

861592

MEMO TO: File

DATE: December 11, 1981

FROM: G. S. W. Bruce

SUBJECT: Blackdome Exploration Limited - Clinton Area, B.C., 92-0-8

On December 4, 1981, Bert Reeve, President of Blackdome came in to see me about the subject property.


Apparently Blackdome has run out of money with which to finish up a preliminary underground exploration programme and feasibility study on the Blackdome property.

Reeve is looking for an interested partner to purchase 600,000 treasury shares of Blackdome at \$3 per share with the proceeds of this placement to be used to complete the present underground programme and to carry out a feasibility study.

The deposit consists of intermittent quartz lenses within a fault zone. Surface drill holes, aggregating 100 holes, have been drilled to test the structure over a strike length of one mile. This drilling and the underground work has apparently indicated approximately 313,000 tons of rock grading .35 oz Au/ton and 3.21 oz Ag/ton over an eyeball average of a 7-foot width. Casual inspection of a longitudinal section suggests that the deposits may not extend to depth.

I discussed the Reeve proposal with M.A. Taschereau on December 10, and we agreed that this particular situation was not of interest to Dome at the present time.

I will so advise Bert Reeve by telephone today.

  
G. S. W. Bruce

GSWB:rb

Dec 4 1981.

## Blackdome Property

### Proposal

5 million shares authorized  
2.6 " " issued.

Reene does not want to sell interest in property. He proposes interested purchaser would buy, as entry fee, 600,000 treasury shares @ 3.00.

The proceeds would be used to complete the exploration and develop. programme and to do feasibility study. The 600,000 share private placement would lead to an option to purchase Blackdome shares to give purchaser eventual 51% of stock.

- Deposit
- Lenses of quartz within shear zone
  - drill indicated, uncut, undiluted geological reserves of 313 000 Tons grading .35 oz / ton Au + 3.21 oz Ag over average (?) width of 7 feet.
  - 100 holes have been drilled over a 1-mile strike length
  - my judgment is that the

(2)

vein is weakening in TPVF with depth

- they plan on 200 TPD plant to cost \$10 million ~ 72000 TPY.

- plans on cut-and-fill mining of 1 vein

Assume Au 420 US = 483 Canadian  
 Ag 9 US 10.35 "

Assume grade  $.35 \text{ Au} \times .95 \text{ rec} \times 483 = 160.60$   
 $3.21 \text{ Ag} \times .90 \text{ rec} \times 10.35 = 29.90$   
 Ore Value/ton = 190.50

Est cap costs 10 000 000  
 Est op costs \$100 ton

Total Revenue =  $190.50 \times 313,000 = 59,626,500$   
 less Op costs =  $100 \times 313,000 = 31,300,000$   
28,326,500  
 less Cap costs 10,000,000  
 Op profit after recouping capital = 18,326,500  
 Taxes 9  
9,000,000  
 Net

Would have to put up \$3,000,000  
 with the possibility of making 9,000,000

Dec 11<sup>th</sup> - Spoke to M.A.T. about this  
 and he agreed that it was not for  
 us.

200 TPD plant       $10 \times 10^6$

need 2 million to complete  
exp & devel to allow  
feas.      | Private Placement  
                 | 600,000 sh @ 3.00

Blackdome  
trades @ 3.00

5.0 million auth  
2.6 million out

doesn't want to sell int in prop.

Would sell cont rolling int in Blackdome

Take down \$2 million in stock

Bert (104) 688 3584

Black Dome

100 holes  
1 min strike

fault. fissure vein (65-85 W)

25% of str is ore.

purple 1/10 - 1/2 oz Au Equiv.

35:1

9 Ag : 1 Au.

red + 1/2 oz

blue .03 - .1

drill indie  
no cutting

± 313,000 .35 Au 3.21 Ag

i.e. .4 equiv

cut and fill  
blue to surface

7 ft

175 Au  
30 Ag

205

@ .90  
180.

costs 130  
50

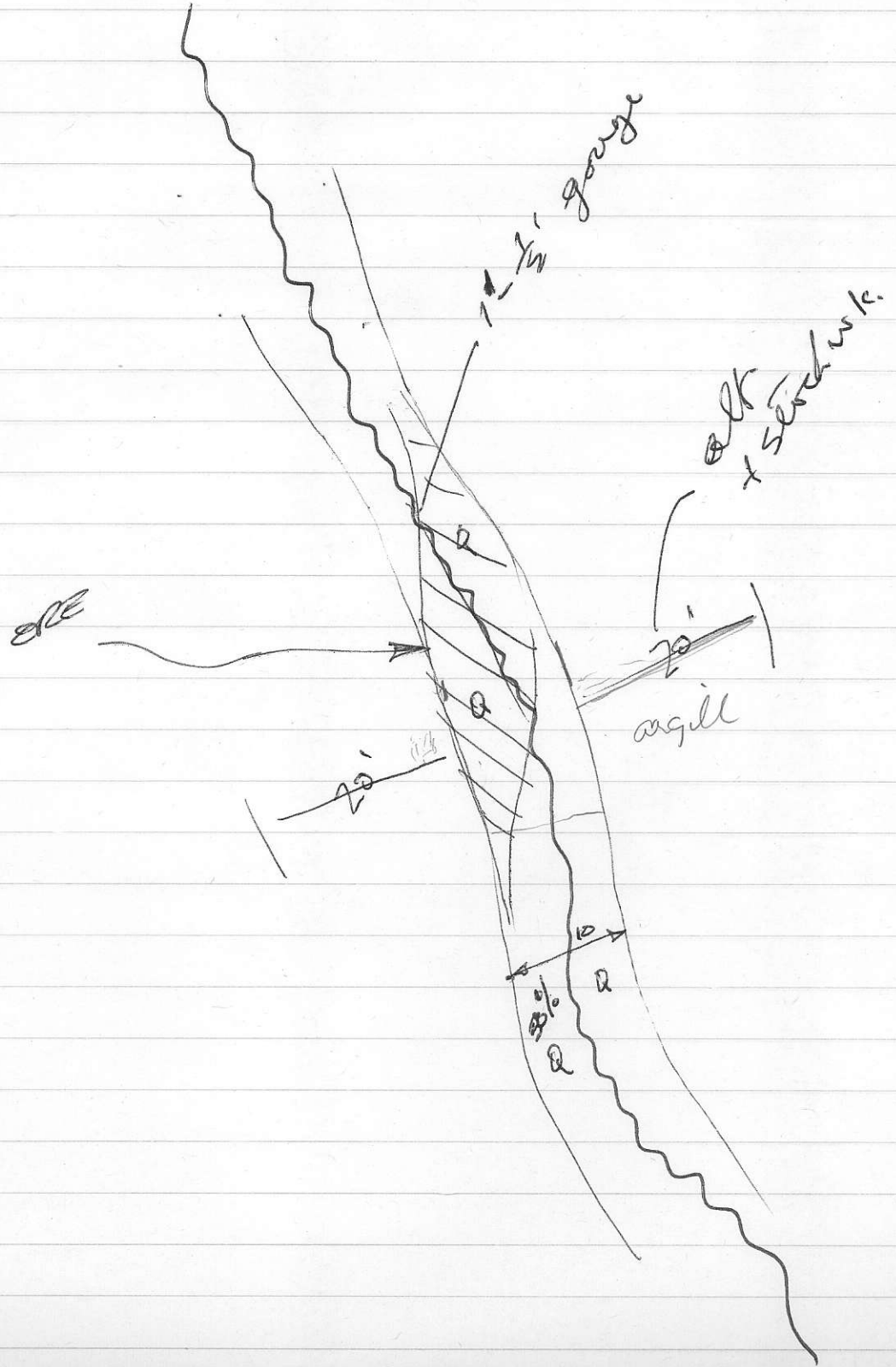
x 300,000 = 15,000,000

.35 Au @

24

1.20

600' .792 Aug 9



Problems

small reserve

BC

entry fee 2-3 million

narrow - 1 vein

much development needed

looks weak at depth.