

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 HEREUNDER AND ANY REPRESENTATION TO THE CONTRARY IS AN OFFENCE.

PROSPECTUS

DATED: February 23, 1988

MONTORO RESOURCES INC.
 (hereinafter called the "Issuer")
 #301 - 580 Granville Street
 Vancouver, B.C.

PROPERTY FILE
R.N.

OFFERING
 100,000 common shares

	<u>Price to Public</u>	<u>Commission</u>	<u>Net Proceeds to be received by the Issuer *</u>
Per Share:	\$0.50	\$0.05	\$0.45
Total:	\$200,000	\$20,000	\$180,000

* Before deduction of the remaining cost of the issue estimated not to exceed \$7,000.00.

NO MARKET THROUGH WHICH THESE SECURITIES MAY BE SOLD. THE PRICE OF THIS OFFERING HAS BEEN DETERMINED BY THE ISSUER IN NEGOTIATION WITH THE AGENT.

A PURCHASE OF THE SECURITIES OFFERED BY THIS PROSPECTUS MUST BE CONSIDERED AS SPECULATION. THE PROPERTY IN WHICH THE ISSUER HAS AN INTEREST IS IN THE EXPLORATION AND DEVELOPMENT STAGE ONLY AND IS WITHOUT KNOWN RESERVES. NO SURVEY OF ANY PROPERTY OF THE ISSUER HAS BEEN MADE AND THEREFORE IN ACCORDANCE WITH THE LAWS OF THE JURISDICTION IN WHICH THE PROPERTIES ARE SITUATE, THEIR EXISTENCE AND AREA COULD BE IN DOUBT. SEE ALSO PARAGRAPH "RISK FACTORS" ON PAGE 12.

THE VANCOUVER STOCK EXCHANGE HAS CONDITIONALLY LISTED THE SECURITIES BEING OFFERED PURSUANT TO THIS PROSPECTUS. THE LISTING IS SUBJECT TO THE ISSUER FULFILLING ALL OF THE LISTING REQUIREMENTS OF THE VANCOUVER STOCK EXCHANGE ON OR BEFORE AUGUST 30, 1988, INCLUDING PRESCRIBED DISTRIBUTION AND FINANCIAL REQUIREMENTS.

Gold Hill
92 P. 041 05

THE ISSUER'S NET PRICE TO THE PUBLIC PER COMMON SHARE EXCEEDS THE NET TANGIBLE BOOK VALUE PER COMMON SHARE BY \$0.315 PER SHARE AFTER GIVING EFFECT TO THIS OFFERING REPRESENTING A DILUTION OF 63%. REFERENCE IS MADE TO THE HEADING RISK FACTORS AND DILUTION ON PAGE 12.

NO PERSON IS AUTHORIZED BY THE ISSUER TO PROVIDE ANY INFORMATION OR TO MAKE ANY REPRESENTATION OTHER THAN THOSE CONTAINED IN THIS PROSPECTUS IN CONNECTION WITH THE ISSUE AND SALE OF THE SECURITIES OFFERED BY THE ISSUER.

UPON COMPLETION OF THIS OFFERING THIS ISSUE WILL REPRESENT 23% OF THE SHARES THEN OUTSTANDING AS COMPARED TO 53% THAT WILL THEN BE OWNED BY THE CONTROLLING PERSONS, PROMOTERS, DIRECTORS AND SENIOR OFFICERS OF THE ISSUER. REFER TO THE HEADING "PRINCIPAL HOLDERS OF SECURITIES" ON PAGE 14 HEREIN FOR DETAILS OF SHARES HELD BY DIRECTORS, SENIOR OFFICERS, PROMOTERS AND CONTROLLING PERSONS.

ONE OR MORE OF THE DIRECTORS OF THE ISSUER HAS AN INTEREST, DIRECT OR INDIRECT, IN OTHER NATURAL RESOURCE COMPANIES. REFERENCE SHOULD BE MADE TO THE ITEM "RISK FACTORS" ON PAGE 12 FOR A COMMENT AS TO THE RESOLUTION OF POSSIBLE CONFLICTS OF INTEREST.

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 UNDER "PLAN OF DISTRIBUTION" ON PAGE 3 OF THE PROSPECTUS.

Name & Address of Agent

HAYWOOD SECURITIES INC.
#1100 - 400 Burrard Street
Vancouver, B.C.

EFFECTIVE DATE: MARCH 3, 1988

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Engineering Report of Orcan Mineral Associates Ltd. dated
September 11, 1987

Certificate of the Directors, Officers and Promoters and
Certificate of the Agents

1. SUMMARY OF PROSPECTUS

The information in this summary is qualified in its entirety by the more detailed information appearing elsewhere in this prospectus.

OFFERING:

The Issuer by its Agent hereby offers to the public through the facilities of the Vancouver Stock Exchange 400,000 shares at a price of \$0.50 per share on a best efforts basis with a conditional listing. This offering is subject to a minimum of 400,000 shares being sold on the Offering Day within 180 days from the Effective Date.

ISSUER:

The principal business of the Issuer is the acquisition, exploration and development of natural resource properties located in Canada.

USE OF PROCEEDS:

The net proceeds will be used to provide sufficient funds to the Issuer with which to carry on a work program on the Dixie Mineral Claims. The Issuer will not have sufficient funds to carry out further programs once identified. Additional funds will be required. See "Use of Proceeds" and "Risk Factors".

DIRECTORS AND MANAGEMENT

LESLIE MICHAEL HART,
President/Director;
Chief Executive Officer

MARJORIE DOREEN MORNINGSTAR
Director

JOHN PHILIP BRADFORD,
Director

FRANCIS GRANT MORNINGSTAR,
Secretary
Chief Financial Officer

DIVIDEND POLICY

It is not contemplated that any dividends will be paid on the Common Shares in the immediate or foreseeable future. See "Dividend Policy".

SPECULATIVE

Investment in these Common Shares must be regarded as highly speculative due to the proposed nature of the Issuer's business and its present stage of development. Reference is made to the warnings on the cover of this prospectus, the description of the Issuer's business and the relevant disclosure contained therein.

2. NAME AND INCORPORATION

The full name of the Issuer is MONTORO RESOURCES INC. The Issuer was incorporated by Articles and Memorandum on January 30th, 1987, under the laws of the Province of British Columbia. Its registered and records office is located at #523 - 470 Granville Street, Vancouver, B.C. and its head office is located at #301 - 580 Granville Street, Vancouver, B.C. Upon the issuance of a Receipt for this Prospectus by the Superintendent of Brokers the Issuer will be a reporting company.

3. SHARE OFFERING AND 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") 400,000 common shares (the "Shares") of the Issuer at a price of \$0.50 per share (the "Offering Price"). 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 date (the "Effective Date") upon which the shares of the Issuer are conditionally listed on the Exchange.

Appointment of Agents

The Issuer, by an agreement (the "Agency Agreement") dated January 25, 1988, appointed the following as its agent (the "Agent") to offer the Shares through the facilities of the Exchange as follows:

HAYWOOD SECURITIES INC.	400,000
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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 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 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 at any time 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 (12) months from the Effective Date.

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

The Vancouver Stock Exchange has conditionally listed the securities being offered pursuant to this prospectus. The listing is subject to the Issuer fulfilling all of the listing requirements of the Vancouver Stock Exchange on or before August 30, 1988, including prescribed distribution and financial requirements.

Minimum Subscription

This offering is subject to a minimum of 400,000 shares being sold on the Offering Day within 180 days from the Effective Date. All funds received from the sale of the Shares will be held in trust by Guaranty Trust Company, until the minimum of 400,000 shares have been sold and the subscription price of \$180,000 has been received. If the minimum of 400,000 shares are not sold within 180 days from the Effective Date, all funds will be returned to the purchasers without deduction. If the minimum of 400,000 shares or more shares are sold and notice of the release of funds is given to the Superintendent, the proceeds received will be paid to the Issuer less the commission payable to the Agents.

4. DESCRIPTION OF BUSINESS, ACQUISITIONS AND PROPERTY OF ISSUER

BUSINESS

The principal business of the Issuer is the acquisition, exploration and development of natural resource properties located in Canada.

PROPERTIES**DIXIE CLAIMS, Kamloops Mining Division**Acquisition Terms

The Issuer has an option to acquire a 40% undivided interest in Minnova Inc.'s (herein Minnova) interest in three claims comprising 16 units located in the Kamloops Mining Division of British Columbia (herein the Property). The claims are:

<u>Claim Name</u>	<u>Record No.</u>	<u>Expiry Date</u>	<u>Registered Owner</u>
Dixie	4238	Nov. 12/93	Minnova Inc.
Dixie 2	6856	Nov. 21/93	Minnova Inc.
Dixie 3	6857	Nov. 21/93	Minnova Inc.

The option was acquired by way of an agreement dated June 25th, 1987 from Minnova Inc. a Company with a head office at 3970 Commerce Court West, Toronto, Ontario. The larger than 5% shareholder of Minnova is Kerr & Addison Mines Ltd., a reporting company listed on the Toronto Stock Exchange.

The Issuer is required to provide Minnova with \$100,000 prior to July 1, 1988, for expenditure by Minnova on the exploration and development of the Property and in consideration of the above commitment, Minnova has granted to the Issuer the option to earn a 40% undivided interest in Minnova's interest in the Property.

In order to earn a 40% undivided interest in Minnova's interest in the Property, the Issuer must provide Minnova with an aggregate of \$500,000 prior to July 1, 1990 for expenditure by Minnova on the exploration and development of the Property according to the following schedule:

- (a) an aggregate of \$100,000 by July 1, 1988;
- (b) an aggregate of \$250,000 by July 1, 1989; and
- (c) an aggregate of \$500,000 by July 1, 1990.

Minnova directly owns the Dixie 2 and Dixie 3 mineral claim. Minnova has an option to acquire a 100% interest in the Dixie claim pursuant to an Initial Option Agreement with Marston Fennell dated November 14, 1986. The Initial Option Agreement requires that \$100,000 be spent on the Dixie Claim by November 14, 1989 and that a 5% net profits royalty be paid to Marston Fennell, of P.O. Box 249, Barriere, British Columbia.

Upon the Issuer earning its 40% interest the parties will develop the Property by way of a joint venture. After the Issuer has earned its interest, a party's Participating Interest shall be calculated by dividing that party's expenditures and deemed expenditures by the total expenditures and deemed expenditures of both parties and expressing the result as a percentage. If a party fails to make or commit to a required contribution to expenditures under a Work Plan and Budget and should the other party make at least 80% of the expenditures contemplated by such Work Plan and Budget, then the party which failed to contribute shall have its Participating Interest reduced pro rata. For the purpose of calculating the initial and subsequent Participating Interest of each party, Minnova shall be deemed to have expended \$750,000 once the Issuer has actually provided \$500,000. A party who has had its Participating interest reduced shall only be entitled to participate in subsequent Work Plans and Budgets to the extent of its Participating Interest at the time any subsequent Work Plans and Budgets are approved. In the event that a party fails to contribute to a Work Plan and Budget and the contributing party does not complete at least 80% of the expenditures contemplated, then the non-contributing party shall be entitled, within 30 days of being notified of completion of the reduced program, to pay its share of the expenditures actually made by the contributing party and thereby maintain its Participating Interest. If the non-contributing party fails to contribute within such 30 day period, its Participating Interest shall be reduced in accordance with the foregoing provisions.

In the event a party's interest is reduced to less than 10%, the interest will be forfeited.

Should either party fail to participate in two consecutive Work Plans then that party will lose its right to participate in any further Work Plans, and its interest in the Property will be subject to further dilution.

Much of the following information provided regarding location, history, local geology, property geology and recommendations is taken from the Engineering Report of Orcan Mineral Associates Ltd. dated September 11, 1987 as

prepared by Robert S. Adamson, P.Eng. This report is available for inspection during normal business hours at the head office of the Issuer, #301 - 580 Granville Street, Vancouver, B.C.

Location & Access

The property lies southeast of Dunn Lake astride Dunn Creek. Kamloops, located approximately 90 km. due south, is the nearest major centre of communication and supply.

Access is by vehicle northward from Kamloops along Highway 5 to the village of Chu Chua on the North Thompson River, then along a good gravel road on the east side of the river, and finally by four-wheel drive vehicle up Dunn Creek along a rough gravel road to the heart of the property.

Previous Work

The Gold Hill property is believed to have been initially staked during the First World War. By 1923 two parallel vein structures had been identified. By 1929, evidently under the direction of Granby Mining and Smelting Company, some diamond drilling (11 Xray holes) and approximately 52 metres of underground drifting and crosscutting had been undertaken. A total of 300 metres of drifting and crosscutting had been carried out from nine adits on the steep hillside by 1930. Although the area has been frequently staked by various groups, no exploration work of a physical nature has been done since.

Work was carried out in 1984 by Rapid Canadian Resource Corp. The company prepared a topographic map, located the old adits on it, and collected 28 soil samples for geochemical analyses in the vicinity of the old workings.

In late 1986, Corporation Falconbridge Copper (the predecessor company of Minnova Inc.) acquired the property. After optioning an interest in the property to Montoro Resources, Minnova implemented an exploration program over and surrounding the area that contains the old workings. The program comprised:

- a) constructing a road from Dunn Creek up to the adit area.
- b) establishing a cut-line surveyed grid over the area.
- c) undertaking VLF electromagnetic magnetometer surveys over the area.
- d) carrying out geological mapping and visual prospecting on surface.

- e) mapping and sampling the accessible sections of the underground workings.
- f) initiating an induced polarization survey over the vein structures and projected extensions; this phase of the program is still in progress.

Work to date by Issuer

The Issuer has paid the sum of \$48,831.00 to Minnova to date to pay for the following work.

Minnova geologists have recently chip sampled underground each of the three veins in a reasonably systematic fashion at one and one half to five metre intervals along the vein lengths. Assay results from all samples taken from each adit are shown in the Appendix to the Report of Orcan Mineral Associates Ltd.

Surface mapping and visual prospecting have indicated the presence of a number of other mineralized veins in the area.

A VLF electromagnetic survey was implemented in order to trace the mineralized structures along strike and to detect other faults and shears. It was only partially successful in that conductor continuity between lines, for the most part, was not achieved.

The magnetometer survey was carried out at the same time to aid in geological interpretation. Mafic to ultramafic bodies (diorite, serpentine and gabbro) were outlined as strongly magnetic areas. The identification of intrusive-volcanic contacts appear to be useful, as there is some evidence to suggest the better, more continuous, precious metal values in the vein zones occur near or at contacts.

The induced polarization survey was undertaken to identify sulphide concentrations in veins and to possibly aid in tracing the structures along strike. This survey is still underway.

There has been no underground exploration. There is not a plant or equipment on the property.

Property Geology and Mineralization

Gold and silver-bearing mineralization occurs on the property in shears and faults that strike easterly and dip steeply to the north. The host rocks are massive basalt and diorite. Mineralization occurs in quartz veins, veinlets, and stringers containing disseminated galena,

chalcopyrite, pyrite, sphalerite, and arsenopyrite. Some of the gold mineralization in this assemblage is free. Carbonate alteration (ankerite?) envelopes the vein zones. Alteration zones can be up to six metres in width. Veins up to 1.3 metres in thickness occur, but average in the order of 40 centimetres.

A second order vein system strikes north to northeasterly and dips steeply. These structures do not appear to be as strong as the easterly striking set.

Of potential economic significance are two parallel, easterly striking vein systems, approximately 40 metres apart; each had been traced along strike by a number of short adits.

Conclusions

Sampling of four quartz vein zones underground by Minnova geologists has demonstrated that no ore grade sections (or potential ore shoots) were outlined by the previous operators. The best section occurs on the No. 1 central vein. In the No. 7 adit, the vein averages 0.116 ounces gold per ton and 0.43 ounces silver per ton over an approximate width of 30 centimetres and a strike length of 20 metres. In the No. 5 adit, the No. 1 south vein averages 0.096 ounces gold per ton and 1.42 ounces silver per ton over 50 to 60 centimetres in width and five metres in length. Precious metal values, while reasonable high and quite persistent in the veins, are clearly not economic, particularly as the veins are narrow.

However, in spite of the relatively narrow widths and subeconomic grades evident to date, the fault structures that host the mineralized veins are very strong and anomalous precious metal values in the veins are pervasive. These faults, therefore, remain very attractive structures to explore for economic concentrations of precious metals. Surface and underground mapping supported by geophysical surveys indicate the most likely sites for potential ore shoots along the east-west striking mineralized structures to be where they intersect intrusive-volcanic contacts and northerly striking cross faults. Several of these favourable geological locales have been identified from the recent exploration work, and are in the process of being refined.

A second model worthy of serious consideration, in addition to the fissure vein one, is the potential for identifying a stockwork type, low grade, bulk tonnage, gold (silver) deposit embracing adits 4, 5, 6, 7, and 8. Several mineralized veins occur within an area 75 by 100 metres in extent. Underground mapping and sampling show weakly mineralized, north northeast to east northeast fractures that cut the strongly mineralized east-west vein

fault system. This is supported by the VLF electromagnetic survey, which detected northeasterly striking conductors, cutting through the area. Chip samples taken from this fracture set in the underground entries ranged in value from 0.001 to 0.039 ounces gold per ton and 0.02 to 0.017 ounces silver per ton over various widths.

Because of the promising geological environment, continued exploration of the Gold Hill property is warranted.

Recommendations

A two stage diamond drill program is proposed to investigate the best of these targets. The cost of Phase I is estimated to be \$100,000. Implementation of the second stage should be contingent upon achieving favourable results from the initial stage. The cost of Phase II is estimated to be \$100,000.

In view of the steep topography, it may be practical to fan multiple holes from single setups. It may be necessary to drill from the footwall of the overall vein-fault system, so shallow holes (at -45 degrees) will be required to 'catch-up' to the veins which, for the most part, dip steeply to the north. A total of 600 metres is recommended in five to six diamond drill holes in the first stage. A further 600 metres of drilling is proposed in the second stage.

The property is without a known body of commercial ore and the programme is an exploratory search for ore.

OTHER PROSPECTS

LASTHOPE LAKE, KNEE LAKE CLAIMS, MANITOBA

The Issuer has spent the sum of \$1,374 to investigate Claims located in the Knee Lake Area and Lasthope Lake area of Manitoba.

The Issuer, to date, has not entered into negotiations to acquire all or any portion of the claims.

HEPPNER PROJECT, MORROW COUNTY, OREGON

The Issuer has spent the sum of \$1,249 to investigate the Heppner Project, Morrow County, Oregon. The property is within the Umatilla National Forest and open for location. The Issuer, to date, has not entered into negotiations to acquire all or any portion of the claims.

5. USE OF PROCEEDS

The net proceeds to be received by the Issuer of \$180,000, together with the cash on hand as at January 31, 1988 of the Issuer of \$71,363 will be used for the following purposes:

a) Estimated remaining cost of this Issue including Legal, Audit and Printing Costs	\$ 7,000
b) Accounts Payable as at January 31, 1988	\$ 9,406
c) To complete Phase I recommended on the Dixie Claims in the report of Orcan Mineral Associates dated September 11, 1987	\$100,000
d) To complete Phase II, contingent upon the successful results of Phase I on the Dixie Claims as recommended in the report of Orcan Mineral Associates dated September 11, 1987	\$100,000
e) Reserve for unallocated working capital	\$ 34,957
TOTAL	\$251,363

There are no plans at this time for the use of the \$34,957 specified for unallocated working capital. Two Directors are required to sign all cheques of the Issuer.

The foregoing represents the Issuer's best estimate as to how the proceeds of the offering herein will be expended. However, the Issuer reserves the right to redirect any portion of the funds as management considers to be in the best interests of the Issuer, based upon circumstances as they arise.

The Issuer may, pursuant to the recommendations of a qualified Engineer abandon in whole or in part, any of its properties, may alter, as work progresses, the work program recommended and may use any monies so diverted for the purpose of conducting work or examining other properties acquired by the Issuer after the date of this Prospectus. If any such event occurs during the primary distribution of the shares referred to in this Prospectus, an amendment to

this Prospectus will be filed. If any such event occurs subsequent to completion of the primary distribution, shareholders will be notified. The Issuer has no intentions, at present, to alter the work program.

No part of the proceeds shall 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 jurisdiction in which securities offered by the Prospectus may be lawfully sold. Should the Issuer intend to use the proceeds to acquire other than trustee type securities after the distribution of the securities offered by this Prospectus, approval of the shareholders must be first obtained, and prior notice of intention filed with Securities Regulatory bodies having jurisdiction over the sale of securities being offered by this Prospectus.

6. RISK FACTORS AND DILUTION

The Shares offered by this Prospectus must be considered speculative, generally because of the nature of the Issuer's business. In particular,:

1. There is no known body of ore on the Issuer's mineral properties. The purpose of the present offering is to raise funds to carry out further exploration with the objective of establishing ore of commercial tonnage and grade. If the Issuer's exploration programs are successful, additional funds will be required for the development of an economic ore body and to place it in commercial production. A source of future funds presently available to the Issuer is through the sale of equity capital. The only alternative for the financing of future exploration would be the offering by the Issuer of an interest in its properties to be earned by another party or parties carrying out further exploration or development thereof, which is not presently contemplated.

2. There is no established market for the shares of the Issuer.

3. There is no certainty that the expenditures to be made by the Issuer in the development of the interests described herein will result in discoveries of commercial quantities of ore.

4. There is no assurance that even if commercial quantities of ore are discovered, a ready market will exist for the sale of same. Factors beyond the control of the Issuer may affect the marketability of any substances discovered.

5. The existence of title opinions should not be construed to suggest that the Issuer has good and marketable title to all of the properties described in this prospectus.

6. The claims in which the Issuer has an option have not been surveyed and therefore, the precise location of these properties may be in doubt.

7. Some of the directors of the Issuer also serve as Directors of other companies involved in natural resource development. The Directors will attempt to avoid dealing with such other companies in situations where conflicts might arise and will at all times use their best efforts to act in the best interests of the Issuer.

8. Dilution

The dilution, on completion of the offering will be \$0.315 per share or 63%.

7. ISSUANCE OF SHARES

The authorized capital of the Issuer consists of 10,000,000 common shares without par value of which 1,350,001 are presently issued and outstanding. All of the authorized common shares of the Issuer are of the same class and, once issued, rank equally as to dividends, voting powers and participation in assets. No shares have been issued subject to call or assessment. There are no pre-emptive or conversion rights and no provisions for redemption or purchase for cancellation, surrender, or sinking or purchase funds.

8. SHARE AND LOAN CAPITAL STRUCTURE

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

Designation & Amount Authorized	Amount outstanding as at date of balance sheet Dec. 31/87	Amount outstanding as at date of Prospectus	Amount to be outstanding if all securities being issued are sold
10,000,000 common shares	1,350,001	1,350,001	1,750,001

There are no shares under option or warrants outstanding.

9. PRIOR SALES

Since incorporation, the Issuer has sold the following shares for cash, all of which were sold within the past 12 months:

NUMBER OF SHARES	PRICE PER SHARE	NET CASH RECEIVED	COMMISSION PAID
1	\$0.01	\$ 0.01	nil
750,000	\$0.01	\$ 7,500.00	nil
600,000	\$0.25	\$150,000.00	nil

10. DIVIDEND RECORD

The Board of Directors has not established a dividend policy at the present time.

11. PRINCIPAL HOLDERS OF SECURITIES

The persons holding directly or beneficially over 10% of the outstanding shares of the Issuer are as follows:

NAME AND ADDRESS	TYPE OF OWNERSHIP	NUMBER OF SHARES ISSUED	PERCENTAGE OF CLASS
Leslie M. Hart 635 St. Andrews Road West Vancouver, B.C.	indirect	700,000 esc.	52%

(indirectly held by Westcot Investments Ltd., a private B.C. Company beneficially owned by Mr. Hart)

The number and percentage of the shares of the Issuer directly or beneficially owned by the directors and senior officers of the Issuer are as follows:

<u>Type of Shares</u>	<u>No. of Shares Beneficially owned</u>	<u>% of Class</u>
Common	925,000	69%

There are no shares held by the Agents or any associates of the Agents.

12. DIRECTORS AND OFFICERS

Name, Address and
Position with Company

Principal Occupation
for the Past Five Years

LESLIE MICHAEL HART
635 St. Andrews Road
West Vancouver, B.C.

Executive Director
President and a Director
of seven reporting mining
companies known as the
Bomarc Group

Director/President
Chief Executive Officer

MARJORIE DOREEN MORNINGSTAR
756 West 49th Avenue
Vancouver, B.C.

Independent Management
Consultant; From 1983 to
present Director of seven
VSE reporting mining companies
known as the Bomarc Group

Director

JOHN PHILIP BRADFORD
4079 Southwood Street
Burnaby, B.C.

Retired Businessman

Director

FRANCIS GRANT MORNINGSTAR
756 West 49th Avenue
Vancouver, B.C.

Sales Manager for
Gordon Campbell Limited

Secretary/
Chief Financial Officer

The Bomarc Group of companies is as follows: Anglo-Bomarc
Mines Ltd., Thor Exploration Ltd., Mark V Petroleums &
Mines Ltd., Aries Resources Ltd., Big Ben Resources Inc.,
First Idaho Resources Inc. and Munde Mines Ltd.

The members of the audit committee are:

LESLIE M. HART
MARJORIE D. MORNINGSTAR
JOHN P. BRADFORD

13. EXECUTIVE COMPENSATION

No compensation has been paid to the Executive Officers,
Directors or senior officers since incorporation, nor is
any expected to be paid to them in their capacities as such
during the ensuing year.

There is no indebtedness to Directors or Senior Officers.

14. PROMOTERS

Pursuant to the definition in the Securities Act of British Columbia, the Directors of the Issuer are promoters.

None of the Directors have received consideration in the form of cash, shares or otherwise from the Issuer for acting as Promoters.

The Directors, Insiders and Officers have purchased the following stock:

LESLIE M. HART	700,000 escrow (indirectly)
MARJORIE D. MORNINGSTAR	25,000 escrow 100,000 free trading (indirectly)
JOHN P. BRADFORD	25,000 escrow
F. GRANT MORNINGSTAR	75,000 free trading

There are no stock options granted to the Directors, Officers and Insiders of the Issuer.

No remuneration or management fees are paid to the Directors, Officers or Insiders.

15. LEGAL PROCEEDINGS

There are no legal proceedings pending against the Issuer and none are contemplated by the Issuer.

16. INTEREST OF MANAGEMENT IN MATERIAL TRANSACTIONS

Management has no interest in material transactions other than as disclosed herein.

Commencing September 1st, 1987, the sum of approximately \$2,000 per month is being charged to the Issuer for administration, providing office space, telephone and other administrative matters. The Issuer will share office space with seven (7) other companies.

17. OPTION TO PURCHASE SECURITIES

There are no stock options outstanding to the Directors or Employees.

18. ESCROWED SHARES

As at the date of the Prospectus, 750,000 shares are held in escrow by Guaranty Trust Company subject to the direction or determination of the Superintendent of Brokers for British Columbia (the "Superintendent"). The escrow restrictions provide that the shares may not be traded in, dealt with in any manner whatsoever or released, nor may the Issuer, its Transfer Agent or Escrow Holder make any transfer or record any trading of such shares without the consent of the Superintendent; and in the event the shares are listed for trading on the Vancouver Stock Exchange, without the consent of the Vancouver Stock Exchange.

DESIGNATION OF CLASS	NUMBER OF SHARES HELD IN ESCROW	PERCENTAGE OF CLASS
Common	750,000	56%*

* Before completion of the sale of the shares offered pursuant to this prospectus.

19. MATERIAL CONTRACTS

The Issuer has not entered into any contracts material to investors in the Common Shares within the two years prior to the date hereof, other than contracts in the ordinary course of business, except the following:

1. Agency Agreement dated January 25, 1988 between the Issuer and Haywood Securities Inc. in respect of the 400,000 Shares offered hereby.
2. Property Agreement dated June 25th, 1987 between the Issuer and Minnova Inc.
3. Escrow Agreement dated July 15, 1987 between the Issuer and Westcot Investments Ltd., Doro Investments Ltd. and J.P. Bradford governing the terms of release and other matters relating to the 750,000 "principals shares" of the Issuer issued to the Directors.
4. A transfer agency agreement dated July 15, 1987 between the Issuer and Guaranty Trust Company appointing Guaranty Trust as the Registrar and Transfer Agent of the Issuer.

Copies of these Agreements are available for inspection at the registered office of the Issuer at #523 - 470 Granville Street, Vancouver, B.C.

20. AUDITOR AND REGISTRAR

The Auditor of the Issuer is Doane Raymond, Chartered Accountant, #1009 - 736 Granville Street, Vancouver, B.C.

The Issuer's Registrar and Transfer Agent is Guaranty Trust Company of Canada of #200 - 800 West Pender Street, Vancouver, B.C.

21. INCORPORATION WITHIN ONE YEAR PRELIMINARY EXPENSES

As set out in the financial statements attached hereto, the following preliminary expenses were incurred by the Issuer to December 31, 1987:

Exploration & Development	\$60,374
Administration and Incorporation	<u>\$34,338</u>
	\$94,712
	=====

22. PURCHASER'S STATUTORY RIGHTS

(a) For British Columbia

The Securities Act provides a purchaser with a right to withdraw from an agreement to purchase securities within two business days after receipt or deemed receipt of a prospectus and further provides a purchaser with remedies for rescission or damages where the prospectus and any amendment contains a material misrepresentation or is not delivered to the purchaser prior to delivery of the written confirmation of sale or prior to midnight on the second business day after entering into the agreement, but such remedies must be exercised by the purchaser within the time limit prescribed. For further information concerning these rights and the time limits within which they must be exercised the purchaser should refer to Sections 66, 114, 118 and 124 of the Securities Act or consult a lawyer.

(b) For the Yukon

The Securities Ordinance (Yukon) provides purchasers with the right to rescind a contract for the purchase of securities where the Prospectus or any amendment is not delivered to the purchaser prior to delivery or written confirmation of sale or contains an untrue statement of material fact or omits to state a material fact necessary in order to make any statement contained therein not misleading, but such remedies must be exercised by the purchaser within the time limit prescribed. For further information concerning these rights and the time limits within which they must be exercised refer to Sections 24, 25 and 26 of the Securities Ordinance (Yukon) or consult a lawyer.

MONTORO RESOURCES INC.
VANCOUVER, BRITISH COLUMBIA
INTERIM FINANCIAL STATEMENTS
AUGUST 31, 1987

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Interim Balance Sheet	2
Interim Statement of Income and Deficit	3
Interim Statement of Changes in Financial Position	4
Notes to Interim Financial Statements	5-8

AUDITORS' REPORT

To the Directors of

Montoro Resources Inc.

We have examined the interim balance sheet of Montoro Resources Inc. as at August 31, 1987 and the interim statements of income and deficit and changes in financial position for the period 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 interim financial statements present fairly the financial position of the company as at August 31, 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.

Doane Raymond

Vancouver, British Columbia

September 17, 1987

Chartered Accountants

MONTORO RESOURCES INC.

2.

INTERIM BALANCE SHEET

AUGUST 31, 1987

ASSETS

Current	
Cash and term deposit	\$121,191
Deferred exploration expenditures (note 4)	<u>45,177</u>
	<u>\$166,368</u>

LIABILITIES

Current	
Payables and accruals	<u>\$ 21,923</u>

SHAREHOLDERS' EQUITY

Capital stock (note 5)	157,500
Deficit	<u>(13,055)</u>
	<u>144,445</u>
	<u>\$166,368</u>

Commitments (note 6)

ON BEHALF OF THE BOARD

Leslie A. ... Director

... .. Director

Doane Raymond

MONTORO RESOURCES INC.

3.

INTERIM STATEMENT OF INCOME AND DEFICIT

FOR THE PERIOD FROM JANUARY 30, 1987 TO AUGUST 31, 1987

Income	
Interest	<u>\$ 513</u>
Expenses	
Audit and legal	13,511
Bank charges	<u>57</u>
	<u>13,568</u>
Net loss and deficit, end of period	<u><u>\$ 13,055</u></u>

Doane Raymond

INTERIM STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE PERIOD FROM JANUARY 30, 1987 TO AUGUST 31, 1987

Cash provided from (used for)	
Operations	
Net loss	\$(13,055)
Changes in	
Payables and accruals	<u>21,923</u>
	<u>8,868</u>
Financing	
Allotment of capital stock for cash	<u>157,500</u>
Investing	
Deferred exploration expenditures	<u>(45,177)</u>
Cash provided	121,191
Cash, beginning of period	<u>-</u>
Cash, end of period	<u><u>\$121,191</u></u>

NOTES TO INTERIM FINANCIAL STATEMENTS

AUGUST 31, 1987

1. Incorporation

The company was incorporated under the British Columbia Company Act on January 30, 1987. Comparative figures have not been presented as this is the company's first period of operations.

2. Continuing operations

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

3. Accounting policies

a. Deferred expenditures

The company is in the pre-production stage of development and follows the policy of deferring exploration expenses until commercial production begins or the property is sold or abandoned. The deferred expenditures will be depleted on the units of production method if commercial production begins, or written-off if the property is sold or abandoned.

b. Values

The amounts shown for mineral rights and deferred expenditures represent cost to date and do not necessarily reflect present or future values.

NOTES TO INTERIM FINANCIAL STATEMENTS

AUGUST 31, 1987

4. Deferred exploration expenditures

a.	Gold Hill Property [Note 4 (b)]	Heppner Project Oregon Property	Lasthope Lake Manitoba Property	Total
Administrative	\$ 4,061	\$ -	\$ -	\$ 4,061
Engineer's report	3,747	-	-	3,747
Geology	6,106	-	-	6,106
Geochemistry	5,250	-	-	5,250
Geophysics	2,577	-	-	2,577
Linecutting and trenching	19,206	-	-	19,206
Maintenance	40	-	-	40
Property examination	350	803	850	2,003
Travel	1,217	446	524	2,187
	<u>\$42,554</u>	<u>\$ 1,249</u>	<u>\$ 1,374</u>	<u>\$45,177</u>

b. Gold Hill Property

On June 25, 1987 the company entered into an agreement to acquire a 40% undivided interest from Minnova Inc. in three mineral claims, known as Dixie Mineral Claims, located in the Kamloops Mining Division of British Columbia. In consideration for the option to earn the 40% interest in Minnova Inc's interest in the mineral claims the company is required to provide Minnova with \$100,000 prior to July 1, 1988, for expenditures by Minnova on exploration and development of the property. To earn the 40% undivided interest in Minnova's interest the company must provide Minnova with an aggregate of \$500,000 prior to July 1, 1990 (inclusive of the \$100,000 option payment) for expenditure by Minnova on the exploration and development of the property. The company shall not be required to provide funds in excess of the following amounts prior to the dates indicated.

- (i) an aggregate of \$100,000 by July 1, 1988.
- (ii) an aggregate of \$250,000 by July 1, 1989 and
- (iii) an aggregate of \$500,000 by July 1, 1990.

Amount paid to August 31, 1987 \$25,000

Amount owing at August 31, 1987 \$12,897

NOTES TO INTERIM FINANCIAL STATEMENTS

AUGUST 31, 1987

5. Capital stock

Authorized
10,000,000 common shares without par value

Issued and outstanding
1 common share \$ -

Allotted
600,000 common shares 150,000
750,000 common escrow shares 7,500
\$157,500

a. Shares allotted/issued during the period

i) 600,000 shares for cash consideration of
\$0.25 per share

ii) 1 share for cash consideration of
\$.01 per share

iii) 750,000 escrow shares for cash consideration
\$0.01 per share

b. The escrow shares are subject to approval by the
Superintendent of Brokers.

NOTES TO INTERIM FINANCIAL STATEMENTS

AUGUST 31, 1987

6. Commitments

In order to earn a 40% undivided interest in Minnova Inc's interest in the Dixie Mineral Claims [note 4 (b)] the company is committed to the following payments to Minnova Inc. for exploration and development of the property:

By July 1, 1988	\$ 75,000
By July 1, 1989	150,000
By July 1, 1990	<u>250,000</u>
	<u>\$475,000</u>

7. Subsequent event

The company intends to make an offer to sell 400,000 common shares to the public at \$0.50 per share less commission of \$0.05 per share, resulting in net proceeds of \$180,000 to the company. The net proceeds will be used to provide funds to carry on a work program on the Dixie Mineral Claims (note 4).

MONTORO RESOURCES INC.
VANCOUVER, BRITISH COLUMBIA
INTERIM FINANCIAL STATEMENTS
(Unaudited)
DECEMBER 31, 1987

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REVIEW ENGAGEMENT REPORT

To The Directors Of

Montoro Resources Inc.

We have reviewed the interim balance sheet of Montoro Resources Inc. as at December 31, 1987, and the interim statements of income and deficit and changes in financial position for the period then ended. Our review was made in accordance with generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the company.

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

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

Doane Raymond

Vancouver, British Columbia

January 31, 1988

Chartered Accountants

INTERIM BALANCE SHEET

(Unaudited)

DECEMBER 31, 1987

ASSETS

Current	
Cash and term deposit	\$ 71,240
Accounts receivable	1,000
Prepaid expense	<u>583</u>
	72,823
Deferred exploration expenditures (note 4)	<u>60,374</u>
	<u><u>\$133,197</u></u>

LIABILITIES

Current	
Payables and accruals	<u>\$ 8,121</u>

SHAREHOLDERS' EQUITY

Capital stock (note 5)	157,500
Deficit	<u>(32,424)</u>
	<u>125,076</u>
	<u><u>\$133,197</u></u>

Commitments (note 6)

ON BEHALF OF THE BOARD

Leslie Hart Director

Richard A. Milner Director

INTERIM STATEMENT OF INCOME AND DEFICIT

(Unaudited)

FOR THE PERIOD FROM SEPTEMBER 1, 1987 TO DECEMBER 31, 1987

Income	
Interest	<u>\$ 1,401</u>
Expenses	
Audit and legal	\$ 7,351
Bank charges	25
Filing fees	4,530
Printing and stationery	1,083
Rent, telephone, secretarial, accounting and office	7,347
Transfer fees	<u>434</u>
	<u>20,770</u>
Net loss	19,369
Deficit, beginning of period	<u>13,055</u>
Deficit, end of period	<u><u>\$ 32,424</u></u>

INTERIM STATEMENT OF CHANGES IN FINANCIAL POSITION

(Unaudited)

FOR THE PERIOD FROM SEPTEMBER 1, 1987 TO DECEMBER 31, 1987

Cash provided from (used for)	
Operations	
Net loss	\$ (19,369)
Changes in	
Accounts receivable	(1,000)
Prepaid expense	(583)
Payables and accruals	<u>(13,802)</u>
	<u>(34,754)</u>
Investing	
Deferred exploration expenditures	<u>(15,197)</u>
Cash used	(49,951)
Cash and term deposit, beginning of period	<u>121,191</u>
Cash and term deposit, end of period	<u><u>\$ 71,240</u></u>

NOTES TO INTERIM FINANCIAL STATEMENTS

(Unaudited)

DECEMBER 31, 1987

1. Incorporation

The company was incorporated under the British Columbia Company Act on January 30, 1987 and therefore, no comparative figures have been presented.

2. Continuing operations

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

3. Accounting policies

a. Deferred expenditures

The company is in the pre-production stage of development and follows the policy of deferring exploration expenses until commercial production begins or the property is sold or abandoned. The deferred expenditures will be depleted on the units of production method if commercial production begins, or written-off if the property is sold or abandoned.

b. Values

The amounts shown for mineral rights and deferred expenditures represent costs to date and do not necessarily reflect present or future values.

NOTES TO INTERIM FINANCIAL STATEMENTS

(Unaudited)

DECEMBER 31, 1987

4. Deferred exploration expenditures

a.	Gold Hill Property [Note 4 (b)]	Heppner Project Oregon Property	Lasthope Lake Manitoba Property	Total
Administrative	\$ 5,686	\$ -	\$ -	\$ 5,686
Engineer's report	3,747	-	-	3,747
Geology	7,674	-	-	7,674
Geochemistry	5,250	-	-	5,250
Geophysics	14,344	-	-	14,344
Linecutting and trenching	19,206	-	-	19,206
Maintenance	40	-	-	40
Property examination	350	804	850	2,004
Travel	<u>1,452</u>	<u>446</u>	<u>525</u>	<u>2,423</u>
	<u>\$57,749</u>	<u>\$ 1,250</u>	<u>\$ 1,375</u>	<u>\$60,374</u>

b. Gold Hill Property

On June 25, 1987 the company entered into an agreement to acquire a 40% undivided interest from Minnova Inc. in three mineral claims, known as Dixie Mineral Claims, located in the Kamloops Mining Division of British Columbia. In consideration for the option to earn the 40% interest in Minnova Inc.'s interest in the mineral claims, the company is required to provide Minnova with \$100,000 prior to July 1, 1988, for expenditures by Minnova on exploration and development of the property. To earn the 40% undivided interest in Minnova's interest the company must provide Minnova with an aggregate of \$500,000 prior to July 1, 1990 (inclusive of the \$100,000 option payment) for expenditure by Minnova on the exploration and development of the property. The company shall not be required to provide funds in excess of the following amounts prior to the dates indicated.

- (i) an aggregate of \$100,000 by July 1, 1988.
- (ii) an aggregate of \$250,000 by July 1, 1989 and
- (iii) an aggregate of \$500,000 by July 1, 1990.

Amount paid to December 31, 1987 \$48,831

Amount owing at December 31, 1987 \$ 4,262

NOTES TO INTERIM FINANCIAL STATEMENTS

(Unaudited)

DECEMBER 31, 1987

5. Capital stock

Authorized	
10,000,000 common shares without par value	
Issued and outstanding	
600,001 common shares	\$150,000
750,000 common escrow shares	<u>7,500</u>
	<u><u>\$157,500</u></u>

- a. During the period 1,350,000 common shares allotted, were issued.
- b. The escrow shares are subject to approval by the Superintendent of Brokers.

6. Commitments

In order to earn a 40% undivided interest in Minnova Inc's interest in the Dixie Mineral Claims [note 4 (b)] the company is committed to the following payments to Minnova Inc. for exploration and development of the property:

By July 1, 1988	\$ 51,169
By July 1, 1989	150,000
By July 1, 1990	<u>250,000</u>
	<u><u>\$451,169</u></u>

7. Subsequent event

The company intends to make an offer to sell 400,000 common shares to the public at \$0.50 per share less commission of \$0.05 per share, resulting in net proceeds of \$180,000 to the company. The net proceeds will be used to provide funds to carry on a work program on the Dixie Mineral Claims (note 4).

ORCAN MINERAL ASSOCIATES LTD.
CONSULTING ENGINEERS

SUITE 1417 - 409 GRANVILLE STREET
VANCOUVER, CANADA V6C 1T2
TELEPHONE (604) 682-3722

Montoro Resources Inc.
Vancouver, B.C.

Summary Report
on the
GOLD HILL PROPERTY
Dunn Lake, B.C.
(NTS 92P/8E)

September 11, 1987

Robert S. Adamson, P.Eng.

Consultant

Vancouver, Canada

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ORCAN MINERAL ASSOCIATES LTD.
CONSULTING ENGINEERS

SUITE 1417 - 409 GRANVILLE STREET
VANCOUVER, CANADA V6C 1T2
TELEPHONE (604) 662-3722

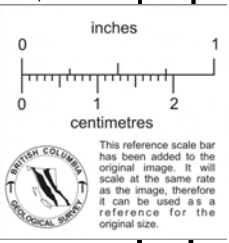
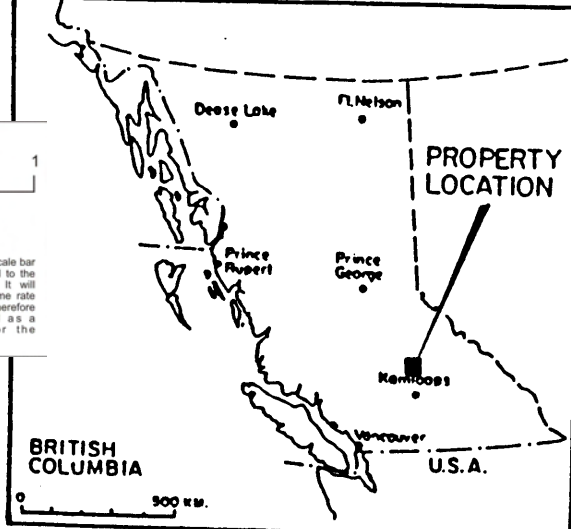
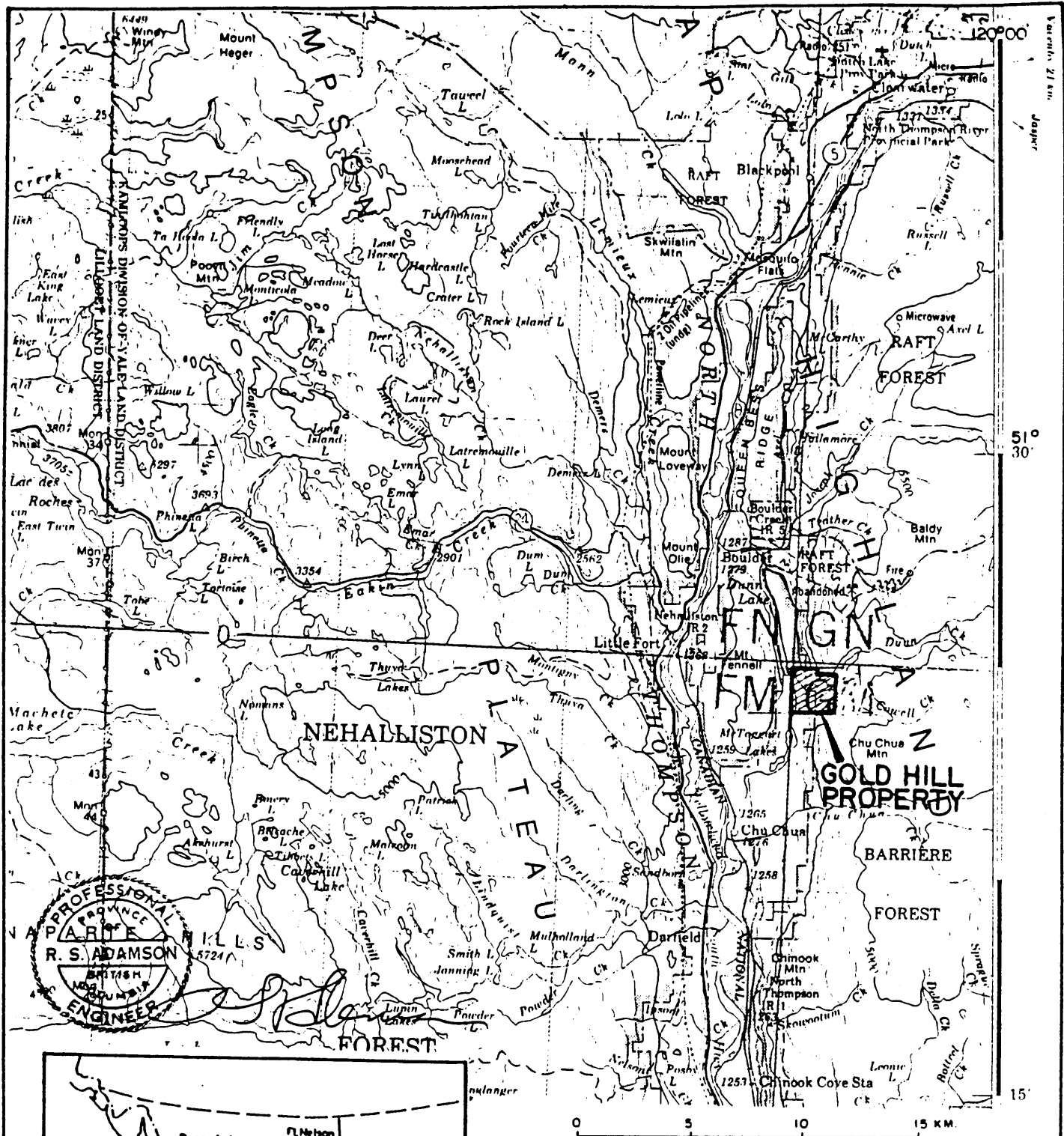
SUMMARY

The Gold Hill property, a sixteen-unit fissure-vein-type gold and silver prospect, lies southeast of Dunn Lake in the North Thompson River region of the Kamloops Mining Division (NTS 92P/8). Early exploration on the property had consisted of driving a number of short adits at irregular intervals on two vein fault structures. Recent exploration by Minnova Inc. comprised constructing a road to the adits, carrying out geophysical surveys and surface geological mapping, and sampling vein zones in the underground workings.

The geological setting consists of northerly striking, moderately dipping, mainly volcanic rocks with lesser sedimentary rocks and mafic to ultramafic intrusions of the Fennell Formation. Easterly striking fault and shear structures, frequently mineralized, cut the Fennell rocks.

At least four sub-parallel quartz vein zones occupy two easterly striking, steeply dipping fault-shear systems that cut massive pillow lavas and local mafic intrusions on a steep, scree-covered hillside. Disseminated galena, chalcopyrite, pyrite, sphalerite, and arsenopyrite occur in quartz veins, veinlets, and stringers over relatively narrow widths. The two vein systems, one of which has been traced to date over a strike length of 300 metres, are 40 metres apart.

A very good potential exists to outline ore grade shoots on either or both vein systems and to locate other veins in the area and between the systems, particularly at structural intersections and lithological contacts. It may also be possible to identify a bulk tonnage, low grade gold (silver) deposit in the area containing most of the adits. A diamond drill program to investigate favourable sites along the structures and to evaluate the bulk tonnage potential is proposed. The estimated cost of a two stage program is \$200,000.



ORCAN MINERAL ASSOCIATES LTD. CONSULTANTS	
VANCOUVER, CANADA	
MONTORO RESOURCES INC.	
VANCOUVER, B.C.	
GOLD HILL PROPERTY	
LOCATION MAP	
DUNN LAKE, B.C.	N.T.S. 92P-8E
SCALE 1:250,000	SEPT. 1987
	FIG. 1

INTRODUCTION

Orcan Mineral Associates Ltd. has been asked by Montoro Resources Inc. to review the available technical data and to prepare a report on the Gold Hill property situated near the North Thompson River in the Kamloops Mining Division, British Columbia. Montoro has optioned to purchase a 40 per cent working interest in the property from Minnova Inc. The writer examined the property on July 1, 1987, accompanied by Ms. K. Sutherland, geologist for Minnova.

Location and Access (51°25'N Lat.; 120°05'W Long.)

The property lies southeast of Dunn Lake astride Dunn Creek. Kamloops, located approximately 90 kilometres due south, is the nearest major centre of communication and supply (Figure 1).

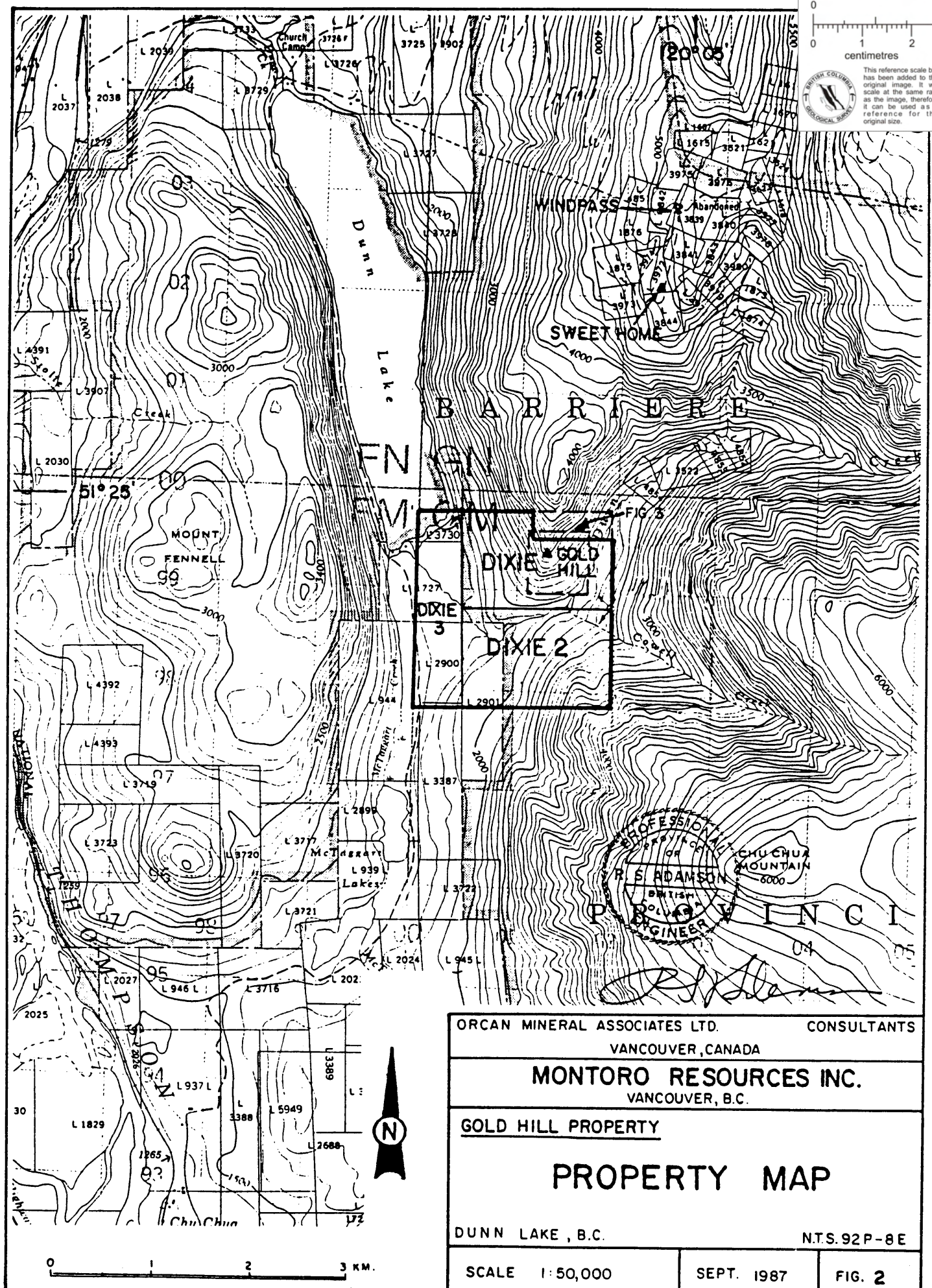
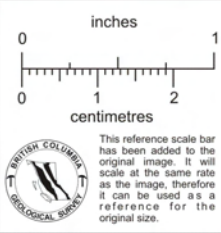
Access is by vehicle northward from Kamloops along Highway 5 to the village of Chu Chua on the North Thompson River, then along a good gravel road on the east side of the river, and finally by four-wheel drive vehicle up Dunn Creek along a rough gravel road to the heart of the property. Minnova has recently constructed a steep switchback road up to a number of adits on the property.

Property

The property, owned by Minnova Inc., comprises three contiguous located mineral claims (Figure 2) enumerated as follows:

<u>Claim Name</u>	<u>Record No.</u>	<u>Expiry Date</u>
DIXIE (6 units)	4238	Nov. 12, 1987
DIXIE 2 (6 units)	6856	Nov. 21, 1987
DIXIE 3 (4 units)	6857	Nov. 21, 1987

Elevations on the property range from 425 metres (1,400 ft) on Dunn Lake to 1,000 metres (3,300 ft) on the southwest flank of Gold Hill. The lowest of the old underground workings on the property is at 800 metres.



ORCAN MINERAL ASSOCIATES LTD. CONSULTANTS	
VANCOUVER, CANADA	
MONTORO RESOURCES INC.	
VANCOUVER, B.C.	
GOLD HILL PROPERTY	
PROPERTY MAP	
DUNN LAKE, B.C.	N.T.S. 92P-8E
SCALE 1:50,000	SEPT. 1987
	FIG. 2

History

The Gold Hill property is believed to have been initially staked during the First World War. By 1923 two parallel vein structures had been identified. By 1929, evidently under the direction of Granby Mining and Smelting Company, some diamond drilling (11 Xray holes) and approximately 52 metres of underground drifting and crosscutting had been undertaken. A total of 300 metres of drifting and crosscutting had been carried out from nine adits on the steep hillside by 1930. Although the area has been frequently staked by various groups, no exploration work of a physical nature has been done since, until Minnova constructed a road this year.

The most recent work, prior to Minnova's activities this summer, was carried out by Rapid Canadian Resource Corp. in 1984. A topographic map was prepared, the old adits were located on it, and 27 soil samples were collected for geochemical analyses.

Kerr-Addison Mines and Kamid Silver are presently exploring a group of crown grants located two kilometres to the north of the Gold Hill property. In the 1920's underground mines had been established on the crown grants to explore and develop the Windpass and Sweet Home gold-bearing veins, but evidently no production was achieved.

Recent Work

In late 1986, Corporation Falconbridge Copper (the predecessor company of Minnova Inc.) acquired the property. After optioning an interest in the property to Montoro Resources, Minnova implemented an exploration program over and surrounding the area that contains the old workings. The program comprises:

- a) constructing a road from Dunn Creek up to the adit area.
- b) establishing a cut-line surveyed grid over the area.
- c) undertaking VLF electromagnetic magnetometer surveys over the area.

ORCAN MINERAL ASSOCIATES LTD.

- d) carrying out geological mapping and visual prospecting on surface.
- e) mapping and sampling the accessible sections of the underground workings.
- f) initiating an induced polarization survey over the vein structures and projected extensions; this phase of the program is still in progress.

References

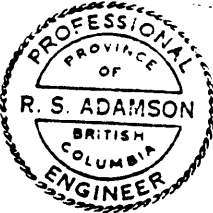
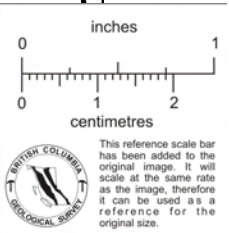
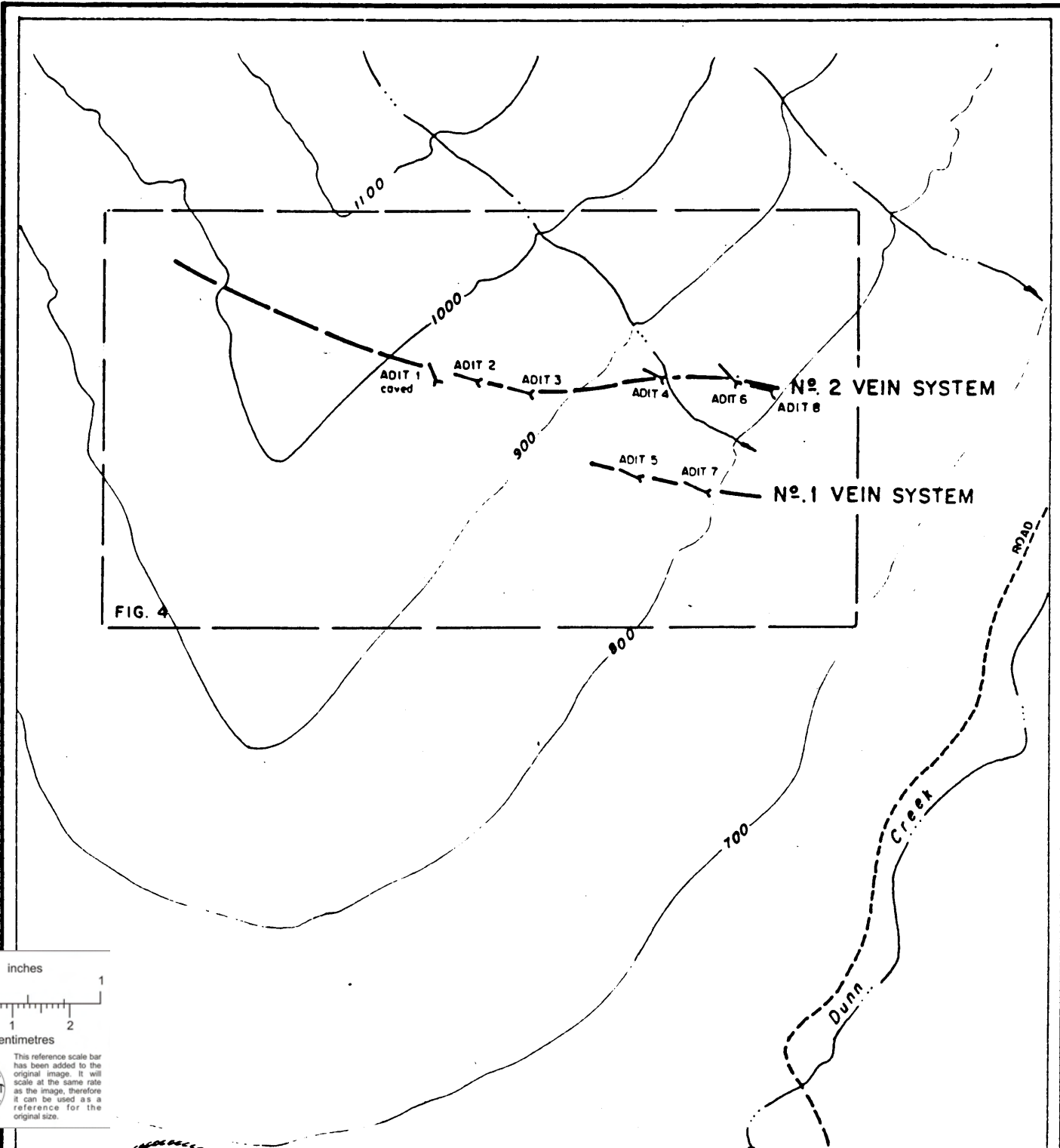
1. Annual Reports of the Minister of Mines of British Columbia:
 - 1923 pp 153
 - 1927 pp 192
 - 1928 pp 211
 - 1929 pp 225
 - 1930 pp 191
2. "Assessment Report No. 12,723 on the Dixie Claim"; November 8, 1984 by N.B. Vollo, P.Eng. for Rapid Canadian Resource Corp.
3. "Geology of the Barriere River - Clearwater Area"; Preliminary Map No. 53, B.C. Ministry of Energy, Mines, and Petroleum Resources.

GEOLOGICAL SETTING

Regional Geology

The Dunn Lake area is underlain by volcanic and sedimentary rocks of the Fennell Formation which ranges in age from Devonian to Permian. This formation, in contact on the east with Cretaceous age granitic rocks of the Baldy Batholith, comprises meta-basalt and chert with lesser amounts of argillite, quartzite, and limestone or marble. Intrusive rocks in the formation, probably the feeders for the volcanic rocks, consist of gabbro, diorite, and diabase.

These units have been folded, and possibly thrust faulted, along northerly striking axes; attitudes are moderately dipping to the west for the most part. Fault and shear structures (sometimes mineralized) strike predominantly east-west and dip moderately



R. S. Adamson



ORCAN MINERAL ASSOCIATES LTD. CONSULTANTS VANCOUVER, CANADA	
MONTORO RESOURCES INC. VANCOUVER, B.C.	
GOLD HILL PROPERTY	
VEIN SYSTEMS	
DUNN LAKE, B.C.	N.T.S. 92 P-8E
SCALE: 1:4000 (approx.)	SEPT. 1987
	FIG. 3

to steeply north. Second order shears (sometimes weakly altered and mineralized) strike northerly and dip steeply.

Local Geology

The Gold Hill property is underlain mainly by massive, dark green pillow lavas of the Fennell Formation. A small gabbroic stock lies immediately south of and downhill from the Gold Hill mineral occurrences.

VEIN ZONES

Gold and silver-bearing mineralization occurs on the property in shears and faults that strike easterly and dip steeply to the north. The host rocks are massive basalt and diorite. Mineralization occurs in quartz veins, veinlets, and stringers containing disseminated galena, chalcopyrite, pyrite, sphalerite, and arsenopyrite. Some of the gold mineralization in this assemblage is free. Carbonate alteration (ankerite?) envelopes the vein zones. Alteration zones can be up to six metres in width. Veins up to 1.3 metres in thickness occur, but average in the order of 40 centimetres.

A second order vein system strikes north to northeasterly and dips steeply. These structures do not appear to be as strong as the easterly striking set.

Of potential economic significance are two parallel, easterly striking vein systems, approximately 40 metres apart; each had been traced along strike by a number of short adits (Figure 3).

No. 1 Vein System

The No. 1 vein system consists of three mineralized vein faults that dip 70 to 75 degrees to the north (Figure 4). A fourth sheared structure lies approximately five metres into the hanging wall but, although hydrothermally altered, is not mineralized

where exposed in the underground workings. The vein zones have been traced underground in the No. 7 adit over a strike length of 50 metres. In the No. 5 adit the mineralized structure evidently has been terminated on the west by a fault.

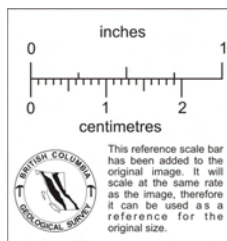
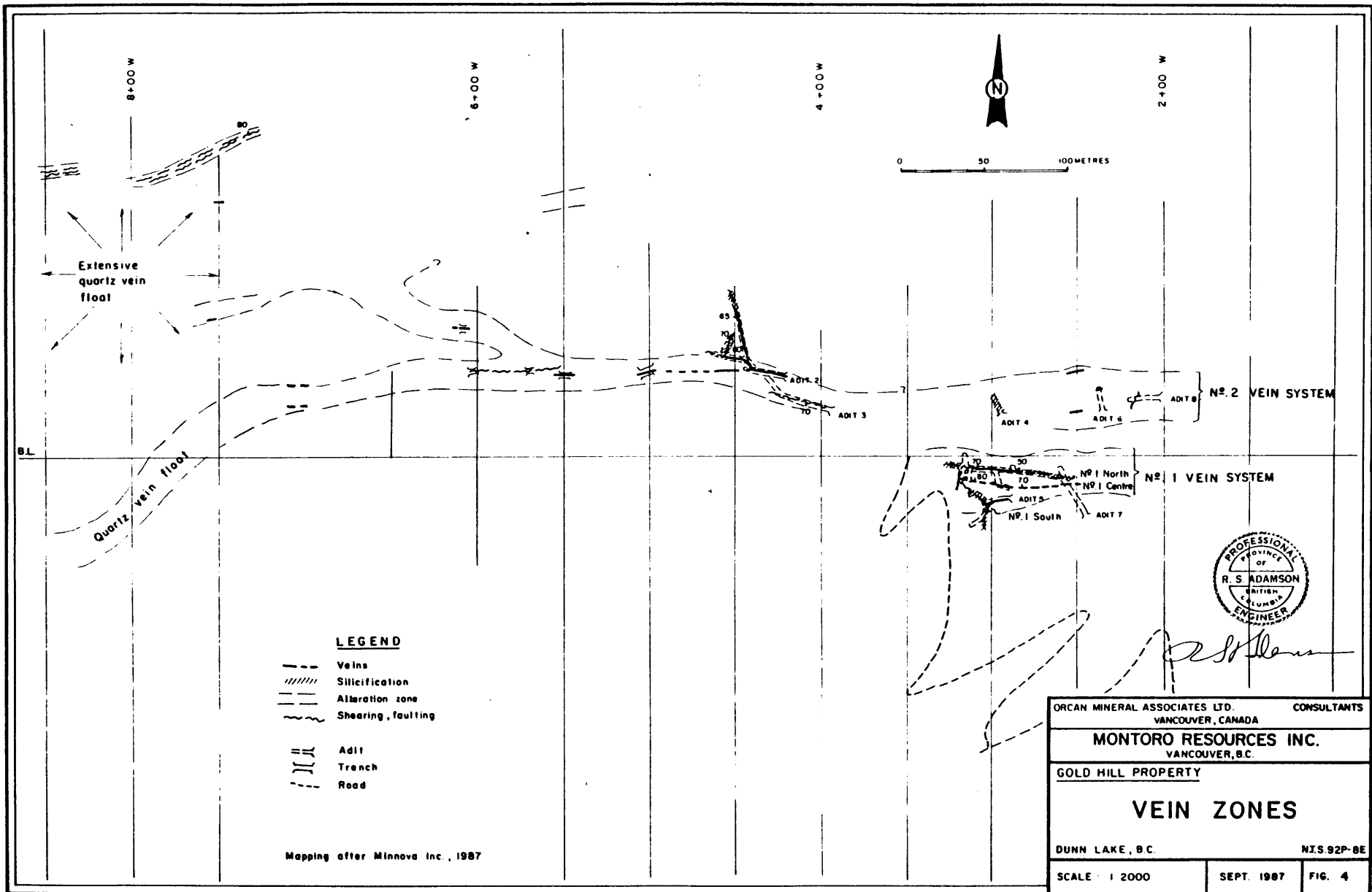
The vein zones consist of well defined, weakly to moderately mineralized, quartz veins up to 60 centimetres in thickness, fault gouge up to 30 centimetres, and multiple narrow quartz veinlets flanking the structures.

Samples taken from the No. 1 Vein in 1923 by A.W. Davis, Resident Mining Engineer, are recorded as follows:

	<u>Gold</u> <u>Oz.</u>	<u>Silver</u> <u>Oz.</u>
(1) Sample across 8 feet (including some mineralized wall-rock)	0.02	0.8
(2) Sample taken at same point as (1) on subsequent visit when cut made a little deeper	0.10	0.50
(3) Sample of well-mineralized material from cut about 100 feet west of (1)	1.60	0.40
(4) Sample of well-mineralized material from cut about 50 feet still farther west	0.60	3.50
(5) Some of the poorer-looking vein-matter taken from various cuts when going along the vein	0.10	1.2

These samples were evidently collected from surface exposures of one or more veins in the system. No distinction between veins in the system was recorded, or possibly not then recognized.

Minnova geologists have recently chip sampled underground each of the three veins in a reasonably systematic fashion at one and one half to five metre intervals along the vein lengths. Assay results from all samples taken from each adit are shown in the appendix. Samples were fire assayed by Min-En Laboratories Ltd. of Vancouver. Samples taken from each vein returned assay values as follows:



No. 1 North Vein

<u>Adit No.</u>	<u>Sample Width (in cm)</u>	<u>Gold opt</u>	<u>Silver opt</u>
No. 7	100	0.006	0.01
	NA	0.007	0.01
	40	0.001	0.01
	NA	0.023	0.08
	45	0.015	0.01
	NA	0.015	0.05
	NA	0.012	0.06
	NA	0.011	0.06
	NA	0.011	0.07
	NA	0.009	0.05

No. 1 Central Vein

<u>Adit No.</u>	<u>Sample Width (in cm)</u>	<u>Gold opt</u>	<u>Silver opt</u>
No. 7	NA	0.012	0.06
	NA	0.017	0.08
	NA	0.015	0.11
	NA	0.028	0.27
	NA	0.053	0.06
	NA	0.216	0.13
	NA	0.101	0.09
	NA	0.109	0.93
	NA	0.128	0.75
	NA	0.092	0.60
	15	0.026	0.11
	30	0.040	0.18
	20	0.095	0.88

No. 1 South Vein

<u>Adit No.</u>	<u>Sample Width (in cm)</u>	<u>Gold opt</u>	<u>Silver opt</u>
No. 5	25	0.002	0.04
	30	0.101	3.47
	80	0.141	0.49
	40	0.009	0.07
	15	0.061	6.65
	60	0.050	0.79
	55	0.165	2.01

No. 2 Vein System

The No. 2 vein structure strikes east-west and dips 60 degrees north. Comprising a zone of alteration approximately 25 metres in width, it has been traced along strike in five adits for approximately 250 metres and over a vertical distance of 200 metres. Surface mapping indicates the zone continues uphill to the west for an additional 250 metres along strike. The zone underground consists of quartz veining from 20 to 35 centimetres in thickness, bounded by quartz veinlets and silicification. Fault gouge is negligible but shearing is strong.

Surface samples taken from the No. 2 Vein in 1923 by A.W. Davis, Resident Mining Engineer, are recorded as follows:

	<u>Gold Oz.</u>	<u>Silver Oz.</u>
(1) Well-mineralized material from one cut	0.40	2.0
(2) Well-mineralized material from cut 100 feet farther west	0.56	0.6
(3) Some of the poorer-looking vein-matter collected from two or three cuts on the vein	0.40	2.0

Chip samples were taken across vein zones in four of the five adits by Minnova geologists in 1986 and 1987. They returned assay values as follows:

<u>Adit No.</u>	<u>Sample Width (in cm)</u>	<u>Gold opt</u>	<u>Silver opt</u>
No. 2	70	0.061	1.27
	75	0.018	0.21
	100	0.048	0.90
	100	0.019	0.60
	75	0.394	2.86
	75	0.006	0.10
	75	0.044	0.35
	80	0.056	0.52
	75	0.044	1.75
	85	0.048	0.71
	50	0.029	0.06

<u>Adit No.</u>	<u>Sample Width (in cm)</u>	<u>Gold opt</u>	<u>Silver opt</u>
No. 2 (Cont'd.)	20	0.034	0.94
	45	0.051	0.61
	35	0.085	1.23
	35	0.097	2.98
	30	0.153	1.69
No. 3	30	0.009	0.01
	NA	0.010	0.20
	100	0.005	0.01
	NA	0.010	0.40
	20	0.003	0.01
	NA	0.060	1.90
No. 4		0.006	0.060
		0.015	0.030
	60	0.002	0.060
	35	0.003	0.050
	20	0.006	0.060
No. 6	NA	0.006	0.060

Other Veins

Surface mapping and visual prospecting have indicated the presence of a number of other mineralized veins in the area. Some are shown on Figure 4. In addition, there are numerous float occurrences of vein material in talus slides.

GEOPHYSICS

The VLF electromagnetic survey was implemented in order to trace the mineralized structures along strike and to detect other faults and shears. It was only partially successful in that conductor continuity between lines, for the most part, was not achieved.

The magnetometer survey was carried out at the same time to aid in geological interpretation. Mafic to ultramafic bodies (diorite, serpentine, and gabbro) were

outlined as strongly magnetic areas. The identification of intrusive-volcanic contacts appear to be useful, as there is some evidence to suggest the better, more continuous, precious metal values in the vein zones occur near or at contacts.

The induced polarization survey was undertaken to identify sulphide concentrations in veins and to possibly aid in tracing the structures along strike. This survey is still underway.

CONCLUSIONS

Sampling of four quartz vein zones underground by Minnova geologists has demonstrated that no ore grade sections (or potential ore shoots) were outlined by the previous operators. The best section occurs on the No. 1 central vein. In the No. 7 adit, the vein averages 0.116 ounces gold per ton and 0.43 ounces silver per ton over an approximate width of 30 centimetres and a strike length of 20 metres (Figure 4). In the No. 5 adit, the No. 1 south vein averages 0.096 ounces gold per ton and 1.42 ounces silver per ton over 50 to 60 centimetres in width and five metres in length. Precious metal values, while reasonably high and quite persistent in the veins, are clearly not economic, particularly as the veins are narrow.

However, in spite of the relatively narrow widths and subeconomic grades evident to date, the fault structures that host the mineralized veins are very strong and anomalous precious metal values in the veins are pervasive. These faults, therefore, remain very attractive structures to explore for economic concentrations of precious metals. Surface and underground mapping supported by geophysical surveys indicate the most likely sites for potential ore shoots along the east-west striking mineralized structures to be where they intersect intrusive-volcanic contacts and northerly striking cross faults. Several of these favourable geological locales have been identified from the recent exploration work, and are in the process of being refined.

A second model worthy of serious consideration, in addition to the fissure vein one, is the potential for identifying a stockwork type, low grade, bulk tonnage, gold (silver) deposit embracing adits 4, 5, 6, 7, and 8. Several mineralized veins occur

within an area 75 by 100 metres in extent. Underground mapping and sampling show weakly mineralized, north northeast to east northeast fractures that cut the strongly mineralized east-west vein fault system. This is supported by the VLF electromagnetic survey, which detected northeasterly striking conductors, cutting through the area. Chip samples taken from this fracture set in the underground entries ranged in value from 0.001 to 0.039 ounces gold per ton and 0.02 to 0.017 ounces silver per ton over various widths.

Because of the promising geological environment, continued exploration of the Gold Hill property is warranted.

Recommendations

A two stage diamond drill program is proposed to investigate the best of these targets. Implementation of the second stage should be contingent upon achieving favourable results from the initial stage.

In view of the steep topography, it may be practical to fan multiple holes from single setups. It may be necessary to drill from the footwall of the overall vein-fault system, so shallow holes (at -45 degrees) will be required to 'catch-up' to the veins which, for the most part, dip steeply to the north. A total of 600 metres is recommended in five to six diamond drill holes in the first stage. A further 600 metres of drilling is proposed in the second stage.

Estimated Cost

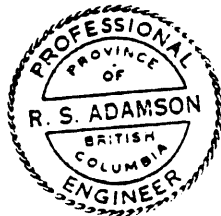
The cost of carrying out the initial stage of the proposed program is estimated to be:

- | | | |
|----|---|-----------|
| 1. | Diamond Drilling (all inclusive)
600 metres @ \$105/m | \$ 63,000 |
| 2. | D-6 Tractor or Backhoe
(drill sites, road maintenance, trenches) | 5,000 |

3.	Assays 100 @ \$15/sample	1,500
4.	Geology, surveying, and supervision 35 days @ \$250/day	8,750
5.	Maintenance and Transportation	4,000
6.	Field Support Travel, Communications, Freight, Rentals, Sundries	3,000
7.	Project Management & Report	4,000
8.	Contingencies (approx. 12%)	<u>10,750</u>
		\$ 100,000

The cost of undertaking the contingent second stage is also estimated to be \$100,000.

Respectfully submitted,
ORCAN MINERAL ASSOCIATES LTD.



A handwritten signature in cursive script, appearing to read "R. S. Adamson".

Robert S. Adamson, P.Eng.

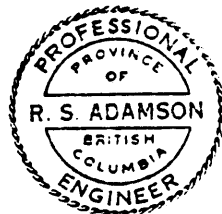
ORCAN MINERAL ASSOCIATES LTD.
CONSULTING ENGINEERS

SUITE 1417 - 409 GRANVILLE STREET
VANCOUVER, CANADA V6C 1T2
TELEPHONE (604) 662-3722

CERTIFICATE

I, Robert S. Adamson, with business and residential addresses in Vancouver, British Columbia, do hereby certify that:

1. I am a consulting geological engineer.
2. I am a graduate of the University of British Columbia, (B.A. Sc. in Geological Engineering, 1957).
3. I am a registered Professional Engineer of the Province of British Columbia.
4. From 1957 until 1967, I was engaged in mineral exploration in Canada for a number of companies. Positions included Senior Geologist, Chief Geologist, and Vice-President, Exploration. Since 1967 I have been practising as a consulting geological engineer and, in this capacity, have examined and reported on numerous mineral properties in Africa, Europe, and North and South America.
5. I examined the Gold Hill property on July 1, 1987.
6. I have not received, directly or indirectly, nor do I expect to receive any interest, direct or indirect, in the property of Montoro Resources Inc. or any affiliate thereof, nor do I beneficially own, directly or indirectly, any securities of Montoro Resources Inc. or any affiliate thereof.



Vancouver, Canada

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "R. S. Adamson", written over a horizontal line.

Robert S. Adamson, B.A.Sc., P.Eng.

APPENDIX

Certificates of Assay

APPENDIX

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**** Certificate of ASSAY ****

Company: CORP. FALCONBRIDGE COPPER
 Project: 327
 Attention: G. EVANS / I. PIRIE

File: 6-1235/P1
 Date: DEC 4/86
 Type: ROCK ASSAY

We hereby certify the following results for samples submitted.

Adit No.	Sample Number	AG G/TONNE	AG OZ/TON	AU G/TONNE	AU OZ/TON	CU PPM	PB PPM	ZN PPM	WIDTH cm
2	GH 201	2.1	0.06	1.00	0.029	30	156	142	50
	GH 202	32.2	0.94	1.15	0.034	470	5650	1140	20
	GH 203	21.0	0.61	1.76	0.051	340	6000	5500	45
	GH 204	42.0	1.23	2.93	0.085	400	9000	960	35
	GH 205	102.0	2.98	3.32	0.097	2800	28700	1320	35
	GH 206	57.8	1.69	5.25	0.153	63	3950	680	30
3	GH 301	2.4	0.07	0.04	0.001	25	3050	136	10
	GH 302	0.2	0.01	0.10	0.003	5	30	19	20
	GH 303	0.3	0.01	0.38	0.011	30	80	34	20
	GH 304	0.2	0.01	0.32	0.009	41	490	22	30
	GH 305	0.3	0.01	0.02	0.001	50	26	80	--
	GH 306	19.5	0.57	1.10	0.032	530	625	47	45
	GH 307	0.8	0.02	0.03	0.001	62	24	78	5
	GH 308	0.2	0.01	0.16	0.005	84	36	90	100
	GH 309	0.2	0.01	0.81	0.024	12	380	43	10
	GH 310	0.2	0.01	0.03	0.001	71	22	77	40
4	GH 401	2.0	0.06	0.06	0.002	34	580	159	60
	GH 402	1.8	0.05	0.10	0.003	16	1450	11	35
	GH 403	2.2	0.06	0.20	0.006	98	1380	24	20
5	GH 501	2.3	0.07	0.32	0.009	154	320	15	40
	GH 502	228.0	6.65	2.08	0.061	550	40000	6400	15
	GH 503	27.0	0.79	1.73	0.050	480	4320	250	60
	GH 504	69.0	2.01	5.65	0.165	600	27500	3900	55
7	GH 701	0.2	0.01	0.21	0.006	64	170	95	100
	GH 702	0.2	0.01	0.02	0.001	49	36	135	70
	GH 703	0.3	0.01	0.20	0.006	47	120	97	40
	GH 704	0.2	0.01	0.50	0.015	35	64	145	45
	GH 705	4.0	0.12	0.44	0.013	12	3150	1160	--
	GH 706	3.9	0.11	0.90	0.026	77	430	40	15
	GH 707	6.0	0.18	1.36	0.040	163	660	25	30
	GH 708	30.0	0.88	3.25	0.095	200	1470	565	20
	GH 709	2.0	0.06	0.01	0.001	100	36	72	30

Certified by _____

MIN-EN LABORATORIES LTD.

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APPENDIX

**** Certificate of ASSAY ****

Company: MINNOVA INC.
 Project: 327
 Attention: I. PIRIE

File: 7-910/P1
 Date: AUGUST 1/87
 Type: ROCK ASSAY

We hereby certify the following results for samples submitted.

Adit No.	Sample Number	CU %	PB %	ZN %	AG G/TONNE	AG OZ/TON	AU G/TONNE	AU OZ/TON
	23301	.009	.02	.02	3.2	0.09	3.45	0.101
	23302	.011	.01	.01	4.4	0.13	7.40	0.216
	23303	.012	.02	.01	2.1	0.06	1.80	0.053
	23304	.014	.02	.01	3.6	0.11	2.31	0.067
	23305	.008	.01	.01	3.9	0.11	.52	0.015
	23306	.010	.01	.01	2.7	0.08	.57	0.017
	23307	.013	.04	.01	9.2	0.27	.96	0.028
	23308	.006	.01	.02	2.6	0.08	.20	0.006
	23309	.008	.01	.01	3.0	0.09	.17	0.005
	23310	.008	.01	.01	2.1	0.06	.16	0.005
	23311	.006	.01	.01	2.3	0.07	.39	0.011
	23312	.006	.01	.01	1.7	0.05	.21	0.006
	23313	.007	.02	.01	2.0	0.06	.36	0.011
	23314	.007	.04	.01	2.1	0.06	.40	0.012
	23315	.010	.01	.01	1.8	0.05	.50	0.015
	23316	.006	.01	.01	1.7	0.05	.25	0.007
	23317	.026	.64	.14	32.0	0.93	3.72	0.109
	23318	.018	.13	.02	25.8	0.75	4.40	0.128
	23319	.018	.10	.01	20.5	0.60	3.15	0.092
	23320	.010	.12	.01	5.9	0.17	.22	0.006
	23321	.010	.01	.01	1.7	0.05	.30	0.009
	23322	.009	.01	.01	2.1	0.06	.01	0.001
	23323	.006	.23	.01	2.6	0.08	.80	0.023
	23324	.004	.01	.01	0.5	0.01	.24	0.007
	23325	.007	.01	.01	1.9	0.06	.40	0.012
	23326	.008	.01	.01	1.8	0.05	.05	0.001
8	23327	.007	.01	.01	0.6	0.02	.01	0.001
	23328	.010	.01	.01	1.5	0.04	.01	0.001
6	23329	.006	.34	.01	3.9	0.11	.04	0.001
4	23330	.012	.01	.02	2.1	0.06	.20	0.006

Certified by _____

MIN-EN LABORATORIES LTD.

APPENDIX

Company: MINNOVA INC.
 Project: 327
 Attention: I. PIRIE

File: 7-910/P2
 Date: AUGUST 1/87
 Type: ROCK ASSAY

We hereby certify the following results for samples submitted.

Adit No.	Sample Number	CU %	PB %	ZN %	AG G/TONNE	AG OZ/TON	AU G/TONNE	AU OZ/TON
4	23331	.010	.01	.01	1.0	0.03	.50	0.015
	23332	.014	.01	.01	1.6	0.05	.01	0.001
	23333	.010	.01	.01	1.9	0.06	.19	0.006
	23334	.012	.01	.01	2.2	0.06	.05	0.001
	23335	.014	.01	.01	1.5	0.04	.06	0.002
	23336	.074	5.00	.52	119.0	3.47	3.46	0.101
	23337	.032	.08	.04	16.7	0.49	4.85	0.141
	23338	.008	.02	.01	4.5	0.13	1.60	0.047
5	23339	.099	1.84	.23	43.7	1.27	2.08	0.061
	23340	.024	.29	.54	7.2	0.21	.60	0.018
	23341	.056	.92	.15	31.0	0.90	1.65	0.048
	23342	.078	.20	.09	20.6	0.60	.66	0.019
	23343	.062	3.50	.08	98.0	2.86	13.50	0.394
	23344	.034	.01	.01	3.4	0.10	.20	0.006
	23345	.018	.30	.12	11.9	0.35	1.50	0.044
	23346	.020	.39	.09	17.8	0.52	1.92	0.056
2	23347	.138	2.31	.52	60.0	1.75	1.51	0.044
	23348	.040	.57	.33	24.3	0.71	1.63	0.048
	23601	.010	.02	.03	1.4	0.04	.01	0.001
	23602	.009	.01	.01	0.3	0.01	.02	0.001
	23603	.006	.03	.01	1.8	0.05	1.32	0.039
	23604	.008	.01	.01	0.6	0.02	.24	0.007
	23605	.003	.01	.01	0.2	0.01	.02	0.001
	23606	.004	.01	.01	0.4	0.01	.16	0.005
3	23607	.007	.01	.01	1.9	0.06	.01	0.001
	23608	.007	.01	.01	1.5	0.04	.20	0.006
	23609	.006	.01	.01	0.8	0.02	.50	0.015

Certified by _____

MIN-EN LABORATORIES LTD.


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Command?

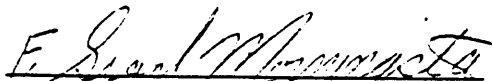
CERTIFICATE OF THE DIRECTORS, OFFICERS AND PROMOTERS

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

DATED: February 23, 1988




LESLIE M. HART
Director and
Chief Executive Officer

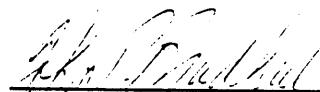


F. GRANT MORNINGSTAR
Secretary and
Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS



MARJORIE D. MORNINGSTAR
Director/Promoter



JOHN P. BRADFORD
Director/Promoter

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 Prospectus as required by the Securities Act and its regulations.

DATED: February 23, 1988

HAYWOOD SECURITIES INC.
Per:

