

KERR ADDISON MINES LIMITED  
P.O. BOX 91  
COMMERCE COURT WEST  
TORONTO, ONTARIO  
M5L 1C7

92H

COPY

820861

FIRST BOSTON CORP'S SUBMISSION OF

GREAT BASINS PETROLEUM CO. SALE PROPOSAL

(PROPERTIES IN B.C.)

SEPTEMBER 1981

The First Boston Corporation  
20 Exchange Place  
New York, New York 10005  
U.S.A.

Attention: Mr. Richard L. DeNeuf

Dear Sirs:

Thank you for your letter of August 26, 1981,  
on Great Basins Petroleum Co., which was brought to my  
attention.

The properties described in the report enclosed  
are not of interest to Kerr Addison at this time.

Thank you for your interest in Kerr Addison  
Mines Limited.

Yours very truly,

KERR ADDISON MINES LIMITED

D. A. Lowrie  
Vice-President, Exploration

DAL/sm

KERR ADDISON MINES LIMITED  
P.O. BOX 91  
COMMERCE COURT WEST  
TORONTO, ONTARIO  
M5L 1C7

COPY

820861

September 14, 1981

The First Boston Corporation  
20 Exchange Place  
New York, New York 10005  
U.S.A.

Attention: Mr. Richard L. DeNeuf

Dear Sirs:

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Vice-President, Exploration

DAL/em



THE FIRST BOSTON CORPORATION

MEMBER NEW YORK STOCK EXCHANGE, INC.

CABLE ADDRESS  
FIRSTCORP, NEW YORK

20 EXCHANGE PLACE  
NEW YORK, N.Y. 10005

August 26, 1981

Mr. W. James  
President & CEO  
Kerr Addison Mines Limited  
P.O. Box 91  
Commerce Court West  
Toronto, Ontario M5L 1C7  
Canada

Dear Mr. James:

Great Basins Petroleum Co. (which, together with its domestic and foreign subsidiaries, is hereinafter referred to as "Great Basins" or the "Company") has decided to adopt a plan of Complete Liquidation and Dissolution pursuant to which the Corporation will (1) sell the shares of its three wholly-owned Canadian oil and gas subsidiaries to United Canso Oil & Gas Ltd., (2) arrange for the sale of the Corporation's remaining assets, (3) provide for the payment of its debts and liabilities and (4) distribute all remaining assets to the Corporation's shareholders. Thereupon the Corporation will be liquidated and dissolved.

This action is being taken because of the large amounts of additional capital that would be required to fully explore and develop the Company's sizable proven and unproven mineral and hydrocarbon properties. Great Basins had been successful in developing substantial hydrocarbon and mineral reserves and in accumulating an attractive prospective land position. However, the funds required to fully explore and develop the Company's properties were found to exceed the Company's cash resources.

After considering available alternatives, the Board of Directors determined that the stockholders of Great Basins would be best served through the sale of the Company's assets to others with access to the cash resources required to realize maximum value from the properties. The Board of Directors subsequently authorized the solicitations of proposals from potential purchasers who may have an interest in the operations or properties of Great Basins.

*A poor collection !!*  
*Good*  
*no interest recognized*  
*and del*

*[Handwritten signatures and notes]*  
*Paul*  
*Howie*  
*Amst*  
*del*

The First Boston Corporation ("First Boston") has been authorized to solicit proposals from a select group of companies that may be interested in acquiring the stock of Columbian Northland Exploration Ltd. (CNEL), a Canadian subsidiary which holds and operates Great Basins' mining interests. CNEL is described in detail in the attached brochure. Should you wish to investigate CNEL more fully, please return:

- (a) an executed copy of this letter; and
- (b) an executed copy of the attached confidentiality agreement.

In addition to the information outlined in the brochure, the Company will provide facilities in Los Angeles, California and Calgary, Alberta, Canada where you may review more detailed information.

Following completion of your detailed review, the Company and First Boston expect to meet with representatives of your company and review specific indications of your interest.

After reviewing the proposals, the Company and First Boston will determine whether it is mutually desirable to proceed with detailed negotiations leading to the execution of a definitive purchase agreement. It is expected that the closing date for any transaction will be as soon as practicable thereafter.

You must rely on your own appraisal and estimates as to the value of the assets involved and upon your own geological and engineering interpretations related thereto.

Great Basins disclaims any and all liability for any representations, either expressed or implied, contained in this letter, in any other written material provided or to be provided, or made in any oral statement to prospective purchasers relative to this proposed transaction, except as may be made in any definitive purchase agreement. Each prospective purchaser shall bear all the costs of its investigation. No finders' fees, brokerage fees or commissions will be paid by the Company in this transaction other than to Great Basins' own investment banker.

This letter, in addition to the publicly available information concerning Great Basins, is being furnished at the request of Great Basins. This letter has been prepared solely for informative purposes from data supplied by Great Basins, and First Boston makes no representation or warranty as to its accuracy or completeness.

Direct contact with the Company will be restricted to those who have executed a copy of this letter and the confidentiality agreement. First Boston will act as the primary contact for prospective purchasers and your reply to this letter should be directed to The First Boston Corporation, attention of Arthur C. Reichstetter (telephone number 212-875-7444) or Richard L. DeNeui (telephone number 212-875-7557) in New York.

Sincerely,

*Richard L. DeNeui*

Acknowledged and Accepted this

\_\_\_\_\_ day of \_\_\_\_\_, 1980.

(Prospective Purchaser)

By: \_\_\_\_\_

The First Boston Corporation  
20 Exchange Place  
New York, New York 10005

Attention: Mr. Richard L. DeNeui

Gentlemen:

In accordance with the procedures described in your letter relating to the sale by Great Basins Petroleum Co. ("Great Basins" or the "Company"), of its Columbian Northland Exploration Ltd. subsidiary ("CNEL"), we have signed this Confidentiality Letter for access to certain detailed information and material relating to CNEL. The sole purpose of our access to such material is to determine whether we wish to submit a proposal for the acquisition of CNEL. You have made available to us such material in a Memorandum describing CNEL in detail. It is our understanding that additional material will be made available to us at facilities provided by Great Basins (the "Data Rooms").

The material contained in the Memorandum and the Data Rooms, any information obtained by meeting with Great Basins' senior personnel and any other information relating to the business of Great Basins or the CNEL furnished to us by the Company in the course of our investigation or derived by us or our employees or agents from any of foregoing are hereinafter collectively referred to as the "Evaluation Material".

It is hereby agreed that the Evaluation Material will not be used by us in any way detrimental to Great Basins or its successors, and that such information will be kept confidential by us and our agents; provided, however, that (1) any of such information may be disclosed to those of our directors, officers, employees and representatives who need to know such information for the purpose of evaluating a possible transaction between us and Great Basins, all of whom shall be informed by us of the confidential nature of such information and shall be directed by us to treat such information confidentially, and (2) any disclosure of such information may be made to which Great Basins consents in writing. It is hereby further agreed that (1) we shall return all Evaluation Material furnished us and any copies, notes or extracts thereof promptly upon Great Basins' request or in the event we decide not to make a proposal, (2) any

analyses, compilations, studies or other documents which may be prepared for internal use by us or our representatives, and which reflect Evaluation Material, will be kept confidential by us and shall not be used by us in any way detrimental to Great Basins or its successors and (3) without Great Basins' prior written consent, we will not, and we will direct our directors, officers, employees and representatives who are aware of our investigation of CNEL not to disclose to any person either the fact that discussions or negotiations are taking place concerning a possible transaction between us and Great Basins or any of the terms, conditions, or other facts with respect to any such possible transaction including the status thereof.

Although we understand that Great Basins has endeavored to include in the Evaluation Material all material information known to it which it believes to be relevant for the purpose of our investigation, we further understand that neither Great Basins nor its agents makes any representation or warranty as to the accuracy or completeness of the Evaluation Material and we agree that Great Basins and its agents shall have no liability to us or any of our representatives resulting from the use of the Evaluation Material by us or such representatives.

This Agreement shall terminate in its entirety in the event that we or one of our subsidiaries acquires CNEL and shall terminate or be inoperative as to particular portions of the Evaluation Material if such information (1) becomes generally available to the public other than as a result of a disclosure by us or our representatives, (2) was available to us on a non-confidential basis prior to its disclosure to us by Great Basins or (3) becomes available to us on a non-confidential basis from a source other than Great Basins. We understand that no failure or delay by Great Basins in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder.

By: \_\_\_\_\_

Dated: \_\_\_\_\_



CONFIDENTIAL

# Columbian Northland Exploration Ltd.

A Wholly-Owned Subsidiary of  
Great Basins Petroleum Co.

THE FIRST BOSTON CORPORATION

July, 1981



CONFIDENTIAL

COLUMBIAN NORTHLAND EXPLORATION LTD.

A Wholly-Owned Subsidiary of

GREAT BASINS PETROLEUM CO.

The undersigned has been authorized to solicit proposals from a select group of companies that may be interested in acquiring Columbian Northland Exploration Ltd., the Canadian mining interests of Great Basins Petroleum Co. This memorandum has been prepared solely for information purposes in this connection from data supplied by Great Basins Petroleum Co. and is not to be reproduced or used for any other purpose. This memorandum is governed by a confidentiality agreement with Great Basins Petroleum Co., the terms of which are described on the following page. The information contained herein has been prepared to assist potential purchasers in making their own evaluation of the property and does not purport to be complete. In all cases, interested parties should conduct their own investigation and analysis of the data and property described. Neither Great Basins Petroleum Co. nor The First Boston Corporation makes any representation or warranty as to the accuracy or completeness of the information contained herein.

THE FIRST BOSTON CORPORATION  
July, 1981

## RESTRICTED ACCESS

This brochure contains information which is subject to a confidentiality agreement between your company and Great Basins Petroleum Co. ("Great Basins"). The agreement restricts access to, and reproduction of, the information contained herein to persons who need to know such information for the purpose of evaluating the possible purchase of the properties described herein. The agreement also provides that (1) all evaluation material and any copies, notes or extracts thereof shall be returned promptly upon Great Basins' request or in the event a decision is made not to make a proposal; (2) any analyses, compilations, studies or other documents which may be prepared for your internal use, and which reflect information contained in this brochure, will be kept confidential and will not be used in any way detrimental to Great Basins; and (3) without Great Basins' written consent, the fact that discussions or negotiations are taking place concerning a possible transaction (or any of the terms, conditions or other facts with respect to any such possible transaction) may not be disclosed to anyone.

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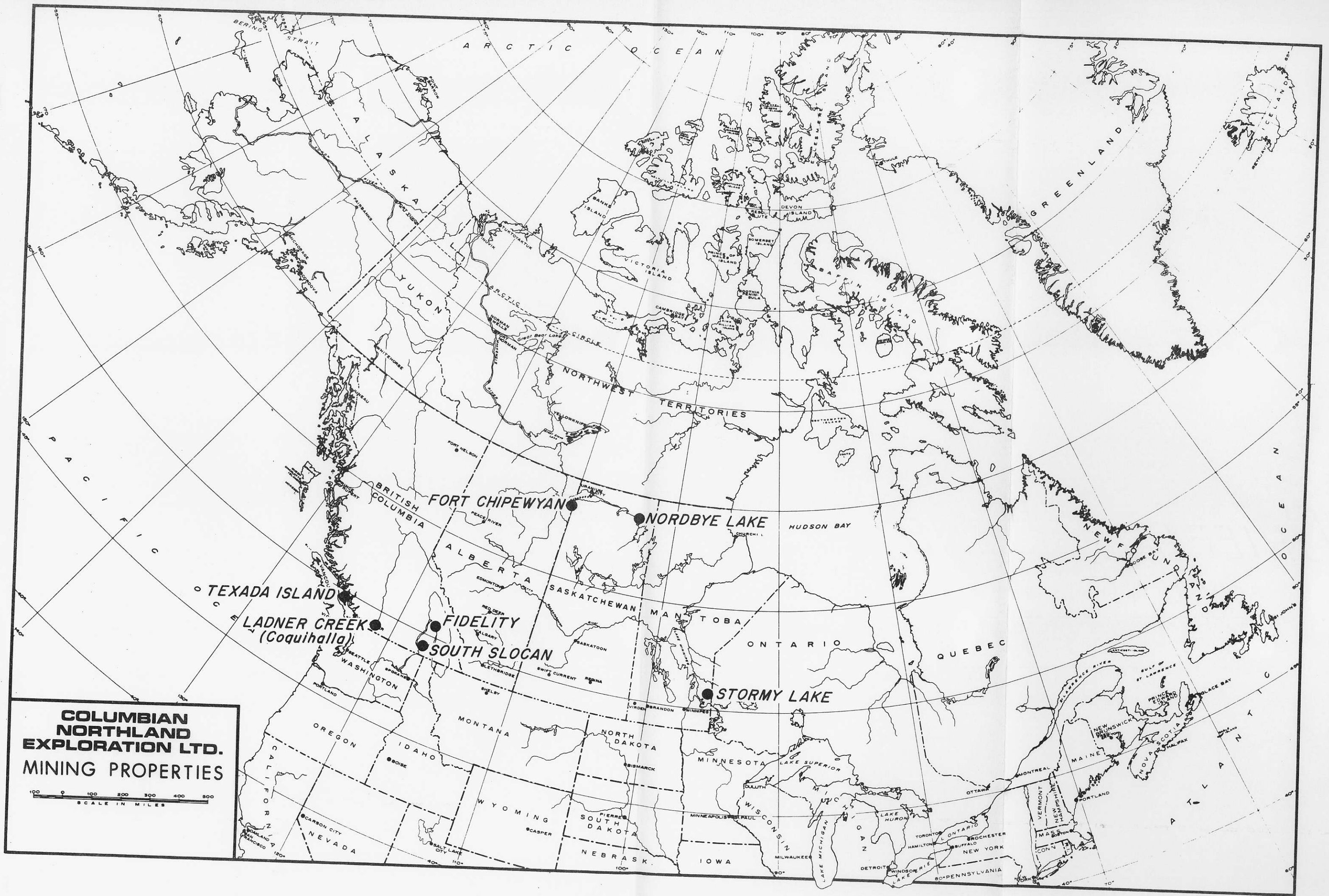
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- III. Ladner Creek Gold Project
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  - B. Ore Reserves
  - C. Geology
  - D. Mining History and Exploration of the Property
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SCHEDULE I

## I. INTRODUCTION

Columbian Northland Exploration Ltd. ("CNEL"), a wholly-owned Canadian subsidiary of Great Basins Petroleum Co. ("Great Basins"), will comprise as of August 31, 1981 all of the Canadian mining assets of Great Basins. The properties will include (1) CNEL's interest in the Ladner Creek Gold Project, a developed gold mine located in British Columbia that is scheduled to begin production during the third quarter of 1981; (2) CNEL's interest in 28,938 gross (6,090 net) acres of exploratory properties in the Coquihalla Gold Belt of British Columbia; and (3) CNEL's interest in 26,057 gross (19,553 net) acres of gold/silver and uranium exploratory acreage in British Columbia, Manitoba, Alberta and Saskatchewan.

Great Basins has retained The First Boston Corporation ("First Boston") to seek qualified buyers to purchase the stock of CNEL. It is Great Basins' preference to receive consideration in cash or registered security.



**COLUMBIAN  
NORTHLAND  
EXPLORATION LTD.  
MINING PROPERTIES**

100 0 100 200 300 400 500  
SCALE IN MILES

SCHEDULE II



## II. EXECUTIVE SUMMARY

The Ladner Creek Gold Project is situated in the northern portion of the Cascade Mountains, twenty kilometers (12.5 miles) by air northeast of the town of Hope, British Columbia. The Ladner Creek Gold Project is located in the center of the northerly trending Coquihalla Gold Belt. The region has had a long history of gold production and the Ladner Creek Project includes two former producers as well as most of the other known mineral showings in the immediate area.

Carolyn Mines Ltd. with offices in Vancouver, British Columbia is the operator of the Ladner Creek Gold Project. Carolyn Mines Ltd. initially optioned the 1,800 acres that comprise the property in 1973 and began surface exploration work. In the fall of 1977, the Aquarius Gold Group, of which CNEL is a member, was brought in as a 50% partner and underground exploration was commenced. CNEL, as a member of the Aquarius Gold Group, will have after recuperation of its investment (see accompanying table) a 17.55% interest in the Project. Subsequent to the addition of the Aquarius Gold Group, further drilling and development work was carried out underground and a feasibility study was completed by Kilborn Engineering (B.C.) Ltd. in May, 1979. Since that time additional development work has been completed and the most recent ore reserve estimate by Wright Engineers Ltd. places reserves at:

In Place		Diluted	
Tons	Ozs. Au/Ton	Tons	Ozs. Au/Ton
2,134,700	0.115	2,482,000	0.103

The mine is presently in the final stages of development with sufficient underground workings completed and broken ore ready for removal from the stopes to commence operation. The primary and secondary crushers are in the process of being installed underground and work is beginning on the tailings pond. The mill is in the final stage of completion and is projected to have a milling rate of 1,500 short tons per day or the equivalent of 525,000 short tons per year. Present plans estimate a start-up date during the latter part of the third quarter of 1981.

In addition to CNEL's interest in the Ladner Creek Project, CNEL also holds an average of a 21% interest in the Aquarius Gold Group's 28,938 acres (6,090 net to CNEL) of exploratory properties in the surrounding Coquihalla Gold Belt. Exploration for gold mineralization is being most actively carried out in the vicinity of the Emancipation Mine and the Spuz Project. Both of these prospects are under active exploration at the present time.

CNEL also has interests in several additional mining properties including gold in British Columbia and Manitoba, silver in British Columbia and uranium in Alberta, Saskatchewan and British Columbia. CNEL's exploratory properties are summarized in the table on the following page.

## COLUMBIAN NORTHLAND EXPLORATION LTD.

Summary of Exploration Properties

	<u>Coquihalla Gold Belt</u>	<u>Texada Island</u>	<u>Stormy Lake</u>	<u>Fidelity Silver</u>	<u>Fort Chipewyan</u>	<u>Nordbye Lake</u>	<u>South Slokan</u>
Province	British Columbia	British Columbia	Manitoba	British Columbia	Alberta	Saskatchewan	British Columbia
Primary Minerals	Gold and base metals	Gold and base metals	Gold and base metals	Silver	Uranium	Uranium	Uranium
Acreage: Gross	28,938	5,172	3,840	2,414	7,628	640	6,363
Net	6,090	2,586	1,728	1,811	6,598	467	6,363
CNEL Net Interest	Varies - approx. 21%	50%	45%	75%	86.5%	73%	100%
Work Completed to Date	Extensive geochemical surveying, trenching and diamond drilling.	Initial exploration including geophysical and geochemical surveys and limited drilling.	Geochemical, magnetometer, VLF and EM surveys have been completed.	Initial assesment work including two shallow diamond drill holes.	Geophysical survey completed.	Geochemical survey completed.	Initial geologic survey.
Operator	Aquarius Resources Ltd.	Aquarius Resources Ltd.	Klon Exploration Co. Ltd.	CNEL	CNEL	CNEL	CNEL
Partners with CNEL	Aquarius Resources Ltd. Ocelot Industries Ltd. Windjammer Power & Gas Ltd.	Aquarius Resources Ltd. - 50%	Ocelot Industries Ltd. - 45% Klon Exploration Co. Ltd. - 10%	Claims owners retained 25% interest while CNEL pays 100% of the costs.	Jack Wahl, Chairman of Great Basins - 13.5%	Pacific Silver Ltd.	None
Funds Spent by CNEL to Date	\$532,000	\$155,000	\$60,000	\$120,000	\$520,000	\$44,000	\$26,000
Funds Committed to Date by CNEL or Partnerships	CNEL is committed to contribute \$194,000 for exploration work.	Partnership is committed to expend \$50,000 in 1981 to hold the property. As part of an ongoing exploration program CNEL is committed to spend \$200,000 during the next several years.	CNEL is committed to contribute \$39,000 for its share of exploration costs during 1981. The partnership has an option payment of \$30,000 due September 1981, and the option to purchase the property for \$250,000 in December 1982.	CNEL is committed to expend \$22,500 per year to maintain the option.	CNEL has established substantial credits to hold the property.	CNEL has established credits to hold the property.	No payments as a result of the moratorium on uranium mining.
Status	Active exploration underway with strong indications of economically recoverable reserves.	No indicated ore body as yet, but initial results are promising.	Active exploration continues on the property at the present time.	Exploration work is scheduled during August and September of 1981.	Geophysical studies were inconclusive. An ore body may exist at deeper depths than are presently economical.	Hold pending the results of active exploration in surrounding properties.	Province of British Columbia has placed a seven year moratorium on all uranium exploration and production.

SCHEDULE III

### III. LADNER CREEK GOLD PROJECT

#### A. Ownership

CNEL in partnership with Ocelot Industries Ltd., Windjammer Power & Gas Ltd., and Aquarius Resources Ltd., comprise the Aquarius Gold Group which has been engaged in exploration for gold and base metals in British Columbia since 1975. In 1978, Aquarius Gold Group negotiated a farm-in of the Carolin Mines Ltd. properties in the Ladner Creek area, British Columbia. The Aquarius Gold Group acquired a 50% interest in the Ladner Creek Project in consideration for (1) the completion of the final feasibility study by Kilborne Engineering (B.C.) Ltd. in May, 1979; and (2) a commitment by the Aquarius Gold Group to contribute C\$28.0 million to develop the Ladner Creek Project. To date, CNEL's contribution to the Aquarius Gold Group's interest in the Ladner Creek Project has been \$376,000 of predevelopment expenditures and approximately \$8.0 million towards the development of the project. CNEL is committed under the present agreement to contribute up to \$9,828,000.

Contributions to the Ladner Creek Project will be recovered from net revenues from operations under the following schedule:

	Payouts			
	<u>Priority</u>	<u>1st</u>	<u>2nd</u>	<u>3rd &amp; Future</u>
Carolin Mines Ltd.	50.00%	11.22%	33.33%	50.00%
CNEL	17.55	31.10	23.40	17.55
Ocelot Industries	22.50	40.00	30.00	22.50
Windjammer	4.95	8.79	6.60	4.95
Aquarius Resources	5.00	8.88	6.67	5.00
Total Aquarius Group	<u>50.00%</u>	<u>88.77%</u>	<u>66.67%</u>	<u>50.00%</u>
Total	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

The priority payback is the result of cost overruns totaling C\$14.0 million and C\$2.0 million in further exploratory costs. CNEL's share of the priority payback will be 17.55% of the first C\$16.0 million net revenues from operations. The First and Second paybacks will each be C\$23.36 million with the payback as scheduled in the above table. The Third payout is anticipated to continue for the life of the property.

The Ladner Creek Project is comprised of eight Crown-granted and 39 located mineral claims situated in the New Westminster Mining Division of British Columbia.

B. Ore Reserves

Proved minable reserves based upon a cut-off grade of 0.05 ounces of gold per short ton and a dilution factor of 10% for longhole stopping and 4% for cut and fill stopping are summarized below:

<u>In Place</u>		<u>Diluted</u>	
<u>Tons</u>	<u>Oz./Tons</u>	<u>Tons</u>	<u>Oz./Tons</u>
2,134,700	0.115	2,482,000	0.103

This represents 4.7 years of production at 1,500 tons per day, 350 days per year or the equivalent of 525,000 short tons per year. It is considered likely that the present reserves will be extended as additional development work continues on the property.

The above ore reserve calculation was completed by Wright Engineers Limited, Vancouver, as of June, 1981. Wright Engineers Limited used data provided by W. E. Clarke, consulting geologists to Carolin Mines Ltd., completed on May 8, 1981. The W. E. Clarke report updated earlier reserve estimates by Kilborn Engineering (B.C.) Ltd. of May, 1979, and Cochrane, Clarke & Griffith of February, 1979.

C. Geology

The principal structural feature of this district is the northerly to northwesterly trending Hozameen Fault which separates the mid-Jurassic age Ladner Slate Group to the east of the fault, from the older (Paleozoic) Hozameen Group and an altered and serpentinized ultra-basic and extrusive greenstone complex of unknown age (possibly Paleozoic).

The Coquihalla Gold Belt has been compared (Cairnes, 1929) to the Mother Lode district of California, however, the belt had limited production in the past. The Coquihalla Gold Belt is generally deemed to be terminated by batholiths and metamorphic complexes before reaching the highly productive Bralorne Camp district which has produced 2,562,078 oz. of gold and 626,870 oz. of silver. The general geology of the Bralorne Camp district is remarkably similar in structure, rock ages and lithology to that of the Coquihalla Belt.

Gold deposits along the Belt include shear zone, vein, breccia and replacement varieties with some deposits exhibiting more than one of these characteristics. Most of the gold occurrences found to date along the Coquihalla Belt lie within or close to the Hozameen Fault system and within either the altered basic rocks or the Ladner Group Slates in what is called the Idaho Zone.

The Idaho Zone is a group of mineralized lenses occurring near the base of the Ladner Group of slates and argillites. The meta-sediments have been ruptured by a series of northerly trending normal faults and the greywackes near these faults have been altered to a quartz-carbonate-chlorite-albite host rock. The lenses vary from 50 meters to 300 meters long, 5 to 50 meters wide, and 10 to 100 meters high. They tend to be tilted toward the east and to strike parallel to the Idaho Zone. The Zone strikes N 25° W and plunges at 20° - 25° to the north.

The lenses contain approximately 2% sulphide by volume, and these consist of pyrrhotite, pyrite, and arsenopyrite with traces of chalcopyrite, magnetite and sphalerite. Almost all of the gold is free and occurs as very fine dispersions within the sulphides and along grain boundaries.

#### D. Mining History and Exploration of the Property

Interest in the Coquihalla Gold Belt followed the intense placer activities along the nearby Fraser River during the 1860's. The first important discovery in the Belt, however, did not occur until 1912 with the discovery of the Emancipation lode. Between 1916 and 1943 the five major properties of the Coquihalla Gold Belt produced ore amounting to 3,102 tons containing 3,912 ounces of gold with an average of 1.2 ounces of gold per ton. Following World War II some exploration was conducted in the area, but the major effort did not begin until 1973 when Carolin Mines Ltd., the operator of the Ladner Creek Project, assembled the 1,800 acres that comprise the Project.

The exploratory work begun in 1973 by Carolin Mines Ltd. included geological mapping, geochemical soil sampling, geophysical surveying, trenching, and 43 BQ diamond drill holes aggregating 6,911 meters. Following encouraging initial results, Carolin Mines Ltd. in 1978 farmed-out a 50% interest to the Aquarius Gold Group and commenced underground exploration by driving a 2,441 foot - 20% decline ramp along the general trend of the Idaho Zone. Six cross-cuts were driven from the decline to explore for mineralized areas along with 120 AQ diamond drill holes aggregating 6,926 meters.

### E. Development of the Property

The completion of the Kilborn Engineering feasibility study in May, 1979 provided evidence of the Project's economic viability and as a result full scale development was begun. The mining method employed in developing the presently proven reserves has been sub-level longhole stopping. It is estimated this method will be used to mine 2.1 million tons of ore commencing with the block currently under development above the 800' level. This method provides advantages of low costs, the use of a high degree of mechanization, and safe working conditions while requiring a greater amount of pre-production development work and slightly higher dilution. Longhole stopping will be the mining method employed to mine approximately 85% of the presently proven reserves with conventional cut and fill method required to remove approximately 15% of the ore. Current plans call for the disposal of a majority of the mill tailings in a tailings pond presently under construction and a minor amount of the mill tailings to be redeposited in the mine workings.

Stope development is being carried out by trackless methods using diesel-powered, 5-yard LHD units. The main haulage level is tracked with a trolley locomotive and train that will deliver ore to the underground primary crusher. The ore will move by conveyor from the underground crusher to the mill.

Other development work including the installation of air, water and power lines is completed along with an all weather road to the property.

### F. Milling, Smelting and Refining

The crushing plant had to be moved underground because of the severe avalanche hazards of the area. When completed, the excavation will house a jaw crusher, vibrating screen and cone crusher. The crushed ore will then be fed by conveyor to the rod mill and then the ball mill which will reduce the -7/8" crusher product to 65% -200 mesh. The cyanidation circuit will include mechanically agitated tanks in which the gold will be dissolved and the gold bearing solution will be separated from the solid tailings in a thickener and two stages of drum filtration. The solution will then be clarified and a gold precipitate recovered by the addition of zinc dust. This precipitate will be separated from the barren solution in filter presses and smelted into gold bullion.

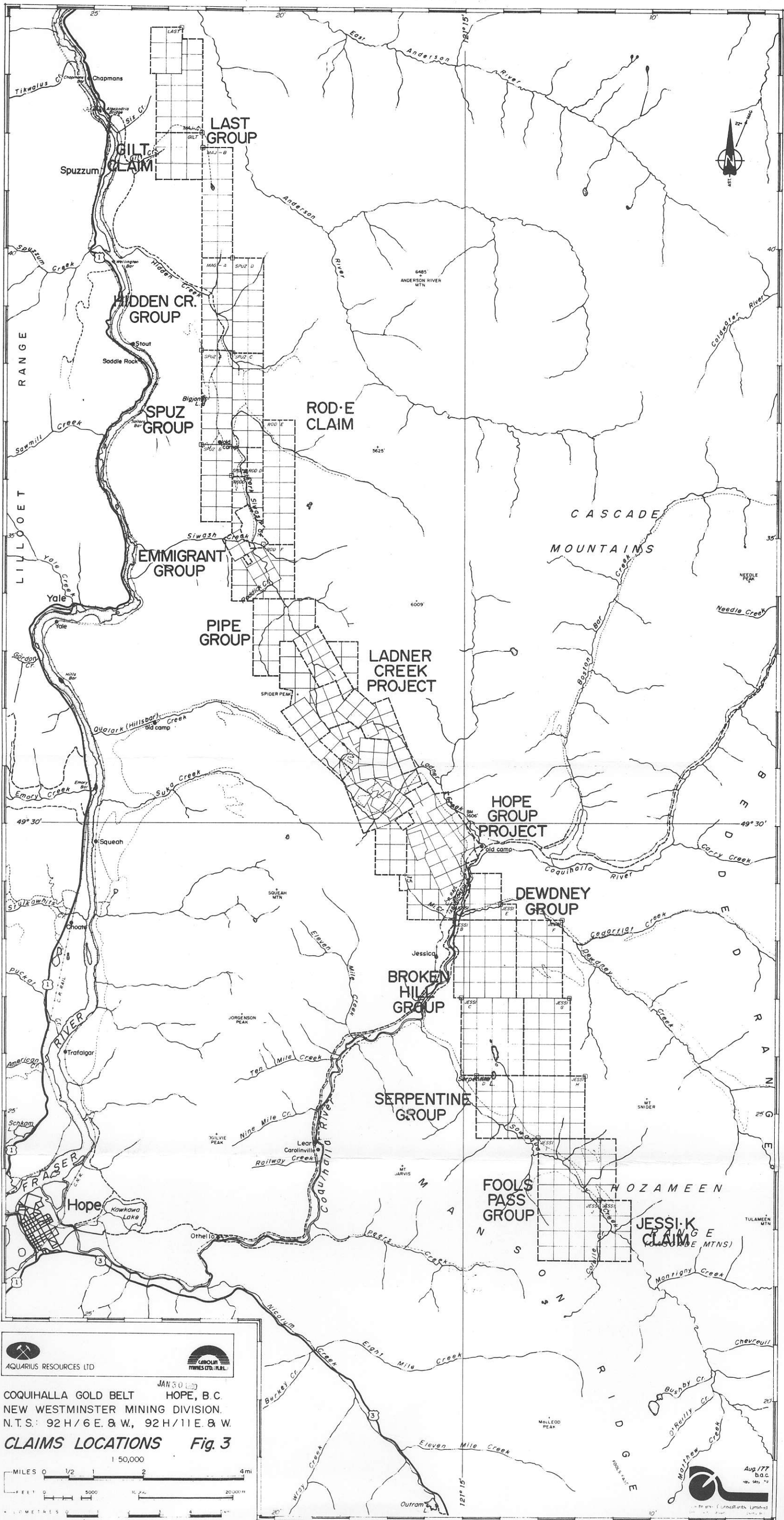
Mill recoveries based upon tests completed to date are estimated to be a minimum of 83% and a maximum of 93%. The 1,500 ton per day milling facility is nearing completion and is projected to be operational the latter part of the third quarter of 1981.



Smelting will take place on the premises in a single chamber melting furnace. The resulting bullion will be cast as bars and sent to the refinery.



G. McMaster Zone

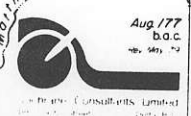
Within the Ladner Creek Gold Project and on strike with the development area are a series of six large geochemical anomalies collectively known as the McMaster Zone. These anomalies are centered around old mine workings and are outlined by soil values in excess of 100 ppb. with higher portions in excess of 1,000 ppb. The anomalies are larger than those found in the development area of The Ladner Creek Project. These McMaster Zone anomalies appear very promising but substantial additional exploration work will be required before economically recoverable reserves can be proven.





  
 AQUARIUS RESOURCES LTD. CANOLYN MINES LTD. (P.R.L.)

JAN 30 1980  
 COQUIHALLA GOLD BELT HOPE, B.C.  
 NEW WESTMINSTER MINING DIVISION.  
 N.T.S.: 92H/6E. & W., 92H/11E. & W.  
**CLAIMS LOCATIONS Fig. 3**  
 1:50,000

MILES 0 1/2 1 2 4  
 FEET 0 5000 10000 20000  
 METERS 0 2 4


  
 Aug 177  
 b.c.  
 Geological Services Ltd.

# AQUARIUS RESOURCES LTD.

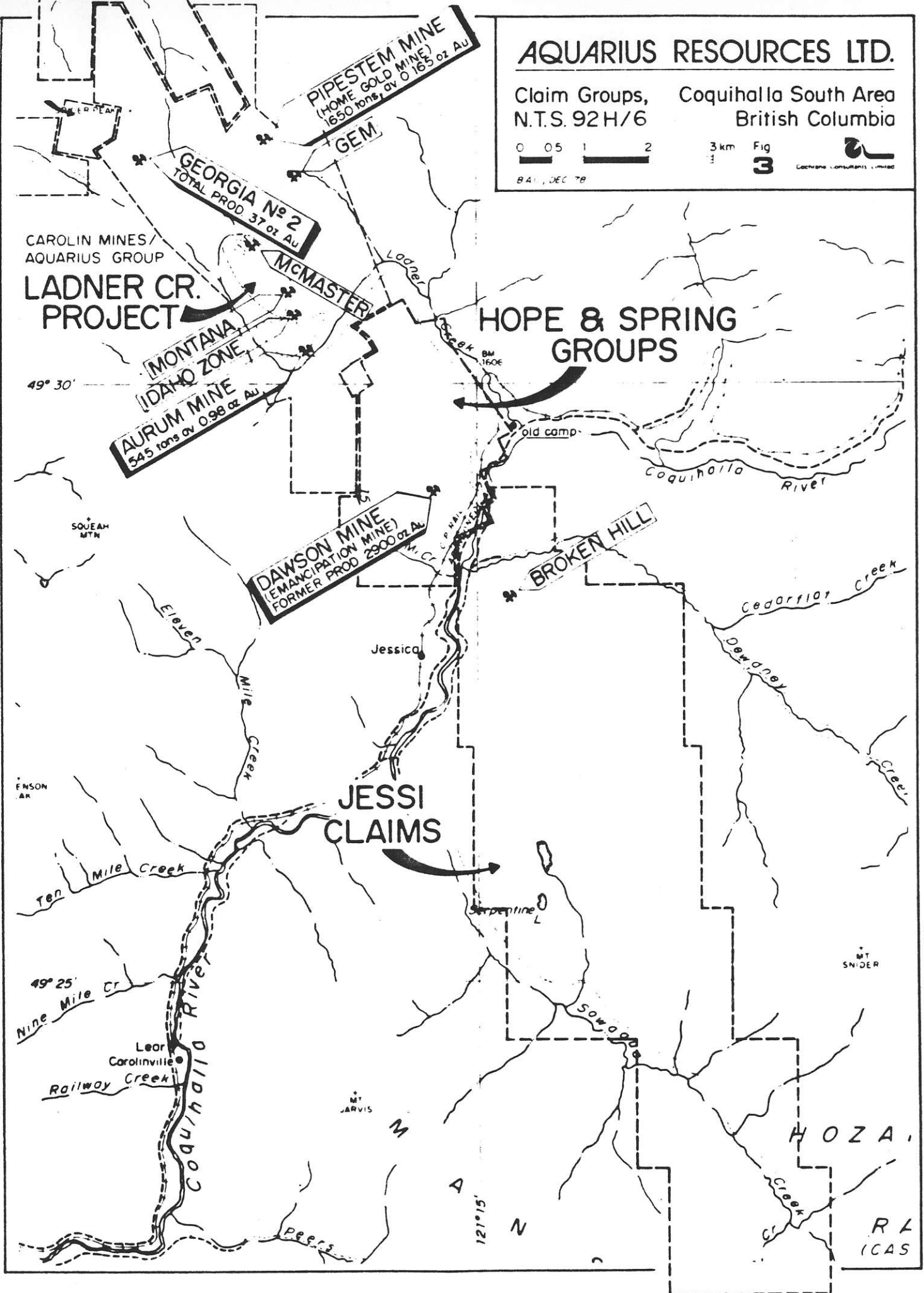
Claim Groups,  
N.T.S. 92H/6

Coquihalla South Area  
British Columbia

0 0.5 1 2

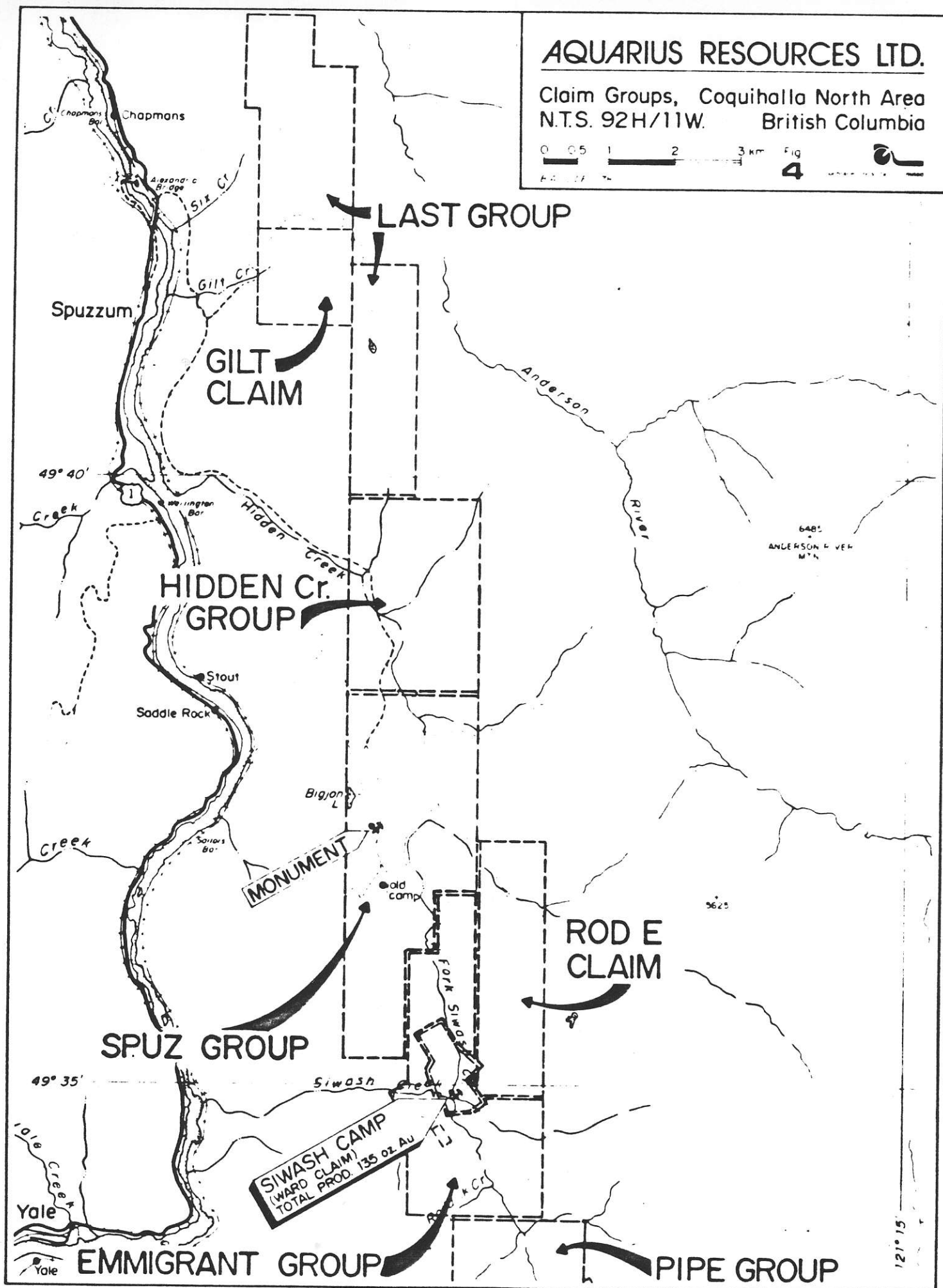
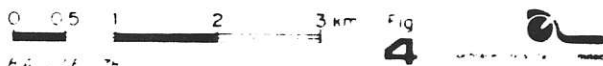
3 km Fig 3

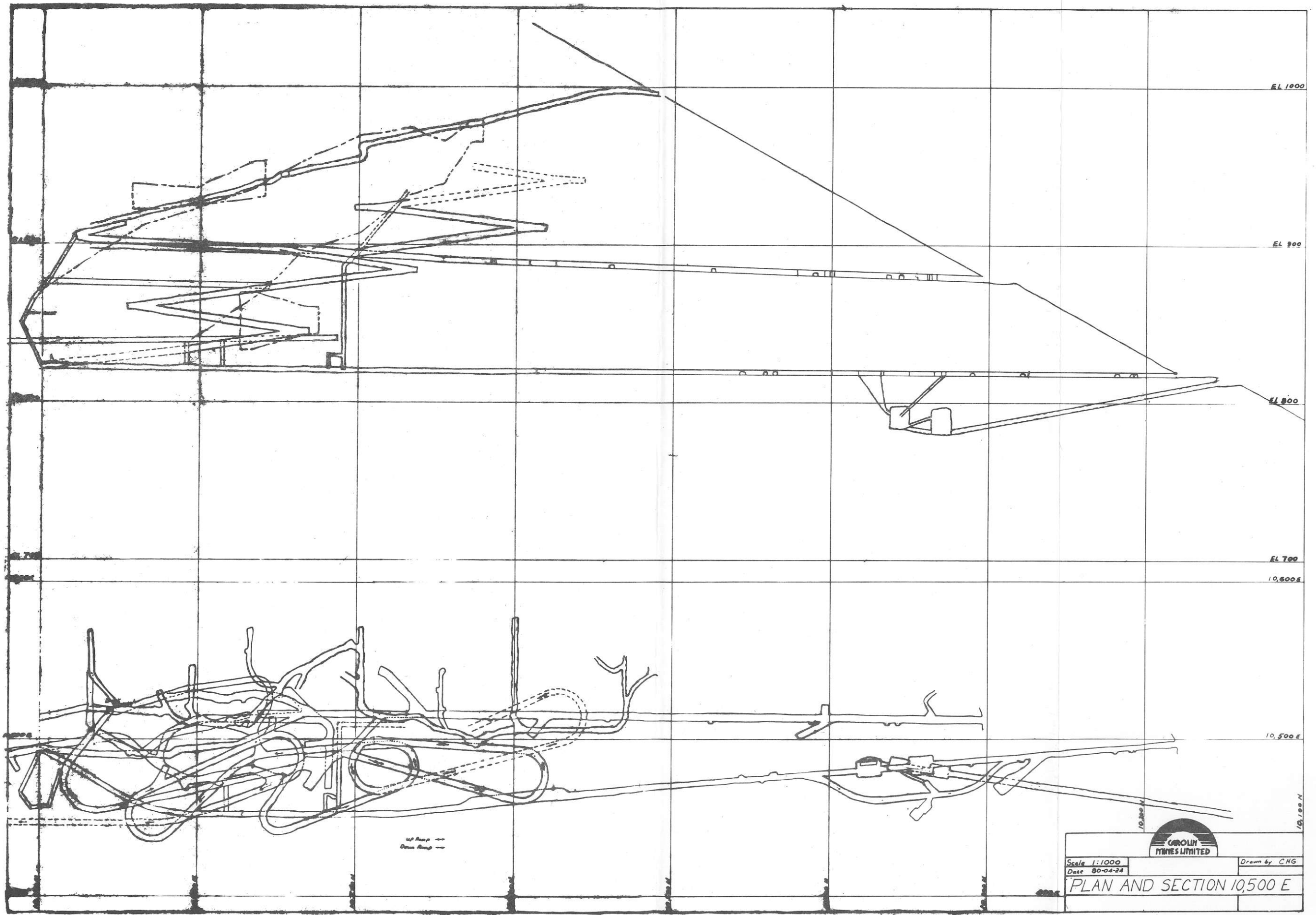
841, DEC 78




# AQUARIUS RESOURCES LTD.

Claim Groups, Coquihalla North Area  
N.T.S. 92H/11W. British Columbia

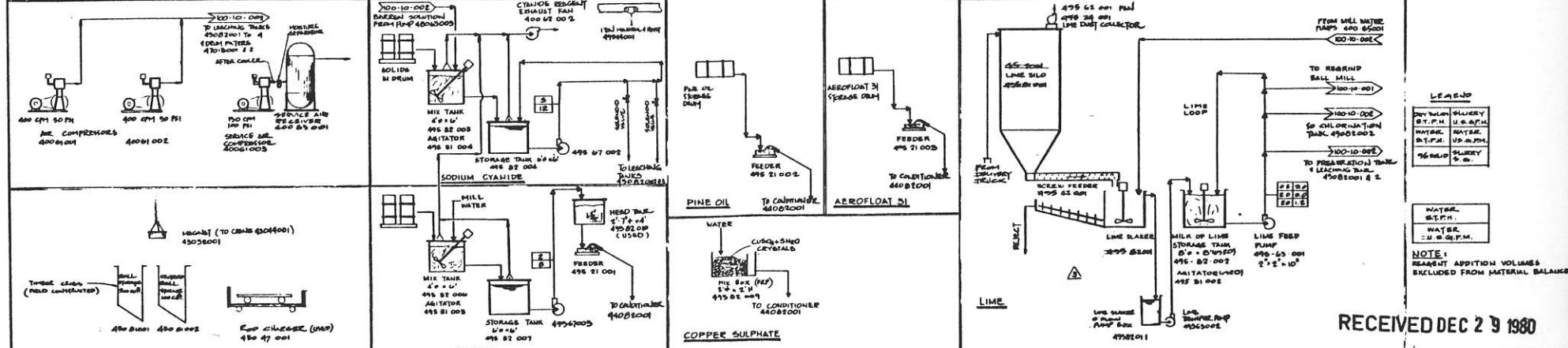
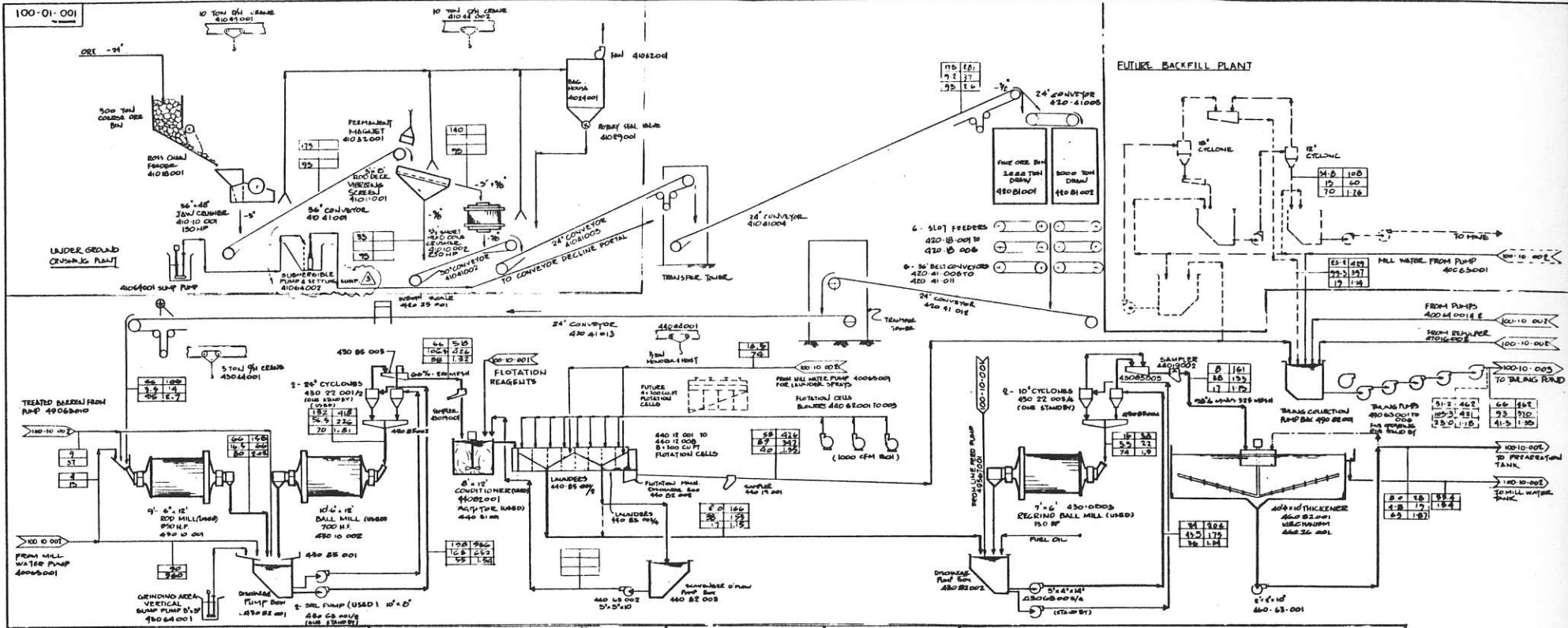




UP Ramp  
Down Ramp

 <b>CAROLIN TYNIES LIMITED</b>		Drawn by CHG
Scale 1:1000	Date 80-04-24	
PLAN AND SECTION 10,500 E		





LEACHING

ST. P.M.	U.S. G.P.M.
WATER	WATER
ST. P.M.	U.S. G.P.M.
WATER	WATER
ST. P.M.	U.S. G.P.M.

NOTE: REAGENT ADDITION VOLUMES EXCLUDED FROM MATERIAL BALANCE

RECEIVED DEC 2 9 1980

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
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SCHEDULE IV



#### IV. COQUIHALLA GOLD BELT PROSPECTS

In addition to the Ladner Creek Gold Project, CNEL's participation in the remaining acreage in the Coquihalla Gold Belt consists of three separate working interests:

	<u>Interest</u>	<u>Gross Acres</u>	<u>Net Acres</u>
A. Hope Group	35.1%	2,000	702
B. Serpentine Group (Spuz, Pipe, Emmi- grant, Jessi & Last Prospects	20.0	23,094	4,619
C. Laidlaw Group	20.0	<u>3,844</u>	<u>769</u>
		<u>28,938</u>	<u>6,090</u>

The following is a discussion of the major claim groups included in the three working interests above.

##### A. Hope Group

The Hope Group adjoins the Ladner Creek Gold Project on strike to the south and consists of 32 contiguous old mineral claims, 15 new units and mineral lease M-35. The Emancipation Mine which produced 2,897 ounces of gold between 1916 and 1941 is located on the property.

A gold geochemical soil sampling survey outlined two large anomalies on the Hope Group, the larger of which is located around the old workings of the Emancipation Mine while the other is on strike with the old workings some 300 yards to the north. These anomalies are similar in size and strength to those of the Idaho Zone of the Ladner Creek Project.

##### B. Serpentine Group

###### - Spuz Prospect

The Spuz Prospect is located in the northern section of the Coquihalla Gold Belt and consists of 154 new mineral claims over a strike length of 9.7 miles, varying in width from 1,000 to 3,000 meters. To date, the region of the most intensive exploratory work has been the Monument Zone which lies in the northern part of the Spuz Prospect approximately 8.4 air miles north-northwest of the

Ladner Creek Gold Project development area. The Monument Zone has been the focus of extensive geological, geophysical and geochemical work since 1976. To date, 1,187 lineal meters (3,894 ft.) of diamond drilling have been completed in nineteen holes. During the 1977 field season geologically inferred reserves were estimated by Cochran Consultants Limited, Delta, British Columbia, based on widely spaced diamond drilling and surface trenching. Cochran stated the work indicated an average grade of 0.179 troy ounces per short ton (6.14 grams per metric tonne) and the drilled off segment was making 277 short tons per vertical foot, across an average width of 5.3 feet along a strike length of just under 1,000 feet. Subsequent work during the 1979 field season proved the Monument Zone to be quite variable in width, grade and character. Deeper drilling found the mineralized zone continues to over 250 feet below the surface. In addition, the drilling proved the existence of a new subparallel replacement-type zone on the east side of the Monument Zone. No attempt at recalculating the grade and tonnage was made as a result of the 1979 field work.

In the southern part of the Spuz Prospect a geochemical survey outlined a large geochemically anomalous zone extending to the edges of the survey grid and covering a strike length of some 5,500 feet. The anomalous zone is as strong and much larger than the anomaly associated with the development area of the Ladner Creek Gold Project and, in fact, rivals that of the McMaster Zone. A further geochemical program was carried out to the northeast of the main anomalous zone during the 1980 season, but the results were inconclusive.

#### - Pipe and Emmigrant Prospects

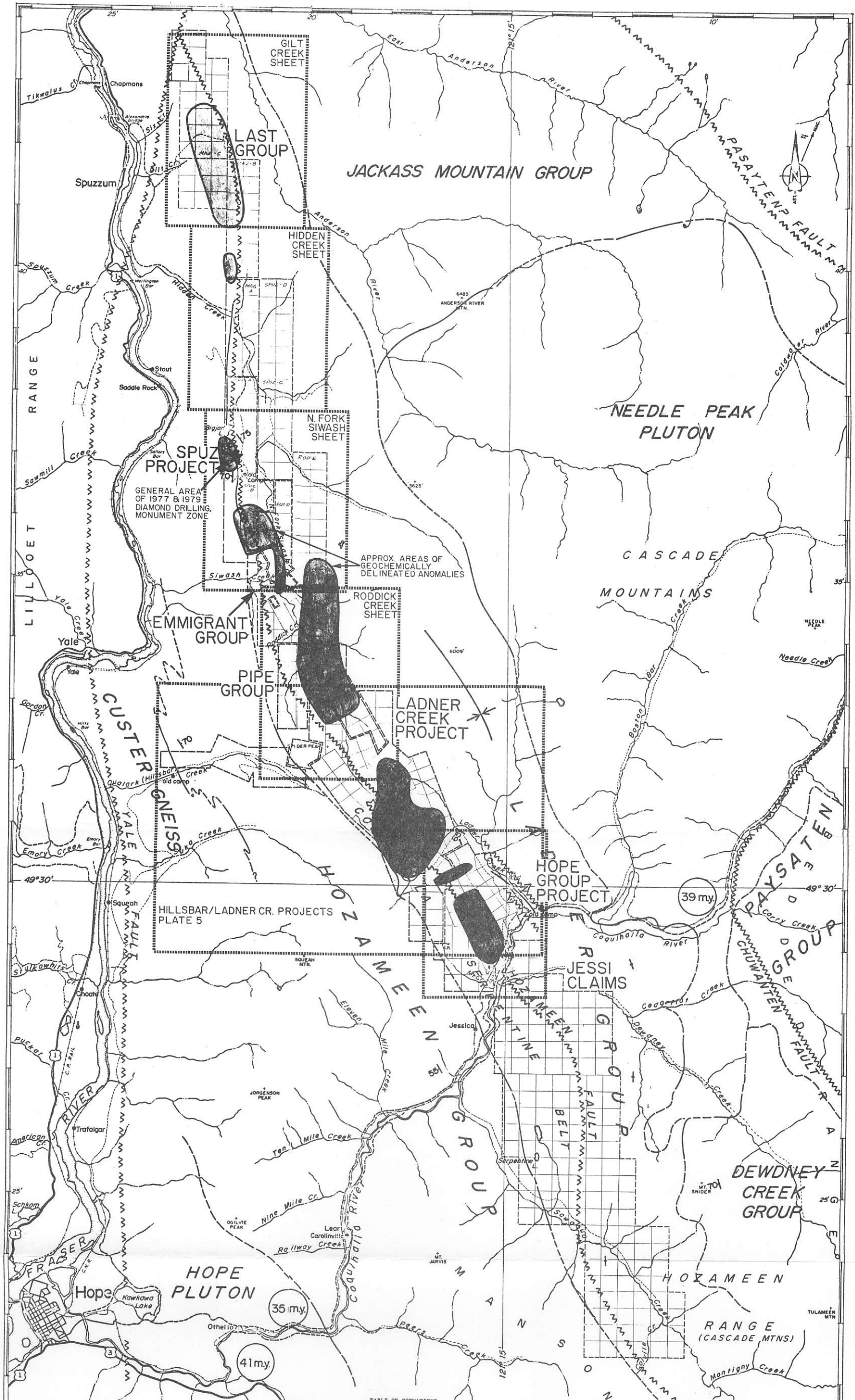
The Pipe Prospect includes nine old claims and 15 new units while the Emmigrant Prospect is comprised of ten old claims and 13 new units. A VFL survey was conducted during 1976 on the old claims of the Pipe Prospect and outlined several northwesterly trending conductors, the most interesting of which were coincident with an old adit and two small geochemical anomalies. In 1979, a subsequent geochemical survey was completed over the remaining acreage of the Pipe and Emmigrant Prospects. This survey outlined dozens of small anomalies and a dozen intermediate-sized (800-1,500 feet long) anomalies. The background sample values on the grid were exceptionally low, indicating thick overburden, and the readings were in general weak.

#### - Jessi Prospect

This Prospect is composed of six claim blocks totalling 160 new units along the strike of the Coquihalla Belt for 6.5 miles in a southerly direction from the Hope Prospect. No modern exploration work has been done on the property.

C. Laidlaw Group

This Group of claims was obtained for future exploratory work and is located approximately five miles from the town of Hope, British Columbia. No modern exploration has been carried out on the property.



**GREAT BASINS PETROLEUM LTD.**  
Ladner Creek Area  
Nov. 1979

**LONGBAR MINERALS LTD.**  
COQUIHALLA GOLD BELT HOPE, B.C.  
NEW WESTMINSTER MINING DIVISION.  
N.T.S.: 92 H/6 E. & W., 92 H/11 E. & W.  
**GENERAL GEOLOGY Fig. 5**

1:50,000

MILES 0 1/2 1 2 4 mi.  
FEET 0 5000 10000 20000  
KILOMETRES 0 1 2 4 km

**TABLE OF FORMATIONS**

TERTIARY	ACIDIC INTRUSIVES (GRANODIORITE, QUARTZ DIORITE)
LATE CRETACEOUS-EARLY TERTIARY	COOPER GNEISS (HIGHLY SHEARED HOZAMEEN ROCKS)
LOWER CRETACEOUS	PAYSATEN GROUP (SANDSTONE, CONGLOMERATE)
UPPER JURASSIC	DEWDNEY CREEK GROUP (SANDSTONE, PELITE/TUFF)
LOWER AND MIDDLE JURASSIC	LADNER CREEK GROUP (ARGILLITE, GYPSUM, SLATE, ETC.)
UPPER PALEOZOIC	HOZAMEEN GROUP (CHERT, ARGILLITE, GYPSUM, SLATE, ETC.)
PALEOZOIC	COQUIHALLA SERPENTINE BELT (CHERT, ARGILLITE, GYPSUM, SLATE, ETC.)
ROCKS OF UNKNOWN AGE	NEEDLE PEAK PLUTON, ANDERSON RIVER PLUTON, HOPE PLUTON, JESSI CLAIMS

**FAULT (DEFINED, APPROX.)**

**GEOLOGICAL CONTACT (DEFINED, APPROX.)**

**BEDDING ATTITUDE**

**ANTIFORM, SYNFORM**

**AGE DATE (MILLION YEARS BEFORE PRESENT)**

**BETWEEN 1916 AND 1949 (FIVE'S) PROPERTIES PRODUCED 3,912 OR. OZ. Au FROM 3,102 TONS. (AVERAGE OF 1.2 OZ.)**

**See Fig. 5**

**GEOLOGY MODIFIED FROM:**

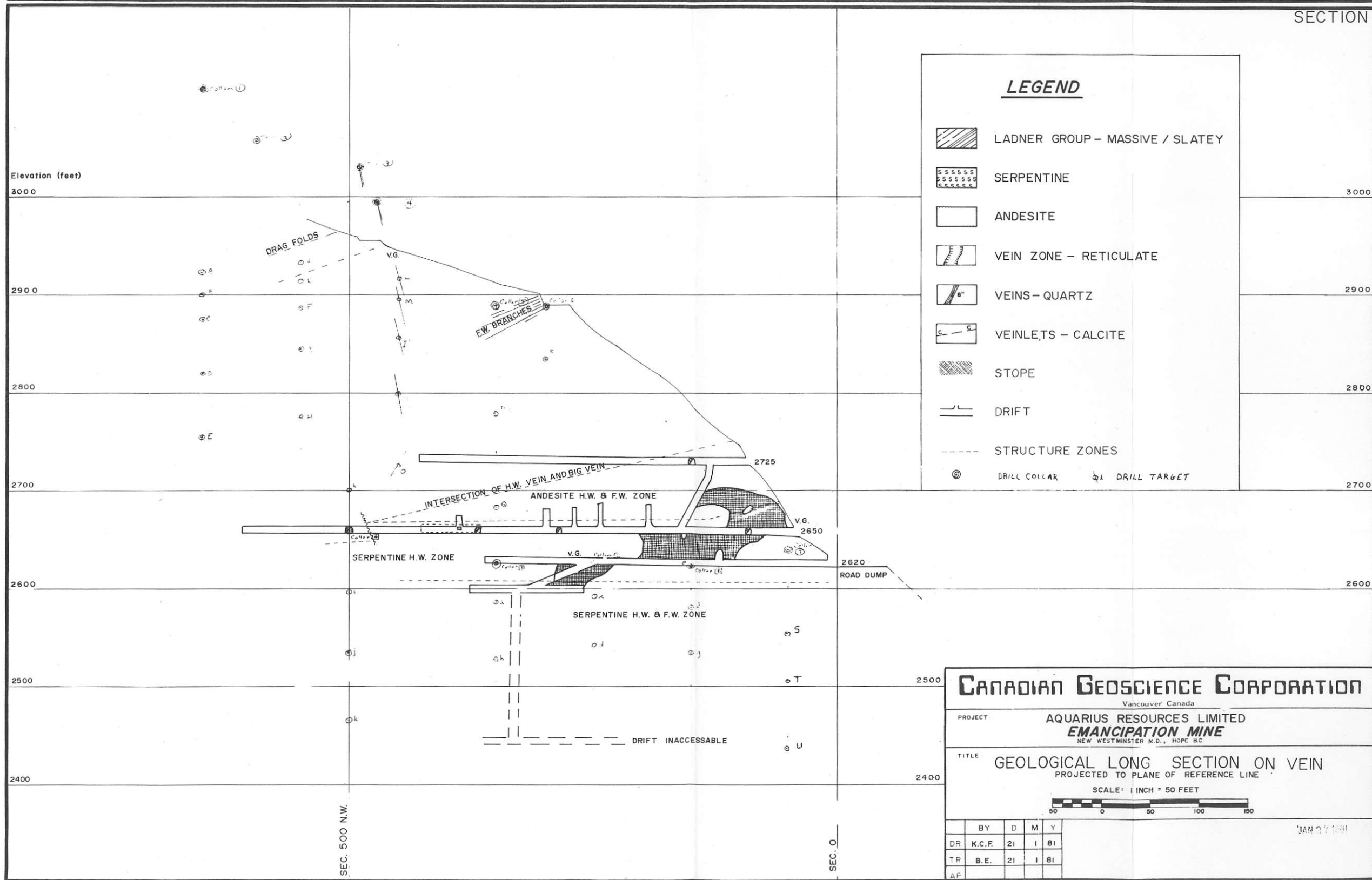
1. CAIRNES, C.E. (1974) GEOLOGICAL MAP, COQUIHALLA BELT, B.C. MIN. IND. SURV. BR., C.S.C.
2. HONGER, J.W.H. (1969) C.S.C. PAPER 69.4, HOPE SHEET, WEST HALF.
3. MCTAGGART, K.C. & THOMPSON, R.H. (1967) GEOLOGY OF PART OF THE NORTHERN CASCADES, CAN. JOUR. EARTH SCIENCES, VOL. 4.
4. GRIFFITH, D.J. PERSONAL COMMUNICATIONS.
5. MONTGOMERY, J.H. (1975) GEOLOGY OF THE HOPE GROUP TUNGSTEN REPORT FOR COQUILLA MINES LIMITED.
6. COCHRANE, D.R. VARIOUS PROPERTY EXAMINATIONS, COQUIHALLA GOLD BELT.
7. STEPHENS, G.C. GEOLOGY OF THE HOPE CLAIMS.
8. STENK, J. GEOLOGY OF THE HOPE CLAIMS.
9. LITTLEJOHN, A. LONGBAR MINERALS REECE PROGRAM, 1977.

Aug 177 bac  
Cochrane Consultants Limited  
4092 Date 1979












PLAN

REFERENCE LINE

SECTION



**LEGEND**

-  LADNER GROUP - MASSIVE / SLATEY
-  SERPENTINE
-  ANDESITE
-  VEIN ZONE - RETICULATE
-  VEINS - QUARTZ
-  VEINLETS - CALCITE
-  STOPE
-  DRIFT
-  STRUCTURE ZONES
-  DRILL COLLAR
-  DRILL TARGET

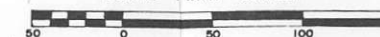
**CANADIAN GEOSCIENCE CORPORATION**

Vancouver Canada

PROJECT: AQUARIUS RESOURCES LIMITED  
**EMANCIPATION MINE**  
NEW WESTMINSTER N.D., HOPE BC

TITLE: GEOLOGICAL LONG SECTION ON VEIN  
PROJECTED TO PLANE OF REFERENCE LINE

SCALE: 1 INCH = 50 FEET



BY	D	M	Y
DR	K.C.F.	21	1 81
TR	B.E.	21	1 81
AF			

JAN 27 1981





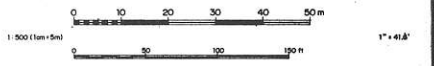
AQUARIUS RESOURCES LTD.

Spuz Project

Monument Zone

North Fork Siwash Creek Area  
New Westminster Mining Division

N. T. S. 92H/11  
British Columbia



Base map from recent survey by S.E. completed November, 1977

S.A.C. January, 1978  
Revised - P.K.C. October, 1979

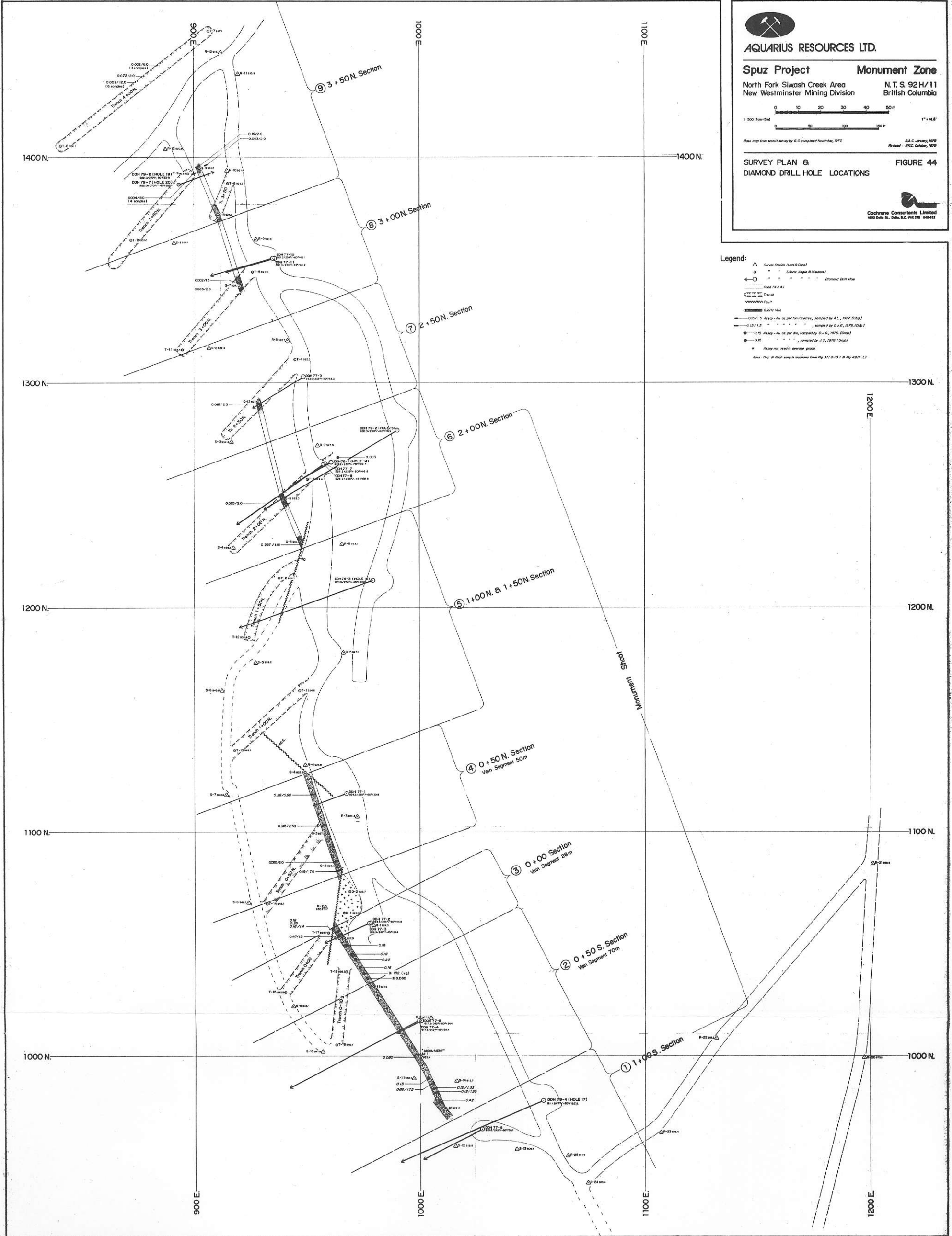
SURVEY PLAN 8  
DIAMOND DRILL HOLE LOCATIONS

FIGURE 44



Legend:

- △ Survey Station (Lump B Chip)
  - Station Angle & Distance
  - Diamond Drill Hole
  - Road (E.S. 41)
  - 1/2" or 3/4" Track
  - ~~~~~ Fault
  - Quartz Vein
  - 0.15/1.5 Assay - Au oz per ton/feet, sampled by A.L., 1977 (Chip)
  - 0.15/1.5 Assay - Au oz per ton, sampled by D.J.G., 1976 (Chip)
  - 0.15 Assay - Au oz per ton, sampled by D.J.G., 1976 (Chip)
  - 0.15 Assay - Au oz per ton, sampled by J.S., 1976 (Chip)
  - \* Assay not used in average grade
- Note: Chip & Grab sample locations from Fig. 31 (D.G. 1) & Fig. 42 (A. L.)



## V. OTHER EXPLORATORY PROSPECTS

### A. Texada Island, British Columbia

CNEL is a 50% participant with Aquarius Resources Ltd. in this gold prospect located on the northern end of Texada Island in Vancouver Bay. The Texada Island Project is operated by Aquarius Resources Ltd. which holds provincial claims on 5,172 acres (2,586 net to CNEL). Initial geochemical and geophysical exploration has been completed and the project is ready for detailed exploration.

Mineralized showings on Texada Island may be divided into contact metamorphic types, and hydrothermal vein and replacement types. The contact metamorphic type is best represented by the Texada Mines magnetite ore body which produced slightly more than one million tons grading 50.53% iron with traces of gold and silver and 0.22% copper. The hydrothermal vein and replacement types include gold deposits and gold-copper deposits. These types are represented by the old Marble Bay Mine which produced 314,192 tons between 1899 and 1929 yielding 50,001 oz. of gold, 405,805 oz. of silver and 14,969,202 lbs. of copper. Other producing mines of this type on the island include the Cornell Mine and the Vananda Mine.

The four principal prospects are summarized below:

M-21 Group - An incompletely surveyed linear anomaly has been identified on the property.

Sturt and Irish Claims - A partial geochemical survey returned some anomalous copper, silver, and gold samples along the Marble Bay Fault line.

Bolivar Group - A linear anomaly has been identified on the property in the vicinity of an unsuccessfully explored high-grade gold showing.

Cortez Group - There is evidence that an attempt, through strike trenching, was made to surface mine a portion of this group but geochemical evidence to date has not been encouraging.

Crown Grants - There are 31 Crown Grants included in the joint venture scheme but no recent exploration has been carried out in the prospects.

CNEL's total costs to date have been \$155,000. An additional \$50,000 has been committed for expenditure during 1981. It is estimated that an annual commitment of \$50,000 will be required to hold the property. The properties have access to deep water transportation.



B. Stormy Lake, Manitoba

CNEL holds a 45% working interest in the Stormy Lake Prospect located in the vicinity of Bissett in Eastern Manitoba approximately 100 miles northeast of Winnipeg. Ocelot Industries Ltd. and Klond Exploration Co. Ltd. hold 45% and 10% working interests respectively and Klond Exploration Co. Ltd. is the operator. The prospect consists of 3,840 acres (1,728 net to CNEL).

The Bissett region was a significant gold, silver and lead mining area during the 1930's and 1940's. San Antonio-Forty-Four, located northwest of the project and one of the largest gold mines in the area, produced approximately 1.2 million ounces of gold from 1932 to 1968. During April 1981, Brinco Ltd. announced a joint venture with New Forty-Four Mines to bring the mine back into production after a seven-month exploration program confirmed minable reserves of 800,000 tons of ore with an average grade of 0.19 ounce gold per ton.

To date, geochemical, magnetometer, VLF and EM surveys have been completed with promising results on the Stormy Lake Prospect and CNEL anticipates detailed exploration will begin in late August 1981. CNEL is committed to contribute \$99,000 for its share of exploratory work completed on the property during 1981. The partnership has an option payment payable September 1981 and the option to acquire the property in December 1982 for \$300,000.

C. Fidelity Silver (Trout Lake), British Columbia

CNEL holds a 75% working interest and is the operator of the Fidelity Silver Prospect. The property consists of 2,414 acres (1,811 net to CNEL) and is situated in the Canadian Rockies in eastern British Columbia. A limited exploration program was carried out on the properties during 1980 and two diamond drill holes were attempted but neither reached full target depth because of caving rock conditions. The prospect is located in rugged mountainous terrain allowing exploration only during August and September. CNEL estimates that a proper evaluation would require a \$400,000 to \$500,000 program. CNEL has spent \$120,000 on the property and an annual option payment of \$30,000 is required in 1982 to maintain the property.

D. Fort Chipewyan, Alberta

CNEL holds an 86 1/2% working interest and is the operator of the Fort Chipewyan Project, a uranium prospect located on the south side of Lake Athabasca at Stone Point, Alberta. The prospect consists of 7,628 acres (6,598 net to CNEL) and is underlain by the Athabasca Sandstone formation. The sandstones are in a basin sequence reaching depths in excess of 7,000 feet.

Exploration of the Fort Chipewyan property began in 1969 with an air-borne radiometric survey followed in 1970 and 1971 by surface radiometric and magnetometer surveys. The prospect was geochemically tested in 1976 and in 1977 nineteen drill holes totaling 10,150 feet were completed. Downhole radiometric sampling varied from 3 ppm  $U_3O_8$  up to a high of 10 ppm  $U_3O_8$ .

Golden Eagle Oil & Gas Limited owns leases to the north of CNEL's property and has been carrying out a sophisticated exploration program during 1978, 1979 and 1980. Indications are that they have encountered mineralization at depths below 3,000' subsurface.

CNEL has expended approximately \$520,000 to date but the results of the geophysical studies have in general been inconclusive. It is possible that an ore body may be present at much deeper depths than is economic to mine under present circumstances. CNEL has established substantial credits to hold the prospect.

E. Nordbye Lake, Saskatchewan

CNEL holds a 73% working interest in the Nordbye Lake Project, a 640 acre (467 net to CNEL) uranium prospect located in upper Saskatchewan. The property has been mapped and prospected and some small radioactive showings were discovered and drilled. The principal showing was found to contain monazite which assayed only traces of uranium and thorium, and 0.107% rare earth oxides. CNEL has spent \$44,000 on the prospect and has established credits to hold the property. The prospect is being held pending the results of active exploration on surrounding properties.

F. South Slokan, British Columbia

CNEL has a 100% interest in this prospect which encompasses 6,363 acres near the China Creek uranium discovery in British Columbia. Three radioactive zones have been outlined totalling 9.6 million cubic meters at a depth of 20 meters. The mineralization consists of uraninite in flat lying pegmatite lenses.

The Province of British Columbia has placed a seven-year moratorium on all uranium exploration and production which has resulted in the discontinuance of further investigation on the property. CNEL has spent \$26,000 on the prospect to date and all assessments have been suspended during the moratorium.

**LONGBAR MINERALS LTD.**

**Cortez, Bolivar, & M-21 Groups**  
North and Tassara Island, Mineral Mining Division  
British Columbia



North arrow and scale information.

**RECONNAISSANCE CLAIMS, TOPOGRAPHY, & GRIDS** FIGURE 2A  
**CLAIM GROUPS**

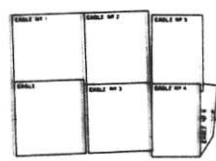
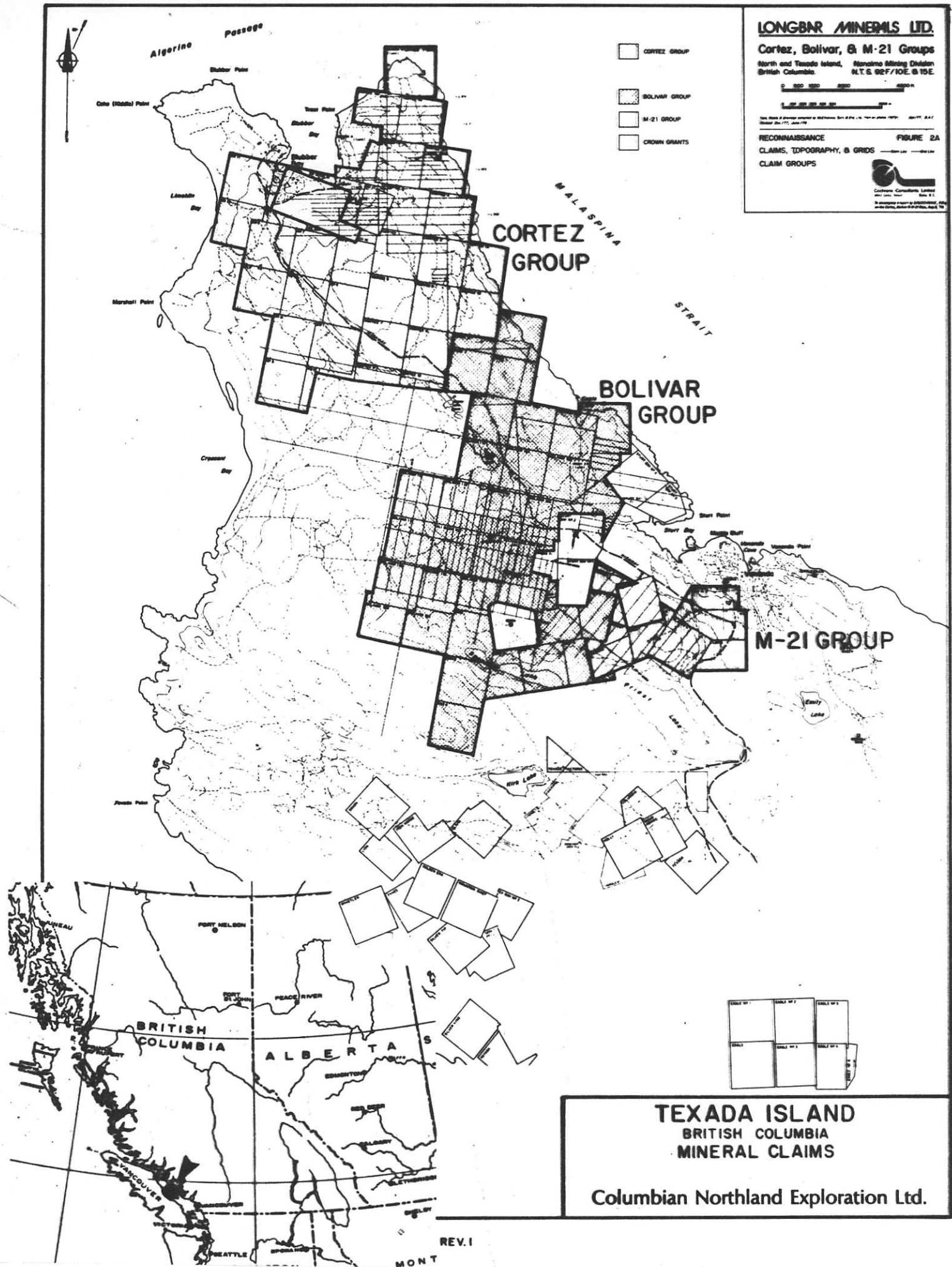


□ CORTEZ GROUP

▨ BOLIVAR GROUP

◻ M-21 GROUP

◻ CROWN GRANTS

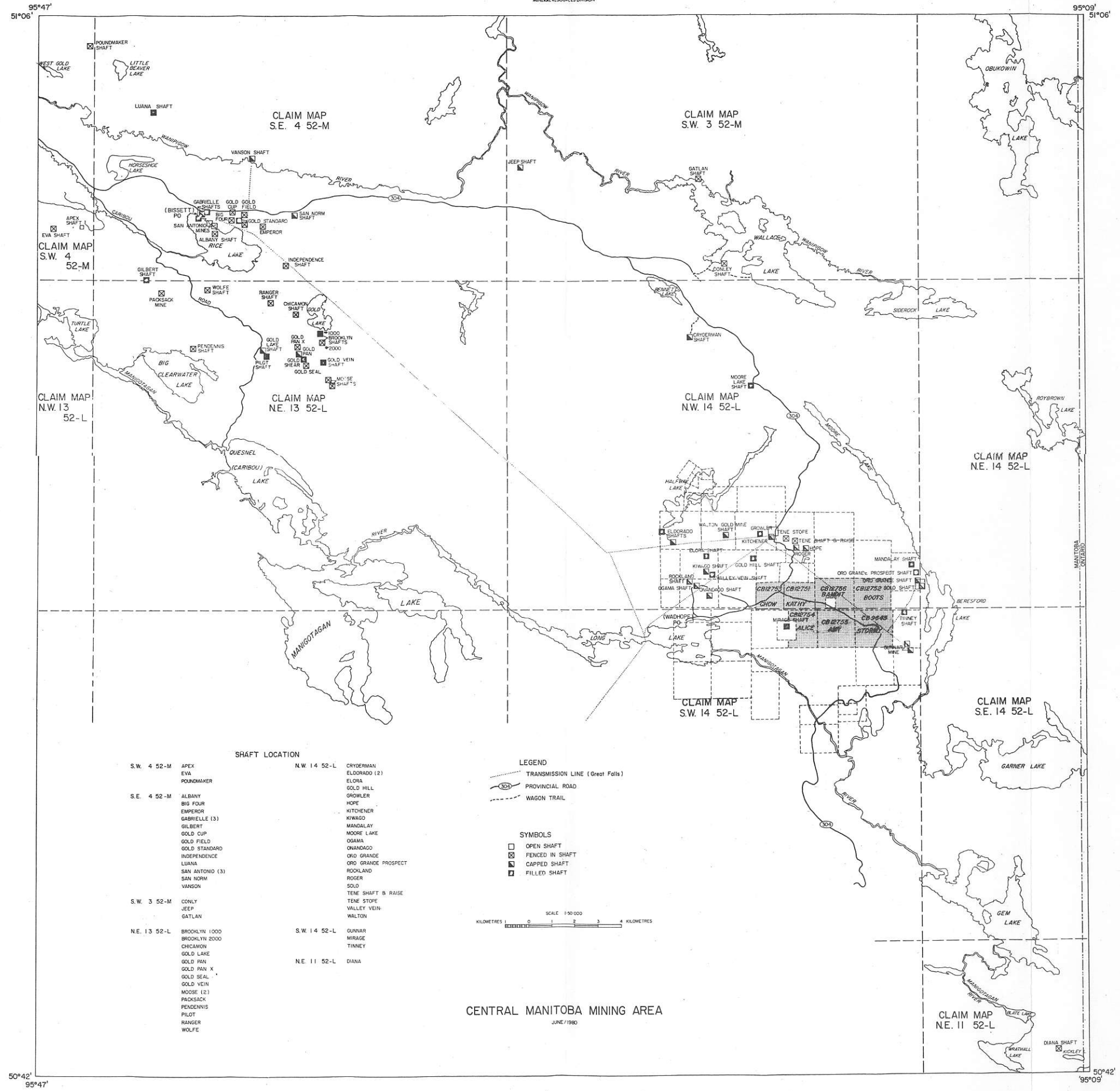


**TEXADA ISLAND  
BRITISH COLUMBIA  
MINERAL CLAIMS**

**Columbian Northland Exploration Ltd.**

REV. 1

MONT



**SHAFT LOCATION**

S.W. 4 52-M	APEX EVA POUNDMAKER	N.W. 14 52-L	CRYOERMAN ELCORADO (2) ELORA GOLD HILL GROWLER HOPE KITCHENER KINAGO MANDALAY MOORE LAKE OGAMA ORANDAGO ORO GRANDE ORO GRANDE PROSPECT ROCKLAND ROOGER SOLO TENE SHAFT B RAISE TENE STOFE VALLEY VEIN WALTON
S.E. 4 52-M	ALBANY BIG FOUR EMPEROR GABRIELLE (3) GILBERT GOLD CUP GOLD FIELD GOLD STANDARD INDEPENDENCE LUANA SAN ANTONIO (3) SAN NORM VANSON	S.W. 14 52-L	GUNNAR MIRAGE TINNEY
S.W. 3 52-M	CONLY JEEP GATLAN	N.E. 11 52-L	DIANA
N.E. 13 52-L	BROOKLYN 1000 BROOKLYN 2000 CHICAMON GOLD LAKE GOLD PAN GOLD PAN X GOLD SEAL GOLD VEIN MOOSE (2) PACKSACK PENDENNIS PILOT RANGER WOLFE		

**LEGEND**

- TRANSMISSION LINE (Great Falls)
- PROVINCIAL ROAD
- - - WAGON TRAIL

**SYMBOLS**

- OPEN SHAFT
- ▣ FENCED IN SHAFT
- ◻ CAPPED SHAFT
- FILLED SHAFT

SCALE 1:50,000  
KILOMETRES 0 1 2 3 4 KILOMETRES

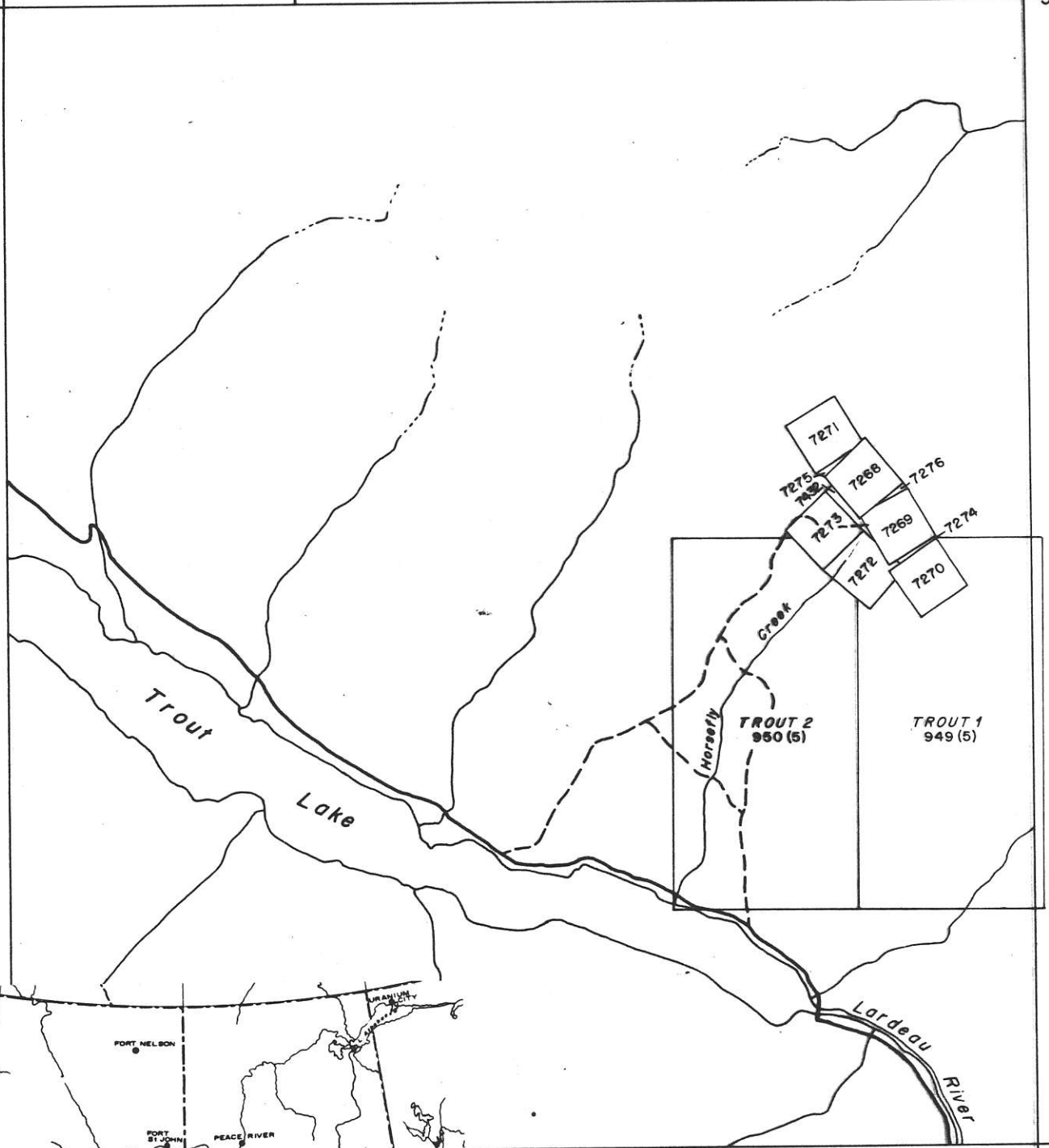
CENTRAL MANITOBA MINING AREA  
JUNE 1980

117°22'

117°20'

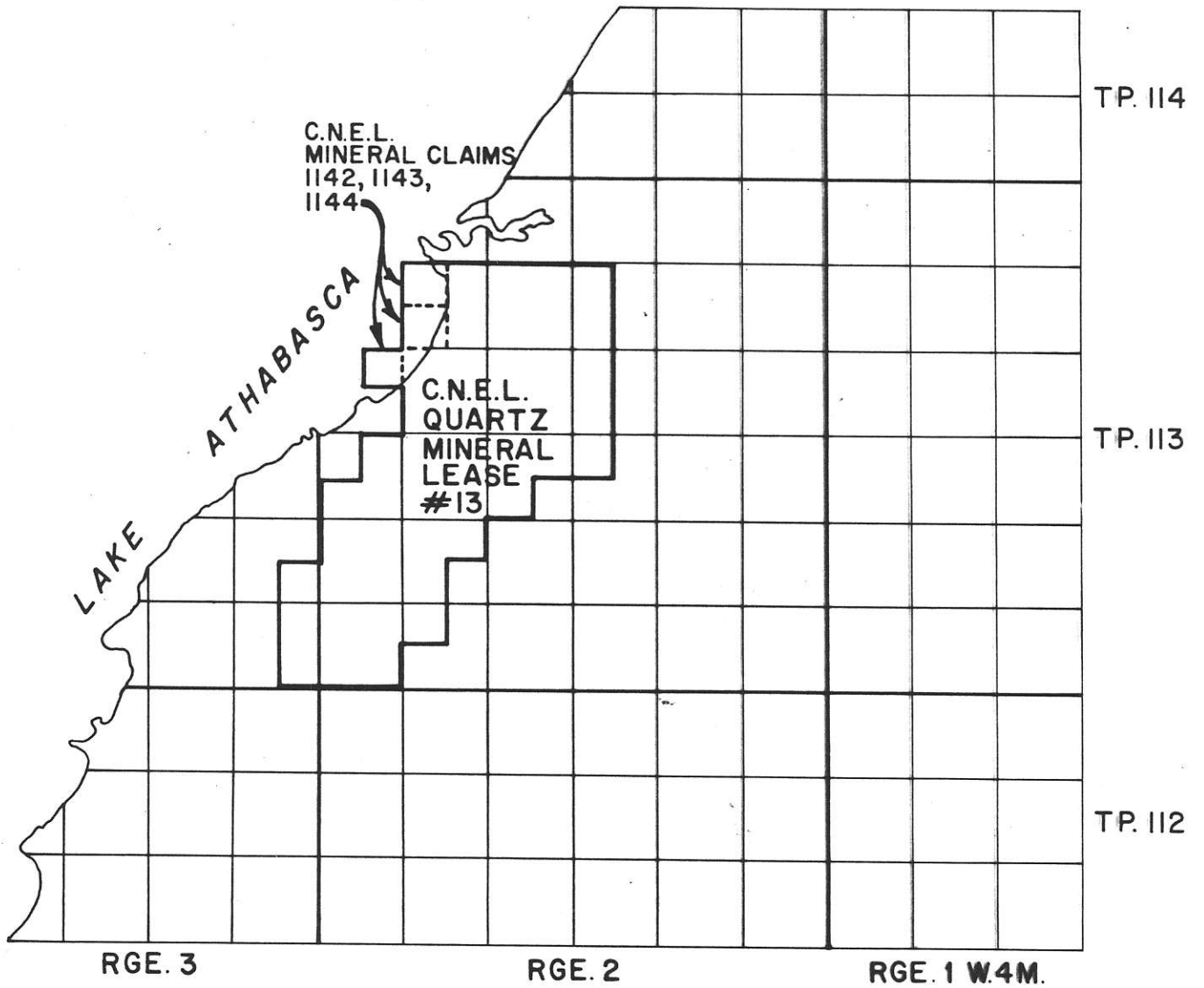
117°15'

50°35'



**FIDELITY GROUP**  
 OF  
**CROWN GRANT MINERAL CLAIMS**  
**TROUT LAKE AREA, BRITISH COLUMBIA**  
 SCALE 1:50,000

**Columbian Northland Exploration Ltd.**



**FORT CHIPEWYAN  
MINERAL LEASE & CLAIMS**  
LAKE ATHABASCA AREA, ALBERTA  
SCALE 1" = 2 MILES

Columbian Northland Exploration Ltd.

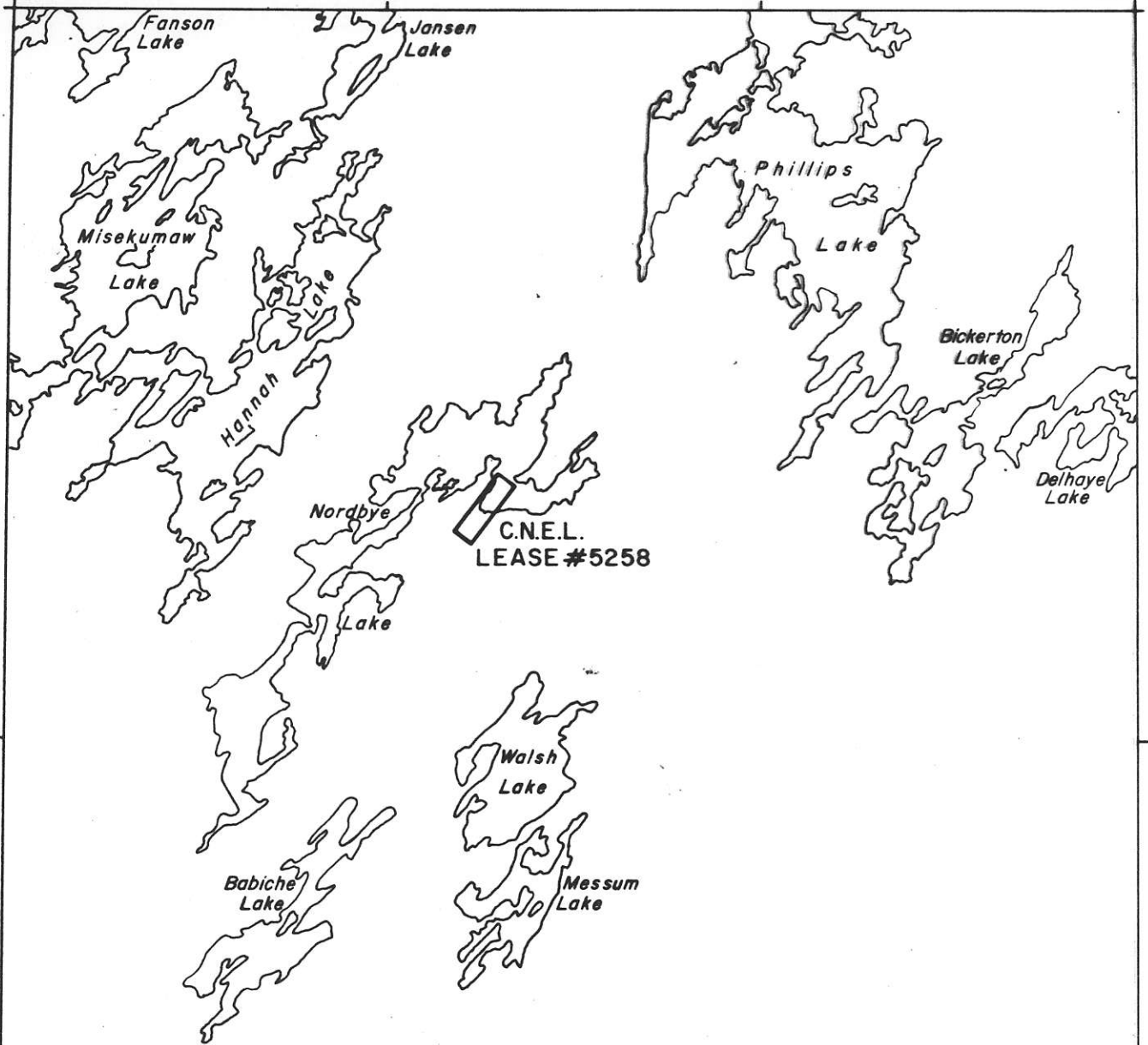
103°45'

30'

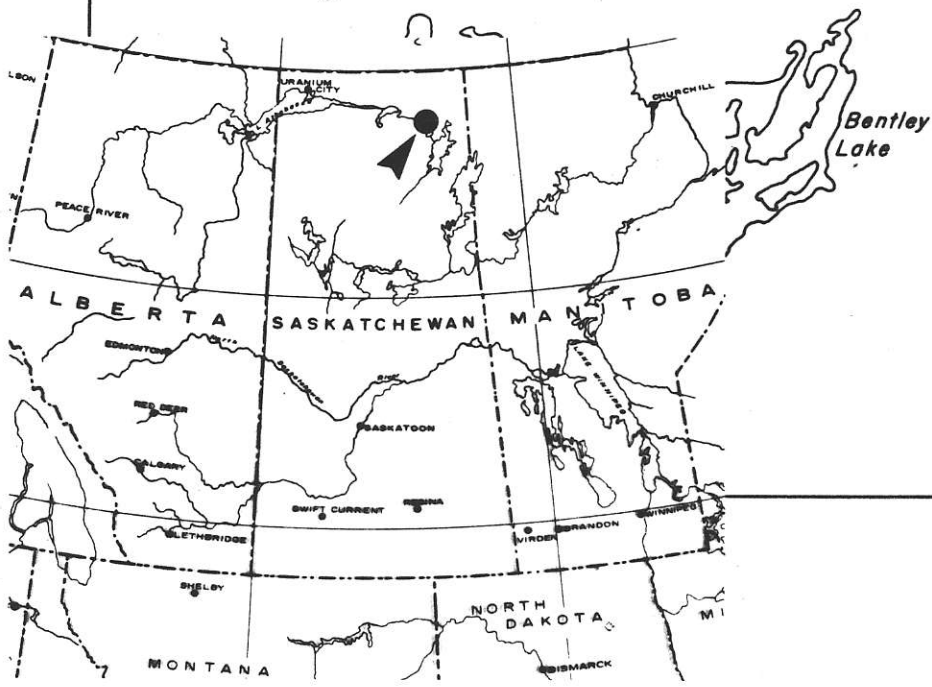
15'

103°00'

59°15'



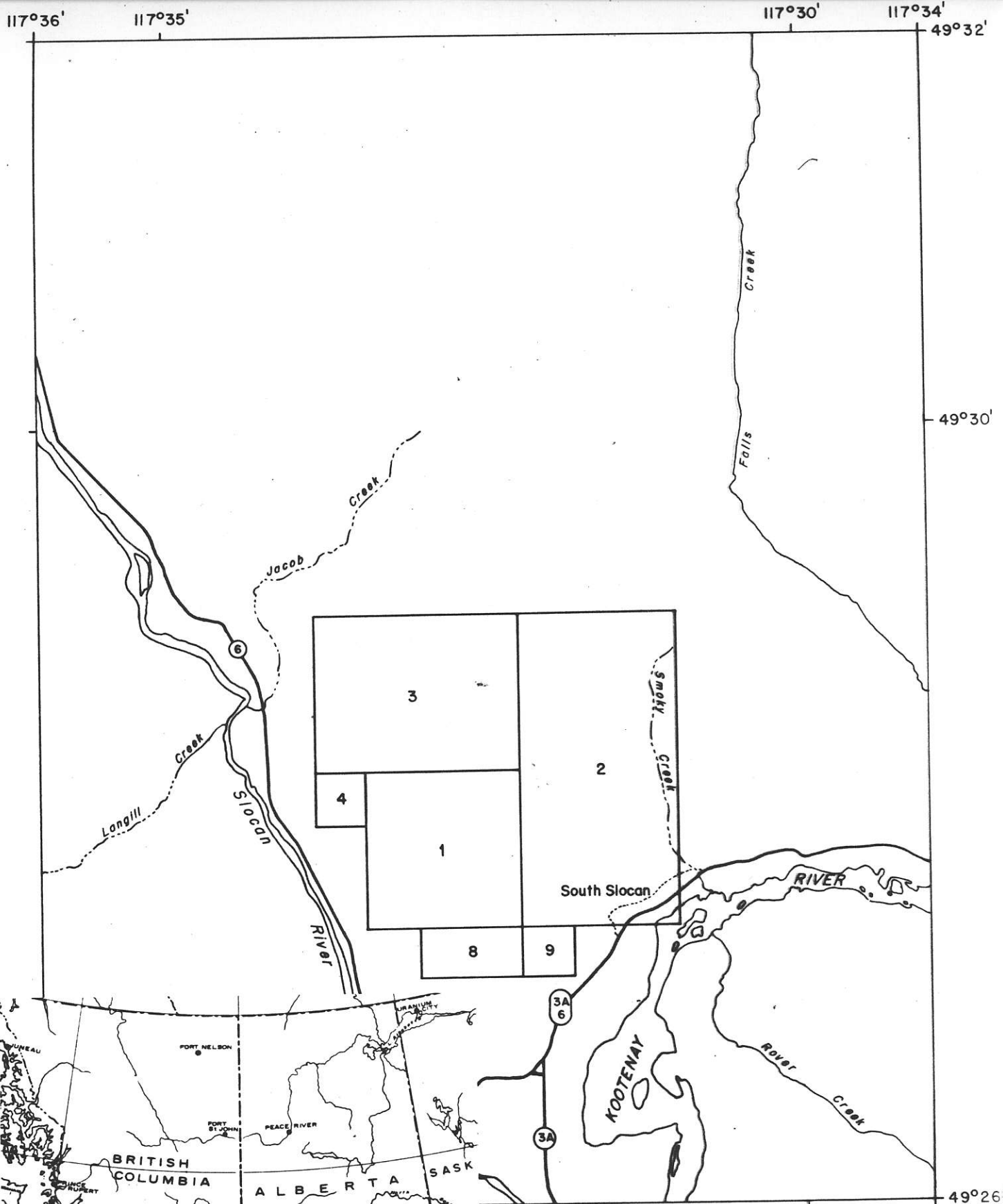
59°00'



58°45'

**NORDBYE LAKE**  
**MINERAL LEASE**  
 SASKATCHEWAN, CANADA  
 SCALE 1:250,000





**JACKASS GROUP**  
 OF  
**CROWN GRANT MINERAL CLAIMS**  
 SOUTH SLOCAN AREA, BRITISH COLUMBIA  
 SCALE 1:50,000  
 Columbian Northland Exploration Ltd.