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MEMORANDUM Dave
Please return
Golden Bear

To: Doug Flynn, Acting Manager Northwest Region

MONTHLY REPORT - DECEMBER 1996

by

Paul Wojdak, NORTHWEST REGIONAL GEOLOGIST

HIGHLIGHTS

*Exploration spending estimate revised to \$49.3 million. Drilling estimate 198,565 metres.

*Smithers Exploration Group luncheon presentations on Telkwa Coal Project by Allan Flemming of Manalta Coal (Dec 4) and Mine and Exploration Developments in NWBC by Paul Wojdak (Dec 17) each attended by 35-40.

*Huckleberry mill roof and siding completed. Heat installed so that internal work on foundations, piping, electrical and mechanical can begin in January. Construction of the tailings dam has been completed to a point that sufficient water can be impounded for mill start-up next fall. Foundations for the primary crusher are also complete. Project costs are 52% of the \$137 million target and are under budget.

PROPERTY VISITS - None

EXPLORATION AND MINESITE ACTIVITY

*North American Metals has received approval to construct the Ursa open pit and heap leach pad at Golden Bear. In a six year mine life the Ursa and Kodiak pads are projected to yield 214,000 oz of gold from 1,528,000 tonnes grading 5.1 g/t Au. Production cost is estimated to be \$232 (US) per ounce. Past production (1989-1994) at Golden Bear is 218,000 oz from 535,000 tonnes of refractory ore grading 12.6 g/t Au.

*Anxiety at Endako over impending sale of mine property by Placer Dome. Exploration drilling deferred.

*Tulsequah Chief Project Report proposes a 2466 tonne/day mine based on a disluted mineable reserve of 7,910,000 tonnes grading 1.27% Cu, 1.18% Pb, 6.35% Zn, 2.42 g/t Au and 100.9 g/t Ag. Mining will be by low-cost longhole and sub-level longhole stoping. Ore and waste will be crushed underground. Milling of ore will produce 4 concentrates;