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George

BLUE GOLD RESOURCES LTD. (BLQ-V)

PROGRAMS PROCEEDING - Charles S. Underhill, president, reports a sampling program has been completed on Blue Gold Resources Ltd.'s Rust 1-4 claims, 71 units, 50 miles N. of Stewart, Iskut River area NW B.C. The Rust property is surrounded on three sides by the Link/Corona joint venture. The 1989 program located anomalous gold values to 0.29 oz.gold/t.

Exploration is also underway on the Gold 17 - 20 claims, 80 units in the same area, where Blue Gold can earn a 50% interest from Cardinal Mineral Corp. Earlier work returned anomalous gold and silver values.

During July 1989 the 400 meters of diamond drilling on Blue Gold's 100%-owned 80-unit Keystone property located astride the Coquihalla Highway, 53 km north of Hope in southern B.C., cut 6.1 meters of 0.252 oz.gold/ton. The recent drilling intersected 5.0 meters of silver mineralization including one meter grading 14.68 oz.silver/ton. A report is currently being prepared by Blue Gold's consultant Orcan Mineral Associates recommending addition diamond drilling.

Blue Gold has been having discussing a possible joint venture with major mining companies to develop the Keystone and Rust 1 - 4 properties. The previously announced private placement was cancelled.

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