

NO.24(1989)
FEBRUARY 3, 1989

CAZADOR EXPLORATIONS LIMITED(CAZ-V)

PRIVATE PLACEMENT REPORTED - Rolando Andaya, chief financial officer of Cazador Explorations Limited reported on Jan.27,1989, Placer Dome Inc. bought 112,500 shares of the company from Pacific International Securities after the exercise of their brokers warrants for proceeds of \$61,875. On Dec.31, 1988, Cazador received \$200,000 from First Exploration Fund 1988 and Company Limited Partnership as proceeds from a private placement of 363,636 flow through shares at 55¢ each. First Exploration Fund 1988 also received warrants to purchase a further 181,818 shares at 65¢ each exercisable to Dec.31,1989. The funds are to be used in a 3,000 foot, 26 hole, reverse-circulation drill program on the 7,000 hectare Hanson Lake project, 5 km north of Endako, B.C. (SEE GCML NO. 249, P.2, Dec.29, 1988, for previous property results). The drill program started Jan.11, 1989 with 20 holes drilled to Jan.31. Assay results are awaited.

Cazador holds options to acquire a 100% interest in the project by making property payments of \$50,000 and exploration expenditures of \$64,000 by Dec.31, 1996, subject to a 2% net smelter return royalty. The property covers one of the largest polymetallic soil geochemical anomalies in Canada. Extremely anomalous silver/copper and silver/lead/zinc zones have been defined within an immense area which is itself highly anomalous in lead-zinc. This encompassing anomalous area is 9 km long by 2 km wide.

Shares of the company were listed on the Vancouver Stock Exchange Oct.3,1988, following completion of the public offering of 450,000 shares at 40¢ each to net \$153,000, when there were 1,770,000 shares issued.

CANALASKA RESOURCES LTD.(CKE-V)

ASSAYS AWAITED FROM ZEBALLOS PROPERTY - Drilling started Jan./17,1989 by Canalaska at 1,840 feet from the port of the No.9 level of the Central Zeballos mine project, at Zeballos, west coast Vancouver Island, B.C. Three holes have been completed for a total of 4 holes in this program since one hole was drilled late in 1988. All holes intersected the main vein target, west of the No.4, 5 and 6 level drifts. The cores will be sent for assay. Drill holes No.5 and No.6 are targeted to intersect the main vein structure at the No.7 level. Current reserves are 10,000 tons grading 0.35 oz.gold/t. The objective of the current drilling is to indicate 250,000 to 500,000 tons of a similar grade. Canalaska holds an option to earn a 50% interest in the property.

A joint venture is under negotiation for the Rainbow Hill Lode gold property, Alaska.

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George Cross News Letter

NO.231(1988)
DECEMBER 1, 1988

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YANANDA GOLD LTD. (VAG-V)

COPPER - GOLD ASSAYS EXPECTED SOON - Stanley L. Beale,
president of

Vananda Gold reported that visible copper mineralization has been encountered in three of the four diamond drill holes completed to date in the area south from the Little Billie formerly producing copper-gold mine on Texada Island, B.C. Wollastonite, a calc silicate skarn with a good demand as an industrial mineral, has also been identified in the cores. Assays from the core are expected in the next few weeks. Diamond drilling is continuing with one machine.

Freeport McMoRan, operator, can earn a 51% interest by paying \$250,000 to Vananda over 4 years and spending \$1,300,000 on the property over 4 years, and may acquire a further 19% interest by paying \$250,000 and spending an additional \$1,300,000 over an additional 2 years. Freeport started property work Aug.2,1988 and is expected to spend about \$500,000 by the end of 1988 with a budget of \$650,000 US expected for 1989. (See GCNL No.217, P.3, Nov.10,1988 for some early assay results).

CATHEDRAL GOLD CORPORATION (CAT-T)

<u>NINE MONTHS ENDED SEPT.30, 1988</u>		<u>BRALORNE ACQUISITION</u>
Revenues	\$1,763,000	COMPLETED
Net Earnings	355,000	Cathedral has received
Per Share	8¢	'regulatory and share-

-----holder approval for the proposed acquisition of a 32.46% interest in the Bralorne gold property 100 miles north of Vancouver near Lillooet, B.C., from the Imperial Metals Group for 1,350,000 shares and an option on 300,000 shares at \$3, good for two years. Cathedral will also carry a 10% cost share on behalf of one of the members of the Imperial Group through to commercial production.

No comparative figures for the nine month results were provided as the company was incorporated on April 16, 1987 and acquired its 52% interest in the Sterling mine in Nevada on July 1, 1987. No gold was recovered or sold during the third quarter, resulting in a loss of \$120,000 or 3¢ per share compared to a loss of \$27,000 or 1¢ per share in the comparable period in 1987.

CANALASKA RESOURCES LTD. (CKE-V)

DRILL PROGRAM STARTS - Diamond drilling is scheduled to start November 30, 1988 from a site portal in the No.9 level crosscut to test the gold grades in the main vein between the No.5 level and the No.9 level of the Central Zeballos mine, Vancouver Island, B.C. The drill holes will be targeted to test the downward extension of the ore shoots blocked out on the No.5 level and indicated by recent sampling at the western face of the No.5 level and on the No.6 level. At the same time the narrower veins paralleling the main vein to the north will also be tested. CanAlaska's program objective is to establish approximately 250,000 tons of ore grading 0.35 oz.gold/ton.

EXPEDITOR RESOURCE GROUP LTD. (EXD-V)

CANOVA RESOURCES LTD. (CVD-V)

DRILLING PROGRAM REPORTED - Canova Resources Ltd. and Expeditor Resource Group Ltd. have agreed to jointly fund a \$260,000 program of diamond and reverse circulation drilling on the Skookum claim group in the Vernon mining district, B.C. The program is designed to define the extent and test the economic potential of the Skookum zone. Magnetometer and VLF surveys have defined two 450 meter long sub-parallel zones, 100 meters apart.

geological formations and correlated them with similar formations to the north in the Quatsino Sound and Nimpkish Lake areas. Gunning's report and a geological map on a scale of 1½ miles to the inch covering an area of about 142 square miles were published in Summary Report of the Geological Survey of Canada for 1932. Work done by Gunning in adjacent areas at about the same time was published in 1938 in five preliminary geological maps: Nimpkish West Half, Nimpkish East Half, Woss Lake West Half, Woss Lake East Half, and Schoen Lake West Half, on a scale of 1 mile to one inch with 1,000-foot contours and with geology shown in pattern.

In 1935 M. F. Bancroft examined mineral deposits along the west coast of Vancouver Island between Esperanza Inlet and Alberni Canal for the Geological Survey of Canada and results were published in Memoir 204.

The maps and reports by Gunning and the reports by Bancroft are a continuing help to prospectors and engineers in the district, and the writer has consulted these references frequently.

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LOCATION AND ACCESS.

Zeballos, on the west coast of Vancouver Island (Fig. 1) about 190 nautical miles northwesterly from Victoria, is a logging and mining community that was founded as a result of a gold rush to that section of the island in 1935.

The Zeballos mining camp includes mainly the drainage area of the Zeballos River. The area in which the most important properties have been found lies in the angle between the main Zeballos River and the Nomash (South Fork) River and is bounded on the south by a line running east from Zeballos River at a point 1½ miles northerly from tidewater, an area which includes the valleys of Van Isle, Spud, and Goldvalley Creeks.

The Canadian Pacific Railway Company maintains a steamship service from Victoria and Port Alberni up the west coast, calling regularly at Zeballos. The service was formerly tri-monthly but is now every eight days from Victoria. In the spring of 1947 Gibson Brothers, Limited, started a twice-weekly service with a converted

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BLUE EMERALD RESOURCES INC. (BLU-V)

GEOLOGY FROM CLAIMS - Paul Zalesky, president of Blue Emerald Resources has reported some geology from the Paradigm claims located along Harrymel Creek, 4 miles west of Calpine-Consolidated Stikine's Eskay Creek project, 100 km north of Stewart, B.C. Blue Emerald holds an option from TEUTON RESOURCES CORP. (TUO-V) to earn a 60% interest by issuing 50,000 shares and spending \$500,000 on exploration within 5 years.

A recent Government stream sediments survey has identified highly anomalous trace element values associated with the Paradigm claim group on Harrymel Creek. These elements are now known to accompany precious metal mineralization at the Calpine-Consol. Stikine property as well as Newhawk's Brucejack Lake project. Samples from the Paradigm claims show: 590 parts per million arsenic; 20 parts per million antimony; 3,000 parts per billion mercury; 18 parts per billion gold; 1.1 parts per million silver. On Calpine the gold readings were 85 and 288 parts per billion and on the Newhawk the gold readings were 168 and 135 parts per billion. Teuton reports the claims were acquired to cover an old Copper King showing. It is reported a fault zone over 1,000 feet long hosts abundant chalcopyrite and pyrrhotite and some sites found contain good gold values, a high of 0.5 oz. gold/t is reported, accompanying the copper-iron sulfide mineralization. An airborne geophysical survey indicated faulting, hydrothermal alteration and potential sulphide mineralization. A strong conductive zone about 3,000 ft. long was identified in the northeastern section of the claims. The property is considered to have excellent potential for fracture or fissure filling gold-silver mineralization. Exploration plans are in preparation.

MENIKA MINING LTD. (MML-V)

DRILLING TO START - Charles Boitard, president of Menika Mining Ltd. reports that 500 feet of diamond drilling to test a 3,000 ft. by 1,000 ft. induced polarization anomaly will start by Jan. 20 on the 100% owned DES claims at Logan Lake, 40 km south of Kamloops, B.C. Drill hole 88-2 on the MO property west of Deadman Valley, B.C. has been abandoned due to mechanical failures. Another testhole will be drilled this spring.

FORMOSA RESOURCES CORPORATION (FSA-V)

YTTRIUM PROSPECT REVIEWED - Dr. Juang I. Lu, president of Formosa Resources Corporation, reports the preliminary results of 1988 exploration work on the 19 claim Kechika yttrium-rare earths prospect in the Kechika River area of north-central B.C. Formosa has an option to acquire a 60% participating interest in the claims from Golden Rule Resources Ltd. and prospectors, Andrew Harmon & Garth Johnson.

The 1988 program consisted of geological mapping and bulk sampling. The zone containing rare earth minerals has now been traced over a strike length exceeding 35 km. High grade areas within this zone have been sampled.

Assays returned values of up to 0.89% yttrium over one meter intervals from rare earth enriched strata. The gross value of this material based on an average from several bulk samples, including yttrium and rare earth elements, exceeds \$400 Cdn. per tonne. The Kechika property is significant as a potential source of an emerging commodity with high estimated demand over the next decade due to the development of high temperature superconducting materials.

A number of targets will be drilled in season to establish reserve potential.

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CANALASKA RESOURCES LTD. (CKE-V)

ZEBALLOS GOLD MINE EXPLORATION FUNDED - An intersection of 0.14 meters, 5.5 inches, assaying 1.14 oz. gold per ton was reported from the drill hole completed in Dec. 1988 in the Central Zeballos mine, 5 km north of Zeballos, northwestern Vancouver Island, B.C. The intersection was made near the No. 6 vein and confirms the presence of a mineralized structure on the westerly extension of the main vein. Two samples collected underground on the No. 9 level showed gold mineralization confirming the ore shoot potential at depth. Canalaska holds an option to earn a 50% interest in the property by spending \$500,000 on exploration over two years.

The company has planned a diamond drilling program from a site 50 feet south of the drift along the main vein to test the extension of the vein below the No. 9 level. Funding for this work is provided by the sale to Mintax Mineral Ltd. of 274,000 flow-through shares at 50¢ each for proceeds of \$137,000.

George Cross News Letter

NO.213(1988)
NOVEMBER 4, 1988

92h

CANOVA RESOURCES LTD. (CVD-Y)

HOLE NO.	INTERVAL, FT	LENGTH	OZ. GOLD/T'	Canova Resources
YJ88-36**	311.7-321.5	9.8ft.	0.323	'Ltd. has reported
	including	3.3	.939	'the significant
YJ88-37**	318.3-324.8	6.5	.119	'assay results from
YJ88-43	223.1-234.6	11.5	.079	'23 diamond drill
	including	6.6	.117	'holes totalling
	367.5-386.0	18.5	.062	'10,500 feet com-
	including	3.3	.167	'pleted on the
YJ88-47	370.7-374.0	3.3	.126	'Yellow Jacket pro-
YJ88-55	65.6- 72.2	6.6	.198	'perty at Atlin, BC
	285.4-295.3	9.8	.151	' This drilling
	including	3.3	.353	'completes the earn
YJ88-57	124.7-134.5	9.8	.053	'in by Homestake
	including	3.3	.132	'Mining Company to
	301.8-318.2	16.44	.426	'a 60% working
	including	3.3	.195	'interest in the
	including	3.3	.462	'property. Previous
	including	3.3	.354	'drill programs
	including	3.3	1.088	'conducted by
++	321.5-341.2	19.7	.113	'Homestake in 1986
	including	6.6	.319	'and 1987 have
++	354.3-374.0	19.7	.162	'identified the
	including	6.6	.457	'Yellow Jacket min-

** Holes previously reported

++ Geochem. only, fire assays pending

length with ore grade intercepts to 300 feet in depth. The favourable structure has been drill indicated over 2 km and to 600 feet below surface.

The Yellow Jacket structure has been delineated by geophysical interpretation for approximately 5 km of which only 10% has been evaluated with diamond drilling.

CANALASKA RESOURCES LTD. (CKE-V)

ZEBALLOS DRILL PROGRAM FUNDED - Canalaska Resources has negotiated a private placement of 214,286 flow-through shares at 70¢ each for \$150,000 with CMP 1988 III. The proceeds will be used in stage I drilling in the Central Zeballos mine, 5 km north of Zeballos, Vancouver Island, B.C. Canalaska holds an option to earn a 50% interest in the property by spending \$500,000 on exploration over two years.

Ore reserves estimates have been revised, based on recent back sampling and historical mine data. On the No.5 level, probable reserves of 9,000 tons grading 0.35 oz.gold/t exist in two blocks: a western block of 6,000 tons grading 0.35 oz. gold/t and an eastern block of 3,000 tons grading 0.35 oz. gold/t. The western block is the same as the previous estimate of 1,662 tons grading 1.239 oz.gold/t over a 4 foot width. A high grade assay of 3.856 oz.gold/t at the western face of the No.6 level indicates a vertical extension of the western block of ore. Possible reserves are also indicates on the No.'s 1,2, and 3 levels.

The drilling will test for extension to the western ore block beginning in mid-November. Underground drill startions are being prepared.

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GRANGES EXPLORATION LTD. (GXL-T, AMEX, LONDON)

COVE RESOURCES CORPORATION (COV-V)

GRANGES AGREES TO J/V 100,000 - Cove Resources ACRE SULPHURETS PROJECT Corporation and several associated companies acting as a syndicate, have accepted in principle a

CAZADOR EXPLORATIONS LIMITED (CAZ-V)

AREA PROPERTY - John Arthur Chapman, president
FURTHER EXPLORED of Cazador has reported completion of the sale of 450,000 shares at 40¢ each for proceeds of \$153,000 through Pacific International Securities Inc. The shares are scheduled to start trading on the Vancouver Stock Exchange on Oct. 3, 1988. Following the sale of the prospectus shares there are 1,770,000 shares issued including 750,000 shares in escrow. Directors of the company are: J.A. Chapman, president, Rolando Andaya, C.A. Roy Lammle, Stephen B. de Verteuil, J.J.E. Dagenais, Tor Jensen, and Wm. B. Kure.

The Cazador 7150 hectare property is located on Hanson Lake, 18 km north of the Endako molybdenum mine, 125 miles west of Prince George in central B.C. The property covers one of the largest polymetallic soil geochemical anomalies in Canada. The president states, "Extremely anomalous silver-copper and silver-lead-zinc zones have been defined within an immense area which is itself highly anomalous in lead-zinc. This encompassing anomalous area is 9 km long and up to 2 km wide. There is a very significant silver anomaly covering 5 hectares near the west end of the property with silver values averaging 60 grams per tonne and reaching concentrations as high as 220 grams per tonne. (SEE MAP OVERLEAF) This remarkable concentration and association of metals, together with the rock types and structures, indicates that the most likely source of the anomalies is either massive sulfide or epithermal mineralization with precious metals. In some places the concentrations of metals in the soils is much higher than in the bedrock which indicates that the source of the metals has not yet been found."

Cazador Explorations will start a program of detailed soil sampling and geological mapping over the known anomalous areas in the next few weeks.

CANALASKA RESOURCES LTD. (CKE-V)

UPDATE ON ZEBALLOS - Canalaska Resources holds an option from New Impact Resources to earn a 50% interest in the Central Zeballos Gold property, 5 km north of Zeballos, Vancouver Island, B.C. by spending \$500,000 on exploration over two years. The current program is to establish a grid at 10 meter intervals on 50 meter lines and 100 meters long to test the 800 meter inferred extension of the main vein. VLF electromagnetic and magnetometer surveys will be run over the grid and the west extension of the vein will be trenched and the possible east extension is to be mapped and surveyed. Other targets on the property will be tested. This program is designed to select drill targets.

Harry Barr, president of Canalaska Resources said previous engineering reports indicate the Zeballos project has proven and probable reserves of some 10,000 tons grading 0.44 oz. gold/t. Previous underground production and development at the mine amounts to 5,000,000 at current prices. The company is negotiating for additional flow through funding with a view to continue the property exploration. Canalaska recently sold 160,256 shares to Ni- 78¢ each for a total of \$125,000.

TEESHIN RESOURCES LTD. (TEE-V)

093L

THREE PROPERTIES OPTIONED - Teeshin Resources reported that it has entered into option agreements with three different vendors for two properties on Dome Mountain and one in the Sibola Mountain area, both in B.C. Teeshin can earn a 50% interest from Zuni Energy Corp. on 6 contiguous claims on Dome Mountain by spending \$150,000 on the claims over 3 years. Ralph R. Keefe has granted Teeshin an option to earn a 100% interest on 11 claims in the Dome Mountain area by issuing 60,000 shares over 2 years with the vendor retaining a 2% net smelter return. Robert Hamblin has granted Teeshin an option to earn a 100% interest in 10 claims on Sibola Mountain, Omenica Mining District, B.C. by issuing 90,000 shares with the vendor retaining a 2% net smelter return. The company plans to carry out preliminary exploration work on all three properties by the end of 1988.

104B204 - Waratah 6
104B295 - Gold Bug

TUNGCO RESOURCES CORPORATION (TNG-V)

FIRST ASSAY RECEIVED - Tungco Resources Corporation has received the first assay result from its 5,000 foot drilling program on the Waratah property in the Iskut River gold camp of northwestern B.C., 2 miles east of the SNIP deposit and 4 miles north of the Johnny Mountain mine. Hole 88-36 intersected the No. 7 vein 45 feet below the last hole of the March 1988 drilling program. Hole 88-36 intersected 4.3 feet grading 0.226 oz. gold/t from 164.4 to 168.7 ft. Assays are pending for another 3 holes on the No. 7 vein.

Drilling is currently focused on the Gold Bug vein, which has yielded surface assays up to 0.30 oz. gold/ton across 2.7 feet.

Tungco has instructed its consulting engineers to calculate preliminary reserves for the Bluff and No. 7 veins, where more than 30 holes have been drilled.

GCNL 1/10 (1988)
Oct 3 / 1988

George Cross News Letter

92h

NO.248(1988)
DECEMBER 28, 1988

104B008

CALPINE RESOURCES INCORPORATED (CLP-V,T) CONSOLIDATED STIKINE SILVER LTD. (CKI-V)

SAMPLE	INTERVAL, FT	LENGTH	OZ.GOLD/T	OZ.SILVER/T
38508	201.39-206.31	4.92 ft	0.158	0.08
38509	206.31-211.23	4.92	.492	.58
38510	211.23-216.15	4.92	.547	1.26
38511	216.15-221.07	4.92	.690	.46
38512	221.07-225.99	4.92	.184	.06
38513	225.99-230.91	4.92	.112	.04
38514	230.91-235.83	4.92	.255	.06
38515	235.83-240.75	4.92	.321	.07
38516	240.75-245.67	4.92	1.388	.85
38517	245.67-250.59	4.92	.558	21.65
38518	250.59-255.51	4.92	1.985	7.90
38519	255.51-260.43	4.92	.223	.22
	201.39-260.43	59.04	.601	2.77

\$266/t

CANALASKA RESOURCES LTD. (CKE-V)

REPLACEMENT FUNDING EXPECTED - Canalaska Resources Ltd. has reported the funding of \$300,000 through MVP management (Master Gold Fund) has been withdrawn. Management is confident of closing an alternate minimum financing of \$150,000 with another interest party before the end of 1988, to carry the drilling program through to 28Feb89. MVP has confirmed participation in CanAlaskas' funding needs for 1989. Drilling at Central Zeballos mine 5 km north of Zeballos, Vancouver Island, B.C. has completed 620 feet up from the No. 9 level, to intercept ore zones in the main vein that lies between the No.9 and No.5 level. Core samples have been submitted for assay, and drilling will continue in early January.

Margaret Saunders has been appointed a director and granted an option on 63,513 shares, other options have been granted to David Elrix (employee) 53,512 shares and Chuck Gowan (employee) 10,000 all at 60¢ each.

Canalaska holds an option to earn a 50% interest in the property by spending \$500,000 on exploration over two years. Ore reserves estimates show No.5 level, probable reserves of 9,000 tons grading 0.35 oz.gold/ton. Possible reserves are also indicates on the No.'s 1,2 and 3 levels.

On 6Dec88 Canalaska received regulatory approval to sale of 214,285 flow-through shares at 70¢ per share. Placee is CMP 1988 II Resources Partnership.

18-212-214

CONTROL ENERGY CORP. (CTY-V)

Control Energy holds properties at Wenatchee, Washington where reserves of 270,000 tons grading 0.764 oz.gold per ton have been indicated, a property at Princeton, B.C. and a claim group near Rock Creek, P.C. New projects are also under investigation.

SECOND PHASE DRILLING COMPLETED - Murray Pezim, chairman of Calpine Resources Incorporated reports that the second phase drilling program completed 6,887 feet of diamond drilling in 10 holes on the Eskay Creek project 60 miles NW of Stewart, B.C. Calpine has spent over \$900,000 in 1988, allowing the company to earn a 50% interest from Consolidated Stikine Silver Ltd. All diamond drill core has been submitted for assay. The only fire assay received is from a 6 foot interval from drill hole CAB8-9, including the 4 foot section above, which is located some 60 feet above and 50 feet east of CAB8-6. (SEE GCNL No.214, No.2, 4Nov88 for previous drilling results).

Q. MINERALS LTD. (HQ-V) has acquired a 100% interest in a placer lease located in the Omineca mining division, B.C. for the issuance of 100,000 shares, subject to a 5% net smelter return.

X-Cal discovers new zone at Snowbird

VANCOUVER — A new gold-bearing area called the East zone was located by X-Cal Resources (TSE) along a 1.5-km length of previously unexplored structure at its 100%-owned Snowbird gold project near Fort St. James, B.C.

According to Shawn Kennedy, president, percussion drilling and trenching along the new zone indicated widespread anomalous gold values. The winter program will now include diamond drilling along the new section. The near-surface East zone is located south of and displaced to the east of the Snowbird and North zones which will also be diamond drilled in the winter program.

The company said it is also encouraged by recent work in the area of the North zone which indi-

cates the gold is not confined to the Main Alteration zone (host to the gold mineralization at Snowbird), but has also entered the adjoining sedimentary country rock. The company believes this work, combined with the new East zone discovery, implies considerable additional tonnage potential for the Snowbird project.

The southern half of the property also returned encouraging gold values from the percussion drill holes, however, X-Cal said it is too early to determine the significance of this third point of interest.

Although concealed by a layer of overburden, mineralization at Snowbird has been compared to the gold-antimony deposits of the Bralorne and Cassiar camps in British Columbia.

NM
Dec 19/88

Skyline increases production at troubled Johnny Mountain

VANCOUVER — Still grappling with startup problems at its wholly-owned Johnny Mountain mine in the Iskut River area of British Columbia, Skyline Explorations (TSE) may be starting to see some light at the end of the tunnel.

The Vancouver company increased its production in November to 2,804 oz gold, 5,409 oz silver and 59,976 lb copper. Mill throughput averaged 227 tons per day and

gold recoveries during November averaged 77%, Skyline said.

As a result of some modifications to the mill, gold and silver production continued to improve in December. In the first 10 days of December the company produced 1,386 oz gold, 2,894 oz silver and 32,676 lb copper.

Average daily throughput has increased to 259 tons per day and gold recoveries have also climbed to 83%. Final modifications to the mill are expected to be completed early in the new year.

According to Skyline, the recent production increases have coincided with some drill results which appear to confirm the extension of ore grade mineralization with high grade ore shoots below the 10th level.

Designed to test the continuity of Vein 16 below the 10th level and along strike to the east, the drill program produced the following results: Hole U-416 included 3 m of grade 0.278 oz gold per ton at the 1097 elevation. Hole U-507 intersected 2 m of grade 1.753 oz at the 1050 level. Hole U-418 pulled 2 m of grade 0.776 oz at the 1050 level.

Start up problems at Johnny Mountain have been due to lack of expertise in dealing with new mining situations and large variances in mining widths.

18,212,214

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Canalaska begins underground program

VANCOUVER — Underground drilling is now in progress at the Central Zeballos gold property, a former gold producer located about five miles from Zeballos on Vancouver Island, B.C. The program is operated by Canalaska Resources (VSE), which is earning a 50% interest from New Impact Resources (VSE).

First worked in 1937, the mine produced 20,472 oz of gold from 41,655 tons of ore, all mined from the Central Zeballos Main vein, a quartz vein developed over a 900-ft vertical extent.

Based on previous engineering reports, the project has proven and probable reserves of about 10,000 tons at 0.44 oz gold per ton, but Canalaska said the continuity of the gold bearing vein indicates potential for developing more reserves both along strike and down dip. The underground program is targeted to test the vertical and lateral extension of the western ore shoot blocked on the No 5 level and will also test narrower veins paralleling the main vein to the north.

The company recently signed a letter of intent for a \$300,000 flow-through financing with MVP Management.

104B107