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Cal-Denver signs option on Atlin placer gold property

VANCOUVER, British Columbia—Cal-Denver Resources has signed an option agreement to purchase a 50 percent undivided interest in the Gold Run placer mine project located in the Atlin gold camp, British Columbia, President P. Randy Reifel announced.

The Atlin gold camp, located in northern British Columbia, has recorded production from 1898 to 1982 of nearly 750,000 ounces of gold from placer mining. Today, the Atlin area remains an active gold camp for both placer and hardrock mining programs.

The Gold Run property consists of eight placer claims located at the confluence of Birch Creek, Pine Creek, and Gold Run Creek. The property has seen continuous production since the early 1970s with a recovery of more than 50,000 ounces of gold.

The Gold Run project is a fully integrated operational placer mine. More specifically, a modern camp exists on the property and is equipped with office facilities, gold room, year round watchman quarters, and nearby airstrip for the mine's five passenger/cargo airplane. The heavy duty mining equipment employed in the operation are as follows: two Caterpillar 988B wheel loaders, one Caterpillar 966C wheel loader, two Caterpillar D9H tractors, one Caterpillar 235 backhoe, and five service trucks. The plant utilized to recover the gold is a six-by-40-foot trommel washplant and Pearson rock box sluice system capable of processing 2,500 cubic yards per day.

Mr. Reifel reports that last year the Gold Run placer project was one of the largest and most successful operating placer mines in British Columbia and Yukon Territories yielding 7,700 ounces of raw gold during the June-September work season. After operating expenses, equipment, and royalty payments, income from the 1984 operation was more than C\$1 million.

An appraisal of the Gold Run project's equipment and assets not including site development and goodwill is conservatively estimated at over C\$1.4 million, according to Mr. Reifel. Existing debt attached to the project is approximately C\$400,000.

Cal-Denver has entered into an option agreement, subject to regulatory body approval, to purchase a 50 percent interest in the Gold Run property, equipment, assets, and operation for a total purchase price of C\$675,000. The vendor and joint venture partner has agreed to assume a C\$275,000 convertible promissory note that is included in the purchase price. The promissory note is interest-free for a one-year period and is convertible into the company's stock at a price of C\$3.00 per share.

In early May, the Gold Run camp was opened for the 1985 season, and a program of stripping, excavation, and stockpiling of pay gravels began in mid May. Weather permitting, the washplant and sluicing operation is scheduled to begin the first week of June.

Cal-Denver has also mobilized its six-by-30-foot trommel washplant and conveyor feed system (utilized in one of the company's northern California properties) to the Gold Run camp. The company, subject to regulatory approval, plans to operate two washplants on the property this season with Cal-Denver's equipment to be installed and operative by early July.

Cal-Denver's project engineer is currently in Atlin preparing a feasibility and reserve study of the Gold Run project. Projected production for the 1985 season is 8,000 ounces of raw gold and preliminary reports indicate the potential reserves of the property will be in the range of 40,000 to 50,000 ounces of gold. ✕