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MEMORANDUM

MONTHLY REPORT - OCTOBER 1993

COPY

by

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HIGHLIGHTS

Red Mtn.

• **RETRACTION: Red Mountain** project will not continue through the winter, as reported last month. Prime reason appears to be major reorganization of Lac Minerals corporate structure and coincident major downsizing of exploration and technical staff resulting in (temporary?) inability to arrive at important decisions. Craig Nelson, a key backer of the Red Mountain project, is no longer executive vice president of exploration.

Eskay Ck.

• **Eskay** feasibility study estimates capital costs of **$294 million** for mine and plant construction, and production cost of **$108 per ounce** of gold equivalent. In a significant new development Prime Resources disclosed it is assessing offers by smelters to treat ore direct from the minesite. This would reduce capital requirement by $150-200 million and **eliminate the Houston mill and autoclave facility.** **Benefits to British Columbia, including jobs would be greatly reduced. Government should take a pro-active approach to this possibility!**

• New gold zone discovered at **Golden Bear**, 2 km north of the minesite, 4,000 ft winter drill program has begun. Also, an excellent drill intercept from the Grizzly Zone (formerly Bear South Deep).

Red Mtn.

• **Red Mountain** ore system being recognized as analagous to gigantic **Porgera** gold deposit.

FIELD ACTIVITIES

Mt. Harry Davis

• Mount **Harry Davis** (93L203) drill project of Teck Corp was examined with Jim Oliver and Greg Thompson on Oct 7. The property was brought to the drill-target stage 10 years ago by previous operators. With a drill contract of just $10 per foot, Harry Davis is the third property Teck has optioned this season for a fast, low-cost drill test. At Mount Harry Davis subaerial rhyolite and dacite of the Telkwa Formation (Hazelton Group) contains sparse sphalerite and chalcopyrite in a breccia zone. Drilling indicates the breccia zone is structurally controlled rather than stratigraphic. The breccia zone may have potential for epithermal gold-silver mineralization.

à la Equity ?!

Allin (new)

• **Allin** (093L293) drill program by Equity Silver Mines was just underway on Oct 15 when I visited the property with Equity geologist Trevor Wall and prospector Gerry Klein. Allin adjoins the Equity mine property and the area of interest is just 5 km east of the Equity pit. Allin was explored in 1987 (Normine Resources; IP, soil geochem, 4 drill holes) based on the assumption that strata strike northerly, as at Equity. In 1992 Klein discovered ore grade mineralization in glacial till that is similar to Equity Silver. Careful examination of minimal outcrop by Klein and Wall on this drift covered property indicate that intense argillically altered (and pyritic)

Mesozoic lapilli tuffs strike easterly, not north. Equity has laid out a 4000 ft drill program based on this new interpretation.
The story of how Allin came to be optioned is unusual. Equity initially declined to option the claims from Klein. Placer Dome liked the property but could not option it because of a perimeter agreement with Equity Silver Mines. The two related corporations were unable to come to an agreement to defer the perimeter clause and finally Equity was "forced" to undertake an option and exploration program.

* **Telkwa Coal** (93L152, 156) property tour south of Telkwa River was completed on Oct 18 with Manalta geologist Angelo Ledda (see PJW Sept report for Telkwa North).

* **Silver Butte** (SB, 104B150) development raise from Silver Butte 810 level drift into the West Kansas zone was toured with Paul Lhotka on Oct 25. The project is a joint venture by Westmin Resources and Tenajon to assess production of ore for custom milling at Westmin's Premier mill. Milling of a 1100 tonne bulk sample from the 107 metre raise graded 3.35 g/t Au (minimum ore grade target suggested to be 5 g/t Au). Two slusher drifts were being driven in ore at the time of my visit, to supply a second bulk sample for test milling. Underground evaluation is necessary because detailed drilling was insufficient to determine geometry and continuity of high grade gold intercepts. Work to date indicates that visible gold occurs in randomly oriented 2 cm wide, 1-2 metre long veins and that location of these high grade veins within the zone is impossible to predict. Emphasis now is on evaluating bulk tonnage potential. Lhotka hopes to complete 6000 feet of underground drilling by mid-November. Ultimate potential of the bulk tonnage zone is 750,000 tonnes.

* **Red Mountain** (103P086) could not be visited on Oct 26 due to 150 km winds at the mountaintop weather station. (Same weather system delivered 7.5 inches of rain in 22 hours with accompanying mild temperature melting one metre of snow. Bridge footing on Eskay access road was washed out in conditions that exceeded the 200 year flood.) Red Mountain staff have begun to interpret the tremendous volume of data accumulated in a short time span at Red Mountain (eg, 20,000 gold assays). Hans Smit and John Watkins reviewed plans and sections with Homestake geologist (Ron Britten, Dave Kuran) and Westmin staff (Paul Lhotka, Alf Randall, Rob Boyce) and myself. The emerging picture is outlined below:

Red Mountain gold deposits occur within structurally controlled zones of explosive brecciation and are spatially related to a small pipe-shaped offshoot (Hillside porphyry) at the top of the 200 Ma Goldslide hornblende porphyry stock. Country rocks are upper Hazelton Group massive tuff and well-bedded sediments. Goldslide stock hosts a weak chalcopyrite-moly-quartz stockwork with chlorite epidote alteration. In the gold zones, coarse-grained, semi-massive pyrite was deposited in structural openings (breccias, fractures) and is enveloped by sericite alteration. Gold correlates well with pyrite. A zinc halo averages 1000 ppm. Pyrrhotite rather than pyrite is prevalent at higher structural levels. Tourmaline and axinite occur at yet higher levels. The gold zones are compact, dimensions of the Marc Zone are 15-30 metres wide, 150 metre maximum dip length by 250 metres long. The Marc zone breccia occurs within or along the contact of the Hillside porphyry. The breccia includes abundant sedimentary clasts. In general, the high sulphidation ore zones are rooted from an extensive area of gold enrichment developed at the top of the Goldslide stock. Post-mineral quartz-hornblende porphyry, a late differentiate of the Goldslide stock cuts the Hillside porphyry but is weakly altered.