

January 31st, 1972.

Mr. M.E. Holt,  
Canerpa Limited,  
55 Yonge Street,  
Toronto, 1, Ontario.

Dear Mr. Holt:

We are interested in entering into negotiations with Cariboo-Bell Copper Mines Limited concerning further exploration and development with the eventual aim of placing the property in production. We have discussed the matter with John K. Campbell who suggested the formation of a joint venture including our group and your company.

I understand John has explained to you over the telephone why Dr. W.R. Bacon and I are particularly interested in this property. While we were both with the Karl Springer group of companies, Bill Bacon placed prospectors in the area who discovered the copper mineralization. During the years following (1965 to 1968 incl.) we were responsible for the exploration work, including the geophysics and geochemistry, the tractor trenching, the diamond and percussion drilling, and the metallurgical investigations.

This work resulted in outlining some 33 million tons averaging 0.50% copper, 0.015 ounces of gold per ton, and 0.05 ounces of silver per ton. Of this tonnage, 23 million tons contained chalcopryrite amenable to ordinary copper flotation methods. The remaining 10 million tons contained varying amounts of non-sulphide copper-bearing minerals.

In 1967 I completed a preliminary feasibility study, which showed that the installation of a 6000 ton per day copper concentrator (to treat the first 11 million tons averaging 0.62% copper) would return the initial investment of approximately \$17,000,000 over a 5.27 year period. The price of copper used was 40¢ U.S., the cut-off grade was 0.30% copper and the non-sulphide tonnage was considered to be waste. Metallurgical recovery was estimated at 85% and the overall waste-to-ore ratio was 2.53:1.

It can be seen from the attached 1969 and 1970 annual reports that further exploration (conducted by Cariboo Bell) revised our estimated ore reserves. A figure of 50 million tons averaging 0.445% copper is now indicated. We are not familiar with the details of this

later exploration since it was conducted by the present Teck Corporation management.

Last week I discussed the property with Bob Hallbauer, General Manager of the Teck Corporation, and Bill Bergey, Exploration Manager. Bob has been a personal friend of mine for many years; I have known Bill since he came to Vancouver a year or so ago. Bob told me that he and his staff have exhausted their own ideas concerning Cariboo-Bell and would welcome a new approach. Most particularly, the metallurgy appears to be their chief concern.

I did not reveal my ideas to Bob but I believe that a new study using our earlier approach, which emphasizes that the non-sulphide material should be considered as waste, and taking into account the increased ore reserve tonnage and the present price of copper, could show positive possibilities regarding economic production. If any new metallurgical approach can be applied, such would be considered only as a plus factor.

We have been watching Cariboo-Bell's progress closely since we left the company, and believe this is a particularly good time to make an approach. The current depressed copper markets, the apparent withdrawal of the Japanese from new B.C. copper mines, and the current demands on Teck's financing abilities re Highmont and Sukunka all combine to strengthen this idea in our minds.

We are under no illusions as to the difficulties of negotiating with the Teck Corporation but, with our background as to this particular property, we are sure that, given access to their files, we can make a correct independent appraisal without relying on any of Teck's conclusions.

We suggest that, if you are interested, you write a letter of authorization to me, giving me the right to approach Cariboo-Bell on our joint behalf for the purpose of securing the necessary technical information. This letter should then be followed by a visit to Vancouver by your representative to study this technical material, to discuss the terms of the proposed joint venture and to work out a possible proposal to Cariboo-Bell.

Yours very truly,

BACON & CROWHURST LTD.

JJC/ic  
Encl's.

J.J. Crowhurst

cc: J.K. Campbell