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NO. 115(1989)  
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WESTERN CANAD

104B193  
(West)

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GRANDUC MINES LTD. (GDC-V)

NEWHAWK GOLD MINES LTD. (NHG-V,T)

RESULTS OF UNDERGROUND - The \$2,300,000 exploration program recently completed at the Sulphurets property, 60 miles north of Stewart, B.C. included advancing the decline to the 1250 level, 146 feet of lateral development and 9,200 feet of underground diamond drilling to define and extend the West zone to below the 1250 level. The property is held by Newhawk Gold Mines Ltd. 60% and Granduc Mines Ltd. 40%.

Underground drilling started in early May and was completed by month end. The 28 hole program was conducted between sections 5110S and 5200S from the 1250 level. This program has returned excellent intersections and has further verified the West zone's southerly plunge. Results for the latest drilling program are supportive of the West zone continuing to depth with persistent high grade gold and silver mineralization.

The intersections are reported in the ASSAY TABLE OVERLEAF. In many cases the drilling has intersected the mineralized structure at an oblique angle and consequently, the core length is not necessarily representative of true widths. For example, geological interpretation suggests that the true width of the veins associated with the major structures to be from 6 to 18 feet. However, drill Hole U-89-281, drilled perpendicular to the structure, shows that the true width can be as wide as 48 ft.

A crosscut on the 1250 level was extended on section 5100S and crossed the R 10 structure as postulated from diamond drilling. Chip samples from the crosscut assayed 0.746 oz.gold/ton and 56.92 oz.silver/ton over 3.3 feet. This intersection is interpreted to be the top of the structure as an earlier diamond drill hole intersected 0.220 oz.gold/t and 15.38 oz.silver/t over 15.4 feet, at a distance of 20 feet below the crosscut.

Two holes were drilled from the end of the crosscut to confirm earlier surface drill intercepts of the UTC zone. Hole U 89-273 (SEE OVERLEAF) intersected the UTC zone approximately 100 feet up dip from an earlier surface hole (S-88-289). Additionally, the hole intersected a new structure from 45.0 to 90.3 feet. Hole U 89-274 failed to intersect the UTC zone at its projected northern limits, possibly due to hole deflection.

The decline has begun to advance to the 1200 level, and is to be followed by more than 20,000 feet of underground diamond drilling. This program is scheduled to be complete by September 1989.

Agreement in principle under the environmental review process, which has been expected since early April has not yet been received. This delay is attributable to the agencies involved being unable to reach agreement on certain specific issues.

A geological consulting firm, Watts, Griffiths, McQuat Limited of Toronto, has been retained to prepare final reserve estimates and will include the data from the recently completed program as well as data from the program now underway. Cominco Engineering Services Ltd. have completed most major components of the feasibility study and will be incorporating the data from Watts, Griffiths, McQuat, into their final report to the company.

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Section	Hole	Dip	From - To (ft)	Core Length (ft)	Au oz/ton	Ag oz/ton
5110S	U-89-279	+10°	14.8 - 19.7	4.9	4.367	3.86
			135.1 - 154.8	19.7	0.757	72.68
5120S	U-89-248	-20°	123.0 - 139.1	16.1	0.364	23.77
			170.6 - 174.0	3.4	0.201	17.85
			196.8 - 218.6	21.8	0.107	10.01
	U-89-249	-2°	126.9 - 141.7	14.8	1.080	57.52
			341.6 - 379.0	37.4	0.113	18.67
	U-89-250	+17°	45.1 - 50.8	5.7	0.215	28.99
			127.3 - 221.1	98.8	0.435	22.26
	U-89-251	+34°	151.9 - 228.9	77.0	0.100	5.89
	U-89-252	-31°	224.7 - 298.2	73.5	0.609	51.19
5130S	U-89-255	-4°	148.5 - 165.3	16.8	2.046	106.95
			185.0 - 208.9	23.9	0.371	31.60
	U-89-256	+16°	197.9 - 202.9	5.0	1.420	141.51
			233.2 - 238.1	4.9	0.078	19.60
	U-89-257	+41°	44.6 - 48.9	4.3	0.235	25.52
5140S	U-89-258	flat	25.0 - 31.8	6.8	0.091	7.11
			68.6 - 111.2	42.6	1.380	3.45
			208.7 - 225.4	16.7	0.455	7.06
5150S	U-89-276	flat	4.9 - 9.8	4.9	1.362	1.04
			38.9 - 44.0	5.1	0.449	0.61
			218.2 - 224.7	6.5	0.871	112.60
5160S	U-89-264	flat	32.0 - 36.9	4.9	2.196	2.37
			124.5 - 182.0	57.5	0.132	9.88
			239.3 - 244.7	4.9	0.035	13.87
	U-89-265	-38°	109.2 - 120.0	10.8	0.085	11.01
			197.7 - 246.8	49.1	0.074	11.26
			210.4 - 222.5	12.1	0.124	19.06
	U-89-266	-48°	100.6 - 105.5	4.9	0.393	0.94
			220.6 - 269.3	48.7	0.079	10.32
			includes	4.9	0.295	49.91
	U-89-267	+22°	95.3 - 101.5	6.2	0.075	19.54
			136.3 - 142.2	5.9	0.120	8.78
5180S	U-89-268	-12°	41.7 - 45.3	3.6	1.063	1.31
	U-89-270	+24°	48.2 - 56.9	8.7	1.483	1.29
5200S	U-89-271	flat	14.8 - 31.2	16.4	0.184	1.13
			124.6 - 133.0	8.4	0.044	7.46
	U-88-272	flat	10.5 - 11.5	1.0	0.971	56.13
			148.6 - 149.6	1.0	0.033	15.76
Off Section	U-89-281	flat	128.4 - 176.5	48.1 *	0.387	26.42

\* True width

5100S	U-89-273	-66°	45.0 - 90.3	45.3	0.294	15.30
			402.2 - 451.0	48.8* (20.6)**	1.745	12.72

\* core length \*\* estimated true width

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