

FILE



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822710

April 16, 1987

Mr. John M. Leask
843 West 15th Avenue
Vancouver, B. C.
V5Z 1R8

Dear John;

Please find enclosed your report on the "BAR" claim group and the piece of core from the property.

Unfortunately we will not be able to make an offer to participate in the further exploration of this property at this time. The feeling is that the target is too deep (even for us) and that there is insufficient evidence to warrant our participation at this time.

However I do think you have a worthwhile target and I wish you the best of luck in your future exploration on the property. We would be very pleased to review the data again after you get another hole or two down.

Thank you for allowing us to review the property and I hope you will continue to bring new properties to us.

Yours truly,

A. J. Davidson
Exploration Manager
Western Canada

AJD/ik

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FILE
MEMORANDUM

DATE: March 25, 1987
TO: D. H. Watkins
COPIES TO: L. D. Pirie
DE FROM: A. J. Davidson
SUJET SUBJECT: John Leask BAR property - Aldridge Formation

John Leask (of "another million tons" fame) has approached us with a deep drilling proposal on his BAR property located in the Middle Aldridge 10 miles west of Cranbrook.

John is proposing that his property sits in an almost exactly analogous position to the Sullivan deposit both structurally and stratigraphically. His reasons for this are:

1. The Sullivan deposit appears to be located within a 1 - 1.5km wide north-south trending graben structure which projects through his BAR property. The existence of this graben and its projection through the BAR property is based on several magnetotelluric lines (Duncan Oil Ltd.) and drilling by Cominco and Leask in the general vicinity. This graben structure is also marked by a zone of tourmaline, albitization, slumping and gabbro feeder complexes and he thinks it probably represents a spreading centre or failed rift.
2. The Sullivan deposit is also adjacent to an east west trending transform fault (Kimberley) which offsets the stratigraphy severely. The Cranbrook fault which crosses the BAR property is also an east west trending fault with significant throw.
3. DDH BAR 85-1 reached the Sullivan Horizon at a depth of about 1450m and intersected massive bedded mudstones and cherts with up to 20% pyrrhotite in laminations before passing into the Intraformational Conglomerate of which up to 30% is massive pyrrhotite and chalcopyrite clasts. He correlates this stratigraphy with that at Sullivan. The BAR hole was located 4.5km south of the Cranbrook Fault and also intersected thick gabbro sills (+200m) and zones of chlorite and albite alteration. The bedded

mudstones which he correlates with the Sullivan time interval is also apparently anomalous in Pb, Zn, Ag, Ba and Hg.

Leask thinks that the Cranbrook fault is analogous to the Kimberley fault and that both represent transform faults in a Guaymas type basin.

Leask also thinks that although the Sullivan and BAR settings are identical, DDH BAR 85-1 was drilled too far south of the Cranbrook fault and thus only intersected distal sulphide material. He proposes to drill one or two holes (to depths of up to 6000' each) to test this geologic situation nearer the intersection of the transform fault (Cranbrook) and the Sullivan graben. He would also like to carry out additional magnetotellurics to further delineate the graben before drilling. Presumably additional potential also exists in the Middle Aldridge stratigraphically above the target.

Conclusions

The project is an exciting one, gutsy, and fits in well with our own ideas of the origin of the Sullivan deposit. Leask has done a great deal of work in the area and his conclusions are sound.

Unfortunately Leask's proposed deal is a bit tough. He would like payments of \$50,000 on signing, \$30,000 in the second year, 100,000 in the third and escalating to total \$5 million/6 years. This would earn a 100% interest subject to a 4% NSR. He would also like to have the option of backing in at the 35% level after \$1.5 million has been spent.

I do not think that he has a hope of getting anything close to what he wants. Few companies are interested in exploring for Sullivan type orebodies and fewer still at depths of 6000' (Why are we?). However the Sullivan deposit contained substantial tonnages (20-30 million tons) which graded greater than 30% combined Zn-Pb and 10 oz/ton Ag (Winston NSR equivalent of \$155/ton) and would be a viable operation today.

Leask has also approached Teck who say they may wish to participate to some degree but they are not prepared to take it on completely themselves. Perhaps a CFC-Teck J.V. would work.

Terms that might be acceptable to us would be as follows:

End of Year	Payments	Work Commitment
1	30,000	1 deep hole*
2	30,000	\$250,000
3	30,000	\$250,000
4	30,000	\$250,000
5	<u>30,000</u>	<u>\$250,000</u>
	150,000	\$1 million plus 1 deep hole

* Hole to be spotted by Leask wherever he wants. This would earn CFC a 75% interest, Leask to then participate or go to a 10% NPPR a 3% NSR.

As an alternative to Leask's Proposal

The results of our Aldridge recce have just now been compiled and have highlighted another area south of Leask's BAR claims which also meets all of our requirements and is analogous in setting to Leask's claims (see attached Pirle memo). This ground is open and will be staked by us in the near future. Discussions with Leask will also continue.



A. J. Davidson

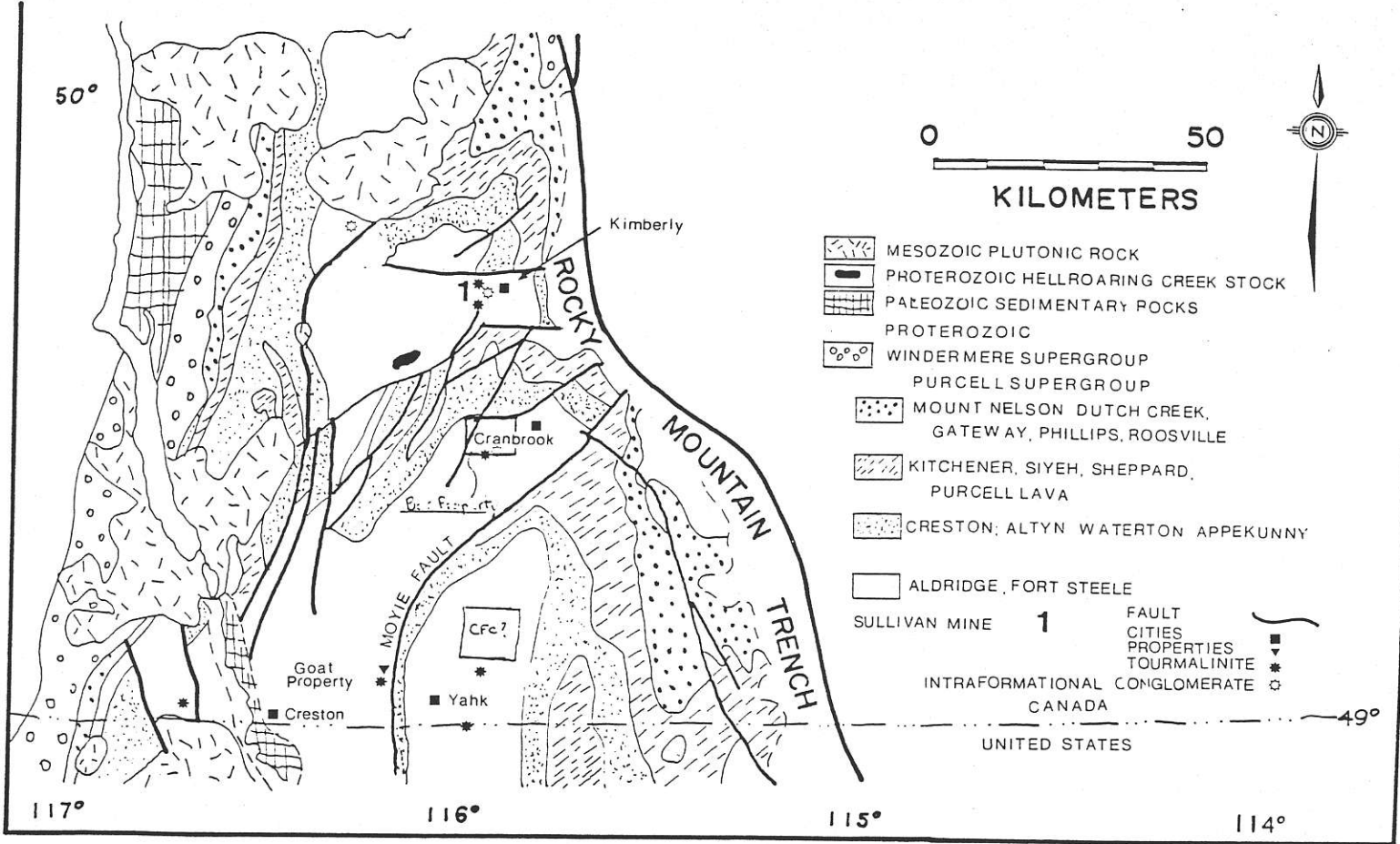
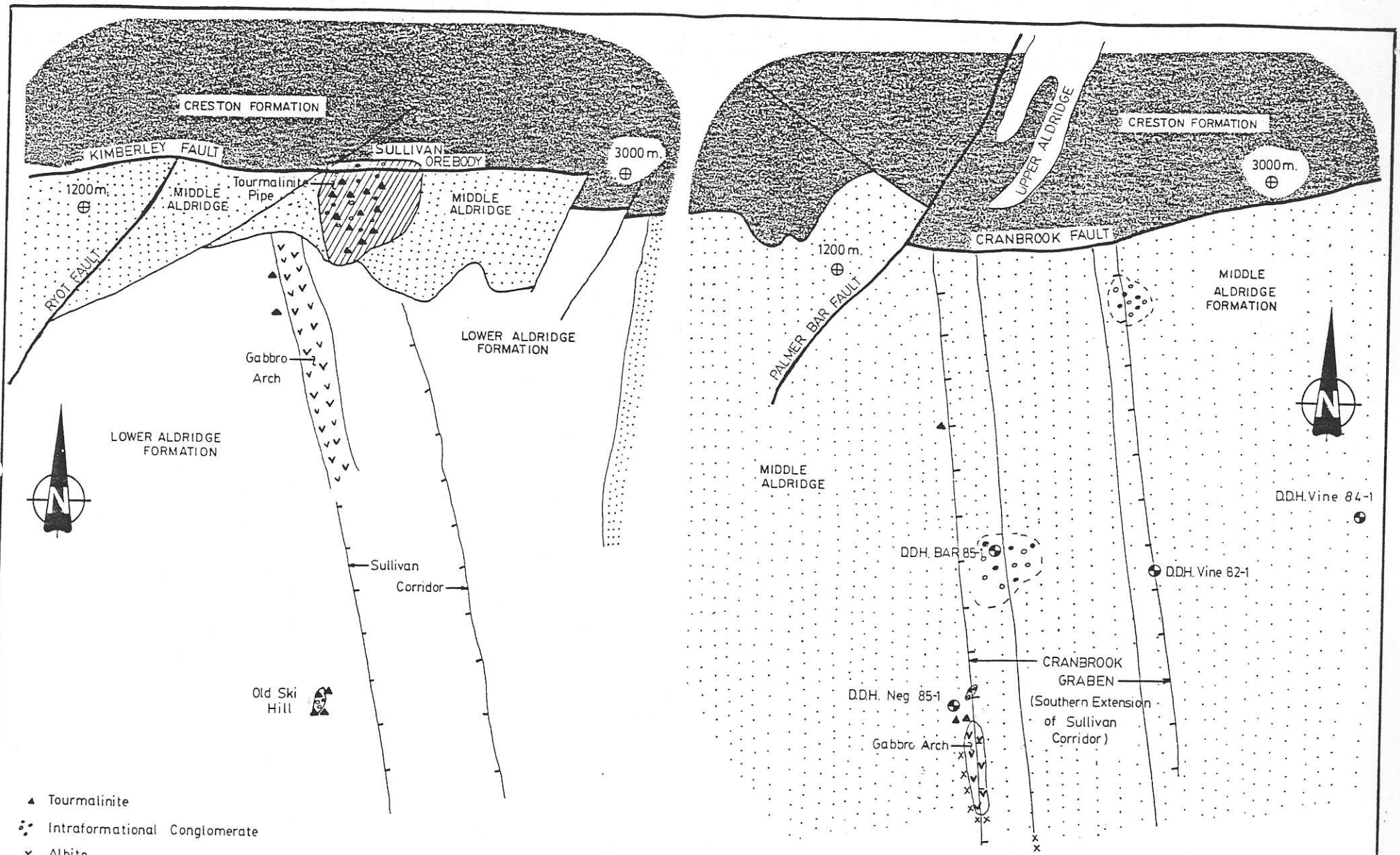


FIGURE REGIONAL GEOLOGY



- ▲ Tourmalinite
- Intraformational Conglomerate
- x Albite

Scale 1:50,000

STRUCTURAL COMPARISON - SULLIVAN MINE AND BAR CLAIM GROUP FIGURE 4