

GCNL #197

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SCOTTIE GOLD MINES LTD.

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MINE DEVELOPMENT PROGRAM - D.A. McLeod, president of Scottie Gold Mines Ltd., has reported PRODUCING GOOD RESULTS that the underground development program on the property located

20 miles north of Stewart near Salmon Lake, B.C. consists of driving four raises on three ore zones; two on the McLeod east zone, one on the McLeod west zone and one on the B zone.

Reserves in the McLeod east zone only, calculated by various engineers over the past several decades, have ranged from a low of 110,000 tons grading 0.874 oz. gold/ton; and an estimate on all zones of plus 200,000-to-300,000 tons of excellent grade gold, 0.70 oz. gold/t.

Two underground diamond drills are currently being utilized to confirm and extend the reserves on all three developed structures. The No. 1 machine is presently drilling from the 3600 foot level to check the projected up-dip extensions of the McLeod east zone and the B zone. A series of nine holes is planned to test these zones. A second series of nine holes is also planned from the 3600-foot level to test two structures that in previous reports gave indications of developing into mineable ore grade material. The McLeod east zone consists of more than one vein and, thus, the raises driven on the McLeod east are inconclusive as to true width and grade. This is also the case on the portion of the McLeod east that was drifted on the 3000-foot level, as will be the case on the 3100-foot sub-level now in progress. The second drill is being utilized to drill from the raises between the 3000-foot level and 3100-foot sub-level, and the sub-level itself in both directions into the foot wall and hanging wall to provide the necessary information as to true widths and grades. Similarly, the same procedure will apply to the B zone.

Since work started in the early summer of 1979, an access road has been completed, a 36-man camp established, and the 3000-foot level which is 3500 feet long has been rehabilitated.

The 2 raises on McLeod east have been completed and 50 feet of sub-drifting on ore is progressing. The one raise on B zone is completed, sub-drifting is under way. The raise on McLeod west zone is about halfway to the 3100-foot sub-level.

Mr. McLeod says the prognosis for new gold bearing structures is excellent. The first diamond drill hole from the 3600 level encountered a new zone with a true width of 5 feet containing massive sulphides. This indicates gold bearing material. This structure was drilled many years ago with 2 intersections - 38" of 0.46 oz. gold/ton and 36" of 0.73. It is apparent that a new and important ore bearing structure is developing. Numerous structures remain to be tested.

Commercial production at 150 to 200 tons per day is planned for next summer. Metallurgical testing by Lakefield Research confirms recoveries of plus 94%. In the six months ended 31 July 79, Scottie Gold Mines raised \$871,050 new funds and spent \$383,344 on exploration, development and equipment purchases. Working capital was \$408,940 at 31 July 79.

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Production

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## Production being planned for Scottie Gold

A group headed by Donald A. McLeod, president of Northair Mines and Scottie Gold Mines, formerly Morris Summit Gold Mines, is acquiring control of Scottie. The plan is to place the Scottie gold property near Stewart, B.C., into production under Northair management, hopefully, the group says, by July, 1980.

An extraordinary meeting of Scottie will be held in Vancouver on Apr. 18, 1979, at which shareholders will be asked to vote on converting the company from a specially limited to a limited company, and to change the authorized 3,000,000 \$1 par value shares into 3,000,000 class A no par value shares and 605,000 class B no par value shares. Shareholders also will be asked to grant Northair options to buy shares and a right of first refusal to provide financing in any dealings with the company's claims.

Scottie was formerly controlled by Newmont Exploration of Canada and Granby Mining each of which owned 250,000 shares. Mr. McLeod's group has the option to buy these shares and to date has purchased 200,000 shares from each company. The company will apply for listing on the Vancouver Stock Exchange about mid-1980.