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GEORGE CROSS NEWS LETTER LTD. NO.210(1975) (Page Two)

NOVEMBER 3, 1975

CHANNEL GOLD RESOURCES CORP. (Formerly Spectroair Explorations Ltd.)

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FREEZING TECHNIQUE EXPECTED TO SOLVER PROBLEM - Utilizing freezing techniques as applied OF GOLD RECOVERY FROM LIGHTNING CREEK GRAVELS. successfully in tunnel and shaft projects, Channel Gold Resources Corp. plans to recover gold from the long known gold deposits of Lightning Creek at Wingdam in the Cariboo district of B.C. The feasibility of this project is detailed in a report by A.E.Nevin, M.D., P.Eng., dated 18Aug75. He points out that the long history of attempts, successes, partial successes and failures to win the deep placer golds in the part of Lightning Creek covered by leases optioned by Channel Gold is well documented. He explains that most of the difficulties and failures appeared to result from the technical inability to control water and muds accompanying or lying near the gold bearing strata.

Past drilling and observations by mining engineers, he points out, indicate that the deep channel of Lightning Creek at Wingdam contains high grade, gold bearing strata with economic width and mining heights. The company proposes to test these strata to doubly confirm the recorded high grades and the physical characteristics for freezing and mining, the aim being to mine and recover the gold indicated.

He notes that former operators obtained some production from one area and that drill results and records from a 600-foot section, including the former openings, indicate the probability of 15,000 oz. of available gold in this 600-foot section. Widely-spaced drilling indicates that another 1,500-foot part of the leases may have more than 22,000 oz. of gold available. He estimates \$35,000 is the requirement for Phase 1 and \$60,000 for Phase 2. If the results warrant, detailed cost and feasibility studies for production would follow in Phase 3 for which he estimates \$25,000. He adds that preliminary feasibility studies have indicated that a 600 foot length of "reasonably proven" channel could be frozen and mined at a cost of \$1,120,000, plus washing cost, to recover gold worth \$2,250,000. Mr. Nevin says that if a profitable operation can be obtained on a short length of the channel the technique and operation could probably be extended to greater length still to be tested. Phase 4 would consist of shaft sinking, freezing and production.

As noted in GCNL 209(75), Channel Gold hopes to receive \$105,000 from a minimum price, best efforts offering of shares. Of the anticipated sum, the company allocates \$43,000 to satisfy outstanding debts; \$3,500 for costs of the share offering; \$10,000 as part consideration to option acquisition of an option to buy the Lightning Creek placer leases for which the additional consideration is 667,500 escrow shs. of Channel issuable on completion of Phase 1. In order to exercise the option to acquire the property, a total of \$358,000 must be paid to Elaine McAlpine, prospector, payable at the greater of \$500 per month or 5% of net smelter returns. After payment of the \$358,000, production will be subject to a 5% net royalty to B.G.Wilson who holds the original option from Elaine McAlpine and who granted the option to Oriana Developments Ltd. which company is listed on the Vancouver Curb Exchange and is entitled to a royalty equal to 10% of the net proceeds of production after payment of the royalty to Wilson. Oriana also has a continuing option to acquire a 20% interest in the property by payment of 20% of the cost of placing the property into production.

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ORIANA DEVELOPMENTS LTD.

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TESTS UNDER WAY MAY LEAD TO MINING GOLD - On basis of recommendations by E.E.Mason, P.Eng.,  
AT WINGDAM UTILIZING FREEZING TECHNIQUE concurred in by Bacon and Crowhurst Ltd., Oriana  
Developments Ltd. has arranged, subject to regula-  
tory approvals, for an independent mining company to proceed with in-depth feasibility studies  
of the long known gold recovery possibilities of Lightning Creek at Wingdam in the area of  
the rich deposits of the Cariboo which, in the period 1860 to 1962 yielded \$51,000,000 worth  
of gold.

Oriana's president, George Loy, points out that in the past some of the deep channel  
deposits of the area, even though recognized, could not be mined due to the non-availability  
of technology to control ground water and mud accompanying or lying near the gold-bearing  
strata. He adds that engineering studies now indicate the freezing techniques, as success-  
fully used in tunnel and shaft projects in recent years, can now be applied to the gold-bearing  
strata to facilitate recovery of the gold.

The agreement with the independent mining company is stated by Mr.Loy, to include a pro-  
vision that, to obtain an interest in the property, a production decision must be made by  
30Jun76.

The program calls for testing the deep channel of Lightning Creek at Wingdam to reconfirm  
the high grades recorded in the past. The consultants advise that the first \$2,000,000 to  
\$2,500,000 worth of gold is considered to be reasonably proven in a short section of the  
channel.

The recommendations are that the first step in exploration and development of the pro-  
perty should be the completion of shallow holes, spread over two or three locations. The  
first 5 or 6 holes will be drilled to intersect the remaining part of the known channel con-  
taining high grade values in an area previously worked from the "No.1 Raise Downstream entry".

Mr.Loy quotes Bacon & Crowhurst Ltd. to the effect that they "confidently expect that  
the first 5 to 6 holes will return closer to the 3 ounces of gold per yard as reported to  
have been encountered by actual drift along this section of the channel, in comparison to  
prior estimates of  $1\frac{1}{2}$  to  $2\frac{1}{3}$ rd oz. per cu. yard." It is their impression also that the  
gold values in this drifting were uniformly distributed and not in an erratic or 'spotty'  
fashion.

Bacon & Crowhurst say that, should the values in the initial drill holes be as antici-  
pated, a total of 15,000 ounces of gold could be available for extraction from 5,000 cu. yd.,  
or along a 600-foot section of the deep channel, which at a price of gold of \$150 per ounce  
could return \$2,250,000 as compared with operating costs they estimate at \$1,210,000.

In addition to the testing of the area previously worked from the "No.1 Raise Downstream  
entry", Bacon & Crowhurst say an underground section of the channel 1500 ft. long contains  
gravel, silt and slum compositions and underlying favorable rock formation similar to those  
in the rich section between No.1 Raise Downstream and No.1 Raise Upstream. Good values at  
either end, 0.82 oz. per cu.yard across 70 feet of width and 1.21 oz. across 45 ft., they  
state, suggest presence of a second high grade paystreak. Further fill-in drilling will  
establish widths and values in this section more firmly, they advise.

Mr.Loy says that at Oriana's Tuscarora property, Elko county, Nevada, sampling is under-  
way to determine the placer gold potential. Large samples will be taken from as many areas  
as possible, and representative portions of each sampling will be run through the "Denver  
Gold Saver" to determine actual gold values.