

Industry IN ACTION

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EXPLORATION

Arimco Funding for Gold Ridge

Cyprus Minerals Solomon Ltd. has reached an agreement with Arimco NL, whereby the latter will spend \$US3.5 million for a 50% interest in the Gold Ridge prospect on the island of Guadalcanal in the Solomon Islands (*MJ*, November 15, 1985, p.379). The money will be spent over a three-year period, with an initial \$1.1 million outlay for the period to June 1987. Cyprus has already spent over \$3.0 million on the 30 km² site, where medium to high grade gold values have been discovered.

Arimco has also confirmed that it would spend \$A10.2 million in conjunction with Cyprus Minerals and East Murchison Mining Co., developing the Gidgee gold project in Western Australia.

Funds for Citadel's Wawa Claims

Citadel Gold Mines Inc of Calgary has said that CMP Funds Management Ltd. has agreed to provide it with \$C2.5 million for spending in 1987 on continuing exploration work at its Wawa gold property in Ontario, Canada, where surface and underground drilling is now underway. Reserves are estimated at 2 Mt of ore averaging 6.2 g/t gold, cut and diluted.

Jolu Interest Restructured

Toronto-based Royex Gold Mining Corp. has become the operator and acquired a direct 30% interest in the Jolu gold property, north-east of La Ronge in northern Saskatchewan, Canada (*MJ*, August 29, 1986, p.149). As a result of a share transfer of its 600,000 shares in Canadian Premium Resources Corp. to Mahogany Minerals Resources, the direct interest in the Jolu property has been restructured to: Mahogany 42.5%, Royex 30%, and Canadian Premium 27.5%. Royex must spend an additional \$C1.5 million on exploration and on the completion of a feasibility study.

Following a 71,300 m diamond drilling programme in 1986 and previously exploration work, probable and possible reserves have been estimated at 876,400 t of ore averaging 17.1 g/t gold. A 900 m decline is currently being driven to a depth of 150m. The companies will then carry out a programme of underground diamond drilling and bulk sampling for metallurgical testing.

Mishibishu Underground Work

Muscocho Explorations Ltd., as operator of the Mishibishu Lake gold joint venture in Ontario, Canada, has advised that the main gold-bearing zone on the Magnacon property has been intersected (*MJ*, August 22, 1986, p.131). A crosscut from the bottom of the recently-completed ramp

hit the zone about 90m below surface. The principal gold vein measures 4.3 m in width in the crosscut. Two other gold-bearing veins were intersected on the way to the main vein and all three had visible gold with the main vein showing gold over a total mineralized width of 12 m. Samples have been sent out for assaying.

Drifting along the veins will begin shortly coupled with an underground diamond drilling programme. The objective of the current programme is to prove sufficient mineable reserves for a production decision this summer. Muscocho's partners are Flanagan McAdam Resources Inc. with 50% and Windarra Minerals Ltd. with 25%.

UGMC Acquires N.Z. Claims

Union Gold Mining Co. (UGMC), a subsidiary of Normandy Resources NL, has acquired a further two mining licences, making a total of four, at the southern end of the Tokatea Reef in the Coromandel Peninsula of New Zealand from Adams Development Ltd. at a cost of \$NZ50,000 plus 250,000 vendor shares. Previous exploration activity indicates significant base metal, gold, silver and platinum group metal values.

In addition, the company has reached agreement with Bronze Bolder Mining Co. Ltd. to acquire at cost prospecting licences in the area surrounding the above four licences. The area contains former high grade gold mines including a section of the Tokatea Reef and the Success mine.

At the beginning of last December, Normandy announced its intention to list UGMC by offering an entitlement to shareholders in Normandy. Details of the offering have yet to be announced.

Chinese Gem Find

According to the *Beijing Review*, Chinese geologists have made a record find of ruby and sapphire deposits. These deposits are located in Wenchange County on Hainan Island off the south coast of China. The geologists have been studying the island for five years, and their largest find was an oriental sapphire deposit with a reserve of over 820 kg.

Canadian JV for Minorco

Minerals and Resources Corp. Ltd. (Minorco) and its 58% owned subsidiary, Inspiration Resources Corp., have formed a Canadian gold mining joint venture company, Mingold Resources Inc. Minorco's subsidiary, Minorco Canada, and a second subsidiary, Ambay Services, will own half of Mingold. Inspiration's 50% will be held through its wholly-owned Hudson Bay Mining and Smelting Co.

For the past three years, Minorco and Hudson Bay have operated a joint venture exploring for gold in Canada. Mingold now assumes the claims of the venture,

which include an option on the Metalore Resources Ltd. property in Ontario as well as claims in the Beardmore Geraldton area of Ontario and another in British Columbia. Mingold has set up its headquarters in Toronto and will open up other offices in Thunder Bay and Timmins.

Rea Gold in CK Agreement

Rea Gold Corp. of Vancouver has reached an agreement with NIM and Co. Ltd. Partnership 1987 (NIM) which will cover Rea's required expenditure on its CK massive sulphide claims near Clearwater in British Columbia (*MJ*, August 29, 1986, p.149). Rea must spend \$C400,000 on mineral exploration before December 31, 1987. In return, NIM will be allocated shares in Rea based on current market values.

The funds will be used to increase the proposed drilling programme to 6,400 m from 1,500 m. Metallurgical testing and feasibility studies will also be undertaken. Drill indicated reserves are estimated to be 1.5 Mt of ore averaging 8.6% zinc, 1.4% lead and 8.6 g/t silver. The deposit is open downdip and along strike. Reserves are contained in a 1 km strike length to a depth of 62 m.

Horizon at Daargues Reef

Horizon Pacific Ltd. took an option in December over the Daargues Reef Mine, some 70 km north of its Cowarra gold mine near Bredbo in New South Wales, Australia. The Daargues Reef was last operated at the turn of the century and reserves are estimated at some 100,000 t grading 11.8 g/t gold and 100,000 t averaging 4.5 g/t gold. Horizon is expected to truck the ore to its Cowarra processing plant, thereby lifting Cowarra throughput by 25,000 t/y to about 75,000 t/y of mined ore.

DEVELOPMENT

Norsk in Quebec Mg Talks

Talks are reportedly underway between the Quebec Government and Norsk Hydro regarding certain government contributions that Quebec might provide to support the planned 60,000 t/y magnesium plant. However, Norsk Hydro has said that it would invest the \$C400 million in the project regardless of government funding (*MJ*, October 3, 1986, p.247).

Yandicoogina Activity

Two joint ventures have announced their intention to develop their respective Yandicoogina high grade iron ore deposits in the Pilbara region of Western Australia.

BHP Iron Ore (WA) has released a statement of its intent to develop its 1,800 Mt deposit as soon as possible and will start by collecting a 200,000 t bulk sample. According to Australia's *The Miner*, the