

THIS IS A PRELIMINARY PROSPECTUS RELATING TO THESE SECURITIES, A COPY OF WHICH HAS BEEN FILED WITH THE SECURITIES REGULATORY AUTHORITIES IN THE PROVINCES OF ONTARIO AND BRITISH COLUMBIA BUT WHICH HAS NOT YET BECOME FINAL FOR THE PURPOSES OF A DISTRIBUTION TO THE PUBLIC. INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. THESE SECURITIES MAY NOT BE SOLD NOR MAY OFFERS TO BUY BE ACCEPTED IN ANY SUCH PROVINCE PRIOR TO THE TIME A RECEIPT IS OBTAINED FROM THE APPROPRIATE SECURITIES REGULATORY AUTHORITIES FOR THE FINAL PROSPECTUS.

Preliminary Prospectus dated September 21, 2000

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. The securities offered hereby have not been and will not be registered under the United States Securities Act of 1933, as amended, and may not be offered or sold within the United States or to, or for the account of, U.S. persons.

New Issue

**AQUILINE RESOURCES INC.
(a mineral exploration company)**

Maximum: ! Flow-Through Common Shares (\$!)

Minimum: ! Flow-Through Common Shares (\$!)

and

895,713 Units (\$570,000)

Issuable upon the Exercise of 814,285 Special Warrants

This prospectus is being filed in connection with the distribution (the "Offering") of a minimum of ! "flow-through" common shares ("Flow-Through Common Shares") and a maximum of ! Flow-Through Common Shares of Aquiline Resources Inc. (the "Company"). The Flow-Through Common Shares are being offered by First Delta Securities Inc. (the "Agent") on a "best efforts" basis. See "Plan of Distribution".

The Company will use the proceeds of the subscriptions for the Flow-Through Common Shares to incur certain types of "Canadian exploration expense" ("CEE") as defined in the *Income Tax Act* (Canada) (the "Tax Act") on or before December 31, 2001 and will renounce such CEE in favour of subscribers for Flow-Through Common Shares on or before March 31, 2001 effective in 2000. This renunciation will entitle residents of the Provinces of Ontario and British Columbia to deduct for federal and provincial income tax purposes 100% of the CEE which the Company has renounced in their favour. See "Use of Proceeds" and "Canadian Federal Income Tax Considerations".

This prospectus is also being filed to qualify the distribution of 895,713 units ("Units") of the Company which will be issued, without additional payment, upon the exercise of 814,285 special warrants (the "Special Warrants"). Each Unit consists of one (1) common share of the Company ("Common Share") and one (1) non-transferable common share purchase warrant ("Warrant"). Each Warrant entitles the holder thereof to purchase one (1) Common Share for a price of \$0.75 on or before 5:00 p.m. (Toronto time), on May 31, 2001.

A total of 814,285 Special Warrants were issued on a private placement basis on May 12, 2000 pursuant to an agency agreement (the "Special Warrants Agency Agreement") dated as of May 12, 2000 between the Company and First Delta Securities Inc. (the "Agent"). The Special Warrants were sold to investors at a price of \$0.70 per Special Warrant pursuant to prospectus exemptions under applicable securities legislation.

The Special Warrants were issued pursuant to a special warrant indenture (the "Special Warrant Indenture") dated May 12, 2000 between the Company and Pacific Corporate Trust Company (the "Trustee"). The Special Warrants may be exercised by their holders at any time prior to 5:00 p.m. (Toronto time) on the date that is the earlier of: (i) the fifth business day after the day on which a receipt for a (final) prospectus is issued by the Ontario Securities Commission ("OSC") qualifying the distribution of the Common Shares and Warrants comprising the Units issuable upon the exercise of the Special Warrants; and (ii) May 12, 2001. The Company undertook to use its reasonable efforts to prepare and file in Ontario this prospectus qualifying the distribution of the Common Shares and Warrants comprising the Units issuable upon the exercise of the Special Warrants and to use its reasonable best efforts to obtain a receipt for this prospectus from the OSC on or before 5:00 p.m. (Toronto time) on September 11, 2000 (the "Qualification Deadline"). A receipt for this prospectus was not issued by the OSC prior to the Qualification Deadline. Accordingly, upon exercise, each Special Warrant will entitle the holder to acquire 1.1 Units, without payment of additional consideration, for each Special Warrant held. **There is no market through which the Special Warrants may be sold and none is expected to develop.**

The outstanding Common Shares of the Company are listed on the Canadian Venture Exchange under the trading symbol "AQI". On May 11, 2000, the last trading day immediately prior to the date the Company issued the Special Warrants, the closing price of the Common Shares was \$0.50. On **[day immediately prior to date of final prospectus !, 2000]**, the closing price of the Common Shares was \$! . See "Price Range and Trading Volume".

The subscription price of the Special Warrants and the Flow-Through Common Shares offered to the public was determined by negotiation between the Company and the Agent.

	<u>Price to Subscribers</u>	<u>Agent's⁽¹⁾⁽²⁾ Commission</u>	<u>Net Proceeds⁽³⁾</u>
Per Flow-Through Common Share	\$!	\$!	\$!
Total Minimum Offering	\$!	\$!	\$!
Total Maximum Offering			
Per Special Warrant	\$0.70	\$0.0245	\$0.6755
Total Special Warrants Offering	\$570,000	\$19,950	\$550,050
Total Offerings			
Minimum	\$!	\$!	\$!
Maximum	\$!	\$!	\$!

Notes:

- (1) *The Agent will be paid a commission of 8% of the gross proceeds of the sale of the Flow-Through Common Shares pursuant to the Offering which will be paid out of its general working capital. See "Plan of Distribution". The Agent was paid a commission equal to 3.5% of the gross proceeds of the sale of the Special Warrants. No additional fee will be payable to the Agent in connection with the issuance of the Common Shares and Warrants upon the exercise of the Special Warrants.*
- (2) *As additional compensation, the Company granted to the Agent a non-transferrable warrant (the "Broker's Warrant") to acquire 50,000 Common Shares (the "Agent's Shares") at a price of \$0.75 per share on or before May 31, 2001. This prospectus qualifies 40,714 Agent's Shares issuable upon the exercise of the Broker's Warrant. See "Plan of Distribution".*
- (3) *Before deducting the estimated expenses of the Offering and the sale of the Special Warrants of \$50,000, which will be paid by the Company out of its general working capital.*

Investment in the securities offered hereby should be considered to be highly speculative due to various factors including the nature of the Company's business and its present stage of development. Investors must rely upon the experience and expertise of management of the Company. The Company is an exploration and development company only and has no proven ore body. None of the mineral prospects of the Company contain a known body of commercial ore and any exploration programs thereon are exploratory searches for ore. See "Risk Factors".

Assuming the issuance of a maximum of ! Flow-Through Common Shares and the exercise of the Special Warrants, the offering price of \$! exceeds the consolidated net tangible book value attributable to each Common Share as at June 30, 2000, by \$! , representing a dilution factor of ! %. See "Dilution".

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. The closing of the Offering is expected to occur on or about ! , 2000 or such later date as may be agreed upon, but in any event not later than ! , 2000.

Certificates evidencing the Flow-Through Common Shares and the Common Shares and the Warrants issuable upon the Special Warrants will be available for delivery at the Closing of the Offering.

Certain legal matters relating to the securities offered hereby will be passed upon by Aylesworth Thompson Phelan O'Brien LLP on behalf of the Company and by Macleod Dixon on behalf of the Agent.

The Offering will be made on a "best efforts" basis through the Agent as agent for a period of not more than ninety (90) days following the date on which the final receipt is issued for this prospectus by the OSC and the British Columbia Securities Commission ("BCSC"). All subscriptions for Flow-Through Common Shares must be made through the Agent, who will deposit same accompanied by payment of \$! for each Flow-Through Common Share with ! (the "Deposit Agent") for acceptance by the Company or return to the subscribers. All subscription proceeds will be held by the Deposit Agent until payments for the Minimum Offering are received. Unless payments for the Minimum Offering are so deposited within the said 90 day period, all payments will be returned forthwith to the subscribers without interest or deduction. See "Plan of Distribution".

AGENT:

First Delta Securities Inc.
55 Adelaide Street East, Suite 410
Toronto, Ontario
M5C 1K6

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PROSPECTUS SUMMARY

This information is a summary only and is qualified by the more detailed information appearing elsewhere in this prospectus. Capitalized terms appearing herein and not otherwise defined have the respective meanings ascribed thereto elsewhere in this prospectus.

The Company

The Company is engaged in the exploration and development of mineral properties. The Company holds various interests in five platinum group metal properties located near Sudbury, Ontario. See "Business of the Company".

The Offering

Offering: A minimum of ! Flow-Through Common Shares and a maximum of ! Flow-Through Common Shares. The Company will use the proceeds from the sale of the Flow-Through Common Shares to incur qualifying CEE on or before December 31, 2001 and will renounce such CEE in favour of the subscribers for Flow-Through Common Shares on or before March 31, 2001, effective in 2000. See "Use of Proceeds". This renunciation will entitle residents of the Provinces of Ontario and British Columbia to deduct for federal and provincial income tax purposes 100% of the CEE which the Company has renounced in their favour.

Offering Price: \$! per Flow-Through Common Share

Amount: Minimum: \$!
Maximum: \$!

Private Placement of Special Warrants: 814,285 Special Warrants were issued and sold on May 12, 2000 pursuant to prospectus exemptions under applicable securities legislation at a price of \$0.70 per Special Warrant, for gross proceeds of \$570,000. The Special Warrants were issued pursuant to the terms of the Special Warrant Indenture. Each Special Warrant entitles the holder thereof to acquire 1.1 Units at no additional cost at any time prior to 5:00 p.m. (Toronto time) on the date that is the earlier of: (i) the fifth business day immediately following the day on which a receipt for this prospectus is issued by the OSC; and (ii) May 12, 2001.

The Company agreed to use its reasonable efforts to obtain a final receipt for this prospectus from the OSC on or before the Qualification Deadline. A receipt for this prospectus was not issued by the OSC prior to the Qualification Deadline. Accordingly, upon exercise, each Special Warrant will entitle the holder to acquire 1.1 Units without payment of additional consideration, for each Special Warrant held.

Use of Proceeds:

The aggregate net proceeds to the Company of the Offering, after payment of the Agent's fee and estimated expenses of the Offering will be \$! if the Maximum Offering is sold and \$! if the Minimum Offering is sold. The gross proceeds to the Company from the sale of the Flow-Through Common Shares will be used to carry out the exploration program recommended by G.M. Hogg & Associates Ltd. in the report dated July 14, 2000 (the "Hogg Report").

The balance of the net proceeds (\$!) if the Maximum Offering is sold and \$! if the Minimum Offering is sold will be added to the Company's general working capital. See "Use of Proceeds".

The Company received gross proceeds of \$570,000 from the issue of the Special Warrants. The net proceeds to the Company from the sale of the Special Warrants, after payment of the Agent's fees and the expenses incurred in connection with the Offering and the sale of the Special Warrants, being approximately \$! will be used by the Company to carry out the exploration program recommended in the Hogg Report.

Dilution:

Assuming the issuance of a maximum of ! Flow-Through Common Shares and the exercise of the Special Warrants, the offering price of \$! exceeds the consolidated net tangible book value attributable to each Common Share as at June 30, 2000, by \$!, representing a dilution factor of !%. See "Dilution".

Dividend Policy:

No dividends have been paid to date by the Company. The Company has no fixed dividend policy. Payment of dividends in the future will depend upon, among other factors, the earnings, capital requirements and financial conditions of the Company. The Company intends to retain earnings to finance future growth of its business and operations, including exploration and development programs and, therefore, does not anticipate that any dividends will be paid in the foreseeable future.

Risk Factors:

An investment in the securities offered hereby should be considered speculative. In evaluating the securities offered hereby, prospective investors should consider a number of risk factors, including:

(i) *Nature of Mineral Exploration*: the exploration for and development of mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate;

(ii) *Lack of Commercial Deposits*: **none of the Company's mineral property interests is in production, none of its mineral property interests contain a known body of commercial ore and any exploratory programs thereon are exploratory searches for ore;**

(iii) *Funding Requirements*: mineral exploration involves financial risk and capital investment; the Company's only means of acquiring investment capital is by means of the sale of equity shares or rights to buy equity shares and there is no assurance that the Company will be able to raise additional financing in the future;

(iv) *Mining Risks and Insurance*: the business of mining is generally subject to a number of risks and hazards, insurance for which is generally not available;

(v) *Government Regulations and Environmental Matters*: the Company's activities are subject to extensive laws and regulations and the Company may become subject to significant liabilities for environmental damage resulting from its exploration activities or for any subsequent development;

(vi) *Mining and Investment Policies*: changes in mining or investment policies and regulations which cannot be accurately predicted may adversely affect the Company's business;

(vi) *Title*: no assurance can be given that the Company's mineral properties are not subject to prior unregistered agreements or interests;

(viii) *Competition*: the Company encounters competition from other companies, some of which have greater financial resources and technical facilities than the Company;

(ix) *Precious and Base Metal Prices*: market fluctuations in the price of platinum, palladium and other precious and base metals may render ore reserves uneconomic;

(x) *Potential Absence of Market*: there is no assurance that a liquid trading market for the Common Shares will be sustained after the Offering;

(xi) *Dependence on Key Senior Officers*: the Company's success will largely depend on the efforts and abilities of certain key senior officers;

(xii) *Conflicts of Interest*: certain of the directors and officers of the Company also serve as directors and/or officers of other companies involved in natural resource exploration and development and consequently there exists a possibility for such directors and officers to be in a position of conflict;

(xiii) *Additional Financing*: the Company requires substantial capital to pursue its operating strategy and there can be no assurances that such capital will be available to the Company; and

(xiv) *Income Tax Risks*: the Company may be unable to incur and renounce expenses that qualify for CEE in an amount equal to the gross offering price of the Flow-Through Common Shares. See "Risk Factors".

METRIC CONVERSION TABLE

<u>To convert from metric</u>	<u>To Imperial</u>	<u>Divide By</u>
Hectares	Acres	0.404686
Kilometres	Miles	1.609344
Grams	Ounces (troy)	31.1035
Kilograms	Pounds	0.453592
Tonnes	Short tons ⁽¹⁾	0.907185
Grams/tonne	Troy ounce/short ton	34.2857
Metres	Yards	0.9144

Notes:

(1) A short tonne is 2,000 pounds and a metric tonne is 2,204.622 pounds.

GLOSSARY

The following is a glossary of certain geological terms which are used in this prospectus, including the prospectus summary.

“anomaly” means a departure from the expected or normal.

“anorthosite” means a variety of gabbroic igneous rock consisting mainly of plagioclase feldspar.

“Au ” means gold.

“Cu” means copper.

“disseminated” means a scattered distribution of minerals throughout a rock body.

“fault” means a fracture along which there has been displacement.

“feldspar” means a group of rock forming minerals which are light in colour and contain aluminum and silicon.

“chargeability” means a measure of electrical capacitance which, when high, indicates the presence of disseminated conductive components within a rock unit.

“gabbro” means a dark, granular igneous rock composed of crystalline pyroxene, hornblende and plagioclase feldspar.

“gabbro-anorthosite” means intercalated or intermixed units of gabbroic and anorthositic igneous rocks.

“gabbroonorite” means a variety of gabbroic igneous rock consisting mainly of pyroxene and plagioclase feldspar.

“igneous” means a rock which solidified from molten material.

“intrusion” means an igneous rock mass formed by injection of magma into pre-existing rock.

“mafic” means an igneous rock with abundant, dark coloured, iron and magnesium rich minerals.

“magma” means naturally occurring molten rock material.

“Ni” means nickel.

“pentlandite” means a nickel, iron sulphide mineral that is an important ore of nickel.

“plutonic” means an igneous rock that formed at great depth.

“pluton” means a large mass of igneous rock of deep-seated origin.

“Precambrian” means that period of geological time older than approximately 570 million years.

“Proterozoic” means that period of geological time which is the latest part of the Precambrian.

“pyroxenite” means a rock composed mainly of pyroxene, a dark coloured mineral rich in iron and magnesium.

“quartz” means crystalline silica, a light coloured rock forming mineral.

“sedimentary” means layered rocks formed from the consolidation of sediment.

“subcrop” means a near-surface bedrock occurrence with light overburden cover.

“sheared” means rocks which have been deformed by stresses that caused differential movement.

“strike” means the direction of planar geological feature measured on a horizontal surface.

“sulphides” means minerals containing sulphur in combination with metalliferous elements, in this case mainly iron, nickel and copper.

“volcanic” means rocks that formed in a volcano.

ELIGIBILITY FOR INVESTMENT

In the opinion of Aylesworth Thompson Phelan O'Brien LLP, counsel to the Company and Macleod Dixon, counsel to the Agent, the Common Shares, the Special Warrants, the Warrants and the Flow-Through Common Shares will all be qualified investments under the *Income Tax Act* (Canada) (the "Tax Act") for trusts governed by registered retirement savings plans, registered retirement income funds and deferred profit share plans (collectively "Deferred Plans") and registered education savings plans.

In the opinion of Aylesworth Thompson Phelan O'Brien LLP and Macleod Dixon, the Common Shares, the Special Warrants, the Warrants and the Flow-Through Common Shares do not, as of the date hereof, constitute "foreign property" under the Tax Act for Deferred Plans and other entities subject to Part XI of the Tax Act. This latter opinion is based upon representations provided to counsel that the Company satisfies the "substantial Canadian presence" test under the Tax Act. The Company has advised counsel that it expects to continue to satisfy the "substantial Canadian presence" test in the foreseeable future.

DETAILS OF THE FLOW-THROUGH OFFERING

The Offering of Flow-Through Common Shares consists of a Minimum Offering of 1,000,000 Flow-Through Common Shares and a Maximum Offering of 1,000,000 Flow-Through Common Shares. The Company will use the proceeds of the subscriptions for the Flow-Through Common Shares to incur certain types of "Canadian exploration expense" ("CEE") as defined in the *Income Tax Act* (Canada) (the "Tax Act") on or before December 31, 2001 and will renounce such CEE in favour of subscribers for Flow-Through Common Shares on or before March 31, 2001 effective in 2000. This renunciation will entitle residents of the Provinces of Ontario and British Columbia to deduct for federal and provincial income tax purposes 100% of the CEE which the Company has renounced in their favour.

The offering will be made on a "best efforts" basis through the Agent for a period of not more than ninety (90) days following the date on which the final receipt for this prospectus is issued by the OSC and the BCSC. All subscriptions for Flow-Through Common Shares must be made through the Agent, who will deposit share accompanied by payment of \$1.00 for each Flow-Through Common Share with the Deposit Agent for acceptance by the Company or return to the subscribers. All subscription proceeds will be held by the Deposit Agent until payments for the Minimum Offering are received. Unless payments for the Minimum Offering are deposited within the said 90 day period, all payments will be returned forthwith to the subscribers without interest or deduction.

DETAILS OF THE SPECIAL WARRANTS OFFERING

The Company previously issued 814,285 Special Warrants. The Special Warrants were sold at a price of \$0.70 per Special Warrant pursuant to prospectus exemptions under applicable securities legislation.

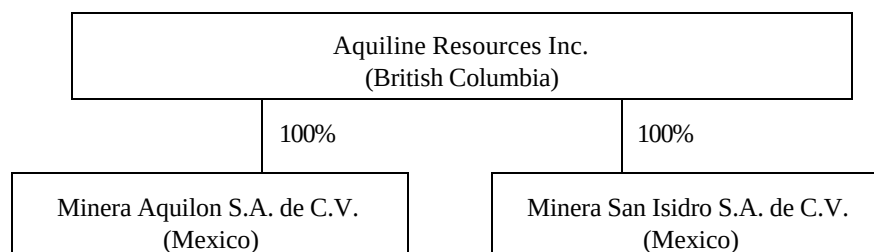
The Special Warrants were issued pursuant to the Special Warrant Indenture and must be exercised by their holders at any time prior to 5:00 p.m. (Toronto time) on the date that is the earlier of (i) the fifth business day after the day on which a receipt for a (final) prospectus is issued by the OSC qualifying the distribution of the Common Shares and Warrants comprising the Units issuable upon the exercise of the Special Warrants; and (ii) May 12, 2001. The Warrants comprising a part of the Units will be issued pursuant to the terms of a warrant agreement (the “Warrant Agreement”) dated the 12th day of May, 2000 between the Company and the Trustee. Each Warrant entitles the holder to acquire one Common Share at an exercise of \$0.75 per share on or before 4:30 p.m. (Toronto time) May 31, 2001. The Warrants are not transferable. Holders of Warrants will have no voting right, pre-emptive right or other right attaching to the Common Shares. The Warrant Agreement contains provisions designed to protect the holders of Warrants against dilution upon the happening of certain events. See “Description of Securities - Warrants”.

The Company undertook to use its reasonable efforts to prepare and file in Ontario this prospectus qualifying the distribution of the Common Shares and Warrants comprising the Units issuable upon the exercise of the Special Warrants and to use its reasonable best efforts to obtain a receipt for this prospectus from the OSC on or before 5:00 p.m. (Toronto time) on September 11, 2000 (the “Qualification Deadline”). A receipt for this prospectus was not issued by the OSC prior to the Qualification Deadline. Accordingly, upon exercise, each Special Warrant will entitle the holder to acquire 1.1 Units, without payment of additional consideration, for each Special Warrant held.

THE COMPANY

The Company was incorporated on May 3, 1988 by the filing of a Memorandum and Articles under the *Company Act* (British Columbia). The head office of the Company is located at Suite 2018, 20 Queen Street West, Toronto, Ontario M3H 3R3 and its registered office is located at 2100 - 1111 West Georgia Street, Vancouver, British Columbia V7X 1K9.

The following chart sets out the Company’s corporate structure including all subsidiaries and their respective jurisdictions of incorporation:



The Company has two subsidiaries in Mexico, Minera Aquilon S.A. de C.V. (“Minera Aquilon”) and Minera San Isidro (“Minera San Isidro”) S.A. de C.V. (collectively, the “Subsidiaries”), which were formed to facilitate the acquisition, exploration and development of mineral properties in

Mexico. The Subsidiaries are inactive except to the extent that the Company and the Subsidiaries commenced an action to recover ownership of the La Jojoba Property. See “Legal Proceedings”.

BUSINESS OF THE COMPANY

The Company is engaged in the business of acquiring, exploring and developing platinum and palladium metal properties in northern Ontario and exploring and developing such properties independently, or through joint ventures, as appropriate. The Company currently holds interests in five properties in the Sudbury region of Ontario that are being explored for platinum group metal (“PGM”) deposits, which consist of the following:

Platinum Group Metal Prospects

North Dana Property

Pursuant to an agreement dated February 18, 2000 (the “North Dana Property Agreement”) between the Company and Gary Kosy of Kirkland Lake, Ontario, the Company purchased a 100% interest in the two mineral claims located in Dana and Pardo Townships, Ontario, comprising 24 units from Gary Kosy in consideration of the payment of \$20,000 and the issuance of 50,000 Common Shares. The North Dana Property is subject to a 3% net smelter return royalty in favour of the vendor.

Loughrin Property

Pursuant to a letter agreement (the “Loughrin Property Agreement”) dated August 25, 1999 between the Company and Thomas Obradovich (“Obradovich”) of Kirkland Lake, Ontario, Obradovich granted the Company an option to acquire a 100% interest in nine mineral claims comprising 136 units located in Loughrin Township, Ontario (the “Loughrin Property”). In order to earn a 100% interest in the Loughrin Property, the Company must pay an aggregate of \$100,000 over a 3 year period, issue 200,000 Common Shares and incur an aggregate of \$200,000 of exploration expenditures (\$50,000 in the first two years and \$100,000 in the third year). The Loughrin Property is subject to a 2% net smelter return royalty in favour of the optionee.

Central Property

Pursuant to a letter agreement (the “Central Property Agreement”) dated March 28, 2000 between the Company and Anaconda Uranium Corporation (“Anaconda”), 1 Eglinton Street East, Suite 515, Toronto, Ontario, M4P 3A1, Anaconda granted the Company an option to earn 100% interest in three mineral claims consisting of 32 units located in Dana Township, Ontario (the “Central Property”). In order to earn a 100% interest in the Central Property, the Company must pay \$50,000 and issue 150,000 Common Shares to Anaconda with an obligation to issue a further 150,000 Common Shares if the Central Property becomes subject to a positive pre-feasibility study and a full feasibility study is

conducted. The Central Property is subject to a 3% net smelter return royalty in favour of a former vendor of the property.

River Valley Property

Pursuant to a sub-option agreement (the “River Valley Agreement”) made as of the 4th day of March 1999 between Mustang Gold Corp. (now Mustang Minerals Corp.) (“Mustang”), 120 Adelaide Street West, Suite 514, Toronto, Ontario, M5H 1T1 and the Company, Mustang granted the Company an option to earn a 70% interest in and form a joint venture for the exploration and development of 9 mineral claims consisting of 96 units located in Henry, Janes, Dana and Crerar Townships, Ontario (the “River Valley Property”). In order to earn a 70% interest in the River Valley Property, the Company must pay \$90,000 in cash over two years, issue 100,000 Common Shares and incur an aggregate of \$500,000 of exploration expenditures over a three year period. Upon earning a 70% interest, the Company will become the operator of the joint venture. The River Valley Property is subject to a 3% net smelter return royalty in favour of a former vendor of the property.

East Bull Lake Property

Pursuant to a letter agreement (the “Freewest Agreement”) dated April 1, 1999 between the Company and Freewest Resources Canada Inc. (“Freewest”), 800 René-Lévesque Boulevard, Suite 1525, Montreal, Quebec, H3B 1X9, Freewest granted to the Company an option to acquire a 50% interest in and form a joint venture for the exploration and development of three mineral claims comprising 16 claim units located in the East Bull Lake area approximately 60 km west of Sudbury, Ontario. In order to earn a 50% interest in said claims the Company must pay Freewest \$10,000 cash, issue 50,000 Common Shares and incur an aggregate of \$200,000 of exploration expenses, \$100,000 of exploration expenses to be incurred on or before the first anniversary and \$100,000 on or before the second anniversary. The Company is the operator of the East Bull Lake Property during the earn-in period. Upon earning a 50% interest, the Company shall initially be the operator of the joint venture. The Company will be responsible for all of the administration and exploration work associated with the property and will keep Freewest informed of all progress and expenditures. Each party will have a right of first refusal over the other’s joint venture interest.

In addition, pursuant to a letter agreement (the “Mustang Agreement”) dated March 31, 1999 between the Company and Mustang, Mustang granted the Company an option to earn a 50% interest in one mineral claim contiguous to the above-noted claims held by Freewest. In order to earn a 50% interest in the claim, the Company must pay Mustang \$22,500 in cash, incur an aggregate of \$150,000 of exploration expenditures over a 3 year period and issue 100,000 Common Shares. The mineral claims contemplated in the Freewest Agreement and the Mustang Agreement are collectively referred to as the “East Bull Lake Property”.

Geologist's Report

Glenn M. Hogg, P. Eng. of G.M. Hogg & Associates Ltd. prepared a report dated July 14, 2000 entitled "Summary Report on the Property Holdings of Aquiline Resources Inc." (the "Hogg Report") the full text of which is available for inspection at the head office of the Company, at Suite 2018, 20 Queen Street West, Toronto, Ontario M3H 3R3 during normal business hours at any time during the period of distribution of the Flow-Through Common Shares and for 30 days thereafter. The following is extracted from the Hogg Report:

Physiography, Access

The River Valley Area lies approximately 60 kilometers east of Sudbury and is easily accessible therefrom via Highways 17 and 539 to the village of River Valley. From this point Highway 805 and unimproved roads allow reasonably good access throughout the area. Electric power lines extend to the village of River Valley.

The East Bull Lake Area is located about 80 kilometers west of Sudbury. It is reached via 40 kilometers of secondary highway (553, 810) which run north from the town of Massey on Highway 17. Logging roads extend through the area affording good interior access. Electric power lines run a few kilometers north of Massey.

The region is typical of the glaciated Canadian Shield with cold winters, warm summers and adequate rainfall. It contains numerous lakes draining to the south through swampy areas, creeks and rivers. Spruce, poplar, birch and pine are common to the area. Topographic relief is muted, rarely exceeding 10 to 20 meters locally, with higher ground containing abundant outcrop.

The economy of these areas rests on logging, pulp mills, tourism and mixed farming. However, lying in proximity to Sudbury they have access to a labour pool and infrastructure suitable to the support of mining operations.

In respect to mining some copper-nickel occurrences have been located and explored in both the River Valley and East Bull Lake areas in the past, but no production has been reported. Some sporadic quarrying operations for building stone are carried on in the River Valley area.

Mining History

East Bull Lake Area

The area was originally prospected and mapped during the early 1900's in conjunction with the development of the nickel-copper deposits of Sudbury. Some nickel-copper prospects were reported within the southeastern part of the East Bull Lake gabbro-anorthosite intrusion but no concentrations of economic proportions were identified. During the early 1980's part of the intrusion was placed under

moratorium by Atomic Energy of Canada Ltd. (“Atomic Energy”) to be tested as a storage site for nuclear waste. In 1987 test drilling by Atomic Energy revealed the presence of significant values in platinum group metals (“PGM”) associated with copper and nickel sulphides within the intrusive. The moratorium was accordingly discontinued and the area opened for staking.

Since that time exploration by mining companies and geological investigations by the Ontario Ministry of Northern Development and Mines have confirmed that the East Bull Lake intrusion is a layered mafic intrusion similar in many respects to the Bushveld Complex in South Africa, and may contain economically viable PGM concentrations.

Mustang and Freewest acquired several claims through staking on the East Bull Lake intrusive, and three of these claims were optioned to the Company in March, 1999. These claims are located in the central part of the intrusive complex along a mineralized structure known as the Parisen Lake Deformation Zone. Mapping, sampling and Induced Polarization geophysical surveying have been carried out and test drilling has been started.

River Valley Area

The River Valley area is underlain by a similar layered gabbro-anorthositic intrusion of the Huronian-Nipissing Magmatic Belt. As in the case of the East Bull Lake intrusion, uneconomic nickel-copper prospects were located in the River Valley intrusion in the early 1900's and exploration for sulphide deposits was continued sporadically into the 1980's. With the recognition of PGM potential during the 1990's, however, the entire intrusive complex was staked and geological studies were undertaken by the Ontario Ministry of Northern Development and Mines.

Large property holders in the area included Goldwright Explorations Inc. who optioned their claims in the northern and eastern part of the intrusion to Pacific Northwest Capital Corporation (“Pacific Northwest”) in the late 1990's. Under a joint venture with Anglo American Platinum Corporation Limited (Amplats), Pacific Northwest proceeded with an extensive evaluation program which led to the discovery of their Dana Lake and Azen Creek PGM prospects during 1998 and 1999. Evaluation work is continuing with encouraging results reported.

Mustang also acquired a substantial land position in the intrusive area, and during 1999 optioned the River Valley property to the Company. The Company also acquired three additional claim groups from other land holders in the area and is currently carrying out mapping, reconnaissance rock and soil sampling and geophysical work on these properties.

General Geology of Project Areas

East Bull Lake Area

The East Bull Lake layered gabbro-anorthosite intrusion is one of the series of Precambrian mafic plutons comprising the Huronian-Nipissing Magmatic Belt which extends through the Sudbury region in a easterly direction. D.C. Peck et al of the Ontario Geological Survey have studied this intrusive complex extensively through the 1990's and have recognized seven major stratigraphic zones within it the complex.

The East Bull Lake intrusion appears to have been emplaced along a profound WNW-striking fault locus of early Proterozoic age termed the Folsom Lake Deformation Zone. A subsidiary ENE-striking broadly sheared system known as the Parisen Lake Deformation Zone cuts the intrusion approximately 2 kilometers southeast of Bull Lake, and disseminations of copper and nickel sulphides occur within it.

In the course of their studies D.C. Peck and his associates have identified three main types of PGM/copper-nickel sulphide mineralization occurring within the intrusion. These are (i) anorthositic to pyroxenite feeder veins with the brecciated granitic footwall of the intrusion which carry disseminations of sulphides that are enriched in PGM and gold content, (ii) disseminations of PGM-bearing copper-nickel sulphides which occur within a distinctive olivine-bearing gabbro-norite unit lying in the upper part of the intrusion, and (iii) PGM-bearing copper-nickel sulphides occurring within quartz amphibole schists localized within the Parisen Lake Deformation Zone.

Within this area Mustang is currently evaluating the Bullfrog Zone (Type 1, lying to the southeast of Bull Lake), and the Moon lake Zone (Type 2, lying to the east of Bull Lake). Induced Polarization geophysical surveys in these areas have outlined anomalous zones extending over lengths of approximately 1,000 meters and widths of 100 meters, and these are believed a response to the presence of disseminated sulphide mineralization. Surface samples from these areas reporting as high as 16.48 g/tonne in PGM + Au have been obtained.

On the Company's East Bull Lake Property which includes part of the Parisen Lake Deformation Zone (Type 3, lying southeast of Bull Lake) surface samples reporting as high as 11.16 g/tonne PGM + Au have been obtained. A weakly mineralized grab sample taken from this deformation zone returned values of 0.82 g/tonne PGM + Au, 0.085% Cu and 0.062% Ni confirming the presence of PGM values in a significant range.

It is important to recognize, however, that the noted high values have been obtained from rock samples taken from isolated bedrock exposures and do not reflect the overall tenor of a containing mineralized zone. What they do indicate is that parts of the intrusive complex are substantially enriched in PGM + Au content and warrant thorough evaluation.

River Valley Area

The River Valley layered gabbro-anorthosite intrusion is another of the mafic plutons of the Huronian-Nipissing Magmatic Belt, and is geologically similar to the East Bull Lake intrusion. However, it is more extensive in area and its emplacement appears to be associated with a major deformation locus known as the Grenville Front. The Grenville Front separates the Southern Structural Province of the Canadian Shield from the highly metamorphosed and folded rocks of the Grenville Province to the south.

With the recognition of the presence of elevated PGM + Au values in this intrusion much of it was staked during 1998. Studies as to the geological nature and PGM potential of the area were undertaken by the Ontario Geological Survey at about the same time, these carried out by R.M. Easton and J. Erominchuk. It was established that PGM + Au enrichment, associated with disseminations of copper and nickel sulphides, occurred (i) within brecciated contact rocks, (ii) in layered units within the intrusion and (iii) in northwesterly-striking deformation or shear zones.

It will be noted that the Company's properties, with the exception of the Central Property, include areas along the northern rim of the intrusion which is interpreted to constitute the basal contact of the complex. This is in any case a highly irregular contact area along which mafic units of the layered intrusion occur intercalated with brecciated gneissic host rocks attaining thicknesses of a few hundred meters in places. In this environment the presence of copper and nickel sulphides in fractures and disseminations accompanied by traces of bluish quartz constitute good indicators of the presence of elevated PGM + Au values.

The most advanced exploration program in the area is that of Pacific Northwest which commenced during late 1998. Mapping, stripping, extensive sampling, geophysical surveying and test drilling have been carried out in the northern and central parts of their property area resulting in the definition of geophysical anomalies and PGM prospects over a 6 kilometer strike length. The most impressive of these prospects lies near Dana Lake where drilling has so far intersected significant PGM values over a strike length of about 1,000 meters.

Current Exploration Operations, Results

General

In the Sudbury region all the PGM properties held by the Company are in the exploration stage, and the scheduling of work on the five properties held is to some degree influenced by assessment requirements and obligations in respect to option agreements. However, it is expected that exploration work will be carried out on all of them at some time during the current year.

In respect to exploration of these PGM properties a standard sequence is employed. First the property is geologically mapped and reconnaissance soil and rock geochemical sampling carried out. Depending on the results of this preliminary work Induced Polarization geophysical surveying is then undertaken concentrating on areas indicated of promise, this method employed as it is particularly efficient in outlining zones of prospective disseminated sulphide mineralization which are defined by a high chargeability response. Drilling and/or stripping and detailed surface sampling is then done to evaluate anomalous areas. This operational sequence is being followed by the Company in the East Bull Lake and River Valley areas.

Thus far the East Bull Lake Property is the most advanced insofar as target areas have been established and test drilling started. On the River Valley Property rock and soil geochemical sampling has been carried out and geophysical surveying done. Sampling has also been initiated on the Central Property and will be started on the Loughrin Property shortly, but there is no data presently available concerning these two properties so they will not be addressed in the following text.

In regard to the North Dana Property, Pacific Northwest inadvertently extended some Induced Polarization survey lines over the southern part of the Company's claims while tracing the high chargeability anomaly associated with their Dana Lake PGM Zone toward the north. This data, which has been supplied to the Company, indicates that the anomaly does extend onto the North Dana Property. At present the Company is cutting grid lines over the southern part of the North Dana Property and geophysical surveying is scheduled to commence in the near future.

East Bull Lake Property

The Parisen Lake Deformation Zone, which varies from 50 to 125 meters in width, extends across the central part of the property area in a ENE to easterly direction. It is a variably sheared, steeply dipping structure which has been interpreted by Peck et al (1993) to lie within inclusion-bearing gabbro-norite of the lower part of the layered intrusion. As noted, it contains weak to heavy disseminations of copper, nickel and iron sulphides as well as erratic concentrations of PGM + Au values.

The Central Property indicates the location of strong to moderate chargeability anomalies identified by Induced Polarization surveying completed during February and March, 2000. In this geological environment such responses can be generated by disseminated sulphide mineralization or other extraneous features such as faulting. Some additional rock geochemical sampling has also been carried out along the deformation zone, and the highest value reported in the confirmatory work was 5.80 g/tonne PGM + Au located on Line 4E in the vicinity of the base line.

Approximately 1,000 meters of exploratory drilling is planned to test anomalous areas and gain geological information on the property area. This drilling program has started but no information as to the extent and nature of mineralized zones is as yet available. Geologically, however, early results indicate that little gabbro-norite lies south of the Parisen Lake Deformation Zone, suggesting that this zone lies at or very close to the lower contact of the East Bull Lake Intrusion in this vicinity. Should this prove

to be the case the deformation zone may be reclassified as a mineralized contact-related unit occurring within the basal portion of the layered intrusion.

River Valley Property

Geological mapping of the River Valley property has disclosed the presence of mafic units which are believed basal to the layered intrusion along its northern contact with gneissic rocks. A total of 635 rock and soil geochemical samples have been taken and analyzed, mostly from this contact area, and Induced Polarization geophysical surveying has been completed over much of the property.

Virtually all of the intrusion within the property area is geochemically anomalous in a low range for PGM, copper and nickel, with higher values concentrated along the northern contact and in three broad zones within it. Geophysical surveying has defined two sizeable zones of high chargeability within the layered intrusion. One of these parallels the contact in the northeastern property area, and the other strikes in a northwesterly direction through the central part of the property.

Drilling will be required to test these areas further. However, full analysis of geological, geophysical and geochemical data will be necessary prior to the selection of hole location.

North Dana Property

Units of the River Valley layered intrusion extend through the northwestern part of Dana Township and into the southwestern part of Pardo Township. In detail the contact zone is much more irregular than indicated consisting of intercalated units of gabbro-norite and brecciated gneissic country rock, the former frequently containing PGM values associated with sparse copper and nickel sulphide mineralization in fractures and disseminations.

Induced Polarization surveying by Pacific Northwest has outlined sizeable areas of high chargeability extending about six kilometers in a southeasterly direction from the Dana-Pardo Township boundary. As previously noted, in the course of this geophysical surveying some lines extended onto the Company's North Dana Property outlining an area of strong to moderate chargeability which may reflect the presence of the mineralized contact zone.

Test drilling has been carried out by Pacific Northwest in what is termed the Discovery Area. Hole RV-8, the most northerly of 13 holes so far completed, is located from 400 to 500 meters south of the Company's property boundary. It is reported to have intersected a mineralized section grading 1.21 g/tonne PGM + Au over 130.5 meters. Included in this intercept were higher grade sections at 3.24 g/tonne PGM + Au, 0.16% Cu and 0.02% Ni over 7.20 meters, and 2.18 g/tonne PGM + Au, 0.17% Cu and 0.03% Ni over 28.60 meters. The palladium to platinum ratio in this mineralized zone is approximately 4:1. Samples of mineralized drill core have been sent to Amplats facilities for mineralogical study and metallurgical testing.

Except for the extreme eastern portion, the Company's North Dana Property is topographically low and overburden-covered, this including the southern part into which the high chargeability anomaly has been traced by Pacific Northwest. As such, it is not known at this time whether or not the anomalous response indicates the presence of significantly mineralized units of the contact zone in subcrop. Should this prove to be the case, however, it may be that basal units of the intrusion extend further west than geologically interpreted making the entire eastern portion of the Company's property a very attractive exploration area.

Linecutting preparatory to Induced Polarization geophysical surveying has just been initiated on the North Dana Property. It is expected that this survey will commence within a few weeks. In this case possibly magnetic surveying will also be employed as basal mafic units of the intrusion in subcrop would be susceptible.

Conclusions

The Company has acquired five very well located properties within layered mafic intrusions in the Sudbury region of Ontario. These intrusions have already been shown to contain widespread concentrations of platinum group elements with associated gold, copper and nickel values in a recoverable range. Of the platinum group elements present in these intrusions palladium is in preponderance, a metal in short supply because of a recent and radical increase in industrial use.

Estimated Cost of Program

The immediate objective of the Company's exploratory program in the Sudbury region is the preliminary evaluation of the PGM potential of the five properties now held. The encouraging results obtained to date by the Company and others in the East Bull Lake and River Valley areas to date indicate they could well contain economically viable PGM deposits and that exploration efforts are fully justified.

The standard exploration approach used in this environment has been described. However, it is difficult to anticipate with accuracy what efforts may be required to complete a satisfactory primary evaluation of each of the Company's properties. Drilling, for example, may not be necessary in some cases while requirements may be extensive in others. Accordingly, the following tabulation of estimated costs involved is provided simply to indicate the range of expenditures that will be reasonably required to meet this purpose. This tabulation contemplates the field cost of evaluation of one property over a period of 3 to 4 months.

Geological Mapping	\$8,500
Geochemical Sampling	\$8,500
Geophysical Surveys, Linecutting	\$50,000
Test Drilling (1,500 meters)	\$100,000
Assaying	\$25,000
Compilation, Interpretation	\$20,000

Supervision	\$40,000
Administrative Costs	<u>\$15,000</u>
Estimated Field Cost	\$267,000

Since five properties are involved the total minimum field cost for primary evaluation will approximate \$1,335,000 over a period of about 12 months.

Gold and Silver Prospects

La Jojoba Property

The Company holds an interest in six concessions and two claims located in the Mexican State of Sonora known as the “La Jojoba Property”. The Company’s interest in the La Jojoba Property has reverted to the previous owner and the Company has commenced an action in British Columbia against various persons seeking damages. If successful, the Company will commence an action in Mexico to seek to have its rights in the La Jojoba Property reinstated. See “Legal Proceedings”. None of the proceeds of the Offering or the Special Warrant offering will be used for exploration of the La Jojoba Property.

Santa Lucia Property

The Company holds the right to acquire a 100% interest in three mineral claims located in the Mexican State of Sonora (the “Santa Lucia Property”), subject to the payment of US\$395,000 over a 4.5 year period. The Santa Lucia Property is subject to a 1.25% net smelter return royalty. None of the proceeds of the Offering or the Special Warrant offering will be used for exploration of the Santa Lucia Property.

PLAN OF DISTRIBUTION

Offering of Flow-Through Common Shares

Pursuant to the agency agreement dated !, 2000 (the “Agency Agreement”) between First Delta Securities Inc. (the “Agent”) and the Company, the Company has agreed to issue and the Agent has agreed to sell, as agent for the Company, on a best efforts basis, a minimum of ! Flow-Through Common Shares and a maximum of ! Flow-Through Common Shares at a price of \$! per share subject to the terms and conditions of the Agency Agreement. This prospectus qualifies the distribution of the Flow-Through Common Shares.

The Offering will be made on a “best efforts” basis through the Agent for a period of not more than ninety (90) days following the date on which the final receipt is issued for this prospectus by the OSC and the BCSC. All subscriptions for Flow-Through Common Shares must be made through the Agent, who will deposit same accompanied by payment of \$! for each Flow-Through Common Share with ! (the “Deposit Agent”) for acceptance by the Company or return to the subscribers. Pursuant to a deposit

agreement (the “Deposit Agreement”) dated !, 2000 between the Company and the Deposit Agent, all subscription proceeds will be held by the Deposit Agent until payments for the Minimum Offering are received. Unless payments for the Minimum Offering are so deposited within the said 90 day period, all payments will be returned forthwith to the subscribers without interest or deduction.

The Agency Agreement provides that the Company will pay to the Agent, for services performed in connection with the Offering, 8% of the gross proceeds of the Offering. Expenses of the Offering are estimated to be \$! which, together with the Agent’s fee, will be paid by the Company out of its general working capital. While the Agent has undertaken to use its “best efforts” to sell the Flow-Through Common Shares, the Agent is under no obligation to sell or purchase any securities.

Each purchaser of Flow-Through Common Shares will enter into an agreement with the Company (the “Flow-Through Offering Agreement”) pursuant to which the Company will agree to incur qualifying CEE on or before December 31, 2001 equal to the gross offering price of the Flow-Through Common Shares and to renounce on or before March 31, 2001, effective in 2000, such amount to the purchasers of Flow-Through Common Shares in relation to their respective *pro rata* proportions of the gross offering price of the Flow-Through Common Shares.

CEE incurred from the date a Flow-Through Offering Agreement is entered into by the Company to December 31, 2000, may be renounced in favour of such purchasers effective on or before December 31, 2000. CEE incurred in 2001 may also be validly renounced to such purchasers effective on or before December 31, 2000, to the extent that such CEE constitutes “grass roots” expenses described in paragraph (f) of the definition of CEE in the Tax Act.

The obligations of the Agent under the Agency Agreement are several and may be terminated at its discretion on the basis of its assessment of the state of the financial markets and may also be terminated upon the occurrence of certain stated events.

The Flow-Through Common Shares have not been and will not be registered under the *United States Securities Act of 1933*, as amended (the “1933 Act”) or any state securities legislation, and may not be offered or sold in the United States of America or its possessions or territories or to U.S. persons unless registered under the 1933 Act and applicable state securities laws or an exemption therefrom is available. The Agent has agreed that, except as permitted by the Agency Agreement, it will not offer or sell such securities as part of the distribution of the securities at any time within the United States of America or its possessions or territories or to, or for the account or benefit of, U.S. persons. In addition, until 40 days after the commencement of the Offering, an offer or sale of the Flow-Through Common Shares within the United States of America by any dealer, whether or not participating in the Offering, may violate the registration requirements of the 1933 Act. Terms used in this paragraph have the meanings ascribed to them by Regulation S under the 1933 Act.

Private Placement of Special Warrants

This prospectus qualifies for distribution of 895,713 Units to be issued upon exercise or deemed exercise of 814,285 Special Warrants that were issued and sold on May 12, 2000 at a price of \$0.70 per Special Warrant. The Special Warrants were sold to investors on a private placement basis pursuant to the agency agreement (the “Special Warrants Agency Agreement”) dated as of May 12, 2000 between the Company and First Delta Securities Inc. (the “Agent”). The fee paid to the Agent in connection with the private placement was \$19,950, being \$0.0245 per special warrant (3.5%). As additional compensation, the Company issued the Agent a non-transferable warrant (the “Broker’s Warrant”) to acquire 50,000 Common Shares at a price of \$0.75 per share on or before May 31, 2001.

The terms and provisions of the Special Warrants are governed by the terms of the Special Warrant Indenture. Each Special Warrant entitles the holder thereof to acquire 1.1 Units, at no additional cost, at any time prior to 5:00 p.m. (Toronto time) on the date that is the earlier of: (i) the fifth business day immediately following the day on which a receipt for a (final) prospectus is issued by the OSC qualifying the distribution of the Common Shares and Warrants comprising the Units issuable upon the exercise of the Special Warrants; and (ii) May 12, 2001.

The Special Warrant Indenture contains provisions designed to protect the holders of the Special Warrants against dilution upon the happening of certain events. If any subdivision, consolidation, change or reclassification of the Common Shares, any consolidation, amalgamation or merger of the Company with another corporation or the transfer of all or substantially all of the Company’s asset occurs, a proportionate adjustment or change will be made in the number and kind of securities issuable on the exercise of the Special Warrants, subject in each case to receipt of applicable regulatory approvals. Holders of Special Warrants will be advised of any such event by notice and mailed to the registered holders’ address as set out in the register of warrant holders maintained by the Company. The holders of Special Warrants have no voting right, pre-emptive right or other right attaching to the Common Shares.

Pursuant to the Special Warrants Agency Agreement the Company agreed to use its reasonable efforts to prepare and file in Ontario this prospectus qualifying the distribution of Units issuable upon the exercise or deemed exercise of the Special Warrants and to use its reasonable best efforts to obtain a receipt for this prospectus from the OSC on or before 5:00 p.m. (Toronto time) on September 11, 2000 (the “Qualification Deadline”). A receipt for this prospectus was not issued by the OSC prior to the Qualification Deadline. Accordingly, upon exercise, each Special Warrant will entitle the holder to acquire 1.1 Units, without payment of additional consideration, for each Special Warrant held.

DESCRIPTION OF SECURITIES

Authorized and Issued Capital

The authorized capital of the Company consists of 100,000,000 Common Shares. As at the date hereof, there are 9,675,808 Common Shares issued and outstanding.

Common Shares

The holders of Common Shares are entitled to one vote for each share held at all meetings of shareholders of the Company and to receive dividends, if, as and when declared by the board of directors. In the event of the liquidation, dissolution or winding up of the Company, the holders of the Common Shares are entitled to receive those assets distributable to shareholders. The Flow-Through Common Shares are the same as the Common Shares in all respects except for the income tax benefits associated with the purchase of the Flow-Through Common Shares. See “Canadian Federal Income Tax Considerations”.

Warrants

Each one Warrant entitles the holder to purchase one Common Share at a the price of \$0.75 per share on or before 4:30 p.m. (Toronto time) May 31, 2001, after which time the Warrants will be void and of no value. No fractional Warrants will be issued upon the exercise of Special Warrants.

The Warrants forming part of the Units offered hereunder will be governed by the provisions of the Warrant Agreement. The office of Pacific Corporate Trust Company, Vancouver, British Columbia has been designated as the place at which Warrants may be surrendered for exercise or exchange on or after their date of issuance. The Company may, from time to time, designate other places at which Warrants may be surrendered for exercise or exchange.

The Warrant Agreement contains provisions designed to protect the holders of the Warrants against dilution upon the happening of certain events. If any stock dividend or distribution of Common Shares or securities convertible into Common Shares, any subdivision, consolidation, change or reclassification of the Common Shares, any consolidation, amalgamation or merger of the Company with another corporation or the transfer of all or substantially all of the Company’s assets occurs, a proportionate adjustment or change will be made in the number and kind of securities issuable on the exercise of the Warrants and, if applicable, the exercise price per Common Share, subject in each case to receipt of applicable regulatory approvals. Holders of Warrants will be advised of any such event by notice and mailed to the registered holders’ address as set out in the register of warrant holders maintained by the Company.

No adjustment in the exercise price or in the number of Common Shares purchasable upon exercise will be required to be made (a) unless the cumulative effect of such adjustment or adjustments would change the exercise price by at least 1% or the number of Common Shares purchasable upon exercise by at least one one-hundredth of a share or (b) if holders of Warrants are entitled to participate in any event described above as though they have exercised their subscription rights prior to the occurrence of such event (other than in the case of a subdivision or consolidation of Common Shares).

The holders of Warrants will have no voting right, pre-emptive right or other right attaching to the Common Shares.

No certificate representing a fractional share will be issued when a Warrant is exercised. The holders of Warrants entitled to fractional shares will not be entitled to any cash payment or other compensation in lieu thereof.

Currently Outstanding Warrants

There are presently 475,000 common share purchase warrants issued and outstanding which were issued on a private placement basis on January 13, 2000. The warrants are exercisable at a price of \$0.25 per share until January 13, 2001.

DIVIDENDS

No dividends have been paid to date by the Company. The Company has no fixed dividend policy. Payment of dividends in the future will depend upon, among other factors, the earnings, capital requirements and financial conditions of the Company. The Company intends to retain earnings to finance future growth of its business and operations, including exploration and development programs and, therefore, does not anticipate that any dividends will be paid in the foreseeable future.

ACQUISITIONS

The Company has acquired interests in five mineral properties located in the Sudbury region of Ontario pursuant to the North Dana Property Agreement, the Loughrin Property Agreement, the Central Property Agreement, the River Valley Agreement, the Freewest Agreement and the Mustang Agreement. See "Business of the Company - Platinum Group Metal Prospects".

COMMON SHARES SUBJECT TO ISSUANCE

Set out below are details of all Common Shares subject to issuance pursuant to rights, options, warrants, convertible securities and other agreements.

<u>No. of Shares</u>	<u>Purpose</u>	<u>Description of Term</u>
895,713	Special Warrants	Special Warrants issued on May 12, 2000. Each Special Warrant entitles the holder thereof to acquire 1.1 Units, which is comprised of one Common Share and one Warrant, at no additional cost at any time prior to 5:00 p.m. (Toronto time) on the date that is the earlier of: (i) the fifth business day immediately following the day on which a receipt for this prospectus is issued by the Ontario Securities Commission and (ii) May 12, 2001. See "Plan of Distribution - Private Placement of Special Warrants".

<u>No. of Shares</u>	<u>Purpose</u>	<u>Description of Term</u>
895,713	Warrants	Warrants issuable upon the exercise of Special Warrants. Each Warrant entitles the holder thereof to acquire one Common Share for a price of \$0.75 per share until May 31, 2001. See "Plan of Distribution - Private Placement of Special Warrants".
50,000	Broker's Warrants	Date of Issue: May 12, 2000 Expiry Date: May 31, 2001 Exercise Price: \$0.75
330,000	Options	Date of Issue: March 23, 2000 Expiry Date: March 23, 2005 Exercise Price: \$0.27
475,000	Warrants	Date of Issue: January 13, 2000 Expiry Date: January 13, 2001 Exercise Price: \$0.25
105,000	Options	Date of Issue: March 12, 1999 Expiry Date: March 12, 2004 Exercise Price: \$0.15

CONSOLIDATED CAPITALIZATION

The following table sets out the outstanding capital of the Company as at June 30, 2000, August 31, 2000 and after giving effect to the Maximum Offering and the exercise of the Special Warrants:

<u>Designation of Security</u>	<u>Amount Authorized</u>	<u>Outstanding as at June 30, 2000⁽¹⁾</u>	<u>Outstanding as at August 31, 2000⁽¹⁾</u>	<u>Amount Outstanding after giving effect to the Maximum Offering and Exercise of the Special Warrants⁽²⁾⁽³⁾</u>
Common Shares	\$unlimited (100,000,000 shares)	\$4,204,656 (9,360,808 shares)	\$4,241,406 (9,565,808 shares)	\$! (! shares)
Special Warrants	-----	\$570,000 (814,285 Special Warrants)	\$570,000 (814,825 Special Warrants)	\$Nil (Nil Special Warrants)

Notes:

(1) Unaudited.

(2) Assuming that 814,285 Special Warrants are converted into 895,713 Units.

(3) Does not include: (a) 435,000 Common Shares reserved for issuance pursuant to outstanding stock options (see "Executive Compensation - Stock Options"); (b) 895,713 Common Shares issuable upon the exercise

of 895,713 Warrants, (see “Description of Securities - Warrants”); (c) 475,000 Common Shares reserved for issuance pursuant to warrants issued on January 13, 2000; and (d) 50,000 Common Shares reserved for issuance pursuant to the Broker’s Warrant.

As at June 30, 2000 the Company had no long term debt and a deficit of \$3,058,466.

PRIOR SALES

The following table details the prior sales of Common Shares during the previous twelve months:

<u>Date of Issue</u>	<u>Number of Shares</u>	<u>Price per Share</u>	<u>Use of Proceeds</u>
December 9, 1999	100,000 ⁽¹⁾	\$0.15	Exercise of options
January 12, 2000	50,000 ⁽²⁾	\$0.15	Exercise of options
January 13, 2000	210,000	\$0.20	Acquisition of mineral claims
February 18, 2000	133,333	\$0.15	Settlement of debt
April 7, 2000	950,000 ⁽³⁾	\$0.15	Working capital
April 13, 2000	100,000 ⁽⁴⁾	\$0.15	Exercise of options
June 8, 2000	200,000	\$0.34	Acquisition of mineral claims
July 8, 2000	155,000 ⁽⁵⁾	\$0.15	Exercise of options
July 8, 2000	50,000 ⁽⁶⁾	\$0.27	Exercise of options
September 11, 2000	40,000 ⁽⁷⁾	\$0.15	Exercise of options
September 21, 2000	70,000 ⁽⁸⁾	\$0.15	Exercise of options

Notes:

- (1) 50,000 options exercised by Marc Henderson and 50,000 options exercised by Christian von Hessert.
- (2) 50,000 options exercised by Christian von Hessert.
- (3) 150,000 Common Shares purchased by Marc Henderson and 100,000 Common Shares purchased by Blaise Yerly.
- (4) 60,000 options exercised by Marc Henderson and 40,000 options exercised by Daniel Fine, a consultant of the Company.
- (5) 120,000 options exercised by Christian von Hessert and 35,000 options exercised by Daniel Fine.
- (6) 50,000 options exercised by Christian von Hessert
- (7) 40,000 options exercised by Marc Henderson.
- (8) 70,000 options exercised by Marc Henderson.

EXECUTIVE COMPENSATION

Summary of Compensation

The following table is a summary of compensation paid to the Company's chief executive officer for each of the Company's three most recently completed fiscal years.

		Annual Compensation			Long Term Compensation			
					Awards		Payouts	
Name and Position of Principal	Fiscal Year Ending	Salary	Bonus	Other Annual Compensation	Securities Under Options /SARS ⁽¹⁾ Granted	Restricted Shares or Restricted Share Units	LTIP Pay-Outs	All Other Compensation
Marc C. Henderson President ⁽²⁾	1999	Nil	Nil	Nil	220,000 ⁽⁴⁾	Nil	Nil	Nil
	1998	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	1997	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Irene M. Wilson Former President and CEO ⁽³⁾	1998	\$32,400	Nil	Nil	Nil	Nil	Nil	Nil
	1997	\$60,000	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) Stock Appreciation Rights. Note that no stock appreciation rights have been granted.
(2) Mr. Henderson was appointed President of the Company on June 26, 1998.
(3) Ms. Wilson resigned as the Company's President and Chief Executive Officer on June 26, 1998.
(4) Options to purchase 220,000 Common Shares exercisable at \$0.15 per share on or before March 12, 2004.

Stock Option Grants

The following information concerns the grant of options during the financial year ended December 31, 1999 to the directors and officers of the Company.

Name	Securities Under Options Granted (#)	% of Total Options/SARs Granted to Employees in Financial Year	Exercise or Base Price (\$/Security)	Market Value of Securities Underlying Options on the Date of Grant ⁽¹⁾ (\$/Security)	Expiration Date
Marc C. Henderson	220,000	40.3%	\$0.15	\$0.10	Mar. 12, 2004
Christian von Hessert	220,000	40.3%	\$0.15	\$0.10	Mar. 12, 2004
Blaise F. Yerly	35,000	6.4%	\$0.15	\$0.10	Mar. 12, 2004

Roger A. Kauffman	35,000	6.4%	\$0.15	\$0.10	Mar. 12, 2004
Frank H. Fowler	35,000	6.4%	\$0.15	\$0.10	Mar. 12, 2004

Notes:

- (1) Based on the closing sales price on March 10, 1999 which was \$0.10. The Common Shares of the Company did not trade on March 11, 1999.

As of the close of business on September 21, 2000, the Company had outstanding options to acquire an aggregate of 435,000 Common Shares as follows:

Group (number of persons)	Number of Common Shares	Date of Grant	Market Value on Date of Grant	Exercise Price	Market Value on Sept. 20, 2000	Expiry Date
Executive Officers (1)	145,000	Mar. 23, 2000	\$0.27	\$0.27	\$0.34	Mar. 23, 2005
Directors (4) ⁽¹⁾	105,000	Mar. 12, 1999	\$0.10	\$0.15	\$0.34	Mar. 12, 2004
	185,000	Mar. 23, 2000	\$0.27	\$0.27	\$0.34	Mar. 23, 2005
TOTAL	435,000					

Note:

- (1) The number of options shown in the above table as having been granted to the directors of the Company does not include the number of options granted to an executive officer who is also a director.

Stock Options Exercised and Held

The following information concerns the exercise and holding of options during the financial year ended December 31, 1999 by the directors and officers of the Company and the financial year-end value of unexercised options held, on an aggregated basis.

Aggregated Option Exercises During the Most Recently Completed Fiscal Year and Fiscal Year End Option Values

Name	Securities Acquired on Exercise (#)	Aggregate Value Realized (\$)	Unexercised Options ⁽¹⁾ at FY-End (#) Exercisable/ Unexercisable	Value of Unexercised in-the-Money Options at FY-End ⁽²⁾ (\$) Exercisable/ Unexercisable
Marc C. Henderson	Nil	Nil	170,000/Nil	Nil/Nil
Christian von Hessert	Nil	Nil	170,000/Nil	Nil/Nil

Blaise F. Yerly	Nil	Nil	35,000/Nil	Nil/Nil
Roger A. Kauffman	Nil	Nil	35,000/Nil	Nil/Nil
Frank H. Fowler	Nil	Nil	35,000/Nil	Nil/Nil

Notes:

- (1) *Options to purchase Common Shares.*
(2) *Based on the closing sales price on December 31, 1999 which was \$0.15.*

Compensation of Directors

The Company has no standard arrangement pursuant to which directors are compensated by the Company for their services in their capacity as directors except for the granting from time to time of incentive stock options in accordance with the policies of the Canadian Venture Exchange and the British Columbia Securities Commission. During the most recently completed financial year, the Company granted incentive stock options to purchase 545,000 Common Shares to directors.

USE OF PROCEEDS

The aggregate net proceeds to the Company of the Offering, after payment of the Agent's fee and estimated expenses of the Offering will be approximately \$! if the Maximum Offering is sold and \$! if the Minimum Offering is sold. The gross proceeds to the Company from the sale of the Flow-Through Common Shares will be used to carry out the exploration program recommended in the Hogg Report. The Company received gross proceeds of \$570,000 from the sale of the Special Warrants. The net proceeds of the sale of the Special Warrants, after payment of the Agent's fee and the expenses incurred in connection with the Offering and the sale of the Special Warrants, being approximately \$!, will be used to carry out the exploration program recommended in the Hogg Report.

ESCROWED SHARES

As of the date of this prospectus, there are 375,000 Common Shares held in escrow ("Escrow Shares") by Pacific Corporate Trust Company at its principal office in Vancouver, British Columbia, which will represent approximately !% of the Company's Common Shares issued and outstanding upon completion of the Maximum Offering and the exercise of the Special Warrants. The Escrow Shares are beneficially held as follows:

<u>Name of Owner</u>	<u>Number of Escrow Shares Held</u>	<u>Why the Owner is a Principal</u>
Irene M. Wilson	365,000	Former Director and Officer
Barry J. Price	10,000	Former Director and Officer

The Escrow Shares are held subject to an escrow agreement (the “Escrow Agreement”) dated October 24, 1990 among the holders thereof (the “Escrow Shareholders”), the Company and Pacific Corporate Trust Company. Initially, an aggregate of 750,000 Escrow Shares were held pursuant to the Escrow Agreement. On August 12, 1998, 375,000 Escrow Shares, representing 50% of the original number of Escrowed Shares, were released on a pro-rata basis from escrow.

The Escrow Agreement provides that the Escrow Shareholders may not transfer any of their escrow shares except in accordance with Local Policy Statement 3-07 of the British Columbia Securities Commission (“Policy 3-07”) and except with the consent of the Executive director of the *Securities Act* (British Columbia) (the “Executive Director”) or the Canadian Venture Exchange (formerly The Vancouver Stock Exchange), as applicable. Policy 3-07 provides that the Escrow Shares may be transferred only to principals, including incoming principals, and defines “principals” to include a promoter of the Company, a director or full-time management employee of the Company or an operating subsidiary, a person who has provided key services or contributed a fundamental asset to the Company or a company, all the voting securities of which are owned by one or more of the foregoing persons.

An Escrow Shareholder who ceases to be a principal, as that term is defined in Local Policy Statement 3-07, dies or becomes bankrupt, may retain any escrow shares held under the Escrow Agreement by the Escrow Shareholder.

Policy 3-07 provides that the Escrow Shareholders will be entitled to a pro-rata release of the Escrow Shares on the basis of 15% of the original number of Escrow Shares for every \$100,000 expended on exploration and development of a resource property by the Company, or by a person other than the Company in order to earn an interest in the resource property, but only in respect of that proportion of the expenditure which is equal to the Company’s remaining proportionate interest in the resource property after the person’s interest has been earned. No more than 50% of the original number of Escrow Shares may be released in any twelve month period.

The Escrow Shareholders must surrender their Escrow Shares for cancellation: (a) at the time of a major reorganization of the Company if required as a condition of the consent to the reorganization by the Executive Director or the Canadian Venture Exchange; (b) where the Company’s shares have been subject to a cease trading order issued under the *Securities Act* (British Columbia) for a period of two consecutive years; or (c) ten years from the later of the date of issue of the Escrow Shares and the date of the receipt for the Company’s prospectus on its initial public offering.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND OPERATING RESULTS

This discussion should be read in conjunction with the Company’s financial statements which have been prepared in accordance with generally accepted accounting principles.

Overview

The Company's business is the acquisition and exploration of mineral resource properties. The business of exploring for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines.

None of the Company's material properties has proceeded to development. The Company's activities are presently focussed on five platinum and palladium properties located in the Sudbury area. The exploration and development of the Company's properties is dependent on the Company's ability to obtain the necessary financing. In addition, there is no certainty that expenditures to be made by the Company in the exploration of its properties will result in discoveries of commercial quantities of ore.

Results of Operations**Six-month Period Ended June 30, 2000**

The Company incurred a loss of \$156,008 for the period ended June 30, 2000, compared to a loss of \$108,900 for the six month period ended June 30, 1999. Administrative expenses increased from the previous period mainly as a result of increased activity.

During the period, the Company completed a private placement of 950,000 units at a price of \$0.15 per unit for total proceeds of \$142,500. Each Unit consisted of one Common Share and one-half of a Common Share purchase warrant. Each common share purchase warrant entitled the holder to purchase one Common Share at a price of \$0.25 per share for a period of one year. The Company also completed a debt settlement agreement in the amount of \$20,000 by the issuance of 133,333 Common Shares at a deemed price of \$0.15 per share. During the period, the Company completed a private placement of 814,285 Special Warrants for aggregate proceeds of \$570,000. During the six months ended June 30, 2000 the Company incurred expenditures of \$382,962 on the East Bull Lake Property, the North Dana Property and other River Valley properties.

Year Ended December 31, 1999 Compared to Year Ended December 31, 1998

The Company incurred a loss of \$292,592 for the year ended December 31, 1999, compared to a loss of \$195,384 for the year ended December 31, 1998. The loss in fiscal 1999 resulted primarily from the write off of the deferred exploration expenditures (\$84,983). The balance of the loss represents general and administrative expenses of \$209,733. During 1999 the Company commenced an action against the vendors of the Company's La Jojoba Property, the former directors and officers of the Company and others claiming damages for breach of fiduciary duty and failure to take necessary actions to recover IVA payments, being a value-added tax applied in Mexico, which was paid by the Company and its Mexican subsidiaries with respect to the purchase of the La Jojoba Property.

During 1999 the Company issued 100,000 Common Shares upon the exercise of stock options, for an aggregate consideration of \$15,000 and issued 250,000 Common Shares in respect of mineral properties for aggregate consideration of \$37,500.

Year Ended December 31, 1998 Compared to December 31, 1997

The Company incurred a loss of \$195,384 for the year ended December 31, 1998. The loss in fiscal 1998 resulted primarily from the write down of deferred exploration expenditures of \$245,990 and administrative expenses of \$361,900. The loss for the year ended December 31, 1997 was \$1,085,964, comprised mainly of the write down of copper properties of \$409,636 and administrative expenses of \$508,120.

During fiscal 1998, the Company issued 1,100,000 Common Shares upon the exercise of special warrants for aggregate proceeds of \$962,090. The Company completed the private placement of 1,000,000 special warrants at a price of \$1.00 per special warrant for net proceeds of \$962,090, after issue costs of \$37,910. As the Company did not obtain a receipt for a final prospectus qualifying the distribution of the units to which the Special warrant holders were entitled, each special warrant became exchangeable into 1.1 Common Shares.

Year Ended December 31, 1997 Compared to December 31, 1996

The Company incurred a loss of \$1,085,964 for the year ended December 31, 1997, compared to a loss of \$273,403 for the year ended December 31, 1996. The loss in fiscal 1997 resulted primarily from contested takeover costs (\$219,364) and write down of the Company's copper properties (\$409,636). The balance of the loss represents general and administrative expenses of \$540,371.

During fiscal 1997, the Company issued 670,500 Common Shares for aggregate consideration of \$670,500 and 45,275 Common Shares pursuant to a finder's fee agreement for aggregate consideration of \$45,275.

Capital Resources and Liquidity

The Company has been in the exploration stage on its mineral properties and prospects and therefore has no regular cash flow from operations. The level of operations is determined by the availability of capital resources, the sources of which are unpredictable. To date, funding has been provided almost exclusively by equity investors. Given the nature of the Company's operations, which consist of exploration and evaluation of mining properties, the Company believes that the most meaningful financial information relates primarily to current liquidity and solvency. The Company's financial success will be dependent on the extent to which it can discover mineralization in economic quantities and the economic viability of developing its properties. Such development may take years to complete and the amount of resulting income, if any, will be difficult to determine with any certainty. The value of any mineral products discovered by the Company will be largely dependent on factors beyond the Company's control.

The Company's historical capital needs have been met with equity subscriptions from private investors, including members of the Company's management. The Company does not expect to receive income from any of its projects within the foreseeable future.

The Company intends to continue to evaluate its existing mineral properties and, if deemed warranted, acquire new mineral properties and, contingent upon obtaining satisfactory exploration results, to develop such properties either through additional equity financings or by way of joint venture or option agreements, or through a combination of both. The Company expects that its existing capital requirements arising from the evaluation of its existing mineral properties will be met from available working capital and the proceeds of this Offering. See "Use of Proceeds".

MANAGEMENT

Officers and Directors

The names, office, municipality of residence and principal occupation of the current directors and officers of the Company is set out below:

<u>Name, Municipality & Office</u>	<u>Principal Occupation</u>
Marc C. Henderson Toronto, Ontario President, CEO and Director	President and CEO of Laramide Resources Ltd. (mineral exploration company)
Christian von Hessert Brighton, Ontario Secretary and Director	President of C. von Hessert & Associates Ltd. (consulting geologist company)
Blaise Yerly Bursins, Switzerland Director	Chief Operating Officer, Triumph International Trading Ltd. (earth moving equipment distribution)
Frank H. Fowler Rossland, British Columbia Director	Instructor, Selkirk College
Roger Kauffman Hayden Lake, Idaho Director	Mining Consultant

Set forth below is a description of the principal occupation of each of the directors and officers during the past five years:

Marc C. Henderson, is the President and Chief Executive Officer of the Company. He is a Chartered Financial Analyst with more than fifteen years of experience in the mineral exploration industry. Mr.

Henderson has been President and CEO of Laramide Resources Inc. from 1995 to present and a director of Kinbauri Gold from 1994 to present.

Christian von Hessert, has practiced as a consulting geologist since 1980 and has more than thirty years of mineral exploration and mining industry experience. Mr. von Hessert has been Chairman of Laramide Resources Ltd. (mineral exploration company) since 1995. Mr. von Hessert earned a B.Sc. (1968) and an M.Sc. (1971) from the University of Minnesota and is a member of the Association of Professional Engineers of Ontario.

Blaise Yerly, has acted as Chief Operating Officer, Triumph International Trading Ltd., from 1998 to present. Prior thereto, Mr. Yerly was Managing Director of BHSC Trading Company B.V. (trading company) from 1991 to 1998.

Frank Fowler, has been an instructor of hydrology, geology and environmental science in the Department of Renewable Resources at Selkirk College, Castlegar, British Columbia from 1991 to date. He earned a B.Sc. (Geology) from Ohio State University (1968); an M.Sc. (Geology) from the University of Minnesota (1971) and a B.Sed (Education) from Ohio University (1986). Mr. Fowler was an assayer at Cominco Ltd. in 1997.

Roger Kauffman, is a consultant with more than twenty years of mineral exploration and mining industry experience. He was Executive Vice-President and CEO of Hecla Mining Company from 1996 to 2000. Prior thereto, Mr. Kauffman was President of Amex Gold Inc.

PRINCIPAL HOLDERS OF SECURITIES OF THE COMPANY

To the best of the knowledge of the directors and senior officers of the Company, the only persons or corporations beneficially own, directly or indirectly, or exercise control or have over more than 10% of the issued and outstanding Common Shares are:

<u>Shareholder Name</u>	<u>Number of Shares</u>	<u>Percentage of Shares</u>
Laramide Resources Ltd.	968,248	10.07%

The directors and officers of the Company, as a group, beneficially own, directly or indirectly, 1,234,000 or 12.7% of the issued and outstanding Common Shares of the Company as at the date of this prospectus.

PRICE RANGE AND TRADING VOLUME

Trades of the Common Shares are listed on the Canadian Venture Exchange (“CDNX”) under the trading symbol “AQI”. The following table sets forth the reported high, low and closing prices and trading volumes of the Common Shares as recorded by the CDNX for the periods indicated:

<u>Period</u>	<u>High</u>	<u>Low</u>	<u>Close</u>	<u>Volume</u>
<u>1998</u>				
First Quarter	0.25	0.11	0.13	527,450
Second Quarter	0.21	0.11	0.15	198,700
Third Quarter	0.12	0.04	0.05	619,900
Fourth Quarter	0.09	0.04	0.06	868,650
<u>1999</u>				
First Quarter	0.15	0.05	0.09	264,200
Second Quarter	0.16	0.08	0.12	757,160
Third Quarter	0.25	0.08	0.17	339,500
Fourth Quarter	0.23	0.10	0.15	468,244
<u>2000</u>				
January	0.17	0.11	0.15	158,300
February	0.36	0.17	0.33	549,625
March	1.00	0.21	0.75	2,092,699
April	1.25	0.57	0.72	1,775,630
May	0.82	0.40	0.50	302,050
June	0.75	0.46	0.62	554,633
July	0.69	0.38	0.60	95,700
August	0.58	0.25	0.35	227,076
September 1 - 20	0.45	0.28	0.34	129,200

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Pursuant to the Special Warrant Offering, certain directors and officers of the Company purchased an aggregate of 225,000 Special Warrants. Other than as disclosed in this prospectus, none of the directors and senior officers of the Company or any associate or affiliate of such person, has any material interest, direct or indirect, in any material transaction, which may materially affect the Company.

MATERIAL CONTRACTS

The only material contracts entered into by the Company within the last two years, other than contracts entered into in the ordinary course of business or which are not presently material, are as follows:

1. North Dana Property Agreement referred to under “Business of the Company - Platinum Group Metal Prospects”;
2. Loughrin Property Agreement referred to under “Business of the Company - Platinum Group Metal Prospects”;

3. Central Property Agreement referred to under “Business of the Company - Platinum Group Metal Prospects”;
4. River Valley Agreement referred to under “Business of the Company - Platinum Group Metal Prospects”;
5. Freewest Agreement referred to under “Business of the Company - Platinum Group Metal Prospects”;
6. Mustang Agreement referred to under “Business of the Company - Platinum Group Metal Prospects”;
7. Agency Agreement referred to under “Plan of Distribution - Offering of Flow-Through Common Shares”;
8. Deposit Agreement referred to under “Plan of Distribution - Offering of Flow Through Common Shares”
9. Flow-Through Offering Agreement referred to under “Plan of Distribution - Offering of Flow-Through Common Shares”;
10. Special Warrants Agency Agreement referred to under “Plan of Distribution - Private Placement of Special Warrants”;
11. Special Warrant Indenture referred to under “Plan of Distribution - Private Placement of Special Warrants”;
12. Warrant Agreement referred to under “Description of Securities - Warrants”; and
13. Escrow Agreement referred to under “Escrowed Shares”.

Copies of the foregoing agreements may be inspected at the Company’s offices at Suite 2018, 20 Queen Street West, Toronto, Ontario, M5H 3R3, during normal business hours for a period of thirty days following the date of this prospectus.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Aylesworth Thompson Phelan O’Brien LLP, counsel to the Company and Macleod Dixon, counsel to the Agent, the following is, as of the date hereof, a summary of the principle Canadian federal income tax considerations of an investment in the Flow-Through Common Shares, the Special Warrants, the Warrants, and the Common Shares pursuant to this prospectus.

This summary is based on the current provisions of the Tax Act and the regulations thereto (the “Regulations”) in force as of the date hereof, counsel’s understanding of the current administrative and assessing policies of the Canada Customs and Revenue Agency (“Revenue Canada”) and all specific proposals to amend the Tax Act or the Regulations publicly announced by the Minister of Finance prior

to the date hereof (the “Proposed Amendments”). This summary assumes that such amendments will be enacted in the form currently proposed. This summary is not exhaustive of all possible Canadian federal income tax consequences and, except for the said proposals, does not take into account or anticipate any changes in law, whether by legislative, governmental or judicial decision or action, nor does it take into account provincial or foreign tax considerations.

The following comments are restricted to investors who deal at arm’s length with the Company, who are residents of Canada and who hold their Special Warrants, Common Shares, Warrants and Flow-Through Common Shares as capital property all within the meaning of the Tax Act. Provided that an investor does not hold such securities in the course of carrying on a business and has not acquired such securities as an adventure or concern in the nature of trade, such securities will generally be considered capital property to the holder. The Flow-Through Common Shares are not eligible for the election permitted under subsection 39(4) of the Tax Act which allows certain Canadian securities to be treated as capital property.

This summary does not deal with income tax considerations to an investor that is a partnership, a financial institution as defined in subsection 142.2(1) of the Tax Act or a “principal business corporation” within the meaning of subsection 66(15) of the Tax Act or whose business includes trading or dealing in rights, licences or privileges to explore for, drill or take minerals, petroleum, natural gas or other related hydrocarbons.

This summary is of a general nature only, is not exhaustive of all possible income tax considerations and is not intended to be, nor should it be construed to be, legal or tax advice to any particular investor. No opinion is expressed regarding any of the assumptions made in this summary of income tax considerations. Investors should consult their own independent tax advisors with respect to their particular tax situation.

The comments herein assume that the Company will make all necessary filings in respect of the issuance of Flow-Through Common Shares and in respect of the renunciation of CEE in the manner and within the time required by the Tax Act and the Regulations and that the Company will incur sufficient CEE to enable it to renounce all CEE covenanted to be renounced by the Company pursuant to the Flow-Through Share Offering Agreements. While the Company will furnish each subscriber who subscribes for Flow-Through Common Shares with information relevant to the subscriber’s Canadian federal and provincial tax returns, the preparation and filing of those returns will remain the responsibility of each investor.

This summary is based upon representations and covenants by the Company in the Flow-Through Share Offering Agreements that the Company is and will continue to be at all relevant times, a “principal-business corporation” within the meaning of subsection 66(15) of the Tax Act and that the Flow-Through Common Shares, when issued will not be “prescribed shares” as such term is defined in section 6202.1 of the Regulations for purposes of the definition of “flow-through shares” in the Tax Act.

Canadian Exploration Expense and Flow-Through Common Shares

CEE as defined in subsection 66.1(6) of the Tax Act includes any expenses incurred for the purpose of determining the existence, location, extent or quality of a mineral resource in Canada, including any expense incurred in the course of prospecting, carrying out geological, geophysical or geochemical surveys, drilling by rotary, diamond, percussion or other methods or trenching, digging test pits and preliminary sampling but does include any expense that may be reasonable considered as being related to a mine that has come into production in reasonable commercial quantities or to be related to a potential or actual extension thereof.

CEE incurred by the Company in the period that begins on the day a Flow-Through Offering Agreement is entered into with an investor and ends 24 months after the end of the month in which the Flow-Through Share Offering Agreement is entered into may be renounced by the Company to the investor in respect of the Flow-Through Common Shares issued to the investor. The renunciation will be effective on a date on or after which such CEE is incurred, up to the amount of the proceeds of the subscription under the Flow-Through Offering Agreement. The amount of CEE that may be renounced by the Company will be reduced by the amount of government assistance, if any, that the Company receives in connection with the CEE renounced, any portion of the expenses which are deemed to be Canadian exploration and development overhead expenses as defined in the Regulations and certain costs related to seismic data. CEE so renounced by the Company will be deemed to be CEE incurred by the investor on the effective date of the renunciation.

Notwithstanding the foregoing, the Tax Act will permit the Company to make a renunciation by March 31 of a calendar year in respect of certain CEE which the Company plans to incur or has incurred in the calendar year and such renunciation will be effective December 31 of the previous calendar year. This will permit the Company to renounce to a subscriber in January, February, or March of 2001, effective as of December 31, 2000, all amounts it intends to expend on certain CEE in 2001 in connection with the sale of the Flow-Through Common Shares offered hereunder. The Company will be required under the Tax Act to pay deductible monthly charges on the balance of CEE renounced but not incurred at the end of each month other than January. The monthly charge will be calculated as a specified percentage of the portion of the consideration received by the Company under the Flow-Through Operating Agreements that has been renounced and has not been spent on CEE as of the end of the month. The specified percentage will be $1/12^{\text{th}}$ of the prescribed rate used for the purpose of determining refund interest under the Tax Act.

In the event that the Company fails to expend the renounced amounts on CEE by the end of 2001 in connection with this offering of Flow-Through Common Shares, the Company will be required to adjust renunciations made to investors for Flow-Through Common Shares. Investors will not be required to pay interest to the government on any increase in income tax payable as a result of such adjustment until April of calendar year following the renunciation. In addition, the Company must pay a charge under the Tax Act of 10 percent of the balance of any renounced but unexpended CEE by the end of 2001.

The Company has covenanted to incur all CEE contemplated hereunder in connection with this offering of Flow-Through Common Shares by the end of 2001 and to renounce CEE in an amount equal to the proceeds of subscriptions for Flow-Through Common Shares under the Flow-Through Offering Agreements to investors with an effective date of renunciation no later than December 31, 2000.

An investor will add any such CEE properly renounced to such investor to the investor's cumulative Canadian exploration expenses ("CCEE") account. In computing income for tax purposes from all sources for a taxation year, an investor may deduct up to 100 percent of his CCEE account at the end of that taxation year. Subject to any restrictions concerning acquisitions of control of, and reorganizations involving corporate subscribers, an investor may carry forward indefinitely any portion of his CCEE account not deducted at the end of a particular taxation year and may deduct the amount of such CCEE account against his income for subsequent taxation years. The CCEE account of an investor is reduced by the amount deducted by him in prior years in respect of his CCEE account and by any CEE-related amount of "assistance" (as defined in the Tax Act) that he has received or is entitled to receive. No assistance or entitlement to assistance is contemplated for any investor hereunder.

If at the end of a taxation year of an investor the reductions in calculating the investor's CCEE account exceed the additions thereto, the excess must be included in computing the investor's income for that year and the investor's CCEE account will then have a nil balance. An investor who disposes of his Flow-Through Common Shares will retain the entitlement to receive renunciation of CEE from the Company as noted above, and the purchaser of such Flow-Through Common Shares will not be entitled to any renunciation of any such CEE.

The Company hereby covenants and agrees that if the Company fails to renounce CEE to the Subscriber in accordance with the Flow-Through Offering Agreement, or if the amount renounced to the Subscriber is reduced pursuant to subsection 66(12.73) of the Tax Act, as the sole recourse of the Subscriber for such event, the Company shall indemnify the Subscriber as to and pay in settlement thereof to the Subscriber, an amount equal to the amount of any tax payable under the Tax Act (and under any corresponding provincial legislation) by the Subscriber as a consequence of such failure to renounce or such reduction, as the case may be.

Exercise of Special Warrants

The adjusted cost base of each Special Warrant will generally be equal to the purchase price to the holder of such Special Warrant. No gain or loss will be realized by an investor on the exercise of a Special Warrant. When a Special Warrant is exercised, the cost to the investor of the Common Share and the Warrant acquired thereby will be equal to the adjusted cost base to the investor of the Special Warrant. Investors will be required to allocate such cost on a reasonable basis between the Common Share and the Warrant acquired on exercise of the Special Warrant. The Company will allocate \$1 of the gross proceeds for a Special Warrant to the Common Share and \$1 to the Warrant. The Company believes that such allocation is reasonable; however, such allocation will not be binding on Revenue Canada.

Exercise, Expiry or Disposition of Warrants

In general terms, the adjusted cost base of Warrants to an investor will be determined by averaging the cost of the Warrants acquired by such investor with the adjusted cost base of any other identical Warrants, whether acquired on the exercise of Special Warrants or otherwise, held by the investor at the time of such determination. No gain or loss will be realized by an investor upon the exercise of Warrants. When a Warrant is exercised, the investor's cost of the Common Share acquired thereby will be the aggregate of the investor's adjusted cost base of the Warrant and the exercise price paid pursuant to the Warrant. In the event of the expiry of an unexercised Warrant, the investor will realize a capital loss equal to his adjusted cost base, if any, of the Warrant. A disposition or deemed disposition of a Warrant (other than on the exercise or expiry thereof) will give rise to a capital gain (or capital loss) equal to the amount by which the proceeds of disposition of the Warrant, net of any costs of disposition, exceed (or are less than) the adjusted cost base of such Warrants to such investor immediately before the disposition.

Disposition of Common Shares or Flow-Through Common Shares

The initial cost of each Flow-Through Common Share for the purposes of the Tax Act will be nil. In general terms, the adjusted cost base of Common Shares, including Flow-Through Common Shares, to an investor will be determined by averaging the cost of the Flow-Through Shares or other Common Shares acquired by the investor with the adjusted cost base of any other Common Shares whether acquired pursuant to this prospectus or on the exercise of Special Warrants or Warrants or otherwise, that are held by the investor at the time of the determination.

Upon the disposition or deemed disposition under the Tax Act by an investor of Common Shares, including Flow-Through Common Shares, a capital gain (or a capital loss) will arise equal to the amount by which the proceeds of disposition of the Common Shares, including the Flow-Through Common Shares, net of any costs of disposition, exceed (or are less than) the adjusted cost base of such shares to an investor immediately before the disposition. A capital loss realized by an investor that is a corporation on Common Shares, including Flow-Through Common Shares, may be reduced by the amount of certain dividends previously received on such shares to the extent and in the circumstances set out in the Tax Act and similar rules apply where a corporation, partnership or trust is a member of a partnership or beneficiary of a trust that owns Common Shares.

Capital Gains and Losses

Two-thirds (three-quarters if the Proposed Amendments are not enacted) of any capital gain (a "taxable capital gain") realized by an investor will be included in computing the investor's income for the year in which the disposition occurs and two-thirds (three-quarters if the Proposed Amendments are not enacted) of a capital loss (an "allowable capital loss") may be deducted by the investor from taxable capital gains realized in the year of disposition and excess capital losses may generally be carried back and forward indefinitely and deducted from taxable capital gains realized in those years to the extent and under the circumstances allowed under the Tax Act.

An investor that is a “Canadian-controlled private corporation” (as defined in the Tax Act) may be liable to pay, in addition to the tax otherwise payable under the Tax Act, a refundable tax of 6 2/3 per cent determined by reference to its aggregate investment income for the year, which is defined to include an amount in respect of taxable capital gains.

Alternative Minimum Tax

Under the Tax Act, taxes payable by an individual and by certain trusts will be the greater of the taxes otherwise determined and an alternative minimum tax computed by reference to such taxpayer’s adjusted taxable income for the taxation year in excess of a \$40,000 exemption and reduced by certain tax credits. In calculating adjusted taxable income for the purpose of computing the minimum tax, certain deductions and credits otherwise available are disallowed or restricted and certain amounts not otherwise included in income are included. For these purposes the amount of net capital gains is included. As well, for these purposes, deductions claimed by the individual in respect of CCEE in a particular taxation year are generally limited to the amount of the taxpayer’s resource profits. Carrying charges incurred by an investor for Flow-Through Common Shares may be disallowed for these purposes. The actual amount of dividends received, not the grossed-up amount is included in calculating adjustable taxable income and no dividend tax credit is allowed. Whether and to what extent the tax liability of a particular investor will be increased by the alternative minimum tax will depend on the amount of the investor’s income, the sources from which is derived, and the nature and amount of any deductions the investor claims. Any additional tax payable by the investor for the taxation year resulting from the application of the alternative minimum tax, will be deductible in any of the seven immediately following taxation years in computing the amount that would, but for the alternative minimum tax, be such investor’s tax otherwise payable for any such year to the extent that such tax payable exceeds the investor’s minimum tax calculation for that particular year.

Cumulative Net Investment Loss

One-half of the amount of the CEE renounced to an investor will be added to the investor’s cumulative net investment loss (“CNIL”) account, within the meaning of Tax Act. A subscriber’s CNIL account may impact a subscriber’s ability to access the \$500,000 capital gains exemption available on the disposition of certain qualifying business company shares and farm property.

Source Deductions and Income Tax Instalments

An investor who is an employee and who has income tax withheld at source from employment income may prepare a submission to the investor’s relevant district office of Revenue Canada requesting a reduction in such withholding at source by an employer. Revenue Canada has a discretionary power to grant such request and may do so based on an investor’s shares of CEE. An investor who is required to pay income tax on an instalment basis may take into account the investor’s share of CEE in determining instalment payments.

2000 ONTARIO BUDGET PROPOSALS

Pursuant to the 2000 Ontario provincial budget released May 2, 2000, the province of Ontario has proposed, in addition to the current 100% deduction for CEE, a thirty percent additional deduction for certain qualifying grass-roots mining CEE incurred in Ontario. The specific terms of such proposal have not been released and therefore it is unknown whether such proposed additional deduction would be available to Subscribers as a result of this investment.

AUDITORS, TRANSFER AGENT AND REGISTRAR

PricewaterhouseCoopers LLP, Chartered Accountants, Suite 3000, Box 82, Royal Trust Tower, TD Centre Toronto, Ontario M5K 1G8 are the Company's auditors.

The Company's registrar and transfer agent is Pacific Corporate Trust Company, Suite 830 - 625 Howe Street, Vancouver, British Columbia V6C 3B8.

CONFLICTS OF INTEREST

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

RISK FACTORS

Investment in the securities of the Company should be considered speculative due, generally, to the nature of the business in which the Company is engaged, the limited extent of the Company's assets, the Company's state of development and the degree of its reliance upon the expertise of management. Specifically, in evaluating an investment in any of the Company's securities the following risk factors should be given special consideration.

Nature of Mineral Exploration

The exploration for and development of mineral deposits involves significant financial risks which even a combination of careful evaluation, experience and knowledge will not eliminate. While the discovery of an ore body may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to establish ore reserves, to develop metallurgical processes and to construct mining and processing facilities at a site. It is impossible to ensure that the current programs planned by the Company will result in a profitable commercial mining

operation. **None of the mining claims in which the Company will have an interest contains a known body of commercial ore and any exploration programs thereon are exploratory searches for ore.**

Funding Requirements

Mining exploration involves financial risk and capital investment. The Company's only present means of acquiring investment capital is by means of the sale of equity shares or rights to acquire equity shares. The Company has limited resources of funds to engage in additional exploration and development which may be necessary to exploit its properties and make additional acquisition payments in order to maintain its property interests and there are no assurances that the Company will be able to raise additional financing in the future.

Mining Risks and Insurance

The business of mining is generally subject to a number of risks and hazards, including environmental hazards, industrial accidents, labour disputes, encountering unusual or unexpected geologic formations, cave-ins, flooding and periodic interruptions due to inclement or hazardous weather conditions. Such risks could result in damage to, or destruction of, mineral properties or producing facilities, personal injury, environmental damage, delays in mining, monetary losses and possible legal liability. Insurance against environmental risks (including potential for pollution or other hazards as a result of disposal waste products occurring from exploration and production) is not generally available to the Company or to other companies within the industry.

Government Regulations and Environmental Matters

The Company's activities will be subject to extensive federal, provincial and local laws and regulations controlling not only the mining of and exploration for mineral properties, but also the possible effects of such activities upon the environment. Permits from a variety of regulatory authorities are required for many aspects of mine operation and reclamation. Future legislation and regulations could cause additional expense, capital expenditures, restrictions and delays in the development of the Company's properties, the extent of which cannot be predicted. In the context of environmental permitting, including the approval of reclamation plans, the Company must comply with known standards, existing laws and regulations which may entail greater or lesser costs and delays depending on the nature of the activity to be permitted and how stringently the regulations are implemented by the permitting authority. While it is possible that the costs and delays associated with the compliance of such laws, regulations and permits could become such that the Company would not proceed with the development or operation of a mine, the Company is not aware of any material environmental constraint affecting its development properties that would preclude the economic development or operation of any specific property.

Mining and Investment Policies

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

Title

The Company is satisfied that it has good and proper right, title and interest in and to the mining properties that it intends to explore and develop. No assurance, however, can be given that such properties are not subject to prior unregistered agreements or interests or undetected claims or interests which could be materially adverse to the Company.

Competition

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

Precious and Base Metal Prices

The profitability of any mining operation in which the Company may have an interest will be significantly affected by changes in the market price of metals. Metal prices fluctuate on a daily basis and are affected by numerous factors beyond the Company's control. The level of interest rates, the rate of inflation, world supply of metals and the stability of exchange rates can all cause significant fluctuation in metal prices. Such external economic factors are in turn influenced by changes in international investment patterns and monetary systems and political developments. If the price of metals should drop dramatically, the value of the Company's properties which are being explored could also drop dramatically and the Company might not be able to recover its investment in those properties.

Potential Absence of Market

The Offering price was determined by negotiation between the Company and the Agent. There is no assurance that a liquid public trading market for the Common Shares will be sustained after the Offering.

Dependence on Key Senior Officers

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

Conflicts of Interest

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

Future Capital Needs; Uncertainty of Additional Financing

As of the date hereof, the Company has relied on equity financing to fund its requirements. The Company requires substantial capital to pursue its operating strategy. The ultimate success of the Company may depend upon its ability to raise additional capital. There can be no assurances that such capital will be available from any source, or if available, made or proposed on terms which are acceptable to the Company.

Income Tax Risks

The Company may be unable to incur and renounce expenses that qualify for CEE in an amount equal to the gross offering price of the Flow-Through Common Shares, in which event the tax deductions available to purchasers thereof will be less than the full purchase price therefor.

DILUTION

The following table sets forth the dilution with respect to the effective price per Common Share of the Company based upon the net tangible book value of the Company as at June 30, 2000 after giving effect to the issue of the Maximum Offering of 1 Flow-Through Common Shares and 895,713 common Shares issuable upon the exercise of the Special Warrants.

Dilution per Share

Price per Flow-Through Common Share	\$!
Price per Special Warrant	\$ 0.70
Net tangible book value prior to the Maximum Offering and the Special Warrant offering	\$!
Increase in net tangible book value attributable to the Maximum Offering and the Special Warrant offering	\$!
Net tangible book value per Common Share after giving effect to the Special Warrant offering and conversion of the Special Warrants into Common Shares	\$!
Dilution to holders of Flow Through Common Shares	\$!
Dilution to holders of Special Warrants	\$!
Percentage dilution to holders of Flow Through Common Shares in relation to the price of the Flow Through Common Shares	! %

LEGAL PROCEEDINGS

On January 4, 1999, the Company and the Subsidiaries as plaintiffs commenced an action in the Vancouver Registry of the Supreme Court of British Columbia against the former directors of the Company, Irene Wilson, Jeffrey Wilson, Robert Angus, Colin Godwin, John Brock, the former counsel for the Company in Mexico, Victor Garcia Jimenez, as well as the Velez Group: Enrique Velez Redondo, the Estate of Delia Spinoza Urias de Velez and the Estate of Delia Espinoza Urias de Vele, Jesus Jose Velez Espinoza, Alma Soraya Orci Fuentes the Velez.

The Velez Group were the vendors of mineral properties in Mexico and through two series of agreements known as the Minera Aquilon and Minera San Isidro agreements sold the La Jojoba Property to the Company and the Subsidiaries.

In the action, the Company and Minera Aquilon claim against Irene Wilson, John Brock, Victor Garcia Jimenez and the Velez group for damages, conspiracy and fraud with respect to US\$210,000 in "IVA" payments, being a value-added tax applied in Mexico, which was paid by the Company and Minera Aquilon with respect to the purchase of mineral rights from the Velez Group, and for which, contrary to standard business practices and to the requirements of Mexican law, no facturas or receipts were provided necessary to allow the plaintiffs to reclaim these "IVA" funds from the Mexican government. It is the position of the Company that the factura funds would have provided the funding necessary to keep the agreements in question in good standing.

The Plaintiffs claim damages for breach of fiduciary duty and/or negligent exercise of duties as directors as against Irene Wilson, Jeffrey Wilson, Robert Angus and Colin Godwin with respect to the failure of the previous directors of the Company to, *inter alia*, properly review or approve the Minera Aquilon agreements and Minera San Isidro agreements, failure to ensure that facturas were received for the IVA paid, and failure to ensure that all payments were made with respect to the Minera Aquilon and Minera San Isidro agreements. The total damages being sought from the former directors of the Company is the Canadian dollar equivalent of US\$1,725,000, as well as compensation for breach of fiduciary duty. The defendants Robert Angus and Colin Godwin, former directors of the Company, counterclaimed against the Company for their costs incurred in this action brought against them as former directors of the Company. In addition, the defendant Irene Wilson counterclaimed against the Company and its current directors alleging *inter alia* that the Plaintiff's action was commenced by the defendants in order to force an unfavourable settlement on Irene Wilson. Once statements of defence to the counterclaim have been filed, the Company may bring an application to strike the counterclaim on the basis that it does not disclose any reasonable claim.

It is the goal of the Company to obtain judgment against the Mexican defendants as soon as possible from the British Columbia Supreme Court and to take enforcement proceedings against the assets of the Mexican defendants outside of Mexico. Further, the Canadian judgment is intended to form the basis of an action against the Mexican defendants in Mexico for the purpose of gaining title to the mineral properties in question. If a settlement with the Canadian defendants cannot be reached, the trial of this action generally will probably be heard in either 2001 or 2002.

PURCHASER'S STATUTORY RIGHTS

Securities legislation in certain provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities within two business days after the receipt or deemed receipt of a prospectus and any amendment thereto. In several of the provinces, securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages where the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal advisor.

CONTRACTUAL RIGHT OF ACTION FOR RESCISSION

In the event that a holder of Special Warrants who acquires Common Shares and Warrants upon the exercise of Special Warrants as provided for in this prospectus, is or becomes entitled under applicable securities legislation to the remedy of rescission by reason of this prospectus or any amendment thereto containing a misrepresentation, any such holder shall be entitled to rescission not only of the holder's exercise of the Special Warrants, but also of the private placement transaction pursuant to which the Special Warrants were initially acquired, and shall be entitled in connection with such rescission to a full

refund of all consideration paid to the Agent or the Company on the acquisition of the Special Warrants. In the event such holder is a permitted assignee of the interest of the original Special Warrant subscriber, such permitted assignee shall be entitled to exercise the rights of rescission and refund granted hereunder as if such permitted assignee was the original subscriber. The foregoing rights are in addition to any other right or remedy available to a holder of Special Warrants under section 130 of the *Securities Act* (Ontario) and section 131 of the *Securities Act* (British Columbia) or otherwise at law and is subject to the defences, limitations and other provisions of such legislation.

Aquiline Resources Inc.

Consolidated Financial Statements
December 31, 1999 and 1998

May 12, 2000

Auditors' Report

To the Directors of Aquiline Resources Inc.

We have audited the consolidated balance sheets of **Aquiline Resources Inc.** as at December 31, 1999 and 1998, and the consolidated statements of loss and deficit and cash flows for the years ended December 31, 1999, 1998 and 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 audits.

We conducted our audits in accordance with Canadian 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 consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 1999 and 1998, and the results of its operations and its cash flows for the years ended December 31, 1999, 1998 and 1997 in accordance with Canadian generally accepted accounting principles. As required by the British Columbia Company Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of preceding years.

Chartered Accountants

Aquiline Resources Inc.

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Consolidated Balance Sheets

	June 30, 2000 \$ (Unaudited)	December 31, 1999 \$	December 31, 1998 \$
Assets			
Current assets			
Cash and short-term deposits	89,520	2,572	257,192
Accounts receivable and prepaids	12,874	2,524	12,972
	102,394	5,096	270,164
Investment in Glamis Gold Ltd. (note 4)	-	-	68,934
Resource assets (note 3)	1,554,446	1,171,484	1,042,861
	1,656,840	1,176,580	1,381,959
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	22,057	169,383	131,234
Shareholders' Equity			
Share capital (note 5)			
Authorized 100,000,000 common shares without par value			
Issued Common shares	4,204,655	3,909,655	3,860,591
Special warrants (notes 5 and 11)	488,594	-	-
Deficit	(3,058,466)	(2,902,458)	(2,609,866)
	1,634,783	1,007,197	1,250,725
	1,656,840	1,176,580	1,381,959
Contingency (note 10)			

Approved by the Board of Directors**(Signed) Marc C. Henderson** _____ Director**(Signed) Christian Von Hessert** _____ Director

Aquiline Resources Inc.

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Consolidated Statements of Loss and Deficit

	Six-month period ended June 30,		Year ended December 31,		
	2000 \$ (Unaudited)	1999 \$ (Unaudited)	1999 \$	1998 \$	1997 \$
Revenue	-	-	-	-	373,086
Cost of production	-	-	-	-	(405,337)
	-	-	-	-	(32,251)
Administrative expenses					
Bank charges and interest	363	558	1,294	613	1,846
Debenture interest	-	-	-	-	51,916
Depletion	-	-	-	3,348	6,401
Amortization	-	-	-	11,529	60,891
Foreign exchange	2,457	12,443	12,566	(19,088)	8,429
Administration and office	153,188	95,012	195,873	365,498	378,637
	156,008	108,013	209,733	361,900	508,120
Contested takeover costs	-	-	-	-	219,364
Interest and other income	-	(2,436)	(2,436)	(6,398)	(103,552)
Writedown of copper properties (note 3)	-	-	-	-	409,636
Write-off of deferred exploration expenditures	-	-	84,983	245,990	20,145
Gain on sale of joint venture (note 4)	-	-	-	(517,444)	-
Capital asset write-off	-	-	-	24,020	-
Writedown of investment (note 4)	-	-	-	87,316	-
Loss on sale of investment (note 4)	-	3,323	312	-	-
	156,008	108,900	292,592	195,384	1,053,713
Loss for the period	(156,008)	(108,900)	(292,592)	(195,384)	(1,085,964)
Deficit - Beginning of period	(2,902,458)	(2,609,866)	(2,609,866)	(2,414,482)	(1,328,518)
Deficit - End of period	(3,058,466)	(2,718,766)	(2,902,458)	(2,609,866)	(2,414,482)
Loss per share	(0.02)	(0.01)	(0.04)	(0.03)	(0.17)

Aquiline Resources Inc.

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Consolidated Statements of Cash Flows

	Six-month period ended June 30,		Year ended December 31,		
	2000 \$ (Unaudited)	1999 \$ (Unaudited)	1999 \$	1998 \$	1997 \$
Cash provided by (used in)					
Operating activities					
Loss for the period	(156,008)	(108,900)	(292,592)	(195,384)	(1,085,964)
Items not affecting cash					
Depletion	-	-	-	3,348	6,401
Amortization	-	-	-	11,529	60,891
Writedown of copper properties	-	-	-	-	409,636
Write-off of deferred exploration expenditures	-	-	84,983	245,990	20,145
Writedown of investment	-	-	-	87,316	-
Gain on sale of joint venture	-	-	-	(517,444)	-
Capital asset write-off	-	-	-	24,020	-
Loss on sale of investment	-	3,323	312	-	-
	(156,008)	(105,577)	(207,297)	(340,625)	(588,891)
Net change in non-cash working capital balances (a)	(131,677)	(35,424)	48,596	65,214	83,124
	(287,685)	(141,001)	(158,701)	(275,411)	(505,767)
Financing activities					
Special warrants subscriptions	-	-	-	-	962,090
Advances from shareholder (a)(b)	-	-	-	(70,000)	70,000
Debenture financing	-	-	-	-	(821,520)
Shares and warrants issued	647,595	15,000	15,000	-	-
Share issue cost	-	-	(3,436)	-	-
	647,595	15,000	11,564	(70,000)	210,570

Aquiline Resources Inc.

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Consolidated Statements of Cash Flows ...continued

	Six-month period ended June 30,		Year ended December 31,		
	2000 \$ (Unaudited)	1999 \$ (Unaudited)	1999 \$	1998 \$	1997 \$
Investing activities					
Proceeds of sale of joint venture	-	-	-	1,141,888	-
Due to joint venture operator	(272,962)	-	-	(462,235)	19,532
Mineral property costs	-	-	-	(105,412)	(259,346)
Deferred exploration expenditures	-	(137,491)	(176,106)	(153,456)	(300,327)
Option payments received	-	-	-	285,900	553,600
Acquisition of capital assets	-	-	-	(11,762)	(126,287)
Writedown of investments	-	-	68,623	(156,250)	-
Proceeds from sale of investments	-	15,979	-	-	-
	(272,962)	(121,512)	(107,483)	538,673	(112,828)
Increase (decrease) in cash and short-term deposits	86,948	(247,513)	(254,620)	193,262	(408,025)
Cash and short-term deposits - Beginning of period	2,572	257,192	257,192	63,930	471,955
Cash and short-term deposits - End of period	89,520	9,679	2,572	257,192	63,930

Supplementary information to cash flow for the six-month period ended June 30, 2000

- 173,333 shares have been issued to settle creditors aggregating \$26,000. An amount of \$40,000 is receivable as at June 30, 2000 from a director as consideration for the issue of share warrants.
- 410,000 shares totalling \$110,000 have been issued for mineral properties.

1 Nature of operations and going concern

The Company is involved in the exploration and development of mineral properties. The joint venture participation in the Cieneguita gold mine was sold during 1998. The Company's remaining deferred exploration, development and operating costs relate to the La Jojoba property in Mexico, the ownership of which is in dispute (note 10), and to the River Valley platinum and palladium project. The Company has not yet determined whether these properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for resource assets is dependent upon the Company establishing its legal ownership of La Jojoba, upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development, and upon future profitable production or proceeds from the disposition of the mineral properties or settlement of the lawsuit. The amount shown as resource assets represents net costs to date, less amounts amortized and written off, and does not necessarily represent present or future values.

The Company is continuing its efforts to raise funds for future exploration activities and to pursue its legal claim in Mexico to attempt to retain title to the La Jojoba property and to continue exploration of the River Valley Properties. While it has been successful in doing so in the past, there can be no assurance that the Company will be successful in its efforts, in which the case the Company may be unable to meet its obligations and there may be substantial doubt about the ability of the Company to continue as a going concern. These financial statements have been prepared on a going concern basis which assumes the Company will be able to realize assets and discharge liabilities in the normal course of business for the foreseeable future. Accordingly, they do not give effect to the adjustments, if any, that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than the normal course of business and at amounts which may differ from those shown in the financial statements.

2 Summary of significant accounting policies**Principles of consolidation**

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries in Mexico, Minera Aquilon S.A. de C.V. and Minera San Isidro S.A. de C.V., which were formed to facilitate the acquisition, exploration and development of mineral properties in Mexico.

Cash and short-term deposits

These comprise cash and short-term deposits maturing within 90 days of the original date of acquisition.

Resource assets

The cost of the mineral properties and related exploration and development costs are deferred until the properties are placed into production, become inactive, or are sold or abandoned. These costs will be amortized over the estimated useful life of the properties following the commencement of production or written off if the properties are sold, allowed to lapse, or abandoned. The amount shown for interest in resource assets represents costs incurred to date and is not intended to reflect present or future values.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

Mineral property option agreements

Options are exercisable at the discretion of the optionee and, accordingly, are accounted for on a cash basis. Option payments received are treated as a reduction of the carrying value of the related deferred costs and then mineral property costs, until the Company's costs are recovered. Option payments received in excess of costs incurred are credited to income.

Foreign currency transactions

The Company's Mexican subsidiaries, Minera Aquilon S.A. de C.V. and Minera San Isidro S.A. de C.V., are treated as an integrated foreign operation and their accounts are translated into Canadian dollars using the temporal method as follows:

- i) revenue and expenses at average exchange rates for each period;
- ii) monetary items at the rates of exchange prevailing at the balance sheet dates;
- iii) non-monetary items at historical exchange rates; and
- iv) exchange gains and losses arising from translation are included in the determination of net earnings for each period.

Loss per share

The calculation of loss per share is based on the weighted average number of shares outstanding during the year. Fully diluted earnings per share are not presented as the exercise of warrants and options would be anti-dilutive.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results may differ from those estimates.

Fair values of financial instruments

The fair values of cash and short-term deposits, accounts receivable and prepaids, and accounts payable and accrued liabilities, are estimated to equal their carrying values.

Stock-based compensation plans

The Company has one stock-based compensation plan which is described in note 6. No compensation expense is recognized for this plan when stock or stock options are issued to employees. Any consideration paid by employees on exercise of stock options or purchase of stock is credited to share capital. If stock or stock options are repurchased from employees, the excess of the consideration paid over the carrying amount of the stock or stock option cancelled is charged to retained earnings.

3 Resource assets

Deferred costs for the properties, net of option payments received, are as follows:

	June 30, 2000 \$ (Unaudited)	December 31, 1999 \$	December 31, 1998 \$
Gold properties			
La Jojoba	1,042,861	1,042,861	1,042,861
Platinum and palladium			
River Valley	511,585	128,623	-
	<u>1,554,446</u>	<u>1,171,484</u>	<u>1,042,861</u>

La Jojoba

In August 1994, the Company entered into two agreements relating to six claims comprising the La Jojoba property (La Jojoba), which is located in the State of Sonora, Mexico. Pursuant to these agreements, the Company had the exclusive right to earn a 100% interest in La Jojoba by making payments totalling US\$2,000,000 plus value added tax (IVA) of 15% over the period August 1994 to December 1997. In December 1997, the Company renegotiated the final option payment such that US\$50,000 was paid to the vendor on December 10, 1997 and US\$100,000 was to be paid in June 1998, and the remaining US\$450,000 in December 1998. The Company made a payment of US\$65,000 in June 1998.

During the year ended December 31, 1997, the Company entered into an agreement with Hecla Mining Company (Hecla) whereby Hecla had the right to earn a 60% interest in La Jojoba. In September 1997, Hecla elected to terminate its interest in La Jojoba.

The Company is currently in a dispute with the vendor as to whether the 1998 payment schedule was further renegotiated to postpone the payment due dates or whether payments should have been made in accordance with the 1997 agreement. The mineral rights to the La Jojoba property have reverted to the previous owner and the Company is unable to recover IVA taxes paid in respect of the properties. In January 1999, the Company commenced an action in British Columbia against the vendor of the properties, former directors and officers of Aquiline and others claiming damages for breach of fiduciary duty and failure to take necessary actions to recover the IVA taxes paid and maintain the Company's interest in the property. If successful, the Company will begin an action in Mexico to seek to have its rights to the property reinstated.

River Valley

On March 4, 1999, the Company entered into a sub-option agreement with Mustang Gold Corporation to earn up to a 70% interest in claim units located near Sudbury, Ontario. Under this agreement, the Company has paid \$15,000 and issued 100,000 common shares and agreed to pay an additional \$75,000 over the next two years to the optionor. The Company has also undertaken to expend at least \$500,000 over the next three years on the property in order to maintain in force the working rights and option granted to it.

On April 1, 1999, the Company entered into further option agreements with Mustang Gold Corporation and Freewest Resources Canada Inc. under which it may earn a 50% joint venture interest in 17 claims by paying \$15,000 cash, 150,000 shares of Aquiline Resources Inc. on signing and \$17,500 cash over the next two years. The Company must also spend \$350,000 of exploration work on the property before the second anniversary of the signing of this agreement. \$125,000 is to be spent the first year with an option to spend the next \$225,000 in the second and third year.

On August 25, 1999, the Company acquired a 100% interest in 136 claim units located in Loughrin Township, Ontario. Consideration given amounted to \$100,000 (\$5,000 up front and the balance staged over 36 months) and 200,000 common shares at \$0.20. The Company is also committed to exploration expenditures of \$50,000 in the first year, \$50,000 in the second year and \$100,000 in the third and final year. The property is subject to a 2% net smelter return royalty (NSR).

Copper properties

During 1998, the Company sold the San Isidro, La Colmilluda, La Reyna and Inguaran copper properties for US\$200,000 (CAN\$285,700). The Company is entitled to receive a net smelter return royalty of 3% for a period of five years from the date of commencement of commercial production on any one of the properties, and 1.5% thereafter. As a result of this transaction, the carrying values of these copper properties, as at December 31, 1997 have been written down by \$409,636 to the value of the consideration. The carrying value of the La Morena property has also been written off based on management's assessment that this property does not have an economic resource.

4 Joint venture and investment in Glamis Gold Ltd.

On May 18, 1998, the Company sold its 40% joint venture interest in the La Cieneguita Project to its joint venture partner, Glamis Gold Ltd. The Company received in consideration 25,000 shares of Glamis Gold Ltd. which were valued at US\$4.25 per share (US\$106,250), a payment of US\$393,750 in cash and cancellation of amounts due to the joint venture of US\$307,611. The market value of the shares at December 31, 1998 was US\$1.875 and were written down to that amount (CAN\$68,934). At December 31, 1999, all of these shares were sold, resulting in a loss on disposal of \$312.

Aquiline Resources Inc.

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Notes to Consolidated Financial Statements

For each of the years ended December 31, 1999, 1998 and 1997

5 Share capital

Authorized

100,000,000 common shares without par value

Issued

	June 30, 2000		December 31, 1999		December 31, 1998	
	Number of shares	Amount \$ (Unaudited)	Number of shares	Amount \$	Number of shares	Amount \$
Balance - Beginning of period	7,717,475	3,909,655	7,367,475	3,860,591	6,267,475	2,898,501
Share capital issued for cash (note 11)	1,060,000	159,000	100,000	15,000	-	-
Share capital issued for non-cash consideration (note 11)	173,333	26,000	-	-	-	-
Share capital issued for mineral properties (note 11)	410,000	110,000	250,000	37,500	-	-
Share issue costs	-	-	-	(3,436)	-	-
Special warrants exercised	-	-	-	-	1,100,000	962,090
Balance - End of period	9,360,808	4,204,655	7,717,475	3,909,655	7,367,475	3,860,591

Special warrants

	June 30, 2000	
	Number of shares	Amount \$ (Unaudited)
Warrants issued for cash	814,285	528,594
Less: Amount receivable from director	-	(40,000)
Balance - End of period	814,285	488,594

Escrow shares

As at December 31, 1999, 375,000 (1998 - 375,000) shares were held in escrow subject to the direction of the regulatory authorities.

6 Stock-based compensation plan

A summary of the status of the Company's stock option plan and changes during the years ending on those dates is presented below.

	<u>December 31, 1999</u>		<u>December 31, 1998</u>	
	Shares (000)	Weighted average exercise price \$	Shares (000)	Weighted average exercise price \$
Outstanding - Beginning of year	-	-	510	1.48
Granted	620	0.15	-	-
Exercised	(150)	0.15	-	-
Forfeited	-	-	(510)	1.48
Outstanding - End of year	470	0.15	-	-
Options exercisable at year-end	470		-	

The following table summarizes information about stock options outstanding at December 31, 1999.

	<u>Options outstanding</u>			<u>Options exercisable</u>	
Exercise price \$	Number outstanding at December 31, 1999	Weighted average Remaining contractual life	Weighted average exercise price \$	Number exercisable at December 31, 1999	Weighted average exercise price \$
0.15	470,000	3.7 years	0.15	470,000	0.15

Aquiline Resources Inc. granted incentive share purchase options to acquire common shares without par value in the Company. All stock options vested immediately upon being granted. 545,000 of the options granted have a term of five years, and 75,000 of the options granted have a term of three years.

Aquiline Resources Inc.

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Notes to Consolidated Financial Statements

For each of the years ended December 31, 1999, 1998 and 1997

7 Related party transactions

Included in expenses is a management fee paid to Laramide Resources Ltd.

Laramide Resources Ltd. holds an 11% interest in Aquiline Resources Inc.

	Six-month period ended June 30,		Year ended December 31,	
	2000	1999	1999	1998
	\$	\$	\$	\$
	(Unaudited)	(Unaudited)		
Management fees	66,500	57,000	114,000	-

8 Income taxes

The Company has non-capital losses of approximately \$1,757,000, which may be applied against future taxable income, expiring as follows:

	\$
2000	23,000
2001	132,000
2002	237,000
2003	304,000
2004	630,000
2005	400,000
	<u>1,726,000</u>

The potential income tax benefits arising from these losses are not recorded in the consolidated financial statements.

9 Segmented information

	June 30, 2000		
	Canada	Mexico	Consolidated
	\$	\$	\$
	(Unaudited)	(Unaudited)	(Unaudited)
Current assets and investment	613,979	-	613,979
Resource assets	-	1,042,861	1,042,861
	<u>613,979</u>	<u>1,042,861</u>	<u>1,656,840</u>

Aquiline Resources Inc.

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Notes to Consolidated Financial Statements

For each of the years ended December 31, 1999, 1998 and 1997

	December 31, 1999		
	Canada \$	Mexico \$	Consolidated \$
Current assets and investment	133,719	-	133,719
Resource assets	-	1,042,861	1,042,861
	137,719	1,042,861	1,176,580

	December 31, 1998		
	Canada \$	Mexico \$	Consolidated \$
Current assets and investment	339,098	-	339,098
Resource assets	-	1,042,861	1,042,861
	339,098	1,042,861	1,381,959

10 Contingency

At the present time there exists a legal dispute between the Vendor of the La Jojoba property and the Company. The Vendor alleges that the Company has failed to make the required option payments to retain an ownership interest. The Company disputes this claim and is pursuing a legal action in British Columbia to attempt to regain its previous ownership interest.

11 Subsequent events

During January and February 2000, the Company completed a private placement for a total of 950,000 units at \$0.15 per unit for total proceeds of \$142,500. Each unit consists of one common share and a share purchase warrant. Two share purchase warrants entitle the holder to purchase an additional common share at a price of \$0.25 per share for one year. The Company also completed a debt settlement agreement in the amount of \$20,000 by the issuance of 133,333 shares at a deemed price of \$0.15 per share. Proceeds of the private placement will be used to fund continuing exploration of the Company's platinum and palladium projects in the Sudbury area.

On March 2, 2000, the Company acquired two further claim blocks in the River Valley area near Sudbury. The blocks, totalling 27 units, are located in Danada and Pardo Townships. The claims are being acquired for \$20,000 in cash and 50,000 common shares which were subsequently issued at \$0.34 per share. The vendor will retain a 3% NSR.

On March 27, 2000, the Company acquired three additional claim blocks in the River Valley area near Sudbury. The blocks totalling 36 units are located in Dana Township. The property is being acquired from Anaconda Uranium Corporation. Terms of the acquisition call for Aquiline Resources Inc. to make staged payments of \$50,000 in cash and 150,000 Aquiline Resources Inc. shares which were issued subsequently at \$0.34 per share; a further 150,000 shares may be issued if the property advances through the pre-feasibility stage.

Subsequent to December 31, 1999, the Company has issued 210,000 shares @ \$0.20 per share for the mineral claims acquired on August 25, 1999 located in Loughirn Township, Ontario.

The Company has entered into a brokered private placement of 895,713 special warrants at a price of \$0.70 per special warrant for gross proceeds of \$570,000. Each special warrant is exchangeable for no additional consideration into one common share and one common share purchase warrant of Aquiline. Each common share purchase warrant will entitle the holder thereof to acquire one Aquiline share at a price of \$0.75 on or before May 31, 2001. As an additional compensation (compensation option), the Company has granted to the agent a non-transferrable warrant to acquire 50,000 common shares at a price of \$0.75 per share on or before May 31, 2001. The number of common shares to be issued on the exercise of this compensation option will be only to the extent permitted by the Ontario Securities Commission. FirstDelta Securities Inc. has agreed to act as agent for this placement. The closing of the private placement financing is anticipated to occur in May 2000. Aquiline intends to use the proceeds of the private placement financing for further exploration work on its portfolio of platinum/palladium projects located near Sudbury, Ontario.

Stock options

- a) During January and April 2000, 150,000 shares @ 0.15 per share were issued to certain directors and creditors for options exercised.
- b) On March 23, 2000, the Company granted 380,000 incentive share purchase options to its directors. This was approved by the CDNX on June 12, 2000. Each option shall be exercisable at a price of \$0.27 per share at any time up to five years from the date of the option agreement.

CERTIFICATE OF THE COMPANY

Dated: September 21, 2000

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part 9 of the *Securities Act* (British Columbia) and Part XV of the *Securities Act* (Ontario) and the respective regulations thereunder.

(Signed) Marc C. Henderson
Chief Executive Officer

(Signed) Blaise Yerly
Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS

(Signed) Christian von Hesser
Director

(Signed) Frank H. Fowler
Director

CERTIFICATE OF THE AGENT

Dated: September 21, 2000

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 Part 9 of the *Securities Act* (British Columbia) and Part XV of the *Securities Act* (Ontario) and the respective regulations thereunder.

FIRST DELTA SECURITIES INC.

Per: (Signed) Geordie Trusler
Chairman and Chief Executive Officer