

NO.150(1990)
AUGUST 3, 1990

George Cross

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WESTERN CANADIA

SEVEN MILE HIGH GROUP INC. (SVH-V suspended)

NEW PRESIDENT HAS REVIEWED PROBLEMS - Dr. Clark Gilmour,
AND HOPE FOR TRADING RESUMPTION M.B.A.,D.B.A., C.A.

recently appointed president of Seven Mile High Group Inc. in a July 24, 1990, news release, reviews the complaints which led to the Vancouver Stock Exchange and B.C. Superintendent of Brokers cease trade order of March 1, March 13, the freeze order of March 5, 1990. After an investigation, on July 24, the B.C. Securities Commission rescinded the freeze order. The company is now seeking to have the cease trade orders removed. A decision is expected in a few days. The B.C. Securities Commission has called a hearing for Oct. 9, 1990, to consider removing the trading privileges and right to act as directors of public companies of Messrs. Hamelin, Harrison and Weiss, former directors. One of the areas of concern is the practise former company management employed of crossing cheques over the end of the quarters to repay and reloan directors funds which suggested the loans were not outstanding over the end of the period.

The new directors of the company are: Dr. Gilmour, president; Lukas Lundin, geologist, and president of Eastmaque Gold Mines; Maurice Murdock, mining engineer; Bert Lundgren, chemical engineer; and Seamus Young, prospector. Michael Sikula has resigned as a director. The process started with the filing Feb. 20, 1990, in a B.C. Court a petition by a group of shareholders resulting in the appointment of Rupert L. Bullock as an inspector under the companies act. The inspector has not yet produced his report. The questions revolve around the granting of loans from the company to the former president Morris Hamelin in the amounts of \$940,000 as well as to Craig Harrison and Marvyn Weiss.

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The assets of Seven Miles High consist of: \$1,900,000 cash; \$1,000,000 receivable from Mr. Hamelin secured by a promissory note for \$500,000 and a mortgage of \$175,000; a 40% joint venture interest with Inco Ltd. 60%, project operator, in the Vault property at Okanagan Falls, 30 miles south of Penticton, B.C. To date, \$3,634,898 has been spent in the exploration of the Vault property of which Seven Mile High has provided \$1,251,000. The exploration program is scheduled to resume by mid-August and take about 60 days to complete Phase 1, budgeted at \$327,000, to include trenching the North vein, 2,000 meters diamond drilling to depth on the North vein and in the West zone and calculate a cost estimate for an underground program on the Central zone. Phase 2 is contingent on encouragement in Phase 1 and should include a bulk sample program on the North vein plus 4,000 meters of diamond drilling at a cost of \$770,000. The property has two targets: a large epithermal area and a vein. The North vein, which comes to surface 600 feet above the main epithermal zone, contains drill-indicated reserves of 152,000 tonnes grading 14 grams/tonne. Tonnage for the epithermal zone has not been calculated. The company also shows a pre-paid expense of \$400,000 paid to Strategic Communications Inc. for marketing and promotional services which the new directors are trying to recover.

Liabilities are calculated at \$250,000 plus a retirement allowance to Mr. Hamelin of more than \$1,000,000 which might not be payable or enforceable against the company. At Oct.31, 1990, the company had 4,346,679 shares issued, since then 1,634,000 shares were sold to raise \$3,965,540 for a total current issued of 6,180,679 shares or on a fully diluted basis 8,650,039 shares. The company has offices at: 708 - 1111 West Hastings St., Vancouver, B.C. V6E 2J3, telephone (604) 688-0553.

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