

# George Cross News Letter

NO.208(1988)  
OCTOBER 28, 1988

## LOCH RICH MINERALS LTD. (LKM-V)

HOLE	INTERCEPT	OZ. SILVER/T	ZINC	GOLD PPB	ASSAYS
88-1	0.3 meters	0.16	1.26%	40	'REPORTED
88-3	.3	1.18	8.22	40	'Richard Babbitt
88-4	.18	.89	2.30	200	'president
88-5	1.4	1.57	15.40	230	'reports that

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Loch Rich Minerals Ltd. has carried out diamond drilling on the 100% owned Northern Belle property about 15 miles NE of New Denver, B.C. Further drilling will be required.

The company completed 19 km of grid line surveys on the Punch Bowl property west of Manning Park, B.C.

## ENERGEX RESOURCES LTD. (EGX-V,T;EGEXF-Nasdaq)

3 MONTHS ENDED AUGUST 31, 1988	1987	' INTERIM REPORT
Revenue	\$85,678	\$73,217 'A.O. Birkeland,
Expenses	233,505	338,707 'president,
Loss For The Period	(147,827)	(265,490)'reports that
Loss Per Share	(1¢)	(2¢) 'with this year's

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'exploration being funded by flow-through private placements, Energex Minerals Ltd. closed the quarter with working capital of \$2,153,451 and cash on hand of \$2,562,359. Another \$500,000 will be received shortly from a draw down of flow through funds to offset exploration spending.

A feasibility study was commissioned based on reserves of 360,074 tons grading 0.291 oz.gold/ton in three deposits prior to 1988 exploration on the company's Toodoggone project in northwestern B.C.; which included analysis of conventional milling of high grade ore at 200 tons per day combined with seasonal heap leaching of lower grade material.

The feasibility study evaluated two cases, based on two methods of calculating reserves. At a US \$450 per ounce both cases show positive rates of return of 25% and 39% respectively and cumulative cash flows of \$5,300,000 and \$10,300,000. Capital costs for a combined operation are projected to be \$9,340,000. This does not include a \$3,000,000 payment demanded by Cheni Gold Mines for use of the Omineca Mine access road during the production period, which would result in marginal economics. Energex and other companies in the region are disputing payments for use of a partially government funded road.

Energex has decided to defer a production decision of a combined milling/leaching operation until completing a comprehensive program of metallurgical testing and cost evaluation to determine the viability of a heap leaching operation.

## CATHEDRAL GOLD CORPORATION (CAT-T)

HOLE	INTERCEPT	OZ. GOLD/T	' PORCHER ISLAND
68	20.7 ft.	0.414	Eastern Limit 'RESERVES DOUBLED
	10.3	.148	' Pierre B. Lebel
	1.1	.752	'president reports
49	12.7	.385	Western Limit 'that Cathedral
	5.2	.168	'Gold Corporation
16	25.0	.156	'has completed a

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Deepest intersection (700 ft.) 'new evaluation of the AT zone reserves at its 100% owned Porcher Island property 35 miles west of Prince Rupert, B.C. This latest estimate is based on 78 holes totalling 40,000 feet, of which 56 holes and 30,000 feet were drilled in the AT zone.

Drill indicated reserves for the AT zone now stand at 623,000 tons grading 0.2 oz.gold/ton cut and diluted over an average mining width of 11 feet. These reserves, which represent 124,000 oz. gold, virtually all occur within 330 feet from surface over a strike length of 1,000 feet. The zone remains open to the east, west and at depth. The current limits of the AT zone are delineated by the intersections in the table.

A drilling program that started on October 14, will test the continuity and strength of mineralization to a depth of 1,000 feet. The overall objective of this program is to establish sufficient reserves within the AT zone to support commercial production.(SEE DETAILED REVIEW OF THE PROPERTY EXPLORATION AND RESULTS IN GCNL NO.177, Sept.14,1988)

## ESPERANZA EXPLORATIONS LTD. (EEP-V)

HOLE	INTERVAL, FT	WIDTH	OZ. GOLD/T	NEW GOLD INTER-
E88-202	1203.0-1207.0	4.0 ft	0.25	' SECTIONS FROM
E88-204	472.0- 478.5	6.5	.15	' TILlicum MOUNTAIN
E88-207	459.5- 470.0	10.5	.30	' John S. Brock,

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'president of Esperanza Explorations Ltd. reports that diamond drilling is continuing to prove the continuity of gold mineralization along strike from previously drill indicated reserves at Tillicum Mountain, near Burton, southeastern B.C. Eight widely spaced holes have traced the northerly trending extension of the East Ridge deposit over a strike length of 1800 feet with intersections to a depth of 1000 feet down dip; results above and in GCNL No.197, Oct.13/88 and No.188, Sept.29/88. Drilling with two rigs continues in conjunction with underground sampling of upper levels of the deposit. Underground sampling conducted to date is upgrading a drill indicated grade of 0.22 oz.gold/ton to 0.3 oz.gold/t over a 5 foot mining width. (SEE GCNL No.175, P.1, Sept.12/88 for reserves).

SUMAC VENTURES INC. (SSV-V)

**HEAP LEACH TAILINGS RE-PROCESSING OPERATION EXPANDED**

Dr. R. H. Seraphim, P. Eng., president of Sumac Ventures has reported a second pump has been added to the sprinkling of the Union tailings re-processing heap leach operation, located along Burrell Creek, 45 miles north of Grand Forks, B.C. To date 60,000 tons of tailings have been stacked in six heaps, five of which were built in 1988. Included in the 60,000 tons are 11,500 tons which were heaped and partially leached in 1987. As reported previously, the first heap yielded a recovery of 73% of the gold and silver, to provide a gross revenue of \$260,500.

Gross revenue from the six heaps to Oct. 1, 1988 is \$659,804. Sprinkling and gold and silver recovery will continue until freeze-up, which last year was early December.

Agglomeration was suspended October 1, 1988 owing to the increased costs caused by the rainy fall weather. Approximately 20,000 tons of tailings are stockpiled at the agglomeration site for processing next spring. Also, about 5,000 tons remain to be handled from the old tailings pile. This project is operated under a lease at 6% net smelter return royalty.

Sumac Ventures has a 51% interest in the property surrounding the tailings and has planned an exploration program on gold and silver veins exposed about one mile west of the heap leach operation. Assays ranging from 0.29 oz. gold/t over 8 ft. to 1.67 oz. gold/t over 4 ft. Some of this property is also under lease subject to a 6% net smelter return royalty.