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OCTOBER 4, 1978

CARMAC RESOURCES LTD. 82F/3W (82F/SW)

DEEP HOLE RECOMMENDED TO TEST - Carmac Resources Ltd. will hold their annual meeting on BRECCIA. OIL/GAS DEAL BEING MADE Oct.30/78 at 10 a.m. at 333 - 885 Dunsmuir St., Vancouver. Nominees for election as directors are now serving: John E.Millette, president, owning 260,000 shares; George A.Bleiler 111,000, Vernon B.Humphrey, 115,000.

82FSWCIS
First phase exploration of the Lomond property near Nelway, B.C., consisting of prospecting, geochemical survey, and trenching has been completed, says Mr. Millette. Carmac's engineer has reported that "Available data suggest that a vertical drill hole in the broad geochemical anomaly 700 meters long would test the breccia pipe theory to the contact between the middle and lower members of the Nelway formation, where one might expect the Yellowhead horizon. Such a hole is justified after a detailed study of the geologic section is made to determine more accurately the depth of hole required to prospect the section."

Due to the depth of the possible ore occurrence, Mr. Millette says Carmac will seek to have a major mining partner further explore the property. Meanwhile, negotiations to participate in drilling a test well near Nevis, Alberta, are near completion.

Carmac received \$75,852 in the year ended 30Apr78 being \$59,750 by sale of shares and \$16,102 by sale of investments. Applied were \$22,087, notably \$6,500 on exploration and \$13,909 on administration. Carmac had working capital of \$48,387 at 30Apr78 when 1,207,002 shares were outstanding, unchanged at 27Sep78.

Corporate Structure

Public Offering: By 9Jan78 prospectus registered 17Jan78, Carmac Resources Ltd. offers 250,000 shares at 20¢ each subject to 5¢ commission to net 15¢ for a net total of \$37,500 less the issue's estimated cost of \$4,000.

Incorp.: B.C. 3Sep70

Hd.Off.: 333-885 Dunsmuir St., Vancouver

Reg.Off.: 1190 - 700 W. Georgia St. Vanc.

Solicitor: Barry D. Speton

Auditor: Smith, Flynn, Staley & Co., Burnaby.

Tsf.Agt. & Reg.: Canada Trust Co.

Authorized Capital: 5,000,000 shares, par value 50¢ each.

Shares Issued:

For property, escrowed	750,000
For \$20,700.50	207,002
Outstanding 30Sep77, 9Jan78	957,002
Offered by 9Jan78 prospectus	250,000
To be outstanding if all sold	1,207,002

Directors: John E. Millette, president; Vernon B. Humphrey; David M. St. John.

Secretary: Barry D. Speton

Promoters: The directors

Major Shareholdings: 260,000 by Mr. Millette, 115,000 by Mr. Humphrey, 110,000 by each of Geo. Bleiler and Jas. W. McLeod and 100,000 by Mr. St. John.

Working Capital: 30Sep77 \$10,797.

FUNDS SOUGHT TO TEST NELWAY, B.C., SILVER-LEAD-ZINC PROPERTY

Chief uses planned by Carmac Resources Ltd. for the \$37,500 expected net proceeds of the offering detailed in the adjoining table plus the \$10,000 on hand, a total of \$47,500, are: \$15,840 to conduct Phase I of the program recommended 19Sep77 by Rob't. G. Potter, P.Eng., on the Lomond claim group, Nelson mining division, B.C., and, if results of that warrant further work, then \$20,000 for part of Mr. Potter's Phase II on the property.

The Lomond property lies 1 kilometer west of Nelway on the B.C.-Washington state border some 28 kilometers south of Salmo, B.C. It comprises 15 full and fractional reverted Crown grant claims. Carmac acquired the property under a 31Aug77 agreement for a total of \$1,500 payable to John E. Millette and 750,000 shares issuable 250,000 to him and 100,000 to each of Geo. Bleiler, Vernon B. Humphrey, Jas. W. McLeod, Donald A. McLeod and David M. St. John.

Mr. Potter reports that sporadic prospecting was carried out on the ground covered by the Lomond claims between 1908 and 1929. Sheep Creek Gold Mines Ltd. held an option on the property during 1946 and 1947. A reported 816 ft. of diamond drilling was done at this time but the results were negative. During the period 1948 to 1950 the

deposits were worked under lease. Shipments of iron oxide were made to a cement works in Washington totalling 7292 tons. About 19 tons of selected galena rich nodules were shipped to Cominco's smelter at Trail. Estimated grade of this material is 25% lead, 2.4% zinc and 2 oz. silver per ton. International Lead and Zinc Mines Ltd. acquired the property in 1951. A geological study was carried out in 1952.

After acquiring the property last August, Carmac had a program of geological mapping and geochemical soil sampling carried out under Mr. Potter's direction. In his summary of his report, Mr. Potter states that the Lomond property is underlain by dolomites and limestones of the Nelway Formation (Cambrian age). Showings consist of limonitic masses generally concordant with black to grey dolomite host rocks. Remnant nodules of galena are reported. Significant mineralization in the Salmo and Metaline (Washington) district includes sphalerite/galena and pyrite/sphalerite/galena ores. The high iron ore content of the Lomond showings and their probable stratigraphic level indicates that the original sulphide masses are of the pyrite/sphalerite/galena type. Analyses of soils collected over part of the property show areas of anomalously high lead and zinc which reflect both areas of known mineralization and possible extensions of these.

In Phase II of his exploration program, Mr. Potter recommends: an extension of the geochemical survey by taking 200 samples at \$5/sample; a spontaneous survey over 20 line kilometers at \$120/km trenching at a cost of \$2,000; 1200 feet of percussion drilling at \$5 per ft; geology study and supervision at a cost of \$3,000 and an allowance for contingencies of \$1,440. His Phase II program would be wholly drilling.