

SABLE RESOURCES LTD. (SAE-V)

INTERNATIONAL SHASTA RESOURCES LTD. (ISR-V)

INTERNATIONAL TAURUS RESOURCES INC. (ITU-V)

For several years all of the necessary ingredients for a potentially profitable operating mine-milling complex have been sitting idle in the Toadoggone River area, 200 miles north of Smithers, B.C. Melvyn M. Rahal, president of Sable, International Shasta and International Taurus has brought all these items together.

Sable has negotiated an option to buy the 100 ton/d Baker mill from DuPont of Canada Inc. Sable had a surplus working capital, cash and marketable securities of \$2,000,000 at Dec. 31, 1988 with which to support the option to purchase. At Dec. 31, 1988 Sable had 2,635,775 shares issued. The plant is 11 km from the gold reserve zones on the Shas claims of International Shasta.

Shasta holds the 4,400 acre Shas claims in the Toadoggone gold camp with reserves estimated at:

2,400,000 tons grading 0.1 oz. gold/t; including
1,100,000 tons grading 0.17 oz. gold/t; also including
600,000 tons grading 0.26 oz. gold/t; and including
120,000 tons grading plus or minus 0.4 oz. gold/t,
which are to be mined by open pit;

Sable has negotiated an agreement to use 71 km of the 105 km Cheni Gold Mine access road on a cost sharing

+ NO. 125 (JUNE 29, 1989) + OWNED, PUBLISHED AND

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basis. The Shas reserves are accessible by 11 km of existing road from the Baker mill.

Sable has agreed with International Shasta to process the Shas ore at the Baker mill.

Shasta currently holds a 100% interest in the claims with Esso/Homestake Mining (Canada) Limited holding an option to earn a 73% interest in the property by spending \$10,000,000 on exploration before May 1, 1995 and making payments of \$75,000 to Shasta in each of 1988 and 1989. These payments have been made. By completing a further \$550,000 exploration by May 1, 1990, Homestake will earn a 23% interest in the claims. Homestake can earn the 73% interest by placing the property into commercial production. Homestake has approved a \$550,000 exploration budget on the Shas claims for the 1989 season which will proceed at the same time as the Sable/Shasta program. The Homestake work will include trenching and drilling on a number of soil sample, geophysical targets outlined in previous programs. The two programs are not expected to interfere with each other.

Property work is under the direction of Ed. W. Craft, P. Eng., mining. Work has started on opening the camp at the Baker mill and in preparing for detail drilling of the two reserve areas, the JM and the Creek zones on the Shasta property. Drilling is scheduled to start in late June. The start of open pit mining of a bulk sample for testing in the Baker mill is scheduled for mid-July, subject to receipt of various government permits.

Mr. Craft pointed out the Baker mill is currently a 100 ton cyanide plant and metallurgical testing has shown by installing a flotation circuit the mill throughput can be increased to 180 tons per day. These revisions will be made to the existing plant. Laboratory testing indicate recoveries of 96% of the gold, 93% of the silver in the flotation circuit and 89% of the gold and 73% of the silver in the cyanide circuit, for overall recovery of 85% of the gold and 68% of the silver.

Mr. Rahal stated that present economic studies indicate a substantial operating profit can be realized. He also noted that when the Shas program is completed there are several other areas of mineralization nearby which will be investigated for development.

To provide the funds for the program to International Shasta, a private placement of 2,000,000 units at 15¢ each for proceeds of \$300,000 was arranged with Sable. The units include warrants to buy a further 2,000,000 shares of Shasta at 17¢ each, all subject to regulatory approvals. Prior to this sale International Shasta had 1,178,930 shares issued.

Sable also owns 1,201,550 or 54.4% of the 2,205,697 shares of International Taurus issued after the June 1988 consolidation on a 10 old for one new share basis.

During 1988, a program of induced polarization surveys located a number of targets on the property at Cassiar, B.C. which is jointly owned by Sable and International Taurus. A preliminary test of these targets will be undertaken in a \$100,000 program planned for the 1989 season.

Sable also has a third property interest of 119 claim units, 20 km northeast of Likely, B.C. where mapping, and soil sampling has located some interesting lead-zinc values. A \$50,000 program of follow up exploration including trenching is currently in progress. (SEE ALSO GCNL NO. 117, June 19, 1989)