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The Directors  
AGC Americas Gold Corp.  
1730 - 999 West Hastings Street  
Vancouver, B.C. V6C 2W2

Dear Sirs:

**Re: Progress Report - JD Gold Property**

The following comments are based principally on a visit to the property between August 2 and 4.

General Comments

Some 15,000 ft. of drilling had been completed on the property as of August 4. All but four of the 57 holes drilled to date were on the Finn zone; a smaller drill which started up in late July completed four holes on the Woof zone (with apparent limited success) before being moved over to the Finn zone to drill six holes at sites considered to be impractical for the larger drill.

Surveyed locations of most holes drilled on the Finn zone are shown on the accompanying drill plan. Note that virtually all holes to date have been drilled at 15 metre (50 ft.) spacings along north-south section lines spaced between 15 and 30 metres (50 - 100 ft.) apart.

These relatively close hole spacings were decided upon prior to the start of the 1995 program and are considered necessary in view of the often erratic distribution of gold in various other deposits in the Toadogone River area.

Expenditures incurred to date are estimated to be between \$800,000 and \$900,000. Having two drills on the property over the past few weeks has resulted in average weekly costs of about \$100,000.

Results to Date

It is worthy of note that of the 17 holes drilled in 1994 and the 23 drilled in 1995 for which assay results are available, all but 4 holes have sample intervals averaging at least 0.10 oz/ton gold. Eleven holes have sample intervals with weighted average grades of more than 0.20 oz/ton gold and 9 of the holes with average grades of between 0.10 and

0.20 oz/ton include some intervals with +0.20 oz/ton values.

The foregoing comments are not meant to imply that the entire zone "makes ore" but are mainly to demonstrate that gold is widespread throughout that part of the Finn zone drilled to date.

Assay results to date are enclosed in tabular form; some of the more significant results include:

JD95-37	0.236 oz/ton over 16.4 ft.
JD95-40	0.462 oz/ton over 23.0 ft.
JD95-41	0.251 oz/ton over 19.7 ft.
JD95-54	0.243 oz/ton over 12.5 ft.

As indicated on the drill plan, all of these are from down-dip extensions in the central and western parts of the zone tested to date.

In some cases, notably holes JD95-34, -35, -36, -37, -40 and -47, significant silver values are at least partly coincident with some of the better gold grades. Some of the holes drilled along the western section lines also encountered silver values above, or in the hangingwall of the gold-bearing zone. Some of these values are associated with narrow bands of massive sulphides containing some good copper, lead and zinc grades.

Visible gold, mainly in the form of fine flakes, has been noted in late-stage quartz veinlets in at least five holes including JD96-68, -69, -75, -76 and -85.

1995 drilling has provided a much better picture of the geological controls of Finn zone mineralization. Three principal rock types predominate - these include an upper feldspar porphyry flow/crystal tuff unit which is gradational downward to a middle lapilli tuff-breccia which is characterized by angular to sub-rounded 0.5 to 2 cm rock fragments. A generally sharp and/or sheared contact separates this unit from a basal maroon ash tuff unit.

The upper two rock units host most of the gold mineralization encountered to date. Good values have been obtained from silicified sections of the upper flow unit which feature narrow quartz veinlets and pervasive silicification, both of which contain fine grained pyrite and other sulphide minerals. The most distinctive mineralized unit is a quartz breccia zone which essentially is a product of intensely

silicified lapilli tuff. Multiple stages of silicification are evident and pyrite and other sulphides are widespread. To the west, this unit is locally sheared and faulted and contains abundant white mica and clay mineral or gouge zones.

The quartz breccia zone attains a greater consistency and predictability in the western part of the zone where it has a relatively shallow dip to the north near surface but steepens with depth.

While the drilling plan suggests a reasonably good lateral continuity of gold mineralization, drill sections tell a different story. While most of the reported intercepts are hosted by the quartz breccia unit, many of the higher grade sample intervals are within the upper, silicified flow unit. We still have yet to see continuity of better grades on section.

Results of some of the holes drilled along three of the westernmost sections, expected later this week, will help to provide a better picture of grade distribution.

It appears that the zone is missing on the easternmost section drilled. Bob Krause advises that a possible offset along a flat fault structure may have shifted the zone to the north as evidenced by a silicified breccia unit noted in hole JD95-83 which was drilled a few hundred metres to the north to test an IP geophysical anomaly.

In any event, results from holes JD95-56 through -62, all drilled along the easternmost section, possibly in hand today (Thursday), are not expected to very good.

#### Conclusions and Recommendations

The Finn zone remains open both down-dip and to the west - assay results from some of the more recently drilled holes in the western part of the zone will assist greatly in assessing the potential.

Drilling is suspended until August 18; this will allow for some much needed catch-up in core logging, sampling and getting results from the lab. Results are currently available for less than half of the holes completed to date.

An additional expenditure of \$500,000 - \$600,000 is required to complete the proposed Phase I 28,000 ft. drilling program.



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