

GRANDUC MINES LTD. (GDC-V)

**DEFINITION OF NEW and ADDITIONAL OUNCES OF GOLD
IN THE RECENTLY DISCOVERED R-8 ZONE
SHOULD INCREASE RESERVES THROUGH THE PRODUCTION THRESHOLD**

**RESULTS TO DATE SUGGEST 150,000 NEW OUNCES GOLD
A FEATURE OF THE R-8 ZONE IS CONSISTENCE - CONTINUITY**

Currently there are three outstanding features at the Sulphurets project 50 km north of Stewart, B.C. owned Newhawk, 60%, operator and Granduc, 40%. First of these as determined during a recent property examination tour by GCNL, is the frequency, number and distribution of the zones, each with remarkable highgrade gold values. Second is the closeness to a production decision. All that is needed now is a few more tons with the right gold grade to add to present reserves in the West Zone of 800,000 tons (all classes) grading 0.354 oz. gold/t, 22.94 oz. silver/t, and Third is the unexplored potential.

CURRENT EXPLORATION PROGRAM

The present crew is 20 to 30 in the 45 person camp. One raise is being driven, two diamond drills are working underground testing the down dip extensions of the West zone and the R-8 zones and three surface geological crews, under the direction of Mike Mracek, mine manager. Hillsborough Resources Limited - Canadian Mine Development is mining contractor and F. Boisvenu Drilling Ltd. has contracted most of the drilling.

Since the start of exploration by Newhawk in 1985, a total of \$20,000,000 has been spent of which \$11,000,000 was in 1988. Since May 1987, property work has been continuous for the last 27 months, with no winter shutdown. Work has included 180,000 feet of diamond drilling with 300 holes from surface, 350 holes from underground, and in excess of 5,000 feet of decline plus levels at 1350, 1300, 1250 and 1200 metre elevations, as well as 1500 feet of raises. The portal is at 4,625 feet elevation. The 1200 meter level has a new raise up 25 meters to explore and define the R-8 shoot and establish vertical continuity. R-8 is a quartz vein with clean well defined hanging and footwalls, with no clay. (*see section overleaf for drill hole assays from R-8 to date.) The raise will be completed to the 1250 level in about two weeks. This raise will test the continuity of the R-8 highgrade oreshoot between the levels and will provide ventilation to assist in the continuation of the decline to the newly proposed deeper 1150 meter level. The decline and the 1150 level which will be established at a cost of about \$2,000,000 will also provide drill stations from which to definition drill the down dip continuation of the R-8 shoot and the West zone. To-date almost all the locations from which meaningful holes can be drill to test the R-8 have been completed. The best potential for additional tonnage, at this time, is along strike to the north and to greater depth. It is expected that the decline can be completed to the lower level by late October or early November. Then definition drilling will continue to the end of the year. This next phase of work is now being planned and budgeted. This decline advance and drilling, plus some 5,000 to 10,000 feet of surface drilling is expected to cost between \$2,500,000 and \$3,500,000 and be completed by the Christmas break.

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P. 1