

# George Cross News Letter

NO.152(1988)  
AUGUST 9, 1988

## HULDRA SILVER INC. (HAD-V)

### FOURTH LEVEL TO BE DRIVEN TO INCREASE ORE RESERVES

Exploration of the C vein has opened ore on three underground levels and on surface. The fourth underground level will start shortly, and is scheduled to be completed in November 1988 and could double present reserves. In April 1988, reserves were 130,101 short tons grading 29.057 silver/t, 8.39% lead and 3.51% zinc. Current inferred reserves are approximately 180,000 tons. (SEE MAP OF UNDERGROUND WORKING AND ASSAY PLAN IN GCNL NO.71, P.1, April 13, 1988)

Magnus Bratlien, president, told the Huldra Silver annual meeting that two independent engineer's reports providing new ore reserve calculations are scheduled to be delivered by Aug.15. These reports will be filed with investors interested in providing the \$1,000,000 needed for the next stage of mine development, including driving the fourth level. The 100% owned property is located at 5,300 feet elevation near the headwaters of the Tulameen River, 27 km, due east of Hope, B.C.

The C vein ore shoot is within the Treasure Mountain fault vein and has been tested over a strike length of 1,000 feet and for a dip length of 708 feet from surface to the No.2 level. The width of the ore shoot varies from 10 inches to 8.5 feet, averaging 39 inches. All ore calculations were done on a minimum 1 meter, 39 inch width. The company recently completed four holes from underground directed to cut the down dip extension of the C vein 500 feet below the No.2 level or about 1,200 feet below the surface trench. Each of the holes cut

mineralization over about 1 meter in the 35 oz.silver/t range, with low sulphide content. These values are about 15% higher than the average grade to date. Three of the holes were in the footwall and one was in hangingwall mineralization. The president stated this better grade mineralization contained Ruby silver and argentite, which increases the potential to encounter bonanza silver grades as indicated in the historical records on the property. Drilling is continuing as is the driving of raises to establish the continuity and grade of the ore between the No.2, No.1A and No.1 levels. The new level was driven about 1,250 feet from the portal in the 1950's and will be slashed out and rehabilitated prior to being advanced about 1,000 feet to encounter the down dip extension of the C vein ore shoot.

As this work proceeds the company will explore by drilling and surface work other targets on the property, including to the west of the Jenson tunnel where some good grades are reported in the old records. Any further shipment of stockpiled ores has been suspended until the company completes expenditure of flow through funds. Metallurgical work shows the ore is free of contaminants and a 95% silver recovery through conventional milling.

During the year ended March 31, 1988, the company spent \$1,961,000 on property exploration and received \$344,265 from ore shipments; it ended the period with working capital of \$414,000 when there were 3,253,275 shares issued. Since then a further 578,049 flow through share sales have been approved at \$2.05 and \$1.75 each. Negotiations for added funding continue.

## ISKUT GOLD CORPORATION (ISK-V)

ASSAYS REPORTED- Iskut Gold Corporation reports that during July 1988 a 1000 metre drill program consisting of seven holes was completed on the B.J. property in the Mess Creek of Iskut River area, 100 km north of Stewart, B.C.

Inclined holes were drilled to intersect four parallel east-west striking gold bearing quartz veins that were explored by trenching during the 1987 field program. Gold is present in six of the 7 holes drilled.

## PROFCO RESOURCES LTD. (PSO-V)

DDAM PROPERTY OPTIONED- Profco Resources Ltd. has agreed to acquire up to a 75% interest in the two claim DDAM property near Alberni, B.C., adjacent to the east of the Westmin/Nexus Debbie project, for the payment of \$10,000, issuing up to 60,000 shares and spending \$300,000 on exploration by 1991. Harold Stevenson, president, stated that the DDAM claims are on strike with the Linda zone on the eastern boundary of the Debbie property.

**REA GOLD CORPORATION (REO-T,V;REOGF-MASDAQ)**

**TWO NEW GOLD PROJECTS OPTIONED** - Larry Reaugh, president of Rea Gold Corp. has reported acquisition of options on two gold properties.

The North Manhattan project of 74 claims in Nye county, Nevada is located in a large Tertiary caldera between the major gold mining camps of Round Mountain and Manhattan. Mineralization of up to 1 oz.gold/t has been found in narrow quartz veins cutting welded tuff at a number of sites. Target is a disseminated gold-silver deposit in a permeable unit underlying narrow veins similar to that at Round Mountain. Rea can earn a 50% interest in the project from Desert Gold Resources Inc. by spending \$375,000 US on exploration and making property payments of \$30,000 US by Aug.31,1990. A program of sampling and geological surveys has started.

The Dome Rock Mountain project of 14,270 acres is centrally located about 30 miles west of Vernon, B.C. within a NE trending zone of intrusion, which includes the Huntington deposit to the north and the Brenda base metal mine to the south. The claims cover an area of anomalous rock and stream geochemistry that has attracted recent interest in the area. A program of soil sampling, geophysical surveys and geological mapping is underway. Rea can acquire a 100% interest in the project, subject to a 2% net smelter return royalty, by spending a minimum of \$150,000 on exploration and making payments of \$50,000 by July 31,1989.

**PIONEER METALS CORPORATION (PSM-V,T)**

SIX MONTHS ENDED JUNE 30,	1988	1987
Revenues	\$1,450,000	\$1,670,000
Net Income	870,000	770,000
Per Shares	5¢	5¢

As a result of the seasonal operations at the 50% owned Stibnite open-pit, heap leach operations 110 miles northeast of Boise, Idaho, revenue from toll leaching of Hecla's ore and gold production from the joint venture will be reflected in Pioneer's third and fourth quarter.

Operations at the Puffy Lake underground gold mine, 120 miles northeast of Flin Flon, Manitoba are continuing to improve with the changeover from contract miners to Pioneer personnel continuing. Dilution is at the desiged rate of 10% and recoveries are averaging 88% as the run-in period of the 1,000 tons per day capacity mill nears completion.

The underground exploration at the Bonito gold/silver project, 150 miles southeast of Albuquerque, New Mexico has started. Exploration drilling is continuing to upgrade and expand drill indicated reserves.

Construction of the (about to be 50% owned) Premier gold project, 20 km. north of Stewart, B.C. is progressing on schedule and on budget with production targeted for the first quarter of 1989. CANACORD RESOURCES INC. (CQD-T) has agreed to sell a 9.9% interest in the Premier Gold project to Pioneer Metals for \$8,810,000 with Pioneer assuming ongoing obligations to fund capital costs of the project including a July cash call to Canacord of \$713,000. The sale is subject to a right of first refusal held by WEATHIN RESOURCES LTD. (WMI-V,T,M) operator and 50.1% owner of the Premier project.

**INEL RESOURCES LTD. (ILE-V)**

**PROGRESS REPORTED** - Inel Resources Ltd. reports on the underground exploration and development on the Inel claims in the Iskut River area, some 65 miles north of Stewart, B.C..

SURVEY LOCATION	TRUE WIDTH	OZ. GOLD/T	The adit has	
I-07 + 60.7 ft.	3.3 feet	0.22	'advanced 590 feet	
I-07 + 78.7	2.0	.386	'since July 1, 1988.	
I-07 + 85.3	3.3	.36	'Several new quartz	
I-07 + 127.9	7.5	.26	'veins have been sam-	
I-07 + 141.0	1.3	.644	'pled, results beside.	
HOLE	INTERVAL FT	WIDTH	OZ. GOLD/T	' Surface diamond
88-1	193.4-196.2	2.8 ft.	0.11	'drilling 300 meters
	254.8-259.8	5.0	.204	'above the portal gave
88-2	400.3-405.0	4.7	.158	'the results beside.
SAMPLE WIDTH	OZ. GOLD/T	OZ. SILVER/T	Prospecting samples	
1203	3.5 ft.	0.222	1.17	'taken on the Ridge
1205	2.5	.164	1.43	'zone, presently being
1206	5.5	.228	16.65	'drilled, gave the
1213	2.5	.84	.32	'results in the table

-----'beside.

**CHENI GOLD MINES INC. (CZG-V,T)**

**PRODUCTION DURING 1988 ON SCHEDULE**-Paul Girard, president of Cheni Gold Mines Inc. reports the development and construction program at the Lawyer's project at 5,500 feet elevation, 200 miles

north of Smithers in the Toodoggone gold camp, B.C., is on schedule and is expected to start production during the fourth quarter of 1988 as planned.

Detailed engineering and procurement are substantially complete. The concentrator and service buildings have been erected and the internal structural steel and mill equipment are being installed. Construction of the crushing plant is under way, despite unexpected severe ground conditions encountered during excavation for the foundations. The tailings dam is about 60% completed.

It is expected that the mill will be commissioned in late October and brought to its specified throughput of 550 tons per day during the following three months.

The company has continued with development and stope preparation on the AGB zone. To date 19,047 tons of ore averaging 0.378 oz.gold/ton and 10.05 oz.silver/t have been stockpiled on surface. This will increase to about 32,000 tons prior to commercial production.

Exploration of the property has been suspended pending completion of the construction program and total reserves in all categories remain at 1,938,000 tons grading 0.198 oz.gold/t and 7.09 oz.silver/t.

A change in mining method from shrinkage to blast-hole stoping has resulted in increased pre-production development costs, but the net result of this will be lower mine operating costs. A sale contract for metal production and a US \$6,000,000 gold loan have been arranged to replace a \$2,000,000 bank line of credit. This will provide sufficient funds for working capital and to offset the pre-production program and capital cost increases due to the tailings dam, foundations and various items of mill equipment.