

## ESKAY CREEK UPGRADED

The recent completion of the feasibility study for the high grade Eskey Creek gold property located in northwestern British Columbia (*MJ*, August 6, p.90) has confirmed the economic viability of the project, according to the co-owners, Prime Resources and Stikine Resources. (Through its majority shareholding in these groups, San Francisco-based Homestake Mining holds a 54% interest in the project.) As a result of the study, the Eskey Creek resource has been upgraded to a proven and probable reserve containing 2.3 Moz of gold and 102 Moz of silver.

Located approximately 960 km northwest of Vancouver, the Eskey Creek property was discovered in 1988. As currently defined, the deposit contains 1.1 Mt of reserves averaging 65 g/t of gold and almost 2,950 g/t silver. The deposit also hosts zinc and copper at an average grade of 5.6% and 0.77% respectively. The

feasibility's primary development option calls for the production of 360 t/d of underground ore which will be trucked and treated at a site near Houston, B.C., about 560 km from the mine site. The ore will be processed using conventional grinding methods followed by pressure oxidation to recover precious metals.

The study indicates optimal annual production rates of 240,000 oz of gold and around 10.5 Moz of silver. By-product output of zinc and copper is estimated at 5,400 t and 800 t respectively. The study also confirmed that pre-production capital costs would be some \$C294 million, including allowances for contingencies and working capital items. Cash operating costs are estimated at approximately \$108/oz of gold equivalent, net of base metals by-product credits. Application to the B.C. Government for a mine development certificate will be submitted in

November 1993, and if accepted, commercial production could begin by late 1995 or early 1996.

Meanwhile, an evaluation is currently underway to assess the possibility of shipping ore directly to smelters following enquiries from smelting companies interested in obtaining feed material. Should the evaluation prove successful, this approach could cut the capital costs of the project by between \$C150 and \$C200 million, although operating costs would increase.

Homestake Mining is one of the world's largest gold producers with a projected 1993 gold production of 1.8 Moz. Production of 942,800 oz of gold during the first six months of 1993 at an average cash cost of \$228/oz contributed to revenues of \$357.1 million for the period and a net income of \$16.9 million. □

## BINDULI HEADS CROESUS QUARTET

Incorporated in 1985, Australian junior, Croesus Mining NL, has interests in 38 mineral properties in Western Australia, mostly centred on Kalgoorlie. The current emphasis is on four gold projects and the 1993 production target is 40,000 oz. Underground mining is already in progress at Mystery Mint (100% owned) near Coolgardie and open pit operations are being conducted at wholly-owned Binduli.

This project has assumed greater importance as a result of recent deep drilling. The property is located within 8 km of Kalgoorlie's 'Golden Mile' and no previous owner has drilled deeper than 70 m. In the Centurion pit Croesus' reverse circulation drilling has intersected good ore grades of up to 5 g/t to a depth of 75 m and extending into sulphidic ore. Initial interpretation suggests that the primary mineralisation has a true thickness in excess of 20 m. Ore from Binduli is being treated at Croesus' wholly-owned treatment plant, 20 km away at Hannan South.

In the longer term, a considerable boost to production will come from the 49%-owned Jupiter deposit which is due to begin production later this year. Jupiter comprises two main zones which contain a measured and indicated resource of 2.65 Mt grading 2.7 g/t Au. The two zones will be brought into production as open pit mines with the ore being treated at a nearby mill. Croesus believes there is strong potential for additional reserves and a \$A1.5 million exploration programme to test new targets is in progress.

The company's other key project is the Kalgoorlie South joint venture with Kalgoorlie Consolidated Gold Mines, operator of the nearby Super Pit project. An eight year \$A8 million exploration programme is in progress, with KCGM earning the right to a 75% interest. □

## CHINESE SWEETENER FOR FOREIGN INVESTORS

Two senior officials have indicated that China is taking steps to reform its tightly controlled gold industry and will soon allow foreigners a chance to invest in Chinese gold mines. Investors will, however, only be allowed a slice of low-grade mines or those which are hard to exploit. The most likely sites are located in the provinces of Yunnan, Guizhou and Sichuan and, according to *Reuters*, companies from the U.S., Canada, Australia and South Africa have expressed an interest in exploring China's gold resources.

Overseas participation in China's gold sector has previously been limited to the supply of mining equipment for the state gold monopoly, a major money spinner for the government and one of its most secretive economic departments. As well as inviting foreign participation in some of China's gold projects, recent reforms have been introduced to the state's gold purchasing policies aimed at further boosting overseas interest.

The Peoples Bank of China (PBOC) recently announced that the price of domestically produced gold will be allowed to rise to international levels in response to the crisis affecting domestic producers who have been paying increasing costs to produce the yellow metal without receiving commensurate increases from the central bank. Until the beginning of September, the PBOC was paying between Yu48 and Yu55/g (\$US258-\$293/oz) which had acted as a disincentive to domestic producers who were having to meet prices for raw materials and equipment needed

for production determined increasingly by market forces. A report published by the *Xinhua* news agency said that gold production had quadrupled between 1976 and 1991 to an estimated 110 t and has risen by an average 15%/y since the mid-1980s. Last year, however, output increased by just 8.6% and earlier this year, one-in-three mines was said to be experiencing losses. A *China Daily* report attributed the decline to producers simply turning less of their production over to the state which has long enforced rules permitting the sale of gold only to the government and at artificially low government-set prices.

The resultant gap between the bank bullion price and the retail price for gold products has resulted in widespread smuggling, particularly between the southern Chinese province of Guangdong and Hong Kong. □

## LEADING INDICATORS

	Oct 6	Change on week (%)	High/Low (%)	Year's Max/Min
<b>Share Indices</b>				
F.T. Ordinary	2,355	1.4	93	2,406-1,716
U.S. Dow Jones	3,599	0.9	89	3,652-3,152
M.J. Gold Mines	382	3.7	72	480-132
Australian All Mining	820	3.6	76	900-561
South African Gold	1,528	-1.3	57	2,092-765
Toronto Met/Min	2,897	3.0	60	3,139-2,535
Nikkei Dow	20,500	2.1	90	20,953-16,318
Hang Seng	8,042	6.5	100	8,042-5,318
<b>James Capel Indices</b>	Oct 6			
(100 on 1/1/89)				
Global Mining	112	3.4	76	121-84
Base Metals	101	2.0	24	113-97
Diversified	119	3.2	89	122-94
Small Companies	95	4.8	63	124-45
Gold	119	5.2	74	138-63
Gold ex R.S.A.	124	6.5	74	143-71
North American Gold	138	6.4	76	157-80
North American Base	123	2.1	62	149-82
<b>Commodity Prices</b>	Oct 6			
Gold (London)	\$356	1.0	42	\$396-326
Copper (LME)	\$1,673	-1.6	0	\$2,422-1,673
Aluminium (U.S. prod.)	52c	1.0	14	58-51c
Brent Crude (dated)	\$16.94	1.0	31	\$20.60-15.33