

Elkhorn

882673

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

Created: 08-Aug-1997 12:17pm PDT
Sent: 08-Aug-1997 03:18pm PDT
From: Paul Wilton of EI
PWILTON

Title.
Dept: Employment & Investment
Tel No: 426-1658

TO: See Below

Subject: Weekly Report - Aug. 5-8/97

- On Wed. AM I visited Westroc's Windermere gypsum operations with Dan Hora. We got a progress review from Rick Jarrett, Mine Manager, and a tour of the two producing quarries (Elkhorn 1 & 2) with Jerry Kohorst, Mine Supervisor. The operation is currently reduced to one 10-hour shift per day instead of the usual two, strictly to accommodate the summer vacation schedule. Total production in '97 is projected at 500,000 tons, a marginal increase from last year. The market for gypsum, for both wallboard and cement, is strong right now in Alberta, but less so in BC. Mining in the new Elkhorn Extension pit (Elkhorn 2) has proven to be difficult due to complex folding and faulting as well as greater-than-expected interlayering of limestone with the gypsum, requiring more selective mining in the pit than they are used to. They seem to be coping however and managing to maintain a steady rate of production. About 10 years of reserves remain in the Elkhorn pits. No exploration is occurring this year but drilling is planned for next year in the "Kootenay West" zones where "many years" of reserves are indicated.

- On Wed. PM Dan and I were given a tour of the Elkhorn Barite prospect on Madias Creek southeast of Windermere by Craig Willis, president of WWC Consulting (formerly Dynamic Drilling Fluids). WWC had just completed a \$35,000 program of core drilling (about 1400' in 5 holes), done mainly for assessment purposes. This is a large property with widespread trenched showings of barite and two short exploration adits in two of the better zones. The barite occurs mainly as irregular, pinching and swelling veins and breccias, hosted by dolomite of the Cambrian-aged Jubilee Fm. Craig Willis and his associates have accumulated a huge volume of data over several years; there are large and strong gravity and soil geochem. anomalies which have not been actively pursued, in addition to the many showings. The operators are from the drilling mud industry and the oil patch and openly admit that they lack the necessary geological expertise to properly figure out the complex structural controls on barite distribution. We tried to impress upon Willis that he should retain a good structural geologist to map the geology and assimilate and interpret all of the other data. His preference is to interest a major company in taking on the task. There is a growing need for new barite reserves and Dan Hora considers this one of the best, if not the best, barite prospect in the southern part of BC.

- We had arranged a visit and tour of the Parson barite mine for Thursday AM but Steve Mitchell, the Mine Manager, had to cancel due to the death of his father the day before. Parson is essentially a one-man show so he couldn't delegate our visit to anyone else. However, Dan Hora who knows the property well, gave me a quick tour of the surface geology and ore stockpile. Highwood Resources (formerly Mountain Minerals), had completed a program of trenching on the twin barite veins northwest of the mine workings, apparently with encouraging results. The company is planning to do some exploration drilling, including maybe some u/g drilling, in the