

# George Cross News Letter

Reliable Reporting

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**GOOD VALUES CUT IN** Larry W. Reaugh, president of Rea  
**CROSSCUT & DRILLING** Gold Corporation, announces further  
assay results from the underground  
exploration program on the L98 Lens in their wholly owned  
Rea Gold (Discovery) zone in the Adams Lake area NE of  
Kamloops, B.C. The most recent work included the driving  
of a third crosscut and the completion of 17 underground  
diamond drill holes to evaluate further this precious  
metal bearing massive sulphide deposit along a 50-meter  
strike length (164 feet). For some detail of the plan of  
the current work program, see GCNL 26(88), p.2.

The weighted average results of sampling along the  
southeastern and northwestern walls of No.3 Crosscut are  
shown in the table above.

The results of drilling 17 holes from underground  
are printed in the table overleaf. They include a  
33.4-foot intersection in Hole UG 88-4 grading 0.428 oz.  
gold/ton, 3.04 oz. silver/t, 10.73% combined zinc and lead  
and 1.12% copper.

Mr. Reaugh comments, "With these very encouraging  
results the company has now extended the level adit an  
additional 80 meters (262 feet) in a southeasterly  
direction and underground drilling from this extension  
is being undertaken to delineate the high grade mineral-  
ization along stike. Two of these drill holes have inter-  
sected massive sulphide and barite mineralization at  
least 15 meters (49 feet) southeast of Crosscut No. 3."

## FAIRFIELD MINERALS LTD. (FFD-V)

**TWO OKANAGAN PROPERTIES ARE** President John W. Stollery  
**OPTIONED TO PLACER DOME** P.Eng., reports that  
Fairfield Minerals Ltd.  
has signed two letters of intent granting Placer Dome  
Inc. the right to earn an interest in its Oka and Elk  
gold properties located in the Okanagan region of south-  
ern B.C. about 25 miles west of Peachland. For some  
results of Fairfield's earlier work on this property,  
see GCNL 235(87) p.1.

Placer Dome may earn 50% interest in the properties  
by spending \$2,000,000 on exploration on each and paying  
Fairfield \$500,000 for each, before 28Feb92. Placer  
Dome may increase its interest in the properties to 70%  
by spending a further \$2,000,000 on each and paying  
Fairfield an additional \$500,000 for each.

Placer Dome will pay all exploration expenditures  
until a production decision is made. Fairfield may then  
retain 30% interest by paying Placer Dome 30% of all  
expenditures in excess of \$4,000,000 or elect to retain  
a royalty of 4% of net smelter returns on gold, silver  
and platinum plus 15% net profit interest in all other  
metals.

Placer Dome will pay Fairfield initial option  
payments of \$50,000 for each property and has approved  
1988 exploration budgets of \$500,000 for the Oka project  
and \$400,000 for the Elk project.

GEORGE CROSS NEWS LETTER LTD.NO.59(1988)

DELAWARE RESOURCES CORP.(DLM-V)

- Delaware's directors gave the following reasons for their rejection. Firstly, Delaware is proceeding with a \$4,460,000 exploration program on the SNIP property in the Iskut River area, 100 km north of Stewart, B.C. (see GCNL16 p.1 25Jan88), which the directors feel has a very good possibility of substantially increasing the asset value of the company. Delaware is currently in a strong cash position to fund that program and has the benefit of a senior partner in Cominco Ltd., which is fully capable of taking the project to production.

Secondly, the average closing price of the shares being offered by Colossus, but ignoring the warrants, for the 20 trading days ended 18Mar88 was \$7.20 compared to an average trading price of \$9.17 for one Delaware share. As such, the offer is substantially below the market value of the shares.

Mr. Netolitzky says, "If development of the SNIP property proceeds as expected, Delaware will have a 40% working interest in a low cost, high grade gold mine without the need for additional dilution to its shareholders".

The current exploration program, which is planned to be completed by July 1988, should obtain sufficient information to allow Cominco to deliver a production notice to the company. Subject to continuing favorable results, a formal feasibility study may be waived which would result in Cominco funding expenditures to earn back a 60% interest.

Under the assumption of a \$35,000,000 capital project for a 500 ton per day mill, the company would be carried for the initial \$16,000,000 and would be responsible for funding 40% of the remaining \$19,000,000 of costs, namely, \$7,600,000. This could easily be funded by the company through exercise of outstanding warrants and options. A project plan has been delivered to the British Columbia government that indicates the objective of delivery of a Stage 1 report as early as July 1988 and possible production by the Fall of 1989.