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Seneca
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ROY Y. WATANABE & ASSOCIATES INC.

1792 Sherwood Forest Circle,
Mississauga, Ontario L5K 2H6

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FAX TRANSMISSION

Date: 29 Sept. '89
From: Roy Watanabe

PLEASE DELIVER THE FOLLOWING MESSAGE TO:

Name: Mr. A.F. Reeve, President
Firm: Karamide Resources Ltd.
Fax Number: (604) 688-0378

Total number of pages, including this cover sheet: 5 pages

If you do not receive all of the pages please call Roy Watanabe at (416) 823-4282.

Special message/instructions:

In recognition of your busy schedule, I am sending this Property Summary on Seneca. I am presuming that you wish to know more about its exploration potential after your telephone discussion with Bill Roscoe a few days ago.

Please let me know your reaction - if positive, I will ask you to sign a Confidentiality Agreement, and then I will ~~send~~ ^{send} ~~receipt~~ of relevant maps and reports.

Regards,
Roy

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BACKGROUND SUMMARY

SENECA PROPERTY, B.C.

The Seneca property is one of the most attractive massive sulphide properties in British Columbia. It is owned by Chevron Minerals Ltd. and International Curator Resources Ltd. on a 50:50 basis (Agassiz-Weaver Joint Venture), and I volunteered to be acting agent for the owners, an arrangement built upon my present initiative, my previous accredited role on the property, and particularly my belief and desire to spearhead the discovery of a "blind" orebody along the partially tested Seneca mineralized horizon. I presently hold exclusive rights to seek a third party thus all enquiries should be made to me. The property is being offered on a "first come, first served" basis.

The Seneca property is located about 90 km east of Vancouver, just west of Harrison Hot Springs. A high grade portion with strong gold and silver values compares favourably with the average grade of Westmin's Buttle Lake deposits and bodes well for potential new high grade discoveries on the property. The Seneca polymetallic deposit was reviewed for possible production about 6 years ago, and may still hold some promise if a larger/higher grade deposit can be found along the Seneca mineralized horizon.

Deep drilling in 1972 on the Seneca property (mineralized horizon was encountered at about 550-600 m depth) represented a major psychological step in deep exploration drilling for volcanological massive sulphides in the Canadian Cordillera; perhaps the discovery of the HW orebody by Westmin has altered this reticence in the meantime. I reflect on the example set by Falconbridge in the Noranda camp in the 1960's and 1970's, and more recently by Noranda in the Mattagami camp where 1,000-1,500 m holes were commonplace. Furthermore, recent issues of the Northern Miner have highlighted Aur Resources' new massive sulphide deposit in the Val d'Or area at about 500-600 m depth, providing fresh stimulation for volcanogenic massive sulphide exploration. I suggest that the Seneca property is analogous with Westmin's Buttle Lake property in many ways (e.g. Seneca high grade portion is similar grade to Buttle Lake ore; the Seneca favourable horizon extends into the subsurface for some square kilometres; and persistence, boldness and good technical thinking is required for success), and is otherwise amenable to methods used successfully in massive sulphide camps in the Shield.

I emphasize and reiterate that many of the recent massive sulphide discoveries (e.g. Ansil, HW zone, Winston Lake, Duck Pond, Isle Dieux, Aur) are "blind" deposits which have been found by deep drilling along known mineralized horizons, and where geophysics has played a minor role or no role at all. The Seneca property has exciting potential for a similar discovery: the right ingredients are in place.

Block "A" (see accompanying map) contains much of the down-dip extension of the Seneca mineralized horizon. Importantly, 3 diamond drill holes which tested a small portion of a huge, strong rock mercury anomaly on this ground in 1972 gave results which were encouraging but deemed by some people to be insufficient for further drilling. This huge mercury anomaly with its associated mineral indications have been totally ignored since 1972; and I feel best qualified to bring this very attractive exploration situation to the attention of bold, sound explorationists. Three drill holes in no way tests a strong mercury anomaly measuring about 2 km x 1 km; an adequate test might require about 10 drill holes in my estimation. If the Seneca situation were in the Shield in Ontario or Quebec, the favourable horizon would likely have received systematic drilling and this mercury anomaly would surely have been drilled to saturation. I would venture to say that the stratigraphy, volcanologic reconstruction, and mineral indications on this ground are sufficient to justify further drilling even without considering the presence of the mercury anomaly.

I. Option terms

Please note: Option terms herein are not final, they are subject to final discussions/negotiations with Chevron, and after a Letter of Intent is deposited with Roy Y. Watanabe & Associates Inc..

Block "A"

- earn 50% of Chevron/Curator's interest by spending \$1,000,000 in 3 years (\$200,000., 300,000., and 500,000.).

Blocks "A" and "B"

- earn 50% of Chevron/Curator's interest by spending \$1,750,000 in 5 years (\$250,000., 300,000., 350,000., 400,000., and 450,000.).

Blocks "A" and "B" and "C" (Block "C" has poorly tested Au potential)

- earn 50% of Chevron/Curator's interest by spending \$2,000,000 in 5 years (\$300,000., 350,000., 400,000., 450,000., and 500,000.).

Block "B" alone, and Block "C" alone, or together are also offered for

optioning. I personally would not recommend these blocks without Block "A". In any case, the selection of blocks need not be made until 30 days after execution of a formal agreement, which provides opportunity for a thorough appraisal of the total existing database.

A \$10,000. cash payment is due to Chevron/Curator upon execution of a formal agreement (to cover recent staking costs and option payments).

Chevron would be responsible for preparing a formal agreement.

II. Encumbrances:

Dorothy 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 14 claims

- option payment \$1,000./mo. (total, not for each claim)
- payment of \$0.25-0.50/short ton milling ore, up to a maximum \$500,000. (of which \$45,000. has already been paid)
- 10% net profits interest

Dorothy 11, 12, 13, and I AM 50, 51, 52, 53, 54, 55, 56 claims

- option payments \$300./mo. (total, not for each claim)
- payment of \$0.25 or \$0.50./short ton milling ore, up to a maximum \$300,000. (of which \$40,000. has already been paid)
- 10% net profits interest or 10% participating interest (about \$150,000. expenditures required to earn under the underlying agreement with Solidor Resources)

New claim

- 10% net profits interest

