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NATURAL RESOURCES

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X-Cal Resources (TSE - XCL, C\$0.55) - has been exploring the Snowbird gold deposit near Fort St. James, B.C., since 1986. To date, the company has identified 2 zones of gold mineralisation within a wider alteration zone associated with the nearby Pinchi Fault. Gold mineralisation itself occurs with sulphides in quartz veins hosted by silicified argillites and felsic dikes. The first phase of 1989 drilling continued to define the North Zone as being at least 400 meters in strike extent, open in both directions, and at least 100 meters deep, open at depth. A block of possible ore within the North Zone, uncut and undiluted, has been defined by the company to contain 225,000 tonnes grading 6.85 g/t (0.20 oz/t) gold. Minimum mineralised widths appear to exceed 1 meter and average approximately 2.5 meters. A statistical sampling problem makes outlining reserves in the Snowbird Zone difficult. Very encouraging percussion drilling results have been received at another site 1.2 kilometres east of the Snowbird Zone and there are indications that a number of parallel zones of sulphide mineralisation (gold content unknown) could exist within the Main Alteration Zone.

It is the nature of the management of X-Cal to proceed in a methodical, albeit slow, fashion in the exploration of its mineral properties. We believe, however, that this is the correct approach with this property given the apparently widespread nature of gold mineralisation within this large alteration/mineralisation system. The company has the financial backing of very patient investors who have remained loyal through a devastating junior gold market. We believe that long-term investors (cognizant of the risks inherent in this level of gold exploration) could benefit in X-Cal's thorough investigation of the Snowbird Deposit.

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