



# MOTHER LODE

## CHAMBER OF MINES OF EASTERN BRITISH COLUMBIA

A non-profit bureau of information providing authentic, reliable data to the general public and the mining industry of Eastern British Columbia

Fred Critchlow - President

215 Hall St., Nelson, BC, V1L 5X4

Phone/FAX: (250) 352-5242

NEWSLETTER

Editor - John Murray

APRIL 1999

## CASSIDY GOLD CORP. OPTIONS GOLDSTRIKE CLAIMS

from: <http://www.canada-stockwatch.com>

The company has concluded an option agreement with the owner of the Goldstrike group of mineral claims in the Kamloops mining division near Avola, B.C., thereby acquiring an option to purchase a 100% interest in five contiguous mineral claims comprising 24 units covering approximately 500 hectares.

A recent grass roots gold discovery, the Goldstrike project area has not been the subject of previous exploration work. Located west of Tumtum Lake, in the Upper Adams drainage basin southeast of Blue River, B.C., the property is road-accessible.

A 20 cm. sample taken from a partially exposed mineralized quartz vein was assayed and returned 56.8 grams per tonne gold, and 5,271 ppm bismuth. All samples taken from this vein returned assay results exceeding six grams per tonne gold, along

with highly anomalous values of bismuth. As the Goldstrike property has seen minimal exploration and evaluation to date, the initial objectives will include programs of grid establishment and mapping and trenching, followed by geochemical and geophysical assessments, prior to any drilling being undertaken.



Inspecting some of the samples at the Anglo Swiss display at the Chamber Banquet. Photo: Steve Phillips

To acquire the option, Cassidy has paid the optionor \$7,000, and shall, upon receiving the approval of the Vancouver Stock Exchange, allot and issue to the optionor 50,000 shares. To maintain and exercise the option, the company must make a further cash payment of \$10,000, issue a further 50,000 shares, and perform exploration and development work upon the property of a value not less than \$50,000 in the initial year. Provided the initial work programme warrants a second programme of exploration and development, the company will maintain the option by paying to the optionor an additional \$15,000, issuing a further 50,000 shares, and incurring further work expenditures of at least \$100,000 during the second year. Should the second work

programme justify continued exploration and development, the company must pay the optionor a further \$20,000, issue an additional 50,000 shares, and incur work expenditures on exploration and development of not less than \$150,000 during the third year. The company may fully exercise the option and acquire a 100 per cent interest in the property (subject to the optionor's royalty interest in the event the property achieves commercial production) by paying the optionor an additional \$20,000 and incurring work expenditures on further exploration and development of not less than \$200,000 before the end of the fourth year.

Should the property achieve commercial production, the optionor thereupon becomes entitled to a 2% net smelter return royalty. The company, however, has an option, exercisable within 120 days of commercial production being achieved, to purchase and extinguish up to one-half of the optionor's royalty interest (equal to 1% nsr) by paying the optionor \$500,000 for each one-half per cent nsr interest to be purchased and extinguished. ■

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MINING: GOOD NEIGHBOUR AND PROVIDER TO THE WORLD

# MINING RIGHTS AMENDMENT ACT NOW LAW

by Brian Abraham

[Brian is both a geologist and a lawyer, and serves on the Board of the BC & Yukon Chamber of Mines]

Minister of Energy and Mines, Dan Miller, announced on January 26, 1999 that the Mining Rights Amendment Act (Bill 12) has received royal assent and is now law as of January 25, 1999. This Act is significant and positive for the industry because it confirms the certainty of access to mineral title to the tenure holder and provides compensation for expropriation of mineral tenures within parks.

With respect to access, the holder is entitled to a special use permit under the Forest Practices Code for the construction of appropriate access to the area of the title provided the holder has a permit under the Mines Act for exploration, the holder receives written approval from the Chief Inspector of Mines and applies for the special use permit under the Forest Practices Code. This provision applies to all areas outside parks and protected areas and is subject to the Ministry of Forests decision as to how the road will be built and used subject to "applicable higher level plans".

The Muskwa-Kechika area is most likely to be considered a higher level plan and according to material provided to the industry, the MOELP and the MEM will have 60 days to approve the "practicable location, design and maintenance of any access road or other infrastructure or for the deactivation of any road access". If approval is not granted within 60 days the deputy ministers of MOELP and MEM will decide.

The Act also grants compensation to holders of all forms of mineral tenure (including claims, leases and crown grants) for expropriation of such titles for parks. Note, however, that the Act precludes compensation where a party acquires mineral title in an area which is expected to be a park after notice of such intention is made public.

The Compensation Regulations, the first of their kind in Canada, are comprehensive and are the result of extensive discussion with industry representatives. They provide a mechanism for resolution of disputes as to the fair market value for mineral titles for future expropriations of

mineral titles for parks. They do not apply to past expropriations, however, a framework settlement agreement is expected to be in place, based on the Regulations, for all such former title holders.

On expropriation of a mineral title under the Park Act, the Minister must serve notice on the title-holder within 90 days of the date of expropriation requesting the holder to provide information to the Minister. Such information is to be confirmed by way of affidavit and is to include particulars of expenditures incurred by the holder to acquire and maintain the title and to conduct mining activities on the ground. Mining activities is given a very broad definition from basic exploration through to production.

The holder may also provide such additional information as he considers to be relevant in determining the expenditures or value. There is provision for supplementary information to be supplied upon the request of the Minister and timeframes are as set out in the Regulations.

The Minister may refuse to proceed with compensation determination until such provisions with respect to the supplying of information have been met. The Regulations require the parties to negotiate in good faith as soon as practicable and makes provision for compensation to be payable by agreement of the parties without the necessity of proceeding through all the provisions of the Regulations.

[To be continued next month]

## AXWORTHY ENCOURAGING ON TULSEQUAH CHIEF

by J. Murray, P. Geo.

The environmental movement has set its sights on stopping the Tulsequah Chief project of Redfern Resources and are mounting a massive international campaign like the one that halted Windy Craggy. If they succeed the damage to our industry will be of the same order of magnitude. Despite passing BC's strict review processes and gaining BC's approval environmentalists have persuaded Alaska governor Tony Knowles to ask it be referred to the International Joint Commission. There are no time lines for IJC reviews: if referred the project is as good as dead.

Fortunately, Foreign Minister Lloyd Axworthy, has said in the House of Commons "The fact is we have been in serious discussion with the Americans. We have told them we do not intend to refer this matter to the IJC, that is a matter that has been taken care of in the Canadian jurisdiction, and that we stand by it."

MABC has written its members asking for letters of support for the project be written to Axworthy congratulating him on his stance, and urging him to issue a formal notification of the decision NOT to go ahead with an IJC review. I urge you to do the same. A sample letter ready for your signature is available in the Chamber. ■



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## WHAT ARE TOURISTS REALLY LOOKING FOR?

More actual comments left on American Forest Service registration sheets and comment cards by backpackers completing wilderness camping trips:

"Trails need to be wider so people can walk while holding hands."

"Ban walking sticks in wilderness. Hikers that use walking sticks are more likely to chase animals."

More next time...