

889908

TGS

**ESKAY CREEK PROJECT**

**INTERIM PROGRESS SUMMARY**

**June 12 - August 31, 1989**

**CALPINE RESOURCES INCORPORATED**

**STIKINE RESOURCES LTD.**

**David W, Mallo  
Project Supervisor**

## **SUMMARY**

The 1989 exploration year at the Eskay Creek Project of Calpine Resources Incorporated and Stikine Resources Ltd. has for budgetary purposes been broken into two distinct phases. The Phase I portion runs from June 12 to October 15, 1989 and will total \$4,000,000 in exploration expenditures. Phase II will run from October 16 to approximately December 15, 1989 and will consist of \$3,000,000 in exploration expenditures.

A total of 13,500 metres of diamond drilling is proposed for the Phase I portion of the program. The majority of the drilling during Phase I will be step-out extension drilling northward from drilling undertaken during previous exploration programs in 1988-89. A lesser amount of drilling is targeted towards infill drilling of the 21 Zone mineralization between Sections 2+00S and 2+00N to better define the mineralization on 25 metre centres.

## **CONCLUSIONS**

To date the results from the extension drilling of the 21 Zone to the north have been extremely positive as has the infill drilling of the original 1988 21 Zone discovery. Geophysics has proven to be a reliable and useful tool for defining the mineralization and hosting stratigraphy of the 21 Zone. In addition, soil geochemistry appears to be highlighting areas of multi-element anomalous character, both corresponding to the 21 Zone mineralization and other parallel features.

The 1989 Phase I exploration program is proceeding on budget and basically on schedule and will continue through to the middle of October. Based on the tenor of favorable results to date, it is anticipated that the Project will proceed immediately into the \$3,000,000 1989 Phase II exploration program. The Phase II portion will consist primarily of further expansion and infill drilling, and additionally test any new targets located from the Phase I ground exploration.

## **MONTHLY DRILLING SUMMARY**

### **JUNE 12-30**

During June, a total of 8 holes totalling 1,609.7 metres were completed on the Project. Of this total, 4 holes were infill and 4 were step-out holes north of the previously outlined 21 Zone mineralization.

**STEP-OUT**  
CA89-71  
CA89-72  
CA89-73  
CA89-74

**INFILL**  
CA89-77  
CA89-78  
CA89-79  
CA89-80

**JULY 1-31**

The drilling program was well underway in July, with the completion of 30 additional holes totalling 5,740.5 metres during the month. A total of 15 holes were infill, while 15 holes were step-out.

Cumulative totals to this point in the 1989 Phase I program were 38 holes totalling 7,350.2 metres

**STEP-OUT**

CA89-75  
CA89-76 CA89-103  
CA89-84 CA89-104  
CA89-85 CA89-105  
CA89-86 CA89-106  
CA89-87 CA89-109  
CA89-92  
CA89-93  
CA89-101  
CA89-102

**INFILL**

CA89-81  
CA89-82 CA89-98  
CA89-83 CA89-99  
CA89-88 CA89-100  
CA89-89 CA89-107  
CA89-90 CA89-108  
CA89-91  
CA89-95  
CA89-96  
CA89-97

**AUGUST 1-31**

A total of 4,912 metres in 20 holes were completed during this month, of which 5 holes were classified as infill drilling and 15 were step-outs holes towards the northeast.

Cumulative totals to the end of August, for the 1989 Phase I drilling program, were 58 holes totalling 12,262.2 metres.

**STEP-OUT**

CA89-110 CA89-123  
CA89-111 CA89-124  
CA89-112 CA89-125  
CA89-113 CA89-126  
CA89-114 CA89-127  
CA89-118 CA89-129  
CA89-120  
CA89-121  
CA89-122

**INFILL**

CA89-94  
CA89-115  
CA89-116  
CA89-117  
CA89-119

**SEPTEMBER 1-30 & OCTOBER 1-15**

Due to the success of the drilling to this point in the program and the somewhat lower than anticipated cost per metre of drilling, the program will continue through to its budgeted termination point even though the planned meterage has nearly been completed. At a revised cost per metre, based on invoicing, the new targeted meterage for the Phase I program is 18,000 metres, leaving 5,737.8 metres to be drilled over the remaining weeks of the program.

### **NON-DRILLING RELATED EXPLORATION**

As of August 31, 1989 only limited outside exploration had been completed on the Eskay Creek Project. Linecutting had been initiated and geochem soil sampling had started in the northern area of the property. Plans were formulated to expand the grid coverage over the entire property, including the 22-28 Zones, Porphyry Zone and McKay Adit area, considered significant outside exploration targets. To accompany the linecutting, property-wide soil geochem sampling, ground VLF, Mag and IP surveying, prospecting and preliminary geological mapping were proposed. Although initiated in August, the bulk of this activity is planned for September.

### **MONTHLY BUDGET ESTIMATION**

The budget is closely monitored on a day-day basis with a once weekly update of invoiced expenditures and a to-date estimation of all totalled invoiced plus non-invoiced charges. As of the end of August, the period covered by this interim Project Summary, the invoiced charges totalled \$1,889,271.25 which represents 47% of that budgeted for the Phase I portion of the 1989 exploration campaign. The estimated all total expenditure for this period was \$2,300,000 which is equivalent to 58% of the budget total. The June 12 to August 31 period corresponds to 60% of the budget term, therefore the program was on and slightly under budget.

### **RESULTS**

See accompanying assay summaries for drilling results released to the end of August.

Geophysically, the 21 Zone mineralization, or its immediate hosting stratigraphic package, displays a weak to occasionally moderate IP Chargeability High response. This IP anomaly is often coincident with a Resistivity Low. In addition, the stratigraphy hosting the Zone correlates to an airborne Magnetic feature and ground VLF conductors, often coincident with IP anomalies. The complimentary IP and VLF has worked very well in assisting with the spotting of drill holes on the 21 Zone Step-out drilling.

Geochemical results have just begun to arrive and appear to correlate fairly well to the mineralization and hosting stratigraphy. Although gold values in soil are noticeably suppressed in the northern part of the property where the zone is buried beneath andesite cover, other elements appear to indicate the presence of mineralization, most notably; silver, lead, zinc, arsenic and manganese. Gold is expected to be a more favorable indicator elsewhere on the property where the anticipated mineralization would be nearer to surface.