

INTER OFFICE MEMO

TO	REPLY	
	COMMENT	
RETURN TO		
OCT 26 1971		
1		5
2		6
3		7
4		8

CYPRUS EXPLORATION CORPORATION LTD.

812751

VANCOUVER OFFICE

*Queen, I told them to make the Nov. payment + put 1/2 holes in for 1972 budget.*  
*Cass*

Date: October 22, 1971

To: C. A. Mark

Ref. 1415-CVL

From: J. G. Simpson

Subject: Nation (Tchentlo) Lake Mines. Interpretation of drill results.

I enclose copies of the diamond drillhole logs, assay sheets, and magnetometer contour map of the above project together with a plan of the geology complete with graphic thoughts. This should bring you up to date at least insofar as preliminary copies of data are concerned. Copies of complete geophysical, geological and geochemical reports will be forwarded for your records as they become available. In the meantime I hope the data at hand will allow for a brief revision of ideas and clarify our thinking as to whether a second bite at the cake is advisable.

As you might guess we drilled the best hole first, were unable to repeat it and consequently were led a little astray in our eagerness to drill the mineralized dike! or swarm thereof. As indicated in our month-end report, the fractured and pyritized diorite, although containing significant shows of molybdenite and to a lesser extent chalcopyrite, does not seem capable of supporting an orebody and I think we have enough sections to justify this conclusion.

The alaskite or tonalite dike appears to be the mineralizing agent but is only near ore-grade in one of the 4 holes which intersect this material, but the top two hundred feet in all cases does carry a fair background in molybdenum averaging .03-.04%. Three point projections on the top surface of the tonalite from holes 1, 3 and 7, with due consideration for #5 which collared in this material beneath 110' of overburden, suggest a sub-outcrop for a dyke-like feature as indicated on the accompanying map, striking N50°W and with a dip element of 22-25° to the north-east. In the absence of major faults hole #6 should have intersected this surface at 4-500'. The fact that it did not intersect for a total hole length of 800' indicates either (a) a major fault running WNW, which from consideration of outcrop patterns must offset the dyke at least 4000' east or west, or (b) that the tonalite intrusive forms a small elongate plug with an elliptical surface expression. Reference to extrapolations from boreholes indicates that although a NW fault does occur

between DDH #5 and DDH's 1, 3 and 7, the total vertical displacement on it is in the order of 150' only. On balance the elliptical plug would appear to be more consistent with the data, although a north-westerly plunge in excess of  $15^{\circ}$  on a planar feature striking  $N50^{\circ}W$  would carry it below DDH #6. If the elliptical plan is accepted as a working hypothesis it is tempting to apply a NW plunge anyway, to explain the NW extension of fracturing and high I.P. frequency readings.

Discarding the possibility of excessive lateral displacement of the tonalite and considering the limits imposed by the lake the maximum dimensions of the sub-outcrop would be 3500' by 1000'. This area would fit remarkably well into the magnetic high feature indicated by the 1500 gm. contour, and although the altered tonalite itself is no more magnetic than the diorite, intersections of more mafic tonalite and hybrid rocks near the contacts of the tonalite might explain the feature.

The overriding structural controls governing the emplacement of the tonalite are not known although its position with regard to the margin of the Hogem Batholith may be important. At this location the contact is apparently straight and topographic features indicate that it may be a fault which would fit the dominant NW fault trend visible on air photographs. The magnetometer and I.P. plots also indicate a strong NE lineament which lines up with the west side of the bay and intersects the NW lineament at the eastern extremity of presumed tonalite sub-outcrop. If this proves to be the case it is possible that the eastern extension of the tonalite is displaced northward and lies beneath thick overburden east of the area drilled. However, the NI separation for I.P. frequency effects does not support the presence of excessive sulphides in this area although deeper separations show an increasing frequency effect, which may be significant, considering a possible 200' or more of overburden.

Taking the assumed sub-outcrop surface and extending it to 500' vertical depth would provide just over 100 m.s.t. of tonalite rock, which on the basis of holes drilled to date could not be expected to maintain ore-grade in Mo without the presence of hitherto undiscovered enriched zones. In general terms therefore the ore potential of the main zone of interest has probably been reduced below the requirement of a large open-pit operation. It is felt, however, that with the indicated background Mo content, the area of potential tonalite sub-outcrop might justify a further limited drill program.

As indicated in previous reports it is felt that the magnetic, I.P. high, coincident with the east-west trending hornblendite belt does not constitute a primary drill target as the terrain and overburden cover is such that any near surface orebody would be revealed by soil geochemistry.

Unless a postponement of at least the Mar. '72 payment of \$10,000 can be negotiated it is not recommended that further drilling be carried out. If this can be negotiated it is suggested that up to 3,000 of B.Q. core drilling be applied to the strike extension of the tonalite intrusive as indicated by the geological projections and geophysical data. This could be combined with a reconnaissance program in the general vicinity in a search for tonalite intrusives using regional structural trends, conventional prospecting and possibly low level airborne magnetometry if the magnetic feature proves to be diagnostic. This latter program could be entirely a Cyprus venture and only applicable to the joint venture if claims were staked within the prescribed perimeter.

JGS:JF  
Enc.

A handwritten signature in dark ink, appearing to read "J.G. Simpson", is written over the typed name "JGS:JF". The signature is stylized and slanted.



JULY 30, 1971

*Tchentlo Lake file*

NATION LAKE MINES LIMITED

PROGRAM RECOMMENDED FOR - Proceeds of the first public offering of shares by Nation Lake Ltd. COPPER-MOLY PROPERTY are intended to be used to carry out Phase I of recommendations of A.J. Sinclair, P. Eng., for the company's property of 64 claims and 7 fractions on the north shore of Tchentlo Lake, 60 miles NW of Fort St. James, B.C., estimated

Corporate Structure  
 Inc.: B.C., 4Jul69; as "Tchentlo Lake Mines Ltd."; named changed 23Apr71; public 11Jun71.  
 H.O.: 201 - 1595 - 5th Ave., Prince George.  
 Reg. & Tsf. Agent; Canada Permanent Trust Van.  
 Auth. Capital: 5,000,000 shs., par 50¢.  
Shares Issued:  
 For mineral claims:  
 July 1969 750,000  
 Nov. 1970 248,000  
 998,000  
 Gifted back & cancelled, April 71 248,000  
 Escrowed, BCSC 750,000  
 For cash \$51,046 345,456  
 Outstanding, 25Jun71, pooled 1,095,456  
 Offered, 25Jun71 250,000  
 To be outstanding if all sold 1,345,456

to cost \$35,000. Also, assessment work is planned on certain of the claims held in Rottacker Creek area, 62 in number, located about 5½ miles NE of the south end of Indata Lake and 9 miles from the Tchentlo Lake property. The 6 groups farming the Tchentlo property include the Hi group for which 200,000 of the vendor shares were issued to the N.B.C. Syndicate of which 40,000 shs. each were received by Comwest Exploration Co. Ltd., Cominco Ltd., Granby Mining Co., and Duval International Corp.; 10,000 shs. each by W.R. Bacon and J.J. Crowhurst and 20,000 shs. by J.C. Stephen.

In his summary, Mr. Sinclair says the Tchentlo Lake property has potential for the discovery of a large tonnage, low-grade molybdenum-copper deposit to include detailed geological mapping, ground induced polarization survey, ground magnetometer survey in Stage I and 3,000 ft. of diamond drilling in Stage II. Directors of the company who are also promoters are: P.N. Martin, president; A.E. Bressette, John Martin and L.A. O'Dell, all of Prince George.

Financial Position: spent to 31Jan71 was \$46,587 leaving work. cap. of \$4,585.

First Public Share Offering: by prospectus 25Jun71, registered BCSC, 2Jul71, the company offers 250,000 shs. at 25¢ p/s subj. to 6½¢ p/s commission, to net, if all sold, \$46,875.

B.C. COMPANIES ACT

NEW INCORPORATIONS:

- Algoma Resources Ltd.-23Jun71, registered office is 1-373 Baker St., Nelson, B.C., and authorized capital is 10,000 shares of \$1.00 par value.
- Dyke Mines Ltd.-21Jun71, registered office is 900-850 W. Hastings St., Vancouver, and authorized capital is 3,000,000 shares of 50¢ par value.
- Wiggins Creek Copper Mines Ltd.-28Jun71, registered office is 534-789 W. Pender St., Vancouver, and authorized capital is 3,000,000 shs. of 50¢ par value.

EXTRA-PROVINCIAL REGISTRATIONS:

- D K Mining, Inc. a Delaware incorporation with head office at 100 West Tenth St., Wilmington, Delaware, U.S.A., was on 8Jul71, registered as an extra-provincial company within B.C. with head office at 15th Floor, 1030 W. Georgia St., Vancouver. Paid-up capital of the company is \$1,000.
- HBOG Mining Limited an Ontario incorporation with head office in care of Hudson's Bay Oil and Gas Company Limited, 320 Seventh Avenue Southwest, Calgary 2, Alberta, was on 30Jun71, registered as an extra-provincial company within B.C. with head office Davis & Company, 1030 W. Georgia St., Vancouver. Paid-up capital of the company is \$1,003.
- Northland Drilling & Construction Co. Ltd. an Alberta incorporation with head office RR 1, South Edmonton, was on 30Jun71, registered as an extra-provincial company within B.C. with head office at 1113 Woodland Drive, Penticton. Paid-up capital of the company is \$50.00.
- Kissinger Petroleum Ltd. an Alberta incorporation with head office at 1420 Aquitaine Tower, 540 Fifth Avenue Southwest, Calgary 1, was on 7Jul71, registered as an extra-provincial company within B.C. with head office at 1030 W. Georgia St., Vancouver. The paid-up capital of the company is 10¢.

CHANGE OF NAME:

Ajax Mercury Mines Limited did on 2Jul71, change its name to Ajax Resources Limited.

FOR THE RECORD

Buffalo Lake Mines Ltd. ...



INTER OFFICE MEMO

**CYPRUS EXPLORATION CORPORATION LTD.**

**VANCOUVER OFFICE**

TO	REPLY	
	COMMENT	
RETURN TO		
JUL 26 1971		
1	<del>SAWYER</del>	5
2	<del>WST</del>	6
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Date: July 22, 1971

To: C. A. Mark  
From: J.B.P. Sawyer  
Subject: TCHENTLO LAKE MINES

Ref. 1224-CVL

*Answer: I have maps on my table. @*

Enclosed please find the following maps and plans pertaining to the Tchentlo Lake property of Nation Lake Mines Ltd.:-

1. Preliminary Geological Map 1" = 500'
2. Magnetometer Map 1" = 500'
3. Soil Sampling Plan - Copper 1" = 500'
4. Soil Sampling Plan - Moly 1" = 500'
5. Four Plan Maps Showing Frequency Effects for  
a = 300' and N = 1, 2, 3, 4
6. Four Plan Maps Showing Resistivity for  
a = 300' and N = 1, 2, 3, 4
7. Four Plan Maps Showing Metal Factors for  
a = 300' and N = 1, 2, 3, 4

You will see from this data that the very strong I.P. anomalies at around 45N are reflecting the diorite-hornblendite complex (Map Unit 2) which carries a fairly high percentage of magnetite. However, there are significant I.P. effects to the south of this which correlate well with the magnetic "low" areas and from which it appears the best geochemical response is probably derived. This area extending around the base line from approximately 14E to 24W constitutes the prime area of interest, and is underlain by a highly fractured quartz diorite (Map Unit 3B) which appears to be the host rock for the major mineralization.

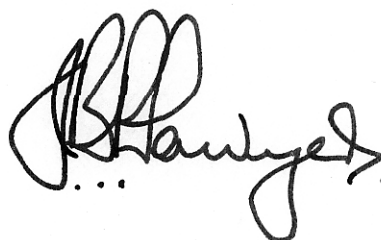
Glenn Simpson and Peter Walcott have marked some proposed drill holes which are indicated in red on the geology map. These may require some modification in the light of the more complete data we now have, and your comments and suggestions on this would be appreciated.

We apologize for the rather sketchy nature of some of the maps which are just prints of the field working plots. Final copies are presently being drafted in Vancouver.

With regard to signing the contract, the current situation is as follows:-

We expect to have completed drilling on the Nation Lakes property at the end of tonight's shift and will, therefore, probably be ready to move the drill across the lake on Sunday or Monday. I spoke to Pat Martin last night and advised him of this and again requested his signature on the agreement so that we could proceed with the drilling program. While there is no doubt that he is as anxious to sign as we are to have him sign it, he is still reluctant to do so for fear of getting into trouble with the Securities Commission. He has promised to check with his brokers and to advise me not later than tomorrow of the present status of their sales. This morning I have also spoken to Norm Thompson of Union Securities who are selling the Nation Lake Mines primary stock and understand that they expect to have the issue half sold by the end of the week. This is obviously too slow for us to hold a drill and so it appears there are two possibilities. The first is that Nation Lake Mines request the Securities Commission to allow them to spend part of their funds on a second property which they have acquired and on which an engineer's report is to be presented to them next Monday. Thompson feels they will go along with this and that Martin should be able to sign the agreement early next week. If Thompson can convince Martin of this, we may be successful in getting his signature on the agreement this weekend if we promise to hold it here until he gets the Securities Commission approval. This would effectively provide the protection we need to proceed with the drill program. The second possibility is one which I know Cyprus doesn't like to get involved with, but which they have done in the past, most recently on the Kakwa Coal project, and that is, of course, to take down some of the stock. At .25¢ a piece with the data we have, there isn't too much risk of the Company losing its shirt.

I would appreciate having your comments on this, and will keep you informed of further developments.



JBPS/jel

Encls.

\* Note: JBPS reports drill moving out 7/23/71  
 pending appt. signy. WDX

Los Angeles  
Office  
Copy

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

July 8, 1971

Mr. G. H. Beley,  
Mining Recorder,  
Omineca Mining Division,  
Box 340,  
SMITHERS, B.C.

TO	REPLY	
	COMMENT	
RETURN TO		
JUL 19 1971		
1	<del>5</del>	5
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Dear Mr. Beley:

Re: Abe, Ben, Chuck, Del, Ester & Flux  
Groups of Claims, Tchentlo Lake Area,  
B.C.

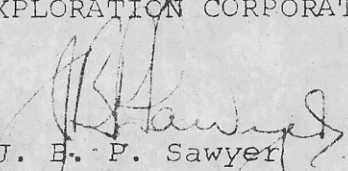
We now enclose two copies of a geophysical, geochemical, and geological report describing work carried out on the various claims of the subject groups during 1970 and early 1971. Applications for Certificates of Work on these claims were filed in Vancouver on June 9, 1971.

You will note that of the total expenditures amounting to \$46,234.77, we are requesting credit only for \$32,200 in work. Part of the excess expenditure, although certainly not all of it, relates to the geological work carried out, and although we feel the general geological picture presented is accurate and meaningful, the percentage of outcrop in the area does not meet the 50% requirement in the Department regulations.

We trust that these reports will prove satisfactory, and look forward to receiving appropriate Certificates of Work at your convenience.

Yours very truly,

CYPRUS EXPLORATION CORPORATION, LTD.

  
J. E. P. Sawyer  
Manager - Canadian Exploration

JBPS/jel

Encls.



APRIL 14, 1971

SENATE MINING & EXPLORATION LTD.

*This property N. of Tchentlo L. Mines*

**CURRENT HOLDINGS AND ACTIVITY** - A special meeting of Senate Mining & Exploration Ltd. **SINCE INCORPORATION REVIEWED** was held on 13Apr71 at which shareholders approved conversion of Senate from a private to a public company.

To Senate's first annual meeting on 10Mar71, president Richard F.J. Newsom read a seven page report and said preliminary arrangements for an underwriting had been made. He reviewed five mining property interests and said Senate had made a good investment in Haelan Industries Limited, an Ontario-based hospital and hotel supply company and which has a 45% interest in Advanced Systems Associates Ltd., an Edmonton-based firm engaged in developing monitoring controls for the oil patch industry. (Financial statements as at 31Aug70 show Haelan was a private firm in which Senate acquired 25,000 shares by conversion of a \$50,000 loan).

All five mining properties are in B.C. The Heath copper prospect is some 70 miles NW of Ft. St. James on the SW slope of Nation Mt. and on the E shore of Tchentlo Lake. It comprises 83 claims in three groups. In the fall of 1969, Senate acquired an option to buy the Heath 1-16 claims from Colin Campbell for \$50,000 and 200,000 shares of which \$30,000 has been paid, \$10,000 is due 1Jun71 and \$10,000 and the shares are due 1Nov71. In October and November 1969, Senate staked the Heath 17-52 claims. In December, the 31 N.S. claims were optioned from Marc Explorations. Purchase price is \$20,000 of which \$10,000 has been paid and \$5,000 is due 1May71 and \$5000 on 1Nov71. Initially detected by geochemical means (in 1968), subsequent prospecting confirmed the presence of copper mineralization both in several shear zones as well as disseminated widely in an environment typical of porphyry deposits, said Mr. Newsom. He quoted R.H. Seraphim, Ph.D., as reporting that chalcopyrite is found disseminated in the syenite in several localities and is exposed in several trenches in shear zones in the diorite; that a sample from the widest known shear zone exposure assayed 3.25% across 7 ft.; and that exploration of the large areas covered by overburden is an attractive venture.

In Slokan mining division, SE B.C., three separate silver properties are held. All lie on creeks tributary to Kaslo Creek some 10 to 13 road miles from Kaslo village. All have old workings. All have yielded high-grade samples. Mr. Newsom said geologist John S. Vincent has recommended work on the Gold Cure group on Briggs Creek to include geological mapping, sampling on surface and in 5 old adits, induced polarity survey and more stripping. On the Keen Creek group he proposed soil sampling and bulldozer trenching. On the Jardin Mt. group he proposed air photo analysis (now done), geological mapping, bulldozer stripping, road building and reconnaissance of a nickeliferous ultramafic mass on the property.

In the fall of 1969, Senate paid Arctic Gold & Silver Mines Limited \$250,000 for a 49% interest in the Old Nick nickel prospect just east of Bridesville, some 25 miles east of Osoyoos in S central B.C. Later, Arctic and Senate placed the property in a jointly held company, Northern Deep Levels Ltd. Mr. Newsom said discussions with major firms are underway aimed at their participation. Utica Mines Ltd. previously held an option on this ground, but following exploration done pursuant to deals made with Copper Ridge Mines Ltd. and Newmont Mining Corp., the option was dropped due to difficult metallurgy. (Egil Livgard, P. Eng., expressed optimism that the metallurgical problem could be overcome). From 27 percussion and 9 diamond drill holes, first assays averaged about 0.22% nickel. Subsequent reassaying of split cores came out at 10% to 20% higher. This prospect has large tonnage, open pit potential. It is the subject of discussions underway with a major firm.

From incorporation 4Sep68 to 31Aug70, Senate received \$654,570 (being \$623,701 from sale of 1,909,802 shares and \$30,869 from sale of 142,858 shs. of Arctic Gold & Silver Mines). Applied were \$666,913 so that at 31Aug70 there was a working capital deficit of \$12,343. Major items applied were \$30,621 for mineral properties, \$52,313 for fixed asset additions and \$450,000 investments. These comprise \$250,000 for 367,500 shs. of Northern Deep Level Mines (being 49% of the vendor shs.); \$50,000 loan to Haelan Industries (converted to 25,000 Haelan shs.); and \$150,000 loan to Arctic Gold & Silver (of which \$100,000 was converted to 142,858 shs. of Arctic sold for \$30,869 at a loss of \$69,131 and the \$50,000 will be converted into Arctic shs. at 20¢ each if regulatory bodies approve. Meanwhile Senate's statements reflect full provision for possible loss of this \$50,000.

of 5,000,000 shs. auth., 2,659,802 were issued at 31Aug71, unchanged at 1Mar71.

Although a shareholder demanded a ballot vote on a number of management resolutions, all were passed including the re-election as directors of R.F.J. Newsom, president (owning 225,000 shares); Robt Hughes, treas. (122,801 shs.); Jas. C. Snell, P. Eng. (306,700 shs.); and Egil Livgard, P. Eng. (136,000 shs.).

FOR THE RECORD

Ponderay Exploration Company Ltd. has offered all registered holders of Highland Acceptance Corporation Ltd., one share of Ponderay for each share of Highland. At the offering date, 194,115 shares of Highland were outstanding, of which 11,200 were held by Ponderay. Also reported is that Ponderay has no underwritings proposed or outstanding. However, it has outstanding 175,000 share purchase warrants which were issued to Pacific Western Securities, Edmonton. Issued for 5¢ each, these entitle the holder to buy one share of Ponderay for each warrant held at \$4.25 per share at any time from 31Aug70 and to 30Sep71 when the warrants expire. Ponderay reports Highland Acceptance 1970 revenue of \$82,614 vs \$34,747 in 1969, and net loss of \$23,111 vs net profit of \$16,697. Net cash generated before non-cash items was \$22,821 and the company received \$51,141 in 1970 from sale of 100,000 shs. Spent was \$257,242 for purchase of new assets to be leased. The decrease of \$183,280 left working capital deficiency of Highland at \$183,280 vs working capital of \$179,008 at 31Dec69. Ponderay reports that, of its 5,000,000 auth. shs., 2,458,899 were issued as at 15Mar71, incl. 577,499 deposited in a voting trust scheduled to terminate 2Nov80. The statement says that 247,501 shs. have been released or 30% & that 10% will be released 28Jan & 2July in each yr. as from 2Jan71, subj. Alta. Sec. Com. & V.S.E. Also, there were 79,380 shs. subj. 29Feb68 & 13Mar68 escrow agt. of which 19,845 have been released subj. ASC & BCSC. (See GCNL 51(1970) and NO. 35(1971)).

M E M O R A N D U M

April 8, 1971

TO: Gerald G. Kelly  
FROM: P. J. McLean

The exploration department is negotiating a joint-venture agreement with Tchentlo Lake Mines Ltd. (N.P.L.). This joint-venture will be on properties located in British Columbia and will be known as Tchentlo Lake Mines.

Please put Tchentlo Lake Mines prospect into Lomita Mining Corporation which is qualified in British Columbia.

  
P. J. McLean

PJM/eb

cc: G. S. Branson  
✓ W. O. Irish  
C. A. Mark  
E. A. Radies  
J. B. P. Sawyer  
M. W. Seery

TCHENTLO LAKE MINES

DATE	PRESENT STATUS	FOLLOW-UP
8/7	<p>HOLD pending Clarification of</p> <ol style="list-style-type: none"> <li>1) Possible claim fractions &amp; covering best geochem anomalies.*</li> <li>2) development of other addl required field data.</li> </ol> <p>* SBPS says claim fractions good til October 1971.</p>	
2-19-71	<p>Joint Ventures deal still pending</p>	



## TCHENTLO LAKE MINES

President	Patrick Martin	962-7175	Prince George
Property	Claims and Fractions to the equivalent of approximately 50 full claims.		
Location	North shore of Tchentlo Lake - 5 miles W.N.W. of Nation Copper Ft. St. James area.		
Minerals	Pyrite, Chalcopyrite, Molybdenite (Cu, Mo).		

### Regional Geology

The claims are situated some twenty miles east of a major transcurrent dislocation, the Pinchi Fault, and are entirely underlain by granodioritic and related rocks near a contact with older andesites and more basic volcanics. The lake edge probably coincides with an east to northeast subsidiary fault which forms an acute angle with the Pinchi. Although relatively late movement on the Pinchi appears to be predominant, it is a profound structural feature that may have been localized on a much older dislocation. In any event, lateral and vertical displacements are of major proportions.

### Claims Geology

As far as can be ascertained, the claim block is entirely underlain by crystalline granodiorite of relatively uniform character in which the most interesting feature is the extent of late fracturing and mineralization. Large areas of trenching have invariably exposed fracturing, often down to 2" or less between fractures, with abundant sulphides on fractured plains. Pyrite is a major mineral and occurs at all fracture faces. More intensely sheared zones contain vein quartz and molybdenite selvages, the surrounding granodiorite having undergone chloritization and sericitization.

Carr, who is something of an expert on the Brenda Mine, suggests that the fracture intensity and mineralization is closely comparable to the Brenda deposits. Minor amounts of chalcopyrite and fine-grained molybdenite, the latter often associated with magnetite, have been noted at many points in the trench system, and high-grade molybdenite specimens have been obtained from the more altered and rusty shear zones. Iron oxides are prevalent on all fracture faces exposed, and some degree of leaching of both copper and molybdenite appears likely.

## Work to Date

Work to date comprises a widely spaced grid with lines at approximately 800' intervals with soil samples every 200' along the lines. These samples indicate anomalous areas, both for molybdenite and copper, of considerable extent. Surface sampling of trenches shows significant amounts of molybdenite. Resampling by C. E. C. L. staff has been carried out, and results indicate from .02 to 0.16% Mo over sampling widths of 200'. These assays compare favorably with surface assays at both Brenda and Endako over open pit material. A repeat of several lines of soil sampling has been carried out by C. E. C. L. staff and submitted to a different laboratory in order to check the original geochemistry.

## Conclusions

Indications to date are that the Tchentlo Lake mines ground is favorable for a Brenda type of deposit with low-grade copper and molybdenite. The ground position is not <sup>ten</sup>tenable in that the Marc claims surrounding the area to the east and north are probably obtainable at reasonable cost. NBC syndicate comprising four major companies hold the ground to the west and would be more difficult to deal with, but it is felt that the western half of the Tchentlo Lake ground offers a prime target.

Preliminary discussions with Tchentlo Lake mines personnel indicate that they are agreeable to a reasonable deal to facilitate further exploration.

## Recommendations

In view of the above, it is recommended that C. E. C. L. offer a joint venture agreement to Tchentlo Lake mines on the terms outlined below, and that funds be made available to carry out further geochemical and intensive I. P. studies in the present field season in order to outline drilling targets for next year. Of the properties examined to date, this would appear to be by far the most promising and almost certainly worth our attention. It is particularly attractive in that we have staff in the area which would reduce logistics problems and supervisory requirements.

Proposed deal acceptable to Tchentlo Lake

1. Direct Payments

\$5,000 now  
5,000 in 12 months

2. Expenditure of \$400,000 by C. E. C. L. over 4 years as follows:

\$20,000 within 6 months (incl. 5,000 payment)  
50,000 in 12 months  
120,000 in 24 months  
250,000 in 36 months  
400,000 in 48 months  
to earn a 70% interest

Cyprus may earn 70% interest by expending \$400,000 over a period of four years. T. L. M. would retain a 30% interest. To maintain its 30% interest, after Cyprus has spent the initial \$400,000, T. L. M. must contribute 30% of all further exploration and development costs to production. Should T. L. M. elect not to carry their 30%, Cyprus' interest would increase to 80% and Cyprus would recover from T. L. M. 's share of the proceeds of production, 20% of the costs of exploration and development, over and above the initial \$400,000.

All other conditions are those normally pertaining to C. E. C. L. agreement subject to negotiations.