

Strong copper and gold prices plus the Mt. Milligan discoveries in northern B.C. have prompted a renewed interest in and search for porphyry copper and gold properties in B.C. The producing Island Copper Mine and several nearby undeveloped deposits have focussed the attention of explorationists on northern Vancouver Island. Because most porphyry copper gold deposits in the world occur in belts containing a series of ore bodies, the Northern Island is a prime target. Two significant deposits, the Hushamu and the Red Dog are now being re-explored to assess their economic viability. (SEE ATTACHED MAP)

In recent months major mining companies have been discussing property options and acquisitions in the northern Vancouver Island area.

The Island Copper Mine, owned by BHP-Utah Mines Ltd. and located 20 miles southwest of Port Hardy, on tidewater at Rupert Inlet, began operations in 1971. The concentrator has a consistent throughput of 55,000 tons per day and has achieved peak day throughput of 70,000 tons per day. In an average year Island Copper produces about 275,000 tonnes of copper concentrate, 4,600 tonnes of molybdenum concentrate and some 40,000 to 60,000 ounces of gold. The Island Copper mine since 1971 has produced to date, 267,000,000 tonnes of ore with an average grade between 0.4% and 0.45% copper. The remaining reserves of 130,000,000 tonnes grading about 0.35% copper are sufficient for operations until 1996 or 1997.

A concrete slurry wall was recently constructed at a cost of \$15,500,000 to retain tidal water from Rupert Inlet and out of the new open pit, which, when completed, will be 1,500 feet below the original ground surface and 1,200 feet below sea level. The total cost to develop the additional 80,000,000 tons below and behind the wall is \$55,000,000.

BHP-Utah's large reconnaissance and exploration programs began in the early 1960's and were responsible for discovery of the Red Dog Hill, Hushamu and other deposits in the area. Due to weak metal prices in the mid-1980's BHP-Utah concentrated its efforts on the Island Copper mine and returned the Red Dog property to its original owners and optioned the Expo property containing the Hushamu deposit to Moraga Resources.

At the time of this earlier exploration road access was very limited with transportation primarily by helicopter. Logging over the past 20 years has greatly opened the area and exposed much rock providing an excellent geologic picture of the belt, not previously available.

The Red Dog Hill deposit is 39 km and the Hushamu deposit is 26 km from Island Copper, and about 30 km southwest of Port Hardy, which has regular air service from Vancouver and road access from Campbell River along the paved Island Highway. Much of the area from Port Hardy to Holberg Inlet is accessible by logging roads. Island Copper Mine loads concentrates directly onto deep sea ships which enter Rupert and Holberg inlets through Quatsino Sound. High voltage electricity lines are available in the vicinity.

MORAGA RESOURCES LTD.

In April 1987, Moraga Resources Ltd. acquired an option to earn an undivided 45% interest in the 30,000-acre Expo property, containing the Hushamu deposit, by spending \$2,700,000 on exploration over seven years and making a cash payment of US\$260,000.

BHP-Utah spent approximately \$5,000,000 on the Expo property before it was optioned to Moraga. BHP-Utah located a drill proven and probable reserve in the Hushamu zone of 57,500,000 tons grading 0.32% copper and 0.012 oz.gold/ton, and geological reserves of 159 million tonnes of which 144 million tonnes are within a possible pit outline.

This year Moraga has drilled several holes and encountered copper/gold mineralization between the Hushamu zone and McIntosh Mountain, where BHP-Utah had earlier drilled three successful holes. As a result, the length of the Hushamu zone has been extended to 1,650 meters, the width to 500 meters and the depth to 200 meters containing a mineral inventory of 300,000,000 tons. An in-fill drilling program of eight holes was started in July 1990. Drill results of the 1990 program to date are in the table below.

1990 DRILL RESULTS TO DATE ON THE EXPO PROPERTY

HOLE No.	INTERVAL METERS	LENGTH METERS	COPPER %	GOLD OZ/T
EC-171	6.7 - 254.0	247.3	0.36	0.015
EC-172	247.5 - 253.5	6.0	.14	.004
and	262.5 - 274.5	12.0	.20	.007
EC-173	101.0 - 134.0	33.0	.08	.014
and	326.0 - 456.3	130.3	.22	.010
incl.	326.0 - 338.0	12.0	.50	.014
	338.0 - 365.0	27.0	.04	.006
	365.0 - 456.3	91.0	.24	.010
EC-174	(Lost in a fault at 87.5 meters)			
EC-175	126.0 - 162.0	36.0	.22	.008
incl.		9.0	.32	.005
EC-176	15.2 - 234.0	218.8	.27	.010
incl.	45.0 - 204.0	159.0	.32	.012
incl.	78.0 - 189.0	111.0	.36	.014
EC-177	6.1 - 231.0	224.9	.27	.004
incl.	24.0 - 177.0	153.0	.32	.006
incl.	48.0 - 168.0	66.0	.43	.007
EC-178	65.0 - 77.0	12.0	.16	.004
and	89.0 - 113.0	24.0	.16	.006
and	126.0 - 155.0	29.0	.28	.008
and	221.0 - 242.0	21.0	.15	.008
EC-179*	246.0 - 496.0	250.0	.33	.013
incl.	378.0 - 496.0	118.0	.34	.016
incl.	378.0 - 414.0	36.0	.36	.020

\*bottomed in mineralization, with last 4 meters recording 0.55% copper, 0.029 oz.gold/t.

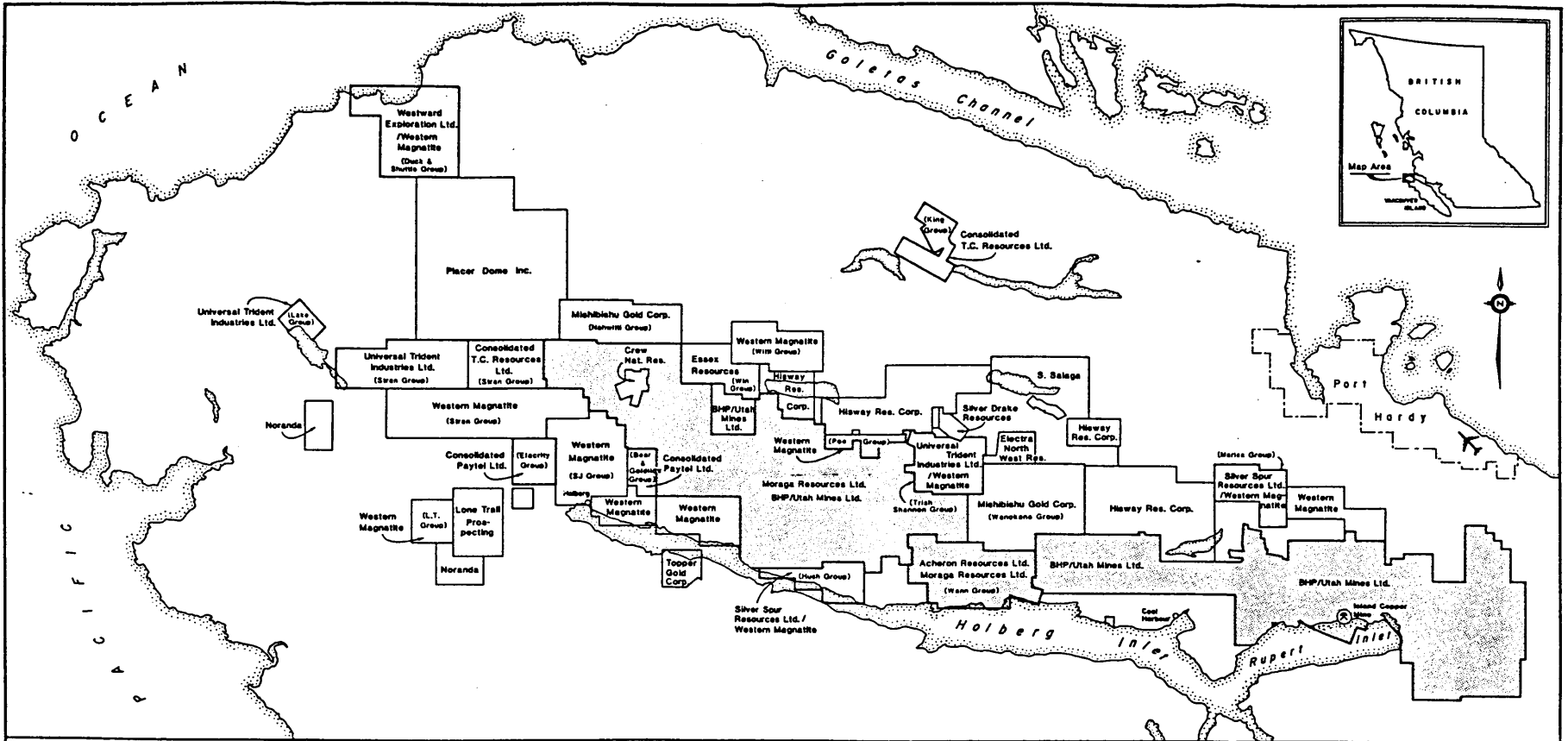
Additional reserves may also be added on the northwest extension where soil sampling in new road cuts has indicated underlying copper/gold mineralization.

The president of Moraga is Mr. Maurice Young, P.Eng. He was formerly exploration manager, North America, for Utah International. He worked on or managed the programs that discovered the Island Copper Mine deposits and both the Hushamu and Red Dog deposits. -CONTINUED ON PAGE TWO-

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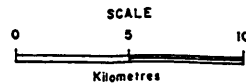
NORTHERN VANCOUVER ISLAND, BRITISH COLUMBIA

PORPHYRY COPPER-GOLD BELT

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A SPECIAL REPORT

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*Relief*

WESTERN CANA



While we believe this information to have been obtained in accordance with standard industry practices, we make no representation with respect to, nor do we assume any responsibility for the correctness thereof.

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