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DAILY TUNGSTEN PRODUCTION AT THE SILENCE LAKE
MINE NOW AT 120 TONS IN STEADILY IMPROVING RESULTS

- Since official production started at the Silence Lake tungsten mine of Dimac Resource Corp. in January, 1982, operations

have been steadily improving. In the past few weeks, since the snow left the property at 3,000 feet elevation 25 miles northwest of Clearwater, 70 miles north of Kamloops, B.C., the rate of improvement has been increased. In late May, the production rate was 63 tons per day and now production is averaging 120 tons per day with the recent peak day being 146 tons. The concentrating plant is operating three shifts five days a week and might be increased to seven days a week if well qualified concentrator crews can be secured, and other matters resolved.

Owing to wet, frozen, coarse ore in the stockpile in January, February and March and an unusual design to the grizzly in the feedhopper, early months of production were difficult with low throughput. With warmer weather and fresh ore from the pit, the problem has been solved. A primary crusher is being sought for installation to further reduce the former problem.

The gravity separation tables in the plant have been producing a concentrate grading 70% contained W_3 at an average recovery of 67% of the head grade. In the past few weeks the plant has started operating the flotation circuit where the tailings from the gravity tables are processed to recover a further 20% of the contained tungsten for an overall recovery of 87% which is considered very satisfactory. The flotation concentrates grade 15% W_3 and there appears to be a ready market for this product.

In a recent progress report, Robert A. Dickinson, president of Dimac, stated that a total of 30 metric tons of gravity concentrate have been sold on a spot basis to two separate markets. The product is well received and three buyers have requested that Dimac enter into a long term contract for the sale of its gravity concentrate. The first shipment of 5 tons of gravity concentrate averaged 67.5% W_3 , the second two shipments totalled 25 tons and averaged 76.5% W_3 . There is a further 10 tons of similar grade in inventory at the mine ready for shipment to a buyer. The price being received is \$5.80 per pound of contained W_3 .

The present open pit reserves of between 30,000 and 50,000 tons of 1.48% W_3 are contained within two subparallel ore bodies. A contract miner is currently mining this ore and stockpiling it near the concentrating plant. The mining operation is at a rate of approximately 1,000 tons per day and is forecast to be completed near the end of July. At that time the company will initiate a diamond drilling program to extend the reserves. An old drill hole into one of the ore bodies indicates that good grade tungsten continues for about 50 feet beyond the presently designed pit wall. The president stated, "After the size and geometry of these ore extensions are determined, a plan for continued mining can be developed." Following this work, it is planned to test two target zones which are approximately 75 metres horizontally beyond the pit's west boundary. These two areas could harbour up to five times the present reserves.

Dimac acquired two further tungsten properties in the region of the mine last year where significant tungsten was found in surface overburden and where trenching has been recommended.

The financial statements to Feb. 28, 1982 show the costs to production at \$3,683,151 which was provided by \$2,000,000 bank loan including \$650,000 working capital operating loan, \$1,000,000 convertible debenture of which \$500,000 has been converted and \$500,000 remains outstanding, plus \$600,000 from a public offering of 400,000 shares at \$1.80 each. The company has realized about \$300,000 from the sale of concentrate to date. Mr. Dickinson projects that, with the current operation continuing for about 10 months, the company will be debt free since at the 120-ton per day rate and grading 1.4% W_3 the plant should produce a table gravity concentrate of 22 tons of W_3 per month with a sales value of \$300,000 U.S. This is against costs of about \$100,000 per month including interest costs and operating expenses for the 13-man crew operating the concentrator.

He pointed out that since tungsten ore bodies of this type occur in clusters the present plan is to explore along the contact for other zones to build reserves for a five to ten year life. The funds for this exploration will come from operations and from further equity funding as conditions allow.

Dimac holds a number of other exploration properties with potential where further work has been recommended.