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Cave Creek District, Arizona

5/24

Ralph -

The short report we spoke of
on the Phoenix ~~that~~ mine

Mike

SUMMARY OF WORK TO DATE

PHOENIX MINE

GN
4E

WCC-RMR	MAY 28 1979	STT	
		FJH	
		RJI	
		CBB	
		GFT	
		TDJ	
		PCY	
		JC	
		CLN	
		RE	
		FILE	
			RJA 2

Metal-Ex Management, Inc.
254 - East 4th Street
North Vancouver, B.C., Canada
V7L 1H9

M. J. Fitzgerald, P. Eng.
April 19, 1979

Location and Access

This property is located in hot, relatively low desert with an intermittent stream nearby which could be developed for an adequate supply of treatment water. Access is good with a town 4 miles away and a good dirt road through the property. Power lines cross the property but are probably not adequate for an operation without rewiring.

History

The property was developed by several thousand feet of workings over a width of about 300 feet and to a depth of 90 feet. Production during the late 1800's and early 1900's is estimated at 60,000 tons averaging 0.25 oz./ton gold.

The property was optioned in 1976 by a major mining company, the accessible workings were mapped, channel sampled, and all surface pit faces were also mapped and channel sampled. The channel samples were cut with a diamond saw and were of extremely high quality. A total of 482 samples were taken, each over a length of 5 feet.

Geology and Mineralization

The mineralization occurs in a breccia body which at surface is 1,500 feet long by 400 to 600 feet wide. Old reports suggest the breccia bottoms at about 100 feet below surface and the breccia may be an old landslide block. Within the breccia is a northeast trending zone or zones which is flooded with quartz and is thoroughly silicified. This zone, which is at least 700 feet long by 115 to 180 feet wide, contains generally low gold values with irregular "pockets" of higher grade mineralization. The old operation was entirely concerned with finding and mining the "pockets" of ore and did not attempt to mine or treat the lower grade material.

The panning at the site of several of the higher grade sample sites revealed the presence of extremely fine grained gold with no coarse gold.

Geological Ore Reserves

Results of the channel sampling together with old reports allow a rough calculation of ore reserves. These figures, which require a substantial amount of drilling for confirmation, are as follows:

<u>Category</u>	<u>Tonnage</u>	<u>Grade</u>
Semi-proven	240,000	0.064 oz./ton Au
Probable	80,000	0.06
Possible	330,000	0.05 (?)

Ore in the semi-proven and probable categories lies in the area of extensive sampling conducted in 1977. This sampling covered all available rock faces. The grade quoted is an arithmetic average of the 1977 sample results. Undiscovered "pockets" of higher grade material undoubtedly occur within those blocks which would increase the grade somewhat.

Ore in the possible category is based on surface examination and limited sampling of surface cuts as the underground workings, although extensive, were not accessible. The previous production was subtracted from the semi-proven and probable categories.

Anticipated Mining-Heap Leaching Operation

The near-surface occurrence of gold, the fine grained nature of the gold, the amenability of the deposit to open pit mining methods at a low stripping ratio and the broken nature of the rocks which host the deposit suggest that the deposit may be amenable to an open pit mining/heap leaching operation. Operating costs in this type operation range from \$3.25 to \$10.00 per ton and it is anticipated that operating costs in an operation at the Phoenix Mine would be in the \$5.00 - \$5.50 per ton range if the final reserves proved to be in the 650,000 - 750,000 tons range.

The operating profit on a 500,000 ton deposit averaging 0.06 oz./ton gold, 65% recovery, and a gold price of \$225/ounce would be as follows:

Value per ton	$0.06 \times \$225 \times 65\%$	\$8.78
Operating cost per ton		<u>5.50</u>
Operating profit per ton		\$3.28
Operating profit entire reserve:		
500,000 tons x \$3.28/ton		<u>\$1,640,000</u>
Estimated capital costs		\$ 350,000 ???

Should undiscovered "pockets" of high grade ore be found during drilling or mining, the resulting increased grade of the reserve would substantially increase the anticipated profit.

Conclusions and Proposed Development Program

The results of the high quality work completed to date on the Phoenix Mine Property suggests strongly that the Phoenix Mine contains a bulk-type gold deposit which is economically viable at present gold prices. The sampling to date, however, is largely two-dimensional and the writer believes that a drilling program should be conducted with three objectives: 1) to move the semi-proven and probable reserves in the proven category, 2) to explore for extensions adjacent to the semi-proven and probable blocks, 3) to explore and develop the mineralization in the northern portion of the property which was not sampled during the 1977 program.

A three stage program which, if successful, would bring the property to the feasibility stage is as follows:

- 1) Drilling of 48 percussion holes to an average of 75 feet on a modified 50-foot grid.

- 2) Drilling of fill-in holes to complete 50-foot grid (31 holes to 75 feet)
- 3) Laboratory testing of drill cuttings to determine amenability to and rate of leaching.

M. J. Fitzgerald

MJF/sjb

PHOENIX MINE - LEASE TERMS

Lease Holder: Min-Ex Services Ltd.

Option (Advance Royalty) Payments:
(from effective date May 1, 1979)

9 months @ \$500 per month
6 months @ \$750 per month
Thereafter \$1000 per month

Production Royalty:

5% of net smelter returns to a maximum of \$250,000
2% of net smelter returns thereafter

Upon completion of production the property will be returned to the owners.

PRE-PRODUCTION BUDGET

Stage I

1. Data recovery, examination and sampling, and legal work to date \$40,000
2. Drilling - 3600 feet @ \$11.00 per foot (includes assaying, program management, mobilization, expenses, travel, etc.) 39,600

Total Stage I \$ 79,600

Stage II

1. Drilling - 2325 feet @ \$11.00 per foot (all costs included as in Stage I) \$25,575
2. Drilling Contingency
Allow 900 feet for additional step-out or fill-in drilling or bulk sampling 9,900

Total Stage II \$ 35,475

Stage III

1. Laboratory testing of drill cuttings and bulk samples to determine amenability to and rate of gold leaching - estimate \$25,000
2. Production Feasibility study 7,500

Total Stage III \$ 32,500

TOTAL STAGES I, II, III \$147,575

AMERICAN SELCO INCORPORATED

Summary Report
1976 Exploration Program
at the
Phoenix Gold Mine
Cave Creek District
Maricopa County, Arizona

General:

During the period January to April, 1976, American Selco carried out a program of mapping and sampling at the Phoenix Gold Mine located three miles north of Cave Creek, Maricopa County, Arizona. American Selco and Chevron Oil Company control two patented mining claims (Phoenix and Westside, MS) and two patented millsites (Phoenix and Westside) under terms of an option purchase agreement with the owners, Ms. Betty Picking of Scottsdale and Warren Holst of Guayaquil, Ecuador; ten adjacent mining claims were acquired by staking.

The American Selco program, under the direction of Mr. Les Bradshaw, consisted of plane table topographic and geologic mapping of the surface, and mapping and sampling of accessible surface and underground workings. A total of 484 channel samples aggregating 2420 lineal feet were cut from the workings, composited into 10' lengths, and assayed for gold and silver at Skyline Labs in Tucson. Object of the program was to delimit the extent of mineralization, indicated in old reports and our preliminary sampling, to average 0.10-0.20 oz Au per ton in a deposit potentially amenable to low cost, open pit development and leaching.

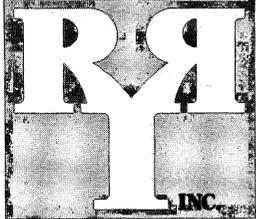
Data are presented on the following maps:

- | | |
|----------|--|
| Figure 1 | Location Map |
| 2 | District Geology - 1" = 500' |
| 3 | Land Status-Property - 1" = 500' |
| 4 | Topography and Surface Geology - 1" = 50' |
| 5 | Underground Workings - 1" = 50' |
| 6 | Underground Workings & Assay Data - 1" = 20' |
| 7 | Mashackety Tunnel & Assay Data - 1" = 20' |
| 8 | Geologic Cross Sections - 1" = 50' |

Geology:

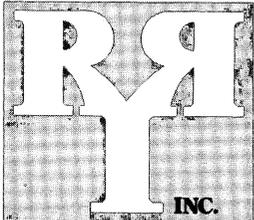
The property is underlain by northeast-trending, steep-dipping, Precambrian metavolcanic rocks overlain to the east by

RUDDOCK RESOURCES



WALT KRAMER
Land Management
1000 Bible Way
Suite 69
Reno, Nevada 89502
(702) 329-0210
Res. (702) 826-1389

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Geology:

The property is underlain by northeast-trending, steep-dipping, Precambrian metavolcanic rocks overlain to the east by

Tertiary volcanics and to the west by fluvial gravels in Cave Creek. Mineralization is confined to a coarse, silicified breccia, 1800' long and at least 600' wide. The breccia is clearly delimited along strike but laterally disappears under the volcanics and gravels.

The breccia consists of angular blocks of schist and quartz porphyry, up to several feet across, in a matrix of smaller fragments and rock flour. Locally these fragments are silicified, particularly in the better mineralized areas.

Origin of the breccia is controversial with some features suggesting an explosive volcanic origin, and others indicating a possible relationship to low angle faulting or landsliding. Gouge-filled, flat faults at the caved headings of Tunnels 1 and 6, and old reports of breccia and mineralization bottoming at about 100' on a "rock floor", support the latter idea.

Low angle faults filled with felsitic dikes, and high angle, quartz filled NE and NNW-trending faults occur occasionally in the mine workings.

Mineralization and Mineralized Zones:

Very fine grained gold is associated with weak, oxidized pyrite mineralization in the breccia. There is a suggestion that best values occur in areas of silicification but no attempt was made to determine local controls; rather our intent was to define overall extent of mineralization potentially amenable to open pit extraction.

Three mineralized blocks have been defined, but actual tonnage grade estimates are necessarily crude due to the irregularity of sampling.

I.	110,000 tons @ 0.048 oz Au
II.	192,500 tons @ 0.075 oz Au
III.	120,000 tons @ 0.041 oz Au
Total	422,500 tons @ 0.058 oz Au

The above calculations are arithmetic averages of samples within the blocks utilizing a cutoff grade of 0.02 oz Au, tonnage factor of 12 and an assumed depth of 100'.

Potential for tonnage enlargement to the northeast of Block III is limited by Tunnels 3 and 8 to a maximum of a few hundred thousand tons assuming constant width and depth to the zone. To the southwest of Block I the breccia terminates against an unmineralized rhyolite plug in 50 to 100'.

Conclusions & Recommendations:

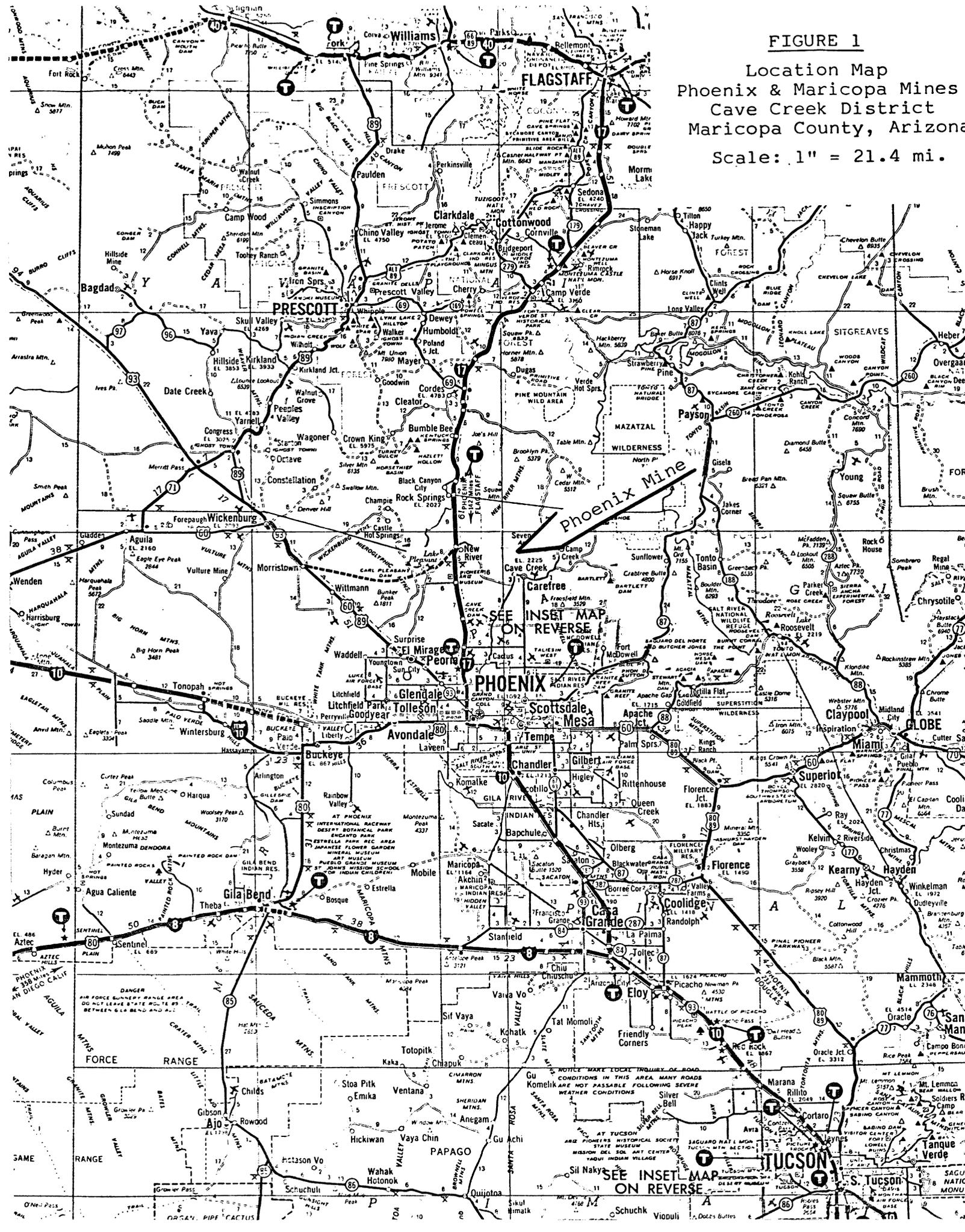
Tonnage and grade are much too low to encourage additional work at the Phoenix property. Option on the patented ground will be

terminated if an attempt at farm-out is unsuccessful; unpatented claims will be retained through the assessment year ending September, 1977.

L. W. Bradshaw
J. F. Prochnau
Reno, Nevada
July 22, 1976

FIGURE 1

Location Map
Phoenix & Maricopa Mines
Cave Creek District
Maricopa County, Arizona
Scale: 1" = 21.4 mi.



Maricopa

"CAVE CREEK"



Northern Miner, Nov 7, 1987

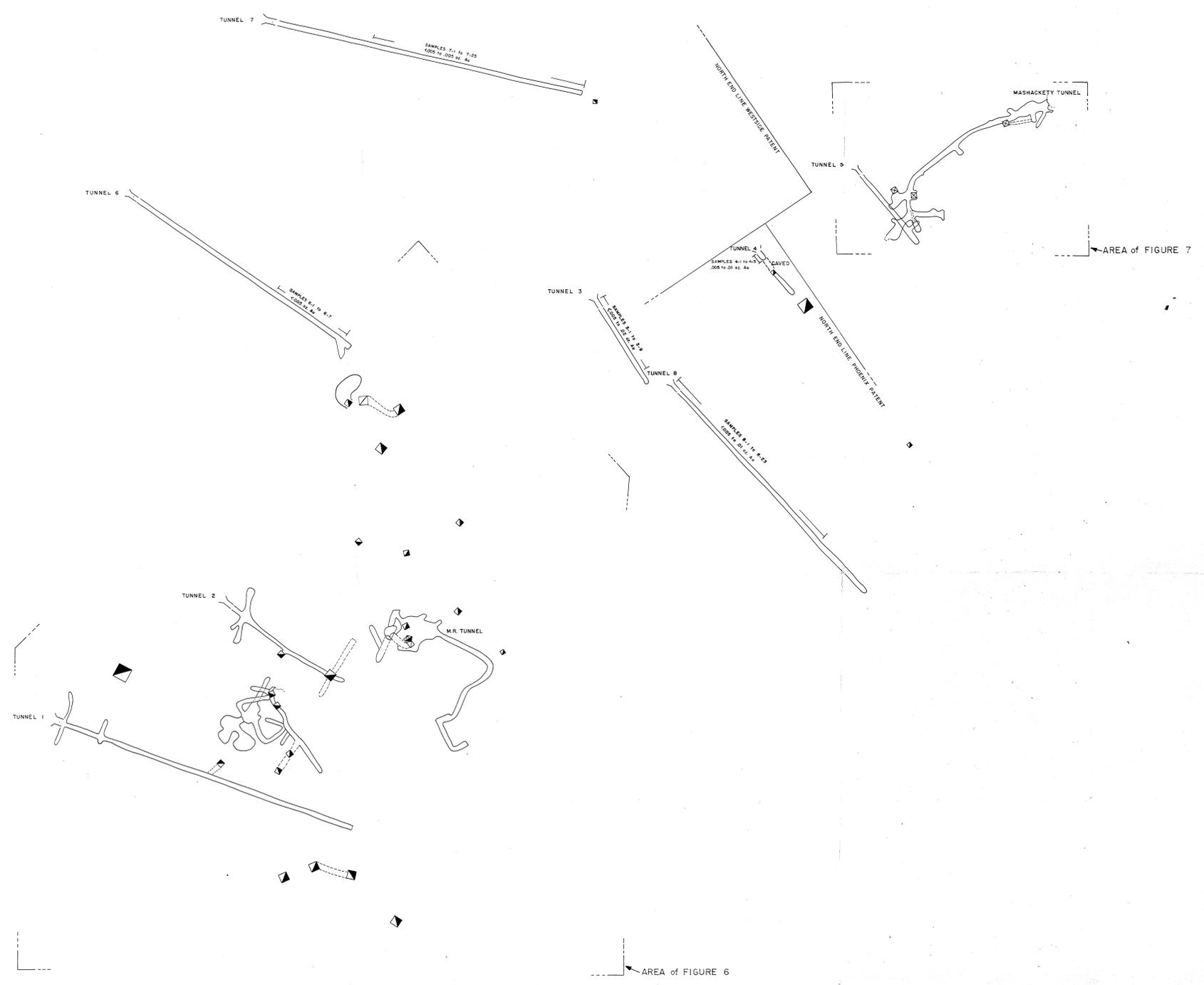
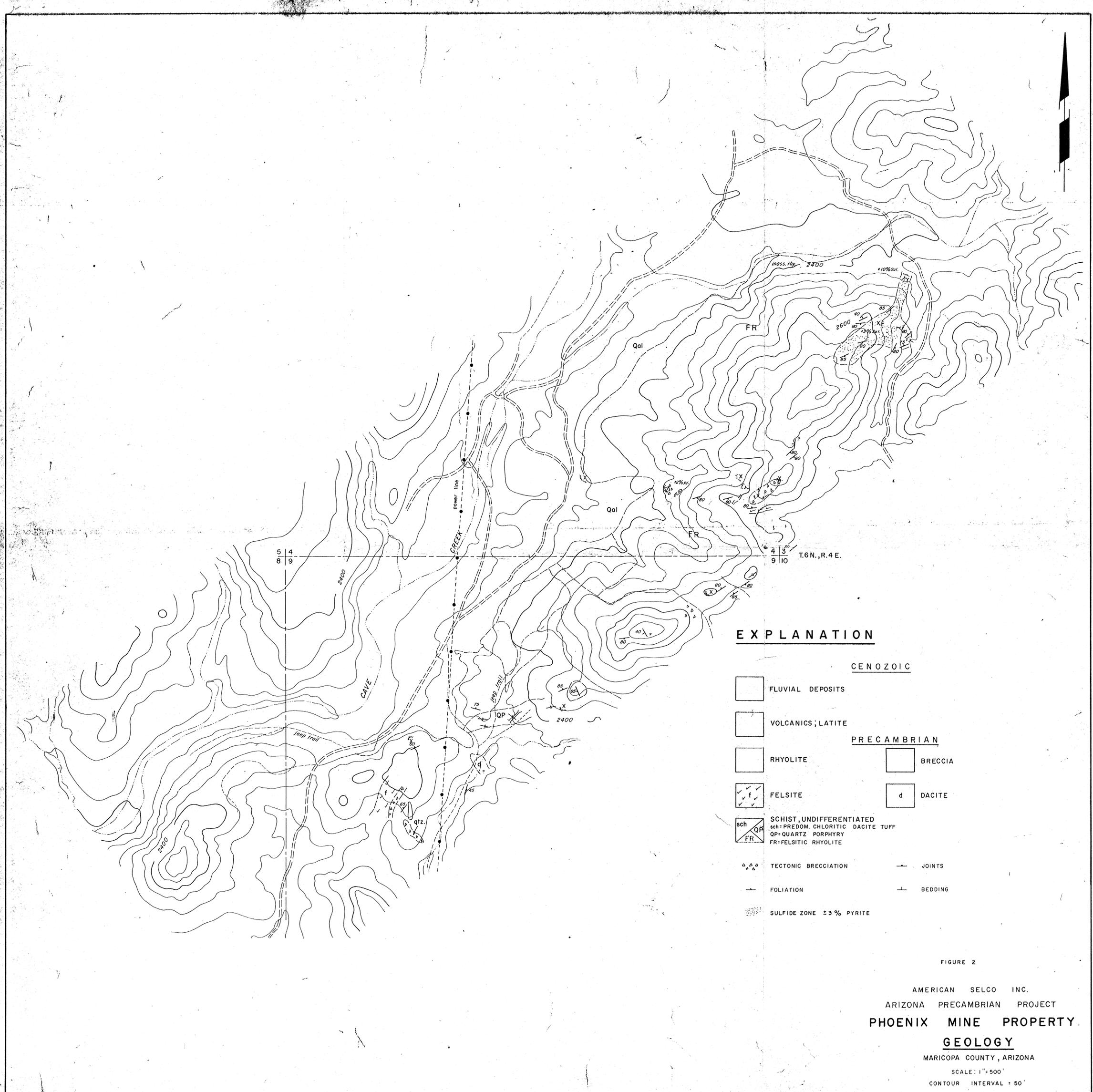


FIGURE 5
 AMERICAN SELCO INC.
 ARIZONA PRECAMBRIAN PROJECT
PHOENIX MINE PROPERTY
UNDERGROUND WORKINGS
 MARICOPA COUNTY, ARIZONA
 SCALE: 1"=50'



EXPLANATION

- | | |
|--------------------|--------------------------|
| <u>CENOZOIC</u> | |
| | FLUVIAL DEPOSITS |
| | VOLCANICS; LATITE |
| <u>PRECAMBRIAN</u> | |
| | RHYOLITE |
| | FELSITE |
| | SCHIST, UNDIFFERENTIATED |
| | TECTONIC BRECCIATION |
| | FOLIATION |
| | SULFIDE ZONE ± 3% PYRITE |
| | BRECCIA |
| | DACITE |
| | JOINTS |
| | BEDDING |

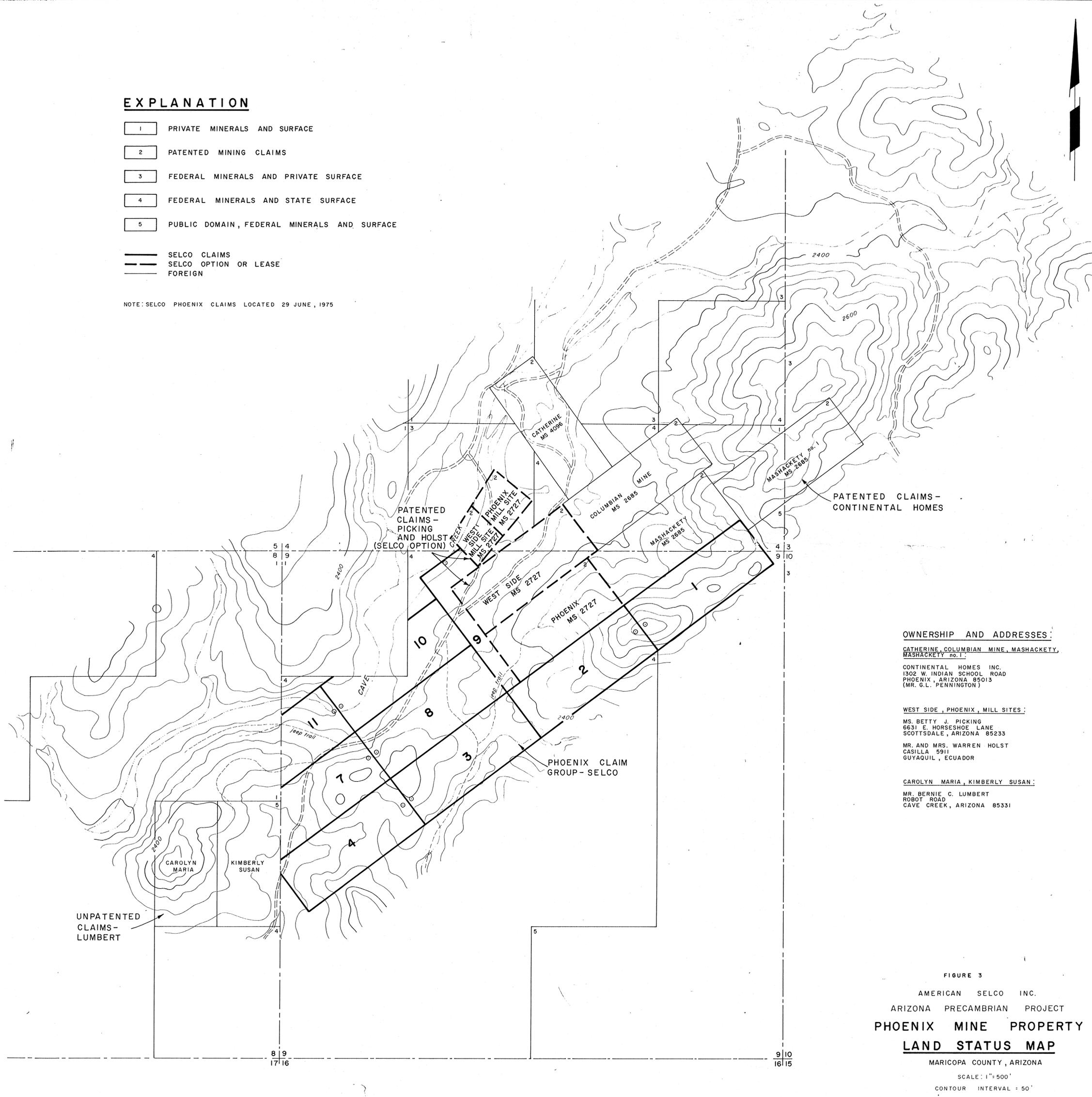
sch = PREDOM. CHLORITIC DACITE TUFF
 QP = QUARTZ PORPHYRY
 FR = FELSITIC RHYOLITE

FIGURE 2
 AMERICAN SELCO INC.
 ARIZONA PRECAMBRIAN PROJECT
PHOENIX MINE PROPERTY
GEOLOGY
 MARICOPA COUNTY, ARIZONA
 SCALE: 1" = 500'
 CONTOUR INTERVAL = 50'

EXPLANATION

- 1 PRIVATE MINERALS AND SURFACE
 - 2 PATENTED MINING CLAIMS
 - 3 FEDERAL MINERALS AND PRIVATE SURFACE
 - 4 FEDERAL MINERALS AND STATE SURFACE
 - 5 PUBLIC DOMAIN, FEDERAL MINERALS AND SURFACE
-
- SELCO CLAIMS
 - - - SELCO OPTION OR LEASE
 - FOREIGN

NOTE: SELCO PHOENIX CLAIMS LOCATED 29 JUNE, 1975



OWNERSHIP AND ADDRESSES:

CATHERINE, COLUMBIAN MINE, MASHACKETY, MASHACKETY no. 1:

CONTINENTAL HOMES INC.
1302 W. INDIAN SCHOOL ROAD
PHOENIX, ARIZONA 85013
(MR. G.L. PENNINGTON)

WEST SIDE, PHOENIX, MILL SITES:

MS. BETTY J. PICKING
6631 E. HORSESHOE LANE
SCOTTSDALE, ARIZONA 85233
MR. AND MRS. WARREN HOLST
CASILLA 5911
GUYAQUIL, ECUADOR

CAROLYN MARIA, KIMBERLY SUSAN:

MR. BERNIE C. LUMBERT
ROBOT ROAD
CAVE CREEK, ARIZONA 85331

UNPATENTED CLAIMS - LUMBERT

FIGURE 3
AMERICAN SELCO INC.
ARIZONA PRECAMBRIAN PROJECT
PHOENIX MINE PROPERTY
LAND STATUS MAP

MARICOPA COUNTY, ARIZONA
SCALE: 1" = 500'
CONTOUR INTERVAL = 50'

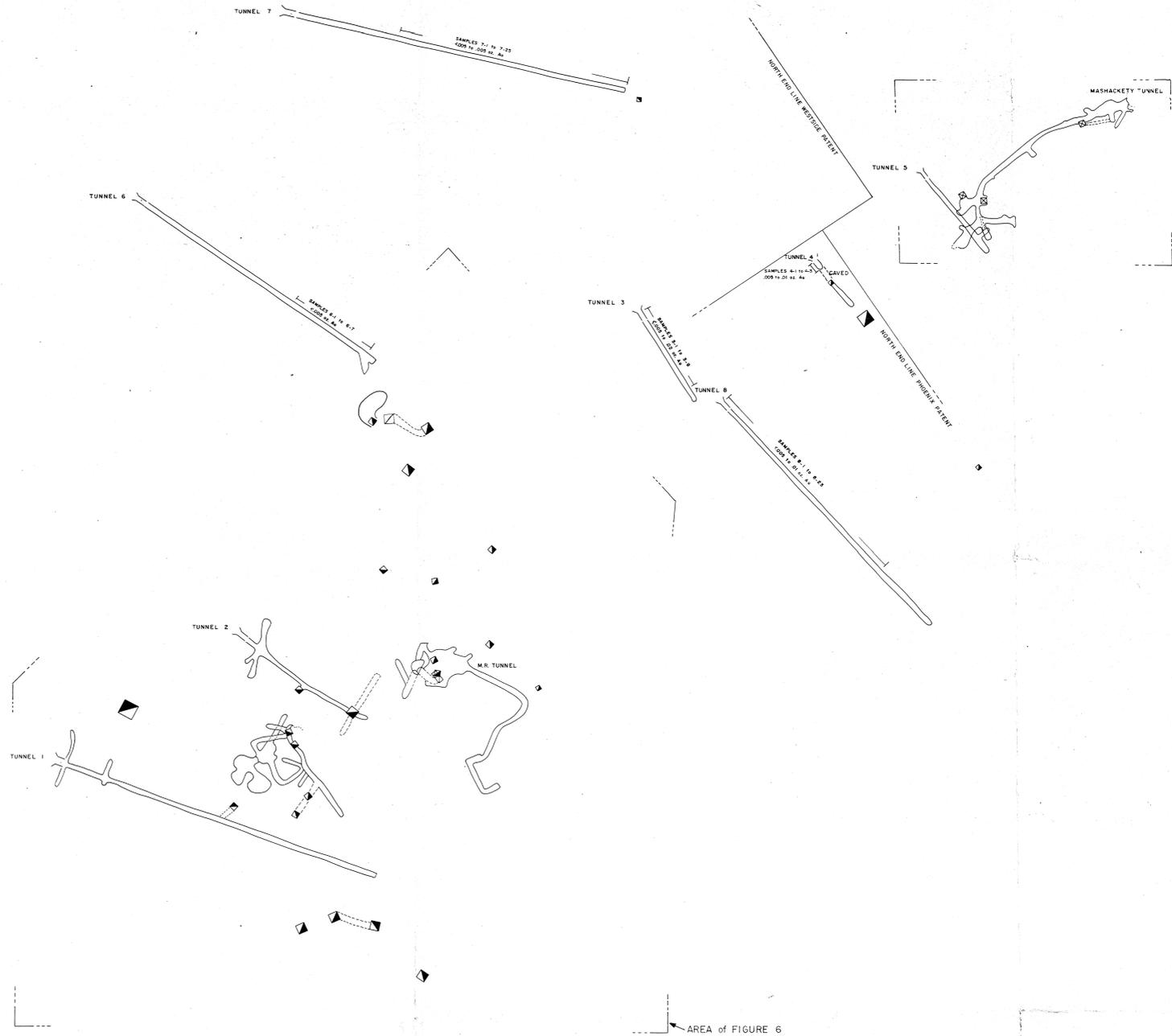


FIGURE 5

AMERICAN SELCO INC.
 ARIZONA PRECAMBRIAN PROJECT
PHOENIX MINE PROPERTY
UNDERGROUND WORKINGS
 MARICOPA COUNTY, ARIZONA
 SCALE: 1"=50'



AMERICAN SELCO INC.
ARIZONA PRECAMBRIAN PROJECT
PHOENIX MINE PROPERTY

MARICOPA COUNTY, ARIZONA
SCALE: 1" = 500'
CONTOUR INTERVAL = 50'

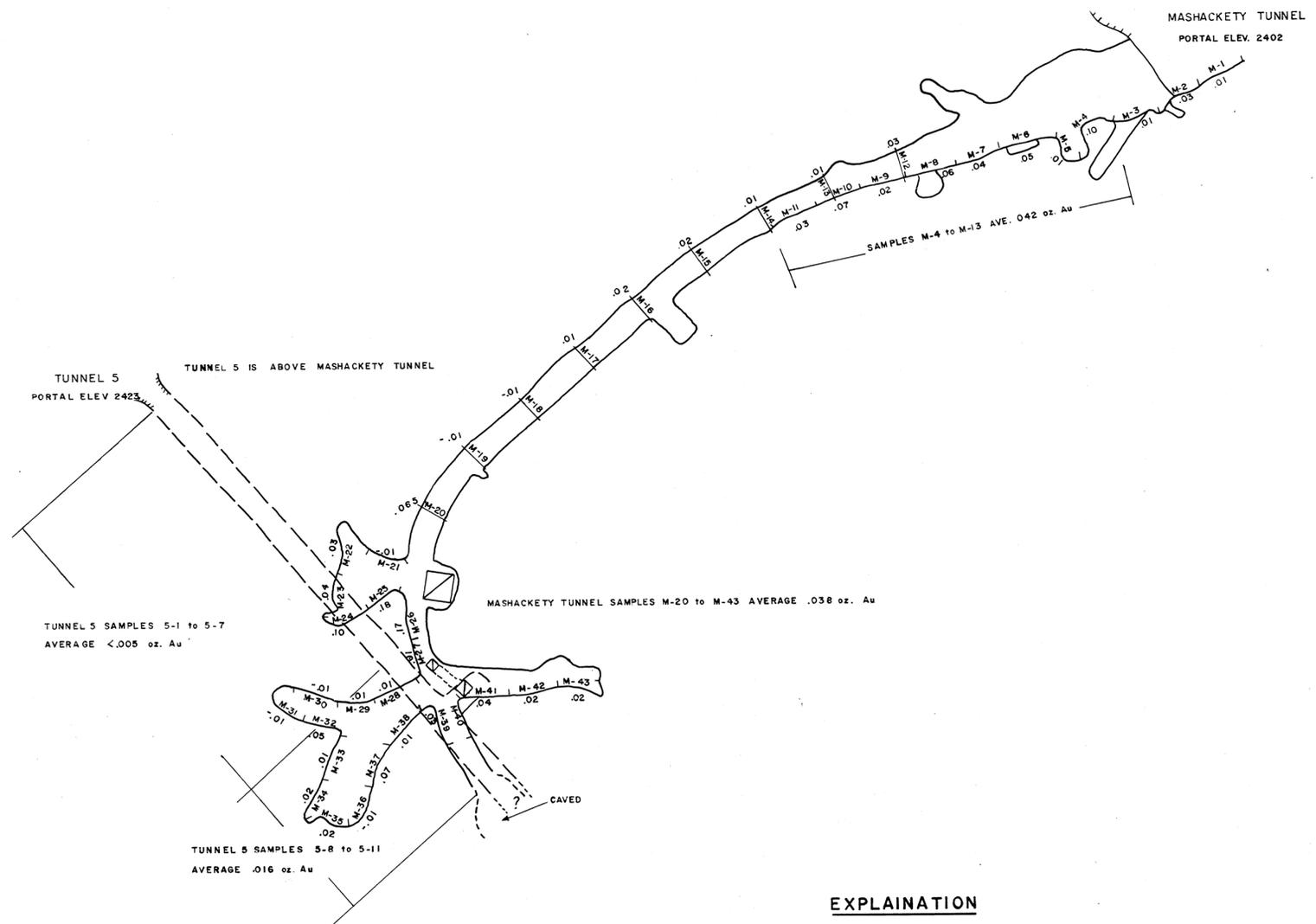


FIGURE 7

AMERICAN SELCO INC.
ARIZONA PRECAMBRIAN PROJECT
PHOENIX MINE PROPERTY
ASSAY DATA MASHACKETY TUNNEL
MARICOPA COUNTY, ARIZONA
SCALE: 1"=20'



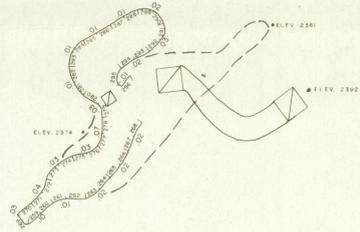
EXPLANATION

- | | |
|---|---|
| <u>CENOZOIC</u> | |
|  | FLUVIAL DEPOSITS |
|  | VOLCANICS, DATITE |
| <u>PRECAMBRIAN</u> | |
|  | RHYOLITE |
|  | FELSITE |
|  | SCHIST, UNDIFFERENTIATED
sch = PREDOM. CHLORITIC DACITE TUFF |
|  | QP = QUARTZ PORPHYRY |
|  | FR = FELSITIC RHYOLITE |
|  | BRECCIA |
|  | DACITE |
|  | TECTONIC BRECCIATION |
|  | FOLIATION |
|  | SULFIDE ZONE ± 3% PYRITE |
|  | JOINTS |
|  | BEDDING |

FIGURE 2

AMERICAN SELCO, INC.
 ARIZONA PRECAMBRIAN PROJECT
PHOENIX MINE PROPERTY
GEOLOGY
 MARICOPA COUNTY, ARIZONA
 SCALE: 1" = 500'
 CONTOUR INTERVAL: 50'

TUNNEL 6
PORTAL ELEV. 2516
PORTAL ELEV. 2516



EXPLANATION

- OZ / TON Au
- SAMPLE NUMBER
- - - PIT EDGE
- *ELEV. 2442 SURFACE ELEVATION

FIGURE 6
AMERICAN SELCO INC.
ARIZONA PRECAMBRIAN PROJECT
PHOENIX MINE PROPERTY
ASSAY DATA - MINE AREA
MARICOPA COUNTY, ARIZONA
SCALE 1" = 20'



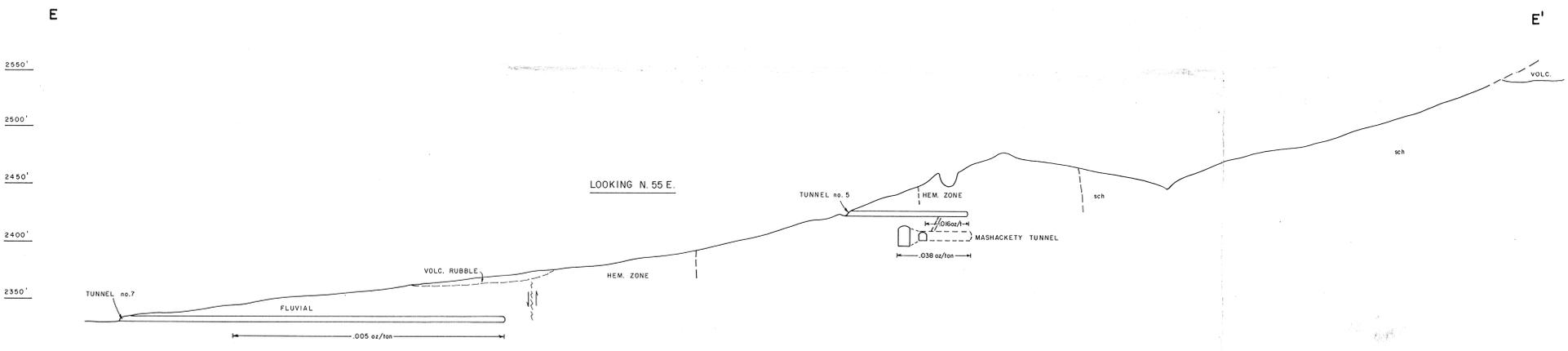
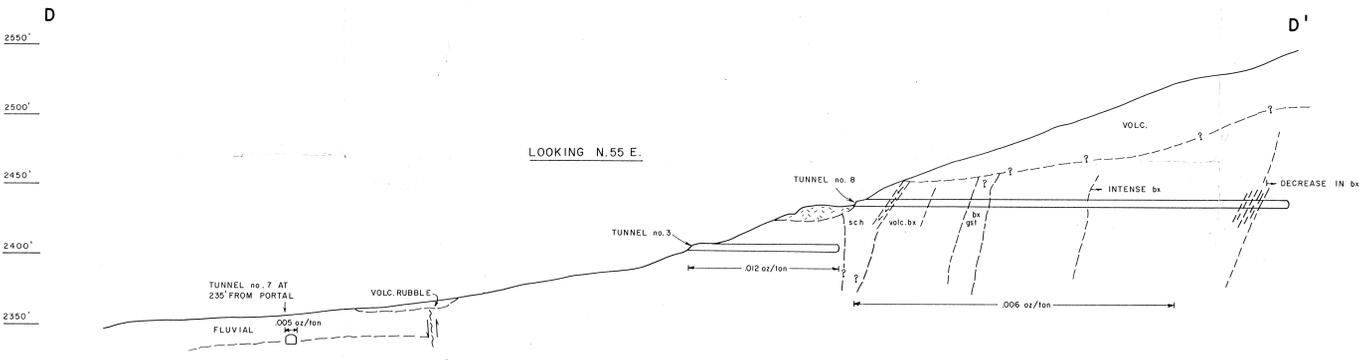
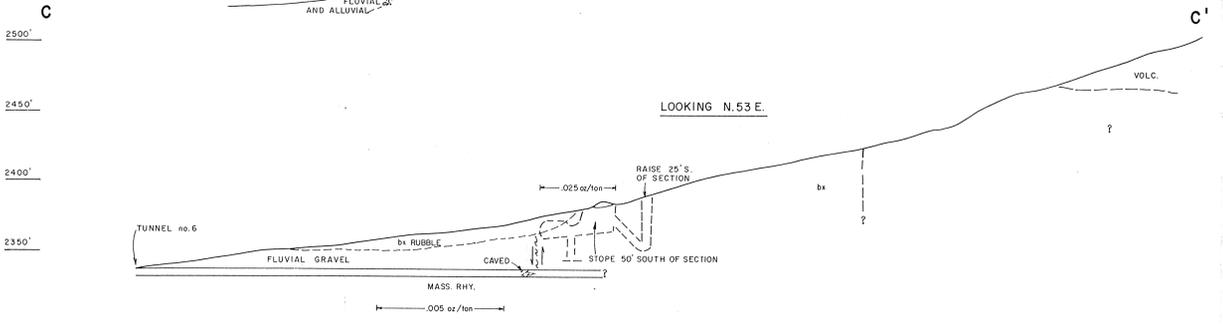
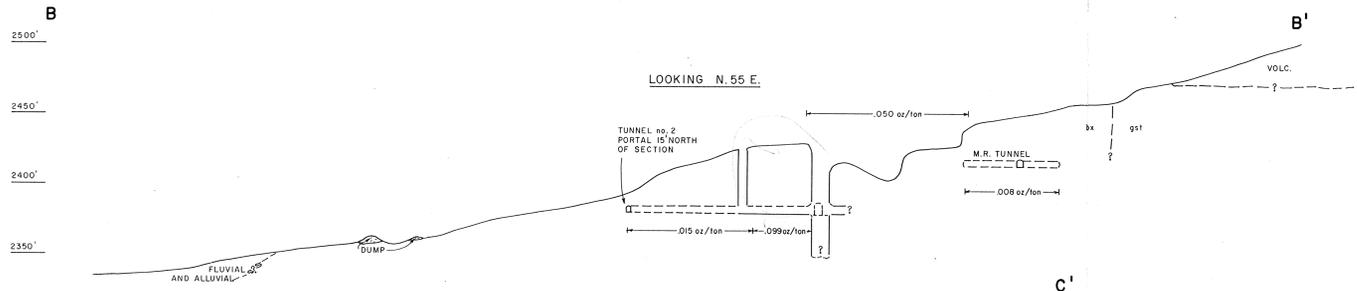
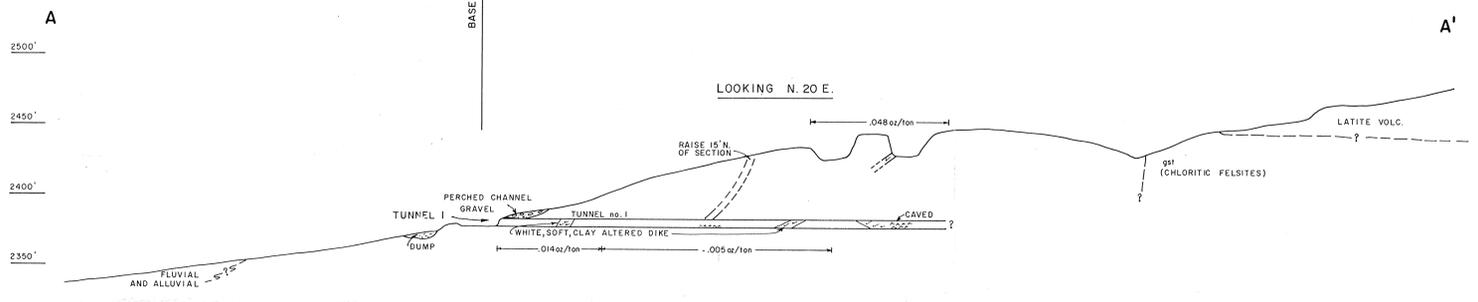
EXPLANATION

- CENOZOIC**
- QUATERNARY GRAVELS
 - APHANITE DIKES (UNDERGROUND ONLY)
 - QUARTZ-FELDSPAR PORPHYRY DIKES
 - TERTIARY VOLCANICS - HORNBLÉNDE LATITE
 - BRECCIA - AGE ?
- PRECAMBRIAN**
- FELDSPAR PORPHYRY
 - RHYOLITE
 - LIMESTONE
 - SCHIST - UNDIFFERENTIATED - PREDOMINANTLY CHLORITIC DACITE TUFF
- BEDDING
- FOLIATION
- JOINTS
- SHAFT
- X PROSPECT OR SMALL PIT
- DUMP
- ADIT PORTAL
- LARGE PIT
- QUARTZ VEINS
- SHEAR ZONES
- HEMATITE ZONE

AMERICAN SELCO INC.
 ARIZONA PRECAMBRIAN PROJECT
PHOENIX MINE PROPERTY
GEOLOGY
 MARICOPA COUNTY, ARIZONA
 SCALE: 1" = 50'
 CONTOUR INTERVAL = 5'

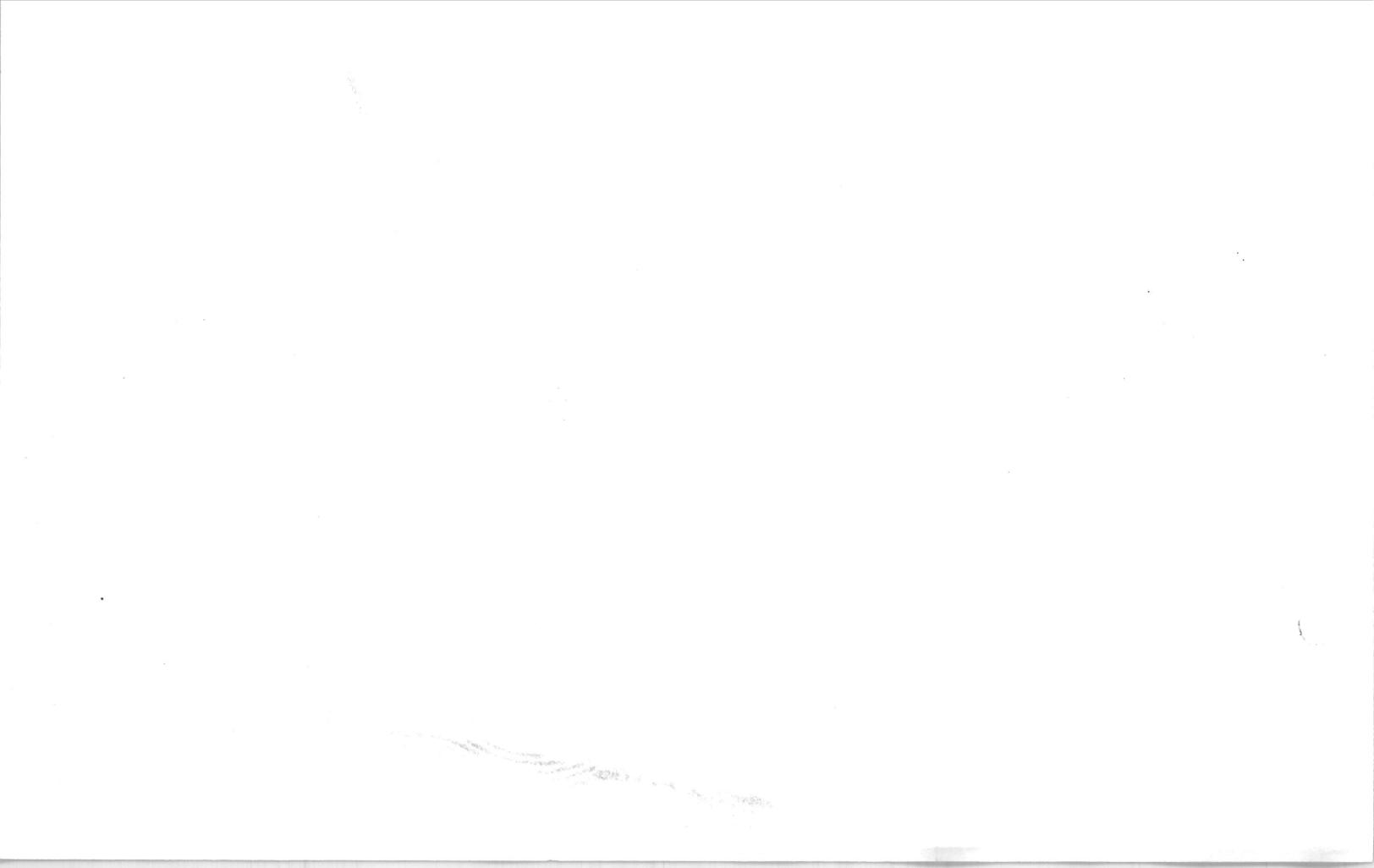
Sheet
7

BASELINE



BASELINE

FIGURE 8
 AMERICAN SELCO INC.
 ARIZONA PRECAMBRIAN PROJECT
PHOENIX MINE PROPERTY
GEOLOGIC CROSS SECTIONS
 MARICOPA COUNTY, ARIZONA
 SCALE: 1" = 20'
 40'



CENTRAL ARIZONA GEOLOGIC SOCIETY

1054 Willow Creek Road
Prescott, Arizona 86301
602/445-2987

MEETING ANNOUNCEMENT
Thursday, January 30, 1986
7:30 PM

The Central Arizona Geologic Society will convene at the Bashford House, Sharlott Hall Museum in Prescott, at 7:30 PM, Thursday, January 30th. Mr. Stephan R. Maynard, who recently completed his Master of Science Degree in the Geology Department, University of New Mexico, will talk on:

"Precambrian Geology and Mineralization in the Southwestern part of the New River Mountains".

Steve spent several years in industry prior to embarking on his MS program at UNM, having worked as exploration geologist in base and precious metal terranes in New Mexico and Alaska. We look forward to kicking off the new year with a good turn-out for Steve's presentation.

The CAGS is enclosing a formal reminder with the announcements this month to jog the memories of those who have not yet mailed in their 1985-86 dues. If you don't find one in your envelope, it's because our records show you to be paid up.

Mike Fitzgerald

Walt Kramer
1-21-79

Warren Halot

Box 5911

Guayaquil

~~CA~~ GUAYAQUIL, EQUADOR, S.A.

• Option a property etc.
name - Patents

Found after year

Phoenix Prospect

Submitted

Arizona



Zoning
Commissioners

4,000 ft by x 10 ft thick x 1000 ft deep

3,200,000 tons @ 12.5 ft³/ton

Avg for $\left\{ \begin{array}{l} \text{all CAP samples} \\ \text{all BRUSH samples} \end{array} \right\} \begin{array}{l} 0.0227 \text{ Au} \\ 0.50 \text{ Ag} \end{array}$

~~AU = 1.5/oz~~

AU = 300/oz

~~AU = 300/oz~~

AU = 400/oz

~~Ag = 4.50/oz~~

Ag = 15/oz

Ag = 20/oz

Ag = 25/oz

27

OMV PER TON

\$ 28.50

\$ 37.00

\$ 45.50

OMV IN GROUND

\$ 91.2 MM

\$ 118.4 MM

\$ 145.6 MM

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WESTERN CANADIAN INVESTMENTS

ROYEX GOLD MINING CORPORATION (RGM-V,T,M)

MAHOGANY MINERALS RESOURCES INC. (MOY-V)

APPROVALS RECEIVED FOR JOLU GOLD MINE - Peter Steen,
president of

Royex Gold Mining Corporation reports that, having received final Saskatchewan government approvals for the Jolu gold project 140 km north of La Ronge, Saskatchewan, Royex is moving ahead with its plans to place the property into production at an annual rate of 50,000 ounces of gold starting in 1989. The first gold pour is expected before the end of 1988. The Jolu project is operated by Royex as joint venture between Royex 30% and Mahogany Minerals Resources Inc. 70%.

Royex is in the final stages of negotiation with Barclays Bank of Canada over a \$20,000,000 gold loan for 35,000 ounces of gold, which will cover the entire capital cost of placing the property into production.

"Site clearing and construction of a 400 tonnes per day mill to begin shortly, and the mining phase, to be carried out by a contractor, will commence in May", Mr. Steen said. Operating at an average rate of 350 tonnes of ore per day, the current ore reserves to the 250-meter level should produce about 161,000 ounces of gold over 3 years at an expected average price of US\$170 per ounce of gold. A decision to mine the portion of the orebody between the 250-meter and 450-meter levels will be taken as the upper portion is mined out.

Surface and underground exploration since 1984 has identified proven and probable ore reserves of 606,000 tonnes with an average grade of 0.40 oz.gold/t, containing some 240,000 mineable ounces of gold to a depth of 450 meters below surface.

ECHO BAY MINES LTD. (ECO-T,M,Amex)

MCNELLEN RESOURCES, INC. (MNR-V)

ECHO BAY CONTRACTS TO ACQUIRE - Echo Bay mines Ltd.,
27.1% INTEREST IN MCNELLEN Muscocho Explorations

Ltd., Flanagan McAdam Resources, Inc. and McNellen Resources, Inc. have signed a contract whereby Echo Bay will acquire a significant minority interest in the Muscocho group of companies by investing Cdn. \$50,000,000, being \$26,500,000 in common shares and \$23,500,000 in convertible debt securities. Assuming conversion of the notes, Echo Bay will own 6,850,000 common shares of Muscocho (21%), 3,700,000 common shares of Flanagan McAdam (23.1%) and 5,000,000 common shares of McNellen (27.1%). If the notes are not converted, they are repayable over a 5-year period with interest at the prime rate.

Echo Bay has also entered into a "standstill" agreement limiting its ability to increase its investment for a 12-month period. For 6 years thereafter, Echo Bay may increase its holdings to no more than 33% of fully diluted shares.

Muscocho, Flanagan McAdam and McNellen own major interests in gold mining properties and prospects in Quebec Ontario and Newfoundland. The principal properties are at Montauban, Quebec, and at the Magino and, (with Windarra Minerals Ltd.) the Magnacon properties in the Wawa area of NW Ontario. In 1987, the group's gold production totalled 13,000 ounces and is expected by Muscocho to be about 50,000 ounces in 1988, rising to over 100,000 ounces in 1989. Proven and probable reserves at year end 1987 were 900,000 ounces of gold, with

potential to increase this figure significantly.

NORTH AMERICAN METALS CORP. (NAM-V,NAMVF-Nasdaq)

PEZGOLD RESOURCE CORPORATION (PEZ-V)

PEZGOLD LAUNCHES SUIT - Robert G. Hunter, president,
reports that North American

Metals and its directors were served with a Writ of Summons and Statement of Claim on 13Apr88 issued by Pezgold and associated company, Prime Capital Corp. The statement claims unspecified damages for breach of a "business relationship" and a declaration that the company's agreement with Pezgold is still in effect.

North American Metals and its directors deny the allegations that the company either breached its written financing agreement with Pezgold or that the company or its directors had any side understandings with Montague Mining Finance Limited, who assumed Pezgold's position in the financing by exercise of Montague's right of first refusal, nor did the company have any arrangements or engage in any conspiracies with other persons. North American Metals is considering a counter-claim against Pezgold and will proceed to file one in the event the plaintiffs have damaged the company.

Homestake Mining reported that it is reviewing the Pezgold claims and is not aware of any facts that support or substantiate the allegations made in the claim. Homestake had not made any determination to withdraw or alter its \$5 offer for North American shares. The offer was to expire 15Apr88 at 12:00 midnight.

LECTUS DEVELOPMENTS LTD. (LD-V)

PREFEASIBILITY STUDY FOR - Lectus Developments Ltd. has
ARIZONA GOLD MINE STARTS - 24.5% interest in the Cave

Creek gold mining property at Carefree, Arizona. With its joint venture partners, Baden Explorations Ltd. and Keld'or Resources Inc., Lectus has completed a Phase 1 program recommended by Searchlight Resources Ltd.

Lectus director S.R. Ford, P.Eng., says calculations and a key ore reserve drawing prepared by Amselco have been obtained. The site has been surveyed and all data on drill holes, property boundaries, existing pads, ponds, equipment and stopes have been plotted. Amselco conducted a deep drilling program and channel sampled the extensive stopes and adits. They computed reserves of 400,000 tons of 0.060 oz.gold per ton. Their percussion drilling gave an average recovery of 0.023 oz.gold/t. The average of 20 surface samples in the mine area is 0.047 oz.gold/t.

Mr. Ford reports that a 19-hole reverse circulation drilling program was carried out before Christmas 1987 and the assays, by Bondar-Clegg in Vancouver, confirmed the presence of ore grade gold. The average recovery grade is 0.023 oz.gold/t over 295 feet which equals what Amselco recovered in their 1980 drilling programs. In addition, the recent drilling located a new ore zone north of the Amselco work.

The joint venture group has engaged mining professionals, who are now on site, to prepare a prefeasibility study with the intent to place the property back into production this summer at an estimated rate of 1,000 ounces gold per month. The joint venture is negotiating with groups to supply a gold loan to fund development and working capital requirements.