



To: Wally Bergen, Manager Northwest Region

MEMORANDUM

MONTHLY REPORT - MARCH 1997

by

Paul Wojdak, NORTHWEST REGIONAL GEOLOGIST

HIGHLIGHTS

*Very successful Rock Talk meeting held by Smithers Exploration Group, 60 people attended talks on March 4 (record turn-out?) and 12 participated in Snip mine field trip on March 5.

*The short-list of serious bidders for Endako includes International Skyline Gold Corp., Princeton Mining Corp. and two or three other companies. Bidding closes on April 3.

PROPERTY VISITS

*Snip mine visited on March 5. The 1997 goal is to maintain production levels achieved in 1996, perhaps a daunting task as high-volume mechanized stopes will fall to 25% of ore production and conventional (cut-and-fill) stopes must contribute 75%. Reserves (proven + probable) are 334,899 tonnes at 24.77 g/t Au (Jan 1997). Production costs are being analyzed with a view to re-assessing the 12 g/t Au cut-off which has been used since mine start-up. (The cut-off for development muck is 8 g/t Au.) Twin West drilling has been completed and results are being evaluated but property exploration will continue in high gear in 1997. The Twin West resource identified from initial drilling is 36,500 tonnes grading 19.9 g/t Au. The Twin vein, which contained 80% of the gold ore at Snip and associated biotite lamprophyre dike (BSU) have been traced northwest of the Monsoon Lake structure with essentially no displacement. There, the Twin vein is visually identical to the ore zone except there is no gold. Twin West vein is northwest of the Monsoon Lake structure too, but is located 300 metres in the hanging wall of the Twin structure. Four exploration targets identified for 1997 drilling are:

- "Eastern deeps" in search of the down plunge extension of the Twin vein northwest of the Monsoon structure (follow up of a deep footwall hole drilled northeast from the Twin West zone which intersected 45 g/t Au over 2 m.)
- Search for Twin West southeast of the Monsoon structure.
- Pursue 150 vein (30 m in footwall of Twin vein) below 220 m elevation
- Pursue 130 vein (100 m in footwall of Twin vein) above 450 m elevation and below 400 m elevation.

*Porcher Island project of Porcher Island Gold Corporation was reviewed with Cam Scott (Pamicon Developments Ltd.) on March 10-11. A first phase of drilling was completed in Nov-Dec 1996 and about nine more holes (4300 ft) have been done in the just-completed program. Two types of gold-bearing quartz veins occur:

Ministry of
Employment and Investment

Energy and Minerals Division
Bag 6000, Smithers, BC V0J 2N0
Mailing Address:
Smithers, B.C. V0J 2N0
Location: 3793 Alfred Avenue

Tel: (250) 847-7383
Fax: (250) 847-

- NW dilational fractures that form a gross ladder system, within a 2.5 km hornblende quartz diorite (tonalite) stock.
- NE shear vein, the Edye shear cuts the margin of the quartz diorite stock.

The dilational structures have received most attention, historically and currently. The dilational veins have short strike length and hence limited tonnage potential. There may be better tonnage potential in the shear vein(s) which are associated with regional-scale structures, but Pamicon's program aims to develop mineable reserves above the approximately 2 km long 1015 level (Sea Level assigned as 1000 m) and there is just 30 m of back above the Edye shear vein, so that current drill targets are the dilational veins. A geological resource was identified in 1987-88 from drilling by Cathedral Gold but grade continuity (necessary to a mining reserve) was not proven. Visible gold has been noted only in the Edye shear vein. In general, gold correlates directly with pyrite. Tetradyomite, a bismuth telluride, is also present so that bismuth might be a geochemical exploration guide, in addition to gold. There is no other geochemical association. The veins do not respond to HLEM (pyrite content is too low) and only weakly to VLF-EM. Of exploration significance, the intrusion cuts Alexander terrane metavolcanic and sedimentary strata and is on regional strike with the Niblack massive sulphide prospect 100 km to the northwest.

MINESITE NEWS

*Cusac Gold Mines resumed milling at **Table Mountain** on March 10, following a mid-winter shut down, and repairs/improvements in the mill and powerhouse (the latter was plagued with problems in 1996). Initial millfeed will come from the Vol্লাug and Melissa veins. Exploration in 1997 will focus on the Erickson fault (hosts Michelle High Grade zone) and continuation of the Vol্লাug vein. Cusac Gold Mines Ltd. has raised \$5 million for exploration, development and capital improvements.

***Premier Gold** are screening 12-15 interested companies to sort possible buyers from tire-kickers. The data room in Vancouver will be available from March 31 and serious bidders will visit the mine site thereafter.

***Golden Bear** heap leach start-up capital cost estimated at Cdn \$9.8 million with 1997 gold production expected to be 25,000 ounces. Geological analysis suggests that gold contained entirely within limestone is amenable to heap leach recovery and refractory gold occurs only where volcanic rocks are present. The suggested explanation is gold in refractory ore was deposited with iron scavenged from the (mafic) volcanic rocks (Dunham Craig, Rock Talk, 1997).

***Huckleberry** concentrate will be trucked by Arrow Transfer to Stewart (120,000 tonnes annually) for shipment through Stewart Bulk Terminals. This means 40-50 jobs in Stewart.

EXPLORATION ACTIVITY

*Proprietary regional **airborne geophysical** system being flown by a major company from Smithers airport. Led to most frequently asked question at Rock Talk: "Who is doing the airborne survey with the 'Pinnocchio' plane?" Answer to be revealed at a latter date.

*Polaris Taku has been renamed the **New Polaris** project by Canarc Resource Corp. Some 30-40 holes have been completed in 1997 and two new zones containing ore-

Wojdak, Mar. '97 MR