

**ATHABASKA GOLD RESOURCES LTD.**

(AHL-T) 25,412,447 SHS.

**LADNER CREEK UPDATE - J.S. Karmeen, president, Athabaska Gold Resources Ltd., reports surface diamond drilling is underway on the McMaster Zone, one mile north of the Ladner Creek mill at the 100% optioned Ladner Creek project located near Hope, southwest BC. SEE MAP OVERLEAF P.3.** An earlier drill hole through the zone had intersected 12.92 metres assaying 5.07 grams gold/tonne (42.4 feet 0.148 oz/ton). The target is open for extension both along strike and at depth. Eight drill holes are planned for this drilling phase.

Further work is planned to define additional reserves in a proposed pit over the previously untested surface projection of the main Idaho mine zone. Gold assays over bulk mining widths have been returned from recent trench channel samples, up to 34.0 metres assaying 5.75 grams gold/tonne (111.6 feet 0.168 oz/ton); see table below.

	NUMBER OF SAMPLES	TOTAL METRES	WIDTH FEET	AVERAGE G/TONNE	GOLD OZ/T
Trench 1	33	34.0	111.6	5.75	0.168
Trench 2	13	15.0	49.2	4.96	.145
Trench 3	5	5.0	16.4	9.54	.278
Trench 4	14	25.4	83.3	5.21	.152

These results and additional work in this area is planned to define reserves in a proposed surface pit.

During recent months, Athabaska has advanced the Ladner Creek project closer to a production decision. A variety of production financing scenarios are being assessed. Recent surface and underground drilling has increased reserves to 263,800 ounces of contained gold. This reserve, incorporating a minimum mining width of 3.0 metres (9.8 feet), a cut-off grade of 2.74 grams gold/tonne (0.08 oz/ton) and a 15% mining dilution at 1.0 grams/tonne is detailed as follows:

	TONS	GOLD OZ/T	GOLD OUNCES
Recent Drilling	300,000	0.126	37,800
Previous Mine Total	1,488,000	0.122	182,000
Present Mine Total	1,788,000	0.129	229,800
Plus Tailings Reserve	660,000	0.051	34,000
<b>Total</b>			<b>263,800</b>

Bulk sample metallurgical testing, now completed, has confirmed the gold recoveries to concentrate will to in the 85% range. The optimum mill process will be simple flotation-only circuit with the gold-bearing flotation concentrate to be shipped off-site to a custom smelter. The metallurgical program has determined the existing tailings can be profitably reprocessed through the mill. The first year of mill operation will reprocess these tailings, yielding operating profits estimated at in excess of the cost of retrofitting the mill for the new operation. The flotation-only mill process is advantageous in that it is the most economic process evaluated and it also eliminates the use of cyanide on site, removing concerns to meeting water discharge standards. Ladner Creek operational permits dating from the prior operation are still in good standing.

Current economic projections indicate a favourable rate of return and rapid payback of capital in the second year of mill operation. An annual operating profit of Cdn \$7,700,000 at a gold price of US \$380 per ounce, is forecast from production of underground ore producing 52,940 ounces of gold per year. Reprocessing tailings in the first year of mill operations will yield 20,000 ounces of payable gold generating an operating profit of Cdn \$4,100,000. Total capital costs to reactivate both the mine and the mill, including associated infrastructure costs and working capital, is Cdn

\$8,100,000, of which Cdn \$3,380,000 is required to rehabilitate the mill and install the tailings recovery system.

The present reserve will provide mill-feed for over four years. The potential for long term reserves for the mine are excellent. The nature of the mineralization is such that the probability of defining ongoing reserves extending from the existing underground workings is considered high. In addition, although current work is focused close to the existing mine and mill, the Ladner Creek claims also cover over 15 km of the Coquihalla Gold Belt along the East Hozameen Fault. The belt is being explored by various companies. Athabaska plans to maintain an intensive exploration program on the Ladner Creek property once the mine is in production.

**Warburton Bay Diamond Project, NWT:** This 170,000 acre diamond prospect is central to diamond exploration and adjoins the Camsell Lake property being explored by the Aber/Winspear/Antler joint venture. (See property location map overleaf P.3, GCNL NO>206, Oct. 24, 1996) Winspear, operator, recently reported the discovery of diamonds in both kimberlite boulders and till samples in an area where abundant favourable indicator minerals were recovered. Airborne geophysics and follow-up till sampling for indicator minerals defined at least 33 targets on the Warburton property. A program of mapping, detailed till sampling, ground geophysics and drilling is planned for these kimberlite targets. (SEE GCNL NO.176, 11Sept96, P.2 FOR PREVIOUS LADNER CREEK PROJECT DATA)

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NOV 12 1996  
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