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TABLE OF CONTENTS

1,300,000 Units

HORIZON GOLD SHARES, INC.

PROSPECTUS

Paulson Investment Company, Inc.

, 1984

A registration statement relating to these securities has been filed with the Securities and Exchange Commission but has not yet become effective. Information contained herein is subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any State in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such State.

FOR INFORMATION ONLY

PRELIMINARY PROSPECTUS DATED SEPTEMBER 4, 1984 "Red herring"

1,300,000 Units

HORIZON GOLD SHARES, INC.

Each Unit Consists of One Share of Common Stock,
One Common Stock Purchase Warrant and
One Warrant to Purchase 0.01 Troy Ounces of Gold
Offering Price $2.50 Per Unit

THESE SECURITIES INVOLVE A HIGH DEGREE OF RISK AND SHOULD NOT BE PURCHASED BY ANYONE WHO CANNOT AFFORD THE LOSS OF HIS ENTIRE INVESTMENT. See "RISK FACTORS."

Each Unit consists of one share of the Company's Common Stock, par value $.01 per share, one Common Stock purchase warrant entitling the holder to purchase one share of Common Stock (the "Stock Warrant") at a variable price until __________, 1989, and one warrant entitling the holder to purchase 0.01 troy ounces of gold (the "Gold Warrant") at an initial price of $6.00 until __________, 19__, subject to certain adjustments and restrictions based upon the Company's gold production, if any, and other factors. **The Company does not currently have any gold production nor has it established any proven or probable reserves.** Exercise of the Stock Warrants will be possible only if and when a registration statement with respect to the underlying shares of Common Stock is then in effect. The Stock Warrants and Gold Warrants will be detachable and transferable separately commencing no more than 180 days from the date of this Prospectus. The Stock Warrants will be callable by the Company at $.25 per Stock Warrant, under certain conditions. See "Description of Securities — Common Stock Purchase Warrants" and " — Gold Purchase Warrants."

Prior to this offering, there has been no public market for the Units, Common Stock, Stock Warrants or Gold Warrants, and there can be no assurance that such market will develop after this offering. The offering price of the Units has been determined by negotiations between the Company and Paulson Investment Company, Inc., as the representative of the several Underwriters (the "Representative"), and bears no relationship to the Company's earnings, book value or other generally accepted criteria of value. See "Risk Factors" and "Dilution and Other Comparative Data" and "Underwriting."

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	Price to the Public	Underwriting Commissions (1)	Proceeds to the Company (2)
Per Unit	$ 2.50	$ .25	$ 2.25
Total (3)	$3,250,000	$ 325,000	$2,925,000

(See footnotes on the following page.)

The Units are offered by the Underwriters subject to receipt and acceptance of such Units by them, and subject to prior sale, withdrawal, cancellation or modification of the offer without notice. The Underwriters reserve the right to reject any order in whole or in part. It is expected that delivery of the certificates for the Units will be made against payment therefor on or about _________, 1984.

PAULSON INVESTMENT COMPANY, INC.

The date of this Prospectus is ______________, 1984.

(1) The Company has entered into an Underwriting Agreement dated ____________, 1984 (the "Underwriting Agreement") with the Representative, as representative of the several underwriters (the "Underwriters"), pursuant to which the Underwriters have agreed to purchase 1,300,000 of the Company's Units which are being offered to the public pursuant hereto (the "Offering"). See "Underwriting" for information concerning additional compensation to the Underwriters not included in the table above, including (a) a nonaccountable expense allowance of $97,500 and (b) five-year warrants to purchase 130,000 Units at a price of $3.00 per Unit, subject to adjustment under applicable antidilution provisions. In addition, the Company and the Underwriters have agreed to indemnify each other against certain liabilities, including liabilities under the Securities Act of 1933, as amended. See "Underwriting."

(2) Before deducting expenses payable by the Company estimated at $260,000, including legal fees, accounting fees, printing costs, registration and filing fees, the $97,500 nonaccountable expense allowance payable to the Underwriters and other miscellaneous expenses. See "Use of Proceeds."

(3) The Company has granted the Underwriters an over-allotment option to purchase up to 195,000 additional Units on the same terms and conditions as set forth above. If all 1,495,000 Units are purchased by the Underwriters, the total price to the public will be $3,737,500, the total Underwriting Commission will be $373,750 and the total proceeds to the Company will be $3,363,750. See "Underwriting."

The Company intends to furnish to its shareholders annual reports containing audited financial statements and an opinion thereon expressed by the Company's independent accountants and quarterly reports containing unaudited financial information, for the first three quarters of each fiscal year. The Company will comply with the periodic reporting requirements imposed by the Securities Exchange Act of 1934, as amended.

Until ______________, 1984 (ninety days after the date of this Prospectus), all dealers effecting transactions in the registered securities, whether or not participating in this distribution, may be required to deliver a Prospectus. This is in addition to the obligation of dealers to deliver a Prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE UNITS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH TRANSACTIONS MAY BE EFFECTED IN THE OVER-THE-COUNTER MARKET OR OTHERWISE. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Reported Resources
of Gold:
Gold City Prospect
(aka Sugar loaf Peak)
Lapaz, County, Az

Piñon Prospect
Yavapi County, Az

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Information at June 30, 1984 and for the three months ended June 30, 1984 and 1983 is unaudited)

On April 17, 1984, the stockholders approved an amendment to increase the authorized number of shares of Common Stock to 50,000,000.

8. Private Placement and Proposed Public Offering:

On August 16, 1984, the Company completed the sale of 35 units in a private placement at a price of $5,000 per unit. Each unit consists of one $5,000 14% Subordinated Debenture Due July 1, 1989, and one Common Stock purchase warrant (the "Placement Warrants"). The Placement Warrants will become exercisable on the effective date of the proposed public offering which is discussed below and will remain exercisable until July 1, 1989. The Company will use its best efforts to register the shares of Common Stock underlying the Placement Warrants within six months after the completion of the proposed public offering. In addition, the Placement Warrants contain limited "piggyback" registration rights. In the event the proposed public offering discussed below does not occur prior to December 31, 1984, and there is no assurance that any such public offering will ever occur, the Placement Warrants will thereafter become exercisable entitling the holder of each Placement Warrant to purchase 2,500 shares of Common Stock of the Company at an exercise price of $2.00 per share.

The Company has entered into an agreement with an underwriter for the public offering of 1,300,000 units at $2.50 per unit, which consist of one share of the Company's Common Stock, one Common Stock purchase warrant, and one warrant to purchase 0.01 troy ounces of gold. The Company does not currently have any gold production nor has it established any proven or probable reserves. There can be no assurance that the proposed public offering will be consummated as planned.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Information at June 30, 1984 and for the three months ended June 30, 1984 and 1983 is unaudited)

and investment tax credits accrued to the Company's stockholders for those periods. Cumulative net operating losses for the period April 1, 1982 through March 31, 1984, which are available to offset future corporate taxable income, are approximately $230,000 for financial reporting and income tax reporting purposes. Such net operating loss carryovers will expire in 1998 and 1999 if not used.

6. Commitments and Contingencies:

The Company has entered into various lease agreements which grant the Company the exclusive rights to explore, mine and develop various mining properties. Such agreements, which are cancelable upon giving written notice, provide for lease and advance royalty payments which must be made if the Company is to protect its interests in such properties. The amounts of such payments through 1989 are as follows:

Year Ending March 31,	
1985	$113,000
1986	105,000
1987	235,000
1988	301,500
1989	360,500

The lease agreements also provide for renewals, overriding royalties and purchase options, among other things.

To maintain ownership of the possessory title created by an unpatented mining claim against subsequent locators, the Company or its successor in interest must perform annually a minimum of $100 of labor or improvements (assessment work) for each claim. The work may be performed on one claim to satisfy the composite work requirement of all of the claims in the same group. At March 31, 1984 the cost of the annual assessment work on the Company's 475 unpatented lode mining claims is $47,500. The Company believes that it generally has good title to its mining properties and that the required annual assessment work through March 31, 1984 has been completed.

On February 17, 1984, the Company entered into an agreement for the sale of certain mining property and equipment with a net book value of $1,113,180 at March 31, 1984. The total selling price is $500,000 cash (of which a nonrefundable payment of $25,000 has been received) and 28,000,000 shares of the purchaser's Common Stock for which the Company is required to pay $2,800 as part of the sales agreement. Consummation of the sale is contingent upon the purchaser closing a successful public offering by December 15, 1984 at an offering price of approximately $.10 per share.

7. Capital Stock:

Shares issued to founders on April 20, 1980, were issued at par value for subscriptions receivable which are due May 31, 1984.

In March 1984, the Board of Directors approved, contingent upon stockholder approval, the authorization of 100,000 shares of preferred stock. The preferred stock has a par value of $10.00 with voting and participation rights to be established by the Board of Directors by resolution. At March 31, 1984, no preferred stock was issued and outstanding.

An Incentive Stock Option Plan was adopted by the Board of Directors on March 13, 1984. The stockholders approved the plan on April 17, 1984. No options were issued as of May 8, 1984. The plan permits issuance of options to employees to purchase up to 500,000 shares of Common Stock.

PROSPECTUS SUMMARY

The following is a summary of certain information contained in this Prospectus and is qualified in its entirety by the more detailed information and financial statements appearing elsewhere in this Prospectus. A glossary of terms is included at the back of this Prospectus.

The Company

Horizon Gold Shares, Inc. (the "Company") was incorporated as Centennial Silver Company under the laws of the State of Colorado on March 12, 1980. The Company was organized for the purpose of acquiring, exploring and, if warranted, developing and placing into production precious metals mining properties. Currently the Company owns or controls interests in approximately 11,750 acres of prospective lands located in Arizona, California, Colorado and Montana. See "Business and Properties" for maps showing the locations of the Company's properties. The Company is in the exploration stage with respect to its properties and it is unknown whether any of its properties contains any commercially mineable ore. Accordingly, the Company has not established any proven or probable reserves. See "Business and Properties — Plan of Operation."

The Company also is engaged in the identification and acquisition of interests in additional mining properties. The Company plans to acquire such interests either for its own account or on behalf of joint ventures or partnerships proposed to be formed with other industry participants or private investors. The Company may also act as operator of properties in which it holds no ownership interest. The principal activities of the Company to date have involved the acquisition of its properties and providing consulting services, although it has engaged in limited exploration, production and processing activities. The Company's operating revenues from such activities have not been significant, and only limited revenues have been derived from consulting and management services rendered to others. See "Business and Properties," "Risk Factors" and "Financial Statements."

The Company's principal offices and mailing address are located at 30440 Stagecoach Boulevard, Post Office Box 1773, Evergreen, Colorado 80439, and its telephone number at that address is (303) 674-2037.

The Offering

Type of Securities	Units, each consisting of one share of Common Stock, one Stock Warrant and one Gold Warrant (the "Units"). The Stock Warrants will be callable by the Company, under certain conditions, at $.25 per warrant. See "Description of Securities."
Price Per Unit	$ 2.50
Units Being Offered (1)	1,300,000
Shares of Common Stock Outstanding Prior to the Offering	2,242,598
Shares of Common Stock to be Outstanding after the Offering (2)	3,542,598
Estimated Net Proceeds of the Offering (3)	$2,665,000 81.7%

(1) Throughout this Prospectus, no effect has been given to the possible exercise of an option for 195,000 Units granted by the Company to the Underwriters to cover over-allotments. See "Underwriting."

(2) Does not give effect to (a) the exercise of warrants to purchase 130,000 Units to be issued to the Representative (the "Representative's Warrants"), (b) the exercise of the Common Stock purchase warrants sold in the Company's recent private placement (the "Placement Warrants"), or (c) the exercise of the Stock Warrants to purchase 1,300,000 shares of Common Stock which are part of the Units offered hereby. See "Capitalization." The Company also has an employee 1984 Incentive Stock Option Plan pursuant to which 500,000 additional shares of Common Stock are issuable subject to certain conditions. See "Management."

(Continued on following page)

PROSPECTUS SUMMARY (Continued)

(3) After deducting estimated expenses of the Offering, including a nonaccountable expense allowance to the Underwriters. The net proceeds will be used for the payment of general and administrative expenses, debt repayment, redemption of debentures, exploration and development work and additional property acquisition. See "Use of Proceeds" and "Underwriting."

Selected Financial Information(1)

Operations Data:

	Three Months Ended June 30, 1984 (Unaudited)	Three Months Ended June 30, 1983 (Unaudited)	Year Ended March 31, 1984	Year Ended March 31, 1983	Year Ended March 31, 1982	Cumulative Since Inception (March 12, 1980) to June 30, 1984 (Unaudited)
Revenue:						
Operator fees	$ –	$ –	$ 550	$ 14,000	$ –	$ 14,550
Rental income	250	1,589	3,433	1,870	–	5,553
Other	393	–	–	365	–	1,519
Total revenue	643	1,589	3,983	16,235	–	21,622
Costs and expenses:						
Exploration	–	–	30,000	–	–	30,000
General and administrative	26,717	4,571	45,529	65,151	42,784	196,703
Interest	9,048	8,856	32,425	6,630	–	48,103
Net loss	$ (35,122)	$ (11,838)	$(103,971)	$ (55,546)	$ (42,784)	$ (253,184)
Average shares outstanding	2,242,598	1,386,798	1,462,167	1,377,756	1,283,500	
Net loss per share	$ (.02)	$ (.01)	$ (.07)	$ (.04)	$ (.03)	

Balance Sheet Data:

	June 30, 1984 (Unaudited)	March 31, 1984	March 31, 1983	As Adjusted (2)
Working capital	$ (246,434)	$ (92,642)	$ (89,136)	$ 1,841,820
Total assets	2,652,911	2,552,336	1,366,878	4,436,640
Total liabilities	876,172	740,475	928,793	85,980
Shareholders' equity	1,776,739	1,811,861	438,085	4,350,660

(1) The Company's independent accountants have issued a qualified report on the consolidated financial statements of the Company (an entity in the development stage as defined in SFAS No. 7) and subsidiary as of March 31, 1984 and 1983, and for the years ended March 31, 1984, 1983 and 1982, based on uncertainty as to the recovery of the Company's investment in mining properties and equipment. See "Report of Independent Public Accountants," "Risk Factors" and "Description of Securities."

(2) As adjusted to give effect to the sale during August, 1984, of $175,000 aggregate principal amount ($169,500 net of commissions) of 14% Subordinated Debentures Due 1989 and Placement Warrants offered by the Company pursuant to a private placement and the application of the net proceeds therefrom, the sale of the 1,300,000 Units offered hereby and the application of the net proceeds therefrom, assuming that the Representative's over-allotment option is not exercised and the receipt of the $9,750 subscriptions receivable. No value has been attached to the Placement Warrants issued in connection with the private offering of Units or to Stock Warrants or Gold Warrants to be issued in connection with the proposed offering of Units herein.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Information at June 30, 1984 and for the three months ended June 30, 1984 and 1983 is unaudited)

	June 30, 1984	March 31, 1984
Advances from stockholder for operating funds, principal and interest due August 1, 1985 or upon the completion of a successful public offering of the Company's common stock, whichever occurs first, not collateralized, bearing interest at 1% in excess of the prime rate (prime rate was 11.5% at March 31, 1984)	$317,996	$312,004
Note payable to stockholder, principal and interest due August 1, 1985, collateralized by certain mining properties and equipment bearing interest at 14%	263,000	256,000
Notes payable to stockholders, not collateralized, due April 1, 1985, with interest at 14%, interest payable quarterly beginning June 30, 1984	52,785	51,000
Note payable to stockholder, due February 19, 1985, collateralized by certain mining equipment, aggregate principal amount of $77,500, discounted at 12%, convertible at the creditor's option to common stock of the Company at $2.00 per share within 60 days after note is due. The Company may elect to cancel the note by payment of $25,000 and reconveyance of the equipment to the noteholder	71,353	69,305
Note payable to stockholder, due on demand between September 1, 1984 and February 1, 1985, not collateralized, bearing interest at 14%	9,000	–
Note payable to stockholder, due on demand between September 1, 1984 and February 1, 1985, not collateralized, bearing interest at 14%	2,500	–
	716,634	688,309
Less current portion	135,638	69,305
	$580,996	$ 619,004

Maturities of notes and advances payable, stockholders are as follows:

	as of June 30,	as of March 31,
1985	$135,638	$ 69,305
1986	580,996	619,004
	$716,634	$ 688,309

The Company has capitalized interest for mining properties of $78,033, $55,121 and $168,323 for the years ended March 31, 1982, 1983, 1984 and for the cumulative period from inception (March 12, 1980) to March 31, 1984, respectively.

5. Income Taxes:

For the years ended March 31, 1983 and 1984, the Company incurred operating losses for both financial and tax reporting purposes.

For the period from inception (March 12, 1980) through March 31, 1982, the Company was an S Corporation as defined by the Internal Revenue Code. Accordingly, the tax benefits of net operating losses

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Information at June 30, 1984 and for the three months ended June 30, 1984 and 1983 is unaudited)

• In April 1982, the Company leased certain mining properties from Giltedge Gold Corporation, then an unaffiliated entity (GGC), and assigned such lease to the New Year Joint Venture, an unincorporated joint venture, in which the Company had a 50% interest. In August 1983, the Company acquired from Baring Street Merchants Group and other joint venturers the remaining 50% interest in the joint venture, additional mining properties, miscellaneous mining equipment and $5,000 in cash in exchange for 100,000 shares of the Company's Common Stock for an aggregate purchase price of $445,060. The acquisition was accounted for as a purchase of mining properties and related equipment. The Company also assumed a payment obligation from the seller for a 5% net profits interest, as defined, in certain of the properties. Under the terms of the purchase agreement, the Company is also required to issue an additional 100,000 shares of the Company's Common Stock if the Company has not successfully completed a public offering of the Company's Common Stock by June 15, 1984. The additional 100,000 shares are reflected as outstanding in these financial statements. Additionally, if the price per share in the public offering of the Company's Common Stock is less than $2.50, the Company is required to issue certain additional shares estimated at 38,000 shares. The aggregate purchase cost of $445,060, which was primarily assigned to the mining properties, represents management's estimate of the fair value of the acquired assets. Such estimate is based, in part, upon the report of a geologist who is an officer of the Company.

• In March 1984, the Company acquired all of the outstanding shares of GGC in exchange for 522,300 shares of the Company's Common Stock. GGC's activities were minimal and consisted primarily of exploration work on its mining properties which were its only assets. The acquisition was accounted for as a purchase of mining properties. The aggregate purchase cost of $825,234 represents management's estimate of the fair value of the acquired assets. Such estimate is based, in part, upon the reports of an independent geologist and a geologist who is an officer of the Company.

Mining properties and equipment consist of the following:

	March 31, 1984	March 31, 1983
Acquisition costs	$1,616,482	$ 456,008
Exploration costs	65,184	14,251
Development costs	492,527	581,580
Building and equipment	325,043(a)	287,604
	$2,499,236(b)(c)	$1,339,443(b)

(a) The building and equipment is currently idle and the Company has no immediate plans to commence operations.

(b) At March 31, 1984 and 1983, the costs are net of $60,000 and $12,500, respectively, of proceeds from lease rentals which are offset against the mining property costs.

(c) The $2,499,236 of mining properties and equipment includes exploration expenditures of approximately $572,000 which were deducted by predecessor owners. Such amounts will provide no income tax benefit when charged to operations and, therefore, will represent a permanent difference in determining taxable income.

4. Long-term Notes and Advances Payable, Stockholders:

Stockholders of the Company have loaned funds for operating purposes and for purchases of mining properties and mining equipment as follows:

RISK FACTORS

The securities offered hereby involve a high degree of risk. Prospective investors should give careful consideration to the risks involved in and affecting the business of the Company, including those summarized below:

Risk Factors Relating to the Business of the Company

Limited Operating History; Operating Losses Incurred. The Company has been engaged in limited mining and exploration activities for the last four and one-half years. The mineral properties in which the Company has interests are unproven and the Company has not received and may not in the future receive significant income from its proposed business and activities beyond the current fiscal year. The Company has sustained losses from its formation on March 12, 1980, through June 30, 1984, aggregating $253,184. During the same period, the Company's total revenues have been $21,622, which are represented primarily by operator's fees of $14,550. Furthermore, the Company has received lease or option payments totalling $100,000, which have been treated as a recoupment of capitalized mining properties and equipment costs. As of March 31, 1984, and June 30, 1984, the Company's current liabilities exceeded its current assets by $92,642 and $246,434, respectively. The Company completed a private offering of $175,000 aggregate principal amount ($169,500 net of commissions) of its 14% Subordinated Debentures Due 1989 (the "Debentures") and Placement Warrants on August 16, 1984, the proceeds from which are to be used to pay outstanding obligations of the Company with respect to its properties and to defray a portion of the costs incurred in connection with this Offering. Until such time as revenues, if any, from operations are available, operating expenses of the Company will be paid out of the proceeds of this Offering and the private offering, and from income from short-term investments, if any. See "Use of Proceeds" and "Financial Statements."

Use of Proceeds; Need for Additional Financing. The net proceeds from the sale of the Units offered hereby are proposed to be added to the Company's working capital, to retire the Debentures, and to pay outstanding and anticipated obligations of the Company with respect to its properties. The Company believes that the proceeds will be sufficient to fulfill its needs for at least twelve months, to finance the operations of the Company, including the exploration and development, if warranted, of the Company's properties and any additional properties it may acquire in the future, as described under "Use of Proceeds" and "Business and Properties." While the Company plans to generate additional working capital through the development, sale, or possible syndication of certain of its properties, there is no assurance that funds will be available from operations. Therefore, the Company may find it necessary to seek additional funds from lenders or other capital sources for its proposed activities. No assurance can be given that these funds will be available from any sources or, if available, that the terms would be acceptable to management.

Gold Warrants Dependent upon Gold Production. The Gold Warrants are exercisable only in the event that the Company has gold production or receives revenues from the sale of gold produced from its properties. At present, the Company does not have any gold production nor is it known whether any of its properties contains any commercially mineable ore. Therefore, unless the Company is successful in discovering, developing and placing into production gold-bearing properties during the term of the Gold Warrants, of which there is no assurance, the Gold Warrants may expire without ever becoming exercisable. Furthermore, even if the Company is successful in achieving gold production, it may not produce gold in sufficient quantities to permit exercise of all of the Gold Warrants. See "Description of Securities – Gold Warrants."

Dependence on Management and Key Employees. The success of the Company is and will continue to be substantially dependent on the efforts of John E. Watson, its President and Director, and Richard A. Forrest, its Vice President and Director. Both Mr. Watson and Mr. Forrest will devote full time to the Company's affairs, and the loss of either would materially adversely affect the business of the Company. Both Mr. Watson and Mr. Forrest have executed employment agreements with the Company. Currently, the Company is purchasing a $300,000 policy on Mr. Watson's life, and after completion of this Offering the Company intends to increase its coverage on Mr. Watson to $1,000,000 and to buy a $500,000 policy on Mr. Forrest's life.

Conflicts of Interest. Certain directors or officers of the Company may engage in the future in geologic exploration and mining development for their own account or for affiliated organizations or they may consult for other geologic exploration or mining development companies. As a result, conflicts of interest between such directors or officers and the Company might arise. See "Conflicts of Interest."

Risks of Mineral Exploration. Exploration for minerals that may be profitably produced is highly speculative and involves substantial risks even when conducted within areas of known mineralization. Most exploration projects undertaken do not result in discovery of commercially mineable deposits of ore. Although the engineering and geologic information developed or obtained by the Company indicates the possible existence of recoverable ore reserves on certain of the properties in which the Company holds interests, and there have been some mining operations on most of these properties, there can be no assurance that the estimated grade and quantity of minerals actually exist on any of the properties, or that the minerals are of a sufficient quality for commercial mining. Moreover, even if the results of exploration are encouraging on a particular property, the Company may not have sufficient funds to conduct the further exploration that may be necessary to determine whether or not a commercially mineable deposit exists, and may be required to divest itself of promising exploration prospects upon terms that may not reflect the value of the property and which may result in its inability to recover any significant part of its exploration expenditures incurred with respect to such property.

Economic Feasibility. The market prices of mineral products, especially metals, are cyclical and often unstable and are a function of factors over which the Company will have no control. For example, the prices of gold, silver, and other metals have fluctuated within wide ranges throughout history and during the recent past. It is possible that the United States and other countries may impose an artificial price for such metals similar to the $35 per ounce gold standard which existed for many years. The current administration has established a commission to determine the feasibility of adopting a gold standard. It is also possible that the considerable resources presently being employed to discover new sources or methods of recovery of gold and silver could, if successful, substantially increase the supply and reduce the price. Furthermore, there could be adverse economic conditions, such as world-wide inflation, deflation, high interest rates, and high energy costs, affecting the price of commodities in unpredictable ways. The instability of the precious metals market could adversely affect the economic viability of the Company as well as the development of the Company's mineral resources.

Increase in Mine Operating and Development Costs; Shortages and Time Delays. Mine operating and development costs have experienced substantial volatility in recent years. Such costs may increase unpredictably and such increases would impair the profitability of mining operations unless the prices of mineral commodities increase proportionately. The mining industry has experienced from time to time shortages of certain equipment and facilities necessary in prospecting for, and evaluating mineral deposits. Such shortages have included a lack of drilling equipment and helicopter support, and have caused time delays in field testing and the return of assay laboratory work. The prices at which such equipment or facilities are available have also greatly increased. There is a possibility that planned prospecting, exploration and development operations would have to be delayed or cancelled due to such factors and that further price escalations will increase the cost of such operations to the Company.

Assessment Work; Title to Properties. To maintain possessory title to each unpatented mining claim, the claim holder is required to perform $100 in assessment work annually. Failure to perform the required annual assessment work and appropriately file evidence thereof with respect to any claim in the current or in any subsequent assessment year would result in the loss of possessory title. Accordingly, as of June 30, 1984, the Company must perform approximately $62,100 in assessment work, including labor and improvements, by September 1 of each year with respect to claims it presently holds or in which it has an interest. The number of claims held by the Company and therefore the amount of assessment work required is expected to increase each year hereafter for some time. The Company believes that all of the assessment work required to be performed by September 1, 1984 has been or will be performed prior to that date, but adverse claimants may allege that it was not properly performed in an effort to gain control of the Company's properties. All lessees of mineral properties, such as the Company, have the significant risk of liability to their lessors in the event that mineral claims under lease are overstaked or otherwise lost. Possessory title to unpatented lode mining claims is difficult to conclusively establish.

Mining claims and leases are assessed periodically on a property-by-property basis to determine whether they have been impaired. Costs are charged to operations at the time the assessment indicates an impairment has occurred.

Maintenance, repairs and minor renewals are charged to income as incurred. Expenditures which substantially increase the useful lives of the assets are capitalized. When an asset is retired or otherwise disposed of, its cost and related accumulated depreciation is removed from the accounts and resulting gain or loss, if any, is reflected in operations.

Income Taxes:

Income taxes will be provided on income after the addition or deduction of permanent differences. Deferred income taxes will be provided to the extent timing differences modify financial income, after permanent differences, in arriving at taxable income. Investment tax credits are accounted for as a reduction of income tax expense in the year in which the credit will be realized.

Loss Per Common Share:

Loss per common share is based upon the weighted average number of shares outstanding during the period.

Deferred Offering Costs:

Deferred offering costs represent costs incurred in connection with the proposed public offering and will be charged against the proceeds of the offering if the offering is successful. In the event that such offering is not successful, costs accumulated will be charged to expense.

3. Mining Properties and Equipment:

The Company currently has interests in patented and unpatented mining claims aggregating approximately 9,645 acres located in Arizona, California, Colorado and Montana. No determination can presently be made as to the ultimate realization of the costs assigned to the mining properties and related equipment since realization is dependent upon the discovery of reserves in commercial quantities and the subsequent development or sale of the reserves. The outcome of these matters is contingent upon future events which cannot be determined at this time.

The following is a summary of the more significant property acquisitions:

• In April 1980, the Company acquired a mine and mill complex in exchange for a mortgage note payable of $400,000 and 50,000 shares of the Company's Common Stock for an aggregate purchase price of $450,000. The stock was issued to a stockholder who had paid $50,000 in cash as a down payment on behalf of the Company. In June 1981, the Company contributed the mine and mill complex and assigned the related debt to Centennial Group, a limited partnership in which the Company became the general partner, with a 54% ownership interest. Development work was commenced on the property including the construction of a heap-leach facility. In March 1984, the Company acquired the limited partnership interests in Centennial Group for 127,500 shares of the Company's Common Stock valued at $201,453 and notes payable of $51,000. The acquisition was accounted for as a reorganization and, accordingly, the aggregate purchase price of $252,453 represents the historical costs attributable to the limited partners. Operations of the limited partnership were not significant since the heap-leach facility only operated on a short-term basis.

HORIZON GOLD SHARES, INC.
(an entity in the development stage as defined in SFAS No. 7)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Information at June 30, 1984 and for the three months ended June 30, 1984 and 1983 is unaudited)

1. Formation and Operations of the Company:

The Company was incorporated in Colorado on March 12, 1980, as Centennial Silver Company. The name of the Company was changed to Horizon Gold Shares, Inc. on May 10, 1984. The Company was organized for the purposes of acquiring, exploring and, if warranted, developing and placing into production precious metals mining properties, primarily for gold and silver. Its operations to date have been limited primarily to obtaining financing, locating potential mineralization targets, acquiring interests in various properties and prospects, and providing consulting services. The Company has incurred net losses since inception and its revenues, which have been limited, have been derived primarily from operator fees. Funding for operations to date has been provided primarily through borrowings and equity financing from stockholders. Accordingly, the Company is considered to be a development stage enterprise at March 31, 1984, as defined in Statement of Financial Accounting Standards No. 7 (SFAS No. 7).

On August 16, 1984, the Company completed a private placement of units comprised of 14% Subordinated Debentures Due 1989 and Common Stock purchase warrants. Net proceeds to the Company from the private placement were $169,500. The Company has also entered into a letter of intent for a public offering of its Common Stock (See Note 8). In the opinion of management, proceeds from the private placement will enable the Company to continue in existence and proceeds from the public offering will enable the Company to conduct its proposed acquisition and exploration program.

2. Summary of Significant Accounting Policies:

Principles of Consolidation:

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Giltedge Gold Corporation. All material intercompany balances and transactions have been eliminated in consolidation.

Unaudited Financial Statements:

In the opinion of management, the unaudited financial statements for the three-month period ended June 30, 1984 and 1983, contain all adjustments (none of which were other than normal recurring adjustments) necessary to present fairly the results of interim operations for the three-month periods ended June 30, 1984 and 1983. The results of operations for such interim periods are not necessarily indicative of results to be expected for the full year.

Mining Properties and Equipment:

The Company capitalizes costs directly attributable to the acquisition and exploration of mineral properties, pending a decision as to the commercial profitability of projects and also plans to capitalize the costs of subsequent development of the mining properties. If commercially profitable ore reserves are developed, the costs will be amortized to expense using the unit-of-production method when the Company commences mining operations. Upon abandonment or sale of projects, all costs relating to the specific project are charged to operations in the year abandoned or sold.

General Mining Law of 1872. The Company's mining activities will generally be conducted on land owned by the federal government. Rights of the Company to mine minerals from the property are subject to the provisions of the General Mining Law of 1872, as amended, 30 U.S.C., Section 22 *et seq.*, which establishes the rights to locate mineral claims and to mine minerals on certain public lands. Bills have been before Congress which would amend or abolish the 1872 law. One of the proposed measures would virtually eliminate historic mining rights and substitute a mineral leasing concept for all minerals similar to leasing concepts existing for oil and gas, coal and certain nonmetallic minerals which exist on public lands. The Company's management believes that this concept has found little support. Alternative legislation retaining most of the provisions of the 1872 law has been proposed, however, the provisions of any such legislation adopted may adversely affect the rights of the Company with respect to its properties. The current administration has not announced its policy with respect to this issue. See "Business and Properties — Competition, Markets and Regulation."

Environmental and Safety Laws. Mining operations are currently subject to federal, state, and local laws and regulations relating to the protection of the environment and maintainence of health and safety standards. While the Company believes that mining operations on its properties can be conducted in compliance, in all material respects, with such laws, new laws may be enacted, more vigorous enforcement measures instituted or new regulations promulgated, compliance with which could substantially increase the Company's operating costs or seriously hamper its mining operations. See "Business and Properties — Competition, Markets and Regulation."

Operational Hazards. Mining activities involve substantial operating hazards. The Company maintains insurance against most of the reasonably foreseeable risks but may incur losses due to hazards against which it cannot be insured or losses which exceed the limits of its coverage. The satisfaction of such liabilities could reduce or eliminate the Company's ability to meet its expenses and other obligations and thereby cause the curtailment or termination not only of mining operations but of other operations of the Company.

Substantial Competition and Scarcity of Mineral Lands. Many companies and individuals are engaged in the mining business. Some of the companies are very large, established mining companies with substantial financial resources and long earnings records. At present, there is a shortage of mineral lands available for lease, claim staking or other acquisition both in the United States and foreign countries because of the following factors: (a) most known districts are substantially claimed or under control by other companies; (b) substantial land withdrawals by federal and state government agencies; (c) population expansion into rural areas; and (d) negative public opinion about mining. The Company will be at a competitive disadvantage in acquiring mining properties or in purchasing or leasing mining equipment since it must compete with individuals and companies, most of which have greater financial resources and larger technical staffs than the Company. There is no assurance that the Company will be successful in prospecting for or acquiring additional mining claims or leases, or in arranging for their exploration or development. See "Business and Properties — Competition, Markets and Regulation."

Availability and High Cost of Fuel. The mining industry is highly dependent on fuel supplies, including gasoline and diesel oil. Fluctuations in the price of fuel may adversely affect the profitability, if any, of mining operations conducted on any of the Company's properties.

Availability of Water. Water is essential in all phases of the exploration for and development of mineral properties. It is used in such processes as exploration drilling, leaching, placer mining, dredging and testing and various forms of processing. The Company has not determined the availability of water for any of its properties; nor has it determined the cost of compliance with any water quality restrictions. Both the lack of available water and the cost of complying with water quality regulations may make an otherwise viable project economically impossible to complete. See "Business and Properties."

Weather Interruptions and Accessability. The Company's proposed exploratory programs may be subject to periodic interruptions because of inclement weather conditions. Mining properties are often in remote areas which make accessibility difficult.

Risk Factors Relating to this Offering

Sales of Restricted Securities. An aggregate of 2,242,598 shares of Common Stock have been issued to officers, directors and founders of the Company and certain other investors. Although these are "restricted securities," they may be sold in accordance with Rule 144 adopted under Securities Act of 1933, as amended. Rule 144 provides that the holder of restricted securities, after holding such securities for a period of two years, may sell every three months (in a brokerage transaction or to a market maker) an amount of such securities equal to the greater of 1% of the Company's outstanding Common Stock or the average weekly trading volume of the Common Stock during the four calendar weeks preceding the sale. Furthermore, present shareholders of the Company who are not controlling shareholders of or controlled by or under common control with the Company may sell their shares after holding them for three years without complying with the volume limitation or manner of sale rules of Rule 144. Sales under Rule 144 may, in the future, have a depressing effect on the price of the Company's Common Stock in the over-the-counter market, should a public market develop as a result of this Offering. Subject to the applicable restrictions under Rule 144, all officers, directors and holders of more than 10% of the Company's Common Stock outstanding prior to this Offering, holding 1,463,993 of the outstanding shares are restricted under the terms of the Underwriting Agreement from selling their shares of Common Stock until ________________, 1985.

Dividends. The Company has paid no dividends on its Common Stock, and intends to retain earnings, if any, to finance anticipated growth. An investor should not expect that any dividends will be paid by the Company on its Common Stock in the foreseeable future.

Negotiated Offering and Exercise Prices. There has been no prior market for the Units, Stock Warrants, Gold Warrants or the Company's Common Stock. The offering price for the Units and exercise prices for the Stock Warrants and Gold Warrants have been fixed by negotiation between the Company and the Representative. The offering and exercise prices do not bear any relationship to the Company's assets, earnings, book value or other generally accepted criteria of value. See "Dilution and Other Comparative Data" and "Underwriting."

Dilution. Investors in this Offering will suffer immediate and substantial dilution from the public offering price. The financial risk of the Company's proposed activities will be borne primarily by the public investors. Management, however, stands to realize benefits from the payment of compensation and expenses, whether or not the Company's activities are successful. Additionally, the Company has a stock option plan under which up to 500,000 additional shares of the Company's Common Stock may be optioned to its directors, officers and employees at an exercise price equal to the fair market value at the time of grant of the Company's Common Stock, the exercise of which may cause further dilution. Additional dilution may also result through the exercise of the Placement Warrants and the Representative's Warrants. See "Management," "Underwriting," "Dilution and Other Comparative Data" and "Description of Securities."

No Assurance of a Public Market. There is currently no market for the Units, Stock Warrants, Gold Warrants or the Company's Common Stock, and there can be no assurance that a market will develop for such securities or that a market, if developed, will be sustained. Upon completion of the offering, Paulson Investment Company, Inc. intends to make a market in the Units, Stock Warrants, Gold Warrants and Common Stock, but there is no assurance that it will continue to do so.

DIVIDENDS

The Company intends to employ its earnings, if any, in its mineral exploration, development and mining activities. The Company does not expect to pay any dividends on its Common Stock in the foreseeable future and there is no assurance that dividends will ever be paid.

HORIZON GOLD SHARES, INC.
(an entity in the development stage as defined in SFAS No. 7)

CONSOLIDATED STATEMENTS OF CHANGES IN FINANCIAL POSITION

	Three Months Ended June 30, 1984 (Unaudited)	Three Months Ended June 30, 1983 (Unaudited)	Year Ended March 31, 1984	Year Ended March 31, 1983	Year Ended March 31, 1982	Cumulative Since Inception (March 12, 1980) to June 30, 1984 (Unaudited)
Funds used for:						
Net loss from operations	$ 35,122	$ 11,838	$ 103,971	$ 55,546	$ 42,784	$ 253,184
Acquisition of mining properties and equipment	1,040	8,186	1,159,792	85,619	226,645	2,516,208
Deferred offering costs	70,329	–	25,000	–	–	95,329
Increase in deposits and other assets	–	–	2,275	–	–	53,777
Payments of stockholder advances	–	–	5,000	–	–	205,000
Payment of notes payable, other	–	–	–	7,257	100,000	118,260
Decrease in minority interest	–	–	244,658	5,610	–	252,453
Current maturities of long-term notes and advances payable, stockholders	51,644	–	69,305	–	–	120,949
Current maturities of notes payable, other	17,680	–	–	–	–	17,680
	175,815	20,024	1,610,001	154,032	369,429	3,632,840
Funds provided by:						
Long-term notes and advances payable, stockholders	13,636	–	111,069	111,630	43,724	906,945
Sale of equipment	–	–	–	–	15,932	15,932
Sale of stock (primarily for mining properties and equipment)	–	–	1,477,747	57,844	127,332	2,029,923
Increase in notes payable, other	–	14,606	17,680	–	7,257	135,940
Increase in minority interest	–	–	–	–	25,268	252,453
Decrease in deposits and other assets	238	100	–	15,930	20,796	37,064
Advance royalty payments	8,149	–	–	–	–	8,149
	22,023	14,706	1,606,496	185,404	240,309	3,386,406
Increase (decrease) in working capital	$(153,792)	$ (5,318)	$ (3,505)	$ 31,372	$ (129,120)	$ (246,434)
Changes in the components of working capital:						
Increase (decrease) in current assets:						
Cash	$ 2,593	$(12,254)	$ (12,609)	$ 8,384	$ (33,269)	$ 2,742
Accounts receivable	35,000	–	11,000	–	–	46,000
	37,593	(12,254)	(1,609)	8,384	(33,269)	48,742
Increase (decrease) in current liabilities:						
Accrued salaries	–	–	(81,380)	(26,370)	88,170	–
Accounts payable	86,494	(6,936)	13,971	3,382	7,681	120,980
Current maturities of long-term notes and advances payable, stockholders	87,211	–	69,305	–	–	156,516
Current maturities of notes payable, other	17,680	–	–	–	–	17,680
	191,385	(6,936)	1,896	(22,988)	95,851	295,176
Increase (decrease) in working capital	$(153,792)	$ (5,318)	$ (3,505)	$ 31,372	$ (129,120)	$ (246,434)

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

HORIZON GOLD SHARES, INC.
(an entity in the development stage as defined in SFAS No. 7)

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
For the three months ended June 30, 1984 (unaudited), and cumulative since inception (March 12, 1980) to March 31, 1984

	Common Stock						
	Issuance Price Per Share	Shares	Amount	Additional Paid-in Capital	Subscriptions Receivable	Deficit Accumulated During Development Stage	Total Stockholders' Equity
Inception (March 12, 1980)	$ –	–	$ –	$ –	$ –	$ –	$ –
Issuance of common stock:							
Shares issued to founders for stock subscription receivable, April 20, 1980 (Note 7)	$ .01	975,000	9,750	–	(9,750)	–	–
Shares issued for cash on various dates from April 20, 1980 through March 31, 1981	$1.00 to $2.00	308,500	3,085	363,915	–	–	367,000
Loss incurred from inception through March 31, 1981	–	–	–	–	–	(15,761)	(15,761)
Balance March 31, 1981		1,283,500	12,835	363,915	(9,750)	(15,761)	351,239
Shares issued to officer for services rendered, September 1, 1981	$2.00	13,666	137	27,195	–	–	27,332
Shares issued for repayment of note payable, January 2, 1982	$1.87	53,585	536	99,464	–	–	100,000
Loss incurred for the year ended March 31, 1982	–	–	–	–	–	(42,784)	(42,784)
Balance March 31, 1982	–	1,350,751	13,508	490,574	(9,750)	(58,545)	435,787
Shares issued for cash on April 2, 1982	$1.00	15,000	150	14,850	–	–	15,000
Shares issued for services rendered, April 2, 1982	$2.10	7,510	75	15,695	–	–	15,770
Shares issued to stockholders for expenses incurred on behalf of the Company and paid by stockholders, April 2, 1982	$2.00	4,078	41	8,115	–	–	8,156
Shares issued in exchange for equipment	$2.00	2,500	25	4,975	–	–	5,000
Shares issued to officer for services rendered, August 1, 1982	$2.00	6,959	69	13,849	–	–	13,918
Loss incurred for the year ended March 31, 1983	–	–	–	–	–	(55,546)	(55,546)
Balance March 31, 1983	–	1,386,798	13,868	548,058	(9,750)	(114,091)	438,085
Shares issued for cash on various dates from July 25, 1983 through August 15, 1983	$1.00	6,000	60	5,940	–	–	6,000
Shares issued in exchange for mining properties, equipment and cash, August 14, 1983 (Note 3)	$2.23	200,000	2,000	443,060	–	–	445,060
Shares issued for limited partners' interest in Centennial Group partnership, March 30, 1984 (Note 3)	$1.58	127,500	1,275	200,178	–	–	201,453
Shares issued for mining properties, March 30, 1984 (Note 3)	$1.58	522,300	5,223	820,011	–	–	825,234
Loss incurred for the year ended March 31, 1984	–	–	–	–	–	(103,971)	(103,971)
Balance March 31, 1984	–	2,242,598	22,426	2,017,247	(9,750)	(218,062)	1,811,861
Loss incurred for the three months ended June 30, 1984 (unaudited)	–	–	–	–	–	(35,122)	(35,122)
	–	2,242,598	$22,426	$2,017,247	$(9,750)	$(253,184)	$1,776,739

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

DILUTION AND OTHER COMPARATIVE DATA

The purchasers of the Units offered by this Prospectus will experience immediate dilution of their investment. Dilution is determined by subtracting the net tangible book value (*i.e.*, total assets less total liabilities and intangible assets) per share of Common Stock after the Offering from the public offering price of the Units (all of which price is assumed, for this purpose, to be attributable to the shares included in the Units). Dilution results from (1) the lower net tangible book value of the shares outstanding prior to the Offering, and (2) the payment of underwriting commissions and other expenses of the Offering.

The following table presents certain information concerning the net tangible book value of the Company's Common Stock as of June 30, 1984, as adjusted to reflect the sale of the 1,300,000 Units offered hereby:

Public offering price per share(1)	$2.50
Net tangible book value per share before Offering (2)	.75
Increase in net tangible book value per share attributable to cash paid by purchasers of the Units offered hereby (3)	.49
Net tangible book value per share after Offering	1.24
Dilution per share to new shareholders (4)	1.26

(1) Offering price per Unit before deduction of commissions and expenses of the Offering and assuming, for this purpose, that no value is assigned to the Stock Warrant or Gold Warrant included in each Unit.

(2) Net tangible book value per share is determined by dividing the number of shares of Common Stock outstanding into the net worth (total tangible assets, less total liabilities) of the Company.

(3) Net of underwriting fees and estimated expenses of this Offering.

(4) "Dilution" means the difference between the public offering price of each share of Common Stock included in a Unit (assuming, for this purpose, no value is assigned to the Stock Warrant or Gold Warrant) and the net tangible book value per share after giving effect to the Offering.

The following table presents the relative share purchases, percentage of equity ownership in the Company, percentage of total capital invested, and the average cost per share to the owners (assuming, for this purpose, that no value is assigned to the Stock Warrants and Gold Warrants included in the Units) after giving effect to the sale of the Common Stock offered hereby:

	Shares Purchased	Average Price Per Share	Total Capital Invested	Percentage of Total Capital Invested	Percentage of Equity Ownership
New Shareholders	1,300,000	$2.50	$3,250,000	61%	37%
Present Shareholders	2,242,598	$ .91	$2,039,673	39%	63%

The foregoing tables do not give effect to the shares of Common Stock issuable pursuant to the exercise of the Placement Warrants and the Stock Warrants, the 195,000 Units issuable pursuant to the exercise of the Underwriters' over-allotment option and the minimum of 130,000 Units issuable pursuant to the exercise of the Representative's Warrants.

USE OF PROCEEDS

The net proceeds to the Company will be approximately $2,665,000 after deducting $325,000 for underwriting commissions and $260,000 for the estimated offering expenses, including a $97,500 non-accountable expense allowance payable to the Representative. The Company believes that the net proceeds will be sufficient to fulfill its needs for at least twelve months. The net proceeds are intended to be applied as set forth below. See "Business and Properties." The following table sets forth the Company's estimate of the application of the net proceeds of the Offering.

	Amount	Percentage
Repayment of Debt	$ 755,996	28.4%
Redemption of Debentures	175,000	6.6%
General and Administrative Expenses(1)	407,000	15.3%
Exploration and Assessment of Existing Properties	689,000	25.8%
Exploration, Acquisition and Assessments of Additional Properties	638,004	23.9%
TOTAL	$2,665,000	100%

(1) Includes unreimbursed expenses, owed as of August 31, 1984, to Mr. Watson and Mr. Forrest in the estimated amount of $9,840. See "Management."

If all the Stock Warrants and Placement Warrants are exercised (which for this purpose is assumed to occur at the expiration dates of the Stock Warrants and Placement Warrants on , 1989 and August 16, 1989, respectively, and the exercise price of the Stock Warrants and Placement Warrants is assumed to be the initial exercise price of $2.50 per share), it will provide the Company with $3,225,000 of additional net proceeds after deducting $200,000 for estimated additional expenses in connection with such warrants (consisting of legal, accounting and printing costs). These additional net proceeds, to the extent received, are intended to be added to working capital.

Although the amounts set forth above provide an indication of the proposed use of proceeds, actual expenditures may vary depending upon factors such as results of exploration, any future revenues, amounts paid for properties, and costs and results of geological and geophysical investigations. The Company's Board of Directors may make changes in the allocation of funds at its discretion. If exploration of the Company's unproven properties yields encouraging results warranting development, the Company may elect to expend substantial additional sums for further exploration and for development and production. The funds required may exceed amounts budgeted for this purpose by the Company. If this occurs, it is anticipated that additional funds will be sought through joint ventures or partnership mining programs to be formed by the Company with other industry participants or private investors, or through other financial arrangements including borrowings from banks and other lenders using the Company's properties as collateral. No assurance can be given that the Company will be successful in obtaining additional funds or in making additional financing arrangements for such purposes. Without the additional funds, the Company will be unable to fully develop its properties or may be subject to substantial reductions in its interest in any revenues from such operations. See "Business and Properties."

To the extent that the net proceeds from this Offering and from any exercise of the Stock Warrants are not utilized immediately, they will be invested in certificates of deposit, savings deposits, prime commercial paper, short-term obligations of the United States government or left in non-interest bearing checking accounts. The Company does not intend to register under the Investment Company Act of 1940 and, therefore, will be limited in the investments that it can make with such funds.

HORIZON GOLD SHARES, INC.
(an entity in the development stage as defined in SFAS No. 7)

CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended June 30, 1984 (Unaudited)	Three Months Ended June 30, 1983 (Unaudited)	Year Ended March 31, 1984	Year Ended March 31, 1983	Year Ended March 31, 1982	Cumulative Since Inception (March 12, 1980) to June 30, 1984 (Unaudited)
Revenue:						
Operator fees	$ –	$ –	$ 550	$ 14,000	$ –	$ 14,550
Rental income	250	1,589	3,433	1,870	–	5,553
Other	393	–	–	365	–	1,519
Total revenue	643	1,589	3,983	16,235	–	21,622
Costs and expenses:						
Exploration	–	–	30,000	–	–	30,000
General and administrative	26,717	4,571	45,529	65,151	42,784	196,703
Interest	9,048	8,856	32,425	6,630	–	48,103
Net loss	$ (35,122)	$ (11,838)	$ (103,971)	$ (55,546)	$ (42,784)	$(253,184)
Average shares outstanding	2,242,598	1,386,798	1,462,167	1,377,756	1,283,500	
Net loss per share	$ (.02)	$ (.01)	$ (.07)	$ (.04)	$ (.03)	

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

HORIZON GOLD SHARES, INC.

(an entity in the development stage as defined in SFAS No. 7)

CONSOLIDATED BALANCE SHEETS

ASSETS

	June 30, 1984 (Unaudited)	March 31,1984	March 31, 1983
Current assets:			
Cash	$ 2,742	$ 149	$ 12,758
Accounts receivable	46,000	11,000	–
Total current assets	48,742	11,149	12,758
Mining properties and equipment (Notes 3, 4 and 6)	2,492,127	2,499,236	1,339,443
Deferred offering costs (Note 8)	95,329	25,000	–
Deposits and other assets	16,713	16,951	14,677
	$ 2,652,911	$ 2,552,336	$ 1,366,878

LIABILITIES AND STOCKHOLDERS' EQUITY

	June 30, 1984 (Unaudited)	March 31,1984	March 31, 1983
Current liabilities:			
Current maturities of long-term notes and advances payable, stockholders (Note 4)	$ 135,638	$ 69,305	$ –
Advances from stockholders	20,878	–	–
Notes payable, other	17,680	–	–
Accounts payable	120,980	34,486	20,515
Accrued salaries	–	–	81,380
Total current liabilities	295,176	103,791	101,895
Long-term notes and advances payable, stockholders (Note 4)	580,996	619,004	582,240
Notes payable, other	–	17,680	–
Minority interest (Note 3)	–	–	244,658
Commitments and contingencies (Note 6)			
Stockholders' equity (Notes 7 and 8):			
Common stock, $.01 par value, 3,000,000 shares authorized at March 31, 1984 and 50,000,000 shares authorized at June 30, 1984, 2,242,598 issued and outstanding	22,426	22,426	13,868
Additional paid-in capital	2,017,247	2,017,247	548,058
Stock subscriptions receivable	(9,750)	(9,750)	(9,750)
Deficit accumulated during the development stage	(253,184)	(218,062)	(114,091)
	1,776,739	1,811,861	438,085
	$ 2,652,911	$ 2,552,336	$ 1,366,878

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

SELECTED FINANCIAL DATA

The following selected consolidated financial data is qualified in its entirety by the detailed information and financial statements included in this Prospectus.

	Three Months Ended June 30,		Year Ended March 31,			
	1984 (Unaudited)	1983 (Unaudited)	1984	1983	1982	1981
Revenues	$ 643	$ 1,589	$ 3,983	$ 16,235	$ –	$ 1,003
Net loss	(35,122)	(11,838)	(103,971)	(55,546)	(42,784)	(15,761)
Net loss per share	(.02)	(.01)	(.07)	(.04)	(.03)	(.01)
Total assets	2,652,911	1,362,710	2,552,336	1,366,878	1,288,805	1,132,157
Long-term debt	580,996	596,846	636,684	582,240	470,610	526,886
Stockholders' equity	1,776,739	670,906	1,811,861	438,085	435,787	351,239

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations

The Company's expenditures to date have been focused on the acquisition, exploration and preparation for development of several mineral properties. The Company is in the exploration stage with respect to its properties and has not established any proven or probable reserves. See "Business and Properties." The Company has not generated significant revenues from its exploration or mining activities. During the period from inception, March 12, 1980, through June 30, 1984, the Company's revenues aggregated $21,622, which primarily represent operator's fees of $14,550 ($550 earned in fiscal 1984 and $14,000 earned in fiscal 1983). In addition, the Company received lease or option payments totalling $100,000 during the same period, which have been treated as a recoupment of capitalized mining properties and equipment costs.

The Company has sustained losses from its operations aggregating $253,184 during the period from March 12, 1980, through June 30, 1984. Net losses during the three months ended June 30, 1984, were $35,122 as compared to $11,838 for the corresponding period of the prior year. The Company's losses during the fiscal years ended March 31, 1984, 1983 and 1982 were $103,971, $55,546 and $35,264, primarily due to general and administrative expenses of $45,529, $65,151, and $35,264, and interest expense. The Company's general and administrative expenses have been primarily incurred in connection with its efforts in exploration and mineral property management and in connection with raising operating capital. Interest expense aggregated $9,048 and $8,856 for the three months ended June 30, 1984 and the comparable period of the prior year and $32,425 and $6,630 for the fiscal years ended March 31, 1984 and 1983. The Company incurred no interest expense for the fiscal year ended March 31, 1982. During the fiscal year ended March 31, 1984, the Company incurred $30,000 in exploration expenses. Costs related to the acquisition, exploration and development of mineral properties generally have been capitalized for financial statement purposes. See "Financial Statements."

Liquidity and Capital Resources

To date, the Company has financed its operations through the sale of its Common Stock, debt financing arrangements with related parties and joint ventures with non-affiliated entities. The Company is classified as a development stage company as defined in SFAS No. 7. Expenditures have been made since the Company's inception for assaying, surface sampling, drilling, metallurgical analysis, mining and geological consulting services, construction of pilot-scale processing facilities and the purchase of a milling facility, among other purposes.

The Company has no formal commitments for capital expenditures beyond those described under "Use of Proceeds." Until such time as revenues, if any, are available from operations, operating expenses of the Company will be paid out of the proceeds of this Offering and the private offering of 14% Subordinated Debentures Due 1989, and short-term investment income, if any. The Company anticipates that a portion of its capital will be expended in connection with the acquisition, exploration and if warranted, development of mining properties. Capital resources to fund long-term acquisition, exploration and development activities are believed to be available from a number of sources including possible exercise of the Company's Common Stock purchase warrants associated with this Offering and the private offering, lease and royalty payments, joint ventures and consulting fees. In addition, the Company anticipates that additional capital may be generated through the sale or possible syndication of certain of its properties. See "Business and Properties."

The Company had a working capital deficit as of June 30, 1984, of $246,434. On August 16, 1984, the Company completed a private offering of $175,000 aggregate principal amount ($169,500 net of commissions) of its 14% Subordinated Debentures Due 1989, and Common Stock purchase warrants, the proceeds from which are to be used to defray a portion of the costs incurred in connection with this Offering. A portion of the proceeds of this Offering will be used to repay the outstanding principal amount of and accrued interest on the Debentures. See "Use of Proceeds." The Company anticipates that the additional working capital derived from this Offering should be sufficient to fund its exploration and development program for at least 12 months.

Inflation

Although the Company cannot predict the precise effects of inflation, it has experienced increased costs of materials and supplies and general and administrative expenses. The Company believes that gold and silver prices, changes in which have not necessarily correlated with changes in rates of inflation, will have a more direct impact upon the Company's operations. See "Risk Factors — Risk Factors Relating to the Business of the Company — Economic Feasibility."

To the Board of Directors of
Horizon Gold Shares, Inc.:

We have examined the consolidated balance sheets of Horizon Gold Shares, Inc. (an entity in the development stage as defined in SFAS No. 7) and subsidiary as of March 31, 1984 and 1983, and the related consolidated statements of operations, stockholders' equity and changes in financial position, for the years ended March 31, 1984, 1983 and 1982. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As discussed in Note 3, a substantial portion of the Company's assets at March 31, 1984 and 1983, consist of mining properties and equipment. Recovery of the Company's investment in mining properties and equipment is dependent upon the discovery of reserves in commercial quantities and the subsequent development or sale of the reserves. These matters are contingent upon future events which cannot be determined at this time.

In our report dated May 8, 1984, our opinion on the financial statements was qualified subject to the uncertainty of the Company's ability to continue in existence and the recoverability and classification of recorded asset amounts and the amounts and classification of liabilities. As further described in the second paragraph of Note 1 and in Note 8, the Company completed a private placement of debt securities in August, 1984. As a result of this financing, the Company's projected cash flow should be sufficient for the Company to continue in existence. Accordingly, our present opinion is different from that expressed in our report dated May 8, 1984.

In our opinion, subject to the effects of such adjustments, if any, as might have been required had the outcome of the uncertainties regarding the Company's investment in mining properties and equipment referred to in the second paragraph been known, the financial statements referred to above present fairly the consolidated financial position of Horizon Gold Shares, Inc. as of March 31, 1984 and 1983, and the results of their operations, and the changes in their financial position for the years ended March 31, 1984, 1983 and 1982, in conformity with generally accepted accounting principles applied on a consistent basis.

COOPERS & LYBRAND

Denver, Colorado
May 8, 1984, except for the second paragraph
of Note 1 and Note 8, as to which the date
is August 16, 1984

INDEX TO FINANCIAL STATEMENTS

CAPITALIZATION

The following table shows the capitalization of the Company as of June 30, 1984, (adjusted to give effect to the sale during August, 1984, of $175,000 aggregate principal amount ($169,500 net of commissions) of 14% Subordinated Debentures Due 1989) and as adjusted to give effect to the sale by the Company of the 1,300,000 Units offered hereby. See "Description of Securities." The information presented as adjusted is prepared without regard for the Units which may be sold pursuant to the over-allotment option or the Representative's Warrants.

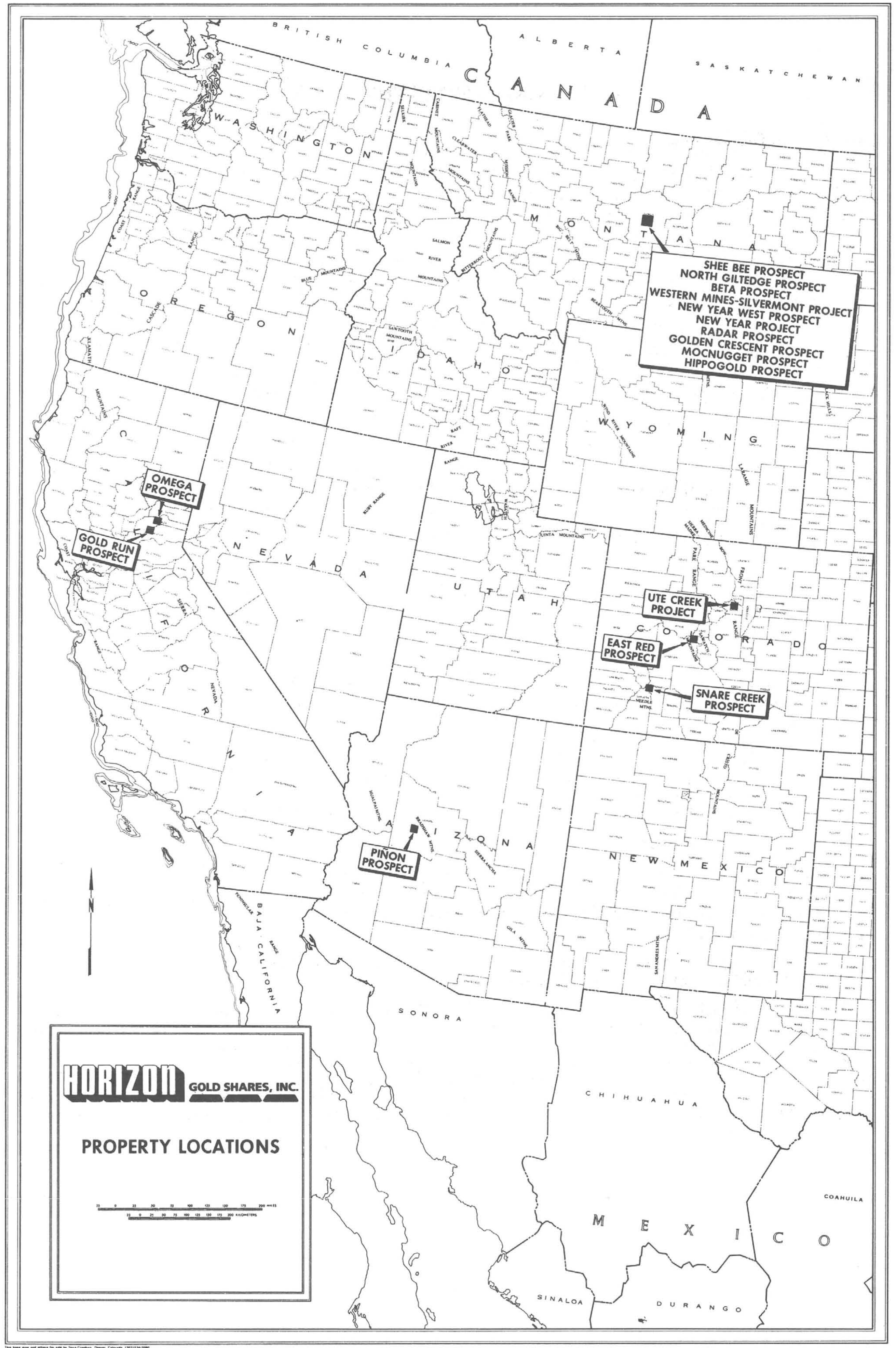
Debt	Outstanding as of June 30, 1984	As Adjusted
Current maturities of long-term notes and advances payable, stockholders	$ 135,638	$ –
Advances from stockholders	20,878	–
Current maturities of other notes payable	17,680	–
Long-term notes and advances payable, stockholders	580,996	–
14% Subordinated Debentures Due 1989	175,000(1)	–
Total Debt	$ 930,192	$ –
Shareholders' Equity		
Common Stock. $0.01 par value, 50,000,000 shares authorized(2); currently issued and outstanding 2,242,598 shares; issued and outstanding after sale of Units, 3,542,598 shares (3)	$ 22,426	$ 35,426
Additional Paid-in Capital	2,017,247	4,568,418
Stock Subscription Receivable	(9,750)	–
Preferred Stock. $10.00 par value, 100,000 shares authorized; none presently issued and outstanding	–	–
Deficit Accumulated during the Development Stage	(253,184)	(253,184)
Total Shareholders' Equity	$1,776,739	$4,350,660

(1) The 14% Subordinated Debentures Due 1989 were not outstanding until August 16, 1984, and, therefore, are not reflected in the Company's financial statements included in this Prospectus. See "Index to Financial Statements."

(2) The Company's Articles of Incorporation were amended on May 10, 1984 to increase its authorized shares of Common Stock to 50,000,000 shares.

(3) Does not include (a) up to 1,495,000 shares issuable upon the exercise of the Stock Warrants which are part of the Units offered hereby, (b) up to 70,000 shares issuable upon the exercise of the Placement Warrants, (c) up to 130,000 shares issuable upon the exercise of the Representative's Warrants and (d) 500,000 shares which are reserved for issuance upon exercise of future option grants under the Company's 1984 Incentive Stock Option Plan. See "Management" and "Description of Securities."

(4) For information relating to the Company's obligations under leases, see "Business and Properties" and Note 6 of Notes to Financial Statements.



ORE. A mixture of minerals or metals from which at least one of the minerals or metals can be extracted at a profit.

ORE BODY. An economically recoverable deposit of minerals, the extent and grade of which has been defined through exploration and development work.

ORE SHOOT. A discrete body of ore within a vein.

PLACER DEPOSIT. A body of loose sediment such as sand, gravel or disintegrated rock, which may contain economic concentrations of gold or other valuable minerals.

PRECAMBRIAN. All rocks formed before Cambrian time over 570 million years ago.

PROBABLE RESERVES. Mineralized rock for which quantity and grade and/or quality are computed from information similar to that of proven ore, but the sites for inspection, sampling and measurement are further apart or are otherwise less adequately spaced. The degree of assurance, although lower than that for proven ore, is high enough to assure continuity between points of observation.

PROVEN RESERVES. Mineralized rock for which quantity is computed from dimensions revealed in outcrops, trenches, workings or drill holes and for which the grade and/or quality are computed from the results of detailed sampling. For such reserves, the sites for inspection, sampling and measurement are spaced so closely and the geologic character is so well defined that size, shape and mineral content are well established.

RESERVE. That part of a mineral deposit which could be economically and legally extracted or produced at the time of determination.

QUARTZ. A common white mineral composed of silicon and oxygen, commonly associated with gold and silver.

RECONNAISSANCE. A preliminary survey.

RHYOLITE. A fine grained igneous rock containing a high proportion of quartz.

ROYALTY. A payment, frequently to the landowner or grantor of a lease, which is a charge against proceeds from mineral production either before or after expenses and payable in cash or in kind. A landowner's royalty is a royalty payable by a mineral producer for the right to explore for, develop and produce minerals on the property of someone other than the mineral producer.

SCHIST. A metamorphic rock that can be readily split because of its having a parallel platey rock structure.

SEDIMENTARY ROCKS. New rocks made from bits and pieces of old rock transported by erosion to a new location and compacted. Also, they may be formed by chemical action and the accumulation of the bodies of animals or plants under water.

SHAFT. An excavation to find or mine ore, hoist and lower workers and material, or ventilate underground workings. Often specifically applied to approximately vertical openings.

STOCKWORK. A network of closely spaced veins of diverse orientation.

QUITCLAIM DEED. A non-warranted document which transfers to the grantee all rights, title and interest held by the grantor, if any.

VEIN. A narrow, generally near vertical, tabular mineral zone which may or may not contain ore bodies.

WORKINGS. The underground openings of a mine for the purpose of exploitation.

DIKE. A long and relatively thin body of igneous rock that, while in a molten state, has intruded a crack in older rock and then solidified.

DISSEMINATED. A scattered distribution of generally very fine grained ore minerals throughout a rock body or vein.

DUMP. A pile of material which has been excavated and discarded in an attempt to reach commercial quality ore.

EXPLORATION. That work required to search for a mineral deposit and, when discovered, to determine whether it is a commercially mineable ore body.

GEOLOGIC MAPPING. The systematic examination of any region for information such as rock types, mineralization, etc., and the plotting of this information on a map.

GNEISS. A coarse-grained metasedimentary rock containing quartz and other minerals.

GRANITE. A coarse-grained igneous rock containing quartz and other minerals.

HEAP-LEACH. A milling process to recover gold and silver whereby a solution, usually cyanide, is applied to a pile of material and the minerals then dissolve into the solution and are later recovered by chemical precipitation, or other means.

HYDRAULIC SLUICE. An outdated, and now restricted, form of mining placer gravels via a strong stream of water washing gravel bank material into boxes which contain gold trapping devices.

IGNEOUS ROCK. Rock formed by the solidification of molten material that originated deep from within the earth.

JOINT VENTURE. A business activity or operation entered into by two or more parties who participate and share in costs, profits and liabilities according to the terms of their particular agreement.

LEASE. A full or partial right in a mineral property authorizing the owner of the right to explore for, develop and produce minerals on lands of another. Leases are generally acquired from federal or state governments or private land owners.

METASEDIMENTARY ROCK. A sedimentary rock which has undergone metamorphic processes.

MILL. A mineral treatment plant in which crushing, grinding, and further treatment of ore are conducted for the concentration of one or more minerals.

MINERALIZATION. The occurrence of valuable mineral. May also refer to the presence of certain minerals which indicate the possibility of or the nearby occurrence of a valuable mineral.

MINIMUM ANNUAL ROYALTY. A payment made to a landholder to continue a mineral lease but which can be recouped from future production royalty payments.

MISSISSIPPIAN MADISON FORMATION. A series of laminated massive limestones deposited over 215 million years ago.

NET PROFIT. The value or proceeds from the sale of ore less the costs of mining, milling, smelting, refining, transportation, etc.

NET SMELTER RETURN ROYALTY. A right of participation in the gross amount received from the sale of ore to the smelter or other purchaser, less the costs of surface transportation and costs incurred by a third party to smelt or refine such ore.

OPEN PIT. An excavation into the surface of the ground. Generally, the lateral dimensions of an open pit are considerably larger than the depth. Open pit mining is generally the safest and most efficient technique for recovering minerals where mineralization occurs at or near the surface.

ORE. A mixture of minerals or metals from which at least one of the minerals or metals can be extracted at a profit.

BUSINESS AND PROPERTIES

History and Organization

The Company was incorporated in Colorado on March 12, 1980, as Centennial Silver Company. The name of the Company was changed to Horizon Gold Shares, Inc. on May 10, 1984. The Company was organized for the purposes of acquiring, exploring and, if warranted, developing and placing into production precious metals mining properties. Its operations have been limited primarily to locating potential mineralization targets, acquiring interests in various properties and prospects, and providing consulting services. The Company has had limited revenues, derived primarily from its consulting services, and is in the exploration stage with respect to its properties. The Company has also received lease or option payments totaling $100,000, which have been treated as a recoupment of capitalized mining properties and equipment costs.

The Company currently has interests in approximately 44 patented mining claims and approximately 621 unpatented mining claims, aggregating approximately 11,750 acres located in Arizona, California, Colorado and Montana. It is unknown whether any of these claims contains any commercially mineable ore and, accordingly, the Company has not established any proven or probable reserves. Some of these properties have been leased to other mining companies for exploration. Additionally, the Company has executed a letter of intent to form a joint venture to explore five properties located in California, Arizona and Nevada. See "Mineral Properties — Proposed Acquisition." In addition to acquiring properties by lease or purchase, the Company has acquired a significant portion of its interests in mineral properties by acquiring the assets or equity of other entities, as discussed below.

The success of the Company will depend upon its ability to (i) locate additional prospects with precious metals of a commercial quality and quantity; (ii) develop its properties for commercial exploitation; and (iii) produce, process and sell precious metals. In addition, the Company will continue to provide consulting services to other mining companies and may act as operator of mineral properties owned by others if such opportunities should arise. Acquisition of additional properties and continued exploration activities may require additional financing. See "Risk Factors" and "Use of Proceeds."

In February, 1982, the Company entered into a letter of intent with a small exploration company, Giltedge Gold Corporation, a Colorado corporation ("Giltedge"), for the acquisition of that company and all of its assets. Giltedge became a wholly-owned subsidiary of the Company in March, 1984, although the Company had previously leased several properties from Giltedge. See "Certain Transactions." Among the properties acquired through the acquisition of Giltedge were the Western Mines-Silvermont Project, the New Year Project, the North Giltedge Prospect, the Shee Bee Prospect, the Beta Prospect, and the New Year West Prospect. In April, 1982, a joint venture (the "New Year Joint Venture") was formed between the Company and Baring Street Merchants Group, a Texas general partnership, for the purpose of exploring certain of these properties, including the New Year Project and the New Year West Prospect. The Company acquired its Gold Run and Omega properties in California, and part of its interest in the New Year Project through buying assets from Baring Street Merchants Group and its affiliates in 1983.

Plan of Operation

Exploration Activities. The Company intends to continue to identify and potentially to acquire additional interests in mineral properties for possible exploration, or for lease or resale to others. The Company may explore some of its properties itself or through joint ventures or partnerships with industry partners or private investors. The Company also may seek to acquire interests in producing properties. There is no assurance that the Company will be successful in acquiring additional interests, or that adequate funding can be obtained for the development and mining of any of the Company's properties, whether now held or acquired in the future, especially in light of increased competition for and costs associated with the exploration, acquisition and development of such properties. See "Risk Factors."

The Company has decided to concentrate on the identification, acquisition and exploration of mineral properties which the Company believes have a potential for surface mining of substantial deposits of low and moderate cost gold and silver ore. Therefore, the Company generally explores for properties which may be developed through lower cost open pit mining techniques. Although the Company explores primarily for gold and silver, other minerals may also be present on and potentially recoverable from its properties.

The Company generates its prospects both internally and through other companies or consultants. After selecting a possible exploration area, the Company compiles reports, production records and geological surveys concerning the area. The Company then undertakes a field exploration program to determine whether the area merits further work or should be eliminated in favor of other targets with greater potential. Field exploration consists of preliminary geologic mapping together with selected sampling to identify host environments which may contain mineral localization as well as specific mineral occurrences. If an area continues to show promise, the Company generally will produce geologic maps of selected portions of the area showing rock types, structures and related mineral features. If merited, geochemical surveys may be undertaken to look for trace elements often associated with gold and silver deposits. Geophysical surveys may also be used to determine the possible presence of mineralization.

The Company may enter into lease or joint venture arrangements with other companies under which such other companies assume the primary responsibility for exploration on particular properties. Under exploration agreements with others in the industry, the Company may contribute mineral rights in return for a negotiated cash consideration, a carried interest, an interest in the net smelter returns or a combination thereof. The Company may also seek to explore and develop certain of its properties through joint ventures or limited partnerships with private investors. The primary purpose of such arrangements would be to reduce the Company's exploration costs. Exploration and development of mineral properties is extremely expensive and the Company does not anticipate that it will have sufficient capital to conduct a significant exploration and development program without such arrangements. While the Company's costs of exploration and development of a particular property would likely be reduced by such arrangements, its interests in the affected property would also likely be reduced. Conversely, the Company may acquire interests in mineral rights owned by another company under similar arrangements and thereby acquire the right to participate in the exploration, development or mining of a property. No assurance can be given that the Company will be successful in entering into such lease or joint venture arrangements or in selling interests in such joint ventures or limited partnerships or that such arrangements will prove to be profitable to the Company. In the event that the Company is unable to enter into a lease, joint venture or other similar sharing arrangement with regard to certain of its properties, it would be required to seek additional financing to explore and develop such properties. No assurance can be given that such additional financing would then be available to the Company, or if available, that the terms would be satisfactory to the Company.

Operator's Fees. In December, 1980, the Company began providing exploration services on a contract as well as a joint venture operator basis, and $14,550 of the Company's total revenues of $21,622 from inception through June 30, 1984, has been derived from such activities. The agreements under which these services are performed are generally for terms of two years or less and are for specific tasks with a limited time for performance. They generally require the Company to provide all labor, equipment, supplies and management on a cost plus a fixed fee basis.

The Company intends to continue these activities, although the exploration of its own mineral properties will be of first priority. Therefore, contract consulting services are likely to represent a minor portion of its business.

Mineral Properties

The following is a description of the Company's sixteen claim groups, five mining properties proposed to be acquired and ore processing facilities. There has been some exploration activity on these properties in the past, but no proven or probable ore reserves have been delineated. On a state-by-state basis, the properties are presented in their estimated order of importance to the Company. See the maps showing the locations of the properties.

ADDITIONAL INFORMATION

The Company has filed with the Securities and Exchange Commission, Washington, D.C. 20549, a Registration Statement on Form S-1 under the Securities Act of 1933, as amended, with respect to the securities offered hereby. This Prospectus does not contain all of the information contained in the Registration Statement. For further information regarding both the Company and the securities offered hereby, reference is made to the Registration Statement, including the exhibits and schedules which are a part thereof. Statements contained herein concerning the provisions of any agreement or other document are not necessarily complete and, in each instance, reference is made to the copy of such agreement or document filed as an exhibit to the Registration Statement. Each such statement is qualified in its entirety by such reference. Copies of the Registration Statement may be inspected at the Commission's offices at 450 Fifth Street, N.W., Washington, D.C. 20549, and copies of each document may be obtained upon request to the Public Reference Branch of the Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549, upon payment of the charges prescribed by the Commission.

GLOSSARY

The following are definitions of terms used in this Prospectus.

ADIT. A horizontal or nearly horizontal opening driven from the surface for access underground.

ANOMALOUS GEOCHEMICAL VALUE. A higher concentration of one or more elements (i.e., gold, silver, arsenic, antimony) in rock, soil or sediment markedly different from the normal concentration in the surrounding area, but does not necessarily refer to "mineralization," "ore," or any similar term.

ASSAY. An analysis of a rock, mineral or metal by quantitative techniques in order to determine the content of certain elements such as gold or silver. The process of obtaining an assay is called "assaying."

ASSESSMENT WORK. That work (amounting to $100 per claim per year) required by federal and state statutes to be performed on each unpatented mining claim during each assessment year, ending at noon on September 1 of each year.

CLAIM. The portion of mining ground held under the federal and local laws by one claimant by virtue of location and record.

CLAIM, LODE. That portion of a vein or lode, and of the adjoining surface, which has been acquired by compliance with law, both federal and state. In the United States, the maximum length along the lode or vein is 1,500 feet and the maximum width is 600 feet (20.66 acres).

CLAIM, PATENTED. A mining claim as to which title has been secured from the Government by compliance with the laws relating to such claim. No further assessment work need be done; however, taxes must be paid.

CLAIM, PLACER. A mining claim located upon gravel or ground whose near surface mineral content is usually extracted by the use of water. A placer claim may equal up to 160 acres.

CLAIM, UNPATENTED. A mining claim to which a deed from the United States Government has not been received; thus the claims are subject to annual assessment work in order to maintain ownership.

CONTACT. The interface or zone between two different rock types.

CUBIC YARD. A measure of gravel contained in an equi-dimensional block three feet long, three feet wide, and three feet high.

CHANNEL. An old river course in a placer deposit, sometimes known to contain ore.

DEVELOPMENT WORK. That work required to place a known ore body with commercial potential into production, and includes sinking a shaft or excavating an adit in an underground mine, stripping overburden and planning a mine, but does not include the actual mining or production of a known ore body in commercial quantities.

cooperate in a single registration or exemption therefrom (as described above) of such securities, provided certain specified numbers of securities are to be registered.

During the term of the Representative's Warrants, the holders are given the opportunity to profit from a rise in the market price of the Company's Common Stock, with a resulting dilution in the interest of the holders of the Common Stock. The Company may, therefore, be deprived of favorable opportunities to procure additional equity. In all likelihood, holders of the Representative's Warrants may be expected to exercise their warrants at a time when the Company would be able to obtain equity capital, if needed, on terms more favorable to the Company than those provided by the Representative's Warrants.

The Underwriting Agreement provides for the payment to the Representative of a non-accountable expense allowance up to a maximum of three percent of the aggregate offering price of the Units sold in this Offering (a maximum of $97,500, or $112,125 if the over-allotment option is exercised in full).

The Underwriting Agreement provides that for a period of five years from the date of this Prospectus: (A) the Representative will have a right of first refusal to (i) act as Managing Underwriter with respect to any public offering or private placement of the Company's securities by the Company or any of its subsidiaries and (ii) act as the Company's agent for any merger of the Company into another entity or acquisition by the Company of another entity; (B) the Company will use its best efforts to cause one person (who may be an officer, director or affiliate of the Representative) designated by the Representative and approved by the Company to be nominated and elected as a director of the Company; no person has as yet been designated by the Representative.

Prior to this Offering there has been no public market for the Units or underlying securities of the Company. Consequently, the initial public offering price for the Units has been determined by negotiation between the Company and the Representtive of the Underwriters. Among factors considered in determining the initial public offering price were the future prospects of the Company and its industry in general, the Company's position in its industry, recent offering prices and market prices of comparable companies and the general condition of the securities market at the time of this Offering.

LEGAL MATTERS

The legality of the securities of the Company to be sold hereunder will be passed on by Messrs. Cogswell and Wehrle, Suite 3500, 1700 Lincoln Street, Denver, Colorado 80203. Messrs. Holtzmann, Wise & Shepard, 745 Fifth Avenue, New York, New York, 10151, are acting as counsel for the Underwriters.

EXPERTS

The consolidated balance sheets as of March 31, 1984 and 1983 and the consolidated statements of operations, stockholders' equity, and changes in financial position for the years ended March 31, 1984, 1983 and 1982 included in this Prospectus, have been included herein in reliance on the report of Coopers & Lybrand, independent certified public accountants, given on the authority of that firm as experts in accounting and auditing.

California Properties doubtful

Introduction. The Company has two prospects in California, consisting of 183.5 patented acres in Nevada County, the Omega Prospect, and five unpatented claims covering approximately 640 acres in nearby Placer County, the Gold Run Prospect. The exploration areas are characterized by Tertiary gravel deposits and recent ravine gravels.

The Company acquired the two prospects as part of the Baring Street Merchant's Group asset acquisition. The Omega Prospect was originally leased by Baring Street Merchant's Group in September of 1982. The properties were transferred to the Company in the July 13, 1983 purchase of assets of Baring Street Merchant's Group, for shares of the Company's Common Stock. With regard to the five Gold Run claims, the Company is also the grantee under a Quit Claim Deed executed in January of 1984 of any interest ever held personally by the General Partner of the Baring Street Merchant's Group.

During the emergence of the Sierra Nevada Range, numerous river systems became active. Widespread gold mineralization in the area provided multiple sources for gold deposits in elemental or "placer" form. Because the sources of gold were so widespread, a very high proportion of these ancient rivers carried gold in their sediments and today virtually all the remnant channel gravels exhibit a low grade gold content.

Deposits of ancient river gravels today represent a large, but very low grade, resource for gold. Few of these deposits represent economic reserves at today's costs and prices. Because of this, only very large-scale, low-cost bulk methods can be employed and properties may vary widely as to cost and profitability, even within one ancient river system.

The Company plans to continue to explore for this type of deposit in this area of California.

Omega Prospect. The Company has leased the Omega Placer Mine Group, which consists of approximately 183.5 gross patented acres in Sections 16 and 17 of Township 17 N., Range 11 E., Nevada County, California. The property is four miles north and east on U. S. Forest Service Road No. 65 departing from California Highway 20 approximately fifteen miles east of Nevada City, California. The last half mile of access to the claims is over a public access road across private land.

The Company leases two separate parcels which make up the property group. The two leases were originally signed in September, 1982, by the Baring Street Merchants Group, and then assigned to the Company on July 13, 1983. The lease terms are for ten years, with a right to renew for an additional ten years. Each lease calls for a minimum royalty of $1,000 per month until August, 1984, and then escalating to $2,000 per month thereafter, with the production royalty equaling 5% of the net smelter return royalty on metallics and a 10% royalty on gross sales of sand and gravel.

The Company has the option of purchasing each leased property for $500,000 on or before January 10, 1987. The Company currently owes $3,000 to each lessor for past due minimum royalty payments. In recent years, the Company has borrowed some of the money it needed to keep up the minimum royalty payments. On May 7, 1984, the lessors wrote the Company to confirm their agreement not to take any action to terminate the lease because of nonpayment of these minimum royalties. The Company plans to bring its lease payments current with proceeds of this Offering. The property requires property tax payments of approximately $300 per year.

The Company also assumed a payment obligation to Frankfort Institutional Lenders and Traders, Inc. ("FILT"), which may subject 5% of the net profit from the Omega leases to the payment of FILT obligations.

The Omega Placer diggings were first discovered in the 1850's. Prior to 1870, Omega was mined for over a length of one mile across the channel width of some 1,500 feet, locally reaching a vertical gravel thickness in excess of 150 feet. Early operations were conducted as hydraulic sluice mining, a procedure which was later restricted by a U. S. Supreme Court decision in 1882, which reduced the economic viability of mining placer deposits by hydraulic methods. These early operations produced an estimated 13 million cubic yards of gravel which yielded a

0.0076 oz/yd³

recorded production of nearly 100,000 ounces of gold, as documented in the California Division of Mines and Geology Bulletin No. 193, published in 1970.

The property was inactive at the time the Company and Baring Street Merchant's Group, the previous owner, commenced exploration work in June, 1982, pursuant to a joint venture. This exploration work resulted in 1,900 feet of reverse circulation drilling in 24 holes and the collection of approximately 275 cubic yards of gravel from five bulk sample test pits. The exploration work indicated that between six and eight million cubic yards of unmined gravel of unknown gold grade may exist in the Omega property. The Company would like to raise sufficient funds through a joint venture or partnership to conduct a bulk sampling program to ascertain the presence of any ore grade material. The Company may solicit a joint venture partner to help finance further exploration work and development work if it proves to be warranted.

The Company has not yet acquired the necessary water rights to operate a placer operation, as it will need to do if exploration work indicates a commercial deposit.

Gold Run Prospect. The Gold Run placer property consists of five unpatented placer claims located in Sections 16, 20 and 21 of Township 15 N., Range 10 E., Placer County, California. The property covers approximately 640 gross acres. It is accessible by public access roads through private and public land, located about 25 miles northeast of Auburn, California. Five hundred dollars worth of assessment work must be completed each year for the claims to remain valid. The Company acquired its interest in the property as part of the Baring Street Merchant's Group asset acquisition. The Company hopes to find a partner to help finance the exploration for mineralization which would be suitable for open pit mining.

Montana Properties doubtful

Introduction. The Company controls ten claim groups located in the Judith Mountain area, Fergus County, Montana. Four of these claim groups, the Radar Prospect, Golden Crescent Prospect, MocNugget Prospect and Hippogold Prospect, were staked by the Company in June, 1984. The Company believes that appropriate filings for unpatented claims were made with local, state and Bureau of Land Management ("BLM") offices, but the Company can give no assurance that it has perfected its possessory title until it receives the formal confirmation of those filings from the government agencies.

Geologically, the Judith Mountains are a series of interrelated igneous rocks rising 2,000 feet above the surrounding plains in a northeast trending mountain belt approximately 18 miles long and 3 to 8 miles wide. Most of the Company's prospects are located in the southerly portion of the range where intrusive rocks of rhyolite and granite-like composition are found as tabular dikes and sills and as irregularly shaped bodies. Sedimentary rocks, ranging in age from 120 million to over 500 million years old, lie adjacent to the intrusive rocks and generally contain most of the ore deposits of this district.

Gold and silver minerals accompanied by lesser values in lead, zinc, iron and copper are usually found as irregular open space fillings and as tiny veins within one particular limestone unit known as the Mississippian Madison Limestone. In this unit, mineralization is deposited in long tubular-shaped bodies or sometimes as flat tabular zones of wide horizontal dimensions. The shapes of the ore deposits are reminiscent of ancient collapsed limestone caverns. Individual ore deposit tonnages range from just a few tons in small scattered pods to those found in Fergus County's most productive gold mine, the Barnes King-Kendall (10 miles northwest of the Judith Mountains), where over 450,000 ounces of gold have been produced from over 1.9 million tons of ore.

Several old mills in the Fergus County area have demonstrated that cyanide milling techniques are effective in extracting gold from ores of the Judith Mountains. Although not possessing any proven or probable ore reserves, the Company believes that any ores found on its properties may be suitable for modern, low cost, heap leach cyanide extraction techniques.

According to Montana statutes R.C.M. 82-2-201, 82-2-202, 82-2-221, owners of mines or mining claims have the right to enter and maintain a right of way over privately owned parcels to work their property, with just compensation to the owners.

UNDERWRITING

Subject to the terms and conditions set forth in the Underwriting Agreement, the Company has agreed to sell to each of the Underwriters named below, for whom Paulson Investment Company, Inc. is acting as Representative, and each of such Underwriters has severally and not jointly agreed to purchase, the number of Units set forth opposite its name below:

Name	Number of Units
Paulson Investment Company, Inc.	
Total	1,300,000

The Underwriting Agreement provides that the obligations of the several Underwriters thereunder are subject to approval of certain legal matters by counsel and to various other conditions. The Underwriters are committed to take and pay for all of the Units if any are purchased.

The several Underwriters, through the Representative, have advised the Company that they propose to offer the Units to the public initially at the price set forth on the cover page of this Prospectus. The Underwriters may allow to certain dealers a concession from the public offering price. The Underwriters may allow, and such dealers may reallow, a concession of $_________ per Unit to other dealers. After the initial public offering, the price to the public and the concession may be changed.

The Company has agreed to indemnify the Underwriters against certain civil liabilities which may be incurred in connection with the Offering, including certain liabilities under the Securities Act of 1933.

The Company has granted to the Underwriters an option to purchase up to an additional 195,000 Units for the sole purpose of covering over-allotments, if any. The option will be exercisable for 30 days from the date of this Prospectus at the initial public offering price, less underwriting discounts. If the Underwriters exercise the option, the total price to the public, underwriting discounts and commissions and net proceeds to the Company will be increased accordingly.

The Company has agreed to sell to the Representative, upon consummation of the public offering, for an aggregate of $100, warrants to purchase 130,000 Units. The Representative's Warrants will be exercisable for a period of four years beginning one year from the date of this Prospectus at a price of $3.00 per Unit (120% of the public offering price). Upon exercise of a Representative's Warrant, the holder will receive a Unit consisting of one share of Common Stock of the Company, a Stock Warrant and a Gold Warrant. See "Description of Securities." The Gold Warrants and the Stock Warrants issuable upon exercise of the Representative's Warrants are identical to the Gold Warrants and Stock Warrants included in the Units. The Representative's Warrants are non-transferable (except that they may be assigned in whole or in part to any officer of the Representative) and non-redeemable. If at any time during the four-year exercise period of the Representative's Warrants, the Company or any of its principal shareholders registers any of its securities or exempts such securities from registration under the provisions of Regulation A or any equivalent thereto, the holders of more than 50% of the securities underlying the Representative's Warrants will have the right to include in such registration statement, at the holder's expense, all of the underlying securities held by them, including the shares of Common Stock underlying the Stock Warrants. Additionally, with respect to securities obtainable on exercise of the Representative's Warrants that have theretofore not been registered by the Company as described above, the Company has agreed, on demand of the holders of more than 50% of the securities obtainable on exercise of the Representative's Warrants, which demand may be made on one occasion and only during the final four years of the exercise period of the Representative's Warrants, to or gold purchasable upon exercise of a Gold Warrant is or would be a capital asset to the holder if acquired by him, gain or loss upon the sale of a Stock Warrant or Gold Warrant will be long-term or short-term capital gain or loss, depending on whether the Stock Warrant or Gold Warrant has been held for more than six months.

If repurchase of a Stock Warrant or Gold Warrant by the Company is treated as a "sale or exchange" of a capital asset, any gain or loss recognized on the transaction will be capital gain or loss, provided the Stock Warrant or Gold Warrant, as the case may be, is a capital asset in the hands of the holder. However, it is unclear whether such a repurchase would be so treated and if not, the holder of a Stock Warrant or Gold Warrant will recognize ordinary income or loss upon the repurchase.

Effect on Holders of Exercise of Warrants

As a general rule, no gain or loss will be recognized to a holder of a Stock Warrant or Gold Warrant on the purchase of Common Stock or the exercise of the Stock Warrant or Gold Warrant. The adjusted tax basis of a share of Common Stock or amount of gold thus purchased will be equal to the sum of the holder's adjusted tax basis in the exercised Stock Warrant or Gold Warrant and the exercise price. The holding period of such share or gold will begin on the date of exercise and will not include the holding period of the Stock Warrant or Gold Warrant exercised.

Conversion of Stock Warrants

The tax consequences of the issuance of shares of Common Stock upon conversion of the Stock Warrants at the expiration of the period during which the Stock Warrants are exercisable are uncertain. The conversion may be treated in the same manner as the exercise of a Stock Warrant upon which no gain or loss is recognized, as described above. Alternatively, the conversion may be treated as a taxable event as described above in connection with the redemption of a Stock Warrant, with the fair market value of the Common Stock received being treated as cash used to redeem the Stock Warrant.

Expiration of Gold Warrants

If the Gold Warrants are not exercised and are allowed to expire, the Gold Warrants are deemed to have been sold or exchanged on the expiration date. The holder of an expired Gold Warrant would be deemed to have recognized long- or short-term capital loss, depending upon the length of time the Gold Warrant was held, in an amount equal to the holder's adjusted basis in the Gold Warrant. Under the current Internal Revenue Service position, upon the expiration of a Gold Warrant, the Company would recognize ordinary income equal to the consideration allocated to the Gold Warrant at the time the Gold Warrant was issued.

Section 305

The anti-dilution clause in the Stock Warrant Agreement includes a provision that the number of shares purchasable on exercise of a Stock Warrant will be adjusted in the event that the Company distributes its own obligations or certain property (other than cash) to the holders of its Common Stock. The Company does not now contemplate making such a distribution. However, should the Company make a distribution requiring such an adjustment, holders of Stock Warrants may be deemed to have received a constructive distribution which will be taxable as a distribution under Section 301 and 305 of the Code, i.e. an ordinary dividend to the extent of earnings and profits and a return of capital with respect to the excess.

New Year Project. In 1982, the Company leased the New Year mine, which is a 710 gross acre parcel consisting of five patented lode mining claims aggregating approximately 70 acres and a 640 acre Montana state lease, which surrounds the five patented claims. The property is located in Section 16 of Township 16 N., Range 19 E., Fergus County, Montana. The property is 1.5 miles southwest of the old town of New Year, Montana, which is seven miles east of U. S. Highway 191, approximately ten miles north of Lewistown, Montana. The claims are reached by a public access road across private land and federal land under BLM jurisdiction.

The Company acquired the five patented claims in October, 1981, under a lease which terminates in June, 1985. This lease is subject to a 4% gross production royalty. The Company may purchase the claims for $62,000. The Company has paid approximately $39,000 through August, 1984. An additional $23,000 is due before June 15, 1985, to complete the property purchase. All royalties cease after the Company completes the purchase. The lease was acquired through the Giltedge merger. The property was the subject of a six-month exploration program in 1982 pursuant to a joint venture between the Company and Baring Street Merchant's Group. The results of the program were encouraging, but no proven or probable reserves were delineated.

The Montana state lease is subject to a 5% gross royalty. This lease was acquired from a third party through an assignment, with that party retaining a 1.5% overriding gross royalty interest. The State lease requires an annual payment of $629.33 in order to be maintained in good standing.

In September, 1983, the Company leased the New Year Mine Claims, and subleased the Montana state lease, to an unaffiliated third party, Minerals International Company ("MIC"). MIC paid minimum annual royalty payments of $35,000 in 1983, and will pay $30,000 on October 15, 1984 and October 15, 1985, and $60,000 per year thereafter. These payments are credits against the production royalty equal to 8% of the net smelter return royalty and against a purchase price of $5,000,000. The lessee has agreed to expend the following minimum annual work commitments due October 15 of each year: 1984, $75,000; 1985, $130,000; and $150,000 per year thereafter. The lessee has pursued additional exploration of the New Year Mine during the 1984 field season.

The original New Year Mine was located in the late 1890's. According to the U. S. Bureau of Mines Information Circular No. 7544 published in 1950, at page 28, in 1898 a small cyanide mill complex was established, but few production records are available. In 1902, an ore zone was developed over four levels with 2,000 feet of underground workings. A mill with a rated capacity of 300 tons per day was put into production linked with the mine by a mile-long wire rope aerial tramway. Company personnel estimate that approximately 25,000 tons of material were moved by prior operators, part of which would have been ore grade mineralization. The average grade of this production is unknown. The mine was dormant until acquisition by the Company in early 1982. The New Year Joint Venture opened approximately ten underground workings, performed surface and underground geologic mapping, collected 182 soil samples and over 228 rock chip samples from within mineralized, open pit areas. In September, 1982, 27 drill holes aggregating 2,160 feet were drilled on behalf of the Company. Although encouraging mineral intercepts were located in five of the drill holes, no proven or probable reserves have been delineated.

Western Mines - Silvermont Project. The Western Mines-Silvermont Project consists of approximately 780 gross acres or 40 unpatented lode mining claims held by the Company. The claims are situated in Sections 1, 2, 3, 10, 11 and 12 of Township 16 N., Range 19 E., Fergus County, Montana. The claims are accessible by a public access road across private land. The claims are approximately three-quarters of a mile east of New Year, Montana. The Company must expend $4,000 per year to maintain the right to hold the unpatented claims, pursuant to the federal assessment work requirement. Amoco Minerals Company ("Amoco") located the 40 claims in the Company's name as part of the consideration for leasing the claims from the Company.

Government publications relate that the Silvermont property has been prospected since the late 1890's. Numerous old workings are found scattered about the property. Early production tabulated by the U. S. Bureau of Mines and reported in its Information Circular No. 7544, at page 26, credits the Silvermont property with approximately 1,275 tons of production grading 0.049 ounces of gold and 21.9 ounces of silver per ton. Sampling conducted in 1956 by the Montana Bureau of Mines and reported in its Information Circular No. 8, at page 9, further explored the old workings and located two flat-lying ore zones having a four-foot ore thickness grading 0.08 ounces of gold and 4.3 ounces of silver per ton, with selected samples yielding up to 17.1 ounces of silver per ton.

The property is believed to have been inactive until the mid-1960's when it was explored by several independent exploration companies, including Vitro Minerals, Inc. In 1973 through 1976, Coastal Mining Company, the exploration subsidiary of the Hanna Mining Company, conducted exploration activities. In 1976, Houston Oil and Minerals Corporation conducted exploration activities in the Silvermont area. Amoco, as the Company's former lessee of this property, conducted exploration work on the claims until it returned the property to the Company in December, 1983. It is the Company's intention to seek a lessee or joint venture partner for continued exploration and development of the Western Mines-Silvermont Project.

North Giltedge Prospect. The North Giltedge Group consists of four unpatented claims located in Sections 9 and 10 of Township 16 N., Range 20 E., Fergus County, Montana, covering approximately 60 gross acres. It lies approximately 2.5 miles north of the old town of Giltedge, which is seven miles north of U. S. Highway 87, approximately 14 miles east of Lewistown, Montana. The claims are reached by county or state maintained roads, up to 1/4 mile from the claim group. An old jeep trail, formerly used for mining purposes, departs from the county road at that point, but has been blocked by a fence for several years. Montana law gives a miner the right to use the road.

The claims were acquired by the Company in March, 1984 from the Giltedge merger. Previously, the Company had leased the claims from Giltedge, which acquired them by quit claim deed. The Company, or its lessee, is required to perform at least $400 worth of assessment work per year in order to maintain the claims in good standing.

In September, 1983, North Giltedge was leased to MIC for ten years, with a ten year right of renewal. The lease would continue to be in effect so long thereafter as mining operations were continuously conducted. The lessee paid a minimum advance royalty of $25,000 in 1983, and will pay royalties of $30,000 in October, 1984 and 1985, and $60,000 in each October thereafter. The lessee must also pay an 8% net smelter return royalty, payable against the purchase option price of $5,000,000. Currently, the lessee performs the assessment obligations and is required to perform a minimum work commitment of $25,000 before October 15, 1984; $45,000 in 1985; and $100,000 per year thereafter.

In the U. S. Bureau of Mines Information Circular No. 7544, referred to above, as well as the 1898 U.S. Geological Survey Annual Report, the history of the Judith Mountains area is discussed. The Company believes that mineralization in the North Giltedge area was probably first prospected in the late 1890's. Shallow underground workings and a fifty-foot deep shaft explore several mineralized zones, but no recorded production is known. In 1982, the Company conducted a six-month exploration program involving reconnaissance mapping, rock chip sampling and a 65 sample geochemical soil grid which revealed the presence of anomalous gold and silver values. The Company believes that the limited sampling conducted to date is encouraging, however, the Company believes that further exploration is warranted to determine if there are gold and silver occurrences suitable for open pit mining and heap-leaching techniques.

Radar Prospect. During May and June of 1984, the Company, utilizing contract personnel, located one hundred and ten (110) unpatented lode mining claims, situated in Sections 7, 8, 17, 18, 19, 20 and 21 of Township 17 North, Range 20 East, and extending slightly into Sections 13 and 24 of Township 17 North, Range 19 East, Fergus County, Montana. The claims partially overlap pre-existing patented and unpatented claims controlled by other parties resulting in approximately 1,500 gross acres held by the Company.

The property is approximately four miles north of the old town of Maiden, which is northeast of Lewistown, Montana. The claims are accessible by traveling approximately six miles on a BLM maintained road, which is reached by a county road. The claims lie astride the northern flank of Judith Peak. The Company is required to expend $11,000 worth of work each year, commencing after September 1st, 1985, in order to maintain its right to hold the claims.

The claimed area was formerly controlled by the Exxon Corporation from 1978 until September, 1983 when Exxon Corporation failed to perform the necessary assessment work to maintain possession. Exxon

of 40% of its gold production, if any, or gold purchased with 40% of its proceeds from any gold production from properties in which the Company has an interest, whether produced by the Company or others, during the quarter immediately preceding each Exercise Date. If such production, if any, is not purchased upon exercise of Gold Warrants of such Exercise Date, the Company may sell or otherwise dispose of such production without further obligation to the holders of the Gold Warrants. In the event Gold Warrants are surrendered for exercise as of a quarterly Exercise Date representing a greater quantity of gold than was available for delivery upon exercise of Gold Warrants, the Company shall allocate any gold available pro rata among the Gold Warrants surrendered in increments of 0.50 troy ounces and shall refund any excess amounts represented by tendered payment of the full Gold Warrant Price to the paying holders. If fewer than all of the Gold Warrants evidenced by a certificate are tendered for exercise or cannot be fully exercised due to the availability of gold therefore, the Gold Warrant Agent will deliver to the exercising holder a new Gold Warrant certificate representing the unexercised part of each Gold Warrant.

The quantity of gold deliverable, if at all, upon the exercise of the Gold Warrants shall not be subject to adjustment notwithstanding other changes in the securities of the Company whether by (a) the issuance of a stock dividend to holders of Common Stock, or a combination, subdivision or reclassification of Common Stock, (b) the issuance without charge, of rights, warrants or options to holders of Common Stock entitling such holders to purchase Common Stock, (c) any distribution by the Company to the holders of its Common Stock of evidences of indebtedness of the Company or of assets, and (d) any sale or issuance by the Company of shares of its Common Stock or rights, options or warrants or convertible or exchangeable securities containing the right to subscribe for or purchase shares of Common Stock.

Notwithstanding the foregoing, in case of any consolidation, merger, sale or conveyance of the property of the Company as an entirety or substantially as an entirety, the holder of each outstanding Gold Warrant shall continue to have the right to exercise the Gold Warrant, subject to the terms and conditions of the Gold Warrant Agreement.

To the extent that any Gold Warrants remain outstanding at the expiration of the period during which the Gold Warrants are exercisable, such unexercised Gold Warrants shall expire and be automatically cancelled by the Company. Holders of Gold Warrants are not entitled, by virtue of being such holders, to receive dividends or to consent to or to receive notice as shareholders in respect of any meeting of shareholders for the election of directors of the Company or any other meeting, or to vote at any such meeting, or to exercise any rights whatsoever as shareholders of the Company.

Federal Tax Aspects of Units

The federal income tax discussion set forth below is intended only as a summary and does not purport to be a complete analysis or listing of all potential tax effects relevant to a decision to purchase the Units. It is included herein for general information only. No information is provided herein with respect to foreign, state or local tax laws or estate and gift tax considerations. It is recommended that each prospective investor consult his or her adviser concerning the federal, state, local and foreign tax considerations of this Offering and the transactions contemplated hereby to persons purchasing the Units.

Tax Basis

The total issue price of each Unit will be allocated among the Common Stock, the Stock Warrant and the Gold Warrant, constituting each such Unit based on their relative fair market values. Each Unit holder's tax basis for the components of the Unit purchased by him will equal the portion of the issue price allocable to each component. The Company will supply information concerning the allocation of the issue price upon the issuance of the Units.

Sale of Warrants

The sale of a Stock Warrant or Gold Warrant, other than a sale to the Company, will result in the recognition of gain or loss to the holder in an amount equal to the difference between the amount realized and the holder's adjusted basis in the Stock Warrant or Gold Warrant. Provided the holder is not a dealer in the Stock Warrants or Gold Warrants, and the Common Stock issuable upon exercise of a Stock Warrant

Notwithstanding the foregoing, in case of any consolidation, merger, sale or conveyance of the property of the Company as an entirety or substantially as an entirety, the holder of each outstanding Stock Warrant shall continue to have the right to exercise the Stock Warrant for the kind and amount of shares and other securities and property (including cash) receivable by a holder of the number of shares of Common Stock for which such Stock Warrants were exercisable immediately prior thereto.

All or any portion of the Stock Warrants are callable at the option of the Company at a call price of $0.25 per Stock Warrant at any time following the first Stock Warrant Price adjustment date after the effective date of this Offering. The Company will mail a notice of the call to all holders of record at least 60 days prior to the call date of the Stock Warrants. Notice of such call will be published in the national edition of *The Wall Street Journal* no more than 20 days, nor less than 10 days, prior to the mailing of such notice. Any Stock Warrant so called may be exercised until the close of business on the fifth business day preceding the call date of the Stock Warrants.

To the extent that any Stock Warrants remain outstanding at the expiration of the period during which the Stock Warrants are exercisable, and such Stock Warrants are not to be called by the Company, such unexercised Stock Warrants shall be converted automatically into shares of Common Stock at the rate, subject to adjustment in certain events, of one share of Common Stock for each 100 Stock Warrants.

Holders of Stock Warrants are not entitled, by virtue of being such holders, to receive dividends or to consent or to receive notice as shareholders in respect of any meeting of shareholders for the election of directors of the Company or any other matter, or to vote at any such meeting, or to exercise any rights whatsoever as shareholders of the Company.

Gold Warrants

The Gold Warrants will be issued under a Warrant Agreement (the "Gold Warrant Agreement") to be dated as of ______________, 1984, between the Company and ________________ (the "Gold Warrant Agent"). The following summary of the terms of the Gold Warrant is qualified in its entirety by reference to the Gold Warrant Agreement which is filed as an Exhibit to the Registration Statement of which this Prospectus is a part. Each Gold Warrant gives the holder the right to purchase 0.01 troy ounces of gold from the Company, at an initial price of $6.00 per 0.01 troy ounce (the "Gold Warrant Price"), subject to production by the Company of sufficient gold during each calendar quarter to permit exercise of a portion of the Gold Warrants during such quarter. **The Company does not currently have any gold production nor has it established any proven or probable reserves.** Gold Warrants shall be exercisable only in increments of 0.50 troy ounces, representing 50 Gold Warrants. The Gold Warrant Price shall be tied to a "base production cost" which shall initially be $300.00 per ounce and shall be adjusted quarterly in proportion to increases or decreases in the consumer price index for all products as announced by the United States Department of Commerce. If and when the base production price exceeds $500.00 per ounce as a result of such automatic adjustments, the Gold Warrant Price shall then be automatically adjusted as of the last day of each calendar quarter (the "Exercise Date"), in proportion to increases or decreases in the consumer price index for all products; provided however, that no such adjustment shall have the effect of reducing the Gold Warrant Price below $6.00 per 0.01 troy ounces of gold. The Gold Warrants will be exercisable as of each quarterly Exercise Date, commencing on the Separation Date, until their expiration on ________________, 1989.

Gold Warrants may be exercised as of each quarterly Exercise Date following each calendar quarter during which the Company has sufficient production of gold to permit the exercise of Gold Warrants by surrendering to the Company at the principal office of the Gold Warrant Agent, a Gold Warrant certificate signed by the holder or his duly authorized agent indicating such holder's election to exercise all or a portion of the Gold Warrants evidenced by such certificate. Surrendered Gold Warrant certificates must be accompanied by the amount of the aggregate Gold Warrant Price for the portion of the Gold Warrants exercised. Payment of such amount may be made by check in lawful money of the United States.

Upon surrender of the Gold Warrants and payment of the Gold Warrant Price, the Company, if adequate production has been achieved during the preceding calendar quarter, will deliver or cause to be delivered to or upon the written order of the exercising holder, the quantity of gold so purchased. The Company is obligated only to make available for purchase upon exercise of the Gold Warrants a maximum

Corporation conducted sampling, geologic mapping and drilling, but the results of the Exxon Corporation surveys are not yet available to the Company. Previous claim holders in this area have included: Bear Creek Mining Company (Kennecott Corporation), the Anaconda Copper Company, and Canadian Superior Oil Company. Currently, adjacent landholders include the Amoco Minerals Company and FMC Corporation. a bust!

Brief geologic examinations of the Judith Peak area by Company personnel have revealed a complex series of granite and granite-like intrusions accompanied by locally intense breccia development. The northerly portion of the claims covers a large, isolated block of the Madison Limestone Formation almost surrounded by intrusive rocks. Alteration and iron staining is abundant, indicating the presence of disseminated sulfide mineralization. The Company intends to seek a joint venture partner who will continue exploration work, in hope of delineating low grade, disseminated gold deposits which could be mined by open pit methods.

Golden Crescent Prospect. The Company holds sixteen unpatented lode claims containing approximately 300 gross acres, situated in Sections 3 and 10 of Township 16 North, Range 20 East and Section 33 of Township 17 North, Range 20 East, Fergus County, Montana. The claims, located in June, 1984 by contract personnel, partially overlap the Company's Shee Bee claims on the north, and extend directly south approximately 1.5 miles to overlap the Company's North Giltedge property on the south. The property lies from three to four air-miles north of the old village of Giltedge, Montana and is accessible via public and private access roads and unimproved jeep trails across BLM and private land. The Company is required to perform at least $1,600 worth of assessment work each year, commencing after September 1st, 1985, in order for the claims to remain valid.

A brief geologic reconnaisance conducted by Company personnel indicates that the Golden Crescent claims may contain mineralizing conditions similar to those found on the adjacent North Giltedge property. The Company believes that these similar conditions are sufficient encouragement to continue exploration for open-pittable gold and silver mineralization through a lessee or joint venture partner.

New Year West Prospect. The Company holds twelve unpatented mining claims which comprise approximately 204 gross acres located in Sections 8, 9, 16 and 17, Township 16 N., Range 19 E., Fergus County Montana. The property is situated in moderately rugged terrain and is not currently accessible by road, although a public access road passes through BLM land near the east boundary of the claims. An additional section of road needs to be graded across BLM land to get into the claim group itself. An old public access road through private land services the north boundary of the claim group, but it also needs grading. The group is now reached by one-half mile of unimproved trail approximately 1.25 miles south and west of the old village of New Year, seven miles east of U. S. Highway 191.

The Company is required to perform $1,200 per year worth of assessment work in order to maintain the claims in good standing. The claims were acquired by the Company through its merger with Giltedge. Giltedge obtained title by quitclaim deed.

The New Year West property has undergone sporadic prospecting probably commencing in the late 1880's. Numerous old shallow workings are scattered over a wide portion of the property. The majority of these old workings are now sloughed or caved. In 1982, the Company, acting under a short-term lease from Giltedge prior to its merger, conducted additional geological and geochemical studies as part of the New Year Mine Joint Venture with the Baring Street Merchant's Group. However, this work was not sufficient to reveal the presence of proven or probable ore reserves. It is the Company's opinion that the work conducted to date is sufficiently encouraging to justify additional exploration. The Company intends to seek a lessee or joint venture partner to more fully explore the New Year West property seeking gold and silver occurrences which could be mined by open pit methods.

MocNugget Prospect. The Company holds 18 unpatented lode mining claims comprising approximately 310 gross acres situated in Sections 13, 14, 23 and 24 of Township 18 North, and Range 17 East, Fergus County, Montana. The claims are located on the northwestern flank of the North Moccasin Mountains, approximately 18 miles north of Lewistown, Montana. The claims are not currently accessible by road, but can be reached by approximately 1.5 miles of overland, 4-wheel travel across private land from a county-maintained secondary road. The claims were staked for the Company in June, 1984 by contract personnel.

The Company will be required to expend $1,800 per year in labor or materials, commencing after September 1, 1985, in order to keep the claims. A small portion of the claimed property overlaps some pre-existing and valid unpatented claims recently under lease to Gold Fields Mining Corporation.

The MocNugget Prospect was originally identified in a regional geologic reconnaisance program conducted by Mr. Forrest, the Company's Vice President. Sampling was conducted at that time.

The Prospect lies approximately 3 miles northwest of the old Barnes King-Kendall Mine, currently in production by Triad Investments, where, according to Montana Bureau of Mines and Geology Special Publication No. 75 at page 49, over 450,000 ounces of gold have been produced from over 1,900,000 tons of ore. Although a direct geologic relationship has not been identified with the Barnes King-Kendall Mine, the Company believes that similar mineralizing conditions may be present on the MocNugget claims. The Company intends to seek a joint venture partner to assist in further exploration, in an attempt to identify any deposit mineable by open pit techiques.

Hippogold Prospect. The Hippogold property consists of 20 unpatented lode mining claims covering approximately 400 gross acres situated in Sections 24 and 25 of Township 16 North, Range 19 East, Fergus County, Montana. The claims were staked by Company contract personnel in June of 1984, and are located approximately 2.5 miles directly west of the old village of Giltedge, Montana. The prospect is accessible via public access roads and a rough jeep trail across BLM land. The Company will be required to expend $2,000 per year in labor or materials, commencing after September 1, 1985, in order to satisfy the Federal assessment work requirement.

According to Company personnel, numerous shallow pits, trenches and a few short adits, all probably dating from the early 1900's, have explored potentially mineralized terrain, however, no commercial production is known. The prospect lies approximately 2,000 feet directly west of the old Whiskey Gulch Mine, formerly leased by the Company, which, according to the U.S. Bureau of Mines Information Circular No. 7544, at page 36, is credited with approximately 8,000 ounces of gold produced from just over 30,000 tons of ore during 1903 and 1904. Although no known direct geologic relationship has been found between the Whiskey Gulch Mine and the Hippogold Prospect, the Company hopes that similar, open-pittable gold mineralization may be found with additional exploration of the property by a lessee or joint venture partner.

Shee Bee Group. The Company holds the four unpatented Shee Bee Lode claims, situated in Section 33 of Township 17 N., Range 20 E. and Section 3 of Township 17 N., Range 20 E., Fergus County, Montana. The claims comprise approximately 60 gross acres. The property is approximately eight miles northeast of the village of Giltedge, Montana, and is accessible by a county-maintained road for approximately five miles from the nearest major road, and then by a public access road across BLM land into the claims.

Company personnel located the claims in June, 1982 in the name of Giltedge Gold Corporation, then acquired the claims in the merger with that company. The Company is required to perform $400 worth of work on the claims each year in order to continue its right to hold the claims.

The Shee Bee Prospect has been the subject of a 49 sample soil and rock chip sampling program conducted by Company personnel. This program yielded anomalous values in silver and gold which the Company believes may be indicative of commercial mineralization. Numerous scattered old pits, trenches and short adits suggest that a small amount of gold and silver may have been prospected early in the 1900's. According to Company personnel, encouraging mineralization may be present, although no probable ore occurrences have been delineated. The Company hopes to work with a joint venture partner to continue exploration work, in an attempt to find and define ore reserves which are suitable for commercial, open pit mining.

Beta Prospect. In its acquisition of Giltedge, the Company acquired four unpatented lode mining claims in Sections 18 and 19 of Township 16 N., Range 20 E., Fergus County, Montana. The claims are accessible via the old Giltedge Mine road, which traverses privately owned land. The claims were originally located by Mr. Forrest and then quitclaimed to Giltedge. Four hundred dollars worth of assessment work must be performed each year in order for the claims to remain valid. The property lies less than 300 feet west of the old, formerly productive, original Giltedge open pit mine, recently reactivated by Golden Maple Mining and

Stock Warrants

The Stock Warrants will be issued under a Warrant Agreement (the "Stock Warrant Agreement") to be dated as of __________, 1984, between the Company and __________________________ (the "Stock Warrant Agent"). The following summary of the terms of the Stock Warrant is qualified in its entirety by reference to the Stock Warrant Agreement which is filed as an exhibit to the Registration Statement of which this Prospectus is a part. Each Stock Warrant gives the holder the right to purchase one share of the Company's Common Stock (subject to adjustments for any stock splits and stock dividends) at an initial price of $2.50 per share (the "Stock Warrant Price"). The Stock Warrant Price shall automatically be adjusted on the last day of each six-month period after the effective date of the Offering, to a price equal to the lower of $2.50 or the lowest thirty-trading-day moving average of the mean of the closing bid and asked prices of the Common Stock, as quoted on NASDAQ, during the preceding six-month period. The Stock Warrant will be exercisable, commencing with the later of the Separation Date or the first such adjustment date after the effective date of this Offering, until their expiration on ______________, 1989. Exercise of the Stock Warrant will be possible only if and when a registration statement with respect to the underlying shares of Common Stock is then in effect.

Stock Warrants can be exercised by surrendering to the Company at the principal office of the Stock Warrant Agent a Stock Warrant certificate signed by the holder or his duly authorized agent indicating such holder's election to exercise all or a portion of the Stock Warrants evidenced by such certificate. Surrendered Stock Warrant certificates must be accompanied by the amount of the aggregate Stock Warrant Price. Payment of such amount may be made by check in lawful money of the United States.

Upon surrender of the Stock Warrants and payment of the Stock Warrant Price, the Company will deliver or cause to be delivered, to or upon the written order of the exercising holder, certificates representing the number of shares of Common Stock so purchased. If fewer than all of the Stock Warrants evidenced by a certificate are exercised, the Stock Warrant Agent will deliver to the exercising holder a new Stock Warrant certificate representing the unexercised Stock Warrants.

The Company will reserve for issuance a number of shares of Common Stock sufficient to provide for the exercise of the rights of purchase represented by the Stock Warrants. When delivered, such shares of Common Stock will be duly authorized, validly issued, fully paid and nonassessable.

The Stock Warrant Price and the number of shares of Common Stock purchasable upon the exercise of each Stock Warrant are subject to adjustment in certain events, including (a) the issuance of a stock dividend to holders of Common Stock, or a combination, subdivision or reclassification of Common Stock, (b) the issuance without charge, of rights, warrants or options to holders of Common Stock entitling such holders to purchase Common Stock for an aggregate consideration per share less than the then current Stock Warrant Price and the then current market price per share of Common Stock, (c) any distribution by the Company to the holders of its Common Stock of evidences of indebtedness of the Company or of assets (excluding cash dividends or distributions payable out of consolidated earnings and earned surplus and dividends or distributions referred to in (a) above), and (d) any sale or issuance by the Company of shares of its Common Stock, or rights, options or warrants or convertible or exchangeable securities containing the right to subscribe for or purchase shares of Common Stock at a price per share of Common Stock less than the then current Stock Warrant Price and the then current market price per share of Common Stock. No adjustment will be made for (i) shares, rights, options or warrants or convertible or exchangeable securities issued to security holders of any corporation which is acquired by, merged into or becomes a part of the Company or a subsidiary of the Company in an arm's-length transaction between the Company and one or more unaffiliated third parties in proportion to their security holdings in such corporation immediately prior to such transaction, (ii) shares issuable upon exercise of stock options granted to employees of the Company and its subsidiaries and (iii) shares issuable upon exercise of the Stock Warrants or upon exercise of the Placement Warrants. No adjustment in the Stock Warrant Price or the number of shares purchasable upon exercise of the Stock Warrants will be required until cumulative adjustments reach a specified minimum. In addition, the Company may, at its option, reduce the Stock Warrant Price at any time. No fractional shares will be issued upon exercise of Stock Warrants, but the Company will pay the cash value of any fractional shares otherwise issuable.

the Company since inception on the Common Stock and dividends on the Common Stock are not contemplated at any time in the foreseeable future.

Preferred Stock

The Articles of Incorporation authorize issuance of a maximum of 100,000 shares of Preferred Stock. The Articles of Incorporation vest in the Board of Directors of the Company the authority to divide the class of Preferred Stock into series and to fix and determine the relative rights (including voting rights) and preferences of the shares of any such series so established to the full extent permitted by the laws of the State of Colorado and the Articles of Incorporation of the Company. The Board of Directors of the Company has not exercised its authority to divide the class of Preferred Stock into series and no shares of Preferred Stock are presently issued and outstanding.

Debentures

The Board of Directors of the Company has authorized the issuance of $175,000 of 14% Subordinated Debentures Due 1989, which were sold in a private offering of the Company's securities on August 16, 1984. Each Debenture bears a face value of $5,000 and is due July 1, 1989. The Debentures will be prepaid out of proceeds of this Offering. Interest on the Debentures is payable quarterly, commencing October 1, 1984, payable from July 1, 1984. The Debentures are subordinated and junior in right of payment to the prior payment in full of the principal of and premium, if any, and interest on all Senior Indebtedness, as defined in the Debenture. There are no restrictions in the Debenture upon creation of Senior Indebtedness or any other indebtedness.

The Debentures will be prepaid by the Company, in cash at 100% of principal amount, plus accrued and unpaid interest to the date of prepayment, upon the successful completion of this Offering. In the event this Offering is not successfully completed, the Debentures are pre-payable at the option of the Company, at any time after December 31, 1984, upon 60 days written notice.

The Debentures have not and will not be registered under the Securities Act of 1933, as amended, or under the securities laws of any state.

Placement Warrants

The Company previously sold the Placement Warrants in a private offering of its securities. Each Placement Warrant allows the purchase of that number of shares of the Company's Common Stock, rounded to the nearest whole share and subject to adjustment, determined by dividing 5,000 by the public offering price per share of Common Stock or Unit including one share of Common Stock in this Offering, or by $2.00 in the event the Offering is not completed on or before December 31, 1984. The exercise price per share of Common Stock will be determined by dividing $5,000 by the number of shares of Common Stock that may be purchased under each Placement Warrant. The Placement Warrants will become exercisable on the earlier of the effective date of the Offering or January 1, 1985. The Placement Warrants will expire, become void and be of no further force or effect at 5:00 p.m., Mountain Time, on July 1, 1989. See "Use of Proceeds."

The Company is registering the shares issuable on exercise of the Placement Warrants in connection with this Offering, and will maintain the effectiveness of such registration for the term of the Placement Warrants. When, as and if the Registration Statement of which this Prospectus is a part, and which covers the Placement Warrant shares, is declared effective by the Securities and Exchange Commission, the Placement Warrant shares may be sold in the public market.

Units

Each Unit offered hereby consists of one share of the Company's Common Stock, one Stock Warrant and one Gold Warrant, each as described below. The Units will be transferable as Units and both the Stock Warrant and the Gold Warrant will be separately transferable 180 days after issuance, or earlier at the discretion of the Representative (the "Separation Date").

Leaching Co. The Bureau of Mines Information Circular No. 7544 states that 64,480 ounces of gold were obtained from the Giltedge Mine between 1901 and 1912. The four claims cover approximately 58 gross acres.

Other Properties doubtful

Ute Creek Project. The Ute Creek mine and mill complex is situated in Section 1 of Township 3 S., Range 74 W., and Section 6 of Township 3 S., Range 73 W., Section 7 of Township 4 S., Range 73 W., and Section 12 of Township 4 S., Range 74 W. of the 6th P.M., Clear Creek County, Colorado. The property consists of 37 patented lode mining claims and two patented mill sites, covering approximately 150 gross acres. The property is accessible via two miles of county maintained road from State Highway 103 which is approximately seven miles southwest of Idaho Springs, Colorado. Although this property is accessible by county roads, Colorado statutes (C.R.S. 34-48-104 and 34-48-107) give owners of claims the right-of-way across other claims for the purpose of hauling quartz. The right to enter and cross property of another is also given to the owner of a mining claim lying on two or more sides of the property of another.

The Company originally acquired the property in April, 1980, by a quitclaim deed assigned to the Company by Stephen P. Hull. The Company agreed to purchase the property in exchange for a mortgage note payable of $400,000 and 50,000 shares of the Company's Common Stock for an aggregate purchase price of $450,000. The stock was issued to Lewis W. Hull, Stephen P. Hull's father and a director of the Company, who had paid $50,000 in cash as a down payment on behalf of the Company. At June 30, 1984, payments totalling $250,000 in cash and stock had been made, with the remaining balance being $200,000 plus $63,000 in accrued interest due August 1, 1985. The Company must also pay property taxes of approximately $800 per year to maintain the Ute Creek property.

The Ute Creek mineralized area was originally discovered prior to the late 1880's, according to the U. S. Geological Survey Professional Paper No. 319, 1959, on page 56. Numerous small mines were operated as independent entities until the consolidation of the claims during the 1930's. The property was inactive until early 1980 when the Company began exploration operations. According to Company personnel, the Ute Creek property contains five precious and base metal veins. Typical mineralization consists of lead, zinc and iron sulfides containing copper, gold and silver minerals. Ore shoots are found along veins within Pre-Cambrian igneous and metasedimentary rock which include granite, gneiss, and schist. Vein structures have been traced over 4,000 feet. Although vein structures have been explored by several thousand feet of old underground workings, most workings are now inaccessible. The property is suitable for underground mining. The U. S. Geological Survey Professional Paper contains further information about the geology of the area.

In June, 1981, the Company contributed the mine and mill complex and assigned the related debt to Centennial Group, a limited partnership in which the Company became the general partner with a 54% ownership interest. Development work was commenced on the property, including the construction of a heap-leach facility and an office-residence facility and the development of electrical and water supplies. With decreasing precious metal prices, the mine and mill complex was closed in late 1981 and currently the heap-leach facility remains inactive. In March, 1984, the Company acquired all of the limited partnership interests in Centennial Group for 127,500 shares of the Company's Common Stock, valued at $201,453, and notes payable of $51,000. The aggregate purchase price of $252,453 represents the historical costs attributable to the limited partners.

In February, 1984, an agreement was entered into with Rapholz Silver Hunt, Inc. ("Rapholz") for the sale of the Ute Creek mine and mill complex, plus an option on the Bay City Mill, described below. The purchase price for the mine and mill complex is $500,000, of which a $25,000 down payment has been received. Additionally, Rapholz has agreed to issue 28,000,000 shares of its common stock to the Company if the contingencies in the contract are met. The major contingency is that Rapholz must complete a public offering of its shares of common stock no later than December 15, 1984, at an offering price of approximately $.10 per share. If it does not, Rapholz will not be required to pay the Company the $475,000 balance and the property will not be conveyed to Rapholz. If Rapholz does complete the purchase, it intends to put the Ute Creek property back into production by leaching precious metals from the remaining dump material. Rapholz may also conduct additional exploration to develop underground precious metal reserves. In the event Rapholz fails to complete the purchase agreement, the Company anticipates keeping the Ute Creek mine and mill complex on a care and maintenance basis only, until such time as increased metal prices warrant the resumption of heap-leaching activities. didn't make it

Piñon Group. The Company holds approximately 3,320 gross acres, comprising 206 unpatented lode mining claims, all located in Sections 15, 21, 22, 26, 27, 28, 29, 32, 33, 34, 35, 36 and 43 of Township 12 N., Range 5 W., and Sections 3 and 4 of Township 11 N., Range 5 W. of Yavapai County, Arizona. The claims are located approximately seven miles north and west of Peeples Valley, Arizona, and are accessible by public access road through public and private land. An Arizona statute, A.R.S. Section 12-1111 (14), allows a person to exercise the right of eminent domain for the purpose of building a road for working a mine.

The Company is also assignee of leases of an additional twelve unpatented claims contiguous with the Company's other interests. The Company obtained its interest in the twelve claims under an assignment from Exxon Minerals Company ("Exxon"). Exxon acquired these interests from an unrelated third party in May, 1982. A prior claimant has asserted that, due to an alleged failure of title in Exxon's assignor, title to the claims never passed to Exxon or, subsequently, to the Company. The Company disputes these assertions, although it does not believe that loss of title to the twelve claims would materially affect its interest in the Piñon Group.

No geol. info

The assignment from Exxon occurred in May, 1983. The claims were originally staked in 1982 by Exxon personnel. Exxon maintains a 4% gross production royalty on the Exxon staked claims and a 1% gross production royalty on the third party lease. The twelve-claim, seven year lease carries a perpetual 5% net smelter return royalty, and requires biannual minimum royalty payments of $5,000 on April 22 and October 22 of each year, plus lump sum annual payments due on May 20 of each year as follows: $120,000 in 1986; $176,500 in 1987; and, $213,500 in 1988. All payments are credited against the Company's $600,000 purchase option, the purchase to be completed before May 20, 1989, of which $90,000 has reportedly been paid by Exxon to secure the lease and option. The entire assessment work requirement for all claims equals $21,800 per year.

In 1981, Exxon performed exploration work in the Piñon claims. The Company has conducted additional exploration work during 1983 and 1984, including geological reconnaisance and geochemical sampling and believes the property is sufficiently interesting to justify conducting more exploration work seeking open-pittable reserves.

Snare Creek Prospect. The Snare Creek Prospect consists of 124 unpatented lode mining claims, covering approximately 2,200 gross acres, held by the Company. The property is in portions of Sections 14, 15, 16, 21, 22, 23, 24, 27 and 28 of Township 42 N., Range 6 W. of the 6th P.M. in Hinsdale and San Juan Counties, Colorado. The claims are accessible by a public access road across Forest Service land, and are located approximately 22 miles southwest of Lake City, Colorado. The Company hired independent contractors to stake these claims on its behalf.

Federal assessment work requirements determine that the Company must expend $12,400 worth of work on the Snare Creek Group of claims before September 1st of each year.

According to Company personnel, several old pits, shafts and short adits suggest that exploration activity may have been conducted on the Snare Creek property, probably in the early 1900's. In the late 1960's, an unrelated third party conducted a drilling program on four patented mining claims completely surrounded by the Company's Snare Creek Claims. Exploration work conducted on behalf of the Company and other claim holders in the area has determined that a quartz vein underlies the claims. Sampling conducted on behalf of the Company has revealed anomalous gold, silver and base metal values within the vein. The Company would like to contract with a joint venture partner to continue the exploration work. If the exploration work is able to define any ore, the ore would be mined by a large-scale underground operation, and would require a substantial investment by a partner or lessee.

N. G. *East Red Prospect.* The Company holds 46 unpatented lode mining claims, covering approximately 920 gross acres, in Sections 2, 11 and 12 of Township 12 S., Range 82 W. of the 6th P.M., Chaffee County, Colorado. The north boundary of the property is approximately thirty miles southwest of Leadville, Colorado and is accessible by a public access road across Forest Service land.

The claims were leased from an unrelated party for 99 years in 1981. The lease requires minimum annual royalty payments of $12,000 per year, up to and including 1987, then $24,000 per year thereafter. The

account. In addition, although the Company has no present plans to enter into mineral transactions with officers or directors of the Company or such entities, the Company has no policy prohibiting transactions between the Company and officers, directors or such entities. Therefore, there may be possible conflicts of interest between the Company and its directors or officers. In this regard, Mr. Forrest has served as Senior Vice President and continues to serve as a consultant to Consolidated Mining Resources, Inc., a private corporation ("CMR"), engaged in activities similar to those of the Company. Although it is anticipated, following the proposed public offering, that Mr. Forrest will reduce his activities in connection with CMR, it is presently intended that he will continue to provide consulting services to CMR. The Company has entered into a letter agreement with an affiliate of CMR pursuant to which the Company will acquire interests in certain properties owned or controlled by CMR. Mr. Forrest is a participant in a CMR employee incentive program which provides for overriding royalty interests in certain of its property holdings which include all of the properties involved in the proposed agreement with CMR. See "Business and Properties — Mineral Properties — Proposed Acquisition." In addition, both Mr. Watson and Mr. Forrest have in the past and intend to continue in the future to provide mineral consulting services on a part-time basis to various companies which may be in competition with the Company.

The Company has adopted a policy that any transactions with directors, officers or entities of which they are also officers or directors or in which they have a financial interest will only be on terms consistent with industry standards and approved by a majority of the disinterested directors of the Company. This policy could be changed or terminated in the future. The Articles of Incorporation of the Company provide that no such transaction by the Company shall either be void or voidable solely because of such relationship or interest of a director or officer or solely because such director is present at a meeting of the Board of Directors of the Company or a committee thereof which approves such transaction or solely because his votes are counted for such purpose. In addition, common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors of the Company or a committee thereof which approves such a transaction.

In the event that a director or officer becomes aware of mining opportunities in connection with the performance of his duties as a director or officer, such opportunities will be considered those of, and made available to, the Company in accordance with his fiduciary duty as a director or officer. In this regard, the Company may, in the future, adopt a specific policy or policies pursuant to which such mining opportunities may be deemed not to be opportunities of the Company under defined circumstances. In the event the Company does not wish to take advantage of any opportunity presented to it, the directors or officers of the Company or entities of which they are also officers or directors or in which they have a financial interest may still be permitted to do so.

DESCRIPTION OF SECURITIES

The Company's authorized capital consists of 50,100,000 shares, of which 50,000,000 shares are Common Stock, par value $.01 per share, and 100,000 shares are Preferred Stock, par value $10.00 per share. At June 30, 1984, 2,242,598 shares of the Common Stock were issued and outstanding. None of the Preferred Stock has been issued.

Common Stock

Each share of Common Stock is entitled to one vote at all meetings of the shareholders of the Company. All of the shares of Common Stock are equal to each other with respect to liquidation rights and dividend rights. There are no preemptive rights to purchase any additional shares of Common Stock. The Articles of Incorporation of the Company prohibit cumulative voting in the election of directors. In the event of liquidation, dissolution or winding up of the Company, holders of the outstanding shares of Common Stock will be entitled to receive on a pro rata basis all assets of the Company remaining after satisfaction of all liabilities, including payment in the principal amount of all of the outstanding Debentures, if any, and any liquidation preference granted to holders of shares of the Preferred Stock of the Company, if any.

Holders of shares of the Common Stock will be entitled to receive dividends only when, as and if, declared by the Board of Directors out of legally available funds, if ever. No dividend has been declared or paid by

PRINCIPAL SHAREHOLDERS

Set forth below is certain information concerning ownership of the Company's Common Stock by (i) each person who is known by the Company to own beneficially 5% or more of the Company's Common Stock, (ii) each director of the Company, and (iii) all directors and executive officers of the Company as a group as of May 31, 1984, and as adjusted to give effect to the sale of the Units offered hereby, but not giving effect to the exercise of the Placement Warrants, the Stock Warrants, the Representative's Warrants or the Underwriters' over-allotment option to purchase 195,000 Units.

Name and Address of Beneficial Holder and Identity of Group	Number of Shares	Percent of Class Prior to Offering	Percent of Class As Adjusted
John E. Watson	808,540(1)	36.05%	22.82%
Richard A. Forrest	344,000	15.45%	9.71%
Lewis W. Hull	165,000	7.36%	4.66%
Stephen P. Hull	136,453	6.08%	3.85%
Harry D. Smith, Jr.	10,000	0.45%	0.28%
John I. Cameron	144,566	6.45%	4.08%
Daniel W. Kappes	–0–	–0–	–0–
Richard A. Zeif	–0–	–0–	–0–
Baring Street Merchant's Group	200,000	8.92%	5.65%
All executive officers and directors as a group (5 persons)	1,463,993	65.29%	41.33%

(1) Includes 10,000 shares owned by Mr. Watson's wife.

By virtue of their share ownership and management positions, Mr. Watson and Mr. Forrest may be deemed "parents" of the Company as that term is defined under the Securities Act of 1933.

CERTAIN TRANSACTIONS

Messrs. Watson, Cameron, Stephen P. and Lewis W. Hull were "founders" of the Company and, in 1980, were issued an aggregate of 975,000 shares of the Company's Common Stock, apparently without consideration. Colorado law prohibits a corporation incorporated in Colorado from issuing stock for no consideration or for consideration less than par value. On May 3, 1982, the Articles of Incorporation of the Company were amended to change the par value of the Company's Common Stock to par value \$.01 per share. At a special meeting of the shareholders of the Company held March 9, 1984, the reissuance of 975,000 shares of the Company's Common Stock at par value \$.01 per share to Messrs. Watson, Cameron, S. Hull, and L. Hull was ratified and approved. The shares improperly issued in 1980 were cancelled by the Company.

In February, 1982, the Company entered into a letter of intent with Giltedge for the acquisition of that company and all of its assets. Mr. Forrest was the sole shareholder of Giltedge at the time the letter of intent was executed. Subsequently, Messrs. Watson, Cameron and Stephen P. Hull acquired shares of Giltedge common stock from Mr. Forrest for cash consideration. On March 30, 1984, the Company acquired Giltedge through a merger of Giltedge with a wholly-owned subsidiary of the Company. In exchange for their shares of Giltedge common stock, Messrs. Watson, Forrest, Cameron and Stephen P. Hull received 52,300, 418,000, 26,700 and 25,300 shares, respectively, of the Company's Common Stock. Mr. Forrest subsequently transferred 74,000 of such shares to Mr. Watson for cash consideration.

CONFLICTS OF INTEREST

No director or officer of the Company or any of its affiliates owns any mineral property which is in sufficiently close proximity to any properties of the Company to be affected by activities on such properties.

Directors of the Company, or entities of which they are also directors or officers or in which they have a financial interest, engage or may engage in the future in mineral exploration and development for their own

royalties are credited against a \$1 million buyout with no continuing production royalty. The lessor has agreed to waive all payments due until October, 1984. The Company is scheduled to then begin the \$1,000 per month payments. The Company is required to perform \$4,600 worth of assessment work each year in order to maintain the claims in good standing.

A portion of the East Red Group, approximately 300 acres, overlaps the Collegiate Peaks Wilderness area. The wilderness area designation places extremely strict environmental regulations on mineral exploration and development work, as well as restricting severely the right to put a road into the exploration area, so that mining operations in this portion of the claims, therefore, may not be possible.

Prior to 1950, the "Berge" adit was driven 1,300 feet into East Red Mountain and located abundant quartz veins. Between 1957 and 1960, American Metals Climax Co. ("AMAX"), performed additional exploration work. Between 1978 and 1981 Amoco Minerals Company leased the property and drilled a single 3,996-foot vertical diamond core hole near the top of East Red Mountain. According to the Company geologist, the prospect shows extremely altered PreCambrian granites and Tertiary volcanics in contact with Tertiary igneous rocks. Mineralization is present as intense quartz vein stockworks associated with persistent one- to two-foot quartz veins containing iron, copper, molybdenum, lead and zinc sulfides with gold and silver values. A few old pits dating from the early 1900's were used to explore several of the more mineralized quartz veins but no production has been recorded.

Since its acquisition by the Company in 1982, additional geological and geochemical sampling has been performed. During July, August and September, 1982, the MolyCorp Division of the Union Oil Company performed a limited geological and geochemical analysis on the East Red property. The Company is seeking a joint venture partner or lessee to perform additional exploration work, with the Company reserving a royalty. Depending on what the exploration work reveals, the property may be suitable for open pit or bulk underground mining of a potential gold-bearing stockwork system.

N. G. *Bay City Mill.* In February, 1982, the Company entered into an agreement with an unrelated, third-party individual providing for the purchase of a small flotation milling facility located approximately four miles north of Ouray, Colorado. Under this agreement and the promissory note connected therewith, the Company has purchased the equipment from this facility exclusive of the building and land for an initial consideration of 2,500 shares of the Company's Common Stock, and a balance due to be taken in shares of the Company's Common Stock or in cash in the amount of \$77,500 at the option of the holder of the promissory note.

This facility was last in operation in 1971, and has been idle since that time. The Company estimates that such equipment, in its current or similar configuration, could process between 50 and 75 tons per 24-hour day of most sulphide ores containing base and precious metals. There is currently no production by the Company to provide feed for this facility, nor is any anticipated either from the Company's holdings in the vicinity or from other deposits in the area held by outside parties.

The Bay City Mill has been optioned to an unrelated third party, Rapholz, as part of a sale transaction of another of the Company's properties, the Ute Creek property. It is anticipated that the mill equipment would be moved by Rapholz to the Ute Creek property after completion of the term of the sale.

Proposed Acquisition

On April 24, 1984, the Company entered into a letter agreement with Charter Financial Group of Houston, Texas.

Charter Financial Group, Inc. is the parent company of Consolidated Mining Resources, Inc. and Aaminex Gold Corp., a public company. In the event a formal agreement is reached, the Company agrees to spend an undetermined amount of money, not expected to exceed \$375,000, to perform exploration work on the following properties in return for the right to claim a 50% working interest in the properties after the work is completed:

nothing known

(1) Silver Bullion Property, San Bernadino County, California, an open-pit silver vein prospect;

(2) Mayday Property, Humboldt County, Nevada, an open-pit disseminated gold prospect;

(3) Gold City Property, La Paz County, Arizona, an open-pit gold prospect;

(4) Pancake Property, White Pine County, Nevada, an open-pit disseminated gold prospect;

(5) Tempo Property, Lander County, Nevada, an open-pit disseminated gold prospect.

The Company has an option to earn an additional 25% working interest by completing a secondary stage work commitment. The Company is still in the process of finalizing the terms of this Agreement. Mr. Forrest was formerly an officer and is a director of some of the affiliates of Charter Financial Group, Inc. See "Conflicts of Interest."

Source of Power and Water

Since many mining claims are located on remote, government-owned land, mineral exploration activity must often be conducted without on-line electrical power. The need for power is more acute in the case of development or mining activity than it is in exploration stage activity. On a placer property, power is sometimes needed to run a small processing plant, such as a gravity separator. However, many separators are built to be diesel powered, or a generator may be brought in to provide the power. Heap-leaching processes are often generator-assisted, whereas a drilling rig used in exploration work would be diesel powered. Some of the Company's properties, such as the Ute Creek mine and mill complex, are served by electrical lines, but most properties will require generated power.

The Company's need for water in order to conduct exploration work on its properties will vary depending on the type and location of the property, although water is needed in order to perform most work which constitutes the exploration for and development of mineral properties. For example, the mining of placer properties requires a significant amount of water. Exploration drilling, leaching, dredging, testing and most forms of processing also require water. The Company has not arranged for a water supply to all of its properties. If the Company learns that water is unavailable for a project, or that the cost of complying with water quality restrictions is unreasonable, it could be forced to abandon a project. In some instances, however, when water is unavailable, water can be brought in so that exploration may continue.

Employees

The Company currently has six full-time employees, John E. Watson, Richard A. Forrest, two geologists, a landman and a secretary/draftsman, and one part-time employee, Stephen P. Hull. Messrs. Watson, Forrest and Hull are officers and directors of the Company. See "Management." The Company intends to hire additional full-time personnel as required by its operations and will also engage the services of geological and engineering consultants from time to time to assist in its operations.

Offices

Since October of 1983, the Company has maintained its principal offices at 30440 Stagecoach Boulevard, Evergreen, Colorado 80439. The Company leases its office space, consisting of approximately 1220 square feet, from an unaffiliated party for an equivalent base rent of $915.00 per month.

Litigation

No material legal proceeding to which the Company is party or to which the property of the Company is subject is pending and no such material proceeding is known by management of the Company to be contemplated or threatened.

University of Nevada, Reno. He graduated from the Colorado School of Mines with an engineering degree in 1966. Mr. Kappes received his Master of Science in Mining Engineering, with a minor in Business Administration, from the Mackay School of Mines in 1972.

Richard A. Zeif. Mr. Zeif was elected a Director of the Company on June 19, 1984. Mr. Zeif is a Partner in the law firm of Nierenberg, Zeif & Weinstein, in New York City. Mr. Zeif was one of the founders of the Negotiation Institute, Inc. in 1966, and serves as its current Secretary and Editor-in-Chief of its internationally circulated newsletter. He has taught International Business Transactions at the New England School of Law in Boston, Massachusetts, as well as being a member of the faculty of the New School For Social Research in New York City. He is the Chairman of the Explorers Club Committee on Foreign Relations and serves as its non-governmental organization delegate to the United Nations. He is a member of the American Bar Association's Committee on Foreign Investment and Development. Mr. Zeif has lectured for the World Trade Institute. Mr. Zeif received his LLB from Brooklyn Law School and attended New York University Graduate School of Law, majoring in international commercial law.

Thomas J. Glover. Mr. Glover was employed as Manager of Exploration in August, 1984. He has more than 13 years of experience in the exploration, development and project management of precious metals, base metal, and coal mining programs. He has also been actively involved with the application of equipment and processes to minerals recovery. From 1981 to 1984, Mr. Glover was employed as Chief Geologist for Consolidated Mining Resources, Inc., a private corporation located in Golden, Colorado. Mr. Glover owned a consulting geology company during 1980 and 1981, after serving as a project geologist for Newmont Exploration, Ltd. for four years. Prior to working for Newmont, he was a geologist for Chino Mines Division, Kennecott Copper Corporation, and a contract geologist for the U.S. Bureau of Mines Mineral Availability System. He earned a B.S. degree in Economic Geology from New Mexico State University (1971) and an M.S. degree in Economic Geology from the University of Texas (1975). Mr. Glover is a Certified Professional Geologist and an active member of the Society of Exploration Geophysicists and the American Institute of Mining Engineers.

Remuneration

No cash compensation was paid or accrued to any executive officer or director during the fiscal year ended March 31, 1984, except for $8,833 which was paid to Mr. Watson. The executive officers of the Company agreed to defer commencement of their salaries until July 1, 1984, when Mr. Watson and Mr. Forrest began receiving $53,500 and $45,000 per annum, respectively. The Board of Directors anticipates that the remuneration of all officers and directors will be reviewed and compensation levels established comparable to levels prevalent in similar mining and exploration companies. Outside directors do not presently receive any compensation. The Company has entered into employment agreements with Messrs. Watson and Forrest.

The Company is obtaining a key man life insurance policy on Mr. Watson in the amount of $300,000 and the Company will be the sole beneficiary of such policy. After completion of this Offering, the Company intends to increase its coverage on Mr. Watson to $1,000,000 and to buy a $500,000 policy on Mr. Forrest's life. The Company presently has no pension or profit-sharing plan or other contingent forms of remuneration although such plans may be instituted in the future.

Incentive Stock Option Plan

On April 17, 1984, the Company adopted a 1984 Incentive Stock Option Plan (the "Plan") and authorized a total of 500,000 shares of Common Stock for issuance pursuant to the Plan. The Plan, designed as an incentive for key employees, will be administered by a Stock Option Committee of the Board of Directors which will determine the recipients of options and the number of shares subject to each option. The Plan provides that no option may be granted at an exercise price less than the fair market value of the Common Stock of the Company on the date of grant. Unless otherwise specified, the options expire five years from the date of grant and may not be exercised during the initial one year period from date of grant. Thereafter, options may be exercised in whole or in part, depending upon the terms of the particular option. As of the date of this Prospectus, the Stock Option Committee has not yet been appointed and the Company has not granted any stock options pursuant to the Plan.

Geological Survey and the Internal Revenue Service. Mr. Watson will devote full time to the business and affairs of the Company, but will also, from time to time, perform independent consulting for unrelated financial or mining organizations. Mr. Watson holds a B. A. Degree in Geology from the University of Texas at Austin (1972), and a M. S. in Mineral Economics from the Colorado School of Mines, Colorado (1976).

Stephen P. Hull. Mr. Hull is a founder of the Company and has been Vice President, Secretary and a Director of the Company since its inception in March, 1980. From July, 1977 until September, 1981, Mr. Hull was employed by Exxon Corporation in various capacities. These positions included serving as a Senior Business Analyst with Exxon Minerals Division in Houston, Texas and in New York City, and as an Analyst with the Exxon Corporation and Computer Sciences Department in Florham Park, New Jersey. Mr. Hull only devotes part of his time to the Company and is otherwise engaged in part-time consulting in the areas of systems analysis, operations research and computer programming. Mr. Hull holds a B. S. Degree in Engineering (1976), and a M. E. in Operations Research and Industrial Engineering (1977), from Cornell University.

Richard A. Forrest. Mr. Forrest was elected to the office of Vice President on August 13, 1984, and was elected Assistant Secretary and Director of the Company on May 15, 1984, after serving the Company as a consultant for over two years. Mr. Forrest occassionally provides independent consulting services to unrelated financial or mining organizations. Prior to his association with the Company, he served from February, 1982 to August, 1984 as the Senior Vice President – Exploration for Consolidated Mining Resources, Inc., a private corporation where he supervised the exploration of a low grade Nevada gold deposit currently in commercial development. From September 1980 to January 1982, Mr. Forrest served as Vice President of Exploration and Operations for Texas General Minerals Corporation, the mineral subsidiary of Texas General Resources, Inc., a public corporation. From January, 1977 to September, 1980, Mr. Forrest was a Senior Geologist for Amoco Minerals Company. From June, 1971 to December, 1976, Mr. Forrest was the Senior Exploration Geologist for the Sunshine Mining Company, where he was the Project Manager for the drill exploration of Sunshine's commercial silver mine in Nevada. He is also a director of Aaminex Gold Corp., a publicly held corporation located in Houston, Texas, and of SWA, Incorporated, an affiliate of Aaminex Gold Corp. which has recently filed a registration statement relating to a proposed public offering of shares of its common stock. In 1971, Mr. Forrest received a Master's Degree in Geology from the Montana College of Mineral Science and Technology, Butte, Montana, after receiving in 1969 a B.A. in Geology from Colorado College, Colorado Springs, Colorado. Mr. Forrest is a Certified Professional Geologist and a licensed Alaska geologist. He is also an active member of the American Institute of Mining Engineers and the Society of Economic Geologists.

Lewis W. Hull. Mr. Hull is a founder of the Company and has been the Treasurer and a Director of the Company since its inception in March, 1980. He is, and has been since 1952, President of Hull Corporation, a privately held manufacturing company located in Hatboro, Pennsylvania. He is also a director of Penn Engineering and Manufacturing Corporation, a publicly held corporation located in Danboro, Pennsylvania.

Harry D. Smith, Jr. Mr. Smith was elected a Director of the Company on April 25, 1984. He is, and has been since 1975, Manager-Project Engineering of Gulf Mineral Resources Co., a division of Gulf Oil Co., in Denver, Colorado. During that time, he was responsible for the engineering, design and procurement of the Mt. Taylor uranium mine located near Grants, New Mexico. For the six years prior to 1975, Mr. Smith held numerous positions, including Manager of Engineering, for Gulf relating to the construction of a 100,000 barrel per day oil refinery and deep-water port on the island of Okinawa. Mr. Smith holds a B.E.E. degree from Georgia Tech (1958).

Daniel W. Kappes. Mr. Kappes was elected a Director of the Company on June 19, 1984. He is a Partner in Kappes, Cassiday and Associates, a Nevada firm which specializes in the technology of cyanide metallurgy as applied to gold and silver ores. He concentrates in the area of evaluation and field management of small projects and the preliminary field test work for major developments. Mr. Kappes is a registered mining/metallurgical engineer, and has been associated in that capacity with Kappes, Cassiday and Associates since 1972. He is the author of several publications concerning heap leaching. He is both a registered mining engineer and a registered professional metallurgical engineer in the State of Nevada. Mr. Kappes is an adjunct Associate Professor of Chemical and Metallurgical Engineering at the Mackay School of Mines,

Competition, Markets and Regulation

Competition and Markets

A large number of entities and individuals is engaged in the exploration for and development of mineral properties. Accordingly, there is a high degree of competition for desirable leases and suitable prospects for mineral operations. Many companies engaged in such operations have substantially greater technical and financial resources than the Company.

Development of mineral prospects and marketing of minerals is affected by a number of factors which are beyond the Company's control, the effect of which cannot be accurately predicted. Those factors include prices, imports from other nations, actions by other mineral producing nations, availability of adequate transportation, milling and refinery equipment and facilities, marketing of competitive minerals, price of fuel and other matters affecting availability of a ready market, such as fluctuating supply and demand. The Company's management believes that the market price of gold may be influenced by international currency exchange rates and other complex factors over which the Company can have no influence. State and federal regulation of the mineral industry can contribute to increases in the cost of mineral exploration, development and production.

Federal and State Regulation

The Company's right to develop and mine its mineral properties which are located on public lands, as well as the right to occupy mill site locations, is derived from the General Mining Law of 1872, as amended, 30 U.S.C., Section 22 *et seq.*, and applicable state statutes, which provide for the right of United States citizens to locate, mine and process minerals on certain public lands. The Company's mining and processing activities will be subject to regulation under federal, state and local laws. The principal laws which will affect the Company's operations relate to protection of the environment and to mine safety. Key provisions of the regulations promulgated under such laws are summarized below.

Environmental Factors. Most of the Company's properties are located on land titled to the United States and administered by the Department of the Interior, through the BLM, and the United States Forest Service (the "Forest Service"), a division of the Department of Agriculture. Both the Forest Service and the BLM have adopted regulations which require the Company to file a "notice of intention to operate" with the local Forest Service or BLM office prior to undertaking certain operations on properties administered by these agencies. If the local office of either agency determines such operation will cause a significant disturbance to the environment, the Company is required to file a proposed "Plan of Operations" covering the types of operations proposed and how long they will be conducted, proposed roads and access routes, means of transportation, the means by which adverse environmental impact will be minimized, the means by which consideration has been given to meeting the requirements of federal, state, and local water quality standards and solid waste disposal, harmony with scenic values, protection of fish and wildlife habitats and minimization of road construction damage, and the steps which will be taken to rehabilitate the affected area upon completion of the operation. Either agency may require the Company to furnish a bond commensurate with the expected costs of rehabilitation.

Should Environmental Impact Statements be required pursuant to the National Environmental Policy Act of 1969 respecting any of the Company's properties, it should be assumed that notwithstanding the Government's representation that it prepares such documents, the Company's direct costs and delays will be substantial.

The Company believes its activities to date have been in compliance with the National Environmental Policy Act and intends to continue to comply, and to require its contractors or joint venturers to comply, with all applicable federal, state, and local laws and regulations. The Company does not presently plan to seek an opinion of counsel respecting its compliance with such laws.

Mine Safety. The Federal Mine Safety and Health Amendments Act of 1977 (Public Law 95-164) (the "Mine Safety Act") transferred the responsibility for enforcing mine safety and health laws from the Secretary of the Interior to the Secretary of Labor, and established within the Department of Labor an administration headed by an assistant Secretary of Labor for Mine Safety and Health, whose responsibilities are carried out through the Mine Safety and Health Administration.

The Mine Safety Act affects the Company in the following ways:

> All active underground mines must be inspected at least four times per year and all active surface mines at least twice a year.
>
> A new emphasis is given to health practices for miners. Beginning March 9, 1978, the development and promulgation of health standards in the mining industry rests solely with the Secretary of Labor.
>
> Miners' rights and entitlements have been significantly expanded, including the right to accompany federal inspectors during inspections and investigations, and the right to request inspections. Areas in which discriminatory treatment may be claimed have been more specifically described.
>
> Federal inspectors are empowered to assess civil penalties to the metal and nonmetal mining industry as well as the coal mining industry.

The Company believes that compliance with the Mine Safety Act has caused mine operators an increase in general and administrative expenses, the cost of contract services and mining and processing costs.

If the Company begins active mining, it will bear the cost of compliance. The Company does not expect the concern for mine safety or provisions of the Mine Safety Act to have an adverse effect on its future operations.

Taxation

The Company will be subject to federal and state income taxes and local franchise taxes, personal property taxes, and state severance taxes. State severance taxes vary among the states and, within a single state, the amount of tax, based on a percentage of the value of the mineral being extracted, varies from mineral to mineral. The Company's operations will also be subject to taxation by each locality in which it owns mineral properties or does business. Because many state and local tax laws are not uniform, the Company runs a substantial risk of double taxation on portions of its income by various jurisdictions.

MANAGEMENT

Officers and Directors

The executive officers, directors and key employees of the Company are as follows:

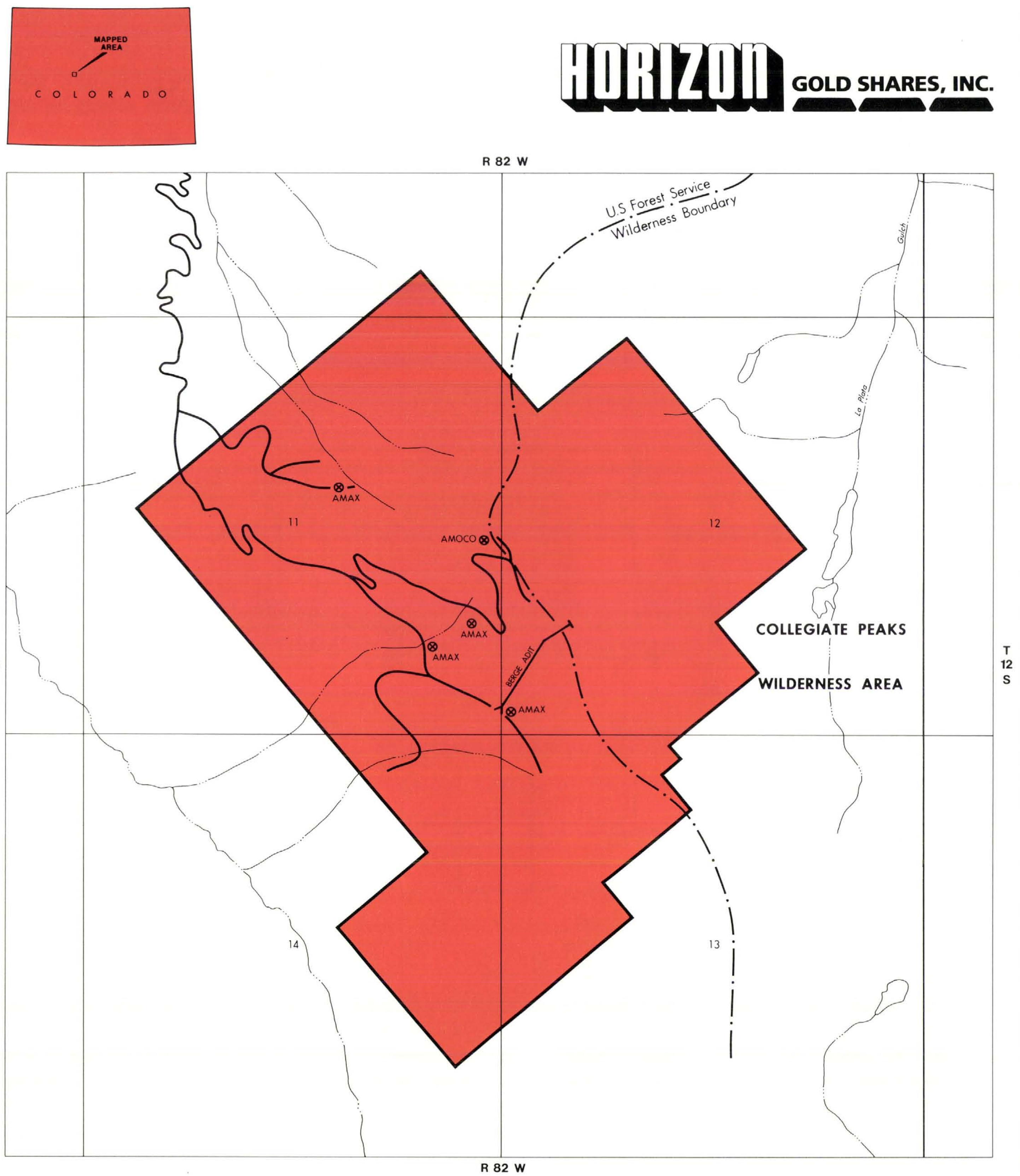
	Name	Age	Position
	John E. Watson 2971 So. Conifer Circle Evergreen, Colorado 80439	35	President, Chief Executive Officer and Director
	Stephen P. Hull 1010 Stagecoach Boulevard Evergreen, Colorado 80439	29	Vice President Secretary and Director
Know slightly	Richard A. Forrest 8296 South Centaur Drive Evergreen, Colorado 80439	36	Vice President, Assistant Secretary and Director
	Lewis W. Hull 277 West Bristol Road Southampton, Pennsylvania 18966	67	Treasurer and Director
	Harry D. Smith, Jr. 4544 South Akron Street Englewood, Colorado 80111	52	Director
Well Known metallurgist	Daniel W. Kappes Kappes, Cassiday & Associates Post Office Box 13687 Reno, Nevada 89507	40	Director
	Richard A. Zeif Nierenberg, Zeif & Weinstein 230 Park Avenue New York, New York 10017	55	Director
	Thomas J. Glover 12533 West Grand Drive Morrison, Colorado 80465	37	Manager of Exploration

Each of the Company's directors has been elected to serve until the next annual meeting of shareholders or until his successor is elected and qualified. The Company's executive officers are appointed annually and from time to time by the Board of Directors and serve until removed or until their successors have been elected and qualified. The Company currently does not have any committees of the Board of Directors. Pursuant to the terms of the Underwriting Agreement, the Representative has the right to designate one nominee to the Board of Directors of the Company.

Mr. Stephen P. Hull is the son of Mr. Lewis W. Hull.

The principal occupations of the directors, executive officers and key employees of the Company for at least the past five years have been as follows:

John E. Watson. Mr. Watson is a founder of the Company and has served as its President, Chief Executive Officer and Director since its inception in March, 1980. He has devoted the major portion of his time to the management and development of the Company during this period. Prior to his association with the Company, Mr. Watson was employed from November, 1978 to January, 1980, by Exxon Minerals International, Houston, Texas, as a Mineral Economist, involved in a broad range of planning and analytical duties supporting mineral exploration and acquisition functions in various foreign countries. From 1976 to 1978, Mr. Watson was employed by Gulf Mineral Resources, Denver, Colorado, and was responsible for cost and administrative review related to the construction of two underground uranium projects. Before completion of his graduate degree, Mr. Watson held positions with Union Carbide Corporation, the U. S.



EAST RED PROSPECT

CHAFFEE COUNTY, COLORADO

HORIZON LEASED UNPATENTED CLAIMS

DIAMOND DRILL HOLES (AMAX 1958-9, AMOCO 1980)

4-WHEEL DRIVE DIRT ROAD

0 1/4 1/2 1 Mile

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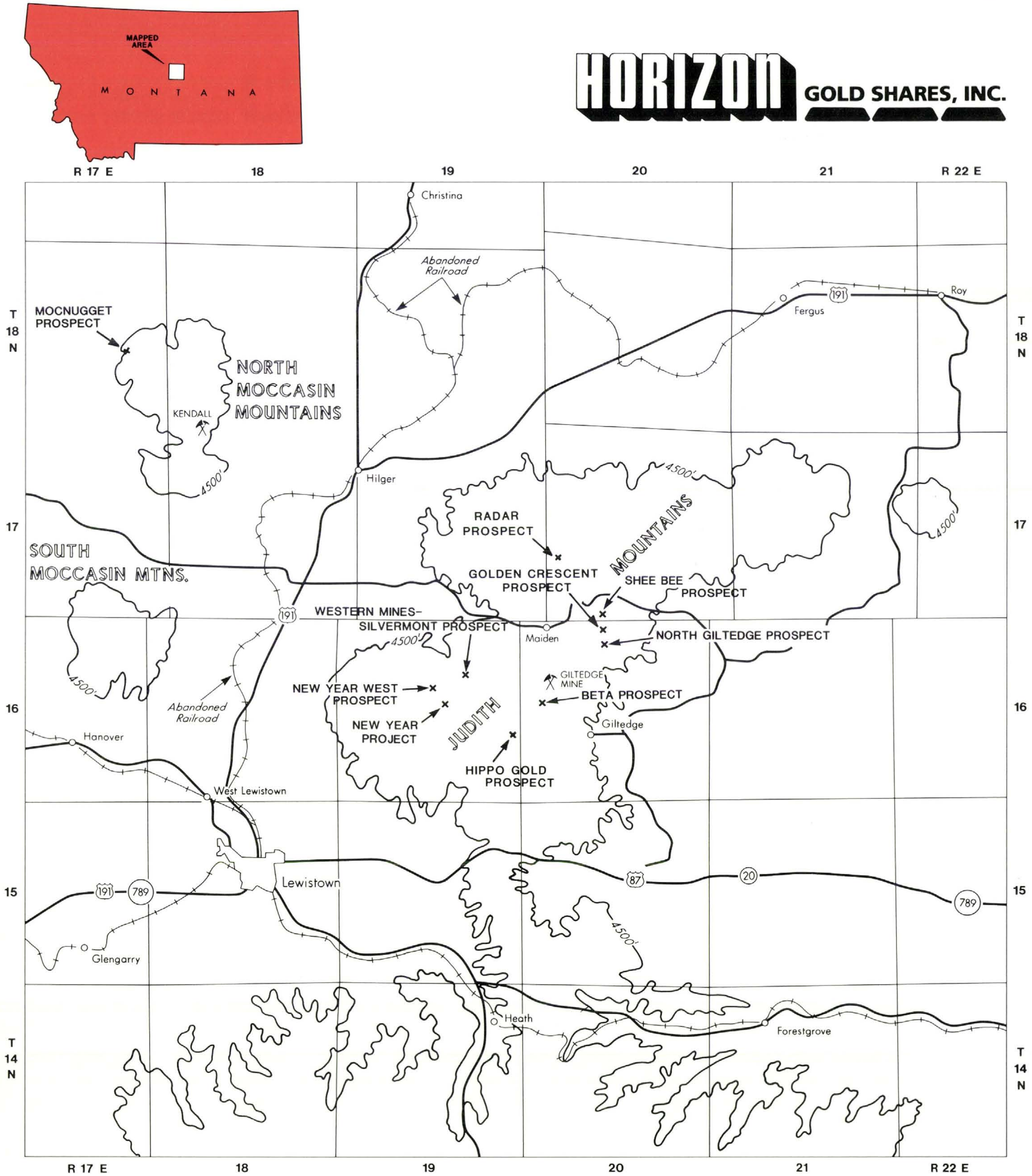

CENTRAL MONTANA GOLD DISTRICT

FERGUS COUNTY, MONTANA

× HORIZON PROSPECTS

MAJOR MINES

0 2 4 6 12 Miles

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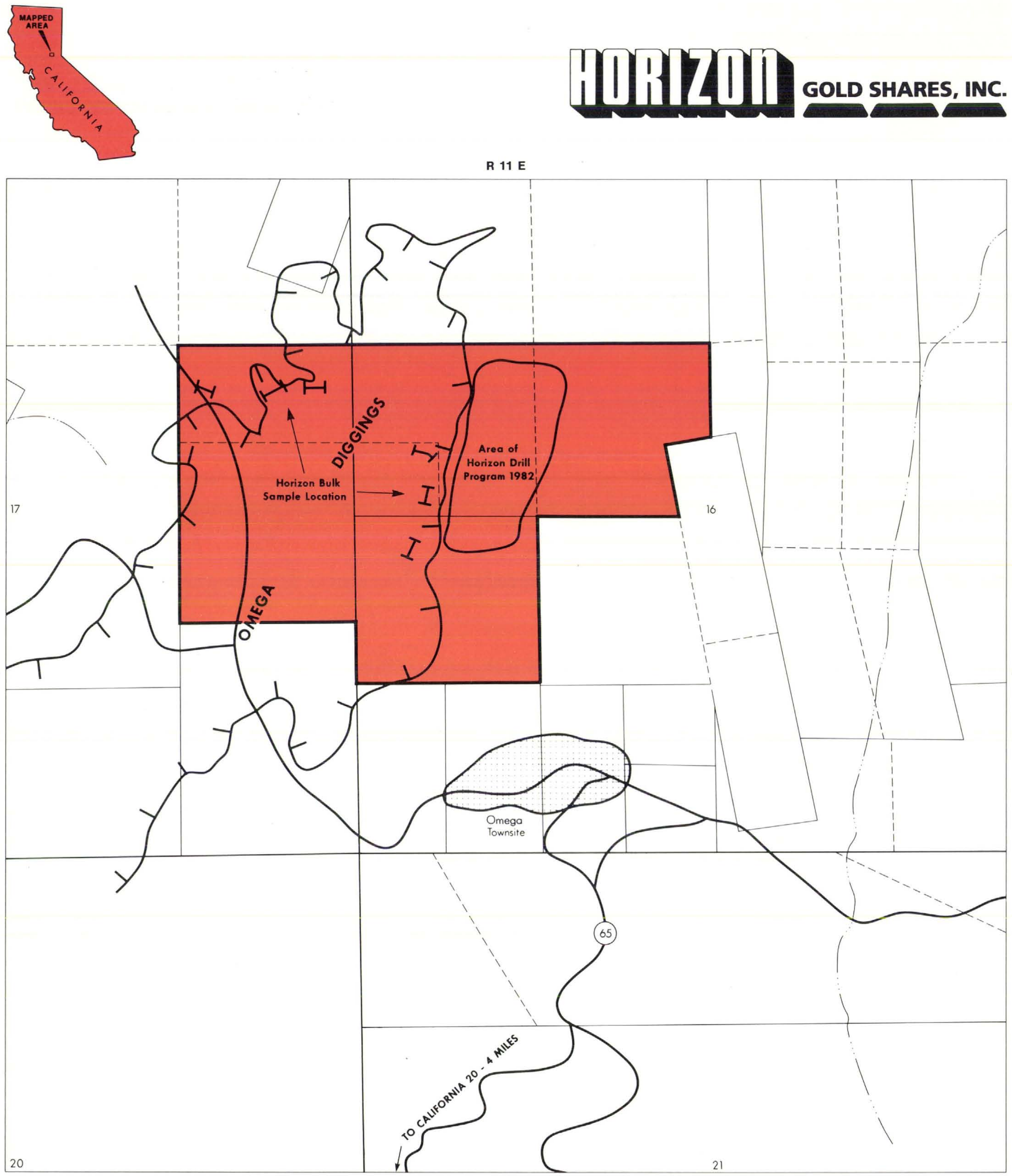

OMEGA PROSPECT

NEVADA COUNTY, CALIFORNIA

HORIZON LEASED PATENTED LAND

HORIZON BULK SAMPLE PITS

OLD PLACER WORKINGS

UNPAVED ROADS

0 1/8 1/4 1/2 Mile

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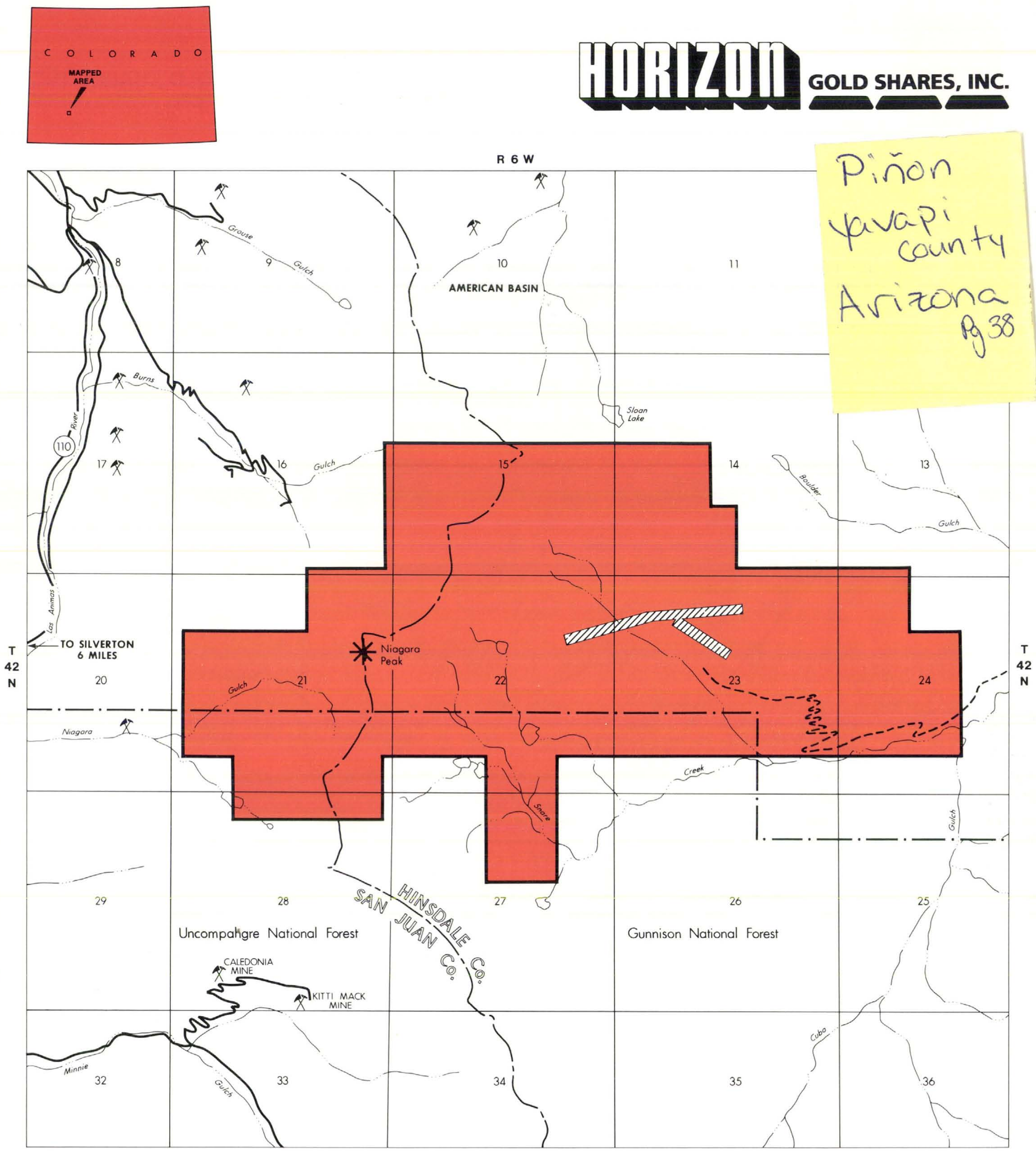

Piñon
Yavapi county
Arizona
Pg 38

SNARE CREEK PROSPECT

SAN JUAN and HINSDALE COUNTIES, COLORADO

HORIZON UNPATENTED CLAIMS

PATENTED CLAIMS NOT OWNED BY HORIZON

OLD GOLD OR SILVER MINES

UNPAVED ROADS

JEEP TRAIL

0 1/4 1/2 1 Mile

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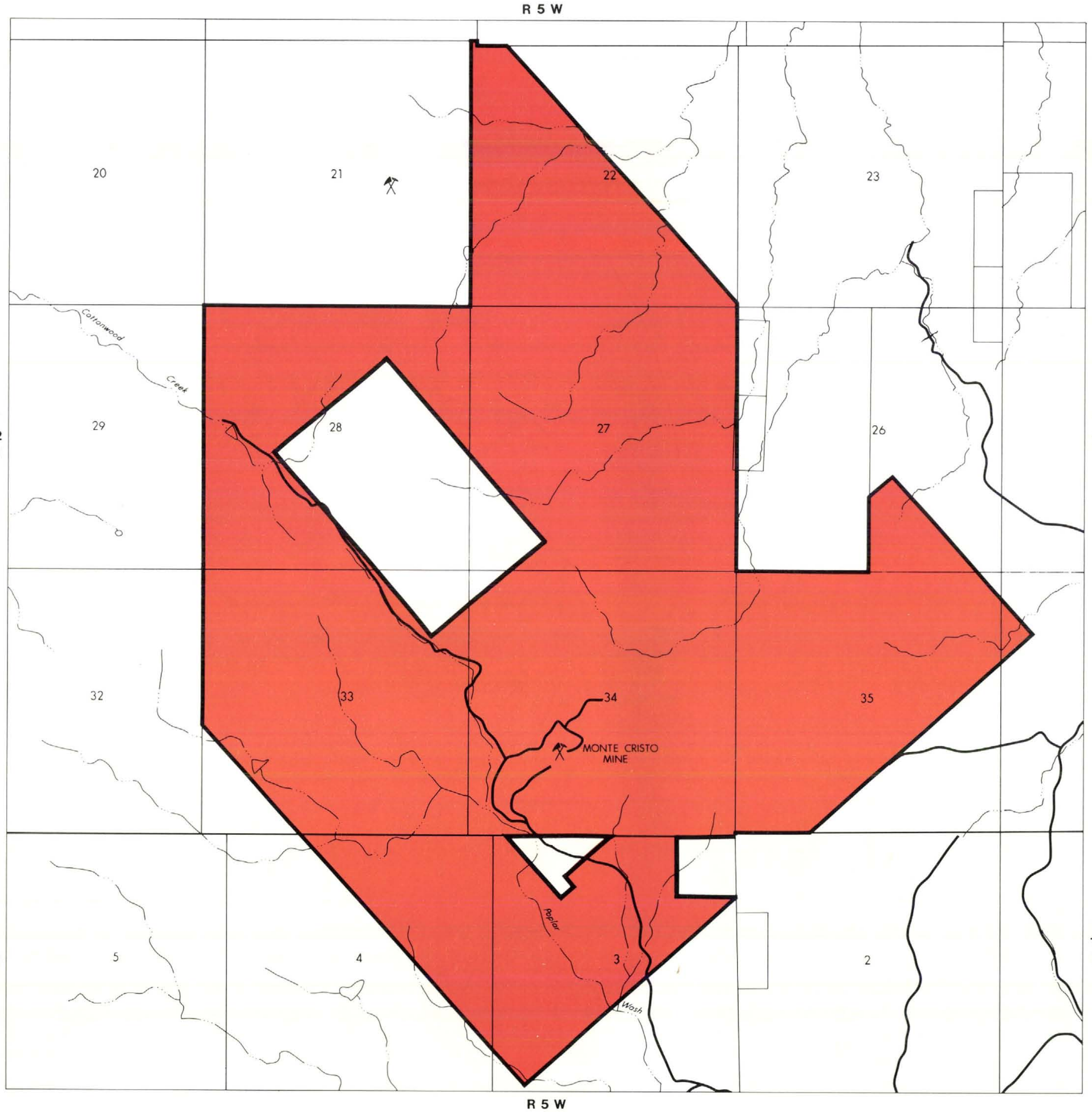
HORIZON GOLD SHARES, INC.



PIÑON PROSPECT

YAVAPI COUNTY, ARIZONA

HORIZON UNPATENTED LODE CLAIMS

OLD MINE

UNPAVED ROADS

0 1/4 1/2 1 Mile

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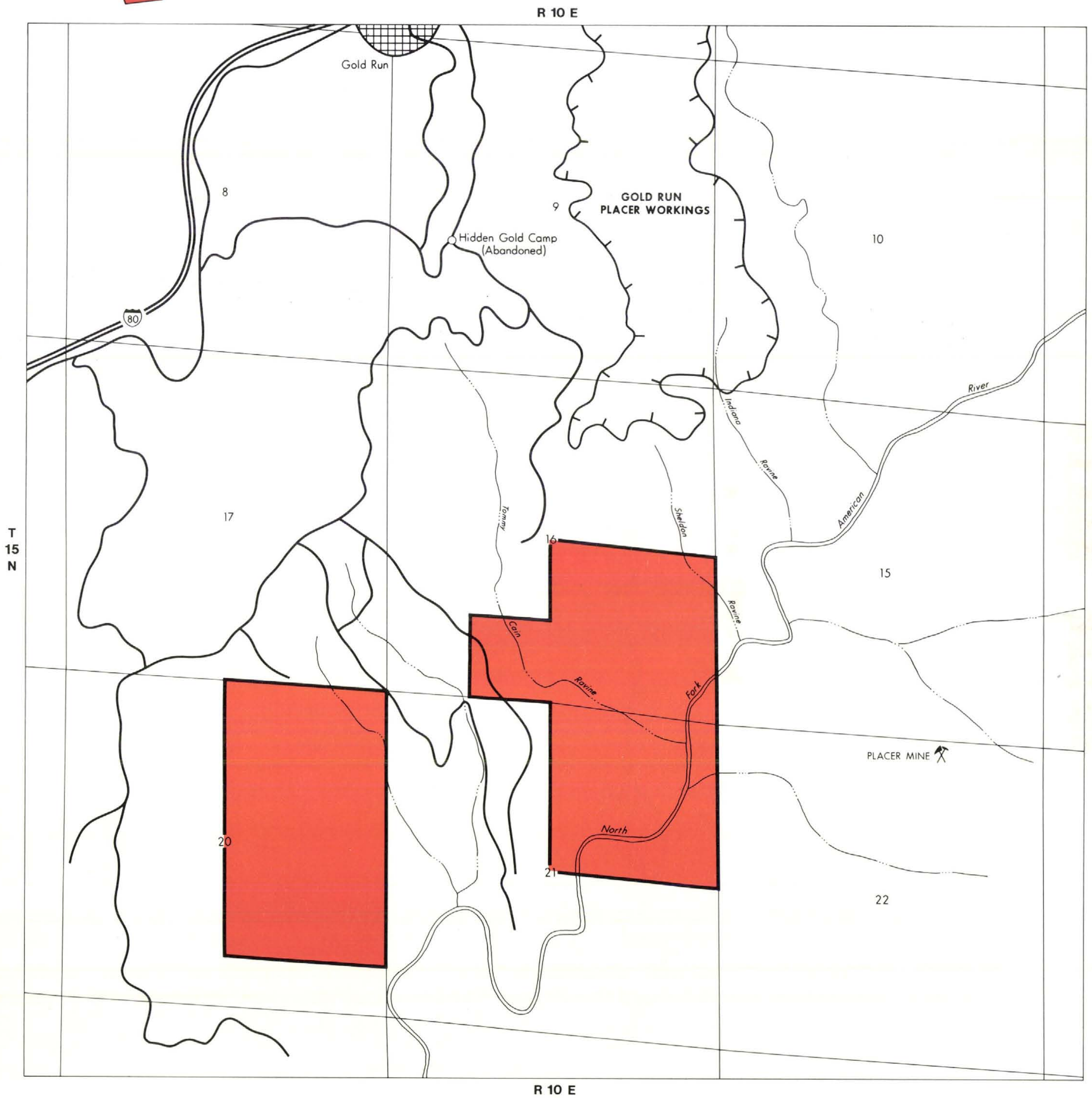
HORIZON GOLD SHARES, INC.



GOLD RUN PROSPECT

PLACER COUNTY, CALIFORNIA

HORIZON UNPATENTED PLACER CLAIMS

OLD GOLD MINES

UNPAVED ROADS

0 1/4 1/2 1 Mile

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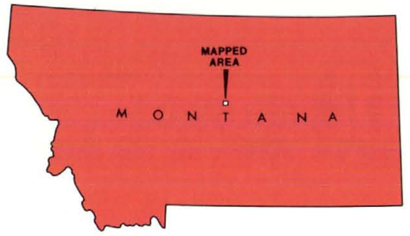
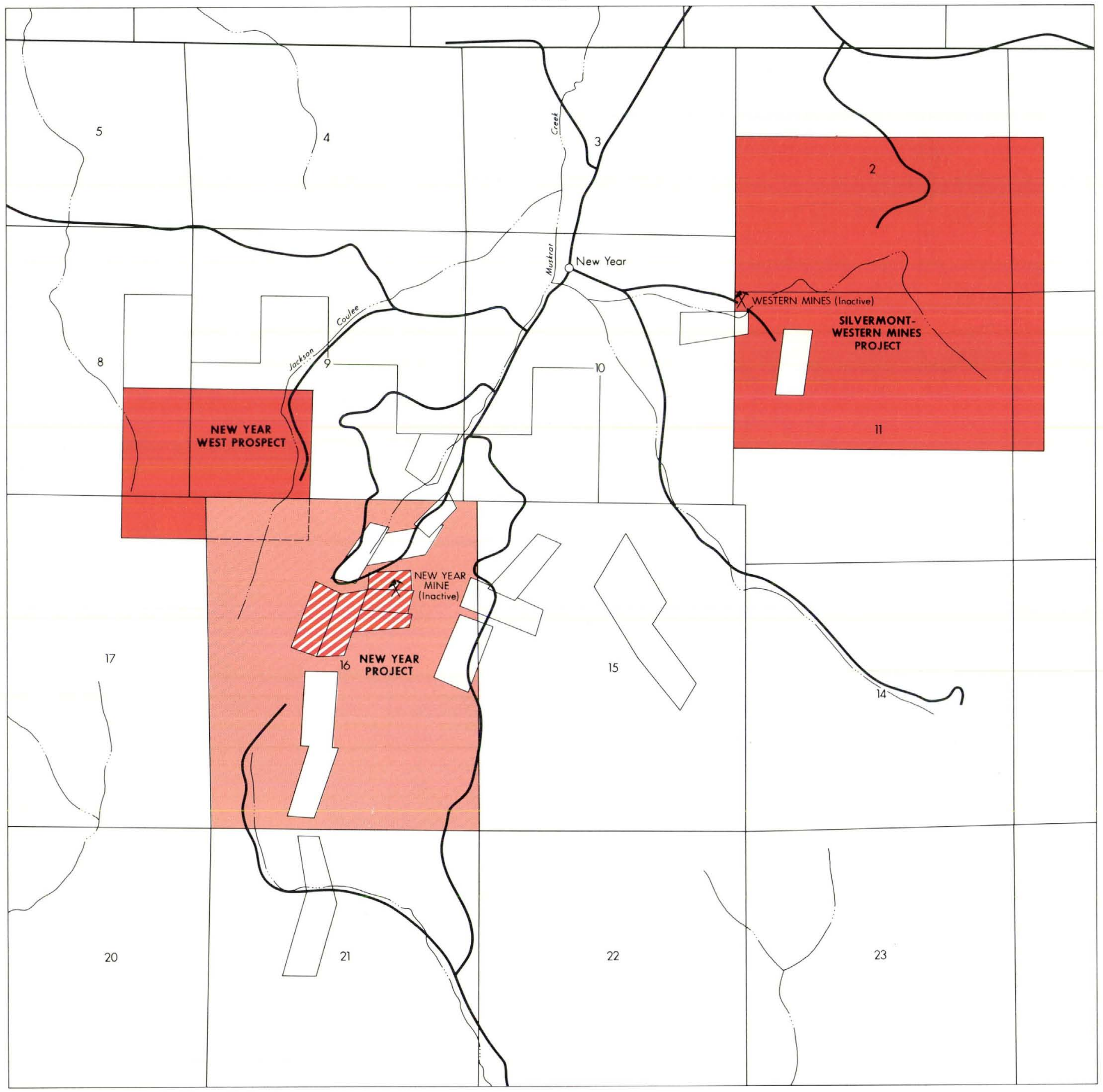


HORIZON GOLD SHARES, INC.



NEW YEAR, NEW YEAR WEST AND SILVERMONT-WESTERN MINES PROSPECTS

FERGUS COUNTY, MONTANA

PATENTED CLAIMS (UNDER LEASE/PURCHASE OPTION)

STATE LEASE

UNPATENTED LODE CLAIMS

OLD GOLD OR SILVER MINES

UNPAVED ROAD

N

0 1/4 1/2 1 Mile

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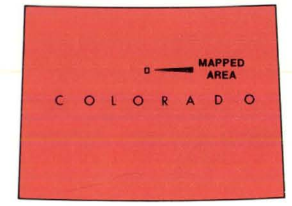

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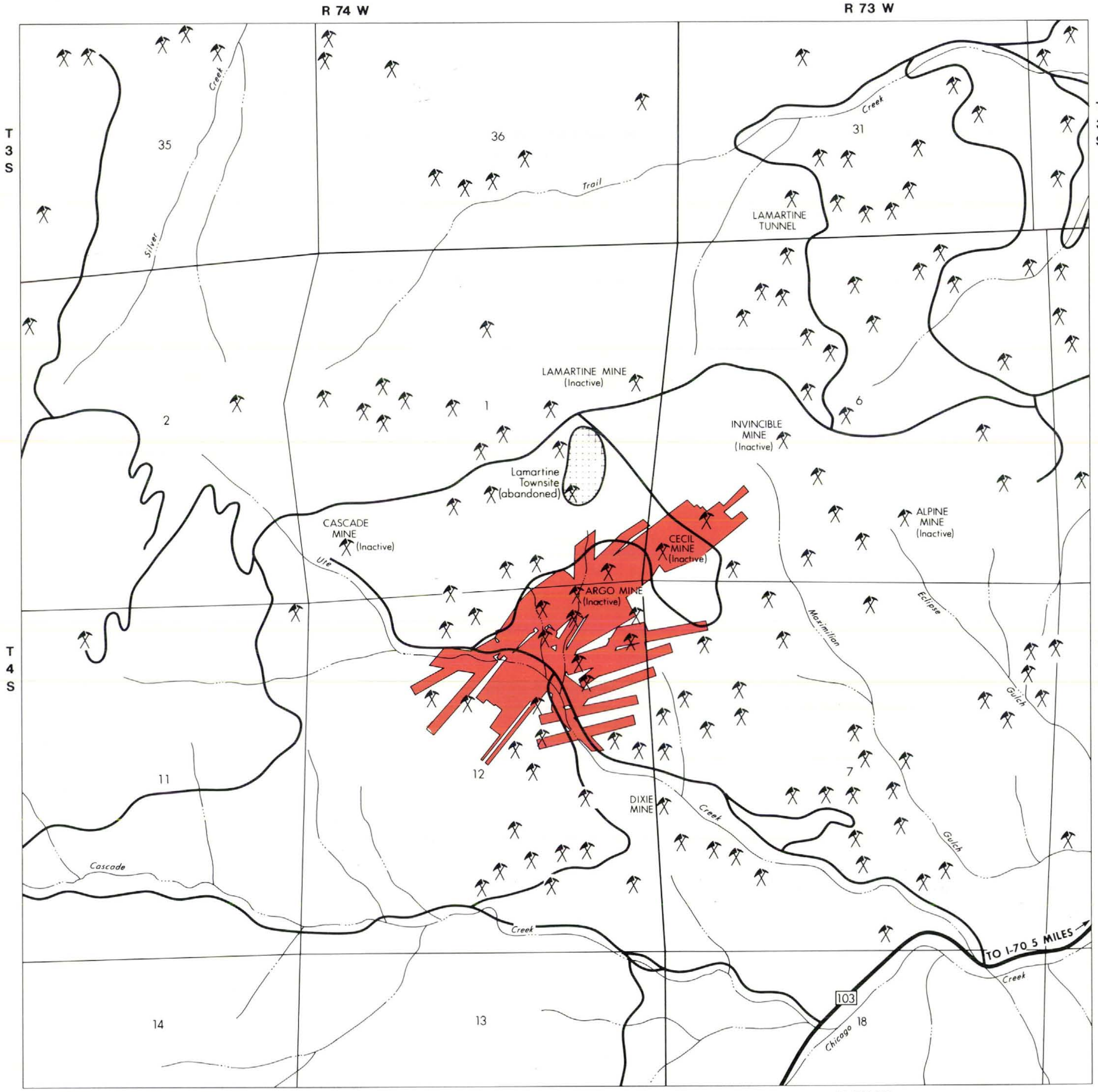

UTE CREEK PROJECT

CLEAR CREEK COUNTY, COLORADO

HORIZON PATENTED CLAIMS

ABANDONED MINES AND PROSPECTS

PAVED ROAD

UNPAVED ROAD

N

0 1/4 1/2 1 Mile

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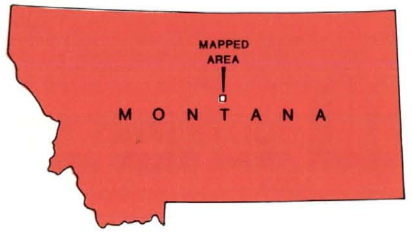

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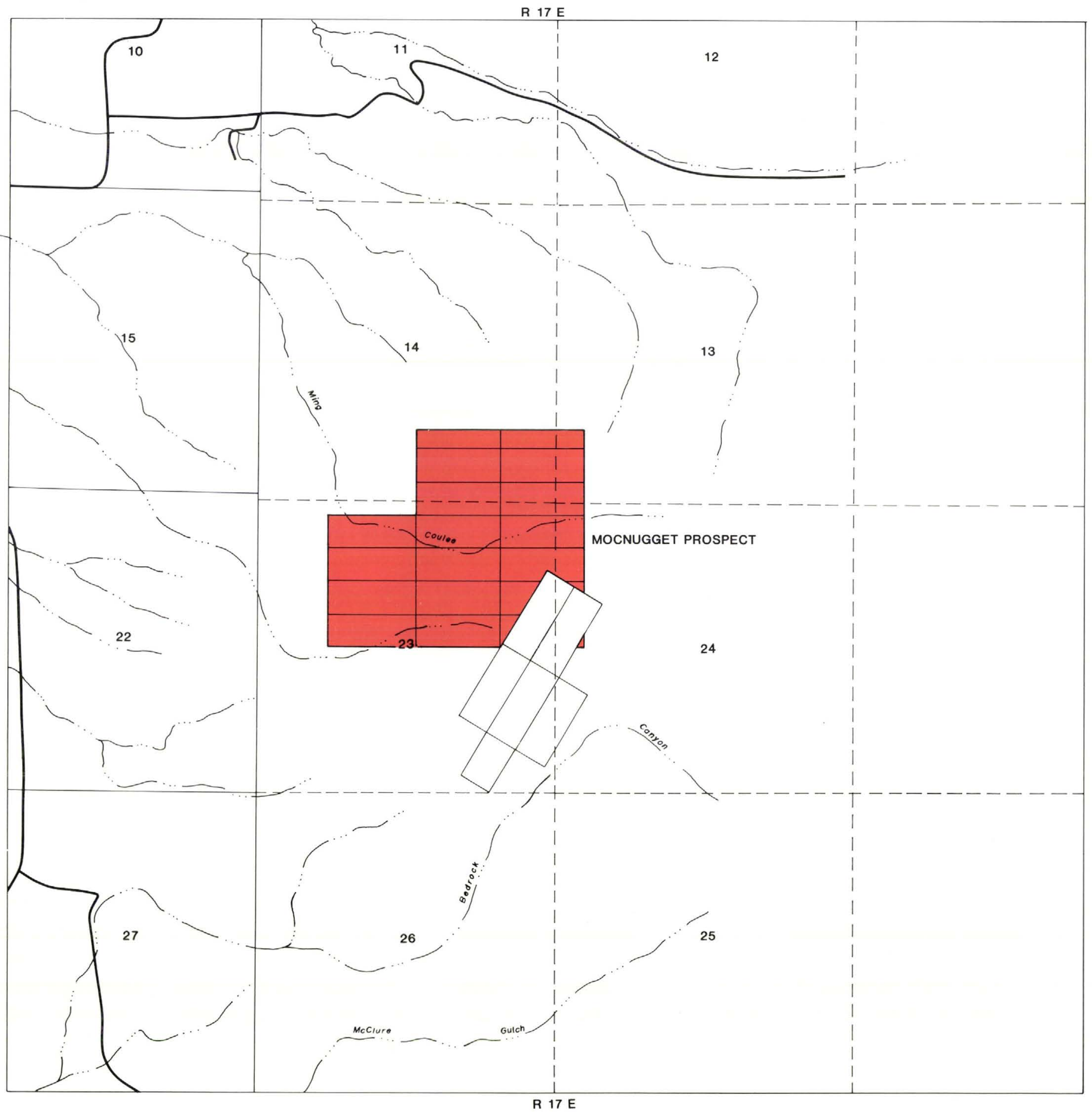


MOCNUGGET PROSPECT

FERGUS COUNTY, MONTANA

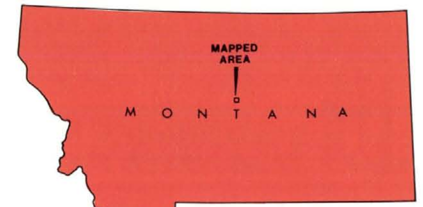
HORIZON UNPATENTED LODE CLAIMS

N

OLD GOLD MINE

UNPAVED ROAD

0 1/2 1 MILE



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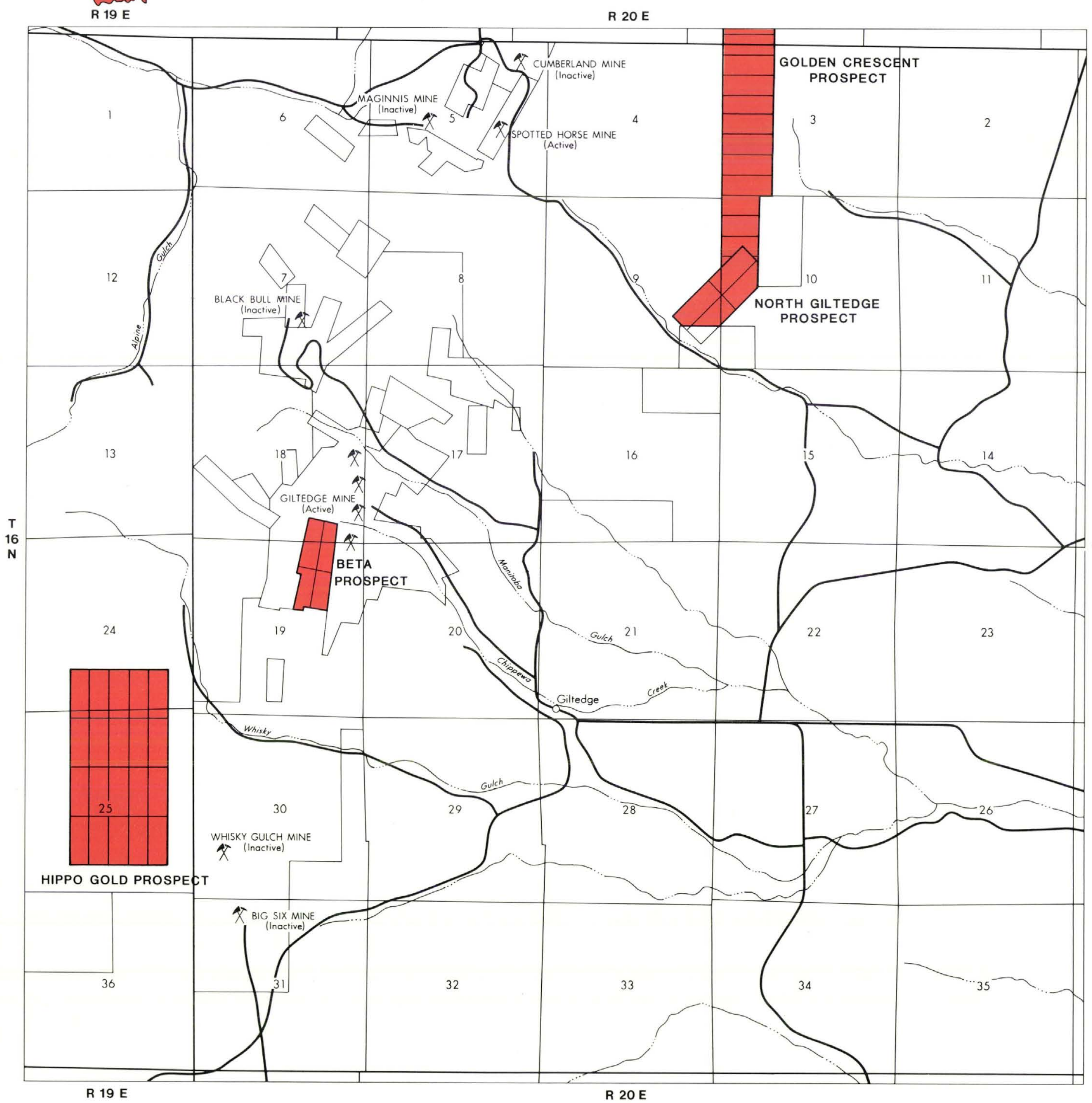

BETA, NORTH GILTEDGE, HIPPO GOLD AND GOLDEN CRESCENT PROSPECTS

FERGUS COUNTY, MONTANA

HORIZON UNPATENTED LODE CLAIMS

N

OLD GOLD MINES

UNPAVED ROAD

0 1/2 1 2 Miles

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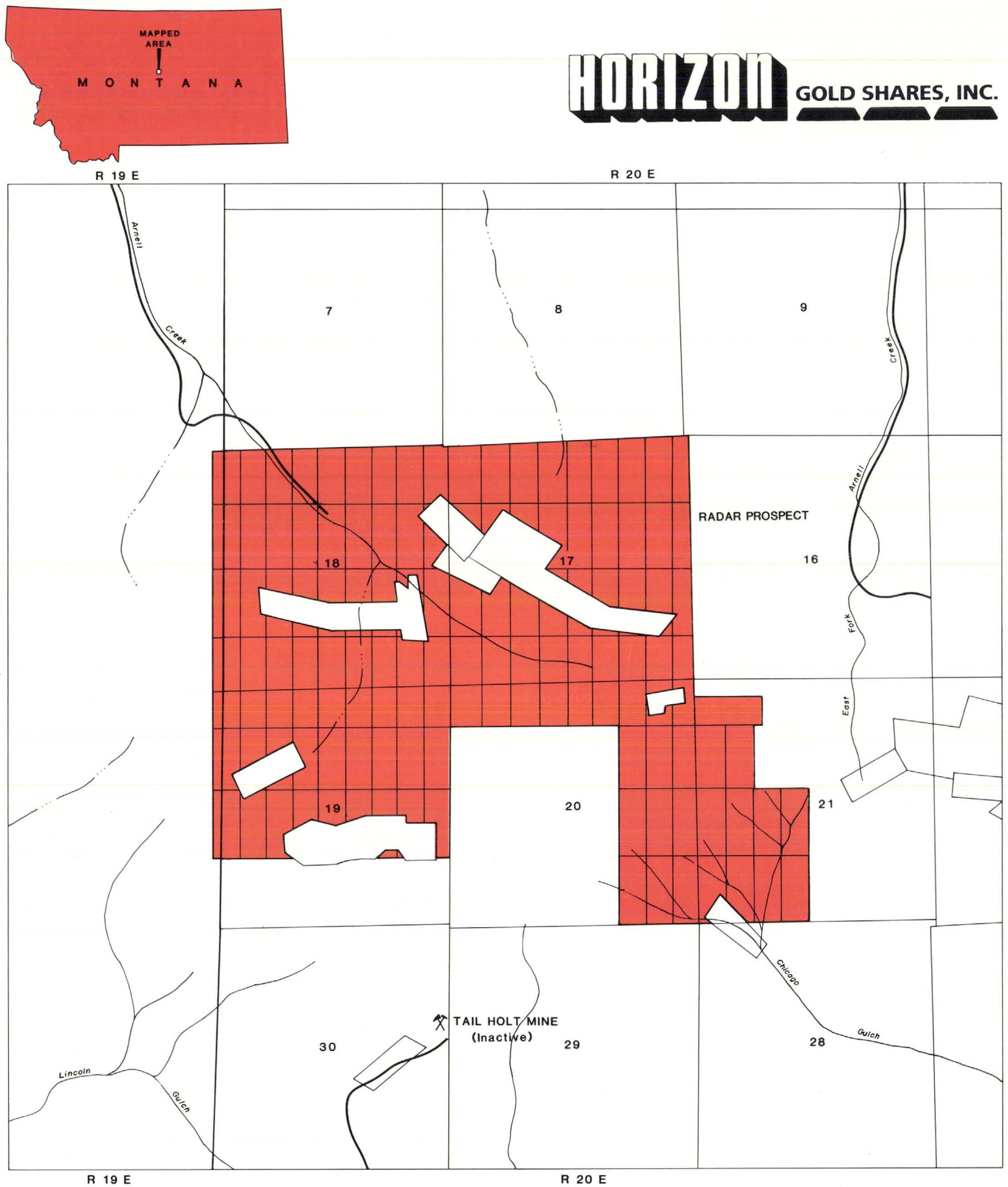


RADAR PROSPECT

FERGUS COUNTY, MONTANA

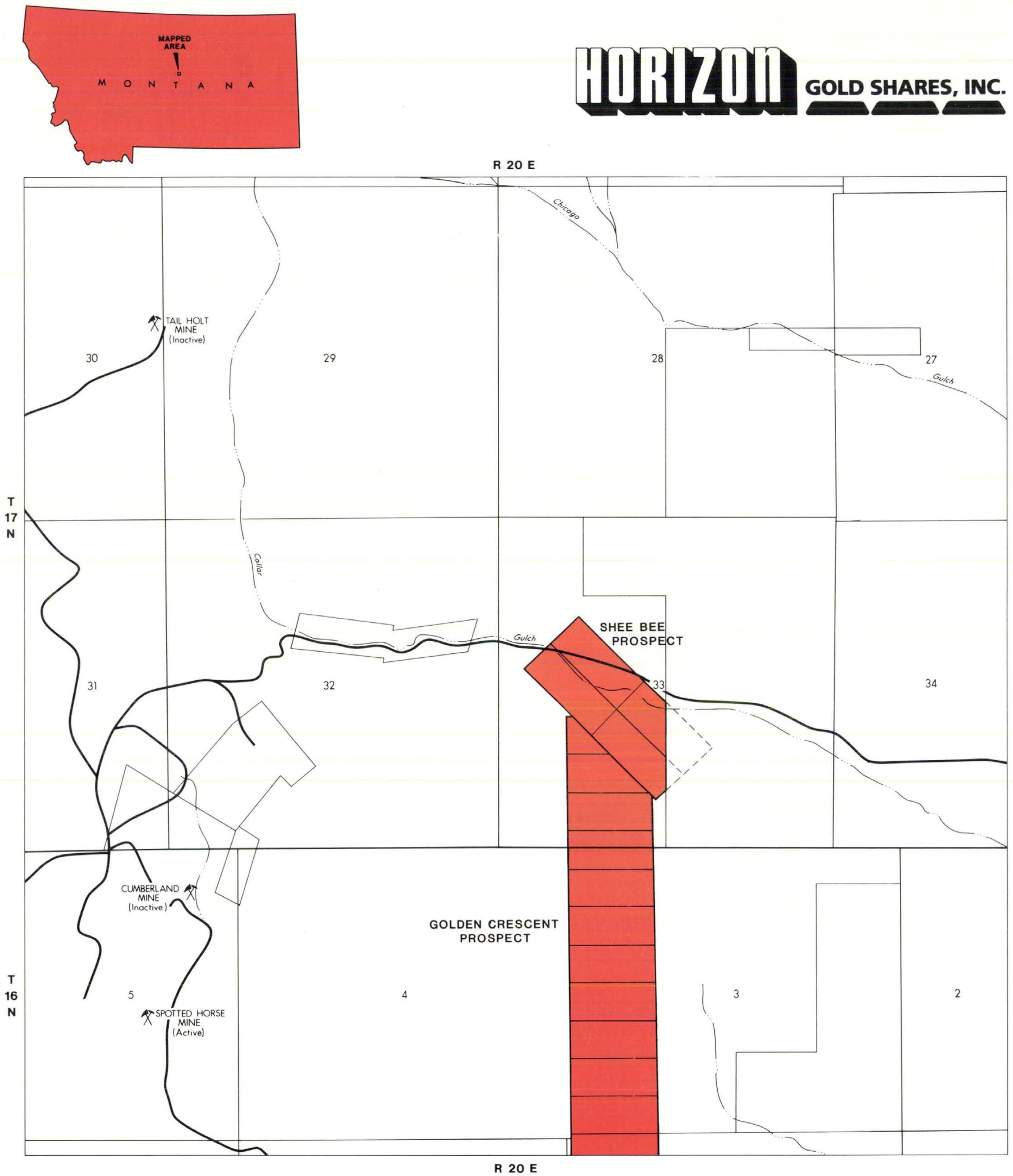
HORIZON UNPATENTED LODE CLAIMS

OLD GOLD MINE

UNPAVED ROAD

N

0 1/2 1 MILE



SHEE BEE AND GOLDEN CRESCENT PROSPECTS

FERGUS COUNTY, MONTANA

HORIZON UNPATENTED LODE CLAIMS

GOLD MINE

UNPAVED ROADS

N

0 1/4 1/2 1 Mile

Drafted by Terra Graphics, Inc.

HORIZON GOLD SHARES, INC.

CORPORATE PROFILE

date?

HORIZON GOLD SHARES, Inc.

CORPORATE PROFILE

Overview

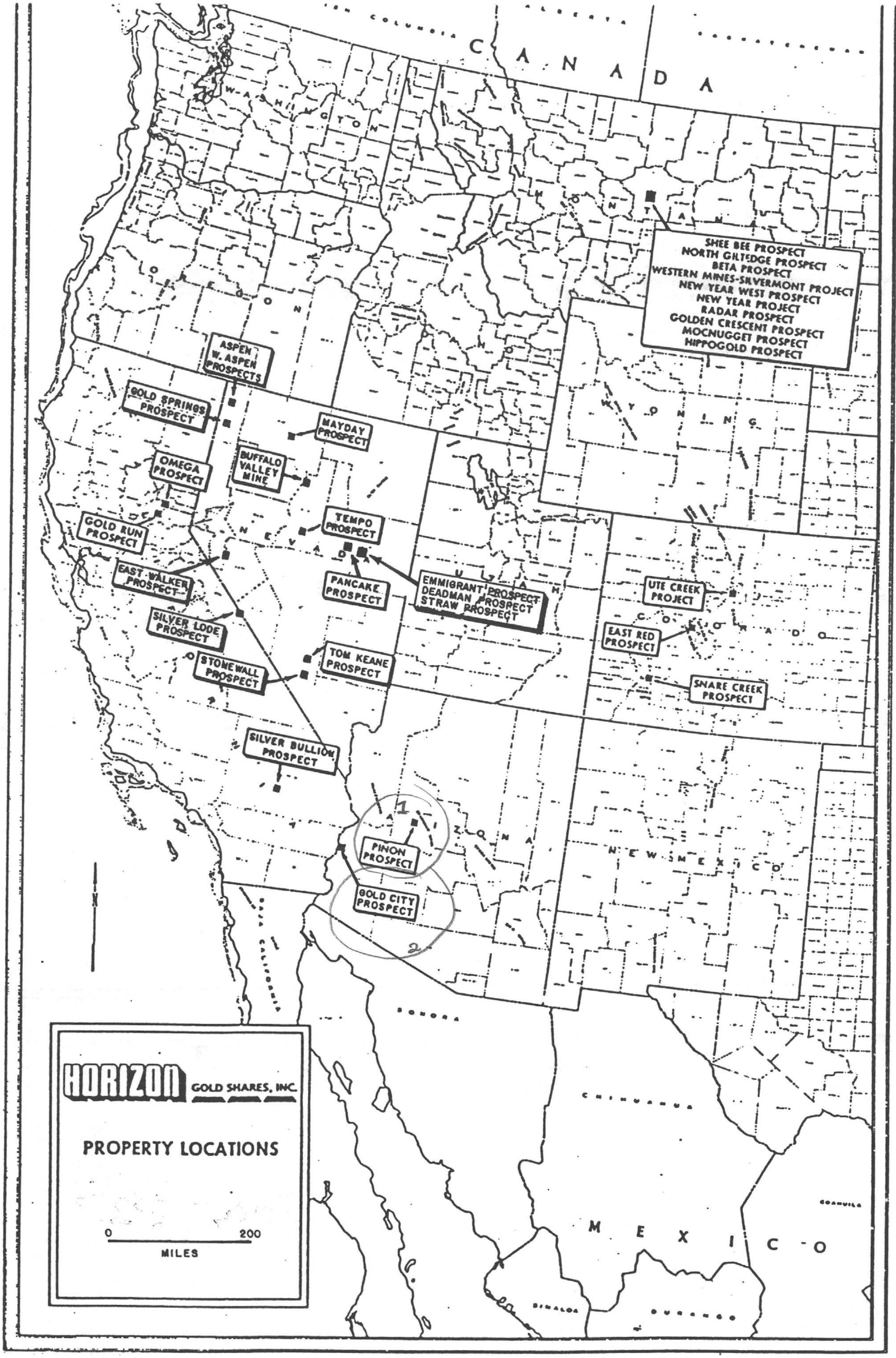
Horizon is actively engaged in the business of precious metals exploration and production. The company currently owns or controls 32 precious metals properties in 5 Western States, two of which contain significant proven (drill indicated) reserves. In total, the property inventory encompasses over 29,000 acres of mineral lands. Thirteen of the properties are involved in joint ventures, three are leased to other companies, one under option for purchase at substantial terms and several others in various stages of negotiation. The Buffalo Valley Project, located in Lander County, Nevada, has drill indicated reserves in excess of 500,000 tons of surface-mineable, heap-leachable ore grading over 0.07 ounces of gold per ton with large additional potential. To date, well over 200 drill holes have been drilled to test the property. Full scale production is expected before the end of 1985. Negotiation is underway with several potential joint venture partners with the intent of 100% funding of the project to be supplied by the partner. All permits have been obtained and construction will begin as soon as satisfactory project financing has been secured. Initial 12 month production of between 6,000 and 10,000 ounces of gold is anticipated. 0.718 mmt?

In addition to Buffalo Valley, Horizon is a 50% partner in the Snare Creek property which also contains significant mineral reserves. To date, over 50,000 feet of core drilling has been completed which indicates at least 370,000 tons grading 0.026 oz/T Au, 4.61 oz/T Ag, 4% Pb + Zn, and 1.2% Cu. Drilling has tested only a small portion of the potential to date and Horizon, as the managing partner is seeking a major company venture partner to proceed with further exploration on the property. dolo...

Business Plan

Horizon places dual emphasis on profitable exploration and production activities. In the exploration area, the Company's strategic concept is focused on acquisition of high quality precious metal prospects and adding new value to them through the application of professional expertise. The return to the Company comes in two stages: first as advance royalty and bonus payments, and later as production royalties. In certain instances, where Horizon functions as a contract operator, fees and salaries are generated as well. The Company projects that the exploration program will be self-supporting by the end of 1985 and produce a net positive cash flow during 1986.

With the acquisition of the Buffalo Valley Mine in 1984, the Company has taken a large step toward one of its primary goals as stated in the 1983 Business Plan. The Company has stated its intent to acquire or discover 185,000 ounces of recoverable gold by 1988. Current drill indicated reserves at Buffalo Valley are in excess of 500,000 tons containing at least 35,000 ounces. The deposit shows ultimate potential for two to three times this amount and substantial exploration funds will be diverted toward this effort. Over half the gold reserve goal may be met by this acquisition alone. At Buffalo Valley, as with our broad-scale exploration efforts, Horizon will seek an industry partner to capitalize the project. While the gross cash return is diminished somewhat through this approach, risk is significantly diminished and rate of return is increased dramatically. In summary, Horizon's strategy centers around


CANADA
WASHINGTON
OREGON
IDAHO
MONTANA
WYOMING
NEVADA
UTAH
COLORADO
ARIZONA
NEW MEXICO
MEXICO
SONORA
CHIHUAHUA
COAHUILA
SINALOA
DURANGO
BAJA CALIFORNIA
SHEE BEE PROSPECT
NORTH GILTEDGE PROSPECT
BETA PROSPECT
WESTERN MINES-SILVERMONT PROJECT
NEW YEAR WEST PROSPECT
NEW YEAR PROJECT
RADAR PROSPECT
GOLDEN CRESCENT PROSPECT
MOCNUGGET PROSPECT
HIPPOGOLD PROSPECT
ASPEN W. ASPEN PROSPECTS
GOLD SPRINGS PROSPECT
MAYDAY PROSPECT
OMEGA PROSPECT
BUFFALO VALLEY MINE
GOLD RUN PROSPECT
TEMPO PROSPECT
EAST WALKER PROSPECT
PANCAKE PROSPECT
EMMIGRANT PROSPECT
DEADMAN PROSPECT
STRAW PROSPECT
UTE CREEK PROJECT
SILVER LODE PROSPECT
EAST RED PROSPECT
STONEWALL PROSPECT
TOM KEANE PROSPECT
SNARE CREEK PROSPECT
SILVER BULLION PROSPECT
1
PINON PROSPECT
GOLD CITY PROSPECT
2
HORIZON GOLD SHARES, INC.
PROPERTY LOCATIONS
0
200
MILES

Gold City
(Sugar loaf Peak)
LaPaz
County

Arizona

②

Piñon
yavapi
county

Arizona

①

HORIZON GOLD SHARES, Inc. - LAND POSITION 1984

PROJECT NAME	HORIZON NET	TARGET	METAL	EXP STAGE*	STATE	COUNTY	ACREAGE
ASPEN	100%	2.0 mm @ 0.10 oz/ton Au	Au	9	NEVADA	WASHOE	180
BETA	100%	200 k @ 0.13 oz/ton Au	Au	9	MONTANA	FERGUS	80
BUFFALO VALLEY	100%	400,000 tons @ 0.074 oz/ton Au	Au	1	NEVADA	LANDER, HUMBOLDT	3,160
DEADMAN	50%	5.0 mm @ 0.065 oz/ton Au	Au	5	NEVADA	WHITE PINE	1,960
EAST RED	100%	3.0 MM TONS @ 0.08 oz/ton Au	Mo, Au	5	COLORADO	CHAFFEE	940
EAST WALKER	100%	1.0 mm tons @ 0.065 oz/ton Au	Au	7	NEVADA	LYON	720
EMMIGRANT SPRING	50%	1.0 mm @ 0.065 oz/ton Au	Au	5	NEVADA	WHITE PINE	920
GOLD CITY	50%	2.0 mm tons @ 0.05 oz/ton Au	Au	5	ARIZONA	LA PAZ	1,140
GOLD RUN	100%	1.0 mm cu yd @ 0.01 Au	Au	9	CALIFORNIA	PLACER	640
GOLD SPRINGS	100%	2.0 mm @ 0.10 oz/ton Au	Au	9	NEVADA	WASHOE	300
GOLDEN CRESCENT	100%	750 k @ 0.09 oz/ton Au	Au	10	MONTANA	FERGUS	300
HIPPO	100%	1.0 mm @ 0.08 oz/ton Au	Au, Ag	10	MONTANA	FERGUS	400
MAYDAY	50%	2.0 mm tons @ 0.065 oz/ton Au	Au	8	NEVADA	HUMBOLDT	1,280
MOCNUGGET	100%	300 k @ 0.09 oz/ton Au	Au	6	MONTANA	FERGUS	360
NEW YEAR	100% (8% NSR)	750 k @ 0.10 oz/ton Au	Au	3	MONTANA	FERGUS	710
NEW YEAR WEST	100%	500 k @ 7.5 oz/ton Ag, 0.05 oz/ton Au	Au,Ag	6	MONTANA	FERGUS	204
NORTH GILTEDGE	100% (8% NSR)	500 k @ 0.10 oz/ton Au	Au	6	MONTANA	FERGUS	80
OMEGA	100%	10 mm cu yds @ 0.01 oz/ton Au	Au	4	CALIFORNIA	NEVADA	184
PANCAKE	50%	1.0 mm @ 0.06 oz/ton Au	Au	5	NEVADA	WHITE PINE	380
PINON	100%	1.5 mm tons @ 0.08 Au	Au	5	ARIZONA	YAVAPAI	4,340
RADAR	100%	2.0 mm @ 0.08 oz/ton Au	Au	5	MONTANA	FERGUS	2,200
SHEE BEE	100%	300 k @ 4 oz/ton Ag, 0.05 oz/ton Au	Ag, Au	8	MONTANA	FERGUS	80
SILVER BULLION	50%	500 k @ 5 oz/ton Ag	Ag	6	CALIFORNIA	SAN BERNARDINO	640
SILVER LODE	50%	200,000 tons @ 10 oz/ton Ag	Ag	9	CALIFORNIA	MONO	240
SNARE CREEK	50%	3-5 mm .08 Au 2% Cu 5 Ag 6% PbZn	Au, Ag, Pb, Zn, Cu	2	COLORADO	SAN JUAN, HINSDALE	2,200
STONEWALL	50%	3-5 mm tons @ 8 oz/ton Ag	Ag	4	NEVADA	NYE	1,600
STRAW	50%	2.0 mm tons @ 0.06 oz/ton Au	Au	6	NEVADA	WHITE PINE	1,760
TEMPO	50%	1.0 mm @ 0.10 oz/ton Ag	Au	5	NEVADA	LANDER	500
TOM KEANE	50%	500,000 tons @ 0.06 oz/ton gold	Au	5	NEVADA	NYE	480
UTE CREEK	100% (sale option)	200 k tons @ 20 oz/ton Ag	Au, Ag, Cu, Pb, Zn	3	COLORADO	CLEAR CREEK	150
WEST ASPEN	100%	2.0 mm @ 0.10 oz/ton Au	Au	9	NEVADA	WASHOE	280
WESTERN MINES-SILVERMONT	100%	750 k tons @ 4.0 oz/ton Ag, 0.03 oz/ton Au	Ag, Au	3	MONTANA	FERGUS	780
						Total:	29,188

Gold City
(Sugar loaf Peak)
lapaz county
Arizona

Piñon
yavapi county
Arizona

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EXPLORATION STAGE

1. Contains significant economic proven reserves, extensive data base, preliminary feasibility complete

2. Contains significant marginal reserves, extensive data base, preliminary feasibility complete

3. Contains significant commercial grade drill intercepts with minimal indicated reserves, strong potential for enlargement to commercial deposit

4. Contains at least one "discovery" hole, moderate data base with well supported geologic concept

5. Detailed geology, with well supported conceptual model, structured geochem sampling, minimal drilling

6. Detailed geology complete, conceptual model supported by geochem, no drilling

7. Preliminary geology complete, random gechem, preliminary model, data from prior work

8. Preliminary geology complete, random geochem, no other data

9. Preliminary field reconnaissance random sampling

10. Acquired on geologic concept, minimal or non-existent data base, little or no prior activity

cash and program management. Emphasis is On off-balance-sheet financing and preservation of capital. Attractive short term cash flow and accelerating long term growth are the primary goals.

Management

Horizon's fundamental strength is its personnel. Its Board of Directors is composed of a broad range of expertise in finance, law, engineering, economics, and geology, many of whom are widely known in their chosen fields. The headquarters technical staff comprises a fine mix of advance degree professionals with over 70 years of applied exploration experience and participation in several discoveries to their credit.

Directors

John E. Watson. President, Chief Executive Officer. Mr. Watson is a founder of the Company and has served as its President, Chief Executive Officer and Director since its organization in December, 1979. He has devoted the major portion of his time to the management and development of the Company during this period. Prior to his association with the Company, Mr. Watson was employed by Exxon Minerals International, Houston, Texas, as a Mineral Economist, involved in a broad range of planning and analytical duties supporting mineral exploration and acquisition functions in various foreign countries. Prior to his association with Exxon, Mr. Watson was employed by Gulf Mineral Resources, Denver, Colorado, and was responsible for cost and administrative analysis related to the construction of two underground uranium projects. Before completion of his graduate degree, Mr. Watson held positions with Union Carbide Corporation, the U.S. Geological Survey and the Internal Revenue Service. Mr. Watson holds a B.A. Degree in Geology from the University of Texas at Austin (1972) and a M.S. in Mineral Economics from the Colorado School of Mines, Golden, Colorado (1976).

Stephen P. Hull. Mr. Hull is a founder of the Company and has been Vice President, Secretary and a Director of the Company since its incorporation in March, 1980. From July, 1977 until September, 1981, Mr. Hull was employed by Exxon Corporation in various capacities. These positions included serving as a Senior Business Analyst with Exxon Minerals Division in Houston, Texas and in New York City, and as an Analyst with the Exxon Corporation and Computer Sciences Department in Florham Park, New Jersey. Mr. Hull only devotes part of his time to the Company and is otherwise engaged in part-time consulting in the areas of systems analysis, operations research and computer programming. Mr. Hull holds a B. S. Degree in Engineering (1976) and a M. E. in Operations Research and Industrial Engineering (1977), from Cornell University.

R. A. (Rich) Forrest. Mr. Forrest was elected to the office of Vice President on August 13, 1984, and was elected Assistant Secretary and Director of the Company on May 15, 1984, after serving the Company as a consultant for over two years. Prior to his association with the Company, he served from February, 1982 to August, 1984 as the Senior Vice President - Exploration for Consolidated Mining Resources, Inc., a private corporation where he supervised the exploration of the Buffalo Valley deposit as well as other exploration activities on a broad scale. From September 1980 to January 1982, Mr. Forrest served as Vice President of Exploration and Operations for Texas General Minerals Corporation, the mineral subsidiary of Texas General Resources, Inc., a public corporation. From January, 1977 to September, 1980, Mr. Forrest was a

Senior Geologist for Amoco Minerals Company. From June, 1971 to December, 1976, Mr. Forrest was the Senior Exploration Geologist for the Sunshine Mining Company, where he was the Project Manager for the drill exploration of Sunshine's Sixteen-to-One silver mine in Nevada. In 1971, Mr. Forrest received a Master's Degree in Geology from the Montana College of Mineral Science and Technology, Butte, Montana, after receiving in 1969 a B.A. in Geology from Colorado College, Colorado Springs, Colorado. Mr. Forrest is a Certified Professional Geologist and a licensed Alaska geologist. He is also an active member of the American Institute of Mining Engineers and the Society of Economic Geologists.

Lewis W. Hull. Mr. Hull is a founder of the Company and has been the Treasurer and a Director of the Company since its inception in March, 1980. He is, and has been since 1952, President of Hull Corporation, a privately held manufacturing company located in Hatboro, Pennsylvania. He is also a director of Penn Engineering and Manufacturing Corporation, a publicly-held corporation located in Danboro, Pennsylvania.

Harry D. Smith, Jr. Mr. Smith was elected a Director of the Company on April 25, 1984. He is, and has been since 1975, Manager-Project Engineering of Gulf Mineral Resources Co., a division of Gulf Oil Co. (now Chevron), in Denver, Colorado. During that time, he was responsible for the engineering, design and procurement of the Mr. Taylor uranium mine located near Grants, New Mexico. For the six years prior to 1975, Mr. Smith held numerous positions, including Manager of Engineering, for Gulf relating to the construction of a 100,000 barrel per day oil refinery and deep-water port on the island of Okinawa. Mr. Smith holds a B.E.E. degree from Georgia Tech (1958).

Daniel W. Kappes. Mr. Kappes was elected a Director of the Company on June 19, 1984. He is a Partner in Kappes, Cassiday and Associates, a Nevada firm which specializes in the technology of cyanide metallurgy as applied to gold and silver ores. He concentrates in the areas of evaluation and field management of small projects and the preliminary field test work for major developments. Mr. Kappes is a registered mining/metallurgical engineer, and has been associated in that capacity with Kappes, Cassiday and Associates since 1972. He is the author of several publications concerning heap leaching. He is both a registered mining engineer and a registered professional metallurgical engineer in the state of Nevada. Mr. Kappes is an adjunct Associate Professor of Chemical and Metallurgical Engineering at the Mackay School of Mines, University of Nevada, Reno. He graduated from the Colorado School of Mines with an engineering degree in 1966. Mr. Kappes received his Master of Science in Mining Engineering, with a minor in Business Administration, from the Mackay School of Mines in 1972.

Richard A. Zeif. Mr. Zeif was elected a Director of the Company on June 19, 1984. Mr. Zeif is a Partner in the law firm of Nierenberg, Zeif & Weinstein, in New York City. Mr. Zeif was one of the founders of the Negotiation Institute, Inc. in 1966, and serves as its current Secretary and Editor-in-Chief of its internationally circulated newsletter. He has taught International Business Transactions at the New England School of Law in Boston, Massachusetts, as well as being a member of the faculty of the New School For Social Research in New York City. He is the Chairman of the Explorers Club Committee on Foreign Relations and serves as its non-governmental organization delegate to the United Nations. He is a member of the American Bar Association's Committee on Foreign Investment and Development. Mr. Zeif has lectured for the World Trade Institute. Mr. Zeif received his LLB from Brooklyn Law School and attended New

York University Graduate School of Law, majoring in international commercial law.

Technical Personnel

In addition to Messrs. Watson and Forrest described above, the technical staff is as follows:

Thomas J. Glover. Mr. Glover was employed as Manager of Exploration in August, 1984. He has more than 13 years of experience in the exploration, development and project management of precious metals, base metal, and coal mining programs. He has also been actively involved with the application of equipment and processes to minerals recovery. From 1981 to 1984, Mr. Glover was employed as Chief Geologist for Consolidated Mining Resources, Inc., a private corporation located in Golden, Colorado. Mr. Glover owned a consulting geology company during 1980 and 1981, after serving as a project geologist for Newmont Exploration, Ltd. for four years. Prior to working for Newmont, he was a geologist for Chino Mines Division, Kennecott Copper Corporation, and a contract geologist for the U. S. Bureau of Mines Mineral Availability System. He earned a B. S. degree in Economic Geology from New Mexico State University (1971) and an M. S. degree in Economic Geology from the University of Texas (1975). Mr. Glover is a Certified Professional Geologist and an active member of the Society of Exploration Geophysicists and the American Institute of Mining Engineers.

Robert A. Lunceford. Senior Geologist, has 10 years of experience as a geologist with the U. S. government and private industry and served as an instructor at San Diego University, Montana State University and New Mexico Highlands University. Prior to Horizon, Mr. Lunceford was a Senior Geologist for Consolidated Mining Resources and Houston Mining and Resources. He earned a B. S. degree in geology from San Diego State and an M. S. degree in earth sciences from Montana State University.

Thomas E. Andrews. Senior Geologist, has over 14 years experience as a field geologist specializing in remote exploration activities. Mr. Andrews has received a B. Sc. degreee in geology from Colorado State University and has completed three years of graduate study at the University of Arizona. His experience includes one year as an independent consulting geologist, three years as a managing geologist for Patino Incorporated and five years as a geologist with WGM Incorporated of Anchorage, Alaska, where he is credited with the initial discovery of a large precious metal, base metal, sulfide deposit in southeast Alaska. Mr. Andrew's other prior work relationships were with C. C. Hawley and Associates, Kennecott Copper Company and AMAX Exploration Incorporated.

Robert S. Fassel. Land Administrator, has over ten years of experience in the mining industry with the last three years devoted exclusively to land records, mining law, and mine permitting. Mr. Fassel has been associated with Texas General Minerals, Amoco Minerals, Houston International Minerals and Consolidated Gold Field Corporation.

Gloria Derby has been with the Company since July of 1984 and serves as a geologist and draftsperson. Ms. Derby holds a B. S. Degree (with honors) in Geology from Boise State University and has formerly been associated with the Bureau of Land Management and AGAT Consultants.

Financial Position

Horizon has grown rapidly in the past three years through an aggressive program of mergers and acquisitions. Shareholder's Equity has increased from under $600,000 in March 1982 to $1,800,000 in March 1984. Adjusting for the recent acquisition of the Buffalo Valley interests, Shareholder's Equity for fiscal 1985 should approach $3,500,000 exclusive of effects of an offering, should it be completed before March 31. With total assets under this projection of over $4,000,000, Horizon would be one of the largest asset-based companies to come public in recent years.

The Company is seeking equity financing through a public offering of its common stock. A registration statement has been filed with the Securities and Exchange Commission with an anticipated effective date in late January or early February. Recent acquisitions have required rather extensive modifications to that registration which may delay that date slightly. Additionally, the Company continues to seek joint venture and debt financing for individual projects through other companies, individuals, partnerships and banks in the U. S. and Europe.

Capital Structure

It is projected that at 12/31/84 the Company will have approximately 3,100,000 shares issued and outstanding with an adjusted book value of just over $1.00 per share. No preferred or other equity securities have been issued.

Property Position

Horizon controls extensive mineral property holdings throught the Western U. S. Current inventory of 32 properties encompasses over 29,000 acres under claim. Four of these properties are currently leased or optioned to other companies and several others are in various stages of negotiation. Two of the properties contain significant, independently verified mineral reserves which have an in-place metal value of over $40,000,000 at $350 gold and $7.50 silver.

A strong emphasis is placed on acquisition of precious metals properties with potential for deposits which could likely be mined by low-cost, open-pit methods and processed by heap-leaching. All but four of the current property inventory fall into this category. Discoveries of this type typically have low capital and operating costs and are well within the financial and technical capabilities of a small firm. A detailed summary of the properties follows.

Summary

Horizon Gold Shares, Inc. is an aggressive, broad based exploration and development company with substantial near-term productive capacity. Possessing a strong business plan and experienced, capable management, Horizon stands head and shoulders above its rivals among small mineral firms. With an aggressive style tempered by this experienced, analytical management team, Horizon promises to become one of the OTC success stories of the 1980's.

SUMMARY PROFILE

HORIZON GOLD SHARES, Inc.

* Five year old Colorado Corporation

* Strong, Diversified Board of Directors

* Competent, experienced professional staff (+70 years applied exploration experience)

* Approximately 3.1 MM shares outstanding as of 12/31/84.

* Independently verified reserve base with large upside potential. In-place metal values in excess of $10/share.

* Buffalo Valley Mine ready for near-term development.
  - Likely 1985 production of 7,500 ounces Au
  - Potential reserves over 100,000 ounces Au
  - Low Capital and Operating costs.
  - Gold breakeven cost under $250/oz
  - Large land position with good potential

* Company controls 32 properties in 5 western states.
  - Over 29,000 acres
  - Primary targets open-pit, heap-leachable Au, Ag
  - 5 properties leased or optioned currently
  - Exploration income $100 K in 83 and $100 K in 84

* Cogent, timely business plan.
  - Excellent progress toward goals
  - right place, right time, right company

* Horizon already larger and more successful than most public counterparts while still private.

BUFFALO VALLEY PROFILE

LOCATION : Lander County, Nevada, west of Battle Mountain

MAJOR PRODUCT : Gold

PRIOR WORK : Over 200 drill holes aggregating in excess of 100,000 feet.
Extensive surface and underground sampling.
Complete metallurgical testing of cyanide amenability.
All permitting complete.

RESERVE BASE : SEC reserve analysis underway. by whom?

Estimated drill proven reserves	- 400,000	tons @	0.07+oz/T Au
Estimated drill probable	- 350,000	tons @	0.07+ Au
Estimated possible	-1,000,000	tons @	0.07 Au
Total projected reserve base	-1,750,000	tons @	0.07 Au

METALLURGICAL : Cyanide leach testing completed by Kappes, Cassidy & Assoc.
Expected field recovery at -2" = +75% in less than 45 days.

MINING : Initial strip ratio less than 0.5:1
Ultimate composite strip ratio approximately 2.5:1

OPERATING COST : $11.25 per ton ore, inc. waste.

SNARE CREEK PROFILE

LOCATION : San Juan & Hinsdale Counties, Colorado

MAJOR PRODUCT : Gold, Silver, Copper, Lead, and Zinc

PRIOR WORK : Over 125 diamond drill holes totalling over 50,000 feet. by whom?
Extensive surface sampling and mapping.

RESERVE BASE : SEC reserve analysis underway.

Estimated drill proven reserves	- 370,000	tons @ $80*
Estimated drill probable	- 300,000	
Estimated possible	-3,000,000	

METALLURGICAL : Complex sulfide mineralization recoverable by flotation.

MINING : Underground, Shrinkage and Sublevel stoping

OPERATING COST : low $35-45 per ton ore, including mining, milling, transportation, and smelting @ 1,000 TPD

Gold City
(Sugar loaf peak)
Lapaz County
Arizona

HORIZON PROPERTY POSITION

PROJECT NAME	HORIZON NET	TARGET	METAL	STATE	COUNTY	ACREAGE	EXP STAGE	PROPERTY DESCRIPTIONS	PRIOR WORK	PROPOSED PROGRAM	VENTURE PARTNER
ASPEN	100%	2.0 mm @ 0.10 oz/ton Au	Au	NEVADA	WASHOE	180	9	Tertiary volcanic hot spring environment with anomalous Au and Ag values. Adjacent to current Tenneco drilling.	Limited reconnaissance geology and rock chip sampling.	Additional detailed mapping, rock chip and soil grid geochemistry to be followed by reverse circulation rotary drilling.	
BETA	100%	200 k @ 0.13 oz/ton Au	Au	MONTANA	FERGUS	80	9	Located in the center of the Giltedge mine patented claim group. Adjacent to 1.0 MM tons of 0.15 oz. Au ore developed in intersecting structures below a large rhyolite porphyry dike.	Adjacent to Giltedge mine. Some rock geochemical sampling.	Further rock sampling. Value dependent upon outcome of Giltedge mine.	
BUFFALO VALLEY	100%	400,000 tons @ 0.074 oz/ton Au	Au	NEVADA	LANDER, HUMBOLDT	3,160	1	Commercial grade mineralization in Paleozoic sediments in contact with porphyry dike and range front fault. Potential to enlarge reserves by 200%	Over 200 drill holes with extensive data base. Permits and metallurgical test work have been competed. +400,000 tons @ 0.07 Au proven.	Additional infill drilling as well as drill testing of additional targets to define and enlarge reserves. Initiate construction and commence with heap leaching operations.	
DEADMAN	50%	5.0 mm @ 0.065 oz/ton Au	Au	NEVADA	WHITE PINE	1,960	5	Disseminated gold of Alligator Ridge type mineralization developed in Mississippian Pilot Shale along high angle faults with associated jasperoid development.	14 drill holes aggregating 5,470 feet and over 910 rock and soil samples.	Additional rock chip and soil geochemical sampling with follow-up reverse circulation drilling.	
EAST RED	100%	3.0 MM TONS @ 0.03 oz/ton Au	Mo, Au	COLORADO	CHAFFEE	940	5	Massive hydrothermal zone with haloes of silicic, potassic, and pyritic alteration on caldera rim. Disseminated molybdenum, copper and gold found in drill and adit sampling. Brenda Mines look-alike.	Adit driven in 1950's indicates widespread Au mineralization. Drilled by Amax in late 50's, by Amoco in late 70's shows widespread alteration, some Mo, Cu, Au intercepts.	Further deep drilling for large Mo target indicated. Precious metals potential along fault zone also to be tested by drilling.	
EAST WALKER	100%	1.0 mm tons @ 0.065 oz/ton Au	Au	NEVADA	LYON	720	7	Disseminated gold mineralization developed in Tertiary epithermal volcanic hot spring environment.	Geologic mapping and limited rock chip geochemical sampling. Claims staked by Horizon's predecessor.	Local geologic mapping with additional rock chip geochemical sampling follow-up with reverse circulation drilling.	Tenneco
EMMIGRANT SPRING	50%	1.0 mm @ 0.065 oz/ton Au	Au	NEVADA	WHITE PINE	920	5	Disseminated gold mineralization of Alligator Ridge type developed in Mississippian Pilot Shale along high angle faults with associated jasperoid development.	22 drill holes aggregating 5,709 feet and over 370 rock and soil samples.	Additional rock chip and soil geochemical sampling with follow-up by reverse circulation drilling.	
GOLD CITY	50%	2.0 mm tons @ 0.05 oz/ton Au	Au	ARIZONA	LA PAZ	1,140	5	Disseminated and free gold mineralization developed in Precambrian schist along regional shear zone. Mineralization probably of metamorphic origin, manifested by quartz veining and gash fractures.	Moderate gold production from Goodman Mine. Amoco regional mapping and 3 inclined diamond drill holes.	Local geologic mapping, rock chip and bulk sampling, followed up by reverse circulation drilling.	
GOLD RUN	100%	1.0 mm cu yd @ 0.01 Au	Au	CALIFORNIA	PLACER	640	9	Tertiary channel gravels adjacent to Gold Run workings.	Field reconnaissance and mapping.	Detailed mapping and small scale bulk sampling.	
GOLD SPRINGS	100%	2.0 mm @ 0.10 oz/ton Au	Au	NEVADA	WASHOE	300	9	Anomalous Au and Ag values in Tertiary hot spring environment. Near St. Joe Minerals drilling.	Limited reconnaissance geology and rock chip sampling.	Additional mapping and rock chip and soil grid geochemistry followed by reverse circulation rotary drilling.	
GOLDEN CRESCENT	100%	750 k @ 0.09 oz/ton Au	Au	MONTANA	FERGUS	300	10	Disseminated gold mineralization in limestone breccias similar to nearby Giltedge Mine.	Limited geological and geochemical reconnaissance.	Detailed mapping, grid rock and soil geochemical sampling, then rotary reverse circulation drilling.	
HIPPO	100%	1.0 mm @ 0.08 oz/ton Au	Au, Ag	MONTANA	FERGUS	400	10	Disseminated gold mineralization adjacent to porphyry sill.	Limited geological and geochemical reconaissance.	Detailed geologic mapping with grid rock and soil geochemical sampling.	
MAYDAY	50%	2.0 mm tons @ 0.065 oz/ton Au	Au	NEVADA	HUMBOLDT	1,280	8	Disseminated and free gold mineralization associated with quartz veining along thrust fault, probably of metamorphic origin.	Limited rock chip sampling. Claims staked by Horizon predecessor.	Additional rock chip and bulk sampling, geologic mapping and follow up drilling.	
MOCNUGGET	100%	300 k @ 0.09 oz/ton Au	Au	MONTANA	FERGUS	360	6	Anomalous gold values associated with limestone breccias. Similar envronment to Barnes-King-Kendall which produced +2 MM tons @ 0.25 oz Au.	Limited reconnaissance soil geochemical lines with anomalous values up to 0.026 oz/ton Au in the soil.	Additional mapping and rock chip sampling followed by reverse circulation rotary drilling.	
NEW YEAR	100% (8% NSR)	750 k @ 0.10 oz/ton Au	Au	MONTANA	FERGUS	710	3	Large area of brecciated Madison Limestone intruded by Tertiary age prophyry radial dikes producing narrow arcuate replacement ore zones. Selective ultra-fine-grained native gold replacement in breccia zones and more friable limestone layers.	Former moderate size gold mine/mill. Extensive mapping, soil and rock sampling by HGS. Geochemical anomaly outlined. 2000 feet of rotary reverse circulation drilling late 1982. Several Au ore intercepts.	Further drilling indicated to identify extent of Au ore. If successful, metallurgical testing for possible heap leach warranted. Currently leased to Canadian Minerals.	Canadian Minerals
NEW YEAR WEST	100%	500 k @ 7.5 oz/ton Ag, 0.05 oz/ton Au	Au, Ag	MONTANA	FERGUS	204	6	Zone of fumarolic activity within Madison Limestone on a fracture trend radial to nearby New Year porphyry plug. High-grade "smoky" blebs of silver sulfides in a silicified, vuggy matrix.	Apparent extension of New Year mineralization trend.	Follow-up field investigation and grid soil geochem.	
NORTH GILTEDGE	100% (8% NSR)	500 k @ 0.10 oz/ton Au	Au	MONTANA	FERGUS	80	6	Area of intense alteration of Upper Madison Limestone invaded by porphyry dikes and sills. Widespread high grade gold mineralization (up to 1 oz per ton) in narrow tabular zones.	Numerous small mines. Geochemical soil anomaly identified by HGS. Rock chip geochemical yields Au mineralization.	Further define anomaly, more rock chip sampling. Perform shallow hole drilling program.	Canadian Minerals

Piñon
Yavapi County
Arizona

OMEGA	100%	10 mm cu yds @ 0.01 oz/ton Au	Au	CALIFORNIA	NEVADA	184 4	Large primary Tertiary channel gravels over 100' thick. Excellent bedrock characteristics and low environmental exposure.	Former large scale placer au mine. Abundant resources remain. Bulk sampling and drilling under HGS supervision 1982. Determined profitable at large scale.	Submit application for permit to mine. Raise funds necessary for equipment lease. Commence operations mid-1985.	
PANCAKE	50%	1.0 mm @ 0.06 oz/ton Au	Au	NEVADA	WHITE PINE	380 5	Alligator Ridge type disseminated gold mineralization developed along high angle foults in Missippian Chainman Shale. Property interior to Amselco property with 2.0 MM tons @ 0.056 Au drilled and along same structure.	Geologic mapping, over 200 soil geochemical samples and one drill hole.	Additional close-spaced soil geochemical sampling and reverse circulation drilling.	
PIÑON	100%	1.5 mm tons @ 0.08 Au	Au	ARIZONA	YAVAPAI	4,340 5	Large area of silicic and k-spar alteration near contact of Precambrian igneous and metamorphic rocks with broad areas of highly anomalous gold values up to +4.0 oz per ton.	Several small mines are present. Widespread Au mineralization in soil and surface rock. Exxon drilled the property and released the data to HGS.	More extensive surface rock and soil sampling are needed. Trenching in the high grade areas is recommended along with angle hole drilling on a closer spacing than that completed by Exxon.	
RADAR	100%	2.0 mm @ 0.08 oz/ton Au	Au	MONTANA	FERGUS	2,200 5	Highly altered intusive environment with adjacent skarn mineralization. Possible Pegasus-type target.	Abundant mapping and sampling by Exxon with two deep drillholes containing anomalous gold and copper values.	Additional rock chip sampling, detailed geologic mapping and reverse circulation rotary drilling.	
SHEE BEE	100%	300 k @ 4 oz/ton Ag, 0.05 oz/ton Au	Ag, Au	MONTANA	FERGUS	80 8	Immediately south of Warm Springs fault in Upper Madison Limestone near Crystal Peak intrusive. Local high-grade silver occurences in breccia zones.	Adjacent to Collar Gulch mine. Ag geochemical soil anomaly identified by HGS.	Follow-up soil sampling. Further mapping, rock chip sampling.	
SILVER BULLION	50%	500 k @ 5 oz/ton Ag	Ag	CALIFORNIA	SAN BERNARDINO	640 6	Quartz-carbonate-barite-silver mineralization developed in wide (+35 feet) shallow dipping vein.	Prospect pits, shallow shafts. Four claims staked by Horizon predecessors. VLF geophysical survey, underground mapping	Additional surface and underground sampling ang follow-up reverse circulation drilling.	
SILVER LODE	50%	200,000 tons @ 10 oz/ton Ag	Ag	CALIFORNIA	MONO	240 9	Disseminated silver mineralization developed in carbonate host along high angle faults. Mineralized zones characterized by local brecciation and iron-oxide gossans.	Prospect pits, short adits. 12 claims staked by Horizon's predecessor. Limited rock chip sampling and local geologic mapping.	Geologic reconnaissance along trend of mineralization and additional rock chip sampling. Follow-up with reverse circulation drilling.	
SNARE CREEK	50%	3-5 mm .08 Au 2% Cu 5 Ag 6% PbZn	Au, Ag, Pb, Zn, Cu	COLORADO	SAN JUAN, HINSDALE	2,200 2	Near southern margin of Silverton-Lake City inter-caldera fault zone. Property covers major inter-caldera radial structure traceable over 4 miles. Structure consistantly over 8' wide with zones up to 100' in width. Prior drilling indicates 300,000-500,000 tons of complex sulfide (precious + base metal) mineralization with potential for +3,000,000 tons.	Several small mines. Three miles of major inter-caldera structure staked by HGS in 1981. Sampling indicates large vein target at depth. Includes 0.50 million tons drilled reserves on main structure.	Major surface rock sampling program is required. Either large scale drilling with helicopter support or reopen old tunnel driven from valley. Bulk sampling to confirm gold grade.	
STONEWALL	50%	3-5 mm tons @ 8 oz/ton Ag	Ag	NEVADA	NYE	1,600 4	Quartz-calcite-silver mineralization developed in wide (up to 65 feet) and extensive veins (at least 35 individual veins) up to 8,000 feet in length associated with ring fractures in resurgent Stonewall caldera.	Claims staked by Horizon predecessors. Regional and local geologic mapping and random geochemical sampling.	More detailed geologic mapping. Additional geochemical sampling and follow up reverse circulation drilling. Fluid inclusion petrographic studies helpful.	
STRAW	50%	2.0 mm tons @ 0.06 oz/ton Au	Au	NEVADA	WHITE PINE	1,760 6	Disseminated gold mineralization (Alligator Ridge type) developed in Mississippian Pilot Shale with associated jasperoids along high-angle faults.	Claims staked by Horizon predecessors. Very limited geochemical sampling.	Additional geochemical sampling and follow-up reverse circulation drilling.	
TEMPO	50%	1.0 mm @ 0.10 oz/ton Ag	Au	NEVADA	LANDER	500 5	Disseminated gold mineralization and associated quartz flooding of Roberts Mountain Formation in thrust window, cut by high-angle faults.	Regional geologic mapping and random rock chip and grid soil geochemical sampling. Ten reconnaissance drill holes and pad construction for proposed drill holes completed.	Detailed geologic mapping and additional close-spaced grid geochemical sampling. follow-up reverse circulation drilling.	
TOM KEANE	50%	500,000 tons @ 0.06 oz/ton gold	Au	NEVADA	NYE	480 5	Disseminated gold mineralization in silicified zone with envelopes of argillic alteration. Property located at east end of Goldfield district.	Deep inclined shaft over 4 levels, limited production. Reconnaissance drilling and 6 drill holes on Tom Keane structure. Detailed geologic mapping and sampling of Tom Keane shaft area.	Detailed geologic mapping over remainder of claims. Underground sampling of Tom Keane shaft and reconnaissance sampling of addtional claims.	Santa Fe (Pending)
UTE CREEK	100% (sale option)	200 k tons @ 20 oz/ton Ag	Au, Ag, Cu, Pb, Zn	COLORADO	CLEAR CREEK	150 3	In a heavily mineralized zone of precious metal vein deposits associated with Tertiary granite intrusions. Cecil-Argo vein subparallel to very rich Lamartine vein, has yielded high grade silver (up to 200 pz/ton) in the past. Outcrop of calcareous rock on property is very favorable host.	Numerous small rich Ag, Au mines in 1880-1905. HGS mapping and sampling indicates multiple vein targets at depth. Heap leach of dumps constructed by HGS in 1980.	Reopen old Wallace portal and sample. Drill angle holes from surface. Drive decline below old workings and drill. Perform heap leaching operation as prices permit.	
WEST ASPEN	100%	2.0 mm @ 0.10 oz/ton Au	Au	NEVADA	WASHOE	280 9	Tertiary volcanic hot spring environment with anomalous Au and Ag values. Near Tennneco holding being prepared for drilling.	Limited reconnaissance geology and rock chip sampling.	Additional detailed mapping and rock chip and soil grid geochemistry to be followed by reverse circulation rotary drilling.	
WESTERN MINES-SILVERMONT	100%	750 k tons @ 4.0 oz/ton Ag, 0.03 oz/ton	Ag, Au	MONTANA	FERGUS	780 3	Widespread zone of high grade silver sulphide and sulphosalt replacement in karst type structures in top of Madison Limestone. Apparent interconnection of occurrences to produce large Ag, Au anomalies.	Numerous small mines. Sampled and drilled by Coastal, HIMCO. Some high grade surface ore intersections. Sampled by HGS. Widespread high grade Ag mineralization.	Close up open geochemical soil anomalies on Silvermont and drill. Follow-up previous drilling. Further soil and rock geochemical sampling on Western property. Define drill targets and drill.	

EXPLORATION STAGE AS PER HORIZON PROPERTY POSITION

1. Contains significant economic proven reserves, extensive data base, preliminary feasibility complete

2. Contains significant marginal reserves, extensive data base, preliminary feasibility complete

3. Contains significant commercial grade drill intercepts with minimal indicated reserves, strong potential for enlargement to commercial deposit

4. Contains at least one "discovery" hole, moderate data base with well supported geologic concept

5. Detailed geology, with well supported conceptual model, structured geochem sampling, minimal drilling

6. Detailed geology complete, conceptual model supported by geochem, no drilling

7. Preliminary geology complete, random gechem, preliminary model, data from prior work

8. Preliminary geology complete, random geochem, no other data

9. Preliminary field reconnaissance random sampling

10. Acquired on geologic concept, minimal or non-existent data base, little or no prior activity

HORIZON GOLD SHARES, INC.

1985 – 1989

BUSINESS PLAN

Mostly figments of imagination

HORIZON GOLD SHARES, Inc.

Five Year Business Plan

1985-1989

Horizon Gold Shares, Inc.

date ?

Five Year Business Plan

1985 - 1989

Table of Contents

Horizon Gold Shares, Inc.

Five Year Business Plan

1985 - 1989

I. Overview

Horizon Gold Shares, Inc. enters into its sixth year with an aggressive plan for growth intended to take advantage of opportunities offered by the current depressed state of the mining industry. Horizon's basic strategies remain much the same as in previous years. The Company intends to examine, explore, lease and develop high quality prospects in order to generate attractive levels of income from multiple sources.

The foundation of Horizon's Plan is a sophisticated exploration and acquisition program designed to take advantage of current industry opportunities. Horizon projects a capital requirement of approximately 5 - 7 million dollars over the Plan period in order to implement these programs and accomplish the related objectives. Horizon needs: 1) to generate funds for all exploration efforts as those efforts become self-supporting, 2) to supply capital for attractive acquisitions presently available, and 3) to develop in-house proven reserves for near-term earnings.

II. Objectives and Strategies

The Company's key objective is:

> To become a self-supporting, profitable precious metals company, having viable diversified exploration, leasing, development and production activities.

Management is focusing the Company's objectives on short-term profitable production from proven reserves accompanied by long-term growth through its exploration and leasing programs. Underlying the five-year plan is a near-term public offering of the Company's common stock. This will assure adequate capitalization to complete the Plan and achieve attractive levels of cash flow. Management is confident that these goals are achievable.

The accompanying chart details the Company's approach to achieving these objectives.

HORIZON GOLD SHARES, Inc.
Strategies and Objectives
5-Year Plan 1985-1989

A la' Exxon

KEY GOAL AREA	SPECIFIC OBJECTIVES	STRATEGIC APPROACH
Achieve positive cash flow in all profit areas within three years.	Acquire adequate capital base to fund growth activities for a minimum of three years.	Complete $4-6 MM public offering $1.5-2.5 MM to exploration fund to support minimum of four years exploration activities. Retain $1.0 MM for acquisitions and development.
Growth in Profitability.	Compound Share growth rates in excess of 40% per annum.	Broaden income base to stabilize income in volitile markets using multiple profit centers. Near-term earnings from Buffalo Valley and advance royalties. Long-term growth from exploration discoveries and joint ventures.
Diversify to stabilize income base.	Seek attractive new areas of investment and participation.	Establish grass roots programs, enter new geologic areas utilizing new concepts/technology. Maintain active commodity analysis and competitor surveillance to support expansion into new product areas and markets.
Acquisition/Exploration for long-term growth.	Leasing and royalty income to support all exploration in three years.	Examine high volume of prospects (+/-100 per year) to provide 10-15 acquisitions to inventory. Build high-quality senior staff to efficiently screen submittals and supervise field programs. Develop strong field staff.
Broaden income and markets for Leasing and Farmout Programs.	Lease or joint venture 5-10 properties per year with goal of one discovery each 3 years.	Lease additional current inventory Develop joint ventures where HGS is operator, retaining carry and fees. Sell/Lease properties to other smaller companies for equity and cash and capital appreciation.
Develop productive capacity.	Become profitable gold producer within 12 months, 20,000 oz/yr within 5 years.	Develop Buffalo Valley for near-term profits. Develop or joint venture Omega for near or intermediate term income.

7

Within this outline are specific areas deserving of further elaboration. These key areas where the Company has developed a specific strategy or approach are as follows:

A. Prospect Acquisition

Examine a high volume of property submittals (+100 per year) and generate additional prospects through grass roots exploration, followed by systematic selection of favorable acquisitions by a competent, efficient staff. A high level of emphasis will be placed on the quality and experience of Horizon's senior staff. Specifically, Horizon will continue to attract geologic personnel with proven discovery records and will develop incentives for discovery in addition to competitive salaries. Acquisition selections will be made on the basis of:

1) market desirability of particular metals, initially gold and silver;
2) risk or quality of prospect,
3) breakeven product production cost,
4) fit with Company objectives,
5) tax/legal considerations,
6) geographical/ environmental considerations.

B. Exploration Programs

1) Grass Roots Programs: a) specific geologic concept followed by program and budget, and b) extension of submittal/acquisition concepts to adjacent areas. 2) Submittals: a) currently established industry relationships yield quality prospects, b) additions to senior staff providing new contacts and prospect knowledge base, 3) develop strong beneficial relationships with major mining companies as a source of prospects, joint venture partners, and farmouts.

C. Leasing

Following designation by exploration personnel, Horizon's mineral land staff will endeavor to acquire property positions under the following criteria: 1) low holding cost, 2) liberal sublease provisions which will allow the Company a profitable retained interest without requiring capital exposure.

D. Production and Operations

Horizon plans to develop and mine only a few, manageable discoveries, focusing on near-surface, low unit-cost precious metal prospects with the following characteristics: 1) proven quality, 2) low capital cost of development, 3) heap-leachable, 4) manageable by small company, 5) capacity for staged production growth.

E. Farming Out properties

The emphasis will be to procure favorable, manageable terms on all farmout properties. We will focus on leasing to larger, well-known companies to promote credibility as a source of high quality prospects and reduce the financial risks associated with smaller less stable companies. This should result in increasing lease and royalty payments and will become an integral part of the Company's long-term income stream.

F. Carried Working Interests

The Company intends to participate in larger scale programs with major companies with emphasis on back-in provisions providing for future low-risk (debt funded) investment and a high potential income growth as well as providing maximum exposure and development of Company staff experience through working relationships with major companies.

G. Mineral Joint Ventures

The Company has successfully managed joint ventures in Montana, Colorado, Nevada and California during 1982-4. Operating a joint venture provides reimbursement of salaries and overhead and partially offsetting corporate G & A. Present and future emphasis will be on: 1) developing financial leverage on new discoveries to conserve Horizon's capital base (1/3 for 1/4 principal), 2) spreading risk by allowing Horizon participation in more projects, 3) providing additional financial strength to allow participation in larger scale discoveries.

III. Competitive Position

The Company views the status of the currently depressed industry competition as extraordinarily attractive for smaller companies. It appears that this condition may persist for possibly another year or more. In the past fifty years, the largest growth in minerals exploration was centered among major oil firms, primarily during the 1978-1982 period when decontrol of oil prices led to many surplus cash positions. When high prices in metals coincided with excess oil cash flow, attention was naturally directed toward minerals. This situation began to reverse late in 1981 when oil demand and prices began to soften. In 1982 precious metals prices tended to follow oil prices leading to massive layoffs and program cancellations accompanied by abandonment of numerous large property positions. Horizon screens properties from such cancelled or diminished programs and has made acquisitions of high quality prospects in advanced exploration stages. This prospect generation technique will continue to be emphasized through well developed channels already established by management.

Continuing soft metals prices have resulted in the weakening of the large-scale mining firms during the past several years and is forcing a shift in emphasis away from base metals (particularly copper and molybdenum). Long periods of these soft prices have severely cut into the financial stability of firms such as Kennecott, AMAX, Duval, Phelps Dodge and others. Now and for the immediate future, these firms will be shifting their exploration emphasis away from the large-scale base metal plays and move toward precious metals. This should prove quite fertile for Horizon's leasing and farmout programs. As such firms again become more active, competition for high quality properties divested by oil subsidiaries should increase and drive prospect values up. As this occurs, the company will begin to shift emphasis from accumulation to sales and leases.

Horizon management has considerable experience in economic screening and analysis of mineral properties. It employs sophisticated analytical techniques using its extensive data base and computer facilities to rapidly evaluate production potential and that because of these factors the Company currently maintains a competitive advantage over the larger established mining companies in its ability to respond to opportunities rapidly and decisively.

IV. Background

The past three years have been extremely turbulent for the mineral business. Political instability, inflation and market manipulations in combination with exogenous factors led metals prices to record levels in 1980. In addition to large expansion in major company programs, many smaller companies found large-scale funding available in both the public and private markets. By early 1981, precious metals occurrences were being explored at unprecedented levels. The results of this frantic exploration activity were only beginning to be seen when metals prices began to return to more realistic levels (1982). Many small deposits were located, particularly by the large well-organized firms, which have gone undeveloped for several reasons. Most of the discoveries were too small to meet large firm corporate objectives, or they were only marginally economic due to high corporate overhead and inefficiency. Lastly some companies lacked the conviction to stay with their programs when budgets were reduced due to shrinking oil-based income. Management feels that the next two to three years offer a unique opportunity for a small mineral exploration and development company. Many attractive properties are available at a time when competition is still at a minimum. A small, well financed, well managed exploration company will have an extraordinary opportunity for growth and profitability.

In order to respond to these opportunities, Horizon is emphasizing the effective screening of large numbers of prospects to increase its number of discoveries and thus ensure long-term growth. In addition, the Company intends to secure financing adequate not only to support these steps, but also to be able to follow through to a production decision on favorable properties. Horizon, during its first five years has laid a strong groundwork for effective use of this new capital. Initial infusions of seed capital have been used sparingly to acquire assets, diversify income sources and minimize risk.

Small mineral firms have had mixed success during this period. It is crucial that the Company avoid the pitfalls of its less successful competitors. With the currently depressed metals prices, public capital is certain to be limited and competition for those funds intense. In the presentation of financial programs to prospective partners, investment bankers and other sources, several important points should be examined and incorporated into an adaptable business plan.

A) In any industry experiencing a "boom" period, such as minerals in 1979-1981, there is a significant tendency for companies of all levels of quality, good and bad to find their way into the marketplace. The results of this era are now being realized in the form of bankruptcies, mergers and reorganizations. One may contend, with justification, that many of the lower quality organizations should not have been allowed access to public funds. However, there have been some significant successes. Several of the smaller companies, primarily those with experienced management and quality assets, have fared relatively well. Some have begun to turn a profit and others, while moving more slowly, have excellent futures as a result of well planned, well executed programs. The importance of this is that in the minerals business, like any other, the basic rules of sound business practice apply. Intelligence, planning, training and experience will pay dividends, and in an industry sporting a crop of lackluster performers, companies who are managed well will succeed and should shine brilliantly for their investors.

B) Out of such a large group of companies entering a competitive industry, a watchful observer has the opportunity to benefit from the execution of a wide variety of strategies. Within Horizon's management is a considerable pool of analytical talent which has been utilized to digest and formulate strategies from the successes and failures visible within the industry. A comparison of some of the various strategies has played a large part in the development of the managed-risk style of Horizon's Plan.

C) Many of the failures which have occurred in the past two years have, in part, been due to the volatile nature of resource and input costs. During the hysteria of the 1980 market peak, prospects, equipment, and manpower were in great demand. Numerous deals were struck at very unfavorable terms, which later proved to compromise the economics of projects which otherwise might have succeeded. At the present, the situation has been reversed and it is now a buyer's market. Numerous prospects were generated in the past three to four years due to a bumper crop of exploration participants. Now, as major oil companies are retreating from this business segment, fewer players are left to compete. Management feels this is a significant, unique opportunity for a company of Horizon's size to acquire numerous high quality prospects at very reasonable acquisition costs.

In summary, Horizon management sees an exceptional opportunity for a small minerals company. Horizon's staff is very experienced and aggressive. When compared to other small minerals companies, many with significantly more capitalization, Horizon has already performed exceedingly well. The company has continued to grow throughout one of the worst downturns in the minerals industry and has taken advantage of many unique opportunities. Horizon is larger, stronger, and has a more attractive land position than many of its already-public counterparts. Horizon is well prepared and organized to take advantage of this opportune period.

IV. Market Emphasis

In the near term, Horizon intends to focus its primary emphasis on precious metals. Although market fundamentals are not always reliable for long-term precious metals forecasting, it is felt that several general factors point to continued strength and desirability in the near to intermediate term:

A) Recent recovery from over 50 years of price controls has markedly improved profitability of once-marginal prospects, even considering the recent weakness in market prices.
B) A high discovery-value potential yields high return per exploration dollar in precious metals.

C) Favorable current and expected price-to-cost ratios give low breakeven costs.
D) Readily available, modern extraction technology, particularly heap-leaching, is well suited to smaller a company.
E) Large numbers of small to intermediate size, undeveloped discoveries are on the market.
F) Ease in bullion product marketing.
G) Attractive to tax-oriented investors, seeking a hedge against inflation and government encroachment.

Because of their close association with the precious metals, the base metals, (copper, lead, zinc, etc.) are likely to be involved in the Company's acquisitions. In the current market they are not likely to be specific targets in themselves. Management intends to continue to monitor base metals markets and will consider acquisitions if the prospect holds promise of a comparatively low-cost producer, and/or a favorable change in market fundamentals appears imminent. The Company will maintain on ongoing program of market review in other areas such as industrial minerals and rare earths so as to be able to respond rapidly as opportunities arise.

V. Geologic and Geographic Emphasis

In the near term, the Company will continue to emphasize deposit types and localities much as it has in the recent past. Programs and property selection will be made on the basis of current available exploration expertise, the level of Company participation and certain environmental considerations. The Company currently is focusing its attention on properties in three categories consistent with outlined objectives.

A. Sole risk prospects

Emphasis will be placed on open-pit, heap-leachable precious metal deposits in Nevada, Arizona and Montana. Target models will equal 1 to 2 million tons of 0.08 - 0.10 equivalent ounces of gold per ton with production costs preferably less than $200 per ounce. Horizon's Buffalo Valley Deposit currently has known, drilled out reserves in excess of 300,000 tons with potential to double or triple these reserves. This project will proceed as a sole risk development if financing is available.

B. Participation projects

Emphasis here will be on multimetallic vein or bulk tonnage occurrences mineable by small to medium scale surface or underground methods. Target models will be in the range of 2 - 5 million tons @ 60+ recoverable value from multiple metals (Au, Ag, Pb, Zn, Cu). Currently, Horizon's Snare Creek project has drill proven reserves of 400,000 tons with potential 2 to 3 million tons. A major company partner is needed.

C. Gold Placers

A variation of participation projects will place emphasis on California and Idaho placer gold targets yielding 5 to 20 million yards of $3+ per yard value, but depending on production cost. Smaller, higher grade placers may be attractive as sole risk projects. Placers offer somewhat unique attributes to a small company. Frequently they have low development cost to achieve a cash flow with a relatively simple extraction technology of gravity concentration. Generally, they are less environmentally sensitive, and lastly they may often allow gradual, staged production. Horizon's Omega project may proceed as sole risk or joint venture project depending upon available financing.

VII. Program Responsibilities

Specific areas of responsibility will be handled by Horizon personnel in the following manner.

A. Prospect generation

Senior exploration staff will locate new prospects through continuation of industry contacts and past experience, they will be also trace extensions of current Horizon holdings based on Horizon's newly generated geologic concepts. Secondly, Horizon will use grass roots generation, or by the development of geologic concepts followed by specific site acquisition. Horizon may also occasionally utilize the services of qualified consultants for specific geologic environments.

B. Land acquisition

The Company's experienced landman will spearhead our land acquisition program by obtaining leases on pre-existing claims or fee land. He will also utilize junior surveying or contract personnel for additional claim staking where appropriate.

C. Exploration

Senior exploration geologists will handle prospect generation and submittals, and will recommend acquisition of 10 to 15 properties out of approximately 100 reviewed each year. Junior geologists will carry out mapping, sampling and drilling of selected properties.

D. Feasibility studies

Each of the Company principals has considerable experience and expertise in preparing preliminary or first stage feasibility studies of mineral projects. Horizon plans to conduct initial feasibility studies itself, using its own in-house computer and technical project evaluation capabilities. For final feasibility studies on major projects, Horizon will use a reputable consulting engineering firm to provide a third party assessment of the technical parameters of the project. However, Horizon plans to provide the deposit economic parameters and the necessary computer models and to work closely with the consultant on the study. The result should cost less, take less time and sharpen in-house skills.

E. Development/production

On smaller projects Horizon intends to move to development and production using its own in-house expertise. Initially, larger projects will be developed by Horizon's joint venture partners and lessees. Over time, through its participation with larger companies and its natural growth in size, the Company will take on larger projects with the aim of developing many of its high quality discoveries itself.

VIII. Market Comparison

Horizon has prepared a market comparison study using a list of active precious metal mining companies which are either in a positive earning posture or in a deficit earnings posture. The purpose of such a study was to indicate, based on the company's current Business Plan, where the company's stock might trade in the public market, based upon various factors.

The data base used for this purpose consists of 22 companies. Of these 22 companies, five are traded on the New York Stock Exchange. The average price earning ratios of the five traded on the New York Stock Exchange is 28 times earnings. Based on HGS analysis, combined with historical perspective, major mining companies typically trade between 25 to 35 times operational earnings. Of the nine over-the-counter companies analyzed that are in production and have positive earnings, these issues trade on an average P/E ratio of 40 times operational earnings, somewhat higher than the majors.

Although difficult to estimate HGS's future stock trading price on the basis of information pertaining to other companies, Horizon has chosen the nine OTC companies which displayed positive earnings. These companies were selected to illustrate the market response to mining companies which are showing even a modicum of success. At the time the data was collected, gold was trading just under $350/oz., well below its 12 month moving average. The average P/E ratio on total earnings of these nine companies is 25.

The other seven OTC companies are not in a positive cash flow and thus, a P/E ratio comparison cannot be made. It is interesting to note, however, that of these seven companies, the lowest trading price is $3.25 per share, with a float of 6,754,900 outstanding shares, or a market capitalization just over $21.0 million.

This type of comparison is difficult because of the many variables beyond earnings, i.e., potential earnings, potential prices of minerals, and the leveraged nature of the industry. Suffice it to say, however, that only about five companies out of 100 ever initiate a mining project, fewer ever see proven reserves, and perhaps less than 1% ever reach profitable production. Beyond reserves and actual production, the potential of any mining company usually is difficult to define since at any given time, any mining company can explore for and locate an ore body of substantial productive potential. One of the areas that can have an affect on mining company potential is the level of activity within a company. If a company is aggressively acquiring leases, participating in joint ventures and farmouts, the probabilities are much higher that they will in fact reach or locate an ore body that will increase

Table I
Market Characteristics of Selected
Mining Companies

Company	Shares Outstanding	Total Earnings	Earnings Per Share	Stock Price*	P/E Ratio	Market Capitalization ($MM's)
Sunshine Mining Co.	25,478,524	5,610,000	0.22	10.12	46	257.84
Hecla Mining Co.	18,731,948	19,670,000	1.05	16.52	16	309.45
Homestake Mining Co.	37,210,974	40,000,000	1.07	26.25	24	976.79
Coeur D'Alene Mines	7,258,000	3,100,000	0.43	17.00	40	123.39
Lacana	11,143,000	10,080,000	0.90	9.88	11	110.09
Stan West Mining Co.	7,721,972	-412,000	-0.05	2.75	N/A	21.24
Yuba National Resources	9,234,000	-1,600,000	-0.17	3.38	N/A	31.21
Silver King Mines	13,224,689	660,000	0.05	4.62	93	61.10
Crested Butte Silver	7,305,677	657,500	0.09	2.00	22	14.61
Cobb Resources	5,078,567	305,000	0.06	4.00	67	20.31
Agnico-Eagle Mines	13,825,067	4,425,000	0.32	12.62	39	174.47
Brican Resources	2,460,002	-123,000	-0.05	3.38	N/A	8.31
Bull Run Gold Mines	9,250,000	-40,000	0.00	4.50	N/A	41.63
Callahan Mining Corp.	6,467,734	3,945,000	0.61	15.62	26	101.03
Queenstake Resources	4,800,000	809,600	0.17	4.00	24	19.20
Aiguebelle Resources	7,055,904	-127,200	-0.02	5.70	N/A	40.22
Breakwater Resources	14,385,584		0.00	6.00	N/A	86.31
Vanderbilt	6,754,900	6,362	0.00	3.25	3451	21.95
Wharf Resources	8,483,435	1,277,192	0.15	4.00	27	33.93
Pegasus Mining Co.	7,079,876	1,669,528	0.24	8.25	35	58.41
Campbell Red Lake	47,994,000	37,435,000	0.78	22.25	29	1067.87
Echo Bay Mines	35,425,000	4,960,000	0.14	10.00	71	354.25

*Stock Quote as of 10/9/84

Table II
Over-the-Counter Companies
with Positive Earnings (1983)

Company	Shares Outstanding	Total Earnings	Earnings Per Share	Stock Price*	P/E Ratio	Capitalization ($MM's)
Agnico-Eagle Mines	13,825,067	4,425,000	0.32	12.62	39	174.47
Cobb Resources	5,078,567	305,000	0.06	4.00	67	20.31
Coeur D'Alene Mines	7,258,000	3,100,000	0.43	17.00	40	123.39
Crested Butte Silver	7,305,677	657,500	0.09	2.00	22	14.61
Lacana	11,143,000	10,080,000	0.90	9.88	11	110.09
Pegasus Mining Co.	7,079,876	1,669,528	0.24	8.25	35	58.41
Queenstake Resources	4,800,000	809,600	0.17	4.00	24	19.20
Silver King Mines	13,224,689	660,000	0.05	4.62	93	61.10
Wharf Resources	8,483,435	1,277,192	0.15	4.00	27	33.93
Averages	8,688,701	2,553,758	0.29	7.37	25	68.39
Horizon Gold Shares, Inc.	4,500,000	1,513,380 **	0.34	8.41	25	37.83
Horizon Gold Shares, Inc.	6,300,000	2,181,000 ***	0.35	8.65	25	54.52

** Projected 1985 Earnings Scenario II
@ $350/ounce gold
***Projected 1985 Earnings Scenario III
@ $400/ounce gold

earnings and growth potential.

It should be noted that Horizon currently controls a proven ore reserve which is scheduled for production in 1985 and is anticipated to be able to produce gold at a direct cost of under $200 per ounce.

Based on data in the following tables, a 25 P/E ratio is projected for Horizon in the public market. Assuming an offering early in 1985, and gold trading in the $350 range (Scenario II) and in the $400 range (Scenario III), it is reasonable to predict Horizon's share price to increase from an assumed offering price of $2.50 to the $7-9 range by the end of 1985.

IX. Public Offering Plans

In 1982-4, Horizon explored and drilled on numerous properties in Montana, California, Nevada, and Arizona, proceeding along a level of progress that would be regarded as most acceptable for any small minerals company. Additionally, five of its properties have been involved in leases, joint ventures, etc. Venture partners have included Southern Pacific, Amoco, Canadian Minerals, Tenneco, et.al. Several properties are in various stages of negotiation with companies such as Phelps dodge, Kennecott, Asarco and others. Horizon needs only modest capital to proceed at this level. The Company is not taking full advantage of its management and technical expertise nor is it moving forward at an optimal pace with many of our high quality mineral properties. This causes a shift to lease-offerings before the most prudent time. The optimal capital infusion needed to effectively produce our stated objectives is $5 to $7 million. Some of the exploration and development strategies could be modified to require less capital, but would give the program greater risk and likely require longer to achieve the target levels of profitability.

A. General Statement of Purpose of Capital Requirements

Horizon is at a stage of its development where the ground work for effective use of capital has been laid through five years of hard work, rapid development and expansion of managerial experience combined with solid property acquisitions. The Company has learned to use its own capital sparingly, generally as seed capital to diversify income sources and minimize risk. The purpose of the desired infusion of additional capital is to build a profitable, diversified minerals company by providing funds for:

1) An exploration investment income fund designed to be self-sufficient in less than five years.
2) Development of promising existing properties with proven or indicated reserves (e.g. Buffalo Valley).
3) Acquisition and development of low cost reserves now available on the market.

B. Public Offering Use of Proceeds

Two to three million dollars is to be invested (through the aid of an

$\frac{0.8}{3.0} = 27\%$!

underwriter) in low-risk securities or other investments in a long-range exploration (sinking) fund, yielding a minimum of $800,000 to $850,000 per year to be allocated as described in the Exploration Budget section. Such an amount should provide a stable program for a period of three to five years depending upon yield of invested funds and lease income.

In addition, approximately $500,000 is to be spent on the drilling and development of potential small scale open pit, heap-leach operations on several of Horizon's more promising prospects and $750,000 is to be spent on the acquisition, exploration and development of other high quality drilled reserves from a third party companies.

X. Optional Financing Plans

Horizon has the opportunity to continue development of joint ventures, limited partnerships and other forms of off-balance-sheet financing. Under current conditions, this is a less attractive alternative due to very high recurring promotional costs and high administrative burdens. Such activities require considerable support staff and management input and are increasingly more useful after a major financing when conditions permit. The Company believes these opportunities are most attractive when they do not represent sole means of support. However, given the current state of the precious metal markets, good planning would necessitate consideration of a scenario with no public financing during the plan period.

In the event that a public financing (does not come to pass) fails the Company will need to take several steps to ensure longevity and stable cash flow. First, the exploration program would need to be reduced to minimal levels. Examinations would be held to 30-40 per year. None of the properties would be advanced sole risk, but instead joint ventured. In the case of Buffalo Valley, the partner would operate, while Omega would be operated by the Company. Other properties would be placed in a a joint venture operated by HGS with Horizon retaining a free carried interest of 25%. In addition, a private placement of approximately $500,000 would be necessary as bridge financing until initial cash flow from Buffalo Valley. Average annual cash flow at $300/Oz gold would be just under $1,000,000, with net cash flow averaging approximately $600,000. An increase in gold price of $25 per ounce would increase cash flow and earnings by approximately $150,000 per year. A price of $400 per ounce would increase each by almost $600,000 per year. With breakeven costs near $200/Oz. these operations should provide stable support for the Company even under worse market conditions than the most pessimistic now envisioned. doesn't include capital recovery

XI. Financial Outlook

Overview

With precious metals markets comparatively weak during 1984, Horizon's planning requires consideration of multiple financial environments. Continuing weak market conditions would likely remove the availability of capital injection from public offerings. Under such conditions, the Company must look to earnings combined with joint ventures and possible small private placements to finance its efforts and growth.

Should markets improve slightly, a small IPO should be possible which would provide some cushion and allow the company to focus more on a sole risk approach to some of its projects as well as to enlarge its exploration efforts. Further firming of markets might allow a larger IPO, perhaps in the $5-6 million range. Should such capital become available, all projects currently contemplated could be pursued sole risk with an expanded exploration program supported by a $3.0 million fund.

Therefore, three basic options, or scenarios were modelled, each of which could have numerous variations. (See Chart A)

Scenario I - Continued poor market, limited availability of capital

If gold prices remain in the $300 - 350 range, it would be unlikely that even a moderate - size public offering would be possible. The financial model does assume that a $500,000 private placement is completed during 1985. The Buffalo Valley Project would be negotiated to a joint venture. With a bonus payment of $400,000-500,000 and a 50% free carried interest, the Company would have over $900,000 cash available during 1985. An increase of the price of gold by $100/oz. would provide an additional $100,000. Omega is assumed to be delayed 1 year and developed slow-track in a joint venture with HGS contributing 25% of capital and retaining 50% working interest. While no purchase of a reserve is contemplated, the cash position would likely be strong enough to allow a purchase if an attractive opportunity were presented. A joint venture (with HGS operating) is assumed to be initiated in 1986 with full production reached in 1988. HGS is assumed to receive an 25% free carried interest.

Scenario II - Moderate market, small IPO

With a firming of gold to the $350-400 range it is likely that an IPO in the $3.0-3.5 million range could be completed. Of the net of approximately $2.5 million, $1.5 million would be invested in T-Bills or other low risk investments to provide capital and income primarily for future exploration activities. The exploration program would be increased by a factor of two to provide more acquisitions. The offering allows the strength to pursue a reserve purchase to be developed 1985-1987. It is assumed that this acquisition is in the 500-750,000 ton range with a low strip ratio and a grade of 0.07 ounces of gold per ton. A joint venture on a moderately large ore-body is assumed to come to production in 1987. Horizon would contribute 25% of the capital and retain a 50% revenue interest.

Scenario III - Good market, moderate-size IPO

Should gold rebound above $400, markets in mining shares should improve markedly. An offering in the $5.0-6.0 MM range would likely be possible for HGS. Under this scenario, all projects would be undertaken sole risk except the joint venture, which would be developed slightly faster than under Scenario II. The purchased reserve is assumed to be of higher quality than under Scenario II and require additional exploration in 1986 to prepare it for development in 1987. An additional $400,000 is applied to expand the project to 300,000 TPY in 1989.

Approach

Each of the three Scenarios was modelled at three prices - $300/oz, $350/oz, and $400/oz. Considering the assumptions underlying the scenarios, each Scenario would have a "most likely" price. In the case of Scenario I, $300, Scenario II, $350, and Scenario III, $400 would be the probable price levels. Taxes were not included. Total ounces produced were calculated from the Company's share of production after royalties were paid.

A price per share was calculated at three price/earnings levels, 10, 25, and 40. From this, a compound growth rate was calculated from the ratio of the 1989 stock price to an assumed 1984 price of $2.50.

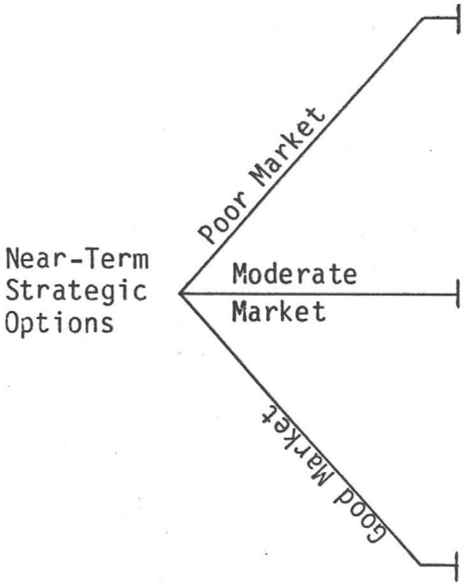
Financial Results

Chart B summarizes the financial results of the three Scenarios at each price assumption. Under Scenario I, financial exposure is minimized by maintaining a sizable cash reserve. With poor markets and low prices, the Company will take a lower risk posture primarily because it may not have any options to go back to the public market for additional equity funding. Net Cash Flow (before tax) for the Plan would be $3.0 million on sales of $10.4 million. Some 30,000 ounces are produced at a breakeven cost just under $200/ounce. With a float of 3.2 million shares, a compound growth rate (25 P/E) for the Plan period is just under 30% per year at $300 gold.

Scenario II assumes a $3.0-3.5 million IPO and a 4.5 million share float. Under these assumptions, a $350 case produces total net cash flow of nearly $6.0 million on sales of almost $26.0 million. Approximately 70,000 ounces are produced in this case and again, the breakeven cost is under $200. The compound growth rate is projected at 50% per year. The financial exposure is moderate under this scenario as the cumulative cash position at the end of 1985 and 1986 is near $500,000 with fairly large capital requirements in 1986 and 1987. The plan would have considerable flexibility by delays in the timing of projects or by implementing joint ventures on Omega and Buffalo Valley.

If prices rise above $400, the company will find little financial exposure with large cash surpluses in each year. By acceleration of development schedules, the present value is maximized and the flexibility would remain. With 6.3 million shares outstanding, a compound growth rate of 60% is projected. Total production for the plan period is approximately 110,000 ounces produced at just over $200 per ounce. Before tax cumulative cash flow is projected at $18.0 million on sales of $45.8 million. Earnings per share would exceed $1.00.

CHART A



SCENARIO I

$500 K private placement
JV Buffalo Valley - Free Carry with Bonus
JV Omega 1/2 for 1/4, delay 1 year
Lower Exploration Budget to $275/year

SCENARIO II

$2,500 K Private Placement or IPO (net)
1,500 K to fund, 830 K/year exp. budget
$200 K Reserve Purchase, Dev. Sole Risk
Delay Omega 1 year, Slow Track
Buffalo Valley Sole Risk

SCENARIO III

$5,750 IPO (net 4,750)
3,000 to fund, 830 K/year Exp. Budget
$200 K Res. Purch., Develop Sole Risk
Omega sole risk, Fast Track, 1985

CHART B

	Scenario I	Scenario II	Scenario III
Financial Exposure (price dependency)	Low	Moderate	Low
Flexibility to Market Conditions	Mod	High	Very High
5 yr cum. cash inc. (earnings) $300	4,845	7,855	15,469
$350	6,354	13,313	20,968
$400	7,861	16,772	26,467
5 yr cash position BT (NCF) $300	3,020	2,517	7,006
$350	4,529	5,975	12,505
$400	6,036	9,434	18,004
Sales $300	10,376	22,402	34,757
$350	11,884	25,882	40,295
$400	13,372	29,361	45,834
Breakeven Price/oz	$198	$198	$201
Ounces Produced	30,000	70,000	110,000
Total Shares	3.2 MM	4.5 MM	6.3 MM
Inside	3.2 MM	3.7 MM	4.0 MM
Public	-	1.3 MM	2.3 MM
Average Price Growth (25 P/E) $300	28.8%	39.8%	42.2%
$350	36.1%	50.3%	53.2%
$400	42.1%	58.5%	60.1%

Analysis

Facing a very volatile and uncertain market environment, Horizon must place emphasis on limiting financial exposure and remaining flexible with its project development plans. Under any of the Scenarios, an unfavorable price change could occur which would diminish the performance described in previous paragraphs. However, under almost all envisioned circumstances, the Company has the potential to achieve very satisfactory growth levels. By 1989, Horizon should rank among the top quarter of OTC mining companies in all areas of comparison. With low-cost production capacity, the Company should have little downside exposure and extremely attractive margins should the prices repeat the 1980 performance.

Scenario I
Five Year Program Summary
Projected Capital Expenditures and Program Income Plan
(000's$)

Total Shares Out.= 3200.00 Au Price= 300.00

	Capital Expenditures					
	1985	1986	1987	1988	1989	Total
Exploration Program						
Farmouts/Leases						0.00
JV - HGS Operator	0.00	0.00	0.00	0.00	0.00	0.00
Total Exploration Prog	275.00	275.00	275.00	275.00	275.00	1375.00
Exploration Fund Allocation	0.00					0.00
Buffalo Valley Develop	0.00	0.00	0.00	0.00	0.00	0.00
Omega Development	0.00	162.50	162.50	0.00	0.00	325.00
Purchased Reserve Development	0.00	0.00	0.00	0.00	0.00	0.00
General & Admin.	125.00	125.00	125.00	125.00	125.00	625.00
Capital Required (Neg)	400.00	562.50	562.50	400.00	400.00	2325.00
Income From Operations	878.00	711.26	875.82	1243.62	1137.23	4845.93
Offering Proceeds	500.00					500.00
Tax Provision	0.00	0.00	0.00	0.00	0.00	
Cash Position Annual	978.00	148.76	313.32	843.62	737.23	3020.93
Cumulative	978.00	1126.76	1440.08	2283.70	3020.93	
Total Sales (000's$)	696.13	1393.14	1980.50	3731.75	2575.35	10376.86
Breakeven Cost/Oz.	147.24	197.13	221.46	222.01	207.88	
Ounces Produced (M Oz)	2.06	3.85	5.73	11.41	7.13	30.19
Earnings Per Share	0.27	0.22	0.27	0.39	0.36	
40 P/E Share Price	10.98	8.89	10.95	15.55	14.22	
25 P/E Share Price	6.86	5.56	6.84	9.72	8.88	
10 P/E Share Price	2.74	2.22	2.74	3.89	3.55	

Program Income Projection

	1985	1986	1987	1988	1989	Total
Exploration Program						
Farmouts/Leases	87.50	237.50	265.00	315.00	435.00	1340.00
JV - HGS Operator	0.00	0.00	149.77	432.42	365.63	947.81
Total Exploration Prog						2287.81
Exploration Fund Cap.	0.00	0.00	0.00	0.00	0.00	0.00
Interest	0.00	0.00	0.00	0.00	0.00	0.00
Buffalo Valley Income	764.50	350.70	150.25	159.60	0.00	1425.05
Omega Development	-9.00	45.56	145.80	291.60	291.60	765.56
Purchased Reserve Income	0.00	0.00	0.00	0.00	0.00	0.00
Consulting & Other	35.00	40.00	40.00	45.00	45.00	205.00
Operator's Fees	0.00	37.50	125.00			162.50
Total Annual Income	878.00	711.26	875.82	1243.62	1137.23	4845.93

EXPLORATION & LEASING PROGRAM

		1985	1986	1987	1988	1989	TOTALS
EXISTING INVENTORY	NEW YR	30.00	60.00	75.00	75.00	75.00	315.00
	NGE	30.00	60.00	0.00	0.00	0.00	90.00
	EW	7.50	12.50				20.00
	TK	5.00	10.00	50.00	50.00	50.00	165.00
	PINON	10.00	25.00				35.00
	WESTMIN	5.00	10.00	10.00			25.00
1985 ACQUISITIONS	A		20.00	40.00	60.00	100.00	220.00
	B		20.00	30.00		20.00	70.00
	C		20.00				20.00
	D		0.00	0.00			0.00
	E		0.00	0.00			0.00
	F		0.00	0.00	0.00		0.00
1986 ACQUISITIONS	A			20.00	40.00	60.00	120.00
	B			20.00	30.00		50.00
	C			20.00			20.00
	D			0.00	0.00		0.00
	E			0.00			0.00
	F			0.00	0.00	0.00	0.00
1987 ACQUISITIONS	A				20.00	40.00	60.00
	B				20.00	30.00	50.00
	C				20.00		20.00
	D				0.00	0.00	0.00
	E				0.00		0.00
	F				0.00	0.00	0.00
1988 ACQUISITIONS	A					20.00	20.00
	B					20.00	20.00
	C					20.00	20.00
	D					0.00	0.00
	E					0.00	0.00
	F					0.00	0.00
PROGRAM TOTAL		87.50	237.50	265.00	315.00	435.00	1340.00

Buffalo Valley Development

	1985	1986	1987	1988	1989	TOTALS
					Au Price=	300.00
Tons Ore (M Tons)	50.00	100.00	100.00	150.00	0.00	400.00
Ore Grade, Mine Run	0.12	0.09	0.08	0.07	0.06	
Recovery Rate	0.75	0.80	0.80	0.80	0.80	
Ounces Recovered	4.50	7.20	6.00	8.40	0.00	26.10
Gross Revenue	1350.00	2160.00	1800.00	2520.00	0.00	7830.00
Royalties	114.75	183.60	162.00	100.80	0.00	561.15
Operating Costs	606.25	1275.00	1337.50	2100.00	0.00	5318.75
Net Operating Profit	629.00	701.40	300.50	319.20	0.00	1950.10
HGS Share	314.50	350.70	150.25	159.60	0.00	
CAPEX	800.00	0.00	0.00	0.00	0.00	0.00
HGS Share Capex	0.00	0.00	0.00	0.00	0.00	
Before Tax Cash Flow	-171.00	701.40	300.50	319.20	0.00	1150.10
Bonus Payments	450.00					

Assumptions:	Cash Capex	800.00	M$	HGS Cap%	0.00
	Operating Costs	12.13	1985	HGS Rev%	0.50
		12.75	1986		
		13.38	1987		
		14.00	1988		
		15.00	1989		
	Royalty Rates	0.05	B & B		
		0.04	PAB1		
		0.04	PAB2		

Omega Development

	1985	1986	1987	1988	1989	
					Au Price=	300.00
Tons Ore (M Yds3)	0.00	125.00	400.00	800.00	800.00	2125.00
Ore Grade, Mine Run	0.01	0.01	0.01	0.01	0.01	
Recovery Rate	1.00	1.00	1.00	1.00	1.00	
Ounces Recovered	0.00	1.18	3.76	7.52	7.52	19.98
Gross Revenue	0.00	352.50	1128.00	2256.00	2256.00	5992.50
Royalties	18.00	17.63	56.40	112.80	112.80	317.63
Operating Costs	0.00	243.75	780.00	1560.00	1560.00	4143.75
Net Operating Profit	-18.00	91.13	291.60	583.20	583.20	1531.13
HGS Revenue	-9.00	45.56	145.80	291.60	291.60	
CAPEX	0.00	650.00	650.00	0.00	0.00	1300.00
HGS CAPEX	0.00	162.50	162.50	0.00	0.00	
Before Tax Cash Flow	-9.00	-116.94	-16.70	291.60	291.60	440.56

Assumptions:	Cash Capex	1300.00	M$	HGS Cap%	0.25
	Operating Costs	1.95	1985	HGS Rev%	0.50
		1.95	1986		
		1.95	1987		
		1.95	1988		
		1.95	1989		
	Royalty Rates	0.05			

Purchased Reserve

	1985	1986	1987	1988	1989	Au Price= 300.00 TOTALS
Tons Ore (M Tons)	0.00	0.00	0.00	0.00	0.00	0.00
Ore Grade, Mine Run	0.00	0.08	0.07	0.07	0.07	
Recovery Rate	0.75	0.75	0.75	0.75	0.75	
Ounces Recovered	0.00	0.00	0.00	0.00	0.00	0.00
Gross Revenue	0.00	0.00	0.00	0.00	0.00	0.00
Royalties	0.00	0.00	0.00	0.00	0.00	0.00
Operating Costs	0.00	0.00	0.00	0.00	0.00	0.00
Net Operating Profit	0.00	0.00	0.00	0.00	0.00	0.00
CAPEX	0.00	0.00	0.00	0.00	0.00	0.00
Before Tax Cash Flow	0.00	0.00	0.00	0.00	0.00	0.00

Cash Capex	-	0.00	M$
Operating Cost/T	-	10.50	1985
		10.50	1986
		10.75	1987
		11.00	1988
		11.25	1989
Royalty Rates	-	0.02	

JV Development - HGS Operator

	1985	1986	1987	1988	1989	Au Price= 300.00
Tons Ore (M Tons)	0.00	0.00	75.00	250.00	250.00	575.00
Ore Grade, Mine Run	0.00	0.00	0.09	0.09	0.08	
Recovery Rate	0.75	0.75	0.75	0.75	0.75	
Ounces Recovered	0.00	0.00	5.06	15.94	15.00	36.00
Gross Revenue	0.00	0.00	1518.75	4781.25	4500.00	10800.00
Royalties	0.00	0.00	75.94	239.06	225.00	540.00
Operating Costs	0.00	0.00	843.75	2812.50	2812.50	6468.75
Net Operating Profit	0.00	0.00	599.06	1729.69	1462.50	3791.25
HGS Share of NOP	0.00	0.00	149.77	432.42	365.63	
CAPEX (HGS Share)	0.00	0.00	0.00	0.00	0.00	0.00
CAPEX Total	0.00	750.00	2500.00			
Before Tax Cash Flow	0.00	0.00	149.77	432.42	365.63	947.81

Cash Capex	-	0.00	M$	HGS Rev%	0.25
Operating Cost/T	-	11.25	1985	HGS Cap%	0.00
		11.25	1986		
		11.25	1987		
		11.25	1988		
		11.25	1989		
Royalty Rates	-	0.05			

Scenario II

Five Year Program Summary

Projected Capital Expenditures and Program Income Plan

(000's$)

Total Shares Out.= 4500.00 Au Price= 350.00

	1985	1986	1987	1988	1989	Total
			Capital Expenditures			
Exploration Program						
Farmouts/Leases						0.00
JV - HGS Operator	0.00	187.50	625.00	0.00	0.00	812.50
Total Exploration Prog	830.00	830.00	830.00	830.00	830.00	4150.00
Exploration Fund Allocation	1500.00					1500.00
Buffalo Valley Develop	800.00	0.00	0.00	0.00	0.00	800.00
Omega Development	0.00	162.50	162.50	0.00	0.00	325.00
Purchased Reserve Development	200.00	500.00	400.00	0.00	400.00	1500.00
General & Admin.	150.00	150.00	150.00	150.00	150.00	750.00
Capital Required (Neg)	3480.00	1830.00	2167.50	980.00	1380.00	9837.50
Income From Operations	1513.38	1952.27	3024.04	3374.37	3449.20	13313.25
Offering Proceeds	2500.00					2500.00
Tax Provision	0.00	0.00	0.00	0.00	0.00	
Cash Position Annual	533.38	122.27	856.54	2394.37	2069.20	5975.75
Cumulative	533.38	655.64	1512.18	3906.55	5975.75	
Total Sales (000's$)	1528.63	2763.64	5800.79	7874.87	7913.95	25881.87
Breakeven Cost/Oz.	147.24	195.47	213.89	224.67	209.29	
Ounces Produced (M Oz)	4.12	7.15	15.73	21.47	21.20	69.66
Earnings Per Share	0.34	0.43	0.67	0.75	0.77	
40 P/E Share Price	13.45	17.35	26.88	29.99	30.66	
25 P/E Share Price	8.41	10.85	16.80	18.75	19.16	
10 P/E Share Price	3.36	4.34	6.72	7.50	7.66	

Program Income Projection

	1985	1986	1987	1988	1989	Total
Exploration Program						
Farmouts/Leases	87.50	262.50	305.00	375.00	495.00	1525.00
JV - HGS Operator	0.00	0.00	559.69	746.02	1087.50	2393.20
Total Exploration Prog						3918.20
Exploration Fund Cap.	400.00	400.00	400.00	300.00	0.00	1500.00
Interest	156.00	108.00	60.00	15.00	0.00	339.00
Buffalo Valley Income	834.88	1030.80	573.50	722.40	0.00	3161.58
Omega Development	0.00	73.47	235.10	470.20	470.20	1248.97
Purchased Reserve Income	0.00	0.00	725.75	700.75	1351.50	2778.00
Consulting & Other	35.00	40.00	40.00	45.00	45.00	205.00
Operator's Fees	0.00	37.50	125.00			162.50
Total Annual Income	1513.38	1952.27	3024.04	3374.37	3449.20	13313.25

EXPLORATION & LEASING PROGRAM

		1985	1986	1987	1988	1989	TOTALS
EXISTING INVENTORY	NEW YR	30.00	60.00	75.00	75.00	75.00	315.00
	NGE	30.00	60.00	0.00	0.00	0.00	90.00
	EW	7.50	12.50				20.00
	TK	5.00	10.00	50.00	50.00	50.00	165.00
	PINON	10.00	25.00				35.00
	WESTMIN	5.00	10.00	10.00			25.00
1985 ACQUISITIONS	A		20.00	40.00	60.00	100.00	220.00
	B		20.00	30.00		20.00	70.00
	C		20.00				20.00
	D		10.00	5.00			15.00
	E		10.00	0.00			10.00
	F		5.00	10.00	20.00		35.00
1986 ACQUISITIONS	A			20.00	40.00	60.00	120.00
	B			20.00	30.00		50.00
	C			20.00			20.00
	D			10.00	5.00		15.00
	E			10.00			10.00
	F			5.00	10.00	20.00	35.00
1987 ACQUISITIONS	A				20.00	40.00	60.00
	B				20.00	30.00	50.00
	C				20.00		20.00
	D				10.00	5.00	15.00
	E				10.00		10.00
	F				5.00	10.00	15.00
1988 ACQUISITIONS	A					20.00	20.00
	B					20.00	20.00
	C					20.00	20.00
	D					10.00	10.00
	E					10.00	10.00
	F					5.00	5.00
PROGRAM TOTAL		87.50	262.50	305.00	375.00	495.00	1525.00

Buffalo Valley Development

	1985	1986	1987	1988	1989	TOTALS
					Au Price=	350.00
Tons Ore (M Tons)	50.00	100.00	100.00	150.00	0.00	400.00
Ore Grade, Mine Run	0.12	0.09	0.08	0.07	0.06	
Recovery Rate	0.75	0.80	0.80	0.80	0.80	
Ounces Recovered	4.50	7.20	6.00	8.40	0.00	26.10
Gross Revenue	1575.00	2520.00	2100.00	2940.00	0.00	9135.00
Royalties	133.88	214.20	189.00	117.60	0.00	654.68
Operating Costs	606.25	1275.00	1337.50	2100.00	0.00	5318.75
Net Operating Profit	834.88	1030.80	573.50	722.40	0.00	3161.58
HGS Share	834.88	1030.80	573.50	722.40	0.00	
CAPEX	800.00	0.00	0.00	0.00	0.00	0.00
HGS Share Capex	800.00	0.00	0.00	0.00	0.00	
Before Tax Cash Flow	34.88	1030.80	573.50	722.40	0.00	2361.58
Bonus Payments	0.00					

Assumptions:	Cash Capex	800.00	M$	HGS Cap%	1.00
	Operating Costs	12.13	1985	HGS Rev%	1.00
		12.75	1986		
		13.38	1987		
		14.00	1988		
		15.00	1989		
	Royalty Rates	0.05	B & B		
		0.04	PAB1		
		0.04	PAB2		

Omega Development

	1985	1986	1987	1988	1989	
					Au Price=	350.00
Tons Ore (M Yds3)	0.00	125.00	400.00	800.00	800.00	2125.00
Ore Grade, Mine Run	0.01	0.01	0.01	0.01	0.01	
Recovery Rate	1.00	1.00	1.00	1.00	1.00	
Ounces Recovered	0.00	1.18	3.76	7.52	7.52	19.98
Gross Revenue	0.00	411.25	1316.00	2632.00	2632.00	6991.25
Royalties	0.00	20.56	65.80	131.60	131.60	349.56
Operating Costs	0.00	243.75	780.00	1560.00	1560.00	4143.75
Net Operating Profit	0.00	146.94	470.20	940.40	940.40	2497.94
HGS Revenue	0.00	73.47	235.10	470.20	470.20	
CAPEX	0.00	650.00	650.00	0.00	0.00	1300.00
HGS CAPEX	0.00	162.50	162.50	0.00	0.00	
Before Tax Cash Flow	0.00	-89.03	72.60	470.20	470.20	923.97

Assumptions:	Cash Capex	1300.00	M$	HGS Cap%	0.25
	Operating Costs	1.95	1985	HGS Rev%	0.50
		1.95	1986		
		1.95	1987		
		1.95	1988		
		1.95	1989		
	Royalty Rates	0.05			

Purchased Reserve

	1985	1986	1987	1988	1989	TOTALS
					Au Price=	350.00
Tons Ore (M Tons)	0.00	0.00	100.00	100.00	200.00	400.00
Ore Grade, Mine Run	0.00	0.08	0.07	0.07	0.07	
Recovery Rate	0.75	0.75	0.75	0.75	0.75	
Ounces Recovered	0.00	0.00	5.25	5.25	10.50	21.00
Gross Revenue	0.00	0.00	1837.50	1837.50	3675.00	7350.00
Royalties	0.00	0.00	36.75	36.75	73.50	147.00
Operating Costs	0.00	0.00	1075.00	1100.00	2250.00	4425.00
Net Operating Profit	0.00	0.00	725.75	700.75	1351.50	2778.00
CAPEX	200.00	500.00	400.00	0.00	400.00	1500.00
Before Tax Cash Flow	-200.00	-500.00	325.75	700.75	951.50	1278.00

Cash Capex - 1500.00 M$
Operating Cost/T - 10.50 1985
10.50 1986
10.75 1987
11.00 1988
11.25 1989
Royalty Rates - 0.02

JV Development - HGS Operator

	1985	1986	1987	1988	1989	
					Au Price=	350.00
Tons Ore (M Tons)	0.00	0.00	100.00	150.00	250.00	500.00
Ore Grade, Mine Run	0.00	0.00	0.09	0.09	0.08	
Recovery Rate	0.75	0.75	0.75	0.75	0.75	
Ounces Recovered	0.00	0.00	6.75	9.56	15.00	31.31
Gross Revenue	0.00	0.00	2362.50	3346.88	5250.00	10959.38
Royalties	0.00	0.00	118.13	167.34	262.50	547.97
Operating Costs	0.00	0.00	1125.00	1687.50	2812.50	5625.00
Net Operating Profit	0.00	0.00	1119.38	1492.03	2175.00	4786.41
HGS Share of NOP	0.00	0.00	559.69	746.02	1087.50	
CAPEX (HGS Share)	0.00	187.50	625.00	0.00	0.00	812.50
CAPEX Total	0.00	750.00	2500.00			
Before Tax Cash Flow	0.00	-187.50	-65.31	746.02	1087.50	1580.70

Cash Capex - 812.50 M$ HGS Rev% 0.50
Operating Cost/T - 11.25 1985 HGS Cap% 0.25
11.25 1986
11.25 1987
11.25 1988
11.25 1989
Royalty Rates - 0.05

Scenario III
Five Year Program Summary
Projected Capital Expenditures and Program Income Plan
(000's$)

Total Shares Out.= 6300.00 Au Price= 400.00

	1985	1986	1987	1988	1989	Total
			Capital Expenditures			
Exploration Program						
Farmouts/Leases						0.00
JV - HGS Operator	0.00	187.50	625.00	0.00	0.00	812.50
Total Exploration Prog	830.00	830.00	830.00	830.00	830.00	4150.00
Exploration Fund Allocation	3000.00					3000.00
Buffalo Valley Develop	800.00	0.00	0.00	0.00	0.00	800.00
Omega Development	1100.00	0.00	0.00	0.00	0.00	1100.00
Purchased Reserve Development	200.00	500.00	1500.00	0.00	400.00	2600.00
General & Admin.	150.00	150.00	150.00	150.00	150.00	750.00
Capital Required (Neg)	6080.00	1667.50	3105.00	980.00	1380.00	13212.50
Income From Operations	2196.00	4478.80	5950.10	7211.08	6630.65	26466.63
Offering Proceeds	4750.00					4750.00
Tax Provision	0.00	0.00	0.00	0.00	0.00	
Cash Position Annual	866.00	2811.30	2845.10	6231.08	5250.65	18004.13
Cumulative	866.00	3677.30	6522.40	12753.48	18004.13	
Total Sales (000's$)	2181.00	6955.30	10508.48	13686.33	12502.60	45833.70
Breakeven Cost/Oz.	162.41	200.81	214.16	218.07	211.24	
Ounces Produced (M Oz)	5.23	16.73	25.54	33.32	30.02	110.84
Earnings Per Share	0.35	0.71	0.94	1.14	1.05	
40 P/E Share Price	13.94	28.44	37.78	45.78	42.10	
25 P/E Share Price	8.71	17.77	23.61	28.62	26.31	
10 P/E Share Price	3.49	7.11	9.44	11.45	10.52	

Program Income Projection

	1985	1986	1987	1988	1989	Total
Exploration Program						
Farmouts/Leases	87.50	262.50	305.00	375.00	495.00	1525.00
JV - HGS Operator	0.00	0.00	540.00	1621.88	1443.75	3605.63
Total Exploration Prog						5130.63
Exploration Fund Cap.	500.00	581.60	651.40	729.60	537.40	3000.00
Interest	330.00	248.40	178.60	100.40	12.90	870.30
Buffalo Valley Income	1040.75	1360.20	846.50	1125.60	0.00	4373.05
Omega Development	202.75	1297.60	1297.60	1297.60	1297.60	5393.15
Purchased Reserve Income	0.00	651.00	1966.00	1916.00	2799.00	7332.00
Consulting & Other	35.00	40.00	40.00	45.00	45.00	205.00
Operator's Fees	0.00	37.50	125.00			162.50
Total Annual Income	2196.00	4478.80	5950.10	7211.08	6630.65	26466.63

EXPLORATION & LEASING PROGRAM

		1985	1986	1987	1988	1989	TOTALS
EXISTING INVENTORY	NEW YR	30.00	60.00	75.00	75.00	75.00	315.00
	NGE	30.00	60.00	0.00	0.00	0.00	90.00
	EW	7.50	12.50				20.00
	TK	5.00	10.00	50.00	50.00	50.00	165.00
	PINON	10.00	25.00				35.00
	WESTMIN	5.00	10.00	10.00			25.00
1985 ACQUISITIONS	A		20.00	40.00	60.00	100.00	220.00
	B		20.00	30.00		20.00	70.00
	C		20.00				20.00
	D		10.00	5.00			15.00
	E		10.00	0.00			10.00
	F		5.00	10.00	20.00		35.00
1986 ACQUISITIONS	A			20.00	40.00	60.00	120.00
	B			20.00	30.00		50.00
	C			20.00			20.00
	D			10.00	5.00		15.00
	E			10.00			10.00
	F			5.00	10.00	20.00	35.00
1987 ACQUISITIONS	A				20.00	40.00	60.00
	B				20.00	30.00	50.00
	C				20.00		20.00
	D				10.00	5.00	15.00
	E				10.00		10.00
	F				5.00	10.00	15.00
1988 ACQUISITIONS	A					20.00	20.00
	B					20.00	20.00
	C					20.00	20.00
	D					10.00	10.00
	E					10.00	10.00
	F					5.00	5.00
PROGRAM TOTAL		87.50	262.50	305.00	375.00	495.00	1525.00

Buffalo Valley Development

	1985	1986	1987	1988	1989	TOTALS
					Au Price=	400.00
Tons Ore (M Tons)	50.00	100.00	100.00	150.00	0.00	400.00
Ore Grade, Mine Run	0.12	0.09	0.08	0.07	0.06	
Recovery Rate	0.75	0.80	0.80	0.80	0.80	
Ounces Recovered	4.50	7.20	6.00	8.40	0.00	26.10
Gross Revenue	1800.00	2880.00	2400.00	3360.00	0.00	10440.00
Royalties	153.00	244.80	216.00	134.40	0.00	748.20
Operating Costs	606.25	1275.00	1337.50	2100.00	0.00	5318.75
Net Operating Profit	1040.75	1360.20	846.50	1125.60	0.00	4373.05
HGS Share	1040.75	1360.20	846.50	1125.60	0.00	
CAPEX	800.00	0.00	0.00	0.00	0.00	0.00
HGS Share Capex	800.00	0.00	0.00	0.00	0.00	
Before Tax Cash Flow	240.75	1360.20	846.50	1125.60	0.00	3573.05
Bonus Payments	0.00					

Assumptions:	Cash Capex	800.00	M$	HGS Cap%	1.00
	Operating Costs	12.13	1985	HGS Rev%	1.00
		12.75	1986		
		13.38	1987		
		14.00	1988		
		15.00	1989		
	Royalty Rates	0.05	B & B		
		0.04	PAB1		
		0.04	PAB2		

Omega Development

	1985	1986	1987	1988	1989	
					Au Price=	400.00
Tons Ore (M Yds3)	125.00	800.00	800.00	800.00	800.00	3325.00
Ore Grade, Mine Run	0.01	0.01	0.01	0.01	0.01	
Recovery Rate	1.00	1.00	1.00	1.00	1.00	
Ounces Recovered	1.18	7.52	7.52	7.52	7.52	31.26
Gross Revenue	470.00	3008.00	3008.00	3008.00	3008.00	12502.00
Royalties	23.50	150.40	150.40	150.40	150.40	625.10
Operating Costs	243.75	1560.00	1560.00	1560.00	1560.00	6483.75
Net Operating Profit	202.75	1297.60	1297.60	1297.60	1297.60	5393.15
HGS Revenue	202.75	1297.60	1297.60	1297.60	1297.60	
CAPEX	1100.00	0.00	0.00	0.00	0.00	1100.00
HGS CAPEX	1100.00	0.00	0.00	0.00	0.00	
Before Tax Cash Flow	-897.25	1297.60	1297.60	1297.60	1297.60	4293.15

Assumptions:	Cash Capex	1100.00	M$	HGS Cap%	1.00
	Operating Costs	1.95	1985	HGS Rev%	1.00
		1.95	1986		
		1.95	1987		
		1.95	1988		
		1.95	1989		
	Royalty Rates	0.05			

Purchased Reserve

	1985	1986	1987	1988	1989	TOTALS
				Au Price=		400.00
Tons Ore (M Tons)	0.00	50.00	200.00	200.00	300.00	750.00
Ore Grade, Mine Run	0.00	0.08	0.07	0.07	0.07	
Recovery Rate	0.75	0.75	0.75	0.75	0.75	
Ounces Recovered	0.00	3.00	10.50	10.50	15.75	39.75
Gross Revenue	0.00	1200.00	4200.00	4200.00	6300.00	15900.00
Royalties	0.00	24.00	84.00	84.00	126.00	318.00
Operating Costs	0.00	525.00	2150.00	2200.00	3375.00	8250.00
Net Operating Profit	0.00	651.00	1966.00	1916.00	2799.00	7332.00
CAPEX	200.00	500.00	1500.00	0.00	400.00	2600.00
Before Tax Cash Flow	-200.00	151.00	466.00	1916.00	2399.00	4732.00

Cash Capex	-	2600.00	M$
Operating Cost/T	-	10.50	1985
		10.50	1986
		10.75	1987
		11.00	1988
		11.25	1989
Royalty Rates	-	0.02	

JV Development - HGS Operator

	1985	1986	1987	1988	1989	
				Au Price=		400.00
Tons Ore (M Tons)	0.00	0.00	75.00	250.00	250.00	575.00
Ore Grade, Mine Run	0.00	0.00	0.09	0.09	0.08	
Recovery Rate	0.75	0.75	0.75	0.75	0.75	
Ounces Recovered	0.00	0.00	5.06	15.94	15.00	36.00
Gross Revenue	0.00	0.00	2025.00	6375.00	6000.00	14400.00
Royalties	0.00	0.00	101.25	318.75	300.00	720.00
Operating Costs	0.00	0.00	843.75	2812.50	2812.50	6468.75
Net Operating Profit	0.00	0.00	1080.00	3243.75	2887.50	7211.25
HGS Share of NOP	0.00	0.00	540.00	1621.88	1443.75	
CAPEX (HGS Share)	0.00	187.50	625.00	0.00	0.00	812.50
CAPEX Total	0.00	750.00	2500.00			
Before Tax Cash Flow	0.00	-187.50	-85.00	1621.88	1443.75	2793.13

Cash Capex	-	812.50	M$	HGS Rev%	0.50
Operating Cost/T	-	11.25	1985	HGS Cap%	0.25
		11.25	1986		
		11.25	1987		
		11.25	1988		
		11.25	1989		
Royalty Rates	-	0.05			