

# Penny Mining Stock Report

October 1988  
Vol. V, No. 12

## Stock Recommendation

*The following stock recommendation varies somewhat from most of the advice I've been giving of late. Continental is not a junior producer, not a development company, and doesn't even have an ounce of gold drilled off on their main property. The company does, however, have two promoters whose track record suggests that Continental will attain a much higher market profile before their fall drilling program ends. My guess is that higher prices will accompany that higher profile, which is why I'm suggesting you consider it this month:*

### Continental Gold Corp./CUG.V

**Shares Outstanding: 4.0 million**  
**Fully Diluted: 4.8 million**  
**52-week price history: \$4.00/\$1.40**  
**Current (10/7) Price: \$2.40/\$2.45**

Continental Gold is notable for its promoters' track records and for its interests in the Trophy and Mt. Milligan gold projects. The Trophy project is located 70 miles southwest of Dease Lake, in northwestern British Columbia, within a gold belt that encompasses projects held by Newhawk Gold/Granduc Mines, Skyline Resources, Delaware Resources/Cominco, and North American Metals (about which more later).

The Trophy ground is 100%-owned by Continental and covers the largest hydrothermal precious metals system in the belt. Mineralized structures of 30 to 50 feet in width and of up to ten miles in length are found on the Trophy project, in an area where six million ounces of gold have recently been discovered on nearby properties. This area has emerged as the foremost gold belt in western Canada and, even after allowing for the conceptual status of their holdings, Continental appears attractive based on any relative project valuation.

Although there are more unknowns surrounding Continental's property, I believe that the company's low market capitalization, 100% ownership, and management's track record greatly mitigate these risks. So too does Continental management's experience in the area: they are credited with the development of the Golden Bear deposit, currently held by North American Metals and Chevron Resources.

In addition to the Trophy project, Continental controls United Lincoln Resources, and has the option to subscribe for up to 74% of the outstanding shares. United Lincoln (formerly Lincoln Resources, a high flyer in the '79-'80 bull market) has a joint-venture with B.P. Resources Canada Ltd.

on the Mt. Milligan project, northeast of Fort St. James, B.C. A total of 6,000 feet of drilling has been completed, and given the bulk-tonnage nature of the deposit, management is optimistic that the project will support a positive production decision.

	Newhawk	Skyline	Delaware	N. Amer.Cont.	Gold
Project Interest	60%	100%	40%	50%	100%
Status	Feasibility	Production	Feasibility	Construction	Drilling
Portion of Current Project Reserve (oz.)	720,000	700,000	400,000	300,000	-
Portion of Est. Annual Production (oz.)	72,000	50,000	68,000	32,000	-
Recent Share Price	\$6.00	\$12.00	\$13.00	\$5.00	\$3.00
Shares Issued Fully Diluted	11,000,000	9,600,000	8,500,000	8,000,000	3,800,000
Company Market Capitalization	\$66 Mil.	\$115 Mil.	\$110 Mil.	\$40 Mil.	\$11 Mil.
Total Project Market Capitalization	\$110 Mil.	\$115 Mil.	\$275 Mil.	\$80 Mil.	\$11 Mil.
Market Capitalization Per Ounce of Est. Annual Production	\$900	\$2,300	\$1,600	\$1,250	-

Based on management's model of a 60 million ton open pit deposit averaging 0.035 oz. gold/ton and 0.35% copper, initial projections indicate a 15,000 ton-per-day operation that would produce in excess of 125,000 ounces of gold annually. The nature of the deposit is such that a high probability can be attached to the drilling done to date, and a further 25,000 foot drilling program is scheduled to begin next month.

Continental has \$4,000,000 in the bank, the result of a private placement with European banks and Homestake Mining Company. Homestake currently holds 13% of Continental and discussions are underway to raise their ownership to 20%. Continental management is headed up by the team of Robert Hunter and Robert Dickinson. Mr. Hunter is also chairman of Breakwater Resources and, with Mr. Dickinson, was instrumental in the development of North American Metals. The team's track record for successful project acquisition and development is an overwhelming factor in my decision to recommend Continental Gold at this time. Their eye for projects is keen, their ability to finance is unquestioned, and their market savvy—and near-term drilling program—assures a high market profile for Continental shares.

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CONTINENTAL GOLD CORP.  
1020-800 W. PENDER STREET  
VANCOUVER, B.C.  
V6C 2V6

UNITED LINCOLN RESOURCES INC.  
1020-800 W. PENDER STREET  
VANCOUVER, B.C.  
V6C 2V6

NOVEMBER 18, 1988

JOINT NEWS RELEASE

Continental Gold Corp. (CUG:V) and its subsidiary, United Lincoln Resources Inc. (ULN:V), wish to announce that an agreement has been reached for a further equity purchase by Continental in the capital of United Lincoln. The parties have agreed, subject to the usual regulatory approvals, that Continental shall purchase 1,000,000 flow-through Units in the capital of United Lincoln at a price of \$1.60 per Unit. Each Unit will consist of one (1) flow-through common share plus a two year share purchase warrant exercisable at the price of \$1.60 per share for the first year after closing and at the price of \$1.84 per share for the second year after closing. Under the terms of the agreement Continental shall be entitled to the income tax benefits, including rebates, pertaining to the Canadian Exploration Expenses which will be incurred by United Lincoln on its Mt. Milligan project employing the Continental funds.

The Companies wish to further advise of the granting of management incentive stock options permitting the recipients thereof to purchase 374,600 shares of United Lincoln at a price of \$2.00 per share and 25,000 shares of Continental at a price of \$3.00 per share for a two (2) year period to coincide with the closing of the above private placement.

ON BEHALF OF THE BOARD



Robert G. Hunter  
President

The Vancouver Stock Exchange has neither approved nor disapproved the contents of this news release.



# N E W S R E L E A S E

**FEBRUARY 8, 1989**

Robert A. Dickinson, President of Continental Gold Corp., (CUG:V) today announced that an Option and Joint Venture Agreement has been reached between Continental Gold Corp. and Gigi Resources Ltd. on Continental Gold Corp's Trophy Gold Project. Gigi Resources Ltd., a Prime Capital Group Company, has obtained the right to earn a 55% interest in the Trophy Gold Project through the issuance of 200,000 shares of Gigi Resources and by completing staged property expenditures totalling \$5,500,000 over five years. An interim interest of 25% in the project can be acquired by Gigi upon the issuance of 150,000 shares of the company, and by completing \$2,500,000 in work expenditures. When Gigi earns its 55% interest, further expenditures will be shared 55% Gigi Resources, and 45% Continental Gold. Gigi Resources, has committed to spend a minimum of \$500,000 on the property during 1989. The agreement is subject to regulatory approvals.

The Trophy Gold Project consists of 71 square miles of mineral claims located 70 miles southwest of Dease Lake in northwestern B.C. and 40 miles north of the SNIP Deposit of Delaware Resources Corp. and Cominco Ltd. During 1987, a grass roots precious metal exploration program resulted in the discovery of significant gold-silver mineralization in the Galore Creek area of the Telegraph Creek map sheet. Within the project area, major north-south and northeasterly trending faults and shear zones have acted as conduits for gold and silver bearing hydrothermal fluids. Precious metal mineralization occurs as disseminations and fracture filling of native gold, electrum, pyrite, galena, sphalerite, tetrahedrite and arsenopyrite, within silicified, and brecciated volcanics and sediments.

During 1987 and 1988 prospecting and geological mapping programs conducted by Continental Gold identified 16 gold and silver-bearing zones on the claims, with sulfide mineralization assaying up to 3.4 oz gold/ton and 165 oz silver/ton.

Diamond drilling in 1988 penetrated the Ptarmigan precious metal structure at the deepest point to date, 560 feet below surface, with a 36.4 foot interval assaying 0.16 oz gold/ton and 0.88 oz

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## **CONTINENTAL GOLD CORP.**

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silver/ton. Significant lead and zinc values accompany the precious metals. The Ptarmigan structure remains open along strike and at depth.

Gigi will contract with Prime Explorations Ltd. to provide management and consulting services on the the Trophy Gold Project.

ON BEHALF OF THE BOARD

A handwritten signature in black ink, appearing to read 'R. A. Dickinson', with a long horizontal flourish extending to the right.

Robert A. Dickinson  
President

The Vancouver Stock Exchange has neither approved nor disapproved the information contained in this news release.

CONTINENTAL GOLD CORP.  
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UNITED LINCOLN RESOURCES INC.  
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DECEMBER 14, 1988

JOINT NEWS RELEASE


COMPANIES TO AMALGAMATE

Robert G. Hunter, a Director of both Continental Gold Corp. (CUG:V) and United Lincoln Inc. (VSE:ULN, NASDAQ:ULNNF), wishes to announce that the Boards of Directors of the two companies have resolved to amalgamate Continental Gold Corp. and United Lincoln Resources Inc. pursuant to a plan of arrangement under Section 276 of the of the Company Act. As a result of the arrangement the business activities of both companies will be combined under the ownership of a single new company which will have as its management the existing management of both companies. Currently the companies have substantially common management and the respective Boards believe that a consolidation of the exploration activities of the two companies will result in a well financed company with significant gold production prospects. In addition, the arrangement will permit the combined organization to share a central management team, to eliminate potential conflicts of interest in the allocation of corporate opportunities between the two companies, and the co-ordination of financing, administration and engineering functions.

The Boards of Directors, after preliminary consultation with financial advisors, have determined that holders of Continental Gold Corp. shares will receive one common share of the amalgamated entity for each Continental share held and holders of United Lincoln Resources Inc. shares will also receive one common share of the amalgamated entity for each United Lincoln Resources Inc. share held. After the re-organization there will be approximately 6,521,000 common shares of the surviving entity issued and outstanding (7,890,000 fully diluted) of which 2,252,800 will be held by former United Lincoln Resources Inc. shareholders and 4,268,200 will be held by former Continental Gold Corp. shareholders. The final exchange ratio may be varied upon the receipt of the definitive fairness opinion from the company's financial advisors. The plan of arrangement is subject to the 75% approval of shareholders of both companies and the usual regulatory approvals.

It is expected the amalgamated entity will retain the NASDAQ listing. Robert G. Hunter will be Chairman of the Board and CEO of the new company. Robert A. Dickinson will be President.

ON BEHALF OF THE BOARDS



Robert G. Hunter  
Chairman

The Vancouver Stock Exchange has neither approved nor disapproved the information contained in this news release.



# CONTINENTAL GOLD CORP.

NOVEMBER 21, 1988

## NEWS RELEASE

### PHASE ONE DIAMOND DRILLING COMPLETED ON TROPHY GOLD PROJECT

Robert G. Hunter, President of Continental Gold Corp. (CUG.V) announced today the completion of 9295 feet of diamond drilling in 16 holes on the Company's Trophy Gold Project in northwestern British Columbia. The program tested 15% of the known precious metal bearing structures on the Trophy property. Phase One diamond drilling focused on the Ptarmigan, Hummingbird and Eagle structures, with all holes intersecting zones of intensely altered volcanics and sediments up to 200 feet wide. Gold and silver assays from the drill program are associated with zones of intense brecciation and silicification, with pyrite, sphalerite, galena, arsenopyrite, native gold and electrum forming the matrix.

The highest gold assays were received from diamond drill hole TR88-4 which penetrated the Ptarmigan precious metal structure at the deepest point to date, 570 feet below surface, with a 36.4 foot interval assaying 0.16 ounces/ton gold and 0.88 ounces/ton silver. Many of the significant gold-silver intersections were accompanied by high values in lead and zinc (see table). The Ptarmigan, Eagle and Hummingbird structures remain open along strike and at depth.

In addition, geological mapping, prospecting and sampling of the 80 square mile Trophy Gold Project area during 1988 resulted in the discovery of 13 additional significant gold and silver showings returning assays of up to 2.58 ounces/ton gold and 10 ounces/ton silver. Many of these new precious metal discoveries are associated with magnetite-chalcopryrite skarns localized along major northeast trending structures.

Step-out diamond drilling on the Ptarmigan, Eagle, and Hummingbird structures, as well as diamond drilling of the many newly discovered gold-silver zones, is planned for 1989.

During 1988 over 150 square miles of new mineral claims were staked adjacent to Continental Gold Corp's Trophy Gold Project (see map) by major and junior mining companies in response to Continental's gold discoveries.

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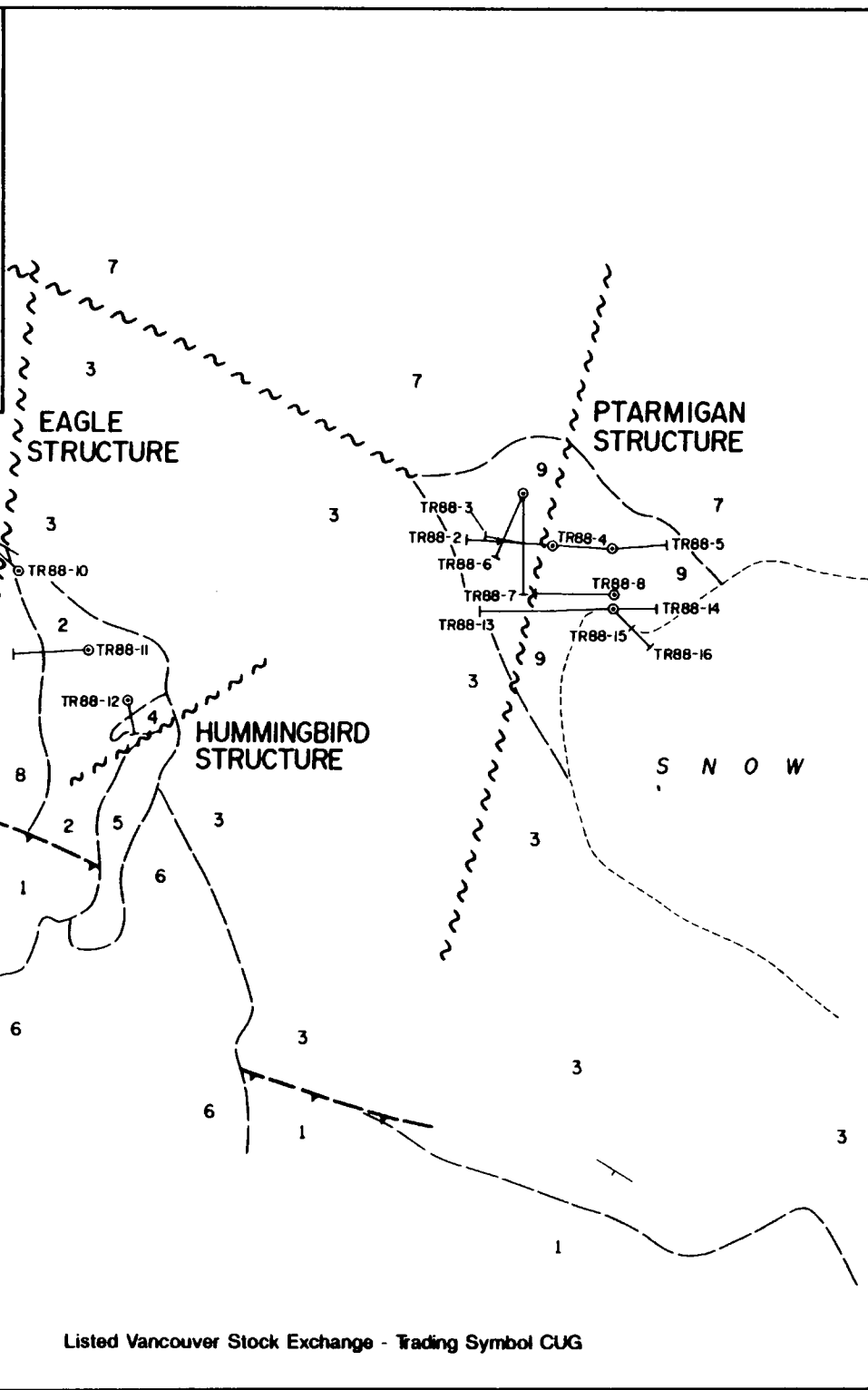
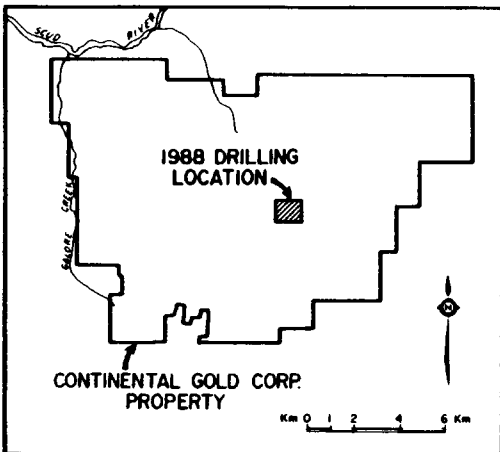
Continental Gold Corp's 100% owned Trophy Gold Project is located 40 miles north of the Iskut River Gold Camp, which hosts the Delaware/Cominco Snip gold deposit and Skyline's newly opened Johnny Mountain gold mine.

ON BEHALF OF THE BOARD

A handwritten signature in cursive script, reading "Robert G. Hunter".

Robert G. Hunter  
President

The Vancouver Stock Exchange has neither approved nor disapproved the information contained herein.



**LEGEND**

**JURASSIC**

- 9 HYDROTHERMALLY ALTERED BRECCIA GOLD-SILVER MINERALIZATION
- 8 CONGLOMERATE/CHERT BRECCIA GOLD-SILVER MINERALIZATION
- 7 QUARTZ MONZONITE-SYENITE
- 6 GRANODIORITE
- 5 RHYOLITE
- 4 Cu-Au SKARN

**TRIASSIC**

- 3 VOLCANIC FLOWS AND TUFFS
- 2 CHERT AND CHERTY ARGILLITE

**PERMIAN**

- 1 LIMESTONE

- GEOLOGIC CONTACT (INFERRED)
- ~ SHEAR ZONE/FAULT
- ↗ THRUST FAULT
- BEDDING SYMBOL
- ⊙ 1988 DRILL HOLE LOCATION

METRES 0 50 100 200 300 METRES

**CONTINENTAL GOLD CORP.**

TROPHY GOLD PROJECT  
NORTHWESTERN BRITISH COLUMBIA

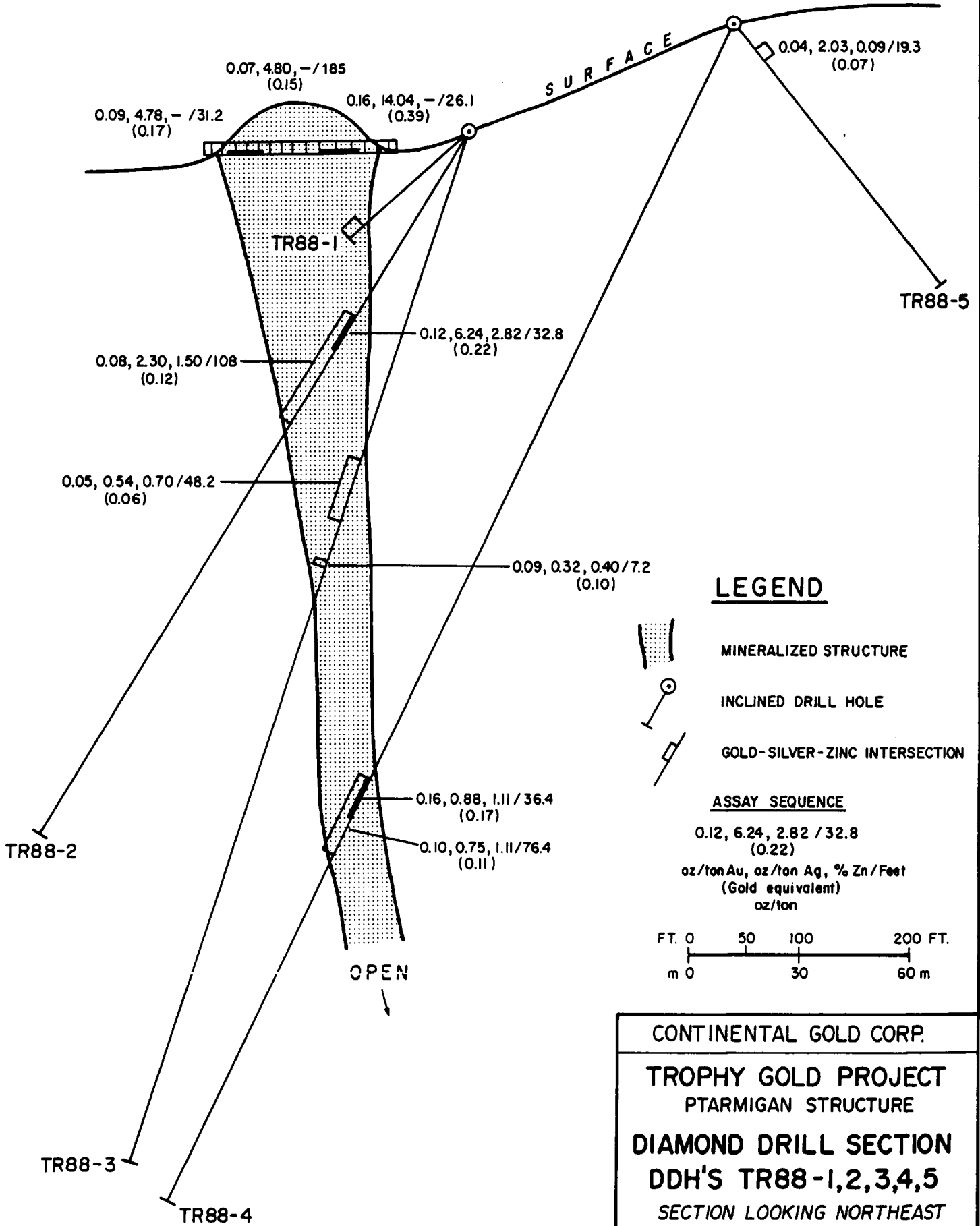
**1988 DIAMOND DRILL HOLE  
LOCATION MAP**

LIARD MINING DIVISION

Drawn J.W.	Date Oct 1988	N.T.S. 104 G/3	FIGURE 1
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Listed Vancouver Stock Exchange - Trading Symbol CUG

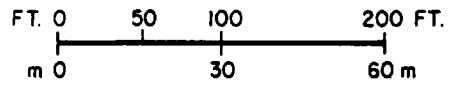




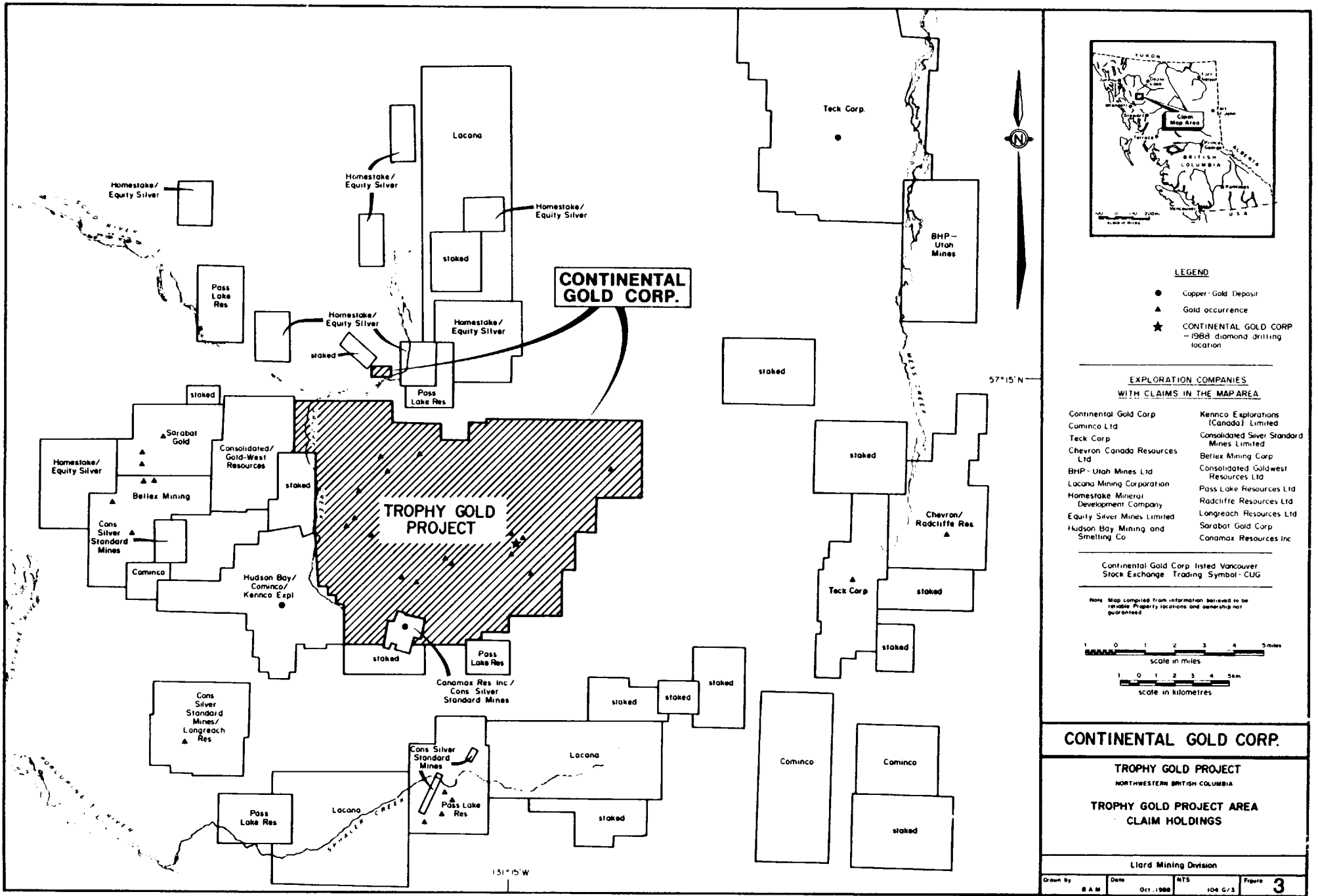
**LEGEND**

- MINERALIZED STRUCTURE
- INCLINED DRILL HOLE
- GOLD-SILVER-ZINC INTERSECTION

**ASSAY SEQUENCE**



CONTINENTAL GOLD CORP.  
 TROPHY GOLD PROJECT  
 PTARMIGAN STRUCTURE  
**DIAMOND DRILL SECTION**  
**DDH'S TR88-1,2,3,4,5**  
 SECTION LOOKING NORTHEAST



**LEGEND**

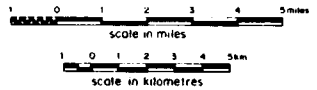
- Copper-Gold Deposit
- ▲ Gold occurrence
- ★ CONTINENTAL GOLD CORP - 1988 diamond drilling location

**EXPLORATION COMPANIES WITH CLAIMS IN THE MAP AREA**

- |                                       |  |
|---------------------------------------|--|
| Continental Gold Corp                 | Keneco Explorations (Canada) Limited       |
| Cominco Ltd                           | Consolidated Silver Standard Mines Limited |
| Teck Corp                             | Beltex Mining Corp                         |
| Chevron Canada Resources Ltd          | Consolidated Goldwest Resources Ltd        |
| BHP-Utah Mines Ltd                    | Pass Lake Resources Ltd                    |
| Lacana Mining Corporation             | Radcliffe Resources Ltd                    |
| Homestake Mineral Development Company | Longreach Resources Ltd                    |
| Equity Silver Mines Limited           | Sarabot Gold Corp                          |
| Hudson Bay Mining and Smelting Co     | Canamax Resources Inc                      |

Continental Gold Corp listed Vancouver Stock Exchange Trading Symbol-CUG

Note: Map compiled from information believed to be reliable. Property locations and ownership not guaranteed.



**CONTINENTAL GOLD CORP.**

**TROPHY GOLD PROJECT**

NORTHWESTERN BRITISH COLUMBIA

**TROPHY GOLD PROJECT AREA CLAIM HOLDINGS**

Liard Mining Division



# CONTINENTAL GOLD CORP.

NOVEMBER 18, 1988

## NEWS RELEASE

Robert G. Hunter, President of Continental Gold Corp. (VSE:CUG) announced today that its subsidiary (64%) United Lincoln Resources Inc. (VSE:ULN, NASDAQ:ULNNF) has begun a 20,000 foot step-out drill program at its Mt. Milligan Property to delineate the extent of the newly discovered MBX bulk tonnage gold-copper deposit. Results from a recently completed drill program indicate that the Mt. Milligan Project has excellent potential to develop into a 150,000 - 200,000 ounce per year gold mine and in addition produce significant copper.

The Mt. Milligan property is in central British Columbia, 45 km west of Mackenzie and has good road access. Topographic relief and climate are moderate and there are no identified environmental concerns. Electric power, highways and railway services are available in Mackenzie and nearby Fort St. James.

The Mt. Milligan Project is a joint venture between United Lincoln Resources Inc. (70%) and BP Resources Canada Limited (30%). United Lincoln is the operator.

A recently completed reconnaissance drill program at Mt. Milligan discovered the MBX Bulk Tonnage Gold-Copper Deposit in altered volcanic rocks adjacent to an alkaline stock. A preliminary geological inventory based on 31 NQ diamond drill holes indicates an initial reserve in the order of 20 million tons containing over 500,000 ounces of gold plus significant copper. Average gold grades are in the 0.020 - 0.040 oz/ton range with average copper grades in the 0.30 - 0.50% range. A recently completed IP and Magnetic Survey indicates that the MBX Deposit is open to extension in all directions and to depth.

Multiple deposits are suspected. Gold and copper surface geochemical anomalies are extensive throughout the property.

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The Mt. Milligan Property is in a regionally extensive belt where gold and copper-gold deposits are closely associated with alkaline intrusions. Example deposits are:

<u>DEPOSIT</u>	<u>NUMBER OF ZONES</u>	<u>TONS (000,s)</u>	<u>GRADE</u>		<u>STATUS</u>
			<u>%CU</u>	<u>AU oz/ton</u>	
Teck-Afton	3	30,000	1.00	0.014	Mine
Cassiar-Copper Mountain	2	133,000	0.42	0.005	Mine
Placer Dome-QR	3	1,000	-	0.200	Feasibility
Imperial-Caribou Bell	6	128,000	0.31	0.012	Exploration
Cominco-Fish Lake	1	201,000	0.24	0.015	Exploration

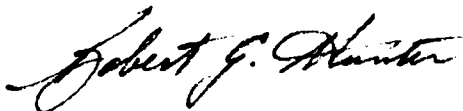
The Mt. Milligan property has similar geological characteristics to these deposits with an important difference; Mt. Milligan gold values are significantly higher.

The United Lincoln/BP Resources joint venture has initiated an accelerated development program for the project. The \$1,200,000 program underway will drill indicate the extent of the MBX deposit and complete preliminary metallurgical and engineering studies.

A fast-track program involving infill drilling, bulk sampling, and advanced metallurgical, engineering and environmental studies providing the technical base for a bankable feasibility study is envisioned to follow.

Continued comparable drill results will lead to the development of a leading Canadian gold producer.

ON BEHALF OF THE BOARD



Robert G. Hunter  
President

The Vancouver Stock Exchange has neither approved nor disapproved of the information contained herein.