

GCN L #181 22 SEPT 81 SCOTTIE GOLD MINES LTD. (104B11E) (104B 074)

FULL GOLD PRODUCTION NOW UNDERWAY AT STEWART, B.C. - Donald A. McLeod, president of Scottie Gold Mines Ltd., has reported that gold production has started at the mine and concentrating plant located at Summit Lake, near Stewart, B.C. First ore was fed to the mill on September 17, 1981. It will be several days before the circuit is completely filled and production of gold bullion begins.

The company anticipates the first gold pour to take place by month-end.

Originally scheduled for early this summer, production was postponed due to several construction delays but now that the concentrator circuit is operational at plus 200 tons per day, payback of the \$17,000,000 project can be achieved within the first year providing gold prices remain firm. Presently, the two ore bins hold 1,100 tons of low to medium grade ore to initiate the mill start-up. But there is 2,000 to 3,000 tons of considerably higher-grade ore stockpiled and Scottie's engineering staff estimates the first 6 to 8 months will see mill ore average 0.8 to 0.9 oz. gold per ton. Estimated production will be approx. 4,500 ozs. gold and 2,800 ozs. of silver per month.

With the No. 2 shaft completed, development of No. 2 and No. 3 levels is in progress with miners presently working on the 3,000 and 3,100 level stopes. Diamond drilling to further define and expand reserves-- now 226,000 tons grading 0.65 oz. gold per ton -- is scheduled to begin in November, 1981.

To assist in financing the final stages of construction and to provide working capital, 150,000 shares of Scottie was recently placed privately with International Investors of New York City. The placement netted Scottie \$8.25 per share for a total of \$1,237,500. Additionally-- and subject to regulatory approval -- Northair Mines has offered to advance a further \$1,030,000 if needed at prime plus 1% interest. In consideration, Northair will also receive a 25,000 share bonus per year pro rata.

Northair Mines manages and is a 21.3% owner of Scottie Gold Mines Ltd.