

GCNL #118 19 JUNE 1985

HALLMARK RESOURCES LTD. (HKR-V)

PRODUCTION PERMITS FOR CRONIN MINE - Referring to their 29Apr85 announcement of the signing of a joint venture & DEAL ON SW U.S. PROPERTY SOUGHT agreement, whereby Hallmark Resources Ltd. will obtain sufficient funds to bring its Cronin mine at Smithers, B.C., to production, H. John Wilson, a director, reports that, since then, Hallmark has applied for the various B.C. licences and permits to operate. The approvals are expected in the very near future and upon receipt, Hallmark will start property work immediately. Because Hallmark has continuously held a production licence from its last days of operation in 1974, management believe it can resume production before the end of 1985.

Directors are aggressively pursuing new properties for Hallmark's acquisition. The company has retained Gilbert Rodriguez, a professional mining engineer based in Denver, Colorado, who has extensive mining experience in the southwestern U.S.A. Mr. Wilson says, "Through Mr. Rodriguez, Hallmark is investigating several gold-silver mining opportunities. Our emphasis is on surface gold deposits which can be mined easily by open pit methods and which are amenable to conventional leaching techniques. Hallmark expects to sign an agreement for one such property within 30 days. When the company completes its current acquisitions it will then have two mines capable of providing cash flow before year end 1985."

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DEAL MADE ON CRONIN - H. John Wilson, president of MINE AT SMITHERS Hallmark Resources Ltd., has

93415W (093L 127) granted Barnes Resources Ltd. an option agreement to earn 50% interest in the Cronin Mine property 20 miles east of Smithers, B.C., by spending at least \$250,000 on its exploration within 2 years, and then providing all financing to place the property on production. Barnes is currently a private company in the process on going public. It has applied for listing on Vancouver Stock Exchange.

The Cronin mine has been an intermittent producer of lead and zinc concentrates between 1910 and 1974, the last 2 years being in Hallmark's ownership. Average ore grade from production is calculated as 0.05 oz. gold/ton, 12.5 oz. silver/t, 7.2% lead, 8.3% zinc. Since 1974, underground work has exposed more ore which is now readily mineable, says Mr. Wilson.

Barnes will be operator and will initially concentrate on extending the downward and lateral extensions to the known high grade ore structure. To, high grade ore has been shown to extend to more than 700 feet of depth and along 7200 feet of strike length.

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FINANCIAL PLANS REPORTED - H. Hon Wilson, a director of  
(131187) Hallmark Resources Ltd., reviews action to strengthen the company's financial position before starting operation of its gold-silver and construction aggregate project at Bullhead City, Arizona.

Hallmark has joint ventured its high grade gold-silver-lead-zinc Cronin mine at Smithers, B.C., with Barnes Resources Ltd. of Vancouver. This reduces Hallmark's payables and allows for income in the future. Hallmark has also dropped its option on the Friday gold mine near Baker, Oregon. Property examination revealed insufficient gold to clearly indicate adequate production potential.

The Hallmark-HAPPY RESOURCES LTD. (HPY-V) joint venture on the Sheep Trail mine at Bullhead City is in good standing and some funds have already been provided to Hallmark. The agreement calls for Happy to pay Hallmark \$200,000 US and to contribute 50% of the costs needed to achieve production. The final payments are awaiting clearance of property title. Hallmark will proceed to production as soon as funds become available.

Corporate debt, accumulated years ago as Hallmark was developing its Cronin mine is to be settled through a combination of cash payment and issue of shares. Most of the debt is owed to directors and employees. Subject to regulatory approval, Hallmark will issue 409,804 shares at a deemed value of 60¢ each. Of this amount, 281,588 shares are for debt incurred before June 1985. Shares for debt incurred after June 1985 are to be held for one year after the date debt was incurred. Then, with Hallmark's debt reduced to manageable proportions, the company will proceed to raise more than \$300,000 to pay off remaining debt in cash and retain sufficient work capital to carry its interest in the Sheep Trail mine at Bullhead City.