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NEWS RELEASE

PRIVATE PLACEMENT NEGOTIATED EXPLORATION UNDERWAY AT TODD CREEK GOLD PROJECT

June 27, 1997

Press Release #09-97

Island-Arc announces that it has, subject to regulatory acceptance, negotiated a flow-through Private Placement of 200,000 Special Warrants at a price of \$0.50 per Special Warrant. Each Special Warrant will be convertible, for no additional consideration, into one common share and one non-transferable share purchase warrant entitling the holder thereof to purchase one additional common share of the Company at a price of \$0.50 in the first year or \$0.575 in the second year. At the option of the Company, and with the consent of the holder, exercise of the warrant may also provide flow-through tax benefits.

Island-Arc intends to (but is not obligated to) prepare an Exchange Offering Prospectus to qualify the distribution of the shares and warrants underlying the Special Warrants.

The net proceeds of \$100,000 will be used to fund the ongoing exploration program at the Todd Creek Gold Project, British Columbia.

Island-Arc has commenced the first phase of exploration at the Todd Creek Gold Project situated in the Stewart gold-silver camp in north-western British Columbia. Work will consist of geological mapping, rock and soil sampling, and relogging and sampling of drill core from previous work. In addition, a structural study will be completed in order to establish the structural setting for the gold mineralization on the property. Two models are being assessed, shear zone hosted mineralization like that present at the Snip Mine, and precious metals related to porphyritic intrusives, such as Red Mountain. Island-Arc's exploration program will focus on three targets.

The first target is the South Zone, previously drilled by Noranda, and having an estimated tonnage of 207,000 tonnes grading 5.5 g/t gold. Here the key intersections and surface outcrops will be relogged, mapped and sampled to better define the mineralization, which is hosted by feldspar porphyry, and identify a possible plunge to the mineralized zone. This zone has been drilled over a 525 metre strike length, 5 - 15 metres wide but only to a depth of 150 metres below surface.

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The second target is the North Zone. Island-Arc will carry out geological mapping and sampling at this zone, where two subparallel zones had been identified by previous work. The two zones are approximately 200 metres apart and up to 320 metres in length, with one drill hole intersecting 14.5 g/t gold over 5.95 metres drill width.

The third target is the Amarillo Zone defined by an extensive gossan approximately 1,500 metres by 1,200 metres developed over highly altered volcanics with base metal sulphides and barite. Previous rock sampling returned values of up to 233 g/t silver and 12.8% lead over 0.7 metres. Geological mapping along with rock and soil sampling will be conducted over this zone.

The exploration program will attempt to establish the framework for a multi-million ounce gold deposit on the property, with specific drill targets to be identified by August.

ON BEHALF OF THE BOARD OF DIRECTORS
OF ISLAND-ARC RESOURCES CORPORATION

Kim M. Phillips
President