

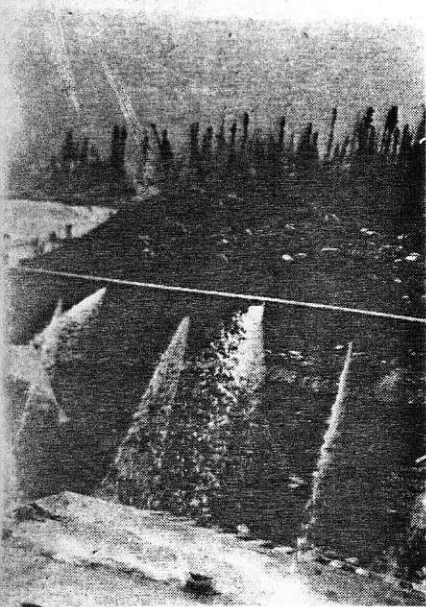
Zeballos AD

July/Aug 86
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Northwest Prospector

There Shares''



er operations in the Yukon.

istence of a large, ancient channel with high gold values. Testing and rotary drilling done earlier this year provided indications that at least some of the material would average C\$15.00 per cubic yard.

Lone Jack hopes to produce at least 5,000 ounces from these operations during the 1986 season and is negotiating to purchase a larger processing plant from a European manufacturer for the 1987 season. This plant would be large enough to triple 1986 production.

Whipsaw Mineral Claims Group

Lone Jack acquired a 100% interest in the Whipsaw property in 1985. Located along Whipsaw Creek, the easily accessible property lies about 160 air miles east of Vancouver, B.C. and 25 miles southwest of Princeton, in the Similkameen Mining Division.

At the present time, the main located vein structures are those traced by the Adits A, B, C, D, and Marion, and surface trenching. Although there are other zones indicated, mixed fissure-fracture fillings and offsetting strikes contain metallic mineralization of commercial significance.

Whipsaw Creek is also noted for its placer-gold-silver-platinum deposits. There is also significant interest in micron gold, which is being investigated by major mining companies.

An exploration program is currently underway on the property, consisting of diamond and percussion drilling, soil studies, mapping and other testing work. The diamond drill program is intended to outline potential for a large, low-grade open-pit deposit.

Another promising property under review by Lone Jack is the Juniper-Bell located in the Osoyoos Mining Division in southern British Columbia. Acquisition of the property was recommended by the com-

pany's consultant for all hard rock activities, Dr. Peter Christopher, who is of the opinion that the property presents an excellent target for skarn and replacement-type gold deposits.

Select surface samples from the property assayed as high as 0.324 ounces of gold per ton, and 17.20 ounces of silver. These assays are from the southern boundary of the claims and suggest the favourable prospecting terrain may extend south from the present claim boundary. Lone Jack has outlined a staged exploration program for the project.

Grandex Resources Ltd., an associated private company is currently conducting an examination of the Orofino Mountain gold property, located in south-central B.C. Mineralization on the property, consisting of quartz veins with significant gold values, forms part of the Orofino Mountain Gold Camp which adjoins the Fairview Camp.

Gold values of 11 ounces per ton have been obtained from the upper King Adit and a trench above this adit consistently yields assays across 12 to 18 inches of over 1.0 ounces of gold per ton. Old tailings present on the property contain over 0.1 ounces of gold per ton and suggest previous production of high grade material from the property. Over 10,000 tons of better than 0.50 ounces of gold is reported to have been produced from the Orofino and Independence crown grants which are enclosed by the property.

Lone Jack feels further exploration is warranted and a program has been outlined to further delineate the excellent potential for establishment of high grade reserves that could be custom milled at a nearby plant.

In addition to several other properties, Lone Jack has completed negotiations for the acquisition of two more existing proven placer gold projects and a 50% interest in the industrial mineral reserves of Bay Gravel Ltd. which include an estimated 5 million tons of calcite and 2 million tons of iron oxide.

Recently, the company completed a \$1 million flow through share financing which will be in excess of funds required for the company's planned exploration programs for 1986.

Lone Jack trades on the Vancouver Stock Exchange: trading symbol: LJR.

Spud Valley's Golden Future

McAdam Resources Inc. has just completed its first year as a public company, and if the financial and exploration successes of the past year are any indication...the company and a past producing property on Vancouver Island are that much closer to a "golden" future.

The search for gold is presently the main focus of the company's activities and its major asset is the Spud Valley gold property in the Zeballos area of Vancouver Island - an important producer in the period 1936-1942.

Zeballos made the map in the late 1930's and early 1940's with news of very rich gold veins discovered near the present town. The discoveries resulted in several gold mines which in total produced over 288,000 ounces of gold worth over \$130 million at current prices. The Spud Valley property produced over 54,000 ounces of gold at an average grade of approximately 0.29 ounce of gold per ton.

At Spud Valley, the ore shoots are remarkable for their consistency; for instance, the Goldfield vein has approximately one thousand feet of continuous ore on the number five level.

McAdam became particularly interested in the potential of this promising property which, when it was acquired showed a total lack of previous exploration work. No record of even a single diamond drill hole on the property was ever found, which was surprising considering the property was a mine.

Significant gold reserves do exist on the property, and, when considered with the new discoveries made in 1985, there appears to be an excellent probability that the property can once again be a viable gold mine. During 1985, the company successfully secured financing of over \$1.2 million and spent over \$900,000 on the Spud Valley property.

"We're expecting good results on our definition drilling..."

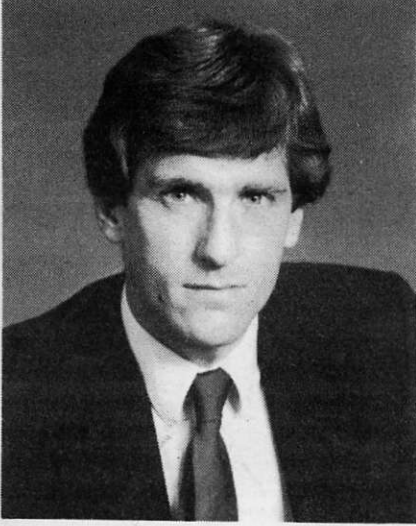
Exploration success on the Spud Valley property was encountered with the discovery of three new zones near the former mine, adding substantially to the potential on the property, where preliminary reserves are quoted as being approximately 429,000 tons at a grade of 0.25 ounce of gold per ton. The AT discovery located north and west of the former mine shows much promise, having yielded 0.23 and 2.44 ounces of gold per ton over 3 feet in two separate diamond drill holes. These two intersections represent the first and only two holes in the AT zone to date. Near term priority is to discover ore so as to justify gold production decision on the Spud Valley Property...as a first step towards the Company's long term goal to become a significant Canadian gold mining company.

McAdam has just completed a rights issue, which combined with a \$300,000 private placement from Muscocho Explorations Limited, will be used to secure a listing on the Toronto Stock Exchange - and the commencement of the company's 1986 exploration program.

"We're expecting good results on our definition drilling on the Spud Valley program," said John McAdam, president of McAdam, "and generally looking forward to a good year."

**FAST, FLEXIBLE & AFFORDABLE
COMPUTER-BASED MINE DESIGN
AND FINANCIAL ANALYSIS
GOLD/SILVER A SPECIALTY**

McAdam Acquires Former Gold Producer



*John H. McAdam
President, McAdam Resources*

John McAdam, B.Sc., P.Eng., president of McAdam Resources Inc., believes there will be plenty of good news coming from the company over the next few months....and that's not based on blind optimism; but rather on a recent major property acquisition, more exploration success at the Spud Valley Property and the listing of the company last summer on the Toronto Stock Exchange.

In addition the company announced recently it has signed a letter of intent with MVP Exploration and Company, Limited Partnership which confirms MVP's intent to subscribe for a maximum of \$1,000,000 of flow-through common shares of the company. McAdam Resources intends to use the funds to further explore its advanced gold properties including the recently acquired McWatters gold property near Rouyn, Quebec, the Spud Valley gold property on Vancouver Island along with modest exploration programs on three Ontario properties.

Last October McAdam Resources announced the acquisition of the McWatters property, which John McAdam describes as "a former gold producer with significant reserves and wide open potential". The property is located along the Larder-Cadillac Break, a well known structure associated with numerous gold mines.

"This is the property we have been looking for for years," says John McAdam. "We are confident this will be the property that puts us into the 'big leagues'".

McWatters is located six miles southeast of Rouyn, Quebec and was a significant gold producer in the late 1930's and 1940's. Production amounted to over 115,000 ounces of gold from total production of 368,013 tons of ore. The average mine grade over the life of the mine was 0.315 ounce of gold per ton.

Existing reserves calculated by prior operators ranged from 304,262 tons grading 0.180 oz. gold per ton to 431,575 tons grading 0.193 oz. gold per ton.

Structurally the McWatters property lies on a bend in the Cadillac Break, where such bending has resulted in extensive disturbance of the rocks over a large area, creating numerous possibilities for trapping ascending gold bearing solutions.

A large portion of the property is unexplored and much ground also remains untested within the existing workings. Company management believes there exists excellent potential to substantially increase gold reserves on the McWatters property and its exploration strategy will be to upgrade reserves in the immediate mine area and evaluate the potential of the other as yet untested structures.

McAdam anticipates that the two year exploration program will upgrade the healthy gold reserves already known and outline sufficient additional reserves to bring the property close to the point of a production decision.

Infrastructure is excellent, being located six miles from Rouyn and most every logistical advantage is present to make the project a success.

"The McWatters has an excellent chance of evolving into a world class gold mine with many years of mine life," says John McAdam.

The company also owns the Spud Valley gold property located on Vancouver Island where a current exploration program is underway aimed at upgrading preliminary gold reserves of approximately 429,000 tons grading 0.25 oz. gold per ton.

The work program is continuing to encounter encouraging results. Recent assay results include diamond drill hole G-9, drilled north of the former mine workings which cut two intersections: an upper one grading 0.259 oz. of gold per ton over 4.45 feet and a lower one grading 0.452 oz. of gold over 8.6 feet.

McAdam Resources Inc. is a growth oriented gold exploration company associated with Muscocho Explorations Limited. Shares of the company were listed on the Toronto Stock Exchange on August 20th (trading symbol MMM) and the listing was seen as a positive step for the company in terms of achieving "a higher corporate profile as well as accessing additional financing".

*Zieballos RW
NW Properties
Jan/87*

New Privateer Mine Nears Production

by David O'Keefe

It is often said that good things don't come easily and the people at New Privateer had no easy time bringing their famous old Zeballos mine property back to the brink of production. For all the tribulations, the discovery of a new vein system a few hundred feet in from the portal of the 1100 level possibly made it all worth while. Drifting on this new vein has yielded bonanza values. Assays from samples of the vein in excess of one hundred ounces of gold per ton are not unusual and one sample taken 127 feet into the drift assayed 361.242 ounces of gold and 55.41 ounces of silver per ton.

Located in 1936, the Privateer was dubbed the "wonder mine". The smelter at Tacoma, Washington considered the Privateer ore the richest and most extensively impregnated with free gold they had ever received. The mine itself is located about four miles northwest of the small town of Zeballos on the west coast of Vancouver Island. It went into production late in 1938 and three veins were mined along 1,460 feet of strike length and over 600 vertical feet. From late 1939 through late 1941, 2,400 ounces of gold per month were produced.

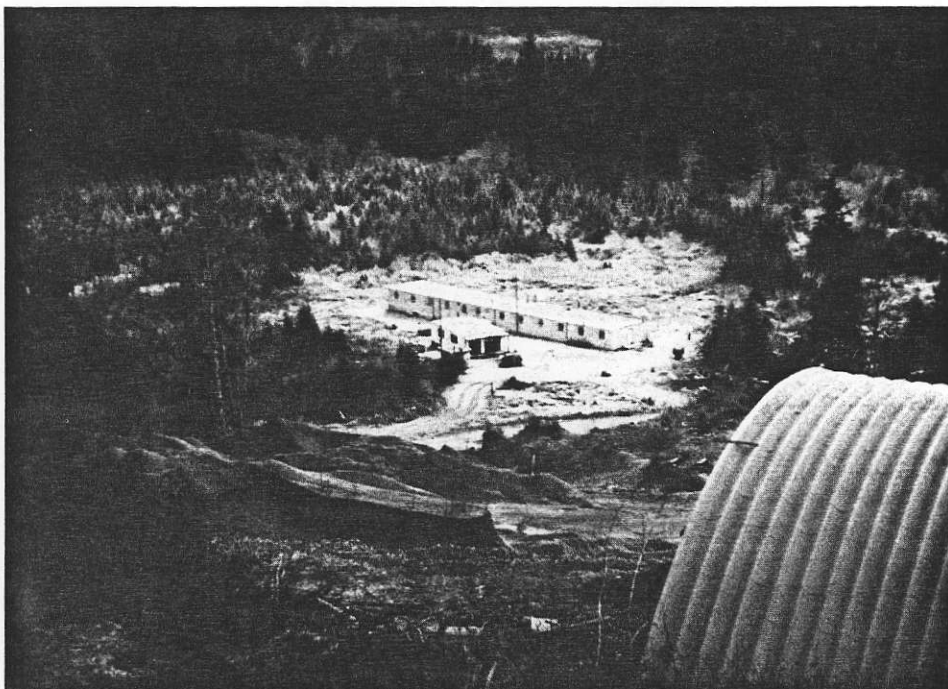
By 1942, wartime manpower shortages started to slow down operations and by 1943 forced a complete shutdown. An attempt was made to continue production in 1946 and between 1947-48 a further 22,000 ounces of gold was recovered.

During these two periods of activity total recorded production was 168,000 ounces of gold and 68,000 ounces of silver from 166,000 tons of ore for an average mining grade in excess of one ounce of gold per ton.

The Privateer was caught in the squeeze of luring experienced personnel to this isolated area, the increasing cost of labour and supplies all hung on a gold price frozen at \$35.00 an ounce.

The mine was never "mined-out" and when economics forced the final closure, a number of faces were showing good grades and several stopes were not completely drawn. All through the life of the mine it was to suffer from a shortage of manpower meaning that only the easiest and most promising veins were developed. Two veins, the No. 4 and No. 5 were located but never developed. The Prident Mine section of New Privateer's holdings also produced some remarkable grades and was left with good unmined veins.

The veining in the mine is straight and



The New Privateer camp at Zeballos



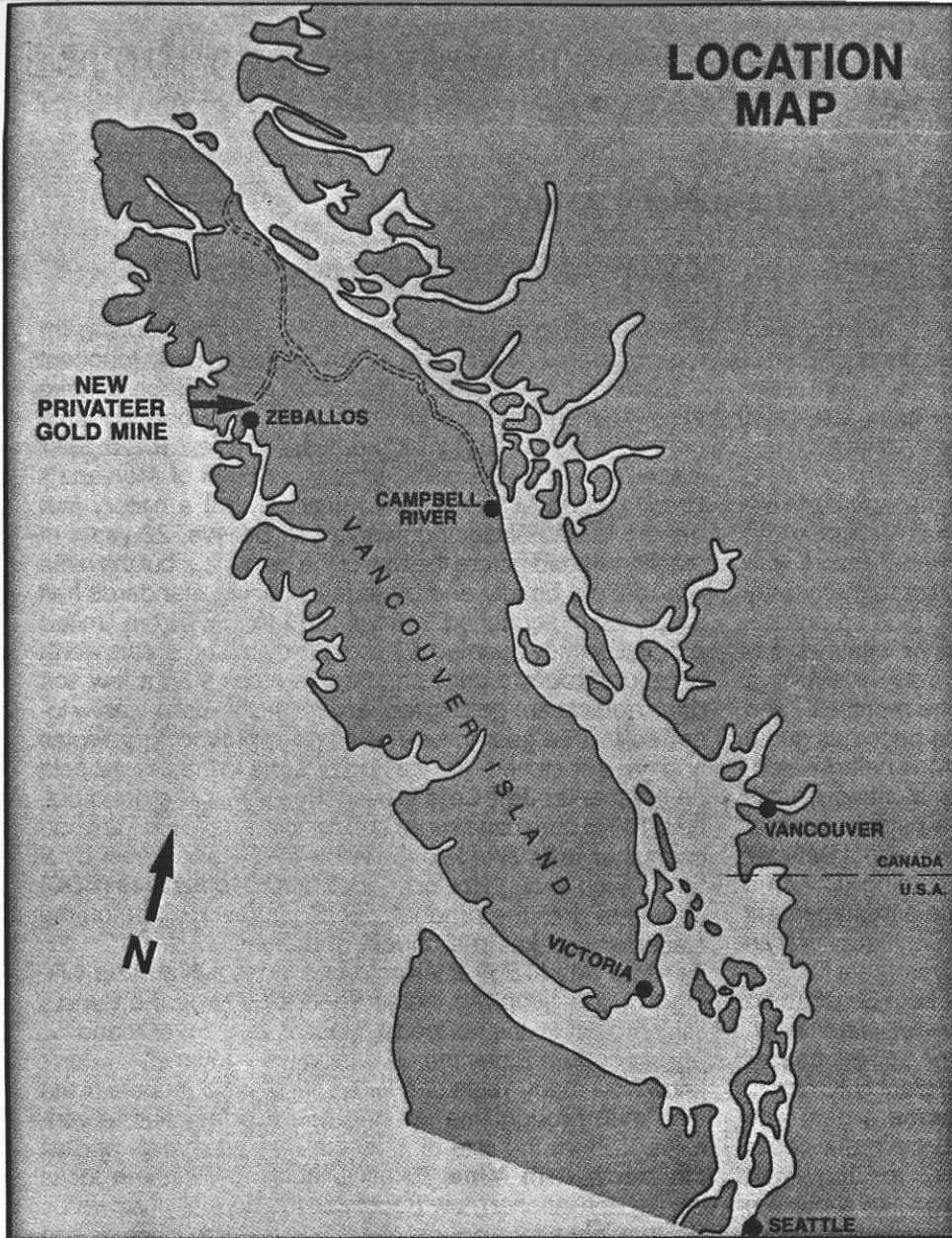
Hauling the high grade ore from the new vein over the new trestle at the 1100 level

continuous, showing relatively coarse free gold which varies from trace amounts where the sulphides are sparse to several hundred ounces per ton.

In late 1983, New Privateer, under the direction of Professional Engineer Harvey Cohen, who is also company president,

built a new trestle across Spud Creek Canyon. The main haulage way was drained and some necessary re-timbering was completed. In 1984 the rehabilitation program continued and more underground and surface work took place. Backfalls were cleared, track was laid, dump and storage

LOCATION MAP



areas were constructed and air and water lines were installed. As work went on, an old stope was found containing some 10,000 tons of broken ore, two hundred tons were stockpiled on surface, sampled and found to assay an average grade of 0.38 ounces of gold per ton. Work continued in 1985 when the new vein was found and the 700 foot drift to connect with the extension of No. 3 and No. 2 veins was started.

At the end of May this year the development heading had advanced to 260 feet and the company expects that another month's work will see it completed. At this time the first 100 foot stope will be established to mine the vein system between the 1100 and 1000 levels.

Early in May approximately two tons of vein material was shipped to Vancouver-based Chapko Industries for concentration. Recovery from the 3,800 pounds of ore was calculated at 92.78%, resulting in 31.05 ounces of gold and 7.46 ounces of silver.

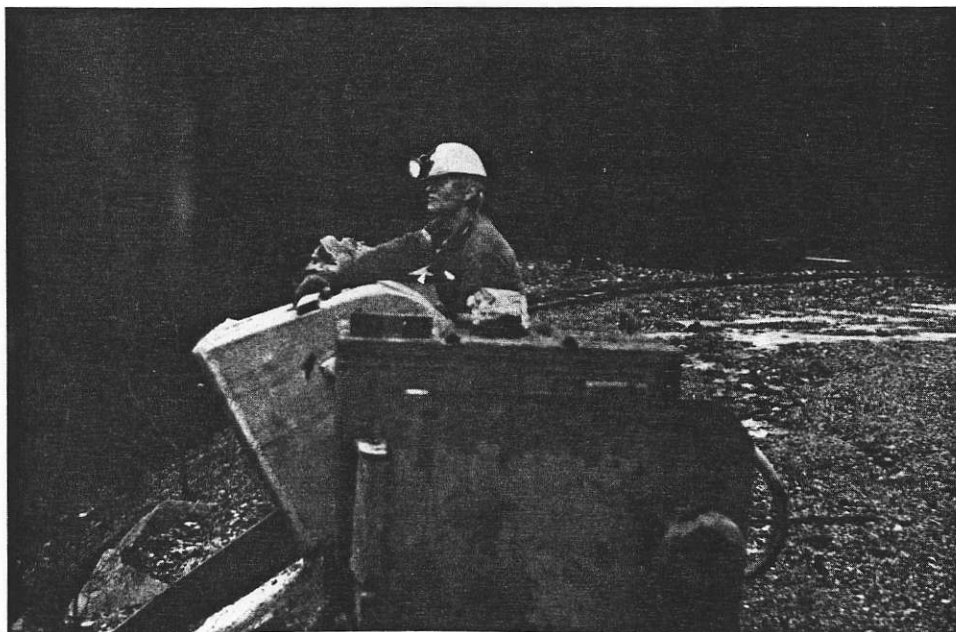
New Privateer has set up a 25 man camp on site, plus an underground locomotive, several ore cars and necessary mining equipment to develop the mine to support a 50 ton per day operation. Negotiations are also underway to buy a gravity mill. Cash flow from this limited production will be funneled into the further development of both the Privateer and Prident Mines.

With a proven, past producing property and untouched veins already located, the company has opted to mine the ore rather than spend a considerable sum in drilling costs to outline "proven" reserves. Excluding the new vein, it is already known that the mine hosts at least six years of continuous production.

In an earnings forecast, prepared by the company, at 50 tons per day, a gold price of US\$350 and a production cost of less than US\$150 an ounce, the company expects a pre-tax earnings per share of \$0.39 to be realised. Recently, 99.7% of New Privateer's warrants were exercised bringing a further \$475,000 to the treasury to give the company working capital of \$710,000.

In addition to the Zeballos property, the company also controls 30 located mineral claims and five Crown granted mineral claims near Tofino, also on Vancouver Island and enjoys revenue from its interests in certain producing wells in the State of Kansas.

For further information contact: Harvey H. Cohen, President, Box 11527, 1935-650 West Georgia Street, Vancouver, B.C. V6B 4N7. Phone 604-684-4610. ■



Dumping the ore onto the stockpile