

Memo To: V. A. Preto

From: R. H. Pinsent

Date: October 5th, 1992

Subject: SOUTHWESTERN DISTRICT MONTHLY REPORT: ~~SECRET~~

10 2 20 1992  
Island Copper  
884321

Lang Bay  
The Company cites two reasons for the cancellation: (a) loss of a funding brought about by delays in the permitting process and (b) serious reservations about some of the technical pre-conditions laid down in the permitting document.

It is looking for the funding necessary to procede next spring.

MADHAT  
Other points of note include the completion of a short (five hole, 330 metre), somewhat inconclusive, drill programme on the Madhat property (92L/5E; 92L 176) by ORVANA MINERALS. The Company is chasing copper and gold mineralization in structurally controlled silica "reefs" in Bonanza Group volcanic rocks. Drilling is also on-going in the Fedi Pit area of the Brandwine property (92J/3E; 92JW001). LA ROCK MINING CORPORATION reports narrow (2 - 10 metre) intercepts grading less than 7.0% combined Pb, Zn.

UP-COMING ACTIVITY:

(1) WESTMIN RESOURCES plans to start a 3,600 metre aggregate length drill programme in the Thelwood Creek area of it's H-W Mine property (92F/12E; 92F 330) in mid October.

ISLAND COPPER  
(2) BHP MINERALS is planning a \$300,000 drill programme at the west end of the Island Copper pit (92L/12W; 92L 158). The programme is designed to determine whether an area of low-grade material (P zone) is mineable.

Several other programmes planned for the Autumn will NOT be going ahead: (1) MINNOVA INC. has defered plans to redrill the Seneca property at Harrison Lake (92H/5W; 92HSW013) despite a good intercept in the spring; (2) INCO EXPLORATION does not intend to drill the Cinadoro property in the Queen Charlotte Islands (103F/1E; 103F 052). It is disappointed with the results of it's summers exploration programme and (3) JORDEX RESOURCES appears to have defered the next round of drilling at it's Hushamu property near Port Hardy (92L/12; 92L 185).

DISTRICT OFFICE HIGHLIGHTS:

(1) Art Clendenan finished editing a computer-based listing of his classification of mineral deposits on Vancouver Island. He completed his term of employment with GSB on 18th

*The Wood (cont)*

plans to drill-test the geophysical targets and drill additional stratigraphic recce holes in November/December. The results should be interesting!

*Quinsam*

- Quinsam Coal Corporation drilled three PQ holes to test the down-dip depth and continuity of the main coal seams at Quinsam north of the 2N/3N mine block. The results are encouraging. The coal is still of good width (2-3 metres) and mineable although it is a little "dirtier" than they might wish, reflecting a tendency for the seam to shale out.

The company will drill seven more PQ holes between the 2N and 3N blocks. The holes are needed to confirm thickness, quality and local structure in an area not adequately tested while the company planned for open-pit production. The programme should change probable reserves to proven.

The company is in transition with regard to production. It has finished open-pit production and is dependant on coal from underground from the 2S and 2N mining blocks. It commenced production from 2S in the spring and it is currently developing a new production area in the 2N. Production has been hampered by a need for rock-bolting and development has been slowed by the presence of numerous minor off-set normal faults. It operates one "continuous miner" in each area and has one doing development work. It needs to blend coal from the two areas to ensure sulphur content does not exceed 1.0%.

*Island Copper*

BHP Minerals is making money at Island Copper! The company is finding it increasingly difficult to find mill-feed and it is running the mill at around 52,000 t/d, considerably below its 57,000 t/d capacity.

The south wall of the pit developed ground problems and started to slip. It has had to be buttressed with waste. The problem may "cost" BHP approximately 16 m/t of "ore", equivalent to around 9 months of production. The company were drilling drainage holes into the wall whilst I was there. These were making water. They may stabilize the situation. It is possible that the company will be able to recover some of the 16 m/t by mining from the flanks as opposed to the face.

If the company is not able to extract the resource, it expects to use up its stockpile and close the mill sometime around September/October 1995. BHP is already implementing its closure plan. It no longer removes waste from the pit. It has smoothed and covered its waste dumps and it is ready to seed 150 hectares around the pit. (Small Goal 2 "Cultural Heritage" site or potential golf course?). There has been no decision on the proposal to dump garbage into the pit. If it does not go ahead, the pit will be flooded.

The company feels that there are no mineable reserves around the minesite and it does not feel that there is much likelihood of establishing a custom mill facility. The company management was extremely disturbed when MELP representatives informed them that a custom milling operation would require a full MDR of both mine and millsite!

MR - Pinsert - Aug. 94

## Island Copper (cont'd)

Crew Natural planned to barge "ore" from Red Dog to Island Copper. The companies failed reach agreement on the structure of a deal and it collapsed. Jordex Resources drilled the Hushamu property this spring and "earnt in" on its Joint Venture. The deposit is now owned 55% BHP, 45% Jordex. BHP does not appear to be convinced that it will fly as either a custom mill or stand alone operation. It has elected to spend JV exploration dollars on a completely different target further to the northwest.

BHP identified a large area of anomalous copper geochemistry and IP geophysical response at the foot of a high cliff of highly altered "transitional porphyry/epithermal" alteration in the north western corner of its property in the late 1960s. It was never drill tested. The company is currently drilling a series of holes at the foot of the cliff to establish if there is a porphyry at depth. The first two holes encountered "transitional" pyrophyllitic alteration with abundant pyrite. There was only a trace of copper or molybdenum. It remains to be seen what will come out of the the other holes. BHP evidently feels that the NW Expo target is the last untested area of the claim block. (NW-Expo)

Leo D'Or - Leo D'Or Marble has a permit to extract a 3,000 tonne bulk sample from its dimension stone quarry on the east side of Bonanza Lake. The company started stripping waste material and preparing production benches last year. It shipped an unknown number of blocks over the winter and spring and shut the operation down early this summer. The camp and equipment are still on site. The company closed its office in Vancouver in June.

The site shows that the company was able to produce blocks of coarse-grained white marble with a fairly uniform stylolitic texture. However, the number of broken blocks left on the property suggest that it may have had problems with excessive breakage.

Stade - Braddick Resources is currently drilling a skarn property at the south end of Bonanza Lake. The company has identified two parallel zones of skarn mineralization. One, which appears to be part of a pendant caught up in an intrusion, appears to be enriched in gold. The other, which appears to lie along the intrusive contact, is less enriched and consequently a less attractive target.

Braddick Resources has traced both zones for a considerable distance using geological (mapping) geophysical and geochemical methods. It is currently drilling the gold-bearing zone to establish continuity and grade in areas of known mineralization.

## LAND-USE

- EMPR shoe-horned a map, clearer wording on area of responsibility and requirement for substantive socio-economic study into the Lower Mainland IAMC's process document. It has finally received LUCO approval. The region will proceed with PAS in advance of full-scale sub-regional (LRMP) planning. IAMC is setting up a Public Advisory

MR - Pinsent, Aug. '94