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George Cross

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CONSOLIDATED PETROQUIN RESOURCES LTD. (PQN-V)
SURF INLET GOLD MINE OPTIONED - A.G. Gordon-Tydd,
president, reports
Consolidated Petroquin Resources Ltd. has signed an option/joint venture agreement to earn a 60% interest in the Surf Inlet gold mine from SURF INLET GOLD MINES LTD. (SFE-V) and HALLEY RESOURCES LTD. (HLL-V). The property is located on Princess Royal Island near the head of Surf Inlet about 106 miles southeast of Prince Rupert, B.C. Petroquin must pay, subject to regulatory approval, \$20,000 and issue 100,000 treasury shares plus assume \$66,000 in debt obligations and spend \$2,400,000 on exploration. The Surf Inlet project has produced more than 1,000,000 tons of ore averaging 0.425 oz. gold/ton valued at US\$150,000,000 at current metal prices. Between 1985 and 1988, geologist David R. Bell reviewed the property data and concluded there is potential for a repetition of the main Surf orebody and that there are several secondary ore sources. These include in-situ underground reserves of roughly 47,500 tons averaging 0.35 to 0.45 oz. gold/ton, low grade mine stockpiles containing an estimated 120,000 tons averaging 0.1 oz. gold/ton and 187,000 tons of mill tailings averaging 0.033 oz. gold/ton.

It is anticipated existing stockpiles and accessible underground reserves could form the nucleus of a modest-sized mining operation, and as a result, provide all of the infrastructure required for an underground exploration/development program. Management is seeking funding necessary to confirm the grade of the stockpiles ore, conduct metallurgical tests, develop mine and recovery plant designs and carry out preliminary environmental impact studies.

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