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FARGO RESOURCES LIMITED (FR-V)

NAME CHANGE/CONSOLIDATION PROCEEDING - Lauch F. Farris, president, Fargo Resources Ltd., reports the VSE has advised the effective date of the consolidation and name change will be 13Sept91. As a result of consolidation, shareholders can receive one share of the company consolidated under its new name, Lang Bay Resources Ltd., for every four Fargo shares. Upon the conclusion of the consolidation there will be 2,129,708 shares outstanding. Mr. Farris also reports recent developments concerning the Lang Bay kaolin project near Powell River, B.C.

The next step for Lang Bay is a newsprint machine trial. Fargo's management have met with representatives of three pulp and paper companies in the Pacific Northwest whose lab scale testwork confirmed Lang Bay kaolin to be acceptable. More recently, a letter has been received from Fletcher Challenge's Elk Falls Pulp and Paper Division at Campbell River which outlined a decision to carry out an initial evaluation trial which should produce about 60 tonnes of newsprint containing up to a 5% load of Lang Bay kaolin. If, in the judgement of Fletcher Challenge the initial trial demonstrates that the use of Lang Bay kaolin is technically and economically feasible, then it would proceed with an extended trial.

To produce sufficient Lang Bay kaolin product for the initial mill trial, it is necessary to obtain a 60-tonne bulk sample from the property. This work has been designated as the Stage 1 program and will involve drilling and pilot plant processing to produce about 15 tonnes of kaolin product. The cost for Stage 1 is estimated to be $292,000, of which Western Division has been requested to fund 50% of $146,000. The company's share is being raised through the sale of the Supply Mine patented mining claims in the U.S.

Another recent development concerns a calcining test carried out on a sample of Lang Bay kaolin by Nord Kaolin Co. of Jefferson, Georgia. The sample was first beneficiated by magnetic separation and ozone bleaching which improved the brightness values equivalent to those of imported calcined grades. This is significant as calcined kaolin produces a superior performance and sells for up to four times the price of filler grade. To make the calcined grade requires heating by natural gas which will soon be available for industrial users in the Powell River area. Natural gas to be delivered by the new pipeline will be cheaper than most areas in North America.

Work is about to start at Indiana University where additional calcining tests will be carried out, including the calcining of unbleached Lang Bay kaolin to see if an acceptable grade can be produced from the crude product. If so, then lab scale paper making trials would be carried out to determine the level of improvements in brightness, opacity and printability. Producing a satisfactory grade of calcined kaolin would have a significant impact on the economics of the Lang Bay project. (SEE GCNL No.140, 22Jul91, P.7 FOR PREVIOUS RELATED INFORMATION)