

Mt. Milligan looks set to be another Highland Valley

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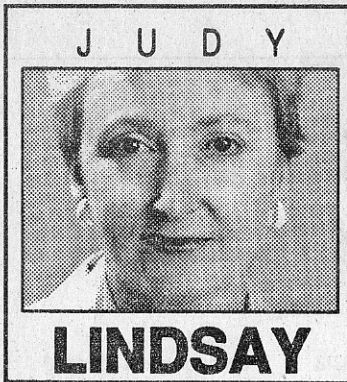
ALULU of a mine will be cut into a modest hill 150 kilometres north of Prince George within the next couple of years.

Mt. Milligan is the name, not Eskay Creek, the scene of the province's current gold rush.

We'll see a mine at Mt. Milligan sooner than at Eskay Creek, and when it comes onstream it will make quite a splash.

"We are looking at the beginnings of another Highland Valley," says Jack Patterson of the B.C. and Yukon Chamber of Mines. In terms of ore milled per day, Highland Valley near Kamloops is one of the world's biggest mines. Mt. Milligan will be second to it in B.C.

Mt. Milligan, which is more like a



small bump than a mountain, will be a low-grade, high volume, open-pit gold and copper mine — one of those vast craters that makes trucks look like toys.

When a property looks good, the majors come sniffing around, and

that's the case here. Placer Dome, North America's top gold producer, wants to buy all the shares of Continental Gold, the exploration company that owns 70 per cent of the property. Placer reached an agreement last Friday to buy the other 30 per cent.

We in the press have highlighted Placer's struggle with Corona over control of Eskay Creek, but Mt. Milligan is a bigger deal.

Placer spent \$106 million acquiring a stake in Eskay Creek, but its bid for Continental will cost \$182 million on top of the nearly \$80 million it paid for BP Resource's share. Mt. Milligan is shaping up as B.C.'s largest gold mine and the country's second-largest. It's too early to say where Eskay Creek, which is at an early

stage, will rank.

Mining analyst David James of Richardson Greenshields roughly calculates that this single mine would boost Placer's after-tax earnings by \$20 million-\$25 million, or 10 to 15 cents a share.

The Mt. Milligan deposit was discovered in the early '80s by Fort St. James prospector Richard Haslinger. Accompanied by his daughter, Heidi, he staked four claims, calling them Heidi 1, 2, 3 and 4. His claims form the basis of the property, but Haslinger doesn't want the credit for Mt. Milligan.

"Mines are never made by just one person," he says. Indeed, BP Resources and Continental have spent millions exploring the prop-

erty and on the feasibility study, now in its final stage.

They estimate the property will yield 6.3 million ounces of gold and 900,000 tonnes of copper.

Mt. Milligan will add 13 per cent to the total value of B.C.'s metal mining, and will double the province's production of precious metals, according to a company handbook.

Continental vice-president Doug Forster says if all goes well construction will start next spring and trucks will be moving out gold and copper concentrate in 1993 for shipment to Asian smelters.

In short, Mt. Milligan is one heck of a hill. Placer's bid for Continental was conditional on working out a settlement with BP, which was suing Continental. Placer resolved

that when it agreed Friday to buy BP's interest in the property.

What BP's suit proved, if more proof were needed, is that Mt. Milligan is worth fighting over.

Placer's offer of \$20 for each Continental share expires Oct. 22. Continental's four directors have agreed to sell their shares, representing 30 per cent of the total, to Placer.

The recent closure of the Brenda mine and the imminent closure of several others ensures a supply of experienced open pit miners. Given those closures, the development of Mt. Milligan is timely.

To Placer and to B.C., Mt. Milligan is a very big deal.

Judy Lindsay writes Tuesday, Thursday and Saturday
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