

GEORGE CROSS NEWS LETTER LTD.NO.126(1989)

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JUNE 30, 1989

BLUE GOLD RESOURCES LTD. (BLQ-V)

DRILLING STARTED ON KEYSTONE PROPERTY - Charles S.

Underhill, president of Blue Gold Resources Ltd. reports that a 450 meter diamond drilling program has started on the 100% owned, 80 unit, Keystone property on the Coquihalla 53 km north of Hope, B.C. Both the Keystone Mine zone and the Julie zone will be drilled.

The Keystone Mine was discovered during the 1930's with values of up to 0.6 oz.gold/t and 22.6 oz.silver/t. An old diamond drill hole encountered:
1.9 meters - 0.678 ozs. gold/ton and 1.2 oz.silver/t
18 centimeters - 0.007 ozs. gold/ton and 65.0 oz.silver/t

The Julie zone 1200 meters southwest of the Keystone zone was drilled in 1981 and intersected 6.1 meters of 1.7 oz.silver/ton and 6.1 meters of 0.252 ozs.gold/ton.

Results will be available in a few weeks. (SEE MAP OVERLEAF PAGE 1).

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BLUE GOLD RESOURCES LTD. (BLQ-V)

ISKUT PROPERTY ACQUIRED - Charles S. Underhill, president, reports that subject **DRILLING STARTS ON KEYSTONE** to regulatory acceptance, Blue Gold Resources Ltd. agreed to acquire the Rust 1-4 claims comprising 71 units located in the Iskut River area, Liard mining division, B.C. Two gossns were discovered on the Rust property in 1988; one grab sample contained values of 9.79 oz. silver/ton with additional values in lead and zinc.

Blue Gold also recently signed an option agreement, which has received regulatory acceptance, to earn a 50% interest in the Gold 17-20 mineral claims in the Iskut River area, B.C. Exploration programs will be conducted on both of the Iskut River properties in 1989.

Subject to receipt of the required permits, a diamond drilling program is scheduled to start on the 100% owned Keystone property, Nicola mining division, B.C. Diamond drilling will be conducted in the area of the previous partially developed Keystone Mine and the recently discovered Julie zone where an earlier drill hole encountered 0.25 oz. gold/t over a width of 6.1 meters.

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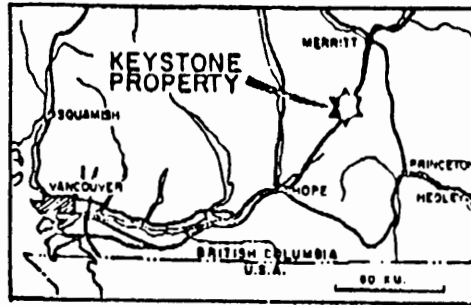
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KEYSTONE PROPERTY

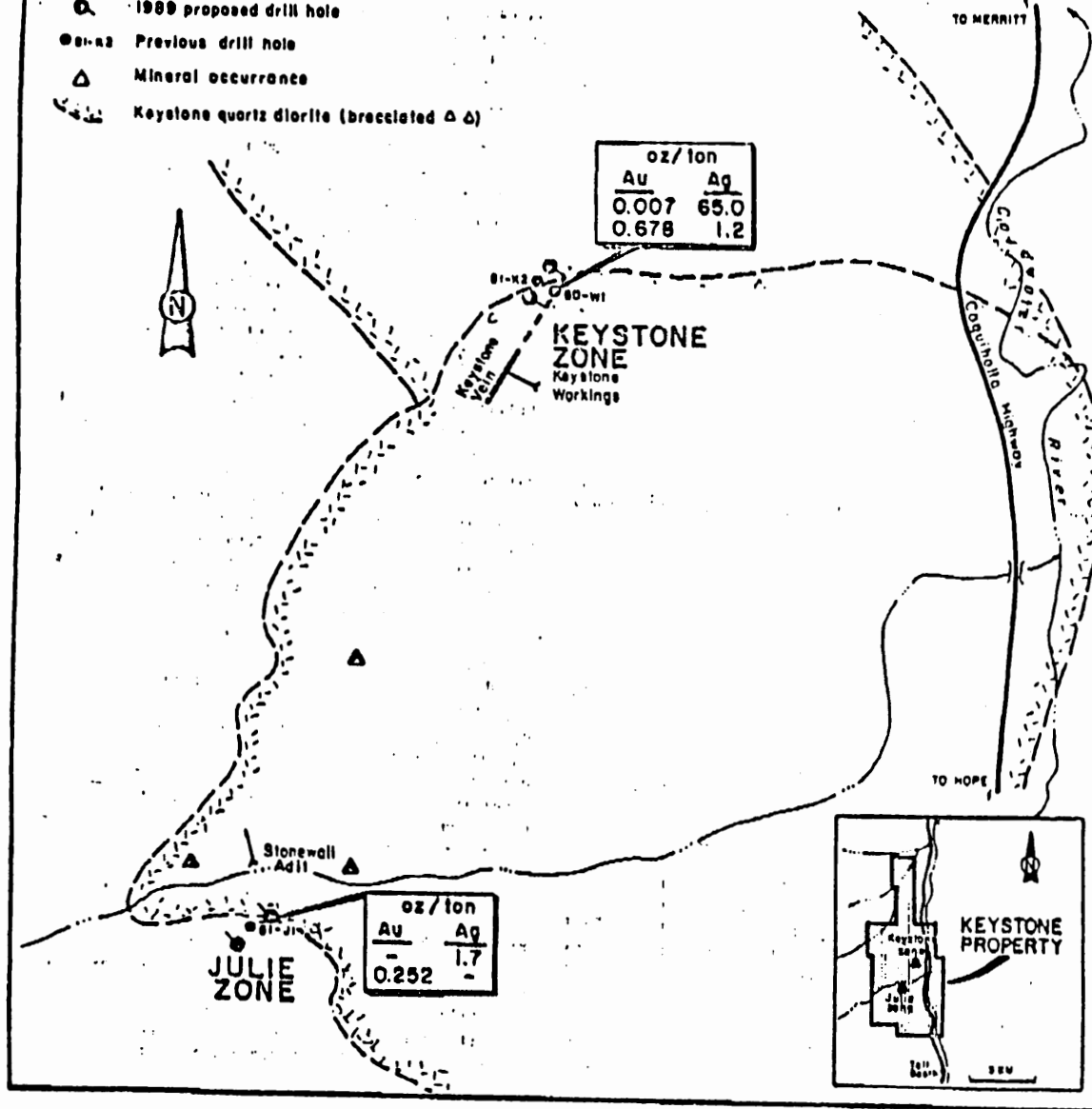
COLDWATER RIVER, B.C.

0 100 200 400 METRES



LEGEND

- 1989 proposed drill hole
- 81-42 Previous drill hole
- △ Mineral occurrence
- Keystone quartz diorite (bracketed △ △)



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