

DRAGON RESOURCES LTD. (DGR-V)
BREKSTONE RESOURCES LTD. (BRE-T, M; Nasdaq)

CONTINUED FROM PAGE ONE - On the basis of previous exploration and production, the average grade is estimated to be 0.08 oz. gold/t, 4.5 oz. silver/t and 15 combined lead/zinc. Assuming a factor of 12 cubic feet per ton and a thickness of 20 feet, potential tonnage in the main zone would be 20,000,000 tons or about 1,000,000 tons per vertical foot, representing a mineral inventory in excess of 1,000,000 ounces gold, 50,000,000 oz. silver. This tonnage is expected to be available to a 7.5 to 1 stripping ratio. Preliminary metallurgical tests indicate conventional flotation and cyanidation will provide precious metal recovery of 80% to 85%. The presence of graphite and arsenic does not appear to significantly affect bulk recoveries.

The current program of bulk sampling is forecast to verify the average grade of contained metal. These results, expected in the next few weeks, will be more accurate than those provided by diamond drilling since much of the drill core was lost owing to the friable nature of the mineralized formation.

The study will consider a 5,000 ton per day operation, producing 104,000 oz. gold, 5,800,000 oz. silver and 12.0 million pounds zinc-lead per year at a cost of \$195 US per equivalent gold oz. for a projected annual operating profit of \$45,000,000 US, giving a 10 month payout on a plus 14 year mine life. If Greenstone and Dragon elect to focus on higher grade areas in the early years to accelerate payback, annual profits could exceed \$45,000,000, assuming operating costs of \$18.00 per ton. While the first objective of the feasibility study will be a 5,000 to 10,000 ton per day operation, the work will also consider the possibility of a smaller tonnage, higher grade production.

McNeil: 13.9 square miles, 20 km southwest of Cranbrook, B.C. A lead-zinc-silver zone and a separate gold zone are hosted in a sedimentary formation. The McNeil is a Sullivan look-a-like. South Kootenay Goldfields Inc. holds an option to acquire 100% of the property by completing option payments of \$100,000 over several years plus the payment of a 3% net smelter return royalty to a \$2,000,000 end price.

The Dragon technical team has extensive experience working with the Sullivan deposit and the lower middle Aldridge formation that hosts it.

The property has many similarities to the Sullivan property and has the potential for hosting significant silver-lead-zinc orebodies of several types. The McNeil is underlain by the middle and lower zones of the Aldridge formation. Sandwiched between these two zones there is frequently a build up of sulphides which is the main characteristic of the Sullivan orebody. On sections of the property, unlike many properties in the area, the contact between the middle and lower Aldridge is estimated to be only 750 feet below surface. The middle lower Aldridge intersection is host to the Sullivan orebody 22 miles to the northwest.

Aldridge formation units on the McNeil property close to the Sullivan horizon contain a geochemical anomaly 7,500 feet long by 600 feet wide with silver, lead, zinc mineralization on surface which could reflect either a large tonnage, which is the first target, or a medium tonnage 'pooled' type deposit found to be related to Sullivan mineralization, which is the second target. At the Sullivan mine, large 'pooled' deposits were found trapped below gabbro sills. A similar sill exists on the McNeil in association with the geochemical anomaly. Radiometric dating has shown that lead samples from the McNeil property are of similar age to the Sullivan ores. Six parallel northwest trending shear zones occur on the property. The shears are up to 16 feet wide and 1,000 feet long with surface showings which assayed up to 55% lead, 12.4 oz. silver/t, and 0.124 oz. gold/t.

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COMINCO RESOURCES INTERNATIONAL LIMITED (COR-V,T)
COMINCO RESOURCES ACQUIRES OPTION- Cominco Resources
ON 50% OF NICKEL PRODUCTION FACILITY International

Limited has acquired an option to earn a 50% interest in a nickel production facility and ore stockpile at Riddle, Oregon. The company is participating in an agreement with U.S.A. Investments Inc. The participants are studying the feasibility of re-equipping and re-opening the Riddle, Oregon ferronickel plant, which suspended operations in 1986. Engineering, environmental and marketing studies are underway to determine the feasibility of resuming nickel production during the second half of 1989.

Cominco Resources will provide initial funding of some US \$1,500,000. If further work is undertaken, Cominco Resources will provide the funds needed to complete the start-up for the facility. Cominco Resources will recover its investment before any other distribution of cash flows from the project is made to the parties.

A stockpile containing 6,000,000 tons of lateritic nickel ore grading 0.7% nickel is situated adjacent to the smelter. This material could supply the facility for several years. Preliminary studies suggest that production from the current stockpile could reach approximately 1,000,000 pounds per month of contained nickel in the form of ferronickel. The facility could also produce two other saleable products; ferrosilicon for use in the metals industry, plus granular slag for use in sandblasting. Additional information will be released when current studies are completed.

CHEMI GOLD MINES INC. (CZG-V,T,M)

EMPLOYEES ON STRIKE- On April 5, 1989, certain employees of Chemi Gold Mines Inc. at the Lauer gold silver mine, represented by the International Union of Operating Engineers, Local 115 and the Tunnel and Rock Workers Union, Local 168, went on strike. The impasse in collective bargaining arose over the Unions' apparent unwillingness to recognize certain management rights which the company considers fundamental to efficient operation of the minesite. A significant number of employees returning from rotational leave, representing most operational departments, have exercised their lawful right to continue to work notwithstanding the strike. The company intends and expects to continue its operations as provided by the laws of B.C.

QPX MINERALS INC. (QPX-V,T)

PRELIMINARY FEASIBILITY - T.J. Ryan president of QPX STUDY COMPLETED AT QR Minerals Inc. reported that a \$2,600,000 exploration program X 93A121 at the QR gold deposit, 58 km southeast of Quesnel, B.C., has increased geological reserves in the Main and West zones by 25% and confirmed mineable reserves in the Main zone at 105,000 ounces of gold.

QPX has earned a 20% interest in the QR deposit and may earn 50% under its option agreement with **PLACER DOME INC. (PDG-V,T,M)**. To earn the full 50% interest, subject to a 5% net profits interest, QPX must spend \$6,000,000 on the property. Placer Dome has a prior right to proceeds of production of \$8,000,000.

Steffen Robertson and Kirsten has completed a preliminary feasibility study concluding that the Main zone can be mined by open pit methods over 5 years at 400 tonnes per day. The West zone, if geologic reserves of 39,000 ounces can be confirmed as mineable, will be incorporated early in the mining schedule. Preliminary data shows the Main zone has mineable reserves of 814,000 tons at 0.13 oz. gold/t and waste to ore ratio of 4:1 can be mined profitable using a 400 t/day gravity-flotation mill with a capital cost of \$10,000,000.

Underground mining of the West zone with 152,000 tons of 0.26 oz. gold/t (to be confirmed by additional drilling) and the Mid-West zone with 65,000 drill indicated ounces as well as the newly discovered East zone could extend the mine life.