

# Extensive Exploration Planned By Magna Ventures

675294  
Sulphurets  
104B/8

by David O'Keefe

An unusually high-budgeted first phase of exploration testifies to the potential of Magna's high grade gold and silver property along the South Unuk River, 35 miles northwest of the town of Stewart in northwestern British Columbia. Magna has optioned the property from Silver Princess Resources and can earn a 55% working interest by spending a total of \$1.2 million on the property by the end of 1987.

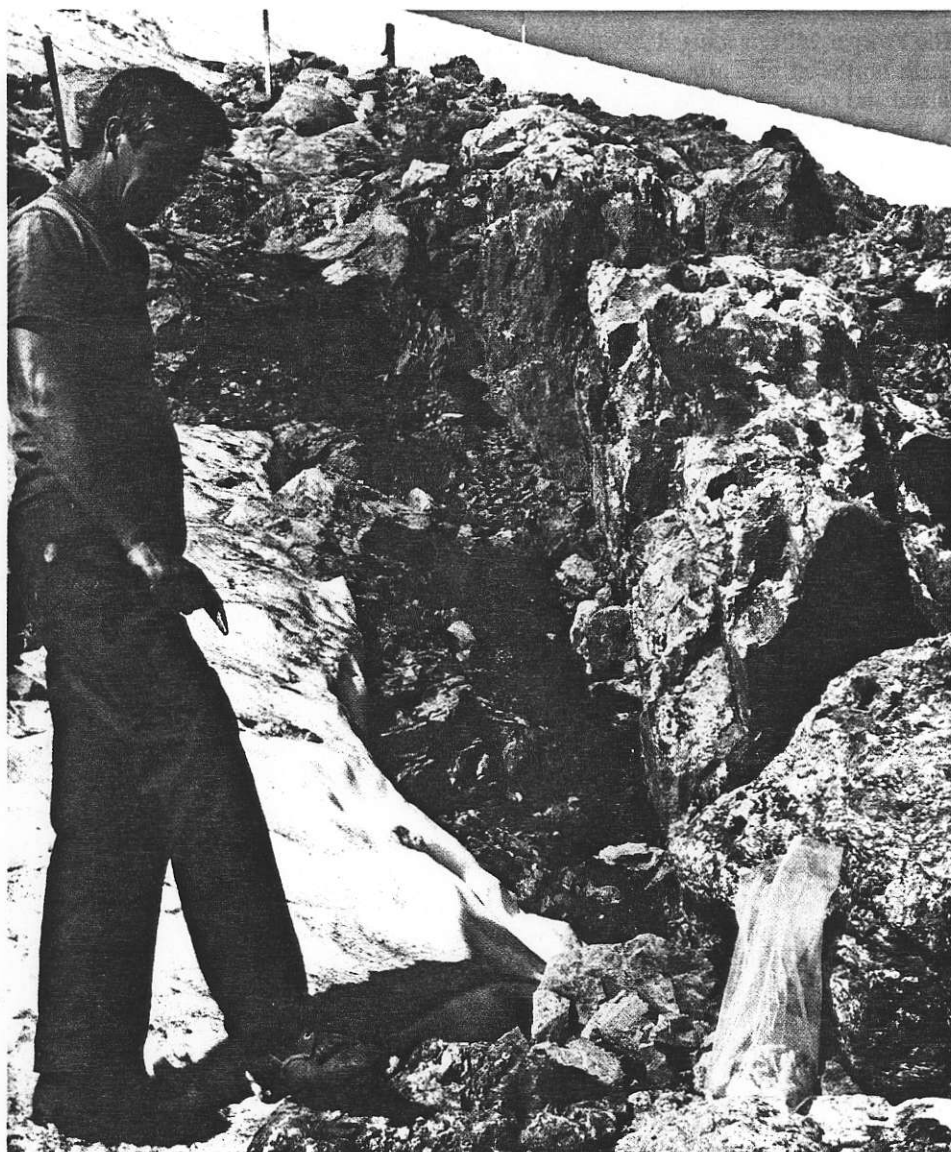
In order to ensure adequate exploration funding, Magna has, subject to regulatory authorities approval, completed a major private placement. International Financier Wolfgang Rauball of Vancouver and Frankfurt purchased one million Magna shares at 70 cents each with non-transferable warrants attached to purchase an additional one million shares at 70 cents each within one year. Early in May the company received net proceeds of \$416,000 by way of an underwriting through Canarim Investment Corporation.

The Stewart Gold Camp will be experiencing considerable exploration during the 1986 season, one company, Newhawk Resources, is planning a million dollar program on its Sulphurettes property.

The 58 unit Doc claims group was first located in 1946 and was subjected to trenching, prospecting and drilling to 1949. Even though the property displayed good and sometimes exceptional gold showings, the logistics of access, transportation and the price of gold at that time, forced the property to languish until the mid-seventies, when it once more attracted industry attention and it was sampled and magnetic, VLF-EM and geochem surveys were conducted.

At least 50 trenches or large pits were cut during the 1940's on seven veins, four of which had the continuity, width and gold content to justify extensive exploration. A total of 6,274 feet of EX core diamond drilling was done and though core recoveries were very low it did establish the Q17 vein to a depth of 250 feet and the Q22 vein to 120 feet.

In 1974, Professional Engineer Don Tully and Professional Engineer H.J. Wahl in 1985, re-sampled many of the trenches on the Q17, Q22 and Q25 veins, both confirming the presence of high grade mineralization. The Q17 and Q22 are considered to be the primary exploration



Sampling one of the many trenches

targets in the upcoming program.

Tully's sampling of 13 trenches on the Q17 vein showed an average value for a 260 foot strike length over an 8.1 foot width of 0.399 ounces of gold and 0.99 ounces of silver. Wahl sampled over a 230 foot strike length and obtained an average 7.6 foot width of 0.468 ounces of gold and 1.77 ounces of silver per ton. Four holes of the 1948 drill program are reported to have assayed 1.2 feet of 0.69 ounces of gold and 2.25 ounces of silver, 4.5 feet of 1.17 ounces of gold and 5.5 ounces of silver, 5.8 feet of 1.64 ounces of gold and 5.8 ounces of silver and 2.2 feet of 1.78 ounces of gold and 9.4 ounces of silver

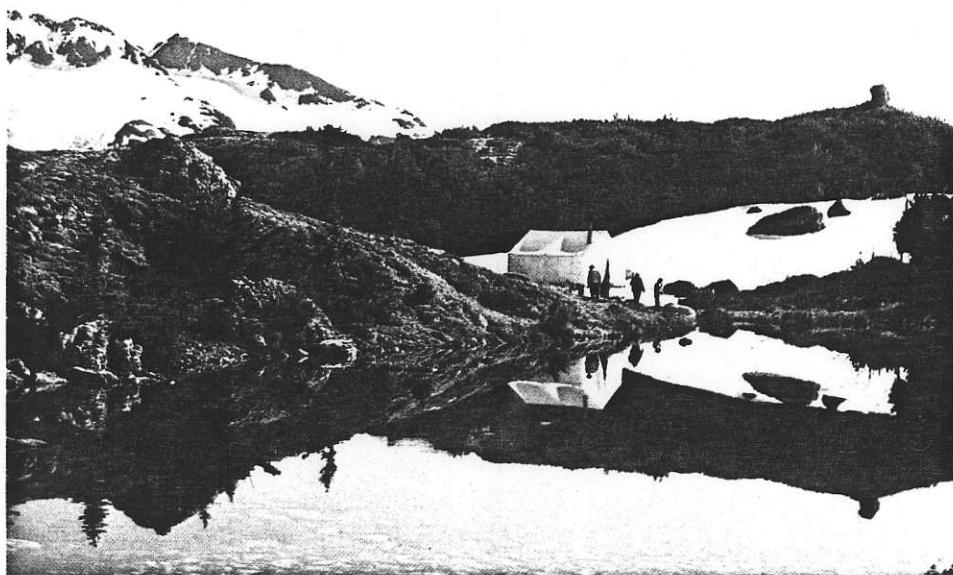
ton.

The Q22 vein, parallel and slightly offset, appears to be similar to the Q17 but possibly of slightly lower grade. Tully, however, sampled one trench and obtained a 5.8 foot width of 1.82 ounces of gold and 8.18 ounces of silver per ton.

Several other veins with significant mineralization have reportedly been found and traced, but have not been confirmed by recent work. High grade float assaying 0.415 ounces of gold, 4.30 ounces of silver 4.6% lead and 0.255 ounces of gold, 147.2 ounces of silver and 12% lead has been found, indicating other undiscovered veins to the south and west of the main



*A million-dollar view from base camp*



*Exploration base camp high on the mountain*

showings.

Professional Engineer C.R. Harris has recommended a two phase program of exploration and development costing \$864,700. This includes the creation of an airstrip along a hillside bench at the 3,800 elevation, underground exploration to extend the working season and a fully winterized camp.

In a more hospitable climate, Magna has acquired an option on the past producing Columbo Mine in Sierra County, California.

The property consists of 20 unpatented lode claims covering about 200 acres, hosting gold bearing zones similar in character to the "Mother Lode" deposits

to the east and to other deposits in California's main gold belt to the south.

The Columbo Mine was located in 1875 and developed by an inclined shaft, two adits and considerable drifting. By 1918 reported production was valued at \$365,000. The mine was worked intermittently until the 1930's when the Number 3 adit was driven and completed to a length of 1,200 feet. The U.S. Bureau of Mines Mineral Yearbook reported that in 1940 the mine produced 1,147 ounces of gold and 40 ounces of silver.

Even though the mine has been developed on three levels it has only been partially exposed to modern exploration techniques. In 1955, an examination of the

property was carried out by J.H. Wren and Company. Nine channel samples averaged 1.22 ounces of gold per ton and Wren outlined one 16,666 ton block of gold bearing ore on level three with the potential of being open at depth and with strike extensions. The examination also suggested a possible further 500,000 tons of ore between the Number 3 adit and the surface.

Professional Engineer F. Marshall Smith has recommended diamond drilling the mineralization using a face injection bit and HQ core to maximize core recovery. He further recommends conducting an IP resistivity survey, trenching and cat-dozer cuts running east-west along the face above and below level 3 to expose any zones of interest located by geophysics.

Level 3 should be opened to the stoped area and mapping and sampling undertaken to develop a mineable reserve. Underground drilling from this level to the 2nd level should outline the unmined dacite quartz zones. The first phase of this exploration is estimated at \$175,000. Contingent on results, a further \$275,000 has been budgeted for phase two.

Another Magna property that is commanding attention is the Gem Lake property in the Rice Lake gold belt in central Manitoba, about seven miles south of the past producing Gunnar Mine.

The property consists of two separate claim groups covering multiple parallel bands of magnetite iron formation known to carry significant gold mineralization. Grab samples from two separate showings ranged from 0.07 ounces of gold to 11.49 ounces of gold per ton. Previous exploration in the area was confined to seeking high grade quartz veins, several old pits and trenches present on the Magna properties give evidence to this.

A phase one exploration program under the direction of Professional Engineer Nelson Baker has been completed. Baker is of the opinion that the geological settings of the gold zones at Gem Lake may be similar to the Homestake stratabound gold deposit in South Dakota. These deposits are usually large, low grade and often extend vertically for considerable depth.

Baker considers the property to have excellent potential for finding a large, low grade stratabound gold deposit and has recommended a Phase II exploration program of line cutting, ground VLF-EM and magnetic surveys, detailed rock geochemical sampling and diamond drilling at a cost of some \$100,000.

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