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Skeena grows resource at Eskay Creek

BC GOLD | Iconic camp in Golden Triangle has more to give



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Skeena Resources (TSXV: SKE; US-OTC: SKREF) has tabled an updated resource estimate for its Eskay Creek gold project in northwestern British Columbia, divided between pit constrained and underground mining scenarios.

In pit-constrained resources, the project contains 12.7 million indicated tonnes grading 4.5 grams gold and 117 grams silver, or 6 grams gold equivalent, for 1.81 million oz. gold and 47.7 million oz. silver, or 2.45 million equivalent oz. gold.

It also contains 13.5 million inferred tonnes at 2.2 grams gold and 42 gram silver, or 2.8 grams gold equivalent, for 984,000 oz. gold and 18.45 million oz. silver, or 1.2 million equivalent oz. gold.

In underground resources, the project contains another 819,000 indicated tonnes grading 6.4 grams gold and 139 grams silver, or 8.2 grams gold equivalent, for 169,000 oz. gold and 3.65 million oz. silver, or 218,000 equivalent oz. gold.

It also contains 295,000 inferred tonnes at 7.1 grams gold and 82 grams silver, or 8.2 equivalent grams gold for 68,000 oz. gold and 778,000 oz. silver, or 78,000 equivalent oz. gold

“ESKAY CREEK IS ESSENTIALLY THE GIFT THAT JUST KEEPS ON GIVING.”

PAUL GEDDES
VP OF EXPLORATION AND RESOURCE DEVELOPMENT, SKEENA RESOURCES



A drill rig at Skeena Resources' Eskay Creek gold project in November 2018. SKEENA RESOURCES

in underground resources.

“It doesn’t get that deep,” Skeena president and CEO Walter Coles Jr. says in an interview with *The Northern Miner*. “The average depth of these pit-constrained resources would be 180 metres, so we wouldn’t have a very deep pit.

“The other thing that’s really important is that 70% of the tonnage is in the rhyolite and 30% in the mudstone.”

Historical mining at Eskay Creek occurred underground and focused on mineralization hosted in mudstone, which was a better host rock than the rhyolite. Between 1994 and 2008, the project produced 3.3 million oz. gold and 160 million oz. silver at 45 grams gold and 2,224 grams silver from 1994 to 2008. It shipped ore

directly to a smelter during its first four years, mining at a 30-gram gold cut-off grade. When a mill was built on-site in its fifth year, cut-off grades dropped as low as 12 grams gold.

“But the other thing about the mudstone is that where it captured the super high-grade quantities of precious metals, it also deposited ... very high levels of arsenic, antimony and mercury,” Coles says. “This is a legendary mine for producing super high-grade ore that also came with high levels of deleterious elements.

“We’ve gone in and looked at what’s left, and what’s left is lower-grade ore, but with lower grade is lower amounts of the deleterious elements.”

He says that the rhyolite — while lower grade

than the mudstone — is clean rock, and milling it should be straightforward. About 65% of the 4 million equivalent oz. gold found at the project is hosted in rhyolite.

“Eskay Creek is essentially the gift that just keeps on giving,” Skeena vice-president of exploration and resource development Paul Geddes says. “Because it’s a function of historic gold prices.

“We sit here and we talk about low grade — well, 6 grams per tonne open pit, by these standards today, is not low grade.”

Skeena optioned Eskay Creek from **Barrick Gold** (TSX: ABX; NYSE: GOLD) in December 2017. To earn its interest, Skeena will spend \$3.5 million on exploration at Eskay Creek, pay Barrick \$10 million and reimburse Barrick for reclamation expenses paid during the option period.

Barrick has a 1% net smelter return royalty on the project and back-in right to acquire a 51% interest in the property.

Skeena inherited Barrick’s Eskay Creek data set when it optioned the property and based the project’s September 2018 resource entirely on that data, without doing any of its own drilling. The company based its latest resource on more than 7,500 historical surface and underground diamond drill holes totalling 651,332 metres, plus 46 surface-diamond drill holes Skeena drilled in 2018’s fourth quarter for 7,738 metres.

“The idea was to upgrade some of the inferred mineralization to the indicated, not really doing any expansion or exploratory drilling, just doing confirmation drilling and putting holes between holes,” Geddes says.

“And because all the historical core from Eskay was essentially bulldozed and it doesn’t exist anymore, we needed to get new samples to perform some metallurgical analyses.”

The company expects to finish its metallurgical tests at Eskay Creek by the end of May 2019. It will include them in a preliminary economic assessment on Eskay Creek it aims to release by the end of 2019’s third quarter.

It plans to drill the project this year, but is still formulating a budget. It sees an opportunity to add ounces by targeting rhyolite feeder zones beneath the current pit constraints.

Skeena will infill-drill its inferred resources, moving as much as possible up to the indicated category.

Skeena also acquired the Snip gold project from Barrick in July 2017. The project sits 85 km west of Eskay Creek. It produced 1.1 million oz. gold at 27.5 grams gold from 1991 to 1999.

Past operators have drilled 280,000 metres at Snip from surface and underground. The



A helicopter carries a drill to the 22 zone at Skeena Resources’ Eskay Creek gold property in northwestern B.C.’s Golden Triangle region. SKEENA RESOURCES

project already has more than 8,400 metres of underground development.

Since acquiring the project, Skeena has drilled more than 24,500 metres at Snip from surface and underground. The company also plans a mid-year drill program at Snip, including underground drilling to target the 200 footwall, and regional drilling to test soil anomalies.

Skeena’s other asset, the GJ copper-gold project, sits 30 km west of Imperial Metals’ Red Chris mine in B.C.’s Golden Triangle and less than 150 km north of Eskay Creek, up Highway 37.

The company tabled a PEA at GJ in April

2017 outlining a \$314-million, after-tax net present value at an 8% discount rate and a 20.6% after-tax internal rate of return.

The project consists of two copper-gold porphyry deposits, 14 km apart — Donnelly and Spectrum — that could produce 998.9 million lb. copper, 1.61 million oz. gold and 7.54 million oz. silver in payable metal over a 25-year mine life.

The company is looking for a partner to help it progress GJ.

Skeena shares are trading at 35¢ in a 52-week range of 26¢ to 70¢. The company has a \$34-million market capitalization. TNM