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PROPOSAL

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To undertake a five-year, integrated geological and geophysical reassessment of Anvil Range Mining Corporation's Anvil District mineral property and the MM and JJ claims south of Ross River (Figures 1 and 2) to discover new mineral deposits for exploitation by open pit or underground methods (this does not include work intended to extend known mining reserves in identified deposits). The program comprises district-wide studies incorporating geological research to develop new exploration concepts, geophysical programs, and diamond drilling, mostly deep drilling, in six target areas (Vangorda Plateau, Swim Basin, Faro Southeast, Faro Northwest, and the MM and JJ claims). The cost of the entire program is estimated at \$6,955,500 as outlined on the attached table. The major expenditure is for drilling.

JUSTIFICATION

Development and long-term viability of Anvil Range Mining Corporation as a major mining company is contingent on its ability to discover or acquire, develop and exploit mineral deposits beyond its known resources. In the last ten years approximately thirty-four million tonnes of ore have been mined from the Faro, Vangorda and Grum deposits; this has significantly eroded the reserve base of the district. In the same period relatively little exploration was carried out despite good potential for additional discovery. Consequently, there has been no replacement of this reserve base, a situation that is clearly not sustainable.

First and most critical in discovering new deposits, once a decision to undertake exploration has been made, is to decide what to look for and where to deploy corporate exploration resources. These decisions are made easier for Anvil Range Mining Corporation by virtue of owning a lead-zinc mining "camp" with inherent high-potential to yield new mineral deposits at reasonable cost. This potential exists for several reasons, including:

- The occurrence of five Pb-Zn-bearing deposits on the Anvil Range property along a "favourable" trend proves that the geological environment of the district is suitable to host additional, similar deposits.
- Untested, geologically-favourable targets exist on the properties.
- Improved geophysical techniques are available to supplement earlier, successful, geophysical surveys.
- Infrastructure in the area is well established and exploration logistics well understood.
- An exploration model has been developed and successfully applied through a long history of property exploration, and exploitation, past and current, of three deposits.
- There is no known reason ore could not occur off the trend.
- Despite the long history of exploration, there is a general lack of information regarding the district in the subsurface at-depth and in overburden covered areas, particularly in areas off the "favourable" trend.
- Geological research could develop new "guides" to ore for the district or enhance interpretation of existing geophysical and geochemical survey data.

PROGRAM DESCRIPTION

The components of the program are as follow:

- **Anvil District-Wide Exploration** (\$1.99 million): reassessment and compilation of the geology and exploratory surveys of the entire Anvil District. This phase will include a detailed airborne magnetic and electromagnetic survey of the district and tests of various ground geophysical methods. Provision is made for geochemical, isotopic and/or mineralogical research to develop new exploration tools to guide deep drilling.
- **Vangorda Plateau** containing the Grum, Vangorda and Dy mineral deposits (\$1.76 million): mainly deep diamond drilling (12,500 m) in the areas between the known deposits.
- **Swim Basin** containing the Swim mineral deposit and the S.B. and Sea occurrences (\$1.22 million): mostly bedrock diamond drilling (5,700 m) and lesser overburden drilling with some geophysical fill-in work (mainly gravity, possibly some EM, pending results of test work).
- **Faro Southeast** containing the mined-out Faro deposit (\$0.64 million): mainly deep diamond drilling (4,200 m) in the area between Faro and Grum, but also includes a geophysical program with follow-up drilling south of the Ski Hill.
- **Faro Northwest** (\$1.05 million): mainly deep diamond drilling (approximately 7,500 m) on the north side of the lower Rose Creek valley where favourable stratigraphy is deeply buried beneath a thick layer of calc-silicates.
- **MM and JJ Claims**, the only component of the program outside the Anvil District (\$0.32 million): diamond drilling (approx. 2,000 m) and related exploratory surveys on a property 75 km south of Ross River with potential to host volcanogenic Cu-Pb-Zn-Ag mineralization.

Details of proposed program components are provided in Report 96-01, "Geology and Exploration Potential of the Anvil District - Yukon", by Access Mining Consultants Ltd. dated January 1996. Table 4 from that report (attached) has been modified to show two projects already included in the 1996 exploration budget, one of which (Swim Basin drilling) has been completed and AFE #19602 has been issued.

96003

RECOMMENDATION

It is recommended that the proposed program be undertaken, starting in the spring-summer of 1996. The program is conceptual and requires considerable additional planning. Some rescheduling of program components will be required to efficiently execute the program. For example, if geophysical tests are successful then additional geophysical survey work would cause follow-up drilling to be deferred.