

George Cross News Letter

NO.73(1988)
APRIL 15, 1988

MASCOT GOLD MINES LTD.(MSG-V,T)

RANK COMPLETION TESTS ARE MET. - A final completion UNDERGROUND EXPLORATORY DRILLING test has been met by HAS EXTENDED GOLD ORE BEDS Nickel Plate mine of Mascot Gold Mines Ltd. located near Hedley, B.C. The Canadian Imperial Bank of Commerce has been advised that one of the mine completion tests, being production of 31,000 ounces of gold in a ninety day period, has been met. During the test period Dec.23, 1987 through March 21, 1988 the mine produced in excess of 32,946 ounces of gold, thus fulfilling completion.

In the quarter ended March 31, 1988 Mascot Gold produced and sold 31,940 oz. gold for revenue of \$18,128,000 and an operating profit of \$8,293,000 and paid the bank loan down by approximately \$10,000,000. At March 31, 1988 the bank loan stood at \$46,400,000.

Operating costs, both per ton of ore processed and per ounce of gold recovered, have decreased significantly. Gold recoveries have continued in the projected 85% to 90% range. Further cost reductions are forecast as the plant modifications are completed over the next few months. -CONTINUED ON PAGE TWO-

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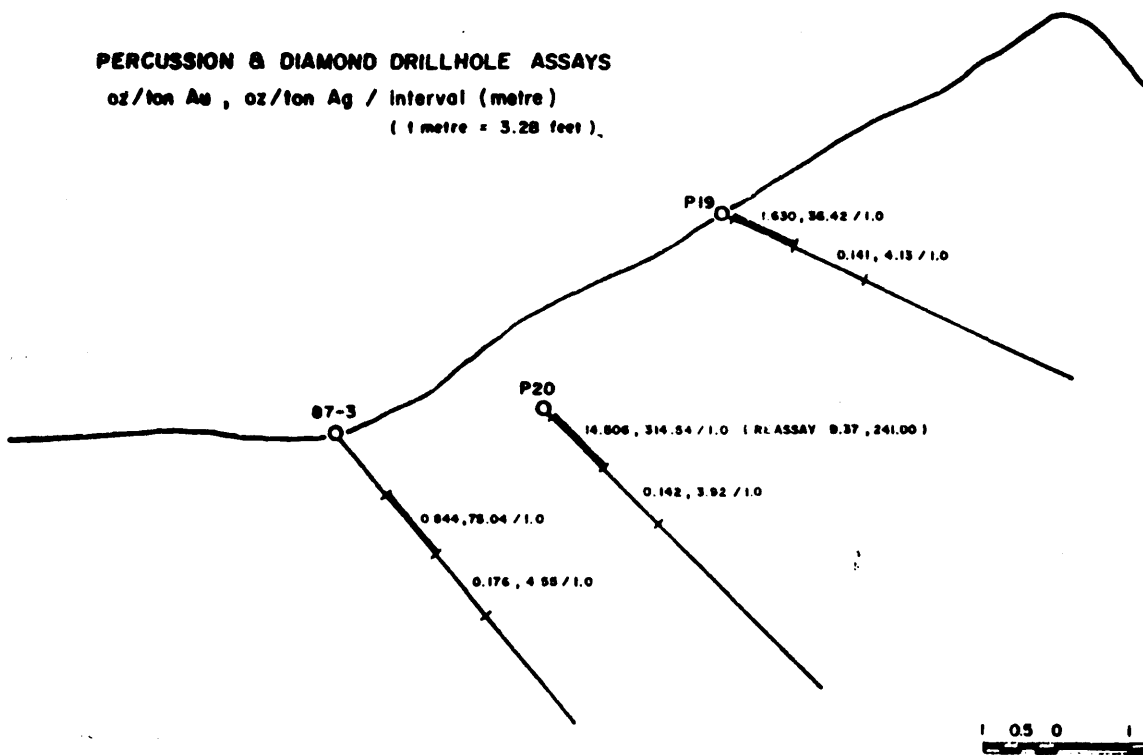
CONTINUED FROM PAGE ONE - The first of these

modifications was installation of a hopper clarifier to supplement the pressure clarifiers. Since the new hopper clarifier has been in place, efficiency in this area of the plant has increased substantially. The crusher expansion is proceeding on schedule with the gyrator crusher now scheduled to begin operation toward the end of July. The additional drum filters have been ordered and will arrive in July for operation in September. A decision has been made to replace the present hydrogen peroxide tailings treatment system with a more cost efficient process. An economic study of the alternatives is continuing with a final decision to be made shortly. The new system is to be installed and in operation by October, 1988.

The mine development is continuing as planned with overburden removal and pit expansion on schedule. Between April and July 1988 the pit will be mining slightly lower grade ore. Gold production is forecast at 8,000 ounces per month or 24,000 ounces for the quarter. In the following months ore grades are forecast to return to mine average and better and gold production will return to the 10,000 to 12,000 ounces per month originally forecast.

The most favourable development in exploration in recent months has been from the driving of the Princeton Adit level in the southwest area of the mine near the Horsefly, Terrier and Bulldog workings. The adit has been advanced 1,800 feet from the portal with 8 sub-drifts, crosscuts, raises, drill stations and sub-drifts driven from the level. The overall program is to explore from underground the mineralized beds which are geologically similar to the ore grade beds now being mined at higher elevations in the South pit area. Eight beds with ore grade drill intersections have been identified to date. Diamond drilling from surface and underground has been underway for several months and some of the assays in the table overleaf show the favourable results. Assays are awaited from additional holes. While no new ore reserve calculations will be issued until the year end, the results to date are sufficiently encouraging to establish that additional ore reserves are forthcoming. The surface exploration program for the 1988 season will include additional induced polarization, soil sample surveys and trenching and drilling of anomalous targets.

PERCUSSION & DIAMOND DRILLHOLE ASSAYS
 oz/ton Au , oz/ton Ag / Interval (metre)
 (1 metre = 3.28 feet)



NOTE:
 ONLY THE HIGHER GRADE ASSAYS ARE SHOWN.

TAYWIN RESOURCES LTD.	
ELECTRUM PROJECT	
SECTION 9932 E	
DATE : APRIL 1988	SCALE : 1 : 75

Mascot Gold Mines Limited

SELECTED DRILL ASSAYS

<u>HOLE NO.</u>	<u>INTERVAL FT.</u>	<u>WIDTH</u>	<u>OZ. GOLD/TON</u>
<u>UNDERGROUND DRILL HOLES</u>			
MD-3135	20.0- 24.0	4.0	0.225
	50.0- 51.5	1.5	0.144
	269.0-270.0	1.0	0.210
MD-3136	277.0-337.0	60.0	0.20
	including 313.0-321.0	8.0	0.479
MD-3138	8.0- 23.0	15.0	0.078
MD-3139	17.0- 24.0	7.0	0.194
	143.0-153.0	11.0	0.323
MD-3140	150.0-159.0	9.0	0.348
MD-3141	298.0-301.0	3.0	0.302
MD-3142	297.0-337.0	40.0	0.142
	389.5-397.5	1.0	0.314
MD-3143	198.0-215.0	17.0	0.119
	265.0-276.0	11.0	0.485
MD-3144	150.0-158.0	8.0	0.195
	299.0-215.5	16.5	0.186
MD-3145	399.0-343.0	4.0	0.215
MD-3148	54.0- 55.0	1.0	0.194
MD-3149	290.0-298.5	8.5	0.397
	408.0-429.0	21.0	0.178
MD-3150	54.5- 57.0	2.5	0.664
	104.0-122.5	18.5	0.434
<u>SURFACE DRILL HOLES</u>			
MG88-585	673.5-667.0	3.5	0.165
MG88-586	80.0- 89.0	9.0	0.174
	126.0-129.0	3.0	0.289

<u>CANADIAN-UNITED MINERALS, INC. (CUN-V)</u>						
HOLE NO.	INTERVAL (METERS)	WIDTH (METERS)	GOLD OZ./T	SILVER OZ./T	COPPER %	ZINC %
FW88-12	0- 39.6		Overburden			
	39.6- 42.6	3.0	0.003	0.63	0.62	--
FW88-19	63.8- 80.8	17.0	0.020	0.57	0.31	--
	incl. 73.8- 77.8	4.0	0.036	0.85	0.50	1.13
	84.8- 87.8	3.0	0.045	0.11	0.10	--
	93.8- 97.8	4.0	0.111	0.47	0.41	--
	incl. 94.8- 96.8	2.0	0.197	0.60	0.58	--
FW88-21	102.8-108.8	6.0	0.027	0.65	0.35	--
	0- 51.4		Overburden			
	51.4- 55.4	4.0	--	0.92	0.09	8.87
	81.4- 82.4	1.0	--	--	--	1.88
	109.4-110.4	1.0	--	0.22	--	1.29

MORE DRILL RESULTS REPORTED FROM - Robert Holland, MULTI-METAL PROSPECT AT BABINE LAKE exploration manager of Canadian-United Minerals, Inc., reports that final assay results are now available from drilling the East Zone of their Fireweed silver-gold-base metals prospect 54 km NE of Smithers, B.C., on which the company recently completed 14,000 feet of diamond drilling.

Three holes, FW88-12, FW88-19 and FW88-21 were drilled over a 325-meter section of a 1,200-meter long coincidental I.P.-magnetic anomaly. They all intersected various widths of near massive iron sulfides (pyrrhotite/pyrite) containing significant base and precious metal values. (SEE TABLE). The zone tested lies 2.4 km east of Holes FW88-08 and FW88-22 in the West zone, assays of which were reported in GCNL 70(88) p.1.

Newly reported hole FW88-19 intersected a 44-meter section containing 10-100% sulfide. Hole FW88-12 cut at least 4m of up to 50% at the top of the hole followed by several zones up to 5m wide of 5-15% iron sulfides over the next 150m. Hole FW88-21 also cut 4m of 10-80% sulfides at the top of the hole, followed by several zones ranging from 0.4 to 1.9m widths of 5-15% sulfide over the next 55m. The hole terminated in a zone at least 5.8m wide containing 5-50% sulfides. This hole was abandoned due to drilling problems.

The mineralized zone remains open along strike, to the east and west and to depth. Evaluation of results continues and further exploration is being planned for the rest of 1988.

CORRECTION: The silver values on the Treasure Mountain property of HULdra SILVER INC. (HDA-V) are greater than reported in GCNL 71(88) p.1. Those in the table should read 40.033 ounces per short ton on Surface, 29.936 on Level 1 and 20.166 on Level 2. The weighted average grade of the 118,026 metric tonnes (116,167 long tons, 130,101 short tons) so far calculated for the deposit is 996 grams of silver per tonne (29.057 ounces of silver per short ton).

EASTFIELD RESOURCES LTD. (ETF-V)

PRIVATE PLACEMENT WITH - J.W. Morton, president of PLACER DOME ARRANGED Eastfield Resources, announces an agreement whereby Placer Dome Inc. can acquire an interest in Eastfield by way of private placement purchases of 300,000 shares at \$1.10 each and exercise of options to buy 300,000 shares at \$2 each by 1Jan89 and of 600,000 shares at \$4 each by 30Sep89, half of which would be bought from Eastfield directors. This agreement is subject to regulatory approval. Eastfield would be free to undertake further financings on a limited basis outside of the Placer Dome agreement. Should Placer Dome exercise all their options and rights, they would hold about 40% of Eastfield's outstanding shares.

Eastfield is planning aggressive exploration on its Indata project, north of Fort St. James in NE B.C. Some \$400,000 to \$450,000 will be spent on the program which would include between 7,000 and 9,000 feet of core drilling. Most of the drilling will be to delineate a 2600-foot long geochemical/geophysical anomaly. This comprises the discovery zone which received a limited but successful drill test last fall that returned up to 0.15 oz/ton gold equivalent over 14 feet with higher grade intervals up to 0.54 oz/ton gold and 10.5 oz/ton silver over sample intervals. Other targets will be expanded and a reconnaissance program will be undertaken over some 10km of strike length yet to be prospected.

Mr. Morton expects Imperial Metals Corporation to fund 30% of the Indata project to maintain its participating interest.

X-CAL RESOURCES LTD. (XCL-T)

<u>HOLE</u>	<u>LENGTH</u>	<u>OZ. GOLD/T</u>	<u>NORTH ZONE DISCOVERY DOUBLES</u>
X 88-6	8.69 feet	0.226	POTENTIAL OF SNOWBIRD ZONE
	9.85	.109	Shawn Kennedy, president of
X 88-9	3.28	.298	X-Cal Resources, reported
X 88-13	3.77	.110	that the discovery of the
	20.08	.319	new North zone with a strike
includes	2.28	1.412	length of at least 1200 feet
X 88-14	10.17	.0897	and gold assays up to 0.3 oz
includes	3.35	.252	gold/t over 20 feet (prelim-
-----			inary average of 0.21 oz.

gold/t over 11 feet) has more than doubled the tonnage potential on the company's Snowbird property near Fort St. James, B.C. Including the new North zone, the main alteration zone has been shown to be contiguous over 4,000 feet and open to the north, south and at depth. Previous diamond drilling concentrated on the Snowbird zone (See GCAL No.10 Feb.15,1987 for assays and map).

Consultants, Sampson Engineering Ltd., reported that "the deep hole (X 88-15) is significant although gold values were low, as it has shown the main alteration zone to continuous down dip for at least 1200 feet". X-Cal plans to focus attention on the Snowbird property in the near future, with particular emphasis on drilling the North zone. (See GCNL No.40 (88) for previous story)

MERIDOR RESOURCES LIMITED (MRO-V)

ACTIVITIES REVIEWED - Meridor Resources Limited had encouraging results from exploration in 1987 on the Iskut River claims some 60 miles north of Stewart, B.C. and in the Larder Lake mining division of Ontario and participated in placer gold production in the Yukon Territory and in an oil project in Alberta.

On the Iskut claims, soil sampling revealed a large zone anomalous for gold, silver, copper and molybdenum.. The gold values are as high as 2,150 ppb in the property's eastern part and up to 195 ppb along the western claim boundary. A preliminary ground electromagnetometer survey was completed and 2 airborne surveys flown over the property outlined conductive trends. Meridor's \$500,000 program this year will entail geological mapping, soil sampling, electromagnetic, proton magnetometer and induced polarization surveys followed by 1,500 meters of diamond drilling. Contingent upon Phase 1 results, a Phase 2 program involving 3,000 meters of diamond drilling may be started at an additional cost of \$500,000.