

BCGold signs deal to acquire Engineer mine

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Mr. Freeman Smith reports

BCGOLD CORP. ACQUIRES HISTORIC ENGINEER MINE, ATLIN DISTRICT, NORTHWESTERN B.C.

BCGold Corp. has signed a letter agreement to acquire a 100-per-cent interest in the Engineer mine, a historic high-grade gold producer situated in the Atlin mining district in northwestern British Columbia.

Gold was discovered on the Engineer mine property in 1899. A total of 561,659 grams gold (18,058 ounces) and 278,373 grams silver (8,950 ounces) was produced from 14,263 tonnes of ore at Engineer mine during the period 1913 to 1952 (B.C. Geological Survey MEMPR Minfile report, Minfile No. 104M 014). This equates to total realized gold and silver production grades of 39.38 grams per tonne (g/t) gold (1.15 ounces per ton) and 19.52 g/t Ag (0.57 ounce per ton), respectively. A previous operator indicated, "Approximately 20,000 tonnes or more are readily available at an average grade of 34 grams per tonne gold," or approximately 22,000 ounces of gold (B.C. Geological Survey information circular 1994-1, page 19). Note that this is an informal approximation and does not represent an historical resource nor a 43-101-compliant current resource and should not be relied upon.

BCGold has entered into a letter agreement with Engineer Mining (EMC), a private Yukon-based company to acquire 100-per-cent ownership in six Crown grants and one mineral claim comprising the historic Engineer mine, subject to regulatory approval. The property is situated 32 kilometres west of Atlin, B.C., and 140 kilometres south of Whitehorse, Yukon. Access is by helicopter, float plane or boat from Atlin, or by boat from the village of Tagish, 55 kilometres to the north.

BCGold will be the operator and will immediately initiate a comprehensive data review, relog available drill core, dewater mine workings, conduct surface and underground mapping and sampling, initiate structural and alteration studies, and model the deposit. A \$500,000 exploration program in 2007 is envisaged. "The Engineer acquisition represents a perfect fit for BCGold," says Brian P. Fowler, PGeo, vice-president. "BCGold applies modern-day exploration concepts and approaches to yesterday's mines to achieve new discoveries. The exploration upside for additional high-grade and bulk-tonnage low-grade gold mineralization at Engineer is excellent."

Engineer mine

The main period of mining and development at Engineer mine was from 1925 to 1927 by Engineer gold mines of New York. Underground mining consisted of about 5,500 metres of drifts, shafts, raises and stopes on eight levels. The presence of visible gold was the

primary method of identifying and following oreshoots in the veins. To service the Engineer mine, a small village was built beside Tagish Lake housing up to 140 employees. Reserves were exhausted by 1927 but development continued with drifting and limited mining on the 6, 7 and 8 levels until 1933.

Quartz veining and gold mineralization occur in two modes at Engineer mine and are directly related to two main shear zones. Both shear zones form distinct regional-scale lineaments trending subparallel at 145 degrees and 160 degrees. High-grade gold and silver mineralization occurs in several narrow, less-than-two-metre-wide tensional and vertical, northeast-southwest-striking quartz-calcite veins hosted in well-bedded sediments of the Lower Jurassic Laberge group. Veins pinch and swell along strike and display good vertical continuity.

Lower-grade gold mineralization is known to occur within the two broad shear zones and subordinate structures, as well as in two densely veined/stockworked quartz "hubs" that appear to represent intersection points with secondary north-south structures. The latter offers excellent potential for lower-grade, bulk-tonnage gold mineralization.

Gold and silver mineralization at Engineer has been characterized as transitional epimesothermal (British Columbia Ministry of Energy and Mines Bulletin 105). Gold grades are very sporadic, ranging from trace to 50 grams per tonne gold. Native gold is the principal metallic mineral and occurs in pockets associated with roscoelite, a dark green to black micaceous aluminosilicate. Minor pyrite, tetrahedrite, chalcopyrite, antimony, berthierite, allemontite and tellurides are also reported. Ore-grade vein material displays vuggy and drusy quartz crystals, and abundant cockscomb and colloform textures in successive layers of quartz and calcite coating country rock fragments and vein material. Engineer mine is also noted for museum-class gold and electrum specimens and is a "Dana locality" for allemontite (stibarsen and native arsenic).

Deal terms

Under the terms of the option, BCGold will acquire a 51-per-cent interest by paying a total of \$250,000 and issuing a total of 375,000 common shares and 325,000 share purchase warrants to EMC in the first two years. BCGold will then acquire:

1. an additional 9-per-cent interest by issuing \$150,000 in common shares of BCGold and 75,000 share purchase warrants to EMC in the third year;
2. an additional 15-per-cent interest by paying \$200,000 (or issuing \$200,000 in common shares of BCGold, at BCGold's option) and 100,000 share purchase warrants to EMC in the fourth year; and
3. an additional 25-per-cent interest by paying \$400,000 (or issuing \$400,000 in common shares of BCGold, at BCGold's option), and 100,000 share purchase warrants to EMC in the fifth year.

All payments and issuances may be accelerated at BCGold's option.

The issue price per common share in the third through fifth years will be determined by taking the weighted average closing price of the common shares of BCGold for the 20 consecutive trading days immediately prior to the date of issuance.

Each share purchase warrant will be exercisable to purchase one common share of BCGold for two years following the date of issuance at a price per common share to be determined by taking the weighted average closing price of the common shares of BCGold for the 20 consecutive trading days immediately prior to the date of issuance plus 25 per cent.

BCGold will be entitled to permit EMC to inspect and mine selected oreshoots within the property following dewatering of the property on terms to be negotiated in good faith between the parties, on the basis that EMC will reimburse BCGold for the costs of the dewatering and will pay BCGold a 12.5-per-cent gross return royalty from any ore production.

EMC currently holds an 80-per-cent interest in the property, with the remaining 20-per-cent interest being held by Winslow Gold Corp. EMC has agreed to use its commercially reasonable best efforts to acquire as soon as possible from Winslow the remaining 20-per-cent interest in the property. The agreement between BCGold and EMC will terminate effective June 30, 2007, in the event EMC has not acquired such interest.

Qualified person

The technical information contained in this release was compiled by R. Allan Doherty, PGeo, of Aurum Geological Consultants. Mr. Doherty is a qualified person as defined under National Instrument 43-101. A qualified person has not done sufficient work to classify the historical estimate as current mineral resources, the issuer is not treating the historical estimate as current mineral resources and the historical estimate should not be relied upon.

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