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George Cross News Letter

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WESTERN CANADIAN INVESTMENTS

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NO. 7 (1997)
JANUARY 10, 1997

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GOLD CITY MINING CORP.

[GCP-V] 29,081,048 SHS.

ORION INTERNATIONAL MINERALS CORP.

[OIM-V] 8,652,901 SHS.

PHOENIX GOLD RESOURCES LTD.

[PHO-V] 4,308,000 SHS.

OLD NICK PROGRESS REPORT - John Chapman, president, reports Gold City Mining Corp., 50%, Orion International Minerals Corp., 25%, and Phoenix Gold Resources Ltd., 25%, have been informed by Applied Mine Technologies Inc. of progress at the Old Nick nickel/cobalt project located near Bridesville, east of Osoyoos, south-central BC.

A six hole (740 metre) NQ diamond drilling program in the Main Zone was conducted for metallurgical testing. The drilling confirmed earlier exploration results obtained by Newmont Mining (1968). The Main Zone mineralization, which has been tested along strike 700 metres and is 100 metres thick, is interpreted as being part of the top limb of an anticline. Assuming the lower limb has the same continuity, which can be inferred from 1968 trenching, the Main Zone exploration target contains 300,000 ounces per down-dip metre. Assay results within the mineralized horizon averaged 0.18% nickel and 0.010% cobalt within metasediments and 0.30% nickel and 0.015% cobalt within ultrabasic rocks.

Metallurgical testing of surface samples in 1995 and 1996 indicated recoveries in the 75% to 90% range for both nickel and cobalt, using a 25 hour agitated leach under weak acid and conditions at atmosphere pressure. Also, bench scale column leaching on crushed samples (minus 0.6 cm) indicates recoveries of up to 60% for nickel and cobalt over a 230 day period. Column testing is now being conducted on a larger scale (25.4 cm column diameter) using fresh subsurface samples from the diamond drill program. Early results indicate nickel and cobalt are leaching at rates similar to those experienced with the surface samples. Solvent extraction tests on the nickel/cobalt solutions from column leaching are ongoing. Electrowinning tests are scheduled to start in February.

Applied Mine Technologies has advised the partners more than \$250,000 was spent on the project in 1996, and therefore has vested, under the terms of an option agreement, to 5% ownership in the project. Applied Mine also advises it has approved the \$750,000 Old Nick program budgeted for 1997. The 1997 program includes diamond drilling, further metallurgical process development and permitting for bulk sampling and on-site pilot plant metallurgical testing.

The project work to date, indicates a significant nickel/cobalt resource containing \$30 per tonne metal value and a metallurgical process with positive economic potential. The Old Nick has potential to be developed as a large open-pit heap leach operation using solvent extraction and electrowinning processing on-site, to produce high-quality nickel and cobalt metals. (SEE GCNL NO.164, 23Aug96, P.3 FOR PREVIOUS OLD NICK PROJECT DATA)

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