

Gold Operations

Since these holes represent preliminary results in extensions of known veins in the Eileen mine area, reserves have not yet been assigned to these results. However, it is clear that these intersections represent significant new discoveries of typical Eileen vein-type ore which has produced to date 72,675 tons at a recovered grade of 0.674 ounces gold per ton.

In the wake of these recent drilling successes, emphasis in 1988 has been placed on exploration and development, with a 10 percent increase in budget to \$3.0 million. The necessary time to allow underground development to access these newly discovered high-grade zones may not prevent some temporary shortfalls in ore deliveries to the mill.

The Dome Mountain Gold Project

The Dome Mountain gold project is located about 22 miles east of the town of Smithers in north central British Columbia. In 1986, the company acquired from Noranda Exploration Company, Limited (NPL) all its rights in the Dome Mountain project which included the right to become operator. The company's major partners in the project are Canadian United Minerals Inc. and Teeshin Resources Ltd. which has appointed an affiliate, M.P.D. Consultants Inc., as project operator. Total Erickson has a right to acquire a 44 percent working interest in the Dome Mountain project.

As reported by Teeshin, mineable reserves in the Boulder Creek zone, which is one of 14 quartz carbonate veins identified to date, presently stand at 319,280 tons with an average diluted grade of 0.37 ounces gold and 2.0 ounces silver per ton. Subject to a review of the recommendations of a technical study completed in 1987, the operating rate is expected to be about 300 tons per day. Startup is anticipated for early 1989.

Option to Acquire Shares of Getty Resources Limited

As part of the company's strategy to build gold production through acquisition of large tonnage reserves in the early stages of development, Total Erickson purchased 1,089,300 shares of Getty Resources Limited on the open market at an average price of \$8.32 during the last six months of 1987. In December 1987, Total Resources (Canada) Limited, Total Erickson's parent, initiated a successful offer for any and all shares of Getty Resources.

Subsequent to year-end, Total Resources acquired 12.43 million shares of Getty Resources, or 87.6 percent of its common shares on a fully diluted basis, at a price of \$11.00 per share. Included in Total Resources' holdings are all shares purchased and subsequently tendered by Total Erickson to Total Resources. The company has been granted an option by Total Resources to acquire its Getty Resources' interests at cost.

As at February 22, 1988, Getty Resources' cash position was \$40.1 million. In aim, location, and exploration philosophy, its property portfolio fits Total Erickson's objectives well. Getty

Resources' primary asset is a 49 percent interest in the Tundra Gold Venture in the Northwest Territories; the balance is held by Noranda Exploration Company, Limited (NPL), the project operator. The joint venture covers approximately 28 miles of favourable stratigraphy in which a large stratabound gold deposit is now being explored.

The deposit extends on surface for 4,750 feet and to a depth of 3,800 feet. It is open along strike and to depth. As a result of 145,000 feet of diamond drilling, most of which was completed in 1987, Noranda recently announced undiluted possible reserves of 26.4 million tons grading 0.18 ounces gold per ton, or 9.3 million tons grading 0.26 ounces gold per ton at respective cut-offs of 0.1 and 0.2 ounces gold per ton.

The joint venture partners in early 1988 commenced a two-year, \$33.0 million underground exploration program designed to confirm the continuity, mineability, and economic viability of the deposit. The underground program will include the installation of a temporary sinking headframe and hoist, a 1,500-foot vertical shaft, underground diamond drilling, drifting and raising on the ore for bulk sampling, and metallurgical testing.

1987 Ann. Rpt.
Total Erickson
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Dome Mtn.