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Exploration Allowed

Cream Silver Mines Ltd. (CEM) says its mineral claims in the Strathcona Park area of Vancouver Island are now officially declared to be within the Strathcona Recreational Area, within which mineral exploration will be allowed. The B.C. Government Order in Council was approved on March 14, 1987.

The company's claims are contiguous to those of Westmin Resources Limited whose property includes four known massive sulphide deposits. Westmin's most recently developed ore body, the H-W (15.2 million tons grading 0.07 oz/ton silver, 2.2% copper, 0.3% lead and 5.3 % zinc), is located approximately 600 metres north of Cream Silver's claims. Previous work has shown that the same volcanic stratigraphy as that hosting the Westmin deposits exists on the Cream Silver property.

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Haida threaten to halt Cinola project

Presented with a choice between saving a salmon spawning ground or allowing the operation of a foreign-owned open pit gold mine, the Haida people of British Columbia's Queen Charlotte Islands have decided there will be no gold mining in the Yakoun watershed.

City Resources (Canada) Ltd, which owns the Cinola Gold Project on Graham Island, reports mineable reserves of 23.8 million tonnes averaging 0.072 oz/ton gold and claims recoveries should average 92 per cent. At an annual production rate of 2.1 million tonnes per year, City expects to recover 1.7 million ounces of gold.

City has spent about \$30 million developing the mine, and Australia's Barrick Mines Ltd, which recently acquired

City, plans to spend \$2 million more. In addition City has said it will post a bond of up to \$20 million as insurance against environmental damage.

But Frank Collison, vice president of the Council of the Haida Nation, says the project poses a serious risk to the environment. Among the Haida's concerns is the toxic effect sulphuric acid, a by-product of the road building and mining process, will have on the Yakoun watershed. The project's mineralization contains acid generating sulphur as well as arsenic and mercury.

City, however, has proposed a "state of the art" environmental plan which includes treating rock with limestone to neutralize acid production.

Haida Nation president Miles Richardson recently told 300 Haida and their sup-

porters, "The gold mine will not proceed. We know we will do whatever is necessary."

And Gerald Johnson, mayor of nearby Port Clements, says, "If the mine goes ahead without all environmental safeguards, I think you'll see Lyell Island-style blockades by the Haida."

Project manager Peter Cowdery says City "can control the environmental problems." And Keith Ferguson of Environment Canada agrees. "We think the technology to control acid mine drainage could work."

Meanwhile, the project is still under review by the provincial government and it will be some time before a decision — a political decision — is made by the provincial cabinet.

Cream Silver president says Strathcona may become the most expensive park in Canada

By Roderick MacDonald 92F

Frank Lang, president of Cream Silver Mines Ltd, is predicting that Strathcona Provincial Park on Vancouver Island could well prove to be the most expensive park in Canada.

The park became the subject of debate when the British Columbia provincial government allowed Cream Silver to explore an area adjacent to Westmin Resources Ltd's producing (HW mine) which also sits within the park's boundaries.

The Westmin mine operates at 40,000 tpd and employs about 500 people. According to Lang, Cream Silver's property was

immediately adjacent and had the same geology. Last year Lang said Cream Silver could employ a similar number of people if it had a mine of the same size. "We'd like an opportunity to find out what we have," he said.

But last September parks minister Terry Huberts announced there would be no new mineral exploration in the park and said he would "arrange fair compensation where legitimately held rights are affected by this policy."

Then, April 28, 1989, Lang received a letter from the Ministry of the Attorney General which said Cream Silver is "not entitled, at law, to compensation as a result of the prohibition of mining exploration and

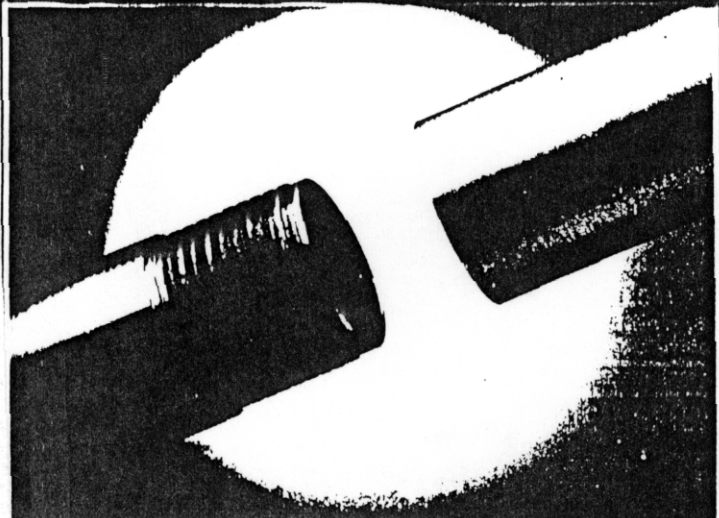
development in Strathcona Park." The letter acknowledges that the company's claims "appear to be promising" and have been held under "frustrating circumstances for 23 years" but says the ministry cannot accept or entertain the company's claim for compensation.

Cream Silver is asking the government for \$72 million in compensation, a figure Lang says is discounted from an appraisal of the property by "two expert authorities."

"Our shareholders are hurt and we are hurt," Lang told the government in his reply to the April letter. "It is with deep regret that we now feel obliged to take legal action. In this regard you will be hearing from our Counsel."

In a recent letter to The Northwest Prospector Lang accuses the government of claim jumping and says taking the matter to court "represents a substantial risk to the government and to the people of British Columbia as Cream Silver is not the only company holding claims in this park. It may be that Strathcona Park will be the most expensive park in Canada."

Lang says it is "too much to ask investors to place millions of dollars at risk without a clear idea of what risks they are accepting." He suggests a 'Wise-Use' concept of land management must be adopted by government and industry.



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Barrack buys into City Canada

Barrack Mines Ltd, through its 97 per cent subsidiary Central Coast Exploration Limited NL (CCE), has agreed to purchase 25.1 per cent of City Resources Limited (Australia) shareholding in City Canada and a further 24.6 per cent of City Resources (Asia) Limited shareholding in City Canada. CCE has also agreed to a placement of 2 million units in City Canada at a \$1.31 per unit.

Each unit consists of one common share of the company and one non-transferable share purchase warrant. Two such warrants entitles the holder to purchase one additional common share at \$1.31 per share exercisable within one year.

At the conclusion of the above transactions Barrack through CCE will directly control 54.1 per cent interest of the outstanding capital of City Canada. The agreement also provides an option for Barrack to directly acquire 50 per cent of the Graham Island Cinola Gold Project.

With its three operation gold mines Barrack's production for 1989 is expected to reach 120,000 oz of gold. It also expects to produce 20,000 tonnes of copper during this year.

Bioleach success

Production-scale bioleach tests at Levon Resources Congress gold project at Gold Bridge, British Columbia have demonstrated that the bioleach process can be successfully scaled up from lab-scale tests.

Recoveries in the bioleach tests achieved 90 per cent, identical to those achieved in lab-scale testing.

The bioleach plant was designed and operated by Giant Bay Resources of Vancouver, British Columbia for joint venture partners Levon Resources and Veronex Resources Ltd

The process is considered a potentially less expensive and an environmentally safer alternative to conventional methods for processing refractory gold ore similar to that found on the Congress property.

The project was monitored by Wright Engineers.

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is thought to be the same stratigraphic horizon as the Aur/bouven deposit.

Farquharson's southern boundary is 1,500 ft north of the former East Sullivan copper-zinc-silver mine property's southern boundary.

The eastern portion of the property contains a wide sulphide halo of disseminated and stringers of pyrite, pyrrhotite and chalcopyrite

Westmin finds new sulphide zone at Myra Falls

VANCOUVER — Recent exploration drilling by Westmin Resources (TSE) intersected significant thicknesses of massive sulphide mineralization in a new zone at the company's Myra Falls mine property near Campbell River, B.C.

Westmin's 100%-owned Myra Falls project includes the H-W and Lynx polymetallic mines and a 4,400-ton-per-day mill.

The company said the mineralization was encountered in an area north and about 984 ft below the existing Lynx mine workings. The intersections are reported to be on the same stratigraphic horizon as the ore deposits of the H-W mine located some 3 km away.

Westmin reports that two diamond drill holes placed 196 ft apart intersected 49 ft and 85 ft of pyritic massive sulphides respectively. The best hole so far encountered a 46-ft intersection assaying 0.009 oz gold per ton, 0.604 oz silver, 1.8% copper and 7.8% zinc.

The company said encouraging results were also found in other areas of the Ridge zone consisting of 6.5-ft to 13-ft thick polymetallic ore grade massive sulphide intersections.

Exploration geologist Stephen Juras explained that while it would not be economically feasible to mine these smaller intersections, "they will complement the new Ridge zone discovery should fur-

Dolphin drilling Big Pond showing

Diamond drills are currently probing a new gold showing on Dolphin Explorations (TSE) Cape Ray property in southwestern Newfoundland.

The gold showing, known as the Big Pond occurrence, is situated about 6 km southwest of the main zone where underground exploration work is under way.

The drill program is designed to explore the recently discovered Big Pond zone which has been traced over a strike length of 350 ft and is open to the north. The gold mineralization occurs in a shear zone listed with sulphide-bearing

uran base metal sulphide deposits," said President Ray Mongeau.

A drill hole collared south of the stringer zone intersected 0.66% copper over a 23-ft core length. Another hole returned 1 ft of 3.15% copper.

Orcana is planning to look for possible depth extension of the East Sullivan zone to the northeast through geophysical surveys and drilling.

ther exploration prove to be successful".

Exploration drifting is now under way to allow more diamond drilling in the area to determine the total extent of the new discovery.

China First options Union Nickel deposit

China First Capital Corp. (VSE) of Toronto says it has obtained an option to earn a 100% interest in the Union Nickel-Copper deposit in Knox County, Maine.

The agreement requires China First to pay an initial \$30,000 and later \$100,000 before it can acquire the mining lease covering a 100% working interest in the deposit from Toronto consulting firm S.N. Charteris and Associated Inc.

Discovered in 1965, and explored extensively by Cleveland-based M.A. Hanna Co., the property contains indicated reserves of about three million tons grading 1.41% nickel and 0.68% copper.

Denver-based American Mines Services has agreed, subject to gaining regulatory approval, to carry out an exploration and development which includes 10,800 ft of core diamond drilling.

The proposed program is expected to cost about \$852,000(US) of which half is payable in shares at 35¢(US) per share and the balance in cash.

It is hoped that when the program is completed, China First will be in position to determine the feasibility of starting a low cost, open pit mining operation. "Reserves have been well defined, all we need is more metallurgy," said China First Chairman James Stephenson.

averaging better than 1% nickel. The deposit is 140 miles south of Thompson and is one mile from a highway.

Canamax's 75% interest was purchased for \$100,000 cash, a promissory note for \$150,000 and a net

Hansuld emerges as Spirit Lake's President, C.E.O.

John Hansuld, the man whose name became almost synonymous with Canamax Resources (TSE), has been named president and chief executive officer of Spirit Lake Explorations (ME).

Hansuld resigned as President of Vancouver-based Canamax in March after start up problems were reported at the Ketz River gold mine at Ross River, YT.

Hansuld was unavailable for comment when *The Northern Miner* attempted to reach him at Spirit Lake's Toronto offices. But according to a Spirit Lake shareholder, Hansuld spent his first week in his new role by visiting the company's Jacobson Twp. gold property east of Wawa, Ont.

Located beside Canamax's Kremzar gold mine, the Jacobson property encompasses the old Edwards mine which produced 8,000 tons of grade 0.14 oz to 0.2 oz gold per ton during the 1930s.

After an extensive drilling campaign which yielded a number of encouraging results (including 25.7 ft of grade 0.54 oz gold), Spirit Lake has been evaluating the property's potential.

News of Hansuld's appointment caused the Spirit Lake share price to jump to about \$1.65 on the Montreal Exchange from \$1.20. Former Spirit Lake President Everett Fagg has vacated his position to make way for Hansuld, but will remain a director of the company.

Director William Chymyck has been appointed Spirit Lake's vice-president and treasurer.

Murgor Resources (VSE) has optioned a 50% interest in 16 claims adjacent to Exploration Orex's gold property in the Upper Seal Harbour area of Nova Scotia. The claims cover a westerly extension of the Upper Seal Harbour anticline.

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