



Goldstone Minerals Resource Corp.

901 - 837 W. Hastings, Vancouver, B.C.
Canada V6C 1B6 (604) 682-2601

September 10, 1987

PRESIDENT'S REPORT

Mr. Albert Hausner, President of Goldstone Minerals Resource Corp. is pleased to report the following data on the progress of your Company during the past year:

GOLDEN DRAGON VENTURE

Sunshine Mining Company has made the second payment on the Golden Dragon Joint Venture property and have completed the following work on the property in Montana:

- Excavation, mapping and sampling of three trenches over 380 feet.
- Excavation, mapping and sampling of a 150 foot trench on the Lincoln patented claim exposed a three foot quartz vein carrying 0.154 opt Au.
- Conducted ground work to define drill targets.
- Proceeded with State and Federal permits for roads and drill site preparation including posting of reclamation bonds.
- Started road construction and drilling program.
- Started reclamation work on the 1986 trenches.

LUCKY BEN JOINT VENTURE

Further sampling of the Lucky Ben gold-rich quartz vein system on the Golden Dragon Joint Venture property near Warren, Idaho has been completed near the portal of the 6570 level adit. This work revealed a 1.5 foot wide quartz vein grading 2.12 oz/ton gold and filling a steeply dipping fracture within quartz monzonite which is strongly altered for 2 to 3 feet on either side of the vein where it assays 0.056 oz/ton gold. These values would therefore produce a weighted average grade of 0.57 oz/ton over a mined width of 6.0 feet. At a gold price of U.S. \$400 per ounce, the in ground value of the material would be \$228 per ton.

GIANT CLAIM GROUP - MONTANA

A property visit and Engineering Report has been completed on the Giant Claim Group by C. T. Pasioka, P. Eng.. The Giant Claims have been acquired from Robert Cameron of Lincoln, Montana. The claims are located at Stonewall Creek, 7 miles north of Lincoln in Lewis and Clark County, Montana. They are accessible by gravel road.

Gold occurs on the Giant Claims in multi-stage Tertiary quartz veins which also carry pyrite and chalcocite and are emplaced in fractures and shear zones in diorite sills of Precambrian age. The quartz systems contain visible gold and gold has been panned from oxidized and crushed vein material. Assays obtained from samples taken from the property have assayed in the range of 0.04 to 0.33 oz Au/ton and two grab samples collected during a visit by Golden Dividend management in June returned assays of 0.52 and 0.54 oz Au/ton.

The Giant property requires further exploration to determine whether potential exists to develop sufficient tonnage of acceptable grade to make an underground mining operation. An initial program of geological mapping, sampling, assaying and trenching has been recommended by Pasioka at a cost of approximately \$30,000.

Several other claim groups in the Lincoln area have been investigated but some delays have been encountered in the transfer of title to Golden Dividend.

INTERNATIONAL IONARC, INC. SHARE PURCHASE

Goldstone Minerals has purchased 156,000 shares of International Ionarc, Inc. at a price of 13¢ - 15¢ per share Canadian.

THE AWARD PROGRAM

We have declined on the Pentact's Award Program as we felt their final offer did not meet our requirements for controlling interest.

Your Company is still actively pursuing other properties of merit and we thank you again for your continuous support.



A. R. HAUSNER,
President.