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→ UMR.
(by D. Yager - skyline)

104 B004

STONEHOUSE GOLD DEPOSIT

The Stonehouse gold deposit is hosted by Lower Jurassic volcanic, volcanoclastic and sedimentary rocks. The rocks occur within the Intermontane Tectonic Belt along the eastern flank of the Coast Plutonic Complex. These rocks are locally intruded by Jurassic porphyry and granitic stocks and Quaternary basalt dykes. A U-Pb zircon age of 190 Ma, obtained from a feldspar porphyry unit in the hanging wall of the Discovery Vein, is interpreted as an age of deposition for the volcanic sequence.

The mine series comprises a sequence of intercalated volcanoclastic and feldspar porphyry units striking between 065 and 110 and dipping at 55 degrees to the north. The volcanoclastic rocks occur as a series of unbedded heterolithic lapilli tuffs, crystal lithic tuffs, tuff-breccias and volcanic conglomerates of intermediate composition. Clast size varies from 0.5 cm to as much as 2 m, the latter observed in surface outcrops at the northeast end of the existing mine. The matrix consists of coarse to fine tuff and plagioclase crystal fragments. Elongated clasts and preferred orientation of micas commonly impart a weak to moderate foliation to the rock.

The feldspar porphyry units contain 20-25% euhedral to subhedral phenocrysts of feldspar, dominantly plagioclase, 1-4 mm in size, randomly oriented in an aphanitic groundmass of plagioclase and potassium feldspar. The groundmass not infrequently exhibits a trachytic alignment of feldspar crystals, when viewed in thin section. Anhedral biotite may form as much as 15% of the phenocrysts. Infrequent lapilli fragments, observed at the northeast end of the present workings, clearly indicate that some of the feldspar porphyries are crystal tuffs; elsewhere, sharp contacts suggest that some of the units are lava flows or, possibly, sills. Near the Discovery Vein, at the southeast end of the present workings, is an occurrence of feldspar biotite porphyry with a granular, interlocking texture.

Units of volcanoclastic and feldspar porphyry vary from 5 to 20 m in thickness. The total thickness of the sequence transected by the mine workings is unknown, because of the unknown displacements on the normal faults; the thickness probably approaches a total of 500 m. Epiclastic tuffs and sandstones occur higher in the mine series, to the north of the existing workings. Graded bedding present in several of these units clearly indicate that the top of the sequence is to the north. These bedding attitudes are very similar to those reported from the SNIP deposit, 5 km to the north, suggesting that both deposits are hosted by the same tectonostratigraphic package. The mine series lies in assumed fault contact with gently dipping to flat-lying sandstones, siltstones and shales to the east and are in assumed fault contact with moderately dipping pyroclastic, volcanoclastic and sedimentary rocks to the southeast.

Normal faults of 1-30 m displacement encountered to date in the mine strike 155 to 170 and dip moderately either to the east or to the west. Quartz filled "flat" faults of 0.5-10 m displacement form abruptly undulating surfaces with an average gentle dip to the east.

The ore bodies are composed of moderately to steeply dipping quartz sulphide veins ranging from 0.5-2.0 m thick. Dilations are common, usually formed by splits in the veins or by richly mineralized stringer stockworks in the wallrocks surrounding the veins. Ore shoots as much as 8 m thick have been encountered. Generally, higher grades are associated with the thicker ore shoots.

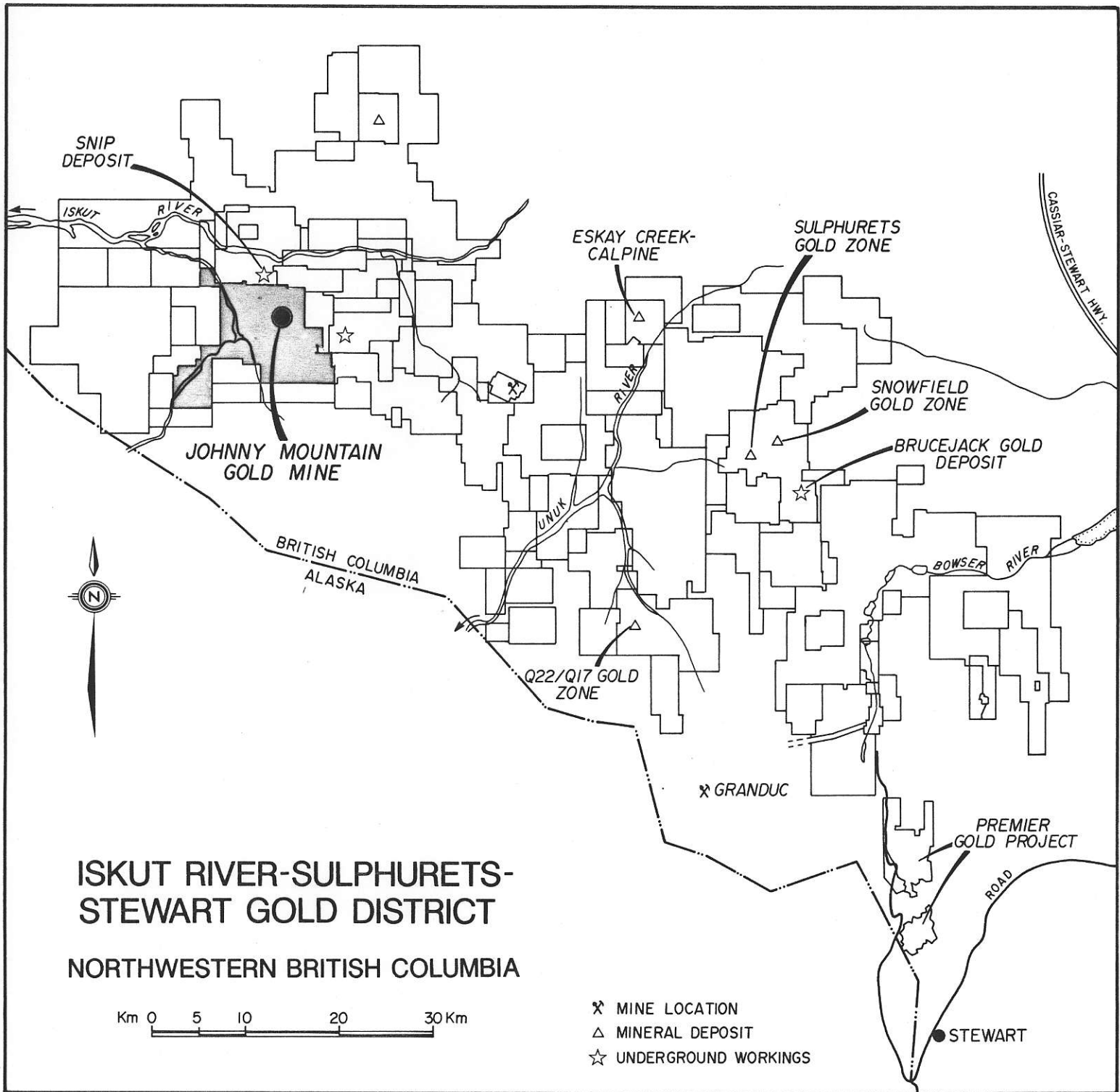
The Sixteen Vein, which has produced most of the ore to date, has an average strike of 065 and dips at 60-70 degrees to the north-west. Stopping on the Sixteen Vein is taking place along a strike length of 350 m and to a depth of 190 m below surface. The deepest drill-indicated ore intercept to date is 275 m below surface. The vein is open to the northeast and to depth. The Sixteen Vein typically comprises several phases of grey and white quartz forming rehealed quartz breccias in areas of better grade. The vein contains 20-25% pyrite, 2% late stage chalcopyrite and less than 1% sphalerite and galena in a semi-massive to massive sulphide lead within the quartz vein.

The Discovery Vein has an average strike of 045 and dips at 70 degrees to the northwest. Stopping has taken place on the vein along a strike length of 120 m and to a depth of 70 m below surface. This vein is open to the southwest and to depth. Ore occurs in stringer veinlet stockwork zones in the walls of a massive pyrite vein containing 6% late stage chalcopyrite and less than 1% sphalerite and galena.

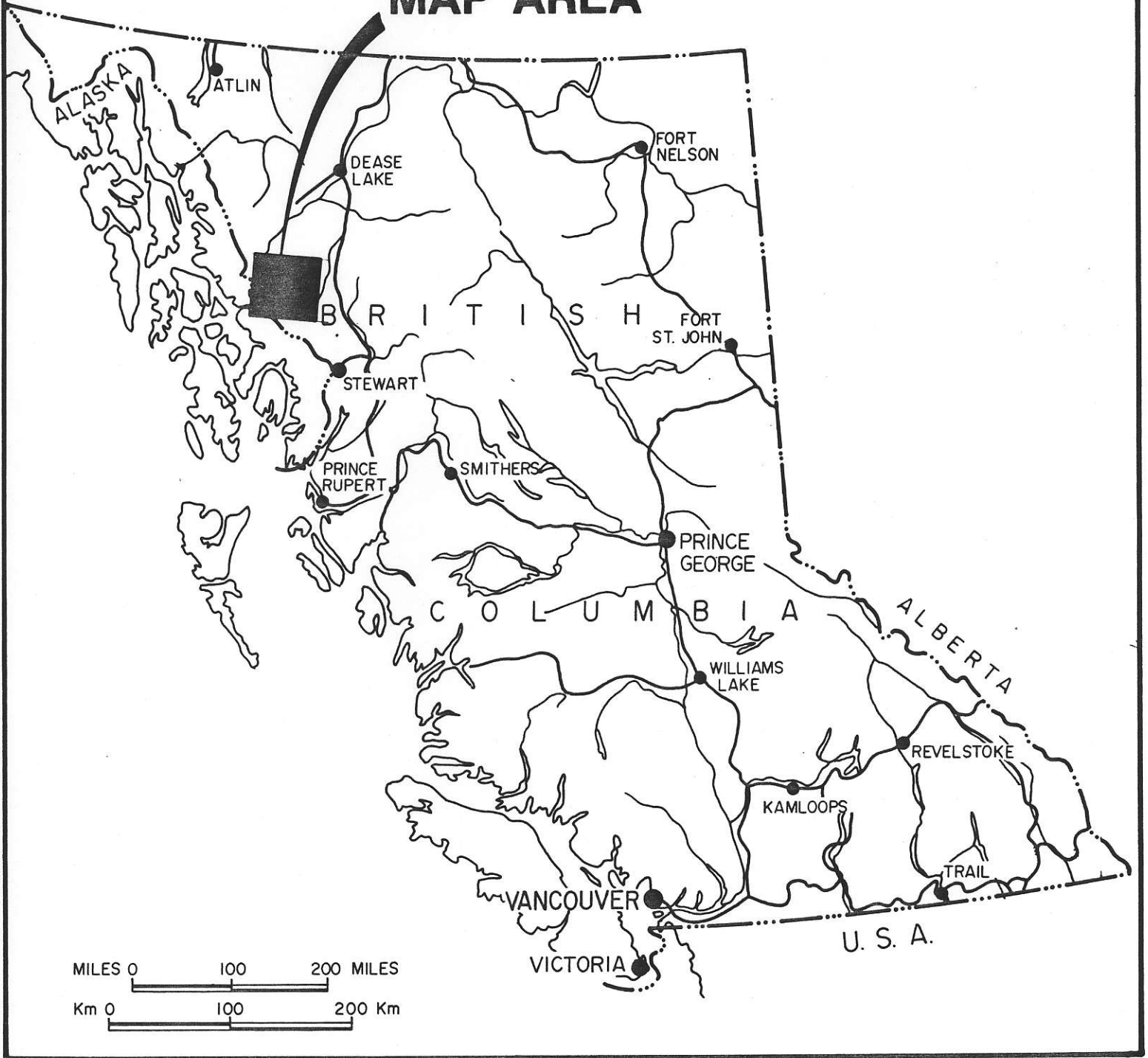
The alteration envelopes around the veins comprise massive grey potassium-feldspar and light green sericite in the vein walls, grading outward to biotite and chlorite. The veins are also flanked by a distinctive zone of 1-2 cm thick quartz pyrite stringers lying parallel to the vein, which give way to disseminated pyrite in weakly altered host rocks. Epidote alteration is common in the vicinity of the deposit, is postdeformational and is transgressive across lithologic boundaries. It occurs where an abundance of calcite permits the formation of epidote, rarely even in feldspar porphyry units.

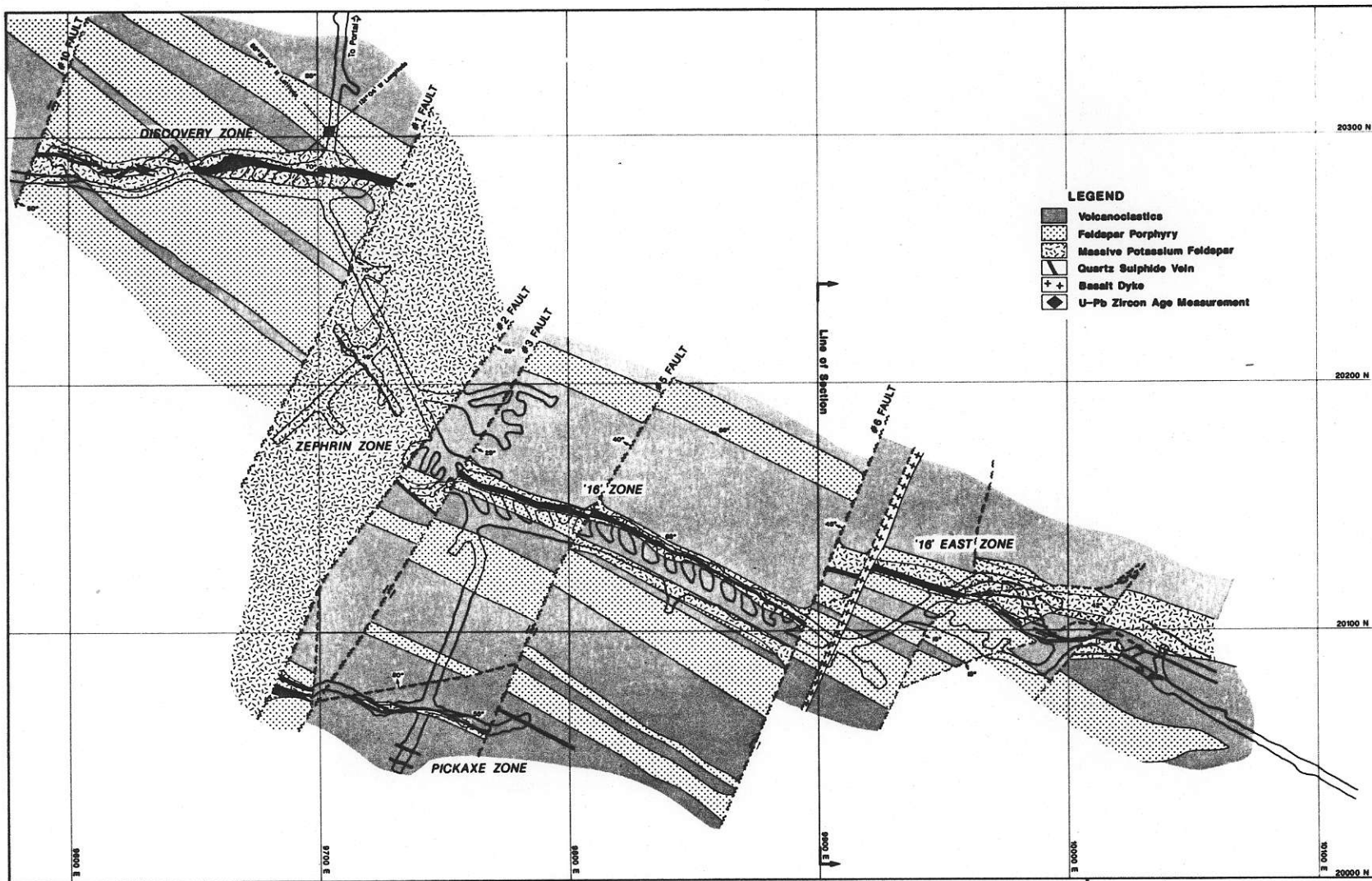
The ore minerals are electrum and gold, occurring in quartz and on sulphide grain boundaries. The Ag: Au ratio is 2:1. Trace amounts of argentite, pyrargyrite, stephanite and tetrahedrite have been observed in addition to the more common sulphide minerals noted above. Deformation-related fractures, which postdate both the major K-feldspar alteration and emplacement of the sulphide-quartz veins, host most of the higher-grade gold-quartz mineralization.

During 1989, the Johnny Mountain mill produced 46,400 ounces of gold, 74,100 ounces of silver and 1,300,000 pounds of copper from 100,300 short tons of ore. Thirty percent of the gold recovered was by gravity separation methods and sold as dore. The remaining seventy percent of the gold recovered was with a chalcopyrite froth flotation concentrate.




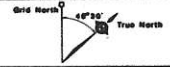
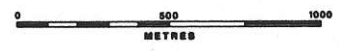
MAP AREA



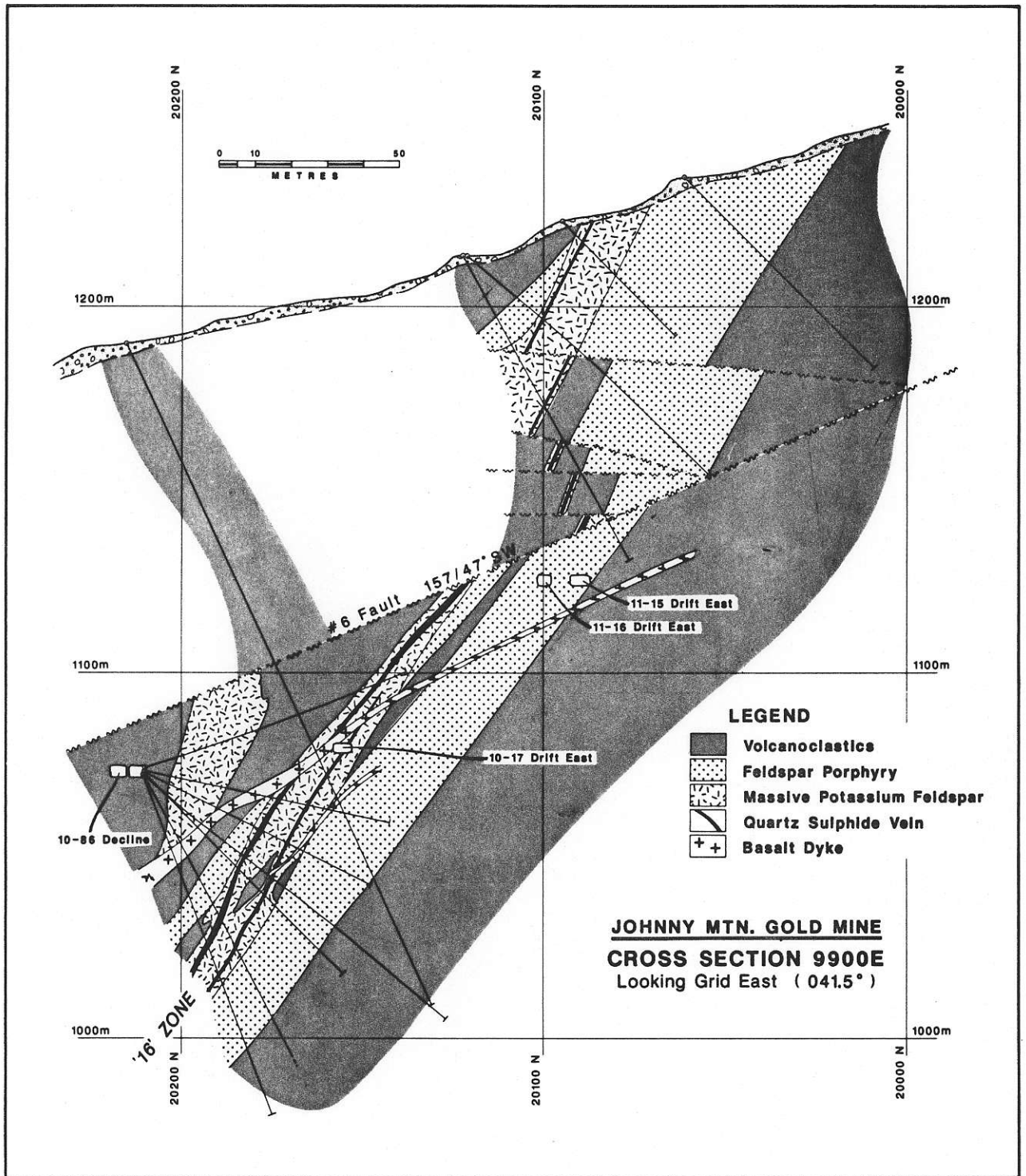


- LEGEND**
- Volcanoclastics
 - Feldspar Porphyry
 - Massive Potassium Feldspar
 - Quartz Sulphide Vein
 - Basalt Dyke
 - U-Pb Zircon Age Measurement

 **SKYLINE GOLD CORPORATION**



**JOHNNY MTN. GOLD MINE
1125m LEVEL MINE PLAN**



VANCOUVER SUN

WRS → VAP → Post

Friday, May 25, 1990

(Dubas)

He then launched a massive reorganization of the ministry, streamlining its operations. He was also involved in current fee negotiations

with doctors.

Dubas first joined the B.C. government in 1979 as director of the Liquor Distribution Branch. Before that, he was a director of project planning for the department of health and welfare in Ottawa.

Dubas has also lectured in the School of Health Information Sciences at the University of Victoria and in the department of health care and epidemiology at the University of B.C.

Alaska opposes plan for B.C. mine

By GLENN BOHN **A1**
Sun Environment Reporter

The State of Alaska and four U.S. federal agencies now oppose a plan for a massive \$400 million open-pit copper mine in northwestern B.C. near the Tatshenshini River.

Documents filed by the U.S. government bodies warn of a host of serious environmental problems — including the likelihood that acid mine drainage will contaminate the salmon-rich river with heavy metals.

One of the bodies, the U.S. National Park Service, expresses disappointment the B.C. government has not made any move to protect the area by including it in the provincial parks system.

A senior Environment Canada official said Thursday the federal department also has major concerns about acid mine drainage in the area.

Mak Ito, regional director of pollution abatement and compliance, also described the current control plan by Toronto-based Geddes Resources as "totally unacceptable."

When sulphur-bearing rocks are mined, broken up and exposed to air and water, they create sulphuric acid. The acid can leach off the toxic metals left behind in massive waste-rock dumps, creating large volumes of metal-laced, poisonous water.

If uncontrolled and uncontained, this acid mine drainage can contaminate entire watersheds. Scientists have discovered that bacteria feed on the sulphuric acid, perpetuating the problem for hundreds or perhaps thousands of years.

The Tatshenshini is an internationally renowned rafting river that

flows through glacier-clad mountains in B.C. and Alaska to the Pacific Ocean.

It supports sockeye, chinook, coho, pink, chum and steelhead salmon. The Chilkat bald eagle reserve in Alaska boasts the world's greatest concentration of eagles.

U.S. government agencies identified threats to these natural resources, as well as to wilderness tourism and the town of Haines, Alaska.

B.C. Mines Minister Jack Davis has not responded to requests for his view of the U.S. concerns, but a B.C. mines ministry news release earlier this month notes Geddes Resources has identified acid drainage as a "potential" problem.

"Provincial policy requires that the environment must be completely protected from the potential threat of acid drainage," Davis states in the release.

"The company has been told it must do further research and revise its mine plan for further scrutiny. An independent public review will not begin until this revised plan has been submitted."

Spokesmen for the Toronto-based company are touring B.C. communities this week to explain their proposal — a 20-year copper, gold, silver and cobalt mine that would employ 500 workers.

Geddes executives could not be reached for comment.

The company's public meetings are scheduled to conclude Monday in Vancouver with a 7 p.m. public meeting at the Ming Court hotel.

The U.S. government agencies said numerous problems would arise if Geddes built the mine.

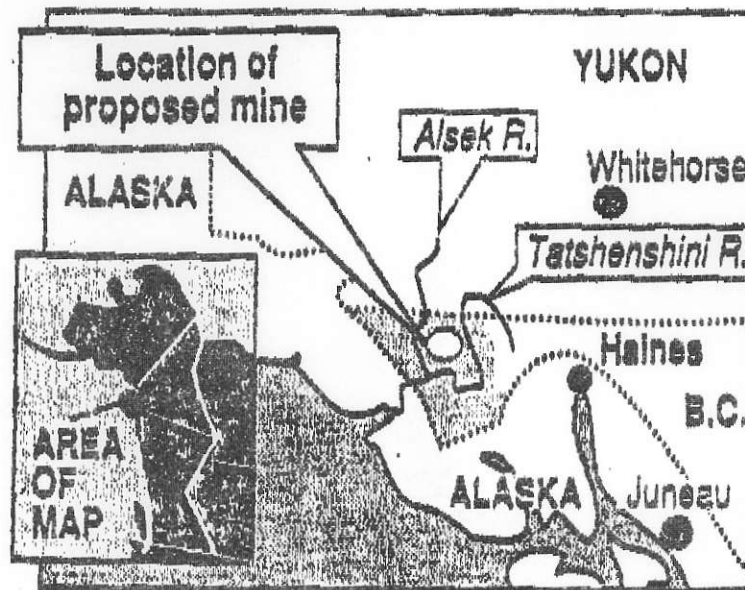
According to Geddes' plan, millions of tonnes of waste rock would be covered with water and contained behind a dam. The company plans to neutralize the acid with lime.

The U.S. Fish and Wildlife Service says the Geddes plan notes the proposed mine lies between active geological faults, but "there is no mention of perpetual post-project maintenance of the 100-metre-high dam behind which 40 million tons of highly acid-generating waste is to be permanently stored underwater... Impact to the Alsek River basin by a sudden release of mine-process waters and tailings would be devastating."

VANCOUVER SUN

Friday, May 25, 1990

(mine)



tating."

The U.S. National Marine Fisheries Service declared: "We are concerned that the proposed mine development, which is located in a seismically active, unroaded wilderness area and has a high potential to generate acid wastes, could cause long-term degradation of the Aisek/Tatshenshini River and its fishery resources. . . . It does not appear that the environmental and engineering problems associated with this project can be fully resolved with existing technology"

The U.S. Environmental Protection Agency said: "We agree with Geddes Resources that 'the risks of dumping waste rock on glaciers are not fully understood at present. . . ."

"We doubt that the release of contaminants could be controlled or monitored on a glacier given the unstable, dynamic nature of the underlying surface. Such contamination would directly impact waters of the U.S., as meltwater flows into Tats Creek, into the Tatshenshini River, then into the Aisek River to the Pacific Ocean"

"We recommend that the project be discontinued."

The governor's office for the State of Alaska says the Geddes report "does not adequately address impacts on the U.S. side of the border. . . . The state sees the potential for acid generation as one of the large environmental impacts from the proposed project." The gover-

nor's office also warned that the air, water and soil at Haines, Alaska, could be contaminated with ore dust. Geddes plans to truck its copper ore on a new road to a highway that ends at the port of Haines.

The U.S. National Park Service, which administers a national park that protects the mouth of the Tatshenshini, says a Geddes report: "often characterizes the Windy Craggy mineral deposits as 'world class' in scale and significance. Equally important, but conspicuously absent, is any mention of the world-class significance of the Aisek/Tatshenshini rivers for wilderness recreation values A bridge across the river and a visible access road would have very deleterious effects on what is today one of the premier wilderness float-trips in the world"

"We are disappointed that the (B.C.) parks ministry has not achieved any protection of the Aisek/Tatshenshini corridor under some form of park status to protect important wilderness values and resources within British Columbia."

Ric Careless, executive director of the Wilderness Tourism Council of B.C., predicted the U.S. government opposition will delay the Geddes mine for years — if not cancel it.

The association, which represents river-rafting companies and other firms that sell wilderness tours, is part of a loose environmental coalition that opposes the Geddes mine.

VANCOUVER SUN

Friday, May 25, 1990

B.C. government to build road to northwestern gold fields

By **RODNEY NUTT**
Sun Business Reporter **BS**

The provincial government will build a road into the Iskut-Stikine region in northwestern B.C., Premier Bill Vander Zalm said Thursday.

The road will provide access to the resource-rich Iskut Valley, sparking the development of several gold mines in the area.

"The northwestern area of B.C. has been by far the most active region of mineral exploration in this province for several years now," Vander Zalm said in a speech to the Mining Association of B.C. "With the discovery at Eskay Creek, the vast wealth of the area became known to us all."

Energy Minister Jack Davis said the 72-kilometre route will run from Bob Quinn on High 87 to Eskay Creek and will provide access to the Johnny Mountain, Snip and Eskay Creek properties.

The government will set up a corporation to build and own the road in conjunction with the user-companies. The corporation will initially share costs with existing and planned mines.

Davis estimated the cost of the road at \$20 million to \$22 million with the government contributing about \$15 million and the rest coming from the companies. Ultimately, the government hopes to recover all of the cost as other companies move into the area.

"As the region develops and there are more users, we will move towards greater cost recovery," added Davis.

Cominco chief executive officer Bob Hallbauer welcomed the announcement but said details of the cost sharing still have to be worked out. Cominco will develop and operate the Snip property.

The biggest winner could be Skyline Gold Corp.'s Johnny Mountain gold mine, the only operating mine in the area.

Skyline Gold chief executive Ron Shon said the road would reduce operating costs by \$200,000 a month. Currently, Skyline Gold flies its crew in and out of the Johnny Mountain mine.

"It could also open up the area to base-metals production, thereby lowering the gold grade out-off level," said Shon.

Murray Pezim's Prime Group will also develop the rich Eskay Creek gold deposit in the area.

Securities dealer L.O.M. Western Securities Ltd. has increased its exploration spending estimate in the Iskut-Stikine in 1990 to \$70 million from \$50 million.

"Along with development expenditures, planned spending on Stikine Arch projects will exceed \$100 million this year," said L.O.M. Western research vice-president Stephen Semenluk.

Davis said construction of the road would begin this summer.

"We are starting now on detailed engineering, costing and environmental work so that we can make the final decisions on the corridor," said Davis. "In designing the road, we will set up an advisory committee including representatives from the mining companies, Tahltan tribal council and the Kitimat-Stikine regional district."

"This is a real boost for economic development and expanded business opportunities in Smithers, Stewart, Terrace and other northern communities," said Social Credit MLA Dave Parker (Skeena). "Road access means new mineral exploration and development, greater tourism opportunities and expanded forestry operations."

Friday, May 25, 1990

Controversy sparks changes at Ballet B.C.

BY ROBERT MATAS
The Globe and Mail

VANCOUVER

CHARGES and counter-charges flew across the room for more than three hours Wednesday evening before Ballet B.C. society members rallied around a consensus resolution intended to end the controversy over the firing of artistic director Patricia Neary.

Ballet B.C. held the general meeting in response to a demand from 30 disgruntled members of the ballet society for a full report on events leading to Neary's firing in March.

Neary, whose work with Ballet B.C. has drawn critical acclaim, was fired after several dancers and administrators criticized her during private meetings with board members. A star with the New York City Ballet under George Balanchine, Neary was hired on a five-year contract less than eight months before she was fired.

The showdown between Neary's admirers and detractors drew 250 of the society's 450 members to a downtown hotel room. By a show of hands, an overwhelming majority of members supported measures that ensure the group of disgruntled members will have a voice on an expanded board of directors and on a committee searching for a new permanent artistic director.

The members also directed the ballet's board of directors to review the administration of the ballet society, the process of appointing and reconsidering the appointment of the artistic director and the relationship between the artistic director and the general manager.

Neary, clearly agitated by the emotional exchanges during the meeting, walked out midway, after defending her accomplishments as director and charging that she had been poorly treated.

"My concern was, and continues to be the basic lack of fairness which result in my being accused, tried and convicted in my absence. I would have appreciated an opportunity to reply to the accusations," she said.

Outside the meeting room, Neary said in an interview she is still shaken from the turn of events. "I don't quite understand what happened. I am still in shock," she said.

Robert Heffron, Ballet B.C. president, told the meeting the directors believed their actions were in the best interest of the company.

Neary refused to work with an advisory committee, had difficulty working with the administration and pushed board members to provide improved office space and studios, he said. Problems continued to mount, leading to the appointment of a committee to deal with the matter. During February and early March, the committee met with 21 people who voiced their concerns about Neary.

The spirit of the organization was being destroyed, Heffron said. "Ms Neary had alienated the majority of employees and nothing (she) could say would alter that fact. Confidence in her had diminished to the point that most employees could not longer work with her."

In her defence, dancer Jackson McKie, who danced five seasons with the Royal Winnipeg Ballet before joining Ballet B.C., told the meeting that an organized move to get rid of Pat Neary had been active since last fall.

"She was consistently, actively undermined by senior dancers and by members of the company's administrative staff," he said.

Neary does not handle dancers with kid gloves, McKie said. She is extremely demanding, frequently resorts to sarcasm and is occasionally insulting. She is particularly hard on company apprentices and new dancers, he said.

But her abilities as a teacher and coach are indisputable, he maintained. "I have never encountered so effective or so thorough a dance master."

New B.C. road to help firms get to the gold

BY KAREN HOWLETT
The Globe and Mail

B5

VANCOUVER

Cominco Ltd. and other mining companies are getting help from the British Columbia government to build a road into one of the hottest gold exploration areas in Canada.

Premier William Vander Zalm announced the go-ahead on the 72-kilometre-long road yesterday in a speech to the Mining Association and the B.C. and Yukon Chamber of Mines in Vancouver.

The cost, estimated at \$20-million, will be shared by the province, Cominco and other exploration companies that have properties in the remote and mountainous area of northwestern B.C. near the Alaskan border.

Prime Resources Group Inc. and Stikine Resources Ltd., both of Vancouver, jointly own the promising Eskay Creek property in the area. In addition, Prime has an interest in Cominco's property, known as the SNIP deposit.

Vancouver-based Cominco is considering developing a gold mine on the SNIP deposit, 100 kilometres north of Stewart, B.C.

It has been negotiating for some time with Victoria to get provincial help to build the road but, until yesterday, a deal appeared unlikely.

There are hard feelings between the government and Cominco because the company shut down its Sullivan zinc mine in January for an indefinite period, putting 700 workers in the southeastern B.C. town of Kimberley out of a job.

Helping with the road is part of the provincial government's strategy to help exploration companies get access to the mineral properties and create jobs, a spokesman in the Ministry of Energy said.

The provincial government is setting up a Crown corporation to build and own the road together with mining companies that use it. The corporation will initially share costs with the existing and planned mines.

"As the region develops and there are more users, we will move towards greater cost recovery," Energy Minister Jack Davis said in a statement.

Thursday, May 24, 1990

CKVU 1st NEWS (5:30 p.m.)

Lead: STAN DUBAS DISMISSAL

055

Top bureaucrat in Health Ministry fired. Decision was made Wednesday as cabinet met. Move follows lengthy investigation by Comptroller General. Details remain sketchy and politicians aren't eager to talk about it. (TAPE) Stan Dubas, a highly respected senior bureaucrat with Gov't for 11 years. John Jansen: internal matter. Linda Farmer. Mel Couvelier. Bud Smith: internal matter. Frank Rhodes looked shaken.

MD FEE DISPUTE/PROTESTS

305

Another issue for Mel Couvelier today (sic). He says B.C. doctors and Gov't are further apart on fee increases; difference could cost taxpayers \$343 million. BCMA calls that an incredible statement, saying doctors just reduced their fee demands. And it says Gov't canceled until next week negotiations that were supposed to resume today. Doctors in Kamloops are latest ones to push their demands for more money, staging four-hour study session today.

MEECH CONSTITUTIONAL CRISIS

355

Word today that Bill Vander Zalm will travel to Ottawa to meet with PM on Saturday. It will be a one-on-one discussion of our constitutional deadlock. And Premier has asked this TV station and others for 15 minutes of air time Monday to give his thoughts on constitutional matters. (TAPE) If he has anything new to add he's keeping it to himself for timebeing...

PM is calling all premiers in, one by one, for some arm-twisting. Latest attempt to salvage Meech Lake and Canadian unity has already begun. Don Getty is with PM now. (TAPE) What PM will try to sell him...

Still more pressure is being applied to save Meech. John Buchanan personally appealed to Frank McKenna to drop his objections and say yes to Accord. McKenna says he cannot, yet, and Gary Filmon says premiers are actually close to agreement on ways to bring Quebec and other provinces together.

MEECH-LINKED BANK HIKE

605

It was predicted and it didn't take long to happen. Fears about possible breakup of Canada if Meech Lake fails to drive up country's key interest rate today (sic). And it did. It was a large increase and Bank of Canada lending rate is now at highest level since last recession. (TAPE)

NATIVE-TREATY COURT RULING

1175

A major victory in Supreme Court of Canada for native Indians they indicate could be precedent-setting. Ruling upholds 230-year-old treaty giving Hurons near Quebec City right to exercise their customs. It means they can no longer be charged with violating provincial park laws when they light fires and cut trees in a park. Native leaders say unanimous decision lays groundwork for several other court cases involving old treaties in Canada

ISKUT VALLEY GOLD ROAD

1710

Bill Vander Zalm got a whoop of approval from B.C. Chamber of Mines and B.C. Mining Assoc. today. Premier announced \$20-million road expansion into ore-rich Iskut Valley in NW B.C. Premier says 72-km road from Bob Quinn on Stewart-Cassiar Hwy to rich mining area at Eskay Creek will open up vast area with tremendous potential for mining, logging and recreation.

Continued...

THE PROVINCE

Friday, May 25, 1990

'Golden' road looms**Iskut access cheaper, easier/**By Patrick Durrant
Business Reporter

53

Premier Bill Vander Zalm has given north-western B.C.'s red-hot gold play a \$20-million shot in the arm.

A 72-kilometre road will be built to provide easier and less-costly access to the mineral-rich Iskut Valley, the premier announced yesterday.

The region contains the Eskay Creek gold discovery, the producing Johnny Mountain mine and the SNIP gold deposit, on which a decision to go into production is expected soon.

"The full potential of the area cannot be realized without roads and other infrastructure," Vander Zalm told an applauding audience from the mining and investment communities.

"The government is setting up a corporation to build and own the road on a cost-recovery basis. It will be built and managed to meet strict environmental standards and fit in with other regional needs, such as forestry and recreation."

Vander Zalm said the road would provide a catalyst for further development and, as the region reached its full potential, the

government would "see a full-cost recovery."

Mines Minister Jack Davis, who was also at the meeting, said the planned route ran from Bob Quinn on Highway 37 to Eskay Creek, and would be based on a road location and feasibility study completed last fall.

"We are starting now on detailed engineering, costing and environmental work," Davis said.

"We will set up an advisory committee that will include representatives from the mining companies, the Tahltan Tribal Council and the Kitimat-Stikine Regional District."

The government will advance the money to build the road to the new corporation, which will recover the costs from the users. Davis said the mining companies might choose to "buy" into the project, or alternatively pay increased tolls to meet their share of the cost.

He pointed out that the costs of building and maintaining the road would be shared more broadly as the region developed and there were more users. The road should be completed in 1991.

Vander Zalm's announcement was greeted enthusiastically by Tom Waterland, president of the Mining Association of B.C., and by Jack Patterson, manager of the B.C. and Yukon Chamber of Commerce.

"It's extremely good news," Waterland said. "Production costs at the future mines will be reduced, and road access makes it more likely that additional mines will be found and developed in the region."

Vander Zalm also drew applause when he said soon-to-be-introduced legislation would confirm a policy that the mines ministry was the "single window" for new mining ventures.

"The ministry's mine development review process (through which all new mine projects are channelled) is a model of its kind, and it will be strengthened through the new legislation," he said.

An updated investment review of the region by Vancouver-based L.O.M. Western Securities Ltd. said exploration expenditures planned for the "Stikine Arch" in 1990 were now estimated at \$65 million, with at least 265 companies involved in drilling programs and other work.

Describing the Eskay Creek discovery as "the biggest gold-silver discovery in Canada since Hemlo (in Ontario)," L.O.M. noted that approximately three million ounces of gold equivalent had been outlined and measured to the end of 1989.

Subsequent drilling has enlarged the discovery and the investment firm predicts that a reserve of at least five million ounces is conceivable.

Friday, May 25, 1990

B.C. injecting cash into toll road for gold-rich northwest

By Michael Bernard
The Canadian Press

A.3

VANCOUVER — The provincial government will help pay for construction of a \$20-million, 72-kilometre toll road into the gold-rich Eskay Creek area in northwestern British Columbia, Premier Vander Zalm said Thursday.

"The full potential of the area cannot be realized without roads and infrastructure," he told about 400 people at a Mining Association of British Columbia lunch.

"Here is where we will take the lead in establishing a

corporation to build and own the road on a cost-recovery basis."

A particularly promising sample — Hole 109 — obtained last year by one of several companies drilling in the Eskay Creek area about 1,000 kilometres north of Vancouver revealed the vast wealth of the area, he said.

The road will not only result in new new mines but also will open up forestry and tourism in the rugged mountainous region, he said.

"It will create opportunities," he said. "And over time, as the region reaches its full potential, we'll see cost recovery from all these sources."

Energy Minister Jack Davis told reporters later the

provincial government will probably pay about \$15 million of the cost with the balance being picked up by the mining companies in the area. Construction should start this summer.

Among the companies actively exploring in the area are Cominco, with its SNIP mine, Skyline Resources and Vancouver promoter Murray Pezim and the Prime group of companies.

The Eskay Creek-Iskut River area made headlines last summer when results from Hole 109 set off a buying frenzy on the Vancouver Stock Exchange.

Trading volumes hit more than 55 million shares as investors sought to buy into a number of companies —

including several controlled by Murray Pezim — with interests in the area.

Hole 109 revealed samples of up to .875 ounces of gold a tonne. By contrast, grades for operating mines run about .2 ounces a tonne.

The latest estimates of the area indicate about four million ounces of gold and 95 million ounces of silver for a total value of about \$2 billion.

The investment community reacted enthusiastically to the announcement.

"It will help the high-cost producers, such as Skyline first," said Steve Semenluk, research director for L.O.M. Western Securities. "It means millions of dollars worth of exploration and employment."

Stena hopes to meet ship-upgrade deadline

The Associated Press A.2

SEATTLE — The president of Stena Line says he expects to meet a June 4 deadline for bringing the company's 1,200-passenger ferry, the Crown Princess Victoria, up to Canadian safety standards.

"The ship is safe," Claes Westberg said Wednesday. "If we don't meet the deadline, we just won't be able to use certain areas" of the ship.

The Crown Princess, which arrived from West Germany April 14, plies the Seattle-Victoria route with Stena's 950-passenger Vancouver Island Princess.

The Crown Princess began operating between Seattle and Victoria May 4 under a one-month temporary permit requiring special loading restrictions.

To meet Canada's safety standards, the company has to add more fire doors, install special fireproof insulation for the gallery and modify the ship's sprinkler and ventilation systems.

If the June 4 deadline isn't met, the ship can still sail during the summer

tourist season — but only under the same limitations listed in its temporary permit. These include not carrying trucks or buses, or more than 1,000 passengers.

Alex Greig, the Canadian Coast Guard's senior surveyor for ship safety, said Wednesday that calculations show the vessel, without certain load limits, could have trouble righting itself in a serious accident — such as being "hit by another ship at a point where its two largest adjacent compartments would be opened to the sea."

The ship is safe and stable if sailed intact but problems could arise if it should be damaged, Greig said.

The U.S. Coast Guard has inspected the Crown Princess but will rely on Canada's book work.

"We look to the vessel's home flag for compliance," said John Dwyer, chief of the coast guard's vessel-inspection office in Seattle.

Westberg said he expects to meet the deadline for modifications. He said about 10 staterooms on the ferry are off-limits until fire standards are met.