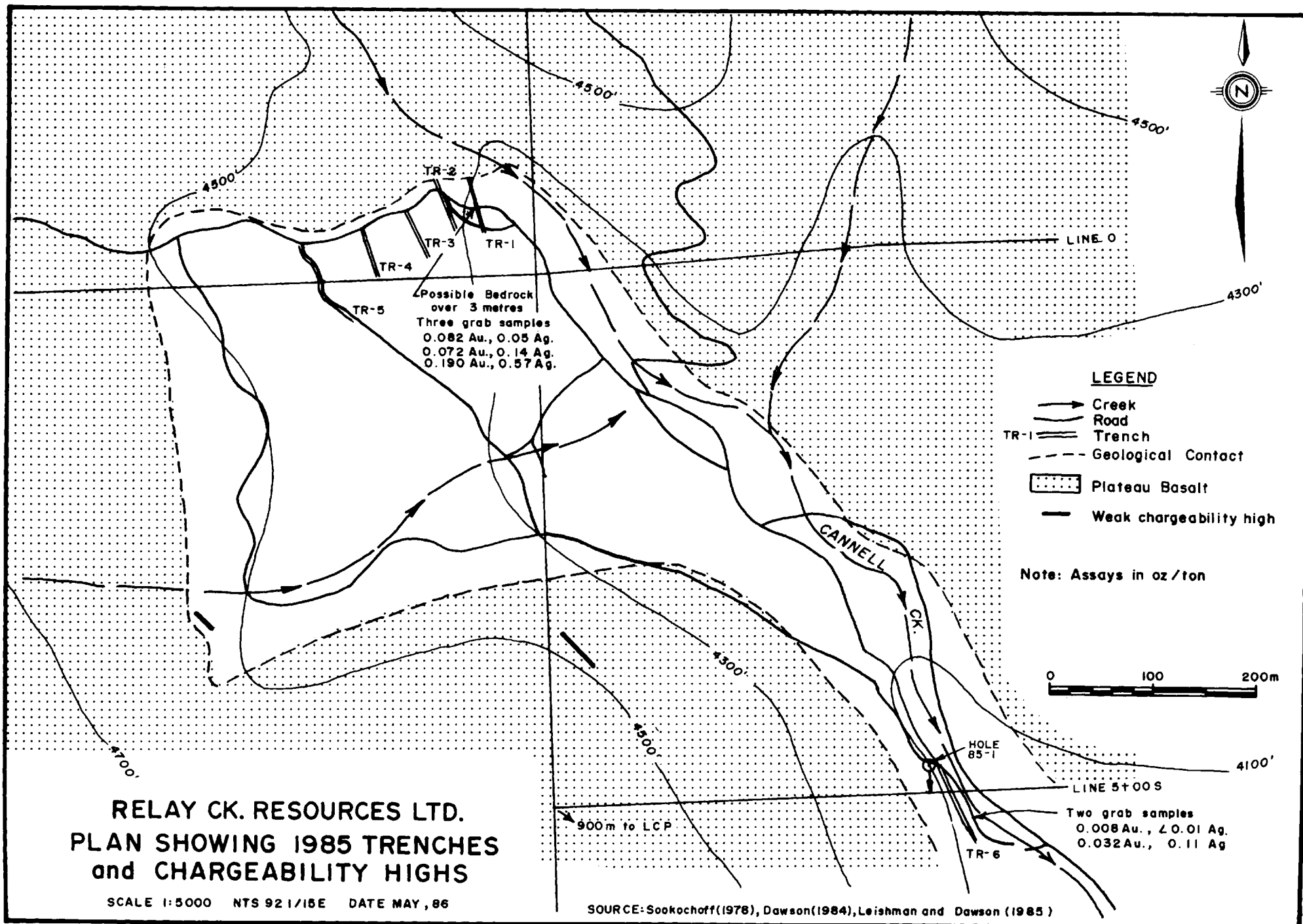
Luca Riccio, F.G.A.C.
Geological Consultant

LR/RC#1:pab
attachments

FIGURE 5
WORKINGS ON ALLIES GROUP

After W.E.Cockfield's 1961 GSC Memoir #249
"Geology and Mineral Deposits of Nicola Map Area"





REPORT ON THE BIG PROPERTY

For Relay Creek Resources Ltd
711-850 West Hastings Street
Vancouver, B.C. V6C 1E1

LILLOOET MINING DIVISION

NTS 920/2E

Luca Riccio, PhD
Geological Consultant

September 14, 1985

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SUMMARY

The Big property consists of one 20 unit metric claim located in steep terrain in the Shulaps district of south central British Columbia. Access is by helicopter from Gold-bridge or Lillooet. New logging roads lead to within 1.5 km of the western boundary of the property. The property was staked by Dupont of Canada Exploration Ltd. in 1980. Geological and geochemical investigations were carried out by the same company in 1980, 1981, and 1982.

The area is underlain by metasediments of the Upper Paleozoic - Lower Triassic Bridge River Group, turbidites of the Cretaceous Kingsvale Group and Bendor-type feldspar porphyry stocks, sills and dykes of Tertiary age. A 450 by 300 m plug -like body of altered, fractured and quartz-veined rhyolite porphyry occupies the central portion of the property. Vein quartz is crystalline, drusy, and is locally associated with tetrahedrite.

Gold and silver values up to 19.2 g/t Au and 541.9 g/t Ag have been found in one character sample of quartz veined rhyolite porphyry showing manganese coatings on fractures. Other anomalous Au and Ag values were obtained from similar samples of rhyolite porphyry. The western half of the rhyolite porphyry coincides with the center of a Au-Ag geochemical anomaly (>100 ppb Au, >2ppm Ag) approximately 900 m long and 300 to 350 m wide.

It is believed that the Big property represents a good target for stockwork, bulk tonnage Au-Ag mineralization. Diamond drilling is required to further evaluate the property.

A two phase program involving road construction and diamond drilling has been recommended. The first phase, which will include road construction and shallow diamond drilling, is estimated to cost \$ 79,200.00. Phase II, contingent upon success of Phase I, will consist of a systema-

tic diamond drilling program for an estimated cost of \$ 202,400.00.

INTRODUCTION

Relay Creek Resources Ltd. has commissioned L. Riccio to compile this report on the Big property, synthesizing the work carried out to date and recommending an appropriate exploration program for further evaluation.

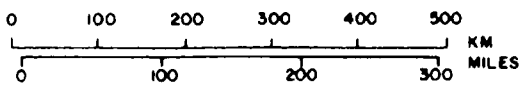
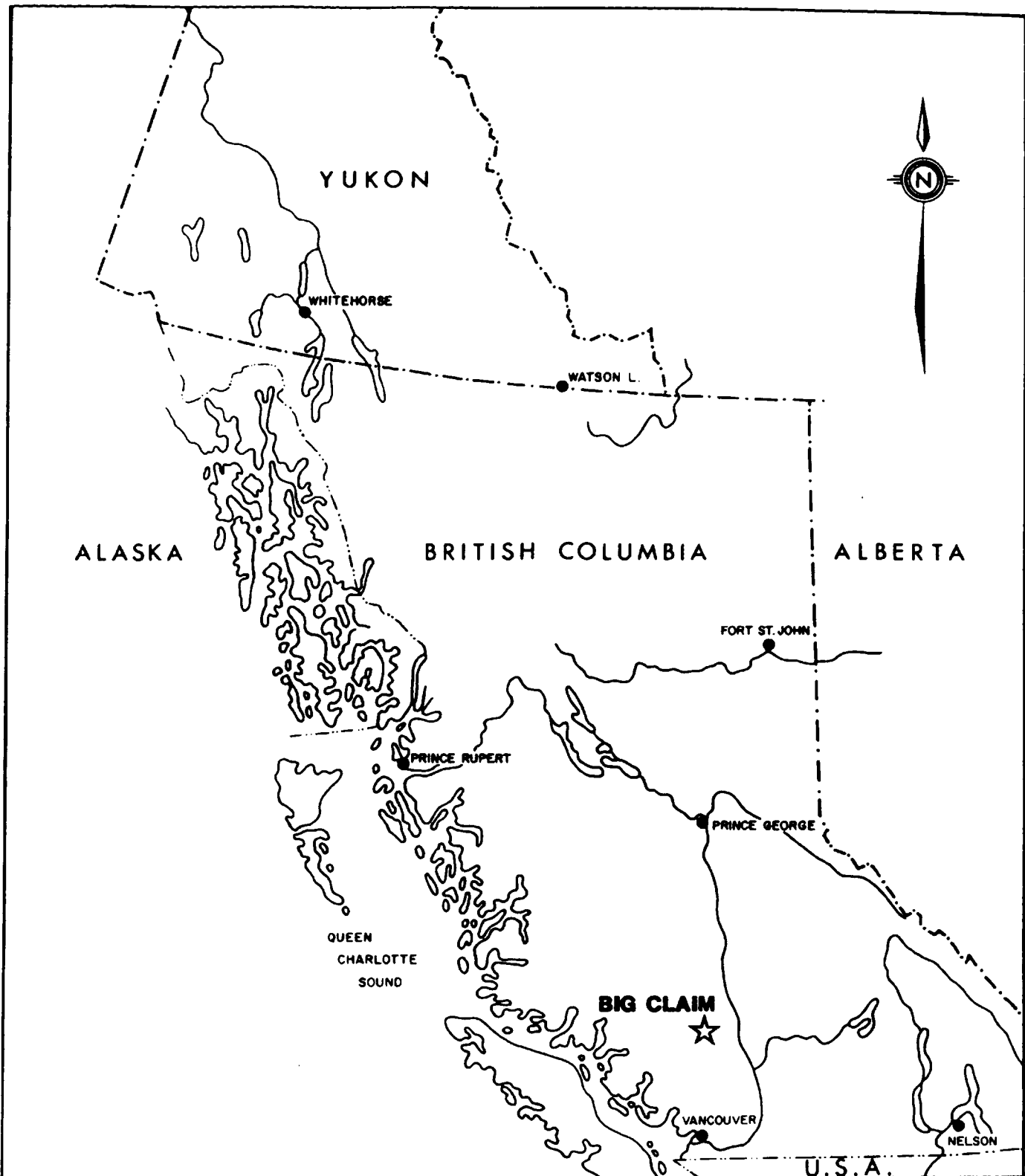
This report is based on a four hour field examination carried out on August 31, 1984 and a review of available technical reports. The writer's observations are in agreement with those presented in technical reports dealing with the property. The writer is not aware of any work program or development at the property since his 1984 examination that would affect conclusions and recommendations. The writer is familiar with the region, having examined several properties and investigated its economic potential for precious metal mineralization.

Location, Physiography, Access

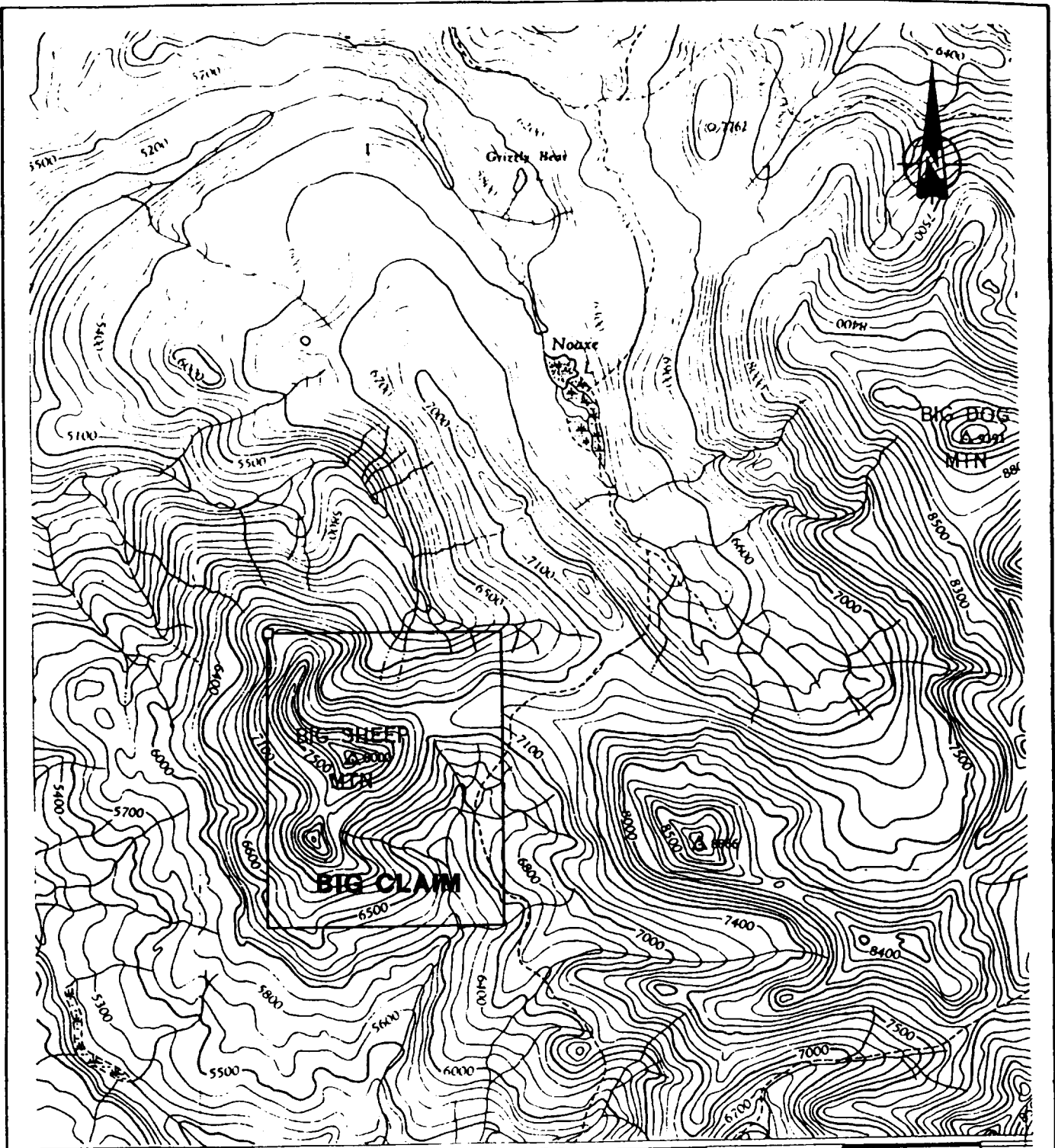
The property (figure 1) is located approximately 20 km north-northeast of Goldbridge and 62 km northwest of Lillooet on Big Sheep Mountain at the headwaters of Noaxe Creek. The center of the claim is at approximately latitude $51^{\circ} 02' N$, longitude $122^{\circ} 39' W$.

Elevation ranges from 1800 to 2300 m. About 90% of the property is above tree line, the remainder being sparsely covered with low shrubs and pine trees. Extensive talus debris mantles most of the slopes so that outcrops are mainly restricted to ridges and cliffs.

Access to the property is by helicopter from either Goldbridge or Lillooet. An all weather forestry road along Relay Creek leads to within 1.5 km of the northwest corner of the property.



RELAY CK. RESOURCES INC.		
BIG CLAIM LOCATION MAP		
Geology by:	Drawn by: D.M.C.	Date: SEPT, 85
Scale: As Shown	N.T.S. 920/2E	Fig. No. 1



40'

35'



RELAY CK. RESOURCES INC.

**BIG CLAIM
CLAIM MAP**

Geology by:	Drawn by: D.M.C.	Date: SEPT, 85
Scale: As Shown	N.T.S.	Fig. No. 2

Property and Ownership

The property consists of one 20 unit metric claim (figure 2) recorded as follows:

<u>Claim Name</u>	<u>Record No</u>	<u>Expiry Date</u>
Big	1367	June 11, 1989

The registered owner of this claim is CSA Minerals Inc. Relay Creek Resources Ltd is presently negotiating an option agreement with the owners. The writer has investigated title to the mineral claim, but did not examine the field location of claim posts during the August 31, 1984 field examination.

History

The property was staked in 1980 by Dupont of Canada Exploration Ltd. to protect a silt anomaly (800 ppb Au, 45 ppm Sb) outlined in 1979 during a regional drainage geochemical survey of the Taseko region. Subsequent follow up work by Dupont (Smith, 1980) consisting of limited stream and soil sampling led to the definition of significant Au-Pb-Zn-Ag soil anomalies in 21% of samples collected. Anomalous gold values ranged from 75 to 2500 ppb Au.

In 1981 Kerr, Dawson, & Associates of Kamloops, B.C. carried out a program of reconnaissance geological mapping and rock sampling, as well as grid soil and talus sampling (Dawson, 1981). Their investigation delineated a large Au-Ag soil geochemical anomaly roughly coincident with an argillically altered rhyolite porphyry body. Rock geochemical sampling indicated that gold and silver values are associated with drusy quartz veins and manganese coated fractures cutting the altered porphyry. One grab sample of veined and manganese coated porphyry assayed 19.2 g/t Au and 541.9 g/t Ag. Detailed follow up geochemical surveys carried out in 1982 (Dawson, 1982) confirmed the extent of the soil/talus

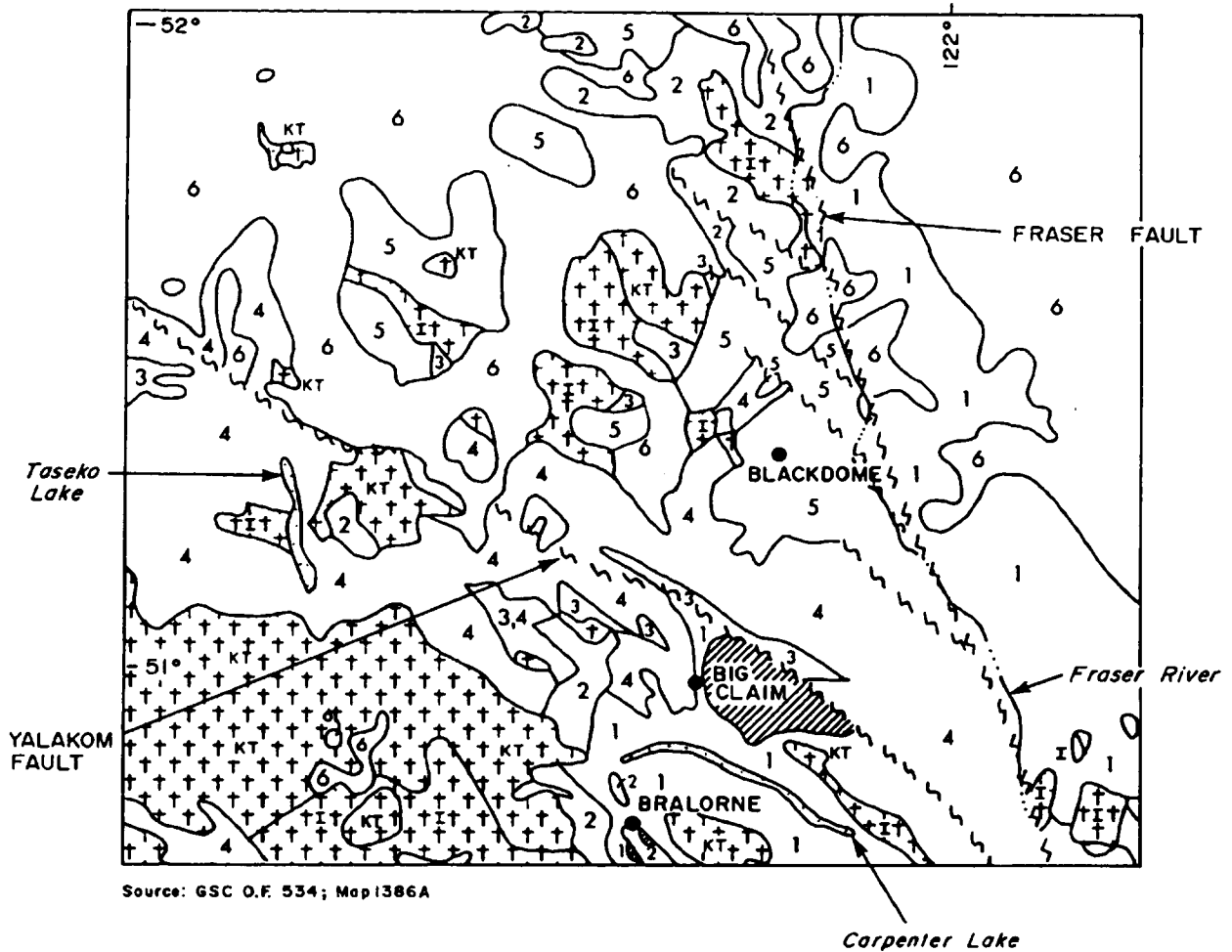
finds geochemical anomaly and identified further precious metal mineralization within the altered rhyolite porphyry body.

REGIONAL GEOLOGY AND MINERALIZATION

The property lies just to the south of the Yalakom fault near the boundary between the Intermontane Belt and the Coast Plutonic Complex (figure 3). Bordering the Coast Plutonic Complex is the linear Tyaughton Successor Basin which received large amounts of clastic detritus from Late Jurassic (Relay Mountain Group) to Late Cretaceous (Kingsvale Group) time. Oldest stratified rocks south of the Yalakom fault include highly deformed Mississippian to Middle Triassic oceanic assemblages (radiolarian chert-greenstone) of the Bridge River Group and overlying clastics and mafic volcanic rocks of the Upper Triassic Cadwallader Group. North of the Yalakom Fault widespread late Tertiary plateau basalts, Eocene acid volcanics and Upper Cretaceous intermediate volcanics cover most of the older, partly block faulted, upper Triassic to middle Jurassic volcanics and sediments. Granitoid bodies ranging in age from Jurassic to Eocene occur on either side of the Yalakom Fault. Younger granites are generally porphyritic, stock-like intrusions interpreted as subvolcanic equivalents to the acid volcanics. Late Paleozoic to Triassic Alpine-type peridotite bodies occur along the Yalakom Fault.

Offsets of Jura-Cretaceous strata indicate major dextral transcurrent movements along the Yalakom-Fraser Fault system in late Cretaceous time. This was followed by Tertiary block faulting throughout the Intermontane Belt. Major post-Miocene uplift south of the Yalakom Fault is evidenced by the presence of remnants of Miocene plateau basalts at 2000 m elevation.

Mineral occurrences to the south of the Yalakom Fault include mesothermal Bralorne-type auriferous quartz veins, mesothermal polymetallic, arsenopyrite-rich gold bearing



Source: GSC O.F. 534; Map 1386A

LEGEND

SEDIMENTARY AND VOLCANIC ROCKS

Miocene - Pliocene

6 Plateau Basalt

Paleogene

5 Intermediate to acid volcanics and volcanoclastics

Cretaceous

4 Clastic sediments; minor intermediate and acid volcanics

Jurassic

3 Intermediate volcanics; clastic sediments

Upper Triassic

2 Basalt, limestone, argillite

Mississippian - Triassic

1 Chert, argillite, carbonate, basalt

PLUTONIC AND ULTRAMAFIC ROCKS

Cretaceous to Late Tertiary

KT Granitoids

Jurassic (and older)

†† Granitoids

Late Paleozoic - Triassic

Alpine type ultramafics



BIG CLAIM

REGIONAL GEOLOGY

sulphide veins, mesothermal to epithermal auriferous stibnite veins, and epithermal cinnabar deposits with or without associated stibnite. Known mineral deposits and occurrences north of the Yalakom Fault include calc-alkaline Cu-Au-Mo porphyries genetically related to Tertiary stocks, epithermal Au-Ag veins contained within Tertiary volcanic piles (e.g. Blackdome) and potential Carlin-type occurrences in Upper Cretaceous sediments.

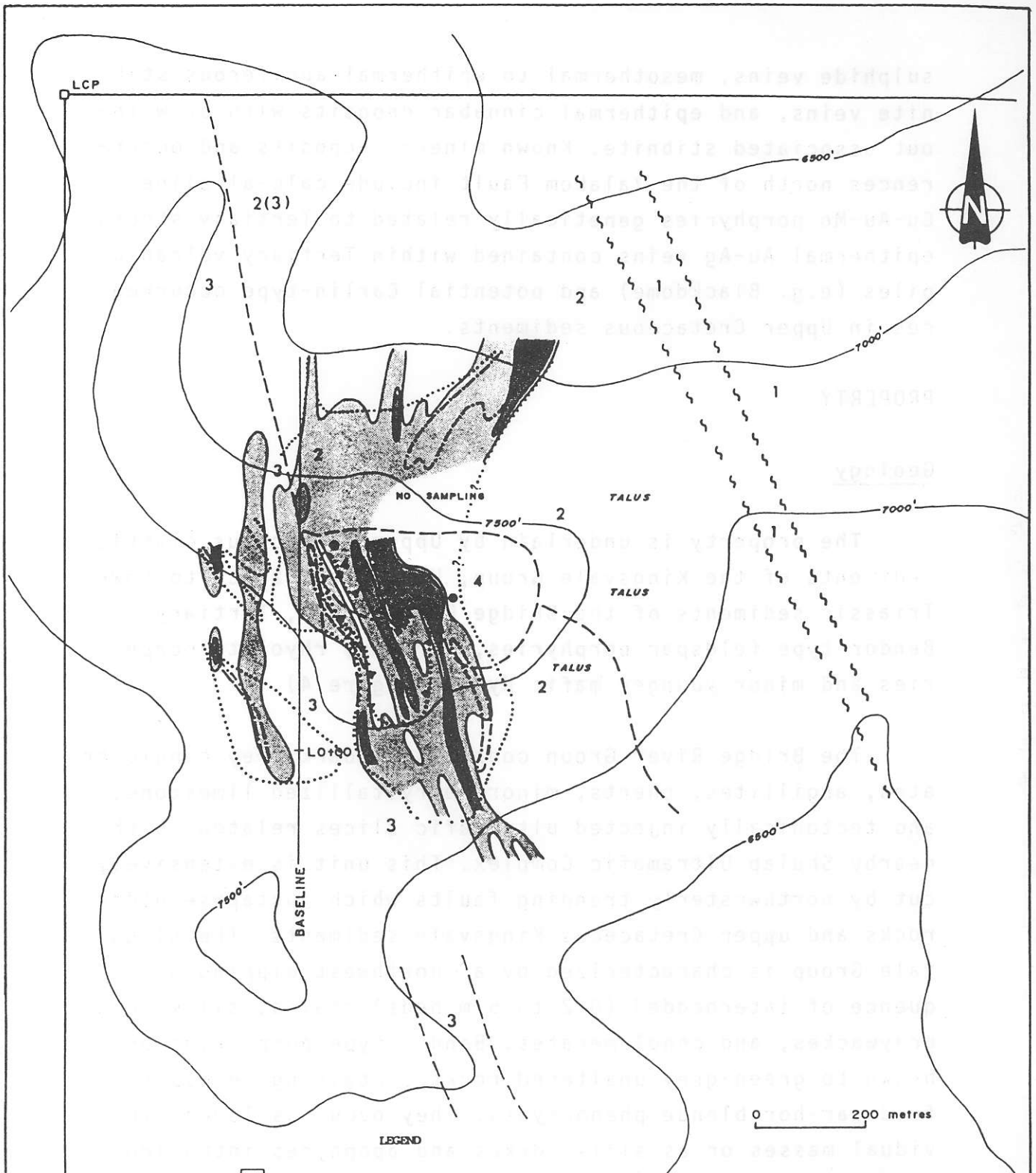
PROPERTY

Geology

The property is underlain by Upper Cretaceous clastic sediments of the Kingsvale Group, Upper Paleozoic to Lower Triassic sediments of the Bridge River Group, Tertiary Bendor-type feldspar porphyries, Tertiary rhyolite porphyries and minor younger mafic dykes (figure 4).

The Bridge River Group consists of dark grey conglomerates, argillites, cherts, minor recrystallized limestone, and tectonically injected ultramafic slices related to the nearby Shulap Ultramafic Complex. This unit is extensively cut by northwesterly trending faults which juxtapose older rocks and upper Cretaceous Kingsvale sediments. The Kingsvale Group is characterized by a northwest dipping sequence of interbedded (0.2 to 5 m beds) shales, siltstones, graywackes, and conglomerates. Bendor-type porphyries are brown to green-grey unaltered rocks containing feldspar or feldspar-hornblende phenocrysts. They occur as larger individual masses or as sills, dykes and apophyses intruding rocks of the Kingsvale Group.

The central portion of the property is underlain by a plug-like rhyolite porphyry body approximately 450 m long and 200 to 300 m wide. The rhyolite porphyry is characteristically white to yellowish brown, fine grained, fractured, moderately to intensely argillitized, and extensively limonite stained. Argillic alteration in the rock has led



- LEGEND**
- 4 Altered Rhyolite Porphyry
 - 3 Grey-green, medium grained porphyry
 - 2 Kingsvale Group: Clastic Sediments
 - 1 Bridge River Group: Metavolcanics and metasediments. Shulap Ultramafics
 - Geologic Contact
 - Au in soils: >100-500 ppb
 - Au in soils: >500 ppb
 - ⋯ Ag in soils: >2-10 ppm
 - ⋯ Ag in soils: >10 ppm
 - Rock sample >1000 ppb Au

RELAY CK. RESOURCES INC.		
BIG CLAIM GEOLOGY AND GEOCHEMISTRY		
Work by: KERR, DAWSON AND ASSOCIATES		
Compilation by: L. RICCIO	Drawn by: D.M.C.	Date: SEPT, 85
Scale: As Shown	N.T.S. 92 0 / 2 E	Fig. No. 4

to the removal of all mafic minerals and the conversion of phenocryst and groundmass feldspars into mixtures of soft clay minerals. Quartz veinlets, drusy cavities, and local autobreccia textures present within the rhyolite porphyry point to high level magmatic-hydrothermal activity.

Possibly related to the rhyolite porphyry are fine grained, grey felsic pyroclastic rocks found immediately to the east of the main rhyolite plug.

Geochemistry

A large area with coincident Au-Ag geochemical anomalies is present at the Big Property (Figure 4). Within this area which is centered on Big Sheep Mountain, gold and silver values in soil and talus fines exceed 100 ppb and 2 ppm respectively. The broader anomaly encompasses smaller anomalies with Au values greater than 500 ppb and Ag values higher than 10 ppm. The geochemical anomalies were delineated by collecting 583 samples at 25 m intervals on lines spaced 50 to 200 m apart within a grid 2500 m long and 2000 m wide.

Mineralization

Mineralization found at the Big property includes:

- 1) Disseminated pyrite, pyrrhotite and rare sphalerite-chalcopyrite in Kingsvale sediments.
- 2) Semi-massive tetrahedrite in vuggy, crystalline quartz veinlets cutting the rhyolite porphyry and in talus float.

Fractures coated with manganiferous limonite, quartz veinlets (up to 2 cm thick), and drusy cavities are commonly developed near the summit of Big Sheep Mountain. At this locality vein/fracture densities locally exceed ten per meter. Occurrences of amethystine quartz veinlets have been observed in felsic pyroclastics.

Results of character rock geochemical sampling carried out in 1981 and 1982 indicate that anomalous gold and silver values are associated with either tetrahedrite (up to 9.5 g/t Au and 11.3 g/t Ag) or drusy quartz with manganese limonite staining (up to 19.2 g/t Au, 541.9 g/t Ag).

CONCLUSIONS AND RECOMMENDATIONS

The Big claim is underlain by a sizeable (400 x 300m) quartz veined and fractured Tertiary rhyolite plug characterized by intense and widespread hydrothermal alteration.

Geochemical surveys have outlined a large geochemical anomaly in soil/talus fines and anomalous to economic concentrations of Au and Ag in samples of fractured, quartz veined, and limonite (manganese) stained, rhyolite porphyry. These data indicate spatial and genetic links between precious metal mineralization and hydrothermal activity within the rhyolite porphyry.

This style of mineralization resembles that of precious metal stockworks in Tertiary camps of the Basin and Range province of the Western United States. The Ag/Au ratio (12.93) from anomalous rock samples from the Big claim is higher than that of the Blackdome deposit (4.78) further to the north. It is the author's belief that Au/Ag mineralization at the Big property has genetic affinities to mineralization seen at the Blackdome deposit. Specifically, the Big mineralization may represent a lower erosional level of a precious metal epithermal vein-stockwork system similar to that seen at the Blackdome property.

It is recommended that the property be tested to evaluate its potential for bulk Au/Ag mineralization. To implement such an evaluation a two phase program is recommended.

The first stage should include 4.5 km of road construction to the vicinity of Big Sheep Mountain followed by shall-

low drilling (50m holes) to investigate density and precious metal content of mineralized fracture/vein systems below the oxidation zone. There are sufficient data from previous surveys to locate the required drill holes. Cost of Phase I is estimated at \$ 79,200.00.

If the results of Phase I are favorable, a Phase II program of systematic drilling at an estimated cost of \$ 202,400.00 is recommended. Cost estimates of the recommended programs are summarized below:

COST ESTIMATES

Phase I

4.5 km of road construction @ \$5,000/km	22,500.00
NQ diamond drilling (400 m @ \$100/m)	40,000.00
Supervision and reporting	6,500.00
Assays (300 samples @ \$10/sample)	3,000.00
Contingency (10%)	7,200.00
	79,200.00
Total Estimated Cost	79,200.00

Phase II

NQ diamond drilling (1300m @ \$100/m)	130,000.00
D-8 rental	20,000.00
Assays (1,000 samples @ \$10/sample)	10,000.00
Supervision and Reporting	24,000.00
Contingency (10%)	18,400.00

<u>Summary of Evaluation Costs</u>	202,400.00
------------------------------------	------------

Phase I	\$ 79,200.00
Phase II	\$202,400.00
	\$281,600.00
Total	\$281,600.00

REFERENCES

Dawson, J.M.(1981) - Geological and geochemical report on the Big Claim, Lillooet Mining Division, for Dupont of Canada Exploration Ltd. BCDM Assessment Report 09952.

Dawson, J.M.(1982) - Geological and Geochemical Report on the Big Claim, Lillooet Mining Division, for Dupont of Canada Exploration Ltd. BCDM Assessment Report 10925.

Roddick, J.A.(1979) - Fraser River - GSC Map 1386A

Smith, F.M.(1980) - Geological and Geochemical Report on the Big Claim, Lillooet Mining Division. BCDM Assessment Report 09254

Tipper, H.W.(1978) - Taseko Lakes, GSC Open File Report 534

CERTIFICATE OF QUALIFICATIONS

I, Luca Riccio, hereby certify that:

- 1) I am a consulting geologist residing at 1440 Paisley Road, North Vancouver, B.C. V7R 1C3
- 2) I was awarded a BSc (Honours) Geology degree at the University at Turin (Italy) in 1969, and a MSc and a PhD in Geology at the University of Western Ontario in 1972, and 1976, respectively.
- 3) I have been involved in mineral exploration both seasonally and full-time since 1969.
- 4) I am an Associate of the Geological Association of Canada and a Member of the Canadian Institute of Mining and Metallurgy.
- 5) I personally reviewed the literature on the Big property and examined the property in 1984.
- 6) I have no interest, nor do I expect to receive any interest in the securities or properties of Relay Creek Resources Inc.
- 7) I consent to the inclusion of this report in a Prospectus or Statement of Material Facts for the purpose of raising funds through the Vancouver Stock Exchange or other financial institutions.



Luca Riccio, PhD
Geological Consultant
September 14, 1985

Vancouver, September 16, 1985

Relay Creek Resources Ltd.
711-850 West Hastings Street
Vancouver, B.C.
V6C 1E1

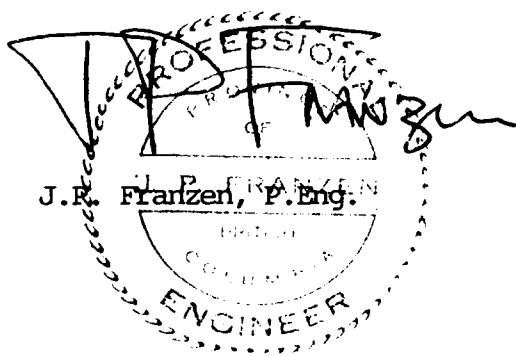
Dear Sirs,

Re: Report by L. Riccio, PhD., dated September 14, 1985, concerning the Big Au-Ag property, Lillooet Mining Division, British Columbia.

The writer has reviewed the above report by Dr. Riccio. I agree with Dr. Riccio's recommendation for a Stage I road construction and shallow diamond drilling program at a cost of \$ 79,200.00 and a contingent Stage II program.

The writer has known Dr. Riccio since 1983. In 1985 Dr. Riccio participated in a month long field exploration program under the direction of the writer. Dr. Riccio's geological skills and experience are highly regarded by the writer. I consider him to be a very competent and qualified exploration geologist.

Dated at North Vancouver, British Columbia, this 16th day of September 1985.

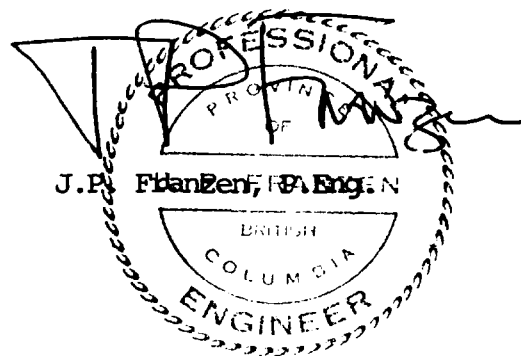


CERTIFICATE

I, Jeffrey P. Franzen, of North Vancouver, British Columbia, do hereby certify that:

1. I am a geologist registered with the Association of Professional Engineers of British Columbia since 1983.
2. I am a graduate of the University of British Columbia with B.Sc. (1972) and Carleton University with M.Sc. (1974).
3. I have practised my profession in mineral exploration and operations in British Columbia and Yukon Territory over the past 12 years.
4. I have no interest, direct or indirect, in the Big property or in Relay Creek Resources Ltd. nor do I intend to receive any such interest.
5. The attached letter, dated September 16, 1985, is based on a personal review of the subject report.
6. I consent to the use of the attached letter, dated September 16, 1985, in a Prospectus or Statement of Material Facts to be issued by Relay Creek Resources Ltd.

North Vancouver, B.C.
September 16, 1985



RELAY CREEK RESOURCES LTD.

FINANCIAL STATEMENTS

DECEMBER 31, 1985

LOHN & COMPANY
Chartered Accountants

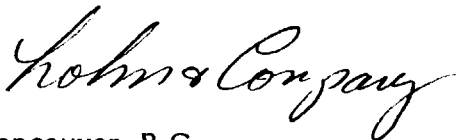
200-837 Homer Street
Vancouver, B.C. Canada
V6B 2V2

Telephone (604) 687-5444

AUDITORS' REPORT TO THE DIRECTORS

We have examined the balance sheet of Relay Creek Resources Ltd. as at December 31, 1985 and the statements of deferred exploration and administrative costs, and changes in cash resources for the period from incorporation on August 6, 1985 to December 31, 1985. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company as at December 31, 1985 and the results of its operations and the changes in its financial position for the period then ended in accordance with generally accepted accounting principles.



Vancouver, B.C.
February 13, 1986 (except
for note 7 which is April 30, 1986)


RELAY CREEK RESOURCES LTD.

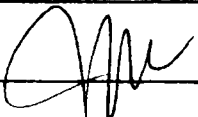
BALANCE SHEET

DECEMBER 31, 1985

	\$
A S S E T S	
CURRENT	
Cash and short term deposits	49,117
MINERAL PROPERTIES (note 3)	7,326
DEFERRED EXPLORATION AND ADMINISTRATIVE COSTS (note 2)	52,498
	<u>108,941</u>
L I A B I L I T I E S	
CURRENT	
Accounts payable	2,086
S H A R E H O L D E R S ' E Q U I T Y	
SHARE CAPITAL (note 4)	<u>106,855</u>
	<u>108,941</u>

Approved by the Directors





The accompanying notes are an integral part of these financial statements

RELAY CREEK RESOURCES LTD.

STATEMENT OF DEFERRED EXPLORATION AND ADMINISTRATIVE COSTS
FOR THE PERIOD FROM INCORPORATION ON AUGUST 6, 1985 TO DECEMBER 31, 1985

	\$
DEFERRED EXPLORATION COSTS	
Drilling	4,101
Field and camp supplies	497
Geological consulting	3,650
Geophysical surveying	9,656
Report preparation	3,806
Road construction and trenching	15,342
Staking	880
Travel and transportation	346
Truck and equipment rental	632
	<hr/>
	38,910
	<hr/>
DEFERRED ADMINISTRATIVE COSTS	
Accounting and audit	1,617
Legal	10,082
Office, rent, supplies and miscellaneous	2,215
Travel and transportation	705
	<hr/>
	14,619
Less interest revenue	1,031
	<hr/>
	13,588
	<hr/>
	52,498
	<hr/> <hr/>

The accompanying notes are an integral part of these financial statements

RELAY CREEK RESOURCES LTD.

STATEMENT OF CHANGES IN CASH RESOURCES

FOR THE PERIOD FROM INCORPORATION ON AUGUST 6, 1985 TO DECEMBER 31, 1985

	\$
SOURCES OF CASH	
Issue of common shares	106,855
Overpayment on subscription for common shares	16
	<hr/>
	106,871
USES OF CASH	
Deferred exploration and administrative costs	50,428
Acquisition of mineral claims	7,326
	<hr/>
	57,754
	<hr/>
CASH AND SHORT TERM DEPOSITS AS AT DECEMBER 31, 1985	<u>49,117</u>

The accompanying notes are an integral part of these financial statements

RELAY CREEK RESOURCES LTD.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1985

1. NATURE OF OPERATIONS

The company is in the process of exploring its interest in resource properties and has not yet determined whether these properties contain reserves that are economically recoverable. The recoverability of amounts shown for these properties and their related deferred costs is dependent upon the existence of ore reserves, the ability of the company to obtain the necessary financing to complete their development, and upon future profitable production. In accordance with industry practice, the company's legal interest in its resource properties will be confirmed prior to commercial development.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Mineral Interests

Exploration, development and administrative expenditures are deferred until the related mineral claims are abandoned, sold, or achieve commercial production. At that time the costs of mineral interests will be amortized on a unit-of-production basis or written off.

The amount shown for mineral interests represents costs to date and does not necessarily reflect present or future values.

(b) Option Agreements

Properties acquired under option agreements, whereby the acquisition payments are made at the sole discretion of the company, are only recorded in the accounts at such time as the payments are made.

(c) Earnings per Share

Earnings per share have not been calculated as they are not considered meaningful at this stage of the company's operations.

3. MINERAL PROPERTIES AND DEFERRED COSTS

(a) Allies Property
Kamloops Mining Division, British Columbia

By an option agreement dated September 30, 1985 the company acquired in consideration for \$5,000, an option to acquire a 50% interest in two mineral claims (Allies #1 - 2). Under the terms of the option agreement the company must spend \$200,000 on exploration work on or before December 31, 1988, of which \$75,000 must be incurred prior to December 31, 1986 and \$125,000 prior to December 31, 1987. Upon exercise of this option the optionor may retain or elect to convert his retained 50% interest to a 25% carried interest to the feasibility stage or convert to a 2% net smelter return. The respective interests of both parties are subject to a dilution formula.

3. MINERAL PROPERTIES AND DEFERRED COSTS (continued)

(b) Big Property
Lillooet Mining Division, British Columbia

By an option to purchase agreement dated February 12, 1986, the company acquired an option to purchase a 100% interest in a 36 unit mineral claim by the payment of \$5,000 and the issue of 10,000 shares. These shares are to be issued upon the receipt of regulatory approval of the company's current prospectus (note 7). The claims are burdened with a 2½% net smelter royalty with payments of \$5,000 due April 1, 1987 and then \$10,000 per annum through 1991 after which a minimum advance royalty of \$20,000 per annum takes effect. The company is required to issue 10,000 shares for the first year option and can extend its option by the issue of 20,000 shares prior to February 12, 1987 for a second year option extension, a further 30,000 shares prior to February 12, 1988 for a third year option extension and the balance of 40,000 shares is due February 12, 1989. All shares issued will be credited toward the purchase price of 100,000 shares. The company must also pay \$25,000 in installments prior to April 1, 1991 and is required to expend \$35,000 on exploration work by March 31, 1987 and a further \$75,000 by March 31 in any year subsequent to 1986 in which the average afternoon price of gold is U.S. \$350 per ounce or higher during the period between September 1 to December 31. To date the company has not advanced any funds nor issued any shares towards the acquisition cost.

(c) VS Property
Kamloops Mining Division, British Columbia

The company acquired a 100% interest in two mineral claims totalling 40 units, known as the VS#1 and VS#2 claims, for the cost of staking and recording its interest therein. These claims are held in trust by a director of the company.

4. SHARE CAPITAL

(a) Authorized -

20,000,000 Common shares without par value

	Number of Shares	\$
(b) Allotted during the period		
- for cash at 25¢ per share (note 6)	397,421	99,355
- for cash at 1¢ per share (note 4(c))	750,000	7,500
	<hr/>	<hr/>
Allotted at December 31, 1985	1,147,421	106,855
	<hr/> <hr/>	<hr/> <hr/>

(c) Of the company's issued share capital, 750,000 shares are held in escrow and may not be traded prior to obtaining approval from the Vancouver Stock Exchange and the Superintendent of Brokers for British Columbia.

(d) The company issued directors' and employees' stock options for 133,525 common shares at a price of 50¢ per share exercisable on or before November 30, 1987.

5. INCORPORATION

The company was incorporated under the British Columbia Company Act on August 6, 1985.

6. RELATED PARTY TRANSACTIONS

- (a) Two directors of the company received 140,420 shares of the company under a flow-through share agreement with the company, whereby these directors obtained the benefit of the Canadian Exploration Expense Deductions earned by the company with the expenditure of their subscription funds.
- (b) The company paid \$31,125 to a consulting company owned by one of the directors for work done on the company's properties, \$750 was paid and \$250 is payable for office rent and services at a rate of \$250 per month to a B.C. reporting company which has two directors in common with the company, and \$8,837 was paid and \$1,245 is payable for legal services provided by a law firm of which one of the directors is an associate.

7. PUBLIC SHARE OFFERING

The company is proposing to offer to the public by prospectus in British Columbia, 500,000 common shares at a price of 50¢ per share to net the company \$225,000 after commission expenses. By an agency agreement dated April 17, 1986, the company's agent has agreed to purchase any shares not sold under this prospectus within 185 days of the date upon which the shares of the company are conditionally listed for trading on the Vancouver Stock Exchange (listing date). In consideration for this underwriting, the agent has been granted an option to purchase 50,000 shares at a price of 60¢ per share to be exercised within 180 days of the listing date or within 12 months from the date of the prospectus, whichever is earlier. The agent also has an entitlement to an overallotment of the shares subscribed under this offering to a maximum of 75,000 shares. This option is exercisable at a price of 45¢ per share during the period that the company's share offering is deemed to be under primary distribution.

The obligations of the agent under the agency agreement may be terminated prior to the offering date on the basis of their assessment of the state of the financial markets or upon the occurrence of certain stated events.

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 Part VII of the Securities Act of the Province of British Columbia and the regulations thereunder.

DATED: April 30, 1986

WEST COAST SECURITIES LTD.

Per:

"J.D. THOMAS"

CERTIFICATE OF ISSUER

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

DATED: April 30, 1986

"V.F. ERICKSON"

VICTOR FREDERIC ERICKSON
President, Director & Promoter

"JAMES W. PRIER"

JAMES WALTER PRIER
Secretary

"JAMES M. DAWSON"

JAMES MARTIN DAWSON
Director & Promoter

"J.A. RUBENSTEIN"

JONATHAN ARN RUBENSTEIN
Director & Promoter