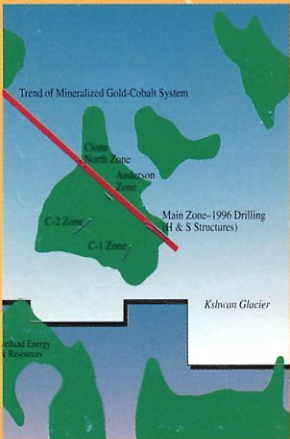


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THE CLONE GOLD DISCOVERY



TEUTON RESOURCES CORP. & MINVITA ENTERPRISES LTD.

THE CLONE GOLD DISCOVERY

INTRODUCTION: THE STEWART REGION

Teuton Resources Corp. and sister company Minvita Enterprises Ltd. were formed in the early 1980s specifically to explore the mineral rich Stewart region of Northwestern British Columbia.

The Stewart region first became prominent after the 1918 discovery of high-grade gold and silver mineralization at the Premier mine. During its early years the Premier shipped ore grading 4.2 oz/ton gold and 141 oz/ton silver and enjoyed the reputation of being the best dividend-paying gold mine in North America. In 1989 the Stewart region was in the headlines again after an exploration team at Eskay Creek returned a newsmaking average grade of 0.875 ounces of gold per ton over a 682 foot interval. Further work established Eskay Creek as a major gold-silver deposit and within a few years the mine was put into production with 1.18 million tons grading over three ounces gold equivalent per ton. As well as having one of the highest gold grades of any producing mine in Canada, the Eskay Creek mine has the distinction of being the sixth largest silver producer in the world.

Teuton is the largest landholder in the Stewart region with interests in over 300 square kilometres of claims. Minvita is runner-up with a little over 200 square kms of claims.



Section of hematite rich drill core with visible gold seen in the centre

RETREATING ICE EXPOSES HIGH GRADE GOLD GOLD-COBALT MINERALIZATION

The retreat of snow and icefields, called ablation, has been pronounced in the Stewart region for the past 70 years and appears to be accelerating. This phenomenon annually exposes large tracts of virgin ground, much of which lies along the highly mineralized "Stewart Complex" of volcanic and sedimentary rocks. Teuton and Minvita crews have been routinely exploring this fresh ground as it comes open, a policy which was amply rewarded after the discovery of

exceptionally high grade gold and gold-cobalt shears on the Clone property.

Late in 1995, a company geologist came across an unusual set of parallel shears while prospecting a zone of ablation on the flank of the Kshwan Glacier, 20 km southeast of Stewart. After prospecting samples returned values to 4 ounces gold per ton, 81 trenches were excavated to test the shear system over a strike length of 1,800 feet and a vertical range of 400 feet. This trenching returned very encouraging results ranging up to 3.59 oz/ton gold across 18.0 feet. Significant cobalt values were also found to accompany gold in the southeast portion of the zone. Highlights are presented in Table A below.

TABLE A

Trench #	Structure	Width (feet)	Gold (oz/ton)
4	H-1	18.0	3.59
7	S-1	9.5	1.65
10	S-2B	14.8	2.08
11	H-1	8.9	0.71
12	H-1	22.0	0.56
14	H-1	24.0	1.50
15	H-1	24.6	0.76
16	H-2	4.9	7.18
25	S-2A	9.8	1.03
28	S-2A	6.6	1.15
29	S-2A	8.7	0.96
64	S	11.0	0.52
78	H-1	26.3	0.90
81	H-1/S-2A	29.5	0.34

FINANCING

The exceptional grades and widths reported from the Clone property led to numerous funding offers from both the brokerage and mining communities. Minvita closed a \$1 million financing brokered by Majendie Securities in November of 1995 and the following month both Teuton and Minvita raised a further \$1.3 million each from mining companies Homestake Canada Inc. and Prime Resources Group Inc. (these companies, controlling entities of the Eskay Creek and Snip mines, collectively subscribed for 500,000 shares of Teuton at \$2.64 per share and 350,000 shares of Minvita at \$3.79 per share).

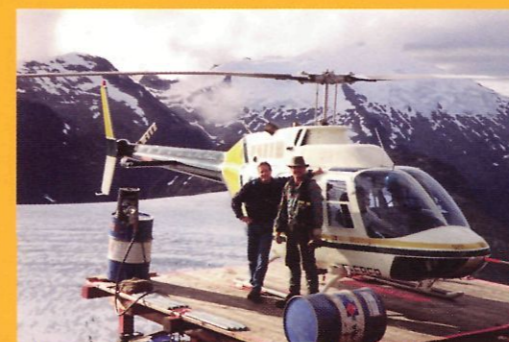
TABLE B

Selected Intercepts from the 1995-1996 Drilling on the Clone Property			
Drill Hole	Interval (feet)	Gold (oz/ton)	
4	16.4	0.61	
8	9.8	1.67	
10	26.2	1.85	
11	30.0	0.64	
11	13.1	0.89	
18	98.4	0.36	
25	12.0	0.64	
68	8.9	1.29	
72	27.5	0.38	
74	12.9	0.63	
84	11.5	0.90	
91	50.9	0.22	
110	32.9	1.28	
124	23.0	0.43	

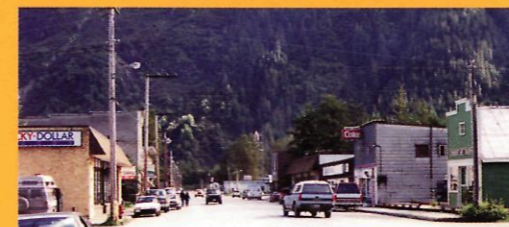
The 1996 Program

An ambitious \$2 million 1996 program on the Clone property involved further prospecting and surface trenching, ground and airborne geophysical surveys, geological mapping and 37,000 feet of diamond drilling. Prospecting along strike showed that the gold-cobalt mineralized system may have a strike length of up to 4 kilometres or greater. Drilling and trench results demonstrated that gold values occur over a vertical range of 490 metres, with further extensions to depth still untested.

Drilling in 1996 was confined to the 500 m long Main Zone at the southeast end of the mineralized system, overlapping the original discovery area. The most promising structure outlined by the drilling was the "H-1" which yielded many holes carrying high-grade gold mineralization over significant widths. The best of these was Hole #110 which contained a 32.9 foot intercept grading 1.28 ounces per ton gold. Some outstanding intersections were also reported from the parallel S-2A structure, known from trenching to host both gold and cobalt mineralization. Hole #18 into the S-2A contained a 98.4 foot intercept grading 0.36 ounce per ton gold and 0.09% cobalt.



Clone staff disembark at the camp's heli-pad



The town of Stewart, B.C.



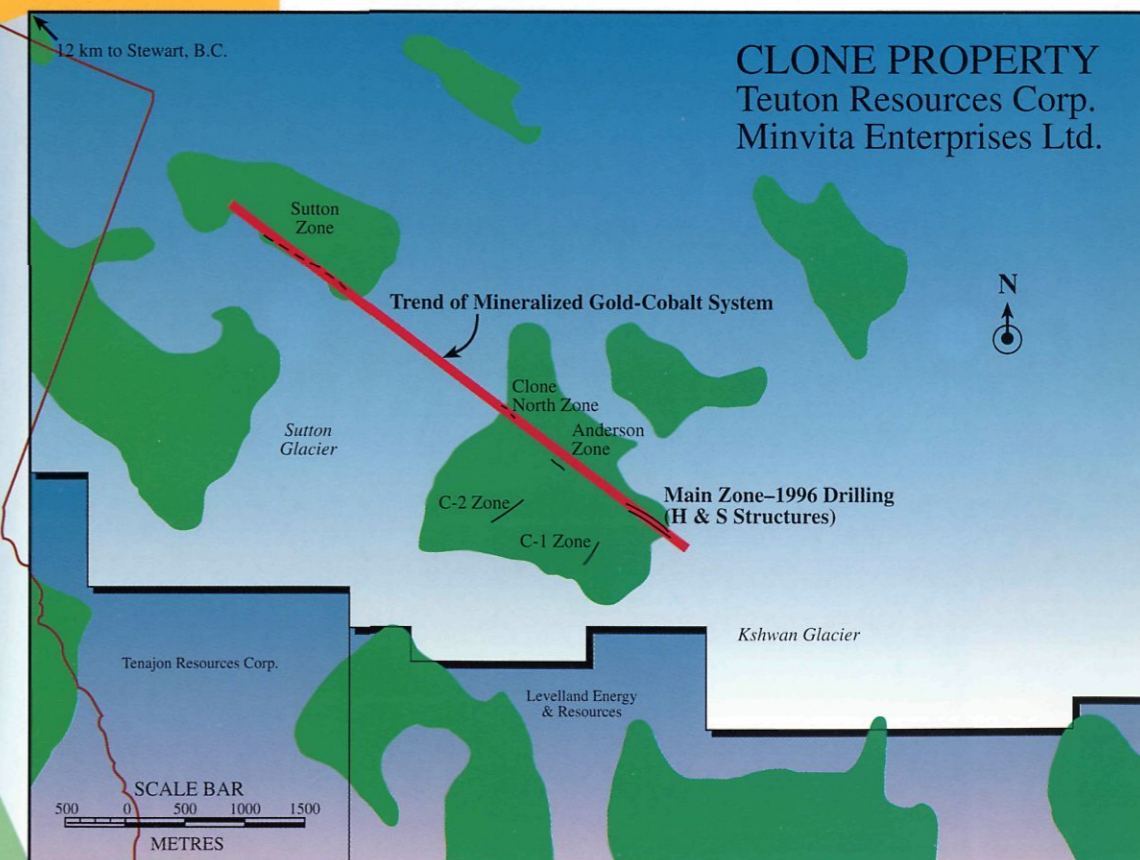
Gold-bearing hematite mineralization in an H-1 structure.

The Planned 1997 Program

Teuton and Minvita plan a large follow-up program on the Clone property in 1997 with the following objectives:

1. Continue definition drilling of Main Zone so as to fully delimit resource.
2. Continue drilling to determine depth and strike extensions of the Main Zone.
3. Carry out property-wide IP and EM geophysical surveys to identify major targets along 4 km trend of mineralized system. Drill test targets.
4. Investigate property for Olympic Dam targets. Drill test same.

The ultimate size of the 1997 program will depend on ongoing results of the work throughout the season and on the availability of financing.



One of the trenching crew blasts a hole along trench lines marked across prospective mineralization by the company geologist





Geologist Ken Konkin, co-discoverer with Ed Kruchkowski of the C-1 and C-2 zones on the Clone property. These highly copper anomalous areas will be investigated in 1997 for Olympic Dam type deposits.

Olympic Dam Model

A class of mineral deposits characterized by iron oxide breccias and veins has become a popular North American exploration target in recent years. The most famous global example occurs in Australia and is known as the Olympic Dam property. For this reason, targets with the similar general iron oxide mineralogy and breccia/vein structures are often referred to as Olympic Dam type properties.

The Olympic Dam type properties are important because they have potential to host very large deposits. Olympic Dam itself contains over two billion tons grading 1.6% Cu with minor but economically important values in gold and silver. Typically these deposits occur as discordant pod-like zones, veins, tabular bodies and

stockworks and the veins and tabular zones may extend horizontally and vertically for kilometres with widths of metres to hundreds of metres.

Several geologists who have reviewed exploration data from the Clone property believe there are important similarities to the Olympic Dam model. These include not only the pervasive hematite (iron oxide) bearing breccia structures at the Clone, but also the intense chlorite and K-feldspar alteration which surrounds the deposits. An area lying approximately 1 km west of the Main Zone at the Clone also features widespread anomalous copper values. This area, which has only been lightly explored to date, will be thoroughly investigated for Olympic Dam type mineralization in 1997.

Cobalt: Strategic Mineral of the '90s



Blast rock from Trench 81 showing "cobalt bloom."

Economically significant quantities of cobalt occur in several of the Clone structures. This mineral, characterized in outcrop by a beautiful violet-purple "bloom," (see photo, left) has been found along the "S" structures and also at depth in the "H" structures. Trenching in 1996 of a newly discovered occurrence along trend of the S-1 structure returned excellent values in both gold and cobalt as shown in Table C.

Traditionally the African nations of Zambia and Zaire have been the world's dominant suppliers of cobalt. However, prolonged political and economic instability in these countries has led to a sharp reduction in supply. This, coupled

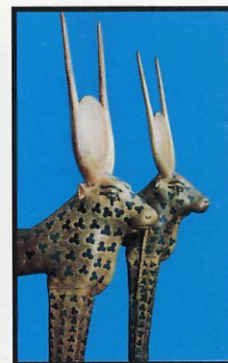
with a growing demand for cobalt in a large variety of strategic and industrial applications,

TABLE C

Trench #	Interval (ft.)	Gold (oz./ton)	Cobalt (%)	Gold Equiv. (oz./ton)
93	9.8	0.500	0.035	0.535
95	7.5	2.519	0.738	3.257
99	18.7	0.703	0.077	0.780
204 (E)	9.2	0.051	0.173	0.224
205 (W)	16.4	0.069	0.281	0.350
207	14.8	0.236	0.195	0.431

has led to a sharp increase in the price of the metal. Currently cobalt sells for \$20 U.S. a pound, some 20 times the value of a pound of copper. In the last few years, during periods of market shortage, this price has surged up to the \$30 U.S. a pound range. Growth rates of 4 to 5% in world consumption are projected for the future, so most experts believe that the price of cobalt will remain high.

The gold-cobalt association at the Clone is unique to the Stewart area and has intrigued many geologists who have studied the property. There is some speculation that the cobalt as seen in the H and S structures of the Main Zone may actually derive from a local, as yet unidentified, source. Significantly, cobalt bearing mineralization is known to occur in many Olympic Dam type deposits throughout the world. A number of these are presently being explored in Canada's Northwest Territories.



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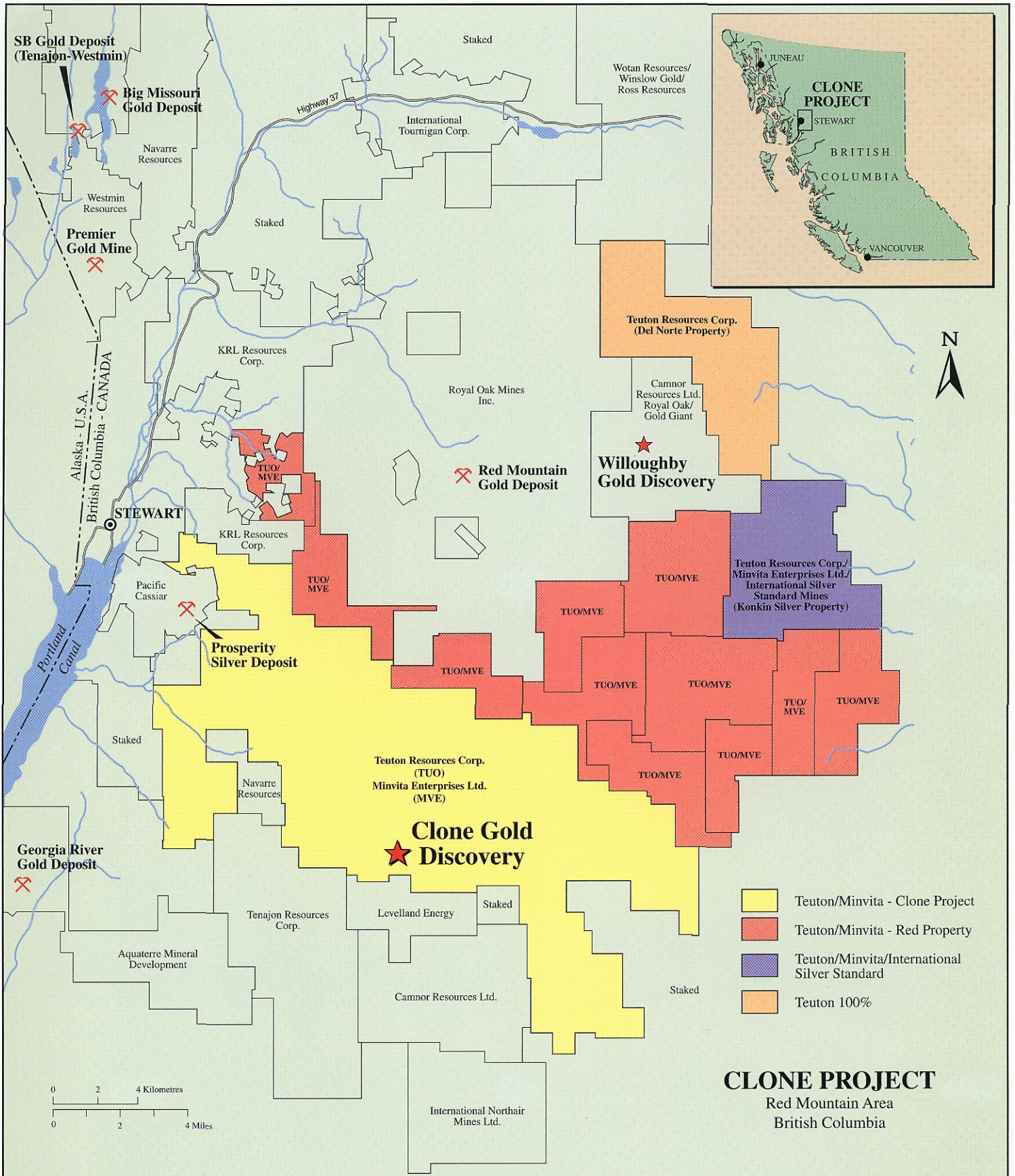
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NEW DEVELOPMENTS



TEUTON'S TENNYSON & TREATY CREEK PROPERTIES

Large, brown-red gossan on Teuton's Tennyson property as seen from the helicopter. Previous exploration shows good potential for an extensive copper-gold porphyry system. Teuton's Tennyson and Treaty Creek properties, currently under option to VSE companies, will be drilled in 1997.



TEUTON RESOURCES CORP
Trading Symbol: VSE-TUO

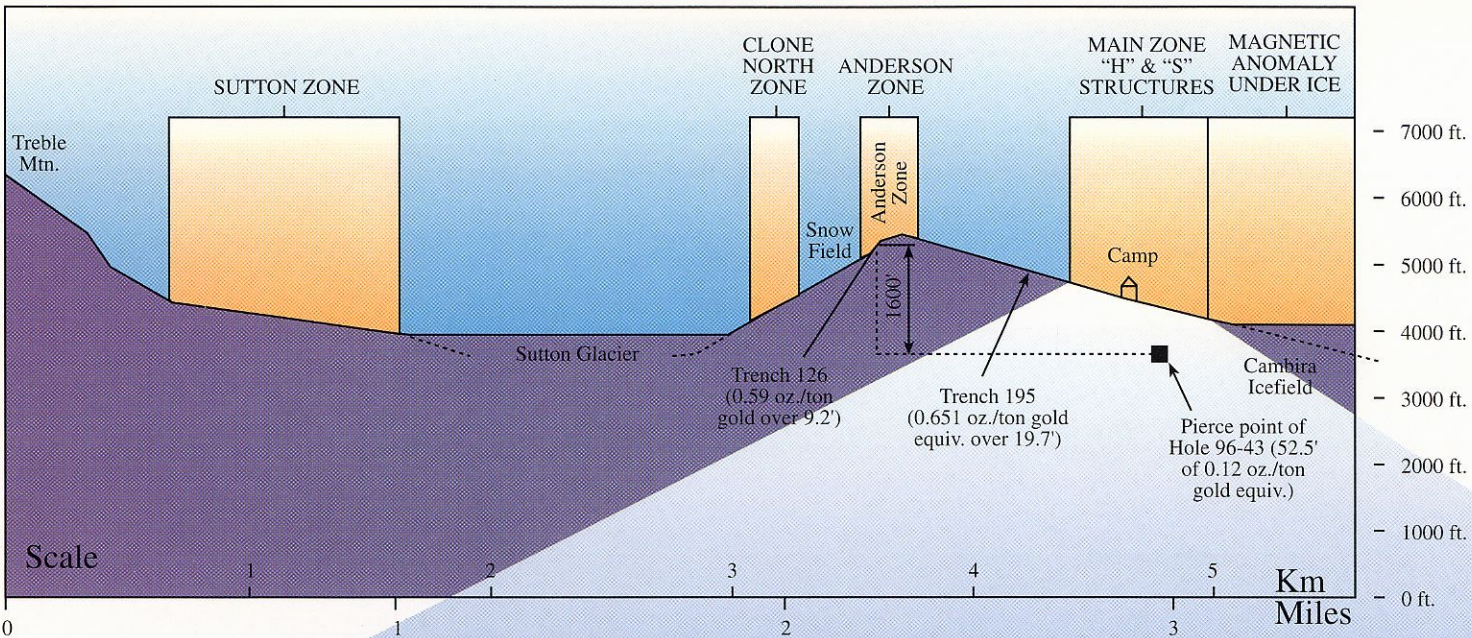
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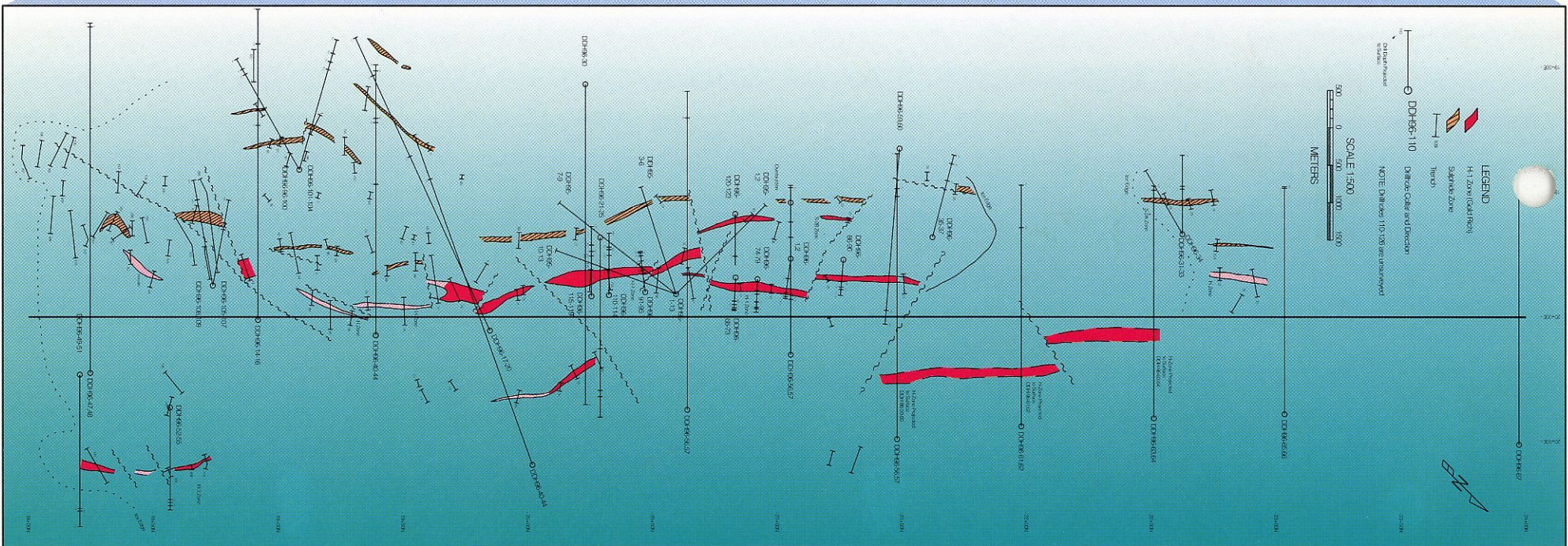
CLONE GOLD PROPERTY

Teuton Resources Corp.
Minvita Enterprises Ltd.

PLAN MAP SHOWING MAIN ZONE DRILL HOLES (Indexed to Longitudinal Section)



CLONE GOLD PROPERTY – IDEALIZED LONGITUDINAL SECTION
(Looking Northeast)



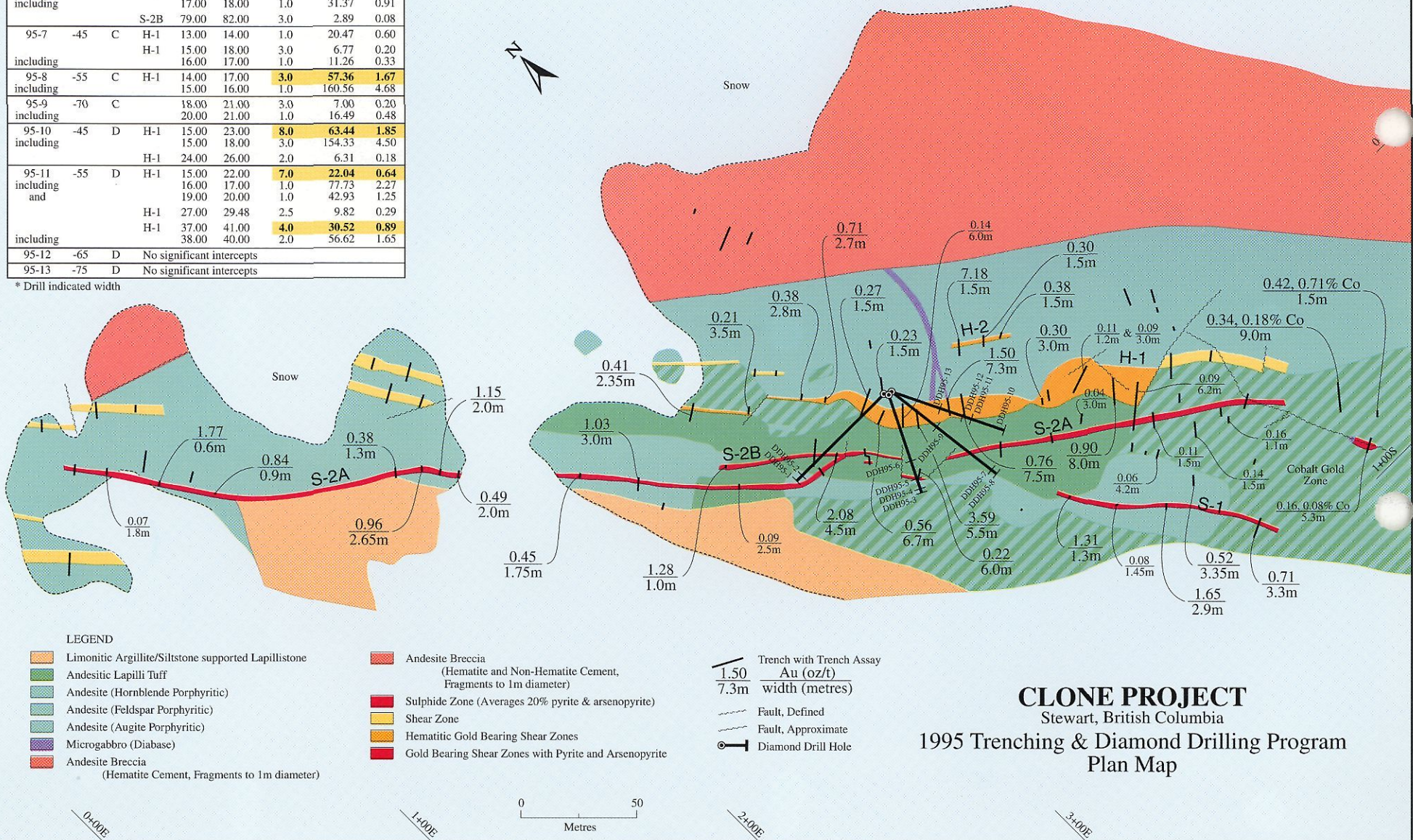
**RED MOUNTAIN AREA PROPERTY
1995 DIAMOND DRILLING SUMMARY**

Drill Hole	Dip	Section	Zone	From(m)	To(m)	Width*(m)	Au(g/t)	Au(opt)	
95-1	-45	A	H-1	12.25	13.25	1.0	17.93	0.52	
95-2	-55	A	H-1	15.74	16.74	1.0	48.33	1.41	
95-3	-45	B	S-2B	40.50	43.50	3.0	2.89	0.08	
95-4	-55	B	H-1	11.00	16.04	5.0	21.05	0.61	
including				12.94	15.04	2.1	48.71	1.42	
				S-2B	48.50	51.50	3.0	2.80	0.08
95-5	-65	B	H-1	23.00	26.00	3.0	5.19	0.15	
including				25.00	25.00	1.0	11.43	0.33	
				H-1	31.00	35.00	4.0	3.85	0.11
including				32.00	33.00	1.0	11.43	0.33	
				84.50	86.00	1.5	11.94	0.35	
95-6	-75	B	H-1	16.00	18.00	2.0	16.59	0.48	
including				17.00	18.00	1.0	31.37	0.91	
				S-2B	79.00	82.00	3.0	2.89	0.08
95-7	-45	C	H-1	13.00	14.00	1.0	20.47	0.60	
including				15.00	18.00	3.0	6.77	0.20	
				16.00	17.00	1.0	11.26	0.33	
95-8	-55	C	H-1	14.00	17.00	3.0	57.36	1.67	
including				15.00	16.00	1.0	160.56	4.68	
95-9	-70	C	H-1	18.00	21.00	3.0	7.00	0.20	
including				20.00	21.00	1.0	16.49	0.48	
95-10	-45	D	H-1	15.00	23.00	8.0	63.44	1.85	
including				15.00	18.00	3.0	154.33	4.50	
				H-1	24.00	26.00	2.0	6.31	0.18
95-11	-55	D	H-1	15.00	22.00	7.0	22.04	0.64	
including				16.00	17.00	1.0	77.73	2.27	
and				19.00	20.00	1.0	42.93	1.25	
				H-1	27.00	29.48	2.5	9.82	0.29
including				H-1	37.00	41.00	4.0	30.52	0.89
					38.00	40.00	2.0	56.62	1.65
95-12	-65	D	No significant intercepts						
95-13	-75	D	No significant intercepts						

*Drill indicated width

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April 11, 1997

Dear Shareholder/Investor:

Progress Report 1997-#1

We are pleased to present you with the following materials:

1. *The Clone Gold Discovery* (4 page brochure)
2. *Clone Gold Property* (showing plan and longitudinal section of 1996 drilling)
3. *The Israeli Oil Project*

The Company is on the threshold of a very active 1997 exploration season beginning with a promising oil play south of Haifa, Israel. In July, a major follow-up diamond drilling program will commence on our exciting gold-cobalt Clone property located in the Stewart area of northwestern British Columbia. In addition, two optionees of Teuton properties in the Stewart area have also indicated they plan to drill test gold and gold-copper targets in August.

In order to keep shareholders and other interested parties fully abreast of Company activities, we ask that you take the time to fill in and send back the enclosed return card. Those of you who have access to the Internet can also monitor Teuton developments by routinely checking up on the Company's website at <http://www.teuton.com>.

Should any of you wish a more detailed update on the Company's plans for 1997, please telephone our head office at 604-682-3680 (Toll free: 1-800-879-2333) and ask for either Andy Bowering, Lionel Wolfemann or Dino Cremonese.

We look forward to a very prosperous 1997!

Best regards,

Andrew Bowering

Encl.