

## INSIDE

### New look at Val d'Or

Val d'Or, Que., has been well worked over by gold explorationists, but its base metal potential has been largely overlooked for the past 20 years. New geological theories and new exploration techniques have already turned up one major new discovery and could result in more. **Page B3**

### Quebec review

Flow-through funding may have dried up considerably, but exploration in Quebec was still at a very high level during 1989. Gold, base metals, nickel and even graphite have raised the interest of investors. The news is not all good, but there's plenty going on. **Page B4**

### LAC looks to Chile

LAC Minerals is putting a lot of effort into exploration in Chile because it offers "superlative geological potential, a mining infrastructure, skilled workers and a strong economy," says chairman Peter Allen, but the gold producer is also active throughout North America. **Page B5**

### Cambior's prospects

With its new Beliveau gold mine east of Val d'Or, Que., up and running, Cambior is turning its attention to bringing another of its many exploration projects into production. Although its exploration budget was lower this year, it has had some good success. **Page B5**

### Corona's quest

Corona Corp. is determined to retain its status as a low-cost gold producer and it is depending on exploration success to do it. It has been involved in projects from Newfoundland to British Columbia, in the U.S., Mexico, the Caribbean and Greenland. Some of its efforts have produced exciting results. **Page B7**

### Base metals revival

It wasn't too long ago gold was the only game in town and few junior companies had the foresight to look for base metals. How times have changed. Some of the most exciting plays today are in base metals, although investors are demanding both solid reserves and good grade. **Page B8**

### Stewart-Sulphurets

There's probably no other camp in Canada that can boast such a variety of projects at various stages of advanced exploration and development as this area in northwestern British Columbia. It has almost single-handedly revived the Vancouver Stock Exchange. **Page B10**

### 'Partner of choice'

Placer Dome is trying to establish itself as the 'partner of choice' among junior exploration companies looking to explore and develop properties in North America. If the number of deals Placer is involved in is any indication, the company is well on its way to being just that. **Page B12**

## Eskay Creek upstages Iskut River as northwestern B.C.'s hottest play

by Vivian Danielson

VANCOUVER — The Iskut River gold camp in northwestern British Columbia was upstaged late in the 1989 exploration season by the Unuk River camp about 25 miles away where **Calpine Resources (VSE)** made a significant gold discovery.

Both regions came to prominence as a result of spectacular and heavily promoted gold discoveries that subsequently triggered an exploration boom in the surrounding area.

At the height of the flow-through funded exploration boom several years ago, **Skyline Gold Corp. (TSE)** discovered a high grade gold deposit on its Johnny Mountain claim group located in the Iskut River area. That deposit is now supplying mill feed for the company's 320-ton-per-day mining and milling operation, the first in the district.

After a rocky start, a management upheaval, and a subsequent dedicated effort to effect a turnaround, Skyline Gold is now reporting improved production results from its air-accessed mining operation.

The company is currently installing a regrind mill to increase production capacity to 350 tons per day and gold recovery to 90%, a measure it expects will result in profitable operations in its next quarter.

During its latest quarter the mine produced 12,167 oz gold at a production cost of \$202(US) per oz, after taking into account silver and copper credits and excluding transportation costs.

Calpine's Eskay Creek project is still in the exploration stage, but many industry observers say it has already emerged as one of the most

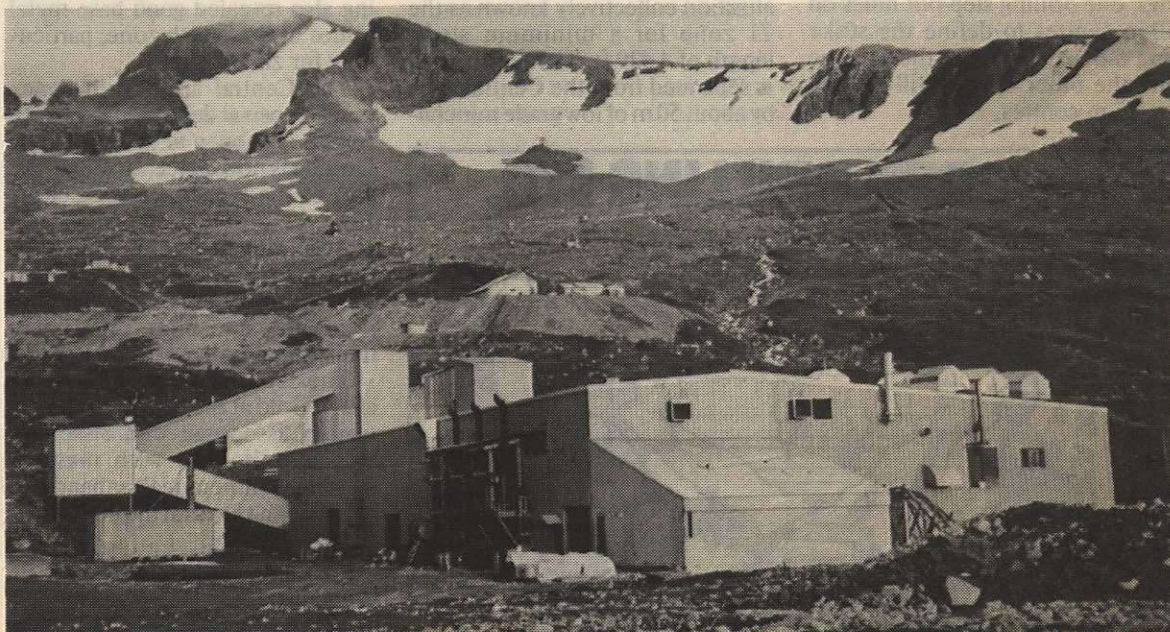


Photo by The Northern Miner  
Skyline Gold's Johnny Mountain mine site in the Iskut River gold camp of northwestern British Columbia. Johnny Mountain is the first project in the prolific exploration area to go into production. While generating positive cash flow, it is not yet earning a profit.



significant mineral projects in northwestern British Columbia. The property is located about 25 miles east of the Johnny Mountain mine.

Eskay Creek is owned equally by Calpine and **Stikine Resources**

(VSE) with Calpine as operator. The property has an exploration history going back to the early 1930s, but it wasn't until late in 1988 that Calpine made its first significant discovery on the property.

At the time Calpine was re-evaluating a known mineralized zone on the property that did not outcrop on surface. While drilling the 21 zone, discovery hole 88-06 intersected a core length of 96.5 ft grading 0.752 oz gold per ton, including 52.5 ft of 1.33 oz gold (uncut).

That spectacular discovery prompted Calpine President Murray Pezim to pull out all the stops and keep drilling despite one of the coldest winters in British Columbia history. The property is rugged

and helicopter-accessed, so this meant a significant mobilization effort.

By the end of the 1988 season, Calpine had established a significant body of moderate to high grade gold mineralization in association with antimony and arsenic. Calpine's partner, Stikine Resources, estimated this open pittable reserve to be about 3.0 million tons grading 0.25 oz gold.

The discovery sparked considerable interest, but this began to wane when the property's remote location and the refractory mineralization was taken into account.

But Pezim was still bullish, and the joint venture partners approved a \$7-million exploration proposal. See **ESKAY**, Page B2

## Stream of discoveries keeps Mishibishu hopping

by Geoff Pearce

Northern Ontario's Mishibishu gold camp is a thriving exploration hot spot, thanks largely to a steady stream of new discoveries which have confirmed the area's potential during the past few years.

The Mishibishu gold belt is a 28-mile-long stretch of volcanic rock or "greenstones" which extend eastward from Lake Superior, about 30 miles west of Wawa, Ont.

"If you looked at a map of the Mishibishu area five years ago, you'd see only a few gold showings, but now there are showings from one end of the belt to the other," said John Londry, district geologist for Noranda Exploration.

The latest gold showing, found this summer on the Pukaskwa River property by the team of Noranda Exploration and **Hemlo Gold Mines (TSE)**, is still being evaluated, but early indications suggest it could be quite significant.

"We haven't got any tonnage on the Pukaskwa River prospect yet, but it's looking like an interesting showing," said Londry.

Hemlo Gold, the largest claimholder in the Mishibishu area, is earning a 51% interest in that 274-claim property from Vancouver-based **Mishibishu Gold Corp. (VSE)**. Hemlo Gold will spend \$5 million exploring the Pukaskwa River property as part of major work program currently under way.

One of this season's bright spots in the Mishibishu area was the official opening of the new 600-ton-per-day Magnacon mine by partners **Flanagan McAdam Resources (TSE)**, **Muscocho Explorations (TSE)** and **Windarra Minerals (TSE)**.

Officially opened in July, the Magnacon mine became the camp's first gold producer, and **Muscocho Explorations (TSE)** continues to conduct aggressive surface exploration programs over its other ground in the area.

Nearby, partners **Granges Exploration (TSE)** and **MacMillan Gold (TSE)** are on the brink of deciding whether to go underground on their well-advanced Mishi gold project, where a new geological reserve calculation was completed recently. Open pit reserves currently stand at 751,000

tons grading 0.125 oz gold per ton, while underground reserves were re-calculated to 565,000 tons grading 0.221 oz.

In September, Granges President Mike Muzykowski stepped down from that company's board, along with chief financial officer, See **MISHIBISHU**, Page B11

## CEIP seminars aimed to educate skeptics

by Peter Kennedy

If there are any remaining misconceptions about the Canadian Exploration Incentive Program (CEIP), government officials in the federal department of Energy Mines and Resources hope to have them cleared up by the end of this year.

To educate the industry about a program that it has so far been unwilling to embrace, EMR has been holding seminars in every major city across the country.

While about 1,500 accountants, brokers, and mining personnel will have attended the seminars by the time they wrap up in New Brunswick Nov 6, skepticism still exists.

On Oct 6, the dollar value of the flow-through share agreements filed with CEIP by companies involved in exploration was \$263.9 million. If the current trend continues, money invested in flow-through shares is expected to be down substantially from \$850 million in 1988.

"In any investment vehicle, when there is a high level of uncertainty, investors won't play," said Nuinsco Resources President Douglas Hume, who claims that the old mineral exploration depletion allowance (MEDA), which CEIP has replaced, should not have been removed.

The new system was established to offer a payment equal to 30% of funds spent by companies looking for minerals, oil and gas. But unlike MEDA, which offered a tax writeoff of \$133.33 on every \$100 invested in flow-through shares, CEIP is paid

in cash rather than through the tax system. "If something isn't broke, why fix it?" said Hume.

Not all of the expected decrease in flow-through investment, however, can be attributed to investors' uncertainty about CEIP, according to Toronto tax adviser Barry Dent.

"The reduction in venture capital raised for exploration using flow-through shares is also partly due to a general lack of exploration excitement prior to the Eskay Creek gold discovery," said Dent. "If you look at it economically, CEIP is just as good as MEDA," he said.

"The skepticism won't dissipate until we have gone through the first full year of taking applications," added Chanel Boucher, director general of Incentive Programs in EMR's Mineral Policy group. At that point, he expects to pay out around \$150 million under a program that will cost just under \$10 million this year to administer.

"As with any new program, we are having teething pains," said Boucher. "Applications have been a little slow in coming and there are adjustments that need to be made."

However, he expects the number of applications to accelerate before the year-end and that there will be no major changes in the budget unless the level of exploration picks up.

Making sure that mining companies abide by the rules of the program are 30 inspectors who will visit all of the sites for which applications are made. "The inspectors were also hired to provide any assistance that applicants may need," said Bouchard.

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# ES8508 Eskay Creek shaping up as Iskut area's significant find

From Page B1  
for 1989. By June work was under way, with the first phase program designed to expand the reserve base of the 21 zone and determine its true size potential. The program also included ground geophysics, mapping, prospecting and geochemical sampling to locate the 21 zone on surface beyond its then-known extent.

The program involved two drill rigs, one drilling step-out holes on 50-m centres to define the strike and dip extensions of the 21 zone and the other doing infill drilling on 25-m centres.

The rest, as they say, is history. Calpine's step-out drilling this summer intersected a number of spectacular intervals, particularly hole 89-109 which averaged 0.875 oz gold and 0.97 oz silver over 682.2 ft.

It should be noted, however, that the hole was "carried" by a 62.3 ft interval grading 7.765 oz gold (uncut) and 1.35 oz silver.

By the end of September, Calpine had outlined three zones of mineralization collectively known as the 21 zone for a minimum strike length of 4,429 ft. The South zone is separated from the Central zone by about 50 m of low grade mineral-

ization.

Calpine considers the Central and North zones as essentially a single deposit that could be mined by open pit at a favorable strip ratio. These zones have returned a number of impressive intersections; notably 45.9 ft of 1.67 gold (uncut) and 57.75 oz silver, 45.9 ft of 1.79 oz gold (uncut) and 55.96 oz silver, and 141.5 ft of 0.515 oz gold and 11.03 oz silver. The step-out drilling also revealed good base metal values in the North zone, particularly for zinc.

The Central and North zones remain open at depth and the North zone is also open to the northeast. Drilling is now concentrated on the area of the North zone near hole 109.

According to Calpine, gold mineralization in the 21 zone is hosted with rhyolite breccias and graphitic mudstone, and in an intervening transitional unit.

The deposit is zoned mineralogically. Gold at the southwest end is usually associated with disseminated stibnite and with massive stibnite-orpiment realgar bands up to 20 ft in thickness at the mudstone-rhyolite contact.

To the northeast, this type of mineralization yields to an assemblage of sphalerite-pyrite-galena with attendant silver sulphosalt mineralization. In addition to the higher values in lead and zinc, occurrences of native gold over significant widths (hole 109) have been noted in a portion of this type of mineralization.

Calpine's latest drill results reveal high base metal values, which Stikine Resources said indicates the North zone is becoming more typical of a gold-rich massive sulphide deposit. Metallurgical test work has not yet been done in this area.

Exploration at Eskay Creek is expected to continue throughout the winter. Calpine's drill program will be aimed at testing the 21 zone along strike and at depth, however additional targets on the property will also be tested.

Calpine contracts its work programs to Prime Explorations, which also conducts work programs for a number of other junior companies in the Prime group.

Considerable investor attention has been focused on a property to the north of Calpine's ground that is considered to be highly prospective to host an extension of the 21 zone. **Adrian Resources (VSE)** has options to earn either a 100% interest or a 50% interest in this property.

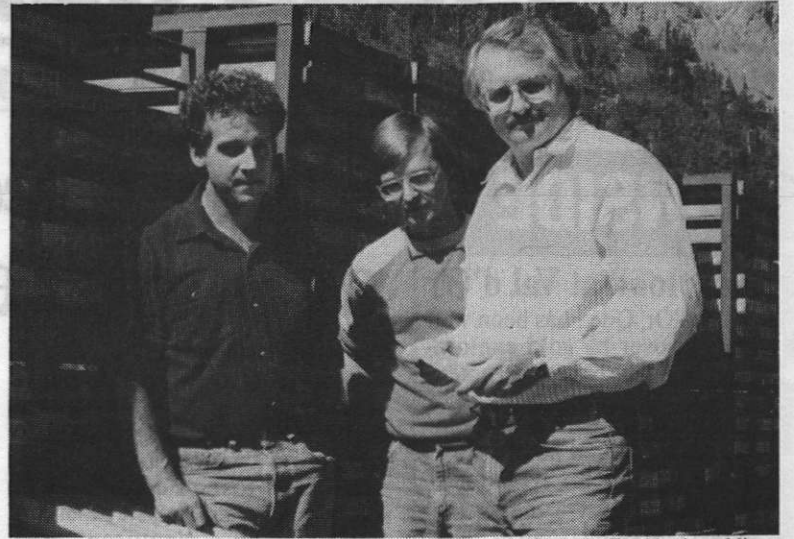


Photo by The Northern Miner  
Looking over some drill core from Hole 89-109 at Prime Resources' Eskay Creek project are, from left, field manager Ron Fenlon, senior geologist David Mallo and Prime Exploration President Chet Idziszek.

Adrian's original agreement to acquire a 100% interest in the Ski property was with Arc Resource Group, which in turn had acquired the claims from a prospector. But complaints under section 35 of the British Columbia Mineral Tenure Act were filed against the Ski claims by Paul Dupras, alleging the claims were located or recorded contrary to the Act.

Subsequent inspection reports recommended these claims be cancelled, however Arc and the prospector are disputing the claims and the recommendations in the inspection reports.

To protect itself, Adrian secured an option to earn a 50% interest from Paul Dupras and Alex Briden in the Dup claims that were staked over and cover the Ski claims. But a formal complaint was then filed by John Robins (associated with Canarc Resources/Arc Resource Group) alleging the Dup claims were located contrary to the Act.

To complicate matters further, Calpine's partner, Stikine Resources, claims it has an agreement with Calpine to acquire up to 25% of Calpine's interest in the claims. James Foster of Prime Explorations said the property will not be drilled until these matters have been settled.

Several other properties optioned by Prime companies and other companies in the surrounding area are disputed by these same parties.

Because of the short working seasons in northwestern British Columbia, only a few of Prime's projects aside from Eskay Creek are sufficiently advanced to be drilled this winter.

Prime Explorations recently completed a small drill program on the nearby Treaty Creek property held by **Tantalus Resources (VSE)**. However work has finished for the season.

**Prime Resources (VSE)** is currently assessing the results of a small drill program on the Iskut River joint venture project in the Iskut River mining camp. The company's equal partners are **American Ore (ASE)** and **Golden Band Resources (VSE)**.

The drilling was designed to test the downdip and on-strike potential of the Gorge showing discov-

ered in 1988. Previous results from this area include: 12.5 ft of 0.446 oz gold and 1.0 oz silver and 15.1 ft of 0.921 oz gold and 1.19 oz silver.

**Granges Inc. (TSE)** is operator of a work program at the Eskay Creek project of **Springer Resources (VSE)** and **Cove Resources (VSE)**. Granges can earn a 50% interest in a 50,000-acre land package by spending \$3.0 million over three years. Four holes have already been drilled, and the junior partners are reporting that mineralization appears to be similar to that encountered at Eskay Creek.

Both the Iskut and Unuk River regions, now accessible only by air, should see an even greater increase in exploration and development activity for gold and base metals if road access becomes a reality.

The British Columbia government is now considering whether it will participate with mining companies in the cost of building an all-weather industrial access road from Highway 37 to the Iskut River camp. A study of road access options has been completed that estimated the costs at \$12.5 million. A government decision is expected by year-end.

A favorable decision would be welcome news for Prime Resources which has a 40% interest in the Snp gold project in the Iskut River camp where **Cominco Ltd. (TSE)** is operator and 60% owner.

The major mining company has calculated diluted reserves of 1.58 million tons with a cut grade of 0.639 oz gold in the Twin zone of the Snp deposit. A revised reserve estimate and feasibility study is expected by year-end, however local mining analysts expect that Cominco will not announce a positive production decision until road access is certain.

**Eastern Mines, Gallant Gold Mines, Silver Sceptre Resources, and Standard Gold Mines** have amalgamated to form **HLX Resources Ltd. (HL:VSE)**. Eastern shareholders will receive 0.1519-new-for-1-old; Gallant shareholders will receive 0.2266-new-for-1-old; Silver Sceptre shareholders will receive 0.1204-new-for-1-old; Standard shareholders will receive 0.2735-new-for-1-old.

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