

McAdam Resources:

ZEBALLOS

Junior explorer on the verge of major growth

By Roderick MacDonald

With two gold properties on the verge of production and a successful corporate amalgamation under its belt, Toronto-based **McAdam Resources Inc.** is a junior exploration company in an enviable position. It is about to make the transition into the ranks of the moderate sized gold producers.

The company projects potential production from its two most advanced properties at 40 - 50,000 oz of gold per year and plans to achieve initial production later this year.

The December amalgamation of McAdam, Tashota-Nipigon Mines Ltd and Konteko Resources Inc. into McAdam Resources Inc. gave the new company a significantly expanded gold asset base. It now has a 100% interest in both the McWatters Gold Property near Rouyn, Quebec, and the Spud Valley Gold Property on Vancouver Island. Both of these former producers have solid gold reserves and exciting exploration potential.

In addition the company now owns 100% of the Clerno Gold Property, an exploration bet located immediately west of the McWatters property, and a portfolio of lesser developed properties including a joint venture with **Muscocho Explorations Ltd** and **Noranda Exploration Ltd** in Baie Verte, Newfoundland.

McAdam's Spud Valley property, near Zeballos, B.C., is first on the company's list for possible production. A product of the old dictum: the best place to look for gold is near a gold mine, the Spud property has reserves of 247,078 tons averaging 0.41 oz/ton gold. Test milling is scheduled for April and will be followed, given appropriate results, by a production decision shortly afterwards.

Recent work has focussed on newly discovered high-grade veins on the property as well as on opening up previously inaccessible reserves on the associated Goldfield vein. In addition, the company has entered into an agreement with Agne Gold Exploration to explore the adjoining Agne property.

Like the Spud property, the McWatters Gold Property, near Rouyn, Quebec, is a past producer once again nearing the production stage. McWatters and the adjoining Clerno Gold Property cover approximately 2½ miles of the Larder-Cadillac Break, an important regional gold-bearing feature.

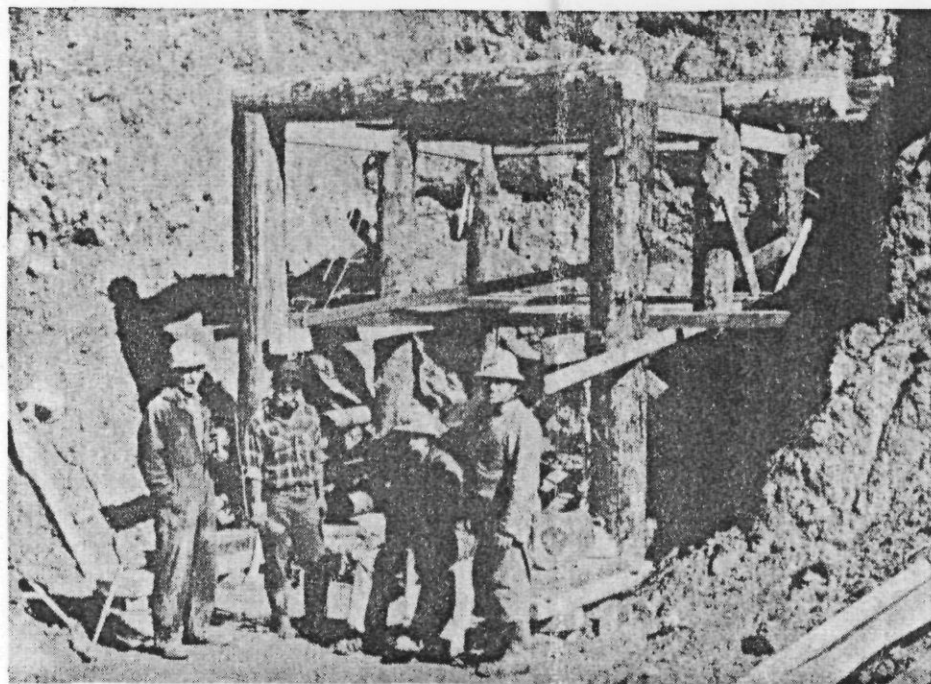
Company work to-date has focussed on

mine de-watering, rehabilitation and surface and underground exploration, concentrating mainly on the JKL zones north of the shaft, the 702 zone east of the shaft, and the shaft area itself.

Preliminary reserves on the McWatters property stand at 910,869 tons of 0.19 oz/ton gold. Beginning in March, a bulk sampling program involving the processing of 5-10,000 tons of ore material will be undertaken at a nearby mill. It is hoped that this can be followed by 500 tpd of custom milling which would result in gold production at a rate of 25-30,000 oz per year. A feasibility study is expected for spring 1989 followed by production beginning in the late summer.

Should McAdam meet its goals for the Spud and McWatters properties, it will be in the enviable position of being a junior explorer with its own source of cash flow, ready to tackle its lesser developed properties under its own steam.

McAdam Resources trades on the TSE and VSE; trading symbol MMM.



The new #8 portal at McAdam's Spud Valley Mine, Zeballos, B.C.

FOOTWALL EXPLORATIONS LTD.

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THE PROPERTY

Located near Zebailos, Footwall's 180 claim unit, 2921 hectare property is situated near the west coast of Vancouver Island, British Columbia, the Zebailos gold camp, discovered around 1934, is in one of the oldest, richest and least exploited precious and base metal areas in British Columbia. From 1930 until 1942, 13 operating mines produced 287,811 ounces of gold. The most productive of these mines, the Privateer, is again on the verge of going into full production. It is significant to report that the Zebailos gold camp never reached its zenith after its initial eight years of operation because of the onset of World War II and the war's onslaught on skilled mining manpower.

Footwall's property itself, designated as the Hiller-Churchill group of claims was subject to considerable exploration, mapping, drilling and magnetometer surveys during the 1950's and 1960's to delineate the iron ore potential of the property. This was subsequently established to be 5.7 million tons of drill estimated magnetite averaging 33% Fe. An adjoining property, the Zebailos Iron Mine, in fact shipped 1,420,000 tons of magnetite concentrate during 1962-1969.

Research indicates this magnetite concentrate, which has numerous and essential industrial uses such as coal scrubbing and ferro concrete, is in relatively short supply and is currently commanding a price of \$80-100 per metric tonne. Exploitation of this resource has the potential of adding multi-millions of dollars to the value of this property.

Even given the historic gold production in this area, scarcely any attention was paid to the precious metal potential of these claims. In 1984, however, several anomalies were located in the A-25 grid area of the Hiller claims, the most northwesterly of the block. Sixteen out of the 32 diamond drill holes intersected gold mineralization in Skarn zone. Hole H85-24 intersected 6.5 feet averaging 9.03 ounces of gold.

Detailed sampling and geological mapping, as well as surveying is being carried out to fully evaluate these results and determine the best method for continuing the underground exploration program.

Vein material from another zone on the same property have returned **surface** assays of **2.532 oz gold per ton, 7.01 oz silver per ton and 8.82% lead and 24.63% zinc.**

Gold-enriched skarn zones are now recognized by the mining industry as vitally important exploration targets for precious metal deposits. Historically, B.C.'s Phoenix mine with its gold-silver-copper skarn deposit produced in the order of one million ounces of gold, 6 million ounces of silver and five hundred million pounds of copper. The gold-enriched skarn of Nickel Plate Mountain, owned by Mascot Gold Mines is currently British Columbia's major gold producer.

An exploration program which will total \$1,000,000 on the Hiller-Churchill Group has commenced, the camp has been established, a road to the portal has been built and 349 feet of crosscut drifting, 102 feet of raising and 31 feet of sub-drifting has been achieved.

Diamond drill core assays greater 0.33 ounce

HOLE #	WIDTH IN FEET	OUNCES PER TON AU
84-1	3.3	0.45
84-7	3.4	1.14
84-17	3.3	0.53
84-20	3.3	0.51
84-22	9.9	0.50
85-24	6.5	9.03
85-29	3.3	0.72
Plus	6.5	0.50
85-30	3.3	2.54

On September 26th, 1988, the Directors of Footwall Explorations Ltd. were pleased to report positive results from the exploration program.

Underground exploration on the A-25 gold zone which has consisted of drifting and raising to one of several high grade diamond drill hole intersections has now confirmed previous high grade assays from diamond drill hole 24-85.

Sludge samples (drill cuttings) from the west side of the raise approximately 41 to 49 feet below the surface returned the following impressive values:

From 0 ft. to 4 ft. = 22.58 oz of gold per ton
From 4 ft. to 8 ft. = 10.38 oz of gold per ton
[for an average of 16.48 oz of gold per ton]

The raise which knuckles back to the surface also encountered an additional 20 feet of massive sulphides. Assays are pending.

Current muck samples (broken rocks) from the zone have now returned values of 6.630 oz of gold per ton.

CAPITALIZATION:

Authorized: 10,000,000 (N.P.V.)

Issued and outstanding on

completion of primary: 1,797,002

Trading at time of issue: 1,047,002

Escrow (non trading): 750,000 >

Trading symbol: FTW-V »

MANAGEMENT

The directors of Footwall Explorations are experienced mining people, highly qualified in mineral exploration and development. **Vie** team is headed by well known prospector and exploration manager John W. Carson.