

• YUKON TERRITORY

Step-out drilling expands Golden Saddle

Underworld Resources continues to explore prospects at White Gold Project; other juniors scramble to line up their own programs

By ROSE RAGSDALE
For Mining News

The hunt for gold launched by Underworld Resources Inc. more than a year ago in Yukon Territory's Dawson Mining District is yielding more encouraging results for the junior at its White Gold Project.

Meanwhile, other mining companies, including Anglo Canadian Uranium Corp., Aldrin Resource Corp., Radius Gold Inc. and Habanero Resources Inc., are rushing to get in on the action, staking more than 6,000 new placer and quartz claims in the Dawson area since April 1.

Underworld reported discovery of more than 100 meters of significant gold mineralization May 27 from the first three drill holes of its 2009 exploration program. Now, the junior is reporting even more exploration success.

Underworld said it had completed 22,000 meters of drilling in 84 holes by Sept. 10, and the latest assay results from core samples taken show hole WD09-64, a step-out penetration to the northeast of the initial discovery, averaged 3.13 grams per metric ton gold over 100.4 meters. Other results include hole WD09-69, which averaged 3.40 g/t gold over 76.90 meters, and hole WD09-70, with 3.51 g/t gold over 50.03 meters.

Vancouver, B.C.-based Underworld said results to-date continued to demonstrate excellent continuity of near-surface gold mineralization in the Golden Saddle zone. The deposit remains open to expansion to the east and north.

More claims staked

Underworld also reported Sept. 14 that it has significantly expanded its land position in the White Gold District through acquisition and additional staking. The majority of this new ground is contiguous with the original claim group hosting the Golden Saddle and Arc gold discoveries.

The majority of the new claims were staked by Underworld following the recent gold discovery on the Golden Saddle Deposit, located 90 kilometers south of Dawson, the location of the famous Klondike Gold Rush.

Underworld now holds title to or has title pending on 2,907 quartz mining claims for an aggregate area of 589 square kilometers, or 227.4 miles, doubling the size of its land package.

Gold find expands

Drill hole WD09-64 also includes a 19.5-meter interval averaging 6.70 g/t gold. This is the northeastern-most hole for which assays have been received to date. The intercept in WD09-64 is 75 meters down-dip from WD09-56, which intersected 55.9 meters averaging 1.50 g/t gold, and 110 meters down-dip from WD09-47, which intersected 31.1 meters averaging 9.2 g/t gold. Four additional drill holes on



roughly 50-meter centers have been completed down-dip from WD09-64. Assays are pending for 23 more holes completed along strike and down-dip.

WD09-069, which intersected 76.9 meters averaging 3.40 g/t gold, included 41.0 meters averaging 5.44 g/t gold, and WD09-70, which intersected 50.5 meters averaging 3.51 g/t gold, included 37 meters averaging 4.04 g/t gold. Both are infill holes. Infill and step-out drilling is being completed on 50-meter intercept centers along strike and down dip.

The objective of the current drilling at Golden Saddle is to continue to expand mineralization along strike and down-dip, and to complete a NI 43-101-compliant resource estimate.

Underworld is targeting near-surface mineralization potentially amenable to open-pit mining.

The junior said it is also currently drilling regional targets at the South Donahue and McKinnon showings, located 4 and 6 kilometers southeast of Golden Saddle, respectively. Three drill rigs are currently turning on the project, and Underworld expect to complete 25,000 meters of core drilling in about 115 drill holes during the 2009 program.

Armenius data reviewed

Meanwhile, Anglo Canadian Uranium Corp. Sept. 10 reported that preliminary exploration efforts on the Armenius Property in the White River-Dawson District have identified potential for precious metal (gold and silver) mineralization.

The Vancouver, B.C.-based junior said it has compiled all geological-geochemical data and mining assessment reports from Yukon Energy Mines and Resources and from private reports and also completed a preliminary reconnaissance program that resulted in the identification of a number of key targets requiring additional exploration.

"The property is immediately adjacent to a placer oper-

ation in Eureka Creek that has been profitably mined for more than a decade," said Anglo Canadian Uranium President and CEO Len Harris. "The source of the gold from that operation is yet to be traced but is known to occur within altered schists that are thought to extend into the property area. Previous exploration efforts from the property noted the presence of a significant mineralized quartz vein and visible gold reported to occur within quartz stringers and localized shear zones. These require further investigation to determine their existence and areal extent."

Previous exploration from rock samples collected in the Eureka Creek area from chlorite-quartz schist assayed 75.38 grams per metric ton gold and 22.2 g/t silver. The extent of this mineralized schist into the Armenius property requires detailed prospecting, possibly trenching and soil surveys to identify anomalous zones, the company said. If such zones exist, these would then be further examined with geophysical surveys to identify drill targets, it added.

Brew, Ind properties optioned

Aldrin Resource Corp. Sept 8 reported receipt of regulatory approval to acquire two mineral exploration properties in the Dawson Mining District from Ryanwood Exploration Inc.

The Brew Property is comprised of 168 quartz mining claims covering an area of 33 square kilometers, or 8,400 acres. The property is located 100 kilometers, or 62 miles, south of Dawson City and 20 kilometers, or 12.4 miles, east of Underworld's White Gold Discovery. The property was staked to cover an isolated placer gold mining operation that sits in the same geological environment as Underworld's White Gold Discovery. The property also hosts a major northwest and northeast regional structure.

The Ind Property is comprised of 138 quartz mining claims covering an area of 27 square kilometers, or 6,800 acres. The property is located 24 kilometers, or 15 miles, south of Dawson City and 14 kilometers, or 9 miles, southwest of the famous Bonanza and Eldorado creeks. The Ind property hosts a favorable gold soil anomaly which was first discovered in 2004 during a regional soil sampling program.

Ten Mile Creek targeted

Radius Gold Inc. Aug. 24 reported acquisition of a large gold target at the head of Ten Mile Creek, roughly 70 kilometers, or 52 miles, south of Dawson City in Yukon Territory. Ten Mile Creek is an active placer gold-producing creek with significant historic production. The head waters of Ten Mile drain an area underlain by an intrusive complex of probable Cretaceous age.

Work by previous operators in the area identified anom-

see GOLDEN SADDLE page 15



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• BRITISH COLUMBIA

B.C. junior gets OK to mine coal sample

First Coal: Extracting soft mineral from high-quality deposit will test new mining system and bring much-needed jobs to region

By ROSE RAGSDALE
For Mining News

First Coal Corp. Sept. 2 said British Columbia's Chief Inspector of Mines has approved an application to amend the Vancouver-based junior's exploration permit and extract a bulk sample of up to 50,000 metric tons of coal from its Central South property near Chetwynd in northeastern British Columbia.

First Coal has more than 90,000 hectares, or 357 square miles, under tenure license or under application for license in the Peace River Coalfield near Chetwynd, which has a historic resource estimate of 1.6 billion metric tons of metallurgical coal deposits, primarily used in steel-making.

First Coal is exploring two coal properties, Central South and South Cirque, in the area.

The properties are centrally divided by Highway 97, an all-weather regional highway, and by CN Rail's line, which connects the region to the export coal terminal of Ridley Island near Prince Rupert, B.C.

Environmental challenges

The Central South property has complex geology characterized by narrow, steeply dipping coal seams from 1 to 3 meters wide with no known faulting. Seams dipping at 45 degrees and higher with thicknesses greater than 1 meter are considered to be mineable.

But a potentially greater challenge may be mitigating the proposed mine's potential impact on the Burnt Pine Caribou Herd, a small group of animals currently listed as "threatened" under Canada's Species At Risk Act.

The mineable area in the Central South property is about 2 kilometers wide and 10 kilometers long.

Based on geological and engineering studies and depending on the average annual rate of production, First Coal believes the property has enough coal to support a 245,000-metric-ton-per-year mine for at least 20 years.

An NI 43-101-compliant report completed in May estimated that an 8.5-square-kilometer area contained 81 million metric tons of measured, indicated, inferred and speculative in-situ coal resources – 15.5 million, 27.9 million, 35.4 million, and 2.2 million metric tons, respectively.

"Receipt of the Bulk Sample Amendment represents a real milestone for our company as we continue to put our plans into operation," First Coal President and CEO Douglas Smith said in a statement. "We are committed to developing coal resources in British Columbia, encouraging economic development and becoming an active member of the business community in the Chetwynd region."

Economic benefits

The green light for the bulk sample bodes well for the northeastern region of British Columbia in light of the current economic downturn because it will enable First Coal to develop coal resources and create much-needed new jobs.

The company said the project would create up to 200-400 construction jobs and 100-150 production jobs during the life of the mine along with indirect local economic benefit from an annual payroll of \$10 million - \$15 million initially, and \$60 million - \$80 million as the project advances into production.

Aboriginal concerns

Central South and South Cirque fall within the Treaty 8 territory, the traditional aboriginal lands of eight bands. First Coal has been involved in a public consultation process with four of the First Nations within Treaty 8 and has committed to provide employment and business opportunities to area First Nations and local companies while also ensuring safeguards to protect the environment and the local caribou population.

At least one of the First Nations bands has objected strenuously to the mine project, fearing its potentially detri-

mental impact on the local caribou herd.

During the past year, First Coal has developed an extensive reclamation and remediation plan for areas disturbed to date. The company said reclamation in some of these areas will be completed this year with assistance from some First Nations members and its plan will be modified as development proceeds to ensure protection of the environment, enhancement of wildlife habitat where feasible and reclamation of areas that are no longer required for exploration or operational purposes.

2010 production target

First Coal plans to begin extraction of the bulk sample in the fourth quarter, subject to receipt of ancillary permits.

The company also said it intends to submit an application for a Small Mine Permit to the B.C. government. The permit will allow production to begin in the last quarter of 2010 at an annualized rate of 245,000 metric tons of clean coal.

Extensive environmental and planning work has been underway for the past four years to ensure that adequate information is available for First Coal to achieve this objective, the company said.

First Coal will be the first producer in the world to mine steeply dipping coal seams using the ADDCAR Any Dip Highwall Mining System. Besides lower costs, the system offers the advantage of increased safety, in that no workers are required to go underground, and significantly reduced environmental footprint and substantially greater recovery rates compared to conventional mining methods, the company said.

Mining of the bulk sample will test the system in actual mining conditions and make coal available for testing and assessment by potential customers. The coal will subsequently be shipped to prospective purchasers as representing the typical quality of coals that First Coal could produce. ●

continued from page 14

POWER LINE

Canadian federal government have joined forces to push ahead with the Northwest Transmission Line along the Highway 37 corridor in northwest British Columbia. "Construction of the power line will set the stage for many important economic and social initiatives, including development of Imperial's Red Chris copper-gold porphyry project near Iskut, bringing much-needed jobs and economic activity to northwest British Columbia, the miner said.

The Red Chris deposit contains about 276 million metric tons of minable reserves at 0.349 percent copper and 0.266 g/t gold (based on the 2005 Red Chris feasibility

study). The project's anticipated mine life is 25 years with known reserves and a production rate of 30,000 metric tons per day. Construction of a mine is expected to take two years and generate 600 jobs. During the mine's life, operations would require 250-300 direct jobs with an additional 750 indirect jobs.

Hard Creek Nickel is another miner that hopes to obtain inexpensive power provided by the Northwest Transmission Line in northern British Columbia. Its Turnagain project is located about 70 kilometers, or 42 miles, east of Dease Lake, the northern extension of the proposed 287-kilovolt power line. It hosts an estimated resource of about 580,000 metric tons of recoverable nickel, enough to produce 44 million pounds of nickel annually for 29 years. ●

continued from page 12

GOLDEN SADDLE

alous gold values in stream sediment, soil and rock samples. The area has never been drill tested. In 1998, Teck Resources Ltd. staked over 200 claims in the area and in the following three seasons carried out a reconnaissance program of geological mapping, soil and rock sampling and a minor trenching program on the property. This work outlined five gold-mineralized zones hosted in and adjacent to two Mesozoic quartz monzonite intrusive bodies. Much of the property has not been tested by soil or rock sampling.

After completion of a follow-up ground program (to commence shortly), Radius said it intends to test the previously identified gold targets by drilling.

Habanero Resources Inc. Sept. 21 reported the start of a work program at its Yukon

gold prospect. Habanero has hired Equity Exploration Consultants Ltd. to oversee the program. Habanero has more than 18,000 acres in the region of the White and Yukon Rivers, with about 13,000 contiguous acres bordering Underworld's claims.

"This is the first work program that Habanero has been involved with in more than two years," said Habanero President Jason Gigliotti. "It is exciting to get underway on this gold prospect at a time of near all-time high gold prices."

Pacific Ridge Exploration Ltd. Sept. 8 reported completion of a financing that will fund exploration of the company's mineral exploration projects in Yukon Territory. Net proceeds of the private placement bring the company's working capital cash position to about C\$1 million. Exploration is under way at Pacific Ridge's Klondike Kate mineral property in Yukon's South Klondike area, with results to be reported as received, the junior added. ●



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