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Vananda Gold



**THE
TEXADA ISLAND
PROJECT**

Exploring
British Columbia's
third largest
copper-gold skarn.

The 1991 Texada Island Project Summary

The most spectacular targets share important geological similarities to the 12 million ton Fortitude Mine in Nevada

The preliminary work resulted in an array of superb exploration targets

The conclusion of the multi-year program and this year's planned exploration is based on:

- ▼ the results of a comprehensive million dollar ground survey;
- ▼ over 20,000 feet of diamond drilling;
- ▼ available underground geological data sourced from eight mines spanning over 100 years of operation;
- ▼ the conclusions of an independent consulting structural geologist;
- ▼ a doctorate study by the skarn specialist Art D. Ettlinger, Ph. D. F.G.A.C. This extensive study included petrology, geochemical studies, electron microprobe analysis, and a general geological overview.

The 1991 Texada Island project encompasses an entire mining camp located on Texada Island which is 75 miles northwest of Vancouver, BC. The property contains a complete mining town infrastructure (housing, roads, government ferry, airport, electric-power and deep sea dock) and can be worked year round.

The climate is mild and the terrain is characterized by small hills

pocketed by the numerous limestone quarries which operate on the island.

The 1991 project is the culmination of an intense multi-year exploration program. This program marked the first time in the history of the mining camp that geological data from its 120 mineral claims had been compiled and studied in a systematic and coordinated way.

This work resulted in the development of a geologic skarn zonation model for the camp, with geological similarities to the famous Hedley/Nickel Plate skarn deposit and the giant Battle Mountain Fortitude Mine skarn deposit in Nevada.

The program also pinpointed high priority drill targets and at the Little Billie mine, outlined a new ore body of at least 170,000 tons of ore grading 0.21 oz/ton gold and 1.5% copper, *1. This discovery remains open to further expansion to the southeast and at depth.

The objective of the 1991 program is to significantly expand the Little Billie Mine's reserves and to drill-test the Florence Security copper-gold showings, which are in the area that is similar to the giant Fortitude, copper-gold skarn deposit in Nevada.



*1. Peatfield GR 1990



The Florence Security Ground

The geological model for the area as presented by Ettlenger outlines a possible single, large, zoned hydrothermal copper gold skarn system with the Florence Security ground representing the gold-rich end member of this system as shown on the following pages. During 1987 a trenching program in the Florence and Security area along the Marble Bay fault zone exposed an area 2200 feet by 65 feet of almost continuous copper and gold-bearing sulphide-rich skarn. The best chip sample was .692 oz/ton gold and 1.39% copper over 4.59 feet.

The Texada Iron Mines

Within the southern portion of Vananda's property and approximately three miles from the Vananda copper-gold Camp, several small surface showings were drilled and eventually expanded to what is the magnetite-copper skarn deposits of the Texada iron mines. These skarns represent a distinct and different family of skarn to the Vananda camp skarns. The Texada Island Iron Mines produced more than 20,000,000 tons of iron ore, 32,000 ounces of gold, 850,000 ounces of silver and 59,000,000 pounds of copper, again emphasizing the massive size of Texada's skarn systems.

In this region, one of only two holes drilled intersected 7.2 feet of .302 ounces/ton gold at a depth of 300 feet, confirming the extension of gold-rich surface workings which assayed as high as 1.12 ounces /ton gold.

Further geological and geophysical work by Freeport indicates the potential for a large tonnage, hydrothermal system north of the Texada Island Iron mine.

Corporate Strategy

Vananda's strategy has been to comprehensively study the Vananda camp so as to understand the zonation of its skarn systems. The ensuing 1991 program is the culmination of these efforts and has evolved into three priorities. The first is drilling the lower risk Little Billie orebody with the goal of resuming operations at the mine. The second priority is the systematic exploration of the Florence Security ground to test for a large copper-gold skarn deposit. The third is the exploration of the hydrothermal systems distal to the massive Texada Iron mine skarn.

Gold-bearing sulphide-rich zone 2200 feet by 65 feet discovered

Work by Freeport indicates potential for a large tonnage hydrothermal copper gold deposit

The Vananda Gold Camp

86,000 ounces of gold, 580,000 ounces of silver and 21 million pounds of copper produced to date

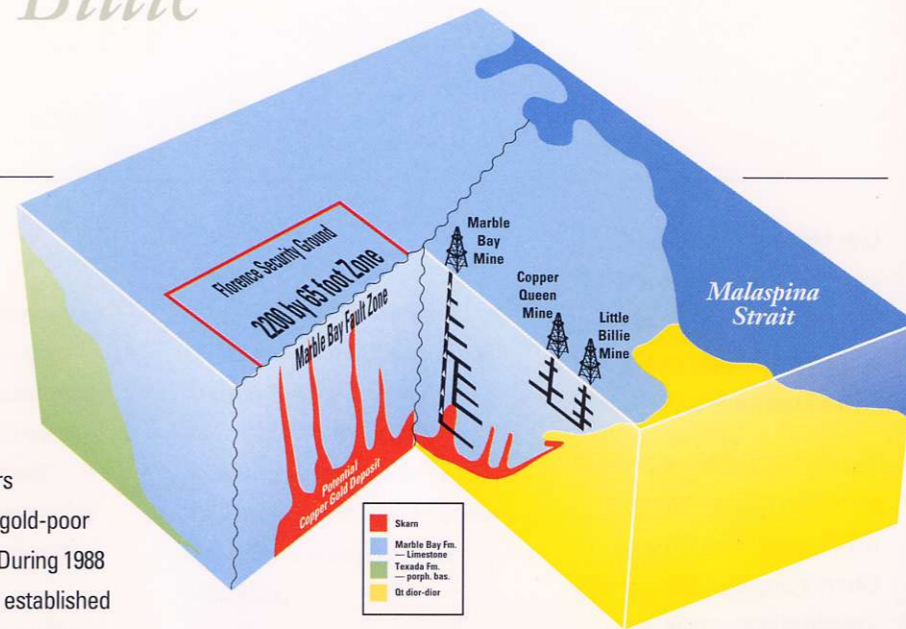
Records show gold grades increase with depth

The original Vananda copper/gold camp (the Little Billie, Marble Bay, Copper Queen, Cornell and Florence Security mines) is located on the north side of Texada Island. It operated at the turn of the century, an era of significantly lower copper and gold prices, during which mineral extraction and exploration technologies were somewhat less efficient. During this period, the Vananda camp was considered to be mainly a copper producer,

although mining records show that the gold grades improved considerably as the mines went deeper. In total, the camp produced 86,000 ounces of gold, 580,000 ounces of silver and 21,000,000 pounds of copper. By 1919, all of these mines had shut down as the post-First World War depression resulted in swiftly declining copper prices.

The Little Billie Mine

The Little Billie area is similar in its skarn zonation to the Battle Mountain, (Nevada), Minnie-Tomboy and Copper Canyon deposits in that it appears to be the copper-rich gold-poor portion of the skarn. During 1988 an initial six drill holes established 170,000 tons of copper-gold ore grading 1.5% and .21 ounces per ton respectively and proved the existence and continuation at



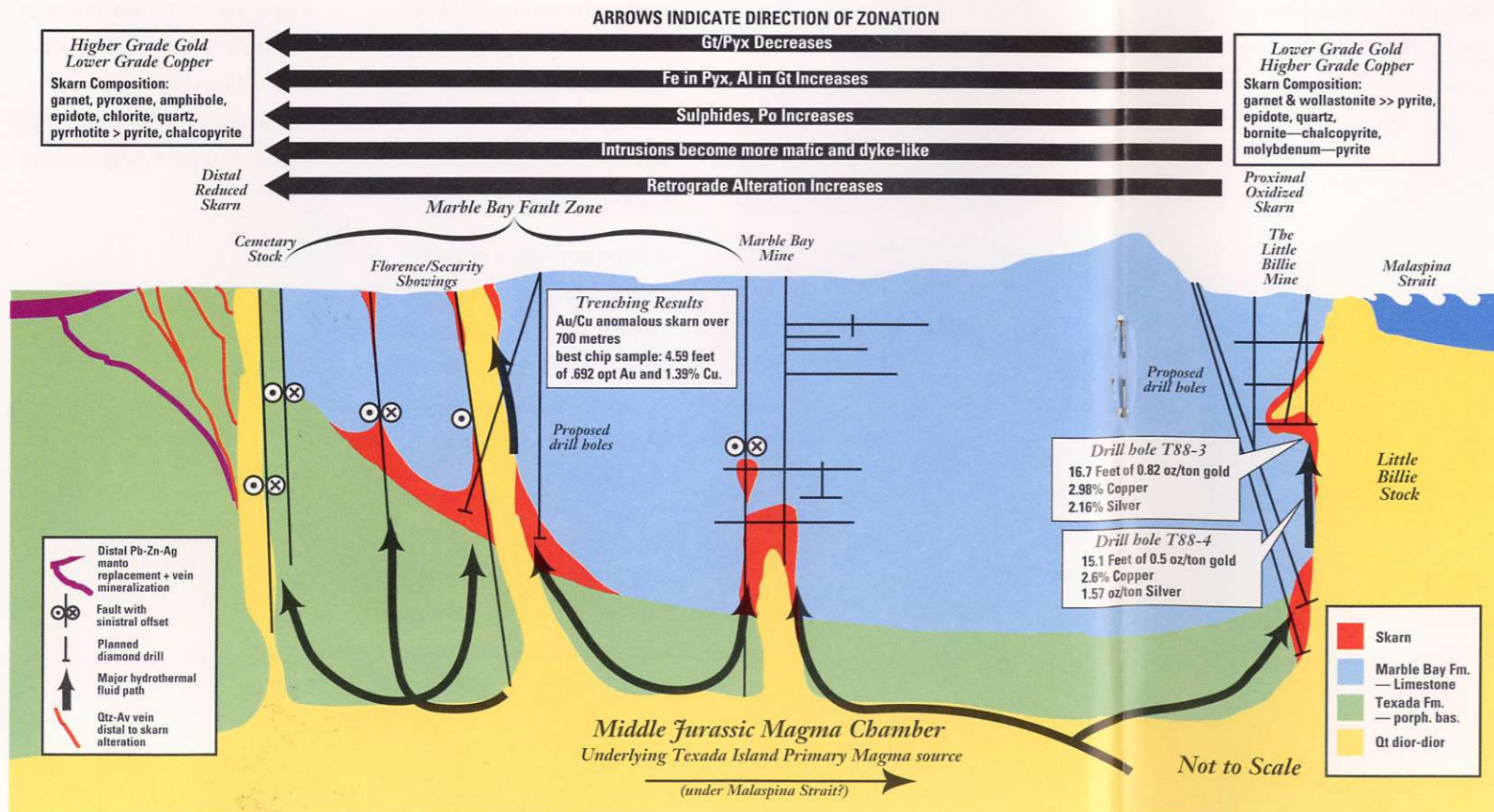
depth of the orebody discovered at the sixth level of the Little Billie mine. There is further drilling

anticipated for the ore body as it remains untested to depth and to the southeast.

"The Vananda Gold Property is one of the best copper-gold skarn exploration targets in the province of British Columbia"

Art D. Ettlinger
Ph.D., F.G.A.C.

Little Billie - Florence Security Skarn Zonation



Over 30,000 feet of diamond drilling is planned for this year

New orebody discovered in 1988

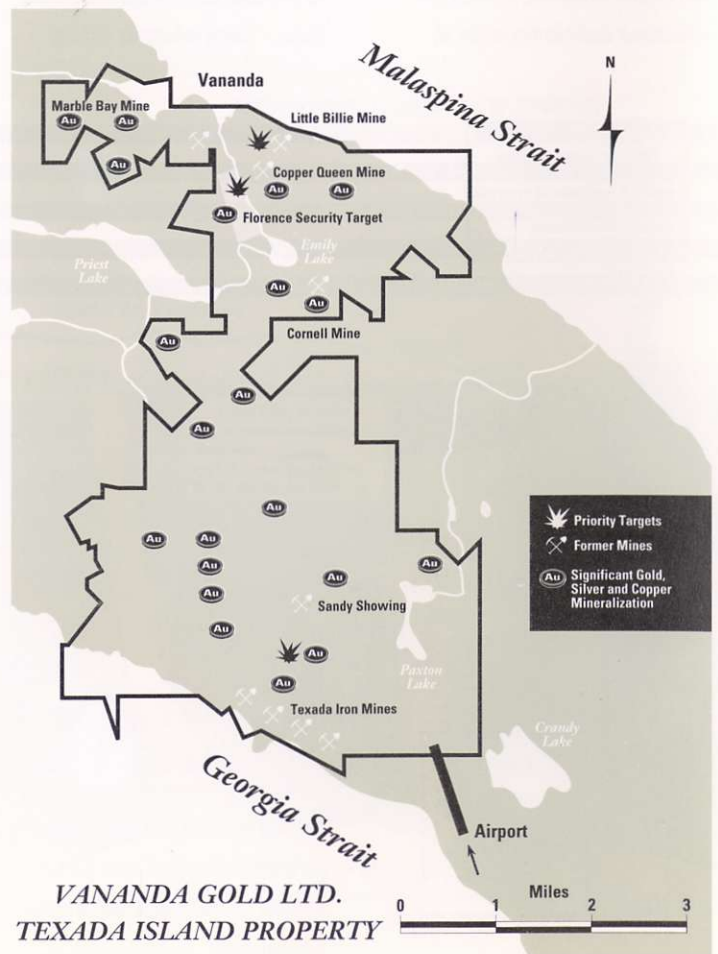
Only 4,000 feet of drilling is expected to be required to test the Little Billie area. A further 30,000 feet of drilling is planned for the Florence Security targets.

The discovery of the new orebody at the Little Billie and the initial development of the Florence Security targets occurred during a previous joint venture that Vananda had with former exploration giant Freeport McMoRan Gold Inc.

The Freeport joint venture was later discontinued when Freeport McMoRan Gold was liquidated by its parent, Freeport McMoRan Inc. and its BC exploration division was disbanded.

The sale of Freeport McMoRan Gold yielded an unexpected bonus when its chief geologist was able to join Vananda.

Subsequent to Freeport's departure, Vananda received an unexpected dividend when Freeport's senior geologist and Texada project head, Mr. Charles Forster, elected to join Vananda Gold and oversee the development of the Texada property.



Holman Rock Products
at work mining part of
Texada's vast limestone
reserves



A typical Vuggey gold
sample from Vananda's
Texada Island Property



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THREE MAJOR COPPER-GOLD TARGETS OUTLINED FINANCING ARRANGED

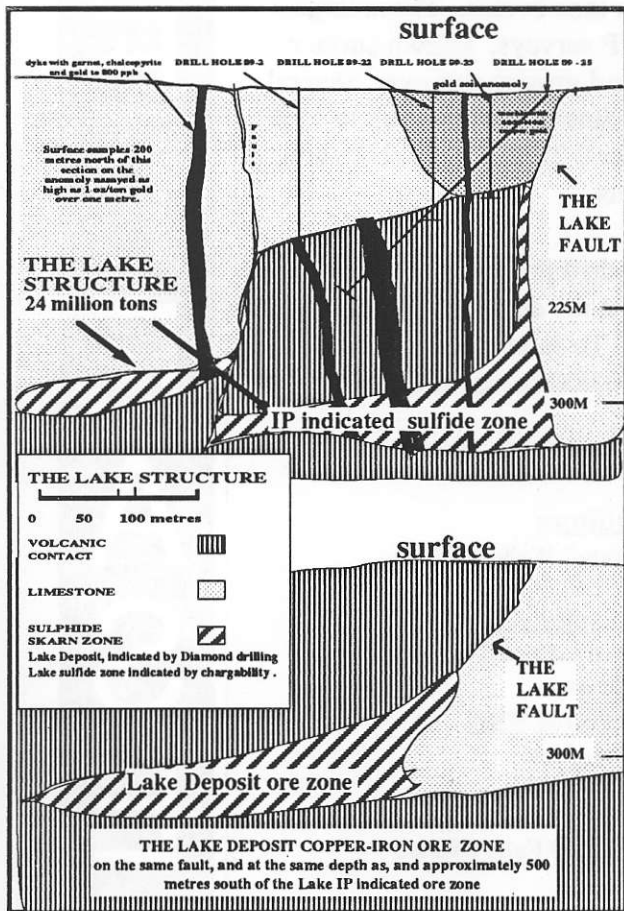
An ongoing work program at Texada Island has resulted in the delineation of three very large copper-gold massive sulfide targets totalling over **76 million tons**. The targets were discovered using wide and close spaced induced polarization surveys, using recently developed techniques.

Magnetic lows also coincided with the targets, indicating a lack of (iron) magnetite ore, consequently increasing the probability that a copper-gold massive sulfide material will be present. A gravity survey also showed areas of extremely dense material, each in the **20 million-plus ton magnitude**, coinciding with the targets.

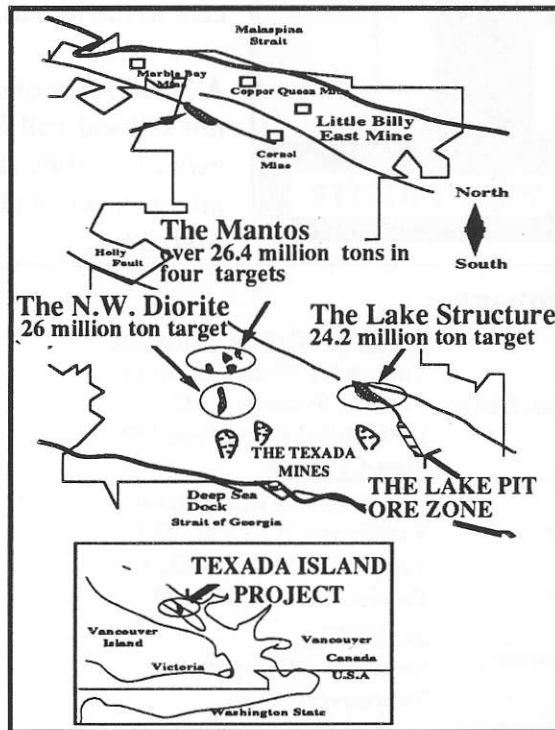
The targets were further refined using surface data, shallow drill holes (which also helped confirm IP data) and comprehensive geological data drawn from the Texada mine's highgrade-copper underground mine workings. These workings ended in 2-3% copper ore as they extended towards these sulfide bodies. Over **59,000,000 pounds of copper** was produced by the Texada mine.

To illustrate the potential magnitude of these new sulfide bodies, if only 15 million tons of ore grading 2% copper and 0.1 ounces per ton gold is proven it will have a geological value of approximately \$1.2 billion or \$86.00 per ton. When the Texada mine was last in production in 1976, its estimated cost of production was approximately \$9.00 per ton.

The three massive sulfide bodies are **The Lake Structure**, **The North West Diorite**, and **the Mantos**.



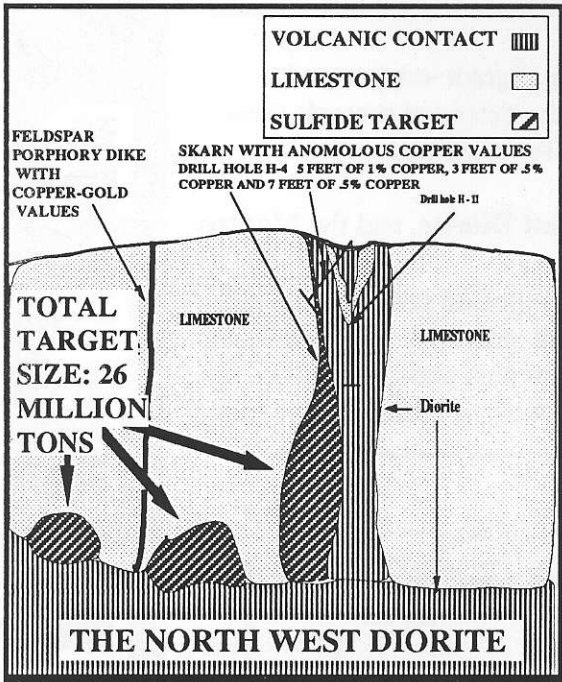
The Lake Structure is located at the south-east boundary of the Texada property. It is 500 metres away from the northernmost underground workings of the Lake pit, and it is located at the same



THE TEXADA ISLAND PROJECT

depth and along the same fault and volcanic contact as the Lake ore body. The numerous copper and gold showings above the Lake Structure are thought to have seeped up fractures from it. The highest grade surface showings included a 3.5 foot section which assayed 1.12 oz/ton gold. Assays as high as 1% copper were also recorded. A single shallow drill hole intersected over seven feet of massive sulfide grading .302 oz/ton gold.

Like the Lake sulfide body, the **North West Diorite** was developed using induced polarization, surface samples and shallow drill holes (which again confirmed the accuracy of the IP survey) and geological data from the underground mineworkings. A magnetic survey also eliminated magnetite containing sulfides as the source of the IP response, increasing the likelihood that copper-gold rich sulfides will be found instead. A gravity survey also showed the sulfide areas to be very dense (in the 20 million plus tons range) a further indication of possible metal rich mineralization. Three earlier shallow drill holes through a section of weak IP response approximately 600 hundred feet above the North West Diorite sulfide body intersected copper which appears to have migrated upwards from the sulfide body. The results were: 5 feet of 1% copper and 3.3 feet of 0.5% copper and 7 feet of 0.5% copper. The **North West Diorite** target is estimated to be approximately 1000 feet below surface, at the same depth as the mine workings and along the same volcanic contact.



The Texada mine workings which are closest to this target averaged approximately 2% copper. Several areas on surface and above the sulfide body returned anomolous gold values.

The four **Manto** targets are approximately 300 to 700 feet north of the North West Diorite and are each approximately 6 million tons in size. These targets were developed using IP surveys, known surface geology and magnetic and gravity surveys. Several high grade copper-gold-zinc occurances up to 10% zinc, 1% copper and over 0.23 oz/ton gold are adjacent to the Manto Targets.

A 30,000 foot diamond-drill program is to commence this fall and will focus on the development of the three massive-sulfide targets. To fund this program a private placement of 500,000 shares at \$0.75 has been negotiated.

Corporate Summary

Executive

Stanley L. Beale
Vancouver - President, CEO
Dave Watkins
Toronto - Director
Mike N. Ryan
Vancouver - Director
W.S. Beale
Vancouver - Director
Neil H. Maedel
Vancouver - vice president,
Public Relations

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Auditors

Bishop & Wallace
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Transfer Agent

Montreal Trust
Vancouver

Capitalization

Authorized:
100,000,000
Issued:
4,000,000 Fully Diluted

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