

VGS-MR Aug. 9th 833047 → TREATY
3 CK.

Apparently things were progressing well with GSB-Tatogga crew (Chris Ash & Teresa Fraser).

ESKAY CREEK - [MI-104B008]

On August 17th and 18th Paul Wojdak and I visited the Eskay Creek project. We drove in the new (60km) access road. The part just up to and past Volcano Creek, which was cleared out last year, was in excellent shape. The remainder was under active work, including log hauling and bridge construction. The snow piled off to the sides of the road remained covered with dirt, etc. Site contacts included Ron Britten, Dave Kuran, and Andrew Kaip (Homestake-Exploration), and Tina Roth (MDRU-PhD candidate). Drilling this season consists of 3 deep holes on Adrian's IKS claims on the WNW side of Andesite Creek Fault (i.e. northwestern 'extension' of 21B zone type mineralization); 1 hole to test a deep (600m) northerly-trending I.P. anomaly and a semi-conincident mag high (i.e. fault brought up favourable Salmon River stratigraphy?); and 2 holes on the GNC claims testing 'transitional' (mudstone) targets on the east side of the anticlinal limb.

We examined the excellent road and quarry exposures created by the development for the mine. A new exposure of massive sulphides in mudstone/argillite was discovered in the "Rock Quarry", approx. 150m up into the Salmon River Fmn. andesitic rocks (hangingwall) - vertically above the "109 zone". This confirms the further potential for discovering additional mineralization in the hangingwall. In the hangingwall section abundant new fossils were uncovered in road cuts, including tree fragments, 'squids', and other marine creatures. We toured the underground workings, spending most of our time in the 865 crosscut. The walls have dirtied up considerably since previous visits. Places look like a "forest" with all the cribbing and bolting required underground. On the mine construction side, everything is progressing very well. It is hoped/expected that many of the contractors will be leaving the site by the end of September. It certainly looks like a first class mill site (see photos).

TREATY CREEK [MI-104B078]

On August 17th we had a "Show and Tell" from Andrew Kaip who was in charge of the Treaty Creek project on behalf of Homestake. The epithermal targets located 20 km east of the Eskay Creek site; access is by helicopter. The property is under option from Teuton Resources. Seven areas of mineralization have been identified in this glacier-abundant area. In 1993 trenching in the Eureka zone in altered rhyolite and K-feldspar prophyry returned values of up to 0.125 opt Au (4.3 g/t Au) over 9.1m. Teuton's prospector had found grab samples up to 7 g/t Au. The highly altered acid sulphate system contains pyrophyllite, diaspore, alunite, quartz, and native sulphur. I suspect Homestake believe they are looking at the top of an epithermal system, above an intrusive source. Typical geochemical signatures include Au, Ag, Sb, and As. The drill was just being mobilized on to the property. A minimum of 6 holes are planned, concentrating on the Eureka and Main zones.

RED MOUNTAIN [MI-103P086]

On August 19th I visited the Red Mountain gold property with Paul Wojdak, Ron Smyth, and Dani Aldrick. Hans Smit provided an excellent overview/update on this summer's work in the Lac office in Stewart. Two drills were at work underground, two on surface, and a third surface drill was expected soon. Approx. 16,000m of surface drilling is planned; the underground program is dependent on results. The total project budget is \$20 million, which includes costs for road and tram construction, as well as the beginning of the underground development decline from the 1750m portal level. The tram will be 2.3 km in length and rise over an elevation of 1200m. The access road up Bitter Creek has been progressing well; however, it crosses abundant avalanche corridors and comes precariously close to the 'raging' Bitter Creek in places. Closer to the site, abundant rock work will be required to connect with the lower tram station. The access/development decline, currently being started, will be 1.3 km in length to reach the Marc, AV, and JW ore zones and will also come under the newly discovered 141 zone. In order to keep to a development/production decision schedule, both the access road up Bitter Creek and the tram line must be in by next year. The mining (long hole) and milling is planned to take place underground, with a crusher installed in the ore zones and a conveyor used to transport ore 'up' the decline.

To date (publically announced by audit, June 1994) probable and possible reserves total approx. 1 million ounces of contained gold (2.5 million tonnes grading 12.8 g/t Au and 28.6 g/t Ag). Undoubtedly Lac has a new 'internal' figure but has not announced any (cf. take over bids by Royal Oak and American Barrick). A 'reserve' specialist is due on site shortly. All we were told (unofficially) was that this season they had "lost some and found some new mineralization". The new areas of intense activity are the 141 zone, the area below (150m) the Marc, AV, and JW zones, and the ridge to the SE of Goldslide Creek. The underground development has been extended this year to 350m under Red Mountain.