

NO. 135(1992)
JULY 14, 1992

George Cross News Letter

Public Reporting

AMERICAN RESERVE MINING CORP. (AMI-V.M)

TWO PROJECTS REVIEWED - American Reserve Mining Corp. has agreed to sell to Placer Dome Inc. the 35% interest in the Paymaster Gold Mine Project near Timmins, Ontario, for a cash purchase price of \$2,276,000, subject to final agreement and regulatory approval. In February, 1992, Placer Dome wrote off the \$31,000,000 carrying value of its 65% interest in the project, and indicated it was unlikely Placer Dome would be developing the project in the foreseeable future. Because of the sale, the company will incur an asset writedown of \$8,400,000.

Mineable reserves at the Paymaster Gold Mine are 1,155,000 tons grading 0.267 oz. gold/t. These reserves

are between the 5,425 ft. level and the 6,600 foot level. The study indicates an additional 865,000 tons of potential reserves in this block at mineable grades. Numerous ore grade intersections below the 6,025 ft. level have been ignored in these calculations since data is insufficient.

Cominco has started an exploration programme at the Kutcho Creek property of American Reserve which is located 100 km east of Dease Lake, NW B.C. The program will concentrate on locating possible new massive sulphide targets, particularly on trend westward on the Esso West copper-zinc lens. Cominco may earn two thirds of American Reserves 100% in the Kutcho Creek project by spending the next \$6,700,000 on the project, making \$150,000 in cash payments to American Reserve, and using Cominco's best efforts to arrange senior production financing in the event a mine exists on the property.

A preliminary capital cost study in March 1991, to place and project into production estimated the Kutcho and Esso West massive sulphide deposits have a combined mineable ore reserve of 14,300,000 tonnes grading 3.07% copper equivalent. (SEE SOME DETAIL IN GCNL NO. 9(92), P. 3, 14JAN92).

104I 60