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George Cross News Letter

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WESTERN CANADIAN INVESTMENTS

358-40/GCNLE

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PUBLISHED DAILY
SUBSCRIPTION RATE
\$350.00 PER YEAR

NO. 118 (1995)
JUNE 20, 1995

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The scoping study employed open-pit design optimizations based on mining reserves established by the 1994 drilling program and preliminary estimates of capital and operating costs. Metal recoveries of 88% copper and 70% gold and base case metal prices of US \$1.00 per pound copper and US \$375 per ounce gold were used. The analysis indicates the highest rate of return is obtained using a 0.2% to 0.3% copper cut-off grade. The Fluor Daniel base case utilized at a 0.2% copper cut-off, the highlights of which are summarized below.

BASE CASE SUMMARY

CUT-OFF:	0.2% COPPER
RESERVE:	263,000,000 TONNES
GRADE:	0.39% COPPER (2.1 BILLION LBS. COPPER) 0.30 GRAMS GOLD/T (2.5 MILLION OZ. GOLD)
STRIP RATIO:	1.52:1
PRODUCTION RATE:	50,000 TPD (18 MTPY)
MINE LIFE:	14.6 YEARS
AVG. ANNUAL METAL PRODUCED:	132 MILLION LBS. COPPER 119,000 OZ. GOLD
CAPITAL COST ESTIMATE:	US \$274,000,000
OPERATING COST ESTIMATE:	US \$4.50/TONNE ORE
METAL PRICES:	US \$1.00/LB COPPER US \$375/OZ. GOLD
PRE-TAX DISCOUNTED RATE OF RETURN (BASE CASE METAL PRICES):	17%
PRE-TAX DISCOUNTED RATE OF RETURN (CURRENT METAL PRICES):	32%
<u>UPGRADE RESERVE USING A 0.3% COPPER CUT-OFF WITH BASE CASE PARAMETERS & METAL PRICES</u>	
PRE-TAX DISCOUNTED RATE OF RETURN (BASED ON METAL PRICES):	19%
PRE-TAX DISCOUNTED RATE OF RETURN (RESERVE EXPANSION BY 50%):	25%

Management of American Bullion is presently of the opinion

that the copper cut-off grade should be sustained at the 0.3% copper level thereby establishing a reserve grading in the order of 0.5% copper and 0.40 grams gold/tonne. The Red Chris deposit is unique in that higher grade copper-gold zones are central to the deposit and can initially be mined in a 'start-up' open-pit configuration.

This year's drilling program was underway in May and will explore for additional reserves in the remaining 65% of the known copper-gold porphyry system. It is the company's expectation the 1995 drilling program will add another 50% to currently indicated reserves using a 0.3% copper cut-off. (SEE GCNL NO.108, 6Jun95, P.2 FOR PREVIOUS RED CHRIS PROJECT INFORMATION)