

This will be on front page of
next Northern Miner.

SHAREHOLDER UPDATE

VERA CRUZ

VERA CRUZ MINERALS CORP HAS HAD A VERY SUCCESSFUL FIRST HALF OF 1991.

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EXPLORATION ON VCM'S VERA CRUZ MINE PROJECT IN LINCOLN COUNTY, NEW MEXICO WAS EXTREMELY ENCOURAGING AND RETURNED SOME SPECTACULAR RESULTS. ROTARY DRILLING IN THE FIRST QUARTER OF THIS YEAR WAS UNDERTAKEN TO TEST THE HIGH GRADE INTERCEPTS ENCOUNTERED IN 1989 DRILLING, IN WHICH HOLE V-89-9 RETURNED RESULTS OF 2.498 OZ/TON AU ACROSS 40 FT.

THE 1991 DRILLING INTERSECTED NOT ONLY THIS HIGH GRADE MINERALIZATION IN THE BRECCIA ZONE, BUT ALSO EXPANDED THE THICKNESS, WIDTH AND GRADE OF THE SULFIDE HORIZON. THE SULFIDE ZONE IS AT LEAST 295 FT THICK AND IS STILL OPEN HORIZONTALLY AND VERTICALLY WITH GOLD MINERALIZATION INTERSECTED ACROSS INTERVALS UP TO 210 FT GRADING 0.124 OZ/TON AU IN V-91-14.

SUBSEQUENT TO OBTAINING THESE GOOD RESULTS VCM FELT IT NECESSARY TO INCREASE ITS LAND HOLDING. THE COMPANY STAKED ADDITIONAL CLAIMS TO THE NORTH FOLLOWING FAVOURABLE GEOLOGY ALONG THE "NOGAL TREND" WHICH HAS INCREASED THE TOTAL ACREAGE CONTROLLED BY VCM TO APPROXIMATELY 8,500 ACRES.

JOINT VENTURE AGREEMENT FINALIZED

VCM HAS ALSO ENTERED INTO A FORMAL JOINT VENTURE AGREEMENT WITH FMC GOLD CORP ON THE VERA CRUZ MINE PROJECT. THE AGREEMENT CALLS FOR FMC TO MAKE EXPENDITURES ON THE PROPERTY OF \$2,000,000 WITHIN FOUR YEARS TO EARN 51%. ADDITIONALLY FMC MAY EARN A FURTHER 9% AFTER THE JOINT VENTURE IS IN PLACE BY EXPENDING AN ADDITIONAL \$800,000 TO EARN A TOTAL OF 60% INTEREST IN THE PROPERTY, AS WELL VERA CRUZ WILL BE REIMBURSED FOR THE 1991 PROPERTY PAYMENTS AND OBLIGATIONS ALONG WITH A \$105,000 IN PAYMENTS TO VERA CRUZ OVER THE NEXT TWO YEARS.

VCM AFTER CAREFUL REVIEW OF ALL PROPOSALS OPTED TO ENTER INTO AN AGREEMENT WITH FMC GOLD DUE TO COMPANY'S PROFESSIONALISM AND INDEPTH EVALUATION OF THE PROJECT DURING ITS DUE DILIGENCE REVIEW. FMC GOLD IS MAJORITY CONTROLLED BY FMC CORPORATION A DIVERSIFIED COMPANY HEADED IN CHICAGO ILLINOIS WITH ANNUAL SALES OF 3.7 BILLION IN 1990. FMC GOLD HAS A PROVEN TRACK RECORD OF DEVELOPING MINERAL RESOURCES AND IS ONE OF THE INDUSTRIES LOWER COST PRODUCERS, WITH CASH COST OF PRODUCTION AT \$161 PER GOLD EQUIVALENT OUNCE DURING THE FIRST QUARTER IN 1991.

N.M. Bureau of Mines
& Mineral Resources
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EXPLORATION CONTINUES

FMC GOLD COMPANY AND VERA CRUZ MINERALS CORP., HAVE AGREED ON THE NEXT PHASE OF EXPLORATION WHICH IS PLANNED TO COMMENCE BY THE END OF AUGUST 1991. PLANNED ARE BOTH IP GEOPHYSICAL SURVEYS AND DIAMOND DRILLING TO TEST THE EXTENT OF THE MINERALIZED ZONES AND TO EXPAND AND DETAIL THE PRESENT GEOLOGICAL MODEL.

FINANCING AND NEW PROJECTS PLANNED

VCM IS PLANNING A GUARANTEED RIGHTS OFFERING THROUGH ITS AGENT HAYWOOD SECURITIES, THE DETAILS OF WHICH HAVE NOT YET BEEN FINALIZED. FUNDING IN PART WILL BE FOR THE CONTINUED EXPLORATION FOR QUALITY PROJECTS WITH THE OBJECTIVE OF INCREASING THE COMPANIES MINERAL INVENTORY.

THE MANAGEMENT AT VCM THANKS YOU FOR YOUR CONTINUED SUPPORT.

ERNEST S. PETERS
PRESIDENT

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