

Varitech to acquire Big Onion be

VANCOUVER — A recently completed agreement gives **Varitech Resources (VSE)** the right to earn a 100% interest in the Big Onion deposit, about nine miles east of Smithers, B.C.

Varitech was halted at the 85¢ level prior to dissemination of the news on April 12 and was relisted on April 16, trading as high as \$1.09 on over 200,000 shares.

The Big Onion deposit was drilled by a number of companies in the 1960s and 1970s resulting in preliminary estimates of reserves of 80-100 million tons grading 0.42% copper and 0.02% molybdenum. No gold or silver grades were calculated.

Varitech can earn the interest by paying a total of \$4 million over a 4-year period as well as issuing 200,000 shares. The payments will be made in 6-month increments starting with the first payment of \$100,000 and increasing by \$100,000 increments up to \$500,000. The payment remains at \$500,000 until the final payment of \$1 million.

The interest is subject to a 3% net smelter royalties which Varitech can purchase for an additional \$5 million.

Canadian Superior Mining, the last operator on the property, twinned a number of percussion holes with diamond drill holes. As a result, the company estimates previous percussion drilling underestimated copper grades by about 50% which would boost the grade to over 0.60% copper.

Bradford Cooke, president of Varitech, said a large portion

of the deposit could be leachable which would greatly improve project economics by eliminating a concentrator.

The deposit has a number of near-surface supergene zones where chalcopryrite and pyrite have been almost completely leached, and the copper redeposited in a higher grade zone of chalcocite and covellite.

The zone should be amenable to copper leaching and electrowinning at a significant capital and operating cost-saving to conventional grinding and flotation.

Cooke noted the supergene material could make up as much as 75% of the deposit's reserves.

Varitech plans to complete a private placement in the near future to raise in the order of \$500,000 for an initial exploration program.

The company plans to conduct further drilling to test the deposit's grade, including assays for both gold and silver. Varitech also plans to conduct leachability tests on the material as well as test for extensions of the deposit which remains open to the north.

The deposit remains open to depth as well. Cooke said most of the percussion holes were drilled to only 300 ft. and remained in good-grade copper mineralization while the deeper (600-ft.) diamond drill holes bottomed in low-grade copper.

He also noted the deposit has very little overburden with most of the holes only encountering 40-80 ft., indicating the stripping ratio would be less than 1-to-1.

Cooke said the company plans to follow up the placement with a public offering in the next few months to raise about \$2 million.

Nor-Acme mine to close

Toronto-based **TVX (TSE)** has recently a **High River Gold Mines** that it intends to shut down. Nor-Acme gold project Snow Lake, Man., effective June 1.

TVX has the option to a 50% joint venture into placing the property into production. Given current conditions, however, TVX it's unlikely the option exercised. The property been maintained on a cost maintenance basis since November, 1989, when a million underground re-ration program was completed.

High River President Clucas said his company expects to regain full operational control of the property. The property contains probable and possible reserves of 4.2 million tons grading 0.42% gold per ton representing 800,000 oz. of contained gold. The deposit is open to the north and along strike.

Shares of High River which there are nearly 10 million issued and outstanding have recently traded within a 52-week range of \$1.15.

TVX will continue to hold a 35% equity interest in the High River.

Judge queries Pezim case ruling

A judge with the British Columbia Supreme Court disagrees with part of a ruling of the B.C. Securities Commission concerning a case against promoter Murray Pezim and two associates over insider-trading allegations.

Justice Douglas Hogarth, in a written decision dealing with the payment of legal costs as they pertain to the commission hearing, interpreted the "Chinese Wall" defence presented during the hearing differently from the commission. Pezim, John Ivany and Lawrence Page

were found guilty by the commission of failing to disclose drill information to the public.

The commission, in announcing its ruling late last year, banned the trio from trading on the Vancouver Stock Exchange for one year and ordered the three to pay a major portion of the costs of the hearing. The three have appealed the decision to the British Columbia Court of Appeal.

The case revolves around drill results from the Eskay Creek gold play in northwestern British Columbia and in-

volves two companies: **Resources Group (VSE)** and **Calpine Resources**, with the three men were related.

Lawyers for the trio "Chinese Wall" arrangement existed. This arrangement allowed the men to use the funds, without them being of drill-hole results that yet been released to the public which would be considered insider-trading information. Other members of the staff were said to be involved after the assays.

n deal

Columbia. The remaining interest in the property owned by **Crest Resources (VSE)** and **Magenta Resources (VSE)**.

Also completed a deal with **Rock & Roll Resources (VSE)** on the property owned by **Rock & Roll Resources (VSE)** on the property in the Iskut River

Prime companies that need to allow Teck to hold a 50% interest in their property include **Consolidated Resources (VSE)** in the property, adjacent to the Iskut River

Consolidated Rhodes Resources (VSE) has entered into an agreement with Teck on its property in the Iskut River area in British Columbia.

as an agreement with **Resources (VSE)**. Gigi has a 55% interest in the property in the Iskut River area from Goldbelt

companies that have entered into agreements with **Goodgold Resources (VSE)** on the Max and the Iskut River projects in British Columbia.

Tantalus Resources (VSE) in the Stewart area and **Resources (VSE)** in the Iskut River area. The Iskut River project, also in British Columbia.