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SUPERINTENDENT OF BROKERS

AND

PROPERTY FILE

VANCOUVER STOCK EXCHANGE

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RABBIT MTN

STATEMENT OF MATERIAL FACTS (#108/87)

EFFECTIVE DATE: SEPTEMBER 1, 1987

Monica Resources Ltd., a Development Company  
Suite 900, 999 West Hastings Street, Vancouver, B.C. 689-1428  
NAME OF ISSUER, ADDRESS OF HEAD OFFICE AND TELEPHONE NUMBER

2800-666 Burrard Street, Vancouver, B.C. V6C 2Z7  
ADDRESS OF REGISTERED AND RECORDS OFFICES OF ISSUER

THE CANADA TRUST COMPANY  
1055 Dunsmuir Street, Vancouver, B.C. V7X 1P3  
NAME AND ADDRESS OF REGISTRAR & TRANSFER AGENT FOR ISSUER'S  
SECURITIES IN BRITISH COLUMBIA

OFFERING: 500,000 Shares

	Estimated Price to Public	Estimated Brokers' Commission	Estimated Net Proceeds to Issuer
Per Share:	\$0.70	\$0.0525	\$0.6475
Total:	\$350,000	\$26,250	\$323,750

The actual price of the shares will be determined in accordance with the rules and policies of the Vancouver Stock Exchange but will not be at a discount of more than 10% below the average trading price of the Issuer's shares as determined by the Vancouver Stock Exchange.

The securities offered hereunder are speculative in nature. Information concerning the risks involved may be obtained by reference to this document; further clarification, if required, may be sought from a broker.

AGENTS

CANARIM INVESTMENT CORPORATION LTD. 2200-609 Granville Street Vancouver, British Columbia	LEVESQUE, BEAUBIEN INC. 7th Floor, 510 Burrard St. Vancouver, British Columbia
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JONES, GABLE & COMPANY LIMITED  
4th Floor - 700 West Pender Street  
Vancouver, British Columbia

Neither the Superintendent of Brokers nor the Vancouver Stock Exchange has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence.

## 1. PLAN OF DISTRIBUTION

### Offering

The Issuer by its Agents hereby offers (the "Offering") to the public through the facilities of the Vancouver Stock Exchange (the "Exchange"), 500,000 shares (the "Shares"). The Shares will be sold at a fixed price to be determined in accordance with the rules and policies of the Exchange (the "Fixed Price"), and if such price is not accepted by the Issuer or the Agents, neither party shall be bound to complete the Offering.

The Offering is subject to a minimum subscription of 500,000 Shares. The Offering shall be made on a day (the "Offering Day") within the period of thirty (30) business days following the Effective Date of this Statement of Material Facts (the "Statement") (the "Effective Date" being the date of acceptance of the Statement by the Exchange and the Superintendent of Brokers (the "Superintendent") as noted on the cover page of the Statement) at the Fixed Price and if the minimum subscription is not obtained on the Offering Day the Offering shall terminate and all subscriptions shall be cancelled and all funds received by the Agents for subscriptions shall be returned to the subscribers.

The purchaser of any Shares will be required to pay regular commission rates as specified in the rules and by-laws of the Exchange.

### Appointment of Agents

The Issuer, by an agreement (the "Agency Agreement") dated June 15, 1987 appointed the following as its agents (the "Agents") to offer the Shares to the public as follows:

<u>Name of Agents</u>	<u>Participation</u>
Canarim Investment Corporation Ltd.	200,000 Shares
Levesque, Beaubien Inc.	200,000 Shares
Jones, Gable & Company Limited	100,000 Shares

The Issuer will pay the Agents a commission of 7-1/2% of the selling price of the Shares.

The Agents reserve the right to offer selling group participation in the normal course of the brokerage business to selling groups of other licenced broker-dealers, brokers and investment dealers who may or may not be offered part of the commissions or bonuses derived from this Offering.

The obligations of the Agents under the Agency Agreement may be terminated prior to the opening of the market on the Offering Day at the Agents discretion, on the basis of their assessment of the state of the financial markets and may also be terminated upon the occurrence of certain stated events.

The Directors, Officers and other insiders of the Issuer may purchase shares from this Offering.

There are no payments in cash, securities or other consideration being made, or to be made, to a promoter, finder or any other person or company in connection with the Offering.

The Agents may be considered the "Market Makers" for the common shares of the Issuer during the period of primary distribution of the Offering and for 30 trading days thereafter. Subject to the by-laws of the Exchange, the Agents may make purchases and sales of shares of the Issuer for the purpose of maintaining an orderly market for the shares of the Issuer and assisting in the distribution of the Shares. The Issuer has been advised that principals of the Agents do not beneficially own any shares of the Issuer.

## 2. HOW THE NET PROCEEDS OF THE ISSUE ARE TO BE SPENT

The net proceeds to be derived from this Offering, if all the shares are sold at the estimated price of \$0.70 per share, are \$323,750. The Issuer intends to use the estimated proceeds, together with cash on hand as at April 30, 1987 of \$39,850, as follows:

(a) To pay the cost of this Offering (estimated)...	\$ 15,000
(b) To pay accounts payable as at April 30, 1987...	1,640
(c) General corporate purposes...	<u>346,960</u>
TOTAL	\$363,600

None of the proceeds from the Offering will be spent otherwise than as referred to above without the prior approval of the Exchange where (a) such expenditure exceeds \$300,000 (b) such expenditure exceeds \$150,000 and involves the issuance of securities of the Issuer, (c) the acquisition involves the issuance of more than 100,000 shares of the Issuer, or (d) the acquisition is not arm's length, being with a director, officer or other insider of the Issuer.

## 3. MATERIAL NATURAL RESOURCE PROPERTIES

### (1) SUMMARY OF MATERIAL MINING PROPERTIES

- Group I Properties for which regulatory approval has been obtained under this Statement of Material Facts.
- Group II Presently held properties which are currently producing or being explored, or upon which exploration is planned within the next year.

Group III Other presently held properties upon which the Issuer's acquisition and exploration costs to date exceed \$100,000.

Group	Property Name	Issuer's Acquisition and Exploration Costs to Date (in \$)	Shares Issued to Date	Planned Expenditure from Funds Available upon Completion of the Offering
I	Nil	-	-	-
II	Harricana West	\$57,811	50,000	Nil
	Horsefly Lake	\$ 7,020	Nil	Nil
	Riverside	\$67,946	750,000	Nil
III	Rabbit Mountain	\$232,636	Nil	Nil

Group I Properties for which regulatory approval has been obtained under this Statement of Material Facts.

Nil.

Group II Presently held properties which are currently producing or being explored, or upon which exploration is planned within the next year.

HARRICANA WEST PROPERTY, QUEBEC

By agreement dated January 29, 1986 with Noramco Capital Corp. of 900 - 999 West Hastings Street, Vancouver, B.C., ("Noramco Capital"), and Gordon A. Keevil ("Keevil") and Daniel G. Innes ("Innes"), both of 12th Floor - 1190 Hornby Street, Vancouver, B.C., the Issuer acquired a 100% interest in 216 unpatented contiguous mineral claims located in Lanoullier Township, in the Province of Quebec (the "Harricana West Property"). In consideration therefor the Issuer paid \$25,900 and agreed to issue 200,000 shares in the capital of the Issuer as to 50% to Noramco Capital, 25% to Keevil, and 25% to Innes, of which 50,000 shares have been issued. The acquisition agreement was subsequently assigned to Noramco Mining Corporation, a reporting issuer the shares of which are traded on the Toronto, Montreal and Vancouver stock exchanges, and the remaining 150,000 shares are to be issued on acceptance by the Vancouver Stock Exchange of an Engineering Report on a three phase exploration program carried out on the Harricana West Property as recommended by L.D.S. Winter in his report dated February 5, 1986 at an estimated cost of \$1,135,280.

By subsequent agreement dated February 15, 1986, the Issuer transferred to Golden Triangle Mining Exploration Inc. ("Golden Triangle") of 1100 - 1010 Sherbrooke Street West, Montreal,

Quebec, an undivided 70% interest in the Harricana West Property in consideration of Golden Triangle carrying out the exploration program recommended by L.D.S. Winter on or before February 28, 1988. During the 1986 field season, Golden Triangle carried out the three phase program recommended by Mr. Winter.

A description of the work carried out on the Harricana West Property, as well as the results of such work, are summarized in a report prepared by L.D.S. Winter dated June 11, 1987, an extract of which is set out below:

"A surface exploration programme was carried out on the property between July 1986 and February 28, 1987. This work consisted of airborne helicopter magnetometer and EM surveys (592 km), line-cutting (289 km), ground magnetometer (267.6 km), HEM (254.5 km) and IP surveys (45.5 km), geological mapping, reverse circulation drilling (52 holes - 1485 m) and diamond drilling (37 holes - 7654 m). Expenditures to April 30, 1987 which include field work to February 28, 1987 and subsequent costs for data compilation and report preparation are \$1,282,486.

The property is extensively overburden covered up to several tens of meters thick. Bedrock samples from the overburden drilling and diamond drilling in conjunction with the geophysical data have shown the property to be underlain by an east-west striking and steeply dipping sequence of metasediments and metavolcanics. The central part of the property contains felsic metavolcanics and pyroclastics and metasediments contained in the central core of a regional syncline. Two major regional breaks or deformation zones in the northern and southern parts of the property form the boundaries of this central zone. Intermediate to felsic metavolcanics containing gabbro intrusives occur in the northern and southern parts of the claim group. The northern break is correlative with the Detour Lake - Grasset Lake fault structure and the southern deformation zone is called the Monica Fault.

The airborne and ground EM and IP surveys showed conductive zones associated with the 2 major deformation zones. The central region of the property shows little geophysical response.

The best overburden drill hole MR-39, in the southeastern corner of the claim group adjacent to the Monica Fault gave 10,245 ppb gold in overburden immediately above bedrock. The best drill intersection was 1438-12 which intersected the

Monica Fault in the southwestern part of the property. Here, 3.25 m assayed 6.05 gm/t. gold (0.176 oz gold per ton). The adjacent holes intersected the Monica Fault but showed only low gold values.

The Monica Fault is a regional structure characterized by graphitic gouge, carbonate-sericite schists, green mica alteration and up to 30% quartz veining and 10% sulphides.

No gold values of economic significance have been obtained to date from the northern regional break on the claim group.

The Monica Fault and the northern break have many of the characteristics of the Casa Berardi Break which lies south of this area and which hosts the INCO-Golden Knight Golden Pond deposits (Pattison et al, 1986).

Because of the encouraging drill results to date and the favourable geological environment on the Harricana West property, an on-going programme of exploration is recommended. If all three (3) phases of the proposed programme are implemented, the total exploration expenditure would be \$1,500,000 of which Monica Resources Ltd. would be required to fund 30% or \$450,000."

The Issuer intends to use proceeds from the private placement of "flow through" shares as described in Item 9 hereof to fund its portion of Mr. Winter's recommended exploration program. Noramco Explorations Inc. ("Noramco Explorations"), a wholly owned subsidiary of Noramco Capital has been appointed Manager and Operator to carry out any exploration work or production program on the Harricana West Property for which it is paid an amount equal to 5% of all expenditures and operating costs as compensation for overhead and other similar expenses which cannot be specifically allocated.

Noramco Capital is a non-reporting British Columbia company controlled by R. A. Bruce McDonald, a Director and President of the Issuer. Golden Triangle is a public company, the shares of which trade on the Montreal Exchange. R.A. Bruce McDonald is also a Director and the President of Golden Triangle and Brian Bayley, the Secretary of the Issuer, is also the Secretary of Golden Triangle.

#### HORSEFLY LAKE PROPERTY, QUEBEC

The Issuer is the beneficial owner of a 100% interest in the following 78 unpatented contiguous mineral claims covering 1250 hectares situated in the southwestern quadrant of Druillettes Township in the Province of Quebec:

<u>Claim No.</u>	<u>Number of Claims</u>
456030 to 456033 (1-5)	20
456034 (1-3)	3
456035 (1-3)	3
456060 to 456063 (1-5)	20
456064 (1-3)	3
456065 (1-3)	3
456070 to 456073 incl. (1-5)	20
456074 (1-3)	3
456075 (1-3)	3

These claims were staked by Les Explorations Noramco Inc. on behalf of the Issuer in November, 1986 at a cost of \$7,020.

The Issuer has entered into an agreement dated May 29, 1987 with Golden Day Mining Exploration Inc. ("Golden Day") pursuant to which Golden Day has the right to acquire up to a 70% interest in the Horsefly Lake Property in consideration of causing up to \$403,800 (the "Vesting Amount") to be spent on the Horsefly Lake Property on or before February 28, 1989. After Golden Day has earned an interest in the Horsefly Lake Property, it shall thereafter be developed as a Joint Venture. The Issuer has the option to reduce Golden Day's interest in the property to a minimum of 50% by spending on the property an amount in percentage terms equal to the decrease in the property interest of Golden Day sought by the Issuer. In the event Golden Day has not spent the Vesting Amount by February 28, 1989, and provided that it has expended at least 20% of the Vesting Amount, its interest will be diluted to an interest equal to the percentage obtained by multiplying 70% by the sum of money actually expended, divided by the Vesting Amount. In the event that Golden day does not expend 20% of the Vesting Amount by February 28, 1989, all interest in the Horsefly Lake Property will revert back to the Issuer.

The shares of Golden Day of 1010 Sherbrooke Street West, Suite 1100, Montreal, Quebec, trade on the Montreal Exchange. R. A. Bruce McDonald, the President and a Director of the Issuer, is also the President and a Director of Golden Day, and Brian Bayley, the Secretary of the Issuer, is also the Secretary of Golden Day.

Although the Horsefly Lake Property contains no known reserves, according to a report on the Horsefly Lake Property dated February 14, 1987 and prepared by L.D.S. Winter, "...it is considered that the property contains favorable geological horizons, as identified by the INPUT anomalies for the localization of gold and/or base metal mineralization. It is considered that this horizon, where intruded by the granite stock, is of particular interest for the localization of gold mineralization. To evaluate this potential, an exploration program is recommended". Mr. Winter recommends a three phase exploration program to assess the Horsefly Lake Property, the

initial two phases of the program consisting of line cutting, geophysical, geological and geochemical surveys, prospecting, and surface trenching and sampling are estimated to cost \$118,600 and \$112,700 respectively. The third phase consisting of 1200 metres of diamond drilling to evaluate targets identified by earlier work is estimated to cost \$172,500. The implementation of the second and third phases are contingent upon results obtained in each prior phase.

Group III Other presently held properties upon which the Issuer's acquisition and exploration costs to date exceed \$100,000.

RABBIT MOUNTAIN PROPERTY, BRITISH COLUMBIA

(a) Gold Mount Claims

By Assignment Agreements dated May 19, 1983 and September 1, 1983, the Issuer was granted the right to acquire a 100% interest in the following five mineral claims located in the Similkameen Mining Division of the Province of British Columbia:

<u>Name of Claim</u>	<u>Record No.</u>	<u>Expiry Date</u>
Gold Mount	340 (5)	May 8, 1989
Gail Gold	341 (5)	May 8, 1989
Weldonna	344 (5)	May 8, 1989
Bonanza Gold	573 (5)	May 11, 1989
Bonanza Queen/Nevada	511 (2)	February 12, 1989

Pursuant to the terms of the Assignment Agreement dated May 19, 1983, the Issuer is obligated to make option payments to David Javorsky ("Javorsky") of 1614 - 675 West Hastings Street, Vancouver, British Columbia, of \$5,000 per year on or before October 31 in each year to and including October 31, 1997, unless the property is earlier placed in production, in which case any unpaid option payments become due and payable within 90 days. To date the Issuer has paid option payments totalling \$20,000 and a further \$55,000 remains to be paid.

(b) Grasshopper No. 1 and 2 Mineral Claims

By Agreement dated January 13, 1984 the Issuer acquired the right to purchase a 100% interest in the following two mineral claims located in the Similkameen Mining Division of British Columbia:

<u>Name of Claim</u>	<u>Record No.</u>	<u>Expiry Date</u>
Grasshopper No. 1	1803	January 10, 1990
Grasshopper No. 2	1804	January 10, 1990



Under the terms of the Agreement, the Issuer is required to pay to the sellers, L. O. Allen and R. Bilquist, both of Gabriola Island, British Columbia, the sum of \$112,500 as follows:

<u>Amount</u>	<u>Date</u>
\$ 900	On execution of the Agreement (paid)
\$ 3,600	On or before July 31, 1984 (paid)
\$ 4,500	On or before December 15, 1984 (paid)
\$ 4,500	On or before December 15, 1985 (paid)
\$ 4,500	On or before December 15, 1986 (paid)
\$ 4,500	On or before December 15, 1987
\$ 90,000	On or before December 15, 1988

As well, in consideration of Javorsky waiving his right to dispute title to the Grasshopper claims, the Issuer agreed to pay to Javorsky the sum of \$12,500 as follows:

<u>Amount</u>	<u>Date</u>
\$ 100	On execution of the Agreement (paid)
\$ 400	On or before July 31, 1984 (paid)
\$ 500	On or before December 15, 1984 (paid)
\$ 500	On or before December 15, 1985 (paid)
\$ 500	On or before December 15, 1986 (paid)
\$ 500	On or before December 15, 1987
\$10,000	On or before December 15, 1988

(c) Ace, Gold Creek and Au Fr.

By staking, the Issuer has also acquired the following mineral claims situated in the Similkameen Mining Division of the Province of British Columbia:

<u>Name of Claim</u>	<u>Record No.</u>	<u>Expiry Date</u>
Ace	1381	March 16, 1989
Gold Creek	1382	March 16, 1989
Au Fr.	1947	June 15, 1989

All of the mineral claims referred to in (a), (b) and (c) above are herein called the "Rabbit Mountain Property".

Pursuant to Agreements dated March 25, 1986 the Issuer granted each of Twin Eagle Resources Inc. ("Twin Eagle"), Mt. Grant Mines Ltd. ("Mt. Grant") and Scorpion Resources Inc., formerly 297706 B.C. Ltd. ("Scorpion") (collectively the "Optionees") the right to earn a 25% interest in the Rabbit Mountain Property. To earn its interest, each of the Optionees is required to pay one-third of the payments to be made by the Issuer with respect to the Grasshopper No. 1 and 2 Claims described in (b) above commencing with payments to be made in the year 1986. Option payments assumed by the Optionees are to be credited toward exploration

expenditures in the amount of \$400,000 required to be made by the Optionees on the Rabbit Mountain Property on or before December 31, 1990, as to \$50,000 in the first year, \$100,000 in the second year, \$100,000 in the third year, and \$150,000 in the fourth year. The Issuer has agreed to contribute 25% of expenditures made on the Rabbit Mountain Property in excess of \$400,000 and will continue to be responsible for the option payments required to be made to Javorsky with respect to the Gold Mount Claims described in (a) above. Both Twin Eagle and Mt. Grant are reporting companies whose shares are listed for trading on the Vancouver Stock Exchange. Scorpion is a non-reporting British Columbia company and Max Fugman and Sydney Belzberg, Directors of the Issuer, respectively own 16.9% and 18.6% of its issued and outstanding shares.

Subsequently, by Agreement dated July 16, 1986, the Issuer, Twin Eagle, Mt. Grant and Scorpion granted Newmont Mines Limited ("Newmont") of 900 - 808 West Hastings Street, Vancouver, British Columbia, the option to acquire up to a 60% interest in a portion of the Grasshopper No. 1 and No. 2 Claims, being the westernmost 12 units measuring 1500 meters east-west by 2000 meters north-south. Newmont may earn an initial 40% interest by making the following payments to the Issuer:

<u>Amount</u>	<u>Date</u>
\$ 5,000	On execution of the Agreement (paid)
\$ 5,000	December 15, 1986 (paid)
\$ 5,000	December 15, 1987
\$100,000	December 15, 1988

and by carrying out exploration work to a cumulative total of \$250,000, as to \$30,000 by March 31, 1987, as to \$150,000 by March 31, 1988 and as to \$250,000 by March 31, 1989. Newmont may increase its interest to 55% by expending a further \$50,000 and, by carrying out further work to a cumulative total of \$1,000,000, Newmont will earn a 60% interest. After Newmont earns its 60% interest, the Issuer may elect to participate in a joint venture respecting future development, in which case the Issuer shall bear 40% of future exploration and development costs. If the Issuer elects not to participate at the 40% level and Newmont continues with work on the property resulting in a decision to place the property into production, then Newmont shall earn a 75% interest. The Issuer then has the option of maintaining a 25% interest by participating in a joint venture at that level with respect to future expenditures or of converting its interest to 10% of net proceeds.

The Rabbit Mountain Property is the subject of a report prepared by Strato Geological Engineering Ltd. dated February 25, 1987. During 1985 the Issuer completed a reconnaissance program of geological mapping, geophysics and geochemical soil and rock sampling over the Grasshopper No. 1 and 2 claims. During 1986 a horizontal loop electromagnetic survey was performed over the Gail Gold Claim. Approximately 1500 meters of diamond drilling

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in the immediate area of the former Rabbit Mountain Mine was also completed but no significant gold values were recovered. A regional airborne magnetometer and VLF-EM survey was undertaken over the Rabbit Mountain Property and the surrounding area from September 22 to October 4, 1986. As of February 28, 1987, the Issuer has expended a total of \$232,636 on the Rabbit Mountain Property. During 1986 Newmont carried out a work program on that portion of the Grasshopper No. 1 and No. 2 mineral claims under option to it at a cost of \$51,717. Forty-six rock samples and 179 soil samples were collected and analyzed for Cu, Co, Ni, Cr, Ag and Au. Six samples analyzed for platinum and palladium ranged from 2 to 94 ppb Pt and from 3 to 111 ppb Pd. Preliminary systematic lithochemical sampling on the property has defined a sizeable area with anomalous platinum concentrations which warrants follow-up work. Newmont's proposed budget for 1987 is Newmont's proposed budget for 1987 \$120,000. JVE 011

## (2) SUMMARY OF MATERIAL OIL AND GAS PROPERTIES

The Issuer holds no material oil and gas properties.

### Risk Factors

The shares of the Issuer must be considered speculative securities as the Issuer's mineral properties are without a known body of commercial ore and the proposed programmes are an exploratory search for ore. The boundaries of the mineral properties referred to in this Statement of Material Facts have not been surveyed and, therefore, in accordance with the mining laws of the applicable jurisdiction, their precise location and area may be in doubt.

## 4. PARTICULARS OF NON-RESOURCE ASSETS

The Issuer does not hold any interest in non-resource assets.

## 5. CORPORATE INFORMATION

The Issuer was incorporated pursuant to the laws of the Province of British Columbia by Memorandum on October 30, 1980 under the name of Monica Resources Ltd.

The authorized capital of the Issuer consists of 25,000,000 common shares without par value. There are 4,140,545 common shares issued and outstanding.

All the Issuer's shares including those offered by this Statement of Material Facts are common shares. They are not subject to any future call or assessment and they all have equal voting rights. There are no special rights or restrictions of any nature attached to any of the shares and they all rank pari passu, each with the other, as to all benefits that might accrue to the holder thereof.

Since April 30, 1987, the date of the latest financial statements included in this Statement of Material Facts, 156,250 shares have been issued at the price of \$0.21 per share pursuant to the exercise of a share purchase warrant.

6. DIRECTORS, OFFICERS, PROMOTERS AND PERSONS HOLDING MORE THAN 10% OF THE ISSUED EQUITY SHARES

<u>Name, Address &amp; Position of Directors, Officers &amp; Promoters</u>	<u>Shares Beneficially Owned</u>	<u>Chief Occupation and Employer for Previous Five Years</u>
Richard Angus Bruce McDonald 900-999 W. Hastings St. Vancouver, B.C. Chief Executive Officer, President and Director	Nil	Chairman of the Board, Noramco Mining Corporation; Director and/or Officer of 28 other reporting companies.
Sydney Abe Belzberg 8665 Barnard Ave. Vancouver, B.C. Director	234,286 Free *340,000 Escrowed <u>574,286</u>	President of Budget Rent-A-Car of B.C. Ltd. and related companies; Director and/or Officer of 3 other reporting companies.
Max Fugman 1649 Drummond Drive Vancouver, B.C. Director	65,500 Free 85,000 Escrowed <u>150,500</u>	Owner of Fugman Agencies Ltd., 1958 to date; Director and/or Officer of 5 other reporting companies.
Alistair Murray Sinclair 2678 West Broadway Vancouver, B.C. Director	Nil	Vice President, Corporate Finance, Noramco Capital Corp., Director and/or Officer of 13 other reporting companies.
John Willis Jardine 2567 Palmerston Avenue West Vancouver, B.C. Chief Financial Officer	Nil	Controller and Chief Financial Officer of Noramco Mining Corporation; Officer of 1 other reporting company.
Brian Eric Bayley 4143 Ranger Cres. North Vancouver, B.C. Secretary	Nil	Corporate Analyst, Noramco Mining Corporation and Noramco Capital Corp., Director and/or Officer of 24 other reporting companies.

\*Subject to regulatory approval, Sydney Belzberg has agreed to transfer 318,750 escrowed shares to Noramco Mining Corporation, a reporting company, the shares of which trade on the Toronto, Montreal and Vancouver Stock Exchanges. R. A. Bruce McDonald, Brian Bayley and John Jardine, Directors or Officers of the Issuer, are also Directors or Officers of Noramco Mining Corporation.

Those of the Directors who are members of the audit committee are R.A. Bruce McDonald, Max Fugman and Murray Sinclair.

Refer to Item 9 of this Statement of Material Facts for information as to the location of a list of names of other reporting companies of which the Directors, Officers or Promoters of the Issuer are also Directors, Officers or Promoters.

No Director or Officer of the Issuer is, or has been within the past three years, a director, officer or promoter of any other reporting company which was, during the period he was a director, officer or promoter, struck off the Register of Companies by the British Columbia Registrar of Companies, or whose securities were the subject of a cease trade or suspension order for a period of more than 30 consecutive days except for R.A. Bruce McDonald who is a director, officer or promoter of Inlet Resources Ltd., the shares of which were the subject of a cease trade order for a period of more than 30 consecutive days for failing to file financial statements.

To the knowledge of the Directors, no person other than Sydney Belzberg beneficially owns more than 10% of the Issuer's shares. As indicated above, Sydney Belzberg has agreed to transfer 318,750 escrowed shares to Noramco Mining Corporation which is the beneficial owner of 74,000 shares of the Issuer. Upon completion of this Offering and the issuance of an additional 150,000 shares to Noramco Mining Corporation in consideration for the Harricana West Property as described in item 3(1), Noramco Mining Corporation will beneficially own 542,750 shares of the Issuer representing 11.7% of its then issued and outstanding share capital.

Commencing June 1, 1986, the Issuer agreed to pay to Noramco Capital \$2,500 per month in consideration of Noramco Capital providing office, reception and secretarial services to the Issuer. The fee is intended to reimburse the costs to Noramco Capital for providing such services and will be adjusted on a semi-annual basis to reflect Noramco Capital's actual costs. During the past year the Issuer has paid Noramco Capital a total of \$30,000.

#### 7. OPTIONS TO PURCHASE SECURITIES OF THE ISSUER

The Issuer has granted director and employee incentive options to purchase shares of the Issuer as follows:

##### (a) Director Option

<u>Optionee</u>	<u>No. of Shares</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
Murray Sinclair	128,000	\$0.61	November 20/88

(b) Employee Options

<u>No. of Shares</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
167,500*	\$0.61	November 20/88
23,000	\$0.57	October 14/91

\*Of these shares, 70,000 may be purchased by R.A. Bruce McDonald, the President of the Issuer and 14,000 may be purchased by Brian Bayley, the Secretary of the Issuer.

8. SECURITIES OF THE ISSUER HELD IN ESCROW, IN POOL OR SUBJECT TO HOLD RESTRICTIONS

There are 637,500 shares held in escrow by The Canada Trust Company of 1055 Dunsmuir Street, Vancouver, British Columbia, which are subject to the direction or determination of the Exchange. The escrow restrictions provide that the shares may not be traded in or dealt with in any manner whatsoever without the prior written consent of the Exchange. In the event the Issuer loses, abandons or fails to obtain title to all or part of the property for which it allotted the shares, the Issuer shall declare any such event to the Exchange and the holders of the shares, the trustee thereof and the Issuer have agreed that such number of the shares as the Exchange stipulates shall become subject to cancellation and shall be surrendered to the Issuer by way of gift for cancellation.

There are no shares of the Issuer subject to a pooling agreement or an unexpired hold period imposed by the Superintendent of Brokers.

9. PARTICULARS OF ANY OTHER MATERIAL FACTS

Flow Through Private Placement

The Issuer has entered into a Subscription and Renunciation agreement with Golden Day Explorations and Company, Limited Partnership ("Golden Day Partnership"), dated May 1st, 1987, pursuant to which Golden Day Partnership has agreed to purchase "flow-through" common shares of the Issuer. Subscription proceeds to a maximum of \$468,000 will be used to incur Canadian Exploration Expense ("C.E.E.") as that term is defined in the Income Tax Act (Canada) (the "Act") on the Issuer's Harricana West Property and the Issuer must renounce in favour of Golden Day Partnership an equivalent value of C.E.E. The shares are to be issued at the price of \$0.94 per share. Golden Day Partnership is a Quebec limited partnership which has concluded a public offering in all provinces of Canada pursuant to a prospectus dated June 1, 1987.

There are no legal proceedings to which the Issuer is a party or of which any of its properties is the subject, nor are there any such legal proceedings pending.

The Directors, Officers and Promoters of the Issuer may also be Directors, Officers and Promoters of other reporting companies (see Item 6). A list of the names of such other reporting companies and all contracts and technical reports referred to in this Statement of Material Facts may be inspected at the Issuer's office, 900-999 West Hastings Street, Vancouver, British Columbia, during normal business hours during the period of primary distribution of the securities offered hereby and for the period of 30 days thereafter.

#### 10. STATUTORY RIGHTS OF RESCISSION

The British Columbia Securities Act provides purchasers with the right to rescind a contract for the purchase of securities where the statement of material facts and any existing amendments thereto either contain a misrepresentation or are not delivered to the purchaser before delivery of the written confirmation of sale. For further information concerning these rights, and the time limits within which they must be exercised, refer to Sections 66, 114 and 118 of the Securities Act or consult a lawyer.

to the extent of the assets and liabilities of the company at the date of the balance sheet and to the extent of the assets and liabilities of the company at the date of the balance sheet.

The financial statements are prepared on the basis of the accounting records maintained by the company and are subject to audit by independent accountants. The financial statements are prepared in accordance with the accounting principles generally accepted in Canada.

MONICA RESOURCES LTD.

**MONICA RESOURCES LTD.**  
**FINANCIAL STATEMENTS**

For the eleven months ended April 30, 1987

(unaudited)

(Prepared by Management)



MONICA RESOURCES LTD.

Balance Sheet  
As at April 30, 1987

(unaudited)

ASSETS

Current assets:

Cash and term deposits	\$	39,850
Accounts receivable		<u>3,464</u>
		43,314

Resource Properties and deferred exploration costs (Note 3)		<u>603,370</u>
		<u><u>646,684</u></u>

LIABILITIES

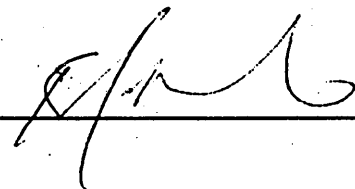
Current liabilities:

Accounts payable and accrued liabilities	\$	<u>1,640</u>
Funds in trust		<u>32,813</u>

SHAREHOLDERS' EQUITY

Share capital (Note 4)		1,032,999
Deficit		<u>(420,768)</u>
		<u>612,231</u>
	\$	<u><u>646,684</u></u>

Approved by the Directors:



Director



Director

(Prepared by Management)

MONICA RESOURCES LTD.

Statement of loss and deficit  
for the eleven month period ended April 30, 1987

(unaudited)

Oil and gas sales, net of royalties and production costs	\$	<u>12,386</u>
Administrative expenses:		
Management fees		28,299
Miscellaneous		3,657
Office and printing		4,158
Professional services		1,811
Transfer agent and exchange fees		5,120
Travel and promotion		4,768
Audit fees		<u>2,520</u>
		50,333
Less: Interest Income		<u>1,721</u>
		<u>48,612</u>
Income (loss) for the period		(36,226)
Deficit - Beginning of period		<u>(384,542)</u>
Deficit - end of period	\$	<u>(420,768)</u>

(Prepared by Management)

MONICA RESOURCES LTD.

Statement of changes in financial position  
for the eleven month period ended April 30, 1987

(unaudited)

Financing activities:

Issuance or allotment of shares for share subscriptions	\$	33,000
Funds advanced for exploration		<u>32,812</u>
		<u>65,812</u>

Operating activities:

Income (loss) for the period	(36,226)
Items not requiring an outlay of funds - depletion	<u>5,500</u>
	<u>(30,726)</u>

Net change in non-cash working capital items (10,378)

(41,104)

Investing activities:

Advance on oil and gas properties	(6,287)
Additions to oil and gas properties	(3,038)
Investment in resource properties	<u>(17,562)</u>
	<u>(26,887)</u>

Decrease in cash and term deposits (2,179)

Cash and term deposits  
- Beginning of period 42,029

Cash and term deposits  
- End of period \$ 39,850

(Prepared by Management)

MONICA RESOURCES LTD.

Notes to Financial Statements  
(for the eleven months ended April 30, 1987)

(unaudited)

1. Nature of operations:

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

2. Significant accounting policies:

Resource properties

The Company capitalizes all acquisition, exploration, development and administrative expenses related to exploration and development of resource properties, on a property-by-property basis. The costs of abandoned properties are charged to expense in the year of abandonment. The costs of producing properties will be depleted by the unit of production method based upon estimated reserves.

Administration costs are expensed when incurred.

The recoverability of costs of unproved resource properties is subject to the discovery of sufficient commercially recoverable reserves.

3. (a) Resource properties and deferred exploration costs are as follows:

	Balance May 31, 1986	Acquisition and exploration costs	Accumulated Depletion	Balance April 30, 1987
	\$	\$	\$	\$
<b>Mineral Properties</b>				
Riverside	67,946	-	-	67,946
Harricana	57,811	17,562	-	75,373
Rabbit Mountain	<u>232,636</u>	<u>-</u>	-	<u>232,636</u>
Total mineral properties	358,393	17,562	-	375,955
Oil and gas properties	<u>208,546</u>	<u>24,369</u>	<u>(5,500)</u>	<u>227,415</u>
	<u><u>566,939</u></u>	<u><u>41,931</u></u>	<u><u>(5,500)</u></u>	<u><u>603,370</u></u>

(Prepared by Management)

MONICA RESOURCES LTD.

Notes to Financial Statements, continued  
(for the eleven months ended April 30, 1987)

(unaudited)

3. Resource properties....continued:

(b) Riverside group

The Company has a 100% interest in the Riverside mining claims in the Slocan Mining Division, British Columbia.

(c) Harricana West property

By agreement dated January 29, 1986, the Company purchased 216 mineral claims in the Province of Quebec, for \$25,900 cash and 200,000 shares to be issued as follows:

- I) 50,000 upon acceptance of this agreement by the Regulatory Authorities (issued during the period).
- II) 150,000 upon the completion of Phases I, II and III of a recommended work program.

By agreement dated February 15, 1986, the Company transferred a 70% interest in the Harricana West property in consideration for the purchaser's spending not less than \$1,135,280 to conduct an exploration program before February 28, 1988.

In the event that these amounts are not spent on the properties by February 28, 1988, and provided that at least 20% of these amounts have been expended, the interest of the purchaser will be adjusted proportionately.

(d) Rabbit Mountain Group

The Company owns or has options to purchase the various mining claims which comprise the Rabbit Mountain Group in the Similkameen Mining Division, British Columbia. Six claims may be purchased by making option payments of \$5,000 per year up to and including 1997. An additional two claims may be purchased by option payments of \$5,000 per annum up to and including 1994 and \$100,000 on or before December 15, 1988.

(e) Oil and gas properties

The Company has working interests ranging from 3-1/3% to 20% in 18 oil and gas wells in Saskatchewan and Alberta. Twelve of these wells are producing at this time.

(Prepared by Management)

MONICA RESOURCES LTD.

Notes to Financial Statements, continued  
(for the eleven months ended April 30, 1987)

(unaudited)

4. Share capital:

Authorized -

25,000,000 common share without par value

Issued and fully paid -

	Number of shares	\$
For property	832,500	19,625
For cash	<u>3,151,795</u>	<u>1,013,374</u>
	<u>3,984,295</u>	<u>1,032,999</u>

During the period

(a) options were exercised resulting in the issue of 165,000 shares for net proceeds of \$33,000.

(b) options to purchase 295,500 shares at \$.61 per share before November 20, 1988 were issued to directors and employees, subject to regulatory approval.

5. Related party transactions:

Management fees of \$31,456 were paid to companies which are related by way of common directors.

6. Future income taxes:

The Company has incurred certain resource-related expenditures which may be carried forward and used to reduce taxable income in future years. No future tax benefit has been recognized in the accounts.

7. Comparative figures:

Comparative figures are not provided as they are not considered meaningful at this stage of the Company's development.

(Prepared by Management)

Coopers  
& Lybrand

chartered accountants

a member firm of  
Coopers & Lybrand (International)

**AUDITORS' REPORT TO THE SHAREHOLDERS**

We have examined the balance sheet of Monica Resources Ltd. as at May 31, 1986 and the statements of loss and deficit and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company as at May 31, 1986 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

*Coopers & Lybrand*

Vancouver, B.C.  
October 15, 1986

MONICA RESOURCES LTD.

BALANCE SHEET AS AT MAY 31, 1986

	1986 \$	1985 \$
<b>A S S E T S</b>		
<b>CURRENT ASSETS</b>		
Cash and short-term investments	42,029	276,072
Accounts receivable		6,504
Notes receivable	<u>17,083</u>	<u>          </u>
	59,112	282,576
<b>RESOURCE PROPERTIES AND DEFERRED EXPLORATION COSTS (note 3)</b>	<u>566,941</u>	<u>264,012</u>
	<u><u>626,053</u></u>	<u><u>546,588</u></u>

**L I A B I L I T I E S**

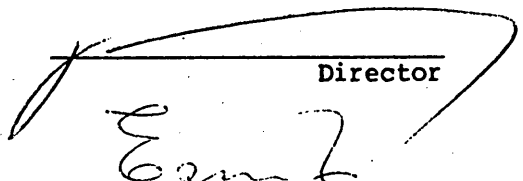
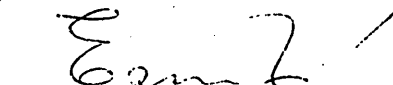
**CURRENT LIABILITIES**

Accounts payable and accrued liabilities	<u>10,596</u>	<u>13,207</u>
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**S H A R E H O L D E R S '    E Q U I T Y**

SHARE CAPITAL (note 4)	999,999	885,301
DEFICIT	(384,542)	(351,920)
	<u>615,457</u>	<u>533,381</u>
	<u><u>626,053</u></u>	<u><u>546,588</u></u>

APPROVED BY THE DIRECTORS

  
 \_\_\_\_\_  
 Director  
  
 \_\_\_\_\_  
 Director



MONICA RESOURCES LTD.

STATEMENT OF LOSS AND DEFICIT

FOR THE YEAR ENDED MAY 31, 1986

	1986 \$	1985 \$
OIL AND GAS REVENUE	12,331	
COST OF SALES	<u>4,825</u>	
	<u>7,506</u>	
<b>ADMINISTRATIVE EXPENSES</b>		
Interest and bank charges		242
Management fees	31,500	24,000
Miscellaneous	1,162	2,396
Office and printing	2,744	4,990
Professional services	5,486	31,330
Transfer agent and exchange fees	4,446	4,738
Travel and promotion	<u>5,638</u>	<u>8,498</u>
	50,976	76,194
Less: Interest income	<u>10,848</u>	<u>29,519</u>
	40,128	46,675
RESOURCE PROPERTIES WRITTEN OFF (note 3)		<u>91,989</u>
	<u>40,128</u>	<u>138,664</u>
LOSS FOR THE YEAR	32,622	138,664
DEFICIT - BEGINNING OF YEAR	<u>351,920</u>	<u>213,256</u>
DEFICIT - END OF YEAR	<u><u>384,542</u></u>	<u><u>351,920</u></u>

MONICA RESOURCES LTD.

STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE YEAR ENDED MAY 31, 1986

	1986 \$	1985 \$
<b>FINANCING ACTIVITIES</b>		
Issuance or allotment of shares -		
For cash	89,698	24,926
For mining claim	<u>25,000</u>	<u>          </u>
	<u>114,698</u>	<u>24,926</u>
<b>OPERATING ACTIVITIES</b>		
Loss for the year	(32,622)	(138,664)
Items not requiring an outlay of funds -		
Resource properties written off		91,989
Depletion, depreciation and write-off of fixed assets	<u>516</u>	<u>1,233</u>
	(32,106)	(45,442)
Net change in non-cash working capital items	<u>(13,190)</u>	<u>10,106</u>
	<u>(45,296)</u>	<u>(35,336)</u>
<b>INVESTING ACTIVITIES</b>		
Investment in resource properties	<u>(303,445)</u>	<u>(67,950)</u>
<b>DECREASE IN CASH AND SHORT-TERM INVESTMENTS</b>	<b>(234,043)</b>	<b>(78,360)</b>
<b>CASH AND SHORT-TERM INVESTMENTS - BEGINNING OF YEAR</b>	<b><u>276,072</u></b>	<b><u>354,432</u></b>
<b>CASH AND SHORT-TERM INVESTMENTS - END OF YEAR</b>	<b><u><u>42,029</u></u></b>	<b><u><u>276,072</u></u></b>

**MONICA RESOURCES LTD.**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MAY 31, 1986**

**1. NATURE OF OPERATIONS**

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

**2. SIGNIFICANT ACCOUNTING POLICIES**

**(a) Resource Properties**

Acquisition costs of interests in resource properties and areas of geological interest, together with direct exploration and development expenditures thereon are deferred in the accounts. When production commences, these costs will be amortized over the estimated useful life of the property. Costs relating to properties abandoned or claims allowed to lapse are written off at the time such decision is made.

Administration costs are expensed when incurred.

**(b) Depletion**

Depletion of resource properties and related deferred costs is provided on a unit-of-production basis.

MONICA RESOURCES LTD.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MAY 31, 1986

3. RESOURCE PROPERTIES

(a) Resource properties and deferred exploration costs are as follows:

	Balance May 31, 1985 \$	Acquisition and exploration costs \$	Accumulated depletion \$	Balance May 31, 1986 \$
<b>Mineral Properties</b>				
Riverside	57,808	10,138		67,946
Harricana		57,811		57,811
Rabbit Mountain	<u>206,204</u>	<u>26,434</u>		<u>232,638</u>
<b>Total mineral properties</b>	<b>264,012</b>	<b>94,383</b>		<b>358,395</b>
<b>Oil and Gas Properties</b>	<u>          </u>	<u>209,062</u>	<u>516</u>	<u>208,546</u>
	<u>264,012</u>	<u>303,445</u>	<u>516</u>	<u>566,941</u>

(b) Riverside Group

The company has a 100% interest in the Riverside mining claims in the Slocan Mining Division, British Columbia.

(c) By agreement dated January 29, 1986, the company purchased 216 mineral claims in the Province of Quebec, known as the Harricana claims, for \$25,900 cash and 200,000 shares to be issued as follows:

- (i) 50,000 upon acceptance of this agreement by the Regulatory Authorities; and
- (ii) 150,000 upon the completion of Phases I, II and III of a recommended work program.

By subsequent agreement dated February 15, 1986, the company transferred a 70% interest in the Harricana claims in consideration for the purchaser's spending not less than \$1,135,280 to conduct an exploration program before February 28, 1988.

MONICA RESOURCES LTD.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MAY 31, 1986

3. RESOURCE PROPERTIES (continued)

(c) (continued)

In the event that these amounts are not spent on the properties by February 28, 1988, and provided that at least 20% of these amounts have been expended, the interest of the purchaser will be adjusted proportionately.

(d) Rabbit Mountain Group

The company owns or has options to purchase the various mining claims which comprise the Rabbit Mountain Group in the Similkameen Mining Division, British Columbia. Six claims may be purchased by making option payments of \$5,000 per year up to and including 1997. An additional two claims may be purchased by option payments of \$5,000 per annum up to and including 1994 and \$100,000 on or before December 15, 1988.

(e) Oil and Gas Properties

The company has working interests ranging from 3-1/3% to 20% in 20 oil and gas wells in Saskatchewan and Alberta. Eighteen of these wells were still in the exploratory and testing stages at year end.

4. SHARE CAPITAL

Authorized -

25,000,000 common shares without par value

Issued or allotted and fully paid -

	1986		1985
	Number of shares	\$	\$
For property	832,500	19,625	19,625
For cash	2,886,795	980,374	865,676
	<u>3,719,295</u>	<u>999,999</u>	<u>885,301</u>

**MONICA RESOURCES LTD.**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MAY 31, 1986**

**4. SHARE CAPITAL (continued)**

During the year:

- (a) warrant holders exercised options to purchase 126,790 shares at \$.25 per share to net the company \$31,698;
- (b) options to purchase 330,000 shares at \$.20 per share before September 20, 1990 were issued to directors and employees;
- (c) 165,000 of these options were exercised to net the company \$33,000;
- (d) 156,200 shares were issued at \$.16 per share by way of private placement to net the company \$25,000; and
- (e) 50,000 shares were allotted at the ascertained value of \$.50 per share pursuant to an agreement dated January 29, 1986 (note 3(c)).

**5. RELATED PARTY TRANSACTIONS**

Management fees of \$24,000 were paid to a company which is related by way of common directors.


**6. FUTURE INCOME TAXES**

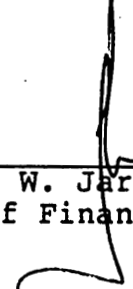
The company has incurred certain resource-related expenditures which may be carried forward and used to reduce taxable income in future years. No future tax benefit has been recognized in the accounts.

CERTIFICATE OF THE ISSUER

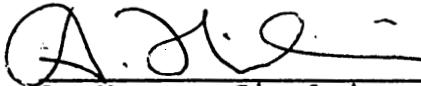
The foregoing constitutes full, true, and plain disclosure of all material facts relating to the securities offered by this Statement of Material Facts as required by the Securities Act and its regulations.

Date: June 15, 1987

  
\_\_\_\_\_  
R.A. Bruce McDonald  
Chief Executive Officer,  
President and Director

  
\_\_\_\_\_  
John W. Jardine  
Chief Financial Officer

On behalf of the Board of Directors

  
\_\_\_\_\_  
A. Murray Sinclair  
Director

  
\_\_\_\_\_  
Max. Fugman  
Director

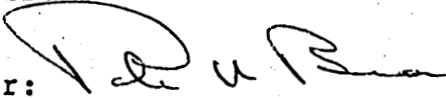
CERTIFICATE OF THE AGENTS

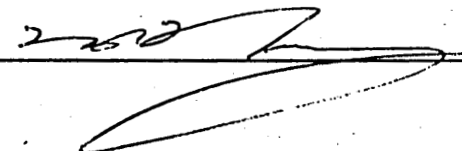
To the best of our knowledge, information, and belief, the foregoing constitutes full, true, and plain disclosure of all material facts relating to the securities offered by this Statement of Material Facts as required by the Securities Act and its regulations.

Dated: June 15, 1987

CANARIM INVESTMENT CORPORATION  
LTD.

JONES, GABLE & COMPANY LIMITED

Per:   
\_\_\_\_\_

Per:   
\_\_\_\_\_

LEVESQUE, BEAUBIEN INC.

Per:   
\_\_\_\_\_

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