

NO. 169(1992)  
SEPTEMBER 1, 1992BLACK SWAN GOLD MINES LTD. (BSW-I,V)

CASSIAR ASBESTOS ACQUISITION EFFORTS REVIEWED- Black Swan Gold has reported from March 1992 to the end of June 1992, activities comprised predominantly evaluation of the Cassiar Asbestos Mine, located in northern B.C. which was placed in receivership by the Government of B.C. in February 1992. A review of the history of operations at the mine was completed. Detailed studies of the ore reserves, capital and operating costs at the mine, and demand for asbestos over the next ten years all indicated the project was viable, if it could be purchased from the receiver at a reasonable price.

The receiver set a deadline of June 26th for payment of 10% of the purchase price with the balance of the purchase price being made by 17Jul92. In spite of intensive efforts to raise the required funds, Black Swan was able to secure commitments for only \$20,000,000 of the required \$45,000,000 and as a result, the company declined to comply with deadlines set by the receiver. The receiver refused to grant any extension of time to enable the remaining funds to be raised and has subsequently initiated proceedings which will lead to sale of all assets at Cassiar by auction in mid September 1992. Black Swan's total expenditure incurred in review and negotiation of the Cassiar project amounted to \$331,000 during the quarter.

In Australia, progress was made in negotiation of a joint venture with Mount Isa Mines Ltd. for rehabilitation of an old mine site north of Kalgoorlie. The agreement is expected to be concluded by mid September 1992. The agreement will allow Black Swan to recover copper, zinc and silver from tailings and ore stockpiles at the mine site. Initial study of the project indicate that such recovery will be economic using bio-leaching techniques. Bench scale tests of the recovery process have been commissioned and should be complete in late 1992.

Preliminary analysis indicates 9,800 tonnes of copper, 21,000 tonnes of zinc and 2,300,000 ozs. of silver will be produced from the project over a period of three years to realize an annual pretax operating margin from production of mineral of about \$8,000,000 under existing metal prices. Estimated capital requirement for the project is \$10,000,000. It is expected prefeasibility studies will be complete in 1992.

In the three months ended 30Jun92 the company spent \$114,000 and ended the period with cash of \$147,000 and a working capital deficit of \$293,000.

104P 5