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George Cross News Letter

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CHENI GOLD MINES INC. [CZG-T]

B.C CLAIMS ACQUIRED - R.G. McMorrان, vice president, reports
Cheni Gold Mines Inc. agreed to acquire
a 100% interest from private company Ottarasko Mines Ltd. in the

Mt. Skinner mineral claims comprising consists of 11 claims
located 25 km south of Tatla Lake in the western Chilcotin area of
B.C. The majority of past exploration work has focussed on the
Victoria Vein. A 190-ton bulk sample was extracted from the vein in
1992 and 1993 in the form of an open cut. The sample was shipped
to Premier mill, located near Stewart, B.C. for processing. A total of
365 ounces of gold was recovered at a grade of 1.92 oz/ton. Cheni
has completed its due diligence and has confirmed the high grades
contained by the 0.7-metre wide vein.

Diamond drilling and trenching in 1991 showed that high grade
gold occurs in a steeply plunging ore shoot with a strike-length of at
least 30 metres and perhaps exceeding 50 metres. The deepest drill
hole (91-4) intersected 1.82 oz. gold/ton over a down-hole width of
0.74 metres and occurs at a depth of 30 metres beneath the present
workings. The ore shoot is open at depth and to the west.

The Victoria Vein is a steeply-dipping mesothermal quartz vein
occurring within a fault or narrow shear zone. It is hosted within a
granodiorite intrusion of the Coast Plutonic Complex. Similar
showings are found at 300 to 600 metres east from the workings and
may be on strike with the Victoria Vein. Cheni plans to evaluate the
Victoria Vein in 1994 by taking a 1,000 ton underground bulk
sample and by carrying out a 1,000 metre (14 holes) surface diamond
drilling program. It is anticipated the bulk sample will be processed
at the Premier milling facility. A trenching program will investigate
the potential for the discovery of similar structures elsewhere on the
property.

Under the terms of the agreement, Cheni must pay \$25,000 and
issue 50,000 treasury shares on closing, and by 30Sept94 make a
further cash payment of \$25,000. Cheni is responsible for 100% of
the project financing. In addition, Ottarasko is entitled to 22.5% of
any recovered gold to a maximum of 1,200 troy ounces at which time
Ottarasko's interest reverts to a 3% net smelter royalty. Until such
time as Ottarasko has received 1,200 troy ounces of gold, Cheni
must issue 50,000 treasury shares to Ottarasko on each anniversary
of the agreement to a maximum of 200,000 shares. Further, if
Ottarasko has not received 200 troy ounces of gold by 31Dec94 and
600 troy ounces of gold by the second anniversary date of the
agreement, the agreement will terminate. (SEE GCNL NO.72,
15Apr94, P.1 FOR CHENI INTERIM REPORT)

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