

Lefebure, Dave EM:EX

From: Schroeter, Tom EM:EX
Sent: Friday, September 17, 1999 12:40 PM
To: Adams, Rick; Anderson, Duane; Bergen, Wally; Beswick, Ed; Brown, Derek; Cathro, Mike; Cattermole, Christy; Conte, Rick; Errington, John; Finvers, Maija; Hall, Ted; Hermann, Fred; Jakobsen, Dorthe; Jones, Larry; Kilby, Ward; Koncohrada, Karen; Lane, Bob; Lefebure, Dave; Lewis, Jim; Lieutard, Denis; McArthur, Gib; McLaren, Graeme; McMillan, Bill; Pinsent, Robert; Smyth, Ron; Whale, Andrew; Wilton, Paul
Subject: Van. MDO (GSB): Sept. 6-18/99
Sensitivity: Private

1) Priorities For Coming Week:

- a) **Fieldwork:** i) Sept. 20-24 (with Paul Wilton) - Flathead Area (Crownsnest/Howell Creek); Sullivan (sedex)-type targets in Cranbrook region; ii) Sept. 25-27 (with Mike Cathro) - Cam Gloria, Brassie, Big Kidd.
- b) **"Gold in BC" Project:** i) data manipulation; ii) Map (Draft #2) in preparation (Fournier).
- c) **Exploration Tracking/Monitoring/Trends:** Ongoing. Discuss SE region activities with Wilton.
- d) **CRII (Central Coast):** Pinsent continues research. Bella Coola (LUCO) funding?
- e) **YEP (MDO):** in process.
- f) **MEG/BCYCM/GSB "Eskay Creek-Type Potential" Workshop** (Nov. 25th): Program/registration preparation [Howson/Massey].
- g) **KEG Meeting:** Sept. 25th.

2) Status of Strategic Projects:

- a) **Exploration Tracking/Monitoring/Trends:** i) Ongoing. Current estimate of 1999 exploration expenditures = \$25M [Note: down from previous estimate of \$30M i.e. proposed projects (subject to financing) - dropping by the wayside]. Prelim data: Minesite = 29%, Advanced = 30%, Grassroots = 35% (i.e. big 'winner' is grassroots; 'looser' is advanced); By Region - NW (24%), NE (15%), SC (11%), SE (38%), Van. Is./L. Main. (12%) 'Significant' drilling programs completed/in progress/planned = 60; ii) Worked with Jim Lewis (Mineral Statistics) re- "Tomexplo"; ii) Mineral units staked in August up 12.5% (from Aug/ '98) - Total mineral units staked (Jan. - Aug. incl.) - up 4.5% (cf. same period, 1998); iii) FMC's recorded (Jan. - Aug. '99 incl.) - down 0.6% (cf. same period, 1998).
- b) **"Gold in BC" Project:** i) data manipulation progressing well; ii) Map (Draft #2) in progress (Fournier).
- c) **MEG/BCYCM/GSB "Eskay Creek-Type Potential" Workshop** (Nov. 25th): Secure speakers, preliminary program prepared. [+ Nick Massey assistance].
- d) **MEG Executive Committee Meeting** (15th): 1999-2000 program nearly complete; Eskay Workshop planning.
- e) **CRII (Central Coast):** Pinsent continues research. Waiting for word from LUCO re-possible additional funding for Bella Coola area.
- f) **"1999 Exploration Review":** Preliminary 'look' at totals (discussions with RGs).
- g) **YEP (MDO):** in process.
- h) **BCYCM Monthly Luncheon Meeting** (7th): Special Presentation (by Gary Livingstone. MABC) - "The Tulsequah Chief Story". The main thrust here appears to be the potential ownership of water in BC (i.e. USA vs Canada).
- i) **Fieldwork:** i) [Toodoggone Camp with Bob Lane, Sept. 8-11th] - **KEMESS:** Bad News - new resources (yet to be released) will probably decrease mine life to 7-8 years (cf. 14-15); Good News - Operation has turned around (for the better) significantly, since the Spring! The mine had it's best production month in August - 25,200 oz (783,808 grams) of gold from 1,582,701 tons (1,435,510 tonnes) of ore milled at an average daily throughput of 51,055 tons (46,307 tonnes) (Note: Pre-mine feasibility estimate was 250,000 oz gold/yr). At the end of September, Ken Stowe will replace Kevin Weston as General Manager. We heard that approx. 1000 ounces of

gold in concentrate is leaving the minesite. Garry Parrup, geologist, very kindly toured us around). Mill recoveries have improved substantially, a result of excellent work by staff in the mill facility, as well as the close communication between the engineering department and production crews working in the pit. Besides the three ore types (leached, supergene and hypogene) that were identified/mined up until this summer, a fourth type has been identified (transitional) lying between the hypogene and supergene mineralization. The significant geological (and \$) factor here is the hematite (veins). The mill treats all four ore types separately; thus the need for the close communication between the pit and the mill at all times. The hypogene ore has a work index of approx. 13, lower (cf. 16-17) than forecast from the bulk testing program (i.e. test pit now known to have been OUTSIDE the ore zone, in the pyrite shell). The newly recognized transitional zone contains chalcopyrite, +/-bornite, +/-chalcocite. Hypogene ore in concentrate grades 26%Cu; supergene ore in concentrate grades 32%Cu (ideally). Work continues on dam construction; it is reported to be the 3rd largest dam facility in North America. New owner? - end October? Of the 6 companies that visited the minesite in the early summer, there were NO 'official' bids. By default, that leaves Trilon, and a more recent (August) bidder (Australian connection?).

Baker: Sable Res. (Ed Kraft, Bill Howell) were about to start its 13th diamond drill hole on the Ridge zone, upslope/above Vein A. Abundant trenching has located well altered (silica/clay) material. [If this hole isn't successful, that could be the end for the Baker property?].

Pine: Stealth Mining (David Blann) drilling Kemess target, north of minesite. With a budget of approx. \$200,000, Stealth was on its third drill hole this year; it hopes to complete 4 this season - all on the Pine zone. The target is a large tonnage, low-grade deposit (like Kemess); better grades, to date, range from 0.3 to 0.6g/t Au and <0.2%Cu. [Cannot guess the grades visually - wait for assays].

JC Claims: New property staked this year, as a direct result of the Jan. 1999 release of airborne geophysical data (GSC) and RGS (MEM). Targets include high(er) grade veins, and porphyry.

Lawyers: fly-bye to 'document' excellent reclamation of mine/mill/tailings facilities.

ii) **Carruthers:** brief field discussion with Phelps Dodge crew, based at KM 400 on OMAR - second visit to VMS property this season.

iii) **Cariboo Gold Quartz/Mosquito Gold Mine** (with Bob Lane - Sept. 12-13th): Ned Reed very kindly toured us underground on the Mosquito Gold Mine. International Wayside Gold Mines just finished drilling (ran out of \$) on its BC Vein, on the Cariboo Gold Quartz property. It drilled 18 holes on this 'new' vein structure over a strike length of about 550m. The company is now calculating a resource number for the BC Vein [question enough data?]. Mineralization consists of auriferous pyrite and rare vg in a gangue of quartz and ankerite. The pyrite is very coarse grained. The host rock is a phyllite with dolomitic 'eyes'. The average width of the BC Vein is approx. 16ft. (4.9m), with an average grade of 0.38opt (13g/t) Au (range: 0.3 to 0.7opt Au). The budget for the Cariboo Gold project was approx. \$200,000.

On the Mosquito Gold site, recent 'poking around' on the 4400' level (underground), resulted in the 'discovery' of a 4.5ft. wide quartz-pyrite vein with 'good' gold values. Surface drilling is in progress (\$150,000 budget) targeting the prospective limestone horizon (i.e. replacement mineralization).

[Despite rumors of this project entering the EAP 'soon', alot more work and \$ are required].

iv) **Lottie** (with Bob Lane, Sept. 13th) - interesting new (1998-PAA) discovery of VMS-style float, north of Wells. Minor trenching and geophysical work by Eureka Res, this summer in search of lode source - not found yet. Nonetheless, a good target type and area.

3) Industry News: i) **Lindsay Bottomer** has recently become Vice-President, Exploration with IMA Exploration Inc. (main projects in Argentina); ii) **Jay Taylor**, geological engineer, will succeed John Wilson as CEO of Placer Dome next year. Published reports state that "in the years ahead, he plans to focus on recent acquisitions in the U.S. and South Africa" (Getchell and Western Areas, respectively - both large gold mines/targets). [Hope office move out of Vancouver not in the cards; also, perhaps time for PD to take another look at base metals?]

4) Exploration Roundup:

a) **Axelgold:** Rubicon Minerals Corp. has recently renegotiated its option agreement with Lorne Warren on this interesting porphyry gold target in the Sustut area.

b) **Crowsnest:** Eastfield Res. Ltd. and Int'l Curator Res. Ltd. reported that assay results from the first 3 holes of its recently completed 10-hole, 1,096m diamond drilling program in the Flathead region. The drilling program was designed to locate the source of high-grade, auriferous boulders. Various anomalies were tested over an area approx. 900m by 600m. "NO significant gold mineralization was encountered" in these first 3 holes [let's hope something comes out of the next 7 - property visit with Wilton, next week].

c) **Golden Bear:** Wojdak (Sept. 17th) reported that Wheaton River Minerals was winding down its mining/leaching program for the season (recent site visit). It poured its 60,000 ounce of gold recently, and expects to exceed its' 1999 target (59,000oz) by about 5%.

d) **Irishman Creek:** Sedex Mining has filed a NOW for drilling on its sedex target, southwest of Cranbrook. I