

1710-609 GRANVILLE ST.
P.O. Box 10363 STOCK EXCHANGE TOWER
VANCOUVER, B.C.
V7Y 1G5
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NO. 201 (1983)
OCTOBER 18, 1983

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George Cross News Letter
"Reliable Reporting"

NO. 201 (1983)
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WESTERN CANADIAN INVESTMENTS

WARSTAR RESOURCES INC.

PROFITABLE COAL CONTRACT SECURED - A coal marketing agreement secured by Warstar Resources Inc. with Eastco Energy Corporation of Corbin, Kentucky, will result in the start of strip mining on the Warstar's wholly owned coal property near Corbin, Kentucky, in about 3 to 4 months. In announcing this, Warstar president Hans Guhr says proven coal reserves on the property total 4,332,000 recoverable tons. The coal has a high B.T.U. content with low percentages of sulphur and ash. Based on the current coal price of \$39 U.S. per ton the net value in place to Warstar after mining and related costs totals about \$56,000,000 U.S.

Eastco Energy plan to start strip mining at an initial rate of 10,000 tons per month. At that rate the net return to Warstar will exceed \$100,000 U.S. per month. Following the start-up period Eastco plan to increase the mining rate to 20,000 tons per month, thereby doubling the net return to Warstar.

EUREKA RESOURCES INC.

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GOOD GOLD VALUES CUT IN FIRST DRILL HOLE - A significant gold discovery may be indicated by diamond drill results from the first hole testing a large gold anomaly on the 5,000-acre property of Eureka Resources, Inc., 45 kilometers east of Horsefly, or 60 miles east of Williams Lake, B.C. Eureka president John J. O'Neill says Amoco Canada, operator of the joint venture, has advised that assays to date include 0.477 ounce gold per ton over 5 feet and an average of 0.18 ounce gold per ton over nearly 14.5 feet.

Assays have only been received from the first 300 feet of the initial test hole that was drilled to a total length of 1,000 feet. Mr. O'Neill reports that visible gold appears in the core of both the second and third holes and that values appear to increase going north. Hole No. 2 is located 500 meters NW of the first target and Hole No. 3 is 70 meters NW of the first hole. The holes were angled down at 45°. Mr. O'Neill says core from Hole 2 is being logged and split before submission for assay. The third hole is drilling ahead. The overall program is being accelerated.

Amoco can earn up to 50% interest in the property by spending up to \$900,000 by 31Dec85 and by paying Eureka a total of \$500,000 by 31Dec87.

If Amoco acquires the 50% interest, Eureka can elect to maintain 50% working interest in the property by contributing 40% of ongoing development costs, or be reduced to 15% net profits interest.

INTERSTATE ENERGY CORPORATION

DIAMOND DRILLING HAS STARTED AT WENATCHEE - V.L. Paulger, president, Interstate Energy Corporation, announces that a 1,000-foot diamond drilling program has been started on the company's property in the Wenatchee area, Washington state. (See map overleaf). The drilling will test an induced polarization anomaly and an area that had previously been percussion drilled. Three holes were drilled in 1974, which were reported to have significant gold values across impressive widths.

Mr. Paulger also reports that diamond drilling is continuing on the company's Motherlode mine in Idaho and results of current drilling will be released as soon as assay results are received.

GREAT PACIFIC RESOURCES INC.

Hole No.	Drilled From	Thickness	Gold Oz/Ton	DRILLING EXTENDS GOLD RESERVES IN CALIFORNIA
18*Plus Channel	Underground	35.0 Ft.	0.149	In Los Angeles county, 20 miles north of Ontario, California, one mile off a paved road, on Baden Powell Mountain the Big Horn gold property of Great Pacific Resources Inc. has a history of production from 1905, a large tonnage potential and an aggressive
19*Sample	Underground	77.0	0.186	
1	Surface	58.1	0.128	
14	Surface	40.4	0.198	
17	Surface	27.0	0.154	

* Drill core plus channel sample

exploration program now underway.

William Battrum, president of Great Pacific Resources, reports that six vertical holes numbered 1, 8, 10, 12, 14 and 17 drilled from the surface on 50-to 100-foot centres have intersected the shallowly dipping Big Horn Lode up-dip from the old underground workings. The intersections average 33 feet of mineralized lode and have a weighted average of 0.131 oz/ton gold. The combination of underground channel samples and drill intersections implies that the potential core block contains about 900,000 tons with an average grade between 0.13 and 0.16 oz/ton gold, and an average vertical thickness between 30 and 45 feet. (See adjoining table and the diagrams overleaf pages 2 and 3.)

WESTLEY MINES LIMITED

Hole No.	Coordinates		Interval, Feet		Core Length	Gold Oz/Ton	Silver Oz/Ton	DRILLING EXPANDED NEVADA GOLD RESERVES. NEW PROGRAM STARTED	
	North	East	From	To					
SFR 83-168	8 + 50N	1 + 50E	170	230	60 Ft.	0.041	0.17	From a rotary drilling program of 32 vertical holes now completed on their Santa Fe deposit 25 miles east of Hawthorne, Nevada, assay results of 12 holes have been recieved - five were reported in GCNL 208(83) and seven are in the adjoining table.	
SFR 83-172	9 + 00N	0 + 00	60	215	155	0.052	Delayed		
SFR 83-173	10 + 00N	0 + 00	135	300	165	0.043	0.18		
SFR 83-174	7 + 50N	2 + 00E	30	90	60	0.037	0.61		
SFR 83-175	7 + 50N	1 + 50E	105	230	125	0.045	0.21		
SFR 83-176	7 + 50N	1 + 00E	200	300	100	0.065	0.11		
(an average of this entire 300-foot hole is 0.038 oz. gold/t.)									
SFR 83-180	6 + 50N	2 + 00E	210	270	60	0.065	0.31		

east of Hawthorne, Nevada, assay results of 12 holes have been recieved - five were reported in GCNL 208(83) and seven are in the adjoining table.

Clyde L. Smith, vice president of exploration, says results to date have significantly expanded reserves of oxide ore previously announced as 4,200,000 tons grading 0.41 oz. gold and 0.45 oz. silver/ton. In addition, 10 of the 12 holes now assayed have average grades significantly higher than the previous average grade announced. These higher grade holes are located between 6 + 50N and 10 + 00N on the Santa Fe grid.

A new 12-hole program was started on 7 November to test between 11 + 00N and 21 + 00N. Mr. Smith expects the drill results from this 1000-foot strike length will add significant reserves to the Santa Fe deposit. He notes that the zone of potential indicated by surface assays and geochemical anomalies extends still farther north to 32 + 00N.

WESTERN FOREST PRODUCTS LIMITED

BRITISH COLUMBIA FOREST PRODUCTS LIMITED

DOMAN INDUSTRIES LIMITED

WHONNOCK INDUSTRIES LIMITED

A TAX INCENTIVE PARTNERSHIP IS PROPOSED TO MODERNIZE PULP MILLS - Western Forest Products Limited, British Columbia Forest Products Limited, Doman Industries Limited and Whonnock Industries Limited announce that a preliminary prospectus has been filed for a proposed offering of \$110,000,000 of partnership units in Western Pulp Limited Partnership. It is intended that the Partnership acquire, modernize and operate Western's Port Alice and Squamish pulp mills on the B.C. coast, subject to satisfactory tax ruling and regulatory consents.

It is intended that significant tax deferral benefits and investment tax credits will be available to investors and that investors will have the option in the future to exchange partnership units for shares in BCFP, Doman and Whonnock based on a premium over current share prices.

With the establishment of the Partnership, Western's lenders have agreed to participate in a financial reorganization of Western.

The offering is being managed by a syndicate of investment dealers headed by Pemberton Houston Willoughby Incorporated, Pitfield Mackay Ross Limited, Wood Gundy Limited and Dominion Securities Ames Limited.

<u>NIS EUREKA RESOURCES, INC.</u>				<u>AMOCO CANADA LTD.</u>			
Hole No.	Intersection M.	Length M.	Oz. Gold/t	Hole No.	Intersection M.	Length M.	Oz. Gold/t
83-01	97.5-108.0	10.5	0.083	83-03	28.5-33.0	4.5	0.019
	including	1.5	.477		40.5-42.0	1.5	.075
	132.0-147.0	15.0	.013		120.0-124.5	4.5	.031
	198.0-208.5	10.5	.027		142.5-145.5	3.0	.015
	including	1.5	.130		189.0-196.5	7.5	.020
	247.5-250.5	3.0	.025		216.0-225.0	9.0	.011
83-02	61.5-67.5	6.0	.072	83-04	114.0-120.0	6.0	.048
	including	1.5	.195		159.0-165.0	6.0	.017
	108.0-115.5	7.5	.084		172.5-175.5	3.0	.029
	including	1.5	.265		201.0-202.5	1.5	.051
	127.5-132.0	4.5	.027	83-05	126.0-127.5	1.5	.029
	136.5-147.0	10.5	.020		267.0-285.0	18.0	.022
	208.5-210.0	1.5	.038		including	1.5	.110
	223.5-238.5	15.0	.021		298.5-310.5	12.0	.018
	including	1.5	.130				
	255.0-265.0	10.0	.067				

ASSAY EVALUATION RESEARCH CONTINUING - Eureka Resources, Inc. has reported that the 1983 exploration program has been completed on the Frasergold property near Horsefly, B.C. Preliminary assay results are shown above. Preliminary tests substantiate a significant assay problem exists. Testing of all samples containing visible gold continues. Assay check results show high variation due to the presence of coarse, free gold in a number of samples. Once Amoco has determined a definitive method of obtaining the correct assay- which should be shortly- a large number of samples containing high background gold will be submitted for re-assay. Results will be released.

The original concept of a potential ore deposit was finely disseminated gold confined to one or more favourable bedding zones. It is becoming apparent that a high percentage of gold is particulate, therefore erratic assay values have made it difficult to identify the potential zones. The down dip and on-strike projections correlate well in several of the drill holes.

B.C. MINISTRY OF CONSUMER & CORPORATE AFFAIRS - SUMMARY OF RULINGS, ETC.

EXCERPTS RE WEEK - The B.C. Sup't. of Brokers ruled that the following Issues/Sale would not ENDED OCT14/83 be trades in the course of primary distribution and need not be registered:
 Issue of 128,591 shares of Battle Energy Corp. to Abdulaziz Abu Bakr for property; Issue of options on 116,000 shares of Bankit Resources Corp. to David H.Ward and Marsha S.Carter as to 50,500 each and 5,000 to each of Leslie W.Riley, Charles H.Ruttan and Clifford E.Gunn; Issue of 50,000 shares of Calpetro Resources Inc. to Joli Fou Petroleums Ltd. as finder's fee; Issue of 88,400 shares of Nomad Energy & Resources Ltd. to Joanne McClusky to settle debt; Issue of 31,000 shares of Marge Enterprises Ltd. to William T.Smith as to 25,000 for mineral claims and to Midas Management Ltd. as to 6,000 as finder's fee; Issue of 15,000 shares of United Hearne Resources Ltd. to John Campbell as finder's fee-also Issue of \$800,000 U.S. of United Hearne's bonds and issue of the company's shares on conversion of the bonds and issue of warrants and of shares on exercise of the warrants to certain investors; Issue of 20,000 shares of Electra North West Resources Ltd. to K.C.G.Newton to settle debt; Issue of 40,000 shares of Westrex Development Corp. to Come By Chance Investments Ltd. for property; Issue of 25,000 shares of Rarm Venture Corporation to Geoffrey W.Hornby for services rendered; Issue of 55,000 shares, granting of options on the shares and issue of a further 200,000 shares of June Resources Inc. to Canamax Resources Inc. upon exercise of the options by Canamax; Issue of 9,200 shares of B.P.I. Resources Ltd. to Regal Finance Ltd. to settle debt; Issue of options on 83,700 shares of Ameritex Resources Ltd. to John L.Larsen as to 41,850, and Kenneth G.Hanna, Donn Wheeler and Allen W.Achilles as to 13,950 each; and Sale of 50,000 shares of Mar-Gold Resources Ltd. by Bank of Montreal for 60 days on Vancouver Stock Exchange started Oct11/83.

The Sup't. has consented to the transfer within escrow of 100,000 shares of Arnhem Resources Inc. from Christopher Graf to Howard Bowker.

CZAR RESOURCES LTD.

RESTRUCTURING OF - Czar Resources Ltd. president R.W. Lamond says they have reached substantial BANK DEBT AGREED agreement with Toronto-Dominion Bank for Czar, through a new subsidiary, to issue non-convertible preferred shares to the bank for \$55,000,000 which will be used to reduce the company's bank borrowings, subject to regulatory and tax approvals. Dividends will be paid on these shares at a rate of 1/2 prime plus 1%. At current interest rates, this arrangement will reduce Czar's interest costs of \$2,900,000 annually. The shares will have a term of 5 years, and will be redeemed from excess cash flow, after payment of dividends. The Bank will also receive warrants exercisable to buy up to 10% of Czar's outstanding shares at the market price on the day the warrants are issued.

EUREKA RESOURCES, INC.

93A/7

SECOND HOLE CUTS - Eureka Resources, Inc.'s second diamond drill hole has intersected gold GOOD GOLD VALUES mineralization 1,600 feet NW of the discovery hole (GCNL201(83) refers) on their property 45 km east of Horsefly, 60 miles east of Williams Lake, B.C.

Assays from an initial 15-foot intersection of a total of 30 feet of core with visible gold from Hole 2 returned a 5-foot section grading 0.265 ounce gold per ton and an average for the 15 feet of 0.13 oz.gold/t.

Announcing this, Eureka president John J. O'Neill says Amoco Canada, as operator, has advised that assays from all core sections with visible gold are being rechecked by laboratories in Vancouver and in Rouyn, Quebec.

The discovery hole cut 5 feet grading 0.477 oz.gold/t which were within a 14.5 foot interval that averaged 0.18 oz.gold/t. A possible surface quartz outcrop assayed 1.5 oz. gold/t over a 5-foot channel."The extension of mineralization over a minimum 1,600 feet as indicated by preliminary results from the second hole, is highly significant," says Mr. O'Neill. Hole 2 has 4 sections of core with visible gold: 111 to 115.5 meters, 144 to 145.5 m, 208.5 to 210 m and 237 to 238.5 m. All 330 meters of core are being assayed. Additional assays also are expected from the discovery hole.

Hole 3 was drilled about mid-way between Hole 1 and 2; visible gold has been reported in the core which is now in for assay. Hole 4, located 300 m NW of Hole 2 and 800 m from Hole 1, is drilling beyond 467 feet. A fifth hole is planned.

FOR THE RECORD

Triple-Crown Resources Ltd. by 2Dec83 will offer 1,200,000 units comprising 1 share and 2 Series A warrants on the VSE through 7 agents, at a price yet to be fixed at 40¢ or more per unit. The A warrants will trade. For agreeing to buy any unsubscribed units, the agents will be issued a total of 600,000 Series C non-transferable warrants. Each 2 A warrants and each C warrant will be exercisable for 180 days following the offering date to buy, at a price yet to be fixed, 1 unit comprising 1 share and 2 Series B warrants. Each 2 B warrants will be exercisable from date of issue to the 360th day from the offering date to buy 1 share at a price yet to be fixed.

Cotton Valley Resources Inc. common shares will be called for trading on the Development Section of VSE after completion of the offering detailed below, symbol CLY. Of 10,000,000 common shares without par value authorized, 3,082,480 Common Shares are outstanding before the offering. None is in escrow. Transfer agent is National Trust Co. By 2Dec83, Cotton Valley will offer 1,000,000 units comprising 1 share and 2 Series A warrants on the VSE through Canarim Investment Corp., Merit Investment Corp. and Walwyn Stodgell Cochrane Murray, as agents, at a price fixed at 65¢ per unit. The A warrants will trade. For agreeing to buy any unsubscribed units, the agents will be issued a total of 500,000 Series B non-transferable warrants. Each 2 warrants and each B warrant will be exercisable for 180 days following the offering date to buy 1 share for 72¢.

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 Council on Eureka

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WESTERN CANADIAN INVESTMENTS
 LOCHIEL EXPLORATION LTD. (LHX-T, Alberta)

YEAR ENDED JANUARY 31	1984	1983
Total Revenue	\$11,486,000	\$ 8,285,000
Cash Flow	4,819,000	1,701,000
Net Income (Loss)	805,000	(1,170,000)
Per Class A Common Share	5.5¢	(8.8¢)
Per Class B Common Share	4.6¢	(7.3¢)
Capital Expenditures	12,217,000	8,210,000
Total Assets	44,905,000	36,365,000

SUBSTANTIAL IMPROVEMENT IN
 FINANCIAL RESULTS ACHIEVED

On a 39% rise in revenue, Lochiel Exploration Ltd. achieved a gain of 183% in cash flow and a substantial turn around from loss to profit in their fiscal year ended 31Jan84 compared with the previous fiscal year.

Nicholas W. Taylor, president, also reports that total assets increased 23% to \$44,905,000 45% of which were located in the conventional areas of Canada, 22% in frontier Canada, 19% in the United States and 14% in the United Kingdom and other areas. Capital expenditures were \$12,217,000 compared to \$8,210,000 in 1982. Of this total, 25% was invested in conventional Canada, 46% in frontier Canada, 17% in the U.S. and 12% in the U.K. and elsewhere.

Mr. Taylor foresees continuing progress in 1984.

EUREKA RESOURCES, INC. (EUK-V)

PROGRAM FOR FRASER GOLD - Eureka Resources, Inc. president Jack O'Neill has reported the 1984 exploration program is IN 1984 REVIEWED being planned for the "Frasergold" precious metals discovery near Horsefly, 60 miles east of Williams Lake, B.C.

Amoco Canada, the joint venture partner and operator, has recommended that up to 10 diamond drill holes of 200 meters each be drilled to test for extension of gold bearing structures discovered in 1983. Initially, the 1984 drill program will focus on possible extension to the southeast of the major discovery area.

Amoco also plans to examine three untested, strong, soil anomalies, two for gold and one for silver.

In a summary report, it is stated that the 1983 field program encountered encouraging results, especially by diamond drilling "by showing gold is present and quite widespread in bedrock".

"The drilling has shown that gold is associated with quartz-rich structures and not restricted to a particular stratigraphic horizon as originally thought," the report continues.

Drilling results in 1983 yielded assays up to 0.477 ounce gold per ton over 1.5 meters and an average of 0.18 ounce gold per ton over 4.5 meters.

Under terms of the joint venture agreement, Amoco can earn up to a 50% interest in the property by spending up to \$900,000 by 31Dec85 and making cash payments to Eureka totalling \$500,000 to 31Dec87.

TERRAMAR RESOURCE CORPORATION (TEM-V,T)

Hole	Interval, Ft.	Footage	Oz.Gold/T
4-1	79 - 109	30	1.25
includes	91 - 99	8	3.74
	83 - 99	16	2.2
	95 - 96	1	7.5

NEW HIGH GRADE GOLD
 INTERSECTION REPORTED

C. Philip Yeandle, executive vice-president of Terramar Resource Corporation, has reported that diamond drill hole No.4-1, one of the first four in the current series of 12 on the Reid mine, 5 miles north of Redding, California, has

made a significant gold intersection. The high grade substantiates high assays reported from holes in early 1983. The hole cut 90 feet of vein mineralization, indicated true width of 50 feet, at the intersection of the Spanish and Donkey veins. Drilling continues with the objective of confirming and extending current reserves of 325,000 tons grading 0.34 oz.gold/ton.

LANSKO RESOURCES LTD. (LNS-V)

NEW PRIVATE PLACEMENT FUNDS AND - Lansco Resources Ltd. director James J. Bond has announced a private placement of NEW PROPERTY UNDER NEGOTIATION 400,000 shares at 40¢ with warrants to purchase a further 400,000 shares at 50¢ within one year.

Management has been negotiating for a gold property in southern Oregon for some time, and expects to have agreements in order and signed in the near future. The private placement funds will be used to explore this property