

George Cross News Letter

NO.8(1989)

JANUARY 12, 1989

MORAGA RESOURCES LTD. (MGR-V)

RESUMPTION OF DRILLING PLANNED - Moraga Resources Ltd. has reported results

from diamond drilling on the Expo property located northwest of Port Hardy on northern Vancouver Island, B.C. Five holes were drilled on the periphery of the Hushamu deposit of 57,500,000 tons averaging 0.32% copper and 0.012 oz.gold/ton. These reserves are within a geologic reserve of 100 million tons.

This drilling was conducted for geologic purposes to test a portion of the alteration halo around this major deposit and to determine the extent and distribution of gold values within this halo. All holes returned anomalous gold values throughout most of their lengths with values ranging up to 910 parts per billion gold. One hole, NO.88-04, which was drilled within the Hushamu deposit, intercepted 114.79 meters averaging 0.011 oz. gold/t and 0.303% copper, approximating the overall grade of deposit.

A program of geologic mapping, rock chip sampling and reassaying soil samples taken during earlier exploration has indicated extensive areas anomalous for gold within a typical epigenetic gold environment. A total of 2,226 soils samples from two areas have been reanalyzed for gold. Anomalous gold values occur throughout these areas, which measure 2100m x 4500m and 4000m x 5000m.

Detailed geological and geochemical surveys plus trenching are being initiated within these areas to locate controlling structures and zones of concentrated gold values prior to additional drilling, which will resume as soon as additional funds have been negotiated.

Reanalyzing of samples is also being undertaken in an area about 9 km northwest of the Hushamu deposit, adjacent to the Red Dog deposit. This deposit, which is completely surrounded by the Moraga-BHP Utah property, is being explored by Crew Natural Resources Ltd. Crew has recently announced indications of an open-pittable porphyry copper-gold deposit and plans for a \$3,200,000 exploration program in 1989. This mineral zone extends onto the Expo Group of claims. Two earlier holes drilled in this area on the Moraga ground returned values of 67.5 feet averaging 0.448% copper and 0.036 oz.gold/ton, and 94 feet averaging 0.448% copper and 0.022 oz.gold/t. Rock samples taken recently from the same area by Moraga have returned highly anomalous gold values.

Moraga Resources has an option to earn a 45% interest in the Expo property from BHP-Utah by spending Cdn.\$2,700,000 on exploration over five years, and paying to BHP-Utah US \$260,000. The preliminary drilling was carried out to satisfy certain conditions of the agreement. (SEE GCNL 225, 23NOV88 FOR MUCH DETAIL AND A PROPERTY MAP).

CONSOLIDATED REGAL RESOURCES LTD. (KRE-V)

ISKUT RIVER PROPERTY OPTIONED - Murray Pezim, chairman reports that Consolidated Regal Resources Ltd. has been granted an option to acquire a 100% undivided interest, subject to a 2% net smelter return, in the Virginia Lake prospect, some 11 miles SSW of the 21 zone discovery on the Eskay Creek project, about 52 miles NNW of Stewart, B.C., by making cash payments of \$40,000 and issuing 200,000 shares in staged blocks of 50,000 shares to Terry Heintricks. Mapping by the provincial ministry of Energy, Mines and Petroleum Resources indicates the volcanic stratigraphy hosting the 21 zone discovery continues southwards towards the Virginia Lake prospect. Consolidated Regal is planning to include the Virginia Lake prospect as part of a larger airborne geophysical survey to be flown in late January over the Eskay Creek area.

FOOTWALL EXPLORATIONS LTD. (FTW-V)

DRILL PROGRAM TO START - Footwall Explorations Ltd. will start a 3,000 foot underground drill program on the Hiller-Churchill property near Zeballos, B.C. as recommended by J.S. Kermeen, P.Eng. Footwall holds an option from Falconbridge to acquire a 51% interest in the claims by spending \$1,000,000.

The mineralization on the property consists of 5,700,000 tons of drill estimated iron ore reserves on the Churchill Group and significant gold values in both with quartz veins and skarn zones on the Hiller Group.

Results of the 1988 program provided: vein material that assayed 2.210 oz.gold/ton; wall rock grab samples from a raise which returned values up to 0.412 oz.gold/t; selected grab samples of broken rock from the raise round which returned values up to 6.630 oz.gold/t; a sludge sample (drill cuttings) over 8 feet returned an impressive 16.48 oz.gold/t.

HERCULES VENTURES INC. (HCV-V)

NIMPKISH PROPERTY DROPPED - Hercules Ventures Inc. has dropped the option to earn an interest in the Nimkish property, Nimkish Lake area, northern Vancouver Island, B.C. following the drilling of 5 holes, the best of which cut 9.2 ft. of 0.43% copper and 7% zinc. The holes tested the western extension of previously drill indicated reserves of 92,700 tons grading 1.69% copper, 12.5% zinc, 3.7% lead, 1.9 oz. silver/t in a skarn lens. Hercules will maintain its interest in the Bee property in the Liard mining division, B.C.

VERDSTONE GOLD CORPORATION (VGC-V)

PROPERTY STAKED - Larry W. Reaugh, president reports that Verdstone Gold Corporation has acquired for the cost of staking from Gary A. Medford and Victor Guinet an undivided 100% interest in two claims, 40 units, known as the Syrup property. A 2% net smelter royalty is retained by the vendors. The Syrup property is located 15 miles west of Kelowna, B.C. and is directly south of Rea Gold Corporation's Flap property, where recent drilling returned encouraging values, including 3 feet of 1.614 oz. gold/ton and 7.79 oz. silver/t in quartz stockwork. Rea Gold's geochemical and geophysical survey program on a section of their Flap property produced 15 possible targets. Verdstone is planning a spring geochemical program to test for similar anomalies on the Syrup property. (SEE ALSO GCNL NO. 1, 3Jan89 and No. 6, 10Jan89 for reviews of Rea Gold's Flap property).

BLUE EMERALD RESOURCES INC. (BER-V) president Paul Zalesky, has reported that negotiation are underway toward acquisition of 60 claims in the Iskut-Sulphurets camp, north of Stewart, B.C.

SAMARKAND RESOURCES INC. (SAU-V) has signed an option agreement to purchase a 100% undivided interest in the Red Streak mineral claim near Squamish, B.C. by issuing 200,000 free trading shares over 3 years.

MERIDOR RESOURCES LIMITED (MRO-V)

NEW DRILLING PROGRAM PLANNED - R.W. Hughes, president, 1988 EXPLORATION REVIEWED reports that Meridor Resources Limited has

scheduled a third 10,000 foot diamond drill program on its Iskut River property, some 100 miles north of Stewart, B.C. to start immediately. Systematic pattern drilling will concentrate on one of the 4 zones of gold mineralization discovered during the 1988 drill program.

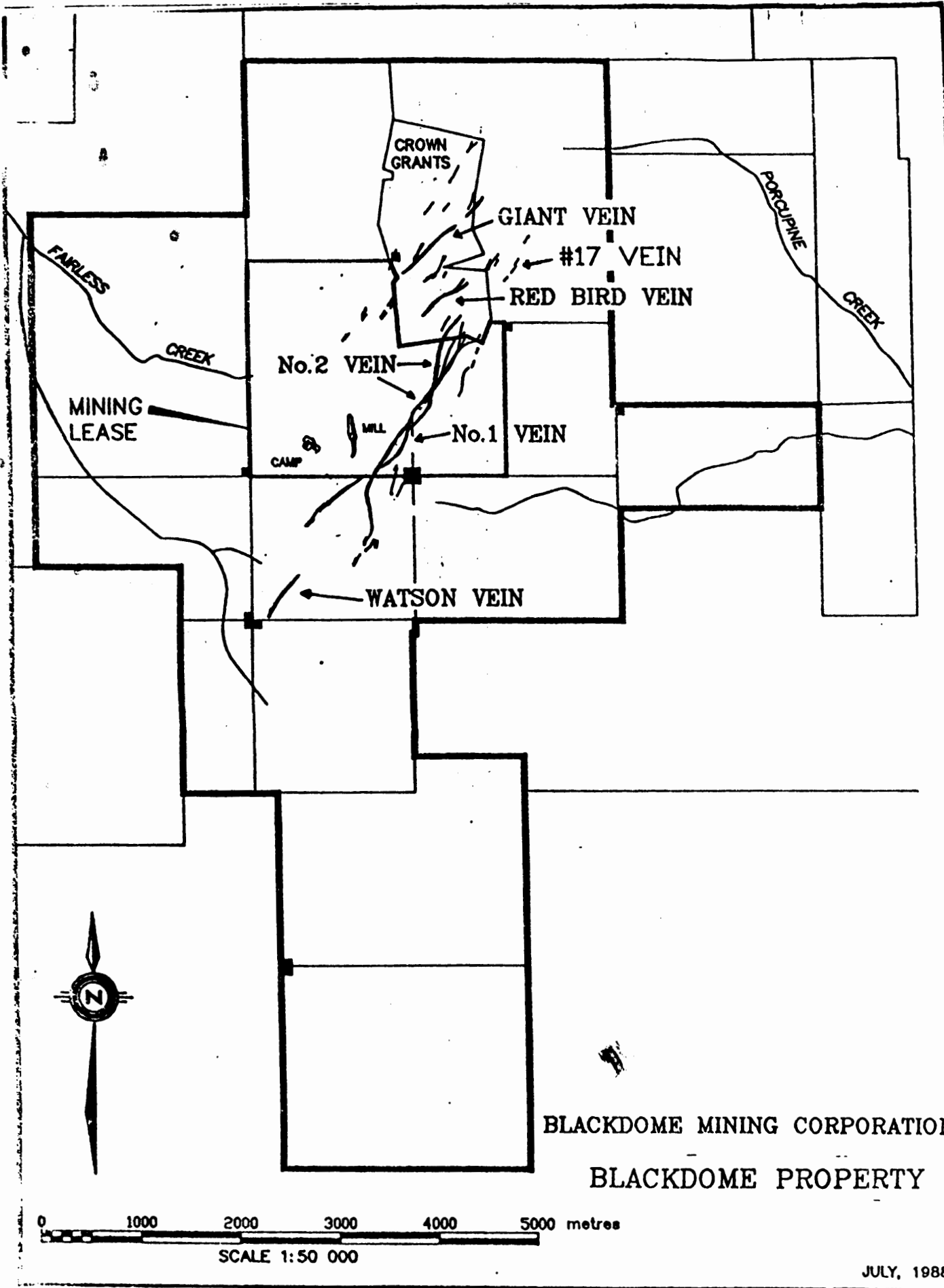
Currently, the most significant zone is in the northwest corner of the property and is comprised of gold bearing, sulphide-rich veins located along shears, faults and fractures. Mineralization in the sulphide-rich veins consists of calcite/pyrite/pyrrhotite with minor chalcopyrite/arsenopyrite/sphalerite/galena and quartz. The mineralization appears to trend across Meridor's Iskut 2 claim border onto Hemlo West 16, owned jointly by Delaware Resources, Golden Band Resources and American Ore. Meridor's drill holes MRO88-48, 57, 59 and 60 intersected a significant zone that has also been intersected on the neighbouring claim. **THE TABLE OVERLEAF P.1 SUMMARIZES THE IMPORTANT 1988 DRILL RESULTS.**

Three other areas of the property have returned significant values. These include pyrite/calcite veins found in holes MRO88-17, 34 and 35; skarn type sulphide mineralization in holes MRO88-21 and 31; and massive sulphide veins in holes MRO88-24, 26, 27 and 29.

Also, a large porphyry type, gold-copper-molybdenum zone has been found in the south-central portion of the property. The copper and molybdenum potentials have not been tested fully, although holes have been drilled to intersect the gold zones. Further drilling is required to test the base metal potential.

BLACKDOME MINING CORPORATION (BDM-V,T)

MAP PRINTED OVERLEAF - The map printed overleaf of page 2 shows the location of the various veins being explored by Blackdome Mining Corporation at the Blackdome mine 60 miles west of Clinton, B.C. See GCNL No.3, p.2, 5Jan89 for assay results and much detail.



Meridor Resources Limited

DIAMOND DRILL CORE SAMPLES INTERVALS AND RESULTS

HOLES	INTERVAL (feet)	WIDTH (feet)	AG (oz/t)	AR	CU (%)	FE (%)	MM (%)
MRO88-3	193.2-197.5	4.3	0.103	0.27	0.19		
MRO88-8	89.6-94.5	4.9	0.113		0.09		
MRO88-13	413.7-419.6	5.9	0.165		0.16		
MRO88-17	14.1-20.3 73.5-84.3 including	6.2 10.8 2.0	0.174 0.125 0.260		0.13 0.19		
MRO88-21	94.5-98.1 255.2-261.8	3.6 6.6	0.140 0.254	1.88 0.17	0.37	0.72	1.80
MRO88-24	63.6-76.8 107.0-111.2	13.1 4.3	0.125 0.104	1.50	0.87		0.15
MRO88-25	56.1-58.4	2.3	0.184		0.19		
MRO88-27	49.2-51.2 100.7-104.0 110.0-113.8	2.0 3.3 3.9	0.338 0.086 0.095				
MRO88-29	98.8-100.7	2.0	0.154		0.54		
MRO88-31	41.7-45.0	3.3	0.370		0.91		
MRO88-33	251.0-253.0	2.0	0.080	5.30	>1.00	0.40	>1.00
MRO88-34	62.0-64.3 85.0-89.0	2.6 4.0	0.189 0.135		0.20		
MRO88-35	90.2-92.2 119.1-121.7	2.0 2.60	0.166 0.124		0.30		
MRO88-48	91.9-96.5 108.0-109.6 163.4-166.0 185.4-188.3	4.6 1.6 2.6 3.0	0.511 0.136 0.151 0.141	0.92 0.34 0.68 0.86	0.45 0.40 0.23 0.38		0.41 0.17 0.14
MRO88-53	224.7-228.0	3.3	0.088	0.17	0.47		
MRO88-57	108.9-113.5	4.6	0.121	0.21	0.17		0.33
MRO88-59	86.0-90.2 152.6-160.4 including	4.3 7.9 3.0	0.107 0.145 0.240	0.23 0.47 0.87	0.11 0.26 0.34		
MRO88-60	196.2-199.1 274.0-277.6 280.5-303.1 including 321.5-323.5 376.6-380.9	3.0 3.6 22.6 4.6 2.0 4.3	0.108 0.102 0.337 0.866 0.158 0.096	0.78 0.15 1.02 0.27	0.42		

DELAWARE/GOLDEN BAND/AMERICAN ORE DRILL HOLES

HOLES	INTERVAL (feet)	WIDTH (feet)	Gold (oz/t)
I-88-6	295.3-315.6 including 438.0-441.0	20.3 2.3 3.0	0.323 2.531 0.111
I-88-7	72.2-85.3 120.1-128.0 180.5-183.4 190.3-195.2 324.8-329.8	13.1 7.9 4.9 4.9 2.0	0.122 0.203 0.128 0.253 0.703
I-88-8	129.6-149.0 including 218.8-228.0 263.8-278.9 including including	19.4 12.5 9.2 15.1 3.3 3.3	0.311 0.446 0.250 0.920 2.116 1.017

GOLD-COPPER-MOLYBDENUM PORPHYRY MINERALISATION

HOLES	LENGTH (feet)	GOLD (oz/t)	COPPER (%)	MOLYBDENUM (%)
MRO88-21	419.0	0.014	0.15	0.025
MRO88-13	499.0	0.013	0.13	0.009
MRO88-17	292.0	0.024	0.10	0.005
MRO88-18	481.0	0.010	0.13	0.023
MRO88-34	251.0	0.022	0.12	0.004
MRO88-35	250.0	0.024	0.12	0.007
MRO88-52	399.9	0.010	0.12	0.011
MRO88-53	349.1	0.015	0.16	0.016
MRO88-54	160.1	0.010	0.16	0.010
MRO88-55	181.1	0.012	0.14	0.013