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HIDDEN ROCK DRILLING LTD.

220 - 1199 West Pender Street
Vancouver, B.C. V6E 2R1

July 28, 1997

Mr John BROCK
#1500 - 675 W. Hastings St,
Van., B.C.

Sir:

Please find enclosed our overview of the work on the Granby Peninsula we discussed.


I am looking for a Joint-Venture on the Granby Properties. I have optioned the Moly Mays Properties to Merryth Resources.

Merryth Resources is expected to go public on the VSE this fall sponsored by Keith Anderson of Canaccord.

Please return all the enclosed after your perusal as soon as possible.

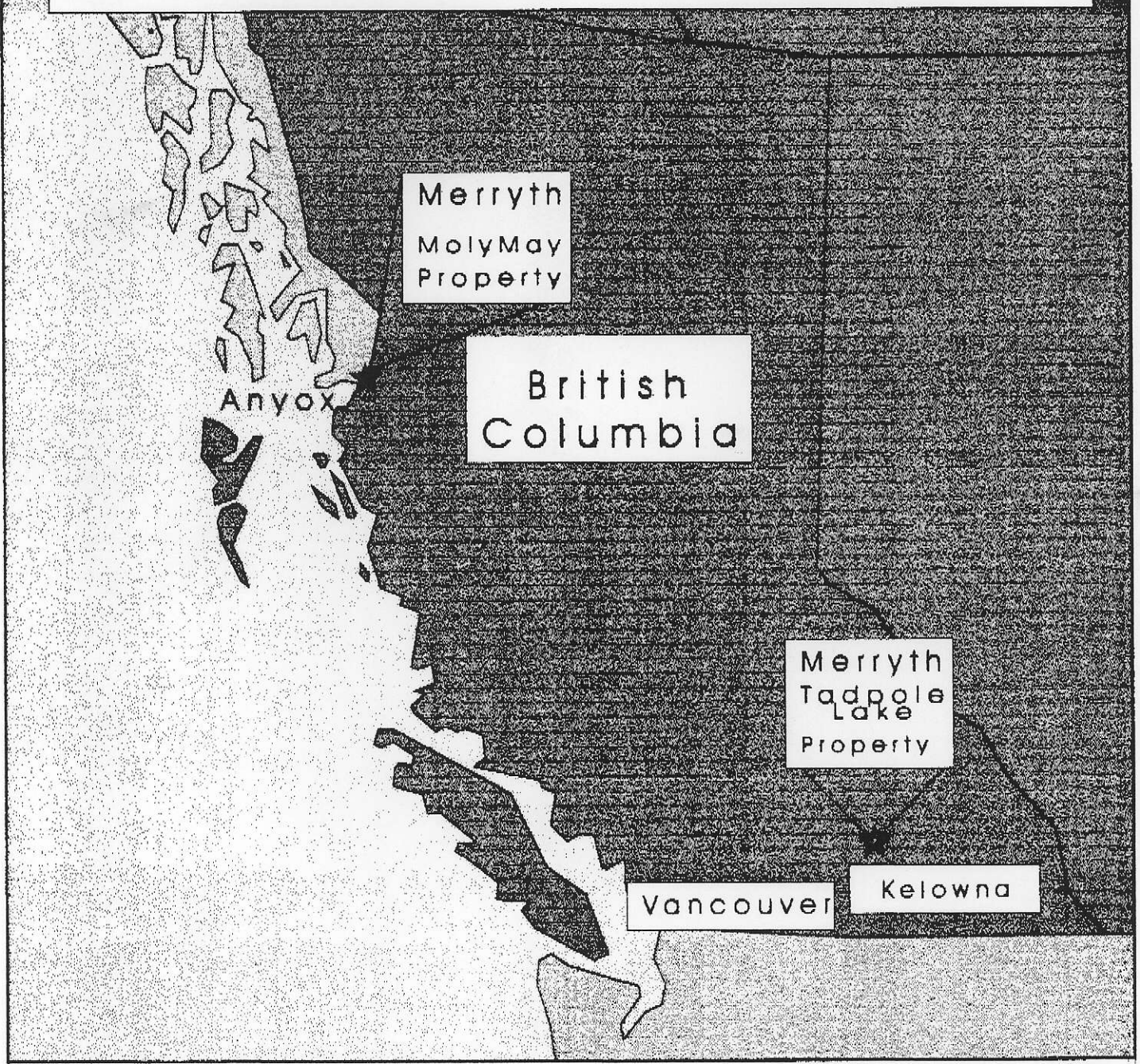
Looking forward to your comments.

Yours Truly,



Steven BUCHAN
Hidden Rock Drilling

Merryth Resources Inc Property Location Map



Merryth
MolyMay
Property

British
Columbia

Merryth
Tadpole
Lake
Property

Vancouver

Kelowna

Anyox

PRIVATE PLACEMENT OFFERING MEMORANDUM DATED JULY 11, 1997

THIS OFFERING MEMORANDUM CONSTITUTES AN OFFERING OF THESE SECURITIES ONLY IN THOSE JURISDICTIONS AND TO THOSE PERSONS WHERE AND TO WHOM THEY MAY BE LAWFULLY OFFERED FOR SALE. THE OFFERING CONTEMPLATED IN THIS OFFERING MEMORANDUM IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, A PUBLIC OFFERING OF THE SECURITIES DESCRIBED HEREIN. NO SECURITIES COMMISSION OR SIMILAR REGULATORY AUTHORITY HAS IN ANY WAY PASSED UPON THE MERITS OF THE SECURITIES OFFERED HEREIN NOR HAS IT REVIEWED THIS OFFERING MEMORANDUM AND ANY REPRESENTATION TO THE CONTRARY IS AN OFFENSE.

MERRYTH RESOURCES INC.

(the "Issuer")

220 - 1199 West Pender Street
Vancouver, British Columbia V6E 2R1

Maximum Offering: 1,000,000

Minimum Offering: 500,000

At a price of \$0.30 per Flow-Through Share or \$0.25 per Non-Flow-Through Share

The Shares hereinafter referred to as the "Security".

	PRICE TO INVESTORS	COMMISSION (1)	NET PROCEEDS TO ISSUER(2)
Per Flow-Through Share	\$0.30	\$0.03	\$0.27
Per Non-Flow-Through Share	\$0.25	\$0.025	\$0.225
Total for Maximum Flow-Through Share Offering	\$300,000	\$ 30,000	\$270,000
Total for Maximum Non-Flow-Through Share Offering	\$250,000	\$ 25,000	\$225,000
Total for Minimum Flow-Through Share Offering	\$150,000	\$15,000	\$135,000
Total for Minimum Non-Flow-Through Share Offering	\$125,000	\$12,500	\$112,500

(1) For their efforts in finding and introducing to the Issuer investors desirous of purchasing Securities under this Offering Memorandum, the Issuer will pay to a person who may or may not be at arm's length with the Issuer and its management, a finders' fee (the "Finders' Fee") from the gross proceeds received by the Issuer from the sale of any Securities directly resulting from the efforts of such persons. The Issuer intends to pay the Finders' Fee out of funds the Issuer obtains from this Offering Memorandum.

(2) Before deducting the cost of this Offering, estimated to be \$5,000, which the Issuer intends to pay from the funds obtained by way of this Offering Memorandum.

THE SUBSCRIBER MAY ELECT TO SUBSCRIBE FOR EITHER FLOW-THROUGH SHARES OR NON-FLOW-THROUGH SHARES OR A COMBINATION OF BOTH FLOW THROUGH AND NON-FLOW THROUGH SHARES.

AS THE ISSUER IS NOT A REPORTING ISSUER IN BRITISH COLUMBIA OR ELSEWHERE THE SHARES WILL BE SUBJECT TO AN INDEFINITE HOLD PERIOD AND MAY NOT BE SOLD DURING THAT PERIOD UNLESS THE SALE IS MADE IN ACCORDANCE WITH THE PROVISIONS OF ALL APPLICABLE SECURITIES LAWS (SEE "EXEMPTIONS FROM PROSPECTUS REQUIREMENTS AND RESTRICTIONS ON RESALE OF SECURITIES" HEREIN FOR FURTHER DETAILS). IN ADDITION, THE ARTICLES OF THE ISSUER PRESENTLY PROVIDE THAT, UNTIL SUCH TIME AS THE ISSUER BECOMES A REPORTING ISSUER, THE ISSUER MUST GIVE ITS PRIOR WRITTEN CONSENT FOR THE APPROVAL OF ANY TRANSFER OF SHARES.

THE SECURITIES OFFERED HEREBY MUST BE REGARDED AS SPECULATIVE DUE TO THE NATURE OF THE ISSUER'S BUSINESS AND ITS PRESENT STAGE OF DEVELOPMENT. THE ISSUER HAS NEITHER A SIGNIFICANT EARNING HISTORY NOR A RECORD OF DIVIDEND PAYMENTS (SEE "RISK FACTORS").

The Issuer reserves the right to accept or reject any subscriptions for Units in whole or in part and in the event any subscriptions are rejected or accepted in part, the applicable amount of the subscription funds will be returned to the investor without interest or deduction.

The information presented in this Offering Memorandum has been prepared from information supplied by management of the Issuer and is being furnished solely for use by prospective investors in connection with this Offering. This Offering Memorandum does not purport to be all inclusive or to contain all the information that a prospective investor may desire in investigating the Issuer. Each investor must conduct and rely on its own evaluation of the Issuer and the terms of the Offering, including the merits and risks involved, in making an investment decision with respect to the securities.

The information contained in this Offering Memorandum is confidential and proprietary to the Issuer and is being submitted to prospective investors solely for such investors' confidential use with the express understanding that, without the prior written permission of the Issuer, such persons will not release this documents or discuss the information contained herein or make reproductions of or use this Offering Memorandum for any purpose other than evaluating a potential investment in the securities offered hereby. A prospective investor, by accepting delivery of this Offering Memorandum, agrees to comply with this paragraph and promptly return to the Issuer this Offering Memorandum and any other documents or information furnished if the prospective investor elects not to purchase any of the securities offered hereby.

No person has been authorized to give any information other than contained in this Offering Memorandum, or to make any representations in connection with the Offering made hereby, and if given or made, such other information or representations must not be relied upon as having been authorized by the Issuer.

The Securities offered hereby have not been and will not be registered under the United States Securities Act of 1933 (the "1933 Act") or State securities laws and may not be offered for sale or resale, sold or resold or otherwise transferred or assigned, directly or indirectly, in the United States or to a US person, as defined by Regulation S under the 1933 Act, unless they are registered under the 1933 Act and applicable State securities laws or unless an exemption from such registration is available. Any representation to the contrary is unlawful.

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NAME AND INCORPORATION OF ISSUER

The full name of the Issuer is **Merryth Resources Inc.** The Issuer's head office and principal business address is located at 220 - 1199 West Pender Street, Vancouver, British Columbia, V6E 2R1. Its registered and records office is located at Suite 1600 - 609 Granville Street, Vancouver, British Columbia, V7Y 1C3.

The Issuer was incorporated under the laws of the Province of British Columbia on September 17, 1996. The authorized capital of the Issuer is 25,000,000 common shares without par value.

The Issuer is not a reporting issuer under the applicable laws of the Province of British Columbia but intends to seek a listing on a recognized stock exchange in North America.

DESCRIPTION OF SECURITIES

The Issuer is offering for sale through its own efforts a maximum of 1,000,000 common shares without par value in the capital stock of the Issuer at a price of \$0.30 per share for Flow-Through Shares or at a price of \$0.25 per share for Non-Flow-Through Shares. The Issuer has the option to seek a listing on the Vancouver Stock Exchange (the "VSE").

The Shares are subject to resale restrictions. See "Restrictions on Resale of Securities".

The authorized share capital of the Issuer currently consists of 25,000,000 common shares without par value. All common shares rank equally as to dividends, voting rights and as to any distribution of assets on winding-up or liquidation. There are no indentures or agreements limiting the payment of dividends and there are no preemptive rights, conversion rights, special liquidation rights, or subscription rights attached to any of the common shares. The Offering Price for the Shares offered under this Offering Memorandum was established by the Issuer. The Offering Price for the Shares bears no necessary relationship to the Issuer's assets, book value, net worth or any other recognized criteria of value.

SHARE AND LOAN CAPITAL STRUCTURE

The shares and loan capital structure of the Issuer is as follows:

Designation of Security:	Common
Amount Authorized:	25,000,000
Amount Outstanding as of the date hereof:	1
Amount Outstanding if all Securities are sold:	1,000,001

There are no loans outstanding as at the date of this Offering Memorandum.

NUMBER AND AGGREGATE DOLLAR AMOUNT OF SECURITIES TO BE DISTRIBUTED

The Offering consists of a maximum of 1,000,000 common shares at the price of \$0.30 per Flow-Through Share. If all of the Flow-Through Shares are sold, the Issuer would realize gross proceeds of \$300,000. If the minimum offering of 500,000 Flow-Through Shares are sold, the Issuer's gross proceeds would be \$150,000.

The Offering also consists of a maximum of 1,000,000 common shares at the price of \$0.25 per Non-Flow-Through Share. If all of the Non-Flow-Through Shares are sold, the Issuer would realize gross proceeds of \$250,000. If the minimum offering of 500,000 Non-Flow-Through Shares are sold, the Issuer's gross proceeds would be \$125,000.

PLAN OF DISTRIBUTION

Offering

This offering is made in accordance with the rules and policies of the regulatory bodies of British Columbia, even though the Issuer is not a reporting issuer, and only to those Subscribers (the "Subscribers") who meet the qualifications set forth under the heading "Exemptions from Prospectus Requirements". Subscriptions will only be accepted if the Issuer is satisfied that the Subscriber is appropriately qualified and that the Offering can lawfully be made in such jurisdictions.

Subscription Procedures

A person wishing to subscribe for Common Shares may do so by completing a Private Placement Subscription Agreement (in the form attached hereto as Appendix C) together with either Form 20A (IP) (in the case of a purchaser who is an individual) or a Form 20A (NIP) (in the case of a purchaser who is not an individual, unless the Common Shares with an aggregate acquisition cost of not less than CDN\$97,000, under Section 55(2)(4) of the *Securities Act* (British Columbia) (the "Act"), all as attached as Appendix D hereto, and forwarding the executed documents to the Company together with payment for Common Shares as subscribed. A Subscriber purchase under section 128(a) or 128(b) of the Securities Rules promulgated pursuant to the Act (the "Rules") or section 55(2)(4) of the Act (if the Subscriber is an individual (see "Exemptions from Prospectus Requirements and Restrictions on Resale of Securities" herein)) will be required to complete and deliver to the Issuer either:

- a) the acknowledgment under Part 5(a), 5(b) or 5(c) of the foregoing Form 20A(IP), if the Subscriber is an individual, that the individual Subscriber is a sophisticated purchaser, or deliver the acknowledgment under Part 5(d) of the foregoing Form 20A(IP) that the individual Subscriber is registered under the act; or
- b) if the Subscriber is other than an individual, the Subscriber will be required to complete and deliver to the Issuer, an acknowledgment under Part 6(a) or 6(c) and, or applicable Part 7(a) or 8(b) as appropriate, all as contained in the foregoing Form 20A(NIP).

Subscriptions for Common Shares are subject to acceptance by the Issuer and the Issuer reserves the right to reject any subscriptions or terminate the Offering at any time without notice. If a subscription is rejected or if the minimum offering is not subscribed for monies received by the Issuer for that subscription will be returned forthwith to the Subscriber without interest or deduction. No interest will be paid to the Subscriber pending acceptance or rejection of its subscription. A term of the Private Placement Subscription Agreement to be signed by the Subscriber will irrevocably authorize the Issuer to close the subscription on behalf of each Subscriber. If a subscription is accepted, it will be accepted by the Issuer executing the Subscription Agreement which has been signed by the Subscriber and dating the Subscription Agreement as of the date of execution by the Issuer.

Closing of Offering

The Offering will be completed at one or more closings as subscriptions are accepted.

The closing of the Offering will take place on a date or dates to be determined (the "Closing"), at which time the Issuer will issue and deliver the Common Shares for the Subscriptions received.

EXEMPTION FROM PROSPECTUS REQUIREMENTS AND RESTRICTIONS ON RESALE OF SECURITIES

The Issuer will be primarily relying upon exemptions from prospectus requirements with respect to this Offering pursuant to section 55(2)(4) of the Act and section 128(a) and 128(b) of the Rules on the basis that a Subscriber for the Common Shares offered hereby meets certain qualifications and, as a consequence:

- a) a Subscriber is restricted from using civil remedies available under the Act and the Rules;
- b) a Subscriber may not receive information that may otherwise be required to be provided to them under the Act and the Rules; and
- c) the Issuer is relieved from certain obligations that would otherwise apply under the Act and the Rules.

The Common Shares offered hereby will be sold only to a Subscriber purchasing as principal who:

- a) is a sophisticated purchaser as defined below or is himself/herself spouse, parent, brother, sister or child of a senior officer or director of the Issuer, or of an affiliate of the Issuer, or if the purchaser is a company, all the voting securities are beneficially owned by one or more of a spouse, parent, brother, sister or child of a senior officer or director of the Issuer, or of an affiliate of the Issuer (section 128(a) of the Rules); or
- b) is a sophisticated purchaser as defined below and the aggregate acquisition cost of the purchase is not less than \$25,000 (section 128(b) of the Rules).

The Form 20A (IP) and (NIP) in the form attached hereto as Appendix D also contain the following acknowledgments which must be confirmed by a Subscriber hereunder:

- a) no Securities Commission or similar regulatory authority has reviewed or passed on the merits of the Common Shares;
- b) there is no government or other insurance covering the Common Shares;
- c) the Subscriber may lose all of the investment made hereunder;
- d) there are restrictions on the ability of the Subscriber to resell the Common Shares and it is the Subscriber's responsibility to find out what those restrictions are and to comply with them before selling the Common Shares;
- e) that the Subscriber will not receive a Prospectus that the Act would otherwise require to have been given to the Subscriber because the Issuer has advised the Subscriber in this Offering Memorandum that the Issuer is relying on an exemption from the prospectus filing requirements of the Act;
- f) that since the Subscriber is not purchasing the Common Shares under Prospectus, the Subscriber will not have the civil remedies that otherwise would have been available to the Subscriber; and
- g) the Issuer has advised the Subscriber that it is using an exemption from the requirements to sell through a dealer registered under the Act and, as a result, the Subscriber does not have the benefit of any protection that might have been available to the Subscriber by having a registered dealer act on the Subscriber's behalf.

The Rules define "sophisticated purchaser" as follows:

"sophisticated purchaser" means a purchaser that, in connection with a distribution, gives an acknowledgment under section 135 of the rules to the issuer, where the issuer does not believe, and has no reasonable ground to believe, that the acknowledgment is false, acknowledging both that:

- a) *the purchaser is able, on the basis of information about the investment furnished by the issuer, to evaluate the risks and merits of the prospective investment because of*
 - i) *the purchaser's financial, business or investment experience, or*
 - ii) *advice the purchaser receives from a person that is registered to advise, or is exempted from the requirement to be registered to advise, in respect of the security that is the subject of the trade and who is not an insider of, or in a special relationship with, the issuer of the security, and*

b) *the purchaser is one of the following:*

- i) *a person registered under the Act; or*
- ii) *an individual who:*

- A. *has a net worth, or net worth jointly with the individual's spouse, at the date of the agreement of purchase and sale of the securities, of not less than CDN \$400,000; or*
- B. *has had in each of the two most recent calendar years, and reasonably expect to have in the current calendar year*
 - I. *annual net income before tax of not less than CDN \$75,000; or*
 - II. *annual net income before tax, jointly with the individual's spouse, of not less than CDN \$125,000; or*

iii) *a corporation, partnership or trust that:*

- A. *has net assets of not less than CDN \$400,000; or*
- B. *has had in each of the two most recent calendar years, and reasonably expects to have in the current calendar year, net income before tax of not less than CDN \$125,000; or*

iv) *a corporation in which all of the voting shares are beneficially owned by sophisticated purchasers; or*

v) *a general partnership in which a majority of the general partners are sophisticated purchasers; or*

vi) *a limited partnership in which a majority of the general partners are sophisticated purchasers or;*

vii) *a trust in which all of the beneficiaries are sophisticated purchasers or the majority of the trustees are sophisticated purchasers.*

Subscribers Resident in Jurisdictions other than British Columbia

The Common Shares offered hereunder may be offered in jurisdictions other than British Columbia only in compliance with the securities laws applicable in such jurisdiction. Subscribers in such other jurisdictions may be requested by the Issuer to provide representations or to complete forms other than those contained in or contemplated by the Subscription Agreement appended hereto, in order to ensure compliance with the applicable securities laws.

The Issuer reserves the right to reject subscriptions from persons resident in jurisdictions outside British Columbia on the basis that it is impossible or impractical to comply with the securities laws of such jurisdictions. Subscribers in such other jurisdictions should consult with their legal advisors to determine the extent of resale restrictions which may be applicable in those jurisdictions to the Common Shares offered hereunder.

Resale Restrictions

The Common Shares offered herein will be distributed pursuant to certain exemptions from prospectus requirements contained in the Act and in the Rules. Shares are subject to resale restrictions and there is no assurance that such restrictions will ever expire. As there is no market for these securities, it may be difficult or even impossible for the Subscriber to resell them.

Further, the Issuer is not presently a reporting issuer under the Act or under securities legislation in any other jurisdiction and therefore, any resale of the Common Shares, unless an exemption under the Act is available, will require that a prospectus be filed with the British Columbia Securities Commission and a receipt obtained therefor. In addition, the Articles of the Issuer provide that, until such time as the Issuer becomes a reporting issuer, the Issuer must give its prior written consent for the approval of any transfer of Common Shares.

The certificates for the Common Shares to be issued pursuant to the Offering may bear a legend disclosing the above restrictions on the resale. Therefore, the Common Shares are not suitable for investors who are not able to make a long term investment commitment.

ALL SUBSCRIBERS PURCHASING SECURITIES UNDER THIS OFFERING MEMORANDUM SHALL CONSULT WITH THEIR LEGAL ADVISORS TO DETERMINE THE EXTENT OF RESALE RESTRICTIONS AND THE POSSIBILITIES OF UTILIZING ANY FURTHER STATUTORY EXEMPTIONS OR THE OBTAINING OF A DISCRETIONARY ORDER FROM THE BRITISH COLUMBIA SECURITIES COMMISSION. SUBSCRIBERS SHOULD ALSO CONSULT WITH THEIR LEGAL ADVISORS PRIOR TO RESELLING ANY OF THE SECURITIES ACQUIRED BY THEM.

NATURE OF BUSINESS OF THE ISSUER

The Issuer is a natural resource company engaged in the acquisition, exploration and development of natural resource properties. The Issuer has an interest in the following described properties and intends to seek and acquire additional property worthy of exploration and development.

PROPERTY DESCRIPTION

Location

The mineral claims are located near the former town of Anyox, British Columbia, which is situated between latitudes 50°20'N and 55°25'N and longitudes 129°50'W and 129°57'W. The Anyox property is on the west side of Observation Inlet at the head of Alice Arm whereas the other side of the property is near the southern end of the "Alaskan Panhandle". The property is easily accessed by means of float plane from Prince Rupert or Kitsault in Alice Arm; 25 km to the east. The claims optioned from Hidden Rock Drilling Ltd. ("Hidden Rock") are known as the Moly May mineral claims, and are situated on the Granby Peninsula are accessible by boat.

The Issuer's proposed mineral claims are situated in terrain up to 100 meters above sea level. Mapping and surface geology of the claims is greatly facilitated by the lack of dense primary forest cover. This is due to a number of forest fires that have passed through the area and to the effect of smelter smoke from early operations.

History of the Property

The Anyox area was first developed by Granby Consolidated Mining and Smelting Co. Ltd. ("Granby") in the early 1900's. Granby discovered two main ore bodies; being the Hidden Creek deposit and the Bonanza deposit which were put into production in 1914 and operated until 1935.

The Hidden Creek mine produced 24,000,000 tons grading on the average 1.6% copper. In addition, other minerals were found and used as by-products to reduce the overall milling costs. The average grades were as follows: 0.27 ounces of silver per ton and 0.005 ounces of gold per ton. The Bonanza Mine produced 720,000 tons grading 2.02% copper. At the time of its operations, the two mines were considered to be one of the largest copper producers in the British Empire.

With decreasing metal prices in the mid 1930's and certain labor unrest, Granby decided to close the plant and the town site in 1935 after nearly 20 years of successful operations.

The Anyox property was acquired by Cominco Limited ("Cominco") in 1936. Since acquisition numerous programs of drilling, mapping, geophysics and geochemistry have been conducted by Cominco on various properties in the immediate area. These programs resulted in the 1950's in the discovery and definition of the Double Ed deposit (2.2 million tons of 1.3% copper and 0.50% zinc) and the Eden deposit (195,000 tons of 1.3% copper and 1.9% zinc).

History of Claims to be Acquired

The proposed mineral claims to be acquired are from Hidden Rock and are known as Moly May 1-3 and are situated near the former town site of Anyox.

J.S. Fox, Ph.D., P. Eng., (1988 Director Mineral Exploration Research Institute, Montreal, had the following to say of the Moly May mineral claims:

"A large number of small but high grade Mo showings, with Mo values often in excess of 1% have been discovered along the margins of the Moly May stock, and this confirms its suspected potential. Of particular interest is the discovery of a number of new precious metal zones within the pluton. For example, the R9 showing ran 1.088 oz/ton Au over 1 m while the R227 occurrence contains 0.29 oz/ton over 0.8 m.

Our structural analyses have led to a model for the control on gold mineralization in the Meguma-type veins on the property. This model not only allows for a better definition of exploration targets, but should lead to the orderly evaluation of the known veins, most of which are characterized by a somewhat inhomogeneous distribution of precious metal values.

Our work has confirmed that excellent potential for economic Au and possibly Mo-Au mineralization occurs on the Granby Peninsula property. This potential may ultimately be best realized through small-scale exploitation. On the basis of this work, thirty three exploration targets have been identified, and it is strongly recommended that these be followed upon a priority basis. It is probable that this follow-up will lead to a subsequent phase of intensive diamond drilling."

The Issuer at this time does not know the percentage interest it will acquire in the above claims nor the terms and conditions. Nevertheless, the Issuer feels a satisfactory arrangement will occur due to the negotiating with some of its directors who are desirous to have the Issuer acquire an interest in these mineral claims.

Other Mineral Claims to be Acquired

The Issuer is presently negotiating with one of its directors the acquisition of an interest in a copper and molybdenum property located in the Vernon Mining District of British Columbia presently owned by Verdstone Gold Corporation and Molycorp Gold Corporation.

In a report written by Peter Peto, Ph.D., dated March 27, 1997, he defined in his Summary the following:

"The Dobbin Lake copper prospect and Tadpole Lake molybdenum prospect are owned by means of the 45 unit "MY" claim group located some 27 km west of Kelowna. Both prospects have been previously explored by geochemical and geophysical surveys and superficial percussion drill programs from 1968 to 1980. The copper prospect is a chalcopyrite, pyrite and magnetite magmatic segregation deposit associated with a small differentiated alkalic plug. Gold, silver, platinum and palladium values are associated with higher grades (0.3%) of copper. The Tadpole Lake molybdenum

prospect occurs in a epizonal (high level) differentiated dioritic plug dated at 147±6 m.y. and this would appear to be the same age as the Brenda Mines Cu-Mo mineralization. It consists of a quartz-molybdenite vein stockwork associated with a large (1900 x 800 m) hydrothermal alteration envelope characterized by pyrite, sericite and chlorite. Previous percussion drilling by Cominco has partially outlined a deposit some 1200 x 200 x 600 m wide with grades averaging around 0.03 - 0.05% Mo (0.08% MoS₂). Only three shallow diamond drill holes totaling 805 meters have tested the deposit to date. In the writer's estimation, previous drilling has insufficiently tested what appears to be a geologically promising Molybdenum porphyry system and he therefore recommends that a systematic 20,000 foot diamond drilling program be carried out to better assess the deposit to depth of 1000 feet or more."

The Issuer at this time does not know the percentage interest it will acquire in the above claims nor the terms and conditions. Nevertheless, the Issuer feels a satisfactory arrangement will occur due to negotiating with some of its directors who are desirous to have the Issuer acquire an interest in these mineral claims.

RISK FACTORS

The securities offered hereunder must be considered speculative, generally because of the nature of the Issuer's business and its present stage of development. In particular, a prospective investor should consider carefully the following risk factors:

1. None of the Issuer's properties contain a known body of commercial ore and, therefore, any program conducted on such properties would be an exploratory search of ore.
2. There is no certainty that any expenditures made in the exploration of the properties will result in discoveries of commercial quantities of ore. Most exploration projects do not result in the discovery of commercially mineable deposits of ore.
3. The only present source of funds available to the Issuer is through the sale of equity shares. Even if the results of exploration are encouraging, the Issuer may not have sufficient funds to conduct further exploration that may be necessary to determine whether or not a commercially mineable deposit exists on any of its properties. While additional working capital may be generated through the operation, development, sale or possible joint venturing of properties, there is no assurance that any such funds will be available.
4. Resource exploration and development is a speculative business, marked by a number of significant risks including, among other things, unprofitable effort resulting not only from the failure to discover mineral deposits but from finding mineral deposits which, though present, are insufficient in size or grade to return a profit from production. The marketability of any minerals acquired or discovered may be affected by numerous factors which are beyond its control 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 mineral industry is intensely competitive and the Issuer competes with other companies that have greater resources.

5. Mining operations generally involve a high degree of risk. Hazards such as unusual or unexpected formations and other conditions are involved. The Issuer may become subject to liability for pollution, cave-ins or hazards against which it cannot insure or which it may not elect to insure. The payment of such liabilities may have a material, adverse effect on the Issuer's financial position.
6. Prior to commencing mining operations on any of its properties, the Issuer must meet certain stringent environmental requirements. Compliance with these requirements may prove to be difficult and expensive.
7. While the Issuer has obtained the usual industry standard title reports with respect to its properties, this should not be construed as a guarantee of title. The properties may be subject to prior unregistered agreements or transfers of native land claims and title may be affected by undetected defects. Certain of the claims may be under dispute and resolutions of a dispute may result in the loss of some or all of such claims or a reduction in the Issuer's interest therein.
8. None of the Issuer's properties have 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.
9. There is no public market for the Common Shares of the Issuer and there can be no assurance that an active public market for the Common Shares will develop or be sustained. In addition, the Common Shares of the Issuer are subject to various governmental and regulatory body rules which effect the liquidity of the Common Shares. As such the Common Shares may not be suitable for Subscribers who may need to liquidate their investment prior to the expiry of any hold periods.
10. As one or more of the directors or officers of the Issuer has an interest, direct or indirect, in other natural resource companies, conflicts of interest between such directors or officers and the Issuer might arise. Such conflicts as may arise will be subject to the procedures and remedies provided by the *Company Act* (British Columbia), and it is expected that the respective directors of the Issuer will act in a reasonable and responsible manner giving full consideration to their fiduciary duties.

PARTICULARS OF NON-RESOURCE ASSETS

The Issuer does not have any material non-resource assets.

CORPORATE INFORMATION

Name and Incorporation

The Issuer was incorporated under the laws of British Columbia by registration of its Memorandum and Articles on September 17, 1996.

Authorized and Issued Capital

The authorized capital of the Issuer consists of 25,000,000 common shares without par value of which one share is issued and outstanding as fully paid and non-assessable as at the date of this Offering. All the shares of the Issuer rank equally in all respects.

USE OF PROCEEDS

If all of the Shares offered by this Offering Memorandum are sold as Flow-Through Shares, the Issuer will receive gross proceeds of \$300,000. In the event the Minimum Offer of 500,000 Flow-Through Shares is sold, the Issuer will receive gross proceeds of \$150,000. If the Shares sold are Non-Flow-Through Shares, the gross proceeds will be \$250,000 and if the minimum number of Non-Flow-Through Shares is sold the gross proceeds will be \$125,000. There is no way of determining the gross proceeds if a combination of Flow-Through Shares and Non-Flow-Through Shares are subscribed for.

The Issuer will use the proceeds from this Offering as a reserve to conduct an exploration program on the Property, or such other mining claims which the Issuer is or may become interested in from time to time.

DIRECTORS, OFFICERS, PROMOTERS AND PERSONS HOLDING MORE THAN 10% OF THE ISSUED EQUITY SHARES

Directors, Officers and Promoters

The following are the full names, municipality of residence, positions with the Issuer and principal occupations for the preceding five years of all of the directors, officers and promoters of the Issuer:

<u>Name, Municipality of Residence and Position held with Issuer</u>	<u>Principal Occupation during the Last Five Years</u>	<u>Number of Shares Beneficially Owned Directly or Indirectly</u>
ROBERT KLEIN North Vancouver, B.C. <i>President and Director (1)</i>	Businessman	Nil
BRIAN D. MORAN Qualicum Beach, B.C. <i>Director (1)</i>	Businessman	Nil
LARRY REAUGH Surrey, B.C. <i>Director</i>	Businessman	Nil
GREGER McLEAN Nanoose Bay, B.C. <i>Director</i>	Businessman	Nil
MARY M. HETHEY North Vancouver, B.C. <i>Secretary</i>	Chartered Accountant	Nil
LOU MANNING North Vancouver, B.C. <i>Director (1)</i>	Professional Mining Engineer	Nil

(1) Members of the Audit Committee

Certain of the directors, officers and shareholders of the Issuer are also directors, officers and shareholders of other companies engaged in the acquisition, exploration and development of mineral properties and conflicts of interest may arise between their duties as directors of the Issuer and as directors of other companies. All such possible conflicts will be disclosed in accordance with the requirements of the *Company Act* (British Columbia) and the directors concerned will govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed on them by law.

It is the intention of the directors to issue to the principals of the Issuer as defined by the Vancouver Stock Exchange a total of 750,000 shares at \$0.01 per share which will be subject to an escrow agreement as required by the various regulatory authorities having jurisdiction over the Company.

Other Directorships

Reporting companies of which the above-noted individuals are or have been during the past five years either a director, officer or promoter, are as follows:

<u>Name of Director, Officer or Promoter</u>	<u>Name of Company</u>
ROBERT KLEIN <i>President and Director</i>	Rising Phoenix Development Group Ltd. Tokyo Trading Ltd. Con. Vancity Marble Ltd. Spectrum Oil & Gas Ltd. Olds Industries Ltd. Northridge Ventures Ltd.
LARRY REAUGH <i>Director</i>	Stirrup Creek Gold Corp. Molycorp Gold Corporation Global Resources Inc. Baron Gold Corp. Forefront Ventures Ltd. Verdstone Gold Corporation Lavelland Energy & Resources Ltd. Alta Pacific Capital Corp.
LOU MANNING <i>Director</i>	Jibley Exploration Ltd. Globe Resources Inc. Cusac Gold Mines Ltd. Demand Gold Ltd. South Pacific Resources Ltd. Fleck Resources Ltd. Mongolia Gold Resources Ltd. Redell Mining Corporation Mansfield Minerals Inc. Craven Ventures Inc.

Remuneration of Directors, Officers, Promoters or Insiders of the Issuer Within the Past Year

None of the Issuer's directors, officers, promoters or insiders have received anything of value from the Issuer within the past year except as has been disclosed elsewhere in this Offering.

Persons Beneficially Owning More than 10% of the Equity Shares of the Issuer

At the date of the Offering Memorandum, no person holds more than 10% of the equity shares of the Issuer. It is the intention of the directors to issue to the principals of the Issuer as defined by the Vancouver Stock Exchange a total of 750,000 common shares at a deemed price of \$0.01 per share to be subject to an escrow agreement as required by the various regulatory authorities having jurisdiction over the Issuer.

OPTIONS TO PURCHASE SECURITIES OF THE ISSUER**Incentive Stock Options Granted to Directors, Officers, Promoters and Other Insiders**

The Issuer has not granted options to directors, officers, promoters or other insiders of the Issuer to purchase any shares as at the date of this Offering Memorandum. It is the intention of the Issuer to issue options to certain Directors, Officers, Promoters and other Insiders of the Issuer prior to seeking a public listing on a recognized stock exchange. The price per share for said options will be based on the acceptable price as required by the regulatory authorities.

SECURITIES OF THE ISSUER HELD IN ESCROW, IN POOL, OR SUBJECT TO HOLD RESTRICTIONS**Escrow Shares**

There will be 750,000 shares of the Issuer issued and held in escrow pursuant to an escrow agreement (the "Escrow Agreement") for certain of the principals of the Issuer, subject to the direction and determination of the regulatory authorities once the Issuer has obtained a listing on a recognized stock exchange. The escrow restrictions provide that the shares may not be traded in, dealt with any manner whatsoever, or released, nor may the Issuer, its transfer agent or escrow holder make any transfer or record any trading of the shares without the consent of the regulatory authority.

Pooled Shares

None of the Issuer's securities are subject to pooling restrictions.

PARTICULARS OF ANY OTHER MATERIAL FACTS**Legal Proceedings**

There are no material legal proceedings to which the Issuer is a party or to which its property is subject, nor to the best of the knowledge of management, are any material legal proceedings contemplated.

Properties Proposed to be Acquired

There are no properties proposed to be acquired in the immediate future other than what is stated in this Offering Memorandum.

Bonds, Debentures, Notes and Other Debt Obligations

Liabilities of the Issuer have not significantly increased or altered since the date of the financial statements contained in this Offering Memorandum.

Other Material Facts

There are no material facts relating to the securities being offered hereunder which have not been previously disclosed in this Offering Memorandum.

MATERIAL CONTRACTS

There are no material contracts outstanding at this time other than what is disclosed elsewhere in this Offering Memorandum.

INSPECTION OF DOCUMENTS

All contracts and engineering reports referred to in this Offering Memorandum may be examined at the registered and records office of the Issuer, located at the Stock Exchange Tower, 1600 - 609 Granville Street, Vancouver, British Columbia, during normal business hours during the period of the offering under this Offering Memorandum and for a period of thirty (30) days thereafter.

CONFLICT OF INTEREST

Certain officers and directors of the Issuer are or may become officers or directors of other reporting companies and as such may be presented, from time to time, with situations or opportunities which give rise to apparent conflicts of interest which cannot be resolved by arm's-length negotiations but only through exercise by the officers and directors of such judgment as is consistent with their fiduciary duties to the Issuer which arise under the relevant statutory laws and general corporate law. All officers and directors are aware of their fiduciary responsibilities under corporate law, especially insofar as taking advantage, directly or indirectly, of information or opportunities acquired in their capacities as officers and directors of the Issuer. Any transactions with officers or directors will only be on terms consistent with industry standards and sound business practice in accordance with the fiduciary duties of those persons to the Issuer, and depending upon the magnitude of the transactions and the absence of any disinterested board members, the transactions may be submitted to the shareholders for their approval in the absence of any independent board members.

FINANCIAL STATEMENTS

Copies of the Issuer's interim unaudited financial statements for the period from incorporation until February 28, 1997 are attached to and form a part of this Offering Memorandum.

CANADIAN INCOME TAX CONSIDERATION

The Issuer provides the following summary of the principal income tax consequences arising under the *Income Tax Act* (Canada) (the "ITA") and the Regulations thereunder (the "Regulations") to a Subscriber who is resident in Canada and who acquires Flow-Through Shares pursuant to this Offering Memorandum.

The income tax consequences of participating in the Offering will vary according to each Subscriber's particular circumstances, including but not limited to whether the Subscriber is an individual, trust or corporation and, if a corporation, the nature of its business, the jurisdiction in which the Subscriber resides and whether the Subscriber's shares are characterized as capital property. Such consequences will also depend upon the manner in which the funds invested by the Subscriber are expended. The comments of this section do not address the tax consequences to Subscribers who are:

- a) not resident in Canada;
- b) corporations whose principal business is related to the exploration of natural resources (referred to in paragraph 66(15)(h) of the ITA as a "principal-business corporation");
- c) traders or dealers referred to in subsection 66(5) of ITA; or
- d) agents acting on behalf of the Issuer in completing the Offering.

The discussion which follows is of a general nature and is based upon the provisions of the ITA and the Regulations enacted thereunder and the current administrative practices of Revenue Canada, Taxation as they relate to an investment in flow-through shares. The analysis is subject to any amendments to the ITA or Regulations made after the date of this Offering Memorandum.

No application has been made for an advanced income tax ruling on any aspect of the transactions proposed nor is it intended that such application be made.

THIS SUMMARY DOES NOT CONSTITUTE ADVICE TO ANY PARTICULAR SUBSCRIBER. EACH PROSPECTIVE SUBSCRIBER SHOULD, THEREFORE, SATISFY HIMSELF AS TO THE CONSEQUENCES OF HIS PARTICIPATION IN THIS OFFERING BY OBTAINING ADVICE FROM HIS OWN COUNSEL.

Canadian Exploration Expenses

Where a person gives consideration to a principal-business corporation for issuance of flow-through shares other than a prescribed share (as defined in the Regulations), under an agreement in writing whereby the corporation agrees:

- a) to incur during the period beginning when the agreement is made and ending 24 months after the end of the month in which the agreement is made (the "Expenditure Period") CEE in an amount not less than the consideration given; and
- b) to renounce, within the Expenditure Period or within thirty (30) days thereafter, in prescribed form to the person in respect of the share, an amount in respect of CEE incurred by it not exceeding the consideration received from the share,

the corporation may, within the Expenditure Period or thirty (30) days thereafter, renounce in favor of the Subscriber in respect of the share his pro rata portion of the amount by which the CEE incurred by the corporation during that period on or before the effective date of the renunciation exceeds the total of:

- a) any assistance reasonably related to such CEE that the corporation received, is or becomes entitled to receive or may reasonably be expected to receive at any time;
- b) any expenses that are Canadian exploration and development overhead expenses; and
- c) the total of other amount renounced in respect to the particular CEE;

to a maximum of:

- d) the consideration paid for the shares less any CEE previously renounced in respect to that share; and
- e) the amount by which the corporation's cumulative CEE on the effective date of the renunciation exceeds the total amounts of those expenses previously renounced in respect of any other shares.

The amount so renounced is then deemed to be CEE incurred by the Subscriber on the effective date of the renunciation. It will be added in calculating the cumulative CEE amount of the Subscriber as of the end of that year, and will be deemed never to have been incurred by the Issuer.

For the purpose of this Offering Memorandum, CEE is defined in subparagraph 33.1(a)(iii) of ITA and includes:

"... any expenses incurred for the purpose of determining the existence, location, extent or quality of a mineral resource in Canada (other than a Canadian development expense or an expense that relates to a mine that has come into production in reasonable commercial quantities or to a potential or actual extension of a mine)."

A principal-business corporation that issues a share to an arm's length Subscriber in circumstances described above pursuant to an agreement made with him in a calendar year for consideration paid by him in money in the year, that incurs CEE (other than in respect of a bituminous sand deposit, an oil sand deposit or an oil shale deposit) under the agreement within the year or a 60-day period thereafter, and that renounces such CEE to the Subscriber in respect to the share with effect on the last day of the year, will be deemed to have incurred the CEE on the effective date of the renunciation in the calendar year. Expenditures must be incurred in the calendar year only in respect to a Subscriber not dealing at arm's length with the Issuer.

A Subscriber may deduct, in computing his income from all sources for a taxation year, such amount as he may claim not exceeding the balance of his cumulative CEE account at the end of the taxation year that reflects CEE incurred in that calendar year. A deduction so claimed reduces the Subscriber's cumulative CEE account.

Expense on Money Borrowed to Acquire Shares

Reasonable interest incurred by a Subscriber on funds borrowed to acquire Flow-Through Shares will generally be deductible during the year in which such interest is paid or payable according to the method regularly followed by the Subscriber in computing his income, provided that the Subscriber holds Flow-Through Shares acquired with borrowed funds for the purpose of gaining and producing income.

Alternative Minimum Tax

The ITA provides that tax payable by individuals is the greater of the tax otherwise determined and an alternative minimum tax. The federal minimum tax is 17% of the taxpayer's "adjusted taxable income" for the year in excess of a basic exemption of \$40,000, less a minimum tax credit. In calculating adjusted taxable income, certain deductions and credits not otherwise included are included. Subject to the availability of the lifetime capital gains exemption for qualifying property, the full amount of the capital gains are included. Deductions for CEE and depletion are generally limited to the amount of the taxpayer's resource profits. The actual amount of dividends received, and not the grossed-up amount, is included in calculating adjusted taxable income and no dividend tax credit is allowed. Whether and to what extent the tax liability of a particular Subscriber will be increased by these provisions will depend on the amount of his income, the source from which it is derived and the nature and amounts of any deductions he claims. Any additional tax payable for a year by reason of the alternative minimum tax provisions is recoverable to the extent that the tax otherwise payable exceeds the alternative minimum tax for any of the seven following years. Minimum tax does not apply for the year in which an individual dies.

Disposition of Flow-Through Shares

Under the ITA, for the purpose of computing gains on disposition, a share acquired by a Subscriber in consideration for CEE renounced by the Issuer shall be deemed to have been acquired by that Subscriber at a cost to him of nil. Where the Subscriber who acquired Flow-Through Shares also holds or acquires other identical shares, the rules of ITA for determining the average adjusted cost base of identical properties will apply. Any balance in the cumulative CEE account of a Subscriber when he disposes of a Flow-Through Share will continue to be available to him and will not be transferred to the persons acquiring the shares.

CONTRACTUAL RIGHTS OF ACTION

In certain circumstances, the Subscriber who purchases Common Shares has, by contract, the same rights of action against the Issuer for rescission or damages as are afforded to a person who purchases securities in respect of which a prospectus has been filed. This right of action is in addition to any other rights of remedy the investor may have at law and may be summarized as follows:

In the event that this Offering Memorandum, including any amendment thereto, contains a misrepresentation which was a misrepresentation on the date of investment, a Subscriber to whom the Offering Memorandum was delivered and who purchases the securities and who is still the owner of the securities has a right of action against the Issuer for damages or alternatively for rescission of the purchase provided that:

- a) the right is only enforceable on written notice being given to the Issuer not later than 90 days subsequent to the date of investment;
- b) the Issuer is not liable if the Subscriber purchased the securities with knowledge of the misrepresentation;
- c) in an action for damages, the Issuer is not liable for any or all portion of such damages that the Issuer proves does not represent the depreciation in value of the securities as a result of this misrepresentation; and
- d) in no case shall the amount recoverable exceed the price at which the securities were sold to the Subscriber.

For these purposes "misrepresentation" means an untrue statement of a material fact or an omission to state a material fact which is required to be stated or which is necessary to prevent any statement that is made from being false or misleading in the circumstances in which it is made. For further information concerning the above, the investor should refer to Section 133 of the *Securities Rules* (British Columbia) and Section 114 of the *Securities Act* (British Columbia).

CERTIFICATE

The foregoing contains no untrue statements of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in the circumstances in which it was made.

DATED at Vancouver, British Columbia, this 13th day of June, 1997.

ON BEHALF OF THE ISSUER

"Robert Klein"

ROBERT KLEIN, President

"Brian D. Moran"

BRIAN D. MORAN, Director