

Hydraulic Lake
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SEPTEMBER 7,1977

TYEE LAKE RESOURCES LTD.

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NEW DEAL SOUGHT FOR - Tyee Lake Resources Ltd.'s president Hiroshi Ogata and director L.S. URANIUM PROPERTIES Trenholme, P.Eng., announce that the option agreement covering Tyee Lake's uranium property near Hydraulic Lake, southeast of Kelowna, B.C., has been terminated by mutual consent of Tyee Lake, Peregrine Petroleum Ltd., Noranda Exploration Co. Ltd. and Kerr-Addison Mines Ltd.

Under the agreement, Noranda and Kerr-Addison were to have made option payments to Tyee Lake and Peregrine of \$120,000 and \$80,000, relative to their respective properties to keep the option in good standing to 2Sep78. Noranda and Kerr-Addison requested an extension of the payment date, primarily to allow time for completion of leaching tests to determine the extractability of uranium from Tyee Lake's drill-proven discovery deposit. However, Tyee Lake's directors did not consider the granting of such an extension to be in the best interest of the shareholders at large.

Consequently, state Messrs. Ogata and Trenholme, Tyee Lake has regained 100% control and ownership of their mineral claims and particularly, of their discovery deposit near Hydraulic Lake which is calculated to contain approximately 1,700,000 pounds of uranium oxide (U3O8), with a gross value in the order of \$70,000,000 and hence must be regarded as a very important asset.

Tyee Lake's directors now intend to entertain proposals from various major companies, some of whom have previously expressed interest in the property. One is currently producing uranium by in-situ leaching and recently expressed the opinion that Tyee Lake's discovery deposit would be suitable for application of their leaching technique.

This technique offers definite capital cost advantages over conventional mining and processing. It does not cause any appreciable surface disturbance and thus environmental problems are significantly reduced. Therefore, the leaching technique appears to hold considerable promise for the economic exploitation of Tyee Lake's discovery deposit, with or without the contribution of any additional deposits which may be discovered or otherwise acquired.

Tyee Lake's directors consider a conclusive feasibility program on the discovery deposit could be completed in a relatively short time and, if favourable, could lead to profitable production in the not-too distant future.

QUASAR PETROLEUM LTD.

<u>SIX MONTHS ENDED JUNE 30,</u>	<u>1977</u>	<u>1976</u>
Oil/Gas Sales	\$1,631,000	\$1,165,000
Production, Operating Expenses	663,000	472,000
Depreciation, Depletion	369,000	172,000
Administrative Expense	155,000	249,000
Interest Expense, Net	281,000	208,000
Income Taxes*	5,000	100,000
Net Bef. Extraord. Item	158,000	164,000
Per Share	4¢	4¢
Tax Loss Carry Forward	100,000	-
Net Income	258,000	164,000
Per Share	6¢	4¢
Cash Flow	\$627,000	\$336,000

*Provision for income tax includes Alberta Royalty Tax Credit of \$95,000 in 1977.

INTERESTS EXPANDED IN GRIZZLY VALLEY AREA

Record half-year revenues were generated by Quasar Petroleum Ltd. in the 6 months ended 30Jun77. They rose 40% above those in first half 1976. Income per share rose 50% and cash flow 87%. Walter A. Schmid, Jr., chairman, says the increase in revenues is attributable to production from previously shut-in properties and increased prices for production.

This improvement, though significant, is small compared to the results the company will enjoy when the Grizzly Valley gas pipeline goes on stream in NE B.C.,

states Mr. Schmid. As of this report, West Coast Transmission has asked leave of the National Energy Board to construct the pipeline. Hearings are scheduled for this fall with a determination estimated about year end. A start-up date for construction has not been announced.

Quasar, anticipating the pipeline and higher prices for product, has joined with British Petroleum in developing an area of mutual interest. Since the beginning of the year, the companies jointly acquired, or obtained the right to earn, about 140,000 gross acres (49,500 net acres) in the Grizzly Valley area. A joint well projected to drill to 9,000 feet has been spudded prior to this report. Quasar and the Can-Am Limited Partnerships have 50% working