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Renewed optimism at Northair Mines

By David Duval

The president of **Northair Mines,** Donald A. McLeod, says "the prospects for a reopening of the mine appear better every day." The operation is currently on a standby basis and management is now studying various measures that would cut production costs and bring an early resumption of operations.

He feels Northair would need a minimum of $US500 gold to reopen and tells The Northern Miner consideration is being given to selling some of its future gold production forward. Of the company's 52,000 tons of indicated reserves, which average 0.259 oz. gold, Mr. McLeod says only 50% of these are economic at current price levels. Mining only half of this reserve wouldn't raise the grade any appreciable amount, he claims. It just happens that only half of the reserve is accessible enough to justify mining. A new zone on the 2,800 level looks particularly promising and one section 115 ft. long by five ft. wide grades 0.25 oz. gold per ton. The zone is open along strike and both up and downdip.

Consideration is also being given to custom milling material from other properties within a 100 mile radius of the mine and this might be done even if gold prices remain at present levels. Mr. McLeod would not divulge the names of the companies he's negotiating with, but admitted some of them were majors. The feed would probably come from small sulphide deposits containing gold and silver, compatible with the existing Northair mill which has a flotation circuit. "These properties could feed ore to the Northair mill and greatly improve the economics of renewed production at the Brandywine Creek operation," he predicts.

There is also some good news about **Scottie Gold Mines,** reports Mr. McLeod. Northair has a 21.1% interest in Scottie. An operating profit was achieved in September and "pollution control requirements have been significantly improved with the installation of the Inco cyanide destruction process." Commenting on the problems which have reduced productivity from the mine in the past year, Mr. McLeod explained they weren't recovery problems, but more operational than anything. The mine isn't running at full bore yet as the mill rate is slightly under 200 tons per day, he adds.

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The **Le Teko-Esperanza** property near Burton, B.C., continues to generate high grade gold values, especially from the Heino-Money pit area. Hole 82-6 intersected 15.8 ft., assaying 1.18 oz. gold plus 0.53 oz. silver per ton, 165 ft. north of previously reported high grade gold values.

Hole 82-8 was drilled from the same location as 82-6 but was swung further north. It intersected the zone and returned 13.5 ft. assaying 0.29 oz. gold.

Surface trenching and sampling at approximately 65 ft. intervals indicates the Heino-Money pit has a minimum length of 445 ft. and the zone an average grade of 1.54 oz. gold over an average width of seven ft. A further minimum extension of 100 ft. is probable to the south and the companies note this is part of a larger zone of trenches extending some 2,800 ft. north-south.

By mid-October 17 holes had been completed and drilling is expected to continue.

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Colony Pacific Explorations says that nine diamond drill holes totalling approximately 7,000 ft. have indicated "two strata-bound tabular mineralized zones" on its Blue Moon mineral prospect in California. The main zone has an average thickness of 27.1 ft. and drill indicated reserves of 800,000 tons grading 0.069 oz. gold, 3.19 oz. silver, 0.90% copper and 9.34% zinc. The west zone is 100 ft. west of this and contains 200,000 tons in the same category averaging 0.041 oz. gold, 2.25 oz. silver, 0.48% copper and 7.57% zinc. The average thickness here is 14.7 ft. and Colony Pacific feels "there are excellent opportunities to significantly expand the presently indicated reserve tonnage" in this area.

The company adds that total reserves of one million tons grading 0.063 oz. gold, 3.0 oz. silver, 0.82% copper and 8.99% zinc are "approaching the threshold tonnage where a decision to further explore and develop the deposit by a shaft and underground development requires consideration."

Preliminary work by Wright Engineers of Vancouver estimates mining and milling costs would be around $66.20 per ton.

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Welcome North Mines has optioned its Lady Di lead-zinc-silver prospect in the Yukon to **Noranda Exploration.** the property is located 31 miles from Faro and Noranda can earn a 60% interest by spending **$1** million on exploration and cash payments (totalling $350,000) prior to 1986. At that point, Welcome North can participate as to a 40% working interest or assume a 15% net profits royalty.

Noranda has already completed a geophysical survey and plans a minimum of four diamond drill holes to test several possible massive sulphide occurrences.

Welcome North has a 20.7% interest in **Arctic Red Resources** which is presently drilling on the old Laforma mine property near Carmacks, Yukon.

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American Pyramid Resources has vended a 20% interest in its Bell Mountain, Nevada, gold mine to **Double Eagle Energy and Resources.** The move was designed to generate much needed funds for the construction of production facilities at its open pit gold and silver mine and precedes an agreement with a European bank to purchase one million commons shares of the company for $2.75 each subject to regulatory approval.

Poor nickel markets hit Falconbridge

Continuing depressed nickel markets gave Falconbridge Limited a consolidated third quarter loss to Sept. 30 of $26.9 million, or $5.41 a share, compared with earnings of $645,000 in the same period last year.

It brought the 9-month loss this year to a total of $56 million, or $11.25 a share, compared with earnings of $17.2 million or $3.45 a share in the 1981 9-month period.

In a joint statement, Falconbridge Chairman H. T. Berry and President William James cite the international economic situation and sharply dropping nickel prices in the third quarter, for the drop in performance.

The statement notes that while rising prices for gold, silver and copper in the period led to corresponding improvement in the results of subsidiary companies, the beneficial effects of this for Falconbridge have been "relatively minor."

Nickel sales in this year's 9-month period declined to 30,728,000 lb., from 52,398,000 in the same period last year. Copper sales from the integrated nickel operations also declined, to 38,107,000 lb. this year as against 42,647,000 lb. last year.

Revenues for the nine months this year were $361,345,000, a drop of more than $200,000,000, from the figure of $566,596,000 in the 1981 period.

The company notes that it is "too soon" to say whether declining interest rates and higher prices for some metals signal the arrival of a long-awaited economic recovery. As a result, Falconbridge, the joint statement said, "remains committed to the program of restraint launched earlier this year."

Falconbridge just last week said its workforce at Sudbury Operations would be reduced to about 2,600, from about 4,000, by the time production resumes again Jan. 2 next year.

Demand and prices for ferronickel produced by Falconbridge Dominicana, C. por A., in the Dominican Republic, which resumed limited production in September at about half operating capacity, were also weak during the third quarter this year. Sales in the period dropped to 4,064,000 lb. from 10,708,000 lb. in the same period last year. The 9-month 1982 sales figure was 9,802,000 lb., compared with 43,466,000 lb. in the 1981 period.

Third quarter profit for Giant but 9-month period shows loss

Despite third quarter profit of $1,905,000, Giant Yellowknife Mines reports a consolidated loss of $1,622,000 for the nine months to Sept. 30, because of heavy losses in the second quarter.

In 1981 the company had earnings of $1,277,000 for the first nine months, $154,000 of which were accounted for in the third quarter of that year.

Giant president D. J. Emery says operating costs for energy related consumables, labor, open pit stripping and underground development of higher grade working areas, as contributing factors to the 9-month loss. As well, exploration costs of $2,980,000 were incurred on the company's Salmita gold property, northeast of Yellowknife. A total of over $7 million has been expanded so far on the Salmita project.

A production decision on the

Shell lead

By John C. Whit

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Editor of "Register of