

**Schroeter, Tom EM:EX**

**From:** Schroeter, Tom EM:EX  
**Sent:** Friday, September 21, 2001 3:12 PM  
**To:** Terry, David EM:EX  
**Subject:** RE: D.A. Terry Report, September 21, 2001

Good updates. Are the 2 coal expl'n properties mentioned (Saddle and Turnbull Mtn.) part of the "exploration" costs previously assigned to Luscar/Sherritt and Fording, respectively? OR, should they be treated (added) separately? Also (re-Sedex Mining) - any SPECIFIC name(s) of the "Moyie Lake" property? Thanks, Have a great weekend. Talk to you next week. P.S. Saw my e-mail re- Ron Smyth ("sign-off" of Sullivan Abstract?). Cheers, Tom.

-----Original Message-----

**From:** Terry, David EM:EX  
**Sent:** Friday, September 21, 2001 8:19 AM  
**To:** Whale, Andrew EM:EX  
**Cc:** Cathro, Mike EM:EX; Houle, Jacques EM:EX; Lane, Bob EM:EX; Lefebure, Dave EM:EX; Schroeter, Tom EM:EX; Smyth, Ron EM:EX; Wojdak, Paul EM:EX  
**Subject:** D.A. Terry Report, September 21, 2001

**Regional Geologist Activity:**

- Visit to the Jackson-Ophir properties, Slocan Valley, with Steve Wuschke
- Visit to Line Creek Coal Mine - Saddle exploration area
- Visit Ice kimberlite property - Elkford
- Visit to Fording River Mine
- Regional Geology of Flathead basin with Dave Grieve
- Completed and submitted Abstract for Sullivan Geological Meeting

**Prospectors Assistance Program:**

Frank Renadaut has submitted his final PAP grant report

**Mineral Exploration Activity:**

**Black Crystal:** Crystal Graphite Corporation have submitted a NoW to carry out a further 300m of trenching, bulk sampling, and mapping on their Black Crystal project in the Slocan Valley.

**Ice:** Skeena Resources are completing their drill program on the Ice kimberlite project just north of Elkford. At the time of my visit they had drilled 3 holes (2 short 50m holes and one longer one) on the Ram 6 kimberlite from which a 20 ton surface bulk sample collected in 1996, containing 90-95% non-kimberlitic material, yielded 2 poor quality macro-diamonds, the two largest stones weighing a combined 0.23 carats. The two shorter holes both intercepted 6-8m of kimberlitic material, believed to be a near-surface sill, and then entered the shale-limestone country rock. The third and deeper hole was collared at the same location as the second shorter hole but at a steeper angle. It drilled through the "sill" into the sediments and then entered a thick interval (~100m) of kimberlite believed to be a diatreme. **(CONFIDENTIAL)**. The kimberlite is commonly clay altered near surface, contains numerous xenoliths of carbonate and shale host rocks, as well as xenoliths of ultramafic material and xenocrysts of ruby-red garnet, chrome diopside, ilmenite, etc. It is also commonly cut by numerous calcite veinlets. At the time of my visit the drill was just starting a fourth hole on the Ram 5 kimberlite, ~1km south of Ram 6. A 1996 bulk sample from Ram 5 yielded 3 good quality macro-diamonds weighing 0.255 carats from 35 tons of surface material of which 95% was reportedly non-kimberlitic. It is likely that the third target of this year's program, the Bonus Pipe, located ~3km to the west, will not be drilled this year due to difficulty in getting water to the site.

**Kena:** At the Kena property, located south of Nelson, Sultan Minerals have commenced their previously announced 22 hole drill program which will test the Gold Mountain Zone over a length of 1.5km and a width of 500m. Soil sampling and limited amounts of IP are also being carried out over other areas along the 17km strike length of the Silver King Porphyry.

**Moyie River:** Sedex Mining Corp have submitted a NoW for 2 drillholes (610m total) on their Moyie River property in the Upper Moyie River area. They indicate on the application that drilling will commence near the end of

**Schroeter, Tom EM:EX**

TOS → RG  
- Cranbrook

**From:** Terry, David EM:EX  
**Sent:** Monday, July 23, 2001 1:25 PM  
**To:** Whale, Andrew EM:EX; Wuschke, Steven EM:EX  
**Cc:** Cathro, Mike EM:EX; Houle, Jacques EM:EX; Lane, Bob EM:EX; Lefebure, Dave EM:EX; Schroeter, Tom EM:EX; Smyth, Ron EM:EX; Wojdak, Paul EM:EX  
**Subject:** D.A. Terry Report, July 20

**Prospectors Assistance Program:**

Frank Renaudat has completed his PAP work program on the Storm Ni-Cu-PGE property. 300 soil samples and 38 rock samples have been collected and submitted for analysis. He reports that a large talc carbonate zone was discovered during the work program.

Lloyd Addie reports that he has found crystalline beryl outcropping over a large area while carrying out work under his PAP grant southwest of Kootenay Lake in an area underlain by the Bayonne batholith. He is currently staking claims in the vicinity and will be commencing more prospecting and sampling shortly.

Frank O'Grady has completed a soil sampling program on his Chris barite property north of Kimberley. He is planning on carrying out mapping and ground geophysics in August.

**Mineral Exploration Activity:**

**Black Crystal:** Crystal Graphite Corp. has commenced its 30 hole, 1500m diamond drill and trenching program on its Black Crystal project in the Slocan Valley. At present they are on hole 4 and expect to be completed the program by the end of August.

**Fran:** Klondike Gold Corp. has commenced drilling on its Fran property, located north of Moyie Lake. The first attempt to drill a 520m hole targeting the LMAC "Sullivan horizon" between the Vine vein and the Fors vent properties failed due to excessive amounts of overburden. The drill is now being relocated on the property and a second hole is being attempted.

**Ice:** Skeena Resources Ltd. has submitted a NoW to carry out the 4-hole 600m drill program referred to in an earlier report.

**Kena Gold:** Sultan Minerals Inc. has completed a second phase of drilling on the Gold Mountain Zone at its Kena Gold property south of Nelson. The program comprised approximately 500m of drilling in 3 holes which stepped out up to 300m from the area of the initial drilling. The entire 134m core length of the first hole from this program averaged 1.10 g/t Au with the best interval assaying 12.07 g/t Au over 2m. Results from the last two holes are expected to be released shortly. Surface grab sampling has returned anomalous gold values ranging from 0.5 g/t Au to 7.8 g/t Au within an area measuring 1200m by 500m underlain by the Silver King Porphyry. Detailed mapping, alteration and structural studies have also been recently carried out on the property. Sultan has also recently closed a \$200,000 private placement to continue exploration on the property.

**Neelo:** A NoW has been filed by Discovery Consultants to drill 330m in 4 holes on its Neelo property in the Kalso area to test the lateral extent of a marble deposit.

**Silver Lynx:** Cassidy Gold has submitted a NoW for 10 drillholes totaling 2000m on its Silver Lynx property south of Nelson

**Sappho:** Gold City Industries has completed a trenching and sampling program on its Sappho project east of Midway and are awaiting assays. Graham Nixon (GSB) is currently on the property carrying out a field study.

**Superior Graphite:** Worldwide Graphite Producers Ltd. are currently carrying out an exploration comprising mapping and the drilling of 20 short (35m) Winkie holes on its Superior Graphite project in the Slocan Valley.

**Sure Bet:** Klondike Gold Corp. completed 303.35m of drilling in 4 holes on its Sure Bet property near Crawford Bay on the east side of Kootenay Lake. Two holes testing geophysical targets intersected semi-massive pyrrhotite to graphite

+ Cu ± Zn-bearing metam shale units. Some min. also disc'd in 1st dol. units & bio-gnt-gts.  
Sch. & Assays pending.

**Hot Project:** Klondike Gold Corporation is planning to commence drilling of a single 150m hole to test a Sullivan-type target called the Cold Vent in the Purcell Anticlinorium during the week of June 10<sup>th</sup> on its Hot claims, located east of Yak. Subsequently a 3-4 hole program on Klondike Gold's Crawford Bay property on the east side of Kootenay Lake will be carried out. Further drilling is currently being planned for other Klondike Gold properties in the area.

**Black Crystal:** Crystal Graphite Corporation has completed two 450m deep drill holes at its Black Crystal Graphite project in an area several hundred metres removed from previous drilling. The company reports that crystalline graphite with similar characteristics and graphite grades to previous shallow drilling was intersected at depth but no analyses have been reported yet. The company is currently permitting a work program involving 30 short diamond drill holes, 100 trenches, 2.8km of road building, and extensive geological mapping. This work is anticipated to commence in early to mid July. Crystal Graphite Corporation has also recently acquired an option to the mine, extract and process any and all graphite material on the Blu Starr Gemstone property owned by Anglo Swiss Resources Inc. and Hampton Court Resources Inc.

**Iron Range:** Eagle Plains Resources is currently completing a program of prospecting, geological mapping, and soil sampling on its Iron Range property west of Creston where they are pursuing Sullivan and Olympic Dam type targets. The survey covers a 16km strike extent of the Iron Range fault along which 14 hematite-magnetite showings occur. In one location a hematite-magnetite breccia zone extends over a strike length of 3km and widths of 60-150m. Approximately 1200 soil samples are being collected along 500m spaced lines crossing the structure. Preliminary results indicate a significant Zn anomaly (CONFIDENTIAL).

**Marysville Magnesite:** Stralak Resources is planning an exploration program for this summer on their property covering the Marysville Magnesite deposit, close to Marysville, which will involve detailed geologic mapping, diamond drilling, and collection of a bulk sample. Cominco outlined a resource estimate for the deposit of 14Mt grading 88% MgCO in 1961. No NoW has yet been submitted.

**Remac:** Redhawk Resources Inc. is currently going through the planning and budgeting process with JV partners ZincOx Resources plc (who will be funding 100% of the exploration this year) for their Remac zinc oxide project. If all goes well they are planning on a significant drilling program later in the summer aimed at outlining a resource. Metallurgical testing is currently underway on samples from Remac at ZincOx's laboratory in England.

**Ice Project:** Skeena Resources Ltd is currently planning a minimum 4-hole 600m drill program on its Ice diamond project near Elkford. The drilling expected to commence in mid-July.

*David A. Terry, Ph.D., P.Geo.  
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David.Terry@gems2.gov.bc.ca*

*June 15/01*

**Schroeter, Tom EM:EX**

TGS → Reg. Mgr.  
- Cranbrook

**From:** Whale, Andrew EM:EX  
**Sent:** Friday, May 18, 2001 2:57 PM  
**To:** Anderson, Duane EM:EX; Cheetham, Pat EM:EX; Cochrane, Marlene EM:EX; Finvers, Maija EM:EX; German, Gerald EM:EX; Guthrie, Shelley EM:EX; Jorgensen, Sharon EM:EX; Lieutard, Denis EM:EX; McLaren, Graeme EM:EX; Phelan, Bill EM:EX; Readshaw, Kerry EM:EX; Schmitt, Rolf EM:EX; Schroeter, Tom EM:EX; Starkes, Terri EM:EX; Stewart, Linda EM:EX; Campbell, Karen EM:EX; Downie, Arlene EM:EX; MacDonald, Linda EM:EX; Smolik, Valerie EM:EX; Curtis, Ross EM:EX; Hesketh, Joan EM:EX; O'Rourke, Patrick EM:EX; David Terry; Elkins, Paul; Grieve, Dave; Roach, Dennis; Rosentreter, Rieva; Turner, Jim; Whale, Andrew; Wuschke, Steven; Conte, Rick EM:EX; Hermann, Fred EM:EX; Smyth, Ron EM:EX; Berdusco, Ricci EM:EX; MacDonald, Garry EM:EX; Booth, Richard EM:EX; Carr, Chris EM:EX; Carter, Tom EM:EX; Errington, John EM:EX; Hoffman, Al EM:EX; McKillop, Greg EM:EX; Rennie, Lorna EM:EX; Adams, Rick EM:EX; Bergen, Wally EM:EX; Beswick, Ed EM:EX; Hall, Ted EM:EX  
**Subject:** Kootenay Review - May 18, 2001

D/Os nothing to report.

**Black Crystal**

- In addition to the application to process the bulk sample described in the May 4<sup>th</sup> Kootenay Review, a Notice of Work has been received for 30 DDHs, 100 trenches and about 3km new trails. When completed, this project will provide a high level of confidence in the geology [inc graphite grade] of the overburden and hard rock for a significant part of the deposit. At an April meeting with Crystal Graphite staff, MEM regional staff clearly enunciated our concern with the lack of appropriate geological information that could be used to develop a mine plan. It appears that the message has been received!

**SPLC**

- The Sullivan Public Liaison Committee [SPLC] met on Tuesday 16<sup>th</sup> May for a marathon 5-hour evening meeting. This was the 20<sup>th</sup> meeting. Main issue was security required for post closure water treatment [again], thanks to Duane Anderson and John Errington for attending. Approx 12 SPLC members toured the tailings ponds, treatment plant and open pit on April 14<sup>th</sup>.

**Land Use**

- Completion of the Enhanced Landscape Unit (LU) planning for three LUs in the Flathead will be delayed for a year because of the workload associated with developing the Wildlife Management Plan for the new Southern Rocky Mountain Conservation Area (SRMCA). This is a compromise as MoF [who will do the lions share of the work] felt that it would be more efficient, and less confusing to the public, to do these planning processes sequentially. However, IAMC were concerned about the "optics" of postponing the enhanced LU planning, so it was agreed to delay [ie extend the deadline] rather than suspend the project. "Normal" LU planning (old growth and wildlife trees) in the Flathead will continue.
- Discussions with the Regional District of Central Kootenay are ongoing to settle differences in opinion over acceptable uses and jurisdiction on Crown Land. However, a counter-proposal to MEM-suggested wording still leaves RDCK and MEM far apart. The RDCK in effect wants a veto over decisions on mineral-processing proposals. Depending on the outcome of current discussions, we may elevate this to Victoria in the near future.

**FYI**

- David Terry, the new Kootenay Regional Geologist, started work Tuesday May 15<sup>th</sup>, 2001. Since then he has joined a GSB tour of Kootenay mineral deposits, and he will attend the Industrial Minerals Forum in Victoria next week
- Paul Wilton's last day at work will be May 31<sup>st</sup>, 2001. His Kootenay Region farewell will occur June 1<sup>st</sup>. Cards, contributions for gifts, witty stories, etc should be forwarded to Karen Campbell.
- We continue to be short staffed in the Cranbrook Office as Val Smolik is on jury duty. The trial is entering the third week with no end in sight.

Andrew Whale

TOS → Reg. Mg.  
- Cranbrook

**Schroeter, Tom EM:EX**

**From:** Whale, Andrew EM:EX  
**Sent:** Monday, March 26, 2001 8:58 AM  
**To:** Anderson, Duane; Cheetham, Pat; Cochrane, Marlene; Finvers, Maija; German, Gerald; Guthrie, Shelley; Jorgensen, Sharon; Lieutard, Denis; McLaren, Graeme; Phelan, Bill; Readshaw, Kerry; Schmitt, Rolf; Schroeter, Tom; Starkes, Terri; Stewart, Linda; Campbell, Karen; Downie, Arlene; MacDonald, Linda; Smolik, Valerie; Curtis, Ross; Hesketh, Joan; O'Rourke, Patrick; Elkins, Paul; Grieve, Dave; Roach, Dennis; Rosentreter, Rieva; Turner, Jim; Whale, Andrew; Wilton, Paul; Wuschke, Steven; Conte, Rick; Hermann, Fred; Smyth, Ron; Berdusco, Ricci; MacDonald, Garry; Booth, Richard; Carr, Chris; Carter, Tom; Errington, John; Hoffman, Al; McKillop, Greg; Rennie, Lorna; Adams, Rick; Bergen, Wally; Beswick, Ed; Hall, Ted  
**Subject:** Kootenay Review - March 23, 2001

**DOs**

At **Line Creek Mine**, a tension spring from a hydraulic excavator track was removed while under tension. Later, in the steam bay, the rod holding the spring broke and the end flew a considerable distance. No injuries, under investigation.

At **IMASCO**, a truck driver fell back when tightening the straps on his load. A forklift backing down a ramp drove over his leg, apparently breaking it.

At **Elkview Mine**, a 830E (240 ton haulage truck) was travelling loaded up an 8% ramp when it appears the left rear tires blew. This, combined with a large frost lump in the rear of the box, caused the truck to tip backwards.

Operator removed with aid of basket truck. If you want to see a 240 ton truck begging, check out this photo see attached photo.



DSCN0826.JPG.jpeg

Crystalline Graphite appear to be changing their strategy for development of the **Black Crystal** property. It appears that they are downsizing from the originally proposed 300,000 ton/year mine to something less than 75,000 ton to avoid the EA process. Latest communication from them requests clarification of the Mines Act approval process for a 74,000 and 50,000 ton/year mines timelines, 30 or 60 days. The response is that it is site specific, but 3 to 6 months is more realistic, after MEM receive a mine plan based on a geological model confirmed by exploratory drilling. The players change, but it seems that all the proponents for this property are more interested in approvals than exploration!

*Andrew Whale*

Kootenay Regional Manager  
Phone: 250-426-1653  
email: Andrew.Whale@gems6.gov.bc.ca

TS → Reg. Mgr.  
Cranbrook

**Schroeter, Tom EM:EX**

**From:** Whale, Andrew EM:EX  
**Sent:** Tuesday, November 14, 2000 8:29 AM  
**To:** Anderson, Duane; Cheetham, Pat; Cochrane, Marlene; Curtis, Ross; Finvers, Maija; German, Gerald; Guthrie, Shelley; Hesketh, Joan; Jorgensen, Sharon; Lieutard, Denis; McLaren, Graeme; Phelan, Bill; Readshaw, Kerry; Schmitt, Rolf; Schroeter, Tom; Starkes, Terri; Stewart, Linda; Campbell, Karen; Downie, Arlene; MacDonald, Linda; Smolik, Valerie; Elkins, Paul; Grieve, Dave; Roach, Dennis; Rosentreter, Rieva; Turner, Jim; Whale, Andrew; Wilton, Paul; Wuschke, Steven; Conte, Rick; Hermann, Fred; Smyth, Ron; Berdusco, Ricci; MacDonald, Garry; Booth, Richard; Carr, Chris; Carter, Tom; Errington, John; Hoffman, Al; McKillop, Greg; Rennie, Lorna; Adams, Rick; Bergen, Wally; Beswick, Ed; Hall, Ted  
**Subject:** Kootenay Review - Nov 10, 2000

Sullivan Mine is only operating with one compartment on the #1 hoist due to wire rope problems. New rope will be installed the weekend of December 2.

**DOs**

- Incident at Fording River on the morning of November 8 on one of the spoils. A truck driver entering the spoil, in foggy condition, must have got disorientated and made a lefthand turn into the highwall. Minor injuries to the operator but major damage to the haul truck.
- Elkview Coal reported a blasting incident November 8. An electrician, recently transferred from Quintette, made a turn with vehicle by a loaded blast pattern, infringing into the safety zone.

Closure work continues at Red Mountain Mine. On the south impoundment a spillway has been constructed from the dam to the decants. However, it is likely that grouting of the pipes will only be completed next spring.

Gallowai Bul River: Gregg Stewart will be out next week to review the recently submitted reclamation cost estimate for the property, as well as to discuss ARD/ML testwork with the company.

Crystal Graphite Corporation (nee IMP Industrial Park Minerals) report that exploratory drilling is under way at the Black Crystal property. [At a recent pre EA application meeting, regional MEM staff repeated what we have advised the company for years. In our opinion, the company had conducted insufficient exploration to justify the projected mine production.] We understand that during current drill program, ICP analyses will be conducted on all graphite-bearing drill core to satisfy MELP staff concerns with "trace elements". Apparently this is required to provide a background for the CSR process. If time permits samples will be taken from the bulk sample at the mill site and of soils and stream silt at the property.

A landowner in the Slocan, whose property was impacted by landslide from a old mining access road, is suing the government for damages, costs, etc. The MoF District Manager appears to be attempting to make MEM the responsible ministry [then responsible for the damages and legal costs]. For several years we have been supporting our clients and lobbying MoF to cease deactivation of old mining roads. However, our clients do not favour any road stabilization, say a 4 wheel drive prescription, as it makes access to their prospects more difficult. However, the potential for paying damages and costs from our budget puts the liability issue for NSR roads into perspective.

*Andrew Whale*

Kootenay Regional Manager  
Phone: 250-426-1653  
email: Andrew.Whale@gems6.gov.bc.ca

VCS → Reg. M<sub>g</sub>  
Black  
Crystal

**Schroeter, Tom EM:EX**

**From:** Whale, Andrew EM:EX  
**Sent:** Friday, September 08, 2000 2:05 PM  
**To:** Anderson, Duane; Cheetham, Pat; Cochrane, Marlene; Curtis, Ross; Finvers, Maija; German, Gerald; Harris, Grace; Hesketh, Joan; Jorgensen, Sharon; Lieutard, Denis; Marsman, Talitha; McLaren, Graeme; Phelan, Bill; Readshaw, Kerry; Schmitt, Rolf; Schroeter, Tom; Starkes, Terri; Stewart, Linda; Campbell, Karen; Dittrick, Maggie; Downie, Arlene; Elkins, Paul; Grieve, Dave; Roach, Dennis; Rosentreter, Rieva; Smolik, Valarie; Turner, Jim; Whale, Andrew; Wilton, Paul; Wuschke, Steven; Conte, Rick; Hermann, Fred; Smyth, Ron; Berdusco, Ricci; MacDonald, Garry; MacDonald, Linda; Booth, Richard; Carr, Chris; Carter, Tom; Errington, John; Hoffman, Al; McKillop, Greg; Rennie, Lorna; Adams, Rick; Bergen, Wally; Beswick, Ed; Hall, Ted  
**Subject:** Kootenay Review - Sept 8, 2000

**D/O** At Line Creek on Sept 6th a 785 haul truck backed through the berm on the Horseshoe Ridge dump and slid approx. 90 metres downslope. The slide was partially on it's wheels with the truck pointing uphill, the remainder was upside down after the truck tipped over 180 degrees front to back. The driver was wearing his seatbelt and escaped unhurt. He climbed back up the slope and was involved in the investigation meetings which took place afterwards. Cause.....backing up to the berm and apparently impacting the berm with the rear duals. No dump supervisor at the time....the driver was supposed to dump short on the platform. He understands that and was claiming that that is what he was doing but misjudged how close he was to the berm. Incident under investigation, changes to mine dumping and training procedures expected. Photos of the dump berm and the truck attached.



**Remac property** The joint venture of ZincOx Resources Ltd. and Redhawk Resources Inc. has completed about 1/2 of a 2600m reverse circulation drilling program at the Remac property south of Salmo. The property straddles the Pend D'Oreille River and includes the former Reeves MacDonald, Annex, and Redbird Zn/Pb/Ag mines. The companies are exploring the thick blanket of zinc oxide mineralization which overlies the sulphide orebodies which were exploited in the previous mining operations. ZincOx has access to a proprietary vat leaching process for recovering zinc metal directly from the oxide ore without a smelting stage. The present drilling follows an earlier, very successful, trenching program from which about 130 channel samples returned zinc grades ranging as high as 18.89% Zn over 6.3 metres, and mineralized boulders from a collapse breccia assayed as high as 33.9% Zn.

**Black Crystal property** IMP Industrial Mineral Park's (soon to be Crystal Graphite Corporation) have been refinanced and have reactivated thier proposed 200,00 to 300,000 ton/year graphite mine on the Black Crystal property on Hoder Creek (near Valhalla Park). A pre-application EA meeting with staff from the EA office and all interested agencies is planned for Sept 22. Regional Mines Branch staff have consistently advised IMP staff (including the new 2000 Crystal Graphite staff) of our concerns regarding the lack of geological information on a mineable reserve, and the lack of mine plan. It appears that, since the 1996 pre-application EA meeting, little or no additional geological information has been gathered.

**Min of Aboriginal Affairs contact** The KMDRC is struggling to find a Min of AA contact. Does any other regional committee refer to MAA, if so please advise contact.

**FYI**

Steve Wuschke accompanying Lisa Barazzuol on tour of old mines in the Kootenays Sept 11 to 22.  
Dennis Roach acting Steve Sept 11 to 22

TGS → Black Crystal

**Schroeter, Tom EM:EX**

**From:** Wilton, Paul EM:EX  
**Sent:** Wednesday, November 25, 1998 1:00 PM  
**To:** Whale, Andrew EM:EX; Wuschke, Steven EM:EX; Schroeter, Tom EM:EX  
**Subject:** FW: Slocane graphite  
**Sensitivity:** Private

F.Y.I.  
Note new e-mail address:  
paul.wilton@gems4.gov.bc.ca

**From:** Wilton, Paul EM:EX  
**Sent:** Wednesday, November 25, 1998 1:45 PM  
**To:** Hora, Dan EM:EX  
**Subject:** RE: Slocane graphite  
**Sensitivity:** Private

Funny you should ask! There have been 3 press releases in the past month concerning the Black Crystal project, which I will fax to you right away. The most recent one reveals that I.M.P. is negotiating a \$700,000 loan from some unidentified crown corporation (apparently regional) due to its stated ability to employ 22 people. The partially completed test mill has been accepted as collateral!! Maybe this development has something to do with Paul Schiller's meeting with the Minister. According to Ricci Berdusco, the mill is a long way from completion and a long way and many dollars from a condition that would allow it to be operated or permitted for operation.

Along with the press releases, I'll fax you a copy of a summary of the project status as of July 1996 which I prepared for Fred Hermann at that time when he had been assigned a task similar to the one you now have. Most of its content you already know, but it might help to put things in perspective.

Since 1996, very little constructive work has been accomplished. They never managed to acquire the full 10,000 tonne bulk sample and the mill has never been completed.

Late in 1997, George Addie was hired to manage a program of shallow drilling and 22 diamond drill holes were completed totalling about 3000 feet. As far as I know, no assays from that drilling were ever reported and no assessment reports were filed. A VLF survey was done at the same time, from which George reported that there were 4 "high-grade zones".

Early this year, the company was granted a permit for a very aggressive exploration program to include about 30 diamond drill holes, 30 trenches, and 40 auger/RC drill sites. A geologist from Nelson named Dave Gould was hired by the company as field manager and we had the impression that some properly engineered exploration was finally going to get done. The downside about the proposed program was the stated objective of establishing "a mineable reserve of surface weathered graphitic ore" - still no evident plan to assess the potential or extent of the unweathered resource.

None of the above work was done. We learned in July that a disagreement had developed between Dave Gould, who saw the need for proper exploration of the resource, and Paul Schiller, who simply wanted to start mining. Needless to say, Gould is no longer employed by the company and has no current involvement with the project.

We learned, from the Nov. 6th press release, that some more surface mapping and sampling had been done recently by an unidentified geologist. An 800 pound sample had been collected for metallurgical testing and the geologist "is in the process of completing reports, structural maps and graphite reserves". None of this work would have required a new Mines Act permit or amendment of the existing one, so I guess its OK that we didn't know about it.

That's it up to date, Dan. Hope it helps.



As for Horst Klassen's graphite property (Superior claims), it's located several kms. downstream on Hoder Creek and high on the west side valley wall. The showings are right on new logging roads. I haven't seen them but Horst's description makes them sound pretty good. He has optioned the property to a Toronto-based junior company which had been permitted to do some drilling but is now making enquiries about the rules for bulk sampling or test mining. Another Black Crystal hassle in the making?

Regards, Paul. Look for the Fax; I'll send it right away.

Note new e-mail address:  
paul.wilton@gems4.gov.bc.ca

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**From:** Hora, Dan EM:EX  
**Sent:** Wednesday, November 25, 1998 9:47 AM  
**To:** Wilton, Paul EM:EX  
**Subject:** Siocane graphite  
**Sensitivity:** Private

Hi Paul:

I am asked to prepare information package for the minister re:the above subject.Paul Schiller has asked for the meeting about this "world class premium crystalline graphite deposit" to quote the original request.What are the present activities,has there been anything written up,any AR ,reserves and grade? I only know,that Rudi Klassen told me that he found much better outcrops than those of Black Crystal,in the same area.

Thanks,

Danny