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Business

Westmin to bid on Red Mountain

Westmin Resources, which has a mine and mill near Stewart, is putting in a bid for the Red Mountain gold property near that community.

Company vice president Bruce McKnight and other Westmin officials were in Toronto last week pouring over documents prepared by Red Mountain owners American Barrick.

Buying and developing the property could be a perfect fit for Westmin because the mill at its Premier mine is under-utilized, said McKnight.

"In a sense we get two tries — one on our own and then milling the ore if, for some reason, another company is successful at a bid," he said.

American Barrick became the owner of the Red Mountain property this fall when it took over Lac Minerals. Two weeks ago American Barrick put Red Mountain and three other former Lac mines on the block.

Company officials decided to keep some of Lac's properties but said others didn't fit American Barrick's new corporate plans.

Lac spent close to $20 million over the past three years exploring and assessing its mineral potential.

Even then Westmin was interested in milling the ore at its Premier operation.

McKnight said Westmin would have to spend money on its Premier mill so it could handle Red Mountain's ore.

"They would be fairly minor modifications and we're sure there would be no problem," he said.

The advantage to Westmin is that its Premier mill is already running and has the appropriate environmental permits.

That would save Westmin the expense and time of building a new tailings and mill site, said McKnight.

All of this could make for a faster environmental approval from the provincial government if a new mill site and tailings pond wasn't required.

Red Mountain is north and to the east of Stewart, off of Highway 37 leading toward the Meziadin Junction.

That makes for a journey of approximately 50 kilometres to Westmin's Premier mill.

Former owners Lac wanted to build a tramway to transport the ore down off the mountain to road level.

American Barrick wants to sell the Lac properties as a package and that means Westmin is also looking for partners to make a combined bid.

"We would like it if Red Mountain was sold separately but if not, we're looking for other companies interested in the other properties," McKnight said.

American Barrick has put a middle of December date on its plans to sell.

Westmin opened its Premier mine in the late 1980s but soon found out the ore it thought was there didn't meet its mill capacity.

Since then the company has been looking for companies with smaller ore properties as contract customers.

JBS → Red Mtn.

Barrick takes mines off block

BY PETER KENNEDY
Energy & Mining Reporter The Financial Post

American Barrick Resources Corp. pulled four gold mines acquired in its $2.2-billion takeover of Lac Minerals Ltd. off the selling block yesterday after bidders failed to meet its asking price.

The Toronto-based gold giant also said 1994 third- and fourth-quarter financial results may have to be adjusted downward to include depreciation costs at the mines.

"I assume we will be doing that," said Barrick spokesman Vince Borg, who wasn't able to estimate the size of earnings hit.

The decision was announced after the stock markets closed. Barrick (ABX/TSE) climbed $1⅛ to $31¼ in heavy trading as world gold prices advanced.

"They aren't commanding the price [for the mines] they thought they might receive," said Barry Allan, precious metals analyst at BZW Canada Ltd. in Toronto.

When Barrick completed the Lac acquisition in September, it said it wanted to sell four Lac mines to reduce an estimated $930 million in goodwill charges associated with the takeover.

They include the Macassa and Golden Patricia mines in Ontario, the Bullfrog mine in Nevada and the Red Mountain property in British Columbia.

But sources at companies that bid on the properties have expressed concerns that at least one of the mines cannot sustain previous production rates. Potential safety problems at Macassa were also mentioned.

Analysts were originally expecting Barrick to net up to US$300 million by selling the mines as a single package to potential bidders including Royal Oak Mines Inc., Westmin Resources Ltd. and Kinross Gold Corp.

But after reviewing the data, one mining official said "it would be stretching if they asked for US$150 million."

Borg said Barrick reversed its decision to sell the mines because it can generate greater value for shareholders by integrating them with its own operations.

Output from the mines would also push the company's gold output over 2.2 million ounces in 1994, rising close to three million ounces this year, he said. That compares with the original 1995 forecast of 2.6 million ounces.

However, Borg said he wasn't sure if the company would have to restate results for the three months ended Sept. 30 — reported as profit of US$61.3 million (US20¢) on revenue of US$216.1 million.

Barrick takes Lac mines off the market

Globe Jan 12/95

'We don't need the cash,' VP says

BY ALLAN ROBINSON
Mining Reporter

American Barrick Resources Corp. has taken down the For Sale sign on four of the gold mining properties it acquired in last summer's $2.3-billion takeover of **Lac Minerals Ltd.**

It received several offers, but none were high enough, in American Barrick's judgment, to warrant selling 4.6 million ounces of gold reserves and over 400,000 ounces of annual production.

The decision not to sell the assets firmly establishes American Barrick as the largest gold mining company outside of South Africa with annual production of more than three million ounces of gold.

It now eclipses rivals such as Placer Dome Inc. of Vancouver, Homestake Mining Corp. of San Francisco and Newmont Mining Corp. of Denver. Each produces just under two million ounces a year.

Analysts' estimates of what the Lac properties would have fetched ranged from $200-million (U.S.) to $350-million, said Vincent Borg, vice-president of the Toronto-based gold producer.

"We don't need the cash," Mr. Borg said of the decision not to sell.

American Barrick will be hiring mine executives to develop and operate the mine projects that had been put up for sale and they will be fully integrated in the company's gold mining portfolio, he said. The gold assets include the Macassa and Golden Patricia mines in Ontario; the Bullfrog mine in Nevada; and the Red Mountain project in British Columbia.

American Barrick has 11 operating mines in North and South America and two mines under development.

Please see AMERICAN — B2

American Barrick cancels sale

• From Page B1 Globe

Red Mountain is seen as one of the most significant gold exploration projects in Canada.

Lac estimates that the Red Mountain mine reserves could grow to five million ounces from two million and justify a $110-million (Canadian) mine capable of producing 225,000 ounces of gold within two years.

The decision not to sell the assets will once again makes American Barrick a major gold producer in Canada. In recent years its senior executives complained vociferously about the tax and regulatory climate in Canada.

"You can't acquire producing gold assets that easily," Mr. Borg said.

Stock market investors are willing to pay dearly for gold production and reserves, which often makes gold mining companies and properties prohibitively expensive.

As a sophisticated and major player in the international gold markets, American Barrick also has hedging strategies in place that allow it to generate more cash from gold production than smaller players can, making the properties worth more to American Barrick than other companies.

American Barrick has received offers and inquiries for Lac properties from several companies including Royal Oak Mines Inc. and Westmin Resources Ltd. of Vancouver and Kinross Gold Corp. of Toronto.

CORRECTIONS & CLARIFICATIONS

David Rosenberg is senior economist at **Nesbitt Burns Inc.** Incorrect information was published yesterday.

The $30-million **Sony Corp.** has offered **Gendis Inc.** for a five-year non-competition agreement is included in the $207-million it has offered Gendis for its 51-per-cent stake in Sony of Canada Ltd., not in addition to it, as was reported yesterday. Also, Gendis founder Albert Cohen was incorrectly identified as Arthur Cohen.

Certified general accountants are able to audit public corporations in some provinces. Incomplete information appeared in Report on Tax Planning on Tuesday.

ON THE MOVE

Marlean Lemire Inc. of Montreal has appointed **Richard Groome** president and chief operating officer, and **Andre Lemire** as co-chairman.

• **Reet Muur** has been appointed president of **Sabre Canada** of Toronto. Mr. Muur previously was managing director.

COMPANIES INDEX

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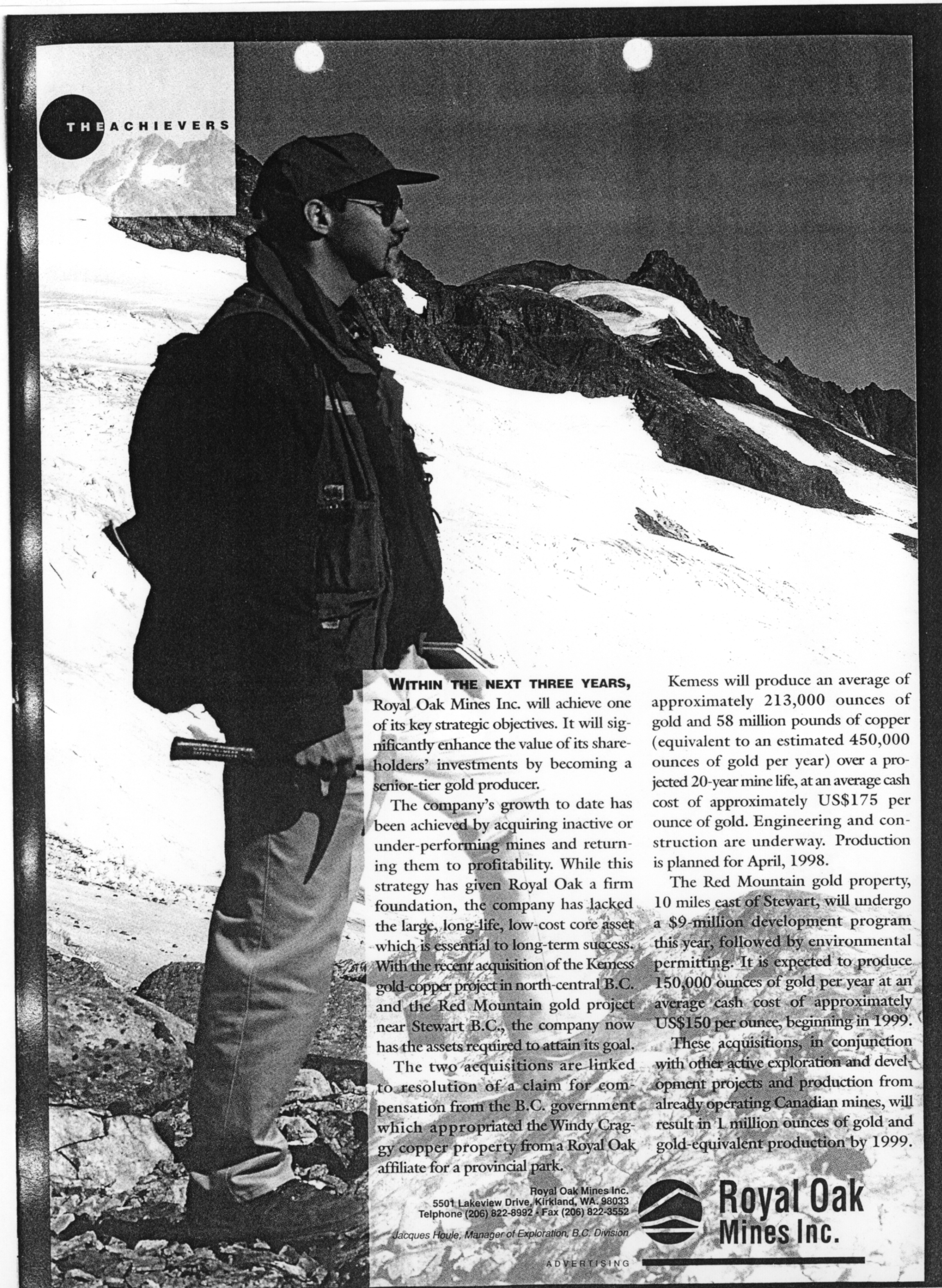

BC Business June '96

On the International front, three items warrant note. Rod Kirkham's new world geological map has been released on CD ROM. It makes the generalized geology of the world available to users at modest price. The release includes software to allow custom printing of any part of the map. GSC also undertook the Borders Project (now officially called the Multinational Andean Program). The project was to work with the National Geological and Mining Surveys of Argentina, Bolivia, Chile and Peru to design a four-country geoscience project for the InterAmerican Development Bank. The goal is to enhance the geoscience database in regions along the borders between the four countries to encourage mineral exploration in these regions. Cathie Hickson and Bob Turner of GSC worked together with Andre Panteleyev and four industry consultants to put the proposal together. Jim Monger, Steve Gordey and Ken Dawson worked together on the Circum-North Pacific terrane and metallogenic map. It presents Russian geology in North American terms and eases the entry of North American geologists into Russian geology.

On the cooperation front, BCGS and GSC took a big step, the first in Canada. We jointly outlined the geoscience needs for British Columbia and from this designed a plan for new work by our two organizations. New projects in bedrock mapping that will flow from this work to be undertaken from GSC Vancouver include 250K scale mapping of the Nass River area, to be led by Carol Evenchick and a new NATMAP project in the Fort Fraser Nechako River Country being designed jointly by Bert Struik and Bill McMillan.

This year has also seen organizational changes including the decision to merge the GSC Vancouver Office, Pacific Geoscience Centre, and the Seismicity and Geomagnetics Group in Ottawa into one west coast division. Also GSC's Vancouver Office, long located at 100 West Pender Street, is to be moved to 605 Robson Street, a move we expect to complete before the end of 1995.

9:30 Charles J. Greig, Cordilleran Division, Geological Survey of Canada, D. Green, Department of Geological Sciences, University of British Columbia, P.H. Daubeny, Echo Bay Alaska, K. Bull Dihedral Exploration Ltd., and R.G. Anderson, Cordilleran Division, Geological Survey of Canada

Regional Setting of Red Mountain Gold Deposit, Northwestern British Columbia: GSC-LAC Minerals IPP Mapping Project

The Red Mountain Au deposit, southeast of the Iskut-Stewart camp, was localized by favourable strata, intrusions and structure. It is hosted by Middle to Upper Triassic and Upper Triassic siliceous argillite, probable Lower Jurassic tuffaceous rocks, and ca. 202 Ma seriate quartz-biotite-hornblende-feldspar porphyritic sills and dykes deformed into a complexly faulted, north-northwest striking, gently north-northwest plunging regional antiform. The antiform's eastern limb is defined by steeply east dipping mainly volcanic Lower Jurassic rocks, and Triassic clastic rocks that were shortened significantly on east-northeast vergent thrusts and overturned folds occur in the western limb. The Early Jurassic mineralizing event was coeval with intrusion of the porphyritic rocks into partly unconsolidated host rocks and predated the regional Jura-Cretaceous to Tertiary(?) deformational event. Results of the new mapping presented here extends the distribution of similar strata and intrusions and provides a framework for exploration for similar deposits in the area.

9:50 Robert G. Anderson, Department of Geological Sciences, University of British Columbia and J. Mortensen, Cordilleran Division, Geological Survey of Canada
Cretaceous-Tertiary Plutonism in the Northern Canadian Cordillera

Early Cretaceous to Early Tertiary (125-55 Ma], mostly post-tectonic, plutons in Yukon and eastern Alaska have been historically well-explored for associated base metal, tin, tungsten and uranium deposits and are currently being re-evaluated for associated Au mineralization (e.g.,, Fort Knox, Brewery Creek, Dublin Gulch). Plutonic suites in Yukon were previously grouped on the basis of intrusive style, modal, geochemical and isotopic composition, and K-Ar and Rb-Sr dates. Recent U-Pb geochronological studies of many of the plutonic suites have helped to constrain, and in some cases redefine, the distribution of the various plutonic suites and associated mineral deposits.

One example of how our understanding of the evolution of plutonic activity in Yukon has changed involves the widespread Early and mid-Cretaceous intrusions in the Selwyn Basin. These intrusions are some of the best-studied in Yukon, in part because of their well-known association with tin, tungsten and base metal skarns and uranium mineralization. Previous syntheses assigned most of the plutons to the Selwyn suite, and subdivided them into a hornblende-bearing, granodiorite to quartz syenite, a two-mica quartz monzonite and granite, and a "transitional" group. Available isotopic age data indicated that all of these were emplaced between 106 and 80 Ma. The Tombstone suite in the western end of the Selwyn Basin in western Yukon was distinguished from the Selwyn suite by its alkalic compositions and slightly younger age.

New dating studies have shown that the Tombstone suite (95- 89 Ma, U-Pb) is far more extensive than previously thought, and includes most of the plutons in the central and eastern parts of the Selwyn Basin. The Tombstone suite comprises the mildly to strongly alkalic phases and plutons in its type area and as far east as the O'Grady Batholith in the Nahanni map area, as well as mildly to strongly peraluminous intrusions, including two-mica granites such as the Mactung Pluton near Macmillan Pass. Most mid-Cretaceous intrusions in the Fairbanks district in Alaska are also included in the Tombstone suite.

The redefined Selwyn plutonic suite (ca. 112-99 and 97 Ma) is now restricted to Cretaceous intrusions in the southwestern part of the Selwyn Basin, mainly in the Tay River, Sheldon, Finlayson Lake and Frances Lake map areas. The Selwyn suite consists of two-mica quartz monzonite and granite emplaced between about 112 and 99 Ma, and slightly younger hornblende-bearing granodiorite to quartz monzonite emplaced at 97+/-1 Ma. This younger intrusive event is coeval and comagmatic with

TGS → Red Mtn.

The company's mining interests are centred on coal. It operates the U.S.'s third-largest coal mine in Wyoming, an underground mine in Illinois and a surface and underground mine in West Virginia, which between them produced 21.2 Mt in 1993, 13% higher than in the previous year. The company has benefited from contracts signed in times of higher coal prices, and although recent contract negotiations have resulted in lower prices these are to be offset by increased output at Jacob's Ranch (Wyoming) and Galatia (Illinois). Coal from both these operations is low-sulphur and meets forthcoming U.S. clean-air requirements.

Production at Jacob's Ranch rose by 12% to 16.7 Mt and output at Galatia also increased, by 12% to 3.8 Mt. Kerr McGee's West Virginia operations, meanwhile, boosted output of metallurgical coal by 48% to 700,000 t. Output of lower-sulphur coal from No.5 seam at Galatia is being expanded by 50% to 5.4 Mt/y in a project due for completion later this year, with output of higher-sulphur coal from the No. 6 seam being suspended until future clean-coal technologies become commercial.

Kerr-McGee's chemicals interests include titanium dioxide, for which it has a net annual capacity of over 150,000 t. The company has a plant in the U.S., a 50% interest in the Cooljarloo operation in Australia, and a 25% interest in a plant in Saudi Arabia. Other chemical products include battery-grade manganese dioxide, of which Kerr McGee is the world's third-largest producer following a 50% expansion of the capacity of its Henderson, Nevada, plant to 21,700 t/y. □

Cyprus Amax's coal focus

The U.S.'s largest mining company, Cyprus Amax, has reported net income of $100 million for 1993, compared to a net loss of $334 million in the previous year. On a segmental basis, the company's coal operations were turned around from a $267 million loss in 1992 to $142 million profit last year, while copper income was also increased. Revenues improved from $1,641 million to $1,763 million.

Cyprus Amax was formed through the merger in November 1993 of Cyprus Minerals and Amax Inc. Its assets include Cyprus Amax Coal Co., one of the U.S.'s largest coal producers, Cyprus Climax Copper Co., the second-largest copper producer, Cyprus Foote Mineral Co., the world's largest lithium producer, a 40% holding in Amax Gold, and various iron ore operations. During 1993, its production included 24.4 Mt of coal, 632 Mlb of copper, 36 Mlb of molybdenum, 30 Mlb of lithium, 112,000 oz of gold and 3.3 Mt of iron ore.

Aside from the merger, other developments during the year included Cyprus' acquisition of a 40% holding in Oakbridge, the Australian coal producer, and the Cerro Verde copper operations in Peru. Cyprus and Lac Minerals also bid successfully for a 51% stake in the El Abra copper property in Chile, while in Russia the company expects to begin gold production from its property in the Magadan district in 1996. Divestments during 1993 included Cyprus' holdings in gold properties in New Zealand and Australia, and a Mexican zinc property, while earlier this year Cyprus Amax sold Amax Oil & Gas to Union Pacific Resources for approximately $819 million. Since the beginning of 1993, non-strategic asset sales have totalled about $1,100 million.

Total Cyprus and Amax coal production during 1993 was 62.6 Mt from 26 mines in nine states. The new company reports that there is remarkably little overlap between the former parties' operations, with Amax's coal production centred on large-scale surface operations in Wyoming, and in the Illinois basin, while the principal Cyprus operations are in Kentucky, Pennsylvania, Colorado and Utah.

With the contribution from Oakbridge, Cyprus Amax's capacity is now some 72.5 Mt/y and, writing in its annual report the company's president, Mr Milton Ward, notes that it aims to increase this to over 90 Mt/y in the near future.

The company has managed to reduce its copper cash production cost to under $0.65/lb in late 1993, while realising $0.94/lb through its price protection programme. Targets include the production of over 1,000 Mlb/y of copper and not less than 70 Mlb/y of molybdenum. Projects under evaluation include the Casa Grande deposit in Arizona, and the investment of $375 million at Cerro Verde over the next five years.

Exploration expenditure during 1993 totalled $25 million, of which about half was spent on copper. Copper and gold exploration was carried out in the U.S., Chile, Peru, Canada, Australia, Mexico, Panama, Taiwan, Russia, Guinea and Greenland.

Cyprus Amax now has a gold concession in Guinea and will commence drilling this year, while in the Magadan district of the far northeast of Russia, the company is manager of a joint venture that has a proven reserve of around 2.3 Moz of gold at a grade of 16.4 g/t.

As a result of the merger of Amax into Cyprus Minerals, the new company expects to make annual savings of $120 million in general and administrative expenses. Before the merger, about half of Cyprus' revenue came from its copper operations, with a further one-third from coal. In the future, Cyprus Amax expects that coal will provide 50% of its revenue, with copper making up an additional 40%, the change in emphasis to coal, which is mainly sold under long-term contracts, reducing the company's vulnerability to the effects of copper price fluctuations. □

Lac invests in the future

Lac Minerals, which has gold mining operations in Canada, the U.S. and Chile, recorded a net loss of $63.5 million in 1993, compared to net earnings of $12.7 million in 1992. The 1993 figure includes provisions for environmental and mine closure costs, and the Macassa rockburst. Total gold production was maintained at 1.1 Moz, while the company's cash production cost fell from $213 to $199/oz. The cash margin from operations was $153 million, the average price received falling to $355/oz. Base metals contributed 5% of total revenues.

Output from individual North American gold operations was: Bousquet No. 1, 52,989 oz; Bousquet No.2, 162,003 oz; Bullfrog, 354,887 oz; Doyon (50%), 124,896 oz; Golden Patricia, 74,712 oz; Lake Shore Tailings, 17,131 oz; and Macassa, 71,087 oz. In South America, gold output was: El Indio (83%), 200,355 oz; and Toqui, 16,451 oz. Zinc production at Toqui was 31,281 t, while the company's copper production was 3,958 t at Bousquet No.2 and 31,334 t at El Indio. Gold cash production costs ranged from $132/oz at Bullfrog to $317/oz at Bousquet No.1, giving total mine costs of between $254/oz (Doyon) and $576/oz (Bousquet No.1).

Much of Lac's exploration activity in 1993 was focused on Australia, Indonesia and Papua New Guinea. The company also evaluated a number of prospects in sub-Saharan Africa, and is currently assessing the potential for acquisitions in Europe and two central Asian C.I.S. republics. Exploration expenditure during 1993 totalled $34.8 million, of which $10.3 million was spent at Red Mountain, British Columbia, and $3.6 million on the Nevada project in Chile. Exploration budgets for 1994 include $23 million for North American projects, including $14.5 million at Red Mountain, and $14 million in Chile, Peru, Argentina, Bolivia and Brazil.

In joint venture with Cyprus Minerals (now Cyprus Amax) Lac successfully bid last year for a 51% holding in the El Abra copper deposit in Chile, formerly held by Codelco. Lac South America's president notes that El Abra has the potential to form the basis for a 35-year operation, with the production of 225,000 t/y of cathode copper commencing in 1997. □

Market news

Whilst welcoming the proposed ur bundling of **Johannesburg Consolidate Investments,** in which Anglo American is major shareholder (*MJ*, April 1, p.242), th African National Congress has called fo more details on the restructuring. JCI i

SEABRIDGE GOLD INCREASES RED MTN. OUNCES BY 34%

Seabridge Gold Inc. [SEA-TSXV; SE AMEX] reports receiving a new NI 43-101 compliant technical report on its 100% owned Red Mountain gold project from independent SRK Consulting. The project is located 18 km east of Stewart in northwest British Columbia. The report states that the Red Mountain Project, at a 1.0 gram/tonne cut-off, hosts an additional inferred resource of 1,729,000 tonnes grading 2.97 grams gold/tonne (165,000 oz.) in close proximity to gold resources previously reported by Seabridge.

The SRK report addressed the 132 and 141 zones, which are located near the Marc, AV and JW zones where previous resource estimates were concentrated. In 2003, Seabridge commissioned SRK to undertake a preliminary economic assessment of the then-stated resources at Red Mountain. This study's preliminary projections included an eight-year mine life with average cash operating costs of US $213/oz.

To date, diamond drilling at Red Mountain has totalled 127,000 metres in 467 holes. In addition, 2,000 metres of underground workings have been excavated, including a 1,000-metre production-sized decline.

Red Mountain Gold Resources (1.0 g/t cut-off)

	Tonnes (000s)	Grade Grams/Tonne	Ounces (000s)
Measured	1,260	8.01	324
Indicated	340	7.04	76
Inferred	2,079	3.71	248

NORTHERN CONTINENTAL AND EAGLE PLAINS DRILL ABO

J Frank Callaghan, president, reports **Northern Continental Resources Inc.** [NCR-TSXV] and **Eagle Plains Resources Ltd.** [EPL-TSXV] have begun a 1,200-metre (4,000-foot) $200,000 diamond drilling program on the Abo Gold Project located five km north of Harrison Hot Springs, about 100 km east of Vancouver, British Columbia. Northern Continental can earn a 60% interest in the 1,900-hectare property by spending $3 million on exploration and issuing 1.2 million shares over five years. An additional 84 contiguous claims were subsequently staked by Northern Continental that are 100% owned.

Previous work on the property included mapping, soil sampling, ground-based geophysics, 444 metres of underground development work and a total of 13,856 metres (45,448 feet) of diamond drilling. A NI 43-101 compliant resource estimated has been prepared by Barry Price, P.Geo., that has outlined an indicated resource of 1,845,000 tonnes grading 2.79 grams gold/tonne, containing 165,000 ounces of gold and an inferred resource of 600,000 tonnes grading 2.8 grams/tonne containing 55,000 ounces of gold in the Jenner and Portal zones, which remain open to depth.

The objective of the 2005 program is to carry out work in the Portal stock area in addition to exploration drilling of the Hill and Breccia zones. Untested soil geochemical anomalies and geophysical features outlined in 2001 airborne geophysics will also be investigated. A work program in 2003 included 15 km of road and trail rehabilitation, implementation of secure underground access, 300 metres of trenching, and 682 metres of diamond drilling in four holes.