

NO.135(1991)  
JULY 15, 1991

# George Cross News

"Reliable Reporting"

WESTERN CANADIAN INVEST

BETHLEHEM RESOURCES CORP. (BTH-V,T)  
GOLDNEY RESOURCES INC. (GNZ-V)

**OFFICIAL RE-OPENING OF -H.G.Ewanchuk, president of GOLDSTREAM MINE JULY 9/91 Bethlehem Resources and Murray Pezim, chairman of Goldnev Resources, presided at the official re-opening July 9, 1991, of the Goldstream copper - zinc mine, at 2,300 feet elevation, 80 km north of Revelstoke, B.C.**

The series of events which lead up to the opening started Dec. 9, 1987, when control of Bethlehem Resources was acquired by a team headed by Mr.Ewanchuk, followed by the April 11, 1989, letter of intent to acquire a 100% interest in the Goldstream mine from Moranda for a cash purchase prices of \$5,750,000, plus a long-term net profits interest. This acquisition was in equal partnership with Goldnev Resources. At the time of purchase the original property prospectors, Bruce and Gordon Bried and Frank King, received \$50,000 plus 150,000 shares of Bethlehem and 75,000 shares of Goldnev and also retained a net profits interest.

Moranda had built the 1,500 ton-per-day capacity concentrator and mine at a cost of \$72,000,000 and operated it for 11 months to April 1984. Closure was largely a result of low copper prices of 60¢ per pound at that time. The deposit had been staked in 1973, diamond drilled in 1975, explored underground in 1976.

The next major event was in November 1990, when, following the appointment of Keith E. Steeves as marketing manager, Nippon Mining Co. Ltd. and Sumitomo Corporation agreed to provide a 5-year loan of up to \$7,000,000, to reactivate the mine. At current copper prices, the loan is forecast to be repaid in about 24 months and generate earnings of 8¢ per Bethlehem share. At a copper price of US\$1.10 per pound earnings would increase to 12¢ per Bethlehem share. (FOR A MORE DETAILED CASH FLOW AND PROFIT PROJECTION SEE GCNL NO.78, APRIL 23, 1991, P.1.) Nippon and Sumitomo have a non-cumulative privilege of converting each year up to 25% of the loan into common shares of Bethlehem at market related prices. Nippon will also purchase all copper concentrate production for six years which makes provision for advance payments to reduce working capital requirements. The first draw on the loan was taken March 1, 1991, and the first ore went through the mill May 1, 1991, about one month ahead of schedule. The first concentrate shipment of 5,591 wet metric tonnes, of 23.3% copper, containing 2,500,000 payable pounds of

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Brian Kynoch, vice-president and chief operating officer for Bethlehem, explained during an underground mine tour the stratabound deposit consists of a single continuous bed of massive and disseminated sulphides dipping at  $-35^{\circ}$ , varying in thickness from 1 to 15 meters, averaging 3 meters, 300 meters long and 1,050 meters along the down-plunge trend, containing reserves of 1,860,000 tonnes, grading 4.81% copper, 3.06% zinc, sufficient for five years operation. Recent exploratory drilling extended the reserves 250 meters down plunge adding some 250,000 tonnes to reserves. The deposit remains open down plunge. Mining is done under contract by Tonto Mining Services. The mine has good ground conditions. The mine will produce 35,000,000 pounds of copper, and up to 7,000,000 pounds of zinc per year.

The current head grade is approximately 4.13% copper with the forecast for 1991 production to average

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4.46% copper. The mine has been under development since production started in May. The mining, using the sub-level short holing method and 30-ton underground ore trucks, is just now starting from the eight developed working places. As an increased percentage of daily throughput of ore is drawn from stope mining rather than development headings, the dilution is expected to reduce and the grade to increase. Mining is on a basis of two 10-hour shifts, 7 days a week. He noted the total mine operating costs are in the \$50 to \$52 per ton range and are expected to be reduced as the operations progress.

During the mill tour Clifford Overton, vice-president of technical services, stated the mill is presently recovering about 86% of the copper in a 24.6% copper concentrate. The objective is to achieve 92% recovery in a 26% copper concentrate. The mine recently bought 4 column flotation cells, two of which are being installed in the plant. The best copper recovery to date has been 95%, indicating the objective operating levels can be achieved on a continuing basis in the near future. The new columns are expected to provide improved recovery and the increase flotation capacity required to continue the research and testing on zinc recoveries.

At the June 6, Bethlehem annual meeting Keith E. Steeves and Louis P. Stack were added to the board of directors. Continuing directors are: Mr. Ewanchuk, C.C. Buckland, Robert Buchan and William Grafham.

Mr. Pezim in his remarks to the 150 persons attending the opening was careful to point out all the funds for the mine re-opening came from the private sector with no assistance from any level of government. He said, "We decided to keep the 100 employees at the mine as a union operation to ensure a spirit of co-operation existed between the company and employees and to avoid the type of political confrontation which has plagued industry in B.C. We have moved away from the spirit of confrontation which seems to pervade much of the B.C. government's dealings both with the mining and the securities industries."

Goldnev Resources is currently owned as to 39.5% by Prime Equities Inc. with Prime Equities in the process of acquiring the balance of the Goldnev shares on the basis of five Prime share for each four Goldnev shares. (SEE GCNL No.129, 5Jul91, P.1 FOR EARLIER INFORMATION)

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