

← **FARGO RESOURCES LIMITED (FR-V)**

**GALLIUM AND KAOLIN** - Lauch F. Farris, president, reports **TESTS ARE IMMINENT** that Fargo Resources Limited recently drilled 4 holes on their Bay property, near Powell River, B.C. Three are in the area of previous drilling where excellent core was recovered between 50 and 90 feet. Kaolin clay, silica sand and brown bed material were present in each hole. The bed cores have been sent to American Cyanamid in Stamford, Connecticut, for flotation testwork in order to produce a gallium concentrate. The concentrate will be sent to a large producer of gallium arsenide chips for mineralogical and other tests on the gallium.

The fourth hole was drilled as a step-out about half a mile west of the original area. Between 58 and 108 feet, the best looking (i.e. light grey) and thickest clay seen to date was encountered. Cuttings between 108 and 132 feet appeared to contain clay and silica sand.

X-ray defraction analysis by Dr. A.C.D. Chaklader, Department of Metallurgy and Engineering, University of British Columbia, confirmed that the clay is a high quality kaolin. Work is in progress to produce sufficient quantities of the white kaolin fraction which a major pulp and paper producer will test as a "coater" and "filler" in the manufacture of paper. Results should be known in about 2 weeks.

Additional work at U.B.C. will determine the quantity of the white clay, the identity and grade of the silica sand and other industrial minerals present in the formation. Representative samples from the fourth hole will be analysed for gallium to determine if this metal is present throughout the entire clay horizon.

\* **NORTHAIR MINES LTD. (NRM-V,T)**

**GOOD GOLD VALUES IN WILLA DRILL PROGRAM** - Donald A. McLeod, president, has reported Northair Mines Ltd. is the target of a hostile takeover bid launched by NorQuest Resources Ltd. of Nanaimo, B.C. As a result, Northair has taken the following actions: Yorkton Securities Inc., Toronto, has been retained to prepare a fairness opinion. Watts, Griffis, McQuat, consulting geologists and engineers, Toronto, have completed a geological evaluation of all Northair mineral properties for use by Yorkton. Wright Engineers is preparing an evaluation of Northair's 300 ton per day mill, located near Whistler, B.C., and reviewed the quotation for dismantling, transporting and re-erecting the mill at Northair's Willa property, near Revelstoke, B.C.

He recommends shareholders await Northair's directors recommendations prior to making a decision on the NorQuest offer.

The recent surface drilling at the Willa has confirmed earlier drill holes intersecting higher grade material in the Main Zone. Nine of 11 surface holes intersected gold. Seven of the nine holes reported intersections above 0.10 oz. gold/ton. These results correlate to the earlier higher grade intersections. Excellent potential exists for additional tonnage, as this area is 300 feet higher in elevation and 250 feet north of the West Zone where tonnage has been defined as 606,000 tons grading 0.22 oz gold/ton, 0.26 oz silver/ton and 1.04% copper.

The \$2,100,000 exploration currently underway includes an additional seven surface diamond drill holes to test the Main Zone along strike and to depth.

Northair has advised the joint venture partners will not participate in this program and Northair's interest in Willa will be increased to approximately 68%.