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George Cross News

"Reliable Reporting"

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SILVER BUTTE RESOURCES LTD. (SBU-V)

STEPOUT HOLES TO HIGHGRADE-L.P. Starck, president told INTERSECTION TO START MID-JUNE the May 6, 1991, annual meeting of Silver Butte Resources follow-up holes to the the 1990 high grade hole are scheduled to resume mid-June, subject to weather conditions, on the SIB project. The company prepared six drill pads in the fall of 1990 and left the drill rig on the property in anticipation of an early start to the program in 1991. The SIB project is a 50/50 joint venture with AMERICAN FIBRE CORPORATION (AFB-V) located 5 miles south of the Prime/Stikine 21 Zone discovery, 55 miles north of Stewart, B.C. The pads are at 22-meter intervals to the north and south of hole No.90-30, which intersected 46.92 feet of siliceous graphitic exhalative mudstone that assayed 0.42 oz.gold/t, 30.91 oz.silver/t and the stratigraphically lower Marguerite mudstone in which Hole 90-34 intersected anomalous gold and silver values. The holes will stepout along the strike of the Lulu geophysical and geochemical anomalies. The 1991 program is budgeted at \$3,750,000, made up of three phases, each of 13,000 feet of diamond drilling at a cost of \$1,250,000 each contingent upon success of the preceeding phase.

The president pointed out the property covers a series of geophysical and geochemical targets over the 12,000-foot length of the claims. There are three or more mudstone horizons, each of which holds good mineral potential.

The company has also taken between 0.35% and 17% working interests before payout in a number of oil and gas wells in Texas. Of the 11 wells drilled, one was dry, seven are on production and three are being

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prepared for production. Revenue from four wells in the fourth quarter of 1990 was \$39,000 and in the first quarter of 1991, about \$18,000 from three wells. Revenue in the balance of the year is forecast to increase as the other wells are brought on production. The company is committed to one further well and is negotiating on three further exploration wells.

Mr. Starck explained to the meeting TYMAR RESOURCES INC. (TMZ-V,T), AKIKO LORI GOLD RESOURCES LTD. (AKI-V) and VARITECH RESOURCES LTD. (VAR-V) each have a 33.3% interest in the Lakewater project which covers two gaps in the Silver Butte Resources property, 5 km SW of The Prime/Stikine 21 Zone discovery. The most important gap is 320 meters wide and lies between SIB 3,4 and SIB 5,6 next to the Central Zone. One hole, LW90-02, drilled by the Varitech group, cut 9.8 feet of 1.197 oz. gold/t, 1.71 oz.silver/t. (See GCNL No.211, P.1, Oct.31,1990, for detail of nine holes drilled on the Lakewater project) The hole cut a feeder type zone with little demonstrated continuity, he noted.

Mr. Starck also told the meeting that he and James Bond, president of American Fibre, have arranged a series of show and tell meetings this month with stock brokers and investors in Europe, Switzerland, and the U.K. to outline the projects and the mineral potential if successful.

At Dec.31,1990, Silver Butte had 8,531,128 shares issued and a working capital of \$1,725,000. Since then, the company has sold additional shares to bring the issued to 8,990,553 shares on March 25,1991, including a private placement of 300,000 units at \$1.00 each.

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