

NORTH AMERICAN METALS CORP. (NAM-V)

GOLDEN BEAR MINE TO - North American Metals Corp. 50%.
PROCEED TO PRODUCTION operator and Chevron Minerals Ltd.
 X 104K 79 8505, have agreed to complete the construction of the **Golden Bear Gold project** located near **Dease Lake and Telegraph Creek, B.C.** North American Metals is 73% owned by Homestake Mining Company. Completion of the project has been under re-evaluation since the end of 1988 when it was learned that capital and operating costs would be significantly higher than original estimate of \$36,000,000.

Thomas G. White has been appointed general manager and vice president operations, to succeed Kenneth Clifford who will return to Chevron and other duties.

The mine is scheduled to go into commercial production by year-end 1989 at 360 tonnes/day. The cost of completion is expected to be about \$30,000,000 and the total cost is expected to reach \$70,000,000. Forecast cash operating costs are expected to range from US \$210 to US \$240 per ounce. The 150 km access road had been estimated to cost \$9,200,000 and did cost \$17,000,000.

Current proven reserves are adequate for 5 years at a head grade of 0.543 oz. gold/t with excellent prospects for finding additional ore along strike and at depth (360 days x 360 tonnes/day/5 year = 400,000 tonnes). Earlier reserves were reported at 1,200,000 tonnes at 0.53 oz. gold/t or 1,790,500 tons of 0.32 oz. gold/t.

The plant will use the latest in extraction technology to recover over 90% of the high-grade gold contained in the ore. The plant will use dry grinding, fluidized bed roasting and carbon-in-pulp leaching to produce an average of 65,000 ounces of gold per year.

Mr. White has 20 years experience in mining, milling and project management. He was formerly manager of engineering services for Homestake, resident manager of Homestake's Grants, New Mexico uranium operations and a similar position at the AMAX-Homestake Buick lead mine in Missouri. He was Mill Superintendent for Placer Development's Gibraltar Mine in McLeese Lake, B.C. Mr. White holds a degree in Metallurgical Engineering from Colorado School of Mines.

TRANS AMERICA INDUSTRIES LTD. (TSA-V)

PRIVATE PLACEMENT REPORTED - John K. Campbell, president reported that Trans America Industries Ltd. has arranged a private placement through three European banks of 1,200,000 units at 85¢ each, for proceeds of \$1,020,000. The units carry warrants to buy a further 1,200,000 shares at \$1.10 each for one year.

Trans America 49% and LynnGold Resources Inc. 51% operator, has agreed to complete a final feasibility on the **Burnt Timber project** at Lynn Lake, Manitoba. The pre-feasibility report recommended that additional diamond drilling be carried out particularly at the east end of the deposit. Drilling has started and a 200 ft. step-out hole returned 47 feet of 0.11 oz. gold/ton. It is hoped that the additional drilling will increase the mineable reserves to over 1,000,000 tons of 0.1 oz. gold/t from the current 815,000 tons of 0.098 oz. gold/t.

The prefeasibility report recommended a mill expansion at LynnGold's nearby MacLellan mill to facilitate open pit ore from the Burnt Timber deposit at a daily rate of 600 tonnes per day. LynnGold has indicated a willingness to further increase milling capacity should proven tonnage in the area be increased.

The prefeasibility estimated Trans America's capital contribution for the open pit development at \$2,450,000. The private placement and warrant funds, if exercised, would provide sufficient capital for Trans America's share, when the production decision is made. (SEE GCNL No. 58, p.1, 23Mar89 for detail on prefeasibility report).

Hayes Resources Inc. has proposed to distribute to its shareholders 8,787,425 shares of LynnGold, about 62% of the issued shares, in exchange for a portion of their Hayes shareholdings on a pro-rata basis.

* NO. 74 (APRIL 18, 1989) * GEORGE CROSS NEWS LETTER LTD. * FORTY-SECOND YEAR OF PUBLICATION *

UNITED GUNN RESOURCES LTD. (GUN-V)

PLEXUS RESOURCES CORPORATION (PLX-T)

B.G.M. DIVERSIFIED ENERGY INC. (BDM-V)

POSITIVE FEASIBILITY STUDY RECEIVED - Nadia Mahafied,

president reported that United Gunn has received a feasibility study from Wright Engineers Limited on the Western World massive sulphide copper project, 90 miles north of Sacramento, Yuba county, California. The feasibility report indicates a rapid payback and an excellent rate of return. The president reported no figures from the study.

In May 1988, it was reported the interests in the Western World property were: Plexus Resources 50% operator, United Gunn 25% and B.G.M. Diversified 25%. The Plexus group had agreed to buy 100% freehold of the property, subject to no royalties, from Mobil Exploration and Producing North America Inc. and Louisiana Land and Exploration Company for \$1,000,000 US. The 1,400 acre property presently is farm land valued at \$1,200,000. At that time it was reported the deposit consisted of two shallow massive sulphide lenses defined by 75 drill holes in and adjacent to the lenses. Geological reserves were estimated at 1,775,000 tons averaging 2.42% copper, 0.95% zinc, 0.034 oz. gold/t and 0.42 oz. silver/t, available to a 4.9 to 1 stripping ratio. The planned production rate of 750 tons per day was estimated to cost between \$7,000,000 and \$10,000,000. Permitting and debt financing activities are being conducted by Plexus.

United Gunn also owns 30% of Cussion Lake Mines Ltd. which owns a portion of the Gibraltar Mine at McLeese Lake, B.C. The other 70% is owned by Placer Dome and Gibraltar Mines. United Gunn recently received dividend income from the mining of a portion of this orebody.

PEMBERTON HOUSTON WILLOWHAY INVESTMENT CORPORATION (PHW-V.T)

DOMINION SECURITIES MAKES \$87,000,000 OFFER FOR PEMBERTON

In a joint statement, RBC Dominion Securities Limited announced that it would offer \$9 per Class A and B share to acquire 100% of Pemberton Houston Willowhay Investment Corporation, for a total consideration of about \$87,000,000. The offering represents an 86% premium over the 20 day average trading price of the Class A shares to 11Apr89. The formal offer will be mailed to shareholders by 21Apr89 and is conditional upon at least 90% of each class of shares being tendered. The merged firms would operate in western Canada under the name RBC Dominion Securities Pemberton.

CORNUCOPIA RESOURCES LTD. (CNP-V.T; CNPQF-NASDAQ)

GALACTIC RESOURCES LTD. (GLC-V.T; M.A.M.E.X)

MINEABLE RESERVES INCREASE - Robert M. Friedland, chairman **PRODUCTION ESTIMATES RISE** of Galactic Resources Ltd.

reported that a positive feasibility study on the phase I oxide Hollister mine in the Carlin Trend of Nevada has been received. Galactic paid 750,000 treasury shares to Cornucopia Resources and holds an option to earn a 50% interest in the project by providing all capital costs to achieve production.

The updated report by Pincock, Allen & Holt estimates that the initial project will produce 58,400 oz. gold in the first full year of production, increasing to 105,600 ounces in the second year, and average about 80,000 ounces per year for the next 4 years. Construction of the phase I project is scheduled to start in the summer of 1989 with production from the near surface oxide deposit beginning in 1990, using conventional open-pit mining and heap leach processing. Initial capital cost, including the purchase of a new mining fleet, is estimated at US \$24,600,000. Discussions are underway with several institutions regarding project financing.

The current oxide proven and probable mineable reserve stands at 18,400,000 tons grading 0.035 oz. gold/t for 645,000 contained oz. gold. The deposit remains open in several directions and to depth. Metallurgical testing has confirmed averaged gold recoveries of about 77%.