

George Cross News Letter

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GEDDES RESOURCES LIMITED (GDD-T,V)

HUGE RESERVES & HUGE POTENTIAL INDICATED BY 1988 PROGRAM

In a paper presented Dec.2, 1988 to the Northwest Mining Association in Spokane, Washington, U.S.A. Gerald Harper, vice-president development for Northgate Exploration Limited reported total inventory reserves for the Windy Craggy deposit of Geddes Resources Limited. Windy Craggy has been known for 30 years and long been suspected as one of the largest massive sulphide deposits in Canada where exploration had not proceeded due to its remote location and rugged topography. The property is near Haines Junction, 50 miles west of the Haines highway, northwestern B.C. east of the Alaskan Panhandle.

The assumptions show:

100,000,000 tons grading 2% copper, 0.1% cobalt,
2 grams/t silver, 0.2 grams gold/t.

These reserves contain 2,000,000 tonnes of copper, 100,000 tonnes cobalt, 6,300,000 troy ounces silver, 630,000 troy ounces gold. Of these reserves 50,000,000 tonnes will be available from an open pit or a shallow underground mine at a grade of 2% copper. The deeper underground could be mined at 10,000,000 tons of 3% copper. The work in 1988 confirmed the reserves and has initiated consideration of conceptual production rates of 5,000, 10,000 or 20,000 tonnes per day.

On Oct.20,1988 Geddes reported the negotiation of a private placement of 1,032,258 flow-through shares at \$1.55 each for \$1,600,000 to Northgate Exploration Limited. This sale will increase Northgate's interest to 21% of the shares of Geddes, up from the current 16%.

On Sept.10, 1988 Geddes reported that results of the first 37,000 feet of the current 70,000 feet of underground drilling program confirmed the gold zone and two adjacent copper zones, which frequently assay above 2% copper along a strike of 1,600 feet. (SEE GCNL NO.176, P.3, Sept.13,1988 for assay details).

In the period from 1981-83, 22 surface drill holes fanning out from the few suitable set up sites available on the property were completed. These intersected great lengths of massive sulphides with copper, cobalt, silver, gold and zinc values and one hole intersected a chert carbonate sequence with exceptional values in gold; 9.2 grams/ton (0.32 oz.gold/t), 1.2% copper over a length of 61.2 meters, 200 feet.

In 1987, an adit was collared and a crosscut was driven 1700 m (5,500 feet) to a point beneath the estimated location of the gold intersection. The tunnel entered the massive sulphides in early Oct.1988. Then drifts north and south were driven to provide drill stations along a 400 meter length of the presumed trend of the deposit. The program is to provide bulk samples for metallurgical test work. By May 1988, when Northgate made its initial investment, the underground workings were ready for drilling. That drilling is continuing and there is still no end in sight to the deposit.

None of the initial 1988 holes yielded the major gold intersection hoped for, but did locate short sections of the chert carbonate unit with gold values in the 2-3 grams/t range plus silver and copper values. These holes did yield massive sulphides in one hole. In the next fence of holes, on section 30 m further south, the top three holes out of five hit 100 to 140 m long intersections of massive sulphides with good grades of copper, silver, and even gold. The best gold inter-

section was 78 m of 1.3 grams/t, 1.04% copper, and 20 grams/t silver. The next fan of holes 60 m south produced huge massive sulphide. Seven holes from +45d to -45d defined a continuous massive sulphide lens dipping vertically over a 700 m height with an average width of about 140 m and grade of 1.93% copper.

Drilling then moved to the far north end and further huge sections of massive sulphides were revealed.

The host rocks to the Windy Craggy deposit are a Paleozoic volcano-sedimentary succession consisting of mixed graphitic argillites and intermediate to mafic pillowed and massive flows. Volcanic flows are fine-grained and range in colour from medium grey to dark green.

SKYLINE EXPLORATIONS LTD. (SKK-V)

HOLE	INTERCEPT	TRUE WIDTH	GOLD OZ/T	SECTION	ELEVATION
U-415	.7 M	.4 M	0.646	9975E	1106 M
U-416	3.0	1.7	.278	"	1097
U-417	1.0	.9	.406	"	1065
U-418	2.0	2.0	.776	"	1050
U-507	2.0	1.8	1.753	10033E	1050
U-509	1.4	1.2	.438	"	1063

UNDERGROUND DRILL - Ronald Shon, chairman of Skyline Explorations Ltd., reported the above drill results from an underground drill station to test the continuity of the 16 vein below the 10 level and along strike to the East at the 100% owned Johnny Mountain gold mine, 100 km north of Stewart, B.C. The results confirm the extension of ore grade mineralization with high grade ore shoots below the 10 level. Additional drilling is continuing in this area.

Production for the month of November increased over the previous month and totalled 2,804 oz. gold, 5,409 oz. silver and 59,976 lbs. of copper. Through put averaged 227 tons per day with gold recovery of 77% for the month.

Gold and silver production improved further in early December as benefits from recent mill modifications continued to be realized and through put tonnage increased. Production in the first 10 days of December totalled 1,386 oz. gold, 2,894 oz. silver and 32,676 lbs. of copper at an average daily through put of 259 tons per day with gold recovery of 83%. Final modifications to the mill are expected to be completed early next year.

HANNA PACIFIC STEEL COMPANY LTD. (HPS-V)

PEACHLAND PROPERTY OPTIONED - Gregory Hanna, president reports that Hanna Pacific Steel Company Ltd. has an option to purchase a 100% interest in 5 mineral claims, the Peach claim group, in the Osoyoos mining division near Peachland, B.C., by issuing 100,000 shares and spending \$350,000 on exploration in two stages over the next two years. Previous work on the property has indicated five gold showings and various channel samples have returned values ranging from 0.58 to 0.90 oz. silver/ton; chip samples from trenches have returned up to 6.26% zinc. Hanna intends to carry out the first two phases of exploration during January and February 1989, using \$175,000 in flow through funding provided by Can-Tax Minerals Limited Partnership.

CASTELLO RESOURCES LTD. (CZH-V)

PROPERTY OPTIONED - Gary R. Brown, president reports that **OIL WELL UPDATE** Castello Resources Ltd. has agreed in principle to acquire by option eleven reverted crown grants, the Bon Accord group, Skeena mining division, 15 km north of Stewart, B.C. by making cash payments over 10 years, subject to final agreement and regulatory approval. The Bon Accord showings consist of two mineralized fissure veins. Between 1910 and 1942, two tunnels intersected the two veins at the 928 m level, 992 m level, and a third tunnel intersected one vein at the 1024 m level. Assay results of up to 0.44 oz. gold/ton and 4.20 oz. silver/t were reported from tunnels at the 1024 m and 992 m levels. Values of 0.63 oz. gold/t and 0.79 oz. silver/t over an 18 meter by 0.65 meter vein exposure were reported in the 928 m level tunnel.

The Vedco #4 well at the Valentine Field Lafourche, Parish, Louisiana was placed on production 8Dec88, bringing the company's production to 900 barrels of oil per day. Castello has a 9.5% working interest in the Valentine lease. Drilling of the Vedco #5 well is expected to begin next week for completion by Dec.31, 1988. The company's goal is to drill one new well per quarter and reach a production level of 2000 barrels of oil per day, which would about double present cash flow.