

INTER OFFICE MEMO

812951

CYPRUS EXPLORATION CORPORATION LTD.

VANCOUVER OFFICE

TO		REPLY	
RETURN TO		COMMENT	
SEP 13 1971			
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Date: September 10, 1971

Ref. 1326-CVL

To: C. A. Mark
 From: J.B.P. Sawyer
 Subject: SCUM LAKE PROSPECT

Wayne Livingstone submitted to us a prospect located at Scum Lake, approximately 70 miles west of Williams Lake in Central B.C. I made a field examination of this prospect with Livingstone on September 7th. I am attaching hereto a summary of the prospect written by Livingstone which sums up the geological situation fairly well. As you will see, Livingstone and Dick Woodcock (of J.R. Woodcock Consultants) are joint owners of the property.

The gossans on this prospect are quite impressive and appear to be of the type which are indicative of chalcocite. These gossans include considerable amounts of hematite, limonite, jarosite, and carphosiderite. Some X-ray work on these gossans has been done at U.B.C., and this work is the basis for the mineral identifications in the gossans. There is almost no sulphide visible, even in trenches and pits to a depth of 15 to 20 feet and the overall impression is of very strong leaching. Woodcock is confident there is chalcocite enrichment at depth and the only question is one of grade. It is worth noting here perhaps that there is a considerable amount of evidence in this general area of chalcocite enrichment, for example, at Gibraltar Mines, where you will recall we observed chalcocite in the drill core as deep as 600 feet.

If we are looking for porphyry situations, as of course we must be in Western Canada, then this is probably as good a bet as we are going to get and is, I think, well worth following up. I am recommending, therefore, that we negotiate a deal on this property. I have indicated to Livingstone that subject to your approval, we will be interested in making a deal. We need to move fairly fast on this one and if funds are available, I think we could get two or three drill holes into it this fall. While one could spend considerable time and money on detailed I.P. work, I think probably the best approach would be (a) some detailed geological mapping followed by (b) drilling, and I would be tempted to go in with three 1,000-foot vertical holes to start with. A detailed ground magnetometer survey may help to define the areas immediately underlain by the Oligocene volcanics, i.e., map out the exposed rhyolite/porphyry area, but this work would not be essential and we could certainly spot drill holes without it.

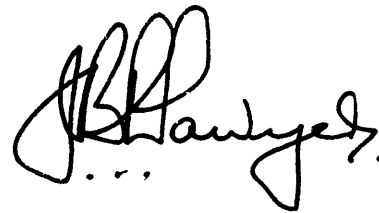
The deal which the vendors have outlined involves a considerable amount of front-end money and annual cash payments until production to provide an eventual 70-30 split. Ten percent of the 30 to be retained by the vendors would be wholly carried and the remaining 20% would refer only to net profits from production. I certainly don't like heavy cash payments, particularly as initial down-payment, however, in this particular case we certainly will not get the property without at least \$10,000 cash down. As you will see from the summary of the proposed option arrangement enclosed (prepared by Livingstone), he has asked for \$25,000 down-payment. He has asked for this kind of money before on other properties and hasn't got it, but I do know that he has received at least \$10,000 plus stock on earlier occasions. Since this is a fairly straightforward prospect where we can go in almost immediately at the drilling stage, I think a \$10,000 payment can probably be justified.

Duval have looked at this property and Vic Hollister would have liked to take it on, however, Duval are in fairly serious financial straits, at least in their Canadian program, at this time and weren't able to commit on it. Quintana usually get first crack at Livingstone's prospects, however, this is one instance where we have been offered first refusal on the basis of our having looked at two or three other things of Livingstone's this summer.

I would appreciate receiving some word from you at an early date as to whether or not we can proceed on this prospect.

I enclose herewith sketch maps showing the general location, claim details, etc.

Under separate cover I am forwarding a few rock specimens from the prospect, and would be interested to have your comments on these gossans.

A handwritten signature in cursive script, appearing to read "J.B.P.S. Hawley". The signature is written in dark ink on a white background.

JBPS/jel

Encls. and Encls. under separate cover

PROPOSED OPTION ARRANGEMENT

- (1) Down payment - \$25,000.00 ✓
- (2) Annual payments - \$25,000.00 until production
- (3) Cyprus may earn 70% by placing the property in production
- (4) Cyprus may retain 90% until pre-production costs are regained
- (5) The prospectors reserve the right to assign any part or all of their interest to any other party (There are tax reasons for this.)
- (6) Various other standard terms

K. W. L.

September 8, 1971

TO: J.B.P. Sawyer

SUBJECT: SCUM LAKE PROSPECT

The Scum Lake property is located approximately 70 miles west of Williams Lake, B.C. It consists of 114 claims (K #55-100 and J #1-68), all in the name of K.W. Livingstone, except K #97-100 in the name of J.R. Woodcock. The property is owned 60% by J.R. Woodcock and 40% by K.W. Livingstone. The claims are located on and around a small hill rising out of the Chilcotin Plateau, immediately north of Scum Lake.

Access to the property is very good. A gravel road from Williams Lake to the Taseko Lakes passes within 5 miles of the property. The five-mile road to the property is narrow and requires 4-wheel drive in the spring and during periods of wet weather. Scum Lake is suitable for float planes and a dirt landing strip at the east end of the lake is suitable for wheeled aircraft.

The Chilcotin Plateau is at an elevation of 3,900-4,000 feet. The prospect hill rises abruptly out of the plateau to an elevation of 4,466 feet.

The prospect is mainly highly leached and altered rhyolitic pyroclastic rocks. Outcrop in the prospect area is limited. Three exposure areas were observed.

On the top and immediate east side of the hill bedrock is exposed in old pits and trenches. Here the rocks are sericitized rhyolitic pyroclastics with local intrusive(?) breccias. Fracturing is locally well developed. Fractures and vugs display various limonites and contain some which are reported to be derived from the oxidation of chalcocite. All rocks in this area are intensely sericitized and argillized. Some turquoise was found in one of the trenched areas.

A small pit with similar rocks although not as intensely fractured or displaying as much limonite (Note: quantity of limonite may be controlled by the acidity and completeness of leaching and should not be considered to be directly a function of the quantity of sulphide) was observed approximately 3,000 feet to the west.

At the base of the hill, about 2,500 feet to the northwest of the top, is located an old hand trench in highly oxidized exposure area. The rock is highly leached and mainly composed of brilliant red limonite along fractures and in disseminations with local zones of massive hematite and jarosite. The rock is breccia of uncertain origin, but may be involving the "intruded" rock.

The Chilcotin Plateau is underlain by flat-lying olivine basalt of Oligocene age. At an elevation of 3,300 feet in the Taseko River, about 1-1/2 miles to the west, are exposures of propylitically altered andesitic volcanics of probable Mesozoic age. The prospect rhyolitic rocks are believed to be early Tertiary age. East of Scum Lake, the G.S.C. map indicates an exposure of Upper Cretaceous siltstone. These rocks may be in contact with the rhyolitic rocks and possibly form a hornfels zone around them.

The turquoise and oxidation observed in the prospect rocks is believed to be pre-Oligocene in age and the overlying (at that time) basalt protected the leached capping from being eroded by glaciation.

K. Wayne Livingstone

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Date: July 17, 1972

To: C. A. Mark

Ref. 1843-CVL

From: J.B.P. Sawyer

Subject: SCUM LAKE I.P. RESULTS

I enclose herewith a set of profiles and contour maps (rough field plots) showing the results of the I.P. work at Scum Lake. On the N=3 frequency plot I have also indicated the location of the drill holes completed to date and in progress. Since we are probably coming to the end of this job, I would certainly appreciate your comments on these results and any suggestions which you may have for further holes in order adequately to test this situation.

JBPS/jel

Encls.

July 21, 1971.
discussed with Paul S. this date & suggested drilling
near shear zone near DH #2 due to proximity of fault zone.
May have better chance for enrichment by chalcocite coating of
pyrite & deeper oxidation due to chattering. Cam

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AUG 28 1972	
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*agree that we
can submit to
terminat. Check with
Pat McLean on timing
can*

Date: August 22, 1972

To: C. A. Mark
From: J.B.P. Sawyer
Subject: SCUM LAKE DRILLING

Ref. 1919-CVL

*OK
MWS*

I enclose herewith copies of drill logs for DDH 479-1-72 through 479-10-72 completed on the Scum Lake property during the present season. Also enclosed are assay sheets for all the assaying completed to date on core from these holes.

As you can see, the geological picture did, in fact, turn out to be a valid porphyry situation as suspected on the basis of my prospect examination last year, however, its copper content is certainly not of economic grade. Apart from the drilling problems encountered which undoubtedly put the cost of the project higher than expected, I feel satisfied that it was a worthwhile try at a valid target. As I have already mentioned, there are undoubtedly other similar situations in the Cariboo-Chilcotin area, and I think a worthwhile reconnaissance project would involve aeromagnetic surveying of other parts of this area to search for similar porphyry situations. I can't think of any good reason why there should not be another Gibraltar somewhere in this area. It is unfortunate that there are no Federal Government aeromagnetic maps of this general area available. A reconnaissance program of this type would be fairly expensive and is perhaps the type of thing we could consider doing on a joint venture basis with a partner. One possible candidate, I think, would be Imperial Oil.

We don't have drill sections, etc. drawn up at the present time. These will be prepared in due course after the field season is over. On the basis of present information, I think the proper decision would be to abandon the joint venture with Woodcock and Livingstone, however, since we have until December 31st to give this notice, I would suggest we hold on for the time being until we have all the data properly assembled and ready for presentation.

J.B.P. Sawyer

JBPS/jel
Encl.