



93H GEN

014707

93H/4E

NORTHGANE MINERALS: CONSERVATIVE PROFESSIONAL JUNIOR

In the April 84 issue of *Western Miner* we noted the changes that are taking place in the Canadian (and, indeed, North American) mining industry. The recession and other factors closed many large mines and displaced many engineers, geologists, and other mining people. Gold, silver, and precious metals (the themes of this issue of WM) became the most promising commodities for the near future, and many of the experienced, but displaced, mining professionals moved to (or themselves formed) active junior exploration and mining development companies.

There are, of course, very many junior mining companies (both exchange listed and unlisted) in existence, but the potential long-term survivors are relatively few. The survivors will be those that are run by professionals with the intention of finding and developing mineral resources. As one such professional expressed it recently 'we are here to mine resources, not the public'.

In recent issues we have mentioned some of these junior companies, with their often widespread interests, of which there may be more located in the United States and other countries than in Canada. One company that recently came to our attention is Northgane Minerals Ltd, based in Calgary, Alberta.

Northgane is owned by Northstar Resources Ltd and Gane Energy Corporation Ltd (both TSE listed). Major shareholders of Northstar are GLN Investments Ltd and Hees International Corporation, members of the Brascan group. Administrative and technical management are provided by professionals with experience in both coal and hardrock mining.

President and ceo is Peter E von Sass, former vice-president and coo of the Elk River project (for which planning was deferred in 1981, pending improvement

in world coal markets), and with wide international experience in financial and general management. As vice-president, exploration and development, Karl H Reicher MSc PEng comes with considerable worldwide experience in metal and coal mining, and as president of his own mining consulting firm. He was also formerly with Elco Mining as engineering manager and manager of the Elk River Coal project.

In addition to directors Michael M Kanovsky and Jack C Lee, executives of parent companies Northstar and Gane Energy, Northgane has as a director Philip T Black PhD, who was general manager, minerals exploration, Hudson's Bay Oil and Gas Company, 1972-82.

Northgane has been formed with a basic operating concept in mind, in order to achieve its goals. It will have: adequate financing to carry out its planned activities without having to rely on long-term debt; management experience that can operate internationally; a balanced portfolio of quality properties; potential to diversify into oil/gas production and non-metal minerals; emphasis on proven reserves and early cash flow from operations; control of projects through ownership.

It would seem that Northgane has already got a fair grip on these criteria through its management, freedom from debt, and range of properties. It is observed that, should a project prove too large for Northgane's own resources, joint venture participation would be invited from among the mining companies in the Brascan group.

MINERAL PROPERTIES

The properties in which Northgane Minerals held various interests (at mid-May 1984) were in British Columbia, Ontario, and Ecuador. In brief these are:

BC: (1) the GERMANSER PLACER PROJECT,

93N/10, 15



[Handwritten signature]

near GERMANSER LANDING, on which a large scale bulk sampling and test mining program was due to start as soon as possible; gold is the target (2) 93H/4E Exploration for gold on claims near the operating Mosquito Creek Mine, Cariboo Mining Division. (3) The Manson Project (exploration for tungsten), Omineca Mining Division. (4) Trembleur Lake Project (exploration for chromite), Omineca Mining Division. (5) Candy Mountain (gold, silver, exploration) in northwest BC near the Alaska border (50km NNW of Haines, AK).

Ontario: The Sharp Lake Project (exploration for silver, cobalt), in the Cobalt area. Under preliminary agreement, a joint venture will include Northgane (50% working interest), Highland-Crow Resources (initial operator, 25%), and Teck Corporation (25%).

Ecuador: Rights for exploration and mine development have been acquired by Northgane on a claim area covering the first 13.8km of the Cachabi River, northern Ecuador, in the northwestern Andes. Gold and platinum particles (probably from two different source rocks) are found in sands and gravels.

CURRENT PROGRAMS

Although Northgane has operating capital and considerable assets, it was proposed to make an initial share

PROFESSIONAL

TEL (604) 689-5559

CLAIMSTAKING

SERVICES

**HI-TEC
RESOURCE
MANAGEMENT
LIMITED**

1970 - 1055 W. HASTINGS ST.
VANCOUVER, B.C.
V6E 2E9

portable or stationary

offering to net \$650,000 in May 1984. The proceeds are to be used to finance acquisition and work programs on the various properties: Germanson Landing \$225,000; Mosquito Creek \$75,000; Manson \$3000; Trembleur Lake \$15,000; Sharp Lake, Ontario \$250,000; Rio Cachabi \$70,000.

Because of a minor discrepancy in published information, the offering was somewhat delayed, but should be completed by the time this article appears.

The expenditures mentioned above are for initial programs, and further expenditures are to be met from cash flow, which is anticipated during the second half of 1984.

The Germanson project is aiming at an early production rate of 4000-4500yd³/month of gravels with gold values of the order of 0.20-0.274oz/yd³. The Sharp Lake project will concentrate on additional drilling of two promising exploration targets. On Mosquito Creek, geochemical work is needed to find gold anomalies as the basis for selecting target areas.

The Manson and Trembleur Lake projects are longer-term programs in that tungsten and chromium are related to iron/steel markets, and it will be necessary to study these markets further. (It may be relevant that chromium, in particular, is among the principal strategic minerals which cause concern to the United States because of present dependency on potentially interruptible sources; eg. Africa.)

It is now generally recognized that many old mining areas, once thought to be exhausted of economic mineral values, are still of considerable potential. There are, too, changing views of geology and mineral occurrences as new experience is gained and new technology applied.

These new views are being applied by many senior and junior mining companies in their exploration of old properties and areas, and the results are often successful. One example of change is the development of a new genetic model for potential mineralization patterns in the Cobalt area, from which about 250-million kg of silver and 16-million kg of cobalt have been produced since 1903. Northgane notes that the partially proven new genetic model allows specific target areas to be determined at relatively low cost. Some of the deeper basins in the Cobalt area have yet to be explored at depth.

We are sure that more will be heard of Northgane in the future, perhaps because, as one executive put it 'we are a conservative, professional bunch that believes in crawling before walking or running'.

smashes oversize ...slashes primary downtime

When production counts — get Kent Air Rams. They smash oversize before it can create crusher downtime and keep material flowing steadily into the crusher to increase production. Best of all, Kent Air Rams hit harder than hydraulic hammers... and *cost less to operate and maintain.*

Whether you operate a stationary or a portable plant, we can offer you a full range of positioning booms and one of three Air Rams to handle your oversize problems. Call or write. We'll respond.

**KENT AIR PRODUCTS
CANADA LTD.**

5818 Datsun Road, Mississauga, Ontario
Telephone: (416) 677-1575 Telex: 06 96 8703

93H GEN

GCNL #199

OCT 16, 1984

NORTHGANE MINERALS LTD.

93H/4E

NEW TARGETS EXPECTED - FROM SURVEY RESULTS - In September 1984, Northgane Minerals Ltd. completed a geochemical soil sampling program over 28 line km and 573 soil samples on its Whipsaw claims situated approximately 2 km north of the existing Mosquito Creek gold mine, near Wells, B.C. The survey covered all of the supposed Rainbow/Baker member contact. The samples will be analyzed for arsenic, lead and silver. It is expected that the results will allow a more precise delineation of previously detected anomalies. During the reconnaissance mapping, west of the main area of interest, several new outcrops were found and mapped. This indication, together with the plotted quartz float samples, will be used to determine trend patterns.

Float, Geochem
Ass Rpt. B255

[Handwritten scribbles]

[Handwritten scribbles]

NO.243(1984)
DECEMBER 18, 1984

GCNL #243

18 DEC 1984

NORTHGANE MINERALS LTD. (NGX-Alberta)

93H/4E

FURTHER GOLD EXPLORATION PLANNED IN 1985 FOR MOSQUITO CREEK PROSPECT - The exploration work completed on Northgane Minerals Ltd. Whipsaw, Island and Hard claims near Bakerville-Wells, B.C. in 1984, successfully located the probable geological contact of interest, detailed anomalous arsenic and gold values near the contact and located previously unknown lead/silver anomalies 750 meters west of the most important concentration of gold/arsenic anomalies.

A preliminary geological model was developed, based upon geological mapping of the project area as well as through review of available geological information from the adjacent producing Mosquito Creek Mine and past producers such as the Island Mountain Gold Mine and the Hardscrabble Tungsten Mine, all located along the same axial trend.

The structure of the model indicates a potential for three repeat outcrops of the Baker member at a combined length of 3200 meters. 95% of the gold production located along the same axial trend was generated from this rock unit and same structure.

Results to date warrant detailed investigation during the 1985 field season to further assess the apparent potential of this area. Trenching across the gold/arsenic and silver/lead anomalies, a detailed VLF/EM and magnetometer survey and expansion of geochemical soil investigations are planned.

NMIAVER
27 DEC 1984
Northgane active
next year in B.C.

Additional work is planned next year for Northgane Minerals' Mosquito Creek gold property in B.C. The decision follows on encouraging exploration results from this year's work which outlined an anomalous gold/arsenic zone.

93H/4E