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ZN CLAIM GROUP

The Zn Claim Group is a zinc-copper prospect located in the Lardeau District of British Columbia. It consists of 102 claim units (approximately 5,000 acres) adjoining the Duncan property of Cominco. The claims contain three potential drill targets which are untested. Access is by all weather gravel road 15 km from Cooper Creek on paved highway 31. The road crosses the claim group for 6 km.

Exploration Targets

The Duncan property of Cominco hosts mineable deposits of lead-zinc mineralization within the dolomitic limestone of the Badshot Formation. Mineralization extends over a strike length of 10 km, with individual zones up to 3,000 ft. long and 100 ft. wide. The adjacent Index formation is relatively unexplored. There is strong evidence that the limy horizons within the Index Formation may also host zinc mineralization and possibly high grade copper as well. These are the target horizons on the Zn Claim Group. Three specific locations have been identified as potential drill targets. They are:

**1. Caliche Gossan**

A strong caliche gossan is exposed along four hundred feet of shoreline on the east side of Duncan Lake where erosion at the new high water mark caused by the installation of the Duncan Dam has washed away the pre-existing soil cover. The rusted caliche is traceable as fragments in the overburden for four hundred feet to the east, where it cuts out sharply at an elevation two hundred feet above the high water mark. Soil samples taken immediately down slope from the cut-out rusted caliche fragments are anomalous in zinc. The bet is that the rusted caliche is sourced by sulphide mineralization in a limestone horizon in the Index Formation and that the mineralization includes zinc.

## 2. Copper Float

A fragment of malachite-stained limy schist was discovered 1,000 feet to the south of the caliche gossan. The material is finely disseminated with chalcocite, and assayed 5.0 % copper. The source is presumed to be uphill to the east. It may have originated from the same or a parallel horizon within the Index Formation as the band responsible for the heavy rusting of the caliche.

## 3. Limestone Spring

At Km 15 on the access road from Cooper Creek that runs through the Zn Claim Group, there is a water flow that originates at a limestone outcrop by the side of the road. A narrow valley (100 to 400 feet wide) trends 160 ° from the spring. Self potential traverses across the valley show a sulphide type anomaly (+180 mv) over a strike length of 1,000 ft. Soil samples from the valley are anomalous in zinc. The location is 2 km south of the caliche gossan.

## Exploration Proposal

It is proposed to further define the exploration targets by detailed soil sampling and electro-magnetic surveys. The sites showing the best combination of geochemical values and geophysics could then be drill tested. Cost of the pre-drilling program is estimated to be \$15,000.

## Option Proposal

It is proposed to grant an option on the ZN Claim Group on the following terms:

Full Purchase Price:

\$150,000 plus 2% NSR

Initial Payment:

10% of Purchase Price (\$15,000)

Annual Payments:

10% of remaining Purchase Price, calculated on the basis of the declining balance, i.e.,

Year 1 - 10% of \$135,000 = \$13,500

Year 2 - 10% of \$121,500 = \$12,150, etc.

Property payments must be complete before any production commences from the claims.

