The project has reached prefeasibility with Amselco concluding that a 14,000-ton-per-day mining operation would produce 160,000 oz gold annually at approximately $200(US) per oz.

Mr Friedland says capital costs to 1988 including the purchase of mining equipment are estimated at $84 million, adding that Galactic would earn a 49%-50% working interest in the project with Amselco acting as operator. Final terms of the mine operating and farm-in agreements will be announced later this month, he says. Amselco operates the Alligator Ridge heap leach mine in Nevada.

Gold was discovered in the

A number of other targets have been found and these will be tested later this year, he notes. Mr Friedland says good metallurgical recoveries are indicated for the heap leaching of oxide reserves and for conventional milling of sulphide ores.

With Galactic's Summitville mine in production, he says the Ridgeway acquisition "represents a second strategic step in Galactic's objective of building a major diversified producer of over 200,000 oz per year of low cost gold production."

5 year period subject to a 5% net smelter return royalty with a buyout provision.

The Windigokan Lake claims exhibit favorable geology and a similar structure to the property under exploration and development by Metalore, says Calnor President Donald A. McLeod. Calnor has retained N. Carter, P.Eng., to examine available data on the Windigokan claims and to recommend an exploration program.

Mr McLeod says funding for the program will be arranged by the issuance of flow-through shares.

Citadel Gold/ Canhorn definitive agreement

A definitive agreement has been executed between **Canhorn Mining Corp.** and **Citadel Gold Mines** regarding Citadel's acquisition of Canhorn's interest in the Citadel gold mine joint venture in the Wawa area of northern Ontario (N.M., March 3/86).

The final closing of the agreement is scheduled for May 30. At that time, Citadel will own 100% of the joint venture properties which includes the necessary mine facilities and an 850-ton-per-day mill.

In addition, Citadel will acquire the Ward Lake property, previously owned by one of Canhorn's predecessor companies. An updated feasibility study, expected to start at that property immediately upon closing, should be completed within six months with a production decision made shortly after.

As a result of this transaction, **Prairie Pacific Energy Corp.** and Canhorn will each own approximately 42% of the outstanding common shares of Citadel.

Both Citadel and Prairie trade on the Alberta Stock Exchange, while Canhorn is listed on the Toronto Stock Exchange.

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Aurun concludes agreement on Harper Creek property

VANCOUVER — **Aurun Mines** has concluded a long-term mining lease agreement with **Quebec Cartier Mining** for the latter's Hail Harper Creek mineral deposit near Vavenby, B.C.

According to Aurun President John A. Chapman, the deposit was explored from 1967-74 when approximately 40,000 ft of drilling was completed with more than 3.5 miles of trenching.

The program blocked out a mineral reserve of 53 million tonnes grading 0.37% copper and 0.016% molybdenum which in a prefeasibility study was marginally subeconomic at a proposed throughput of 13,000 tonnes per day. The strip ratio was approximately 1.6:1.

Mr Chapman tells The Northern Miner that individual assays were not done for gold or silver although both metals occur in the deposit in small quantities based on results from bench scale flotation tests. Significant titanium values were also found in and near the deposit with samples averaging 3%-4% rutile.

The main mineralized zone is contained within a 300-ft-thick sequence of shallow dipping, metavolcanic and metasedimentary schists and phyllites which host zones of massive sulphide mineralization.

The company has proposed a budget of $71,900 for the Hail Harper Creek project this year, funded by a flow-through share offering. Mr Chapman confirms that Aurun has entered into a $115,000 private placement agreement with NIM and Co. Limited Partnership — 1985 and part of the money will be spent on the Tern project in the Northwest Territories. That project is located in the Contwoyto Lake area where Echo Bay's Lupin mine is situated. The financing will be at 47¢ per common share.

The funding agreement is subject to Aurun being listed on the Vancouver or Toronto stock exchanges and he says an application is being prepared for the VSE.

The deal with Quebec Cartier includes a 5% net smelter return from any mineral production during the 20-year lease period and any of the subsequent 10-year renewals. Advance royalties are payable at $10,000(US) per annum in years 1-5, $25,000 in years 6-10 and $100,000 per year thereafter.

N. Miner May 16, 1986 p.3