



# MOTHER LODE

## 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

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## NEWSLETTER

Note: The views of contributors to this newsletter do not necessarily reflect the views of the Chamber

APRIL 2006

### President's Report

President's Report for April 2006 Motherlode

On Saturday March 25/06 an afternoon question and answer Forum was held at our chamber building. The questions involving mainly current mining related problems were collected from our membership and the public and were submitted to the MEM for comments. Supplying the answers were Dave Grieve (Regional Geologist), Ricci Berdusco (Regional Director), and Fred Hermann (Chief Inspector of Mines) who took the time, on a weekend to travel to Nelson to participate in this forum. I would like to thank these ministry staff for devoting their time to our effort and commend them for supplying some very candid answers to some very important questions. I will summarize most of the answers; some could not be answered by the ministry staff because they are political in nature and will not be reported here:

**Q: Current Contaminated sites reports and status of Yankee Girl Tailings reclamation project? Where are these surveys taking us? The public perceives the mining industry as a bunch of polluters not as an industry that is very important to the well being of society. B.C. has some of the highest environmental standards for mining in the world.**

**A:** A riprap and textile erosion barrier has been installed at the Yankee Girl as the least expensive remediation choice and the next step will be to see how well the installation will stand up to the Spring runoff. With regards to the public's perception of mine tailings. – Times have changed and regulations have become stricter, especially from the Federal side with respect to water quality and contamination of water systems whether it's due to mining or other causes. Areas that have been identified as contaminated will be cleaned up on a priority basis. The Ministry does not see any negativity in this. Those of us who are directly involved in the industry and when questioned by the public must be transparent and consistent with our answers. Mining in the past has not done a good job at telling the public what we do and how and why we do it. The previous attitude was to keep a low profile. Now we have to make an effort to tell people what we do. However Government has finally started to inform the public about the importance of Mining and how it is done. With regards to the DFO, the MEM is trying to change the relationship with the DFO as the legislation (DFO) is different from the provincial and reasonable questioning by the province about the DFO's tactics is currently underway as there are many

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sets of standards to be focused on. Should threshold levels be reviewed? – what is the criteria?—what triggers an investigation?, are topics to be considered.

**Q: When can we expect the elimination of designated placer areas so that the placer claims can be staked anywhere in the Province other than parks? Is this not the intent of the "Two Zone System"?**

**A:** Rick Conte says Government is reviewing the question and there are a number of indirect references to this question in the Mining Plan. Linda Stuart with the Placer Working Group is currently working on this question. This is part of the placer review and is closely linked with the DFO and would require a working agreement with DFO to get changed. It appears as if it will while before this issue is resolved. It was noted the act itself (DFO) was passed some 50 or 60 years ago and is very rigorous and allows no flexibility- until the legislation is changed; we will be bound by it!

**Q: The Chamber has heard via the grapevine that Ministry of Environment has drafted a report concerning "Coeur d'Alene Salamander Wildlife Habitat Area Proposals" and that the report is being circulated for comment. Our Chamber has not been provided with a copy of the report nor have we been notified of its existence. We are concerned that establishment of such areas may adversely impact mineral exploration and mining.**

**A:** Wildlife Habitat Areas (WHA's) are to do with species at some level of risk, be it vulnerable, endangered etc. of going extinct. These areas define small pockets of protection on the ground be it a nest site, spawning area etc. Once one of these species is designated, there is a set of measures that go with it. These measures are designated for forestry and in forestry language which addresses things like access, pesticides etc. In mining's case, the area of concern would be access--- road building, drilling and trenching would not be allowed in these areas. What is the process involved with WHA's---A locally based Biologist, Ted Antripol, with the Ministry of Environment, species at risk specialist for our region, follows up on reports of particular sightings of particular animals etc., investigates the sights and determines if the area is a candidate for protective measures. Once an area is identified, if a mineral tenure holder is involved, they will be notified and an information package will be sent to them for comment. These areas are not "little parks" and the size of these parcels is in the order of .05 to .2 hectares. The reason why information packages are not sent out to whoever requests them is that the government decided that the situation would get out of hand. There has been some suggestion that these WHA's should be posted on the Map Place website. Currently the federal government is looking at each province and if the province does not handle species at risk to their level, and then we can expect federal species at risk legislation to be applied. No one wants that to happen! The scale of this species at risk strategy is that 1% of the forest land base and has budgeted for. The idea is that there must be a balance between protection and levels of responsible development.

**Q: How many "prospectors" are now on the MTO list?  
Of these how many are companies?  
Placer miners?  
Hard rock prospectors?**

**A:** Currently there are 5800 mineral tenure holders in B.C. and 800 are corporate. There is no breakdown for the number of Placer tenure holders.

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**Q: When you acquire mineral title, does liability go with acquiring mineral title?**

**A:** The short answer is that when you acquire the assets that go with mineral title, you also acquire the liabilities. The mineral titles branch (MTO) should make it clear that certain liabilities, physical and environmental, go with acquiring title. Technically you are liable, but practically if you are conducting work near but not within old workings then you are not responsible. NOTE: "Under the waste Management Act any owner of a property is liable for the liabilities on that property, past, previous and current."

Perhaps the Government should have some sort of disclosure statement when issuing mineral tenures? The best protection for liability is due diligence action. In the case of the public entering old workings, possibly by forced entry etc. on your mineral tenure constitutes trespassing. Remember, only personal authorized by the manager, other than the Mines Inspector may enter a mine. Abandoned properties do constitute a mine. Trespassing is therefore a violation of the Act.



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Diamonds are the hardest of all gemstones and the hardest transparent substance. Natural diamonds are found in kimberlite or lamproite pipes produced by volcanic magma millions of years ago. Diamonds are a simple crystalline structure of carbon produced by extremely high pressure and temperature. The melting point of a diamond is 4000 degrees centigrade - which is about 2.5 times higher than the melting point of steel. Gem quality diamonds are rare - this helps to account for their value.



Hope everyone had a good time at the Banquet on March 25<sup>th</sup>.

Here is a photo of are esteemed leader helping out at the auction.

We had an excellent turnout this year and hope to have many more for next year. If anyone would like to make any suggestions to improve next years Banquet please send comments to:  
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## KLONDIKE GOLD CORP.

### INDIGO PROPERTY ACQUIRED Klondike Gold Corp. (TSXV: KG)

is pleased to announce, subject to regulatory approval, the acquisition of a 100% interest in the Indigo Property, located in Nelson Mining District in southeastern British Columbia. Consideration for the Property consists of \$30,000 payable over two years and 100,000 shares payable over a period of three years. There is a 2% net smelter return payable which may be purchased for \$500,000.

The Indigo property is immediately southwest of the Panda area which was successfully drilled by Klondike Gold Corp in 2005. This drilling confirmed the existence of structural basin at Sullivan time and intersected distal, stratiform leadzinc mineralization at the Sullivan horizon.

Furthermore, vectoring of leadzinc values and the stratigraphic thickness of the Sullivan horizon both indicated increasing values to the southwest suggesting the source of mineralization may lie to the southwest. The prospective Sullivan horizon on the Indigo property has not been drill tested leading to the decision by Klondike Gold Corp. to acquire the property.

[http://www.klondikegoldcorp.com/news\\_releases.cfm](http://www.klondikegoldcorp.com/news_releases.cfm)

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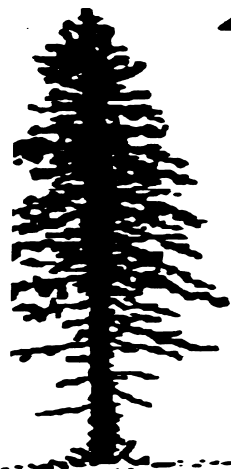
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**News Releases - 2006 - Tuesday, March 28, 2006**

Sultan Minerals Commences Diamond Drilling and Metallurgical Work on Molybdenum-Tungsten Property, BC

**Sultan Minerals Inc. (SUL-TSX-V) ("Sultan")** is pleased to report that the 2006 exploration program is now underway on its Jersey-Emerald Molybdenum Property in the Salmo area of British Columbia. A program of underground and surface drilling will investigate the size of the East Dodger Molybdenum Zone, which has been intersected in 21 diamond drill holes over an area that measures 3,200 feet north-south by 400 feet east-west and to a depth of 300 feet. This very large target presently remains open in all directions and at depth. Metallurgical test-work on molybdenum recoveries is in progress and Government permits have been requested for an underground drifting program for bulk sampling purposes. Approval is expected within a few days.

### **Jersey Molybdenum - Metallurgical Test-Work**

Process Research Associates Ltd. of Richmond, BC have been contracted to carry out flotation test-work for molybdenum on drill core samples from the East Dodger Molybdenum Zone. The study is presently under way and Process Research Associates report that the 'rougher flotation' phase of the work has been completed with **very encouraging results**. The next phase of work is to conduct 'cleaner flotation' trials on the rougher concentrate to produce a final MoS<sub>2</sub> concentrate. This work will provide data on the optimum processing


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parameters and reagents, as well as recovery rates and concentrate grade. The information obtained from this study will help Sultan to plan for a proposed bulk-sampling program. <http://www.sultanminerals.com>

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## **SULTAN MINERALS PLANS DRILLING TO EXPAND RESOURCE**

### **ON KENA GOLD-SILVER PROPERTY**

**Sultan Minerals Inc. (SUL-TSX-Venture)** ("Sultan") is pleased to announce that due to the very favourable gold price the company plans to undertake an aggressive exploration drill program on its Kena Gold-Silver Property. The exploration program will attempt to expand the gold resource announced in the NI 43-101 report of June 2004. The work program will be run in conjunction with the ongoing drilling program at the Jersey-Emerald Molybdenum-Tungsten Property.

The Kena Gold-Silver Property is located 15 kilometre northwest of the historic Ymir gold camp in south-eastern British Columbia. The mineralization is hosted in Rossland Group volcanics and lies 60 kilometres northeast of the historic Rossland Mining Camp, BC's second largest gold camp, which produced 3.0 million ounces of gold.

The 8,000 hectare Kena Property encompasses the Gold Mountain and Kena Gold Zones, both of which host porphyry gold deposits. The property also hosts the historic, high-grade Silver King silver mine and the Kena Copper Zone, a large copper porphyry target. On the property marginal to the large porphyry systems, there are several smaller, high-grade, gold-veins with historic gold production from the late 1800's and early 1900's. Of particular interest to Sultan is a 7.0 kilometre long gold soil anomaly located near the north end of the property. This gold enriched zone was discovered in 1886 by the Geological Survey of Canada when it was described as a low grade gold deposit with almost unlimited gold potential. The zone hosts both the Kena Gold and Gold Mountain Zones.

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## Gold Mountain and Kena Gold Zones

On June 7, 2004, Sultan filed preliminary resource estimates in a NI 43-101 compliant technical report prepared by consultants Linda Dandy, P.Ge. and Gary Giroux, P.Eng. The report shows that by using a **0.3 g/T cut-off grade for gold**, the **Gold Mountain and Kena Gold Zones have a measured and indicated resource of 24,860,000 tonnes containing 541,000 ounces of gold and an additional inferred resource of 25,800,000 tonnes containing 557,000 ounces of gold** (see News Release of June 7, 2004). **The study shows that the resource has potential for expansion with additional diamond drilling.**

Drilling on the Gold Mountain Zone has shown that the deposit is bi-modal containing both bulk tonnage porphyry style gold mineralization and narrower, very high-grade gold shoots. Bulk tonnage mineralization is typified by **drill holes 01GM-1 which assayed 1.16 g/T gold across 106.0 metres, 01GM-3 which assayed 1.87 g/T gold (cut) across 116.0 metres, 01GM-5 which assayed 1.14 g/T gold across 130.0 metres and 01GM-8 which assayed 1.15 g/T gold (cut) across 160.0 metres.** Examples of the very high-grade gold shoots are seen in hole **01GM-03 where a 1.23 metre interval assayed 240.07 g/T gold and hole 01GM-08 where a 2.0 metre interval assayed 172.10 g/T gold.**

[www.sultanminerals.com](http://www.sultanminerals.com)

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