

This offer of securities is made in Ontario, and British Columbia and elsewhere outside Canada but is not being made in any other Canadian jurisdiction or in the United States of America or any territory or possession thereof. This offer is not, and under no circumstances is to be construed as, an offering of any securities for sale in any Canadian jurisdiction other than Ontario, and British Columbia, or in the United States of America or any territory or possession thereof, nor is this an offering of securities for sale to any resident of a Canadian jurisdiction other than Ontario, and British Columbia, or to a resident of the United States of America or any territory or possession thereof, nor a solicitation therein of an offer to buy any securities of T & H Resources Ltd.

RIGHTS OFFERING CIRCULAR

T & H RESOURCES LTD. (the "Corporation")

RIGHTS OFFER TO SUBSCRIBE FOR UNITS (each Unit consisting of one Common Share of the Corporation and one-half Warrant)

Record Date:	November 27, 2000
Expiry Time:	4:00 p.m. Toronto time December 21, 2000
Subscription Price:	\$0.11 per Unit
Subscription Basis:	Ten rights entitle the holder to subscribe for one Unit at a price of \$0.11
Additional Subscription Privilege:	Holders who have subscribed for all the Units that can be subscribed for with their rights have the privilege of subscribing for Units not subscribed for at the Expiry Time
Number of Units Issuable Pursuant to this Offer:	3,875,430 Units
Net Proceeds to the Corporation ⁽¹⁾ If Offering is fully subscribed:	\$426,297

- (1) Before deducting the expenses of this rights offering estimated at \$65,000. The net proceeds do not include monies which would be received on the exercise of the warrants. Jones, Gable & Company Limited ("Jones, Gable ") has agreed that, if a minimum of 3,636,364 Units at the subscription price of \$0.11 per Unit is not subscribed for by the Rights holders, after the initial subscription and additional subscription privilege are exercised, Jones, Gable shall purchase, at the said subscription price, such number of unsold Units as is necessary to provide the Corporation a minimum of \$400,000 before deducting the expenses of this rights offering. See "Standby Agreement".

The purpose of this offering is to provide the Corporation with funds to help finance its legal action; pay its existing liabilities and for working capital. See "Use of Proceeds"; "Legal Proceedings" and "South Fort Stockton Prospect".

If all of the Units are purchased and all of the share purchase warrants are exercised a total of 5,813,145

common shares will be issued pursuant to this rights offering, which represents less than 25% of the present issued capital of the Corporation.

**To the Holders of Common Shares of
T & H Resources Ltd.**

T & H Resources Ltd. (the "Corporation") is issuing to the holders of its outstanding common shares ("Common Shares") of record at the close of business on November 27, 2000 (the "Record Date") transferable rights ("Rights") to subscribe for Units of the Corporation. Each holder of Common Shares on the Record Date will receive one Right for each Common Share so held; however, no Rights will be issued nor certificates for Rights be delivered by the Corporation to shareholders who are residents of any Canadian jurisdiction other than Ontario or British Columbia, nor will Rights be issued or certificates for Rights be delivered to residents of the United States of America, its territories and possessions. See "Non-Participating Shareholders". The Rights issued to each holder of Common Shares are evidenced by a Rights certificate ("Rights Certificate") sent to each holder. Ten Rights entitle the holder to subscribe for one Unit at a price of \$0.11 per Unit. Each Unit is comprised of one Common Share and one-half warrant ("Warrant"). One whole Warrant entitles the holder to purchase one Common Share on or before January 16, 2002 at a price of \$0.20. Fractional Units will not be issued, but original Rights holders will have a step-up privilege as described under "Step-Up Privilege". Holders of Rights who exercise their Rights in full are entitled to subscribe for additional Units ("Additional Units") pursuant to the additional subscription privilege described herein. See "Additional Subscription Privilege".

The Common Shares of the Corporation are listed and posted for trading on The Toronto Stock Exchange.

THE RIGHTS WILL BE POSTED FOR TRADING ON THE TORONTO STOCK EXCHANGE ("TSE") UNTIL 12:00 O'CLOCK NOON (TORONTO TIME) December 21, 2000. THE RIGHTS WILL EXPIRE AT 4:00 P.M. (TORONTO TIME) December 21, 2000, (the "Expiry Time"). All Rights not exercised by the Expiry Time will be void and of no value. The TSE has conditionally approved the listing of the Warrants, when issued, subject to the Corporation fulfilling all of the requirements of the TSE, including distribution of the Warrants to a minimum number of public holders. To subscribe for Units, a completed Rights Certificate and payment in full of the subscription price must be delivered to Equity Transfer Services Inc., 120 Adelaide Street West, Suite 420, Toronto, Ontario, M5H 4C3.

The Common Shares and Warrants comprising the Units will immediately be separable upon the issue of the Units.

INVESTMENT IN THE SECURITIES OF THE CORPORATION MAY BE REGARDED AS SPECULATIVE DUE TO THE NATURE OF THE CORPORATION'S BUSINESS AND ITS PRESENT STATE OF DEVELOPMENT. SEE "RISK FACTORS"; "LEGAL PROCEEDINGS"; AND "SOUTH FORT STOCKTON PROSPECT".

A transferable certificate evidencing the total number of Rights to which a shareholder is entitled is being sent with this circular.

November 9, 2000
Toronto, Ontario

DETAILS OF RIGHTS OFFERING

Rights and Rights Certificates

The Rights are evidenced by Rights Certificates registered in the names of the holders of Common Shares of record on the Record Date. Each Common Share outstanding on the Record Date entitles the registered holder thereof to one Right. A transferable Rights Certificate for the total number of Rights to which a holder of Common Shares is entitled, evidencing the right to subscribe for Units of the Corporation upon the terms of this rights offering, is enclosed herewith.

The person to whom a Rights Certificate is issued or his assigns is entitled to subscribe for one Unit for ten Rights evidenced by the Rights Certificate (and by other like certificates, if any, received or acquired by such person) at \$0.11 per Unit (the "Subscription Price"), all on the terms and conditions herein set forth. Each Unit is comprised of one Common Share of the Corporation and one-half Warrant. Each whole Warrant will entitle the holder thereof to purchase one Common Share of the Corporation at a price of \$0.20 per share until January 16, 2002. (See "Share Purchase Warrants"). A Right does not entitle the holder to any rights whatsoever as a shareholder of the Corporation.

Subscriptions for whole Units only will be accepted and no fractional Units will be issued but, original Rights holders will have a step-up privilege as described under "Step-up Privilege". Rights Certificates may be combined or divided, if desired. Holders of Rights Certificates who exercise their Rights in full are also entitled to subscribe for additional Units ("Additional Units") as described under "Additional Subscription Privilege". **SUBSCRIPTIONS WILL NOT BE ACCEPTED FROM CANADIAN SHAREHOLDERS WHO ARE RESIDENT OTHER THAN IN THE PROVINCES OF ONTARIO OR BRITISH COLUMBIA NOR FROM SHAREHOLDERS WHO ARE RESIDENT IN OR CITIZENS OF THE UNITED STATES OF AMERICA OR ANY OF ITS TERRITORIES OR POSSESSIONS "NON-PARTICIPATING SHAREHOLDERS"**). See Section "Non-Participating Shareholders".

For those holders who exercise their Rights, certificates representing the Common Shares comprising the Units will be registered in the name of the person to whom the Rights Certificate was issued or his transferee, if any, indicated on the Rights Certificate and will be sent along with the Warrants in bearer form as soon as reasonably possible after the Expiry Time to such person or transferee at the address specified on the Rights Certificate. The Common Shares and Warrants comprising the Units will immediately be separable. Common Share and Warrant certificates will not be issued or sent to Non-Participating Shareholders or other persons (i) with addresses in the United States of America or any of its territories or possessions or (ii) with addresses in Canada other than in Ontario or British Columbia.

Subscription Price

Ten Rights and \$0.11 are required to subscribe for each Unit.

Expiry Time

THE RIGHTS WILL EXPIRE AT 4:00 P.M. TORONTO TIME ON DECEMBER 21, 2000 (THE "EXPIRY TIME") AND RIGHTS EVIDENCED BY RIGHTS CERTIFICATES NOT EXERCISED PRIOR TO THE EXPIRY TIME WILL BE VOID AND OF NO VALUE.

Step-up Privilege

Each holder of Common Shares of record on the Record Date will receive a Rights Certificate evidencing the Rights issued to him. Fractional Units will not be issued upon the exercise of Rights. In the event the total number of Rights to which the original Rights holder is entitled is not evenly divisible by ten (leaving a remainder of not less than one Right nor more than nine Rights) (the "Remaining Rights"), the original Rights holder will be entitled to use the Remaining Rights to subscribe for one more Unit at the Subscription Price. This step-up privilege will be void and of no effect if the Rights Certificate is or if any of the Rights evidenced by the Rights Certificate are sold, transferred, divided or assigned by the original Rights holder. However, a bank, trust company, clearing house, securities dealer or broker that holds Common Shares on the Record Date for more than one beneficial owner may, upon providing evidence satisfactory to Equity Transfer Services Inc., exercise the Rights evidenced by its Rights Certificate or exchange its Rights Certificate on the same basis as if the beneficial owners were shareholders of record on the Record Date.

Additional Subscription Privilege

A Rights Certificate holder who has fully exercised the Rights evidenced thereby by subscribing for the maximum number of Units for which he is entitled to subscribe may subscribe for Additional Units, at a subscription price of \$0.11 per Unit. Such Additional Units will be allotted from the Units, if any, not issued upon the initial exercise of Rights. If there should be insufficient Units available to satisfy the subscriptions for Additional Units, each Rights holder who has validly subscribed for Additional Units will be allotted Additional Units on the basis described herein under the heading "To Apply for Additional Units - Form 2".

Jones, Gable has agreed that, if a minimum of 3,636,364 Units at the subscription price of \$0.11 per Unit is not subscribed for by the Rights holders, after the initial subscription and additional subscription privilege are exercised, Jones, Gable shall purchase, at the said subscription price, such number of unsold Units as is necessary to provide to the Corporation a minimum of \$400,000 before deducting the expenses of this rights offering. The Corporation has agreed that, once the said minimum has been raised and the Rights holders have exercised their rights to acquire Units on the initial subscription and the additional subscription privilege, Jones, Gable shall have the option to purchase the whole or a part of the unsold Units, if any, at the said subscription price. See "Standby Agreement".

Non-Participating Shareholders

The Rights are not qualified for sale in any Canadian jurisdiction other than under the securities laws of the Provinces of Ontario and British Columbia, nor are the Rights registered under the securities laws of the United States of America. The Rights are not being offered by the Corporation for sale in the United States of America or any of its territories or possessions, nor for sale in any Canadian jurisdiction other than in the Provinces of Ontario and British Columbia. Subscriptions will not be accepted from or on behalf of Non-Participating Shareholders or any person who appears to be, or who the Corporation or Equity Transfer Services Inc., (the "Subscription Agent"), has reason to believe, is, a person who is (i) resident in or a citizen of the United States of America or any of its territories or possessions or (ii) a resident in any Canadian jurisdiction other than Ontario and British Columbia.

Rights Certificates will not be delivered by the Corporation to shareholders who are residents of any Canadian jurisdiction other than Ontario and British Columbia, nor will they be delivered to residents of the United States of America, its territories and possessions ("Non-Participating Shareholders"). Non-Participating Shareholders will be sent a letter advising them that their Rights will be issued to and held by the Subscription Agent, who will hold such certificates as agent for the benefit of Non-Participating Shareholders. A shareholder who has been deemed to be a Non-Participating Shareholder, has until the close of business on December 8, 2000 to establish evidence satisfactory to the Subscription Agent and the Corporation that the shareholder is not a Non-Participating Shareholder. Such a Non-Participating Shareholder should contact the Subscription Agent at Suite 420, 120 Adelaide Street West, Toronto, Ontario M5H 4C3 (Telephone: (416) 361-0152 or Telecopier (416) 361-0470). If such shareholder is successful, such shareholder will be issued a Rights Certificate, evidencing the Rights to which such shareholder is entitled and such shareholder will be entitled to participate in the Rights Offering. The Subscription Agent for the account of the Non-Participating Shareholders, will, on or after December 8, 2000, prior to the Expiry Time, attempt to sell, through the facilities of The Toronto Stock Exchange, the Rights allocable to each Non-Participating Shareholder and evidenced by certificates in the possession of the Subscription Agent. The Subscription Agent will make such sales from a pool consisting of such Rights owned by each Non-Participating Shareholder on the date or dates and at the price or prices it determines in its discretion. Any net proceeds received by the Subscription Agent with respect to such Rights will be divided on a pro rata basis among such Non-Participating Shareholders and delivered by mailing cheques of the Subscription Agent therefor as soon as possible to such Non-Participating Shareholders at their addresses recorded in the books of the Corporation. The Subscription Agent will not be liable for failure to sell any Rights of a Non-Participating Shareholder at a particular price or at all. **THERE IS A RISK THAT THE PROCEEDS RECEIVED FROM THE SALE OF THE RIGHTS WILL NOT EXCEED THE BROKERAGE COMMISSIONS AND COSTS OF OR INCURRED BY THE SUBSCRIPTION AGENT IN RESPECT OF THE SALE OF SUCH RIGHTS. IN SUCH EVENT, NO PROCEEDS WILL BE FORWARDED.**

The Rights Certificates and the Units to which the Rights Certificates relate are not registered under the Securities Act of 1933, as amended, of the United States of America. The offer of Units granted by the Rights Certificates is not made in the United States of America or any territory or possession thereof and is not, and under no circumstances is to be construed as, an offering of any Units for sale in the United

States of America or any territory or possession thereof or an offering to any resident of the United States of America or any territory or possession thereof or a solicitation therein of an offer to buy any Units or other securities of the Corporation from any person, or his agent, who appears to be, or who the Corporation has reason to believe is, a resident or citizen of the United States of America or its territories or possessions.

Residents of Other Countries

Subject to the securities legislation of their jurisdiction, shareholders who are resident in countries other than Canada and the United States of America, its territories and possessions, may exercise their Rights to subscribe for Units in accordance with the terms herein or, at their option, sell their Rights.

Posting of Rights for Trading

The Common Shares are listed for trading on The Toronto Stock Exchange ("TSE"). The TSE has listed the Rights and additional Common Shares issuable on the exercise of the Rights and the Warrants. The Rights will be posted for trading until 12:00 o'clock noon (Toronto Time) on December 21, 2000. The TSE has conditionally approved the listing of the Warrants, when issued, subject to the Corporation fulfilling all of the requirements of the TSE, including distribution of the Warrants to a minimum number of public holders. Rights may be bought or sold through any registered investment dealer or broker in Ontario or British Columbia. Payment of any service charge, commission or other fee payable in connection with the exercise or trade of Rights (other than the fee for the services to be performed by the Subscription Agent referred to under "Subscription Agent and Subscription Office" and other than those fees to be paid by the Corporation as described under "Standby Agreement") shall be the responsibility of the Rights Certificate holder.

Subscription Agent and Subscription Office

The Subscription Agent, Equity Transfer Services Inc., Suite 420, 120 Adelaide Street West, Toronto, Ontario, M5H 4C3 (the "Subscription Office") has been appointed by the Corporation to receive subscriptions, applications for Additional Units and payment from subscribers, and to perform the services relating to the exercise of Rights including the issuing of certificates for Common Shares and Warrants comprising the Units subscribed for and for Common Shares which are issuable upon exercise of the Warrants.

RISK FACTORS

The securities offered hereby are considered to be speculative due to the nature of the Corporation's business. In evaluating the securities offered hereunder, investors should consider the following:

Nature of Petroleum Exploration

The exploration for and development of petroleum reserves involves significant financial risks which even a combination of careful evaluation, experience and knowledge may not eliminate. There is no assurance that expenditures to be made on future exploration by the Corporation will result in any new discoveries of oil, condensate or gas in commercial quantities. It is very difficult to project the cost of implementing an exploratory drilling program due to inherent uncertainties of drilling in unknown formations; the costs associated with encountering various drilling conditions, such as overpressured zones and tools lost in the hole; and changes in drilling plans and locations as a result of prior exploratory wells or additional seismic data and interpretations thereof. Production and development of offshore oil, gas and condensate properties also involve a high degree of risk.

See “Legal Proceedings” and “South Fort Stockton Prospect” for particulars of a lawsuit commenced by the Corporation and the working interest owners against a drill pipe company in connection with the drilling of a well on the South Fort Stockton property. There is no guaranty that the Corporation and the working interest owners will be successful in their lawsuit. In the event a loss of the lawsuit, the Corporation and the working interest owners could be liable for significant costs of the defendant in the legal action.

Risks and Insurance

The business of drilling petroleum wells is generally subject to a number of risks and hazards, including environmental hazards, industrial accidents, labour disputes, encountering unusual or unexpected formations or pressures, premature declines or reservoirs, blow-outs, cratering, sour gas releases, fires and spills. Losses resulting from the occurrence of any of these risks could have a material adverse effect on the Corporation. The Corporation may become subject to liability for pollution, blow-outs or other hazards. Such risks could result in damage to, or destruction of producing facilities, personal injury or environmental damage, delays in drilling, monetary losses and possible legal liability. Insurance against environmental risks (including potential for pollution or other hazards as a result of disposal of waste occurring from exploration and production) is not generally available to the Corporation or to other companies within the industry.

Government Regulation and Environmental Matters

The Corporation's activities are subject to extensive federal, provincial, local and foreign laws and regulations controlling not only the exploration for and development of petroleum reserves, but also the possible effects of such activities upon the environment. Permits from a variety of regulatory authorities are required for many aspects of oil and natural gas operations. Future legislation and regulations could cause additional expense, capital expenditures, restrictions and delays in the development of the Corporation's prospects, the extent of which cannot be predicted. In the context of environmental permitting, the Corporation must comply with known standards, existing laws and regulations which may entail greater or lesser costs and delays depending on the nature of the activity to be permitted and how stringently the new regulations are implemented by the permitting authority.

Commercial Viability

Whether a petroleum prospect will become commercially viable depends on a number of factors, some of which are particular attributes reserves, if any, proximity to infrastructure, as well as petroleum prices which are highly cyclical and government regulation, including regulations relating to prices, taxes, royalties, land tenure, land use and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Corporation not receiving an adequate return on invested capital.

Petroleum and Investment Policies

Changes in petroleum or investment policies or shifts in political attitude may adversely affect the Corporation's business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property, maintenance of claims, environmental legislation, land use, land claims of local people, water use and safety regulations. The affect of these factors cannot be accurately predicted.

Competition

The petroleum exploration business is extremely competitive. The Corporation encounters competition from other companies in connection with the search for the acquisition of properties which are producing or capable of producing petroleum products. As a result of this competition, the majority of which is with companies with greater financial resources than the Corporation, the Corporation may be unable to acquire attractive properties on terms it considers acceptable.

Petroleum Prices

The profitability of any petroleum well in which the Corporation has an interest will be significantly affected by changes in the market price of petroleum products, which prices fluctuate on a daily basis and are affected by numerous factors beyond the Corporation's control. The level of interest rates, the level of inflation, world supply of petroleum products and the stability of exchange rates can all cause significant fluctuation in petroleum prices. Such external economic factors are in turn influenced by changes in international investment patterns and monetary systems beyond and political developments.

Dependence on Key Personnel

The Corporation's success will largely depend on the efforts and abilities of certain directors, senior officers , key employees and independent consultants. While the Corporation does not foresee any reason why such directors, officers and key employees will not remain with the Corporation, if for any reason they do not, the Corporation could be adversely affected.

Currency

The Corporation is under the obligation to make certain of its lease and other property payments in U.S. dollars. The Corporation obtains financing in Canadian dollars for the purpose of funding such lease and property payments. As a result, fluctuations in the U.S. dollar against the Canadian dollar could result in unanticipated fluctuations in the Corporation's financial results which are denominated and reported in Canadian dollars. The Corporation does not undertake hedging activities against currency risks.

Conflict of Interest

Certain of the directors of the Corporation also serve as directors of other companies involved in the natural resource exploration and development and consequently there exists the possibility for such directors to be in a position of conflict. Any decision made by such directors involving the Corporation will be made in accordance with the duties and obligations of directors to deal fairly and in good faith with the Corporation and such other companies. In addition, such directors declare, and refrain from voting on, any matter in which such directors may have a conflict of interest.

HOW TO USE THE RIGHTS CERTIFICATE

General

By completing the appropriate form on the Rights Certificate in accordance with the instructions outlined below and on the back of the Rights Certificate, a holder may:

- (a) subscribe for Units comprised of Common Shares and Warrants (Form 1);
- (b) subscribe for Additional Units (Form 2); or
- (c) sell or transfer Rights (Form 3).

Unexercised Rights

A Rights Certificate holder who completes Form 1 by exercising some but not all of the Rights evidenced by the Rights Certificate, and does not complete Form 3 transferring the balance of such Rights, shall be deemed to have elected not to exercise the balance of such Rights, which shall be void and of no value.

Signatures

The subscription form on the Rights Certificate is to be signed by the subscriber. If signed by the registered holder, the signature must correspond exactly with the name of the holder shown on the face of the Rights Certificate. If signed by a transferee, the signature must correspond exactly with the name of the transferee.

shown in Form 3 of the Rights Certificate and the signature must be guaranteed by a Canadian bank or trust company or by a member of a recognized stock exchange or otherwise to the satisfaction of Equity Transfer Services Inc. If a form is signed by a trustee, executor, administrator or officer of a corporation or any person acting in a fiduciary or representative capacity, the Rights Certificate must be accompanied by evidence of authority to so sign satisfactory to the Subscription Agent.

To Subscribe for Units - Form 1

Except as provided in "Step-up Privilege", ten Rights and the subscription price of \$0.11 are required to subscribe for one Unit consisting of one Common Share and one-half Warrant. The holder of a Rights Certificate may subscribe for all or any lesser number of whole Units for which the Rights Certificate entitles him to subscribe by completing Form 1 and mailing or delivering the Rights Certificate and the Subscription Price for such Units to the office of Equity Transfer Services Inc. Suite 420, 120 Adelaide Street West, Toronto, Ontario, M5H 4C3 (the "Subscription Office"). **The Subscription Price is payable in Canadian funds by certified cheque, bank draft, money order or other form of payment acceptable to the Corporation, payable to the order of Equity Transfer Services Inc. All payments together with the duly completed Rights certificate must be delivered to the Subscription Office so as to be received by Equity Transfer Services Inc. prior to the Expiry Time. Execution and delivery of Form 1 of the Rights Certificate constitutes a representation by the subscriber that he or she is not a resident of the United States of America or the agent of such person.**

To Apply for Additional Units - Form 2

A Rights Certificate holder who in Form 1 subscribes for all the Units for which a Rights Certificate entitles him to subscribe may at the same time subscribe for Additional Units (at a subscription price of \$0.11 per Unit) by completing Form 2. In completing Form 2 Rights holders must specify the number of Additional Units they wish to subscribe for and purchase.

If there should be insufficient Units available to satisfy the subscriptions for Additional Units, the number of Units, if any, available for sale to an applicant for Additional Units, will be the lesser of the number of Units which an applicant subscribed for pursuant to the additional subscription privilege and the number of Units obtained by multiplying:

- (i) the number which is obtained by dividing the number of Rights initially exercised by such applicant pursuant to the exercise of Rights by the aggregate number of Rights initially exercised by all Rights Certificate holders who apply for Additional Units;
times
- (ii) the total number of Units available through all unexercised Rights.

To apply for Additional Units, Rights Certificates holders must complete Form 2 as well as Form 1 on the Rights Certificate and deliver the Rights Certificate with payment of the Subscription Price for each Unit

subscribed for in Form 1 to the Subscription Office prior to the Expiry Time.

If Additional Units are available for issue, then, as soon as practicable after the Expiry Time, the Subscription Agent will notify each Rights Certificate holder who exercised the additional subscription privilege and who is entitled to receive Additional Units of the number of Additional Units reserved and allotted for sale to such holder. **The Subscription Price for additional Units is payable in Canadian funds by certified cheque, bank draft, money order, or other form of payment acceptable to the Corporation, payable to the order of Equity Transfer Services Inc., within five business days of the mailing of notification to the Subscriber of the number of additional Units to be allotted to such subscriber pursuant to the additional subscription privilege.** If the Subscription Price for Additional Units is not received by the Subscription Agent within 5 business days after the mailing of such notice, the right of the Subscriber to purchase additional Units shall immediately terminate.

The Additional Subscription Privilege will terminate at the Expiry Time.

To Sell or Transfer Rights - Form 3

A Rights Certificate holder, instead of exercising his Rights to subscribe for Units, may sell or transfer his Rights through the usual investment channels (such as stockbrokers or investment dealers) by completing the transfer in Form 3 on the Rights Certificate and delivering the Rights Certificate to the purchaser (transferee). Subject to the terms hereof the transferee may exercise all the Rights of a holder without obtaining a new Rights Certificate. If a Rights Certificate is transferred in blank, the Corporation and the Subscription Agent may thereafter treat the bearer as the absolute owner of such Rights Certificate for all purposes and neither the Corporation nor the Subscription Agent shall be affected by any notice to the contrary.

Registration and Delivery of Common Share Certificate and Warrant Certificate

Common Shares included in the Units purchased through the exercise of Rights will be registered in the name of the person to whom the Rights Certificate was issued or his transferee, if any, indicated on the Rights Certificate. Warrants will be issued in bearer form. Certificates representing Common Shares and Warrants will be mailed, as soon as reasonably possible after the Expiry Time, to such person or transferee at the address specified on the Rights Certificate.

STANDBY AGREEMENT

Under an agreement (the "Standby Agreement") dated the 24th day of October, 2000, between Jones, Gable, Suite 600, 110 Yonge Street, Toronto, Ontario M5C 1T6 and the Corporation, Jones, Gable has agreed that, if a minimum of 3,636,364 Units at the subscription price of \$0.11 per Unit is not subscribed for by the Rights holders, after the initial subscription and additional subscription privilege are exercised, Jones, Gable shall purchase, at the said subscription price, such number of unsold Units as is necessary to provide to the Corporation a minimum of \$400,000, before deducting the expenses of this rights offering.

The Corporation has agreed that, once the said minimum has been raised and the Rights holders have exercised their rights to acquire Units on the initial subscription and the additional subscription privilege, Jones, Gable shall have the option, exercisable by no later than 9:00 a.m. Toronto time, on the first business day following the Expiry Time of the Rights, to purchase the whole or a part of the unsold Units, if any, at the said subscription price. The Standby Agreement may be terminated by Jones, Gable no later than the Expiry Time in certain circumstances, including based upon its assessment of the financial markets in Canada or elsewhere, if there is any occurrence which, in its opinion, seriously affects or may seriously affect the financial markets in Canada or the business of the Corporation taken as a whole or in the event an order or ruling is issued suspending or ceasing trading in the securities of the Corporation. In the event that sufficient Units are not subscribed for to provide the Corporation with at least the minimum proceeds of \$400,000 and Jones Gable terminates its said guarantee of such minimum proceeds, then the Subscription Agent, who is holding the subscription funds in trust, shall forthwith return to the subscribers the gross proceeds of the subscriptions, without interest thereon or deduction therefrom, and the Rights Offering shall terminate.

Jones, Gable has undertaken to form a soliciting dealer group, comprised of members of the TSE, to solicit the exercise of Rights. The Corporation will pay a fee of \$ 0.005 for each Unit subscribed for to any member of the group whose name appears in the space provided on the face of the Rights Certificate being exercised. The payment of such fee is not subject to a restriction as to the minimum or maximum number of Units subscribed for by any one Rights holder.

Under the Standby Agreement, the Corporation has agreed to pay Jones, Gable a fee of \$20,000 for its guarantee of the purchase of a minimum of 3,636,364 Units.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following summary represents the principal Canadian federal income tax considerations generally applicable in respect of the acquisition and exercise of Rights pursuant to this circular. This summary is applicable only to holders who, for the purposes of the *Income Tax Act* (Canada) (the "Act"), are resident in Canada, hold their Rights, Warrants and Common Shares as capital property and deal at arm's length with the Corporation. Generally, the Rights, Warrants and Common Shares will be considered capital property to a holder provided that such holder does not hold such securities in the course of carrying on a business of buying and selling securities and has not acquired such securities in a transaction or transactions considered to be an adventure in the nature of trade. Common Shares held by certain financial institutions and corporations controlled by such institutions will generally not be held as capital property and will be subject to special "mark-to-market" rules. This summary is not applicable to tax payers that are "principal business corporations" within the meaning of subsection 66(15) of the Act or whose business includes trading or dealing in rights, licences or privileges to explore for, drill or take minerals, petroleum, natural gas or related hydrocarbons.

This summary is based on the Act and the regulations thereunder and the current administrative policies and practices of Revenue Canada, Taxation. This summary does not take into account provincial or foreign tax considerations or anticipate any changes in law either by legislative or judicial action.

THIS SUMMARY IS NOT EXHAUSTIVE OF ALL POSSIBLE INCOME TAX CONSIDERATIONS AND IS NOT INTENDED TO CONSTITUTE LEGAL OR TAX ADVICE. ACCORDINGLY, RIGHTS HOLDERS SHOULD CONSULT THEIR OWN INDEPENDENT TAX ADVISORS WITH RESPECT TO THEIR INDIVIDUAL CIRCUMSTANCES.

Acquisition of Rights

A holder who is issued Rights hereunder will not be required to include in computing income any amount in respect of the receipt of such Rights. The cost of Rights so acquired will be nil.

Exercise of Rights and Warrants

No gain or loss will be realized by a holder upon the exercise of Rights or upon the exercise of Warrants. Where a holder exercises Rights, the amount paid on the exercise thereof must be allocated on a reasonable basis between the Warrants and the Common Shares so acquired. The Corporation is allocating nil to the Warrants and \$0.11 to each of the Common Shares. However, the adjusted cost base of all Common Shares acquired by a holder upon the exercise of Rights or Warrants, must be averaged with the adjusted cost base of all Common Shares held by the holder as capital property and acquired or deemed to have been acquired after 1971 for the purpose of calculating capital gains or capital losses on subsequent dispositions of the Common Shares.

Disposition of Rights, Warrants or Common Shares

A holder who disposes of or is deemed to dispose of Rights, Warrants (other than upon the expiry thereof) or Common Shares, will realize a capital gain (or a capital loss) equal to the amount, if any, by which the proceeds of disposition exceed (or are exceeded by) the aggregate of the shareholder's adjusted cost base of the property so disposed of immediately before the disposition and any costs of disposition. The amount of any capital loss otherwise determined on Common Shares may be reduced by the amount of dividends previously received to the extent and in the circumstances prescribed by the Act. Upon the expiry of a Warrant, the holder will realize a capital loss equal to the amount, if any, of the holder's adjusted cost base thereof.

A holder will be required to include in income, one half of any capital gain (a "taxable capital gain") realized on a disposition or deemed disposition of a Right, Warrant or Common Share. A holder will generally be entitled to deduct against taxable capital gains realized in the year one half of any capital loss (an "allowable capital loss") realized on a disposition or deemed disposition of a Right, Warrant or Common Share. Excess allowable capital losses may generally be carried back three years and forward indefinitely against taxable capital gains realized in those years.

Alternative Minimum Tax on Individuals

Pursuant to the alternative minimum tax rules, the tax otherwise payable under the *Tax Act* by an individual (other than certain trusts) will not be less than a minimum amount computed by reference to his adjusted taxable income for the year.

For this purpose, the minimum amount generally means the amount by which 17% of adjusted taxable income in excess of \$40,000 for the year exceeds the total of certain tax credits. Provincial tax rates will also apply to minimum tax. In calculating adjusted taxable income for this purpose, certain deductions and credits otherwise available are disallowed and certain amounts not otherwise taxable are included in income. The full amount of a capital gain is included in adjusted taxable income.

Whether and to what extent a particular subscriber will be subject to minimum tax will depend upon the amount of such subscriber's income, the sources from which it is derived and the nature and amount of any deductions claimed.

Any additional tax payable for a year resulting from the application of the minimum tax provisions is recoverable to the extent that tax otherwise determined under the *Tax Act* exceeds the minimum amount for any of the following seven taxation years.

THE CORPORATION

The Corporation was formed under the laws of the Province of Ontario by Articles of Amalgamation effective November 15th, 1988.

The principal and registered office of the Corporation is located at Suite 420, 111 Richmond Street West, Toronto, Ontario, M5H 2G4.

The Corporation is a public corporation whose Common Shares are listed for trading on The Toronto Stock Exchange.

SHARE CAPITAL

The authorized capital of the Corporation consists of an unlimited number of Common Shares, an unlimited number of Class A voting, redeemable, preference shares ("Class A Shares") and an unlimited number of Class B voting, non-participating, redeemable, preference shares ("Class B Shares"), all without nominal or par value, of which there are issued and outstanding 38,754,292 Common Shares, nil Class A Shares and nil Class B Shares.

All Common Shares of the Corporation, are of the same class and rank equally as to dividends, voting power and participation in the assets in the event of liquidation, dissolution or winding up of the Corporation. The Common Shares have no preemptive, redemption or conversion rights. The holders of Common Shares shall, (a) be entitled to vote at all meetings of shareholders except meetings at which only

holders of a specified class of shares are entitled to vote; (b) be entitled to receive as and when declared by the Board of Directors of the Corporation out of monies of the Corporation properly applicable thereto, dividends, always subject to the declaration and payment of dividends in respect of Class A Shares; and (c) be entitled to receive the remaining property of the Corporation upon dissolution, always subject to the rights of the holders of the Class A Shares and Class B Shares.

SHARE PURCHASE WARRANTS

Each Unit purchased on the exercise of ten Rights will consist of one Common Share and one-half Warrant. One whole Warrant will entitle the holder to purchase one Common Share at a price of \$0.20 up to 4:00 p.m. Toronto time on January 16, 2002.

The Warrants will be issued in bearer form pursuant to an indenture (the "Warrant Indenture") dated as of the 9th day of November, 2000, entered into by the Corporation and Equity Transfer Services Inc. as Warrant Agent. The Corporation has designated Equity Transfer Services Inc. at Suite 420, 120 Adelaide Street West, Toronto, Ontario, M5H 4C3, as the place where the Warrants may be tendered for purposes of exercise, exchange or replacement.

The Warrant Indenture will contain provisions designed to protect the holders of the Warrants against dilution upon the happening of certain events. If and whenever at any time while any Warrants are outstanding, the outstanding Common Shares of the Corporation shall be subdivided or changed into a greater or consolidated into a lesser number of Common Shares, or the outstanding Common Shares of the Corporation shall be reclassified, or the Corporation shall pay a stock dividend upon its outstanding Common Shares, or there is an amalgamation of the Corporation with any other company or companies, any Warrant holder who has not exercised his right of purchase prior to the record date or effective date of such subdivision, change, consolidation, reclassification, stock dividend or amalgamation, upon the exercise of such right thereafter, shall be entitled to receive and shall accept, in lieu of (or, in the case of a stock dividend, in addition to) the number of Common Shares then subscribed for by him but for the same aggregate consideration payable therefor, the aggregate number of Common Shares of the Corporation of the appropriate classes that such holder would have been entitled to receive as a result of such subdivision, change, consolidation, reclassification, stock dividend or amalgamation, if, on the record date or effective date thereof, he had been the registered holder of the number of Common Shares so subscribed for, and there shall be included in the computation of such aggregate number of Common Shares, the number of Common Shares so subscribed for.

Fractional Warrants will not be issued on the exercise of Rights and no cash or other consideration will be paid in lieu thereof; however, where all of the Rights represented by a Rights Certificate are exercised, any Fractional Warrant that would otherwise have been issued in exercise of the Rights will be rounded upwards to the nearest whole number. This rounding up of a Fractional Warrant will not be made if the Rights Certificate is or any of the Rights evidenced by the Rights Certificate, are sold, transferred, divided or assigned by the original Rights holder. However, a bank, trust company, clearing house, securities dealer or broker that holds Common Shares on the Record Date for more than one beneficial owner may,

upon producing evidence satisfactory to Equity Transfer Services Inc., exercise the Rights evidenced by its Rights Certificate or exchange its Rights Certificate on the same basis as if the beneficial owners were shareholders of record on the Record Date.

LISTINGS ON THE TORONTO STOCK EXCHANGE

The Common Shares are listed for trading on the TSE. The Rights will be posted for trading on the TSE until 12:00 p.m. (Toronto Time) on December 21, 2000. The Rights will expire at 4:00 p.m. (Toronto Time) on December 21, 2000 (the "Expiry Time"). The TSE has conditionally approved the listing of the Warrants, when issued, subject to the Corporation fulfilling all of the requirements of the TSE, including distribution of the Warrants to a minimum number of public holders.

PRICE RANGE OF COMMON SHARES

The Common Shares of the Corporation are listed on The Toronto Stock Exchange. The following table sets forth the high and low sale prices and the volume of the Common Shares traded on The Toronto Stock Exchange (as reported by such Exchange) for the periods indicated.

<u>Period</u>	<u>High</u>	<u>Low</u>	<u>Volume</u>
			<u>1999</u>
September	\$0.095	\$0.06	420,800
October	\$0.09	\$0.06	610,000
November	\$0.07	\$0.05	409,893
December	\$0.44	\$0.20	523,474
<u>2000</u>			
January	\$0.11	\$0.055	1,996,335
February	\$0.25	\$0.07	7,259,9532
March	\$0.45	\$0.15	17,618,770
April	\$0.21	\$0.11	1,328,783
May	\$0.15	\$0.105	869,786
June	\$0.14	\$0.10	1,396,968
July	\$0.105	\$0.065	1,031,180
August	\$0.10	\$0.065	1,233,182
September	\$0.32	\$0.07	13,700,083
October	\$0.19	\$0.12	1,227,226
November 1 to 8	\$0.14	\$0.13	134,000

The Closing Price for the Common Shares on The Toronto Stock Exchange on November 8, 2000 was \$0.135 per share.

PRINCIPAL SHAREHOLDERS

As at the date hereof, the Corporation has 38,754,292 common shares outstanding. To the knowledge of the directors of the Corporation no person or corporation owns, directly or indirectly, or exercises control or direction over 10% or more of the outstanding shares of the Corporation.

DIVIDENDS ON COMMON SHARES

The Corporation has paid no dividends in the last 5 years, other than the distribution of shares of Aurado (see "Business of the Corporation"). It is not presently expected that dividends will be paid in the foreseeable future. Any decision to pay dividends on the Common Shares of the Corporation in the future will be made by the Board of Directors based on the earnings of the Corporation and the Corporation's financial requirements at such time.

BUSINESS OF THE CORPORATION

The Corporation is engaged in the acquisition and exploration of natural resource properties. In 1997, the Corporation decided to change its primary focus from gold prospects to petroleum exploration and development. On August 29, 1997, the Corporation's shareholders approved the transfer of its mineral properties and certain marketable securities to Aurado Exploration Ltd. ("Aurado"), the Corporation's wholly owned subsidiary, in consideration of the issuance to the Corporation of the common shares of Aurado. On November 7, 1997, the Corporation declared a dividend-in-kind payable to its shareholders of record as of November 14, 1997 and distributed all of the common shares of Aurado to shareholders of the Corporation pursuant to Aurado's prospectus dated November 3, 1997.

SOUTH FORT STOCKTON PROSPECT

Pursuant to an agreement dated July 7, 1997 and executed on September 29, 1997, made between the Corporation and Baytech, Inc. of Midland, Texas ("Baytech") the Corporation paid US \$520,000 to Baytech and agreed to participate as to a 20% working interest in the exploration and development of Baytech's leasehold South Fort Stockton Prospect (the "Prospect") located in Pecos County, Texas, and to earn a leasehold interest in the surrounding lands ("Contract Lands"). The said payment represents certain geological, geophysical and leasehold costs incurred by Baytech in developing and acquiring the Prospect. The Corporation paid a finder's fee of \$38,000 to Jones, Gable & Company Limited for introducing the Corporation to Baytech.

Under the said agreement the Corporation agreed to participate in an initial well and pay and bear 20% of the costs, risk and liability incurred in conducting drilling operations. Baytech obtained a turnkey bid from OGE Drilling-USA, Inc., Midland, Texas, a third party drilling contractor unrelated to either Baytech or the Corporation, to drill the initial well for a dry hole cost of US \$5,835,000.

The initial well within the Prospect in the W/2 of Section 17, Block 132, T.&ST.LR.P Co.Survey, Abstract 2298 Pecos County, Texas (the "Initial Well") was drilled to a total depth of 25,740 feet, cased and logged. Log analysis indicated a potential for more than 1100 feet of gross pay in the Ellenberger formation, a highly prolific gas zone in the region of the Prospect and the primary objective of the Initial Well. The Corporation paid (i) US \$1,197,120 for its share of the estimated costs of drilling the Initial Well and (ii) US \$100,000 for its share of the estimated dry hole costs, and for so doing earned a 20% interest in the Initial Well and an undivided 15% interest in the Contract Lands. The interests earned by the Corporation are limited to depths below 5,000 feet or the base of the Leonard formation and are subject to applicable lessor's royalty and the currently existing overriding royalty interests which total 3%. The interest earned by the Corporation from Baytech in the Initial well is subject to a proportionately reduced 25% back-in after payout, reserved by Baytech. Payout is defined as that point in time when the value of 100% of gross income received from the sale of production from the initial well, less lease royalty, overriding royalties, production and severance taxes, and any other payments out of production, is equal to the costs incurred in drilling, completing, equipping and operating the initial well for the taking of production, including the US \$520,000 payment to Baytech. As a result, subject to payout, the Corporation shall assign to Baytech a 5% interest in the initial well and the Corporation's interest shall then become a 15% interest.

Lawsuit

In December 1998, during operations to clean out the production casing from the Initial Well, a string of drill pipe manufactured and supplied by subsidiaries of Weatherford International, Inc. ("Weatherford") parted and became stuck in the bottom section of the hole. The same string of pipe parted a second time during efforts to retrieve the stuck string of drill pipe. Efforts to retrieve the stuck drill pipe were not successful. In March 1999, after discussions with Weatherford and its insurers failed to yield an acceptable settlement, the Corporation together with its working interest owners in the Project and Baytech, the operator, commenced a law suit against Weatherford in state in Pecos County, Texas USA. The law suit against Weatherford seeks compensatory damages, exemplary damages and attorney fees as a consequence of the pipe failures. Some of the working interest owners elected or were financially unable to finance their share of the lawsuit and as a result the Corporation's interest in the Initial Well has been increased to 22.29% prior to payout and 16.71% after payout

Weatherford, in an effort to mitigate damages, has re-entered the Initial Well and is attempting to drill a side track into the Ellenberger formation. This is being done at Weatherford sole risk and expense. The Corporation and the other working interest owners have made no agreement with Weatherford other than consenting to allow Weatherford to attempt mitigation efforts. The Corporation and the other working interest owners intend to continue to prosecute the lawsuit. The Corporation has paid US \$215,000 for its share of the legal fees and disbursements in connection with the lawsuit and it is anticipated that the Corporation will be required to pay an additional US \$218,000 (approximately \$323,000 CAN) for its 25.71% share of the costs, if the lawsuit goes to trial. Trial of the lawsuit is presently set for December 4, 2000 with an alternative date of January 22, 2001. These are subject to change depending on a variety of issues.

Assuming the successful re-entry by Weatherford of the drilling of a side track into the

Ellensberger formation, the following work would remain for the Initial Well, namely: perforating, fracing and connecting to a collection pipeline, at an estimated cost of US \$1,000,000, of which amount the Corporation's obligation would be approximately US \$250,000. The Corporation does not have the funds to pay the cost of carrying out said additional work nor will there be funds available from the Corporation's current rights offering. The amount of the funds for the additional work and when and if such funds would be required will depend upon the success of the said legal action against Weatherford. The Corporation's only present means of acquiring the funds necessary to carry out the additional work is by means of the sale of its equity shares or rights to acquire equity shares. There are no assurances that the Corporation will be able to raising such the financing.

During the year ended December 31, 1999, the testing of two upper zones of the initial well were farmed out to a third party with the Corporation retaining a 3% interest after payout in those two upper zones. These two upper zones were found to be uneconomic. The Corporation has maintained its working interest in the lower zone.

The South Fort Stockton Prospect is the Corporation's only oil and gas property interest.

In 1999 the Corporation took a write down of CDN \$829,520 on its South Fort Stockton Prospect, which write down was based upon the following factors:

Cost to redrill well	US	\$ 8,000,000
@ 1.45 CDN	CDN	\$11,600,000
The Corporation's interest		20%
Minimum recovery expected to be recovered by Corporation from lawsuit	CDN	\$ 2,320,000
Cost-Carry Value	CDN	\$ 3,149,570
Write Down	CDN	\$ 829,570

ROSE RUN TREND PROSPECT

Pursuant to an agreement dated May 11, 1998, the Corporation acquired from Newstar Resources Inc (the "Vendor") oil and gas rights in the State of Ohio, USA, consisting of 143,773 acres of gas leases of which 88,814 acres were undeveloped. The consideration payable by the Corporation for the said oil and gas rights included: (i) the issuance to the Vendor of a promissory note in the amount of US \$3,820,000 bearing interest at the rate of 10% per annum and becoming due on December 31, 2000; (ii) the issuance to the Vendor of 500,000 share purchase warrants, each warrant entitling the holder to purchase one common share of the Corporation at a price of \$0.25 until June 30, 2001; and (iii) payment of all costs and expenses in connection with the purchase and sale of the said rights. The Corporation's revenue from the said oil and gas rights in 1998 was \$708,588 which amount was totally offset by production costs. On December 31, 1998 the Corporation transferred back to the Vendor all of the said oil and gas rights in exchange for the cancellation of the Corporation's promissory note. The Vendor retained the said share purchase warrants, all of which are still outstanding. As the Corporation's only oil and gas revenue was

produced from the said oil and gas rights, the retransfer of rights resulted in a drop in the Corporation's production revenue from \$708,588 in 1998 to \$0 in 1999.

MADISONVILLE TEXAS PROJECT

On May 20, 1999 the Corporation reported that it had signed a letter of understanding with Newstar Resources Inc. ("Newstar") pursuant to which the Corporation would develop the Glen Rose and Georgetown formations on Newstar's Madisonville, Texas acreage. The Corporation would pay 100% of the estimated US \$1.4 million cost to drill, complete and equip a horizontal well to test the Glen Rose formation. The Corporation would also commit to pay 100% of the cost to drill, complete and equip a horizontal well to test the Georgetown formation. By funding both operations, the Corporation would earn 50% of Newstar's interest in Madisonville, in all formations. Newstar advised the Corporation that it was in Chapter 11 and that accordingly the agreement may be subject to the approval of the United States of America Bankruptcy Court. The transaction was stalled for some considerable time and eventually the Corporation lost interest and the transaction was terminated.

LEGAL PROCEEDINGS

In December 1998 the Corporation together with the other working interest owners in the South Fort Stockton Prospect commenced an action against Weatherford International Inc. as a result of pipe failure in connection with the drilling of the initial gas well. See "South Fort Stockton Prospect" and "Risk Factors" for particulars.

USE OF PROCEEDS

The Corporation will receive a minimum of \$400,000 from this rights offering (a maximum of \$426,297 if the rights offering is fully subscribed), before deducting expenses of this offering estimated at \$65,000. These expenses include \$20,000 payable to Jones, Gable pursuant to the Standby Agreement, \$0.005 to the soliciting dealer group for each Unit subscribed for, while the remaining expenses relate to legal fees, printing costs, listing and transfer agency fees. The net proceeds of this rights offering will be used as follows: (i) \$323,000 to fund its share of the estimated additional costs of the legal action (See "South Fort Stockton Prospect" and "Legal Proceedings"); (ii) to pay off the Corporation's existing liabilities totalling \$30,000; and (iii) to pay the expenses of this offering, with any shortfall to be paid out of the Corporation's present working capital of approximately \$22,000. If the offering of 3,875,430 Units is fully subscribed for, the Corporation will net an additional \$25,100, after payment of \$0.005 per Unit to the soliciting dealer group. These additional funds will permit the Corporation to take advantage of opportunities for the acquisition of oil and gas prospects which may present themselves from time to time. A portion, not exceeding 25% of the proceeds of the offering, may be allocated to general overhead expenditures of the Corporation.

STOCK OPTIONS/WARRANTS

Incentive Stock Options

There are outstanding, at present, incentive stock options entitling the purchase of an aggregate of

2,690,000 common shares of the Corporation of which 240,000 are exercisable at \$0.41 per share at any time prior to June 25, 2002; 260,000 are exercisable at \$0.66 per share at any time on or before September 5, 2002; 480,000 are exercisable at \$0.35 per share at any time on or before February 13, 2003; 710,000 are exercisable at \$0.20 per share at any time on or before March 2, 2005 and 1,000,000 are exercisable at \$0.18 per share at any time on or before September 7, 2005. The said incentive stock options were granted to employees, officers and directors of the Corporation pursuant to a management incentive stock option plan implemented by the Corporation in 1997 as amended.

Warrants

Warrants for the purchase of 500,000 Common Shares exercisable at \$0.25 per share on or before June 30, 2001.

Stock Issued Since September 1, 1999

For Cash

- 310,000 Common Shares at \$0.20 per share - exercise of stock options;
- 3,275,000 Common Shares at \$0.11 per share pursuant to a private placement;

SALE OF SECURITIES

The Corporation held 500,000 common shares of Aurado Exploration Ltd. ("Aurado") and warrants for the purchase of an additional 468,750 common shares of Aurado with an exercise price of \$0.20 per share exercisable until April 20, 2000. The fair value of the said securities was \$56,875 based upon quoted market prices of the shares on December 31, 1999. Subsequent to December 31, 1999, the Corporation exercised all of its said warrants and sold all of its common shares of Aurado for net proceeds of approximately \$125,000.

LOANS

During the year ended December 31, 1999, the Corporation, in order to finance a legal action commenced by the Corporation and others, obtained a loan of US \$123,166 bearing interest at 12.68% per annum. Subsequent to the said year end the loan was repaid in full. See "Legal Proceedings and "South Fort Stockton Prospect".

Pursuant to an agreement made the 1st day of September 2000 between the Corporation and Northway Explorations Limited, the Corporation obtained a loan of \$30,000 at an interest rate of 1% per month. The loan is repayable on or before the earlier of: the closing by the Corporation of any public or private debt or equity financing and December 31, 2000.

DIRECTORS AND OFFICERS

Directors and Officers

John A. Pollock

Position

President and Director

Murray W. Cooper	Director
Paul T. Conroy	Director
Roger Bethell	Director
William P. Dickie	Director
Ronald Husband	Secretary- Treasurer

There has been no change in the board of directors of the Corporation since the last Annual Meeting held on June 19th, 2000.

MATERIAL CHANGE

To the best of the knowledge and belief of the directors of the Corporation, there have been no transfers of Common Shares since the last annual meeting of shareholders of the Corporation held on June 19th, 2000 which have materially effected control of the Corporation. There have been no undisclosed material changes in the business or operations of the Corporation since December 31st, 1999, the date of the last audited financial statements delivered to shareholders of the Corporation, which have not been disclosed herein.

CORRESPONDENCE

Enquiries relating to this Offer should be addressed to Equity Transfer Services Inc. Suite 420, 120 Adelaide Street West, Toronto, Ontario, M5H 4C3.

CERTIFICATE

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

November 9, 2000

“John A. Pollock”

John A. Pollock - President

“William P. Dickie”

William P. Dickie - Director