

George Cross News Letter

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PIONEER METALS CORPORATION (PSM-V,T)

PUFFY LAKE MINING & MILLING - Shareholders rights which
SUSPENDED FOR 2/ 3 MONTHS expired Feb.14,1989 raised
net proceeds of \$8,630,275

for Pioneer Metals. These funds provide the capital,
operating and exploration cost requirements for: the 40%
owned Premier gold mine at Stewart, B.C.; the 50% owned
Stibnite gold mine in Idaho; and the 1989 exploration
for the Bonito gold/silver project in New Mexico. (SEE
GCNL No.40, p.1 27Feb89 for rights offering details).

Pioneer president Robert D. Willis said the Puffy
Lake gold mine in north central Manitoba continues to
run at an operating loss. Lack of sufficient under-
ground development ahead of active stopes has resulted
in 500 tons per day of stope ore and 300 tons per day of
development ore being co-mingled to provide sufficient
mill feed. The plant has a designed capacity of 1,000
tons per day. This has contributed to lower than
expected mill feed grade. Operating costs per ton
milled have been as predicted. But, without sufficient
stope ore, the mine has continued to operate at a loss.

The company plans to eliminate the loss at Puffy
Lake gold mine by shutting down the mine and milling for
3 to 4 months to develop an optimum operating plan.

The company's 40% owned Premier gold mine is on
schedule to start operations in late April 1989 and
reach commercial production levels by September.
Average total production for the first 4 years of full
production should be 77,000 oz. gold and 900,000 oz.
silver. Capital costs on completion are expected to
be about \$88,000,000. As part of the exploration program
on the lower levels of the Premier ore body, new
development work is planned in 1989 to access higher
grade areas below the pit.

REA GOLD CORPORATION (REO-V,T;REOGF-Nasdaq)

SAMATOSUM EXPLORATION BUDGET - Minnova Inc, 70% has
& CONSTRUCTION PROGRESS REPORTED notified Rea Gold 30%
and a 5% NSR, that the
exploration budget for the Samatosum property, 28 miles
northeast of Kamloops, B.C. will be \$1,000,000. Of the
total, \$800,000 is required for about 50,000 feet of
diamond drilling, and \$200,000 for geological mapping
and geophysical and geochemical surveys. The drilling
will test a possible 2 km strike length of the Samatosum
horizon, targets within the barite and SMS zones and a
zinc anomaly. Further work will be done to extend the
1988 drilling program along strike to the northwest in
the Rea Horizon. A small program of one or two
relatively deep holes, ranging from 800 to 1,000 metres,
will test the entire mineralized package from the Sam
footwall to the Rea hanging wall rocks. The geological,
geophysical and geochemical surveys will be conducted
over the eastern portion of claim HN-1, to extend
coverage to the limestone contact. The first phase,
with a budget of \$200,000, started on March 12, 1989.
It consists of 10,000 feet of diamond drilling in six
holes and will include two deep holes designed to
increase geological understanding of the deposit and
four holes to test targets within the previously drilled
barite zone.

Good progress is being maintained with the
continuing development and construction of the 500 tons
per day mill and ancillary facilities. Completion of
construction and initial mill tune-up is scheduled for
the latter part of June. Work on the open-pit started
in the first week of March and stripping will start in
April. To date, the project is on schedule and below
the budget estimate of \$32,200,000.

BLACKDOME MINING CORPORATION (BDM-V,T)

OPERATIONS RESUME AT BLACKDOME MINE - On Tuesday March 14
Blackdome Mining

Corporation reported an interruption of operations at the Blackdome mine near Clinton, B.C., due to a fire which seriously damaged the mine site's generating facilities. It was initially estimated that the shut down might last 4-5 days. The availability of replacement equipment and the efforts of the mine site personnel allowed operations to resume late on Wednesday, March 15, with a total down time of some 40 hours. The company does not expect estimated 1989 production to be significantly effected. The damages are expected to be adequately covered by insurance.

A quarterly dividend of 5¢ per share has been declared payable March 31, 1989, record March 15, 1989.

CANADIAN-UNITED MINERALS INC. (CUN-V)

GUNNAR GOLD MINING CORP. (GGO-ALBERTA;GUNFR-Nasdaq)

DRILLING RESUMES ON - A \$600,000 diamond drilling project FIREWEED PROPERTY has started as detailed exploration continues on the Fireweed poly-metallic project near Smithers, B.C., reported Canadian-United Minerals Inc. and Gunnar Gold Mining Corp. The new program will entail some 20,000 feet of drilling, following on 35,000 feet that has already been completed.

Following expenditure of \$225,000 on the current program, Gunnar will have completed the first phase commitment of \$650,000 on an option agreement entitling it to a 10% interest in the property. This interest can be converted to shares of Canadian-United on the basis of one share for each \$1.50 expended. Gunnar has the right to earn a 50% interest in the 333-claim property.

Drilling completed in February concentrated on a previously discovered silver/lead/zinc sandstone horizon in the West zone and is currently being analyzed. It is expected that ore reserve estimates for this horizon will be available shortly.

The program just underway will focus on three other drill targets - the East zone, the 1600 zone and a new zone northwest of the West zone identified earlier this year by geophysical surveys. Of these targets only the East zone has seen limited drilling. It lies about 1.5 miles east of the West zone where three previous holes encountered near massive sulphide horizons over a 1,000 foot distance. Assays from these holes indicated base and precious metals values to 0.20 oz.gold/ton, 0.62% copper, 0.92 oz.silver/t and 8.87% zinc.