

# SAN ANTONIO GOLD MINE

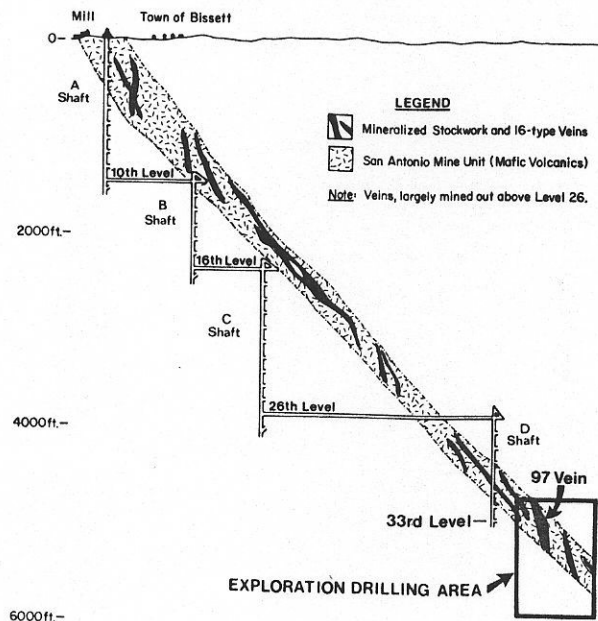
San Antonio is an historic gold mine located in Bissett in southeastern Manitoba 260 kilometres northeast of Winnipeg. From 1932 to 1968 over 1.35 million ounces of gold were produced from 4.87 million tons of ore mined for an average grade of 0.277 ounces gold per ton. Workings extend to a depth 1490 metres below surface. A modern 450 tonne per day mill and associated surface and underground facilities were built in 1982 and have been maintained in working condition.

Production at San Antonio has been from two series of veins repeating themselves down the dip of a sequence of mafic volcanic flows. Over 60 individual veins have been identified, the largest of which belong to a group referred to as "stockwork veins" because of extensive brecciation and alteration. As they are lensoidal-shaped their thick widths allow accumulation of substantial tonnage. Eight "stockwork veins" have produced over 60% of the gold.

An independent geological engineering study in 1984 has confirmed that proven and probable geological reserves are 501,936 tonnes grading 7.47 grams of gold per tonne (0.22 oz gold per ton) and possible reserves are 251,218 tonnes grading 7.2 grams of gold per tonne (0.21 oz gold per ton). It is recognized, however, that operation of the San Antonio Mine would be dependent upon higher grade reserves and, as a result, exploration activity since 1983 has focused on the lower levels, particularly within a thick vein referred to as the "97" vein. Underground diamond drilling by Cassiar in 1983 indicated reserves of 191,000 tonnes of 8.57 grams of gold per tonne (0.25 oz gold per ton) in the "97" vein with strike and depth extensions open.

Inco Limited, through an exploration subsidiary, can earn 50% of Cassiar Mining Corporation's interest in San Antonio by spending \$7.5 million before the end of 1988. Inco is actively conducting an underground diamond drilling program in the lower levels that will cost \$1.25 million. Drilling is being completed with the object of intersecting the "97" vein at depth and along strike and of intersecting additional veins of similar style and tenor.

Preliminary drilling results indicate that the strike length and width of the stockwork-type "97" vein will increase and potential exists to define substantial additional reserves of gold mineralization.



SCHEMATIC SECTION  
SAN ANTONIO GOLD MINE WORKINGS

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## CASSIAR MINING CORPORATION

PROPERTY FILE

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McDame.

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## CORPORATE PROFILE

Cassiar Mining Corporation is an aggressive mineral resource exploration and development company which was listed on the Toronto Stock Exchange (symbol "CSQ") in December 1985. The company's main business is the operation of Cassiar Mine in northwestern British Columbia. The mine, which commenced operation in 1952, is currently capable of producing in excess of 90,000 tonnes per year of high quality chrysotile asbestos fibre sold in 45 countries around the world.

As present open-pit reserves are expected to be depleted in 1991, exploration is currently being conducted on the adjacent McDame deposit which has asbestos fibre of similar content and quality to Cassiar Mine. Continued drifting and underground diamond drilling of McDame are planned during 1986.

At the historic San Antonio Gold Mine, owned by Cassiar Mining Corporation, an exploration subsidiary of Inco Limited is conducting an underground diamond drilling program. They must spend \$7.5 million to earn a 50% interest. Project objectives are to define reserves in the lower levels of the mine where Cassiar Mining Corporation had identified 191,000 tonnes of 8.57 grams of gold per tonne (0.25 oz gold per ton) in the 97 vein during a drill program in 1983. The 97 vein is open along strike and to depth.

## CASSIAR MINE

The Cassiar Mine is unique and impressive for British Columbia. Located in the northwestern part of the province some 160 kilometres southwest of Watson Lake, Yukon it provides the sole economic base for the nearby town of Cassiar and the infrastructure for the surrounding region. It is the only operating asbestos mine in the Canadian Cordillera and is the second longest operating mine still in production in the province.

Production commenced in 1952 and to December 31, 1985 a total of 24.23 million tonnes of ore had been mined to produce 2.13 million tonnes of high quality/high value asbestos fibre. In 1985, 86,401 tonnes of asbestos fibre were produced from 1,065,299 tonnes of ore giving a grade of 8.11%. A total of 1.3 million bank cubic metres of waste was removed. Based on current open-pit designs, ore reserves as of December 31, 1985 are calculated to be 5.5 million tonnes having an average grade of 7.23% fibre with an average stripping ratio of 0.74 bank cubic metres per tonne of ore.

Despite the fact that world asbestos consumption has dropped from 2.0 million tonnes in 1981 to 1.5 million tonnes in 1985, with a significant portion of this reduction affecting Canadian exports, Cassiar's share of Canadian export has increased from 7.8% to 12.0% for the same period. Approximately 75% of Cassiar Mining Corporation's asbestos production is used in asbestos cement

employed in the production of pressure, sewage and irrigation pipe, mouldings and sheeting. Although fibre sales have been impacted by the declining consumption, the Company has been less affected than the majority of producers as the superior quality of Cassiar fibre makes it particularly good for asbestos cement applications. This advantage affords the Company the opportunity to compete effectively in the marketplace.

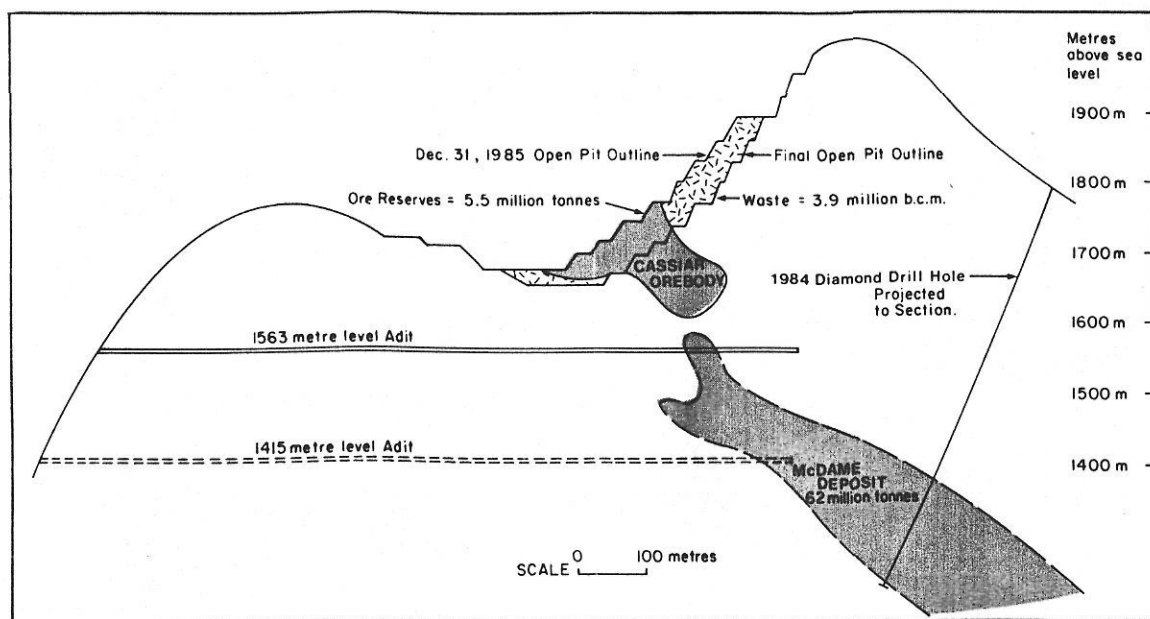
## McDAME DEPOSIT

The McDame deposit is a very large, high grade, world-class asbestos deposit located below and to the southeast of the present Cassiar open-pit mine. Cassiar Mining Corporation intends to explore and develop the McDame deposit to ensure continued supplies of asbestos fibre.

Diamond drilling in 1980 and 1981 defined a deposit having a fibre value per tonne similar to the Cassiar Mine. In 1983, a large, high magnitude, magnetic anomaly was found to extend southeasterly from the known McDame deposit indicating that the serpentinite hosting the McDame deposit was substantially larger than indicated by previous diamond drilling. The following year, a drill hole from the east side of McDame mountain intersected asbestos mineralization grading 7.6% fibre over 151 metres of core length.

In 1985, the first stage of a major underground exploration program was successfully completed. This program was designed to access and bulk sample the deposit which extends from 250 to 350 metres below the surface of McDame mountain. An exploration adit 1,081 metres in length was driven at a cost of \$2.0 million. The adit intersected 45 metres of long-fibre, chrysotile asbestos. The mineralized zone was bulk sampled and 1,073 tonnes were concentrated and processed through the Cassiar mill producing 84.5 tonnes of fibre for a grade of 7.9% fibre. By the end of 1985 the McDame deposit was estimated to contain 62.0 million tonnes of high-valued long fibre similar to Cassiar Mine.

In 1986, further drifting and extensive underground diamond drilling are required to define geometry, grade, and reserves of the McDame deposit such that a detailed mine plan can be developed.



**SCHMATIC SECTION SHOWING CASSIAR and McDAME ASBESTOS DEPOSITS**