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# Gold City Resources Inc.

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TOM SCHROETER  
VCS → KET  
28

TO THE SHAREHOLDERS

Six Months to April 30, 1994.

The main highlight of this quarter is the diamond drilling program being conducted by Phoenix Gold Resources Ltd. (formerly Greenwood Gold Inc.), on the mineral lands acquired by Gold City from Crownex Resources (Canada) Ltd. Bob Miller, Vice-President Exploration for Gold City, is managing the drill program for Phoenix Gold. Subsequent to quarter end, Phoenix Gold informed Gold City that it had expended sufficient funds to earn their 51% interest in the venture, and requested approval to assign a 25.5% interest in the joint venture to Sway Resources Inc. Gold City has approved this assignment.

On May 25th the Company requested its stock be temporarily halted from trading on the ASE, pending an announcement related to: (1) a change-of-control and (2) a private placement. John Chapman and four business associates purchased from Paul White and his associates, in a private transaction, 1,500,000 shares of Gold City, and were granted an option to purchase a further 750,000 shares. McKinney Mines Corp., controlled by John Chapman and his associates, purchased by way of private placement, 1,500,000 shares of Gold City at an average price of \$0.133 per share. McKinney was also granted warrants to purchase 1,500,000 shares at \$0.15 per share to June 10, 1995. These transactions have been completed and accepted by the ASE. The shares recommenced trading on June 29th.

On June 17th, Phoenix Gold announced a significant gold intercept in a diamond drill hole on the KET 28 mineral claim (part of the joint venture), southeast of Bridesville, British Columbia. Hole 94RM1-2C returned 52.1 grams of gold per tonne (1.52 ounces per ton) across 3.35 meters (11.0 feet) within ten meters of surface. This hole is located 20 meters south from a gold discovery hole drilled by Crownex in 1990, which intersected 8.6 gpt gold across 6.1 meters.

The KET 28 gold discovery holes are significant in that they are located in close proximity to the very large sulphide mineral system known as the "Old Nick", which contains in excess of 100,000,000 tonnes grading 0.22% nickel (in sulphides). In turn, this large sulphide mineral body is only 12 kilometres northwest of the 1,800,000 ounce Crown Jewel gold deposit being developed by Battle Mountain Gold Company. As well, the Cariboo-Amelia mine at Camp McKinney, British Columbia's first dividend paying hardrock gold mine (produced 82,000 ounces of gold from 132,000 tons of ore), lies only 10 kilometres to the northwest of the KET 28 gold discovery.

Management will be focusing upon the further exploration of its mineral lands in the KET 28 claim area, through its joint venture with Phoenix Gold and Sway Resources.



John A. Chapman  
President & C.E.O.

Vancouver, B.C.  
June 29, 1994