

NUMBER 24 MARCH 1986

REPORT FROM CALGARY

by Guy Allen

Peregrine progress at gold mine



Peregrine Petroleum, as manager-operator of the Mosquito Creek Gold Mining Co., says it is making significant progress toward the development of the Mosquito Creek gold mine at Wells, B.C.

A total of 99 surrounding mineral claims was acquired from Wharf Resources for 2 million shares of Mosquito Creek. This acreage includes the old Island Mountain and Cariboo Gold Quartz mine workings. Mosquito Creek also purchased the 10% interest in the claims that was held by Hudson's Bay Exploration and Development Co.

Under a joint venture arrangement of direct funding to earn an interest in the mining property and share purchases in Mosquito Creek, a total of \$750,000 was provided to reopen the mine as a pilot operation with the object of using an underground geophysical technique for locating previously undiscovered ore. During the period July to December, 1985, 8,293 tons of ore were processed to produce 2,065 oz of gold.

Peregrine is reported close to arranging a joint venture agreement with a major mining company for development of the property.

The company also reports success in establishing interests of 10%-25% in eight producing oil wells of the nine locations drilled in the Virden-Daly area of Manitoba. The drilling of additional offsets to these wells is planned for this year. In Ontario, the company is participating in the drilling of a 3,800-ft Cambrian test near Clearville.

93H/4E
(093H 010)

Dec 5/86

MOSQUITO CREEK GOLD MINING COMPANY LTD. (THE) (MQO-V) NEW FUNDING SOUGHT - The Mosquito Creek Gold Mining

93 H 116 (4E) Company Limited president C.J. McFeeley has reported that subsequent to the termination of the option agreement with Hecla Mining of Canada on 20Sep86 the company has engaged in an experimental mining operation with respect to an ore shoot located by Hecla on level 2 of the mine near Wells, B.C. To date 1500 tons grading 0.866 oz/ton have been processed through the mill on a batch basis. Mill recovery of 95% resulted in a net recovery of 1240 oz. of gold. Milling operations were suspended 20Nov86 and ore is currently being stockpiled for milling next spring.

He states the company is seeking an interim financing prior to a more comprehensive funding of an exploration and development program sufficient to ensure resumption of continuous full scale production.

29/Dec 86

Experimental work by Mosquito Creek

VANCOUVER - An experimental mining program is under way at the Mosquito Creek Gold Mining property in the Wells-Barkerville area of B.C. The work follows closely the termination of its option agreement with Hecla Mining which outlined a high grade ore shoot on the No 2 level.

So far, about 1,500 tons of ore grading 0.87 oz gold per ton have been processed through the mill on a batch basis. Recoveries have been 95% and 1,240 oz were generated from the milling program. Operations were suspended Nov 20 and ore is being stockpiled for milling next spring, says the company.

Mosquito Creek is trying to arrange an interim financing package prior to seeking comprehensive funding for exploration and development work which would be a prerequisite for full-scale production.

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GCNL #34 18 FEB 1986

THE MOSQUITO CREEK GOLD MINING COMPANY LIMITED (MQO-V)

93H/4E
(093H 010)

INTERESTS ARE REGAINED & ACQUIRED IN PAST - By a Jan.11,1985 agreement, now approved by the Vancouver Stock Exchange, GOLD PRODUCERS IN CARIBOO DISTRICT OF B.C. The Mosquito Creek Gold Mining Co. bought 10% interest in the Mosquito Creek mine at Wells, B.C. from Hudson Bay Exploration and Development for 800,000 shares valued at 37.5¢ each for a total of \$300,000. Mosquito Creek Gold then held 100% interest in the property, later reduced to 90% by a group earning 10%. Hudson Bay had spent \$1,000,000 on exploration of the property and bought 250,000 shares of Mosquito Creek Gold for 80¢ each, a total of \$200,000. Of the new issue of 800,000 shares, 420,000 are to be issued to Ambay Services Limited, a subsidiary of Minorco Canada Limited, a joint venture partner of Hudson Bay, 80,000 are to be issued to Hudson Bay, and 150,000 to each of PEREGRINE PETROLEUM LTD. (PGR-V, Alberta) and Ungava Resources.

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(093H 006)

93H/4E
(093H 019)

By a Feb.15,1985 agreement, Mosquito Creek Gold issued 2,000,000 shares, valued at 37.5¢ each, \$750,000, to WHARF RESOURCES LTD. (WFR-V,T) to acquire all of Wharf's interests in the Island Mountain mine and the Cariboo Gold Quartz mine, which are contiguous, adjoin the Mosquito Creek mine and are all located at Wells, B.C. Wharf holds an anti-dilution clause to maintain its 13.27% equity interest in Mosquito Creek Gold Mining. Those two mines produced a total of some 1,200,000 ounces of gold since the early 1930's and the last major underground operations ceased in 1967. During 1980 and 1981, Wharf conducted 23,000 feet of percussion drilling and 4,000 feet of diamond drilling in the Island Mountain mine which resulted in the delineation of probable reserves of 360,000 tons grading 0.12 oz.gold/t. There is little useable machinery and equipment at the mines, but the mines contain many miles of underground workings. Mosquito Creek Gold intends to conduct underground geophysical testing and diamond drilling to delineate further ore reserves with a view to production.

By a May 1,1986 agreement, a 10% interest in the Mosquito Creek mine has been earned by a group contributing \$500,000 to the re-opening of the Mosquito Creek mine. The group will be paid 80% of net profits from the mine until repayment of the \$500,000 and then will receive 50% of net profits until a further \$250,000 has been received. Thereafter, the group will receive 10% of profits.

The 100 ton per day concentrator at Mosquito Creek mine was shut down April 1984, owing to the low price for gold, reopened in July 1985 and produced at 60 tons per day. Known reserves are not extensive but are estimated at 20,000 tons.

At Sept.4,1985, there were 14,267,600 shares of Mosquito Creek Gold Mining issued of which 6,039,300 shares are held by Peregrine Petroleum Ltd. and 460,000 shares are held by Cameron J.McFeely. On Feb.11,1986 the company received approval for the private placement sale of 625,000 shares at 40¢ each to three individuals. The one year hold on these shares terminates June 6,1986.

Mosquito Creek Gold is poised for \$2.5-million mine program

CALGARY — Mosquito Creek Gold Mining Co. and Peregrine Petroleum, joint owners of the Mosquito Creek gold mine in the Wells-Barkerville area of British Columbia, are confident that current active negotiations with (undisclosed) third party interests will result shortly in a \$2.5 million financing agreement for the resumption of an extensive exploration-development program at the mine property.

"We're now talking to three different parties . . . we would hope to have the financing by May," says C. J. McFeely, president of both Mosquito Creek and Peregrine.

Milling operations at the Mosquito Creek mine were suspended last December as gold prices dropped below \$US380 an oz.

"We feel we could operate profitably at today's gold prices," comments Mr. McFeely, adding that the lack of adequate operating capital has slowed the development of reserves.

Although milling was suspended in December, the Mosquito Creek partners have continued with a reduced mining and exploration program pending a refinancing.

It's planned to process a limited tonnage of stockpiled ore in April and to resume continuous operations following refinancing.

During 1983, the Mosquito Creek mill treated 18,946 tons for production of 6,630 oz. gold.

The aim of the resumed program is to outline additional reserves,

identify new areas of ore-making potential and to drive a central haulageway in preparation for the resumption of production.

The work will be a continuation of a program started in 1983 (but not completed) to probe the Barker-Rainbow contact zone that crosses the Mosquito Creek property. The 1983 program was successful in developing about 20,548 tons of ore, of which 12,807 tons were processed and 7,741 tons added to reserves. It's now proposed to resume the program on an expanded basis.

Mr. McFeely estimates that the program will take about eight months to complete and will cost approximately \$2.5 million.

In mid-1983, Mosquito Creek acquired a lease on 14 claims from

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Barkerville Mining Co. and on 17 claims from Wharf Resources. Both groups adjoin the Mosquito Creek block to the north and northeast and represent an approximate doubling of the company's favorable exploration ground. About 1,500 tons of surface ore were mined and milled under the agreement with Wharf.

For its 50% interest in the Mosquito Creek mine, Peregrine realized production revenue of \$1.96 million in the fiscal year ended Sept. 30 last and \$329,949 for the fiscal quarter ended Dec. 31.

GCNL #89 8MAY1984

93H/4E (093H 010)

THE MOSQUITO CREEK GOLD MINING COMPANY LIMITED (HQQ-V)

NEW EXPLORATION FUND FOR - The Mosquito Creek Gold Mining Company Limited and Peregrine Petroleum Ltd. (PGR-V, Alberta) WELLS, B.C. GOLD MINE have announced that Mosquito Creek is entered into a joint venture agreement with Hudson Bay Mining and Smelting Co. Limited. Hudson Bay shall expend \$1,000,000 on the Mosquito Creek gold property at Wells, B.C. and will have the option of spending a further \$4,000,000 on the property. After \$5,000,000 has been expended on the property, Hudson Bay will earn a 50% interest in the gold mine.

In addition, Hudson Bay will have the option to acquire common shares of Mosquito Creek under the following conditions: after spending \$1,250,000, Hudson Bay may acquire 1,250,000 shares at 80¢ per share, prior to 1July85; after spending a total of \$2,500,000, Hudson Bay may acquire 750,000 shares at \$1.20 per share prior to 1July86; after spending a total of \$5,000,000, Hudson Bay may acquire an additional 1,500,000 shares at \$1.50 per share prior to 1Apr87. A further 2,000,000 shares at \$2 per share may be acquired by Hudson Bay prior to 1Jan88.

The objective of the joint venture is to develop ore reserves and expand the mine facilities to support a 150 ton/day operation. In order to effect the above transaction, Peregrine Petroleum Ltd. has undertaken to transfer its 50% interest in the property into Mosquito Creek shares.

The above is subject to regulatory and shareholder approval.

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93H/4E (093H 019)

Increasing its exposure to the province's mining scene, Hudson Bay Mining and Smelting has concluded a joint venture agreement with Mosquito Creek Gold Mining for the latter's gold property near Wells, B.C. Under the agreement, which is still subject to regulatory approval, Hudson Bay will be able to earn a 50% interest in the project for \$5 million in exploration and development expenditures.

However, \$4 million of that is optional. At the moment, interest in the property is split evenly between Mosquito Creek and Peregrine Petroleum, both Calgary-based. But complete ownership will now be transferred to Mosquito Creek for shares although the exact number of shares for the purchase still hasn't been determined, says Cameron J. McFeely, the president of both companies.

Hudson Bay also has the option to purchase 5.5 million Mosquito Creek shares at prices ranging from 80¢ to \$2 prior to Jan. 1, 1988.

Mosquito Creek has been hard pressed to finance the ongoing exploration and development program at Wells. As a result, the company mined out the bulk of the known reserves without blocking out any new ore. The company's mill has a capacity of 100 tons per day and the objective of the new joint venture is to "develop ore reserves and expand the mine facilities to support a 150 ton-per-day operation," they say.

In the past, maintaining adequate production levels from the underground was a problem because there are no loading pockets in the shaft or self dumping skips, something which Hudson Bay will have to address in the current program.

Mr. McFeely estimates that Hudson Bay will spend a minimum of \$1 million within the year mostly to delineate sufficient reserves for the mill expansion. The tailings area will also have to be expanded to accept higher throughputs from a sustained production rate, he explains to The Northern Miner.

GCNL #127 4 JULY 1983

WHARF RESOURCES LTD.

<u>NINE MONTHS ENDED 30 APRIL</u>	<u>1983</u>	<u>1982</u>
Concentrate Sales	\$2,334,520	\$ 935,486
Cost of Concentrate Sold	1,359,298	870,871
Interest Income	44,571	58,113
Administrative Expense	16,767	36,946
Cash Flow	1,003,026	85,782
Pegasus Gold Ltd. Dividend	38,719	-
Deprec'n. Depl'n. Amortis'n.	45,000	50,257
Income Tax, Deferred	481,679	17,557
Net. Bef. Extra. Item	515,066	17,557
Extraordinary Item	39,270	-
Net Earnings	554,336	17,968
-Per Share	6½¢	1/5¢

GOLD PRODUCTION RISES

Production of the first dore bullion is expected in July from the open pit heap leach gold mine of Wharf Resources Ltd. at Annie Creek, South Dakota, says president P.R. Kutney in an interim report.

At Landusky, Montana, the leach plant started full operation on 1 May 83 and by 31 May the mining operation yielded 7,584 ounces of gold and 26,751 ounces of silver. By comparison, at the end of May, 1982, production was 3,164 ounces of gold and 10,113 ounces of silver. Mr. Kutney

says there seems little doubt that the budget production of 32,000 ounces of gold for 1983 will be exceeded. Total tonnage loaded on the pads to the end of May was 781,500 tons, representing 43% of the planned tonnage for 1983. In the same period in 1982, the total ore loaded was 753,300 tons. Based on expansion work carried out during 1982, the capacity of the plant now stands at 1,600 gallons of gold-bearing solution per minute, up from 1,000 gallons in 1982, and 600 gallons in 1981.

At Bald Mountain, South Dakota, a modest \$100,000 drilling program of about 20 holes will now start about mid-July to delineate some of the better ore intersections discovered in 1981.

At the Golden Messenger property in Montana, an approximate \$100,000 additional drilling program is to start in August.

In the Wells-Barkerville area of B.C., Wharf have granted the Mosquito Creek Gold Mining Company Limited the right to develop about 10% of Wharf's holdings in the area. Wharf will receive a net smelter return for ore mined from these claims and processed at the adjacent Mosquito Creek mill.

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PROPERTY WORK AIMED AT GOLD - In a June 6, 1979, progress report, A.H. Jukes, president of PRODUCTION IN SEPTEMBER 1979 the Mosquito Creek Gold Mining Company Limited says that, in the past three months, exploration and development activity has been intensified on the 3rd, 4,200-foot and 4th, 4,100-foot levels. The 1.0 oz. gold per ton material is stockpiled on surface. Additional ore reserves have been encountered on the 3rd level. A raise from the 4,100-foot level to determine the extent of an ore body encountered in diamond drill hole No. 78-56 returned the following assays:

Sample No.	Gold Oz/Ton	Silver Oz/T	Sample No.	Gold Oz/T	Silver Oz/t
14187	2.084	0.17	14188	3.302	0.47
14189	1.666	0.44	14190	1.388	0.24
14191	0.611	0.15	14192	0.545	0.10
14193	0.720	0.15	14194	1.348	0.26
14195	1.404	0.10			

The raise is being used as an ore pass to the 4th level and also for ventilation.

The line drive on the 3rd level encountered additional high grade ore near the raise. This highgrade appears to be an offshoot of the main ore body or a separate ore body.

Assays from this orebody are:

Sample No.	Gold Oz/t	Silver Oz/t	Sample No.	Gold Oz/t	Silver/t	Sample No.	Gold Oz/t	Silver/t
14207	0.643	0.48	14208	1.458	0.66	14209	2.222	0.65
14210	2.412	0.62	14211	0.921	0.34	14212	3.612	0.50
14213	0.016	0.03	14214	0.182	0.19	14215	0.732	0.30
14216	0.715	0.33	14217	2.556	0.90	14218	2.392	0.95

Work has started on a ventilation shaft and man-way to the surface from the 3rd level. Arrangements have been completed for the installation of a 100-ton per day mill. The mill site and tailings pond are under construction. The majority of the permits required have been approved by the various Government Departments. It is hoped that the mine will be placed on production in late August or early September, 1979. Kilborn Engineering (B.C.) Ltd. have estimated operating costs at \$58.00 per ton, mining, milling and overhead.

GCNL #133 11-07-79

PEREGRINE PETROLEUM LTD. 93H/SW

SIX MONTHS ENDED 31 MARCH

	1979	1978
Production Income	\$352,520	\$303,113
Production Expenses	59,138	31,568
Lease Rentals Exp.	3,082	3,188
General, Admin. Exp.	23,447	15,225
Interest Expense	91,443	69,592
Depletion, Deprec'n.	58,913	60,500
Dry Holes, Etc.	184,641	21,422
Gain(Loss) On Sale of Oil/Gas Interests	150,328	(7,635)
Income Tax: Deferred	29,000	36,000
Alberta Royalty Tax Credit	22,600	25,000
Earnings Bef. Extra. Item	\$75,784	\$82,983
-Per Share, Diluted	2¢	3¢
Extraordinary Item	\$13,000	\$25,000
Net Earnings	\$88,784	\$107,983
-Per Share, Basic	5¢	7¢
-Per Share, Diluted	3¢	4¢
Working Capital	\$325,093	\$211,719

PEREGRINE EXPECTS TO NET \$1,000,000 IN FIRST YEAR OF GOLD PRODUCTION IN B.C.

In a report accompanying the notice of annual meeting in Calgary on 31 July 79, C.J. McFeely, president, says, "the big event for Peregrine Petroleum Ltd. in the coming year will be the pouring of the first gold brick at the Mosquito Creek gold mine at Wells, B.C." During the past year, Peregrine acquired an additional 5% in the property for \$150,000 and is currently earning an additional 20% by spending \$600,000 on underground exploration and development. That \$600,000 is

over and above the expenditure required by Peregrine's present 30% interest. When the mine goes into production this fall, Peregrine will be an equal partner with the operator, The Mosquito Creek Gold Mining Company Limited, for whom pouring this first brick will culminate 8 years' effort.

The mill should start operation in September, by which time a stockpile of 7,000 to 8,000 tons of ore, grading approximately 1 ounce per ton will be available for processing. The mill is designed to process 100 tons per day of ore with minimum average grade of 0.7 ounce per ton.

Mr. McFeely expects Peregrine to net about \$1,000,000 from the first year's operation (after paying out the mill) and should be able to do considerably better in subsequent years even allowing for an annual exploration and development budget of \$1,000,000.

Mr. McFeely says, "Rather than pay dividends in gold as contemplated by Mosquito Creek, Peregrine will use the cash flow from the gold mine in oil and gas exploration, as our expertise (and preference) is primarily in this field."

The Mosquito Creek acquisition together with a participation in two high-risk-high-reward wildcats was financed by a private placement of 900,000 shares at \$1 each.

"We continue to retain our varied interests in uranium properties in Kelowna, Fort Fraser and Endako" areas of B.C., says the president. "We recently acquired 50% interest in 46 Federal lode mining claims on the Santa Maria River in Arizona, These claims are 95 miles NW of Phoenix and 18 miles NE of Union Oils' proven Anderson uranium ore deposit. All these properties are held by us at a modest expenditure, therefore, we can afford to wait until the current anti-nuclear hysteria generated by the media has subsided."

Oil/gas activity has been moderate due to the relatively large commitment of cash to the Mosquito Creek venture. The cashflow expected from the gold mine in the coming year should ensure oil/gas participations far in excess of Peregrine's normal activity.

GCNL #140 20-07-79 MOSQUITO CREEK GOLD MINING CO. LTD. 93H/4E 08767 093H-010
GOLD MILL FINANCING AND - A.H.Jukes, president of the Mosquito Creek Gold Mining Co. Ltd.,
CONSTRUCTION UNDERWAY reported that construction is proceeding on schedule of the
company's 100 ton per day gold concentrator and related facilities
near Wells, B.C., site of the company's gold property.

Production is anticipated to start in the fall with over 7,000 tons of ore grading approximately one ounce of gold per ton stockpiled.

The company is finalizing agreements with R. F. Fry (Pacific) and Associates Ltd. for the construction and operation of the mill and with Peregrine Petroleum Ltd. of Calgary, Alberta, for the financing of further underground exploration and development of the mine. The construction of the mill and facilities will be financed by the contractor and repaid from 25% of the net proceeds from production. The above agreements are subject to regulatory approval.

Peregrine Petroleum Ltd. which holds a 30% working interest in the property has the right to acquire a further 20% working interest by expending a further \$600,000 on underground exploration and development of the mine before 31Dec79. The \$600,000 is over and above the expenditure required by reason of the 30% working interest now held by Peregrine Petroleum Ltd.

It will be Mosquito Creek's policy to pay dividends when available in minted gold produced from the mine.

Mr. Jukes anticipates that Mosquito Creek will net in excess of \$1,000,000 from the first year's operations after repaying the mill costs and allowing for an annual exploration and development budget of \$1,000,000 per year; thereafter, the net proceeds available to the company should be considerably higher.

GCNL #241 14-12 THE MOSQUITO CREEK GOLD MINING COMPANY LIMITED 093H 010 93H/4E
CONCENTRATOR PLANT - The Mosquito Creek Gold Mining Company Limited president A.H.Jukes
READY FOR OPERATION has reported that construction of a mill on the company's property
at Wells, B.C., has been successfully completed. Due to favorable
weather conditions the mill was closed in prior to snow fall and the equipment has been
tested to the company's complete satisfaction. The initial start-up period will cover two
to three weeks and inasmuch as the Christmas Season is approaching, it was decided to put
the mine into production in January 1980.

The company is currently driving the face of 3A stope above the third level advancing up-plunge in good replacement sulphides in new territory. Test holing on the third level has intersected more ore than previously revealed by diamond drilling from the fourth level. These test holes have enlarged the ore picture. Normal lateral development and diamond drilling is also continuing.

He enclosed a copy of International Investor's Viewpoint, published by T.E.Slanker Company of Portland, Oregon, U.S.A. This report is current and reflects the present position of the company. The report was unsolicited by the company and represents an objective viewpoint, he states.

GCNL #25 05-02-80 THE MOSQUITO CREEK GOLD MINING COMPANY LIMITED 93H/4E 093H 010

FIRST GOLD BRICK WILL - Pouring of the first gold brick is expected later this month by
BE POURED THIS MONTH A.H.Jukes, president of The Mosquito Creek Gold Mining Company
Limited at their mine at Wells, in the Cariboo district, B.C. Mr.
Jukes says, "Our mill at Wells is currently undergoing a final tune-up and all the machines
have been tested and proven satisfactory. Preliminary dry runs have been made on the jaw
and cone crushers and it is anticipated that full scale crushing will commence early next
week." He notes that a running period of some 10 to 14 days is required to adjust the
equipment and machinery.

There is a considerable stock pile of ore at the mill site and also at the mine. Starting this week, a third 8-hour shift will be employed and thereby "ensure that we have more than sufficient ore to supply the mill when it becomes fully operational," says Mr. Jukes.

To a cash balance of \$38,668 at 31July79, Mosquito Creek added \$1,593,914 in revenue in the 6 months ended 31Dec79 plus \$300,000 by way of a letter of credit so that a total of \$1,932,582 was available in the period. Expenditures totalled \$1,857,713 being \$48,000 on management fees, \$61,740 on administration expenses and \$1,747,973 on exploration and development. The company had a positive cash balance of \$117,243 at 31Dec79 when 4,313,800 shares were outstanding.

GCNL #172

6 SEPT 85

93H/4E (093H 010)

PEREGRINE PETROLEUM LTD. (PGR-V, Alberta)

GOLD IS BEING PRODUCED PROFITABLY. - ORE FINDING TECHNIQUE IS EFFECTIVE - Cameron J. McFeely, P. Eng., president of Peregrine Petroleum Ltd., reports that since 2 July 85, when their Mosquito Creek mine at Wells, B.C., started continuous production, it has produced to the mill at about 55 tons per day. Up to 27 August, two bricks totalling approximately 450 ounces have been poured. The aim is to bring production up to 100 tons per day with an average grade in the order of 0.45 oz/ton, an objective management hope to attain by year end. Crews are currently exploring only in the presently developed workings and for ore which had been bypassed in Peregrine's previous operations. A geophysical tool (self-potential) is being used and, so far, it has resulted about 8 new ore bodies. These are being exploited at 6 working faces on levels 1-3. So far, it appears to be an ideal technique to locate the relatively small, high grade ore bodies characteristic of this mine.

Mr. McFeely says, "Because we are doing very little new development and no diamond drilling (geophysical targets are tested by a miner's jackleg drill) the staff has been reduced from 54 to 34 and the mining operation from two shifts per day to one. This has resulted in a dramatic reduction of costs; even at today's gold price we can operate in the black at approximately 60 tons/day and, at our objective of 100 tons per day, show an excellent profit.

"What is most encouraging and exciting is that our current operation can be looked upon as a pilot operation - confirming the efficacy of the geophysical technique for finding ore in this environment. The technique can then be applied to the old workings at the Island Mountain and Caribou Gold Quartz mines which are now owned 100% by The Mosquito Creek Gold mining Company Limited by virtue of the recent agreement with Wharf Resources Ltd."

GCNL #195 13 OCT 81

THE MOSQUITO CREEK GOLD MINING COMPANY LIMITED

93H/4E (093H 010) F

SIX MONTHS ENDED JUNE 30,	1981	1980
Sales	\$1,048,358	\$1,198,992
Operating Costs	1,029,848	714,201
General & Admin. Exp.	157,632	160,650
Interest Expense	104,570	42,502
Deprec. & Depletion	461,051	846,421
Loss For The Period	\$ 704,743	\$ 564,782
Working Capital Deficit	\$ 248,232	\$ 697,588

A.H. Jules, president of The Mosquito Creek Gold Mining Company Limited has reported that production at the 50% owned gold mine at Wells, B.C. in June, July and August has been the best in the mine history. Net production for the period June to August, 1981 inclusive was 2,811 troy ounces of fine gold and 850 ounces of fine silver. The mill is currently processing an average of 110 tons per day.

Sinking of a decline shaft is expected to start shortly at a cost of approximately \$2,000,000. Preparation work has been underway for some time. The new shaft will make ore production at a rate of 200 tons per day possible and will explore for possible ore zones while being sunk.

During the construction of the access road to the shaft collar, the D-9 bulldozer discovered 4,000 tons of replacement ore just below the overburden. The ore grades 0.75 oz. gold per ton and is currently being mined.

In August, another surface outcrop of replacement ore was encountered near the head frame. This ore assayed from 7 to 9 ounces of gold per ton. Taking dilution into consideration (the ore body was banded with limestone), the average grade of this pocket was 1.5 ounces of gold per ton. A portion of the ore was mined from surface. The balance of the zone will be tested by diamond drilling from underground and mined from the first level.

Several other contacts have been encountered by underground diamond drilling and drifting, and crosscutting is continuing to determine their extent. The present reserve picture is more than adequate for future mill operation and a considerable amount of ore has been broken and stockpiled on surface.

An application for listing on the Toronto Stock Exchange was made in November 1980. It has been withdrawn owing to excessive bureaucracy and current market conditions.

MINER 19 NOV 81

Executives die in air crash

VANCOUVER — An airplane crash on takeoff from the Wells, B.C., airstrip recently claimed the lives of two Calgary-based resource company executives: Andrew H. Jukes, 57, president of Mosquito Creek Gold Mining Ltd. and John C. Lund, 52, vice-president of explorations of E & B Canada Resources Ltd. Two pilots were also killed. Rodger Touringy, a director of Mosquito Creek and Richard Arndt, chief engineer of mining at E & B survived.

Mosquito Creek was making an inspection tour of its gold property just brought into production earlier this year. The E & B officials were participating as guests. Following a 2-week shutdown for a major overhaul and assessment of the mill, the Mosquito Creek mine has been operating at full capacity, five days a week at 110 tons per day. The aver-

age grade of ore being processed is 0.5 oz. gold per ton.

Cameron J. McFeeley, president of Peregrine Petroleum Ltd., a Calgary based oil and gas exploration company which holds a 50% interest in the gold mine has been appointed president of Mosquito Creek. E & B, which has interests in uranium, precious metals and oil and gas properties in the U.S. and Canada has not named a successor.

Mr. Jukes, better known as "Andy" is survived by his wife and four children. He had been president of Mosquito Creek since its incorporation in 1971 and had participated in all phases of the oil and gas and mining industries. At the time of his death he was holding the title of First Lieutenant, Canadian Army (Militia). During the Second World War he was in the First Canadian Parachute Battalion in the U.K. and northern Europe. He was born in London, England, but received his primary education in Winnipeg. He graduated from the University of Manitoba.

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093H 010

MINER DEC 81

Mining executives die in tragic air crash

A plane crash while attempting take off at the Wells, BC airstrip recently claimed the lives of four people: Andrew H Jukes, 57, president of Mosquito Creek Gold Mining Limited; John C Lund, 52, vice-president of explorations for E&B Canada Resources Limited; as well as the two pilots. Rodger Touringy, a director of Mosquito Creek and Richard Arndt, chief engineer of mining at E&B survived the crash.

The group were making an inspection tour of the Mosquito Creek gold property which was brought into production earlier in 1981. The mine is currently operating at full capacity of 110 tons/day, five days/week. The average grade of ore being processed is 0.5 oz/ton gold.

Cameron J McFeeley, president of Peregrine Petroleum Limited, a Calgary-based oil and gas company which holds a 50% interest in the mine, has been appointed president of Mosquito Creek.

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NMINER 16 DEC 82

Mosquito Creek seeks capital

The Mosquito Creek Mine is a 100 tons per day (tpd) underground operation located on the east side of Island Mountain, two miles northwest of Wells and 60 miles east of Quesnel, B.C. The property comprises 90 Crown grant claims and fractions, covering in part, the former Island Mountain Mine. The mine is owned 50% by The Mosquito Creek Gold Mining Co. and 50% by Peregrine Petroleum, Calgary. Mosquito Creek is the operator.

Following sinking of a 500 ft. 2-compartment shaft and construction of the surface plant and a 150 tpd concentrator, the mine went into production in October, 1980. It has been in continuous production since that time, at an average rate of

2,000 tons per month with a head grade of 0.45 oz. gold per ton.

During 1981 the mine produced a total of 7,947 oz. of gold from 24,875 tons of ore. Average price received was \$C520 an oz.

Production to the end of August, 1982, totalled 14,832 tons from which 5,882 oz. of gold were recovered.

Owing to a shortage of capital, the operator has not been able to carry out an ongoing program of exploration and development to replace reserves. As a result, 1982 production declined markedly. Also owing to a shortage of funds, consultants' recommendations for modifications to the shaft and main haulage levels to bring the production

levels to 150 tpd, cannot be carried out. To finance this work the operators are actively seeking joint venture participants.

Despite current setbacks, however, the exploration potential of the mine is rated as excellent (e.g., the Island Mountain Mine produced 600,000 oz. gold from 1.2 mm tons of ore) and the mine/concentrator facility is strategically located in a readily accessible, very active exploration area. Once the financial obstacles are overcome, the operators have every confidence in the mine's future profit potential. □

93H/4E
(093H 010)

NMINER 31 MARCH 1983

Peregrine to seek additional funding for B.C. gold mine

CALGARY — Peregrine Petroleum says that additional working capital via new financings will be provided soon for the company's 50%-owned Mosquito Creek gold mine operated by Mosquito Creek Gold Mining Co. in the Barkerville-Wells area of British Columbia.

A new financing by Mosquito Creek Gold Mining is expected to be completed in April. It will be followed by a financing by Peregrine, according to C. J. McFeely, Peregrine's president, in his company's annual report.

Peregrine, which reported a net loss of \$2.1 million for the fiscal year ended Sept. 30, received mine production income of \$1.75 million in fiscal 1982, along with oil and gas revenue of \$696,486.

The company's share of mine expenses is shown at \$1,255,864, while oil and gas production expenses amounted to \$93,185.

"The (Mosquito Creek) mine has survived a difficult year and we are now in a position to obtain financing for the necessary programs to develop reserves and upgrade haulage capacity," said the Peregrine report, which adds that the estimated cost of proceeding with a recommended 2-stage program is \$4.5 million.

93H/4E
(093H 010)

MINER 14 JULY 1983

Mosquito Creek doubling production

VANCOUVER — A recent \$1.4-million financing by the Mosquito Creek Gold Mining Co. should enable it to double the production rate at its small gold mine in the historic Wells-Barkerville area of B.C. According to C. J. McFeely, president, the 50-ton-per-day operation is currently running at the break-even point and the immediate aim is to double that rate and ultimately increase it to 150 tons or higher. About \$250,000 would be required to complete the second phase of the expansion, he adds.

Until now, the increase to 100 tons per day was restricted by the limited hoisting capacity in the shaft which was designed more for exploration purposes originally. But this problem will largely be alleviated now by the extension of the No. 1 level which will break through into the Mosquito Creek Valley, providing a second haulage route to the mill. A further extension of this drift to the northwest will also allow the drilling of several oreshoots which have been indicated by surface outcropping.

The mine has been in continuous operation since late 1980 and its 30-year production history revolves around an ore-bearing trend where the "discovery of further reserves is considered to be predictable," he says. The "sausage type" or lenticular orebodies range from 500-35,000 tons, average 2-3 m in thickness, are about six metres wide and hundreds of metres in length. In higher grade portions of these shoots, gold values run as high as seven ounces but with dilution the historical mine average

was more like 0.5 oz., he points out.

Future consideration will be given to extending the shaft for at least two levels below the No. 4 level, and this would have to include modification of existing equipment in the shaft to improve its efficiency.

The mining project is a 50-50 joint venture with **Peregrine Petroleum** of Calgary which will put up half the \$2.5-million cost for the first phase of development. Up to Dec. 31, 1982, the mine had produced 55,000 tons of ore grading 0.38 oz. gold but a shortage of funds reduced the company's ability to explore and develop new ore, which led to the near exhaustion of its reserves. The present well-funded program is expected to improve the reserve picture considerably and Mr. McFeely concludes "it's just a matter of spending the money" to find new ore.

After labor, he says electricity is the number one cost item since the mine's power is diesel generated. He expects the expanded production rate of 100 tons per day will be achieved by year-end.

93H/4E
(093H 010)

GCNL #150 5 AUG 1983

THE MOSQUITO CREEK GOLD MINING COMPANY LIMITED

93H/4E
(093H 010)

GOLD PRODUCTION REPORTED - The Mosquito Creek Gold Mining Company president C.J. McFeely has reported that at the producing gold mine at Wells B.C. mill production reached 80 tons per day grading 0.4 oz. gold/t. during July 1983. A gold/silver brick of 520 net ozs. was poured, with another brick being poured on August 3rd. Two more bricks are expected during August. Development has included; the 250 foot drive on level No.1 to surface was completed and the adit is now in use. Drill station crosscuts have been established; fan diamond drilling is expected in August to test potential ore shoots; underground diamond drilling is concentrating on developing productive zones at the north west faces of the levels; on level 3, chip sampling of the footwall stope 1 showed a strike of 76.5 feet, average width of 6.8 feet and an average grade of 0.86 ozs. of gold per ton; The Pumphouse ore zone west of the shaft on surface, has been mined for a strike length of 26.5 feet, with average width of 9.36 feet and an average grade of .44 ozs. of gold per ton. A diamond drill hole has intersected the zone 70 feet down plunge. Exploration has included: a geophysical survey over the mine and the adjoining optioned Wharf ground has been completed, showing numerous targets; old trenches are being mapped, cleaned out and sampled. A chip sample in one trench assayed over 1.0 oz. gold/t. over 10 feet; a diamond drill is testing the downward extension of 3 surface pods; and a programme is underway to extrapolate underground ore shoots to surface and surface exposures to depth.

93H/4E
(093H 010)
MINER
18 AUG 1983

Mosquito Creek Gold Mining says the mill rate has reached 80 tons per day at its gold mine near Wells, B.C., and mill heads are now averaging 0.4 oz. gold per ton. According to C. J. McFeely, president, two gold bars have already been poured and two more are expected during August. One of the bars weighed 520 oz. (net) and contained some silver.

Mr. McFeely says the 250-ft. drive on level #1 to surface has been completed and the adit is now in use. Drill stations have been established in the mine working and fan-hole drilling is expected to begin this month to test "potential ore shoots." At present, the focus of the underground drill program is to develop productive zones at the northwest faces of existing mine levels.

Chip sampling in footwall stope #1 on level #3 over a strike length of 76.5 ft. outlined a zone grading 0.86 oz. gold over an average width of 6.8 ft.

Also, the Pumphouse zone west of the shaft on surface has been mined along a strike length of 26.5 ft. and graded 0.44 oz. gold over an average width of 9.36 ft. The zone has been intersected by a diamond drill hole 70 ft. down plunge, says the company.

Geophysical work has been completed over the mine property and on the Wharf property as well. Numerous targets have been outlined for drilling at a later date.

Old trenches have been cleaned, mapped and sampled and chip sampling in one trench returned an assay of 1.0 oz. gold over 10 ft. Diamond drilling is testing the downward extension of three surface pods located west and north of the shaft and mine personnel are extrapolating underground ore shoots to surface and also surface exposures to depth on the basis of known dip angles. The purpose of the program is to determine where these shoots could occur for drilling purposes.

GENL #178

15 SEPT 1983

(093H 010)
93H/4E

THE MOSQUITO CREEK GOLD MINING COMPANY LTD.

NEW ORE ZONE FOUND AT - Exploration and development work at the producing gold mine of the GOLD PRODUCER IN B.C. Mosquito Creek Gold Mining Company Ltd. at Wells in the Cariboo district of B.C. is progressing at an increasing rate, says president C.J. McFeely. Extensive stripping along strike from Trench 1 has uncovered a substantial ore body, the "Kutney Pit", on Wharf Resources ground held under lease by Mosquito Creek near the Mosquito Wharf boundary. It appears to strike beyond Trench N and to date has indicated strike length of about 350 feet. So far, the zone has been defined over a 150-foot strike length by 7 diamond drill holes. This initial delineation indicates 3,700 tons grading 0.78 oz. of gold per ton. Two diamond drills are exploring the strike extension in both directions. Surface mining is underway and the ore body shows promise of being one of the largest found since production started in 1980. Trench N showings similar to the initial showing in Trench I, are regarded as a potential paralled zone.

Stripping in 5 more trenches uncovered showings in every way similar to those in Trench I. Deep trenches will be cut working from the southeasterly Trench J along a strike length of 2,800 feet to Trench R, near Mosquito Creek. It is planned to stockpile ore to ensure maximum production through the winter months.

Diamond drilling immediately NW of the shaft and pumphouse zone has not fully delineated extensions of the two surface exposures and one underground ore shoot. Mining continues on both surface and underground faces along the projected plunge.

A faulted extension of stope 3 I has been intersected with initial dimensions of 110x7x9 feet and a grade of 0.5 oz. of gold per ton.

All four levels NW of the mine are either approaching or crossing a major fault. Long hole drilling has been used to pick up the extension of the ore bodies across the fault. Levels 1 and 4 are being driven through the fault and drilling will then resume at the NW end of the mine. Meanwhile, one rig is drilling from cross-cuts in the recently driven adit section of Level 1 and the other from the SE end of Level 2. This ore zone is projected to outcrop near Trench Q.

NM TRENCH 600T 1983
(93H/4E) (093H 010)

Mosquito Creek uncovers new zones

VANCOUVER — Mosquito Creek Gold Mining has uncovered what appears to be a "substantial orebody" on ground held under option from Wharf Resources. Known as the Kutney-pit, the new zone is located near the Mosquito-Wharf boundary, says C. J. McFeely, president.

The new zone, which was uncovered by stripping, has an indicated strike length of approximately 350 ft. although it has been defined only for 150 ft. in length by seven drill holes.

He says that two holes drilled as offsets to surface outcropping (where a 17.5 ft. channel sample returned 0.815 oz. gold per ton) had intersections averaging 0.32 oz. gold over 15 ft. and 0.871 oz. over 19.5 ft. respectively. A step-out hole some 50 ft. to the northwest returned 1.317 oz. gold over 5.0 ft. An initial reserve calculation suggests there are at least 3,700 tons here grading 0.78 oz. gold per ton. Two drills are probing for strike extensions in both directions.

Mr. McFeely confirms that surface mining of the zone is under way, adding that based on results to date "the orebody shows promise of being one of the largest found since the inception of production in 1980."

Stripping in another five trenches has uncovered showings similar to those located in the Kutney pit area. These will be followed up by drilling later.

Meanwhile, ore is being stockpiled to ensure maximum production through the winter months and the company notes that diamond drilling northwest of the shaft and pumphouse zone has still not fully delineated the extensions of the two surface exposures and one underground shoot despite two encouraging holes. This is mainly due to the narrow profile of the deposits, says Mosquito Creek.

All four levels to the northwest of the mine are approaching or crossing a fault zone and a long-hole drilling rig is being employed to pick up ore extensions relating to that faulting. Once levels 1 and 4 have been driven through the fault, the company expects to recommence diamond drilling in the area. In the meantime, diamond drilling is continuing from cross-cuts on the recently driven adit section of level 1 and also on the southeast portion of level 2.

93H/4E (092H 010)
INT. PROS. & DEV.
AUG/SEPT 1983

**Mosquito Creek Gold Mining Company Ltd.
VSE-MQO**

Calgary-based Mosquito Creek has announced it has poured a 520 ounce dore brick (gold/silver) at its producing Wells, B.C. gold mine. C.J. McFeely, President of Mosquito, reports that mill production has reached 80 tons per day taken from underground stopes and surface exposed ore shoots and mill head grades rose to over 0.4 ounces of gold per ton. Development on the mine is continuing and a 250 foot drive on level 1 has been completed, drill station crosscuts have been established and the company will be fan drilling to test potential ore shoots. Chip sampling of the footwall stope on level three showed a strike of 76.5 feet with an average width of 6.8 feet grading 0.86 ounces of gold per ton.

GCNL #202 19 OCT 1983

THE MOSQUITO CREEK GOLD MINING COMPANY LIMITED

93H/4E (093H 010)
GOLD PRODUCTION & DEVELOPMENT - TARGETS SET FOR PRODUCTION AND DEVELOPMENT AT THE PRODUCING TARGETS ARE BEING ACHIEVED gold mine of The Mosquito Creek Gold Mining Company Limited at Wells, B.C., are being achieved, the major disappointment being the decline in the price of gold. In reporting this, president C.J. McFeely says over 1,500 tons of ore have been mined from the surface Kutney Pit (Trench 1) since 7 Sep 83 and he expects more than 1,000 tons to be mined before the access road becomes impassable. On September 15, the milling rate reached 100 tons per day and averaged, over 21 operating days in September, about 90 tons per day. Management is confident production will be maintained at 100 tons per day until March 1984 on present reserves and mining rates. At month end, broken ore reserves underground and on surface were 1,524 tons. Mining faces have been increased to 6; stope preparation is ahead of mining. Mined out stopes are being prepared for underground waste disposal. Ore grade was 0.25 oz. gold per ton due to the use of low grade quartz gold ore while readying stoping areas for production of replacement ore bodies required over the winter when surface mining virtually ceases.

At 374 feet, the highest monthly footage of underground development was achieved since production started in 1930. Underground work, including 1,535 feet of diamond drilling, resulted in discovery of several potential ore bodies, which development work will open up in coming months. On Level No. 1 the full advance has penetrated the fault revealing an unexpected ore zone, from which muck samples over the 3 by 3-foot drift ran 0.3 oz. of gold per ton. Drill cuttings from 26 of the 30 blasting holes in the present drift face ran ore grade. A 600-foot drive SE on Level No. 2 has been started with the aim of intersecting underground the down plunge of the Kutney Pit, a secondary objective being to test for underground extensions of other surface indications. To relieve the bottleneck caused by the shaft's lifting capacity, the decision is being made to drive Level No. 2 or 3 out to a portal on Mosquito Creek. The No. 3 Level drive would be positioned to intersect 2 indicated significant mineralized areas. A new adit will substantially improve operating efficiency over at least the next 5 years.

Concerning exploration, surface work is being closed down by deteriorating weather conditions. The Kutney Pit further extended SE than expected and what appears to be a new zone has been found NW of N Trench. The drive on Level No. 2 is considered a more effective way of exploring the area. Ground NW of the shaft will be explored by drilling from Level No. 1, which may result in an exploratory sub-level to test the up-plunge of the new NW fault ore zone.

N MINER 27 OCT 1983

Mosquito Creek Gold Mining says its milling operation near Wells, B.C., should function at a sustained rate of production until at least March 1984 based on the current throughput of 100 tons per day. Since it opened up enough working places the company has found it much easier to maintain that rate and there are currently six mining faces. Stope preparation is keeping ahead of actual mining so there are no delays in this area, management points out. Some of the old stopes will be used for waste disposal which will free up some of the limited capacity in the shaft for ore skipping.

In September approximately 394 ft. of underground development was completed, the highest monthly advance since production started in 1980. Over 1,500 ft. of diamond drilling was also done and this resulted in the discovery of several "potential orebodies," the company claims. Development work will open these up in the coming months. Surface mining from the recently discovered Kutney pit (N.M., Oct. 6/83) has taken some of the pressure off the underground operation, since this allowed crews to concentrate on underground development work. This will serve to open up additional stoping areas which will offset lost production from open pit reserves during the winter months.

The company is driving a cross-cut on the second level to intersect the downward plunge of the Kutney pit and to test for other extensions of mineralization indicated on surface. Also, a new adit is planned to improve the operating efficiency of the mine.

93H/4E
093H 010

GCNL #67 4 APR 84

93H/4E 093H 010

PEREGRINE PETROLEUM LTD. (PGR-V, Alberta)

3 MONTHS ENDED 31 DECEMBER	1983	1982
Mine Production Revenue	\$329,949	\$545,663
Oil/Gas Revenue	155,353	154,653
Interest Income	18,064	-
Total Revenue	503,366	700,316
Mine Production Expense	270,724	331,923
Oil/Gas Expense	45,272	37,038
General, Admin. Expense, Net	40,119	31,972
Interest Expense	87,346	79,255
Lease Rental Expense	67	1,024
Depletion, Deprec'n.- Mine	138,325	343,421
- Oil/Gas	37,455	18,053
Dry Holes	208,779	89,370
Other Income (Expense)	(17,455)	20,000
Net Loss	342,176	211,740
Loss Per Share	7¢	5¢
Cash Flow	42,383	219,104
Working Capital Deficit	(152,997)	(130,831)

JOINT VENTURE SOUGHT ON GOLD MINE AT WELLS, B.C.

In the last year, activities of Peregrine Petroleum Ltd. were focused principally upon their joint venture with The Mosquito Creek Gold Mining Company Limited and gold mine at Wells, B.C. in the Cariboo district of B.C. Peregrine president C.J. McFeely, P.Eng., notes that planning had included a financing in Peregrine on Vancouver Stock Exchange to follow a financing by Mosquito Creek. Unfortunately, the robust gold market aborted suddenly last summer and the Mosquito Creek financing barely squeaked through in June, 1983. Because of the ensuing deterioration in the market Mosquito Creek did not benefit from additional funds expected from the exercise of warrants issued in their primary offering. Predictably it was not then possible to arrange a satisfactory public financing for Peregrine during the remainder of 1983 - although Peregrine shares were listed on the Vancouver Exchange in anticipation of such a financing. Currently, management seek to arrange financing through joint venture participation. Meanwhile, activity at the mine is limited to maintenance and

exploratory drilling such that full production can resume in response to an improved gold price.

Peregrine's oil and gas drilling program is being financed from funds raised under an agreement to issue 800,000 flow-through common shares to the company's president at 75¢ per share.

In the fiscal year ended 30Sep83, Peregrine recorded a net loss of \$571,510, being 12¢ per share on the 4,755,262 shares outstanding at fiscal year end. Working capital then stood at a deficit of \$14,182 and long term debt at \$3,373,951. See adjoining table for select of financial data for their current fiscal year's first quarter ended 31Dec83.

16

GCNL #91 09-05-80 THE MOSQUITO CREEK GOLD MINING COMPANY LIMITED 093H 010 93H/4E

FIRST GOLD BRICKS POURED - The Mosquito Creek Gold Mining Company Limited poured its first 2 gold concentrate bricks. In reporting this, president A.H. Jukes says the first brick has been forwarded to the Canadian Mint in Ottawa where it is currently being upgraded to 0.999 fine. Subsequently, a second pouring took place at the mine and that brick has been delivered to the Delta Refining Company in Richmond, near Vancouver, for upgrading to 0.999 fine. At the mine close to Wells in the Cariboo district of B.C., development of the 40 stope, where most of the ore is currently being mined is most encouraging and, says Mr. Jukes, "It would appear that there is considerably more ore there than previously known."

On 30Apr80, underground diamond drill hole No.80-49 intersected high grade material not previously under development. This introduces an entirely new gold deposit.

Management are very encouraged by the progress being made at both the mine and mill, says Mr. Jukes.

GCNL #163 22-08-80 THE MOSQUITO CREEK GOLD MINING COMPANY LIMITED 93H/4E 093H 010

Six Months Ended June 30, 1980	
Revenue	\$474,338
Production Expenses	70,984
General & Admin. Exp.	70,341
Interest Expenses	27,123
NET INCOME	\$305,890

Working Capital Deficit	250,359
Shares Issued	4,483,800

A.H. Jukes, president of The Mosquito Creek Gold Mining Company Limited has reported that the company is now in a cash flow position.

GOLD BULLION DIVIDEND- The president states in the report that "It is the company's intention to make dividends payable in gold bullion at the option of the shareholder. The necessary requirements for this are currently being finalized and details will be forthcoming in a future letter to the

shareholders.

From start-up of the mill earlier this year to the present time the mine has produced over 1,470 ounces troy fine gold with a value in excess of \$1,000,000 Cdn. This was accomplished by using low grade ore of approximately 0.45 oz. gold/t and a limited mill throughput of approximately 35 tons per day. Tonnage will now be increased to 75 tons per day, the ore to 0.60 oz. gold/t. The company will ultimately mill 35,000 tons per year with an average grade of 0.70 oz. gold/t.

With respect to the company's future ore reserves, he said a projected mine life in the order of 20 to 30 years appears reasonable. This is based on the history of the Cariboo Gold Quartz Mining Company Limited and the Island Mountain Mine (Newmont Mining Corp.) past performances in the immediate area.

Steps are currently being taken to list on the Toronto Stock Exchange.

Genl #146

31-Aug-78

THE MOSQUITO CREEK GOLD MINING COMPANY LIMITED

93H/4E

93H/SW

ANNUAL REPORT REVIEW - The Mosquito Creek Gold Mining Company Limited will hold an annual and extraordinary shareholders meeting in the Four Seasons Hotel, Vancouver on Aug.18, 1978, at 10:00 a.m. to consider deleting the restrictions upon the business which the company can conduct and convert from a limited to a specially limited company. The meeting will also consider allotting 200,000 shares for options to employees.

Directors nominated for the meeting are those serving: A.H.Jukes, president owning 508,500 shares, C.J.McFeely, 500,000 shares, R.E.Humphreys 25,000 shares and K.B.Blakey, 10,000 shares.

In reviewing the years activity Mr. Jukes states that the proceeds received from an underwriting and sale of 25% of the gold mine at Wells, B.C. to Peregrine Petroleum for \$300,000 were expended initially in re-opening the mine and rehabilitation of existing drifts and cross-cuts. An aggressive exploration and development program was then carried out which has resulted in a total of 1859 feet of drifting and cross-cutting on the 4100 and 4200 foot levels. A total of 5313 feet of underground diamond drilling was conducted on the fourth level (4100').

N. MINER
31-AUG-78
93H-010-081

Mosquito Creek Gold aims to produce by next summer

VANCOUVER - Mosquito Creek Gold Mining is aiming for production next summer at its property in the Barkerville-Wells area, Cariboo Mining Division, B.C., Andrew H. Jukes, president, told the annual meeting. The company is negotiating fi-

ancing for a 100 ton mill which could be expanded to 200 tons. It estimates a capital cost of about \$3 million for the mill.

Total drift and drill indicated ore reserves are estimated at 21,400 tons averaging 0.84 oz. gold and 0.26 oz. silver per ton. Most of this tonnage is along a length of 580 ft. above and below the 4th level at an elevation of 4100 ft. and extending above the 3rd level at 4200 ft.

Since reopening the mine, the program has consisted of 1,859 ft. of drifting and crosscutting on the 3rd and 4th levels and 5,313 ft. of drilling on the 4th level. The result is a sulphide replacement orebody. A new orebody has been indicated in a drill hole that intersected 79.8 ft. of 1.348 oz. gold and 0.12 oz. silver per ton after dilution from 103-182.8 ft.

Commencing Sept. 1, a 600-ft. line drive will be pushed on the 3rd level to this intersection at a cost of about \$250,000, a two month task. While it has \$120,000 to \$150,000 on hand, the company plans \$250,000 interim financing through the sale of shares to finance this drive. This work may be supplemented by driving a raise from the 4th level to further evaluate this new ore.

GCNL # 211

THE MOSQUITO CREEK GOLD MINING COMPANY LIMITED

93H/4E (93H/SW)

GOOD GRADE GOLD ASSAYS
REPORTED FROM UNDERGROUND

A.H. Jukes, president of The Mosquito Creek Gold Mining Company Limited, reported by telephone from the company's gold property near Wells, B.C. that about a week ago the crosscut on the 4,100

NOV. 2/77
foot level intersected gold and since then the level has been advanced 50 feet in the mineralization. He advised that the crosscut had been directed to investigate the area of a 12½-foot drill hole intersection which assayed 2.04 oz. gold per ton, and 0.58 oz. silver per ton. Two recent four foot chip samples of the new mineralization assayed: 3.540 oz. gold per ton, 0.62 oz. silver per ton and 0.928 oz. gold per ton, 0.57 oz. silver per ton. Two samples from muck mined in the zone assayed 0.452 oz. gold/t, 0.1 oz. silver/t and 2.14 oz. gold/t, 0.88 oz. silver/t. There is a diamond drill hole into a 10-foot section of replacement gold mineralization from which assays are expected shortly. This hole is believed to be in an extension of same zone. Indications are that the zone is now over 200 feet long and from 6 to 8 feet wide.

NO.16(Jan.24,1978) GEORGE CROSS NEWS LETTER LTD. (Page Two)

JANUARY 24, 1978

THE MOSQUITO CREEK GOLD MINING COMPANY LIMITED

93H/4E

93H/SW
1977

ASSAY RESULTS FROM MAIN DRIFT EAST:

Sample No.	Oz. Gold/t	Oz. Silver/t	Location	Type
14004	3.540	0.62	MDE 4 Ft. across face	Chip
14005	0.928	0.57	MDE 4 Ft. left wall	Chip
14006	0.452	0.10	MDE Muck Pile	Grab
14007	2.140	0.88	MDE Muck Pile	Grab
14018	2.118	0.34	70.5 Ft.-72 Ft. = 1½ Ft.	Diamond Drill
14019	1.810	0.25	72 Ft.-77 Ft. = 5 Ft.	Diamond Drill
14021	2.945	0.70	No.5 X Cut 4 Ft. across face	Chip
14023	0.679	0.18	No.5 X Cut 8½ Ft. left wall	Chip
14024	0.758	0.24	No.5 X Cut 8½ Ft. right wall	Chip
14025	2.004	0.36	No.5 X Cut 3½ Ft. across face	Chip
14033	5.450	0.86	MDE 5 Ft. across face	Chip
14034	1.425	0.62	MDE 5 Ft. across face	Chip
14035	0.395	0.22	MDE 4½ Ft. across face	Chip
14036	0.896	0.71	MDE muck pile	Grab
14039	1.025	0.26	MDE 3 Ft. left wall	Chip

A.H. Jukes, president of The Mosquito Creek Gold Mining Company Limited, has reported encouraging results from the exploration program at the gold property near Wells, B.C. The sulphide replacement body which was encountered in November 1977 has proven to be much larger than was originally anticipated and can be classified as an ore body. The true thickness of the ore body varies from 4 feet to 10 feet and has a width of approximately 30 feet. At present the length is 300 feet at a plunge of 22° and remains open at both ends. The grade of the ore has been extremely high with selected assays in the table.

Mr. Jukes states that the values in the table can be taken as fairly representative of the overall grade of the ore body as developed.

Overall operations were started July 7, 1977 and initially involved dewatering of the shaft, refurbishing of underground electrics, installation of permanent pumps and rehabilitation of and making drifts operational. Since that time a total of 265 feet of drift development has been carried out and 260 feet of crosscutting. Underground diamond drilling totals 989 ft. and surface drilling 769 feet.

The mine was closed Dec. 22, and operations resumed Jan. 7, 1978, with additional drifting, crosscutting and underground diamond drilling currently taking place. The main drift is being advanced to the west as well as to the east. This will permit diamond drilling at one end while drifting at the other end.

The president states that ore samples have been tested in order to determine whether or not the ore would be suitable for heap leaching. The results to date have been very favourable and consideration is being given to this method of extraction due to the very low costs involved as compared to a conventional mill.

"However, discussions are being held with interested and reliable parties re the financing of a conventional mill and hopefully an arrangement will be made whereby the additional financing required would be on a loan basis and not reduce any equity in the company. Based on the progress made to date, we expect to have developed sufficient ore reserves to support a financing of this type by spring or summer of this year." he said.

The Mosquito Creek Gold Mining Company will apply for a listing on the Alberta Stock Exchange.

①

THE MOSQUITO CREEK GOLD MINING COMPANY LIMITED

93H/4E

PROGRESS REPORTED - The Mosquito Creek Gold Mining Company Limited in an interim report for the 6 months ended 28Feb78 shows a cash balance of \$93,643 at the beginning of the period. Without explanation, the report shows revenue of \$414,582 which increased funds available to \$508,225. Expenditures totalled \$333,138 being on management \$29,500, on prospectus \$30,485, on administration, legal, transportation, etc. \$22,616, on exploration and development \$225,537 and in connection with a bank loan \$25,000. This resulted in a cash balance on 31Dec77 of \$175,087, including a trust account. Shares outstanding then were 3,434,200.

A.H.Jukes, president, states that underground development and diamond drilling have continued on the company's gold property at Wells, B.C. As at 15Feb78, underground diamond drilling had been increased to 1150 feet.

Mr. Jukes advises that a feasibility report is currently being prepared by Kilborn Engineering to determine what requirements are necessary for the installation of a mill on the company's gold property at Wells, B.C.

The Canada Trust Company has notified the company that, as at 1Mar78, 598,800 warrants were exercised, netting the treasury \$359,280. Mr. Jukes says the company also received \$200,000 from Peregrine Petroleum on their exercise of an option to acquire an additional 15% working interest.

GCNL #94 16-MAY THE MOSQUITO CREEK GOLD MINING COMPANY LIMITED

93H/4E (SW)

FEASIBILITY STUDY EXPECTED TO BE COMPLETED SOON - A.H.Jukes, president of The Mosquito Creek Gold Mining Company Limited has reported that Kilborn Engineering (B.C.) Ltd. has advised that the feasibility study with respect to a 100-ton per day concentrator is nearing completion and should be available in the immediate future.

Some Recent Drill Hole Results			
Hole No.	Interval	Oz. Gold/t	Oz. Silver/t
U-78-28	48.5 -50 ft.	0.846	0.22
U-78-29	33.5 -36.2	2.692	.67
U-78-29	41.5 -43.5	.890	.32
U-78-30	32.7 -36.0	.914	.25
U-78-30	36.0 -39.0	.874	.21
U-78-35	77.0 -81.5	.351	.25

He states that the company has had continuous underground development underway or the property at Wells, B.C. during the past ten months. The basic program consists of drifting on the 4,100-foot level with considerable cross-cutting and underground diamond drilling. In November 1977, a sulphide replacement ore body was encountered which was 300 feet long with a 22°

drilling centred in the No.6 crosscut encountered significant amounts of sulphide with very good grades of gold. Drilling is continuing to determine the size of the zone.

The company also plans to drift on the 4,200 level.

to K.E.N.

GCNL #118 20-6-78 THE MOSQUITO CREEK GOLD MINING COMPANY LIMITED

COPY 93H/4E

START ON MILL CONSTRUCTION - The Mosquito Creek Gold Mining Company Limited president A.H.Jukes has announced plans to construct a 100-ton per day mill on their property at Wells, B.C. The decision to go ahead with construction of the plant was based on a feasibility study recently completed by Kilborn Engineering (B.C.) Ltd.

Financing plans are currently being negotiated and it is anticipated that construction will commence in the near future, likely in August or September of this year.

Sufficient ore reserves have been developed to commence operations once the mill has been completed.

Exploration for additional reserves has been suspended pending finalization of the mill financing. The mine will be kept on an operational basis and a supervising crew will be retained. The mine will be in a position to re-commence operations on 24-hour notice. Once mill construction has been started, consideration will be given to mining known reserves and stockpiling them above ground.

Mr. Jukes said that, assuming a construction period of approximately ten months, the mine could start production early in 1979 and at the latest by mid-summer of that year.

(2)

N.M., July 24/75

p. 22

93H/OVO

see over →

Home Oil

VANCOUVER — Home Oil has earned its 50% interest in the Cariboo District, B.C., property of Mosquito Creek Gold Mining and has sold the interest to Mosquito Creek, Wharf Resources, which has a substantial interest in Mosquito Creek, advises in a quarterly report to shareholders. Home has decided to terminate all further activities in B.C., the report adds. No work is presently being done on the property, but Wharf said intentions are for operations to resume in the fall.

Home completed 2,136 ft. of drifting and crosscutting on two levels and 6,606 ft. of underground drilling in 74 holes. The most significant showing was in hole 72 which gave 11 ft. of better than 2.00 oz. gold per ton.

93 H/4
93 H/4

THE MOSQUITO CREEK GOLD MINING COMPANY LIMITED

UNDERGROUND ASSAY RESULTS - A.H.Jukes, president of The Mosquito Creek Gold Mining Company FROM REPLACEMENT GOLD ZONE Limited, states in a 9Nov77 report to shareholders that the exploration program at the mine near Wells, B.C., has met with considerable success inasmuch as the drift on the 4100 foot level encountered replacement sulphides after approximately 30 feet of drifting from the original face. This replacement sulphide continued for approximately 50 feet in the drift and then appeared to strike upward into the ceiling.

He states that it would appear that this replacement sulphide is part of the sulphide body encountered in the vertical down-hole from a crosscut at the northeast end of this level which made an intersection of 2.04 ounces per ton gold and 0.58 ounces per ton silver across 12.3 feet. This indicates a body of replacement sulphide approximately 200 feet in length and approximately 4 to 6 feet in thickness with an unknown width. The width will be determined by further crosscutting and diamond drilling.

Selected samples of the replacement sulphide were taken from the muck pile and assayed

	Gold	Silver	as follows:
Sample No.1	1.35 oz.per ton	0.61 oz.per ton	He says results are very encouraging and additional drifting, crosscutting and underground diamond drilling are currently being carried out on the 4100 foot level. Further samples and diamond drill cores are presently being assayed and results will be available soon.
Sample No.2	3.62 oz.per ton	1.74 oz.per ton	
Sample No.3	4.33 oz.per ton	2.29 oz.per ton	
Sample No.4	2.23 oz.per ton	0.82 oz.per ton	
Sample No.5	1.49 oz.per ton	0.73 oz.per ton	

THE MOSQUITO CREEK GOLD MINING COMPANY LIMITED

PROGRESS REPORT ON UNDERGROUND PROGRAM AND SHARE LISTING - A.H.Jukes, president of The Mosquito Creek Gold Mining Company Limited, states in an Oct.14,1977, letter to shareholder that rehabilitation of the mine, located at Wells, B.C. was started in mid-July 1977 and all mining equipment and machinery made operational. The shaft, drifts and crosscuts have been completely dewatered and a program of exploration and development for ore reserves is currently underway. The work is being carried out on the 4,100 foot level where, at the end of the 1975 program, a vertical down-hole from a crosscut at the northeast end of this level made an intersection of 2.04 ounces per ton gold and 0.58 oz. silver per ton across 12.3 feet in a sulphide replacement.

At present, the program consists of drifting and crosscutting which will be supplemented in the near future by underground diamond drilling.

He also points out that the company's shares were listed on the Vancouver Stock Exchange on Oct.11,1977 and at the same time the common share purchase warrants were also listed. The warrants entitle the holder to purchase one common share for 60¢ per share at any time until March 1,1978.

NO.199(OCTOBER 17,1977) + GEORGE CROSS NEWS LETTER LTD. + THIRTIETH YEAR OF PUBLICATION +

THE MOSQUITO CREEK GOLD MINING COMPANY LIMITED

EXPLORATION PROGRAM FUNDED - The Mosquito Creek Gold Mining Company Limited president MILL CONSTRUCTION ARRANGED A.H.Jukes has reported that, on 5Mar79, operations at the property at Wells, B.C., resumed. The first step is a line drive on the 4,200 foot level to contact an indicated orebody encountered on 27Jun78 in underground diamond hole No.78-56 which cut 53.5 feet with a true width of 30.7 feet assaying 2.008 oz. gold/ton and 0.180 oz. silver/ton.

Mr. Jukes said this particular diamond drill hole is in virgin territory and indicates great promise for further extension of sulphides on this level.

To finance the work the company has entered an agreement with Peregrine Petroleum Ltd., whereby Peregrine will acquire an additional 25% interest for expending a further \$750,000. Peregrine now holds a 25% working interest in the property. This means that Peregrine will provide a total of \$995,625, more than adequate to carry out the intended exploration.

Mr. Jukes also said that the company is currently concluding an agreement with R.F. Fry & Associates, whereby they will acquire and install a mill in Wells, B.C. The cost of the mill will be approximately \$300,000 and the installation and tailings pond, etc., will amount to another \$200,000. Fry has agreed to handle this expenditure and Mosquito have agreed to pay them a certain percentage out of production when the mill is in operation, about Sept.1979.

The company is negotiating with The Royal Bank of Canada for a line of credit for working capital.

About the plan to direct ship ore, Mr. Jukes said, "In November and December of 1978 the company mined several tons of ore from the 4th level(4100 ft.), it was the company's intention, at that time, to ship the ore to Tacoma, Washington, and have it custom milled, however, upon further investigation and taking into consideration the cost of shipping, milling, etc., it was decided that such an action would be marginal from a profit standpoint and therefore this plan of action was discontinued."

93 H/4 GCNL #54 (1979)

93 H/4

744 WEST HASTINGS STREET
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VANCOUVER, B.C.
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George Cross News Letter

"Reliable Reporting"

WESTERN CANADIAN INVESTMENTS

THE MOSQUITO CREEK GOLD MINING COMPANY LIMITED

NO.177(1977)
SEPTEMBER 14,1977

NO.177(1977)
SEPTEMBER 14,1977

UNDERGROUND PROGRAM NOW UNDERWAY
TO DEVELOP GOLD RESERVES FOR MINING

- Andrew H.Jukes, president of The Mosquito Creek Gold Mining Company Limited, has reported that the underground program is being advanced at the mine near

Wells, B.C. The 500 foot deep shaft has been reopened and crews are reopening the workings in preparation for further drifting and diamond drilling. The program is to develop sufficient gold ore to permit a production decision.

The company recently completed an underwritten prospectus offering netting \$285,000. The offering comprised 600,000 units of one share and one series A share purchase warrant at 55¢ per unit. The underwriters were: Continental Carlisle Douglas Ltd.; Canarim Investment Corp.; C.M.Oliver & Co.; McDermid, Miller, McDermid Ltd.; Wolverton & Co. and Brink, Hudson & Lefever Ltd.

The first phase program, which is now underway, was recommended by H.Brodie Hicks, P.Eng. and is estimated to cost \$261,520.

The property lies within the well-known Barkerville placer mining camp where production of gold started about 1860. The last placer mining on the present company's 29 mineral and 2 placer claims took place in 1960. Lode mining in the area was continuous from 1933 to 1967 and resulted in production of nearly 3,000,000 tons of ore grading an average of 0.43 oz. per ton gold. The consultant points out that operations closed because of rising costs and not through exhaustion of reserves. The Mosquito Creek property is on strike with and partially overlaps the former producers the Cariboo Gold Quartz Mining Company and the Island Mountain Mining Company.

Net proceeds from the underwriting are to be allocated: \$261,520 for stage one of the underground work, \$46,480 for working capital and general expenses, \$20,000 for cost of financing, \$30,000 for a management fee (six months at \$5,000 per month), \$25,000 to repay bank loan and \$2,000 for listing fee on the Vancouver Curb Exchange. These expenditures total \$385,000 and include not only the proceeds from the underwriting but also \$100,000 received from Peregrine Petroleum Ltd.

Pursuant to an agreement made June 14, 1977 Mosquito Creek Gold has granted to Peregrine Petroleum Ltd. the right to earn a 10% working interest in the property by spending \$100,000 on property exploration by Nov.15, 1977. The funds have been deposited and to the first of September about \$50,000 of the funds from Peregrine had been spent. In addition, Peregrine has an option, to exercise before Feb.15, 1978, to earn a further 15% working interest in the claims by the expenditure before Sept.1, 1978, an additional \$200,000 on exploration and development. Upon earning an interest in the property, Peregrine will be obliged to contribute its pro rata share of exploration and development costs.

Ore occurs in two adjacent metasedimentary formations - the Rainbow, in which the ore is in quartz veins, and the Baker, in which it is localized in sulphide replacements. The former average 0.30 to 0.40 oz. per ton and the latter from 0.50 to several ounces per ton. The primary exploration target in the new program is the replacement ore.

The company's initial work on the property confirmed the extension of the favourable Rainbow-Baker contact into and through the claims. The second phase included sinking a 500-foot shaft with lateral work and diamond drilling on two levels. This work obtained a number of intersections of both vein and replacement mineralization. None of these were sufficiently developed to be classified as ore but their presence provides encouragement for continuing the program.

Mr.Hicks says there is ample room on the property for occurrence of substantial quantities of material of a tenor similar to that mined in the past. The recommended program calls for extending the line drive along the Rainbow-Baker contact, crosscutting and vertical diamond drilling, this work being concentrated, in the first instance, at the northeast end of the 4,100 level where favourable geological factors exist, and where intersections of good grade material were cut at the close of previous work.

93 H/4

5 x 4
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93H/10

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JAN 15, 1984

NAGMIN

(400)

93N059

Mosquito Creek stands ready to resume at Wells

WELLS, British Columbia—Although mine operations are closed for an indefinite time due to winter and the depressed gold market, Mosquito Creek Gold Mining Co. Ltd. could start up the mine within a week given the right conditions, namely a consistent above \$400 an ounce gold. With nearly C\$500,000 in working capital, and with the last gold brick and the cleanup from the mill at Mosquito Creek's mine covering all of the accounts payable, funds are still available to reopen and do the work in the intervening time.

"It's pointless in reopening it and then having to close it down again," said Director Kingsford Healey. Production ceased December 10, but Healey stressed that the mine is still open, limiting the winter operations to underground exploration and development.

Preliminary results on the mine indicate 23,000 tons of reserves, subject to recalculation, grading approximately 0.47 ounces of gold per ton of which 65 percent is under the probable class and the remaining amount under possible reserves. This is using 0.2 as the economic grade, subject to revision on completion of the final mine tally.

The drive to the southeast on level two is progressing 40 percent faster, or seven feet per day, than anticipated as they are in "good ground," meaning timbering is not necessary as they continue along the drift. They now believe they are less than 450 feet from their primary objective, the downward extension of the Kutney Zone, originally thought to be encountered sometime in early May, but due to the ease in which progress is being made, late March is a possibility. Officials had originally planned on needing five and a half months for the 600-foot drive.

The Kutney Zone appears to be three separate ore shoots, but this is not definite. Because they are in the favorable rock, officials believe that they are running close to the contact and will find extra ore bodies along the drive to the southeast to this new ore zone. *93N059*

Mosquito Creek has a mill capable of processing 125 tons per day on the 998-acre property. Monthly production averaged 700 ounces, said President J. Cameron McFeeley. The millhead grade was 0.44 ounces per ton. As higher grade, underground ore is processed, McFeeley expects the cost per ounce to decrease to C\$283 from C\$364, broadening the operating margin. The No. 1 Level at the mine had broken out to the surface, enabling both above-ground and underground operations to have continued simultaneously. There are enough potential reserves on the property for production to continue for an estimated 20 years.

Mosquito Creek is in negotiations with several parties for development financing. The company has an exemption from the Securities and Exchange Commission from filing under 12G, which means that various people can sponsor the shares in the United States.

While Mosquito Creek is a relatively new mining venture, the area has a long history of gold production dating back to the 1860s. At that time, a gold rush occurred in the Williams Creek area of east-central British Columbia as miners sought their fortunes placer mining. Four of Mosquito Creek's 29 claims date back to 1875 and 1876. Lode mining started in 1933 on property adjacent to and beneath Mosquito Creek's claims. The company was incorporated in 1971 and acquired an interest in the property in return for the issuance of 500,000 shares of common stock. Mosquito Creek is based in Calgary, Alberta. *

NAGMIN 2 DEC 82 Mosquito Creek operations uneconomical

Could you please inform me about the present status of Mosquito Creek Gold Mining. According to your last report back in June 1981 the company's gold mine near Wells, B.C., was in full operation and was producing at a rate of 1,000 oz. of gold per month.

Is the company making any money from this operation? Moreover, who is running the show since the death of President Andrew H. Jukes.

R.P., Vancouver

Since the death of Andrew H. Jukes in a plane crash in October 1981, the management of Mosquito Creek Gold Mining's operations has been assumed by Peregrine Petroleum. Some 140,000 shares of Mosquito is held by Peregrine which also owns a 50% working interest in Mosquito's gold mine near Wells, B.C.

The presidency of the company has passed on to Cameron J. McFeeley, who is also the president of Peregrine. Mosquito's headquarters were moved from Vancouver to Calgary and both Mosquito and Peregrine now are located at 550 Bow Valley Square Three, 255-5th Avenue S.W., Calgary, Alta.

As at June 30, the company had a working capital deficiency of \$914,691. This has developed due to

the fact that its operating expenses are running well above operating revenue.

In the first six months of the current year sales amounted to \$845,360 while costs and expenses totalled \$1,265,360, giving the company an operating loss of \$420,000 and pushing its deficit to \$2,789,822. The company says that it needs higher gold prices in order to continue as a viable operation.

During 1981, a total of 7,947 oz. of gold was produced. President McFeeley reports that the hoisting facilities are not capable of delivering sufficient ore to the mill and thus the mill is being under-utilized and the grade of ore is being diluted below the normal 0.5 oz. per ton. This has made the operation uneconomical; the average operating cost in 1981 was \$527 against an average price of \$520 received for bullion sales.

The company needs funds to improve haulage facilities to feed the mill at its 100 tons per day capacity at normal grade of 0.5 oz. It is "giving top priority" to finding new financing. In the meantime, Mosquito needs higher gold prices. Its current production is around 850 oz. per month.

93N/105
093N 059

GCNL #217 13 NOV 81

THE MOSQUITO CREEK GOLD MINING COMPANY LIMITED

~~093N/110E~~ 093N 059

PEREGRINE'S McFEELY - Cameron J. McFeely was appointed president of The Mosquito Creek Gold Mining Company Limited, on 4 Nov 81 in place of the late Andrew H. Jukes who was killed Oct 30/81 when the plane in which he and other officials of the company and of E & B Explorations crashed while attempting to take off from the Wells, B.C. airstrip.

Mr. McFeely is president of Peregrine Petroleum Ltd., a Calgary-based oil and gas exploration company holding 50% interest in the Mosquito Creek gold mine at Wells.

Mr. McFeely reports that, following a 2-week shutdown in September for a major overhaul and assessment of the mill facility, the mine has been operating at full capacity, 5 days per week, treating 110 tons of ore per day averaging 0.5 ounce of gold per ton.

Underground diamond drilling, as part of the ongoing exploration program, continues at the rate of some 1500 feet per month. It is estimated that surface ore will provide 15% to 20% of millfeed on a continuing basis. A surface exploration program of stripping and trenching will continue when weather conditions permit.

Negotiations for financing construction of a decline shaft continue.

GCNL #113

14 JUNE 82

THE MOSQUITO CREEK GOLD MINING COMPANY LIMITED

~~093N/10E~~

093N 059

PERIOD ENDED DECEMBER 31, YEAR 1981	7 MOS. 1980	
Sales	\$2,015,332	\$1,198,992
Deprec'n, Depl'n, Amortiz'n.	902,868	846,421
General, Admin. Expense	413,560	160,650
Interest Expense	217,695	42,502
Operating Costs	2,104,831	714,201
Other Charges	179,182	- -
Net Loss	\$1,802,804	\$564,782
-Per Share	37c	13c
Working Capital Deficit	\$858,268	\$683,321
Shares Outstanding	4,783,800	4,483,800

In 1981, a total of 7,947 ounces of gold were produced by The Mosquito Creek Gold Mining Company from their mine at Wells in the Cariboo district of B.C. A total of 21,121 tons averaging 0.38 ounce gold per ton were processed. In addition to ore hoisted from underground, 3,754 tons of surface ore with an average grade of 0.45 ounce per ton were processed during the summer months. New surface ore has been located and it is hoped this source will be used much more this year, says president Cameron J. McFeely in his annual report.

The mill's capacity is 100 tons per day, but hoisting facilities are not capable of delivering sufficient ore for efficient operation. Operating expenses averaged \$527 per ounce of gold produced. This cost would be sharply reduced if the mill could be fed to capacity at normal grades of 0.5 oz./ton, says Mr. McFeely. The underground exploration costs of \$138 per ounce are included in the operating expenses noted above.

The average price received for 1981 gold bullion was \$520 Cdn. per ounce. Mr. McFeely says Mosquito Creek are currently producing about 850 ounces/month. At this rate they break even at about \$450 per ounce.

The Wessex Refining (Consolidated) Ltd., a gold refining venture in which Mosquito Creek have 25% interest, has ceased operations, having proved unprofitable with 3 new refineries opened in the Vancouver area. The refining equipment was sold to Engelhard and the building and land are to be sold.

Mr. McFeely notes that priority is being given to finding new financing. Several promising leads are currently being pursued.

GWL OCT 2/81
#189

93N/10E
093N/05E

THE MOSQUITO CREEK GOLD MINING COMPANY LIMITED

	6 MONTHS TO 30JUN81	12 MONTHS TO 31DEC80
Sales	\$ 1,648,358	\$ 1,198,992
Operating Costs	1,029,848	714,201
General, Admin. Exp.	157,632	160,650
Interest Expense	104,570	42,502
Deprec'n, Depl'n	461,051	846,421
Net Loss	704,743	564,782
Working Capital Deficit	248,232	697,588
Shares Outstanding	4,783,800	4,483,800

GOLD RECOVERIES MARKEDLY IMPROVED
NEW HIGH GRADE ORE FOUND, DECLINE
SHAFT WILL DOUBLE PRODUCTION RATE

In presenting financial statements of the Mosquito Creek Gold Mining Company Limited for the 6 months ended 30Jun81, president A.H. Jukes says that not all the gold produced in June is reflected in the statements. He notes that the deficit

at the end of the period amounted to \$1,272,025 and represents the cumulative deficit from the inception of the company 11 years ago to 30Jun81. He points out that the first 10 years of operation were spent in explorative shaft sinking, construction of the head frame, purchase of equipment and machinery and construction of buildings at the company's gold mine at Wells, B.C. Now that the mine is fully operational and producing gold and silver in substantial amounts continued growth and retention of capital can be expected.

At the company's gold mine at Wells, B.C. the approach to the decline shaft opening, and all access roads necessary to haul equipment and supplies to the decline and ore to the mill have been completed. Mr. Jukes says actual sinking of the decline will start in the near future as soon as current financial arrangements have been completed. The shaft will almost double current production and from all indications, says Mr. Jukes, new ore will be encountered as the shaft sinking proceeds. This project will cost about \$2,000,000 of which 50% will be financed by Peregrine Petroleum Ltd.

In the mill, marked improvements in circuit recovery and operating time have been achieved, Mr. Jukes reports that the months of June, July and August, 1981, have been the most productive and rewarding since the mine went into operation. Net production in June and August totalled 2811 troy ounces of fine gold and 850 ounces of fine silver. The mill is currently processing an average of 110 tons per day.

While preparing access roads from the decline site to the mill, a D-9 Caterpillar tractor equipped with rippers discovered 4,000 tons of replacement ore just below the overburden. This ore is now being mined using a bulldozer and front-end loader. The grade of this particular pocket has averaged 0.75 oz. gold per ton.

Later in August, another surface outcrop of replacement ore was encountered near the head frame. This ore assayed from 7 to 9 ounces of gold per ton. Taking dilution into account, (the ore body was banded with limestone), the average grade of this pocket was 1.5 ounces of gold per ton, says Mr. Jukes. Some of this ore was mined from the surface using a ripper equipped Caterpillar tractor, but, mining regulations forbid use of explosives so close to the head frame. Thus, it was decided to diamond drill upward from the first level of the mine in an attempt to delineate the size of the ore pocket. If reserves prove sufficient, they will be mined from the first level using conventional methods.

Several other contacts have been encountered by underground diamond drilling and drifting, and cross-cutting is continuing to determine their extent, says Mr. Jukes, adding that the present reserve picture is more than adequate for future mill operation and a considerable amount of ore has been broken and stockpiled on surface.

Issuance of a gold coin as a dividend is being held in abeyance until sufficient funds are available. Dies for the medallion have been cut and are at the Sherritt Mint in Fort Saskatchewan, Alberta. Current financing for the proposed decline shaft will give consideration to cash requirements necessary to pay the dividend.

Since Mosquito Creek, as to 25%, and partners acquired Wessex Refining(Consolidated)Ltd. in Richmond, B.C., several other operators, including Engelhard Industries, elected to open refinery facilities in the area. This caused a serious shortage of gold and silver available for refining. The Wessex refinery equipment has been sold to Engelhard at an attractive price and the plant and property are now listed for sale.

G P

According to Mosquito Creek Gold Mining President A. H. Jukes, the company's gold mine near Wells, B.C., is fully operational and is producing 1,000 oz. per month. This is substantially less than the original 20,000 oz. per year anticipated, he says in the annual report.

A shortage of haulage facilities from the underground workings to surface led to this production shortfall. He also pointed out that waste haulage, made necessary by its ongoing exploration program, reduced the ability to haul ore.

To alleviate the problem, the company plans to sink a decline shaft to the 3,950 elevation which will open a new avenue for both ore and waste haulage, thereby bringing the operation up to its planned production rate.

Mosquito Creek has a 25% interest in Wessex Refining located in Richmond, B.C., outside of Vancouver. Peregrine Petroleum and Cavendish Investments are partners in the refinery which eventually will take in additional gold and concentrates for upgrading from outside sources.

Unique in the industry, Mosquito Creek will pay shareholders a gold dividend in the form of a one-tenth oz. gold medallion for every 1,000 shares of the company held. Fractional certificates for those holding less than the required amount will be allotted.

Mosquito Creek reported a loss of 13¢ per share from the date production started (June 5, 1980) until Dec. 31 that same year.

* * *

N MINER

11 JUNE 1981

~~93N/10E~~

~~093N 059~~

FILE

6

YEAR ENDED SEPTEMBER 30,	1980	1979
Oil/Gas Sales after Royalty \$	713,793	\$ 547,541
Properties Sale Gain	2,289,875	147,387
Investments Sale Gain	147,835	1,569
Total Revenue	3,151,503	696,497
Interest Expense	322,646	186,741
Production Costs	124,714	132,620
General Admin. Expense	102,705	53,830
Lease Rental Expense	5,644	6,140
WriteOffs, Dry Holes Etc.	463,700	642,613
Depletion Depreciation	52,367	57,493
Income Tax Deferred (Recover)	740,000	(75,000)
Alberta Royalty Tax Credit	46,400	31,810
Profit(Loss) Bef. Extra Item	1,386,127	(276,130)
Per Share, Basic	50¢	(15¢)
Tax Loss Carry Forward	133,000	-
Net Earnings (Loss)	1,519,127	(276,130)
Per Share Basic	54¢	(15¢)
Diluted	36¢	(15¢)
Shares Outstanding	2,945,262	1,920,262
Working Capital Deficit	124,820	1,125,664
Long Term Debt	834,873	1,076,400

GOLD MEDALLION DIVIDENDS
 TO BE PAID IN AUGUST
 At Peregrine Petroleum Ltd.'s 50%-
 owned ~~Mosquito Creek~~ gold mine at Wells F
 in the Cariboo district, B.C., the first
 gold brick was poured in April 1980 and it
 is currently producing about 1,000 ounces
 per month. When a proposed second entry
 is completed, production will be raised
 to managements original goal of 20,000
 ounces per year.
 In reporting this, president, C.J.McFeely
 announces, "The big event for 1981 will
 be the distribution of our promised gold
 dividend in the form of 1/10 ounce gold
 medallions. In brief, we are issuing one
 gold certificate per 1,000 shares and
 upon presentation of the certificate we
 will issue a medallion. Shareholders
 with less than 1,000 shares will be iss-
 ued fractional certificates which may be
 accumulated until they have fractional
 certificates equivalent to a qualifying

certificate representing 1,000 shares." The certificates will be payable 1Aug81 to shareholders of record 1Jun81. He also says, "It is our intention to make the payment of one or more of these medallions a regular yearly dividend which we hope will bring the pleasure of novelty as well as a welcome profit to our shareholders. To our knowledge a payment of such a gold dividend has not been done before."

Mr. McFeely says "The Canadian oil and gas industry now is excessively burdened with unrealistic price controls, extremely high provincial royalties and federal surcharges (not to mention the exasperation of metric conversion - to the convenience or advantage of whom?) ...escalating costs; restricted markets and the prospect of ever-increasing government regulations". Peregrine has sold a substantial portion of its Canadian oil and gas properties, paid off the bank and now are fully involved in the U.S. Cash flow from U.S. operations began in 1980 and will increase steadily from successful projects in California and Oklahoma. The company has just begun to participate in wildcats on large acreages in Montana and South Dakota and with the funds from the intended financing early in 1981, will be undertaking more such ventures.

For \$500,000, Peregrine acquired a 50% interest in Sparrow Coal, Inc., holder of Wyoming Lease No.023373. The lease has available for exploitation approximately 5,000,000 tons of high quality steam coal. Probable additional reserves are in the order of 10,000,000 tons. The company is presently preparing feasibility studies and negotiating with a purchaser preparatory to financing an operation of initially 250,000 tons per year. Estimated cost of bringing the property into production is approximately \$7,000,000 and shipments of coal could be as early as July 1982. The president points out that "this is a very exciting project - especially when one considers that the net profit per ton of coal is very close to the net profit per barrel of oil; in other words, successful development of this project is analogous to Peregrine acquiring and producing a reserve of 2,500,000 barrels of oil (with further probable additional reserves in the order of 5,000,000 barrels)."

EXPLORATION PROGRAM FUNDED - The Mosquito Creek Gold Mining Company Limited president
MILL CONSTRUCTION ARRANGED A.H.Jukes has reported that, on 5Mar79, operations at the prop-
erty at Wells, B.C., resumed. The first step is a line drive
on the 4,200 foot level to contact an indicated orebody encountered on 27Jun78 in underground
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gold/ton and 0.180 oz. silver/ton.

Mr. Jukes said this particular diamond drill hole is in virgin territory and indicates
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To finance the work the company has entered an agreement with Peregrine Petroleum Ltd.,
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Peregrine now holds a 25% working interest in the property. This means that Peregrine will
provide a total of \$995,625, more than adequate to carry out the intended exploration.

Mr. Jukes also said that the company is currently concluding an agreement with R.F. Fry
& Associates, whereby they will acquire and install a mill in Wells, B.C. The cost of the
mill will be approximately \$300,000 and the installation and tailings pond, etc., will amount
to another \$200,000. Fry has agreed to handle this expenditure and Mosquito have agreed to
pay them a certain percentage out of production when the mill is in operation, about Sept.1979.

The company is negotiating with The Royal Bank of Canada for a line of credit for
working capital.

About the plan to direct ship ore, Mr. Jukes said, "In November and December of 1978
the company mined several tons of ore from the 4th level(4100 ft.), it was the company's
intention, at that time, to ship the ore to Tacoma, Washington, and have it custom milled,
however, upon further investigation and taking into consideration the cost of shipping,
milling, etc., it was decided that such an action would be marginal from a profit standpoint
and therefore this plan of action was discontinued."

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**Peregrine financing
Mosquito Creek**

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VANCOUVER - Mosquito
Creek Gold Mining has entered into
an agreement with Peregrine Petro-
leum whereby Peregrine will ac-
quire an additional 25% interest in
Mosquito Creek's gold property
near Wells, B.C., for a further
\$750,000. Peregrine already holds a
25% working interest in the prop-
erty.

Peregrine will be required, on the
basis of its existing interest, to pro-
vide an additional \$245,625 for a
total of \$995,625, sufficient to carry
out the planned exploration and de-
velopment programs, according to
Mosquito Creek President A. H. Ju-
kes.

Mine operations were suspended
in January in order to complete the
financing.

Operations have resumed, con-
sisting primarily of a line drive on
the 4,200-ft. level planned to inter-
sect a new zone encountered in
June, 1978, by underground dia-
mond drill hole 78-56. (N.M., Aug.
31, 1978).

Mr. Jukes said the property
should be in production by
September.