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George Cross News Letter

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NO. 151 (1997)
AUGUST 7, 1997

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CROSS LAKE MINERALS LTD.

[CRN-V] 25,153,080 SHS.

FALCONBRIDGE LTD.

[FL-T. M] 176,967,900 SHS.

SUSTUT PROJECT BEING ACQUIRED - James Tutton, president,
reports Cross Lake
Minerals Ltd. signed a letter agreement to acquire the Sustut property

from Falconbridge Ltd., subject to completion of due diligence and approvals. The Sustut copper deposit, located 200 km north of Smithers, BC, was extensively drilled by Falconbridge in the 1970's with 139 holes totalling 56,400 feet of core. Falconbridge generated a resource estimate indicating 25,000,000 tons grading 1.02% copper with limited precious metals credits, contained in three pits with an overall strip ratio of 1:1.6. Initial indications are the deposit could be developed to mine 6,500 tons per day grading 1.44% copper to produce 49,000,000 pounds of copper contained in 68,000 tons of concentrate grading 36% copper and 2.43 oz silver, annually for the first four years, with a copper recovery of 82% to 85%. Recent development in the area has considerably eased the infrastructure burden of the deposit. Cross Lake intends to begin a review of the deposit to establish viability and starting a fast track permitting and development effort.

Consideration for a 100% interest in the property includes cash payments of \$250,000 before signing a formal agreement; issuing 2,000,000 shares and 1,000,000 warrants, each warrant entitling Falconbridge to buy one Cross Lake share at \$1.25 per share for one year, and spending \$2,500,000 on the project by 1Jan2002. On a decision being made to place the property into production, Cross Lake will issue an additional 1,000,000 warrants, each warrant entitling Falconbridge to buy one Cross Lake share at \$2.50 per share for one year.

Should the resources or mineral inventory on the property be increased by a factor of two, Falconbridge can re-acquire a 50% interest by funding further expenditures equal to those incurred to date by Cross Lake multiplied by two plus the value of the shares issued to Falconbridge based on a prior 30-day average at the time of issue. Falconbridge has also been granted a royalty equal to 10% of the net proceeds of production from the property, except if it exercises the back-in right. A finder's fee is payable to MBI Mining Brokers Inc.

Cross Lake will attempt to enhance the economics of the Sustut project by carrying out further exploration to expand the ore reserves and conducting a detailed technical and financial review of current feasibility data with revisions where necessary, in order to advance the property to production. (SEE GCNL NO.136, 16Jul97. P.1 FOR TIMMINS PROJECT INFORMATION)

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