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# George Cross News Letter

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## MISTY MOUNTAIN GOLD LTD.

[MGL-T, V; MGLCF-NASDAQ] 9,549,489 SHS.

\$5,100,000 FINANCING CLOSED - Robert G. Hunter, chairman, reports Misty Mountain Gold Ltd. has closed a \$3,122,400 flow-through special warrants financing in place of the financing announced 26Jun97 which was amended. The final placement was the sale of 1,301,000 special warrants at \$2.40 per flow through special warrant of which 251,000 were funded on closing and 1,050,000 will be funded starting Oct. 1/97. Each flow through special warrant is convertible into one flow-through share on the earlier of the issuance of prospectus receipts in applicable Canadian provinces or 1Aug98. Yorkton Securities Inc. acted as agent for the financing.

In conjunction with the flow-through financing, Misty has arranged a \$2,000,000 operating line of credit with the Canadian Imperial Bank of Commerce. A private company affiliated with one of the directors has provided a fully collateralized guarantee to the bank respecting the operating line. The company will seek regulatory and shareholder acceptance for guarantor's compensation of 95,600 shares in consideration of the guarantee.

Proceeds from the placement will be used to continue Misty's exploration on its 100% owned Harmony gold project on Graham Island in the Queen Charlotte Islands, BC. The 440 square km property covers an epithermal gold system and includes the Specogna deposit which contains a resource of 2,880,000 oz. gold.

Technical and environmental scoping studies are underway toward a prefeasibility study. Based on work to date, gold recoveries in the 70% to 80% range can be expected. A 1,700 kg bulk sample is being collected for column testing of biox-heap leach processing.

Concurrently, three permitted targets are being prepared for drill testing. One of the targets is projected to be at depths of more than 200 metres below the Specogna deposit. A review of drill data has revealed a primary and several secondary structural conduits of gold mineralization extending to depth. In September, an initial 5,000 metre, 10 hole drilling program will test below the Specogna deposit.

Surface exploration has started at two other targets, one located in an area five km north of the Specogna deposit and the other eight km south of the deposit. The north target comprises a structural setting reflected in airborne geophysics similar to the Specogna deposit setting. This target will be tested by IP surveys.

The target south of the Specogna deposit is a topographic high with a gold-in-soil and gold-bearing quartz vein float anomaly coincident with an airborne geophysical response of the same magnitude and extent as the Specogna deposit. Soil geochemical and IP geophysics is underway in this area. (SEE GCNL NO.126, 2Jul97, P.4 FOR PREVIOUS FINANCING DATA)

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