

George Cross News Letter

NO.189(1988)
SEPTEMBER 30, 1988

HOUSTON METALS CORPORATION(HML-V)

| TONS | OZ.GOLD/T | OZ.SILVER/T | COPPER | LEAD | ZINC |
|--|-----------|-------------|--------|-------|-------|
| TOTAL ORE RESERVES | | | | | |
| 1,903,000 | 0.08 | 9.56 | | | 6.19% |
| Including above No.2600 level Centre Block | | | | | |
| 70,000 | .08 | 9.56 | 0.46% | 1.5% | 6.19% |
| Including below No.2600 level Centre Block average 9 ft. | | | | | |
| 200,000 | .07 | 5.12 | .24% | 1.41% | 8.70% |
| Including below No.2600 level South Block | | | | | |
| 100,000 | .20 | 11.65 | .38% | 1.32% | 8.73% |
| Excluding George Lake Reserves above & below 2600 level | | | | | |
| * 60,000 | .05 | 6.0 | .50% | 2.0% | 6.0% |
| * A drill hole cut the George Lake vein 150 feet below the No.2600 level which cut | | | | | |
| 9 feet of | .056 | 12.58 | .89% | 4.69% | 8.70% |
| Excluding Reserves in tailings pond ** | | | | | |
| 190,000-215,000 | .04 | 2.0 | | | |

** Bioleach tests of the tailings reserves have established that the gold and silver are recoverable profitably. The concentrating plant design will include equipment to reprocess these tailings.

The annual meeting of Houston Metals has been called for 2:00 p.m., Sept.20, 1988, in the Delta Place Hotel, 645 Howe St., Vancouver, B.C. The meeting will hear a complete review of the developments at the Silver Queen mine, 35 miles south of Houston, central B.C. and the metallurgical progress towards a final feasibility study and a production decision.

The continuing exploration at the mine includes advancing the decline from the No. 2600 to the No. 2200 level and driving of the Cole Lake crosscut to the Cole veins. Both of these programs are designed to increase reserves and advance the mine towards production.

Exhaustive metallurgical tests have determined that saleable concentrates can be profitably produced from the mine ores. In the proposed plant processing the copper and lead sulphides and the tennantite - tetrahedrite - pyragryrite ores will float off together taking the arsenic and antimony with them and leaving a clean residue consisting of the zinc concentrate, the pyrite concentrate and the tailings. The bulk of the copper/silver concentrate is relatively small, between 2% and 4% of the ore. These concentrates will require a small electric roaster to "sublimate" the arsenic out of the concentrate to produce a clean saleable concentrate containing less than 1% arsenic. This quality of concentrate is acceptable to most smelters. This proposed process is similar to the process currently in use at Campbell Red Lake, Giant Yellowknife and many other mines with arsenopyrites, pyrites and other sulphides in their ores.

The pyrite concentrate to be produced will be about 20% of the ore processed. The present plant design provides that these concentrates will be put into a

slurry and bioleached or pre-oxidized before the residual solids are cyanided to extract the gold and silver. The bioleach process is an alternative to roasting the pyrite concentrate. The bioleach process is forecast to require less cyanide, capital investment and operating expenses. The process is considered to be more environmentally sound than a roaster. Bioleaching produces a liquor containing ferric ions that when treated with gases from the roaster form an insoluble environmentally safe arsenic compound.

Jeff Austin of Coastech Research, who are doing research on the Houston Metals concentrating plant, will deliver a paper on the Silver Queen process to the CIM regional conference in Fernie, B.C. on Sept.29,1988.

GOLDEN NORTH RESOURCE CORPORATION

(GNO-V,T;GNOXF-Nadaq)

DRILLING STARTS NEAR HEDLEY - Golden North Resource

reports a 25,000 foot diamond drilling program, using two drill rigs, will start on the 100% owned Nickel Plate gold properties near Hedley, B.C., at an estimated cost of \$1,400,000.

The purpose of the drill program is to focus on five areas within the claim block to test numerous coincidental induced polarization and geochemical anomalies generated from the recent \$1,000,000 surveys.

Drilling will focus on a high priority area southwest of the Canty gold-skarn deposit that has drill indicated open pit reserves of 656,800 tons grading 0.154 oz.gold/ton. This priority area is situated 1 km east of Corona Corporation's Nickel Plate Mine.

An additional priority target will be drill tested on the California claim where a discovery was made in hole CF-87-4 in December 1987. This hole returned gold values of 0.201 oz.gold/t over 27.0 feet, which included values of 0.313 oz.gold/t over 17.0 feet and 2.323 oz.gold/t over 2.0 feet. This claim block is situated about 1 km east of the Canty deposit.

MIKADO RESOURCES LTD. (MKO-V)**GOLDEN ARCH RESOURCES LTD.**

| HOLE | DIP | INTERVAL | TRUE | GOLD | SILVER | LEAD | ZINC |
|--------|-----|----------|-------|-------|--------|-------|------|
| AB - | | FEET | WIDTH | OZ/T | OZ/T | % | % |
| 88-89 | 45 | 107-117 | 9 ft. | 0.013 | 2.57 | 4.31 | 2.52 |
| 88-92 | 45 | 127-157 | 27.3 | .022 | 3.6 | 4.75 | 0.96 |
| incl. | | 127-137 | 9 | .053 | 9.04 | 11.68 | 1.43 |
| 88-93 | 60 | 132-162 | 23.1 | .11 | 1.47 | 2.25 | 0.43 |
| incl. | | 152-162 | 7.7 | .274 | 1.9 | 2.81 | 0.1 |
| 88-94 | 45 | 125-162 | 33.6 | .018 | 3.71 | 5.4 | 0.72 |
| incl. | | 125-142 | 15.5 | .03 | 7.15 | 10.81 | 0.84 |
| 88-95 | 60 | 157-167 | 7.7 | .067 | 2.53 | 4.23 | 0.36 |
| 88-96A | 45 | 108-117 | 8.2 | .017 | 4.77 | 8.44 | 4.09 |
| 88-97 | 60 | 137-142 | 4 | .014 | 3.62 | 6.21 | 0.34 |
| 88-99 | 45 | 117-132 | 13.6 | .01 | 2.42 | 3.4 | 3.77 |
| 88-100 | 55 | 167-182 | 12.0 | .01 | 2.02 | 2.41 | 3.58 |
| incl. | | 167-177 | 8.1 | .015 | 2.64 | 3.41 | 5.26 |

RESULTS OF NEW - Jim Simpson, president reports that VEIN REPORTED Mikado Resources Ltd. anticipates that the new vein system on the Abbot zone of the Mt. Templeman property 60 miles southeast of Revelstoke, B.C. can be mined by low cost open pit methods. Reserve calculations are in progress and will be released when completed. A contract to mill 3,000 tons of ore has been awarded to Dickenson Mines and milling is to begin immediately. Interests in the property are Mikado 70% and Golden Arch Resources 30%.

SEVEN MILE HIGH RESOURCES INC. (SVH-V)

FALL DRILLING PROGRAM ANNOUNCED- Inco Gold, as operator, has recommended to the joint venture an additional diamond drilling program of 5,000 meters during the fall of 1988 at estimated cost of \$500,000 on the Vault claims, near Okanagan Falls, 60 km south of Kelowna, B.C. Seven Mile High Resources Inc. will participate in the additional program to the extent of its 40% interest. The proposed starting date for the program is Oct.1, 1988. The work is being undertaken to confirm present property evaluation, to check if high grade pockets are present and to acquire additional information necessary to calculate reserves and grades. (SEE GCNL NO.140, July 20,1988,P.2 for previous drill results.)

HEDLEY PACIFIC MINING CORP. LTD. (HED-V)

DRILLING PLANNED - John S. Godfrey, president of Hedley Pacific Mining Corp. Ltd., reports that 5,000 feet of diamond drilling has been planned for this year on the company's three gold claims on Nickel Plate Mountain, Hedley, B.C., at an estimated cost of \$220,000. This property is bordered on the west by Corona Corporation's Nickel Plate mine and on the east by Golden North Resource Corporation's Canty property.

A \$60,000 preliminary program of grid location, soil sampling and I.P. surveying has been completed. A chargeability anomaly has been located indicating a sulfide system. This anomaly is coincidental with gold mineralization discovered by trenching in 1987.

Corona Corporation and Golden North Resource Corporation hold a combined 36% interest in Hedley Pacific.

PANACHE RESOURCES INC. (PNP-V)

STEWART PROPERTY ACQUIRED - Panache Resources Inc. has purchased the Stoner No.1 to 6 claims from Petco Enterprises Ltd. for \$140,000 on the following terms and conditions: an initial payment of \$10,000; 100,000 shares of Panache; a 2.5% net smelter return royalty. The Stoner claims lie along the U.S. - Canadian border near Hyder, Alaska and Stewart, B.C. and are immediately adjacent to the Westmin gold mine being put into production. The company has retained Alex Burton, P.Eng., geological consultant to do a follow-up engineering report. Mr. Burton is on the property and will have his report ready within two weeks.

DELTEC RESOURCES LTD. (DEC-V) rec'd. VSE approval for filing a 17Jun88 agreement between Deltec & Arc Resource Group & Canevex Resources Ltd. whereby Deltec acquired the Jungle #1 claim in Vernon Mining Division, B.C., for \$7,500 & 75,000 shs. The vendor has also retained a 2% net smelter royalty.