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George Cross News Letter

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VERDSTONE GOLD CORP.

[VGC-V] 15,537,195 SHS.

MOLYCOR GOLD CORP.

[MOR-V] 8,281,193 SHS.

MOLY STUDY UNDERWAY - John W. Fisher, P.Eng., director, reports Verdstone Gold and 50/50 joint venture partner Molycor Gold are studying ways for development of the 100% optioned Yorke-Hardy high-grade molybdenum resource, located near Smithers, BC. Management's studies indicate production from the high-grade zone containing 22,700,000 tons at average grade 0.401% MoS₂ and 0.04% WO₃ (tungsten) could provide long term production revenues. The tonnage and grade have been well documented in government and Canadian Institute of Mining publications but an independent review of these reserves will be the starting point for the companies work on Yorke-Hardy. Three engineering firms have been requested to submit proposals for assessment of the high-grade reserves.

In-house studies show a 3,000 ton/day production rate will give a potential mine life of 21 years. At current molybdenum prices past metallurgical studies indicate recovered metal values will be about Cdn. \$30/ton. The audit of existing reserves is a necessary step prior to further studies of practical mining methods. The Yorke-Hardy acquisition, which is subject to regulatory approval, is the companies' most significant asset. At current metal prices (US \$4.75/lb molybdenum and tungsten) the high-grade zone has a potential gross value of Cdn. \$800,000,000.

The property has more than 100,000,000 tons of additional reserves containing about 0.25% MoS₂, which require additional work to confirm. Beyond this, more potential exists for the discovery of more high-grade molybdenite in the underground development which has been done in the past. DDH No.142, drilled by Climax, intersected a mineralized zone assaying 0.474% MoS₂ over a length of 150 feet from 900 to 1,050 feet below the working level. Further exploration of this area will be undertaken by the companies as the development of the project unfolds. (SEE GCNL NO.58, 24Mar97, P.5 FOR PREVIOUS YORKE-HARDY MOLY PROJECT INFORMATION)

Diamond drilling has started at the 50/50 owned HED property, located 27 km west of Kelowna, south-central BC. The drilling will test a mineralized area within a central anomaly. Holes are planned to be 500 to 700 feet. Results from the first two are as follows:

HOLE NO.	INTERVAL METRES	LENGTH METRES	COPPER %	MoS ₂ %
97-01	51.0-90.0	39.0	0.095	0.033
97-02	31.0-202.5	171.5	.179	.050

The similarities in grade to those at the past producing Brenda Mine (some 35 km distance away) are encouraging. (Brenda's reserves were 177,000,000 tons are 0.167% copper and 0.048% MoS₂). Further results will be reported. (SEE GCNL NO.71, 14Apr97, P.5 FOR HED PROJECT INFORMATION)

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