

Mining firm raked over coals

From the Lake County Examiner

The Vancouver Stock Exchange and two of its listed companies, Galactic Resources and Quartz Mountain, were the subjects of a May 29 Forbes magazine article, "Scan: Capital of the World."

"Half the companies on the VSE are out-and-out scams," author Joe Queenan quotes Vancouver writer and former VSE floor trader Adrian du Plessis as saying about the exchange. "And the rest are big jobs of some sort."

"No one churns out a body of fiction of as consistently high a quality as the companies listed on the VSE," Queenan continues. He adds "journalists love rewriting these guys' press releases."

"The exchange's own press releases tout the VSE as a home for junior mining companies, noting that 'of the more than 2300 companies listed on the VSE as of the end of 1988, 72 percent were natural-resource related.' Actually, 1,500 into 2,300 is 65 percent, not 72 percent, which gives you an idea of how trustworthy numbers are out here."

"Moreover, according to writer du Plessis, out of 1,205 companies on the VSE, only about 50 actually produce minerals, and only 10 to 15 are profitable. Other journalists say that not more than a tenth of the 2,300 companies listed on the VSE are real companies, in the sense that they have earnings, profits, employees, products or futures."

"But brokers unaffiliated with the exchange look baffled when asked how many legitimate companies there are on an exchange where Technigen once vaulted to \$16 a share with promises of a computerized golf course and driving range."

"I don't know of any," says one. "You go into a stock because you know the promoter can run

The gold mines 'produce far more press releases than precious metals'

it up to 12 bucks, and then you try to get out before the bottom falls out."

"When John Woods, editor of Vancouver Stockwatch, was asked how many VSE companies actually evolved into 'real' companies that stayed around for a few years, he looked amused. 'One percent?' he theorized. 'Well, that's the pessimistic view. The optimistic view? Two percent.'"

The article also highlights two VSE players, Larry Brilliant and Robert Friedland, who are connected with Galactic and Quartz Mountain.

"What sort of person is attracted to the VSE? Let's take Larry Brilliant, a New Age hype machine cut from a different, more capacious cloth than the generic Howe Street con artists. Brilliant is a chest-thumping epidemiologist who supposedly helped the World Health Organization wipe out smallpox in India and Southeast Asia before wiping out investors in western Canada."

Brilliant is on the board for SEVA, described as "a foundering organization seeking to wipe out blindness in Nepal."

Two other SEVA board members included Ram Dass and Wavy Gravy. Dass was called "the reconstructed Harvard acidhead who, with his pal Timothy Leary, helped introduce hallucinogenic drugs to North America." Wavy Gravy was said to be "the anarchistic ex-

acidhead who was master of c Woodstock, who helped run a pig in 1968 and who now raises mon cataract operation."

"SEVA's absurd board also inc Friedland, one of the most suc pushers in Vancouver history, w Resources lost \$44 million last y introduced Brilliant to the VSE."

The article includes a detailed on Brilliant with other references and Galactic, plus one mentio Mountain.

According to the sidebar, "Frie gold mines, includ ng Galactic R Cornucopia, produce far more p than precious metals, is one of the SEVA and knows how to milk the of Nepal for all the press cover worth."

Brilliant and Friedland are friends who knew how to make the VSE.

"To this day Brilliant insists t really knew anything about the fin tecture of the VSE. The facts s wise."

"Brilliant participated in a hosl Friedland's promotions, making \$100,000 investment in Galactic, a ing money in Quartz Mountain Friedland productions. He spn finder's fee with two other men w needed to line up investors to floundering gold mine."

"And the guy who claims to be admitted to FORBES that he ba \$100,000 when he 'd-d an arbitrage different classes of Galactic stock."

Queenan, however, concentrate in general.

"The VSE, founded in 1907, is

Copy. This was given to me. It appeared in the Klamath Herald & News. Bob

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// Quartz Mountain partners announce "renewed progress"

By Bill Epler
Staff Reporter

The joint venture partners in the Quartz Mountain gold project in Lake County in south-central Oregon seem to be getting their act together after several months of apparent internal strife and metallurgical problems.

In a June 7th news release, the partners—Quartz Mountain Gold Corporation and Galactic Resources Ltd.—said they "announce renewed progress" on their Quartz Mountain project.

The announcement was made over the signatures of David S. Jennings, president and CEO of Quartz Mountain Gold, and Robert M. Friedland, chairman and CEO of Galactic.

Late last year, after an intensive season of exploration and analysis, the partners said they expected to announce shortly after the first of the year the development of a heap-leach operation on one surface deposit to generate cash while exploration and engineering work went ahead on the entire property so as to come up with the best development plan.

But nothing was heard for several months, then on April 28th it was announced that William H. Bird, guiding light in Quartz Mountain Gold and in exploration and development of the deposits, had resigned as chairman, president and CEO.

In another news release the same day, the partners announced that construction of the initial phase of the heap-leach gold mine had

been delayed "because of ambiguous metallurgical results." There were no details as to the problems.

On May 20th, it was announced that David S. Jennings had been appointed president and CEO of Quartz Mountain Gold.

"With the signing of a final amendment to their joint venture letter agreement, the way is now clear for the companies to advance the project rapidly through feasibility," the June 7th joint news release said.

"In this regard, the co-venturers have contracted the Davy McKee Corporation of San Ramon, California to conduct a definitive feasibility study on the 2.5 million-ounce resource contained in the Crone Hill and Quartz Butte deposits," the announcement continued.

"All aspects of oxide and sulphide metallurgy, heap leaching and bulk deposit milling will be investigated by this study. Bankable feasibility reports by Davy McKee will be delivered in mid-February 1989 at the latest, the announcement said.

The partners said results on heap leaching of oxidized ore may be available by late fall, allowing openpit-heap leach production by the third quarter of 1989.

"It is the goal of both companies to 'fast track' the project to production in the shortest time-frame permitted by the Davy McKee studies," the announcement continued.

"Detailed metallurgical test work on new, large-diameter drill core samples representing all ore types in both deposits (Crone Hill

and Quartz Butte) will be designed and supervised by Davy McKee to resolve all ambiguities and discrepancies between previous studies," the partners said.

They also said work will continue simultaneously on other parts of their property, beginning in June.

"To complement the feasibility work on the project, an aggressive, staged exploration program will begin on the eastern half of the district scale claim block in June," the partners' June 7th announcement said.

"A program of ground geophysics, road building, mapping and sampling will further refine drill targets on five high-priority areas—Angels Camp, Angel Peak, Angel East, Angel South and Drews Dome. Drilling will focus on the most compelling targets later in the season.

"Both Quartz Mountain and Galactic are highly encouraged by the epithermal alteration signatures and geochemical anomalies in rocks of the eastern part of the district and are optimistic that a new discovery will be made," the joint venture announcement concluded.

It may be that additional "ambiguous metallurgical results" were also encountered in the eastern part of the property, for last year the companies reported in a series of announcements that large discoveries of high-grade ore had been made there. Now, as quoted above, they are "optimistic that a new discovery will be made."

SOURCE: ROCKY Mtn. PAY DIET

DATE: JULY 1988

COMMODITY SECTION: NONFERROUS

STATE ARTICLE CONCERNS: OREGON

8/5

Feasibility Studies Continue On Crone Hill And Quartz Butte

VANCOUVER — Quartz Mountain Gold Corporation reported progress on their Quartz Mountain property in south central Oregon. A metallurgical test program is in progress and to date seven large diameter drill holes have been completed, providing bulk samples for column leach and flotation tests.

Quartz Mountain President and CEO David Jennings said that engineering work is under way as part of the definitive feasibility studies being done on the Crone Hill and Quartz Butte deposits, where drilling has defined a resource of over two million contained ounces of gold.

Davy McKee Corporation of San Ramon, California, is conducting the two-part study. The first part addresses a heap leach mine for the more than one-third of the reserves that are oxidized, and the second examines the viability of a milling process to exploit the remaining sulfide reserves or the entire resource.

Jennings said that exploration work has begun on the eastern half of the 10,000-acre property. A program of geochemical and geophysical

surveys has been carried out over the last month, further defining drill targets. Road construction is expected to begin in August, when permits are in place and drilling will start soon after.

The company's address is 670 Marine Building, 355 Burrard Street, Vancouver, B.C. V6C 2G8.

SOURCE: THE MINING RECORD

DATE: AUGUST 3, 1988

COMMODITY SECTION: NON FERROUS

STATE ARTICLE CONCERNS: OREGON

8/12

Quartz Mountain Gold pushing ahead with testing, drilling

By Bill Epler
Staff Reporter

Quartz Mountain Gold Corporation is pushing ahead on two fronts—metallurgical evaluation and continued exploration drilling—at its Quartz Mountain property in south-central Oregon, according to a late-August report by David S. Jennings, president and CEO.

According to previous reports, inconsistencies developed between drill hole assays and laboratory test recoveries that indicated metallurgical recovery problems. Davy McKee Corporation has been brought in to resolve the problems.

The new metallurgical drilling program on the Crone Hill and Quartz Butte deposits, which have extensive reserves of high-grade gold ore, has been completed with 47 holes totaling 6,952 feet of PQ diamond drill core.

Jennings said the first two shipments of representative bulk samples from the Crone Hill deposit have been shipped to McClelland Laboratories in Reno and column testing is now under way. Complete metallurgical results for the oxide facies for the Crone Hill and Quartz Butte ores are expected to be in Davy McKee's hands for evaluation by November.

Jennings also said a drill rig was to begin drilling by mid-September on Drews Dome, one of five exploration targets on the eastern half of the 10,000-acre property. He related that drill road construction at Drews Dome had exposed a substantial gold target with strong similarities to the Crone Hill and Quartz Butte deposits, with 2.4 million ounces of contained gold, on the western half of the property.

At Drews Dome, Jennings related, a wide zone of hydrothermal alteration is flanked by a northwest-trending hydrothermal breccia, 20 to 200 feet wide, that apparently overlies a rhyolite porphyry dome. Geochemical sampling and mapping of the new road exposures was under way in late August, with a view toward drill target refinement.

Jennings said further drill road construction in the Angels Camp, Angel South, Angel East and Angel Peak areas was ongoing and was expected to uncover additional important exploration targets.

Jennings said the Eureka Deep zone, one of six high-grade zones identified at Quartz Butte, is of particular interest. He said this zone has the potential of being developed into a stand-alone, underground, high-grade deposit and may represent a feeder zone to the higher-level disseminated gold reserves in the Quartz Butte deposit.

Jennings' report included some of the best intercepts from three drill holes into the Eureka zone.

Hole 189 had a 140-foot intercept between 310 and 450 feet with an average grade of 0.098 ounces of gold per ton. Forty-five feet of that

hole, between 405 and 450 feet, graded an average of 0.208 ounces.

Hole 440 had a 130-foot intercept between 425 and 555 feet that averaged 0.213 ounces. Between 500 and 540 feet in that hole there was a 40-foot segment averaging 0.578 ounces. And the top five feet of that segment, between 500 and 505 feet, assayed an average of 2.77 ounces per ton.

In Hole 451, a 100-foot segment between 490 and 590 feet averaged 0.193 ounces and a 45-foot segment between 495 and 540 feet averaged 0.336 ounces. That segment also included a five-foot section, between 515 and 520 feet, that averaged 1.10 ounces per ton.

"The drillholes are contiguous and spaced 100 feet apart," Jennings said. "The significance of these previously released assays became apparent when high-grade intercepts were compiled and geologically interpreted.

"The extremely high-grade intercepts within these intervals are suggestive of a bonanza-grade vein system surrounded by envelopes of relatively high-grade, disseminated mineralization lying 100 to 250 feet below the valley floor between Crone Hill and Quartz Butte," he continued.

"The entire Eureka zone consists of the Eureka Deep and two other zones closer to the surface, Eureka North and Eureka South, and measure 1,000 feet in length and 100 feet in width.

"Together with three other high-grade zones at Quartz Butte, this represents a probable enhancement of the grade of the open pitable reserves at the higher-level Quartz Butte deposit," Jennings said. "If the Eureka zone is shown to continue at depth, the resource will be substantially increased."

Jennings added that drill testing would begin in early September.

SOURCE: ROCKY MTN PAY DIRT
DATE: SEPTEMBER 1988
COMMODITY SECTION: NONFERREROUS
STATE ARTICLE CONCERNS: OREGON

10/7

Inland, Degerstrom team up

Inland Gold & Silver Corp. and N.A. Degerstrom Inc. announced Wednesday a joint venture for exploration and possible development of 224 mining claims in Lake County, Ore.

The 4,150-acre Paisley Property was leased from the Tracy Gold Corp., which, like Inland and Degerstrom, is a Spokane firm.

Inland Secretary-Treasurer Robert O'Brien said the Paisley Property has been worked off and on since 1875, with Chevron U.S.A. and Kidd Creek Mines Ltd. the most recent prospectors.

He said ore-grade gold and silver deposits have been indicated by sampling so far, with mercury, arsenic and antimony also present.

O'Brien also said Pegasus Gold Inc. Vice President Michael Clark has joined Inland's board of directors effective Sept. 26. He replaces Hobart Teneff, who recently retired.

Pegasus purchased a 20 percent interest in Inland in August.

Publicly traded Inland and Degerstrom, which is private, are partners in several ventures.

SOURCE: SPOKANE SPOKESMAN-REVIEW

DATE: SEPTEMBER 29, 1988

COMMODITY SECTION: NONFERROUS

STATE ARTICLE CONCERNS: OREGON

10/7

Quartz Reports on Oregon Property

Quartz Mountain Gold Corp. reports on Quartz Mountain property in south central Oregon. At Drews Dome, geochemical sampling and mapping is underway. Road construction in the Angels Camp is ongoing and at Quartz Butte, high grade zones have been identified. The Eureka zone may add to the substantial increase in resources. The metallurgical drilling on the Crone Hill and Quartz Butte deposits have 47 holes totaling 6,952 feet of PQ diamond drill core. The results of testing are expected by November 1988.

SOURCE: MINING Activity Digest

DATE: SEPTEMBER 30, 1988

COMMODITY SECTION: NONFERROUS

STATE ARTICLE CONCERNS: OREGON

10/21

Discovery Reported ✓ At Quartz Butte

VANCOUVER — Quartz Mountain Gold Corp. President David S. Jennings reported a new feeder zone discovery below the known disseminated gold deposit at Quartz Butte on the company's Oregon property.

Deep drilling in 1987 encountered five particularly significant intercepts of 10 to 45 feet grading over .2 ounce gold per ton and containing intervals grading more than an ounce per ton. Jennings said this area of high grade intercepts has been expanded by step out and confirmation drilling.

The company reported that seven holes completed during the 1988 exploration drilling program intersected significant widths of silicified, quartz and/or chalcedony network veined and microbrecciated rhyolite with thin clay seams and visible gold.

Jennings said these intercepts lie near the western margin of the throat of the Quartz Butte rhyolite dome and may represent the upper reaches of "horsetailing" bonanza vein mineralization above a northeast striking tabular feeder zone at depth.

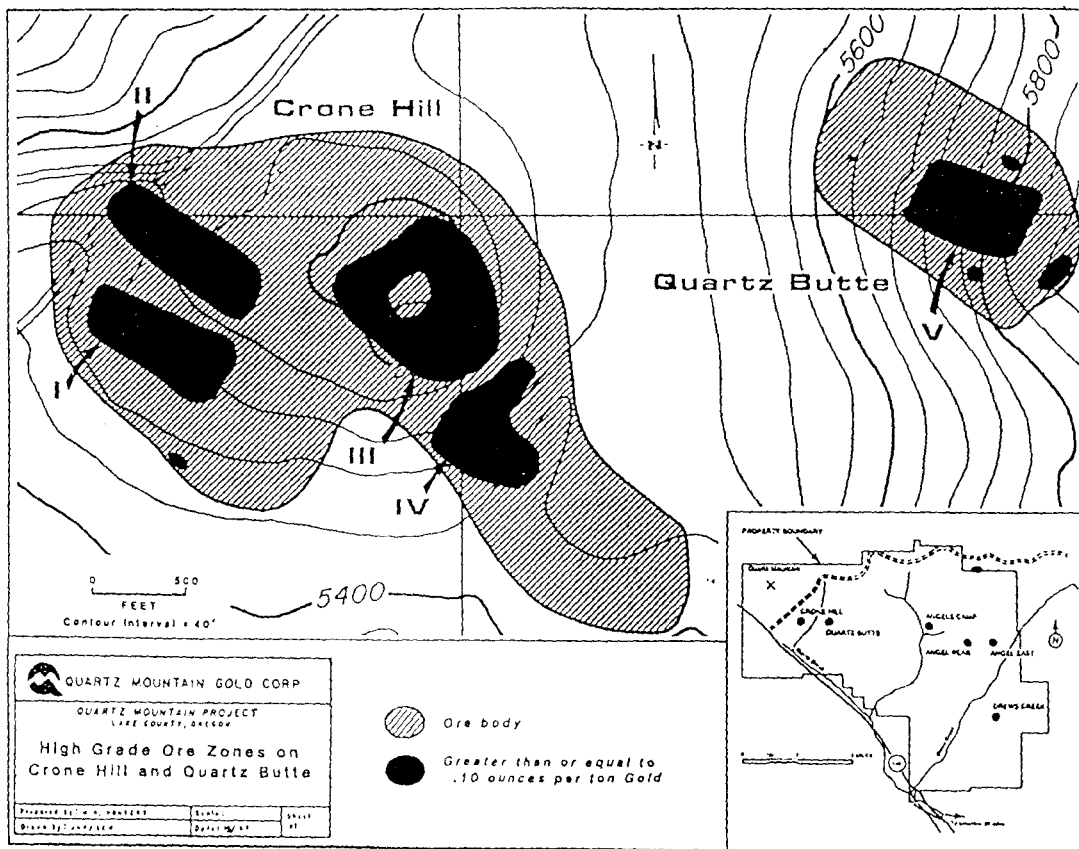
The company's address is 670 Marine Building, 355 Burrard Street, Vancouver, B.C., Canada V6C 2G8, (604) 662-7557.

SOURCE: THE MINING RECORD

DATE: NOVEMBER 30, 1988

COMMODITY SECTION: NONFERROUS

STATE ARTICLE CONCERNS: OREGON



Drilling Assays Expand High Grade Areas On Quartz Mountain Property

VANCOUVER, B.C. — Dr. William H. Bird, Chairman and CEO of Quartz Mountain Gold Corp., and Robert M. Friedland, Chairman and CEO of Galactic Resources Ltd., announced that 1987 Quartz Mountain assays have been completed. During the year 460 holes were drilled. This resulted in 33,044 assays and increased the total number of drill holes to 623. The Crone Hill and Quartz Butte ore bodies are now drilled out on 100-foot centers and new ore reserves based on these data will be available as soon as they are calculated and audited.

The final assays from Crone Hill, Quartz Butte and Angels Camp have substantially increased the areas of high grade ore. High grade zone III tripled in size and outliers have developed that

new zones. Of the more than 100 Crone Hill and Quartz Butte holes assayed since mid-November, 25 percent contained significant intercepts of ore grading above .1 ounces of gold per ton. The majority of the remaining holes contained from 50 to over 300 feet of ore grade material.

Bird said that recent results are significantly better than those reported from the 1986 drilling on which previous reserve numbers were calculated. New reserve calculations using all available data are expected to show considerable increases. These new reserves will be incorporated into a Quartz Mountain and Galactic Resources final feasibility study and a production decision is scheduled for the first quarter of this year.

Quartz Mountain Gold Corporation's address is Suite

cover, B.C., Canada V6C 2G8, (604) 662-7557. Galactic Resources' address is Suite 935 - 355 Burrard Street, Vancouver, B.C., Canada V6C 2G8, (604) 687-7169.

High tonnage, low grade for Quartz Mountain ✓

With 623 drill holes now complete, the latest assay results are expected to increase reserves at Quartz Mountain Gold and Galactic Resources' 10,000-acre gold property in south-central Oregon, the partners say.

Using an 0.01 oz cutoff grade, reserves previously stood at 128.6 million tons averaging 0.02 oz gold per ton.

Quartz Chairman William Bird says the Crone Hill and Quartz Butte orebodies are now drilled out on 100-foot centres and the new reserves will be based on those results.

Meanwhile, Bird says the final assays from Crone Hill, Quartz Butte and Angels Camp (where the core hole is located) have substantially increased the areas of high grade ore.

High grade Zone III tripled in size and outliers have developed that could, with further deep exploration, become major new zones, he said.

Of the more than 100 Crone Hill and Quartz Butte holes assayed since mid-November, 25% contained significant intercepts of ore grading above 0.1 oz.

The majority of the remaining holes contained from 50 to over 300 ft of ore grade material.

Some recently received holes assayed as follows: Hole 506 intersected 15 ft of grade 0.241 oz between 105 and 120 ft. The same hole encountered 180 ft of average 0.048 oz. Hole 594 also averaged 0.048 over 245 ft.

Hole 448 intersected 110 ft of 0.200 oz and 290 ft of 0.092 oz.

Hole 477 cut a 300-ft intercept grading 0.061 oz.

"These results are significantly better than those reported from 1986 drilling on which previous reserve numbers were calculated," Bird says.

He says the new reserves will be incorporated into a Quartz Mountain and Galactic Resources final feasibility study and a production decision is scheduled for the first quarter of this year.

SOURCE: THE NORTHERN MINER

DATE: JANUARY 18, 1988

COMMODITY SECTION: NONFERROUS

STATE ARTICLE CONCERNS: OREGON

1129

Production decision is expected soon at Quartz Mountain

By Bill Epler
Staff Reporter

A production decision is expected by the end of March by the joint venture partners on the Quartz Mountain gold project in south-central Oregon where several large deposits, some of exceptionally high grade, have been discovered.

Quartz Mountain Gold Corporation and Galactic Resources Ltd. said January 11th that a final feasibility was being compiled and "a production decision is scheduled for the first quarter of this year."

"Recent (drilling) results are significantly better than those reported for the 1986 drilling on which previous reserve numbers were calculated," the partners said. "New reserve calculations using all available data are expected to show considerable increases."

It was not made clear which areas are being considered for development in the near future, but it is expected to be in the Quartz Butte-Crone Hill area (see map) where

drilling has been completed on 100-foot centers.

Other areas where significant discoveries have been made on the large property in Lake County are Angels Camp, Angel East and Drews Creek, scattered across several miles. However, considerable work remains to be done on them before the orebodies are completely delineated.

The joint venture has also been developing a heap-leach operation on a surface deposit on Crone Hill so as to generate cashflow in the near term. At last report, it was slated to begin production shortly.

In their January 11th announcement, Dr. William H. Bird and Robert M. Friedland, chairmen of Quartz Mountain and Galactic Resources, respectively, said that assays were now complete for the 1987 drilling campaign.

"During the year," they said, "460 holes were drilled. This resulted in 33,044 assays. The Crone Hill and Quartz Butte orebodies

are now drilled out on 100-foot centers and new ore reserves based on these data will be available as soon as they are calculated and audited.

"The final assays from Crone Hill, Quartz Butte and Angels Camp have substantially increased the areas of high-grade ore," they continued. "High-grade zone III tripled in size and outliers have developed that could, with further deep exploration, become major new zones.

"Of the more than 100 Crone Hill and Quartz Butte holes assayed since mid-November, 25 percent contained significant intercepts of ore grading above 0.1 ounces of gold per ton," their announcement said. "The majority of the remaining holes contained from 50 to more than 300 feet of ore-grade material."

According to the partners, some of the recently-received results included:

Crone Hill

Hole 506: A 15-foot intercept between 105-120 feet averaged 0.241 ounces of gold per ton, and 180 feet between 100-280 feet averaged 0.048 ounces.

Hole 594: 20 feet between 60-80 feet, 0.170, and 245 feet between 0-245 feet, 0.048.

Hole 448: 15 feet between 155-170, 0.335; 110 feet between 155-265, 0.200, and 290 feet between 0-290 feet, 0.092.

Hole 477: 15 feet between 285-300, 0.796; 35 feet between 275-310, 0.366, and 300 feet between 25-325, 0.061.

Quartz Butte

Hole 432: 35 feet between 255-290, 0.214, and 315 feet between 180-495, 0.043.

Hole 455: 30 feet between 220-250, 0.588; 130 feet between 160-290, 0.175, and 395 feet between 125-520, 0.072.

Hole 493: 50 feet between 290-340, 0.111, and 205 feet between 255-460, 0.047.

Angels Camp

Core Hole 600: 15 feet between 325-340, 1.603, and 150 feet between 200-350, 0.271.

SOURCE: ROCKY Mtn. PAY DIRT

DATE: FEBRUARY 1988

COMMODITY SECTION: NONFERROUS

STATE ARTICLE CONCERNS: OREGON

3/4

Quartz Mountain decision expected by end of March

By BILL EPLER

Rocky Mountain Pay Dirt

A production decision is expected by the end of March by the joint venture partners on the Quartz Mountain gold project in south-central Oregon where several large deposits, some of exceptionally high grade, have been discovered.

Quartz Mountain Gold Corporation and Galactic Resources Ltd. said January 11 that a final feasibility was being compiled and "a production decision is scheduled for the first quarter of this year."

"Recent (drilling) results are significantly better than those reported for the 1986 drilling on which previous reserve numbers were calculated," the partners said. "New reserve calculations using all available data are expected to show considerable increases."

It was not made clear which areas are being considered for development in the near future, but it is expected to be in the Quartz Butte-Crone Hill area (see map) where drilling had been completed on 100-foot centers.

Other areas where significant discoveries have been made on the large property in Lake County are Angels Camp, Angel East and Drews Creek, scattered across several miles. However, considerable work remains to be done on them before the orebodies are completely delineated.

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Drilling results significantly better than in 1986.

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"The final assays from Crone Hill, Quartz Butte and Angels Camp have substantially increased the areas of high-grade ore," they continued. "High-grade zone III tripled in size and outliers have developed that could, with further deep exploration, become major new zones.

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Quartz Butte

Hole 432: 35 feet between 255-290, 0.214, and 315 feet between 180-495, 0.043.

Hole 455: 30 feet between 20-250, 0.588; 130 feet between 160-290, 0.175, and 395 feet between 125-520, 0.72.

Hole 493: 50 feet between 290-340, 0.111, and 205 feet between 255-460, 0.047.

Angels Camp

Camp Hole 600: 15 feet between

SOURCE: THE WALLACE (ED) MINER

DATE: MARCH 17, 1988

COMMODITY SECTION: NON FERROUS

STATE ARTICLE CONCERNS: OREGON

3/25

Galactic Crone Hill ✓ leach test negative

VANCOUVER — A production decision has been delayed at the Crone Hill property of Galactic Resources (TSE) and Quartz Mountain Gold (VSE) because of what they describe as “ambiguous metallurgical results on the heap leachability of some of the oxide ore types.” A major engineering firm has been selected to examine both the heap leach and sulphide milling potential on the property.

SOURCE: THE NORTHERN MINER

DATE: MAY 9, 1988

COMMODITY SECTION: NONFERROUS

STATE ARTICLE CONCERNS: OREGON

5/20

✓ Agreement Clears Way For Quartz Mountain Project

VANCOUVER — Quartz Mountain Gold Corp. and Galactic Resources Ltd. announced renewed progress on their Quartz Mountain project in Lake County, Oregon. Quartz Mountain President David Jennings said that with the signing of a final amendment to their joint venture letter agreement, the way is now clear for the companies to advance the project rapidly through feasibility. In this regard, the co-venturers have contracted the Davy McKee Corporation of San Ramon, California to conduct a definitive feasibility study on the 2.5 million ounce resource contained in the Crone Hill and Quartz Butte deposits. All aspects of oxide and sulfide metallurgy, heap leaching and bulk deposit milling will be investigated by this study.

Bankable feasibility reports by Davy McKee will be delivered in mid-February, 1989 at the latest, Jennings said. Results on heap leaching of oxidized ore may be available by late fall of 1988 allowing open pit/heap leach production by the third quarter of 1989. It is the goal of both companies to "fast track" the

project to production in the shortest time-frame permitted by the Davy McKee studies. Detailed metallurgical test work on new, large diameter drill core samples representing all ore types in both deposits will be designed and supervised by Davy McKee to resolve all ambiguities and discrepancies between previous studies.

To complement the feasibility work on the project, an aggressive, staged exploration program will begin on the eastern half of the district scale claim block this month. A program of ground geophysics, road building, mapping and sampling will further refine drill targets on five high priority areas — Angels Camp, Angel Peak, Angel East, Angel South and Drews Dome. Drilling will focus on the most compelling targets later in the season. Jennings said that both Quartz Mountain Gold and Galactic are highly encouraged by the epithermal alteration signatures and geochemical anomalies in rocks of the eastern part of the district and are optimistic that a new discovery will be made.

SOURCE: THE MINING RECORD

DATE: JUNE 15, 1988

COMMODITY SECTION: NON FERROUS

STATE ARTICLE CONCERNS: OREGON

1/24

Oregon Gold Property

Quartz Mountain Gold Reports New Discovery

VANCOUVER, B.C. — Dr. William H. Bird, Chairman and C.E.O. of Quartz Mountain Gold Corp., presented drill hole assay data confirming a new discovery of ore-grade gold mineralization at Quartz Butte on the company's southern Oregon property. Quartz Butte lies 1/2 mile east of Crone Hill where Quartz Mountain Gold Corp. is presently developing an ore body.

Exploration drilling began on Quartz Butte in late June with a program of widely spaced holes to test geochemical and geophysical anomalies. The first five holes, numbers 42 through 46, drew blanks. Holes 47, 48, 49, and 51 produced the discovery with assays as follows:

believed that Quartz Butte could add significantly to the overall ore reserves of the property. Quartz Butte has the added attraction of proximity to Crone Hill, Bird said, and ore from both areas could be processed at the same plant.

This new discovery marks the first time that ore-grade mineralization has been found away from Crone Hill. The ramifications of this are extremely important not only for the immediate increase in the property's potential resources but also for the possibility of additional gold discoveries. The Crone Hill exploration model, already successful at Quartz Butte, is now being applied at the Angels Camp target 2 miles to the east on Quartz Mountain Gold Corp.'s 8,000-acre pro-

Hole No.	Intercept (in feet)	Total Footage	Grade oz. Au/ton
47	100 - 200	100	0.021
	230 - 260	30	0.024
	350 - 430	80	0.034
48	275 - 325	50	0.063
	195 - 325	130	0.033
	490 - 535	45	0.041
	610 - 655	45	0.050
	155 - 655	500	0.021
49	185 - 215	30	0.056
	185 - 265	80	0.029
	465 - 480	15	0.085
51	310 - 355	45	0.035
	370 - 435	65	0.034

A new series of holes is now planned to delineate the Quartz Butte mineralization. The similarities between the new discovery and Crone Hill are very encouraging. It is

perly. Initial geological results are favorable and an exploration drilling program is planned.

The company's address is 935 Marine Building, 355 Burrard Street, Vancouver, B.C. V6C 2G8, (604) 662-7557.

SOURCE: THE MINING RECORD

DATE: SEPTEMBER 3, 1986

COMMODITY SECTION: NON FERROUS

STATE ARTICLE CONCERNS: OREGON

Assays For Quartz Mountain Gold^v Property Exceed Expectations

VANCOUVER, B.C. — Dr. William H. Bird, chairman and C.E.O., Quartz Mountain Gold Corp., reported that preliminary assays from a 100-hole drill program on the company's 8,000 acre east Oregon gold property have returned values that add significantly to the drill-inferred reserves cited by Anaconda Minerals Corp., the property's previous owners.

Of the 17 holes completed on the property, assays are now available for 3 holes on the Crone Hill gold deposit. Those holes, which are 400 feet apart and are 200-400-foot step-outs from Anaconda ore-grade holes, contained much greater thicknesses and much higher grades of gold-bearing material than expected.

Said Bird, "The extremely thick gold-bearing unit in the Crone Hill holes is the highly altered and mineralized, flat-lying #5 stratigraphic unit that is known to carry the

Hole No.	Intercept (in feet)	Total Footage	Grade Au/OZ/Ton
34	60 - 130	70	0.052
	55 - 195	140	0.042
	55 - 275	220	0.036
35	145 - 185	40	0.100
	90 - 190	100	0.065
	75 - 250	175	0.052
36	80 - 100	20	0.045
	75 - 135	60	0.030

bulk of Anaconda's reserves of 10 to 25 million tons grading .04 ounces of gold per ton. The gold values within three intervals are evenly distributed and the majority of the mineralized material is highly oxidized."

The 100-hole program at the Quartz Mountain property is designed to prove up the Anaconda reserves outlined along the south flank of Crone Hill and to test three

other exploration targets on the property. Already, drilling on the Quartz Butte target has indicated mineralization similar to the Crone Hill gold-bearing unit.

The Vancouver-based Quartz Mountain Gold Corp. was formerly Wavecrest Resources Ltd. The company's address is Suite 935 Marine Building, 355 Burrard Street, Vancouver, B.C. V6C 2G8, (604) 662-7557.

SOURCE: THE MINING RECORD

DATE: JULY 16, 1986

COMMODITY SECTION: NON FERROUS

STATE ARTICLE CONCERNS: OREGON

7/25

'Important results' ✓ told at Quartz Mtn.

VANCOUVER, B.C. — 'Important results' have been announced from winter drilling programs at the Quartz Mountain Gold Corp.'s properties in southern Oregon.

Drill holes at Quartz Butte and Angels Camp, the company's new discovery two miles to the east, encountered approximately 50 foot intervals of .25 ounces of gold per ton within 130 feet plus intervals grading over .10 ounces per ton, company president William H. Bird said.

"Our excellent drilling results continue to enhance the ore reserves at Crone Hill and Quartz Butte. The higher grade hole at Quartz Butte is especially gratifying since our geologic model predicts the discovery of such zones. We expect to find more as we continue to increase the number of drill holes. The Angels Camp high-grade hole is, of course, an exciting drill confirmation of the surface discovery we made last fall. It also strengthens our geologic model and advances the exploration of the eastern half

of our 10,000-acre property."

Wright Engineers Ltd. of Vancouver, B.C., is preparing a prefeasibility study for Quartz Mountain on the Crone Hill and Quartz Butte ore bodies. Preliminary results, which still do not include the winter drilling, indicate a much larger ore reserve than was originally anticipated. This larger reserve justifies the testing of additional milling processes, such as flotation and conventional leaching techniques, in conjunction with the ongoing heap leach tests. The completion date for the prefeasibility study has been rescheduled to allow inclusion of this additional process testing. Work is already underway in preparation for the company's 300 plus hole summer development drilling program.

Early returns from this program will also be included in the prefeasibility study. Present ore reserve estimates are being recalculated, using the winter drilling data and they will be released as soon as they are completed.

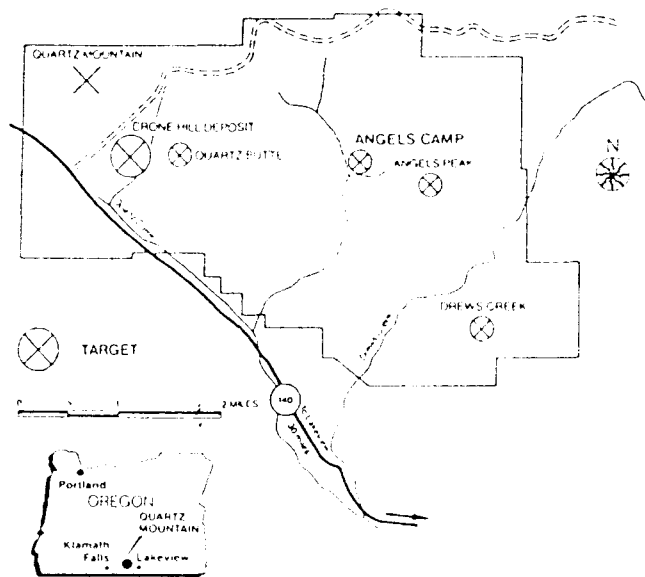
SOURCE: THE WALLACE (ID) MINER

DATE: MAY 14, 1987

COMMODITY SECTION: NONFERROUS

STATE ARTICLE CONCERNS: OREGON

OREGON PROJECT AREA



Quartz Mountain Announces Gold Discovery At Angels Camp

VANCOUVER, B.C. — Dr William H. Bird, Chairman and CEO of Quartz Mountain Gold Corp., announced that detailed geological mapping and sampling at Angels Camp, Oregon, has resulted in an important new surface discovery of ore-grade gold.

Angels Camp lies three miles east of the company's Crone Hill and Quartz Butte gold deposits and it is one of the untested exploration targets in the eastern portion of the 10,000-acre southern Oregon property. The discovery marks the first time that gold has been found in this area and it represents an important success in the application of the Quartz Mountain Gold exploration model to other targets controlled by the company, Bird said.

Quartz Mountain Gold plans an immediate drill program at Angels Camp to test

the full extent of the gold discovery. Drilling roads and permits are currently being completed and a reverse circulation drilling rig is being mobilized to begin work during the first week in January. The Angels Camp drilling program will be part of an expanded winter schedule on the property that will include additional fill-in drilling at Crone Hill and Quartz Butte.

Wright Engineers Ltd. of Vancouver has been engaged by Quartz Mountain Gold Corp. to prepare a prefeasibility study on the Crone Hill and Quartz Butte deposits. Prospects for the new discovery at Angels Camp will be included in this study in a section on the potential of the eastern part of the property.

The company's address is 935 Marine Building, 355 Burrard St., Vancouver, B.C. V6C 2G8, (604) 662-7557.

SOURCE: THE MINING RECORD

DATE: JANUARY 7, 1987

COMMODITY SECTION: NONFERROUS

STATE ARTICLE CONCERNS: OREGON

AARCO buys into Oregon claims ✓

AARCO Gold Corp. has purchased a 50 percent interest in 17 unpatented claims adjacent to the Warner Mine in Douglas and Jackson counties, Ore.

The Warner Mine,

owned by Galactic Resources Ltd., is in the middle of the AARCO claim group. The claims are in the Western Cascade Mountains at the head of Last Chance Creek. The claims are 40 miles north

of Grants Pass, Ore.

Sampling of old workings of the Warner Mine have run between .41 to 18 ounces of gold per ton. Silver values are two ounces per ton, AARCO officials said.

The projected strike of the main Warner mineralized structure extends into the AARCO claims, the company said. Selected whole rock samples from the claims are now being tested.

Galactic Resources is currently evaluating its Warner property and have

an exploration program on the property.

AARCO Gold Corp. holds mineral rights in Montana covering 3,000 acres of potential oil and gas properties. The company is also seeking an additional claim group in Montana and Colorado, it said.

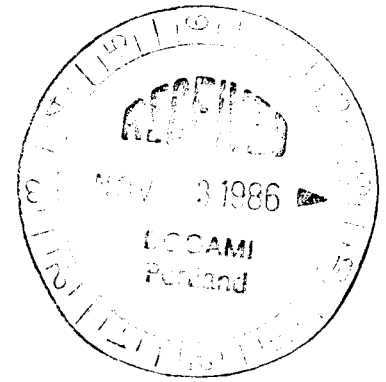
SOURCE: THE WALLACE (ID) MINER

DATE: JANUARY 12, 1984

COMMODITY SECTION: NONFERROUS

STATE ARTICLE CONCERNS: OREGON

1/20



Crone Hill drilling beats expectations ✓

VANCOUVER, B.C. — The drilling program at the southern Oregon Crone Hill-Quartz Butte property is well ahead of schedule, according to officials of Quartz Mountain Gold Corp., the property owner.

In June through August, 73 reverse circulation and core drill holes of 29,926 feet were completed. One core drill and two reverse circulation drill rigs are currently working at the property, and a third reverse circulation drill rig is to be brought to the property this

fall, officials said.

Samples for metallurgical testing have been collected from surface pits and drill cuttings and are now being prepared for shipment to an independent testing facility. Results from the metallurgical tests and the accelerated drilling program should be sufficient for Quartz Mountain Gold to begin a prefeasibility study for production from the Crone Hill ore body by the end of the year, company officials said.

Assay results from drill holes on

the Crone Hill ore body continue to be very impressive, they said.

"Our field crew has done an incredible job advancing the program," said chairman Dr. William H. Bird. "We believe now that we will have sufficient data this year for a prefeasibility study. Originally, we felt that we would have to drill through the winter to achieve this stage."

He added that "The property, of course, continues to impress us with constant thick sections of ore-grade mineralization."

The company recently completed drill holes which were important because they expanded the orebody to the northwest, he said. In addition, fill-in drilling has been done.

"All holes demonstrate the exceptional vertical and horizontal continuity of the ore mineralization," he said. "Furthermore, a significant por-

tion of the ore is near the surface in the oxide zone and will be easily mined and leached."

Work planned for the remainder of the 1986 exploration season includes drilling on the Crone Hill ore body.

"We are starting a second series of holes at Quartz Butte, our new gold discovery, which lies one-half mile east of Crone Hill," Bird said. "Our expectations for this discovery continue to improve as we learn more and more about it. Surface exploration at Angels Camp, two miles east of Quartz Butte, has progressed to the point where we are locating and permitting holes that will be drilled next year."

Exploration drilling at Quartz Butte started in late June. A new series of holes to delineate the mineralization is currently being planned.

SOURCE: THE WALLACE (FD) MINER

DATE: OCTOBER 9, 1986

COMMODITY SECTION: NONFERROUS

STATE ARTICLE CONCERNS: OREGON

* * *

Quartz Mountain Gold Corp. has released assay results for the first eight holes in a drill series on the Crone Hill gold deposit in southern Oregon. The drill holes lie in a line along the south flank of Crone Hill, 400 feet apart. Results include 40 feet of 0.1, 175 feet of 0.053, 180 feet of 0.076, 200 feet of 0.015, and 100 feet of 0.065 ounces of gold per ton.

* * *

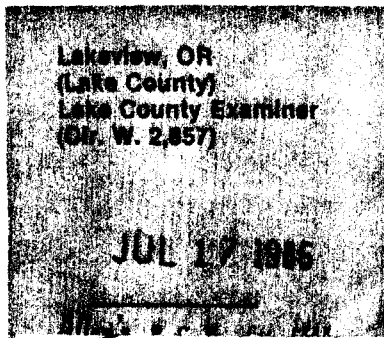
SOURCE: NORTH AMERICAN GOLD MINING
INDUSTRY NEWS

DATE: AUGUST 15, 1986

COMMODITY SECTION: NONFERROUS

STATE ARTICLE CONCERNS: OREGON

Jerry 5



Quartz Mtn gold deposit valued high

5018
 Preliminary assays from a 100-hole drill program have returned values that add significantly to the drill-inferred reserves cited by Anaconda Minerals Corp., previous owners of an 8,000 acre southeast Oregon gold property.

According to Dr. William H. Bird, chairman of Quartz Mountain Gold Corp., the company is now holding mineral rights to

the property, of the 17 completed holes, assays are now available for three holes on the Crone Hill gold deposit.

Those holes, which are 400 feet apart and are 200 to 400 foot step-outs from Anaconda ore-grade holes, contained much greater thicknesses and much higher grades of gold bearing material than expected.

In a press release Bird states, "The extremely thick gold-

bearing unit in the Crone Hill holes is the highly altered and mineralized, flat-lying No. 5 stratographic unit that is known to carry the bulk of Anaconda's reserves of 10 to 25 million tons grading .04 ounces of gold per ton."

"The gold values within these intervals are evenly distributed and the majority of the mineralized material is highly oxidized."

The 100 hole program at the Quartz Mountain property is designed to prove up the Anaconda reserves outlined along the south plank of Crone Hill and to test three other exploration targets on the property.

Already, says the press release, drilling on the Quartz Butte target has indicated mineralization similar to the Crone Hill gold-bearing unit.

Wavecrest Resources To Acquire Controlling Interest In Gold Discovery

VANCOUVER, B.C. — Dr. William H. Bird, president of Wavecrest Resources Ltd. announced that Wavecrest has concluded an agreement to acquire the controlling interest in the Quartz Mountain gold discovery located in the Basin and Range province of southern Oregon near the Nevada border. The property consists of 8,000 acres which contain a major gold discovery and three additional large gold exploration targets.

The Quartz Mountain Mine discovery was originally put together by Anaconda Minerals Company and, at the time Anaconda ceased all mining activities in 1985, the property was considered to be its best gold project. Anaconda drilling in the discovery area has outlined an enormous epithermal gold deposit similar in geology to many of the major Nevada gold mines to the southeast. Anaconda's estimates of potential open pit reserves range from 10 million to 25 million tons grading 0.04 ounces of gold per ton. The overall potential resource for the entire proper-

ty including the other three targets is thought to be in excess of 100 million tons.

Wavecrest acquires the right to operate the project and approximately a 60 percent working interest in the Quartz Mountain property through the purchase of Diamond Head Mines Ltd., a private Canadian holding company. Under the terms of the agreement, Wavecrest will purchase 100 percent of Diamond Head's stock over the coming year for \$1.5 million (U.S.) and the issue of 200,000 shares. Wavecrest will also take responsibility for \$1.1 million (U.S.) in remaining Anaconda property payments and has committed to an \$800,000 (Cdn.) exploration program.

Permits are already in place to complete a major drilling program at Quartz Mountain during the 1986 season.

Wavecrest is presently mobilizing to undertake this and extensive additional development work. Funds for the purchase of Diamond Head and to perform exploration work on the property will come from the Wavecrest treasury and from a series of private placements of Wavecrest stock with sophisticated investors and North American and European institutions. The first private placement will be 1 million units at \$4.00 per unit. Each unit shall comprise of 1 common share and 1 warrant for the purchase of 1 additional common share for \$4.25 per share exercisable within 12 months. The private placement is subject to the approval of the regulatory authorities, Bird said.

The company's address is 935 Marine Building, 355 Burrard St., Vancouver, B.C.

SOURCE: THE MINING RECORD

DATE: APRIL 2, 1986

COMMODITY SECTION: NONFERROUS

STATE ARTICLE CONCERNS: OREGON

JAN 2 1986

Jerry
Allen's P. C. B Est. 1888

Quartz mining negotiations underway

5018

By Sharon Liddycoat

No final acquisition of the Quartz Mountain mining rights has yet been made but negotiations are underway.

Anaconda Minerals, a subsidiary

of Atlantic Richfield, formerly held the mining rights, but its mother company has gotten out of and subsequently dissolved the business. Several companies have limited partnerships in Quartz Mountain, some are selling their interest and some are attempting to buy.

Exvenco, a company based in Washington State, has an interest in a limited partnership and has been in negotiations as has Wavecrest Resources Ltd. out of Vancouver B.C.

The Canadian company is presently negotiating to acquire an interest in the Quartz Mountain property. If successful, it plans to begin exploration work on the property this year. William H. Bird, president of the company, spoke to the Examiner about future plans if negotiations go through.

"At this point this is what is called an exploration property. We will be trying to determine if it is a profitable venture which takes a fair amount of drilling," he said.

The mining property consists of roughly 10,000 to 15,000 acres east of Quartz Mountain. According to Bird, an estimated 100 acres would be dug up for exploration.

"The entire acreage is not viable. There are only three to four small areas where it is possible something economic could occur. The rest of the acreage simply ties the areas together," said Bird.

When asked about the environmental impact, he said the

environmental laws were such that companies must now look at the rate of profit of exploration based on the environmental costs. Bird estimated two to three years of exploration before any actual mining would be done.

"No one is going to go in in the next six months and start a mine. Judging by other properties I'm involved in, we would probably spend \$5 million on exploration and another \$20 million to \$40 million on development. You're looking at \$25 million to \$50 million before actual mining production begins," he said.

The property is what is termed an unpatented claim. The federal government allows private companies to stake unpatented claims on its land. Discovery and survey claims must be filed with the courthouse and BLM or Forest Service, and \$100 worth of work must be done

every year in order to hold the claim.

The claim gives the holder the right to all minerals on the land. It does not give them the right to use the land for any other purpose. They can build roads for access and can use the timber for mining purposes.

If a company or private individual can prove they have a legitimate mineral property, they can have the land patented. The government then turns it over and it becomes private land to be used as the claimant sees fit.

According to Bird, patenting a piece of property used to be very common and quite easy, but it has become a much more difficult thing to do in recent times. He does not expect to patent the land anytime in the near future.

(Continued on page 3)

Klamath Falls, OR
(Klamath County)
Herald & News
(Cir. D. 19,384)
(Cir. S. 18,897)

105
JUN 15 1987

Allen's P. C. B Est. 1888

5018 Gold mine drilling under way

Major new drilling is being done at Crone Hill and Quartz Butte following the announcement of a joint venture development plan for the possible Quartz Mountain gold mine.

Dr. William Bird, chairman and chief of operations of Quartz Mountain Gold, and Robert Friedland, chairman and CEO of Galactic Resources Ltd., said the two companies will do a joint venture development of the 10,000-acre property near Quartz Mountain in Lake County.

Management of both companies said a joint venture development on a 50-50 basis "will most rapidly and efficiently advance the shareholder's interests at this time." A previously announced merger proposal for the two firms has been deferred.

Bird said the new agreement gives Galactic the option to buy a 50 percent operating interest in Quartz Mountain Gold property, the commitment to fund a feasibility study for the Crone Hill and Quartz Butte deposits and finance the resulting mine development and construction. Galactic has taken over supervision of the project while Quartz Mountain Gold is operating the expanded drilling and exploration program.

The gold resource at Crone Hill and Quartz Butte, according to Bird, consists of 47.6 million tons grading at .03 ounces of gold per ton. A second major goal will be the "fast-track" development of an initial oxide mine to produce 13.3 million tons of ore grading .028 ounces of gold per ton.

First step in the development process will be the completion of a feasibility study using existing engineering data plus information forthcoming from this summer's drilling and pilot heap leach plant. Permitting for the construction and operation of the pilot plant should be in place later this month, according to Bird.

The 250-hole drilling program will expand the mineral inventory and prove the ore to support bank financing for the project. In addition to drilling, Bird said Quartz Mountain Gold will "undertake an aggressive exploration drilling program" at Angels Camp.

Klamath Falls
(Klamath County)
Herald & News
(Cir. D. 19,384)
(Cir. S. 18,897)

John B

MAY 19 1987

Allen's P. C. B Est. 1888

HERALD AND NEWS, Klamath Falls, Oregon

Larger-than-expected gold reserves indicated at Quartz Mountain site

⁵⁰¹⁸
Evaluations of gold resources at the Quartz Mountain holdings indicate larger-than-expected gold reserves.

Dr. William Bird, chairman of Quartz Mountain Gold Corp., said results of the Wright Engineers Ltd. evaluation at Crone Hill and Quartz Butte indicate the need for more tests because of the large supply.

Bird said \$2.5 million has been budgeted over the coming six months for additional drilling and evaluation. The evaluation's data base is based on tests from more than 200 holes drilled during the past year on the company's 10,000 acres of property near Quartz Mountain near Highway 140 between Bly and Lakeview.

The evaluation does not reflect any results from the Angels Camp, Angel Peak and Drews Creek areas, which will be drilled this summer.

Wright Engineers calculated the Quartz Mountain Gold's drilling program has delineated 128.6 millions tons containing a mineral inventory of more than 2.5 million ounces of gold at a cutoff grade of .01 ounces of gold per ton and an average grade of .02 ounces of gold per ton.

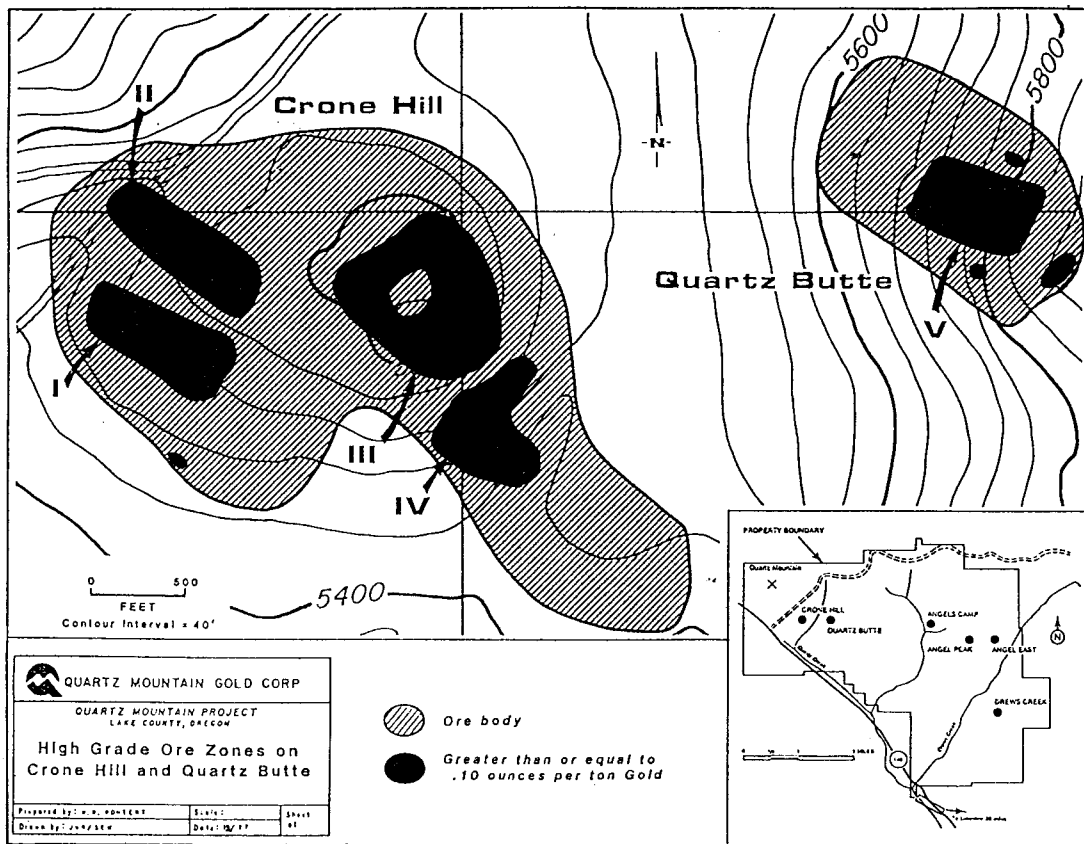
At a higher cutoff grade of .02 ounces of gold per ton, a mineral inventory of 1.5 million ounces of gold is contained in 47.6 million tons, grading .03 ounces of gold per ton.

The figures are much larger than the numbers used to develop Quartz Mountain Gold's original heap leach engineering

plans. New studies and tests are under way to determine how best to recover the maximum amount of gold, according to Bird. The studies will take four to six months and will be integrated into a prefeasibility study on the entire Crone Hill and Quartz Butte reserves.

The past year's drilling outlined a large low-stripping ration deposit of easily leached oxidized ore on Crone Hill, according to Bird. The company is examining the possibility of building a first-phase low heap leach operation using that to offset any delays in production plans.

Bird said the low heap leach operation would allow Quartz Mountain Gold to begin production as it completes the engineering necessary to exploit the property's full potential. The first-phase Crone Hill heap leach pit design under consideration contains 12.1 million tons of ore grading .028 ounces of gold per ton with a cutoff grade of .015 ounces of gold per ton.



Drilling Assays Expand High Grade Areas On Quartz Mountain Property

VANCOUVER, B.C. — Dr. William H. Bird, Chairman and CEO of Quartz Mountain Gold Corp., and Robert M. Friedland, Chairman and CEO of Galactic Resources Ltd., announced that 1987 Quartz Mountain assays have been completed. During the year 460 holes were drilled. This resulted in 33,044 assays and increased the total number of drill holes to 623. The Crone Hill and Quartz Butte ore bodies are now drilled out on 100-foot centers and new ore reserves based on these data will be available as soon as they are calculated and audited.

The final assays from Crone Hill, Quartz Butte and Angels Camp have substantially increased the areas of high grade ore. High grade zone III tripled in size and outliers have developed that could, with further deep exploration, become major

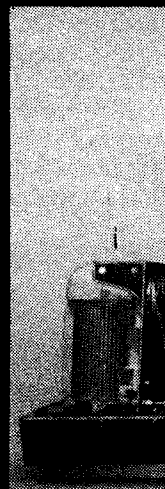
new zones. Of the more than 100 Crone Hill and Quartz Butte holes assayed since mid-November, 25 percent contained significant intercepts of ore grading above .1 ounces of gold per ton. The majority of the remaining holes contained from 50 to over 300 feet of ore grade material.

Bird said that recent results are significantly better than those reported from the 1986 drilling on which previous reserve numbers were calculated. New reserve calculations using all available data are expected to show considerable increases. These new reserves will be incorporated into a Quartz Mountain and Galactic Resources final feasibility study and a production decision is scheduled for the first quarter of this year.

Quartz Mountain Gold Corporation's address is Suite 670 - 355 Burrard Street, Van-

couver, B.C., Canada V6C 2G8, (604) 662-7557. Galactic Resources' address is Suite 935 - 355 Burrard Street, Vancouver, B.C., Canada V6C 2G8, (604) 687-7169.

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& 69**



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Watersaw Systems for mining applications

STOCKS TO WATCH

Quartz Mountain: Undervalued with big potential gain

Every investor should now be considering North American gold stocks for a portion of his portfolio as an intelligent speculative/appreciation strategy. A good mix would include a combination of junior-producing mines, development companies, and, lastly, the more leveraged exploration plays. Here are four companies in these categories that I consider to be undervalued. I have been purchasing these for my clients' portfolios.

Galactic Resources Ltd. (NASDAQ-GALCF) is a producing company with much more up its sleeve. Quartz Mountain Gold Corp. (VSE-QZM) is a major development-stage company with magnificent potential. Skylark Resources Ltd. (VSE-SKR) and Viscount Resources Ltd. (VSE-VIS) are attractively leveraged exploration/development plays.

Galactic has begun production at what will be the largest independently owned heap-leaching gold mine in the world—its Summitville, Colorado, mine. This is the company's principal gold property with 1.5 million ounces of drill-proven reserves. The Summitville Mine is expected to produce 125,000 ounces of gold per year. With 10,000 ounces produced in September, total production since June 5, 1986, is approximately 34,000 ounces of gold and 41,000 ounces of silver.

In the first year of mining (June to

December 1986), production costs per ounce of gold are projected at US\$125 to US\$175 cash operating cost. An after-tax cash flow projection for the Summitville Mine for this first year should be between US\$19 million and US\$25 million, depending on the price of gold and recoverable ore grades.

Galactic also has an agreement with Amselco Minerals Inc. for the joint development and operation of the Ridgeway gold deposits located in South Carolina. With over two million ounces of drill-indicated reserves, the Ridgeway is expected to shortly become one of the largest primary gold producers in the U.S.

Amselco has completed a successful pre-feasibility study that indicates a year-round mining rate of 14,000 tons per day for a mine life in excess of 10 years. Average gold production is estimated at 180,000 ounces at cash operating costs of approximately US\$200 per ounce.

With help from its billion-dollar partner Bechtel Civil and Minerals Inc. (which did the engineering and construction at Summitville), Galactic obtained an agreement to develop heap leaching of gold in China's Xinjiang Province. It has a concession to look at roughly 4,000 mine sites, and in production stages would probably take out half of the profits in foreign currency. Galactic plans to give 5% of its concession to Bechtel, sell 15% to the public, and keep 80%.

Galactic has 21,873,586 shares outstanding and trades around US\$8.00.

Quartz Mountain has the potential to become one of the largest gold mines in North America. The Quartz Mountain property is located in south-central Oregon, just west of the Nevada-California border.

After a recent meeting with the president

of the company, in which I was given a good update on the latest drill results, my estimate is that Quartz Mountain has 30 million tons of ore with over 1.3 million ounces of gold. If this property should finally prove up ore in excess of 40 million tons then the profitability of the company would be outstanding. Also, if gold prices increase in the next three to five years above US\$500, then Quartz Mountain could become the premier mining company in North America.

Thirty holes drilled by the previous owner on Crone Hill turned up reserves of 10 million to 25 million tons of 0.04 ounces of gold per ton in an oxidized state very amenable to heap leaching. A significant portion of the ore is near the surface in the oxide zone, making it easily accessible for mining and heap leaching. Other target areas exist on the property.

This is a very undervalued stock. The company has a US\$35 million market capitalization. We know other exploration and development companies with one-fourth the reserves that have much higher market caps. Also, Quartz Mountain is financially sound.

Management is lead by Dr. William Bird, who rediscovered the Summitville property and subsequently sold it to Galactic.

In very short order (two years), this company could be a big player in North American gold mining. If it can mine at US\$150 per ounce and produce a minimum of 100,000 ounces annually starting sometime in 1988, this would translate into a stock price of at least C\$15.

Quartz Mountain has 16,062,003 shares outstanding and trades around C\$2.90 per share.

Skylark is a small Canadian company operating in the mineral-rich region of Greenwood, British Columbia. Skylark

has a 50/50 joint venture with Viscount, another Canadian company, to develop and mine the H Zone, which straddles the border of Viscount's OB Claim and Skylark's own property near Greenwood. To date, two million ounces of silver have been drill-indicated in the H Zone in a highly concentrated and easily accessible deposit.

Skylark and Viscount have completed an underground decline on the H Zone and approximately 1,000 tons of development ore has been stockpiled. A test sample of the ore has been sent to a nearby mill. The companies plan to proceed with custom milling of the ore very soon.


In addition to several other highly promising sites on the OB Claim, Skylark has an undivided interest in several equally promising sites warranting development on its own 26 contiguous claims adjacent to the OB property.

In early August Skylark announced a new discovery of visible free gold on the Serpentine Zone on its wholly owned property. The latest drill holes intersected extensive gold/silver values. One hole resulted in an intersection of one foot from 455 to 456 feet grading 1.762 ounces of gold and 0.29 ounces of silver per ton.

Diamond drill exploration along strike and down dip of the OB Claim has shown economic silver values averaging over 20 ounces per ton and significant quantities of gold (0.08 ounces per ton) across a diluted width of 5.0 feet. A recovery rate of 88% on the OB Claim is expected with total costs per ton approximating US\$100.

Viscount holds several other interesting properties, including: a property near Contwoyto Lake in the Northwest Territories southeast of the Lupin gold mine; the Stem gold prospect in Hedley, British Columbia, adjoining the new Mascot gold mine property; 4,000 acres at Russell Lake, Northwest Territories, in close proximity to the Aber Resources Bugow property where a major gold find has just occurred; and interests in 51 oil and gas wells in Canada and the U.S.

After-tax profits from production on the H Zone are expected to run close to 30%.



THE Quinto QU. V
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For more information please contact:

Mr. Paul Schiller
Quinto Mining Corp.
Suite 807-543 Granville St.
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Lake County NW of Lakeview Levon Resources a good bet

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program in the Comstock Lode region of Nevada.

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plished, gold will be ready for its next move up. It is normal to expect a correction in the price of the metal after it has moved up so quickly to the US\$440 price range.

I would continue to add gold stocks to your portfolio on any pullback in the price of gold. It is better to add to your position on a down dip in the gold market than on an up dip. Buy the stocks on this weakness.

Major mining companies are spending millions of dollars to expand old gold mining operations or to open new gold mines. Are they trying to tell us something? Large companies such as Homestake Mining, Echo Bay Mines, Placer Developments, and Campbell Red Lake are some of the companies spending millions to expand operations. They do not appear to be negative on the industry.

Listed below are some junior mining stocks that show growth potential and should be watched as progress continues on their properties.

Minerex Resources (VSE-MAX) has encouraging results from its Phase I drilling

Creek, Colorado. It has potential for a large heap-leaching operation there in addition to an underground mining operation. Some underground drilling has been very encouraging, but this drilling is very preliminary.

Electra North West Resources (VSE-ETA) is continuing to improve its heap-leaching operation in Aurora, Nevada. This property could be profitable in the next six to 12 months. The new management team may already be reviewing other mining properties in Nevada that could be placed into production in the next 12 to 18 months.

Fall and winter drilling should begin soon in the Casa Berardi area of Canada. Energex Resources (VSE-EGX) and Lenora Explorations (TSE, VSE-LEN) have good property positions in this gold belt. Minerex also has four properties in this region.

Samuel R. Conover is a stockbroker with Tri-Bradley Investments Inc., 5680 So. Syracuse Circle, Suite 520, Englewood, CO 80111, 303-773-9199 or 800-992-1049.

US\$500,000 in its treasury, will utilize its resulting cash flow to further exploration and development on its properties.

Both Skylark and Viscount represent excellent investment opportunities. The presidents of each company, Herb Shear and Charles O'Sullivan respectively, are experienced in all aspects of mining exploration and development.

Skylark has 3,994,503 shares outstanding, and is trading around C\$1.30. Viscount, with 3,544,132 shares outstanding, trades around C\$1.27.

Kenneth J. Gerbino is an investment advisor and editor of The Kenneth Gerbino Investment Letter, ranked No. 1 in the U.S. among all financial newsletters by The Hulbert Digest for first-half 1986 performance gains. His firm was ranked by CDA Technologies Inc. as among the top 10 investment advisory firms in the U.S. for the six-month and 12-month periods ending June 30, 1986. Address is Kenneth J. Gerbino & Co. Inc., 9595 Wilshire Blvd., Suite 200, Beverly Hills, CA 90212, 213-550-6304.

World Investment News

*Vancouver, B.C.
New 86*

Quartz Announces Board Changes; Completing Crone Hill Study ✓

VANCOUVER, B.C. — Quartz Mountain Gold Corp. announced that Mr. Lal Gondi, Senior Partner of Haywood Securities, Inc., and Dr. David Jennings, Vice-president of Northern Dynasty Explorations Ltd., have been appointed to the Board of Directors of the company. They will replace Mr. Assa Manhas and Mr. Darcy Johal, who recently resigned. In other business, the board has appointed Deloitte Haskins & Sells as auditors to the company to fill the vacancy left when the previous auditors resigned with no disagree-

ments with the company.

During July, the agreement to purchase from the 80-04 Limited Partnership the remaining outstanding interest in Quartz Mountain Gold's Crone Hill/Quartz Butte gold property was closed. The company now has 100 percent of the property. The last of the major cash payments required to purchase the property was made in July.

Also in July, the company closed its most recent private placement of stock consisting of 750,000 units. Each unit cost \$2.33, and included a share and a warrant to purchase an additional share at \$2.42. The issue brought \$1,745,000 into the company treasury. These funds, along with funds on hand, will provide money to complete the purchase of the Crone Hill/Quartz Butte property and carry it through the prefeasibility stage. Funds received from the exercise of outstanding warrants will provide money to complete the Crone Hill feasibility study.

The company's address is 935 Marine Building, 355 Burrard Street, Vancouver, B.C. V6C 2G8, (604) 662-7557.

10-8-86

Mining Record

Quartz Mountain project has metallurgical, staff problems

By Bill Epler
Staff Reporter

There are troubles afoot at Quartz Mountain Gold Corporation and Galactic Resources Ltd., joint venture partners in exploration and development of extensive gold deposits in south-central Oregon.

Items:

—William H. Bird, guiding light in Quartz Mountain Gold and in exploration and development of the desposits, resigned as chairman, president and CEO, the company announced April 28th.

—Construction of the initial phase of a heap-leach gold mine at the property has been delayed "because of ambiguous metallurgical results," the joint venture partners announced the same day.

—David S. Jennings has been appointed president and CEO, Quartz Mountain announced May 20th.

Late last year, as the 1987 drilling program wound down, the partners announced they expected to reach a decision early this year on developing a heap-leach operation on the Crone Hill oxide orebody to generate cash flow while long-range plans for the other deposits were formulated and developed.

Silence insued until the dual announcements on April 28th that Bird had

resigned and that a decision on the Crone Hill plant had been delayed.

The resignation announcement was brief. It did say Bird will remain as a director.

The announcement was made over the signature of Geoffrey Hoyl, executive vice president and COO.

The joint announcement of the delay on the Crone Hill plant was made by Robert M. Friedland, chairman and CEO of Galactic, and by Hoyl for Quartz Mountain.

The announcement said that "a production decision on the construction of an initial phase heap-leach gold mine at Crone Hill has been delayed at this time because of ambiguous metallurgical results on the heap leachability of some of the oxide ore types. The data requiring further study is contained in a preliminary report recently received and reviewed by Galactic and Quartz. Additional metallurgical testing will proceed to resolve differences due to conflicting and inconclusive results from earlier and more recent bottle-roll and column-leach tests.

"Ongoing studies for the development of the oxide heap-leach alternatives or a sulphide milling operation to maximize the potential of the property will continue under the direction of a major engineering firm to be selected and directed by Galactic and Quartz."

"The firm will formulate new time lines, subject to the approval of both companies, to complete the work in the agreed program as quickly as possible.

"Exploration of the eastern side of the property will continue throughout 1988."

In its announcement of the appointment of the new president and CEO, Quartz Mountain said, "Dr. Jennings brings 20 years of experience in the mining industry to the company. He is a professional geologist specializing in the discovery of both precious metal and base metal sulphide deposits. The last five years of his career have been devoted exclusively to gold deposit development."

The announcement went on to relate that Jennings was formerly president of Aston Resources Ltd., which is developing an open-pit heap-leach gold project in Wyoming, and vice president and co-founder of Northern Dynasty Explorations Ltd., operators of a heap-leach mine in Nevada. He is also a director of Quartz Mountain, Aston Resources, Cornucopia Resources Ltd., Northern Dynasty, Athen Gold and Menika Mining Ltd.

Jennings commented that he "is very optimistic that the current ambiguities in metallurgical results" at Crone Hill will be favorably resolved.

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6/88

Production Decision Delayed On Construction At Crone Hill Mine

VANCOUVER — Galactic Resources Ltd. and Quartz Mountain Gold Corp. jointly announced that a production decision on the construction of an initial phase heap-leach gold mine at Crone Hill in Oregon has been delayed at this time because of ambiguous metallurgical results on the heap leachability of some of the oxide ore types. The data requiring further study is contained in a preliminary report recently received and reviewed by Galactic and Quartz. Additional metallurgical testing will proceed to resolve differences due to conflicting and inconclusive results from earlier and more recent bottle-roll and column-leach tests:

Quartz Mountain Executive Vice-President Geoffrey Hoyl said that ongoing studies for the development of the oxide heap-leach alternatives or a

sulphide milling operation to maximize the potential of the property will continue under the direction of a major engineering firm to be selected and directed by Galactic and Quartz. This firm will formulate new time lines, subject to the approval of both companies, to complete the work in the agreed program as quickly as possible, Hoyl said. Exploration of the eastern side of the property will continue through 1988.

During 1987, 460 holes were drilled. This resulted in 33,044 assays and increased the total number of drill holes to 623. The Crone Hill and Quartz Butte ore bodies are now drilled out on 100-foot centers.

Final assays from Crone Hill, Quartz Butte and Angels Camp have substantially increased the areas of high grade

ore. High grade zone III tripled in size and outliers have developed that could, with further exploration, become major new zones. Of the more than 100 Crone Hill and Quartz Butte holes assayed since mid-November, 25% contained significant intercepts of ore grading above .1 ounce gold per ton. The majority of the remaining holes contained from 50 to over 300 feet of ore grade material.

Hoyl said recent results are significantly better than those reported from the 1986 drilling on which previous reserve numbers were calculated.

Galactic Resources' address is Suite 935 - 355 Burrard Street, Vancouver, B.C., Canada V6C 2G8, (604) 687-7169 and Quartz Mountain Gold's address is Suite 670 - 355 Burrard Street, Vancouver, B.C., Canada V6C 2G8, (604) 662-7557.

Ann 5-23-88
Jennings named Quartz Mountain president
VANCOUVER, British Columbia—Quartz Mountain Gold Corp. has named David S. Jennings president and chief executive officer effective immediately, according to news service reports. Jennings had been president of Aston Resources Ltd., vice president of Aston Dynasty Explorations Ltd. and a director of Quartz Mountain. He succeeds William H. Bird, who resigned last month.

Quartz Mt. posts drill results

New reserve figures show rise in overall grade of deposits

VANCOUVER, B.C.—Quartz Mountain Gold Corp. this week released new reserve figures for the Crone Hill and Quartz Butte ore bodies located in the western portion of Quartz Mountain Gold's Quartz Mountain property in south-central Oregon, according to Robert M. Friedland, chairman and chief executive officer of Galactic Resources Ltd., its joint-venture partner.

These calculations incorporate the results of 1987 drilling and show a substantial increase in the overall grade of the deposits. The contained gold in mineral inventory now is in excess of 3 million ounces.

Drill-proven and probable reserves at various minimum cut-off grades include 95.5 million tons grading 0.025 ounce per ton, 66.4 million tons grading 0.030 ounce per ton, 44.9 million tons grading 0.037 ounce per ton, and 23.4 million tons grading 0.049 ounce per ton.

The new reserves represent approximately a 20 percent increase in grade vs. previous estimates.

Reserve estimates are based on assays from 577 reverse-circulation drill holes at 100-foot centers on Crone Hill and Quartz Butte.

"These increases clearly show the effect of the five high-grade zones in Crone Hill and Quartz Butte discovered by the infill drilling of 1987," said Dr. William H. Bird, chairman and chief executive officer of Quartz Mountain Gold. "The higher average grade improves the economics of the deposits and will lower the per-ounce cost of producing gold."

The reserve estimate does not include the Angels Camp Bonanza structure nor the Angel Peak and Draws Creek prospects. Reserves for these areas will be reported later when drilling on the prospects is further advanced, the company said. Galactic Resources, Quartz Mountain Gold's joint-venture partner on the project, currently is overseeing a Minproc (U.S.A.) Inc. feasibility study designed for the first phase open-pit heap leach mine to be located on Crone Hill.

3-24-88

AMM

Quartz Mountain releases Oregon reserve figures

Quartz Mountain Gold Corp. recently released new reserve figures for the Crone Hill and Quartz Butte ore bodies, located on the company's property in south-central Oregon. The calculations incorporate results from 1987 drilling and show a substantial increase in overall grade of the deposits. The contained gold in mineral inventory now is in excess of three million ounces.

Those figures include 66.4 million tons of gold ore grading .030 ounces per ton; 44.9 million tons of .037 ounces per ton; and 23.4 million tons of .049 ounces per ton. These figures represent approximately a 20 percent increase in grade over previous estimates and improves the economics picture of the site by lowering the per-ounce cost of producing gold, according to Dr. William H. Bird, chairman of the company.

Reserve estimates are based on assays from 577 drill holes at 100-foot centers on the Crone Hill and Quartz Butte property.

Warner's News, Sunday ID, May 88

Quartz Mountain updates gold reserves

By Bill Epler
Staff Reporter

More than 3.0 million ounces of gold are contained in the Crone Hill and Quartz Butte orebodies in south-central Oregon, according to an updated report issued March 1st by Quartz Mountain Gold Corporation.

"These calculations incorporate the results of 1987 drilling and show a substantial increase in overall grade of the deposits," Quartz Mountain said.

The company listed drill-proven and probable reserves at various minimum cut-off grades as follows:

At a cut-off grade of 0.015, 66.4 million tons averaging 0.030 and containing 2.0 million ounces.

At a cut-off grade of 0.020, 44.9 million tons averaging 0.037 and containing 1.7 million ounces.

At a cut-off grade of 0.030, 23.4 million tons averaging 0.049 and containing 1.1 million ounces.

"These represent approximately a 20 percent increase in grade over previous estimates," the company announcement said.

"Reserve estimates are based on assays from 577 drill holes at 100-foot centers on

Crone Hill and Quartz Butte. Assays exceeding 0.30 were reduced to 0.30 ounces per ton to avoid over estimation of grade," according to the announcement.

"These increases clearly show the effect of the five high-grade zones discovered by the in-fill drilling of 1987," said Dr. William H. Bird, Quartz Mountain chairman and CEO. "The higher average grade improves the economics of the deposits and will lower the per-ounce cost of producing gold."

The reserve estimate does not include the Angels Camp bonanza structure nor the Angel Peak and Drews Creek prospects, all to the east of the Crone Hill and Quartz Butte deposits.

"Reserves for these area will be reported later when drilling on the prospects is further advanced," the company said.

Quartz Mountain Gold's joint venture partner on the project, Galactic Resources Ltd., is currently directing a Minproc (USA) Inc. feasibility study for the first-phase heap-leach mine and plant to be located on Crone Hill. The partners see this project as a quick and comparatively inexpensive way to initiate production and generate some cash flow. //

Joint Venture Releases Reserve Calculations On Crone Hill And Quartz Butte Ore Bodies

VANCOUVER — Robert M. Friedland, Chairman and CEO of Galactic Resources Ltd., announced that its joint venture partner, Quartz Mountain Gold Corp., released new reserve figures for the Crone Hill and Quartz Butte ore bodies, located in the western portion of Quartz Mountain Gold Corp.'s Quartz Mountain property in south central Oregon.

Friedland said that these calculations incorporate the results of 1987 drilling and show a substantial increase in overall grade of the deposits. The contained gold in mineral inventory now is in excess of three million ounces.

Drill proven and probable reserves at various minimum cut-off grades are as follows:

1987," said Dr. William H. Bird, Chairman and CEO of Quartz Mountain Gold Corp. "The higher average grade improves the economics of the deposits and will lower the per-ounce cost of producing gold."

The reserve estimate does not include the Angels Camp bonanza structure nor the Angel Peak and Drews Creek prospects. Galactic Resources Ltd., Quartz Mountain Gold Corp.'s joint venture partner on the project, is currently overseeing a Minproc (U.S.A.) Inc. feasibility study designed for the first phase open-pit heap leach mine to be located on Crone Hill.

Galactic's address is #935-Marine Building, 355 Burrard Street, Vancouver, B.C.,

Canada V6C 2G8, (604) 687-7169.

Cut-off Grade	Tons
0.010	95.5 million
0.015	66.4 million
0.020	44.9 million
0.030	23.4 million

Grade oz. gold/ton	Contained Ounces of Gold
0.025	2,387,000
0.030	2,007,000
0.037	1,661,000
0.049	1,146,000

These represent approximately a 20-percent increase in grade over previous estimates. Reserve estimates are based on assays from 577 reverse circulation drill holes at 100-foot centers on Crone Hill and Quartz Butte. Assays exceeding 0.30 were reduced to 0.30 ounces per ton to avoid over-estimation of grade.

"These increases clearly show the effect of the five high-grade zones in Crone Hill and Quartz Butte discovered by the infill drilling of

Quartz Reports On New Developments

VANCOUVER, B.C. — Quartz Mountain Gold Corp. President and CEO David Jennings announced new developments on the company's Quartz Mountain property in south central Oregon.

Drill road construction on Drews Dome, one of five ex-

ploration targets on the eastern half of the 10,000-acre property, has exposed a substantial gold target with strong similarities to the Crone Hill and Quartz Butte deposits (2.4 million contained ounces of gold) on the western half of the property, Jennings said.

At Drews Dome a wide zone of hydrothermal alteration is flanked by a northwest trending hydrothermal breccia, 20 to 200 feet wide, that apparently overlies a rhyolite porphyry dome. Geochemical sampling and mapping of the new road exposures is under way with a view toward drill target refinement.

Further road construction in the Angels Camp, Angel South, Angel East and Angel Peak areas is ongoing and is expected to uncover additional important exploration targets.

At Quartz Butte, Jennings said that six high grade zones have been identified, with the Eureka Deep Zone being of particular interest. This zone has the potential to be developed into a stand alone, underground, high grade deposit and may represent a feeder zone to the higher level disseminated gold reserves in the Quartz Butte deposit. The zone is defined by drill holes whose best intercepts are

Of Gold Properties In Oregon

Drillhole	Intercept	Length	Gold, oz/ton
189	310-450	140'	.098
	including 405-450	45'	.208
440	425-555	130'	.213
	including 500-540	40'	.578
	including 500-505	5'	2.77
451	490-590	100'	.193
	including 495-540	45'	.336
	including 515-520	5'	1.10

summarized below:

The drill holes are contiguous and spaced one hundred feet apart. The significance of these previously released assays became apparent when high grade intercepts were compiled and

geologically interpreted.

Jennings said that the extremely high grade intercepts within these intervals are suggestive of a bonanza grade vein system surrounded by envelopes of relatively high grade, disseminated mineralization lying 100 to 250 feet below the valley floor between Crone Hill and Quartz Butte.

The entire Eureka zone consists of the Eureka Deep and two other zones much closer to the surface, Eureka North and Eureka South, and measures 1000 feet in length and 100 feet in width. Together with three other high

grade zones at Quartz Butte, this represents a probable enhancement of the grade of the open pit reserves of the higher level Quartz Butte deposit. If the Eureka zone is shown to continue at depth the resource will be substantially increased.

Jennings said that the metallurgical drilling program on the Crone Hill and Quartz Butte deposits is complete with 47 holes totaling 6952 feet of PQ diamond drill core. The first two shipments of representative bulk samples from the Crone Hill deposit have arrived at McClelland Laboratories in Reno and column testing is under way. Complete metallurgical results for the oxide facies for the Crone Hill and Quartz Butte ores are anticipated to be in Davy McKee Corporation's hands for evaluation by November 1988.

The company's address is 670 Marine Building, 355 Burrard St., Vancouver, B.C. V6C 2G8, (604) 662-7557.

Klamath Falls, OR
Klamath County)
Herald & News
(Cir. D. 19,384)
(Cir. S. 18,897)

NOV 7 1988

Allen's P. C. B Est. 1888

Hefty gold find noted at mine 5018

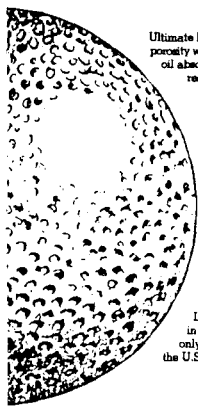
Quartz Mountain Gold Corp., the company hoping to develop a gold mine in the Quartz Mountain region between Bly and Lakeview, says a new bonanza grade feeder zone has been discovered below the known disseminated gold deposit.

Deep drilling in 1987 encountered five significant intercepts of 10 to 45 feet grading more than .2 ounces of gold per ton and containing intervals grading more than an ounce per ton. The high grade intercept zone has been expanded by step out and confirmation drilling.

Seven holes completed during the 1988 exploration drilling program intersected significant widths of silicified quartz and-or chalcedony network veined and microbrecciated rhyolite with thin clay seams and visible gold.

Company spokesmen said the intercepts lie near the western margin of the throat of the Quartz Butte rhyolite dome and may represent the upper reaches of "horsetailing" bonanza vein mineralization.

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Report snag slows progress at Quartz Mountain - Galactic Resources project

The Quartz Mountain-Crone Hill project in south-central Oregon suffered a minor setback this spring by what Allan Marter, vice president of finance for Quartz Mountain Gold Corp., called a "grossly inadequate feasibility report."

While the report created a hurdle for the project, which is being jointly developed by Quartz Mountain and Galactic Resources Ltd., it has only slowed their forward progress.

"There's no question we lost three to four months of time, but we will be proceeding with a major engineering firm doing a new report," Marter said.

The earlier report contained "too many ambiguities, a lack of conclusions and was incon-

sistent with previous test results, which were all positive," he added.

Cautioning that it's impossible to be 100 percent positive of what created the inadequacies, he also said part of the problem may have been a misclassification of ore types going into the metallurgical testing.

The earlier report, by a company Marter wouldn't identify, was taken to the Davy McKee Corp. in California, who broke it down, reviewed it and "confirmed some of our feelings about the report's inadequacies," he said.

Quartz Mountain hoped to have a contract signed by June 1 to have the study redone.

"We had hoped to be in the very final stage of permitting for a heap leach mine, but we'll have to wait until another feasibility report is done," Marter said.

As a result, actual construction at the property has been delayed until "late this year, at best," he added.

When the project gets underway, it will be an open pit heap leach project at the very least, and include a full-scale milling operation at best.

The difference is in whether we can treat the sulphide ore. We know there is a large oxide deposit, which we will begin mining and treating. We know there is an even larger sulphide deposit, but we don't know the feasibility of treating that ore yet," Marter said.

The company had released reserve figures in March, identifying between one and two million ounces, depending on cut off and grade, on the west side of the property. In the past year, they have also drilled in a high-grade structure on the east side, which shows a "great exploration potential," Marter said.

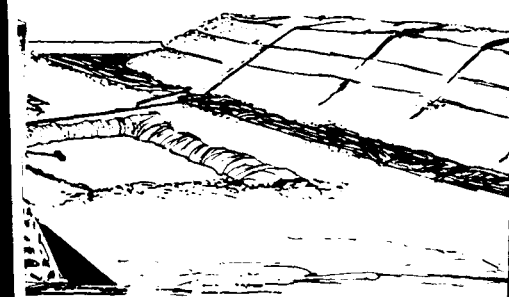
When the project is underway, it will employ "at least 100 people and perhaps 300 or more, depending on what we do. We'll get a better handle on that as we proceed with a decent feasibility report," he added.

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1983
Jan 6

Allen's P. C. B Est. 1888

Quartz Mountain Gold president takes exception with viewpoint

2018
No production decisions have been made regarding developments at the proposed Quartz Mountain gold mine between Bly and Lakeview.

David Jennings, Quartz Mountain Gold Corp. president, Vancouver, B.C., said an article in the Jan. 9 Herald and News was "inaccurate and misleading," although it accurately stated a company official's opinion.

Jennings and Robert Friedland, chairman of Galactic Resources Ltd., also Vancouver, said Quartz Mountain Gold Corp. suspended trading in its securities Friday to clarify remarks in the story. Quartz Mountain Gold and Galactic are project co-developers.

In the story, Will Rohtert, Quartz Mountain Gold exploration vice president, Reno, predicted a \$10 million gold mine would be put into place on Crone Hill and be in operation this summer. Rohtert said preliminary findings from studies done last summer will show the mine is economically feasible.

Rohtert has not denied making the statements, but said they were premature and made without the knowledge of the companies or their boards of directors.

Jennings and Friedland, in a release made to "set the record straight," said, "While the companies have received preliminary results from the Phase I oxide, openpit-heap leach study by Davy

McKee," a San Ramon, Calif., consultant firm, "no production decision has yet been made.

"Further refinement of the preliminary study will be necessary before any final production decisions can be made on the project. The preliminary information received to date indicates that a reduction in the preliminary capital cost estimates will be necessary to achieve acceptable oxide open-pit economics at a gold price of \$350-\$400 U.S. per ounce."

Rohtert estimated the area has a \$75 million ore deposit.

Jennings and Friedland said the companies are working with McKee "to obtain lower capital costs and enhance project economics." Re-evaluation of the material is expected to take 12 to 15 weeks.

The McKee firm has started Phase II of the overall project feasibility analysis, the evaluation of the gold bearing sulfide reserve beneath the oxide reserve. Both heap leach and milling alternatives will be considered in the study, which is not expected until late April.

The proposed gold mine is in the Quartz Mountain area off Highway 140 between Bly and Lakeview. Quartz Mountain has 10,000 acres of mostly Fremont National Forest lands under exploration.

5018
JAN 9 1989

Allen's P. C. B. Est. 1888

Gold mine a go — again

By LEE JUILLERAT
H&N Regional Editor

Alive and well.

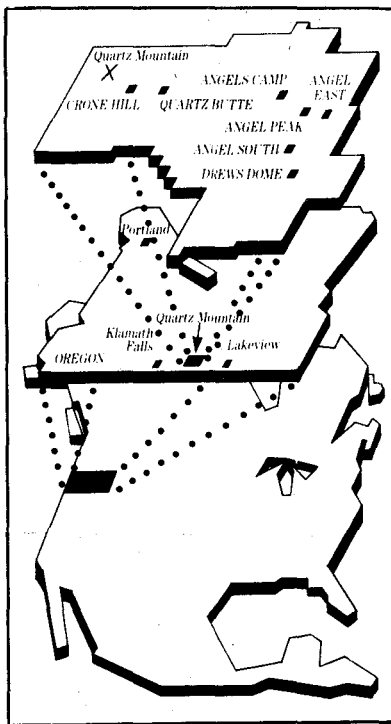
The on-again, off-again Quartz Mountain gold mine project, seemingly beset with problems of fools gold the past year, is expected to be back on track.

"If everything goes right we should be going this summer," says Will Rohmert, Reno, Quartz Mountain Gold Corp. vice president.

Rohmert predicts a \$10 million gold mine will be put into place on Crone Hill and be operating this summer.

"I realize you've heard optimistic predictions before, but"

According to Rohmert, the "buts" that squelched optimistic plans have been answered. Until last February, Quartz Mountain and project co-developer Galactic Resources Ltd. had been anticipating opening the mine in the summer of 1988. The project



stalled when promoters said studies showed the gold, although available, could not be

economically mined.

"The accurate numbers," insisted Rohmert, "are economical."

Rohmert, a geologist, said he directed studies during the summer of 1988 at 47 new drill holes and re-ran metallurgical tests, the study of extracting and purifying metals from ore. He blamed "inappropriate testing" for causing concerns that gold could not be economically mined by the heap leach process.

Heap leaching, the process used at the Hog Ranch Gold Mine near Modoc County's Surprise Valley, involves dissolving minerals or metals from ore with chemical solutions that are sprinkled on heaps of ore. The metal-bearing fluid is then run through a process that removes the metal.

The new drill holes, he said, indicate even larger, high-grade "bonanza zones"

See GOLD, page 2

GOLD

From page 1

underneath the Quartz Butte gold deposit that can be extracted by open pit mining.

Terming the Quartz Butte deposit "very rich ... you could see the gold with your eyes," Rohtert said the deposit "has the potential to turn everything on its ear."

Based on preliminary figures,

Rohtert said the deposits show about 190,000 ounces of recoverable gold and, at a price of \$400 per ounce, the area has a \$75 million ore deposit.

"That's probably darn close to the final figure."

A full-scale feasibility study is being done for Quartz Mountain by the Dave McKee Corp.,

San Ramon, Calif., which will calculate the gold reserve. A feasibility document, necessary for securing a loan for the mine development, is expected to be ready by February. Rohtert said it would take another few months to "shop" the document, which has already drawn interest from some major banks, and to obtain permits

before the mine development can begin.

Quartz Mountain has acres of mostly Fremont National Forest lands Highway 140 in the general area of Quartz Mountain.

The Croné Hill deposit is a kidney shaped area centered under a rhyolite dome. The deposit measures about 3,500 feet in its longest dimension, varies in width from 800 to 2,000 feet and has a vertical extent of 250 feet.

The Quartz Butte deposit is somewhat deeper, situated under a mercury-bearing leach zone. The deposit is about 1,200 feet across and its vertical thickness is variable, averaging 150 feet. The deeper gold deposits, which Rohtert said "more like classic veins," were discovered when drills accidentally allowed to drop to a depth of nearly 800 feet.

Gold deposits are also being studied at Angels Camp on the eastern portion of the property. Other drill tests have been completed and-or are planned at Devils Dome, Angel East, Angel South and Angel Peak.

Jan 6

JAN 12 1989

Allen's P. C. B Est. 1888

5018

Quartz Mountain officials predict summer startup

Officials of the planned Quartz Mountain gold mine say the venture should be going this summer.

Will Rohtert, Quartz Mountain Gold Corp. vice president, predicts a \$10 million gold mine will be put into place on Crone Hill and operating this summer.

"If everything goes right we should be going this summer," says Rohtert.

He adds that the problems which held back optimistic plans have been overcome. Prior to last February, Quartz Mountain and co-developer Galactic Resources Ltd. had anticipated the mine's opening in the summer of 1988.

The effort was slowed down when promoters said studies showed the available gold could not be economically mined.

Rohtert, a geologist, says "the accurate numbers are

economical."

He points to studies he directed this summer at 4 new drill holes and of metallurgical tests that were rerun to back his claims. "In appropriate testing" was to blame for the concerns that the ore could not be economically mined by the heap leach process.

Heap leaching, the process used at the Hog Ranch Gold Mine near Modoc County's Surprise Valley, entails dissolving the metal from gold ore with chemical solutions of cyanide that are sprinkled over the heaps of ore-bearing rock.

The metal-bearing fluid is then run through a process that removes the metal.

The new drill holes are said to indicate even larger, high-grade "bonanza zones" underneath the Quartz Butte gold deposit that can be extracted with open pit mining.

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He points to studies he directed this summer at 47 new drill holes and of metallurgical tests that were re-run to back his claims. “Inappropriate testing” was to blame for the concerns that the ore could not be economically mined by the heap leach process.

Heap leaching, the process used at the Hog Ranch Gold Mine near Modoc County’s Surprise Valley, entails dissolving the metal from gold ore with chemical solutions of cyanide that are sprinkled over the heaps of ore-bearing rock.

The metal-bearing fluid is then run through a process that removes the metal.

The new drill holes are said to indicate even larger, high-grade “bonanza zones” underneath the Quartz Butte gold deposit that can be extracted with open pit mining.

Terming the Quartz Butte deposit “very rich ... you could see the gold with your eyes,” he maintained that the find “has the potential to turn everything on its ear.”

Citing preliminary figures, Rohtert said the deposits show about 190,000 ounces of recoverable gold. With prices a \$400 per ounce, the area has a \$75 million ore deposit.

He added that this was close to the final figure.

A full-scale feasibility study is underway for Quartz Mountain by Dave McKee, Corp. of San Ramon, Calif. to calculate the reserve. The feasibility document, necessary for securing a loan for mine development, is expected to be ready in February.

Rohtert said a few more months would be required to shop the document, which has already drawn interest from some major banks, and

obtain permits before development can begin.

Quartz Mountain has 10,000 acres lying mainly in the Fremont National Forest near Highway 140 around Quartz Mountain.

The Crone Hill deposit is described as a kidney-shaped area on a rhyolite dome. This deposit measures about 3,500-feet in its longest dimension, varies in width from 800- to 2,000-feet, and has a vertical extent of 250 feet.

The Quartz Butte deposit is somewhat deeper and situated under a mercury-bearing acid leach zone. The deposit is about 1,200-feet across and its vertical thickness is variable, averaging 150-feet.

The deeper gold deposits, characterized by Rohtert as “more like classic veins,” were discovered when drills accidentally sank to depths of 800 feet.

// Quartz Mountain partners announce "renewed progress"

By Bill Epler
Staff Reporter

The joint venture partners in the Quartz Mountain gold project in Lake County in south-central Oregon seem to be getting their act together after several months of apparent internal strife and metallurgical problems.

In a June 7th news release, the partners—Quartz Mountain Gold Corporation and Galactic Resources Ltd.—said they "announce renewed progress" on their Quartz Mountain project.

The announcement was made over the signatures of David S. Jennings, president and CEO of Quartz Mountain Gold, and Robert M. Friedland, chairman and CEO of Galactic.

Late last year, after an intensive season of exploration and analysis, the partners said they expected to announce shortly after the first of the year the development of a heap-leach operation on one surface deposit to generate cash while exploration and engineering work went ahead on the entire property so as to come up with the best development plan.

But nothing was heard for several months, then on April 28th it was announced that William H. Bird, guiding light in Quartz Mountain Gold and in exploration and development of the deposits, had resigned as chairman, president and CEO.

In another news release the same day, the partners announced that construction of the initial phase of the heap-leach gold mine had

been delayed "because of ambiguous metallurgical results." There were no details as to the problems.

On May 20th, it was announced that David S. Jennings had been appointed president and CEO of Quartz Mountain Gold.

"With the signing of a final amendment to their joint venture letter agreement, the way is now clear for the companies to advance the project rapidly through feasibility," the June 7th joint news release said.

"In this regard, the co-venturers have contracted the Davy McKee Corporation of San Ramon, California to conduct a definitive feasibility study on the 2.5 million-ounce resource contained in the Crone Hill and Quartz Butte deposits," the announcement continued.

"All aspects of oxide and sulphide metallurgy, heap leaching and bulk deposit milling will be investigated by this study. Bankable feasibility reports by Davy McKee will be delivered in mid-February 1989 at the latest, the announcement said.

The partners said results on heap leaching of oxidized ore may be available by late fall, allowing openpit-heap leach production by the third quarter of 1989.

"It is the goal of both companies to 'fast track' the project to production in the shortest time-frame permitted by the Davy McKee studies," the announcement continued.

"Detailed metallurgical test work on new, large-diameter drill core samples representing all ore types in both deposits (Crone Hill

and Quartz Butte) will be designed and supervised by Davy McKee to resolve all ambiguities and discrepancies between previous studies," the partners said.

They also said work will continue simultaneously on other parts of their property, beginning in June.

"To complement the feasibility work on the project, an aggressive, staged exploration program will begin on the eastern half of the district scale claim block in June," the partners' June 7th announcement said.

"A program of ground geophysics, road building, mapping and sampling will further refine drill targets on five high-priority areas—Angels Camp, Angel Peak, Angel East, Angel South and Drews Dome. Drilling will focus on the most compelling targets later in the season.

"Both Quartz Mountain and Galactic are highly encouraged by the epithermal alteration signatures and geochemical anomalies in rocks of the eastern part of the district and are optimistic that a new discovery will be made," the joint venture announcement concluded.

It may be that additional "ambiguous metallurgical results" were also encountered in the eastern part of the property, for last year the companies reported in a series of announcements that large discoveries of high-grade ore had been made there. Now, as quoted above, they are "optimistic that a new discovery will be made."

SOURCE: ROCKY Mtn. PAY DIET

DATE: JULY 1988

COMMODITY SECTION: NONFERROUS

STATE ARTICLE CONCERNS: OREGON

J/S

Feasibility Studies Continue On Crone Hill And Quartz Butte

VANCOUVER — Quartz Mountain Gold Corporation reported progress on their Quartz Mountain property in south central Oregon. A metallurgical test program is in progress and to date seven large diameter drill holes have been completed, providing bulk samples for column leach and flotation tests.

Quartz Mountain President and CEO David Jennings said that engineering work is under way as part of the definitive feasibility studies being done on the Crone Hill and Quartz Butte deposits, where drilling has defined a resource of over two million contained ounces of gold.

Davy McKee Corporation of San Ramon, California, is conducting the two-part study. The first part addresses a heap leach mine for the more than one-third of the reserves that are oxidized, and the second examines the viability of a milling process to exploit the remaining sulfide reserves or the entire resource.

Jennings said that exploration work has begun on the eastern half of the 10,000-acre property. A program of geochemical and geophysical

surveys has been carried out over the last month, further defining drill targets. Road construction is expected to begin in August, when permits are in place and drilling will start soon after.

The company's address is 670 Marine Building, 355 Burrard Street, Vancouver, B.C. V6C 2G8.

SOURCE: THE MINING RECORD

DATE: AUGUST 3, 1988

COMMODITY SECTION: NON FERROUS

STATE ARTICLE CONCERNS: OREGON

8/12

Quartz Mountain Gold pushing ahead with testing, drilling

By Bill Epler
Staff Reporter

Quartz Mountain Gold Corporation is pushing ahead on two fronts—metallurgical evaluation and continued exploration drilling—at its Quartz Mountain property in south-central Oregon, according to a late-August report by David S. Jennings, president and CEO.

According to previous reports, inconsistencies developed between drill hole assays and laboratory test recoveries that indicated metallurgical recovery problems. Davy McKee Corporation has been brought in to resolve the problems.

The new metallurgical drilling program on the Crone Hill and Quartz Butte deposits, which have extensive reserves of high-grade gold ore, has been completed with 47 holes totaling 6,952 feet of PQ diamond drill core.

Jennings said the first two shipments of representative bulk samples from the Crone Hill deposit have been shipped to McClelland Laboratories in Reno and column testing is now under way. Complete metallurgical results for the oxide facies for the Crone Hill and Quartz Butte ores are expected to be in Davy McKee's hands for evaluation by November.

Jennings also said a drill rig was to begin drilling by mid-September on Drews Dome, one of five exploration targets on the eastern half of the 10,000-acre property. He related that drill road construction at Drews Dome had exposed a substantial gold target with strong similarities to the Crone Hill and Quartz Butte deposits, with 2.4 million ounces of contained gold, on the western half of the property.

At Drews Dome, Jennings related, a wide zone of hydrothermal alteration is flanked by a northwest-trending hydrothermal breccia, 20 to 200 feet wide, that apparently overlies a rhyolite porphyry dome. Geochemical sampling and mapping of the new road exposures was under way in late August, with a view toward drill target refinement.

Jennings said further drill road construction in the Angels Camp, Angel South, Angel East and Angel Peak areas was ongoing and was expected to uncover additional important exploration targets.

Jennings said the Eureka Deep zone, one of six high-grade zones identified at Quartz Butte, is of particular interest. He said this zone has the potential of being developed into a stand-alone, underground, high-grade deposit and may represent a feeder zone to the higher-level disseminated gold reserves in the Quartz Butte deposit.

Jennings' report included some of the best intercepts from three drill holes into the Eureka zone.

Hole 189 had a 140-foot intercept between 310 and 450 feet with an average grade of 0.098 ounces of gold per ton. Forty-five feet of that

hole, between 405 and 450 feet, graded an average of 0.208 ounces.

Hole 440 had a 130-foot intercept between 425 and 555 feet that averaged 0.213 ounces. Between 500 and 540 feet in that hole there was a 40-foot segment averaging 0.578 ounces. And the top five feet of that segment, between 500 and 505 feet, assayed an average of 2.77 ounces per ton.

In Hole 451, a 100-foot segment between 490 and 590 feet averaged 0.193 ounces and a 45-foot segment between 495 and 540 feet averaged 0.336 ounces. That segment also included a five-foot section, between 515 and 520 feet, that averaged 1.10 ounces per ton.

"The drillholes are contiguous and spaced 100 feet apart," Jennings said. "The significance of these previously released assays became apparent when high-grade intercepts were compiled and geologically interpreted.

"The extremely high-grade intercepts within these intervals are suggestive of a bonanza-grade vein system surrounded by envelopes of relatively high-grade, disseminated mineralization lying 100 to 250 feet below the valley floor between Crone Hill and Quartz Butte," he continued.

"The entire Eureka zone consists of the Eureka Deep and two other zones closer to the surface, Eureka North and Eureka South, and measure 1,000 feet in length and 100 feet in width.

"Together with three other high-grade zones at Quartz Butte, this represents a probable enhancement of the grade of the open pitable reserves at the higher-level Quartz Butte deposit," Jennings said. "If the Eureka zone is shown to continue at depth, the resource will be substantially increased."

Jennings added that drill testing would begin in early September.

SOURCE: ROCKY MTN PAY DIRT
DATE: SEPTEMBER 1988
COMMODITY SECTION: NONFERREROUS
STATE ARTICLE CONCERNS: OREGON

10/7

Inland, Degerstrom team up

Inland Gold & Silver Corp. and N.A. Degerstrom Inc. announced Wednesday a joint venture for exploration and possible development of 224 mining claims in Lake County, Ore.

The 4,150-acre Paisley Property was leased from the Tracy Gold Corp., which, like Inland and Degerstrom, is a Spokane firm.

Inland Secretary-Treasurer Robert O'Brien said the Paisley Property has been worked off and on since 1875, with Chevron U.S.A. and Kidd Creek Mines Ltd. the most recent prospectors.

He said ore-grade gold and silver deposits have been indicated by sampling so far, with mercury, arsenic and antimony also present.

O'Brien also said Pegasus Gold Inc. Vice President Michael Clark has joined Inland's board of directors effective Sept. 26. He replaces Hobart Teneff, who recently retired.

Pegasus purchased a 20 percent interest in Inland in August.

Publicly traded Inland and Degerstrom, which is private, are partners in several ventures.

SOURCE: SPOKANE SPOKESMAN-REVIEW

DATE: SEPTEMBER 29, 1988

COMMODITY SECTION: NONFERROUS

STATE ARTICLE CONCERNS: OREGON

10/7

Quartz Reports on Oregon Property

Quartz Mountain Gold Corp. reports on Quartz Mountain property in south central Oregon. At Drews Dome, geochemical sampling and mapping is underway. Road construction in the Angels Camp is ongoing and at Quartz Butte, high grade zones have been identified. The Eureka zone may add to the substantial increase in resources. The metallurgical drilling on the Crone Hill and Quartz Butte deposits have 47 holes totaling 6,952 feet of PQ diamond drill core. The results of testing are expected by November 1988.

SOURCE: MINING Activity Digest

DATE: SEPTEMBER 30, 1988

COMMODITY SECTION: NONFERROUS

STATE ARTICLE CONCERNS: OREGON

10/21

Discovery Reported ✓ At Quartz Butte

VANCOUVER — Quartz Mountain Gold Corp. President David S. Jennings reported a new feeder zone discovery below the known disseminated gold deposit at Quartz Butte on the company's Oregon property.

Deep drilling in 1987 encountered five particularly significant intercepts of 10 to 45 feet grading over .2 ounce gold per ton and containing intervals grading more than an ounce per ton. Jennings said this area of high grade intercepts has been expanded by step out and confirmation drilling.

The company reported that seven holes completed during the 1988 exploration drilling program intersected significant widths of silicified, quartz and/or chalcedony network veined and microbrecciated rhyolite with thin clay seams and visible gold.

Jennings said these intercepts lie near the western margin of the throat of the Quartz Butte rhyolite dome and may represent the upper reaches of "horsetailing" bonanza vein mineralization above a northeast striking tabular feeder zone at depth.

The company's address is 670 Marine Building, 355 Burrard Street, Vancouver, B.C., Canada V6C 2G8, (604) 662-7557.

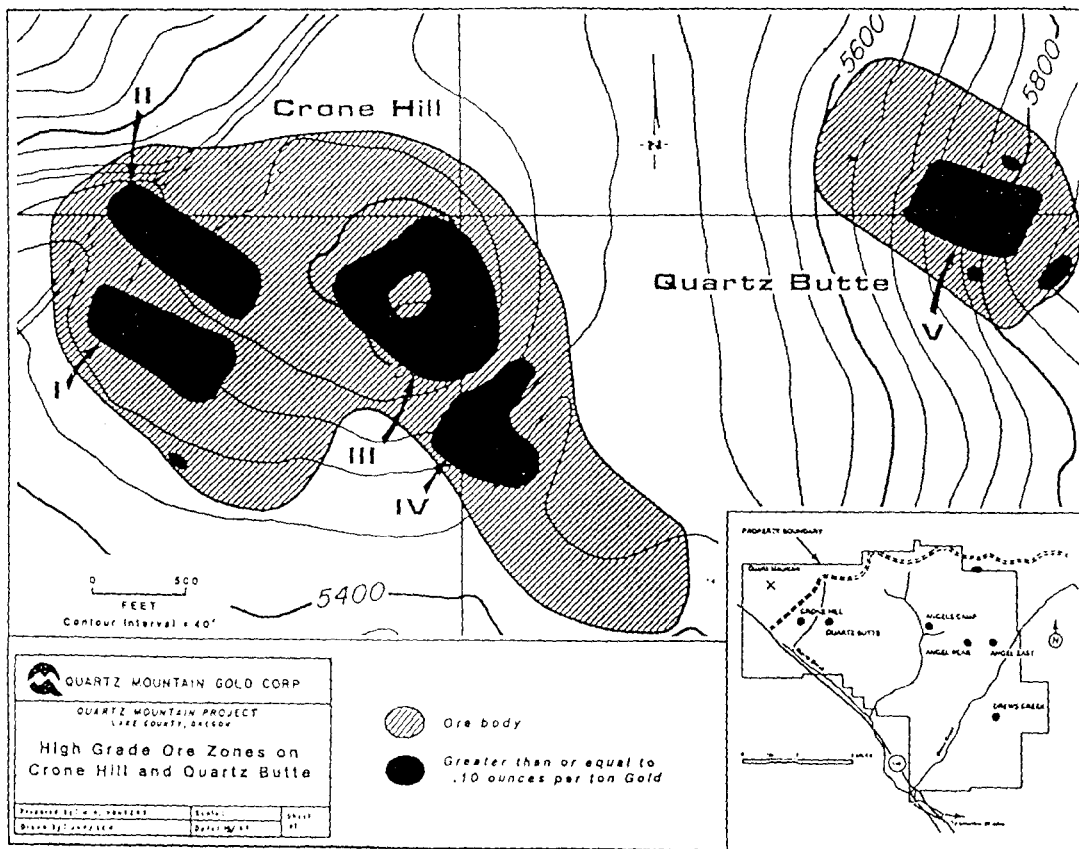
SOURCE: THE MINING RECORD

DATE: NOVEMBER 30, 1988

COMMODITY SECTION: NONFERROUS

STATE ARTICLE CONCERNS: OREGON

12/9



Drilling Assays Expand High Grade Areas On Quartz Mountain Property

VANCOUVER, B.C. — Dr. William H. Bird, Chairman and CEO of Quartz Mountain Gold Corp., and Robert M. Friedland, Chairman and CEO of Galactic Resources Ltd., announced that 1987 Quartz Mountain assays have been completed. During the year 460 holes were drilled. This resulted in 33,044 assays and increased the total number of drill holes to 623. The Crone Hill and Quartz Butte ore bodies are now drilled out on 100-foot centers and new ore reserves based on these data will be available as soon as they are calculated and audited.

The final assays from Crone Hill, Quartz Butte and Angels Camp have substantially increased the areas of high grade ore. High grade zone III tripled in size and outliers have developed that

new zones. Of the more than 100 Crone Hill and Quartz Butte holes assayed since mid-November, 25 percent contained significant intercepts of ore grading above .1 ounces of gold per ton. The majority of the remaining holes contained from 50 to over 300 feet of ore grade material.

Bird said that recent results are significantly better than those reported from the 1986 drilling on which previous reserve numbers were calculated. New reserve calculations using all available data are expected to show considerable increases. These new reserves will be incorporated into a Quartz Mountain and Galactic Resources final feasibility study and a production decision is scheduled for the first quarter of this year.

Quartz Mountain Gold Corporation's address is Suite

couver, B.C., Canada V6C 2G8, (604) 662-7557. Galactic Resources' address is Suite 935 - 355 Burrard Street, Vancouver, B.C., Canada V6C 2G8, (604) 687-7169.

High tonnage, low grade for Quartz Mountain ✓

With 623 drill holes now complete, the latest assay results are expected to increase reserves at Quartz Mountain Gold and Galactic Resources' 10,000-acre gold property in south-central Oregon, the partners say.

Using an 0.01 oz cutoff grade, reserves previously stood at 128.6 million tons averaging 0.02 oz gold per ton.

Quartz Chairman William Bird says the Crone Hill and Quartz Butte orebodies are now drilled out on 100-foot centres and the new reserves will be based on those results.

Meanwhile, Bird says the final assays from Crone Hill, Quartz Butte and Angels Camp (where the core hole is located) have substantially increased the areas of high grade ore.

High grade Zone III tripled in size and outliers have developed that could, with further deep exploration, become major new zones, he said.

Of the more than 100 Crone Hill and Quartz Butte holes assayed since mid-November, 25% contained significant intercepts of ore grading above 0.1 oz.

The majority of the remaining holes contained from 50 to over 300 ft of ore grade material.

Some recently received holes assayed as follows: Hole 506 intersected 15 ft of grade 0.241 oz between 105 and 120 ft. The same hole encountered 180 ft of average 0.048 oz. Hole 594 also averaged 0.048 over 245 ft.

Hole 448 intersected 110 ft of 0.200 oz and 290 ft of 0.092 oz.

Hole 477 cut a 300-ft intercept grading 0.061 oz.

"These results are significantly better than those reported from 1986 drilling on which previous reserve numbers were calculated," Bird says.

He says the new reserves will be incorporated into a Quartz Mountain and Galactic Resources final feasibility study and a production decision is scheduled for the first quarter of this year.

SOURCE: THE NORTHERN MINER

DATE: JANUARY 18, 1988

COMMODITY SECTION: NONFERROUS

STATE ARTICLE CONCERNS: OREGON

1129

Production decision is expected soon at Quartz Mountain

By Bill Epler
Staff Reporter

A production decision is expected by the end of March by the joint venture partners on the Quartz Mountain gold project in south-central Oregon where several large deposits, some of exceptionally high grade, have been discovered.

Quartz Mountain Gold Corporation and Galactic Resources Ltd. said January 11th that a final feasibility was being compiled and "a production decision is scheduled for the first quarter of this year."

"Recent (drilling) results are significantly better than those reported for the 1986 drilling on which previous reserve numbers were calculated," the partners said. "New reserve calculations using all available data are expected to show considerable increases."

It was not made clear which areas are being considered for development in the near future, but it is expected to be in the Quartz Butte-Crone Hill area (see map) where

drilling has been completed on 100-foot centers.

Other areas where significant discoveries have been made on the large property in Lake County are Angels Camp, Angel East and Drews Creek, scattered across several miles. However, considerable work remains to be done on them before the orebodies are completely delineated.

The joint venture has also been developing a heap-leach operation on a surface deposit on Crone Hill so as to generate cashflow in the near term. At last report, it was slated to begin production shortly.

In their January 11th announcement, Dr. William H. Bird and Robert M. Friedland, chairmen of Quartz Mountain and Galactic Resources, respectively, said that assays were now complete for the 1987 drilling campaign.

"During the year," they said, "460 holes were drilled. This resulted in 33,044 assays. The Crone Hill and Quartz Butte orebodies

are now drilled out on 100-foot centers and new ore reserves based on these data will be available as soon as they are calculated and audited.

"The final assays from Crone Hill, Quartz Butte and Angels Camp have substantially increased the areas of high-grade ore," they continued. "High-grade zone III tripled in size and outliers have developed that could, with further deep exploration, become major new zones.

"Of the more than 100 Crone Hill and Quartz Butte holes assayed since mid-November, 25 percent contained significant intercepts of ore grading above 0.1 ounces of gold per ton," their announcement said. "The majority of the remaining holes contained from 50 to more than 300 feet of ore-grade material."

According to the partners, some of the recently-received results included:

Crone Hill

Hole 506: A 15-foot intercept between 105-120 feet averaged 0.241 ounces of gold per ton, and 180 feet between 100-280 feet averaged 0.048 ounces.

Hole 594: 20 feet between 60-80 feet, 0.170, and 245 feet between 0-245 feet, 0.048.

Hole 448: 15 feet between 155-170, 0.335; 110 feet between 155-265, 0.200, and 290 feet between 0-290 feet, 0.092.

Hole 477: 15 feet between 285-300, 0.796; 35 feet between 275-310, 0.366, and 300 feet between 25-325, 0.061.

Quartz Butte

Hole 432: 35 feet between 255-290, 0.214, and 315 feet between 180-495, 0.043.

Hole 455: 30 feet between 220-250, 0.588; 130 feet between 160-290, 0.175, and 395 feet between 125-520, 0.072.

Hole 493: 50 feet between 290-340, 0.111, and 205 feet between 255-460, 0.047.

Angels Camp

Core Hole 600: 15 feet between 325-340, 1.603, and 150 feet between 200-350, 0.271.

SOURCE: ROCKY Mtn. PAY DIRT

DATE: FEBRUARY 1988

COMMODITY SECTION: NONFERROUS

STATE ARTICLE CONCERNS: OREGON

3/4

Quartz Mountain decision expected by end of March

By BILL EPLER

Rocky Mountain Pay Dirt

A production decision is expected by the end of March by the joint venture partners on the Quartz Mountain gold project in south-central Oregon where several large deposits, some of exceptionally high grade, have been discovered.

Quartz Mountain Gold Corporation and Galactic Resources Ltd. said January 11 that a final feasibility was being compiled and "a production decision is scheduled for the first quarter of this year."

"Recent (drilling) results are significantly better than those reported for the 1986 drilling on which previous reserve numbers were calculated," the partners said. "New reserve calculations using all available data are expected to show considerable increases."

It was not made clear which areas are being considered for development in the near future, but it is expected to be in the Quartz Butte-Crone Hill area (see map) where drilling had been completed on 100-foot centers.

Other areas where significant discoveries have been made on the large property in Lake County are Angels Camp, Angel East and Drews Creek, scattered across several miles. However, considerable work remains to be done on them before the orebodies are completely delineated.

The joint venture has also been developing a heap-leach operation on a surface deposit on Crone Hill so as to generate cashflow in the near term. At last report, it was slated to begin production shortly.

In their January 11 announcement, Dr. William H. Bird and Robert M. Friedland, chairmen of Quartz Mountain and Galactic Resources, respectively, said that assays were now complete for the 1987 drilling campaign.

"During the year," they said, "460 holes were drilled. This resulted in 33,044 assays. The Crone Hill and Quartz Butte orebodies are now drilled out on

Drilling results significantly better than in 1986.

lated and audited.

"The final assays from Crone Hill, Quartz Butte and Angels Camp have substantially increased the areas of high-grade ore," they continued. "High-grade zone III tripled in size and outliers have developed that could, with further deep exploration, become major new zones.

"Of the more than 100 Crone Hill and Quartz Butte holes assayed since mid-November, 25 percent contained significant intercepts of ore grading above 0.1 ounces of gold per ton," their announcement said. "The majority of the remaining holes contained from 50 to more than 300 feet of ore-grade material."

According to the partners, some of the recently-received results included:

Crone Hill

Hole 506: A 15-foot intercept between 105-120 feet averaged 0.241 ounces of gold per ton, and 180 feet between 100-280 feet averaged 0.048 ounces.

Hole 594: 20 feet between 60-80 feet, 0.170, and 245 feet between 0-245 feet, 0.048.

Hole 448: 15 feet between 155-170, 0.35; 110 feet between 155-265, 0.200, and 290 feet between 0-290 feet, 0.092.

Hole 477: 15 feet between 285-300, 0.796; 35 feet between 275-310, 0.366, and 300 feet between 25-325, 0.061.

Quartz Butte

Hole 432: 35 feet between 255-290, 0.214, and 315 feet between 180-495, 0.043.

Hole 455: 30 feet between 20-250, 0.588; 130 feet between 160-290, 0.175, and 395 feet between 125-520, 0.72.

Hole 493: 50 feet between 290-340, 0.111, and 205 feet between 255-460, 0.047.

Angels Camp

Camp Hole 600: 15 feet between

SOURCE: THE WALLACE (ED) MINER

DATE: MARCH 17, 1988

COMMODITY SECTION: NON FERROUS

STATE ARTICLE CONCERNS: OREGON

3/25

Galactic Crone Hill ✓ leach test negative

VANCOUVER — A production decision has been delayed at the Crone Hill property of Galactic Resources (TSE) and Quartz Mountain Gold (VSE) because of what they describe as “ambiguous metallurgical results on the heap leachability of some of the oxide ore types.” A major engineering firm has been selected to examine both the heap leach and sulphide milling potential on the property.

SOURCE: THE NORTHERN MINER

DATE: MAY 9, 1988

COMMODITY SECTION: NONFERROUS

STATE ARTICLE CONCERNS: OREGON

5/20

✓ Agreement Clears Way For Quartz Mountain Project

VANCOUVER — Quartz Mountain Gold Corp. and Galactic Resources Ltd. announced renewed progress on their Quartz Mountain project in Lake County, Oregon. Quartz Mountain President David Jennings said that with the signing of a final amendment to their joint venture letter agreement, the way is now clear for the companies to advance the project rapidly through feasibility. In this regard, the co-venturers have contracted the Davy McKee Corporation of San Ramon, California to conduct a definitive feasibility study on the 2.5 million ounce resource contained in the Crone Hill and Quartz Butte deposits. All aspects of oxide and sulfide metallurgy, heap leaching and bulk deposit milling will be investigated by this study.

Bankable feasibility reports by Davy McKee will be delivered in mid-February, 1989 at the latest, Jennings said. Results on heap leaching of oxidized ore may be available by late fall of 1988 allowing open pit/heap leach production by the third quarter of 1989. It is the goal of both companies to "fast track" the

project to production in the shortest time-frame permitted by the Davy McKee studies. Detailed metallurgical test work on new, large diameter drill core samples representing all ore types in both deposits will be designed and supervised by Davy McKee to resolve all ambiguities and discrepancies between previous studies.

To complement the feasibility work on the project, an aggressive, staged exploration program will begin on the eastern half of the district scale claim block this month. A program of ground geophysics, road building, mapping and sampling will further refine drill targets on five high priority areas — Angels Camp, Angel Peak, Angel East, Angel South and Drews Dome. Drilling will focus on the most compelling targets later in the season. Jennings said that both Quartz Mountain Gold and Galactic are highly encouraged by the epithermal alteration signatures and geochemical anomalies in rocks of the eastern part of the district and are optimistic that a new discovery will be made.

SOURCE: THE MINING RECORD

DATE: JUNE 15, 1988

COMMODITY SECTION: NON FERROUS

STATE ARTICLE CONCERNS: OREGON

1/24

Oregon Gold Property

Quartz Mountain Gold Reports New Discovery

VANCOUVER, B.C. — Dr. William H. Bird, Chairman and C.E.O. of Quartz Mountain Gold Corp., presented drill hole assay data confirming a new discovery of ore-grade gold mineralization at Quartz Butte on the company's southern Oregon property. Quartz Butte lies 1/2 mile east of Crone Hill where Quartz Mountain Gold Corp. is presently developing an ore body.

Exploration drilling began on Quartz Butte in late June with a program of widely spaced holes to test geochemical and geophysical anomalies. The first five holes, numbers 42 through 46, drew blanks. Holes 47, 48, 49, and 51 produced the discovery with assays as follows:

believed that Quartz Butte could add significantly to the overall ore reserves of the property. Quartz Butte has the added attraction of proximity to Crone Hill, Bird said, and ore from both areas could be processed at the same plant.

This new discovery marks the first time that ore-grade mineralization has been found away from Crone Hill. The ramifications of this are extremely important not only for the immediate increase in the property's potential resources but also for the possibility of additional gold discoveries. The Crone Hill exploration model, already successful at Quartz Butte, is now being applied at the Angels Camp target 2 miles to the east on Quartz Mountain Gold Corp.'s 8,000-acre pro-

Hole No.	Intercept (in feet)	Total Footage	Grade oz. Au/ton
47	100 - 200	100	0.021
	230 - 260	30	0.024
	350 - 430	80	0.034
48	275 - 325	50	0.063
	195 - 325	130	0.033
	490 - 535	45	0.041
	610 - 655	45	0.050
	155 - 655	500	0.021
49	185 - 215	30	0.056
	185 - 265	80	0.029
	465 - 480	15	0.085
51	310 - 355	45	0.035
	370 - 435	65	0.034

A new series of holes is now planned to delineate the Quartz Butte mineralization. The similarities between the new discovery and Crone Hill are very encouraging. It is

perly. Initial geological results are favorable and an exploration drilling program is planned.

The company's address is 935 Marine Building, 355 Burrard Street, Vancouver, B.C. V6C 2G8, (604) 662-7557.

SOURCE: THE MINING RECORD

DATE: SEPTEMBER 3, 1986

COMMODITY SECTION: NON FERROUS

STATE ARTICLE CONCERNS: OREGON

Assays For Quartz Mountain Gold^v Property Exceed Expectations

VANCOUVER, B.C. — Dr. William H. Bird, chairman and C.E.O., Quartz Mountain Gold Corp., reported that preliminary assays from a 100-hole drill program on the company's 8,000 acre east Oregon gold property have returned values that add significantly to the drill-inferred reserves cited by Anaconda Minerals Corp., the property's previous owners.

Of the 17 holes completed on the property, assays are now available for 3 holes on the Crone Hill gold deposit. Those holes, which are 400 feet apart and are 200-400-foot step-outs from Anaconda ore-grade holes, contained much greater thicknesses and much higher grades of gold-bearing material than expected.

Said Bird, "The extremely thick gold-bearing unit in the Crone Hill holes is the highly altered and mineralized, flat-lying #5 stratigraphic unit that is known to carry the

Hole No.	Intercept (in feet)	Total Footage	Grade Au/OZ/Ton
34	60 - 130	70	0.052
	55 - 195	140	0.042
	55 - 275	220	0.036
35	145 - 185	40	0.100
	90 - 190	100	0.065
	75 - 250	175	0.052
36	80 - 100	20	0.045
	75 - 135	60	0.030

bulk of Anaconda's reserves of 10 to 25 million tons grading .04 ounces of gold per ton. The gold values within three intervals are evenly distributed and the majority of the mineralized material is highly oxidized."

The 100-hole program at the Quartz Mountain property is designed to prove up the Anaconda reserves outlined along the south flank of Crone Hill and to test three

other exploration targets on the property. Already, drilling on the Quartz Butte target has indicated mineralization similar to the Crone Hill gold-bearing unit.

The Vancouver-based Quartz Mountain Gold Corp. was formerly Wavecrest Resources Ltd. The company's address is Suite 935 Marine Building, 355 Burrard Street, Vancouver, B.C. V6C 2G8, (604) 662-7557.

SOURCE: THE MINING RECORD

DATE: JULY 16, 1986

COMMODITY SECTION: NON FERROUS

STATE ARTICLE CONCERNS: OREGON

7/25

'Important results' ✓ told at Quartz Mtn.

VANCOUVER, B.C. — 'Important results' have been announced from winter drilling programs at the Quartz Mountain Gold Corp.'s properties in southern Oregon.

Drill holes at Quartz Butte and Angels Camp, the company's new discovery two miles to the east, encountered approximately 50 foot intervals of .25 ounces of gold per ton within 130 feet plus intervals grading over .10 ounces per ton, company president William H. Bird said.

"Our excellent drilling results continue to enhance the ore reserves at Crone Hill and Quartz Butte. The higher grade hole at Quartz Butte is especially gratifying since our geologic model predicts the discovery of such zones. We expect to find more as we continue to increase the number of drill holes. The Angels Camp high-grade hole is, of course, an exciting drill confirmation of the surface discovery we made last fall. It also strengthens our geologic model and advances the exploration of the eastern half

of our 10,000-acre property."

Wright Engineers Ltd. of Vancouver, B.C., is preparing a prefeasibility study for Quartz Mountain on the Crone Hill and Quartz Butte ore bodies. Preliminary results, which still do not include the winter drilling, indicate a much larger ore reserve than was originally anticipated. This larger reserve justifies the testing of additional milling processes, such as flotation and conventional leaching techniques, in conjunction with the ongoing heap leach tests. The completion date for the prefeasibility study has been rescheduled to allow inclusion of this additional process testing. Work is already underway in preparation for the company's 300 plus hole summer development drilling program.

Early returns from this program will also be included in the prefeasibility study. Present ore reserve estimates are being recalculated, using the winter drilling data and they will be released as soon as they are completed.

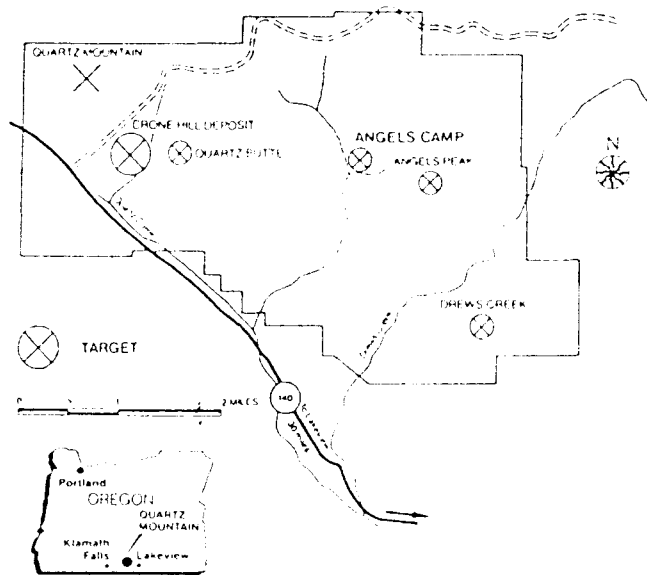
SOURCE: THE WALLACE (ID) MINER

DATE: MAY 14, 1987

COMMODITY SECTION: NONFERROUS

STATE ARTICLE CONCERNS: OREGON

OREGON PROJECT AREA



Quartz Mountain Announces Gold Discovery At Angels Camp

VANCOUVER, B.C. — Dr William H. Bird, Chairman and CEO of Quartz Mountain Gold Corp., announced that detailed geological mapping and sampling at Angels Camp, Oregon, has resulted in an important new surface discovery of ore-grade gold.

Angels Camp lies three miles east of the company's Crone Hill and Quartz Butte gold deposits and it is one of the untested exploration targets in the eastern portion of the 10,000-acre southern Oregon property. The discovery marks the first time that gold has been found in this area and it represents an important success in the application of the Quartz Mountain Gold exploration model to other targets controlled by the company, Bird said.

Quartz Mountain Gold plans an immediate drill program at Angels Camp to test

the full extent of the gold discovery. Drilling roads and permits are currently being completed and a reverse circulation drilling rig is being mobilized to begin work during the first week in January. The Angels Camp drilling program will be part of an expanded winter schedule on the property that will include additional fill-in drilling at Crone Hill and Quartz Butte.

Wright Engineers Ltd. of Vancouver has been engaged by Quartz Mountain Gold Corp. to prepare a prefeasibility study on the Crone Hill and Quartz Butte deposits. Prospects for the new discovery at Angels Camp will be included in this study in a section on the potential of the eastern part of the property.

The company's address is 935 Marine Building, 355 Burrard St., Vancouver, B.C. V6C 2G8, (604) 662-7557.

SOURCE THE MINING RECORD

DATE: JANUARY 7, 1987

COMMODITY SECTION: NONFERROUS

STATE ARTICLE CONCERNS: OREGON

AARCO buys into Oregon claims ✓

AARCO Gold Corp. has purchased a 50 percent interest in 17 unpatented claims adjacent to the Warner Mine in Douglas and Jackson counties, Ore.

The Warner Mine,

owned by Galactic Resources Ltd., is in the middle of the AARCO claim group. The claims are in the Western Cascade Mountains at the head of Last Chance Creek. The claims are 40 miles north

of Grants Pass, Ore.

Sampling of old workings of the Warner Mine have run between .41 to 18 ounces of gold per ton. Silver values are two ounces per ton, AARCO officials said.

The projected strike of the main Warner mineralized structure extends into the AARCO claims, the company said. Selected whole rock samples from the claims are now being tested.

Galactic Resources is currently evaluating its Warner property and have

an exploration program on the property.

AARCO Gold Corp. holds mineral rights in Montana covering 3,000 acres of potential oil and gas properties. The company is also seeking an additional claim group in Montana and Colorado, it said.

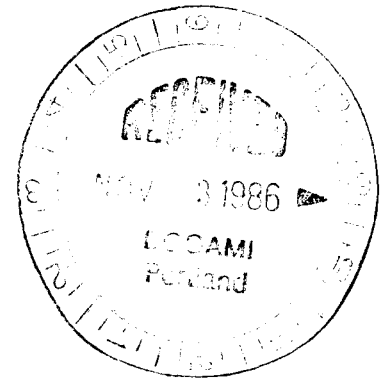
SOURCE: THE WALLACE (ID) MINER

DATE: JANUARY 12, 1984

COMMODITY SECTION: NONFERROUS

STATE ARTICLE CONCERNS: OREGON

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Crone Hill drilling beats expectations ✓

VANCOUVER, B.C. — The drilling program at the southern Oregon Crone Hill-Quartz Butte property is well ahead of schedule, according to officials of Quartz Mountain Gold Corp., the property owner.

In June through August, 73 reverse circulation and core drill holes of 29,926 feet were completed. One core drill and two reverse circulation drill rigs are currently working at the property, and a third reverse circulation drill rig is to be brought to the property this

fall, officials said.

Samples for metallurgical testing have been collected from surface pits and drill cuttings and are now being prepared for shipment to an independent testing facility. Results from the metallurgical tests and the accelerated drilling program should be sufficient for Quartz Mountain Gold to begin a prefeasibility study for production from the Crone Hill ore body by the end of the year, company officials said.

Assay results from drill holes on

the Crone Hill ore body continue to be very impressive, they said.

"Our field crew has done an incredible job advancing the program," said chairman Dr. William H. Bird. "We believe now that we will have sufficient data this year for a prefeasibility study. Originally, we felt that we would have to drill through the winter to achieve this stage."

He added that "The property, of course, continues to impress us with constant thick sections of ore-grade mineralization."

The company recently completed drill holes which were important because they expanded the orebody to the northwest, he said. In addition, fill-in drilling has been done.

"All holes demonstrate the exceptional vertical and horizontal continuity of the ore mineralization," he said. "Furthermore, a significant por-

tion of the ore is near the surface in the oxide zone and will be easily mined and leached."

Work planned for the remainder of the 1986 exploration season includes drilling on the Crone Hill ore body.

"We are starting a second series of holes at Quartz Butte, our new gold discovery, which lies one-half mile east of Crone Hill," Bird said. "Our expectations for this discovery continue to improve as we learn more and more about it. Surface exploration at Angels Camp, two miles east of Quartz Butte, has progressed to the point where we are locating and permitting holes that will be drilled next year."

Exploration drilling at Quartz Butte started in late June. A new series of holes to delineate the mineralization is currently being planned.

SOURCE: THE WALLACE (FD) MINER

DATE: OCTOBER 9, 1986

COMMODITY SECTION: NONFERROUS

STATE ARTICLE CONCERNS: OREGON

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Quartz Mountain Gold Corp. has released assay results for the first eight holes in a drill series on the Crone Hill gold deposit in southern Oregon. The drill holes lie in a line along the south flank of Crone Hill, 400 feet apart. Results include 40 feet of 0.1, 175 feet of 0.053, 180 feet of 0.076, 200 feet of 0.015, and 100 feet of 0.065 ounces of gold per ton.

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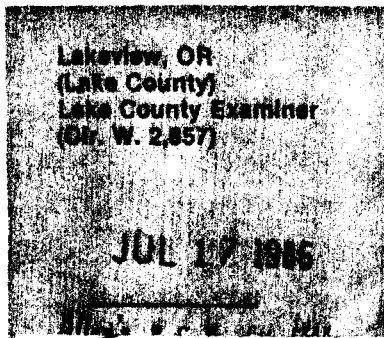
SOURCE: NORTH AMERICAN GOLD MINING
INDUSTRY NEWS

DATE: AUGUST 15, 1986

COMMODITY SECTION: NONFERROUS

STATE ARTICLE CONCERNS: OREGON

Jerry -5



Quartz Mtn gold deposit valued high

5018
 Preliminary assays from a 100-hole drill program have returned values that add significantly to the drill-inferred reserves cited by Anaconda Minerals Corp., previous owners of an 8,000 acre southeast Oregon gold property.

According to Dr. William H. Bird, chairman of Quartz Mountain Gold Corp., the company is now holding mineral rights to

the property, of the 17 completed holes, assays are now available for three holes on the Crone Hill gold deposit.

Those holes, which are 400 feet apart and are 200 to 400 foot step-outs from Anaconda ore-grade holes, contained much greater thicknesses and much higher grades of gold bearing material than expected.

In a press release Bird states, "The extremely thick gold-

bearing unit in the Crone Hill holes is the highly altered and mineralized, flat-lying No. 5 stratographic unit that is known to carry the bulk of Anaconda's reserves of 10 to 25 million tons grading .04 ounces of gold per ton."

"The gold values within these intervals are evenly distributed and the majority of the mineralized material is highly oxidized."

The 100 hole program at the Quartz Mountain property is designed to prove up the Anaconda reserves outlined along the south plank of Crone Hill and to test three other exploration targets on the property.

Already, says the press release, drilling on the Quartz Butte target has indicated mineralization similar to the Crone Hill gold-bearing unit.

Wavecrest Resources To Acquire Controlling Interest In Gold Discovery

VANCOUVER, B.C. — Dr. William H. Bird, president of Wavecrest Resources Ltd. announced that Wavecrest has concluded an agreement to acquire the controlling interest in the Quartz Mountain gold discovery located in the Basin and Range province of southern Oregon near the Nevada border. The property consists of 8,000 acres which contain a major gold discovery and three additional large gold exploration targets.

The Quartz Mountain Mine discovery was originally put together by Anaconda Minerals Company and, at the time Anaconda ceased all mining activities in 1985, the property was considered to be its best gold project. Anaconda drilling in the discovery area has outlined an enormous epithermal gold deposit similar in geology to many of the major Nevada gold mines to the southeast. Anaconda's estimates of potential open pit reserves range from 10 million to 25 million tons grading 0.04 ounces of gold per ton. The overall potential resource for the entire proper-

ty including the other three targets is thought to be in excess of 100 million tons.

Wavecrest acquires the right to operate the project and approximately a 60 percent working interest in the Quartz Mountain property through the purchase of Diamond Head Mines Ltd., a private Canadian holding company. Under the terms of the agreement, Wavecrest will purchase 100 percent of Diamond Head's stock over the coming year for \$1.5 million (U.S.) and the issue of 200,000 shares. Wavecrest will also take responsibility for \$1.1 million (U.S.) in remaining Anaconda property payments and has committed to an \$800,000 (Cdn.) exploration program.

Permits are already in place to complete a major drilling program at Quartz Mountain during the 1986 season.

Wavecrest is presently mobilizing to undertake this and extensive additional development work. Funds for the purchase of Diamond Head and to perform exploration work on the property will come from the Wavecrest treasury and from a series of private placements of Wavecrest stock with sophisticated investors and North American and European institutions. The first private placement will be 1 million units at \$4.00 per unit. Each unit shall comprise of 1 common share and 1 warrant for the purchase of 1 additional common share for \$4.25 per share exercisable within 12 months. The private placement is subject to the approval of the regulatory authorities, Bird said.

The company's address is 935 Marine Building, 355 Burrard St., Vancouver, B.C.

SOURCE: THE MINING RECORD

DATE: APRIL 2, 1986

COMMODITY SECTION: NONFERROUS

STATE ARTICLE CONCERNS: OREGON