

SCUL #78 24 APR 81 NEWHAWK GOLD MINES LTD.

FUNDS PROVIDED TO EXPLORE B.C. MINERAL PROPERTIES - Approximately half of the \$277,500 net proceeds of the recent unit offering of Newhawk Gold Mines Ltd. will be spent during 1981 to explore their new SNO claims near Kamloops, B.C. and their Hawk claims in the Kinaskan Lake area of NW B.C.

The SNO Group is a new gold-copper-moly-tungsten discovery acquired in late 1980 for \$11,000 and 25,000 shares and a future allotment of 175,000 shares plus 2 1/2% net profits royalty of \$50,000 per year to a maximum of \$3,000,000. J.W. McLeod, P.Eng., reported 13 Jan 81 that work to date suggests an extension southwest of the known mineralization. He recommends spending \$100,000 this year on road building, anomaly stripping, geochemical/geo-physical survey and at least 600 meters of diamond drilling. Road building has begun and drilling is now starting. Northair Mines Ltd. will manage the program and will have the right of first refusal on future financings and dealings on the property. Northair hold warrants exercisable through 31 Dec 83 to buy 800,000 Newhawk shares at prices ranging from \$1.90 to \$2.90 per share.

On the Hawk claims, a 50-50 joint venture with Northair, work on the main Hawk vein has been suspended due to severe fracturing and generally lower gold values than indicated from surface sampling. However, consulting geologist G.A. Noel says there is some suggestion from the longitudinal section that the better gold values may follow shoots which rake to the northwest. He recommends these be tested by diamond drilling. Meanwhile, his 1981 program aims at locating gold-bearing mineralization. This work, costing some \$65,000, will include surface mapping, trenching and geochemical soil sampling and will bring to \$137,500 the total cost of 1981 Newhawk exploration.

The \$130,000 balance of funds from the offering will be used for further exploration of the SNO group or to acquire other properties.

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Northair Mines has agreed to provide Scottie Gold Mines with \$1,025,000 towards development of its Summit Lake gold mine near Stewart, B.C. In return for the funds Scottie issued 100,000 treasury shares to Northair Feb. 26, increasing that company's equity to 21.3%.

According to Donald McLeod, Scottie president, "unforeseen factors led to cost overruns requiring additional financing." Last fall, Scottie secured an \$11.25-million loan from the Royal Bank and 53.75 million through Brink Hudson & Lefever of Vancouver to cover costs of the final construction phase.

Almost on schedule, the construction phase should be completed in time for a June startup, says Mr. McLeod.

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