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George Cross News Letter

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MISTY MOUNTAIN GOLD LTD.

[MGL-T, V] 7,713,977 SHS.

CURRENT DRILL PROGRAM SEEKING GOLD GRADES - Robert A.
TO SUPPORT UNDERGROUND MINING Dickinson,
president,

reports Misty Mountain Gold Ltd. has purchased for Cdn. \$450,000 the net smelter return royalty held by BHP Minerals Canada Ltd. on claims which cover the Specogna deposit. The Specogna deposit is included within Misty's Harmony gold property, a 444 square km mineral claim holding on Graham Island, Queen Charlotte Islands, about 10 miles off the northwest BC coast. The net smelter return royalty was a sliding scale royalty varying from 0.5% to 5% over a gold price range from US \$300 to US \$800 per ounce. Misty Mountain now owns a 100% interest in all claims covering the Specogna deposit area with no underlying interests whatsoever.

Two drill rigs are currently at work drilling the Specogna deposit on a 20-metre by 20-metre grid pattern with all holes being drilled towards the southeast at an angle.

Extensive work conducted at the Specogna deposit by former explorers was focused almost entirely on outlining a large but low grade gold resource amenable to open pit mining methods. Their work led to their reporting of a mining reserve for the Deposit of 2,200,000 ounces of gold contained within 31,300,000 tonnes with a diluted grade averaging 2.2 grams gold/tonne (0.064 oz/ton), mineable in an open pit at a stripping ratio of 1.7 tonnes of waste to one tonne of ore.

Misty's drill results to date, however, are indicating the Specogna Deposit might best be developed as a substantial high grade gold mine. (SEE GCNL NO.237, 11Dec96, P.4 FOR PREVIOUS HARMONY PROJECT INFORMATION)

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