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George Cross News Letter 1989

MINISTRY OF ENERGY, MINES
AND PETROLEUM RESOURCES

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MINING RESOURCES INCORPORATED (CLP-V,ALBERTA)

CONSOLIDATED STIKINE SILVER LTD. (CKI-V)

DRILLING PROGRAM COMPLETED - Calpine Resources Incorporated
ated 50% and Consolidated

Stikine Silver Ltd. 50% reported the results of drill holes 89-45 through 89-65 on the 21 zone of the Eskay Creek project, 60 miles NW of Stewart, B.C. (SEE TABLE OF ASSAY RESULTS OVERLEAF P.1). Drilling during the past winter season has traced the 21 Zone for 1,500 ft. along strike. The zone remains open along strike to the northeast and at depth. To the southwest a fault has cut across the 21 zone and three holes drilled southwest of the fault encounter no mineralization.

Holes 89-51 to 53 and 57 to 59 represent the continuation of the step-out drilling on 50 meter centers to the northeast of previously reported holes 89-43 and 44, which returned, respectively, 73.8 ft. of 0.357 oz.gold/t, 1.84 oz.silver/t, and 24.6 ft. of 0.313 oz.gold/t, 1.30 oz.silver/t. Hole 89-67 is located 50 meters northeast of the collar of hole 89-57.

The winter exploration program initiated in mid-January of 1989 has now been completed, comprising 44,482 feet of drilling in 54 holes. To the end of this program a total of 53,478 feet in 69 holes has been drilled on the 21 Zone. The LONGITUDINAL SECTION MAP OVERLEAF P.2 shows the locations of the piercing points of the holes.

Preliminary results of an Aerodat airborne cesium magnetometer and electromagnetic survey flown at 100 meter line spacings over the Eskay Creek project and surrounding properties associates the 21 Zone with a magnetic anomaly extending some 8,000 ft. in length. This magnetic anomaly suggests the 21 Zone mineralization will continue southwest beyond the fault. The zone also appears to be related to an electromagnetic anomaly which generally coincides with the magnetic response. Other magnetic anomalies are locally coincident with known surface mineralization. The survey also detected electromagnetic anomalies elsewhere on the property.

A grade and tonnage calculation for the 21 Zone has been contracted to Roscoe Postle Associates Inc. and is anticipated to be completed by mid-June. Preliminary metallurgical test work is underway by Lakefield Research. Mineralogic and petrographic studies are being conducted at several independent laboratories.

Subject to financing, Calpine and Consolidated

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FINANCIAL INVESTMENTS

Stikine are planning a two phase \$7,000,000 exploration program for the remainder of 1989. Phase I would consist of at least 20,000 ft. of step-out drilling on the 21 Zone and 10,000 ft. of drilling to test other zones, plus ground geophysics, geological mapping, prospecting, trenching and geochemical sampling to locate the 21 Zone on surface beyond its presently known extent. (SEE GCNL No.71, p.1, 13Apr89 for previous assay results).

Calpine has signed flow through agreements to issue 857,143 shares to NIM - 1989 in return for renouncing \$1,011,428 in Canadian exploration expenses, and will issue 357,143 shares at \$1.40 per share to CMP 1989, which will advance \$500,000 to Calpine. Calpine will assign the Canadian exploration grant of 30% of qualified expenditures to CMP. Calpine has granted options on 225,000 shares exercisable at \$1.42 each until 18May94, subject to regulatory approval.

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Eskay

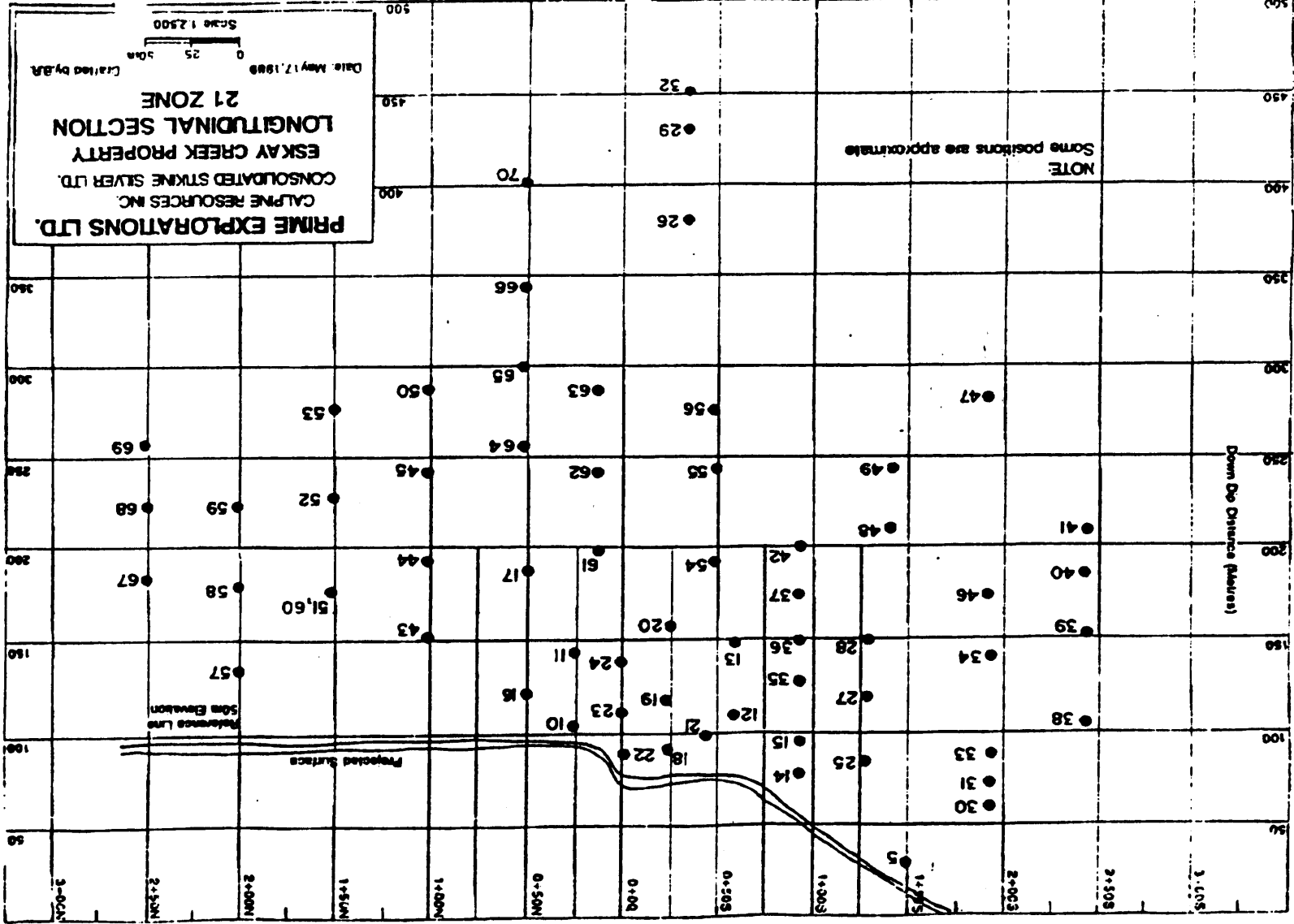
CALPINE RESOURCES INCORPORATED

<u>HOLE</u>	<u>INTERVAL</u> <u>(feet)</u>	<u>LENGTH</u> <u>(feet)</u>	<u>Au oz/t</u>	<u>Ag oz/t</u>
CA89-45	388.0-397.5	9.5	0.184	0.63
	531.7-584.5	52.8	0.051	3.42
	including			
	558.3-584.5	26.2	0.054	5.42
	1194.3-1202.8	8.5	0.132	<0.05
CA89-48	595.3-619.9	24.6	0.076	4.22
CA89-50	555.6-596.0	40.4	0.272	2.09
CA89-52	384.7-409.3	24.6	0.077	0.86
	756.0-787.8	31.8	0.114	0.74
CA89-53	821.3-826.2	4.9	0.477	0.29
CA89-54	329.6-388.7	59.1	0.196	0.65
	including			
	359.2-388.7	29.5	0.285	1.01
CA89-56	875.7-882.3	6.6	0.126	1.38
CA89-57	316.9-321.8	4.9	0.150	3.10
CA89-58	446.1-465.8	19.7	0.071	0.16
	813.4-816.7	3.3	0.125	1.21
CA89-59	373.9-393.6	19.7	0.090	4.25
CA89-60	442.8-455.9	13.1	0.045	<0.05
CA89-62	780.6-806.9	26.3	0.057	0.22
CA89-63	344.4-347.7	3.3	0.429	0.15
	865.9-915.1	49.2	0.070	0.44
CA89-64	488.7-564.2	75.5	0.269	8.87
	including			
	518.3-564.2	45.9	0.365	13.55
	600.2-656.0	55.8	0.037	0.14
CA89-65	403.5-413.3	9.8	0.070	0.56
CA89-67	334.6-400.2	65.6	0.217	3.27
	including			
	334.6-354.3	19.7	0.614	7.51
	459.2-478.9	19.7	0.128	5.13

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