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George Cross News Letter

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WESTERN CANADIAN INVESTMENTS

NO. 192 (1996)
OCTOBER 3, 1996

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92JW 5

VERDSTONE GOLD CORP.

[VGC-V] 13,527,873 SHS.

MOLYCOR GOLD CORP.

[MOR-V] 7,251,527 SHS.

SALAL CREEK DRILLING CONTINUES - Larry Reaugh, president,
Verdstone Gold Corp.,

and Molycor Gold Corp., reports diamond drilling on Float Creek at the 50/50 owned Salal Creek pluton is continuing. The property is located 70 km northwest of Pemberton in the Lillooet Mining Division, southwest BC. Progress has been slower than expected at this difficult location (6,200 ft) due to unexpected snowfall and a mechanical breakdown of the drill. With the hole currently at 960 feet, plans are to drill to a minimum depth of 1,200 feet and weather permitting, to drill several holes from this site.

The project geologist Andris Kikauka reports from the field positive and encouraging results as follows:

- 0-300 feet: The rock is white fine to medium grained leucogranite (aplite) consisting of quartz, white feldspar and 2% biotite with grey pyrite and/or quartz veins containing \pm MoS₂.
- 300-650 feet: Medium grained granite containing sections of magnetite and strong biotite alteration with widespread fracturing containing moly paint and muddy grey moly.
- 650-880 feet: Core consists of fine grained matrix with intervals of quartz porphyry and heavy sericite with increased silicification. Section shows increase in multi-directional quartz healed fractures containing molybdenum-quartz and pyrite. Disseminated molybdenum was also noted.
- 880-960 feet: Fracturing increase to a well developed stockwork with molybdenum on all the fractures. The moly appearance has changed to a bright blue lustre.

Assays for the first 700 feet indicate low molybdenum values of 0.01% to 0.03% MoS₂, with an increase of 0.05% to 0.07% coincident with increased fracturing. Results for the lower section of core (650 feet down), representing the target area of this hole as the sericite zone in a buried molybdenum deposit, have not been received. Drilling is ongoing and the results will be reported.

Hole No. 2 will be collared from the same set up and drilled at 55° to an azimuth of 45°.

The Salal Creek moly property was discovered by Phelps Dodge in 1958 and has been worked by Amex, Cerro Mining and most recently B.P. Minerals and Utah Mines Ltd. Prior work by the majors always identified the Float Creek area as having the best potential for a buried "Henderson" type orebody but access to Float Creek for drilling was unobtainable.

The property was acquired by the companies in 1995, whereby they engaged the services of professional mountaineers under the direction of Andris Kikauka, P.Geo., to obtain a drill site in the centre of Float Creek. This was obtained by the end of August 1996 where this promising site is currently being drilled. The Salal Creek pluton is at least 10 times larger than any known pluton containing a moly deposit. Two deep holes were drilled in 1975-1976 by B.P. Minerals/Utah Mines in an attempt to test the Float Creek area. DDH 75-1 was collared 1,150 metres (3,800 ft) north of the current site at an elevation of 7,250 feet and drilled at an angle of -56° south. The hole was terminated at 2,252 feet (at elev. 5,250 ft) with the last 200 feet within a moly halo grading 0.012% MoS₂. Hole 76-1 was collared 850 metres (2,800 ft) NE of the current site at elevation 7,700 feet and drilled at an angle of -60° due west. The hole terminated at 2,896 feet at elevation of 5,300 feet. The grade of MoS₂ in the last few hundred feet was increasing which is indicative of a moly halo approaching a buried moly deposit. The results from the above two holes are encouraging and confirm Float Creek as the area having most potential for a buried deposit. (SEE GCNL NO.178, 13Sept96, P.1 FOR PREVIOUS SALAL CREEK PROJECT DATA)