

George Cross News Letter

NO.162(1988)
AUGUST 23, 1988

SUTTON RESOURCES LTD.(SYU-V)

SIX PROPERTIES REVIEWED- J.Michael Kenyon, president has reported on six of Sutton Resources Ltd.'s projects. Assays are still being received from the first phase of drilling on the Golden Stranger property in the Toodoggone district, 200 miles north of Smithers, B.C. Holes have been completed both north and south of the gold intercepts from 1987. Preliminary assays received this season show a 10 foot core section yielding 0.2 oz.gold/t from 200 feet below a 4 foot section of 0.59 oz.gold/t obtained in 1987. Some 600 feet north of these intersections, a 35 foot vein intercept has assayed 0.147 oz.gold/t, including a 15 foot section of 0.287 oz.gold/t. A smaller, second phase of drilling will assess these new areas. The property is owned jointly by Sutton, Redfern Resources Ltd. and Western Horizons Resources Ltd. with Rule Resources Ltd. completing an earn-in of Western's interest. Sutton, Redfern and Western control three other Toodoggone projects where exploration is planned.

Underground drifting and surface drilling have started at the Seattle Mine/Flag Hill property, Washington state. Texas Star Resources Corporation are funding a \$300,000 program in 1988 as part of US \$2,000,000 earn in for 50% over five years. Underground work is focusing on the potential feeder vein system of the Seattle mine and is expected to confirm some of the existing reserves. Surface drilling will test vein targets, some of which have had past production. Sutton will retain a 25% interest after Texas Star have completed their earn-in.

Permits have been applied for the start of deep drilling on the Amethyst vein at the Creede, Colorado property. This drilling will be funded by Sutton and Crown since termination of the arrangement with Denison Mines Limited. Two drill holes are planned to cut the northern segment of the vein.

Drilling programs are expected for the Oatman, Arizona property and the Goldfield, Nevada claims, both of which host gold and silver bearing structures with a history of past production.

Diamond and reverse circulation drilling is planned for the South Penn property, Washington state, to extend the current reserves of 730,000 tons grading 0.05 oz. gold/t and examine the near surface bulk tonnage area that remains open to extension. The drilling will also undercut the central pit area to explore the epithermal hot springs feeder vein believed to be exposed in the pit bottom. This structure assayed 0.12 oz.gold/t over a 20 foot exposed width and returned 0.35 oz.gold/t over a short 50 foot drill hole.

During the six months ended June 30,1988 the company spent \$125,600 on exploration and \$65,000 on administration, ending the period with \$319,000 in cas. .

CALPINE RESOURCES INCORPORATED(CLP-V,Alberta)

DIRECTORS APPOINTED- Calpine Resources Incorporated has reported the appointment of Murray Pezim as president/director, Lawrence Page as secretary/director, and John Ivany as director. Continuing directors are George W.Oughtred and Lawrence J.Nagy. Prime Capital Corp. has bought 1,500,000 units at 30¢ each, consisting of one share and one warrant exercisable at 35¢ until June 1989. Prime's interest will be 25% upon exercise of the warrants. Prime will manage the company and the exploration of the Tok and Kay properties near the Upper Unuk River, 60 miles northwest of Stewart, B.C. By a May 5,1988 agreement Calpine acquired an option from CONSOLIDATED STIKINE SILVER LTD.(CKI-V) to earn a 50% interest in the 33 claim property by spending \$900,000 on expiration by 31Dec90.

Calpine recently reported a significant gold discovery on the Eisler Lake property, some 84 miles northeast of La Ronge, Saskatchewan. The abundant bedrock exposure of visible gold is currently under study.

COMOX RESOURCES LTD.(CXO-V)

FUNDING SOUGHT FOR TWO PROJECTS- Comox chairman D.R.

MacQuarrie has reported that soil sampling of a new area indicated as anomalous by the recently completed induced polarization survey on the Uduk Lake property, southwest of Burns Lake, B.C., has returned 820 parts per billion gold in an area where earlier sampling had returned 0.09 oz.gold/t in grab samples. CHALICE MINING INC.(CLG-V) is funding the program and reported that a 2,500 foot drill program will test the anomalous area if funding can be secured.

Comox, 49%, is negotiating for \$500,000 in flow through funding to be used to explore the Tay-Lp joint venture with Cominco, 51%, at Ross River, Yukon.

DELAWARE RESOURCES CORP. (DLW-V)

COMINCO LTD. (CLT-V,T,M)

HOLE	SECTION	LINE	ELEVATION	LENGTH	OZ. GOLD/T	PROGRESS
16	675 meters	300 meters	15.4 ft.	0.08	'	UPDATED
17	675	320	2.6	.249	'	Delaware
18	625	300	9.5	.219	'	Resources
20	600	300	4.6	.703	'	Corp. 40%
24	500	280	9.2	3.319	'	reported
25	500	260	22.0	.253	'	further
26	475	280	14.8	1.924	'	assay
27	475	320	15.1	1.911	'	results
28	450	280	21.6	2.570	'	from the
30	670	250	11.5	.338	'	operator,
35	500	325 approx.	33.0	v.g.	'	Cominco

on the underground program directed at the Twin zone on the SNIP property, in the Iskut River area, about 65

miles north of Stewart, B.C. Underground drill holes 14, 19, 21, 22 and 23 intersected a fault zone and did not intercept the Twin zone structure; assays are pending for drill holes 15 and 29.

RAISE, GOLD ' The raise, located at about section line
PANEL OZ/T ' 490 on the 300 meter drift level, only
SAMPLE UNCUT' partially exposed the Twin zone structure
RW 18 4.81 ' between the 300 meter drift level and the
RW 19 9.05 ' 330 meter elevation level. The zone was
RW 20 6.59 ' panel sampled where exposed, with the
RW 21 4.69 ' largest portion being a 12 meter inclined
RW 22 2.47 ' section between 311 and 322 meters elevat-
RW 23 3.72 ' ion, where the 12 one meter square panel
RW 24 13.28 ' samples in the table averaged 7.8 oz.gold
RW 25 17.31 ' per ton. In addition, the raise partially
RW 26 11.46 ' exposed the Twin zone in three other areas
RW 27 11.93 ' above and below this section; 8 one-meter
RW 28 2.53 ' panel samples over these three exposures
RW 29 5.85 ' averaged 2.77 oz.gold/t. The true width of
-----' the zone in the raise is about 5 meters.

Between section lines 420 and 623 combined panel and face sampling has averaged 1.16 oz.gold/t over a continuous length of 692 feet and a minimum true thickness of 7.78 feet. To date, the true width has been evaluated over a 272 foot portion of the Twin zone between section lines 425 and 607. Here the results of 12 diamond drill holes in both sides of the drift combined with face samples average 1.26 oz.gold/t over a true width of 16.4 feet and a minimum 272 foot strike length. Drilling continues.

The 180 meter level adit, located about section line 600, was turned from its direct heading towards the Twin zone at the 400 meter section. At this point the drift is about about 80 meters away from the Twin zone in footwall rocks and will continue paralleling the Twin zone to the 700 meter section at which time fan drilling will begin at regular intervals.

About 3,000 meters of surface diamond drilling is planned, including some infill drilling and testing of the Twin zone to east of the known reserve block.

Delaware chairman Murray Pezim said results confirm the presence of an important tonnage of high grade ore, significantly in excess of the calculated deposit grade.

(SEE ALSO GCNL NO's 142, 111 and 101 and LONGITUDINAL SECTION MAP OVERLEAF P.1 in NO.111).

PEZGOLD RESOURCE CORPORATION (PEZ-V)

PROSPECTING DISCOVERIES MADE IN ISKUT RIVER AREA

Pezgold Resource holds options to earn 50% interests in 5 properties in the Iskut River area, 65 miles north of Stewart, B.C. from INTERNATIONAL PRISM EXPLORATION LTD. (IPE-V), VANSTATES RESOURCES LTD. (VST-V) and ANDRONE RESOURCES LTD. (AND-V).

Prospecting has located three discoveries on the Verjoy property optioned from International Prism and located 7.5 miles north of the Snip property of Cominco/Delaware. Seven grab samples from the Cannonball showing have assayed in the range of 0.026 to 0.061 oz.gold/t. One grab sample from the Egg showing, located about 1 mile north of the Cannonball showing, returned 0.044 oz.gold/t. High grade silver mineralization in the southwest corner of the property, known as the Argent showing, assayed 4.27, 15.3, 60.23, 127.98 and 369.64 oz.silver/t from grab samples. The highest grade silver sample also ran 0.123 oz.gold/t.

Prospecting has located three discoveries on the Gab property optioned from International Prism and located 12.5 miles north of the Snip property. On the Cuba showing near the eastern boundary, 19 samples from two copper-barite areas assayed in the range of 1.04 to 71.99 oz.silver/t. The 7 best samples ran: 10.29, 15.29, 17.97, 21.22, 25.02, 47.09 and 71.99 oz.silver/t. The Northwest showing, located in the centre of the property, appears to be on the same structural feature that is currently being drilled by Gulf International Minerals Ltd. on their nearby McLymont property. Geochemical anomalous gold values up to 360 parts per billion have been collected on the Northwest zone. On the western portion of the Gab claims, grab samples from the Glacier zone have assayed 0.095, 0.643 and 0.70 oz. gold/t. On a small showing immediately north of the Glacier zone, 11 grab samples ranged from 0.042 to 0.84 oz.gold/t. The two best samples were 0.697 and 0.84 oz.gold/t.

Pezgold is exploring the Prism-NewJoy, Prism-Cam, Androne option, and Vanstates option projects.