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George Cross News Letter

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SPOKANE RESOURCES LTD.

[SKN-V] 12,572,720 SHS.

DRILLING ENHANCES MAC PROSPECT - G. Arnold Armstrong, chairman, reports the recent drilling program conducted by Spokane Resources Ltd. on its Mac prospect in central B.C. has significantly enhanced the overall potential of this large molybdenum and copper-bearing porphyry system. The property is located about 42 km southeast of the Granisle and Bell porphyry copper deposits. The presence of both high grade molybdenum and copper mineralization such as 90 metres (290 ft) of 0.308% MoS₂, and 0.256% copper in hole 96-27, and 78

metres (256 ft) of 0.266% MoS₂ and 0.378% copper in hole 96-24 and the possibility of finding additional zones of high grade mineralization within this large porphyry system enhances the development potential of the project.

A grade of 0.25% MoS₂ and 0.25% copper generates a gross value per tonne of about \$26 using current metal prices. Using reasonable recovery and overall cost factors, this will result in a net smelter return value of about \$17.27. A grade of 0.30% MoS₂ and 0.30% copper will return a gross value of \$31.14, and a net smelter return value of \$20.70. Assuming an operating cost of about \$6 per ton, this would result in a net value per ton of about \$11.17 and \$14.60 respectively. The analysis is based on a price of US \$4.30 per pound for contained MoS₂, US \$1.20 per pound copper and an exchange rate of 0.73.

Drilling in the Camp Zone has outlined an area of mineralization about 700 metres by 300 metres. The mineralization has been tested to a depth of about 150 metres. If diamond drilling confirms continuity within this zone, it would contain reserves of some 100,000,000 tons including the potential for over 20,000,000 tons of the higher grade mineralization. The presence of this high grade mineralization is critical, as it will allow for rapid payback of capital costs.

Additional diamond drilling and a detailed analysis of the mineralized zones will be required before a preliminary evaluation of the Camp Zone can be completed. In addition, ongoing exploration within the balance of this 3.5-km by up to two-km porphyry system should result in the discovery of additional zones of mineralization that will enhance the overall potential of the prospect. Spokane is planning an exploration and development program on the Mac property in 1996. The company can earn a 60% interest in the Mac property from RIO ALGOM LTD. [ROM-T, M] by spending \$2,000,000 on exploration. (SEE GCNL NO.58, 21Mar96, P.1 FOR PREVIOUS MAC PROJECT INFORMATION)

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