

GOLDSTREAM
1984. Bethlehem acquired a 50 per cent interest in the mine from Noranda for \$5.75 million last July. Goldnev Resources holds the remaining 50 per cent.

Bethlehem is currently negotiating to sell a third of the Goldstream operation for \$5 million. It also wants to raise another \$5 million, probably in some debt combination. Half the proceeds would go towards mine rehabilitation costs; the other half would be used for working capital. In early September, Gold Torch Resources, which had connections with the Prime Resources group, was unsuccessful in raising the \$5 million for a one-third stake.

Bethlehem claims ore reserves currently total 1.86 million tonnes, grading 4.81% copper and 3.06%. In 1975, three prospectors discovered a showing next to the Goldstream River, which was optioned to Noranda in 1977. After 50 drill-holes and underground development work, Noranda proved up reserves of four million tonnes of 3.5% copper and 3.0% zinc. In 1984, after sinking \$75 million into the mine and after 11 months' operation, the mine was closed and put up for sale.

Metallurgical problems and depressed metal prices kept the mine shut. Noranda had been trying to sell the mine for the past three years. "We bought it because we think it's a very valuable asset," says Bethlehem president, Henry Ewanchuk.

Negotiations are still taking place with prospective investors.

"It takes \$0.85 cents to break even," he says. "You need prices over a dollar a tonne to make money. But, should prices go back to \$0.65 cents it will have to close it down." The intention for Goldstream is to open the mine, debt-free, produce ore and, with regular cash flow coming in, to seek more working capital assistance.

The mine is expected, should it go ahead, to produce 1,200 tpd over a five-year mine life, based on present forecasts. With the plant maintained and rehabilitated, the mine would be ready to open within a few months...if the financing deal goes through.

The company has also staked claims to the south of Goldstream, "which protects areas we think cover favourable geology," says vice-president of exploration, Pat McAndless. An airborne geophysical survey is planned this year, followed by basic mapping and prospecting. Bethlehem is also drilling on a property to the east, where some eight holes have been drilled; more exploration is planned this season.

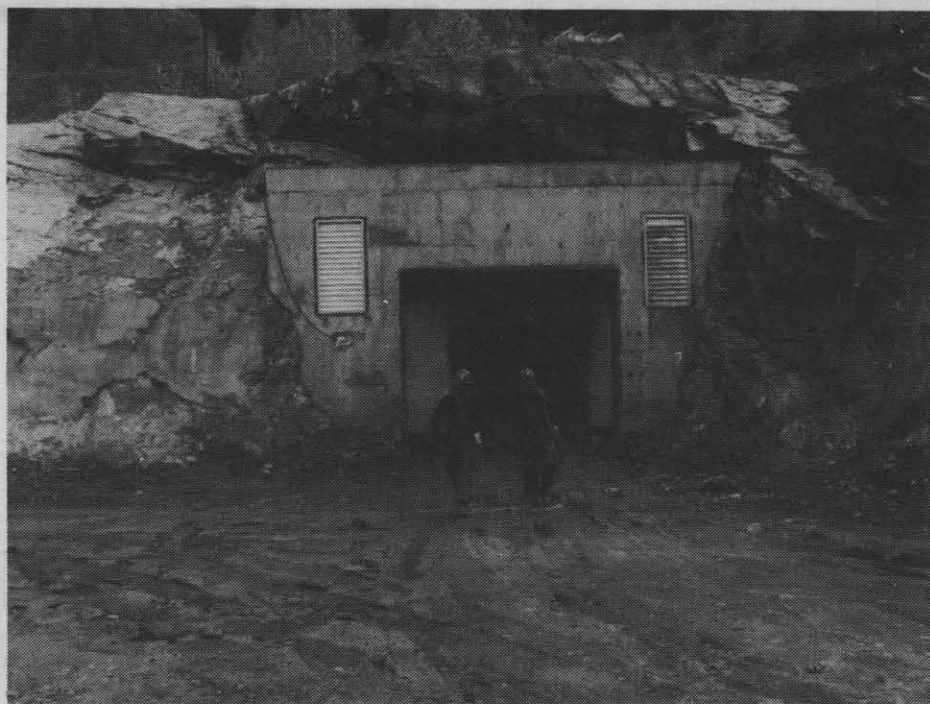
"We believe we have a mining camp in the area," Ewanchuk says. Indeed, Bethlehem intends to take advantage of the area's history of small, high-grade deposits by offering its processing facilities to potential mines.

Surfers

In the Toodoggone area of northern B.C., Cheni Gold Mines started production at its Lawyers gold-silver mine in March of last year. Cost over-runs, a two-month strike and low gold prices ensured that the July launch-day champagne wouldn't bubble.

The latest quarterly production figures show that over 45,000 tons of ore, grading 0.32 oz/ton gold and 0.23 oz/ton silver, were processed to December 31. Production for the first ten months of commercial operations is back on target, and forecast production for 1990 is 55,000 oz gold and 294,730 oz silver.

In New Brunswick, Novagold opened its Murray Brook gold-silver mine, two months after Cheni. Since the mill start-up, the Murray Brook operation has produced 1,094 kilograms of dore. The



The Goldstream mine, closed since 1984, may be back in operation soon.

contained precious metals are around 3,600 troy oz gold and 30,000 troy oz silver, with metal sales to date exceeding \$1.7 million.

Also in New Brunswick, rising tungsten prices have given a new lease of life to the Mount Pleasant tin-tungsten mine, which Novagold has recently purchased

for \$12 million. The mine, 40 miles west of St. John, was first brought into production by LAC Minerals and Billiton Metals Canada in 1983, but falling metal prices closed the mine.

Novagold now plans to spend the next 12 months completing a feasibility study to test the economic viability of the project, but a Novagold spokesman is quoted as saying that "it's a real plum of a property."

While gold prices are continuing to recover after two years of bearishness, the story might not have a happy ending. Vancouver mining analyst Brian Flower of Brown Baldwin Nisker James Capel, says that while the price rise has given many producers a second wind, "it's been too recent to bring new production back on."

The price change gives higher cost producers some breathing space, Flower says. In terms of new production it will, he feels, prolong marginal cost production, particularly for producers with operating costs per ounce in the mid-\$300 range. "But it's all too early to quantify," he says.

Mining is like surfing, though — first the wave is there, and then...

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