

# THE NORTHERN MINER

GLOBAL MINING NEWS · SINCE 1915

AUGUST 29–SEPTEMBER 4, 2016 / VOL. 102 ISSUE 29 / WWW.NORTHERNMINER.COM

## Skeena picking up historic Porter Idaho

**BC SILVER** | Junior takes on fourth project in Golden Triangle



Deep-sea loading facilities across from the Porter Idaho silver project on Mt. Rainey, 2 km south of Stewart, British Columbia. MOUNT RAINEY SILVER

**BY LESLEY STOKES**  
 lstokes@northernminer.com  
 VANCOUVER

**S**keena Resources (TSXV: SKE) has spent the past two years building a portfolio of high-grade, precious metal projects in northwestern B.C.'s Golden Triangle region, and now the junior company — chaired by famed explorer Ron Netolitsky — is adding

another.

The company is acquiring private company Mount Rainey Silver for its Porter Idaho silver property, 2 km south of Stewart, B.C., in exchange for 25.1 million Skeena shares, or a \$4.8-million value, based on Skeena's Aug. 9 share closing price. The companies expect the transaction will close in early September.

"The projects we've acquired so far are ones that Netolitsky has pursued for many years,

and Porter Idaho certainly fits into that description," Walter Coles, president and CEO of Skeena, said during a conference call to discuss the acquisition.

The 5.9 sq. km property hosts two shear-hosted and silver-rich vein systems: the Silverado and Prosperity-Porter Idaho. Both showings are 2 km apart, located on opposite sides of a mountain that overlooks the town of Stewart.

Most of the historical work focused on Prosperity-Porter Idaho, where mineralization is found within six moderately dipping, subparallel shear zones traced on surface for 200 metres and 1 km down-dip, with widths varying between 2 and 13 metres.

The vein system was mined from adits between 1929 and 1931, and produced 27,000 tonnes of 2,692 grams silver per tonne and 0.99 gram gold per tonne. The ore was shipped to the port at Stewart via aerial tramway.

At Silverado, the vein system is hosted within four similarly trending shear zones, with equally high silver grades. The mineralization was periodically mined between 1921 and 1932, and produced 167.8 tonnes of sorted high-grade ore.

According to B.C. Minfile mineral inventory reports, a 12.7-tonne shipment from Silverado in 1927 averaged 3,400 equivalent grams silver, with minor gold and lead.

The owners closed the mine due to weak silver prices, and apart from sporadic exploration over the years, Silverado and Prosperity-Porter Idaho largely slipped out of memory.

In 2008, **Raimount Energy** (TSXV: RMT), an oil and gas company that had previously acquired junior explorer Pacific Cassier and its Porter Idaho property, reassessed the historic work and updated Prosperity-Porter Idaho's resource. In 2012, the company spun out the silver asset into Mount Rainey.

Indicated resources for the deposit stand at 395,000 tonnes grading 868 grams silver, 3.4% lead and 1.4% zinc, whereas 89,000 tonnes grading 595 grams silver are inferred.

"The cut-off grade for Prosperity-Porter Idaho averaged 23 oz. per silver," Coles said. "This fits into our thesis they would've left behind a lot of mineralization, which, in today's higher silver-price environment and improved infrastructure in the Golden Triangle, would be economic today."

## **"WE'RE STARTING WITH A HIGH-GRADE RESOURCE, AND THERE'S POTENTIAL TO ADD MORE OUNCES."**

**WALTER COLES**

PRESIDENT AND CEO, SKEENA RESOURCES

Historic reports suggest that silver mineralization may be tied to a larger scale "Silverado" fault. The fault traces in line with the mineralization, but previous explorers couldn't assess whether the silver showings connect along strike because of an intervening glacier.

"That's the aspect of the project that gets us really excited — we're starting with a high-grade resource, and there's good potential to add more ounces by targeting the underexplored area between those two vein systems," Coles said, noting that the glacier has receded over the past few decades.

Skeena operates three other projects in the

region, including its Spectrum gold-copper project, the GJ copper-gold project and the historic Snip gold mine.

"When we started our strategy in the golden triangle two years ago, the sentiment was still very negative and our view was to be contrarian. Now, it's becoming harder to find projects that we can acquire at attractive valuations," he said.

"At this point we've probably acquired all the projects we're going to acquire in the golden triangle, with the caveat being that if something attractive appears, we'll certainly consider it. But we have our work cut out for us here with the projects we've accumulated."

The company expects to produce a preliminary economic assessment that envisages a combined operation between its Spectrum and GJ properties by the first quarter next year. Coles said the study would mark a "transformational milestone" for the company.

Coles also expects "strong results" from a 6,000-metre drill program that has just begun at Snip. The former underground mine produced 1.1 million oz. gold at average grades of 27.5 grams gold before closing in 1999 due to low gold prices.

As for Porter Idaho, Coles said it would be another year before the drills turn, as the company needs to acquire drill permits and review the old data.

Skeena shares have traded in a 52-week range of 5¢ to 20¢ per share, and closed at 18¢ at press time. The company has 440.1 million shares outstanding for a \$73-million market capitalization. TNM