

Davidson
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I N T E R O F F I C E M E M O R A N D U M

Created: 08-May-1998 04:27pm PDT
Sent: 08-May-1998 04:53pm PDT
From: Paul Wojdak of EI
PWOJDAK
Title: Regional Geologist
Dept: Ministry of Energy & Mines
Tel No: 847-7391

TO: See Below

Subject: May 8 Weekly report

Nu-lite Industries drilled 4 holes on their Keystone gold property on Thibert Creek, near the north end of Dease Lake. The target was a "Motherlode" type gold vein related to ultramafic rocks along the Thibert thrust fault. A strongly silicified altered zone was intersected with anomalous but low gold values. A good structural target is identified that correlates with placer gold. More work may be done this summer.

Kenrich hopes to raise \$1 million for work on its retained portion of the Corey property. It hopes that Homestake's activity and success on its part of the Corey claims will help to raise profile/money.

Glacier Gulch Verdstone are proceeding with "feasibility" study of the Glacier Gulch moly deposit, at a cost of about \$250,000. The company envisages a 3000 tpd U/g operation on the high grade resource of 22.7 mT at 0.4% MoS₂. They recognize the 1960's plan of mill and tailings near Smithers is a not realistic and have acquired ground on the opposite side of Hudson Bay Mountain. An adit from the west side would be 4.5 km long.

Paul Wojdak

Distribution:

TO: Wallace Bergen of EI	(WBERGEN)
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I N T E R O F F I C E M E M O R A N D U M

Created: 01-May-1998 02:12pm PDT
Sent: 01-May-1998 03:59pm PDT
From: Wallace Bergen of EI
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Title: Regional Manager
Dept: Ministry of Energy & Mines
Tel No: 847-7385

TO: See Below

Subject: NW Region Weekly Report to May 1, 1998

MINES

Glacier Gulch
Verdstone and Molycor Gold Corporations are commencing data gathering in preparation for submitting an application to the EAQ for certification to mine a molybdenum deposit in Glacier Gulch on Hudson Bay Mountain. The company will be visiting various ministry offices in Smithers next week seeking any data which may be available to assist them in evaluating the proposed project and in submitting an application.

Ernie McLean/Nugget Creek Mining, a placer mine in the Atlin area, has outstanding fines of \$12,500 resulting from a conviction on charges under the Waste Management Act. Water Management is refusing to issue a water use approval for the 1998 season until the fines are paid and they have requested that MEM not issue a Mines Act permit. Furthermore the Taku River Tlingit FN have requested that Nugget Creek receive no new permits for a period of 2 years. The Regional Office is waiting to see if Nugget Creek will appeal or pay the outstanding fines.

EXPLORATION

John Clancy visited the Region on April 29 and provided an overview of the MX Code. The morning session for government staff was attended by 19 people, with representation from Forests, Environment, Parks and Mines staff. The afternoon consisted of a presentation to the Smithers Exploration Group. Approximately 22 attended the general part and 10 to 12 stayed for the detailed discussion. The MX Code was generally well received during the morning session.

Canarc Resources has an agreement with Gladiator Minerals for exploration of the Big Onion porphyry prospect near Smithers, and on the margin of the Babine Mountains Protected Area. They will re-establish an untested IP anomaly and possibly drill it. The area was part of the Babine Mountains Recreation Area and as a result of the Bulkley LRMP has been designated for mineral exploration. The company was amazed to learn of this change.

There is a high interest in the Prospectors Assistance Program, with 26 applications received to date. Paul is busy reviewing and preparing to make recommendations.