

Gold and Precious Metals

Altius leads exploration play in central Newfoundland

By SUE HICKEY

SPECIAL TO THE NORTHERN MINER

The cry "There's gold in them thar hills" may be a cliché, but it sums up the feeling in the Botwood Basin area of central Newfoundland, where a staking rush is under way. Most of it is gold-centred.

The 100-km-long Basin is being explored by several juniors, including Rubicon Minerals (RMX-V), Grayd Resource (gyd-v) and Candente Resources (DNT-V), and especially St. John's-based **Altius Minerals (ALS-V)**.

The high level of staking can be traced back to the fall of 2001, when Altius intersected significant gold mineralization in a drill hole on its Moosehead property.

At its Botwood Basin project, which consists of several properties, the company has identified three main mineralized trends: Mustang, Miguel and Moosehead.

The Basin is a Silurian-aged sequence of shallow marine-to-terrestrial sediments and volcanics. The area has a high potential for low sulphidation epithermal gold systems, as well as Carlin-type sediment-hosted gold deposits.

Drilling at the Moosehead property began September 2001, with one hole returning assays of 11.05 grams per tonne of gold (uncut) over 17.11 metres. Within this interval was a quartz vein grading 96.73 grams per tonne (uncut) over 1.5 metres. Encouraged by these results, Altius staked additional claims in partnership with **Sudbury Contact Mines (sud-t)**, and formed a joint venture with **Barrick Gold (abx-t)** to explore the Mustang trend. Barrick's interest was piqued by certain similarities between Mustang and the Carlin-type deposits of Nevada.

"There is no doubt in my mind that we have uncovered a geological setting that is broadly analogous to the Carlin trend," says Altius President Brian Dalton. "However, all that can be said with certainty is that the rock types and structure are similar and that occurrences of sediment-hosted or Carlin-type mineralization and alteration have been identified." He adds that the economic significance of the mineralization has yet to be determined.

The Moosehead trend covers bonanza-grade epithermal vein mineralization, including recent high-grade intersections of 2.84 oz. gold per ton over 5 ft. and 5 oz. over 5 ft.

The Miguel trend covers examples of both sediment-hosted and vein-type targets.

The Barrick-Altius agreement, which covers six properties, allows the major to earn a 75% interest in the Mustang trend project by funding all exploration costs and making annual cash payments until a production decision is made. Altius can then elect to have Barrick arrange its share of any required mine development financing in exchange for an additional 5% interest in the properties.

Barrick recently agreed to include the 47.25-sq.-km Burnt Lake property, near Gander Bay, in the deal. The amended agreement proportionally increases annual exploration funding; Barrick will also reimburse Altius for its costs incurred to date on Burnt Lake. Altius will manage the exploration programs for at least the first two years.

A till geochemical survey on Burnt Lake by Newfoundland's mines ministry identified high gold values, accompanied by elevated values of silver, barium, arsenic and antimony, over an area 10 km long. Previously, Noranda had explored the area and uncovered more than 1,000 delicate grains of gold from a till sample in the northern part of the property.

But Dalton stresses that field work in the Botwood Basin has just started.

Largely unexplored

"Our immediate plans include prospecting, geological mapping, geochemical surveying and trenching," he says. "The property is large, and much of it is

completely unexplored, so our first goal is to determine the highest-priority target areas for follow-up work, including diamond drilling."

Meanwhile, Grayd Resource has acquired a "significant land position" in the Basin through an agreement with South Coast Ventures, a privately owned exploration company based in St. John's. Under the agreement, Grayd can acquire 608 claims covering a 42-km-long trend.

Says Grayd President John McCluskey: "Renewed interest in the area was sparked in part by results from Altius, which suggested the potential for Carlin-style mineralization."

Again, Noranda had earlier reported promising results. In 1988, the major drilled several holes in one area of the property and reported:

1 gram gold per tonne over 13 metres and 4.6 grams over 3 metres in channel samples from surface trenches;

grab samples to 23.2 grams gold; and

more than 100 metres of moderate-to-intense alteration in drill holes that were anomalous in gold, including 1.6 grams per tonne, as well as arsenic, antimony and mercury.

"Given the geological setting, existing showings, and the extent of mineralizing systems known in the area, Grayd management considers this property to have the potential to host a significant gold deposit," says McCluskey.

A program to evaluate the wider potential of the property will start in late May.

The terms of the option agreement with South Coast include staged cash payments totalling \$125,000 and the issuance of 450,000 shares in staged grants over three years. Grayd is further required to spend \$1 million on exploration over five years.

South Coast will retain a 2% net smelter return royalty, half of which Grayd can buy for \$1 million. Grayd will pay South Coast \$10,000 upon signing the deal and issue 50,000 Grayd shares. Within six months, Grayd will pay an additional \$15,000, issue an additional 100,000 shares to South Coast and reimburse the company for staking costs.

Despite the increased activity in the Basin, Dalton is not concerned about other companies muscling in. He says Altius staked "as much as we could effectively handle [at the time]".

He points out that most of the companies exploring the area "have above-average technical abilities, track records and credibility within the junior mining sector. In a situation like this one, success by any of the participants benefits all. The more the merrier!"

An added perk for exploration companies is a convenient infrastructure. Instead of having to build roads in jungles, deserts or tundra hundreds of kilometres away from the nearest community, companies are working in an area near paved roads, including the Trans-Canada Highway, and the outer reaches of the region are little more than an hour from Gander International Airport.

"These are all nice things to see so close to an exploration target," says Dalton, "and they can serve to reduce the minimum target size that might be required to meet economic thresholds."

Dalton declined to comment on the potential size and grades of any possible deposits, though he points out that Carlin-type deposits rank among the largest and richest gold deposits in the world.

"Something similar to these represents our exploration target, goal and hope."

Newfoundland's mines minister, Lloyd Matthews, says exploration spending in the province this year is expected to be between \$13 million and \$16 million, compared with \$18 million in 2001. In 2001, 15,663 claims were staked, up from 12,969 in 2000. For 2002, the number is already up to 14,430.

The author is a freelance writer based in Grand Falls-Windsor, Nfld.