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MONTHLY REPORT - JULY 1993

Table mtr
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by

Paul Wojdak, NORTHWEST DISTRICT GEOLOGIST

HIGHLIGHTS

* A weak revival in exploration activity is apparent from new small drill programs by junior companies that are planned for August-September:

- Kingston Resources on Voigtberg in the Iskut region
- Gold Giant on Kitgold south of Stewart
- Colossal Resources on Ball Creek in the Iskut region
- Lorica Resources (Equity Engineering) on the Trek in the Iskut.

These projects suggest that junior companies are able to raise some money due to the increase in gold price.

* Cominco has cancelled its drill program at Foremore (104G) in the Iskut region. Apparently, at issue is Cominco's confidence in government support for mining.

* Golden Bear Mine has been acquired by Wheaton River Minerals Ltd at a cost of \$1.5 million. Underground mining has resumed in addition to processing last season's ore stockpile. Ground control is an issue for EMPR OH&S.

FIELD ACTIVITIES

* **Hearne Hill (93M006)** was visited on July 15 with Paul Stephenson of Booker Gold Explorations Ltd. Booker Gold has exposed high grade chalcopyrite in the known breccia pipe. The property is near the Morrison porphyry copper deposit. Deep surface weathering of the vuggy breccia obscures the mineralized zone and will make sampling difficult. Trenching appears to have discovered another breccia zone, although initial exposure is unmineralized. Work is continuing under supervision of Cam Stephen. Lorne Spence has an interest in the Booker Gold and will resume percussion drilling after the trenching program. The area has good potential for more small high grade copper deposits that might have been missed by earlier wide spaced drilling.

* **Cusac Industries** exploration program on the West Bain Vein (104P070) was reviewed on July 28 with project geologist Matt Ball. Ball interprets the primary ore control in the Erickson camp to be proximity to a regional thrust fault which brings argillite over listwanite altered serpentinite and metabasalt. Steep quartz veins are dammed against the thrust and to a limited degree follow the thrust fault (eg Vollaug vein). Ore grade gold was deposited just below the thrust (eg 35 meters) and there was pronounced vertical zoning in gold grade (eg Eileen vein). Drilling earlier this year (12 holes, 3100 feet) yielded intersections on the West Bain vein of 1-13 feet grading 0.1 to 10 opt gold and are interpreted by Cusac to confirm previously calculated reserves. Total property reserves are,

West Bain 34,741 tons at 0.687 opt Au (0.502 opt cut)

East Bain 22,120 tons at 0.565 opt Au.

No other reserves are identified on the Cusac-Erickson property by mining consultant Westervelt. Continued drilling is expected to amount to 1000-1500 feet in 5-6 holes. Total expenditures will be about \$150,000.

Cusac
(Erickson
Gold)

PWoj. June '94

TABLE
MTN

* Cusac Industries **Table Mountain** gold mine (104P 070) was visited on June 7 with mine manager Martin Sadd. There are 25 employees on site. Stopes are accessed by decline, the main stope is 100 meters long and is being mined to surface with development waste to be used as backfill. A dike wanders parallel to the vein and results in dilution where it is in the hangingwall. The mill is operating near capacity at 280 tons per day on ore from the Bain vein but will reduce to 4 weeks operation and 2 weeks shutdown beginning at the end of June as the mining rate is about 50% of mill capacity. Mill head grade is 0.55 opt Au and mining cut-off is 0.2 opt Au (or 0.25 opt if development is required). Gold recovery is 93%; 45-55% is recovered on site by table and jig with the balance shipped to the Trail smelter as sulphide concentrate (Premier Gold is unable to accept more than Snip sulphide concentrate). Gold production cost is \$150 per ounce. Historic production from the listwanite-associated quartz veins by Erickson and Cusac is 266,900 oz of gold and 167,000 oz of silver from 572,400 tons at a mill head grade of 0.42 opt. The steeply dipping Bain quartz vein is 1-2 meters wide and contains 5-15% sulphide, primarily pyrite with lesser sphalerite, tetrahedrite, arsenopyrite and moderately coarse gold. Gold is enriched on the footwall side of the Bain vein in ribbon bands of fine grained sulphide. The hangingwall side comprises brecciated quartz with a sulphide matrix and is not ore grade. Late cross fractures contain quality pyrite crystals but no gold. The vein maintains ore grade to the lowest level of development and a crosscut is planned to conduct exploration drilling below the level. Cusac plans a major EM, trenching and drilling exploration program on the Sky, Katherine, Hot, Heather, Bain, Old tailings pond, Pooley Ck, Hunter, Elan, Newcastle (Reo?) veins and Lang Ck massive sulphide targets.

CASSIAR

* **Cassiar** (104P 005) mine site was visited on June 7 with site manager Jim Doucet. A 10-person crew awaits B.C. Chrysotile's decision to install a \$5 million wet-milling pilot plant. Reserves are approximately 25 million tonnes grading 4.2% asbestos in a low-grade stockpile (waste from the former dry-milling operation) determined by drilling on 30 metre centers in the mid 1980's. A production plant to produce low grade, cement quality asbestos (and possibly a higher grade product) has not been designed yet. High quality asbestos underground reserves in the McDame deposit were estimated at 16 million tonnes (10 years of production) in 1989. The loss of mining infrastructure where substantial reserves remain is not in the interest of a sustainable mining industry in British Columbia. Currently the town-site resembles a tornado aftermath, complete buildings stand next to demolished remains and widespread debris.

* Increased activity was found in the **Atlin placer gold camp** during a visit to the area on June 9-11. Purpose of my visit was to determine:

- type of ground being worked (tailings, known gravels that are deeply covered, newly discovered paleochannels etc)
- the geology of paygravels
- problems and/or limitations, are they technical or regulatory
- application of GSB research, eg Vic Levson's surficial geology map
- economic significance of placer mining
- future of placer mining, is it limited or long-term.

More than a 3 days will be required to answer these questions but it is readily apparent that placer mining could continue as a viable industry for tens of years, subject to economic parameters and regulations. Some observations:

- at least 3 seismic surveys are planned to detect buried Tertiary channels, "new" exploration technology for the Atlin camp

Drill holes have been spaced 200 meters apart, mainly on a north-south fence to test a circular IP anomaly approximately 1 km in size. All completed holes have intersected copper mineralization, with #2 being the best hole. Optimism on the property runs high that results warrant a second phase of drilling to begin in mid-July. Porphyry copper mineralization was discovered at Nak by Noranda in 1964 using stream silt geochemistry. Noranda drilled 28 shallow holes totalling 1835 meters with a best intercept of 0.57% Cu over 60 ft. Hera's drilling has been west of, and deeper than Noranda's holes based on an interpretation of improving copper gradient to the west. Hera's hole #2 is angled beneath a Noranda hole that contained 0.2% Cu over 110 ft.

Exploration access has been an issue viz a viz FPC. To re-use Noranda's access trail, Hera were to replace a stream ford with a 27 meter clear-span bridge and remove an estimated 350 cu. m. of trees cleared for new access to drill sites. Hera opted for helicopter-access and obtained a Free-Use permit, at a cost of several holes from the current program (due to limited budget and drill size). New access by an alternate route is being will be developed later this year.

EXPLORATION AND MINESITE ACTIVITY

Red-Chris ✓
* American Bullion will submit a pre-application for mine development of the Red Chris Cu-Au porphyry deposit. The company is scoping feasibility of mining Red Chris by open pit or underground block caving, with adit access from Kluea Lake. Underground consideration stems from recent drilling which has extended the copper zone to 750 meters below surface. A deep angle hole intersected 0.51% Cu over 420 meters commencing at 392 meters down the hole. The focus of current drilling is to increase estimated open pit reserves from 157 million tonnes at 0.48% Cu and 0.37 g/t Au (at a 0.3% cutoff).

Table Mtn. ✓
* Cusac Industries have reached the rich Michelle High Grade zone with their decline and impressive visible gold has been encountered. Drilling completed just ahead of reaching the zone intersected consistent 1-10 oz/ton gold over 1 meter. With good ore in sight and open for expansion, this could re-establish continuous mining and milling on the Cusac (Erickson) property.

* Georgia River drilling by Aquaterre will infill the zone of gold reserves indicated by prior drilling. Less work is planned on the adjoining Ashwood claims.

*Cyprus Amax are about to resume drilling at Taurus with 2 machines. Rumour has it that head office was suggesting 6 drills!

*Sable Resources are drilling at Shasta on the Creek zone where 0.516 opt Au and 24.5 opt Ag over 12.5 ft was intersected in 1994.

*Bronson Slope drilling is underway on the Cu-Au porphyry zone by Int'l Skyline.

*Adastral Resources Ltd plan to drill Fire Mountain moly prospect in the Atlin area.

*Spokane Resources has optioned the Mac moly prospect from Rio Algom and are committed to \$250,000 and 800 meters of drilling this year. Prior drilling on one of three zones on the property includes an intercept of 0.1% Mo and 0.13% Cu over 187 meters.

PW (Smithers) - June '95

this year's work; sericite-carbonate-hematite alteration is pervasive and local potassic alteration (K-spar, no biotite) is not a guide to better grade. A recognizable potassic core and bornite zone occurs only in the East zone, elsewhere bornite distribution is sporadic. Tourmaline is present but its abundance is at the curiosity level.

*Visited Prospector Assistance recipients Eric Ostensoe and Tom Lisle southwest of Dease Lake on July 25, and Robert Russell south of Rancheria on July 27. Ostensoe and Lisle are exploring Cu-Au veins that appear related to an alkalic porphyry system and a carbonate-chalcedonic quartz stockwork vein and breccia zone. Russell is looking for sedex or VMS mineralization in lower to mid-Paleozoic sedimentary and volcanic sequences.

CUSAC
*Development of the Michelle High Grade zone at Cusac gold mine (104P 070) was examined on July 26. My hosts were company president Gil Brett and mine geologists Lesley Mortimer and Mike Glover. The operation is becoming better established with staff and camp facilities but is still hampered by the small size of ore shoots and hence limited reserves which can be identified from available development headings. Michelle development muck yielded an impressive 3000 oz of gold from 1000 tons and although rich, the Michelle ore shoot which is being developed now, is only 60 ft long by 40 ft high. An ore shoot on the Big vein was mined earlier this year, only the top of the vein near the argillite cap made good grade. Underground drilling to explore the Michelle vein is about to begin. Surface exploration done last year on the Katherine vein is about to be followed up with diamond drilling. An IP survey is in progress on the western part of the property near the Cyprus drill program at Taurus.

TAURUS
*Cyprus Canada's Quartzrock (aka Taurus) bulk tonnage gold exploration project (target of 500 million tonnes of less than 1 g/t Au??) was discussed with geologist Mark Mason on July 28. Contrast in scale with the neighbouring Cusac operation is striking. Grid drilling at 100 m intervals on 200 meter line spacing continues with 30 holes completed by two machines. Two styles of mineralization are recognized: (a) stratabound (sub-horizontal) altered tuff with 15-20% disseminated fine-coarse pyrite and 3 g/t Au and (b) the pyritic alteration envelope around steep quartz veins. The aim of current drilling is to locate the better grade stratabound zones within 150 meters of surface (open pit depth). With this wide spacing hole-to-hole geologic correlations are uncertain but two tuff horizons may be present, 5 and 35 meters thick. A typical quartz vein zone consists of 80% quartz over 30 meter width. Although structural control of the two types is quite different they are indistinguishable at hand specimen scale. Angle holes are being drilled now instead of vertical. Exploration methods are being strictly standardized to satisfy geostatisticians. Denver head office staff had just visited the project and are encouraged with results.

EXPLORATION AND MINESITE ACTIVITY

BELL
* Bell Copper expansion is being re-thought by Noranda, according to mine manager Ross MacArthur, based on a mineable reserve of 70 million tonnes at 0.45% Cu within a geologic resource of 120 million tonnes. MacArthur also indicated that since Bell closure many companies have expressed interest in the property but have been put off by environmental responsibilities.

*Hearne Hill IP survey to begin in early August, drilling expected by mid-August.

*Airborne survey being conducted south of Tahtsa Reach by unknown party, possibly Phelps Dodge.

R. Woj. July '95

TABLE MTN.

W. Dak, MR Mar. '96
- visited Mar. 27/96. Tour by mine geol. Mike Glover - Lily vein.
Most of the mch

Michelle ore shoot has been extracted. Lily mineable reserves are 8500 tons of 0.6 oz/ton Au (cut to 2 oz/t) although head grades are running at 1.0 oz/ton. Ore reserves are sufficient for just 3-4 months of operation and exploration drilling is underway on the Lily vein and for new veins. The operation (mining and milling) was shut down from Dec 20 until late February due to severe cold weather. Other problems resulted in a management shake-up a few days prior to my visit, an interim manager has replaced Martin Sadd. Development of 10-level access would alleviate some of the operating problems but is on hold, presumably due to tight cash flow.

Premier

*Premier Gold mine visited on March 28/29. Manager Denis Gregoire calls 1995 a turn-around year and is optimistic that mining will continue. Compilation by geologist Dale Ginn has identified a possible resource of 1,121,600 tons grading 0.23 oz/ton Au. Development options are being considered which would maintain ore production at 700 tons per day. This would involve an Alimak raise from 6 to 4 level, or an underground ramp/conveyor system from 6-level to a new portal near the mill. Brian Miller is deriving a mine plan and definition drilling is expected soon. Addition of a zinc circuit to the mill is being considered (cost \$5-8 million) to recover the 1-2% Zn content.

EXPLORATION AND MINESITE ACTIVITY

Doc

*Wheaton River has announced \$1.6 million exploration drilling budget for the Ursa - Kodiak area at Golden Bear.

Hoodoo
Mtn.

*Claim staking activity: Cominco in the Gataga area following Roundup release, lots in the Stewart area including re-acquisition of Doc (104B 014) by John Robbins and an Eskay target north of Hoodoo Mountain acquired by Huckleberry Mines.

*Mac drill intersections of 0.13 - 0.20% MoS₂ (plus 0.2% Cu) over intervals up to 200 m compares favourably with Endako's reserve grade of 0.128% MoS₂. The zone is described as 300 m by 100 m by 100 m deep, which represents 9 million tonnes.

*Polaris Taku gold resource estimate is increased to 2 605 000 tonnes at 14.4 g/t based on last season's deep C-vein intersections. The estimate is classed as Probable plus Possible (within 25 and 75 feet respectively of a drill hole) and is based on a 6.8 g/t cut-off.

OFFICE ACTIVITIES

*Discussed geology and mineral potential of the Upper Kispiox at an LRUP meeting on March 11.

*Corrections to Exploration Summary and re-submitted to SRO.

*Babs property description reviewed by Daryl Hanson and submitted to SRO.

*Assisted with office visit by Chandler Park Grade 3 class on March 15.

*Contribute to "Mining in the Northwest" display for Smithers Trade Show to include two components; "Mines and Future Mines" and "Control of Acid Rock Drainage at Huckleberry".

***Table Mountain Mine** visited on Nov 29. Mining of the Lily vein from the Cusac decline is nearly complete. Mill head grade has been excellent, averaging 33 g/t Au through the third quarter. Definition drilling of the nearby Melissa vein has been disappointing. It is expected to yield only 1000-1500 ounces. In late summer 1100 tons of Vollaug ore that had been left on surface for many years was run through the mill and yielded 500 ounces of gold. This was incentive to re-evaluate the Vollaug vein (104P 019), a gently dipping ("type 2") vein in argillite above the contact listwanite mined by Total Erickson prior to closure in 1987. Reserves were identified from mine records and the reclaimed 5700 and 4900-level adits reopened. Ore is being produced from 5700 and ice removed from 4900. Unlike type 1 veins Vollaug ore is cryptic; gold is not visible nor can grade be estimated from sulphide content (tetrahedrite, pyrite) which is low. Ore reserves are 39,400 tonnes grading 15.6 g/t Au. Vollaug ore contains abundant graphite (as ribbons, chips and stylolites in quartz) which apparently does not produce undue problems in the mill. In the current stope the vein is 2.5 metres wide and tetrahedrite is altered to azurite. The Vollaug structure has a 3 km strike length and although it was mined previously from four adits there are unexplored segments with excellent potential for finding more ore.

EXPLORATION AND MINESITE ACTIVITY

***Premier Gold** underground drilling due for completion in early December. In light of poor third quarter earnings at Myra Falls, Westmin Resource is in a tight cash position. Underground development necessary for Premier re-opening is now quite uncertain.

***Wheaton River Minerals** (82% owner of North American Metals) has retained Mercantile Resource Finance Inc to assist in securing production financing for the **Golden Bear** heap leach gold project.

***Regional Resources** has merged with Imperial Metals Corporation completing acquisition of the **Midway** advanced stage Ag-Pb-Zn property.

***Hera Resources Inc.** prospecting/ sampling on the **Loring** property, 40 km southwest of Smithers indicates widespread copper associated with skarn adjacent Bulkley BFP dikes. More work planned in 1997.

***Hearne Hill** drilling by Booker Gold continues with hole 96-71 returning 0.74% Cu, 0.2 g/t Au over 246 m.

* **Keystone** IP survey on Thibert Creek by Nu-Lite Industries not completed due to severe cold weather.

*Final 30 drill holes at **Clone** released with assays in the 3-10 g/t Au range, generally disappointing except for one high grade hole.

*Drilling by Porcher Island Gold Corp comprises confirmation holes within the existing reserve (1.5 million tons at 0.2 opt) and step-out holes. If results are encouraging, a \$1 million drilling/ underground development program is planned for 1997.

PW - Nov. '96 MR.

Table Mtn.

*Table Mountain mine sustained a poor first quarter with mill head grades running at 0.36 oz/ton Au whereas 0.5 oz/ton is required. Urgent need for better results in the second quarter. Minerals North presentation by Ross Hollinger withdrawn.

EXPLORATION ACTIVITY

*Todd Creek, South zone (207,000 tonnes at 5.48 g/t Au) has been acquired by staking by Geofine Exploration Consultants and will be added to its surrounding claim package that has been optioned to Island Arc Resources. Hemlo Gold drilled the South zone resource in 1987 but Hemlo's assets were acquired by Battle Mountain Gold who allowed the remaining core claims to lapse in early April. This addition will greatly enhance Island Arc's ability to raise financing for a proposed drill program this year.

*An airborne EM-Mag survey is being conducted on the Delta/Fox claims on Oweege dome acquired from Geofine Exploration Consultants by Cordal Resources Limited.

*American Bullion has shelved its effort to sell (or at least involve a new partner) at Red Chris. Instead the project will be re-evaluated at some smaller production rate than 90,000 tpd which was recommended by Fluor Daniel Wright at a (prohibitive?) \$541 million capital cost.

*Canarc continues its major underground program at New Polaris with rehabilitation, dewatering, installation of a hoist and drilling of 150 holes (30,000 m). A bulk sample will be extracted for metallurgical testwork and environmental studies are underway.

*Rock and Roll drilling completed in mid-April by Redstar Resources Corp. but no results announced yet. All holes targeted extension of the Black Dog massive sulphide horizon, outside of the indicated resource of 580,544 tonnes of 0.64% Cu, 0.8% Pb, 3.08% Zn, 336 g/t Ag and 2.4 g/t Au.

*Calgary based juniors will be active in the north Iskut area. The Yeti gold-silver-copper property, 35 km north of Galore Creek will be explored by Gold Win Ventures and Raindrop Resources has acquired claims west of Newmont Lake (104B 282, 333?) at the head of McClymont Creek.

*Yorke-Hardy (aka Hudson Bay Mountain) molybdenum deposit has been optioned by Verdstone Gold Corp and Molycor Gold Corp in a 50/50 joint venture. Cyprus Amax Minerals Company retains a 40% back-in right. The deposit has a high grade reserve of 22.7 million tons at 0.401% MoS₂ and 0.041% WO₃ (at 0.2 % cut-off) and an incompletely defined lower grade resource of 90 -140 million tons of 0.15 - 0.25% MoS₂ (open to depth). The companies plan to do work to test the feasibility of production from the high grade zone.

*Re-commencement of Harmony drilling has been postponed, tentatively until July while metallurgical tests are performed to satisfy interest of Homestake Canada Inc.

*Reed Haskin zinc-copper-lead-silver skarn prospect in the Cassiar area will be drilled by Demand Gold Ltd. Potential to find a porphyry moly deposit instead.

*Airborne EM-Mag survey being performed on Smithers area properties: Limonite, Pass and Del by Telkwa Gold Corp.

Cinela
(Specogna)

Paul Wojdak - MR, Apr. '97

*Decorative facing stone samples were collected from road accessible sites in the Smithers-Houston area for office display: Equity bladed feldspar gabbro and Nanika granite. Limestone yet to be collected from site near Granisle.

*Fireweed core review begun. Little published material available in ARIS or elsewhere on this silver-lead-zinc prospect. Aim is to attract interest in it.

MINESITE NEWS

- 1) *Endako expects to mill 10.6 million tonnes at 0.131% MoS₂ in 1997 from 20.8 million tonnes of rock, producing 14.3 million pounds of molybdenum (Lyll Chapman, Minerals North). In addition to a 10 year ore reserve, Endako has an additional 10-12 year resource. Depending on approach taken by Thompson Creek Mining, \$1.5 million may be spent on exploration over the next 2-3 years and, if successful, production increased from nominal 30,000 tpd to 36,000 tpd. In conjunction with mine expansion the grinding and milling circuits would be further automated, a new crusher and a second roaster installed.
- 2) *Snip mine operating costs increased to US \$204 per ounce compared to US \$185 in the first quarter of 1996, due to increased reliance on more labour intensive narrow vein mining methods. Completion of the Iskut road would help reduce costs.
- 3) *Golden Bear has re-commenced site work on the gold heap leach operation. Two deep holes are being drilled on the Grizzly zone.
- 4) *Table Mountain produced 1523 ounces of gold in the first quarter, down 16% from 1996. The mill was shut down for 5 weeks while development work was completed. Cusac lost \$1.38 million in the first quarter. Production throughout 1997 will come from the Vollaug vein. First quarter average grade was 0.354 oz/t Au but grade and ore production are expected to increase.
- 5) *Premier Gold has been reviewed by about 6 companies (Canarc, Royal Oak, Treminco, Kinross?, etc). A tentative purchase agreement is expected by late June.

EXPLORATION ACTIVITY

Red Cap *Claim staking continues to be active. Areas of note include Anyox, Todd Creek (reported last month), upper Copper River (near Smithers), Babine camp, north Iskut (Sphaler Creek) and Taku (Red Cap).

Sulphurets *Sulphurets-Bruceside (Brucejack) to be acquired by Treminco Resources Ltd. for \$4 million with closure on Sept 8. The property has a MDC and the company's intent is to place it into production as soon as possible. Treminco owns and operates the 275 tpd Ptarmigan gold mine near Yellowknife, and owns the idle Silvana mine/mill near New Denver.

Galore Ct. *Kennecott's 55% interest in the Galore porphyry copper deposit will be put up for sale. This is one of the premiere undeveloped resources in B.C. Total resource in three zones is 284 million tonnes at 0.67% Cu and about 0.38 g/t Au. Hudson Bay Mining and Smelting owns the other 45%.

Wojdak - MR, May '97

MINESITE NEWS

TABLE MOUNTAIN *Table Mountain mine was visited on June 24. Their situation is critical, 25 staff have been laid off and closure is anticipated in about 6 weeks. Gold grade in the Vollaug vein has been less than expected. Thirty metres more underground drifting is required to provide a drill station for exploration drilling. There has been no advance on 10-level since 1996. Cusac Gold Mines is also exploring zinc-lead-silver prospects within trucking distance with a view to converting the gravity mill to flotation in order to continue operating.

EXPLORATION ACTIVITY

*Claim staking activity diminished from earlier in the year. Two areas of note- Motase, 150 km north of Smithers, and the Babine camp.

TAURUS *Quartzrock (Taurus, 104P 010) was visited on June 24. No one could be located. Apparently, exploration was curtailed after drilling only a few holes.

*Specogna (103F 034) open pit mineable resource estimated at 52.7 million tonnes grading 1.70 g/t gold at a 1.2 strip ratio by Misty Mountain Gold. The estimate is based on 538 drill holes totalling 80,000 m. Conventional milling will attain 76% recovery and, at 7500 tonnes per day will provide a 20 year mine life. Scoping studies on mine design, mineralogy and metallurgy, environmental and infrastructure will lead to a pre-feasibility study in the fall. Drilling is about to begin to test for higher grade gold deposit 200-300 metres below the hot spring zone and a second near surface zone 8 km south indicated by geochemical and geophysical anomalies.

*Surf Inlet (103H 027) underground drilling scheduled to begin in late June following completion of re-tracking 900 level and development of a 60 m crosscut and drill station.

*Encouraging results from KRL Resources Corp. drilling on the WL property 10 km southeast of Watson Lake, close to the B.C. border. Follow up drilling and trenching planned.

COREY *Kenrich Mining has optioned a portion of its Corey property, named the PRU block, to Prime Resources Group Inc. for a combination of cash payments, share purchases and exploration expenditure commitments. Although Prime geologists have indicated to me that Corey does NOT have an Eskay Creek chemical signature, Ron Parker (president and CEO of Prime) states the deal "gives Prime access to one of the strongest Eskay Creek analogues in northwestern British Columbia."

*Cry Lake follow up being conducted on claims staked on last year's RGS release by Atna Resources and Hunter Exploration Group (Lawrence Barry). Inspection by claim inspector on overstaking in Blue Sheep area anticipated. Uwe Schmidt and Rick Kemp of Atna express confidence that a ruling should go in their favour because they ran all lines and placed all posts that are reasonable. Watershed Resources, acting for Active Minerals commenced staking later than Atna and used an "unlimited" helicopter budget to place posts in inaccessible terrain. Atna reconnaissance has found strongly deformed argillite (Earn Group?) overlain by mafic volcanic rocks of the Sylvester allocthon.

Wodjak - June '97 MR

the ore vein dips west (at 45°) onto claims that were owned independently. A 60 m crosscut was driven for drill positioning.

Table Mt.
(49)

*Visited **Table Mountain** mine (Cusac Gold Mines) on July 25, hosted by Ned Reid and Gord Addie. Underground mining was suspended in June. Open cut mining of the Vollaug vein is expected to conclude in August and the mill will shut down shortly thereafter. Gold production in 1997 is estimated at 7500 ounces. A flat surface drill hole has been collared aimed to test for gold veins below the upper listwanite east of the Erickson fault, an area not previously explored. (Productive veins at Table Mountain occur within a 30 metre window below two gently dipping, conformable listwanites. The hole should be +20° to remain in the prime target area just below the listwanite). The program is prompted by reconsideration of three 1988 intercepts of the Sara vein now interpreted to lie east of the fault that suggest the Erickson fault does not have major offset.

Mt. Reed

*Demand Gold drill program on the **Mt Reed** (104P 038, 043) polymetallic skarn prospect near Cassiar was reviewed with Ned Reid on July 25. Skarn is formed where the Tertiary Mt. Reed and Mt Haskins biotite granite stocks cut the lower Cambrian Rosella limestone (Atan Group). Outward from the granite, pyroxene-garnet +/- pyrrhotite skarn passes into epidote-magnetite-sphalerite skarn. The area was explored and drilled by Della Mines (for zinc-copper) in the 1970's and by Canadian Superior in the early 1980's (for moly-tungsten) and has been inactive for many years. In 1997 nine holes were drilled on the Brett zone and 3 holes on the Dako zone. The limestone dips gently and skarn zones are truncated at shallow depth by the granite. From past and current drilling Reid estimates the Brett zone to contain roughly 500,000 tonnes at 10% zinc. The objective is to establish sufficient ore reserves to warrant installation of a zinc circuit in the Table Mountain mill.

Kechika

*Met with Seamus Young on July 25 to review Tizard Explorations Inc grassroots **Kechika** project (managed by Donegal Developments Ltd), an area of low relief southeast of Watson Lake. A helicopter-supported 10-man crew is following up on a high sensitivity magnetic survey that caused staking of 1800 units, by detailed lake geochem (to supplement the 1996 RGS), ground VLF and mag, soil geochem and prospecting. Much of the claim area covers large formational magnetic highs derived from basalt. More subtle features mark a northern continuation of the Rocky Mountain trench and a possible kimberlite. Prospecting located quartz porphyry in an area not previously known to contain such intrusions.

*Met with Heather Plint (Madrona Mining) in Watson Lake on July 26. Madrona is re-mapping the Nizi (104I 032) property and relogging 1996 drill core to determine new drill targets. Gold occurs in potassic rhyolite (trachyte?), in a hydrofractured zone of uncertain geometry associated with carbon, silica and a strong Hg-As-Sb signature. Later fracture zones are healed by chalcedony and sphalerite with poor correlation with earlier precious metals.

***Geological Survey Branch** mapping project of metamorphic rocks in the Teslin-Swan Lake area (Big Salmon complex) was examined with Mitch Mihalnyuk on July 27, in particular potential for massive sulphide at the Arsenault (104O 011) copper showing and with manganese quartzites on Hazel Ridge. Quartz phyrlic metarhyolite at Arsenault is intercalated with carbonate and associated with weak skarn-like copper zones. Mitch aims to delineate extent of the felsic volcanic rocks and has developed a structural succession.

Wojdak - MR, July '97

Silvertip Mining Corporation' Silvertip Project application to EA has been accepted. Formal reviews, project committee selection expected to start in the near future.

B.C. Chrysotile Corp. now called Cassiar Mining, have been working on wet mill process refinements. Markets have been established for project. Twist to this project involves Magnesium extraction as well as asbestos. Magnesium makes up 21% of pile and management feels an extraction process similiar to Noranda's Magnolia project may be feasible. This would involve a much larger project than which exists now.

Cusac Gold Mine remains on a care and maintenance basis. Gold price and reserves major factors here.

Table Mtn.

International Taurus Resources property still closed. Company is severely behind on closure plan submission and mill clean-up. Reagents found on site during inspection in July may involve some enforcement action if company not cooperative in removing same from property.

Golden Bear Mine has started leaching Kodiak "A" ore. Company has deferred completing Ursa heap leach pad for this year. They will do some of the mining and lining of the events pond but recovery plant [Totem Facility] will not be installed this season. Kodiak "A" pit will be mined out by end of month-early September. All systems appear to be operating well. Tonnage on Fleece Bowl pad was increased to 623,000 tonnes.

isk Wollastinite Project appears to have stalled. No word from company on start-up of 1998 field season.

Telkwa Coal drilling 6 inch core. Recoveries are excellant. Coal recovered from this drilling used for testing purposes.

Staff:

Wally and Bryan on annual leave until August 11.

Paul and Daryl in Atlin

Flynn, Aug. 7/98

DWFlynn
Smithers

Jim Hutter - nearly completed excavator trenching (on July 7) at the Golden Eagle (93L 015) high-grade silver vein prospect 9 km north of Topley. Flag grid for a VLF-EM survey was in progress. Recent work by Don MacIntyre determined host strata are Saddle Hill Formation of Hazelton Group of similar age to Eskay Creek, hence mineralization warrants re-evaluation. Trenching was successful in following/exposing the vein but little tetrahedrite-jamesonite and galena were evident. Core stored on the property (Bishop Resources, 1983-86) from Golden Eagle and nearby Silver Cup is in poor condition but cursory examination suggests veins are related to felsite dikes? (rhyolite described in MINFILE?)

Table
M/M **RECLAMATION**

Cusac has announced signing of a letter of intent to acquire 100% of 906459 Alberta Ltd., a private oil and gas exploration and development company and producing properties. It is hoped that this acquisition will provide Cusac with the revenue to complete care and maintenance work at the Cusac site. Due to various reasons there are a number of issues which need to be addressed in the near future. The main issues are tailings management, slope stability and housekeeping on the site in general.

Snip: Homestake has a four man crew on site doing final clean-up and re-sloping. Company personal were able to go underground on the 300L to observe the oxygen concentrations and maximum height of the water build-up. Oxygen levels were depleted slightly [19.5-20%] and water level high appears to have been high enough to flow out the 300L portal. It is expected that the "P" trap configuration will work once the holes in the two dykes are plugged.

Golden Bear: Road de-activation is progressing very well. The use of the large excavator plus a very skilled operator has produced very acceptable results. Ursa Pad is undergoing detoxification now. Fleece Bowl Pad has been undergoing rinsing for some time now and is at the point of solution going straight to the receiving environment.

Premier Gold: Company has received some interest in various pieces of mill equipment. Mine manager has been advised on appropriate course of action when dealing with equipment dismantlers. Still outstanding issues related to tailings dam [sinkholes] and Cascade Creek Diversion.

PLANNING

As the Ministry of Sustainable Resources starts to take shape a concern that I have is how much representation mineral values will receive in planning processes. It seem that at this time, as an outsider looking in, there is a lot of focus on forestry and environmental values with little recognition of minerals so far. Will be monitoring to see how "balanced" representation and consideration of mineral values becomes in the future.

GENERAL

Major Drilling Group will close its Smithers office at the end of August. Predecessor J.T. Thomas Diamond Drilling was an institution in NWBC exploration for decades and was bought by Major about 3-4 years ago. Eight employees are affected by the closure. Major will handle any future BC drill jobs through MidWest Drilling (Winnipeg), which was also bought by Major. Britton Brothers, Hy-Tech and Peak remain as Smithers-based drill contractors.

With a mix of sadness and happiness regional staff said farewell to Esther Burchett as she retired from government. Esther will be missed from the office, yet everyone wished Esther much happiness in her retirement. Esther and Will have purchased a house in Vernon and are looking forward to some much needed sun and travel.

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