

1710 - 609 GRANVILLE ST
PO BOX 10363
VANCOUVER BC
CANADA V7Y 1G5
(604) 683-7265 FAX 683-5306

George Cross News Letter

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PACIFIC TOPAZ RESOURCES INC.

[PPZ-V] 4,166,041 SHS.

BC COASTAL CLAIMS OPTIONED - Dr. Marvin Palmer, president, reports Pacific Topaz Resources Inc. has entered an agreement with to acquire a 100% interest from a privately held BC company, subject to a 2.5% net smelter returns royalty, in the Queen-Nugget gold, silver claims. The two claims total 600 hectares and are located about 35 km northeast of Port Hardy, coastal BC.

The Queen-Nugget claims are underlain by a sequence of metavolcanic and sedimentary rocks which form a roof pendant in a granodiorite intrusive which is exposed in the southern part of the claims. The rocks throughout the area are cut by many small, widely scattered quartz veins. A slaty argillite unit in the northern part of the claims group is also cut by large continuous quartz veins up to two metres wide.

Mineralized showings on the Queen-Nugget claims include gold, silver, copper, lead and zinc in eight known quartz veins localized along shear systems within the metasediments, and partly in altered volcanics.

Previous mineral exploration on the claims has outlined a favourable geologic environment for quartz vein gold deposits. During the 1940's, 609 tonnes were mined from the Main Showing on the claims at Vein No.6. A total of 20,869 grams of gold, 44,758 grams of silver, 10,188 kilograms of lead, 1,755 kilograms of copper and 34 kilograms of zinc were reportedly recovered from the ore shipments.

More recent sampling results include 108 ppm copper, 1848 ppm lead, 710 ppm zinc, 11.6 grams silver/tonne and 12.2 grams gold/tonne across 1.0 metre, as well as a grab sample which assayed 2,791 ppm copper, 1,560 ppm zinc, 30 grams silver/tonne and 99.1 grams gold/tonne.

A geological, geochemical and trenching program conducted on the Queen-Nugget claims in 1996 confirmed anomalous precious and base metal values obtained primarily from the main target are located south of the No.6 vein. The distribution of anomalous gold and base metal values in the target area extends for at least 500 metres strike length and is open in both directions. The coincident mineralization in trenches, soil anomalies and VLF-EM conduction surveys in the area suggests a southeast to northwest extension of the zone.

Consulting geologists have reported results were "very encouraging" and the possibility for the Queen-Nugget property to "have potential to host an economic gold, silver, copper, lead and zinc deposit in quartz veins was greatly enhanced."

Pursuant to the terms of the agreement, Pacific Topaz has the right to earn a 100% interest in the Queen-Nugget claims by issuing 100,000 shares, paying \$175,000 over two years and spending \$400,000 on exploration over 3.5 years, subject to VSE acceptance.

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