

## Major expansion planned for Gunsteel Resources

VANCOUVER — The Sheep Creek mining camp in southeastern British Columbia ranks sixth in the province in terms of gross gold production; but Gunsteel Resources could very well improve that ranking in the next few years, having secured funds for a major exploration program on its Nugget property.

The property includes three old mines which produced 230,590 oz gold from 430,000 tons of ore at an average grade of 0.54 oz and a portion of that was attributable to the Endersby family which acquired the ground in the early 1940s. Prior to that the family leased the property.

President Stanley A. Endersby says he started acquiring ground in the early 1970s and the property recently was put into Gunsteel which controls more than seven square miles in the region. Gunsteel has an option agreement with Nugget Mines to earn a 50% interest in the project area.

Exploration work is under way, road access has been improved to the old mine workings and he confirms that about \$350,000 will be spent on a first-phase program. Work has started on the No 4 Nugget level which is being slashed out

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Gunsteel Resources Incorporated GUN  
Shares issued: 2,201,698 Jun 1 close: \$1.35  
NUGGET News Release

Mr. Stan Endersby reports: 82FSW040

The company has been actively pursuing its underground exploration program on the Nugget property at Salmo, B.C. and its present ore reserves now stand at an estimated 67,000 tons grading 0.45 ounces of gold per ton. This compares to a past production from the property of 430,000 tons grading 0.54 ounces of gold per ton.

The exploration tunnelling on the Nugget and Calhoun veins had to be temporarily curtailed near the latter part of February when no more underground storage space was available for the broken ore, and the lower level portal (Motherlode No. 5) through which it was to be removed was not accessible due to winter conditions. During this time the work was concentrated on track laying, timbering and rehabilitation work in preparation for exploration and diamond drilling of a number of other prime targets. An ore unloading trestle and

ore storage area has now been completed at the Motherlode No. 5 portal and the ore stored underground is now being removed, and exploration drifting on the Nugget and Calhoun veins is being resumed.

to accommodate an underground locomotive and several ore cars.

The Calhoun vein, a major structure that has hardly been touched, will be accessed from another adit and he notes that little development work would be required to mine that vein because it is so close to the Nugget. Veins typically average 2-3 ft but they are mined to 4 ft in width. The three most prominent veins have averaged about 0.54 oz gold per ton, he says.

Cominco's Trail smelter is located about 35 miles away and ore has been shipped there over the years, but with the flow-through aspect to the financing Gunsteel could not direct ship to Cominco and receive the funds. However, Mr Endersby doesn't rule out such action in the future which would be a welcome source of revenue.

He says there are 20,000-40,000 tons of material that would make good direct shipping ore, adding that Cominco would smelt it for the silica and credit them for the gold.

The exploration program will be geared towards blocking out 70,000-100,000 tons of ore on the Nugget property, mostly in the Nugget/Calhoun vein system. These two veins are split into branches and appear as parallel or in echelon veins. In the past these were neglected exploration targets, says Gunsteel.

Diamond drilling on the Fawn No. 1 vein has shown the ore zone to extend at least 100 feet below the lowest level and a longer diamond drill hole is in progress to test the vein 300 feet lower and 300 feet to the east, which would intersect the vein in the most geologically favourable part of the structure. Diamond drilling will also be started shortly to test a number of other targets associated with the Golden Belle, Motherlode, North Motherlode, Ridge, Nugget, Calhoun and O'Donnell veins.

Consideration is being given to small scale shipping of some of the high grade ore encountered on the 100 sub-level of the Nugget vein to the nearby Cominco smelter at Trail, B.C., who have indicated that they would accept about 500 tons per month. This ore averages over an ounce of gold per ton and with its high silica content and very nominal treatment charge, is very profitable to ship directly to the smelter. A shipping rate of 500 tons per month would net about CD\$250,000 per month to Gunsteel and Nugget.

A summer program of surface exploration on the Nugget property is slated to begin shortly, and also follow-up work will be started soon on the Jero claims at Rossland, where very encouraging anomalous gold values in soils were found, some of which were associated with strong electromagnetic conductors. Work on the Allco, Gonzo, Omineca and Chilko Lake properties will begin later in the season.

Gunsteel Resources Incorporated GUN  
Shares issued: 3,046,198 Nov 9 close: \$0.70  
News Release

Mr Stan Endersby reports: S.W

The underground exploration program on the Nugget property near Salmo, BC is continuing to expand the present reserves of 73,000 tons of ore grading 0.45 oz of gold per ton to a point where a production decision can be made. The winter program will concentrate on that part of the property which encompasses the Fawn, Nugget and Motherlode mines. There are at least 12 veins on this part of the property which are presently important exploration targets.

The recent underground diamond drilling program on the Fawn no. 1 vein was successful in determining that the ore zone extends at least 355 feet below the lowest Fawn tunnel and is open down dip. To reach this zone, a new tunnel is being driven northward from the no. 5 level of the Nugget vein, which is 1200 feet to the south. This also cut the O'Donnell vein about 350 feet north of the Nugget. The O'Donnell vein is indicated to be a stronger structure that the Nugget vein and is a high priority target for exploration.

The tunnel being driven to the east on the north Motherlode vein on no. 5 level has advanced a total of 131 feet and is expected to hit the zone favourable for ore. Tunnelling is also advancing to the west on the 200 sub-level of the Nugget vein and also to the east of the 200 sub-level of the Calhoun vein. The tunnelling on the Nugget vein is 100 feet below the point where ore was recently found grading 1.14 oz across 2.8 feet for a distance of 100 feet, and the tunnelling on the Calhoun vein is 200 feet below two commercial grade ore zones on one of the higher levels. It is expected that these two tunnels will be into the favourable zones very shortly.

A previously unknown vein structure has been found which is only 200 feet north of the most northerly workings on the Fawn no. 5 level. It is planned to drive a tunnel to this later in winter. Surface diamond drilling and trenching on the Golden Belle vein south of the Motherlode structure is continuing and results will be released upon completion of this phase of the program.

Approximately 1000 tons of ore has been moved to a stockpile down in the Salmo valley. This is in part ore that was left in some old stopes and is in part ore derived from the exploration drifting on the Calhoun and Nugget veins.

Field work has recently been completed on Gunsteel's Allco silver property at Revelstoke. Six kilometers of access road were constructed and a program of geological, geophysical and geochemical surveying was done to further define and extend the anomalous areas found in previous work. Results will be reported when received.

Work has started on the Jero property at Rossland, BC to follow-up on areas on the property that were found to have anomalous gold values associated with geophysical conductors. As well as further geophysical and geochemical work, some stripping is being done to expose the source of the gold.

**Gunsteel Resources Incorporated** GUN

Shares issued: 3,041,198 Jul 21 close: \$1.10

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News Release

Mr. Stan Endersby reports: S.W.

Underground diamond drilling on the Fawn No. 1 vein, which is part of the overall exploration program on the Nugget property at Salmo, B.C. is returning very positive results. This vein is about 1200 feet north of the Nugget/Calhoun veins and cuts the same geologically favourable rock units which host most of the gold ore in the Sheep Creek gold camp. **82FSW040**

The Fawn No. 1 vein is one of the 20 known veins on the Nugget property and was chosen as a priority target because it is a strong structure, it had a high grade ore shoot on the level of the lowest working, and can be easily reached to a further 1200 feet of depth by drifting from the adjacent Nugget workings. A drill hole which cut the vein at 52 feet below the lowest level graded 0.42 ounces of gold per ton across 2.8 feet. Up to this point reserves in this ore zone, which also extends an unknown distance above the level, were estimated to be 1923 tons probable grading 0.865 ounces of gold per ton and 2357 tons possible grading 0.796 ounces of gold per ton. Subsequently a deeper hole was put down to cut the vein at about 165 feet below the level. The drill cuttings from a 5 foot interval at the vein intersection graded 2.22 ounces of gold per ton and 3 feet of incompletely recovered drill core from the vein graded 0.28 ounces per ton. A further hole has now cut the well mineralized vein at a depth of 325 feet below the level and values on this will be forthcoming shortly. The mine manager indicates that the drill core from the vein contains a larger proportion of sphalerite and galena which are typically associated with good gold values in the Sheep Creek gold camp. The vein is open down dip and in both directions horizontally.

One more drill hole will be started on the Fawn No. 1 vein in a few days to intersect the vein between 400 and 500 feet below the level, and consideration is being given to extending a tunnel 1200 feet northward from the No. 5 level on the Nugget vein to intersect the Fawn veins at about 500 feet below the lowest existing workings. This tunnel will also cut at least two more untested veins on the way, including the O'Donnell vein which is a stronger structure than the Nugget and Calhoun veins where much of the successful work to date has been and will continue to be done.

The majority of the work at the Nugget property is still taking place in the area of the Nugget, Calhoun and Motherlode veins. Also, there are a number of prime drill targets here but drilling has been delayed while the Fawn No. 1 is being given priority. A second drill will be added as soon as the additional flow-through funds are received.

Geochemical surveys are underway on parts of the property and preliminary results indicate targets along strike west of the Reno vein. An access road has been completed to the No. 10 Motherlode portal from where rehabilitation work will be undertaken to obtain access to the deepest levels of the Motherlode, Nugget and Calhoun veins.

In view of the very encouraging results, negotiations are taking place for further exploration funding in addition to the \$1 million of flow-through funds already arranged through NIM, in order to speed up the exploration program and in particular to proceed with exploration and access to the deeper levels of the Fawn No. 1 vein, where the current diamond drilling is indicating the presence of a significant ore zone.

A consultants report just received now puts the ore reserves on the Nugget property, prior to the inclusion of the results from the deeper drill holes on the Fawn, at 73,400 tons of ore grading 0.45 ounces of gold per ton. This would have a total gold content of 33,000 ounces and a gross value of about \$20 million.

**Gunsteel Resources Incorporated** GUN  
Shares issued: 3,046,198 Aug 18 close: \$1.05  
News Release

Mr Stan Endersby reports:

SW

The company has, subject to regulatory approval, completed a private placement in the amount of \$137,250.75 representing the purchase of 130,715 common shares at \$1.05 per share, together with a warrant with a term of one year to purchase an additional 130,715 shares at \$1.50 per share. These funds will be used for general working capital.

Also, a commitment letter for a private placement of flow-through shares has been signed with Vanguard Mining Exploration Limited Partnership in the amount of \$700,000.

These funds, when added to the previously announced private placement for NIM 1987 and NIM 1988, as well as a \$40,000 FAME grant from the provincial government, make a total of \$1,877,000 of funds available. The first of the flow-through funds should be received about August 21, 1987 and the exploration program will be speeded up accordingly. Underground exploration on the Nugget property near Salmo, B.C. will continue throughout the winter.

Exploration work has been proceeding on schedule at the Nugget property where reserves now stand at 73,000 tons grading 0.45 ounces of gold per ton, containing about 33,000 ounces of gold with a gross value of about \$20 million. This compares to a past production from the property of 430,000 tons of ore grading 0.54 ounces of gold per ton from which 233,000 ounces of gold was obtained.

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Positive results are being obtained on the Fawn vein, where another diamond drill hole is now being put down to intersect the vein at 500 feet below the lowest level. The last vein showed the ore zone to extend down to at least 355 feet where it intersected 3.0 feet grading 0.20 ounces per ton and 3.5 feet grading 0.26 ounces per ton. Cuttings graded 0.95 and 1.90 ounces of gold per ton in the corresponding intervals and it is thought that the true grades are somewhere in between these values.

Rehabilitation work has now been completed to obtain access for the exploration on the 200 sub-level of the Nugget vein and tunnelling westward on the vein has started. This is 100 feet below the section of the vein above that graded 1.14 ounces of gold per ton over a width of 2.8 feet and a length of about 100 feet, and it is expected that the tunnelling will be into the downward extension of this high grade ore zone very quickly.

Tunnelling has also started on the North Motherlode vein on the Motherlode No. 5 level, and is also ready to start on the Calhoun vein on the 200 sub-level.

Now that funding is in place, arrangements are being made for a second underground drill to test other sections of the Nugget and Motherlode vein systems, and a surface diamond drill to test other vein structures and some anomalous areas delineated in a recent soil sampling program.

Preparations are also in progress for the field work on the Allco (Revelstoke), Jero (Rossland) and Chilko properties.

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## Surface work to start at Gunsteel gold bet

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VANCOUVER — Surface exploration will begin shortly at Gunsteel Resources' Nugget gold property near Salmo, B.C. According to Stan Endersby, president, consideration is also being given to direct shipping ore to the nearby Cominco smelter at Trail.

Some high grade material averaging better than 1.0 oz gold per ton was encountered in the 100 sub-level of the Nugget vein and Cominco has agreed to accept 500 tons per month, he confirms. The ore has a high silica content and would be used as flux in the smelter. A nominal treatment charge would apply with Gunsteel receiving credit for the gold. Mr Endersby says the 500-ton shipping rate would net about \$250,000 per month to Gunsteel and co-owner Nugget Mines.

Underground exploration has yielded encouraging results and reserves now stand at 67,000 tons grading 0.45 oz. This compares to past production from the property of 430,000 tons grading 0.54 oz. Exploration development on the Nugget and Calhoun veins was curtailed in late February because of insufficient space to store ore grade material. Also, the lower level portal was not accessible because of winter conditions.

Since that time crews have been laying track and rehabilitating underground workings for future exploration. An unloading trestle and ore storage area have been completed at the Motherlode No 5 portal and stored ore is being removed from the underground. Exploration drifting on the Nugget and Calhoun veins is being resumed.

Diamond drilling on the Fawn No 1 vein has indicated the ore

zone extends at least 100 ft below the lowest level; the structure will be tested further along strike and some 300 ft deeper. A number of other targets will be tested shortly as well.

Mr Endersby says exploration to date has demonstrated good potential for blocking out 75,000-100,000 tons of ore which would justify the installation of a mill and commercial production. An approved mining plan and reclamation permit have already been received, he notes.

Follow-up work will begin soon on the Jero claims at Rossland, B.C. where some encouraging gold values were found in soils. Some of these values are associated with strong electromagnetic conductors. Work on the Allco, Gonzo, Omineca and Chilko Lake properties will commence later this season.

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GCNL #178 16 SEPT 82 CARL CREEK RESOURCES LTD.

82F/13W, 82K/4W

TILLICUM MOUNTAIN - Carl Creek Resources Ltd. president has reported acquisition of 76 claims PROPERTY ACQUIRED (approx. 4,500 acres) adjoining the gold discovery by La Teko Resources and Esperanza Explorations at Tillicum Mountain near Burton, B.C.

Preliminary examination of the Carl Creek property consultant D.G. Allen, confirms the presence of metasedimentary and metavolcanic rocks over a considerable area. These are the same kind of structures which carry the gold values on the adjoining La Teko-Esperanza ground. A preliminary geochemical and geophysical exploration program is planned.

SECOND GOLD PROJECT OPTIONED - Carl Creek Resources Ltd. has also entered into an agreement to acquire an interest in the Nugget Mine gold property covering a major portion of the famous Sheep Creek gold camp, 12 miles from Salmo, B.C. Three veins, of the 20 veins known to exist on the property, have a recorded production of 231,500 ounces of gold. The three veins, the Nugget, Reno and Motherlode, accounted for 32% of the 727,000 ounces of gold produced from the Sheep Creek camp. A preliminary program is planned for 1982.

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David Minerals Ltd., which operates a custom mill some six miles from the property, has advised Carl Creek that they are prepared to treat ores from the Nugget property.

Under the agreement with Nugget Mines the company can earn from 50% to 75% interest in the 42 mineral claims by carrying out exploration and development work over a number of years.