

Newfoundland and Labrador

MINFO Mineral Resources **INFORMATION**

Volume 2, No.2
(Summer, 1996)

THIS ISSUE

**Raymo Processing Starts
Vat-Leaching**

**New Labour Agreements
in Iron Ore Industry**

**Mining Companies
Receive EDGE Status**

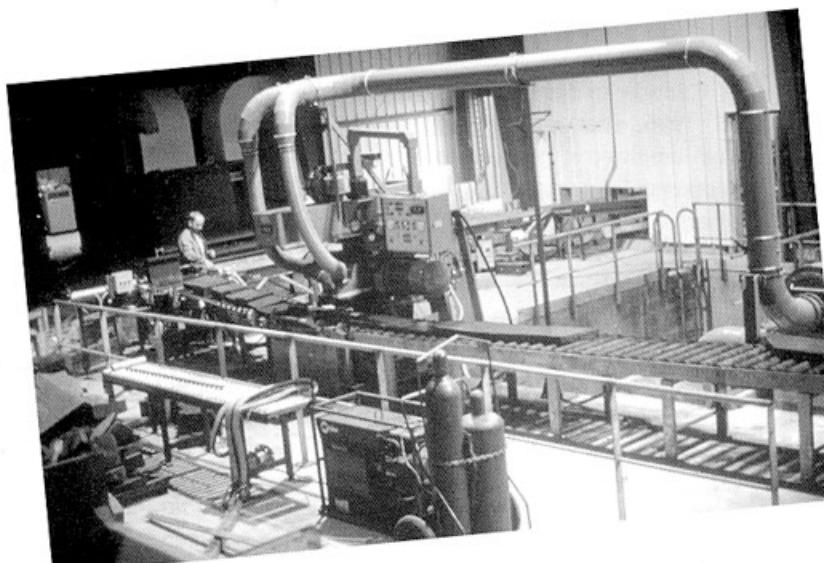
Other Industry News

**1996 Geological Field
Programs**

**Exploration Expenditures
to top \$100 million in 1996**

**Prospector Training
Course Continues**

Upcoming Events



GOVERNMENT OF
NEWFOUNDLAND
AND LABRADOR

Department of
Mines and Energy
Mines Branch

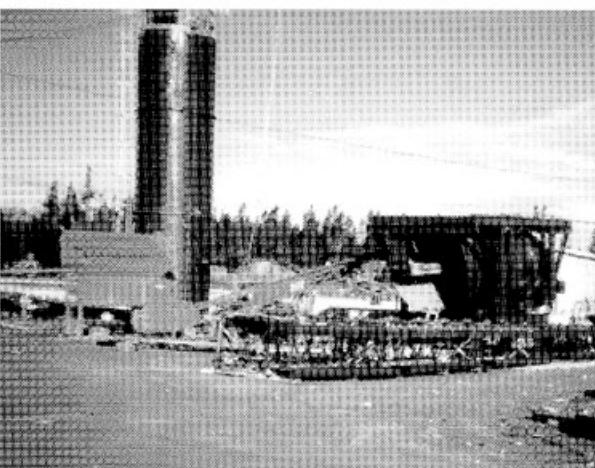


*NEWFOUNDLAND SLATE'S STATE-OF-THE-ART PRODUCTION FACILITY
AT BURGOYNES COVE, TRINITY BAY*

Raymo Processing Starts Vat-Leaching

On May 17, 1996, **Raymo Processing Ltd.**, a wholly owned subsidiary of Electra Mining Consolidated Ltd., began their vat-leaching process to extract gold from the tailings of the former Rambler Mine on the Baie Verte Peninsula. The official opening ceremony will take place on June 21, 1996, by the Minister of Mines and Energy, Dr. Rex Gibbons.

Proven mineral inventory of the tailings is 1.1 million short tons grading 0.06 ounces of gold per ton for a total of 66 000 ounces of gold. The operation is expected to operate seasonally from May to November for seven years and employ 20 people.



Raymo's vat-leaching process.

New Labour Agreements in Iron Ore Industry

More than 1400 employees at the **Iron Ore Company of Canada** in Labrador City returned to work May 15, 1996, after a 40 day strike that began April 4. The employees, represented by the United Steel Workers of America local 5795, voted 77% in favour of accepting the company offer.

The 3-year deal expires February 28, 1999 and includes a wage increase of 20¢ per hour on March 1, 1997, and March 1, 1998. Also, cost of living allowances of 30¢ per hour on March 1, 1996, and 26¢ per hour on March 1, 1997, will be rolled into the base rates.

Also included were improvements to the employee pension plan and medical plan. Each worker will get a lump sum payment of \$500 for ratifying the deal.

Employees at **Wabush Mines** also reached an agreement with their company on May 31, 1996. The terms of the agreement are very similar to the IOC agreement.

Mining Companies Receive EDGE Status

On May 1, 1996, the Honourable Chuck Furey, Minister of Industry, Trade and Technology, announced that three mining projects were granted EDGE status. The companies, **Richmont Mines Inc.**, **Roycefield Resources Limited** and **Atlantic Minerals Limited**, were the first mining operations to receive EDGE status. The projects will have a combined capital investment of \$39 million and will generate employment for more than 200 people.

Mr. Furey said, "There is a wealth of opportunities in this province for mineral development. Government is working to attract those companies that can develop the industry, harness the resources, and create the jobs."

The EDGE program offers substantial tax holidays, start-up assistance and nominal fee crown land leases to encourage significant new business investment in the province. Its goal is to stimulate private sector job creation by diversifying the economy.

Other Industry News

Atlantic Minerals Limited, which acquired the limestone and dolomite operations at Lower Cove in December 1995, has started production and has approximately 30 people employed. In early May the company was granted EDGE status.

The former operator, Newfoundland Resources and Mining Company Limited, closed the operation in August, 1995 because of bankruptcy.

The operations at Lower Cove consists of three quarries, a modern 1.5 million tonne-per-year processing plant, and deepwater shiploading facilities. Limestone aggregates are produced for use mainly in concrete and asphalt, and as a road-base material. The high-calcium limestone and high-purity dolomite have potential environmental applications and various uses in the iron and steel industries. The primary market is for aggregates in the eastern seaboard of North America.

Lodestone Limited, which supplied the inshore solid ballast to Hibernia's Gravity base Structure (GBS), has been awarded the larger contract to supply the offshore solid ballast. In 1996, the company will mine approximately 400 000 tonnes of magnetite from the Bishop deposits and truck it to the shipping facility in St. George's. At peak operations, about 80 people will be employed. The magnetite will be transported to the Hibernia platform in the summer of 1997, following its tow-out to the oil field.

Atlantic Gypsum Resources Inc. has been awarded the rights to the Fischells Brook gypsum deposit after a "Call For Proposals" closed on April 30, 1996. The deposit, located near Heatherton on the southeast side of Bay St. George, contains approximately 17 million tonnes of high-purity gypsum.

Atlantic Gypsum Resources will construct a road to the deposit, mine the gypsum and truck the crushed material to Atlantic Group Limited, a gypsum wallboard manufacturer in Corner Brook. Operations will start in the summer of 1996. The project will create approximately 14 jobs. Atlantic Group Limited, which will depend on this gypsum source, employs 62 people at its Corner Brook plant.

Ming Minerals Inc. reactivation of the Ming Mine on the Baie Verte Peninsula continues to be profitable. The company is producing a copper concentrate and to date three shipments have been sent for smelting.

The company is in the process of installing a gold circuit adjunct to its copper circuit at the Rambler mill. This gold circuit will give the company the capacity to mill gold deposits on its own property as well as those known to be associated with other properties in the Baie Verte area.

Start-up of the circuit will proceed once the project clears the environmental process.

Newfoundland Slate's quality assurance program has achieved the ISO (International Standards Organization) 9002 designation. The company has the distinction of being the first and only quarrier of natural slate tiles in North America to attain this accreditation. This is a significant achievement because quality has become a key to international competitiveness.

The ISO 9000 series of quality assurance rely on standards created by the Geneva-based International Standards Organization in 1987. Registration is subject to an audit by an authorized independent third party. (ISO 9002 covers the prevention, disclosure and correction of problems during production and installation).

1996 Geological Field Programs

The Newfoundland Geological Survey's program for 1996 will consist of 12 field projects. This is a substantial reduction in normal field activities due to the conclusion of the federal - provincial Mineral Development Agreement and budget reductions. The field program is summarized below.

Labrador Geological Mapping

- (i) Don James will conduct 1 : 25 000 - scale mapping of the Hunt River greenstone belt in the Hopedale Block of the Nain structural province. This belt has mineral potential for both base metal and gold mineralization.
- (ii) Bruce Ryan will conduct 1 : 50 000 - scale mapping of the northwestern part of the Nain Plutonic Suite. The Nain Plutonic Suite is host to the Voisey's Bay nickel-copper-cobalt deposit. Ron Emslie and Mike Hamilton of the Geological Survey of Canada will conduct selected studies in conjunction with this project. Also Ingo Ermanovics of the GSC will conduct 1 : 100 000 - scale mapping of the Archean age gneisses to the west and north of the Nain Plutonic Suite.

Newfoundland Geological Mapping

- (i) Sean O'Brien (in conjunction with Cyril O'Driscoll) will carry out detailed stratigraphic studies in selected areas in the Avalon Zone in eastern Newfoundland. This area has a high potential for gold mineralization, and has recently seen a dramatic increase in mineral exploration.
- (ii) Brian O'Brien will conduct 1 : 50 000 - scale mapping in the western Notre Dame Bay area of the Central Mobile Belt. This belt has been the most prolific producer of base metals in the province.

Mineral Deposits

- (i) Andy Kerr will initiate a study to document and develop models for nickel and magmatic mineralization in mafic plutonic rocks in Labrador, in particular the Nain Plutonic Suite.
- (ii) Ambrose Howse will carry out documentation and evaluation studies of industrial minerals in western Newfoundland and eastern Labrador.
- (iii) Dave Evans will conduct a 3 - 4 week field program in preparation for the publishing of a comprehensive report on the Victoria Lake Group, central Newfoundland.
- (iv) Cyril O'Driscoll (in conjunction with Sean O'Brien and Benoit Dubé (GSC)) will be evaluating the alteration assemblages developed in rocks in selected areas in the Avalon Zone, eastern Newfoundland.

Geochemistry

- (i) John McConnell will carry out a follow-up lake sediment geochemical survey on gold anomalies in the Hopedale Block of the Nain Province, and soil and till surveys for base metals and gold in the Martins Lake area of the Labrador Trough.

Terrain Sciences

✗

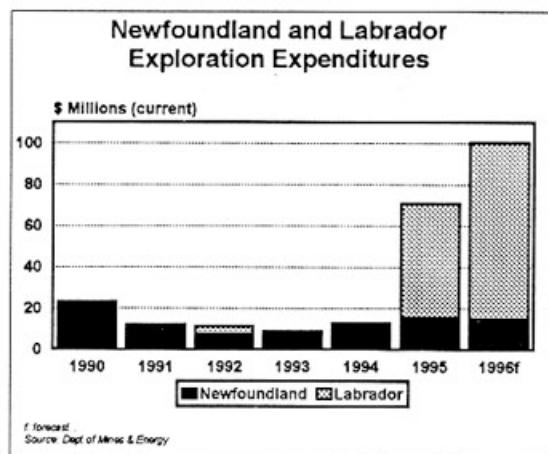
- (i) Dave Liverman will conduct 1 : 50 000 - scale Quaternary mapping in the Goose Bay area. This data is required for land-use planning, in particular urban planning.
- (ii) Martin Batterson will conduct 1 : 50 000 - scale Quaternary mapping in the Stephenville area, mainly for urban land-use planning.
- (iii) Dan Bragg will conduct bedrock aggregate studies in the Grand Falls area, mainly in support of the Trans-Canada Highway upgrading.

Exploration Expenditures to top \$100 Million in 1996

New figures released by the Department of Mines and Energy has the 1996 forecast for exploration

expenditures in Newfoundland and Labrador at \$100.2 million. This is an increase of 41% over the 1995 total of \$70.8 million. A number of diamond drilling programs have started in Labrador and will be continuing throughout the summer. In 1996, the department is forecasting 150 000 metres of diamond drilling in Newfoundland and Labrador, an increase of 16% over the 1995 total.

Due to budget constraints, the provincial government's 1996-97 budget provided no funding for the Newfoundland Exploration Assistance Program (NEXAP) and the Dimension Stone Incentive Program (DSIP). Both NEXAP and DSIP were successful in the past and both programs are being assessed for future funding.



Diamond Fields Resources and its project manager **Archean Resources** continued exploration at Voisey's Bay at a brisk pace. Since the discovery of the nickel-copper-cobalt deposit was announced on November 3, 1994, two major mining companies have invested in the project. Teck Corporation purchased a 10.4% interest in Diamond Fields Resources on April 17, 1995 (Diamond Fields had owned 100% of Voisey's Bay Nickel Company Ltd.). Inco purchased 25% of Voisey's Bay Nickel Company Ltd. and approximately 7% of Diamond Fields Resources on June 28, 1995.

On May 22, 1996, the shareholders of both Inco Limited and Diamond Fields Resources Inc. approved Inco's acquisition of Diamond Fields Resources Inc. Inco and Diamond Fields continue to work together towards completion of the acquisition.

Under terms of the agreement, Inco will acquire all of Diamond Fields common shares it did not own. The package of consideration for each Diamond Fields share is (1) .557 of an Inco common share; (2) .25 of an Inco class VBN share; (3) .091 of an Inco 5.5% convertible redeemable preferred share; and, (4) one common share of Diamond Fields International Ltd. which holds the rights to Diamond Fields' diamond mining and exploration interests and related assets and liabilities.

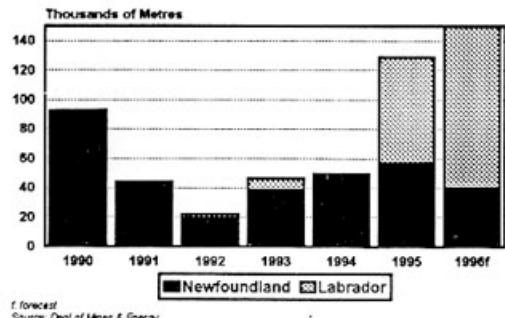
This acquisition will increase Inco's effective interest in the financial performance of the Voisey's Bay nickel project to 75%. Inco will, however, retain 100% legal ownership of the Voisey's Bay Nickel Company Ltd.

Inco's objective is to be the world's lowest cost nickel producer and along with their operations in Sudbury Ontario, Thompson Manitoba and Indonesia the Voisey's Bay project will help them reach this goal.

As of January 8, 1996, total reserves were projected to be in the 100 million tonne range. The increase in reserves from the 31 million tonnes outlined in the main deposit is a result of a new adjacent discovery named "the eastern deeps".

Voisey's Bay Nickel and Inco will continue studies related to mining and further processing of the concentrate.

Newfoundland and Labrador Diamond Drilling



Pine Cove Resources, Electra Mining Consolidated Ltd. and New Island Minerals now own the Pine Cove property located on the Baie Verte Peninsula. This property will see renewed activity this summer.

Electra has agreed to process a 30 000 ton bulk sample from the property through its new constructed

gold recovery plant on the Rambler tailings. The bulk sample is expected to be completed by September, at which time it will be determined if full-scale production at the property is warranted.

The Pine Cove deposit contains 270 000 ounces of gold and permitting is in place for full production.

Major General Resources Ltd. has identified mineralization in five zones at the Rendell-Jackman property - the Hammerdown, Rumbullion, Muddy Shag, Golden Anchor and Lochinvar. Mineable reserves of 464 104 tonnes at 17.48 grams of gold per tonne or 245 000 ounces have been identified at the Hammerdown and Rumbullion zones combined.

In December of 1995, a new zone, the Orion Gold Zone, was discovered just 2 kilometres southwest of the Hammerdown. This discovery is expected to surpass the Hammerdown and Rumbullion zones in value. A major drilling program and follow-up ground work surveys to delineate the Orion Zone will continue this summer.

The Hammerdown and Rumbullion zone are ready for bulk sample testing, but underground development has been postponed pending the drilling and further exploration at the Orion Zone.

Richmont Mines Inc. has completed a 5000 tonne bulk sampling program, a five-kilometre access road and a 2300 foot ramp to a depth of 377 feet at the Nugget Pond gold project on the Baie Verte Peninsula. The mine and mill have cleared environmental assessment.

The company announced on June 11, 1996 that construction of the mill, an office facility and a new ore stockpile pad, a five-kilometre long power line and short roads to provide access to the tailings pond has begun. Underground work will include driving 1443 feet of decline and 745 feet of ventilation raise. Construction is expected to be completed in early 1997 with production scheduled for March, 1997. Capital costs for the project are \$15 million and when in full production, will employ 90 people. Reserves at the property are 363 000 tonnes averaging 13.71 grams of gold per tonne for a total of 160 000 ounces of gold.

Roycefield Resources Limited's winter diamond drill program has increased reserves of its Beaver Brook deposit 15% to 1 380 000 tonnes averaging 4.49% antimony. Construction of the mine and mill to produce antimony concentrates is expected to start in

1996. Roycefield Resources was granted EDGE status for this project in early May, with the condition that an antimony trioxide plant be built in the province.

Power Slate Enterprises Ltd. is preparing for slate production at Keels, Bonavista Bay. Over the next couple of months, the company will modify its processing plant, acquire additional equipment, and remove overburden. The training of workers in slate processing is scheduled to resume in early July. Power Slate expects to produce a limited amount of slate for export in 1996, followed by a full year of production for 1997.

Burin Minerals Ltd. has completed feasibility studies on reopening the fluorspar mines and mill at St. Lawrence. Studies indicate that the project is viable and the company is proceeding with efforts to arrange project financing. Negotiations are currently in progress regarding financing for the project.

Burin Minerals is planning a seven-day a week mining program with a five day milling operation year round. Mining leases for the Blue Beach North, Tarefare and Director ore deposits were issued by the Department of Mines and Energy on February 28, 1996.

The environmental review report on the Shoal Cove Pond tailings disposal was approved by the Minister of Environment on January 26, 1996. Construction of tailings dams can commence once a no-net-loss compensation agreement is signed with the Federal Department of Fisheries and Oceans.

Prospector Training Course Continues

Honourable Dr. Rex Gibbons, Minister of Mines and Energy, is pleased with the successful completion of the 6th Prospectors Training Course as part of his department's Prospectors Assistance Program.

The Prospector Course provides comprehensive training in basic prospecting skills. The instruction emphasizes the practical aspects of mineral exploration through geological principles, and combines classroom and laboratory work with prospecting field trips.

This year, twenty successful candidates were chosen from over 200 applications. The course took place from May 31 to June 13, 1996 at Westviking College in Stephenville. Funding for the course was provided by the Department of Mines and Energy.

The benefit of these training courses is evidenced by the increased number of mineral prospects and greatly increased mineral exploration expenditures in Newfoundland and Labrador by junior and major exploration companies on ground held by local prospectors.

Effective mineral prospecting is particularly well evidenced by the recent Voisey's Bay discovery and the subsequent enormous mineral rights acquisitions and mineral exploration activity in Labrador.

This year's successful candidates were:

Melvin Boone	William Taylor
Bell Island	Creston South
Christopher John	Gary Lushman
Centreville	Corner Brook
Rodney Critch	John Carroll
Mt. Pearl	Griquet
Jeff Connolly	Herb Froude
Mt. Pearl	St. John's
Trevor Croucher	Joshua Rose
Springdale	Grey River
Vincent Walsh	Glenn (Butch) Vardy
St. John's	Clarenville
Steve Griffiths	Rueben Rogers
Manuels	Creston South
Graham Bishop	Noland Nippard
Corner Brook	Stoneville
Scott Butt	Dennis Crocker
St. George's	Heart's Delight
James Snow	Stephen Brooking
Harbour Grace	Glovertown

For further information contact:

Michael J. Collins
Co-ordinator, Prospectors Assistance Program
Department of Mines and Energy
P.O. Box 8700
St. John's, NF
A1B 4J6
Telephone: (709) 729-2358

Upcoming Events

Baie Verte and Area Chamber of Commerce Mining Conference

June 21-23, 1996

Baie Verte, NF

This is an annual review of developments in the local exploration and mining scene. For more information contact:

Pat Jim

Tel: (709) 532-4279

Fax: (709) 532-4065

Happy Valley-Goose Bay Mining Conference and Trade Exhibit

June 25-27, 1996

Happy Valley-Goose Bay, Labrador

Mineral Development in Labrador: Voisey's Bay and Beyond. For further information please contact:

Larry Pittman

Tel: (709) 896-3321

Fax: (709) 896-9454

Proterozoic Evolution in the North Atlantic Realm Conference.

July 29-August 2, 1996

Goose Bay, Labrador

The meeting is aimed at enhancing understanding of Proterozoic evolution in the North America realm. For more information contact:

Charlie Gower

Tel: (709) 729-2118

Fax: (709) 729-3493

The Geological Society of CIM - 6th Annual Field Conference

September 9-11, 1996

Gander, NF

This is a field conference, jointly sponsored by the Newfoundland Branch of CIM and the Geological Society of CIM. The conference will comprise two days of technical sessions and poster displays on September 10th and 11th, along with short courses and pre and post-conference field trips. A core shack will feature drill core from a number of new discoveries. For more information please contact:

David Evans

Tel: (709) 729-5975

Fax: (709) 729-3493

Mines Branch Annual Review of Activities and CIM Annual Meeting and Conference

November 7-9, 1996

St. John's, NF

The Newfoundland Branch of the Canadian Institute of Mining, Metallurgy and Petroleum and the Newfoundland Department of Mines and Energy hosts the 43rd annual conference. The 20th annual review of the Mines Branch activities and open house will be held in conjunction with the CIM Conference. For more information please contact:

Janet Gillespie

Tel: (709) 729-6193

Fax: (709) 729-3493

MOVING!



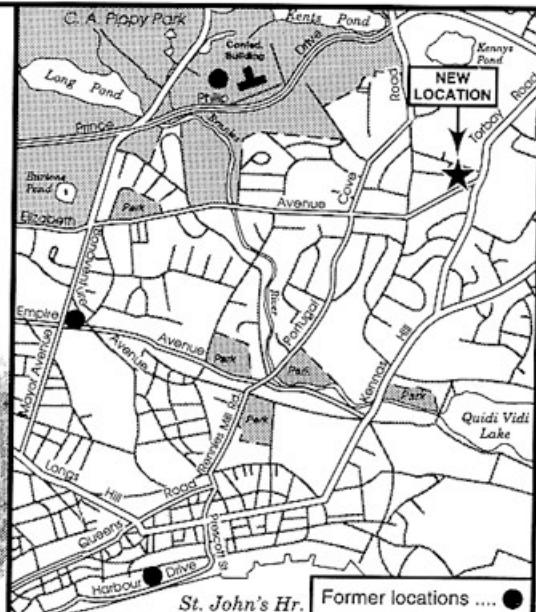
DEPARTMENT OF MINES AND ENERGY

(Minister's Office, Mineral Lands, Mineral Development, Geological Survey, and Energy)

From: Confederation Building, 95 Bonaventure Avenue, and Atlantic Place
To: 50 Elizabeth Avenue
(next to Canadian Tire)

When: August, 1996

Note: Telephone, fax nos., and mailing address are unchanged.



NEWFOUNDLAND AND LABRADOR

*The Right Place
for Business*



GOVERNMENT OF
NEWFOUNDLAND AND LABRADOR
Canada

DEPARTMENT OF MINES AND ENERGY MINES BRANCH

P.O. Box 8700
St. John's, NF
Canada A1B 4J6

KEY CONTACTS MINES BRANCH

Minister.....(709) 729-2920
Deputy Minister.....(709) 729-2766
Assistant Deputy Minister.....(709) 729-2768

Mines (Fax 709-729-6782)
General Office.....(709) 729-6849
Director Mineral Lands.....(709) 729-6425
Core Storage, St. John's.....(709) 729-5833
Core Storage, Pasadena.....(709) 686-2054
Engineering Analysis.....(709) 729-6449
Financial and Project Analysis....(709) 729-3197
Mineral Industry Assistance.....(709) 729-2358
Mineral Rights.....(709) 729-6418
Exploration Monitoring.....(709) 729-6437
Quarry Rights.....(709) 729-6410
Wabush Office.....(709) 282-3949

Geological Survey (Fax 709-729-3493)
Publications and Information.....(709) 729-3159
Mineral Deposits.....(709) 729-5946
Mineral Occurrence Data System.(709) 729-5986
Newfoundland Mapping.....(709) 729-3574
Labrador Mapping.....(709) 729-2107
Geochemistry, Geophysics
& Terrain Sciences.....(709) 729-2171
Geoscience Data Centre.....(709) 729-6693
Industry Services.....(709) 729-6193
GEOSCAN.....(709) 729-6441
Goose Bay Office.....(709) 896-5162