

Continental Gold:

➤ Mt. Milligan's potential attracts the majors

Proximity players buy in

It is no surprise that the Mt. Milligan prospect has led to an examination of proximity porphyry deposits. The plays cover the gamut of mining companies, from the majors to the juniors.

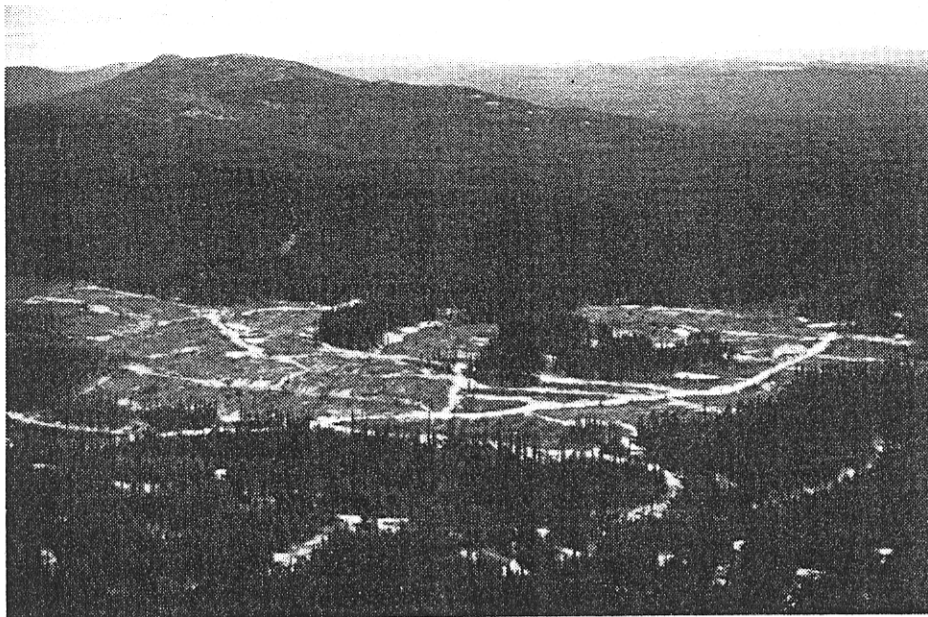
Placer Dome intends to drill test its Windy project some 20 km from Mt. Milligan. This property is a porphyry copper-gold situation. Rio Algom is also watching the area closely and Teck Corp. has a reconnaissance crew working on a regional program in the vicinity.

Just 45 km from Mt. Milligan, the mainly Australian-owned Kookaburra Gold Corp. is busy with field work on its Col porphyry copper-gold property. Initial trenchwork is being done on anomalies identified in last year's program. The company plans more geophysical work to better define what it believes to be the main centre.

Westmin Resources is a more recent entrant, having acquired four separate claim blocks near Mt. Milligan that were previously tested for copper potential, but not for gold. Testing for gold values is the primary target.

Digger Resources is to drilling for copper in its Phil and Chuchi Lake gold porphyry claims. The property is a 50 per cent farm-in agreement with operator BP Resources Canada Ltd. Both firms are discussing activity for next year, likely encompassing additional IP, sampling and drilling work on anomalies.

Another VSE company, Aranlee Resources Ltd. has acquired claims north of Fort St. James, allegedly similar to the Mt. Milligan deposit. The company says that testing indicates about three million tons of mineralized rock which averaged 0.63% copper. The gold content will now be assessed in its 1989 program.



Continental's president says Mt. Milligan may become Canada's second largest gold mine.

By John Bermingham

Hailed as the Great White Hope for British Columbia's gold mining industry, the 42-square-mile Mt. Milligan prospect has been progressing steadily these past months, so much so that Continental Gold Corp president Bob Dickinson is already looking on this potential orebody as his greatest triumph.

Continental has undertaken an airborne magnetic survey of the site which has identified some "interesting anomalies", says Dickinson. Drilling has been extended south of the initial site (6,000 ft by 6,000 ft). From the airborne survey the results could be impressive. "We see at least one target with an excellent signature the same as the Mt. Milligan," he says.

The company has just completed a geophysical and IP survey in greater detail, extending drilling to the south and west. "The data shows us new targets to drill," says Dickinson. "We can already see features comparable to the features we have already discovered."

The diamond drilling indicates a significant upgrading of the deposit's gold content. The deposit measures 4,300 ft long by 3,100 ft wide by 800 ft thick and current reserves are four million oz gold and 1.2 billion pounds of copper.

Wide spaced drill holes have identified several high grade gold veins peripheral to the main deposit. A new vein discovery was made which showed grades of 0.19 oz/ton gold and 0.44% copper. With exploration work still going on it is no wonder that there have been takeover rumours.

The bulk tonnage open pit site is allegedly under the scrutiny of several major mining and engineering companies, the

most visible of which is Rio Algom, which purchased a 7.9 per cent stake in Continental in July. Mt. Milligan is currently held by Continental Gold Corp (70 per cent) and BP Resources Canada Ltd (30 per cent).

"Several major mining companies are following this project very, very closely," claims Dickinson, but he would not identify them. However, he admitted that takeover discussions took place with Rio Algom a few months ago. No agreement on a deal was reached, but afterwards Rio Algom purchased its stake in Continental. Of the eight million shares out, 40 per cent are controlled by the directors and it is unlikely that B.P Resources will sell out at this early stage, so an acquisition right now is plausible but improbable.

The Rio Algom purchase of the Homestake Mining Co. position in Continental Gold gives it a leg-up for a takeover. Rio now has a total holding of 8.6 per cent of Continental Gold. Homestake, if there is a bid in excess of \$8, get any of the excess proceeds. Dickinson claims there is much more upward potential in the share price compared to its current range of \$7.75 to \$8.35.

Measuring for sulphide content, the company saw it as a classic donut-shaped position, with the promise of extensive sulphides in the project. "We have extended our measurements beyond our preliminary IP study and we are very excited," says Dickinson, who is looking at grades of 0.3% copper and .02 oz/ton gold. All of the 200 holes drilled so far are at a depth of 800 ft, according to Dickinson.

The Mt. Milligan project is split into three different sections, based on grade: West Breccia has high concentrations of copper and low gold, the MBX zone has moderate gold and moderate copper and the 66 zone has high gold and low copper grade deposits. The area is blanket shaped with a low stripping ratio, ideal for bulk tonnage open pit mining.

The pit is planned to be over a mile in diameter and Dickinson predicts it will be Canada's second largest gold mine, with a 35,000 tpd production output. "With the kind of grades we have it will also be B.C.'s biggest gold reserve with four million ounces gold and 1.2 billion tons of copper," he enthuses.

A pre-feasibility study will be out in October, while the feasibility study will be available eight months after that.

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