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George Cross News Letter

"Reliable Reporting"

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BRITISH SILBAK PREMIER MINES LIMITED (BSK.A-V)

SHAREHOLDERS APPROVE REORGANIZATION INTO TWO COMPANIES

At the July 3, 1987 annual meeting, shareholders of British Silbak Premier approved the reorganization of the firm into two public companies, one, a natural resource company, and one, a diversified real estate company. The record date for distribution of the new companies' shares will be July 14, 1987.

The mining assets at Stewart, B.C. will remain in the present company to be renamed Silbak Premier Mines Ltd., to be listed on the Vancouver and Toronto Stock Exchanges. All non-mining assets, which have an approximate \$6,000,000 net value, will be transferred to a new company, British Silbak Industries Ltd., to be posted on the Vancouver Stock Exchange. New financings will be sought for each of the companies in consultation with Walwyn Stodgell and Yorkton Securities.

The company will maintain a maximum working interest in the Silbak Premier mine with joint venture partner, Westmin Resources Limited.

John A. Powell, executive vice-president of British Silbak told the meeting that approximately 6,500,000 tons of the reserves reported by Westmin for the Stewart mine are on the Silbak property. The balance is on the Tournigan Mining Explorations Ltd. property. Reserves are reported as 8,445,000 tons grading 0.066 oz. gold per ton, 2.19 oz. silver per ton available to open pit with a stripping ratio of 3.96 tons of waste to each ton of ore. Within these reserves is included the higher grade West Zone where reserves are 474,260 tons grading 0.234 oz. gold per ton, 1.81 oz. silver per ton. After several delays the final feasibility report is now scheduled to be completed by July 30, 1987. The delays have been caused largely by including increased daily throughput rates of 2,500 and 3,000 tons. The original plan had been 2,000 tons per day. Westmin directors are scheduled to consider the feasibility report at an Aug. 13, 1987 meeting, following which the report will be passed on to the British Silbak management along with the Westmin production decision. Present thinking is that the concentrating plant and mine development will have a capital cost in the \$60,000,000 to \$65,000,000 range, that pre-construction work will start prior to the winter of 1987-88, with erection of buildings beginning in the spring of 1988 and first production in November or December of 1988. The project will employ 157 persons. Cash operating production costs are forecast at \$134 U.S. per oz. gold and \$3.06 U.S. per oz. of silver recovered which could provide a two-year payback of all pre-production costs, the meeting was told. These estimates are based on a gold price of \$390 U.S. per ounce. During the first three years of higher grade production, annual output is estimated at 80,000 oz. gold and 560,000 oz. silver. British Silbak management has sought and received highly qualified mining and public financing advice from P.J. Reynolds and Ross Glanville.

The 1987 program by Westmin on the Stewart properties is budgetted at \$2,700,000 of which \$2,000,000 is to be spent on the Silbak project including \$1,600,000 in the ground. To date, Westmin has completed 5,000 feet of drilling in 1987.

SOUTHLANDS MINING CORPORATION (SSM-V)

EUREKA RESOURCES, INC. (EUK-V)

DRILL PROGRAM STARTED - Drilling has begun on the Fraser-gold Project, a joint venture between Southlands Mining and Eureka Resources, 90 km east of Williams Lake, B.C. Bids were tendered for the work and the contract was awarded to S.D.S. Drilling Ltd.

The work program will consist of 5000 metres of reverse circulation drilling, 1000 metres of diamond drilling and the construction of an underground adit to mine the high grade ore. A 25 ton per day mill will be on site in mid-August for bulk sampling.

The reverse circulation drilling is designed to prove a drill indicated 20,000,000 tons grading .06 oz. gold per ton and potential of higher grade reserves ranging 1,200,000 tons grading .40 oz. gold per ton.

BEAU PRE EXPLORATIONS LTD. (BPD-V)

PROGRESS ON VALENTINE - Robert C. Beaupre, president of MOUNTAIN IS REVIEWED Beau Pre Explorations Ltd., reports being advised by joint venturer Valentine Gold Corp. that option agreements and staking have expanded their Mt. Valentine property in the Leech River gold camp on southern Vancouver Island. Hole 10 has been completed in the high density diamond drilling program. Results are awaited. The bulk sampling mill should be in operation in July. Intense geological studies are in progress over the complete property. Visible gold has been noted at Station D14 in a 2-foot wide shear.