

new:  
releaseGunsteel  
Resources  
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(604) 681-0194Vancouver Stock Exchange  
Symbol: GUN

NEWS RELEASE 89 - 03

May 25, 1989 U.S. Sec. Exemption  
82-1507PROPOSED GUNSTEEL-NUGGET-GOLDRICH AMALGAMATION

Gunsteel Resources Inc. has signed a Letter of Intent with Goldrich Resources Inc. whereby it is proposed that they will amalgamate with Gunsteel Resources Inc. and Nugget Mines Ltd. This will place most of the historic Sheep Creek gold camp near Salmo, B.C. into one ownership and combine it with a number of other gold and lead-zinc properties.

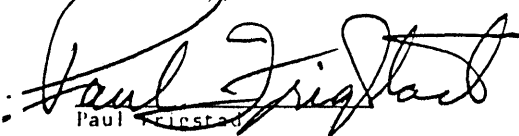
It is proposed that the Goldrich shareholders will receive one third of the shares of the combined Gunsteel-Nugget-Goldrich amalgamated company, based on the company structures as at April 30, 1989. Nugget Mines Ltd., which is Gunsteel's 50% joint venture partner in the Salmo area, will also vend its joint venture interests into the amalgamated company. The amalgamation will be subject to the approval of the shareholders of each company, the Supreme Court of British Columbia, and the regulatory authorities.

The combined assets of the amalgamated company will cover about 30,000 acres in the Salmo area and include most of the Sheep Creek gold camp, the Bayonne mine, and a 60% interest in the existing HB mill and the HB and Canex mines. The properties to be consolidated in the Sheep Creek gold camp have produced 1.41 million tons of ore yielding 617,000 ounces of gold and grading 0.44 ounces of gold per ton. Current reserves in all categories are estimated at 375,000 tons grading 0.33 ounces of gold per ton. Veins in the camp typically occur about every 500 feet along two parallel anticlinal structures, and with more than 20,000 feet of strike length along these structures relatively unexplored, and many other veins only partially explored and developed, the potential for finding more ore is excellent and should provide the opportunity to maintain reserves at present or better levels once production is commenced. The Bayonne mine, which is about 7 miles east of the Sheep Creek properties, has produced 89,000 tons of ore grading 0.47 ounces of gold per ton. It has excellent potential for developing further tonnage. Also, the HB and Canex mines, which were both significant base metal producers in the Salmo area, produced 15 million tons of lead-zinc ore and 1.7 million tons of tungsten ore.

In addition to the properties in the Salmo area, a number of other gold and base metal properties are held at Ymir, Rossland, Revelstoke and northeast Washington State.

As outlined in Gunsteel's previous news release on April 5, 1989, Gunsteel/Nugget is acquiring a 60% interest in the HB mill at Salmo from Nu-Dawn Resources. This is a 1200 tons per day lead-zinc concentrator with a 100-150 tons per day gold cyanide circuit attached. The gold circuit will be used to process ore from the nearby Sheep Creek property. The mill will also be used to process lead-zinc ore remaining in the nearby Canex and HB mines, along with custom ore from other properties in the area. Work is proceeding on the planning and arranging of financing to bring the properties to production using the existing HB mill.

Yours truly,



Paul Kristad  
President  
GOLDRICH RESOURCES INC.

Yours truly,



Stan Endersby  
President  
GUNSTEEL RESOURCES INC.

The Vancouver Stock Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this release.

