

NEW ESKAY CREEK DISCOVERY

A new gold discovery has been made in the Eskay Creek area of British Columbia. Two Vancouver-based companies, American Fibre Corp. and Silver Butte Resources, recently reported a drill intersection of 14.3 m grading 14.4 g/t gold and 1,060 g/t silver on their SIB claims.

Hole 90-30 was designed to test coincident IP, VLF and soil geochemical anomalies in an area some 250 m southwest of the central anomalous zone. The joint venture confirms the discovery hole is within the same stratigraphic and structural feature as the main Eskay Creek deposit about 5 km away. That discovery is held by Prime Resources (a Corona Corp affiliate), and Stikine

Resources. Corona and Placer Dome each have a 45% interest in Stikine.

The gold-bearing mineralization is contained in a graphitic mudstone interbedded within felsic volcanic units. Visually, the mineralized intercept resembles drill core from the main Eskay Creek zone which, incidentally, has a higher base metal content. The dis-

Hole 90-30			
Intercept (m)	Length (m)	Gold (g/t)	Silver (g/t)
57.7	1.2	14.3	71
58.9	2.5	4.1	174
61.4	5.1	29.8	1,723
66.5	3.0	1.7	201
69.5	2.5	8.7	2,106
	14.3	14.4	1,060

The hole was drilled at 45° and the intercept is thought to be close to true thickness. Visible gold, possibly in the form of electrum, a naturally-occurring gold-silver amalgam, has been seen in drill core. Among the mineral types

identified so far are: pyrite, marcasite, sphalerite and some graphite.

As so often happens whenever a major discovery is made in Canada, a number of claim disputes have arisen. Properties have been overstaked, including the SIB claims, but the expression "overstaking" in most cases has become a euphemism for claim jumping. Nevertheless, American Fibre and Silver Butte are completely confident that their claim staking was valid and they are now in the process of surveying drill hole collars to verify their exact location.

The drill programme on the SIB claims is coming to an end with the onset of winter but over 3,000 m of drilling has been completed since early September. Over the winter months the company intends to evaluate the information accumulated to date before deciding on any further expansion. Because of market conditions on the Vancouver Stock Exchange, neither American Fibre nor Silver Butte is anxious to initiate any type of equity financing. □

PRECIOUS METAL PLUNGE

Continued from p.297

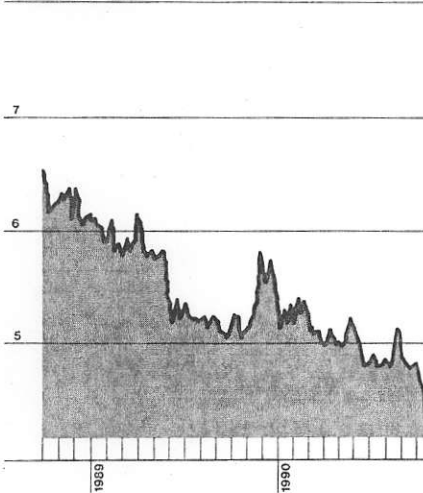
pointing out that in the long term the market should benefit from improved supply/demand fundamentals with production likely to level off and demand increase.

At present, however, with investment interest waning, gold producers will have to pin their hopes on an upturn in the jewellery sector. According to Mr George Milling-Stanley, first vice-president of Lehman Brothers, this does not seem likely. He remarked on the increased interest in gold jewellery in the late 1980s, especially in Asia but forecasts that demand for jewellery in calendar 1990 will reach 1,400 t, some way below the 1,590 t achieved in 1989. Total supply of gold to Western markets this year could match last year's total of 2,723 t. In 1989, total gold use in the market economy countries amounted to some 2,206 t (1988: 1,866 t).

Fears that car sales will slump if the world enters a recession are undermining the platinum market because the automobile industry is now one of the principal users of the metal. Demand for platinum in jewellery, which would also be hit by a recession, climbed last year, to reach 1.31 Moz. These two end-uses accounted for almost 80% of total demand. Low prices and fears of oversupply must be placing a question-mark over several of the planned new platinum projects currently under consideration (*MJ*, October 5, p.253).

Ten years ago when the one-time oil billionaires, the Hunt brothers attempt-

SILVER \$/oz



ed to corner the market, the price of silver soared to \$50/oz. Early this week the metal was looking hard-pressed to stay above \$4.00/oz. Selling by Middle East investors was cited as a reason for last week's nosedive but this is really a symptom rather than a cause of silver's problems.

Since the collapse of the market as a result of the attempted 'corner' by the Hunt brothers, a huge stocks surplus equivalent to more than two years' industrial consumption has developed. Despite reasonable demand, the surplus has not been eroded because more than two-thirds of primary output of silver is derived as a by-product of base metals and gold mining. As such, most primary silver is still produced at a profit.

Industrial consumption is dominated by the photographic market and one legacy of the high prices and volatility caused by the Hunt brothers' debacle was a move towards reducing the unit use of the metal and increased substitution.

However, the effect on consumption has been quite limited but, because of plentiful supplies and recycling, consumers wishing to replenish their stocks can afford to wait for bargain prices. These seem to have arrived.

If high oil prices do lead to industrial recession then silver's prospects are likely to become even bleaker, with serious implications for the world's two biggest producers, Mexico and Peru. □

NEW MIM COAL MINE

Continued from p.297

despite strong demand for both steaming and coking coal and rising international prices, cost increases in Australia have outpaced market prices and the prices received have been negatively affected by an over-valued Australian dollar. Competitiveness has also been undermined by high government rail charges.

At its Newland and Collinsville coal operations, methods of reducing unit costs continue to be examined although Agip's acquisition of a 25% stake in these mines last year has reduced MIM's exposure to coal. Collinsville produces around 0.9 Mt/y of steaming coal and 1.1 Mt of coking coal whilst Newlands produces around 4.0 Mt/y of steaming coal only. □

Last month published a world gold Chinese 1995. The and Mines incorpora and those assumptio dent" mi developm price ran for inflati

Most s estimated gold outp 252 t to 2 centage of the perio of 17% to the U.S. major go developm growth w mates of averaged

Foreca in 1995 r 18% from by a loca ferred fr estimate the indu but the i forecast mic and gold pro to 88 t by

The V highlight estimate corded b ral anal one-qua one sto than ha 85 t. M contributed to gold tax ous near

There the Bra expects year's 90 the other pected t over the country lowest in other pected year) w by alme

MMR Guinea remain