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George Cross News Letter

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\$350.00 + G.S.T.
PER YEAR

NO. 150 (1997)
AUGUST 6, 1997

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AUGUST 6, 1997

ISLAND-ARC RESOURCES CORP.

[IAR-V] 6,933.285 SHS.

EPITHERMAL SYSTEM DEFINED - Kim M. Phillips, president, reports Island-Arc Resources Corp. has completed the first half of its 1997 Phase I exploration at the Todd Creek Gold Project, 40 km north of Stewart, northwest BC. Island-Arc holds an option to earn a 100% interest by paying \$200,000 and spending \$850,000 on exploration, subject to a 2% NSR which can be bought out for \$2,000,000. SEE MAP OVERLEAF P.1. Work consisted of geological mapping, rock and soil sampling of the North and Fall Creek Zones, re-logging and re-sampling of drill core from 1986/87 Noranda drilling at the South Zone.

An initial study of the zones on the property was completed by a structural geologist between with further detailed analytical and petrographic work to follow. From the preliminary work, however, it appears the mineralized zones are all part of a larger epithermal gold system striking north to south through the length of the property. The system defined to date is seven km. long, up to 1.5 km wide and has a 1.1 km vertical extent. It consists of multiple quartz veins with sulphide, hematite and carbonate minerals commonly associated with a quartz sericite pyrite alteration assemblage. Individual zones exhibit classic epithermal features with thinly banded veins, open space and colloform veins, and vein breccia; the latter suggesting multiple mineralizing pulses.

The metal assemblage of the mineralized zones defined to date seems to further reflect an epithermal system with both vertical and horizontal zonation features. Starting from the south at the lowest elevation the South Zone, having an estimated tonnage of 207,000 tonnes grading 5.5 grams gold/tonne, is characterized by deeper and higher temperature gold-copper mineralization. To the north, the North zone, Fall Creek zone, and Ice Creek Zones contain multiple veins with gold mineralization occurring with high copper, but also with increasing lead and silver at some of the higher elevations. This is the widest portion of the system defined to date. The highest and most northerly zone is the Amarillo Zone in which strongly altered volcanics occur over a two square km area about 1.5 km north and up to 900 metres above the North Zone. Here upper level "hot springs" type of mineralization is found consisting of quartz barite veins and stockworks containing high levels of mercury and antimony.

Collectively, the results indicate a single discrete mineralized system with characteristics similar to the Stewart - Iskut gold camp, specifically not unlike the Premier Mine which produced some 1,800,000 ounces of gold.

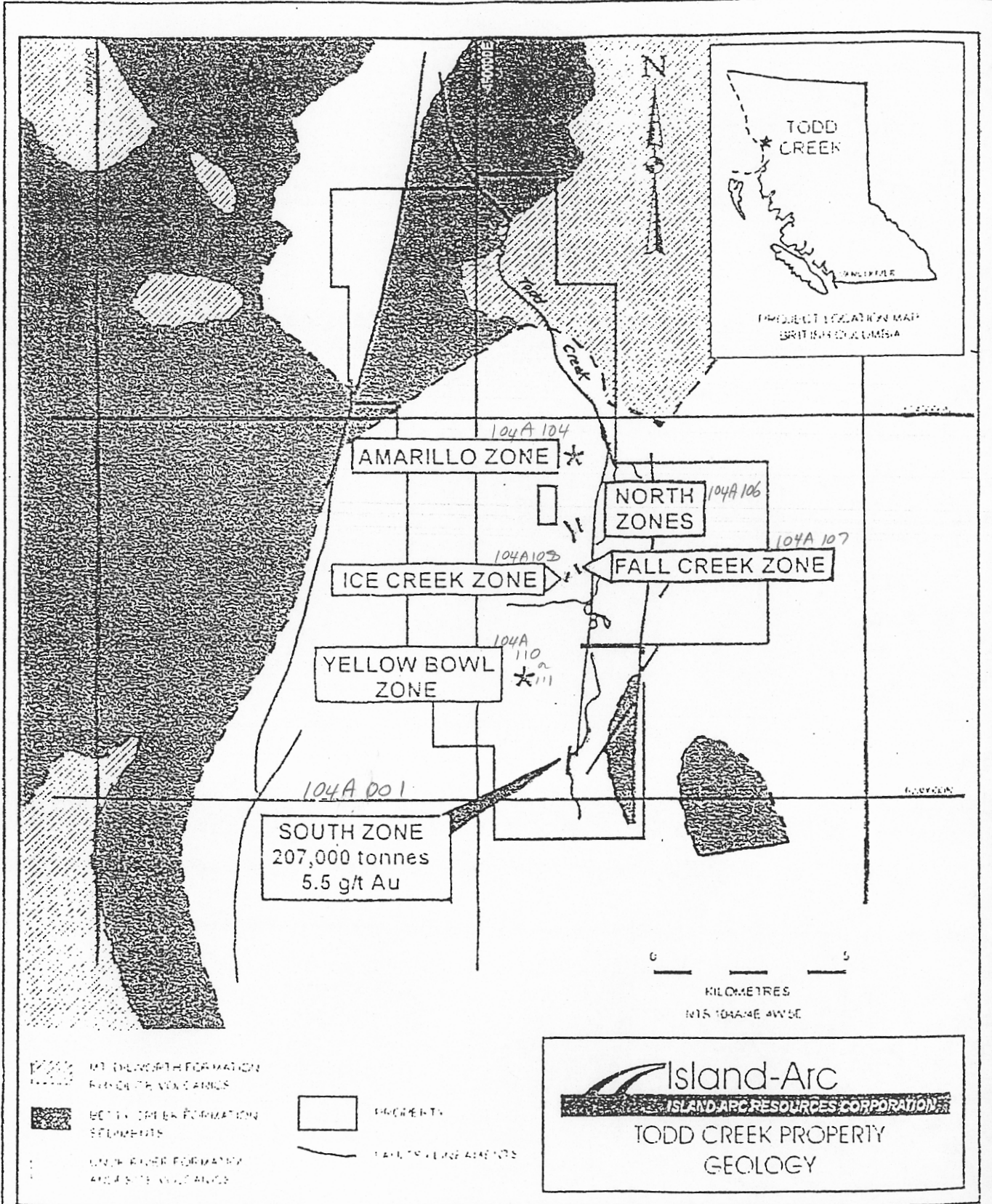
The second half of the Phase I exploration program is currently underway. A drill program to test this epithermal system at depth is planned to start following the receipt of results from the ongoing program. The drill program will evaluate the project's potential for hosting a greater than one million ounce gold deposit. Results from over 300 rock, chip and channel samples taken during the first half of the 1997 program are expected to be available near the end of August, 1997.

A program of data compilation, geological sampling and mapping has begun at the 70% optioned Red Lake Gold Project, Red Lake, northern Ontario. A geophysical program will be carried out in September. It is expected these programs will yield a number of targets for a winter drill program. The project consists of 14 claim blocks totalling 174 units (28.2 square km) over 8.5 km strike length of the Pipestone Bay deformation zone. (SEE GCNL NO.142, 24Jul97, P.3 FOR PREVIOUS RED LAKE PROJECT INFORMATION)

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 TODD CREEK PROPERTY
 NORTHWEST BC
 GEOLOGY

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