

WESTERN RESOURCES INFORMATION (10/1/89)  
**CONSOLIDATED STIKINE SILVER LTD. (CKI-V)**

**NEW HOLES ARE DOUBLING THE-** The 100 holes drilled to date  
**STRIKE LENGTH TO THE NORTH** on the 21 Zone on the Eskay  
Creek joint venture 60 miles  
NW of Stewart, B.C. has established:

- a strike length of 750 meters,
- an average width of 15 m., maximum width 52 m.
- to a depth of 100 meters.

- open to extension along strike and to depth
- zone pinches and swells along strike and to depth

The 21 Zone strikes north 30 to 40 degrees east and dips about 45 degrees to the south at an outcrop elevation of 1,100 meters. The assay results from recent drilling have extend the good grade mineralization 250 meters to the northeast beyond that included in the recently reported reserves. (See GCNL No.139, July 20, 1989 for recent assays and a drill hole location map.) On June 8, 1989, the companies reported drill indicated reserves of 2,800,000 tons grading 0.23 oz.gold/t, 3.34 oz.silver/t. Open pit reserves based on 8% dilution at 0.015 oz.gold/t grade would result in 3,000,000 tons at 0.26 oz.gold/t equivalent. These resources are indicated sufficient to support a 1,000 tonne per day operation over 8 years. The 21 Zone has been traced by coincident electromagnetic and magnetometer surveys some 700 meters beyond the current north drilled limit for overall strike length of 1500 meters.

The zone is faulted at the south end and three holes south of the fault found no mineralization. The anomalous target continues offset to the south. Drill testing for the offset extension will be started soon.

The project is funded 50/50 by Calpine and Consolidated Stikine Silver.

In about the center of the 21 Zone, as it is now drilled, there is an area about 100 meters long north south which is lower grade. This area and the area to the south, toward the South fault is now being grid fill-in drilled on 25 meter intervals. The drilling to the north is in a 50 meter spacing stepout pattern. Several of these stepout holes to the north show strong mineralization similar to that reported in the recent assays. These recent holes confirmed the pattern in earlier stages of drilling of a higher grade section on the hanging wall of the zone. An example is hole No.89-73 which cut 88.6 ft averaging 0.231 oz.gold/t, including a hanging wall section of 23 feet assaying 0.684 oz.gold/t. The present indications are that the mineralization is disseminated toward the south and more massive and banded to the north. The presence of a thick, high grade core near surface would make the entire resource mineable at an approximate 6:1 stripping ratio. The northeast stepout holes indicate the zone may be widening at depth.

Other targets on the property are the No.6 Zone, the No.22 zone and the NorthEnd or MacKay Adit. Each of these zone has values including 50 feet long 14 feet wide assaying 0.15 oz.gold/t, 11.33 oz.silver/t, and 130 feet long 20 ft.wide assaying 0.1 oz.gold/t, 16.4 oz.silver/t. The other targets are to be prospected, geologically mapped, surveyed with magnetometer and electromagnetic plus some induced polarization prior to drilling later in 1989. The \$9,000,000 program for 1989 has been approved.

The work will include metallurgical studies on bulk samples from surface trenching and drill core.

On July 10,1989, regulatory approval was received for the sale to NIM of 857,143 flow through shares at \$1.18 each for \$1,114,428 proceeds to Calpine Resources. The company has also agreed to sell 357,143 shares at \$1.40 each for \$500,000 proceeds to CMP, bringing the issued shares to 16,330,712. Consolidated Stikine has 2,612,324 shares issued, prior to the private placement of 220,000 flow through shares at \$9.50 each for proceeds of \$2,090,000. In April 1989 Consolidated Stikine sold 100,000 shares at \$10.625 each for proceeds of \$1,062,500 with a warrant to purchase a further 100,000 shares at \$11.25 each in the first year and at \$12.25 if exercised in the second year.

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