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→ Sulphurets

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A Review of the Sulphurets Project

Donald A. McLeod
President, Northair Group

The Sulphurets precious metal project, under exploration and development by Newhawk Gold Mines Ltd. and Granduc Mines Ltd. is located 65 kilometres northwest of Stewart, in a very remote area where access is very difficult.

Major surface and underground exploration programs have been undertaken over a five year period, primarily on the West Zone in the Brucejack Area. A feasibility study on the West Zone was completed in mid 1990 and showed that the project could be viable with certain gold and silver prices. A production decision has been postponed, pending an improvement in metal prices, equity markets and the general financial climate.

Access to the property has been challenging, not unusual for projects in the area. Throughout the five years spent on the project, environmental considerations and overlapping governmental jurisdictions have resulted in a major part of the time costs related to the project.

Related Companies

A brief description of the activities of four of the Northair Group companies and Northair's ownership of the common outstanding shares of each:

Calnor Resources Ltd. (Northair ownership 777,560 shares)

Calnor recently announced the formation of an Oil and Gas Division under the direction of Don Krill, P.Geol., Vice President, Oil and Gas. Krill's mandate is to establish a strong portfolio of quality gas and oil assets with the primary thrust directed to exploration and development in Alberta.

Calnor also has a 50% interest in the Crow Lake claims located in Ontario. Limited work has been conducted on the property by Calnor and a large low grade structure has been intersected by drilling. The property has now been optioned to Rio Algom Exploration Ltd. for further exploration.

Calnor, together with Northair, holds a 100% interest in the Iskut-Red-Spectrum property in northern British Columbia. The property has indicated reserves of 2.4 million tons with an average grade of 0.037 oz gold/ton and was optioned to Columbia Gold Mines Ltd. in late April who may earn a 60% interest in the property. Recently, Calnor reached an agreement to earn a 100% interest in the RA claim group in the area of the Bond Gold "Red Mountain" discovery in the Stewart Mining Camp. A 1990 exploration program is currently being planned for this new property.

Royal Scot Resources Ltd. (Northair ownership 726,721 shares)

Scottie Gold Mines commenced commercial production at the Summit Lake Mine in 1981 at a rate of 200 tons per day. The Summit Lake property is also located in the Stewart Mining Camp and during its four year operation milled 217,731 tons and produced 104,970 ounces of gold. Capital costs were funded through a loan with the Royal Bank of Canada and in early 1985, high interest rates and low metals prices forced the closure of the mine. Remaining known ore reserves total 132,000 tons of 0.56 oz gold/ton, fully cut and diluted. Since the closure, the mine and mill have been maintained, the company has successfully completed a restructuring plan with a co-incident name change to Royal Scot Resources Ltd. and has now eliminated most of its debt. It is expected that a 1990 planned exploration program could increase the known reserves sufficiently to consider re-opening the mine and a minimal capital expenditure would be required to resume operations. Royal Scot also has an option to earn a 50% interest in a group of mineral claims in the Eskay Creek area of British Columbia.

Tenajon Resources Corp. (Northair ownership 697,700 shares)

Tenajon Resources Corp. holds a 100% interest in the SB property located in northwestern British Columbia. Current reserves are 308,000 tons grading 0.505 oz gold/ton and 1.07 oz silver/ton. An agreement in principle has been reached with Westmin Resources for the future development of the property and eventual commercial production through Westmin's 2,000 ton per day Premier mill. After spending \$2.4 million to earn a 50% interest in the SB, Westmin would guarantee throughput of "SB" ore at a rate of 330 tons per day at cost. Tenajon has also acquired two properties near Stewart, B.C. in the area of the "Red Mountain" discovery by Bond Gold as well as holding interests in the Tide and Horn properties located in northwestern B.C.

Newhawk Gold Mines Ltd. (Northair ownership 68,714 shares)

Newhawk Gold Mines Ltd. is engaged in the continued exploration and development of the Sulphurets gold/silver property, located in northwestern British Columbia. The property is being developed under a joint venture agreement with Granduc Mines Ltd. (40%), with Newhawk as operator holding a 60% interest. Current proven and probable reserves on the West Zone total 715,400 tons grading 0.431oz gold/ton, 19.7 oz silver/ton. A feasibility study is nearing completion and a positive production decision is expected in 1990. There are over 20 additional known mineralized zones on the property which holds excellent potential for further exploration and development success.