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Ministry of Employment and Investment

Energy and Minerals Division 3990 — 22nd Avenue Prince George BC V2N 3A1

MEMORANDUM

September 1997 Monthly Report for the Northeast-Central Region by Bob Lane, Regional Geologist, Prince George

MINES and MINE DEVELOPMENTS

Mount Polley OFFICIAL OPENING held on September 13. An estimated 300+ were in attendance. The project was completed in June at a cost of \$115 million, approximately \$3.5 million under budget and about 5 months ahead of schedule, Full production of 18 000 tpd will yield 71,500 ounces (2.22 million grams) of gold and 29 million pounds (13 200 tonnes) of copper per annum over the 12 year mine life. Mining is going very smoothly, but there are some minor adjustments needed in the mill to reach capacity. Four exploration holes were just completed south of the pit and identified mineralized, but subeconomic, breccias similar to those that host part of the deposit.

QR. The mine is currently producing from the Midwest zone (underground) using longwall stoping methods. The Main zone has been re-accessed and broken ore is being removed from the pit using relatively small equipment. The mill is processing 800 to 900 tpd. Target production through the winter is 18,000 tonnes per month. Plans call for the West zone pit to be brought into production in early 1998 following an est. \$2 million prestripping program. This waste will be placed in the mined cut Main pit. Exploration to date includes 14 surface diamond drill holes, totaling approx. 6700 metres, that targeted the North zone and areas between the Midwest and West zones. Detailed soil geochemistry has identified new targets west of the Midwest zone in areas that had more or less been written off in the past.

Kemess. Mine development continues on all major projects at the site. Approximately 1000 workers are on site. Examined intensely folded and pyritic Paleozoic cherts exposed on the footwall (north wall) of the Kemess South orebody. Also investigated supergene mineralization exposed immediately north of the pit ring road. Abundant native copper and chalcocite occur as disseminations and fracture fillings in hematite volcanic breccia.

EXPLORATION MONITORING

Beekeeper/Arab (093A 155). NoW submitted by Eastfield Resources for 5 diamond drill holes to test the Cu-Au potential of the Early Jurassic alkalic porphyry system. A 7-hole program was completed in March and was followed up by an IP survey and the staking of 48 additional claim units. Drilling will test several of the IP anomalies.

CH. Orvana has completed a 7-hole diamond drill program on their Cu porphyry prospect in the Nechako Plateau.