

MILLIE MACK FIELD PROGRAM FOR 1989 WELL ADVANCED

A number of areas of the flat lying gold-silver mineralized shear on the Millie Mack property have been opened on surface by bulldozer and sampled. Assay results are expected shortly. The main zone is at 6,010 feet elevation, on Blue Grouse mountain, 30 km east of Burton, 30 km south of Nakusp, Lower Arrow Lake, Slocan area B.C.

The shear, containing graphitic argillite and quartz, is 20 to 100 feet thick, dipping at 12 degrees to the southeast, outcropping continuously over 3 miles on all four sides of the mineralization. The zone of current main interest is about one mile long by 1/2 mile wide. This work is part of a production feasibility study now underway at a cost of \$3,100,000, including \$850,000 being spent on bulk underground sampling and close spaced surface and underground drilling. The study is scheduled to be completed by the end of 1989. A number of other gold-silver mineralized flat lying beds have been located on the property, largely by road building and geochemical sampling, and will be further opened by trenching along strike and drilled in this current program as warranted. The Millie Mack is potentially a large bulk tonnage, open pit gold-silver project.

Preliminary results from the \$850,000 bulk sampling program completed in early 1989, indicate an open pit zone estimated to contain 1,700,000 tons grading 0.167 oz.gold/t, 6.02 oz.silver/t, within a larger area of 20,000,000 tons grading in the 0.08 oz.gold/t, 4.5 oz. silver/t range. The sampling was with a 3 yard backhoe cutting approximately vertical surface face samples at regular intervals on three sides of the mineralized outcrop. Each sample was from 30 to 100 tons reduced prior to assaying. Earlier sampling of the zone returned grades of 0.08 oz.gold/t, 4.5 oz.silver/t, 1% combined lead-zinc. The current sampling program is designed to establish the extent and average grade in the area of the better grades from the bulk sampling. The bulk sampling program also sampled a second zone which is indicated to have a larger tonnage potential. The samples from the second area graded 0.056 oz.gold/t, 1.96 oz.silver/t.

The mineralization is in a detachment fault shear zone of fractured carbonaceous graphitic slate containing quartz pods overlying the Rossland volcanic rocks and underlying slates and argillites of the Jurassic age Slocan group.

Dragon has an option to acquire a 50% property interest by paying 55% of the acquisition, development and other costs to the completion of a feasibility study. This option is exercisable by Dragon for 120 days after

delivery of a feasibility study recommending production. The current program is funded by Greenstone Resources. (SEE GCNL No.67, 7Apr89, p.1-2 for much detail).

On 30Jun89, Dragon signed a private placement for 384,615 flow through shares at \$1.30 each for proceeds of \$500,000 with CMP. As of Feb.28,1989 there were 7,100,000 shares of Dragon issued, fully diluted. On 12May89, Dragon completed a private placement of 25,000 units at \$3.10 each for proceeds of \$77,500.

In early 1988 Greenstone acquired a 50% interest in several properties from Dragon and bought 1,000,000 shares of Dragon at 45¢ each. On 15Jun89, Greenstone reported a plan to raise \$6,000,000 by way of a common share rights offering. Claridge Investments and Company Limited, a Montreal Bronfman firm has agreed to exercise the rights it owns and further rights to a minimum of \$4,000,000 at \$3.75 each or 1,066,666 shares. On July 31, Greenstone reported negotiation of a 1,000,000 share private placement at \$4.01 each to Swiss Canada Capital, subject to approvals. Greenstone had earlier negotiated a private placement for \$1,000,000 from NIM at a price to be determined. By the end of July 1989 the partners had negotiated flow through funding of \$2,300,000 for 1989.

~~SECRET~~

NO.155(1989)
AUGUST 14, 1989

MENTS

82KSW51

HUNTINGTON RESOURCES INC. (HUN-V)

CORONA CORPORATION (ICR.A,ICR.B-T,V,M,AMEX)

PHASE I EVALUATION COMPLETED- Stirling D. McIlveen, president of Huntington Resources Inc. reports that a detailed evaluation of the results of the phase I exploration and development program on the Brett claims 25 km west of Vernon, B.C. has now been carried out by Corona Corporation. Based upon that evaluation Corona has recommended that phase II of the program start 11 Aug 89. The project is a joint venture between Huntington 49% and Corona 51%. The phase I program, of 18 diamond drill holes and tested the NW projection of the Main Shear zone over a length of 1,535 feet.

* NO.154 (AUGUST 11, 1989) * GEORGE CROSS NEWS

PAGE TWO

AUGUST 11, 1989

Gold mineralization hosted by volcanic rocks adjacent to the Main Shear zone was reported from sections 9+70N to 11+27N. Intrusive rocks appear to disrupt this structure from Sections 11+76N to 12+80N.

Drilling on Sections 13+11N to 14+38N lead to the discovery of a new mineralized, epithermal vein/breccia zone. Drill holes 89-91 and 89-92 on Section 13+11N returned values of 0.726 oz.gold/ton across 9.3 feet and 1.590 oz.gold/t across 3.7 feet respectively. In addition an intersection of 0.280 oz.gold/t across 6.4 feet in DDH 89-89 (13+75N) occurs 210 feet northerly of the high grade intersections in DDH 89-91 and 89-92. All of these intersections appear to occur in a westerly dipping vein/breccia structure. The apparent orientation of this new structure is northwesterly. This contrasts with the mineralization to the south, which occurs in volcanic rocks next to the NW trending Main Shear zone. (SEE GCNL No.133, 12Jul89 and No.122, 26Jun89 for assay results).

Phase II exploration will consist of fill-in and step-out drilling to define the attitude, strike length and dip of the new zone. More exploration is scheduled for the New Discovery and East zone, several hundred meters east of the Main shear. Weak gold mineralization occurs in altered volcanic rocks over a considerable lateral extent.

This phase of the program will be financed by way of a 400,000 unit offering of 1 share and 2 warrants. Huntington's prospectus was approved effective 21Jul89. Final negotiations with Canarim Investment Corporation Ltd. are under way to establish the offering date.

82LSW110