

## Proximity players

## Majors play cat and mouse around Mt. Milligan

By Jean Sorensen

Despite the presence of a fistfull of majors, two Alberta-based junior mining companies are the early leaders in the proximity race round **Continental Gold Corp's** Mt. Milligan copper-gold property near Prince George, British Columbia.

Nearly a dozen companies, both large and small, have staked holdings in the vicinity of Mt. Milligan, which Continental directors describe as the largest development project in Canada.

The company reports drill-indicated reserves of 200 million tons grading 0.02 oz/ton gold and 0.3% copper and says a planned 50,000 tpd open-pit mine is expected to produce about 400,000 ounces of gold and 100 million pounds of copper per year over a 15-year mine life.

But investment brokers warn that companies working proximity properties are only in the early exploration stage, at best defining anomalies or moving towards preliminary drilling.

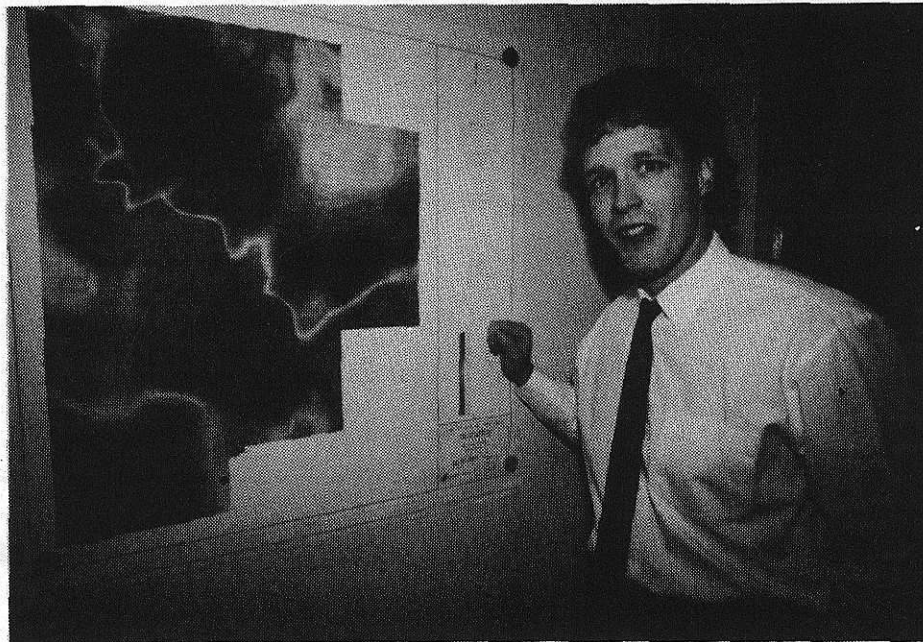
A major but low-profile player in the area is **BP Resources Canada** which has claims, joint-ventures and a 30 per cent interest (currently the subject of a legal dispute) in Continental Gold. BP spokesman Chris Bates says that in addition to Mt. Milligan, BP is active in eight properties adjacent and in the general area, searching for similar copper-gold porphyry deposits. The brightest news so far has come from 50/50 joint-venture partner **Digger Resources** which has, according to Bates, yielded "encouraging drill results."

Norm Yeo, the Alberta-based president of Digger, says the company did IP, magnetic, and geochemical work, as well as limited drilling on its 58-claim holdings in the area during 1989. In late summer Digger acquired an interest in the 84-unit Gold Brick claims. Nine holes were drilled on the Chuchi Lake and Phil properties, "but the first three holes on the copper-gold anomaly hit results comparable to those of Continental Gold," Yeo says. Hole No. 7 showed an interval of 52.5 ft grading 0.71% copper and 0.039 oz/ton gold.

Yeo says a major exploration program, which will include about 70 holes approximately 30 km from Mt Milligan, is planned for 1990.

Vancouver-based **Black Swan Gold Mines Ltd** is working the 225-unit Tas Claim group, 30 km south of Mt. Milligan, for a 51 per cent interest in Alberta-based **Goldcap Inc**, which in turn has a joint-venture agreement with **Noranda Exploration**. Black Swan spent approximately \$400,000 in 1989 on diamond drilling, trenching, geochem work and geological mapping.

Rick Somerville, a director of both Black Swan and Goldcap, says 1989 results were extremely good. "We have two



Pacific Sentinel's Doug Forster shows the company's property near Mt. Milligan.

targets in the area," he says, following the identification of four massive sulphide veins and a porphyry copper-gold anomaly. One high-grade sulphide vein in the Red Hill zone was trenched 207 feet on surface and showed an average grade of 0.283 oz/ton gold over an average width of 10 feet. "This zone has been extended another 150 feet by diamond drilling," Somerville says.

A second sulphide zone showed an intersection of 7.9 feet averaging 1.76 oz/ton gold and 2.27% copper, while trench samples from the porphyry copper-gold anomaly ranged from 0.2 to 0.5% copper.

Somerville says Black Swan is trying to prove up tonnage before launching a mill and says there is potential for a future large scale operation. "In 1990, we plan to do additional drilling on both targets," says Somerville, although the trio of partners have yet to allocate next year's budget.

Vancouver spokesman Bill Mercer says **Noranda Exploration** is investigating a number of properties in the area north and south of Mt. Milligan — the Chuchi, Tsil, Witch Lake, PM, Alpha Beta, Tas, Eagle, and Mitzi. In 1989, geochem-work and drilling were done on the Chuchi and Tsil and geochem-work was done on Witch Lake. However, Noranda has yet to release results. Mercer says Noranda "is not a junior who puts out news releases. We are drilling next year and we wouldn't be if the results were negative." And indeed, the company plans to spend over \$1 million on the properties during 1990.

Adjoining the Digger Resources claims northwest of Mt. Milligan, **Westmin Resources** has four properties, two of which, the KL and WL properties, are optioned to operator and 40-per-cent-owner Rio Algom. Westmin's explorations

manager Dr. Harlan Meade says Rio Algom carried out grid and geochemical work as well as IP and the airborne magnetic surveys on both the KL and WL properties during 1989.

Westmin's remaining two claims, the TL and KC, are farm-ins with **Byron Resources** which earns 45 per cent interest on the two claims through funding while Westmin remains the operator. Airborne magnetic surveys, geochem surveys and VLF-EM ground surveys have been done on both claims but results have not been released. A 1990 program including trenching and possible drilling on the two properties will be funded by \$250,000 from Byron and a \$500,000 commitment from Rio Algom for the 1989-90 period.

"All four targets are porphyry copper-gold areas," Meade says.

Vancouver-based **Pacific Sentinel Gold Corp**, which shares common management with Continental Gold, has made limited efforts to develop its Assunta claims, approximately six km from Mt. Milligan. But Doug Forster, vice-president of explorations, says a new drill program will likely be launched in March, 1990. Pacific Sentinel has signed an option and joint-venture deal with **Mercantile Gold Corp**, which will spend \$1.5 million over four years on the Assunta property in return for a 50 per cent interest while Pacific Sentinel remains operator.

Forster says swampy conditions prevented crews from accessing prime target areas during the past season, but altered boulders moved by glacial action were found containing pyrite and chalcopyrite — similar geology to that of Mt. Milligan. Frozen ground in March should allow some drilling and, according to Forster, an estimated \$200,000 will be spent in the '89-90 period.

John Nebocat, a director of Vancouver-based **Kookaburra Gold Corp**, says initial testing of company property in the vicinity of Mt. Milligan has shown a low sulphide system. "A large part of the copper mineralization is bornite, a higher copper grade than chalcopyrite," Nebocat says.

"Don Rotherham (a director) relogged the core from Falconbridge and determined that the mineralization that they had been testing was satalletic," Nebocat says, adding that Kookaburra has been extending grid work done by Falconbridge nearly two decades ago.

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## Digital map covers Canada

Canada has become one of the first nations to make available computerized maps of the entire country.

The Topographical Mapping Division of the Canada Centre for Mapping (CCM), part of the Surveys, Mapping and Remote Sensing Sector of the department of Energy Mines and Resources, recently completed the digital recording of the 1:250,000 reconnaissance scale maps for all of Canada. The five-year digitization project involved electronic scanning and interactive editing of information from the 917 maps in CCM's inventory.

Computer technology, used for automatic identification and coding of map details was essential in order to complete the job in five years. CCM staff designed

and developed much of the software used by the computer system used on the project. Maps of northern Canada, which had up to 8,000 lakes each, would have taken days to complete, but were done in a matter of minutes with the computerized system.

The digital map data base is now available and may be purchased in a variety of formats from the Cartographic Information and Distribution Centre. It will also be used as a key element in certain geographic information systems.

Work is currently underway, in cooperation with industry, on the digitization of 1:50,000 scale maps, planning to provide greater detail in more developed regions of Canada.

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gold-silver mine in Nevada. Assays should be out shortly and the stock is a nice buy-in at the \$0.23-0.25 cents mark.

In the Cariboo district of B.C. busy as a bee has been **Kyber Resources**, which announced it had bought a 70 per cent stake in a property there. It also re-organized its management team and at one stage a fortnight ago gained \$0.17 to \$0.30. It now stands at \$0.20, the drop occurring for no obvious reason.

**White Knight Resources** continues to strengthen. The company recently announced plans to start an exploration program on its Sullivan 2 property near Creston, B.C. The company claims lead-zinc-silver mineralization has been identified for 2,000 metres along strike. The shares were \$0.65 cents in mid-November and now are firm at \$0.80 cents.

In the Eskay Creek area, **Dragoon Resources** is exploring a group of claims five miles south of the Stikine/Calpine deposit. Prospecting and geophysics have located targets for follow-up drilling. Dragoon was active at \$1.90 lately and joint venture partner, **Greenstone Resources(TSE)** is around the \$5.75 mark.

Announcing an increased interest in a Costa Rica project was **Westlake Industries**, which is taking a larger stake in the Bellavista property, held jointly with **Minera Rayrock**. Westlake shares were \$1.40, while Minera, which is TSE-listed, was stronger at \$2.05 a unit.

Pacific Rim investors are apparently very interested in **Ruby Mountain Mines**, strengthening the share price from \$0.93 cents in the middle of November to \$1.03.

After having signed a letter of intent agreement with **Placer Dome U.S.** involving its Talapoosa gold project in Nevada, **Athena Resources** got a boost of \$0.25 cents to \$2.40 in the last week of November.

Trading has been busy in shares of **Big Strike Resources**, where the company has

announced the start of an exploration program on its 50%-owned property in Pascalis Township, Quebec. It is earning the interest from **Victoria Diego Resource** and is currently valued by the market at \$0.40 cents.

Things are quiet on Howe Street at the moment, as people await the outcome of the Prime/Calpine merger and look for light on the shadowy goings-on in the background. While I've found little to set my wand aquiver, let me advise you my friends that the New Year will bring with it higher share prices. The generous man will buy presents with his money: the wise man will invest it.

May your Christmas be inexpensive, your New Year prosperous and your closet skeleton free. Cheers!

## Mt. Milligan

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The company is concentrating efforts south and east of old Falconbridge works and, after IP work, limited trenching and soil sampling, identified several anomalies. Nebocat says copper mineralization has been observed locally in float and in outcrop and has assayed up to 3.35% copper, 0.106 oz/ton gold and 1.65 oz/ton silver in select samples.

Option payments to the prospector and initial exploration work have cost Kookaburra in excess of \$200,000 to date. Further drilling will be undertaken in 1990, Nebocat says, although a budget has yet to be finalized.

"What we are looking at will not be as large as Mt. Milligan. The anomaly is only about one-third the size," says Nebocat. But Kookaburra director Don Rotherham says while low-sulphide systems commonly produce small anomalies, they often have greater concentrations of economic mineralization.