

George Cross News Letter

Reliable Reporting

NO.79(1989)
APRIL 25, 1989

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WESTERN CANADIAN INVESTMENTS

GEODES RESOURCES LIMITED (GDD-T)

DRILL INDICATED RESERVES, EXPECTED TO DOUBLE
77,000,000 TONS AVERAGING 2.4% COPPER
0.082 OZ. SILVER/T, 0.007 OZ. GOLD/T, 0.08% COBALT

* 114P002

The Windy Craggy property, one of the largest massive sulphide deposits in Canada, owned by Geodes Resources is located at 4,500 feet elevation in northwest corner of B.C., north of the Alaskan panhandle, 40 miles west of the Haines highway, about 120 miles southwest of Whitehorse, Yukon. The property is 100% owned subject to no royalty or other interests. Falconbridge holds a 22.5% interest in net proceeds from production after capital payout. The company has scheduled completion of a production feasibility study by Dec. 31, 1989 at a projected exploration expense during 1989 of \$11,200,000 of which 50% has been funded. The study will consider a 15,000 to 20,000 ton per day operation at a capital cost in the range of \$300,000,000 - \$400,000,000.

The outstanding feature of the Windy Craggy massive sulphide body in addition to the established size is the geological mineralized potential in the 200,000,000 ton plus range potential.

THE THREE OUTSTANDING FEATURES FROM A RECENT VISIT TO THE DEPOSIT ARE:

- 430 FEET OF 2.34% COPPER IN MASSIVE SULPHIDES OF CHALCOPYRITE, PYRRHOTITE AND PYRITE
- ALONG THE 9677 NORTH CROSSCUT
- THE ECONOMIC IMPORTANCE OF THE HIGHER COPPER GRADE SECTIONS WITHIN THE DEPOSIT
- THE PLANNED ROAD ACCESS ROUTE, 6.5 MILES, TRAVERSE TYPICAL MOUNTAINOUS TERRAIN WITH WIDE OPEN VALLEYS AND ONLY 4 MILES OF GLACIER

The access road will have nothing unusual in its construction through the valleys in the mountains. The proposed route ranges from 1,200 to 4,600 ft. elevation, with much of the route following a 2,500 foot contour. This contour leads to just below the toe of the glacier, 4 miles from the portal. This glacier covers a portion of the deposit. The present camp is at 2200 foot elevation, 7.1 miles from the mine portal. There is only one relatively major river crossing requiring a 700 foot bridge span. There are a number of profitably operating mines with much more difficult and expensive access. One of the special considerations for the mine will be the upgrading of the existing 4 miles of glacier road. The engineers suggest that by laying a fairly wide layer of base rock several feet thick, to insulate the glacier from thawing, that an all weather main haulage road can be achieved with only slightly more than normal mountain road maintenance. The development plan calls for building the concentrator and permanent camp at or near the portal at 4,500 feet elevation with service over the glacier for camp, mine and mill. The road access would be supplemented by the present 3,000 foot airstrip now capable of handling, 3 ton pay load DC-3 aircraft. It is intended to extend the air strip to 4,500 feet to accommodate 22 ton pay load Hercules aircraft.

-CONTINUED ON PAGE TWO-

* NO.79(APRIL 25, 1989) * OWNED, PUBLISHED AND

IMPERIAL METALS CORPORATION (IPM-V,T,N)

IMPERIAL REALIZES CASH GAINS - Harry P. Sutherland, vice president, finance reports

that Imperial Metals Corporation has sold 701,000 shares of its affiliate Anglesey Mining plc. (AYM-LONDON). This cash transaction will result in a net gain of \$1,300,000 to Imperial in its first fiscal quarter. Imperial intends to maintain its 34.4% interest in Anglesey, which is valued at \$17,400,000 or \$1.02 per Imperial share based on recent London Stock Exchange trading prices. Anglesey is sinking a shaft at its Parys Mountain property in North Wales. The Parys Mountain deposit contains mining reserves of 5,204,000 tons grading 6.04% zinc, 1.49% copper, 3.03% lead, 2.02 oz. silver/t and 0.813 oz. gold/t.

PIONEER METALS CORPORATION (PSM-V,T)

EXPLORATION RESULTS - Robert D. Willis, president of Pioneer Metals Corporation reports

that the Premier gold project is currently in the start up phase with initial production planned for May 1, 1990. The 40% owned Premier Gold project is located 9 miles north of Stewart, B.C. Westmin Resource owns 51% and is operator. Canaccord Resources Inc. (CQR-T) owns a 9% interest. Pioneer expects the project to reach commercial production levels by September 1989. At 2,200 tons per day, average production for the first four years of full production should be 77,000 ounces gold and 900,000 ounces silver.

In the initial 1989 drilling program a total of 6,017 feet were drilled in 35 holes and covers a section between the 609 and 608 zones where underground reserves are being developed. Results of this drilling indicate a zone of alteration hosting the gold and silver mineralization often well defined by a zinc and lead halo. The most significant intersection is BHM 526, which cut 27.9 feet of 0.24 oz. gold/ton and 1.05 oz. silver/t. Other interesting intersections are:

HOLE	INTERVAL, FT.	LENGTH	OZ. GOLD/T	OZ. SILVER/T
523	129.3-142.4	13.1ft.	0.226	0.15
524	211.9-215.8	3.9	.261	1.34
	233.6-244.1	10.5	.153	.23
526	330.2-367.1	27.9	.237	1.05
527	183.1-188.0	4.9	.133	.67
528	167.0-175.8	8.8	.105	.29
529	227.0-279.2	52.2	.055	.14
incl.	234.9-240.1	5.2	.270	.39
532	126.6-132.8	6.2	.022	3.87
535	396.0-470.8	74.8	Scattered Values	
incl.	396.0-422.2	26.2	.087	.37
536	471.1-494.1	23.0	.069	.25

ORE RESERVES TO DATE AT THE PREMIER GOLD PROJECT

GEOLOGICAL RESERVES	TONS	OZ. GOLD/T	OZ. SILVER/T
Premier-Glory Hole Zone	7,029,905	0.067	2.54
Hope	5,510	.099	3.00*
Power	110,200	.078	3.98
46 (u/g)	199,516	.318	1.39
Northern Light (u/g)	66,722	.061	1.96*
602 Zone	458,778	.188	.83
609 Zone	354,092	.170	.53
Big Missouri	3,967,300	.076	.74

MINERABLE RESERVES	TONS	OZ. GOLD/T	OZ. SILVER/T
Premier Open Pit	6,500,000	0.063	2.34
Big Missouri	1,857,000	.091	.67

* Also moderate base metal values.
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GEDDES RESOURCES LIMITED (GDR-T)

CONTINUED FROM PAGE ONE - One of the aspects of open pit mining at Windy Craggy is the 36 inches of annual precipitation, mostly in the form of snow. The annual snow pack at the portal is estimated to average 9 feet. Geddes president, J.D. Little, P.Eng. pointed out that the operating conditions at the Windy Craggy are not significantly different to those at Cassiar Asbestos, where Mr. Little was president for several years and where year round open pit operations, at 7,000 feet elevation, with much the same snow pattern, have been profitably continued for many years.

The 12 sections of underground drill holes along 840 meter of the north and south zones of Windy Craggy have confirmed the general outline of the deposit and established an area of higher copper grades. Nine drill sections spaced at 60 to 120 meter intervals and each fence consisting of up to 7 holes from +70 degrees to -60 degrees. These sections of holes cover only 840 meters of the known 1,300 meter of length of the deposit.

The higher grades, when defined and evaluated will dramatically impact on the profitability and payout and the speed and ease with which the funding for the project will be completed. The studies in the next few months will examine the economics of selective mining of portions of the higher grade copper.

The better grade portion of the South copper sulphide zone as indicated by the crosscut and drilling is about 150 feet wide, 1,500 foot down dip and 600 feet laterally. This portion could be available for selective mining. In the North copper sulphide zone drill holes have suggested a similar possible higher grade portion which will require substantial additional drilling to define.

All the aspects of selective mining to permit an early pay-back will be carefully examined and engineered. While it is too early to speculate on the overall tonnage or grade of the better grade section, the study will consider the impact of mining for several years at perhaps a 30 plus copper grade.

At present a 30 person crew is continuing definition drilling of the north and south zones of the deposit with the objective of completion of a bankable feasibility study by year end. The company engineering staff are working through a pre-feasibility study to insure all of the required data will be available for the formal study when it is started. One of the first requirements are two independent ore reserves calculations. One of these is being done by Montgomery Consultants, Vancouver. The other by Derry, Michener and Booth Ltd., Toronto. Two metallurgical research studies are under way using the 1,100 tons of bulk sample mined from the South Zone crosscut in the fall of 1988. The metallurgical research is being done by Boco, Donaldson & Asbestos Ltd., Vancouver and Lakefield Research, Toronto.

The preliminary results suggest that a 26% to 28% copper concentrate can be produced with a plus 90% copper recovery, using selective differential flotation of a copper concentrate. The massive sulphide is a hard/brittle tuff mineralized with approximately 65% iron sulphides and 8% chalcopyrite as fine disseminated grains, foliated bands and wisps, or beds ranging from less than a millimeter to more than 3 centimeters in thickness which will break well in crushing and require grinding to 90% minus 200 mesh to achieve the recovery.

The pre-feasibility work also has mining consultants examining the engineering and economic aspects of underground block caving and year round open pit mining to a glory hole ore pass to the mine main haulage level for transport to the concentrator.

Funding for the exploration has been raised by

flow through funding from CIP and NIP. The current \$11,200,000 program is partly funded by sale of 1,032,258 shares in October; 1,000,000 shares in Feb. 1989, and the March 30, 1989 sale of 880,000 flow through shares to Northgate at \$1.50 each for \$1,275,000 proceeds and bringing Northgate's interest to 4,543,088 or 31% of the 14,651,897 shares now issued.

March 2, 1989 Geddes appointed Dr. Gerald Harper, the Northgate vice-president of development as executive vice-president (He will be acting president when Mr. Little retires in May 1989, until a permanent president is appointed.) John F. Kearney president of Northgate was also appointed a director. (SEE ALSO GCNL NO. 241, Dec. 15, 1989; No. 36, P. 2, Feb. 2, 1989; and No. 202, April 11, 1989, for much detail)

PROMINENT RESOURCES CORPORATION (PRM-V)

GOLD PRODUCTION REPORTED- K.B. Taylor, chairman of Prominent Resources Corporation reported that 70% owned Southern Cross Mining Limited of Ghana, Africa, had produced 10,360 fine ounces of gold for the three month period ended March 31, 1989. This compares favourably with the production of 11,153 fine ounces in the previous six month period from July 1, 1988 to Dec. 31, 1988.

Mr. Taylor also reported financial results for the 6 month ending Dec. 31, 1988 would be filed shortly and would disclose a consolidated loss of \$41,136 for the period on gross income of \$6,994,379, and after charging amortization of \$187,674 and depreciation of \$370,222.

Prominent Resources intends to seek a Toronto Stock Exchange listing during the second half of 1989. (SEE ALSO GCNL No. 71, p. 3, 13Apr89).

BICER MEDICAL SYSTEMS LTD. (BCJ-V)

FINANCIALS REPORTED & - Bicer Medical Systems Ltd. HAS ANNUAL MEETING CALLED called the annual meeting for 2:30 p.m. May 15, 1989 at 12151 Horseshoe Way, Richmond, B.C. Bicer had 4,684,380 shares issued 10Apr88, or 4,468,238 shares (issued following a number of pending transactions). Elected as directors are: Demetrio Bicer, chairman, holding 2,106,500 shares, Richard Swadlow, Henry Bruce holding 591,500 shares, Jean Carlos Berrataa, president, holding 147,2509 shares and Christopher J. Pollard.

During the year ended December 31, 1988 Bicer had sales of \$644,631, cost of sales \$394,680, administration expense of \$1,192,592 and a loss for the year of \$942,641 and ended the period with working capital of \$223,441. (SEE GCNL NO. 56 24Apr89 FOR A REVIEW OF RECENT RESULTS).

DOMAN INDUSTRIES LIMITED (DOM-V.T)

3 MONTHS ENDED 31 MARCH	1989	1988
Sales	\$66,711,000	\$76,290,000
Operating Earnings	8,112,000	14,849,000
Equity in the Earnings of		
Joint Venture Companies	1,365,000	234,000
Cash Flow	5,187,000	9,543,000
Earnings Bef. Extra. Items	4,416,000	7,791,000
Extraordinary Items	---	205,000
Net Earnings	4,416,000	7,996,000
Per Share	22¢	40¢

FINNING LTD. (FTT-V.T)

SHAREHOLDER APPROVALS RECEIVED - At the annual meeting of Finning Inc., the resolutions to authorize the share purchase plans of 240,000 shares for employees and directors, and to subdivide the common shares on 1-old for 2-new share basis, were approved. Don Lord, president of Finning, reported at the meeting that the Angus family, which holds the Caterpillar dealership for Alberta, has decided to give up its interests. Finning is one of 6 companies invited to submit proposals to acquire this territory.

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