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NEWHAWK GOLD MINES LTD.

LACANA MINING CORPORATION
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TORONTO, Ontario
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NEWHAWK GOLD MINES LIMITED
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PRESS RELEASE

September 1, 1987

FOR IMMEDIATE RELEASE

LACANA TAKES A SHARE POSITION IN NEWHAWK FOR ITS INTEREST IN SULPHURETS

Lacana Mining Corporation of Toronto (LCA-TSE,ME; LCNAF-NASDAQ) and Newhawk Gold Mines Ltd. of Vancouver (NHG-TSE,VSE) report that they have reached an agreement whereby Lacana will acquire 4,000,000 treasury shares of Newhawk in exchange for Lacana's wholly owned subsidiary, Lacana Ex (1985) Inc., which owns a 30% interest in the Sulphurets gold-silver property in Northern British Columbia. As a result, Lacana will have a 41% interest in Newhawk and Newhawk will have a 60% interest in the Sulphurets property. Granduc Mines Ltd. of Vancouver holds the remaining 40%.

Newhawk is the operator of the Sulphurets property which has drill indicated geological reserves of 1.6 million tons grading 0.34 ounces of gold per ton and 22.9 ounces of silver per ton.

Donald A. McLeod will remain as President and Chief Executive Officer of Newhawk and will continue to direct the ongoing exploration and development of the project through to production. In addition to Mr. McLeod, the Newhawk board will include Ned Goodman, Chairman, Royex Gold Mining Corporation; F.G. Hewett, Vice-President, Exploration, Newhawk; G.J. Leathley, President of Lacana; and Peter Steen, President of Royex.

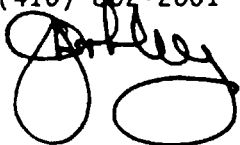
Canarim Investment Corporation of Vancouver will receive 25,000 treasury shares of Newhawk for its role in arranging the transaction.

The agreement is subject to a fairness opinion by Richardson Greenshields of Canada Limited and to Newhawk shareholder and regulatory approvals.

- 30 -

For more information:

Gil J. Leathley
President, Lacana Mining Corporation
(416) 862-2001



Donald A. McLeod
President, Newhawk Gold
Mines Limited
(604) 687-7545



NEWHAWK GOLD MINES LTD. (N.P.L.)

News Release 87-16
August 24, 1987

VSE: NHG

FIRST 1987 SURFACE DRILL HOLES FROM SULPHURETS

Results have been received from the first four drill holes of the 25,000 foot surface drilling portion of the \$4 million program underway at the Sulphurets property, northwestern British Columbia. Surface diamond drilling is being conducted in the Brucejack area on the Shore and West Zones. Results (extreme high grade cut) from the first four holes are reported as follows, further results will be reported as received.

Shore Zone

Hole S-87-182 is drilled on the same section as Hole S-82-41, drilled in 1982, and intersections from 224.8 feet to 267.2 feet occur 26 feet below a 44.5 foot intersection grading 2.242 oz gold/ton, 4.08 oz silver/ton encountered in that hole.

<u>Hole No.</u>	<u>From</u> (feet)	<u>To</u> (feet)	<u>Intersection</u> (feet)	<u>Au</u> oz/ton	<u>Ag</u> oz/ton
S-87-182	224.8	249.4	24.6	1.286	12.53
<i>Sampled</i>	258.8	267.2	8.4	2.415	19.99
	301.0	316.1	15.1	0.547	32.47
	334.5	342.7	8.1	5.418	3.44
S-87-183	194.5	215.3	20.8	0.278	6.75

West Zone

Results have been received from two deep holes drilled on the West Zone with intersections in both holes occurring at significant depths from surface.

<u>Hole No.</u>	<u>From</u> (feet)	<u>To</u> (feet)	<u>Intersection</u> (feet)	<u>Au</u> oz/ton	<u>Ag</u> oz/ton
S-87-184	638.8	645.0	6.2	0.307	1.89
<i>sampled</i>	756.4	760.3	4.1	1.120	60.06
	793.1	799.5	6.4	0.366	5.62
S-87-185	772.6	778.2	5.6	2.042	1.03
	946.2	962.9	16.7	0.709	16.54
	994.1	1007.0	12.9	0.408	0.33

Crews are currently slashing the decline on the West Zone to facilitate large underground equipment, and will be advancing the decline by 1,500 feet, to be followed by drifting and raising on ore and 15,000 feet of underground diamond drilling. Construction of the overland access route from Highway 37 is proceeding on schedule, with approximately 50% of the route now in place. The route is expected to be completed to the Brucejack Area (West, Shore and Gossan Hill Zones) by October.

On Behalf of the Board of Directors,

"D.A. McLeod"

Donald A. McLeod, President

The Vancouver Stock Exchange has neither approved nor disapproved the information contained herein.
Suite 860 - 625 Howe Street, Vancouver, B.C. V6C 2T6 Telephone (604) 687-7545

NEWHAWK GOLD MINES LTD. (N.P.L.)

July 23, 1987
News Release 87-13

VSE: NHG

THREE NEW GOLD PROPERTIES ACQUIRED BY NEWHAWK WORK TO COMMENCE IMMEDIATELY

Donald A. McLeod, President announces that Newhawk Gold Mines Ltd. has reached an agreement in principle with Reliant Resources Limited of Vancouver to acquire interests in three extremely attractive U.S. gold properties under option from Nord Resources Corporation of Dayton, Ohio. With the successful progress of Newhawk's Sulphurets property, management is expanding Newhawk's property portfolio with the addition of these three gold exploration prospects.

Newhawk can earn varying interests in the three properties by making payments totaling \$14,000 U.S. upon execution of the agreement, completing expenditures totaling \$160,000 U.S. (a firm commitment) by September 25, 1987 and completing further expenditures totaling \$1,040,000 U.S. (optional) by June 24, 1991. Under the terms of the agreement, after September 25, 1987 Newhawk may elect to continue with the development of any or all of the properties. Fred G. Hewett, P.Eng., Vice President, Exploration reports the details of these acquisitions:

Smith Canyon, Washington

Newhawk may earn a 35% interest.

The Smith Canyon property is located in Okanagah county, 60 miles northeast of Wenatchee and consists of 67 unpatented claims and 40 acres of private ground.

In 1985, Nord discovered a small outcrop containing up to 5.0 oz gold/ton and channel sampling across the 50 foot outcrop averaged 0.11 oz gold/ton. Subsequent reverse circulation drilling conducted by Nord encountered significant gold mineralization in two holes. Drill hole SCH-7 intersected anomalous gold over 245 feet with a 10 foot intersection returning 0.11 oz gold/ton. Drill hole SCH-12 intersected 35 feet of 0.21 oz gold/ton including 5 feet of 1.38 oz gold/ton.

The width and grade encountered in Drill hole SCH-12 are very encouraging. Newhawk will conduct a 1,500 foot diamond drilling program to determine the orientation of mineralization, trace the strike and confirm previous assay results. A subsequent expanded program is planned to fully delineate the extent of the deposit.

High Grade, California

Newhawk may earn a 35% interest.

The High Grade property is located in the northeast corner of California, 11 miles from the Nevada border and a two hour drive from Reno.

In 1986, a drill hole on the "Ruby Zone" intersected 130 feet of 0.04 oz gold/ton including 35 feet of 0.11 oz gold/ton and 20 feet of 0.17 oz gold/ton. Numerous other significant occurrences are known on the property and strong potential exists for enhancing these occurrences with further work.

Newhawk will conduct a 2,000 foot reverse circulation drilling program on the Ruby Zone to determine strike potential of the discovery area, as well as additional mapping and sampling of the highest priority targets.

continued overleaf

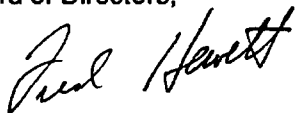
Slide Rock, Montana

Newhawk may earn a 30% interest.

The Slide Rock property is located 38 miles southeast of Missoula. Strong gold mineralization is indicated over an area of at least 100 feet by 1,000 feet and the potential exists for substantial tonnage. Although only limited trenching and surface soil sampling has been conducted, gold values in trenches have been as high as 0.26 oz gold/ton over 5 feet. Newhawk will conduct a mapping and sampling program to define targets for subsequent diamond drilling.

Work on these new acquisitions will commence immediately.

On Behalf of the
Board of Directors,

A handwritten signature in black ink, appearing to read "F.G. Hewett", written in a cursive style.

F.G. Hewett, P.Eng.
Vice President, Exploration

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

NEWHAWK GOLD MINES LTD. (N.P.L.)

News Release 87-12

VSE: NHG

July 16, 1987

Sulphurets Joint Venture, Northwestern British Columbia
Newhawk (Operator)30%/Lacana Mining Corp. 30%/Granduc Mines Ltd. 40%

Drilling Results from Phase One - Phase Two Expanded to \$4 Million

Newhawk Gold Mines Ltd. is pleased to announce that with the success of Phase One of the 1987 exploration program at Sulphurets, all three joint venture partners have committed to participate in an expanded Phase Two program. With the results now in hand, and to facilitate rapid development of Sulphurets, the original budget of \$3.5 million for the remainder of 1987 has been increased to \$4 million. Details of the Phase Two program are outlined overleaf.

The Phase One program, totaling 9,400 feet in 95 holes of underground diamond drilling on the West Zone, has been highly successful. Continuity of mineralization and consistency of grade have been confirmed and additionally, numerous spectacular intersections have been encountered. Results have now been tabulated for holes U-87-60 to U-87-95. Drill holes with significant gold/silver mineralization are reported below (for results of holes 87-1 through 87-59 see news releases dated June 3/87 and June 18/87):

UNDERGROUND DRILLING RESULTS

	<u>Drill Hole</u>	<u>Azimuth</u> (degrees)	<u>Dip</u> (degrees)	<u>Intersection</u> (feet)	<u>Au</u> (oz/ton)	<u>Ag</u> (oz/ton)
<u>Section 50+60S</u>	U-87-60	270	-12	5.0 and 3.3	0.825 0.150	1.28 14.18
<u>Section 50+50S</u>	U-87-62	90	+45	5.2	0.473	28.79
	U-87-63	90	-45	11.5	0.176	23.26
	U-87-64	270	-70	5.0	0.251	4.91
	U-87-65	270	-25	10.0	0.739	1.42
	U-87-66	270	+45	5.0	0.576	4.03
<u>Section 50+40S</u>	U-87-67	90	+60	6.6	0.150	14.63
	U-87-68	270	+45	5.0	0.165	8.56
	U-87-69	270	-45	5.0	0.774	6.29
<u>Section 50+30S</u>	U-87-70	90	-45	7.4	0.734	184.92
	U-87-71	90	+30	5.5	0.300	75.20
	U-87-73	270	-30	5.0	0.144	35.15
	U-87-74	270	-70	7.0	0.182	4.69
<u>Section 50+20S</u>	U-87-76	90	+25	5.0	0.167	127.41
<u>Section 50+10S</u>	U-87-78	90	+40	9.0 including 2.7	0.683 2.100	72.52 206.83
	U-87-79	90	00	9.4 and 5.0	0.347 0.325	25.14 54.48
	U-87-82	270	00	7.1	0.414	1.95
<u>Section 51+20S</u>	U-87-88	90	-50	5.0	0.289	46.16
<u>Section 50+90S</u>	U-87-89	270	+50	5.0	0.327	0.74

continued overleaf

	<u>Drill Hole</u>	<u>Azimuth</u> (degrees)	<u>Dip</u> (degrees)	<u>Intersection</u> (feet)	<u>Au</u> (oz/ton)	<u>Ag</u> (oz/ton)
<u>Section 50+80S</u>	U-87-90	90	+45	8.5	0.150	37.15
				including 0.9	0.875	261.77
	U-87-91	90	-30	13.6	0.474	65.21
				including 0.5	2.915	815.23
				and 0.3	2.470	164.54
	U-87-92	270	00	11.7	0.133	0.93
<u>Section 50+70S</u>	U-87-93	270	00	5.8	0.173	2.67
	U-87-94	270	-20	5.7	0.140	5.42
				including 0.5	1.310	49.41
<u>Section 49+90S</u>	U-87-95	270	00	5.5	0.207	2.99

1987 PHASE TWO EXPLORATION

Phase Two of 1987 exploration is comprised of an aggressive program to continue developing the potential of the Brucejack area (the West, Shore and Gossan Hill Zones), provide additional data on several other prime exploration targets, and generate the data necessary for a feasibility study.

WEST ZONE

Underground development will include advancing the decline by 1,500 feet, drifting and raising on ore and 15,000 feet of underground diamond drilling. Two surface diamond drills will be used in a minimum 17,000 foot drilling program. A portion of this surface program will test the southern extension of the known strike, now open. A 1986 surface hole in this area intersected a true width of 28.5 feet grading 0.359 oz gold/ton and 57.42 oz silver/ton. Following the excellent results from deep surface drilling in 1986, several surface holes will be drilled to a +1,000 foot depth.

SHORE ZONE

A significant surface diamond drilling program will be conducted on the Shore Zone. This program will add an additional 8,000 feet to the 14,000 feet previously drilled on the zone. The additional drilling is designed to define lateral and vertical continuity of mineralization established by earlier programs. In 1982, Hole S-82-40 intersected 26.2 feet of 0.336 oz gold/ton and 12.57 oz silver/ton and Hole S-82-41 intersected 30.5 feet of 2.52 oz gold/ton and 6.75 oz silver/ton.

GOSSAN HILL ZONE

A trenching and surface diamond drilling program will be undertaken on the Gossan Hill Zone to expand and upgrade present inferred high grade reserves of 27,639 tons of 1.940 oz gold/ton.

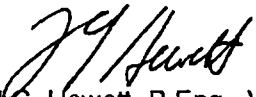
OTHER ZONES

Surface exploration will be conducted on at least two other zones in the vicinity of the Brucejack area. Previous surface work on these zones has produced encouraging to excellent assay results.

GENERAL

Overland access will be completed this year along with the engineering studies necessary to prepare for construction of a permanent all weather road in 1988. As well, a hydro-electric survey, environmental baseline and metallurgical studies are planned. We look forward to continuing the success encountered in the first portion of the overall 1987 exploration program.

On Behalf of the Board of Directors,


Fred G. Hewett, P.Eng., Vice President

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

NEWHAWK GOLD MINES LTD. (N.P.L.)

News Release 87- 10
June 18, 1987

VSE: NHG

NEWHAWK REPORTS SPECTACULAR GOLD/SILVER VALUES AT SULPHURETS

Donald A. McLeod, President of Newhawk Gold Mines Ltd. announces that Phase I (\$1.5 million) of the 1987 \$5 million exploration program on the Sulphurets property has now been completed.

Over 9,400 feet of underground diamond drilling, expanded by 1,000 feet, was completed on time and within budget. Results have been excellent, with this portion of the program giving the best values to date on the West Zone. Phase II (\$3.5 million) of the program is expected to be underway by early July. Construction on the access road to the property, has progressed to Bowser Lake, 7 km from Highway 37. The road is expected to reach the property by September

Results from diamond drill holes 87-01 - 87-10 were reported June 3, 1987 and results from Holes 87-11 to 87-59 have now been received. Drilling was conducted on ten meter spacings. All holes encountering significant mineralization are reported below. Results from the remaining 36 holes will be reported as soon as they are received.

Hole	Azimuth (degrees)	Dip (degrees)	Intersection (feet)	Au oz/ton	Ag oz/ton
Section 51+20S					
87-14	90	-20	5.2	0.260	113.13
87-15	270	+25	5.0	0.256	1.33
			5.0	0.204	5.03
87-16	270	-10	4.2	0.116	21.40
87-17	270	-70	9.9	0.106	8.60
Section 51+30S					
87-18	90	+60	8.6	1.080	40.71
87-19	90	-60	12.2	0.914	35.86
			including 5.0	1.392	55.41
87-20	90	0	9.8	0.520	31.03
87-21	270	0	4.0	0.155	23.08
87-22	270	+35	5.0	0.182	10.37
Section 51+40S					
87-27	90	-75	3.3	0.140	5.86
87-28	270	+38	3.4	0.265	27.46
87-31	270	-68	5.0	0.400	0.05
			10.0	0.888	0.34

Section 51+50S

87-32	90	+50	5.0	0.244	1.00
87-34	270	+50	8.1	0.172	13.17
87-35	270	-20	8.4	0.545	1.92
			including 1.2	3.406	11.83
87-36	270	-50	2.6	0.164	24.11
87-38	270	-83	1.2	0.350	57.81

Section 50+90S

87-39	90	+60	6.3	0.338	34.72
87-40	90	+20	7.0	1.365	98.97
87-41	90	-20	13.9	0.545	48.24
87-42	90	-75	8.4	1.181	67.06
			including 4.0	1.857	120.95
			9.6	0.793	80.63
87-43	270	+15	5.0	0.730	0.51
			4.0	0.218	0.92
87-44	270	-10	2.0	0.496	1.30
87-45	270	-35	5.0	0.223	1.10
			4.1	0.197	14.53

Section 50+00S

87-46	90	+10	7.0	0.320	58.72
			3.2	0.698	204.04
87-48	270	+30	4.7	0.374	1.43
87-49	270	-45	5.0	0.540	1.93
			9.1	1.365	1.49
			4.0	.150	17.80

Section 50+70S

87-50	90	+65	3.4	0.374	11.50
87-51	90	+22	13.8	0.244	11.30
87-52	90	-25	14.8	0.466	51.44
87-54	270	-30	5.0	0.496	1.38
87-56	270	-65	19.1	1.088	2.09

Section 50+60S

87-56	90	+55	10.0	0.146	8.80
87-57	90	+12	9.5	0.177	17.98
87-58	90	-45	20.0	0.399	43.23
			6.2	1.978	289.27
87-59	270	-52	17.9	3.762	3.01
			including 2.0	31.870	20.65

On Behalf of the Board of Directors

Donald A. McLeod, President

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

NEWHAWK GOLD MINES LTD. (N.P.L.)

News Release 86-9
June 3, 1987

VSE: NHG

FIRST UNDERGROUND DIAMOND DRILLING RESULTS ON SULPHURETS

Underground diamond drilling results have been received from the current exploration program on the Sulphurets property, northwestern British Columbia. Holes drilled on Sections 51 +10 S and 51+00 S are reported as follows:

Section 51 + 10 S

Hole #	Azimuth (Degrees)	Dip (Degrees)	From	To (Feet)	Width (Feet)	Au oz/ton	Ag oz/ton
U-87-1	90	+40	37.0	47.7	10.7	0.501	88.84
U-87-2	90	-45	No significant intersections				
U-87-3	90	0	24.0	29.1 including	5.1 1.6	0.224 0.931	41.24 157.09
U-87-4	270	+40	6.9 46.9	11.9 51.9	5.0 5.0	0.223 0.272	9.66 30.53
U-87-5	270	+2	0.0	8.8	8.8	0.107	7.49
U-87-6	270	-40	8.0 48.0 66.2	13.9 48.3 73.0	5.9 10.3 6.8	0.265 0.299 0.583	19.76 16.55 2.28
U-87-7	270	-65	23.9	30.9	7.0	0.241	15.72

Section 51 + 00S (Additional holes on Section 51 + 00 S to be reported as received.)

U-87-8	90	+40	48.4 68.0	59.1 73.0	10.7 5.0	0.258 0.232	12.97 16.54
U-87-9	90	-30	23.0 54.3	36.4 62.4	13.4 8.1	0.303 0.709	10.19 92.70
U-87-10	90	-55	75.1 including	86.1	11.0 6.7	1.966 3.074	189.28 304.27

Drilling commenced on May 7th and total drilled footage as of May 28th was 5,120 feet in 50 holes. Reports from the field indicate that numerous holes contain visible gold and or electrum. Further results will be reported as assays are received and compiled. Approval has been received for road access and construction is now underway.

On Behalf of the Board of Directors,



Donald A. McLeod, President

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

NEWHAWK GOLD MINES LTD. (N.P.L.)

May 5, 1987

VSE: NHG

News Release 87 - 7

MAJOR PRIVATE PLACEMENT COMPLETED

Newhawk Gold Mines Ltd. announces that Richardson Greenshields of Canada (U.K.) Limited, acting as exclusive agent for the Company, has completed a Private Placement of one million units. The issue was oversubscribed and has been placed with European institutions.

Each unit consists of one share and 1/2 warrant at a unit price of \$4.25. One warrant entitles the holder to subscribe for one common share of the Company at a price of \$4.75 on or before June 1, 1988.

Proceeds will be added to working capital and used for the continuing development of the Sulphurets property. It is anticipated that upon exercise of the warrants, the majority of production funding will be in place.

The first phase of the 1987 program is well underway. Drifting has been completed, diamond drill stations are in place and 8,400 feet of underground diamond drilling will commence this week.

The above Private Placement is subject to regulatory approval.

On Behalf of the Board of Directors,

"D.A. McLeod"

Donald A. McLeod, President

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

NEWHAWK GOLD MINES LTD. (N.P.L.)

News Release 87 - 6
April 3, 1987

VSE: NHG

SULPHURETS JOINT VENTURE
Newhawk Gold Mines Ltd. 30%/Lacana Mining Corp. 30%/ Granduc Mines Ltd. 40%

1987 PROGRAM TO BE UNDERWAY APRIL 10TH

The Company announces that freight and equipment has now been transported to the Sulphurets property in preparation for the commencement of the first phase of the 1987 two phase, \$5 million exploration and development program.

Crews are on site preparing for the start of drifting on ore, crosscutting, raising, underground sampling and diamond drilling, expected to start April 10th. This first phase of the 1987 program is directed at increasing and upgrading the West Zone reserves.

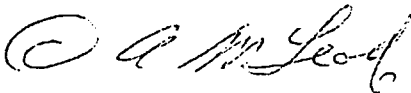
At the close of the 1986 season, the drift face was sampled across 10 feet and assayed 0.978 oz gold/ton and 22.67 oz silver/ton. The drifting program will commence at that face and will be followed by 8,400 feet of underground diamond drilling.

Continued evaluation of the Gossan Hill Zone has resulted in the recommendation of an expanded exploration program. The program will include trenching at 30 foot spacings over 650 feet and several surface diamond drill holes. Increasing reserves on this zone can be achieved at a very low exploration-development cost per ounce of gold. Current gross value of ore in inferred reserves in the Gossan Hill Zone is \$30,000,000. To date only 165 feet of strike has been tested.

Results will be forthcoming throughout the duration of the programs. Phase one is expected to be completed by May 30th and phase two will be completed by the end of 1987.

The Company has applied for a listing on the Toronto Stock Exchange and has been advised by the Exchange that Newhawk has been approved for trading upon the closing of a Private Placement of Flow Through shares announced March 6, 1987.

On Behalf of the Board of Directors,



Donald A. McLeod,
President

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

NEWHAWK GOLD MINES LTD. (N.P.L.)

News Release 87 - 3
February 3, 1987

VSE: NHG

SULPHURETS JOINT VENTURE
GRANDUC MINES LTD. 40%/NEWHAWK GOLD MINES LTD. 30%/LACANA MINING CORP. 30%

TWO STAGE \$5 MILLION PROGRAM FOR 1987

Newhawk Gold Mines Ltd. announces that the Company's \$5 million (\$1.44 million Stage One and \$3.56 million Stage Two) 1987 exploration budget was submitted to the joint venture partners, Lacana Mining Corp. and Granduc Mines Ltd. for the continued development of the Sulphurets property, northwestern British Columbia.

Newcana (Newhawk./Lacana), having spent over \$2,000,000 during the 1985/86 seasons, has earned a 60% interest in the property.


All three joint venture partners have elected to participate in Stage One. Costs of this stage will be borne 30% by Newhawk (operator), 30% by Lacana and 40% by Granduc.

Stage One of the program will commence shortly with the construction of a winter road from Highway 37. A permanent camp will be established on the property. The underground development on the West Zone which was initiated in 1986 will be continued, including drifting, crosscutting and 8,400 feet of underground diamond drilling.

At the end of the 1986 season, N. Tribe, P.Eng. reported that drill indicated and inferred tonnage in the Brucejack area was 1,584,145 tons of 0.336 oz gold/ton, 22.86 oz silver/ton. Included in this tonnage figure, he reported that there is 535,765 tons of 0.332 oz gold/ton, 21.06 oz silver/ton drill indicated ore in the West Zone. The 1987 program is designed to upgrade this indicated tonnage to a proven category and to further expand the reserves through underground and surface drilling. Stage One is expected to be completed by May 15th, 1987. At that time, all partners will have a 14 day period in which to elect to participate in Stage Two.

The Stage Two program, planned to commence on or about June 1, 1987, proposes major underground development, underground diamond drilling, surface drilling to depth, surface drilling to the south on the West Zone, underground development on the Shore Zone, surface mapping, drilling of several other targets, a Stage I prospectus, a pre-feasibility study and environmental studies for production permitting.

On Behalf of the Board of Directors,



Donald A. McLeod, President

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

NEWHAWK GOLD MINES LTD. (N.P.L.)

Vancouver Stock Exchange Symbol NHG

News Release 86-16
December 1, 1986

Assay results from second crosscut include spectacular high grade.

Assay results have been received from the second crosscut in the underground development program on the Newhawk /Lacana/Granduc Sulphurets property, 35 miles northwest of Stewart, B.C.

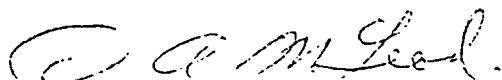
The crosscut, on the West Zone, intersected the zone across 52.5 feet true width. The average grade across the 52.5 feet was 0.225 oz gold/ton, 16.60 oz silver/ton. Within this zone is 11.1 feet with an average grade of 0.473 oz gold/ton, 43.96 oz silver/ton.

A selected grab sample from within the 11.1 feet *assayed a spectacular 5.786 oz gold/ton and 890.45 oz silver/ton.* This sample has not been included in calculating the average grade of the zone nor have any such selected results been included in any grade calculations. A selected grab sample in the first crosscut (results released November 12, 1986) *assayed 5.232 oz gold/ton and 373.09 oz silver/ton.* It is expected that these high grade pockets will be encountered throughout the zone.

At the termination of this program, a drift from the crosscut had commenced, following the zone to the south. Chip sampling across 10 feet on the face of the drift assayed 0.978 oz gold/ton and 22.67 oz silver/ton. Drifting on the zone will continue in the 1987 program.

Data from the 1986 underground program is now being evaluated and Newhawk is preparing a major budget to be presented to the Joint Venture partners for the 1987 season. A fully winterized permanent camp has been purchased and will be transported to Sulphurets by winter road early in 1987. Work is expected to commence early in the year.

On Behalf of the Board of Directors,



Donald A. McLeod, President

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

NEWHAWK GOLD MINES LTD. (N.P.L.)

News Release 86 - 15
November 12, 1986

NEWHAWK/LACANA JOINT VENTURE SULPHURETS PROPERTY

SURFACE PROGRAM SIGNIFICANTLY INCREASES RESERVES ON WEST ZONE.

Following the completion of 21,797 feet of surface drilling this year, new reserve figures for the West Zone have been calculated. Overall tonnage for the West Zone has increased from 546,873 tons to 1,016,730 tons (uncut). A cut off grade of \$100 per ton was used in reserve calculations and tonnage now falls in two categories in this zone - "indicated" and "inferred" tonnage

Zone.	Category	Tons	Au oz/t	Ag oz/t
West	Drill Indicated	535,765	0.332	21.06
West	Inferred	<u>480,965</u>	<u>0.332</u>	<u>21.06</u>
Total West Zone		1,016,730	0.332	21.06
Shore	Inferred	539,776	0.263	27.23
Gossan Hill	Inferred	27,639	1.94	3.51
Total Brucejack Area	Indicated & Inferred	1,584,145	0.336	22.86

The West Zone drill indicated tonnage has been calculated from a total of 38,590 feet of surface drilling. This drilling was conducted on 66 foot spacings to a depth of 500 feet, over a 1,000 foot strike length. The zone is open at depth and to the south. Inferred tonnage has been calculated below a 500 foot depth following the success of the first two drill holes to test the zone to a depth of 1,000 feet. Hole S-86-175 intersected 39.5 feet of 0.542 oz gold/t, 30.84 oz silver/t at a depth of 800 feet from surface. Hole S-86-176 intersected 13.0 feet of 0.419 oz gold/t, 19.48 oz silver/t at a depth of 1,000 feet from surface.

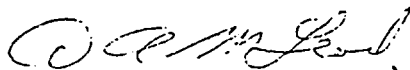
UNDERGROUND PROGRAM COMPLETED ON SCHEDULE, ON BUDGET. ASSAYS FROM 1ST CROSSCUT RECEIVED

The underground program was completed on budget and on schedule and consisted of over 1,400 feet of decline, crosscutting, drifting and raising. Results from the first crosscut have been received. It was projected from surface drilling results that, within the first crosscut, two structures would be encountered with anticipated widths and grades of 11.2 feet of 0.310 oz gold/ton, 1.89 oz silver/ton and 24 feet of 0.167 oz gold/ton, 13.52 oz silver/ton. The true widths and grades encountered were:

50 feet of 0.234 oz gold/ton and 6.20 oz silver/ton and
17 feet of 0.216 oz gold/ton and 14.25 oz silver/ton.

Assay results from the second crosscut are expected within two weeks. When all underground data is compiled, tonnage figures will be revised. A 6 ton bulk sample has been taken for final metallurgical testing and flow sheet design. Previous metallurgical testing has indicated excellent recoveries by gravity and bulk flotation.

On Behalf of the Board of Directors,



Donald A. McLeod, President

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

NEWHAWK GOLD MINES LTD.

Listed: Vancouver Stock Exchange

Symbol: NHG

September 26 1986

SUMMARY OF NEWS RELEASES 86-7 TO 86-11 NEWHAWK/LACANA/GRANDUC SULPHURETS PROPERTY

This report is a summary of data reported August 14 to September 22, 1986 containing the results of the 1986 exploration program now underway on the Sulphurets gold/silver property, northwestern British Columbia, Canada. The Sulphurets is under development by Newhawk Gold Mines Ltd. (the operator) and Lacana Mining Corporation under option from Granduc Mines Ltd. The joint venture partners may earn a 60% interest (Newhawk 30%/Lacana 30%) upon the expenditure of \$2 million (Cdn).

In 1985, the joint venture completed a \$500,000 exploration program including 13,000 feet of surface diamond drilling. The joint venture is currently conducting a \$1.5 million program and upon its completion by the end of October this year, the respective interests will be earned.

To date this year Newhawk has completed 22,000 feet of diamond drilling in 47 holes, bringing the total drilling on the Sulphurets property to over 60,000 feet. The bulk of this year's drilling concentrated on the West Zone in the Brucejack Area. The Brucejack contains three of fifteen known zones of mineralization on the 33 square mile property.

Prior to the onset of the 1986 season, mineral inventory in the Brucejack Area stood at *1,114,288 tons with an average grade of 0.28 oz gold/ton and 23.39 oz silver/ton*. This inventory was derived from drilling conducted in previous years to a maximum depth of 350 feet. Several deep holes were drilled this year and significant intersections were encountered at depths to 950 feet. Hole 175 intersected 39.5 feet grading 0.542 oz gold/ton, 30.84 oz silver/ton at a depth from surface of 800 feet and Hole 176 encountered three mineable intersections at a depth of 950 feet from surface, the best one being 13.0 feet grading 0.419 oz gold/ton, 19.48 oz silver/ton. Three holes (141, 142 and 143) were drilled 132 feet south of the previously defined boundaries of mineralization.

These results establish the zones open and strong, both to the south and at depth, with *average widths and grades of intersections at a 500 foot depth being 18.4 feet of 0.433 oz gold/ton and 28.89 oz silver/ton*. It is expected that the tonnage and grade on the West Zone will increase significantly once all the data from this year's drilling program has been compiled.

The 1986 program has now progressed to underground development. A 1,200 foot 15% decline is being driven along strike, from north to south along the footwall. Ground conditions are excellent and the decline is advancing at a rate of 18 feet per day. As at the date of writing, some 350 feet have been completed in 19 days. Two crosscuts into the ore will be completed and subdrifting on ore will commence. Assaying will be conducted throughout the program. The Company expects the results from underground development to confirm and probably exceed the results from surface drilling.

Newhawk has presented a major budget for the 1986 - 1987 season to the joint venture partners for approval. In anticipation of a positive decision, the camp has been winterized so that work may continue uninterrupted. Plans have been formulated and a winter road to the property will be ready early next year, with all weather access in place by late 1987. Applications for the necessary permitting are being prepared and work is now underway on ore reserve calculations and pre-feasibility studies.

SUMMARY OF 1986 DRILLING

DRILL HOLE	DIP (Degrees)	INTERSECTION (Feet)	GOLD (oz/ton)	SILVER (oz/ton)	FROM (Feet)	TO
S-86-136	-33	10.8	0.210	TR	27.6	38.4
		10.0	0.086	14.00	190.1	200.1
S-86-137	-40	74.0	0.411	13.13	196.5	270.5
Including		13.6	1.555	44.68	256.9	270.5
S-86-138	-65	14.3	1.956	3.11	332.2	346.5
S-86-139	-36	10.0	0.182	0.53	98.1	108.1
		20.0	0.188	0.13	234.8	254.8
S-86-140	-60	3.3	0.688	3.09	278.1	281.4
		26.0	0.426	17.03	416.7	442.7
Including		6.0	0.876	32.18	426.9	432.9
		13.0	0.543	58.29	491.0	504.0
S-86-141	-36	4.4	0.552	8.23	74.3	78.7
S-86-142	-49	24.7	0.415	1.50	334.4	350.1
S-86-143	-60	6.0	0.498	1.21	50.5	56.6
S-86-144	-64	20.0	0.319	34.18	465.9	485.9
		10.0	0.209	68.55	505.9	515.9
S-86-148	-60	28.5	0.359	57.42	232.3	260.8
Including		6.6	1.302	209.48	240.8	247.4
S-86-149	-58	13.1	0.141	17.55	211.8	224.9
S-86-151	-49	4.7	0.374	0.28	188.8	193.5
S-86-152	-60	5.7	0.257	9.75	319.0	324.7
S-86-154	-52	23.8	0.604	3.86	216.5	240.3
S-86-155	-64	14.1	0.684	0.68	385.2	409.3
S-86-158	-45	3.1	0.383	48.65	282.7	285.8
S-88-159	-44	6.6	0.337	0.83	548.9	555.5
S-86-162	-70	6.5	0.256	19.33	6.6	13.1
S-86-164	-30	6.7	0.221	8.27	308.3	315.0
S-86-167	-50	13.2	0.321	1.21	481.8	495.0
Including		6.6	0.546	1.39	488.4	495.0
S-86-168	-65	3.3	0.207	3.33	516.8	520.1
S-86-171	-40	9.3	0.132	0.14	158.7	168.0
S-86-172	-60	3.3	0.326	4.08	204.8	208.1
		6.6	1.221	0.99	261.4	271.4
Including		3.3	2.435	1.97	261.4	264.7
S-86-175	-47	39.5	0.542	30.84	528.0	567.5
Including		6.9	2.740	148.98	544.3	551.2
S-86-176	-59	11.8	0.287	22.42	682.0	700.0
		8.7	0.224	12.57	786.9	795.7
		13.0	0.419	19.48	899.4	912.4
Including		6.0	0.836	36.22	906.4	912.4
S-86-178	-45	4.7	0.464	27.38	138.0	142.7
S-86-179	-55	4.0	0.361	15.46	182.0	186.0
S-86-180	-65	7.9	0.266	27.14	219.3	227.2
Including		4.4	0.473	48.33	221.0	225.4

For further information, contact Mr. Don McLeod, President or Mrs. Lynne Jensen, Investor Relations

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Vancouver, B.C. V6B 4Z1
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NEWS RELEASE--"TUO-V"--SEPT. 3, 1987

KNIP CLAIM OPTIONED FOR WORK COMMITMENTS TO \$1,000,000

Teuton today optioned the Knip mineral claim, representing 20 units, to Crystal Cove Resources Ltd., a B.C. private company. The Knip claim is located on the Bowser River, approximately 50 miles north of Stewart, British Columbia. An access road presently under construction to the gold-silver Sulphurets property of Nemhawk-Granduc will pass through (or very near) the Knip claim.

Crystal Cove may acquire an undivided 25% interest in the Property (the "First Option") in consideration for the following:

- (a) the expenditure of not less than \$50,000 on the Property for exploration and development work prior to June 30, 1988;
- (b) the expenditure of a cumulative sum of not less than \$130,000 on the Property for exploration and development work prior to June 30, 1989.
- (c) the expenditure of a cumulative sum of not less than \$250,000 on the Property for exploration and development work prior to June 30, 1990.

Crystal Cove may earn a further undivided 30% interest in the Property (the "Second Option") in consideration for the following:

- (d) the expenditure of a cumulative sum of not less than \$1,000,000 on the Property for exploration and development work prior to June 30, 1992.

After Crystal Cove has exercised either the First or Second Options, further work on the Property would be by way of a joint venture, with the party holding the largest interest acting as operator. Non-participation in the joint venture by either party would result in the progressive reduction of interest of that party (to a minimum 5% net profits interest). A 5% net proceeds interest in favour of Elan Explorations Ltd., of Calgary, the original vendor, is outstanding. A finders fee of 5,000 shares of Teuton Resources Corp. is also to be paid. The agreement is subject to regulatory approval.

The Knip claim covers a network of intersecting quartz veins containing lead-zinc-silver (gold) values. Exposed

please turn over

strike lengths range up to 450 feet. Although the veins are relatively narrow, potential for an economic deposit has been enhanced considerably by the Newhawk-Granduc access road construction not to mention the doubling in the price of lead over the last few years. Trenching has indicated silver values to 238 oz/ton and gold values to .265 oz/ton. The property is well-situated at 1,800 ft elevation which means that the exploration season is 4-5 months longer than average for Stewart area properties.

Crystal Cove plans to begin exploration immediately. The initial work program will focus on mapping and bulk sampling known veins as well as prospecting and trenching for further mineral occurrences. A diamond drilling program could commence as early as May the following year.

ON BEHALF OF THE BOARD



D. Cremonese, P.Eng.,
President

THIS NEWS RELEASE HAS NEITHER BEEN APPROVED NOR DISAPPROVED BY
THE VANCOUVER STOCK EXCHANGE.

Teuton Resources Corp.
200-675 West Hastings St.
Vancouver, B.C. V6B 4Z1
(604) 685-0167

NEWS RELEASE--"TUO-V"--SEPT. 2, 1987

EXTRAORDINARILY HIGH SILVER VALUES FROM DELTA CLAIMS

Assays from the first two samples from the 1987 work program on the Delta claims, part of Teuton's extensive ground position in the Sulphurets area (located approximately 40 miles north-northwest of Stewart, B.C.) have been received. Assays are presented below:

<u>Sample No.</u>	<u>Copper (%)</u>	<u>Gold (oz/ton)</u>	<u>Silver (oz/ton)</u>
Delta-87-3	13.1	.179	416.1
Delta-87-11	15.9	.126	523.6

The samples are from an unusual mineral occurrence: angular breccia fragments showing pervasive clay alteration are welded together in a matrix of tetrahedrite. The massive phase of mineralization has been traced for about 30 feet by trenching and shows widths of up to half a foot.

An immediate bulk sampling program is scheduled to determine full lateral extent of the occurrence. One goal would be to develop enough tonnage for a small high-grading operation. At present metal prices the mineralization has a value equivalent to 7-9 ounces gold per ton. Because of the very high-grade, even modest tonnages could generate significant cash flow.

To the south of the Delta, on Teuton's Catspaw claim, a recently completed soil/rock geochemical grid has outlined several areas highly anomalous in gold. Immediate follow-up by trenching is planned.

On Teuton's 200 unit large Treaty group, adjoining directly to the northeast of Newhawk-Granduc's Sulphurets property, a prospecting crew has discovered several mineralized zones. Assays are awaited.

A reconnaissance program investigating several other claim groups in the Stewart area is underway. This work is progressing under the supervision of E. R. Kruckowski Consulting of Calgary.

ON BEHALF OF THE BOARD:



D. Cremonese, P.Eng., President

THIS NEWS RELEASE HAS NEITHER BEEN APPROVED NOR DISAPPROVED BY THE VANCOUVER STOCK EXCHANGE.

NEWHAWK GOLD MINES LTD. (N.P.L.)

News Release 89-1
January 9, 1989

TSE: NHG
VSE: NHG

Full Feasibility Study Underway for Sulphurets Property

Cominco Engineering Services Ltd. (C.E.S.L.) has been awarded a contract to conduct a full feasibility study for the Sulphurets property in northwestern British Columbia. C.E.S.L. has extensive experience in design and engineering of northern Canadian mines. The feasibility study for the Sulphurets property is now underway and is to be completed by mid March, 1989. In their pre-feasibility report, C.E.S.L. recommended that the major study be based on a 300 to 400 ton per day operation. Reported reserves for the West zone (all categories) are 854,072 tons grading 0.354 oz Au/ton and 22.94 oz Ag/ton.

Completion of a positive feasibility study by C.E.S.L. will provide the basis for consideration of a production decision for the West zone and for permitting and financing requirements. A Stage I feasibility report, which is required for the permitting process, is complete and will be presented to Provincial authorities within the next several days.

Work has resumed at Sulphurets following a short break for the Christmas season. The Sulphurets Joint Venture is mid-way through the winter exploration program. Currently, the ramp providing access to the West zone down to the 1300 m level is being extended to the 1250 m level. This extension is nearing completion and will be followed by underground diamond drilling of the UTC zone. A minimum of 3,400 feet of underground diamond drilling in 4 holes will test this zone which is situated adjacent to the West zone. The UTC zone was discovered by surface diamond drilling in late 1988 has returned some excellent gold grades over significant widths: 0.412 oz Au/ton, 9.78 oz Ag/ton over 36.0 feet and 11.937 oz Au/ton, 45.94 oz Ag/ton over 30.0 feet.

NEWHAWK GOLD MINES LTD. (N.P.L.)

Per:



Donald A. McLeod, President

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

NEWHAWK GOLD MINES LTD. (N.P.L.)

November 17, 1988
News Release 88-20

TSE: NHG
VSE: NHG

Sulphurets Property

Newhawk Gold Mines Ltd. and Granduc Mines Ltd. are pleased to report the following updated geological reserves for the West Zone of their Sulphurets property. The systematic and detailed geological work accomplished during the past six months, has improved our understanding of the deposit, which was found to be more complex than originally believed. The measured and indicated reserves quoted below are located in areas that are readily accessible from underground workings. The updated calculation is based on more detailed information and geological interpretation using a cut-off grade of 0.2 ounces of gold equivalent per ton and a minimum width of 5 feet.

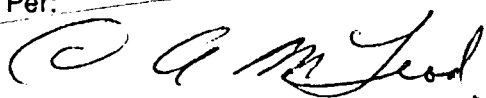
West Zone Reserves	Category	Tons	Gold oz/ton.	Silver oz/ton	OR	Gold Equivalent oz/ton
	Measured and Indicated	304,044	0.387	26.19		0.780
	Inferred	550,028	0.335	21.15		0.652
	Total	854,072	0.354	22.94		0.698

The total reserves are contained in an area approximately 30% of that covered by the mineral inventory calculations of April 1988 and this factor primarily accounts for the difference in tonnage. It appears the addition of internal dilution may be the major factor for the difference in gold grade. Large areas along strike and at depth which contain many excellent intersections, have not been included in the current reserve calculations. These areas will be re-assessed when additional drill information is available.

A major program, approved for the 1988-1989 winter season, has commenced. The \$4.0 million program, to be completed by the end of February 1989, consists of advancing the decline to the 1250 m level, additional raising, drifting and crosscutting and further definition of the new UTC Zone and West Zone extensions by underground diamond drilling. A pre-feasibility study is underway and a formal feasibility study will be initiated including mine engineering, detailed design of facilities and approval in principle from government agencies and authorities.

NEWHAWK GOLD MINES LTD. (N.P.L.)

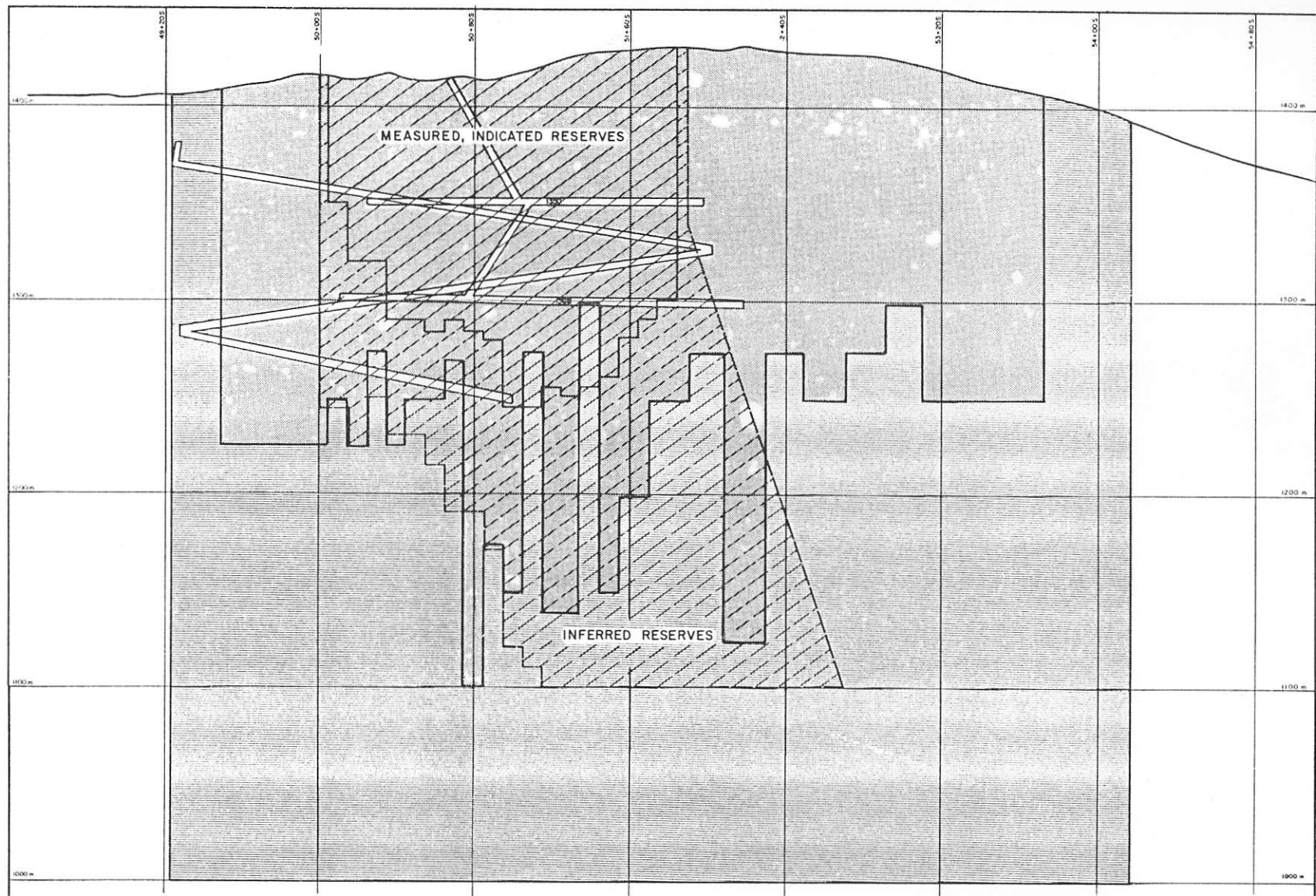
Per:





Donald A. McLeod, President

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

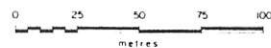
Suite 860 - 625 Howe Street, Vancouver, B.C. V6C 2T6 Telephone (604) 687-7545



Legend

-  Proven & Probable Mineral Inventory
-  Possible Mineral Inventory
-  Measured & Indicated Reserves
-  Inferred Reserves
-  Underground workings

NOVEMBER 1988



NEWHAWK GOLD MINES LTD.

SULPHURETS PROPERTY

WEST ZONE

Long Section

30+00 E

**Mineral Inventory - Reserves
Comparison**

NEWHAWK GOLD MINES LTD. (N.P.L.)

October 31, 1988
News Release 88-18

TSE: NHG
VSE: NHG

Sulphurets Property Newhawk Gold Mines Ltd. (N.P.L.) 60% - Granduc Mines Ltd. 40%

Surface Drilling on UTC Zone returns
30.0 feet of 11.937 oz gold/ton, 45.84 oz silver/ton.

Several surface diamond drill holes have been drilled to further explore the UTC Zone, discovered in the 1988 surface drilling program that tested the West Zone at depth. In that program, Hole S-88-279 intersected significant mineralization at about 1,000 feet below surface and about 250 feet east of the West Zone. Hole S-88-285, announced October 6, 1988, successfully intersected the UTC zone again, about 200 feet updip from Hole S-88-279. The latest hole to intersect the zone, S-88-289 has returned a 30.0 foot intersection located approximately 400 feet updip from S-88-279 at the 1175 m elevation.

The West Zone decline is now being extended from the 1300 m level to the 1250 m level and it is planned that the UTC zone will be further explored by underground diamond drilling from this level. Results to date on the zone are reported below :

Drill Hole	Section	From (feet)	To	Intercept (feet)	Gold oz/ton	Silver oz/ton
S-87-258 *	51+30S	539.7	563.7	24.0	0.236	63.11
S-88-279 *	50+80S	1046.9	1060.7	13.8	0.535	2.01
		1109.6	1116.2	6.6	1.193	0.80
S -88-285 *	50+80S	857.0	893.0	36.0	0.412	9.78
		987.0	1007.0	20.0	0.412	4.09
S-88-289	50+80S	717.0	747.0	30.0	11.937	45.84
S-88-291	50+10S	836.9	842.9	6.0	0.215	15.84
		882.9	892.1	9.2	0.217	0.60

* previously reported

An airstrip at the toe of the Knipple Glacier is now operational to augment the road and barge route from Highway 37 to the mine and remove dependence on helicopter support. Scheduled and chartered fixed wing aircraft are in use to transfer crews to and from Terrace and the mine. Routine transportation of supplies to the property is provided by the road and barge route, in use on a daily basis.

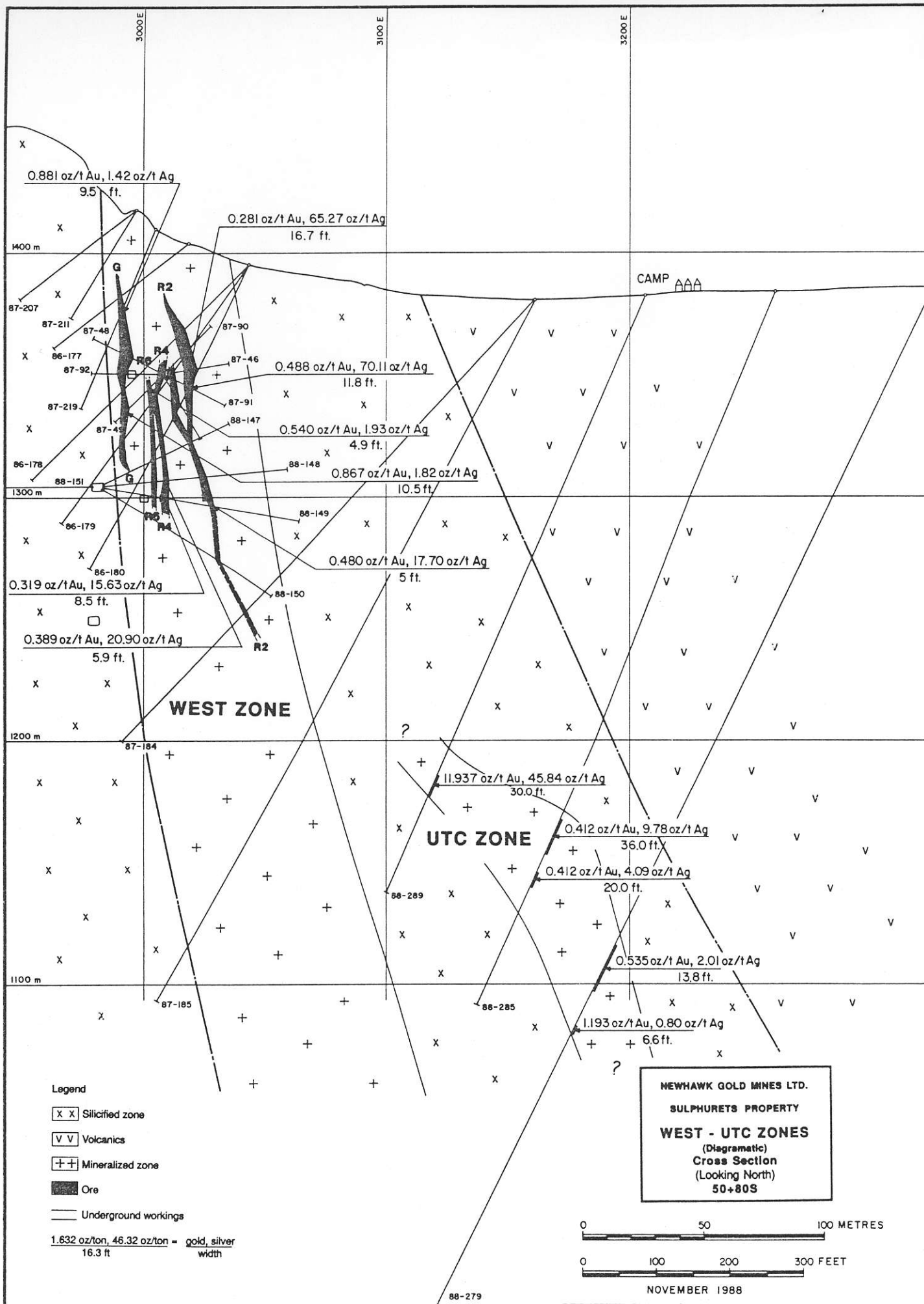
An extensive winter underground exploration program has been formulated and when approved by the Joint Venture Management Committee, details will be reported.

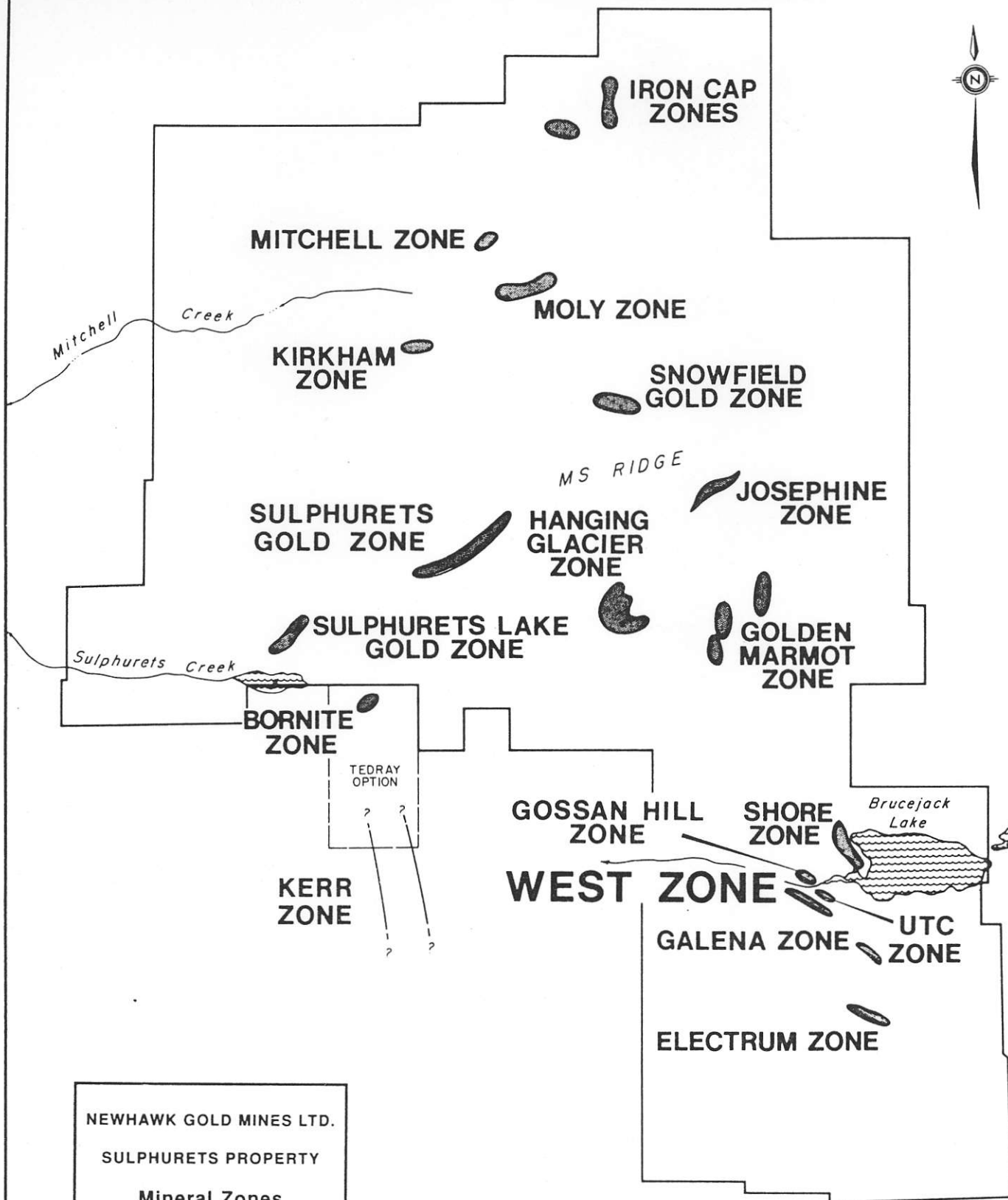
NEWHAWK GOLD MINES LTD. (N.P.L.)
Per:



Donald A. McLeod, President

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





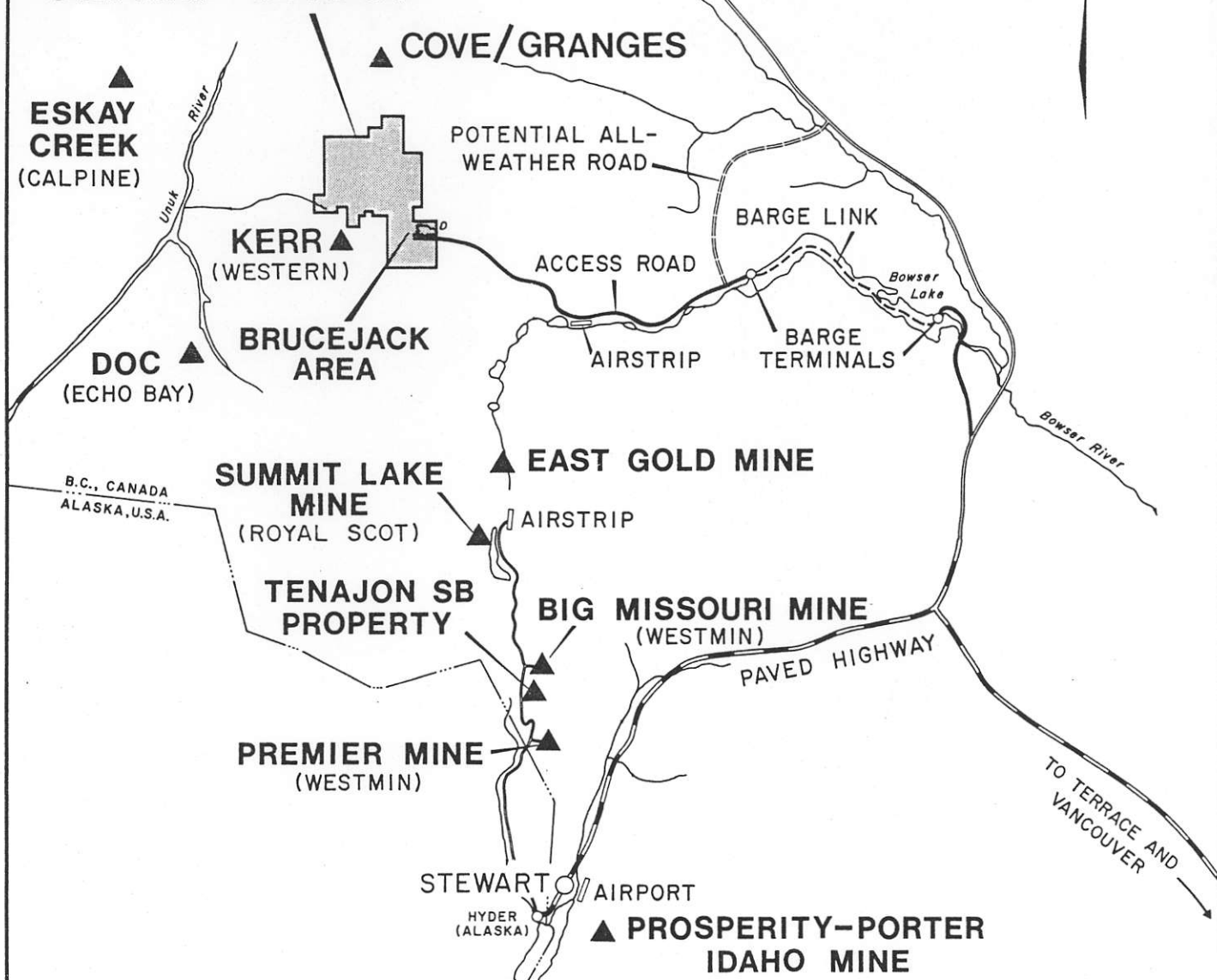
NEWHAWK GOLD MINES LTD.
SULPHURETS PROPERTY
Mineral Zones

0 1.5 3 Kilometres

0 1 2 Miles

NOVEMBER 1988

SULPHURETS CLAIM GROUP



NEWHAWK GOLD MINES LTD.

SULPHURETS
PROPERTY

LOCATION MAP

0 15 30 Kilometres

0 5 10 20 Miles

NOVEMBER 1988

Canadian Research Report

Research Department

GOLD AND CANADIAN GOLD STOCKS

April '87 Newsletter

David R. James, P.Eng.

87-66

April 21, 1987
(Ldn. a.m. fix \$454.30)

Highlights

Gold Price (U.S. \$/oz.) (London p.m. fix)	1987	1986
March Average	\$408.92	\$388.89
January-March Average	406.10	343.32
Annual Average	430.00E	367.53
Annual Range	449.35-390.00	363.00-326.30

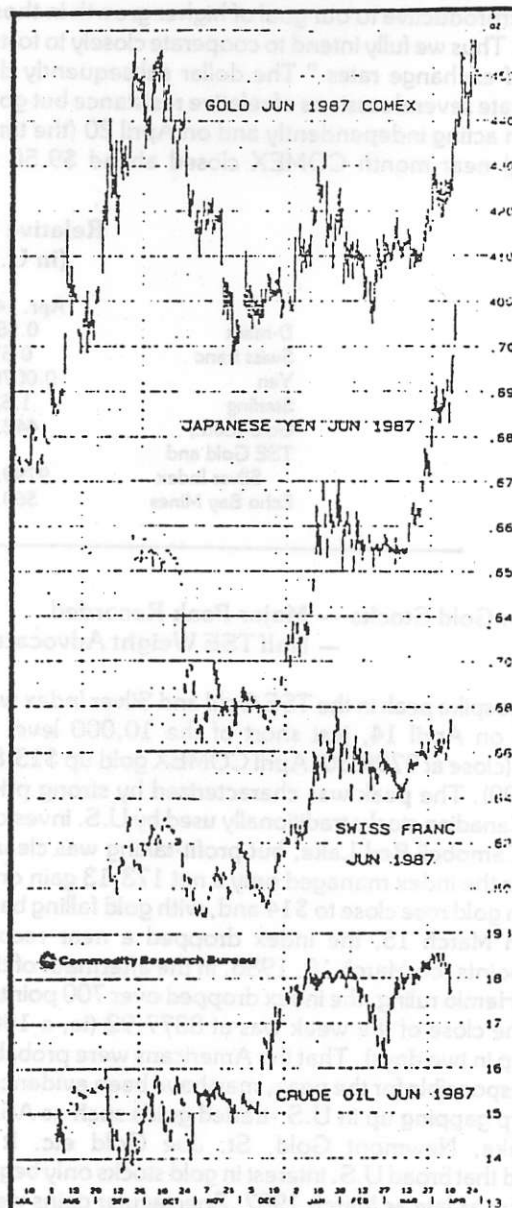
Gold Stock Indices	Apr. 14/87	Mar. 30/87	% Chg.
TSE Gold and Silver Index	9799.30*	8342.87	+ 17.5%
Financial Times Gold Index	485.0	438.2	+ 10.7%
Australian Gold Index	3443.9**	2826.0	+ 21.9%

* interday high 9880.25

**interday high 3633.2

- Gold – Mid-April Peak near \$450 + +**
 – A U.S. Dollar Rally
 – Transition Phase for Gold

The April 14 U.S. Commerce Department release of a higher than expected February trade deficit of \$15.1 billion, up from a revised \$12.3 billion for January, sent the U.S. dollar to new lows against the Japanese yen and may have created an (interim?) top for gold just above \$450 per ounce. This most recent phase of free-fall for the dollar seems to have been triggered by initial doubts about the resolve of the April 8 Group of Seven (G-7) meeting to halt the dollar's decline ("stabilize" seems an inappropriate term in foreign exchange markets) just as was seen in the aftermath of the late-February G-6 meeting. The G-7 meeting basically reaffirmed the G-6 accord in its communique stating that "further actions will be essential to resist rising protectionist pressures, sustain global economic expansion and reduce trade imbalances." Fears of a U.S.-Japanese trade war were backed by President Reagan's imposition of import restrictions on Japanese semiconductors on April 17. The dollar's renewed weakness prompted foreign investors to pull out of North American equity markets adding to liquidation of the currency, and growing concerns that interest rates in the U.S. would edge higher caused further confusion. The



RICHARDSON GREENSHIELDS OF CANADA LIMITED

accompanying \$50 rally in gold over about a three week period was not solely a limited catch-up to the performances of the European currencies and the yen, but also a response to renewed inflationary concerns tied to the impact of the dropping dollar/heavy trade deficit scenario. As reported earlier the rate of increase in the U.S. Consumer Price Index was 0.66% in January and 0.42% in February. (The March figure is expected April 24 and is projected at 0.4%). The decline in the dollar and advance in gold was halted by U.S. Treasury Secretary James Baker's April 15 speech to the Japan Society, in which he said that the G-7 members all favoured stability for currency exchange around current levels (including the yen-dollar rate) adding that "in this connection, a further decline in the U.S. dollar could very well be counterproductive to our goal of higher growth in those countries. Thus we fully intend to cooperate closely to foster stability of exchange rates." The dollar subsequently did demonstrate several sessions of relative resistance but gold has begun acting independently and on April 20 (the time of writing) near month COMEX closed ahead \$9.50 at

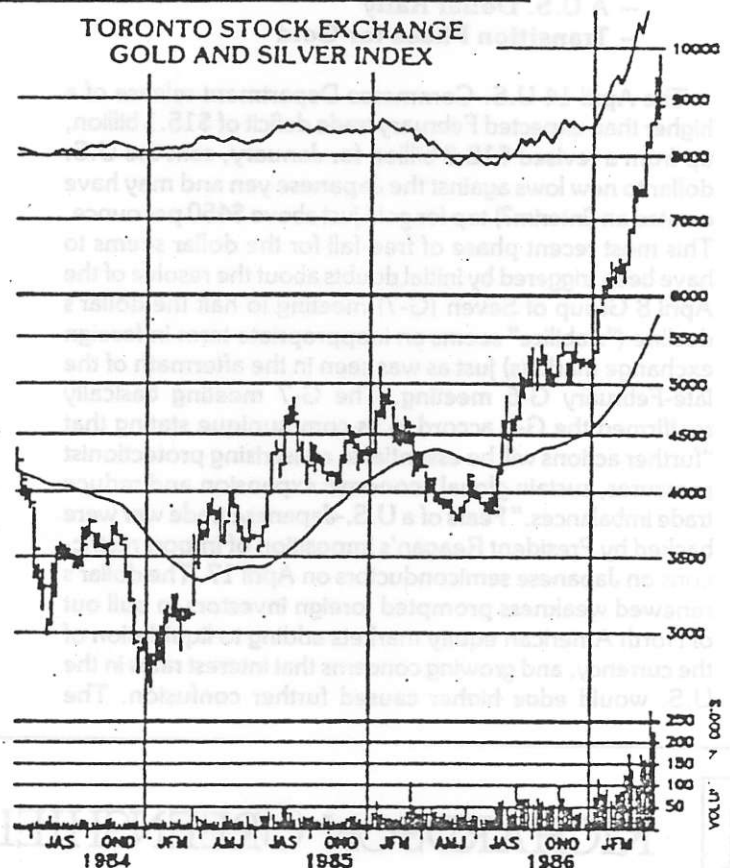
\$453.60 with the dollar easier once again. How close to a major bottom in the U.S. dollar are we?; will gold continue to play catch-up to the currencies? (see the table of relative performance below); will the Fed increase the discount rate (are they awake?); and if the gold market is in a transition back to an inflation hedge - how much of an increase in the inflation rate is meaningful and when does it become much more visible? These remain key short term questions. Higher oil prices in 1988 (\$24 per barrel?) would underwrite the inflation-hedge scenario but summer lies ahead and gold prices could certainly correct in the near-term despite the current resiliency. Back in 1980, gold posted its spectacular rise to the \$850 peak in late-January, then fell 44% to \$474 within 2 months but rallied again to the \$720 region late in the year (accompanied by a frenzied bull market in gold stocks), and while the rules have changed somewhat, the fall of 1987 might actually deliver the higher inflation figures to support a second major rally in gold. Certainly gold is not particularly expensive now in D-mark, Swiss franc or Yen terms, and this could support good physical demand in 1987. Despite this, 'caution' is the word of the hour.

Relative Performance (in U.S. Funds)

		Change Since	
	Apr. 14/87	Dec. 31/86	Feb. 25/85
D-mark	0.5548	+6.6%	+91.4%
Swiss franc	0.6732	+8.2%	+96.4%
Yen	0.007087	+12.0%	+86.1%
Sterling	1.6328	+10.1%	+54.7%
Gold (Ldn.)	442.40	+8.7%	+55.6%
TSE Gold and Silver Index	9799.30	+84.8%	+236.9%
Echo Bay Mines	\$60.12	+90.0%	+385.6%

Canadian Gold Stocks — Major Peak Recorded — Half TSE Weight Advocated

A classic spike peak in the TSE Gold and Silver Index was achieved on April 14, just short of the 10,000 level at 9880.25 (close at 9799.30; April COMEX gold up \$13.80 at \$450.90). The peak was characterized by strong price gains in Canadian stocks traditionally used by U.S. investors such as Campbell Red Lake, but profit-taking was clearly evident as the index managed only a net 173.13 gain on a day when gold rose close to \$14 and, with gold falling back \$7.80 on March 15, the index dropped a near record 667.49 points (on March 10, 1986, in the aftermath of the March 7 Hemlo ruling, the index dropped over 700 points), and by the close of the week was at 8877.92 (ie, a 1002 point drop in two days). That the Americans were probably largely responsible for the peak, may have been evidenced by a sharp gapping up in U.S.-traded golds such as ASA, Homestake, Newmont Gold, St. Joe Gold etc. It is preceived that broad U.S. interest in gold stocks only began to show up as late as March 1987. Spectacular gains were not limited to the senior group as rapid price surges were seen in many of our favourite second-tier stocks and profits



were just too tempting not to take. At the time of writing the group, in a mixed fashion, is attempting a rally with a 357.75 gain to 9235.67 on a \$9.50 per ounce recovery in a near-month COMEX gold to \$453.60 on April 20. This price action may imply that a double top is being formed. In view of the thoughts on the U.S. dollar and gold itself expressed earlier, this may be a second opportunity to reduce gold weightings to say half of the TSE's 9% weight, with a view to buying the stocks back at lower levels in preparation for at least one more peak in the group perhaps later in the year. Considering current share prices and their performance over the past 28 month bull market in gold stocks, we have definitely entered the world of speculation (the 'investors' were buyers on April 14), but with this in mind and should a pull-back in the index to say the 6500-7000 region be seen, re-accumulation of selected senior and second-tier stocks would be advocated. An averaging back-in strategy would seem prudent.

The gold stock market in the next few months may require somewhat more corporate analytical work than was necessary in the past four months. Amongst the seniors, Dome Mines is expected to deliver a better market performance than in the past as the proposed takeover of Dome Pete by Amoco (or?) may result in a resolution of the \$225 million loan guarantee and the possible sale of Dome Pete's 19.5% interest in Dome Mines. The April newsletter includes brief descriptions of five more second-tier situations with interesting projects and active programs in 1987.

Recommendation: Underweight: Buy Lower

Favoured Senior Stocks	Recent High	April 20/87
Echo Bay Mines	\$61.00	\$56.12
Placer Development	\$51.00	\$47.75
Dome Mines	\$23.50	\$22.50
Campbell Red Lake	\$45.00	\$40.25
Hemlo Gold	\$31.50	\$28.88

Second-Tier Stocks — Fifteen Selections

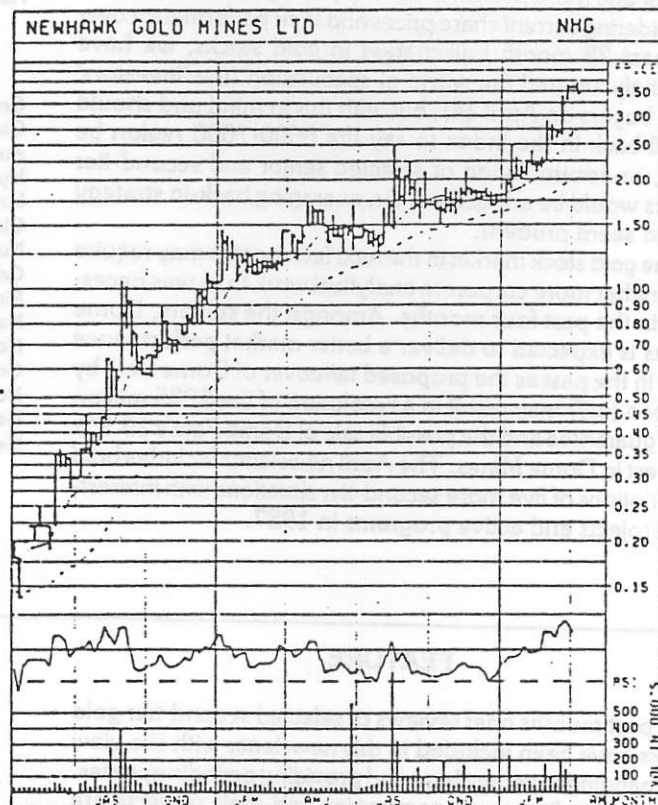
	Recent High	April 20/87
Granges Exploration	\$19.25	\$16.00
Canamax Resources	\$14.25	\$11.88
Aur Resources	\$15.00	\$12.88
Hycroft Resources	\$11.63	\$10.50
Ican Resources	\$ 3.75	\$ 3.50
Claude Resources	\$ 7.00	\$5.88
Nuinsco Resources	\$ 5.25	\$ 4.30
Consolidated Professor Mines	\$ 3.45	\$ 2.95
Pioneer Metals	\$12.50	\$ 9.63
Naneco Resources	\$ 7.00	\$ 5.75
Northair Mines	\$ 3.35	\$ 2.89
Omni Resources	\$ 5.12	\$ 4.45
North American Metals	\$ 8.75	\$ 8.38
Newhawk Gold Mines	\$ 4.60	\$ 4.50
Getty Resources	\$12.00	\$11.88

FEATURE

In past months brief reviews of selected second-tier gold stocks have been included in this newsletter with the view to expanding coverage base and providing periodic updates. In this issue five more companies and their projects are reviewed. In most cases the projects have not yet been formally committed to production and the situations must be regarded as speculative. Due to the liquidity constraints in lower capitalized stocks, a package approach is endorsed. Again, as a correction in the Canadian gold stocks may well occur in the near term, we would hope to be buyers of the second-tier group at lower price levels.

NEWHAWK GOLD MINES LTD. (NHG-V) \$4.50
(Lacana Mining 30%; Granduc Mines 40%)

In 1985, Granduc Mines offered Newhawk Gold the opportunity to earn a 60% interest in its 33 square mile Sulphurets property located 35 miles northwest of Stewart in northern British Columbia. Newhawk subsequently entered a 50/50 joint-venture with Lacana Mining and together through some 52,000 feet of surface diamond drilling have outlined a significant reserve of gold-silver mineralization in the West and Shore Zone of what is called the Brucejack area. Drill indicated and inferred tonnage is reported at 1,584,145 tons averaging 0.336 oz/ton gold and 22.86 oz/ton silver. Late in the 1986 two drill holes intersected significant mineralization at depths of 950 feet below surface confirming the belief that the Sulphurets is indeed a large and rich orebody with early indications that the zone is strong at depth. The average width and grade of holes drilled below the 500 foot level was 18.4 feet averaging 0.433 oz/ton gold and 28.89 oz/ton silver. In 1986 a minus 15 percent 1325 foot decline was driven along the length of the West zone and returned excellent assay results over good mining widths. As of April 10, a two phase \$5 million underground exploration/development program was begun and will continue the drifting and crosscutting begun last year and will include additional sampling and some 8400 feet of underground drilling directed at increasing and upgrading the West zone reserves. (At the close of the 1986 program the drift face was sampled across 10 feet and assayed 0.978 oz/ton gold and 22.67 oz/ton silver). Phase one of the program should be completed by May 30 and phase two by the end of 1987. Based on the reserves calculated as at November 15, 1986, Newhawk projects that a 500 ton per day operation would produce 40,250 ounces of gold and 3.38 million ounces of silver annually. Using these figures and assuming prices of (U.S.) 430 gold and (U.S.) 6.50 silver, for net revenue of \$45 million, and using operating costs of \$75 per ton, Newhawk's 30% share of the pre-tax mine



operating profit could be in the order of \$10 million annually. There are at least 13 other known zones of mineralization on the property including the Gossan Hill Zone which will be trenched and drilled this year. As at January 31, 1987 Newhawk had some 3,843,369 shares outstanding and subsequently raised up to \$750,000 through a private placement of flow-through shares.



ISKUT-SULPHURETS GOLD CAMP NORTHWESTERN BRITISH COLUMBIA

KILOMETRES 0 5 10 15 20 KILOMETRES
MILES 0 1 2 3 4 5 10 MILES

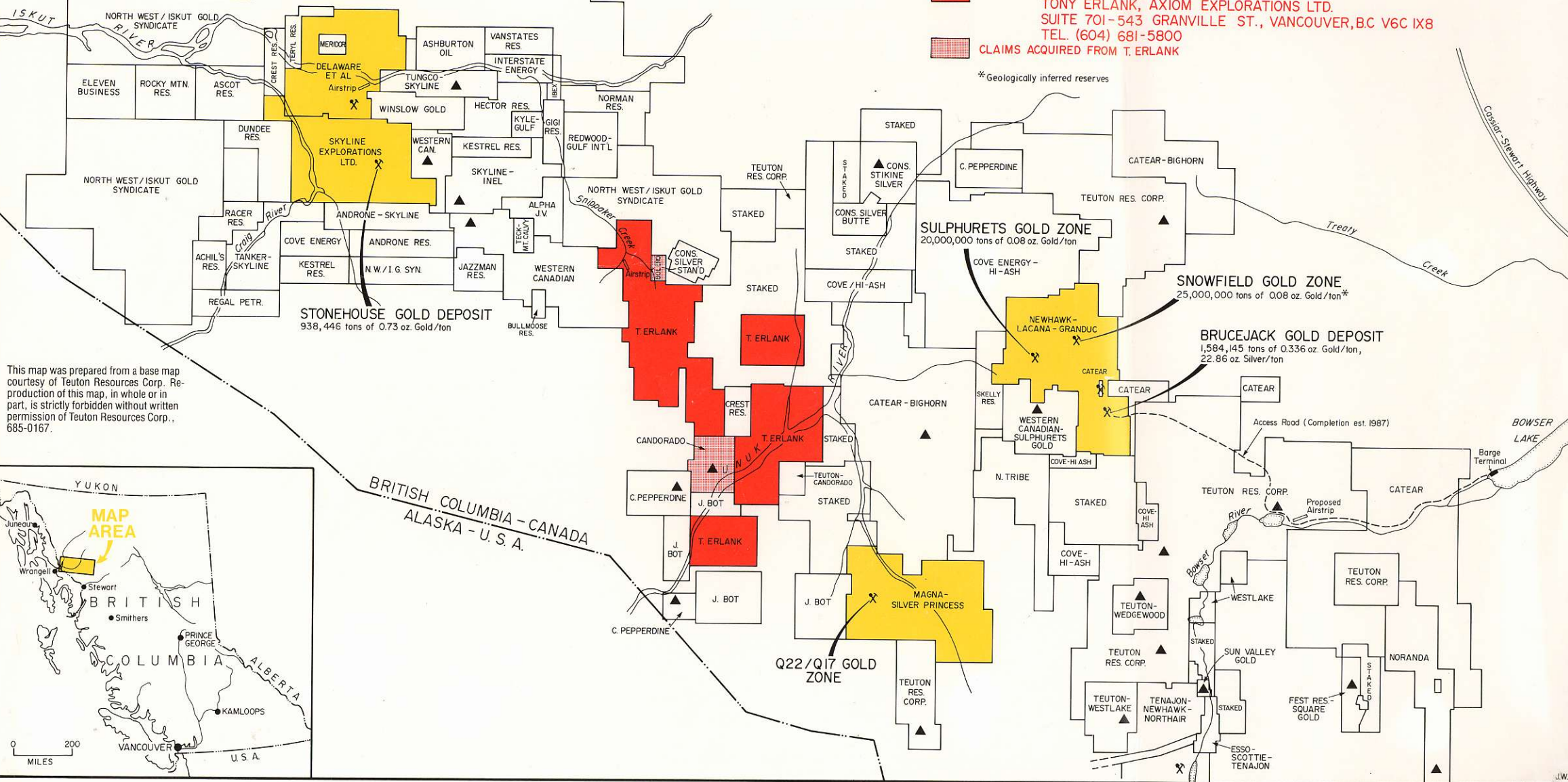
AUG.-1987

Gold/Silver deposit with significant reserves or geologic potential

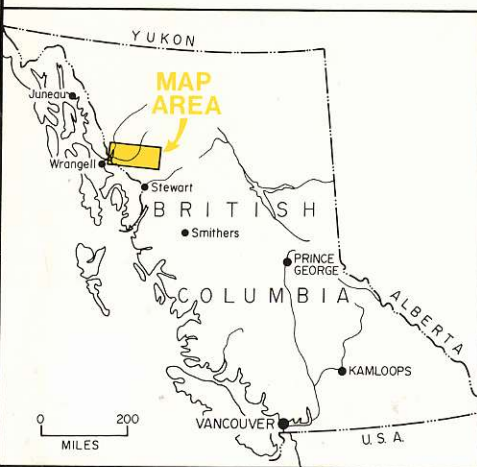
Gold and Silver Zone under active exploration

FOR FURTHER CLAIM INFORMATION CONTACT:
TONY ERLANK, AXIOM EXPLORATIONS LTD.
SUITE 701-543 GRANVILLE ST., VANCOUVER, B.C. V6C 1X8
TEL. (604) 681-5800
 CLAIMS ACQUIRED FROM T. ERLANK

*Geologically inferred reserves



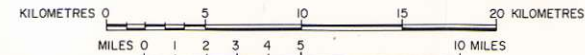
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

TEUTON RESOURCES CORP. (TUO-V)

ISKUT-SULPHURETS GOLD CAMP

NORTHWESTERN BRITISH COLUMBIA

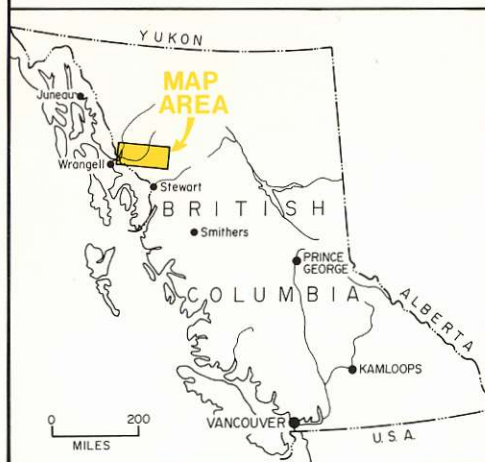


AUG.-1987

- | | |
|---|---|
|  | Gold/Silver deposit with significant reserves or geologic potential |
|  | Gold and Silver Zone under active exploration |
|  | Teuton Resources Corp. |
|  | Teuton Resources Corp : Optionor |
|  | Teuton Resources Corp : 50% back-in |

*Geologically inferred reserves

This map has been compiled from information believed to be reliable. However, accuracy of claim location and ownership cannot be guaranteed. Reproduction of this map, in whole or in part, is strictly forbidden without written permission of Teuton Resources Corp., 685-0167.



BRITISH COLUMBIA - CANADA
ALASKA - U. S. A.

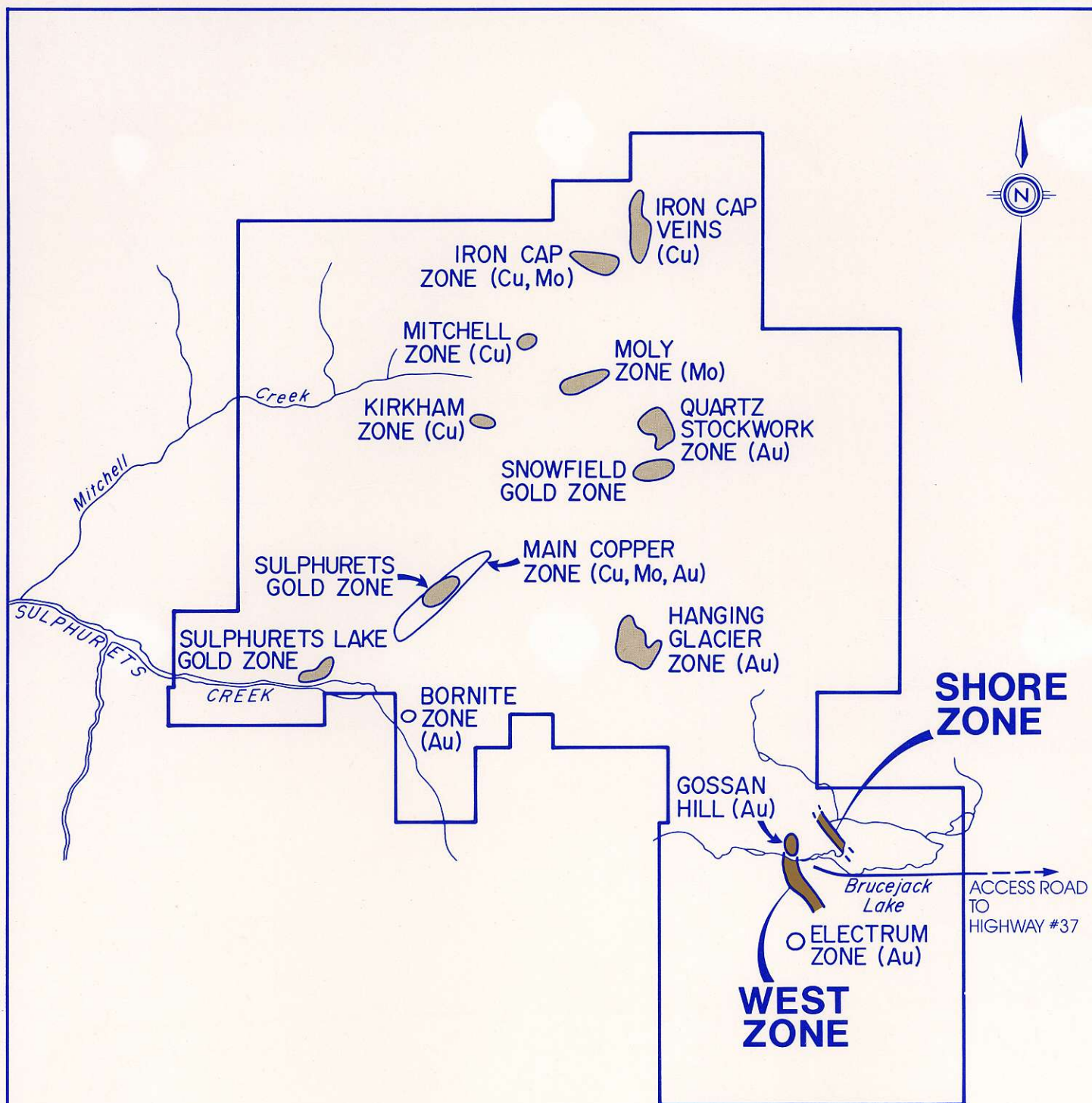
For further information contact:
Dino Cremonese; P.Eng.
Teuton Resources Corp.
200-675 West Hastings Street
Vancouver, B.C. V6B 4Z1
Telephone: (604) 685-0167
Fax: (604) 685-1207

SULPHURETS GOLD ZONE
20,000,000 tons of 0.08 oz. Gold/ton

SNOWFIELD GOLD ZONE
25,000,000 tons of 0.08 oz. Gold/ton*

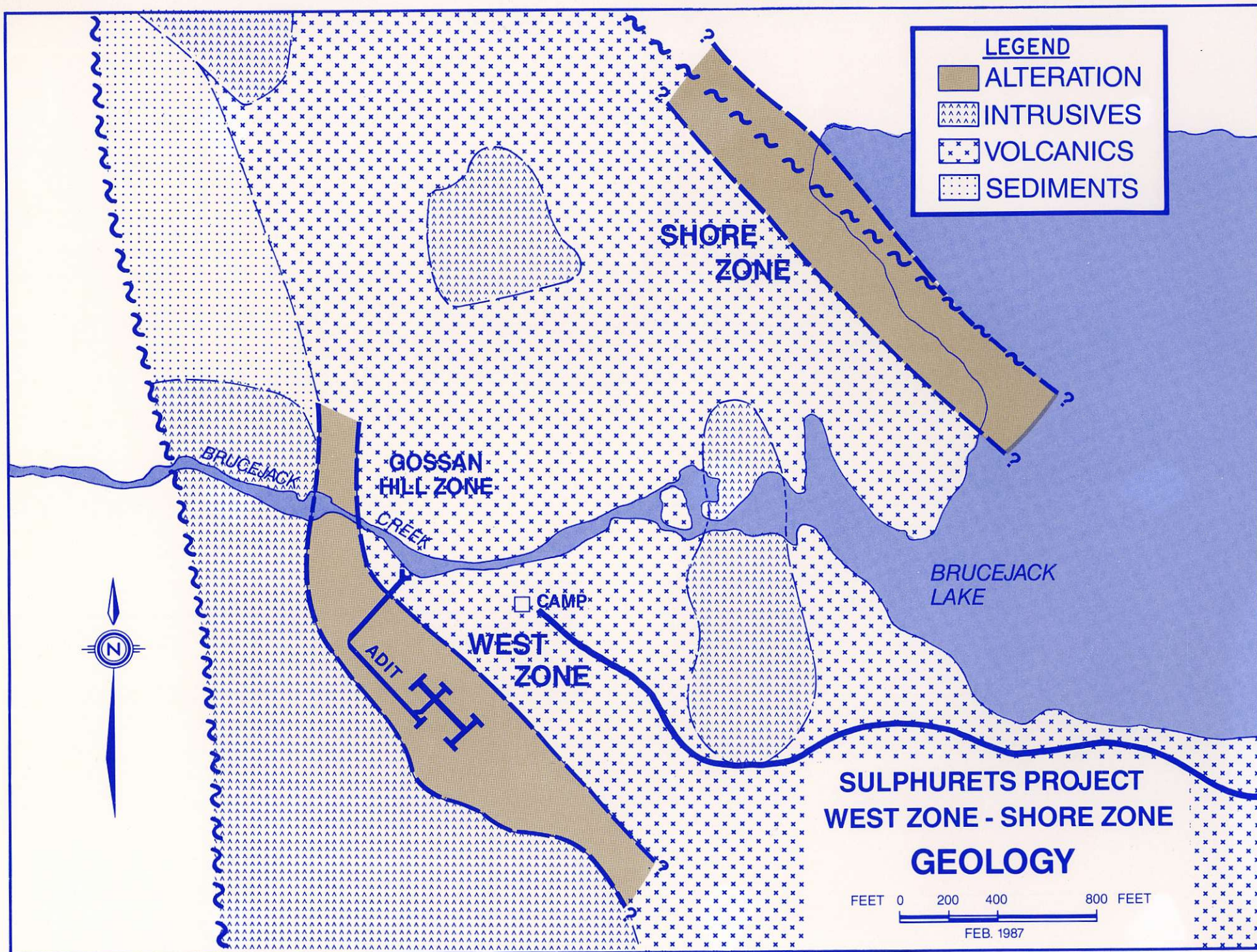
BRUCEJACK GOLD DEPOSIT
1,584,145 tons of 0.336 oz. Gold/ton,
22.86 oz. Silver/ton

Q22/Q17 GOLD
ZONE



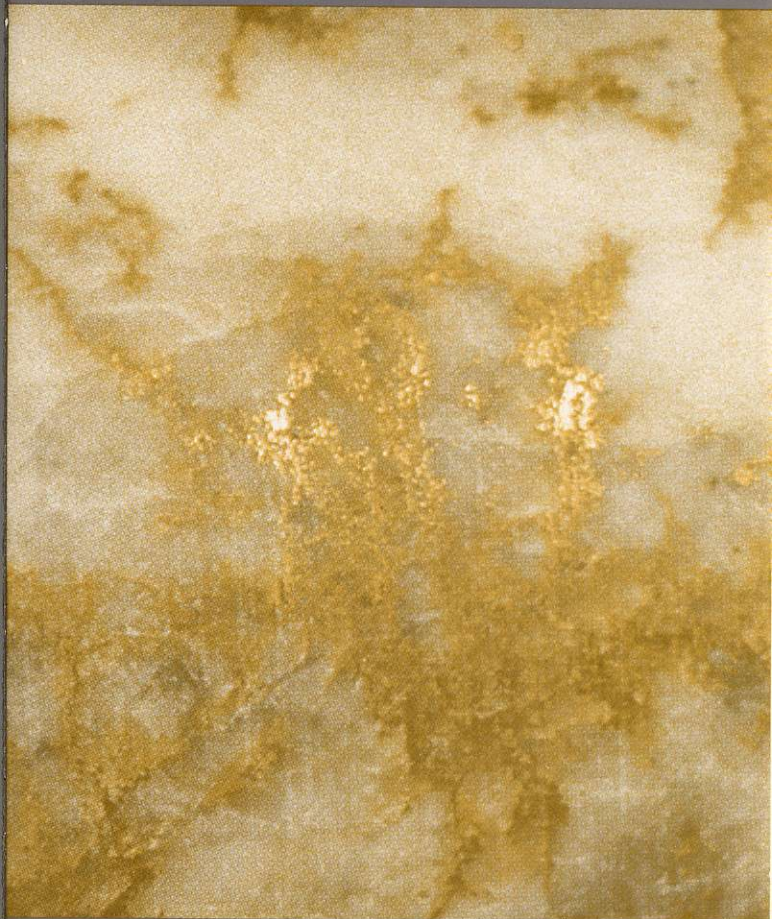
SULPHURETS PROJECT MINERAL ZONES

MILES 0 1/2 1 2 3 MILES



NEWHAWK

GOLD MINES LTD. (NPL)



INTERIM REPORT
1988 SECOND QUARTER

Director's Report to Shareholders

I am pleased to present the Directors Report and Financial Statements for the six month period ended 30 June, 1988.

Exploration of the Sulphurets property held by the Sulphurets Joint Venture (Newhawk Gold Mines Ltd. (N.P.L.) 60% Granduc Mines Ltd. 40%) continued during the period. Our major efforts were directed towards the exploration of the West Zone with emphasis on crosscutting, drifting and raising on several veins previously outlined by diamond drilling. The objectives were to test for continuity of mineralization to further define the geological picture necessary for estimating mineable ore reserves. Results of the program are presently being compiled.

Two deep diamond drill holes completed during the period returned encouraging results over good widths. Further follow up drilling is planned during September to further evaluate these gold intersections. An exploration program to evaluate and prioritize several of the numerous surface showings over the 33 square mile property commenced in mid July. Geological mapping, prospecting, trenching and surface diamond drilling over a large area have returned some excellent gold values. This new area has been named the Golden Marmot Zone and is accessible to existing facilities. Further work is required to fully evaluate the economic significance of these showings.

The all weather road and barge link from Highway 37 has been completed, providing access to the property and virtually removing our dependence on helicopters. Engineering studies required for a full feasibility study are continuing with several consultants addressing environmental issues, transportation, power, ore reserves and metallurgy. We now look forward to the completion of the present program so that we may report to the shareholders our plans for the future of Sulphurets.

The three properties in the United States under option from Reliant Resources have been returned to the Reliant/Nord Joint Venture. Results of the initial exploration at both the Smith Canyon and Sliderock properties were mildly encouraging but under existing environmental restrictions, further work was not recommended.

On Behalf of the Board,

Donald A. McLeod,
President and Chief Executive Officer

August 26, 1988

NEWHAWK GOLD MINES LTD. (N.P.L.)
STATEMENT OF CHANGES IN
FINANCIAL POSITION
Canadian Funds
— Prepared Without Audit —

	Six Months Ended 30 June <u>1988</u>	<u>1987</u>
WORKING CAPITAL		
PROVIDED BY (USED IN)		
Investing activities		
Resource property costs	\$ (2,496,212)	\$ (205,687)
Items not affecting working capital		
Depreciation	97,612	6,518
Gain on sale of fixed assets	—	(46,319)
	<u>(2,398,600)</u>	<u>(245,488)</u>
Machinery and equipment	(297,387)	102,020
Investment and advances to affiliated company	—	(467,751)
Investments	—	(101,225)
	<u>(2,695,987)</u>	<u>(712,444)</u>
Financing activities		
Share capital	<u>3,898,213</u>	<u>4,035,250</u>
INCREASE IN WORKING CAPITAL	1,202,226	3,322,806
Changes in non-cash working capital	<u>457,845</u>	<u>447,765</u>
INCREASE IN CASH	1,660,071	3,770,571
Cash or equivalent — Beginning of Period	<u>2,992,969</u>	<u>562,426</u>
CASH OR EQUIVALENT —		
End of Period	<u>\$ 4,653,040</u>	<u>\$ 4,332,997</u>

CONSOLIDATED STATEMENT OF LOSS
Canadian Funds
— Prepared Without Audit —

LOSS FOR THE PERIOD, being
write-off of costs relating to
rights abandoned and
outside property
examinations

<u>\$ 107,291</u>	<u>\$ —</u>
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NEWHAWK GOLD MINES LTD. (N.P.L.)
STATEMENT OF RESOURCE
PROPERTY COSTS
Canadian Funds
— Prepared Without Audit —

	Six Months Ended 30 June	
	<u>1988</u>	<u>1987</u>
DIRECT		
Sulphurets Joint Venture, B.C.		
Underground exploration	\$ 649,573	
Surface exploration	63,426	
Engineering and geology	165,998	
Road construction		
and maintenance	361,231	
Freighting	368,061	
Power and pumping	119,811	
Distributable costs	478,270	
Studies	147,969	
Depreciation	97,612	
	<u>2,451,951</u>	\$ 186,792
Other	<u>68,081</u>	<u>603</u>
	2,520,032	187,395
INDIRECT AND		
ADMINISTRATIVE	<u>(23,820)</u>	<u>18,292</u>
COSTS FOR THE PERIOD	2,496,212	205,687
Balance		
— Beginning of period	25,200,310	1,891,153
Costs related to rights		
abandoned and outside		
property examination		
written off to loss for		
the period	<u>(107,291)</u>	<u>—</u>
BALANCE — End of period	\$ 27,589,231	\$ 2,096,840

ON BEHALF OF THE BOARD:



Director

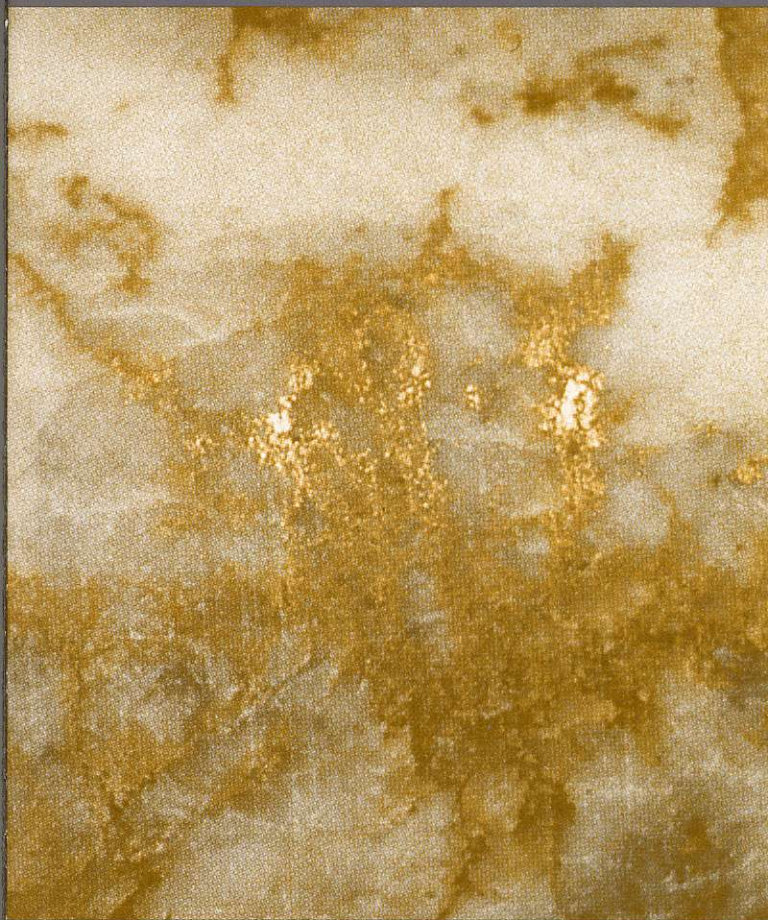


Director

NEWHAWK GOLD MINES LTD. (N.P.L.)
Suite 860-625 Howe Street
Vancouver, B.C. V6C 2T6
Telephone: (604) 687-7545
Telecopier: (604) 689-5041

NEWHAWK

GOLD MINES LTD. (NPL)



INTERIM REPORT
1988 THIRD QUARTER

Director's Report to Shareholders

During the nine months ended 30 September, 1988, major exploration continued at the Sulphurets property located in northwestern British Columbia. The property is held by the Sulphurets Joint Venture in which Newhawk, as operator, holds a 60% working interest and Granduc Mines Ltd. holds a 40% working interest. Exploration expenses are contributed by the joint venture partners in accordance with their respective working interests.

Phase II of the 1988 exploration program started July 1 and was completed October 31, with a budget of \$5.8 million. Newhawk's share of the expenditure was \$3.48 million. The program concentrated on the West Zone and included advancing the decline to the 1250 meter level and additional drifting and raising to test the continuity of mineralization and provide drill stations for further underground diamond drilling. With the addition of 1,552 feet of drifting, 711 feet of raising and 171 feet of decline in this phase, the underground workings on the West Zone now total 8,917 feet.

The overland access route from Highway 37 to the minesite was completed in mid October and later in the month, the 3,500 foot airstrip at the toe of the Knipple Glacier became fully operational. Scheduled and chartered fixed wing aircraft are now used to transfer crews to and from Terrace or Smithers and the mine and all supplies are transported overland. There is now no dependence on helicopter support.

The underground work accomplished during the past six months together with continued geological interpretation has improved our understanding of the deposit. More complex than originally believed, the West Zone is structurally controlled within a quartz-sericite-pyrite alteration zone.

Gold and silver mineralization consists of electrum, tetrahedrite and ruby silver. This mineralization occurs within the Main Vein which runs parallel to the structure and also occurs within a series of high grade

conjugate sub-parallel quartz vein stockworks and breccias which splay off the Main Vein. These sub-parallel systems have now been followed successfully by drifting along strike up to 250 feet and raising up plunge for 100 feet. Chip sampling from drifting and raising on these systems has confirmed significantly high gold and silver values.

A portion of the West Zone mineral inventory calculated in April of 1988 has been upgraded to geological reserves. This new calculation was based on strict parameters with a minimum of three assay points, either drill hole intersections or underground samples, being used for each calculated block. Maximum assay point spacing of 30 feet was used for measured reserves and 30 to 60 foot spacing for indicated reserves.

Using a cut-off of 0.2 ounces gold equivalent per ton and a minimum mining width of 5 feet, approximately 30% of the area covered by the mineral inventory calculations was reported in mid November.

Measured and Indicated reserves in the West Zone are 304,044 tons grading 0.387 ounces of gold per ton and 26.19 ounces of silver per ton, or 0.780 ounces of gold equivalent per ton. Inferred reserves in the West Zone are 550,028 tons grading 0.335 ounces of gold per ton and 21.15 ounces of silver per ton or 0.652 ounces of gold equivalent per ton.

The three above mentioned categories represent a total of 854,072 tons grading 0.354 ounces of gold per ton and 22.94 ounces of silver per ton or 0.698 ounces of gold equivalent per ton, with an average mining width of 11.0 feet.

As further underground information becomes available, the remaining 70% of the area of mineral inventory will also be upgraded to that of geological reserves using the same parameters.

The UTC zone, discovered in the deep drilling program conducted in early 1988, has been further tested by four additional surface diamond drill holes. Five holes have now intersected the zone which lies about 250 feet east of the West Zone at the 1175 meter eleva-

tion, with some outstanding results.

A \$4.05 million Phase III program to be completed by the end of February 1989, is now underway. The objectives of the program are to continue underground exploration including the UTC zone and increase tonnage and confidence levels of reserves. Also planned in this Phase are the design and implementation of a bulk sample program and completion of a detailed feasibility study for the project. This feasibility study will include detailed design of facilities and approval in principle from government agencies and authorities.

Upon completion of the program, assessment of results will provide the basis for consideration of a production decision for the West Zone.

Financial

Current working capital at the end of the period is in excess of \$5.0 million. Flow through private placements have been completed to meet Newhawk's \$2.43 million contribution to the Phase III program.

Your continued support is certainly appreciated and we look forward to the completion of the current program and reporting the meaningful results it will provide.

On Behalf of the Board,



Donald A. McLeod
President and Chief Executive Officer

November 26, 1988

NEWHAWK GOLD MINES LTD. (N.P.L.)
STATEMENT OF CHANGES IN
FINANCIAL POSITION
Canadian Funds
— Prepared Without Audit —

	Nine Months Ended 30 September	
	<u>1988</u>	<u>1987</u>
WORKING CAPITAL		
PROVIDED BY (USED IN)		
Investing activities		
Resource property costs	\$ (4,572,745)	\$ (1,573,872)
Items not affecting working capital		
Depreciation	153,756	4,019
Gain on sale of fixed assets	—	(50,834)
	<u>(4,418,989)</u>	<u>(1,620,687)</u>
Machinery and equipment	(361,953)	132,120
Investment and advances to affiliated company	—	(423,133)
Investments	(5,879)	(291,208)
Deposit	(30,000)	(5,000)
	<u>(4,816,821)</u>	<u>(2,207,908)</u>
Financing activities		
Share capital	<u>6,849,613</u>	<u>4,637,551</u>
INCREASE IN WORKING CAPITAL	2,032,792	2,429,643
Changes in non-cash working capital	<u>136,372</u>	<u>270,151</u>
INCREASE IN CASH	2,169,164	2,699,794
Cash or equivalent — Beginning of Period	<u>2,992,969</u>	<u>562,426</u>
CASH OR EQUIVALENT —		
End of Period	<u>\$ 5,162,133</u>	<u>\$ 3,262,220</u>

CONSOLIDATED STATEMENT OF LOSS
Canadian Funds
— Prepared Without Audit —

LOSS FOR THE PERIOD, being
write-off of costs relating to
rights abandoned and
outside property
examinations

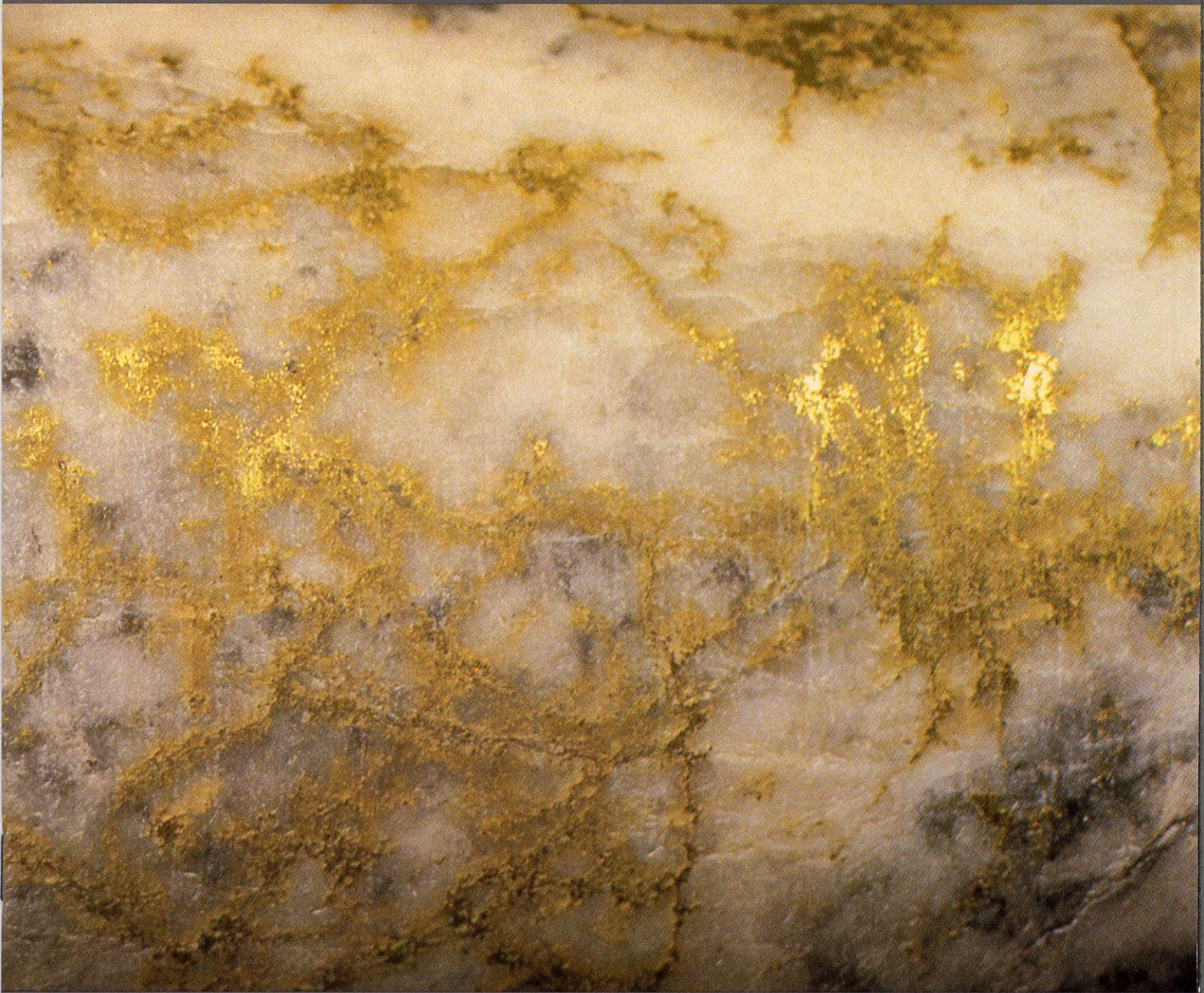
\$ 489,901 \$ —

NEWHAWK GOLD MINES LTD. (N.P.L.)
STATEMENT OF RESOURCE
PROPERTY COSTS
Canadian Funds
— Prepared Without Audit —

	Nine Months Ended 30 September	
	<u>1988</u>	<u>1987</u>
DIRECT		
Sulphurets Joint Venture, B.C.		
Underground exploration	\$ 1,175,058	
Road construction and maintenance	866,124	
Distributable costs	719,280	
Freighting	688,412	
Engineering and geology	307,435	
Power and pumping	201,317	
Surface exploration	183,811	
Studies	180,926	
Depreciation	153,756	
Diamond drilling	127,012	
	<u>4,603,131</u>	\$ 1,425,741
Others	<u>142,216</u>	<u>219,038</u>
	4,745,347	1,644,779
INDIRECT AND ADMINISTRATIVE	<u>(172,602)</u>	<u>(70,907)</u>
COSTS FOR THE PERIOD	4,572,745	1,573,872
Balance		
— Beginning of period	25,200,310	1,891,153
Costs related to rights abandoned and outside property examination written off to loss for the period	<u>(489,901)</u>	
BALANCE — End of period	<u>\$ 29,283,154</u>	<u>\$ 3,465,025</u>

NEWHAWK GOLD MINES LTD. (N.P.L.)
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NEWHAWK
GOLD MINES LTD. (N.P.L.)



1987 ANNUAL REPORT

COVER: A spectacular example of high grade gold intersected in underground diamond drilling on the West Zone in February 1988. Shown is an enlarged portion of a six inch intersection, included in a 24.9 foot width, encountered in drill hole U-88-98. The six inch intersection is estimated (by weight) to assay 1,928 ounces of gold per ton.

Director's Report to Shareholders

This 1987 Annual Report documents a year of extraordinary achievement and success for Newhawk. Our major exploration thrust for the year, a \$5.5 million, two phase program at the Sulphurets property was an unqualified success, bringing us closer to our goal of commercial production. Our initial program at two new U.S. gold properties returned promising results and our financial statements reflect the positive results of our corporate financial endeavours.

Exploration and Development

The extensive 1987 exploration program at the Sulphurets property, both surface and underground, produced truly outstanding results. New mineral inventory calculations for the West Zone reflect a 42% increase in tonnage and a 52% increase in gold grade from those figures published in 1986.

Temporary overland access was completed in the fall of 1987 and apart from a short Christmas break, our crews have continued working uninterrupted since May of 1987. A \$3.4 million exploration program is now underway for the continued development of the West Zone and this program includes a pre-feasibility study.

The full extent of the Sulphurets property is far from realized - the potential of the West Zone appears greater than was anticipated and several new discoveries this past summer have added to the abundance of further exploration targets on the property. The Sulphurets area is emerging as a potentially significant commercial gold camp.

Initial exploration programs were undertaken under a joint venture agreement, on three gold properties located in the U.S.A. Favourable results were obtained from two programs and further exploration work is planned for 1988.

Corporate

Amalgamation of Lacana Mining Corp.'s and Newhawk's 30% interests in Sulphurets was achieved in November of 1987, when shareholder approval was received for the issuance of 4,025,000 shares of Newhawk in exchange for Lacana's 30% interest in the property.

In addition to attaining a 60% interest in Sulphurets, with joint venture partner Granduc Mines Ltd. holding a 40% interest, three appointments to the Board of Directors were approved.

We are very pleased to welcome to the Board, Mr. N. Goodman, Chairman, Royex Gold Mining Corporation, Mr. G. Leathley, President, Lacana Mining Corporation and Mr. A.P. Walsh, Vice President, Finance, Lacana Mining Corporation. We wish to extend our thanks to retiring director, Mr. George Bleiler for his years of dedication and service to the company.

Financial

A private placement, through the facilities of Richardson Greenshields of Canada (U.K.) Ltd., provided in excess of \$4 million to the treasury. The 1987 exploration program was funded by flow through private placements.

Flow through private placement agreements are also in place to provide up to \$2.12 million to meet 1988 exploration funding requirements.

I would like to extend thanks on behalf of the Board, to our dedicated staff, both head office and field personnel, for their contributions to the success of the past year.

In welcoming new shareholders, and in addressing existing shareholders, I trust the support you have continued to demonstrate will be rewarded in the months ahead. The coming year promises not only to be very active and exciting, but also to bring us to the threshold of joining the ranks of Canada's precious metals producers.

On Behalf of the Board,



Donald A. McLeod
President and Chief Executive Officer

April 25, 1988



The last rays of the afternoon winter sun catch mountain peaks above Brucejack camp.

Exploration Review

Sulphurets Property

During the year, a major \$5.5 million surface and underground exploration program was completed on the Sulphurets property, located northwest of Stewart, British Columbia.

Surface Exploration

A large portion of the 1987 exploration program was directed towards surface drilling in the Brucejack Area. Of a total of 94 holes drilled in the 35,000 foot program, 71 were drilled on the West Zone, 12 were drilled on the Shore Zone

and 11 were drilled on the Gossan Hill Zone. Emphasis was placed on providing further West Zone drill data for ore reserve calculations and the initiation of a feasibility study.

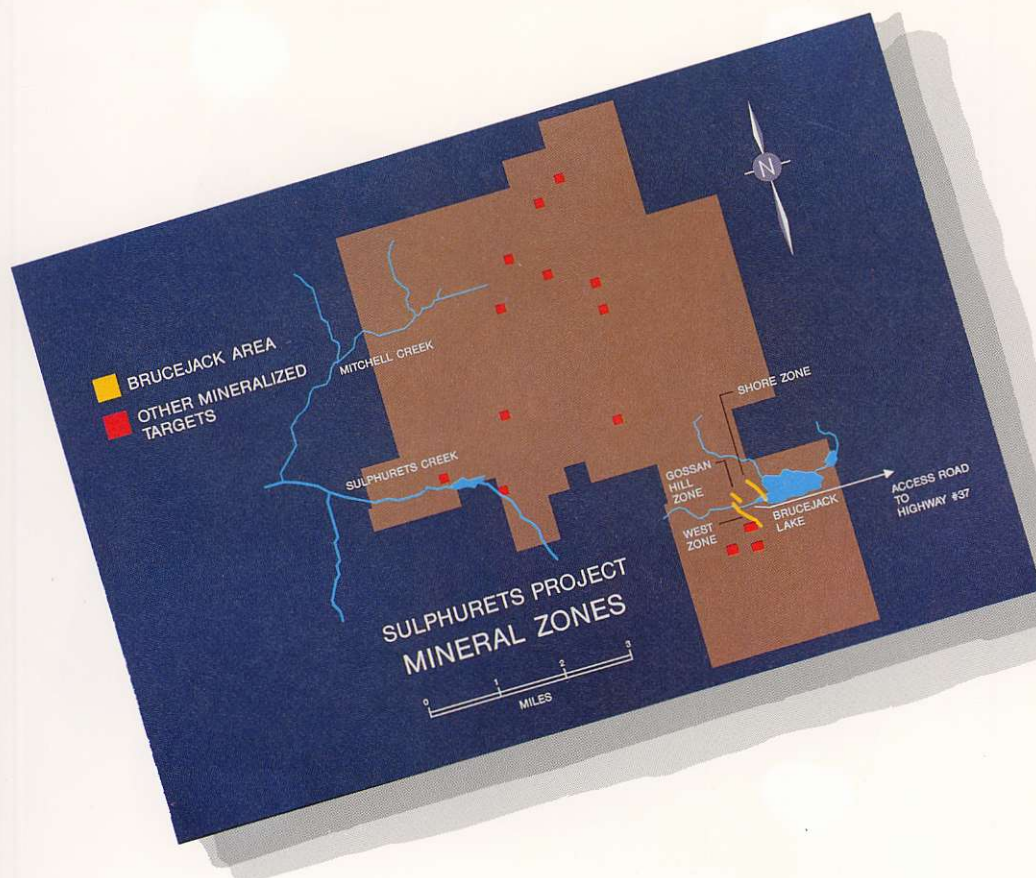
Results from the surface program were excellent with numerous intersections containing values well in excess of one ounce of gold per ton. Of particular importance were those results that indicate continuity of the zone to depth and the successful extension of the zone to the south.

Two holes drilled on the Gossan Hill Zone encountered very significant mineralization and although the program was limited, these holes extended the strike length of the zone by 130 feet. It is anticipated that further drilling will develop an important gold reserve.

The limited drilling on the Shore Zone was also successful in providing confirmation of earlier high grade intercepts. Further work is necessary to develop the full extent of this zone.

Underground Exploration

Underground exploration commenced with the slashing of the existing decline to 10 foot by 13 foot dimensions to allow for larger underground equipment. This work was followed by extending the decline to the 1300 metre elevation to allow for further underground development.



Muck samples from 141 feet of mineralization on the 5100 drift showed excellent correlation with the ore blocks as defined by diamond drilling.

A total of 166 feet of raising was completed. Muck assays from 52.5 feet of raise averaged .840 ounces of gold per ton and 81.82 ounces of silver per ton over the 5.9 foot width of the raise.

Underground Diamond Drilling

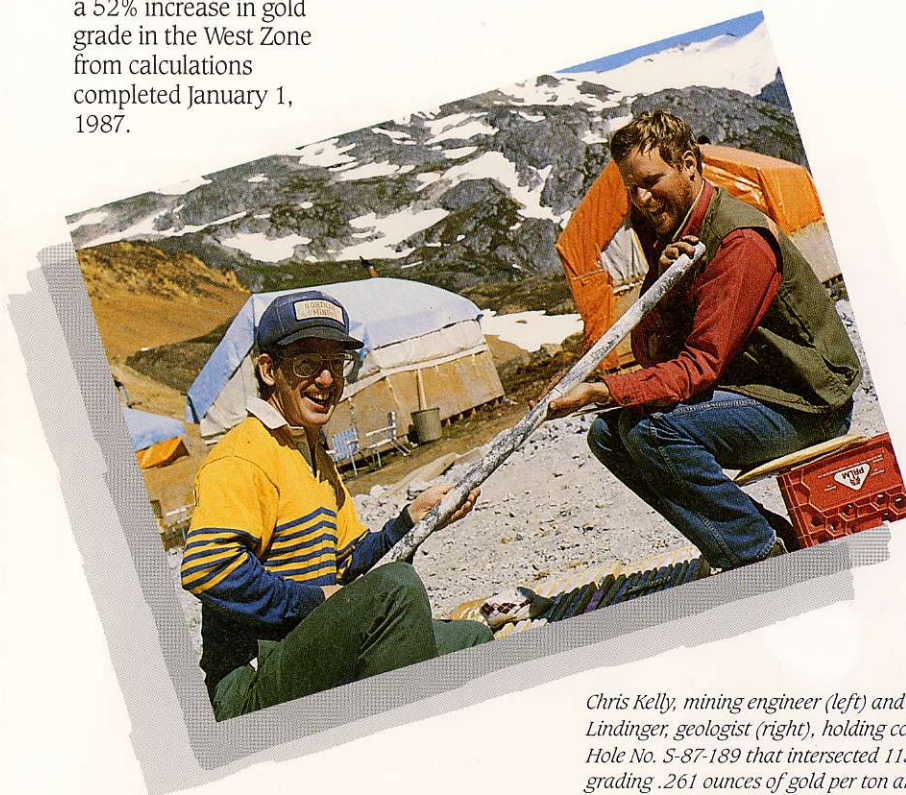
A total of 25,900 feet of underground diamond drilling in 170 holes was completed in two phases ending in April of 1988. This detailed underground diamond drilling provided additional information to allow for development planning. Initial indications are that mineralization is increasing in width, with a southeasterly rake.

Reserve Calculations

All surface diamond drilling data and underground diamond drilling data from the first phase 9,000 foot program, was presented to American Mine Services, Inc. of Denver, Colorado who were retained to calculate mineral inventory for the West Zone. A total of 13,011 assay intervals in 351 diamond drill holes formed the basis for the calculations.

American Mine Services, Inc. submitted their report to the company and used a

variety of cut off grades. Using a cut off grade of .15 ounces of gold equivalent per ton, with gold at US\$400 per ounce and silver at US\$6.00 per ounce, West Zone Mineral Inventory reported as at January 1, 1988 is shown on the accompanying table. This mineral inventory represents a 48% increase in tonnage and a 52% increase in gold grade in the West Zone from calculations completed January 1, 1987.



Chris Kelly, mining engineer (left) and Leo Lindinger, geologist (right), holding core from Drill Hole No. S-87-189 that intersected 115.3 feet grading .261 ounces of gold per ton and 31.86 ounces of silver per ton.

West Zone Mineral Inventory as calculated by American Mine Services Inc., January 1, 1988

West Zone	Tons	Gold oz per ton	Silver oz per ton
Proven	300,151	.516	28.28
Probable	324,500	.496	12.67
Inferred	879,837	.506	20.17
Total	1,504,488	.506	20.17

Brucejack Area Mineral Inventory as at January 1, 1988

	Tons	Gold oz per ton	Silver oz per ton
West Zone	1,504,488	.506	20.17
Shore Zone (Inferred)	539,776	.263	27.23
Gossan Hill Zone (Inferred)	27,639	1.940	3.51
Total	2,071,903	.462	21.78

Access

In November of 1987, a temporary access route was completed from Highway 37. Consisting of a tote road and barge link, the route was used to transport the 40 man camp to the mine and for the transportation of large quantities of fuel. At present, the route is utilized to move supplies to camp. A road

report has been presented to the Provincial Government and during the 1988 season, it is expected that construction of a part of the permanent road will commence.

Power Supply

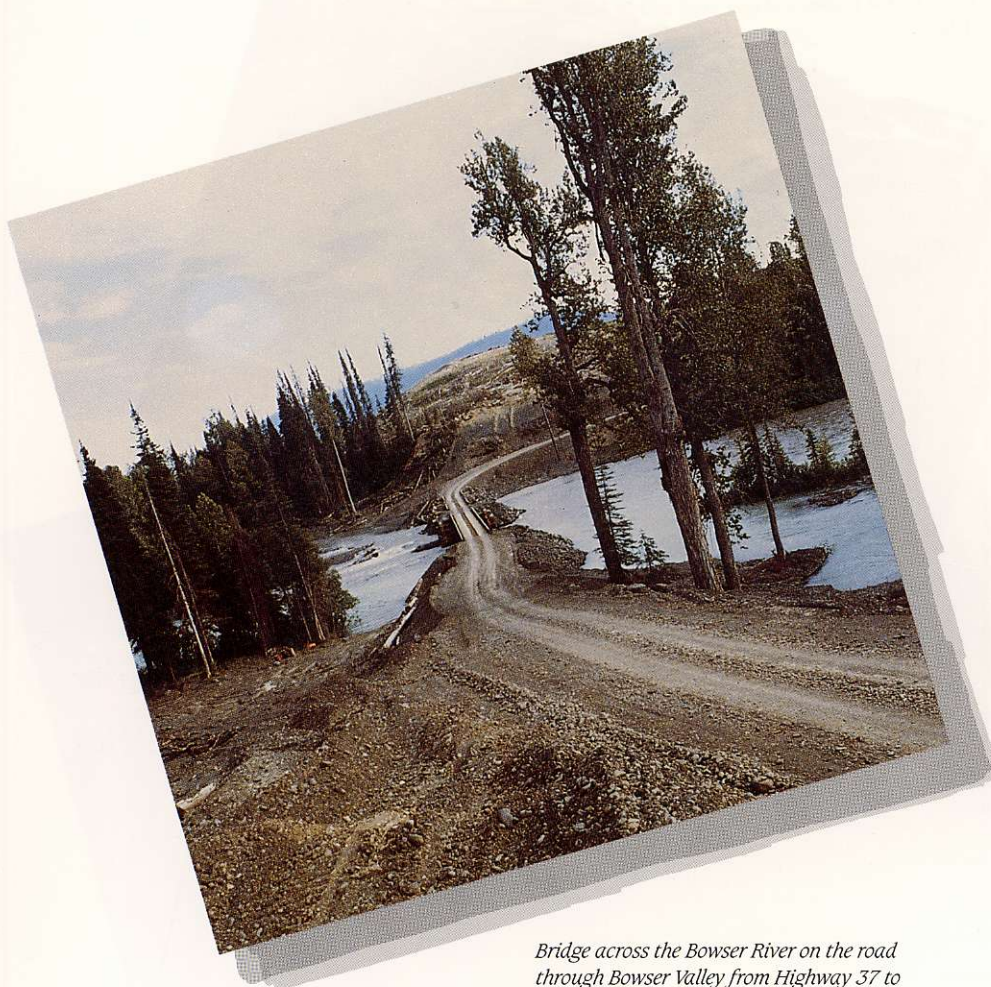
A hydro power study has shown that outflow from Brucejack Lake can be harnessed year round to provide sufficient power year round for a 500 ton per day operation. Capital costs for the facility are estimated to be under \$2 million, with payback in less than two years.

Permitting and Production Planning

The Stage I report, necessary for mine permitting, is being prepared for presentation to the Provincial Government and many components of a feasibility study are well in hand. Several consultants are under consideration for preparing the feasibility report and upon a final decision, these studies will commence. The study will be instrumental in determining mill size and design, and upon its completion, a preliminary production schedule will be outlined.

Other Properties

During the year, Newhawk entered into an agreement to earn interests in three mineral properties located in the U.S.A. There properties are held by Reliant Resources Inc. under option from Nord Resources Corporation.



Bridge across the Bowser River on the road through Bowser Valley from Highway 37 to Brucejack Lake.

Smith Canyon Property

A 35% interest can be earned by Newhawk in the Smith Canyon property, located 60 miles northeast of Wenatchee, Washington.

Earlier drilling had encountered significant gold mineralization and Newhawk conducted a 1,500 foot, eight hole surface diamond drilling program. Of the eight holes, five were completed to depth and results confirmed earlier intersections.

The best results came from holes drilled near an outcrop discovered by Nord Resources and values returned were 7.65 ounces of gold per ton and 5% copper over five feet and 1.94 ounces of gold per ton and 2.2% copper over 4.5 feet. Newhawk will conduct a US\$180,000 staged exploration program on the property in 1988, including geochemical sampling, trenching and 6,000 feet of drilling.

High Grade Property

Earlier work by FMC and Nord Resources on the High Grade Property, northeastern California, identified several anomalous gold targets. Newhawk completed an 810 foot rotary drilling program together with detailed and reconnaissance sampling. Results were disappointing and the property has since been returned to Nord.

Sliderock Property

Newhawk conducted an exploration program on the Sliderock property, 38 miles southeast of Missoula, Montana. Newhawk may earn a 30% interest in the property.

Previous exploration indicated a large gold soil geochemical anomaly. A program of geological mapping and rock

and soil sampling conducted by Newhawk defined a 3,000 foot long, 200 foot wide mineralized structure.

Thirteen vertical rotary drill holes were drilled along 900 feet of the general trend of the zone. Eleven of the thirteen holes encountered gold values in excess of .01 ounces of gold per ton. Two of the holes encountered 20 foot intersections grading .150 ounces of gold per ton and .190 ounces of gold per ton.

The potential exists for a large bulk mineable deposit. A US\$207,000 program is planned for 1988, including several drill holes to confirm the extent of the gold mineralization found last year.



A trench on the Electrum Zone, one of the many virtually unexplored targets at Sulphurets. It was this kind of surface indication that led to the development of the West Zone.

NEWHAWK GOLD MINES LTD. (N.P.L.)
CONSOLIDATED BALANCE SHEET

	31 December	
	1987	1986
ASSETS		
CURRENT		
Cash and bank term deposits	\$ 2,992,969	\$ 562,426
Accounts receivable	173,107	39,116
Prepaid expenses	—	1,260
	<u>3,166,076</u>	<u>602,802</u>
RESOURCE PROPERTIES (Note 3)	25,200,310	1,891,153
FIXED ASSETS (Note 4)	504,424	102,795
INVESTMENTS (Market value - \$170,080)	291,208	—
DEPOSIT	15,000	10,000
	<u>\$ 29,177,018</u>	<u>\$ 2,606,750</u>
LIABILITIES		
CURRENT		
Accounts payable	\$ 578,233	\$ 16,265
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 5)		
Authorized:		
50,000,000 shares of no par value		
Issued and fully paid:		
9,388,380 (3,840,371) shares	32,881,473	6,870,511
DEFICIT	<u>(4,282,688)</u>	<u>(4,280,026)</u>
	<u>28,598,785</u>	<u>2,590,485</u>
	<u>\$ 29,177,018</u>	<u>\$ 2,606,750</u>

ON BEHALF OF THE BOARD:



Director



Director

- See Accompanying Notes -

NEWHAWK GOLD MINES LTD. (N.P.L.)
CONSOLIDATED STATEMENT OF LOSS AND DEFICIT

	Year Ended 31 December	
	<u>1987</u>	<u>1986</u>
DEFICIT - Beginning of year	\$ 4,280,026	\$ 4,253,292
Loss for the year, being write off of costs relating to properties abandoned and outside property examinations	<u>2,662</u>	<u>26,734</u>
DEFICIT - End of year	<u>\$ 4,282,688</u>	<u>\$ 4,280,026</u>

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

	Year Ended 31 December	
	<u>1987</u>	<u>1986</u>
WORKING CAPITAL PROVIDED BY (USED IN)		
Investing activities		
Resource property costs	\$ (3,298,528)	\$ (978,468)
Items not affecting working capital		
Depreciation	115,139	22,437
Share capital issued for property options	—	5,450
Share capital issued for services	34,740	20,000
Gain on disposal of fixed assets	<u>(39,636)</u>	<u>(12,963)</u>
	(3,188,285)	(943,544)
Machinery and equipment - net	(365,423)	(85,839)
Deposit	(5,000)	(5,000)
Investments	(291,208)	—
Acquisition of subsidiary	\$20,125,000	
Less: Shares issued therefore	<u>20,125,000</u>	<u>—</u>
	(3,849,916)	(1,034,383)
Financing activities		
Share capital	<u>5,851,222</u>	<u>1,560,265</u>
INCREASE IN WORKING CAPITAL	2,001,306	525,882
Changes in non-cash working capital	<u>429,237</u>	<u>(6,277)</u>
NET INCREASE IN CASH	2,430,543	519,605
Cash position - Beginning of year	<u>562,426</u>	<u>42,821</u>
CASH POSITION - End of year	<u>\$ 2,992,969</u>	<u>\$ 562,426</u>

- See Accompanying Notes -

NEWHAWK GOLD MINES LTD. (N.P.L.)
CONSOLIDATED STATEMENT OF RESOURCE PROPERTY COSTS

	Year Ended 31 December	
	<u>1987</u>	<u>1986</u>
DIRECT		
Sulphurets Joint Venture, B.C.		
Acquisition (Note 2)	\$ 20,013,291	\$ —
Salaries and wages	685,763	228,910
Field supplies and expenses	496,183	181,086
Diamond drilling	483,579	188,136
Equipment rental	406,629	58,102
Transportation	339,685	94,851
Equipment maintenance	228,384	—
Assays and metallurgy	147,051	17,534
Depreciation	109,789	5,968
Other	—	59,344
Option payments	—	45,000
Joint venture's additional contribution	(70,726)	—
Government grant	(50,000)	—
	<u>22,789,628</u>	<u>878,931</u>
Smith Canyon, Washington, U.S.A.	173,572	—
High Grade, California, U.S.A.	98,723	—
Slide Rock, Montana, U.S.A.	74,982	—
Sundry and outside property examinations	2,662	925
Corn Creek, Yukon Territory	160	—
Wheaton River, Yukon Territory		
Option payments	—	5,450
Hawk Claim, B.C.	(3,000)	—
	<u>23,136,727</u>	<u>885,306</u>
INDIRECT AND ADMINISTRATIVE - Schedule	<u>175,092</u>	<u>93,162</u>
COSTS FOR THE YEAR	23,311,819	978,468
Balance - Beginning of year	1,891,153	939,419
Costs related to rights abandoned and outside property examinations written off to deficit	<u>(2,662)</u>	<u>(26,734)</u>
BALANCE - End of year	<u>\$ 25,200,310</u>	<u>\$ 1,891,153</u>

- See Accompanying Notes -

NEWHAWK GOLD MINES LTD. (N.P.L.)
SCHEDULE OF CONSOLIDATED INDIRECT AND ADMINISTRATIVE

	Year Ended 31 December	
	<u>1987</u>	<u>1986</u>
INDIRECT AND ADMINISTRATIVE		
Management and administrative fees and expenses	\$ 186,297	\$ 30,175
Travel and promotion	117,739	63,845
Shareholders' information and meetings	65,543	25,315
Legal fees and expenses	56,942	4,673
Listing and filing fees	49,802	5,349
Office and sundry	39,625	13,419
Salaries	21,162	—
Accounting and audit fees	14,270	3,835
Transfer agent fees	9,872	6,161
Depreciation	5,350	16,469
Finders fee	—	20,000
Rental income - net	(5,714)	—
Gain on disposal of fixed assets	(39,636)	(12,963)
Interest income - net	(147,551)	(6,496)
Recovery of administrative costs	(198,609)	(76,620)
	<u>\$ 175,092</u>	<u>\$ 93,162</u>

- See Accompanying Notes -

NEWHAWK GOLD MINES LTD. (N.P.L.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS 31 DECEMBER 1987

1. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Consolidation

These financial statements include the accounts of the company, its wholly-owned subsidiary (Note 2), Lacana Ex (1985) Inc. ("Lacana Ex") accounted for by the consolidation method and an incorporated joint venture, Bowser Leasing Ltd. ("Bowser"), accounted for by the proportionate consolidation method.

b) Resource Properties

The company is in the process of exploring its mineral properties and has not yet determined whether these properties contain ore reserves that are economically recoverable.

Mineral exploration and development costs are capitalized on an individual prospect basis until such time as an economic ore body is defined or the prospect is abandoned. Costs for a producing prospect are amortized on a unit-of-production method based on the estimated life of the ore reserves, while costs for the prospects abandoned are written off.

The recoverability of the amounts capitalized for the undeveloped mineral properties is dependent upon the confirmation of economically recoverable ore reserves, the ability to obtain the necessary financing to complete their development, future profitable production or proceeds from the disposition thereof.

c) Depreciation

The company provides for depreciation on its fixed assets at the rate of 30% for machinery and equipment and 15% for vessels, both on the declining balance method.

d) Segmented Information

The company's only business is exploration for and development of mineral properties in Canada and the United States. Identifiable assets employed in the United States are described in Note 3.

e) Investments

Investments in marketable securities are carried at cost or, where impairment of value is considered other than temporary market value. Interest income is recorded on an accrual basis, dividend income is recorded as received and capital gains are recorded as realized.

f) Loss per Share

Loss per share has not been calculated because it is not considered meaningful at this development stage of operations.

2. ACQUISITION OF SUBSIDIARY

Effective 30 June 1987 the company acquired all the outstanding shares of Lacana Ex (1985) Inc. ("Lacana Ex") by issuing 4,025,000 common shares at a deemed value of \$5 per share. This acquisition has been accounted for under the purchase method. Since the acquisition, Lacana Ex has been inactive.

Net assets acquired consisted of:

30% interest in Sulphurets Joint Venture	
Book value	\$ 1,511,870
Excess consideration on acquisition	18,501,421
	<u>20,013,291</u>
Investment in Bowser - 30%	98,870
Equipment	12,839
	<u>\$20,125,000</u>

The value attributed to the Sulphurets Joint Venture includes \$18,501,421 of consideration given in excess of the book value.

3. RESOURCE PROPERTIES

	1987	1986
Canada		
Sulphurets Joint Venture, B.C.	\$23,905,775	\$ 1,116,147
Other	583,675	586,515
	<u>24,489,450</u>	<u>1,702,662</u>
United States		
Smith Canyon, Washington	173,572	—
High Grade, California	98,723	—
Slide Rock, Montana	74,982	—
Other	1	1
	<u>347,278</u>	<u>1</u>
Indirect and administrative	363,582	188,490
	<u>\$25,200,310</u>	<u>\$ 1,891,153</u>

NEWHAWK GOLD MINES LTD. (N.P.L.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS 31 DECEMBER 1987

3. RESOURCE PROPERTIES - Continued

i) Sulphurets Joint Venture

The company is the operator of the Sulphurets Joint Venture with a 30% direct interest and a further 30% interest through Lacana Ex (Note 2). Administrative costs received from the joint venture under the joint venture agreement are eliminated in these financial statements.

ii) Option Agreements

The company has entered into option/joint venture agreements which, at the option of the company, require further expenditures as follows (at a United States exchange rate of 1.320%):

Smith Canyon	\$ 445,500
High Grade	509,700
Slide Rock	335,300
	<u>\$ 1,290,500</u>

Expenditures required to be made in periods ending 24 June are as follows:

1988	\$ 5,300
1989	427,200
1990	627,000
1991	231,000
	<u>\$ 1,290,500</u>

4. FIXED ASSETS

	Costs	1987 Accumulated Depreciation	Net Book Value	1986 Net Book Value
Machinery and equipment	\$ 559,503	\$ 121,944	\$ 437,559	\$ 102,795
Vessels	70,724	3,859	66,865	—
	<u>\$ 630,227</u>	<u>\$ 125,803</u>	<u>\$ 504,424</u>	<u>\$ 102,795</u>

5. SHARE CAPITAL

a) Details are as follows:

Authorized:

Effective 18 June 1987, authorized share capital was increased to 50,000,000 common shares without par value from 10,000,000 common shares without par value.

	Shares	Amount
Issued:		
Balance - 1 January 1986	2,811,463	\$ 5,284,796
Cash	1,009,622	1,560,265
Finders fee	14,286	20,000
Option payments	5,000	5,450
	<u>1,028,908</u>	<u>1,585,715</u>
Balance - 31 December 1986	3,840,371	6,870,511
Cash		
Private placements	1,382,509	5,284,197
Options and warrants	134,500	567,025
Subsidiary	4,025,000	20,125,000
Services	6,000	34,740
	<u>5,548,009</u>	<u>26,010,962</u>
Balance - 31 December 1987	9,388,380	\$ 32,881,473

During 1987, 382,509 shares were issued for cash of \$1,279,196 on a flow-through basis whereby the subscriber receives the benefit for tax purposes of the Canadian exploration expense incurred. (In 1986, 531,622 shares for \$896,765 were issued for cash on the flow-through basis.)

b) Shares Reserved:

At 31 December 1987, shares have been reserved for potential future issues as follows:

Directors' options	379,706
Employees' options	106,000
Warrants	392,500
Employee share purchase plan	442,000
Flow-through agreements	305,063
	<u>1,625,269</u>

NEWHAWK GOLD MINES LTD. (N.P.L.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS 31 DECEMBER 1987

5. SHARE CAPITAL - Continued

Directors and employee options provide cumulative entitlement over the terms of the agreements which expire in 1991 and 1992 to purchase shares at prices ranging from \$1.75 to \$4.20.

Warrants are exercisable at \$4.75 before 2 June 1988.

The employee share purchase plan allows full time employees of the company (or affiliated companies, as approved by the directors) to purchase shares through payroll deductions matched by the company. Shares are issued quarterly based on the average closing price for the quarter and are held in safekeeping for one year. On termination of participation in the plan, shares held in safekeeping for the participants are purchased for cancellation and the participants' and company's contributions are returned.

Flow-through shares are to be issued at prices ranging from \$6.02 to \$8.63 per share.

In connection with the acquisition of Lacana Ex, the company entered an agreement which allows Lacana Mining Corporation to maintain its percentage ownership (42.6% at 31 December 1987) by subscribing for shares on terms no less favourable than the other subscribers. Lacana Mining Corporation has subscribed for 84,474 flow-through shares at an average of \$6.64 to be issued in 1988.

c) Voting Trust Agreement

In connection with the acquisition of a 30% interest in the Sulphurets Joint Venture, the president of the company and Lacana Mining Corporation (Lacana) have agreed to vote their shares to set the number of directors at five, nominate two and three directors respectively and vote for each other's nominees.

The agreement is effective until 12 November 1992, but ceases (at Lacana's option) if the president's employment is terminated or if Lacana is not the largest single shareholder.

6. RELATED PARTY TRANSACTIONS

During the years ended 31 December 1987 and 1986 the company paid \$6,000 for management and consulting fees to a company whose sole shareholder is related to a director of the company.

AUDITORS' REPORT

To the Shareholders of Newhawk Gold Mines Ltd. (N.P.L.)

We have examined the consolidated balance sheet of Newhawk Gold Mines Ltd. (N.P.L.) as at 31 December 1987 and the consolidated statements of loss and deficit, changes in financial position and resource property costs for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the company as at 31 December 1987 and the results of its operations and changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

3 March 1988
Burnaby, B.C.

SMITH, FLYNN, STALEY

Chartered Accountants

CORPORATE INFORMATION

Directors & Officers

D.A. McLeod,* †
President & Chief Executive Officer,
Newhawk Gold Mines Ltd. (N.P.L.)

F.G. Hewett, P.Eng.,*
Vice President, Exploration Manager,
Newhawk Gold Mines Ltd. (N.P.L.)

N. Goodman,*
Chairman,
Royex Gold Mining Corporation

G. Leathley,* †
President,
Lacana Mining Corporation

A.P. Walsh,* †
Vice President, Finance,
Lacana Mining Corporation

G.M. Sharp,
Secretary,
Newhawk Gold Mines Ltd. (N.P.L.)

* Director

† Member Audit Committee

Executive Office

Suite 860 - 625 Howe Street
Vancouver, B.C. V6C 2T6

Telephone (604) 687-7545
Telecopier (604) 689-5041

Solicitors

Boughton & Company
Vancouver, B.C.

Angus, McClellan & Rubenstein
Vancouver, B.C.

Bankers

The Royal Bank of Canada
Vancouver, B.C.

Auditors

Smith, Flynn, Staley
Burnaby, B.C.

Transfer Agent

Canada Trust Company
1055 Dunsmuir Street
Vancouver, B.C. V7X 1P3

110 Yonge Street
Toronto, Ontario M5C 1T4

Registered Office

16th Floor, 1100 Melville St.
Vancouver, B.C.

Common Stock Listed On:

Toronto Stock Exchange
Vancouver Stock Exchange

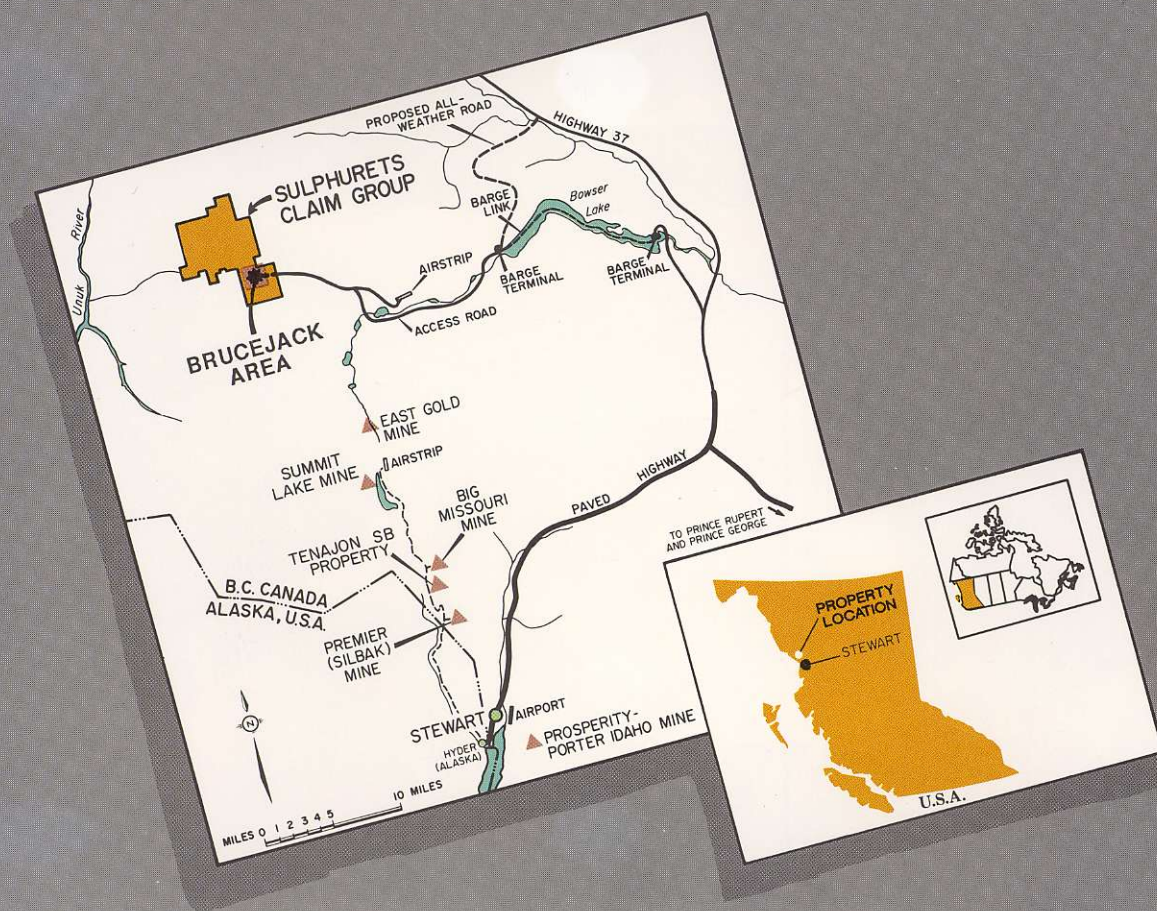
Stock Symbol: NHG

Annual General Meeting

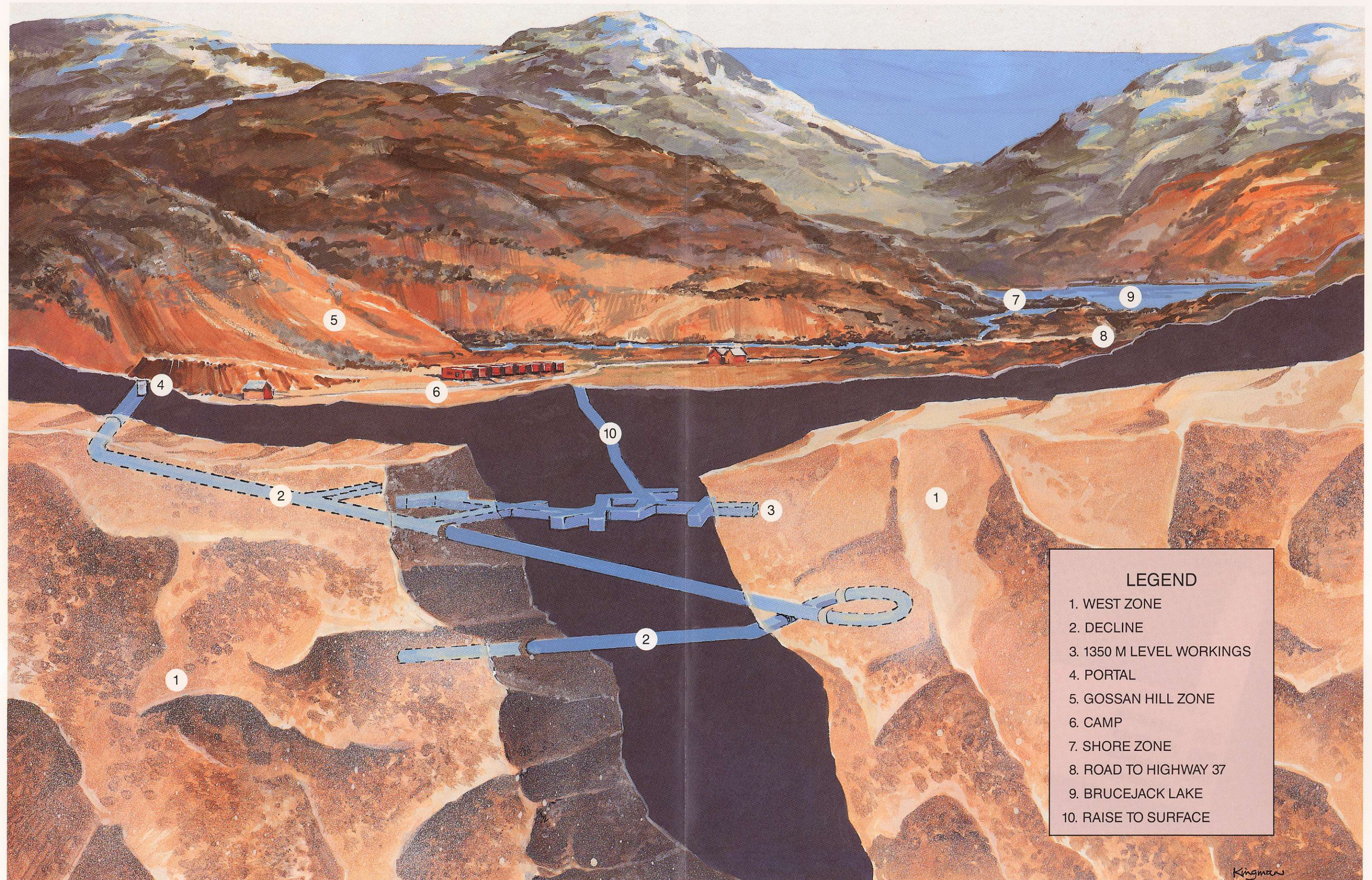
The annual meeting of shareholders of Newhawk Gold Mines Ltd. will be held in the Shuswap Room, of the Four Seasons Hotel, 971 West Georgia Street, Vancouver, British Columbia, at 10:00 a.m. on June 17, 1988.

NEWHAWK GOLD MINES LTD. (N.P.L.)
Suite 860-625 Howe Street
Vancouver, B.C. V6C 2T6
Telephone: (604) 687-7545
Telecopier: (604) 689-5041

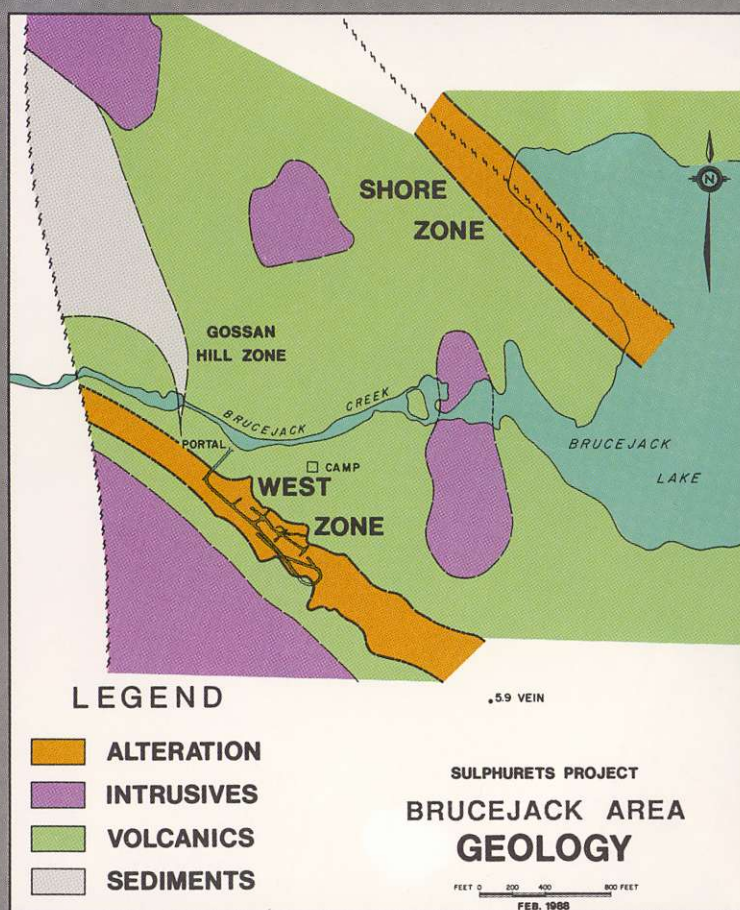
NEWHAWK GOLD MINES LTD.



SULPHURETS PROPERTY — BRUCEJACK AREA



Artist conception of the Brucejack Area showing underground development of West Zone looking east towards Brucejack Lake and Shore Zone.



Newhawk Gold Mines Ltd. (N.P.L.)

Interim Report

FOR THE SIX MONTHS ENDED 30 JUNE 1987

Interim Report to Shareholders

During the past six month period, Newhawk has completed Phase I of the 1987 exploration and development program at Sulphurets, commenced Phase II of the program, acquired three new exploration properties, and completed major financings.

Finances

Newhawk has completed a Private Placement with Richardson Greenshields of Canada (U.K.) Limited acting as agents for the Company. One million units were placed with European institutions adding nearly \$4 million to the company treasury, and subsequent exercise of warrants would provide in excess of \$2 million.

These funds, in addition to the \$1.5 million raised by way of "Flow Through" Private Placements have provided a particularly strong financial base for Newhawk, as evidenced by the attached financial statements.

Sulphurets Property

During the last six months, Newhawk completed, on time and on budget, Phase I of the two Phase 1987 exploration program underway at Sulphurets. The work, conducted on the West Zone, totaled 9,000 feet of underground diamond drilling and 300 feet of underground development. Results were consistent with those reported in 1986, prompting all three joint venture partners, Newhawk, Lacana Mining Corporation and Granduc Mines Ltd. to proceed with Phase II.

Phase II is now underway with an expanded budget of \$4.0 million. The program consists of comprehensive exploration and development of the Brucejack area with work to be concentrated on the West, Shore and Gossan Hill Zones as follows:

West Zone

Work on the West Zone will include a total of 1,500 feet of drifting and raising on ore, and a further 15,000 feet of underground diamond drilling.

17,000 feet of surface diamond drilling on this zone will provide fill-in data and the surface program is designed to extend the strike length to the south. In 1986, a surface

hole to the south intersected a true width of 28.5 feet grading 0.359 oz gold/ton and 57.42 oz silver per ton.

Several surface holes will also be drilled to depths of about 1,000 feet. While most previous surface drilling has been limited to a depth of about 500 feet, some holes were drilled to a 1,000 foot depth in 1986 and returned excellent values.

Shore Zone

A surface diamond drilling program totaling 8,000 feet is now underway on the Shore Zone. This surface program is intended to define lateral and vertical continuity of mineralization. Earlier drill holes on the Shore Zone have returned values such as 26.2 feet of 0.336 oz gold/ton and 12.57 oz silver/ton and a spectacular 30.5 feet of 2.52 oz gold/ton and 6.75 oz silver/ton.

Gossan Hill Zone

A trenching and surface diamond drilling program will be underway shortly on the Gossan Hill Zone. Current reserves stand at 27,639 tons grading 1.940 oz gold/ton and the program is designed to upgrade and increase this figure.

Other Areas

Several of the many other targets on the property will be the subject of surface exploration. The program will also include completion of overland access and engineering studies for the permanent all weather road to be completed in 1988. Environmental baseline, metallurgical and hydro-electric studies will also be conducted.

New Acquisitions

In July, Newhawk entered an agreement to acquire varying interests in three very promising gold exploration properties located in the Western United States. The properties are under option from Nord Resources of Dayton, Ohio by Reliant Resources Ltd. of Vancouver.

Smith Canyon, Washington

Newhawk can earn a 35% interest in the Smith Canyon property located in Okanogan County, 60 miles northeast of Wentachee. Earlier work conducted by Nord Re-

sources encountered promising results with surface samples assaying as high as 5.0 oz gold/ton and a drill hole intersecting 45 feet of 0.21 oz gold/ton including 5 feet of 1.38 oz gold/ton.

Newhawk is conducting a 1,500 foot diamond drilling program to determine the orientation of mineralization, trace the strike and confirm previous assay results. A subsequent expanded program is planned to fully delineate the extent of the deposit.

High Grade, California

The High Grade property is located in the northeastern corner of California, 11 miles from the Nevada border and a two hour drive from Reno. Newhawk can earn a 35% interest in the High Grade Property.

Nord has conducted limited work on the property with drill intersections on the "Ruby Zone" running as high as 130 feet of 0.04 oz gold/ton including 35 feet of 0.11 oz gold/ton and 20 feet of 0.17 oz gold/ton.

Newhawk will conduct a 2,000 foot reverse circulation drilling program on the Ruby Zone, as well as additional mapping and sampling of several other high priority targets.

Slide Rock, Montana

Newhawk can earn a 30% interest in the Slide Rock property located 38 miles southeast of Missoula. The Slide Rock property is at a preliminary stage of exploration, however strong gold mineralization is indicated over an area of at least 100 feet by 1,000 feet and the potential exists for substantial tonnage.

Limited trenching and surface soil sampling conducted to date has returned gold values in trenches as high as 0.26 oz gold/ton over 5 feet. Newhawk will conduct a mapping and sampling program to define targets for subsequent diamond drilling.

We value our shareholders' continued support and look forward to the exploration season ahead with great enthusiasm.

Donald A. McLeod, President

August 20, 1987

NEWHAWK GOLD MINES LTD. (N.P.L.)

STATEMENT OF CHANGES IN FINANCIAL POSITION

Canadian Funds

- Prepared Without Audit -

	1987	Six Months Ended 30 June 1986
WORKING CAPITAL PROVIDED BY (USED IN)		
Investing Activities		
Resource property costs	\$ (205,687)	\$ (109,231)
Items not affecting working capital		
Depreciation	6,518	3,965
Shares issued for property options	-	5,450
Gain on sale of fixed assets	(46,319)	-
	(245,488)	(99,816)
Investment and advances to affiliated company	(467,751)	-
Investments	(101,225)	-
Machinery and equipment (net)	102,020	-
Deposits	-	(5,000)
	(712,444)	(104,816)
Financing activities		
Share capital	4,035,250	-
INCREASE (DECREASE) IN WORKING CAPITAL	3,322,806	(104,816)
Changes in non-cash working capital	447,765	56,139
NET INCREASE (DECREASE) IN CASH	3,770,571	(48,677)
Cash or equivalent - Beginning of period	562,426	42,821
CASH (OVERDRAFT) OR EQUIVALENT - End of period	\$ 4,332,997	\$ (5,856)

STATEMENT OF RESOURCE PROPERTY COSTS

Canadian Funds

- Prepared Without Audit -

	1987	Six Months Ended 30 June 1986
DIRECT		
Sulphurets Joint Venture, B.C.		
Costs for the period	\$ 307,518	\$ 57,443
Less: Recovery of prior period costs	(70,726)	-
Assistance grant	(50,000)	-
	186,792	57,443
Sundry	603	6,065
	187,395	63,508
INDIRECT AND ADMINISTRATIVE		
Travel and promotion	85,337	16,147
Shareholders' information and meetings	28,294	10,337
Office and sundry	27,817	9,403
Legal fees	9,208	2,433
Depreciation	6,518	3,965
Accounting and audit fees	6,220	2,860
Listing and filing fees	5,377	3,438
Transfer agent fees	4,912	3,071
Management and consulting fees	3,000	3,175
Sundry	(5,500)	-
Equipment rentals	(7,123)	-
Interest income	(20,019)	(513)
Gain on sale of fixed assets	(46,319)	-
Recovery of administrative costs	(79,430)	(8,593)
	18,292	45,723
COSTS FOR THE PERIOD	205,687	109,231
Balance - Beginning of period	1,891,153	939,419
BALANCE - End of period	\$ 2,096,840	\$ 1,048,650

President's Report to Shareholders

I am very pleased to present the 1986 Annual Report to Shareholders, a review of the years' activities together with the Financial Statements for the year ended December 31, 1986. The past year was one of continuing growth and success. 1987 promises to be the most significant year yet for your Company. With the recent increase in the price of gold and silver, the value of current reserves at Sulphurets has become even more dramatic. We look forward this year to a substantial increase in reserves and to the emergence of Sulphurets as a world class gold and silver camp.

In November of 1986, following the completion of the expanded \$1.8 million exploration program on Sulphurets, Newhawk as operator, earned its 30% interest in this exciting and promising northern British Columbia property. The \$5 million, 1987 program is now proceeding with the joint venture partners contributing costs in accordance with their respective interests: Newhawk contributing 30%, Lacana Mining Corp. 30% and Granduc Mines Ltd. contributing 40%.



During the past year, the Company raised in excess of \$1.4 million in exploration funding. A public offering of 500,000 shares was completed in June by Canarim Investment Corp. and provided \$721,000 for the treasury and subsequent exercise of the "B" warrants added an additional \$375,000. Two Flow Through Private Placements provided a further \$500,000. After the completion of the 1986 exploration program, the Company's cash position stood at \$562,426.

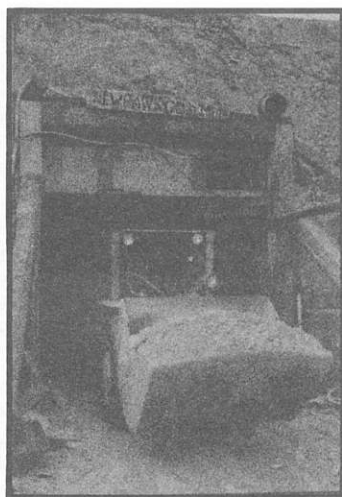
The 1986 program on Sulphurets was an unqualified success. It was completed on time and on budget - in fact, underground development was achieved at a cost of less than \$600 per foot.

The 33 square mile property is located 35 miles northwest of Stewart in northern British Columbia and contains over fifteen known zones of mineralization. The 1986 program was directed primarily toward the continued development of the West Zone located in the Brucejack Area, one of these known zones.

Over 21,000 feet of surface diamond drilling was completed, the majority of which occurred on the West Zone bringing the total surface drilling on the property to over 61,000 feet. The program provided in-fill drilling on 66 foot spacings in addition to step out drilling to extend the zone to the south. Deep drilling extended the zone to a depth of at least 1,000 feet. Assay results were excellent, in keeping with prior years' work and tonnage figures were increased on this zone by 85% over 1985 figures.

Tonnage in the Brucejack area at the end of the 1986 season is reported as follows

	<i>Tons</i>	<i>Gold oz/ton</i>	<i>Silver oz/ton</i>
<i>West Zone</i>			
<i>Drill Indicated</i>	535,765	0.332	21.06
<i>Inferred</i>	480,986	0.332	21.06
	1,016,730	0.332	21.06
<i>Shore Zone</i>			
<i>Inferred</i>	539,776	0.263	27.23
<i>Gossan Hill Zone</i>			
<i>Inferred</i>	27,639	1.940	3.51
<i>Total Brucejack</i>	1,584,145	0.336	22.86



On the West Zone, some 1,400 feet of decline and drifting were completed. Two crosscuts were completed and widths encountered were in excess of 50 feet. The average grades of muck samples was 0.234 oz gold/ton, 6.20 oz silver/ton in the first crosscut and 0.225 oz gold/ton, 16.60 oz silver/ton in the second crosscut including 11.1 feet with an average grade of 0.437 oz gold/ton and 43.96 oz silver/ton.

Ground conditions are excellent - no rock bolting or support was required and this factor coupled with the mining widths will contribute to very low mining costs, estimated to be in the order of \$100/ton.

Extremely high grade occurrences over widths of up to 6 feet were discovered in both crosscuts. These high grade pods, with gold values from 5.232 to 5.786 oz/ton and silver values from 373.09 to 890.45 oz/ton, have not been included in any grade calculations, but are expected to increase mill grade even further.

Of particular note are the results of those drill holes intersecting mineralization below the 500 foot level. The average width and grade of those holes was 18.4 feet of 0.433 oz gold/ton and 28.89 oz silver/ton. These results give indication that the orebody may well be of far greater magnitude than originally thought as the zone appears to be even stronger at depth and is still open at depth and along strike.

The 1987 two stage, \$5 million program was presented to the joint venture partners and received approval in February 1987. This major program, which commenced in mid April, is by far the most comprehensive exploration and development that has been conducted on Sulphurets and is designed to provide the necessary data for an early production decision.



Stage I of the program, concentrating primarily on the West Zone, will include drifting on ore and crosscutting along with an initial 8,400 feet of underground diamond drilling on this zone. A mine development prospectus is now being prepared for presentation to the Provincial Government.

Stage II of the program, expected to be underway by mid June, will see major underground development and further surface drilling on the West Zone. A surface program, consisting of trenching and diamond drilling will be conducted on the Gossan Hill Zone in this stage, along with possible underground development on the Shore Zone and mapping and drilling on several of the many other targets on the property. Pre-feasibility and environmental studies will be undertaken for production permitting.

Negotiations have begun with the Provincial Government for a cost sharing plan for construction of the permanent road. The temporary barge and overland route will be in place by the Fall of 1987 and a road survey, to be funded in part by the Provincial Government, will be underway shortly for the 35 mile all weather road from Highway 37. Construction of the permanent road is scheduled for the Spring of 1988.

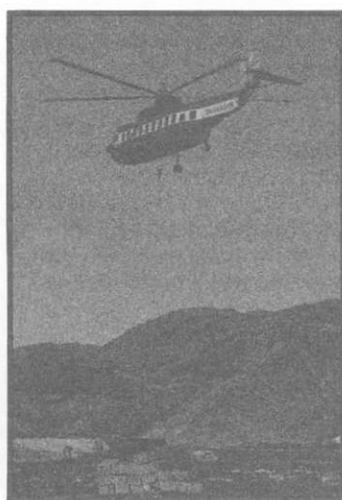
Funding for Newhawk's portion of the \$5 million 1987 budget, amounting to \$1.5 million, is being provided in part by a Private Placement of Flow Through shares with CMP 1987 Resource Partnership and Company. We were extremely pleased to announce in early May that your Company received a commitment from Richardson Greenshields Canada (U.K.) Ltd. for a Private Placement of 1 million units with European institutions. This placement of units, each consisting of one share and one half warrant at a price



of \$4.25 per unit, will place in excess of \$4 million in the company treasury and exercise of the warrants would provide an additional \$2.37 million. This funding places your Company in an excellent financial position and assures the majority of funding through to production.

The Company's application for listing on the Toronto Stock Exchange was accepted by the Exchange pending the completion of the above noted financings and we expect that Newhawk will commence trading in Toronto in the near future.

We would like to take this opportunity to extend a welcome to new shareholders. We trust that your investment with Newhawk has been rewarding and we value your continued support. The exploration year ahead holds exciting prospects and we look forward to your participation in the results of our corporate endeavours.



Respectfully Submitted on Behalf of the Board of Directors,

A handwritten signature in cursive script, reading "Donald A. McLeod".

*Donald A. McLeod,
President and Chief Executive Officer*

May 15, 1987

SMITH, FLYNN, STALEY

CHARTERED ACCOUNTANTS

225 - 4299 CANADA WAY,
BURNABY, B.C. V5G 1H3
TELEPHONE: 434-1384

R. C. SMITH C.A.
A. R. FLYNN C.A.
D. L. STALEY C.A.
A. C. KWONG C.A.
I. M. OKADA C.A.

AUDITORS' REPORT

To the Shareholders of Newhawk Gold Mines Ltd. (N.P.L.)

We have examined the balance sheet of Newhawk Gold Mines Ltd. (N.P.L.) as at 31 December 1986 and the statements of deficit, changes in financial position and resource property costs for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at 31 December 1986 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

16 January 1987

A handwritten signature in cursive script, appearing to read "David L. Flynn".

NEWHAWK GOLD MINES LTD.
(N.P.L.)

BALANCE SHEET
Canadian Funds

	31 December 1986	31 December 1985
ASSETS		
CURRENT		
Cash and bank term deposits	\$ 562,426	\$ 42,821
Accounts receivable	39,116	27,099
Prepaid expenses	<u>1,260</u>	<u>210</u>
	602,802	70,130
RESOURCE PROPERTIES (Notes 1 and 2)	1,891,153	939,419
MACHINERY & EQUIPMENT , at cost less accumulated depreciation (Note 1)	102,795	26,430
DEPOSIT	<u>10,000</u>	<u>5,000</u>
	<u>\$2,606,750</u>	<u>\$ 1,040,979</u>
LIABILITIES		
CURRENT		
Accounts payable	<u>\$ 16,265</u>	<u>\$ 9,475</u>
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 3)		
Authorized: 10,000,000 shares of no par value		
Issued & fully paid: 3,840,371 (2,811,465) shares	6,870,511	5,284,796
DEFICIT	<u>(4,280,026)</u>	<u>(4,253,292)</u>
	<u>2,590,485</u>	<u>1,031,504</u>
	<u>\$ 2,606,750</u>	<u>\$ 1,040,979</u>
Approved by the Board		

D. A. McLeod

Director

Paul A. Hewitt

Director

NEWHAWK GOLD MINES LTD.

(N.P.L.)

STATEMENT OF DEFICIT Canadian Funds

	31 December 1986	31 December 1985
BALANCE - Beginning of year	\$ 4,253,292	\$ 4,231,593
Write off of costs relating to properties abandoned and outside property examinations	26,734	21,699
BALANCE - End of year	\$ 4,280,026	\$ 4,253,292

STATEMENT OF CHANGES IN FINANCIAL POSITION Canadian Funds

	31 December 1986	31 December 1985
WORKING CAPITAL PROVIDED BY (USED IN)		
Investing activities		
Resource property costs	\$ (978,468)	\$ (296,497)
Items not affecting working capital		
Depreciation	22,437	8,891
Share capital issued for property options	5,450	9,150
Share capital issued for finders fee	20,000	-
Gain on disposal of fixed assets	(12,963)	-
	(943,544)	(278,456)
Machinery and equipment - net	(85,839)	(11,336)
Deposit	(5,000)	-
	(1,034,383)	(289,822)
Financing activities		
Share capital	1,560,265	269,560
INCREASE (DECREASE) IN WORKING CAPITAL	525,882	(20,262)
Changes in non-cash working capital	(6,277)	(11,569)
NET INCREASE (DECREASE) IN CASH	519,605	(31,831)
Cash position - Beginning of year	42,821	74,652
CASH POSITION - End of year	\$ 562,426	\$ 42,821

NEWHAWK GOLD MINES LTD.
(N.P.L.)

STATEMENT OF RESOURCE PROPERTY COSTS
Canadian Funds

		31 December 1986	31 December 1985
DIRECT			
Sulphurets Joint Venture, B.C.			
Salaries and wages	\$ 228,910		
Diamond drilling	188,136		
Field supplies and expenses	181,086		
Transportation	94,851		
Property administration	72,264		
Equipment rental	67,377		
Other	59,344		
Option payments	45,000		
Assays and metallurgy	17,534		
Depreciation	<u>5,698</u>		
		\$ 960,470	\$ 254,502
Wheaton River, Yukon Territory			
Option payments		5,450	18,753
Harley Claims, B.C.		-	10,741
Tide Claims, B.C.		-	4,984
Adams Lake, B.C.		-	4,951
Lantern Property, Nevada		-	4,359
Warrior Property, Nevada		-	2,000
Sundry and outside property examinations		925	2,754
		<u>966,845</u>	<u>303,044</u>
INDIRECT AND ADMINISTRATIVE - Schedule		11,623	(6,547)
COSTS FOR THE YEAR		978,468	296,497
Balance - Beginning of year		939,419	664,621
Costs related to rights abandoned and sundry and outside property examinations - Written off to deficit		(26,734)	(21,699)
BALANCE - End of year		<u>\$ 1,891,153</u>	<u>\$ 939,419</u>

NEWHAWK GOLD MINES LTD.

(N.P.L.)

SCHEDULE OF INDIRECT AND ADMINISTRATIVE COSTS

Canadian Funds

	31 December 1986	31 December 1985
INDIRECT AND ADMINISTRATIVE		
Travel and promotion	\$ 63,845	\$ 3,136
Management and administrative fees and expenses	30,175	6,000
Shareholders' information and meetings	25,315	417
Finders fee	20,000	-
Depreciation	16,469	7,186
Office and sundry	10,694	15,049
Transfer agent fees	6,161	4,016
Listing and filing fees	5,349	4,213
Legal fees and expenses	4,673	13,258
Accounting and audit fees	3,835	3,020
Sale of mineral rights	-	(10,000)
Interest income - net	(6,496)	(3,664)
Rental income - net	(6,550)	(14,605)
Gain on disposal of fixed assets	(12,963)	-
Recovery of administrative costs	(148,884)	(34,573)
	<u>\$ 11,623</u>	<u>\$ (6,547)</u>

NEWHAWK GOLD MINES LTD.
(N.P.L.)

NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 1986

1. SIGNIFICANT ACCOUNTING POLICIES

a) Mineral operations

The company is in the process of exploring its mineral properties and has not yet determined whether these properties contain ore reserves that are economically recoverable.

Mineral exploration and development costs are capitalized on an individual prospect basis until such time as an economic ore body is defined or the prospect abandoned. Cost for a producing prospect are amortized on a unit-of-productions method based on the estimated life of the ore reserves, while costs for the prospects abandoned are written off.

The recovery of capitalized costs is dependent upon the future commercial success of the properties or proceeds from the disposition thereof.

b) Depreciation

The Company provides for depreciation on its fixed assets at the rate of 30% on the declining balance method.

2. RESOURCE PROPERTIES

Details are as follows:

	1986	1985
Sulphurets Joint Venture, B.C.	\$ 1,214,972	\$254,502
Hawk Claims, B.C.	497,041	497,041
Tide Claims, B.C.	84,312	84,312
Corn Creek, Yukon Territory	210	-
Adams Lake claims, B.C.	4,951	4,951
Nominal value of 5% net profit royalty interest in 65 crown granted mineral claims in the Yale mining division of B.C.	1	1
Lantern property, Nevada	1	1
Wheaton River property, Yukon	-	18,753
Indirect and administrative	89,665	79,858
	<u>\$ 1,891,153</u>	<u>\$ 939,419</u>

3. SHARE CAPITAL

- a) During the year ended 31, December 1986 the company issued and/or allotted the following shares:

	#	\$
For cash (See (b) below)	1,009,622	\$ 1,560,265
For finders fee (allotted but not yet issued)	14,286	20,000
For option payments	<u>5,000</u>	<u>5,450</u>
	<u>1,028,908</u>	<u>\$ 1,585,715</u>

- b) 509,622 shares that were issued for cash in the amount of \$896,765 were on a flow-through basis whereby the subscriber receives the benefit for tax purposes of the Canadian exploration expense incurred.
- c) Three key employees have been granted share purchase options on a total of 45,000 treasury shares exercisable at 9,000 shares per year for five years commencing 3 November 1986 at a price of \$1.75 per share. Subsequent to 31 December 1986, 3,000 shares were purchased for \$5,250.

4. PROPERTY AGREEMENTS

Sulphurets Property

During the year the company completed the terms of an option agreement and thereby acquired a 30% interest. The property is now being developed on a joint-venture basis.

5. RELATED PARTY TRANSACTIONS

During the year ended 31 December 1986 the company paid \$6,000 for management and consulting fees to a company whose sole shareholder is related to a director of the company.

6. COMPARATIVE FIGURES

Certain 1985 figures provided for purposes of comparison have been restated to conform to the presentation used in 1986.

FEBRUARY 1987

NEWHAWK GOLD MINES LTD.

A NEWSLETTER
PREPARED BY
NEWHAWK GOLD
MINES LTD.
ON THE
SULPHURETS JOINT VENTURE
LISTED: VANCOUVER STOCK EXCHANGE
SYMBOL NHG



*Aerial view of the
Brucejack Area*

In 1986, with an exploration budget of \$1.5 million, we added another 22,000 feet of surface drilling, a sufficient expenditure to earn our respective interests. From a total of over 52,000 feet of surface diamond drilling, drill indicated and inferred tonnage in the Brucejack area was calculated at:

*1, 584,145 tons of
0.336 oz gold/t, 22.86 oz silver/t
representing
533,134 contained ounces
of gold and
36, 207,445 contained ounces
of silver.*

Sulphurets Property Update

The 33 square miles that comprises the Sulphurets property lies thirty-five miles northwest of Stewart in northern British Columbia, Canada. This area has a long and exciting history of gold and silver production. Literally tons of precious metals were mined in this area since the turn of the century and vast fortunes have been made.

Fortunately for us, we were in the right place at the right time in the spring of 1985. And spring we did, when Hecla controlled Granduc Mines Ltd. offered us the chance to earn a 60% interest in this huge property in return for spending \$2 million Canadian. We invited Lacana Mining Corp. to share our interest (and costs of course) on a 50/50 basis and together we have begun to reveal the true potential of the Sulphurets.

While the property has over fifteen known areas of mineralization, the majority of work has concentrated on the Brucejack area (comprised of two main zones: the West Zone and the Shore Zone). In August of 1985, Newhawk and Lacana started their first program on the Sulphurets and conducted a \$500,000 program, adding 13,000 feet of drilling to the previous 26,000 feet drilled on the property.



*Newhawk Vice President, F. G. Hewett, P.Eng. at the
north end of the West Zone*

1986 drilling results indicate potential of the West Zone

To us, some of the most exciting news came in the fall of 1986 after we assayed holes 175 and 176. These two holes intersected significant mineralization at depths of 950 feet from surface. These new intersections confirm our belief that Sulphurets is indeed a large and rich orebody and early indications are that the zone is as strong at depth.

The average width and grade of holes drilled below the 500 foot level was 18.4 feet of 0.433 oz gold/ton and 28.89 oz silver/ton.



Drill setup - Brucejack area - Summer 1986

We have now progressed to underground development. A 1,325 foot -15% decline (underground tunnel) has been driven along the strike of the West Zone from north to south. This is the first opportunity we have had to "see" the orebody and this underground program will provide us with considerable geological data. Part of the underground program consisted of crosscuts into and drifting along the ore. Assay results from the first crosscut were 50 feet of 0.234 oz gold/ton and 6.20 oz silver/ton and in a second zone, 17 feet of 0.216 oz gold/ton and 14.25 oz silver/ton. The second crosscut assayed 52.5 feet of 0.225 oz gold/ton and 16.60 oz silver/ton. Within this 52.5 feet is 11.1 feet with an average grade of 0.473 oz gold/ton and 43.96 oz silver/ton.



West Zone surface mineralization

Extremely high grade samples (not included in the above grade calculations) were encountered in both crosscuts. The gold assays ran from 5.232 oz gold/ton to 5.786 oz gold/ton and the silver assays ran from 373.09 oz silver/ton to 890.45 oz silver per ton over widths of up to 6 feet. It is these high grade occurrences that we find so exciting.

At the end of the 1986 program, the drift was sampled across its' 10 foot face and assayed 0.978 oz gold/ton and 22.67 oz silver/ton. Needless to say, we are anxious to resume work!

OUNCES OF GOLD AND SILVER (Insitu) PER SHARE
.042 ounces of gold and 2.83 ounces of silver

VALUE OF GOLD AND SILVER (Insitu) PER SHARE
\$32.19 U.S.

ESTIMATED ANNUAL PRODUCTION
40,250 ounces of gold and 3,381,000 ounces of silver

Based on reserves as at November 15, 1986
Shares issued January 31, 1987 - 3,843,369
Gold @ U.S. \$400 Silver @ U.S. \$5.50
Production @ 500 TPD
15% dilution, 95% recovery

Some interesting data

Who we are

As exciting as the property is, one of the most important factors in making any kind of investment decision is the quality of management. It is imperative to have confidence in those responsible for exploration, development and eventual production.

Our joint venture partners are Lacana Mining Corp. and Granduc Mines Ltd. (controlled by Hecla Mining), both well established international senior mining companies.

Newhawk is part of the Northair Group. Northair, headed by president Don McLeod, commenced commercial production in 1976 and in six years produced over 160,000 ounces of gold and 780,000 ounces of silver, generating over \$70,000,000 (Cdn).

Mr. McLeod, also president of Newhawk, has worked in the mining industry for over forty years as a prospector, exploration manager, mine superintendent and mine manager. Since 1966, he has headed the Northair Group and been responsible for a genuine mining philosophy for the group. Coupled with his ability to raise the necessary funds for exploration and development, his experience and dedication have earned the Northair group an enviable reputation among the investment and mining communities alike.

Don has gathered an experienced and determined staff. Charged with the responsibility of exploration and development programs is Newhawk Vice President, Fred G. Hewett, P.Eng. Fred, with over twenty years experience, was formerly with Brinco Mining as Senior Exploration Geologist, Cassiar Asbestos as Chief Engineer and Placer Development as exploration geologist. Edward G. Craft, P.Eng., Manager, Mining directs the overall field operations. Ed was Manager of the Taurus Gold Mine in northern British Columbia and General Superintendent of Cominco's 10,000 ton per day Pine Point Mine in the Northwest Territories prior to joining the Northair Group. Senior geological consultant, Norman L. Tribe, P.Eng., has over twenty years of experience in precious metals exploration and production and has consulted to Pegasus Gold Mines Ltd., Echo Bay Mines Ltd. and held senior field positions with Placer Development.

Entrance to underground decline



Major program for 1987

The joint venture partners have agreed upon a major two-phase program for 1987. Newhawk's portion of the total \$5 million budget is 30% or \$1.5 million. Funding has been arranged through two Flow Through Private Placements of shares. The program will be underway in the early part of the year.

The first phase of the program will involve construction of a winter road from Highway 37 to allow for transport of the permanent camp onto the property. The -15% decline which was started in 1986 will be continued beyond the current 1,325 feet along with associated drifting and crosscutting. An extensive underground diamond drilling program will be initiated to further confirm and to expand tonnage.

In the second phase, the underground development will continue and a comprehensive surface drilling and exploration program will be undertaken. Along with the West Zone, numerous other mineralized targets will be tested in this surface program.



Exploration well underway - Summer 1986

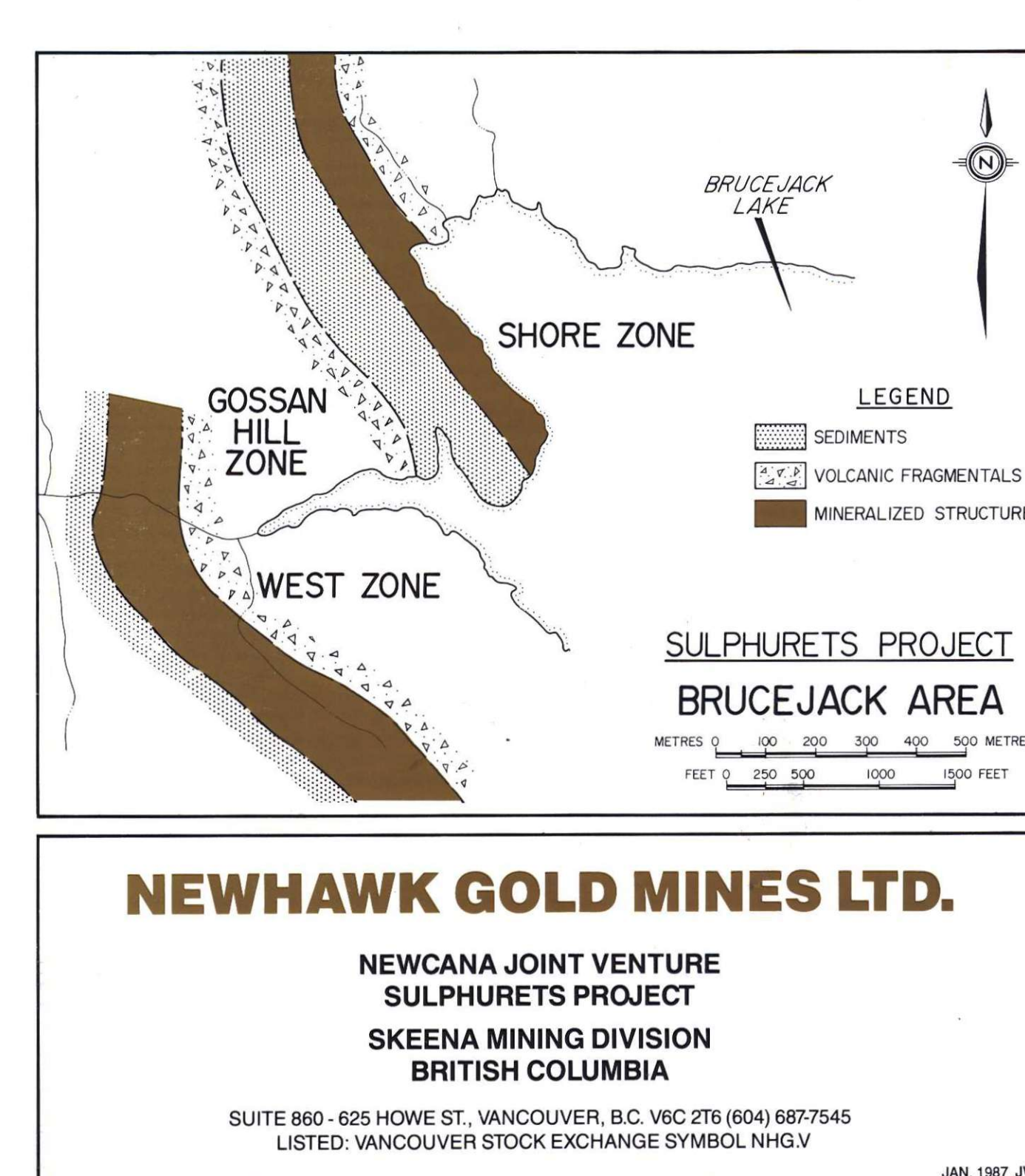
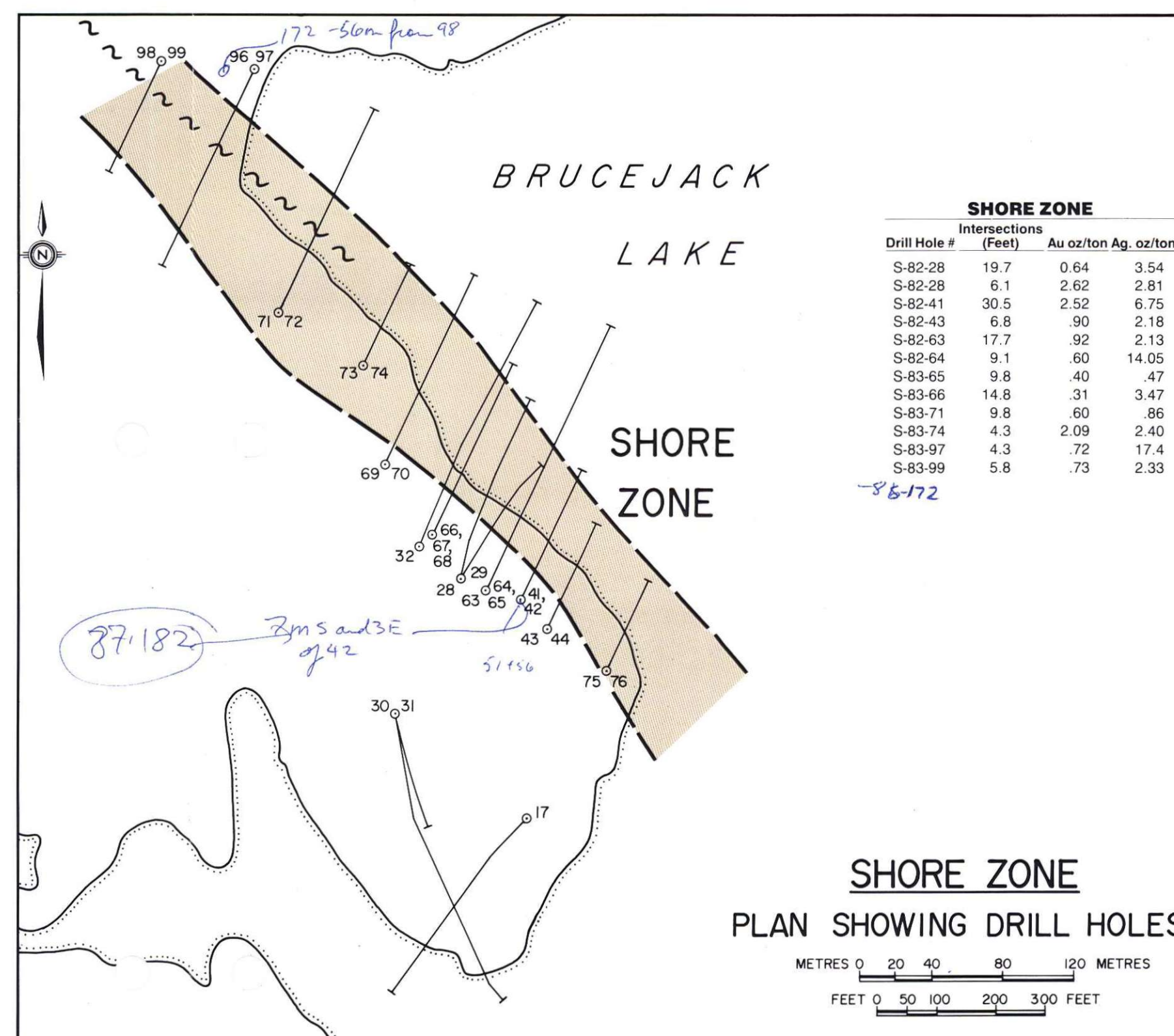
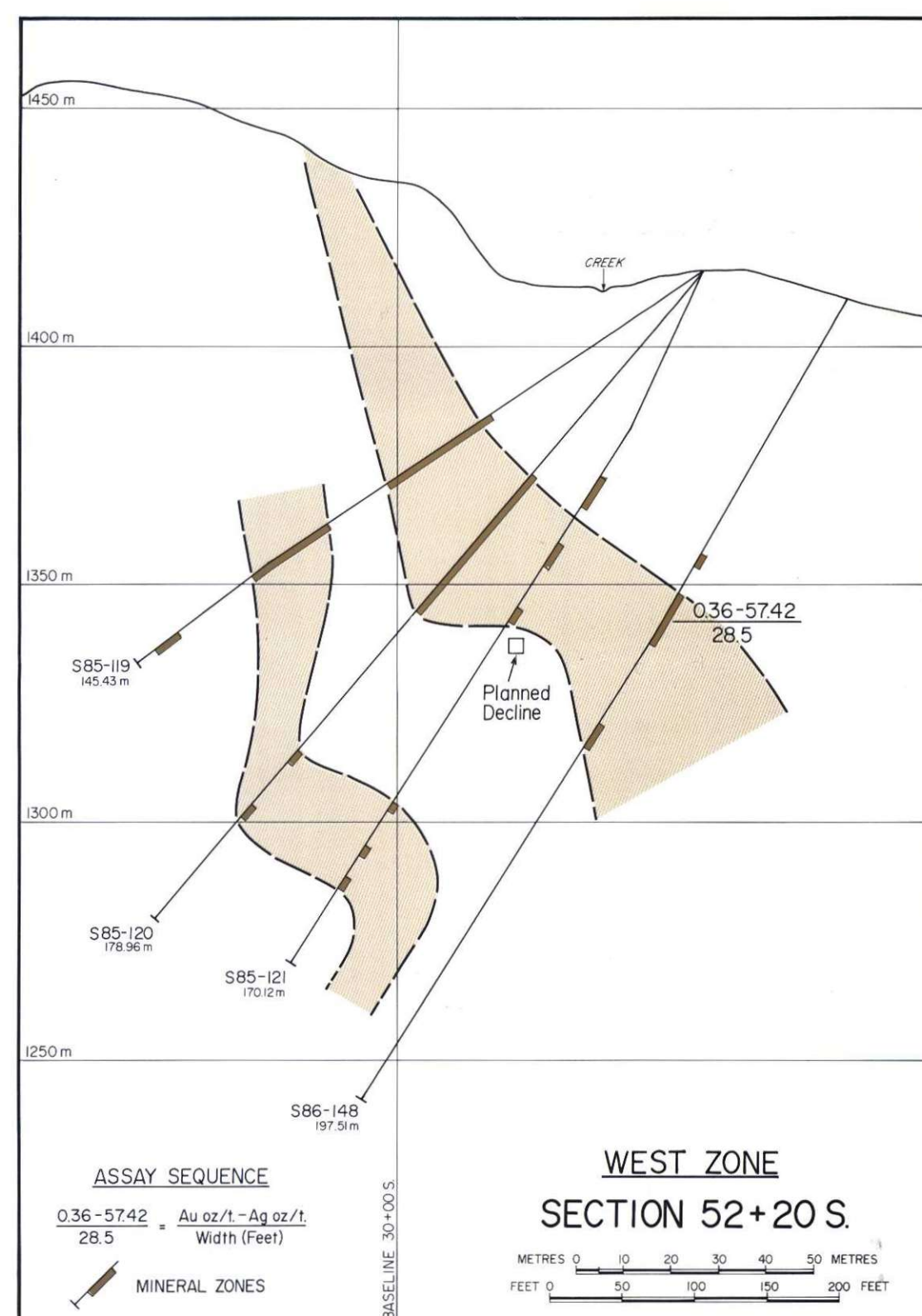
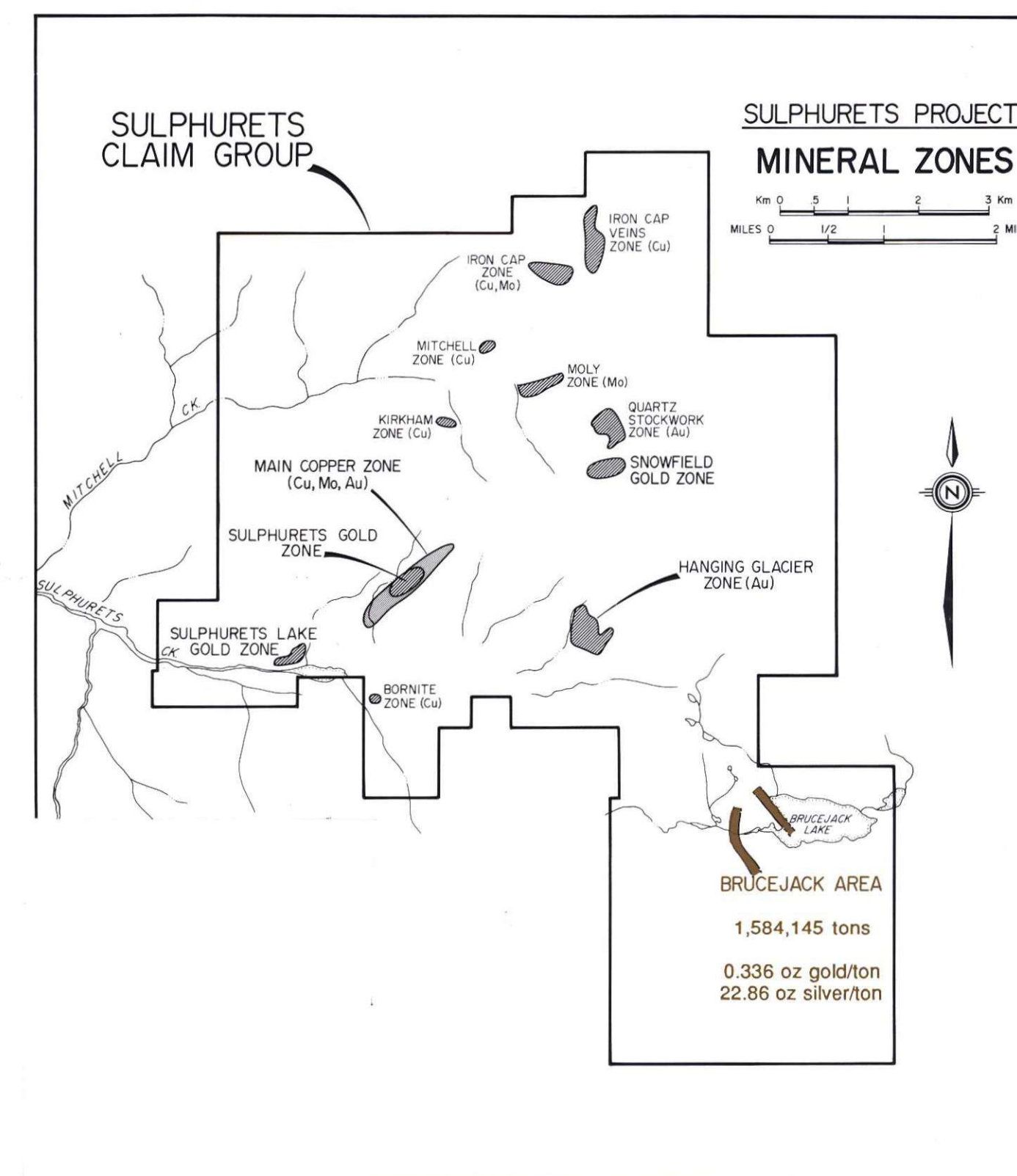
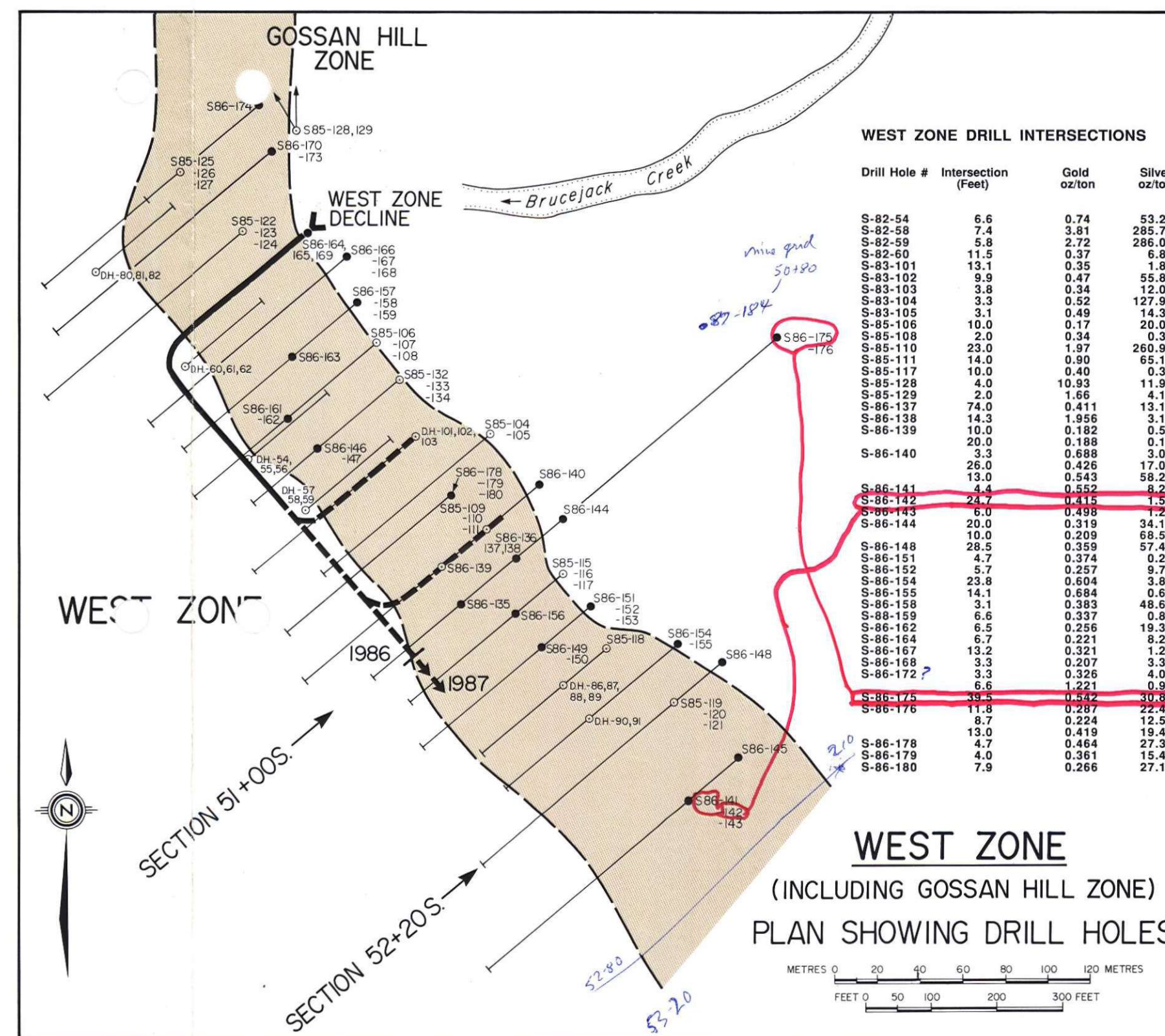
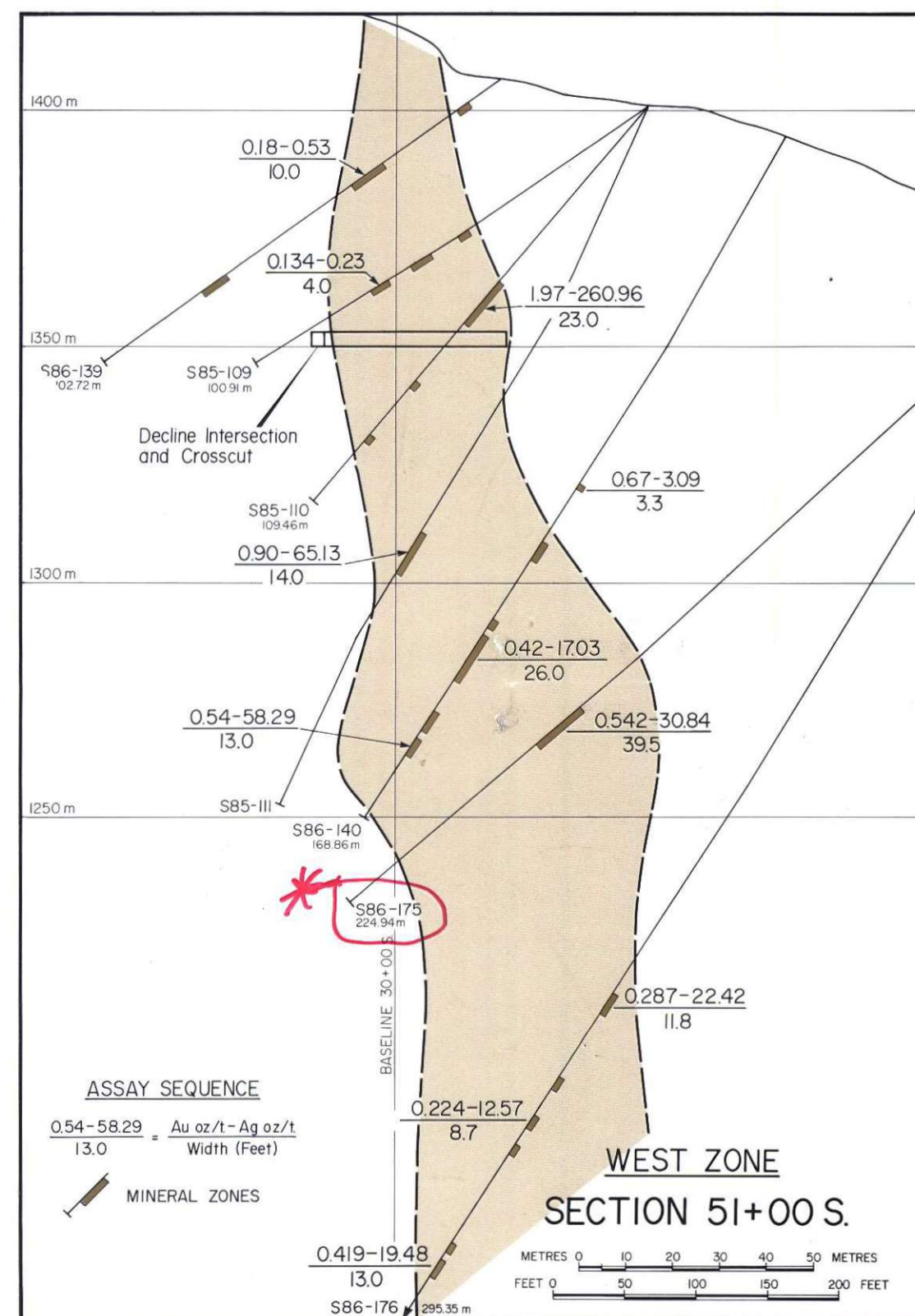
A look to the future A world class gold camp in the making



We are confident that the 1987 program will provide us with the necessary data to make a production decision this year. Preliminary studies suggest an initial 500 ton per day operation, with the capability of expansion to higher throughput, and that production could commence in 1988. Based on our previous operating experience, we expect to be able to achieve a cost per ounce of under \$200 U.S.

To date, we have barely touched the surface of Sulphurets. There are at least 13 additional known zones of mineralization on the property, including the Snowfields bulk tonnage target. An aggressive ongoing exploration program will continue throughout the development of this vast property to fully reveal the potential of Sulphurets.

With the reserves outlined to date, there is already an imposing amount of gold and silver in place and there is superb opportunity for further increases. 1987 promises to be an exciting and significant year for Newhawk. It appears that Sulphurets is well on the road to becoming a major gold camp.



NEWHAWK GOLD MINES LTD.

**NEWCANA JOINT VENTURE
 SULPHURETS PROJECT
 SKEENA MINING DIVISION
 BRITISH COLUMBIA**

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