

VISCOUNT RESOURCES LTD. (VIS-V,VISRF-Nasdaq)

SKYLARK RESOURCES LTD. (SKR-V)

O.B.SILVER GOLD MINE OPERATIONS REVIEWED -Since the start of mining and processing in Dec. 1987 about 32,000 tons of silver - gold ores have been produced from the H orebody in the O.B. mine to generate \$3,500,000 gross revenues and an operating profit estimated at \$500,000 to \$700,000. The ores graded 15 oz.silver/t, 0.08 oz.gold/t.

During a mine visit, 1 mile south of Greenwood, B.C. and interviews with the 50/50 joint venture partners Charles M.O'Sullivan, president of Viscount, Herb Shear, president of Skylark, and Joe Seguin, mine manager, it was clear the project generated a substantial positive cash flow. These funds have been used to continue exploration and development of the H zone and the underlying Serp zone as well as to bring the separate but nearby Sylvester K ore zone into production. Ore production and exploration continue.

The H zone has a north 45° east strike over an 800 foot length and dips 50° to the south. Serpentine outcroppings on the property north and south of the H zone area indicate a potential strike length of 7000 ft. The H zone has been developed underground from a decline with the portal at 3,650 feet elevation, down to 300 feet below surface by three levels, 2,000 feet of sub-level drifting plus 1,000 feet of raises. Remaining reserves are calculated at 27,736 tons grading 22.01 oz.silver/t, 0.098 oz.gold/t. The zone is, at least partially, open to extension down plunge and to the south. Exploration is continuing. Mining of the H zone at the O.B. mine was suspended April 30, 1989, pending an improvement in the price of silver. Ore shipments will continue from the ore stockpiled at the property.

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CONTINUED FROM PAGE ONE- The ore has been concentrated at the PANKOE MINES LTD. (DKO-V) 450 t/day mill 20 miles south of Keremeos, B.C. Milling has been at 200 t/day on a tolling basis and has shown satisfactory recoveries. Currently the mill is processing first ore from the Sylvester K zone with a very high 110 to 1 concentration ratio of the ore. Test mining is continuing from the Sylvester K and Serp zones.

One of the unique features of the H zone production is a belt for hand sorting ore. After crushing the ore is washed through a 1.5 inch screen with the oversize, which is mostly waste, passing to a sorting belt where the high grade is hand tripped into the ore shipment bin. This system which cost about \$100,000 to install provides several areas for cost savings. Before hand sorting was started on the property all of the material crushed went to the mill. The sorting system has reduced the volume shipped by about one-third, increased the grade from 11 oz.silver/t to 20.7 oz. silver/t, and 0.11 oz.gold/t and saves on mill tolling fees, hauling costs, improves the grade, and reduces dilution.

As part of the on-going exploration on June 8, 1989 the joint venture reported high grade gold assays from drilling in the Serp zone, which is relatively unexplored. The Serp zone of widespread alteration, underlies the H zone, dips at about 20° to the south and intersects the H zone at about 300 feet below surface. All 21 underground percussion drill holes in the Serp returned good gold values including:

4.0 ft. grading 3.3 oz.gold/t

4.0 ft. grading 2.4 oz.gold/t

13.5 ft. grading 0.43 oz.gold/t*

* drilled in 1985. The holes are 25 ft. apart. Several intersection in the zone in previous drilling include:

1.5 ft. grading 1.1 oz.gold/t

6.0 ft. grading 0.4 oz.gold/t

30.0 ft. grading 0.36 oz.gold/t

97 ft. grading 0.035 oz.gold/t, 1.9 oz.silver/t

The results have suggested a wide zone of open pitable, perhaps heap leachable large tonnage of gold - silver mineralization in a zone 120 to 130 feet thick. Currently under examination is a program to establish the grade of this wide zone. One of the proposals is a large tonnage underground bulk sampling program at a number of locations. Management has tried diamond, reverse circulation and percussion drilling in an effort to develop a sampling process that will accurately predict head grades of the Serp ore on mining.

The Sylvester K, located about 2,500 feet to the southeast of the H zone, was discovered several years ago by KETILE RIVER RESOURCES LTD. (KRR-V) 49% and Noranda 51% when drilling indicated some 40,000 tons with an estimated grade between 0.1 to 1.0 oz.gold/t. Sampling of the most recent open cut shows a zone 15 ft. wide, 20 feet high, grading 1.0 oz.gold/t as well as good gold grades in the floor of the open cut for about 75 feet. Further assays are expected shortly. About 8,000 tons of ore have been shipped to the mill from the Sylvester K to date. On April 20, 1989, Skylark and Viscount received approval to acquire 100% interest in 5 claims covering the Sylvester K zone, subject to a 10% net smelter return royalty. The claims will be held until Dec. 31, 1992 or until 250,000 tons have been mined.

Skylark Resources on June 7/89 reported negotiations for a private placement to NIM of 742,820 flow through shares at 30.29¢ each for proceeds of \$225,000 for further exploration on the Electrum zone, Grace claims, Finlay River project in the Toodoggone River area 275 miles north of Smithers, B.C., which are part of 50/50 joint venture with Asitka Resources Ltd. (ATK-V). Prior to this share sale Skylark had 7,096,679 shares issued.

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