

GCNL #238 10 DEC 80 SCOTTIE GOLD MINES LTD. 104B 074 104B/IE

PROGRESS REPORT FORECASTS
JUNE 1981 PRODUCTION START

- Donald A. McLeod, president of Scottie Gold Mines Ltd. and president of Northair Mines Ltd., which owns 17% of the issued shares of Scottie, states in a Dec. 8, 1980 progress report on the mine located near Stewart, B.C., that a June start-up appears assured.

Recent property work includes: completion of 7,000 feet of advance on the 2,800-foot level - the level is now in use; new 80-man camp in use; excavation complete for underground powerhouse, compressor and crusher facilities and 45% complete for concentrator; shaft between 2,800 and 3,000-foot levels complete; and mine development of working places now underway.

The president notes that, when in full production, the mine will produce 4,500 oz. gold, 2,800 oz. silver per month for a nine month capital cost payout on the \$14,000,000 to completion. Twelve months' profits thereafter are projected at \$19,000,000 per year after taxes or \$6.00 per share fully diluted.

Ore reserves are calculated at 226,000 tons grading 0.65 oz. gold/t and minor amounts of silver. An underground diamond drill program planned for mid-1981 is expected to expand these reserves by a considerable amount.

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Scottie Gold making good progress
developing Stewart mine for 1981

VANCOUVER - Scottie Gold Mines' president D. McLeod reports the company's mine near Stewart, B.C., will likely be in production by the spring of 1981 - on schedule and on budget.

Summarizing the progress in a recent news release, he said:

- Canadian Mines Enterprises has completed the 7,000 ft. access adit on the 2,800-ft. level which is now in service.

- the 80-man Atco camp has also been constructed and is in use along with the new mine dry and related facilities.

- excavation for the underground powerhouse and compressor station is finished with installation of power and compressor units planned for the new year.

- the underground crusher station has also been completed and the machine shop on the 3,000 level. Rock work for the underground mill is 45% finished and the ball mill has been stored prior to installation.

- the 2,800- and 3,000-ft. levels have been connected by now completed no. 1 shaft for which hoist installation is scheduled for early 1981.

Mr. McLeod added that development work at the mine would start early next year so sufficient working places would be available to provide feed for the June start-up.

He states the operation will produce 4,500 oz. gold and 2,800 oz. silver on a monthly basis which

should result in a 9-month pay-back period. Profits for the 12-month period thereafter are projected at \$19 million after taxes \$6 per share fully diluted.

Reserves of 226,000 tons, in all categories, grading 0.65 oz. gold per ton with some silver are expected to be expanded significantly by an underground diamond drilling program planned for mid-1981.

Approximately 70 people will be employed by Scottie, many of them housed by the company in Stewart. Annual payroll is expected to total \$3 million.

Scottie Gold is managed and 17% owned by Northair Mines of Vancouver.

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