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CHAMBER OF MINES OF EASTERN BRITISH COLUMBIA

A non-profit bureau of information providing authentic, reliable data to the general public and the mining industry of Eastern British Columbia

Fred Critchlow – President

215 Hall St., Nelson, BC, V1L 5X4

Phone/FAX: (250) 352-5242

NEWSLETTER

Editor – John Murray

SEPTEMBER 2000

CORE SAMPLING UNDERWAY AT KENA

adapted from: www.sultanminerals.com / www.langmining.com

Field crews under the supervision of P&L Geological Services of Kamloops, B.C. are currently conducting an exploration programme on the Sultan Minerals Inc. Kena Au-Cu project located near Nelson. The current programme involves geologic mapping, soil geochemical sampling and relogging, splitting and assaying 2,500 metres of unsampled diamond drill core remaining from previous exploration programmes. Present studies are focusing on the Kena Gold zone and the Gold Mountain zone.

On the Kena Gold Zone, re-examination and research of the unsampled diamond drill core has lead to the selection of nine drill-holes which give two complete cross-sections across the mineralized zone. These holes are being logged in some detail, paying attention to alteration

styles and strengths, sulphide content, and vein and structure orientations in relation to the overall foliation fabric. Previous drilling assumed that the mineralization followed the regional bedding and past drill holes were positioned to cross the contacts of the various rock units. Current investigations suggest that the mineralizing event may not be conformable with the rock units. Alteration assemblages and structures which cut the regional foliation are now believed to play a more important role in mineral control than previously thought.

Logging, splitting and assaying of the previously un-sampled segments of core, from these two diamond drill sections, are now underway. The holes under investigation were drilled from 1985 to 1991 by several exploration companies. Historically, wide intersections of low grade gold mineralization (0.5 to 1.0 g/t) were found to contain irregular zones from 2 to 20 metres in length containing 2.5 g/t gold or better. Results from this core sampling programme are not expected to include many high grade samples, but should confirm the width of the mineralized zone and provide

information on the structural control of the gold-copper mineralization. Assays are anticipated in early September.

On the Gold Mountain Zone, prior soil sampling has shown that a zone of high gold values occurs along the contact between two rock units referred to as the Rossland volcanics and the Silver King porphyry. Soil sampling has been extended to the southwest to follow this important geological feature. Presently 7.5 line kms of extended grid have been soil sampled, geologically mapped and magnetometer surveyed. Results are pending. ■

THE ROCK MECHANIC

by L.J. Thomas

*What is this life if full of care,
We have not time to stand and stare,
No time to stand beneath the backs,
And with a compass trace the cracks.*

*No miner or geologist we,
If the cleat we cannot see.*

*How can we expect to support the roof
If with closed eyes we stand aloof?*

*Toil with bolt or prop or crib,
And if it still falls then tell a fib,*

"It was the other Shift!" ■

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MINING: GOOD NEIGHBOUR AND PROVIDER TO THE WORLD

'TRADITIONAL LANDS' AND TREATY SETTLEMENTS

by: J. Murray, P. Geo.

[In February the following tale was related to me. It illustrates some of the potential pitfalls of the current Treaty negotiations, and why we should all be paying attention to them. Settlement Lands are those lands which will be owned outright by Indians as a result of Treaty Settlements; Traditional Lands are those lands where the bands claim a historic relationship and therefore a right to a co-management role.]

The President of a commercial helicopter company located in BC told the President of a junior mining company working up north that an Indian band in the southern NWT decided a few years ago that they wanted to control any helicopter companies that were flying in their 'Traditional Territories' and wanted a 10% cut off the top of the revenues. This would have had the effect of increasing the helicopter rate by 10%.

The major helicopter client in that area was a major oil company whose Alberta-based manager of operations was concerned about having no helicopter competition and being forced to pay 10% above the going rate to the only helicopter company. So he shut down a lot of their helicopter work in that area. The natives went to London to talk to the chief executives there and very shortly

after the Alberta man was told by head office to shut up, and pay up.

A northern BC based helicopter company thought they could take advantage of this situation and signed an agreement with the band to create a new helicopter company of which the band owns 51%. This helicopter company has exclusive rights to all helicopter work in their Traditional Territory and no other helicopter companies are allowed even if they charge their clients the 10% markup rate and pass it along to the band.

The northern BC based helicopter company wasn't as smart as they thought they were because another helicopter company went to the other bands further north and signed their own identical exclusive deals and formed their own helicopter company with these bands, effectively shutting out the first company from the rest of that part of the NWT.

The junior mining company President complains that this practice of creating monopolies goes against fair business competition. Also, that a person with all the proper air pilot tickets, licenses etc. is supposed to be able to fly **anywhere** in Canada.

He is very concerned that this practice is being adopted in BC, in the so-called 'Traditional Territories' of the numerous bands, and that we will have some real difficulties here doing business. He has also been told that this monopolistic practice by the bands is not going to be restricted to the helicopter business, and that we can expect similar problems with **all** business aspects of conducting exploration and mining work in the future.

He believes that for this reason the concept of Traditional Territories - which appears to be both federal and provincial government policy - should **not** be embraced. (e.g. The Nisga'a Treaty has a large Traditional Territory called the Nass Wildlife Area attached to it.)

He believes the concept of these large co-management areas (Traditional Territories) should be avoided completely in all future agreements, and that natives should be limited to having management say only within their Settlement Lands.

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This story is at least third-hand to me, and of course I cannot vouch for its veracity. However, even if apocryphal, it illustrates the kind of thing that *could* happen. The provincial and federal governments have made it very clear that they expect economic viability of Indian bands to be a prime objective of the Treaty process; that there shall be a level playing field for all business is far less clear, and we will have to be vigilant to ensure fairness for all. ■



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Editor – John Murray

FEBRUARY 2000

SULTAN CONFIRMS BULK TONNAGE POTENTIAL AT KENA

adapted from: <http://www.langmining.com>

Sultan Minerals Inc. has announced completion of a preliminary evaluation of geological, geochemical and diamond drill information for the Kena Gold Zone portion of its Kena copper-gold property located near Nelson.

From 1981 to 1991 several exploration companies completed diamond drilling programmes on the property. Over this period, three target areas were defined: the Kena copper zone, Kena gold zone and the Shaft/Cat copper-gold zone.

During prior exploration programmes, the one km Kena Gold Zone, situated along the 4 km long gold soil anomaly, was tested with 6,446 m of diamond drilling in 43 holes. In 1999, Sultan conducted a brief examination of diamond drill core stored on the property and identified numerous drill holes which required additional core sampling. Sultan selected several of the previously unsampled drill intervals for analysis. In holes where Sultan completed infill sampling of previously unsampled drill intersections, the average grade of the entire mineralized interval generally

remained the same or increased slightly when the gold assays from the previously unsampled sections were included.

Preliminary evaluation of Sultan's assays combined with previous results indicate that 38 of the 43 holes previously drilled intersected important gold mineralization. The new infill assays confirm potential for a large bulk tonnage gold deposit. An examination of the diamond drill core from 1986 and 1987 programs was conducted. This core is from the Kena gold zone and Sultan selected several of the previously unsampled drill intervals for analyses. During the previous exploration programs, core

samples were collected based on visible sulphide content and silicification. However, results from the current investigation confirms that gold mineralization is more extensive than previously believed. Gold values of up to 50.8 g/t over 1 metre (drill hole TK87-46) were obtained from previously unsampled intervals.

Sultan will now complete the sampling and assaying of the remaining unsampled drill core prior to completing its evaluation of the Kena Gold Zone. A compilation of historic information including geochemistry, geophysics and limited diamond drilling, is currently underway for the Gold Mountain Zone and the South Gold Zone located approximately 500 m northwest and two kms southeast respectively of the Kena Zone. The Gold Mountain Zone and the South Zone are each comparable in size to the Kena Zone and soil geochemical results suggest gold grades could be similar to those seen in the Kena Zone. This work is expected to be completed by early February.

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MINING: GOOD NEIGHBOUR AND PROVIDER TO THE WORLD

PREMIER ADDRESSES CORDILLERAN ROUNDUP

by J. Murray, P. Geo.

Premier Miller recently became the first premier to address the Cordilleran Roundup. He noted that he was right last year when he said it would take time to turn things around and admitted there are still significant challenges. He expressed concern at the very low levels of exploration. Globalization has meant increased competition around the world, and investors have more alternatives for their money, including the high tech sector. He warned it will be some time yet before improvements translate into a sustainable industry.

He observed that while we can't control the global economy we CAN make changes in BC. He expressed his anger at hearing that

mining can't invest in BC calling it a self-fulfilling prophecy. "It is important to be fair when speaking to investors, where you can influence perceptions."

He claimed that the debate over the forest sector in the province has been fair and that the Oil & Gas industry is working with government. He recognizes mining is not a clone – that it has unique requirements – but claimed progress has been made, pointing to the Mining Rights Amendment Act which guarantees access. He asserted that government has made a concerted effort to establish certainty, and said some miners **are** working in Special Management zones, which are only flags to special features, not 'Parks in Waiting'.

He again called for us to come back to the Table saying no-one benefits by us telling investors to stay away. He has instructed his officials to assist us in raising capital for investment. He recognized there are issues of competitiveness and that the tax regime for mining must be re-examined. He said he was working on Access to land, and that the road deactivation issue will be closely examined to ensure needs of all resource users are met.

Miller said he likes the Chamber's poll (see following article), and asked us to work together with government. He also said he would like to stay on as our Minister. ■

PUBLIC OPINION POLL SHOWS STRONG SUPPORT FOR MINING

by J. Murray, P. Geo.

The BC & Yukon Chamber of Mines recently commissioned an independent research poll on public attitudes towards mining. While the results are still being analyzed the telephone survey clearly shows strong public support for the industry (provided environmental concerns are addressed), a general lack of knowledge by the public in the mining industry, and a willingness to learn about the industry. There is a clear desire for the economic benefits provided by mining;

however, the public is not prepared to sacrifice the environment to get them.

The survey demonstrates an overall lack of understanding of mining and again emphasizes the need to educate the general public. When asked to rank in order of \$/hectare most respondents rated mining last, when in fact it is first. There is a poor understanding of both the number of mines currently operating in the province, and the proportion of BC's landmass used by mining. Only 12% of respondents knew that less than one tenth of 1% of the land area of BC has ever been impacted by mining operations over the past 140 years. Of real concern to us is the fact that 21% of those sampled think that mining uses as much or more land than that proposed for parks, and that the Kootenays is the least knowledgeable area.

When asked if they felt informed about our industry only 3% responded in the affirmative. This is a real challenge, but also a real opportunity for us. When asked if mining makes a significant contribution to economy 81% agreed, with this strong support increasing to 96% when the caveat of little impact on environment is added. So public support is clearly there for our industry provided there is confidence the environment is being protected.

The poll, which was carried out between January 17th and 19th, 2000 for Verus Group International by CV Marketing Research, an independent research firm, has a province-wide margin of error of 5.1% 19 times out of 20. ■

TRAITS NECESSARY FOR SUCCESSFUL EXPLORATIONISTS

adapted from a discussion on
geoexplore@infomine.com

Leo Miller, former Texas Gulf Sulfur geologist involved in the discovery of the Kidd Creek Mine presented a paper entitled 'Corporations, Ore Discovery, and the Geologist' before the Society of Economic Geologists, Feb. 18, 1975 in New York. In it he argued that the explorationist forms the "guts" of all modern exploration corporations. He listed the physical and mental traits necessary for a modern successful explorationist in decreasing priority as:

1. Physical Fitness
2. Creativity
3. Intelligence
4. Optimism
5. Persistence
6. Non-meek and non-humble
7. Adventurous



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