

MINER 23 FEB 84

Warstar Resources has secured a marketing contract for coal from its 100%-owned Knox Cty. coal property in Kentucky. Based on a production rate of 10,000 tons per month, which is scheduled for the first quarter, the company anticipates a net profit of \$US1.2 million per year. Coal prices are now approximately \$US36 per ton which should net about \$10 per ton, it predicts. There are about 4.3 million tons of high BTU, low ash, low sulphur coal reserves available for mining and production could be doubled by adding another shift. The mine has open pit reserves of 2.3 million tons and just over two million tons underground in all categories.

(82G15W) (82GSW039)

The company also has a 50% interest in the Moyie River placer gold mine near Cranbrook, B.C., where a tertiary channel has been traced for over 3,000 ft. A plant exists on the site and underground development to intersect the channel should begin this spring. Warstar anticipates the production rate would be approximately 100 tons per day.

GENL #71 10 APR 1984

WARSTAR RESOURCES INC. (WTR-V)

CHANGE OF CONTROL PROPOSED - Hans Guhr, president of Warstar Resources Inc., announces that a group of private investors have agreed to acquire the 750,000 shares of escrow stock, subject to approval of the shareholders at their annual meeting on 30Apr84 at 10 a.m. at 600-535 W. Georgia Street, Vancouver, and then of regulatory authorities.

At a meeting of Warstar directors it was agreed they will resign and be replaced by David Copeland, P.Eng., to be president; Robert G. Hunter, to be treasurer and Bo Mortil, M.B.A., to be secretary.

Mr. Guhr comments, "The change in the management of the company is expected to help accelerate the growth of the company leading to a positive cash flow situation in the near future."

Warstar await regulatory approval of their agreement to acquire from KMS Resources Limited of Cranbrook, B.C., 50% interest in the Moyie River gold mine about 14 miles from Cranbrook.

The mine property is covered by 3 contiguous claims containing a proven tertiary channel traced for over 3,000 feet. Based on previous underground mining reports and drill holes, the tertiary channel is reportedly some 8 feet thick and 100 feet wide and could contain over 100,000 ounces of recoverable gold, having a current value of some \$42,000,000. A complete plant with an ore treatment capacity rated at 300 tons per day is already in place.

On Warstar's wholly-owned gold property near Bridge River, in Lillooet mining division, B.C. the company filed 4 year's assessment work last season following their completion of 6 diamond drill holes on the Golden Sidewalk and Gold Belt claims. Although a grab sample assaying 0.352 oz. gold per ton was obtained from the old Goldbelt adit, diamond drill holes 1 and 2 encountered minimal mineralization in the original vein. However, it is important to note that remarkable sulphide mineralization occurred in the porphyry diorite throughout holes 1 and 2 and 3. Hole 1 encountered 61 feet and hole 2 encountered 97 feet of mineralization. Hole 3 was stopped at 285 feet despite the fact that the hole was still in mineralization. The assay values ranged from 0.01 to 0.094 oz. gold per ton. Warstar's geologist has reported that there is a good potential for open pit development of the property with a cut-off grade of 0.04 oz. gold/ton. Results from Holes 4, 5 and 6 drilled about 2 miles NW from the Goldbelt property are most encouraging in that they again intercepted the porphyry diorite, (Bralorne Intrusive).