

93L
FILE

CYPRUS EXPLORATION CORPORATION, LTD.
510 WEST HASTINGS STREET
VANCOUVER 2, BRITISH COLUMBIA
TELEPHONE: 683-9304

811957

October 19, 1970

Mr. H. M. Thurgood, P.Eng.,
L. T. Manning & Associates Ltd.,
890 West Pender Street
Vancouver 1, B C

Dear Mr. Thurgood:

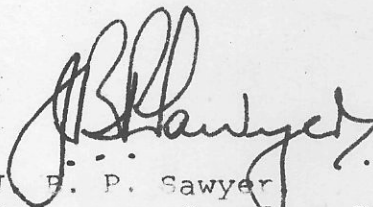
We are returning herewith your copies of the various maps, reports, and other data pertaining to the Fortune Channel Mines Limited property near Walcott, B C.

As you may be aware, we have abandoned our attempts to enter into a joint venture agreement with Fortune Channel. With this package, we have now returned all the data belonging to either you or them from this property.

We would like to express our appreciation of your co-operation and useful comments in our research on this prospect.

Yours very truly,

CYPRUS EXPLORATION CORPORATION, LTD.,



J. E. P. Sawyer
Manager - Canadian Exploration.

JBPS/aw

Enc:

CYPRUS EXPLORATION CORPORATION, LTD.

510 WEST HASTINGS STREET
VANCOUVER 2, BRITISH COLUMBIA
TELEPHONE: 683-9304

FILE
Prospects
Fortune Channel

September 28, 1970

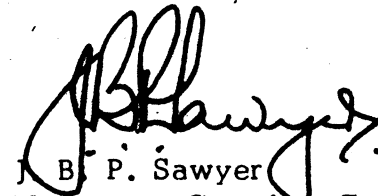
→ Mr. R. A. Anderson, President,
Fortune Channel Mines Limited,
#145 - 890 West Pender Street,
VANCOUVER, B.C.

Dear Mr. Anderson:

We enclose herewith a letter dated September 21, 1970 signed by Mr. J.G. Hansen, Senior Vice-President, Cyprus Mines Corporation giving Notice of Termination of participation in the proposed joint venture arrangement which has been the subject of protracted negotiations between us.

Yours very truly,

CYPRUS EXPLORATION CORPORATION, LTD.



J. B. P. Sawyer
Manager - Canadian Exploration

JBPS/jel

Encl.

c.c. Mr. C. A. Mark

CYPRUS MINES CORPORATION

523 WEST SIXTH STREET
LOS ANGELES, CALIFORNIA, 90014
TELEPHONE 629-5771

September 21, 1970

Fortune Channel Mines, Ltd.
145-890 West Pender Street
Vancouver, British Columbia

Re: Letter of Intent to Operate as Joint
Venture, dated March 23, 1970

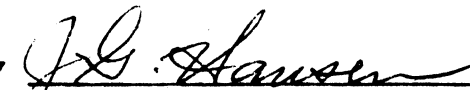
Gentlemen:

Pursuant to paragraph VII of the subject letter of intent, Cyprus Mines Corporation hereby gives notice that it terminates its participation in the joint venture arrangement contemplated by said letter of intent. By reason of said termination, both parties thereto are released from any and all further obligations thereunder.

Very truly yours,

CYPRUS MINES CORPORATION

By



Title Senior Vice President

MEMORANDUM

TO: J. B. P. Sawyer

September 24, 1970
CLV-117

FROM: W. O. Irish

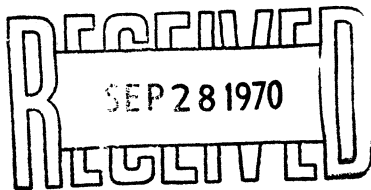
SUBJECT: Fortune Channel Termination Letter

Attached for your review and forwarding on to Fortune is MP&G's suggested termination letter signed by Jim Hansen. We trust you will do the necessary with Fortune and that an evaluation of the Walcott-Fortune Channel ground will accompany or be included in the AFE covering costs on Walcott already spent this year. It might be appropriate to include any further expenditure required this year or next required to hold the Walcott claims until their normal date of expiration.


W. O. Irish

WOI/pc
Attachment

cc: C. A. Mark



TO	REPLY	
	COMMENT	
RETURN TO		
SEP 22 1970		
1	W01	3
2		3
3		7
4		8

M E M O R A N D U M

September 21, 1970

TO : W. O. Irish

FROM : Gerald G. Kelly
 Musick, Peeler & Garrett

RE : Termination of Letter of Intent to Joint
 Venture with Fortune Channel Mines, Ltd.

Pursuant to your request, we have prepared and are forwarding herewith for execution on behalf of Cyprus Mines Corporation a notice of termination.

GCG:tt

Enclosure

cc: Mr. Mudd
 Mr. Sabini

MKG

RECEIVED
AUG 19 1970
REGISTRY

August 12, 1970

Fortune Channel Mines Ltd.
145 - 890 West Pender Street,
Vancouver 1, B. C.

Attention: Mr. R. H. Anderson

Dear Sir:

Re: -Bulkley River Property of Fortune Channel
-Fortune Channel-Cyprus Agreement
-Claim Status and Assessment work obligations

To our knowledge we are still responsible for the filing of assessment work necessary to maintain both Fortune Channel and W. H. Smith claims in good standing.

To our knowledge, Cyprus Exploration Corp. Ltd. is committed to 1970 work sufficient to maintain all the claims in good standing for one year. Our knowledge in this regard is based on a letter of Intent dated March 23, 1970. We have not seen the final agreement.

The following are some of the potential problems requiring clarification and for which a knowledge of both the contents of "The Agreement" and of Cyprus 1970 work plans are required:

(a) Filing dates of the following claims are as follows:

Jane 1 thru 10 - Sept. 16
Barr 53 Fr. - Sept. 6

Should Cyprus not do and have work submitted on these claims (or on the group containing these claims) before the dates noted, the work cannot be filed without penalty.

Should the work be done prior to the noted dates but submitted within 30 days a penalty of \$10 per claim will be assessed.

Continued.....2

Should the work be done prior to the noted dates and not submitted within the thirty-day limit noted above it cannot be accepted as assessment work at all.

Should, however, the work be done after the September date the work can be filed at any time during the following year.

To Simplify:

Work done in a claim year must be submitted in that claim year.

(b) The following claims require submittal of assessment work prior to the following dates or they will lapse.

Barr 15 to 24	March 16, 1971	10
Jane 11, 12	April 9, 1971	2
BA 1, 2, 11 to 19	May 20, 1971	4
LB 5 to 16, 18	May 20, 1971	11
CU 1 to 7, 9, 11, 13 to 17, 25, 29, 31	June 9, 1971	17
Barr 43 to 52	June 9, 1971	10
Mag 1 to 14, 24, 26, 28 to 44	June 13, 1971	33
Jane 9	Sept. 16, 1971	1

NB Unless work is completed now, work may have to be done in the snow for all but the Jane 9 claim

The obvious conclusion here is that we must be aware of the detail of "The Agreement" the Cyprus work program, and our responsibilities as regards submittal of assessment work.

If, by the agreement (as suggested in the letter-of-intent), Cyprus is committed to do the equivalent work, but not submit the work, an obligation must be enforced between Cyprus and ourselves whereby the work completed is detailed and passed to us in sufficient time to meet claim-expiry requirements.

Please enlighten us at your earliest convenience.

Continued.....3

Fortune Channel Mines Ltd.,
Page 3,
August 12, 1970

(c) Claims Jane 1 through 10

The A-Forms for these claims continue to show W. Magnusson as the owner.

We strongly recommend that a transfer be formalized. If, however, one already exists please forward us a copy of the agreement of transfer document.

We are most concerned as regards the lack of meaningful information we are able to obtain from Cyprus and trust you will clarify the noted problems for us at your early convenience.

Yours very truly,


L. J. MANNING & ASSOCIATES LTD.



H. M. Thurgood, P.Eng.

HMT:mjb

P. S. Mr. Anderson suggests we discuss this.



H. M. Thurgood, P.Eng.
August 18, 1970

JMS → File
M

CYPRUS EXPLORATION CORPORATION, LTD.
510 WEST HASTINGS STREET
VANCOUVER 2, BRITISH COLUMBIA
TELEPHONE: 683-9204

May 22, 1970

Mr. R. A. Anderson, President,
Fortune Channel Mines Limited,
890 West Pender Street,
VANCOUVER 1, B.C.

Dear Mr. Anderson:

Enclosed please find an original copy of the Letter of Intent to joint venture with Fortune Channel Mines which has been signed by Mr. Lieber on behalf of Cyprus Mines Corporation.

A full joint venture agreement incorporating the terms set forth in this Letter is presently being drafted by Musick, Peeler & Garrett in Los Angeles.

Yours very truly,

CYPRUS EXPLORATION CORPORATION, LTD.


J. B. P. Sawyer
Manager - Canadian Exploration

JBPS/jel

Encl.

JOSEPH D. PEELER
JOHN M. ROBINSON
MELVIN D. WILSON
DAVID P. EVANS
JAMES E. LUDLAM
GERALD G. KELLY
JESSE R. O'MALLEY
BRUCE E. CLARK
MURRAY S. MARVIN
STUART T. PEELER
BRUCE A. BEVAN, JR.
RALPH E. ERICKSON
CHARLES F. FORBES
THOMAS J. REILLY
RICHARD T. APEL
GEORGE C. HADLEY
THOMAS M. COLLINS
DONALD J. DREW
RICHARD D. DEAR
LEONARD E. CASTRO
J. PATRICK WHALEY

MICHAEL W. CONLON
MICHAEL M. MURPHY
WILLIAM J. EMANUEL
EDWARD A. LANDRY
JOHN R. BROWNING
DONALD R. GAIL
C. ROBERT FERGUSON
LAUDER W. HODGES
JOSEPH A. SAUNDERS
RONALD G. TRAYNER
JEFFREY R. MATSEN
ROBERT E. THOMSON
ROGER B. BAYMILLER
FRANK H. SMITH, JR.
GALE C. GUTHRIE
LAWRENCE E. STICKNEY
ANTHONY M. VIENNA
GERALD A. COLLIER
ROBERT J. HEIL
CHARLES R. IRISH
CHRISTOPHER A. CARR

ELVON MUSICK
1890-1968

LEROY A. GARRETT
1906-1963

MORTIMER A. KLINE
OF COUNSEL

MUSICK, PEELER & GARRETT
ATTORNEYS AT LAW
ONE WILSHIRE BOULEVARD
LOS ANGELES, CALIFORNIA 90017
TELEPHONE (213) 629-3322
CABLE "PEELGAR"

May 20, 1970

Mr. J. B. P. Sawyer
Cyprus Exploration Corporation Limited
510 West Hastings Street
Vancouver 2, B.C., Canada

Re: Letter of Intent to Joint Venture with
Fortune Channel Mines Ltd.

Dear Paul:

Enclosed for your records are two copies of the subject letter. As we do not have an address for Fortune Channel Mines, I am also enclosing an original signed copy of the letter for you to forward or deliver to them.

We will proceed with drafting a joint venture agreement incorporating the terms set forth in the letter.

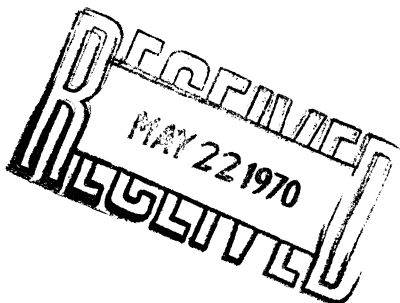
Very truly yours,



Gale C. Guthrie
MUSICK, PEELER & GARRETT

GCG:tv

Enclosures



CYPRUS MINES CORPORATION

523 WEST SIXTH STREET
LOS ANGELES, CALIFORNIA, 90014
TELEPHONE 629-5771

March 23, 1970

Fortune Channel Mines Ltd.

Attn: Mr. Robert Anderson

Re: Letter of Intent to
Operate as Joint Venture

Gentlemen:

This letter will outline the basic terms and conditions under which Cyprus Mines Corporation, or any wholly-owned subsidiary corporation that it may hereafter designate (hereinafter called "Cyprus") and Fortune Channel Mines Ltd. (hereinafter called "Fortune") agree to participate in the joint exploration and development of certain mineral properties located in the vicinity of Smithers, British Columbia. It is agreed that Cyprus and Fortune will enter into a formal joint venture agreement incorporating the provisions herein set forth together with such other provisions relating to the operation of the project as are customary and desirable in such an agreement.

I. MINING AREA. The area within which the joint venture operation will be conducted shall consist of the 173 mineral claims contained in Exhibit 1 hereto (hereinafter at times referred to as the "property").

II. REPRESENTATIONS BY FORTUNE. Fortune represents and warrants to Cyprus that:

(1) Fortune owns 130 of the aforementioned claims.

(2) Fortune has an option to acquire the remaining 43 of the aforementioned claims.

(3) Fortune has full power and authority to enter into a joint venture agreement providing for operations to be conducted upon all of the 173 aforementioned claims.

(4) Fortune has to date or will have upon completion of its present drilling program invested approximately \$130,000 in exploration activities upon the aforementioned claims.

III. PAYMENTS AND EXPENDITURES REQUIRED OF CYPRUS.

In order to acquire the interest described in paragraph IV below, Cyprus agrees to make the following payments and expenditures:

(1) Beginning one year after the effective date of the Joint Venture Agreement and continuing until the property is either placed in production or the Joint Venture Agreement is terminated, Cyprus agrees to make annual payments to Fortune in the amount of \$10,000.

(2) During the first year after the effective date of the Joint Venture Agreement, Cyprus agrees to expend such an amount as may be required to accomplish the annual assessment work on all of the mineral claims for the 1970 assessment year. Within three years after the effective date of the Joint Venture Agreement, Cyprus agrees to expend the sum of \$130,000 for the purpose of conducting exploration and development activities upon the property. The period of time during which Cyprus is fulfilling its obligation to expend said \$130,000, which may in Cyprus' discretion be less than three years, shall hereinafter be referred to as the Initial Exploration Period.

IV. INTERESTS OF PARTIES UPON COMPLETION OF INITIAL EXPLORATION PERIOD. Upon completion of the Initial Exploration Period, Cyprus shall acquire a 70% undivided interest in the property and Fortune shall retain a 30% undivided interest therein. Thereafter, all future expenditures that may be deemed necessary by Cyprus for exploration, development and preparation of the property for production shall be borne by the parties in accordance with their proportionate interests in the property. However, if Fortune shall be unable to assume a 30% share of all such subsequent expenditures, the interests of the parties shall be readjusted according to the percentage of such expenditures that Fortune is able to assume, and in the event that Fortune is unable to assume payment of any part of such subsequent expenditures,

Fortune Channel Mines Ltd.
March 23, 1970
Page Three

it is agreed that the interest of the parties will be divided 85% to Cyprus and 15% to Fortune with the latter's share being fully carried by Cyprus up to the point that the property is placed in production. At such time as the property is placed in production, Cyprus shall be entitled to reimbursement for all costs together with interest thereon, incurred by Cyprus by reason of Fortune's 15% carried interest, said reimbursement to be made from 100% of the proceeds to which Fortune would be entitled by reason of its 15% interest.

V. PLACEMENT OF PROPERTY IN PRODUCTION. At any time after completion of the Initial Exploration Period, Cyprus shall have the sole power to decide whether to place the property in production and whether to create an operating entity to manage the property. Cyprus shall elect the form of said operating entity but, regardless of the form elected, the interest of Fortune shall be wholly preserved and fairly represented in the operating entity. In the event that any orebody should be discovered which in the opinion of Cyprus cannot be commercially exploited at that time, Fortune shall have the option to buy out Cyprus' whole interest in the joint venture for a price equal to all amounts, including both cash payments to Fortune and exploration expenditures, theretofore expended by Cyprus pursuant to the Joint Venture Agreement.

VI. TRANSFER OF CLAIMS. Fortune agrees that it will hold all of the mineral claims solely for the benefit of the joint venture and, upon request by Cyprus after completion of the Initial Exploration Period, will transfer the claims to the designated operating entity free and clear of all liens, encumbrances and claims of third parties whatsoever.

VII. TERMINATION. Cyprus shall have the right to terminate the joint venture at any time upon 30 days written notice to Fortune and shall thereupon be released from any further obligations under the Joint Venture Agreement except as to any cash payment then owing to Fortune and any assessment work due within 60 days thereafter.

VIII. ANNUAL LABOR. Cyprus shall bear the cost of all annual assessment work and Fortune shall be entitled to credit all expenditures by Cyprus against future annual assessment work in the event that the joint venture is terminated.

Fortune Channel Mines Ltd.

March 23, 1970

Page Four

IX. REPORTS, INSPECTION AND NON-DISCLOSURE. Cyprus shall provide Fortune with quarterly reports concerning the results of all exploration activities, and Fortune shall have the right at all reasonable times to inspect the property, the operations thereon and Cyprus' records relating to said operations. Information relating to the joint venture operations shall be released only upon the mutual consent of the parties.

X. ASSIGNABILITY OF INTERESTS. Neither party shall have the right to transfer its interests to any third party, except to a corporation in which it holds and agrees to retain a controlling interest, unless it shall first give the other party hereto an opportunity to acquire said interest at the same price for which it proposes to transfer the property to such third party.

XI. MANAGEMENT. All operations of the joint venture or of any operating entity shall be carried on under the management and control of Cyprus.

If this letter correctly sets forth your understanding of the essential terms and conditions to which we have agreed, please indicate your acceptance by executing and returning to us the enclosed copy of this letter.

Very truly yours,

CYPRUS MINES CORPORATION

BY *James L. Fisher*

Agreed to and accepted this
14 day of March,
1970 by FORTUNE CHANNEL MINES LTD.

BY *[Signature]*

CYPRUS MINES CORPORATION

523 WEST SIXTH STREET

LOS ANGELES, CALIFORNIA, 90014

TELEPHONE 629-5771

March 23, 1970

Fortune Channel Mines Ltd.

Attn: Mr. Robert Anderson

Re: Letter of Intent to
Operate as Joint Venture

Gentlemen:

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Fortune Channel Mines Ltd.
March 23, 1970
Page Four

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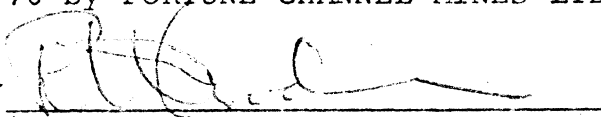
If this letter correctly sets forth your understanding of the essential terms and conditions to which we have agreed, please indicate your acceptance by executing and returning to us the enclosed copy of this letter.

Very truly yours,

CYPRUS MINES CORPORATION

BY 

Agreed to and accepted this
14 day of March,
1970 by FORTUNE CHANNEL MINES LTD.

BY 

MEMORANDUM

TO: J. B. P. Sawyer July 13, 1970

FROM: W. O. Irish CLV 96

SUBJECT: Fortune Channel Prospect Agreement

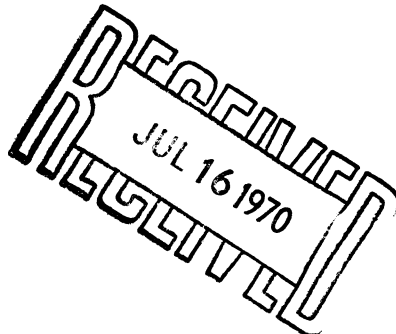
Attached are three copies each of two versions of the Fortune Channel joint venture agreement as differentiated in the enclosed July tenth memorandum from MP&G. Per our phone conversation on this subject, we would assume that the version which adheres to the letter of intent is the one to forward to Fortune Channel unless there are overriding considerations tending to support Mr. Anderson's interpretation of the deal.

Exhibits 1 and 2 need be appended in your office before the agreements are executed by Fortune Channel assuming that you have no questions or comments on the agreement as drafted.



W. O. Irish

WOI:gj
Attachments



CYPRUS EXPLORATION CORPORATION, LTD.
510 WEST HASTINGS STREET
VANCOUVER 2, BRITISH COLUMBIA
TELEPHONE: 683-9304

File
11

August 6, 1970.

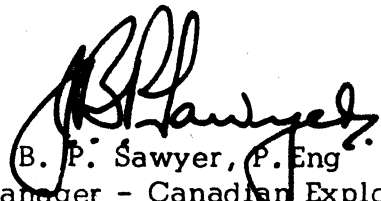
Mr. H. M. Thurgood, P. Eng.,
L. J. Manning & Associates, Limited,
610 - 890 West Pender Street,
Vancouver 1, B. C.

Dear Mr. Thurgood:

We wish to acknowledge with thanks receipt of your letter of July 27th, 1970, with which you enclosed details of the claim status of the Fortune Channel Mines Bulkley River property.

Yours very truly,

CYPRUS EXPLORATION CORPORATION, LTD.



J. B. P. Sawyer, P. Eng.
Manager - Canadian Exploration

JBPS/re

File

CYPRUS EXPLORATION CORPORATION, LTD.
510 WEST HASTINGS STREET
VANCOUVER 2, BRITISH COLUMBIA
TELEPHONE: 683-9304

August 4, 1970

Mr. Peter Burger,
Barbeau, McKercher, Collingwood
and Hanna,
16th Floor,
1177 West Hastings Street,
VANCOUVER, B.C.

Dear Sir:

Enclosed please find two copies of each of two Agreements between Searchlight Exploration Corporation and Fortune Channel Mines Ltd. which Mr. Robert Anderson has asked us to forward to you. As you will note, the conditions governing the respective interests of Cyprus and Fortune Channel are different in the two agreements, one being based on the terms that were outlined in the Letter of Intent which Mr. Anderson signed earlier this year, and the second being based on a conversation which Mr. Anderson had with Mr. G.G. Kelly a few weeks ago.

We would request that Mr. Anderson sign on behalf of Fortune Channel Mines and affix the corporate seal of that Company to whichever of these agreements he chooses.

Yours very truly,

CYPRUS EXPLORATION CORPORATION, LTD.


J. H. P. Sawyer
Manager - Canadian Exploration

JBPS/jel

Encls.

c.c. Mr. C. A. Mark, C.M.C., Los Angeles
Mr. R. Anderson, Fortune Channel Mines Ltd.

198 → File
↓

Fortune Channel Mines Ltd. (N.P.L.)

145 - 890 WEST PENDER STREET, VANCOUVER 1, B.C.
TELEPHONE (604) 688-6921

PROGRESS REPORT TO THE SHAREHOLDERS JUNE 1970



145 - 890 WEST PENDER STREET,
VANCOUVER 1, BRITISH COLUMBIA

1610, 1177 WEST HASTINGS STREET,
VANCOUVER 1, BRITISH COLUMBIA

CANADA TRUST-HURON & ERIE
901 WEST PENDER STREET, VANCOUVER, B.C.

ROBERT HAROLD ANDERSON, PRESIDENT
LORRY BURDEN, DIRECTOR & SECRETARY
JOSEPH WILLIAM CAMPBELL, DIRECTOR

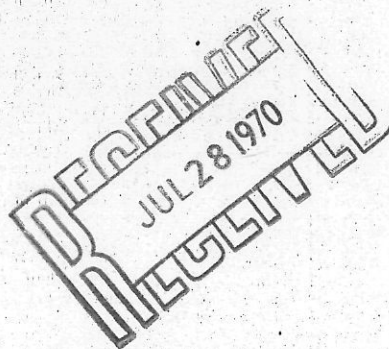
LIVERANT, YIP & CO. CHARTERED ACCOUNTANTS
VANCOUVER, BRITISH COLUMBIA

G. L. KIRWAN, B.Sc., F.G.A.C., M.C.I.M.
STE. 214 - 475 HOWE ST., VANCOUVER 1, B.C.

BARBEAU, McKERCHER, COLLINGWOOD & HANNA

FULL LISTING VANCOUVER STOCK EXCHANGE AS OF
JUNE 19, 1970

AUTHORIZED, 3,000,000 SHARES
ISSUED 1,300,000 SHARES
INCLUDING 700,000 SHARES IN ESCROW.



Fortune Channel Mines Ltd. (N.P.L.)



CC-PSM
WOI ✓

Frank Macadam sent this to
Lionel, he works for Hemsworth,
Tarton & Co. Ltd. an underwriter
of this stock.

The joint venture was not been
signed as of 7/14/70 only a letter
of intent signed may 14, 1970.
This will be in Semblight
Exploration Corporation Co 7/14

Fortune Channel Mines Ltd. (N.P.L.)

TO THE SHAREHOLDERS:

JUNE 22, 1970

Four major steps have been taken in recent weeks to develop your company by participation in the mineral and petroleum exploration fields in Canada.

- (A) full listing of the company shares on the Vancouver Stock Exchange as of June 19, 1970, in conjunction with an underwriting which placed an additional \$100,000 in the company treasury;
- (B) acquisition of a large block of 104 claims in one of the best copper exploration areas of B.C., near Churchill Peak, 100 miles southwest of Fort Nelson;
- (C) completion of a joint venture agreement with Cyprus Mines Corp. covering the copper-molybdenum property 25 miles south of Smithers, B.C.
- (D) acquisition of an 8% net working interest in the Silurian reef play in Lambton County, Ontario from Mollie Mac Mines and Shawnee Petroleum Limited. (I grew up there!)

At the time of the listing of the shares on the Vancouver Stock Exchange there were 3,000,000 shares authorized and 1,200,000 shares issued, including 700,000 shares in escrow. Since then, 100,000 shares were issued as a result of the underwriting at \$1.00 per share. There are two options outstanding covering 100,000 shares each which if exercised will provide the company with a further \$275,000 with which to continue its aggressive exploration programs.

The 104 claims in the Churchill Peak-Racing River area were acquired at a cost of \$20,800 and are now under exploration by a crew of geologists and prospectors. Other companies active in this area are: Churchill Copper Corp. Ltd., Davis-Keays Mining Co. Ltd., Windermere Exploration Ltd., Copperline Mines Ltd., and Bralorne Pioneer Mines Ltd. Including the veins on these properties, there are 97 known copper showings in the area. Since the claims acquired by your company are in the same geological area a preliminary program has been recommended to include photo-geological study, general prospecting, silt and soil sampling. Your directors look to important results from the ground in the coming months.

The joint venture exploration agreement announced recently by Fortune Channel Mines Ltd. and Cyprus Mines Corporation covers the 173-claim copper molybdenum property 25 miles southeast of Smithers, B.C., where Fortune Channel has spent some \$75,000 carrying out general exploration and diamond drilling.

Under the agreement Cyprus may earn a 70% interest in the claims by doing a full year's assessment work in 1970 and by spending a minimum of \$130,000 within three years. Upon completion of the expenditure of the \$130,000 by Cyprus, additional costs are to be shared 30% by Fortune Channel and 70% by Cyprus. Cyprus is to be repaid from production proceeds all funds contributed on Fortune Channel's behalf prior to division of profits on the Cyprus 85% - Fortune 15% basis.

Work by Fortune Channel to date has included geophysical and geochemical surveys and drilling as a follow-up on work carried out on an extension of the important structure several years ago by AMAX. The earlier work encountered some commercial grades. Cyprus holds property adjoining the Fortune Channel 173-claim block.

Fortune Channel Mines is participating in a 10 well wildcat reef play in the Silurian reef belt of Lambton County, Ontario. The area has recently become a hotbed of exploration activity with the discovery this spring of several shallow Rainbow Lake type pinnacle reefs by Union Gas and the McClure Oil Company of Michigan. The recent discoveries have been made in the Guelph formation where 300 to 400 feet of oil and/or gas pay have been encountered. The discovery wells have tested gas at 25 to 50 million cubic feet per day, and oil at over 600 barrels per day. The shallow depth (less than 2,500 feet) combined with the premium prices paid for oil and gas in the area (\$3.25 per barrel of oil and 42¢ per Mcf of gas) make the discoveries extremely attractive from an economic standpoint.

The 10 well program was put together by Shawnee Petroleum of Toronto, and represents the culmination of a one year geological and geophysical study of the area. The total cost of the 10 well program has been set at \$305,000. Fortune Channel has an 8% net working interest in the program. The impact of a discovery on Fortune Channel is illustrated by noting the income derived from existing pinnacles in the area: The average gas production from pinnacles currently in production is in the order of 10 MMcf per day, representing an annual gross income of \$1,500,000. Thus, the discovery of just one such reef would result in an annual income to Fortune Channel of \$120,000.

Other participants in the play are Consumers Gas Company Ltd., (37.5% net interest, Shawnee Petroleum Limited (12.5% net), Onaco Petroleum Limited (12.5% net), Mollie Mac Mines Ltd., (8.0% net), Laura Mines Ltd., (4.0% net), Southern Pacific Petroleum Ltd., (12.5% net), Babine International Resources Ltd., (3.0% net) and Bellex Mines Ltd., (2.0% net). The first two wells of the ten well program are being spud July 1 with the balance being completed before the end of August.

With the funds now on hand and expected from the option exercises, the directors foresee a very active and successful exploration season.

Respectfully submitted on behalf of the board of directors.

R. H. ANDERSON,
President.

adjoin Walcott group in
Buckley Valley.

Eight days were spent in the field on a brief recon. of the geology of the claims north of Fortune Channel's claim block.

There is very little outcrop in the area, probably less than one per cent. Outcrops are found in the deeper stream valleys and on steep cliffs and are thus mostly inaccessible. Elsewhere "outcrops" consist of isolated mounds of fractured rock and are confined to ridge crests. The flat areas are covered by glacial overburden.

Vegetation is highly varied and everywhere quite dense thus cut line will probably be necessary if geophysical work is planned.

I was able to find very few claim posts but those I found were very close to their expected positions and were properly staked.

The geology appears to be essentially as mapped by the Geological Survey. The Hazelton Volcanic Sedimentary group makes up most of the bedrock of the area. Structure in the Hazelton rocks is not well known but appears to be dominated by faulting, probably related to the intrusion of the Smith-Barret granodiorite described by Amax. The air photographs provide the only evidence for these faults. The faults fall into three crudely defined sets, one north-northwesterly, another north-northeasterly and the third easterly trending. The faults are only apparent just north of the intrusive, thus I feel they may be related to it. In the same area I found a few outcrops of a fine grained silicic rock that may represent dikes of intrusive material indicating the intrusive is at greater depth. This may be the cause of the magnetometer "low". There are a few places where these silicic rocks are rusty, but

otherwise there is no sign of mineralization in the dikes or country rocks. This area is covered by the southeasterly of Cyprus' claims and is mostly over-staked on Fortune Channel ground.

Elsewhere, bedrock consists of Hazelton Volcanics and sediments (including graphitic sediments) which are partly fossiliferous. The structure in these rocks is mostly unknown but there may be an open fold in the western part of the claims. The fold was first noted on the air photographs and ground geology, although not contradicting the possibility, added no additional support.

Alteration of the country rock is not intense or extensive. In a few volcanic rocks just north of the area of faulting discussed above, the plagioclase feldspars are slightly altered to epidote.

Sulfide mineralization was not noted at any outcrop within the claims. As noted above, some rusty rocks may have contained pyrite but the amount and extent of the pyrite (?) are both small. A small speck of malachite was noted on fractured volcanics in one locality near the area of faulting but its presence is attributed to the small copper content inherent in intermediate volcanics and to the fact that calcite veins are present providing both the required copper and carbonate. An extensive search of this outcrop revealed no sulfide mineralization or sign of former sulfides. A well rounded cobble of hematite and jasper found in stream alluvium was the only other sign of possible hydrothermal activity but no similar rock was found in outcrop.

In the north-east section of the area there are some younger volcanics overlying unconformably the Hazelton rocks. These appear to be the post mineralization Endako Volcanics. They consist of vesicular basalt and silicic tuff.

In summary, there is no extensive outcrop of acidic intrusive rocks, no extensive or intense alteration and no mineralization exposed. There is little in the surface geology to recommend the claims.

(Samples numbered W1D to W14D are silts and are being analyzed for Mo, Cu and total Fe).

G. Jilson.

JRS → CCM → file

L. J. MANNING & ASSOCIATES LTD.

CONSULTING MINING ENGINEERS

610-890 WEST PENDER STREET

VANCOUVER 1, B. C.

OFFICE PHONE:
683-5861

RESIDENTIAL PHONE:
L. J. MANNING - 985-5690

July 27, 1970

Cyprus Exploration Corp. Ltd.
510 West Hastings Street,
Vancouver 2, B. C.

Attention: Mr. Paul Sawyer

Dear Sir:

Re: -Fortune Channel Mines Ltd.
-Bulkley River Property
-Claim status

We are forwarding herewith for your use and information complete claim status detail pertaining to the above.

These data are photo copies of the pertinent pages shown in our report on the 1970 diamond drill program on that property.

Yours very truly,

L. J. MANNING & ASSOCIATES LTD.

H. M. Thurgood
H. M. Thurgood, P.Eng.

HT:mjb

c.c. R. H. Anderson

RECEIVED
JUL 30 1970
REGISTRY

LOCATION AND ACCESS

The Bulkley River property is about 25 miles southeast of Smithers, B. C. on the west side of the Bulkley River in the Omineca Mining Division. The river roughly forms the eastern boundary of the claims which extend for approximately five miles up the western slopes of the Bulkley River.

The geographical location of the property is 54°26'N, 126°52'W and can be described in the National Topographic System as 93 L 7 West Half.

The property can be reached from Highway 16 by turning off to Quick, crossing the Bulkley River and proceeding about ten miles south to the property. In the spring the gravel-dirt road to the property may be badly broken up but at other times is quite satisfactory for conventional vehicles.

TITLE

The property consists of 175 claims and fractions. Since it is an amalgamation of two separate properties on which considerable overstaking had taken place, the total area is less than the number of claims would indicate.

Details of the claims as ascertained by checking records in the office of the Vancouver Mining Recorder and documents passed to us by Fortune Channel Mines Ltd. are as follows:

<u>Claims</u>	<u>No. of Claims</u>	<u>Record Numbers</u>	<u>Expiry Dates</u>	<u>Owner</u>
BA 1-2	2	75291-292	May 20/71-	R.H.Anderson
BA 3-10	8	75293-300	May 20/73	"
BA 11-19	9	75301-309	May 20/71-	"
BA 20-24	5	75310-314	May 20/73	"
LB 1-4	4	75315-318	May 20/73	L. Burden
LB 5-16	12	75319-330	May 20/71-	"
LB 17	1	75331	May 20/73	"
LB 18	1	75332	May 20/71-	"
LB 19-20	2	75333-334	May 20/73	"
CU 1-7	7	77528-534	June 9/71-	"
CU 8	1	77535	June 9/73	"

<u>Claims</u>	<u>No. of Claims</u>	<u>Record Numbers</u>	<u>Expiry Dates</u>	<u>Owner</u>
CU 9	1	77536	June 9/71-	L. Burden -
CU 10	1	77537	June 9/73	"
CU 11	1	77538	June 9/71-	"
CU 12	1	77539	June 9/73	"
CU 13-17	5	77540-544	June 9/71-	"
CU 18-24	7	77545-551	June 9/73	"
CU 25	1	77552	June 9/71-	"
CU 26-28	3	77553-555	June 9/73	"
CU 29	1	77556	June 9/71-	"
CU 30	1	77557	June 9/73	"
CU 31	1	77558	June 9/71-	"
CU 32	1	77559	June 9/73	"
Mag 1-14	14	75417-430	June 13/71-	R. H. Anderson
Mag 15-23	9	75431-439	June 13/74	"
Mag 24	1	75440	June 13/71-	"
Mag 25	1	75441	June 13/74	"
Mag 26	1	75442	June 13/71-	"
Mag 27	1	75443	June 13/74	"
Mag 28-44	17	75444-460	June 13/71-	"
Jane 1-8	8	80208-215	Sept. 16/74	W. Magnusson
Jane 9	1	80216	Sept. 16/71	"
Jane 10	1	80217	Sept. 16/74	"
Jane 11-12	2	87362-363	April 9/71-	R. H. Anderson
Lybdenum 1-3	3	25790-792	July 24/74	W. H. Smith
Barr 4	1	28811	March 16/74	"
Barr 6	1	28813	March 16/74	"
Barr 8	1	28815	March 16/74	"
Barr 10	1	28817	March 16/74	"
Barr 12	1	28819	March 16/74	"
Barr 15-24	10	28822-831	March 16/71-	"
Barr 25	1	28832	March 16/74	"
Barr 29	1	28836	March 16/74	"
Barr 31	1	28838	March 16/74	"
Barr 33-39	7	28840-846	March 16/74	"
Barr 40-42	3	49341-343	June 9/73	"
Barr 43-52	10	49344-49353	June 9/71-	"
Barr 53 Fr.	1	54237	Sept. 6/74	"
Van Doo	1	65437	Jan. 2/75	"

Total 175 Claims

Hughie - Thurgood - Fortune Chmd. - Bulbby.

Logging - Thurgood. Andesites.

Amose. Granodiorite

Case available in sketch or prope.

Amose case. W.H. Smith Houston B.C.

Assessment. 94, 1973 till 1970. earliest.

Exp. sketch 173 claims - 1970 - 1971.

Drilling only two groups A

\$15,000 left to file drilling map

or may not be A

173
claims.
good map
1971.

+ 2 claims.

JANE 11-12, April 5 1970 good till 1971.
not greenpeel.

Claims map. let overtake N.B. notes etc
claim notes.

AIR. PHOTOS AVAILABLE. MANNING,

From H. Thurgood.

- 1 ① Drill logs. 1, 2, 3, 4.
- 1 ② letter - o.k. claims except JANE 11 & 12.
- 1 ③ Geochem. , Geophysics. (MAPS.)
↳ lots variation when mag read.
lot of mag storms 1000 ga - 1000.
- 1 ④ Claims maps etc.

S.S. TAN - if Howard not available.

? REPORTS.

- ⑤ Core sample splits 1, 2, 3, 4, in Drawing office.
Manning Assoc. (No Assays.)
- ⑥ Geochem report S.S. TAN 13 MAR 1970.
- ⑦ Geomag " CROSSBY. 12 Mar 1970

To be copied to Fus: & returned.

call W. N. Shepherd.

AMAX. Reps. ① Smith - Bennett. Nov 66.
② " " w. Shepherd Nov 67
③ Hobbs Nov 68

NB. Two Progress Reports. Holmes 1969 Sept.
" " Thurgood - Feb 70

J. Fortune Channel Reports etc
For Cypress Exploration
(Glenn Simpson)

(a) To be copied & forwarded

① Progress Report on 1969 Exploration Programs
HMT. Feb 3, 1970

② Report on The Bulkley River Property
M.K.W. Sept 29, 1969

③ Samples of 4 DDH's for pick up. (1970 program)

(b) Armax Reports

① Smith-Barrett Molybdenum Prospect
Omineca Mining Division BC
93 L7
November 1966 N Shepherd

② (Geological Map Scale 1" = 1000'
N Shepherd
Fig 3.)

② Smith-Barrett Molybdenum Prospect
W Hodder
November 1967 N Shepherd

Geological Map 1" = 500
Fig 4 Nov 1967

Geochemical Survey 1" = 500
Fig 5 Nov 1967

(b) 2 etd

(2)

I.P. Survey Separations

Scale 1" = 500'

Fig 7

Nov 1967

Ground Magnetometer Survey

Scale 1" = 500'

Fig 6

Nov 1967

(c) (3)

1968 Report

Smith - Barrett Molybdenum Prospect

Nov 1968

W Hodder

- 4 DDH logs (SB 1 to 4 inclusive)

- Geological Map 1" = 500'

Oct 1968

Fig 3

- Ground Magnetometer Survey 1" = 500'

Nov 1968

Fig 4

- I.P. Survey Separations 1" = 500'

Nov 1968

Fig 5

- Schematic Section
Looking North

Nov 1968

1" = 200'

Fig 6

- DDH - S.B. - 68 - 4

Oct 29, 1968

1" = 50'

Fig 10

- DDH SB - 68 - 1

Oct 29, 1968

Fig 7

1" = 50'

- DDH SB - 68 - 2

Oct 29, 1968

Fig 8

1" = 50'

- DDH - SB - 68 - 3

Oct 29, 1968

Fig 9

1" = 50'

(c) L.J. Manning Reports etc

Geochemical Report (with grouping
assessment data etc) - Original (identical
in files) March 13/70 S.S.T
NSM.

All maps included.

Report on Magnetometer Survey
(By Seigal Associates) for
assessment etc) March 12, 70
R.O. Crosby P.Eng.
(Identical original in files)

Letter

Assessment data to Anderson from HMT
dated June 18/70
(copy still in files)

DDH's 1-4 incl (1970 Programme
logged by HMT)

Miscellaneous duplicate maps.

June 25, 1970

Passed to Glenn Simpson
as indicated



Plus Air Photos - BC 5301 106 Thru 111
BC 5301 068 ✓ 073
BC 5301 155 ✓ 160

June 18, 1970

Fortune Channel Mines Ltd.,
145 - 890 West Pender Street,
Vancouver 1, B. C.

Attention: Mr. R. H. Anderson

Dear Sir:

Re: Fortune Channel Mines Ltd.
Bulkley River Property
Assessment Work

The following summarizes exploration expenditures on the referenced property and the application of such monies as assessment work to date:

- (a) Geochemical and Geophysical programs:
 - \$17,697.61 applied in increments of \$100 to 173 claims
 - all claims in good standing for one year as of March 16, 1970.

- (b) Diamond Drill Program
 - \$34,215.78 applied partially in increments of \$100 on the CU and LYB groups for excess work.
 - The total monies have not been applied as assessment to date. Such monies may still be applied as excess work for future years.
 - \$14,615 is still available for such application.

Current Status of Claims:

- (a) All 173 claims have sufficient assessment work filed that they are in good standing until 1971.

- (b) In addition the following claims are in good standing until years noted.

Lybdenum 1, 2, 3	Good until 1974
Barr 4, 6, 8, 10, 12, 25, 29, 31, 33, 34, 35, 36, 37, 38, 39	Good until 1974
Barr 53 Fr.	Good until 1974
Van Doo	Good until 1974

Continued.....2

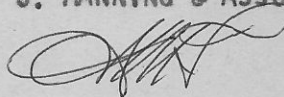
Fortune Channel Mines Ltd.,
Page 2,
June 18, 1970

Mag 15, 16, 17 thru 23, 25, 27	Good until 1974
Jane 1, 2, 3, 4, 5, 6, 7, 8, 10	Good until 1974
Barr 40, 41, 42	Good until 1973
BA 3, 4, 5, 6, 7, 8, 9, 10, 20 thru 24	Good until 1973
CU 8, 10, 12, 18 thru 24, 26 27, 28, 30, 32	Good until 1973
LB 1, 2, 3, 4, 17, 19, 20	Good until 1973

The foregoing may be more precisely defined should you require a more detailed breakdown.

Yours very truly,

L. J. MANNING & ASSOCIATES LTD.



H. M. Thurgood, P.Eng.

HMT:mjb

c.c. 2

INTER OFFICE MEMO

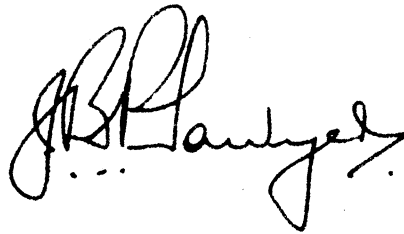
CYPRUS EXPLORATION CORPORATION LTD.
VANCOUVER OFFICE

Date: June 8, 1970.

Ref : 287CVL

To: G. S. Branson
From: J. B. P. Sawyer
Subject: Fortune Channels Limited - Joint Venture

I am in receipt of your memo to G.G. Kelly re subject and would agree that it would seem to be most convenient to put this Joint Venture into Searchlight Exploration Corporation as you suggest.

A handwritten signature in cursive, appearing to read "J.B.P. Sawyer". The signature is written in dark ink and is positioned to the right of the main text block.

c.c. C.A. Mark

M E M O R A N D U M

May 27, 1970

TO: G. G. Kelly
FROM: G. S. Branson
RE: Fortune Channel Mines Ltd. Letter of Interest
to Joint-Venture Accepted May 4, 1970

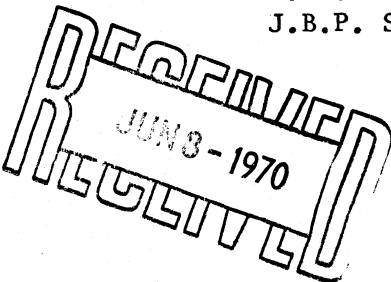
We suggest that the above joint-venture be put into Search-
light Exploration Corporation as some claims adjoin our Walcott claim
group in Bulkley Valley, which is in this corporation also.

By copy of this memorandum, we will notify the exploration
personnel in the event they have any objections.

G. S. Branson

GSB:fk

cc: P. J. McLean
D. Vukovich
J. G. Hansen
C. A. Mark
J.B.P. Sawyer



M E M O R A N D U M

May 27, 1970

TO: G. G. Kelly
FROM: G. S. Branson
RE: Fortune Channel Mines Ltd. Letter of Interest
to Joint-Venture Accepted May 4, 1970

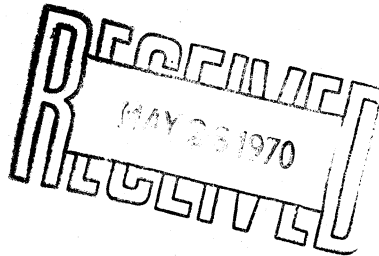
We suggest that the above joint-venture be put into Search-light Exploration Corporation as some claims adjoin our Walcott claim group in Bulkley Valley, which is in this corporation also.

By copy of this memorandum, we will notify the exploration personnel in the event they have any objections.

G. S. Branson
G. S. Branson

GSB:fk

cc: P. J. McLean
D. Vukovich
J. G. Hansen
C. A. Mark
J.B.P. Sawyer



March 24, 1970

CLV-43

TO: J. B. P. Sawyer

FROM: T. S. Melancon

SUBJECT: 1) Letter of Intent with Fortune Channel Mines Ltd.
2) Joint Venture Agreement between Spa Mines Ltd. and
Quality Exploration Corporation

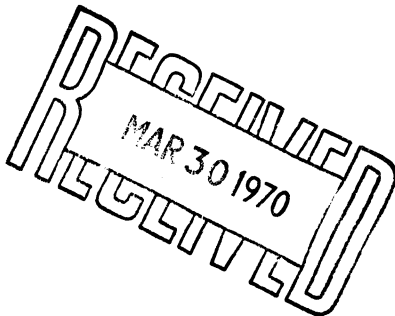
Would you please review the attached two agreements and, if they are satisfactory, have them signed and returned for execution by Cyprus.



T. S. Melancon

TSM/sc

Attachments



TO	REPLY
	COMMENT
RETURN TO	
MAR 24 1970	
1	5
2	6
3	7
4	8
TO: T. S. MELANCON	

M E M O R A N D U M

March 23, 1970

FROM: GERALD G. KELLY
MUSICK, PEELER & GARRETT

RE: LETTER OF INTENT WITH FORTUNE CHANNEL MINES LTD.

In accordance with your request we have prepared and are forwarding herewith in triplicate a copy of the subject letter. If the terms set forth therein meet with your approval, please arrange to have the letter executed in duplicate on behalf of Cyprus Mines Corporation and forwarded to Fortune Channel Mines Ltd.

By copy of this memorandum, we are forwarding a copy of the subject letter to Mr. J. B. P. Sawyer so that he may review its provisions prior to receipt of the executed copies from Cyprus Mines Corporation.

MSK

GCG:sar

encls

cc: Mr. Mudd
Mr. Sabini
Mr. Lieber
Mr. Hansen
Mr. Sawyer (w/encl)

MEMORANDUM

TO: G. G. Kelly

May 18, 1970

FROM: C. A. Mark

SUBJECT: Letter of Intent to Joint Venture with Fortune Channel Mines Ltd.

Enclosed are two signed copies of the subject Letter of Intent.

Would you please proceed with the drafting of a formal joint venture agreement, and I will notify Paul Sawyer by a copy of this letter to provide you with suitable documents pertaining to the mining claims.

C. A. Mark

CAM/pc
Enclosures

cc: J. B. P. Sawyer

[Handwritten signature]
2/5/70

RECEIVED
MAY 19 1970
REGISTRY

INTER OFFICE MEMO

CYPRUS EXPLORATION CORPORATION LTD.
VANCOUVER OFFICE

Date: March 10, 1970

To: C. A. Mark

Ref. 134-CVL

From: J.B.P. Sawyer

Subject: FORTUNE CHANNEL MINES LTD. - WALCOTT CLAIMS, SMITHERS AREA

Fortune Channel Mines Ltd. own 173 claims which include 43 claims optioned from W. Smith of Houston in the Walcott area. These claims are contiguous with the claims of Cyprus's Walcott group.

We have been approached by Mr. Robert Anderson of Fortune Channel Mines regarding a possible joint venture in this area. Preliminary discussions with Anderson and with Lou Manning of L.J. Manning and Associates who are running the exploration program for Fortune Channel Mines have been held. The basis for a possible joint venture as discussed is as follows:-

1. Fortune Channel at the completion of their present drilling program will have invested approximately \$130,000 in this property to date.
2. The terms of the agreement between Fortune Channel and W. Smith are as follows:-

Cash and share payments according to the following schedule:-

<u>Date</u>	<u>Cash Payable</u>	<u>Shares Issued</u>
On execution of Agreement	\$ 500.00	Nil
December 1, 1969	2,500.00	10,000
March 1, 1970	1,000.00	10,000
June 1, 1970	1,000.00	10,000
September 1, 1970	1,000.00	30,000
January 1, 1971	5,000.00	10,000
July 1, 1971	5,000.00	10,000
January 1, 1972	5,000.00	10,000
July 1, 1972	9,000.00	10,000
TOTAL	\$ 30,000.00	100,000

I have told Anderson that it would be better to keep the deal between Smith and Fortune Channel as it now stands so that Cyprus would deal only with Fortune Channel.

3. Cyprus could gain a 70% interest in the Fortune Channel ground (including Smith's claims), Fortune Channel could retain a maximum of 30%.
4. Walcott claims presently held by Cyprus are not included in this deal. Cyprus retains 100% interest in these claims.
5. Cyprus would match the expenditures of Fortune Channel to date and exploration expenses in excess of this amount would be split on a 70-30 basis. All subsequent expenditures through feasibility to production would be split on a similar basis.
6. In the event that Fortune Channel are unable to carry their 30% interest, the split will be proportioned in accordance with the amount which they are able to carry with the provision that they would get a wholly-carried interest of 15% if they elect or are unable to participate beyond the first exploration stage.
7. After the first year of the joint venture agreement, Fortune Channel want some cash payments to enable them to continue to prospect. Manning spoke of payments of the order of \$12,500 annually, but I would suggest, say \$10,000 maximum.
8. Fortune Channel wanted some guarantee that the property would be put into production as soon as possible if an orebody is proved up. I indicated that any decision to production would probably be dependent on Cyprus being able to operate the property at a profit rate in keeping with their overall corporate guidelines. I would suggest that we should include in any agreement, a clause which states a minimum acceptable return on investment. In the event that delay in going to production results from inability to realize this return at any particular time, there should be provision for cash payments to Fortune Channel during the period of delay. Fortune Channel would want these payments to be fairly substantial, probably not less than \$50,000 annually.
9. Work results would be available for inspection by an officer of Fortune Channel Mines, and Cyprus would provide quarterly progress reports to them. News releases would be subject to approval by both parties.
10. All work performed on the Fortune Channel ground would be made available to them for assessment credit.
11. Cyprus would maintain all the claims in good standing during the currency of the joint venture agreement.

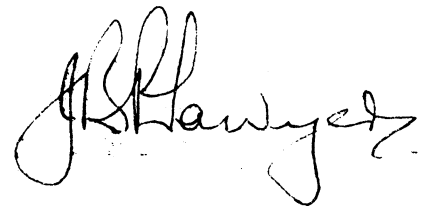
Fortune Channel acquired this ground on the advice of one of their consultants on the basis of Government aeromagnetic data. They staked their claims shortly after we staked the Walcott claims last year. Their work program has consisted of ground magnetometer work and soil sampling, and an interpretation of the aeromagnetic data by Dick Crosby of Seigel and Associates. Their present drill program is designed to test some of the magnetic features which they interpreted as being reflections of structure.

I am enclosing herewith a copy of the Amax report and maps describing the results of their work on Smith's claims. As you will see, they describe the acid intrusive rocks as a sill. The intrusive consists of at least three different phases, is fractured, and exhibits fairly extensive alteration. Molybdenite mineralization occurs associated with the intrusive. Breccia zones and breccia pipes are described and these probably are significant in terms of mineralization. The drilling carried out by Amax encountered only low values. The area presently being drilled by Fortune Channel lies to the south of the Amax drilling.

The Fortune Channel people are anxious to have a decision from us as soon as possible, and are prepared to travel to Los Angeles, ~~and~~ if necessary, to meet with you to discuss the matter further.

If the foregoing forms an acceptable basis for a joint venture agreement, would you please have M P & G prepare a Letter of Intent embodying the points listed above as soon as possible, and forward it "Express" to Vancouver for consideration by Fortune Channel Mines people.

Geologically, this area is of interest and from the data available, would appear to have some potential for the occurrence of ore grade mineralization. Due to the uncertainty of our common claim boundaries, a joint venture arrangement at this time would seem to be the best approach.



JBPS/jel

Encls.

INTER OFFICE MEMO

CYPRUS EXPLORATION CORPORATION LTD.
VANCOUVER OFFICE

Date: May 6, 1970

Ref. 217-CVL

To: C. A. Mark

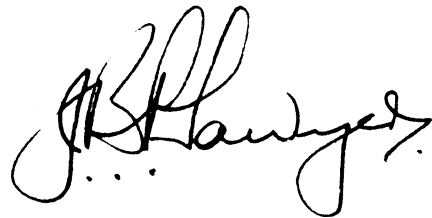
From: J.B.P. Sawyer

Subject: LETTER OF INTENT TO JOINT VENTURE WITH
FORTUNE CHANNEL MINES LTD.

I am returning herewith two copies of the subject Letter of Intent dated March 23, 1970 which, as I mentioned on the telephone, Bob Anderson who is President of Fortune Channel Mines Ltd., signed yesterday (I note he dated it May 4th).

His acceptance of this represents a complete change of attitude, and no doubt arises from the fact that he has now depleted his Company treasury. Presumably the formal joint venture agreement can now be drawn up.

We will be obtaining copies of maps and drill results from the work they have done so far and will put together a suitable work program for this area as soon as possible.



JBPS/jel

Encls.

File

Joshua Channel

BARBEAU, McKERCHER, COLLINGWOOD & HANNA

BARRISTERS & SOLICITORS

TEL. 688-9411
AREA CODE 604
CABLE ADDRESS: TAXBAR

JACQUES BARBEAU
THOMAS A COLLINGWOOD
LOUIS P SALLEY
RAYMOND A MARTINEAU

JOHN McKERCHER
KENNETH G HANNA
M MICHAEL SIKULA
PETER WATTS
PETER G BERGER

16TH FLOOR BOARD OF TRADE TOWERS
1177 WEST HASTINGS STREET
VANCOUVER 1, B.C.

DELIVERED

April 3rd, 1970.

Mr. Sawyer,
Ste. 1101,
510 West Hastings Street,
Vancouver, B.C.

Dear Sir:

Re: Fortune Channel Mines Ltd. (N.P.L.)
and Cyprus Mines Corporation - Letter
of Intent to Operate as Joint Venture

We have received instructions from Mr. Anderson to forward to you the enclosed proposed Letter of Intent for discussion purposes.

Yours very truly,

BARBEAU, McKERCHER, COLLINGWOOD & HANNA

Per:


Peter Berger.

PB/jmb
Encl.

April 3rd 6:30 PM

Mr. C.A. Mark, The attached was just received from Anderson's lawyer & results from a long hassle I had with him on April 2nd. They didn't like the terms of our letter of intent, and were not inclined to go along with our suggestions therefore I told them to put their requirements in writing & we would consider them. I told them we would not go along with spending the \$130,000 this year, we did consider making the end of the second anniversary (say May '72) or Dec. '71 the time limit but I see they have written this up

as being payable by April '71.

Anderson is presently in Las Vegas — called from there today saying he was going to L.A. on Monday & would be call in our office on Tuesday. I told him to contact you on Tuesday & promised I would forward these documents today, as soon as received.

I will call you re this on Monday morning.

J. S. Hawyer

Fortune Channel Mines Ltd. (N.P.L.)
500 - 890 West Pender Street
Vancouver, B. C.

Attention: Mr. R. H. Anderson

Dear Sir:

Re: Letter of Intent to Operate
as Joint Venture

This letter will outline the basic terms and conditions under which Cyprus Mines Corporation or any wholly-owned subsidiary corporation that it may hereafter designate (hereinafter called "Cyprus") and Fortune Channel Mines Ltd. (hereinafter called "Fortune") agree to participate in a joint exploration and development program of certain mineral properties located in the vicinity of Smithers, British Columbia. It is further agreed that this Letter of Intent is subject to a formal Joint Venture Agreement being entered into by Cyprus and Fortune by May 15, 1970 incorporating the provisions herein set forth together with such other provisions relating to the operation of the project as are customary and desirable in such an agreement and this letter shall be subject to approval of counsel for both Cyprus and Fortune.

I. MINING AREA. The area within which the joint venture operation is to be conducted shall consist of the 173 mineral claims contained in Exhibit 1 hereto (hereinafter at times referred to as the "property").

II. REPRESENTATIONS BY FORTUNE. Fortune represents and warrants to Cyprus that:

- (a) Fortune owns 130 mineral claims comprising the property;
- (b) Fortune has an option to acquire the remaining 43 mineral claims comprising the property;
- (c) Fortune has full power and authority to enter into a Joint Venture Agreement providing for operations to be conducted upon all of the property;
- (d) Fortune has to date expended approximately \$65,000.00 in exploration activities upon the property.

III. INITIAL EXPLORATION PERIOD. During the period commencing from the date of the formal Joint Venture Agreement and ending on the 31st day of April, 1971 (hereinafter called the "Initial Exploration Period") Cyprus agrees to expend for total exploration activities on the property or pay to Fortune a total sum equal to the expenditures of Fortune on the property at the end of such Initial Exploration Period. Provided that nothing herein contained shall obligate Cyprus to expend in excess of \$130,000.00 on the property during such Initial Exploration Period. In the event that Cyprus expends the immediately aforementioned sum, Cyprus shall acquire a 70% undivided interest on the property and Fortune shall retain a 30% undivided interest therein. Upon the failure of Cyprus to expend such monies, Fortune shall retain all rights in and to the property and the Joint Venture Agreement shall be terminated.

IV. SUBSEQUENT EXPLORATION PERIOD. Upon spending not less than \$130,000.00 during the Initial Exploration Period Cyprus shall have the right to expend the sum of \$150,000.00 on exploration activities on the property until April 30th, 1972 and upon spending \$150,000.00 on or before April 30th, 1972 Cyprus shall have the right to expend a further \$300,000.00 in exploration and development activities on the property by or on April 30th, 1973. Subsequently and at regular 12 month intervals thereafter, Cyprus shall have the right to expend the sum of \$500,000.00 in development and exploration activities upon the property until the property has been placed in commercial production. Upon Cyprus giving 30 days notice, Cyprus shall be entitled to terminate any or all of its obligations as contained herein subsequent to the Initial Exploration Period. Fortune shall, in order to retain its undivided 30% interest in the property provide 30% of all monies to be expended in exploration and development activities subsequent to the Initial Exploration Period provided that if Fortune is unable to assume 30% of all such expenditures subsequent to the Initial Exploration Period, the interests of the parties shall be readjusted according to the percentage of such expenditures that Fortune is able to assume and in the event that Fortune does not assume the payment of any part of the expenditures subsequent to the Initial Exploration Period, it is agreed that the interests of the parties will be divided 85% to Cyprus and 15% to Fortune with the latter share being carried by Cyprus up to and including the placing of the property in commercial production at the scale recommended in the Final Feasibility Report on the property. At the time that the property is placed in production, Cyprus shall be entitled to reimbursement for all costs together with interest thereon at the rate of 9% per annum, incurred by Cyprus by reason of Fortune's 15% carried interest, said reimbursement to be made from 90% of the proceeds of such 15% carried interest.

V. PLACEMENT OF PROPERTY IN PRODUCTION. At any time after the completion of the Initial Exploration Period Cyprus shall have the sole power to decide whether to place the property in production and whether to create a corporation to manage the property. Fortune shall be entitled to elect a minimum of one Director in the operating entity and the interest of Fortune shall be wholly preserved and fairly represented. In the event that Cyprus fails to expend the monies on exploration and development activities as contemplated herein, Fortune shall be entitled to purchase Cyprus' 70% interest upon paying to Cyprus the monies expended by Cyprus in exploration and development activities upon the property.

VI. ANNUAL PAYMENT. Commencing April 1st, 1971 and on the 1st day of April in each and every year thereafter, Cyprus agrees to make annual payments to Fortune in the amount of \$10,000.00 until either the property is placed into production or the Joint Venture Agreement is terminated.

VII. TERMINATION. Cyprus shall have the right to terminate the joint venture at any time subsequent to the Initial Exploration Period upon 30 days written notice to Fortune and shall thereupon be released from any further obligations under the Joint Venture Agreement except as to any cash payment then owing to Fortune and any assessment work due on the properties within 60 days thereafter.

VIII. ANNUAL LABOUR. Cyprus shall bear the cost of all annual assessment work and Fortune shall be entitled to credit all expenditures by Cyprus against future annual assessment work in the event that the joint venture is terminated.

IX. REPORTS, INSPECTION AND NON-DISCLOSURE. Cyprus shall provide Fortune with quarterly reports concerning the results of all exploration activities, and Fortune shall have the right at all reasonable times to inspect the property, the operations thereon and Cyprus' records relating to the said operations. Press releases and all information relating to the joint venture operation shall be released only upon the mutual consent of the parties.

X. ASSIGNABILITY OF INTERESTS. Neither party shall have the right to transfer its interests to any third party, except to a corporation in which it holds and agrees to retain a controlling interest, unless it shall first give the other party hereto an opportunity to acquire the said interest at the same price for which it proposes to transfer the property to such third party.

XI. MANAGEMENT. All operations concerning the joint venture or of any operating entity shall be carried on under the management and control of Cyprus, all such activities to be conducted in a proper and workmanlike manner.

XII. JURISDICTION. This letter and the formal Joint Venture Agreement shall be subject to and interpreted in accordance with the laws of the Province of British Columbia.

Yours truly,

CYPRUS MINES CORPORATION

Per: _____

Agreed to and accepted this
day of _____,
1970 by FORTUNE CHANNEL MINES
LTD.

Per: _____

See office copy - file

CYPRUS MINES CORPORATION
523 WEST SIXTH STREET
LOS ANGELES, CALIFORNIA, 90014
TELEPHONE 629-5771

March 23, 1970

Fortune Channel Mines Ltd.

Attn: Mr. Robert Anderson

Re: Letter of Intent to
Operate as Joint Venture

Gentlemen:

This letter will outline the basic terms and conditions under which Cyprus Mines Corporation, or any wholly-owned subsidiary corporation that it may hereafter designate (hereinafter called "Cyprus") and Fortune Channel Mines Ltd. (hereinafter called "Fortune") agree to participate in the joint exploration and development of certain mineral properties located in the vicinity of Smithers, British Columbia. It is agreed that Cyprus and Fortune will enter into a formal joint venture agreement incorporating the provisions herein set forth together with such other provisions relating to the operation of the project as are customary and desirable in such an agreement.

I. MINING AREA. The area within which the joint venture operation will be conducted shall consist of the 173 mineral claims contained in Exhibit 1 hereto (hereinafter at times referred to as the "property").

II. REPRESENTATIONS BY FORTUNE. Fortune represents and warrants to Cyprus that:

(1) Fortune owns 130 of the aforementioned claims.

(2) Fortune has an option to acquire the remaining 43 of the aforementioned claims.

(3) Fortune has full power and authority to enter into a joint venture agreement providing for operations to be conducted upon all of the 173 aforementioned claims.

(4) Fortune has to date or will have upon completion of its present drilling program invested approximately \$130,000 in exploration activities upon the aforementioned claims.

III. PAYMENTS AND EXPENDITURES REQUIRED OF CYPRUS.

In order to acquire the interest described in paragraph IV below, Cyprus agrees to make the following payments and expenditures:

(1) Beginning one year after the effective date of the Joint Venture Agreement and continuing until the property is either placed in production or the Joint Venture Agreement is terminated, Cyprus agrees to make annual payments to Fortune in the amount of \$10,000.

(2) During the first year after the effective date of the Joint Venture Agreement, Cyprus agrees to expend such an amount as may be required to accomplish the annual assessment work on all of the mineral claims for the 1970 assessment year. Within three years after the effective date of the Joint Venture Agreement, Cyprus agrees to expend the sum of \$130,000 for the purpose of conducting exploration and development activities upon the property. The period of time during which Cyprus is fulfilling its obligation to expend said \$130,000, which may in Cyprus' discretion be less than three years, shall hereinafter be referred to as the Initial Exploration Period.

IV. INTERESTS OF PARTIES UPON COMPLETION OF INITIAL EXPLORATION PERIOD. Upon completion of the Initial Exploration Period, Cyprus shall acquire a 70% undivided interest in the property and Fortune shall retain a 30% undivided interest therein. Thereafter, all future expenditures that may be deemed necessary by Cyprus for exploration, development and preparation of the property for production shall be borne by the parties in accordance with their proportionate interests in the property. However, if Fortune shall be unable to assume a 30% share of all such subsequent expenditures, the interests of the parties shall be readjusted according to the percentage of such expenditures that Fortune is able to assume, and in the event that Fortune is unable to assume payment of any part of such subsequent expenditures,

it is agreed that the interest of the parties will be divided 85% to Cyprus and 15% to Fortune with the latter's share being fully carried by Cyprus up to the point that the property is placed in production. At such time as the property is placed in production, Cyprus shall be entitled to reimbursement for all costs together with interest thereon, incurred by Cyprus by reason of Fortune's 15% carried interest, said reimbursement to be made from 100% of the proceeds to which Fortune would be entitled by reason of its 15% interest.

V. PLACEMENT OF PROPERTY IN PRODUCTION. At any time after completion of the Initial Exploration Period, Cyprus shall have the sole power to decide whether to place the property in production and whether to create an operating entity to manage the property. Cyprus shall elect the form of said operating entity but, regardless of the form elected, the interest of Fortune shall be wholly preserved and fairly represented in the operating entity. In the event that any orebody should be discovered which in the opinion of Cyprus cannot be commercially exploited at that time, Fortune shall have the option to buy out Cyprus' whole interest in the joint venture for a price equal to all amounts, including both cash payments to Fortune and exploration expenditures, theretofore expended by Cyprus pursuant to the Joint Venture Agreement.

VI. TRANSFER OF CLAIMS. Fortune agrees that it will hold all of the mineral claims solely for the benefit of the joint venture and, upon request by Cyprus after completion of the Initial Exploration Period, will transfer the claims to the designated operating entity free and clear of all liens, encumbrances and claims of third parties whatsoever.

VII. TERMINATION. Cyprus shall have the right to terminate the joint venture at any time upon 30 days written notice to Fortune and shall thereupon be released from any further obligations under the Joint Venture Agreement except as to any cash payment then owing to Fortune and any assessment work due within 60 days thereafter.

VIII. ANNUAL LABOR. Cyprus shall bear the cost of all annual assessment work and Fortune shall be entitled to credit all expenditures by Cyprus against future annual assessment work in the event that the joint venture is terminated.

Fortune Channel Mines Ltd.
March 23, 1970
Page Four

IX. REPORTS, INSPECTION AND NON-DISCLOSURE. Cyprus shall provide Fortune with quarterly reports concerning the results of all exploration activities, and Fortune shall have the right at all reasonable times to inspect the property, the operations thereon and Cyprus' records relating to said operations. Information relating to the joint venture operations shall be released only upon the mutual consent of the parties.

X. ASSIGNABILITY OF INTERESTS. Neither party shall have the right to transfer its interests to any third party, except to a corporation in which it holds and agrees to retain a controlling interest, unless it shall first give the other party hereto an opportunity to acquire said interest at the same price for which it proposes to transfer the property to such third party.

XI. MANAGEMENT. All operations of the joint venture or of any operating entity shall be carried on under the management and control of Cyprus.

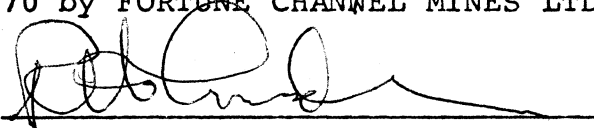
If this letter correctly sets forth your understanding of the essential terms and conditions to which we have agreed, please indicate your acceptance by executing and returning to us the enclosed copy of this letter.

Very truly yours,

CYPRUS MINES CORPORATION

BY _____

Agreed to and accepted this
4 day of May,
1970 by FORTUNE CHANNEL MINES LTD.

BY  _____