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Mr. Young reports that Moraga Resources' objectives for the current drill program on the Hushamu are:

- to confirm the tonnage and grade previously estimated at over 100,000,000 tons of geological reserves including 57,500,000 tons grading 0.32% copper, 0.012 oz.gold/t, available to a 2.2 tons waste to 1.0 ton ore stripping ratio;
- extend the assured tonnage with holes to the southeast and northwest where the zone remains open to extension;
- in-fill some of the gaps in the drill pattern to increase the confidence level of the tonnage and grade estimates;
- perhaps define one or more zones of higher grade within the Hushamu where early mining could provide for quick capital cost payback.
- improve the mine-making qualification to support an application for listing on the Toronto Stock Exchange as soon as possible.

Management of Moraga considers when surplus concentrating capacity becomes available in the Island Copper Mine plant ores from the Hushamu and Red Dog zones will be available to fill that capacity. The Island Copper mine is expected to close in a few years as existing reserves are mined out. There is the added possibility of Moraga supplying ores to the plant to fill any short fall between mine production and mill capacity. BHP-Utah may consider using ore from the Hushamu or Red Dog deposits to fill production capacity gaps which occur as the mine reaches the deeper levels in the pit.

#### CREW NATURAL RESOURCES LTD.

Crew Natural Resources Ltd. in 1988 acquired 100% ownership of the Red Dog property, subject to a 3% net smelter return royalty. The Red Dog property is completely surrounded by the Expo property of BHP-Utah and Moraga Resources. There are three known zones of mineralization on the property, the Red Dog Hill Zone, which is 13 km west of the Hushamu deposit, the Slide Creek zone 800 meters east of Red Dog Hill, and the M-1 zone north-east of Red Dog Hill. BHP-Utah previously drilled 50 holes on the Red Dog Hill zone totalling some 24,000 ft.

The continuation of the Red Dog Hill zone onto the Expo property and the similarities of the two properties have prompted Crew and Moraga to form a joint venture on the Red Dog property. Moraga can earn a 45% interest in the Red Dog by spending \$3,000,000 on the property, and earn a further 5% interest to a total of 50% by spending a further \$1,000,000 on exploration for a total of \$4,000,000.

Crew Resources estimates reserves at Red Dog Hill exceed 50,000,000 tons, which includes a minimum of 15,000,000 tons of proven ore, 22,000,000 tons of drill indicated ore and 15,000,000 tons of drill probable ore at average grades of 0.30% copper and 0.013 oz.gold/ton, available to a stripping ratio of 0.36 tons of waste to 1.0 ton of ore. Within these reserves a higher grade zone of 12,800,000 tons averaging 0.417% copper and 0.008 oz.gold/t is available at a stripping ratio as low as 0.1 tons waste to 1.0 ton of ore.

Limited previous drilling on the Slide Creek zone indicated reserves grading 0.43% copper and 0.008 oz.gold/t. The M-1 zone has not yet been drilled, but is an adjacent anomaly to the Red Dog Hill zone and is thought to have similar geology.

Ten holes were drilled in 1990 by Moraga which confirmed BHP-Utah's estimates of reserves, grades and cut-off ratios. The second half of the 1990 program is concentrating on the Slide Creek and M-1 zones. In-fill drilling of the Red Dog Hill and exploration of the two other zones are planned for 1991 and should enable the companies to fully examine their development options.

Its proximity to existing roads, tidewater, and electricity combined with its unusually low stripping ratios could enable the Red Dog to be mined with a lesser reserve base than a more remote location.

#### ACHERON RESOURCES LTD.

Acheron Resources Ltd. has granted Moraga Resources an option to earn a 55% interest in the Wann property of 4,500 acres located between the Island Copper and Expo properties. Acheron holds an option to acquire 100% of the property subject to net smelter returns varying from 3% to 5%. A target for copper/gold mineralization has been located in the center of the property. A gold anomaly has been identified by soil sampling and an induced polarization survey has located sulphide mineralization adjacent to dykes. The values run up to 600 and 800 parts per billion gold in pyrite stringers. Two large magnetometer anomalies have been located adjacent to induced polarization conductors and soil sample copper anomalies. Prospecting will continue and percussion drilling will start September 24, 1990.

#### OTHER LAND HOLDERS IN THE AREA

Placer Dome, several junior exploration companies and five other companies in the R.H.D. Philp group have staked or acquired ground in the area and have programs underway or planned for 1990.

Universal Trident Industries Ltd. (UTI-V) holds the No.1A Williams Lake group covering 500 acres where BHP-Utah found anomalous lead and zinc showings in two areas in the 1960's. These samples were not tested for gold. Intense prospecting around the anomalous areas is planned and new samples will be run for gold. Just off the property to the northwest on the Dakota property there are strong gold silt sample anomalies. Airborne magnetometer surveys located strong northwest-southeast zoning. The program is seeking replacement mineralization along the Quatsino - Bonanza contact. There are logging roads within 3 km. of the property.

Universal Trident also holds the No.1B Stranby group of claims covering 2,000 acres, adjoining the Expo project and the claim block held by Placer Dome. It has strong magnetic relief and pyrite replacement in volcanics indicating a possible intrusive close by. The current program of silt and soil sampling will follow up on disseminated pyrite in volcanics.

Consolidated Paytel Ltd. (PYL-V) holds the No.2A, Elacuity group of 1,000 acres covering a copper and molybdenum anomaly located by the B.C. government regional moss mat sampling program. A program of prospecting and soil sampling is now underway with preliminary results indicating strong copper and molybdenum soil anomalies.

Consolidated Paytel also holds the 700-acre, No.2B or Goldilox group located 2 km southwest of the Expo - Red Dog property. The B.C. government soil mat program indicates a multi element target with anomalous values in zinc, nickel, cadmium, silver, antimony, magnesium and gold. Prospecting has located disseminated chalcopyrite and quartz veining in calcareous sediments. A geochemical soil sampling program is being planned.

Mishibishu Gold Corp. (MGO-V) holds the No.3A, Nahwitti group covering 3,000 acres adjoining the Expo property and 1 km north of the Red Dog zone. Prospecting in 1989 located Quatsino limestone and calcareous sediments near Bonanza volcanics and diorite intrusives. The work located anomalous gold from siliceous zones and a strong zinc anomaly over sediments. The 1990 program includes further soil sampling, geological mapping and trenching.

Mishibishu Gold also holds the No.3B, Wanokana group covering 4,350 acres located about 16 km northwest of the Island Copper open pit. Exploration has located strataform zinc mineralization southeast of zones of siliceous replacement in bonanza volcanics, associated with porphyry copper intrusive rocks. The current program of prospecting, geological mapping and soil sampling continues the 1989 program.

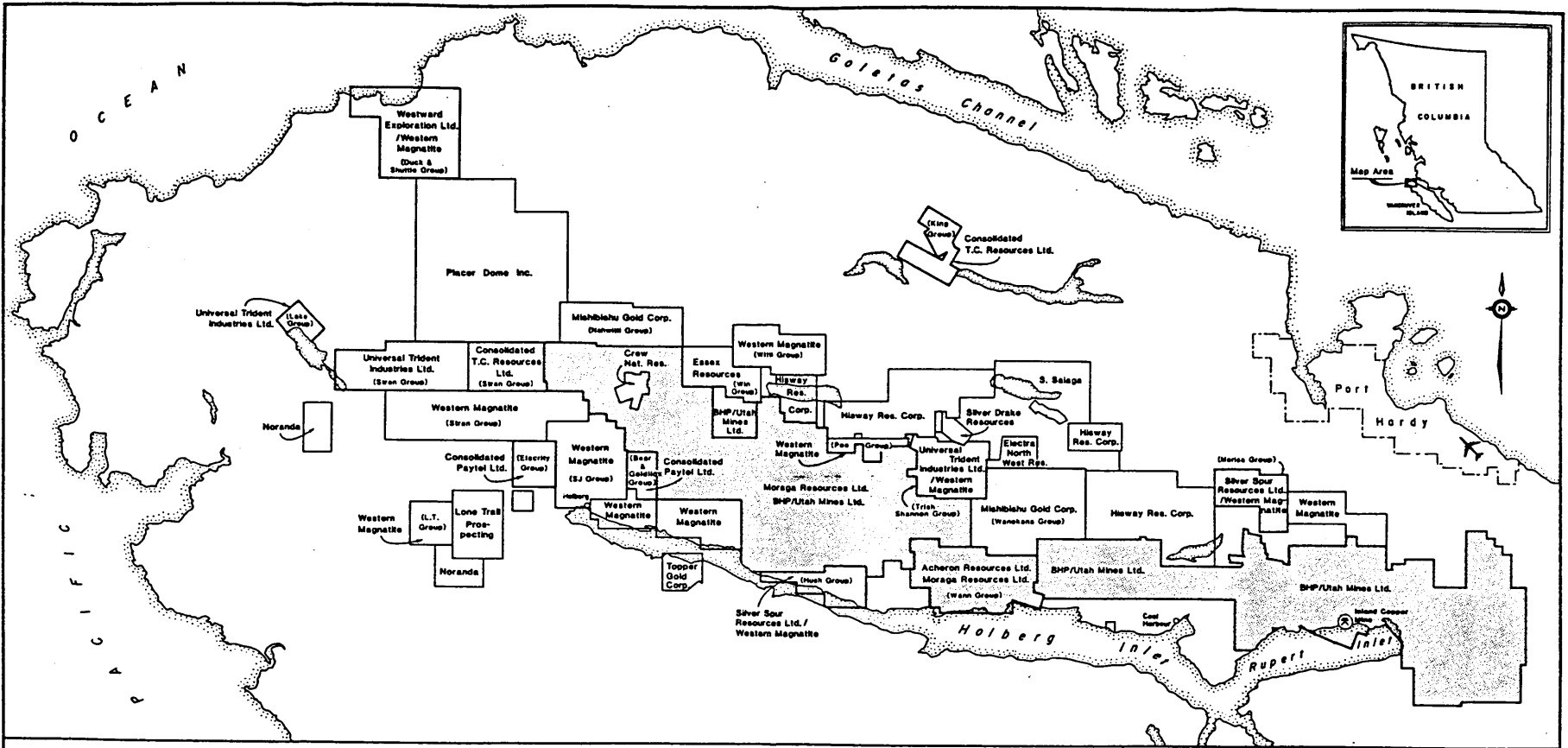
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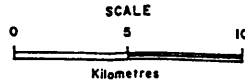
NORTHERN VANCOUVER ISLAND, BRITISH COLUMBIA

PORPHYRY COPPER-GOLD BELT

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A SPECIAL REPORT

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WESTERN CANADIAN



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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