

Gen L **GUNSTEEL RESOURCES INC. (GUN-V)** *1217*
PRODUCTION DECISION FORECAST - The winter program is
FROM WINTER PROGRAM designed to increase
reserves to 100,000 tons

grading 0.45 oz.gold/t which would permit a decision to build a 100-ton per day concentrator. Stan A. Endersby, president of Gunsteel Resources, has reported that the present reserves at the Nugget mine are 73,000 tons grading 0.45 oz.gold /t. The property is located along Nugget and Sheep Creeks with workings from 4,300 to 5,500 feet elevation, about 18 miles northeast of Salmo, B.C. The company holds an option to earn a 50% working interest in the claims by spending \$2,000,000 on exploration.

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Underground exploration on the Nugget property is concentrating on the Fawn, Nugget and Motherlode mines where there are 12 veins which are considered important exploration targets.(SEE MAPS OVERLEAF P.1 & P.2)

The recent underground diamond drilling program on the Fawn No.1 vein extended the zone 355 feet below the lowest Fawn drift. This zone is open down dip. To reach this zone, a new crosscut is being driven 1,200 feet to the north from the No.5 level of the Nugget vein. This crosscut will provide access to the Fawn zone 550 feet below the lowest Fawn drift. This crosscut will also cut the O'Donnell vein about 350 feet north of the Nugget. The O'Donnell vein is a strong high priority structure.

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The crosscut being driven to the east on the North Motherlode vein on No.5 level has advanced 131 feet and is expected to hit the zone soon. The crosscut is also advancing to the west on the 200 sub-level of the Nugget vein and also to the east on the 200 sub-level of the Calhoun vein. The crosscut on the Nugget vein is 100 feet below the point where ore was recently found grading 1.14% oz.across 2.8 feet for a distance of 100 feet, and the crosscut on the Calhoun vein is 200 feet below two commercial grade ore zones on one of the higher levels. It is expected that these two crosscuts will be into the zone shortly.

A previously unknown vein structure has been found 200 feet north of the most northerly workings on the Fawn No.5 level. It is planned to drive a tunnel to this later in the winter. Surface diamond drilling and trenching on the Golden Belle vein south of the Motherlode structure is continuing. Approximately 1,000 tons of ore have been moved to a stockpile down in Salmo Valley perhaps for shipment to the smelter at Trail, B.C.

Field work has been completed on Gunsteel's Allco silver property at Revelstoke. Six km of access road were built and a program of geological, geophysical and geochemical surveying was done to define and extend the anomalous areas found in previous work.

Work has started on the Jero property at Rossland, B.C. to follow-up on areas of anomalous gold values.