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CROSS LAKE MINERALS LTD.

[CRN-V] 32,202,109 SHS.

BC SKARN PROSPECT OPTIONED - Henry Ewanchuk, chairman, reports Cross Lake Minerals Ltd. has acquired an option to earn a 100% interest in the zinc, silver Ladybug property located in the Kamloops Mining Division, five km west of Seymour Arm of Shuswap Lake and 50 km northeast of Chase, BC, subject to regulatory approval.

Cross Lake may earn its interest by making \$90,000 in option payments and spending \$375,000 on exploration over four years and granting the vendors a 2% net smelter return which may be purchased by the company at any time for \$1,000,000 for each 1%. The company is required to make an initial payment of \$5,000 upon receipt of all permits with an additional payment of \$5,000 and exploration expenditures of \$30,000 to be made, at the company's option, one year thereafter.

The showings on the Ladybug property consist of skarn mineralization with sphalerite, galena, magnetite and chalcopryrite occurring as disseminated, stringer and massive sulphides. The weighted average of the most exposed outcrop channel samples assayed 1.90% zinc, 78.2 grams silver/tonne, 0.19% copper and 1.12% lead over a width of 9.0 metres with the highest channel sample assaying 7.42% zinc, 550.0 grams silver/tonne, 0.92%

copper, 6.65% lead over a width of 0.5 metres. Smaller outcrops with similar mineralization and grade as represented over the 9.0 metre interval occur 40 metres to the southwest and 30 metres to the northeast with glacial cover in between the outcrops which will require testing. The geology is favourable for strike continuity as there are several known zinc, copper, silver showings located about 700 metres to the northwest of the sampled outcrop.

The company intends to carry out a program of induced polarization surveys and soil sampling in the spring.

In a separate development, FALCONBRIDGE LTD. (FL-T, M) has assigned its interest in the Currie-Bowman property, located 54 km east of Timmins, Ontario, to ECHO BAY MINES LTD. [ECO-T, AMEX]. Falconbridge had earned a 50% interest in the base and precious metal property and was in the process of exercising its right to earn a further 10% interest for a total of 60%. With the assignment, Echo Bay is to spend the remaining \$50,000 required for Falconbridge to earn the additional 10% and will have the right to earn all of Falconbridge's 60% interest, subject to certain back-in and exploration rights on base metals. In consideration of Cross Lake waiving its first right of refusal under its agreement with Falconbridge, the company will not be required to make joint venture contributions while Echo Bay spends the additional \$500,000 necessary to earn-in. This will allow Cross Lake to maintain its 40% interest in the property without having to make any financial contributions for up to four years.

Echo Bay has advised that an IP survey has begun on the property with drilling proposed for the New Year. The Currie Bowman property is located eight km northeast of Cross Lake's 100% owned Sheraton-Timmins property.

The Sheraton-Timmins property continues to be the company's primary exploration project. Two geological holes, CLS 98-65 and 66 have been completed and were drilled outside of the Cross Lake Zone, 900 metres north and 600 metres northeast, respectively, of drill hole CLS 97-16. These two holes were drilled on IP anomalies parallel to the Cross Lake Zone. Previously drilled hole CLS 98-59 was deepened another 169 metres to a final depth of 840 metres, in order to extend the Pulse EM survey to identify the direction of and distance to a strong Pulse EM off-hole anomaly.

Results of these two new holes and the deepened hole CLS 98-59 will be released before Christmas. Currently, down-hole Pulse EM and Mise-à-la-Masse surveys are being completed on the holes in the Cross Lake Zone to plan the next phase of drilling. (SEE GCNL NO.231, 2Dec98, P.1 FOR PREVIOUS SHERATON-TIMMINS PROJECT INFORMATION.)

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