

# The Northern Miner

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## Gunsteel Res, to open B.C. gold mine

VANCOUVER — With ore reserves estimated at 233,000 tons grading 0.33 oz gold per ton, Gunsteel Resources (VSE) says a mill with an initial capacity of 100-150 tons per day is now "economically viable" on its Nugget property in the Sheep Creek gold mining camp near Salmo, B.C.

The company is now negotiating financing to bring the former producer back to life, and estimates the cost of the mill and related facilities to be under \$2 million. A target date for the completion of mill construction has been set for the spring of 1989.

Gunsteel can earn a 50% interest in the property for \$2 million from Nugget Mines, a family-owned company headed by Stanley Endersby, who is also president of Gunsteel. The proposed mill site, on paved highway and near all necessary infrastructure, is owned by Nugget.

According to Endersby, the operation may be sized in initially at about 75 tons per day to be expanded gradually to full capacity.

Assuming a 150 ton per day production rate, the mine would be capable of producing about 15,000 oz per year. The initial construction will be for gold only, although the company is considering adding a possible lead zinc flotation circuit later.

"The thing we're looking at is a very flexible operation," Endersby said, "and also one that is readily expandable."

Previous operators had achieved about a 97-98% recovery on ore milled from the Nugget property and Endersby said he expects similar recoveries would be achieved.

Meanwhile the company is continuing an underground program on the Nugget property. The No 1 and No 5 portals of the old Reno mine are being opened to obtain access to the Reno vein and several other adjacent veins. Past production on the Nugget property (early 1900s to 1950s) came from the Reno, Nugget and Motherlode veins — three of over 20 known vein structures on the property — for a

total of 430,000 tons of ore grading 0.54 oz gold containing 230,000 oz gold. The Reno vein produced 261,500 tons of ore grading 0.56 oz gold in the period 1927 to 1939, and contributed 60% of the past production from the Nugget property.

Gunsteel said exploration work is also continuing on the Fawn/Nugget/Motherlode section of the property, including work directed toward reaching and testing the downward projections of the ore zones on the Fawn veins.

During the past two years, surface exploration on the Nugget property has outlined several anomalous areas high in gold and an area high in silver, lead and zinc which was associated with geophysical anomalies. Gunsteel said work will soon be under way to further define and follow up on these areas with possible trenching and diamond drilling.

### Drilling started at Vital bet

Diamond drilling commenced recently on Vital Pacific Resources' (VSE) Haida property, located near Little Fort in central British Columbia.

President Ken Kent said the company will initially drill approximately 3,000 ft to test the high grade exposure as well as other geochemical and geophysical anomalies.

According to Kent, this property has many geochemical and geological gold showings including a 15-ft chip sample assaying 1.37 oz per ton.

In other news, Vital and its partners Davidson Tisdale Mines (TSE) and Marvic Resources, a private company, have completed a preliminary pilot plant evaluation of two placer claim blocks in the Homestake Mining area.

Material processing recoveries were in the area of \$7(US) per cu yd range and costs are estimated at \$3.50 per cu yd. A feasibility study will be completed after reserves are established.

## Copper producing subsidiary boosts Rio Algom earnings

Increased net earnings reported by 68.8% owned subsidiary Lornex Mining Corp. (VSE) were among the factors which contributed to a profitable first half for Toronto based Rio Algom (TSE), the company announced recently.

Lornex holds a 45% interest in the Highland Valley Copper operation in British Columbia which produced 345.3 million lb copper and 6.1 million lb of molybdenum concentrates last year.

### Prospector deal

VANCOUVER — A formal agreement is expected to be signed shortly that will allow recently-listed Prospector Airways (VSE) to earn a 40% undivided interest in Esso Resources Canada's Eagle properties in the Dease Lake area of northwestern British Columbia.

According to Prospector Airways President Edward Chisholm, the company must spend \$2 million by the end of 1990 to earn its interest in the properties which contain copper and gold, molybdenum and silver occurrences.

The company also has an option to earn a 40% interest in the former producing Anyox mine from Cominco Ltd. (TSE) Work is also planned this year on the adjoining Granby property and on the Moly Stock claim block, all located on tidewater near Alice Arm, B.C.