

WRS → cc ADM  
 Ray Crook  
 Managers  
 D. Lafabure  
 Mirfile

EXPLORATION NEWS FLASH  
 UPDATE

ESKAY CREEK - MORE GOLD plus Base Metals

OWNER: Stikine Res. 50%  
 Calpine Res. 50%

OPERATOR: Calpine Res. Inc.

NEWS ITEM: Nov. 24/89 results show good precious and base metal values from the Central-North 'Shoots' 21 Zone:

Hole #	Interval	Au(oz/ton)	Ag(oz/ton)	Pb(%)	Zn(%)	Cu(%)
141	39.4	0.425	22.57	2.47	16.83	1.53
	incl. 3.3	1.2				
154	19.7	1.50	29.76	3.98	10.59	0.62
155	13.1	4.74	117.68	6.74	13.61	1.73
156	29.5	1.67	69.52	0.97	3.3	0.54
157	209.9	0.115	7.26	0.17	0.45	0.06
159	32.8	4.15	133.82		(pending)	
163	278.8	0.112	3.39	0.52	0.92	0.05

- 3 drills currently at work, plan to have 5 to 7 drills by Christmas
- by end of Nov. Calpine expects to have completed drilling the 21 Zone on 50 m spacings to within 50 m from property boundary. Drill-inferred reserves will then be calculated.
- next phase of drilling designed to bring inferred reserves to drill indicated category on Central and North portions on 25 m spacings (~330 holes)

Current 'Reserves': 9.31 m tons @ .415 oz/ton Au = 3.86 m oz Au  
 (North and Central 'shoots')  
 2.81 m tons @ .26 oz/ton Au = 0.73 m oz Au  
 (South 'shoot')

12.12

Total contained - 4.6 m oz Au

**GEOLOGY:** Subaqueous volcanic setting with argillite-chert horizon between underlying rhyolitic sequence and overlying andesitic sequence. Upward moving hydrothermal fluids caused intensive alteration of rhyolitic rocks, followed by metamorphism and shearing, and finally introduction of sulphides and precious metals.

North 'shoot' exhibits turbiditic textures reminiscent of material 'flowing' down the sides of pipes in 'black smokers'. This zone might represent the proximal facies with the South 'shoot' representing the more distal facies.

- 2 -

**STRUCTURE:** The stratigraphic package occurs on a shallow NE plunging asymmetric anticline. The deposit(s) dips consistently at 35 degrees through the South and Central 'shoots' but flattens out and almost rolls over in the North 'Shoot'. The 21 Zone is cut off by a fault on the SW end; therefore, Prime will be dedicating considerable effort to locating the SW extension.

**MINERALIZATION:** All zones on property represent ~ 5km long X 1 km wide belt of 'favourable' stratigraphy. Mineralization appears to be strata-controlled and stratabound (i.e. syngenetic) and consists of Au + Ag with Sb, As, and Hg associated with intense hydrothermal alteration at the contact between rhyolite and andesite (kuroko VMS-style). There may be a younger (Tertiary?) overprint of an epithermal system close to the fault at the SW end of the 21 Zone.

In the north 'Shoot', lenses of massive and disseminated sulphide mineralization with precious metal values are located stratigraphically over and above the higher grade gold and base metal mineralization at the contact with the rhyolite (i.e. possibility of a second mineralized horizon). Some sections indicate large tonnages of ore grading greater than 1 oz/ton Au. There is a possibility of an igneous source (eg. porphyry zone).

Barnett (Univ. of Western Ontario) has done extensive microprobe studies on 21 Zone opaque and gangue minerals.

**GEOCHEMICAL SIGNATURE:** Besides the obvious Sb, As, and Hg present, the mineralization is associated with anomalous values of fluorine, barium, magnesium, potassium, and silica.

**METALLURGY:** Preliminary analysis of split core from the South 'shoot' by Lakefield Research (Ontario) and Camborne School of Mines (London, England). Tests include autoclave (pressure oxidation) and cyanidation. Bench scale tests including biological leach testing are also being carried out by Coastech Laboratories.

**MINING/MILLING SCENARIO (to date):**

- possible capital costs ~ \$1/4 million
- open pitable with overall strip ratio 6:1 (South 'Shoot')
- dilution <9% down to 0.015 oz Au equiv./ton
- cut-off grade at 0.10 Au equiv. (0.05 to 0.1 to 'future' stockpile)
- milling rate ~ 1000 tonnes/day

- 3 -

**REMARKS:**

- Good 'Information Brochure' put out by Yorkton Natural Resources (August 31, 1989 - Robert Sibthorpe).
- Complete 'Information Package' available to interested 'buyers'. Sale price for Stikine Resources' interest (i.e. 50%) is estimated at \$250 to \$300 million.
- MDRU has initiated the 'Golden Triangle Study' with at least 8 companies signed on for the 3 or 4 year detailed study of the mineral deposits in this region.
- One of the 2 most significant new discoveries in B.C. in '89!

**ISSUES:**

- Iskut Road Access, Unuk River segment will be critical to development
- potential significant acid rock drainage problem
- possible environmental concerns due to presence of arsenic
- obvious pressure for government funding of road
- native land claims in region
- problems with mineral tenure - surrounding claims.

Tom Schroeter  
Senior Regional Geologist

November 28/89

TS:JB