THIS PROSPECTUS CONSTITUTES A PUBLIC OFFERING OF THESE SECURITIES ONLY IN THOSE JURISDICTIONS WHERE THEY MAY BE LAWFULLY OFFERED FOR SALE AND THEREIN ONLY BY PERSONS PERMITTED TO SELL SUCH SECURITIES.

NO SECURITIES COMMISSION OR SIMILAR AUTHORITY IN CANADA HAS IN ANY WAY PASSED UPON THE MERITS OF THE SECURITIES OFFERED HEREUNDER AND ANY REPRESENTATION TO THE CONTRARY IS AN OFFENCE.

INITIAL PUBLIC OFFERING **DATE: NOVEMBER 3RD, 1997**

PROSPECTUS

SAN TELMO RESOURCES LTD.

(the "Company")
430 - 580 Hornby Street
Vancouver, B.C. V6C 3B6
Phone Number: (604) 687-4456

PUBLIC OFFERING

1,000,000 Shares without par value at a price of $0.40 per share

	Price to Public (1)	Agents' Commission (2)	Proceeds to Issuer (3)
Per Security	$0.40	$0.05	$0.35
Total	$400,000	$50,000	$350,000

(1) The price of the Shares was determined by negotiations between the Company and the Agent.

(2) Upon completion of the Offering, the Agent will receive a Share Purchase Warrant to purchase up to 250,000 shares at a price of $0.40 per share for a period of one year. See "Plan of Distribution". The Agents commission is 12.5% of the Price to the Public. The Agent will receive a fee of $15,000 plus Goods and Service Tax as a sponsorship fee. One-half of the sponsorship fee will be paid on approval of the pre-listing application. See "Sponsorship Agreement".

(3) Before deduction of the costs of the Offering, estimated at $35,000.

THERE IS NO MARKET THROUGH WHICH THESE SECURITIES MAY BE SOLD.

AN INVESTMENT IN NATURAL RESOURCE ISSUERS INVOLVES A SIGNIFICANT DEGREE OF RISK. THE DEGREE OF RISK INCREASES SUBSTANTIALLY WHERE THE ISSUER'S PROPERTIES ARE IN THE EXPLORATION AS OPPOSED TO THE DEVELOPMENT STAGE. REFER TO "RISK FACTORS".

CONDITIONAL LISTING

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

ADDITIONAL OFFERING

THE AGENT HAS AGREED TO PURCHASE (THE "GUARANTEE") ANY OF THE SHARES OFFERED HEREBY FOR WHICH SUBSCRIPTIONS HAVE NOT BEEN RECEIVED, AT THE CONCLUSION OF THE OFFERING, AND AS CONSIDERATION FOR THE GUARANTEE HAS BEEN GRANTED A NON-TRANSFERABLE SHARE PURCHASE WARRANT (THE "AGENT'S WARRANT") ENTITLING IT TO PURCHASE UP TO 250,000 SHARES OF THE COMPANY FOR A PERIOD OF ONE YEAR, EXERCISABLE AT A PRICE OF $0.40 PER SHARE. THIS PROSPECTUS ALSO QUALIFIES THE DISTRIBUTION OF THE AGENT'S WARRANT.

DILUTION

THE SHARES OFFERED UNDER THIS PROSPECTUS WILL BE SUBJECT TO A DILUTION OF $0.1968 PER SHARE (49.2%).

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

UPON COMPLETION OF THIS OFFERING, THIS ISSUE WILL REPRESENT 37.45% OF THE SHARES THEN OUTSTANDING AND 32.73% WILL THEN BE OWNED BY THE PROMOTERS, INSIDERS, HOLDERS OF PERFORMANCE SHARES OR ESCROW SECURITIES AND THE AGENT AS A GROUP. ONE OR MORE OF THE DIRECTORS OF THE ISSUER HAS AN INTEREST, DIRECT OR INDIRECT, IN OTHER NATURAL RESOURCE COMPANIES. REFERENCE SHOULD BE MADE TO THE ITEM "RISK FACTORS" HEREIN FOR A COMMENT AS TO THE RESOLUTION OF POSSIBLE CONFLICTS OF INTEREST.

WE, AS AGENT, CONDITIONALLY OFFER THESE SECURITIES SUBJECT TO PRIOR SALE IF, AS AND WHEN ISSUED BY THE COMPANY AND ACCEPTED BY US IN ACCORDANCE WITH THE CONDITIONS CONTAINED IN THE AGENCY AGREEMENT REFERRED TO UNDER "PLAN OF DISTRIBUTION" OF THIS PROSPECTUS.

Name and Address of Agent

CANACCORD CAPITAL CORPORATION
2200 - 609 Granville Street
Vancouver, B.C. V7Y 1H2
(604) 643-7300

EFFECTIVE DATE: 1997

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SUMMARY

The following is a summary of the principal features of this Offering. More detailed information is contained in the body of the Prospectus.

THE OFFERING

Issue: 1,000,000 Common Shares (the "Shares").

Price: $0.40 per Share (a commission of $0.05 per Share shall be paid to the Agent out of the subscription proceeds).

Net Proceeds The net proceeds of the Offering after deduction of Agents' commissions of $50,000 will be $350,000 before deduction of the costs of the Offering, which are estimated to be $35,000.

The Agent has agreed to purchase the balance of the Shares for which subscriptions have not been received on the Offering Day. In consideration for guaranteeing the Offering the Agent will be issued the Agent's Warrant to purchase up to 250,000 shares. See "Plan of Distribution" on page 22. The Agent will receive $15,000 (plus Goods and Services Tax) as a Sponsorship fee. See "Sponsorship Agreement" on page 35.

The Issuer will also pay the Agent, on completion or cancellation of the Offering, a fee (the "Administration Fee") in an amount to be determined by the Agent not exceeding $5,000 for the Agent's services in connection with the co-ordination and review of the Offering and the Issuer's Prospectus.

Business: The Company is a natural resource company engaged in the acquisition and exploration of mining properties. The Company's main emphasis is in the exploration for gold and copper deposits in the Omineca Mining Division, British Columbia where the Company has acquired interests in THE THOR-MARMOT GROUP OF MINERAL CLAIMS. The property is located 55 kilometres (km) north of Bear Lake, B.C. and is more specifically described below in this Prospectus.

Management: Alex Michalatos, a Director of the Company, is a self-employed Businessman and Restauranteur. Christopher I. Dyakowski, the President and a Director of the Company, is a Professional Geoscientist and has over 20 years experience in mineral exploration. William E. Schmidt, a Director of the Company, is a Barrister and Solicitor. Reference is made to the heading "Key Management and Exploration Personnel" on page 5 hereof for further information concerning management.

Use of Proceeds: The net proceeds to be received by the Company from the Offering, plus the

Company's working capital of $44,358 as at October 31, 1997 will be used as follows:

To pay the estimated costs of the Offering	$ 35,000
To pay the cost of Stage 1 of the exploration progam on the Thor-Marmot Group of Mineral Claims (1)(5)	179,400
To pay one-half of the fee to the Agent pursuant to the Sponsorship Agreement (2) and a reserve to pay an Administration fee not to exceed $5,000 (4)	12,500
To make the January 15, 1998 payment on the option described herein	20,000
Administration costs for 12 months (3)	75,000
Unallocated working capital	72,458
TOTAL	$394,358

(1) See "Description of Business and Property" on page 5.

(2) See "Sponsorship Agreement" on page 35.

(3) Includes management fees of $30,000 which will be paid to Insiders or their holding companies. See "Payments to Insiders and Promoters" on page 29 and "Administration" on page 24.

(4) See "Plan of Distribution" on page 21.

(5) During the period between the completion of the Offering and the beginning of the Stage I programme, the proceeds of the Offering allocated to that purpose will be invested in securities which qualify as an investment in which trust funds may be invested under the laws of British Columbia.

Risk Factors

AN INVESTMENT IN NATURAL RESOURCE ISSUERS INVOLVES A SIGNIFICANT DEGREE OF RISK. **THE DEGREE OF RISK INCREASES SUBSTANTIALLY WHERE THE ISSUER'S PROPERTIES ARE IN THE EXPLORATION AS OPPOSED TO THE DEVELOPMENT STAGE.**

Risk factors associated with an investment in shares of the Company include:

(1) In the event that the Company's exploration program as described in this Prospectus is successful, the Company will require additional financing in order to further develop the Company's property. These funds may not be available. There is no guarantee that commercial quantities of ore will be discovered, or if they are discovered, that funding will be available to further develop and put the property into production. Even if the property is put into production, there is no guarantee the Company will be able to successfully market any minerals produced. The Company's property includes mineral claims which have not been surveyed and, therefore, the precise location of these mineral claims may be in doubt.

(2) The title reports prepared with respect to the Company's property cannot be construed as a guarantee of title.

(3) The marketability of natural resources which may be acquired or discovered by the Company will be affected by numerous factors beyond control of the Company. These factors include market fluctuations, the proximity and capacity of natural resource markets and processing equipment, government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

(4) Mining operations generally involve a high degree of risk. Hazards such as unusual or unexpected formations and other conditions are involved. The Company may become subject to liability for pollution, cave-ins or hazards against which it cannot insure or against which it may elect not to insure. The payment of such liabilities may have a material adverse effect on the company's financial position.

(5) The property may be subject to prior unregistered agreements or transfers or native land claims and title may be affected by undetected defects. The Company must expend monies to carry out further work on the property described in this Prospectus in order to keep in good standing the interests as described under the heading "Description of Business and Property" on page 5 of this Prospectus.

(6) There is no market for the shares of the Company.

(7) The Company operates at a loss and there is no assurance that the Company will ever be profitable.

(8) Certain of the directors of the Company serve as directors of other companies or have significant shareholdings in other companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a Board of Directors meeting, a director who has such a conflict will abstain from voting for or against the approval of such a participation or such terms. From time to time several companies may participate in the acquisition, exploration and development of natural resource properties thereby allowing for their participating in larger programs,

permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment.

In accordance with the laws of the Province of British Columbia, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

(9) The proposed expenditures from the proceeds raised by the Offering described in this Prospectus will not increase net tangible assets owned by the Company.

(10) Upon completion of this Offering, the issue will represent 37.45% of the shares then outstanding as compared to 32.73% that will then be owned by the promoters, insiders, holders of performance shares or escrow securities and the Agent as a group.

NAME AND INCORPORATION

San Telmo Resources Ltd. (the "Company") was incorporated on October 7, 1996 under the Company Act, R.S.B.C. 1979 as amended by the registration of its Memorandum and Articles as 528631 B.C. Ltd. On January 31, 1997, it changed its name to San Telmo Resources Ltd. By the provisions of the Company Act, R.S.B.C. 1979 as amended, the Company will be deemed to be a reporting company upon the issuance of a receipt for this Prospectus.

The head office of the Company is 430 - 580 Hornby Street, Vancouver, B.C. V6C 3B6 and the registered and records office of the Company and its address for services is 430 - 580 Hornby Street, Vancouver, B.C. V6C 3B6.

DESCRIPTION OF BUSINESS AND PROPERTY

Business

The Company is a natural resource company engaged in the acquisition and exploration of mining properties. The Company's main emphasis is in the exploration for gold and copper deposits in the Omineca Mining Division of north central British Columbia where the Company has acquired interests in the Thor-Marmot Group of Mineral Claims. The Thor-Marmot Group of Mineral Claims are located approximately 55 kilometres north of Bear Lake, B.C. and are more specifically described below in this Prospectus.

Key Management and Exploration Personnel

Christopher I. Dyakowski, President and Chief Executive Officer - Mr. Dyakowski is a Professional Geoscientist (B.C.). He is a former director and officer of various public companies, including Aramis Ventures Inc., Probe Resources Ltd. and Harlow Ventures Inc. within the past 5 years. Mr. Dyakowski graduated from the University of British Columbia in 1975 with a BSc. in geology. He worked for B.C. Hydro from 1976 to 1979 in several capacities, including geotechnical investigations. From 1980 to present, excluding September 1981 to November 1982 and April 1992 to May 1994, he has been a director of various public mining companies and has carried out many mining exploration programs in Canada and the U.S.A. and has acquired and sold mineral properties in both North and South America.

Mr. Alex Michalatos, Director - Mr. Michalatos is a self-employed businessman and Restauranteur and has been a director and/or officer of various public companies. Alex Michalatos has 5 years practical work experience in underground mining operations in B.C., Saskatchewan, the Yukon and Northwest Territories. In addition, he was a past director in Winspear Resources Ltd. and Rio Grand Ventures, two mining exploration companies that were listed on the Vancouver Stock Exchange.

Mr. William E. Schmidt, Director - Mr. Schmidt is a Barrister and Solicitor. He is a director of Artina Resources Ltd. and Blackline Oil Corporation; Secretary of Clifton Star Resources Inc. and Equus Petroleum Corporation; former director of Lodex Resource Corp., Mirage Resource Corporation, NCA Minerals Corp., North American Ventures Ltd., Westwego

Resources Ltd.; former director and officer of Aramis Ventures Inc., Kassan Resources Inc., Transglobe Resources Ltd.; former Secretary of Canmark International Resources Inc., Dellaterra Resources Ltd., Gemstar Resources Ltd., Golden Peaks Resources Ltd., Kinghorn Energy Corporation, North American Platinum Ltd., Seam Resources Ltd., Waseco Resources Inc. and Harlow Ventures Inc., and Western Premium Resource Corp. He is a former director and officer of several other public companies since 1971. Most of these companies have been natural resource development companies. Mr. Schmidt graduated from the University of British Columbia in 1969 with an LLB.

Immediate Goals

To undertake follow-up exploration for gold and copper in the Omineca Mining Division, British Columbia where the Company has acquired a 100% interest (subject to a 3% Net Smelter Return Royalty) in the Thor-Marmot group of mineral claims.

The Company commenced operations in December, 1996. To date, the Company has spent $110,562 on the exploration of its property. The property is located 55 km north of Bear Lake, B.C. and is more specifically described below in this Prospectus.

Summary and Analysis of Financial Operations

See the financial statements prepared by the Company's Auditors for the eleven month period ended August 31, 1997.

	11 Month Period Ending August 31, 1997
Revenue	$ ---
Gross Profit	---
Exploration and Development Expenses	110,562
General and Administrative Expenses	45,680
Increase in Deficit (Loss)	45,680
Working Capital (Deficiency)	51,588
Properties	
Deferred Exploration and Development in Acquisition Costs	138,332
Current Assets	54,691
Long Term Liabilities	None
Shareholders' Equity Dollar Amount	237,500
Number of Securities	1,670,000 Shares

Property

THOR-MARMOT GROUP OF MINERAL CLAIMS
OMINECA MINING DIVISION
PROVINCE OF BRITISH COLUMBIA

By an option agreement dated December 20, 1996, the Company acquired an option to acquire from Electrum Resource Corporation of 912 - 510 West Hastings Street, Vancouver, B.C. in consideration for $247,500 and 200,000 freely tradable shares, a 100% interest in five (5) mineral claims (Marmot 1, Thor 2, 3, 8 and 9) located in the Omineca Mining Division, Province of British Columbia subject to a 3% net smelter return royalty payable to Electrum Resource Corporation. Electrum Resource Corporation is at arms length from the Company. In addition, the Company acquired a further 3 mineral claims which are subject to the option agreement, for the cost of staking.

The principal shareholder of Electrum Resource Corporation is John J. Barakso.

The total area of all of the mineral claims is approximately 3,675 hectares. The Thor-Marmot group of mineral claims is described as follows:

Claim Name	Tenure Number	Expiry Date	Size (all MGS)	Area
Thor 2	338130	11 July 2000	4S x 5W 20 Units	500 ha
Thor 3	338131	11 July 2000	4N x 5W 20 Units	500 ha
Thor 8	338132	13 July 1999	4S x 5W 20 Units	500 ha
Thor 9	338133	13 July 1999	4S x 5W 20 Units	500 ha
Marmot	313308	6 Sept 1999	4S x 5E 20 Units	500 ha
Thor 11	353563	6 Feb 2000	4S x 3W 12 Units	300 ha
Thor 12	353564	6 Feb 2000	3N x 5E 15 Units	375 ha
Marmot 2	353565	4 Feb 2000	4S x 5W 20 Units	500 ha

TOTAL 3,675 ha

All of the above described mineral claims are subject to the Net Smelter Return Royalty.

To maintain in force the said Option and to acquire the 100% undivided interest in and to the Property, the Company shall make the following payments and issue and allotments of shares:

(a) The Company must make the following cash payments to the Optionor:

$2,500.00 on the signing of a Letter of Intent (which has been paid)
A further $20,000.00 on or before January 15, 1997 (which has been paid)
A further $20,000.00 on or before January 15, 1998
A further $30,000.00 on or before January 15, 1999
A further $50,000.00 on or before January 15, 2000
A further $50,000.00 on or before January 15, 2001
A further $75,000.00 on or before January 15, 2002

(b) (i) Upon the issue of a receipt of this Prospectus the Company shall issue, allot and deliver to the Optionor Fifty Thousand (50,000) freely tradable and non-assessable common shares at a deemed price of $0.25 per share;

(ii) The date upon which the shares of the Company are called for trading on a Canadian or American Stock Exchange shall be designated the "trading date" for the purposes of the Agreement;

(c) The Company shall issue, allot and deliver to the Optionor a further Fifty Thousand (50,000) freely tradable and non-assessable common shares of the Optionee on or before the first anniversary of the trading date and upon the completion of an initial work program on the Property and the acceptance by Vancouver Stock Exchange (the "Exchange"), the acceptance by the Exchange of an engineering report describing the said work and recommending further work on the Property;

(d) The Company shall issue, allot and deliver to the Optionor a further Fifty Thousand (50,000) freely tradable and non-assessable common shares of the Optionee on or before the second anniversary of the trading date and upon the completion of a second work program on the Property and the acceptance by the Exchange of an engineering report describing the said work and recommending further work on the Property;

(e) The Company shall issue, allot and deliver to the Optionor a further Fifty Thousand (50,000) freely tradable and non-assessable common shares of the Company on or before the third anniversary of the trading date and upon the completion of a third work program on the Property and the acceptance by the Exchange of an engineering report describing the said work and recommending further work on the Property.

The following information has been excerpted from a report prepared by James J. McDougall, P.Eng. dated May 2, 1997 as revised on July 3, 1997. During the period of the Offering, the said report is lodged at the registered office of the Company, 430 - 580 Hornby Street, Vancouver, B.C. whereby it may be examined during normal business hours.

"2. LOCATION AND ACCESS

The Thor-Marmot mineral property is located in the Omineca, B.C., Mining Division, approximately Latitude 56E 44-51' N; Longitude 126E 34-40' W, within and largely to the east of Moose Valley in North Central B.C., NTS Maps # 94D/1O and 15. It includes much of the eastern half of the valley and the western slopes of the McConnell Range, extending northerly about 7 km from the headwaters of Menard Creek to the latitude of Thorne Lake (Fig. 2). The grassy, lightly timbered valley is at about 4,000 ft elevation (1,200 m) and the highest point on the claims is 6,700 ft (2,042 m), well above timber line. Mountains in the McConnell Range are fairly rugged. The climate is typical of the northern interior with moderate (± 40 inches) precipitation, much of it as snow which lasts from early November to late May. Winter temperatures can range to - 40E C on occasion.

Access is via paved road from Highway #16 at Vanderhoof (W of Prince George) to Fort St James (57 km), then by gravel mining and logging road for about 400 km towards the headwaters of the Sustut River and on to Moose Valley. An alternate route from Mackenzie at the south end of Williston Lake via Germansen Landing also exists. From Moose Valley the road continues north to the Cheni Goldmine—a distance of about another 100 km. From a point about 35 road kilometres beyond (N of) Thorne Lake at the head of Moose Valley, the road connects with the Kemess gold-copper mine now being developed. A 56 ± km access road from the vicinity of Moose Valley south down the Sustut River is planned to join BC Rail in the vicinity of Bear Lake. Except for construction personnel at Kemess, and a few miners left at Cheni Mines, the area north of Germansen Landing is almost totally uninhabited, particularly in winter. This section of road is usually closed due to snow, but will be kept open during the 1996-97 construction season and beyond. The closest fuel usually available is at Germansen Landing about 250 km southeast of the property.

A small (1.5 km ±) airstrip at Moose Valley allows light air traffic from Prince George (400 km ±) or Smithers (250 km ±), but there are no facilities. A small strip has been constructed near the Kemess Mine. The southern (Marmot) portion of the property is partially accessible by cat road from the Moose Valley airstrip where an earlier New Wellington/Falconbridge exploration camp with a few old buildings remains. The north claim portion (Thor #11) is accessible by short 1.5 km game trail from the main road east of Thorne Lake. This small lake and several others provide relatively convenient float or ski plane access to the area as well. On occasion a summer helicopter base is maintained at Johansen Lake (where an airstrip is also located) and near logging operations north of Bear Lake. During present camp construction at the Kemess Mine a helicopter is generally on "stand-by."

PROPERTY AND OWNERSHIP(Fig. 2)

The optioned portion of the property consists of 5 contiguous 20-unit MGS claims (2,500 hectares) commencing with the Marmot at the south end, then the original Thor group claims trending northerly to northwesterly, a distance of about 10 km. These claims were optioned by San Telmo Resources Ltd from Electrum Resource Corporation of Vancouver, BC. In addition, San Telmo has staked the Marmot 2 (20 units) adjoining but southwest of the Marmot 1, and the Thor 11 and Thor 12 claims (27 units) immediately west and north respectively of the Thor 3, a 3.5 km extension to the length of the group. The total area involved is 3,675 hectares, less probable minor overlap. The claims have not undergone a legal survey but are easily defined from officially surveyed monuments or recognizable mapped landmarks. Descriptions are tabled as follows (Table 1):

Table 1

Claim Data
Thor-Marmot Project: List of Claims

Claim Name	Tenure Number	Issue Date	Valid Until	Size all) MGS)	Registered Owner	Current Grouping	Area
Thor 2	338130	11 July 1995	11 July 2000	4Sx5W	Electrum Resource Corporation	3075204 Thor	500 ha
Thor 3	338131	11 July 1995	11 July 2000	4Nx5W	Electrum Resource Corporation	3075204 Thor	500 ha
Thor 8	338132	13 July 1995	13 July 1999	4Sx5W	Electrum Resource Corporation	3075204 Thor	500 ha
Thor 9	338133	13 July 1995	13 July 1999	4Sx5W	Electrum Resource Corporation	3075204 Marmot	500 ha
Marmot	313308	6 Sept 1992	6 Sept 1999	4Sx5E	Electrum Resource Corporation	3075204 Marmot	500 ha
Thor 11	353563	6 Feb 1997	6 Feb 2000	4Sx3W	San Telmo Resources Ltd.	—	300 ha
Thor 12	353564	6 Feb 1997	6 Feb 2000	3Nx5E	San Telmo Resources Ltd.	—	375 ha
Marmot 2	353565	4 Feb 1997	4 Feb 2000	4Sx5W	San Telmo Resources Ltd.	—	500 ha

TOTAL 3,675 ha

4. HISTORY AND DEVELOPMENT

Mineral Exploration in the general area of the Thor-Marmot property has taken place at erratic intervals since early in the century. Only minimal development on properties other than small gold placers has occurred due to the remote location. A mining access road built in stages north of

Ft St James was commenced during the 1940s, reaching as far as Moose Valley in the early 1970s. It was later continued northerly as far as the Toodoggone River (about 100 km northwest of Moose Valley) to service the short-lived Cheni and Baker gold mines, the latter being serviced previously only by air. Interest has revived recently with the start of construction at the Kemess copper porphyry deposit, 16± km north of the Thor/Marmot property, whose by-product gold content—previously ignored due to low price—helped produce a positive feasibility study. This is important with respect to development as a 56± km road-to-railway project south along the west side of Sustut Valley from Moose Valley is being considered, following a recent survey, and power lines reportedly will introduce electricity to the area (currently scheduled to pass over an anomalous zone on the Marmot 2 claim—Fig. 2).

Early exploration centred around small gold placer activities, particularly in the Germansen Landing-Manson Creek area, although even smaller operations were present in the Toodoggone River area and elsewhere. Several lead-zinc showings were discovered. Exploration was minimal until the late 1960s, when numerous companies explored the area for large tonnage, low grade copper and molybdenum porphyry type deposits, including the Kemess discovery. In the early 1970s, BP Minerals conducted a regional stream sampling program, including Thorne Creek, and considerable interest was generated by the Falconbridge discovery of several volcanic/sediment-hosted copper properties and intrusive associated gold-copper properties within the same volcanic rocks along the Sustut River Valley. In the 1980s, most interest was centred around the Toodoggone area gold discoveries. The announcement in 1996 that Royal Oak Mines was proceeding with development of the Kemess deposit a short distance north of the Thor-Marmot property created renewed interest in the area, as electric power and transportation requirements would be available.

Within the Moose Valley-Marmot area, mineralization of interest was first reported during a regional mapping program of the Geological Survey of Canada (Lord 1948) in the early 1940s. A sample of a 1.5 m wide silicified shear zone assayed 4.4 g/t gold, 5.1% copper and 123 g/t silver. The first claims were staked in the early 1960s by W. D. Savage and optioned in 1966 by New Wellington Resources Ltd. The latter completed two lines of IP surveying across the "Marmot" showing along with geological mapping and bulldozer trenching in 1966, totalling 762 metres, and about 20 acres of bedrock was stripped (Mouritsen, 1966). In 1967, a further 1.6 km of bulldozer stripping was completed, as was one short drill hole (Campbell, 1968). In 1969, the property was optioned by Texada Mines Ltd, who carried out a 14-week program of soil sampling and geological mapping (Church, 1973). Five diamond drill holes totalling about 238 metres were drilled, three of these on the main Marmot showing and the other two on the slope immediately to the west. Due to reported technical difficulties, none of the holes reached their target depth. A total of 2,066 soil samples were taken. In the early 1970s, BP, after a regional stream sediment survey, staked several claims in the central Thor area north of the Marmot. In 1973, Wesfrob Mines Ltd (a Falconbridge subsidiary under the overall direction of the writer) optioned the Marmot property and used the new Wellington camp as a local exploration base for several years. Wesfrob carried out a 300 line-km airborne magnetic EM survey (Lockwood Surveys) in 1973 as well as a diamond drill program of 5 holes totalling about 275 metres. Only the airborne survey was recorded. Two of the drill holes were designed to prove bedrock present at relatively shallow depth and other holes tested weak VLF-EM conductors in readily accessible areas. No mineralization of interest was encountered. The fifth hole, drilled below one of the known Marmot mineralized zones, showed no values of interest although core recovery was very poor—as with most drilling attempted on the highly fractured, narrowly mineralized zone.

The airborne survey, consisting of magnetics and electromagnetics (Brown, 1973), did outline a possible buried porphyry or semi-massive sulphide target within rocks of unknown derivation, as well as generating many EM anomalies believed caused by carbonaceous beds. No drill testing of anomalies was carried out, as Wesfrob postponed further work on its main priority, the “Sustut” copper property, leaving the area late in the season. However several “Mag-EM” anomalies elsewhere within the large holdings were test drilled with positive results, but reserves were considered minimal—the gold content not being seriously considered. Asitka-Gunsteel Resource Corp and Falconbridge Ltd investigated the paleoplacer gold potential of sediments in the nearby Asitka terrain (Heberlein, 1984) in 1983-84. The best gold locally, however, was found in Takla volcanics on the current Thor ground which was investigated in 1988 by Asamera (McCarthy, 1988) following a period of work in 1987 when Mingold Resources Ltd (Taylor 1988) resampled the known occurrences and staked the KMA claims. In 1988, a program of rock sampling, prospecting and soil sampling was carried out on the more northerly “Thorne” claims by Asamera Minerals Inc, described and quoted in more detail in this report. Additional claims were staked in 1989 and further soil and rock sampling completed, but further test recommendations submitted to Asamera were not followed through on due largely (?) to metal price declines.

In 1990, Mingold (Reynolds 1990) carried out further exploration consisting of rock and soil sampling, near the Marmot prospect, extending the copper and the separate (?) gold anomalies to the north, and to the south, where an altered andesitic float sample (source not discovered) assayed 0.84 oz gold, 1% copper.

In 1992, Electrum Resources staked the Thor 1-7 group of claims several kilometres to the north, covering much of the abandoned Thorne ground, and eventually consolidated a new Thor group in 1995 contiguous with the Marmot (1992) property to the south. Work by Electrum (Staarguard, 1992-93) consisted of geochemical and VHF-EM surveys, largely designed to trace important fault structures southerly from the Kemess porphyry. In early 1997, San Telmo Resources Ltd optioned the Thor 2, 3, 8, 9 and Marmot claims from Electrum and staked Thor 11, Thor 12, and Marmot 2 as additions to the group bringing the total number of claims to 8, number of units to 147, and acreage to 3,675 hectares. During March, 1997, San Telmo completed an airborne geophysical survey (EM and Mag) over the area. Field expenditures on the Thor/Marmot Group by Electrum to 1995 totalled approximately $40,000. Total “pre 1996” expenses on portions of the property are estimated to exceed $100,000 (in 1970 ± dollars). However, only a small portion of this—restricted to only a few short poor-recovery holes on the Marmot property—was spent on drilling.

Expenditures by San Telmo to the date of this report exceed $100,000, the largest item being the 1997 Airborne Geophysical program totalling approximately $88,000.

5. REGIONAL GEOLOGY(modified after McCarthy, 1988)

The general area has been geologically mapped by the Geological Survey of Canada on a 1:250,000 scale and certain sections completed in more detail by the Geological Division of the provincial mines department and by private companies (see references). As described by McCarthy (1988):

The Thorne (earlier name) claims lie in the McConnell Range within the Takla volcanic belt, immediately to the north of the Hogem Batholith, a large, elongate, multiphase intrusive complex extending from the Nation Lakes 170 kilometres northwest to Dortatelle Creek, 50 kilometres southeast of the claims. Several ultramafic, diorite, monzodiorite, and quartz monzonite stocks intrude the McConnell Range in the vicinity of the claims, and are lithologically similar to intrusions within the Hogem Batholith, probably intruding during the early modal phases of the Batholith in the Late Triassic (Garnett, 1978). The stocks are part of the Fleet Peak Pluton, a regional intrusive complex underlying the axis of the McConnell Range (Woodsworth, 1976). More felsic intrusive rocks, typically pink-coloured, medium-grained granodiorite and felsic dykes outcrop throughout the east and south McConnell Range, including the central claim area. They are correlative with the Early Jurassic Omineca Intrusions in the northern Hogem Ranges and the Black Lake Intrusions of the Southern Toodoggone adjacent to the northwest (Richards, 1988).

The stocks intruded Takla facies, locally the Savage Mountain Formation of Late Triassic (Norian) age, comprised of augite-feldspar porphyry flows, breccias, pillows, and aquagene tuffs, which were slightly metamorphosed during the intrusive events (Monger, 1976; Richards, 1976). The youngest rocks in the region are siltstone, sandstone, conglomerate, and coal of the Sustut Group—basinal deposits of Late Cretaceous age.

The Hogem Batholith is bounded to the east by the Pinchi Fault, which bifurcates into several north to northwest trending faults at the north end of the batholith. Two major north-northwest trending splays, the Ingenika and Moose Valley Faults, bracket the claim area to the east and west respectively: the Moose Valley Fault traverses the western margin of the property.

6. LOCAL GEOLOGY

As described in most detail by Asamera (McCarthy, 1988):

Previous geology in the claim area, by the Asitka-Gunsteel Resources-Falconbridge group in the north and BP-Selco in the south (Heberlein, 1984) was augmented by reconnaissance mapping by Asamera during the prospecting program on the property in 1988.

(A compilation of the geology known to date is present in Figures 4, 5, and 6. Minor modifications are presented in Fig. 5, as updated by Electrum, 1992.)

Two major faults, the North Valley Fault and Main Valley Fault follow the west-flowing creek drainages in the north and central claim area. An oblique fault (term the Moose Valley Fault locally) trending southerly from the North Valley Fault likely intersects the Main Valley Fault, although the confluence is obscured by talus and overburden. (It appears from later work to cut off the intrusive stocks to the west, and continues northerly towards the Kemess deposit.) The claim area appears to have been separated into several blocks by steeply-dipping faults, as indicated in Figure 4. Several north-south and east-west trending shear zones extend away from the major valley faults in the north and central areas of the property. The shears have been infilled with quartz and/or calcite veining with sulphide mineralization, and were the targets of prospecting and sampling as described in the following sections.

7. MINERALIZATION AND SAMPLING

The most important mineralization presently exposed on the Thor Group claims appears to be on the Thor #3 claim, the most thoroughly prospected. Although lower reaches of the mineralized zones are readily accessible, many of the highly fractured and better mineralized sections within the volcanic “cap rocks” occur on and above the very steep but locally restrictive cliffs. These prohibit thorough investigation of many of the swarm of mineralized zones at higher elevations. In the author’s opinion, these zones, mainly of fracture fillings and shears, qualify as being “porphyry copper” related, such as is so common in BC, including the Sustut-Kemess area where several similar occurrences have been test drilled or surface sampled by the writer but where size has been the negative factor.

Asamera (1988) has carried out detailed sampling of portions of the above “referred-to Thor 3 area,” despite considerable scree and gossan surface concealment. Sampling was restricted to numerous “grab” samples where overburden allowed limited exposure to mineralization in place, or to float (probably locally derived scree), although it was possible, on rare occasion, to dig and sample a few short trenches revealing continuous exposures of bedrock. Only locations of samples containing in excess of 1 gram/T gold have been highlighted as on Figs. 5, 7, 7(a), and 7(b) but some of the numerous locations of lesser grade material have also been plotted (Fig. 7).

Assays are presented in Appendix “A” for 140 ± samples. In addition, 85 silt and soil samples have been collected in the Thor #3 and #11 areas, with highlights shown on Fig. 7(a) and assay results in Appendix “B.” No attempt has as yet been made to establish lengthy trenches for sampling purposes, although a number of shorter ones—i.e, PS #590-chips across 60 cm @ 4.61 g/t gold—have been completed. However, chip sampling across non-trenched widths up to 5 metres (TR #261 and TR # 262 @ 6.47 g/t gold) were completed and grab sampling carried out across recorded widths of up to 9 metres (TR #273 @ 0.53 g/t gold).

Sampling by Electrum Resources consisted largely of soils and silts (Fig. 5, 7a, Appendix “B”), although a number of spot checks, generally in visibly high copper samples at intervals throughout the property, were carried out. These confirmed Asamera’s gold tenor.

Of special interest are a series of samples taken from the southwest section of Thor 3 sample area (see Fig. 5) which Electrum believes Asamera did not sample directly. This zone, with assays up to 2.34% copper, 1.52 g/t gold, is depicted in the foreground of Photo #1.

8. DESCRIPTION OF MINERAL OCCURRENCES

(a) <u>Thor North Claims</u>

Within the present (1997) claim group, mineral occurrences best revealed occur on the Thor 3 Mineral Claim. The locale is the site of a well defined magnetic anomaly (1997) and some EM highs. For clarification, the writer has depicted four zones (A, B, C, D) within which mineralization of interest is known to occur. Asamera has more thoroughly investigated this area (supplemented by Electrum) but their designation of zone numbers (useful for reference) has been rearranged for this presentation as depicted on Fig. 7 (a) and enlarged on Fig. 7 (d). The writer has viewed this northerly area only from helicopter traverses in the early 1970s and most descriptions presented are those of Asamera (McCarthy 1988) with some supplementation by Electrum (Staargaard 1992).

(b) Marmot

The original Marmot "2 post" claims are now covered in large part by the Marmot and Marmot 2 "4 post" claims.

The original mineralization of interest—narrow and limited shear zone occurrences containing copper and gold mineralization in sheared volcanic rocks near the westernmost contact of the McConnell Range granitic rocks—has been described by Church (1973) as per Fig. 6 and Sections 4 (History) and Section 7 (Sampling).

(c) Other Areas of Mineralization

Copper-gold mineralization of possible interest is reported to the south and southeast of the Thor 3 occurrences but terrain and extensive gossan areas have prevented thorough examination of same to this time.

Mineralization is known to occur as far south as the Marmot property, and to the north of Thor 3, but prospecting has been limited. At this time no exposed mineralization in the area is as extensive as that on the Thor 3 claim. Geophysical anomalies suggestive of buried porphyry copper cupolas, etc., should be more carefully studied.

9. GEOCHEMICAL SURVEYS

As described earlier, a number of geochemical surveys (soil and some silt) were conducted in the Marmot Claim Area (New Wellington, Texada Mines, Mingold, B.C. Department of Mines, and Electrum Resource Corp—see Fig. 6).

Towards the northern claim limit, silt sampling has been carried out in a number of creeks by Kerr Addison, BP, Asamera, Electrum and others who have not published results. Electrum also carried out several extensive line soil sample surveys (Zastavikovich, 1995) in the Thor 3 area partly to help determine the position of the unexposed Moose Valley Fault thought to have had an important structural role in the location of the nearby Kemess copper-gold porphyry deposit. Some positive results were obtained. These lines and their highlighted portions are plotted on Fig. 7 (d). Of some interest were anomalous values in mercury, barium as well as in copper-gold. In some earlier silt sampling, anomalous platinum values were obtained, providing impetus for at least a search by Asamera. No source has been found.

10. GEOPHYSICAL SURVEYS

(a) High Level Magnetic Survey

This Government sponsored airborne magnetic survey (Figs. 8a, 8b) of the overall district clearly depicted structural trends (e.g., the "Moose Valley" and associated faults), the high but erratic magnetic levels of the enclosing Mesozoic volcanic and granitic rocks and, more emphatically, the isolated and smaller granitic stocks near which the main known mineralization occurs. The latter appear related to certain of the structural trends (faulting) such as the Moose Valley Fault.

(b) Airborne Mag/Em, Marmot Area (1973) (Figs. 3, 7, 9, 10)

A prominent airborne detected magnetic (and associated electromagnetic) geophysical anomaly now covered by the Marmot #2 Mineral Claim at the south end of the current Thor property (Fig. 3) was revealed during a survey of the original Marmot property as owned in 1973 by New Wellington Mines Ltd. The electromagnetic (EM)/magnetic survey was carried out under the writer's direction by Wesfrob Mines (Falconbridge) largely to fulfill an agreement to gain assessment work credits on New Wellington's local small copper-gold showing in return for which Wesfrob was allowed to use that company's semi-permanent base camp and airstrip during several years of exploration activity largely in the Sustut River area to the immediate south. About 265 line kilometres were flown, mostly south and west of the somewhat isolated "Marmot" gold-copper showing occurring within volcanics near a granitic contact to the east (Fig. 7). The only anomaly of interest generated was over the lower flank of drift covered Moose Valley west of the original showing. It was not tested by Wesfrob who was totally occupied drilling visibly mineralized outcroppings in other areas. Priority was low as most of the width of Moose Valley was believed, despite lack of conclusive outcrop, to be underlain by the sedimentary Sustut Formation which is younger than any mineralization or required intrusive activity recognized regionally at that time. However, 2 km north-northwest along but beyond the trend of the anomaly, the magnetic patterns of the local Mesozoic volcanic rocks reappear, probably shifted north easterly by a fault recognized by the 1973 survey. Some EM response over the sediments was expected due to carbonaceous material (even anthracite coal) common within the Formation but the survey revealed a well-defined but unexplainable magnetic anomaly flanking and partially overlapping high EM response restricted to that sole area of the survey (Figs. 9, 10). Outcroppings of these sediments, as mapped by Church (1973)—the closest one being 2,500 ± metres to the north east—show a northerly strike and moderately steep dip to the east. The stand-alone magnetic anomaly, as interpreted by the writer, is a sill-like or conformable magnetically anomalous body some 3.6 km (12,000 ft) in length (NNW) and at least 300 m (1,000 ft) wide, dipping easterly. The EM response, the highest recorded in this survey (or in several others carried out regionally at the same time), depicts a trend parallel and adjacent to the magnetic anomaly. (Later 1997 airborne surveys confirmed the magnetic anomaly, but not the EM recordings except for VLF-EM values of interest.)

(c) Mag/Em (Airborne) Survey 1997

An Airborne Geophysical Survey was carried out in early 1997 covering the Thor-Marmot area of interest (Figs. 11a & 11b). The GPS controlled helicopter survey involved 341 line kilometres flown east-west (grid north) with spacing of 5 lines per kilometre covering a north-south distance of 15 km and an average east-west distance of 4 to 5 km. Magnetic, electromagnetic (multi-frequency) and VLF values were recorded with 33 metres (100 ft) of ground clearance.

Maps and interpretation provided by the contractors, Geotech Ltd, are included in Appendix C.

With respect to *magnetics*, non-exposed targets which may be mineralized intrusive stocks or disrupted or offset blocks of volcanics surrounded by relatively magnetically low areas (some below Sustut Formation sediments which may be a thin undulating crust) include the following as identified on Fig. 11 (a):

M1—"Marmot 2" Claim; large magnetic anomaly duplicating that shown on Fig. 9 immediately west of magnetic low defining the Moose Valley fault.

M2—"Marmot" Claim; triple-pronged weaker anomalies immediately east of Moose Valley Fault apparently west of Marmot workings.

M3—Medium sized anomaly at junction of Thor 8 eastern boundary with northern boundary of Thor 9 claim.

M4—Large anomaly at junction of Thor 8 and Thor 2 easterly section of boundary. This is probably the southerly "high level" stock depicted in Figs. 8(a), 8(b).

M5—Smaller anomaly along strike of M4 separated by splay fault off Moose Valley Fault.

M6—Large anomaly engulfing Thor 3 mineralized area described—Figs. 7 (a, b, c, d). This is probably the more northerly of the "stocks" suggested in Figs 8 (a & b). It appears bordered on the west by a splay of the Moose Valley Fault and to the east by a secondary splay.

M7—on Thor 12 claim; Similar but slightly smaller anomaly than "M6" but appears to occupy position within same structures.

M8—(all claims); The proposed Moose Valley Fault and northeast splays from it exhibit numerous small weakly anomalous north-northwesterly aligned bubble-like features suggestive of a rift extending the length of the map sheet and beyond to the south. To the north they disappear in a monotonous magnetic "buildup." With the possible exception of anomaly M2, the only sign that any of the small "bubbles" represent a small stock at shallower depth within the Moose Valley fault feature might be anomaly "M8" central west on Thor 9 claim.

Electromagnetic anomalies resulting from the 1997 survey totalled over 100, such as would be expected over areas of diverse geology including known gossanous areas derived from oxidized pyrite zones, alteration, fault features, etc. Anomalous areas of possible importance are listed by the contractors and included in Appendix C. Some of the more prominent anomalies are plotted on Fig. 11(b), one of two "2 frequency (A or B)" maps included in Appendix "C" (values plotted on Fig. 11(b) include those shown on the second map also). These are briefly described via flight line numbers in order of interest as follows:

(1) 320(A)—"suggests a conductive core within a magnetic body" and is a prime target.

(2) 110(C), 140(B), 420(B), 530(A)—"at least somewhat conductive and magnetic."

(3) 220(C), 260(A), 270(B), 290(A), 290(B), 300(A), 300(B), 320(B), 330(B), 580(B), 590(A), 600(B), 600(C), 630(A).

Forty additional flight lines show EM anomalies of interest, many of which require ground checks in an attempt to establish their importance. Mineralization being sought is not expected to cause large EM response due to its disseminated nature.

11. ASSAYS AND RESERVES

Assays from a total of approximately 200 rock samples (predominantly "grabs") were taken on the Thor 3 Mineral Claim by Asamera supplemented by Electrum. Most contained anomalous gold or copper or both. Recorded values ranged to 10 gm/t gold, 8.5% copper. A total of 33 chip or grab samples assaying over 1 gm/t gold (uncut) collected within 4 surface "zones" on the claim as per Fig. 7, showed an arithmetric average of 3.4 g/t Au, 55.2 g/t Ag, 0.63% Cu, 0.24% Pb, 0.12% Zn, and 0.12% As. This result, although not indicative of any measured resource, suggests that given a sufficient volume, a gold-copper concentrate of value is conceivable, even within the proposed "cap rock" sampled. The widest single sample, chipped across 5 metres, averaged 6.4 g/t gold, 0.05% copper. Only a few very short trenches were attempted due to scree, overburden and gossan cover. Surface enrichment, particularly of copper, is probable within some samples.

12. CONCLUSIONS

Copper-gold mineralization on the Thor property is distinctly anomalous over substantial widths. It occurs, in the North Thor areas investigated on surface, to occupy a position such as would be expected above a cupola (or uppermost extremity) of a porphyry copper intrusive now at relatively shallow depth. Several such occurrences are known within the belt of rocks (the Quesnel Trough) within which the Thor property is situated, such as Mt Milligan and nearby Kemess—the larger ones—and several smaller but distinctive deposits test drilled in the local Sustut area by Falconbridge. Many porphyry copper deposits with distinctive cupolas are known in B.C. with mineralization in the cap rocks above them, a similar scenario appearing to exist in the Thor 3 claim area. Airborne geophysical surveys on the Thor property suggest other intrusive stocks present in overburdened or untested areas. Drill testing after ground follow-up is required to evaluate them in addition to the exposed mineralization on the Thor 3 claim and the proposed intruded stock below.

13. RECOMMENDATIONS(Table 3)

The writer has suggested a two stage exploratory drill program to determine the extent of copper-gold mineralization evident from numerous "spot samples" taken during Asamera and Electrum programs, and of geophysical anomalies generated in 1973 and 1997.

Initial recommendations (*Stage 1*) for the Thor property (1997 program) involve:

(a) Preliminary drill testing of several exposed mineralized areas, mostly on Thor 3 mineral claim, to ascertain continuity of mineralization laterally and to moderate depth, and to interpolate, via studies of core, the possibilities of a deeper intrusive stock of interest.

(b) Ground follow-up to positively locate and better identify airborne geophysical anomalies of interest, including a short drill test of the Marmot 2 anomaly.

Stage 2 allows for 1,800 m of additional drilling on the Thor 3 claim (7 holes) and on any readily accessible 1997-generated airborne geophysical targets shown to be of special interest after ground examination. Positive Stage 1 results on Marmot 2 would require further drill tests as the target area is large.

14. PROPOSED BUDGET ESTIMATES

Budget Estimates as presented evolve largely around a proposed 2-stage diamond drill program and minor associated activities assuming local helicopter service is available (impossible to predict at this time). If not, costs will probably be ± 20% higher, which can be offset by a reduction in drilling unless a 1997 supplementary budget is introduced before weather conditions deteriorate.

Stage 1 drill testing of areas highlighted by previous work—largely by Asamera, Electrum and Falconbridge—will be focused on unless conditions allow for initial testing, after ground checks, of any important airborne geophysical targets generated by the 1997 survey.

Stage 1

Preliminary Drill Investigation

Personnel		
	Geologist—6 weeks @ $250/day	$10,500
	Assistant Geologist—6 weeks @ $200/day	8,400
	(Includes minimal geophysical search (mag and EM) for more precise ground location of magnetic and electromagnetic highs.)	
Travel		2,000
Accommodation		
	(Drill Contractor supplied) 40 days @ $100/day	4,000
Diamond Drilling		
	(BQWX) all inclusive (incl. camp supply) less helicopter support, 1,150 m @ $90/m	103,500

Helicopter Support		
	7 drill & camp moves (incl. mobilization) @ 3 hr/move (incl. ferry) = 21 hours @ $700/hr	14,700
Assays		
	150 @ $20	3,000
Office Overhead, Permits, Reports, Communication, etc.		10,000
	SUB-TOTAL	$156,000
	Contingency (15%)	23,400
	TOTAL, STAGE 1	**$179,400**

Stage 2

Stage 2 will consist both of a follow-up of Stage 1 drilling (if results are positive) and a several hole drill test of new anomalies of interest generated by the recently completed Airborne Geophysical Survey

Personnel		
	Geologist—2 months @ $250/day	$15,250
	Assistant Geologist—2 months @ $200/day	12,200
Travel		3,000
Accommodation		
	(Drill Contractor) 2 x 61 x 50	6,100
Diamond Drilling		
	(as Stage 1, all inclusive)	
	(a) Drill holes remaining as per Table 3 = 5 holes totalling 500 m	
	(b) Deep holes (Thor 3) - 2 holes @ 500 m each (Test underlying (?) intrusive) = 1,000 m	
	(c) Probable “geophysical anomaly tests” 3 holes @ 100 m = 300 m	
	Total = 1,800 m @ 90/m	162,000
Helicopter Support		
	Estimate 25 hours @ $700/hr	17,500

Assays	
200 @ $20	4,000
Office Overhead, Permits, Reports, Communication, etc.	10,000
SUB-TOTAL	$230,050
Contingency (10%)	23,000
TOTAL, STAGE 2	**$253,400**
TOTAL, STAGES 1 & 2	**$432,450**

The information set out above has been excerpted from a report prepared by James J. McDougall, P.Eng. dated May 2, 1997 as revised on July 3, 1997. The said report is lodged at the registered office of the Company, 430 - 580 Hornby Street, Vancouver, B.C. where it may be examined during normal business hours, during the period of the Offering. An Addendum consisting of a property location map and property plan map of this property is located before the "Financial Statements".

The Company has expended $110,562 on exploring the Thor-Marmot Group of Mineral Claims property to date.

Following the completion of the Offering, the Company intends to carry out Stage 1 of the program recommended in the report of James J. McDougall, P.Eng. dated May 2, 1997. The recommended program consists of diamond drilling at an estimated cost of $179,400.

The Company has received appropriate regulatory approvals to carry out the exploration program. The exploration program is expected to commence in May 1998 and Stage I is estimated to be completed within 2 to 4 months. Exploration results will be announced immediately after receiving any assay results or their equivalent. During the period between the completion of the Offering and the beginning of the Stage I programme, the proceeds of the Offering allocated to that purpose will be invested in securities which qualify as an investment in which trust funds may be invested under the laws of British Columbia.

There is no surface or underground plant or equipment on the property.

THERE IS NO KNOWN BODY OF COMMERCIAL ORE ON THIS PROPERTY AND THE PROPOSED PROGRAM IS AN EXPLORATORY SEARCH FOR ORE.

PLAN OF DISTRIBUTION

The Company, by an Agreement dated June 19, 1997 and amended on October 14, 1997 (the "Agency Agreement") has appointed Canaccord Capital Corporation as its agent ("Agent") to offer to the public through the facilities of the Vancouver Stock Exchange (the "Exchange") 1,000,000 common shares (the "Shares") of the Company at a price of $0.40 per Share (the "Offering Price").

All subscription proceeds received by the Agent or other registered dealers or brokers authorized by them, will be forwarded to and held by the Agent pending the closing of the Offering. The Offering will be made on a day (the "Offering Day") to be agreed upon between the Company and the Agent, on or before the earliest of the day which is 90 days following the date on which a final receipt is issued by the British Columbia Securities Commission in respect to this Prospectus and the securities are conditionally listed on the Exchange.

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

The Agent will receive a commission of $0.05 per Share. The Agent's commission is 12.5%. The commission payable will be paid from the net proceeds received from the sale of the Shares.

The Agent reserves the right to offer selling group participation, in the normal course of the brokerage business to selling groups of other licensed dealers, brokers or investment dealers, who may or may not be offered part of the commissions or bonuses derived from this Offering.

The obligations of the Agent under the Agency Agreement may be terminated prior to the opening of the market on the day the shares of the Company are listed, posted and called for trading on the Exchange at the Agent's discretion on the basis of its assessment of the state of the financial markets and may also be terminated at any time upon the occurrence of certain stated events.

The Agent has agreed to purchase (the "Guarantee") any of the Shares offered hereby for which subscriptions have not been received at the conclusion of the Offering, and as consideration for the Guarantee has been granted a non-transferable share purchase warrant (the "Agent's Warrant"), entitling the Agent to purchase up to 250,000 shares of the Company at a price of $0.40 per share at any time up to the close of business one year from the date on which the Company's shares are listed, posted and called for trading on the Exchange.

The Agent's Warrant has been distributed to the Agent under this Prospectus. Any shares acquired by the Agent pursuant to the exercise of the Agent's Warrant, may be resold by the Agent without further qualification through the facilities of the Exchange at the market price of the time of sale. The Company will not receive any of the proceeds from the sale of any such shares by the Agent.

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

The Company has granted the Agent a right of first refusal to provide future equity financing to the company for a period of twelve (12) months from the date of receipt of the Prospectus.

Other than as disclosed in this Prospectus, there are no payments in cash, securities or other consideration being made, or to be made, to a promoter, finder or any other person or company in connection with the offering.

The directors, officers and other insiders of the Company may purchase Shares from this Offering.

Also, the Company and the Agent have entered into a Sponsorship Agreement pursuant to which the Agent will receive a $15,000 (plus Goods and Services Tax). See "Sponsorship Agreement" on page 35.

The Issuer will also pay the Agent, on completion or cancellation of the Offering, a fee (the "Administration Fee") in an amount to be determined by the Agent not exceeding $5,000 for the Agent's services in connection with the co-ordination and review of the Offering and the Issuer's Prospectus.

The price to be paid to the Company for the shares offered for sale by this Prospectus was set by negotiations between the Company and the Agent.

RISK FACTORS

AN INVESTMENT IN NATURAL RESOURCE ISSUERS INVOLVES A SIGNIFICANT DEGREE OF RISK. THE DEGREE OF RISK INCREASES SUBSTANTIALLY WHERE THE ISSUER'S PROPERTIES ARE IN THE EXPLORATION AS OPPOSED TO THE DEVELOPMENT STAGE.

The securities offered by this prospectus must be considered speculative, generally because of the nature of the Company's business. In particular:

1. The purpose of the present Offering is to raise funds to carry out further exploration on the Company's mineral property with the ultimate objective of establishing ore reserves of commercial tonnage and grade. If the Company's exploration program is successful additional funds will be required for the development of an economic ore body and to place it in commercial

production. The only source of future funds presently available to the Company is through the sale of equity capital. The only alternative for the financing of further exploration would be the offering by the Company of an interest in its property to be earned by another party or parties carrying out further exploration or development thereof, which is not presently contemplated. There is no assurance that such sources of financing will be available on acceptable terms, if at all.

2. There is no established market for the shares of the Company.

3. Exploration for minerals is a speculative venture necessarily involving some substantial risk. The program proposed by the Company is an exploratory search for ore. There is no certainty that the expenditures to be made by the Company in the acquisition and exploration of the interests described herein will result in discoveries of commercial quantities of ore. The property of the Company does not contain any known body of commercial ore.

4. Resource exploration and development is a speculative business and involves a high degree of risk. The marketability of natural resources which may be acquired or discovered by the Company will be affected by numerous factors beyond the control of the Company. These factors include market fluctuations, the proximity and capacity of natural resource markets and processing equipment, government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

5. Mining operations generally involve a high degree of risk. Hazards such as unusual or unexpected formations and other conditions are involved. The Company may become subject to liability for pollution, cave-ins or hazards against which it cannot insure or against which it may elect not to insure. The payment of such liabilities may have a material adverse effect on the Company's financial position.

6. While the Company has obtained the usual industry standard title report with respect to its property, this should not be construed as a guarantee of title. The property may be subject to prior unregistered agreements or transfers or native land claims and title may be affected by undetected defects. The Company must expend monies to carry out further work on the property described in this Prospectus in order to keep in good standing the interests as described under the heading "Description of Business and Property" on page 5 of this Prospectus.

7. The Company's property include mineral claims which have not been surveyed, and therefore, the precise location of the mineral claims may be in doubt.

8. The Company operates at a loss and there is no assurance that the Company will ever be profitable.

9. Certain of the directors of the Company serve as Directors of other companies or have significant shareholdings in other companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have

a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a Board of Directors meeting, a director who has such a conflict will abstain from voting for or against the approval of such a participation or such terms. From time to time several companies may participate in the acquisition, exploration and development of natural resource properties thereby allowing for their participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment. In accordance with the laws of the Province of British Columbia, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time. See "Conflict of Interest" below.

10. The proposed expenditures from the proceeds raised by the Offering described in this Prospectus will not increase net tangible assets owned by the Company.

11. The Shares offered under this Prospectus will be subject to a dilution of $0.1968 per share (49.2%).

12. Upon completion of this Offering, this issue will represent 37.45% of the Company's issued and outstanding shares and 32.73% of the Company's issued and outstanding shares will then be owned by the promoters, insiders, holders of performance shares or escrow securities and the Agent as a group.

ADMINISTRATION

During the first year after completion of this Offering, the Company estimates that the aggregate monthly cost of administration will be approximately $6,250 and the total aggregate cost will be approximately $75,000. These costs are comprised of management fees ($30,000), transfer agent fees ($5,000), professional fees ($15,000) and other costs (travel, government fees, office and miscellaneous costs of $25 000).

USE OF PROCEEDS

The net proceeds to be derived from this Offering will be $350,000. In addition, the Company had as at October 31, 1997 a working capital of $44,358. The principal purposes for which the net proceeds of the Offering plus the Company's working capital as at October 31, 1997 are as follows:

To pay the costs of the Offering	$ 35,000
To pay the cost of Stage 1 of the exploration program on the Thor-Marmot Group Claims (1)(5)	179,400
To pay one-half of the fee to the Agent pursuant to the Sponsorship Agreement (2) and a reserve to pay and administration fee not to exceed $5,000.00 (4)	12,500
To make the January 15, 1998 payment on the Option Agreement described herein	20,000
Administration costs for 12 months (3)	75,000
Unallocated working capital	72,458
TOTAL	$394,358

(1) See "Description of Business and Property" on page 5.

(2) See "Sponsorship Agreement" on page 35.

(3) Includes management fees of $30,000 which will be paid to Insiders or their holding companies. See "Payments to Insiders and Promoters" on page 29 and "Administration" on page 24.

(4) See "Plan of Distribution" on page 21.

(5) During the period between the completion of the Offering and the beginning of the Stage I programme, the proceeds of the Offering allocated to that purpose will be invested in securities which qualify as an investment in which trust funds may be invested under the laws of British Columbia.

No part of the proceeds will be used to invest, underwrite or trade in securities other than those that qualify as an investment in which trust funds may be invested under the laws of the jurisdiction in which the securities offered by this Prospectus may be lawfully sold. Should the Company intend to use the proceeds to acquire other than trustee type securities after the distribution of the securities offered by this Prospectus, approval by the members of the Company must first be obtained and notice of the intention must be filed with the securities regulatory bodies having jurisdiction over the sale of the securities offered by this Prospectus.

The Company will spend the funds available on the completion of this Offering to carry out its proposed exploration program as set out in “Description of Business and Property”. There may be circumstances where, for sound business reasons, a reallocation of funds may be necessary. The Company will only redirect the funds to other properties on the basis of a written recommendation from an independent professional geologist or engineer.

The Company’s working capital plus allocation for administration expenses available to fund ongoing operations will be sufficient to meet its administration costs for more than 12 months.

DESCRIPTION OF SECURITIES OFFERED

The authorized capital of the Company consists of 20,000,000 common shares without par value. As of the date of this Prospectus, 1,670,000 common shares are issued and outstanding.

All common shares of the Company, both issued and unissued, rank equally as to dividends, voting powers and participation in assets. No shares have been issued subject to call or assessment. There are no pre-emptive or conversion rights and no provision for redemption, purchase for cancellation, surrender or sinking or purchase funds. Provisions as to the modification, amendment or variation of such rights or such provisions are contained in the Company Act of the Province of British Columbia.

DIRECTORS, OFFICERS, PROMOTERS AND OTHER MANAGEMENT

The names, municipality of residence, age and principal business or occupations of each of the directors, officers, promoters, and other members of the management of the Company are as follows:

Name and Municipality of Residence	Age	Office Held	Principal Occupation for past Five Years
CHRISTOPHER I. DYAKOWSKI * Vancouver, B.C.	45	President, Director, Promoter	Professional Geoscientist
WILLIAM E. SCHMIDT* Vancouver, B.C.	56	Director, Promoter	Barrister and Solicitor
SANDRA J. MORTON Vancouver, B.C.	40	Secretary	Executive Assistant

ALEX MICHALATOS* Richmond, B.C.	53	Director, Promoter	Self-Employed Businessman; Restauranteur

* Member of the Audit Committee.

The directors and officers beneficially own the following common shares in the capital of the Company:

Name	Number of Shares	Percentage of Class after Offering
Alex Michalatos	300,000 Escrow 50,000 Free	13.11%
Christopher I. Dyakowski	300,000 Esrow	11.24%
Sandra J. Morton	20,000 Free	0.75%
William E. Schmidt	150,000 Escrow 54,000 Free	7.64%

The directors and officers have the following options to purchase the number of common shares as is set opposite the name of each directors:

Alex Michalatos	120,000 Shares
Christopher I. Dyakowski	120,000 Shares
Sandra J. Morton	27,000 Shares

See "Options to Purchase Securities" on page 31 for further details.

The percentage of common shares (beneficially owned, directly or indirectly), held by all directors, promoters, officers and other members of management as a group, at the completion of the Offering, is as follows:

Designation of Class	Percentage of Class
Common	32.73%

During the past five years, the following directors and officers were directors, officers and/or promoters of the following reporting issuers:

Sandra J. Morton - Secretary of Blackline Oil Corporation.

Christopher I. Dyakowski - Former director and officer of Probe Resources Ltd. and Harlow Ventures Inc.

William E. Schmidt - Director of Artina Resources Ltd. and Blackline Oil Corporation; Secretary of Clifton Star Resources Inc. and Equus Petroleum Corporation; former director of Mirage Resource Corporation, NCA Minerals Corp., Harlow Ventures Inc., Tobex Resources Ltd., Paladin Fuel Technologies Inc. and Westwego Resoruces Ltd.; former Secretary of Canmark International Resources Inc., Gemstar Resources Ltd., Waseco Resources Inc., Harlow Ventures Inc., Probe Resources Ltd. and Western Premium Resource Corp.

None of the directors, officers, promoters, or other member of management of the Company is, or within the five years prior to the date of this Prospectus, has been a director, officer or promoter of any reporting issuers which have been struck from the Registrar of Companies by the B.C. Registrar of Companies or other similar authority or was subject to a cease trade or suspension order for a period of more than 30 consecutive days or was declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislative authority relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that reporting issuer.

None of the directors, officers, promoters or other member of management of the Company has, within the 10 years prior to the date of this Prospectus, been the subject of any penalties or sanctions imposed by a court or securities regulatory authority relating to trading in securities, the promotion, formation or management of a publicly traded company or involving theft or fraud.

No director, officer, promoter or other member of management of the Company has, within the five years prior to the date of the Prospectus, been declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

Conflicts of Interest

There are no existing conflicts of interest as a result of outside business interests at the present time. See paragraph 9 under the heading "Risk Factors" on page 23 in respect to potential conflicts of interest.

INDEBTEDNESS OF DIRECTORS, OFFICERS, PROMOTERS AND OTHER MANAGEMENT

No director, officer, promoter or other member of management nor their respective associates or affiliates has been indebted to the Company at any time.

PAYMENTS TO INSIDERS AND PROMOTERS

Executive Compensation

Summary Compensation Table

The Company has one executive officer, namely Christopher I. Dyakowski. The following table sets forth the compensation paid to the Company's executive officer during the eleven month period ending August 31, 1997.

Annual Compensation				Long Term Compensation			
					Awards	Payouts	
Name and Prinicpal Position (a)	Year (b)	Bonus ($) (d)	Other Annual Compen-sation ($) (e)	Under Options/ SARs Granted (#) (f)	Securities Restricted Shares or Restricted Share Units ($) (g)	LTIP Payouts ($) (h)	All Other Compen-sation ($) (i)
CHRISTOPHER DYAKOWSKI President/Director	1997	NA	N/A	120,000	N/A	N/A	14,563

OPTIONS GRANTED DURING THE MOST RECENTLY COMPLETED FINANCIAL YEAR END FOR THE ELEVEN MONTHS ENDED AUGUST 31, 1997

The following table sets forth information on options granted to Mr. Dyakowski during the eleven month period ended August 31, 1997.

Name and Principal Position	Securities Under Option	% of Total Options Granted to Employees in Financial Year	Exercise Price	Market Value of Securities Underlying Options on Date of Grant	Expiration Date
Christopher Dyakowski President & Director	120,000	44.94%	$0.40	N/A	Two Years after the effective date of this Prospectus

Compensation of Directors

The Company has no plans pursuant to which it compensates its directors for services in their capacity as director other than the granting of stock options. See “Options to Purchase Securities” on page 31. The President will receive, at a rate of $2,500 per month, a fee for management services commencing upon the first day of the month when the Company’s securities are posted and called for trading on the Vancouver Stock Exchange as described in a Management Agreement dated October 14, 1997.

Related Party Transactions

Other than described above there were no related party transactions during the eleven month period ended August 31, 1997.

Proposed Compensation

Other than as described under the heading “Executive Compensation”, the Company anticipates paying $30,000 as compensation to its executive officers, insiders, promoters or other members of management during the 12 month period following completion of the Offering. See “Administration” on page 25.

SHARE CAPITAL

Existing and proposed share and long-term debt capital

	Column 1 No. of Issued Securities	Column 2 Price per Security	Column 3 Total Consideration
(a) Prior issuance of securities	750,000(1) 920,000(2)	$0.01 0.25	$ 7,500 230,000
(b) Issued as of November 3/97	1,670,000	N/A	237,500
(c) Offering	1,000,000	$0.40	400,000
(d) To be issued if all securities Sold	2,670,000	---	637,500

(1) These shares are held in escrow. See “Escrowed Shares” on page 33.

(2) These shares are subject to Vancouver Stock Exchange resale restrictions. 62.5 percent of these shares will be released from resale restrictions upon the Company’s shares being listed, posted and called for trading on the Vancouver Stock Exchange and the balance of 37.5

percent three months thereafter.

The authorized capital of the Company consists of 20,000,000 common shares without par value.

OPTIONS TO PURCHASE SECURITIES

Director's Options

Pursuant to Directors and Officers Stock Option Agreements dated April 30, 1997 (the "Option Agreements"), the Company has granted options for their services to the following persons for the number of common shares as is set opposite the name of each person:

Directors	No. of Shares	Price per Share	Expiry Date
Christopher I. Dyakowski	120,000	$0.40	Two years after the Effective date of this Prospectus
Alex Michalatos	120,000	$0.40	Two years after the Effective date of the Prospectus
Officer			
Sandra J. Morton	27,000	$0.40	Two years after the Effective date of the Prospectus

The Option Agreement provides that the option exercise price is $0.40 per share and that the options are exercisable up to two years from the effective date of this Prospectus there are no other options to purchase securities of the Company other than as disclosed in this Prospectus.

Agent's Warrant

The Agent will receive a non-transferable share purchase warrant (the "Agent's Warrant"), entitling the Agent to purchase up to 250,000 shares of the Company at any time up to the close of business one year from the Offering Date at the Offering Price.

The options and warrants referred to above entitle the holders, in the aggregate, to purchase 517,000 shares.

There are no assurances that the options, warrants, or other rights described above will be exercised in whole or in part.

FULLY DILUTED SHARE CAPITAL

TABLE - COMMON SHARES

	No. of Shares	Percentage of Total
(a) Issued as of September 30/97	1,670,000	49.31%
(b) Offered under the Prospectus	1,000,000	29.52%
(c) Securities reserved for future Issue as of November 3/97	717,000	21.17%
TOTAL	3,387,000	100%

PRINCIPAL HOLDERS OF SECURITIES

As of the date of this Prospectus, the only persons known by the Company to have direct or indirect beneficial ownership of, control or direction over, or a combination of direct or indirect beneficial ownership of and control or direction over, voting securities that will constitute more than 10% of any class of such securities upon completion of the Offering are as follows:

Name and Municipality of Residence	No. of Shares	Percentage of Shares Outstanding Prior to Offering	Percentage of Shares Outstanding after Offering
ALEX MICHALATOS Richmond, B.C.	350,000	20.96%	13.11%
CHRISTOPHER I. DYAKOWSKI Vancouver, B.C.	300,000	17.96%	11.24$

ESCROWED SHARES

As of the date of this Prospectus, 750,000 common shares are held in escrow by Pacific Corporate Trust Company, of 830 - 625 Howe Street, Vancouver, B.C. pursuant to an Agreement dated March 31, 1997 subject to the direction or determination of the B.C. Securities Commission ("Commission") or the Exchange. The escrow restrictions provide that the shares may not be traded in, dealt with in any manner whatsoever or released, nor may the Company, its transfer agent or the escrow holders make any transfer or record any trading of the shares without the consent of the Commission or the Exchange.

The escrowed shares may be released from escrow in part on the basis of future expenditures by the Company on the exploration of its mineral properties.

The complete text of the escrow Agreement is available for inspection at the registered office of the Company at 430 - 580 Hornby Street, Vancouver, B.C.

Designation of Class	Number of Shares Held in Escrow	Percentage of Class upon completion of Offering
Common	750,000	28.09%

The beneficial owners of the escrowed shares are:

Name	No. of Shares
Christopher I. Dyakowski	300,000
Alex Michalatos	300,000
William E. Schmidt	150,000

The Escrow Agreement provides that if an escrow shareholder ceases to be a principal of the Company, such an escrow shareholder is entitled to retain ownership of his or her escrowed shares. In the case of the death or bankruptcy of an escrow shareholder, his or her escrowed shares will continue to be held for the benefit of the person legally entitled to become the owner of the same.

PRIOR SALES AND TRADING INFORMATION

This Offering is an initial public offering.

Prior issuance of securities	No. of Issued Securities	Price per Security	Total Consideration
	750,000 (1)	$0.01	$ 7,500
	920,000 (2)	0.25	230,000

(1) These shares are held in escrow. See "Escrowed Shares" on page 33.

(2) These shares are subject to Vancouver Stock Exchange resale restrictions. 62.5 percent of these shares will be released from resale restrictions upon the Company's shares being listed, posted and called for trading on the Vancouver Stock Exchange and the balance of 37.5 percent three months thereafter.

POOLED SHARES

None.

DIVIDEND RECORD

The Company has not since its incorporation on October 7, 1996 paid any dividends on any of its shares. The Company has no present intention to pay dividends. The future dividend policy will be determined by the Board of Directors on the basis of earnings, financial requirements and other relevant factors.

SPONSORSHIP AGREEMENT

The Company and Canaccord Capital Corporation (the "Agent") have entered into a Sponsorship Agreement dated May 30, 1997 (the "Sponsorship Agreement"). The policies of the Exchange require the Company to obtain a sponsoring broker and the Agent has agreed to sponsor the Company for listing on the Exchange. The Sponsorship Agreement will be for a term of one year from the date the Company's shares are listed, posted and called for trading on the Exchange but will be subject to earlier termination in certain circumstances. The Company has agreed to pay the Agent the sum of $15,000 (plus Goods and Services Tax) for sponsorship services, provided during the term of the Sponsorship Agreement. The Agent is also entitled to invoice the company for reasonable expenses incurred by it in connection with the sponsorship.

The Sponsorship Agreement set out terms providing for the ongoing review of the Company's affairs, including correspondence with and documents filed with the securities regulatory authorities together with such additional documents as is required by the Agent in order to provide the Agent or its counsel sufficient information to review the corporate records, material contracts and other disclosure documents of the Company. The Agent will take all necessary acts and do all such necessary things that it determines is necessary to comply with the policies of the Exchange.

INVESTOR RELATIONS ARRANGEMENT

The Company has not entered into any written or oral agreement or understanding with any person to provide any promotional or investor relation services for the Company or its securities, or to engage in activities for the purpose of establishing the market, either now or in the future.

RELATIONSHIP BETWEEN ISSUER AND PROFESSIONAL PERSONS

No professional person referred to in section 106(2) of the Securities Rules, as amended, to the Securities Act (British Columbia) except to be elected, appointed or employed as a director, senior officer or employee of the Company or of an associate or affiliate of the Company, or is a promoter of the Company or of any associate or affiliate of the Company. However, the responsible solicitor, William E. Schmidt, is a director and promoter of the Company. He holds 204,000 common shares of the Company. Sandra J. Morton, the Secretary of the Company, is a legal executive with the firm of Hemsworth, Schmidt. She holds 20,000 common shares and has an option to purchase up to 27,000 common shares. No other member or employee of the responsible solicitors firm has an interest in the securities of the Company.

LEGAL PROCEEDINGS

The Company is not a party to any legal proceedings nor does the Company contemplate any such proceedings.

MATERIAL CONTRACTS

There are no material contracts entered into by the Company and currently in effect other than as disclosed in this Prospectus.

The material contracts are:

1. The Agency Agreement dated June 19, 1997 and an Amendment dated October 14, 1997 between the Company and Canaccord Capital Corporation described in the section captioned “Plan of Distribution” herein.

2. The Directors and Officer’s Stock Option Agreements dated April 30, 1997, between the Company and two of its directors and an officer and described in the section captioned “Options to Purchase Securities” herein.

3. The Escrow Agreement dated March 31, 1997 between Pacific Corporate Trust Company and each of the directors of the Company described in the section captioned “Escrowed Shares” herein.

4. A Sponsorship Agreement dated May 30, 1997 between the Company and Canaccord Capital Corporation described under the heading “Plan of Distribution”.

5. An Option Agreement dated December 20, 1996 with Electrum Resource Corporation with respect to the Thor-Marmot group of mineral claims as described under the heading “Description of Business and Property”.

6. A Management Agreement dated October 14, 1997 between Christopher I. Dyakowski and the Company as described under the heading “Payments to Insider and Promoters”.

Material contracts may be inspected at the offices of Hemsworth, Schmidt at 430 - 580 Hornby Street, Vancouver, B.C. during normal business hours during the period of distribution of the securities being offered under this Prospectus.

OTHER MATERIAL FACTS

There are no other material facts relating to the offering of securities under this Prospectus other than as disclosed herein. Charalambos Katevatis, a registered representative employed by the Agent holds 200,000 common shares of the Issuer.

TRANSFER AGENT AND REGISTRAR AND AUDITOR

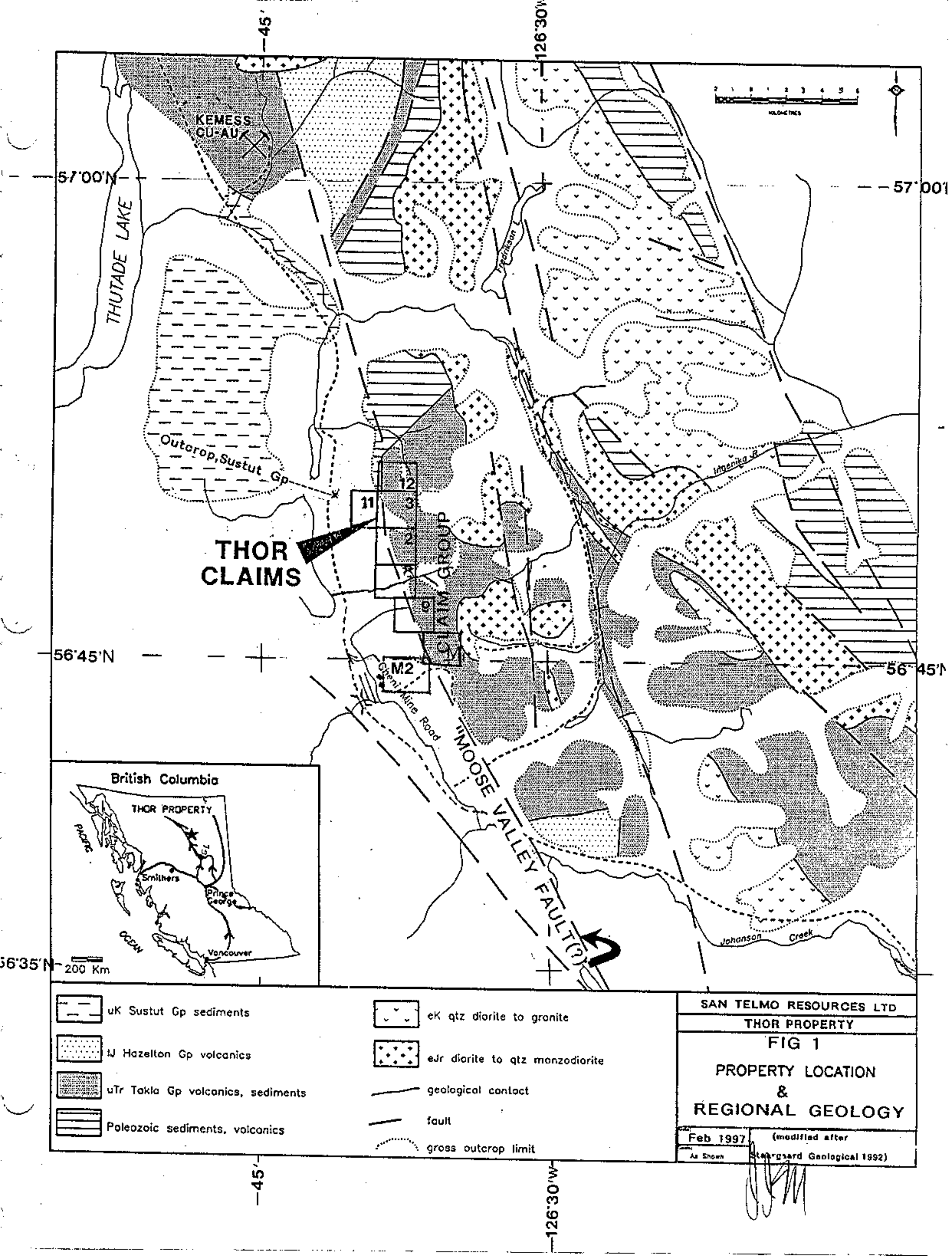
The Registrar and Transfer Agent for the Company is Pacific Corporate Trust Company of 830 - 625 Howe Street, Vancouver, B.C. The Auditor for the Company is Minni Bella & Co., Certified General Accountants of 1104 - 750 West Pender Street, Vancouver, B.C.

FINANCIAL STATEMENTS, REPORT AND OTHER EXHIBITS

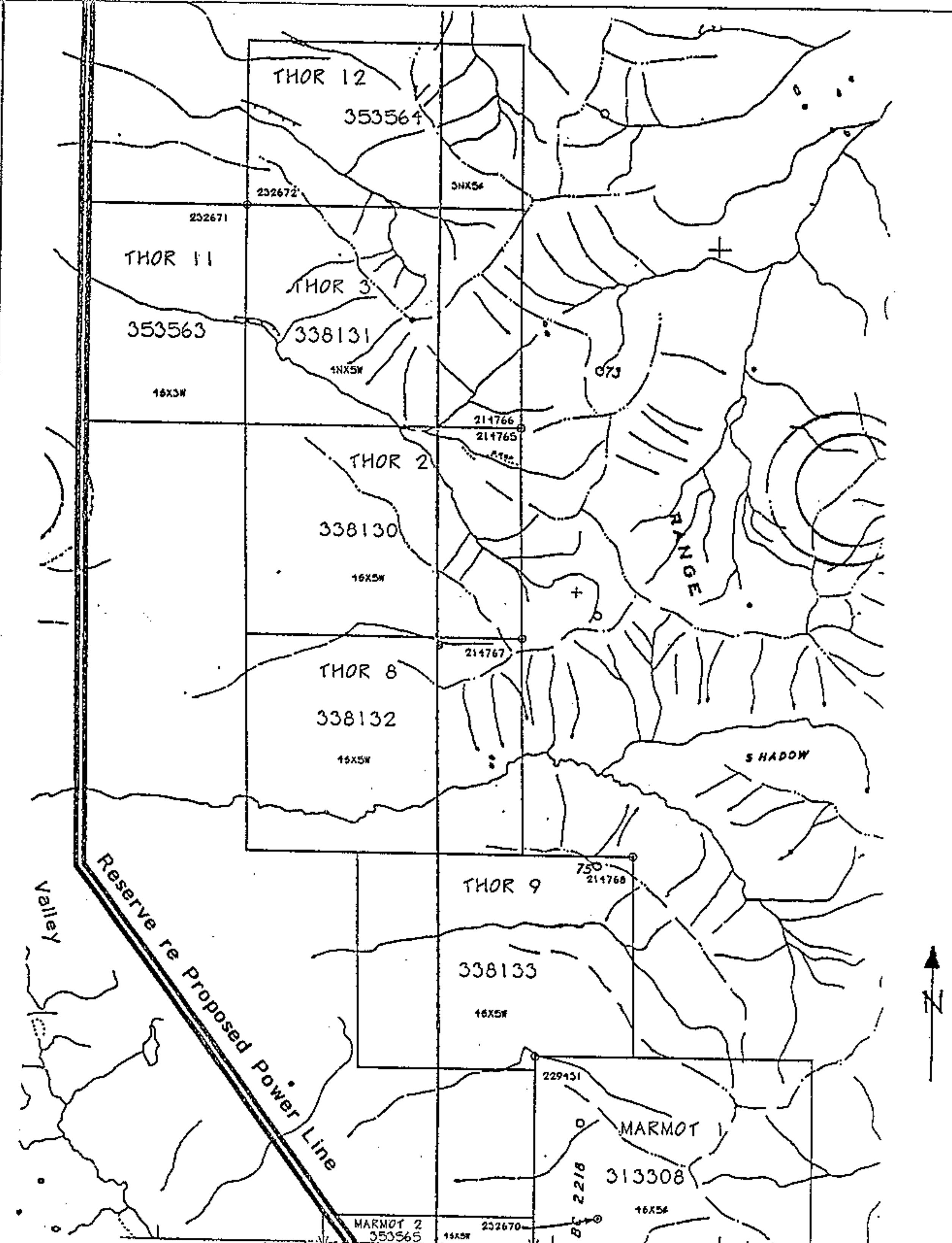
Financial Statements prepared up to August 31, 1997 together with the appropriate location and mineral claim plan maps are included in this Prospectus after this page.

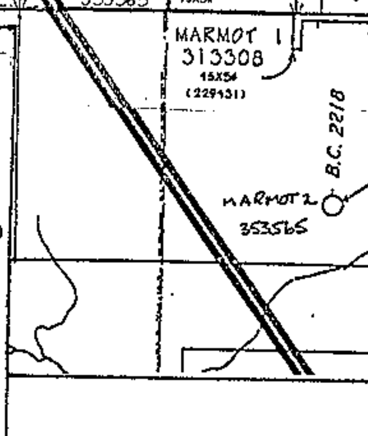
PURCHASERS’ STATUTORY RIGHT OF WITHDRAWAL AND RESCISSION

The British Columbia Securities Act provides purchasers with the right to withdraw from an Agreement to purchase securities within two business days after receipt or deemed receipt of a prospectus and any amendment. The Securities Act further provides a purchaser with remedies for rescission or damages where the prospectus and any amendmentcontains a misrepresentation or is not deliveredto the purchaser, provided that such remedies for rescission or damages are exercised by the purchaser within the time limits prescribed by the Securities Act. The purchaser should refer to Sections 83, 131, 135 and 140 of the Securities Act for particulars of these rights or consult with a legal advisor.



45'
126°30'W
KEMESS CU-AU
57°00'N
57°00'N
THUTADE LAKE
Fredrikson
Ingenika R.
Outcrop, Sustut Gp
12
11
3
2
9
M2
CLAIM GROUP
THOR CLAIMS
56°45'N
56°45'N
Cheni Mine Road
"MOOSE VALLEY FAULT(?)
Johanson Creek
56°35'N
British Columbia
THOR PROPERTY
PACIFIC
OCEAN
Smithers
Prince George
Vancouver
200 Km
uK Sustut Gp sediments
lJ Hazelton Gp volcanics
uTr Takla Gp volcanics, sediments
Paleozoic sediments, volcanics
eK qtz diorite to granite
eJr diorite to qtz monzodiorite
geological contact
fault
gross outcrop limit
SAN TELMO RESOURCES LTD
THOR PROPERTY
FIG 1
PROPERTY LOCATION
&
REGIONAL GEOLOGY
Feb 1997
As Shown
(modified after Staargaard Geological 1992)
45'
126°30'W





SCALE:

ORIGINAL PRODUCED AT 1:31680

METRES

500 0 500 1000 1500 2000

ADMINISTRATIVE AREAS

MINING DIVISIONS: OMINECA

FIG. 2

THOR/MARMOT CLAIM GROUP

MINERAL TITLES REFERENCE

MAP 094D10E/094D15E

U.T.M. ZONE 10

MAP UPDATE: 1997 JAN 16

SAN TELMO RESOURCES LTD

SAN TELMO RESOURCES LTD.

FINANCIAL STATEMENTS

REVIEW ENGAGEMENT REPORT

AUDITORS' REPORT

BALANCE SHEETS
- AUGUST 31, 1997
- APRIL 30, 1997

STATEMENTS OF DEFERRED EXPLORATION
- FOUR MONTHS ENDED AUGUST 31, 1997
- OCTOBER 7, 1996 TO APRIL 30, 1997

STATEMENTS OF LOSS AND DEFICIT
- FOUR MONTHS ENDED AUGUST 31, 1997
- OCTOBER 7, 1996 TO APRIL 3O, 1997

STATEMENTS OF CHANGES IN FINANCIAL POSITION
- FOUR MONTHS ENDED AUGUST 31, 1997
- OCTOBER 7, 1996 TO APRIL 30, 1997

NOTES TO FINANCIAL STATEMENTS

MINNI, BELLA & CO.
CERTIFIED GENERAL ACCOUNTANTS

SUITE 1104 – 750 WEST PENDER ST.
VANCOUVER, BRITISH COLUMBIA
CANADA V6C 2T8

TELEPHONE: (604) 683-0343
FAX: (604) 683-4499

REVIEW ENGAGEMENT REPORT

To The Directors,
San Telmo Resources Ltd.

We have reviewed the interim balance sheet of **SAN TELMO RESOURCES LTD.** as at **August 31, 1997** and the interim statements of deferred exploration, loss and deficit, and changes in financial position for the four months then ended. Our review was made in accordance with generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussions relating to information supplied to us by the Company.

A review does not constitute an audit and consequently we do not express an audit opinion on these financial statements.

Based on our review nothing has come to our attention that causes us to believe that these interim financial statements are not, in all material respects in accordance with generally accepted accounting principles.

Minni, Bella & Co.

CERTIFIED GENERAL ACCOUNTANTS

Vancouver, B.C.
October 2, 1997

MINNI, BELLA & CO.
CERTIFIED GENERAL ACCOUNTANTS

SUITE 1104 – 750 WEST PENDER ST.
VANCOUVER, BRITISH COLUMBIA
CANADA V6C 2T8

TELEPHONE: (604) 683-0343
FAX: (604) 683-4499

AUDITORS' REPORT

To the Directors,
San Telmo Resources Ltd.

We have audited the balance sheet of **SAN TELMO RESOURCES LTD.** as at April 30, 1997 and the statements of deferred exploration, loss and deficit and changes in financial position for the period October 7, 1996 (date of incorporation) to April 30, 1997. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 1997 and the results of its operations and changes in its financial position for the period October 7, 1996 (date of incorporation) to April 30, 1997 in accordance with generally accepted accounting principles.

Minni, Bella & Co.

CERTIFIED GENERAL ACCOUNTANTS

Vancouver, B.C.
May 21, 1997

SAN TELMO RESOURCES LTD.

BALANCE SHEETS

ASSETS

	August 31, 1997 (Unaudited)	April 30, 1997
CURRENT		
Cash	$ 41,654	$ 115,635
Trust fund	912	-
Accounts receivable	2,125	8,305
Deposits	10,000	-
	54,691	123,940
CAPITAL ASSETS, at cost net of accumulated amortization of $413	1,900	2,111
MINERAL PROPERTY (Note 3)	27,770	27,770
DEFERRED EXPLORATION	110,562	106,637
	$ 194,923	$ 260,458

LIABILITIES

	August 31, 1997 (Unaudited)	April 30, 1997
CURRENT		
Accounts payable and accrued liabilities	$ 3,103	$ 11,424
Due to a director	-	21,607
	3,103	33,031

SHAREHOLDERS' EQUITY

	August 31, 1997 (Unaudited)	April 30, 1997
SHARE CAPITAL (Note 4)	237,500	237,500
DEFICIT	(45,680)	(10,073)
	191,820	227,427
	$ 194,923	$ 260,458

APPROVED BY THE DIRECTORS:

_______________ Director

_______________ Director

The accompanying notes are an integral part of these financial statements.

SAN TELMO RESOURCES LTD.

STATEMENTS OF LOSS AND DEFICIT

	Four Months Ended August 31, 1997 (Unaudited)	October 7, 1996 to April 30, 1997
EXPENSES		
Advertising and promotion	$ 476	$ 1,153
Amortization	211	202
Filing fees	11,980	-
Interest and bank charges	26	96
Office	3,151	3,838
Professional fees	19,763	3,894
Transfer agent	-	450
Travel	-	440
NET LOSS FOR THE PERIOD	(35,607)	(10,073)
DEFICIT, BEGINNING OF PERIOD	(10,073)	-
DEFICIT, END OF PERIOD	$ (45,680)	$ (10,073)

The accompanying notes are an integral part of these financial statements.

SAN TELMO RESOURCES LTD.

STATEMENTS OF DEFERRED EXPLORATION

	Four Months Ended August 31, 1997 (Unaudited)	October 7, 1996 to April 30, 1997
THOR-MARMOT PROPERTY		
Mobilisation	$ -	$ 24,260
Geophysical surveys	-	58,000
Camp and supplies	3,925	3,937
Reports and drafting	-	7,077
Project administration fees	-	13,363
DEFERRED EXPLORATION FOR THE PERIOD	3,925	106,637
DEFERRED EXPLORATION, BEGINNING OF PERIOD	106,637	-
DEFERRED EXPLORATION, END OF PERIOD	$ 110,562	$ 106,637

The accompanying notes are an integral part of these financial statements.

SAN TELMO RESOURCES LTD.

STATEMENTS OF CHANGES IN FINANCIAL POSITION

	Four Months Ended August 31, 1997 (Unaudited)	October 7, 1996 to April 30, 1997
OPERATING ACTIVITIES		
Net loss for the period	$ (35,607)	$ (10,073)
Deferred exploration	(3,925)	(106,637)
	(39,532)	(116,710)
Add items not involving cash:		
Amortization	211	202
Cash provided (used) by net changes in non-cash working capital items	(33,748)	24,726
	(73,069)	(91,782)
FINANCING ACTIVITIES		
Issuance of shares	-	237,500
INVESTING ACTIVITIES		
Acquisition of mineral property	-	(27,770)
Acquisition of capital assets	-	(2,313)
	-	(30,083)
(DECREASE) INCREASE IN CASH	(73,069)	115,635
CASH, BEGINNING OF PERIOD	115,635	-
CASH, END OF PERIOD	$ 42,566	$ 115,635
REPRESENTED BY:		
Cash	$ 41,654	$ 115,635
Trust funds	912	-
	$ 42,566	$ 115,635

The accompanying notes are an integral part of these financial statements.

SAN TELMO RESOURCES LTD.

NOTES TO FINANCIAL STATEMENTS

INFORMATION AS AT AUGUST 31, 1997 AND FOR THE

FOUR MONTHS THEN ENDED IN UNAUDITED

1. NATURE OF OPERATIONS

The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain mineral reserves that are economically recoverable. The continued operations of the Company and the recoverability of the amounts shown for mineral properties and related deferred costs is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and upon future profitable production.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Exploration Costs

Exploration costs relating to mineral properties are deferred until the properties are brought into production, at which time the deferred costs are to be amortized on a unit of production basis, or until the properties are abandoned or sold, at which time the deferred costs are written off.

The amounts shown as mineral properties and deferred exploration represent unamortized costs to date and do not necessarily reflect present or future values.

During the period ended April 30, 1997, the Company incurred $100,000 of exploration and development cost on behalf of shareholders pursuant to flow-through share subscription agreements. The tax advantage applicable to $100,000 of the exploration costs incurred by the Company are available to the subscribers of the shares and not to the Company.

b) General and Administrative Expenses

The Company charges all general and administrative expenses not directly related to exploration activities to operations as incurred.

c) Amortization

Capital assets are amortized over their estimated useful lives at 30% declining balance. Further, only one-half of the amortization is taken on assets acquired during the period.

3. MINERAL PROPERTY

Thor-Marmot Property

Pursuant to an agreement dated December 20 1996, the Company was granted an option to acquire a 100% undivided interest in 100 mineral claims in the Omineca Mining Division, in the Province of British Columbia. The claims are subject to a 3% net smelter returns.

As consideration, the Company has agreed to make the following payments and issue the following shares to the optionor:

Payment	Due Date
$ 2,500	On signing of letter of internet. (Paid)
20,000	January 15, 1997. (Paid)
20,000	January 15, 1998.
30,000	January 15, 1999.
50,000	January 15, 2000.
50,000	January 15, 2001.
75,000	January 25, 2002.

Number of Shares	Issue Date
50,000	Upon receipt of the final prospectus by the B.C. Securities Commission.
50,000	On or before the first anniversary date in which the shares of the company are called for trading and upon completion of an initial work program.
50,000	On or before the second anniversary date in which the shares of the company are called for trading and upon completion of a second work program.
50,000	On or before the third anniversary date in which the shares of the company are called for trading and upon completion of a third work program.

The Company has staked 3 additional mineral claims consisting of 47 units at a cost of $5,170 which form part of the Thor-Marmot Property.

4. SHARE CAPITAL

a) Authorized

20,000,000 Common shares without par value

b) Issued and fully paid

	Number of Shares	Amount
Issued for cash	1,670,000	$ 237,500

c) Shares Held In Escrow

As at August 31, 1997, and April 30, 1997, 750,000 shares of the Company are subject to an escrow agreement and may not be transferred, assigned or otherwise dealt with without the consent of the regulatory body having jurisdiction thereon.

d) Stock Options

Pursuant to agreements dated April 30, 1997 stock options were granted to two directors and an officer of the Company to acquire in total 267,000 shares at $0.40 per share. The options are exercisable for a period of two years commencing on the effective date of the Prospectus.

5. RELATED PARTY TRANSACTIONS

a) During the period ended April 30, 1997, the Company paid $1,200 for geological services and accrued $13,363 for project administration fees to a director.

b) During the period the Company paid $7,039 (April 30, 1997 - $1,745) for legal fees to a director of the Company.

6. INCORPORATION

The Company was incorporated on October 7, 1996 under the laws of British Columbia and commenced operations on that date. The financial statements for the period ended April 30, 1997 were from date of incorporation.

7. CHANGE OF NAME

The Company had changed its name from 528631 B.C. Ltd. to San Telmo Resources Ltd. on January 31, 1997.

CERTIFICATE OF DIRECTORS AND PROMOTERS

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by the Securities act and its regulations.

DATED: November 3, 1997

"C. Dyakowski"

CHRISTOPHER I. DYAKOWSKI
Chief Executive Officer

"S. Morton"

SANDRA J. MORTON
Chief Financial Officer

On behalf of the Directors of the Company:

"Alex Michalatos"

ALEX MICHALATOS - Director

"W.E. Schmidt"

WILLIAM E. SCHMIDT - Director

CERTIFICATE OF AGENT

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by the Securities Act and its regulations.

CANACCORD CAPITAL CORPORATION

Per:

"Peter M. Brown"

Peter M. Brown

DATED this 3rd day of November, A.D. 1997.