

George Cross News Letter

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MCADAM RESOURCES INC. (MMM-T)

AMALGAMATION REPORTED - McAdam Resources Inc., Tashota Spud Valley Updated Nipigon Mines Limited and Konteko Resources Inc. (formerly Quinteko Resources Ltd.) reported the definitive stock exchange ratios for the proposed amalgamation of the three companies. Holders of McAdam Resources will receive 1 share in the amalgamated company, McAdam Resources Inc., for each share presently held. Holders of Tashota Nipigon Mines will receive 1 share of the amalgamated company for each 2 shares of Tashota Nipigon, and Quinteko shareholders will receive 1 share of the amalgamated company for each 10 shares of Quinteko (or 2.5 shares after giving effect to the 4-old for 1-new share consolidation). About 15,100,000 shares of the amalgamated company will be issued.

The company's goal is to achieve gold production within the next year. McAdam feels that the combined production potential of the Spud Valley and McWatters projects is 40,000 to 50,000 ounces of gold per year.

Underground exploration is continuing at the 100% owned Spud Valley formerly producing mine near Zeballos on Vancouver Island, B.C. A formerly unaccessible portion of the Goldfield vein has been opened up on the 7 level. Crews are cleaning up the old workings prior to resampling the vein. The 8 level portal, 200 feet below the 7 level is being collared and should be through overburden and into bedrock with the next couple of weeks. The 8 level will access and test the downdip extensions of reserve blocks known on the 7 level. New targets such as the A vein, which returned 2.434 oz.gold over 4 feet, will also be tested.

Exploration drifting will continue on the 7 level Spur vein to gain access to the downdip extensions of this vein where it was mined on the upper levels. A significant reserve block is expected to be added with the next 400 feet of drifting. To date, drifting on this vein has revealed a strong structure with some sections of ore grade material. By early November a phase of driving exploration raises in the various veins will be initiated so that the vertical continuity of the veins can be substantiated.

A modular test mill will be installed and operational about March 1, 1989. B.C. regulatory approval and most permits are now in place to perform this ore testing.

TERRACAMP DEVELOPMENTS LTD. (TPD-V)

PORTABLE MILL CONTRACTED - Terracamp Developments Ltd. has signed a contract to use its portable mill and concentrator to process a bulk sample over the next 18 months estimated at 60,000 tons of dump material grading 0.7 oz.gold/ton, located on the I.X.L. property near Rossland, B.C. Terracamp has agreed on a sliding scale contract based on grade and will earn a minimum of \$30 per ton after costs or \$1,800,000, and should a grade of 0.7 oz.gold/t be maintained, Terracamp will earn \$100 per ton or \$6,000,000.

HALLEY RESOURCES LTD. (HLL-V)

PRIVATE PLACEMENT REPORTED - Halley Resources Ltd. reports completion of a private placement of 181,818 shares at \$1.10 each with NIM Resources - 1988. The proceeds of \$200,000 will be used for exploration on the Surf Inlet mines, Princess Royal Island, B.C. Halley can earn a 50% interest in the project by spending \$2,000,000 over two years.

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

VERDSTONE GOLD CORPORATION (VGC-V)

DAY CLAIMS OPTIONED - Rea Gold Corporation, 60%, and Verdstone Gold Corporation, 40%, have acquired an option to earn a 100% interest, subject to a 2% net smelter return in the 56 unit Day claims in the Slocan Mining Division near Castlegar, B.C. Rea Gold will make option payments totalling \$205,000 by 1Sep92. Verdstone will issue 100,000 shares on 1Sep90 and another 100,000 shares on 1Sep92. Advance royalties against the 2% N.S.R. of \$100,000 per year will start on 15Sep93. The claims cover a previously unknown breccia zone or breccia pipe. Geophysical and geochemical surveys, and diamond drilling will start in October 1988.

Four thousand feet of diamond drilling has been completed on the Rag & Goldy claims in the Yukon.

Geophysical, geochemical and geological surveys have started on the northern portion of the 22,000 acre CK claims near Clearwater, B.C. Diamond drilling is scheduled to start on Oct.1, 1988.

LECTUS DEVELOPMENTS LTD. (LDV-V)

REYMONT GOLD MINES LTD. (RMT-Alberta)

NEW ZONE DISCOVERED - Lectus Developments Ltd. and ON STAR PROPERTY Reymont Gold Mines Ltd. reported the discovery of a new zone on the Star gold prospect near Nelson, B.C., in which they can collectively earn a 50% interest from U.S. Borax and Chemical Corporation by spending \$400,000 over 3 years. U.S. Borax can earn a 50% interest in the Reymont Gold Eagle #3 claim within the Star property with similar expenditures.

One 5 foot section of hole S-29 assayed 0.214 oz. gold/ton and 2.36 oz.silver/t. Further down the hole from 315 to 320 feet an intersection yielded 0.621 oz. gold/t and 3.6 oz.silver/t, within an interval of 230 feet averaging 0.028 oz.gold/t. These sections were obtained from drilling a previously untested zone. Hole S-28, drilled in the opposite direction from the same site, encountered 0.0127 oz.gold/t over 160 feet; heavy water flow hampering the recovery of fine material may have caused the loss of some gold values. Eight holes have been drilled along a 1,500 foot section of the new zone.

Fifteen reverse circulation drill holes have been completed on the Star property this year. At the top of hole S-18 an intersection of 0.116 oz.gold/t over 4 feet was found, extending the width of the zone found earlier at the bottom of hole S-6 (0.16 oz. gold/t over 5 feet). Both holes were drilled on the northerly extension of the Alma N zone.

An exploration program of 9,300 feet of diamond and reverse circulation drilling is underway on the Alma N zone, the Star-Eureka zone and the new southeast zone. Induced polarization surveying, trenching and diamond drilling will be conducted on the Gold Eagle #3 claim, which appears to contain the extension of the new zone.