

GENL #139 20 JUL 198 HALLMARK RESOURCES LTD.

DEAL MADE ON CRONIN - H. John Wilson, chairman, reports that Hallmark Resources Ltd. have entered an agreement whereby Coldsil Mining and Milling, Inc., of Denver, Colorado, can earn 60% interest in Hallmark's Cronin mine near Smithers, B.C. with Hallmark retaining 40% interest.

The development program is to start this week with assaying and mapping of the property. Mr. Wilson expects the initial development and exploration program to cost about \$2,000,000.

Mr. Wilson says the Cronin Mine is a multi-metal deposit having average values in silver of 15.1 oz. per ton, gold 0.04 oz. per ton, lead 8.13%, cadmium 0.13%, zinc 9.60% & copper 0.18%. Reserves at present are 50,000 tons drill indicated and 130,000 tons inferred. The latest geological report on the property indicates potential for a much larger ore body.

This new agreement supercedes all earlier property financing arrangements.

GENL #43 1 MARCH 1985 HALLMARK RESOURCES LTD. (HKR-V)

NEGOTIATIONS FOR PRODUCTION - H. John Wilson, a director of Hallmark Resources Ltd., reports favorable progress of negotiations for financing to production their Cronin mine, 20 miles east of Smithers, B.C. The company requires \$2,000,000 for working capital for rehabilitation of the mine and mill and for expansion of the tailings pond.

The mine was last in production in 1974. In almost every subsequent year Hallmark has carried out exploration and development work. There are now about 1-3/4 miles of underground development completed and 142,400 tons of indicated ore with a value greater than \$250 per ton.

Mr. Wilson says, "Potential for much larger tonnages of high-grade silver-gold-lead-zinc ore is indicated along the strike of our main vein, in parallel veins and at depth. These opportunities will be explored coincident with the first mining activity on the property."

Hallmark may have excess milling capacity and will offer a custom milling service to owners of other high-grade silver-lead-zinc properties in the area. Additionally, Hallmark is cooperating with other potential silver-lead-zinc concentrate producers to obtain a better smelter contract offshore than appears to be available locally.

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PORTION OF UNDERWRITING PROCEEDS - Hallmark Resources Ltd., by 25 March 77 agreement effective TO BE USED FOR EXPLORATION ON THE April 4, 1977, have had 200,000 shares underwritten at CRONIN MINE NEAR SMITHERS, B.C. 60¢ each by McDermid Miller & McDermid Ltd. and Fisher Securities Corp. as to 50% each. 934/150 (NE)

The \$120,000 proceeds are allocated as to \$40,000 to explore the Cronin Mine 16 miles northeast of Smithers in central B.C.; \$10,000 on mortgage payment to P. Kindrat; \$45,000 to satisfy outstanding accounts; \$10,000 on management and consultant's fees owed to H. John Wilson; and \$15,000 on general and corporate purposes.

Consultant L.S. Trenholme, P. Eng., in a March 23, 1977 report states that smelter returns for lead, zinc and silver in the period 1952 -1967 from the Cronin mine, representing about 25,000 tons of ore mined, show the net recovered metals to have had a value of at least \$70 per ton when calculated at current metal prices. Noting that in 1972, Hallmarks's engineer calculated 176,000 tons of indicated and inferred ore remaining in the vicinity of existing stopes and in still undeveloped portions of the principal veins nearby, Mr. Trenholme says that an extensive review of the data supports this estimate as being reasonable but considerable work is required to substantiate it. Other lead-zinc-silver veins on the property remain almost completely unexplored and it seems likely that there may be many others as yet undiscovered.

Furthermore, says Mr. Trenholme, gold assays up to 0.58 ounces per ton have been reported from two outlying veins on the property and, if confirmed, would indicate additional intriguing possibilities. He recommends a two phased \$100,000 program with the first phase being \$30,000 for three 50 foot raises from the No. 1 and No. 3 levels on the No. 2 vein. The second phase is basically 2,850 feet of diamond drilling to test the extensions of the No. 1 and No. 2 veins.

As at Dec. 31, 1976, Hallmark had current assets of \$37,778, mainly an inventory of ore valued at \$30,827 & accounts receivable of \$3,000. Current liabilities comprise accounts payable and accrued liabilities of \$66,850 and due to directors and shareholders the sum of \$41,000, a total of \$107,850, for a working capital deficit of \$70,002.

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