

Property File

92P 171

N.T.S.: 92P/4

**Mineral Marketing, Inc.**

**013639**



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page 1 of 6 pages

Telefax

To: Z. D. Hora

From: Hal McVey

Danny:

Five pages from a report on the Kelly Lake deposit(s) are enclosed. I have asked for the remainder of the report and any other information and data, the N. M. Paterson company has.

In the meantime, I thought the last two pages they sent me might be useful in determining what maps I need, etc.

For your reference, my telefax no. is: (916) 273 - 7619.

Regards,

CONSOLIDATED NON-METALLICS LTD.

Kelly Lake Limestone and Shale Deposits

References

1. Map - Surveys and Mapping Branch, Department of Energy Mines and Resources, Canada - Clinton 92P/4 - 1:50,000. Attachment 1.
2. Sketch - Mineral Claim coverage District Lots 1284 and 2203 and contiguous area. Attachments 2a and 2b.
3. Drilling report - W.G.Wahl Limited, Toronto on district Lot 2203, Aug. 14, 1973.
4. Paper 79-17 - Geological Survey of Canada, "Permian Rocks of the Cache Creek Group in the Marble Range, Clinton Area, B.C. 1980".

Location

The limestone and shale deposits are located in the province of British Columbia in the southwest portion of the Marble Range of mountains adjacent to a narrow valley drained by Porcupine Creek, which runs into Kelly Lake some 5 miles to the south. To the north and east of the Marble Range is the relatively flat Cariboo Plateau. Clinton is about 10 miles from the site at the eastern edge of the mountains. Reference attached maps.

Lease and Mineral Claims

The areas of interest contain massive deposits of very high quality limestone and extensive deposits of shale. These are covered solidly (including District Lots 1284 and 2203) by sixty-five mineral claims held by Consolidated Non-Metallics Ltd. In addition a quarrying lease #22867 is also held on the one square mile of DL 1284.

Quality of Limestone

All analyses of the limestone from this property indicate that the stone is of a quality comparable to the highest quality limestone of Central North America and the Appalachian area. Significantly, there is no chemical limestone deposit in western Canada or the United States which is of comparable high quality and as easily accessible to the varied markets through the existing railroad and highway networks.

The Company has opened quarry faces and has surface-sampled the area extensively, and the analysis obtained are consistent with the findings of W.G. Wahl Ltd. of Toronto, who carried out diamond drilling and analytical work on the southern portion of DL 2203. This consisted of five drill holes extending to a depth of 500 ft. which showed an immediate tonnage in the section of 10.6 million short tons of limestone. The stone has a calcium carbonate content (CaCO<sub>3</sub>) averaging between 98.45% and 99.5% with a calcium oxide rating of 55.21%. Based on these surveys, at a minimum estimate, the 2 leases probably contain at least 4 billion tons of this high quality limestone (CaCO<sub>3</sub>). Being practically free of over-burden and lying in massive beds with very tight jointing, this material is easily won.

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### Access and Transportation

Road - the area covered by DL 2203 is approximately 10 miles west of Clinton. Access is via a secondary road southwest from Clinton which is on a main first class highway for 10 miles to Kelly Lake, thence north on the Jesmond road for about 4 miles to where Porcupine Creek crosses under the road. Lease #22867 (DL 1284) is approximately 1 mile to the west.

Rail and seaport - the main line of the British Columbia Railway passes through Kelly Lake and parallels the road to Clinton. A cement and/or lime plant could be located adjacent to the quarry, rail and road facilities approximately three miles east of Kelly Lake. A preliminary survey for a rail spur from a proposed plant site to the main line of the B.C. Railway has been carried out. The distance from Kelly Lake to the Pacific Coast port of Squamish, B.C. by the main line of the B.C. Railway is 153 miles; so there is an excellent rail facility for export shipments of cement, clinker or other products to a Pacific Coast port of export. If, in addition to the B.C. Railway other main line railroads were to be used, the deepwater Pacific ports of Roberts Bank, Vancouver or New Westminster, B.C. could be used for export shipments.

### Local Resources

Local supplies of timber, gravel and water on the lease areas are generally sufficient to support lime and/or cement plant operational needs, including quarrying. All other requirements such as building materials, equipment, supplies and good labour can be procured in the Clinton area and/or through the lower mainland centres. The British Columbia Hydro 500 KV EHV DC and 230 KV AC transmission lines rights-of-way are approximately 1 mile from the western boundary of the leases. Sub-station step-down facilities would have to be installed to make electric power available to the lease area from the 230 KV line. Petroleum bulk facilities are available in Clinton or by tank car at the Hydro station on the B.C. Railway. Natural gas lines connecting the gas fields in northern British Columbia to the lower mainland areas service Clinton. Aple coal field supplies are available within 80 miles distance.

### Cement

Limestone and shale, the primary ingredients of cement, together with all of the other necessary raw materials meeting the chemical requirements for cement, with the exception of gypsum, are in abundant supply on the properties. Gypsum is not a major cement ingredient; is not required for the production of clinker; and is readily available at nominal cost. There are gypsum deposits within a 60 mile radius of the leases which possibly could be developed as a source of gypsum. Having the major materials readily available at the plant site, only local material handling would be necessary and there would be no long haul transportation costs.

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### Chemical Products Plant

A great portion of the chemical industry, prior to World War II, was based on acetylene. Acetylene was produced by introducing electrical current to a mixture of limestone and coke, producing calcium carbide. The calcium carbide, when combined with water, would release acetylene (C-C) in gaseous form. By addition of other compounds a cornucopia of chemicals could be produced ranging from ethyl alcohol to antifreeze. Polymerization of acetylene would yield synthetic rubber, plasters, and biocides.

The classical acetylene industry was replaced by cheaper, more abundant ethylene and natural gas after World War II. However, more recently with escalating energy costs and the deregulations, oil, gas, and electricity costs have shot up, and the availability and cost of petro-chemical feed stocks have become unreliable.

British Columbia has abundant natural resources including hydro-electrical power, high grade coal and of course this massive high quality limestone deposit at Kelly Lake, B.C. Accordingly, the Company should investigate the feasibility of developing a proprietary process to produce acetylene using the Kelly Lake limestone and B.C. coking grade coal. Other compounds could be produced, ranging from ethyl alcohol to antifreeze, and polymerization of acetelyne would yield synthetic rubber, plasters, and biocides.

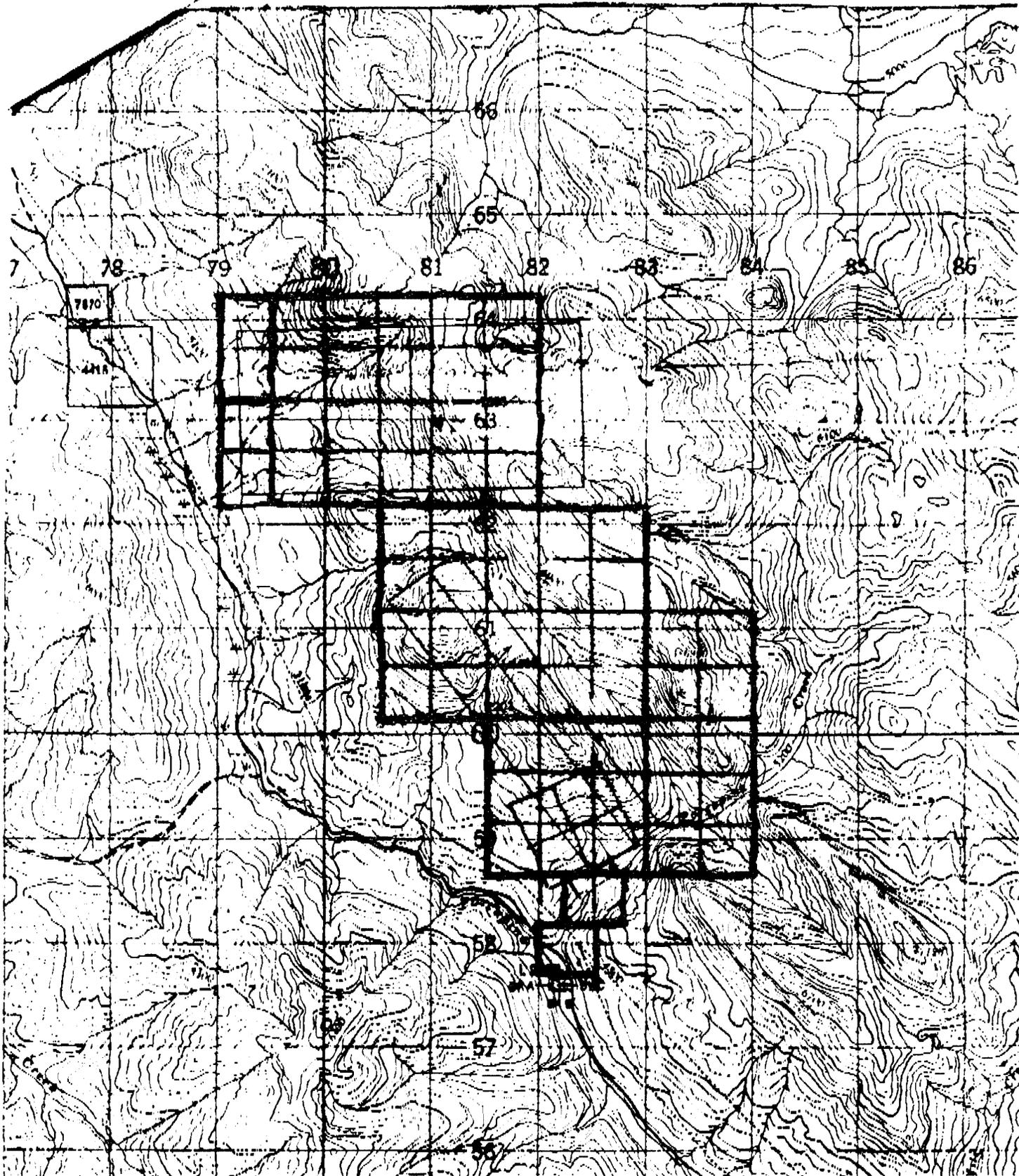
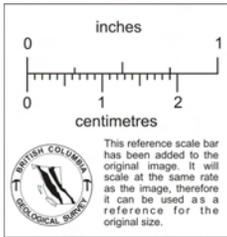
In summary, there is adequate space available in the vicinity of these preliminary quarry sites for the erection of large-cement, lime and chemical products plants. These would be very close to highway and hydro facilities and from the main line of the B.C. Railway. With the magnitude of the deposits of raw materials, supplies for expansion are almost unlimited. With a sizeable cement operation, the cost of lime production would be most attractive.

### Markets

Cement - within economical radius of the proposed plant, there is a growing domestic market for cement and clinker which at present amounts to just over 200,000 tons of cement per annum. The Company carried out extensive surveys on export markets and estimates that there is cement clinker export market of approximately 400,000 tons per annum. This would be a profitable export market by way of Squamish and scow to the Columbia River basin.

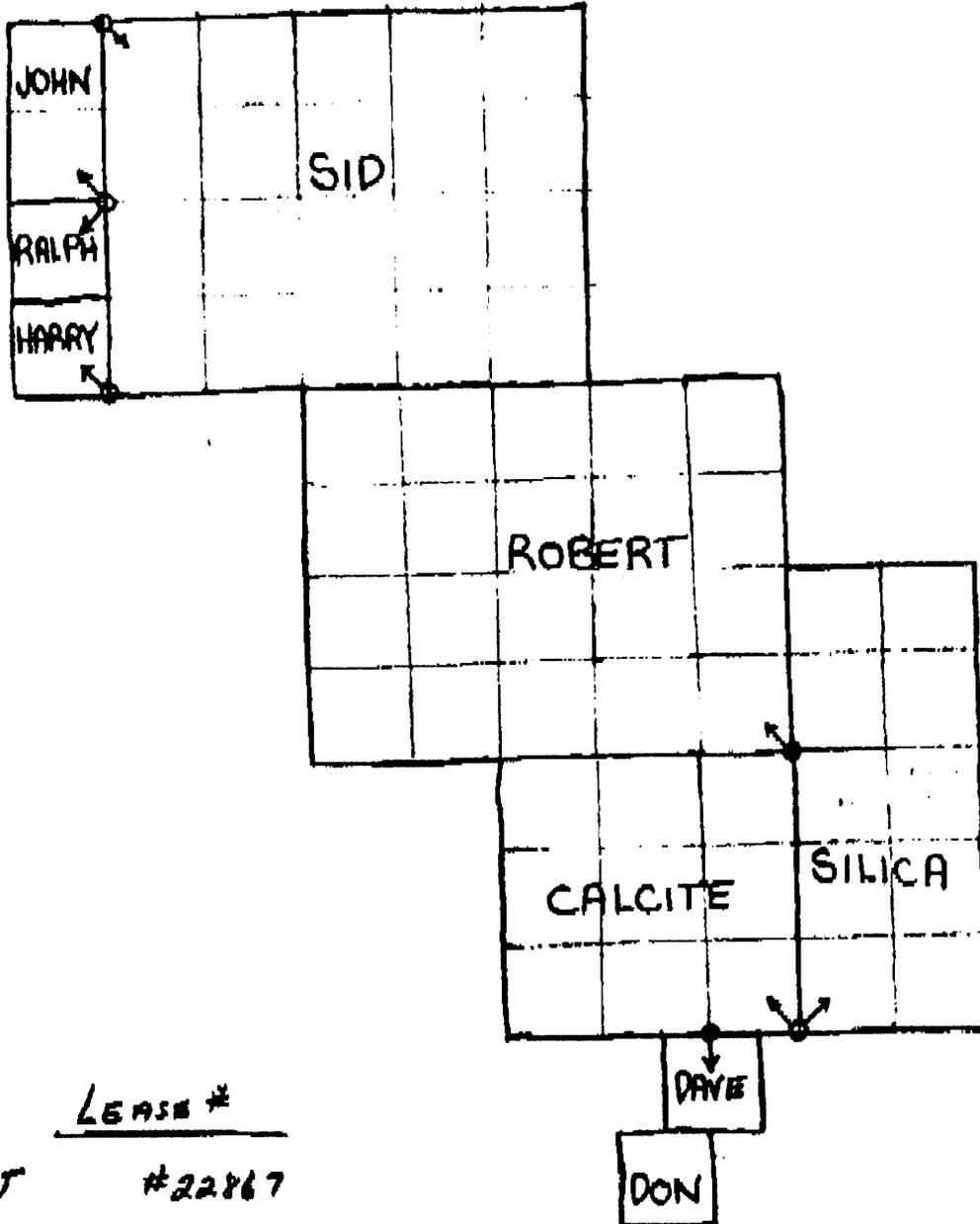
Lime - there is a local British Columbia lime market for the pulp and paper and mining industries of approximately 272,500 tons per annum of which a Kelly Lake plant would capture 150,000 tons per annum, plus an expanding export market.

### Chemical Products



# KELLY LAKE CLAIMS

JUNE 83



LEGAL  
DESCRIPTION

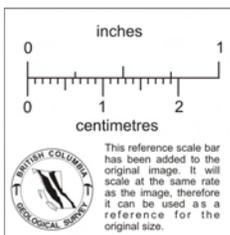
LEASE #

DL 1284 LILLOOET

#22867

DL 2203 LILLOOET

#331889



♂ = LEGAL CORNER POSTS  
EACH BOX = ONE UNIT = 500M x 500M

SEE ALSO TOPOGRAPHICAL MAP