

Cottonbelt

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INTEROFFICE MEMORANDUM

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From: Mike Cathro of EI
MCATHRO
Title: Regional Geologist
Dept: Employment & Investment
Tel No: 828-4566

TO: Rick Meyers of EI (RMEYERS)
CC: Jim Britton of EI (JBRIITON)
CC: Bruce Madu of EI (BMADU)
CC: Tom Schroeter of EI (TSCHROETER)
CC: Eric Beresford of EI (EBERESFORD)

Subject: Weekly Report

- 1) Afton announced it will begin downsizing its workforce in Nov with full shutdown planned for April '97.
- 2) Teck Exploration is reviewing the potential economics of underground bulk mining at Rainbow, adjacent to Afton. A decision on whether to proceed on a \$1m deep drilling program to define deep, higher grade reserves will be made in the fall (confidential from Jim Gillis, President of Getchell Resources). The deep high grade mineralization (1 to 5% Cu with Au, Pd, Mo in a breccia) may be the best hope there is for new, long term ore reserves to keep Afton going. Other new zones (e.g. near Pothook pit) may be drilled in the fall also.
- 3) Similco announced it will stop mining on Nov 10 and stop milling in mid-Dec. Drilling at Alabama will proceed this summer. That makes it Nickel Plate, Goldstream, Afton, Similco and the Hedley Tailings operation all going down in about an 18 month period.
- 4) ^{JK} Fairfield has discovered a new vein (WD Vein) 200 m north of the Siwash North vein. Grade and width appear similar. It is interesting that the new Fairfield management is also beginning to report some wider intercepts such as 69.5 ft grading .039 opt Au and 29.3 ft grading .117 opt Au. This suggests to me that they are evaluating the idea of bulk mining zones where there are multiple, parallel narrow quartz veins - a good thing to try.
- 5) Stirrup Creek Gold reported two more decent holes from the Watson Bar project. The best, #96-08, hit nearly 68 ft grading .042 opt Au - another good bulk tonnage type result. I understand the project will soon shut down to allow the results to be evaluated.
- 6) John Bissett of Canquest was in and indicated that financing is nearly complete. Approx. \$250K will be spent on drilling at each of Microgold and Cottonbelt. IP will be done at Microgold first.
- 7) Kingfisher Marble. The Co. has purchased a 64 inch saw allowing them to produce about 20 tonnes/day of ashlar. Saw is in Enderby. Margranite is taking some samples of their leucogranite (pegmatite) for testing. If suitable, it would be cut into slabs for tables and counters (high-end products).
- 8) Truck work done for about \$1000. New tires to go on next week.