

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

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.

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 reached 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.

