

*Bandit (104K 086) is the prime target of Goden Bear regional exploration by Wheaton River Resources and was visited on Aug 16 with geologist Andrew Hamilton. Drilling in the Post zone (3 holes) and Ram Reef zone (2-3 holes) is directed at the steep, silicified fault contact between Stuhini volcanics and Paleozoic limy clastics and tuffs, a comparable setting to the Bear deposit. There is a strong soil anomaly (500+ ppb Au over 500 x 1000 m) and trench assays to 15 g/t Au over 2 m but the best drill intercept to date is in the order of 1 g/t over 10 meters. Geochem, VLF and IP are used to select drill targets.

*Golden Bear minesite was toured on Aug 15-16 with Tom Schroeter. Our hosts were Lee Pigage and Dunham Craig; company executives Vic Jutronich and Peter Tredger were also on site. All personnel are proud of taking Kodiak from a discovery trench and initial drilling in October 1993 to mining in 10 months and have been very complimentary of the review process. MDRC approval of the Kodiak heap leach has triggered lots of activity and excitement about new exploration targets. Much lower grades are economic due to greatly reduced gold recovery costs of cyanide heap leach versus milling/roasting (cost=\$70/tonne). Mining cut-off grade is 1 g/t in Kodiak pit vs 12 g/t in Bear underground. Even waste rock from the Bear pit has been re-named the Low Grade Stockpile with an average grade of 1.5 g/t Au. Material handling options, including an improvised dragline, are being considered. Kodiak development calls for complete mining of the zone in a tight 78 day schedule before winter (pit elevation is 1900m). Tercon, the contractor is to mine 325,000 tonnes of rock with an estimated grade of 5.04 g/t Au and truck it to a cyanide heap leach pad. Two nearby zones are also indicated to be amenable to heap leaching: a portal will be collared this season in Kodiak B (aka Fleece B) 500 meters south of Kodiak pit and trenching is in progress 800 meters north at Kodiak North (best result is 4 g/t Au over 18 m) with drilling to follow. Kodiak heap leach in winter using heated cyanide solution is expected to work well, similar operations in Montana and South Dakota operate under colder conditions. Kodiak development is crucial to survival of the operation because underground mining of the Bear deposit has ceased and miners laid off. The mill/roaster will shut down on Sept. 14 but will be reactivated if underground refractory ore is developed in the Grizzly zone. The decline into the Grizzly zone was on hold but has been resumed now that Kodiak is in development and cash flow is anticipated. Grizzly zone underground exploration drilling is scheduled to begin in November. Until discovery of the Kodiak zone gold exploration focused on major faults but Kodiak, and especially the new Kodiak North zone are up to 200 meters from the Ophir Break greatly expanding exploration potential. Kodiak ore is completely nondescript silicified limestone, variably hematitic but containing no pyrite. Gold occurs over a 40 meter width in the footwall to a very subtle splay of the Fleece fault. The zone can barely be detected by a close-spaced EM survey. At Kodiak North there is very little silicification of limestone, again expanding the exploration target.

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