

Blackdome Pours Gold

Blackdome Mining Corporation of Vancouver, B.C., has reported second quarter results, including first production earnings from its Blackdome Mountain gold-silver mine 150 miles north of Vancouver, B.C.

The second quarter (ended June 30, 1986) was the first for Blackdome as an operating gold mine and the company was pleased to report a successful plant start-up, the beginning of a significant earnings stream, and results of a drilling program which have added significantly to the company's gold reserves.

An operating profit of \$1,163,588, or \$.14 per share and net earnings of \$507,824, or \$.06 per share were achieved from six weeks of production which officially began May 16, 1986. Revenues totalled \$2,150,739 from production of 5,175 ounces of gold and 21,171 ounces of silver.

Construction of the 200 ton-per-day plant, which began in the spring of 1985, continued into the second quarter of 1986. To tune up the mill and bed down the thickeners, low-grade material was first introduced into the crushers April 11 and to the ball mill April 22. The company reported that the mill tune-up indicated that minor equipment modifications - particularly to the scrubbing trommel - was required to operate the mill at rated capacity. New parts were purchased and were installed in late July so that full-capacity operations could be achieved.

The ore has been supplied from the surface stock piles and stope development. Including the low-grade material used for tune-up, the mill treated 4,310 tons in May and 4,090 tons in June. Gold recovery increased from 89.5% to 92% during the period and is expected to improve further. Silver recovery has been in the 73-75% range.

The final cost of the surface plant was \$9.4 million, with an additional \$800,000 spent on mine equipment, development and administration. The total was some \$450,000 under budget. Senior financing to bring the mine into production was provided by Kerr Addison Gold Mines, N.M. Rothschild, Lion Metals and Ventures Trident, a U.S.-based limited partnership through a publicly trading holding company, Consolidated Barrier Reef Resources. A total of \$8 million was raised from these sources.

This past summer Blackdome announced that a diamond drill program had successfully extended the known mineralization, adding over 50% to the gold reserves. At the onset of production reserves were estimated at 203,000 tons grading 0.79 oz. gold per ton and 3.76 oz. silver per ton.

The exploration drilling has concentrated on a high-grade ore shoot south of the present workings on the No. 1 vein. Sixteen holes intersected mineralization with grades varying from 0.096 oz. gold and 0.56 silver per ton to a high of 11.56 oz. gold and 6.56 oz. silver per ton.

Earlier drilling had indicated a high-grade ore shoot and uncut reserves in this area were previously calculated as 'possible' ore of 30,569 tons grading 1.21 oz. gold/ton and 2.16 oz. silver/ton. The latest drilling indicates 'probable' ore over a 2m width of 51,381 tons averaging 2.37 oz.

gold/ton and 2.86 oz. silver/ton (uncut). While reserves have only been increased by 20,812 tons, the gold reserve has been increased by 84,784 ounces and the silver reserve by 80,921 ounces.

The ore shoot extends above and below the 1920m level and remains open at depth and on strike to the south.

The 90-man, 200 ton per day Blackdome Mountain Mine complex commenced commercial production May 16, 1986. Production costs were projected to come in at less than US\$200 per oz. of gold due to the high grade of the ore deposit. Current reserve estimates provide for a mine life of some three to four years, with an estimated production of 40,000 oz. of gold and close to 200,000 ozs. of silver. There remains excellent potential for further ore in the ten additional vein structures identified on the property and a portion of the operating budget is allocated to ongoing exploration for further ore reserves.

Blackdome Mining Corporation trades on the Vancouver and Toronto Stock Exchanges; trading symbol BDM.