



016385

CONTINENTAL GOLD CORP.
PROGRESS REPORT FOR SHAREHOLDERS

August 1, 1989

LOG NO: AUG 24 1989 VAN 2
ACTION:
<i>TGS</i>
FILE NO: <i>M. Milligan</i>

Dear Shareholder:

The Board of Directors and Management of Continental Gold Corp. are pleased to inform shareholders of important new developments affecting your Company.

THE MT. MILLIGAN DISCOVERY

Your Company has recently discovered the world class Mt. Milligan gold-copper deposit near Prince George, B.C. The Project is a 70% Continental Gold Corp. - 30% BP Resources Canada Limited joint venture. Continental is project operator. On-going core drilling, currently in excess of 150,000 feet in 200 holes, has outlined a massive, blanket shaped deposit 4,300 feet long, up to 3,100 feet wide and up to 880 feet thick. The deposit is still open to extension. The Mt. Milligan deposit's geometry and massive reserves make it ideally suited for large-scale open pit mine development. Prefeasibility projections show average annual gold production of 200,000 to 300,000 ounces and average annual copper production of 60,000,000 to 100,000,000 pounds over a 10 to 15 year mine life. At this scale of production Mt. Milligan will rank third in Canadian gold production after Lac Minerals Ltd.'s Page Williams Mine (379,000 oz/year) and Hemlo Gold Mines Inc.'s Golden Giant Mine (337,000 oz/year). Operating costs to produce an ounce of gold will compare favourably with these major mines. Both comparable companies have market capitalizations in the \$1 billion range. Drilling, engineering, environmental and socio-economic studies to support development and permitting of the Mt. Milligan project into production are now in progress.

MAJOR NEW SULPHIDE SYSTEMS DISCOVERED

Ground and airborne geophysical exploration surveys have just been completed over a region south and west of the current deposit area. These surveys have identified at least two new major sulphide systems on the property with response magnitudes similar to that of the massive Mt. Milligan gold-copper deposit. Drills are being moved to these deposit targets.

CONTINENTAL GOLD CORP.

Suite 1020 - 800 West Pender St. Vancouver B.C. Canada V6C 2V6
Tel. 604/684 6365 Fax. 604/684 8092

GOLD AND COPPER GRADES ON THE RISE

Mt. Milligan reserves are currently in the 150-200 million ton range at an average grade for the whole deposit of 0.30% copper and 0.02 ounces gold/ton. Results from an in-fill drill program now underway indicate that average gold and copper grades for the deposit will increase. Recent results from the in-fill program include:

<u>Hole Number</u>	<u>Intercept Length (Feet)</u>	<u>Gold (oz/ton)</u>	<u>Copper (%)</u>
89-184	297.1	0.107	0.02
89-197	498.6	0.053	0.43
89-192	90.5	0.191	0.44

MINING INDUSTRY CLOSELY FOLLOWS DEVELOPMENTS

Mt. Milligan's established infrastructure, massive reserves and excellent metallurgy have placed Continental Gold Corp. in the position of being North America's leading, development stage gold company. This enviable position has resulted in your Company's activities being closely followed by the North American mining industry. The Board of Directors anticipates that this interest will soon lead to the receipt of various proposals which could strongly impact the Company.

RIO ALGOM REACHES AGREEMENT WITH HOMESTAKE MINING COMPANY FOR SHARE PURCHASE

Your company was recently notified by Rio Algom Limited that it had purchased a minority interest in Continental Gold Corp. Rio Algom has purchased 573,353 shares of Continental Gold Corp. at a price of \$8 per share from Homestake Mining Company and bought 54,700 shares of the Company in the open market giving it a total holding of 628,053 shares or 8.6% of Continental Gold.

Rio Algom's purchase of Continental shares from Homestake included an agreement whereby, should Rio Algom or any third party complete a formal bid for shares of Continental Gold Corp., Homestake will receive for a period of nine months, 75% - 100% of the bid price in excess of \$8 per share.



N E W S R E L E A S E

AUGUST 3, 1989

NEW DEPOSIT DISCOVERED AT MT. MILLIGAN

Robert G. Hunter, Chairman of Continental Gold Corp. (CNT:V; CNTVF:NASDAQ) is pleased to announce the results of an exploration hole drilled 2,000 feet southwest of the large scale Mt. Milligan gold-copper deposit.

Hole 89-200 was spotted to test a recently established geophysical anomaly indicating a major sulphide system. The hole assayed:

<u>Hole No.</u>	<u>Azimuth (Degrees)</u>	<u>Dip (Degrees)</u>	<u>Hole Length (Feet)</u>	<u>Interval (Feet)</u>		<u>Intercept (Feet)</u>	<u>Copper %</u>	<u>Gold oz/ton</u>
				<u>From</u>	<u>To</u>			
89-200	271	-46	1044.7	291.9	1044.7	752.8	0.32	0.007
			(including)	547.8	803.6	255.8	0.39	0.009

The hole bottomed in mineralization with the last 6 feet assaying 0.37% copper.

These results indicate the discovery of a major new copper-gold deposit. Further drilling is underway to establish the extent of this zone.

ON BEHALF OF THE BOARD

Robert G. Hunter
Chairman

The Vancouver Stock Exchange has neither approved nor disapproved the information contained in this news release.

CONTINENTAL GOLD CORP.

Suite 1020 - 800 West Pender St. Vancouver B.C. Canada V6C 2V6
Tel. 604/684.6365 Fax. 604/684.8092



N E W S R E L E A S E

AUGUST 1, 1989

GRADES RISE - TONNAGE BUILDS AT MT. MILLIGAN

Robert G. Hunter, Chairman of Continental Gold Corp. (CNT:V; CNTVF:NASDAQ) is pleased to announce further diamond drill hole results from the Mt. Milligan Project near Prince George, B.C. The project is a Continental Gold Corp. (70%) - BP Resources Canada Limited (30%) joint venture. Continental Gold Corp. is operator.

Delineation drill holes recently completed within the massive, blanket-shaped Mt. Milligan deposit have returned outstanding gold and gold-copper grades over long core lengths. Notable new results include:

<u>Zone</u>	<u>Hole No.</u>	<u>Intercept (Feet)</u>	<u>Copper %</u>	<u>Gold oz/ton</u>
66	89-184	297.1	0.02	0.107
MBX	89-185	1089.0	0.30	0.011
VEIN	89-192	45.9	0.34	0.325
MBX	89-197	498.6	0.43	0.053
MBX	89-198	531.4	0.44	0.052

Results confirm excellent reserve continuity and indicate a significant upgrading of the deposit's gold content. The deposit measures 4,300 feet long, up to 3,100 feet wide and up to 880 feet thick (Figure 1). Current reserves are in excess of 4,000,000 ounces of gold and 1.2 billion pounds of copper. Deposit geometry is ideally suited for low cost open pit mine development. Engineering studies under the direction of Cominco Engineering Services Limited are now in progress.

In addition, wide spaced drill holes have identified several radiating, high grade gold veins peripheral to the large scale disseminated deposit. A new vein discovery was made by drill hole

CONTINENTAL GOLD CORP.

Suite 1020 - 800 West Pender St. Vancouver B.C. Canada V6C 2V6
Tel. 604/684.6365 Fax. 604/684.8092

89-192 which cut 90.5 feet of 0.191 ounces gold/ton and 0.44% copper. Further work is required to establish continuity of veins on the property.

New results from widely spaced sites in the MBX Zone are:

MBX ZONE

Hole No.	Azimuth (Degrees)	Dip (Degrees)	Hole Length (Feet)	Interval (Feet)		Intercept (Feet)	Copper %	Gold oz/ton
				From	To			
89-178	089	-63	896.8	137.1	528.1	391.0	0.37	0.015
			(including)	137.1	298.5	161.4	0.54	0.024
89-179	088	-47	626.8	150.9	626.8	475.9	0.35	0.017
			(including)	387.0	626.8	239.8	0.55	0.025
89-181	270	-46	1273.3	160.1	724.9	564.8	0.38	0.012
89-182	181	-45	836.7	16.1	98.4	82.3	0.32	0.011
			(including)	551.0	695.4	144.4	0.22	0.009
89-183	090	-70	1117.7	111.9	242.7	130.8	0.68	0.030
89-185	269	-46	1446.8	206.6	1295.6	1089.0	0.30	0.011
89-186	089	-45	1806.5	944.6	1193.9	249.3	0.36	0.032
				1331.7	1745.0	413.3	0.28	0.015
89-188	000	-90	897.8	120.1	164.0	43.9	0.28	0.009
				577.3	770.8	193.5	0.25	0.004
89-190	270	-45	1326.8	1036.5	1292.3	255.8	0.34	0.008
89-191	270	-45	164.0	hole lost				
89-194	270	-45	1226.7	225.0	574.0	349.0	0.40	0.020
				790.5	1066.0	275.5	0.22	0.009
89-196	180	-45	806.8	13.1	357.5	344.4	0.10	0.010
89-197	270	-45	1226.7	84.9	951.2	866.3	0.42	0.036
			(including)	84.9	400.2	315.3	0.47	0.016
				452.6	951.2	498.6	0.43	0.053
89-198	92	-44	1386.8	275.5	1115.2	839.7	0.39	0.039
			(including)	275.5	806.9	531.4	0.44	0.052

192 VEIN ZONE

Hole No.	Azimuth (Degrees)	Dip (Degrees)	Hole Length (Feet)	Interval (Feet)		Intercept (Feet)	Copper %	Gold oz/ton
				From	To			
89-192	266	-47	1386.8	509.7	600.2	90.5	0.44	0.191
			(including)	554.3	600.2	45.9	0.34	0.325

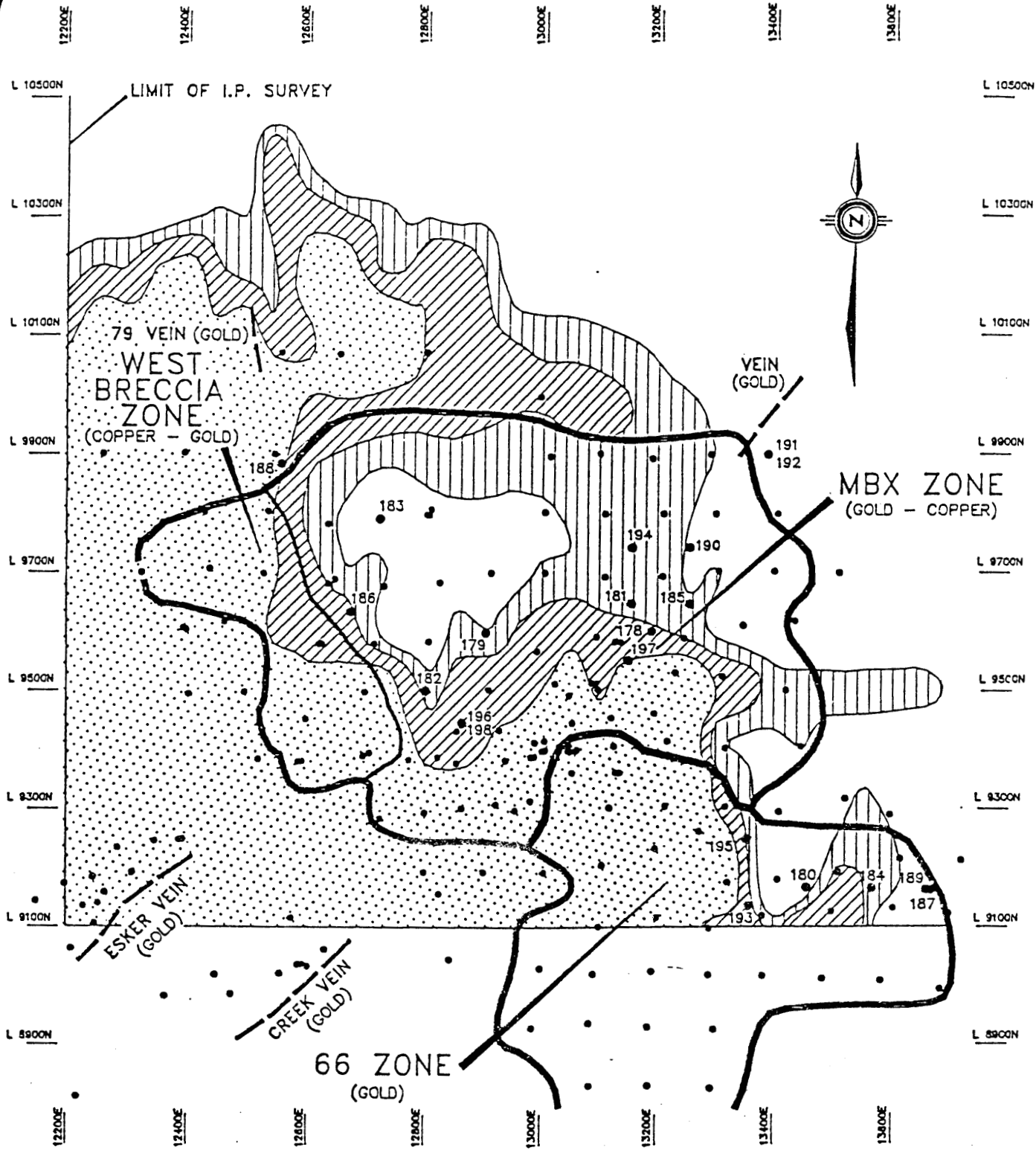
New results from widely spaced sites within the 66 Zone are:

66 ZONE




Hole No.	Azimuth (Degrees)	Dip (Degrees)	Hole Length (Feet)	Interval (Feet)		Intercept (Feet)	Copper %	Gold oz/ton
				From	To			
89-180	267	-46	664.8	249.3	305.0	55.7	0.41	0.008
				370.6	636.3	265.7	0.14	0.046
89-184	268	-45	929.8	558.3	855.4	297.1	0.02	0.107
			(including)	558.3	776.7	218.4	0.03	0.132
89-187	270	-44	102.0	hole lost				
89-189	270	-46	1011.6	no significant values - in intrusive				
89-193	268	-41	605.8	226.3	605.8	379.5	0.16	0.017
			(including)	226.3	488.7	262.4	0.20	0.018
89-195	267	-45	1149.7	633.0	908.6	275.6	0.02	0.012


Drilling with four rigs is continuing. Engineering, environmental and socioeconomic studies are in progress. A recent airborne geophysical survey over the entire 42 square mile property identified many anomalous areas for follow up work. Further, recent ground geophysical surveys south and west of the Mt. Milligan deposit, over broad soil geochemical anomalies, have identified new deposit targets as follows:

1. a 1200 foot southern extension to the 66 gold zone (drill testing in progress)
2. a major sulphide system centered 3,300 feet southwest of the Mt. Milligan deposit (drill testing in progress)
3. a major sulphide system centered 5,500 feet west of the Mt. Milligan deposit (drilling to commence soon)



INDUCED POLARIZATION SURVEY
DISSEMINATED SULPHIDE CONTENT

-  HIGH
-  MEDIUM
-  LOW

- 195 DRILL HOLE THIS RELEASE
- REPORTED DRILL HOLE
-  BASE OF GOLD - COPPER BLANKET

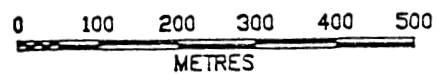


FIGURE 1

CONTINENTAL GOLD CORP
BP RESOURCES CANADA LIMITED

MT. MILLIGAN GOLD-COPPER PROJECT

PLAN
DISSEMINATED SULPHIDE SYSTEM
AND
DIAMOND DRILL COLLARS

Prepared by: RWR Mineral Graphics Ltd.

Bill



Province of
British Columbia

Ministry of
Energy, Mines and
Petroleum Resources

MEMORANDUM

ARCS: 440-01

TO: W.R. SMYTH

March 13, 1989

RE: VISIT TO Mt. Milligan (Phil-Heidi Claims) PROPERTY MARCH
8TH AND 9TH

On March 8th & 9th I visited the Mt. Milligan Cu-Au property of Lincoln Resources Inc. in the company of E.L. Faulkner. C.M. Rebagliati, consulting geologist is in charge of the project and he kindly toured us around and discussed property geology with us.

Lincoln currently have 3 drills working around the clock. Two are occupied in 100 M step out drilling on the "66 zone" (Au) while the third is testing the western flank of the MBX monzonite stock. Approximately 40- men are in camp. The company has spent \$1.3M since November 1/88, and are currently in the middle of another 1.1M program.

GEOLOGY

- The Mt. Milligan property is clearly a very large alkalic porphyry system in Takla volcanics. Two K-Ar samples have been submitted by T. Schroeter and results should be available soon. They should give ages of ±/90 m.a. Mineralization occurs within and around a modest sized (< 1km diameter) "stock" of porphyritic monzonite.
- Drilling to date has been almost exclusively in the surrounding volcanics and therefore little is known about the amount of mineralization in the "stock" and on the continuity and exact shape/size of this body.
- The volcanic rocks consist roughly of 50% pyroxene porphyry flows, 30% lapilli turfs and breccias and 20% finer grained massive and bedded tuffs. This is not a very proximal assemblage. As well, the drill sections show only 10-15% intrusives mostly in the form of pre- or intra-mineral dykes and sills. The volcanics dip moderately to the east and appear to be right-side-up. No folding has been detected.
- There is no sign of molybdenite, very little quartz veining, and no sign of any supergene alteration.

LOG NO: Mar 16 GEO 2

ACTION:

FILE NO:

.../2

- Hydrothermal alteration of the volcanic and intrusive rocks includes potassic alteration (biotite and K-spar) closer to the stock, and prophylic alteration farther out. In the southern part of the "66 Zone" potassic alteration appears again, suggesting the presence of another stock to the south or at depth.
- Albite-epidote alteration, usually widespread in other alkalic systems, and earlier than potassic, appears to be limited to zones of fracturing and to be later than potassic alteration at Mt. Milligan.

GENERAL COMMENTS

- The company is doing a very good job of core logging, understanding of rocks, alteration etc. mostly because of the energy and experience of the consultant, Mark Rebagliati. They have, however, done only a limited amount of petrography and chemical study due to the intensity and urgency of the program, and likely will not do much in the future.
- Drilling so far has been widely spaced (100 m) and amounts to roughly 50,000 ft.. This has undoubtedly contributed to an oversimplified picture of the system. Fill- in drilling will have to be done probably at 30 m centers, implying at least 150,000 ft. In all probability difficulties and complexities will surface then, and the current picture of a large open pit might change. We might end up with one or more smaller pits..... or no pits at all....or a very major deposit if everything pans out.
- Whatever will happen, this remains a major alkalic Cu-Au System in an area still relatively poorly known and in which a number of other similar deposits are found, such as Windy, Tas, Col, Takla Rainbow etc.

RECOMMENDATIONS

- G.S.B. should do a study on this property this summer because:
 - In excess of 50,000 ft of core are available.
 - Not much is known about the deposit and the exploration community could significantly benefit from a study by us

• From the point of view of understanding the deposit better in broader perspective, several questions need to be answered such as:

1. Are the volcanics "average" Takla or a special K-rich site? *type.*
2. Are the intrusives on Mt. Milligan, 3 miles to the north, genetically related? What is the petrogenesis?.
3. Can even a rough comparison/ contrast be made with other systems in the Omineca/Quesnel/Nicola belts?

- Ideally a geologist with considerable prophyry experience should do this job, and Andre' Panteleyev would be the natural choice.
- If this is not possible, the District Geologist could do the job with my direct input and co-operation, and the interaction of Mark Rebagliati. The output could be a paper for Geological Fieldwork 1989 or, at the latest, Exploration Part B, co-authored by Ted Faulkner, Mark and myself. The job could probably be done with 3 weeks in the field and 4-6 weeks study and write-up time.

I would appreciate your reaction/comments to this report.



V.A. Preto
Manager
District Geology and
Coal Resources

VAP/bb

cc: W.J. McMillan
T.G. Shroeter
E.L. Faulkner



COPY to Vic Preto
 Bill ~~McKenna~~
 Ted Faulkner

N E W S R E L E A S E

Ministry of Energy, Mines
 Dr. W.R. Smyth
 Fax: 1-356-8153

March 27, 1989

STEP-OUT DRILLING CONTINUES TO EXPAND RESERVES

Robert A. Dickinson, President of Continental Gold Corp. (CNT:V; CNTVF:NASDAQ) announced today assay results from recently completed drill holes at the Mt. Milligan gold-copper property.

The project is a Continental Gold Corp. (70%)-BP Resources Canada Limited (30%) joint venture. Continental Gold Corp. is the operator. The Project is a world class discovery with current contained reserves of 2,500,000-3,000,000 ounces of gold and significant copper. These reserves are open to expansion.

Three drills are currently at work expanding reserves on wide spaced step-out holes at the MBX gold-copper zone, the adjacent 66 gold zone and the West Breccia copper-gold zone.

These initial bulk tonnage deposits have been located within a large doughnut shaped sulphide system measuring two miles in circumference.

Reported drill results are from widely spaced sites within this system (see Figure 1). Results are:

LOG NO:	May 29 GEO 4
ACTION:	
FILE NO:	

CONTINENTAL GOLD CORP.

Suite 1020 - 800 West Pender St. Vancouver B.C. Canada V6C 2V6
 Tel. 604/684.6365 Fax. 604/684.8092

- 2 -

Hole No.	Azimuth (Degrees)	Dip (Degrees)	Hole Length (Feet)	Interval (Feet)		Interval (Feet)	Copper %	Gold oz/ton
				From	To			
89-91	267	-45	506.8	195.5	303.1	107.6	0.33	0.014
89-92	265	-45	1053.2 (including)	260.8	1053.2	792.4	0.02	0.028
				419.8	971.2	551.4	0.02	0.039
				610.1	971.2	361.1	0.02	0.052
89-93	268	-45	1134.9	191.9	1134.9	943.0	anomalous values	
89-94	269	-45	496.9	105.0	352.6	247.6	0.17	0.020
89-95	272	-45	707.8	22.0	367.4	345.4	0.20	0.015
89-96	262	-44	971.9	30.8	971.9	941.1	anomalous values	
89-97	280	-43	796.7	32.1	184.3	152.2	0.24	0.006
89-98	270	-71	567.4 (including)	12.1	567.4	555.3	0.31	0.012
				12.1	255.8	243.7	0.61	0.022
89-99	272	-69	1016.8	23.9	688.8	664.9	0.31	0.024

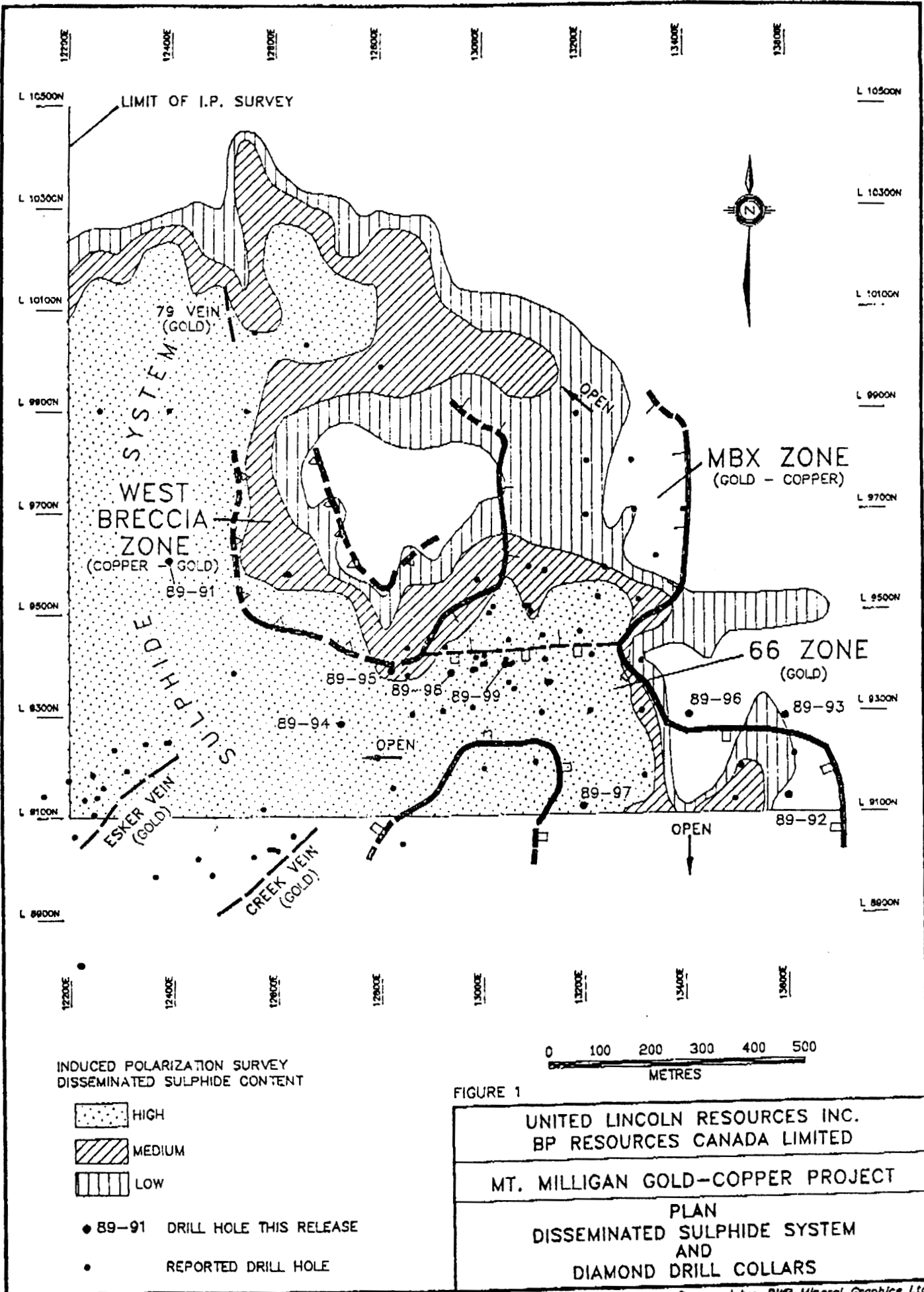
The success ratio of results from the on-going step-out drill program is unprecedented. Untested gold-copper soil anomalies extend 5000 feet south and west of the current "66" zone drill area (see Figure 2). On-going delineation drilling and preliminary engineering for a major open pit gold-copper development are in progress. Initial metallurgical test work shows excellent recoveries for both gold and copper.

ON BEHALF OF THE BOARD



Robert A. Dickinson
President

The Vancouver Stock Exchange has neither approved nor disapproved the information contained in this news release.



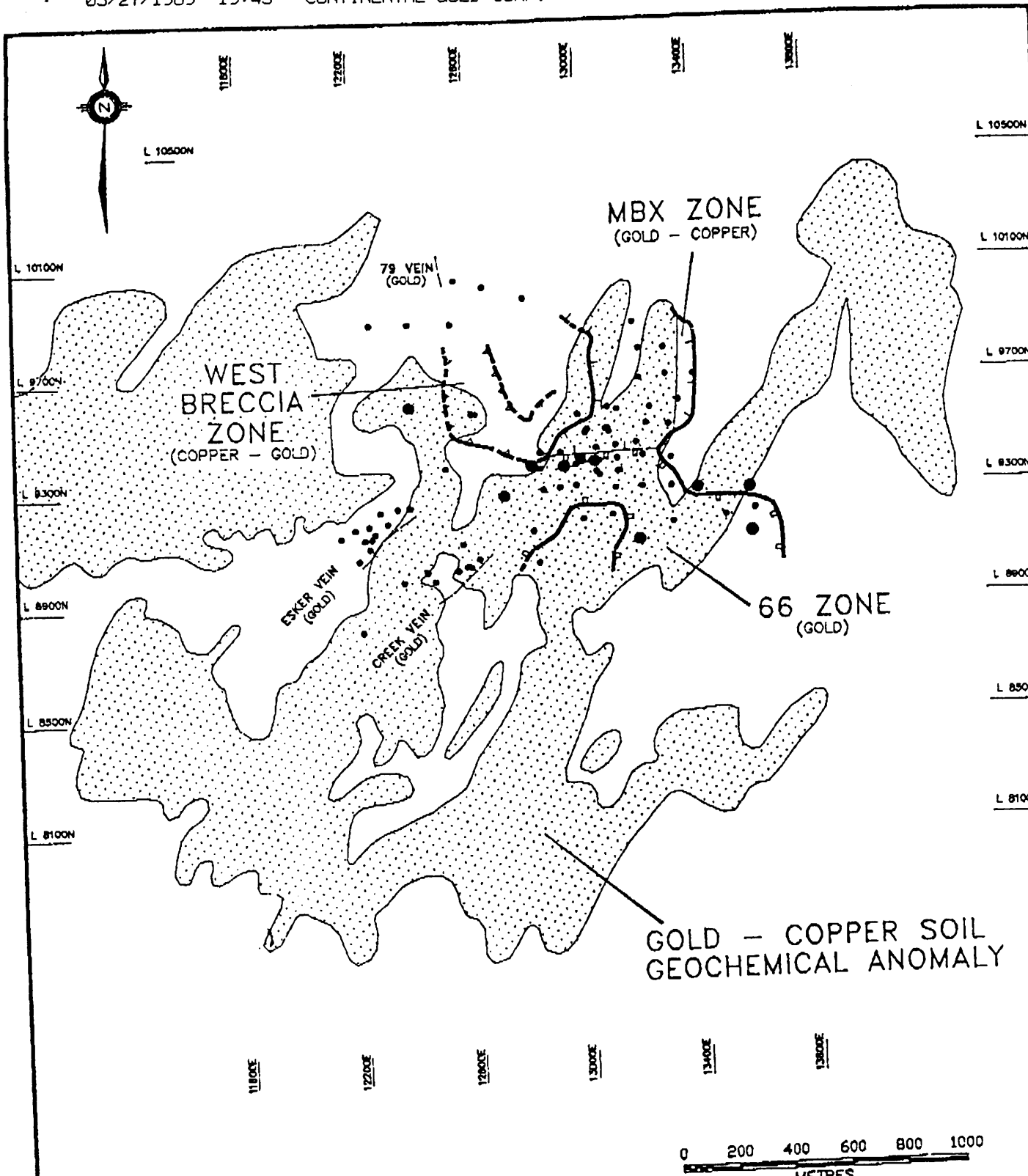
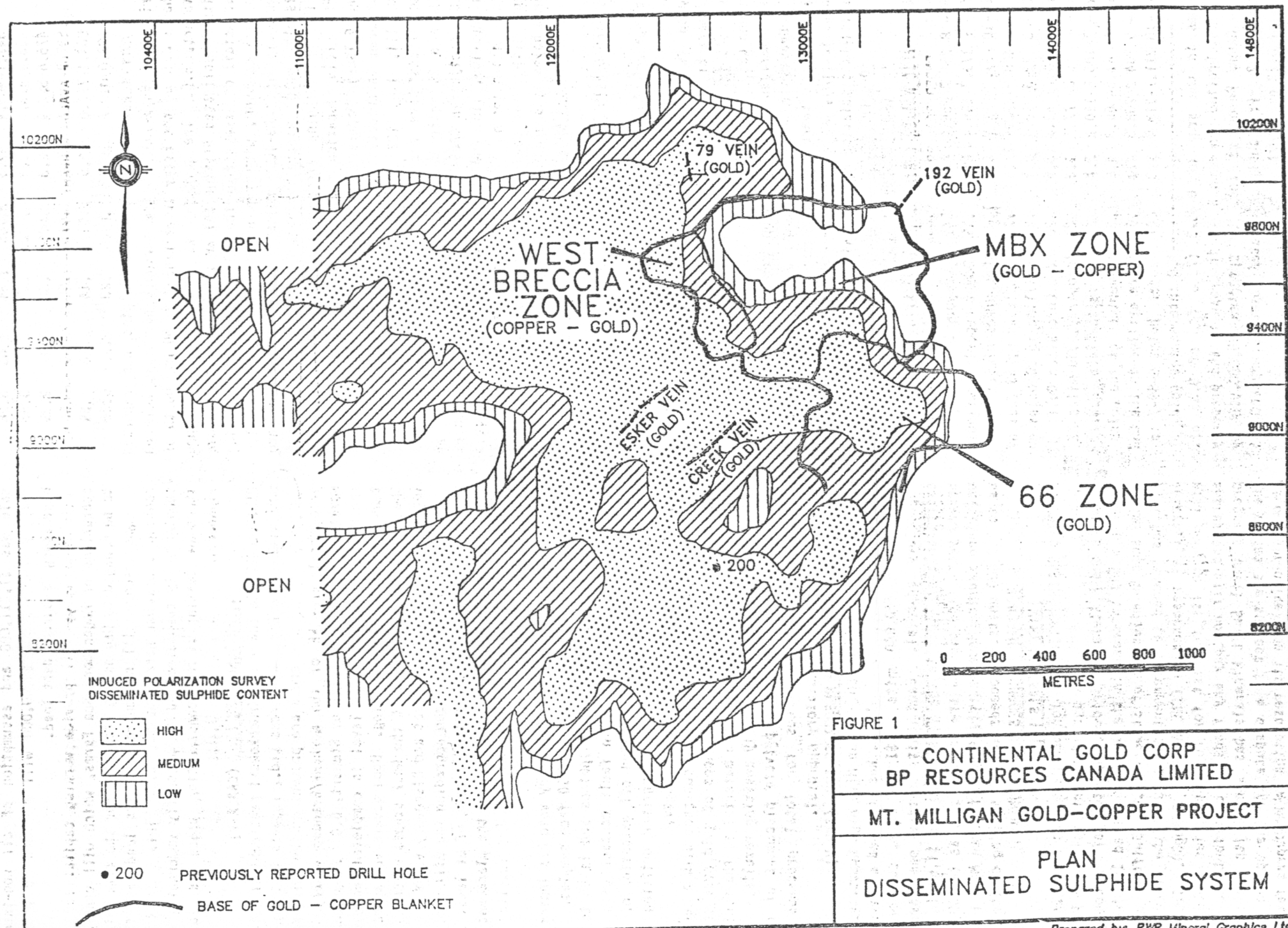


FIGURE 2

UNITED LINCOLN RESOURCES INC. BP RESOURCES CANADA LIMITED
MT. MILLIGAN GOLD-COPPER PROJECT
PLAN DISSEMINATED SULPHIDE SYSTEM AND DIAMOND DRILL COLLARS

- REPORTED DRILL HOLE
- DRILL HOLE THIS RELEASE

Prepared by: RWR Mineral Graphics Ltd.



INDUCED POLARIZATION SURVEY
DISSEMINATED SULPHIDE CONTENT

HIGH
 MEDIUM
 LOW

200 PREVIOUSLY REPORTED DRILL HOLE
 BASE OF GOLD - COPPER BLANKET

FIGURE 1

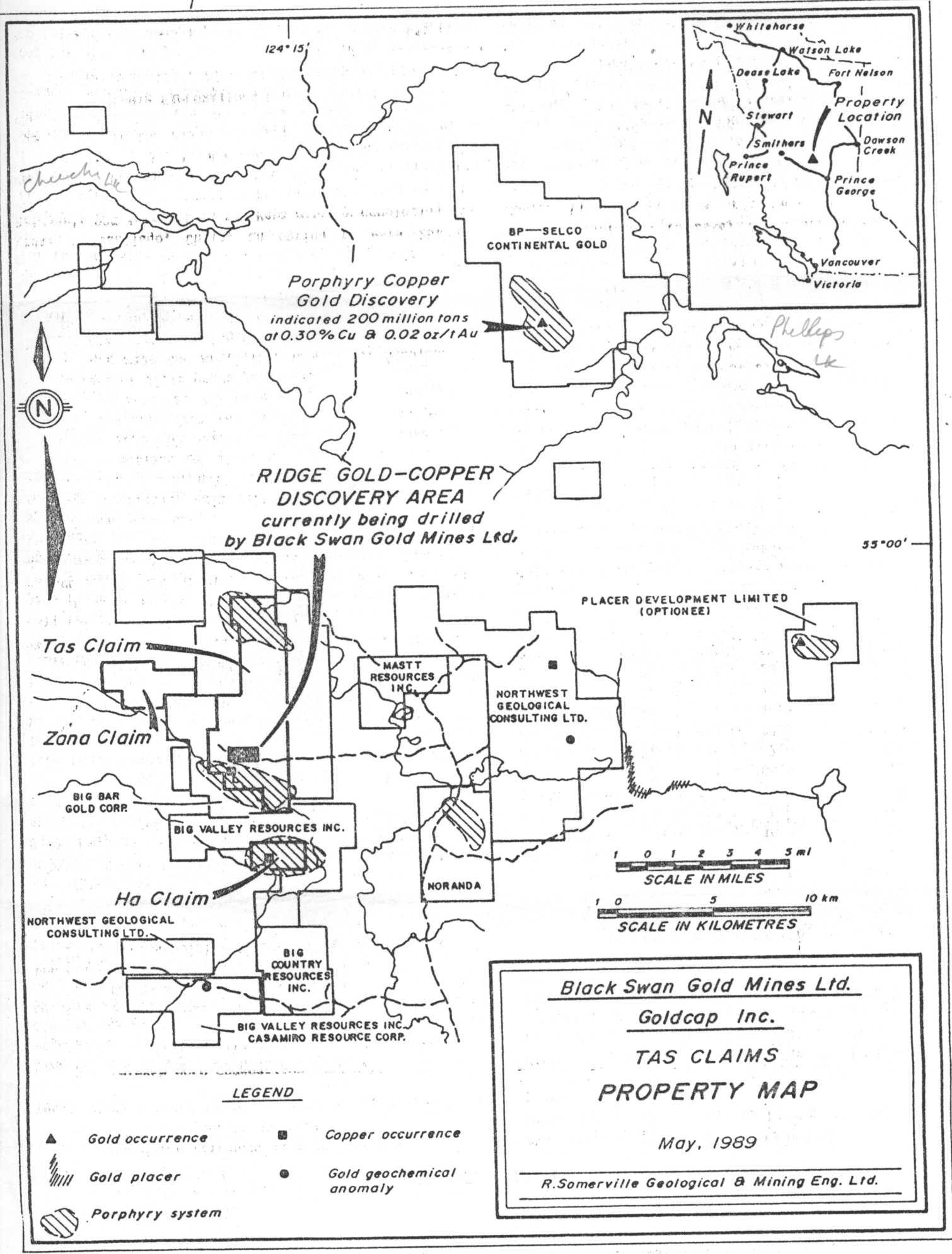
CONTINENTAL GOLD CORP
BP RESOURCES CANADA LIMITED

MT. MILLIGAN GOLD-COPPER PROJECT

PLAN
DISSEMINATED SULPHIDE SYSTEM

Prepared by RWR Mineral Graphics Ltd.

TAS



124° 15'



Porphyry Copper Gold Discovery indicated 200 million tons at 0.30% Cu & 0.02 oz/t Au

RIDGE GOLD-COPPER DISCOVERY AREA currently being drilled by Black Swan Gold Mines Ltd.

55° 00'

PLACER DEVELOPMENT LIMITED (OPTIONEE)

Tas Claim

Zana Claim

BIG BAR GOLD CORP.

BIG VALLEY RESOURCES INC.

Ha Claim

MASTT RESOURCES INC.

NORTHWEST GEOLOGICAL CONSULTING LTD.

NORANDA

NORTHWEST GEOLOGICAL CONSULTING LTD.

BIG COUNTRY RESOURCES INC.

BIG VALLEY RESOURCES INC. CASAMIRO RESOURCE CORP.

1 0 1 2 3 4 5 mi
SCALE IN MILES

1 0 5 10 km
SCALE IN KILOMETRES

LEGEND

- ▲ Gold occurrence
- Copper occurrence
- ▨ Gold placer
- Gold geochemical anomaly
- ▧ Porphyry system

Black Swan Gold Mines Ltd.
Goldcap Inc.
TAS CLAIMS
PROPERTY MAP
 May, 1989
 R. Somerville Geological & Mining Eng. Ltd.

PROPERTY RIGHTS RESERVED
 BY
 R. SOMERVILLE
 GEOLOGICAL & MINING ENGINEERING LTD.