

I N T E R O F F I C E M E M O R A N D U M

Skinner
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TO: Tom Schroeter of EI

(TSCHROETER)

Subject: RE: '96 Expl'n Activity

Tom,

Further on Skinner. Just got a completion notice. 140,000 spent, 400 tonnes mined, 12 m raise.

Also,

Dot Property, Highland Valley 16 ddh, 3100 m, \$297K spent (Tarco Oil and Gas Ltd.)

Siwash, 92H/16W 5 ddh, 700 m, \$65K spent (Int. Tower Hill Mines)

Mike

Skinner (92N/9W, Ottarasko Mines) - Visited site with Mehr/Rothman and Louis Bernoilles. No mining will be in place this year, however Louis is still shipping hand sorted ore left over from 1996 (approx 120 tons grading about 2 opt Au remain). Since 1992 approx 800 tons have been mined and shipped to Trail to produce about 1800 ounces. Louis will probably drive a lower adit next year to access the vein about 50 m lower than the current workings. He says his operating costs are roughly half his revenue so he has a nice little RRSP in a clean, unobtrusive operation.

Pellaire (92O/4E, Int. Jaguar Equities) We were toured around this bulk sample project at 7400' elevation by Wayne Ash. This operation is cleaner than last year. The road is greatly improved and the camp has been moved down to the Lord River. Underground mining and development have been underway since mid July and a raise is currently being driven to connect the main haulage level with the sub drift above to allow efficient mining of a small block of high grade ore (perhaps 500-1000 tonnes?). Last year the company mined and shipped about 900 tonnes grading about 1.1 opt to the Trail smelter, most of which was not delivered and processed until Mar-April of this year. Wayne advises that they now have about 500 additional tonnes grading perhaps 1.2 opt on site and in transit. The company also has 3 geologists, a cat and excavator doing prospecting for other veins. They also plan to do RC drilling from surface this summer. The long term plan is to permit a small heap leach cyanide operation to treat "low grade" ore running less than 0.4 opt. Budget for mining, road work, camp and drilling is \$1.5M. The mining has all be on the #4 vein which strikes at 055 and dips 55NW. It averages between 60 cm and 2 metres and contains abundant oxidized telluride minerals. There are at least 4-5 other individual veins, some parallel to #4. MoF has told Ash he will have to put in some 800 water bars on the 67 km road when he leaves this year! Won't that be a nice road to drive!

Exploration News:

Mesabi (Echo Bay Mines, 92I/16) - This property, located near Heffley Lake, has recently been expanded by staking. Geochem, geol and geophys is planned for this year. Unfortunately, Echo Bay has just decided to close their Vancouver office.

Lodestone - A. Ablett has staked 800 units between Tulameen and Arastra Creek for an unnamed client. Chromite-platinum interest? (confidential)

Second - Watson Bar (Stirrup Creek Gold Ltd.) Resource calculation released which totals 311,121 tons at 0.237 opt Au at a .05 opt cut-off or 139,139 tons at 0.418 opt Au at a 0.20 opt cut-off. The zone is still open in several directions.

Blackdome (Claimstaker Res.) - E. Beresford reports that the company is ready to submit a notice to re-open the mine. 1-2 yrs of reserves are defined and a feasibility study is underway.

J & L (Weymin Mining) - road repairs completed! All steam ahead on u/g sampling and surface drilling on this significant, Au-rich VMS project located north of Revelstoke. The squeaky wheel strikes again.

Dot (Alhambra Resources) 6 ddh totalling 1300 m and some VLF just completed. Results pending on this interesting porphyry target located south of Logan Lake in the Guichon Cr. Batholith.

Other Activity:

I am faxing info and offering to show different exploration people some of the unstaked Cu-Zn showings in the Eagle Bay rocks. So far I have been in contact with Amex, Discovery, Equity, Mo Kauffman, Atna, Teck and several prospectors. So far some interest but no staking!

ML - Aug. 14/97