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HECTOR RESOURCES INC., (HEC-V)

ISKUT RIVER OPTION-J/V AGREEMENT - Charles S. Underhill,
president, reports

Hector Resources Inc. has signed an option and joint venture agreement for NEPHELINE RESOURCES LTD., (NPL-V) to earn a 50% interest in Hector's two properties comprising 137 units in the Iskut River area about 100 km NW of Stewart, B.C., subject to regulatory approval. Nepheline must pay Hector \$250,000 in cash, issue 200,000 shares and spend \$2,000,000 on exploration over three years. Hector will be operator. When the above conditions are fulfilled, a joint venture will be formed for further development of the properties.

The 70-unit Spray 1 & 2 and Sky 4 & 5 claims contain an anomalous area of auriferous quartz/pyrite veining, the Golden Spray zone, which is known to extend over 1,000 feet and may be over 3,000 feet in strike length. There are high gold soil assays. A diamond drilling program has been recommended. On the 67-unit Stu 4 & 5 and N.W.G. 6 & 7 claims, previous exploration identified three anomalous gold geochemical anomalies. Soil values range up to 2,000 parts per billion gold. Quartz veins in the area returned 1.695 oz.gold/ton. The 1990 program will include continued soil sampling, prospecting, geological mapping, geophysical surveying and diamond drilling. (SEE GCNL No.191, OCT.4/89, P.2 FOR EARLIER INFORMATION)

104B General