

PROPERTY VISITS

PREMIER MINE (MI 104B052, 053,054)

On June 15th Paul Wojdak and I visited the Premier gold mine to update mining/geologic 'activities' and to discuss the "preservation of geological material". Surface and underground tours and office discussions were conducted/held with Alf Randall (Chief Geologist), Denis Gregoire (Mine Manager), Brian Miller (Project Manager - esp. underground), Shaun Dykes (Project Geologist) and Sasha ? (underground surveyor/future engineer).

Surface mining in the open pit was continuing on the 520 and 515 Benches. The ultimate (final) bottom of the pit will be Bench 495 (approx. 3 Level); mining is scheduled to be completed by the end of the month. At that time most of the 120+ employees will be laid off; some will be hired back on for the underground project currently in progress. When the transition from open pit to underground is made about 40 employees will be retained. Despite high employee productivity, the open pit continues to be 'plagued' with declines in ore tonnes and grade. The steeply dipping (near vertical) zone of ore (see photos) has been offset by younger faults, making efficient (economic) mining difficult by open pit. To date approximately 35 million tons of rock have been removed from the pit to get at approximately 2.5 million tons of ore. Unfortunately (in retrospect) when Westmin decided not to proceed with Phase B (push back of the pit wall) they unknowingly(?) have left ore in the back of the pit wall. This ore will now be part of the underground project. The best grade from the open pit has come from just below the bottom of the historic Glory Hole. Some benches assayed up to 11 g/t Au with the average being 3 g/t Au (see Photo # ?).

The underground scenario, which began several months ago, will hopefully enable the mine to remain in operation for several more years. So far, they may have another year of reserves outlined (i.e. estimate 30,000 tons averaging 0.4 opt Au). To date approximately 7000 tons of ore averaging 0.4 opt Au has been mined (value >\$1 million). Obviously the grade is the key. The targets (underground) are ore 'shoots' of 20,000 tons or more with a grade averaging 0.3 opt Au at a cut-off of 0.18 opt Au. [Note: Paul Wojdak informs me that that is exactly the same cut-off grade he calculated (when he was with Westmin) from historical records for the underground operations Premier.] The current underground mining rate is 140 tons per day, far short of the planned 300 tons per day. The mine plan over the next several months involves firstly "pulling the floors out and remaining pillars" from previous work, and then systematic exploration of new zones. There is still good grade ore (eg. > 1 opt). We went underground in the Northern Lights zone ("Premier West") via the Northern Lights portal (in the creek near the millsite - see photo) and then worked our way downwards (via raises) to the main haulage on Level 6. We examined high grade pillars in the "10D stope" Area, "1060 East Crosscut", "782 Drift", the "Sibakwe zone" and the "No. 6 Level". Several good exposures of 'stratabound' massive sulphides (early Jurassic) with crosscutting (younger - 120 Ma) quartz-carbonate-sulphide 'veins' were observed (see photos). In areas of stockwork type mineralization, it is important to identify and distinguish the two, as the grade is much better in the former.

Besides the underground potential, a major compilation of area geology by Paul Lhotka over the winter has outlined several zones of interest which will be examined this summer. Regional exploration/developments, such as going back underground on the Silver Butte deposit, further work on the Red Mountain prospect, and potential developments in SE Alaska (eg. Niblick deposit) may have a positive impact on Westmin's custom milling scenario.

TS:JB
June 18/92