

DOLLY VARDEN MINERALS INC. (DVE-V)

LARGE PROGRAM WILL TEST THREE - Driving of 1,200 feet TARGETS ON DOLLY VARDEN PROJECT of underground crosscut will start in late June

1987 to bulk sample underground the proven and probable reserves of 141,000 tons grading 11.71 oz.silver/t in the North Star zone of the Dolly Varden Minerals property. The property located 20 miles north up the Kitsault River from the head of Alice Arm of Observatory Inlet, 100 miles north of Prince Rupert, on the north coast of B.C. includes the Torbrit, Wolf and North Star. The combined geological reserves in the four separate deposits are: total proven and probable reserves 1,402,906 tons containing 14,204,006 oz.silver.

The primary aim is to determine underground grades in the North Star zone toward a production feasibility study. The secondary aim is to give a location for an underground drill program of 15,000 feet to test the highly potential 1500-foot strike length of favorable geology between the Dolly Varden ore zone and the North Star ore zone. The Dolly Varden zone has proven and probable reserves of 47,000 tons with 22.0 oz.silver/t. The area between the two zones has never been tested owing to the steepness of the mountain side. The program is budgetted to cost \$1,500,000 and to take about 80 days. The drill program will continue to year end as results warrant.

The work will also include extensive exploration on the geologically separate Red Point gold zone which is about 5 miles long and 1/2 mile wide. Exploration in 1986 outlined a NW-trending gold zone some 2,000 feet long which includes 3 significant gold showings. One, near the south end of the zone, averaged 0.165 oz.gold/t over a width of 15 ft. and a length of 125 ft. The best values along this strike length include 0.452 oz.gold/t over a 6.4 ft. width and 0.321 oz.gold/t across 3.6 feet. At the north end of the gold zone, a second gold showing returned an average of 0.106 oz.gold/t over a 12 foot width for a strike length of 165 feet. The best values at this showing included 0.303 oz.gold/t over 7.9 ft. and 0.170 oz.gold/t across 10.4 ft. A third gold showing near the centre of the gold zone averaged 0.046 oz.gold/t over 9.0 ft.

To fund the program the company has agreed to sell 300,000 shares at \$2.50 each to Diversified Opportunities Funds and C.M.P. with a warrant attached to buy 600,000 shares at a minimum of \$1.25 to provide a total of \$1,500,000 and to bring the issued shares to 6,700,000 or 7,500,000 fully diluted shares. On 5Feb87, Dolly Varden received regulatory approval to place privately 650,000 shares and warrants at \$1.25 each to Paramount Holdings Ltd. and Resource Capital International. The warrants to purchase 650,000 shares at \$1.35 each are exercisable until Jan.31,1988.

W.F.Christensen, director of Dolly Varden, reported the program will be directed by Dr. Wm. Pearson of Derry Michener, Booth & Wahl. The contract for the crosscut drive is expected to be let in the next few days.

SKYLINE EXPLORATIONS LTD. (SKX-V) chairman M. Norman Anderson announces the appointment of Angus C. McGowan of Willowdale, Ontario as Mill Superintendent of the company's Johnny Mountain gold mine some 60 miles north of Stewart, B.C. As part consideration, Skyline has granted Mr. McGowan a 3-year option to buy up to 30,000 shares at \$13 each.

VERONEX RESOURCES LTD. (VEO-V,VEOKF-Nasdaq)

OIL, GOLD & WOOD CHIPS - Lewis Dillman, president
PROGRESS IS REVIEWED of Veronex Resources Ltd.,

reports that the \$2,938,500 U.S. proceeds of a recent private placement will provide sufficient working capital to complete construction of its 12-mile, 7-inch oil pipeline on the Enim field, onshore South Sumatra, Indonesia. Last October, Veronex received its right to production in Indonesia by Declaration of Commerciality, the first such approval granted in over 10 years. Completion and flow testing of its first 5 wells were accomplished in 1986 with 32,000,000 barrels of recoverable reserves established. Veronex anticipates beginning oil production through its pipeline in September, 1987. Mr. Dillman expects the start-up production for the pipeline will exceed 4,000 barrels of oil per day.

Engineering and site selection are nearing completion regarding the company's first wood chip mill in Indonesia. Permits are in place and secondary cutting rights on 617,000 acres of mixed tropical hardwood have been granted. Markets are established and an Indonesia joint venture partner in the forestry products industry is in place.

Veronex is earning 50% in the properties of Levon Resources Ltd. in the Bridge River/Bralorne area of SW B.C. For recent report of rich gold assays from drilling there, see GCNL 98(87)p.1.

CANOVA RESOURCES LTD. (CFD-V)

YELLOW JACKET GOLD DRILL PROGRAM RESUMED - Homestake

Mining

Company has started the second phase of the 1987 drill program on the Yellow Jacket gold property near Atlin, B.C. The current phase of diamond drilling consisting of about 10 holes totalling about 4,600 feet is designed to extend the Yellow Jacket mineralized zone in a westerly direction. Previous drill programs conducted by Homestake in 1986 and 1987 have identified the Yellow Jacket mineralized zone over a 740 foot strike length with ore grade intercepts to 300 feet in depth. The favourable structure has been drill indicated over 2 kilometers and to 600 feet below surface. Significant intersections which assayed 10 feet of 0.52 oz/ton gold including 6.5 feet of 0.72 oz/ton gold and 13.1 feet of 0.44 oz/ton gold including 8 feet of 0.71 oz/ton gold were obtained.

Homestake has the right to earn an 80% joint venture interest in the property. Canova Resources holds a 46% interest, Tri-Pacific Resources a 46% interest and Partisan Resources an 80 interest.