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George Cross News Letter

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MISTY MOUNTAIN GOLD LTD.

[MGL-T, V; MGLCF-NASDAQ] 11,446,389 SHS.

HARMONY PROJECT UPDATE - Robert G. Hunter, chairman of Misty Mountain Gold Ltd.,

provides an update on the 100% owned Harmony Gold project, on Graham Island, one of the Queen Charlotte Islands, 50 miles off the northwest BC coast. The 440 square km property covers an epithermal gold system and includes the Specogna deposit with a geological resource of 3,000,000 oz. gold. Comprehensive programs are ongoing to advance the Specogna deposit and explore near surface strike extensions and a deep-seated gold system.

Misty has completed a systematic diamond drilling program of the Specogna deposit of 34,627 metres of drilling in 147 large diameter core holes spaced on a 20 metre by 20 metre grid pattern.

At the Specogna deposit, gold is distributed throughout a hydrothermal breccia unit that parallels the northwest striking Specogna Fault for at least 700 metres and also throughout stockwork quartz veining, and pervasively silicified sediments which extend laterally from the hydrothermal breccia for up to 210 metres. The deposit dips moderately northeast for over 300 metres. About 3% sulphides, mainly pyrite and marcasite, are disseminated throughout the deposit. In addition to the relatively evenly distributed gold, bonanza gold zones occur scattered throughout the deposit. Examples of these high grade zones include drill intercepts of 42 metres averaging 41 grams gold/tonne and 46 metres averaging 40 grams gold/tonne.

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Technical and environmental scoping studies are underway including environmental; deposit modelling; resource estimates; various mine designs (underground methods and selective open pit methods); mineralogy; metallurgy, site facilities location; and infrastructure. The studies are scheduled to conclude in the next few months. Melis Engineering Ltd., Lakefield Research Ltd., and Oxidor Gold Corp. are using conventional processes including gravity recovery, flotation and bio-oxidation, as part of the scoping study of metallurgical options. Test work on representative samples indicate gold recoveries in the 75% to 80% range.

Comprehensive baseline environmental information is under review and will be supplemented by studies as project planning proceeds. Testing is also underway to determine acid generating consuming characteristics. Geotechnical specialists Knight Piesco Ltd.; environmental specialists Triton Environmental Consultants Ltd. are studying potential sites for tailings and rock storage. Studies indicate an environmentally sound project can be defined.

Preliminary mineable resources calculated by Independent Mining Consultants Inc. using a 1.2 gram gold/tonne cut-off include 31,000,000 tonnes grading 2.05 grams gold/tonne (2,062,000 oz of gold) plus a lower grade stockpile of 17,000,000 tonnes averaging 0.99 grams gold/tonne (541,000 oz of gold). One option under consideration provides for direct mill feed of 7.5 tonnes per day yielding gold production of 140,000 ounces per year for 10 years. Beyond this, additional gold production will come from reclaiming stockpiles. The current mine design bottoms show excellent mineralization which continues to plunge down dip.

The scoping studies will be completed in a few months and will provide a framework to develop a pre-feasibility study. In some areas, the analyses will be at feasibility level. Funding for large diameter core drilling for in-fill, geotechnical, environmental, metallurgical and process engineering will comprise a significant portion of the pre-feasibility budget. Successful pre-feasibility study could lead to an application for mine development certification.

Also, two exploration targets are being prepared for drill tests this summer. The first target is potential bonanza deposits which may have developed at depths of more than 200 metres below the currently known Specogna deposit in a deeper, throttled portion of the epithermal system. A second target eight km south of the Specogna deposit is contained in a topographic high with a gold-soil anomaly and an airborne geophysical response of the same magnitude and size as those of the Specogna deposit. (SEE GC NO.13, 20Feb97, P.1 FOR PREVIOUS HARMONY INFORMATION)