

George Cross News Letter

NO.222(1988)
NOVEMBER 18, 1988

GRANDUC MINES LIMITED (GDC-V)

NEWHAWK GOLD MINES LTD. (NHG-V,T)

CATEGORY	TONS	OZ.GOLD/T	OZ.SILVER/T	GOLD EQUIVALENT
Indicated	304,044	0.387	26.19	0.780
Inferred	550,028	.335	21.15	.652
Total	854,072	.354	22.94	.698

GEOLOGIC RESERVES UPDATED - Granduc Mines Ltd. 40% and Newhawk Gold Mines Ltd. 60% reported the above updated geological reserves for the West zone of the Sulphurets property 60 miles north of Stewart, B.C. The updated calculation was based on more detailed geological information using a cutoff grade of 0.2 ounces of gold equivalent per ton and a minimum width of 5 feet. These reserves are located in areas that are readily accessible from underground workings. The total reserves are contained in an area about 30% of that covered by the mineral inventory calculation of 1,504,488 tons grading 0.506 oz.gold/t, 20.17 oz.silver/t in the West zone reported in April 1988. It appears that the addition of internal mining dilution may be the major factor for the difference in gold grade.

A \$4,000,000 program has started on the property. It consists of advancing the decline to the 1250 m level, additional raising, drifting, crosscutting and further definition of the new UTC zone and West zone extensions by underground diamond drilling. A pre-feasibility study is underway and a formal feasibility study will be initiated including mine engineering, detail design of facilities and approval in principle from government agencies. (SEE GCNL No.211, P.1, 2Nov88 for more detail).

ROYALSTAR RESOURCES INC. (RYQ-V)

1700 METER DIAMOND - Royalstar Resources Inc. has DRILL PROGRAM PLANNED negotiated a private placement of 400,000 flow-through shares at 55¢ per share to NORAMCO MINING CORPORATION (NNN-V,T,M), subject to regulatory approval. The funds will be used for a diamond drill program of 1700 meters of NQ size core in 7 holes, which will start within the next two weeks. This program will comprise Royalstar's initial drill test of the Bob Creek gold-silver-zinc prospect located 11 km south of Houston, B.C. Estimated total cost is \$235,000. An I.P. survey has outlined a north-northwesterly trending anomaly 2.5 km long and up to 0.8 km wide. Royalstar has an option to acquire a 100% interest in the 210 claim units called the Bob Creek property from BARD SILVER & GOLD LTD. (BDS-V), subject to a 20% net proceeds of production royalty payable to Bard and the original vendors.

CANDORADO MINES LTD. (COM-V)

CANTRELL RESOURCES LTD. (CLJ-V)

FIRST SMALL GOLD POUR - Candorado Mines Ltd., 55% and EXPECTED NOV.23, 1988 Cantrell 45% have reported the start of tailings reprocessing by heap leach at Hedley, B.C. Despite startup problems associated with the transition from design and remodelling to operating systems and despite delays caused by suppliers, the plant produced a test heap of 22,000 dry tons of agglomerated tailings placed on the pad. The constructed pad has a capacity of 200,000 tons. The production of the test heap was achieved with one of the two agglomerators on site, together with a conveyor/staker system operating at design capacity in the last few days before inclement weather forced shut-down of the agglomerator. The material on the leach pad has a projected recoverable gold content of 660 ounces. To Nov.15,1988, there are 102 ounces of gold recovered. Projections from a 20 foot column test using material from the leach pad indicate that substantial further recovery can be expected in the immediate future.

The experience gained from the test heap indicate that production can be scaled up to 4,000 tons per day in the spring of 1989. There are some 1,300,000 tons of tailings available to the joint venture operation. An initial pour of dore bar containing approximately 80 oz. of fine gold is scheduled for Nov.23, 1988.

BETTER RESOURCES LTD. (BRZ-V)

FURTHER GOLD VALUES REPORTED - Better Resources Ltd. has reported assays received from Noranda Exploration Company Limited from two diamond drill holes on the anomaly "D" area of the Murex Breccia on Mt. Washington, 15 miles west of Courtenay, Vancouver Island, B.C. Noranda may earn a 51% interest in this 39 claim portion of Better Resources property by spending \$2,500,000 on exploration and paying \$100,000 by December 31, 1990. Noranda is operator of this project.

The Murex area is about 2 miles east of Better's 100% owned Lakeview-Domineer gold zone where previous reserves of 472,000 tons of 0.257 oz.gold/ton and 1.27 oz.silver/t at 0.1 oz.gold/t cutoff are now being revised to include the 1988 drilling.

Noranda has completed extensive geochemistry, geophysics and geological mapping on the Murex Breccia. Drilling in the anomaly "D" area is in the vicinity of holes previously drill by Better Resources Ltd. where hole MX-1 cut 42 ft. of 0.21 oz.gold/t from 15 to 57 feet, and MX-7 cut 108 ft. of 1.54% copper and low gold values, including 22 ft. of 3.2% copper. The two recent holes in the "D" zone are:

HOLE	INTERVAL, M	METERS	OZ.GOLD/T	The Murex
NMX-19	12.73-23.73	11	0.120	'Breccia is a large
	including 20.73-23.73	3	.263	'and complex
NMX-20	28.9-43.31	14.31	.034	'system. Plans are
			.10	'under review for

'continuing exploration of this potential bulk gold target.

BEMA INTERNATIONAL RESOURCES INC. (BMI-V)
HARRISON LAKE DRILLING EXTENDS GOLD ZONE - Bema

International

60%, operator, **ABO RESOURCE CORP. (ABU-V)** 40% have reported partial assays from 14 new holes totalling 7,500 feet on the Harrison Lake gold project, 100 km east of Vancouver, B.C. Drilling is continuing.

A gold discovery has been made in step-out drill hole No. 130 on the Hill stock located 2.5 km to the south of the main Jenner stock. The hole cut:

<u>INTERVAL</u>	<u>LENGTH</u>	<u>OZ. GOLD/T</u>	<u>OZ. SILVER/T</u>
200 - 213 feet	13.1 feet	0.25	0.40
512 - 538	26.3	.25	.40

The gold mineralization is associated with quartz, pyrrhotite veins carrying copper, zinc and molybdenum.

A second discovery has been made in a large north-south trending breccia zone to the west and peripheral to the Hill stock. Hole No. 127 intersected a sulphide zone which occurs within a 250 foot wide breccia with a strike length of 1,500 feet. The most significant intervals are:

430 - 453	23	.10	.30	1.2% zinc
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Drilling in the Portal stock has intersected significant high grade gold results contained within the foot-wall zone. Drill hole No. 88-83 located 200 feet to the east of drill hole No. 88-76:

No. 88-76 interval	299-325 ft. length	26 ft.	0.31 oz. gold/t
No. 88-83	856-866	10	.060

Underground drilling in the Jenner stock is adding substantially to anticipated reserves. Eight diamond drill holes in the current program indicate a significant increase in the size of the Jenner stock beyond the previously reported reserves of 5,000,000 tonnes grading in excess of 0.1 oz. gold/t. Revised tonnage calculations will be reported on completion of the present 25,000 feet of diamond drilling. The program confirmed widespread gold mineralization beyond the previously known Jenner and Portal stocks.

At an information meeting to outline the amalgamation of Amir, Bema and Normine into a new company called Bema Gold Corp., a review was presented of the reserves and production plans over the next few years. Current total reserves are estimated at 812,000 ounces of mineable gold and a total of 1,325,800 ounces including inferred reserves. (SEE DETAIL OF THESE CALCULATIONS OVERLEAF). The company projects first production from the Champagne mine, at Lava Creek, Idaho will be 17,500 ounces in 1989 at a cost of \$137 US per ounce. This mine is now in test production and permitting is proceeding. Final permits are expected to be received by March and full production is expected to start in June. Gold production is forecast at 47,900 ounces in 1990 to include Champagne, Buffalo Gulch, Erickson Reef and Indian Rose and at 76,300 ounces in 1991 when the Friday mine is forecast to also reach production. (SEE DETAIL OF THESE CALCULATIONS OVERLEAF).

The shareholders meeting on Nov. 22, 1988 will consider the amalgamation on the basis of one share of Bema, one share of Amir and 2 shares of Normine for one share of the new Bema Gold which will have 18,500,000 shares issued after amalgamation, held by 2,900 shareholders, and working capital of \$2,500,000.

CANADIAN-UNITED MINERALS, INC. (CUN-V)

DRILLING PROGRAM PLANNED - Robert Holland, exploration manager for Canadian-United Minerals, Inc. reports that 24,000 feet of NQ diamond drill program is to start Nov. 21, 1988 on the 100% owned Fireweed silver-lead-zinc-gold-copper project on Babine Lake northeast of Smithers, B.C. Funding for the program will come from the Brown Ford Syndicate. (SEE GCNL No. 182, p. 2, 21 Sep 88). About 19,000 feet has been drilled this year. Current work has outlined two mineralized zones separated by about 1.5 miles of virtually untested strike length.

About 16,000 feet of drilling is planned for the West zone with the objective of proving up mineable tonnage reserves. At the West zone, stratiform silver-base metals mineralization has been intersected over a strike length of some 1,300 feet and to a depth of 500 feet, across widths ranging up to 43 feet. Values to 41.05 oz. silver/ton and 9.47% lead-zinc have been obtained. A 900 foot long section of this zone averaged roughly 14 oz. silver/t and 3% lead-zinc across 16 feet; the gold equivalent value is about 0.31 oz/t and the zone is open along strike and to depth. A number of bedded massive sulphide horizons have also been intersected.

Another 6,500 feet of drilling is planned for the East zone to define and extend known sulphide zones. Limited previous drilling has intersected near massive sulphides over widths to 43 meters and economic values in gold-copper-zinc over a distance of 300 meters, including 6.1 feet of 0.198 oz. gold/t, 0.58% copper and 13.1 feet of 8.87% zinc.

Several other geophysical targets and lower grade horizons will also be tested. (SEE GCNL No. 167, P. 1, 30 Aug 88 for more detail and a map of the West zone).

MAGENTA DEVELOPMENT CORP. (MGT-V)

CREST RESOURCES LTD. (CQR-V)

DRILL RIG MOBILIZED - Magenta Development Corp. reports a drill rig is being mobilized to the Crest option project in the Iskut River area, 70 miles NW of Stewart, B.C. Magenta can earn a 50% interest in the property from Crest Resources Ltd. by funding exploration expenditures totalling \$250,000 over two years.

A 3,000 foot drill program will test the down dip and strike potential of the Phiz vein discovery, announced in a news release dated 10 Nov 88. Ten channel samples taken across the vein returned: 1.45 oz. gold/ton and 3.96 oz. silver/t across 10.5 feet, 2.567 oz. gold/t and 2.54 oz. silver/t across 9.8 feet, and 0.494 oz. gold/t and 1.30 oz. silver/t over 23.0 feet. Stripping and trenching exposed the vein over an 80-foot strike length, but could not expose the entire width and strike length of the vein due to deep overburden. Where sampled, the Phiz vein is a minimum 10 feet wide.

Magenta has arranged a brokered private placement with Canarim Investment Corporation to sell 500,000 units at 70¢ per unit, each unit consisting of 1 share and a 1/2 warrant, exercisable to purchase an additional share within 1 year at 75¢ per share.

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BEMA GOLD CORPORATION

Ore Reserves Based on Current Evaluation

PROJECT	MINEABLE RESERVE	WASTE: ORE	MINEABLE OUNCES - TO DATE	ADDITIONAL INFERRED RESERVE	TOTAL OUNCES
<u>Champagne Mine, Idaho</u>	2.30 mt @ 0.038 oz/t Au equiv.	1:1	87,400	2.0 mt @ 0.038 oz/t Au	163,400
<u>Buffalo Gulch Mine, Idaho</u>	5.0 mt @ 0.029 oz/t Au	1.7:1	145,000	2.0 mt @ 0.029 oz/t Au	203,000
<u>Erickson Reef Mine, Idaho</u>	2.8 mt @ 0.06 oz/t Au	2:1	168,000	1.7 mt @ 0.06 oz/t Au	270,000
<u>Friday Mine, Idaho</u>	2.0 mt @ 0.038 oz/t Au	2:1	76,000	0.5 mt @ 0.038 oz/t Au	95,000
<u>Indian Rose Mine, California</u> (Figures represent Bema interest - 35% of project)	1.75 mt @ 0.024 oz/t Au	2.8:1	42,000	1.4 mt @ 0.03 oz/t Au	84,000
<u>Van Deemen Mine, Arizona</u> (Figures represent Bema interest - 40% of project)	0.4 mt @ 0.034 oz/t Au	3.5:1	13,600	0.2 mt @ 0.034 oz/t Au	20,400
<u>Harrison Mine, B.C.</u>	2.8 mt @ 0.1 oz/t Au	-	280,000	2.1 mt @ 0.1 oz/t Au	490,000
TOTALS:			812,000		1,325,800

Projected U.S. Gold Production 1989-1991

	1989	1990	1991
Metal prices/ounce	\$400 Au \$6.20 Ag	\$450 Au \$7.0 Ag	\$450 Au \$7.0 Ag
CHAMPAGNE MINE			
Production-ounces Au (equiv.)	17,500	19,000	19,000
Pre-tax net profit (Bema)	\$2,637m	\$3.800m	\$3.800m
Operating cost per ounce	\$137	\$185	\$185
BUFFALO GULCH MINE			
Production-ounces Au	--	13,000	15,000
Pre-tax net profit (Bema)	--	\$1.468	\$1.503m
Operating cost per ounce	--	\$153	\$256
ERICKSON REEF MINE			
Production-ounces Au	--	10,000	27,300
Pre-tax net profit (Bema)	--	\$1.170m	\$5.581m
Operating cost per ounce	--	\$141	\$141
FRIDAY MINE			
Production-ounces Au	--	--	9,100
Pre-tax net profit (Bema)	--	--	\$0.306m
Operating cost per ounce	--	--	\$211
INDIAN ROSE MINE (Figures represent Bema interest-35% of Project.)			
Production-ounces Au	--	5,900	5,900
Pre-tax net profit	--	\$0.133m	\$1.078m
Operating cost per ounce	--	\$267	\$267
TOTAL PRODUCTION-OUNCES AU	17,500	47,900	76,300
TOTAL PRE-TAX NET PROFIT	\$2.637m	\$6.571m	\$12.268m
AVERAGE OPERATING COST PER OUNCE	\$137	\$177	\$193

Notes: All numbers quoted are in U.S. Dollars.

All projections are based on current estimates.

Net profits are after pre-production, production and royalty costs.

Gold reserves from the Harrison Lake Property are not included in this analysis.