

INDUSTRY

IN ACTION

EXPLORATION

Pegasus Farms Into Ortiz Gold . . .

LAC Minerals has reached an agreement with Pegasus Gold Inc. regarding its 8,750 ha Ortiz gold property located 40 km from Albuquerque in New Mexico. Pegasus can earn a 50% interest by spending \$27.5 million by August 1, 1992, on the development and construction of new mines in the area. A minimum of \$5.0 million must be spent in the next 12 months. Additionally, Pegasus must spend \$1.0 million per 100,000 oz, in excess of 1 Moz, recovered from the Carache, Lukas, Iron Vein and Cunningham deposits.

Previous exploration by LAC has indicated a mineral inventory of 4.5 Mt averaging 3.2 g/t gold to a depth of 230 m at Carache Canyon (including 1.4 Mt at 8 g/t Au) and a near surface inventory of 5.5 Mt averaging 1.2 g/t gold at Lucas Canyon.

. . . Quartz Mountain Study Positive

Vancouver-based Quartz Mountain Gold Corp. has received a positive feasibility study from Davy McKee Corp. on the Quartz Mountain gold property in Lake County, Oregon (*MJ*, May 5, p.345). The study concludes that combined open-pit mining of low grade, heap-leachable ores and much higher grade, vein-related ores treatable by fine grinding and carbon-in-pulp leaching would be economic. Proven and probable reserves under this model for the combined Crone Hill and Quartz Butte deposits are 8.0 Mt at an average grade of 1.5 g/t gold. This consists of 7.8 Mt of oxide heap-leachable ore grading 1.0 g/t gold, 448,000 t of vein-related oxide milling ore grading 3.5 g/t gold, and 663,000 t of vein-related sulphide milling ore grading 6.3 g/t gold.

The study projects mining rates at 1.36 Mt/y of heap-leachable ore and 158,000 t/y of millable ore (450 t/d). The average stripping ratio for the deposit is 4:1 (waste:ore) yielding a total mining rate of 6.8 Mt/y. Annual production would average 50,000 oz/y at 77% average recovery over the projected seven-year mine life. Capital costs are estimated at \$26 million (including environmental, permitting and bonding charges) and production costs at \$220/oz.

Recently, Quartz Mountain has reached a joint venture agreement with Pegasus Gold Corp. whereby Pegasus

has the option to acquire the 50% property interest Galactic Resources has the right to earn under a two-year option. Pegasus must pay \$1.0 million to Quartz, expend a minimum of \$1.0 million on the property over two years and pay Quartz a further \$5.0 million upon exercise of the option.

Andacollo Venture for Chevron/Dayton

Dayton Developments Corp. has entered into a joint venture agreement with Chevron Resources Co. whereby it can acquire a 100% interest in the Andacollo gold mine, located 50 km from the city of La Serena in central Chile.

Chevron has invested \$11 million in the project over the past four years and has so far explored about 30% of the property. Geologic reserves delineated by some 28,000 m of drilling and sampling are 7.8 Mt at 1.7 g/t gold proven and probable, 2.7 Mt at 1.5 g/t gold possible and 10 Mt of potential ore at 1.5 g/t gold. The property is being considered as an open-pit, heap-leach operation with water, power and necessary infrastructure available in the area. Metallurgical testing has indicated a 75% recovery with a low cyanide consumption.

Dayton intends to start infill drilling and a pre-feasibility study is expected in six months. Chevron will be entitled to royalty payments or cash.

CRA In Thailand

CRA Ltd's subsidiary, CRA Exploration Ltd, has agreed to form a joint venture with Padaeng Industry Co. Ltd of Thailand to undertake gold exploration and development work. CRA will hold a 55% stake in Pa-Kham Co. Ltd (Baht 50 million capitalization) with Padaeng owning the remainder. The joint venture will bid for two new gold mining concessions each covering about 405 ha in northeast Loei Province.

Eskay Creek Results

Equal partners Calpine Resources Inc. and Consolidated Stikine Silver Ltd have recently completed 12 holes on the main 21 Zone of their Eskay Creek property, bringing the total drilling there to 22,860 m in 96 holes.

The joint venture has spent over \$C5 million and will be putting an additional \$C7 million into the project this season (*MJ*, January 20, p.44). The property is located 100 km northwest of Stewart, British Columbia. So far the 21 Zone has been traced along 460 m of strike, has an average width of 15 m and a down dip

extension of 180m, but much infill drilling is still necessary to prove this resource.

The property is estimated to contain a geologic resource of 2.7 Mt grading 7.9 g/t gold and 113 g/t silver with zinc and lead values. Metallurgical tests on the ore have indicated it to be refractory due to its high arsenic and antimony content. Drilling is continuing with two rigs, one for in-fill drilling and the second for step-out holes.

Fort Knox Drilling Continues

Fairbanks Gold Ltd has received the results of a step-out hole some 100 m south of previous drilling on the 6,070 ha Fort Knox property in Alaska (*MJ*, June 9, p.445). Hole FWR89-036 was drilled to 345 m depth and demonstrated continuous gold mineralization averaging 1.5 g/t along its entire length. Since then a core hole has verified these results.

Other step-out drill holes have discovered similar deep-seated mineralization and all are reported to exhibit broad zones of visible and freely recoverable gold regardless of depth or the oxide/sulphide boundary. Hole 38 was drilled to a depth of 213 m and averaged 1.6 g/t over its entire length.

In addition, a number of in-fill holes drilled in the 365 m by 600 m initial discovery area encountered near surface gold mineralization amenable to open-pit mining with low stripping ratios. Due to the encouraging results, Fairbanks has decided to mobilize a second reverse circulation drill rig and a large diameter core rig, operating on a 24-hour per day basis. About 9,000 m have been drilled to date and some 8,000-12,000 m more are planned this season. The intrusive has been traced along 1,800 m length and 430 m width but drilling has only tested an area 600 m by 430 m. Fairbanks' partners are Ventures Trident and Nye Metals.

Funds for Asquith's BB Claims

Toronto-based Asquith Resources Inc. has completed a private placement of flow-through shares with Nanisivik Mines Ltd to raise \$C150,000 to finance its 25% interest in the BB Lake zinc-precious metals deposit in the Great Slave Lake area of the Northwest Territories. Previous work on the property in the 1940s and 1950s indicated the presence of two bodies of massive sulphides known as BB and Kennedy Lake respectively. About 1 Mt of zinc mineralization plus significant lead, copper, silver, gold and cadmium values were indicated in this early work.

A programme of 3,600m of diamond drilling, geological and geophysical surveying, totalling over \$C500,000 is being managed by Ego Resources, operator of the BB Lake project.