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Placer
Mother Lode
June '95

Page 3

SWAY RESOURCES TO GO UNDERGROUND

(from Company news release)

Sway Resources Inc. is applying for permits to go underground at its 100% owned North Homestake property 44 miles north of Grand Forks. The plan is to drive an adit under a high grade intersection that ran 1,008 oz/ton gold over 6 feet, including 1 foot grading 3,236 oz/ton gold. This vein system may be a continuation of the Union Vein system (also controlled by Sway) that provided for direct shipments of select ore in excess of 10 oz/ton.

Sway will also participate in further drilling at KET 28 on the Rock Creek Gold Trend in southern BC where Sway has an assigned 25.5% interest. Last year a core hole intercept returned a weighted average grade of 1.962 oz/ton gold over 2.43 metres.

Sway has also optioned two gold properties in the US, one in Utah, and one in Washington State. ■

SWAY RESOURCES INC.

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Diversified in

- Gold (diamond drilling in progress)
- ♦ Diamonds
- ♦ Base metals

Trading Symbol: SWY
Vancouver Stock Exchange

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FROM THE MAILBAG...

Letter to Editor:

I have been scuba diving as a hobby for many years. In the 1980's some friends and I became interested in the placer gold possibilities of the Pend d'Oreille and began exploring and sampling.

In 1990, with some financing from the Community Futures programme, my partners and I conducted a pilot plant test for fine gold using a gravity concentrator. However, we suffered the fate of most under-financed projects. It didn't help that our concentrator had some major flaws such as we couldn't get into any kind of production.

Our experience showed considerably more fine gold (-100 mesh) than coarse. We believe the fine gold was from a different source than the coarse because under the microscope the fine showed no signs of the impacts which would be expected with material travelling any distance from source. However, the coarse (+100 mesh) gold does show the expected impact marks.

With all our work to date on fine gold technology, I believe the Pend d'Oreille could become a major gold producer. A big problem recently has been the abusive power of the Ministry of Environment, in collusion with BC Hydro, in placing a "white tail deer habitat" status over the Pend d'Oreille placer claims. (It would be impossible to do it the other way around!)

The first I knew of the white tail deer habitat was a representative of MOE yelling and threatening my crew - even

though we had all the necessary permits in place. At the time there were three other placer operations already in white tail deer habitat elsewhere in the Nelson Mining District. The placer ground, being in the bottom of the Pend d'Oreille valley, occupies less than 5% of the white tail deer habitat, so we don't see the problem.

MOE is still trying to expand this area/reserve which appears to have been established by a private deal between BC Hydro and MOE.

We have no problem with white tail deer and the white tail deer didn't have any problems with our operation. In fact they showed great curiosity. It didn't take them long to figure out our sanctuary during hunting season as the hills around us rang with gunfire like WW III!

Another problem we face is the cancellation of dredging permits on the Pend d'Oreille because of obscure heavy metals "concerns" of MOE.

Most of the credit for obtaining these permits in the first place has to go to Tim Lapointe, who worked long and hard for them.

We feel MOE's attitude is totally hypocritical considering the fluctuations of the Seven Mile reservoir which have far greater effects on fish habitat than any amount of dredging.

American universities and government agencies have spent a great deal of time and money studying the effects of

dredging, and they not only allow dredging on rivers and streams, they even allow it in their parks. Although this research has shown dredging to be beneficial, the important point is that there is no harm done to fish habitats.

Placer is underrated by our governments, and by the mining business. It is considered a "poor boy's" type of mining. But placer has greater profit margin than hard rock, as even some big mining companies will invest in placer during low gold prices to maintain cash flow. Also a good number of successful hard rock miners got their start from placer.

While placer can have a greater surface disturbance, it is more efficient: \$4 per yard being normal commercial ground works out to .006 oz/ton gold. One mine I know of was operating as low as \$1.50 per yard, 1000 yards per hour.

I believe placer, if allowed, could become more important in the future with UIC and welfare cutbacks, and soon no pensions for entire generations. (Many government employees will soon be in the same boat!) This will be especially true with the development of fine gold recovery technology. We should be looking at ways to utilize this valuable resource potential and not, (like MOE) for ways to destroy the industry.

Gerald York ■