

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

GRANDUC MINES LTD. (GDC-V)

IMPORTANT NEW ZONE CUT IN CROSSCUT AND 8 DRILL HOLES
ZONE IS DRILLED 100 FT.LONG, 150 FT.DOWN DIP, 17 FT.WIDE.

An exploratory crosscut at the Sulphurets project driven to 650 feet below surface to provide stations from which to drill the down dip of the West zone and the upper portion of the UTC zone opened a new, important, high gold grade zone, called the R-8 zone.

Don A.McLeod, president of Newhawk Gold Mines reported the zone has the high grade, plus the apparent consistency along strike and down dip to increase the West zone mine reserves above the mine production threshold. The property, located 65 km north of Stewart, B.C., is held by Newhawk 60% and Granduc Mines Ltd. 40%.

The 1989 stage II program has completed 1185 ft. of decline to the 1200 level (600 feet below surface), and a two-machine 23,000 foot drill program started July 18, 1989. Underground workings now exceed 5 miles.

OZ.GOLD/T OZ.SILVER/T TRUE WIDTH A short North Wall 1.999 cut 56.64 10.9 ft. 'crosscut driven South Wall .574 11.13 17.9 'from the bottom -----'of the decline discovered the new zone. Channel sampling of the crosscut has returned the values above. The very high grade gold assays were cut to 2 oz.gold/t in calculating the average values in the crosscut.

<u>HOLE</u>	<u>DIP</u>	<u>GOLD</u>	<u>SILVER</u>	<u>TRUE WIDTH</u>	Results of the
		<u>OZ/T</u>	<u>OZ/TON</u>	<u>FEET</u>	'first 3 diamond
U-89-284	-12.5	0.650	22.52	6.3	'drill holes that
-285	-31.0	1.586	15.88	13.6	'penetrated the R-8
-286	-46.5	.323	7.85	9.4	'structure, 65 feet

-----'south of the crosscut are shown above. The R-8 structure has now been drilled through a vertical distance of 150 feet and remains open up and down dip and along strike in both directions. Holes drilled on an adjacent section 100 feet to the north, or 35 feet north of the crosscut, have visually returned mineralization and assays will be reported when available. SEE MAP OVERLEAF

The R-8 structure consists of a series of parallel quartz veins which contain tetrahedrite, argentite, electrum, gold, sphalerite, ruby silver and chalcopyrite. This structure is well defined and very regular in appearance in the crosscut. The R-8 zone is currently geologically interpreted to be parallel to and about 30 meters east of and stratigraphically below the UTC zone.

An intersection of 0.401 oz.gold/t, 1.62 oz.silver/t over an estimated true width of 30 feet was also intersected in drill hole U-89-286 adjacent to R-8, and is interpreted to be in the UTC zone.

Drilling is continuing to explore the R-8 and UTC zones, with emphasis on defining the dimensions and potential tonnage. (SEE GNCL No.115, 15Jun89 for more detail and previous assay results).

West zone reserves were reported in Nov. 1988 as: measured and indicated 304,044 tons grading 0.387 oz.gold/t, 26.19 oz.silver/t, plus inferred reserves of 550,000 tons grading 0.335 oz.gold/t, 21.15 oz.silver/t. Total reserves were reported as 854,000 tons grading 0.354 oz.gold/t, 22.9 oz.silver/t. Drilling and under-

'R-8 zone'
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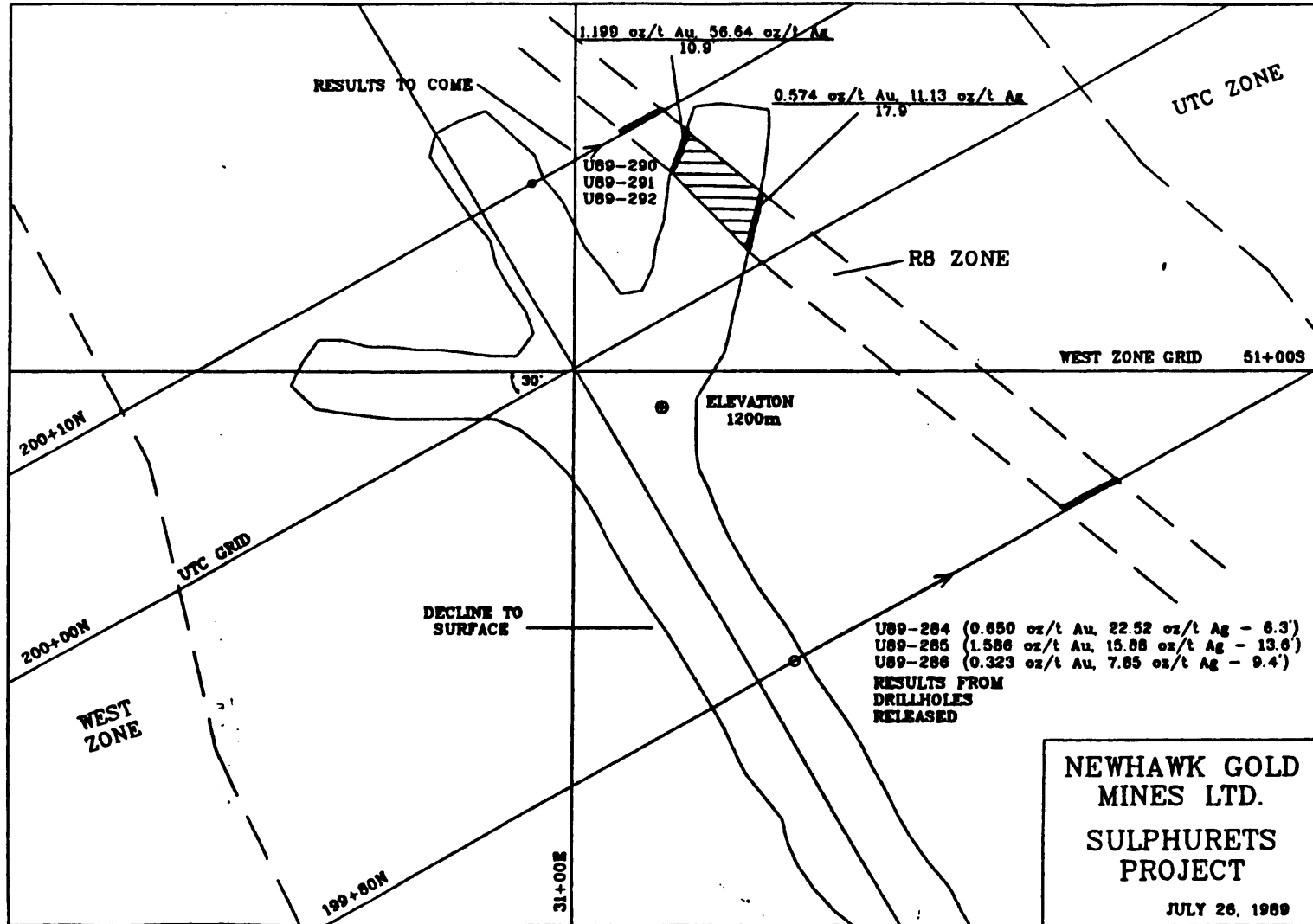
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ground advances have increased reserves since these calculations.

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