

NMINER 7 OCT 81 (104B11E)

## Northair's Scottie Gold Mines B.C.'s newest gold producer (104B-074)

VANCOUVER — Latest in this country's new crop of gold mines coming into production is the Scottie Gold Mines (VSE) operation near Stewart, B.C. Managed by Northair Mines which owns a direct 21.3% interest, it has just been "brought in" at a cost in excess of \$17 million.

Other new mines scheduled for production before year-end include Cullaton Lake Gold Mines, Bachelor Lake Gold Mines, Consolidated Louanna Gold Mines, Goldlund Mines and the Renabie mine of Sungate Resources. These will be followed by the \$100 million 1,000-ton Lupin mine of Echo Bay Mines scheduled for a mid-1982 startup and the big 2,000-ton operation being developed by the Dome Mines Group at Detour Lake, scheduled for a 1983 production start.

The Scottie mine development at Summit Lake has been a bold undertaking, but because of the excellent grade of ore, payback should be quite rapid. "If gold prices remain

firm, payback will probably be achieved within the first year," Donald A. McLeod, Scottie's president and who heads the aggressive Northair Group tells The Northern Miner.

Because of the extremely heavy snowfall in the mine area, the entire plant — mill, crusher, power house, compressor station and machine shop — have all been located underground. This in itself required the driving of a 7,700-ft. access adit to the orebody on the 2,800-ft. horizon at a cost of \$4 million. This is the only way the mine could operate on a year-round basis.

The mill itself is rated at 200 tons per day. Ore reserves are presently placed at 226,000 tons grading 0.65 oz. gold per ton. "But we think we can double this figure," Mr. McLeod says. With the No. 2 shaft now completed, development of the Nos. 2 and 3 levels is getting under way. Underground diamond drilling will resume in November.

First ore was fed into the circuit on Sept. 17. This is being drawn from two underground ore bins that presently contain some 1,100 tons of low grade material being used to fill the circuit. But there are several thousands of tons of high grade ore stockpiled that will soon see mill heads climbing to 0.80-0.90 oz. per ton.

Estimated production will run approximately 4,500 oz. of gold and 2,800 oz. silver monthly.

Costs are expected to run about \$135 per ton or \$200 per ounce of gold.

Like most new new mining undertakings today, there has been a cost overrun of about 20%. To assist in financing the final stages of construction and to provide working capital, 150,000 shares of Scottie were recently placed privately with International Investors of New York, a managed portfolio firm that concentrates on gold mining stocks. The placement netted Scottie \$8.25 per share for a total of \$1,237,500. Additionally, Northair Mines has offered to advance a further \$1.03 million if needed at prime plus 1% interest. In consideration, Northair would receive a 25,000 share bonus per year pro rata.

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(104B11E) 104B 074 SCOTTIE GOLD MINES LTD.

PREPARATIONS UNDERWAY FOR THE - In a Sept. 27, 1981 report, D.A. McLeod, president of Scottie  
POURING OF THE FIRST GOLD BAR Gold Mines Ltd., stated that preparations are being made to  
pour the first gold bullion at the mine near Stewart, B.C.

Production is expected to average 4,500 ozs. gold and 2800 oz. silver per month. He forecasts repayment of production loans of \$17,000,000 in 12 to 14 months.

The reserves of 226,000 tons grading 0.65 oz. gold per ton should be significantly expanded as the diamond drilling program to start in November progresses. Comprehensive examination of the main ore zone remains and several other potential ore zones are yet to be investigated.