

1710 - 609 GRANVILLE ST
PO BOX 10363
VANCOUVER BC
CANADA V7Y 1G5
(604) 683-7265 FAX 683-5306
BBS 683-7206

George Cross News Letter

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ATHABASKA GOLD RESOURCES LTD.

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

LADNER CREEK PROJECT UPDATE - James Kermeen, president, Athabaska Gold Resources Ltd., reports progress on the feasibility study at the 100%-optioned Ladner Creek project 29 miles northeast of Hope, B.C. Athabaska can earn its interest in the property, former mine and a 1,500 ton-per-day gold mill by issuing 250,000 shares (issued), spending \$1,000,000 on exploration by 1Jun96 (spent), plus issuing an additional 4,000,000 shares at the time of a production decision. The initial phase of new underground development and diamond drilling is now complete. The company is well advanced in geological compilation and new reserve tonnage calculations combining the current drilling data with all previous reserve data. The most exciting result of this drill program has been the discovery of a wide open new zone of ore grade mineralization well to the west of the previously defined zones. As a consequence of this new discovery, the footage drilled in this first phase of drilling was much greater than originally planned. More drilling to place the mineralization in this new zone into a proven reserve may be desirable prior to completing a feasibility study.

Athabaska is pleased with the results from the nearly completed bulk sample metallurgical test being conducted by Melis Engineering Ltd. and Lakefield Research which is optimizing the economics of three process options. The options are: whole ore cyanidation; flotation followed by cyanidation of concentrate; and direct shipping to a smelter of a high grade gold concentrate. The mill modification capital costs, operating costs and overall recoveries for each of these options are being compared to determine the most favourable process.

Drill testing and assaying of the tailings pond reserve has now been completed. This work has validated earlier company estimates of tonnage and grade of the tailings. The proven tailings reserve has now been confirmed at 881,000 tons grading 0.051 oz. gold/ton. Preliminary conclusions from the ongoing tailings bulk sample metallurgical test program are confirming the economic viability of re-processing these tailings.

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