

NEWSLETTER

Editor - John Murray

REDHAWK RESOURCES DRILLING AT REMAC ZINC PROJECT

A four intersection drill program is now under way at Redhawk's Remac zinc project 20 miles southeast of Cominco's zinc-lead smelter complex at Trail, BC, and 15 miles northwest of Cominco's Pend' Oreille zinc-lead concentrator and project at Metaline Falls, Washington State.

The Remac zinc project has four SEDEX orebodies that are the faulted extensions of orebodies mined at the adjoining Reeves-MacDonald mine, which operated from 1949 to 1975. At the Reeves-MacDonald the ore came from four sulphide zones within the Reeves limestone member of the Lower Cambrian Laib formation.

All of the zones at the Reeves mine showed strong continuity of structure and grade, though each had a different grade. Grades in the four zones ranged from 3.5-12.9% Zn, 1-5% Pb, 0.3-3.5 ounces silver and 0.02-0.09% cadmium per ton. The four zones are the Annex, Annex

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West, Redbird and Reeves, The Annex miles, Redhawk owns more than three and Redbird zones are the highest grade, miles of the favourable stratigraphy. Reeves zone is the lowest grade, and strike from the initial target areas. provided the bulk of the ore mined.

The extension of the Annex zone orebody was discovered with holes 87-1 and 88-1. Hole 87-1 intersected 54 feet of 8% zinc. 0.88 lead, 1.6 ounces per ton silver and 1.8 pounds of cadmium per ton (including 26 feet of 10% zinc, 1.64% lead, 2.21 ounces silver and 2.4 pounds cadmium per ton). The current drill program is designed to develop the Annex zone down-plunge from the previous ore intersections.

In a February 4, 1988 report geological consultant, Ralph Westervelt, stated: "The present review clearly indicates a major potential for developing significant new sulphide reserves on Redhawk's property. Drilling in 1986 to 1988 essentially confirmed the faulted continuity of three of the ore zones (Annex, Annex West and Redbird) immediately west of the old Reeves-MacDonald mine with a potential reserve of some 5 million tons averaging about 8% Zn, 3% Pb, 0.05 % Cd and 2 o.p.t. Ag....Further sulphide target areas have been defined with a reserve potential estimated at another 9 million tons."

In March Mr. Kristian Ross reported the company had staked another two mineral claims covering 3 sq. miles bringing the company's holdings at Remac to 12 sq.

followed next by the Annex West. The which is unexplored, and postulated along

AUGUST 1998

Redhawk owns 100% of the nine square mile property, subject in part to two small non overlapping n.s.r. royalties. One royalty (2.5% n.s.r.) is capped at US\$1,000,000. The company may purchase three-quarters of the second one (2% n.s.r.) at any time for \$1,500,000, and has first right of refusal on the remaining 0.5%.

Westervelt's report recommends an initial \$975,000 program to follow up on drilling in Remac's Annex zone. At least one hole will also be drilled on Remac's Redbird zone. Phase one drilling will begin as soon as financing has been completed and the necessary government permits have been received. Redhawk expects the phase two drill program recommended by Westervelt, costing \$1.525 million, would be followed by an underground development program designed to take the project to feasibility.



YOUR FINANCIAL SUPPORT IS IMPORTANT TO THE CHAMBER - PLEASE LET US KNOW IF YOU CAN HELP!

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CHAMBER PLOTESTS ROAD D_ACTIVATIONS

passed to send the following letter to the Premier and Presidents of logging companies:

"Dear Sir: The Chamber of Mines of Eastern BC has a duty to speak up for its members' rights. Prospectors have been

At the July Board meeting a resolution was outside parks. Yet logging companies are being paid to deactivate roads. Those roads are our access. This destruction of infrastructure will hurt the economy of BC.

SOLUTION: We propose that logging companies with FRBC funding fix promised the right of access to all lands problems on the roads rather than destroy

them. The government must take back the liabilities for this to work. This would result in logging companies maintaining their FRBC funding, and prospectors can get back to finding mines that will generate high paying jobs and huge taxes for the BC government."

REGIONAL AND DISTRICT MANAGERS INSTRUCTED TO ASSIST MINING by J. Murray, P. Geo.

In a strongly worded letter to all Regional > Where appropriate, each MOF's mining and District Managers of the Ministry of Forests (and copied to the office of the Premier, LUCO, MELP Deputy Minister, and the Ministry of the Attorney General) dated April 15, 1998 Assistant Deputy Minister Janna Kumi pointed out that Deputy Minister of the Office of the Premier Doug McArthur had met with mining industry representatives to advise them the government does recognize the importance of mining and mining exploration.

"In view of the government's commitment to the mining industry I ask that you ensure that your staff are aware of the significant economic and social benefits the mining industry provides to the province and of the government's commitment to the mining industry. Specifically I ask that:

- >vour staff adhere as much as possible to for the Slocan Valley:] the time frames agreed to (in a MOU on Dear Project Co-ordinator: cutting of Crown timber on mineral tenures agreed by MOF, MEM, and MELP).
- >For each district and regional office it is tunity is worrisome. The jobs in tourism nate) be identified as the primary mining people, not for supporting families. contact person. These contacts would act I am employed by Selkirk Paving. Our access is dealt with in an efficient manner. ... wealth for the residents of the valley.

contact person to work proactively with local exploration firms to discuss their operational plans, application requirements, timing required to process, and FPC requirements.

I would emphasize that it is important that each application is expeditiously dealt with and that you and your staff provide due diligence to facilitate mineral exploration consistent with applicable legislation. (Emphasis added)

[Ed.: I suggest prospectors keep this letter in mind; if line agency MOF staff need to be reminded of this commitment from their highest levels a copy of this letter can be made available.]

FROM THE MAILBAG:

[Received in response to last month's article on development of a Community Action Plan

Your apparent focus on the tourism industry as future employment opporsuggested that a single person (and alter- are low paying and are for job entry

as a source of knowledgeable advice to the industry is not mentioned in your mining industry and the ministry and would (situational analysis). Selkirk's gravel ensure that each application for a cutting quarry and other quarries in the valley have authorization or a Special Use Permit for historically, and are currently, creating new

ATCO LUMBER PLANS

In a letter dated June 10, 1998 Atco has notified the Chamber of its proposed development and harvesting in the Fruitvale area (FL A20193-CP 69 Kelly Creek, Arrow Forest District) within the next year. Atco's goal is to maintain cooperative relations with the mining community and to ensure the best possible management plans are carried out with the least possible disruption to the natural resources and resource users. Anyone with plans to be operating in the areas are invited to contact Atco at 250-367-7771 (7AM-4PM) in order to coordinate activities. Deadline for responses was July 22 (so vou better hustle!)

In my vision for the valley I see continued resource extraction in sand and gravel, landscape rock, mining of traditional metals, and exploration for unfound resources. As you note the Slocan Valley has very high mineral potential. This sector offers great opportunity for continued economic development supporting high paying jobs. (According to the latest Price Waterhouse study the average job plus benefits in BC's mineral industry is well over \$70,000.)

Support of these industries will ensure a healthy economic vitality for the residents of our valley.

Sincerely, Melford E. Bell





REDHAWK'S RELIAC PROGRAMME UNDERWAY

Work has begun on Redhawk Resources' Remac zinc oxide project located 35 km SE of Cominco's lead-zinc smelter complex at Trail, BC. On site work started in mid June with a programme of selected surface trenching to be followed by a Reverse Circulation drilling programme.

Trenching in preparation for drilling is now complete and drilling has commenced. A total of 130 channel samples were collected from Zones A, B and C. Analytical results have now been received and are reported below.

Highlights include a section in Trench B-2000-01 with a weighted average grade of 18.89% zinc across an estimated true width of 6.3 m. and a section in Trench C-2000-01 with a weighted average grade of 8.99% Zn across an apparent true width of 11.7 m. A detailed summary of all the trench results is presented in the tables below.

Mineralization on the Remac property consists of a series of carbonate hosted base metal deposits known to extend over a distance of three km on a SW trend. This year's exploration targets are the oxidized upper portions of Zones A, B, C, F, G and

adapted from: www.redhawkresources.com

H. Based on underground mining and drilling records, oxidation of these and the other deposits ranges to depths of 450 m.

Trench B-2000-01 is the most easterly trench in Zone B. The trench samples were collected across the full width of the zone and are a resampling of an old showing previously reported by Redhawk. (Table 1)

Trench B-2000-05 is located 100 m west of Trench B-2000-01. It did not reach bedrock but did encounter many high grade zinc-bearing boulders ranging in size from fist sized to one metre. Representative samples taken from five individual boulders assayed between 17.6 % and 33.9 % Zn. (Table 2) The other three Zone B trenches failed to reach bedrock.

Zone C is located 150 m. northeast of Zone B and was tested with two trenches. It was sampled along the high bank of the trench/road cuts that provide access to the drill stations.

Trench C-2000-01 is the most westerly of the trenches completed on Zone C. (Table 3)

Trench C-2000-02 is located 20 m to the and downhill from east trench C-2000-01. (Table 4)

*Note: Two intervals totaling 3.4 m true width of the 18.1 m zone were assigned zero grades because these sections were wholly overburden intervals and no samples (N/S) were taken. These intervals, however, were conservatively included with zero grades in calculating the trench average grade even though the mineralization is expected to continue through these sections.

The High Road showing is located about 170 m west of Trench C-2000-01. It is a small zinc oxide exposure on an overburden covered hillside and appears to be on or near the western strike extension of Zone C. A grab sample from this zone ran 10.32% Zn. This apparent extension of the Zone C target to the west will be investigated during the next phase of exploration.

...Continued on P. 4...

TABLE 2:TRENCH B-2000-05B ZONE - UPPER TRENCH					
SAMPLE NO.	Zn (%)	Pb (%)	Ag (g/t)		
182729	18.3	18.00	19.90		
182786	33.9	0.10	25.20		
182787	21.7	5.40	8.60		
182788	17.6	9.20	25.40		
182789	21.3	1.20	33.60		



TABLE 3: TRENCH C-2000-01 C ZONE - UPPER TRENCH						H
SECTION	SAMPLE LENGTH (m)	ESTIMATED TRUE WIDTH (m)	ESTIMATED TRUE WIDTH (ft)	Zn (%)	Pb (%)	Ag (g/t)
Hangingwall section	32.7	5.6	18.5	9.2	2.73	19.09
Centre section	24.7	11.0	36.0	3.0	1.17	3.55
Footwall section	0.9	4.4	14.5	11.0	1.31	16.45
Trench average	65.3	21.0	69.0	6.3	1.62	10.42

TABLE 4:

TRENCH C-2000-02 C ZONE - LOWER TRENCH

SECTION	SAMPLE LENGTH (m)	ESTIMATED TRUE WIDTH (m)	ESTIMATED TRUE WIDTH (ft)	Zn (%)	Pb (%)	Ag (g/t)	Ed Mannings
Lower section	27.6	11.7	38.5	9.0	1.62	12.30	Vice President Eina
Overburden cover*	5.6	2.0	6.6	N/S	N/S	N/S	602 Baker
Centre sample	0.6	0.5	1.6	13.8	1.24	7.50	Nelson BC
Overburden cover*	1.8	1.4	4.7	N/S	N/S	N/S	(250) 354
Upper section	4.2	2.5	8.2	16.0	0.97	3.67	(200) 004
Trench average*	39.8	18.1	59.5	8.4	1.22	8.66	Merrill Lynch Canada Inc.
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REDHAWK'S REMAC...From P.3

Zone A is located 350 m W of Zone B and oxide zones were not mined as the was tested with two trenches. Trench A-2000-01 is located on a narrow zone of mineralization at the E end of Zone A. An estimated true width of 0.33 m ran 10.9% Zn.

The second trench in Zone A, trench A-2000-02, is located above and 40 m west of trench A-2000-01. At this point the zone widens to an estimated true width of at least 1.5 m and ran 12.64% Zn, suggesting that the zone may continue to open to the W where it is covered by an overthrust argillite rock unit. This western projection is, like the High Road showing, a high priority exploration target to be investigated more thoroughly during the next phase.

A 2,600 m program of reverse circulation (RC) drilling is now underway. This program is scheduled to test extensions of zinc oxide mineralization on targeted zones B, C, F, G and H. Further information including a schematic longitudinal section and a simplified plan view map showing the locations of all the relevant zinc oxide zones at Remac is available at www.redhawkresources.com or by calling Redhawk at (604) 681-9501.

Trench samples reported here were personally collected, and analytical results compiled, by Mr. George Gorzynski, P. Eng. All samples were sent to the Cominco Exploration Research Laboratory in Vancouver and analysed for Zn, Pb, Ag and Ni by total acid decomposition with an atomic absorption finish. Redhawk has established a program of quality control check assays for the project which includes collection of blind duplicate field samples, inclusion of zinc standards with sample submissions and pulp check assays. High grade samples (over 10% Zn) are being check assayed and duplicate pulps have been sent to ALS Chemex Laboratories in North Vancouver for confirmation assays.

Redhawk is the operator of the year 2000 Remac program, funded by ZincOx Resources BV as part of an agreement calling for ZincOx to earn a 50% interest in the Remac project from Redhawk by spending an optional \$3,000,000 over four years.

The Remac zinc oxide project sits on the site of, and adjoining, a very successful zinc sulphide mine that operated for 25 years before closing in 1975. The overlying zinc

necessary technology was not available to recover the zinc in its oxide form. ZincOx. based in London England, has considerable experience in the benefication of zinc from a zinc oxide source.

Redhawk and ZincOx also announce the signing of a Reconnaissance Agreement extending their co-operation beyond the Remac project to cover the entire Kootenay Arc region of British Columbia and Washington State, an area of approximately 65,000 square kilometers. ZincOx will provide Redhawk, the initial operator, with \$20,000 to commence outside reconnaissance in the Kootenay Arc between now and July 30, 2001. Beyond this initial \$20,000 the parties will be jointly responsible for further project costs in the Reconnaissance Agreement area on a working 50-50 basis.



COAL AS JET FUEL?

Could coal be a fuel of the future?

The Penn State research, funded by the U.S. Air Force, has concluded that coal can overcome a major obstacle to the development of faster, ramjet-powered aircraft able to travel as much as nine times the speed of sound. That obstacle has been heat, specifically the amount of heat that the fuel is exposed to as the jet engine operates. The petroleum-based fuel currently used in commercial aircraft is typically exposed to operating temperatures below 600°F. keeping it both safe and effective. As speeds climb, however, so does the operating temperature around the engine. Petroleum-based fuels exposed to higher heats become less stable, and eventually decay to form solid deposits in the engine and fuel lines with disastrous results.

To cope with operating temperatures as high as 900°F in ramjet-powered aircraft, scientists have been looking at coal-derived



fuels. At a chemical level these fuels share coal's distinctive ring-like hydrocarbon makeup which has proved to be far more stable at high temperatures than the straight-line hydrocarbon structure of petroleum-based products. Studies have proved this showing that the coal-based fuel can function normally in flow reactors which mimic the conditions of superheated ramjet engines.

"We've managed to put it up to 800°C (about 1,450°F), which is very encouraging," one researcher said. The next tests, currently under way, will examine how the coal-based fuel behaves in actual engines. A working coal-based fuel prototype could be available by as early as 2003. While designed to cope with the theoretical problems of future, high-speed aircraft, the fuel could also probably be utilized to power current commercial aircraft, according to the Energy Institute. This would not necessarily make these planes fly faster, but could make them fly cleaner by reducing the high-altitude emissions.

Development of the new fuel could be good news for the US and Canada who hold a large proportion of the world's total coal reserves. One drawback could be that these fast planes burn a lot of fuel. But that depends on one's perspective doesn't it?

REDHAWK OPTIC IS ADJOINING RELIAC PROPER Feb. 2000

Mr. Kristian Ross reports Redhawk has signed an option to purchase agreement for land and mineral titles adjoining the company's Redbird property from Reeves MacDonald Mines Limited, and a letter of understanding with ZincOx Resources BV to explore and develop zinc oxide deposits on the company's Redbird and adjoining optioned Reeves property. (Both transactions are subject to approval).

The Reeves property is located 35 km SE of Cominco's Trail zinc-lead smelter and consists of 315 ha of Crown granted mineral rights and Crown granted and fee simple land. The agreement allows Redhawk to consolidate a package of mineral claims covering approximately 4,430 ha. or 17 mi2. ZincOx and Redhawk see the zinc oxide project at Remac as a potential source of low cost zinc metal due to recent metallurgical advances.

Under the terms of the agreement Redhawk has a four year option to purchase the Reeves property for \$1.95-million. Redhawk has made a \$1,000 irrevocable option payment to Reeves, and has 60 days from signing to get regulatory approval for the deal and to then make a \$149,000 option payment to Reeves. The option can be extended on a yearly basis for an option payment of \$20,000 to Reeves until the purchase price is due. As part of this agreement Reeves will subscribe for a \$100,000 part and parcel private placement of 250,000 common shares of Redhawk at 40 cents per share. These shares will be subject to a one-year hold period.

The letter of understanding between Redhawk and ZincOx Resources BV calls for ZincOx to spend an optional \$3-million

LIFE

adapted from: http://www.redhawkresources.com

over four years to earn a 50% interest in the zinc oxide project. The first year's programme, with Redhawk the operator, calls for a \$400,000 expenditure. Following ZincOx's earn-in the project costs will be split 50/50 with a standard dilution clause for non-contribution. ZincOx will subscribe for a \$200,000 part and parcel private placement consisting of 500,000 units at 40 cents per unit. Prior to this private placement ZincOx owns 600.000 Redhawk shares and has a warrant to increase its holdings to 1.2 million shares.

The Remac zinc oxide project sits on and adjoins the site of a successful zinc sulphide mine that operated for 25 years before closing in 1975. The overlying zinc oxide zones were not mined, as the necessary skills were not available to recover the zinc in its oxide form.

The company has a high degree of confidence of the integrity of these zones through projections of underlying previously mined sulphide zones, geological projections, and surface and underground sampling. Management also feels there is room within the overall oxidized envelope to locate additional zones. As well considerable potential exists to expand the size of these zones by including their hangingwall portions which were often mined in the sulphide mine. An example of this potential is shown by the 1998 trenching of the Beer Bottle zone. This showing was trenched with a backhoe and channel sampled by G.H. Klein, PEng, and gave the following results in the totally oxidized zone: A footwall section grading 21.93% Zn, 3.10% Pb, and 0.78 oz/ton Ag over 33.1 feet (estimated true thickness 21.5 ft); and an immediately overlying

hangingwall section grading 5.77% Zn, 1.77% Pb, and 0.11 oz/ton Ag over 25.4 ft (estimated true thickness 16.5 ft.) Taken together these sections would grade 14.93% Zn, 2.52% Pb, and 0.49 oz/ton Ag over an estimated true thickness of 38.0 ft.

In the Redbird zone underground development conducted in the early 1960s by Cominco while searching for a deeper sulphide section of the zone reportedly outlined by drifting an oxidized zone lying beneath the oxidized surface showings. Sample plans show this zone grading 18.5% Zn and 6.5% Pb along a length of 600 ft and across a thickness of 20 ft. Redhawk will initially attempt to upgrade these and the other indicated steeply dipping zones to resource and reserve status by trenching and drilling. A continuing programme of metallurgical testing will then begin under the direction of Noel Masson of ZincOx. The most recent advances in commercial zinc oxide benefication came at Reunion Mining's Skorpion project in Namibia under the direction of Mr. Masson.

The significance of the new zinc oxide benefication technology is that, unlike with sulphide production, it allows pure zinc metal to be produced without the need to send a concentrate to a conventional smelter. Although much detailed testing will be necessary to ensure success, preliminary metallurgical testing is encouraging and indicates the material should be amenable to benefication. At Remac the company has the benefit of being located close to all necessary infrastructure for an operation of this kind, adding significantly to the potential value of its project.



WITHOUT

MINING?



RIO ALGOM CATIONS BOOTLEG PROPERTY

from: http://www.EaglePlains.bc.ca

Letter of Intent with Eagle Plains Resources Ltd. on its 100% owned Bootleg project located 1.5 km west of Kimberley, British Columbia. The property is situated just 5 km from Cominco's world-class Sullivan deposit, and is contiguous with the Sullivan Crown Grants. Rio Algom intends to enter into an option agreement whereby it may earn a 60% interest in the 184 unit (11,200 acre) property by carrying out \$2,000,000 in exploration expenditures and making cash payments of \$310,000 to the company over 4 years (\$30,000 of which will be paid to Eagle Plains on signing of a formal option agreement).

In 1995 Eagle Plains Resources and partner Miner River Resources (now merged) initiated a search for base-metal mineral deposits based on the Sullivan deposit model. The companies researched and staked over 40,000 acres of land in the East Kootenay region had Sullivan-type mineral which potential, based on favorable geology and stratigraphy. These properties were subsequently subjected to an extensive government airborne geophysical survey which outlined several high-priority exploration targets. Grassroots exploration on the Bootleg property revealed elevated geochemical values in stream-sediment and soil samples from within property boundaries, in addition to alteration indicative of hydrothermal venting activity. The property has never been drilled, and to date, has seen only limited exploration activity.

Rio Algom Exploration Inc. has signed a Eagle Plains has a 100% interest in over twenty base metal and precious metal properties in western Canada. Its properties are currently under option to Canadian and international corporations including Kennecott Canada Exploration Ltd., Rio Algom Exploration Ltd., Billiton Metals Canada Inc., CanAustra Resources, and Novagold Resources Inc. Through existing agreements, the company is carried for \$11,000,000 in exploration expenditures, and stands to receive \$1,000,000 in cash payments. Eagle Plains is well-funded, and is aggressive in its efforts to carry out responsible, effective exploration activities throughout its theatre of operation.

MINING ASSOCIATION OF CANADA ALERTS:

• The Mining Association of British Columbia had alerted the rest of the industry that the International Joint Commission was proposing the creation of watershed boards for each transboundary watershed, thus significantly increasing its scope. MAC investigations with Foreign Affairs and Natural Resources Canada produced little evidence of awareness of the potential importance of this proposal. Brian Smith has now taken over the IJC file at Natural Resources Canada, and has established communications with Foreign Affairs. His latest information is that the IJC found



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In a speech to the World Economic -Forum (January 31, 2000), UN Secretary General Kofi A. Annan challenged world business leaders to the following principles on Environment: support a precautionary approach to environmental challenges; undertake initiatives to promote greater environmental responsibility, and encourage the development and diffusion of environmentally friendly technologies.

