

INTER OFFICE MEMORANDUM

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*Galaxy*

Date: 01-Mar-1996 12:45pm PST  
 From: Mike Cathro of EI  
 MCATHRO  
 Dept: Employment & Investment  
 Tel No: 828-4566

TO: (see below)

Subject: Monthly Report, South-Central Region, February, 1996

HIGHLIGHTS:

\*Afton-Ajax. Afton Operating Corp announced on Feb 29 that it will cease production within 12 to 14 months. Remaining ore reserves have been revised downward due to higher costs and lower copper prices. Discussions with mine and exploration staff indicate that the company will not proceed with pre-stripping of the W3 phase of the Ajax West pit, which would have allowed operation until late 1998. Two exploration holes totalling about 325 m were drilled within the West pit in February.

\*Galaxy. Afton also reported that exploration success at Galaxy could extend the life of the Afton operation by about a year. On Feb 27 I visited this deposit with Graeme Evans of Teck Exploration. Teck recently completed a 32 hole, 4400 m drilling program designed to test the deposit on a 50 m spacing for a new ore reserve calculation. Previous operators had calculated ore reserves of roughly 3.2 mt grading 0.65% Cu. Geologically, the deposit is hosted by a complex fault-bounded panel of Nicola + Sugarloaf + Hybrid + Pothook rocks surrounded by Cherry Creek intrusive rocks. Alteration is weak, mainly comprising propylitic with minor albite and K-spar. Teck feels that there is negligible potential for size expansion and gold values will probably be lower than other Iron Mask deposits. Nevertheless, it appears that Galaxy should be minable as it has a favourable location, a low stripping ratio and low work index.

\*KEG. Organization on track for KEG Conference, April 2 & 3. 90% of talks confirmed. So far 16 people have signed up for the short course; 23 for the field trip.

\*GSB mapping projects. Two local projects may get approval for the upcoming field season: 1) Completion of the Selkirks mapping (Logan) and 2) Eagle Bay and area VMS targets, till mapping and geochemistry.

\*Mineral Data BC. Computer arrived and was set up. Madu/Seguin/Cathro/Britton have been putting it through its paces. So far it looks like it should be very useful. Training would be helpful.

EXPLORATION AND DEVELOPMENT NEWS

\*Lumby. D. Drummond and P. Schiller of Quinto Mining presented a conceptual plan for a 24,000 tonne per year operation to Kamloops office staff. The proposal is an improvement over their previous submission, however, certain details are still lacking. More work is required before it can be presented to the regional mine development committee.

\*CanQuest Resource Corp plans drilling at Cottonbelt (Sedex Pb-Zn) and Microgold (Epithermal Au) in 1996. The company has signed an agreement to raise up to \$3.3 million to fund this work.

\*Elk (Siwash North). Fairfield Minerals has announced a \$1.2 million budget for drilling on three targets on the property.