

George Cross News Letter

NO.6(1989)
JANUARY 10, 1989

X-CAL RESOURCES LTD. (XCL-T)

SNOWBIRD DRILLING - Shawn Kennedy, president of X-Cal PROGRAM REPORTED Resources Ltd. reports that the winter diamond drilling program on its Snowbird property near Fort St. James, B.C. will start on 20Jan89. This first phase of the program will be the drilling of the North zone where diamond drilling in 1988 returned intersections which included widths of up to 20 ft. of 0.3 oz.gold/ton, with a preliminary average of 0.21 over 1,200 ft. strike length. The drilling will initially focus on this section of the structure and subsequently on extending the North zone where percussion drilling has returned favourable values.

The second phase of the program will include about six holes into the new East zone, where percussion drilling and surface trenching has indicated an anomalous area where gold occurs in felsic dykes and silicified argillities accompanied by mariposite (listwanite) alteration. The anomalous values include 11 feet wide of 0.1 oz.gold/t in a felsic dyke tapering into lower values in the adjoining argillities. As there is still a considerable favourable area of the East zone yet to be surface-trenched or sampled, these first core holes must be considered as part of very early work on this new area.

The third phase of the program will include a complete review of all core from the three zones located on the property to date, the Snowbird zone, the North zone and the East zone. The object of this facet of the current work is to better understand the widespread gold mineralization at Snowbird which has been found to occur in sulphide-rich quartz veins, silicified argillities and most recently felsic dykes. This phase of the program will be to prepare for the anticipated increased rate of exploration and upcoming development work on the Snowbird gold deposit.

SUMAC VENTURES INC. (SSV-V)

LEGAL CLARIFICATION SOUGHT - R.H. Seraphim, president reports Sumac Ventures Inc. has acquired, by staking under the new Mineral Tenure Act and Regulations, the Aorangī Fr (fractional) mineral claim. This claim covers old Mascot mine tailings on Lot 1796 previously leased from the Ministry of Lands and Forests. Since acquiring right to the old Mascot Mine tailings at Hedley, B.C. legal proceedings have started which have raised questions concerning title to the property. The company is taking active measures to clarify this matter in order to enable it to begin processing material in the near future. These tailing are recorded at about 500,000 tons with grade close to 0.05 oz.gold/ton. Engineering and permitting are continuing.

CONTINENTAL GOLD CORP. (CUG-V)

UNITED LINCOLN RESOURCES INC. (ULN-V)

MT. MILLIGAN - Continental Gold Corp. and its 69% owned **ASSAY RESULTS** subsidiary United Lincoln Resources Inc. have reported assay results for the first 10 holes of a drill program underway at the Mt. Milligan property located 45 km west of Mackenzie, B.C. The Mt. Milligan gold-copper project is a United Lincoln (70%) - BP Resources Canada Limited (30%) joint venture. United Lincoln is the operator.

The current drill program has started to test the eastern flank of a circular, disseminated sulphide system measuring 2 miles in circumference. Drilling continues to expand the MBX disseminated gold-copper zone, which now measures 2500 feet along-strike and up to 1000 feet in width. The zone has demonstrated vertical continuity to a depth of at least 850 feet (Hole 88-68 and 88-70) and is open to extension along strike and at depth.

Gold is disseminated throughout the MBX zone with gold grades showing an increase at the open, southern end of the zone (Hole 88-61 and 88-66). Current assay results are summarized in the TABLE OVERLEAF PAGE 2.

Drill results to date have confirmed a large-scale, open pit potential of the property. Two drill rigs are now at work on the property with an additional 2 machines scheduled to start before month end. (SEE MAP OVERLEAF PAGE 1 and ALSO GCNL NO.1, 3Jan89).

UNIVERSAL TRIDENT INDUSTRIES LTD. (UTI-V)

RHYOLITE RESOURCES INC. (RHY-V)

HOLE	INTERVAL, M	WIDTH	OZ. GOLD/T	DRILL RESULTS FROM
88-06	31.59-35.52	3.93 m	0.070	HARRISON LAKE
incl.	34.73-35.52	.79	.201	Universal Trident
88-07	12.06-19.15	7.09	.068	Industries Ltd. has
incl.	12.06-13.72	1.66	.250	received assay results
88-08	11.72-16.95	5.23	.039	from 13 of 16 holes
incl.	11.72-12.20	.48	.266	totalling 5,036 feet
88-14	43.22-64.61	21.39	.050	in two areas on the
incl.	45.63-47.54	1.91	.412	<u>Harrison Lake, B.C.</u>
and	45.63-45.81	1.18	2.294	property 145 km from
and	47.35-47.54	.19	1.337	Vancouver. Universal

Trident can earn a 51% interest from Rhyolite Resources Inc. by spending \$2,500,000 on exploration within 4 years, of which about \$600,000 was spent in 1988. An exploration program and budget is being prepared for 1989.

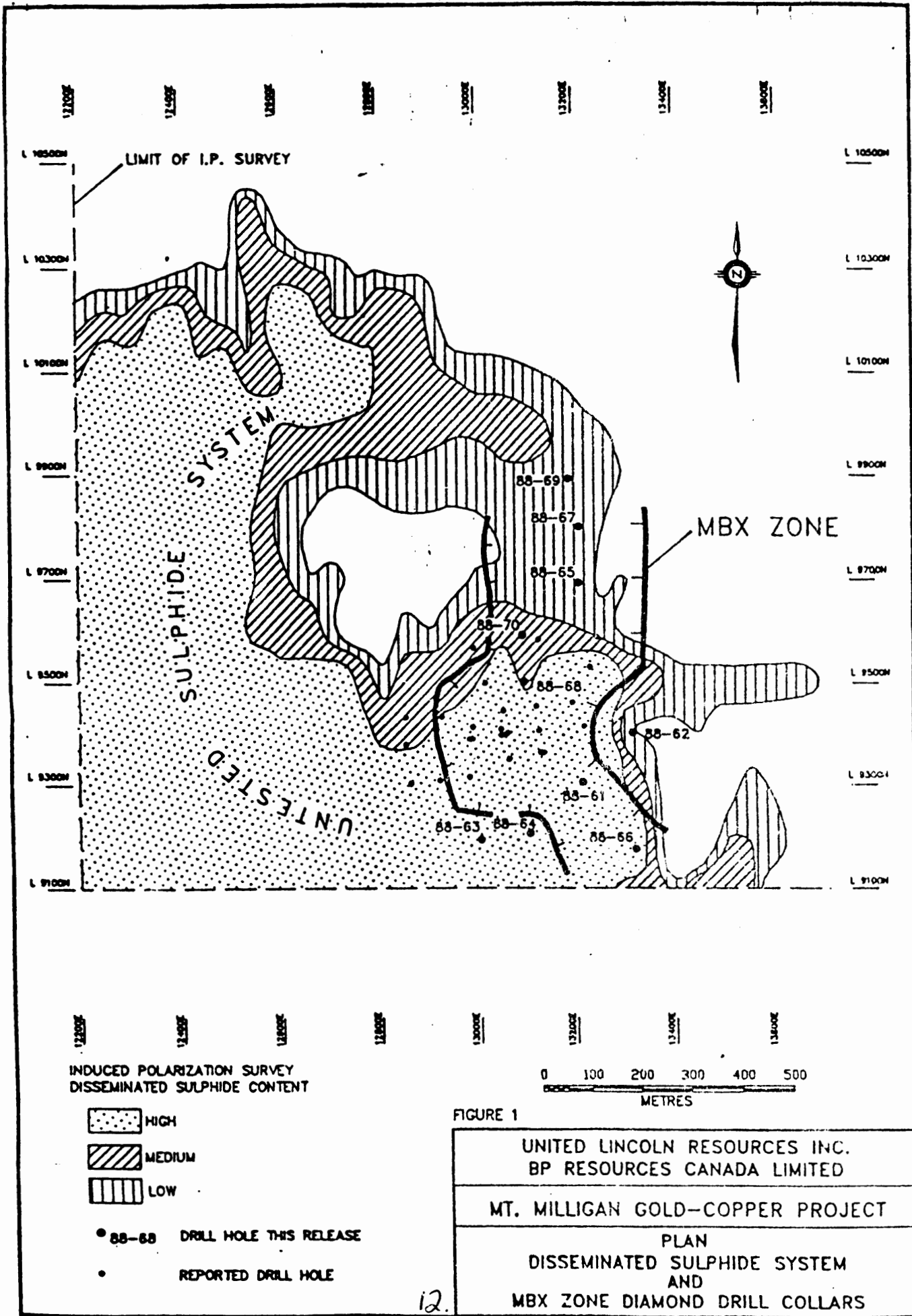


FIGURE 1

UNITED LINCOLN RESOURCES INC. BP RESOURCES CANADA LIMITED
MT. MILLIGAN GOLD-COPPER PROJECT
PLAN DISSEMINATED SULPHIDE SYSTEM AND MBX ZONE DIAMOND DRILL COLLARS

TABLE IDRILL HOLES IN MBX ZONE

<u>Hole No.</u>	<u>Azimuth</u>	<u>Dip</u>	<u>Hole Length (Feet)</u>	<u>Interval (Feet)</u>		<u>Intercept (Feet)</u>	<u>Copper (%)</u>	<u>Gold oz/ton</u>
				<u>From</u>	<u>To</u>			
88-61	264°	-45°	925.3	205.0	925.3	720.3	0.09	0.036
			(including)	205.0	373.9	168.9	0.10	0.073
				478.9	724.9	246.0	0.12	0.045
88-65	270°	-45°	984.8	195.1	646.2	451.1	0.41	0.013
88-66	090°	-45°	651.7	50.0	651.7	601.7	0.12	0.035
			(including)	393.6	651.7	258.1	0.05	0.062
				505.8	651.7	145.9	0.03	0.086
88-67	270°	-45°	806.8	209.9	589.7	379.8	0.26	0.012
88-68	270°	-80°	1048.8	31.2	1048.8	1017.6	0.36	0.015
			(including)	31.2	518.2	487.0	0.43	0.022
				518.2	591.4	73.2	0.12	0.006
				591.4	915.1	323.7	0.40	0.012
				915.1	1048.8	133.7	0.14	0.005
88-70	270°	-80°	1057.0	83.0	513.8	430.8	0.38	0.016
			(including)	513.8	891.0	377.2	visual copper	
				891.0	1057.0	166.0	assays pending	
				1057.0	+		in progress	

TABLE IIDRILL HOLES PERIPHERAL TO MBX ZONE

<u>Hole No.</u>	<u>Azimuth</u>	<u>Dip</u>	<u>Hole Length (Feet)</u>	<u>Interval (Feet)</u>		<u>Intercept (Feet)</u>	<u>Copper (%)</u>	<u>Gold oz/ton</u>	
				<u>From</u>	<u>To</u>				
88-62	270°	-45°	1131.6	225.0	1131.6	906.6	0.11	0.012	
88-63	270°	-45°	526.9	no significant values - not in zone					
88-64	270°	-45°	486.9	118.0	486.9	368.9	0.08	0.020	
88-69	270°	-45°	709.8	entire hole in fault zone - no values					

NEWHAWK GOLD MINES LTD. (NHG-V,T)

GRANDUC MINES LIMITED (GDC-V)

FEASIBILITY STUDY CONTRACTED - Newhawk Gold Mines Ltd. 60% and Granduc Mines Limited 40% have awarded Cominco Engineering Services Ltd. a contract to conduct a full feasibility study for the Sulphurets property 60 miles north of Stewart, B.C. The feasibility study is now underway and is to be completed by mid-March 1989. In their pre-feasibility report, Cominco Engineering recommended that the major study be based on a 300 to 400 ton per day operation. Reported reserves in all categories for the West zone are 854,072 tons grading 0.354 oz. gold/ton and 22.94 oz. silver/t. (SEE also GCNL No.222, p.1, 18Nov88). A positive feasibility study will provide the basis for consideration of a production decision for the West zone, and for permitting and financing. A stage I feasibility report is complete and will be presented to provincial authorities within several days.

Work has resumed at Sulphurets following the Christmas break. Currently, the ramp providing access to the West zone down to the 1300 m level is being extended to the 1250 m level. This extension is nearing completion and will be followed by a minimum of 3,400 ft. of underground drilling in 4 holes in the UTZ zone, situated adjacent to the West zone. In late 1988, the UTZ zone returned 0.412 oz. gold/t, 9.78 oz. silver/t over 36 feet and 11.937 oz. gold/t, 45.94 oz. silver/t over 30 feet.

DRAGON RESOURCES LTD. (DGN-V)

SEVERAL PROJECTS REVIEWED - Robert J. McGowan, president has reported on four projects in which Dragon Resources holds interests.

Exploration work at the Comstock - Silver Cup lead, zinc, silver project in the Slocan district of B.C., a 50%-50% joint venture with GREENSTONE RESOURCES LTD. (GRE-T,M) has been suspended until snow conditions permit resumed exploration in May, when the M2 area will be tested for the depth continuation of surface samples that assayed: 25% lead, 13% zinc, 35 oz. silver/t over a two foot vein. At the Arlington gold project, at Salmo, B.C., a joint venture between Rimrock Gold Corp. and Dragon's 50% subsidiary South Kootenay Goldfields Inc., 2,000 tons were processed and a decision was made to

SUNTAC MINERALS CORPORATION (SUJ-V)

REMBRANDT GOLD MINES LTD. (RTG-ALBERTA)

HOLE	INTERVAL, FT	INTERCEPT	OZ. GOLD/T	ASSAYS REPORTED FROM
P8-8	257.0-268.0	11.0 ft	0.510	POLARIS TAKU PROJECT
	325.4-334.4	9.0	.455	Craig A. Angus,

----- president of Suntac Minerals Corporation reported assay results from the 8th hole at the Polaris Taku project 60 km east of Juneau, Alaska in northwest B.C. Suntac Minerals may earn a 60% interest by spending \$3,000,000 on the property over 5 years. The "88" series of holes (SEE GCNL No.233, p.1, 5Dec88 and No.228, p.1, 27Nov88 for assays), together with the previously drilled "L" series of holes indicates an extension of an existing reserve block with a significant increase in the strike length of the Y vein system, that have not been included in the previous reserve estimates. A phase II program of surface drilling and underground rehabilitation will begin in a few weeks. Drilling will continue to test areas outside the existing block with the intention of adding to reserves.

create a small open pit. The open pit produced tonnage and grade at a profit. Drilling is testing for further reserves.

At the concentrator at Ainsworth, B.C. modifications to up grade the plant are continuing. Virtually the whole facility with the exception of the cone crusher has required major maintenance, repair and overhaul. The facility produces excellent concentrates for delivery to the smelter. Mr. McGowan reports: "Subsequent to year end MIKADO RESOURCES LTD. (MKO-V) has filed an action in B.C. Supreme Court seeking partition and sale of the concentrator. The company is opposing the partition and expects no difficulty in maintaining ownership." Mikado Resources holds a 50% interest in the Ainsworth plant.

Drilling resumed Jan. 4, 1989 on the McNeil property, 15 miles south of Cranbrook, B.C. Dragon holds a 50% interest and Greenstone holds a 50% interest in this project which is being tested for silver-lead-zinc and a separate gold zone. The No.7 hole is now drilling toward a target depth between 2,300 and 3000 feet seeking the intersection of the middle and lower Alderage formations.

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

OKANAGON DRILL - Rea Gold Corporation is continuing PROGRAM RESUMED diamond drilling on the Flap property near Kelowna, B.C. There are numerous gold targets on the property. The target being drilled at present is a quartz stockwork zone, measuring at least 800 feet wide and 1,200 feet long, and is open in all directions. To date, 4,300 feet of diamond drilling has been completed within the stockwork, with core assays of up to 1.614 oz.gold/ton and 7.79 oz.silver/t over 3 feet. Numerous sections, up to 25 feet in length, with grades from 0.05 to 0.1 oz.gold/t, have been obtained.

Drilling will continue to extend this zone which is underlain by an IP anomaly. A similar IP anomaly 1 mile further north from the present drilling is better developed and will be tested shortly by a second drill rig.

The company believe that an extensive new gold system has been located with excellent potential for the development of an economic orebody. (SEE GCNL NO.1,P.2, OR A REVIEW OF PREVIOUS RESULTS ON THE FLAP PROJECT).

MICHAEL RESOURCES LTD. (MR-V) rec'd.VSE approval for filing a 4Dec88 agreement between Michael Resources & George Wolanski whereby Michael acquired a 100% interest in G1 to G8 claims in Kamloops M.D., B.C. In consideration, Michael will issue 100,000 shs. & pay \$72,000 over 4 years. In addition, the vendor retains a royalty of up to \$3 per ton of material containing potassium feldspar sold from the claims.