No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

PROSPECTUS

Initial Public Offering October 14, 2003

OREMEX RESOURCES INC.

(an exploration company)

Suite 900 – 409 Granville St.
Vancouver, BC
V6C 1T2
www.oremex.com

Telephone: (604) 683-5651
Facsimile: (604) 684-9365

Minimum of $2,000,000
Maximum of $2,500,000

Up to 5,000,000 Units at $0.50 per Unit

Oremex Resources Inc. (the "Company") is offering (the "Offering") to the public through its agent, Canaccord Capital Corporation (the "Agent"), on a commercially reasonable efforts basis, units (the "Units") to raise a minimum of $2,000,000 (the "Minimum Offering") and a maximum of $2,500,000 (the "Maximum Offering"). The Units are being offered at a price of $0.50 per Unit, with each Unit consisting of one common share in the capital of the Company ("Share") and one-half of one non-transferable common share purchase warrant ("Warrant"). One whole Warrant will entitle the holder thereof to acquire one Share for a period of 12 months following completion of the Offering at an exercise price of $0.60.

The completion of this Offering is subject to a minimum subscription of $2,000,000. In the event this minimum subscription is not attained, all funds raised hereunder will be retained by the Agent and refunded to investors without interest or deduction. The Offering will cease if the minimum offering is not subscribed within 90 days of the date of the final prospectus receipt.

	Price to the Public(1)	Agent's Commission(2)	Proceeds to the Company(3)(4)(5)
Per Unit	$0.50	$0.04	$0.46
Minimum Offering	$2,000,000	$160,000	$1,840,000
Maximum Offering	$2,500,000	$200,000	$2,300,000

Notes:

(1) The price of the Units has been determined by negotiation between the Company and the Agent and in accordance with the policies of the TSX Venture Exchange (the "Exchange").

(2) The Company has agreed to pay a commission to the Agent equal to 8% of the gross proceeds of the Offering. The Company will also issue to the Agent non-transferable share purchase warrants (the "Agent's Warrants") to acquire the number of Shares which is equal to 20% of the number of Units sold pursuant to the Offering (including any sold under the Greenshoe Option described below) exercisable at a price of $0.60 per Share for a period of 12 months from the date of the listing of the Shares on the Exchange (the "Listing Date"). The issuance of the Agent's Warrants is qualified for distribution hereunder. Refer to "Plan of Distribution".

(3) The Company has granted the Agent an option (the "Greenshoe Option") exercisable within 60 days of the closing of the Offering to acquire from the Company at a price of $0.50 per Unit, that number of Units which is equal to the lesser of 15% of the number of Units sold pursuant to the Offering and the actual number of Units subscribed for over and above the Maximum Offering. In the event the Agent exercises the Greenshoe Option in full, proceeds to the Company will be $375,000 (less the Agent's commissions of $30,000) for

net proceeds to the Company of $345,000. The grant of the Greenshoe Option and the issuance of Shares and Warrants comprising any Units purchased pursuant to exercise of the Greenshoe Option are qualified for distribution hereunder. Refer to "Plan of Distribution".

(4) *The Company will also pay for all reasonable expenses incurred by the Agent in connection with the Offering, including the Agent's fees, out-of-pocket expenses and fees and disbursements of the Agent's legal counsel. The Company will also pay the Agent a corporate finance fee of 75,000 common shares, which are qualified for distribution hereunder, and an administration fee of $10,000. Refer to "Plan of Distribution".*

(5) *Before payment of the legal, audit and other expenses associated with the Offering not paid as of the date hereof, which are estimated to be $50,000. Refer to "Use of Proceeds".*

Investments in natural resource issuers involve a significant degree of risk. The degree of risk increases substantially where the issuer's properties are in the exploration as opposed to the development stage. All of the properties of the Company are in the exploration or pre-exploration stage and are without a known body of commercial ore. The proposed exploration programs for exploratory searches for ore. Investors should not invest any funds in this Offering unless they can afford to lose their entire investment. For further particulars, refer to "Risk Factors".

The TSX Venture Exchange (the "Exchange") has conditionally approved the listing of the Shares. Listing is subject to the Company fulfilling all of the requirements of the Exchange on or before January 15, 2004, including the distribution of the Units to a minimum number of public security holders.

This prospectus also qualifies the distribution of 10,219,927 common shares of the Company, issuable for no additional consideration, upon the exercise of 10,219,927 special warrants (the "Special Warrants") previously issued by the Company at various prices, pursuant to applicable statutory exemptions from prospectus and registration requirements.

	Price to Special Warrant Holder	**Agent's Commission**	**Net Proceeds to the Company**
7,500,000 Series A Special Warrants	$0.001	Nil	$7,500
500,000 Series B Special Warrants	$0.25	Nil	$125,000
2,219,927 Series B Special Warrants	$0.35	Nil	$729,927[(1)]
Total	N/A	Nil	$862,427

Notes:

(1) *net of $47,048 in finders fees paid to the Agent in connection with the sale of a portion of the special warrants.*

Each Series A and Series B Special Warrant entitles the holder thereof to one Share (an "Underlying Share") at no additional cost. A portion of the Underlying Shares will be subject to escrow restrictions. See "Escrowed Securities".

Certain legal matters relating to the securities offered hereby will be passed upon by Miller Thomson LLP on behalf of the Company, and DuMoulin Black, Barristers and Solicitors, on behalf of the Agent.

The Agent conditionally offers the Units to the public, subject to prior sale, if, as and when issued by the Company in accordance with the terms and conditions contained in the Agency Agreement entered into between the Company and the Agent. Refer to "Plan of Distribution".

AGENT

Canaccord Capital Corporation
2200 - 609 Granville Street
Vancouver, BC V7Y 1H2

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SUMMARY OF PROSPECTUS

The following is a summary of the principal features of the Offering and should be read together with the more detailed information and financial data and statements contained elsewhere in this prospectus.

Business of the Company:	The Company is a mineral exploration company with interests in certain properties located in the States of Durango and Zacatecas, Mexico. The business of the Company consists of the acquisition, exploration and development (if warranted) of the properties in which it holds an interest. The principal minerals being targeted by the Company at the present time are silver and gold. Refer to "The Business of the Company".
Offering:	The Company is offering to the public, through the Agent, on a commercially reasonable efforts basis, Units to raise a minimum of $2,000,000 and a maximum of $2,500,000. Units are being offered at a price of $0.50 per Unit, with each Unit consisting of one Share and one-half of one Warrant. One whole Warrant will entitle the holder thereof to acquire one Share for a period of 12 months following completion of the Offering at an exercise price of $0.60.
Agent's Fees and Expenses	The Agent has been granted a Greenshoe Option pursuant to which the Agent may acquire from the Company, within 60 days of the closing of the Offering, at a price of $0.50 per Unit, that number of Units equal to the lesser of 15% of the number of Units sold pursuant to the Offering and the actual number of Units subscribed for over and above the Maximum Offering. The Agent will receive a commission equal to 8% of the gross proceeds of the Offering together with Agent's Warrants to acquire the number of Shares which is equal to 20% of the number of Units sold pursuant to the Offering (including any sold on any over-subscription). The Agent's Warrants will be exercisable at a price of $0.60 per Share for a period of 12 months from the Listing Date. The Company will also pay for all reasonable expenses incurred by the Agent in connection with the Offering, including the Agent's fees, out-of-pocket expenses and fees and disbursements of the Agent's legal counsel. The Company will also pay the Agent a corporate finance fee of 75,000 common shares and a $10,000 administration fee.
Special Warrants:	This prospectus also qualifies for distribution 10,219,927 Underlying Shares to be issued upon the exercise of previously issued Special Warrants. A total of 10,219,927 Series A and Series B Special Warrants were issued pursuant to prospectus exemptions under applicable securities legislation at various prices for net proceeds to the Company of $862,427. Refer to "Plan of Distribution". The proceeds from the sale of the Series A and Series B Special Warrants were used by the Company for costs associated with the acquisition of interests in certain Mexican mineral properties, the preparation of this prospectus, for working capital and general corporate purposes. Refer to "The Business of the Company". Since the date of issuance, no Series A or Series B Special Warrants have been exercised. Each Series A and Series B Special Warrant entitles the holder thereof to one Underlying Share for no additional consideration.

Use of Proceeds: After deduction of the Agent's commission, the Company will receive proceeds of $1,840,000 in the event of completion of the Minimum Offering and $2,300,000 in the event of completion of the Maximum Offering. As the Company had working capital as at August 31, 2003 of approximately $513,905, and has received the sum of $24,500 in proceeds from the sale of Series B Special Warrants subsequent to August 31, 2003, the Company will have net funds available of $2,378,405 in the event the Minimum Offering is completed and $2,838,405 in the event the Maximum Offering is completed. The Company intends to use these funds as follows:

Description:			Minimum Offering	Maximum Offering
(1)	To pay the estimated remaining costs of the Offering		$50,000	$50,000
(2)	To pay Agent's administration fee and estimated expenses		$30,000	$30,000
(3)	To make property payments, each for the sum of US$100,000, due January 20, 2004, July 20, 2004 and January 20, 2005		$405,000	$405,000
(4)	To make mineral property tax payments, each for approximately $16,400, due January 2004, July 2004 and January 2005		$49,200	$49,200
(5)	(a)	To conduct the Phase I exploration program on the Tejamen Silver Property	$500,000	$500,000
	(b)	To conduct the Phase I exploration program on the San Lucas Silver Property	$70,000	$70,000
(6)	(a)	To conduct all or a portion of the Phase II exploration program on the Tejamen Silver Property	$400,000	$800,000
	(b)	To conduct the Phase II exploration program on the San Lucas Silver Property (Maximum Offering only)	Nil	$260,000
(7)	To cover estimated general and administrative expenses for a 12-month period		$240,000	$240,000
(8)	To provide general working capital		$634,205	$434,205
	TOTAL		$2,378,405	$2,838,405

Refer to "Use of Proceeds".

Risk Factors: There is currently no market for the Shares. Investment in the Units should be regarded as highly speculative due to the proposed nature of the Company's business and its present stage of development.

The Company presently has no producing properties and the properties of the Company are without a known body of ore. There is no assurance that commercial quantities of minerals will be discovered on the properties nor is there any guarantee that the Company's exploration program thereon will yield positive results. The Company has no source of revenue and currently operates at a loss. Exploration, development and mining operations involve a high degree of risk that even a combination of experience, knowledge and careful evaluation may not be able to overcome. It will be necessary for the Company to raise additional monies to carry out exploration or development on the properties and there is no assurance that additional funds can be obtained on terms acceptable to the

Company or at all. Failure to obtain additional financing could result in delay or indefinite postponement of further exploration or development of the properties or loss of mineral claims. The Company's operations are subject to regulatory and environmental control by, and require licences, permits and approvals from, governmental bodies over which the Company has no control. The Company also competes with other corporations which have greater technical and financial resources. Refer to "Risk Factors".

Selected Financial Information:

The following information has been summarized from the financial statements contained in this prospectus, and reference should be made to these financial statements to put the following selected financial information in context.

	Period Ended May 31, 2003 (unaudited)	Year Ended November 30, 2002 (audited)	Year Ended November 30, 2001 (audited)
Current assets	$82,140	$6,857	$10,394
Mineral properties and deferred exploration costs	$21,717	nil	nil
Total liabilities	$30,709	$25,539	$14,104
Shareholders equity (net of deficit)	($588,852)	($565,682)	($550,710)

GLOSSARY OF TECHNICAL TERMS

The following is a glossary of certain mining terms used in this Prospectus:

"Ag" - the elemental symbol for silver.

"alteration" - usually referring to chemical reactions in a rock mass resulting from the passage of hydrothermal fluids.

"andesite" - a fine grained intermediate volcanic rock composed of andesine and one or more mafic constituents.

"anomaly or anomalous" – a deviation from uniformity or a local feature distinguishable in a geotechnical survey over a larger area. A local feature of a geotechnical survey that is different in appearance from the survey in general. In technical reports, a condition that may direct exporation to the location of petroleum or mineral deposits.

"assay" - an analysis to determine the presence, absence or quantity of one or more components (minerals).

"Au" - the elemental symbol for gold.

"batholith" - an intrusion, usually granitic, which has a large exposed surface area and no observable bottom. Usually associated with orogenic belts.

"breccia" - rock consisting of more or less angular fragments in a matrix of finer-grained material or cementing material.

"Caldera" - a large basin-shaped volcanic depression.

"Cu" - the elemental symbol for copper.

"dacite" - a fine grained acid volcanic rock, similar to rhyolite in which the feldspar is predominantly plagioclase. Volcanic equivalent of granodiorite and quartz diorite.

"dilution" - results from the mixing in of unwanted gangue or waste rock with the ore during mining.

"diorite" - a coarse grained, plutonic igneous rock that consists of intermediate plagioclase and one or more ferromagnesian minerals and little or no quartz.

"dip" - geological measurement of the angle of maximum slope of planar elements in rocks. Can be applied to beddings, jointing, fault planes, etc.

"fault" - a fracture in a rock where there has been displacement of the two sides.

"Fe" – the elemental symbol for iron.

"faults" - breaks in rocks with noticeable movement or displacement of the rocks on either side of the break.

"fracture" - breaks in a rock, usually due to intensive folding or faulting.

"gangue" - term used to describe worthless minerals or rock waste mixed in with the valuable minerals.

"grade" - the concentration of each metal in a rock sample, usually given as weight percent. Where extremely low concentrations are involved, the concentration may be given in grams per tonne (g/t) or ounces per ton (oz/t). The grade of an ore deposit is calculated, often using sophisticated statistical procedures, as an average of the grades of a very large number of samples collected from throughout the deposit.

"granite" - a coarse grained, plutonic igneous rock that is normally pale pink, pale pink-brown, or pale grey, and composed of quartz, alkali feldspar, micas and accessory minerals.

"hectare" - an area of 100 square metres.

"Hg" - the elemental symbol for mercury.

"hydrothermal" - hot fluids, usually mainly water, which may carry metals and other compounds in solution to the site of mineral deposition or wall rock alteration.

"igneous" - a rock formed by the cooling of molten silicate material.

"ignimbrites" – a type of volcanic rock (welded tuff of chiefly rhyolite composition) forming thick massive, compact lava-like sheets*;*

"intermediate" - an igneous rock made up of both felsic and mafic minerals (diorite).

"intrusion" - general term for a body of igneous rock formed below the surface.

"limestone" - sedimentary rock that is composed mostly of carbonates, the two most common of which are calcium and magnesium carbonates.

"low contrast anomaly" - an anomaly which is statistically slightly elevated (2-3 times) above background. Also called slightly anomalous.

"mafic" - a term used to describe ferromagnesian minerals. Rocks composed mainly of ferromagnesian minerals are correctly termed melanocratic.

"metamorphic" - any rock which is altered within the earth's crust by the effects of heat and/or pressure and/or chemical reactions.

"mineralization" - usually implies minerals of value occurring in rocks.

"Mn" – the elemental symbol for manganese.

"outcrop" - an exposure of rock at the earth's surface.

"Pb" - the elemental symbol for lead.

"porphyry" - rock type with mixed crystal sizes, i.e. containing phenocrysts of one or more minerals.

"pyroclastic" – a general term of fragmental deposits of volcanic rock.

"quartzite" - recrystallized sandstone or other siliceous, arenaceous rock with intergrown, interlocking quartz grains. Quartzite is very hard, usually massive and should be free of rounded sand grains.

"rhyodacite" between acid and intermediate volcanic rock.

"rhyolite" - fine grained equivalent of a granite.

"rhyolite tuffs" – a felsic volcanic rock formed of compacted volcanic fragments generally smaller tan 4 mm in diameter.

"rhyolitic" – acid volcanic rock.

"sandstone" **-** composed of sand-sized fragments cemented together. As a rule the fragments contain a high percentage of quartz.

"schist" **-** foliated rock where crystals or mineral flakes are visible but not necessarily identifiable.

"sedimentary" **-** a rock formed from cemented or compacted sediments.

"sediments" **-** are composed of the debris resulting from the weathering and breakup of other rocks that have been deposited by or carried by runoff, streams and rivers, or left over from glacial erosion or sometimes from wind action.

"sericite" **-** a fine-grained variety of mica occurring in small scales, especially in schists.

"silicate" **-** most rocks are made up of a small number of silicate minerals ranging from quartz (SiO_2) to more complex minerals such as orthoclase feldspar ($KAlSi_3O_8$) or hornblende ($Ca_2Na(Mg,Fe)_4(Al,Fe,Ti)Si_8)_{22}(OH)_2$).

"siliceous" – rock having a high silica content.

"spectrometer" **-** a special type of scintillometer instrument used to tell whether the radioactivity is due to uranium, thorium, or potassium. Some can provide an approximate analysis of the amount present in the rocks being tested.

"strike" **-** the direction of a horizontal line on the surface of the bed, or other planar feature.

"tailings" **-** material rejected from a mill after recoverable valuable minerals have been extracted.

"veins" **-** the mineral deposits that are found filling openings in rocks created by faults or replacing rocks on either side of faults.

"volcanism" – a general term describing the process by which extrusive igneous and pyroclastic rocks are formed.

"waste" **-** rock which is not ore. Usually referring to that rock which has to be removed during the normal course of mining in order to get at the ore.

"Zn" **-** the elemental symbol for zinc.

METRIC EQUIVALENTS

To convert from metric	To imperial	Multiply by
Hectares	Acres	2.471
Meters	Feet	3.281
Kilometres	Miles	0.621
Tonnes	Tons (2,000 pounds)	1.102
grams/tonne	ounces (troy)/ton	0.029
Kilograms	Ounces	32.151

CURRENCY

All financial information in this prospectus is stated in Canadian dollars, unless otherwise indicated. For the purposes of the disclosure under "Use of Proceeds" costs in United States dollars (US) have been converted at a rate of 1.35. For the purposes of the disclosure under "Terms of Acquisition" and "Mexican Mining Regulations" costs in Mexican Pesos (MP) have been converted at a rate of 0.130377.

CORPORATE STRUCTURE

Oremex Resources Inc. (the "Company") was incorporated under the name Blackhorn Gold Mines Ltd. on April 3, 1995 under the *Canada Business Corporations Act*, and was extra-provincially registered in British Columbia on June 8, 1995. The Company has been a reporting issuer in the province of British Columbia since 1997, when it received a receipt for a prospectus by the British Columbia Securities Commission. The Company did not complete the proposed initial public offering under the prospectus due to unfavourable market conditions. The Company changed its name to Oremex Resources Inc. on July 9, 2003.

The Company's head office is located at 900 – 409 Granville Street, Vancouver, BC V6C 1T2, and registered office is located at 1000 – 840 Howe Street, Vancouver, BC, V6Z 2M1.

The Company has no subsidiaries at the present time.

THE BUSINESS OF THE COMPANY

General

The Company is a mineral exploration company and is engaged in the acquisition, exploration and, if warranted, development of mineral properties. The Company has been inactive over the past three fiscal years, however previously the Company held an option to acquire an interest in the Blackhorn Claims located in the Clinton Mining Division of British Columbia. Due to unfavourable market conditions for mineral exploration companies, the Company was unable to raise sufficient funds to explore the Blackhorn claims, and as a result the option was allowed to lapse. In 1999 the Company wrote-off $264,978 of expenses associated with the Blackhorn claims.

The Company has agreed to acquire interests in six mineral properties located in the states of Durango and Zacatecas, Mexico. The principal properties to be acquired are the Tejamen Silver Property and the San Lucas Silver Property. The minerals targeted by the Company on these properties are silver and gold.

Principal Mineral Properties

The Company's material mineral properties are the Tejamen Silver Property and the San Lucas Silver Property. The following is a description of the material mineral properties of the Company. These properties are in the exploration stage only and there are no current mineral resources or mineral reserves on these properties.

Terms of Acquisition

The Company agreed to acquire the Tejamen Silver Property, the San Lucas Silver Property and four other mineral properties located in the states of Durango and Zacatecas Mexico, pursuant to an agreement dated February 28, 2003 (the "Letter Agreement"), between the Company and Minera Montana S. de C.V. ("Minera Montana"). Minera Montana is a Mexican corporation controlled by Dale E. Scholz. The Letter Agreement contemplated that the Company would acquire Minera Montana in consideration for the issue of not less than 3,500,000 common shares of the Company. The structure of the transaction was changed in June, 2003, when the parties entered into a formal property option agreement dated for reference February 28, 2003, as amended, (the "Property Agreement") that replaced and superseded the Letter Agreement. As a result of the revised structure of the transaction, Dale E. Scholz and certain members of his family subscribed for 3,500,000 Series A Special Warrants at a price of $0.001 per special warrant. The 3,500,000 common shares to be issued on the exercise of the Series A Special Warrants are subject to escrow restrictions (refer to "Escrowed Securities").

In accordance with the terms of the Property Agreement, in consideration for payment of the sum of $3,500 by the Company, the Company may acquire thoses properties presently held by Minera Montana and upon completion of payment of the amounts payable to Senora Jarvis under the Jarvis Agreement described below on or before the dates such payments are due, Minera Montana has agreed to assign all of its mineral property interests to a Mexican subsidiary to be formed and wholly-owned by the Company. The Agreement was made on an arms-length basis, however Mr. Scholz was subsequently elected to the board of directors of the Company.

Minera Montana has agreed to acquire certain mineral exploration concessions under an agreement with Senora Bertha Gamiz Viuda de Jarvis ("Jarvis"), dated July 20, 2000, as amended (the "Jarvis Agreement"). Under the terms of the Jarvis Agreement, Minera Montana has agreed to acquire such concessions from Jarvis by completing the following payment obligations, on a tax free basis, to Jarvis:

July 20, 2000	US$10,000 (paid)
July 20, 2001	US$50,000 (paid)
July 20, 2002	US$75,000 (paid)
July 20, 2003	US$100,000 (paid)
January 20, 2004	US$100,000
July 20, 2004	US$100,000
January 20, 2005	US$100,000
July 20, 2005	US$150,000
January 20, 2006	US$200,000
July 20, 2006	US$1,115,000
Total:	**US$2,000,000**

Payment on a "tax free basis" means that Minera Montana is also obligated to pay the Mexican IVA tax (15%) upon completion of the payments due under the Jarvis Agreement. Minera Montana has the right to terminate the Jarvis Agreement on thirty days notice. The mineral exploration concessions which are the subject of the Jarvis Agreement include concessions which form part of the Tejamen Silver Property and the San Lucas Silver Property, as well as four other mineral properties which are not considered by the Company to be principal properties at this time. Additional mineral concessions which make up the balance of the Tejamen Silver Property and the San Lucas Silver Property are owned by Minera Montana, and will be held for the Company pursuant to the Property Agreement. Details of the concessions owned by Jarvis and concessions owned by Minera Montana set out in the tables under the headings "Tejamen Silver Property, State of Durango, Mexico" and "San Lucas Silver Property, State of Durango, Mexico".

The Company is also obligated to pay biannual taxes on the mineral concessions which are the subject of the Jarvis Agreement and the Property Agreement, which are payable to the Mexican government in January and July of each year. In July 2003, the Company made a biannual payment of MP$125,747, which is equivalent to approximately $16,400. The minimum annual exploration work that is required to maintain the mineral concessions is approximately MP$475,000, which is equivalent to approximately $62,000. Many of the mineral concessions have a substantial credit for excess exploration work carried out in prior years. Refer to "Mexican Mining Regulations" for further details.

Mexico Mining Regulation

The mining industry in Mexico is controlled by the Secretaria de Economia – Directiron General de Mines which is located and administered out of Mexico City. Mining concessions in Mexico may only be obtained by Mexican nationals or Mexican companies incorporated under Mexican laws. Mexican law grants concessions under the denominations of exploration or exploitation. The construction of processing plants requires further governmental approval.

The holder of an exploration concession is granted the exclusive rights to explore a designated area. Exploration concessions are granted for a period of six years from the date of their recording in the Public Registry of Mining. Exploration concessions are not renewable after the end of the initial term. The holder of an exploration concession must file an application for an exploitation concession before the end of the six year term. If the concessionaire does not comply with this requirement, the concession will be cancelled. Exploitation concessions are granted for 50 years from the date of their registration with the Public Registry of Mining to the exploration concession holder as a matter of law if all regulations have been complied with. During the final 5 years of exploitation, the concession holder may apply for one additional 50 year period, which is automatically granted provided all other concession terms had been complied with.

In accordance with the Federal Duties Law ("LFD") the holder of an exploration concession is obligated to pay an exploration duty based upon the number of hectares covered by the concession area. These fees are determined per hectare as follows:

1. During the first year, MP$1.98 (Mexican Pesos) (approximately $0.26) per hectare;

2. From the second to the fourth year, MP$5.88 (approximately $0.77) per hectare;

3. The fifth and sixth year, MP$12.15 (approximately $1.58) per hectare.

The holder of an exploitation concession must pay biannual duties in January and July of each year as described under the LFD. These duties are in the following amounts:

1. During the first and second year, MP$24.49 (approximately $3.19) per hectare;

2. The third and fourth year, MP$49.19 (approximately $6.41) per hectare;

3. The fifth and subsequent year, MP$86.28 (approximately $11.25) per hectare.

Concessionaires for both exploration and exploitation must perform work each year that must begin within ninety days of the concession being granted. Concessionaires must file each May, proof of the work performed. Non-compliance with these requirements is cause for cancellation only after the Ministry of Mines communicates in writing to the Concessionaire of any such default granting the Concessionaire a specified time frame in which to remedy the default.

The investment in exploration work must be at least equal to the amount resulting from applying the following table to the number of hectares covered by the exploration concession or by the grouping of mining concessions:

Surface Area (hectares)	**Minimum Annual Expenditure (Mexican Pesos)**	**Additional Minimum Annual Expenditure Per Hectare (Mexican Pesos)**
From 1 to 30	347.52	5.65
From 31 to 100	526.26	10.52
From 101 to 500	1,290.30	25.54
From 501 to 1,000	12,047.75	33.30
From 1,001 to 5,000	33,558.74	2.0199
From 5,001 to 50,000	42,595.63	1.4422
From 50,001 onwards	107,992.75	1.3316

In the case of groupings of exploration concessions, the additional fee per hectare is applied based on the date of issuance of the oldest concession which is part of the grouping.

There are no limitations on the total amount of surface covered by exploration or exploitation concessions or on the amount of land held by an individual or company. Excessive accumulation of land is regulated indirectly through the duties levied on the property and the production requirements as outlined above.

The Mexican mining law does not require royalties to the Government, except for the discovery premium related to National Mineral Reserves, Concessions in Marine Zones and Allotments to the Council of Mineral Resources.

Descriptions of the Tejamen Silver Property and San Lucas Silver Property are set out below.

The following information on the Company's principal mineral properties is based primarily on two technical reports entitled "Technical Report on the Tejamen Silver Property" (the "Tejamen Report") and "Technical Report on the San Lucas Silver Property" (the "San Lucas Report"), respectively, both dated April 30, 2003, and prepared by Peter Christopher & Associates Inc. The Tejamen Report and the San Lucas Report have been filed on SEDAR and may be examined by accessing the SEDAR website at www.sedar.com.

Tejamen Silver Property, State of Durango, Mexico

Description

The Tejamen Silver Property, consisting of 21 mineral exploration and exploitation concessions covering about 1,672.05 hectares, is situated in the municipality of Nuevo Ideal, in the state of Durango, Mexico. Refer to Figure 1 for a General Location Map, and Figure 2 for a mineral surveyors legal plot of the property.

Details of the mineral exploration concessions which comprise the Tejamen Silver Property are provided in the following table:

Name	Title #	Hectares	Expiry Date	Ownership
La Frontera, Agrup.	153616	7.0800	27 Sept 2020	Jarvis
Tejamen	160353	40.0000	29 July 2024	Jarvis
Tejamen Cinco	191541	48.0818	18 Dec 2041	Jarvis
Tejamen Siete	160352	147.9841	29 July 2024	Jarvis
Tejamen Ocho	199580	96.0000	28 Apr 2044	Jarvis
La Mugrosa	161152	10.0000	27 Jan 2025	Jarvis
Larranaga	161289	100.0000	17 Mar 2025	Jarvis
La Eureka	158967	10.0000	13 Aug 2023	Jarvis
Guanajuato	213212	42.7063	05 Apr 2051	Jarvis
Unif. Ampl. Frontera	211792	887.9738	26 July 2050	Jarvis
Frontera Frac. 1	211793	26.7997	26 July 2050	Jarvis
Frontera Frac. 2	211794	5.9324	26 July 2050	Jarvis
Frontera Frac. 3	211795	131.8600	26 July 2050	Jarvis
Tejamen 2	214204	1.2695	09 Aug 2007	Montana
Tejamen 2 Frac. 2	214205	0.8635	09 Aug 2007	Montana
Tejamen 2 Frac. 3	214206	0.1073	09 Aug 2007	Montana
Tejamen 3	215873	10.0000	18 Mar 2008	Montana
El Refugio	213202	35.0191	29 Mar 2007	Montana

Name	Title #	Hectares	Expiry Date	Ownership
Naya	213433	39.2372	10 May 2007	Montana
Naya Frac.	213434	14.9136	10 May 2007	Montana
Chavita	216032	16.1270	01 Apr 2008	Montana

Title to the concessions are held in the names of Jarvis and Minera Montana, with Minera Montana (“Montana” in table) holding rights to purchase the Jarvis owned concessions. The concessions, located by a registered Mineral Surveyor, are displayed on a claim plan prepared by the Mineral Surveyor (Figure 2), a legal plan of the claim location.

Topography, Elevation and Climate

The Tejamen Property is located in the eastern part of the Sierra Madre Occidental physiographic province in the Llanuras Altas (high plain) subdivision. Elevations on the property average about 2200m and range from about 2050m in Quebrada Escandida to about 2500m in the western part of the property. Elevations up to 3230m occur in the Sierra el Epazote Range to the west of the property with basin and range features in the area generally trending NNW.

The region is semi-arid. The area has a temperate climate with cooler temperatures in the winter producing some freezing rain and snow in December through February. A rain season may occur between July and October.

Quebrada Escondida and its tributaries drain the Tejamen area and flow easterly in Laguna Santiaguillo. A local dam provides a source of water during the dry season. The arid climate produces abundant cactus, napal and agave. Irrigation allows farming of beans, corn and fruit and nut orchards.

Location and Accessibility

The Tejamen Property has easy two-wheel drive access via paved highway 45 for 56 km to the village of Guadalupe Aguilera, and then 70 km via highway 39 to the town of Nuevo Ideal from which a good gravel road is taken westerly for 13 km to Tejamen. The property is between latitudes 24º45’N and 24º50’N and between longitudes 105º05’W and 105º12’W.

History

The Tejamen area was explored by gambusinos (small or informal miners) from 1885 to 1900. In 1900 the Compania Minera La Eureka and in 1906 company El Duraznito were founded to work the La Eureka, Melchor Ocampo, Matilde, La Fama, Providencia, La Cuna, and El Duraznito mines. In 1908 La Eureka company installed a 50-ton/day mill and cyanide recovery plant. Mining activity was halted in 1910 due to the Mexican Revolution.

In the 1970s, the Cerro Prieto was in production at 30 tons/day with the production shipped to the Parrilla concentrator plant of Comision de Fomento Minero. The Cerro Prieto mine was developed on 5 levels from a main vertical shaft 80 meters in depth.

From 1978 to 1981, Consejo de Recursos Minerales (“CRM”), Luismin Mining Corp. (“Luismin”) (now part of Wheaton River Minerals), and Tormex, S.A. (an affiliate of Lacana Mining Corporation) conducted geological and sampling programs on the Tejamen Property. Tormex conducted a second sampling program in 1985, and Luismin conducted additional sampling and underground sampling in 1990. From 1992 to 1994, Exploration y Minera Independencia de Mexico S.A. (“EMISA”), an affiliate of Independence Mining Company, explored the property with surface and underground, geological, geophysical and sampling programs and completed 12 reverse circulation holes totalling 2,030 metres, and 24 diamond drill holes totalling 5,065metres. The EMISA drilling demonstrated the presence of a large, low-grade silver-bearing system with some high-grade feeder veins.

Kobex Resources Ltd., a Vancouver, B.C. based junior mining company (“Kobex”), explored the property in 1998 and 1999 with an induced polarization survey and drilled four diamond drill holes totalling 997m.

Minera Montana acquired the rights to purchase the Tejamen Property in 2000, and staked additional claims in 2001 and 2002 to protect extensions of known vein zones. On March 30, 2003 the author of the Tejamen Report collected 13 rock chip samples from the Cerro Prieto workings for comparison with previous sampling by Luismin. Refer to the table entitled “The Author’s Check Samples for Cerro Prieto” and Figure 3 for a comparison of samples and results.

Geology and Mineralization

The Tejamen Silver Property is located in the Sierra Madre Occidental physiographic and geological province in an extensive volcanic plateau that has been affected by horst and graben structures with bounding normal faults. Fault structures generally have northerly or north-north-westerly trends. Caldera structures have been recognized north and south of Durango but have not been recognized in the Tejamen area. Tensional tectonic activity has resulted in numerous cross structures that may contain silver bearing veins with commercial values.

The eastern Sierra Madre Occidental is made up of two volcanic sequences separated by a period of no igneous activity. An Upper Volcanic Complex (UVC) is composed of gently dipping rhyolitic ignimbrites and rhyodacite that range in age from 27 to 34 million years. The UVC is part of the largest known ignimbrite cover. An unconformity separates the UVC from intermediate composition volcanic rocks of the Lower Volcanic Complex (LVC). The contact between the UVC and LVC is an irregular surface with local strong relief. The LVC occurs as erosional windows in the UVC. The LVC is formed of andesite flows and pyroclastic units with more siliceous interlayered ignimbrites. The LVC is weakly deformed, altered and intensely faulted, and it is the primary host rock for mineralization. Quaternary alluvial and colluvial deposits cover the volcanic complex in some low-lying areas.

The Tejamen Property geology was mapped in 1993 by the Consejo de Recursos Minerales (“CRM”), a Mexican government organization and augmented by company geologists working for Luismin, Tormex, EMISA and Kobex. The rocks that outcrop on the Tejamen Property are volcanic rocks of the LVC of the eastern Sierra Madre Occidental. The andesitic to dacitic rocks are intruded by dacite porphyry and interlayered with dacitic and rhyolitic tuffs and ignimbrites. The main fault structures on the property trend NE and N-S and control the main vein zones in the Tejamen area.

Vein type mineral deposits in volcanic rocks of the Sierra Madre Occidental are of the low or moderate sulfidation epithermal type. Higher-grade mineralization generally occurs in a temperature sensitive zone related to boiling of mineralizing solutions. Solutions follow and mineralize structures but strong tectonic activity may cause expansion of the mineralized zones into the hanging and footwall of the feeder structures. In the Mantos area higher angle veined feeder structures intersected lower angle structural zones, and shallow dipping mantos formed. Propylitic alteration is widespread but argillic, potassic and siliceous alteration appears to occur in up to 80-meter wide envelopes around feeder vein structures.

The Cerro Prieto and Los Mantos (Mantos) area are the best-known mineralized zones on a property that has over a dozen named vein zones with old mine workings. At the Cerro Prieto, a narrow, high-grade silver-lead-zinc vein was developed in the 1970s via an 80 metre shaft. Grades of the Cerro Prieto, based on 56 rock chip and channel samples from all six levels, were reported by Luismin to average 0.0979 g/t Au, 405 g/t Ag, 2.32% Pb, and 1.97% Zn over an average vein width of 1.38 metres. The ore minerals are galena, sphalerite, and pyrite with minor chalcopyrite, tetrahedrite and argentite in a gangue of quartz, calcite, barite and Fe and Mn oxides. Mineralization is present as veins, veinlets and breccia zones related to a NE trending and NW dipping high angle structure. Sampling by Luismin in 1991, of a Level 4 cross-cut driven into the footwall of the Cerro Prieto vein, returned 43.65 metres grading 160 g/t Ag, 1.26% Pb and 3.18% Zn. Drilling by EMISA and hole KTJ-3 drilled by Kobex (refer to the table entitled “Significant Assays from Kobex Res. 1999 Drill Program”) contained wide zones of low grade silver in an envelope of stockwork veining around the main vein structure.

The Los Mantos area has similar mineralization as the Cerro Prieto zone but solutions encountered a N40ºE structure dipping 20 to 40ºE and mineralization spread laterally parallel to layering in the host LVC. Mineralization consists of galena, sphalerite, pyrite, and minor chalcopyrite, tetrahedrite and argentite in a gangue of mainly quartz and clay minerals. Native silver and free gold are reported to occur in strongly oxidized area.

Work on the Project

Drilling programs have been conducted in 1993 by EMISA and in December 1998 by Kobex. EMISA completed 12 reverse circulation holes totalling 2,030 metres and 24-diamond drill holes totalling 5,065 metres. Kobex explored the property in 1998 and 1999 with four diamond drill holes totalling 997m. Significant results from the Kobex drill program are provided in the following table:

Significant Assays from Kobex Res. 1999 Drill Program.

Hole	From/To (m)	Interval (m)	Ag(g/t)	Pb%	Zn%
KTJ-1	101.0/110.2	9.2	9.0	n/a	n/a
"	137.2/138.3	1.1	68.0	n/a	n/a
"	164.4/166.4	2.0	42.0	n/a	n/a
"	196.0/220.0	24.0	6.7	n/a	n/a
KTJ-2	217.8/229.4	11.6	26.6	n/a	n/a
"	246.9/247.1	0.2	109.8	n/a	n/a
"	254.0/254.4	0.4	67.9	0.9	3.7
KTJ-3	52.0/96.7	44.7	62.6	n/a	n/a
Including	53.3/53.7	0.4	724.1	1.29	1.94
Including	93.7/95.2	1.5	866.7	1.34	1.94
KTJ-4	27.0/31.5	4.5	103.1	2.17	2.17
"	124.0/124.7	0.7	97.2	2.58	4.08

Previous drilling by EMISA and Kobex has demonstrated a large silver system situated in and around structures that cut LVC rocks in the easterly part of the Sierra Madre Occidental. Several EMISA diamond drill holes contain significant near surface results that suggest good open pit potential. EMISA twinned their first four diamond holes with reverse circulation holes that give similar results. Results from a 2.00 m intersection in one twinned hole assayed 5,036 g/t Ag; 3.90 g/t Au; 2.33% Pb and 2.74% Zn, which demonstrates a high-grade feeder zone potential. One hole drilled by Kobex in the Cerro Prieto area contained 44.7m intersection (from 52.0 to 96.7m) grading 62.6 g/t Ag and supports the bulk mining potential of the zone.

Sample Preparation, Analyses and Security

The author of the Tejamen Report reviewed exploration reports completed for EMISA (1994) and for Kobex (1999). The EMISA report, prepared before National Instrument 43-101 standards, contained no discussion of sample preparation, analyses and security. The Kobex report, prepared after introduction of National Instrument 43-101, describes sample preparation, analysis and security. The Kobex drilling and sampling, supervised by a qualified person, appears to be conducted to standards recommended by National Instrument 43-101. Samples were secured in a locked building and picked-up by Bondar Clegg for analysis. A blank sample was used for every twentieth sample.

Tormex S.A. and Luismin results were reviewed as sample plans with no discussion of analytical methods, sample security or method of analysis. CRM (1978) samples were analyzed for gold, silver, lead and zinc at the CRM laboratory in Hermosillo, Sonora. The CRM analytical methods were not described.

Data Verification

The author of the Tejamen Report collected 13 check samples at sites previously sampled by Luismin in 1991 Figure 3 with a sample comparison shown in the table entitled "The Author's Check Samples for Cerro Prieto" and on Figure 3. The author's samples were chip samples taken along previous channels. Chip samples averaged about 2kg and were judged to be much smaller than samples collected from the channels. A number of the author's samples started and/or ended at workings that were avoided by the author. Luismin's samples near workings gave consistently higher values and suggest that Luismin samplers may have sampled closer to or into old workings. The author's 13 check samples averaged 97 g/t Ag and Luismin samples average 168 g/t Ag. The author's 6 samples collected away from workings averaged 81 g/t Ag and give excellent comparison with Luismin's samples that averaged 79 g/t Ag.

The author's samples confirm the presence of significant values in envelopes of stockwork quartz veining around previously mined high grade. Luismin surface sampling values were about 40% higher than the author's check sample values, which indicates that historic sampling requires confirmation before use in defining resources.

The Author's Check Samples for Cerro Prieto.

Sample	UTM	Type	Width	Ag g/t	Au g/t	@ #*	Ag g/t
178801	0485673E 2743016N	Chip	5.0m	36.8	0.01	33	56
178802	"	Chip	5.0m	124.1	0.01	34	126
178803	0485691E 2743021N	Chip	5.0m	87.5	0.01	27	323
178804	"	Chip	7.0m	86.5	0.01	26	79
178805	"	Chip	5.0m	81.8	<0.01	25	63
178806	0485706E 2743052N	Chip	6.5m	88.4	0.01	22	92
178807	"	Chip	11.0m	69.4	<0.01	21	50
178808	0485712E 2743099N	Chip	11.0m	13.5	0.01	12	109
178809	0485602E 2742913N	Chip	3.0m	117.9	0.01	79	233
178810	"	Chip	3.0m	163.4	0.01	80	356
178811	"	Chip	2.0m	73.0	0.01	81	169
178812	"	Chip	3.0m	166.5	0.02	82	294
178813	"	Chip	7.0m	153.5	0.03	85	234

*Luismin sample number

Previous exploration conducted on the Tejamen Silver Property by CRM, Luismin, Tormex, EMISA and Kobex has concentrated on the Mantos and Cerro Prieto zones. Limited previous mining that occurred in the Mantos zone prior to 1910, and in the Cerro Prieto in the 1970s, removed only the highest-grade portions of narrow veins. Recent exploration, by previous operators, has demonstrated that the higher-grade veins are enveloped by alteration zones and stockwork vein zones that contain significant silver and in some cases gold and base metal values over wide intervals. Underground sampling of the Cerro Prieto by Luismin in 1991, returned an average of 160 g/t Ag, 1.26% Pb and 3.1% Zn over the 43.65 metre length of a cross-cut in the footwall of the main (mined) vein. The author was unable to check underground samples but checked 13 Luismin surface channel samples with similar length chip samples. The author's samples contained an average of 97 g/t Ag and support the presence of a strongly mineralized halo around the main Cerro Prieto vein structure. The author's samples contain about 60% of the Luismin silver values, which indicates that previous sampling needs to be validated before use in resource calculations.

Sampling of the Cerro Prieto by EMISA produced wide mineralized intervals in three diamond drill holes (TJBD-1, TJBD-2 and TJBD-3) with 24m grading 159 g/t Ag in hole 1; 48.50m grading 83 g/t Ag, and 42.00m grading 78 g/t Ag in hole 2; and 27.70m grading 62 g/t in hole 3.

Previous drilling by EMISA and Kobex has demonstrated a large silver system at Tejamen that is situated in and around structures that cut LVC rocks in the easterly part of the Sierra Madre Occidental. EMISA diamond drill holes TJBD 1-3, 10-15 and 17 contain significant near surface results that suggest good open pit potential. EMISA twinned their first four diamond holes with reverse circulation holes that give similar results. Twinned holes TJBD-6 and TJCI-11 contained 6m grading 1,400 g/t Ag and 2m of 5,036 g/t Au (also 3.90 g/t Au; 2.33% Pb and 2.74% Zn) that demonstrate high-grade feeder zone potential. Kobex hole KTJ-3, drilled in the Cerro Prieto area contained 44.7m from 52.0 to 96.7m grading 62.6 g/t Ag and supports the bulk mining potential of the zone.

Previous drilling on the Tejamen Property was widely spaced with drill sections at about 100m intervals, however drill sections should be spaced at about 40m intervals for use in resources calculations. Further comparison surface and underground sampling, and twinned drill holes are required to evaluate results of previous exploration programs to allow use of the historic data.

Mineral Resources and Reserves

There are no current mineral resources or mineral reserves on the Tejamen Silver Property.

Recommended Work Program

The author recommends a two-phase program of reverse circulation (RC) or down-hole hammer (DHH) drilling with an initial 3,500 m Phase 1 program estimated to cost CAD$500,000. Contingent on the success of the Phase 1 program, a 6,000 m Phase 2 drill program and metallurgical testing is recommended at an estimated cost of CAD$800,000.

Phase 1 should compare four holes with previous drill holes to valuate previous results and compare drill techniques. The drill should be supervised by a qualified person and use guidelines recommended in National Instrument 43-101. The Cerro Prieto underground sampling should be checked and validated or re-sampled.

Estimated cost of Phase 1 Drilling (Tejamen Silver Property)

Drill Holes	**Description**	**Total Length**	**Estimated Cost**
First Phase Down- hole hammer	35-40 holes	3,500 m	$ 350,000*
Permitting, Claim Fees, Legal	n/a	n/a	30,000
Underground & Surface Sampling	n/a	n/a	50,000
Contingency	n/a	n/a	50,000
Reporting	n/a	n/a	20,000
First Phase Total in Canadian Dollars			**$ 500,000**

*Direct drilling US $30/m plus US $5,000 mobilization with balance for assaying and supervision.

A second phase of drilling is contingent upon the success in the first phase drilling. The objective will be to expand the resource identified in the first phase program. The following table presents an estimate of the costs of a contingent 6000m Phase 2 drill program and metallurgical testing.

Estimated Cost of Contingent Phase 2 Drilling (Tejamen Silver Property)

Drill Holes	**Description**	**Total Length**	**Estimated Cost**
First Phase Down-hole hammer	50 holes	6,000m	$ 600,000*
Permitting, Claim Fees, Legal			15,000
Sampling & Metallurgical Test			85,000
Contingency			100,000
Second Phase Total in Canadian Dollars			**$ 800,000**

*Direct drilling US$30/m plus US$5,000 mobilization with balance for assaying and supervision.

A portion of the proceeds from this offering will be used to fund the Phase 1, and all or a portion of the Phase 2, work programs on the Tejamen Silver Property. Refer to “Use of Proceeds”.

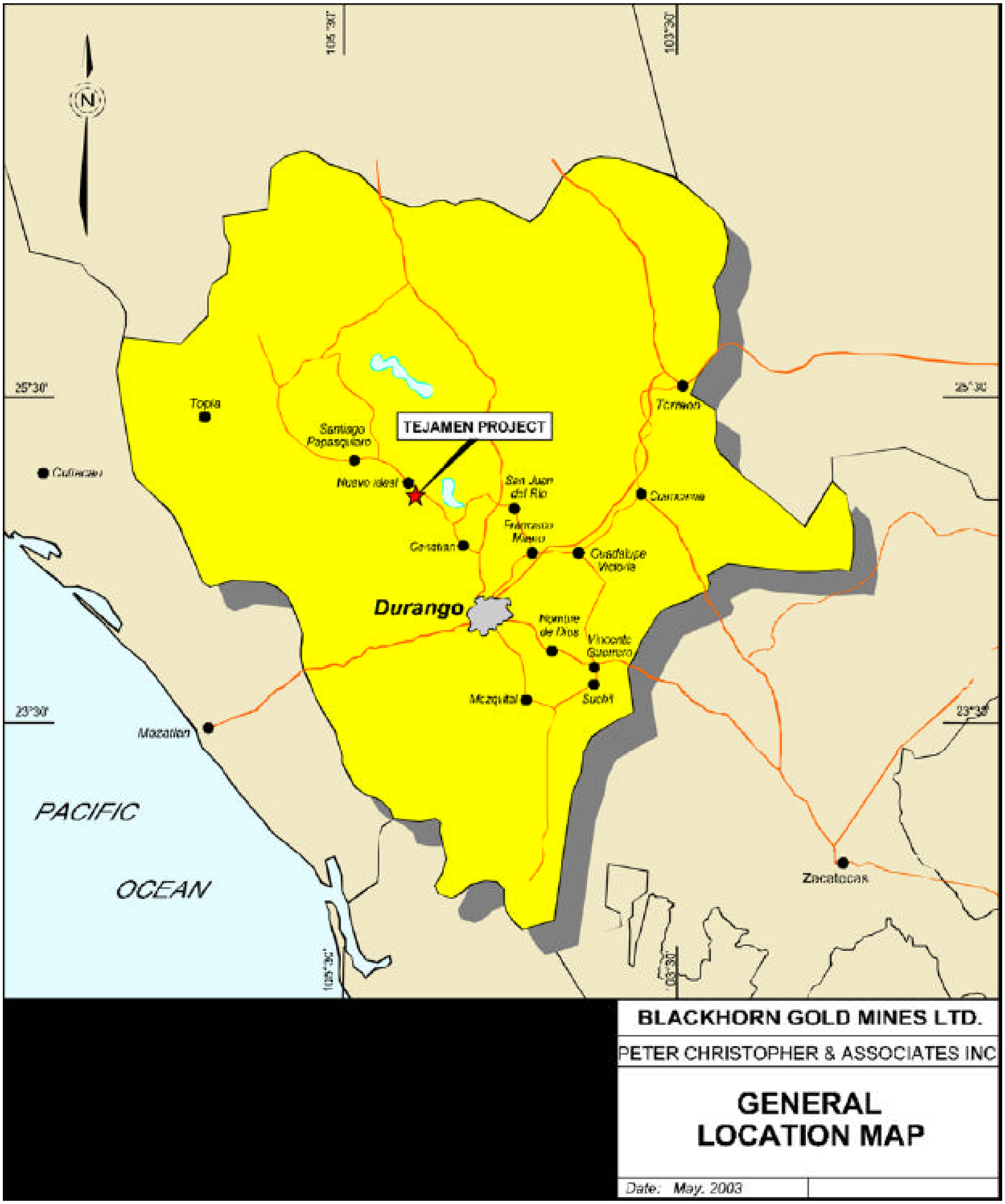


Figure 1: Property Location Plan For Tejamen Property.

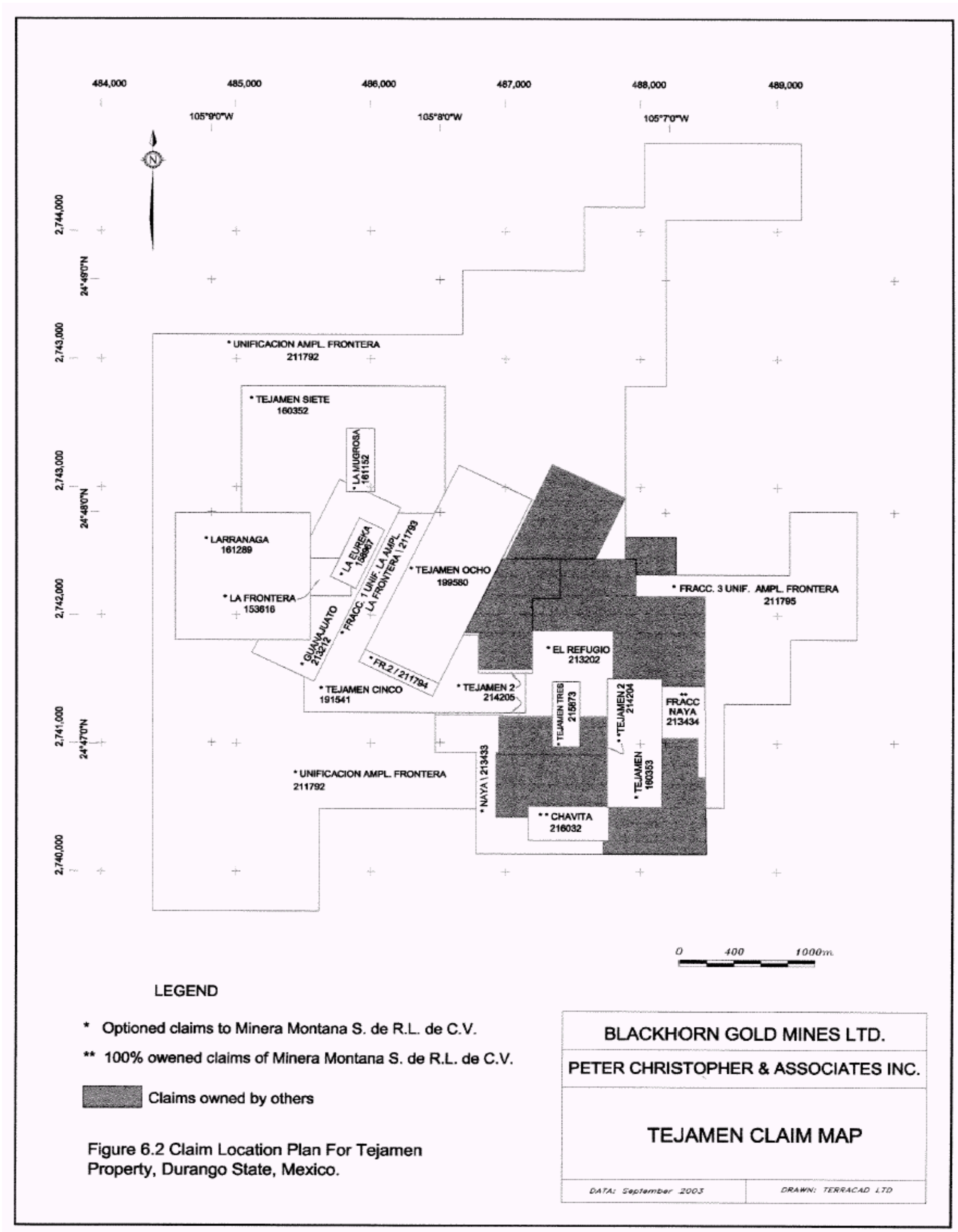


Figure 2 Claim Location Plan For Tejamen Property, Durango State. Mexico.

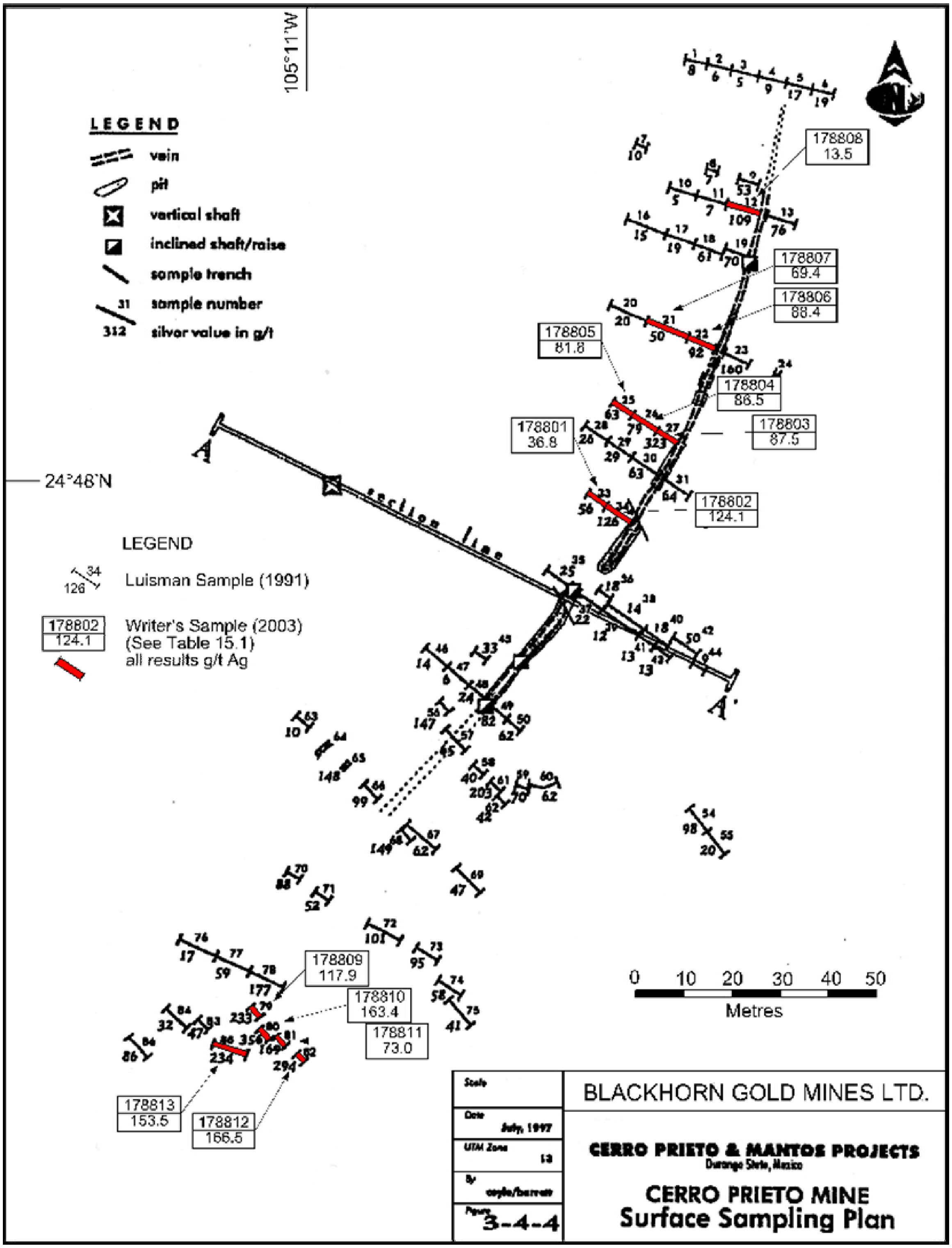


Figure 3: Writer's Check Sample Locations, Cerro Prieto Area (Sampling Plan of Luismin 1991 samples.)

San Lucas Silver Property, State of Durango, Mexico

Description

The San Lucas Silver Property, consisting of 11 mineral exploration concessions, covering about 925 hectares, is situated near the village of Diez de Octubre (San Lucas de Ocampo), in the state of Durango, Mexico. The claims that form the San Lucas Property are summarized in the following table, and claim locations, as defined by the registered Mexican surveyor, shown on Figure 4 .

Claim Data for San Lucas Silver Property.

Name	Title #	Hectares	Expiry Date	Ownership
Noche Buena	191791	48.0229	18 Dec 2041	Jarvis
Las Orientales	189741	4.6690	05 Dec 2040	Jarvis
Liliana	204932	38.0434	28 May 2003	Montana
El Eden	213801	208.8813	14 June 2007	Montana
El Eden Frac. 1	213802	22.3250	14 June 2007	Montana
El Eden Frac. 2	213803	1.2941	14 June 2007	Montana
El Eden 4	213612	2.5559	04 June 2007	Montana
El Eden 4 Frac. 1	213613	1.6067	04 June 2007	Montana
El Eden 5	213603	0.7293	17 May 2007	Montana
Lucas	216033	67.1990	01 Apr. 2008	Montana
Montana	215045	529.9935	06 Feb. 2008	Montana

Title to the concessions are held in the names of Jarvis and Minera Montana, with Minera Montana (“Montana” in table) holding rights to purchase the Jarvis owned concessions. The claims, located by a registered Mineral Surveyor, are located on a claim plan prepared by the Mineral Surveyor (Figure 5), a legal plan of the claim location.

Topography, Elevation and Climate

The San Lucas Property is located near the easterly edge of the Sierra Madre Occidental physiographic province in the Llanuras Altas (High Plains) physiographic subprovince. Elevations on the property average about 1,900 m and range from about 1860m in Arroyo Ojo Caliente to about 2,150 m in the southeast part of the property. Basin and range structures of the area generally trend NNW.

The region is semi-arid. The area has hot, dry spring and summer climate with moderate winter temperatures that rarely result in freezing. A rain season may occur between July and October. The area consists mainly of open ranch land with farming and orchards restricted to valleys with sources of water. The Arroyo Ojo Caliente, the principal drainage, has at least a small flow of water throughout the year.

The arid climate produces abundant cactus, napal and agave. Irrigation allows farming of beans, corn and fruit and nut orchards.

Location and Accessibility

The San Lucas Silver Property, consisting of 11 claims covering about 925 hectares, is situated near the village of Diez de Octubre (San Lucas de Ocampo), State of Durango, Mexico about 80 km north of the city of Durango. The general property location is presented on Figure 4, and the mineral surveyors legal plot of the property is shown on Figure 5.

The property has easy two-wheel drive access via paved highway 45 for 56 km to the village of Guadalupe Aguilera and then about 34 km to the village of San Lucas de Ocampo. The property is centered near latitudes 24º43'N and longitudes 104º38'W. The Veta Grande zone, the main exploration target, has less than 50 m of relief. Highway 45 passes through the property and dirt roads and two-wheel drive tracks provide drill access to the Veta Grande zone.

History

Gambusinos (informal miners) started small-scale workings in the San Lucas area in 1880s. The Veta Grande was worked at the end of the 19th century and was equipped with a small concentrator. Mining activity was suspended as a result of the Mexican revolution in 1910.

CRM (1993) reported that in the 1980s small shipments were made from the Veta Grande, Noche Buena, and El Refugio mines. CRM (1980), Luismin, Echo Bay (1995), and Kobex (1997) conducted geological examinations and sampling programs. Kobex terminated its activities in Mexico in early 2000.

Minera Montana acquired the Jarvis Assignment on part of the San Lucas Property in 2000, and staked additional claims in 2001 and 2002 to protect extensions of known vein zones. Minera Montana surface mapped the Veta Grande structural zone and mapped and sampled the Noche Buena area. In February 2003, the Company agreed to acquire all of the Mexican mineral property interests held by Minera Montana, and on March 31, 2003 the author of the San Lucas Report collected 6 rock chip samples from the Noche Buena area.

Geology and Mineralization

The regional geological setting of the San Lucas Property is essentially the same as for the Tejamen Property. Refer to "Tejamen Silver Property" for details.

The San Lucas Property geology has been mapped by the CRM (1980 and 1993). The rocks that outcrop on the San Lucas Property are Tertiary volcanic rocks of the eastern Sierra Madre Occidental. The area has low to moderate relief that results in large areas of Quaternary alluvial cover.

The San Lucas Silver property hosts quartz and in some cases quartz and calcite veins that contain disseminated pyrite, free gold, argentite, argentiferous galena, and sphalerite with occasional malachite and azurite after chalcopyrite. The Kobex data indicates two main veins separated by 30 m to 50 m that strike N55ºE for about 800m across the Noche Buena and Orientales claim. The mineralized zone varies from over 100 m wide near the metasediment/quartz monzonite contact to 50 m wide in the northern part of the property. Two parallel, northeast-trending (N55ºE), silver-bearing structural zones contained the Veta Grande (also called Veta El Tiro) and Veta Realez (also Veta El Relis) quartz veins. The veins are spaced from 30 metres to 50 m apart, vary in width from 0.5 to 1.5 m, and extend for a total length of about 2 km. The northernmost, Veta Realez vein dips about 55ºSE and should intersect the near vertical Veta Grande structure about 50 m below the surface.

Work on Project

The CRM (1980) sampled the Noche Buena area by collecting 82 samples over a 167 m length of the Veta Grande (El Trio) vein that averaged 1.22 m wide and 2.9 g/t Au, 106.61 g/t Au, 0.94% Pb, and 0.18% Zn, and 29 samples over a 95 m length of the El Relis vein that averaged 0.83 m wide and 13.77 g/t Au, 67.05 g/t Ag, 0.72% Pb and 0.28% Zn. The CRM (1980) sampled the extension of the Veta Grande vein on the adjacent Mina Grande claim by collecting 141 samples over a 610m length of the Veta Grande that averaged 0.90 m wide and 5.6 g/t Au, 248.2 g/t Ag, 1.8% Pb and 0.2% Zn.

The Noche Buena area was sampled by Luismin and Echo Bay. Surface sampling of the Veta Grande and Veta Realez veins and wall rocks by Luismin returned values of 1.35 g/t Au and 73 g/t Ag over 1.5 m to 15.3 g/t Au and 51 g/t Ag over 0.7 m. An underground sample by Luismin assayed 256.0 g/t Au and 391 g/t Ag over 0.75 m. Vuggy quartz stockwork, found between the two major quartz veins, was sampled by Echo Bay and by the Company. The Company's rock chip sampling returned weighted averages of 0.87 g/t Au and 39.9 g/t Ag over 30.5 m. Echo Bay sampling returned values of 0.88 g/t Au and 31.4 g/t Ag over 30 m on one line immediately to the southwest of the Company's sampling and 0.44 g/t Au and 31.2 g/t Ag over 30 m on a second line immediately to the northeast of the Company's sample line. These samples were assayed by Bondar Clegg. A 10-m chip sample, collected by the author of the San Lucas Report about 15 m northeast of the Noche Buena shaft, contained 71.9 g/t Ag and 2.49 g/t Au. The author obtained weighted averages for 3 m and 6 m chip samples of 41.3 g/t Ag and 0.15 g/t Au and 89.5 g/t Ag and 0.73 g/t Au, respectively, which validate underground sampling results obtained by Minera Montana.

Sample Preparation, Analyses and Security

The author of the San Lucas Report reviewed exploration reports completed for Echo Bay (1995) and for Kobex (1997). The Echo Bay and Luismin (1991) reports, prepared before National Instrument 43-101 recommended standards, contained no discussion of sample preparation, analyses and security. The Kobex report, prepared after introduction of National Instrument 43-101, describes sample preparation, analyses and security. Kobex samples were secured by a qualified geologist and shipped to Bondar Clegg in Hermosillo. Minera Montana samples were analyzed at Chemex Laboratory in Hermosillo, Sonora. Echo Bay and Luismin results were reviewed as sample plans with no discussion of analytical methods, sample security or method of analysis. CRM (1980) samples were analyzed for gold, silver, lead and zinc at the CRM laboratory in Hermosillo, Sonora. The CRM analytical methods were not described.

Data Verification

The author collected 6 check samples at sites previously sampled by Echo Bay, Luismin and/or Minera Montana (Figure 6) with a sample comparison shown in the table entitled "The Author's Check Samples for Noche Buena Area" and on Figures 6 and 7. The author's samples were chip samples taken along previous sample sites. The author's chip samples, averaging about 2 kg, may not be as reliable as larger channel samples.

The samples collected by the author of the San Lucas Report confirm the presence of significant values in envelopes of stockwork quartz veining around previously mined segments of the Veta Grande system.

The author did not have access to underground areas sampled by Luismin and could not check their bonanza grade gold value. The author checked the four highest values obtained by Minera Montana from the Noche Buena Adit. The author's samples that checked Minera Montana samples averaged 74.9 g/t Ag and 0.62 g/t Au and Minera Montana's samples averaged 93.7 g/t Ag and 0.64 g/t Au. The author's samples contained 80% and 97% of the Ag and Au values in the Minera Montana samples, respectively. The author's samples validate Minera Montana results obtained from the Noche Buena adit. The author's sample 178819 was collected from apparently unmineralized dacite in the Noche Buena adit, but contained 46.4 g/t Ag and 0.09 g/t Au. The author's chip sample 178814 taken near the Noche Buena shaft, gave values of 71.9 g/t Ag and 2.49 g/t Au. Ten, 3m chip samples collected by Echo Bay, along two 30 m lines in the Noche Buena adit area, averaged 0.88 g/t Au and 31.4 g/t Ag and 0.44 g/t Au and 31.2 g/t Ag. Kobex sampled a 30.5 m line between the Echo Bay sample lines that averaged 0.87 g/t Au and 39.9 g/t Au.

The Author's Check Samples for Noche Buena Area.

Author's Sample	**UTM**	**Type**	**Width**	**Ag g/t**	**Au g/t**	**@ #**	**Ag g/t**	**Au g/t**
178814	0536663E 2734090N	Chip	10.0m	71.9	2.49	n/a	n/a	n/a
NOCHE BUENA ADIT								
178815	0536675E 2734130N	Chip	1.0m	31.0	0.28	801 #1*	23.8	0.37
178816		Chip	2.0m	70.7	0.59	801 #2*	107.0	0.46

Author's Sample	UTM	Type	Width	Ag g/t	Au g/t	@ #	Ag g/t	Au g/t
178817		Chip	2.0m	174.2	0.80	801 #3*	229	1.08
178818		Chip	2.0m	23.6	0.79	801 #4*	15.0	0.63
178819	0536673E 2734130N	Chip	2.0m	46.4	0.09	n/a	n/a	n/a

* Minera Montana Samples (2002)

Previous exploration conducted on the San Lucas Silver Property by CRM (1980), Luismin, Echo Bay (1995), Kobex Resources (1997-2000) and Minera Montana (2000-2003) has concentrated on the Veta Grande structural zone. Limited previous mining and milling occurred on the Veta Grande zone prior to 1910 and in the 1980s small shipments were made to the Parrilla mill from the Noche Buena and El Refugio mines and the Veta Grande dumps. The previous miners concentrated on and removed only the highest-grade portions of narrow veins. Recent exploration has demonstrated that the higher-grade veins are enveloped by alteration zones and stockwork vein zones that contain significant silver and in some cases gold and base metal values over wider intervals. Higher-grade mineralization, an underground sample by Luismin assayed 256.0 g/t Au and 391 g/t Ag over 0.55 m (values not checked by the author), generally occurs in a temperature sensitive zone related to boiling of mineralizing solutions.

The author collected six chip samples from the stockwork veined and altered zone around the Veta Grande structure. The author's samples have an average value of 97 g/t Ag and support the presence of a significant mineralized zone that warrants further work.

Mineral Resources and Reserves

There are no current mineral resources or mineral reserves on the San Lucas Silver Property.

Recommended Work Program

The author recommends a two-phase program of reverse circulation (RC) or down-hole hammer (DHH) drilling with an initial 400 m, Phase 1 program, estimated to cost CAD$70,000. Contingent on the success of the Phase 1 program, a 2,000 m Phase 2 drill program and metallurgical testing is estimated to cost CAD$260,000.

The initial phase should consist of 2 or 3 holes with one hole used to test at the Noche Buena workings and other holes spaced at 150 m to 200 m to the SW along the Veta Grande structure.

Estimated cost of Phase 1 Drilling (San Lucas Silver Property)

Drill Holes	Description	Total Length	Estimated Cost
First Phase Down- hole hammer	2-3 holes	400 m	$ 36,000*
Permitting, Claim Fees, Legal	n/a	n/a	10,000
Underground & Surface Sampling	n/a	n/a	10,000
Contingency	n/a	n/a	14,000
First Phase Total in Canadian Dollars			**$ 70,000**

*Direct drilling US $30/m plus mobilization with balance for assaying and supervision.

A second phase of drilling is contingent upon the success in the first phase drilling. The objective will be to define significant mineralization identified in the first phase program. The following table presents an estimate of the costs of a contingent 2,000m Phase 2 drill program and sampling for metallurgical testing.

Estimated Cost of Contingent Phase 2 Drilling (San Lucas Silver Property)

Drill Holes	**Description**	**Total Length**	**Estimated Cost**
First Phase Down-hole hammer	10 holes	2,000 m	$ 180,000*
Permitting, Claim Fees, Legal			15,000
Sampling & Metallurgical Test			25,000
Contingency			40,000
Second Phase Total in Canadian Dollars			**$ 260,000**

*Direct drilling US$30/m plus mobilization with balance for assaying and supervision.

A portion of the proceeds from this offering will be used to fund the Phase 1 work program on the San Lucas Silver Property. Refer to "Use of Proceeds".

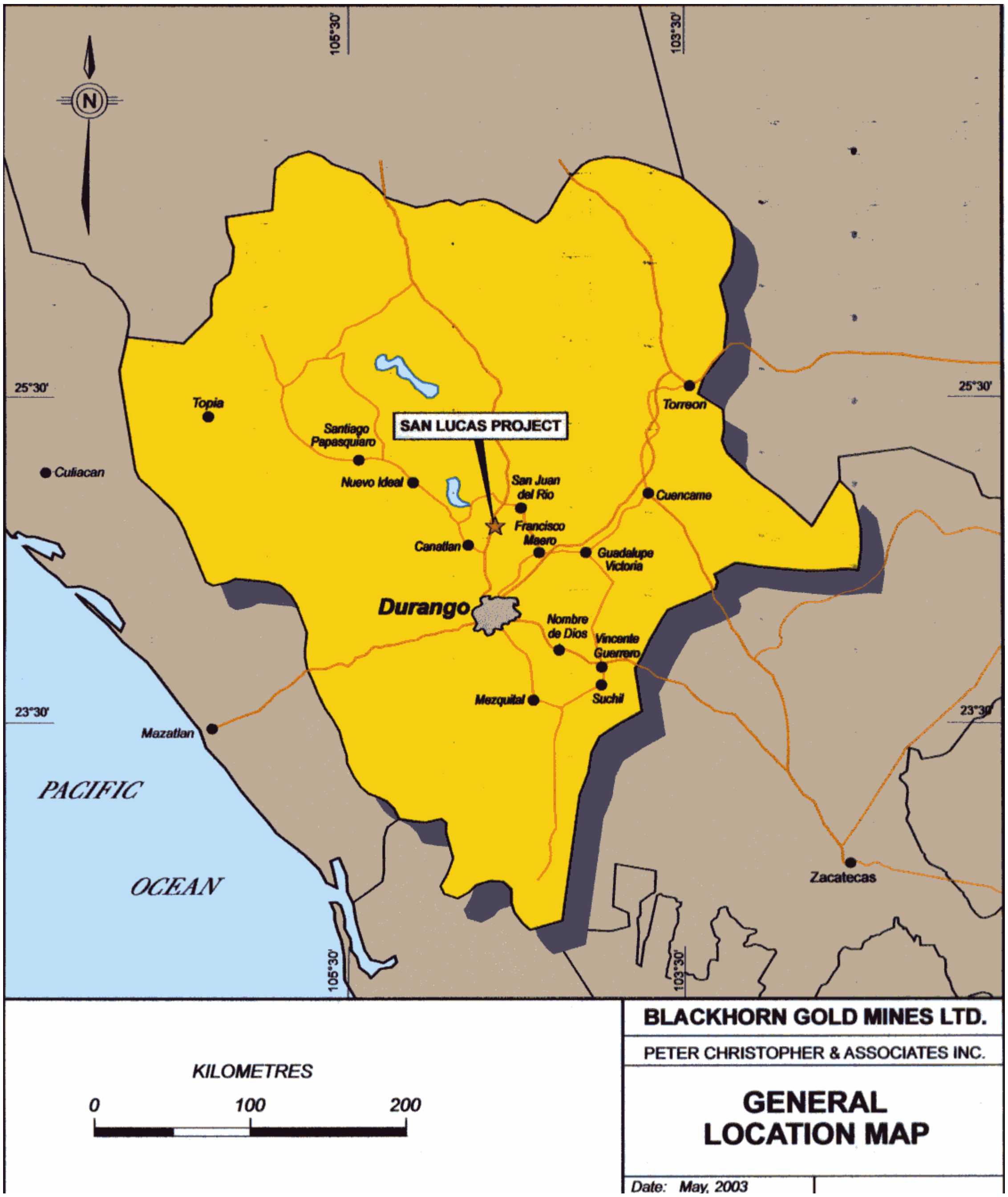


Figure 4 Property Location Map for San Lucas Silver Property, Durango State Mexico.

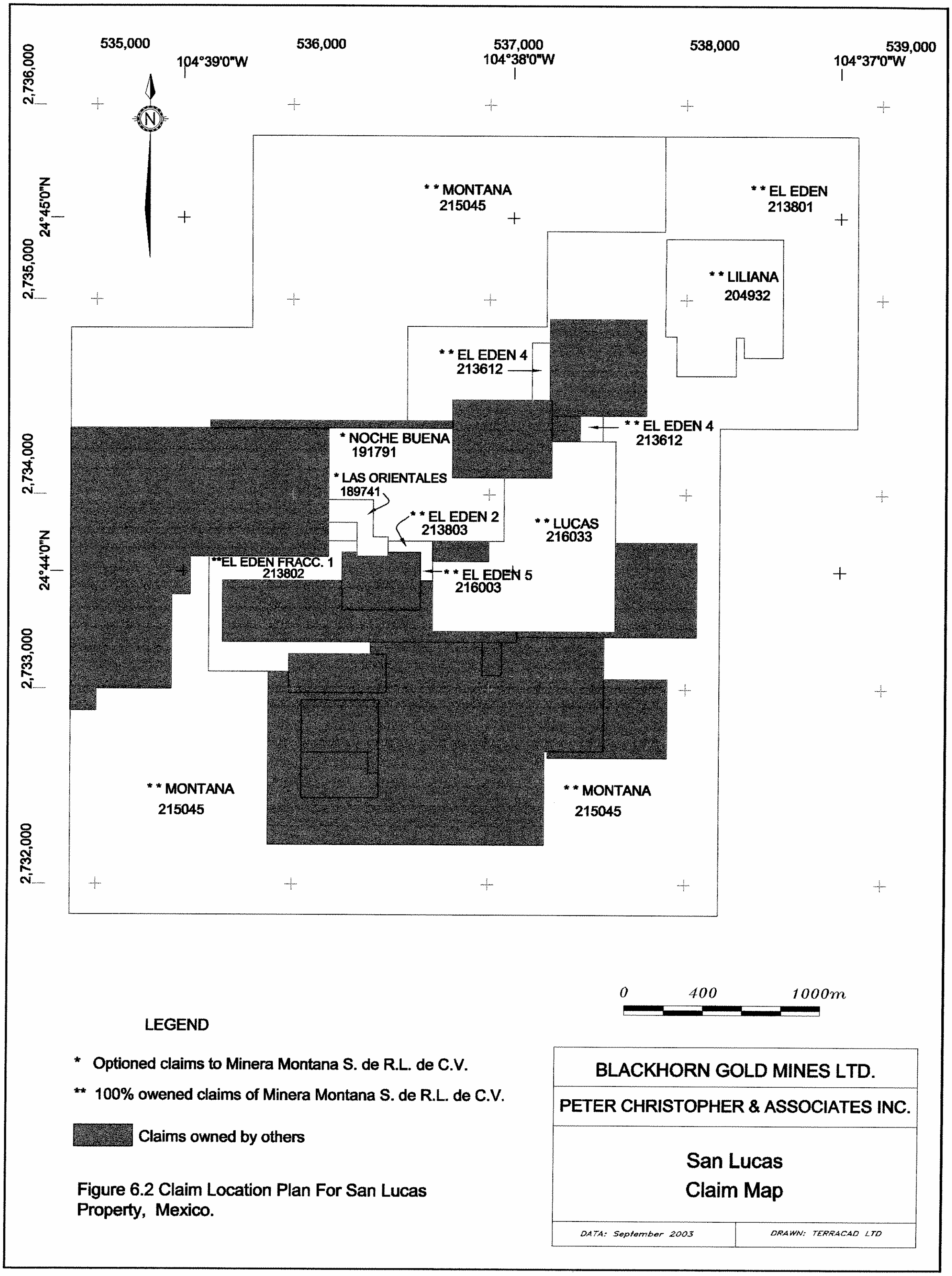
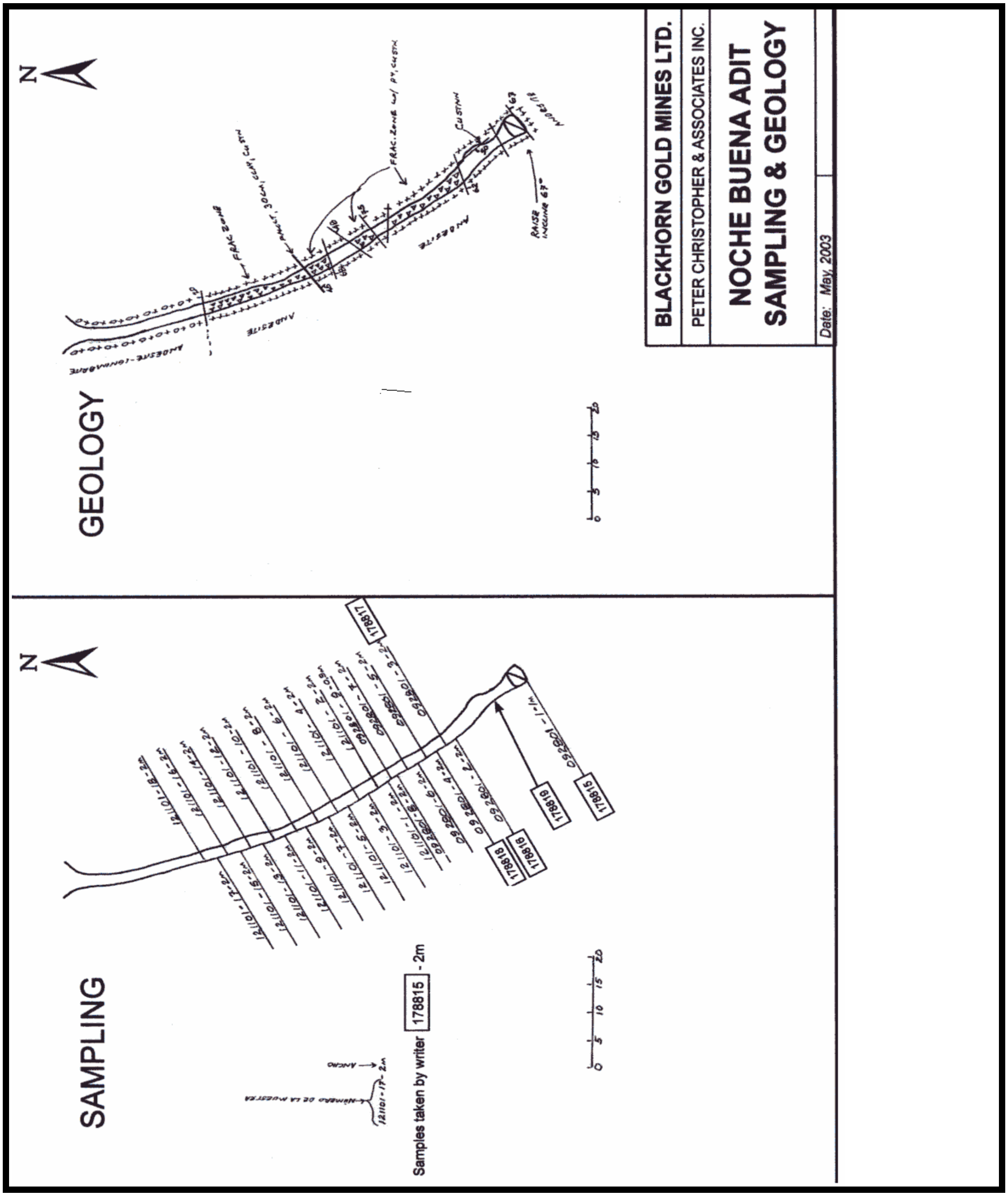


Figure 5 Claim Location Plan for San Lucas Silver Property

Figure 6 Sampling Plan (after King and Sobara, 1997)



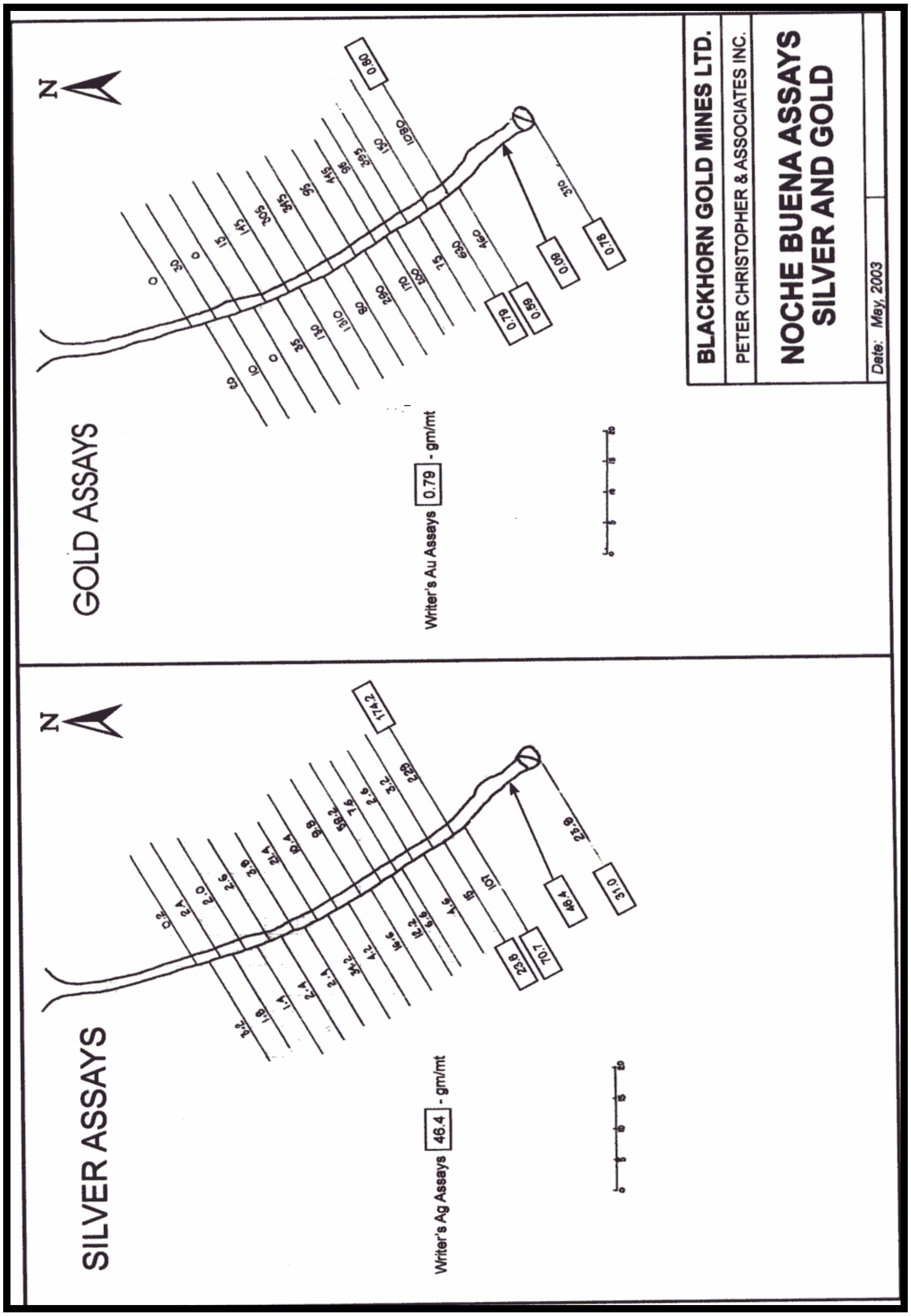


Figure 7 Noche Buena Adit Geology and Sampling (after Minera Montana, 2002)

USE OF PROCEEDS

After deduction of the Agent's commission, the Company will receive proceeds of $1,840,000 in the event it completes the Minimum Offering and $2,300,000 in the event it completes the Maximum Offering. As the Company had working capital as at August 31, 2003 of approximately $513,905, and has received the sum of $24,500 in proceeds from the sale of Series B Special Warrants subsequent to August 31, 2003, the Company will have net funds available of $2,378,405 in the event the Minimum Offering is completed and $2,838,405 in the event the Maximum Offering is completed. The Company intends to use these funds in order of priority as follows:

Description:			**Minimum Offering**	**Maximum Offering**
(1)	To pay the estimated remaining costs of the Offering		$ 50,000	$ 50,000
(2)	To pay Agent's administration fee and estimated expenses [(1)]		$ 30,000	$ 30,000
(3)	To make property payments, each for the sum of US$100,000, due January 20, 2004, July 20, 2004 and January 20, 2005		$ 405,000	$ 405,000
(4)	To make mineral property tax payments, each for approximately $16,400, due January 2004, July 2004 and January 2005		$ 49,200	$ 49,200
(5)	(a)	To conduct the Phase I exploration program on the Tejamen Silver Property[(2)]	$ 500,000	$ 500,000
	(b)	To conduct the Phase 1 exploration program on the San Lucas Silver Property[(2)]	$ 70,000	$ 70,000
(6)	(a)	To conduct all or a portion of the Phase II exploration program on the Tejamen Silver Property	$ 400,000	$ 800,000
	(b)	To conduct the Phase II exploration program on the San Lucas Silver Property (Maximum Offering only)	Nil	$ 260,000
(7)	To cover estimated general and administrative expenses for a 12-month period[(3)]		$ 240,000	$ 240,000
(8)	To provide general working capital		$634,205	$ 434,205
	TOTAL		$2,378,405	$2,838,405

Notes:

(1) Refer to "Plan of Distribution."
(2) Refer to "Business of the Company" for details.
(3) Based on the following estimated monthly administrative expenses:

Description	***Amount***
Salaries and benefits	*$ 3300*
Consulting fees	*4000*
Rent	*1500*
Telephone	*300*
Travel	*500*
Office and general	*400*
Transfer agent	*500*
Investor and Public Relations	*7500*
Legal and Audit	*2000*
Total monthly expenses	*$20,000*

The net proceeds from any Units sold pursuant to exercise of the Greenshoe Option, or upon exercise of any Warrants or Agent's Warrants, will be added to the Company's general working capital.

The Company intends to spend the funds available to it as stated in this prospectus. There may be circumstances, however, where, for sound business reasons, a reallocation of funds may be necessary. The Company will only redirect the funds to other properties on the basis of a recommendation from an independent professional geologist or engineer.

This prospectus also qualifies the distribution of 10,219,927 Underlying Shares for no additional consideration pursuant to the exercise of 7,500,000 Series A and 2,719,927 Series B Special Warrants previously issued by the Company at various prices pursuant to applicable statutory exemptions from prospectus and registration requirements. All of the proceeds from the sale of the Series A and Series B Special Warrants, being $862,427 (net of $47,048 of finders fees paid), were used for costs associated with the acquisition of interests in the Mexican mineral properties, the preparation of this prospectus, for working capital and general corporate purposes.

SELECTED FINANCIAL INFORMATION AND MANAGEMENT'S DISCUSSION AND ANALYSIS

Annual

The following is a summary of certain selected financial information of the Company which is qualified by the more detailed information appearing in the financial statements included in this prospectus.

	Period Ended May 31, 2003 (unaudited)	Year Ended November 30, 2002 (audited)	Year Ended November 30, 2001 (audited)	Year Ended November 30, 2000 (audited)
Net income (loss)	($ 23,170)	($ 14,972)	($ 3,662)	($ 29,506)
Net income (loss) per share	($ 0.008)	($ 0.005)	($ 0.001)	($ 0.01)
Current assets	$ 82,140	$ 6,857	$ 10,394	$ 10,151
Mineral properties and deferred exploration costs	$ 21,717	nil	Nil	$ 1
Total assets	$ 113,857	$ 6,857	$ 10,394	$ 10,152
Total liabilities	$ 30,709	$ 25,539	$ 14,104	$ 10,200
Deficit	($588,852)	($ 565,682)	($ 550,710)	($ 547,048)
Working capital (deficiency)	$ 51,431	($ 18,682)	($ 3,710)	($ 49)
Number of Shares outstanding	2,908,001	2,908,001	2,908,001	2,908,001

Quarterly

Quarter Ended	Net Income (loss)	Net Income (Loss) Per Share
May 31, 2003	($23,170)	($0.008)
February 28, 2003	($5,165)	($0.001)
November 30, 2002	($14,972)	($0.0052)
August 31, 2002	($10,831)	($0.001)
May 31, 2002	($2,918)	($0.001)
February 28, 2002	($374)	($0.0001)
November 30, 2001	($3,662)	($0.0013)
August 31, 2001	($35,872)	($0.01)

Dividend Policy

The Company has paid no dividends since its inception. At the present time, the Company intends to retain any earnings for corporate purposes. The payment of dividends in the future will depend on the earnings and financial condition of the Company and on such other factors as the board of directors of the Company may consider appropriate. However, since the Company is currently in a development stage, it is unlikely that earnings, if any, will be available for the payment of dividends in the foreseeable future.

Management's Discussion and Analysis

General

At the present time the Company has no operating income or cash flow. Accordingly, operations are primarily funded by equity subscriptions.

The Company received $69 of interest income during the financial year ended November 30, 2002, compared to $186 for the period ended November 30, 2001, and $530 for the period ended November 30, 2000. Expenses during the year ended November 30, 2002 were $15,041, compared to $3,848 for the period ended November 30, 2001, and $48,761 for the period ended November 30, 2000. The higher expenses in 2000 is due to $42,000 of management fees which were not charged in 2001 and 2002. The principal expenses incurred during the year were legal and audit in the amount of $9,426 (2001 - $2,282, and 2000 - $5,285), regulatory and filing fees in the amount of $2,383 (2001 - $1,470, and 2000 - $1,370), and office expenses in the amount of $1,520 (2001 - $nil, and 2000 - $nil).

Expenses during the six month period ended May 31, 2003 were $32,206 compared to $2,937 for the 6 month period ended May 31, 2002. The principal expenses incurred during this period were professional fees in the amount of $17,849, regulatory fees of $3,498, travel and business development in the amount of $2,586, and rent in the amount of $4,500. The increase in these expenses resulted from work undertaken by the Company to acquire Minera Montana and in preparation for completion of its initial public offering. During the six month period ended May 31, 2003, the Company settled a trade account for $8,967 less than the invoiced amount. The Company booked the difference as a gain. There were no gains on settlement of trade accounts for the six month period ended May 31, 2002.

The increased activity of the Company in 2002 resulted in a net loss for the financial year ended November 30, 2002 of $14,972, compared to a net loss of $3,662 for the financial year ended November 30, 2001, and $29,506 for the financial year ended November 30, 2000.

Liquidity and Capital Resources

The financial statements of the Company have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future.

At November 30, 2002, the Company had current assets in the amount of $6,857 and current liabilities in the amount of $25,539, for a working capital deficiency of $18,682. At May 31, 2003, the Company had current assets in the amount of $82,140 and current liabilities in the amount of $30,709, for working capital of $51,431. In March, 2003, the Company sold 500,000 Series B Special Warrants at $0.25 per Special Warrant for gross proceeds of $125,000. Subsequent to May 31, 2003, the Company received $7,500 in proceeds from the sale of 7,500,000 Series A Special Warrants at $0.001 per Special Warrant, and the Company received $776,975 in proceeds from the sale of 2,219,927 Series B Special Warrants at $0.35 per Special Warrant. Each Series A and Series B Special Warrant entitles the holder to receive, on exercise, one common share of the Company for no additional consideration. The Series A and Series B Special Warrants may be exercised by the holders at any time, and will be deemed to be exercised on the fifth business day after the effective date of this Prospectus.

The Company, under Canadian Generally Accepted Accounting Principles and its adopted accounting policies, must ascribe fair value to all stock based transactions occurring after January 1, 2002. Since the offering of the Units has not been completed, the Company has not yet determined the fair market value of certain stock based transactions, including the sale of 7,500,000 Series A Special Warrants sold in June 2003. When reporting on the fiscal quarter ended August 31, 2003, and subsequent periods, the Company will be required to determine the allocation of stock based transaction costs to the appropriate income and balance sheet accounts. Specific financial statement accounts that may be impacted will include contributed surplus, share capital, stock based compensation expenses, deficit and the allocation of related costs to the mineral property acquisition. Given the price at which Series B Special Warrants have been sold, the sale of the Series A Special Warrants could be ascribed an amount substantially greater than the paid in amount of $7,500. Any value ascribed to the Series A Special Warrants in excess of $7,500 will be allocated between mineral property acquisition costs and stock based compensation expenses, with corresponding adjustments to the relevant accounts in shareholders equity. Such amounts will have a significant impact on the financial statements for those reporting periods.

Since its inception, the Company's capital resources have been limited to the amount raised from the sale of equity. The Company has had to rely primarily upon the sale of equity securities for cash required for exploration and development purposes, for acquisitions and to fund the administration of the Company. Since the Company does not expect to generate any revenues in the near future, it will have to continue to rely primarily upon sales of its equity to raise capital. There can be no assurance that equity financing will always be available to the Company in any amount. Mining exploration is a capital-intensive business with periods of many years from initial exploration to any prospect of revenues. This nature of the mining business increases risks of insufficient capital resources above the risk level of many other businesses. Refer to "Risk Factors".

DESCRIPTION OF SECURITIES DISTRIBUTED

The Offering consists of Units, with each Unit being comprised of one Share and one-half of one Warrant. This prospectus also qualifies for distribution the issuance of the Underlying Shares upon exercise of the Series A and Series B Special Warrants, the Agent's Warrants, the Corporate Finance Shares and any additional Shares and Warrants which may be issued under the Greenshoe Option.

Common Shares

All of the common shares without par value in the capital of the Company, including the Shares, rank equally as to voting rights, participation in a distribution of the assets of the Company on a liquidation, dissolution or winding-up of the Company and the entitlement to dividends. The holders of common shares are entitled to receive notice of all meetings of shareholders and to attend and vote at the meetings. Each common share carries with it the right to one vote. There are no pre-emptive rights, conversion or exchange rights, redemption, retraction, purchase for cancellation or surrender provisions, sinking or purchase fund provisions, provisions permitting or restricting the issuance of additional securities or provisions requiring a shareholder to contribute additional capital attaching to the common shares.

In the event of the liquidation, dissolution or winding-up of the Company or other distribution of its assets, the holders of the common shares will be entitled to receive, on a pro rata basis, all of the assets remaining after the Company has paid out its liabilities. Distributions in the form of dividends, if any, will be set by the board of directors.

Provision as to the modification, amendment or variation of the rights attached to the common shares are contained in the Company's articles and bylaws and the *Canada Business Corporations Act*. Generally speaking, substantive changes to the Company's share capital require the approval of the shareholders by special resolution passed by a majority of not less than two-thirds of the votes cast in person or by proxy by holders of the common shares.

Warrants

The Warrants will be non-transferable, and one whole Warrant will entitle the holder to purchase one additional Share for a period of 12 months from the Listing Date at a price of $0.60 per share.

The Warrants will contain provisions for the appropriate adjustment in the class, number and price of Shares issuable under such Warrants upon the occurrence of certain events, including any subdivision, consolidation, or reclassification of the Shares, the payment of stock dividends or the amalgamation with another company.

Agent's Warrants

The Agent's Warrants will be non-transferable, and each Agent's Warrant will entitle the Agent to purchase one additional Share for a period of 12 months from the Listing Date at a price of $0.60 per share.

The Agent's Warrants will contain provisions for the appropriate adjustment in the class, number and price of Shares issuable under such Agent's Warrants upon the occurrence of certain events, including any subdivision, consolidation or reclassification of the Shares, the payment of stock dividends or the amalgamation with another company.

CAPITALIZATION

Designation of Security	Amount Authorized	Outstanding at May 31, 2003	Outstanding as at the date hereof	Outstanding on Completion of Minimum Offering	Outstanding on Completion of Maximum Offering
Common shares	unlimited	$547,000 (2,908,001 Shares)	$539,500 (2,158,001 Shares) (1)	$3,241,927 (2) (16,802,928 Shares)(3)	$3,701,927(2) (17,802,928 Shares)(3)
Special Warrants (4)	unlimited	$125,000 (500,000 Special Warrants)	$862,427 (5) (10,219,927 Special Warrants)	$nil (nil Special Warrants)	$nil (nil Special Warrants)

Notes:

(1) *750,000 shares previously held in escrow were cancelled on June 4, 2003, and returned to treasury.*

(2) *Net of 8% commission paid to the Agent.The dollar amount of paid up capital will be adjusted in subsequent reporting periods for fair value amounts to be ascribed by management in connection with the Series A Special Warrants once management has determined the appropriate value allocations and accounting treatment. Refer to "Management's Discussion and Analysis" for details.*

(3) *Includes 10,219,927 Underlying Shares to be issued on exercise of the Special Warrants, 350,000 Shares issued as a finders fee, 75,000 Corporate Finance Shares but does not include any Shares issued on exercise of the Greenshoe Option, Agent's Warrants or Warrants.*

(4) *Each Series A and Series B Special Warrant is exercisable into one Underlying Share at no additional cost to the holder. Refer to "Plan of Distribution".*

(5) *Net of $47,048 in finders fees paid to the Agent with respect to the sale of a portion of the Series B Special Warrants at $0.35 per Special Warrant.*

OPTIONS TO PURCHASE SECURITIES

The following table sets forth information on the stock options that will be issued on the Listing Date under the Company's Incentive Stock Option Plan. Refer also to "Executive Compensation - Incentive Stock Options".

Group	Number of Shares Under Option	Exercise Price per Share[(2)]	Date of Option
Executive officers of the Company (one individual) [(1)]	400,000	$0.50	Five years from the Listing Date
Directors of the Company who are not executive officers (three individuals)	175,000	$0.50	Five years from the Listing Date
Other employees of the Company who are not executive officers or directors	85,000	$0.50	Five years from the Listing Date
Consultants providing services to the Company	400,000[(3)]	$0.50	Five years from the Listing Date
Others	Nil	—	—
Total	1,060,000	$0.50	Five years from the Listing Date

Notes:

(1) Refer to "Executive Compensation" for information on the Company's executive officer.

(2) There was no market for the Company's securities at the time the options were granted. The exercise price of the options was set at the Offering price of the Units in accordance with the policies of the Exchange.

(3) 200,000 options granted pursuant to an investor relations contract are subject to vesting restrictions, whereby 25% of the options shall vest every three months after the date the shares are listed on the Exchange.

The Company also has outstanding 10,219,927 Special Warrants, each of which is exercisable into one Underlying Share.

Upon completion of the Offering, the Company will also have issued the Warrants to purchasers of Units and granted the Agent's Warrants to the Agent. Refer to "Plan of Distribution".

PRIOR SALES

The following table summarizes the Shares and Special Warrants which have been issued by the Company during the 12 months preceding the date of this prospectus.

Date	Number	Type of Security	Issue Price
September 30, 2003	350,000[(1)]	Shares	$0.001[(1)]
June 27, 2003	4,000,000[(2)]	Series A Special Warrants	$0.001
March 28, 2003	500,000[(2)]	Series B Special Warrants	$0.25
June 27, 2003	3,500,000[(2)]	Series A Special Warrants	$0.001
September 3, 2003	2,219,927[(2)]	Series B Special Warrants	$0.35

The 2,219,927 Underlying Shares to be issued upon exercise of the Series B Special Warrants purchased at $0.35 per special warrant shall be subject to certain Seed Share Resale Restrictions prescribed by the policies of the Exchange. Twenty percent (20%) of these shares will be released from such restrictions upon completion of the

Offering and a further 20% will be released each month over a period of four months after completion of the Offering.

A total of 675,000 previously issued common shares recently purchased in private transactions at a price of $0.25 per share shall also be subject to Seed Share Resale Restrictions. Twenty percent (20%) of these shares will be released from such restrictions upon completion of the Offering and a further 20% will be released each month over a period of four months after completion of the Offering.

Notes:

(1) reserved to be issued as a finders fee on the Closing Date.

(2) Special Warrants are exercisable into Underlying Shares at no additional cost to the holders thereof.

ESCROWED SECURITIES

Escrowed Securities

The Company is classified as an "emerging issuer" under National Policy 46-201 "Escrow for Initial Public Offerings" (the "Policy"). As a result, all Shares held by principals of the Company, as defined in the Policy, are to be held in escrow.

Pursuant to the Policy, the following Shares have been deposited in escrow pursuant to an escrow agreement (the "Escrow Agreement") dated as of August 6, 2003 with the Company's registrar and transfer agent, Pacific Corporate Trust Company (the "Trustee"):

Name	Number of Shares	% of Shares Outstanding as of Date Hereof (2)	% of Shares Outstanding on Completion of Minimum Offering(2)	% of Shares Outstanding on Completion of Maximum Offering(2)
Dale E. Scholz	1,875,000(1)	15.2%	11.2%	10.5%
James E. Yates(3)	1,433,333(1)	11.5%	8.5%	8.1%
Grenfell Holdings Trust(4)	1,333,334 (1)	10.8%	7.9%	7.5%
Suma Men	1,333,333(1)	10.8%	7.9%	7.5%
Henry A. Scholz	625,000(1)	5.1%	3.7%	3.5%
Irma R. Scholz 1986 Living Trust(5)	1,000,000(1)	8.1%	6.0%	5.6%

Notes:

(1) Includes 10,219,927 Underlying Shares which will be issued pursuant to exercise of the Special Warrants. Refer to "Plan of Distribution".

(2) Includes issuance of 10,219,927 Underlying Shares upon exercise of the Special Warrants.

(3) Includes shares held indirectly through Sudden Valley Holdings Ltd., a non-reporting company controlled by Mr.Yates.

(4) A fully discretionary trust formed under the laws of Alberta administered by Susan Jane Knox, trustee.

(5) a California trust administered by Dale E. Scholz, trustee, for the benefit of Irma R. Scholz..

As provided for in the Policy, 1/10 of the escrowed Shares will be released pro rata to the shareholders on the Listing Date, with the rest being released pro rata on the following basis:

6 months after the Listing Date	1/6 of the remaining escrowed Shares
12 months after the Listing Date	1/5 of the remaining escrowed Shares
18 months after the Listing Date	1/4 of the remaining escrowed Shares
24 months after the Listing Date	1/3 of the remaining escrowed Shares
30 months after the Listing Date	1/2 of the remaining escrowed Shares
36 months after the Listing Date	the remaining escrowed Shares

Generally speaking, the escrowed Shares cannot be transferred or otherwise dealt with while in escrow. Permitted transfers or dealings within escrow would include: (i) transfers to existing or, upon their appointment, incoming directors and senior officers of the Company or of a material operating subsidiary, with approval of the Company's board of directors; (ii) transfers to an RRSP or similar trusteed plan provided that the only beneficiaries are the transferor or the transferor's spouse, children and parents; (iii) transfers upon bankruptcy to the trustee in bankruptcy or another person entitled to the escrowed Shares on bankruptcy; and (iv) pledges or mortgages to a financial institution as collateral for a loan, provided that upon a realization the Shares remain subject to escrow. Tenders of escrowed Shares to a take-over bid would be permitted provided that, if the tenderer is a principal of the successor issuer upon completion of the take-over bid, securities received in exchange for tendered escrowed Shares are substituted in escrow on the basis of the successor issuer's escrow classification.

PRINCIPAL SHAREHOLDERS

A summary of the shareholdings of the Company's principal shareholders is set out below. To the knowledge of the directors and officers of the Company, no persons other than those set out below presently beneficially own, directly or indirectly or exercise control or direction over, Shares carrying more than 10% of the voting rights attached to the Company's issued and outstanding Shares as at the date of this prospectus.

Name	Number of Shares(1)	Percentage of Currently Outstanding Shares(1)	Percentage of Outstanding Shares after Completion of Minimum Offering(1)	Percentage of Outstanding Shares after Completion of Maximum Offering(1)	Percentage of Outstanding Shares on a Fully Diluted Basis(2)
Dale E. Scholz	1,875,000	15.2%	11.2%	10.5%	8.0%
Grenfell Holdings Trust(3)	1,833,334	14.8%	10.9%	10.3%	7.8%
James E. Yates(4)	1,433,333	11.5%	8.5%	8.1%	6.1%
Suma Men	1,333,333	10.8%	7.9%	7.5%	5.7%

Notes:

(1) Includes issuance of 10,219,927 Underlying Shares upon exercise of the Special Warrants.

(2) Based on there being 23,487,928 shares outstanding on a fully diluted basis after completion of the Maximum Offering, the exercise of 1,000,000 Agent's Warrants, 2,500,000 Warrants, the Greenshoe Option (750,000 shares and 375,000 Warrant Shares) and 1,060,000 options which will be outstanding on the Listing Date.

(3) A fully discretionary trust formed under the laws of Alberta administered by Susan Jane Knox, trustee.

(4) Includes shares held indirectly through Sudden Valley Holdings Ltd., a non-reporting company controlled by Mr.Yates.

DIRECTORS AND OFFICERS

Information regarding the directors and officers of the Company is set forth below.

Name and Municipality of Residence	Position With the Company	Principal Occupation for the Past Five Years	Year Appointed
DALE E. SCHOLZ Helena, Montana	President, CEO and Director	President and owner, Dale E. Scholz, Inc., a private mineral consulting services company, and principal owner of Minera Montana	2003
JAMES E. YATES (1) North Vancouver, BC	Secretary, CFO, Director and Promoter	Self-employed businessman, President of Hycroft Realty since 1964, and director of numerous reporting companies	1996
ROSS O. GLANVILLE Burnaby, BC	Director	President and director of Ross Glanville & Associates Ltd., a consulting company specializing in feasibility studies and evaluation of mining properties	1995
HENRY A. SCHOLZ (1) Missoula, Montana	Director	Mineral Dressing Engineer, Vice-President Mining of Wharf Resources from 1985 to 1989,and independent consultant to the mineral industry since 1989	2003

Notes:

(1) Member of the Company's Audit Committee.

Additional information on the Company's directors and officers is set forth below.

James E. Yates, is 61 years old and has served as a director, officer and promoter of the Company since 1996. Mr. Yates has been involved in the mineral exploration business for over 20 years, and has served as a director of several other reporting issuers involved in mineral exploration and development including Nevada Geothermal Power Inc., International Choice Ventures, Future Mineral Corp. and Excam Developments Inc. Mr. Yates will devote approximately 50% of his working time to the business of the Company.

Dale E. Scholz, is 60 years old and was elected as a director of the Company on June 27, 2003. Mr. Scholz holds a B.Sc. degree in Geological Engineering and has served as a consultant to the mineral exploration business for 30 years. Mr. Scholz also served as the President, Vice-President and a director of Wharf Resources Ltd. from 1980 to 1988, a reporting company which operated a heap-leach gold mine in South Dakota. Mr. Scholz provides consulting services through Dale E. Scholz, Inc. Mr. Scholz will devote approximately 75% of his working time to the business of the Company.

Ross O. Glanville, is 56 years old and has served as a director and officer of the Company since 1995. Mr. Glanville is a P. Eng., holds M.B.A. and B.A.Fc. (Mining Engineering) degrees, has over 30 years of experience in exploration, mining, finance, marketing and management of mining companies, and has served as a director of several other reporting issuers involved in mineral exploration and development. Mr. Glanville will devote approximately 10% of his working time to the business of the Company.

Henry A. Scholz, is 58 years old and was elected as a director of the Company on June 27, 2003. Mr. Scholz holds B.Sc. and M. Sc. degrees in Mineral Dressing Engineering and has served as a consultant to the mineral exploration business for 22 years. Mr. Scholz also served as Vice-President Mining of Wharf Resources Ltd. from 1985 to 1989, a reporting company which operated a heap-leach gold mine in South Dakota. Mr. Scholz will devote approximately 50% of his working time to the business of the Company.

None of the directors or senior officers have entered into a non-competition or non-disclosure agreement with the Company.

Directors of the Company are elected by shareholders at each annual general meeting and serve until the next annual general meeting, or until they resign or their successors are duly elected or appointed. Officers of the Company are appointed by the board of directors.

As at August 31, 2003, the directors and officers of the Company as a group owned beneficially, directly or indirectly, or exercised control or discretion over an aggregate of 4,978,333 Shares, which is equal to 40.2% of the Shares currently issued and outstanding (including 10,219,927 Underlying Shares). None of the directors or officers of the Issuer intend to purchase any of the Units offered by this prospectus.

Cease Trade Orders or Bankruptcies

Except as otherwise indicated, no director, officer or controlling shareholder of the Company has, within the past ten years, been a director or officer of any other issuer that, while that person was acting in that capacity:

(a) was the subject of a cease trade or similar order or an order that denied the issuer access to any statutory exemptions under Canadian securities legislation for a period of more than 30 consecutive days; or

(b) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

James E. Yates is a director of Excam Developments Inc. and Future Minerals Corporation. These corporations are subject to cease trade orders which have been in effect for more than 30 consecutive days.

No director, officer or controlling shareholder of the Company or a personal holding company of any such person has, within the past ten years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver manager or trustee appointed to hold its assets.

Penalties or Sanctions

No director, officer or controlling shareholder of the Company has, within the past ten years, been the subject of any penalties or sanctions by a court relating to Canadian securities legislation or a Canadian securities regulatory authority or entered into a settlement agreement with a Canadian securities regulatory authority.

Conflicts of Interest

Certain of the directors of the Company also serve as directors or officers of other companies involved in a wide range of industry sectors; consequently, there exists the possibility for such directors to be in a conflict of interest.

Conflicts of interest will be subject to the applicable provisions of the *Canada Business Corporations Act* and may result in a director abstaining from voting on a resolution of the board of directors which evokes a conflict in order to have the matter resolved by the independent directors, or the matter may be presented to the shareholders of the Company for ratification. When a conflict of interest arises, the directors of the Company must, in accordance with applicable provisions of the *Canada Business Corporations Act* , act honestly and in good faith with a view to the best interests of the Company and must exercise the care, diligence and skill a reasonably prudent person would exercise in comparable circumstances.

In the opinion of the management of the Company, there are no existing or potential conflicts of interest among the Company, its directors, officers, principal shareholders and persons providing professional services to the Company which could reasonably be expected to affect an investor’s investment decision, except as disclosed elsewhere in this prospectus.

EXECUTIVE COMPENSATION

The following table discloses information on compensation of the Company's "Named Executive Officers". "Named Executive Officers" means the chief executive officer of the Company and each of the Company's four most highly compensated executive officers, other than the chief executive officer, if such executive officers received a salary (on an annual basis), together with any bonus, in excess of $100,000 during the fiscal year ended November 30, 2002. The Company's former President and Chief Executive Officer, James E. Yates, was the only "Named Executive Officer" during the fiscal year ended November 30, 2002 and the period ended May 31, 2003. The Company and Dale E. Scholz, Inc. have entered into a management agreement dated June 27, 2003 pursuant to which the Company will pay Dale E. Scholz, Inc. the sum of US$3,000 per month for providing management services to the Company. The agreement is for a term of one year and payments will commence on the first day of the month following completion of the Offering. Dale E. Scholz, Inc. is a private company controlled by Dale E. Scholz, who was appointed as President and Chief Executive Officer of the Company on June 27, 2003.

Summary Compensation Table

Annual Compensation					Long Term Compensation Awards	
Name and Principal Position	**Period Ended**	**Salary ($)**	**Bonus ($)**	**Other Annual Compensa tion**	**Common Shares Under Options Granted (#)**	**All Other Compensation $**
James E. Yates	November 30, 2002	Nil	Nil	Nil	165,000	Nil
Former President and CEO	November 30, 2001	Nil	Nil	Nil	165,000	Nil
	November 30, 2000	Nil	Nil	Nil	165,000	Nil

There is no other arrangement for compensation with respect to termination of employment of executive officers or in the event of a change in responsibilities following a change in control of the Company.

Options

The following table sets forth individual grants of Share options to the Company's former executive officer during the fiscal year ended November 30, 2002 and the period ended May 31, 2003:

Name	**Shares Under Options Granted**	**% of Total Options Granted**	**Exercise Price ($/Share)**	**Market Value of Shares Underlying Options on Date of Grant ($/Share)**	**Expiration Date**
James E. Yates	165,000(1)	42	0.50	N/A	Two years from listing date

Notes:

(1) These options were cancelled on June 27, 2003 at which time Mr. Yates was granted options to purchase up to 200,000 Shares, which will be exercisable at a price of $0.50 per Share for a period of five years from the Listing Date. Refer to "Options to Purchase Securities".

The following table sets forth a summary of Share options exercised by and remaining outstanding to the Company's former executive officer for the fiscal year ended November 30, 2002 and the period ended May 31, 2003:

Name	Common Shares Acquired on Exercise	Value Realized ($)	Unexercised Options at the Date of this Prospectus (exercisable/ unexercisable	$ Value of Unexercised In-the-Money Options at the Date of this Prospectus
James E. Yates	Nil	Nil	200,000/0	N/A

Compensation of Directors

The Company does not have any standard or other arrangements pursuant to which directors are compensated for services provided in their capacity as directors, nor are any such arrangements currently proposed except for the grant of incentive stock options.

Directors are reimbursed for transportation and other out-of-pocket expenses incurred for attendance at directors' meetings.

Pension and Retirement Benefits

The Company does not provide pension or retirement benefits for directors or executive officers.

Termination of Employment, Change in Responsibilities and Employment Contracts

The Company does not have employment contracts with any of its officers or directors.

The Company does not have any plans or arrangements for the payment of remuneration or other compensation to officers or directors in the event of termination of employment or resignation, or a change in responsibilities following a change of control.

Proposed Compensation

Upon completion of the Offering the Company will pay a management fee of US$3,000 per month to Dale E. Scholz, Inc.

INDEBTEDNESS OF DIRECTORS, OFFICERS AND PROMOTERS

None of the directors, officers or promoters of the Company or any of their respective associates or affiliates has been indebted to the Company since the beginning of the most recently completed financial year.

PLAN OF DISTRIBUTION

The Offering

The Company, by a agency agreement dated as of August 22, 2003 as amended (the "Agency Agreement"), has appointed the Agent as its agent to offer to the public in the provinces of British Columbia and Alberta on a commercially reasonable efforts basis Units to raise a minimum of $2,000,000 and a maximum of $2,500,000 and to serve as sponsor with respect to the Company's application to list the Shares for trading on the Exchange. The Units will be offered at a price of $0.50 per Unit. The price of the Units was determined by the Company in negotiation with the Agent and in accordance with the policies of the Exchange. Each Unit will consist of one Share and one-half of one Warrant and one whole Warrant will entitle the holder thereof to acquire one additional Share for a period of 12 months at an exercise price of $0.60.

The TSX Venture Exchange (the "Exchange") has conditionally approved the listing of the Shares. Listing is subject to the Company fulfilling all of the listing requirements of the Exchange on or before January 15, 2004, including the distribution of the Units to a minimum number of public security holders.

The closing of the Offering will occur on a day (the "Closing Date") prior to January 15, 2004, or within such other period as permitted by the applicable securities regulatory authorities. All subscription funds received will be held by the Agent or a selling group membegr pending completion of not less than the minimum offering.

The completion of this Offering is subject to a minimum subscription of $2,000,000. If the minimum subscription is not obtained by the closing date, the Offering will not close and all subscription funds will be promptly returned to the subscribers, without deduction or interest. The Offering will cease if the minimum offering is not subscribed within 90 days of the date of the final prospectus receipt.

The Agent will receive a fee equal to 8% of the gross proceeds of the Offering. The Agent will also receive 75,000 common shares (the "Corporate Finance Shares") and fee in the amount of $10,000.

Upon completion of the Offering, the Company will also issue to the Agent the Agent's Warrants to acquire the number of Shares which is equal to 20% of the number of Units sold pursuant to the Offering and pursuant to the exercise of the Greenshoe Option (if any), at a price of $0.60 per Share for a period of 12 months from the Listing Date. In addition, the Agent will be granted a Greenshoe Option pursuant to which the Agent may acquire from the Company, within 60 days of the Closing Date, at a price of $0.60 per Unit, that number of Units equal to the lesser of 15% of the number of Units sold pursuant to the Offering and the actual number of Units subscribed for over and above the Maximum Offering. This prospectus also qualifies the issuance of the Agent's Warrants and the Greenshoe Option to the Agent, the issuance of the Shares and Warrants comprising any Units issued upon exercise of the Greenshoe Option and the issuance of the Corporate Finance Shares.

The Agent may offer selling group participation in the normal course of the brokerage business, to selling groups of other licensed broker-dealers, brokers and investment dealers, who may or may not be offered part of the commissions or Agent's Warrants derived from this Offering. The obligations of the Agent under the Agency Agreement may be terminated at any time before the Closing Date at the Agent's discretion on the basis of its assessment of the financial markets and may also be terminated upon the occurrence of certain stated events.

The Company will pay for all reasonable expenses incurred by the Agent in connection with the Offering, including the Agent's fees, out-of-pocket expenses and fees and disbursements of the Agent's legal counsel.

The Company has granted the Agent a right of first refusal to provide all brokered equity and convertible debt financing to the Company for a period of 12 months from the Listing Date.

A portion of this Offering may be sold to persons and companies registered for trading in securities other than in Canada and the United States of America, which persons and companies may in turn sell to their clients and investors situated outside of Canada and the United States of America.

Additional Offering

This prospectus also qualifies the distribution of 10,219,927 Underlying Shares of the Company issuable for no additional consideration upon the exercise of 10,219,927 Special Warrants previously issued by the Issuer at various prices pursuant to applicable statutory exemptions from prospectus and registration requirements. Each Series A and Series B Special Warrant is exercisable into one Underlying Share. The Agent will not receive any compensation in respect of the distribution of the Underlying Shares to be issued upon exercise of the Special Warrants.

RISK FACTORS

Speculative Securities

The securities offered hereunder are considered to be speculative due to the nature of the Company's business and its present stage of development. An investment in these securities should only be made by persons who can afford the total loss of their investment.

Nature of Exploration and Mining

Resource exploration and development is a speculative business and involves a high degree of risk. The properties in which the Company holds an interest are without a known body of ore. Each of the proposed programs on the properties is an exploratory search for ore. Development of these properties will only follow upon obtaining satisfactory exploration results. Natural resource exploration and development involves a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to avoid. There is no assurance that commercial quantities of ore will be discovered. There is also no assurance that even if commercial quantities of ore are discovered, a property will be brought into commercial production. The discovery of commercial deposits is dependent upon a number of factors not the least of which is the technical skill of the exploration personnel involved. The commercial viability of a deposit once discovered is also dependent upon a number of factors, some of which are the particular attributes of the deposit, such as size, grade and proximity to infrastructure, commodity prices and government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection. Most of the above factors are beyond the control of the Company.

Operating Hazards and Risks

Exploration of natural resources generally involves a high degree of risk which even a combination of experience, knowledge and careful evaluation may not be able to overcome. The business of mining is subject to a variety of risks such as ground fall, explosions and other accidents, flooding, environmental hazards, the discharge of toxic chemicals and other hazards. Such occurrences, against which the Company cannot, or may elect not to, insure, may result in destruction of mines and other production facilities, damage to life and property, environmental damage, delayed production, increased production costs and possible legal liability for any and all damages. Such liabilities may have a material adverse effect on the Company's financial position.

Requirement for Further Financing

The Company presently does not have sufficient financial resources to undertake all of its currently planned exploration and development programs. The further development and exploration of the various mineral properties in which it holds interests depends upon the Company's ability to obtain financing through any or all of the joint ventures of projects, debt financing, equity financing or other means. There can be no assurance that the Company will be able to raise the balance of the financing required or that such financing can be obtained without substantial dilution to purchasers. There is no assurance the Company will be successful in obtaining the required financing. Failure to obtain additional financing on a timely basis could cause the Company to forfeit its interest in some or all of its properties and reduce or terminate its operations.

Fluctuation in Prices

The mining industry in general is intensely competitive and there is no assurance that, even if commercial quantities of a mineral resource are discovered, a profitable market will exist for the sale of same. There can be no assurance that mineral prices will be such that the Company's properties can be mined at a profit. Factors beyond the control of the Company may affect the marketability of any minerals discovered.

Mineral and metal prices have experienced volatile and significant price movements over short periods of time, and are affected by numerous factors beyond the control of the Company, including international economic and political trends, expectations of inflation, currency exchange fluctuations (specifically, the U.S. dollar relative to other currencies), interest rates and global or regional consumption patterns, speculative activities and increased production due to improved mining and production methods. In particular, the supply of and demand for minerals are affected by, among other factors, political events, economic conditions and production costs in various producing regions.

Fluctuation in Currency Exchange Rate

Fluctuations in foreign currency exchange rates may affect the Company's costs of operation. This Offering is denominated in the Canadian currency; however, a significant portion of the Company's operating expenses is denominated in the US currency. Any adverse change in the Canadian currency versus the US currency would have a corresponding adverse effect on the Company's abilities to carry out their business plan.

Compliance with Government Regulation

The Company's operations will require permits from various foreign, federal, state, provincial and local governmental authorities and may be governed by laws and regulations governing prospecting, development, mining production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. Companies engaged in the development and operation of mines and related facilities generally experience increased costs as a result of the need to comply with applicable laws, regulations and permits. Permits and studies may be necessary prior to operation of the exploration properties in which the Company has an interest and there can be no guarantee that the Company will be able to obtain or maintain all necessary permits that may be required to commence construction or operation of mining facilities at these properties on terms which enable operations to be conducted an economically justifiable costs. There can be no assurance, that all permits which the Company may require for its future operations will be obtainable on reasonable terms or that such laws and regulations would not have an adverse effect on any mining project, which the Issue might undertake. To the extent such approvals are required and are not obtained, the Company may be delayed or prohibited from proceeding with planned exploration or development of mineral properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities, causing operations to cease or be curtailed and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Violators may be required to compensate those suffering loss or damage by reason of their mining activities and may be fined if convicted of an offence under such legislation.

Amendments to current laws, regulations, and permits governing operations and activities of mining companies, or the more stringent implementation thereof, could require increases in capital expenditures, production costs, reduction in levels of production of future mining operations, or require delays in the development or abandonment of new mining properties.

Any future mining operations may be subject to foreign, federal, state, provincial and local laws and regulations governing the protection of the environment, including laws and regulations relating to air and water quality, mine reclamation, waste disposal, and the protection of endangered or threatened species. Any mining activities may be subject to foreign, federal, state, provincial and local laws and regulations for protection of surface and ground water.

Uninsurable Risks

In the course of exploration, development, and production of mineral properties, certain risks and, in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fires, flooding, and earthquakes, may occur. It is not always possible to fully insure against such risks and the Company may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of the Company.

No Assurance of Titles or Boundaries

As more particularly described under "The Business of the Company - Terms of Acquisition", the Company holds its rights to the Tejamen and San Lucas properties under the Property Agreement with Minera Montana. Minera Montana holds its right to acquire certain of such properties from Jarvis under the Jarvis Agreement. As of the date hereof, the Company has not obtained the consent of Jarvis to the assignment under the Property Agreement of Minera Montana's rights to acquire such properties under the Jarvis Agreement. The absence of such consent may impair the Company's ability to obtain rights to these properties.

There are several inconsistencies between the claim numbers contained in the Jarvis Agreement and the claim numbers in a title opinion obtained by the Company. The Company has requested that Jarvis confirm the correct claim numbers in a Addendum to the Jarvis Agreement, however as of the date hereof, the accuracy of certain claim information contained in the Jarvis Agreement is in doubt. Other parties may dispute title to any of the Company's mineral properties and any of the Company's properties may be subject to prior unregistered agreements or transfers or land claims by aboriginal, native, or indigenous peoples, and title may be affected by undetected encumbrances or defects or governmental actions.

Environmental and Other Regulatory Requirements

All phases of the Company's operations are subject to environmental regulation. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on the properties in which the Company holds interests which are unknown to the Company at present which have been caused by previous or existing owners or operators of the properties.

Government approvals and permits are currently, and will in the future be, required in connection with the Company's operations. To the extent such approvals are required and not obtained, the Company may be curtailed or prohibited from proceeding with planned exploration or development of mineral properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of such mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

Conflicts of Interest

Certain directors and officers of the Company are also directors, officers, or shareholders of other companies that are similarly engaged in the business of acquiring, developing, and exploiting natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at the time.

Dividend Policy

The Company has paid no dividends on its Shares since its inception and it is unlikely that earnings, if any, will be available for the payment of dividends in the foreseeable future.

PROMOTER

James E. Yates may be considered to be the promoter of the Company under applicable securities laws by reason of having taken the initiative in founding and reorganizing the business and enterprise of the Company. Refer to "Principal Shareholders" and "Executive Compensation" for details on the securities of the Company held by James E. Yates and remuneration received from the Company.

LEGAL PROCEEDINGS

There are no other material legal proceedings to which the Company is a party or of which any of its properties is the subject matter nor, to the best of the knowledge of management, are any such legal proceedings contemplated.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

None of the directors, officers or principal shareholders of the Company, nor any associate or affiliate thereof, has had any direct or indirect material interest in any transaction or proposed transaction which has materially affected or would materially affect the Company during the three years prior to the date hereof, except as described herein.

RELATIONSHIP BETWEEN COMPANY AND AGENT

The Company is not a connected issuer or related issuer of the Agent.

AUDITORS, TRANSFER AGENTS, AND REGISTRARS

The auditors of the Company are Dale, Matheson, Carr-Hilton, Chartered Accountants, of 1700 – 1140 West Pender Street, Vancouver, BC. The registrar and transfer agent of the Company is Pacific Corporate Trust Company, of 10th Floor, 625 Howe Street, Vancouver, BC.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, the only contracts which the Company has entered into or assumed during the two years prior to the date of this prospectus and which can reasonably be regarded as material to the Company are as follows:

1. Property Agreement dated February 28, 2003, between the Company and Minera Montana, as amended. Refer to "The Business of the Company".

2. Agency Agreement dated August 22, 2003, as amended, between the Company and the Agent. Refer to "Plan of Distribution".

3. Escrow Agreement dated August 6, 2003, among the Company, its principals and Pacific Corporate Trust Company. Refer to "Escrowed Securities".

4. Transfer Agency Agreement dated December 10, 1996, between the Company and Pacific Corporate Trust Company. Refer to "Auditors, Transfer Agents, Registrars".

5. Finders Fee Agreement dated August 14, 2003, among the Company, ARH Management Ltd. and Randy Reneau. Refer to "Other Material Facts".

6. Stock Option Agreements. Refer to "Options to Purchase Securities".

7. Management Services Agreement dated August 14, 2003, among the Company, Dale E. Scholz and Dale E. Scholz, Inc. Refer to “Executive Compensation”.

8. Investor Relations Agreement dated September 24, 2003, between the Company and Sundar Communications Group Inc. Refer to “Other Material Facts”.

Copies of the above agreements together with the Tejamin Report and the San Lucas Report may be examined during the course of distribution of the securities qualified hereunder and for a period of 30 days thereafter at the offices of the Company’s solicitors, Miller Thomson LLP, located 1000-840 Howe Street, Vancouver, British Columbia, V6Z 2M1.

EXPERTS

No person who has prepared or certified a part of this prospectus or prepared or certified a report or valuation described or included in this prospectus has any beneficial interest, direct or indirect, in any securities or property of the Company or of an associate or affiliate of the Company, and no such person is or is expected to be elected appointed, or employed as a director, officer or employee of the Company or of an associate or affiliate of the Company.

OTHER MATERIAL FACTS

Private Placement of Special Warrants

The Company previously sold a total of 7,500,000 Series A Special Warrants at a price of $0.001 per Series A Special Warrant, for net proceeds to the Company of $7,500; 500,000 Series B Special Warrants at a price of $0.25 per Series B Special Warrant, for net proceeds to the Company of $125,000; and 2,219,927 Series B Special Warrants at a price of $0.35 per Series B Special Warrant, for net proceeds to the Company of $729,927 (after payment of a finders fee with respect to certain subscriptions). Each Series A and Series B Special Warrant entitles the holder thereof to acquire one Underlying Share for no additional consideration.

This prospectus is also being filed to qualify the distribution of the 10,219,927 Underlying Shares to be issued on the exercise or deemed exercise of the Series A and Series B Special Warrants.

Finders Fee Agreement

The Company has entered into an agreement dated August 14, 2003, with ARH Management Ltd. and Randy Reneau, pursuant to which the Company has agreed to pay a finders fee consisting of 350,000 common shares in connection with the Property Agreement.

Investor Relations Agreement

The Company has entered into an agreement dated September 24, 2003, with Sundar Communications Group Inc. (“Sundar”), pursuant to which the Company has engaged Sundar to provide investor relations services to the Company in consideration for payment of the sum of $7,500 per month and the grant of 200,000 stock options. The agreement is for a term of 12 months and may be terminated on 30 days notice.

There are no other material facts relating to the securities being qualified for distribution hereunder which have not been disclosed elsewhere in this prospectus.

PURCHASERS’ STATUTORY RIGHTS

Securities legislation in British Columbia and Alberta provides purchasers with the right to withdraw from an agreement to purchase securities within two business days after receipt or deemed receipt of a prospectus and any amendment. The securities legislation further provides a purchaser with remedies for rescission or 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. 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.

OREMEX RESOURCES INC.

(Formerly Blackhorn Gold Mines Ltd.)

FINANCIAL STATEMENTS

FOR THE YEARS ENDED NOVEMBER 30, 2002, 2001 AND 2000
(AUDITED)

WITH UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE
SIX MONTH PERIODS ENDED MAY 31, 2003 AND 2002

AUDITORS' REPORT

To the Directors of

Oremex Resources Inc.

(formerly Blackhorn Gold Mines Ltd.)

We have audited the balance sheets of **Oremex Resources Inc.** (formerly Blackhorn Gold Mines Ltd.) as at November 30, 2002 and 2001 and the statements of deficit, loss, and cash flows for each of the three years ending November 30, 2002, 2001 and 2000. 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 financial statements present fairly, in all material respects, the financial positions of the Company as at November 30, 2002 and 2001 and the results of its operations and cash flows for each of the three years ending November 30, 2002, 2001 and 2000 in accordance with Canadian generally accepted accounting principles. As required by the Company Act, British Columbia we report that in our opinion these principles have been applied on a basis consistent with prior years.

"Dale Matheson Carr-Hilton"

CHARTERED ACCOUNTANTS

Vancouver, B.C.
April 23, 2003, except for
note 9, which is as at October 14, 2003

OREMEX RESOURCES INC.
(FORMERLY BLACKHORN GOLD MINES LTD.)

BALANCE SHEETS

	May 31, 2003 $ (Unaudited)	**November 30, 2002 $**	**November 30, 2001 $**
ASSETS			
CURRENT ASSETS			
Cash and money market funds	79,996	6,052	10,394
Goods and services taxes receivable	1,394	177	-
Prepaid expenses	750	628	-
	82,140	6,857	10,394
DEFERRED EXPLORATION (Note 3)	21,717	-	-
DEFERRED PUBLIC OFFERING COSTS (Note 4)	10,000	-	-
	113,857	6,857	10,394
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities **(Note 6(b))**	30,709	21,539	10,104
Loan payable	-	4,000	4,000
	30,709	25,539	14,104
SHARE CAPITAL AND DEFICIT			
SHARE CAPITAL (Note 5)	664,500	539,500	539,500
CONTRIBUTED SURPLUS (Note 5)	7,500	7,500	7,500
DEFICIT	(588,852)	(565,682)	(550,710)
	83,148	(18,682)	(3,710)
	113,857	6,857	10,394

APPROVED BY THE DIRECTORS

"James E. Yates" **Director**

"Ross O. Glanville" **Director**

- See Accompanying Notes -

OREMEX RESOURCES INC.
(FORMERLY BLACKHORN GOLD MINES LTD.)

STATEMENTS OF DEFICIT

	Six Months ended May 31,		Years ended November 30,		
	2003 $ (unaudited)	2002 $ (unaudited)	2002 $	2001 $	2000 $
DEFICIT, beginning of period	565,682	550,710	550,710	547,048	517,542
NET LOSS FOR THE PERIOD	23,170	2,918	14,972	3,662	29,506
DEFICIT, end of period	588,852	553,628	565,682	550,710	547,048

- See Accompanying Notes -

OREMEX RESOURCES INC.

(FORMERLY BLACKHORN GOLD MINES LTD.)

STATEMENTS OF LOSS

	Six Months ended May 31,		Years ended November 30,		
	2003	2002	2002	2001	2000
	$	$	$	$	$
	(unaudited)	(unaudited)			
ADMINISTRATIVE EXPENSES					
Advertising and promotion	2,586	-	867	-	-
Bank charges and interest	78	58	95	96	106
Insurance	275	-	-	-	-
Office expenses	3,420	959	1,520	-	-
Legal and audit	17,849	100	9,426	2,282	5,285
Management fee	-	-	-	-	42,000
Regulatory and filing fees	3,498	1,820	2,383	1,470	1,370
Rent	4,500	-	750	-	-
	32,206	2,937	15,041	3,848	48,761
OPERATING LOSS	(32,206)	(2,937)	(15,041)	(3,848)	(48,761)
OTHER INCOME					
Interest income	69	19	69	186	530
Gain on debt settlement	8,967	-	-	-	18,725
	9,036	19	69	186	19,255
NET LOSS FOR THE PERIOD	(23,170)	(2,918)	(14,972)	(3,662)	(29,506)
BASIC AND DILUTED LOSS PER SHARE (Note 5)					
- Before reserve for cancellation	(0.008)	(0.001)	(0.005)	(0.001)	(0.01)
- After reserve for cancellation	(0.011)	(0.001)	(0.007)	(0.002)	-
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING (Note 5)					
- Before reserve for cancellation	2,908,001	2,908,001	2,908,001	2,908,001	2,908,001
- After reserve for cancellation	2,158,001	2,158,001	2,158,001	2,158,001	-

- See Accompanying Notes -

OREMEX RESOURCES INC.

(FORMERLY BLACKHORN GOLD MINES LTD.)

STATEMENTS OF CASH FLOWS

	Six Months ended May 31,		Years ended November 30,		
	2003	**2002**	**2002**	**2001**	**2000**
	$	**$**	**$**	**$**	**$**
	(unaudited)	**(unaudited)**			
CASH FLOWS FROM (USED IN):					
OPERATING ACTIVITIES					
Net loss for the period	(23,170)	(2,918)	(14,972)	(3,662)	(29,506)
Change in non-cash operating accounts:					
Accounts receivable	(1,217)	(263)	(177)	1,089	(65)
Accounts payable	9,170	(893)	11,435	(96)	3,317
Prepaid expenses	(122)	-	(628)	-	-
	(15,339)	(4,074)	(4,342)	(2,669)	(26,254)
INVESTING ACTIVITIES					
Deferred exploration	(21,717)	-	-	-	-
FINANCING ACTIVITIES					
Special warrants	125,000	-	-	-	-
Loan payable	(4,000)	-	-	4,000	-
Deferred public offering costs	(10,000)	-	-	-	-
	111,000	-	-	4,000	-
INCREASE (DECREASE) IN CASH	73,944	(4,074)	(4,342)	1,331	(26,254)
CASH, beginning of period	6,052	10,394	10,394	9,063	35,317
CASH, end of period	79,996	6,320	6,052	10,394	9,063

- See Accompanying Notes -

1. NATURE OF OPERATIONS

The Company has been engaged in acquisition and exploration of mineral interests.

Funding for operations has been obtained through share offerings. Future operations are dependent upon the company's continuing ability to finance expenditures and achieve profitable operations.

The Company has been maintaining its status as a reporting issuer under British Columbia Securities legislation but has not completed requirements for listing on the TSX Venture Exchange.

(See Note 9(viii)).

2. SIGNIFICANT ACCOUNTING POLICIES

a) Administrative Expenses

Administrative expenses not directly associated with mineral properties are recognized as period costs and are expensed in the period incurred.

b) 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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant financial statement items involving estimates include the allocation of costs to deferred share issue costs and accrual for liabilities. Where estimates have been used financial results as determined by actual events could differ from those estimates.

c) Basic and diluted loss per share

The Company has adopted new Canadian generally accepted accounting principles standards for calculating earnings per share (Canadian Institute of Chartered Accountants handbook section 3500). The new standard requires the use of the treasury stock method for computing diluted earnings per share, which assumes that any proceeds obtained upon exercise of options or warrants, would be used to purchase common shares at average market price during the period.

There was no established market price for the company's shares during the period. Accordingly, it has been determined that the inclusion of outstanding share purchase options would be anti-dilutive, and diluted loss per share has not been presented.

d) Financial Instruments

The Company's financial instruments consist of cash and money market funds, accounts payable, and loan payable. The fair value of these instruments approximates their carrying value due to their short-term maturity.

2. SIGNIFICANT ACCOUNTING POLICIES – CONT'D

e) Risk Management

The Company is not currently exposed to significant foreign currency, interest rate, or credit concentration risk.

The company is at risk for environmental issues as well as normal industry risk.

f) Income Taxes

The liability method of tax allocation is used in accounting for income taxes. Under this method an enterprise would recognize a future income tax liability whenever recovery or settlement of the carrying amount of an asset or liability would result in future income tax outflows. Similarly, an enterprise would recognize a future income tax asset whenever recovery or settlement of the carrying amount of an asset or liability would generate future income tax reductions. An extension of this fundamental principle is that in the case of unused tax losses, income tax reductions, and certain items that have a tax basis but cannot be identified with an asset or liability on the balance sheet, the recognition of future income tax benefits is determined by reference to the likely realization of a future income tax reduction.

(See Note 7).

g) Stock based compensation

The Company has adopted guidelines issued by the Canadian Institute of Chartered Accountants Handbook Section 3870, for stock-based compensation and other stock-based payments effective for the years commencing on or after January 1, 2002. Under these guidelines, all new or re-priced stock-based awards made after the effective date to non-employees are measured and recognized using the fair-value method. The standard also encourages the use of the fair-value method for direct awards of stock, stock appreciation rights and awards that call for settlement in cash or other assets made to employees.

The Company has adopted the fair-value method for all stock-based compensation to employees and consultants in future periods. **(See Note 9(xi))**

h) Deferred public offering costs

In accordance with Canadian Generally Accepted Accounting Principles, the public offering costs are being deferred in these financial statements until such time as the transaction is completed or abandoned. At completion, the deferred charges will be allocated as a reduction to share capital, alternatively if the transaction is abandoned, then the costs will be expensed in the period of determination. **(See Note 9(viii))**

3. DEFERRED EXPLORATION AND DEVELOPMENT

TEJAMEN, MEXICO	**Balance May 31** 2003 **$** **(Unaudited)**	**Expenditures during period** to May 31, 2003 **$** **(Unaudited)**	**Balance Nov 30** 2002 **$**	**Balance Nov 30** 2001 **$**
Exploration and development				
Deferred exploration	21,101	21,101	-	-
Assaying	616	616	-	-
	21,717	21,717	-	-

TEJAMEN, MEXICO

The company incurred due diligence costs as set out above on the property prior to the period ending May 31, 2003 . **(See Note 9(i))**

4. DEFERRED PUBLIC OFFERING COSTS

	May 31 2003 $ (Unaudited)
Deferred legal costs	10,000

The Company, at May 31, 2003, was in the process of preparing an initial public offering prospectus. Legal costs allocated to the preparation of the filing documents have been deferred and will be charged as a capital transaction upon public listing on the TSX Venture Exchange.

5. SHARE CAPITAL

Authorized

Unlimited number of common shares, without par value

		May 31, 2003 (Unaudited)		November 30, 2002		November 30, 2001	
		#	$	#	$	#	$
Balance, beginning of period		2,908,001	547,000	2,908,001	547,000	2,908,001	547,000
Issued	**i)**	-	125,000	-	-	-	-
Reserved for cancellation	**ii)**	(750,000)	(7,500)	(750,000)	(7,500)	(750,000)	(7,500)
Balance, end of period		2,158,001	664,500	2,158,001	539,500	2,158,001	539,500

i. On March 28, 2003 the Company issued 500,000 series B special warrants at a price of $0.25 per warrant. Each warrant is exercisable into one common share of the company for no additional consideration. The warrants may be exercised by the holder in whole or in part at any time after the closing of a proposed private placement. Alternatively, the special warrants will be deemed to be exercised at the earlier of the fifth business day after a final prospectus is filed and accepted by the British Columbia Securities Commission and the date upon which certain amendments to Multilateral Instrument 45-102 Resale of Securities, as currently proposed, becomes effective.

ii. In 2001, the company applied for cancellation of 750,000 escrow shares for return to treasury. The amount originally paid in for the shares was reversed and charged to contributed surplus.

During 2002, the company was advised by its transfer agent that the shares could not be cancelled without consent of the escrow shareholders. Subsequent to the period end, the company has received escrow shareholder approval for the cancellation of the escrow shares and passed the necessary directors resolutions.

5. SHARE CAPITAL – CONT'D

Share purchase options

At November 30, 2002 and the period ending May 31, 2003, the following share purchase options were outstanding:

No. of Shares	Exercise price	Expiry
390,000	$0.50	Undetermined

During the year ended November 30, 1997, 390,000 share purchase options were granted to the Directors of the Company. The options have an exercise price of $0.50 per share and expire two years from the date that the Company's shares are listed on the TSX Venture Exchange. Subsequent to year end, on June 27, 2003 the share purchase options were cancelled. **(Note 9(ii)).**

Share purchase warrants

At the period ending May 31, 2003, the following special warrants were outstanding:

No. of Shares	Exercise price	Expiry
500,000	Nil	Undetermined

The warrants may be exercised by the holder in whole or in part at any time after the closing of a proposed private placement. Alternatively, the special warrants will be deemed to be exercised at the earlier of the fifth business day after a final prospectus is filed and accepted by the British Columbia Securities Commission and the date upon which certain amendments to Multilateral Instrument 45-102 Resale of Securities, as currently proposed, becomes effective. **(See note 9).**

6. RELATED PARTY TRANSACTIONS

a) On August 1, 1997, the Company entered into an agreement with a company controlled by a Director for management and administration services. The agreement has been on a month to month basis commencing August 1, 1997. Under the agreement, the Company incurs a monthly fee of $3,500.

   There have been no charges for management fee's in the May 31, 2003 six month period or year's ended November 30, 2002 and 2001 by agreement of the parties. Subsequent to the period ending May 31, 2003 this agreement was cancelled.

b) Included in accounts payable at November 30, 2002 is $850 due to a director for company expenses paid personally.

7. INCOME TAXES

The Company has non-capital losses available for income tax purposes totaling approximately $317,320 which may be carried forward to reduce future years taxable income. These losses will expire at different stages up to and including 2010:

Year Expires	Non-capital loss $
2003	29,492
2004	124,636
2005	43,259
2006	49,227
2007	29,506
2008	3,661
2009	14,539
2010 (Estimate- Six months)	23,000
	317,320

	May 31 2003 $ (Unaudited)	Nov 31 2002 $	Nov 31 2001 $
Potential future income tax asset	**(Estimate)**		
Non-capital loss carry forwards	317,320	294,320	285,730
Potential future income tax asset at currently enacted rates	120,581	111,841	114,292
Potential net future income tax asset	120,581	111,841	114,292
Valuation allowance (100%)	(120,581)	(111,841)	(114,292)
Net future income tax asset	-	-	-

The criteria for recognizing the potential future benefit of available tax losses as assets have not been met. Accordingly, no future income tax asset has been recorded.

8. COMPARATIVE FIGURES

Certain of the prior year's comparative figures have been reclassified to conform with current presentation.

9. SUBSEQUENT EVENTS

i. The Company previously reported as a subsequent event, the proposed acquisition of a subsidiary in its audited financial statements for the year ended November 30, 2002.

The proposed acquisition was abandoned June 27th, 2003 and the parties revised their agreements to acquire an option to purchase the mineral rights held by Minera Montana S. de R.L. de C.V.("Minera"), and the assignment of an option held by Minera for additional claims in the region (See below).

These interests are to be assigned to a Mexican subsidiary of Oromex Resources Inc. to be formed to hold the company's interests.

The option to acquire the interests of Minera, will be deemed exercised at the completion of:

1. Cash payment of $3,500 (subsequently paid)
2. Assignment of the agreement to the Mexican subsidiary.
3. The following tax-free payments to the optionor:
    a. $ 100,000 U.S. on July 20, 2003 (paid)
    b. $ 100,000 U.S. by January 20, 2004
    c. $ 100,000 U.S. by July 20, 2004
    d. $ 100,000 U.S. by January 20, 2005
    e. $ 150,000 U.S. by July 20, 2005
    f. $ 200,000 U.S. by January 20, 2006
    g. $1,115,000 U.S. by July 20, 2006

The two options included in this agreement cover the following claims:

Region	Claims	Hectares
Tejamen	21	1,672.04
San Lucas	11	925.32
Mezquetal	3	161.48
La Parrilla	2	24.93
El Sol	1	83.00
Chalchiuites	4	48.16
	42	2,914.93

ii. On June 27, 2003, the Company cancelled the existing stock option plan for 390,000 shares **(Note 5)** and approved a new 10% rolling incentive stock option plan. The Company has granted incentive stock options exercisable at $0.50 per common share for a five year period from the date of listing as follows:

	Expiry	# Shares
Executive officers	5 year	400,000
Directors	5 year	375,000
Consultants and contractors	5 year	85,000
Sundar Communications Group	(See 9(x) below)	200,000
Outstanding at audit report date		1,060,000

9. SUBSEQUENT EVENTS – CONT'D

iii. During June, 2003, the Company received subscription agreements for 7,500,000 Series A special warrants at $0.001 per special warrant. Each special warrant entitles the subscriber to acquire, for no additional consideration, one common share in the Company. Of the 7,500,000 warrants, 3,500,000 were subscribed by parties related to Minera **(see (ii) above)** in connection with the option acquisition and future participation. In addition, 1,333,333 of the warrants were issued to a company controlled by a director and officer.

Total proceeds received from the subscriptions was $7,500, of which $3,500 was received by way of offset in respect of the Minera transaction (See i) above) and the balance was received between October 7th and 9th inclusive.

Upon conversion of the Series A special warrants into common shares, they will be placed into escrow. The shares are expected to be eligible for release from escrow on the following time table: (Subject to regulatory approval)

Listing date	1/10 of escrowed shares
6 months	1/6 of remaining escrowed shares
12 months	1/5 of remaining escrowed shares
18 months	¼ remaining escrowed shares
24 months	1/3 of remaining escrowed shares
30 months	½ of remaining escrowed shares
36 months	remaining escrowed shares

Under an escrow agreement dated August 6, 2003, 100,000 common shares previously acquired by a director and officer have been placed into escrow and are subject to release under similar terms.

iv. On July 9, 2003 the Company changed its name to Oremex Resources Inc.

v. Between July and September 2003, the Company received subscription agreements for 2,219,927 Series B special warrants at $0.35 per special warrant. Each special warrant entitles the subscriber to acquire, for no additional consideration, one common share in the Company.

The subscriptions have been paid in full, generating proceeds of $729,927 (net of $47,048 in finders fees).

Upon listing on the TSX Venture Exchange and conversion of the Series B special warrants into common shares, the shares will be subject to certain seed share resale restrictions prescribed by the policies of the exchange. Management anticipates 20% of the shares will be released from these restrictions upon completion of the initial public offering and a further 20% will be released each month over a period of four months after completion of the offering.

vi. On August 14, 2003 the Company signed a finders fee agreement relating to the acquisition of the Minera options, agreeing to issue 350,000 common shares with a deemed value of $0.35 per share.

vii. On August 14, 2003 the Company entered into a management services agreement with a company controlled by a director. The agreement will become effective the first day of the month following the date that the shares of the Company are listed for trading on the TSX Venture Exchange. The agreement provides for $3,000 U.S. per month to be paid for the services.

9. SUBSEQUENT EVENTS – CONT'D

viii. Pursuant to a prospectus anticipated to be dated October 14, 2003, filed with the British Columbia and Alberta securities commissions and an agency agreement dated August 22, 2003 the corporation intends to make an initial public offering up to 5,000,000 units at $0.50 per unit. Each unit consists of one common share in the capital of the company and one-half of one non-transferable common share purchase warrant. One whole warrant will entitle the holder to acquire one common share of the company for a period of twelve months following the completion of the offering at an exercise price of $0.60 per share.

The prospectus is subject to a minimum offering of $2,000,000. In the event that the minimum subscription is not attained, all funds raised will be returned to investors without interest or deduction. The minimum offering must be subscribed within 90 days of receipt of the final prospectus, or the offering will cease.

ix. The Company has entered into an agency agreement with Canaccord Capital Corporation (the "agent"). Under the agreement dated August 22, 2003 (subsequently amended). The agent has agreed to use commercially reasonable efforts to work with the company in achieving its financing requirements and to make an initial public offering (See above). Under the agreement, the Company has agreed to:

a) An agent's commission of 8% of the gross proceeds of a public offering.

b) Grant the agent an option ("Greenshoe option") exercisable within 60 days of closing of the offering. The agent has the option to acquire up to 15% of the number of units sold and subscribed, over and above the maximum offering, at price of $0.50 per unit.

c) The issuance of non-transferable share purchase warrants. The Company will issue up to an additional 20% of units sold in a public offering including the units under "Greenshoe option". These agents warrants are exercisable at $0.60 per share for a period of 12 months from the date of the listing of the shares on the exchange.

d) Reimburse the agent for all reasonable expenses incurred in connection with the offering.

e) A corporate finance fee equal to 75,000 common shares.

f) An administration fee of $10,000.

x. On September 24, 2003 the Company entered into an investor relations agreement with Sundar Communications Group Inc. ("Sundar"). In return for the investor relations services the Company has agreed to:

a) Payment of $7,500 on the first day of every month following listing.

b) Grant "Sundar" the option to purchase up to 200,000 common shares of the company for a two year period with an exercise price of $0.50 per share. Under the agreement, the options will vest as to one quarter on each of those dates which falls three, six, nine and twelve months after the date the common shares begin trading. The options will expire at the earlier of 2 years from the date the shares begin trading or upon termination of the service agreement.

The investor relations agreement may be terminated at the earlier of the first anniversary of the listing date, or 30 days following written notification by either party.

9. SUBSEQUENT EVENTS – CONT'D

xi. Future reporting period measurement impact

The Company has entered into stock based transactions as detailed in ii), iii), viii) ix) and x), which include share purchase warrants, stock options, and the issuance of shares (to be escrowed) at less than seed and initial public offering prices. These transactions will require the company to ascribe fair values to each of the stock based transactions in accordance with section 3870 of the CICA Handbook. **(Note 2 (g))**

The Company as at October 14, 2003 had not determined the fair value of the stock based transactions noted above, as such fair value will in part be dependant on completion of the proposed initial public offering which had not been completed as at October 14, 2003. The Company at October 14, 2003 had not yet determined the allocation of stock based transaction costs to the appropriate income and balance sheet accounts. The Company will be required to make such determinations in its fiscal quarter reporting August 31, 2003 and subsequent reporting periods as appropriate. Such transactions may have a material impact on those reporting periods. Specific financial statement accounts that may be impacted will include contributed surplus, share capital, stock based compensation expenses, deficit and the allocation of related costs to the mineral property acquisition.

CERTIFICATE OF THE COMPANY

Dated: October 14, 2003.

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), Part 9 of the *Securities Act* (Alberta), and the rules and regulations thereunder.

"Dale E. Scholz"	*"James E. Yates"*
Dale E. Scholz President, Chief Executive Officer and Director	James E. Yates Chief Financial Officer and Director

On behalf of the Board of Directors

"Ross O. Glanville"	*"Henry A. Scholz"*
Ross O. Glanville Director	Henry A. Scholz Director

On behalf of the Company's Promoter

"James E. Yates"

James E. Yates
Promoter

CERTIFICATE OF AGENT

Dated: October 14, 2003.

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), Part 9 of the *Securities Act* (Alberta), and the rules and regulations thereunder.

CANACCORD CAPITAL CORPORATION

"Peter M. Brown"

Peter M. Brown
Chairman and CEO