

# George Cross News Letter

NO.246(1988)  
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## GUNSTEEL RESOURCES INC. (GUN-V)

TWO PROJECTS REVIEWED - Gunsteel Resources Inc. is continuing exploration on the Nugget joint venture property near Salmo, B.C. where the Fawn ore zone was shown to continue to at least 350 feet below the lowest existing level. A crosscut will cut this zone at 550 feet below the lowest existing level when funds are available.

Work was completed on opening the lower level of the Reno mine to permit further exploration. The Reno vein produced 261,000 tons grading 0.56 oz. gold/ton.

Agreement has been reached by the Gunsteel/Nugget joint venture on an option to acquire the Yellowstone property in the Sheep Creek camp, B.C. from YUKON MINERLAS CORPORATION. The Yellowstone vein in the past produced 17,000 tons of ore from which 5,600 ounces of gold was recovered, although this was from an old stamp mill where the recovery was only about 65%. Present methods would recover at least 95% of the gold. There is estimated to be about 28,000 tons grading about 0.5 oz. gold/t presently available from this vein, and since it is one of the strongest veins in the Sheep Creek camp, there is excellent potential for substantial additional ore, and in addition the property contains the Dixie vein which produced some ore, and has the possibility of having other veins as well. This ore on the Yellowstone property would add to the present reserves on the Nugget property which total 223,000 tons of 0.33 oz. gold /ton.

Negotiations are proceeding for the installation of a 100 tons per day modular mill to be operational in 1989. Laboratory tests by Cominco Engineering Services Ltd. has confirmed that gold recoveries are in excess of 95% using conventional cyanide leaching and that reagent usage was as expected. Permitting and study of a tailings disposal system are in progress. (SEE ALSO GCNL NO.243, P.1, 19DEC88 FOR A REVIEW OF THE PURCELL PROJECT JOINT VENTURE WITH CHAPLEAU RESOURCES.).

## REA GOLD CORPORATION (REO-V,T;REOGF-Nasdaq)

### VERDSTONE GOLD CORPORATION (VGC-V)

NEW PRICE OF ACQUISITION REPORTED - Rea Gold Corporation and Verdstone Gold Corporation have amended the terms of the acquisition by Rea Gold of Verdstone's interests in the jointly held CK lead-zinc silver property near Clearwater, B.C. and the Goldy/Rag claims near Carmacks Yukon. Verdstone will now receive 270,000 shares of Rea Gold at a deemed price of \$3.43 per share, together with \$125,000 cash for such interests. Verdstone will still retain an 1.25% N.S.R. interest in the CK property. The price had previously been reported as 300,000 Rea Gold shares at \$3.43 each and \$50,000 cash. The proposed transaction remains subject to regulatory approvals.

## XENIUM RESOURCES INC. (XRI-V)

CORPORATE UPDATE - Xen Stefanopoulos, president, reports that Xenium Resources Inc. has an option to acquire the Nina 1 to 5 mineral claims, Lillooet mining division, B.C. The company can earn up to a 100% working interest in the property subject to a net smelter royalty by spending \$250,000 over four years.

Xenium has received the 1,145,034 shares, representing 16% of the issued capital of Remote Equipment Corporation. The company is advised that Remote is endeavoring to license its technology to overseas manufacturers, but to date has not received indications of the likelihood at completing such arrangements.

FARGO RESOURCES LIMITED (FR-V)

LANG BAY UPDATE - Lauch F. Farris, president of Fargo

Resources reports that to date 41 holes have been drilled in the on-going program at the Lang Bay project near Powell River, B.C., which has been successful in delineating a drill indicated primary kaolin ore reserve of 4,000,000 to 5,000,000 tonnes of raw material with a yield of about 15% kaolin product. An airborne geophysics program was recently conducted over the entire claim and produced several geophysical anomalies that are currently being drill tested to delineate further reserves of primary kaolin. Brenda Mines can earn a 50% interest by providing 100% of exploration and development costs through production.

A contract for a marketing study for potential products from Lang Bay was signed with Mineral Marketing Inc. of California. It is anticipated that the marketing study will be completed by late-January 1989. Previous testing by MacMillan Bloedel has indicated that the kaolin may be useful as a mineral filler in the manufacture of paper (See GCNL No.154, 11Aug88).

Work by processing consultant, Frank Sutton has shown the Lang Bay kaolin to be amenable to a hot hydrochloric acid leach. The upcoming program will investigate the commercial viability of this process to brighten the Lang Bay material as well as to determine alternate methods of beneficiation.

Work at U.B.C., supervised by Professor A.C.D. Chaklader, has concluded that the brown bed material can be classified commercially as "high duty" kaolinite fireclay, suitable for use in the manufacture of refractory bricks. The brown bed resource can be estimated at several tens of millions of tonnes.

GOLDEN EXODUS VENTURES LTD. (GXV-V) has acquired a 100% interest in one mineral claim comprising four units in the Kamloops mining division, B.C. for 100,000 shares of the company.

NEW PRIVATEER MINE LIMITED (NPM-V)

MILL TUNE-UP COMPLETED FULL -H.H. Cohen, P. Eng.,  
PRODUCTION AWAITS SMELTER AGREEMENT president has

reported New Privateer Mine Limited has turned up the concentrator for production. Test results of smelting arrangement are awaited. Concentrates are being stockpiled pending these results. The plant has started treating the stockpile of 3000 sacks of about 70 pounds each of vein ore collected during the development phase. Some of this sacked ore is believed to be very high grade. Treatment and milling of the sacked ore will be conducted at a rate less than the capacity of the mill in order to achieve maximum recovery.

The 100% owned Privateer mine of New Privateer Mine is located at Zeballos, Vancouver Island, B.C. The plant has a rated capacity of 100 tons per day.

Mr. Cohen said "We are presently negotiating with mining operators with a view to active participation in the New Privateer Mine and exploratory work on adjoining claims. Expertise in mill management is also under negotiation." A centrifuge has been installed in the mill for final treatment of tailings discharge. The unit is being operated under a participation arrangement whereby any gold recovered by this process will be shared between the company and the operator, and applies only to the tailings treatment.

Proven reserves are reported as 135,000 tons