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MEG LUNCHEON NOTES

Dec 11/91

KEMESS PROJECT

R. Lane

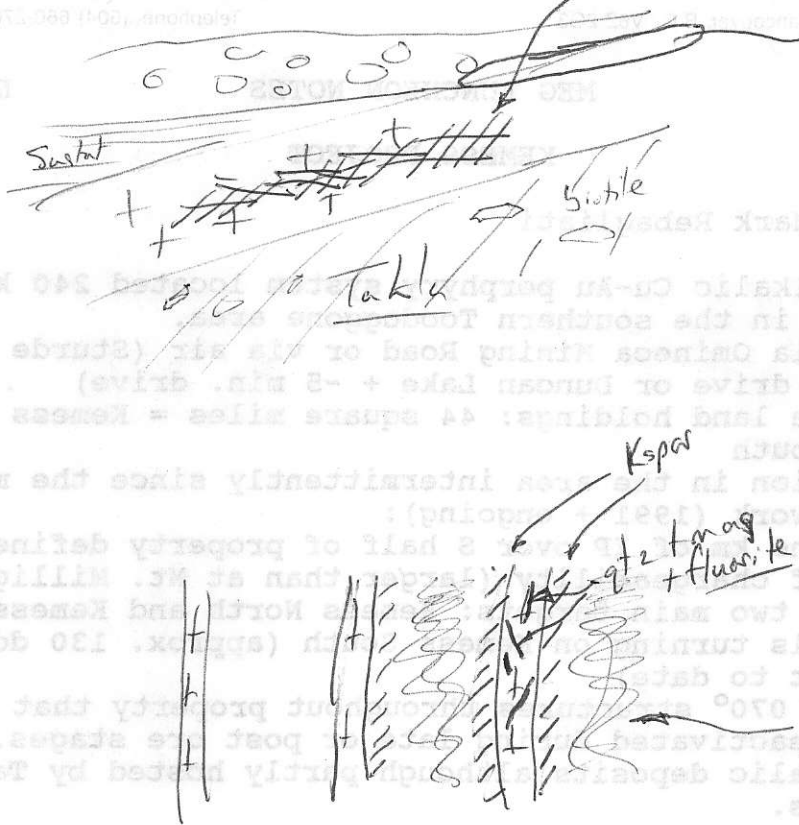
Speaker: Mark Rebagliati

- a calc-alkalic Cu-Au porphyry system located 240 km N of Smithers in the southern Toadogone area.
- access via Omineca Mining Road or via air (Sturde Strip + 1/2 hour drive or Duncan Lake + ~5 min. drive)
- extensive land holdings: 44 square miles = Kemess North & Kemess South
- exploration in the area intermittently since the mid 1960's.
- current work (1991 + ongoing):
  - 200 line km of IP over S half of property defined 48 sq. km area of chargeability (larger than at Mt. Milligan).
  - ddh on two main targets: Kemess North and Kemess South
  - 3 drills turning on Kemess South (approx. 130 ddh on this deposit to date)
  - common 070° structures throughout property that may have been reactivated during late or post ore stages.
- Calc-alkalic deposits although partly hosted by Takla Group volcanics.
- Kemess North (100% El Condor Resources): geological inventory of 141,000,000 tonnes of 0.33 g/t Au, 0.17% Cu (0.5% Cu equiv.) (with a "mineable core" of about 70,000,000 tonnes).
- open to West and to East and down "plunge".
- highest grades occur in & around monzodiorite (MD) dykes that contain local Qtz + Mgt (up to 40%) + Fluorite alteration zones.  
early K-alteration envelopes MD dykes and is flanked by wide propylitic margins on either side
- Kemess North deposit is dissected by a 40-60m thick flat-lying "shear zone" (@ ~50m depth) that has the effect of "smearing" out horizontally the upper portion of the ore zone
- simple mineralogy" individual grains of PY, CPY and MO; few PY-CPY intergrowths; Au associated with CPY.
- Kemess South (60% El Condor; 40% St. Phillips): hosted in the Maple Leaf monzodiorite laccolith-like intrusion - a gently SW dipping body underlain by Takla Gp. augite porphyry (biotite altered) and overlain by either Sustut Gp. (locally contain "ripups" of supergene mineralization) or till.
- deposit is over 1500m (1 mile) in length and is open to the west
- continuity of grade along trend is excellent (east end - 0.6% Cu equiv.; middle - 1.0% Cu equiv.; west end - 0.9% Cu equiv)

MEMORANDUM

75% value of ore in gold

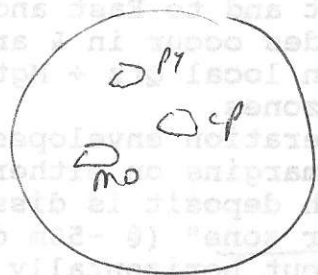
qtz + magnetite  
horizontal stockwork  
+ sericite tail.



Supergene enrichment  
(20% Reserve)  
Native Cu,  
hematite,  
rare chalcocite  
at base)  
- consistent  
Au grades

Au: Ag = ~1:1

⊕ monzodiorite



Moly grade?

- core of intrusion contains a qtz ( $\pm$  mgt) horizontally oriented stockwork zone and accompanying intense sericite + clay + chlorite alteration assemblage.
- Kemess South "boasts" a supergene enrichment zone, which accounts for 20% of the reserves, which consists of native copper, hematite, rare chalcocite at the base of the zone and consistent gold grades throughout (while the copper is leached out in the upper portions of the zone).
- Kemess South: drill indicated reserves of 171,000,000 tonnes @ 0.63 g/t Au, 0.234% Cu ( ) .086% Cu equiv)
- Value of the ore is about 75% in Au
- stripping ratio for Kemess during the first few years is projected to be less than 0.5:1
- about \$30,000/month being spent in environmental baseline studies

Note: Copper equivalent - El Condor uses the net smaller return value for Cu+Au and then converts back into a Cu % equiv. grade

RL:JB  
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