

**NEWHAWK GOLD MINES LTD. (NMG-V.T)
GRANDUC MINES LTD. (GOC-V)**

CONTINUED FROM PAGE ONE - Mr. McLeod stated that if the drill results to depth continue the way they have been coming in recent weeks then by year end the property will likely be over the production threshold for tonnage, grade and ounces of gold and "could well" start construction in the Spring of 1990 toward production in 1991. The mine has the tonnage and grade to warrant production now and just needs a "sweet spot" like the R-8 to accelerate the payout period.

MINERAL ZONES

WEST ZONE - containing 8 gold quartz veins or ore shoots with measured/indicated/inferred reserves of 854,072 short tons grading 0.354 oz. gold/t, 22.94 oz. silver/t.

UTC ZONE - drill hole assayed 11.937 oz. gold/t, 45.84 oz. silver/t, over 30 feet.

GOSSAM HILL ZONE - tested by 10 holes, trench sample 4 feet 10.9 oz. gold/t, reserves of 27,000 tons grading 1.94 oz. silver/t, 3.5 oz. silver/t.

SHORE ZONE - drill hole 30.5 ft, 2.52 oz. gold/t.

ELECTRUM ZONE - drill hole cut 1 meter of 1.0 oz. gold/t.

GOLDEN MARMOT - trench cut 9.8 ft, of 4.8 oz. gold/t.

SNOWFIELD ZONE - 5 drill holes and 24 trenches indicate 7,700,000 tons grading 0.075 oz. gold/t.

SULPHURETS LAKE GOLD ZONE - 20,000,000 tons grading 0.08 oz. gold/t.

JOSEPHINE ZONE - trench 0.189 oz. gold/t, 84.01 oz. silver/t
GALENA ZONE; IRON CAP ZONE; MITCHELL ZONE; KIRKHAM ZONE; MOLY; QUARTZ STOCK WORK; HANGING GLACIER GOLD; BORNITE.

LOCATION AND ACCESS

Sulphurets mine is located at 4,000 feet elevation, 50 km north of Stewart, NB B.C. From Stewart, the access is by 66 km of mostly paved highway or logging road, 1 hour, to the southeast end of Bowser Lake, 15 km up the lake by a 2 hour barge trip then 30 km. from the northwest end of Bowser Lake, including 15 km of road across the Knipple glacier, to the mine at the north end of BruceJack Lake, an overall trip of 5 to 6 hours, or 40 minutes by helicopter from Stewart. Newhawk built about 17 km of the road from the highway to the glacier to all weather haul standards. There is a 3,500 foot long air strip at the Knipple camp near the toe of the glacier. The glacier has a gentle slope and is melting/receding making construction and maintenance of the across glacier road less difficult. The mine location is remote, treeless, soilless, only penetrated by geologists, in a harsh barren environment.

D.A. McLeod, president of Newhawk pointed out that he had been building and transporting mining equipment and supplies across glaciers in the area since the mid 1940's when Morris Summit and Granduc Mines exploration programs were in the early stages.

METALLURGICAL RESEARCH

Metallurgical research has proceeded to the point of designing a milling circuit. In the next few months additional metallurgical research will be completed toward final mill design. Work to date has established that the metallurgy is straight forward with about 50% of the recoverable ore value in gold and 50% in recovered silver. Grinding to 45% to 50% minus 200 mesh, allows 30% to 50% of the gold and about 5% silver to be recovered in the gravity jigs and tables. The gravity product, representing about 25% of the ore value, will be recovered in the low cost gravity circuit and will be reduced to a dore bar at the mine. Then a flotation circuit will recover the balance of the gold and silver. The tests show overall recovery of 90 - 92% of gold and 84 - 86% of silver. Reference size of the concentrating plant is 350 tons per day. High fixed overhead as a result of the remote location indicate a 350 to 500 ton per day operation is needed to achieve reasonable overall unit operating costs. The present plans indicate the mine will require no tailings dam. All of the tailings will be disposed of in "dead" BruceJack Lake where nothing lives. The nearest fish is

17 km away across a glacier. Cominco Engineering Services Ltd. have completed most major components of the feasibility study which will be incorporated with the data from Watts, Griffiths, McQuat.

HYDRO POWER PLANT POTENTIAL

Newhawk is also studying possible hydro electric generation from BruceJack Lake, at 1.8 megawatts, perhaps as much as 2 megawatts. The plan calls for the installation of three generators and build room for a fourth generators, which might be installed if subsequent studies indicate sufficient water supply. The 1987 annual report noted a hydro study established the water outflow from Bruce Jack Lake can be harnessed at a capital cost of \$3,000,000 to provide power, year round, for a 500 ton per day plant for a two year plant cost payout.

ORE RESERVE CALCULATION

Watts, Griffith and McQuat Ltd. of Toronto is preparing a reserve calculation for production financing. A report is scheduled to be completed in this fall and is expected to include some tonnage from the recently discovered R-8 zone. This zone is forecast to make a significant impact on the production decision since it appears, on the basis of the 15 to 20 pierce points through the zone to date, to have a 500 feet dip length, 300 feet strike and widths from 5 to 23 feet for an average of 10 feet, a tonnage indicated of 150,000 of a grade close to one ounce gold/t.

LONGER TERM EXPLORATION POTENTIAL INCLUDES 20 ZONES

As important as the West zone and the new R-8 ore shoot within that zone is, perhaps, of almost equal importance is the added property potential indicated by the recent surface geological mapping. This summer season mapping has detailed the surface expressions and correlated these showing with the subsurface drill results and the data from the underground openings. This work has established, for the first time, the surface expression of a number of the R-1 through R-11 ore shoots in the West Zone and has lead to the definition on surface of substantial strike length continuity and mineral/ore extension potential. A number of these "hot" targets have been selected for diamond drill testing from surface in the next 4 to 6 weeks. In addition the surface work has located a "new" silicified quartz gold zone southwest of the West zone. This new area is a possible extension of the West zone and a 10,000 foot diamond drill program has been recommended to test a number of interesting surface showings. One of the new zones is called the Eraser where multi-ounces of gold have been sampled with good continuity, 20 meters long, 4.5 meters wide, in 100% quartz with a sample assaying 23 ounces gold/t, 119 oz. silver/t. The mapping has also indicated a possible 2,500 foot extension to the Shore zone where mapping and further drilling has been recommended.

STAGE ONE REPORT FILED JAN, 1989

The Stage I environmental impact report and production permit application was filed in early 1989. Permit production meetings, as part of an on-going process started several years ago, and are continuing with the government agencies. Approval in principle is expected about mid-September.

FINANCINGS

At March 31, 1989, the company had 11,328,020 shares issued and a working capital of \$5,841,717. On April 20, 1989, Newhawk received regulatory approval to the private placement sale of 266,745 flow-through shares at \$3.374 each to CMP 1989 Resource Partnership. On July 26, 1989, Newhawk received regulatory approval to the private placement sale of 416,666 flow-through shares at \$1.68 each to CMP 1989 Partnership as to 250,000 share and to Corona Corp. as to 166,666 shares. On Aug. 7, 1989 Newhawk received regulatory approval to the sale of a private placement of 177,830 flow-through shares at \$3.74 each for proceeds of \$665,084 to Corona Corp. This purchase increased Corona's holdings to 4,705,303 shares or about 40% of the issued shares. -CONT. OVERLEAF-

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HEMBAK GOLD MINES LTD.(NHG-V,T)

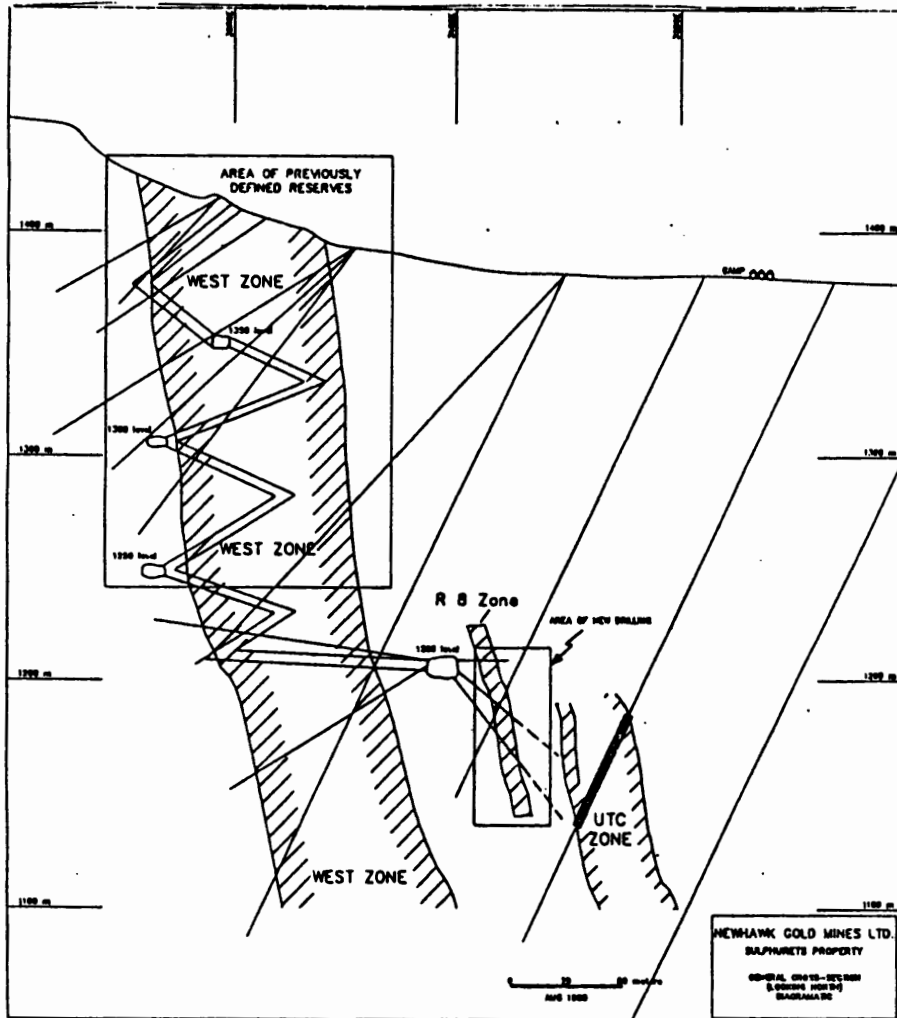
GRANDUC MINES LTD.(GDC-V)

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GEOLOGY

Structurally controlled, epithermal and mesothermal silver-gold-base metal veins occur in massive and intermediate volcanic or intrusive rocks within a 1 km wide area of intense, sericite-dominant alteration. The veins consist of quartz, minor calcite and trace to 20% sulphide minerals. They range from simple veins to complex zones and stockworks. Porphyry copper-molybdenum and copper mineralization occurs in the north

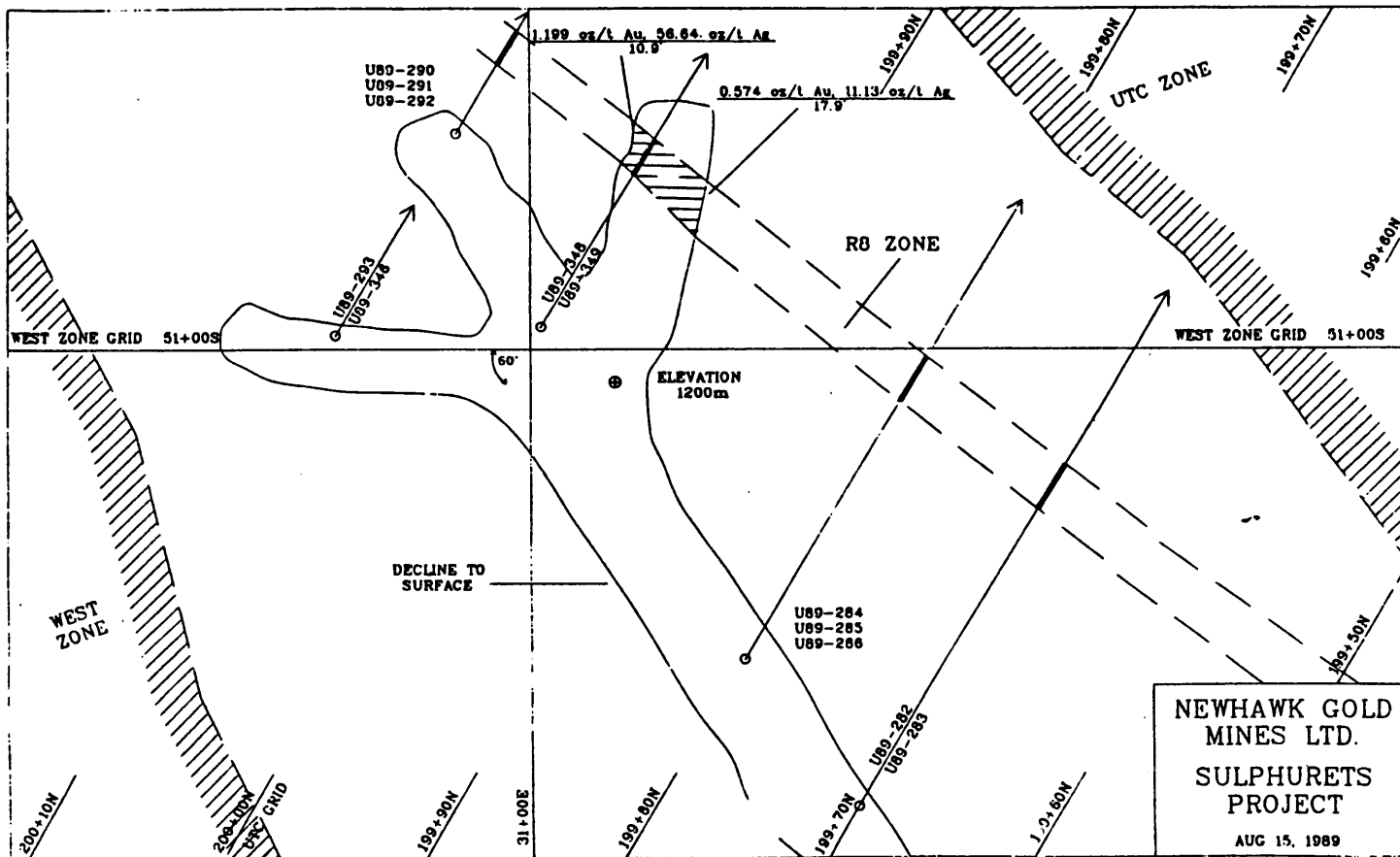
and northwest portion of the property and are associated respectively with K-felspar assemblages that are locally overprinted by sericite alteration, and with hornfels plus weakly altered granite and syenite. Other porphyry copper, molybdenum copper-molybdenum-silver, and gold mineralization is generally accompanied by sericite dominant alteration. Gold is found in a shell of 15% to 40% pyrite around a small core of copper-molybdenum-gold mineralization in the west-central area of the property. A disseminated gold zone in the eastern part of the property is entirely in intermediate tuff-breccia with 5% to 10% pyrite.



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NEWHAWK GOLD MINES LTD. (NHG-V,T)
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DRIFT SAMPLES

| | QZ. GOLD/T | QZ. SILVER/T | TRUE WIDTH |
|------------|------------|--------------|------------|
| North Wall | 1.999 cut | 56.64 | 10.9 ft. |
| South Wall | .574 | 11.13 | 17.9 |

| HOLE NO. | INTERVAL | LENGTH | GOLD OZ/T | SILVER OZ/T |
|----------|-------------|--------|-----------|-------------|
| 282 | 94.3-101.1 | 6.8 | 0.412 | 12.68 |
| 283 | 164.9-207.4 | 42.5 | .274 | 7.27 |
| also | 247.4-264.1 | 16.7 | .221 | 8.10 |
| 284 | | 6.3 | .650 | 22.52 |
| 285 | | 13.6 | 1.586 | 15.88 |
| 286 | | 9.4 | .323 | 7.85 |
| 348 | 39.7- 45.0 | 5.3 | 1.307 | 87.64 |
| 349 | 139.7-144.7 | 5.0 | .450 | 1.47 |
| also | 154.5-173.9 | 19.3 | .851 | 9.36 |
| also | 188.6-221.3 | 32.7 | 1.036 | 30.77 |
| also | 230.1-247.9 | 17.8 | .779 | 22.22 |
| also | 270.7-285.4 | 14.7 | .160 | 12.06 |
| 290 | 23.8- 35.2 | 11.4 | .653 | 9.86 |
| 293 | 343.5-365.8 | 22.3 | 1.026 | 7.30 |
| 291 | 49.1 72.7 | 23.6 | 4.1 | uncut 19.62 |
| | | | or | 2.401 cut |
| 292 | 71.4-156.0 | 84.6 | 7.479 | uncut 41.52 |
| | | | or | 3.489 cut |
| 346 | 66.9- 77.5 | 10.6 | .389 | 18.90 |

NO.163(1989)
AUGUST 24, 1989

Yavay