

THIS PROSPECTUS CONSTITUTES A PUBLIC OFFERING OF THESE SECURITIES ONLY IN THOSE JURISDICTIONS WHERE THEY MAY BE LAWFULLY OFFERED FOR SALE AND THEREIN ONLY BY PERSONS PERMITTED TO SELL SUCH SECURITIES. NO SECURITIES COMMISSION OR SIMILAR AUTHORITY IN CANADA HAS IN ANY WAY PASSED UPON THE MERITS OF THE SECURITIES OFFERED FOR SALE BY THIS PROSPECTUS AND ANY REPRESENTATION TO THE CONTRARY IS AN OFFENCE.

RAT RESOURCES LTD.

(the "Issuer")

(Incorporated in British Columbia)

NEW ISSUE

300,000 COMMON SHARES

<i>Price to the Public (1)</i>	<i>Commission</i>	<i>Net Proceeds to the Issuer (2)</i>
\$0.50	\$0.05	\$0.45
\$150,000	\$15,000	\$135,000

public was established pursuant to negotiations between the Issuer and the Agent. of the balance of costs of this Prospectus estimated at \$15,000.

MARKET THROUGH WHICH THESE SECURITIES OF THE ISSUER MAY BE SOLD AND A THE SHARES OFFERED BY THIS PROSPECTUS MUST BE CONSIDERED A REFERENCE IS MADE TO THE SECTIONS CAPTIONED "RISK FACTORS" AND

"DILUTION".

THE DIRECTORS OF THE ISSUER ARE DIRECTORS OF OTHER NATURAL RESOURCE COMPANIES AND HAVE POTENTIAL CONFLICTS OF INTERESTS WHEN SERVING IN SUCH CAPACITIES. REFERENCE IS MADE TO THE SECTION CAPTIONED "DIRECTORS AND OFFICERS".

FOR COMPARISON OF THE SHARES BEING OFFERED TO THE PUBLIC FOR CASH AND THOSE ISSUED TO PROMOTERS, DIRECTORS AND OTHER INSIDERS, REFERENCE IS MADE TO THE SECTION CAPTIONED "PRINCIPAL SHAREHOLDERS".

THIS OFFERING IS A BEST EFFORTS OFFERING AND SUBJECT TO A MINIMUM SUBSCRIPTION BEING RECEIVED BY THE ISSUER WITHIN 180 DAYS OF THE EFFECTIVE DATE OF THE PROSPECTUS. FOR FURTHER PARTICULARS ON THE MINIMUM SUBSCRIPTION REFERENCE IS MADE TO THE SECTION CAPTIONED "PLAN OF DISTRIBUTION".

AN APPLICATION HAS BEEN MADE TO CONDITIONALLY LIST THE SHARES OF THE ISSUER ON THE VANCOUVER STOCK EXCHANGE. LISTING IS SUBJECT TO THE ISSUER FULFILLING ALL THE LISTING REQUIREMENTS OF THE EXCHANGE.

WE, AS AGENT, CONDITIONALLY OFFER THESE SECURITIES SUBJECT TO PRIOR SALE, IF, AS AND WHEN ISSUED BY THE ISSUER AND ACCEPTED BY US IN ACCORDANCE WITH THE CONDITIONS CONTAINED IN THE AGENCY AGREEMENT REFERRED TO IN THE SECTION CAPTIONED "PLAN OF DISTRIBUTION".

C.M. OLIVER & COMPANY LIMITED

2nd Floor, 750 West Pender Street

Vancouver, B.C., V6C 1B5

R.M.
PROPERTY FILE
To Hooda Gold 92P/9E

PROSPECTUS SUMMARY

The Offering

Issuer: Rat Resources Ltd.
Securities Offered: 300,000 Common Shares
Gross Proceeds: \$150,000
Net Proceeds: \$135,000
Price: \$0.50 per Common Share
Commission: \$0.05 per Common Share

Minimum

Subscription: This offering is subject to a minimum of 250,000 shares being sold on the Offering Day. If the minimum of 250,000 shares are not sold within 180 days from the Effective Date of this Prospectus, all funds will be returned to the purchasers without deduction.

Use of Proceeds: The net proceeds from this Offering will be used to conduct Phase I of an exploration program on the Ta Hoola Gold Property. The balance will be added to the working capital of the Issuer.

The Issuer

The Issuer is in the business of acquiring, exploring and developing natural resource properties. Reference is made to the section captioned "Business and Property of the Issuer".

Risk Factors

Investment in the Common Shares must be considered as speculation due to the nature of the Issuer's business and the present stage of its development. Reference is made to the sections captioned "Risk Factors", "Dilution" and "Directors and Officers".

THE FOREGOING IS A SUMMARY ONLY AND SHOULD BE READ IN CONJUNCTION WITH THE MORE DETAILED INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS.

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NAME AND INCORPORATION OF THE ISSUER

The Issuer, Rat Resources Ltd., was incorporated on 22nd April 1986 as a limited company pursuant to the laws of British Columbia by the registration of memorandum and articles with the British Columbia Registrar of Companies.

The head office of the Issuer is located at #302, 475 Howe Street, Vancouver, British Columbia, V6C 2B3. The registered and records office of the Issuer is located at #100, 200 Granville Street, Vancouver, British Columbia, V6C 1S4.

PLAN OF DISTRIBUTION

Offering

The Issuer by its Agent hereby offers (the "Offering") to the public through the facilities of the Vancouver Stock Exchange (the "Exchange") Three Hundred Thousand (300,000) common shares of the Issuer (the "Shares") on a best efforts basis, at a price of \$0.50 per share (the "Offering Price"), which price was established pursuant to negotiations between the Issuer and the Agent.

The Offering will be made in accordance with the rules and policies of the Exchange and on a day (the "Offering Day") determined by the Agent and the Issuer, with the consent of the Exchange, within a period of 180 days from the Effective Date of this Prospectus.

Those directors and other insiders of the Issuer who are residents of British Columbia may purchase some of the Shares from the Offering.

Appointment of Agents

By Agreement dated 12th February 1988 (the "Agency Agreement") the Issuer appointed C.M. Oliver & Company Limited as its agent (the "Agent") to offer the Shares through the facilities of the Exchange.

The Agent will receive a commission of \$0.05 per share.

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

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

The Issuer has granted the Agent a right of first refusal to provide future equity financing to the Issuer for a period of twelve months from the Effective Date of this Prospectus.

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.

Conditional Listing on the Exchange

An application has been made to conditionally list the Shares of the Issuer on the Exchange. Listing is subject to the Issuer fulfilling all the listing requirements of the Exchange, including prescribed distribution and financial requirements.

Minimum Subscription

This Offering is subject to a minimum of 250,000 shares being sold on the Offering Day. All funds received from the sale of the Shares will be held in trust until the minimum of 250,000 shares have been sold and the subscription price of \$125,000 has been received. If the minimum of 250,000 shares are not sold on the Offering Day, all funds will be returned to the purchasers without deduction. If the minimum of 250,000 shares are sold and notice to the release of funds is given to the Superintendent of Brokers, the proceeds received will be paid to the Issuer less the commission payable to the Agent.

USE OF PROCEEDS

The net proceeds to be derived by the Issuer from the Offering if all the Shares offered hereunder are sold will be \$135,000 which, when added to the cash on hand as at 25th April 1988 of \$14,741, will be expended for the following purposes:

1. To pay the balance of the estimated legal, report preparation, auditing and printing costs of this Prospectus \$ 15,000
 2. To pay the estimated costs of Phase 1 of the work program on the Ta Hoola Gold Property as disclosed in the section captioned "Business and Property of the Issuer" \$ 70,000
 3. To provide for working capital \$ 64,741
- TOTAL: \$149,741

The foregoing represents the Issuer's best estimate as to how the proceeds of the Offering will be expended. However, the Issuer reserves the right to redirect any portion of the funds, pursuant to the recommendations of a qualified engineer, to an alteration of the Phase I work program. In the event the Ta Hoola Gold

Property is abandoned, the Issuer may direct the funds so allocated to the acquisition or exploration of other natural resource properties acquired by the Issuer after the date of this Prospectus, based upon recommendations of a qualified engineer.

No part of the proceeds will be used to invest, underwrite or trade in securities other than those that qualify as investments in which trust funds may be invested under the laws of the jurisdictions in which the Shares offered by this Prospectus may be lawfully sold except as may be permitted by the policies of the Superintendent of Brokers for British Columbia (the "Superintendent") and/or the Exchange should the shares of the Issuer become listed on the Exchange. Should the Issuer propose to use the proceeds to acquire other than trustee-type securities after the primary distribution of the Shares offered by this Prospectus, the consent of the Superintendent or the Exchange, as the case may be, and any other regulatory authority having jurisdiction over the sale of the Shares offered by this Prospectus, will be obtained.

DILUTION

Based upon the balance sheet of the Issuer as at 30th November 1987, the following table reflects the dilution which will result from the purchase of the Shares offered pursuant to this Prospectus:

Dilution per Share

Offering price per share	\$0.50
Net book value before the Offering	\$0.09
Increase of net book value attributable to the Offering	\$0.07(1)
Net book value after the Offering	\$0.16
Dilution to the public	\$0.34
Percentage of dilution in relation to the Offering price	68%

(1) After deduction of the Agent's commission and the balance of costs of this Prospectus.

RISK FACTORS

The Shares offered hereby are considered speculative due to the nature of the Issuer's business and the present stage of its development. A prospective investor should consider carefully the following factors:

1. There is no current market for the shares of the Issuer and there can be no assurances given that one will develop.
2. Exploration for minerals is a speculative venture involving risk. Expenditures made on mineral properties may not result in the discovery of commercial quantities of ore.

3. The property of the Issuer is in the exploration and development stage, no land surveys have been conducted to determine the boundaries of its mineral claims and there is no known body of commercial ore present on the property of the Issuer.

4. The discovery by the Issuer of an ore body on its property may not mean that the ore is economic to mine and market. The marketability of the minerals acquired by the Issuer may be affected by numerous factors beyond the control of the Issuer. The exact effect of these factors, which include mineral market fluctuations, cost and availability of processing equipment and government regulation (including regulations pertaining to royalties, importing, exporting and environmental protections) cannot be accurately determined.

5. The Issuer may become subject to liability for pollution or other hazards against which it cannot insure or against which it may elect not to insure due to high premium costs or other facts.

6. The Issuer has not yet commenced active operations and has no history of earnings. The only source of funds available to the Issuer is through the sale of equity shares. Due to the nature of its business, there is little probability that the Issuer will be profitable.

DIRECTORS AND OFFICERS

The names and municipality of residence of all the directors and Officers of the Issuer, as well as their respective principal occupations within the five preceding years, are as follows:

Name, Municipality of Residence
and Position with the Issuer

Principal Occupations

Fritz MUELLER
Vancouver, British Columbia

President, Promoter and
Director

President and a director
of Rat Resources Ltd. and
Lemming Resources Ltd.;
director of Microstat De-
velopment Corporation

Ludvik SKALICKY
Vancouver, British Columbia

Director

Director of Camas Re-
sources Ltd. since January
1987; owner/proprietor of
L & S Construction Explor-
ation and Mining Company

Karl SCHINDLER
Vancouver, British Columbia

Director

President and Managing Di-
rector of Robert Mines
Ltd., a reporting company,
which operates a mine and
mill in the Greenwood Min-
ing District, B.C.

Judy S. MUELLER
Vancouver, British Columbia

Secretary of Lemming Resources Ltd. since 1986;
Retired School Teacher

Secretary

The Directors serve as directors of other public companies and, to the extent that such other companies may participate in ventures in which the Issuer may participate, the Directors of the Issuer may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. From time to time several companies may participate in the acquisition, exploration and development of natural resource properties thereby allowing for their participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment.

In accordance with the laws of British Columbia, the directors of the Issuer are required to act honestly, in good faith and in the best interests of the Issuer. In determining whether or not the Issuer will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Issuer may be exposed and its financial position at that time.

PROMOTER

Fritz Mueller, the President and a Director of the Issuer, is the promoter of the Issuer as that term is defined by the British Columbia Securities Act.

Mr. Mueller has entered into transactions with the Issuer as disclosed in the sections captioned "Acquisitions", "Executive Compensation" and "Interest of Management and Others in Material Transactions".

BUSINESS AND PROPERTY OF THE ISSUER

The Issuer is engaged in the acquisition, exploration and development of natural resource properties. The Issuer owns interests in the mining properties described hereunder and intends to seek and acquire additional properties worthy of exploration and development.

Ta Hoola Claims, British Columbia

Pursuant to an option Agreement made effective the 14th day of August, 1987 between SMD Mining Co. Ltd. ("SMD"), a wholly owned subsidiary of Saskatchewan Mining Development Corporation, and the Issuer (the "Option Agreement"), SMD granted to the Issuer an

exclusive option to acquire a 50% participating interest in certain mining claims located in the Kamloops Mining Division, in the Province of British Columbia, known as the Ta Hoola Claims.

The Ta Hoola Claims consist of eleven (11) claims comprising 166 units, more particularly known and described as follows:

<u>Claim Name</u>	<u>Record Number</u>	<u>No. of Units</u>	<u>Expiry Date</u>
Ta Hoola 2	3333	20	March 17, 1992
Ta Hoola 4	3335	16	March 17, 1994
Ta Hoola 6	3337	8	March 17, 1992
Ta Hoola 9	3572	16	June 10, 1988
Ta Hoola 10	3856	16	October 16, 1989
Ta Hoola 11	3857	20	October 16, 1989
Ta Hoola 12	3858	12	October 16, 1989
Ta Hoola 13	3859	12	October 16, 1991
Silver 1	4242	16	November 17, 1989
Silver 2	4243	18	November 17, 1989
Silver 3	4244	12	November 17, 1988

The Option Agreement provides that the Issuer shall have the option to acquire a 50% participating interest in the Ta Hoola Claims by spending a cumulative amount of \$350,000 on exploration work on or before 30th September 1990, as follows:

- (a) \$50,000 by 31st March 1988 (expended);
- (b) a further \$60,000 on or before 30th September 1988;
- (c) a further \$80,000 on or before 30th September 1989; and
- (d) a further \$160,000 on or before 30th September 1990.

To date, the Issuer has incurred exploration expenditures in the amount of \$62,565 on the Ta Hoola Claims.

The option granted by SMD to the Issuer may be terminated by SMD as follows: for failure by the Issuer to expend the amounts required by the specified times; thirty (30) days notice in writing by the Issuer; execution of a joint venture agreement pursuant to the terms of the Option Agreement; at the option of SMD for failure by the Issuer to perform any obligation or for a breach of a term or condition of the Option Agreement by the Issuer; and in the event of the bankruptcy, insolvency of the Issuer or an appointment of a receiver or receiver/manager with respect to the Issuer's affairs.

Upon the Issuer having acquired the 50% participating interest, the Issuer and SMD have agreed to execute a joint venture agreement. During the period of time commencing with the earning of the 50% participating interest by the Issuer until the joint venture Agreement is executed, all operations on the Ta Hoola Claims are to be conducted as a joint venture pursuant to the

terms as set forth in the Option Agreement. SMD, in the event that the Issuer earns the 50% participating interest, has the option exercisable at any time during the term of the joint venture to purchase a 10% participating interest from the Issuer for the sum of \$150,000.

The form of joint venture agreement to be entered into in the event the Issuer earns a 50% participating interest provides for the joint venture to be managed by a management committee consisting of one representative from each of the Issuer and SMD. Each participant in the joint venture shall have one (1) vote for every one (1) percent interest held in the Ta Hoola Claims.

Initially, SMD is to be the operator of the joint venture. Thereafter, the operator is to be appointed by the majority vote of the management committee.

Subsequent to the formation of a joint venture, the interest of either party may be proportionately reduced in the event that it elects not to participate in an annual exploration program approved by the management committee.

In the event that the participating interest of a party is reduced to less than 5%, such party's participating interest shall be forfeited. A party which forfeits or reduces its participating interest has the right to redeem its position if the actual budget is less costly by at least 25% than the budget as set out in the annual exploration program to which the party had not agreed, otherwise the forfeiture is final.

Rock Island Claim, British Columbia

Pursuant to an Agreement made effective the 30th day of September, 1987 between the Issuer and Fritz Mueller, the President, promoter and a director of the Issuer (the "Rock Island Agreement"), the Issuer acquired a 100% interest in and to the Rock Island Claim. The Issuer paid to Mr. Mueller the sum of \$6,542, which represented reimbursement to Mr. Mueller for his cost of the acquisition of the Rock Island Claim from Mr. John McFarlane of Winfield, British Columbia.

On 16th October 1987, pursuant to the terms of an amending Agreement made effective the 14th day of August 1987 between SMD and the Issuer (the "Amending Agreement"), SMD reimbursed the Issuer for the 50% of the Issuer's cost of the Rock Island Claim and thereby acquired a 50% participating interest in and to the Rock Island Claim. The Issuer and SMD have entered into a joint venture agreement made effective the 1st day of November, 1987 (the "Rock Island Joint Venture Agreement") for the joint exploration and development of the Rock Island Claim, more particularly known and described as the Rock Island Claim, record number 7237, comprising 20 units, located in the Kamloops Mining Division, with an expiry date of 20th August 1988. The Rock Island Claim is contiguous to the Ta Hoola Claims.

The terms of the Rock Island Joint Venture Agreement are identical in all respects as the form of agreement to be entered into in respect of the Ta Hoola Claims, as described herein, save and except that the Issuer is the initial operator of the Rock Island joint venture. To date, the Issuer has expended no monies on the joint venture beyond its net acquisition cost of \$3,271 and recording costs of \$20.

The Ta Hoola Claims and the Rock Island Claims (collectively the "Ta Hoola Gold Property") are the subject of a report dated 30th October 1987, as revised on 14th April 1988, prepared by Rebagliati Geological Consulting Ltd. (the "Rebagliati Report"), which report is included in this Prospectus. The following discussion has been derived from the Rebagliati Report.

Ta Hoola Gold Property

Location and Access

The Ta Hoola Gold Property is located approximately 25 km northwest of Little Fort, British Columbia on NTS Map Sheet 92P/9 at latitude 51°34'N and longitude 120°22'W.

A network of good quality logging roads provides easy access to the southern half of the property from Highway 24 which links the Yellow Head South Highway (No. 5) along the North Thompson River at Little Fort to the Cariboo Highway (No. 97) at 100 Mile House. Rough range roads provide good 4-wheel-drive access to the northern claims.

The property lies within the Thompson Plateau, a part of the Interior Plateau characterizing by rolling uplands with rounded hills and numerous small lakes. Topography within the Ta Hoola Gold Property is moderate and elevations range from approximately 1300 m to 1600 m (a.s.l.).

Vegetation consists of a mature spruce, fir and jack pine forest. Underbrush is moderately thick near moist valley bottoms and thins at higher elevations. Portions of the Silver 1, 2 and Ta Hoola 9 and 10 claims have been logged.

Exploration History

The Deer Lake-Friendly Lake district has a long exploration history. In 1930, the Lake View gold skarn deposit was discovered at the south end of Dear Lake, just south of the Issuer's optioned claims. In 1932, the Premier Gold Mining Company drove an adit and sank several pits on the massive pyrrhotite-magnetite-chalcopyrite-arsenopyrite skarn lenses located along a limestone-diorite contact. Samples of the skarn collected by a Selco/BP reconnaissance crew in 1984 graded up to 0.90 oz/ton gold across 1.5 m. Davidson Tisdale Mines Ltd. is currently exploring the gold prospect.

A second prospect discovered in the 1930's is reported to be located near Silver Lake. It is described as a zinc-lead-silver prospect occurring in a zone of sheared argillite. Tetrahedrite-bearing quartz veins carrying silver, lead, zinc and copper values, situated just east of the boundary of the Ta Hoola 12 claim, were also discovered in the 1930's. These prospects are now covered by the HC claim, which is being actively explored for gold and silver by Lancer Resources Inc. in a joint venture with BP Resources Canada Limited.

Since the mid-1960's, various parts of the Ta Hoola property have been explored by Anaconda American Brass Ltd. (1965 - 1968), United Copper Corporation (1966 - 1968), Imperial Oil Ltd. (1972 - 1973), Prism Resources (1972), Barrier Reef Resources (1972 - 1973), Cities Service Mineral Corp. (1973 - 1975), Meridian Resources (1977), Commonwealth Mining (1979 - 1982), SMD Mining Co. Ltd. (1981 - 1982), Lornex Mining Corporation Ltd. ("Lornex") (1983) and Selco Division - BP Resources Canada Ltd. ("Selco/BP") (1984 - 1986).

In the period 1965 to 1981, most of the exploration was directed towards porphyry copper and molybdenum deposits and comprised of repeated soil geochemical and IP surveys. In the 1960's, Anaconda drilled several holes, on ground now covered by the Ta Hoola 4 claim, to test Cu-Mo and Pb-Ag soil anomalies. Low grade copper-molybdenum mineralization was encountered in potassium metasomatized volcanic rock. Silver and lead mineralization was found to be associated with an extensive breccia zone carrying unevenly distributed low grades.

Imperial Oil Ltd. drilled several widely-spaced percussion drill holes to test a broad area of high IP response on the Ta Hoola 2 and 4 claims. Neither Anaconda nor Imperial routinely ran gold analyses. In 1981, Mr. C.M. Rebagliati, then employed in a senior exploration position with SMD, sampled discarded percussion cuttings at Imperial's drill sites. Several of the holes were found to be geochemically anomalous in arsenic and gold. The Ta Hoola claims were staked and covered by extensive geological, soil geochemical and I.P. surveys. Trenches excavated at the east end of Friendly Lake exposed a pyritic carbonate alteration zone which ran 370 ppb gold across 11 m. and was also anomalous in copper, molybdenum and arsenic. In 1982, SMD Mining withdrew from exploration in British Columbia and the property was farmed out to Lornex.

In 1983, Lornex drilled several short vertical percussion holes on geochemical-IP targets. No ore grade intersections were obtained but several holes returned anomalous concentrations of gold and arsenic over broad intervals.

In 1984, Selco/BP optioned the claims and undertook more geological, soil geochemical and IP surveys; identifying several new anomalies. In 1985, several of the anomalies were trenched. Thick overburden (greater than 4m) and flooding prevented the anomalies from being adequately assessed. one trench excavated

on a 1200 m long IP anomaly situated east of a small lake near the boundary of the Ta Hoola 9 and Silver 1 claims, exposed gold mineralization in a highly-pyritic shear zone in mafic volcanics. A sample in the centre of the shear ran 0.053 oz/ton gold, 0.68 oz/ton silver and 0.46% copper across 1.0 m. Other samples adjacent to the shear were anomalous and ranged from 40 - 440 ppb gold and 171 - 2041 ppm copper. A program of diamond drilling was proposed to assess the overburden-covered IP and soil anomalies, however, the property became inactive in late 1985 when Selco/BP western Canadian exploration budget was sharply reduced.

In August of 1987, the Issuer optioned the Ta Hoola Claims from SMD and, in September, sank three diamond drill holes comprising 310 m to test the auriferous carbonate alteration zone situated east of Friendly Lake.

Alteration and Mineralization

Carbonate alteration is widespread on the Ta Hoola Gold Property occurring in four principal modes.

Narrow, randomly orientated, calcite stringers and grain aggregates are common in all units. They are generally sulphide free and barren. Veinlet density increases in the fractured rocks adjacent to many of the major structures.

At the east end of Friendly Lake, the Issuer sank three diamond drill holes to assess a northwesternly-striking pyritic carbonate alteration zone where SMD was obtained anomalous values in gold, arsenic and molybdenum. The Friendly Lake zone is situated along a major northwesternly-trending topographic feature extending from Deer Lake in the south east to Friendly Lake, where it is offset by a northeast-striking crossfault. A series of prominent aeromagnetic highs coincides with this lineament, which follows the volcanic-sedimentary contact. The mineralization is hosted by pervasively carbonate-sericite-chlorite altered brecciated biotite hornfelsed mafic volcanic units. Calcite, an iron-carbonate, and fine rock fragments form the matrix. Disseminated fine-grained pyrite impregnates the breccia fragments and, to a lesser degree, the calcareous matrix. Average pyrite concentrations within the alteration zone are in the range of 1 to 3%. Trace amounts of chalcopyrite, galena, sphalerite, molybdenite and arsenopyrite are present.

In DDH 87-1, gold and the indicator elements, arsenic and molybdenum occur in geochemically anomalous concentrations over a 32 m interval. The 16 m thick core of the alteration zone range 328 ppb gold, 143 ppm arsenic, and 87 ppm molybdenum. While these values are an order of magnitude below ore grade, they demonstrate that a broad, hydrothermally altered structure has been enriched in gold and other associated elements.

Diamond drill holes 87-2 and 87-3 returned lower, but still anomalous, gold concentrations. From the nature of the alteration, brecciation and metal concentration, it is probable that these holes cut the fringe of the mineralized breccia.

At least one of the auriferous carbonate alteration zones on the HC claim extends on to the Silver 2 claim; where it is exposed in a road cut at the claim boundary. The HC-type carbonate alteration zones are distinct from the occurrence at the Friendly Lake zone. Ankerite-dolomite predominate over calcite and a brilliant green micaceous mineral, tentatively identified as mariposite, imparts a green colouration to broad brecciation and rebrecciation have taken place and the carbonate breccia has been cut by a series of pyrite and chalcopyrite-bearing quartz stringers which have filled a set of late stockwork fractures.

A traverse by C.M. Rebagliati, the Issuer's consultant, through the area of the Lornex percussion drilling on the Ta Hoola 12 claim located boulders of quartz-carbonate veining between some of the drill sites. The vein range from 10 cm to 50 cm thick and carry coarse pyrite, galena, sphalerite and chalcopyrite mineralization. If the vein are vertical or steeply dipping, as are the veins on the HC claim, Lornex's vertical percussion holes would have had a low probability of intersecting them.

The anomaly E gold prospect at the south boundary of the Ta Hoola 9 claim is hosted by pyritic, chloritized, northwest-striking shear zone. The highly pyritic core of the shear zone graded 0.053 oz/ton gold across 1.0 m and the less-sheared and less-pyritic wall rocks were geochemically anomalous in gold and copper. This prospect coincides with a 1200 m long IP anomaly which remains unexplored.

Soil Geochemistry and Geophysics

Most of the claims, with the exception of the Silver 2 and Rock Island Claims, have been covered by extensive IP and soil geochemical surveys.

Anomaly A, on the Ta Hoola 9 claim, is a 500 m x 100 m gold-zinc geochemical anomaly which has coincident IP resistivity and magnetic highs. The Lornex drilling in this region flanked the anomaly and its remains untested.

Anomaly B is a 800 m x 400 m multi-element (Au, Ag, As, Zn) geochemical anomaly lying within a larger IP anomaly. Percussion holes sunk by Lornex within part of the anomaly returned many anomalous gold, arsenic and zinc values but no well-mineralized intervals. The vertical orientation of their holes was less than optimum for testing what are now known to be vertical structures. Trenches excavated by Selco/BP to assess anomalies A and B did not reach bedrock.

Anomaly C is a gold, gold-zinc anomaly situated at the favourable volcanic-diorite contact. IP coverage along this contact is incomplete. No trenching or drilling has been undertaken.

A series of multi-element anomalies, collectively referred to as Anomaly D, lies along the eastern boundary of the Ta Hoola 9

claim. These anomalies may reflect the northwestward extension of the mineralization exposed in the old trenches to the east of the Ta Hoola Gold Property boundary. There has not been any IP coverage of these anomalies and they remain unexplored.

Recommendations

According to the Rebagliati Report, the prior geophysical, geochemical and diamond drilling work on and adjacent to the Ta Hoola Gold Property has demonstrated the requirement to test the unsurveyed portions of the Ta Hoola 9, Ta Hoola 12 and Silver 2 claims. Following the geochemical surveys, a program of diamond drilling is justified to explore the extensive IP and geochemical anomalies.

The Rebagliati Report recommends a three phase exploration program:

Phase I

Cover the unsurveyed portions of the Ta Hoola 9, Ta Hoola 12 and Silver claims with a soil geochemical grid, to test for the northwest/southwest extensions of the mineralized structures located on the HC claim and undertake 1,500 feet of diamond drilling. The proposed 200-sample geochemical survey and the proposed diamond drilling program is budgeted at \$70,000.

The recommended survey will complete the soil geochemical coverage of the claim block. This will allow the merits of the presently identified drill targets to be assessed relative to any new anomalies defined by the Phase I program.

Phase II

Contingent upon encouraging results being obtained from Phase I, a 5,000 foot diamond drilling program is recommended to test the presently identified geochemical and geophysical anomalies. Prioritization of these anomalies, and new anomalies defined by the Phase I program, will determine the sequence of drilling and the allocation of drill footage to each target. The program is estimated to cost \$250,000.

Phase III

Contingent upon encouraging results being obtained from Phase II, a 6,000 foot definition diamond drilling program to determine the strike and dip extent of the mineralized zones is proposed at an estimated cost of \$300,000.

To the extent that the estimated costs of Phase II and III of the recommended program are incurred on the Rock Island claim, the Issuer will be responsible for payment of one-half of these costs pursuant to the Rock Island Joint Venture Agreement. Any costs incurred on the Ta Hoola Claims subsequent to the Issuer ac-

quiring its 50% participating interest will be paid equally by the Issuer and SMD in accordance with the terms of the joint venture to be entered into pursuant to the Option Agreement.

Reference should be made to the complete text of the Rebagliati Report.

THERE IS NO KNOWN BODY OF COMMERCIAL ORE ON THE TA HOOLA GOLD PROPERTY AND THE PROPOSED PROGRAM IS AN EXPLORATORY SEARCH FOR ORE.

ACQUISITIONS

The acquisitions made by the Issuer since the date of its incorporation are the interests in the natural resources properties known as the Ta Hoola Claims option and the Rock Island Claim.

The Issuer entered into an option agreement with SMD Mining Co. Ltd. ("SMD"), a wholly owned subsidiary of the Saskatchewan Mining Development Corporation, made effective as of the 14th day of August, 1987 (the "Option Agreement"). The Option Agreement provides for the acquisition by the Issuer of a 50% interest in and to the Ta Hoola Claims and thereafter, the joint exploration and development of the Ta Hoola Claims by the Issuer and SMD.

By Agreement made effective the 30th day of September, 1987, the Issuer acquired a 100% interest in and to the Rock Island Claim from Fritz Mueller, the President, promoter and a director of the Issuer, in consideration for the payment of \$6,542, representing reimbursement of the amount paid by Mr. Mueller to John McFarlane of Winfield, British Columbia for the Rock Island Claim. A 50% interest in the Rock Island Claims was sold to SMD on 16th October 1987 pursuant to the terms of the Amending Agreement made effective the 14th day of August, 1987 between the Issuer and SMD.

Reference is made to the section captioned "Business and Property of the Issuer" for particulars of the acquisition of the Ta Hoola Claims option and the Rock Island Claim.

PRELIMINARY EXPENSES - INCORPORATION WITHIN ONE YEAR

Since its incorporation, the Issuer has expended \$26,901 in respect of administrative expenses and incorporation costs and \$62,565 in respect of the Ta Hoola Gold Property.

It is estimated that \$15,000 will be expended for administrative purposes relating to the Offering pursuant to this Prospectus and \$70,000 will be expended on exploration and development of the Ta Hoola Gold Property from the proceeds of the Offering.

SHARE AND LOAN CAPITAL STRUCTURE

The authorized capital of the Issuer consists of 10,000,000 common shares without par value of which 1,150,000 shares have been issued as fully paid and non-assessable.

The common shares of the Issuer rank equally as to dividends, voting rights and as to any distribution of assets on winding-up or liquidation.

The share and loan capital structure of the Issuer is as follows:

<u>Designation of Security</u>	<u>Amount Authorized</u>	<u>Amount outstanding as at 30th November 1987 Balance Sheet</u>	<u>Amount outstanding as at 25th April 1988</u>	<u>Amount outstanding if all Shares are Sold</u>
Common	10,000,000	1,150,000	1,150,000	1,450,000

PRIOR SALES

Shares Issued for Cash

Since incorporation to the date of this Prospectus, the Issuer sold 1,150,000 common shares for cash as follows:

<u>Designation of Class</u>	<u>Number of Shares</u>	<u>Price Per Share</u>	<u>Commissions Paid</u>	<u>Net Proceeds to Issuer</u>
Common Shares	750,000(1)	\$0.01	Nil	\$ 7,500.00
Common Shares	120,000(2)	\$0.25	Nil	\$ 30,000.00
Common Shares	280,000	\$0.25	Nil	<u>\$ 70,000.00</u>
			TOTAL:	<u>\$107,500.00</u>

(1) These shares are held in escrow and reference is made to the section captioned "Escrowed Shares" for further details.

(2) These shares were issued on a "flow through" basis for taxation purposes. Certain investors advanced \$30,000 to the Issuer pursuant to Canadian Exploration and Development Expense Agreements whereby the Canadian Exploration and development expenses incurred by the Issuer flowed through to the investors. As these expenses were incurred, the investors earned shares in the Issuer at the rate of one

share for every \$0.25 in expenses incurred. These eligible expenses are not available to the Issuer for corporate income tax purposes.

POOLED SHARES

There are currently no shares of the Issuer held in pool.

ESCROWED SHARES

As at the date of this Prospectus, there are a total of 750,000 common shares of the Issuer held in escrow, as follows:

<u>Designation of Class</u>	<u>Number of Shares Held in Escrow</u>	<u>Percentage of Class</u>
Common Shares	750,000 Shares	65.2%

The 750,000 common shares of the Issuer (the "Principals' Shares") were issued for cash at \$0.01 per share to the persons (Principals") as follows:

<u>Principals</u>	<u>Number of Principals' Shares Issued</u>
Fritz Mueller	<u>750,000</u> Shares
TOTAL:	<u>750,000</u> Shares

These Shares are held in escrow by Central Trust Company pursuant to an Escrow Agreement dated 2nd September 1987.

The Principals' Shares are issued to the Principals as an incentive to them to give diligent support to the affairs of the Issuer in the prospect that there will be resultant accretion in the value of the Principals' Shares and to give the Principals some measure of control over the Issuer in order that the development of the Issuer may proceed in an orderly fashion.

The Principals' Shares are subject to the order of the Superintendent or the Exchange, should the shares of the Issuer become listed on the Exchange. The Principals' Shares Escrow Agreement provides that, if the Issuer becomes successful due in part to the efforts of the escrow shareholders, the escrow shareholders shall be entitled to a release of the Shares from time to time in accordance with the general policies of the Superintendent or the Exchange, as the case may be. Any Principals' Shares not released from escrow before the expiration of ten years from the date a receipt is issued for this Prospectus shall be cancelled.

Until the Principals' Shares are released from escrow, the Principals' Shares shall not be sold, assigned, hypothecated, alien-

ated, released from or transferred within escrow or in any other manner dealt with without the written consent of the Superintendent or the Exchange, as the case may be.

PRINCIPAL SHAREHOLDERS

As at the date of this Prospectus, the number and percentage of common shares of the Issuer owned of record or beneficially, directly or indirectly, by each person or company who owns of record or is known by the Issuer to own beneficially, directly or indirectly, more than 10% of the said shares are as follows:

<u>Name and Address</u>	<u>Designation of Class</u>	<u>Type of Ownership</u>	<u>Number of Shares Owned</u>	<u>Percentage of Class</u>
Fritz Mueller 6579 Salish Drive	Common Shares	Direct	81,000	7.04%
Vancouver, B.C.	Common Shares	Direct	750,000 (Principal's Shares)	65.22%

The total number and percentage of common shares of the Issuer beneficially owned, directly or indirectly, by all the directors and senior officers of the Issuer as a group is as follows:

<u>Group</u>	<u>Designation of Class</u>	<u>Number of Shares Owned</u>	<u>Percentage of Class Prior to Offering</u>	<u>Percentage of Class After Completion of Offering</u>
Directors and senior officers	Common Shares	941,000	81.83	64.90

The 300,000 common shares offered by this Prospectus represent 20.69% of the total common shares which will be issued if all Shares are sold pursuant to this Offering.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Pursuant to the Escrow Agreement, a director of the Issuer purchased shares of the Issuer at \$0.01 per share as described in the section captioned "Escrowed Shares".

Fritz Mueller, the President, promoter and a director of the Issuer, pursuant to the Acquisition Agreement described in the section captioned "Business and Property of the Issuer", sold the Rock Island Claim to the Issuer in consideration of the payment of \$6,542, which represented his cost of acquiring the Rock Island Claim.

**EXECUTIVE COMPENSATION
(Form 41)**

The Issuer has one executive officer, Fritz Mueller, President, promoter and a director of the Issuer.

Since incorporation, \$9,000 has been paid to Fauna Holdings Ltd. ("Fauna"), a company controlled by Fritz Mueller, the President, promoter and a director of the Issuer. The Issuer has agreed to pay Fauna a fee of \$1,000 per month for providing management and administrative services to the Issuer. Upon completion of this Offering pursuant to this Prospectus, Fauna is to be paid a fee of \$2,000 per month for providing management services.

Mr. Mueller has been granted an incentive stock option to purchase 70,000 shares of the Issuer at a price of \$0.50 per share exercisable at any time over a five year period commencing on the date a receipt is issued for this Prospectus.

OPTIONS TO PURCHASE SHARES

The Issuer has granted the following incentive stock options:

<u>Optionees</u>	<u>Number of Common Shares under Option</u>	<u>Exercise Price and Term</u>
Director who is a Senior Officer	70,000 Shares)\$0.50 per share exercisable)at any time within a five)year period from the date
Employee of the Company	70,000 Shares)a receipt is issued for)this Prospectus

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the Issuer are Messrs. Corcoran & Company of #575, 885 Dunsmuir Street, Vancouver, British Columbia, V6C 1N9.

The Registrar and Transfer Agent for the Issuer is Central Trust Company of #700, 750 West Pender Street, Vancouver, British Columbia, V6C 2B2.

MATERIAL CONTRACTS

Except for material contracts made in the ordinary course of the Issuer's business, the only material contracts entered into by the Issuer within the two years preceding the date of this Prospectus are as follows:

1. The Agency Agreement disclosed in the section captioned "Plan of Distribution".
2. The Option Agreement, as amended, disclosed in the section captioned "Business and Property of the Issuer".
3. The Joint Venture Agreement disclosed in the section captioned "Business and Property of the Issuer".
4. The Acquisition Agreement disclosed in the section captioned "Business and Property of the Issuer".
5. The Escrow Agreement disclosed in the section captioned "Escrowed Shares".
6. The Management Services Agreement made as of 6th August 1987 between the Issuer and Fauna Holdings Ltd. disclosed in the section captioned "Executive Compensation".
7. Director Stock Option Agreement between the Issuer and Fritz Mueller disclosed in the section captioned "Options to Purchase Shares".
8. Employee Stock Option Agreement between the Issuer and Judy Mueller disclosed in the section captioned "Options to Purchase Shares".

All material contracts herein described may be inspected at Suite 100, 200 Granville Street, Vancouver, British Columbia during normal business hours while primary distribution of the shares of the shares offered hereunder is in progress and for a period of thirty days thereafter.

OTHER MATERIAL FACTS

There are no other material facts relating to the shares offered by this Prospectus which are not disclosed under the foregoing captions.

PURCHASER'S STATUTORY RIGHT OF WITHDRAWAL AND RESCISSION

The British Columbia Securities Act (the "Act") provides purchasers with a right of action for damages or rescission against a dealer who does not send the purchaser:

- (a) before entering into the written confirmation of the sale agreement resulting from the order or subscription, or
- (b) not later than midnight on the second business day after entering into the agreement,

the latest prospectus filed respecting the security. The purchaser also has a right to withdraw from an agreement to purchase securities within two business days after receipt or deemed receipt of a prospectus.

The Act also provides a purchaser with a right of action for damages or rescission of a prospectus containing a misrepresentation.

The remedies provided in the Act must be exercised by the purchaser within the time limits prescribed in the Act and regulations. The purchaser should refer to the provisions of the Act for the particulars of these rights or consult with a legal advisor.

RAT RESOURCES LTD.

REPORT AND FINANCIAL STATEMENTS

November 30, 1987

CORCORAN & COMPANY

CORCORAN & COMPANY

CHARTERED ACCOUNTANTS

A LIMITED PARTNERSHIP

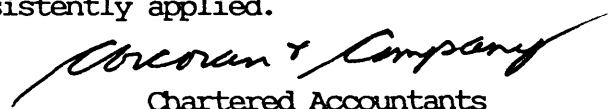
AUDITORS' REPORT

To the Directors,
Rat Resources Ltd.

We have examined the balance sheet of Rat Resources Ltd. as at November 30, 1987 and the statements of deferred exploration and administrative expenses and changes in financial position for the seven months 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 November 30, 1987 and the results of its operations and the changes in its financial position for the period then ended in accordance with generally accepted accounting principles consistently applied.

Vancouver, B.C.
December 18, 1987


Chartered Accountants

RAT RESOURCES LTD.
Incorporated under the Company Act of British Columbia
BALANCE SHEET
as at November 30, 1987

ASSETS

Current

Cash	\$ 30,933
Resource properties - Note 2	3,292
Deferred exploration and administrative expenses	74,064
Incorporation	<u>711</u>
	<u>\$ 109,000</u>

LIABILITIES

Current

Accounts payable	\$ 1,500
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SHAREHOLDERS' EQUITY

Capital stock - Note 3

Authorized

10,000,000 common shares without par value

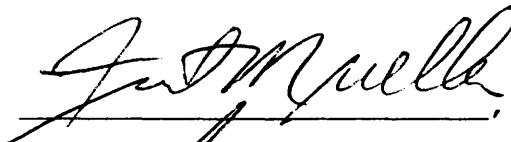
Issued and fully paid

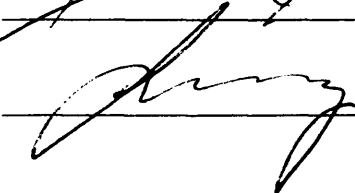
1,150,000 common shares

107,500

\$ 109,000

APPROVED BY THE DIRECTORS


_____, Director


_____, Director

SEE ACCOMPANYING NOTES

CORCORAN & COMPANY

RAT RESOURCES LTD.
 STATEMENT OF DEFERRED EXPLORATION AND ADMINISTRATIVE EXPENSES
for the seven months ended November 30, 1987

Expenses

Exploration	
Assays	\$ 1,668
Core Splitting	2,540
Drafting and mapping	631
Drilling	31,549
Equipment and truck rental	597
Geological consulting	12,006
Licenses, permit and assessment fees	4,931
Site Preparation	<u>3,523</u>
	<u>57,445</u>
Administrative	
Management fees	4,000
Office	807
Professional fees	11,717
Transfer agent fees	<u>600</u>
	17,124
Less: Interest earned	<u>505</u>
	<u>16,619</u>
Exploration and administrative expenses for the period	74,064
Deferred exploration and administrative expenses, beginning of the period	<u>-</u>
Deferred exploration and administrative expenses, end of the period	\$ <u>74,064</u>
Represented by	
Exploration expense	
Ta Hoola mineral claims	\$ 57,445
Administrative expense	<u>16,619</u>
	\$ <u>74,064</u>

SEE ACCOMPANYING NOTES

CORCORAN & COMPANY

RAT RESOURCES LTD.
STATEMENT OF CHANGES IN FINANCIAL POSITION
for the seven months ended November 30, 1987

Operations

Accounts payable	\$ 1,500
Exploration and administrative expenses for the period	(<u>74,064</u>)
Net change / operations - (outflow)	(<u>72,564</u>)

Financing

Proceeds of share issue	<u>107,500</u>
Net change / financing - inflow	<u>107,500</u>

Investing

Acquisition of resource properties	(3,292)
Incorporation	(<u>711</u>)
Net change / investing - (outflow)	(<u>4,003</u>)

Net increase in cash during the period	30,933
Cash, beginning of the period	_____ -
Cash, end of the period	\$ <u><u>30,933</u></u>

SEE ACCOMPANYING NOTES

CORCORAN & COMPANY

RAT RESOURCES LTD.
NOTES TO THE FINANCIAL STATEMENTS
November 30, 1987

Note 1 Summary of Significant Accounting Policies

(a) Resource Properties

The acquisition of resource properties are initially recorded at cost. Producing resource properties are depleted over their estimated useful lives based upon a method relating recoverable resource reserves to production. Non-producing resource properties that the company abandons interest in are written off in the year of abandonment.

(b) Deferred Exploration and Administrative Expenses

The company capitalizes all exploration and administrative expenses that result in the acquisition and retention of resource properties or an interest therein. The accumulated costs including applicable exploration and administrative expenses relative to non-productive resource properties that the company abandons interest in are written off. Otherwise, the exploration and administrative expenses are depleted over the estimated useful lives of the producing resource properties based on a method relating recoverable reserves to production.

(c) Values

The amount shown for resource properties and deferred exploration and administrative expenses represent costs to date and do not necessarily reflect present or future values.

Note 2 Resource Properties

Rock Island Mineral Claim

The company acquired a 100% interest in 1 mineral claim located in the Kamloops Mining Division of British Columbia for \$6,542 from a director of the company.

The company sold 50% of its interest in the Rock Island mineral claim for \$3,271.

Cash	\$ 6,542	
Sale of 50% interest	(3,271)	
	<u>3,271</u>	
Recording fee	<u>20</u>	\$ 3,291

Note 2 Resource Properties - (cont'd)

Ta Hoola Mineral Claims - option

The company acquired an option to purchase a 50% interest in 11 mineral claims located in the Kamloops Mining Division of British Columbia for cumulative expenditures of \$350,000 on exploration as follows :

- Expend \$50,000 by March 31, 1988 (which has been done).
- Expend a further \$60,000 on or before September 30, 1988.
- Expend a further \$80,000 on or before September 30, 1989.
- Expend a further \$160,000 on or before September 30, 1990.

Cash	<u>1</u>
Total Resource Properties	\$ <u>3,292</u>

Note 3 Capital Stock

The company's common share transactions are summarized as follows:

	<u>Number of Shares</u>	<u>Amount</u>
Issuance of shares for cash		
By subscription agreement	280,000	\$ 70,000
By CEE agreement	120,000	30,000
By escrow agreement	<u>750,000</u>	<u>7,500</u>
Balance, end of the period	<u>1,150,000</u>	\$ <u>107,500</u>

Note 4 Canadian Exploration and Development Expenses (C.E.E.)

Certain investors advanced \$30,000 to the company pursuant to a Canadian Exploration and Development Expense Agreement whereby Canadian exploration and development expenses incurred by the company flowed through to the investors. As these exploration expenses were incurred, the investors earned 120,000 common shares of the company. These exploration expenses are not available to the company for corporate income tax purposes.

Note 5 Directors' Remuneration

No remuneration has been paid to any of the directors or officers of the company during the period.

Note 6 Related Party Transactions

The company paid \$4,000 to a company controlled by a director of the company for management services.

Note 7 Incorporation

The company was incorporated April 22, 1986 and commenced operations on May 1, 1987. Consequently, operations are for the seven months from the commencement of operations.

RAT RESOURCES LTD.

TA HOOLA GOLD PROPERTY

Kamloops Mining Division

British Columbia

N.T.S. 92P/9

Latitude 51°34'N

Longitude 120°22'W

by

Rebagliati Geological Consulting Ltd.

C. M. Rebagliati, P. Eng.

October 30, 1987
Revised April 14, 1988

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APPENDIX

APPENDIX I	ASSAY CERTIFICATES
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SUMMARY

The Ta Hoola property, comprising 186 units, is located in South Central British Columbia, 25 km northwest of Little Fort. Highway 24 lies approximately 3 km to the south of the claims. Good quality logging roads and rough range roads leading from the highway provide good vehicle access. Numerous small streams and lakes provide ready sources of drill water.

Triassic-Jurassic volcanic units of the central volcanic core of the Quesnel Trough, and their derived sediments, underlie the claims. All are intruded by diorite plutons. A complex pattern of block faults has rotated the stratigraphy and provided a structural environment favourable for the deposition of precious metals.

The first mineral exploration in the region took place in 1930, when a gold-bearing skarn was discovered at Deer Lake just south of the claims. Exploration began within the claim area in 1966, when Anaconda American Brass and United Copper Mines undertook extensive soil geochemical and IP surveys in their search for porphyry-type deposits. Low grade lead-silver mineralization, associated with a large breccia zone, was also discovered. Porphyry exploration continued until 1981 when SMD Mining Co. Ltd., Lornex, and Selco/BP sequentially explored the property for precious metal deposits. During the period 1981-1985, several northwesterly-trending gold and/or silver-bearing shear zones and carbonate altered vein and breccia structures were identified. Blanket IP and multi-element surveys outlined several other anomalies which have not been explored.

Rebagliati Geological Consulting Ltd.

Rat Resources Ltd. optioned the property in 1987 from SMD Mining Co. Ltd. and conducted a 310 m, three hole, diamond drilling program on the Friendly Lake gold prospect. A broad interval of carbonate altered breccia, geochemically anomalous in gold, arsenic and molybdenum, was intersected.

A favourable geological environment has been identified on the Ta Hoola property. Several multi-element gold geochemical anomalies and IP anomalies, of which some are coincident, have been outlined. These are only partly explored or remain unexplored.

A Phase I program of geochemical surveying and diamond drilling, budgeted at \$70,000.00, is proposed to define and drill test known geochemical anomalies.

Phase II and III diamond drilling programs are proposed to further evaluate the precious metal prospects. Each is contingent upon encouraging results being obtained from the preceding phase.

INTRODUCTION

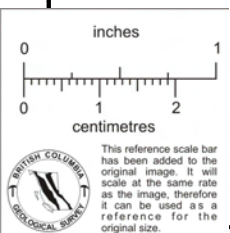
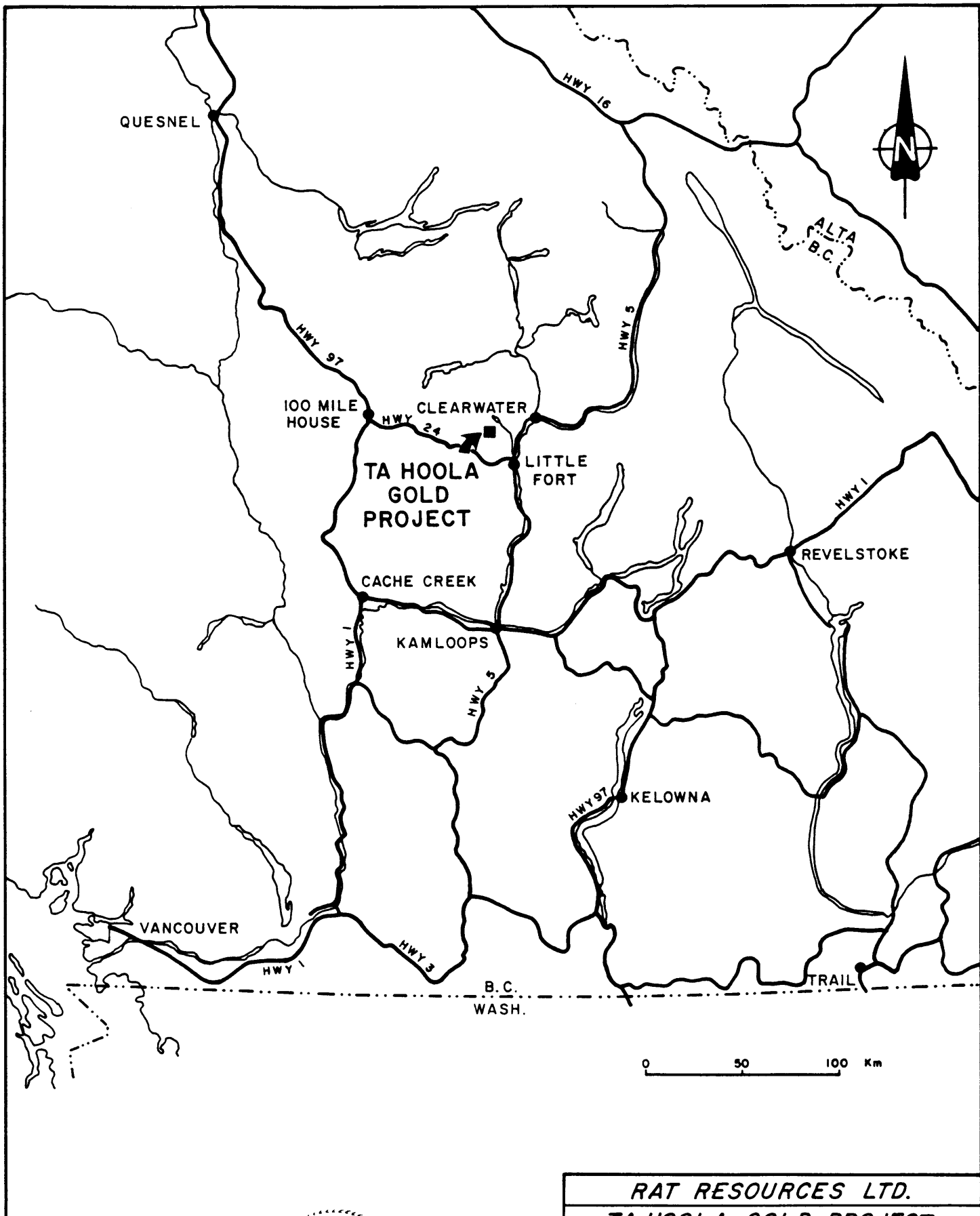
In August, 1987, the writer was commissioned by the President of Rat Resources Ltd. to make an appraisal of the Company's Ta Hoola property situated 25 km northwest of Little Fort, British Columbia.

This report is based on the writer's knowledge of the area gained by the study of available government and private reports; regional studies; the supervision of exploration on the Ta Hoola property during the period 1981-1982; in-house corporate technical reviews of the 1984-1985 exploration programs; an examination on July 13, 1986; the supervision of work undertaken in 1987 on the claim adjoining the east side of the Ta Hoola 9 & 12 claims; and the supervision of the diamond drilling program undertaken by Rat Resources Ltd. on the Ta Hoola 4 claim in August - September, 1987.

LOCATION AND ACCESS

The Ta Hoola claim block is located approximately 25 km northwest of Little Fort, British Columbia on NTS Map Sheet 92P/9 at latitude 51°34'N and longitude 120°22'W (Figure 1).

A network of good quality logging roads provides easy access to the southern half of the property from Highway 24, which links the Yellowhead South Highway (No. 5) along the North Thompson River at Little Fort to the Cariboo Highway (No. 97) at 100 Mile House. Rough range roads provide good 4-wheel-drive access to the northern claims.



RAT RESOURCES LTD.	
TA HOOLA GOLD PROJECT	
LOCATION MAP	
<i>Aug., 87</i>	<i>Figure 1</i>

The property lies within the Thompson Plateau, a part of the Interior Plateau characterized by rolling uplands with rounded hills and numerous small lakes. Topography within the claim is moderate and elevations range from approximately 1300 m to 1600 m (a.s.l.).

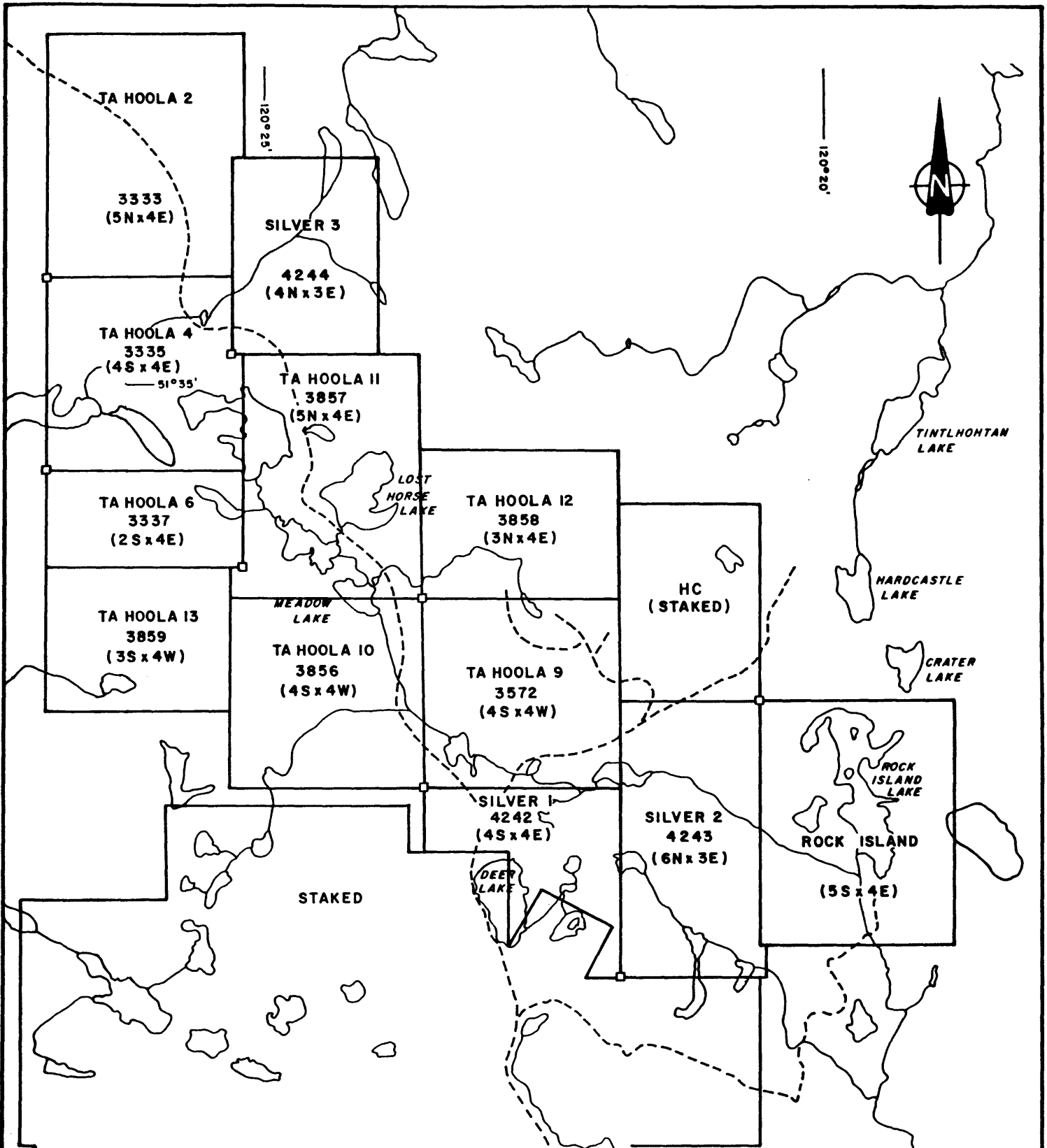
Vegetation consists of a mature spruce, fir and jack pine forest. Underbrush is moderately thick near moist valley bottoms and thins at higher elevations. Portions of the Silver 1, 2 and Ta Hoola 9 & 10 claims have been logged.

CLAIMS

The 166-unit Ta Hoola-Silver claim block is owned by SMD Mining Co. Ltd. Rat Resources Ltd. hold an option to earn a 50% interest in the claims by expending \$350,000 on exploration on or before September 30, 1990. The 20-unit Rock Island claim is jointly owned by SMD and Rat Resources. A separate joint venture has been formed to explore the Rock Island claim.

The writer has not inspected all of the claim posts and can pass no opinion on the manner of staking nor can he verify the location as depicted on the claim map (Figure 2). Essential claim data are as follows:

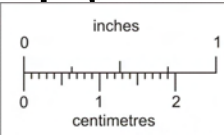
<u>Claim Name</u>	<u>Record No.</u>	<u>No. of Units</u>	<u>Mining Division</u>	<u>Recording Date</u>	<u>Expiry Date</u>
Ta Hoola 2	3333	20	Kamloops	Mar.17/81	Mar.17/92
Ta Hoola 4	3335	16	"	Mar.17/81	Mar.17/92
Ta Hoola 6	3337	8	"	Mar.17/81	Mar.17/92
Ta Hoola 9	3572	16	"	June 10/81	June 10/88
Ta Hoola 10	3856	16	"	Oct.16/81	Oct.16/88
Ta Hoola 11	3857	20	"	Oct.16/81	Oct.16/88
Ta Hoola 12	3858	12	"	Oct.16/81	Oct.16/89
Ta Hoola 13	3859	12	"	Oct.16/81	Oct.16/91
Silver 1	4242	16	"	Nov.17/81	Nov.17/88
Silver 2	4243	18	"	Nov.17/81	Nov.17/88
Silver 3	4244	12	"	Nov.17/81	Nov.17/88
Rock Island	7237	20	"	Aug.20/87	Aug.20/88
		<u>186 units</u>			



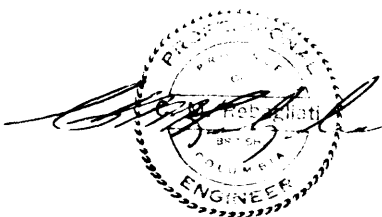
RAT RESOURCES LTD.
TA HOOLA GOLD PROJECT

CLAIM MAP

Aug., 87 N.T.S. 92 P/9 Figure 2



This reference scale bar has been added to the original image. It will scale at the same rate as the image, therefore it can be used as a reference for the original size.



EXPLORATION HISTORY

The Deer Lake-Friendly Lake district has a long exploration history. In 1930, the Lake View gold skarn deposit was discovered at the south end of Dear Lake, just south of Rat Resources optioned claims. In 1932, the Premier Gold Mining Company drove an adit and sank several pits on the massive pyrrhotite-magnetite-chalcopyrite-arsenopyrite skarn lenses located along a limestone-diorite contact (Figure 5). Samples of the skarn collected by a Selco/BP reconnaissance crew in 1984, while the writer was a Senior Geologist with that Company, graded up to 0.90 oz/ton gold across 1.5 m (Gamble, 1986). Davidson Tisdale Mines Ltd. is currently exploring the gold prospect.

A second prospect discovered in the 1930's is reported by Hirst (1966) to be located near Silver Lake. Hirst describes it as a zinc-lead-silver prospect occurring in a zone of sheared argillite. This prospect has not been relocated by the writer. Tetrahedrite-bearing quartz veins carrying silver, lead, zinc and copper values (Gamble, 1986), situated just east of the boundary of the Ta Hoola 12 claim, were also discovered in the 1930's. These prospects are now covered by the HC claim, which is being actively explored for gold and silver by Lancer Resources Inc. in a joint venture with BP Resources Canada Limited.

Since the mid-1960's, various parts of the Ta Hoola property have been explored by Anaconda American Brass Ltd. (1965 - 1968), United Copper Corporation (1966-1968), Imperial Oil Ltd. (1972-1973), Prism Resources (1972), Barrier Reef Resources (1972-1973), Cities Service Mineral Corp. (1973-1975), Meridian Resources (1977), Commonwealth Mining (1979-1982), SMD Mining Co. Ltd. (1981-1982), Lornex Mining Corporation Ltd. (1983), and Selco Division - BP Resources Canada Ltd. (1984-1986).

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In the period 1965 to 1981, most of the exploration was directed towards porphyry copper and molybdenum deposits and comprised of repeated soil geochemical and IP surveys. In the 1960's, Anaconda drilled several holes, on ground now covered by the Ta Hoola 4 claim, to test Cu-Mo and Pb-Ag soil anomalies. Low grade copper-molybdenum mineralization was encountered in potassium metasomatized volcanic rock. Silver and lead mineralization was found to be associated with an extensive breccia zone carrying unevenly distributed low grades.

Imperial Oil drilled several widely-spaced percussion drill holes to test a broad area of high IP response on the Ta Hoola 2 and 4 claims. Neither Anaconda nor Imperial routinely ran gold analyses. In 1981, the writer, then employed in a senior exploration position with SMD Mining Co. Ltd., sampled discarded percussion cuttings at Imperial's drill sites. Several of the holes were found to be geochemically anomalous in arsenic and gold. The Ta Hoola claims were staked and covered by extensive geological, soil geochemical and I.P. surveys. Trenches excavated at the east end of Friendly Lake exposed a pyritic carbonate alteration zone which ran 370 ppb gold across 11 m, and was also anomalous in copper, molybdenum and arsenic. In 1982, SMD Mining withdrew from exploration in British Columbia, and the property was farmed out to Lornex.

In 1983, Lornex drilled several short vertical percussion holes on geochemical-IP targets. No ore grade intersections were obtained but several holes returned anomalous concentrations of gold and arsenic over broad intervals.

In 1984, Selco/BP optioned the claims and undertook more geological, soil geochemical and IP surveys; identifying several

new anomalies. In 1985, several of the anomalies were trenched. Thick overburden (greater than 4 m) and flooding prevented the anomalies from being adequately assessed. One trench excavated on a 1200 m long IP anomaly situated east of a small lake near the boundary of the Ta Hoola 9 and Silver 1 claims, exposed gold mineralization in a highly-pyritic shear zone in mafic volcanics. A sample in the center of the shear ran 0.053 oz/ton gold, 0.68 oz/ton silver and 0.46% copper across 1.0 m. Other samples adjacent to the shear were anomalous and ranged from 40 - 440 ppb gold and 171-2041 ppm copper (Gamble, 1986). A program of diamond drilling was proposed to assess the overburden-covered IP and soil anomalies, however, the property became inactive in late 1985 when the Company's western Canadian exploration budget was sharply reduced.

In August of 1987, Rat Resources Ltd. optioned the Ta Hoola property from SMD Mining Co. Ltd. and, in September, sank three diamond drill holes comprising 310 m to test the auriferous carbonate alteration zone situated east of Friendly Lake.

REGIONAL GEOLOGICAL SETTING

The Ta Hoola property is situated within the Quesnel Trough, a 2000 km long northwesterly-trending belt consisting of Upper Triassic - Lower Jurassic volcanic rocks, derived sedimentary rocks and intrusives. The belt is characterized by a volcanic core of Triassic subaqueous andesite pyroxene porphyritic flows, tuffs and breccias. Interbedded with the volcanics are calcareous argillite, siltstone, silicious cherty sediments and limestone. On the eastern and western margins of the volcanic core is an overlying and flanking sequence of Lower Jurassic pyroxene porphyritic volcanoclastic breccias with proximal to

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distal epiclastic sediments consisting of conglomerate, greywacke and argillite (Figure 3). To the extreme east are fine clastic sediments, consisting of a siltstone, shale and argillite assemblage, which appear to form the base of the Triassic sequence.

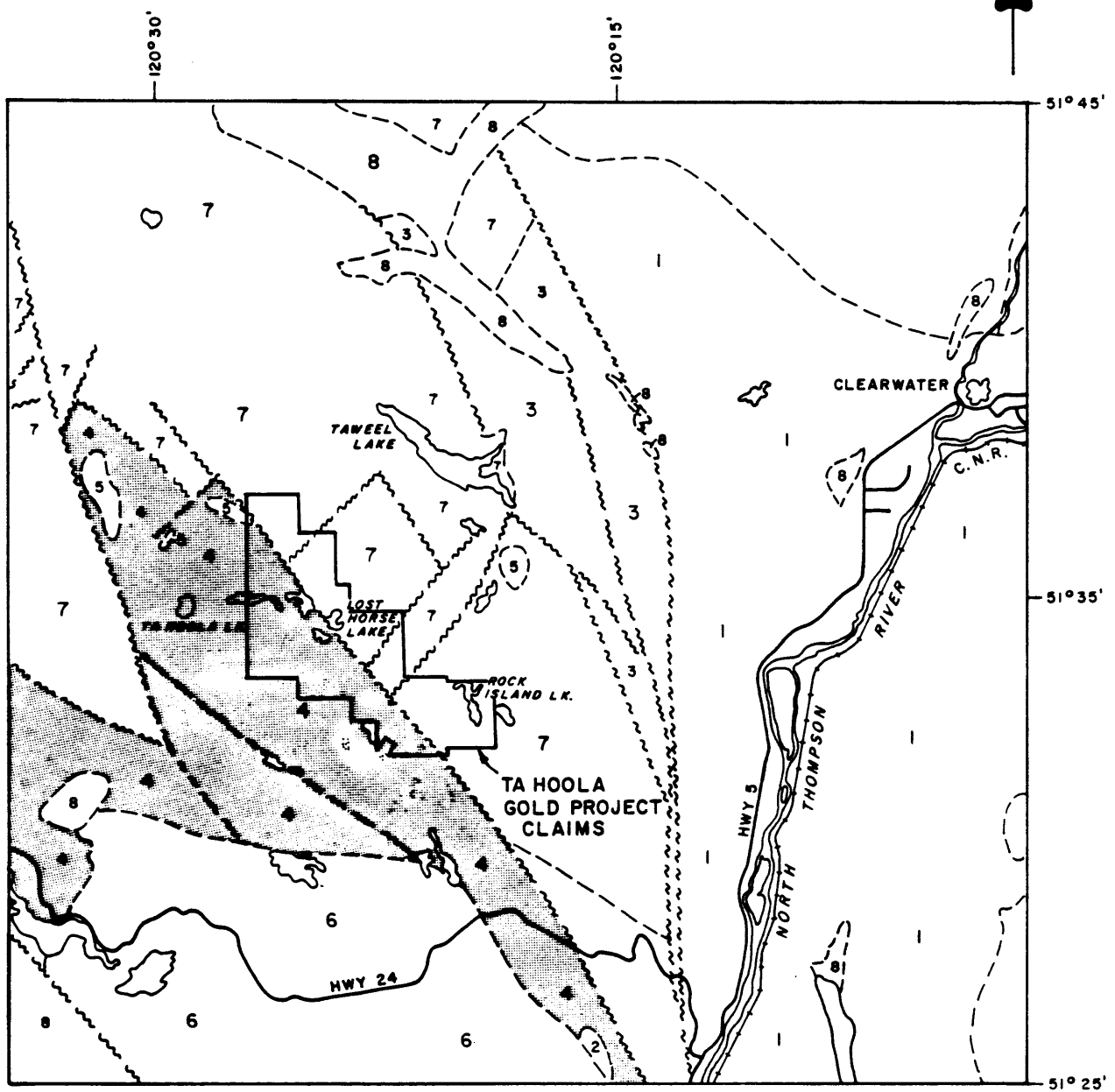
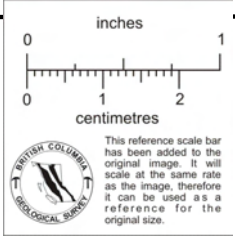
Regional mapping indicates that the property area is underlain by Nicola Group alkaline volcanic and sedimentary rocks intruded by numerous comagmatic diorite to syenite stocks (Preto 1970, Campbell and Tipper, 1971).

Late fumarolic or hydrothermal stages related to the plutons introduced volatiles and metal into the volcanics and extensively altered and mineralized large volumes of shattered volcanic rocks. The Copper Mountain, Afton, Cariboo Bell copper-gold porphyry deposits and the Quesnel River gold deposit are directly associated with this late hydrothermal stage. The alkaline plutons on the Ta Hoola property have the potential to have formed these types of deposits.

The Ta Hoola claim block lies within an area of intense block faulting, formed where the North Thompson Fault bifurcates into a multitude of northwesterly trending splays (Figure 4).

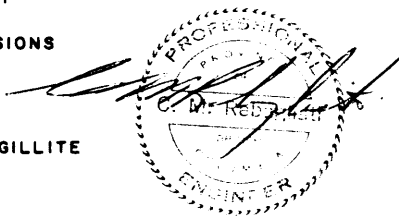
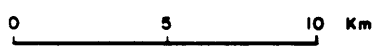
At Little Fort, where the North Thompson Fault breaks into the splays, there are two ultramafic bodies aligned along the fault. These ultramafic bodies are evidence that the fault represents a zone of deep crustal weakness, a favourable host structure for gold mineralization associated with iron-carbonate-mariposite alteration.

Auriferous carbonate alteration zones are known to occur on the Ta Hoola and adjoining properties.



LEGEND

- 8 TERTIARY VOLCANICS
- JURASSIC
- 7 INTERBEDDED VOLCANICS AND SEDIMENTS
- TRIASSIC/JURASSIC
- 6 THUYA BATHOLITH
- 5 ALKALINE INTRUSIONS
- TRIASSIC
- 4 NICOLA GROUP
- 3 BLACK SHALE, ARGILLITE
- 2 PERIDOTITE
- MISSISSIPPIAN
- 1 FENNELLS FORMATION VOLCANICS

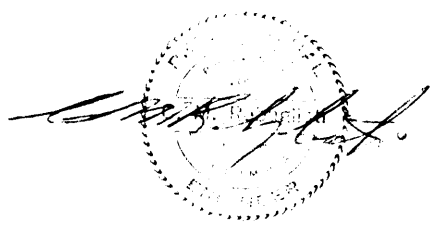
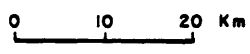
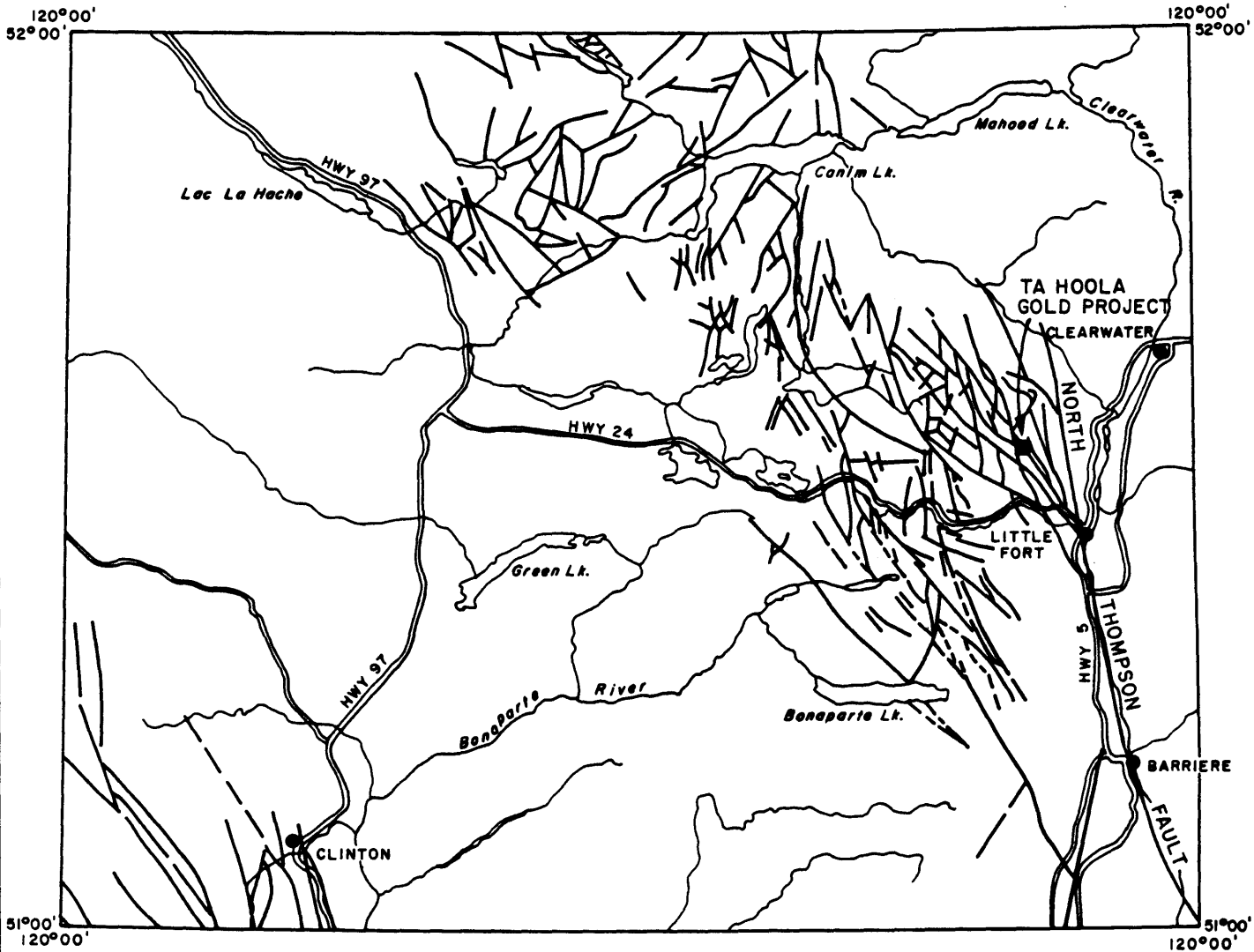
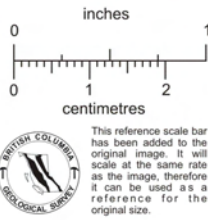


RAT RESOURCES LTD.
TA HOOLA GOLD PROJECT
REGIONAL GEOLOGY

Modified after Campbell and Tipper, 1971

Aug., 87 N.T.S. 92 P

Figure 3



RAT RESOURCES LTD.
TA HOOLA GOLD PROJECT

**PATTERN OF BLOCK FAULTING
 IN LITTLE FORT REGION**

Aug., 87

After Campbell and Tipper, 1971

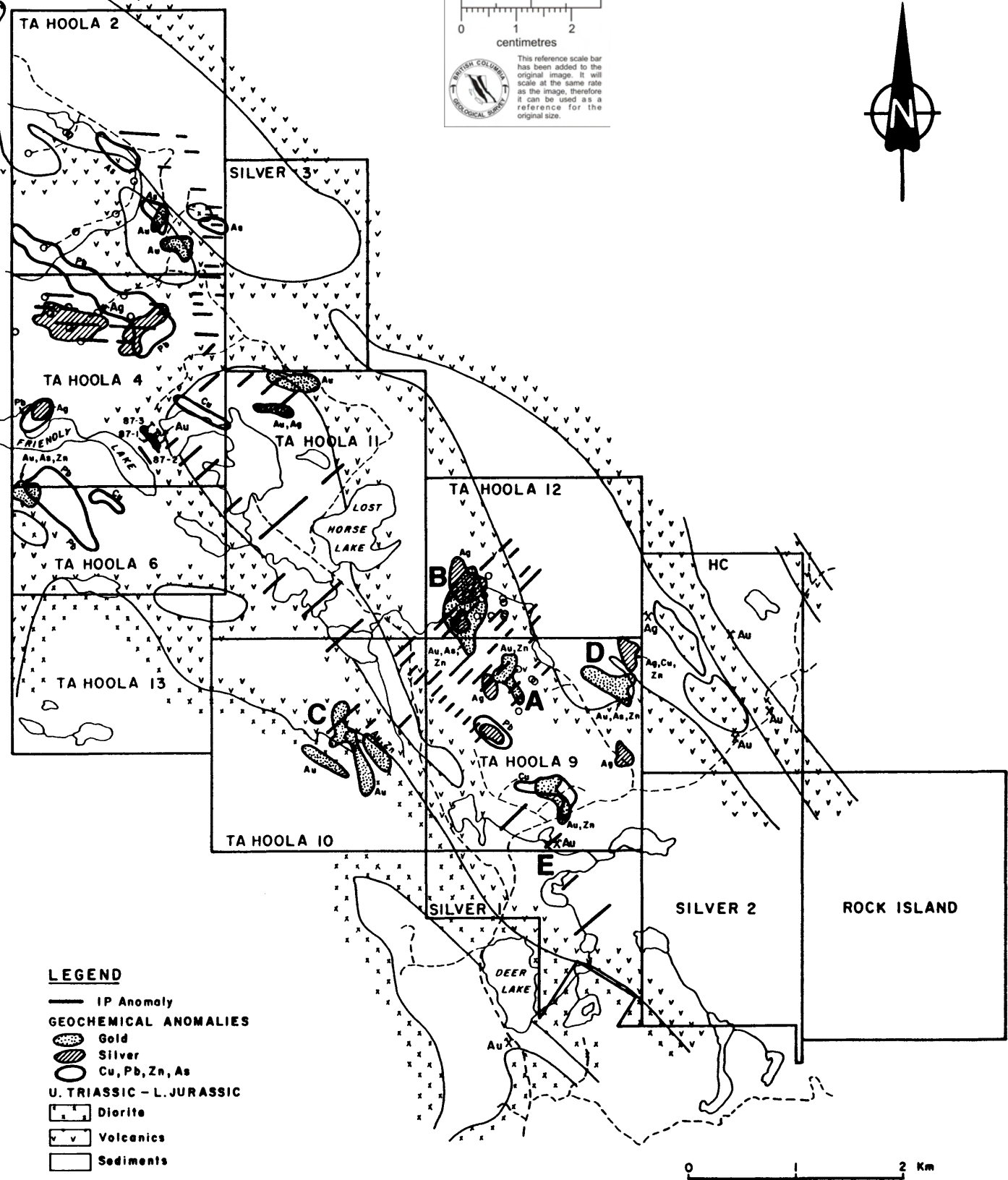
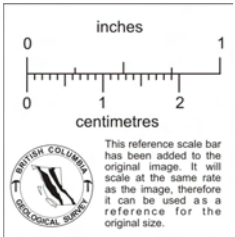
Figure 4

PROPERTY GEOLOGY

The Ta Hoola property overlies the central Upper Triassic volcanic core of the Nicola Group, which is flanked on the east by a sequence of interbedded Lower to Mid-Jurassic pyroxene porphyritic pyroclastics and distal epiclastic sediments (Figure 3). To the west, a large diorite pluton and a series of smaller satellitic plugs intrude the volcanic assemblage. Block faulting has disrupted the stratigraphy, which has been rotated into a near-vertical attitude.

Three main bands of pyroxene lapilli tuff-agglomerate trend northwesterly across the claims (Figure 5). These rocks are medium to dark green, massive and medium to coarse-grained pyroclastics. Fragment sizes vary from 1 cm to 20 cm and are comprised of subangular to subrounded porphyritic augite andesite. Clasts are supported by a matrix of fine-grained ash tuff. Subordinate units of andesite flows and feldspar crystal tuffs are interbedded with the pyroxene porphyritic units. Pyrite occurs in minor concentrations as widely-spaced disseminated grains.

The epiclastic sediments interbedded with and flanking the volcanic units comprise siltstone, argillite, chert, greywacke and conglomerate. Siltstone predominates. Pyrite is sparse, occurring as disseminated grains, but reached .5% to 10% in light grey bands as heavy disseminations with interstitial carbonate. Subordinate very-fine-grained, massive, black, carbonaceous argillite is occasionally interbedded with the siltstone. Disseminated pyrite is ubiquitous and commonly comprised up to 5% of the rock.



LEGEND

- IP Anomaly
- GEOCHEMICAL ANOMALIES**
- Gold
- ▨ Silver
- Cu, Pb, Zn, As
- U. TRIASSIC - L. JURASSIC**
- Diorite
- ▽ Volcanics
- Sediments
- Old Drill Hole
- 87-2 1987 Diamond Drill Hole
- X Au Prospects
- - - Road



RAT RESOURCES LTD.
TA HOOLA GOLD PROJECT

COMPILATION MAP
 GEOLOGY, GEOCHEMISTRY, GEOPHYSICS

Modified after Ruck 1982, Gamble 1986

A large fine to medium-grain diorite stock comprised of 20% mafics, 75% plagioclase and 5% quartz lies along the western side of the claims. East of Deer Lake, the intrusive is a hornblende-diorite.

At the boundary between the Ta Hoola 10 and 13 claims, a diorite breccia has formed as a contact phase along the margin of the main diorite pluton. It contains angular diorite fragments to 10 cm in size, which are supported in a diorite matrix. Epidote-chlorite-quartz veins are present. The pyrite content is less than 1%.

Numerous northwest and northeast-trending faults traverse the property. Their traces are marked by the alignment of lake chains and a rectangular stream drainage pattern.

The northwest-striking faults are important hosts for mineralization on the property. At the east end of Friendly Lake and on the neighbouring HC claim, linear auriferous carbonate breccia zones occupy healed northwest trending faults. Near the southern boundary of the Ta Hoola 9 claim, a northwest-striking shear hosts pyritic gold mineralization. Similarly, the silver-bearing quartz and quartz-carbonate veins on the HC claim have northwest strikes.

ALTERATION AND MINERALIZATION

Carbonate alteration is widespread on the property, occurring in four principle modes.

Narrow, randomly oriented, calcite stringers and grain aggregates are common in all units. They are generally sulphide

free and barren. Veinlet density increases in the fractured rocks adjacent to many of the major structures.

At the east end of Friendly Lake, the Company sank three diamond drill holes to assess a northwesterly-striking pyritic carbonate alteration zone where SMD Mining had obtained anomalous values in gold, arsenic and molybdenum. The Friendly Lake zone is situated along a major northwesterly-trending topographic feature extending from Deer Lake in the south east to Friendly Lake, where it is offset by a northeast-striking crossfault. A series of prominent aeromagnetic highs coincides with this lineament, which follows the volcanic-sedimentary contact. The mineralization is hosted by pervasively carbonate-sericite-chlorite altered brecciated biotite hornfelsed mafic volcanic units. Calcite, an iron-carbonate, and fine rock fragments form the matrix. Disseminated fine-grained pyrite impregnates the breccia fragments and, to a lesser degree, the calcareous matrix. Average pyrite concentrations within the alteration zone are in the range of 1 to 3%. Trace amounts of chalcopyrite, galena, sphalerite, molybdenite and arsenopyrite are present.

In DDH 87-1, gold and the indicator elements, arsenic and molybdenum, occur in geochemically anomalous concentrations over a 32 m interval. The 16 m thick core of the alteration zone ran 328 ppb gold, 143 ppm arsenic, and 87 ppm molybdenum. While these values are an order of magnitude below ore grade, they demonstrate that a broad, hydrothermally altered structure has been enriched in gold and other associated elements. Geochemical analyses for the interval from 18.53 m to 54.0 m in diamond drill hole 87-1 are contained in Appendix I.

Diamond drill holes 87-2 and 87-3 returned lower, but still anomalous, gold concentrations. From the nature of the alteration, brecciation and metal concentration, it is probable that these holes cut the fringe of the mineralized breccia.

At least one of the auriferous carbonate alteration zones on the HC claim extends onto the Silver 2 claim; where it is exposed in a road cut at the claim boundary (Gamble 1986). The HC-type carbonate alteration zones are distinct from the occurrence at the Friendly Lake zone. Ankerite-dolomite predominate over calcite and a brilliant green micaceous mineral, tentatively identified as mariposite, imparts a green colouration to broad patches of the carbonate breccia. Multiple generations of brecciation and rebrecciation have taken place and the carbonate breccia has been cut by a series of pyrite and chalcopyrite-bearing quartz stringers which have filled a set of late stockwork fractures.

A traverse by the writer through the area of the Lornex percussion drilling on the Ta Hoola 12 claim located boulders of quartz-carbonate veining between some of the drill sites. The veins range from 10 cm to 50 cm thick and carry coarse pyrite, galena, sphalerite and chalcopyrite mineralization. If the veins are vertical or steeply dipping, as are the veins on the HC claim, Lornex's vertical percussion holes would have had a low probability of intersecting them.

The anomaly E gold prospect at the south boundary of the Ta Hoola 9 claim is hosted by a pyritic, chloritized, northwest-striking shear zone. The highly pyritic core of the shear zone graded 0.053 oz/ton gold across 1.0 m (Gamble, 1986) and the less-sheared and less-pyritic wall rocks were geochemically

anomalous in gold and copper. This prospect coincides with a 1200 m long IP anomaly which remains unexplored.

SOIL GEOCHEMISTRY AND GEOPHYSICS

Most of the claims, with the exception of the Silver 2 and Rock Island claims, have been covered by extensive IP and soil geochemical surveys. The SMD Mining and Selco/BP surveys have been integrated by the writer and the significant anomalies are compiled on Figure 5.

Anomaly A, on the Ta Hoola 9 claim, is a 500 m x 100 m gold-zinc geochemical anomaly which has coincident IP, resistivity and magnetic highs. The Lornex drilling in this region flanked the anomaly and it remains untested.

Anomaly B is a 800 m x 400 m multi-element (Au, Ag, As, Zn) geochemical anomaly lying within a larger IP anomaly. Percussion holes sunk by Lornex within part of the anomaly returned many anomalous gold, arsenic and zinc values but no well-mineralized intervals. The vertical orientation of their holes was less than optimum for testing what are now known to be vertical structures. Trenches excavated by Selco/BP to assess anomalies A and B did not reach bedrock.

Anomaly C is a gold, gold-zinc anomaly situated at the favourable volcanic-diorite contact. IP coverage along this contact is incomplete. No trenching or drilling has been undertaken.

A series of multi-element anomalies, collectively referred to as Anomaly D, lies along the eastern boundary of the Ta Hoola 9 claim. These anomalies may reflect the northwestward extension

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of the mineralization exposed in old trenches to the east of the claim boundary. There has not been any IP coverage of these anomalies and they remain entirely unexplored.

Several other geochemical anomalies have been identified, but have not been explored.

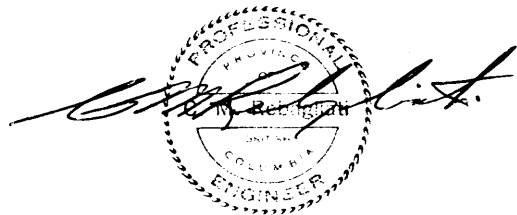
It is important to note that the gold mineralization at both the Friendly Lake and the Anomaly E prospects do not have soil geochemical expressions. At both prospects, an impervious basal till, overlain by younger tills, blankets the bedrock. The lateral distribution of this till sheet is not known. If it is extensive, it could mask other gold occurrences.

CONCLUSIONS

The Ta Hoola property overlies the central volcanic core of the Quesnel Trough in a geologically prospective area of complex faulting and plutonism. Several zones of carbonate and quartz-carbonate-mariposite alteration, variably geochemically enriched in gold, silver, base metals and indicator elements, are evidence that precious metal-generating hydrothermal events took place within the claim area. The auriferous carbonate alteration zones are hosted by a series of northwesterly-trending faults which have undergone multiple periods of reactivation, forming large receptive bodies of fractured and brecciated host rock.

Extensive IP surveys have outlined several anomalies, of which two have strong coincident geochemical signatures. A third IP anomaly, without a geochemical expression, hosts gold and copper mineralization. The IP and geochemical anomalies which have been partially explored, and the others which remain unexplored, offer good exploration potential. Diamond drilling by Rat Resources has demonstrated that the regionally extensive structure at the Friendly Lake prospect is wide and has the potential to host large tonnage low-grade gold deposits.

A program of soil sampling and diamond drilling is justified to explore the extensive IP and geochemical anomalies for precious metal ore bodies.



The image shows a handwritten signature in black ink, which appears to be 'M. Rebagliati'. Below the signature is a circular professional seal. The seal contains the text 'PROFESSIONAL ENGINEER' around the perimeter, 'C.O.S.T. M.B.I.E.' in the center, and 'M. Rebagliati' written across the middle of the seal.

RECOMMENDATIONS

A three-phase exploration program is recommended.

Phase I

1. Extend the soil geochemical grid to define the silver anomaly situated on the east side of the Ta Hoola 9 claim.
2. Diamond drill to assess the presently identified soil and induced polarization anomalies.

This program is estimated to cost \$70,000.

Phase II

Contingent upon encouraging results being obtained from Phase I:

1. A 5,000 foot diamond drilling program is recommended to define mineralized structures.

The program is estimated to cost \$250,000.

Phase III

1. Contingent upon encouraging results being obtained from Phase II, a 6,000-foot definition diamond drilling program to determine the strike and dip extent of the mineralized zones is proposed at an estimated cost of \$300,000.

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PROPOSED BUDGET

Phase I

Contract soil sampling, including grid preparation, analyses and plotting		
200 samples @ \$25.00/sample		\$ 5,000.00
Supervision and geology	20 days @ \$450.00/day	9,000.00
Room and Board	20 days @ \$ 75.00/day	1,500.00
Vehicle, including gas, mileage and insurance		
	20 days @ \$100.00/day	2,000.00
Rock assays	150 @ 16.67 each	2,500.00
Diamond Drilling	1500 Ft. @ \$31/foot	46,500.00
Engineers Report		<u>3,500.00</u>
		<u>\$ 70,000.00</u>

Phase II

Project Engineer	80 days @ \$450/day	\$ 36,000.00
Labour	50 days @ 250/day	12,500.00
Truck Rental, fuel and insurance		
	80 days @ \$100/day	8,000.00
Meals and Accommodation	130 man days @ \$60/day	7,800.00
Diamond drilling	5000 ft @ \$35.00/ft	175,000.00
Assays	400 @ \$12/each	4,800.00
Engineers Report		<u>5,900.00</u>
		<u>\$250,000.00</u>

Phase III

Diamond Drilling		
including all related expenditures		
6,000 ft. @ \$50.00/foot		<u>\$300,000.00</u>

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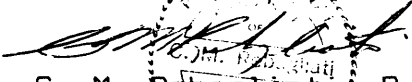
B.C. Assessment Reports: 981, 1061, 1169, 1690, 4028, 4260, 4262, 4678, 4684, 5191, 10287, 10880, 11413, 12101, 15221.

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CERTIFICATE OF QUALIFICATIONS

I, Clarence Mark Rebagliati, of 3536 West 15th Avenue, Vancouver, B. C., hereby certify that:

1. I am a consulting Geological Engineer with offices at 3536 West 15th Avenue, Vancouver, B. C.
2. I am a graduate of the Provincial Institute of Mining, Haileybury, Ontario (Mining Technology, 1966).
3. I am a graduate of the Michigan Technological University, Houghton, Michigan, U.S.A., (B.Sc., Geological Engineering, 1969).
4. I have practiced my profession continuously since graduation.
5. I am a member in good standing of the Association of Professional Engineers of British Columbia.
6. The foregoing report is based on:
 - a) A study of all available company and government reports.
 - b) My personal knowledge of the general area resulting from regional studies and from examinations of the property made in 1980, 1981, 1982, 1986 and 1987, while supervising a series of exploration programs.
7. I have not directly or indirectly received nor do I expect to receive any interest, direct or indirect, in the property of Rat Resources Ltd., or any affiliate, or beneficially own, directly or indirectly, any securities of Rat Resources Ltd., or any affiliate.
8. I authored a report dated August 31, 1987, on the HC-1 mineral claim which adjoins the eastern boundaries of the Ta Hoola 9 & 12 claims, and the northern boundary of the Silver 2 claim. This report is intended to be included in the Prospectus of Lancer Resources Inc.
9. I consent to the inclusion of this report in a Statement of Material Facts or a Prospectus.


C. M. Rebagliati, P. Eng.
April 14, 1988

APPENDIX I

DIAMOND DRILL CORE ASSAY CERTIFICATES

GEOCHEMICAL ICP ANALYSIS

.500 GRAM SAMPLE IS DIGESTED WITH 3ML 3-1-2 HCL-HNO3-H2O AT 95 DEG.C FOR ONE HOUR AND IS DILUTED TO 10 ML WITH WATER.
THIS LEACH IS PARTIAL FOR MN FE CA P LA CR MG BA TI B W AND LIMITED FOR NA AND K. AU DETECTION LIMIT BY ICP IS 3 PPM.
- SAMPLE TYPE: Core AU ANALYSIS BY AA FROM 10 GRAM SAMPLE.

DATE RECEIVED: SEPT 14 1987

DATE REPORT MAILED: *Sept 30/87*ASSAYER: *D. Jeyaraj* DEAN TOYE. CERTIFIED B.C. ASSAYER

REBAGLIATI GEOLOGICAL PROJECT-TA HOOLA

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Page 1

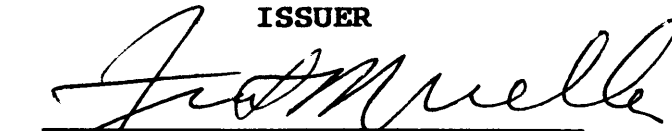
SAMPLE#	MO	CU	PB	ZN	AG	NI	CD	MN	FE	AS	U	AU	TH	SR	CD	SB	BI	V	CA	P	LA	CR	MG	BA	TI	B	AL	NA	K	W	AU#	
	PPM	PPM	PPM	PPM	PPM	PPM	PPM	PPM	%	PPM	PPM	PPM	PPM	PPM	PPM	PPM	PPM	PPM	%	%	PPM	PPM	%	PPM	%	PPM	%	%	%	PPM	PPM	
<i>18.53</i>	871101	153	509	82	60	1.4	21	22	1245	5.25	120	5	ND	1	154	3	2	6	113	7.24	.075	7	78	1.07	8	.09	2	.67	.01	.74	1	305
	871102	24	293	30	99	.9	24	24	1075	5.89	92	5	ND	1	118	1	2	2	159	4.63	.099	6	99	2.33	17	.17	2	1.51	.03	1.59	1	235
	871103	12	230	19	89	.6	27	26	1080	6.27	42	5	ND	1	109	1	2	2	142	3.97	.107	8	104	2.92	36	.19	4	1.90	.04	1.96	1	74
	871104	33	288	44	86	1.1	27	25	1021	6.16	93	5	ND	1	105	1	2	2	135	3.73	.102	9	96	2.69	21	.18	2	1.72	.03	1.78	1	175
	871105	128	293	69	77	1.1	27	26	1120	6.40	89	5	ND	1	114	1	2	6	120	4.59	.097	8	99	2.44	16	.17	2	1.56	.04	1.65	1	175
	871106	52	250	46	79	.9	24	23	1045	5.97	95	5	ND	1	140	1	2	3	127	5.08	.095	7	95	2.26	17	.16	2	1.47	.04	1.52	1	175
	871107	19	204	17	99	.5	30	26	1008	6.72	75	5	ND	1	100	1	2	2	146	3.49	.102	7	115	3.06	27	.20	2	1.93	.04	2.00	1	153
	871108	14	235	14	101	.5	30	26	1142	6.94	115	5	ND	1	130	1	2	2	155	4.52	.098	5	120	3.21	14	.17	6	1.98	.03	2.11	1	168
	871109	43	288	26	89	.3	29	24	1142	6.61	95	5	ND	1	142	1	2	2	140	4.81	.096	5	123	2.99	19	.18	2	1.88	.02	2.00	1	129
	871110	10	260	9	69	.3	28	25	1008	6.69	59	5	ND	1	132	1	2	2	180	4.46	.109	4	122	2.78	25	.19	8	1.83	.03	1.90	1	102
<i>27.5</i>	871111	215	260	64	86	1.3	29	24	1176	6.70	143	5	ND	1	170	2	2	4	141	5.74	.099	5	122	2.83	10	.15	13	1.74	.02	1.85	1	430
	871112	19	211	18	72	.4	28	26	1030	6.39	106	5	ND	1	142	1	2	2	174	5.08	.109	5	120	2.87	21	.18	2	1.88	.03	1.95	1	160
	871113	29	210	16	56	.7	22	21	1127	5.32	141	5	ND	1	155	1	2	6	76	7.92	.085	5	90	1.91	10	.05	2	.75	.01	.80	1	295
	871114	83	327	25	43	1.4	23	24	1072	5.84	218	5	ND	1	139	1	2	5	44	7.66	.099	4	81	1.60	8	.01	5	.26	.01	.30	2	480
	871115	121	309	33	60	1.2	32	27	900	6.61	144	5	ND	1	102	1	2	3	65	5.61	.096	3	93	1.82	5	.03	5	.51	.01	.61	1	420
	871116	102	466	25	67	1.0	30	28	953	6.69	138	5	ND	1	126	1	2	2	88	5.59	.100	4	100	2.75	7	.05	4	.78	.02	.89	1	320
	871117	121	293	30	74	1.0	24	21	1255	5.62	131	5	ND	1	194	1	2	6	76	8.59	.085	5	82	2.78	8	.03	7	.57	.02	.66	1	350
	871118	86	190	28	70	1.1	28	25	1074	6.01	152	5	ND	1	167	1	2	3	73	7.10	.094	5	98	2.64	8	.04	9	.58	.01	.66	1	360
	871119	185	241	28	77	1.0	28	24	1183	5.74	152	5	ND	1	248	1	2	2	104	9.33	.090	7	113	2.50	13	.08	2	1.04	.02	1.12	1	320
	871120	12	159	10	87	1.3	28	23	946	6.60	54	5	ND	1	107	1	2	2	168	4.32	.112	3	113	2.91	45	.19	9	1.80	.04	1.88	1	195
	871121	53	137	21	87	1.2	29	26	1098	5.31	177	5	ND	1	250	1	2	5	88	8.19	.079	9	121	2.51	10	.08	10	1.03	.02	1.13	1	380
	871122	90	361	30	128	1.2	43	27	1035	6.38	230	5	ND	1	134	1	2	2	106	5.39	.088	4	195	3.75	11	.09	2	1.35	.01	1.54	1	490
	871123	57	294	36	80	.8	36	24	1048	5.48	52	5	ND	1	159	1	2	2	163	6.35	.089	4	183	2.90	39	.17	6	1.79	.03	1.89	1	150
	871124	50	190	20	302	1.1	33	21	1289	5.40	149	5	ND	1	234	5	2	2	106	8.94	.084	6	144	2.95	14	.10	6	1.29	.02	1.42	1	320
	871125	90	312	50	184	1.3	49	26	931	6.04	141	5	ND	1	167	2	2	2	147	6.16	.091	5	198	3.30	15	.14	2	1.69	.02	1.90	1	260
<i>32.5</i>	871126	75	205	67	110	1.7	38	24	1203	5.32	154	5	ND	1	217	1	2	4	123	7.76	.086	4	158	2.32	17	.12	3	1.29	.03	1.38	1	320
	871127	25	146	62	77	1.3	37	26	1185	5.28	97	5	ND	1	171	1	2	2	142	6.70	.092	4	154	2.18	21	.14	5	1.36	.04	1.50	1	143
	871128	15	360	344	67	2.5	45	25	1013	4.63	107	5	ND	1	148	1	2	5	110	5.60	.090	3	121	1.43	14	.10	7	.93	.04	1.01	1	160
	871129	13	232	646	46	4.0	44	21	948	3.52	98	5	ND	1	142	1	2	9	103	4.98	.084	4	109	1.03	16	.08	2	.69	.04	.72	2	106
	871130	55	279	193	80	1.4	31	23	952	6.07	130	5	ND	1	101	1	2	7	159	3.47	.109	5	94	2.16	12	.14	2	1.40	.03	1.47	1	135
	871131	33	232	27	93	.4	30	29	984	7.35	144	5	ND	1	96	1	2	2	164	2.66	.115	5	90	2.64	16	.14	2	1.72	.03	1.71	1	136
	871132	84	314	32	79	.8	25	31	1065	6.72	107	5	ND	1	113	1	2	2	160	3.63	.113	8	89	2.44	20	.13	2	1.66	.03	1.68	1	122
<i>3.1</i>	871133	17	330	11	70	.6	26	25	1044	6.60	60	5	ND	1	129	1	2	2	158	3.84	.115	8	78	2.73	73	.16	2	1.91	.03	1.86	1	46
	871134	9	92	6	66	.1	28	27	1035	6.91	39	5	ND	1	115	1	2	2	148	3.67	.113	8	73	2.92	108	.18	2	2.10	.03	1.93	1	21
<i>3.7</i>	871135	272	232	28	73	.5	26	22	1119	6.27	64	5	ND	1	136	1	2	2	141	4.42	.114	8	68	2.87	52	.17	2	2.04	.04	1.94	1	53
	STD C/AU-R	19	61	37	132	6.9	67	29	1022	3.97	36	19	7	37	51	18	16	19	57	.45	.084	38	59	.82	181	.06	33	1.98	.06	.13	11	505

CERTIFICATES

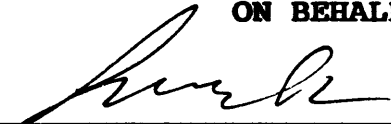
The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by Part 7 of the Securities Act and its regulations.

DATED: 25th April 1988

ISSUER


FRITZ MUELLER, President,
Director, Chief Executive
and Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS


LUDVIK SKALICKY, Director


KARL SCHINDLER, Director

PROMOTER


FRITZ MUELLER, Promoter

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 Prospectus as required by Part 7 of the Securities Act and its regulations.

DATED: 25th April 1988

C.M. OLIVER & COMPANY LIMITED

Per: 