

During 1987, Equity completed an aggressive on-site exploration program, including 42,000 ft. (12,800m) of diamond drilling. Besides definition of ore on the Waterline & Northern Tail Zones, high grade mineralization was also intersected down dip of previously known zones beneath the Southern Tail pit.

(FAME '87) Incl. 2 photos.

006803

CREAM SILVER (BUTTLE LAKE) - (MI 92F-220,224,225)

On Mar. 18th I visited the Cream Silver site. Geologists Scott Thomlinson and Linda Dandy were on site. Two Pinkerton security guards from Vancouver were also present (to deal with protestors - Friends of Strathcona).

Four deep holes totalling in excess of 7500 ft. (2286m) were drilled to test strong geophysical anomalies in the same structural and geological setting as the Westmin mine. This area was not their best target. The strong anomalies appear to be the result of pyritic, graphitic argillite beds interbedded with andesitic pyroclastics (Myra Fm.). The rocks may represent the hanging wall package of the Westmin mine. Minor amounts of pyrrhotite, sphalerite, chalcopyrite, pyrite and trace galena were observed in weakly altered andesite. They occur as 1) fracture fillings 2) breccia fragments (some replacement) and 3) bedded.

The program finished on Mar. 25th.

(FAME '87) Incl. 11 photos.

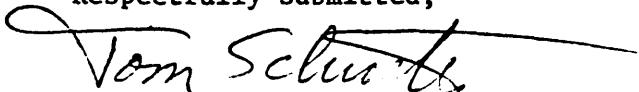
EXPLORATION 'ATMOSPHERE'

Regardless of the flow through share scenario, a general air of optimism and enthusiasm abounds. Granted the demise of the flow through scheme will have drastic affects; however, B.C. has numerous projects which are at an advanced enough stage to proceed.

TIME SPENT

	<u>Days</u>	<u>%</u>
Property Visits	2.5	10.4
Travel	3	12.5
Victoria	2	8.3
Meetings	3	12.5
Vancouver Office	<u>13.5</u>	<u>56.3</u>
	24.0	100

Respectfully submitted,



Tom Schroeter, P. Eng.

TGS/dcm



To: V.A. Preto

March 28, 1988

RE: MONTHLY REPORT - FEBRUARY, 1988 - SOUTHWEST DISTRICT

A. EXPLORATION HIGHLIGHTS:

04-26 3
ACTION:
FILE NO:

Victoria M.D.:

- Valentine Gold Corporation at Valentine Mountain have successfully processed two small bulk samples through their 20 tpd test mill and have completed 15 diamond drill holes totalling 2,243 metres. A new exploration model is emerging (see further information later in this report).
- Abermin Corp./Laramide Resources have announced revised ore reserves for their Lara project west of Chemainus - 1.125 Mt @ 0.67 % Cu, 0.72 % Pb, 3.59 % Zn, 67.9 g/t Ag, 2.9 g/t Au. Tenders have been called for a contract for 823 metres of underground declining and drifting with work scheduled to commence April 1.

Alberni M.D.:

- Westmin/Nexus Group have announced plans to spend \$5,000,000.00 on the Debbie and Yellow properties near Port Alberni. The 1988 program will include a 2.0 km underground exploration adit to access the Mineral Creek and Linda zones, with work expected to begin before the end of March. In late February they had eight diamond drills operating full time to complete the latest drill program by month end.
- Nexus Resource Corp. is drilling on the Thistle property southeast of Port Alberni. Two drills are working with a total of at least 1,000 metres planned; they were still drilling at month end. Westmin recently dropped their option on the property, due in large part to the need to focus on the Debbie project.
- Cream Silver Mines (MEIP grant) are continuing to drill test a geophysical anomaly in the Price Creek valley in Strathcona Park in spite of repeated interference from the Friends of Strathcona and other groups. They were granted a Park Use Permit to drill at five sites. This initial drill test is being directed at one of their lower priority geophysical anomalies thought to be in a politically less sensitive area.

LOG NO: 03 31 T 11
 ACTION: → Sub → Dt. / Gr. / .../12
 P.F. CONE
 Return to Norma (file)

Vancouver STOCKWATCH

Cream Silver Mines Ltd CEM
Shares issued: 9,632,654 Jan 15 close: \$1.50
 News Release

Mr Frank Lang reports:

The company is in receipt of a resource use permit which provides authority for a diamond drilling program within its mineral claims adjacent to Westmin Resources, Vancouver Island, BC. The mineral claims are located approximately 2 miles south of the south end of Buttle Lake within the Strathcona provincial recreation area.

The program will be carried out in such a manner as to provide a minimum impact on the environment and will be closely monitored by our environmental consultants and the park branch. A \$50,000 bond has been posted to ensure that any necessary rehabilitation work is properly completed.

In 1987, a controlled source audio-frequency magneto-tellurics survey, which was performed at a cost of \$150,000, successfully located a string of anomalies on strike with the known orebodies on the adjacent Westmin Resources property. Westmin is in the process of increasing its mill size to 4,400 tons per day to treat these ores, most notable of which is the H-W orebody (15.2 million tons grading 0.07 oz/ton gold, 1.1 oz/ton silver; 2.2% copper, 0.3% lead and 5.3% zinc).

The drilling is expected to commence on January 20 and the first hole will test a strong anomaly located just 5,000 ft south of Westmin's Price orebody. The initial program will consist of three to five holes drilled to a depth of 1,500 to 2,500 feet to these three geophysical anomalies. At this depth the target may be difficult to intercept and many additional diamond drill holes may be necessary to locate it. These anomalies are not our best anomalies but are the most accessible, being very close to an existing roadway. Authorization to drill our prime target has been applied for.

At the request of a number of individuals, the company has confirmed by letter to the ministry of environment and parks its often-stated concern for Cream Lake. We have advised the ministry that we would yield certain of our surface rights to ensure that no act be taken such as to affect the quality of the environment of Cream Lake. The present drilling program is about 4 miles north of Cream Lake at an elevation of about 1,000 feet above sea level.

Lone Jack Resources Ltd LJR
Shares issued: 3,123,374 Jan 14 close: \$0.45
 News Release

Mr Gary Campbell reports:

The company has now completed the first five holes of a 16 hole drilling program on the company's Quadra Island project.

The company is utilizing approximately \$250,000 in flow-through funding provided by the NIM Resource 1987 and Company Limited Partnership for the drilling program.

The company will initially be drilling eight 300 ft holes surrounding zone 1264 to test the geological structure and to determine if the 30 ft of 0.30 oz/ton gold values obtained by surface sampling extends to depth.

The initial five holes, now completed in zone 1264, contained extensive mineralization and are currently being assayed. The results of the initial holes are expected to be available within the next six weeks.

After completion of the eight hole program on zone 1264, the company will be continuing the program on 3 other areas of the property, and the company will drill zone 1308 with surface sampling results of 0.67 oz/ton gold over 1 foot; zone 1311 and 1312 with surface sampling results of 0.50 and 0.20 oz/ton gold over 5 feet; and zone 6E will be drilled to determine if the results of 16 PPM Hg; 0.13% Sb; and 1.2%, as obtained by surface sampling, indicating a promising epithermal zone.

Pacific Sentinel Gold Corp PSG
Shares issued: 1,726,400 Jan 15 close: \$1.35
 News Release

Mr Robert Dickinson reports:

Corptech Industries has negotiated an option to earn a 55% joint venture interest in Pacific Sentinel's 100% owned Ursus Creek gold property.

The option and joint venture agreement call for Corptech to spend a minimum of \$250,000 on the property during 1988 and a total of \$800,000 by January 31 1991 to earn a 55% interest in the property. Additional expenditures to production will be provided 45% by Pacific Sentinel and 55% by Corptech.

The Ursus Creek property, located near Tofino, BC, covers a 18 km long gold-bearing structure. Limited prospecting has identified disseminated shear-hosted gold mineralization over a 4 km strike length. Much of the gold-bearing structure on the property is obscured by overburden, with highly sheared grab samples averaging up to 0.7 and 0.8 oz gold per ton. Fourteen km of the gold-bearing structure remains unexplored.

92-069

Northern Miner

Jan 26/88

Chamber meeting held again with Cordilleran Roundup

VANCOUVER — The 76th annual general meeting of the British Columbia and Yukon Chamber of Mines is scheduled for Feb 3 at the Pacific Ballroom in the Hotel Vancouver. The meeting will be held in conjunction with the Cordilleran Roundup which runs Feb 2-5. This is a joint venture which includes the Ministry of Energy, Mines and Petroleum Resources, Geological Survey of Canada and the Department of Indian Affairs and Northern Development.

Upwards of 1,200 people are expected to attend the informative get-together of mineral explorationists and mining people. Thursday's plenary session will include papers on several advanced-stage mineral properties among them: Skyline's Reg project, Delaware's SNIP property, the Samatosum discovery of Minnova and Rea Gold plus Cheni Gold's Lawyer's property. For more information contact: B.C. and Yukon Chamber of

Mines, 840 West Hastings St., Vancouver, B.C. V6C 1C8 or call (604) 681-5328.

Cdn-United Minerals drilling B.C. prospect

VANCOUVER — A \$300,000 exploration program is under way on Canadian-United Minerals' Firewood polymetallic prospect located 10 miles north of Granisle in central British Columbia.

Work will include 5,000 ft of diamond drilling, geophysical, magnetometer and VLF surveys. Earlier work has yielded chip samples averaging 10 oz silver per ton over an outcrop exposure of 30 ft. Float samples which led to the discovery had values of silver, zinc, copper and small amounts of gold.

Drill targets are located in a well defined magnetic anomaly which measures 246x656 ft. This zone lies within a much broader, highly conductive IP anomaly up to 820 ft wide and 2,625 ft long.

Cream drilling Buttle Lake after moratorium lifted

VANCOUVER — After a 14-year moratorium, Cream Silver Mines is exploring its Buttle Lake polymetallic deposit near Westmin Resources' mine on Vancouver Island.

The 166 mineral claims are located about two miles south of the south end of Buttle Lake within the Strathcona provincial recreation area and have been dormant since the British Columbia government prevented the company from exploring the claims by declaring a moratorium in 1973.

The moratorium was lifted in 1987 and a resource use permit gives the company authority for a \$200,000 diamond drilling program expected to start late in January. A

\$50,000 bond has been posted to ensure rehabilitation work is properly completed.

A \$150,000 geophysical survey completed last year located a string of anomalies on strike with the known orebodies on the adjacent Westmin property. Westmin is in the process of increasing its mill to 4,400 tons per day to treat these ores, most notable of which is the H-W orebody containing 15.2 million tons grading 0.07 oz gold per ton, 1.1 oz silver, 2.2% copper, 0.3% lead and 5.3% zinc.

Initial drilling will consist of three to five holes drilled to a depth of 1,500 to 2,500 ft to test three geophysical anomalies. Authorization to drill another target area on the property has been applied for.

Drilling by X-Cal

X-Cal Resources (XCL:TSE) has commenced a winter diamond drilling program on its Snowbird property near Fort St. James, B.C. The program will continue for approximately five weeks. Current plans call for 6,000 ft of diamond drilling to further test targets generated by the encouraging overburden drilling results from last fall.

The Northern Miner

September 12, 1988

B.C.'s mining industry rankles at park decision

ian Danielson
VANCOUVER — British Columbia's mining industry reacted angrily to a new ban on resource development in Strathcona Park, a primary recommendation of a report by the Strathcona Park advisory committee. To the delight of environmental groups such as militant Friends of Strathcona, B.C. government endorsed the committee's uncompromising position to stop all new mineral exploration in the park, except for the Westmin Resources' pre-base metals mine.

One of our fears is that the decision of the Strathcona Park advisory committee will become the policy of the government for the future of the parks and recreation in the province," said Jack Danielson, managing director of the Yukon Chamber of Mines. "Although the government hasn't said it will do this, the implication

is what's good for Strathcona is good for any other park or recreation area."

Bruce McKnight, vice-president business development for Westmin, said the company is still digesting the contents of the 80-page report which contains a number of recommendations relating to its mining operation. McKnight said the company doesn't yet know what parts of the report will be adopted by the government, but assumes by the wording of a recent government statement that it will be allowed to continue exploration on its property. The company is now in the process of upgrading its mine/mill complex.

"We are disappointed in the report generally and do think it may have implications for other parts of the province," McKnight said. "The committee appears to be arguing that the value to society of any unproven mineral lands must

always be less than any known recreational values. We don't accept this as always being true."

Richard Moore, western exploration manager for Falconbridge Ltd. (TSE) adds that the amount of land being alienated from mineral exploration and mining in B.C. is expanding "at an ever-increasing rate." Exploration is already restricted in parts of the Queen Charlotte Islands he said, and may likely be curtailed in parts of the East Kootenays if a recent Wild Lands study gives in to demands of groups such as local outfitters bringing in American hunters.

"If you remove a large portion of B.C. from exploration because some tourist feels his wilderness experience is ruined by the sight of a drill rig in the bush, then you remove a large portion of this province's mineral endowment," he said.

Tom Waterland, president of the

Mining Association of B.C., said the government appears to be taking too seriously the knee-jerk reactions of small, special interest groups. "This time it's a recreation area within a park, but the next time it could very well be a major orebody or economic development taking place outside a park. A message is being given out that all these groups have to do is object long enough — and loud enough."

Despite all this criticism, B.C. Mines Minister Jack Davis said he is still committed to the principle of multiple use in recreation areas elsewhere in the province. "With proper planning and reclamation there's no reason why mining and forestry and other resource uses cannot co-exist with recreational interests."

Parks Minister Terry Huberts said he would be working with Davis to arrange fair compensation where

See Page 2

From Page 1

legitimately held rights are affected by the policy to turn Strathcona into a Class A park. One of those will surely be Cream Silver Mines which holds claims held since the late sixties within the present park boundaries and within rights of Westmin's property. Over 100 members of the Friends of Strathcona defied the law and were arrested earlier this year in order to support the company's efforts to explore the property.

"Twice the government has had the right to explore and now they have taken it away," said Lang, president of Cream Silver. "That initial right also included the right to develop and produce an orebody, if found."

Lang said the decision has cost the company not only exploration dollars, but also the opportunity of finding a major orebody which could generate new jobs and tax revenues. He said the company would withhold legal action pending discussions with the Parks Minister to discuss the compensation issue.

Strathcona Park

The battle of Strathcona Park on Vancouver Island appears to be over, at least for now. A report, accepted by the British Columbia cabinet, recommends that there be no new mineral exploration in the provincial park except on Westmin Resources' existing mine site.

There were no apparent losers in this skirmish, but as a result of it there will be far fewer winners. The report recommends compensation to Cream Silver Mines, whose exploration activity in the park — with the government's blessing — brought the issue of land use to a head, so shareholders should recoup what they've invested. But the potential to create jobs and generate tax revenue has been lost.

Cream Silver envisaged a major orebody to be mined underground, not by open pit methods. Still, to those who advocate keeping all mine development out of parks, Cream Silver's activities represented the thin end of the wedge: If this mining activity were to go ahead, what fate awaits the rest of Canada's natural beauty? Will it all be ravaged through the greed of a few mining entrepreneurs?

That is, of course, preposterous. The more fundamental question that will have to be answered sooner or later is: What effect will this desire to leave our mineral resources untapped have on our way of life?

The park's value to a few may be enhanced marginally by keeping mining out, but it's just one more step to pricing Canadian minerals out of the market. That, in the long run, means less for everybody.

WESTLEY MINES LIMITED (WTY-V,T)

WESTLEY ACQUIRES - Lawrence Roulston, vice president, B.C. GOLD PROSPECT announces the acquisition of a gold prospect in the Taseko-Bridge River area of B.C., 140 miles north of Vancouver. This property was explored from 1969-1976 as a porphyry copper-molybdenum prospect. That program included 89 widely spaced drill holes over the 4.5 square mile property. Only a few of these holes were assayed for gold. Records show drill hole 76-3 intersected 123 feet (105 to 268 feet) grading 0.095 oz.gold/ton, 8.3 oz.silver/ton and 1.7% copper. Selected 10-foot assays from this interval include 0.30 oz.gold/ton, 51 oz.silver/ton and 8% copper.

Mineralization occurs within quartz-sericite altered volcaniclastic sedimentary rocks, adjacent to a granodiorite batholith. The property has potential for one or more bodies of relatively high grade, open pittable, gold-silver-copper ore bodies.

The property was recently staked by a private firm after being released by the major oil company that held it for several years. Westley can acquire 51% interest in return for \$600,000 of exploration funding, and \$106,000 of cash (which can be paid in Westley shares) over a 3-year period. Westley also has first right of refusal to acquire the remaining 49% interest.

Further review of the existing data base is on-going with field work, including drilling, expected to start as soon as weather permits.

Elsewhere, Westley hold 10 properties in Nevada and California on which drill programs are slated to begin in the first quarter of 1988.

YUKON MINERALS CORPORATION (YKN-Alberta)

ADDITIONAL SLOCAN CLAIMS ACQUIRED - Yukon Minerals Corp. director R. Marshall Bertram has reported negotiation of an agreement to acquire a 75% interest in the Deadwood claims which are contiguous to the Payday property near the head waters of Springer Creek, east of Slocan Lake, B.C.

Past production from the Payday mine was intermittent up to 1971 when selected production material ran 1.79 oz.gold/t and 206.8 oz.silver/t. Recent sampling from a 4-foot quartz vein has yielded values of 0.52 oz. gold/t and 108.8 oz.silver/t. Ruby silver has also been discovered in the old underground workings.

Yukon Minerals has a \$320,000 program currently in progress and scheduled to end Feb.28,1988. A permanent camp has been established on the mine site. Crews are driving a 100-foot slusher crosscut. A drill station at the end of the drift will enable 2,000 feet of diamond drilling to be completed on schedule.

The company has new offices at 522 - 625 Howe St., Vancouver, B.C. V6C 2T6, telephone (604)687-7767.

CREAM SILVER MINES LTD. (CEM-V)

EXPLORATION PERMIT GRANTED Frank Lang, president, FOR STRATHCONA AREA CLAIMS reports that Cream Silver

Mines has received a Resource Use Permit for diamond drilling on their claims adjoining to the south the Westmin Resources mine, 2 km south of Buttle Lake, 60 km south of Campbell River, within Strathcona provincial park, Vancouver Island, B.C.

In 1987, a Controlled Source Audio-Frequency Magneto-Tellurics survey was completed by Walcott Geophysical Consultants over the north end of the Cream Silver property. This survey is a deep penetrating geophysical tool developed recently by Phoenix Geophysics Ltd. This powerful new geophysical tool is capable of detecting sulfide bodies located at depths of as much as 10,000 feet below surface. The survey cost \$150,000 and located a string of anomalies on strike with the known Westmin Resources property.

Cream expects to start diamond drilling on a strong anomaly 5,000 feet south of Westmin's Price ore body on Jan.20,1988. The initial program will consist of three to five holes drilled to a depth of 1,500 to 2,500 feet to test three geophysical anomalies. Mr.Lang said, "At this depth the target may be difficult to intercept and many additional diamond drill holes may be necessary to locate it. These anomalies are not our best anomalies, but are the most accessible, being very close to an existing roadway.

Authorization to drill our 'prime' target has been applied for." The present drilling is about 4 miles north of Cream Lake.

MUSPAR RESOURCES LTD. (MUR-V)

SMALL GOLD MINE PLANNED - L.E. Sawyer, president of IN COWICHAN DISTRICT, B.C. Nuspar Resources Ltd. has reported results of the first 50 feet of core from Hole 8 in the current diamond drilling on its 12,000-acre property in the Cowichan district of Vancouver Island, B.C.

HOLE	INTERVAL, FT.	FOOTAGE	OZ. GOLD/T
8	2 to 17	15	0.015
	17 to 32	15	0.019

Drilling continues in this hole toward a planned depth of 550 feet. More than 350 fire assays of diamond drill core and bulk samples from trenches have been received to date.

Mr. Sawyer says the first two pre-production test runs by an independent operator produced gold amounting to 0.498 ounce per ton and 1.26 oz/ton of raw feed, respectively.

Upon completion of satisfactory tests of production equipment, Nuspar intends to open a small mine at the Cowichan property.

MFC MINING FINANCE CORPORATION (MFM-V.T.) BROHM RESOURCES, INC. (BRH-V.T.)

MFC AND BROHM AN ALGAMATION - The directors of MFC Mining Finance and Brohm Resources propose an amalgamation; the new company would be called MINVEN GOLD CORPORATION. Shareholders of MFC would receive 1 share of MinVen for each 1.5 MFC shares. Shareholders of Brohm would receive 1 share of MinVen for each Brohm share. Shareholders of both companies will be asked to approve the amalgamation at meetings to be held on 28 May 88 in Vancouver.

If the amalgamation is completed, MinVen, directly and through subsidiaries, will own the following assets: 50.2% of B. A. LOGAN MINING CORPORATION, a public company that owns and operates the Blackdome mine near Clinton, Nev. (which was shut down by a strike on 20 Apr 88); 70% of the Bill Edge project, a gold mine under development near Deadwood, South Dakota; 50% interest in the Stibnite gold mine near Yellow Pine, Idaho; 25% interest in the Cactus Gold Mines Company, which operates a gold mine near Lancaster, California.

CREAM SILVER MINES LTD. (CEM-V)

PROGRESS AT BUTTLE - Cream Silver Mines Ltd. has LAKE IS REVIEWED completed Phase I of its 1988 exploration diamond drilling program on their Buttle Lake property on Vancouver Island, B.C. Four holes totalling 7,098 feet were drilled to test 2 deep geophysical anomalies. President Frank A. Lang points out that Cream's current "Resource Use Permit" restricts drilling to these lower priority targets.

All of the holes intersected low grade stratiform mineralization, with grade and favorable geology increasing to the east. The best results came from a 3.5-foot rhyolite horizon that ran 0.43 oz. silver/ton, 0.35% copper and 0.33% zinc. Other thicker rhyolite bands gave slightly lower results.

Following the current governmental reviews on mineral exploration in Recreation Areas and providing authority is granted, Cream Silver will apply for an additional permit to allow diamond drilling of the top priority geophysical target southeast of the drill holes completed to date. Also, additional drill hole locations east of the completed holes will be requested to follow up the encouraging geology and mineralization outlined above.

Mr. Lang comments that the company is concerned with the environment and cooperates fully with all regulatory authorities. Before receiving its most recent drilling permit, it agreed to 60 specific conditions for environmental protection, preservation of timber, access preparation, drill site clearing, reclamation and many others. In addition, a bond of \$50,000 was posted to ensure the reclamation of the 5 drill sites which, in total, occupied less than half an acre. There are over 570,000 acres in the park and recreation areas. The area within which Cream has been working was burned by a forest fire about 30 years ago. The company's 106 mineral claims cover some 5,300 acres within the recreation area and are adjacent to the 4,400-ton per day producing mine of Westmin Resources.

CREAM SILVER MINES (CEM-V)

PROJECTS REVIEWED - Frank A. Lang, president of Cream Silver Mines has reported on four exploration projects.

Exploration on the Sioux, Ontario property has uncovered a quartz vein which has been seen in a number of trenches and is possibly continuous. The vein is partially mineralized with galena, sphalerite and chalcopryrite with occasional specks of visible gold. A grab sample, sent for assay, yielded 0.50 oz/ton gold, 3 oz/ton silver, 1.7% lead, 0.80% copper and 0.80% zinc. Samples taken from diamond saw cuts within the first few trenches have also been sent for assay and results are expected shortly. Work is continuing.

Further work on the Vancouver Island, B.C. property is subject to a report from the Strathcona Park Advisory Committee which was due 30 Jun 88 and to a Cabinet decision based on that report. The decision is expected shortly. If the decision is favourable to the company, it is proposed that diamond drilling of the company's prime geophysical targets will commence as soon as possible following receipt of a Resource Use Permit from the Parks Department.

At the Connor Creek Roots Property, 10 miles south of Nelson, B.C. an Aerodat aerial Em survey detected a significant anomaly which has been confirmed by ground surveys and traced for up to 2100 feet in length. A geochemical survey found a coincidental gold anomaly with values up to 50 parts per billion in the soil.

A bulldozer is being sent to the property with diamond drilling proposed if warranted. The Connor Creek Root property is under option from Noramex Minerals Inc., Vancouver, B.C.

A decline to crosscut the downward extension of the existing silver-lead-zinc veins is in progress on the Los Pinos property, Hermisilo, Mexico. It is expected that the vein will be intersected sometime in September. If sufficient ore is encountered, it is planned to increase the present 50 ton per day operation to process up to 100 tons per day.

Net revenue from this operation of up to \$50,000 per month is projected to provide sufficient working capital to take care of most of the company's financial requirements for administrative purposes.

Cream Silver has purchased 50,000 shares of Meridor Resources Ltd. as an investment.

GCNH No. 150/198
August 5/88

82FSW

ESPERANZA EXPLORATIONS LTD. (EEP-V)

Additional Results

SURFACE DRILL HOLE	INTERVAL FEET	WIDTH FEET	GRADE OZ/TON GOLD
E88-149	273.0-279.0	6.0	0.12
E88-150	84.0- 89.0	5	.26
E88-151	397.0-402.0	5	.10
E88-152	48.0- 56.5	8.5	.17
"	130.0-141.0	11	.10
"	361.0-371.0	10	.10
" Incl.	365.0-371.0	6	.14
E88-153	263.5-271.5	8	.28

The current phase of diamond drilling on the East Ridge Gold zone will be increased to approximately 38,000 feet at Esperanza's Tillicum Mountain project near Burton, southeastern B.C. (See also GCNL No. 14 and NO.133 for much background data). By late October it is expected that approximately 125 holes, drilled at 100-foot spacings, will have been completed and that in the order of 1,000,000 tons of gold ore could then be drill-indicated within an average 10-foot thick zone that extends over a length of 1500 feet and to a depth of 1000 feet. The zone is being drill tested at 100 ft. down dip and remains open to depth and along strike.

Average grade intersected at East Ridge is 0.26 oz gold/ton. The accompanying drill hole summary longitudinal section and cross section show the hole completed to date (SEE OVERLEAF). Additional drill results are awaited and will be reported as the program continues. Underground work is scheduled to begin in September to test the central part of the East Ridge. In 1984, a short underground crosscut driven into the upper part of the East Ridge upgraded a 5-foot thick mineralized zone from 0.4 oz.gold/ton in a surface hole to a grade of 1.8 oz.gold/ton in the drift. It is anticipated that upgrading of overall reserves may be expected when underground exploration begins in the next month within the central part of the East Ridge Zone.

Drilling on the Ströbe Zone, 3 km east of the East Ridge zone, will start within the next few days.

George Cross News Letter

NO. 172 (1988)
SEPTEMBER 7, 1988

0931

CREAM SILVER MINES LTD. (CEM-V)

**COMPENSATION FOR STRATHCONA - Frank A. Lang, president
EXPROPRIATION TO BE DISCUSSED** reported that Cream
Silver Mines has been

informed "There will be no new mineral exploration in
Strathcona Provincial Park, Vancouver Island, B.C. except
at the Westmin site. Cream Silver Mines has held leases
joining to the south of the Westmin mine since 1965.
B.C. Department of Parks, Department of Energy,
Petroleum Resources and Department of Forests
will be working to arrange fair compensation where
privately held rights are affected by the policy.

Mr. Lang notes that Cream Silver is very disappointed
in this decision since the B.C. Government gave the
right to explore and now twice have taken this right
away. The initial right also included the right to
develop and produce from an orebody, if found. On its
account and through farmouts Cream has spend in
excess of \$2,000,000 on property exploration. Some
geologists have estimated the chances of finding a major
orebody as high as 50%. Indications from geophysical
work completed in 1987 are that the first priority
target in Price Creek could contain an orebody of up to
100,000 tons in size, three times the size of the
main orebodies.

Mr. Lang also stated that Cream Silver recognizes
that the government had a very difficult time in making
this decision. He notes "Investors, Canadian, American,
European and others, have placed large sums of money in
faith into Cream Silver's Vancouver Island project
and will no doubt have very strong feelings about this
change of direction. We can only try our best to resolve

Terry Huberts, Minister of Parks for B.C. has
announced that a meeting will be called soon to discuss
compensation with Cream Silver. Cream Silver will
not hold legal action pending these discussions.

In June 1988, Cream Silver received \$250,000 from
a private placement sale of 500,000 shares at 50¢ each
and warrants to purchase a further 500,000 shares at
50¢ each until June 20, 1989. Following the private
placement there were 10,827,228 shares issued.

RESOURCES INC. (LR-V) has completed formal documen-
tation to acquire 68 claims in the Iskut River area, B.C.
The agreement calls for payment of an aggregate \$400,000
of which \$150,000 has been paid, the issuance of an
aggregate 600,000 shares of Link over time and
installments of \$2,000,000 over three years.

Link has negotiated a \$150,000 demand loan from
Capital Corporation, with interest at prime plus
1% annum to be repaid from a proposed share offering
share bonus to Prime.

SOUTHERN GOLD RESOURCES LTD. (STG-V)

HALLMARK RESOURCES LTD. (HKR-V)

**DRILLING TO START - Alan C. Savage, president, reports
AT CRONIN MINE** that Southern Gold Resources Ltd.
will begin 2,000 feet of diamond
drilling by 20 Sep 88 at the Cronin mine property 28 km
northeast of Smithers, B.C. The drilling will test a
2,000 foot long electro-magnetic anomaly that may be
generated by the presence of silver-lead-zinc mineraliza-
tion. The anomaly is parallel to and about 500 feet to
the north of the old mine workings. Production records
from the Cronin mine indicate recovered grades of mined
ore were about 8.4% zinc, 7.6% lead and 13 oz. silver/ton.
Southern Gold is earning a 51% interest from Hallmark
Resources Ltd. by spending \$225,000 on the property and
making a cash payment of \$100,000.

EUREKA RESOURCES, INC. (EUK-V)

SOUTHLANDS MINING CORPORATION (SSM-V)

BATTLE CONTINUES FOR TITLE TO FRASERGOLD PROJECT

J.J.O'Neill, president of Eureka Resources has
reported receipt of a final assessment of the winter
development program on the Frasergold project, near
Horsefly, 60 miles east of Quesnel, B.C. The work was
performed by Southlands Mining. Mr. O'Neill does not
report who carried out the assessment of the work or
what the assessment included but he does say
continues to have major objections to the qual-
ity and lack of direction of ongoing development work p
Although final reporting and compilation of a
reverse circulation drilling has not been rece-
ived it is understood the results are very inconclusive.
He feels satisfactory resolution can only be accom-
plished by regaining absolute control over future p
Eureka will continue its position in litigation
to maintain a 100% interest in the Frasergold proper

Southlands succeeded earlier this year in getting
a court injunction preventing Eureka Resources
from taking any further property action. By completing a
feasibility study, anticipated by the end of 1988,
Southlands and Sirius Resource Corporation can each earn
a 25% interest with Eureka holding the remaining 50%
working interest. (See GCNL NO.68, April 8, 1988 for a
property review.) Reserves on the property are
classified as "strong inferred geological potential of
20,000,000 tons with an average grade of between 0.05
and 0.08 oz. gold/t".

See also GCNL No.168, P.3, Aug.31, 1988 for review
of a newly discovered anomalous gold zone.

Cream Silver Mines Ltd.

(C.E.M.)

Work on the Ruby Mountain claims in the Atlin, B.C. area has delineated a number of large induced polarization anomalies, which are to be tested by trenching and diamond drilling. Analysis of the underlying rocks in some cases have detected highly anomalous values in silver, lead, zinc, tin and tungsten. Further I.P. work on the Lakeview gold zone at Atlin outlined two clearly defined trends. A diamond drill program on this prime gold target is currently underway, looking for the source of the fabulous Bonanza gold discovery of 1896.

On Vancouver Island in Strathcona Provincial Park the Company's prime prospect, which comprises 166 claims, has recently been reviewed by the Wilderness Advisory Committee. A comprehensive report was rendered to the government in early March, 1986. The Committee's final recommendations were as follows:

"The mineralized belt, including the Westmin Mine and Cream Lake, should be designated a Recreation Area; wherein mining would be permitted subject to approval by The Parks Division."

Based on these recommendations, the Company is presently awaiting final approval from Parks Branch and anticipates a final decision will include the return of its exploration and development rights in this major area of interest.

NU PROSP JAN 1987

DAWSON

92F220

GCNL 43 See Westmin March 3/87.
56 CREAM SILVER MINES LTD. (C.S.V) 92F220

WM ZONE EXTENSION SEARCH PROGRAM AWAITS PERMITS

A search for the extension of the Westmin W.M. ore body onto the Cream Silver Mines Ltd. claims will start as soon as final B.C. Government consent is granted to the removal of the March 1, 1973 moratorium on exploration in the area of Strathcona Park and a Resource Use Permit is granted. Frank Lang, president of Cream Silver said the present schedule calls for the start of geological and geophysical surveys in May with diamond drilling on several targets by early July, subject to permits.

In 1966, Cream Silver Mines acquired by staking a large property to the southeast along strike of the favourable geological structure of the Westmin mine at the south end of Buttle Lake, Vancouver Island, B.C. Exploration work was carried out by Cream Silver over the next eight years until the moratorium was announced. These programs included geological mapping, geochemical surveys, some geophysical surveys and limited diamond drilling, which encountered some encouraging mineralization. All this work was done in the years before the current understanding of the geological setting of the WM deposit. Ore reserves at the WM zone are reported by Westmin as 15,200,000 tons grading 0.07 oz. gold/t, 1.1 oz. silver/t, 2.2% copper, 0.3% lead, 5.3% zinc. Westmin is in production at 3,000 tons per day with a work force of 470 persons.

Dr. Nick Carter, consulting geologist, recently reported on Cream Silver's Buttle lake property stating that the available data suggests that the volcanic stratigraphy, the lower and middle Myra formation volcanics of the Sicker group, which host the WM ore deposit, underlie the northern part of the Cream claims. Mineralized float in the lower Price Creek strengthens the potential. The claims have massive

sulphide potential and are highly prospective for a WM type massive sulphide deposit. He recommends \$212,500 of geological mapping and ground geophysical surveys followed by \$262,000 of diamond drilling of 6,500 feet.

Some of the values reported in the 1967 exploration included: Sugar vein traced for 400 feet long, 12 to 28 inches wide, assayed 42.6 oz. silver/t, 0.22 oz. gold/t, 0.42% lead, 1.77% zinc; Elliott zone, traced for 300 feet long, 12 inches wide, 198.3 oz. silver/t, 0.04 oz. gold/t, 1.02% lead, 2.02% zinc. A parallel vein traced for 300 feet long, 10 inches wide, assayed 39.2 oz. silver/t, 0.04 oz. gold/t, 2.15% zinc.

On Feb. 12, 1987, Cream Silver received VSE approval for a private placement sale of 105,000 units at \$1.05 each with warrants to buy a further 105,000 shares at \$1.05 for one year and, on Feb. 10, 1987, received approval for the private placement of 140,000 tax flow-through units at 60¢ each with warrants attached to buy a further 140,000 shares at 70¢ each for one year. On Jan. 23, 1987, Cream Silver received approval from the B.C. Superintendent of Brokers for the private placement of 258,303 shares at \$1.355 with MVP Exploration & Co. Ltd. Partnership. Prior to these financings the company had 8,261,714 shares issued.

Cream Silver has several other high potential projects including: Atlin, B.C. gold camp; Dawson City, Yukon gold camp; Garrison township, Quebec, Destor-Porcupine gold project; Lac des Iles, Ontario, platinum project; Abitibi West, Ontario gold project; LaFosse, Labrador, platinum-gold project.

See Westmin
27 Mar 87 CREAM SILVER MINES LTD. (CEM-V) GCNL 61
EXPLORATION MAY RESUME - Pursuant to a B.C. Government
ON WELL LOCATED CLAIMS Order in Council dated 14 Mar 87.
HW 92F220 the mineral claims long held in
the Strathcona Park area of Vancouver Island are now
officially declared to be within the Strathcona
Recreation Area, within which mineral exploration will
be allowed. 92F220

Frank A. Lang, president, notes that Cream Silver's claims adjoin those of Westmin Resources Limited on which four massive sulphide deposits are known. He points out that Westmin's most recently developed ore body, the H-W, has 15,200,000 tons grading 0.07 oz. gold/t, 1.1 oz. silver/t, 2.2% copper, 0.3% lead and 5.3% zinc and is located approximately 600 meters north of Cream Silver's claims. Mr. Lang states that previous work has shown that the same volcanic stratigraphy as that hosting the Westmin deposit exists on the Cream Silver property.

NORTH WEST MINERS AND DEVELOPERS BULLETIN PROSPECTOR

August/September 1988

Bulk Test At Goldwedge

Catear Resources is undertaking a 10,000-ton bulk test in an effort to prove up overall grade on its Goldwedge Mine Property located in the active Sulpherets District in Northwestern B.C.

The Goldwedge property, previously optioned by Esso Minerals Ltd., is completely surrounded by the Newhawk/Granduc Sulpherets project which is less than a mile away.

The company has installed a gravity mill which is currently operating at 50 tons per day while awaiting delivery of a small crusher which will boost capacity to 120 tons per day.

Catear has completed 16,000 feet of surface drilling and 10,000 feet of underground drilling.

About 1,032 feet of decline has been completed and 434 feet of drifting. Company president E.R. Kruchkowski has announced that a 178 foot drift in the Golden Rocket Vein has shown an average grade of 0.825 oz/ton gold over an average width of 12 to 14 feet and said the property's

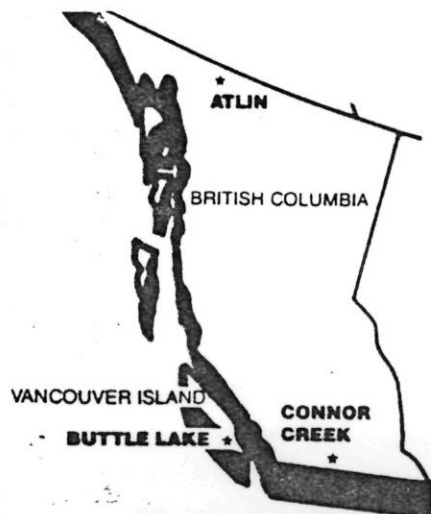
discovery vein has the potential to yield equivalent grades and add approximately 65,000 oz gold to reserve estimates.

The company claims geological reserves stand at 291,000 tons grading 0.837 oz/ton gold and 2.56 oz/ton silver.

Metallurgical work carried out by Catear indicates an 80% recovery rate of gold by gravity separation alone. Overall recovery is estimated in the region of 97%.

Catear said gold production, which began in early July, has amounted to 300 oz to date. Although the company has said it plans to develop the property from cash flow, it has entered into an agreement with NIM Resources - 1988 and Company Limited Partnership whereby the partnership, in consideration of the renunciation of qualified expenditures and the issuance of qualified shares to the partnership by the company, will commit a total of \$1,045,000. The funds will be spent on further development of the Goldwedge property.

Cream Silver Mines



CONNOR CREEK CLAIMS, BRITISH COLUMBIA

Elsewhere in British Columbia, other promising news comes from Cream Silver's Connor Creek property. Massive sulphide showings uncovered in early exploration have been supplemented with airborne geophysical surveys and a trenching program designed to define drill targets.

BUTTLE LAKE CLAIMS, BRITISH COLUMBIA

On Vancouver Island, Cream Silver has been testing its Buttle Lake property. One of Canada's finest base/precious metal prospects, geophysical surveys of the property have yielded indications of numerous anomalies on strike with the rich ore body at the neighboring Westmin Mine. Cream Silver's property lies within a provincial park which, until recently, was off-limits to mining. This moratorium was recently lifted, but ambitious exploration plans have been stalled while the provincial government reviews park management policy. Despite this setback, Cream Silver is determined to regain its right to develop the Buttle Lake Property.

Vancouver Island:

Projects Prosper

By Roderick MacDonald

Gold exploration continues unabated across Canada, literally coast to coast. In British Columbia, most of the excitement and energy has been focused on northwestern gold camps. However, Vancouver Island has been shaping up as another major area of interest.

Unfortunately, promising results from some projects have been dampened by declining gold values and, more seriously, by the provincial government.

In a decision industry representatives said was based on hysteria, British Columbia parks minister Terry Huberts announced in early September there would be no new mineral exploration by Cream Silver Mines Ltd. in Vancouver Island's Strathcona Park.

Geologists estimated Cream Silver Mines Ltd. had a 50% chance of finding a major ore body, perhaps as large as 50 million tons, and creating direct employment for about 500 workers. However, all is not doom and gloom. Exploration continues on other parts of the Island and several projects are making interesting headway.

The largest concentration of effort and expenditure in the area has been in the Tucker Group of paleozoic volcanic and sedimentary rocks of southern Vancouver Island. Here, the most significant development has been the spectacular success on the Debbie/Yellow Project five miles southeast of Port Alberni by the Westmin Resources Ltd. and Nexus Resources Corp. joint venture.

The partners have spent more than \$5 million exploring the 23 square mile properties. Nexus holds a 50% interest in the Debbie Property and a 100% interest in the Yellow Property. By spending \$811,000 in February, 1989, operator Westmin will own a 24.5% interest in the Yellow Claim.

Over the past two years about 135,000 ft of diamond drilling in 250 holes led to the discovery and partial delineation of the important gold zones on the Debbie property: the Mineral Creek, Linda and Yellow Boundary.

Among the better drill intersections on the Mineral Creek Zone are: 31.2 ft of 1.28 oz/ton gold, 7.6 ft of .556 oz/ton gold, and 69.1 ft of 0.103 oz/ton gold. To the east and just north of the Debbie/Yellow Boundary, the Linda Zone oc-

currs as a series of high-grade, east dipping gold-quartz veins. Assay results have included 3.3 ft of 1.383 oz/ton gold, 9.5 ft of 0.203 oz/ton gold, and 9.9 ft of 0.578 oz/ton gold.

A mile southwest of the Mineral Creek Zone, a folded auriferous chert formation caps the 900 Zone, a high-grade gold bearing quartz stockwork which has returned drill results, from closely spaced holes, which are nothing short of spectacular. Results range from 47.1 ft of 4.078 oz/ton gold and 71.5 ft of 0.736 oz/ton gold to 6.9 ft of 2.760 oz/ton gold and 5.2 ft of 0.959 oz/ton gold.

Regarding well publicized assay results from the 900 Zone, the new president and chief executive officer of Nexus, Dr. John Stephenson, says: "We had two very good holes there, they actually criss-crossed each other, but that was intentional in order to get a sense of the shape of this very high grade zone. It looks like an irregular pipe-like body or a stock-work zone, but we're not quite sure what it is yet."

"Now that we have a reasonable idea what's happening underground we want to see whether it does indeed come to the surface."

The companies are in the midst of a \$6 million (Nexus \$2.8 million, Westmin \$3.2 million) underground exploration program.

The highlight of the exploration effort is a 1.2 mile tunnel, being built by Main Street Mining of Whitehorse, which was

NW P105P
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begun in June and should be finished in early 1989. The \$3.3 million trackless tunnel is being driven through McLaughlin Ridge to a surface breakthrough between the Mineral Creek and Linda Zones and will be used primarily as a diamond drill platform for further exploration of the projected strike and dip extensions of both zones over the full length of the tunnel. Bulk samples from the mineralized zones will provide metallurgical data for a feasibility report also due in early 1989. The tunnel could serve as a haulage route for a future mining operation. A gravel road to the portal site, 11 miles from Port Alberni, is in place.

Stephenson says work on the Debbie/Yellow project is "going very well indeed. The tunnel is about 1 km (half-way in) from the portal and, barring any unforeseen circumstance, the contractor expects to be finished well within the deadline of Feb 28, 1989."

Adjacent to and to the east of the Debbie project sits two mineral claims, collectively known as the DDAM claims, which are on strike with the Linda Zone's high-grade, quartz-vein structure. Vancouver based Profco Resources Ltd. has entered into an option agreement to acquire up to a 75% interest in the DDAM claims in consideration for the payment of \$10,000 and the issuance of up to 60,000 common shares of the Company as well as the completion of \$300,000 of exploration work by 1991.

A 65% interest in the Lara copper-gold property, near Chemainus and part of the

belt, has been sold by Abermin Resources Ltd. of Vancouver to 35% by Laramide Resources Ltd. for \$2.3 million and a 10% royalty on net profits from production.

Laramide reports that this season's exploration work is close to completion. A decline to the first level and about 2,000 ft of underground work have been finished. High grade massive sulphides with an average width of eight ft have been intersected in four crosscuts over a strike length of 360 ft. Preliminary assay results from the first four crosscuts show a weighted average grade of 0.93% Cu, 0.78% Pb, 6.84% Zn, 2.40 oz/ton silver and 0.104 oz/ton gold over an average width of 11 ft. Ground conditions are generally good and high grade ore is being stockpiled on the surface.

Drill indicated reserves now stand at 583,000 tons grading 1.01% Cu, 1.22% Pb, 5.87% Zn, 2.92 oz/ton silver and 0.138 oz/ton gold.

Twenty Km south of Port Alberni, SYMC Resources, a private company, will have a 100 ton a day mill in production by the end of the year. The mill, which is located in the Maktush area, will employ 22 people and will process gold, silver and copper.

Company president Herb McMaster says the company has 152,000 tons of proven ore averaging 0.54 oz/ton gold, 2.29 oz/ton silver and 0.75% copper.

Other gold targets on Vancouver Island that have captured the interest of companies and prospectors are the mesothermal to epithermal quartz veins and vein-breccia occurrences that are known or suspected to be of Tertiary age. The most important of these, according to government geologists, is the Mount Washington property of Better Resources Ltd.

Company president Dennis Baxter says the company has been exploring outside the property's main deposit area and getting "frustrating results all season," however they have made substantial additions to tonnage, which should hit 750,000 tons averaging about 0.25 oz/ton gold.

Baxter says to date Better has only worked about 15% of the property, which is near Courtney, and says results indicate the company is "at the threshold of a small mine right now." Beginning in November the company will re-work tonnage and grade. Metallurgy is "nicely in-hand" and Baxter says by December the company should be in a position to consider moving to feasibility.

"We've drilled over 200 holes and done 1,000 feet of underground exploration so we have lots of data on the project," Baxter says. "Our confidence level in our an-

nounced tonnage, 472,000 tons of 0.257 oz/ton gold and 1.27 oz/ton silver, is quite high. We'd just like to see a bit more there."

On the Dove Gold Project, located on the east flank of Mount Washington, a 50/50 joint venture of Visible Gold Inc. and operator Westmin Resources Ltd., a \$750,000 exploration program, including 16,000 ft of diamond drilling, is underway. Five principal target areas have been selected for drilling.

The pond area, near the centre of the property, contains strong geophysical anomalies flanking a Tertiary intrusion and prominent magnetic high. Mineralized boulders in the area assay up to 0.876 oz/ton gold.

In the northwest section of the property, an area has been identified which contains both boulders and bedrock occurrences of quartz-sulphide vein, breccia and carbonate altered basalt. Bedrock samples contain up to 6.8 oz/ton silver with anomalous gold, and boulders contain up to 19.8 oz/ton silver, 0.04 oz/ton gold, 5.3% lead and 4.9% zinc.

The Footwall Explorations Ltd. Hiller-Churchill group of mineral claims located near Zeballos in the northeastern part of Vancouver Island sits at the heart of another active gold camp. Here underground exploration on the company's A-25 gold zone consisting of drifting and raising to one of several high grade diamond drill intersections has confirmed previous high grade assays from hole 24-85.

Sludge samples from the west side of the raise approximately 41 to 49 ft below the surface returned the following values: 22.58 oz/ton gold from 0 ft to 4 ft, and 10.38 oz/ton gold from 4 ft to 8 ft.

The raise, which knuckles back to the surface also encountered an additional 20 ft of massive sulphides. Detailed sampling, geological mapping and surveying are being carried out to determine the best method for further underground exploration.

Footwall president Johnny Carson says his Zeballos property has a different geology than other mineral prospects in the area. "We do have quartz veins on the property," Carson says, "but in the A-25 Zone we're in a bedded deposit between the sediments and the volcanics. It's not a quartz vein, which usually indicates something small in nature, particularly in the Zeballos area. McAdam and some of the other companies in the area are in an entirely different thing altogether. They're looking at quartz veins in granite."

John McAdam, the president of Toronto based McAdam Resources Inc. reports

that underground exploration is continuing at the company's Spud Valley Gold Property near Zeballos. McAdam says the project is moving along well and "should become a nice little gold producer."

Crews have been cleaning previous workings prior to re-sampling the vein to confirm historic sampling, and new targets such as the A vein, which returned 2.434 oz/ton gold over 4 ft, will also be tested.

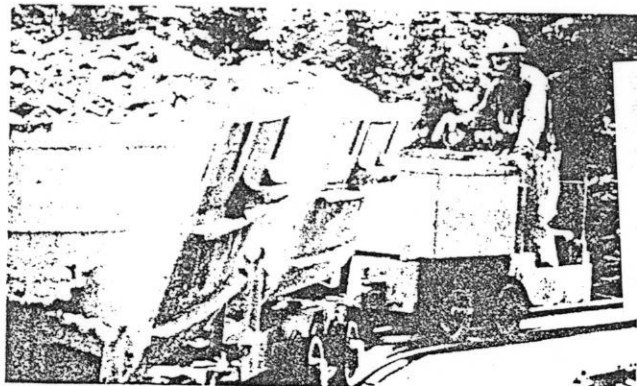
Exploration drifting is continuing on the 7 level Spud vein in order to gain access to downdip extensions. Drifting on the vein has revealed a strong structure with some sections of ore grade material. The company expects to add a significant reserve block after the next 400 ft of drifting. By early November a phase of drifting exploration raises in the various veins will be initiated so that vertical continuity can be substantiated.

McAdams says a modular test mill ordered for the sight is being built in Toronto, and B.C. regulatory approval and permits are in place for ore testing. The mill is expected to arrive on-site in December. Official testing should begin in early March and, if all goes well, McAdam says the mill will "slip into 150 to 200 tons per day" allowing the property to eventually produce 15-20,000 oz of gold per year. Reserves are stated at 247,078 tons of 0.411 oz/ton gold.

On the Central Zeballos claim group, CanAlaska Resources Ltd. has entered into an option agreement with New Impact Resources Inc. whereby CanAlaska can earn a 50% interest in the 35 claims by carrying out \$500,000 worth of exploration work.

Phase I work began in early September, and \$125,000 is being spent on underground rehabilitation, sampling and further work designed to determine the full extent of the main vein.

Based on previous exploration reports, the Zeballos project has a proven probable reserves of about 10,000 tons of 0.44 oz/ton gold. Previous underground production and development work at the mine should help CanAlaska bring the project to the pre-production feasibility stage.



Ore hauling is underway at McAdam Resources' Spud Valley Gold Project near Zeballos.

Cream Silver Still Waiting

Cream Silver Mines Ltd. is still waiting for the green light on its Buttle Lake property. Unfortunately the property lies within the boundaries of Strathcona Park on Vancouver Island.

The park has been the subject of debate since the provincial government allowed Cream Silver Mines Ltd. to explore an area adjacent to Westmin Resources Ltd.'s producing HW mine, which also sits inside the park's boundaries.

A Strathcona Park Advisory Committee was appointed in March 1988 to conduct an independent review of issues affecting the park, and submitted its report to the government on June 30.

However, company president Frank Lang said Cream Silver has yet to hear from the government. "If they say we can go ahead, then we'll go ahead as soon as we can," Lang said. "And if they say we can't, then we'll probably take alternative action."

Lang said the Westmin project has expanded to 4,400 tons per day and is employing approximately 500 people. He said Cream Silver's property is immediately adjacent and has the same geology. "If we had a mine the same size we could employ a similar number of people," Lang said. "And we'd like an opportunity to find out what we have."

If Cream receives permission to go ahead, they will immediately apply for a park use permit and request to drill their prime target Lang said.

Parks Minister Terry Huberts said the future of the park will be given top priority in coming weeks.

Huberts said he has visited the park and is convinced "of the importance of the public review that has been so ably carried out."

He said he is "confident we can reach a decision which meets the needs of British Columbians and is worthy of our province's oldest park."

New Act Simplifies Placer Claims

British Columbia's new Mineral Tenure Act will create a simplified placer claim, streamline the process for gaining placer rights, and open more provincial land - mainly in the north - for placer staking.

Jack Davis, the minister of energy, mines and petroleum, said the new act is "the most up to date mineral tenure legislation in Canada."

And according to Jack Patterson, general manager of the B.C. and Yukon Chamber of Mines, the industry is "reasonably pleased" with most of the changes. Patterson said he was disappointed the government didn't "stick to the original agreement to open up all of the province to placer mining. As it is," he said, "only about 20% will be available."

Patterson said the new act will eliminate some of the paper work involved in claim staking and recording, and said prospectors will benefit from speedier staking procedures.

Davis said placer miners spent \$25 million in B.C. last year and said, "We will soon see the economic spin-offs which come from placer mining; towns such as Quesnel and Atlin will see more business and employment as a result."

The extreme northwest of B.C. and a large strip running from the central northern border southwest to the Kamloops-Vernon region are the major areas in which placer miners may now operate.

The new act will also enable miners and owners of private surface rights to settle disputes through a Mediation and Arbitration Board rather than through the courts.

Davis said this will be a "quicker, cheaper and more accessible forum" for mediation.

Fleck RESOURCES LTD. (VSE listed FLK-V.)

NEW GOLD ACQUISITION

Fleck Resources Ltd. has entered into an agreement with Consolidated Silver Standard Mines Limited, whereby Fleck has the option to acquire a 65% interest in the Smith claim located 15 km southeast of Kemano, in west central B.C.

Previous channel sampling on the Smith claim indicates a zone of 290 feet long, with an average width of 7.2 feet and an average grade of 0.92 ounces per ton gold. Engineering reports have indicated between 43,000 and 117,000 tons of 0.92 ounces per ton gold.

NW PROSP Aug/Sept 1988

Haida threaten to halt Cinola project

Presented with a choice between saving a salmon spawning ground or allowing the operation of a foreign-owned open pit gold mine, the Haida people of British Columbia's Queen Charlotte Islands have decided there will be no gold mining in the Yakoun watershed.

City Resources (Canada) Ltd., which owns the Cinola Gold Project on Graham Island, reports mineable reserves of 23.8 million tonnes averaging 0.072 oz/ton gold and claims recoveries should average 92 per cent. At an annual production rate of 2.1 million tonnes per year, City expects to recover 1.7 million ounces of gold.

City has spent about \$30 million developing the mine, and Australia's **Barrick Mines Ltd.**, which recently acquired

City, plans to spend \$2 million more. In addition City has said it will post a bond of up to \$20 million as insurance against environmental damage.

But Frank Collison, vice president of the Council of the Haida Nation, says the project poses a serious risk to the environment. Among the Haida's concerns is the toxic effect sulphuric acid, a by-product of the road building and mining process, will have on the Yakoun watershed. The project's mineralization contains acid generating sulphur as well as arsenic and mercury.

City, however, has proposed a "state of the art" environmental plan which includes treating rock with limestone to neutralize acid production.

Haida Nation president Miles Richardson recently told 300 Haida and their sup-

porters, "The gold mine will not proceed. We know we will do whatever is necessary."

And Gerald Johnson, mayor of nearby Port Clements, says, "If the mine goes ahead without all environmental safeguards, I think you'll see Lyell Island-style blockades by the Haida."

Project manager Peter Cowdrey says City "can control the environmental problems." And Keith Ferguson of Environment Canada agrees. "We think the technology to control acid mine drainage could work."

Meanwhile, the project is still under review by the provincial government and it will be some time before a decision — a political decision — is made by the provincial cabinet.

Cream Silver president says Strathcona may become the most expensive park in Canada

By Roderick MacDonald

Frank Lang, president of **Cream Silver Mines Ltd.**, is predicting that Strathcona Provincial Park on Vancouver Island could well prove to be the most expensive park in Canada.

The park became the subject of debate when the British Columbia provincial government allowed Cream Silver to explore an area adjacent to **Westmin Resources Ltd.**'s producing HW mine, which also sits within the park's boundaries.

The Westmin mine operates at 40,000 tpd and employs about 500 people. According to Lang, Cream Silver's property was

immediately adjacent and had the same geology. Last year Lang said Cream Silver could employ a similar number of people if it had a mine of the same size. "We'd like an opportunity to find out what we have," he said.

But last September parks minister Terry Huberts announced there would be no new mineral exploration in the park and said he would "arrange fair compensation where legitimately held rights are affected by this policy."

Then, April 28, 1989, Lang received a letter from the Ministry of the Attorney General which said Cream Silver is "not entitled, at law, to compensation as a result of the prohibition of mining exploration and

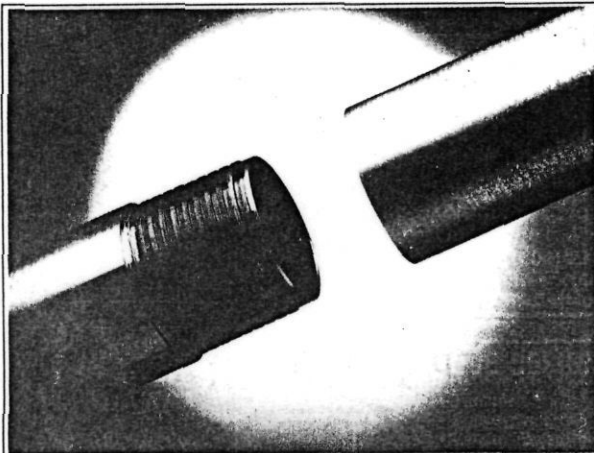
development in Strathcona Park." The letter acknowledges that the company's claims "appear to be promising" and have been held under "frustrating circumstances for 23 years" but says the ministry cannot accept or entertain the company's claim for compensation.

Cream Silver is asking the government for \$72 million in compensation, a figure Lang says is discounted from an appraisal of the property by "two expert authorities."

"Our shareholders are hurt and we are hurt," Lang told the government in his reply to the April letter. "It is with deep regret that we now feel obliged to take legal action. In this regard you will be hearing from our counsel."

In a recent letter to **The Northwest Prospector** Lang accuses the government of claim jumping and says taking the matter to court "represents a substantial risk to the government and to the people of British Columbia as Cream Silver is not the only company holding claims in this park. It may be that Strathcona Park will be the most expensive park in Canada."

Lang says it is "too much to ask investors to place millions of dollars at risk without a clear idea of what risks they are accepting." He suggests a "Wise-Use" concept of land management must be adopted by government and industry.



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Springdale, Newfoundland / Timmins, Ontario

Barrack buys into City Canada

Barrack Mines Ltd., through its 97 per cent subsidiary Central Coast Exploration Limited NL (CCE), has agreed to purchase 25.1 per cent of City Resources Limited (Australia) shareholding in City Canada and a further 24.6 per cent of City Resources (Asia) Limited shareholding in City Canada. CCE has also agreed to a placement of 2 million units in City Canada at a \$1.31 per unit.

Each unit consists of one common share of the company and one non-transferable share purchase warrant. Two such warrants entitles the holder to purchase one additional common share at \$1.31 per share exercisable within one year.

At the conclusion of the above transactions Barrack through CCE will directly control 54.1 per cent interest of the outstanding capital of City Canada. The agreement also provides an option for Barrack to directly acquire 50 per cent of the Graham Island Cinola Gold Project.

With its three operation gold mines Barrack's production for 1989 is expected to reach 120,000 oz. of gold. It also expects to produce 20,000 tonnes of copper during this year.

Bioleach success

Production-scale bioleach tests at **Levon Resources** Congress gold project at Gold Bridge, British Columbia have demonstrated that the bioleach process can be successfully scaled up from lab-scale tests.

Recoveries in the bioleach tests reached 90 per cent, identical to those achieved in lab-scale testing.

The bioleach plant was designed and operated by **Giant Bay Resources** of Vancouver, British Columbia for joint venture partners **Levon Resources** and **Veronex Resources Ltd.**

The process is considered a potentially less expensive and an environmentally safer alternative to conventional methods for processing refractory gold ore similar to that found on the Congress property.

The project was monitored by **Wright Engineers**.

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