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McAdam Resources Inc. ("McAdam"), Tashota-Nipigon Mines Limited ("Tashota") and Konteko Resources Inc. (formerly Quinteko Resources Ltd.) ("Quinteko") are pleased to announce that the board of directors of the three companies have established the definitive share exchange ratios to be utilized in the proposed amalgamation of such companies initially announced on July 15, 1988.

The amalgamation will be a very positive step for the Company which will then own a significant expanded gold asset base. The Company's major assets will be 100% interests in both the McWatters Gold Property near Rouyn, Quebec and the Spud Valley Gold Property on Vancouver Island, British Columbia. Both of these former gold mines have significant gold reserves, exciting exploration potential and are currently the object of intensive underground exploration programs. The Company will also own 100% of the Clerno Gold Property, an excellent exploration bet strategically located immediately west of the McWatters property. Furthermore, the Company will own a portfolio of good, lesser developed properties including the regional Baie Verte project in Newfoundland, a joint venture with Noranda and Muscocho Explorations.

The Company's goal is to achieve gold production within the next year. McAdam feels that the production potential of the Spud Valley and McWatters projects combined, is 40-50,000 ounces of gold per year. Should McAdam achieve these goals, the Company will be in an enviable position with its own source of cash flow. The Company will continue to be associated with Muscocho Explorations Limited, itself recently having established a strong link with Echo Bay Mines Limited.

The companies will amalgamate on a basis whereby each holder of McAdam shares will have one common share of the amalgamated company, to be called McAdam Resources Inc., for each common share of McAdam held prior to the amalgamation; each holder of Tashota shares will receive one common share of McAdam in exchange for each two common shares of Tashota; and each holder of Quinteko common shares will receive one common share of the amalgamated company in exchange for each ten common shares of Quinteko (being one common share of McAdam for each 2.5 common shares of Konteko held after giving effect to the one for four consolidation of Quinteko shares carried out in May 1988).

Upon the completion of the amalgamation, it is anticipated that the amalgamated company will have approximately 15.1 million common shares outstanding, 65% of such shares being held by former McAdam shareholders, 26.1% of such shares being held by former Tashota shareholders and 7.0% of such shares being held by former Quinteko shareholders.

Midland Doherty Limited has been retained, as an independent financial adviser, and will be providing an opinion as to the fairness of the proposed amalgamation to the shareholders of each of the three companies.

Merit Investment Corporation, will be retained as the managing soliciting dealer to ensure that shareholders have access to the amalgamation information and understand the effects of the amalgamation on their current holdings.

The boards of directors of all three companies will be recommending the approval of the proposed amalgamation to the shareholders of each of the three companies at shareholders' meetings to be held on November 22, 1988 to approve such amalgamation.

SPUD VALLEY EXPLORATION UP-DATE

Underground exploration is continuing at Spud Valley where a formerly unaccessible portion of the Goldfield vein was opened up on the 7 level. Crews are cleaning up the old workings prior to resampling the vein to confirm the historic sampling. The 8 level portal, 200 feet below the 7 level is being collared and should be through overburden and into bedrock within the next couple of weeks. The 8 level will access and test the downdip extensions of reserve blocks known on the 7 level. New targets such as the A vein which returned 2.434 ounces of gold over 4 feet, will also be tested.

Exploration drifting will continue on the 7 level Spur vein in order to gain access to the downdip extensions of this vein where it was mined on the upper levels. A significant reserve block is expected to be added with the next 400 feet of drifting. To date, drifting on this vein has revealed a strong structure with some sections of ore grade material. By early November a phase of driving exploration raises in the various veins will be initiated so that the vertical continuity of the veins can be substantiated.

As an important step in confirming the quality of the deposit a program of test milling is deemed essential. A modular test mill will be installed and operational on or about March 1, 1989. B.C. regulatory approval and most permits are now in place to perform this ore testing.

McWATTERS EXPLORATION UP-DATE

Currently a number of strategically located bulkheads are being placed underground in order to isolate the old workings from active workings. This work is being completed as a precautionary measure and is expected to be substantially complete by the end of September.

Planned for early October is an intensive underground exploration campaign. The first focus is to complete the access drift and crosscuts into the JKL zone, a new series of gold zones discovered by McAdam. Also planned is a program of detailed drilling in this area to confirm the extent of the zones. As previously announced the current drift face averages 0.3 ounce of gold per ton over 6.3 feet (compared to the nearest drill hole which cut 0.03 ounce of gold per ton over 2.7 feet). A crosscut to the north of this drift cut 0.924 ounce of gold (0.33 cut to 1 ounce) over 10 feet (compared to 0.16 ounce of gold per ton over 9.6 feet in the nearest drill hole). While it is premature to apply this dramatic upgrade to the entire JKL zones, it is very encouraging well for further exploration in the JKL zones. In addition, the internal winze will be dewatered to the 1200 foot level to gain access to deeper reserves. The next six months should see some major results at the McWatters project.

The shares of McAdam Resources Inc. trade on the Toronto Stock Exchange under the symbol MMM.

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