

TROUT LAKE JOINT VENTURE

This joint venture is shared 50-50 as to costs giving Esso a 45% interest after payback. Newmont acquired the property by option in 1975 and Esso entered into a joint venture in 1976.

Target: A porphyry molybdenum deposit.

History: The property was known for years since 1897 and 1901 as The Copper Chief and Lucky Boy prospects. The Lucky Boy was mined for lead and silver before 1920 and for tungsten during World War II. Cominco held an examining option.

During 1951-54 Major Exploration explored scheelite skarns in the Copper Chief area. In 1969 Alan Marlowe located some molybdenite showings in the vicinity of the Lucky Boy and optioned the ground to Cascade Molybdenum Mines, a subsidiary of Scurry-Rainbow Oil Ltd. They drilled seven holes and returned the property to Marlowe who optioned it to Newmont in 1975. Newmont then optioned the Copper Chief claims from Beulah Oakley.

From 1976-79 Newmont-Esso drilled 15 750 metres in 33 holes. At that point a drill indicated tonnage was estimated at 50 million tons averaging 0.227% MoS<sub>2</sub> using a 0.1% cut off.

In late 1979 a combined bulk sampling and underground diamond drilling programme began and was completed in late 1981.

1981 Programme and Results

A total of 2005 metres of drifting and 21 820 metres of diamond drilling were done. For bulk sampling each 100 ton drift round was quartered and 25 tons crushed and split. From each quarter 80 lbs. were shipped to Newmont's Danbury Lab. for assay and metallurgical testing.

A comparison of bulk sampling grades vs diamond drill hole grades from adit pilot holes shows an average increase in grade of 8%. *ic .227 → .245 % Mo*

A comparative tonnage and grade estimate performed in August 1981 before completion of the programme shows that the underground drill results tend to confirm the estimates from surface drilling in zones B and D. No tonnage and grade was estimated for the newly discovered F zone which consists of 53.5 metres averaging 0.229% MoS<sub>2</sub> in one drill hole.

In addition, a small amount of specialized geologic mapping was done on surface by Geotex Consultants to determine structure and report on the extent of fault movements. Movement on the "Z" fault was thought to be largely dip slip.

1981 Expenditures: \$5.5 million.  
Expenditures To Date: \$11 million - underground  
\$2.6 million - surface

Recommendations: Upon completion of the underground programme the adit was closed off and the property placed in the care of a watchman. Engineering studies will be carried out to determine a future mining and development plan. Estimated costs for 1982 are approximately \$300,000.

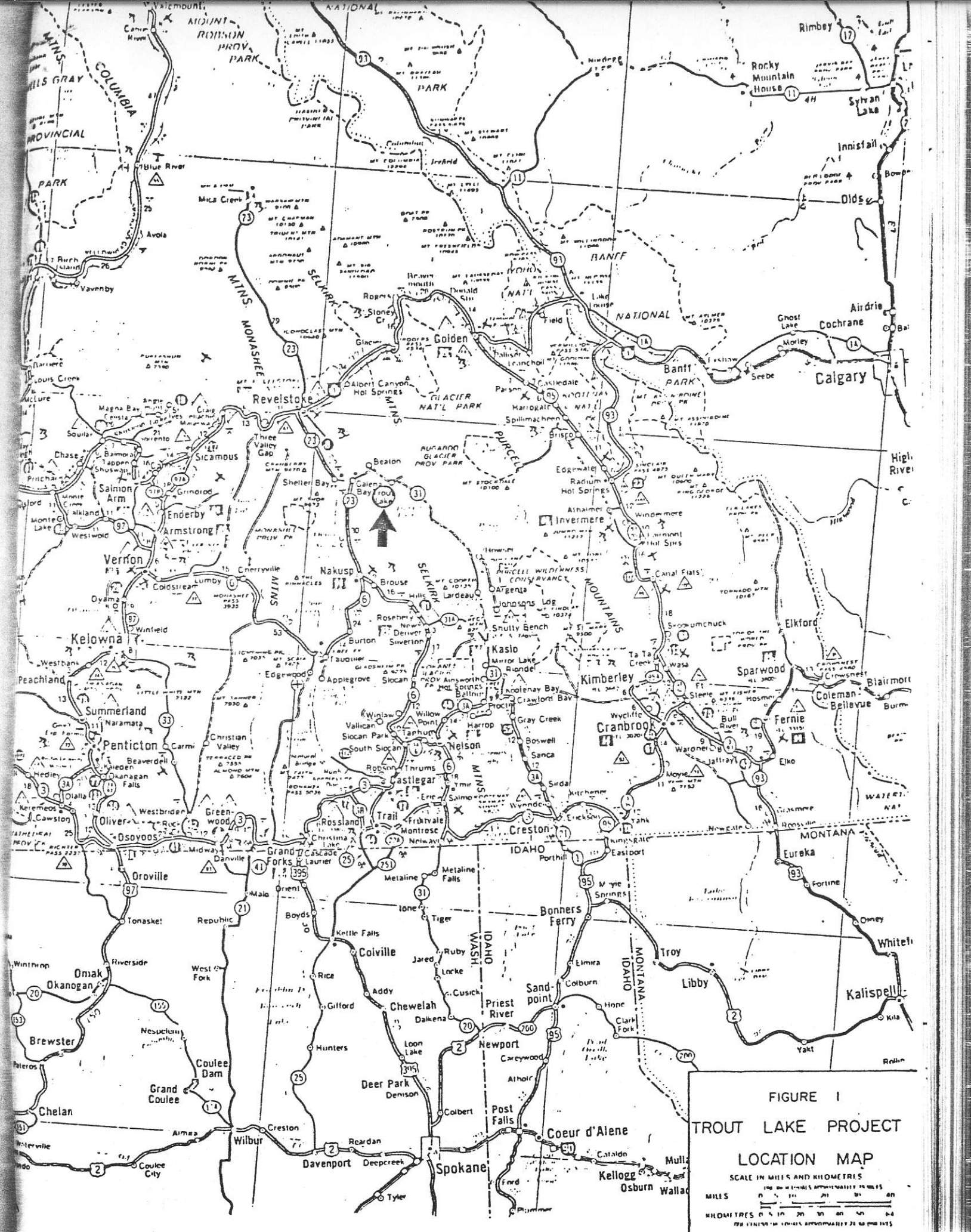


FIGURE 1  
 TROUT LAKE PROJECT  
 LOCATION MAP  
 SCALE IN MILES AND KILOMETRES  
 1 INCH = 10 MILES APPROXIMATELY 16 KM  
 MILES 0 10 20 30 40 50 60  
 KILOMETRES 0 5 10 20 30 40 50 60

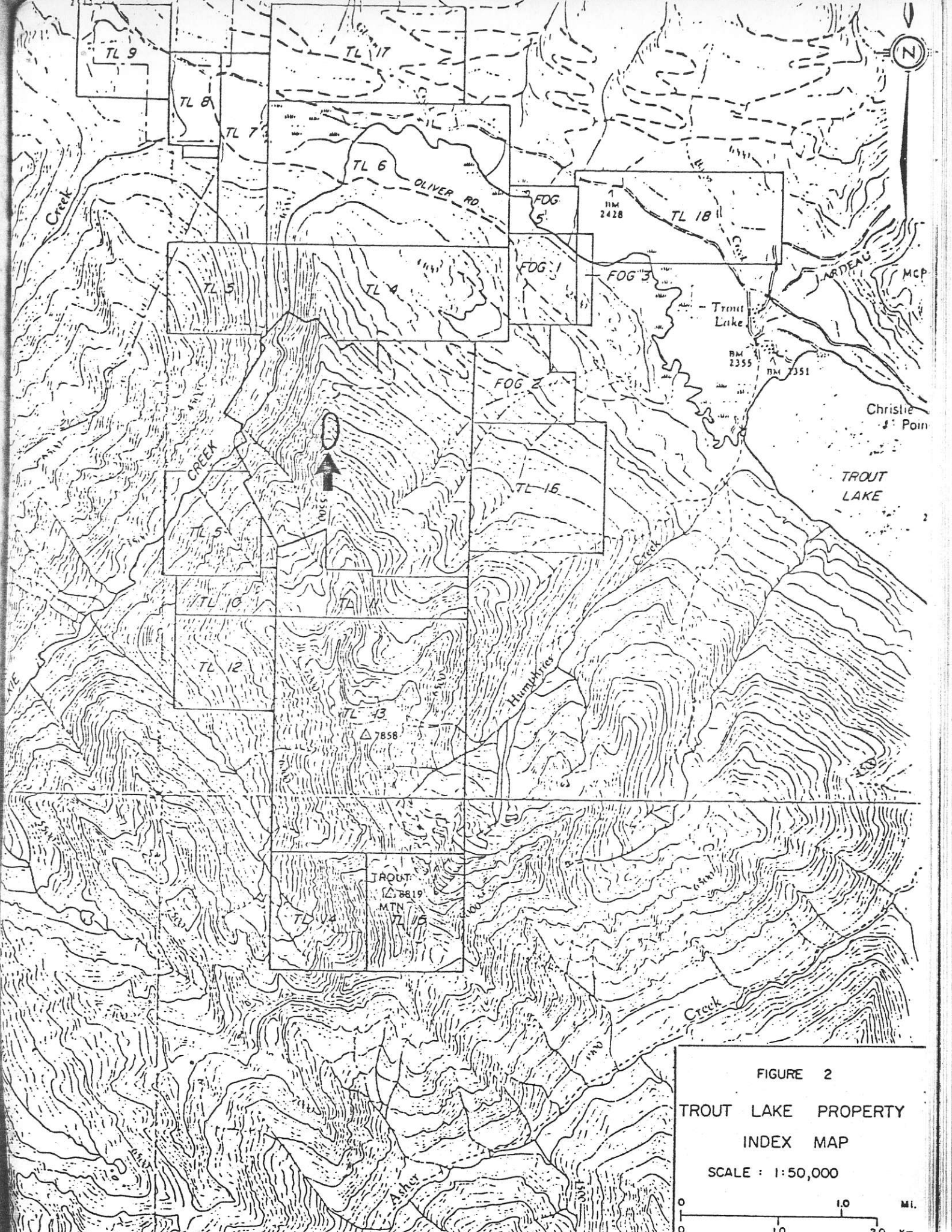


FIGURE 2  
 TROUT LAKE PROPERTY  
 INDEX MAP  
 SCALE : 1:50,000

0 1.0 2.0 Mi.  
 0 1.0 2.0 Km.