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George Cross News Letter

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SUBSCRIPTION RATE
\$350.00 PER YEAR

NO. 241 (1995)
DECEMBER 15, 1995

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ATHABASKA GOLD RESOURCES LTD.

[AHB-T] 22,931,019 SHS.

LADNER CREEK PROJECT UPDATE - James S. Kermeen, P.Eng.,
Athabaska Gold Resources

Ltd., report the initial 800 level No.3 Zone underground diamond drilling results have now been plotted and interpreted at the 100%-optioned Ladner Creek project (formerly Carolin Mines Ltd.) located 20 miles northeast of Hope, southwest B.C. This initial drilling has doubled the mineable reserve tonnage in one ore block which will be easily accessed and mined from existing mine workings.

Prior to the current drilling, the reserve in this block, taking into account projected mining dilution, totalled 110,306 tons grading 0.10 oz. gold/ton. The reserve in this block has now increased by 96,644 tons at a grade of 0.123 oz. gold/ton for a new block total of 206,950 tons at a diluted grade of 0.11 oz. gold/ton.

Underground diamond drilling on numerous other targets and zones, and drill testing of the tailings reserve are both continuing. Results will be reported as they are received and compiled. Initial assay results from the tailings drilling are encouraging.

The company recently received from Melis Engineering Ltd., its prime metallurgical consultant, a status report with respect to the major bulk sample metallurgical test program in progress. This work is evaluating the relative feasibility of a number of process options that may be used in recommissioning the Ladner Creek mill. Processes under consideration include:

- a whole ore cyanidation circuit
- a flotation/cyanidation circuit with gold recovery from leaching of flotation concentrate
- a flotation only circuit with sale of gold concentrate to a smelter.

The initial flotation testwork indicates unoptimized gold recovery of 93% to a bulk rougher concentrate. Cyanidation tests are now in progress on this float concentrate to determine overall recovery.

Initial selective flotation tests, designed to produce a direct shipping concentrate, have yielded overall net gold recovery of 80% to 85%, producing high grade concentrates grading between 7.26 and 18.46 oz. gold/ton. Bulk sample composite whole ore cyanidation tests are now in progress. Results will be reported when available. (SEE GCNL NO.211, 2Nov95, P.2 FOR LABRADOR DATA)

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