

SCOTTIE GOLD MINES LTD.

+ Second Phase \$2,000,000 Pre-Production Program Underway on High Grade Gold Property

+ New Finance Package Provided \$1,050,000 And Assured Further \$1,000,000

GCNL #247 24-12-79

On Dec. 17, 1979 Brink, Hudson & Lefever Ltd. underwrote 300,000 shares of Scottie Gold Mines Ltd. at \$3.50 each to provide \$1,050,000. There is also an option outstanding on 100,000 shares at \$4.00 each which will provide a further \$400,000 when exercised. Northair Mines Ltd. has agreed to guarantee a \$1,000,000 bank loan to Scottie as the funds are required. For this guarantee, Northair is to receive 50,000 treasury shares of Scottie, proportionate to the amount of the guarantee used. In all, Scottie has \$2,450,000 available for the next phases of property development. 104B 074 104B/1E

Ore reserves at the Scottie Gold Mines Ltd. 14 Crown granted claims property on the shore of Summit Lake, 32 miles north of Stewart, B.C. were increased to 205,774 tons of 0.767 oz. gold/t by the exploration and development program completed in the 1979 field season. One of the prime features of the program was to establish facilities to permit 12-month operation at the property. This was successfully completed with roads, a 32-man camp, office facilities, fuel and parts inventories established. F R

The second phase program now underway has been budgetted at \$2,000,000 and is to include drifting, raising, sub-level development, 4,000 feet of underground diamond drilling in 50 to 60 holes, construction of an 800-ton capacity ore bin, selection of a mill site, first phase plant construction and purchase of the major mill components. Present planning calls for an initial operating rate of 125 tons per day, increaseable to 200 tons per day. Metallurgical work at Lakefield Research Ltd. confirmed 95% gold recovery by simple cyanidation.

The underground program carried out in 1979, after the old workings on two levels had been cleaned out and rehabilitated, included 600 feet of raises, 450 feet of sub-drifting, 15,200 feet of slashing plus extensive diamond drilling. The three levels are numbered 3,000, 3,100 and 3,600.

The work was carried out on each of the three main property ore zones. They are called: McLeod East, McLeod West and the B zone.

On the McLeod East zone, where 80% of present ore reserves are developed, two raises were driven. One averaged 0.71 oz. gold/t for 133 feet. The other raise averaged 0.672 oz. gold/t over 70 feet. On the 3,100 foot level 275 feet of length of the McLeod East zone was drifted upon with the central portion averaging 1.43 oz. gold/t over an average width of 6.76 feet. The west face of this drift was stopped in 0.32 oz. gold/t across 4.2 feet.

In sub-drifting and raising, three previously drilled diamond drill holes were intersected. The drill hole assays correspond with the sub-drift assays, proving the viability of utilizing diamond drill results as an adequate means of "proving-up" ore reserves.

The entire 3,000 level was remapped and a cross-cut was driven 22 feet into the footwall on the 3,100 foot level in order to prove the existence of a high grade "footwall" zone. At least four offshoot veins are known to occur. Only three of these have been sampled.

No. 1 offshoot assays 5.00 oz. gold/t across 0.6 ft. No. 2 and No. 3 veins create a zone eight feet wide assaying 0.77 oz. gold/t, including: 2.5 oz. gold/t across 1.3 ft.; 3.66 oz. gold/t across 1.6 ft.; 1.236 oz. gold/t across 0.3 ft.; 3.622 oz. gold/t across 0.5 ft.; 4.8 oz. gold/t across 0.4 ft.

Four holes were drilled between 3,000 and the 3,100 foot levels in the McLeod East zone. The best of these intersections was 1.22 oz. gold/t across 3.3 feet and 1.91 oz. gold/t across 4.7 feet for a zone width of 14 feet assaying 1.00 oz. gold/t. To test the McLeod East zone at a higher level four holes were drilled. They cut: 10.1 ft. of 0.917 oz. gold/t; 4.5 ft. of 0.49 oz. gold/t; 1.1 ft. of 0.176 oz. gold/t; 8.9 feet of 1.877 oz. gold/t.

The "S" zone, on which two previous diamond drill holes had intersected 0.70 oz. gold/t across 2.8 ft., and 0.46 oz. gold/t across 3.2 feet, was intersected at three locations in 1979. One assayed 0.52 oz. gold/t across 4.2 feet. The other holes cut lower grade.

Both the McLeod East and the "S" zones are open to extension to the west.

The "B" zone was not previously drilled. This year's raising and test drilling has indicated a gold-bearing structure of economic grade over a width of 9.5 feet to a height some 62 feet above the 3,000 level drift back. A raise was driven from which a diamond drill intersected the ore zone some 10 feet into the footwall. Seventy feet of sub-drifting has been done on this vein. Thirty-five samples are being assayed.

On the McLeod West zone, a raise was driven to the 3,100 foot level encountering some gold values. Diamond drilling is presently being done at the 3,100 level and more diamond drilling is planned from the 3,000 level to locate the upward extension of this zone.

There are large areas of the property with encouraging showings that have not yet been tested lending a high degree of confidence to the potential for developing additional reserves. The present program is anticipated to increase reserves substantially, to probably double the present level by mid year.