

# George Cross News Letter

*"Rebelle Reporting"*

NO. 234(1987)  
DECEMBER 7, 1987

## COMINCO LTD. (CLT-V,T,M)

### DELAWARE RESOURCES CORPORATION (DLR-V)

**CURRENT INFERRED RESERVE IS** - The 1987 field program has 1,000,000 TONS 0.7 OZ. GOLD/T been completed on Cominco Ltd's Snip gold property in the Iskut River region of NW B.C. (See property location overleaf on the Teuton Resources claims map of the Iskut-Sulphurets gold camp.) This is a joint venture project on which Delaware Resources Corporation has financed work in recent years to earn an ultimate 40% interest.

This year, 73 holes were drilled, 46 of which cut significant widths and grades of gold mineralization, see long section overleaf page two and a drilling diagram in GCNL 205(87) overleaf page 2. 31 of the intersections lie in the Twin zone, a 45 degree dipping calcite-quartz-biotite-gold vein. The drilling being intervals of about 50 meters, correlation from hole to hole is uncertain, thus, underground development will be required to establish grade and tonnage. However, based on existing results, 1,100,000 tonnes can be inferred at a grade of 24 grams per tonne (0.7 ounce per ton) allowing 20% dilution and cutting assays to 150 grams. The zone is 450 meters long and open to depth.

An underground program is being designed for early 1988 to confirm the deposit's continuity and grade.

## FARGO RESOURCES LIMITED (FR-V)

**FURTHER TEST DRILLING PLANNED** - Lauch F. Farris, president has reported that a total of 24 holes have been completed in the current phase of kaolin test drilling at Lang Bay, 30 miles north of Vancouver. All of the holes are in the area of the discovery hole drilled last Spring. It is apparent from the drilling that there are two separate deposits. One is a primary deposit similar to those kaolin deposits (-SOUTH-)Cornwall, England. This primary deposit is overlain by a sedimentary deposit which contains brown kaolin within the "brown bed" formation. Approximately 1,000,000 tons of the primary kaolin have been outlined thus far. Frank Sutton, a leading expert in kaolin processing and beneficiation, with English China Clay Co. for 30 years in the centre of U.K. kaolin deposits, has visited the property. He will advise the Fargo/Brenda joint venture on processing and beneficiation. Mr. Sutton has returned to England with composite samples of white, grey and brown kaolin for testing with highly specialized laboratory test procedures. A geophysical exploration program is being planned for the entire property to further delineate control fault zones. A further drilling program in late January 1988 is planned to increase reserves and test for brown clay, germanium and gallium content.

## TIFFANY RESOURCES INC. (TFO-V)

**PLATINUM SOUGHT** Tiffany has negotiated the sale of NEAR PRINCETON 650,000 treasury shares at 15.4¢ each by private placement, subject to regulatory authority approval. The company proposes to use the funds to explore a gold-platinum property on Lodestone Mountain, 35 kms northwest of Princeton, B.C. The prime soil sample anomalous area is 1,000 meters long by 600 meters wide. Within this anomalous zone platinum values up to 300 parts per billion and gold values up to 83 parts per billion were reported.

Tiffany has collected 3,000 soil samples on lines 100 meters apart with stations at 25-meter intervals. The follow-up soil sample survey confirmed consistent and constant platinum values over 1 km long and up to 100 meters wide each, with values of over 300 parts per billion platinum. The project has shown that native platinum and platinum-iron alloys are the main source of platinum on the Lodestone claims.

The company has dropped claims held under option from John McAndrew on Vancouver Island but retains ground in La Ronge, Sask. and on Texada Island, B.C.

# SNIP - TWIN ZONE LONG SECTION

700 m.

600 m.

500 m.

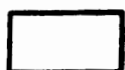
400 m.

300 m.

200 m.

150 m.

100 m.



1.15 MILLION METRIC TONNES  
24 GRAMS Au PER TONNE

To convert grams per tonne to troy ounces per ton  
divide grams by 34.3, or, multiply grams by 0.0291667

$\frac{21.8}{3.4} \frac{g/t \text{ Au}}{\text{metres}}$

• BLANK HOLE

100 metres

325 LEVEL

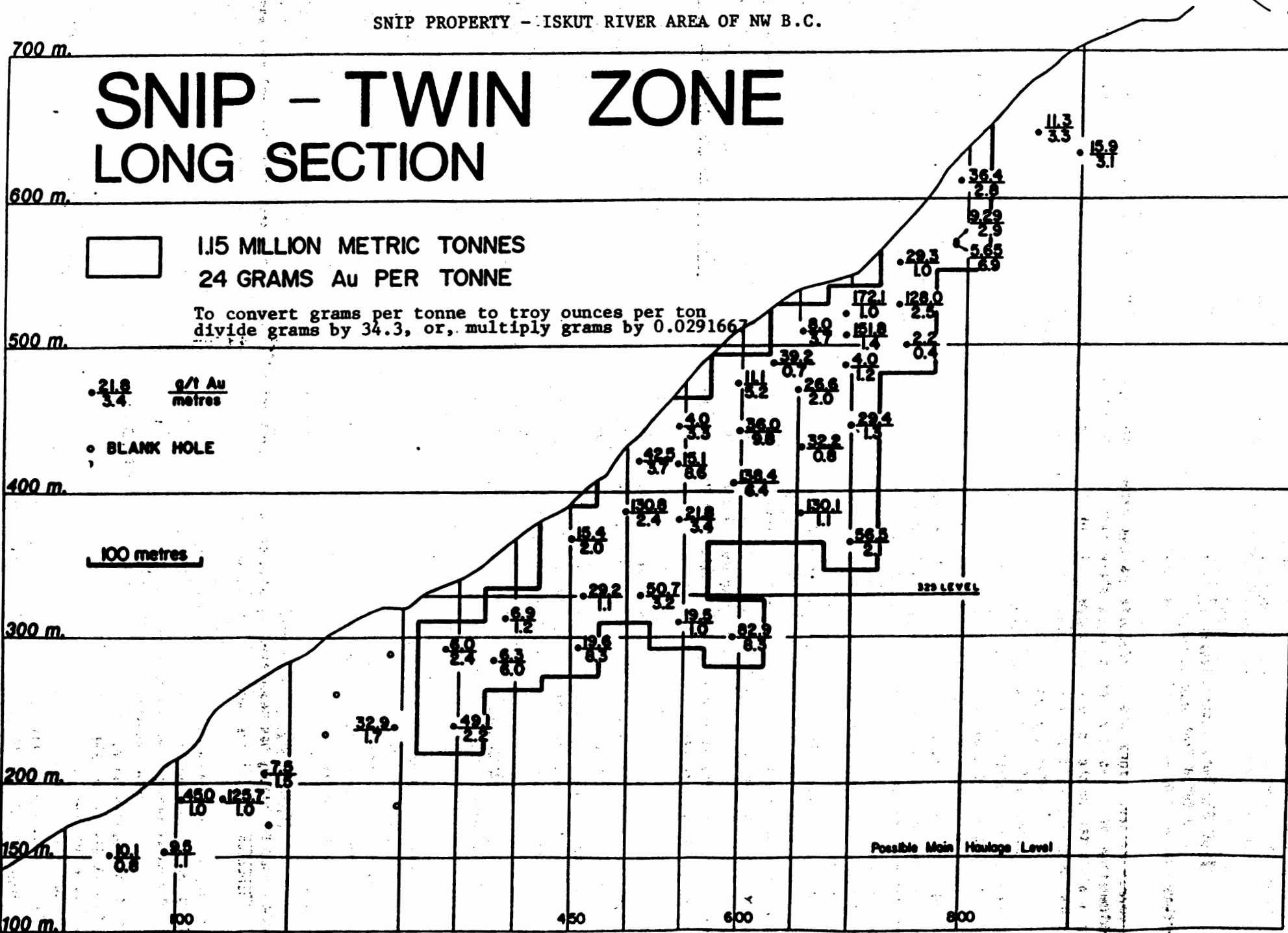
Possible Main Moutage Level

450 125.7

450

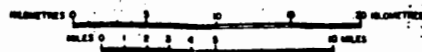
600

800



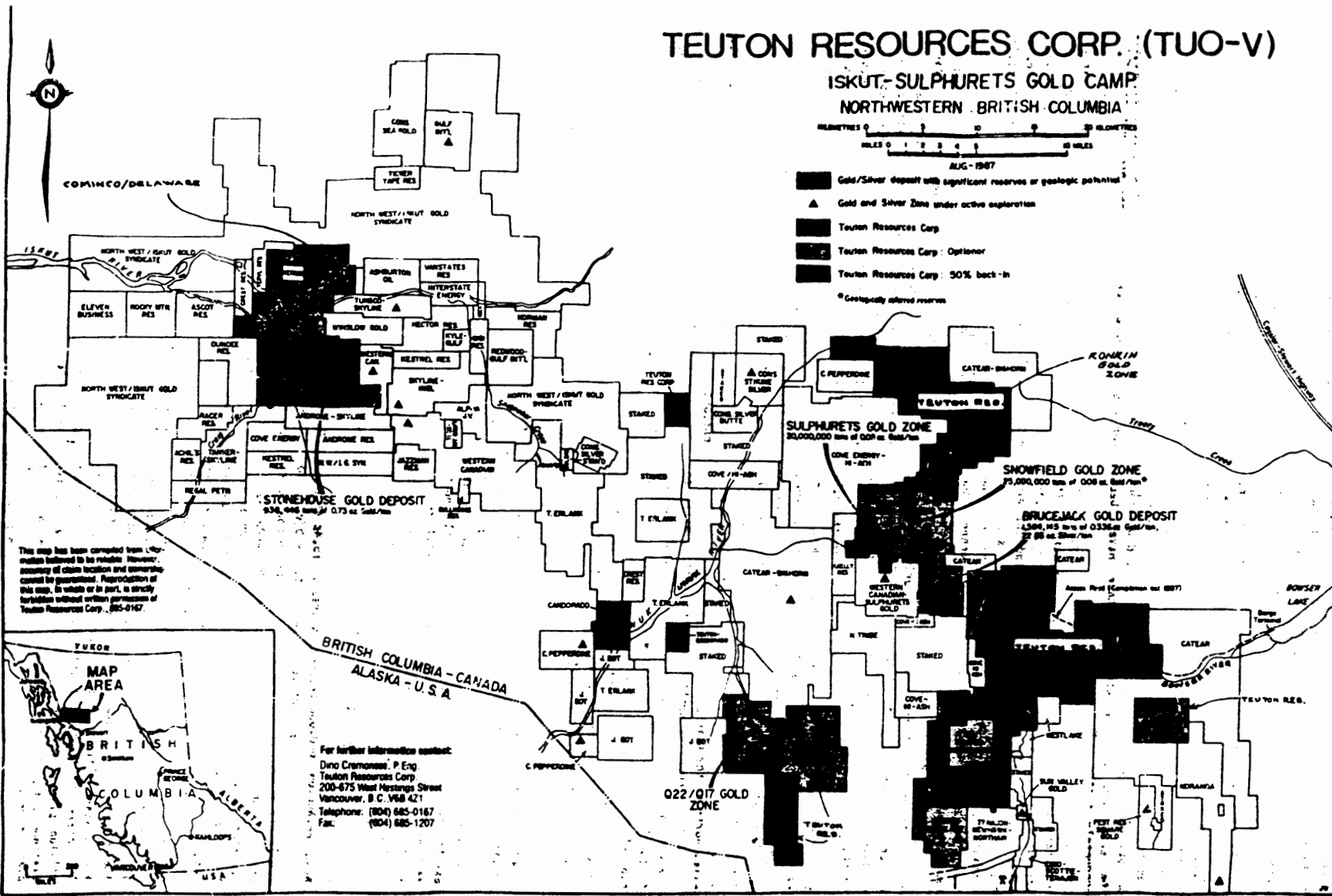
# TEUTON RESOURCES CORP. (TUO-V)

## ISKUT-SULPHURETS GOLD CAMP NORTH-WESTERN BRITISH COLUMBIA



AUG - 1987

- Gold/Silver deposit with significant reserves or geologic potential
- Gold and Silver Zone under active exploration
- Teuton Resources Corp
- Teuton Resources Corp - Optionor
- Teuton Resources Corp - 50% back-in
- Geologically inferred reserves



This map has been compiled from information believed to be reliable. However, accuracy of claim location and ownership cannot be guaranteed. Registration of this map, in whole or in part, is strictly forbidden without written permission of Teuton Resources Corp. 865-0167



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**CITY RESOURCES (CANADA) LIMITED (CIX-V;CCIMF-Nasdaq/NMS)H  
HIGHLIGHTS OF CINOLA GOLD - Ron Longstaffe, president of  
FEASIBILITY STUDY REPORTED City Resources (Canada)**

Limited, reports that Wright Engineers Limited have released a summary of the feasibility study on the Cinola gold project which shows the deposit can be mined profitably. The deposit is near the center of Graham Island, one of the Queen Charlotte Islands, B.C.

**Highlights of the study are:**

- Open pit mine. 6,600 short tons per day. Overall waste to ore stripping ration 2.08:1.
- Capital costs of \$110,000,000 including working capital of \$5,400,000 and contingencies of \$14,400,000.
- After tax, discounted, cash flow rate of return for the project is 19.18% at a gold price of US\$450 per oz. and an exchange rate of 1 Cdn. = 76¢ U.S.
- If financed on a 20% equity, 80% debt basis, the debt can be repaid within 2 years.
- At 90% recovery, total gold production will exceed 1,500,000 ounces.
- Production is scheduled to start on October 1989.
- The mineable ore reserves are 27,300,000 short tons of gold at an average grade of 0.062 oz/st using a 0.032 oz/st cut-off grade.
- Operating costs vary from US\$207 per oz. for year 1 and 2 of production at designed capacity to US\$322 per oz. for years 3 to 12.

- Further refinements to the metallurgical process which are being tested in a pilot plant may reduce the indicated capital and operating costs.
- Ore treatment will use the proprietary Arseno process which uses nitric acid to catalyse oxidation of the sulphide minerals which otherwise render the gold refractory to conventional cyanidation.
- Gold recovery is expected to be 90%.
- The cash flow summaries allow for 6-month start-up period when production will be lower and operating costs higher than when operations are at its design capacity. From April 1990, the operation is assumed to have reached its design capacity.
- Environmental work has been performed by Norecol Environmental Consultants Ltd. of Vancouver whose Stage II report will be submitted to the Mine Development Steering Committee of the B.C. government early in 1988.
- Control of potential acid mine drainage, control of water quality impacts and protection of the high fish habitats of the Yakoun River system are the key environmental issues. The proposed mining and reclamation plans the mill process selection, the location and layout of the plant site, and water and waste management plans all reflect this priority.
- The total mine labor force is estimated at 188 persons, of whom 120 to 130 will likely be current Queen Charlotte Islands residents.
- Royalties and taxes payable directly to the Province of B.C. during the 12 years of operation total about \$51,000,000.

Mr. Longstaffe comments, "City Canada's management has reviewed the Wright study and believe there is scope for significant improvements in capital and operating costs. For example, the feasibility study is based on one manual pit design and mineable ore reserve calculation. Further geostatistical work will make it possible to optimize the pit design and increase mining selectivity. This will improve both operating costs and revenues." He notes also that there is economically attractive ore at the bottom of the pit which could be mined by bulk underground methods thereby extending the mine's life beyond 12 years.

City Resources (Canada) plans to raise a substantial portion of the project financing by way of a gold loan.