BC FORM 53-901F
(PREVIOUSLY FORM 27)
MATERIAL CHANGE REPORT UNDER SECTION 85(1) OF
THE SECURITIES ACT (BRITISH COLUMBIA)

ITEM 1. REPORTING ISSUER

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West Vancouver, BC
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Telephone: 604-608-6686
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(the "Issuer")

ITEM 2. DATE OF MATERIAL CHANGE

October 1, 2001

ITEM 3. PRESS RELEASE

October 1, 2001 -Vancouver, BC

ITEM 4. SUMMARY OF MATERIAL CHANGE

The Company updates progress of its mining projects, all located in Shandong Province, PRC, and known as the Huixian Mine, the 701 Changma Mine, the 702 Xiyu License and the 703 Linyi License.

701 Diamond Project

As of June 30, 2001, the construction of the Ventilation decline, the production decline, the temporary shaft and the production drifts have been completed. At present, the mill is processing ore from the final section of the open pit mine, using a crane rather than trucks to bring the ore to the surface. In addition to the open pit ore, the underground mine construction and drifting work also has produced some ore. Underground mining however, has not yet commenced.

702 Diamond Project

The 702 Diamond Project is a development project for an underground mine. Once developed, the ore produced from the Xiyu Diamond Pipes at this mine will be processed at the 701 mill.

703 Diamond Project

The 703 Diamond Project is an exploration project. Since the exploration licenses were renewed in 2000 in the Pinyi and Feixian Areas, the field work data has been studied and three target areas has been determined (Songjiazhuang Target, Xiaoquanzhuang Target and Beixiaoshan Target) with best potential for discovery of a kimberlite deposit located in the Eastern part of the license over an area of about 100km², described as follows;

> Songjiazhuang Target - 3 grains of diamonds and 270 grains of chromite were recovered in stream samples. The grains of chromite have features of diamond indicators.
>
> Xiaoquanzhuang Target - 10 stream samples were taken in a 2-3km² area, and 4 grains of diamonds and 692 grains of chromite were recovered from these samples. .
>
> Beixiaoshan Target - This is a completely new target, and comprises a 3km² area. 1 diamond and 239 grains of chromite were recovered in 5 stream samples, all the grains of chromite have diamond facies features.

The Company plans to do follow-up on the first two targets by high-density stream sampling. Some drilling work will be done if necessary. A 20 km² ground magnetic survey and electromagnetic survey is planned to be done in the scale of 1:2000, covering the three targets.

The Company and its Joint Venture Partners are in discussion to consolidate the management and the operations of the 701, 702 and 703 Diamond Projects, so that the 702 Xiyu diamond deposit provide ore to be processed in the exiting 701 plant. The cost savings to the Company after the consolidation would be substantial. However, this cannot begin until the Company completes the balance of its capital contribution and thereafter become the "Operator". Until the Company has paid the balance of the capital contribution, it is not the 'Operator' of the four (4) projects. All funds contributed to date are therefore managed by the Joint Venture Partners of the Company. The Company is consulted on technical matters concerning the 701 Changma Mine, 702 Xiyu Mine and the 703 diamond exploration programs, and generally all decisions are by consensus, but the Company must therefore rely on the goodwill of its Joint Venture Partners to continue with the consultative process.

Huixian Mine

The Company maintains communications with the Joint Venture Partners and the Zouping County Government. The mill upgrade and expansion designs are completed, and exploration programs for the surrounding licensed area have been prepared. Once funding for the Company's Diamond projects has been achieved, the Company intends to re-activate the Huixian Mine project, beginning with follow-up exploration work on the Gold Prospects.

Investor Relations Activities

Effective July 1, 2001 the Company engaged Donald Johnson of Prince George, BC to provide investor relations services to the Company at a fee of $2,000 per month, plus expenses.

Funding Activities

The Company is continuing to pursue additional avenues of financing in order to meet commitments and for working capital purposes.

ITEM 5. FULL DESCRIPTION OF MATERIAL CHANGE

The Company updates progress of its mining projects, all located in Shandong Province, PRC, and known as the Huixian Mine, the 701 Changma Mine, the 702 Xiyu License and the 703 Linyi License.

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As of June 30, 2001, the construction of the Ventilation decline, the production decline, the temporary shaft and the production drifts have been completed. At present, the mill is processing ore from the final section of the open pit mine, using a crane rather than trucks to bring the ore to the surface. In addition to the open pit ore, the underground mine construction and drifting work also has produced some ore. Underground mining however, has not yet commenced.

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The 703 Diamond Project is an exploration project. Since the exploration licenses were renewed in 2000 in the Pinyi and Feixian Areas, the field work data has been studied and three target areas has been determined (Songjiazhuang Target, Xiaoquanzhuang Target and Beixiaoshan Target) with best potential for discovery of a kimberlite deposit located in the Eastern part of the license over an area of about 100km^2, described as follows;

> Songjiazhuang Target - 3 grains of diamonds and 270 grains of chromite were recovered in stream samples. The grains of chromite have features of diamond indicators.

Xiaoquanzhuang Target - 10 stream samples were taken in a 2-3km² area, and 4 grains of diamonds and 692 grains of chromite were recovered from these samples. .

Beixiaoshan Target - This is a completely new target, and comprises a 3km² area. 1 diamond and 239 grains of chromite were recovered in 5 stream samples, all the grains of chromite have diamond facies features.

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ITEM 6. RELIANCE ON SECTION 85(2) OF THE SECURITIES ACT (BC) OR

N/A

ITEM 7. OMITTED INFORMATION

N/A

ITEM 8. SENIOR OFFICERS

To obtain further information contact Mr. James Poe, the President of the Issuer, at (604) 608-6686.

ITEM 9. STATEMENT OF SENIOR OFFICER

The foregoing accurately discloses the material change referred to herein.

Dated at West Vancouver, BC, this 9th day of October, 2001.

"JAMES POE"

JAMES POE,
President