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George Cross

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NO.128(1989)

JULY 5, 1989

WESTERN CANAD

GOLDEN QUEEN MINING CO. LTD. (GQM-V)

PRIVATE PLACEMENT REPORTED - Chester Khynkaryk, president reports that Golden Queen Mining Co. Ltd. has concluded negotiations with Ventures-Trident II L.P., the company's major shareholder, for the private placement of 1,600,000 shares at \$1.85, for total proceeds of \$2,960,000. The net proceeds will be applied to working capital and to pay the costs of a phase III-B in-fill drill program on the Soledad-Starlight property 5 miles SW of Mojave, 70 miles NE of Los Angeles, Calif. (SEE GCNL No.46, p.1, 7Mar89 for additional detail).

CONTINENTAL GOLD CORP. (CNT-V;CNTVF-NASDAQ)

PROJECT FINANCING AND DEVELOPMENT REPORTED Robert G.Hunter, president reports Continental Gold Corp. has reached an agreement for NIM and Company, Limited Partnership 1989 to purchase 210,526 flow through shares at a deemed price of \$9.50 each, to provide \$2,000,000 for exploration of the Mt. Milligan gold-copper project 45 miles west of McKenzie, B.C. The project is a joint venture between Continental Gold 70% and BP Canada Limited 30%.

Continental Gold has working capital of \$3,500,000, to advance the project to feasibility, Mr.Hunter reported. The company has also started discussions for interim and capital debt financing.

Four drill rigs continue to test the gold-copper zones at the site. To date, 150 holes totalling 150,000 feet of core drilling have outlined a massive, blanket shaped deposit 4300 feet long, up to 3100 feet wide and 880 feet thick. Deposit geometry could permit open pit development. Prefeasibility work is examining operating scenarios between 30,000 and 50,000 tons milled per day. This would result in gold production of 200,000 to 300,000 ounces per year for 10 to 15 years, with higher gold production in the first few years. Environmental and socio-economic studies are now in progress.

A 900 mile airborne geophysical survey was recently completed over the 42 mile square property. Compiled results are expected in a few weeks. A 40 line mile, ground induced polarization and magnetics survey is in progress over soil anomalies to the south and west of the current deposit area. Results are expected in about one month.