

VANCO - ASPEN GROVE - SLIDE

INTRODUCTION

A proposal has been made whereby I.M. Watson & Associates Ltd. may acquire control of Vanco Explorations Ltd.

1. Vanco Explorations Ltd. is a private company incorporated on 2 July 1964.
 2. The company has an authorized capital of 4,000 shares 'valued' at \$10.00 each.
 3. Four (4) shares have been issued and are held by four nominees (Hollinger Labrador/Norcen officers).
 4. The company has no liabilities (verbal communication, Hollinger-Labrador).
 5. The company's holdings are:
 - i. Slide property, Quesnel River, B.C. (186 units)
 - ii. Slide 12 and 13 claims (8 units)
 - iii. Aspen Grove properties (278 units)
1. **SLIDE PROPERTY** - 11 claims (186 units) - staked March 1981 by Canorex Minerals Ltd.

Background

- The property was optioned by Norcen Energy Resources from Canorex in 1982, and the option subsequently transferred to Vanco.
- By a joint venture agreement (January 15, 1982), Vanco was to earn a 50% interest in the property by spending \$150,000 before December 31, 1983. This was accomplished and Vanco had spent approximately \$283,500* in recorded assessment work by the end of 1984.
- Canorex's interest has been diluted to approximately 38%, as that company failed to match expenditures in excess of \$150,000.
- Sufficient work has been filed to maintain the Slide properties as shown.
 - Slide A Group (98 units) April 18, 1995 -
 - Slide B Group (88 units) April 18, 1989 -

*Geological mapping; ground VLF and magnetometer and I.P. surveys; geochemical soil sampling; diamond drilling (6 holes); Questor INPUT survey.

Exploration Results

- Geological, geophysical and geochemical surveys have focussed main interest on the northeastern part of the Slide property. I.P. surveys detected a strong, persistent, 3,000-metre long, northwesterly striking anomaly. Preliminary drilling of this anomaly shows it to be caused by a 50-75 metre thick pyritic calcareous argillite within a sequence of felsic and basic pyroclastics and flows. This succession strongly resembles that on the adjoining Dome QR gold property where part of the gold deposit is believed to occur at the contact of calcareous pyritic sediments with underlying propylitised basic volcanics. Although gold has not yet been encountered in the propylitised basic volcanics below the sediments on the Slide property, the drilling tested the favourable zone at only four sites, based mainly on I.P. response. A satisfactory testing of the 3,000-metre target will require further drilling, based more on the geochemical and magnetic anomalies along the zone.

- Currently (Nov. 1986), Dome is again drilling the QR zone, about 3,000 metres south-east of the Slide 'favourable zone', following up upon rumoured favourable results obtained during the early 1986 drilling. Reserves announced by Dome in 1982 are 950,000 tons drill indicated, grading 0.21 ozs Au/ton.

Proposed Work

- A programme of percussion drilling, comprising 20 holes, at an overall estimated cost of \$100,000, is recommended to test the best targets along the footwall of the sedimentary unit on the Slide property.

2. SLIDE 12 AND 13 CLAIMS (8 units), staked by Vanco

- Claims 100% owned by Vanco - not part of the Canorex agreement. Claims adjoin Slide property on the south.
- Geological and geochemical surveys completed. Work filed to 1987.

3. ASPEN GROVE PROPERTIES (21 claims, 278 units)

Background

- Claims staked by I.M. Watson, J.H. Randa, 1984-85, and optioned to Vanco Explorations.
- The claims were staked to protect potential and known gold bearing geological environments in the Nicola Belt essentially similar to those hosting gold deposits in the northern continuity of the belt in the Quesnel area (Quesnel Belt or Trough).
- Reconnaissance geological, geochemical and prospecting surveys were made over selected geological targets and known mineralised zones were examined and sampled.
- Expenditures totalling approximately \$67,000 were made during 1985, and sufficient work has been filed to keep the claims in good standing until 1987 and 1988.
- Vanco has indicated that it will no longer carry on mineral exploration and will do no further work on the Aspen Grove claims.
- If Vanco decides to surrender any or all of the claims, they must be returned to Watson/Randa in good standing for one year. At the present time, \$10,000 of work must be filed by October 10, 1987 to fulfil this obligation. By 1988, a further \$30,000 of work will be required to keep the remaining claims in good standing (see list attached).

Results of Exploration

The 1985 programme delineated three main areas of interest:

i. Bloo-Climax Claims

Interest in this area derives from both multi-element geochemical soil anomalies and from geological environments closely resembling those hosting gold mineralisation on the Sadim property. Specifically of importance is the sequence of limestone, limestone and volcanic breccias, and tuffs which

strike north-northwesterly through the Bloo and Climax claims. Carbonatised and hematitised tuffs, some bearing sulphides and quartz-carbonate veins, are of particular interest, and have been recognized at several locations along this sequence. Major northerly trending faults, and younger cross faults, have severely dislocated the succession and are important as controls of precious and base metal deposition, as are adjacent dioritic intrusions (see below).

Further data evaluation and interpretation is needed, followed by mapping, prospecting and sampling of selected targets.

ii. Boomerang Showing Area, Bloo Claim

The Boomerang showing area embraces old hand pits, bulldozer trenches, and diamond drill holes investigating fracture controlled copper mineralisation in diorites immediately east of the favourable sequence described above. Low to moderate gold soil anomalies led to the discovery of anomalous gold (up to 980 ppb) in the altered (propylisation) fractured diorites. The gold occurs in quartz-carbonate veins. Only preliminary follow-up work has been done in this area. Further mapping, prospecting and sampling is required. Structural control (faults) is of importance.

iii. Thor 13-16 Area

Despite generally weak soil sampling results (in part a function of glacial cover), rock sampling by ourselves and Peto (1985) has indicated the presence of anomalous gold in a 'QR' type environment. There is also the possibility that the host rocks of the Sadim gold zone to the south pass through or on to the western part of the area - an area which has not been investigated in any detail as yet.

Proposed Work

The accompanying geological map and overlay outline areas (hatched) proposed for exploration during 1987. Efforts would be concentrated on identifying and sampling favourable host rocks of the SADIM 'gold zone' - i.e. rusty, pyritised tuffs within a sequence of tuffs, volcanic breccias, volcanic/limestone breccias, and limestone.

Priority:

1. SADIM zone possible strike extensions (SADIM claims).
2. THOR 13 area - possible northerly strike extension of favourable SADIM lithology.
3. BLOO-CLIMAX area.
4. Boomerang showings area.
5. THOR 16 - SADIM 2.

Programme

Geological reconnaissance to identify targets followed by geochemical rock sampling of favourable units. (Conventional soil sampling is of limited value, and appears applicable only in areas of abundant outcrop, free of glacial cover, where residual soil has developed.)

Further work, probably trenching, would depend on results obtained.

Initially work would be carried out by a two-man crew.

Estimated Cost

**Phase I Geological & Prospecting Reconnaissance
Two-man Crew, est. 15 days.**

Salaries

Geologist - 15 days @ \$275.00/day	\$4,125.00	
Prospector - 15 days @ \$175.00/day	<u>2,625.00</u>	\$6,750.00

Accommodation/Board

30 mandays @ \$40.00/manday		1,200.00
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Telephone, Freight

150.00

Vehicles/Fuel

4X4 - 15 days @ \$35.00/day	525.00	
2 trail bikes - 10 days @ \$12.50/day/bike	250.00	
Fuel	<u>250.00</u>	1,025.00

Equipment Rental

225.00

Supplies

350.00

Geochemical Analyses (rock)

Pb, Ag, Au - est.		3,000.00
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Reproduction, Maps

150.00

Drafting

400.00

Administration

1,300.00

Phase I Total

14,550.00

**Phase II (Dependent on results of Phase I)
Trenching, Sampling, est. 7 days**

Salaries

Geologist - 7 days @ \$275.00/day	\$1,925.00	
Samplers (2) - 7 days @ \$100.00/day/sampler	<u>1,400.00</u>	3,325.00

Accommodation/Board

21 mandays @ \$40.00/manday		840.00
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Telephone, Freight

100.00

Vehicle/Fuel

4X4 - 7 days @ \$35.00/day	245.00	
Fuel	<u>75.00</u>	320.00

Equipment Rental

Est. backhoe - 5 days @ \$800.00		4,000.00
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Supplies

175.00

Geochemical Analyses, Assays

1,750.00

Drafting

400.00

Administration

1,090.00

Phase II Subtotal		<u>12,000.00</u>
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Total Phases I & II		<u>\$37,460.00</u>
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PROPOSED DEAL VANCO/I.M. WATSON & ASSOCIATES LTD.

Labrador Mining and Exploration (Vanco) has offered to transfer the shares of Vanco Explorations Ltd. with the Slide and Aspen Grove properties included as assets to I.M. Watson & Associates Ltd. for \$50,000, less \$10,000 credit for the work requirement for the Aspen Grove claims - a net payment of \$40,000.

I.M. Watson & Associates Ltd. is looking for funds to negotiate this deal, and will enter into a minority partnership with a suitable party willing to provide the moneys required. Terms are open and negotiable.

ASPEN GROVE PROPERTY CLAIM DATA

<u>Claims</u>	<u>Record #</u>	<u>Units</u>	<u>Tag #</u>	<u>Recording Anniversary Date</u>	<u>Yrs. Work Applied</u>
Blak	1551	12	38073	31 August 1984	3
Bloo	1553	20	61940	31 August 1984	3
Mickey	1554	6	38057	31 August 1984	3
Finn	1555	4	38056	31 August 1984	3
*Thor	1552	10	38055	31 August 1984	2
Thor 2	1556	10	38058	7 September 1984	3
Thor 3	1557	20	38059	7 September 1984	3
Thor 4	1558	20	38060	7 September 1984	3
*Thor 5	1559	20	38061	7 September 1984	2
Thor 6	1560	12	38062	7 September 1984	3
*Thor 7	1561	12	38063	7 September 1984	2
*Thor 8	1562	20	38064	7 September 1984	2
*Thor 9	1563	10	38065	7 September 1984	2
*Thor 10	1573	20	38066	10 October 1984	2
*Thor 11	1574	8	38067	10 October 1984	2
Thor 12	2281	20	38068	10 October 1984	3
Thor 13	2282	15	38069	10 October 1984	3
Thor 14	2283	15	38071	10 October 1984	3
Thor 15	2432	2	88011	6 August 1985	3
Thor 16	2433	4	88014	6 August 1984	3
Climax	1640	15	88013	9 July 1985	3

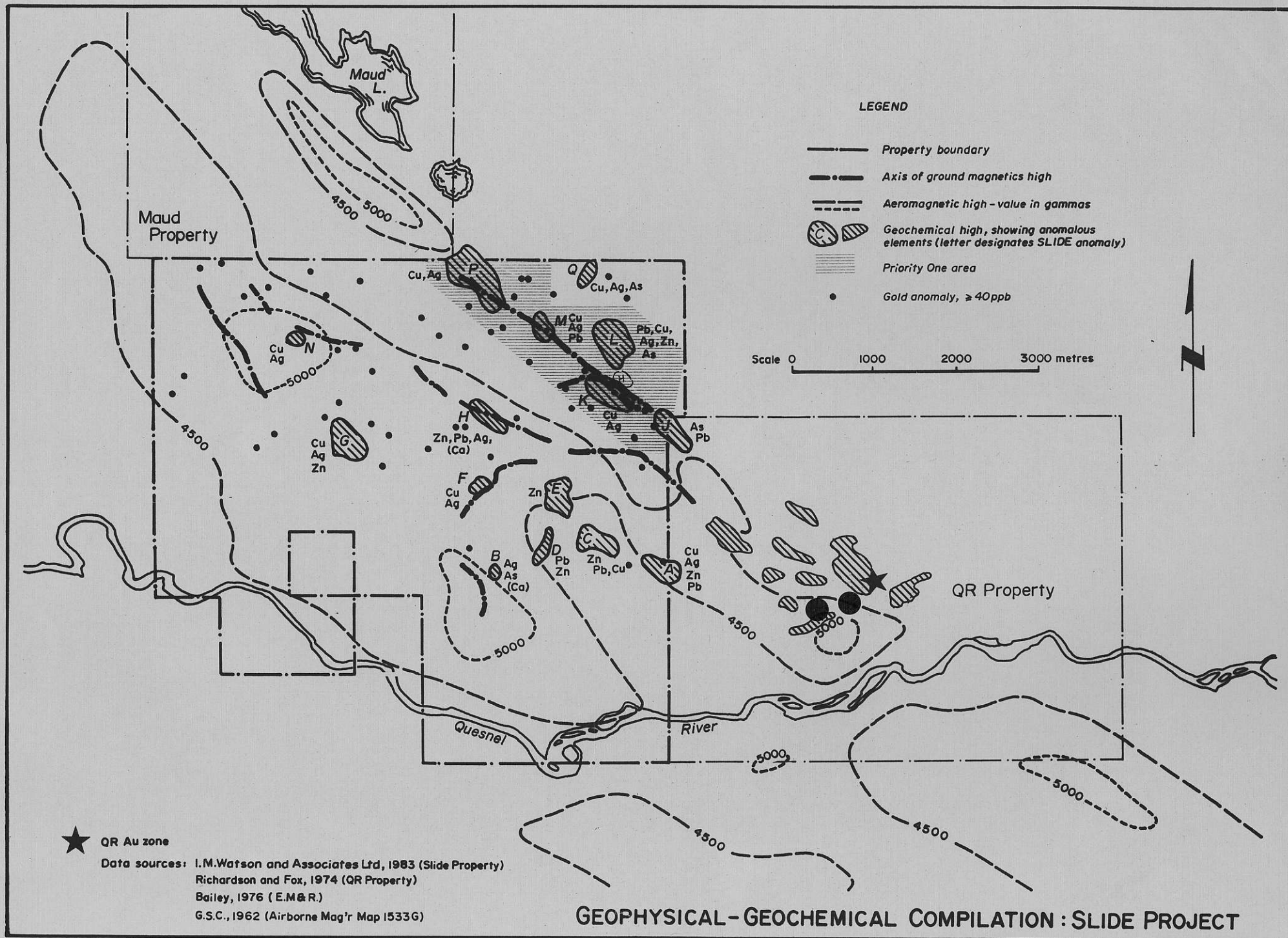


Figure 5