

Jan/87

# Sulphurets - Newest Old Gold Camp

One of the busiest spots in the British Columbia mineral exploration scene lately has been the Sulphurets camp located 35 miles northwest of Stewart. It's an area well known for its mineral deposits, and today there are numerous companies - juniors and majors alike - in the 33 square miles that make up the Sulphurets gold/silver camp. Results obtained from various programs recently carried out in the area point to the fact - Sulphurets is on its way to become a major B.C. gold camp.

It's a classic case of "everything old is new again". The Sulphurets is certainly no newcomer on the precious metals scene. The camp has had a long and exciting history of gold and silver production, going back to the turn of the century when vast fortunes were made from the tons of gold and silver taken from the ground. Between the years of 1907 and 1968, the area had produced close to two million ounces of gold, 44 million ounces of silver and significant tonnages of base metals. The most notable producers were the Premier Silbak and Big Missouri operations.

For Newhawk Gold Mines Ltd., currently one of the most active junior mining companies in the area, it was a case of being in the right place at the right time. In the spring of 1985 the company was offered a chance to earn a 60% interest in a huge property by Granduc Mines Ltd.

Newhawk's president, Don McLeod, astute enough to know a good opportunity when one came his way, signed the deal and then in another good move - invited Lacana Mining Corporation to share its interest (and costs) on a 50/50 basis. Together the companies began to reveal the true potential of the Sulphurets. Newhawk's two joint venture partners; Lacana Mining and Granduc Mines Ltd. (controlled by Hecla Mining) are both well established senior mining companies.

The property has over 18 known areas of mineralization. The joint venture concentrated the majority of its work on the Brucejack area (comprised of two main zones: the West Zone and the Shore Zone). In August of 1985, Newhawk and Lacana started their first program on the Sulphurets and conducted a \$5 million 13,000-foot drilling program on the West Zone. The results, when tabulated with those of the previous 26,000 feet of drilling on the West and Shore Zones, gave the joint venture its first mineral inventory in the Brucejack of: 1,114,288 tons of 0.28 oz. gold/ton, 23.30 oz. silver/ton.

This tonnage figure represents 313,157 contained ounces of gold and 26,060,000 contained ounces of silver.

During 1986, with an exploration budget of approximately \$2 million, the company added over 22,000 feet of drilling on the West Zone - a sufficient expenditure for the company to earn its interest. The 1986 program consisted of more than 1,400 feet of decline, drifting and raising.

Some of the most exciting news from the 1986 program came after Holes 175 and 176 were assayed. These holes intersected significant mineralization at depths to 950 feet from surface. The reserve figures quoted to the end of 1985 season were based on holes drilled to a depth of 300 feet and the companies believe these new intersections confirm that they have on their hands, a large orebody.

The average width and grade of holes drilled below the 500 foot level was 18.4 feet of 0.433 oz. gold/ton and 28.89 oz. silver/ton. Moving on to underground development gave the joint venture their first opportunity to "see the orebody" and results encountered from the first crosscuts were substantially better than those indicated by surface drilling.

## RESERVE INCREASE ANNOUNCED

By the end of November, the Newhawk/Lacana joint venture announc-

ed there had been a sharp increase in West Zone reserves at the Sulphurets property. Overall tonnage for the West Zone is now increased to 1,016,730 tons from 546,873 tons uncut. The reserve grades 0.33 oz. gold per ton and 21 oz. silver and more than half of it is drill-indicated with the rest classified as inferred. Total reserves in the Brucejack area in all categories are 1.6 million tons at 0.34 oz. gold and 22.9 silver.

Newhawk believes the true potential of the Sulphurets has been barely touched and points out the fact that in addition to the Brucejack area now under development, there are 16 other known areas of mineralization. Newhawk says the potential for expanding the values of its property is "staggering" and gives as an example the Snowfield Zone where there is a low grade bulk tonnage already outlined. Limited drilling has indicated 7,000,000 tons of the estimated 20,000,000 tons grading 0.08 oz. gold/ton. (These reserves have not been used in tonnage figures quoted). The joint venture plans to aggressively prospect throughout the development phase in order to reveal the hidden potential of this vast property.

The ongoing objective of the joint venture is to establish sufficient tonnage and grade to commence production as quickly as possible. For all weather access, over 30 miles of road will have to be put in from the Stewart-Cassiar Highway.

Newhawk Gold Mines Ltd. is part of the Northair Group of Companies headed by Don McLeod. Northair commenced commercial production in 1976 and in six years produced over 160,000 ounces of gold and 780,000 ounces of silver, generating over \$70,000,000. Don McLeod has been in the mining business for over 40 years and worked in all facets

of the mining industry - from prospector to mine manager.

The company trades on the Vancouver Stock Exchange: trading symbol NHG.

## CINOLA

### "Rim of Fire"

The quest for epithermal gold by City Resources Ltd. of Australia, has moved to Canada in a big way. The company has taken over the Consolidated Cinola project in the Queen Charlotte Islands by buying a controlling interest in the company and its 2.4-million ounce gold deposit. The intention is to develop what could potentially become British Columbia's largest primary gold producer.

The Cinola deal provides Consolidated Cinola with \$7.5 million in new capital and a maximum of \$8.1 million through the exercise of the attached warrants. The funds will be used by Cinola to retire its obligation to Energy Resources Group, allowing Cinola to attain a 100% interest in the project.

City Resources' interest in the project - which sat relatively inactive for a number of years - is based on an interesting geological theory. City Resources believes the Cinola deposit is similar to many classic epithermal deposits in the South Pacific.

The term epithermal, loosely defined means "close to thermal heat" and is used to refer to those deposits formed at relatively low temperatures such as 150 deg. C. to 250 deg. C. and low rock pressures near heat sources close to the earth's surface. City Resources has always believed that the south-west Pacific has significant potential for the discovery and development of major gold mines. It concentrated its suc-

cessful efforts on the Pacific "rim of fire" - the chain of volcanic islands embracing Japan, the Philippines, Indonesia, Papua New Guinea, Australia, the Solomons, Fiji, Vanuatu and New Zealand.

Interestingly enough, the Cinola deposit was staked by a prospector who believed in the same "rim of fire" theory; Efram Specogna, then a weekend prospector who worked in the logging industry on the Queen Charlotte Islands.

From Chile, the fault line skirts the Antarctic then moves north through the South Pacific up to Japan. Further north it crosses the Bering Sea to Alaska, then on down to the Coast of British Columbia and down the west coast of the Americas...completing the circle in Chile.

This "zone of crustal weakness" as it is known to geologists, is peppered with 60% of the world's volcanoes. Epithermal deposits have their origins in the movement of tectonic plates, where one plate slides underneath another or clashes head-on, throwing up ranges of mountains. Plate collisions generate enormous amounts of heat and force rocks so deep they melt. Then the molten rock with its entrapped gases are forced back up to the earth's surface in faulted areas and we have our volcanoes...and without going into too much detail, our epithermal gold deposits.

After building a successful track record in the South Pacific based on this theory, First City moved into Canada in September, 1986. The company entered into an agreement to acquire a 29% interest - with an option to expand to 44% - in Consolidated Cinola Mines Limited, a VSE-listed company.

Cinola's reported geological probable reserves are 40 million tonnes averaging 1.8 g/t gold. An ore zone about 700 metres long by 300 metres wide has been defined by detailed drilling and underground testing and mineable probable reserves of 17.3

Continued on Page 4

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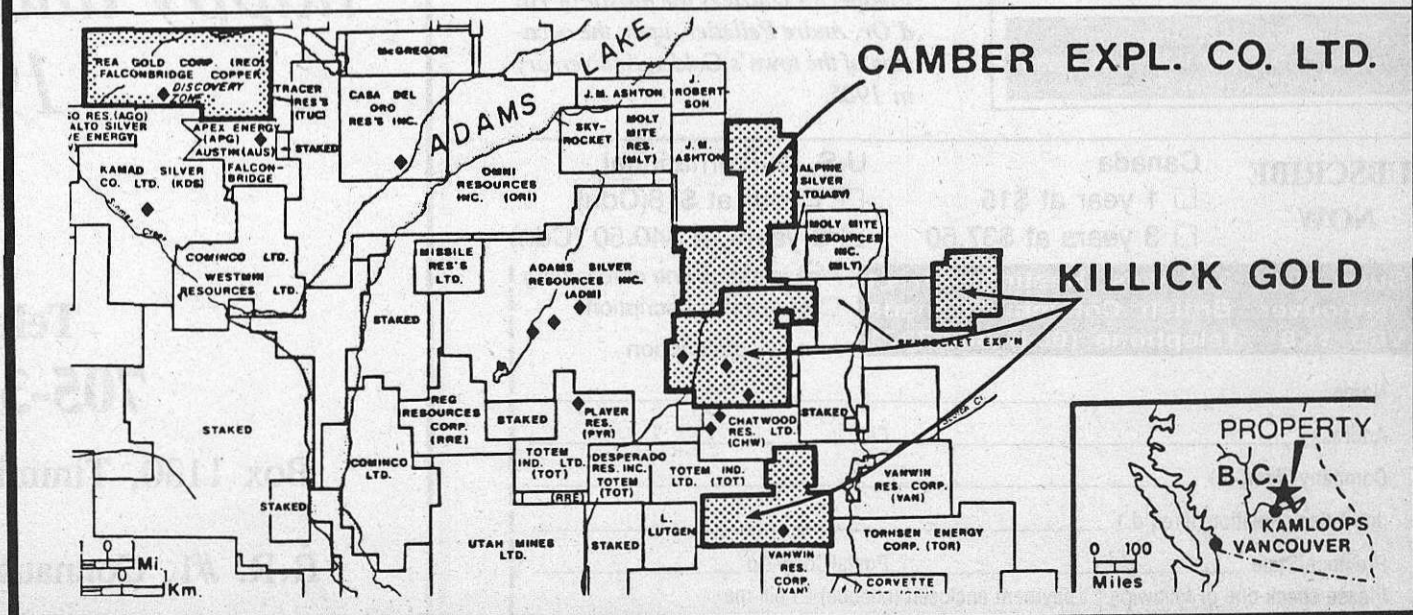
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**CINOLA** Continued From Page 3  
million tonnes averaging 2.46 g/t gold have been announced.

The ore-bearing sequence is truncated by a major northwesterly trending fault, to the south-west of which lie unaltered, unmineralized argillites and mudstones.

Two stages of open pitting are planned. During the first stage, a higher-grade portion of 6.4 million tonnes averaging 3.11 g/t gold is scheduled for mining at a rate of 6,000 tonnes per day (two million tonnes per year) to produce 160,000 ounces of gold per year, at an operating cost of U.S.\$225 per ounce. Expectations are that mining will begin at the end of 1988.

The second stage contains probable reserves of 10.9 million tonnes averaging 2.09 g/t gold, and will require further prospecting and feasibility studies to delineate the full potential of the deposit.

Final capital costs are estimated in the \$90 million range. Current plans to get the project moving, call for 30,000 feet of drilling within and slightly outside the proposed pit boundaries.

Energy Reserves, which was formerly Cinola's joint venture partner, will retain a small royalty interest in the project based on gold prices.

**NORAMEX DRILLING ON GRAHAM ISLAND**

Before all this current excitement and activity on the Queen Charlotte Islands at the Cinola deposit, the company most active in the Cinola camp was Noramex Minerals Inc., a Vancouver-based mineral exploration and development company. Noramex, with its joint venture partners, has spent some \$400,000 dollars in the camp with some "good-looking results" according to company president Brian Fairbank, P.Eng.

Exploration has begun on Noramex's 100 percent owned JET, NOV and HOODOO properties, which total 8525

acres in the Cinola gold camp. These properties are located on structural breaks (faults) and are favourably situated geologically relative to the Cinola deposit. All of the Noramex claims contain either anomalous gold geochemical values, anomalous geophysical values or both. A three-man crew has begun a mapping and sampling program.

The properties are readily accessible by road year round. Noramex anticipates that an aggressive exploration program will be mounted this winter. The company is currently seeking joint venture participation in the project.

Noramex also recently announced that diamond drilling is currently underway on the Golden Dyke project on Graham Island in the Queen Charlottes. The property is located approximately 20 km southwest of the Cinola deposit and has many geologic similarities.

"We think this property has tremendous potential" says Brian Fairbank. Noramex's joint venture partners are Noranda Exploration Co. Ltd. and Umex Inc. and the current drilling budget is \$200,000...bringing the total expenditures by the joint venture partners to \$400,000. Exploration has concentrated on the Courte Zone - one of

several gold zones on the 9-mile long property.

Drill hole DDH 86-1 was drilled under the Courte gold-antimony showing to a total depth of 1144 feet. The Courte structure was intersected in this hole between 600-863 feet. Other holes will test a coincident IP and soil anomaly and the projected Courte zones at depth. Noranda Exploration is operator.

Noramex Minerals Inc. trades on the Vancouver Stock Exchange; trading symbol NXM.

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**Prospectors and Developers Association of Canada**

**"What's After Gold?"**

That's the theme chosen for the 1987 Annual Prospectors and Developers Association of Canada Convention to be held from March 8 - 11, 1987 at the Royal York Hotel in Toronto. New topics are under discussion and preparations are already underway to ensure that Canada's largest mineral industry convention will again be a big success. Set the date on your calendar...it's an event you won't want to miss.

Under the able Chairmanship of Dutch Van Tassel, an excellent list of speakers has been prepared by his technical program committee who will tell delegates what's after gold.

The theme for the upcoming convention is not meant to imply that the PDAC thinks gold is phasing out. As the *PDAC Digest* puts it... "Would we be so crazy?"

The theme is meant to show that there are, and will be, other metals to seek as well as gold and to demonstrate the

PDAC's optimism for the long term outlook of Canada's mineral industry.

One of the keynote speakers will be the Honourable Gerald S. Merrithew, the new federal Minister of State (Forestry and Mines), who will address delegates at the joint luncheon hosted by the Canadian Club of Toronto and the PDAC on Monday, March 9th.

The membership of the Prospectors and Developers Association of Canada comprises the singlemost important group of explorationists and developers in Canada. Formed in 1932, PDAC membership has grown to 3,346 individual members and 140 corporate members. It's a veritable Who's Who in Canadian Mining and not only includes those directly involved in the search for and the development of mineral wealth but many of the support and service industries as well. In general, all those who rely on the minerals industry for their livelihood are eligible for membership.

For further information on the Prospectors and Developers Association of Canada - or the PDAC Convention coming up this March in Toronto, contact:  
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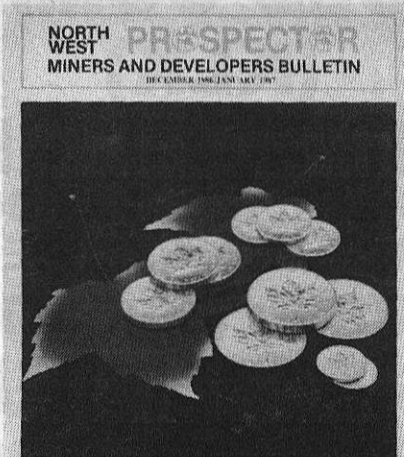
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Our cover photograph was supplied courtesy the Royal Canadian Mint. The quote, translated from the original French, was sent to the Northwest Prospector courtesy the Mayor of Val d'Or, Andre Pelletier, upon the occasion of the town's Golden Anniversary in 1985.



**Don McKinnon**

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