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George Cross News Letter

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NO. 195 (1997)
OCTOBER 9, 1997

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CHALICE MINING INC.

[CLG-V] 7,892,887 SHS.

KOOTENAY ARC ZINC LEAD PROJECT OPTION - D. Schindelbauer,
PLUS EXPLORATION RESULTS FROM GUINEA president has
reported Chalice

Mining Inc. has acquired an option to earn 100% of the Standfast
lead/zinc claims 20 km southeast of Revelstoke, B.C. from
Minconsult of Vernon, BC.

The Standfast claims contain the Wigwam zinc/ lead deposit
which contains an indicated 697,558 tonnes of 3.54% zinc, 2.14%
lead with small amounts of silver. A further 7,690,000 tonnes of
similar grade has been inferred. The property has been dormant since
1981, when Parmac Mines carried out a small underground drill
program. The last comprehensive exploration programs were
completed by Cominco in 1960-61 and Canex (Placer Dome) in
1969. In excess of 41,00 metres of surface and underground diamond
drilling of over 56 holes has been recorded. Selected previous
diamond drill results records included intersects of 15.2% zinc, 9.8%
lead and 13.1 metres of 111.4 grams silver/tonne, 3.25% zinc,
2.83% lead, including a 10.1 metre zone containing 145.7 grams
silver/tonne, 3.45% zinc, 3.48% lead.

Over 605 metres of accessible underground workings exist with
samples taken in crosscuts by previous operators over 24.3 metres
by 1.2 metres of 7.11% zinc, 5.39% lead and 100.5 metres by 2.0-
metres of 4.97% zinc and 2.87% lead. True width of the last zone was
6 metres.

The Wigwam zone has been traced by trenching, drilling and
drifting over a distance of 1.1 km and to 152 metres down dip.

The deposit is hosted in the Early Cambrian Badshot Limestone
formation which is associated with the Standfast Fault of the
Kootenay Arc lead/silver belt. The Kootenay Arc has produced over
3.5 billion dollars of lead, zinc and silver at present day metal
prices. The Badshot Limestone on the property ranges to 52 metres
in thickness and has been traced for over 3.2 km. A further 3 km of
favourable Badshot/Standfast formation has yet to be explored.

Terms of the acquisition agreement provide for Chalice to spend
\$1,000,000 on exploration, issuing 200,000 Chalice shares and
paying \$80,000 in property payments over 5 years. The

commitment for the first year calls for a \$5,000 payment and a
further \$5,000 and 50,000 Chalice shares upon VSE approval. The
company is also committed to spend \$100,000 on exploration in the
first years.

Once a commercial production decision has been made, Chalice
is obligated to issue an additional 100,000 shares and advance
\$50,000 royalty payment. The purchase agreement calls for a 1.5%
Net Smelter Royalty for a total of \$500,000. If no production
decision is made after the 5th year, Chalice is obligated to pay
\$30,000 annually which is deducted from the total royalty payable.

A finders fee of 10,000 Chalice shares is payable to T. Hasek of
Vancouver, BC.

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