

CANADIAN-UNITED MINERALS, INC.(CUN-V) DRILLING UNDERWAY ON SILVER-BASE METAL FIREWEED PROJECT

Diamond drilling is underway with three holes completed on the Fireweed-Babine Lake silver property of Canadian-United Minerals. The first hole cut fine grained pyrite suggesting the halo area of the anomaly. No.2 hole was close by and encountered similar material. No.3 hole, located 400 feet east of the first two holes, cut 500 feet, from 100 feet to 600 feet, of pyrite, pyrrothite, sphalerite and chalcopyrite. This mineralization is similar to earlier samples from the property which carried silver and gold values.

The holes were planned to test a magnetometer and induced polarization anomaly 1,600 meters east-west by 250 meters north-south. The target is mapped on surface as a series of almost vertical beds of hydrothermally altered and brecciated sandstone, bedded with mudstone, carrying 2% to 5% pyrite with manganese stain, which yielded a 10 oz. silver/t sample on surface.

The Fireweed property is on the west side of Babine Lake at an elevation of 2,000 feet some 50 miles east of Smithers in central B.C. The property lies 10 miles north of Granisle. The first phase program entails diamond drilling and geophysical surveys costing \$300,000.

Earlier work yielded chip samples assaying 2 oz. to 10 oz. silver/t over 30 feet of outcrop in a creek. Float samples which led to the discovery are enriched with economic values of silver, zinc, copper and small amounts of gold. Further surface samples collected near the anomalous target assayed 22.75 oz.silver/t, 0.1 oz. gold/t and 2.59 oz.silver/t, 0.04 oz.gold/t, 0.3% copper.

Initial drill targets are in a strong, well defined magnetic anomaly which measures 75 by 200 metres. This zone lies within a much broader, highly conductive IP anomaly up to 250 metres wide and 800 long. Continuing induced polarization surveys have extended the initial target to 1,600 meters east-west by 50 to 200 meters north-south. Further induced polarization surveys have indicated a second anomalous area roughly on strike to the east. Drilling of 5,000 feet will test this zone.

Geophysical survey work will concentrate on other areas of the claims which cover about 28 square kilometres. Additional magnetometer and VLF surveys totalling about 25 line km are scheduled.

Canadian-United holds an option to acquire a 100% working interest in the over 200-unit property from John Leesk and others for \$200,000, of which \$25,000 have been paid and 200,000 shares of which 50,000 have been issued, subject to a 3% net smelter return royalty to a \$5,000,000 buy-out.

On Dec.16,1987 Canadian-United reported that a private placement has been arranged with Sandhurst Mining N.L. of 325,000 units at \$1.60 each for \$406,250 comprising one share and one share purchase warrant exercisable at \$2.10 for one year, subject to regulatory approval. Sandhurst also agreed to purchase 500,000 previously issued shares of Canadian-United at \$1.50 from a group of shareholders. Following these purchases, Sandhurst would own 19.9% of the 4,125,000 issued shares. When all the presently contemplated financing is completed there will be 8,500,000 fully diluted shares issued and the company treasury will have received about \$5,400,000 in new capital and Sandhurst will have acquired 30% of the issued shares.

Canadian-United Minerals also holds 75 square kilometers of mineral permit in the La Fosse platinum, nickel, copper, gold trough, Labrador, Quebec as well as an option on a 60% interest on the Del Santo property, near Smithers, B.C. from Silver Tusk Mines(SPK-V).

In addition, Canadian-United holds 1,000,000 shares at a cost of 25¢ each, or 30% of the issued shares of GEOSTAR MINING CORP.(GMC-V) which holds options to earn a 100% interest in the Victoria /Duthie gold, silver, lead, zinc and copper mine, 15 miles south of Smithers, B.C. where an underground program is underway following up on a series of quartz veins 2 to 3 feet wide, traced for 1.5 km in length, and assaying up to 0.789 oz.gold/t, 17.44 oz.silver/t. The follow-up work is the driving of three crosscuts of 150 feet each on two adit levels to provide drill stations from which the extensions of the vein can be explored. GeoStar also holds 200 claims along the Nevada-Utah border called the Gold Springs property where the Jumbo vein carries gold values and preliminary sampling by way of a 4,000-foot reverse circulation drilling program is planned for the spring. GeoStar holds a 51% interest in these claims with Energex holding 49%. Directors of GeoStar are Leif Ostensoe, president; Michael Callahan, executive vice president; Don Harrison, secretary.

Canadian-United is the owner of a minimum 12.5% interest in the Dome Mt. gold property now under exploration by Teeshin and Total Erickson etc. This property lies 25 miles east of Smithers,B.C. where reserves have recently been reported as 320,000 tons grading 0.436 oz.gold/t, 2.8 oz. silver/t diluted grade. Feasibility study toward a production decision and financing is underway.