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To Ian Morrison	From Bela Bogna	
Co./Dept.	Co.	
Phone #	Phone #	
Fax #	Fax #	

825933
(Ciñola)
103F/9

MISTY MOUNTAIN GOLD LIMITED

DRILLED
39 Holes
6100 meters

increased grade
by 25%

do not plan
to do met testing yet

SUMMARY REPORT

March, 1996

HARMONY PROJECT - SPECOGNA GOLD DEPOSIT

Skeena Mining Division
British Columbia
Canada

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SUMMARY

On November 21, 1994 the Hunter-Dickinson Group through Romulus Resources Limited entered into an option agreement with Misty Mountain Gold Limited, with respect to its Specogna (Cinola) gold deposit on Haida Gwaii (Queen Charlotte Islands), British Columbia and on November 6, 1995 the companies merged with management control under the Hunter-Dickinson Group. The new company continued its name as Misty Mountain Gold Limited and has now staked or acquired 1821 mineral claim units totalling 444 square kilometres on Graham Island as part of its Harmony Project.

The focus of the Harmony Project, which is to target epithermal gold environments within favourable structural zones, is the Specogna Deposit which lies within a dilational setting between the transform Sandspit and Specogna faults, adjacent to a Tertiary volcanic complex. Previous work was directed towards a large open pit mining scenario and the most current diluted mineable reserve (1990) outlined, at a 1.10 g/tonne Au cut-off, is 31.3 million tonnes, grading 2.19 g/tonne Au with a stripping ratio of 1.7:1, within a geological resource of 32.9 million tonnes grading 2.26 g/tonne Au. 2 Moz mineable

It has been hypothesized that a large portion of the gold in the Specogna Deposit occurs within vein zones and high grade bonanza ore targets at depth. Previous drill programs, drilled parallel and sub-parallel to the vein zones, did not adequately test the veins nor the bonanza targets at depth. Preliminary clay studies, by Misty Mountain Gold Limited have indicated at least two main hydrothermal feeder zones and concurrent fluid inclusion studies have indicated that the upper levels of the deposit were formed at low temperature conditions and thus the potential for bonanza zones, formed at higher temperatures, occurring at depth exists. In addition the presence of hydrothermal breccias in the deposit indicates high fluid flow and periodic elevated pressures and therefore the potential for telescoping of higher grade gold zones over a broad range of depths.

The first phase of drilling carried out by Misty Mountain Gold Limited on its Specogna Deposit, between October to December 1995, was directed at testing the poorly defined near vertical vein zones by drilling perpendicular to their strike and at a -45° dip on 20 metre drill spacings. Drilling to date, over the five sections tested, indicates that there has been an apparent overall increase in grade by approximately 15 percent and that telescoped high grade bonanza zones at relatively shallow depths were intersected (eg. DDH 95-025; 70 to 112 metres, 42 metres that average 41.09 g/tonne Au). Ongoing exploration will continue to drill the deposit perpendicular to the dilational vein strike directions on 20 metre centres, test the bonanza zone potential within the deposit and at depth. In addition exploration of other prospects within the Harmony Project area will be conducted in order to outline additional epithermal gold targets.

LOCATION AND ACCESS

The Specogna Deposit is located in the Skeena Mining Division, approximately 770 kilometres north of Vancouver, British Columbia on Graham Island. Graham Island is the largest Island in the Queen Charlotte archipelago (Figure 1). The Queen Charlotte Islands are 255 km long by 100 km at the widest point in the north with a land area of 9,596 km^2 and a population of only 6,000. Tasmania in comparison (Figure 2) has a land area of 67,800 km^2 and a population of over 453,000. The deposit lies within an area of gently rolling small hills. The local elevations range from 70 to 225 metres and are in a logged area now covered by second growth forest.

There is daily jet service from Vancouver to Sandspit and truck/car ferries three times a week from the mainland train and highway terminal of Prince Rupert. Once on the islands paved highways and gravel logging roads provide easy access to the Harmony Project claims. Nearby towns provide lodging and accommodation and the project office in the town of Port Clements is approximately 30 minutes by car from the Specogna deposit.

CLAIMS

The 444.2 square kilometre Harmony Project, located in the Skeena Mining Division, is comprised of 94 four post claims, 164 two post claims and 9 fractional claims totalling 1,821 mineral claim units (Figure 1).

HISTORY AND EXPLORATION

In 1977, under the name Consolidated Cinola Mines Limited ("Consolidated Cinola") the Company acquired the Cinola property, now renamed Harmony Gold Project, containing a large epithermal gold resource located on Graham Island in the Queen Charlotte Islands, off the coast of British Columbia, Canada. The Specogna deposit was first discovered in 1970 by Efrem Specogna and Johnny Trinco and has been explored by a number of companies including Kennecott, Cominco, Silver Standard and Quintana.

Consolidated Cinola subsequently formed a joint venture with Energy Resource Group ("ERG") to develop the property as a large throughput, low grade, open pit operation using flotation to produce a gold-rich sulphide concentrate. Planned output was 3.5 million tonnes of ore a year at a grade of 1.83 grams of gold per tonne. Initial flotation testwork produced encouraging results and a pilot plant was built to treat 4,500 tonnes of material mined from an adit, but results were erratic and ERG withdrew from the project.

10Ktpd
190Koz/y

City Resources Ltd. ("City") of Australia acquired control of Consolidated Cinola in 1986 and initiated a second series of feasibility studies to advance the project. City continued with the high throughput, low grade concept but planned throughput was scaled down to 2 million tonnes a year at a higher grade of 2.262 grams gold per tonne. City also introduced a new metallurgical process, the Redox method, using nitric acid to increase recoveries.

In 1989 Barrack Mines Ltd. ("Barrack") of Australia acquired control of City. Studies performed by Barrack indicated to that group that the Specogna Deposit would require a higher gold price to justify development by Barrack. Consequently, development of the project was suspended and reclamation and clean-up of the site was completed.

Barrack declared bankruptcy in 1990 and control of City passed to its receivers. The carrying value of the Specogna deposit was written down to $1,000 and minimal expenditures relating to the property in 1992 and 1993 fiscal years were expensed as incurred.

In December 1993 an Australian investment group, led by Ray Soper and Robin Slaughter, directors of Old Misty and now directors of the current Company, acquired a 48.1% interest in City and $6 million of City's $8 million of outstanding debt from the receivers. The new management settled the then outstanding loans through the issuance of 8,012,000 Old Misty shares in March 1994 and changed the company name from City Resources to Misty Mountain Gold Limited ("Old Misty") in April, 1994.

The purchase of the controlling interest in Old Misty was made after review of all technical information on the Specogna Deposit which indicated that with an alternate mining approach and financial restructuring, amongst other changes, the Specogna Deposit might be able to be developed economically. In the latter part of 1994 Old Misty raised $1,462,500 by means of a private placement to provide funds for general working capital and exploration activities on the Specogna Deposit.

On November 21, 1994 the Company granted Romulus, a Hunter-Dickinson Group company, the option to earn up to a 50% interest by operating and expending its funds on the Harmony Gold Project which encompasses the Specogna Deposit. Under the agreement Romulus paid $50,000 to the Company and expended approximately $1.8 million on exploration until its merger with the Company on November 6, 1995. The combined expenditures of Romulus and the Company on the Harmony Gold Project in 1995 exceeded $2.0 million.

Statistics relating to drilling and underground development in the Specogna Deposit area is summarized below (see also Figure 3):

Year	Company	Percussion Drilling		Diamond Drilling		Underground Development
		Hole	Metres	Holes	Metres	Metres
1971	Kennco			2	55	
1972	Cominco			9	498	
1973	Placer Dev. Ltd.					
1974/1975	Quintana	18	603	9	775	
1977	Cons. Cinola			13	678	
1978	Cons. Cinola			8	1,254	
1979	Cons. Cinola			49	8,324	
1980	Cons. Cinola			69	10,707	
1981	Cons. Cinola/ Energy Reserves			18	3,209	356.2
1982	Cons. Cinola/ Energy Reserves			19	2,644	
1984	Cons. Cinola/ Energy Reserves			17	1,369	
1986	City Resources	46	4,182	12	1,358	
1987	City Resources	17	2,050	26	2,690	117.6
1988	City Resources			57	4,116	
1989	City Resources			3	319	
1995*	Misty Mtn. Gold			31	7,110	
Total		72	6,835	342	45,106	473.8

Note: * This is the first phase of a diamond drilling program commenced during October 1995, which is ongoing into 1996, that Misty Mountain Gold Limited is carrying out on 20 metre drill centres, in order to better delineate and assess higher grade vein systems.

REGIONAL GEOLOGY

The Harmony Project lies in an extensional structural environment developed by the regional scale Queen Charlotte and Sandspit transform faults (Figure 4). Between these faults are the well defined Juskatla and Gold Creek Miocene volcanic centres, which are undoubtedly associated with dilatant subsidiary fault structures (Figure 5) (Corbett and Leach, 1994) (Hickson, 1990). The Specogna Deposit is located on the Specogna Fault, a fault splay off the larger Sandspit Fault. At the Specogna Deposit the Specogna Fault juxtaposes Late Cretaceous shales of the Haida Formation, to the west, against Late Tertiary alluvial fan and shallow marine deltaic coarse clastic sediments of the Skonun Formation, to the east. These formations are intruded, along the fault, by a porphyritic rhyolite dyke tentatively correlated with Miocene rhyolitic rocks of the Massett Formation west of the deposit in the Skidegate Plateau (Figure 4) (Christie, A., 1988). It is postulated that the high level rhyolite intrusions locally found at the Specogna Deposit have been emplaced at shallow levels at the coincidence of caldera ring structures, transfer structures and jogs between major regional structures (Figure 5). Fracture patterns associated with such a dilational fault system are illustrated in Figure 6.

Epithermal gold deposits have been explored and developed all over the world and are most prevalent along the Pacific Rim. Pacific Rim epithermal gold deposits are associated with Tertiary subduction-related volcanoplutonism, commonly within island arcs occurring at convergent plate boundaries (Sillitoe, R.H., 1992).

In tectonic settings of oblique convergence the plates slide past each other and major transcurrent fault systems accommodate much of the displacement (eg. Queen Charlotte Fault). Numerous subsidiary, parallel faults also develop as a result of this oblique plate convergence (eg. Sandspit Fault). Other subsidiary fault structures also form between the strike slip faults and often represent sites of compression or dilation (opening) due to the differential movement of these transcurrent faults. It is these dilational settings within fault systems that are favourable for epithermal gold mineralization (eg. Specogna Deposit)(Corbett, G., Leach, T., 1994).

A typical cross-sectional model of an epithermal gold system depicting known deposits around the world is displayed in Figure 7. A schematic cross-section of the Specogna Deposit is depicted in Figure 8, which exhibits striking similarities to the numerous styles of gold mineralization found in typical epithermal gold systems.

PROPERTY GEOLOGY

Work by Champigny (Champigny, 1981), (Tolbert & Froc, 1988), City Resources (City Resources, 1986-88; unpublished drill logs), Christie (Christie, 1988) and Misty Mountain Gold Limited (1995; unpublished drill logs) provided a detailed account of the lithologies present at the Specogna Deposit. The following is a summary of the lithologies described by the preceding operator:

Cretaceous Haida Formation

At the Specogna Deposit the Cretaceous Haida Formation consists of indurated dark grey to black shale with minor sandstone and siltstone beds. It occurs on the western side of the Specogna Fault and extends below the Tertiary volcanics to the west of the deposit.

Tertiary Skonun Formation

The Skonun Formation as observed on the Specogna property consists of coarse clastic Tertiary sediments outcropping east of the Specogna Fault ranging from boulder to pebble conglomerate

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at the base of the with minor interbeds of sandstone, wood fragments and increasingly finer sediments up the sequence. Two mudflow breccias occur within the sequence with wispy rhyolitic fragments indicating they are lahars perhaps related to rhyolitic intrusions associated with the deposit or are preomagmatic breccias associated with the developing epithermal system. The upper part of the unit contains beds of sandstone with abundant shells of bivalve molluscs and indicating marine near shore conditions. The paleoenvironment of deposition of the Skonun Formation in the area of the deposit was that of near shore alluvial fans along a rapidly developing fault scarp which would not be to dissimilar to that occurring in Papua New Guinea, particularly as observed on Goodenough Island in the D'Entre Casteaux Archepelego (R.S.Tolbert, 1996; pers. comm).

Rhyolite

A dyke of porphyritic rhyolite intrudes the Haida shale and Skonun sediments along the Specogna fault. It is tentatively correlated with the rhyolitic rocks of the Miocene Masset Formation. The intrusion of this rhyolite provided the heat to sustain a hydrothermal cell for the epithermal system.

Hydrothermal Breccias

Also present is an intrusion-related phreatomagmatic breccia or diatreme of heterolithic hydrothermal breccias hosted in, and primarily composed of Skonun sediments and subordinate rhyolite. The breccias range from a silica cemented crackle breccia to quartz matrix supported breccia. They were probably formed by the intrusion of rhyolite dykes along the Specogna fault into wet Skonun sediments as suggested by the presence of sediment clasts within rhyolite fragments in intrusive breccia.

ALTERATION AND VEINS

A zone of moderate to intense hydrothermal alteration, centred over the deposit, extends over an area of about two square kilometres. Peripheral, less intense alteration occurs over a larger area. Silicic-potassic (quartz, adularia) and argillic (kaolinite, quartz and pyrite) types of alteration predominate over lesser, restricted occurrences of chloritic and remnant "phyllic" alteration in the argillic zone (Champigny and Sinclair, 1982). Generally, rocks within the gold deposit are extensively silicified and flanked to the east by a peripheral zone of argillic alteration. Silicification of the Haida Formation rocks quickly dissipates in a westerly direction beyond the Specogna Fault.

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The intensity of alteration is influenced by primary and secondary (structural) permeability. The effects of primary permeability are most marked near the periphery of the main alteration zone, where the conglomerates are hydrothermally altered while adjacent interbedded siltstones and mudstones exhibit little alteration. Within the central part of the deposit, the large number of fractures and veins have allowed the hydrothermal fluids to penetrate and intensely alter all lithologies.

Pyrite and marcasite are ubiquitous constituents of the altered rocks. Much of the silicified conglomerate is strongly pyritized, and pyrite and marcasite occur pervasively in the matrix and clasts.

Dark grey chalcedonic silica veins and stockworks are a characteristic feature of the deposit. They are common in the rhyolite and hydrothermal breccia units but decrease in intensity west and east of these units.

Multibanded (crustified) veins range in thickness from 15 centimetres to 2 metres but are typically 30 to 50 centimetres wide. In the adit, they are widest and most numerous in the Skonun sediments near the contact between the sediments and the hydrothermal breccia unit. The veins decrease in number and width eastward. They are steeply dipping and generally strike at 030 degrees.

Paragenesis of the Veins and Breccias

Crosscutting relationships suggest the following sequence of veins and breccias:

1. Flow-textured hydrothermal breccia in rhyolite.
2. Crackle and mosaic brecciation of rhyolite and heterolithic hydrothermal breccia (several phases).
3. Grey silica veins and stockworks (several phases continuing intermittently during events listed below).
4. Multibanded veins (several phases).
5. Pinkish brown and white (clear) quartz veins and vein breccias.
6. White (clear) banded to massive quartz veins and vein breccias.
7. Calcite veins.

MINERALIZATION

Pyrite and marcasite are the dominant metallic minerals. Rutile, magnetite, hematite and pyrrhotite are less common (Champigny and Sinclair 1982). Gold occurs as native gold and electrum which are commonly visible. Silver is alloyed with gold. No silver minerals other than gold-silver alloys have been identified in the deposit. Rarely observed galena, cinnabar and tiemannite, sphalerite, and chalcopyrite grains occur in quartz veins.

Gold is present in anomalous concentrations as fine disseminations in wallrock within a broad zone of potassic alteration and silicification. Higher concentrations of gold are associated with hydrothermal veins and breccias. Visible gold occurs dominantly in quartz veins, often at or near the margins. Visible gold is also seen in quartz veins within wallrock fragments incorporated in hydrothermal breccia.

The hydrothermal alteration, veins and breccias postdate the intrusion of the rhyolite stock. The localization of the deposit along the Specogna/Sandpit fault system indicates that these structures were fundamental loci for the ascent of hydrothermal fluid from depth. The initial high primary permeability of the Skonun sediments allowed the fluid to flow laterally near the surface. This lateral flow caused widespread silicification and adularia flooding and prepared the ground for later brittle-fracture episodes. Subsequent events (characteristic of epithermal hot-spring deposits) consisted of several phases of brecciation and vein formation associated with cycles of pressure build-up, then failure and pressure release, superimposed on the pattern of local reactivated faulting. Hydrothermal activity was partly contemporaneous with sedimentation.

STRUCTURE

The Specogna Deposit is located within the hanging wall portion of the Specogna Fault, a subsidiary fault of the larger Sandspit transform fault. The fault strikes at 143° in the area of the deposit and dips to the east at 45° to 50°. The fault zone is up to 70 metres wide and encloses blocks of Haida mudstone and porphyritic rhyolite. The fault is defined in drill core by zones of clay fault gouge and adjacent sheared mudstone and brecciated rhyolite. Numerous cross-cutting veins and open fault planes indicate repeated activation of this structure during and after the hydrothermal events. Locally the Specogna Fault defines the actual western margin of the Queen Charlotte Lowlands and movement on the fault was synchronous with the deposition of the Skonun Formation.

Vein Orientation Versus Sample Orientation

During the hydrothermal alteration and mineralization events, right-lateral movement on the Specogna and Sandspit Faults created a conjugate set of fractures trending at 010° to 040°. It is these fractures that filled with silica and formed a series of small stockwork veinlets and larger banded epithermal veins. These stockwork veinlets and banded epithermal veins contain high grade gold concentrations (Tolbert, R.S., and Froc, N.V., 1988)(Misty Mountain Gold Limited; Drill Logs 1995). Drill orientations have to carefully consider the dilational vein pattern in order to adequately drill these zones (Figure 9).

Initially, to evaluate the relationship between grade and sample orientation a series of veins and wallrock channel samples were collected from the adit and cross-cut walls and assayed by Romulus Resources Ltd. in early 1995. By definition any quartz vein 10 centimetres or wider was considered as a discrete vein. Veinlets less than 10 centimetres were deemed part of the wallrock. The 137 vein samples, comprising 22% of the rock mass volume averaged 9.61 grams gold per tonne whereas the intervening wallrock samples average 3.00 grams yielding a vein to wallrock grade ratio of 3.2:1. The marked contrast in gold concentration between the vein and wallrock plus the relatively high proportion of vein material present indicated the importance of sampling the veins orthogonally to their strike and, if possible, their dip (Rebagliati and Konst 1995).

Strike determinations, by previous operators, of veins and veinlets exposed in the 115 level adit indicated that the dominant vein trend is 020° to 045°. In November and December 1995 four oriented drill holes were completed by Misty Mountain Gold Limited to determine the dominant fracture and vein orientations within the deposit area (Figures 10 and 11). A total of 775 metres was drilled and 1,029 planar structures were recorded from the program (Figure 12). Veins measuring over 5 millimetres wide in the four holes showed two dominant vein orientations, the two dominant orientations are: 015°/87°W and 039°/67°NW

A review of pre-1995 drilling indicated that a large proportion of holes were vertical, whereas most angle holes had an orientation of 225° at -50°. A detailed geological examination of the Specogna gold deposit by Romulus Resources Ltd. and Misty Mountain Gold Limited clearly demonstrated that vertical to near vertical quartz veins are the dominant grade control for higher grade intervals. Previously, the deposit had been drilled by vertical holes and angle holes of which many are subparallel to the strike direction of the gold-rich quartz veins (Figures 9 and 10). These hole orientations introduced a negative sampling bias underestimating the gold content of the deposit (Rebagliati and Konst 1995).

DIAMOND DRILLING

In October of 1995 Misty Mountain Gold Limited initiated a systematic diamond drilling program designed to upgrade the Specogna Deposit's gold resource. This program, utilizing NQ 2 core (2 inch diameter), involved re-drilling the deposit in the adit area on a 20 metre by 20 metre grid pattern (Figures 11 and 13) to assess the impact of drill hole orientation versus vein orientation and to identify potential bonanza-grade zones indicated, but not located by previous drilling programs. Sections and drill holes were oriented at 120° and drilled at an angle of 45° to cut the steeply west northwesterly dipping veins at as high an angle as possible using surface drill rigs (Figure 14). As of December 31, 1995, 7,110 metres were completed in 31 holes. Drilling resumed in late January 1996. To compare pre-1995 drill assay grades with the systematic 1995 program assays, uncut weighted average gold grades for the five sections were calculated for each dataset (Rebagliati & Konst, 1996). Holes were projected onto the centreline of the section for a maximum distance of 10 metres. Results are displayed as a graph on Figure 13.

Significant assay results for the 31 holes drilled in 1995 are summarized below:

SUMMARY OF DIAMOND DRILL HOLE ASSAYS

Hole No.		From (metres)	To (metres)	Interval		Gold Grade	
				(metres)	(feet)	(oz/ton)	(g/tonne)
95-001		73.00	126.00	53.00	173.7	0.120	4.11
	incl.	86.90	102.00	15.10	49.5	0.174	5.98
	incl.	98.70	102.00	3.30	10.8	0.281	9.63
	incl.	116.00	126.00	10.00	32.8	0.150	5.15
95-002		20.55	200.56	180.01	590.1	0.114	3.89
	incl.	90.00	94.00	4.00	13.1	0.376	12.88
	incl.	**120.00**	**134.79**	**14.79**	**48.5**	**0.413**	**14.17**
	incl.	**148.00**	**150.00**	**2.00**	**6.6**	**0.951**	**32.61**
95-003		13.50	106.00	92.50	303.2	0.058	1.97
	incl.	50.00	64.00	14.00	45.9	0.136	4.65
95-004		36.00	109.10	73.10	239.6	0.103	3.54
	incl.	72.85	99.88	27.03	88.6	0.183	6.27
	incl.	**81.90**	**90.20**	**8.30**	**27.2**	**0.353**	**12.09**
95-005		17.39	98.82	81.43	266.9	0.052	1.78
	incl.	62.00	77.88	15.88	52.1	0.092	3.14
	incl.	87.94	89.41	1.47	4.8	0.235	8.07

Hole No.		From (metres)	To (metres)	Interval		Gold Grade	
				(metres)	(feet)	(oz/ton)	(g/tonne)
95-006		47.73	186.00	138.27	453.3	0.141	4.84
	incl.	104.00	122.90	18.90	62.0	0.174	5.97
	incl.	137.11	144.59	7.48	24.5	0.288	9.88
	incl.	**176.00**	**186.00**	**10.00**	**32.8**	**0.541**	**18.56**
95-007		80.27	146.00	63.08	206.8	0.099	3.41
	incl.	90.00	100.00	10.00	32.8	0.169	5.80
	incl.	**140.00**	**144.00**	**4.00**	**13.1**	**0.326**	**11.18**
95-008		31.50	94.00	62.50	204.9	0.087	2.97
	incl.	87.60	94.00	6.40	21.0	0.303	10.38
	incl.	**91.40**	**94.00**	**2.60**	**8.5**	**0.624**	**21.40**
95-009		144.02	218.00	73.88	242.2	0.152	5.20
	incl.	**191.40**	**212.00**	**20.60**	**67.5**	**0.294**	**10.07**
95-010		26.00	58.48	32.49	106.5	0.086	2.94
	incl.	46.83	52.00	5.17	16.9	0.202	6.93
95-011		**140.00**	**142.00**	**2.00**	**6.6**	**0.303**	**10.39**
		210.00	226.46	16.46	54.0	0.181	6.19
95-012		2.31	64.93	62.62	205.3	0.068	2.32
95-013		111.33	186.00	74.67	244.8	0.103	3.53
		278.00	284.00	6.00	19.7	0.180	6.16
95-014		4.57	348.00	343.44	1125.8	0.087	2.97
	incl.	**172.00**	**182.00**	**10.00**	**32.8**	**0.305**	**10.45**
	incl.	**255.56**	**269.56**	**14.00**	**45.9**	**0.446**	**15.30**
	incl.	320.00	324.00	4.00	13.1	0.245	8.42
		378.00	382.00	4.00	13.1	0.277	9.48
95-015		6.00	125.97	119.97	393.3	0.106	3.64
95-016		48.00	152.00	104.00	340.9	0.093	3.19
	incl.	49.15	56.00	6.85	22.5	0.156	5.35
	incl.	104.46	152.00	47.54	155.8	0.119	4.09
	incl.	120.12	132.00	11.88	38.9	0.200	6.84
95-017		17.72	141.20	123.48	404.8	0.107	3.68
	incl.	**134.00**	**141.20**	**7.20**	**23.6**	**0.681**	**23.35**
		254.00	264.00	10.00	32.8	0.195	6.70
95-018		3.37	159.00	155.63	510.2	0.145	4.99
	incl.	80.35	86.87	6.52	21.4	0.236	8.08
	incl.	129.00	145.30	16.30	53.4	0.537	18.41
	incl.	**137.00**	**145.30**	**8.30**	**27.2**	**0.889**	**30.46**
95-019		1.83	73.00	71.17	233.3	0.080	2.74
	incl.	55.15	73.00	17.85	58.5	0.113	3.86
95-020		3.37	85.00	81.63	267.6	0.071	2.45
		275.00	**301.00**	**26.00**	**85.2**	**0.934**	**32.03**

MINERAL INVENTORY

In the past estimations of the grade and quantity of mineralization of the Specogna Deposit have been made as follows:

ESTIMATE (Date and Method of Estimate)	CUT OFF GRADE Au g/t	TONNES (millions)	GRADE Au g/t	CONTAINED GOLD (Kg)
City Resources/Pincock, Allen & Holt Inc. November 1986, Geostatistical	1.29	29.75	2.09	62,177
	1.71	19.84	2.33	46,227
	2.06	12.22	2.64	32,260
City Resources April 1988, Cross-section	1.20	20.0	2.67	55,002
	1.71	13.0	3.44	44,720
	2.06	10.75	3.71	39,882
City Resources March 1988, Geostatistical	1.29	16.83	3.19	53,687
	1.71	12.87	3.68	47,361
	2.06	10.05	4.20	42,210
Barrack Mine Management/Dr. P.A. Dowd March 1990, Geostatistical	1.40	21.44	3.08	66,035
	1.60	16.77	3.51	58,862
	2.00	11.01	4.42	48,664

METALLURGY

Previous metallurgical test work has indicated that the amount of gold not recovered by processing is constant irrespective of the grade of the ore. This suggests that percentage gold recoveries should increase with the processing of higher grade material. In addition, previous test work was carried out on composite samples which represented the low grade ore expected from the previously planned large open pit. This test work may not have properly evaluated the fact that there are at least two main ore types; low grade disseminated ore which has lower recovery values and higher grade vein type ore which has higher recovery values using conventional proven metallurgical processes. Recoveries of gold from low grade ore were below 80%; however, laboratory scale test work on higher grade samples produced gold recoveries in excess of 90%. Misty Mountain Gold Limited will be commencing mineralogical studies in 1996 to more accurately characterize the higher grade occurrences of gold in order to better direct metallurgical test programs.

Hole No.		From (metres)	To (metres)	Interval (metres)	Interval (feet)	Gold Grade (oz/ton)	Gold Grade (g/tonne)
95-021		5.79	246.00	240.21	787.4	0.065	2.24
	incl.	14.00	21.88	7.88	25.8	0.160	5.50
	incl.	102.00	113.34	11.34	37.2	0.169	5.78
	incl.	240.00	244.00	4.00	13.1	0.259	8.88
95-022	incl.	38.00	72.00	34.00	111.5	0.128	4.38
		210.00	**212.00**	**2.00**	**6.6**	**0.471**	**16.16**
95-023		77.61	148.15	70.54	23.12	0.076	2.60
	incl.	78.18	91.25	13.07	42.8	0.103	3.54
95-024		10.67	242.00	231.33	758.3	0.059	2.02
	incl.	162.00	168.00	6.00	19.7	0.208	7.14
	incl.	238.00	242.00	4.00	13.1	0.275	9.43
95-025		**70.00**	**112.00**	**42.00**	**137.7**	**1.199**	**41.09**
95-026		12.39	34.00	21.61	70.84	0.098	3.36
		60.00	**61.51**	**1.51**	**4.95**	**0.323**	**11.07**
		126.00	128.00	2.00	6.56	0.254	8.70
95-027		114.00	168.00	54.00	177.01	0.095	3.25
	incl.	162.00	168.00	6.00	19.67	0.267	9.15
		294.00	**308.00**	**14.00**	**45.89**	**0.276**	**9.45**
95-028		28.96	34.00	5.04	16.52	0.124	4.24
		120.00	**126.00**	**6.00**	**19.67**	**0.338**	**11.58**
		164.00	176.00	12.00	39.34	0.239	8.19
95-029		71.89	186.00	114.11	374.05	0.098	3.35
	incl.	131.92	137.25	5.33	17.47	0.181	6.21
	incl.	178.00	186.00	8.00	26.22	0.153	5.24
95-030		68.00	108.00	40.00	131.12	0.161	5.53
		151.00	173.00	22.00	72.12	0.193	6.61
		301.00	307.00	6.00	19.67	0.144	4.94
95-031		**73.58**	**81.27**	**7.69**	**25.21**	**0.345**	**11.82**
		145.02	181.90	36.88	120.89	0.144	4.93
	incl.	148.70	158.75	10.05	32.94	0.221	7.58

...12

ABORIGINAL CONSIDERATIONS

The Queen Charlotte Islands have a population of about 6,000 people of which about 2,000 are Aboriginal or First Nation people - the Haida. Aboriginal land claims are at differing stages of commencement or completion for the various First Nations in British Columbia with overlapping claims totalling 120 percent of the land mass of the Province. However the first Land Claim Settlement in principal in B.C. with the Nisga'a First Nation, and was completed in 1996, is setting a precedent with their receiving only 8% of the land they have claimed with no inclusion of private fee-simple land.

The First Nations will act essentially as Regional or Municipal Governments with steadily decreasing funding being received from the Provincial and Federal governments. It is therefore incumbent upon them to devise initiatives including resource development in order to generate income for infrastructure and employment for their members. Taking the example of Alaska, where land claims in 1976 established 13 Regional Native Corporations, some very wealthy groups have emerged with the more successful developing mineral, oil and timber resources then diversifying in order to sustain their wealth and create jobs for their members.

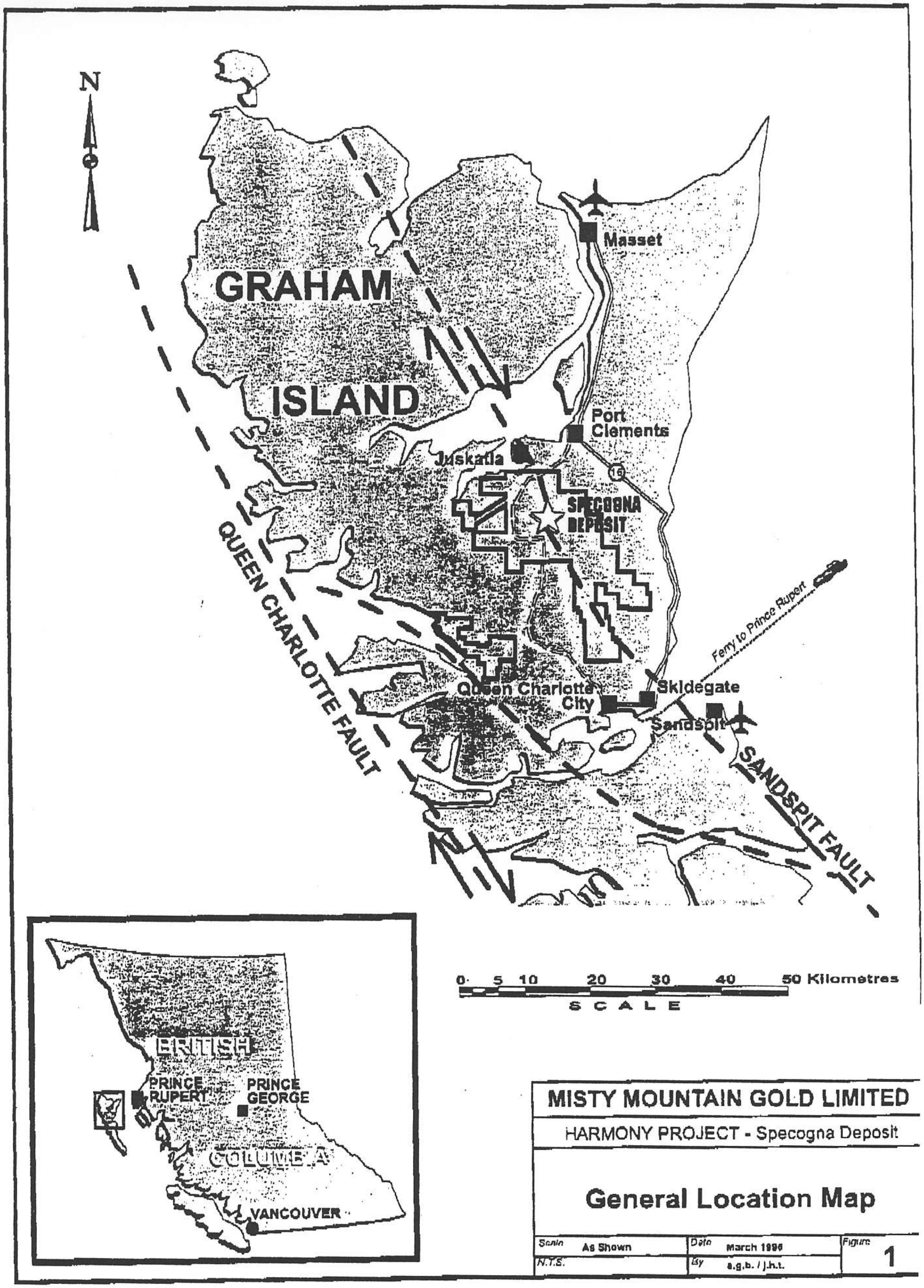
On the Queen Charlotte Islands this will be very important as the two First Nation villages of Skidegate and Masset have encouraged the return of off-island Haida with new housing development from a one time Federal funding. This increase in population requires capital, infrastructure and jobs for the returnees. With the recent reduction in forestry, fishing, closing of the only fish processing plant on the islands plus the closing of the 500 man armed forces base in Massett and greater than 50 percent unemployment, the need for developing the resource industry appears mandatory. The rights of Prior Tenure is established in Canadian and Provincial law, however, Misty Mountain Gold Limited intends to develop the Specogna Deposit with the consideration, cooperation and interests of the Haida people in mind.

ENVIRONMENTAL CONSIDERATIONS

The main environmental concern in the past is ~~was the potential for~~ acid rock drainage. This was compounded by the previously proposed large scale, open pit mine plan which had the potential to produce substantial acid generating waste rock. The location of waste rock sites proposed in that plan were in relatively close proximity to the Yakoun River, an important salmon resource. Hence, the mine plan was a concern of First Nation and other community people. Nevertheless, local citizens have not prevented any exploration work. The area has been extensively logged and permitting efforts by former mine development proponents were well advanced. Misty Mountain Gold Limited has initiated base line environmental, wildlife, fisheries, climate, hydrology and vegetation monitoring studies that will augment the work done by prior operators.

...14

These studies were initiated before the commencement of the 1995 exploration in order to establish both Misty Mountain's intention and desire for the utmost integrity of the data base and to establish a firm foundation for future permitting. Misty Mountain Gold limited recognizes that to successfully develop the project it must be done so in a safe, environmentally responsible manner which will maximize benefits to regional communities. This will be accomplished through an open, co-operative consultation process with local community members merged with successful exploration results and utilizing low impact, proven, conventional mining methods, applicable to epithermal bonanza gold production.



N
GRAHAM
ISLAND
Masset
Port
Clements
Juskatla
16
SPECOGNA
DEPOSIT
QUEEN CHARLOTTE FAULT
Ferry to Prince Rupert
Queen Charlotte
City
Skidegate
Sandspit
SANDSPIT FAULT
0 5 10 20 30 40 50 Kilometres
SCALE
BRITISH
COLUMBIA
PRINCE
RUPERT
PRINCE
GEORGE
VANCOUVER
MISTY MOUNTAIN GOLD LIMITED
HARMONY PROJECT - Specogna Deposit
General Location Map
Scale As Shown
Date March 1996
Figure 1
N.T.S.
By a.g.b. / j.h.t.

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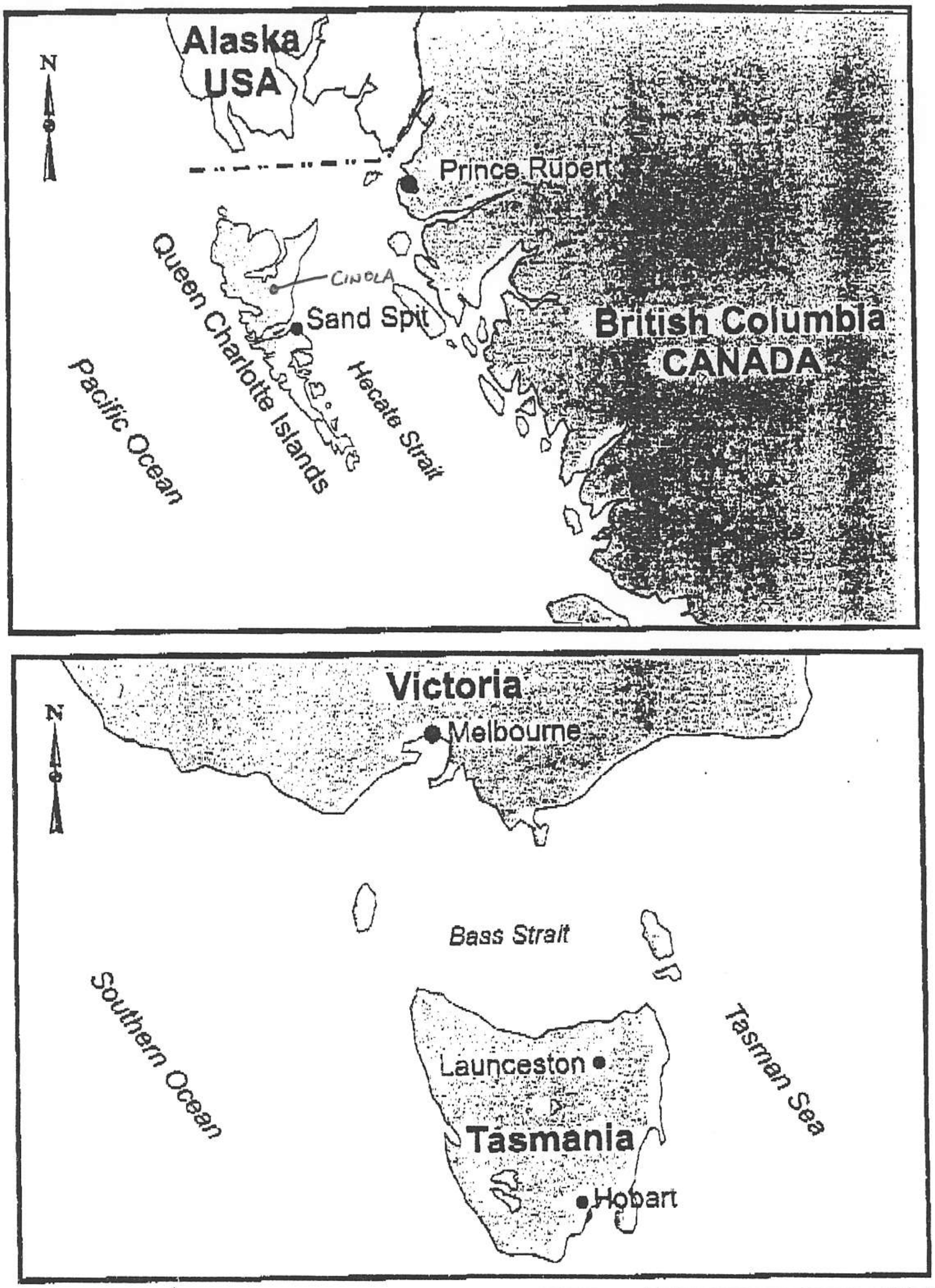


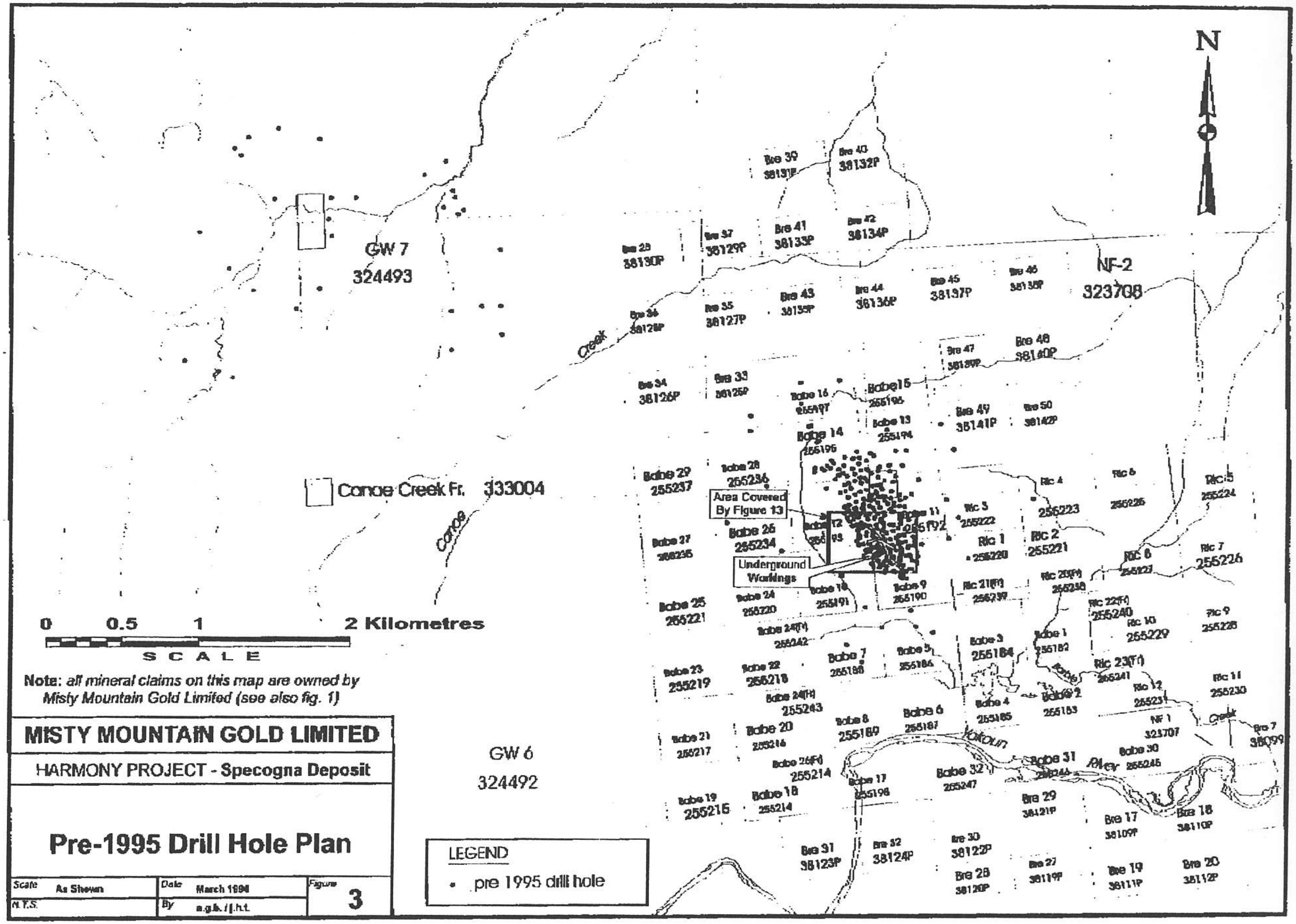
0 100 200 300 Kilometres
SCALE

MISTY MOUNTAIN GOLD LIMITED

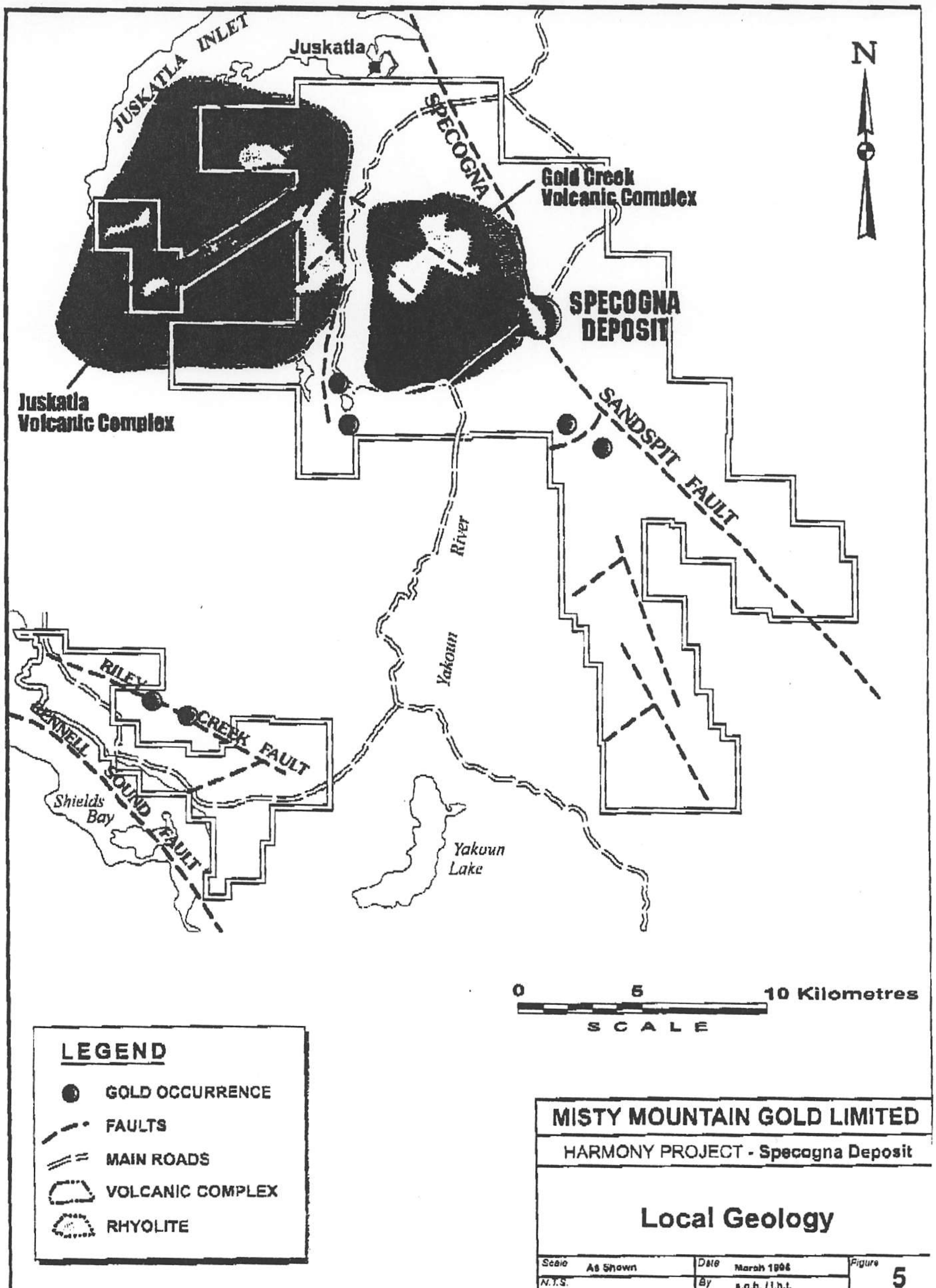
HARMONY PROJECT - Specogna Deposit

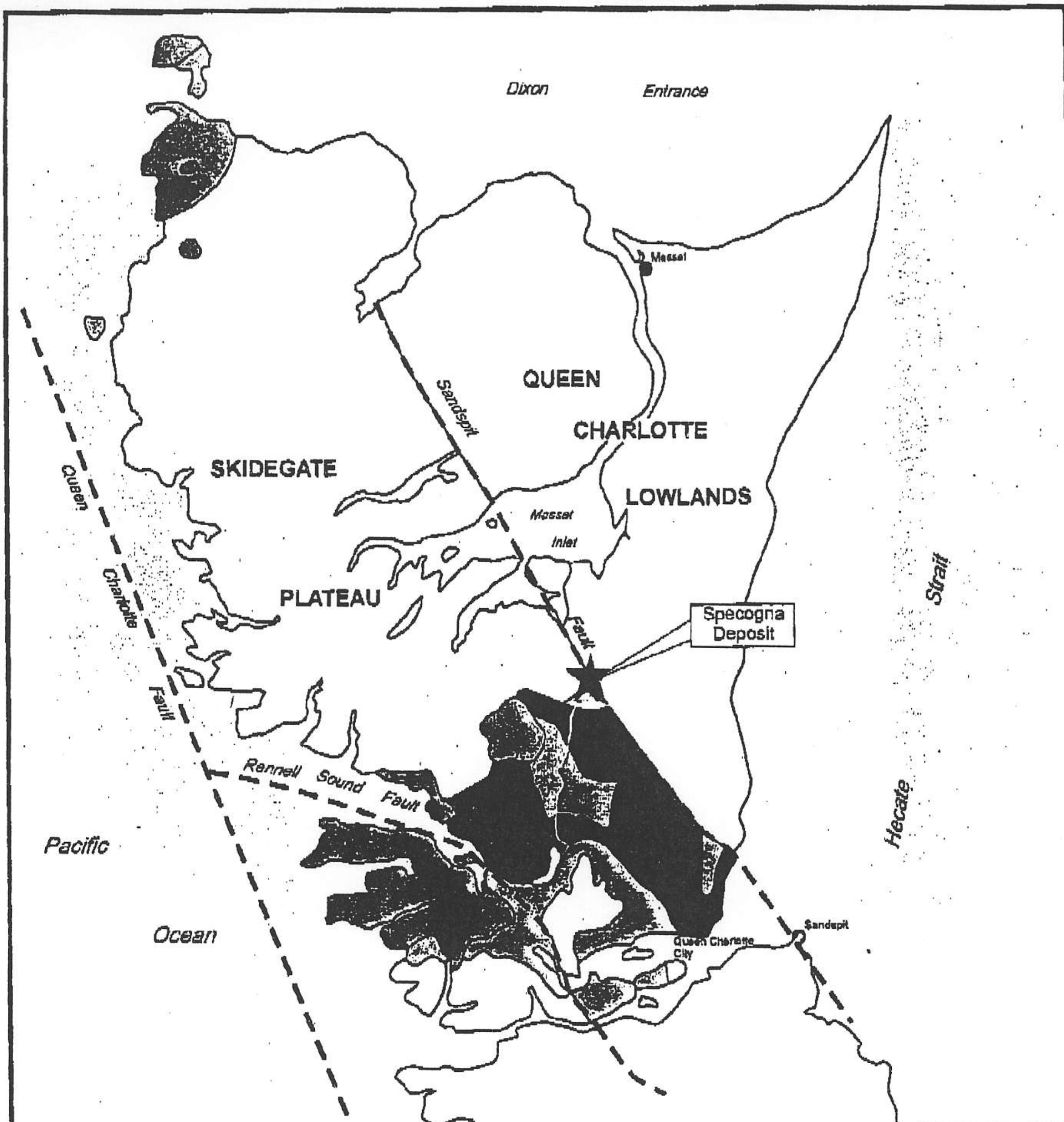
Size Comparison Between Tasmania and Queen Charlotte Islands

Scale	As Shown	Date	March 1996	Figure	2
N.T.S.		By	s.g.b. / j.h.t.		



N
GW 7
324493
Canoe Creek Fr. 333004
Creek
Canoe
NF-2
323708
Area Covered By Figure 13
Underground Workings
GW 6
324492
0
0.5
1
2 Kilometres
S C A L E
Note: all mineral claims on this map are owned by Misty Mountain Gold Limited (see also fig. 1)
MISTY MOUNTAIN GOLD LIMITED
HARMONY PROJECT - Specogna Deposit
Pre-1995 Drill Hole Plan
Scale As Shown
Date March 1996
Figure 3
By a.g.b. / j.h.t.
N.T.S.
LEGEND
pre 1995 drill hole
Yakoun River
Creek
Babe 29 255237
Babe 26 255234
Babe 25 255221
Babe 23 255219
Babe 6 255187
Babe 3 255184
Babe 32 255247
Babe 19 255215
Ric 1
Ric 2 255221
Ric 7 255226
Ric 10 255229
Bra 31 38123P
Bra 32 38124P
Bra 45 38137P
Bra 48 38140P
Bra 49 38141P


JUSKATLA INLET
Juskatla
N
SPECOGNA
Gold Creek Volcanic Complex
SPECOGNA DEPOSIT
Juskatla Volcanic Complex
SANDSPIT FAULT
River
Yakoun
RILEY CREEK FAULT
RENNELL SOUND FAULT
Shields Bay
Yakoun Lake
0
5
10 Kilometres
SCALE
LEGEND
GOLD OCCURRENCE
FAULTS
MAIN ROADS
VOLCANIC COMPLEX
RHYOLITE
MISTY MOUNTAIN GOLD LIMITED
HARMONY PROJECT - Specogna Deposit
Local Geology
Scale As Shown
N.T.S.
Date March 1996
By s.g.b. / j.h.t.
Figure 5



TERTIARY

- **Skonun Formation** *Clastic Sediments*
- **Masset Formation** *Basalt, Andesite, Rhyolite Volcanics*

CRETACEOUS

- **Haida Formation** *Sandstone - argillite*
- **Undivided Sediments**

JURASSIC

- **Yakoun Formation** *Andesitic Flows, Volcanoclastics*

TRIASSIC-JURASSIC

- **Undivided Sediments**

CRETACEOUS-TERTIARY

- **Intrusives** *Diorite - granite*

0 5 10 20 30 50 50 Kilometres

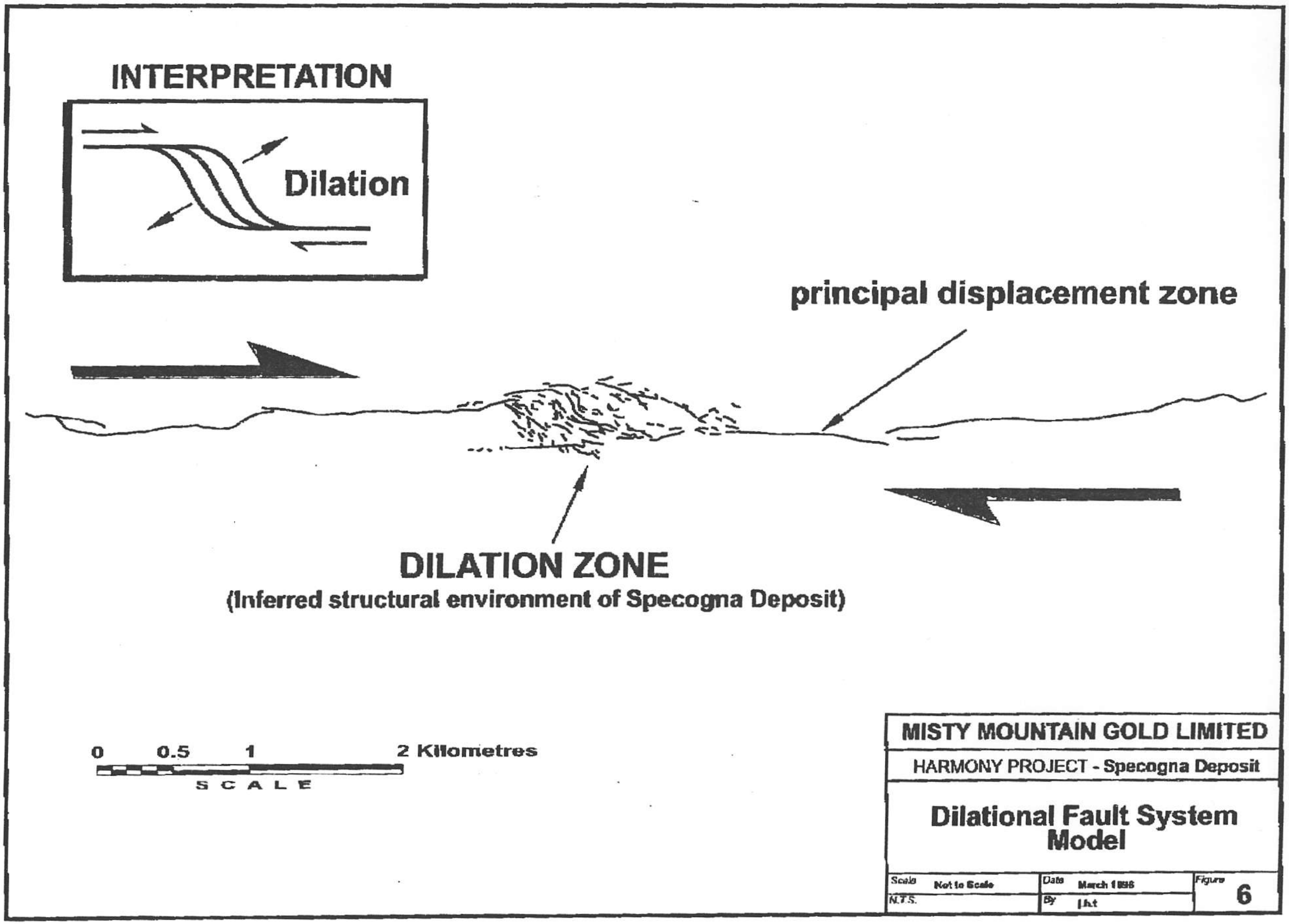
SCALE

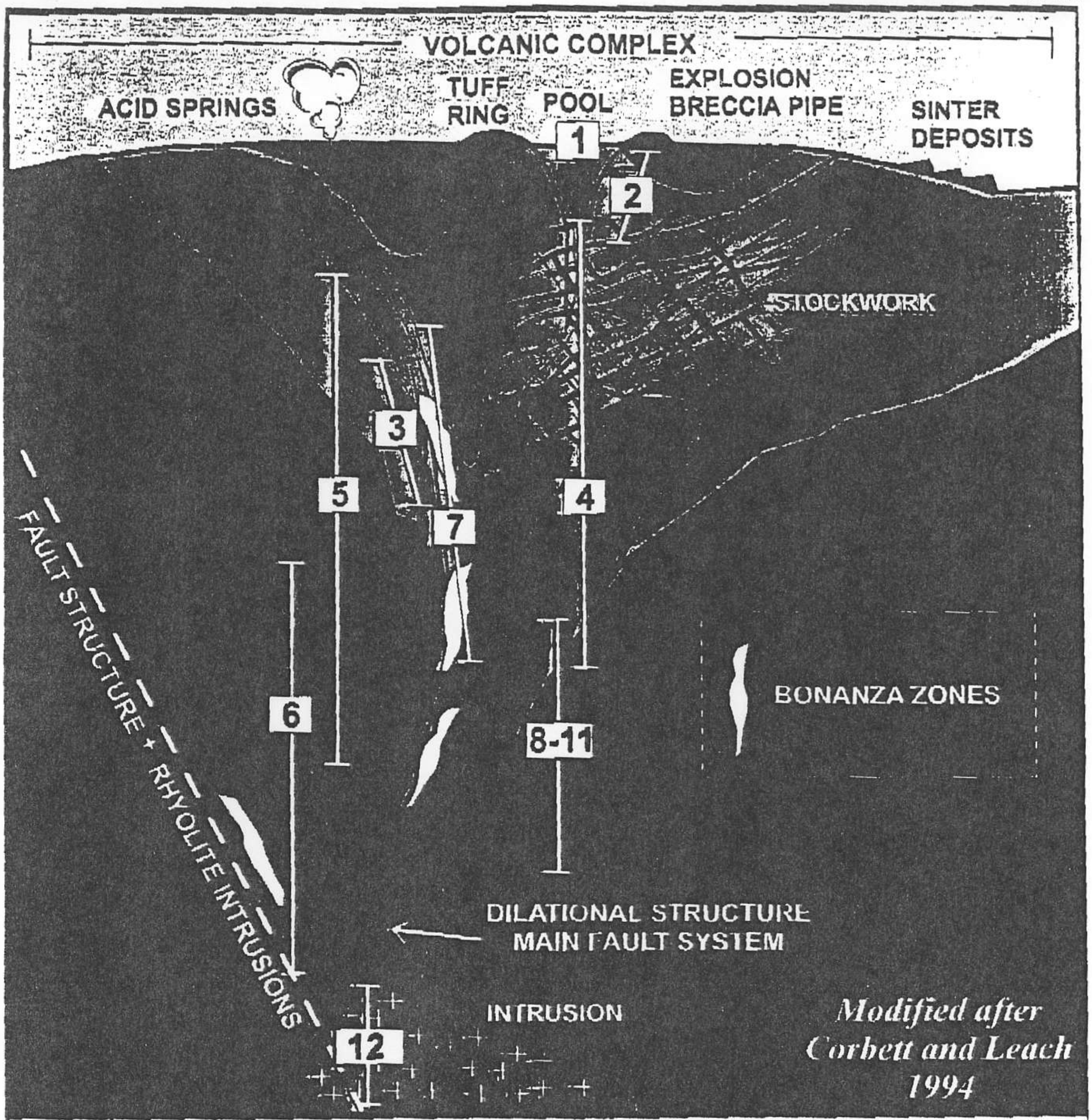
MISTY MOUNTAIN GOLD LIMITED

HARMONY PROJECT - **Specogna Deposit**

Regional Geology

Scale	Date	Figure
N.T.S.	March 1996	4
	By a.g.b. / j.h.t.	


INTERPRETATION
Dilation
principal displacement zone
DILATION ZONE
(Inferred structural environment of Specogna Deposit)
0
0.5
1
2 Kilometres
SCALE
MISTY MOUNTAIN GOLD LIMITED
HARMONY PROJECT - Specogna Deposit
Dilational Fault System Model
Scale
Not to Scale
N.T.S.
Date
March
By
Figure
6



RANGE OF LOCATIONS

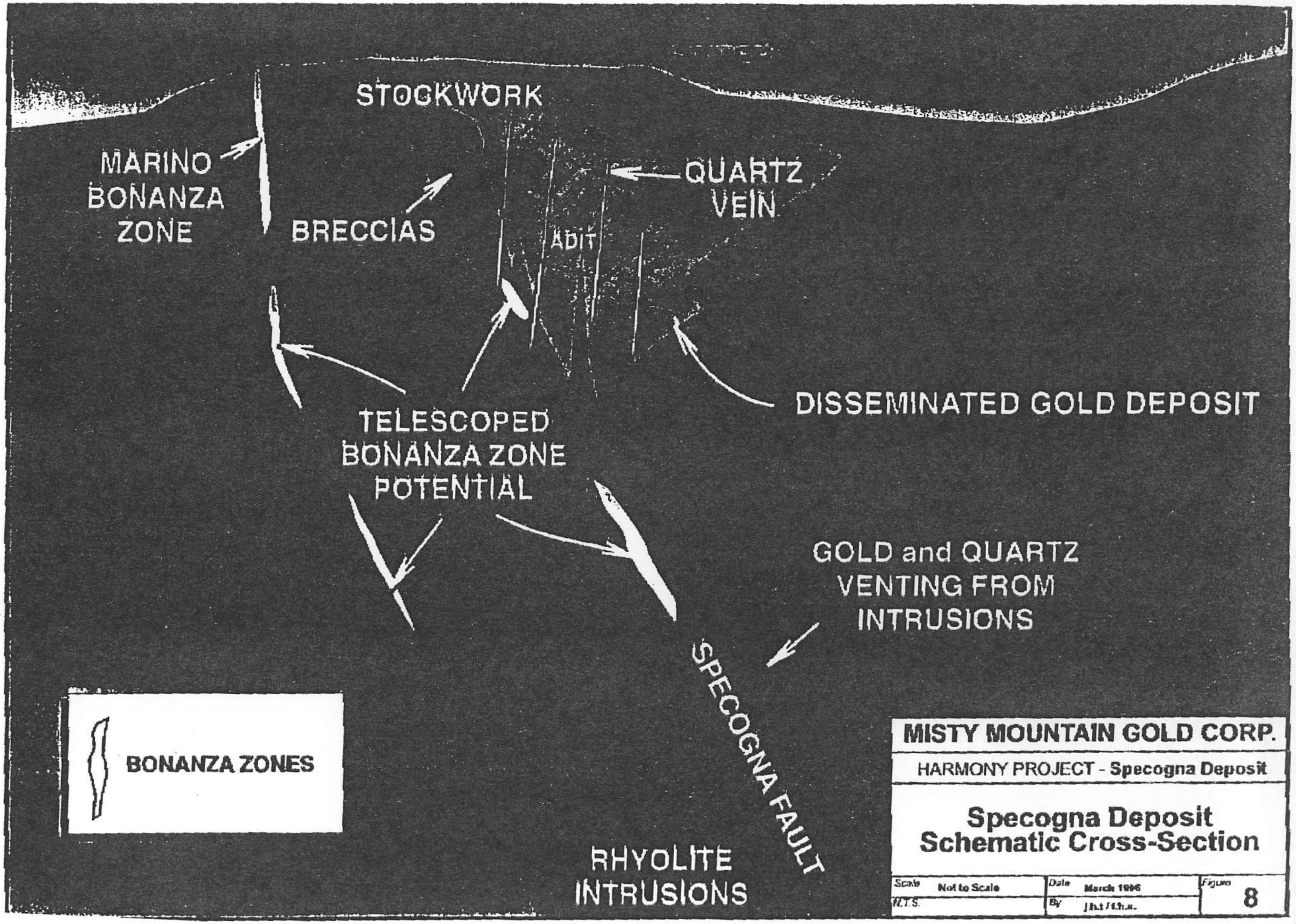
1 Champagne Pool
2 McLaughlin
3 Sleeper
4 Golden Cross
4 *Specogna*
5 Karangahake
6 Waihi
7 Hishikari
8 Sado
9 Konami
10 Tolukuma
11 Misima
12 Porgera

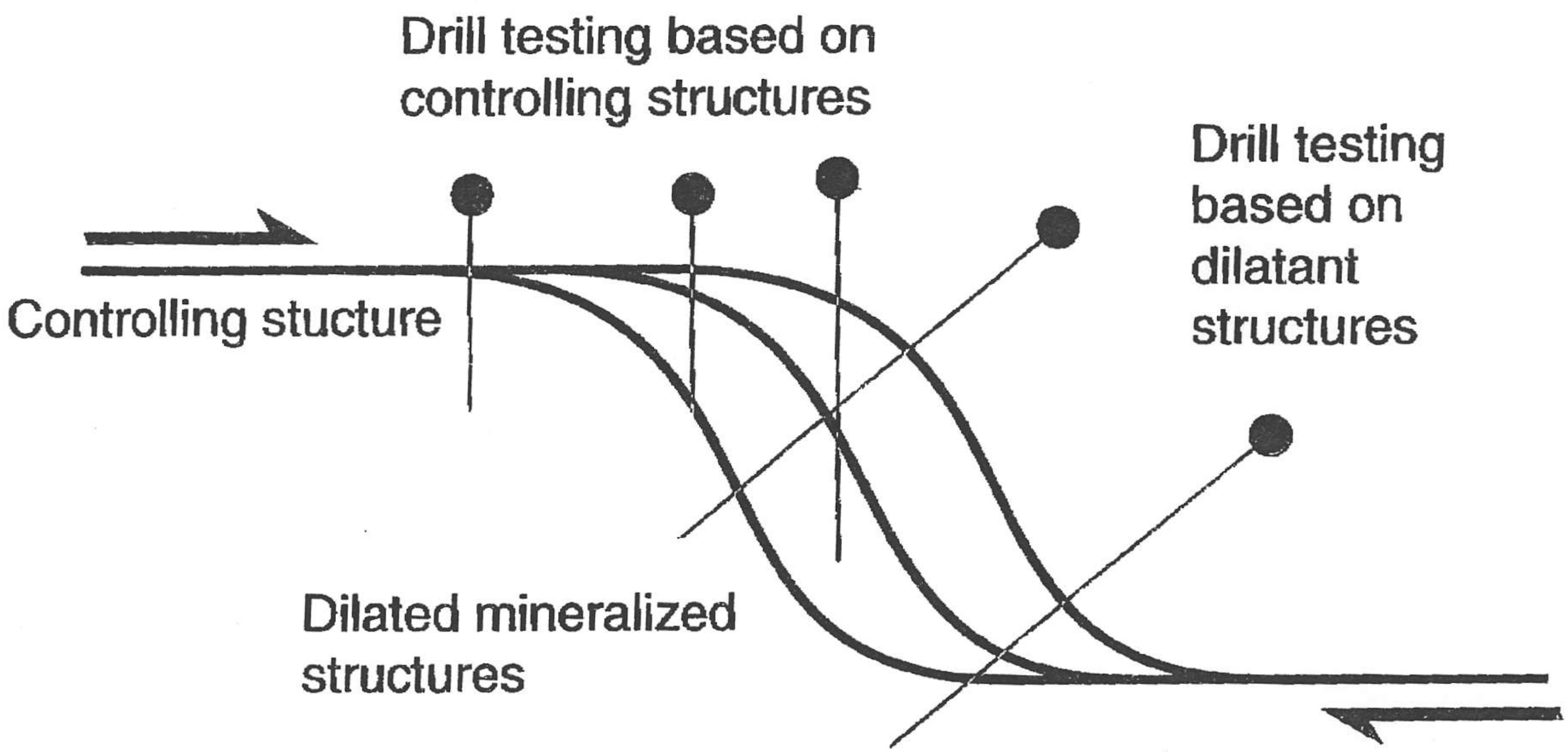
MISTY MOUNTAIN GOLD LIMITED

HARMONY PROJECT - Specogna Deposit

Cross-Sectional Model of Epithermal Gold Systems

Scale	Date	Figure
Not to Scale	March 1996	7
N.T.S.	By j.h.t.	


STOCKWORK
MARINO BONANZA ZONE
BRECCIAS
ADIT
QUARTZ VEIN
DISSEMINATED GOLD DEPOSIT
TELESCOPED BONANZA ZONE POTENTIAL
GOLD and QUARTZ VENTING FROM INTRUSIONS
SPECOGNA FAULT
RHYOLITE INTRUSIONS
BONANZA ZONES
MISTY MOUNTAIN GOLD CORP.
HARMONY PROJECT - Specogna Deposit
Specogna Deposit Schematic Cross-Section
Scale Not to Scale
N.T.S.
Date
By
Figure 8



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HARMONY PROJECT - **Specogna Deposit**

Drill Testing of Dilational Fault System

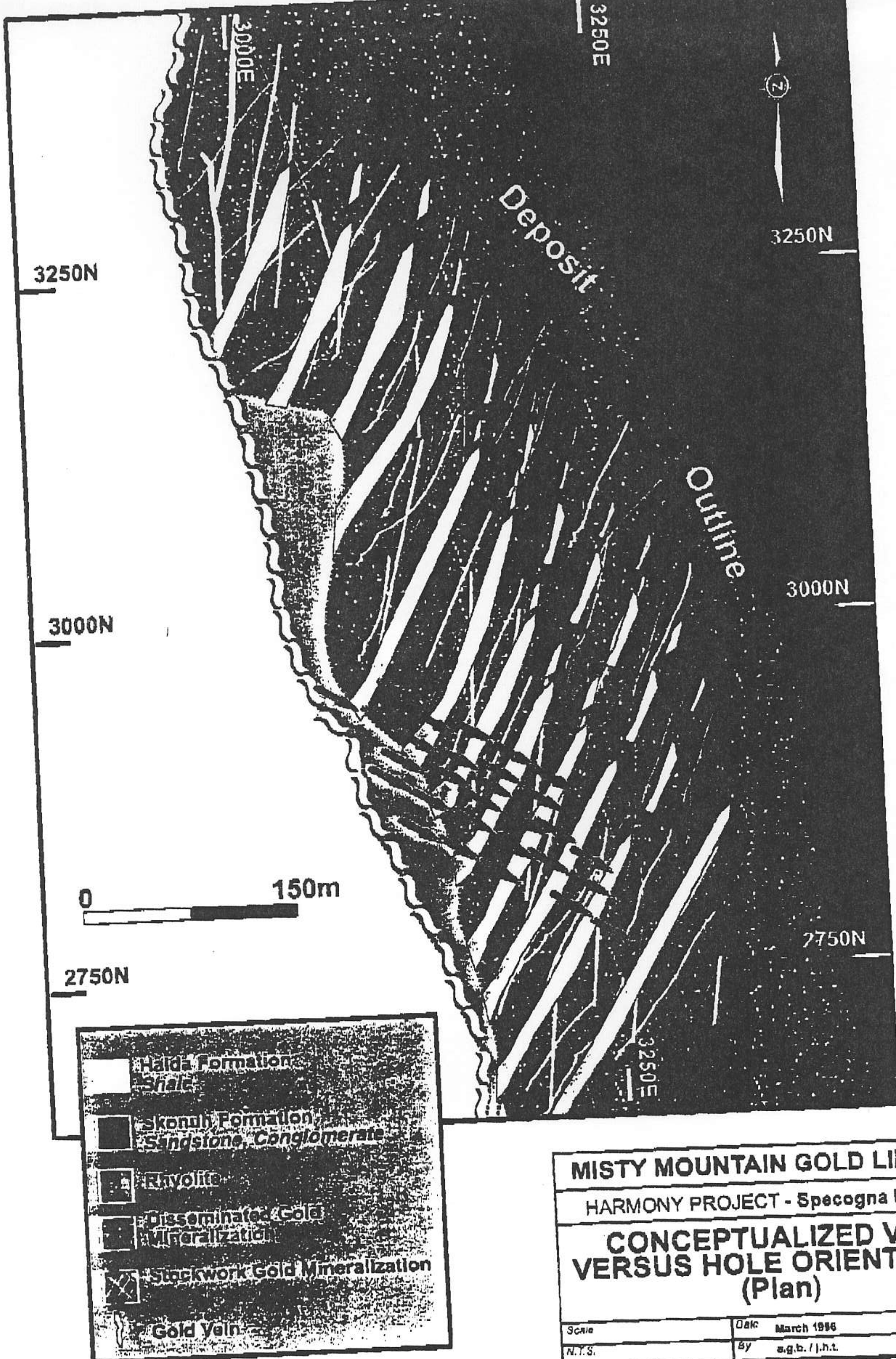
Scale 1 : 2 500	Date March 1996	Figure 9
N.T.S.	By j.h.t	

MISTY MOUNTAIN GOLD LIMITED

HARMONY PROJECT - **Specogna Deposit**

Conceptualized Vein Versus Hole Orientation (section)

Scale 1 : 2 500	Date March 1996	Figure 10
N.T.S.	By j.h.t	

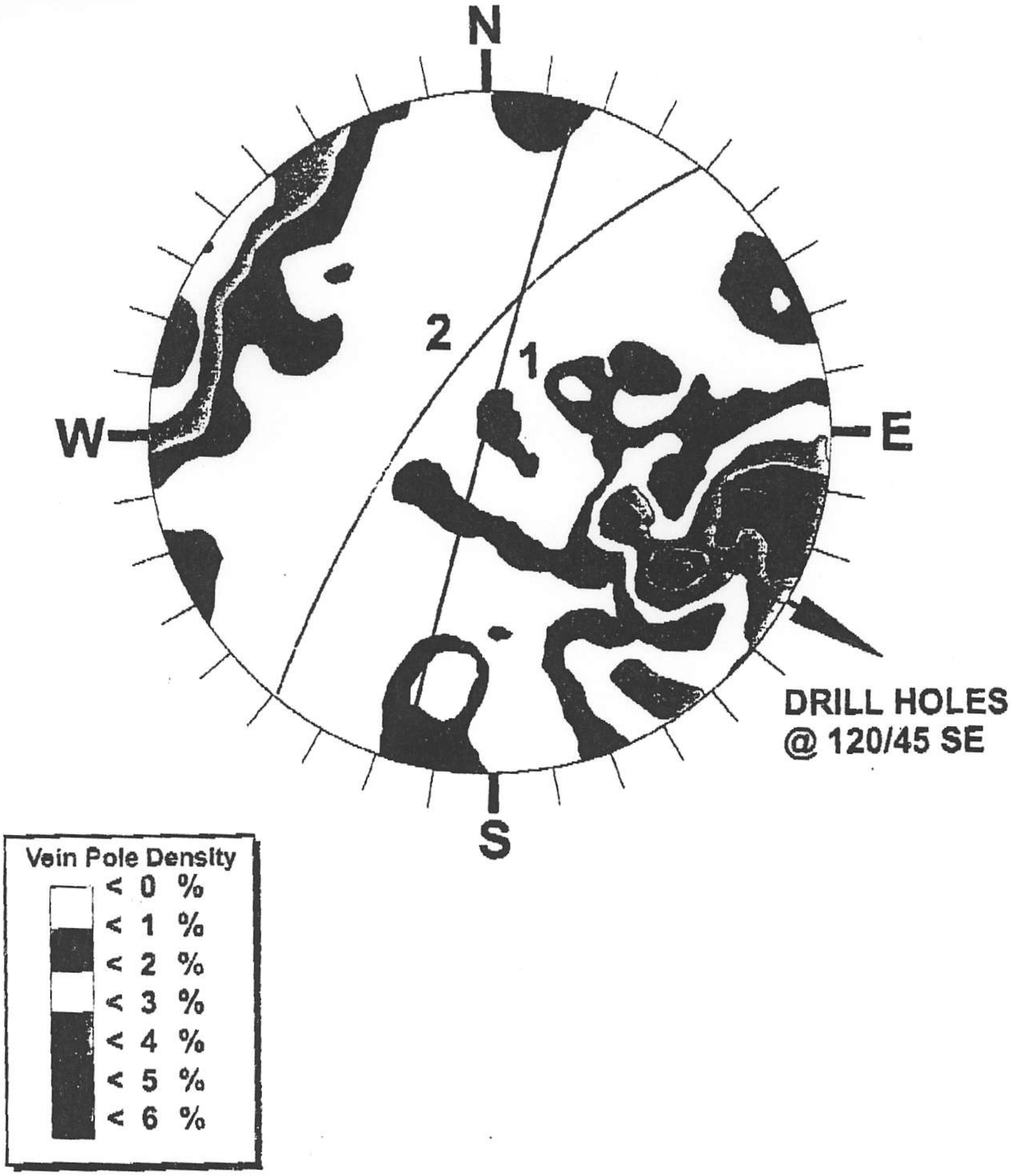


MISTY MOUNTAIN GOLD LIMITED

HARMONY PROJECT - **Specogna Deposit**

CONCEPTUALIZED VEIN VERSUS HOLE ORIENTATIOI (Plan)

Scale	Date March 1996	Figure
N.T.S.	By a.g.b. / j.h.t.	11



STRIKE + DIP

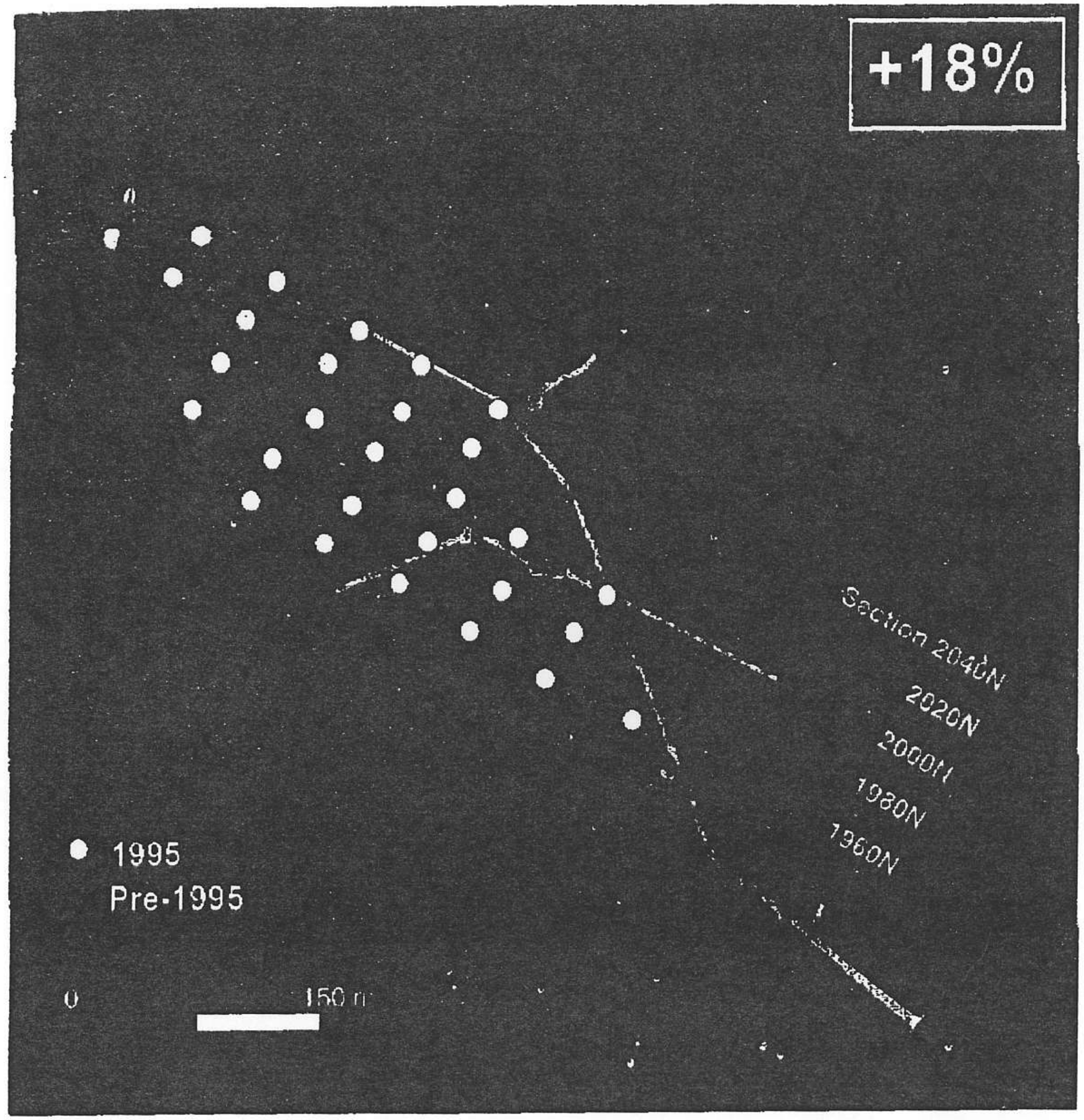
1	013° / 85° W
2	039° / 67° NW

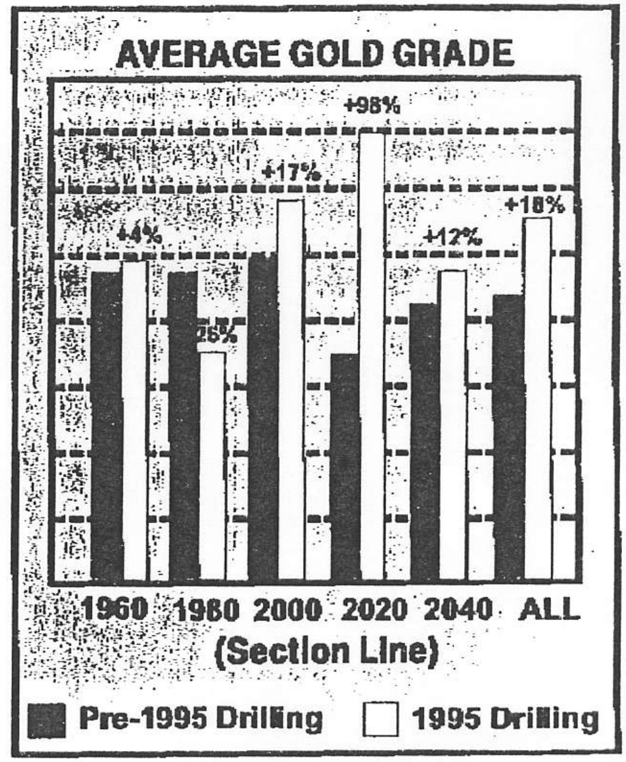
MISTY MOUNTAIN GOLD LIMITED

HARMONY PROJECT - **Specogna Deposit**

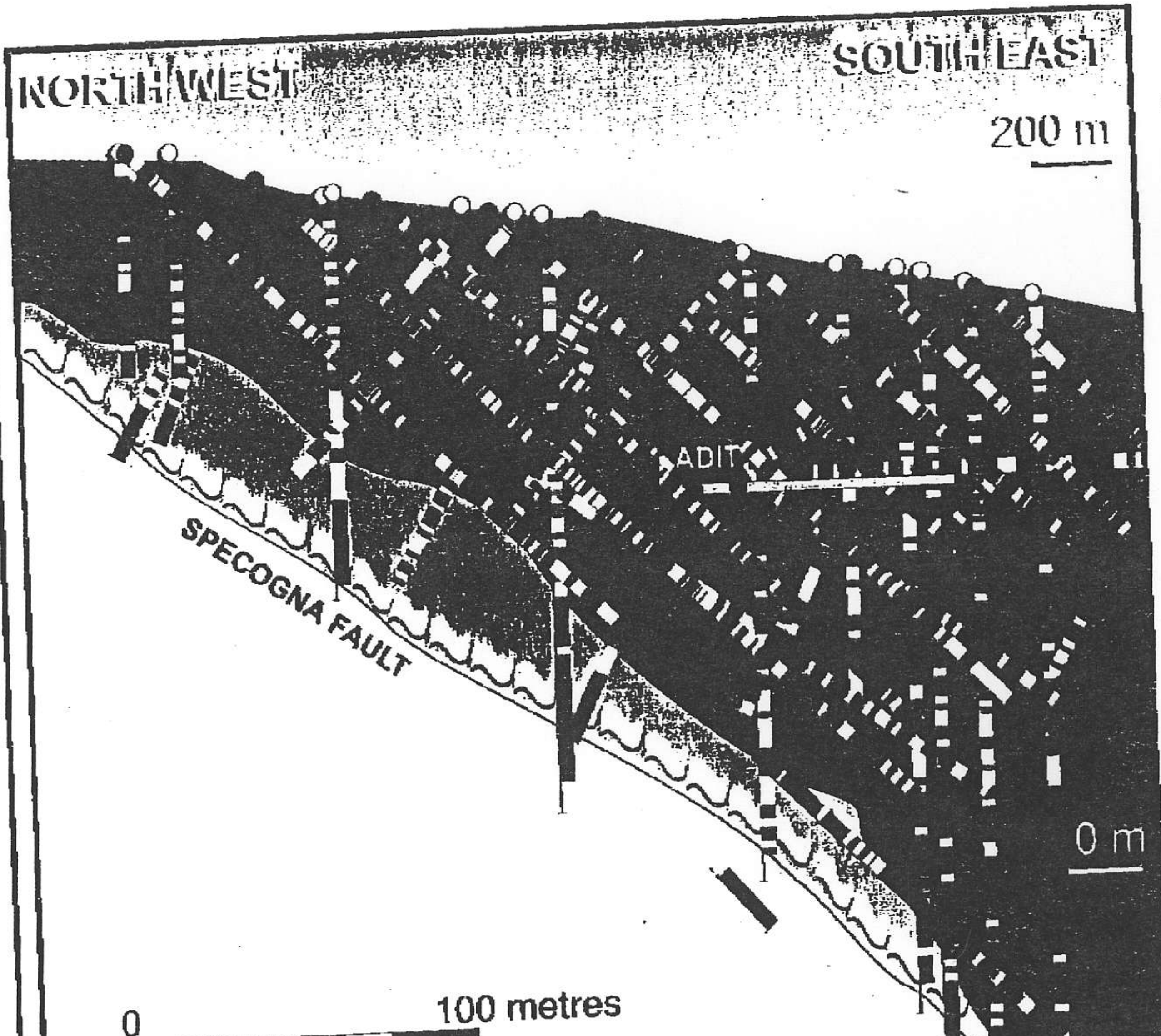
Fisher Pole Plot of Vein Orientations

Scale	Date	Figure
N.T.S.	March 1996	12
	By a.g.b. / j.h.t.	





MISTY MOUNTAIN GOLD LIMITED		
HARMONY PROJECT - Specogna Deposit		
1995 Drill Hole Location And Gold Grade Comparison		
Scale	Date March 1996	Figure 13
N.T.S.	By a.g.b. / p.f.m.	



GOLD GRADES

- 2 + gpt Au
- 1 - 2 gpt
- 0 - 1 gpt

TERTIARY

- Rhyolite

- Skonun Formation
  Sandstone, Conglomerate

CRETACEOUS

- Haida Formation
  Shale

MISTY MOUNTAIN GOLD LIMITED

HARMONY PROJECT - Specogna Deposit

2200N ASSAY SECTION

Scale Not to Scale	Date March 1996	Figure 14
N.T.S.	By J.h.t	