

# Industry **IN ACTION**

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## EXPLORATION

### Drilling on Graham Island

City Resources (Canada) Ltd. of Vancouver recently completed an 8,800 m drilling programme on the Cinola Graham Island gold deposit, part of the Queen Charlotte Islands. The results confirm previously calculated geological reserves of 40 Mt averaging 1.9 g/t gold with a richer zone of 6.3 Mt grading 3.4 g/t gold. In addition, several exploration drill holes totalling 490 m were completed.

The company, formerly Consolidated Cinola Mines Ltd., finalized the purchase of Energy Group's 50% interest in the property at the beginning of January when it paid the second \$C2.5 million instalment. As a result City Resources now owns 100% of the claims, subject to a royalty based on the price of gold. The transaction was made possible by a share subscription agreement last year between Consolidated Cinola and City Resources (Asia) Ltd. This led to an infusion of \$C7.5 million in new capital.

### Dominion's Indonesian Gold Search

Sydney-based Dominion Mining Ltd. and its local partner PT Aneka Tambang have been awarded three contracts of work by the Indonesian Government. Two contracts cover a 900,000 ha area explored during the stream sediment programme conducted on the joint venture's Kalimantan exploration tenements during 1986. This involved sampling at a density of about one sample site per 14 km<sup>2</sup>. Results identified several large areas of highly anomalous gold values which will now be followed up. The third contract covers two small promising areas (75,000 ha) outside the original joint venture area.

### Houston Metals Secures More Funds

Vancouver-based Houston Metals Corp., formed by the amalgamation of Bulkley Silver Resources Inc. and Cater Energy Inc., has reached a further agreement with First Exploration Fund and Co. Ltd. Partnership, bringing total funding to the end of 1988 to \$C5.5 million. The funding is being used for exploration work on the Owen Lake property, which includes the Silver Queen mine of New Nadina Exploration and the Cole Lake property formerly owned by Bulkley.

First Exploration Fund 1987 will provide \$C2.5 million for this year following a successful 1986 programme. Houston has now earned a 60% interest in the Silver Queen mine. Assays confirmed the presence of precious, strategic and base metals. Preliminary results on the northern part returned values of up to 12% zinc, 68 g/t silver, 75 g/t germanium and 10 g/t gallium over good mining widths, as well

as indium, gold, copper, lead and cadmium. The current exploration programme includes mine rehabilitation as well as driving and cross-cutting between the various veins followed by diamond drilling. The second phase of the exploration programme will consist of a decline under the No.3 vein and continued drifting on the NG3 vein to develop ore. So far the property contains 600,000 t of proven ore, however, management estimates that up to 4.5 Mt of ore may be proven.

### Audimco at Porphyry

Audimco Ltd. has purchased six licences covering 720 ha in the Porphyry North prospect, north of Coolgardie in Western Australia for \$A250,000. The prospect is situated in the vicinity of the Porphyry gold mine operated by Edjudina Gold Mines and is said to have a similar geological setting to that mine. The belt is an auriferous zone that extends 70 km from Lake Raeside in the north to Lake Rebecca in the south.

Assay results from 29 holes drilled in the north of the prospect ranged between 2.3 g/t gold and 17.6 g/t gold. However, most of the prospect remains untested by drilling. The company is planning to drill the known zones of mineralization to outline possible ore reserves.

### Glamis Examines Sullivan

The U.S. arm of Glamis Gold Ltd. has recently signed a lease/royalty agreement with Omega Resources Co. for the Sullivan property, located near Gabbs in Nevada. Previous exploration has outlined a body of intrusive hosted gold-copper mineralization in the vicinity of the old Sullivan mine. Using a cut-off grade of 0.68 g/t gold, indicated oxide reserves total 9.3 Mt at 1.3 g/t gold, 2.9 g/t silver and 0.37% copper with a waste-to-ore ratio of 3.7:1. The northern side of the deposit lies close to the surface with lower stripping ratios. Preliminary estimates indicate some 4 Mt with a stripping ratio of 1:1. According to Glamis, cyanide leaching tests on the oxide ore have produced very good recoveries with normal cyanide consumption.

The agreement with Omega Resources includes various payments and a 5% net production royalty due from the start of commercial production.

### Funding for Queenstake

NIM and Co. Ltd. Partnership 1987 has agreed to provide up to \$C600,000 for Queenstake Resources' exploration programmes on its properties in British Columbia and the Yukon. Most of the funds will be used for drilling and pit sampling at the Moyie River placer gold property near Cranbrook, B.C., and placer gold exploration in the Atlin (B.C.) and Klondike (Yukon) areas. The company is also planning to continue drilling the Mar gold vein

property near Mayo, Yukon, to delineate previously-found gold mineralization. Talks are currently underway with other companies for possible joint ventures.

### More Indonesian Coal

PT Kaltim Prima Coal, a joint venture between CRA Exploration and BP Coal, has delineated a reserve of some 100 Mt of export quality coal in East Kalimantan, which would enable a mine to operate at the rate of 4-6 Mt/y for 20 years. According to Robertson Research, the coal has a very low ash content and less than 0.5% total sulphur. The deposit is within sight of the Makassar Strait coastline with deep water close to the shoreline.

### Amax Ups Sleeper Reserves

Amax Mineral Resources Co. has announced that an intensive drilling programme carried out during the final quarter of 1986 and into 1987 has outlined additional gold-silver ore reserves in the vicinity of the Sleeper mine near Winnemucca, Nevada. The mine is operated by Nevada Gold Mining Inc., a unit of Amax. Part of the drilling was carried out on an area about 0.5 km south of the Sleeper pit, and has been designated as the Wood pit.

As a result of this drilling, reserves at the Sleeper mine are now estimated to be 2.24 Mt of ore averaging about 8.2 g/t gold and 17.1 g/t silver, treatable by conventional milling methods. Additional reserves, amenable to heap leaching, are estimated to be 34.7 Mt grading about 0.8 g/t gold and 8.2 g/t silver. The drilling programme is continuing and additional mineralization has been identified laterally and at depth.

### New Zones at Tsirku/Jarvis

Vancouver-based companies, Freeport Resources Inc. and Stryker Resources Ltd. have discovered several new mineral occurrences on their jointly owned Tsirku/Jarvis polymetallic project in northwestern British Columbia (M<sub>J</sub>, August 1, 1986, p.76). The new discoveries occur within a 150 m thick volcano-sedimentary unit exposed over a strike length of 2.5 km on Mt. Henry Clay. Both the Jumar and the Cindy showings contained lenses of massive sphalerite within a felsic horizon.

At Grizzly Heights, Freeport completed five diamond drill holes in 1986 and outlined a wide shear zone up to 150 m thick. A breccia zone intersected in one hole showed similarities to the gold-bearing rock unit at Andrews Showing discovered in 1985.

Expenditure to date totals over \$C2.0 million. Agreement has been reached with First Exploration Fund 1987 and Co. Ltd. Partnership for a proposed 1987 budget of \$C1.0 million. The commitment is accompanied by options for an additional \$C1 million during 1987 and in 1988 a further \$C2.0 million.

(M<sub>T</sub>) HEAVY CLAY