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

PRELIMINARY PROSPECTUS

Initial Public Offering June 28, 2002

FOREST GATE RESOURCES INC.

345 Victoria Avenue
Suite 203
Westmount, Quebec
H3Z 2N2

Telephone: (514) 486-3040
Facsimile: (514) 486-1317

Minimum of 7,200,000 Units at $0.15 per Unit
Maximum of 10,000,000 Units at $0.15 per Unit

Forest Gate Resources Ltd. (the "Company") is offering (the "Offering") to the public through its agent, Georgia Pacific Securities Corporation (the "Agent"), on a commercially reasonable efforts basis, a minimum of 7,200,000 (the "Minimum Offering") and a maximum of 10,000,000 (the "Maximum Offering") units (the "Units") at a price of $0.15 per Unit, each Unit consisting of one common share in the capital of the Company ("Share") and one transferable common share purchase warrant ("Warrant"). Each Warrant will entitle the holder thereof to acquire one Share for a period of two years following completion of the Offering at an exercise price of $0.15.

The completion of this Offering is subject to a minimum subscription of 7,200,000 Units. 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.

	Price to the Public[(1)]	Agent's Commission[(2)]	Proceeds to the Company[(3)(4)(5)]
Per Unit	$0.15	$0.015	$0.135
Minimum Offering	$1,080,000	$108,000	$972,000
Maximum Offering	$1,500,000	$150,000	$1,350,000

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 10% 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 25% of the number of Units sold pursuant to the Offering (including any sold on any over-subscription) at a price of $0.15 per Share for a period of two years 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 $0.15 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 $225,000 (less the Agent's commissions of $22,500) for net proceeds to the Company of $202,500. 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 equal to 5% of the gross proceeds of the Offering. The corporate finance fee is payable, at the Agent's option, in either cash or by the issuance of Units at a deemed price of $0.15 per Unit. In the event the Agent elects to receive the corporate finance fee in Units, the issuance of the Shares and Warrants comprising such Units is qualified for distribution hereunder. 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 $60,000. 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 are 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".

An application has been made to conditionally list the Shares and Warrants offered herein on the TSX Venture Exchange (the "Exchange"). Listing is subject to the Company fulfilling all the listing requirements of the Exchange.

This prospectus also qualifies the distribution of 704,090 units (the "SW Units") of the Company, issuable for no additional consideration, upon the exercise of 704,090 special warrants (the "Special Warrants") previously issued by the Company at a price of $0.11 per Special Warrant pursuant to applicable statutory exemptions from prospectus and registration requirements.

	Price to Special Warrant Holder	Agent's Commission	Net Proceeds to the Company
Per Special Warrant	$0.11	Nil	$77,450
Total	$0.11	Nil	$77,450

Each Special Warrant entitles the holder thereof to acquire one SW Unit at no additional cost. Each SW Unit will be comprised of one Share (an "Underlying Share") and one warrant (an "Underlying Warrant") to purchase one additional Share at a price of $0.15 for a period of two years from the date of issuance.

Certain legal matters relating to the securities offered hereby will be passed upon by Farris, Vaughan, Wills & Murphy on behalf of the Company.

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

GEORGIA PACIFIC SECURITIES CORPORATION
16th Floor, Two Bentall Centre
555 Burrard Street
Vancouver, British Columbia
V7X 1S6

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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 properties located in New Brunswick and Saskatchewan. 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 natural resources being targeted by the Company at the present time are gold, silver, base metals and diamonds. Refer to "The Business of the Company".

Offering:

The Company is offering to the public, through the Agent, on a commercially reasonable efforts basis, a minimum of 7,200,000 Units and a maximum of 10,000,000 Units at a price of $0.15 per Unit, with each Unit consisting of one Share and one Warrant. Each Warrant will entitle the holder thereof to acquire one Share for a period of two years following completion of the Offering at an exercise price of $0.15.

The Agent will receive a commission equal to 10% of the gross proceeds of the Offering together with Agent's Warrants to acquire the number of Shares which is equal to 25% 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 $0.15 per Share for a period of two years from the Listing Date.

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 $0.15 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 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 equal to 5% of the gross proceeds of the Offering. The corporate finance fee is payable, at the Agent's Option, in either cash or by the issuance of Units at a deemed price of $0.15 per Unit.

Special Warrants:

This prospectus also qualifies for distribution 704,090 SW Units to be issued upon the exercise of previously issued Special Warrants. A total of 704,090 Special Warrants were issued pursuant to prospectus exemptions under applicable securities legislation at a price of $0.11 per Special Warrant for total proceeds to the Company of $77,450. Refer to "Plan of Distribution". These funds were used by the Company for exploration on the Company's East Side diamond property, claim renewals and general corporate purposes. Since the date of issuance, no Special Warrants have been exercised.

Each Special Warrant entitles the holder thereof to acquire one SW Unit at no additional cost, with each SW Unit being comprised of one Underlying Share and one Underlying Warrant.

Use of Proceeds: After deduction of the Agent's commission, the Company will receive proceeds of $972,000 in the event of completion of the Minimum Offering and $1,350,000 in the event of completion of the Maximum Offering. As the Company had a working capital deficiency as at May 31, 2002 of approximately $200,000, the Company will have net funds available of $972,000 in the event the Minimum Offering is completed and $1,350,000 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	$60,000	$60,000
(2)	To pay Agent's corporate finance fee in the event the Agent elects it be paid in cash	$54,000	$75,000
(3)	Pay working capital deficiency	$200,000	$200,000
(4)	(a) To conduct the Phase 1 exploration program on the Bathurst Project, California Claims	$202,584	$202,584
	(b) To conduct the Phase 1 exploration program on the East Side Property	$225,000	$225,000
(5)	To cover estimated general and administrative expenses for a 12 month period	$120,000	$120,000
(6)	To provide general working capital	$110,416	$467,416
	TOTAL	$972,000	$1,350,000

Refer to "Use of Proceeds".

Risk Factors: There is currently no market for the Common 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 may 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.

	Quarter Ended March 31, 2002 (unaudited)	**Year Ended December 31, 2001** (audited)	**Year Ended December 31, 2000** (audited)
Current assets	$61,681	$34,008	$115,901
Mineral properties and deferred exploration costs	$637,531	$634,531	$559,427
Total liabilities	$246,404	$202,120	$131,296
Shareholders equity (net of deficit)	$453,477	$467,149	$545,005

CORPORATE STRUCTURE

Forest Gate Resources Inc. ("the Company" or "Forest Gate") was incorporated on June 25, 1999 under the *Canada Business Corporations Act*. On October 31, 2001 the Company's outstanding share capital was consolidated on a two for one basis.

The Company's head and registered offices are both located at 345 Victoria Avenue, Suite 203, Westmount, Quebec, H3Z 2N2.

Forest Gate does not have any subsidiaries.

THE BUSINESS OF THE COMPANY

General

The Company is a mineral exploration company. The business of the Company consists of the acquisition, exploration and, if warranted, development of the properties in which it holds an interest. The Company currently holds interests in properties located in New Brunswick and Saskatchewan. The principal natural resources targeted by the Company are gold, silver and base metals on the New Brunswick property and diamonds on the Saskatchewan property.

A description of the Company's New Brunswick and Saskatchewan properties is set out below.

Bathurst Project, New Brunswick

Description

The Company holds a 100% interest in the Bathurst Project (the "Bathurst Project"), located in northern New Brunswick. The Bathurst Project was acquired on September 18, 2000 from Earnest Brooks for the issuance of 625,000 common shares of the Company. Earnest Brooks is at arm's length to the Company.

The Bathurst Project is comprised of three groups of mineral claims, designated the California Lake claims (the "California Claims"), the Canoe Landing Lake claims (the "Canoe Landing Claims") and the Rio Road claims (the "Rio Claims"). The Company carried out a work program on the Bathurst Project during 2000 and 2001, spending an aggregate of $131,250 on exploration of the property.

The three claim groups are not contiguous, but are in close proximity to one another. The Rio Claims are located approximately five kilometres to the east of the California Claims, with the Canoe Landing Claims located approximately four kilometres to the south of the Rio Claims.

The California Claims consist of 18 contiguous unsurveyed mineral claims. Each claim is 16 hectares in size, for an aggregate area of 288 hectares. A description of the mineral claims comprising the California Claims is as follows:

Claim No.	**Expiry Date**
373613 to 373624	September 9, 2002
395657 to 395662	November 9, 2002

The Canoe Landing Claims consist of 92 contiguous mineral claims covering an aggregate area of 1,472 hectares. A description of the mineral claims comprising the Canoe Landing Claims is as follows:

Claim No.	**Expiry Date**
362223	September 19, 2002
373625 to 373627	September 14, 2004
387426 to 387431	September 14, 2004
387432 to 387436	September 19, 2002
386607	September 14, 2004
386610	September 14, 2004

Claim No.	Expiry Date
388027 to 388034	September 19, 2002
395318 to 395325	September 19, 2002
395331 to 395333	October 2, 2002
395601 to 395656	November 5, 2002

The Rio Claims consists of 25 contiguous mineral claims, covering an aggregate of 400 hectares. A description of the mineral claims comprising the Rio Claims is as follows:

Claim No.	Expiry Date
386601 to 386603	October 19, 2002
386605	October 19, 2002
386606	October 19, 2002
386608	October 19, 2002
386609	October 19, 2002
395663 to 395680	November 6, 2002

Location and Accessibility

The Bathurst Project is located approximately 74 kilometres west-southwest from Bathurst, New Brunswick. Road access is possible from several directions.

Vegetation includes second growth timber which has been partially clear-cut and swamp. Elevation ranges from approximately 200 metres to 450 metres above sea level. Topographic relief is approximately 100 metres.

The climate is a typical maritime climate moderated by the nearby ocean. Snowfall can be heavy in winter, but most types of work other than geological mapping and prospecting can be carried out all year round.

Mining is one of the main industries in the area, and experienced personnel are locally available.

An existing power line passes approximately three kilometres north of the Bathurst Project, and water is available from numerous creeks and lakes located on the property.

The following information on the Bathurst Project is summarized from a report on the Company's properties dated April 20, 2002 by N. Ralph Newson, M.Sc., P.Eng., P.Geo. (the "Newson Report").

Regional Geology and Mineralization

The Bathurst Project is located in an area known as the Bathurst mining camp. This area has been interpreted as having been formed in a back-arc setting, the setting in which most of the volcanogenic massive sulphide deposits of the world are thought to have formed.

The Bathurst mining camp is underlain by rocks of the Miramichi, Tetagouche, California Lake, Sheephouse Brook and Fournier groups of the Miramichi Highlands domain of the Appalachian fold belt. Together, these groups span the time from Lower Ordovician (or perhaps Late Cambrian) to late Ordovician. The Miramichi Group is the oldest, and is conformably to disconformably overlain by the other groups. The California Lake, Sheephouse Brook and Tetagouche groups are thought to be more or less coeval. The Fournier Group structurally overlies the California Lake Group.

The Appalachians have been subjected to compression, which has produced thrust sheets, or nappes, making it difficult to sort out stratigraphic relationships. Some formations occur in more than one nappe, and the lithologies may vary from one nappe to the other. Furthermore, it is very difficult to correlate rock units at the formation or lower hierarchical level in volcanic terranes, because the units are normally limited in areal extent, and because of the lithologic similarity of volcanic rocks over wide areas and over long time intervals.

The Miramichi Group is divided into three formations. It consists of a monotonous sequence of quartz wacke and slate of unknown thickness, probably representing a flysch deposit on the continental margin. The lowest formation is the Chain of Rocks Formation, which consists of fine- to coarse-grained light greenish-grey sandstone with some interbedded light to dark greenish-grey shale. Sandstone beds vary from a few cm to greater than one metre in thickness, and shale beds range from one to ten centimetres thick. The Chain of Rocks Formation is overlain by the Knights Brook Formation, similar to the lower formation, but with more shale, and more graphite and pyrite in the shale. The Patrick Brook Formation overlies the Knights Brook Formation, and consists of dark grey to black shale and dark grey volcaniclastic wacke, often with clear quartz and plagioclase crystals.

The Sheephouse Brook Group consists of volcanic and sedimentary rocks, and is found in the southern part of the Bathurst camp. It contains one of the known 45 volcanogenic massive sulphide deposits in the camp and is divided into three formations, the Clearwater Stream, Sevogle River and Slacks Lake formations, from bottom to top.

The Clearwater Stream Formation overlies the Patrick Brook Formation and consists of medium to dark greenish-grey, plagioclase-phyric (30- 50%) felsic to intermediate volcanics. They have been metamorphosed to biotite facies and have been intensely deformed, but some possible bedding features and broken crystals indicate that they may have been pyroclastics.

The Sevogle River Formation is made up of schistose to massive felsic lava with up to 15% alkali feldspar phenocrysts that are from 0.2 to 2 mm in size. The upper contact, with the Slacks Lake Formation, is defined by a cherty layer in some places.

The Slack's Lake Formation consists of alkalic to tholeiitic basalts and interbedded sedimentary rocks, along with dark grey, locally graphitic shale, red and green chert, and minor comendite.

The Tetagouche Group is the group in which 31 of the 45 known volcanogenic massive sulphide deposits of the Bathurst camp are found. From bottom to top, the formations of the Tetagouche group are the Nepisiguit Falls, Flat Landing Brook, Little River, and Tomogonops formations.

The Nepisiguit Falls Formation consists of massive quartz-feldspar porphyritic tuff or subvolcanic sill, overlain by medium- to coarse-grained volcaniclastics, which are rich in quartz and feldspar, and which become finer-grained near the top of the unit. Minor ash layers are found throughout the unit, and light to dark greenish-grey chloritic mudstone interbeds occur near the top, and are locally iron-rich.

The Flat Landing Brook Formation consists of feldspar-phyric (± quartz) rhyolitic flows, hyaloclastite, and minor sedimentary rocks, including some iron formation. Most of these rocks used to be interpreted as pyroclastics, but are now thought to be tuff lavas. These rocks cover a large areal extent, and contain 10% of small phenocrysts (1- 3 mm) of feldspar and some quartz. Iron formations, both oxide and sulphide facies, can occur at and near the base of the Flat Landing Brook Formation. Small amounts of tholeiitic basalt are interbedded with the felsic rocks of the formation, mainly as massive flows (not pillowed, in contrast to other basalts in the Tetagouche Group), but also as tuffs, sills, breccias and agglomerates.

The Little River Formation consists of mafic volcanic and sedimentary rocks that conformably overlie the Flat Landing Brook Formation. The sedimentary rocks are shales interbedded with siltstone and volcaniclastic sandstone.

The Tomogonops Formation consists of light grey, thinly bedded, often calcareous siltstone, with or without limestone, and fine-grained sandstone. These units coarsen upwards, and, near the top, grade into thick-bedded, non-calcareous, coarse-grained wacke and conglomerate.

The California Lake Group is about the same age as the Tetagouche Group but occurs in a different structural nappe, and its stratigraphic relationship to that group is not known. It contains 13 of the 45 known volcanogenic massive sulphide deposits. Four formations make up the California Lake Group, being the Canoe Landing Lake, Mount Brittain, Spruce Lake and Boucher Brook formations. The Boucher Brook Formation overlies each of the other three, so they must be approximately the same age.

The Canoe Landing Lake Formation consists of a high-chrome (>200 ppm) alkali basalt unit which also contains interbedded red slate, chert, and rare felsic volcanics. It is conformably underlain by a unit of interbedded grey to black shale and siltstone that hosts the Canoe Landing Lake deposit.

The Mount Brittain Formation is mainly feldspar crystal lithic felsic tuff with an underlying, less abundant, unit of aphyric to feldspar-phyric dacitic flows. Small (0.3- 0.4 mm) quartz phenocrysts are seen in thin section, but not macroscopically. The Mount Brittain Formation conformably overlies the Patrick Brook Formation, and is overlain by sedimentary and mafic volcanic rocks of the Boucher Brook Formation.

The Spruce Lake Formation is exposed only in the Tetagouche Antiform and the Nine Mile Synform. It consists of feldspar-phyric felsic lavas, autobrecciated lavas and pyroclastic rocks, which include polymictic fragmentals and crystal tuff, with minor mafic volcanics. Underlying and interbedded with the feldspar-phyric lavas are fine-grained sedimentary rocks which host the Caribou deposit. The K-feldspar phenocrysts are up to 1 cm in size, and may make up 20% of some lavas, but are virtually absent in others. The lower contact of this unit is tectonic, and the upper is conformable with the Boucher Brook Formation.

The Boucher Brook Formation consists mainly of thinly bedded, bluish grey, fine-grained wacke and siltstone, which grade upwards into homogeneous black shale. Near the contact with the underlying Flat Landing Brook Formation, the wacke contains small fragments of white-weathering rhyolite. Away from the type area, the formation can consist mainly of alkali basalt that is massive to pillowed, with some comendite being present. Overlying the volcanic rocks is shale and minor limestone, which contain early to Middle Caradocian conodonts.

The Fournier Group is separated from the California Lake Group by a high-strain, ductile thrust zone. It is divided into two formations, the lower Sormany Formation, which is made up mainly of pillowed basalts with some gabbro, and the conformably overlying Sormany Millstream Formation, which consists of lithic and feldspathic wacke and slate with some interbedded basalt and limestone.

Mineralization is widespread in the Tetagouche and California Lake groups. Mining in the Bathurst area goes back to at least 1837, when copper was mined on the Nepisiguit River. In subsequent years manganese, lead, zinc, iron and molybdenum have been found, investigated, and, in some cases, exploited at various locations, some of which later became significant producers.

In 1952 the volcanogenic massive sulphide deposit known as Brunswick 6 was discovered and the modern era of mining in the Bathurst camp commenced.

The most important mineral deposits in the area are of the volcanogenic massive sulphide type. They were formed on top of a sequence of volcanic rocks on the ancient sea floor during a period of non-deposition of volcanic or sedimentary material. Hydrothermal solutions vented onto the sea floor, where they dropped their load of dissolved metals.

As long as there was no contemporaneous deposition of other material on the sea floor, the concentration of metals in such precipitated material is high. If deposition of precipitated material continued long enough, the total quantity is large. If the concentration of metal is high enough and the deposit is large enough, it may be economic to mine. This deposit type is common in Canada and elsewhere in the world.

Volcanogenic massive sulphide deposits occur at several stratigraphic levels in the Tetagouche and California Lake groups, mainly in or on the lower parts of the felsic volcanics.

Although it is the base and precious metals that are of interest, the most abundant metal in the massive sulphide zones is iron and the sulphide zones are often capped by Algoman type iron formation, which contains sulphide, oxide, carbonate and silicate facies iron formation and chert.

The mineralization is stratabound and sometimes stratiform, and it is compositionally zoned both vertically and laterally. For example, one existing deposit in the Bathurst camp consists of a massive pyrite zone, a massive, layered lead-zinc zone, another massive pyrite zone and an iron formation. The bottom zone consists mainly of pyrite and pyrrhotite, with variable amounts of chalcopyrite and magnetite, and minor sphalerite and galena. This zone is massive to brecciated and is typically veined, presumably by later hydrothermal minerals. It is not normally layered. The next zone upwards is the Brunswick ore zone. It consists of massive pyrite interbedded with sphalerite,

galena, and minor chalcopyrite and pyrrhotite. During deformation the less competent sphalerite and galena have been remobilized around the more brittle pyrite, and the primary textures have therefore been modified. It is thought, however, that the layering is primary. The upper massive pyrite zone contains fine-grained pyrite with some sphalerite and galena, generally in thin, discontinuous lenses, and chalcopyrite. The pyrite is massive to weakly bedded.

Capping the sulphide zones is an iron formation, with oxide, carbonate and silicate facies represented. Carbonate minerals are siderite and kutnahorite. Silicates are chlorite and quartz. Magnetite, which is a metamorphic product after siderite, is the most common oxide. The iron formation has a greater areal extent than the sulphide zones, and the Brunswick deposit is thus said to grade laterally into iron formation. It is similar to other volcanogenic massive sulphide deposits in other camps where the favourable horizon may be marked a considerable distance from any base or precious metal mineralization by a thin layer of chert or of tuff, or of iron formation.

Work on the California Claims

A zone of silver mineralization was previously discovered in an area over which the California Claims as they now exist were staked, and is referred to by Universal Reference Number 0393 in the files of the New Brunswick Department of Natural Resources and Energy, Mineral Resources Branch ("NBDNRE"), as the California Lake silver occurrence (the "Silver Zone").

The first recorded work on the area now covered by the California Claims was carried out by McIntyre Porcupine Mines Ltd. ("McIntyre") in 1957, when it carried out horizontal loop, vertical loop, magnetic and soil sampling surveys over several anomalies previously found by an airborne electromagnetic survey. McIntyre also diamond drilled 25 packsack holes. No assays are recorded, but drill logs indicate that two holes appear to have hit mineralization.

In 1968 and 1969, the Findathoran Group ("Findathorn") carried out geochemical soil sampling and an IP survey on an area that includes a large part of the California Claims.

A number of weak to moderate anomalies were found, some of which may be responses to the Silver Zone. Findathoran then drilled three holes to test the anomalies. Assays from samples taken indicated the presence of copper, zinc and lead.

In 1974, Boliden-Preussag carried out magnetic, VLF and IP surveys, geological mapping, and a geochemical soil sampling survey on approximately 10 of the 18 currently existing California Claims. The VLF survey outlined two anomalous trends both striking north-northwesterly, one near the centre of the California Claims and one near the eastern edge. The central anomaly is approximately coincident with the IP anomalies on two lines over the Silver Zone. The other coincides with a weak IP anomaly on one line. The IP survey also outlined two anomalies, but they do not plot over the Silver Zone or coincide with the Findathoran IP anomalies. It is likely that both surveys measured the Silver Zone, and that the features do not coincide on the maps because of map inaccuracies.

In 1976, Boliden-Preussag conducted detailed follow-up work on the anomaly located near the eastern edge of the California Claims, which consisted of relocating the anomaly with VLF detailed soil sampling and magnetics and prospecting for outcrop. The soil samples were analyzed for copper, lead, zinc and silver, and were anomalous in each of the base metals downslope from the anomaly. However, the magnetic readings were flat and no outcrop was found on the grid.

In 1981, Brunswick Mining and Smelting Corp. Ltd. ("BM&S"**)** established a line grid over an area including the present California Claims and carried out a program of soil sampling, MaxMin I HEM and magnetic surveys and three diamond drill holes. The soil samples returned scattered high values of copper, lead and zinc in the vicinity of the Silver Zone, downslope from the Boliden IP and VLF anomalies. The magnetic survey indicated the magnetic topography is quite flat, although some highs were found in the vicinity of the Silver Zone, but not exactly coincidental with it.

In 1983, BM&S drilled three holes several hundred metres east of the Silver Zone. None of the drill core was assayed, however the logs indicate sulphide mineralization and zone alteration was intersected.

In 1984, Lacana Mining Corporation ("Lacana"), a predecessor to International Corona Corp. ("Corona"), prospected, mapped and trenched on the California Claims and in the process discovered boulders of silicified breccia grading up to 52 oz/ton silver. The trenching exposed the Silver Zone in felsic interbedded tuffs and rhyolites and indicates it strikes north-westerly, is sheared and brecciated and has a variable sulphide content. Arsenopyrite was found to be widely present.

In 1985, Lacana staked additional ground in the area and carried out magnetic and VLF surveys. The Silver Zone did not register on either the magnetic or the VLF survey, however magnetic zones coinciding with some of the previously discussed VLF conductors were detected.

In 1986, Lacana carried out a program of geological mapping, soil geochemistry and trench sampling. Outcrop was poor, with one outcrop of basalt, one of possible Nepisiguit Falls Formation (the footwall marker for the Brunswick ore bodies) and the rest of feldspar and/or quartz phyric rhyolites, occasionally flow banded. Trenching exposed some sedimentary rocks, but they were not seen in outcrop. Bedding attitudes of the sedimentary rocks are not defined. Silver-bearing zones dipped approximately 60 degrees NE, and included dilatent zones of veins, breccia, and stockworks, predominantly in felsic tuff horizons. Metallic minerals in the silver zones included arsenopyrite, pyrite, galena and sphalerite. Gangue minerals included quartz, calcite, limonite, and chalcedonic quartz. Alteration includes silicification, sericitization, and minor iron carbonate and manganese oxide staining. Coarse anhedral to euhedral feldspar grains, previously mapped as pegmatites, were interpreted by Lacana to be part of a late-stage potassic alteration phase. Soil samples were analyzed primarily for gold, silver and arsenic with silver and arsenic values being elevated in the neighbourhood of the Silver Zone and near the conductors.

In 1986 and 1987 Corona drilled 29 holes, 28 of which intersected the Silver Zone. Corona found the breccia zones, which carried the best silver values, to be discontinuous, and that the silver values decreased at depth. Records indicate that Corona only assayed for silver, and that samples returned values ranging from nil to 203.8 oz/ton silver. One, designated hole 29, returned values of 8.0 oz/ton silver over an 8-foot intersection and 33.7 oz/ton over two feet within a four-foot intersection grading 16.93 oz/ton.

Homestake acquired the property which encompasses the California Claims as they currently exist upon its acquisition of Corona, and optioned the property to Teck Corporation ("Teck") in 1991.

Teck carried out a program of line cutting, lithogeochemistry, VLF and magnetic surveys collecting 358 rock samples for lithogeochemical analysis for major oxides, copper, lead, zinc, silver and a number of other elements. The purpose of the Teck program was to outline areas of sodium depletion, a characteristic of the feeder zone in the stratigraphic footwall of a volcanogenic massive sulphide deposit. Most of the sodium depleted rocks were found to be in and near gabbroic intrusions which is not of significance with respect to volcanogenic massive sulphide deposits, but of significance to the Company's proposed program is a sodium depletion anomaly over the south end of the Silver Zone. The VLF and magnetic surveys did not yield any results significantly different than those resulting from the Lacana surveys.

In 1992, Teck conducted a deep-penetration EM survey that detected a weak conductive anomaly striking across the direction of the Silver Zone parallel to the strike direction of the dominant foliation. It was also coincident with previously defined VLF and HEM conductors.

The California Claims were acquired by Forest Gate in 2000. Forest Gate carried out a work program in 2001 which consisted of continued core re-logging, surface sampling, base metal assaying, detailed compilation of work programs by previous operators and an evaluation of the base metal economic potential of the Silver Zone. As a result of the work completion, Forest Gate recognized that a determination of the base metal content of the Silver Zone is important, and that it is a potential lead-zinc-silver deposit.

The work compilation enabled Forest Gate to identify exploration targets in other areas of the California Claims other than the Silver Zone, including the deep anomaly outlined by Teck in 1992 and the anomalies located on the eastern and central parts of the California Claims. The eastern anomaly has some very high soil and silt sample values for lead and zinc and was interpreted by Teck to be the northern extension of the O'Hearn stratigraphy to the south. It also has a weak IP from work done in the 1960s, and several packsack drill holes from work done in the 1950s. The core from one hole was examined by Forest Gate and found to have fractures in a reddish rhyolite filled with yellow sphalerite and probably galena up to 8 mm wide, however this and all of the other holes will need to be re-assayed and re-logged.

In the drill core the Company has examined to date, the Company has noticed that the main sulphides observed have been sphalerite (honey-colored to black) and galena (fine-grained and black) and there seems to be very little pyrite. This might explain why past IP surveys have shown very poor signatures, if any at all, over the Silver Zone.

In the Company's evaluation of the economic potential of the California Claims, it was estimated that a head grade of rock worth approximately $45.00 per ton is the breakeven point. Factoring in metal prices, recoveries and other costs, it is apparent that an economic deposit could contain as little as about 2 to 3% sulphides by volume, to get a head grade of 3% zinc and 1% lead with 1 oz/ton silver and whatever gold is present. Accordingly, the Silver Zone needs further work to evaluate its base metal potential.

The aggregate cost of the work carried out by the Company on the California Claims to date is approximately $43,830.

Work on the Canoe Landing Claims

Data is available for work carried out as far back as 1955 in the area over which the Canoe Landing Claims as they now exist were staked. From 1955 to 1957 work included geological, EM, magnetic (fluxgate) and soil geochemical surveys, geological mapping and a limited amount of drilling.

This work highlighted the existence of a massive sulphide body, which is referred to by Universal Reference Number 242 in the files of NBDNRE (the "Sulphide Body").

From 1958 to 1964, a number of companies carried out geological, soil geochemical, VEM, HEM, magnetic, gravity, and S.P. surveys over the Sulphide Body and surrounding area, and diamond drilled a total of 18 holes.

In 1965 and 1966, Clearwater Mines Ltd. ("Clearwater") carried out horizontal loop and magnetic surveys and drilled nine holes over the Sulphide Body. This work succeeded in doubling the estimated size of the Sulphide Body, but did not increase its grade.

From 1976 to 1981, Clearwater carried out magnetic and soil geochemical surveys in an attempt to extend the target horizon for the Sulphide Body.

In 1981, the ground over which the Canoe Landing Claims were staked was optioned to BM&S, which carried out a program of MaxMin II HEM, geochemical, gravity and magnetic surveying and geological mapping. The Max Min II HEM survey outlined a number of weak to medium amplitude conductors. Although the conductors were on the low side for massive sulphides, it was felt that the increase in apparent conductivity with decreasing frequency may indicate an increase in conductivity with depth, which would imply an increase in amount and concentration of sulphides with depth. The magnetic survey identified a number of small magnetic anomalies over the Sulphide Body, which were attributed to magnetic basalt or gabbro.

In 1981 and 1982, BM&S drilled 13 holes totalling 21,360 feet to test the Sulphide Body, which appear to have increased the tonnage estimate of the Sulphide Body, but not the grade.

In 1982, magnetic survey work by BM&S detected some weak conductors and small magnetic highs and a soil geochemical survey and additional geolgical work outlined the subcrop of the Sulphide Body and revealed two additional sulphide zones in outcrop.

In 1983, BM&S staked additional claims to enlarge its property and then carried out geochemical, EM and gravity surveys and drilled four holes. Some conductors were found as a result of the surveys, and were interpreted as being due to graphitic sedimentary rocks. One drill hole tested a zone of disseminated sulphide found in outcrop southwest of the Sulphide Body and found more disseminated sulphides. Two holes were lost in suspected faults and one hole explained a conductor as being due to graphitic sedimentary rocks.

In 1984, BM&S drilled three holes totalling 10,066 feet into the Sulphide Body, all of which intersected the main zone at depth. One hole also intersected a sulphide zone in the hangingwall of the main zone which appeared to have a grade higher than that of the main zone, but did not appear to correlate with any other intersection.

From 1989 to 1991 various magnetic/VLF and MaxMin II HEM surveys, reconnaissance geological mapping and lithogeochemical sampling over the ground covered by the Canoe Landing Claims was carried out by a number of companies, including Rio Algom Exploration Inc. and Teck Corp. This work identified a number of high magnetic and anomalous values.

A program of geological mapping and soil sampling was carried out in 1992 over the west-central part of the Canoe Landing Claims. As the area had recently been clear-cut, exposure was much better than previously observable. The geological mapping revealed a complex folding pattern and the area to be underlain by altered felsic volcanics and manganiferous bluish- grey coloured slaty sedimentary rocks. Metal values in the rock samples collected were generally low, but there were a number of high values.

In 1994 Nebex Resources Ltd. ("Nebex") carried out a program of surface mapping, a VLF-EM survey and 13 drill holes over the Sulphide Body, clearly identifying it.

Some of the holes intersected significantly greater thicknesses of sulphides at higher grades than had been previously intersected, and indicated that the Sulphide Body plunges to the east.

In 1995 and 1996 Nebex carried out a program of MaxMin II HEM and magnetic surveying, prospecting, geological mapping, rock and stream sediment sampling and drilling. One hole was drilled to test a bedrock conductor. The hole intersected slate, some sandstone "tectonic intraformational conglomerate", mafic volcanics, some layers of cherty iron formation and black graphitic shale with abundant massive sulphide layers, but does not appear to indicate what may have caused the conductor. Geological mapping located the same units seen in the drill hole, together with magnetic gabbro sills.

To date Forest Gate has studied and compiled the previous work carried out on the Canoe Landing Claims, re-logged any core available at the NBDNRE library and re-sampled some of the mineralized sections of that core. The aggregate cost of the work carried out by the Company on the Canoe Landing Claims to date is approximately $75,237.

Geology and Mineralization on the California Claims

The vein-breccia system which comprises the Silver Zone strikes 310° and exhibits sericitization, chloritization and silicification, along with mineralization of arsenopyrite, manganese oxide, galena, sphalerite and minor stibnite. Silver is apparently in the galena and/or sphalerite, since previous silver assays have increased with increasing visually estimated content of galena and sphalerite.

Assays of the Lacana drilling indicate good silver values but over mostly narrow widths, with the best being 203.8 oz/ton over 0.5 feet, and 117.45 oz/ton over 1.7 feet. There are also some widths and grades that approach economic if there was sufficient tonnage at those grades and widths. Although Lacana's geologists saw galena and sphalerite in the vein-breccia system, they did not assay for base metals. Forest Gate re-sampled the silver vein-breccia system exposed in bedrock in a Lacana trench near the collar of the first Lacana drill hole, with the sample assaying at 0.100% silver, 2.88% lead and 4.26% Zinc.

Because the Silver Zone is a vein type deposit, the grain size of the sulphide minerals is coarser than those of the massive sulphide deposits in the Bathurst camp and the mineralogy is simpler (epithermal disseminated sulphides as opposed to VMS massive sulphides). This type of mineralization generally yields higher recoveries than do the massive sulphide ores.

From the Company's interpretation of drill hole logs by Noranda/BM&S, mineralization similar to that of the Silver Zone exists on the California Claims to the east of the Silver Zone. Some descriptions of breccia zones in holes drilled by BM&S are similar to those of the Silver Zone and some are similar to disseminated sulphides in felsic volcanics.

It is not known if the deep anomaly detected by Teck is caused by metallic mineralization. The objective of Teck's work was to outline an extension of the O'Hearn deposit, a small high grade deposit of volcanogenic massive sulphides located 2.5 kilometres south of the California Claims.

Two main exploration targets have been outlined on the California Claims. The first is a network of epigenetic silver veins and breccias, ie the Silver Zone, and the second is the PEM conductive zone, ie the Teck deep anomaly, which may be a massive sulphide body. The silver vein-breccia system occurs at surface beneath a shallow cover of till and vegetation and it is amenable to open pit mining methods.

Although the vein has been shown to contain silver at a grade which appears to be uneconomic by itself, the occurrence of lead and zinc mineralization with the silver has caused the Company to revisit this.

The PEM conductor is completely untested but because it is in favourable geology, in a prolific mining camp and is near a known deposit drilling of the conductor is warranted.

Geology and Mineralization on the Canoe Landing Claims

A broad grouping of mafic volcanic rocks consisting of basalt and gabbro as layers or beds with some layers of sediments and felsic volcanics is stratigraphically and geographically located above the horizon which contains the Sulphide Body. At depth and on the east end of the Sulphide Body another layer of sulphides, the hangingwall zone, occur as a layer in the mafic package above the main horizon.

The basalt is fine-grained and chilled locally, especially on the contacts, and is locally pillowed. Pillows have not been a good criterion for correlating units to date, and neither has grain size nor texture. The mafic unit here contains a magnetic unit similar to one which occurs within the mafics that overlie the Brunswick deposit, also located in the Bathurst mining camp. It is not the true iron formation which directly overlies and extends beyond the Bathurst type massive sulphide deposits, but has often been mistaken as such in past work on the Canoe Landing Claims.

In the gabbroic portion of the mafic unit the grain size varies from fine to coarse, and is generally equigranular except for chilled margins. No cross-cutting dykes have been observed or inferred to date in mapping or drilling, and it is therefore concluded that the “gabbro” is a coarse-grained phase of basalt. Some mafic rock was mapped as a diabase in early work but none has been reported since 1971, and no independent evidence, such as magnetic surveys, has indicated the presence of dykes. The “diabase” was probably a textural variation of one of the other mafic units.

Sedimentary rocks within the mafic unit are fine grained and generally dark in colour. They are somewhat chloritic and red hematitic in colour when in contact with basalts and/or gabbros. The red colour phase has previously been interpreted as an iron formation, but is probably due to a contact metamorphic affect of the hot basalts being deposited onto sediments.

The felsic volcanics include feldspar aphyric and phyric, quartz phyric and quartz-feldspar phyric varieties of rhyolite. They can be massive or foliated, sericitized and, occasionally, chloritized. The felsic rocks appear to be in contact with the mafics to the west of the Sulphide Body. Elsewhere, the sedimentary rocks are between the felsics and mafics.

Parts of the felsic volcanics south of the Sulphide Body have been mapped as “quartz feldspar eye schist”, a name for a distinctive rock unit found in the footwall of the Brunswick deposits and which is considered to be the host rock of the Heath Steele ore bodies.

Indications are that the felsic units near the Sulphide Body are time and lithological equivalents to the footwall of the Brunswick deposits.

In addition to containing the Sulphide Body, the sedimentary unit is generally a layered or bedded fine- grained siltstone and mudstone that also includes some greywacke. The bedding is with all tops being indicated as northward, i.e. the sedimentary beds are not overturned, with the Sulphide Body being near the top of this main sedimentary horizon. Both the sedimentary rocks and the Sulphide Body are in direct contact with the mafic unit to the north.

The slate in the sedimentary unit is grey near the Sulphide Body, greenish-grey in the hangingwall and black in the footwall. The black slate is said to be graphitic, but its graphitic appearance is probably due to the presence of

manganese. It does not appear to be a conductor on the EM surveys done over the Sulphide Body. The slate is interbedded with very minor, buff, thin-bedded, fine-grained sandstone.

The Canoe Landing Lake horizon dips to the north, and the felsic volcanics to the southwest of the Sulphide Body are inferred to be folded. Whether or not it is a syncline or an anticline is unknown, but a syncline is suggested by recent age dating.

There appears to be at least one major fault with a north-south movement near the west end of the Sulphide Body. This is evidenced by previous drilling, but it has not been detailed enough to provide an exact displacement.

A dominant planar fabric is visible megascopically in the sedimentary rocks and the felsic volcanics.

The Sulphide Body is comprised of a number of sulphide layers, or lenses, within the sedimentary unit, separated from each other by a few millimetres to a few meters of sedimentary rock. It appears there may be as many as nine separate layers of massive sulphide. These include a main zone, defined as the zone below any mafic rocks, and at depth a hangingwall zone in the mafic rocks well above the main zone. Sulphide minerals in order of abundance are pyrite, pyrrhotite, sphalerite, galena, and chalcopyrite, however, the work by Nebex indicates that the chalcopyrite may actually be more abundant than the galena in the thicker areas of sulphides.

No feeder zone has been identified in the footwall of the Sulphide Body. There is some pyrite in footwall sedimentary rocks which has been interpreted to be diagenetic, but no magnesian chlorite alteration has been reported in the footwall, in contrast to the classic volcanogenic massive sulphide deposit. All of this indicates that the Sulphide Body is not directly above the area where the metals spewed forth from the sea floor into the water column. It is not possible to estimate the distance from the Sulphide Body to the source, but the small amount of footwall rocks incorporated in the sulphides would seem to indicate that it is not far.

Textural observations also indicate that the Sulphide Body was transported. The Sulphide Body has a more or less consistent internal texture, with a layer of massive, but not obviously bedded, sulphides overlying a layer of what has been termed a sulphide clast breccia. The sulphide clast breccia consists of 10% to 40% sulphide clasts along with chips and clasts of grey to black slate and light grey siltstone, in a grey matrix of small rock and sulphide fragments. Most of the clasts are pyrite, but some contain sphalerite and/or galena. The small fragments of sulphide in the matrix in one of the Nebex drill holes are seen to be angular, and tend to have a higher proportion of galena and sphalerite than do the larger, rounded fragments. This may indicate a different source with a higher content of galena and sphalerite for the interstitial sulphides, or it may indicate a more complete breakup of material richer in those minerals. In either case, it suggests that the composition of the source material is not homogeneous. Previous work has suggested that there may be less pyrrhotite and chalcopyrite in the sulphide clast breccia zone than in the overlying massive zones. The sulphide clast breccia grades downward into the same dark slate seen as clasts in the breccia, over a thickness of several metres.

The textural observations have been interpreted by Forest Gate to be best explained by a model in which massive sulphides originally deposited elsewhere have moved down a slope under the influence of gravity, ripping up the underlying sediments and coming to rest in a depression. Larger clasts would have arrived first, followed by smaller clasts and then the “dust” created by the disturbance.

There is no zoning of the metals in the sulphides in the Sulphide Body, except for a slight tendency to have higher grades near the walls of the deposit. This is consistent with the Sulphide Body having been transported.

Although most of the Sulphide Body appears to have been transported, there are several intersections of sulphides that appear to be bedded and therefore likely to be primary deposits of material precipitated out of the seawater onto the sea floor. Clasts of higher grade lead-zinc have also been noted in some drill core logs. Some of these clasts also show fine bedding, indicating that the sulphides of the source area are bedded. The hangingwall zone intersected at depth is bedded, with no sign of brecciation.

The strike length of the Sulphide Body is 1200 metres, and it has been drilled to a depth of approximately 900 metres. Although only four previous drill holes intersect the zone deeper than 600 meters, it is open beyond that depth and increasing in width and grade in the deepest holes. Three of the deepest holes intersected a new hangingwall zone or zones over a strike length of approximately 525 meters at a depth of approximately 850 meters.

The significance of the intersections in the hangingwall zone is that they indicate another lens of mineralization to be explored which has, on average, a higher grade in lead and zinc than the intersections in the main zone. Because the hangingwall zone is intersected by only four holes, however, only preliminary inferences can be made at the present time.

There is some indication that the hangingwall zone starts where the main zone pinches out. If this is the case it may be the locus of deposition of sulphides from the same fumarole system as the main zone, but at a later time. As noted above all intersections of the hangingwall zone to date are of bedded sulphides, implying that this lens is in situ. This is important because the other in situ deposits of the Bathurst mining camp are zoned with respect to metal content, and some of the zones have been economic. It is thus reasonable to believe that the hangingwall zone may also have economic sub-zones, and that it is therefore a worthwhile exploration target.

Besides the mineralization of the main and hangingwall zones and the other smaller lenses, sulphide mineralization as disseminations and as small massive lenses is widespread on the Canoe Landing Claims. Disseminated mineralization has been found in outcrop and in drill holes, but massive sulphides have not been found in outcrop or trenched.

There are three broad areas of interest on the Canoe Landing Claims. The first is centred around the Sulphide Body ("Area A") with the second and third being at each of the eastern and western ends of the Canoe Landing Claims.

The first target in Area A is the potential source area for the transported Sulphide Body. The evidence that this source exists is textural, and consists of the observation that the Sulphide Body consists mostly of clasts cemented by finer-grained clastic material. Also contained within the Sulphide Body are clasts of country rock. The sulphide clasts can be seen to vary in their content of base metals, implying that the in situ source of the clasts is zoned.

The clasts are interpreted to have been dislodged from a primary deposit, moved downslope under the influence of gravity, and re-deposited in a depression in the topography. Transported deposits can be high grade, however, the Sulphide Body has suffered dilution by mixing of low grade and barren sulphides with the higher grade sulphides during transport and re-deposition.

Contouring of the thickness of the main zone indicates that the lens thickens downwards to the southeast, which implies that the source of the sulphides may be on the downward projection of the axis of the thicker zone.

A second target in Area A is the hangingwall zone intersected at the lower edge of several of the previously drilled holes. The few holes that have intersected it indicate that it has a somewhat higher grade than the main zone. One 0.34 metre intersection graded 0.45% copper, 3.74% lead, 13.63% zinc, 4.31 oz/ton silver and 0.042 oz/ton gold, indicating that there might be zoned massive sulphides with some zones containing economic grades. This intersection is at the limit of drilling to date of the Sulphide Body, and it might reasonably be expected that such a body would thicken towards its centre with the high grade lens thickening along with it, resulting in an economic grade over mineable widths.

Other targets in Area A are the thicker, higher grade lens outlined by Nebex's drilling and the top portion of the western end of the Sulphide Body.

The eastern end of the claims ("Area B"), is attractive because it is on the favorable horizon and has several indicators of mineralization that have not yet been investigated. One target appears to be on the same horizon as the Sulphide Body, and has some airborne conductivity highs. Some drilling has been done in the area, with one hole intersecting some low grade sulphide mineralization. Another target is an area underlain by felsic volcanics on the edge of the same group of conductors, and which has a possible gravity anomaly.

A third target in Area B is an underlying band of sedimentary rocks separating felsic and mafic volcanics which appears not to be the same horizon as the Sulphide Body. A zinc anomaly in soils (not coincident with the sedimentary rocks) has been identified, and there are a number of conductive anomalies that have never been drilled. The overall stratigraphy and the lithologies are correct for the occurrence of volcanogenic massive sulphide deposits.

The western end of the Canoe Landing Claims is geologically complex. The favorable mineralized horizon swings to the north and appears to have second-order folds in the rocks. Favorable geology, including alteration of the type

usually found in mineralized zones, high geochemical values in rock and soil and airborne ground conductive anomalies provide a number of targets in the area which warrant further exploration in order to assess their potential.

Recommendations

In the Newson Report the author recommends that further work be carried out on the California Claims. The first order of priority, and recommended phase 1 of the work program, would be to determine if the grade of the Silver Zone is economic, and a drill program is recommended to confirm (or deny) the thickness of the zone as determined from the old holes and give a good indication of whether or not the required minimum grade for the zone to be economic is likely to be achieved. If results warranted, this would be followed up by a second phase of drilling and bulk sampling.

It is the Company's intention to utilize proceeds from the Offering to carry out phase 1 of the recommended work program. A summary of the proposed costs of phase 1, and a follow up phase 2 if the results from phase 1 warrant, is as follows:

Phase 1

Drilling: 16 holes of 100m @ $65	$104,000
Linecutting: 13.6 km @ $210	2,856
Magnetic survey: VLF surveys 12.8 km @ $135	1,728
Assays	30,000
Geological planning, supervision, interpretation, report	40,000
Geological mapping	10,000
Consulting	3,000
Other	11,000
Total	$202,584

Phase 2

Drilling: 20 holes of 100m @ $65	$130,000
Assays	25,000
Geological planning, supervision, interpretation, reports	40,000
Consulting	6,000
Other	13,000
Total	$214,000

In addition to drilling the Silver Zone, a program of drilling is recommended for the PEM conductive anomaly. Following magnetic, VLF and HEM surveys to accurately locate the anomaly, a single hole should be drilled to determine the cause of the conductor. If the conductor was found to be caused by metallic mineralization, a second phase of drilling would be warranted.

In the Newson Report the author recommends that further work be carried out on the Canoe Landing Claims. Work would include magnetic, VLF and HLEM surveying of the targets identified in Area A, to further define the targets for drilling.

The Company does not intend to use any of the proceeds from the Offering to carry out a work program on the Canoe Landing Claims.

The Rio Claims have not been explored to the same extent as the California Claims and Canoe Landing Claims. The Company has spent approximately $12,180 on exploration on the Rio Claims. The Company does not intend to use any of the proceeds from the Offering to carry out a work program on the Rio Claims.

East Side Diamond Property, Saskatchewan

Description

The Company owns an 85% interest in the East Side diamond property (the "East Side Property") located in the Fort a La Corne Forest area of central Saskatchewan. All of the claims comprising the East Side Property are registered in the name of the Company.

A description of the mineral claims comprising the East Side Property, which are contiguous, is as follows:

Claim No.	Expiry Date	Size in Hectares
S-132502	September 1, 2002	256
S-134137	February 1, 2003	128
S-134138	February 1, 2003	128
S-134139	February 1, 2003	256
S-134140	February 1, 2003	256
S-127197	November 12, 2002	64
S-127381	August 4, 2002	1,024

The 85% interest in the East Side Property was originally acquired by Judson Woods Inc., a private company of which Michael Judson, the president and chief executive officer of the Company, is the president, from Cartier Mining Corp. ("Cartier") on April 1, 1999. The consideration paid by Judson Woods Inc. for the acquisition of the East Side Property was $100,000. On January 5, 2000, Judson Woods Inc. transferred the East Side Property to the Company for consideration equal to its acquisition cost of $100,000, which was paid by the issuance of 250,000 common shares of the Company and a note payable in the amount of $46,150.

The remaining 15% interest in the East Side Property is owned by Leader Mining International Inc. ("Leader"), an Exchange listed company based in Calgary, Alberta. Leader is at arm's length to the Company. Pursuant to an agreement dated December 12, 2000 and amended May 16, 2002, the Company agreed to be subrogated for Cartier and Rhonda into their pre-existing joint venture agreement with Leader with respect to the East Side Property. The joint venture agreement provides that Leader's 15% interest in the East Side Property will be a carried interest until the delivery of a positive feasibility study on the property, after which Leader will have the option of converting its interest to a 15% participating interest.

Location and Accessibility

The East Side Property is located approximately 64 kilometres east and slightly north of Prince Alberta, Saskatchewan. Paved highway access passes approximately 23 kilometres north of the East Side Property, and the East Side Property itself can be accessed by a sporadically maintained seasonal road that is usable for much of the year.

Access on the East Side Property varies from easy to difficult. Parts of the East Side Property are parkland, with little underbrush and well spaced jack pines. However, part of the East Side Property is covered with tangled dead trees making access to those portions of the East Side Property difficult. Elevation is 430 metres above sea level. The terrain is flat sand plain with less than 10 metres relief except for the north-eastern corner where the terrain drops 20 to 30 metres to English Creek.

The climate is typical mid-continental, being dry with extreme seasonal temperature variations. Work can generally be carried out year round.

Nearby Prince Albert, or Saskatoon located approximately 150 kilometres south of Prince Albert, will be able to provide the services and supplies needed.

The following information on the East Side Property is summarized from the Newson Report.

Regional Diamond Mineralization in Saskatchewan

It has been confirmed that only cratonic rocks of Archean age are likely to contain economic deposits of diamonds, although the Archean blocks, or "Archons", may be embedded in Proterozoic shield rocks. Observations have been made that the greatest number and the largest diamond deposits occur on Archons with the thickest cover of flat lying, relatively undeformed sedimentary rocks. Saskatchewan is in this setting, with approximately 750 metres of Phanerozoic cover overlying an Archean basement in the Fort a la Corne area. The Phanerozoic rocks thin to the north and thicken to the south. It is believed that the mechanical properties of the semi-consolidated Phanerozoic marine sediments permitted the development of large, tumbler-shaped maar volcanoes where the kimberlitic magmas intruded them and breached the surface. This also resulted in the deposition of extensive sheets of kimberlitic tuff around the maar volcanoes, causing the Saskatchewan kimberlites to have the largest surface areas of any in the world.

Previous work has described a number of sub-Phanerozoic basement structures, interpreted from regional gravity and magnetic data produced by the Geological Survey of Canada. These include boundaries between crustal blocks, axis of gravity highs and lows and faults with measurable horizontal separation. The eastern boundary passes through the Fort a la Corne kimberlites. Any of these structures could provide access to diatreme intrusions.

It has been suggested that kimberlitic intrusion from the Sturgeon Lake area eastwards to the Manitoba border may have been controlled by a northeasterly extension of the Great Falls Tectonic Zone, which is exposed in Montana.

The Phanerozoic section in Saskatchewan is up to 3,200 metres thick in the southern part of the province, but thins northward to the exposed edge of the Precambrian Shield. Paleozoic rocks from Cambrian to Mississippian occur, but the section is not everywhere complete. From Late Mississippian to Early Jurassic the region experienced a period of uplift, and no sedimentation occurred.

The Jurassic section is thin, and confined to the more southerly part of the province. The Cretaceous section is thicker and much more widespread. It consists mostly of marine and continental clastics, which alternate due to changes in location of the shoreline of the Western Interior sea. The Cretaceous rocks overlie Jurassic rocks in the southern part of the province, and directly overlie the Precambrian basement near the exposed edge of the Precambrian Shield.

Stratigraphy of the Phanerozoic section is a useful tool in exploration for kimberlites. Up to now, evidence has indicated that all of the known kimberlites are between 95 and 100 million years old, so the most likely rock units are those of that age. However, recent evidence has been accumulating which indicates that the period of kimberlitic intrusion may have spanned 20 million years.

A number of intrusions are known in the Phanerozoic basin, and all but one are diatremes. Of the diatremes, some are kimberlitic, as at Fort a la Corne, but even those diatremes that are not kimberlitic are positive indicators of the correct tectonic regime for the intrusion of kimberlites.

Major structures have been mapped in the Phanerozoic basin using extensive data accumulated by the Saskatchewan Department of Energy and Mines, including gravity, seismic and well log data. All but one of the known structures are thought to be reflections of structures in the Precambrian basement.

The Shaunavon linear is the longest structure and is defined by highly fractured calcilutites in the Jurassic Shaunavon formation and a depression in the Lower Cretaceous erosional surface. It aligns with the drainage divide between the South Saskatchewan River system and the Old Wives Lake-Qu'Appelle River system. Subsurface correlation of strata indicates that considerable tectonic arching has occurred along this trend.

The Punnichy Arch trends east-west and is known to have been active during Late Albian time during deposition of uppermost Lower Cretaceous rocks, which is the Mannville Group in the area of the current Saskatchewan diamond play. The topographic high over this structure may indicate that there has been some tectonic arching since the Albian. Evidence exists that some of the kimberlites in Saskatchewan are of approximate Albian age, or slightly younger.

The Molanosa Arch is near the northern edge of the Phanerozoic basin, and well data is scarce there. Available evidence suggests that it has been active over a long time, particularly during the Devonian and Jurassic, but also more recently.

The Val Marie Arch deserves particular mention because there are kimberlitic intrusions nearby, suggesting a genetic link. It was active during late Cretaceous time. Since there is evidence of Mid-Cretaceous kimberlitic intrusion elsewhere in the province, other arch structures whose active period spans this time may have permitted the intrusion of kimberlite.

The Sweetgrass-North Battleford Arc is a major, complex structure. At times it appears to have included the Swift Current Platform (including the Cypress Hills) and had a total vertical rise of approximately 1,200 metres. The region subsided, leaving the Cypress Hills Arch and the Sweetgrass-North Battleford Arch.

Diamonds, of which a high percentage are of gem quality in terms of colour and clarity, have been found in the Fort a la Corne area of Saskatchewan. Contiguous to the west of the East Side Property is a mineral property currently being explored by a joint venture including Uranerz Exploration and Mining Limited, Cameco Corporation, De Beers Canada Ltd (formerly called Monopros Ltd.) and Kensington Resources Ltd. (collectively, "FALC"). FALC has positively identified 71 kimberlite bodies, of which 49 are diamondiferous. Of these diamondiferous bodies, 34 have yielded macrodiamonds, which are defined as having one dimension of at least 1mm. These discoveries were made by drilling anomalies first noted on government aeromagnetic maps and subsequently verified by low-level airborne and/or ground-based magnetic surveys. Geophysical modeling of these bodies has indicated that some of the anomalies were not basement features, but were high up in the Phanerozoic rocks.

Drilling results and additional ground magnetic and gravity surveys have shown the FALC kimberlite bodies to be bedded and to have a very different shape from most known kimberlite bodies. In most of the well-known diamond mines in Africa and the Northwest Territories, the upper portions of the kimberlite bodies have been eroded, leaving only a "carrot" shaped feeder pipe which gets smaller in diameter with depth. However, in the Fort a la Corne swarm the tops of the kimberlitic volcanic edifices are completely preserved and shaped more or less like a soup bowl, with two larger horizontal dimensions and one smaller vertical dimension. Several of these have an inferred geological resource (based on a small number of holes and geophysical modeling) in excess of 100 million tonnes of kimberlite, with one having nearly a billion tons and one group of five close together, or perhaps coalescing, having nearly two billion tons. There are thus large volumes of kimberlite within a few hundred metres of the surface.

The FALC swarm of kimberlitic bodies is the largest known swarm in the world, with some of the bodies being the largest known bodies in the world.

The Fort a la Corne kimberlites are covered with approximately 100 metres of unconsolidated Pleistocene glacial deposits, which makes sampling extremely expensive. As a result, the grades of the kimberlites are not well documented.

Potassium/Argon dating of phlogopite in the kimberlite and dating by micro-fossils in the enclosing rocks has given an age of 94 to 96 million years. The bodies are at or very close to the Pleistocene erosional surface, under approximately 100 metres of overburden. The presence of crater facies rocks in the core indicates that erosion is slight.

The model resulting from the interpretation of the observations in the Fort a la Corne area is that kimberlitic volcanism occurred in mid-Cretaceous times, ejecting tuffaceous and coarser volcaniclastic material into the shallow sea that covered the area. Magmatophreatic explosions formed large, bowl-shaped craters, which were filled with kimberlitic material that fell back into the craters. It formed a laterally extensive, bedded, conformable, flat-lying layer of kimberlitic material interbedded with shales in the region, overlying and surrounding the feeders to the volcanoes. The deposits were protected from erosion by subsequent deposition of sediments until the Pleistocene glaciers uncovered them, and then covered them up again with about 100 metres of sand and gravel.

The feeders, or pipes, are the usual targets of diamond exploration in most places where diamondiferous kimberlites have been studied and/or mined, but only because the upper facies of the system have been eroded, leaving just the pipe. In this area, the entire system appears to be intact, and this may have an important impact on the economics of any diamond deposits which may be found. At the Orapa mine in Botswana and the Mwadui mine in Tanzania, the

upper crater facies were found intact. These rocks were richer in diamonds as compared with other, more deeply eroded pipes. If the Fort a la Corne situation is analogous to this, rich deposits may also be expected in the crater facies rocks.

It has been suggested that some of the flat-lying kimberlite bodies may be sills, but no hard data has been published for this. Since kimberlitic sills occur in other parts of the world, that model should be kept in mind when planning and carrying out exploration work in the area.

FALC has spent approximately $20 million exploration on its property, adjoining the East Side Property.

Work on the East Side Property

In 1993, Rhonda and several partners conducted a drilling program on several properties surrounding the FALC property, including the East Side Property. The program found blue-green kimberlitic breccia and tuff beds in black, mid-Cretaceous mudstones. The tuff was repetitive graded bedding, and appears to represent ash explosively discharged from a pipe. Volcaniclastic units and a sand horizon during the program were also present. Rhonda announced recovery of a total of 24 diamonds during the program, 80% of which were of gem quality. It has been speculated that these extra-crater diamonds may have been concentrated by wave action on beaches, and may be analogous to the offshore deposits currently being mined off the coast of Namibia. If this is the case, they constitute a separate type of diamond deposit to be sought in the Fort a la Corne area.

Rhonda's drilling on properties near the East Side Property intersected what appeared to be kimberlite dykes. Some of these were not magnetic, opening up the possibility that there may be more non-magnetic kimberlites present.

The Company estimates that Rhonda spent a minimum of $871,000 in exploration work on the East Side Property.

Airborne magnetic surveys have been carried out over the East Side Property by a number of groups active in the area, and the Company has copies of two sets of data covering the East Side Property and the neighbouring FALC property. The airborne data shows clearly the response of the large kimberlitic bodies located on the FALC property, in both total field and second vertical derivative of the total field.

On the East Side Property there is a response in the total magnetic field data similar to the response seen over the known kimberlitic bodies, but smaller in area and lower in amplitude. It is partly masked by a very strong response from an underlying magnetic iron formation, and may therefore be larger than it appears to be on the magnetic map. In the contoured plot of the second vertical derivative of the total field readings there is a significant response similar to, but weaker than, the responses seen over the large FALC kimberlites, and clearly separated from the anomaly due to the iron formation. Two east-west trending zones of sharp, chevron-shaped flexures in the contours of the total field data seem to join the anomaly on the East Side Property with the FALC anomalies to the west, and may represent kimberlite dykes.

In 2000, Shore Gold Inc. ("Shore") drilled 16 holes into its Star kimberlite property, located just south of the East Side Property. These holes, together with five previously drilled holes, all intersected kimberlite. Drilling and geophysical modelling indicate that the kimberlite on the Star property has dimensions of 2 kilometres by 1.5 kilometres with an average thickness of 30 metres. The maximum thickness encountered was 539 metres. While sample sizes were too small to be considered statistically significant, Shore's reported results gave an average value of 27.8 carats per hundred tonnes for the body.

The Company recently commenced a program consisting of line-cutting and an electro-magnetic survey. The estimated cost of the program is $20,000.

Geology and Mineralization on The East Side Property

Geologic features often noted in areas of kimberlite activity include crustal folding or arching, contacts between basement domains or subcratonic blocks that may be potential zones of crustal weakness and significant, or greater than usual, crustal thickness. All of these features are found on or near the East Side Property.

The East Side Property is covered with Pleistocene glacial drift, probably to a depth of 100 metres, which is a common depth in the region.

Indications are that the subcrop is the Westgate Formation of the Cretaceous Colorado Group rocks. The presence of the overlying Belle Fourche Formation surrounding the East Side Property means that any kimberlitic volcanism of that age or younger will have been preserved. As it appears that erosion of the kimberlites on the adjacent FALC property is minimal it is likely that any kimberlite systems present on the East Side Property have also been well preserved.

According to information on file with the Saskatchewan Department of Energy and Mines, the depth to the Precambrian basement is approximately 750 metres.

Major basement features which might control the emplacement of kimberlites include the position of subcratonic boundaries, high and low axis of gravity and the extension of the Great Falls Tectonic Zone. The axis of a gravity low passes just west of the East Side Property, and a subcratonic boundary underlies it. The gravity low could mean that light crustal rocks extend farther down into the heavier mantle rocks at that point than elsewhere. A deep keel under a cratonic block is generally considered a positive factor in diamond genesis. The Great Falls Tectonic Zone is a long and wide zone, and is presumably also deep. It could be a zone of weakness, which permitted the intrusion of kimberlitic material.

Major Phanerozoic structures which might control the intrusion of kimberlites and which underlie or are close to the East Side Property include the extension of the Sweetgrass-North Battleford arch and the Shaunavon Linear. Although the axis of both of these structures do not pass through the property, they are close enough that they could have affected the East Side Property.

As discussed above, kimberlitic material containing diamonds was previously found on the East Side Property by Rhonda.

Several diamonds, or more likely several fragments of a larger diamond, were recovered from one of Rhonda's drill holes. The fragments were clear and colorless and interpreted as having come from an octahedral stone approximately 2.5 mm in diameter, which would have weighed approximately a carat. If so, this would be among the larger diamonds reported from Saskatchewan to date.

The East Side Property is on the edge of one of the largest kimberlite swarms in the world containing some of the largest kimberlite bodies in the world, a large percentage of which contain diamonds. Due to thick overburden, sampling is expensive because all samples have to be recovered from large diameter drilling. As a result, no sample taken to date is sufficiently large enough to give an acceptable level of confidence in the grade of any deposit. Indications to date are that the grades are low and the stone size is small.

However, FALC has suggested that the large size of the kimberlites might make it possible to use strip mining techniques similar to those used in the Athabasca tar sands operations.

Up until now the best indicator of the presence of kimberlite in the area has been its magnetic susceptibility, which is significantly higher than that of the enclosing mudstones and sandstones. However, Shore's exploration work on its nearby Star kimberlite property has indicated resistivity correlates better with thickness of kimberlite than with the magnetic field strength. In addition, Rhonda found some non-magnetic dykes beneath a kimberlitic body that was magnetic.

The East Side Property shows a magnetic anomaly in the contoured total field data, a response that is partly masked by a strong response from a magnetic iron formation in the Precambrian basement. It appears as a spur on the steep flank of a magnetic ridge. It is clearly separated from the basement anomaly by calculating the second vertical derivative. It is similar to, but smaller in area and lower in amplitude than, the nearby responses due to kimberlite, and may be caused by a primary kimberlite body.

There is a second possible cause of the magnetic anomaly as it may be a reworked deposit of extra-crater kimberlite. The magnetic response may be due to a concentration of magnetite and other heavy minerals. Diamonds (if any are present) should also have been concentrated by the same process. One of Rhonda's drill holes is the closest drill hole to the anomaly, and shows reworking of extra-crater material. If there is an economic concentration of reworked diamonds on the East Side Property, this is the most likely place it will be found. The small vertical extent of a beach deposit would explain the weaker response as compared with the known kimberlite bodies.

If the magnetic anomaly is caused by a pipe or crater it is not large, likely not greater than 500 metres across for an area of about 19 hectares for a circular pipe. However, pipes this size have been economic elsewhere in the world. Although the vertical dimension of a crater-type deposit would be much less than for one of the "carrot shaped" pipes, at diamond grades comparable to these others (100 carats per 100 tonnes), it may also be economic on the East Side Property. In any case, such a deposit is a worthwhile target for the Company. The economics of such a pipe on the East Side Property would be increased if FALC was strip mining one of its lower-grade craters.

Recommended Work Program

In the Newson Report the author recommends further work on the East Side Property, centered on the magnetic anomaly. The recommended work program would consist of a detailed ground magnetic survey followed by drilling. If the magnetic anomaly is shown by drilling to be due to a weakly magnetic kimberlite, a subsequent follow up work program including an electro-magnetic survey and additional drilling would be worthwhile.

The magnetic survey should measure total field and vertical gradient. The vertical gradient should also be calculated from the total field, and the calculated gradient compared with the measured gradient.

Lines should be no further than 100 metres apart, and fill-in lines may be needed over the anomaly or any suspected weakly magnetic kimberlites. Readings should be no further apart than 20 metres along the lines, with the interval being shortened in areas of particular interest. Lines should be run east-west because of the strong north-south magnetic trend of the Precambrian basement rocks. Running the lines parallel to the dominant magnetic trend will, at least when viewed in profile, remove the effect of the basement rocks and cause any kimberlitic rocks to stand out more clearly. Good quality lines should be put in so that future work can be accurately tied to the present work. An accurate GPS reference point should be established on the grid in case it is lost due to fire or forestry activity.

It is estimated that three drillholes will be required to adequately test the magnetic anomaly as it is presently known. The holes should be drilled with HQ equipment in order to collect sufficient rock for the initial tests, minimize drilling problems if poor ground is encountered and keep costs down in this initial stage.

A summary of the proposed costs of the recommended phase 1 work program, and a follow up phase 2 work program if the results of phase 1 warrant, is as follows:

Phase 1	
Linecutting: 100 km @ $300	$30,000
Magnetic survey: 100 km @ $175	17,500
Drilling: 3 holes of 300m @ $125	112,500
Analytical	35,000
Geological preparation, supervision, interpretation, reports	30,000
Total	$225,000
Phase 2	
Freshen lines	$5,000
EM survey: 80 km $350	28,000
Bulk sample drilling: 3 holes of 250m @$500	300,000
Sample testing: 15 tonnes @$2,800	42,000
Geological preparation, supervision, interpretation, reports	35,000
Total	$410,000

USE OF PROCEEDS

After deduction of the Agent's commission, the Company will receive proceeds of $972,000 in the event it completes the Minimum Offering and $1,350,000 in the event it completes the Maximum Offering. As the Company had a working capital deficiency as at May 31, 2002 of approximately $200,000, the Company will have net funds available of $972,000 in the event the Minimum Offering is completed and $1,350,000 in the event the Maximum Offering is completed. The Company intends to use these funds as follows:

		Minimum Offering	Maximum Offering
Description:			
(1)	To pay the estimated remaining costs of the Offering	$60,000	$60,000
(2)	To pay Agent's corporate finance fee in the event the Agent elects it be paid in cash [(1)]	$54,000	$75,000
(3)	Pay working capital deficiency	$200,000	$200,000
(4)	(a) To conduct the Phase 1 exploration program on the Bathurst Project, California Claims[(2)]	$202,584	$202,584
	(b) To conduct the Phase 1 exploration program on the East Side Property[(2)]	$225,000	$225,000
(5)	To cover estimated general and administrative expenses for a 12 month period[(3)]	$120,000	$120,000
(6)	To provide general working capital	$110,416	$467,416
	TOTAL	$972,000	$1,350,000

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	*$3,000****
Consulting fees	*500*
Rent	*1,500*
Telephone	*250*
Travel	*1,000*
Office and general	*500*
Transfer agent	*1,250*
Investor and Public Relations	*1,000*
Legal and Audit	*1,000*
Total monthly expenses	*$10,000*

***** *It is intended that $2,500 of this amount will be paid to Michael C. Judson, the President and Chief Executive Officer of the Company. Refer to "Executive Compensation."*

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 704,090 SW Units for no additional consideration pursuant to the exercise of 704,090 Special Warrants previously issued by the Company at a price of $0.11 per Special Warrant pursuant to applicable statutory exemptions from prospectus and registration requirements. All of the proceeds from the sale of the 704,090 Special Warrants, being $77,450, were spent on exploration on the East Side Property, claim renewals and general corporate purposes.

SELECTED FINANCIAL INFORMATION AND MANAGEMENT'S DISCUSSION AND ANALYSIS

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.

	Quarter Ended March 31, 2002 (unaudited)	Year Ended December 31, 2001 (audited)	Year Ended December 31, 2000 (audited)	Year Ended December 31, 1999 (audited)
Net loss	$24,672	$166,756	$36,945	$5,775
Net loss per share	$0.0040	$0.040	$0.012	$0.002
Current assets	$61,681	$34,008	$115,901	$8,791
Mineral properties and deferred exploration costs	$637,531	$634,531	$559,427	$103,432
Total assets	$699,881	$669,269	$676,301	$112,223
Total liabilities	$246,404	$202,120	$131,296	$56,423
Shareholders equity (net of deficit)	$453,477	$467,149	$545,005	$55,800
Working capital deficiency	$184,723	$168,112	$15,395	$47,632
Number of Shares outstanding	6,226,753	6,226,753	3,839,253	2,825,000

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

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

The Company had no income during the financial year ended December 31, 2001 or the financial quarter ended March 31, 2002. Expenses during the year ended December 31, 2001 were $157,838, an increase of $120,893 from the $36,945 in expenses incurred during the financial year ended December 31, 2000. The principal expenses incurred during the year were rent in the amount of $15,929 (2000 - $1,293), management fees in the amount of $38,703 (2000 - $nil), professional and consulting fees in the amount of $78,140 (2000 - $27,395) and office expenses in the amount of $17,876 (2000 - $1,994). The significant increases in professional and consulting fees and management fees resulted from work done by the Company in preparation for completion of its initial public offering, including geological consulting fees, legal fees and accounting fees. The significant increases in rent and office expenses resulted from the increased activity of the Company during the year.

Expenses during the quarter ended March 31, 2002 were $24,672. The principal expenses incurred during the quarter were professional and consulting fees in the amount of $6,085, management fees in the amount of $5,153, rent in the amount of $4,121, office expenses in the amount of $4,424 and travel and business development in the amount of $4,224.

The Company abandoned one of its mineral properties during the year, resulting in a write down of deferred exploration costs relating to that property in the amount of $8,918. This resulted in a net loss for the financial year ended December 31, 2001 of $166,756, compared to a net loss of $36,945 for the financial year ended December 31, 2000.

During the quarter ended March 31, 2002 the Company sold 100,000 Special Warrants to raise net proceeds of $11,000.

At March 31, 2002, the Company had current assets in the amount of $61,681 and current liabilities in the amount of $246,404, for a working capital deficiency of $184,723.

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 Warrant. This prospectus also qualifies for distribution the issuance of the SW Units upon exercise of the Special Warrants, the Agent's Warrants and any additional Shares and Warrants which may be issued under the Greenshoe Option or to the Agent as a corporate finance fee.

Shares

All of 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 Shares are entitled to receive notice of all meetings of shareholders and to attend and vote at the meetings. Each 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 Shares.

In the event of the liquidation, dissolution or winding-up of the Company or other distribution of its assets, the holders of the 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 Shares are contained in the Company's articles and by-laws 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 Shares.

Warrants

The Warrants will be transferable, and each Warrant will entitle the holder to purchase one additional Share for a period of two years from the Listing Date at a price of $0.15.

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 two years from the Listing Date at a price of $0.15.

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.

Underlying Warrants

The Underlying Warrants will be non-transferable, and each Underlying Warrant will entitle the holder to purchase one Share for a period of two years from the date of issuance at a price of $0.15.

The Underlying Warrants will contain provisions for the appropriate adjustment in the class, number and price of Shares issuable under such Underlying 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 March 31, 2002	Outstanding as at the date hereof	Outstanding on Completion of Minimum Offering	Outstanding on Completion of Maximum Offering
Common shares	unlimited	$676,625 (6,226,753 Shares)	$676,625 (6,226,753 Shares)	$1,419,125[(1)] (13,426,753 Shares)[(2)]	$1,824,125[(1)] (16,226,753 Shares)[(2)]
Special Warrants [(3)]	unlimited	$11,000 (100,000 Special Warrants)	$77,450 (704,090 Special Warrants)	$77,450 (704,090 Special Warrants)	$77,450 (704,090 Special Warrants)

Notes:

(1) *Net of 10% commission paid to the Agent.*

(2) *Does not include any Shares issued in the event the Agent elects to receive its corporate finance fee in Shares, or any Shares issued on exercise of the Greenshoe Option, Agent's Warrants or Warrants.*

(3) *Each Special Warrant is exercisable into one SW Unit which is comprised of one Underlying Share and one Underlying Warrant at no additional cost to the holder. Each Underlying Warrant is exercisable into one Share at a price of $0.15 for a period of two years from the date of issuance. Refer to "Plan of Distribution".*

OPTIONS TO PURCHASE SECURITIES

The following table sets forth information on the stock options that will be issued on the Listing Date. 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)]	1,000,000	$0.15	Five years from the Listing Date
Directors of the Company who are not executive officers (three individuals)	900,000	$0.15	Five years from the Listing Date
Other employees of the Company who are not executive officers or directors	Nil	—	—
Consultants providing services to the Company	Nil	—	—
Others	Nil	—	—
Total	1,900,000	$0.15	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.*

The Company also has outstanding 18,750 Share purchase warrants exercisable at a price of $0.40 per Share until August 1, 2003.

The Company also has outstanding 704,090 Special Warrants, each of which is exercisable into one SW Unit. Each SW Unit is comprised of one Underlying Share and one Underlying Warrant. Each Underlying Warrant is exercisable into one Share at a price of $0.15 for a period of two years from the date of issuance.

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
August 1, 2001	37,500	Shares	$0.40
September 26, 2001	1,950,000	Shares	$0.002
December 19, 2001	400,000(1)	Shares	$0.20
March 30, 2002	100,000(2)	Special Warrants	$0.11
April 26, 2002	604,090(2)	Special Warrants	$0.11

Note:

(1) Shares were issued in settlement of outstanding indebtedness of the Company in the amount of $40,000 owed to Michael C. Judson and $40,000 owed to Lorne Woods.

(2) Special Warrants are exercisable into Underlying Shares and Underlying Warrants 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 June 28, 2002 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)
Michael C. Judson	1,809,545(1)	26.1%	12.8%	10.7%
Lorne Woods	1,809,545(1)	26.1%	12.8%	10.7%
Judson Woods Inc.	614,253	8.9%	4.3%	3.6%

Notes:

(1) Includes 59,545 Underlying Shares which will be issued pursuant to exercise of the Special Warrants. Refer to "Plan of Distribution".

(2) Includes issuance of 704,090 Underlying Shares upon exercise of the Special Warrants.

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	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)]
Michael C. Judson	1,809,545	26.1%	12.8%	10.7%	5.8%
Lorne Woods	1,809,545	26.1%	12.8%	10.7%	5.8%
Judson Woods Inc.[(3)]	614,253	8.9%	4.3%	3.6%	2.0%

Notes:

(1) Includes issuance of 704,090 Underlying Shares upon exercise of the Special Warrants.

(2) Based on completion of the Maximum Offering, exercise of 2,500,000 Agent's Warrants and 10,000,000 Warrants which would be issued in connection therewith and 2,600,000 options which will be outstanding on the Listing Date.

(3) The principals of Judson Woods Inc. are Michael C. Judson and Lorne Woods.

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
MICHAEL C. JUDSON[(1)] Montreal, Quebec	President, Chief Executive Officer and Director	President of the Company since its inception in 1999. President of Judson Woods Inc. since 1987.	1999
ANDRÉ FORTIER[(1)] Montreal, Quebec	Director	Chief Executive Officer of Campbell Resources Inc. since 2000. Chief Executive Officer of MSV Resources Inc. from 1996 to 2001.	2002
JEAN GIRARD[(1)] Longueuil, Quebec	Director	Self employed geological consultant since 2000. Vice-President Exploration for Geo Nova Exploration Inc. from 1994 to 2002.	2002

Name and Municipality of Residence	Position With the Company	Principal Occupation for the Past Five Years	Year Appointed
JOHN MAVRIDIS Montreal, Quebec	Director	Lawyer with Brouillette Charpentier Fortin since 2001. Lawyer with Lavery de Billy from 1995 to 2001.	2002

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

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

Michael C. Judson, age 40, holds a B.A. in communications from Concordia University. Mr. Judson has been the President of Judson Woods Inc., an investor relations firm, since 1987 and the President and Chief Executive Officer of the Company since its inception in 1999. Judson Woods Inc. works extensively with junior mineral exploration companies at all stages of development, and as a result, Mr. Judson has extensive experience in the marketing and financing of junior mineral exploration companies. Mr. Judson is expected to devote approximately 90% of his time to the affairs of the Company.

André Fortier, age 61, holds a B.A. from Collège Jean-de-Brébeuf and an LL.B. from Laval University. Mr. Fortier is currently the Chief Executive Officer of Campbell Resources Inc., a Toronto Stock Exchange ("TSE") listed mining exploration and development company. Mr. Fortier was the Chief Executive Officer of MSV Resources Inc. from 1996 to 2001, the Chief Executive Officer of Geo Nova Exploration Inc. from 1993 to 1996 and the Chief Executive Officer of Kerr Addison Mines from 1991 to 1993. All of the foregoing companies are (or were) publicly traded mining exploration and development companies. As Chief Executive Officer of these companies, Mr. Fortier brings to the Company's management significant experience in the administration of public mining exploration and development companies. Mr. Fortier is expected to devote approximately 5 to 10% of his time to the affairs of the Company.

Jean Girard, age 49, holds a B.Sc. in geology from Laval University, a B.Sc.A. in geological engineering from Laval University and a M.Ing. in environment from Ecole Polytechnique. Mr. Girard is currently self employed as a geological consultant, however, he was the Vice President of Exploration for Geo Nova Exploration Inc. from 1994 to 2001. Mr. Girard has over 25 years of experience as a geologist and geological engineer, and is credited with the discovery of what is now the Langlois Mine in Quebec operated by Breakwater Resources Ltd. Mr. Girard received the 1997 Quebec Prospector Award as a result of his work on the development of the Discovery Gold Project. Given his extensive technical background, Mr. Girard brings a great deal of technical expertise to the Company's management. Mr. Girard is expected to devote approximately 5 to 10% of his time to the affairs of the Company.

John Mavridis, age 38, holds an LL.B. and an LL.M. from the University of Montreal. Mr. Mavridis has been practising as a corporate lawyer since 1991, and has provided counsel to exploration and mining companies for the past 10 years. Mr. Mavridis is expected to devote approximately 10% of his time to the affairs 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 May 31, 2002, the directors and officers of the Company as a group owned beneficially, directly or indirectly, or exercised control or discretion over an aggregate of 4,114,253 Shares, which is equal to 66.1% of the Shares currently issued and outstanding.

Cease Trade Orders or Bankruptcies

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.

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.

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 December 31, 2001. The Company's President and Chief Executive Officer, Michael C. Judson, was the only "Named Executive Officer" during the fiscal year ended December 31, 2001 and the period ended May 31, 2002. The Company and Michael C. Judson have entered into a management agreement dated May 16, 2002 pursuant to which the Company will remunerate Mr. Judson in the amount of $2,500 per month for providing management services to the Company, in an amount to be determined by the directors of the Company and Mr. Judson.

Summary Compensation Table

Annual Compensation					Long Term Compensation Awards	
Name and Principal Position	**Period Ended**	**Salary ($)**	**Bonus ($)**	**Other Annual Compensation**	**Common Shares Under Options Granted (#)**	**All Other Compensation $**
Michael C. Judson President and CEO	May 31, 2002 Dec. 31, 2001 Dec. 31, 2000	Nil 18,323 13,500	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil 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 executive officer during the fiscal year ended December 31, 2001 and the period ended **[May 31]**, 2002:

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
Michael C. Judson President and CEO	1,000,000	38.5%	$0.15	Nil	Five years from the Listing Date

The following table sets forth a summary of Share options exercised by and remaining outstanding to the Company's executive officer for the fiscal year ended December 31, 2001 and the period ended **[May 31]**, 2002:

Name	Common Shares Acquired on Exercise	Value Realized ($)	Unexercised Options at the Date of this Prospectus	$ Value of Unexercised In-the-Money Options at the Date of this Prospectus
Michael C. Judson President and CEO	Nil	Nil	1,000,000	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.

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 it is anticipated that Michael Judson, the president and chief executive officer of the Company, will be paid a salary of $2,500 per month.

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 sponsorship and agency agreement dated as of April 29, 2002 (the "Agency Agreement"), has appointed the Agent as its agent to offer to the public in the provinces of British Columbia, Alberta and Ontario on a commercially reasonable efforts basis a minimum of 7,200,000 Units and a maximum of 10,000,000 Units at a price of $0.15 per Unit and to serve as sponsor with respect to the Company's application to list the Shares for trading on the Exchange. The price of the Units was determined by the Company in negotiation with the Agent in accordance with the policies of the Exchange. Each Unit will consist of one Share and Warrant and each Warrant will entitle the holder thereof to acquire one additional Share for a period of two years at an exercise price of $0.15.

This prospectus will also be filed in the Province of Quebec because the head office of the Company is located in the Province of Quebec. However, the Units will not be offered for sale in the Province of Quebec.

The completion of this Offering is subject to a minimum subscription of 7,200,000 Units. 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 Company will allocate the full per Unit price of $0.15 received for each Unit to the Share and a nil amount to the Warrant.

An application has been made to conditionally list the Shares and Warrants being offered under this prospectus on the Exchange. Listing is subject to the Company fulfilling all of the listing requirements of the Exchange.

The closing of the Offering will occur on a day (the "Closing Date") within 90 days of the date of the final receipt issued for the final prospectus and within 12 months of the date of the receipt for the preliminary prospectus, or 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 member. 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 Agent will receive a commission equal to 10% of the gross proceeds of the Offering. 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 25% 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 $0.15 per Share for a period of two years 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 $0.15 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 any Shares and Warrants comprising any Units which may be issued to the Agent as a corporate finance fee.

As consideration for acting as sponsor for the listing of the Shares for trading on the Exchange, the Company will pay the Agent the sum of $20,000.

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 will also pay the Agent a corporate finance fee equal to 5% of the gross proceeds of the Offering. The corporate finance fee is payable, at the Agent's option, in either cash or by the issuance of Units at a deemed price of $0.15 per Unit.

The Company has granted the Agent a right of first refusal to provide all brokered equity 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 704,090 SW Units of the Company issuable for no additional consideration upon the exercise of 704,090 Special Warrants previously issued by the Issuer at a price of $0.11 per Special Warrant pursuant to applicable statutory exemptions from prospectus and registration requirements. The Special Warrants are exercisable into SW Units, with each SW Unit being comprised of one Underlying Share and one Underlying Warrant. Each Underlying Warrant will be exercisable into one additional Share at a price of $0.15 for a period of two years from the date of issuance.

The Agent will not receive any compensation for the SW Units 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 or diamonds. Each of the proposed programs on the properties is an exploratory search for ore or diamonds. 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 or diamonds will be discovered. There is also no assurance that even if commercial quantities of ore or diamonds 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.

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

The Company has obtained records from the government offices with respect to all of its mineral claims but this should not be construed as a guarantee of title. 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 may 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.

Diamond Markets

The Company's primary target on the East Side Property is commercial diamond-bearing kimberlite. There is no quoted market for diamonds as there is for most other mineral products such as gold, silver, copper and zinc. Approximately 65% of the world's rough diamond production is purchased by the Central Selling Organization ("CSO"), a wholly owned subsidiary of De Beers, and part of the Anglo American Group. The remaining 35% is sold on the open market. The CSO is a single channel diamond marketing operation working for the benefit of a relatively small number of producers. The CSO manages the marketing of diamonds by, among other things, maintaining a rough diamond stockpile to manage short-term price pressures resulting from fluctuations in supply and demand, and by having deferred purchase provisions in its agreements with producers.

The market price of rough diamonds is dependent on an efficient market management system. The CSO's predominant role in the world diamond market has been challenged in the last 10 years, particularly by rebel production in Angola and Sierra Leone and by independent producers carrying out their own marketing. Although the marketing of diamonds has been efficiently managed for over 60 years, there is no guarantee that it will continue. De Beers has disclosed publicly that the role of the CSO will change, and that De Beers will place emphasis in the future on becoming the "supplier of choice". This is a new strategy that will refine De Beers' ability to "supply the right goods to those leading diamantaires who are able to market and distribute them most efficiently".

In January, 2001 De Beers announced an agreement with LVMH Moët Hennessy Louis Vuitton to establish an independently managed and operated company to develop the global consumer brand potential of the "De Beers" name. The impact of these new strategies on the market value of rough diamonds is difficult to predict.

Legal Challenge to Mineral Properties

The vendor of the Bathurst Project, Earnest Brooks, has commenced legal proceedings, which, if successful, could result in the return of the Bathurst Project to him. Refer to "Legal Proceedings".

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

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

LEGAL PROCEEDINGS

On September 17, 2001 Earnest Brooks, the vendor of the Bathurst Project, filed a claim dispute with the regional mining commissioner in Bathurst, New Brunswick, alleging breach by the Company of its agreement to acquire the Bathurst Project from him and a return of the Bathurst Project to him. The matter was heard by the commissioner on December 3, 2001 and February 21, 2002, who rendered a decision on May 24, 2002, dismissing the claim on the grounds that the commissioner lacked the jurisdiction under the relevant legislation to determine the matter. Earnest Brooks is appealing this decision.

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 Lippman Leebosh April, Chartered Accountants, of One Westmount Square, Suite 1001, Montreal, Quebec, H3Z 2P9. The registrar and transfer agent of the Company is Pacific Corporate Trust Company, 10th Floor, 625 Howe Street, Vancouver, British Columbia, V6C 3B8.

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) Acquisition Agreement dated January 5, 2000 between the Company and Judson Woods Inc. with respect to the acquisition of the East Side Property. Refer to "The Business of the Company – East Side Diamond Property".

(2) Property acquisition agreement dated September 18, 2000 between the Company and Earnest Brooks with respect to the Bathurst Project. Refer to "The Business of the Company – Bathurst Project, New Brunswick".

(3) Joint venture agreement dated December 12, 2000 and amended May 16, 2002 between the Company and Leader with respect to the East Side Property. Refer to "The Business of the Company – East Side Diamond Property, Saskatchewan".

(4) Agency Agreement dated April 29, 2002 between the Company and the Agent. Refer to "Plan of Distribution".

(5) Escrow Agreement dated April 30, 2002 among the Company, its principals and Pacific Corporate Trust Company. Refer to "Escrowed Securities".

(6) Management Agreement dated May 16, 2002 between the Company and its President, Michael Judson. Refer to "Executive Compensation".

(7) Transfer Agent Agreement dated April 30, 2002 between Pacific Corporate Trust Company and the Company.

Copies of the above agreements together with the Newson 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, Farris, Vaughan, Wills & Murphy, located at 2600 – 700 West Georgia Street, Vancouver, British Columbia, V7Y 1B3.

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 704,090 Special Warrants at a price of $0.11 per Special Warrant, for net proceeds to the Company of $77,450. Each Special Warrant entitles the holder thereof to acquire one SW Unit (subject to adjustment as hereinafter provided) at no additional cost. Each SW Unit will be comprised of one Underlying Share and one Underlying Warrant. Each Underlying Warrant will be exercisable into one additional Share at a price of $0.15 for a period of two years from the date of issuance.

This prospectus is also being filed to qualify the distribution of the 704,090 SW Units to be issued on the exercise or deemed exercise of the Special Warrants, and the issuance of the Underlying Shares and Underlying Warrants comprising the SW Units.

The number of Underlying Shares issuable upon exercise of the Special Warrants will be subject to adjustment in certain events, including, without limitation, the subdivision, consolidation, change or reclassification of the Shares and the issue of the Shares by way of a stock dividend other than dividends paid in the ordinary course.

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, Alberta, Ontario and Quebec 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.

Forest Gate Resources Inc.

Financial Statements

December 31, 2001

Contents

AUDITORS' REPORT

To the Directors of
Forest Gate Resources Inc.

We have audited the balance sheets of **Forest Gate Resources Inc.** as at December 31, 2001, 2000 and 1999 and the statements of earnings and deficit and cash flows for each of the years ending December 31, 2001 and 2000 and the period from June 25, 1999 to December 31, 1999. 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 position of the company as at December 31, 2001, 2000 and 1999 and the results of its operations and its cash flows for each of the years ended December 31, 2001 and 2000 and for the period from June 25, 1999 to December 31, 1999 in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

Montreal, Quebec
March 29, 2002

Forest Gate Resources Inc.

Balance Sheet

At December 31	**2001** **$**	2000 $	1999 $
Assets			
Current assets			
Cash and cash equivalents	**1,423**	104,857	8,519
Sundry receivables *[note 4]*	**32,585**	9,179	272
Prepaid expenses	**-**	1,865	-
	34,008	115,901	8,791
Mining properties and deferred exploration costs *[note 3]*	**634,531**	559,427	103,432
Leasehold improvements (net of accumulated amortization of $243 (2000 - $nil))	**730**	973	-
	669,269	676,301	112,223
Liabilities			
Current liabilities			
Due to an affiliated company *[note 4]*	**9,378**	26,117	53,923
Accounts payable and accrued liabilities *[note 4]*	**192,742**	105,179	2,500
	202,120	131,296	56,423
Shareholders' equity			
Capital stock *[note 5]*	**676,625**	587,725	61,575
Deficit	**(209,476)**	(42,720)	(5,775)
	467,149	545,005	55,800
	669,269	676,301	112,223

Approved on behalf of the board:

(signed) "Michael Judson"……Director

(signed) "John Mavridis"……Director

Forest Gate Resources Inc.

Statement of Earnings and Deficit

Year ended December 31	**2001** **$**	2000 $	Period from June 25, 1999 to December 31, 1999 $
Expenses			
Rent	**15,929**	1,293	-
Management fees	**38,703**	-	-
Professional and consulting fees	**78,140**	27,395	4,091
Office expenses	**17,876**	1,994	896
Taxes, licenses and registration fees	**923**	1,136	510
Telephone	**2,046**	196	53
Travel and business development	**3,557**	4,729	-
Bank charges	**291**	202	225
Miscellaneous	**130**	-	-
Amortization of leasehold improvements	**243**	-	-
Net loss before the following:	**157,838**	36,945	5,775
Write-down of deferred exploration costs relating to an abandoned property	**8,918**	-	-
Net loss	**166,756**	36,945	-
Deficit at the beginning	**42,720**	5,775	-
Deficit at the end	**209,476**	42,720	5,775
Basic loss per share and diluted loss per share *[note 10]*	**$0.03980**	$0.01186	$.00242

Forest Gate Resources Inc.

Statement of Cash Flows

Year ended December 31	**2001** **$**	2000 $	Period from June 25, 1999 to December 31, 1999 $
Cash flows from (used for):			
Operating activities			
Net loss	**(166,756)**	(36,945)	(5,775)
Non-cash items:			
Write-down of deferred exploration cost relating to abandoned property	**8,918**	-	-
Amortization of leasehold improvements	**243**	-	-
Net changes in non-cash components of operating working capital *[note 6]*	**66,022**	91,907	2,228
	(91,573)	54,962	(3,547)
Financing activities			
Net proceeds from the issue of share capital *[note 5]*	**88,900**	105,000	7,725
Advances from related parties	**(16,739)**	18,344	53,923
	72,161	123,344	61,648
Investing activities			
Mining properties and deferred exploration costs *[notes 3 and 5]*	**(84,022)**	(80,995)	(49,582)
Acquisition of leasehold improvements	**-**	(973)	-
	(84,022)	(81,968)	(49,582)
Net increase (decrease) in cash and cash equivalents	**(103,434)**	96,338	8,519
Cash and cash equivalents - beginning	**104,857**	8,519	-
Cash and cash equivalents - end	**1,423**	104,857	8,519
Represented by:			
Cash on hand and balances with banks	**334**	43,595	8,519
Cash held in trust for flow-through exploration expenses and other	**1,089**	61,262	-
	1,423	104,857	8,519

Forest Gate Resources Inc.

Notes to the Financial Statements

December 31, 2001

1. Description of operations

The Corporation, incorporated under the Canada Business Corporations Act, started operations on June 25, 1999.

The Corporation's operations consist in the exploration of mineral properties, directly or through joint ventures. It is in the process of determining whether its properties contain economically recoverable reserves. Recovery of deferred exploration costs and mining properties depend on the existence of economically recoverable ore reserves, the Corporation's ability to obtain financing for its operations and future profitable commercial production.

2. Summary of significant accounting policies

The financial statements of the company have been prepared by management in accordance with Canadian generally accepted accounting principles. The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The financial statements have, in management's opinion, been properly prepared using careful judgement within reasonable limits of materiality and within the framework of the accounting policies summarized below.

Cash and equivalents:

The company considers currency on hand and demand deposits with financial institutions to be cash. The company considers all highly liquid investments with an insignificant risk and purchased with a maturity of three months or less to be cash equivalents.

Amortization of leasehold improvements:

Amortization is provided for over the term of the lease on a straight-line basis.

Mining properties and deferred exploration costs:

Mining properties and deferred exploration costs are recorded at cost which may not reflect present or future values.

Costs of exploration and related capital assets on existing projects are deferred until production commences. Mining properties and deferred exploration costs are amortized over the estimated economic life of the project if successful and written off or written down to its estimated net realizable value if a project is unsuccessful or is economically unfeasible. Option payments received are applied against the related mining properties and deferred exploration costs.

Flow through common shares:

Proceeds received upon the issue of common shares that transfer the mineral exploration expense deductions to investors are credited to the share capital and the related exploration costs are charged to deferred exploration costs.

Continued…

2. Summary of significant accounting policies (continued)

Income taxes:

Income taxes are accounted for on the tax allocation basis. On this basis, differences between the time of including revenue and expense items in the computation of accounting income and the time of their inclusion in the computation of taxable income give rise to deferred income taxes.

3. Mining properties and deferred exploration costs

	Cost of claims **$**	**Deferred exploration costs** **$**	**Write-off of abandoned property** **$**	**2001 Net** **$**	2000 Net $	1999 Net $
Saskatchewan						
East Side	**107,414**	**11,197**	**-**	**118,611**	107,639	103,432
New Brunswick						
Canoe Landing Lake	**177,082**	**75,237**	**-**	**252,319**	221,766	-
California Lake	**141,184**	**43,831**	**-**	**185,015**	157,068	-
Rio Road	**66,404**	**12,182**	**-**	**78,586**	72,954	-
Cheavers – Maureen Lake group	**-**	**8,918**	**8,918**	**-**	-	-
	492,084	**151,365**	**8,918**	**634,531**	559,427	103,432

During 1999, the Corporation acquired an 85% interest in the East Side mining properties for $100,000 paid by the issuance of 500,000 common shares and a note payable of $46,150.

During 2000, the Corporation acquired the Canoe Landing Lake, California Lake and Rio Road properties for $375,000 paid by the issuance of 1,250,000 common shares.

No amortization has been calculated on the mining properties.

4. Related party transactions

a) Transactions with affiliated companies

	2001 **$**	2000 $	1999 $
Rent expense - sublease	**-**	1,293	-
Deferred exploration costs	**42,270**	68,550	-
Management fees	**38,703**	-	-

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the parties.

b) Amounts due to and from shareholders and affiliated company are non-interest bearing and due on demand.

Continued…

4. Related party transactions (continued)

c) Accounts payable include $70,471 ($68,550 in 2000) owed to an affiliated company. Sundry receivables include $14,648 due from shareholders.

d) Affiliated companies are companies that are under common control.

5. Capital stock

The company is incorporated under the Canada Business Corporations Act.

Authorized

An unlimited number of common shares with no par value

Issued	**2001 $**	2000 $	1999 $
6,226,753 common shares (3,839,253 in 2000; 2,825,000 in 1999)	**676,625**	587,725	61,575

As at December 31, 2001, a total of 18,750 share purchase warrants have been issued, expiring in 2003. Each warrant entitles the subscriber to purchase one common share for $0.40 per share.

The company consolidated its shares on October 31, 2001 on a 2 for 1 basis. Comparatives figures have been restated to reflect this change.

During 1999, the Corporation issued shares as follows:

(a) 5,150,000 common shares for a cash consideration of $7,725

(b) 500,000 common shares as partial consideration for the acquisition of the East Side mining properties for a value of $53,850 (see note 3).

During 2000, the Corporation issued shares as follows:

(a) 428,505 common shares in settlement of a note payable of $46,150 to an affiliated company (notes 3 and 4)

(b) 1,250,000 common shares as consideration for the acquisition of the Canoe Landing Lake, California Lake and Rio Road mining properties for $375,000.

(c) 350,000 flow-through common shares for a total cash consideration of $105,000.

During 2001, the Corporation issued shares as follows:

(a) 75,000 common shares and 37,500 share purchase warrants with an option expiring in 2003 to purchase shares at $0.20 per share, for a total cash consideration of $15,000.

(b) 3,900,000 common shares for a cash consideration of $3,900

(c) 400,000 common shares in consideration for indebtedness of $80,000 due to an affiliated company.

6. Supplemental disclosures of expenses and of cash flow in formation:

i) Net change in non-cash components of operating working capital

	2001 **$**	2000 $	1999 $
(Increase) decrease in:			
Sundry receivables	**(23,406)**	(8,907)	(272)
Prepaid expenses	**1,865**	(1,865)	-
Increase in:			
Accounts payable and accrued liabilities	**87,563**	102,679	2,500
	66,022	91,907	2,228

ii) Significant non-cash transactions

As described in notes 3, 4 and 5, the company acquired properties and settled indebtedness for consideration other than cash.

7. Income taxes

The Corporation has exploration costs of approximately $33,000 and losses of $207,775 which are being carried forward and which can reduce future taxable income. The related potential future tax reduction is not recorded in these financial statements. The losses expire as follows:

	2001 **$**	2000 $	1999 $
2006	**4,775**	4,775	4,775
2007	**35,000**	35,000	-
2008	**168,000**	-	-
	207,775	39,775	4,775

8. Contingent liabilities

a) Environmental

The company's exploration activities are subject to various federal and provincial and state laws and regulations governing the protection of the environment. These laws and regulations are continually changing. The company conducts its operations so as to protect the public health and environment and believes its operations are materially in compliance with all applicable laws and regulations.

b) Legal dispute

A claim dispute has been instituted by one of the shareholders of the corporation before the New Brunswick Commissioner of Mines for breach of contract. The shareholder is claiming the return of the 34 mining property claims that he has transferred to the corporation for $375,000 and another 196 claims subsequently obtained by the corporation and a refund of legal expenses incurred in the proceedings. The corporation considers that while the claim is without merit, the outcome of the claim cannot be determined at this time, it intends to vigorously defend this action.

9. Commitments

a) Exploration

Subsequent to year-end, the company committed to further exploration work totaling $20,000 plus incidental expenses.

b) Lease

The company has entered into a net long-tem lease for premises for periods ending up the November 30, 2004. The minimum annual rentals, excluding property taxes and operating expenses, are as follows:

	$
2002	**13,068**
2003	**13,068**
2004	**11,979**
	38,115

10. Loss per share

Due to a loss for the fiscal year, no incremental shares are included in calculating the dilutive loss per share because the effect would be anti-dilutive.

11. Segmented information

The company has only one reportable segment. All of the company's operations are in one geographic location, Canada, and all relate to mining exploration.

Forest Gate Resources Inc.

Interim Financial Statements

March 31, 2002

(Unaudited)

Contents

REVIEW ENGAGEMENT REPORT

To the Shareholders of
Forest Gate Resources Inc.

We have reviewed the interim balance sheet of **Forest Gate Resources Inc.** as at March 31, 2002 and the interim statements of earnings and deficit and cash flows for three months then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the company.

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

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

Chartered Accountants

Montreal, Quebec
May 8, 2002

Forest Gate Resources Inc.

Interim Balance Sheet (Unaudited)

	March 31 2002 $	December 31 2001 $
Assets		
Current assets		
Cash and cash equivalents	**11,036**	1,423
Sundry receivables *[note 4]*	**34,316**	32,585
Prepaid expenses and deposits	**16,329**	-
	61,681	34,008
Mining properties and deferred exploration costs *[note 3]*	**637,531**	634,531
Leasehold improvements (net of accumulated amortization of $304 (2001 - $243)	**669**	730
	699,881	669,269
Liabilities		
Current liabilities		
Due to an affiliated company *[note 4]*	**46,651**	9,378
Accounts payable and accrued liabilities *[note 4]*	**199,753**	192,742
	246,404	202,120
Shareholders' equity		
Capital stock *[note 5]*	**687,625**	676,625
Deficit	**(234,148)**	(209,476)
	453,477	467,149
	699,881	669,269

Approved on behalf of the board:

(signed) "Michael Judson")……Director

(signed) "John Mavridis"……Director

Forest Gate Resources Inc.

Interim Statement of Earnings and Deficit (Unaudited)

Period ended	**3 months ended March 31 2002**	12 months ended December 31 2001 (note 12)
	$	$
Expenses		
Management fees	**5,153**	38,703
Professional and consulting fees	**6,085**	78,140
Rent	**4,121**	15,929
Travel and business development	**4,224**	3,557
Bank charges	**73**	291
Office expenses	**4,424**	18,006
Taxes, licenses and registration fees	**169**	923
Telephone	**362**	2,046
Amortization of leasehold improvements	**61**	243
Loss before the following:	**24,672**	157,838
Write-down of deferred exploration costs relating to an abandoned property	**-**	8,918
Net loss	**24,672**	166,756
Deficit at the beginning of period	**209,476**	42,720
Deficit at the end of period	**234,148**	209,476
Basic loss per share and diluted loss per share *[note 10]*	**$ 0.00396**	$ 0.03980

Forest Gate Resources Inc.

Interim Statement of Cash Flows (Unaudited)

Period ended	**3 months ended March 31 2002**	12 months ended December 31 2001 (note 12)
	$	$
Cash flows from (used for):		
Operating activities		
Net loss	**(24,672)**	(166,756)
Non-cash items:		
Write-down of deferred exploration cost relating to abandoned property	**-**	8,918
Amortization of leasehold improvements	**61**	243
Net change in non-cash components of operating working capital *[note 6]*	**(11,049)**	66,022
	(35,660)	(91,573)
Financing activities		
Net proceeds from the issue of special warrants *[note 5]*	**11,000**	88,900
Advances from related parties	**37,273**	(16,739)
	48,273	72,161
Investing activities		
Mining properties and deferred exploration costs	**(3,000)**	(84,022)
Net decrease in bank indebtedness	**9,613**	(103,434)
Cash and cash equivalents - beginning of period	**1,423**	104,857
Cash, cash equivalents and cash held in trust - end of period	**11,036**	1,423
Represented by:		
Cash on hand and balances with banks	**11,036**	334
Cash held in trust	**-**	1,089
	11,036	1,423

1. Description of operations

The Corporation's operations consist in the exploration of mineral properties, directly or through joint ventures. It is in the process of determining whether its properties contain economically recoverable reserves. Recovery of deferred exploration costs and mining properties depend on the existence of economically recoverable ore reserves, the Corporation's ability to obtain financing for its operations and future profitable commercial production.

2. Summary of significant accounting policies

The financial statements of the company have been prepared by management in accordance with Canadian generally accepted accounting principles. The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The financial statements have, in management's opinion, been properly prepared using careful judgement within reasonable limits of materiality and within the framework of the accounting policies summarized below.

Cash and equivalents:

The company considers currency on hand and demand deposits with financial institutions to be cash. The company considers all highly liquid investments with an insignificant risk and purchased with a maturity of three months or less to be cash equivalents.

Amortization of leasehold improvements:

Amortization is provided for over the term of the lease on a straight-line basis.

Mining properties and deferred exploration costs:

Mining properties and deferred exploration costs are recorded at cost which may not reflect present or future values.

Costs of exploration and related capital assets on existing projects are deferred until production commences. Mining properties and deferred exploration costs are amortized over the estimated economic life of the project if successful and written off or written down to its estimated net realizable value if a project is unsuccessful or is economically unfeasible. Option payments received are applied against the related mining properties and deferred exploration costs.

Flow through common shares:

Proceeds received upon the issue of common shares that transfer the mineral exploration expense deductions to investors are credited to the share capital and the related exploration costs are charged to deferred exploration costs.

Continued…

2. Summary of significant accounting policies (continued)

Stock-based compensation plan:

The company has a stock-based compensation plan which is described in note 5. No compensation expense requires recognition upon the award of options.

Financial instruments:

The company's financial instruments consist of cash and cash equivalents, sundry receivables, accounts payable and accrued liabilities and due to an affiliated company. The fair values of all financial instruments approximate their carrying values due to their short-term maturity.

3. Mining properties and deferred exploration costs

	Cost of claims $	**Deferred exploration costs $**	**Write-off of abandoned property $**	**March 31 2002 Net $**	Dec. 31 2001 Net $
Saskatchewan					
East Side	**107,414**	**14,197**	**-**	**121,611**	118,611
New Brunswick					
Canoe Landing Lake	**177,082**	**75,237**	**-**	**252,319**	252,319
California Lake	**141,184**	**43,831**	**-**	**185,015**	185,015
Rio Road	**66,404**	**12,182**	**-**	**78,586**	78,586
Cheavers – Maureen Lake group	**-**	**8,918**	**8,918**	**-**	-
	492,084	**154,365**	**8,918**	**637,531**	634,531

No amortization has been calculated on the mining properties.

4. Related party transactions

a) Transactions with affiliated companies

	March 31 2002 $	December 2001 $
Deferred exploration costs	**-**	42,270
Management fees	**5,153**	38,703

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the parties.

b) Amounts due from shareholders and affiliated company are non-interest bearing and due on demand.

c) Accounts payable include $70,471 ($68,550 in 2001) owed to an affiliated company. Sundry receivables include $14,648 due from shareholders.

d) Affiliated companies are companies that are under common control.

5. Capital stock

The company is incorporated under the Canada Business Corporations Act.

Authorized

An unlimited number of common shares with no par value

Issued

	March 31 2002 $	Dec. 31 2001 $
6,226,753 common shares	**676,625**	676,625
Special warrants	**11,000**	-
	687,625	676,625

During the period ended March 31, 2002, the company issued special warrants for a cash consideration of $11,000, exchangeable, for no additional consideration, into 100,000 common shares with each common share accompanied by one common share purchase warrant (expiring in 2004) entitling the holder to purchase an additional common share for $0.15 per share.

As at March 31, 2002, 18,750 common share purchase warrants, expiring in 2003, are outstanding. Each warrant entitles the subscriber to purchase one common share for $0.40 per share:

6. Supplemental disclosures of expenses and of cash flow in formation:

Net change in non-cash components of operating working capital

	March 31 2002 $	December 31 2001 $
(Increase) decrease in:		
Sundry receivables	**(1,731)**	(23,406)
Prepaid expenses and deposits	**(16,329)**	1,865
Increase in:		
Accounts payable and accrued liabilities	**7,011**	87,563
	(11,049)	66,022

7. Income taxes

The Corporation has exploration costs of approximately $33,000 and losses of $223,000 which are being carried forward and which can reduce future taxable income. The related potential future tax reduction is not recorded in these financial statements. The losses expire as follows:

	March 31 2002 $
2006	**5,000**
2007	**37,000**
2008	**157,000**
2009	**24,000**
	223,000

8. Contingent liabilities

a) Environmental

The company's exploration activities are subject to various federal and provincial and state laws and regulations governing the protection of the environment. These laws and regulations are continually changing. The company conducts its operations so as to protect the public health and environment and believes its operations are materially in compliance with all applicable laws and regulations.

b) Legal dispute

A claim dispute has been instituted by one of the shareholders of the corporation before the New Brunswick Commissioner of Mines for breach of contract. The shareholder is claiming the return of the 34 mining property claims that he has transferred to the corporation for $375,000 and another 196 claims subsequently obtained by the corporation and a refund of legal expenses incurred in the proceedings. The corporation considers that while the claim is without merit and the outcome of the claim cannot be determined at this time, it intends to vigorously defend this action.

9. Commitments

a) Exploration

Subsequent to year-end, the company committed to further exploration work totaling $16,000 plus incidental expenses.

b) Lease

The company has entered into a net long-tem lease for premises for periods ending up the November 30, 2004. The minimum annual rentals, excluding property taxes and operating expenses, are as follows:

	$
2002	**13,068**
2003	**13,068**
2004	**11,979**
	38,115

10. Loss per share

Due to a loss for the fiscal year / period, no incremental shares are included in calculating the dilutive loss per share because the effect would be anti-dilutive.

11. Subsequent events

(i) During the period from April 18, 2002 to May 2, 2002, the company issued special warrants for a total cash consideration of $66,450. The special warrants entitle the subscribers to exchange the special warrants for 604,090 common shares for no additional consideration, with each common share accompanied by one common share purchase warrant (expiring in 2004) entitling the holder to acquire another common share for $0.15 per share.

(ii) On April 30, 2002, the company amended its articles to remove the private company restrictions.

12. Comparative figures

Since no quarterly financial statements were prepared for the prior year and the information was not readily available, comparative interim figures for the current interim period have not been presented.

The fiscal year ended December 31, 2001 has been subject to an audit.

13. Segmented information

The company has only one reportable segment. All of the company's operations are in one geographic location, Canada, and all relate to mining exploration.

CERTIFICATE OF FOREST GATE RESOURCES INC.

Dated: June 28, 2002

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 8 of the *Securities Act* (Alberta) and Part XV of the *Securities Act* (Ontario) and the rules and regulations thereunder. This prospectus, for the purposes of the Province of Quebec, does not contain any misrepresentation likely to affect the value or market price of the securities to be distributed.

Chief Executive Officer	Chief Financial Officer
(signed) *"Michael C. Judson"*	(signed) *"John Mavridis"*
Michael C. Judson President, Chief Executive Officer and Director	John Mavridis Director

On behalf of the Board of Directors

(signed) *"André Fortier"*	(signed) *"Jean Girard"*
André Fortier Director	Jean Girard Director

On behalf of the Company's Promoter

(signed) *"Michael C. Judson"*

Michael C. Judson
Promoter

CERTIFICATE OF AGENT

Dated: June 28, 2002

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 8 of the *Securities Act* (Alberta) and Part XV of the *Securities Act* (Ontario) and the rules and regulations thereunder. This prospectus, for the purposes of the Province of Quebec, does not contain any misrepresentation likely to affect the value or market price of the securities to be distributed.

GEORGIA PACIFIC SECURITIES CORPORATION

(signed) "*Steven N. Khan*"

Steven N. Khan, MBA, CFA, FCSI

President and
Director