

George Cross News Letter

Reliable Reporting

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APRIL 4, 1989

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WESTERN CANADIAN INVESTMENTS

MAGELLAN RESOURCES CORP. (MGS-V)

CHEVRON RESOURCES OPTIONS 50% OF SOUTHERN CROSS PROPERTY
Anton Hendritz, president reported that Magellan Resources Corp. has granted Chevron Resources Company an option to earn a 50% interest in the Southern Cross properties in Deerlodge county, Montana, by spending \$10,000,000 on the property or delivering a bankable feasibility study. Chevron has planned an aggressive program to start immediately.

Exploration on the Southern Cross property was initially concentrated on the Southern Cross mine and adjoining areas. Of the property's 3,000 acres, 180 acres have been explored, which resulted in geologic reserve estimates of 300,000 ounces of gold. At that time the company planned to place the area into production as soon as possible.

During 1988, exploration resulted in several new gold discoveries that greatly increased the scope of the Southern Cross deposit. The property is now thought to have the potential to develop about 1,000,000 oz. gold. After careful study, management concluded that the cost of the feasibility study and further development would be about \$10,000,000 and decided to bring in a major industry partner as raising capital in the equity markets would be too dilutive to shareholders.

REDFERN RESOURCES LTD. (RFN-V)

PRIVATE PLACEMENT REPORTED - Subject to regulatory approval, Redfern Resources Ltd. has agreed to issue 777,777 units at 90¢ each for proceeds of \$700,000 to two places. **TECK CORPORATION** has agreed to take down \$360,000 of the private placement and an undisclosed private company, unrelated to Teck, has agreed to take down the remaining \$360,000. Each unit consists of one flow through share and one callable warrant to purchase a further flow through share at \$1.25 for one year, but may be called on two weeks notice. A 7% commission will be paid to Canam Investment Corporation on the placement to Teck and to Midland Doherty for the other placement, both payable in shares at \$1 per share. **\$104K00Z**

The proceeds will be used to fund the company's share of phase I of the 1989 exploration budget on the Tulsequah Chief property in northwestern B.C., 40 miles east of James, Alaska. This program, to start in June, will consist of underground drifting and drilling to continue definition of polymetallic sulphide deposits. Current estimates of the property are estimated to be 2,400,000 tons grading 2% copper, 1.25% lead, 6.3% zinc, 0.075 oz. gold/ton and 2.7 oz. silver/t. Redfern will spend the first \$104,000 of the planned budget to be vested with a 40% working interest. The balance of the program will be funded 40% by Redfern and 60% by Cominco Ltd. (SEE also GCML No. 38, p.1, 23Feb89)

FORMOSA RESOURCES CORPORATION (FSA-V)

MAJOR FUNDING COMPLETED - Formosa Resources Corporation has completed the private placement to two Japanese places of 1,500,000 shares at \$4.70 per share for proceeds of \$7,050,000; the finder's fee of \$385,000 has been paid. Regulatory approval has been received. Prior to this financing, Formosa had 4,595,379 shares issued.

Approximately 50% of these funds have been budgeted for the 100% owned Formosa/Silver Butte property near Riddle, 48 miles north of Grants Pass, Douglas county, southwestern Oregon where Cominco Engineering is conduct-

ing a feasibility study on a Koroko type deposit.

Exploration work to date has outlined five sulphide bodies in the main zone area with reserves of about 460,000 tons grading 0.043 oz. gold/ton, 1.3 oz. silver/t, 3.40% copper, and 2.83% zinc.

Formosa has also been exploring a yttrium rare earth prospect in the Kachika River area, north central B.C.

ATLANTA GOLD CORPORATION (AAG-V,T)

STUDIES SHOW ATLANTA - Atlanta Gold Corporation has MINING PROBABLY PROFITABLE reported the mineable gold reserves on the Atlanta, Idaho gold property, were increased 46% to 861,000 ounces and 2,256,000 ounces of silver. Metallurgical studies indicated that the company could save about \$7,000,000 in capital costs by substituting a bio-oxidation process for that of pressure oxidation. Finally, a large number of mining, milling and leaching scenarios were examined resulting in the conclusion a profitable mining operation can, in all probability, be built at Atlanta.

Behre Dolbear - Riverside Inc. and Bateman Engineers Inc. are retained to conduct a full feasibility study to be completed in mid-May. The company expects to apply for production permits in the summer. The application will be supported by the draft Environmental Impact Statement already prepared by the company under the direction of the U.S. Forest Service.

The annual meeting is to be held 10:30 a.m., June 9, 1989, Engineers Club, 640 West Pender Street, Vancouver.

TENAJON RESOURCES CORP. (TJS-V)

PRIVATE PLACEMENT REPORTED - Donald A. McLeod, president reported that Tenajon Resources Corp. has signed an agreement whereby CMP 1989 Resources Partnership and Company, Limited will provide up to \$805,000 for Canadian Exploration Expenses, subject to regulatory approval. Proceeds will be used in the continued exploration of the SB property 19 miles north of Stewart, B.C. (SEE GCML No. 62, p.1, 31Mar89 for change of ownership in the SB property owned 50% by Tenajon)

DOLLY VARDEN MINERALS, INC. (DVV-V)

AMERICAN PACIFIC MINING COMPANY, INC. (APA-V)

PRIVATE PLACEMENT REPORTED - W.F. Christensen, president **\$103P010, 196** reported Dolly Varden Minerals, Inc. has agreed, subject to regulatory approvals, to sell to American Pacific Mining Company, Inc. 1,500,000 shares at 65¢ per share, for total proceeds of \$975,000. American Pacific has been granted an option to purchase a further 1,300,000 shares at \$1.30 per share. Dolly Varden plans 20,000 ft. drifting on the Red Point gold prospect, Kitsault Valley, 40 km north of Alice Arm, 160 km north of Prince Rupert, B.C.

Desmond Alexander, appointed a director to replace George Kelly, has been granted an option on 40,000 shares at 65¢ each. The annual meeting will be called shortly to authorize an increase in capital. The options are subject to such an increase. IN 1988 Dolly Varden has agreed to sell 1,000,000 shares at 30¢ each to Credit Commercial De France, and to issue 670,000 shares at 22.5¢ each to Yorkton Securities for debts of \$150,750.

PAN AMERICAN MINERALS CORP. (PAA-V)

EQVINOX RESOURCES LTD. (EQX-V,T)

MAP PRINTED OVERLEAF - The longitudinal section map overleaf shows the developed area of the J&L property near Revelstoke, B.C. See GCML No. 60, p.2, 29Mar89 for feasibility study and reserve details.