

Tenajon Silver:

Exploring SB Property

In the Stewart area of Northwestern British Columbia some of the locals have taken to selling melted glacier water to tourists from Hyder, Alaska. But not Don and Jim McLeod.

Together they have over half a century's experience in the mining industry. Their work with Newhawk Gold Mine's Sulpherets Project, Scottie Gold and the East Gold Group has helped establish Northwestern B.C.'s reputation as one of the most highly mineralized regions of the province.



Examining SB property core samples.

The McLeods' company, Tenajon Silver Corp., is currently conducting extensive exploration of its SB property, 19 miles north of Stewart.

The SB property lies between two significant deposits: the Tour-nigan/Westmin "Big Missouri" deposit, immediately adjacent to the north, and the British Silbak/Westmin "Silbak" deposit to the south, known together as the Premier Gold Project. These two prolific past producers are each reported to contain several million tons of mineable reserves grading in the range of 0.06 to 0.08 oz/ton gold, and will be placed in production in early 1989 by Westmin Resources.

"Millions of dollars and hundreds of thousands of man-hours have been spent to find another Premier Mine," Don McLeod said in a recent interview. "And no wonder. If you took what that mine produced from the start of production (back in the 1920's) until it closed and calculated it at today's prices, you're talking billions of dollars. It was probably one of the highest grade mines in the world in its early years, and was able to finance itself from its rich ore, even at \$20 gold and \$1.00 silver."

Being familiar with the area's potential, the McLeods carried out diamond drilling programs on the SB property during 1986-87 and initiated underground development during December 1987.

Early this summer Don McLeod announced the SB property's adit cut the northern end of a massive sulphide structure, 1,981 feet from the portal. He said channel samples from both faces of the sulphide zone averaged 0.26 oz/ton gold, 14.2 oz/ton silver, 2.7% copper and 7.1% zinc with a combined average width of 8.87 feet.

Tenajon also reported samples across an apparent true width of 10.8 feet averaging 0.71 oz/ton gold and 12.65 oz/ton silver.

No wonder in early August Tenajon announced a \$1.8 million exploration program, scheduled for completion in late October, on the SB property. Expenditures will be shared equally by their 50/50 joint venture partner, Esso Minerals Canada.

Jim McLeod, a professional engineer and Tenajon director said the exploration is designed to establish ore reserves in order to warrant feasibility stage.

The program includes 150 feet of drifting on ore, 650 feet of drifting parallel to the zone including cutting seven drill stations. A total of 7,000 feet of underground diamond drilling will follow from the drill stations, with a fan of five holes coming from each station.

In addition, surface diamond drilling is underway in the southern portion of the zone. A total of 8,000 feet of surface drilling will be completed with provision for a further 8,000 feet included in the budget.

Jim McLeod said Esso has been supplying Tenajon (operator) with experienced geologists. He said Esso's geological mapping had shown a definite fault on the property which caused some difficulty. But otherwise McLeod expects snow control will be the only difficulty. "We're right on the Granduc road and we've only got a mile or so that needs particular attention."

"We're not in a position to think about reserves at this point," Jim McLeod said. "You can drill all the holes you want, but you won't know until you get underground. Our objective has been just to get here and see what things look like. You can talk potential tonnage but it may take five years to get to proven reserves."

Although Westmin is building a new 2,000 ton per day mill on the nearby Premier project, Jim McLeod said Tenajon can build its own mill. "There's a tailings and mill site area just to the south of us."

He predicted no problems with metallurgy. "Preliminary work has been done and we don't have any antimony or arseno minerals in there."

The Stewart/Iskut River area of Northwestern British Columbia is experiencing a gold rush.

Jack Patterson, managing director of the B.C. and Yukon Chamber of Mines says a rebirth of the pre-depression gold rush in the Stewart area is underway and predicts, "It'll be B.C.'s largest gold producing area in a couple of years."

About 130,000 oz of gold are expected from the area by next year, and that figure should increase to 250,000 oz by 1990. And with gold priced above \$400 an oz, that would be worth in excess of US \$100 million a year.

Gold production will come from three planned mines in the area, and eventually from some of the neighboring properties that are currently undergoing extensive exploration.

Skyline Explorations

Skyline Explorations Ltd.'s Johnny Mountain Gold Mine, located two miles south of the Iskut River and 100 km north of Stewart, began production in August. The mine, which cost \$35 million to develop, is expected to produce 15,000 oz of gold this year and as much as 70,000 oz next year.

Skyline's mill has been operating at 200 tons per day, but mill design will allow an expansion to 400 tons per day at a cost of half a million dollars.

Proven and probable ore reserves are listed as 1,088,000 tons grading 0.704 oz/ton gold. However, high grade veins have been discovered containing greater concentrations. Chip samples from an ore off-shoot of the Discovery Vein have indicated 1.73 oz/ton over a true width of 8.7 feet.

Initial production will come from an ore stockpile of 53,000 tons averaging 0.73 oz/ton gold, of which there are 13,000 tons of broken ore in the stopes averaging 0.85 oz/ton gold.

Costs on a per ton milled basis are expected to be high. Direct cash costs on a per oz production basis are expected to be US \$150 per oz, with a 95% anticipated recovery.

The Johnny Mountain Gold Mine, which was acquired in 1980 by Skyline's president and CEO, Reg Davis, covers only a small portion of the company's holdings in the region. A number of mineralized areas have been defined on other claim groups and the company also has interests

in **Gulf International Minerals Ltd.** and **Inel Resources Ltd.**, which are both exploring nearby properties.

An underground exploration adit on Inel Resources Ltd.'s claim group has advanced 590 ft since July 1st, and several new quartz-sulphide veins have been sampled giving results ranging from 0.260 oz/ton gold over 7.5 ft to 0.644 oz/ton gold over 1.3 feet. Surface diamond drilling 300 metres in elevation above the portal has also produced encouraging results.

This year a minimum of 10,000 ft of drilling is expected on Gulf International Minerals Ltd.'s McLymont Claim Group, where 36.5 ft of 1.605 oz/ton gold was returned during previous exploratory work.

Sitting on the northern boundary of the Skyline Exploration property, the **Delaware Resources Corp./Cominco Ltd.** 'SNIP' property is another comer. A Cdn. \$4.5 million summer exploration program is expected to finish shortly and should enhance inferred reserves of 1.2 million tons grading 0.75 oz/ton gold.

A production decision is expected in the next few months and if all goes well the SNIP property will become the area's second gold mine, going into production, in a "best case scenario," in September 1989.

According to Cominco's president and CEO, Bob Hallbauer, it will cost Cdn \$40-45 million to develop the SNIP property. Delaware has spent almost \$9 million on the property so far, and operator Cominco can make it a 60/40 Cominco/Delaware joint venture by spending \$18 million.

Results from 27 underground drill holes on the property's Twin Zone, completed since July 22 and reported in late August, were excellent. They included an astounding 21.6 ft of 2.57 oz/ton gold in hole 28 and 9.2 ft of 3.319 oz/ton gold in hole 24. Although holes 14, 19, 21, 22, and 23 failed to intercept the Twin Zone structure the company is encouraged and says further drilling continues.

Among other players in the Iskut River area, **Brenwest Mining Ltd.** and **International Wildcat Resources Ltd.** reported that diamond drilling began on the Brenwest Joy 1 and Joy 2 properties August 25. The first three holes will be drilled to a depth of 200 to 330 ft. to test the main showing area of the property where significant surface values were recorded during previous exploration.

Tungco Resources Corp. has announced a private placement with NIM Resources which will provide funds for further drilling on the company's Waratah property in the Iskut River area. The property has had several showings and numerous rock and chip samples grading above 1.0 oz/ton gold. A drill is currently collared on the



Tenajon Silver SB Property.

property's number 7 vein and site preparation is underway. Funds will also be used to initiate Phase 1 work on other properties 8 km from the Delaware/Cominco SNIP property.

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