

# Toodoggone Exploration Underway

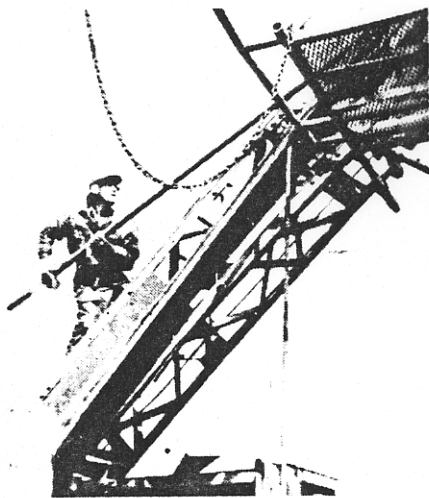
NW Prospectors & Developers  
Bulletin Jan/Feb 89

104G

000345

Discoveries and dollars in the Iskut/Stewart area have tended to banish news from the Toodoggone region of north-central British Columbia to the back burner. But just because the area seems quiet, doesn't mean it's asleep.

"Two and three years ago, and even last year, the Toodoggone was very active," says northwestern district geologist D.V. Lefebure over the phone from Smithers, 250 km south of the Toodoggone. "but in 1988 it's been quieter. There's a tendency when you come off an exploration peak to think things are quieter, and yes, in contrast to the Stewart/Iskut area where things are really popping these days, it seems quieter."



Drilling on Energex Minerals' Al Project.

But appearances can be deceiving. Lefebure says there are at least ten major exploration projects underway in the Toodoggone, as many as 16 properties where either drilling or underground development is taking place, and three properties nearing production. 94E 066

Cheni Gold Mines Inc. has nearly completed a 550 ton per day mill and plant facility on the Lawyers gold and silver property. Equipment testing began in mid November and commissioning is currently underway with production scheduled for the first half of December, 1988. A tailings pond has been completed and accommodations for workers are in place.

Initial production will come from the AGB zone, where approximately 6,700 metres of pre-production mine development has been completed. At present, 31,318 tons of ore averaging 0.336 oz/ton gold and 7.00 oz/ton silver are stockpiled on the surface.

Pre-production mine development of the Cliff Creek zone is scheduled to commence in mid-1989. It is anticipated that full production from the Cliff Creek zone will not be required until early 1991, although some development ore will be phased into the circuit as early as 1990.

Total reserves in all categories are reported as 1,938,000 tons grading 0.198 oz/ton gold and 7.09 oz/ton silver.

The company has arranged for a gold/silver loan for US \$6 million to assist in providing the capital needed to complete construction.

Energex Resources Ltd. spent 1988 working on their 100% owned Toodoggone properties. On the JD property, eight miles east of the AL Project, Energex recently completed a \$1.6 million exploration program. 94E 065

The company forecasts annual gold production from the AL project will average 36,000 oz per year for four years from a combined six-year operation, milling high-grade ore at an average head grade of 0.40 oz/ton gold and heap leaching low-grade ore grading 0.14 oz/ton gold. These preliminary forecasts are based on 304,000 tons of proven mineable reserves grading 0.33 oz/ton gold and 110,000 tons of probable reserves grading 0.11 oz/ton gold.

Lefebure says "it would be nice if they could find a little more mineralization to make it a bit more attractive, because they have fairly high capital costs which represent a significant hurdle for them." Energex claims they are confident that continued exploration will expand existing reserves, increase gold output and extend the mine life.

Multinational Resources Inc. performed 7,455 ft of drilling on the Chappelle property during the 1988 field season, but although they discovered additional tonnage, it has not proved sufficient to reopen the 100 ton-per-day Baker Mill. 94E 026

The company went into the season knowing that the property's B Zone contained 50,000 tons grading 0.57 oz/ton gold and 5.16 oz/ton silver, and drilling on the A Vein, south of the B Zone, has added further indicated reserves of 10,000 tons with a weighted grade average of 0.247 oz/ton gold and 4.65 oz/ton silver over a six ft width. The company has also reported several promising new zones for 1989 exploration.

Lefebure says having a mill on site means Multinational need only increase reserves slightly before they'll be able to go into production. "Given their ability to find a number of other mineralized veins which hadn't been drilled off by Dupont, I'd say they're a good bet."

Further to the south Skylark Resources Ltd. and Asitka Resources Corp. reported favourable progress, including some fairly high grade intersections, on the Grace claims and the Finlay River project. 94E?

New listings on the VSE this fall included Toodoggone Gold Inc. and Marian Minerals Corp., both of which are considering exploration efforts on mineral claims in the next year.

Lefebure points out the Toodoggone has at least one thing going for it that the Stewart/Iskut area lacks. "There's a road in there. You've got good access to the Lawyers/Baker area and it wouldn't take much to extend it to the other properties."

But it's one thing to have a road, and another to have the right to use it. Cheni built the \$7 million road to its Lawyers gold property with the help of a \$3.5 million government loan, but one of the loan conditions was that other mining companies be allowed to use the road.

Now Cheni wants to charge \$500 per truck load in order to help pay off its capital and maintenance costs. But the smaller companies, who are only at the exploration stage and see no production or profits in the immediate future, are complaining.

They say Cheni also wants them to sign an agreement stating, in effect, that they will contribute an unspecified amount towards the capital cost of the road if they put a mine into production. They say Cheni is using them to force the government to pay for the road and make it public.

Energy, Mines and Petroleum Resources Minister Jack Davis recently stepped into the fray. In a prepared statement he said: "It is my understanding that legitimate users have not been denied access and that Cheni has not received any payments for the use of the road.

"My overriding interest is that beneficial economic developments in the Toodoggone are not jeopardized by the inability of the parties to reach an agreement." With that in mind he asked his staff to explore legal mechanisms for effecting a resolution.

pg. 1

As a parting note Lefebure says he expects to see some consolidation of land holdings in the Toodoggone area over the next two to three years. "That would make it a more attractive place to explore," he says.

"Some of the players who have experience in the area and knowledgeable personnel may be able to combine a couple of properties and make them economic." Lefebure thinks that may be what is going on under the surface and says it takes away from the typical 'rush' connotation.

"What makes news in exploration is an exciting new discovery," he says, "but the Toodoggone is perhaps becoming a little more mature than that.

"If you like to play the high-risk end of the market you go for real grassroots plays in exciting new areas, but if you're looking at something with good potential, infrastructure, and a demonstrated, attractive deposit you find there isn't as much risk and it doesn't seem to attract the same amount of attention."

pg. 2