

GCNL #173 7 SEPT 84

PACIFIC RIDGE RESOURCES CORP. (PCF-V)

94E/2

EARLY DRILLING PLANNED ON - Pacific Ridge Resources Corp. hold 100% interest in a property comprising 320 claim units TOOGOGGONE GOLD CAMP CLAIMS near Thutade and Duncan Lakes in the south Toodoggone gold camp, 165 miles north of Smithers, B.C.

A very strong geochemical copper, gold and silver anomaly on the Ron No.4 claim has resulted from soil samples and a magnetometer survey had been completed at 50-meter intervals. H.L. Williams, president, says the anomaly to date is 1,100 meters long, 100 meters wide on the west side and 700 meters wide on the east side and is open both east and west. A large core up to 300 meters wide of + 1,000 parts per million copper and + 100 ppb gold with varying amounts of silver up to + 90 ppm silver runs the full length of the surveyed area and is very strong.

Pacific Ridge is arranging for VLF electromagnetic and induced polarization surveys of the anomalous ground followed immediately by diamond drilling scheduled to start about mid-September.

Pacific Ridge will seek financial assistance to explore and develop this mineral deposit.

Mr. Williams notes that an area of about 500 meters by 50 meters of the known anomaly extends onto adjoining claims of Ark Energy Ltd.

GCNL #181 19 SEPT 84

PACIFIC RIDGE RESOURCES CORP. (PCE-V)

94E/2

TOOGOGGONE GOLD-SILVER-COPPER - Pacific Ridge Resources Corp. has signed an agreement for Anaconda Canada Exploration PROPERTY DEALT TO ANACONDA Ltd., to explore Pacific's Ron property in the Toodoggone-McConnell Creek gold camp 165 miles north of Smithers, B.C. Pacific Ridge vice president D.L. Cooke, Ph.D., P.Eng., reports that, by the agreement, Anaconda may earn 51% interest by spending \$750,000 on the property and making cash payments of \$230,000 over a 4-year period and may increase its interest to 70% by spending an additional \$600,000 and paying \$150,000 more in the following 2 years.

To help Pacific Ridge complete its fall 1984 drill program on this property as originally scheduled by way of private placement of flow through shares, Anaconda has undertaken at its own expense to carry out the IP and VLF-EM surveys proposed by Pacific Ridge. In addition, trenching will also be done by Anaconda to evaluate the large gold-silver-copper soil geochemical anomaly previously reported by Pacific Ridge (GCNL 174(84) page 4 refers.) The strength and dimensions of this zone suggest good potential for outlining a large open pit deposit. The geophysical work will begin immediately and diamond drilling by month-end.

Dr. Cooke says the Ron property in this agreement comprises 9 claims covering 189 claim units, centered on Kemess Creek and lying some 4 miles SE of Pacific's original property on Thutade Lake. Kemess Creek is a designated placer gold creek.

GCNL #136 16 JULY 1984

PACIFIC RIDGE RESOURCES CORP. (PCF-V)

94E/2

ENCOURAGING GEOCHEM RESULTS - Pacific Ridge Resources Corp. president H. L. Williams has reported that the geochemical work on the Ron claims in the Toodoggone-Thutade Lake gold camp, 165 miles north of Smithers, B.C. has made an exciting new copper-gold-silver-discovery. Anomalous soil samples run as high as 12,400 ppm copper and 360 ppb gold and are anomalous for silver and arsenic. Anomalous values have been picked up on three reconnaissance lines spaced 300 metres apart over 1 km long. Angular rock fragments picked up on one line consist of siliceous and breccia host rocks containing visible copper and silver mineralization. Trenching and sampling continues.

The first part of the 1984 program consisted of drill testing of the copper-lead-zinc-silver skarn zone as well as two silicified, auriferous and pyritic zones. Sulphide mineralization was encountered in all eight diamond drill holes. Assay results will be available in 2 to 4 weeks.

RIO ALGOM MINER RESERVES

VANCOUVER — A preliminary reserve calculation by Rio Algom (TSE) for the South Kemess property, 60% owned by El Condor Resources (VSE) and 40% owned by St. Philips Resources (VSE), has confirmed recent reserve estimates.

Rio, technical adviser to St. Philips, estimates preliminary reserves at about 240 million tons grading 0.22% copper and 0.018 oz. gold per ton. This compares with a recently released preliminary reserve estimate by El Condor of 252 million tons grading 0.23% copper and 0.019 oz. gold.

Drilling to date on the South Kemess property in north-central British Columbia has outlined the extent of the porphyry

copper-gold deposit on joint venture ground over an area measuring about 4,600 ft. east-west and 2,000 ft. north-south. The deposit is near-surface and flat-lying, measuring up to 800 ft. in thickness.

The joint venture recently approved a budget of \$717,000 for the period between January and March, 1992. The work will include geostatistical studies and minable ore reserves calculations, open pit design work, metallurgical testing and environmental studies.

Rio Algom now holds about 2.1 million shares of St. Philips representing 27.3% of the company, and has committed to exercising an additional 259,286

share-purchase warrants at \$2 each when the funds are required. Rio Algom can exercise additional options to bring its interest in the company up to just under 50%.

James Kermeen, a director of the company, noted that Rio's purchase option includes an additional 1.3 million treasury shares at \$3 plus one million shares at \$4. Rio also has the right to buy 500,000 shares from insiders at \$3 each expiring on May 15. Fully diluted, the company has 10.4 million shares outstanding and Kermeen noted that the deal with Rio includes a provision to use up to \$1.5 million in treasury funds to re-purchase stock on the open market which would lower shares outstanding to just under 10 million.

Rio Algom has an additional indirect interest in the property through a 12.6% (fully diluted) shareholding in El Condor Resources. El Condor has about 12.9 million shares outstanding on a fully diluted basis.

43

MINING REVIEW MAG  
SEPT/OCT 1984

In the course of geochemical work on the Ron Claims in the Toodoggone-Thutade Lake Gold Camp, Pacific Ridge Resources Corp. has made an exciting new copper-gold-silver discovery. Anomalous soil samples from this new zone run as high as 12,400 ppm copper and 360 ppb gold also anomalous for silver and arsenic. The anomalies have been picked up on three reconnaissance lines spaced 300 metres apart. The main anomaly is one kilometre long, but of unknown width due to the wide spacing of the survey lines. However, angular rock fragments picked up one soil line consisting of siliceous and breccia host rocks containing visible copper and silver mineralization. Field crews were on the ground extending the soil lines in order to further define the anomalous zone. Trenching was to be done together with a geophysical survey

during the current season and exposed mineralization sampled and submitted for assay. Additional claims were immediately staked to cover possible extensions of the zone. The first part of the 1984 program was completed on schedule. This consisted of drill testing of the copper-lead-zinc-silver skarn zone as well as two silicified auriferous and pyritic zones. Sulphide mineralization was encountered in all eight diamond drill holes, but the exact tenor of this mineralization was not to be known until the drill cores had been assayed.

NMINER  
16 AUG 1984  
Pacific Ridge to  
test new find

Pacific Ridge Resources has made an exciting new copper-gold-silver discovery on its Ron Claims in the Toodoggone-Thutade Lake gold camp north of Smithers, B.C. Anomalous soil samples from this new zone run as high as 12,440 parts per million copper and 360 parts per billion gold, also anomalous for silver and arsenic. The anomalies have been detected along three reconnaissance lines spaced 300 m apart and sampled at 50-m intervals.

The main anomaly is one km long and of unknown width due to the wide spacing of the survey lines. Field crews are currently extending the soil lines to further define the anomalous zone. Trenching and a geophysical survey will be carried out during the current season.

The first part of the 1984 exploration program was completed on schedule. Sulphide mineralization was encountered in all eight diamond drill holes drilled in the copper-lead-zinc-silver skarn zone and the two silicified, auriferous and pyritic zones. Assay results are expected soon.

NMINER  
OCT 1984 94  
Anaconda options  
Pacific Ridge claims

A letter of agreement has been signed between Pacific Ridge Resources and Anaconda Canada Exploration which will see Anaconda explore Pacific's Ron property in the Toodoggone area, B.C.

Anaconda can earn a 51% interest in the property by spending \$750,000 and making cash payments of \$230,000 over a four year period. The company also has the option to increase its interest to 70% by spending an additional \$600,000 on exploration and making further cash payments of \$150,000 within two years.

Geophysical surveys, part of Pacific's 1984 fall program, have been started by Anaconda.

A large gold-silver-copper soil geochemical anomaly will also be examined by trenching.

The Ron property comprises nine claims on Kemess Creek, approximately four miles southeast of Pacific's original property on Thutade Lake.



GCNL #6

9 JAN 1985

PACIFIC RIDGE RESOURCES CORP. (PCF-V)

Hole	Interval, Feet	Oz. Gold/T	Copper	Molybdenum
KC 84-1	174.0	0.014	0.17%	0.009%
includes	29.5	0.019	0.19	0.011
KC 84-2	242.5	0.010	0.12	0.013
KC 84-3	225.0	0.017	0.20	0.011
includes	39.5	0.02	0.24	0.013
and	54.0	0.02	0.24	0.009

RESULTS OF INITIAL SHORT HOLE DRILL TEST REPORTED

In the Toadoggone River area of north central B.C., 165 miles north of Smithers, five short holes were drilled on the Kemess Creek property of Pacific Ridge Resources last October. Vice president D.L. Coote, Ph.D., P.Eng., reports results obtained from 3 holes that tested an IP anomaly. These holes intersected a porphyry copper-gold system within

a monzonite plug. Two holes were drilled from the same site and the third from a site 1,000 feet to the north. Gold values are very uniform throughout and range from 0.006 to 0.04 ounce gold per ton. The other 2 holes, which tested VLF-EM anomalies 1300 feet northeast and 2300 feet northwest of hole 3, intersected cherts without significant gold or copper values.

At the time of this drilling, high grade copper mineralization was discovered at the west end of the copper soil grid in an area measuring 1,000 by 500 feet. Here chalcocite and native copper occur within a chert breccia host. Grab samples of this material assayed 0.86%, 0.34%, 13.1%, 3.94% and 8.0% copper. The only chip sample which was taken, ran 2.8% copper over 49.2 feet.

Extensive drilling is planned to test further the areas of known mineralization, the IP anomaly, two magnetic anomalies and the gold and copper soil anomalies which extend 1,100 meters from east to west. Both the geophysical and the geochemical surveys will have to be extended to delineate the area of interest.

Dr. Cooke notes that Pacific owns 100% interest in 319 claim units in the Toadoggone gold belt. The company has a joint venture agreement with Anaconda Canada Exploration on 226 units whereby Anaconda is required to drill the property and spend at least \$100,000 in 1985.

GCNL #18  
27 OCT 1984

PACIFIC RIDGE RESOURCES CORP. (PCF-V) vice president D.L. Cooke, Ph.D., P.Eng., reports that Anaconda Canada Exploration Ltd., under the terms of a recent joint venture with Pacific Ridge, started work on 16 Sep 84 on the Ron property, 165 miles north of Smithers, B.C. The geophysical crew is expected to complete induced polarization and VLF electromagnetic surveys by 27 Sep 84, then diamond drilling will start immediately. (94E/2)

GCNL #194 9 OCT 1984

PACIFIC RIDGE RESOURCES CORP. (PCF-V) RON

DRILLING HAS STARTED IN TEST - Geophysical surveys have been completed on the Toadoggone gold-silver property of OF GOOD GEOPHYSICAL TARGETS Pacific Ridge Resources Corp. 165 miles north of Smithers, B.C. Vice president David L. Cooke, P.H.D., P.Eng. reports that a major sulphide system measuring some 700 by 600 metres is indicated by the induced polarization survey flanking the gold and copper anomalies. The I.P. anomaly is partially coincident with a strong V.L.F. electromagnetic conductor and is open to the east. The V.L.F. conductor has been traced in an east-west direction for the full 1100 metre length of the grid. It is open both to the east and west. A second V.L.F. conductor coincides with a sharp increase in resistivity in a parallel zone north of the I.P. anomaly. This conductor is also open in both directions.

Dr. Cooke comments, "The V.L.F. conductors are believed to indicate the presence of fault structures within which the gold and copper anomalies are localized. Float material from these areas contain barite, a common gangue mineral of the gold-silver deposits of the Toadoggone gold camp."

Diamond drilling to test for bulk tonnage as well as fracture-controlled precious metal deposits got underway on October 2 and is expected to continue to mid-month.

GCNL #194 10 OCT 1984

PACIFIC RIDGE RESOURCES CORP. RON

DIAMOND DRILLING NOW UNDERWAY - Pacific Ridge Resources Corp. vice president David L. Cooke, P.Eng., has reported I.P., TESTING ANOMALOUS TARGETS V.L.F., E.M. and magnetometer surveys have been completed on the Toadoggone gold-copper property, located 165 miles north of Smithers, B.C. A major sulphide system (700 x 600 metres) is indicated by the I.P. survey, flanking the gold and copper anomalies. The I.P. anomaly is partially coincident with a strong V.L.F.-E.M. conductor and is open to the east. The V.L.F. conductor has been traced in an east-west direction for the full 1100 metre length of the grid. It is open both to the east and west. A second V.L.F. conductor coincides with a sharp increase in resistivity in a parallel zone to the north of the I.P. anomaly. This conductor is also open in both directions.

The V.L.F. conductors are believed to indicate the presence of fault structures within which the gold and copper anomalies are localized. Float material from these areas contain barite, a common gangue mineral of the gold-silver deposits of the Toadoggone gold camp.

Diamond drilling to test for bulk tonnage as well as fracture-controlled precious metal deposits got underway on October 2nd and is expected to continue to mid-month.

GCNL #202 19 OCT 1984

PACIFIC RIDGE RESOURCES CORP. (PCF-V)

MINERALIZED CORE IN FOR ASSAY - Diamond drill core from the first holes drilled on Pacific Ridge Resources Corp., large gold, copper anomaly near Thutade Lake, Toadoggone River area, 165 miles north of Smithers, B.C., was inspected by members of Pacific Ridge Resources and of Anaconda Canada Ltd.

The spit core inspected was very well mineralized, assays will be announced as they are received and plotted. Drilling is continuing. (See GCNL No.195, Oct.10, 1984, page 4 for some background).

EL CONDOR RESOURCES LTD., (ECN-V)					
ST. PHILIPS RESOURCES INC., (SPP-V)					
HOLE NO.	INTERVAL FEET	LENGTH FEET	GOLD OZ/T	COPPER %	MORE S. KEMESS DRILL RESULTS
90-14	50 - 430	380	0.029	0.39	Stephen C.
90-15	50 - 351	301	.023	.21	Milen, director
90-18	40 - 492	452	.013	.22	reports El Con-
90-20	30 - 358	328	.014	.14	dor Resources

----- Ltd. has received further drill results from the winter drilling program on the South Kemess portion of the Kemess gold/copper porphyry project located in the southern Toadoggone region about 200 miles north of Smithers, B.C. El Condor, as operator of the Kemess joint venture (El Condor 60%, Kennecott Canada Inc. 40%) has an option to acquire an undivided 60% interest in the South Kemess claims (Ron 4, Du, Du2) from St. Philips, 75%, and Stork ventures Ltd., 25%, leaving St. Philips and Stork with net interests of 30% and 10% respectively.

Note that in the table above the intervals from surface to the beginning of the assay intervals is comprised of overburden and not waste rock. The companies are still waiting results from four more diamond drill holes. (SEE GCNL No.23, 1Feb91, P.2 FOR PREVIOUS DRILL RESULTS)

094E 094  
Kemess South



NO. 23(1991)  
 FEBRUARY 1, 1991

*George Cross News*  
*"Reliable Reporting"*

		<u>EL CONDOR RESOURCES LTD. (ECN-V)</u>		<u>ST. PHILLIPS RESOURCES INC. (SPP-V)</u>		
HOLE NO.	INTERVAL FEET	LENGTH FEET	GOLD OZ/T	COPPER %	SOUTH KEMESS DRILL RESULTS	
90-09	22 - 614	592	0.021	0.28	Harold Forzley,	
	614 - 697	83	.004	.16	director, reports	
90-12	22 - 697	675	.019	.27	El Condor Res-	
	10 - 121	111	.018	.26	ources Ltd. has	
	121 - 245	124	.002	.02	received further	
90-13	10 - 245	235	.009	.13	assays from four	
	60 - 453	393	.019	.25	diamond drill	
	453 - 585	132	.004	.09	holes completed	
90-17	60 - 585	525	.015	.21	in the winter	
	20 - 387	367	.013	.19	drilling program	
	387 - 557	170	.004	.07	on the South	
	20 - 557	537	.010	.15	<u>Kemess portion</u>	

----- of the Kemess  
 gold/copper project located in the southern Toodoggone  
 area about 200 miles north of Smithers, B.C. El Condor,  
 as operator of the Kemess joint venture (El Condor 60%  
 /Kennecott Canada Inc. 40%) has an option to acquire an  
 undivided 60% interest in the south Kemess claims (Ron  
 4, Du and Du2) from St. Phillips (75%) and Stork  
 Ventures Ltd. (25%), leaving St. Phillips and Stork with  
 net interests of 30% and 10% respectively. The companies  
 are waiting for assays from eight more drill holes. El  
 Condor is finalizing a joint venture agreement with St.  
 Phillips and Stork for work to proceed on the South  
 Kemess portion after the option has been exercised. To  
 this end, St. Phillips and Stork have both transferred  
 100% of the South Kemess property interests to El  
 Condor, which hold their interests in trust. (SEE GCNL  
 No. 244, 18Dec90, P.1 FOR PREVIOUS DRILL RESULTS)

094E 294  
 Kemess-South

NO.33(1991)  
FEBRUARY 15, 1991

*George Cross News*  
*Reliable Reporting*

WESTERN

<u>EL CONDOR RESOURCES LTD. (ECN-V)</u>					
<u>ST. PHILIPS RESOURCES INC. SPP-V)</u>					
HOLE NO.	INTERVAL FEET	LENGTH FEET	GOLD OZ/T	COPPER %	FINAL S. KEMESS DRILL RESULTS
90-16	50 - 312	262	0.032	0.30	David J.
90-19	80 - 413	333	.015	.22	Copeland, pres-
90-21	57 - 348	291	.013	.15	ident, reports
90-22	20 - 341	321	.009	.14	El Condor Res-

-----  
ouces Ltd. has received assay results from the final four holes on the South Kemess portion of the Kemess gold/copper porphyry project about 200 miles north of Smithers, B.C. El Condor, operator of the Kemess joint venture (ECN-60%/Kennecott-40%) has an option to acquire an undivided interest in the S. Kemess claims from St. Philips, 75%, and Stork Ventures, 25%, leaving St. Philips and Stork with net interests of 30% and 10% respectively.

The program identified a large porphyry deposit open in all directions. (SEE GCNL No.28, 8Feb91, P.1)

094E 094  
Kemess-South

# The Northern Miner

Founded 1915

Vol. 76 No.51

CANADA'S MINING NEWSPAPER

February 25, 1991

## Bio-oxidation planned

# Homestake, U.S. Gold team up to develop Tonkin Springs bet

by Vivian Danielson  
VANCOUVER — A new partnership between Homestake Mining (NYSE) and U.S. Gold (NASDAQ) will provide for further exploration and development of the Tonkin Springs property in the prospective Battle Mountain-Cortez gold trend in north-central Nevada.

clude an oxide and sulphide mineralized resource estimated by U.S. Gold to contain nine million tons with an average grade of 0.05 oz. gold per ton. The project also includes a 1,500-ton-per-day milling facility. It is the first commercial-scale mill built in North America to incorporate bio-oxidation pretreatment of refractory reserves.

overruns, startup difficulties and delays at Tonkin Springs led to financial problems for U.S. Gold, and it was unable to demonstrate the operation's commercial and economic viability. The mill is now on standby status, pending the results of the proposed exploration program by Homestake which will focus on outlining both oxide and sulphide deposits.

Homestake paid US\$3.5 million to acquire a 51% interest in the partnership which will be managed by one of its subsidiaries. At the same time, it committed to a US\$2-million exploration program to be carried out during the next 16 months.

The bio-oxidation process uses a naturally occurring bacterium, *thiobacillus ferrooxidans*, in the pretreatment step to breakdown the iron and sulphur compounds in refractory ores and release the gold for subsequent recovery by conventional cyanidation.

Last year, U.S. Gold said only about 10% of the property was explored, and the potential for reserves at depth had not been tested.

The Tonkin Springs properties cover 42 square miles, and in-

But technical problems, cost

Janet Bley, spokesman for Homestake, told *The Northern Miner* the company has no immediate plans to resume operations at the Tonkin Springs mine and mill, or to immediately begin work to further develop U.S. Gold's bio-oxidation process.

## Defer Eagle River production, feasibility study recommends

by Virginia Heffernan

gold prices to sell part of the pro-

The first thing we will address is the exploration of the property site and. But further work would be necessary to determine if the gold could be

## Second drill rig working Freewest's Benoit showing

by Geoff Pearce

A second drill rig has been mobilized by Freewest Resources (TSE) into the company's 100% owned Lac Pusticamica property in Benoit Twp., Que., where a significant gold discovery was made earlier this month.

Buoyed by the positive assay results, shares of Freewest have soared to a high of \$4.50, up nearly 50% from the \$3 level in early February. Freewest's share price is also reflecting the company's 40% stake in another promising gold project operated by Noranda in Holloway Twp., Ont. Three drills are turning on the Holloway joint venture where more good results are expected from stepout holes.

The discovery hole cut separate intervals of 53 ft. grading 0.18 oz. and 20 ft. grading 0.23 oz. gold per ton and sparked a staking rush in the area (T.N.M., Feb. 11/91).

Meanwhile, several junior companies with claims in the Lac Pusticamica gold play have seen their share prices jump since the discovery was announced. For instance, Canaco Mining (ME), which owns claims situated along strike to the northeast of the Freewest property, have jumped to 48¢ from 8¢, while shares of Orient Resources (ME) have increased to 26¢ from 15¢. Equal partners Beaufield Resources (TSE) and Beauchamps Exploration (VSE) which own 50 claims adjacent to the Freewest property, have seen their share prices

A second follow-up hole was drilled to overcut the first one and it intersected 162.5 ft. grading 0.15 oz. gold from 262.8 to 425.3 ft. The second hole's wide intersection included 43 ft. grading 0.22 oz. and 38.6 ft. grading 0.19 oz. Results from a third hole (undercut), as well as two stepout holes drilled to the west of the discovery, are not yet available.

President Mackenzie Watson said exploration will continue with two machines until spring break-up renders working on the lake ice impossible. If necessary, a floating platform could be used for exploration during the summer months, he added.

See SECOND, Page 19

2 The Northern Miner February 25, 1991

## South Kemess stripping ratios expected to be low

From Page 1  
the drilled area, over 4,000 ft. southeast to the edge of the survey and beyond.

would be very low since the topography of the area is gentle and overburden limited to about 30 ft.

none of the sample sections contain either high-grade spikes or zero values.

The company includes a copper-equivalent grade with its assay results which is calculated using a number of factors: copper and gold recoveries similar to those expected at Mt. Milligan; metal prices of US\$375 per oz.

for gold and US\$90¢ per lb. for copper; an estimate of concentrate transport costs to port a Prince Rupert; and various other factors such as smelter charges.

Although envisioning a mining operation is somewhat premature at this stage, stripping ratios

Rebagliati said the gold-copper mineralization is relatively consistent throughout the holes and

He also said the mineralization appears to be relatively simple and no metallurgical problems are anticipated.

Rebagliati said the equivalent grades are used as a guide to exploration. He added that Mt. Milligan's reserve of about 400 million tons equates to a copper equivalent of about 0.63%.

El Condor's next step is a continuation of its drilling program on a grid system.

El Condor has 5.5 million shares outstanding fully diluted, of which management owns about 52%. Working capital is at about \$230,000 and Stephen Millen, a director of El Condor, said the company is negotiating with a number of parties for a small private placement.

## THE PROSPECTORS AND DEVELOPERS ASSOCIATION OF CANADA

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and SPECIAL TECHNICAL COURSES  
Crude owns the remaining 40%.

Alternatively, the company could wait for an improvement in

## South Kemess may be next porphyry elephant

by Vivian Danielson

VANCOUVER — The discovery and development of the Mt. Milligan porphyry copper-gold deposit generated an exploration rush for the next elephant in British Columbia's Quesnel Trough, particularly since Placer Dome's buyout of Mt. Milligan from owners Continental Gold and BP Canada.

Resources, by spending \$1.1 million.

The property is within a mile of Cheni Gold Mines' access road in the Toadoggonne region of north-central British Columbia.

Kennecott's work in the early 1970s concentrated on the property's copper potential, ignoring its gold content.

1990, and proceeded with a 5-hole program to test the property's potential for hosting a large porphyry deposit.

The Quesnel Trough is an extensive geological structure running from southern British Columbia, north through the centre of the province, and hooking back down through northwestern British Columbia. The structure hosts a number of large porphyry deposits such as Mt. Milligan, Afon (Teck), Similco (Princeton Mining), and Kerr (Placer Dome).

By the end of 1989, the company had completed five holes on the property and earned a 60% interest. The holes confirmed the presence of widespread copper-gold mineralization.

All five of the holes confirmed the presence of widespread copper-gold mineralization and El Condor proceeded to begin drilling the area off on a 330-ft. grid.

With the completion of 22 holes on the South Kemess property during 1990, El Condor Resources (VSE) appears to be at the forefront of that rush. All the holes drilled on the property last year intersected copper-gold values over wide widths ranging up to 675 ft.

Work on the North Kemess was subsequently sidetracked after the company optioned the adjoining South Kemess property from St. Phillips and Stork.

Rebagliati said the favored host for the copper-gold mineralization is in the monzonite unit, although the mineralization does continue into the volcanics below.

El Condor originally became involved in the Kemess project when Mark Rebagliati, a consultant for the company, recommended they option a group of claims known as the North Kemess from the owner, Kennecott.

St. Phillips had done a limited amount of drilling on the property in 1988, encountering low-grade copper-gold mineralization in a number of reverse circulation drill holes. But the companies were looking for high-grade gold and the results were not viewed as significant at the time.

The drilling covers an area measuring about 1,500x2,000 ft. and remains open in all directions.

El Condor and a unit of Kennecott, in a 60-40 joint venture, are earning a 60% interest in the South Kemess property from St. Phillips Resources (VSE) and its affiliate, Stork

El Condor secured an option on the South Kemess in May,

An IP (geophysical) survey conducted over a portion of the property covering the area surrounding the drilling revealed a very high response trending from

## ntal charges

2, they must also answer charges that the company operated the equipment without approval.

Sheridan couldn't be reached for comment on what plea his company will enter.

The Lac des Iles project is being closely watched by Madeleine's U.S. shareholders because, if and when it is brought into production, the open pit mine would rank as only the third deposit in the world to be mined primarily for its platinum group metals.

Madeleine recently earned a 50% stake in the project from The

See MADELINE, Page 2

94E 094

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See SOUTH, Page 2



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NO.196(1991)  
OCTOBER 10, 1991

# George Cross News Letter

NO.196(1991)  
OCTOBER 10, 1991

*2 copies of this pg. please*  
"Reliable Reporting"  
WESTERN CANADIAN INVESTMENTS

**EL CONDOR RESOURCES LTD. (ECN-V)  
ST. PHILIPS RESOURCES INC. (SPP-V)**

**KEMESS RESERVES INCREASE** - Robert G. Hunter, chairman, El Condor Resources reports new assay results for diamond drill holes from its program at the Kemess gold/copper project located in the South Toodoggone region about 200 miles north of Smithers, B.C. Results released are all from the Kemess South portion of the project which is an El Condor, 60%/St. Philips Resources, 40% joint venture. El Condor is project operator. St. Philips' financial obligations are being funded by RIO ALGOM LTD. If all options are exercised, Rio Algom will invest \$10,650,000 over two years to acquire about 51% of St. Philips shares. The new results have significantly expanded the tonnage of the Kemess South deposit.

Drilling focused on the westward extension of the Kemess South deposit where continuous, gold and copper values have been intersected. Ten wide spaced drill holes in the western segment of the deposit returned an average grade of 0.87% copper equivalent over 359 feet and are listed overleaf page 1.

The Kemess South deposit is a near-surface, blanket shaped gold/copper deposit currently measuring some 3,000 feet east-west, 2,000 feet north-south and averaging 295 feet thick. The deposit is open to extension. Complete Kemess South drill hole results from the current and on-going drill program are also listed overleaf. The results confirm an ideal grade and deposit geometry for large scale, low cost, open pit mine development.

Four exploratory holes (91-64 to 91-67) drilled some 1,500 feet east of the Kemess South deposit intersect no significant values.

On-going, wide spaced step-out drilling is continuing and is expanding gold/copper reserves at the Kemess South deposit and at the 100% El Condor-owned Kemess North deposit. Surface exploration throughout the 53 square mile Kemess property has now defined several additional mineralized targets of deposit making potential. Drill sites are presently being prepared at these new areas. Tomorrow's newsletter will carry a drilling plan and cross section. (SEE GCNL No.179, 18Sep91, P.2 FOR PREVIOUS PROJECT INFORMATION)

**CHAPLEAU RESOURCES LTD. (CHI-V)  
BARKHOR RESOURCES INC. (BHO-V)**

**MASSIVE SULPHIDES INTERSECTED AT DARLIN CLAIMS** - Wm. Daly, president, Chapleau Resources Ltd., and Barkhor Resources Inc. have intersected massive sulphides during the current drilling program at the Darlin property located in the Purcell Camp, 18 km southwest of Cominco's Sullivan mine at Kimberley, southeast B.C. Barkhor can earn a 50% interest by spending \$300,000 on exploration over two years, including a minimum of \$150,000 in year one. Chapleau can earn a 100% interest, subject to a 3% net smelter return royalty, by issuing 150,000 shares in stages and spending \$300,000 on exploration over three years. (SEE MAP OVERLEAF PAGE 1 GCNL No.193, Oct.7/91)

The drill program is testing geophysical and geochemical anomalies located near the top of the Lower Aldridge Formation (Sullivan time). Hole No.1 is completed and hole 2 is nearing completion as of Oct.9.

Hole 2 intersected five massive sulphide beds

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ranging in size from 15 to 60 cm, consisting mainly of pyrrhotite mineralization. One bed is about 30% sphalerite (zinc) in a pyrrhotite matrix. Hole 2 will test two of the five geophysical targets. Drill hole 3 will step down in stratigraphy to test the two largest and strongest conductors. Kokanee Explorations is operator. (SEE GCNL No.193, Oct.7/91, P.1 FOR PREVIOUS INFORMATION)

**LITTLE BEAR RESOURCES LTD. (LBR-V)**

**SECOND PHASE TESTS SUCCESSFUL** - Wm.J.Radvak, director has reported phase two clinical trial testing of the Little Bear Resources' kit to measure the level of white blood cells in humans performed at the University of British Columbia have exceeded initial expectations as far as the accuracy of the test is concerned. The next phase of the development program is underway, including final prototype development, detailed market studies and clinical trials configured for FDA approvals.

The company expects to have shares trading under the new name RESPONSE BIOMEDICAL CORP. by Oct. 20, 1991.

**ANTRIM RESOURCES INC. (ANT-V)**

**QUEENSDALE OIL WELL SUCCESSFUL** - Grant Howes, president, reports Antrim Resources Inc. has successfully completed the 12-25-6-2 W2M well, located at Queensdale, southeast Saskatchewan, as an Alida Formation oil well. Antrim has an 85% interest in the well and any further wells. After casing the well, perforations were made at 1,183 to 1,185.5 meters with this interval being stimulated with acid to remove casing cement.

Initial flow tests suggests a production rate of 100 barrels of oil per day. Antrim expects the well can produce an allowable 60 barrels per day. Pumping operations will start within a week. (SEE GCNL No.139, 19Ju191, P.5 FOR OTHER INFORMATION)

**UPTON RESOURCES INC. (URC.A-Alberta)**

YEAR ENDED JUNE 30,	1991	1990
Petroleum Revenues	\$8,575,500	\$6,736,109
Cash Flow	2,746,325	1,852,861
Net Income	878,672	270,341
Earnings Per Share	9¢	3¢
Crude Oil Production -		
Barrels of Oil	344,450	333,000
Barrels of Oil Per Day	944	912
Long Term Debt	3,800,000	5,900,000
Shares Outstanding	9,279,772	9,429,772

**EARNINGS UP/DEBT DOWN** - Carl Henneberg, vice president, finance, Upton Resources Inc., reports financial results for the year ended 30Jun91 showed major increases in revenues and earnings. The company tripled earnings per share over last year with revenues up 27%. Long term debt was reduced \$2,000,000 to \$3,800,000.

Although production was up a modest 3.4%, the company implemented a hedging program which pegged 50% of its production at more than US\$25 per barrel. This netted an additional \$280,000. More than 90% of Upton's revenues are derived from light oil with an average of 32°. Cash flow will be used to fund the company's exploration and development programs through 1992 to keep the debt reduction program ahead of schedule. Over the next year Upton will concentrate on horizontal development wells in southeast Saskatchewan.

gold bar of gold

*094E 094  
Kemess-South*

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Reliable Reporting

NO.197(1991)  
OCTOBER 11, 1991

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## WESTERN CANADIAN INVESTMENTS

### IMPERIAL METALS CORPORATION (IPM-T,V)

**PARYS MOUNTAIN ZINC COPPER MINE - Pierre Lebell,** president, has reported Imperial Metals owns 31% of Anglesey Mining plc, a U.K. public company established in 1984 and traded on the London Stock Exchange. Anglesey Mining owns 100% of the Parys Mountain zinc, lead, copper mine located in north Wales, U.K. Anglesey Mining has signed a heads of agreement with Swiss Bank Corp. and Bank of Scotland for a project loan facility of US\$25,000,000 US, or C\$28,250,000, to finance part of the plant construction. Imperial will provide guarantees and sponsorship of the project under the terms of the project loan.

The mine has completed a production shaft to 980 feet. The capital cost from now to completion is estimated at pounds Sterling 22,700,000, or C\$44,038,000. The mine is forecast to complete construction for full scale production at 850 tonnes per day in early 1993.

Anglesey management is working with corporate and financial advisors to optimise the financing package which will include the bank loan, the recently reported Welsh Office Regional Selective Assistance Grant and new equity to complete the funding. The package is expected to be completed by Dec. 31, 1991.

Negotiations with smelters regarding long term contracts are at an advanced stage. The company has also started discussions with a number of contractors regarding the construction of the processing plant.

Current reserve estimates, at a \$35 US per tonne cutoff net smelter return, would provide a minimum mine life of 15 years. These reserves are 6,450,000 tonnes grading: 5.35% zinc, 2.34% copper, 2.26% lead, 39 grams silver/tonne and 0.32 grams gold/tonne.

### TANTALUS RESOURCES LTD. (TTU-V)

### TEUTON RESOURCES CORP. (TUO-V)

**TREATY CREEK DRILL RESULTS - Murray Pezim,** chairman, reports Tantalus Resources

Ltd. has received assays from the drilling on the Treaty Creek project located in the Eskay Creek area about 65 km northwest of Stewart, B.C. Primary target for the drilling was the newly discovered AW zone, and several areas of mineralization within the Mama Susu zone. Chip sampling of the AW zone returned averages of 0.359 oz. gold/ton, 8.38 oz. silver/ton, 2.64% lead, 0.89% copper and 0.74% zinc across 28.5 feet. The first drill hole on this target was collared into the AW mineralization and averaged 0.159 oz. gold/ton, 6.94 oz. silver/ton, 4.45% lead, 1.37% copper and 0.55% zinc over 15.4 feet. Two subsequent holes were drilled to determine the orientation of the mineralization, but did not intersect the zone. A third hole was abandoned when the drilling contractor deemed weather conditions made further drilling unsafe. Two holes were drilled on the B target and the F target of the Mama Susu zone with no results.

Due to the premature end of the program, Tantalus was unable to complete the expenditure requirement of an aggregate \$1,500,000 by the end of the third year of its option agreement with Teuton Resources Corp. Tantalus subsequently signed an amending agreement whereby Teuton extended the time period for expenditures from 9May92 to 31Dec92. In consideration of the extension, Tantalus agreed to incur these expenditures on a firm rather than an optional basis, and has waived the terms of the

option agreement for Tantalus to have been vested at a 25% interest after spending the \$1,500,000. All other terms for Tantalus to earn 51% remain in force.

Work in 1992 will again concentrate on determining the orientation of the AW zone, such that the zone can be traced down to lower, more accessible elevations for continued drilling. In addition, the 15 miles of favourable Mt. Dilworth Formation on the Treaty Creek property will be explored as only a minor amount of work on this horizon has been done; however, at the Treaty Creek Gossan, geochemical sampling returned anomalous gold results from soils overlying felsic volcanics. (SEE GCNL No.168, 30Aug91, P.2 FOR PREVIOUS PROJECT DATA)

### INTERNATIONAL CORONA CORP. (ICR-V,T,M,Amex)

**SHAREHOLDERS APPROVE RESTRUCTURING - International Corona** Corp. reports share-

holders have approved a restructuring plan to split the company into two separate companies. Shareholders of the Series B preferred shares worth 100 votes each, which mature in April/92, in a separate vote, approved granting Corona the option to retract the preferred shares with either cash or common shares. Currently, Corona has about \$54,000,000 in Series B preferred shares outstanding. The restructuring will separate Corona's gold assets, valued at some \$755,500,000, from its non-gold interests with the gold company to keep the "Corona" name. The non-gold assets, mostly merchant banking, oil and gas holdings, industrial minerals and base metals, will be placed in a Corona subsidiary, Dune Bancorp. Inc. The non-gold assets are valued at about \$527,900,000. Director Ned Goodman's voting interest in Corona drops from 70% to 28%. (SEE GCNL No.194, Oct.8/91, P.3 FOR PREVIOUS INFORMATION)

### WESTERN COPPER HOLDINGS LTD. (WTC-V)

**THERMAL EXPLORATION COMPANY (THR-Alberta; TECC-Nasdaq)**  
**MORE HIGH GRADE COPPER ENCOUNTERED - Robert Quartermain,** president, reports

Western Copper Holdings Ltd. and Thermal Exploration Co. have received assay results for holes 46 through 55 from the drilling program on the Williams Creek property 28 road miles NW of Carmacks, Yukon. The drilling focused on improving reserves of the Main zone, one of 13 mineralized zones. SEE MAP AND ASSAYS OVERLEAF P.1. Hole 44 was lost due to poor ground and redrilled as hole 47. Crews have now left the property. The property has a previously calculated open pit copper oxide reserve of 9,700,000 tons grading 1.02% copper. Based on the recent favourable drilling results, the companies will proceed with an independent ore reserve estimate and pit design in preparation for a bankable feasibility study.

To earn a 50% interest Western Copper must spend \$2,000,000 on exploration to complete a bankable feasibility study by 31Dec92, subject to a 15% NPI or 2.5% NSP to a maximum of \$2,500,000 to be retained by Archer Energy. Archer Energy has earned a 50% interest. (SEE GCNL No.187, 27Sep91, P.1 FOR PREVIOUS DRILL RESULTS)

### EL CONDOR RESOURCES LTD. (ECN-V)

### ST. PHILIPS RESOURCES INC. (SPP-V)

### RIO ALGON LTD. (ROM-T,M)

MAPS INSIDE - Overleaf pages 2 and 3 are drill hole maps of the El Condor/St. Philips/Rio Algon Kemess gold/copper project in the South Toodoggone region 200 miles north of Smithers, B.C. See yesterday's newsletter for story and tables of assay results.



**El Condor  
Resources Ltd.**

HOLE NUMBER	FROM (FT)	TO (FT)	INTERVAL (FT)	AU OZ/T	CU %	CU. EQUIV. %
91-51	45.9	363.2	317.3	0.030	0.23	1.25
91-52	20.0	659.4	639.5	0.016	0.24	0.79
91-53	10.0	249.3	239.3	0.022	0.25	1.01
91-70	192.9	315.0	122.0	0.020	0.14	0.81
91-71	370.7	475.7	105.0	0.010	0.12	0.44
91-72	180.4	344.5	164.0	0.023	0.20	0.99
91-73	144.4	715.2	570.9	0.016	0.22	0.78
91-74	30.0	793.3	763.3	0.015	0.23	0.76
91-75	14.0	424.6	410.6	0.022	0.27	1.02
91-76	55.8	314.1	258.3	0.021	0.23	0.94
<b>AVERAGE</b>			<b>359.0</b>	<b>0.019</b>	<b>0.23</b>	<b>0.87</b>

HOLE NUMBER	FROM (FT)	TO (FT)	INTERVAL (FT)	AU OZ/T	CU %	CU EQUIV. %
*91-40	9.8	423.0	413.2	0.019	0.41	1.08
*91-41	57.0	305.0	248.0	0.019	0.33	0.98
*91-44	103.3	364.1	260.8	0.021	0.17	0.90
*91-45	114.8	291.9	177.1	0.031	0.25	1.32
*91-46	47.0	373.9	326.9	0.021	0.43	1.14
*91-47	45.9	308.4	262.5	0.035	0.27	1.50
*91-48	144.4	334.6	190.2	0.020	0.20	0.88
*91-49	71.0	324.8	253.8	0.023	0.22	1.02
*91-50	109.9	337.9	228.0	0.032	0.10	1.18
91-51	45.9	363.2	317.3	0.030	0.23	1.25
91-52	20.0	659.4	639.5	0.016	0.24	0.79
91-53	10.0	249.3	239.3	0.022	0.25	1.01
91-54	No Significant Assays					
91-55	20.0	45.9	26.0	0.004	0.25	0.39
91-56	59.1	144.4	85.3	0.011	0.24	0.61
91-57	170.6	360.9	190.3	0.011	0.18	0.55
91-58	219.8	357.6	137.8	0.013	0.25	0.70
91-59	20.1	210.0	189.9	0.008	0.09	0.36
91-60	111.5	131.2	19.7	0.008	0.10	0.39
91-61	13.1	223.1	210.0	0.006	0.11	0.32
91-62	22.0	72.2	50.2	0.010	0.16	0.49
91-63	26.2	78.7	52.5	0.006	0.10	0.32
91-68	178.8	380.6	201.8	0.011	0.16	0.54
91-69	147.0	305.1	158.1	0.013	0.20	0.64
91-70	192.9	315.0	122.0	0.020	0.14	0.81
91-71	370.7	475.7	105.0	0.010	0.12	0.44
91-72	180.4	344.5	164.0	0.023	0.20	0.99
91-73	144.4	715.2	570.9	0.016	0.22	0.78
91-74	30.0	793.3	763.3	0.015	0.23	0.76
91-75	14.0	424.6	410.6	0.022	0.27	1.02
91-76	55.8	314.1	258.3	0.021	0.23	0.94
<b>AVERAGE</b>			<b>242.4</b>	<b>0.019</b>	<b>0.23</b>	<b>0.90</b>

\* Drill Hole Previously Released



# New projects for former Continental principals

When Placer Dome (TSE) bought out Continental Gold Corp. in 1990 in order to get control of the Mt. Milligan porphyry copper-gold deposit, shareholders of the junior company reaped a handsome reward. Two of Continental's principals are now trying to repeat that success with two more copper-gold projects in British Columbia, Fish Lake and Keness.

The Fish Lake project, the more advanced of the two, is located about 75 miles southwest of Williams Lake, B.C.

and is owned by Taseko Mines (VSE) and Cominco (TSE).

Under a deal completed earlier this year, Taseko regained management of the property and is attempting to find a buyer. The two companies will split the proceeds of a sale based on a scaled formula. Cominco is entitled to \$20 million if the sale price is lower than \$60 million. If the price is between \$60 and \$70 million, the major will receive \$20 million plus 80% of the price above \$60 million, or 40% of the proceeds capped at \$48 million if

the sale price is in excess of \$70 million.

Taseko is in the process of completing a nine-hole drilling program to improve Cominco's previous estimates of reserves and grade. Taseko re-worked Cominco's data coming up with an estimated preliminary reserve of 600 million tons grading 0.20% copper and 0.011 of gold. The holes released to date returned higher than expected grades below the 600-ft. horizon (the limit of much of Cominco's work) and as a result, the

company anticipates an increase in grade to about 0.28% copper and 0.015 oz. gold.

**Keness South Dome** is a 3,800-acre property with an estimated reserve of about 58 per share, the market is realizing about 10 million giving the deposit an inferred value of over \$115 million.

The North and South Keness properties are located in north-central British Columbia. El Condor Resources (VSE) owns 100% of the North Keness property and 60% of the South Keness property in north-central British Columbia. St. Philips Resources (VSE) owns the balance of the South Keness.

The companies have been very active on the South Keness property with drilling to date outlining a copper-gold deposit measuring some 3,000 ft. east-west, 200 ft. north-south, and 295 ft. in thickness. No recent reserve calculations have been done on the deposit although

the company expects reserve tonnage to double as a result of this year's drilling. Prior to beginning the 1991 program, the deposit was estimated to contain a preliminary reserve of about 78 million tons grading 0.30% copper and 0.018 oz. gold.

Rio Algom (TSE) has already shown an interest in the project. Rio reached an agreement with St. Philips earlier this year giving it the right to purchase up to 3.8 million treasury shares plus an additional 1.2 million shares from certain shareholders on a graduated price scale to April, 1993. If Rio purchases the full 5-million share allotment, the company will own about 48% of St. Philips.

Rio also bought a 9.9% interest in El Condor through a 1.07-million share private placement at \$2.80 per share. The placement also included one-year warrants to purchase an additional 535,000 shares at \$3 per share.

## Mt. Milligan raises profile of other porphyry projects

Placer Dome's (TSE) purchase of the Mt. Milligan porphyry property in British Columbia has raised the profile of several similar projects in the province. What they all have in common are low grade material that could be economic because their high tonnage and near surface location make economies of scale possible.

One of the most advanced developments in the province is the Mount Polley project, near Williams Lake, owned by Imperial Metals (TSE) and two associated limited partnerships.

A positive feasibility has been completed on the project outlining an initial pit containing 54 million tons grading 0.38% copper and 0.016 oz. gold per ton. The initial pit is situated in a larger reserve measuring 254 million tons grading 0.26% copper and 0.01 oz. gold.

Imperial expects to receive a development certificate shortly but still has to raise the \$130 million needed to bring the project on stream.

In the Galore Creek area of northwestern British Columbia there are a number of known copper-gold deposits although the remoteness of the area has stalled their development.

The Galore Creek deposit, owned by Hudson Bay Mining

and Smelting (TSE), Cominco (TSE), and Kennecott, was discovered in the 1950s and is estimated to contain 125 million tons grading 1% copper and 0.012 oz. gold.

Another nearby deposit, the Shaft Creek, is owned by Teck (TSE). It has a geologic reserve of one billion tons grading 0.33% copper, 0.034% molybdenum and minor amounts of gold and silver.

Exploration for similar deposits in the area is being conducted by a number of junior companies including Consolidated Rhodes (VSE), Gigi Resources (VSE), Goldbelt Resources (VSE) and Pass Lake Resources (VSE).

Newhawk Gold Mines (TSE) and Granduc Mines (TSE), 60-40 owners of the Sulphurets property, completed a two-phase, \$1.5-million drilling program to test for additional copper-gold systems extending north from Placer's Kerr deposit.

The drilling returned wide copper-gold intersection from a number of zones. The companies plan to continue drilling next year.

Earlier this year, Varitech Resources (VSE) acquired the right to earn a 100% interest in the Big Onion deposit near Smithers, B.C. The deposit was discovered in the 1960s and is estimated to contain a preliminary reserve of 80-100 million tons grading 0.42% copper and 0.02% molybdenum.

Varitech is working to define a leachable reserve of oxide ore. It hopes to use solvent extraction and electrowinning technology to produce cathode copper.

There are also two known porphyry deposits on the northern tip of British Columbia's Vancouver Island near the Island Copper mine owned by BHP-Utah Mines. Because of their proximity to the mine, which is expected to be depleted by 1995, the deposits are seen as prime candidates for development.

Following its recent take-over of Moraga Resources, Jordec Resources (VSE) can earn a 45% interest in the Expo property from BHP. The Expo's Hushamu deposit is estimated to have a preliminary reserve of about 456 million tons grading 0.26% copper and 0.01 oz. gold at a strip ratio of about 1.5 to 1. Pit studies outlined a smaller reserve of 87 million tons grading 0.30% copper, 0.01 oz. gold and 0.023% molybdenum with a

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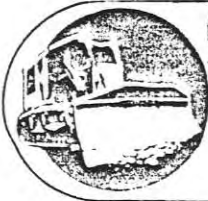
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EL CONDOR RESOURCES LTD. (ECN-V)  
ST. PHILIPS RESOURCES INC. (SPP-V)  
RIO ALGOM LTD. (ROM-T,M)

MAPS INSIDE - Overleaf pages 2 and 3 are drill hole maps of the El Condor/St. Philips/Rio Algom Kemess gold/copper project in the South Toodoggone region 200 miles north of Smithers, B.C. See yesterday's newsletter for story and tables of assay results.

Kemess - South  
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p. 1 of 4

**El Condor  
Resources Ltd.**

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*91-44	103.3	364.1	260.8	0.021	0.17	0.90
*91-45	114.8	291.9	177.1	0.031	0.25	1.32
*91-46	47.0	373.9	326.9	0.021	0.43	1.14
*91-46	47.0	373.9	326.9	0.035	0.27	1.50
*91-47	45.9	308.4	262.5	0.020	0.20	0.88
*91-48	144.4	334.6	190.2	0.023	0.22	1.02
*91-49	71.0	324.8	253.8	0.032	0.10	1.18
*91-50	109.9	337.9	228.0	0.030	0.23	1.25
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91-56	59.1	144.4	85.3	0.011	0.18	0.55
91-57	170.6	360.9	190.3	0.011	0.18	0.55
91-58	219.8	357.8	137.8	0.013	0.25	0.70
91-59	20.1	210.0	189.9	0.008	0.09	0.36
91-59	20.1	210.0	189.9	0.008	0.10	0.39
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91-72	180.4	344.5	164.0	0.023	0.20	0.99
91-72	180.4	344.5	164.0	0.016	0.22	0.78
91-73	144.4	715.2	570.9	0.016	0.22	0.78
91-73	144.4	715.2	570.9	0.015	0.23	0.76
91-74	30.0	793.3	763.3	0.015	0.23	0.76
91-74	30.0	793.3	763.3	0.022	0.27	1.02
91-75	14.0	424.6	410.6	0.022	0.27	1.02
91-75	14.0	424.6	410.6	0.021	0.23	0.94
91-76	55.8	314.1	258.3	0.021	0.23	0.94
91-76	55.8	314.1	258.3	0.019	0.23	0.87
AVERAGE			242.4	0.019	0.23	0.90

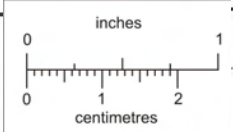
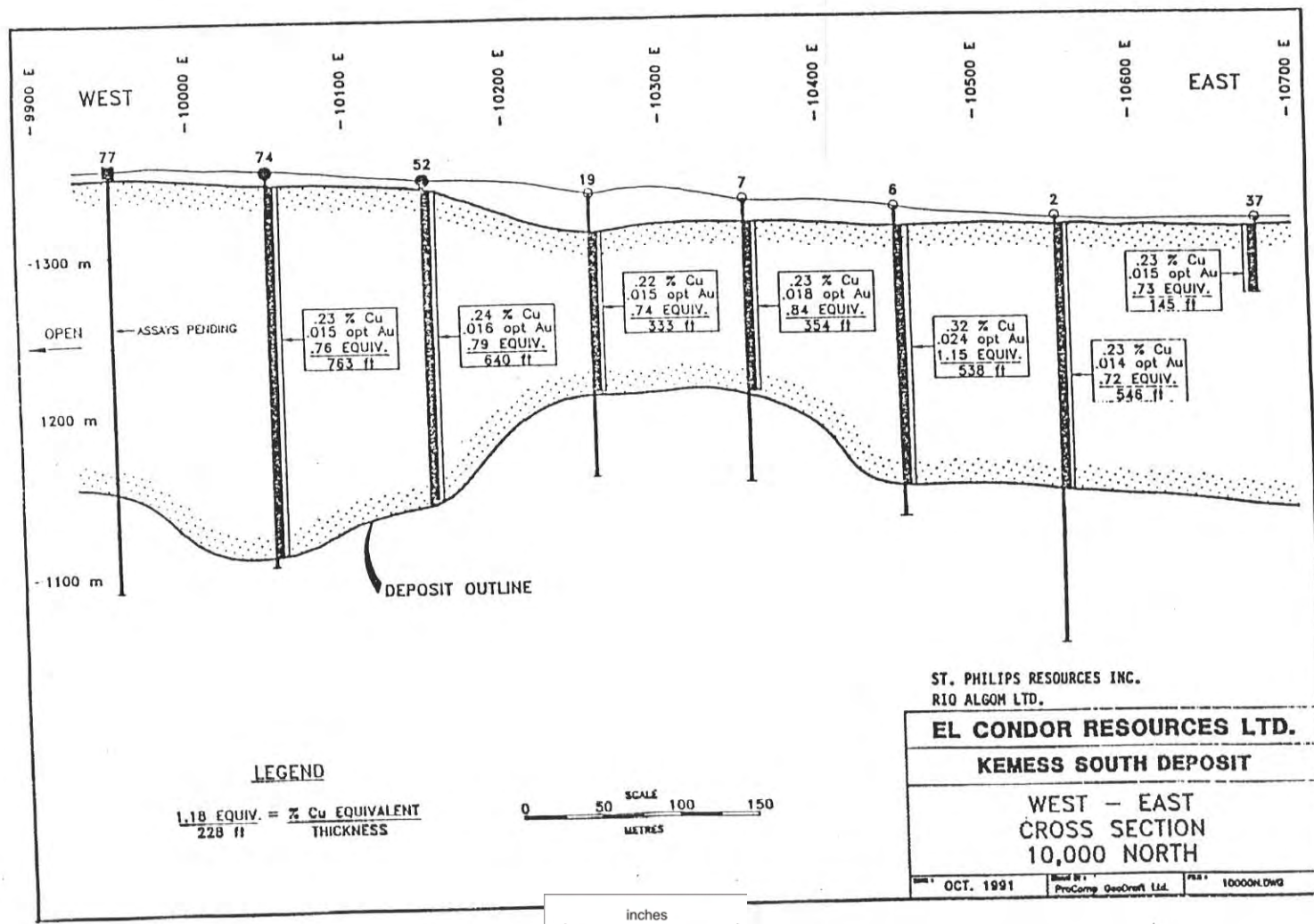
\* Drill Hole Previously Released

~~99E 21~~ p. 2 of 4



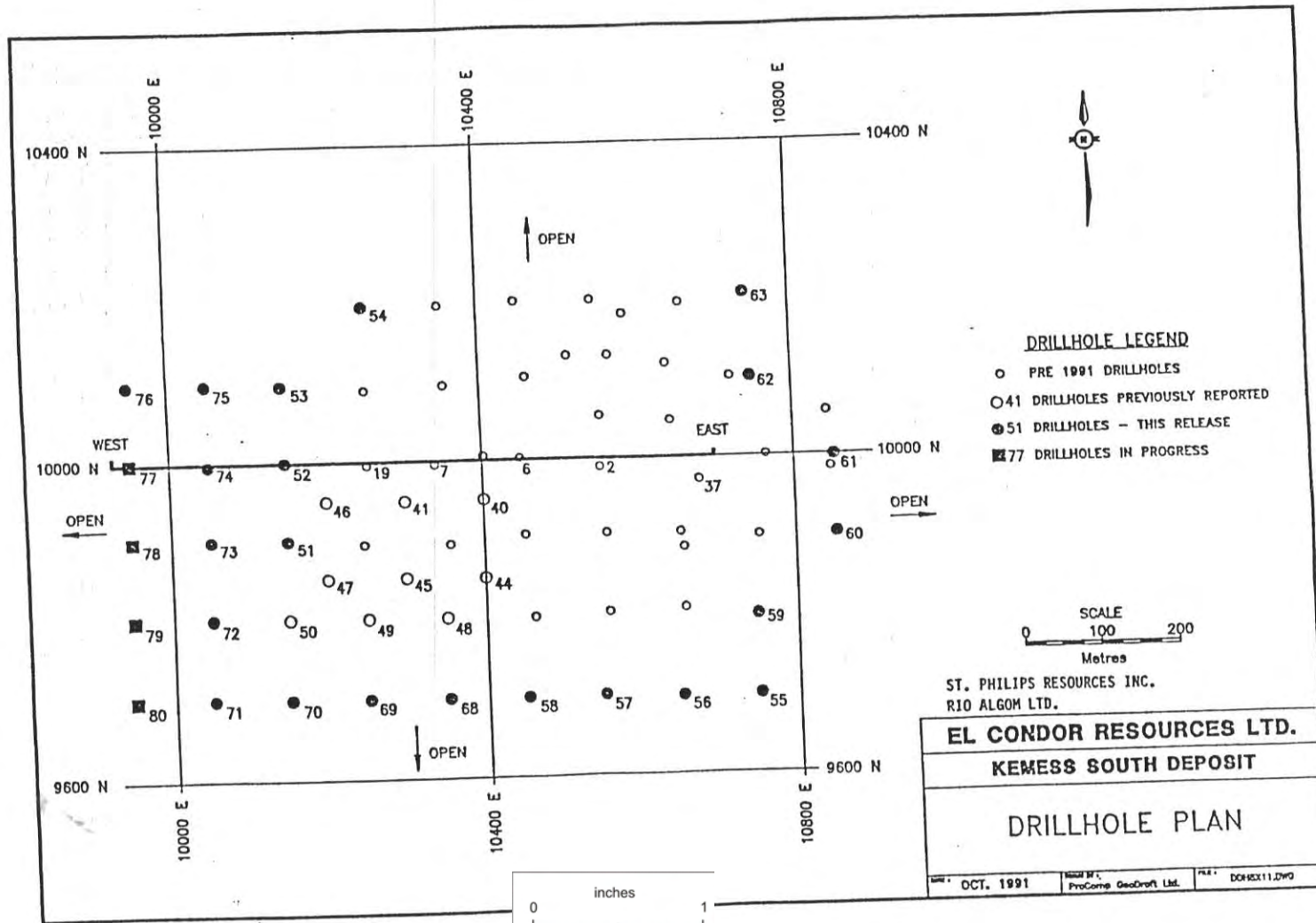
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BRITISH COLUMBIA  
GEOLOGICAL SURVEY



12345  
 p. 1 of 4

NO. 196(1991)  
OCTOBER 10, 1991

*George Cross News*  
*"Reliable Reporting"*

EL CONDOR RESOURCES LTD. (ECN-V)

ST. PHILIPS RESOURCES INC. (SPP-V)

KEMESS RESERVES INCREASE - Robert G. Hunter, chairman,

El Condor Resources reports new assay results for diamond drill holes from its program at the Kemess gold/copper project located in the South Toodoqqone region about 200 miles north of Smithers, B.C. Results released are all from the Kemess South portion of the project which is an El Condor, 60%/St. Philips Resources, 40% joint venture. El Condor is project operator. St. Philips' financial obligations are being funded by RIO ALGOM LTD. If all options are exercised, Rio Algom will invest \$10,650,000 over two years to acquire about 51% of St. Philips shares. The new results have significantly expanded the tonnage of the Kemess South deposit.

Drilling focused on the westward extension of the Kemess South deposit where continuous, gold and copper values have been intersected. Ten wide spaced drill holes in the western segment of the deposit returned an average grade of 0.87% copper equivalent over 359 feet and are listed overleaf page 1.

The Kemess South deposit is a near-surface, blanket shaped gold/copper deposit currently measuring some 3,000 feet east-west, 2,000 feet north-south and averaging 295 feet thick. The deposit is open to extension. Complete Kemess South drill hole results from the current and on-going drill program are also listed overleaf. The results confirm an ideal grade and deposit geometry for large scale, low cost, open pit mine development.

Four exploratory holes (91-64 to 91-67) drilled some 1,500 feet east of the Kemess South deposit intersect no significant values.

On-going, wide spaced step-out drilling is continuing and is expanding gold/copper reserves at the Kemess South deposit and at the 100% El Condor-owned Kemess North deposit. Surface exploration throughout the 53 square mile Kemess property has now defined several additional mineralized targets of deposit making potential. Drill sites are presently being prepared at these new areas. Tomorrow's newsletter will carry a drilling plan and cross section. (SEE GCNL No.179, 18Sep91, P.2 FOR PREVIOUS PROJECT INFORMATION)

094E 094  
Kemess South



NO.205(1991)  
OCTOBER 24, 1991

*George Cross News*  
*"Reliable Reporting"*

WESTERN CANADA

ST. PHILIPS RESOURCES INC. (SPP-V)

EL CONDOR RESOURCES LTD. (ECN-V)

ADDITIONAL DRILL RESULTS - Charles M. Raymond, president of St. Philips Resources 40% has reported further assays from the program at the South Kemess gold-copper deposit, Toodoggone River, 200 miles north of Smithers, B.C. El Condor Resources has a 60% interest in the project.

Recent drill results continue to build gold-copper reserves along the western flank of the deposit where four vertical drill holes spaced on 330 foot centres returned an average grade of 0.85% copper equivalent over 537 feet. These results are:

HOLE NO.	INTERVAL (FEET)	THICKNESS (FEET)	COPPER %	GOLD OZ/T	COPPER EQUIV. %
91-76	10.0-314.0	304.0	0.21	0.019	0.85
91-77	49.2-823.3	774.1	.24	.020	.94
91-78	116.4-803.6	687.2	.21	.018	.83
91-79	256.8-639.6	<u>382.8</u>	<u>.17</u>	<u>.015</u>	<u>.70</u>
AVERAGE		537.0	0.21	0.018	0.85

Drill hole 91-80 intersected the gold-copper deposit but returned values below a 0.4% copper equivalent cut-off grade.

The drilling demonstrated the South Kemess deposit is a continuous near surface, blanket-shaped deposit currently measuring 3,000 feet east-west and 2,000 feet north-south. From the results to hole 91-80 Rio Algom calculates a geological reserve for South Kemess of 140,000,000 tons of 0.23% copper and 0.017 ounces gold or 0.82% copper equivalent based on a cut-off grade of 0.4% copper equivalent value. The deposit remains open.

St. Philips has committed to fund it's share, estimated at \$720,000, of the \$1,800,000 Phase II program now in progress.

094E 294  
Kemess South

# STOCK MARKETS

## Stock Exchange

# Aur and Louvem up on feasibility results

lost none of its new-glitter during the week Oct. 22, as analysts continued to assess the impact of revelations about Soviet reserves on future supply. A feasibility study released last week by Louvicourt Twp. and Societe d'Exploration Miniere Louvem is also expected to keep bankers and analysts busy before mine financing is arranged later this fall.

A sleeper of late, Aur shot up 20 cents within a 48-hour period as the results were being announced while Louvem advanced 60 cents to its share price. Louvem's major shareholder, Noranda is expected to approve the study before the joint venture goes looking for \$126.4 million to finance construction at the copper-zinc project. Noranda gave up 13 cents. Evidence that the lower-than-anticipated Soviet reserve picture will have a positive impact on gold was provided by the US\$56.10 per oz. increase in the yellow metal. Today, Oct. 23, it closed at US\$362.20 per oz. in London.

Recent advances in the price of platinum are predicated on Vancouver Stock Exchange

Volume	MINE	MINES		
		High	Low	Close
2,262,800	Amer Barrick	\$28 1/4	25 1/4	28 1/4 + 2 1/2
1,536,000	LAC Minerals	\$10 1/4	9	10 1/4 + 1
1,524,300	Placer Dome	\$14 1/4	13	14 + 1
1,371,400	Inco Ltd.	\$37 1/4	35 1/4	36 1/4 + 1
1,114,900	Fort Knox Gold	74	35	58 + 14
1,010,200	Intl Crna A	\$8 1/4	7 1/4	8 + 1/4
880,500	Ryl Oak Mns	102	87	102 + 12
838,900	Teck Ltd B	\$20 1/4	18 1/4	20 1/4 + 1 1/2
822,900	Nova-Cogesco	12	12	12
800,300	Potash Corp.	\$20 1/4	19 1/4	20 + 1/4

the view that if the USSR gold reserves are lower than anticipated, platinum inventories might also be much lower, says Martin Murenbeck, author of the newsletter *Gold Monitor*. Platinum was up by US\$1.35 per oz. this week.

Spurred by improved earnings and a firmer gold price, a number of precious metals stocks moved up sharply. American Barrick Resources, the week's most active issue, jumped to a new high of \$28.63 before slipping back today to \$28. Royalty specialist Euro-Nevada Mining also rallied to a high of \$15.13 before it ran out of steam to end the week at \$14.63.

LAC Minerals and Placer

Dome also made the active list before profit-takers forced the issues into retreat. Today, LAC gave up 25 cents to close at \$9.88 while Placer Dome was unchanged at \$14. Royal Oak Mines finished at 96 cents after trading at over \$1.

Riding on the coattails of record trading activity in New York, Toronto's composite 300 index posted some impressive gains earlier this week. But today the index gave up 8.23 points to close at 3459.16 after 25.8 million shares worth \$286.8 million changed hands.

The week was marked by further evidence that the economy is turning the corner and by the first trickle of third-

quarter earnings. Despite reporting a third-quarter profit of three cents a share compared with 92 cents a year ago, Inco was impressive. Adding 38 cents today to close at \$37.13, the nickel miner ranked fourth on the active list on about 1.5 million shares.

Inco's 40% owned affiliate Fort Knox Gold was active on results from a polymetallic property in Ontario's Shining Tree area. Trading on 1.2 million shares, Fort Knox advanced by 23 cents to finish at 67 cents. Results included an exciting 110.9-ft. intersection averaging 1.03% nickel and 0.43% copper per ton.

Meanwhile, Metall Mining equalled its low of \$10 this week after announcing a reorganization plan that will leave it with a lower direct interest in Cominco and a much larger stake in Teck and Australian mining concern M.I.M. Holdings.

While many analysts believe Metall's acquisition of the Copper Range mine in Michigan

was ill-conceived as the operation has been a drag on earnings, Metall had advanced to \$10.63 by the end of the week.

New lows were reached by Belmor Mines which slipped to 9.5 cents, Cathedral Gold fell to 32 cents and VSM Exploration sank to 70 cents.

### TSE Short Positions

Semi-monthly reports as of October 15, showed 21,518,619 shares of 580 issues compared with 21,525,116 shares of 590 issues on September 30.

Larger individual positions included: Alliance Res. 0, down 48,500; Amax Gold 105,000; Amer. Barrick 174,200; Aur Res. 58,000; Battle Mtn. 102,890, up 88,820; Bema Gold 52,900; Bow Valley 177,346; B.P. Canada 75,800; Breckwater Res. 0, down 28,500; Caneco Corp. 36,600, up 28,400; Chanco Res. 50,100; Claude Res. 55,300; Complex Res. Intl. 52,800; Euro-Nevada 30,500, up 24,300; Galaxie Res. 246,497, up 169,300; Hemin Gold 561,500, down 34,800; Inco Ltd. 87,700, down 83,256; Intrawest Dev. 26,200, up 26,200; LAC Min. 106,500, down 21,892; Metall Mng 69,572; Northgate Expl. 54,735; Pinnacle Res. 62,602, up 41,684; Placer Dome 126,411, up 55,811; Potash Corp. of Sask. 187,832, up 37,232; Sherritt Gordon 64,800, down 116,500.

## Alberta Stock Exchange

# Integrated sells claims

Edmonton-based Integrated Resources has sold its producing Barrington River placer claims in northern British Columbia for \$800,000 and a 1.3-million-share stake in the new owner, a private company called Barrington Gold.

Barrington will give Integrated \$300,000 cash, with the balance to follow from financing. The private company recently entered into a contract with the Alberta Research Council to explore the claims.

Integrated closed unchanged at five cents for the week ended Oct. 22.

Following shareholder approval at the company's annual meeting in July, Micron Metals Canada has consolidated its shares on a 5-for-1 basis. Micron Metals is also amending two joint venture agreements with Micron Mining of Beverly Hills, Calif.

Micron's post-consolidation shares closed at 15 cents.

Under a recent agreement,

## Unlisted Trading

# Fortune hits in N.W.T.

Encouraging results from Fortune Minerals' 100% owned Robin claims, 100 km northwest of Yellowknife, N.W.T., were released one day too late to affect the market for the week ended Oct. 22.

Fortune says recent work on the 6,700-acre property extended the strike length of the Isthmus gold zone by an additional 100 metres to the south. Grab samples taken along the extension returned an average grade of 6.6 grams gold per tonne (0.19 oz. per ton), while chip samples collected at the south end of the zone returned a high-weighted average grade of 7.48 grams across 2.6 metres.

The Isthmus zone has been traced for a strike length of 300 metres and remains open beneath a lake to the south. It is 4-10.5 metres wide. Asarco, which had been earning a 60% interest in the Fortune property, dropped its option at the end of last year.

N.A. Gold	281,400	450	-
Explor Terra	266,500	30	-7
Goldhunter	263,000	12	-
Gldn Pacific	213,100	313	-
Falcon Point	166,100	101	+3

Vero Resources will farm out its 25% interest in the Dec-3 and Dec-South gold prospects to BHP-Utah Minerals. Vero has also entered into a joint venture agreement on 10 other gold prospects in north and central Nevada. The company says it will farm out the prospects so that drilling can begin next spring.

Vero was eight cents bid, 15 cents ask for the week.

Bellinger Resources has entered into a letter of intent to exchange three million of its common shares for all the issued and outstanding shares of Tetrasound International, an audio technology firm. Bellinger was two cents bid, 11 cents ask.

	High	Low	
Madison Grant	288,222	170	100
Green Line	174,495	19	15
Park Place	141,000	45	10
Horn Fault	22,600	75	50
Canmine	20,000	16	13

Fortune was 13 cents bid, 18 cents ask for the week.

Hol-Lac Gold Mines has entered into a letter of intent to purchase a 50% interest in White Plains Resource (U.S.), which owns a leasehold on the Gilbert wollastonite property in Esmeralda Co., Nev.

The \$1-million purchase price, plus \$1.3 million from White Plains, will be used to build a pilot plant capable of operating at 20 tons per day. Hol-Lac says preliminary calculations indicate a reserve potential of five million tons grading more than 50% per ton to a depth of 100 ft. Hol-Lac gained two cents to close at 30 cents on this volume.

# Springer, Cove remain active

The market managed to reverse its downturn during the week ended Oct. 22, with the resource index gaining 13.49 points to finish at 510.81 and the composite index closing up 3.54 points at 556.96.

Springer Resources and Cove Resources remained among the most actively traded issues for the fifth week running. Springer finished up six cents at 48 cents on more than 2.9 million shares, while Cove gained a penny to close at 21 cents on 2.4 million shares. The companies released additional assay results from drilling on the Unuk River joint

venture with Granges in north-western British Columbia. Intersections ranged from 4.9 ft. grading 0.031 oz. gold per ton to 6.6 ft. grading 0.078 oz.

Dessir Resources released a number of wide high-grade intersections from its Gibbs property in Mariposa Co., Calif. The results include 104.5 ft. grading 0.48 oz. gold, a 53-ft. interval grading 0.31 oz. and a 59.5-ft. interval grading 0.5 oz. The company also reported it had intersected mineralized vein material over widths of 69-147 ft. in steeply dipping and is awaiting assays. The issue traded as high as \$3.10

Arrowhead	2,209,700	19	-33
Springer Res	2,977,100	48	+6
Gldn Lake	2,533,700	36	+21
Cove Res	2,399,400	21	+1
Barkhor Res	1,292,900	25	-3

following the release of the assays, before retreating to \$2.60 for a 3-cent loss on the week.

Drilling results from the Poplar project in central British Columbia appeared to boost the share price of owner New Canamin Resources. The issue jumped 50 cents to close at \$1.05 following the release of a 232-ft. intersection grading 0.43% copper, silver and 0.003 oz. gold. Assay results are expected to be released shortly.

**Kemess-South ORE**

Barkhor Resources traded more than 1.2 million shares to finish down three cents at 25 cents. The company is searching for massive sulphide deposits on the Darlin claims near Kimberley, B.C., with partner Chapeau Resources. Chapeau closed at 19 cents for a loss of three cents.

Stepout drilling at the South Kemess property in north-central British Columbia is adding reserves for partners El Condor Resources (60%) and St. Philips Resources (40%). Four recent 330-ft. stepouts to the west intersected an average of 537 ft. grading 0.21% copper and 0.018 oz. gold. The companies now estimate the deposit contains a preliminary reserve of 140 million tons grading 0.23% copper and 0.017 oz. gold. El Condor gained 35 cents to close at \$3.35 while St. Philips added two cents to finish at \$1.42.

Golden Ring Resources executed a final agreement with ASE-listed Trew to acquire a 100% interest in the company's Jamaican landholdings. There appear to be some skeptics, however. The short position in Golden Ring as of Oct. 18 had jumped to 377,100 shares, up 93,500 shares from the previous week. Golden Ring finished up 11 cents at \$1.11.

# Louvicourt study

A feasibility study released by Aur Resources and Societe Miniere Louvem for the Louvicourt copper-zinc-gold deposit northeast of Val d'Or, Que., recommends that initial mining commence in late 1993, with commercial production rates being reached in late 1994. The capital cost to bring the project (owned 55% by Aur and 45% by Louvem) into production is estimated to be \$326.4 million. Trading 35,600 shares, Aur gained 50 cents to \$3.25. Louvem jumped by 63 cents to \$3.25 on 64,800 shares.

For the week ended Oct. 22, the market portfolio slipped by more than 10 points while the mining and minerals index raced ahead by 33.7 points. Daily volumes were in the range of 4-6 million shares on four of the trading days. The report period got off to a roaring start when more than 16 million shares changed hands on the first day; large provincial pension fund Caisse de Depot et Placement du Quebec was rumored to have shuffled its vast portfolio that day.

Societe d'Exploration Miniere Vior and Inco reported negotiating an agreement

Placer Dome	547,300	1413	+100
LAC	551,100	1013	+88
Echo Bay	395,700	988	+88
Amer Barrick	350,700	2850	+275
Inco	343,700	3638	+113

Inco increase its shareholding in Vior. Trading 55,600 shares, Vior closed unchanged at 31 cents. Inco was up by \$1.13 to \$36.88 on a volume of 343,700.

At Rouyn-Noranda, Que., Richmond Mines announced its J.G.R. shaft at the Francoeur gold mine entered commercial production Oct. 1. Richmond, the operator and a 50/50 owner of the project with LAC Minerals, estimated last-quarter production of 26,000 tons yielding 5,200 oz. Trading 48,300 shares, Richmond moved ahead by three cents to 58 cents. LAC gained 88 cents to \$10.13 on more than a half-million shares.

Orient Resources and ASE-listed Consolidated Gold Hawk, joint owners of property in Nelligan Twp. in northwestern Quebec, announced an option deal with Soquem, the Quebec Crown mining exploration company, whereby Soquem may earn up to a 50% interest in their 200 claims. Ojigant gained a penny to nine



Quebec City

## Soquem drills base metal find

**Peter Kennedy**  
Soquem, the Quebec government's mineral exploration company, has discovered zinc-copper-silver-gold mineralization on its wholly owned Dussault property, 40 km northwest of the former Montauban mines in Quebec.

Since it registered 143 claims last winter, Soquem has been working on a relatively unexplored area within the same belt as the former Montauban lead-zinc mines. The government body has also staked an additional 250 claims further north of the discovery which results from prospecting undertaken to explain the source of EM anomalies outlined by a ground survey.

So far, Soquem has drilled

four horizons (or structures) containing polymetallic massive sulphides, the largest of which can be traced over a minimum length of 800 metres and over minimum widths of 2-9 metres.

Preliminary assays from this zone include values of 0.4% copper and 5.4% zinc over three metres. Anomalous gold and silver values are also associated with this mineralization. Soquem says surface samples collected from other mineralized areas returned values of 9.6% zinc, 1.7% copper and 1.0 gram gold per tonne.

With a drill rig already on site, Soquem will spend about \$1 million in March on the Dussault property on detailed ground geophysics and 2,500 metres of diamond drilling, ac-

ording to Denis Simoneau, general manager of exploration.

Scheduled to be drilled 100 metres apart, the drill holes are designed to probe to a depth of 60 metres to test for continuity and persistence of mineralization.

### Freewest keen on Benoit claims despite dispute

**MONTREAL (Special)** — Government bureaucracy and a claims dispute are holding up exploration work on what is probably the best gold discovery in Quebec in the last year, says Mackenzie Watson, president of Freewest Resources (TSE).

Last winter, Forbex Mining Resources (ME), a Rouyn-Noranda, Que.-based exploration company, disputed about 50 of Freewest's 300-plus claims on the Benoit Twp. gold exploration project in northwestern Quebec, between Senneterre and Chibougamau and near the town of Miquelon.

Watson said at the company's annual meeting here that the dispute on Freewest's optioned and staked claims came after the gold discovery was made. "I don't think these people have a hope of winning," he remarked.

The site contains a reserve estimate of a half-million tons grading 0.22 oz. gold per ton, Watson said.

Quebec mining ministry officials visited the site last August and inspected the disputed claims, and a decision had been expected by September. But a day before Freewest's Oct. 11 annual meeting, Watson called

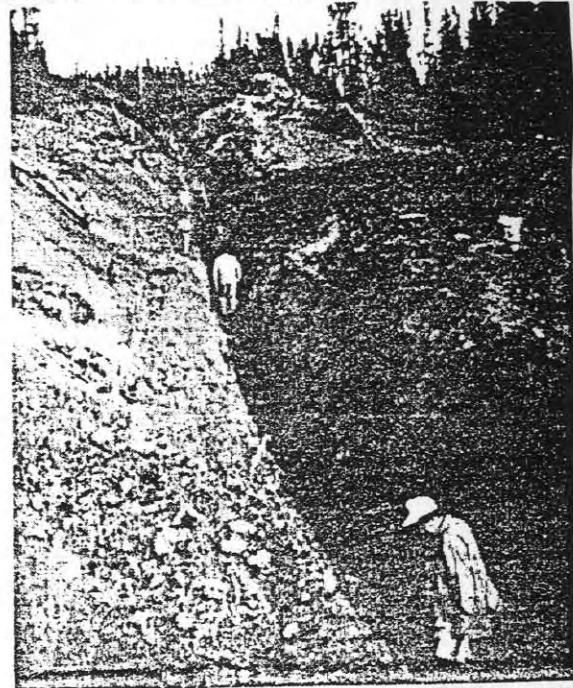


Photo by The Northern Miner

Taking samples from one of the trenches on the Williams Creek property in the Yukon. Partners Western Copper Holdings and Thermal Exploration have initiated a feasibility study on the project.

## El Condor expects to double reserves at Kemess project

**by John Kilburn**  
**VANCOUVER** — With this year's first-phase drilling program on the South Kemess property complete, 60% owner and operator **El Condor Resources (VSE)** is predicting a doubling of reserves.

**St. Philips Resources (VSE)** owns the other 40% of the property in north-central British Columbia.

Prior to beginning the drilling, preliminary estimates put reserves at about 78 million tons grading 0.30% copper and 0.018 oz. gold per ton. The deposit is described as blanket shaped, measuring about 3,000 ft. long (east-west), 200 ft. wide (north-south) and 295 ft. in thickness.

Drilling to the west and southwest returned the best results with holes 91-51 through 91-53 and holes 91-70 through

91-76 returning an average intersection of 359 ft. grading 0.019 oz. gold and 0.23% copper.

Holes 91-54 through 91-69 returned lower grade, narrower intersections. Hole 91-54, which did not return any significant results, was drilled on the northern boundary while holes 91-59 through 63 were drilled on the eastern boundary, and holes 91-55 through 91-69 were drilled on the southern boundary.

The recent drilling also indicates the deposit is deeper to the southwest with holes 91-70 through 91-72 hitting mineralization at between 180 ft. and 370 ft. below surface.

Drilling on the property is continuing on 330-ft. steps to the west in a second-phase program budgeted at \$1.7 million.

See KEMESS, Page 2

cording to Denis Simoneau, general manager of exploration.

Scheduled to be drilled 100 metres apart, the drill holes are designed to probe to a depth of 60 metres to test for continuity and persistence of mineralization.

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See BENOIT, Page 2

## Western Copper plans work on Williams Creek feasibility

**by Virginia Heffernan**  
**CARMACKS, Yukon** — Because of favorable results from this year's drilling program, partners **Western Copper Holdings (VSE)** and **Thermal Exploration (TSE)** plan to proceed with an independent reserve calculation and pit design for the Williams Creek copper oxide deposit, 28 miles by road from this northern community.

Western Copper, whose major shareholder is Teck (TSE), optioned the property from Archer Cathro and Associates and must

spend \$2 million on exploration or complete a bankable feasibility study by the end of 1992. At the election of Western, Archer Cathro will retain either a 2.5% net smelter royalty interest up to \$2.5 million, or a 15% net profits interest.

Thermal is participating under the terms of a joint venture with Western, and has already earned a 50% interest by spending the first \$640,000 on exploration. Western is now required to spend the next \$960,000, with expenditures

See WILLIAMS, Page 2

## Kemess drill results

From Page 1

Hole	Interval (ft.)	Width (ft.)	Gold (oz./ton)	Copper (%)
91-51	45.9-363.2	317.3	0.030	0.23
91-52	20.0-659.4	639.5	0.016	0.24
91-53	10.0-249.3	239.3	0.022	0.25
91-54	no significant assays			
91-55	20.0-45.9	26.0	0.004	0.25
91-56	59.1-144.4	85.3	0.011	0.24
91-57	170.6-360.9	190.3	0.011	0.18
91-58	219.8-357.6	137.8	0.013	0.25
91-59	20.1-210.0	189.9	0.008	0.09
91-60	111.5-131.2	19.7	0.008	0.10
91-61	13.1-223.1	210.0	0.006	0.11
91-62	22.0-72.2	50.2	0.010	0.16
91-63	26.2-78.7	52.5	0.006	0.10
91-68	178.8-380.6	201.8	0.011	0.16
91-69	147.0-305.1	158.1	0.013	0.20
91-70	192.9-315.0	122.0	0.020	0.14
91-71	370.7-475.7	105.0	0.010	0.12
91-72	180.4-344.5	164.0	0.023	0.20
91-73	144.4-715.2	570.9	0.016	0.22
91-74	30.0-793.3	763.3	0.015	0.23
91-75	14.0-424.6	410.6	0.022	0.27
91-76	55.8-314.1	258.3	0.021	0.23

## ease investors' fears

ment of PNG re-hase 30% of the eq-ig development at e of hydrocarbons), ion aspects are per-What is more, the mined. There are ital projects valued on dollars receiving in less than a year; approval in less than

hted the democrat-inaugurated in dependence (PNG 1 mandate since the d War). They also clarify the ugly situ-ns on the island of an insurrection has o the national gov-

ment, the insurrec-ue circumstances. It g causes of a strict-e have been exacer-

bated by certain policies of the central government. The government implicitly accepts some of the responsibility for the situation and says it has gone to lengths to enact corrective legislation.

The island of Bougainville has long had a separatist movement claiming strong social and political ties to the Solomon Islands, a chain of islands in which Bougainville is geographically a part.

Opening of Bougainville's Panguna mine in 1972 by CRA Minerals gave a major boost to the separatists. Landowners and tribal leaders were dissatisfied with what they received for their mineral lands. They were further aggravated by the environmental impact of a 3-km-long open pit. The island's politicians were dissatisfied with the proportion of mine tax revenue remitted to them by the PNG government.

Tensions rose, the separatist army declared the island independent in May, 1988 and the mine closed the following month. More than 100 lives were lost. The mine remains closed but support for the sepa-

See PNG, Page 2

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ST. PHILIPS RESOURCES INC. (SPP-V)

ASSESSMENT AND PERMITTING UNDERWAY - Robert G. Hunter,  
chairman, reports

El Condor Resources Ltd., 60%, and joint venture partner St. Philips Resources Inc., 40%, have filed with the B.C. Government the first of two project documents required for mine development at the Kemess South gold/copper project located in the Toodoggone region about 200 miles north of Smithers, B.C. RIO ALGOM LTD. has acquired an approximate 30% equity interest in St. Philips and has options to acquire a majority interest in that company. Rio Algom has a 9.9% equity interest in El Condor.

The Pre-Application for a Mine Development Certificate is a comprehensive review of technical, environmental and socio-economic aspects of the 44,000 ton-per-day open pit project. It provides data required to determine terms of reference for the second project document - an Application for a Mine Development Certificate, which is expected to be filed within a year and will include results from engineering and feasibility programs now being planned by the joint venture.

Mineable reserves at the Kemess South deposit above a 0.4% copper equivalent cutoff grade total 228,000,000 tons averaging 0.23% copper and 0.019 oz.gold/ton containing 4,300,000 ounces of gold and 1.05 billion pounds of copper. Preliminary metallurgical tests on composite samples indicate a conventional grinding/flotation circuit will produce a high quality, co-product of gold/copper concentrate with silver as a by-product. Comparative work index values determined from grinding of feed material for flotation tests returned values of 10 - 11.77, indicating a relatively easy grind compared to other B.C. open pit mines. Acid-base measurements on tailings and waste rock samples also returned favourable results, indicating there will not be an acid discharge.

A starter pit has been designed to maximize revenues and minimize costs during the first four years of operations. The higher grade starter pit reserves are available at a favourable stripping ratio of 0.4:1.

Unexplored targets within and adjacent to the project claims have excellent potential to develop additional mineable reserves that would extend the project's 15-year mine life. (SEE GCNL No.7, 10Jan92, P.1 FOR PREVIOUS PROJECT INFORMATION)

94E 94

EI CONDOR RESOURCES LTD. (ECN-V; ECNCF-Nasdaq)

\$7,200,000 FUNDING FINALIZED - Robert G. Hunter, chairman, reports EI Condor

Resources Ltd. has received regulatory acceptance for its prospectus of Oct.22/92 qualifying the distribution of 1,800,000 units resulting from the conversion of previously issued convertible promissory notes and flow-through unit purchase agreements. Each unit consists of one share and a warrant with two warrants exercisable into a share at \$4.25 until 31Dec92. The company received gross proceeds from the issuing the promissory notes and flow-through unit purchase agreements of \$7,200,000 on 30Jun92, of which about \$2,000,000 has been spent to date on the exploration programs on the Kemess gold/copper project in the Toodogone region 200 miles north of Smither, B.C. EI Condor is a reporting issuer in B.C., Alberta and Ont.

EI Condor also reports completion of the Kemess South Phase IV work program at a cost of \$1,200,000. The claims are held EI Condor 60% ST. PHILIPS RESOURCES INC. 40%. The work focused on project engineering for the Kemess South deposit and the gathering and development of environmental baseline data for mine permitting. A Kemess South joint venture meeting was held Oct.6/92 at which time a \$1,000,000 Phase V work program was adopted, which is expected to advance the Kemess South deposit to prefeasibility status.

A field program was recently completed on certain areas in the Kemess North (EI Condor - 100%) area. To date, EI Condor has developed two deposits at the Kemess project: Kemess South with minable reserves of 203,000,000 tons grading 0.019 oz. gold/ton and 0.23% copper, and Kemess North with a geological reserve of 83,082,000 tons grading 0.015 oz. gold/ton and 0.21% copper. SEE GCNL No.148, 31Jul92, P.2 FOR PREVIOUS PROJECT INFORMATION)

94E 94

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94E 21



## KEMESS SOUTH

### EL CONDOR & ST. PHILIPS

#### Introduction

Kemess South is a very large, shallow flat lying copper/gold porphyry located in the Quesnel Trough, a geological trend striking NW/SE through the Toodoggone district of Northern British Columbia. The deposit is known to extend westwards into ground controlled by Rio Algom.

Ownership - 1:	El Condor - 60%
Ownership - 2:	St. Philips - 40%
Reserve:	228 m tons @ 0.23% copper
	228 m tons @ 0.019 oz/t gold
Maximum Depth:	+/- 1,300 feet
Metallurgy:	Apparently excellent
Forecast Output:	44,000 t/day
	212,000 oz of gold/year
	60 m lbs of copper/year
Capital Requirements:	+/- C\$325-350 million
Life:	15 years +
Capital Costs:	C\$300 - 325 million

#### Comment

On the JV property, the Kemess South deposit is known to be 4,600 feet long (E-W), 2,000 feet wide (N-S) and be up to 800 feet in thickness. This blanket-like monzonite orebody dips at a shallow angle from surface towards the west and now has a reserve known to contain 4.3 m oz of gold and 1.05 bn lbs of copper.

Initially, mining will take place on the eastern portion of the deposit where the stripping ratio in the first four years will be very low, around 0.40 : 1.00 - an overall life of mine stripping ratio of 1.28 : 1.00 has been calculated. Above average recoveries of around 91% are expected for copper and 78% for gold, with significant silver and molybdenum by-product revenues.

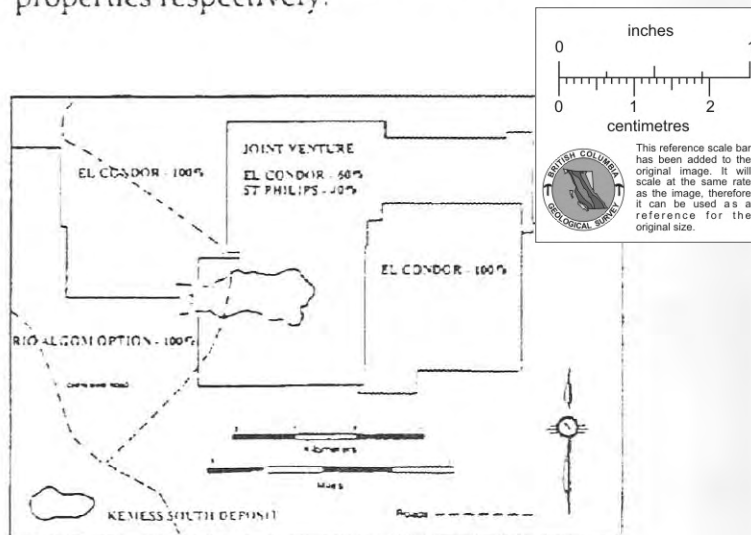
Environmental considerations are becoming of increasing importance, consequently the fact that the ore is low in sulphides and has a considerable carbonate content is a major plus, in that it will not be acid generating.

Gold and copper values are exceptionally consistent, having been evenly distributed

throughout the deposit and consequently there will be insignificant amounts of internal waste generated during mining operations.

In addition to gold and copper, there will also be significant by-product credits from the recovery of molybdenum and silver. A total resource (as opposed to reserve) of 252 million tons has so far been calculated, but this excludes (i) a minor amount of ore known to exist on ground wholly owned by El Condor to the north west, and (ii) a considerable resource (as yet undrilled) under option to Rio Algom to the west.

The economics of operating a deposit so far north are heavily dependent on the size of operations. It was generally believed a minimum ore reserve of 200 million tons would be required before the viability of the project could be assured. With a **mineable reserve** of 228m tons on the JV property, this has now been achieved. Also however, as an extremely rough guesstimate, there is an additional 20 - 30m tons, plus a minimum of 50 - 100m tons on the neighbouring El Condor and Rio Algom properties respectively.



Although located in the sparsely populated north of British Columbia, the project has much better infrastructure than might be expected: (i) a rail link less than 80 kms to the SW over softly undulating ground, (ii) a

hydro-electric power site less than 12 kms distance, and (iii) the road to Cheni's Lawyers Mine crosses the property.

Unlike Fish Lake, the mining company which will eventually develop the property has already been clearly identified. Rio Algom (52% owned subsidiary of multinational giant RTZ) already owns 9.9% of El Condor and 30% of St. Philips (effectively 51% after exercise of outstanding share purchase options).

In addition, the metallurgy of the ore deposit is believed to be excellent and capable of producing quality copper concentrates attractive to foreign smelters. The deposit's work index of around 11 is relatively low and also the ore appears to be exceptionally clean, i.e. free of unwanted minerals, (such as arsenic, lead and mercury) either deleterious to the concentrate produced or the surrounding environment.

Approximately 15 - 20% of the Kemess South ore deposit is unique in that it occurs in the form of native copper - in the geological past a reducing atmosphere removed the sulphide mineralisation. This supergene zone overlies much of the deposit and has a slightly lower work index of 10, compared to the 11.7 for the underlying hypogene sulphide ore.

The Kemess South property is owned outright by the JV partners and is located in an intensely mineralised area of the world: (i) to the NW lies Cheni's polymetallic Lawyers Mine, (ii) to the north, the Kemess North deposit (100% El Condor) is found containing a mineral resource of 128m tons grading 0.19% copper and 0.011 oz/t gold - mining of this much lower grade orebody may commence sometime between the years 2015 and 2020 following the exhaustion of the Kemess South deposit, (iii) El Condor is believed to have found evidence of promising gold and copper mineralisation between the two Kemess deposits, and (iv) Rio Algom is rumoured to have encountered attractive porphyry mineralisation about 3 kms west of the JV boundary.

The climate is not hostile, winter produces only light snowfall. A major plus is that the rivers in the region flow into the Arctic and consequently there are no concerns with

regards to salmon spawning. In consequence meeting the requirements of the Federal Department of Fisheries is unlikely to be onerous.

### Conclusion

There can be little doubt now that (i) the Kemess South deposit will become a mine, and (ii) its likely operator will be Rio Algom. The first stage of the mine development program is now underway with the filing of a "Pre-Application for a Mine Development Certificate" which provides a comprehensive review of technical, environmental and socio-economic aspects for a 44,000 t/day open pit project.

LOG NO:	2
ACTION:	
FILE NO:	

Geological Survey Branch

SEP 28 1992

## Radisson drilling uncovers new structure at Duquesne

A new deep structure has been discovered on the Duquesne property north of Van-Noranda, Que., Radisson Mining Resources (ME) reports. The company recently uncoiled a 4-hole program in an attempt to reach gold-bearing structure 74 in the Porcupine-Fault. In lengthening the fourth hole to intersect vein below the underground

openings, the new structure was intersected, cutting 76.6 grams gold per tonne over 1.5 metres.

The lengthened hole, 92-140, intersected the main structure of the old mine at 775.7 metres. Radisson said the hole confirmed the extension of vein 20 in depth with an intersection of 21.7 grams over 26 cm.

"Though it is slim, the intersection is typical of vein 20 in the sector of the mine that has a pinch-and-swell distribution," writes Vice-President Guy Parent. "Thus, the high content gold mineralization continues at a depth twice superior to that known previously."

The new structure appears at about 130 metres north of vein 20.

The company is also drilling the adjacent Lepine vein, which Parent describes as corresponding to the eastward extension of the gold-bearing structure of the Duquesne mine property.

## Lacklustre results from Fort Knox

The latest results from Fort Knox Gold Resources' (TSE) base metal property in Fawcett Twp., Ont., include a 64.5-ft. interval of low-grade lead-zinc mineralization pulled from the property's north grid.

From 658.2-722.7 ft., hole NG-3 intersected volcanic tuffs and feldspar porphyries containing disseminated and stringer mineralization. Results include 12.2 ft. grading 0.32% zinc and 27.2 ft. grading 0.23% zinc and 0.59% lead.

On the south grid, hole SG-11 hit weakly anomalous nickel-copper values at the northern edge of the main zone. A borehole pulse EM survey indicated that the zone lies to the south and below SG-11.

News of the lacklustre results sent Fort Knox tumbling 9¢ to 77¢. The stock has been eroding slowly but steadily since early December, when investor euphoria took it over \$3. Meanwhile, under supervision from Inco Exploration and Technical Services, Fort Knox has completed 11 holes on the nickel-copper zone and three holes on the north grid.

The results indicate that the nickel-copper zone extends over a strike length of 900 ft. and to a depth of 1,300 ft. Combined copper-nickel grades exceeded 2%.

On the southeast portion of the property, a recently completed ground survey has dis-

## Kemess enters development stage

VANCOUVER — Owners of the South Kemess copper-gold project have filed the first of two documents required for approval of mine development with the British Columbia government.

El Condor Resources (VSE) and St. Philips Resources (VSE), 60-40 owners of the property in north-central British Columbia, are proceeding with the development of the project while seeking purchase offers.

The joint venture filed a "pre-application for a mine development certificate," which

provides a comprehensive review of the technical, environmental and socio-economic factors governing the project.

This document provides regulators with terms of reference for the second document, the "application for a mine development certificate."

The joint venture expects to file the second document within 12 months following the completion of engineering and feasibility programs now in the planning stages.

Minable reserves on the South Kemess property are estimated at 228 million tons

grading 0.23% copper and 0.019 oz. gold based on a copper equivalent cutoff grade of 0.4%. The strip ratio on the minable reserve is estimated at 1.28-to-1.

Preliminary mine planning by El Condor is based on a production rate of 44,000 tons per day over an estimated 15-year life.

The mine would produce an estimated 212,000 oz. gold and 60 million lb. copper per year based on preliminary estimates.

El Condor notes that a number of senior mining companies have initiated independent mine planning and metallurgical studies on the project.

As a result, El Condor has appointed Goepel Shields and Partners to advise the company on any proposals that may surface.

Rio Algom (TSE) owns a 9.9% interest in El Condor and holds shares and purchase options which, if exercised, would give Rio a majority position in St. Philips.

## Eastmaque, Equinox merger gains shareholder approval

VANCOUVER — Shareholders of both Equinox Resources (TSE) and Eastmaque Gold Mines (TSE) recently approved the merger of the two companies leaving Equinox the surviving entity. The companies expect to complete the combination by the end of March.

The merger, initiated late last year, gives Eastmaque common shareholders one share of Equinox in return for eight shares of Eastmaque. Two preferred shares can be exchanged for one Equinox common share plus one common share purchase warrant exercisable at \$3.40 for four years. Preferred holders will also receive one production participating preferred share with a par value of \$1.50 in return for two Eastmaque preferred shares.

The production preferred does not pay a dividend and is redeemable by Equinox at 105% of par value. The company will set up a sinking fund from 25% of the cash flow generated from Eastmaque's assets for redemption purposes.

Eastmaque's principal asset is a 50% interest in the American Girl gold mine in southern California.

Ross Beatty, president of Equinox, said the American Girl mine is expected to produce about 87,000 oz. gold this year at a cash cost including royalties of about US\$238 per oz.

With about 10.6 million Eastmaque common shares outstanding and 2.7 million preferred, Equinox will issue a total of 2.7 million common shares, 1.35 million warrants and 1.35 million production

preferred shares.

As a result, Equinox will have about 15.5 million common shares outstanding, or about 18 million on a fully diluted basis.

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Kerry C. Willett

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# Exploration spending slows to trickle in B.C.

by Jean Sorensen  
Special to The Northern Miner

VANCOUVER — British Columbia exploration dollars are flowing into low-risk, conservative plays this year as investors try to shelter funds from frosty winds on the home front.

Jack Patterson of the B.C. & Yukon Chamber of Mines says investors see the province as offering only increased taxes and uncertainty. The current NDP government is proposing a doubling of parklands to 12% of the land area, native land claims remain unsettled and a compensation package for expropriated land is being proposed that is considered as tokenism by some. Venture capitalists and markets see foreign opportunities in Mexico, Chile, or — ironically — even the Philippines as looking better than those in the province.

"The Philippines has had its second democratic election," says Patterson, adding that the ruling party also made peace with the Communists, leading to a more stable political environment.

The result of all this is that investors are following advanced work and ignoring true exploration or grassroots work. The plays which are just too good to walk away from are the ones still being worked, and many of these are large capital projects in areas not under land-use conflict.

Meanwhile, metal prices have not tempered the severe domestic climate, as only copper and zinc have shown some movement. "Silver has been a disaster," says Patterson, and gold, despite a brief summer rally, seems to have lost its lustre.

Patterson estimates that spending will amount to \$70 million — "maybe even \$50 million" — this year, down considerably from 1991. He says the industry needs about \$150 million spent on exploration to keep it strong. And he says majors are spending less on exploration in British Columbia as well, although he has no figures.

Taseko Mines (VSE) and El Condor Resources (VSE) are two companies expected to spend a hefty portion (Patterson estimates up to 20%) of the funds trickling into the province this year.

"I wouldn't be surprised," says Robert Hunter, chairman of Taseko and El Condor, speaking of the figure, Taseko raised \$7.1 million earlier this year in a private placement and since then has continued with an \$8.5-million exploration, engineering, feasibility and permitting program at the Fish Lake gold-copper project near Williams Lake, B.C.

"We have four drills going 24 hours a day," says Hunter of the first phase work geared to flesh out the full extent of its 1991 findings. The 1991 drill results outlined an initial reserve block containing 600 million tons at an average grade of 0.32% copper and 0.016 oz. gold per ton, that was still open in all directions.

The second phase consists of delineation and in-fill diamond drilling, pilot plant metallurgical work and an environmental permitting program. This information will be used to develop a bankable feasibility evaluation of the Fish Lake project, expected to be one of the largest open pit porphyry copper projects in Canada.

Hunter says El Condor has raised, but not committed, \$7.2 million in exploration dollars. It had anticipated a greater 1992 expenditure on its Kemess South gold-copper deposit, where it has a 60% interest. The remaining 40% belongs to St. Philips Resources (VSE). However Rio Algom, which owns 30% of St. Philips, was not prepared to go ahead with its share of funding, says Hunter. As a result, only \$1 million will be spent.

"We can demand that under the agreement," says Hunter, adding that El Condor's share will be \$600,000.

Kemess North, wholly owned by El Condor, has one drill working on site, says Hunter, and currently \$1.5 million is being spent drilling 25,000 ft. The budget isn't fixed, says Hunter, adding that "if we get lucky, and hit another deposit, we may throw another drill at it and drill the hell out of it."

In March, El Condor filed a pre-application for a mine development certificate for Kemess South, a 44,000-ton-per-day open pit, gold-copper project. Hunter says he anticipates hearing from the government on the application by mid-September, and if approval is given, more funds could go into development. In the meantime, Taseko and El Condor will seek to interest a major to buy their respective projects.

Ecstall Mining (VSE) President Chris Graf says "we are hardly spending anything" in B.C. The two properties his company holds are being worked under farm-out agreements. Minnova (TSE) can earn a 60% interest in three Gataga properties, considered prospective for massive sulphide deposits, by spending \$1.5 million and making cash payments totalling \$150,000 to Ecstall by March, 1996.

On the company's Fordgold property, Gold Fields Mining has taken a farm-in position. This 4,819-acre polymetallic property is owned 50% by Ecstall and Omega Gold (VSE), with Gold Fields holding an option to earn a 75% interest by paying Ecstall \$500,000 in cash and spending \$4 million on exploration by October, 1996. Following the work done by Gold Fields, Ecstall will have a 25% interest in the venture.

Graf says farm-outs provide virtually the only alternative for smaller companies to carry on exploration work today because of a lack of interest in the province. Raising money on the stock market has simply become too difficult.

"You can't do anything meaningful in terms of exploration without spending hundreds of thousands of dollars. If your stock is only worth 25c, you virtually have to give away the company," he says, adding flow-through share funding has also flagged lately.

Minnova has optioned International Curator Resources' (VSE) Seneca property (it can earn up to 60%), a massive sulphide prospect 60 miles east of Vancouver. The first phase of the 1992 drill program was recently completed, which brought expenditures to date to \$1 million. A second phase, says Curator President Michael McInnis, is expected this fall.

Curator, while not spending its money on Seneca, has been pushing work (\$200,000 worth this season) to increase reserves at its Julian gold property in southeastern Alaska.

# U.S. REPORT ★

## Positive results from Cresson drilling

VANCOUVER — A recent hole drilled by a unit of Nerco Minerals returned more than 0.5 oz. gold per ton over a drilled interval of 305 ft. from the Cresson project in the historic Cripple Creek mining district near Victor, Colo.

The project is operated by Pikes Peak Mining (a Nerco subsidiary) as a joint venture with minority partner Golden Cycle Gold (PSE), which holds about 20%.

The reverse circulation drill hole encountered the high-grade mineralization in what was thought to be a large volume of barren rock within the known deposit, from 300 ft. below surface to the bottom of the hole at 605 ft.

Exploration is continuing with as many as five reverse circulation and three core rigs operating. About 324,000 ft. of

drilling (both types) was completed by the end of July, about 40,000 ft. ahead of budget.

A number of areas are being evaluated at the Cresson project which had turned out 17,782 oz. gold by July 25 from Globe Hill and Ironclad Hill. Gold production for 1992 is expected to total 50,000 oz.

The joint venture is planning to build leach pads, haul roads, and processing facilities for a planned pit containing 33.3 million tons averaging 0.03 oz. gold per ton. Construction is planned for the second half of 1993, with production and gold

recovery in 1994.

The global deposits (all ore inside the block model from which the open pit was derived) consist of 41.1 million tons averaging 0.03 oz. gold. This represents 1.5 million contained oz., but 360,000 oz. are contained in sulphide mineralization (requiring milling) and are not yet classed as reserves.

Earlier this year, Nerco (NYSE) announced it had retained a financial adviser to assist with the possible sale of its minerals division which also owns and operates the Nerco Con mine in Yellowknife, N.W.T.

## Second phase of exploration set for Silver Butte mine

VANCOUVER — A second-phase exploration program will begin this fall on the Silver Butte mine property in Oregon. The program will be carried out by Formosa Resources (VSE), mine operator, with funding provided by Washi Kosan of Japan, Formosa's largest shareholder.

Formosa resumed production at its copper-zinc-gold-silver mine earlier this year, and also carried out the first phase of a US\$1.5-million exploration program this spring. The program was focused on underground drilling at the mine and surface geological, geochemical and geophysical surveys over a 1.5-sq.-km area in the immediate vicinity.

The underground drilling is

reported to have demonstrated that high-grade copper found in the lower areas of the mine continues at depth. The work also supported Formosa's view that there are at least three separate (stratigraphically) ore horizons within the mine's productive unit.

The second-phase exploration program will involve follow-up work on a number of surface anomalies identified earlier this year. The program is also aimed at proving up ore zones further down dip and strike-extensions with a view to expanding reserves.

Washi Kosan will have a 2% net smelter royalty on the production from the area covered by the exploration program.

## Drilling starts at Golden Summit

VANCOUVER — A 5,000-ft. reverse circulation drill program by Freegold Recovery (VSE) is now under way on the Golden Summit property 20 miles north of Fairbanks, Alaska, and adjacent to the Fort Knox gold project being developed by Amax Gold.

Additional drilling will be based on results of the first-phase drilling aimed at testing the Too Much Gold target, the focus of a recently completed 12,000-ft. trenching program. The zone extends over 2,500

ft. along strike, with mineralization open in both directions and at depth.

Drill sites have been prepared in the Trench 6 area where sampling returned values of 0.045 oz. gold per ton for 195 ft., and the trench 2 area which returned values of 0.046 oz. gold over 115 ft.

The Too Much Gold target was extended by Trench 10 where mineralization averaged 0.06 oz. gold over 110 ft., including an interval containing 0.09 oz. gold over 65 ft.

## Glenbrook signs shipping deal

A 6-year, \$26-million transportation agreement has been signed with Glenbrook Nickel Co. for the annual movement of about 700,000 tons nickel ore, Trimac Transportation reports.

The ore will be shipped from the import terminal being constructed by Glenbrook in Oregon's Coos Bay to Glenbrook's smelter in Riddle, Ore. The

haul will require 15 lightweight ore trains to make the 200-mile round trip.

Glenbrook, which operates the only nickel smelter in the U.S., has a 10-year contract to receive ore imported from the Pacific island of New Caledonia. A test shipment arrived in June, 1991. Glenbrook is 50% owned by Cominco Resources International (TSE).

## Inter-Rock buys gold explorer

Following shareholder approval, Inter-Rock Oil has purchased a numbered Ontario company with a gold prospect in Nevada and has changed its name to Inter-Rock Gold.

Management is currently trying to raise financing for further exploration on the Daisy gold property in Nevada, where a large low-grade deposit — the Secret Pass zone — has been outlined. Recent exploration has also identified other geophysical and geological targets on the property.

A recently completed steep hole returned 90 ft. averaging 0.08 oz. gold in sulphides.

## USMX extends Yankee life

VANCOUVER — Recent drilling results from the Yankee project have owner USMX (NASDAQ) predicting an extension to the mine's life.

The discovery is within the Yankee project near Ely, Nev., about two miles from the company's recently commissioned Yankee open pit, heap leach mine.

The mine is currently operating at a rate of about 600,000 tons per year at an average grade of about 0.045 oz. gold.

The new deposit, dubbed the Monitor, is similar to the other deposits on the property in that it is hosted in a structurally controlled, oxidized and silicified pilot shale.

Limits of the new deposit have not been defined, although USMX believes it will add one year of life to the Yankee operation.

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ST. PHILIPS RESOURCES INC. (SPP-V)

KEMESS SOUTH PROGRAM REVIEWED - Charles M. Raymond,  
president has reported

St. Philips Resources recently notified El Condor of  
it's election to participate in the approved Phase IV  
program on the Kemess South property 200 miles north of  
Smithers, B.C. The \$1,000,000 program, of which St.  
Philips' share is \$400,000, is now proceeding. It  
includes pit optimization studies, tailings site  
investigations, ongoing environment studies, and  
transportation and power investigations. Additional  
metallurgical work is also being done to prepare for  
bulk sampling and pilot plant programs. Rio Algom, as  
technical advisor, has recommended further exploration  
drilling of other targets on the property be undertaken  
prior to bulk sampling. The Phase IV program is  
expected to be completed in late September.

St. Philips currently has more than sufficient  
funds to finance it's 40% of the phase IV program and  
has received several proposals with regard to additional  
financing, these are being evaluated. (SEE GCNL NO. 148,  
P.2, JULY 31/92).

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## prospects on activity

# Drilling starts on North Kemess

VANCOUVER — Diamond drilling was started recently on the North Kemess property, 100% owned by El Condor Resources (VSE).

The property covers about 11 square miles adjacent and north of the South Kemess property owned 60% by El Condor and 40% by St. Philips Resources (VSE), about 200 miles north of Fort St. James, B.C.

Based on a limited amount of previous exploration drilling on the North Kemess property, El Condor estimates geological reserves at about 128 million tons grading 0.19% copper and 0.011 oz. gold per ton.

The current drilling program will test four large copper-gold targets.

Two of the drill targets, the Sovereign and Nugget, cover an area of highly altered volcanic and intrusive rocks within a 9,800 x 3,300-ft. coincident IP chargeability and gold-copper soil geochemical anomaly.

The drilling will also test the Kemess East target, a 6,300 x 3,300-ft. IP and gold-copper soil anomaly.

El Condor notes that exten-

## Westar losses on the rise

VANCOUVER — Troubled coal producer Westar Mining (TSE) reported a loss of \$9.3 million for the three months ended June 30, which pushes the company's loss for the first six months of the year to \$15.7 million.

Westar is currently operating under court protection from its creditors while it attempts to restructure its finances by a Sept. 30 deadline.

The company noted that coal shipments in the second quarter dropped to 1.3 million tonnes, compared with shipments of 2 million tonnes in the second quarter of 1991.

Revenues for the quarter declined to \$73.3 million from \$111.6 million for the same period last year.

The drop in coal shipments was attributed primarily to the lockout of the Balmer mine on May 1, as well as a 140,000-tonne drop in production at the Greenhills operation because of what the company described as more difficult geological conditions encountered during the second quarter. Both mines are in southwestern British Columbia.

The company's restructuring

sive gold-copper stockwork-style mineralization occurs within the zone, with individual samples grading up to 0.41 oz. gold.

Initial footage for the program will be about 15,000 ft. with 5-6 holes on each target. The company plans to follow up the work with further drilling on the most attractive areas.

Meanwhile, El Condor and St. Philips are still working out the details on exploration plans for the South Kemess property.

After an extensive infill and steepout drilling program on the property last year, the partners estimated reserves at 228 million tons grading 0.23% copper and 0.019 oz. gold based on a copper-equivalent cutoff grade of 0.40%.

El Condor had hoped to spend about \$10.5 million this season on further diamond drilling, bulk sampling, metallurgical testing and engineering studies for the South Kemess

property, but St. Philips' financing fell through.

Rio Algom (TSE), which already owns about 30% of St. Philips' outstanding shares, decided not to exercise a purchase option on an additional 1.26 million shares at \$3 each.

Consequently, St. Philips is unable to come up with its share of the proposed budget. A clause in El Condor's property agreement with St. Philips stipulates that St. Philips can limit the exploration budget to \$1 million per year.

While discussions are continuing on expanding this year's budget, the two companies recently approved a 3-month, \$1-million engineering and permitting program.

The work will focus on collecting data required for governmental permitting as well as completing additional metallurgical test work in preparation for final pilot-plant operations.

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0.019 oz. gold.

The Dickinson-Hunter team bought into El Condor's 60% owned South Kemess project in north-central British Columbia in April of 1991 through the merger of Covenant Resources with El Condor. Covenant, a shell company in which the Dickinson-Hunter team was the majority owner, had about 3 million shares outstanding and \$1.2 million in working capital. The merger, done on a 1-for-1 basis, brought El Condor's shares outstanding up to almost 9 million.

Although there was no stated reserve estimate at the time, drilling during the previous winter had outlined a near-surface porphyry copper-gold deposit measuring about 1,500x2,000 ft. with an average thickness of about 370 ft.

Drilling on the property since the merger has outlined the deposit over an area measuring 4,600x2,000 ft. ranging up to 800 ft. in thickness. A recent preliminary estimate put reserves at 252 million tons grading 0.23% copper and 0.019 oz. gold.

El Condor, which recently traded at more than \$4 per share, is now completing planning and budgeting for a feasibility study on the project.

St. Philips Resources (VSE) owns the remaining 40% interest in the South Kemess project.

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Feb 17, 1992

MINING