

Rodman & Renshaw, Inc.

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May 15, 1996

Misty Mountain Gold Ltd. – BUY

(MGL - T: C\$ 5.85)

Share price	C\$	5.85
12 month range	C\$	11.0 - 3.0
Issued shares	m	9.2
fully diluted	m	11.5
Market capitalisation	C\$m	67.3 f.d
	US\$m	49.5 f.dx
Working capital	C\$m	3.6
fully diluted	C\$m	11.8

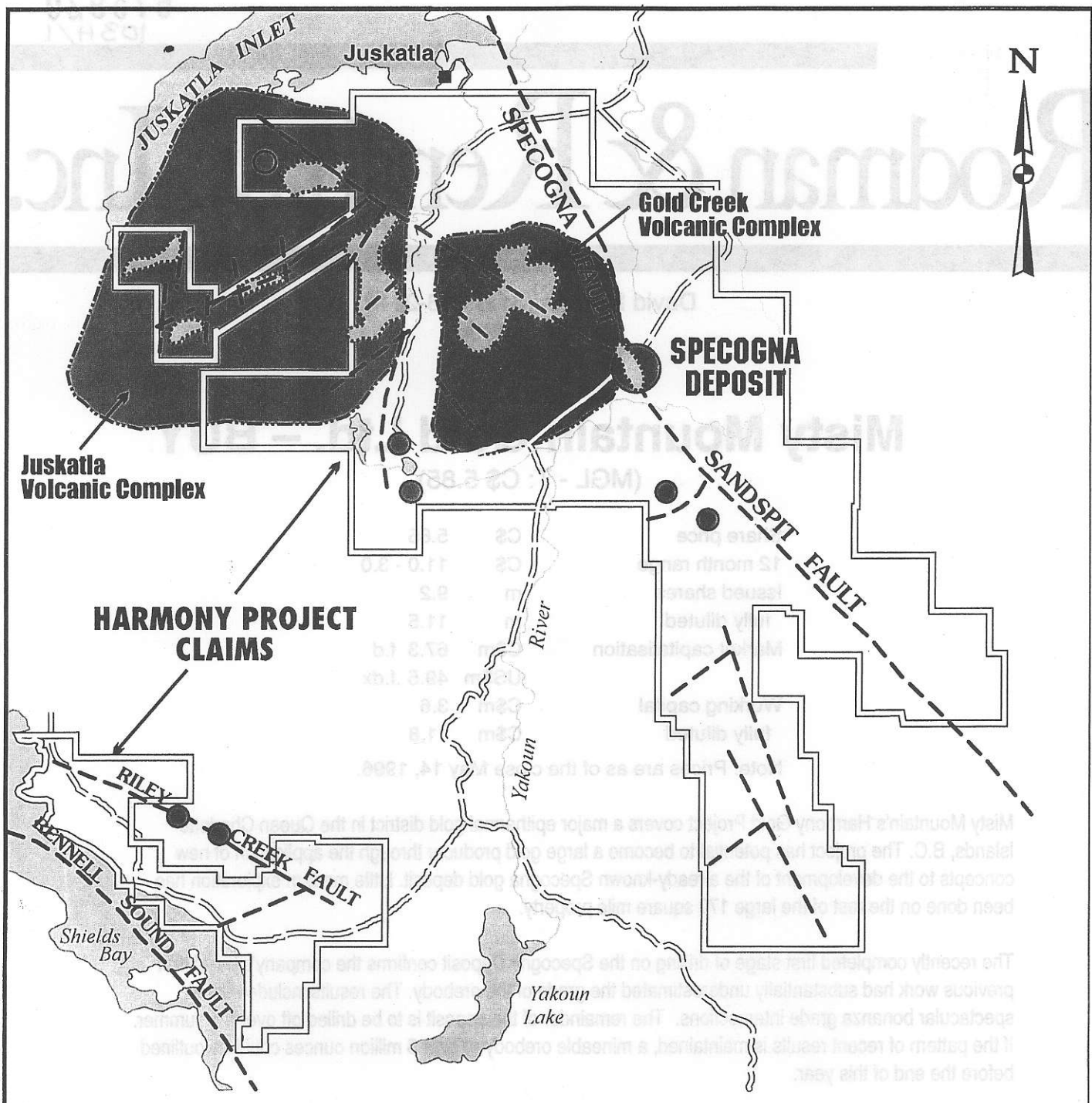
Note: Prices are as of the close May 14, 1996.

Misty Mountain's Harmony Gold Project covers a major epithermal gold district in the Queen Charlotte Islands, B.C. The project has potential to become a large gold producer through the application of new concepts to the development of the already-known Specogna gold deposit. Little modern exploration has been done on the rest of the large 170 square mile property.

The recently completed first stage of drilling on the Specogna Deposit confirms the company's belief that previous work had substantially underestimated the grade of the orebody. The results included some spectacular bonanza grade intersections. The remainder of the deposit is to be drilled off over the summer. If the pattern of recent results is maintained, a mineable orebody of over 3 million ounces could be outlined before the end of this year.

The share price is about 50% higher than when we first wrote about the company last November, but the increase is fully justified by the successful drilling to date, in our opinion. There is substantial further upside if the favorable results continue through the remainder of the drill program. There is also potential for new discoveries elsewhere on the Harmony property and for bonanza-type orebodies at depth in the Specogna Deposit itself.

The Harmony Gold Project is an attractive advanced-stage gold exploration project, and we continue to recommend purchase of Misty Mountain shares.



HARMONY PROJECT CLAIMS

LEGEND

- GOLD OCCURRENCE
- - - FAULTS
- == MAIN ROADS
- ▭ VOLCANIC COMPLEX
- ⊙ RHYOLITE

MISTY MOUNTAIN GOLD LIMITED

HARMONY PROJECT - Specogna Deposit

Local Geology

Scale	As Shown	Date	March 1996	Figure 1
	N.T.S.	By	a.g.b. / j.h.t.	

RECENT DEVELOPMENTS

The first stage of the company's program of re-drilling the Specogna Deposit has been completed. It confirms the company's belief that previous work had underestimated the grade of the Specogna Deposit. About 20% of the deposit has now been thoroughly tested with 49 angle holes drilled perpendicular to the strike of the vein systems. The results indicate a substantial overall grade improvement of nearly 30% compared to the previously reported values. The drilling also showed that high-grade bonanza gold zones occur within the deposit over a broad range of depths. These produced some spectacular intersections including 137ft grading 1.2 oz/ton, 41ft grading 0.78 oz/ton, and 45ft grading 0.44 oz/ton.

The company is now planning to drill off the remainder of the Specogna Deposit to enable mineable gold reserves to be configured and calculated. About 200 more holes will be drilled, and results should be available by the end of the summer. Misty Mountain's concept at the beginning of the program was to look at mining the deposit selectively as a high-grade operation. However, as the veins occur in swarms rather than single continuous structures, a bulk mining solution is still a possibility.

If the grade enhancement demonstrated so far is shown to apply to the whole deposit, total reserves would be increased to around 3 million ounces. The grade improvement comes from additional vein material containing free gold, rather than from the disseminated ore which is refractory, so most of the extra gold should be recoverable. Thus a 30% increase in average ore grade could mean a rise of around 40% in recovered gold compared to previous estimates (where overall recoveries were only around 70%).

SHARE EVALUATION

Misty Mountain's drilling results to date suggest a strong possibility that the Specogna Deposit will be upgraded to around 3 million ounces. An enhanced average ore grade in the region of 0.09 oz/ton should support an economically attractive mining operation. Proven but undeveloped mineable reserves are typically valued in the market at between US\$30 and US\$50 per ounce. Thus a 3 million ounce Specogna Deposit could be worth up to US\$150 million, equivalent to about C\$18.00 per Misty Mountain share. Clearly that stage has not been reached yet. A lot more drilling has to be done to establish a new reserve for the whole of the deposit, and although a similar scale of grade enhancement looks possible, it is not guaranteed. And further time and expense will be needed to develop a mining plan. But the current share price of around C\$6.00 looks fully justified by the success achieved so far, leaving attractive upside for further favorable developments this year.

Misty Mountain has already been approached by a number of major companies interested in becoming involved; two are currently looking at the Specogna Deposit data in detail.

In addition to the current work on the Specogna Deposit there is further potential in the Harmony Project from:

- Possible nearby extensions of the Specogna Deposit
- Discovery of extensive bonanza zones at depth
- New discoveries elsewhere on the large Harmony property
- Valuable tax losses in Misty Mountain of approximately C\$60 million

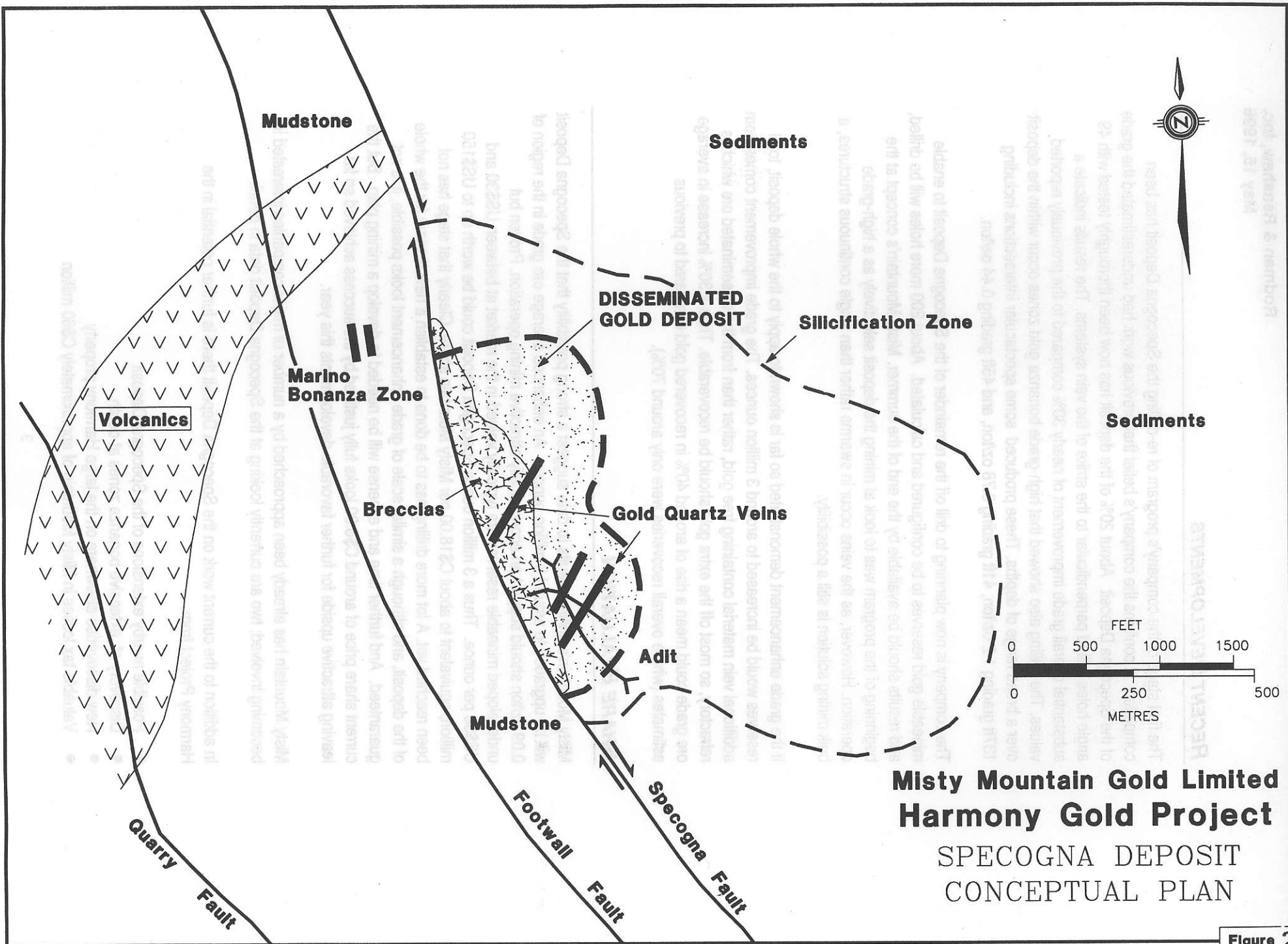


Figure 2

Market excitement at the bonanza-grade drill intersections announced in February drove the share price to over C\$11.00. Although that might have been excessive on the basis of the information then available, the subsequent decline to the C\$6.00 level also seems to have been overdone.

The shares currently trade on the Toronto and Vancouver Stock Exchanges. A NASDAQ listing is expected within the next few months.

BACKGROUND

In 1970, the prospector Ephrem Specogna discovered a high-grade gold occurrence on Graham Island, British Columbia. Over a period of years a number of companies explored the property and a 2.2 million ounce gold resource known as the Cinola deposit was outlined. In 1986, a controlling interest was acquired by the Australian group City Resources, which spent around \$30 million in an effort to establish Cinola as a large-tonnage open pit mine. Following the corporate failure of City Resources in 1989, another Australian company, Barrack Mines, took control; but it suspended work in 1990 after concluding that metallurgical and environmental problems made the project uneconomic. Barrack itself collapsed financially in 1990. The Cinola Project remained dormant until 1993 when two Australian mining engineers, Ray Soper and Robin Slaughter, initiated a reconstruction of Barrack, renamed it Misty Mountain Gold and began to consider alternative ways of exploiting the Cinola deposit.

In November 1994 a joint venture was concluded with Romulus Resources, a company controlled by the successful Canadian project development group headed by Robert Hunter and Robert Dickinson. Romulus became operator, commenced a preliminary exploration program, and substantially expanded the project area.

In November 1995, Romulus was merged into Misty Mountain, bringing the whole project into single ownership under the management of the Hunter Dickinson Group. The project is now called the Harmony Gold Project, and the Cinola deposit is referred to as the Specogna deposit in recognition of its discoverer.

Following the merger, C\$5 million was raised in a private placement for a major drilling program to test the company's belief that previous drilling had not adequately sampled the high grade veins in the deposit.

The first phase of this program has recently been completed and has successfully demonstrated a substantial improvement in average grade in the area tested.

THE HARMONY GOLD PROJECT

The Harmony Gold Project covers over 170 sq. miles on Graham Island at the north end of the Queen Charlotte Islands, British Columbia (Figure 1). The area comprises a major epithermal gold district and includes a multi-million ounce resource, the Specogna deposit, that has already been outlined by previous operators. The company has 100% ownership of this deposit with no underlying interests.

Previous attempts to develop the Specogna Deposit had concentrated on establishing a large-tonnage open pit operation. A mining reserve of 31.3 million tonnes at a diluted grade of 2.2 gm/tonne (0.064 oz/ton) was proven containing 2.2 million ounces of gold. However, feasibility studies conducted by former operators showed that a gold price of over US\$450/oz would have been needed to make such a mine viable, largely because of poor metallurgical recoveries of around 70%.

Misty Mountain's exploration is taking a new approach and is investigating whether the Specogna Deposit could be better developed by selective mining of high grade ore rather than as a large, low-grade bulk tonnage operation. Drilling by previous owners was aimed at defining an open pit deposit and consisted mainly of vertical holes. Many of these ran parallel to the higher-grade veins and failed to give a representative sample of these structures. Misty Mountain has designed a systematic drill program to thoroughly test the vein zones, consisting of a 20 meter by 20 meter grid pattern of 45-degree angle holes drilled perpendicular to the strike of the veins. An initial 49-hole program has been completed covering a 1000ft by 300ft portion of the orebody, which measures about 2800ft by 800ft in total (Figure 2).

Figure 1 shows how the project area covers the significant geological features of the area: the key Sandspit Fault, the Specogna Fault and other parallel and subsidiary fault structures. The Project also covers a six-mile strike length of a large dilation zone within the paralleling Rennell Sound Fault system which lies to the west. The claims encompass most of the Gold Creek Volcanic Complex and about 40% of the extensive Juskatla Volcanic Complex. The Specogna gold deposit itself occurs at the intersection of the Gold Creek Volcanic Complex and a dilational jog in the Specogna-Sandspit Fault system.

A plan and conceptual section of the Specogna Deposit are shown in Figures 3 and 4. The currently outlined orebody is located at the top of a hydrothermal hot spring system that developed along the Specogna/Sandspit fault. Intrusions into the fault structures have caused the formation of silicified low-grade disseminated mineralization spread out near surface from the fault, forming the large-tonnage deposit which was the target of previous open pit mining schemes. This zone is also crossed by steeply dipping gold quartz veins which contain a substantial portion of the gold. Many of these veins are exposed in a 2000 ft underground adit through the Specogna Deposit. Gold grades in this type of system typically increase with depth and often culminate in very high-grade bonanza ore bodies. This pattern has been shown by past drilling at Specogna, which intersected high-grade gold zones adjacent to the fault structure with some of the deepest drilling encountering the highest gold grades. The recent drilling by Misty Mountain has also encountered high-grade bonanza zones that have been pushed up into the higher parts of the deposit, giving some spectacular drill intercepts and providing encouragement for the eventual discovery of more massive bonanza mineralization at depth.

There appear to have been several phases of gold deposition in the Specogna orebody, giving rise to two distinct types of mineralization. In the disseminated ore the gold is partially encapsulated and gives low recoveries in normal treatment processes. The veins, however, contain fine-grained free gold which is readily treated by conventional cyanide leaching with recoveries of over 90%. The grade enhancement shown by the recent drilling comes from additional vein material, so most of the extra gold should be recoverable.

ENVIRONMENTAL AND SOCIAL ISSUES

The Queen Charlotte Islands have a population of about 6,000 of whom about one third are Haida. The Specogna Deposit is located 1 km from the Yakoun River, an important salmon river. In the late 1980s, attempts to set up a large open pit mine ran into heavy environmental opposition. However, social and economic circumstances have changed greatly since then and unemployment in the area is very high. The region is not a wilderness. It has been extensively logged and there are a number of other local industries. The company is keenly aware of the need for the support of the local people and is confident that a development plan can be produced that will eliminate environmental risks and adverse cultural impact. The Hunter Dickinson Group, who are managers of the Harmony Project, have had extensive experience with permitting in British Columbia.



3000E

3250E







**Specogna
Deposit Outline**

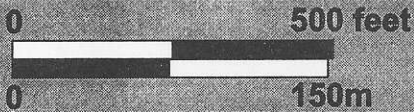
3250N

3250N

**Specogna
Fault**

3000N

-  Haida Formation
Shale
-  Skonun Formation
Sandstone, Conglomerate
-  Rhyolite Intrusion
-  Schematic Disseminated
Gold Mineralization
-  Schematic Stockwork
Gold Mineralization
-  Schematic Gold Vein Zone
Mineralization



2750N

3250E

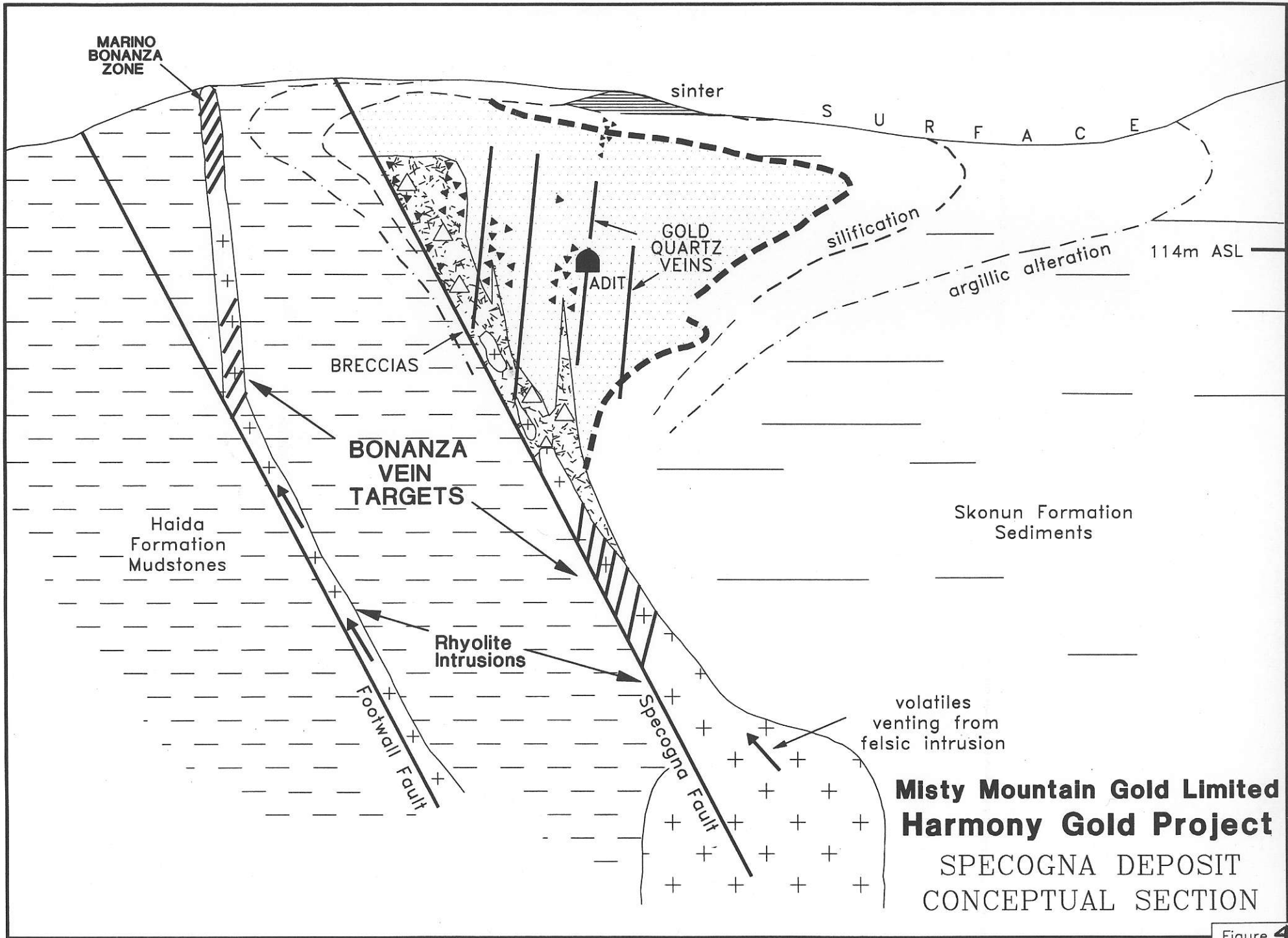
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HARMONY PROJECT - Specogna Deposit

**CONCEPTUAL-SCHEMATIC PLAN
ORIENTED DRILLING**

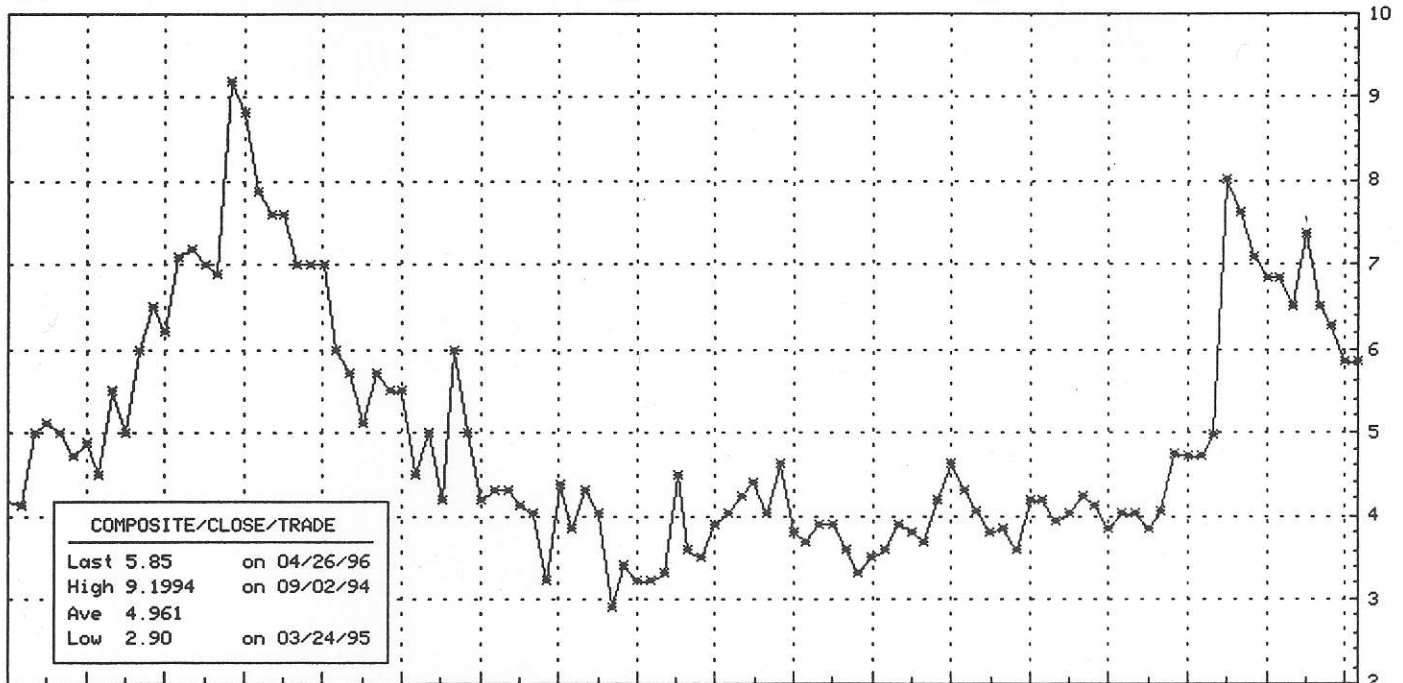
Date April 1996

By j.h.t / t.h.n.



**Misty Mountain Gold Limited
Harmony Gold Project**
SPECOGNA DEPOSIT
CONCEPTUAL SECTION

GP DG28 Equity GP
 Start date shifted End date shifted Enter #<PAGE> for table (3 Pgs Max).
PRICE GRAPH for **MGL CN C\$**
 RANGE **5/6/94** TO **4/26/96** PERIOD **1** (D-W-M-Q-Y) VOL **1** (V-N)
1(1=PRICE,2=P/E) MKT **1** (T=TRADE,B=BID,A=ASK)



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