

Intense mineralization characterizes Lacana's Sulphurets

TORONTO, Ontario—Encouraged and excited by the recent diamond drilling results on their Sulphurets property, Lacana Mining Corp. has every reason to believe it has the makings of a world class gold camp.

In his report on the Sulphurets property, N. Tribe, P.Eng., concludes that: "The Sulphurets area is one of the most intensely mineralized undeveloped areas left in the Coast Range of British Columbia. The size and number of showings, and variety of mineral assemblages in the Sulphurets property is amazing."

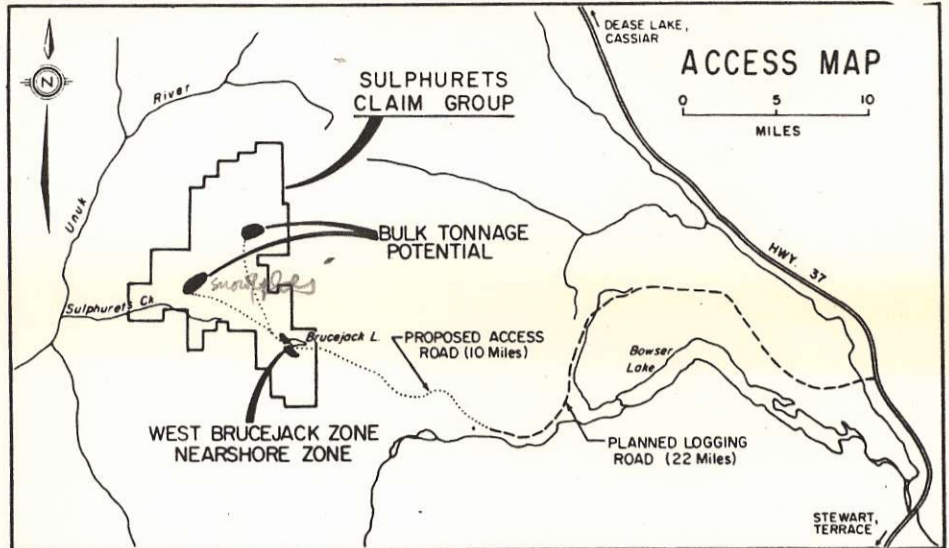
Lacana and its venture partner, Newhawk Gold Mines Ltd., acquired an option to earn a minimum of 60 percent interest in the Sulphurets property from Granduc Mines Ltd. This high grade gold and silver property is located 50 miles northwest of Stewart, British Columbia. Present access is year-round by fixed wing aircraft from Stewart to the base camp at Brucejack Lake. Long range accessibility, by road from the Cassiar-Stewart Highway, is feasible. This 32-mile route would take advantage of the lower snowfall levels on the east side of the Coast Range. A local logging contractor will be logging at the west end of Bowser Lake and it seems likely that he will have the main bridge over the Bell-Irving River and most of the road through the Scott Pass completed this season.

To date, approximately C\$2.7 million has been spent on exploring the 246-unit claim block. A total of 26,068 feet of drilling has been completed in 73 holes in an area at the west end of Brucejack Lake. The drilling was done principally in three vein systems: the Near Shore zone, West Brucejack zone, and the Galena zone. The results indicate a combined mineral inventory in the Near Shore and West Brucejack zones in the order of one million tons with a gold equivalent of 0.70 ounces of gold per ton over a width of 12 feet.

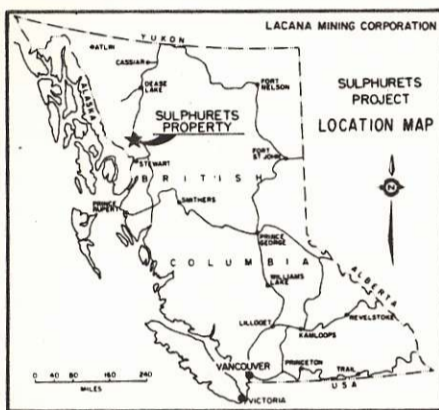
West Brucejack Zone Intersection (ft)	Oz Au/t	Oz Ag/t
10	0.47	55.86
7	3.81	385.72
6	2.72	286.00
24.5	0.22	17.59
17.6	0.41	35.88
Near Shore Zone		
4.5	0.54	10.28
5.8	0.73	2.33
34.9	0.59	29.25
6.1	2.62	2.81

There are also two areas of low-grade disseminated gold mineralization called the Snowfield and the Sulphurets gold zone. Previous exploration has indicated these zones to each have the potential of 20 million tons with a grade in the order of 0.09 ounces of gold per ton with associated copper/molybdenite. Nine other zones on the property are also worthy of further exploration.

Lacana and Newhawk have committed to spend C\$500,000 on exploration in the 1985 field season with the West Brucejack zone as the primary target. Secondary targets include the Near Shore zone, Gossan Hill zone, and the Snowfield zone. A 13,000-foot



Access map showing the location of Lacana's mineralized zones on its Sulphurets property, 50 miles northwest of Stewart, British Columbia.



Location map of the Sulphurets property in northwestern British Columbia.

diamond drilling contract has been awarded to F. Boisvenu Drilling Ltd. of Richmond, British Columbia and drilling is currently in progress.

In other Lacana news, the interim report for the six months ending June 30, 1985, reveals revenues for the six-month period for Lacana's various operations totaled C\$17.2 million. Working capital at June 30, 1985, was C\$21,777,000.

Lacana Mining Corp. is an extremely active company with silver, gold, lead, and petroleum properties in Canada, the U.S., and Mexico. The following is a corporate profile to date.

Lacana has two producing mines in Mexico. The Torres Mining Complex (Lacana, 30 percent) produced in 1984 4.2 million ounces of silver and 42,000 ounces of gold. For 1985, nine-month production was 2.9 million ounces of silver and 35,800 ounces of gold. The Encantada Mining Group (Lacana, 40 percent) produced in 1984 1.9 million ounces of silver and 19 million pounds of lead. For 1985, nine month production was approximately one million ounces of silver and five million pounds of lead.

There are three open-pit gold mines in Nevada. The Pinson-Preble mines (Lacana Gold, 26.25 percent) in 1984 produced 63,120 ounces of gold. For 1985, nine-month production was approximately 51,500 ounces of gold. The new Mag zone increases reserves by about three million tons. Dee Gold (Lacana Gold, 29.3 percent) and Relief Canyon (Lacana Gold, 100 percent) began



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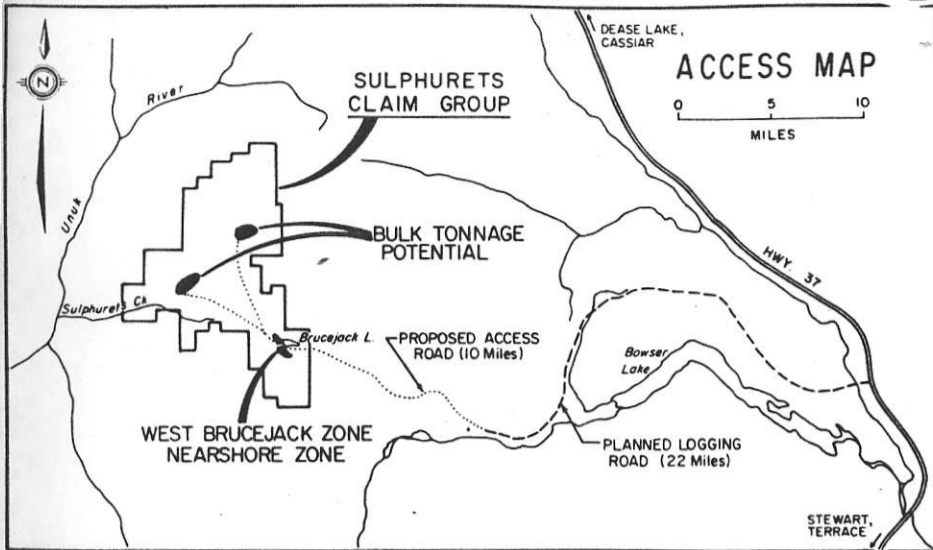
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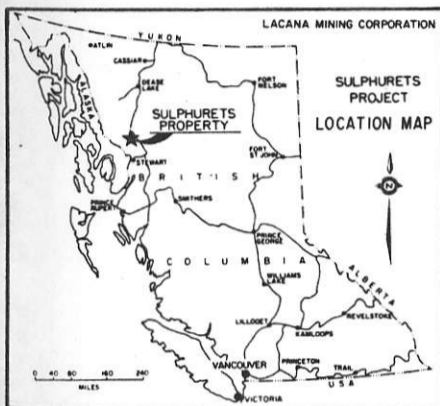
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production in late 1984 and produced 36,380 and 9,900 ounces of gold respectively in the first nine months of 1985.

Lacana has several mineral properties under development. In the U.S., two large tonnage heap leach gold properties are under development, but probably need a gold price of \$400 per ounce to proceed. Lacana will earn a 51 percent interest in the Santa Fe gold and silver property near Hawthorne, Nevada, by financing development to production of this joint venture with Westley Mines and Brian Resources. Exploration and development work continue on the Gilt Edge gold property in South Dakota (Lacana Gold 100 percent).

In Mexico, underground development of the new San Javier orebody at Encantada has now proven up over one million tons grading 9.7 ounces of silver. Production is estimated to start at the end of 1986. Other new silver and gold developments are Temascaltepec (Lacana 30 percent) and Preciosa (Lacana 45 percent).

Lacana's exploration programs are international in scope as well. In the U.S., Lacana is exploring in Nevada and the Pacific Northwest, primarily for bulk mineable gold and silver deposits. In Canada, Lacana is the joint operator of two ventures. With Conventures Ltd. and Murphy Oil Co., properties with precious metal potential are being explored in British Columbia and New Brunswick. With Oakwood Petroleum and Nanisivik Mines, properties with both base and precious metals are being explored in British Columbia and Ontario, and those with platinum in Saskatchewan. In Mexico, several large gold/silver targets are being explored in northern Sonora, Guerrero, and Sinaloa.

Oil and gas interests are held in approximately 360 wells in Canada and the U.S. Cash flow from oil and gas was C\$7.4 million in the first nine months of 1985. Exploration efforts are being concentrated in Alberta in 1985 with a budget of C\$6 million.

Beginning last August 20, Lacana's common stock has been included in the NASDAQ National Market System.

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