



**McDermid
St. Lawrence
Chisholm
Limited**

Investment Securities, Established 1931

Vancouver Penticton Kamloops Calgary Toronto Hamilton

December 22 1992

Box 90, Suite 1000
601 West Hastings Street
Vancouver, B.C. V6B 5E2
Telex 04-54402
Fax (604) 654-1400
Telephone (604) 654-1111

Members:
Investment Dealers Association
of Canada
Montreal Stock Exchange
Toronto Stock Exchange
Alberta Stock Exchange
Vancouver Stock Exchange

092F 676400

Vananda Gold Ltd.

Recommendation: Buy for aggressive speculative accounts as the company tests several multimillion ton copper, zinc and gold targets in British Columbia and Chile.

Summary:

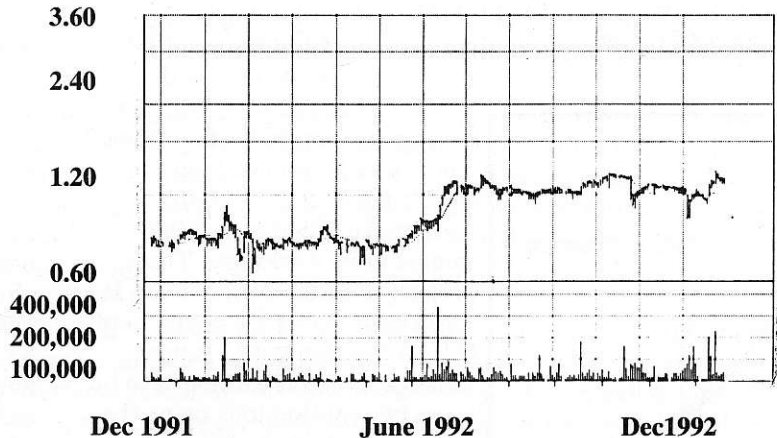
Vananda Gold has just announced that drill hole 92-59 at its Texada Island project (near the Texada mines) has intersected 2.6 meters of chalcopyrite with sulfides. This drill hole is 100 meters east of the previous drill hole (DDH 92-58) which intersected 2.5 meters of chalcopyrite and sulfides grading 1.29% copper. DDH 92-58 is 200 meters south of DDH 92-57 which intersected a further 3.2 meters with an average grade of 3.63% copper and 0.9 oz/ton silver. This recent drilling appears to have intersected a large flat lying copper-rich zone which is open to expansion to the east, west and south and has major tonnage potential. Vananda has begun a new and very exciting phase with this discovery and is likely to attract considerable attention as its size and grade is defined. This area (and Vananda's Chilean joint-venture) has the potential to host multi-million ton copper-gold and/or zinc deposits. It is the most advanced (over three million dollars spent) and is the third largest copper-gold skarn in British Columbia. The last drill hole opens up the potential that the zone will continue along the western flank of the Northwest Diorite, a 1.2 kilometer long body. Millions of pounds of copper were previously mined near the Diorite's south eastern side from similar flat-lying bodies. The potential for this flat lying zone to increase in size and to contain higher grades of copper and gold is excellent. Surface samples in the area of this copper-gold zone are as high as 15% zinc, 1% copper, 0.19 oz/ton gold and 10.21 oz/ton silver.

The second area being explored is located in Chile and contains part of a copper-gold mining camp which ceased production following a devastating earthquake in the 1870's. More significant is that the average grades mined are estimated to be an excellent 13 - 15% copper and 0.1 - 0.3 oz/ton gold. Work is scheduled to begin in the next few weeks and by the end of January could generate some very exciting results. Chile has become the world's mining hot spot as a result of its stable, pro-mining government and abundance of mineral wealth. In conclusion, Vananda's management (which includes some of Canada's most successful explorationists), the onset of the Chilean exploration, combined with the company's demonstrated ability to finance and most important, the recent discovery, makes Vananda a superb speculation.

Prepared by **Mike McKnight** a registered representative with **McDermid St. Lawrence Chisholm**.
direct line: (604) 654-1188.

Quick Facts...

Recent price: \$1.34
52 Week high/low: \$1.43/0.65
Shares issued: 6.9 million
Listed: Vancouver Stock Exchange
Telefonhandel, Germany
Symbol: VAG.V (VSE)
MSKS (Reuters, Germany)



continued on next page...

Vananda Gold Ltd. daily chart

Statistics and factual data in this circular are from sources we believe to be reliable but their accuracy cannot be guaranteed. Neither the information nor any opinion expressed constitutes a solicitation for the sale or purchase of securities. Directors of McDermid St. Lawrence Chisholm Ltd. and any of its employees or members of their families may from time to time invest in the securities mentioned in this circular. This circular is for distribution to the clients and associates of McDermid St. Lawrence Chisholm Limited. For distribution in Canada only.

Management

Stanley L. Beale Vananda Gold Ltd.'s president has been involved in mineral exploration for over 20 years and consequently is well known, respected and regarded in mining circles. His father, **W.S. Beale** director, shares the same reputation and is noted for putting one of British Columbia's largest limestone quarries into operation as well as heading the mining operations of Ideal Cement as its president. Vananda director **David Watkins** is also very proven and capable, as he is the president of Minnova Inc., one of Canada's fastest growing and most successful mine finding companies (Minnova was recently taken over by Metall Inc., a subsidiary of the giant Metallgesellschaft of Germany). Vananda's key personnel includes **Charlie Forster** who was one of Freeport McMoRan Gold Inc.'s senior geologists and **Neil Maedel** Vananda's vice president of public relations who is well recognized for his international financing capabilities.

Company History

Three of Vananda's directors (Stanley Beale Sr. and Jr. and Mike Ryan) have been working on the Texada Island project since the mid 1970's and Vananda Gold is the result of their work. It was listed on August 28 1987 after a statement of material facts financing by Yorkton Securities which consisted of 375,000 shares at \$0.45 with warrants exercisable at \$0.50

(since exercised). During May of 1988 Vananda entered into a joint venture agreement with Freeport McMoRan Gold after which its shares rose from \$0.40 to \$1.70 when drilling by Freeport intersected high-grade gold, copper and silver mineralization in three of four holes drilled at the sixth and lowest level of the Little Billie mine. Drilling in the area, however, was not continued as Freeport continued a study of the overall property with a focus on an area near the Texada mines where it felt there was major mine potential.

The joint venture however, was discontinued during March 1990 (shortly afterwards Freeport's BC exploration division was disbanded when Freeport was sold to Minorco Inc). In total over \$1.5 million dollars was spent by Freeport developing the Texada property.

Vananda Gold's next exploration program commenced in February 1991 when four of five holes drilled at the Little Billie intersected copper-gold-silver mineralization at the sixth and lowest level of the Little Billie mine. During the spring of 1991 Vananda's shares rose from \$0.50 to \$0.90 when a geophysical program re-examined an area near Texada Iron mines and found indications of three very large massive-sulfide bodies. Vananda has concentrated its efforts over the past year on both these sulfide targets and the acquisition of the Chilean property.

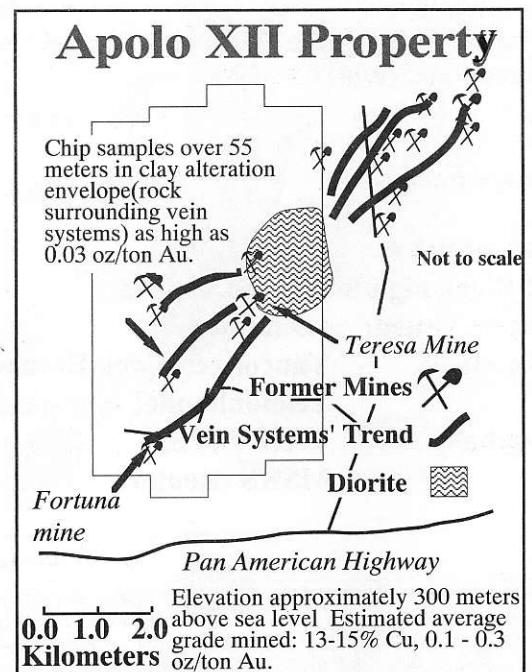
The Apolo XII Project Chile

On November 27 1992, Vananda Gold Ltd. acquired from Corriente Resources an option to earn 51% of the Apolo XII property by paying \$50,000, issuing 100,000 shares and spending US\$200,000 in stages over a period of two years.

The Apolo XII property is approximately 24 square kilometers in size and is located between La Serena and Copiapo Chile next to the Pan American highway. Unlike some of the famous giant Chilean discoveries such as the 8.6 million ounce gold Refugio deposit which is at 14,000 feet elevation, this property is at a more mining-friendly elevation of less than 1,000 feet above sea level. The property covers half of a mining camp which produced until the 1870's when a catastrophic earthquake killed over 2,000 miners in its workings. The property's historic production is an impressive 13 - 15% copper and 0.1 - 0.3 oz/ton gold. Actual tonnage mined is estimated to be up to two million tons using the amount waste rock around the mines as a guide. Some sampling has been done on the waste rock surrounding the old mines and from this waste, values as high as

1% copper and 0.169 oz/ton gold were recorded. Three types of copper-gold targets appear likely. The first is a high-grade copper-gold deposit in the actual vein systems. Given the historic production this is a very real possibility. These vein systems are also very large, up to 1,200 meters wide and 3.5 kilometers long.

A second target is for a low-grade heap-leach copper-gold deposit in the clay alteration envelope which surrounds these vein systems. Chip samples of one clay alteration envelope across 55 meters averaged 0.03 oz/ton gold. The third and final target is a large tonnage copper gold porphyry



deposit in and around the diorite. Two samples of the waste rock were taken at the Teresa mine on the edge of the diorite. They assayed a very encouraging 0.02 and 0.092 oz/ton gold. The upper levels of the vein systems are oxidized with copper found in the form of chalcocite. This adds to the possibility of a large low grade copper-gold target with the considerable cost advantage of being able to use a low cost solvent extraction system (SX - EW) of dissolving the copper from the rock using an acid rinse to form cathode copper. Ground work is expected to resume on this project in the next few days with drills being mobilized in January. There is no question this is an excellent project with exciting possibilities.

The Texada Island Project

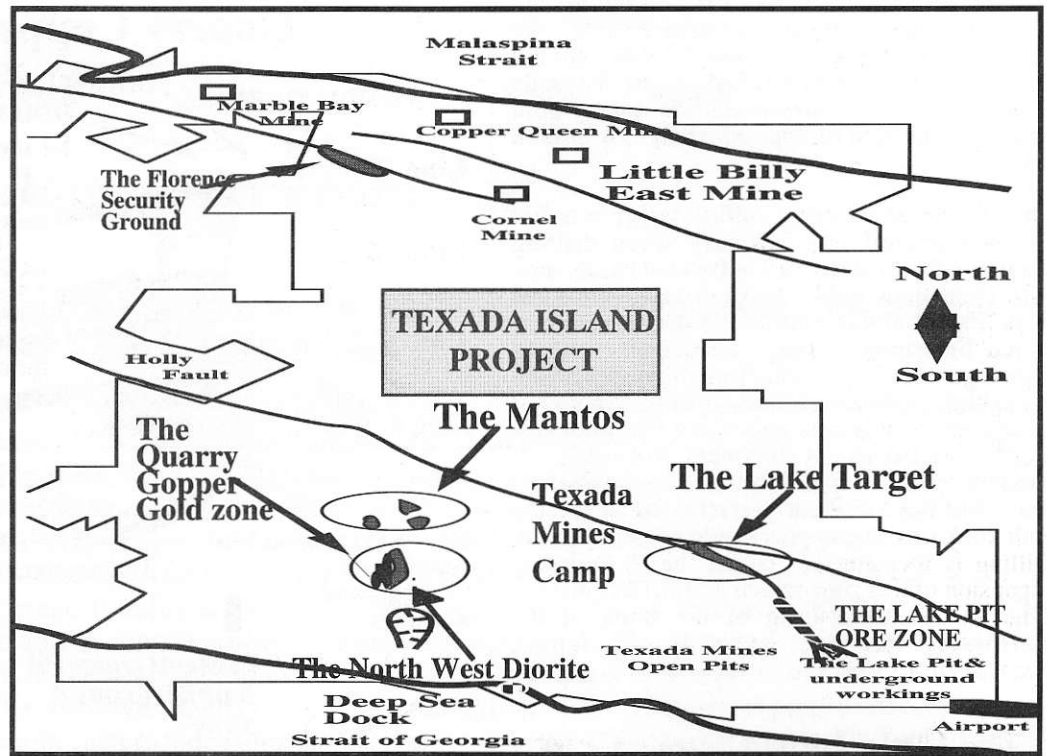
The Texada Iron Mines & The Vananda Camp

Vananda's Texada Island property is 100% owned by the company and consists of 148 claims covering 6,000 acres. The property has three limestone quarries and eight inactive mines. The island is very industrial and has two small towns. The property is divided into two areas: the Vananda camp in the north and the Texada Iron mines in the south. The Vananda camp contains the Marble Bay, Little Billie, Copper Queen and Cornell mines. The second camp at the southern end of the property comprises the Texada Iron mines and the areas adjacent to it. Early this century, the four copper gold mines at the Vananda camp produced 85,000 ounces of gold and 21 million pounds of copper. All of these mines ended production while still in ore.

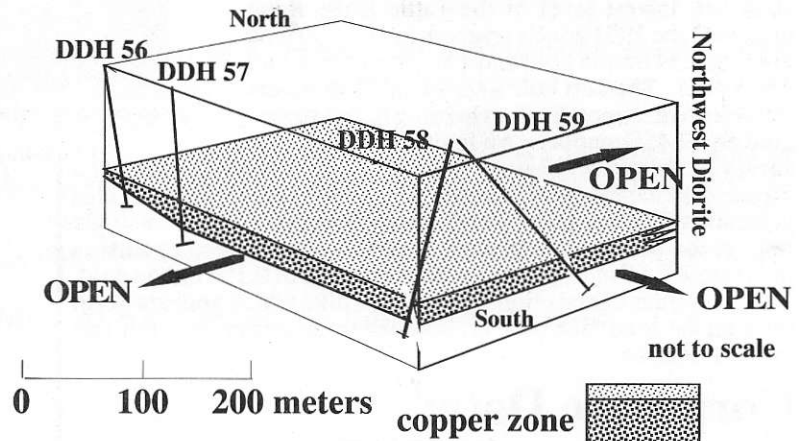
The Texada Iron mines were in operation until the early 1970's and produced 32,000 ounces of gold, 850,000 ounces of silver and 59 million pounds of copper as a by-product from over 20 million tons of magnetite ore. Significantly, the iron mines' underground copper grades increased to as high as 3% as they approached the new copper discovery to the north. The property has an extensive infrastructure including roads, deep sea dock, airport, electric power, conveyer and natural gas pipeline. The climate is mild and the terrain relatively flat with small hills.

The Southern Camp

During 1991, geophysical surveys conducted on the property where Freeport had been concentrating its efforts, outlined three large conductive bodies at depth at the southern portion of the Texada property.



The Quarry, Copper Gold Zone.



Two of the three, the Lake and the Northwest Diorite, are adjacent to the Texada Iron mines and are thought to be large massive sulphide extensions of the Texada Iron mines' ore bodies. Recent drilling supports this. Also, historical data from the underground workings shows the copper grades increase as they approached these bodies.

These IP indicated sulphide bodies are also at roughly the same depth and along the same structure as the old mine workings. Surface sampling of showings thought to be related to the geophysical targets show values of up to 1.0 oz/ton gold and 3% copper. Using the neighbouring underground workings as a model and the rough dimensions of the IP anomaly, these two targets represent potential copper-gold deposits in the 20 to 30 million ton range each. Gravity surveys also correlate well with the targets.

The third IP chargeability high actually comprises four smaller bodies. It is called the Mantos and is near a surface showing that assayed 10% zinc and 0.23 oz/ton gold across 17 feet. Rough dimensions have been worked out by Vananda giving the four massive sulfide copper-gold targets a total size of approximately 24 million tons.

The fourth and largest sulfide target was not discovered until last February when drilling intersected a 29 meter silica flooded basalt zone with anomalous gold. Subsequent geophysical work traced out this zone for 1,500 meters during which limestone mining uncovered surface showings with the previously mentioned (see first page) high-grade zinc, silver, copper and gold. It is adjacent to this area and along the northwest diorite that the recent discovery was made. It remains open to expansion to the east, west and south and has excellent potential for increasing both thickness and copper - gold grades. Current drilling is focusing on tracing the IP indicated expansion of this zone which is 200/1200 meters. (The successful drilling of the flank of the Northwest Diorite expands its length dramatically).

The Little Billie Copper-Gold Mine

During early 1991 development drilling of the sixth and lowest level of the Little Billie mine upgraded the 1951 zone's reserves to 195,000 tons grading 0.34 oz/ton gold and 1.0 oz/ton silver and 2% copper. The best hole intersected 20.8 meters (60.8 feet) of mineralization grading 0.289 oz/ton gold and 2.45% copper. An induced polarization survey of the area indicates a potential extension of the zone for a further 500 meters to the southeast in an arc-like formation. This possibility was further supported last December, when a single hole at the furthest southeast part of this IP indicated extension intersected 2.67 meters with an average grade of 0.154 oz/ton gold. This particular intersection was within a dike which appears to cut through the zone. The zone is also open to expansion to depth and to the southeast.

Corporate Data:

Directors:

Stanley L. Beale, Director,
President; Dave Watkins,
Director; W.S. Beale,
Director; Mike N. Ryan,
Director.

Transfer Agent

Montreal Trust
Vancouver, BC

Stock Exchange Listing

Vancouver Stock Exchange
Trading Symbol: VAG
USA 12g3-2
Exemption #82-1883

Share Structure

(common shares)

Authorized:

100,000,000

Issued:

6,900,000

Head Office

Suite 705, 475 Howe Street
Vancouver, BC V6B 2B3
Telephone: (604) 688-0323
Fax: (604) 688-4329

Solicitors

Maitland & Company
Vancouver, BC

Auditors

Bishop & Wallace
Richmond, BC

