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## Western Pacific lays claim to Mineral Gulch



PHOTO BY IAN BICKIS

An old sign in southeast Idaho points to what is now Western Pacific Resources' Mineral Gulch gold project, seen in the distance.

### SITE VISIT

BY IAN BICKIS

CASSIA CTY., IDAHO — Rising prominently out of the flat scrubland, it is hard to believe the site of the past-producing Black Pine gold mine lay largely forgotten for the last decade. The pockmarked hill that hosted an open-pit operation can, after all, easily be seen after turning west off Interstate 84 in southeast Idaho.

Pegasus Gold pulled more than half a million ounces of gold from five low-grade open pits at the mine, before going bankrupt in 1998 when gold prices dropped. A reclamation program then

turned the heap-leach pad into a grassy hill and removed the infrastructure, but left the gaping pits untouched.

It was not until geologists Curt Everson and Eric Saderholm took note of the project, now renamed Mineral Gulch, however, that the property's mineral potential was revisited.

Working as consultants for **Western Pacific Resources** (WRP-V), the two were brainstorming new prospects last year when they literally placed a ruler on a map of the Nevada Bald Mountain/Long Canyon trend and noticed that Black Pine, sitting just over the border in Idaho, lined up.

“What do you know about Black Pine?” Saderholm asked Everson.

The two drove to the site to find a locked gate and a spray-painted black sign written with a stencil saying “area closure.” The small print warned trespassers of a US\$5,000 fine and six months of jail. So, they called the number on the sign and asked if the area was open to staking.

By October 2009, Saderholm and Everson had a key for the gate and several 4-ft. by 4-ft. stakes (the size needed to make claims in Idaho). Following some hard work running around the hillside, the team had secured exploitation

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rights on the site for roughly US\$28,000.

“It was a bit of a coup we pulled off. Anyone could have done it,” Saderholm says.

Saderholm is now president and Everson the exploration director of Western Pacific. The two had, however, been in talks with Warwick Smith, CEO of the company, long before Mineral Gulch about joining forces.

Western Pacific, part of the Vancouver-based Gold Group of companies, was listed on the TSX Venture Exchange in February 2010. The company, which has only 15 million shares outstanding and was recently trading at 45¢, is now

laying the groundwork to explore what remains at Mineral Gulch.

So far, the company has managed to secure a wealth of data from **Newmont Mining** (NMC-T, NEM-N). The gold major explored the property in the late 1980s and early 1990s before optioning it to Pegasus. In exchange for the historic exploration, drill and metallurgical data, Newmont was granted a first right of offer if Western decides to joint venture or sell the property.

Despite its best efforts, the company has not been able to locate much of Pegasus’ site data. Saderholm says he has collected some pieces but is still looking

for the rest.

“We’ve gone through a lot of different avenues. It’s kind of unbelievable that it just did a disappearing trick. But, it’s gotta be someplace,” says Saderholm.

The company managed to locate some of the Pegasus geologists who worked on the mine. Saderholm says the geologists explained what they had planned to do at Black Pine; one geologist was even able to pinpoint future drilling prospects.

“He was showing us where he was going to drill,” says Saderholm. “They never did and two years later they were broke.”



PHOTO BY IAN BICKIS

Standing at the edge of the Mineral Gulch project’s C and D pits, from left: Western Pacific Resources CEO Warwick Smith, president Eric Saderholm and exploration manager Curt Everson.

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Western Pacific has picked its first drill targets at Mineral Gulch, but now awaits permitting. Complicating the process is the fact that Mineral Gulch sits on the edge of the Sawtooth National Forest and is managed by the Forest Service, not the Bureau of Land Management.

Standing on the site, there is little greenery other than some waist-high shrubs that dot the hillside, and most of these burned in a fire a few years ago.

Everson and Saderholm are optimistic about permitting though, in part because of the existing roads and pits on the project.

"It's not like you're permitting virgin ground," explains Saderholm. "We're not going to make new stuff, just resurrect some old stuff."

The two are getting some advice from the Forest Service employee who gave them the key to the property in the first place.

"He says stick with the existing roads and don't be making a mess," says Saderholm. "But that's okay, because the existing roads go exactly where we want to go, anyway."

Everson and Saderholm plan to put some roads through old dumps, but generally leaving much as it is.

"We're hoping that by being a little creative, we'll be able to jump through the hoops a little quicker and they won't be full of flames," Saderholm says.

Still, permitting could take up to a year. Western Pacific expects to start drilling by the end of 2010.

Meanwhile, the company is doing what it can to better understand the property. A team is mapping the area for the first time, and Saderholm has sent 90 samples to the lab to see what is still in the pits.

Western Pacific recently started a geophysical survey of the property that will include 82 km of gravity surveys and 20 km of ground magnetics to identify

intrusive features and structure.

"We think the magnetics will help us with the hypothetical intrusive on the western edge," says Saderholm. "The Pegasus geologists say it's associated with higher grades, so we want to get into some good high-grade stuff."

There are several targets on both the east and west edges that Everson and Saderholm plan to target. On the east side, they hope to further explore under the leach pad, where Pegasus drilled a single condemnation hole and hit 30.5 metres grading 0.38 gram gold per tonne.

"It's nothing high-grade but what the heck. They didn't follow it up; it just didn't register with them," says Saderholm.

There are also anomalies between the old pits and just north of them that the company plans to drill.

Saderholm says he hopes to balance between finding prospects close to where Pegasus mined and finding something a little farther to show the potential of the site.

"I just don't think that it got a fair shake, given the economics at the time. They weren't spending money exploring it," says Saderholm.

Originally, the company staked 91 claims in the immediate area of the pits. After receiving the Newmont data and better understanding the geology, Western increased its claim block and now controls 345 claims in the area.

There is also the possibility of processing the carbon that sits in the pits. Pegasus never had any intention of processing it, so avoided areas with heavy carbonation or stockpiled the rock.

"That would be down the road," says Saderholm. "Obviously, we're hoping to find a bunch of oxide to justify getting a mill or shipping the stuff."

The Black Pine Mountains are composed of sedimentary and slightly meta-

morphosed sedimentary rocks, with limestone, dolomite and quartzitic sandstone dominating. The finely divided gold particles and minor pyrite are found disseminated in limestone and siltstone.

Western Pacific has several properties in Nevada as well, including South Lida, which was its flagship project until Everson and Saderholm stumbled upon Mineral Gulch. South Lida hosts strong iron-oxide gossans, quartz veins and jasperoids. The company is waiting for drill permits on South Lida.

Everson and Saderholm have worked in the area for nearly three decades. Saderholm staked his first claim in Nevada in 1982, and then spent time working as a consultant and also at Newmont for 13 years on the Carlin trend. Everson worked for **Gold Fields** (GFI-N, GFI-J) through the 1980s to 1993 focusing on the two states before moving to Santa Fe, N.M.

"I've been over a large portion of Utah and Nevada. I have a pretty good database on things I've worked on," says Everson.

The two met sometime around 1989-90 and formed **Sirius Exploration** (sxx-L) in 2008 to develop some of their claims before joining Western.

"We both share the same lust for geology and ice fishing," says Saderholm.

It is still early days at Mineral Gulch, but the team's passion for geology, combined with a bit of gumption, could yet pay off.

Looking for the first time over the open pits at Mineral Gulch, they appear much bigger than expected. Figuring the size while standing at a pit by simply counting the benches, Saderholm estimated the pit wall to be 500 ft. high.

Standing at the edge of the pit, Western chief executive Smith comments: "When you see it, it really brings it home."