

GCNL#49 RHYOLITE RESOURCES INC. (RHY-V) 11 Mar 87
 GOLD MINE PRODUCTION - John Bissett, president of
 START IS IMMINENT Rhyolite Resources Inc., announ-
 ces that its flotation mill on
 Texada Island, B.C. is now ready for operation. Ore
 crushing operations will start soon after a switchover
 to B.C. Hydro Power occurs this week. The concentrator
 is to start processing gold ore at tune-up rates by
 month end and attain its economic bulk-sampling rate of
 75-100 tons per day during April.

Initial throughput will come from stockpile and
 prepared surface locations which, in total, are estima-
 ted to contain 33,000 tons averaging 0.37 oz.gold/t,
 equivalent to about 12,500 ounces of gold. Revenues
 during this bulk sampling period are expected to
 approximate \$400,000 per month and will be used to
 further test the ore zones.

In April, Rhyolite will start a \$400,000 ore devel-
 opment program to convert geological inferred reserves
 into at least 200,000 tons of proven reserves grading
 0.3 oz.gold/t, or better. Success will permit early
 scheduling of commercial production at 200 tons of ore
 per day. Structures containing the initial surface ore
 shoots extend along strike and down dip and other
 locations show similar promise, so there is virtually no
 doubt, says Mr. Bissett, that the 200,000-ton target will
 be met during 1987.

The potential for significantly greater gold
 reserves on Rhyolite's extensive holdings on Texada
 Island is excellent, but its determination through
 exploratory drilling is hindered in some locations
 because the gold occurs as coarse, free grains with
 erratic distribution. This may preclude development in
 such zones of large gold reserves ahead of the production
 schedule, but a useful analogy is the old silver mining
 camp of Cobalt, Ontario, where some mines had a life of
 more than 20 years with only a few years' supply of ore
 in sight. However, the recent acquisition of the Angel
 claims, 20 miles south of the main property, offers the
 potential of more homogeneous gold values in steeply
 dipping structures over widths exceeding 150 feet.

Rhyolite has raised \$150,000 by private placement
 with one individual of 300,000 common shares at a deemed
 price of 50¢ per share with warrants attached to acquire
 a further 300,000 common shares at a deemed price of 55¢
 each, subject to regulatory approval.

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RHYOLITE RESOURCES INC. (RHY-V)
RODDY RESOURCES INC. (ROD-V,T.)

MILL WILL BE COMPLETED LATE - Rhyolite Resources Inc.
 NOVEMBER AT TEXADA GOLD MINE 50% and Roddy Resources
 Inc. 50% have reported
 that the flotation mill on Texada Island, B.C., is on
 schedule for completion by late November. Roddy can
 earn up to 50% interest in the mill and property by pro-
 viding funds to complete the 75-100 tons per day mill.
 After Rhyolite receives \$500,000 from revenue, further
 revenue will be split 50/50. Rhyolite is operator.
 Initial throughput will be about 75 tons per day of
 stockpile ore. Throughput is scheduled to increase to
 200 tons per day during the first quarter of 1987. The
 expectation is that the monthly output of gold at full
 production will be 1500 ounces based on a millhead grade
 of 0.25 oz.gold/ton. Jon A. Stewart, chairman of
 Rhyolite, said it is probable that the grade during the
 first full year will approach 0.4 oz/ton resulting in
 gold output as high as 2,400 ounces per month. Based on
 gold at \$440 U.S. per ounce, pre-tax operating profit of
 the mine during the first 12 months of full production
 would range between \$9,000,000 and \$15,000,000.

Before the end of 1986, a \$400,000 exploration pro-
 gram on 3 zones is planned. Previous trenching and
 drilling on the Silver Tip outlined a gold-bearing vein
 1200 feet long and gold values on average greater than 1
 oz/ton over 4 feet with 1.5 oz. of silver/ton. Geological
 mapping of the Nancy Bell zone has indicated a potential
 length of 9,000 feet of which approximately 1,000 feet
 has been exposed over a true width of 20 feet. Trench
 samples have given fairly consistent results in a range
 of 0.3 to 0.7 oz of gold and 2 to 4 of silver/ton.

Rhyolite's Texada landholdings consist of 20 crown
 grants and 83 located claims which stretch for 5 miles
 and cover an area of roughly 8 square miles. The
 property encompasses at least 6 former producing mines,
 11 new zones of gold mineralization (some yielding
 museum-grade specimens) and many other prospective zones
 that are slated for exploration.

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