

George Cross News Letter

"Reliable Reporting"

NO. 240(1987)
DECEMBER 15, 1987

VALENTINE GOLD CORPORATION(VGD-V)

HOLE	LENGTH FEET	OZ. GOLD/T'	SOOKE - VANCOUVER ISLAND
DDH 87-11	0.85	5.856	' GOLD PROJECT UNDER TEST
DDH 87-14	3.3	0.199	'Valentine Gold Corporation
DDH 87-16	3.3	0.122	'shares started trading

-----'Dec. 10, 1987 on the Vancouver Stock Exchange. The company has raised over \$6,000,000 and is supported by T.C. Coombs in London. An additional \$2,000,000 in flow-through funds have been raised. Valentine has completed its initial distribution of shares for gross proceeds of \$962,500 and has completed an European underwriting of 4,777,064 shares at 63¢ per share net proceeds of \$3,009,550. Valentine's capitalization with 50,000,000 shares with no par value of which 11,732,448 shares are currently issued, (14,976,508 shares fully diluted) including 750,000 shares in escrow. Canarim Investment is sponsor.

Valentine has issued to Pacific International Securities, Canarim Investment, Continental Carlisle Douglas and Brink, Hudson and Lefever Ltd. a total of 343,750 non-transferable share purchase warrants exercisable at 81¢ per share until 10Jun88. The company has also issued, in consideration for European underwritings conducting the offering, a compensation option to 1,194,260 shares exercisable at 81¢ per share up to 3May88. Pacific International Securities has a Greenshoe option to purchase 42,000 shares at 70¢ through 18Jan88.

The company has an option to acquire a 100% interest in 35 claims on Valentine Mountain, 42 km west of Victoria, B.C., and 19 km north of Sooke. Valentine and its joint venture partner BEAU PRE EXPLORATIONS LTD. (BPD-V) have acquired additional claims to cover 50 square miles. Twenty-two holes drilled recently underneath and along strike of the Discovery Zone returned results in table above. A hole previously drilled by Beau Pre Explorations cut 0.49 meters of 7.55 oz.gold/t.

The 5000 geochemical samples have located an anomalous zone along a strike distance of over 3.5 miles.

One specific zone identified by the geochemical sampling is approximately 1.5 miles west of the Discovery Zone and straddles the Leach River Fault. The geochemical anomaly is 5000 feet long and up to 500 feet wide in places with rock samples taken from outcrops assaying over 0.5 oz.gold/t. A recently conducted geophysical survey has shown that well defined conductive zones underlie the soil anomalies. A 10,000 foot to 15,000 foot drilling program will be starting later this month on this zone.

The 20 ton per day gravity jig and table, bulk sample plant is operating satisfactorily and results will be forthcoming within the next two weeks.

Valentine Gold is examining other projects.

Officers and directors are: Ursel Doran, president; Peter Stokes, vice president; Sharilyn Renwick, secretary-treasurer and director; Linda Dezura, director; Kenneth Sanders, director.

EUREKA RESOURCES, INC.(EUK-V)

SOUTHLANDS MINING CORPORATION(SSM-V)

RESERVE CALCULATIONS REVIEWED- Eureka Resources, Inc.,

has reported evaluation of the 1987 reverse circulation drilling at the Frasergold project near Williams Lake, B.C. has confirmed the extension of the "Jay Zone". The consultants indicated the zone to be continuous over the 750 meter strike length, having an average grade of 0.071 ounces gold per ton over an average total width of 17.6 meters (58 feet).

Drilling has been completed at 25 meter intervals over a 250 meter strike length and at 50 meter intervals over the remaining 500 meters, to a vertical depth of 50 meters. Contained within the zone is an enriched horizon, at least 225 meters long, averaging 11.3 metres (37 feet) in width and grading 0.155 oz.gold/t.

The company's consultants have also reported that results of the analysis of some 1398 samples by special metallics assay techniques, suggest that conventional fire assays underestimated the content of gold in drill core and cutting samples, by a factor as much as 15%. The reported averaged gold content of 0.071 oz.gold/t may, be as high as 0.081 oz.gold/t.

Previous drilling (1983/84) indicates the zone is continuous over a length of 1.5 km and to a vertical depth of 150 meters, and should contain mineralized grades comparative to the results of 1986/87 drilling. The report concludes "there is a strong inferred geological potential for this area to yield in the neighbourhood of 20,000,000 tons with an average grade between 0.05 and 0.08 oz.gold/t.

In addition, soil geochemistry and limited exploration drilling suggests an overall 10 km strike length of the mineralized zone, which is yet to be explored in detail.

The consultants recommended \$2,800,000 a two-phase development program leading to feasibility for 1988 including underground sampling, continued drilling and a small-scale pilot mill. (See GCNL NO.239, P.3, Dec 14,87 for a review of the Southland Mining Corp interest in the project and the current exploration program on the property.)

SOUTHLANDS MINING CORPORATION (SSM-V)

MAJOR EXPLORATION IS UNDERWAY- C. Phillip Yeandle, president of Southlands Mining Corporation, reports that the exploration and development program on the Frasersgold project near Williams Lake, B.C., is well underway. As recommended by Dr.K.V. Campbell in a report to Eureka Resources Inc. dated December 1986, the \$1,100,000 program will include about 2,000 meters of HQ core diamond drilling. The contractor, Tonto Drilling Limited, has 2 rigs currently working on site. Also, some 500 feet of underground adit and drifting is already underway; contractor is R.F. Fry and Associates (Pacific) Limited. Pilot plant metallurgical test work with bulk samples will be conducted by Coastech Research Inc. to determine the actual gold content and recoverable grades of the deposit.

Southlands is proceeding with development of the project following an agreement to farm out half the 50% interest it can earn in the project to Sirius Resource Corporation, a private B.C. company. As noted in GCNL 228(87)P.2, Southlands joint venture partner, Eureka Resources Inc. disputes the nature of Southland's interest in the property.

Management consider that the Frasersgold project could be developed into either a large tonnage, low grade gold deposit containing some 20,000,000 tons or more with an average grade of 0.08 ounce of gold per ton through combined open pit mining of a low grade zone and an integral high grade hanging wall zone; or alternatively, an underground mining operation with a minimum target tonnage of 2,000,000 tons in the range 0.40 oz.gold/t.(See GCNL No.228,P.2,Nov.27,1987 for some detail of the current property interest. If the property is brought to production it appears the interests will be, after payout, **EUREKA RESOURCES INC.**(EUK-V) 50%, Southlands Mining 25% and Sirius Resource Corporation, a private company, 25%.)

ENGLEFIELD RESOURCES LTD. (EGF-V)

HYCROFT RESOURCES AND DEVELOPMENT CORP. (HYR-V)

DRILL PROGRAM EXTENDED - Englefield Resources Ltd. and Hycroft Resources and Development Corp. directors announce an extension of the drill program on Hycroft's Fire Creek property, north of Harrison Lake, B.C. Six diamond drill holes are completed, a seventh is in progress and an eighth is planned. All holes to date encountered favorable mineralization. Based on early results, the initial contract for 2000 feet of drilling is being extended to 3000 feet. Approximately 150 meters of strike length of a previously reported surface gold anomaly measuring 900 by 100 meters and assaying up to 0.29 ounce gold per ton will be tested.

Drilling completion is expected by 20Dec87 and assay results in January.

SIBOLA MINES LTD. (SIB-V)

<u>OZ. GOLD/T</u>	<u>OZ. SILVER/T</u>	<u>LEAD%</u>	<u>ZINC%</u>	' TRUE FISSURE
0.20	82.8	28.30	2.50	' CLAIMS BOUGHT
0.16	51.40	28.50	4.56	' Sibola Mines
0.11	42.20	15.00	0.75	' Limited will

----- purchase the property located 50 miles southeast of Revelstoke, B.C., namely the True Fissure crown granted mineral claims, which has approx. 700,000 tons blocked out ore.

In a report prepared for Columbia Metals by Western Resources Consultants Ltd, of June 1971, the following summary of ore reserves was given on the True Fissure claims: Total possible + probable 79,295 tons 10.17 oz./gold, 7.22% lead, 6.89% zinc.

Other reserves of about 700,000 tons valued at about \$24,000,000 (today's value approximately US\$100,000,000) on three other claims has previously been reported as follows:

	<u>POSSIBLE</u>	<u>SOURCE</u>
Broadview	405,000t	Emmers,1911
Blue Bell	105,000t	Haggen,1907
St. Elmo	<u>184,000t</u>	Haggen,1907
	694,500 tons	

The Great Northern Zone was sampled on the surface along an 80 foot strike length with three grab samples returning the the values in the first table above.