

Rodman & Renshaw, Inc.

David Morgan (312) 526-2118
September 8, 1995

Romulus Resources Ltd — Speculative BUY (RRU.V — C\$ 1.70)

Misty Mountain Gold Ltd — Speculative BUY (MGL.T — C\$ 0.40) *(Prices are as of September 6, 1995)*

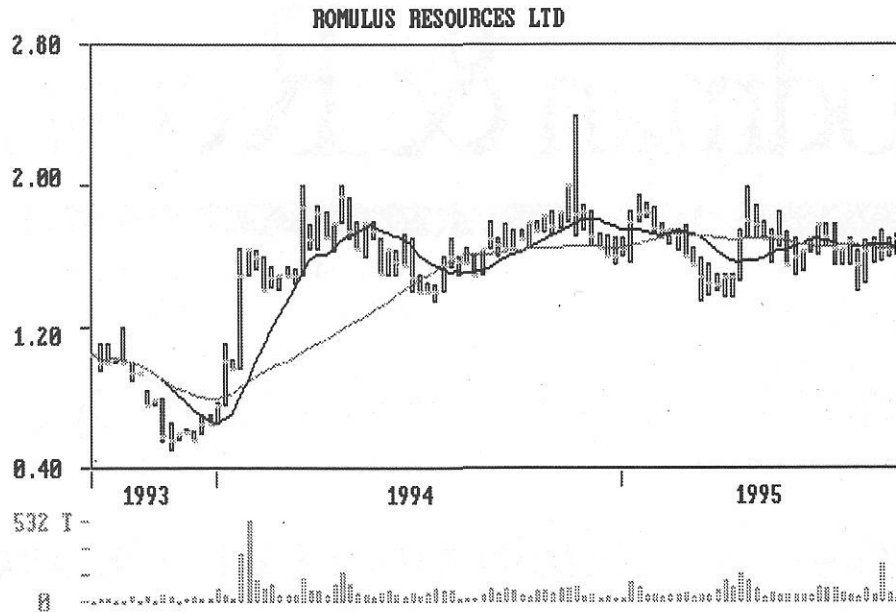
		Romulus	Misty Mountain	Misty Mountain (new) (pro forma)
Share price	C\$	1.70	0.40	4.00
12 month range	C\$	1.35 - 2.40	0.25 - 0.97	2.50 - 9.70
Issued shares	m	10.2	33.4	7.7
fully diluted	m	10.9	44.9	9.2
Market capitalization	C\$m	17.3	13.4	30.7
fully diluted	C\$m	18.5	18.0	36.8
Working capital	C\$m	2.0	0.3	2.3
fully diluted	C\$m	1.1	5.9	7.0

Romulus and Misty Mountain are currently partners in the Harmony Gold Project, which is exploring a major epithermal gold district in the Queen Charlotte Islands, B.C. The project has the potential to become a large gold producer through the application of new concepts to the development of the already-known 2.2 million ounce Specogna gold deposit. There is also excellent scope for new discoveries on the large 170 square mile property.

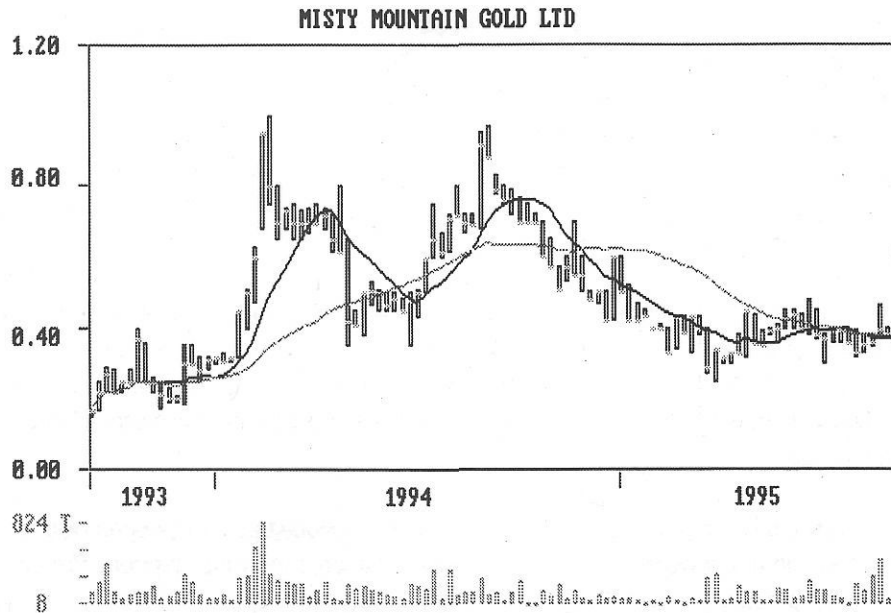
Plans by earlier operators to develop the Specogna deposit as a large open pit proved economically and environmentally unworkable. A radically different approach by the Harmony Project aims to eliminate the previous problems by exploiting the resource through underground mining, and to explore for further reserves at depth where there is believed to be potential for bonanza grade mineralization. A drilling program is due to start in October.

The operator of the Harmony Gold Project is Romulus Resources, which is run by the successful and experienced Hunter/Dickinson development team. Romulus and Misty Mountain are planning to merge in the near future, giving the Harmony Project a simple, single ownership structure and increasing capitalization and liquidity in the market.

The Harmony Gold Project is recommended as an attractive advanced-stage gold exploration project with the potential to add value both through development and reserve addition at the Specogna deposit, and discoveries elsewhere on the large and prospective property.



Moving Averages
--- 10 weeks - - - 30 weeks
Charts courtesy of Bridge Information Systems.



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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 in 1990.

The Cinola Project remained dormant until 1993 when two Australian mining engineers, Ray Soper and Robin Slaughter, initiated a reconstruction of the company, 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. The joint venture was planned to actively explore and apply radically different concepts to the development of the property. Romulus became operator and commenced a preliminary exploration program and expanded the project area.

Misty Mountain Gold and Romulus Resources recently announced their intention to merge. The merged company will be managed by the Hunter/Dickinson team and will have a 100% working interest in the project, now called the Harmony Gold Project. (The Cinola deposit is now referred to as the Specogna deposit in recognition of its discoverer.)

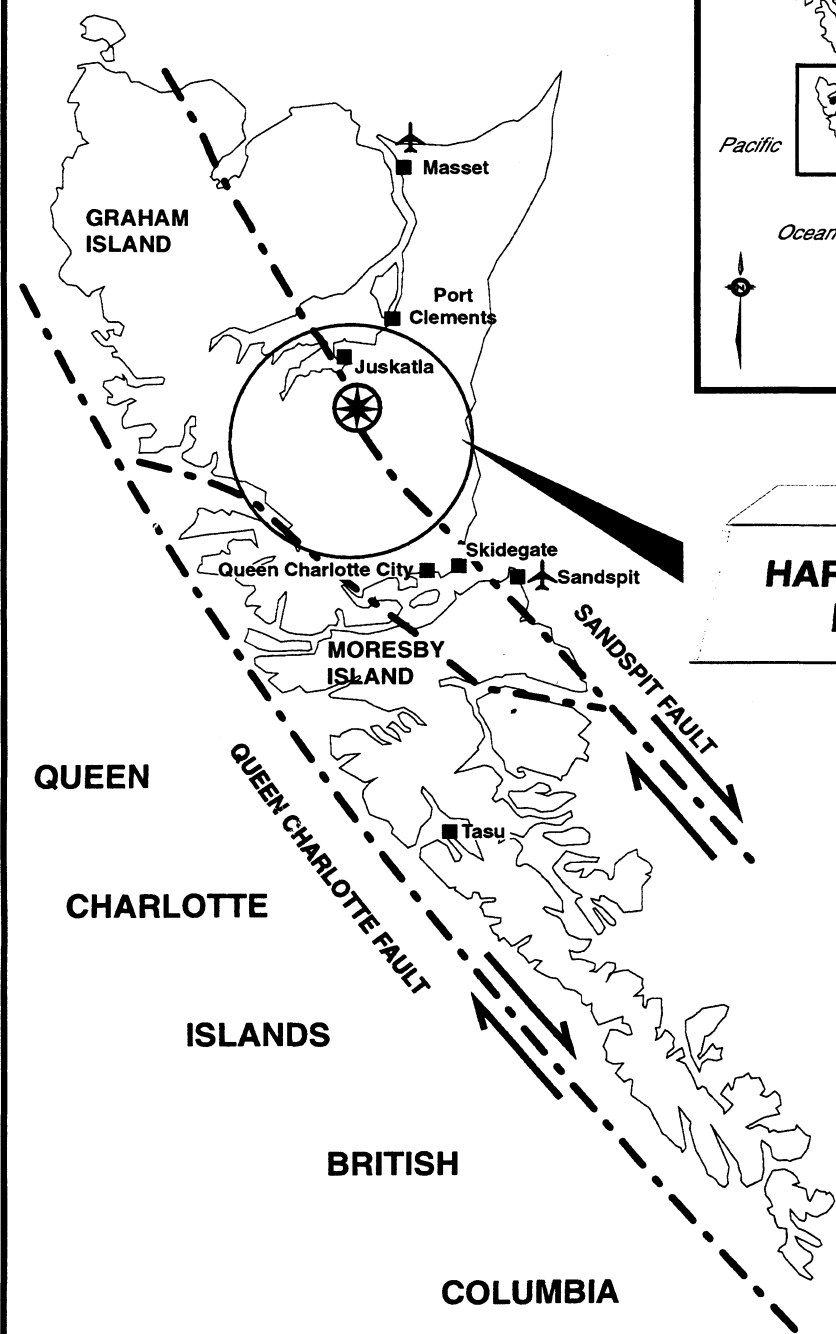
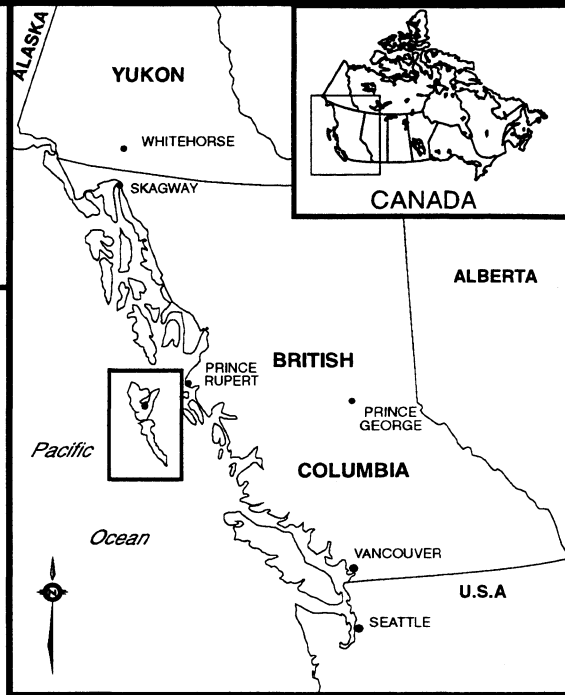
THE HARMONY GOLD PROJECT

The Harmony Gold Project covers almost 170 square miles on Graham Island (Haida Gwaii) at the North end of the Queen Charlotte Islands, British Columbia (Figure 1). The area comprises a major epithermal gold district in which a 2.2 million ounce resource, the Specogna deposit, has already been outlined by previous operators.

Figure 2 shows how the project area covers the significant geological features of the area, including 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.

The main near-term exploration objective of the Harmony Project is to develop a mineable reserve at the Specogna deposit to support the new concept of developing the resource as a high-grade underground mine. However, prospects are also considered excellent for further epithermal gold discoveries elsewhere on the property where there has been little modern exploration.

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**HARMONY GOLD
PROJECT**

Figure 1

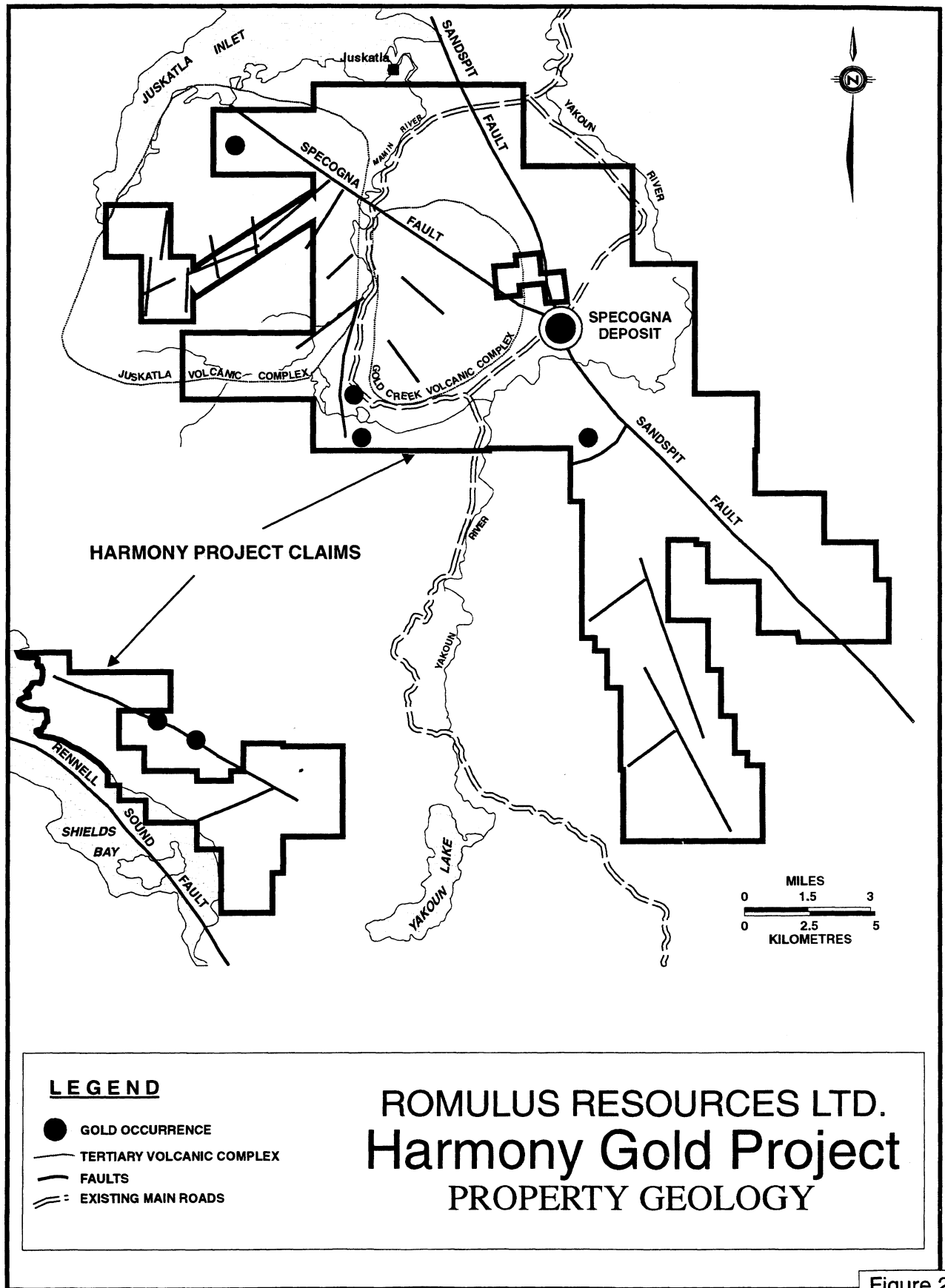


Figure 2

THE SPECOGNA DEPOSIT

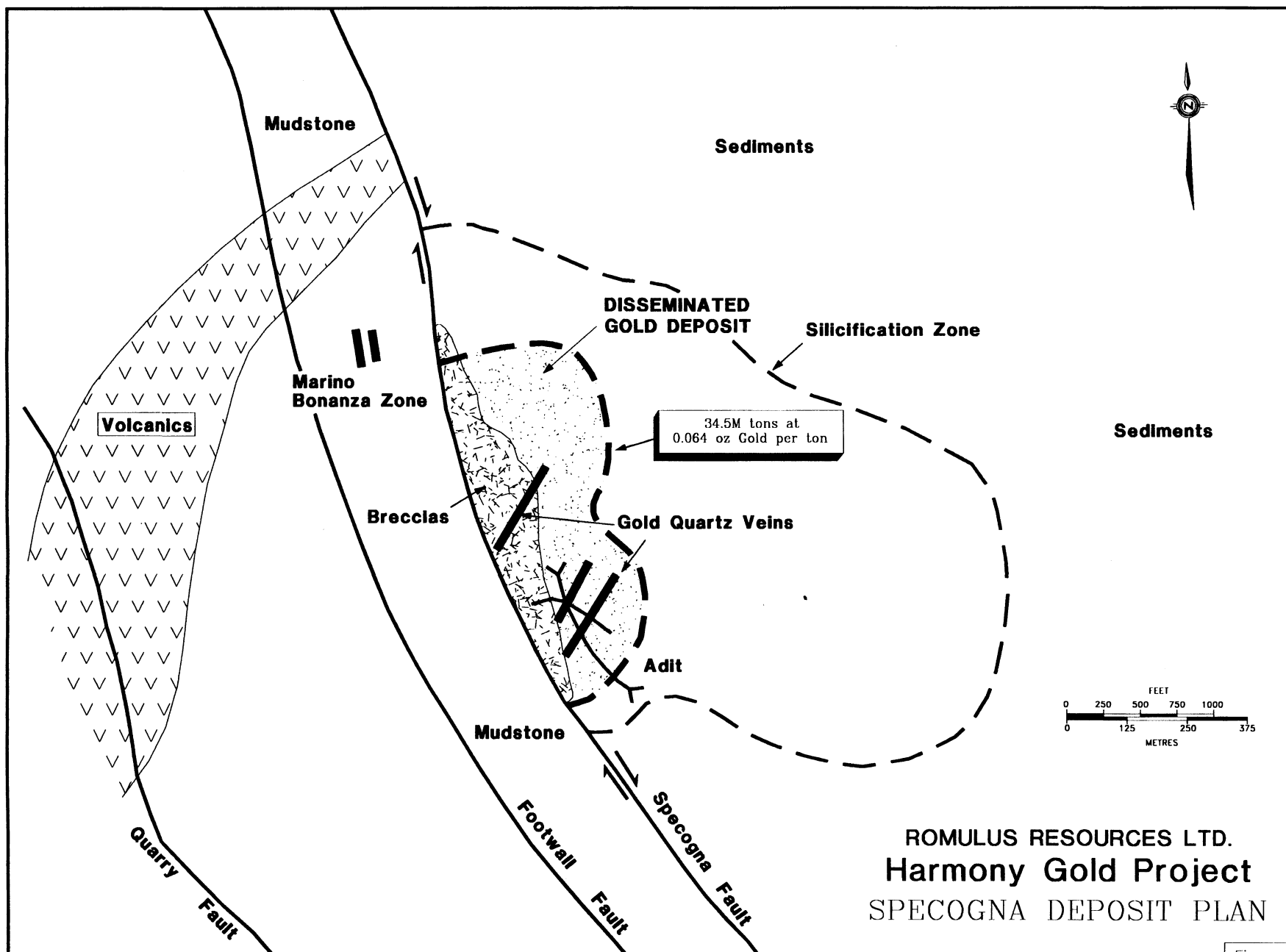
Previous Attempts to Set Up Large-Scale Open Pit Unsuccessful

The previous operators of the Cinola property had concentrated on establishing a large-tonnage open pit operation. Although a big gold resource containing some 2.2 million ounces had been proven, this concept proved unsuccessful. Feasibility studies showed that a gold price of over US\$450/oz would have been needed to make such a mine viable, largely because of because poor metallurgical recoveries of around 70%. In addition, the project aroused strong environmental opposition, particularly from well founded concerns about the effects of acid water drainage from the large quantities of waste rock which would have been produced from a large open pit mine.

Romulus and Misty Have a New High Grade Development Concept

The new operators, however, have adopted a completely different approach and aim to develop the deposit as a high-grade underground operation. This concept should have major advantages. Firstly and most important, it could be economic where the bulk tonnage open pit scheme was not. Secondly, a smaller, underground mine would have much less environmental impact, and quantities of tailings and waste rock to be disposed of would be greatly reduced. The easy accessibility of the project site even makes it possible to consider shipping ore to a concentrator on the mainland, at least initially, which would eliminate any concerns about waste disposal. Thirdly, there is good evidence from the metallurgical testwork already done that the refractory ore is confined mainly to the lower-grade part of the deposit, and that normal recoveries of over 90% can be obtained from the material in the higher-grade veins.

A conceptual section of the Secogna deposit (Figure 3) illustrates the background to the high-grade underground mining approach. The deposit is located near surface, at the top of a hydrothermal hot spring system that developed along the Specogna/Sandspit fault. 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 presence of silica sinter is another indicator of potential for bonanza gold veins at depth. Near the surface, lower-grade disseminated material spreads out away from the Specogna Fault and forms the large-tonnage deposit that was the target of previous open-pit mining schemes. This zone is also crossed by steeply dipping gold quartz veins, and there are numerous high-grade veins exposed in a 2000-foot underground adit through the Specogna deposit. Previous drilling was designed to define an open-pit deposit and consisted mainly of vertical holes, many of which ran parallel to the higher-grade veins and failed to give a representative sample of these structures. Nonetheless, the potential for high-grade mining is suggested by the existing resource estimates that show that raising the cut-off grade to 3 gm/t still leaves a resource of 1.1 m oz at an average grade of 6.84 gm/t. Unlike many similar deposits in North America, the Specogna deposit has never been high graded by "old timers."



ROMULUS RESOURCES LTD.
Harmony Gold Project
 SPECOGNA DEPOSIT PLAN

Figure 3

7

THE EXPLORATION PROGRAM

Extensive Preliminary Exploration Identifies Gold Targets

Since taking over management of the Harmony Project last year, Romulus has expanded the Project's land position from 100 square miles to 168 square miles by claim staking, and has acquired from Doromin Resources Ltd an option to earn a 75% interest in the 0.8 square mile El Ninio mineral claims, which lies on the Sandspit/Specogna fault approximately 5 km from the Specogna deposit and contains an outcrop of similar rocks. A program of geochemical sampling and mapping and a detailed review of the mass of data from \$40 million of past expenditures have identified numerous targets for additional gold deposits outside the Specogna Deposit area. This work has been backed up by a \$400,000 airborne geophysical survey designed to identify favorable structures and alteration zones.

Now Ready to Drill

The company has now received all necessary permits to begin a major drilling program. A low-key approach will be adopted at first to minimize local disturbance, starting in October with one drill rig on the Specogna deposit. The initial program, costing around \$1 million, will comprise some 25-35,000 feet of drilling, with angle holes oriented to maximize the sampling of higher-grade veins, and deeper holes to test for bonanza veins below the present deposit. Prospecting will continue elsewhere on the property and will probably be followed up by drilling next year.

If the first phase of work on the Specogna deposit supports the company's high-grade hypothesis, a major drilling program costing up to \$10 million will be carried out next year, with the objective of defining a mineable reserve.

ENVIRONMENTAL AND SOCIAL ISSUES

The Queen Charlótte Islands have a population of about 6,000, of which about one third are Haida. The Specogna deposit is located 11 km from the Yakoun River, an important salmon river of great value to the Haida and the local community. The joint venture 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 area has been extensively logged, and there are a number of local industries, so there does not appear to be opposition to development per se. Romulus has not experienced any difficulties with its exploration activities. A new operating company with a radically different mining plan should be able to make a fresh start to the environmental issues and avoid the mistakes of the past. Perhaps the main risk is that outside pressure groups could get involved. There is comfort to be drawn, however, from signs of a more pro-mining stance by the Provincial government (of which the Royal Oak/Geddes/El Condor deal is an example).

MISTY MOUNTAIN AND ROMULUS TO MERGE

The joint venture formed last November gave Romulus Resources the right to earn a 50% interest in the Harmony Gold Project by spending up to \$15 million on exploration and development. At the end of July 1995, the two companies announced that they had agreed to merge, putting the whole of the Harmony Project under single ownership. Neither company has any other significant assets.

Misty Mountain Gold will be the successor company and will issue 4.25 of its shares for each Romulus share. Following the merger, the share capital will be consolidated 1 for 10, resulting in 9.2 million issued shares on a fully diluted basis. The former shareholders of Romulus and Misty Mountain will each own approximately half the merged company. Merger proposals will be presented to shareholders around mid October and are subject to the usual judicial and regulatory approvals.

The merged company will have approximately \$2.3 million in cash initially and around \$7 million on full conversion of all options and warrants. In addition, it will be entitled to some \$58 million of tax losses to offset future income, some of which may be sold to provide cash for project development.

The merger of the two joint venturers should bring significant benefits:

- A simple project ownership should improve market profile and facilitate future financing;
- the company will benefit from Misty Mountain's existing Toronto listing (and plans a NASDAQ listing early next year);
- a larger capitalization and a broader shareholder base (including sizable Australian holdings) should increase stock market liquidity;
- the whole venture will be managed by the well known Hunter/Dickinson team.

The management groups of Misty Mountain and Romulus will own approximately 18% and 16% of the entity, respectively.

INVESTMENT APPRAISAL

The Harmony Gold Project already has a large, proven gold resource and must be considered a fairly advanced-stage exploration project. On the basis of current share prices, the merged Misty Mountain would have a market capitalization, adjusted for cash, of approximately US\$27 million. Undeveloped gold reserves are typically valued at between US\$20 and US\$40 per ounce. Taking the midpoint of this range, the shares would appear to be reflecting reserves of around 900,000 ounces. This is roughly in line with the previously estimated in situ resource of 1.1 million ounces at a 3 gm/t cut-off grade within the designed open pit. The share price seems consistent with this amount of known higher-grade gold, but only further work will show whether there is sufficient width and continuity for it to be economically mined.

The upside for the shares lies in additions to reserves, especially if the postulated bonanza grade mineralization is discovered. The Hunter/Dickinson group's policy is to look for deposits that can be sold on to major mining companies. For gold, that means a reserve of at least one million ounces. The company believes the Specogna deposit has potential for well in excess of that. On top of that is the potential for new discoveries elsewhere on the property, which is probably not reflected at all in the share price at this stage.

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ADDITIONAL INFORMATION ON SECURITIES MENTIONED IS AVAILABLE ON REQUEST

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