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PRELIMINARY REVIEW OF DATA  
ST. EUGENE MINING CORPORATION LTD. (N.P.L.)  
MOYIE, B. C. N.T.S. 82-G-5

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DELTA

B. D. Simmons  
April 19, 1978

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ST. EUGENE MINING CORPORATION LTD. (N.P.L.)  
MOYIE, B. C.                      N.T.S. 82-G-5

SUMMARY

- (1) The St. Eugene crown granted claims at Moyie should be retained. The potential for both massive sulphides and additional vein deposits is considered moderate to good. This potential has not been adequately tested. Property maintenance costs approximate only \$900 per year.
- (2) The few located claims may be allowed to lapse when due rather than undertake a limited program for assessment credit only.
- (3) On the basis of present information, there is no obvious ore potential for the small areas which include surface rights. If warranted, these surface rights could be sold without serious damage to our overall property position.
- (4) A well-planned exploration program for both the St. Eugene property and the area south to the US border could be readily justified on the basis of technical merit. Consideration should be given to independent funding of such a program by St. Eugene or to some diversion of Falconbridge funds and effort from more remote areas of British Columbia.

INTRODUCTION:

A review of data from the St. Eugene property at Moyie was initiated for several reasons.

- (1) Some located claims are due for assessment in 1978. Other located claims were dropped in 1977 and more will be due in the 1980's.
- (2) D. H. Brown has proposed the sale of certain surface rights within the property.
- (3) The merits of retaining the entire property have been questioned.
- (4) Cominco has recently discovered a subeconomic but geologically significant Ag-Pb-Zn occurrence approximately six miles north of Moyie.
- (5) Except in a general sense, present staff are not familiar with past work on the property.

PROPERTY DATA: (refer Figure 1)

In the Moyie Lake area of southeastern B. C., St. Eugene Mining Corp. Ltd. (N.P.L.) retains the rights to 81 crown granted claims and 8 located claims forming a contiguous property of approximately 4000 acres. Four adjoining located claims are held by Falconbridge Nickel Mines Limited.

The St. Eugene property largely surrounds 24 contiguous crown granted claims held by Cominco Ltd. which total about 1100 acres.

The combined St. Eugene - Cominco property is covered by a joint venture agreement dated April 19, 1962 (enclosed as Appendix II). Under this agreement, all expenditures are to

be shared equally between the two partners, St. Eugene and Cominco. Management and control of the joint venture passed to St. Eugene in 1963-64. By mutual agreement, a new company has not been formed as stipulated under Stage III and Stage II has been extended until further notice under St. Eugene management. The property has been dormant since 1966.

In addition to mineral rights, St. Eugene holds title to the surface rights of three lakeshore lots totalling approximately 139 acres. In a memo to A. M. Clarke dated Feb. 10, 1978, D. H. Brown has suggested subdivision and sale of these surface rights. From DHB's memo, the sale could yield up to \$200,000.

The major expense in maintaining the St. Eugene property is tax payable on crown granted claims which approximates \$900 per year.

#### GEOLOGY:

The Moyie property is located within the Purcell Anticlinorium, a wedge of Proterozoic clastic sediments on the west side of the Rocky Mountain Trench. The sediments are broadly folded and are cut by important longitudinal and transverse faults. The area can be considered a distinct metallogenic province roughly bounded by the Sullivan deposit on the north and the Coeur d'Alene district on the south.

In the immediate area of the property, the sediments can be divided into the Creston and Aldridge formations, a series of interbedded argillites and impure quartzites forming a typical turbidite sequence. The gently-dipping sediments are folded into a broad, north-plunging anticline, truncated north of the property by the Moyie fault.

Known mineralization consists of Pb, Zn, and Ag bearing sulphides which form ore shoots within a steeply-dipping, WNW-trending fracture system. The orientation of the fracture system is roughly perpendicular to the axis of the plunging anticline. In the early part of this century, approximately 1 million tons of ore (7 oz/ton Ag, 14% Pb, 5% Zn) were extracted from three main ore shoots over a strike length of 4500'. Although the average dimensions of an ore shoot were about 900 X 700 X 20' thick, in detail it is apparent that mining was highly selective. If mined today, dilution would significantly lower the grade. Localization of ore along the fracture system was attributed to cross fractures and changes in wall rock lithology. All significant mineralization was limited within 800' from surface. This metal distribution was never adequately explained (faulting? dyking? zoning?).

As discussed later, other structures are present on the property parallel to the ore-bearing system. These have not been tested. A recent Cominco discovery (the "Vine" deposit) six miles north of Moyie indicates that the St. Eugene system is not unique. At the Vine, subeconomic massive Pb-Zn sulphides with a strike length of 600 m. occur within a WNW trending fracture system. Best grades are 144 ppm Ag, 13% Pb, and 4% Zn over 2 m.

The sedimentary package at Moyie is a faulted duplication of the sequence of the Sullivan area. The possibility of stratabound massive sulphides has always been recognized. The exact Sullivan time-horizon outcrops several miles south of Moyie and is probably present at a minimum depth of 4000 - 5000' on the Moyie property. Massive sulphides could occur higher in the sequence and this possibility has not been adequately tested.

PREVIOUS WORK:a) History

The Moyie property has a relatively long history dating from the discovery of mineralization in 1893. The deposit was mined by Consolidated Mining and Smelting (Cominco Limited) between 1893 and 1915 with production figures as previously stated. In 1938, St. Eugene Mining was incorporated and acquired title to the ground adjoining Cominco. Under various agreements with Cominco, sporadic exploration was undertaken until 1966. Most of the work was designed to discover extensions of mineralization along the known trend. A more detailed chronology is listed as Appendix I.

b) Exploration Coverage

Work completed includes detailed geological mapping of most of the property, patchy geophysical - geochemical coverage, and scattered drilling (see enclosed 1" = ¼ miles maps). The data is available on a maze of overlapping sheets of various scales, orientation, and quality. A detailed evaluation is impossible without preparation of standardized base sheets and corresponding overlays.

Geophysical work consists mainly of magnetic surveys covering about 60% of the property. Self potential surveys cover about 20% of the ground and RONKA is limited to only 10% of the area. Coverage does not include the mine area and it is not known if the mineralization has a geophysical response. There is no IP or modern EM coverage.

Geochemical surveys include soil sampling (Pb and Zn analyses) covering 25 - 30% of the area. Twig sample surveys

for Zn content cover about 15% of the property. Again, coverage does not include the mine area and a geochemical response has not been confirmed for significant mineralization.

Thirty four diamond drill holes have been completed totalling 21,307'. Most of this footage was drilled by Cominco in 1962 (5 holes, total 10,520') to test the mine area for vein extensions and massive sulphides at depth (1500 - 2000' below surface). The more numerous short holes are scattered elsewhere. The reasons for drilling some holes are no longer apparent.

#### DISCUSSION:

The following types of target can be realistically suggested for the Moyie property:

- extensions of mineralization along the presently defined productive trend
- mineralization within other structural trends, particularly those parallel to the known system
- stratabound massive sulphides.

These possibilities are discussed below.

- (1) Most of the previous work has been designed to test extensions of the known productive trend. Results have been negative. Within the joint venture Boundary it can be assumed with a fair degree of confidence that the near-surface possibilities have been eliminated. Mineralization of similar nature would not be an attractive target at depth. (NOTE: There is some possibility that modern geophysics or a more thorough compilation of past work could indicate additional targets.)

- (2) Structural breaks parallel to the productive system can be readily defined on air photos and several of these are plotted on the enclosed geology map. Previous work was not designed to explore these zones and they cannot be considered adequately tested. Although the character of mineralization at the mine is somewhat discouraging , the possibility of improved dimensions or grade cannot be disregarded.
- (3) Work to date has not eliminated the possibility of stratabound massive sulphides. On the contrary, a number of favourable features are indicated. There are several vague references to the presence of tourmaline, a characteristic alteration mineral at Sullivan. An unusual pyrrhotite-bearing breccia zone occurs at the southeast end of the lake and remains unexplained. Cominco intersected moderate widths of low-grade (disseminated) stratabound mineralization in their deep drilling. As previously described by Alex Smith, this is "elephant country" and massive sulphide potential cannot be disregarded, especially without modern geophysical and geochemical coverage.

In addition to the potential of the Moyie Property itself, the St. Eugene holdings could be valuable as a base for regional exploration in this sector of British Columbia. General reconnaissance of the area between Moyie and the US border, conducted in 1965, was not followed-up despite several significant stream sediment anomalies and the discovery of mineralized float and tourmaline alteration. This area is underlain by stratigraphic and lithologic equivalents of



Sullivan host rocks. Recent government studies have shown that the Sullivan horizon, poorly defined in the past, can now be recognized as a mappable contact. BCDM mapping is being extended into the area south of Moyie and other companies will undoubtedly follow-up the data, when published. Cominco have probably looked at the area in at least cursory fashion but their effort has been concentrated on extensive holdings to the north. Assessment indexes list very little work for this area.

D. H. Brown has verbally suggested that St. Eugene could finance a moderate exploration program without direct application of Falconbridge funds. This suggestion merits consideration in view of the exploration potential and current limited budgets. Possible sources of funds are as follows:

- 1) DHB reports the presence of  $\pm$ \$100,000 in the St. Eugene treasury.
- 2) A possible \$200,000 could be raised through the sale of surface rights.
- 3) Capital could be raised on the open market since St. Eugene is a public company.
- 4) If work is conducted within the joint venture, Cominco could elect to contribute 50%.

CONCLUSIONS:

- (1) The exploration potential of the St. Eugene/Cominco joint venture property is evaluated as follows:
  - a) possibilities along the known productive trend have been largely eliminated.
  - b) parallel structural trends can be defined and these have not been adequately tested.

c) stratabound massive sulphides represent a distinct possibility which has not been adequately investigated.

- (2) On the basis of this potential, the St. Eugene holdings should be retained. Cost of property maintenance is minimal. We could not sell the property at a price which would cover the cost of previous exploration.
- (3) Located claims should be allowed to lapse as they come due unless assessment credit can be obtained from a well-planned program throughout the property. A short program for assessment credit only would be of little value.
- (4) At present, there is no evidence to suggest obvious ore potential on the limited areas with surface rights. If warranted, these surface rights could be sold without serious damage to our overall property position.
- (5) On the basis of technical merit, a well-planned exploration program could be readily justified for both the St. Eugene property and for the area between Moyie and the US border. Consideration could be given to independent funding by St. Eugene. Alternatively, some Falconbridge funds and effort could be diverted from the comparatively remote areas of northern British Columbia.



B. D. Simmons

APPENDIX I

HISTORY OF MOYIE PROPERTY

## HISOTRY OF MOYIE PROPERTY

- 1893 - discovery of mineralization
- 1893-1915 - development and production by CM & S (Cominco)
  - 1,018,323 tons at 7 oz/T Ag, 14% Pb, 5% Zn
- 1915-1921 - very minor production (5800 tons) due to fires and startup at Sullivan
- 1921-1926 - dormant
- 1926-1929 - CM & S treats ½ million tons of tailings for zinc content at reported \$1 million profit
- 1929-1938 - dormant
- 1938 - St. Eguene Mining incorporated
  - acquires title to ground adjoining CM & S
  - acquires lease on CM & S property
- 1938-1940 - St. Eugene dewateres and examines underground workings
  - mining plant established as planned but never used
  - F. Chubb maps the entire property
  - six holes drilled (2859') to test for ore extensions with negative results
- 1940-1946 - dormant
- 1946-1952 - property remapped
  - mag. surveys for selected areas
  - five holes drilled (1360') to test extensions
  - all work applied to bring St. Eugene claims to crown grant status
  - comprehensive summary report to 1949 by A. Smith
  - four holes deepened and six more drilled in 1950 (total 2196')
  - some additional mag. surveys, twig sampling in 1951
- 1952-1962 - dormant
  - St. Eugene lease on CM & S ground expires in 1958
- 1962-1966 - joint venture agreement signed by St. Eugene and Cominco in 1962
  - Cominco drills mine area at depth in 1962-63 with negative results (5 holes, 10520')

- St. Eugene acquires management and control of the joint venture
- selected areas covered by geophysics and soil geochem, 1964-65
- hydrosonde survey of lake and limited seismic work, 1965
- some additional claims located (Pop, Sandy, Autumn, October)
- ten holes (1419') to test extensions on both sides of lake in 1965
- two holes (1953') to test intersection in an older hole (1966)

1966-1978 - dormant

APPENDIX II

JOINT VENTURE AGREEMENT

St. Eugene / Cominco

April 19, 1962

THIS AGREEMENT made the 19<sup>th</sup> day of April  
A.D. 1962.

BETWEEN:

ST. EUGENE MINING CORPORATION LIMITED  
(NON-PERSONAL LIABILITY)

(hereinafter called "St. Eugene")

OF THE FIRST PART

AND:

THE CONSOLIDATED MINING AND SMELTING  
COMPANY OF CANADA LIMITED

(hereinafter called "Cominco")

OF THE SECOND PART

WHEREAS St. Eugene is the owner of those mineral claims and incidental rights more particularly described in Schedule "A" hereto and Cominco is the owner of those mineral claims and incidental rights more particularly described in Schedule "B" hereto, the said mineral claims and incidental rights set out in Schedules "A" and "B" being hereinafter referred to as "the property". Save as hereinafter mentioned the property shall include any and all buildings, plant, machinery and equipment presently thereon or thereunder which shall not be removed without the approval and consent of both parties hereto.

AND WHEREAS St. Eugene is the owner of a plant that has heretofore been used in connection with the mining of all or some of the mineral claims described in Schedule "A" hereto and the parties hereto have agreed that the said plant, its buildings, machinery and equipment, shall not be included in the programme of exploration and development hereinafter referred to and that title thereto, notwithstanding it or

a portion thereof shall be affixed to the property, shall at all times remain in St. Eugene and that St. Eugene retains the right to enter upon the property to remove therefrom the whole or any portion of the said plant, its buildings, machinery and equipment at any time subsequent to the date hereof.

AND WHEREAS the parties hereto have agreed to a programme of exploration and development being carried out on the property and, if this is successful, to the formation of a new company to take over the property, subject to the terms and conditions hereinafter set out.

WITNESSETH:

DEFINITIONS

A. "Expenditures" comprehends all items of outlay and expense made or incurred in contemplation or in consequence of entering into this agreement including rentals referred to in Paragraph 14 and taxes, and (without limiting generality) includes, in the case of the party having management and control, all costs and expenses, direct or indirect, in conformity with that party's regular practices from time to time applicable to mining agreements, of or incidental to mining operations or in any way connected with the property or with the incorporation or maintenance of any new company incorporated under the terms of this agreement, and a charge for administrative services, determined in accordance with that party's regular practices from time to time applicable to mining agreements, aggregating not more than 10% of the said items of outlay and expense.



B. "Management and Control" includes:

(i) the right (subject to the provisions of this agreement) to exclusive possession of the property,

(ii) complete management and control of the property and of the programmes of exploration and development, and

(iii) complete discretion as to the manner in which the programmes of exploration and development are carried out:  
Provided that

(a) before any expenditures are made or incurred under Stage I Cominco will secure the agreement of St. Eugene in writing as to the manner in which the programmes of exploration and development are to be carried out, and the cost thereof.

(b) during Stage II, so long as Cominco has management and control and St. Eugene has continued to contribute 50% of all expenditures, Cominco will consult with St. Eugene before deciding upon any programme or any further programme of exploration and development, and

(c) during Stage III, so long as Cominco has management and control and St. Eugene has continued to contribute its prescribed share of all expenditures under Stage III, Cominco will consult with St. Eugene before carrying out any further programme of exploration and development.

STAGE I

1. St. Eugene and Cominco agree to carry out forthwith a joint programme of exploration and development on the property costing approximately \$75,000, the cost of which shall be borne equally by both parties. Once agreement has been reached as to the programmes to be carried out St. Eugene will pay to Cominco its proportion of the estimated cost thereof (always subject to appropriate accounting and adjustments). If the actual expenditures exceed \$75,000, the excess may be carried forward and applied against the expenditures required under Stage II.

2. Cominco shall have management and control during Stage I and agrees to complete Stage I before September 30th, 1963, and forthwith after completion thereof shall send to St. Eugene copies of all assay reports, drill logs and all geological and engineering data.

STAGE II

3. It is hereby expressed as the intention of the parties that expenditures (if any) under Stage II shall be an amount being determined by deducting from \$200,000 the actual expenditures incurred under Stage I.

The cost of all programmes under Stage II shall be borne equally by St. Eugene and Cominco unless either party has declined to participate further in such programmes, in which case the full cost shall be borne by the other party if such other party elects to proceed. If expenditures under Stage I and Stage II do not amount to \$200,000 by December 31st, 1964, this agreement shall terminate.

*what  
is  
done  
at  
Stage II*

*extension*

4. Cominco shall have management and control during Stage II unless it notifies St. Eugene in writing at any stage that it declines to participate further in making expenditures by giving notice to that effect within the time permitted under Paragraph 5 hereof. If Cominco gives such a notice management and control shall pass to St. Eugene. If after obtaining management and control St. Eugene elects to discontinue making expenditures during Stage II this agreement shall terminate. Cominco agrees to prosecute diligently the programmes of exploration and development which it may carry on during Stage II.

*Noted Feb 4*

5. Subject to the provisions of Proviso (b) of Definition "B" above Cominco, while it has management and control, shall notify St. Eugene in writing, prior to carrying out any programme of exploration and development under Stage II, of the manner in which the programmes are to be carried out, and the estimated cost thereof and shall accompany each notice with copies of all assay reports, drill logs and all geological and engineering data existing or compiled as at the date of the rendering thereof not previously delivered to St. Eugene. Within 30 days after any such notice has been given St. Eugene shall, if it elects to participate, give notice to Cominco in writing to that effect and shall pay to Cominco its proportion of the estimated cost thereof. If St. Eugene fails to give such notice or notifies Cominco that it elects not to participate, St. Eugene shall lose the right to participate in that programme and in any further programme or programmes during Stage II. If Cominco at any time during Stage II elects to discontinue making expenditures and notifies St. Eugene to that effect, which notice Cominco agrees to give within 90 days of the conclusion of Stage I or the last preceding programme in Stage II

*Cominco has done*

Cominco shall lose the right to participate in any further programme or programmes during Stage II and Cominco shall refund to St. Eugene any unexpended portion of St. Eugene's contribution. In such event and if, at that time, there remains unexpended any portion of the amount determined under the first paragraph of Paragraph 3 hereof, and if St. Eugene, after obtaining management and control, shall elect to continue said management and control, then the time for completion of Stage II shall be extended so that St. Eugene shall have a period for completion of Stage II that bears the same relationship to 15 months as the said unexpended amount bears to the amount determined under the first paragraph of Paragraph 3 hereof.

STAGE III

A. INCORPORATION OF NEW COMPANY

6. In the event that and as soon as expenditures under Stages I and II total \$200,000 and unless St. Eugene and Cominco agree otherwise, the party having management and control shall cause a new Specially Limited Company (hereinafter called "the new company") to be incorporated under the Laws of the Province of British Columbia with an authorized capital of 4,000,000 shares without nominal or par value. The Memorandum and Articles of Association of the new company shall contain provisions which in the opinion of the solicitors for the party having management and control are ample and suitable for the purposes of a mining company, but it is agreed that the said Articles of Association shall contain regulations which are substantially the same as those contained in Table A in the First Schedule to the Companies Act, R.S.B.C. 1960, Chapter 67.

The number of its directors initially shall be five. The party having management and control from time to time shall be entitled to nominate three directors to its board and the other party shall be entitled to nominate 2 directors and each of the parties hereto agree to vote their shares of the new company accordingly.

7. The parties hereto shall cause the property to be transferred to the new company and shall cause the latter in consideration of such transfer to issue by way of vendors shares:

(a) 320,000 shares to St. Eugene and 480,000 shares to Cominco and in addition,

(b) to St. Eugene and Cominco 1 share in respect of each 25¢ spent by each of them respectively in carrying out programmes of exploration and development pursuant to Stage I and Stage II prior to the incorporation of the new company.

All the aforesaid vendors shares shall be issued as fully paid and non-assessable. If any expenditures in excess of \$200,000 are made inadvertently during Stages I and II then the excessive expenditures shall be a debt of the new company payable to the parties in accordance with their respective interests therein and shall be repaid at the same time and in proportions to their contributions to the excessive expenditures.

8. The parties hereto shall further cause the new company to issue 1 share to each of the 5 directors at \$1.00 a share.

**B. EXPENDITURES AFTER INCORPORATION OF THE NEW COMPANY**

9. If requested so to do by the party having management

and control at the time such request is made, the parties hereto agree to enter into and to cause the new company to enter into an agreement or agreements (hereinafter called the "Operating agreement" or "operating agreements") which the party having management and control decides from time to time are necessary and desirable for the operation and development of the property and to give effect to the subsequent provisions of this agreement. Any such operating agreement shall be in a form satisfactory to the solicitors for the party having management and control. All operating agreements shall treat each party equitably in accordance with the then interest in the shares of the new company.

10. Without limiting the generality of the provisions of Paragraph 9, if the party having management and control considers it desirable that expenditures be made directly by the parties hereto in return for shares of the new company rather than that the new company should itself finance and make those expenditures, then the operating agreement shall grant the parties hereto the option to take down four blocks, each of 300,000 shares, for their expenditures on the property after the incorporation of the new company in accordance with the following schedule:

- A. For the first \$240,000 of expenditures 300,000 shares at \$.80.
- B. For the next \$300,000 of expenditures 300,000 shares at \$1.00.
- C. For the next \$375,000 of expenditures 300,000 shares at \$1.25.
- D. For the next \$375,000 of expenditures 300,000 shares at \$1.25

	_____	_____
TOTAL	\$1,290,000	1,200,000 shares

The operating agreement shall provide that the expenditures required under items A, B, C and D of the schedule to exercise the options must be completed within 1, 2, 3 and 4 years respectively from the date of the operating agreement. If any such expenditures are not completed as aforesaid thereby resulting in an option not being exercised in full within the time limited, the right of the parties to make further expenditures for shares shall terminate provided that shares will be issued to the parties hereto in respect of all expenditures incurred by them up to that time for which they have not previously been issued shares.

The operating agreement shall further provide that a separate calculation shall be made of the amount which each of the parties hereto is entitled to contribute with respect to each of the foregoing four optioned blocks of shares. Each such calculation shall be made before any expenditures are carried out with respect to the optional expenditure concerned and shall be pro rata to the total of the shares issued to each party and the shares to which that party is entitled by virtue of its previous expenditures under Stage I and II and preceding optional expenditures (if any) which have not yet been issued. In making any such calculation excess expenditures carried forward from the immediately preceding optional expenditure (in the case of options B, C and D) shall be omitted.

The operating agreement shall be in such form and content and shall contain such provisions as to ensure in the opinion of the solicitors of the party having management and control that the tax benefit of all expenditures shall not accrue to the new company but to the optionees.

11. (a) The party having management and control shall make the calculation referred to in Paragraph 10 and shall, subject to the provisions of Proviso (c) of Definition B, notify the other party in writing of the amount which it is entitled to contribute.

(b) Within 30 days after such a notice has been given the other party shall, if it elects to participate, give notice in writing to the party having management and control stating the amount it elects to contribute and shall pay that amount to the party having management and control.

(c) Should the total contribution of either party be less than the amount which it is entitled to contribute the other may either elect to contribute the additional expenditures necessary to complete the acquisition of the optioned block of shares in question or, alternatively, it may elect not to make any further expenditures and shall forthwith notify the other party to that effect, and if the party so electing shall be the party having management and control it shall forthwith repay to the other party the amount of the other party's contributions.

(d) Any amount paid to the party for the time being having management and control shall be subject to appropriate accounting and adjustments.

12. Notwithstanding anything in this agreement to the contrary if the party having management and control immediately after the incorporation of the new company at any time thereafter elects not to make further expenditures during Stage III it shall forthwith relinquish management and control and give notice to the other party to that effect. If the other party



has contributed its full proportion of all expenditures during Stage III then management and control shall pass to such other party. The notice contemplated by this paragraph shall be given within 30 days after the time limited for completion of the last preceding optional expenditures.

STAGE IV

13. In the event that either (i) the party having management and control does not consider it desirable to make expenditures directly, or (ii) any optional expenditure is not completed within the time limited therefor by Paragraph 10, or (iii) all optional expenditures are completed within the time limited by Paragraph 10, then notwithstanding anything herein to the contrary all rights of management and control by any of the parties hereto shall terminate. Any subsequent financing and any subsequent mining operations shall be carried out by the new company and the new company's management, including its directors, shall be a matter for decision by existing shareholders (unless the parties unanimously agree otherwise), it being agreed by the parties hereto that in the event any further share offerings are contemplated by the new company from time to time they will cause the latter to offer the same pro rata to existing shareholders.

GENERAL

14. In addition to the other rights enjoyed by the party having management and control as specified in Definition "B" above, that party shall have:

- (1) the right to carry on mining operations including (without limiting generality) the right to

investigate, prospect, explore, equip,  
improve, supervise, and develop the property;

(ii) the right to erect and instal buildings,  
machinery, equipment and supplies on the  
property; and

(iii) where any such buildings, machinery, equipment  
or supplies are the property of that party and  
have not been purchased with moneys contributed  
under this agreement, the right to charge against  
expenditures rentals therefor in accordance  
with that party's normal accounting practices,  
and the further right to remove the same at any  
time whether before or after relinquishing  
management and control.

15. The party having management and control shall furnish  
the other party with quarterly progress reports and with  
final reports at the end of each programme of exploration and  
development. Such reports shall show the amounts expended  
on the property and the results obtained. All reports, maps,  
charts, and records relating to the expenditures shall comply  
with the normal procedures of the party having management and  
control. The party not having management and control shall  
have the right of inspecting from time to time the mining  
property and all operations carried on thereon.

16. The parties hereto agree to prevent the new company  
from altering its capital structure to the prejudice of any  
party hereto.

17. If either of the parties hereto acquires by purchase or otherwise any mineral claims any part of which are located within a radius of 1 mile from any of the boundaries to the mineral claims listed in Schedules A and B hereof they shall be considered as part of the property provided that if the agreement terminates pursuant to Paragraph 3 hereof the respective interests of the parties in such acquired claims shall be in proportion to their contributions to expenditures prior to termination; and provided further that notwithstanding any such termination of this agreement it is agreed that the costs of maintaining such claims in good standing after such termination (including costs of completing the purchase of such claims or any interest therein) shall be borne by the parties in proportion to their respective interests and if either party elects at any time to discontinue participation in such maintenance costs that party shall forthwith transfer its interest in such claims to the other party.

18. (a) Any notice required to be given by any party under this agreement shall be sent by registered letter or prepaid telegram addressed as follows:

To St. Eugene

St. Eugene Mining Corporation Limited  
C/o Falconbridge Nickel Mines Limited,  
25 King Street West,  
Toronto, Ontario.

To Cominco

Legal Division  
The Consolidated Mining and Smelting Company of  
Canada Limited,  
Trail, B.C.

(b) Any such notice sent by registered letter shall be deemed to be received on the fifth day after posting thereof, and, where sent by prepaid telegram, shall be deemed to be received on the day after dispatch thereof.

19. This agreement shall enure to the benefit of St. Eugene and Cominco and shall be binding upon each of them and upon their respective successors and assigns.

IN WITNESS WHEREOF the parties hereto have hereunto affixed their Corporate Seals in the presence of their duly authorized officers.

THE CORPORATE SEAL of ST. EUGENE MINING CORPORATION LIMITED, was hereunto affixed in the presence of:

*W. J. Anderson*  
*W. J. Anderson*

THE CORPORATE SEAL of THE CONSOLIDATED MINING AND SMELTING COMPANY OF CANADA LIMITED, was hereunto affixed in the presence of:

*W. J. Anderson*  
*W. J. Anderson*

Schedule "A" to the agreement dated the 19<sup>th</sup> day of April 1962, and made between St. Eugene Mining Corporation Limited and The Consolidated Mining and Smelting Company of Canada Limited.

<u>Crown Granted Claims - Kootenay District</u>	<u>Lot Nos.</u>
Dorothy	2167
Toronto	2168
Maple	2169
Roberts	2330
Kruger	2331
Half Moon Fr.	3545
Baltimore - an undivided 4/16th interest	4413
Friseo	6126
Guindon	6127
Etna	7015
Durango	7016
Aurora	7017
Horse Shoe	7022
Portland	7205
Cambrian	7662
Mabelle Fr.	9393
Surprise	9805
Fereole	9806
Alice Fr.	9807
M. L. 1	15214
M. L. 2	15215
M. L. 3	15216
M. L. 4	15217
M. L. 6	15218
M. L. 7	15219
M. L. 8	15220
M. L. 9	15335
M. L. 12	15336
M. L. 13	15337
M. L. 14 Fr.	15338
M. L. 40	15339
M. L. 41	15340
M. L. 42 Fr.	15341
Adel No. 3 Fr.	15342
Adel No. 2	15343
M. L. 55 Fr.	15344
M. L. 19	15345
M. L. 20	15346
M. L. 21 Fr.	15347
M. L. 18	15348
M. L. 17	15349
M. L. 16	15350
M. L. 15	15351
M. L. 23	15352
M. L. 24	15353
M. L. 25 Fr.	15354
M. L. 26	15355
M. L. 27 Fr.	15356
Adel No. 7	15357
Adel No. 1	15358
Adel No. 4 Fr.	15359
M. L. 53	15360
M. L. 54	15361
Adel No. 5	15362
Adel No. 6 Fr.	15363

Crown Granted Claims - Kootenay District    Lot Nos.

M. L. 31 Fr.	15364
M. L. 28	15365
M. L. 30	15366
M. L. 36	15367
M. L. 37	15368
M. L. 38	15369
M. L. 39	15370
M. L. 43	15371
M. L. 44	15372
M. L. 47	15373
M. L. 48	15374
M. L. 49	15375
M. L. 52	15376
M. L. Wet Fraction	15377
M. L. 61	15378
M. L. 60	15379
M. L. 63	15380
M. L. 62	15381
M. L. 65	15382
M. L. 64	15383
M. L. 67	15384
M. L. 66	15385
M. L. 69	15386
M. L. 68	15387
M. L. 71	15388
M. L. 70	15389
M. L. 35	15390

Surface Rights

Land Area of Cambrian Claim	3039
	7662 x

\*x\* Saving and excepting that portion lying within the boundaries of Lot Two Thousand Eight Hundred and Three (2803).

Schedule "B" to the agreement dated the 19<sup>th</sup> day of *April* 1962, and made between St. Eugene Mining Corporation Limited and The Consolidated Mining and Smelting Company of Canada Limited.

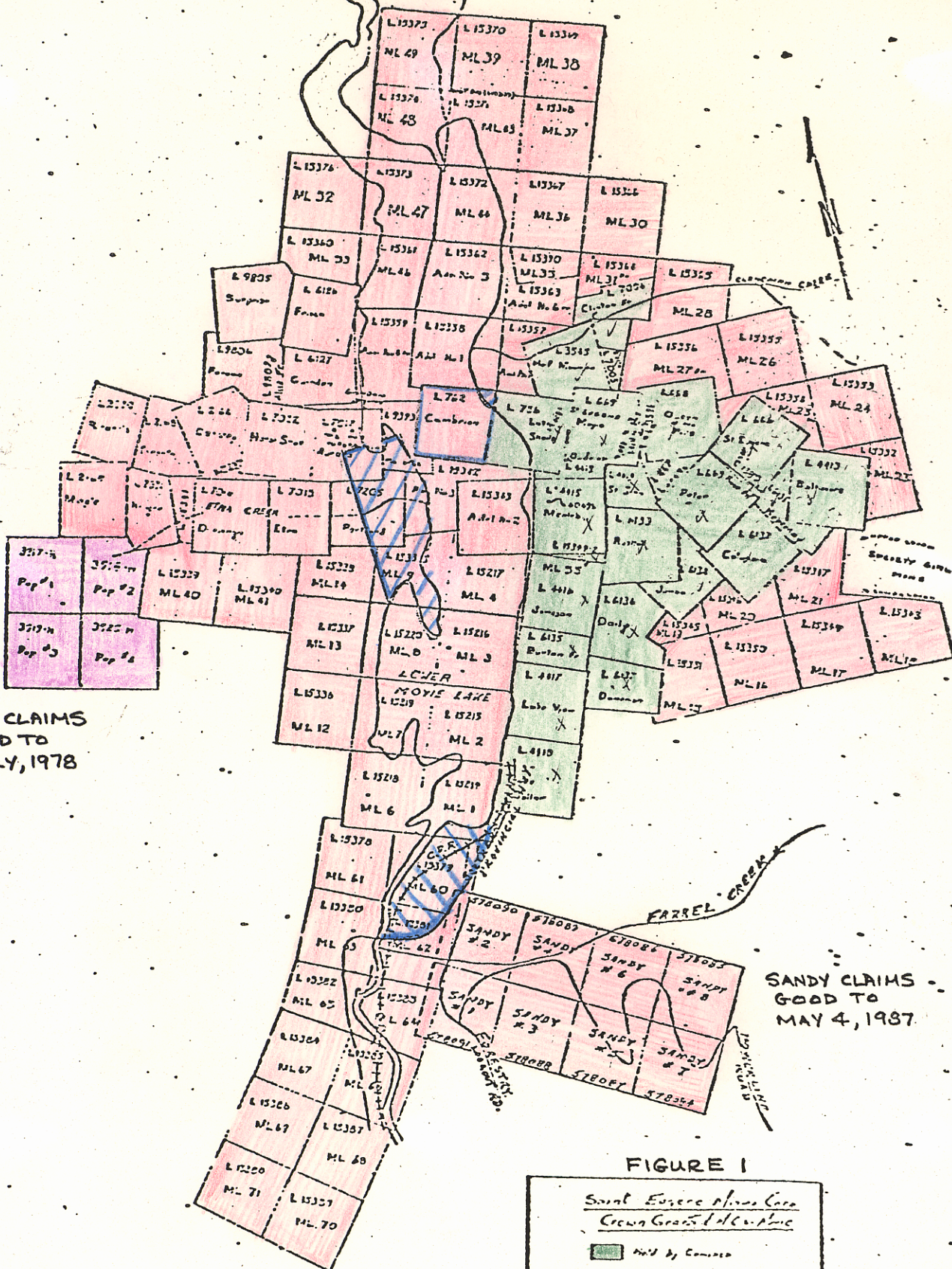
Crown Granted Claims - Kootenay District Lot Nos.

Baltimore - an undivided 11/16 interest	4413
Burton Fr.	6135
Clinton Fr.	7004
Columbia Fr.	6132
Daily Fr.	6136
Delta Fr.	7005
Dominion	6137
Dude Fr.	4419
Hell to Pay Fr.	3546
Jameson	4416
Jumbo Fr.	6134
Kootenay Fr.	6131
Lakeview	4417
Lakeshore	756
Loretta	667
Menlek (Menelik)	4415
Moyie	669
Peter	665
Queen of the Hills	668
Rose Fr.	1380
Rustler Fr.	6133
St. Eugene	666
St. John Fr.	4414
Trade Dollar	4418

Surface Rights

Dude Fr. *	4419
Hell to Pay Fr.	3546
Jameson *	4416
Lakeshore *	756
Lakeview *	4417
Loretta	667
Menlek (Menelik)*	4415
Moyie	669
Peter	665
Queen of the Hills	668
Rose Fr.	1380
St. Eugene	666
St. John	4414
Trade Dollar *	4418
Mill-site *	Pt. 4049

\* Portions of the surface of these claims purchased by B.C. Department of Highways.



POP CLAIMS  
GOOD TO  
JULY, 1978

SANDY CLAIMS  
GOOD TO  
MAY 4, 1987

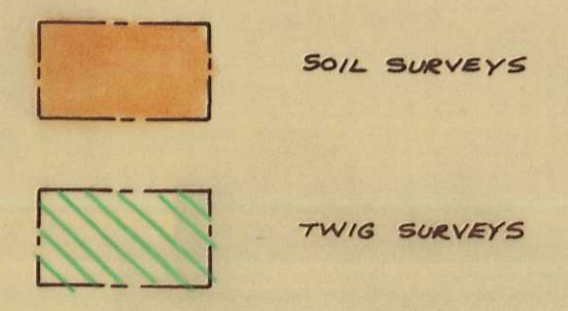
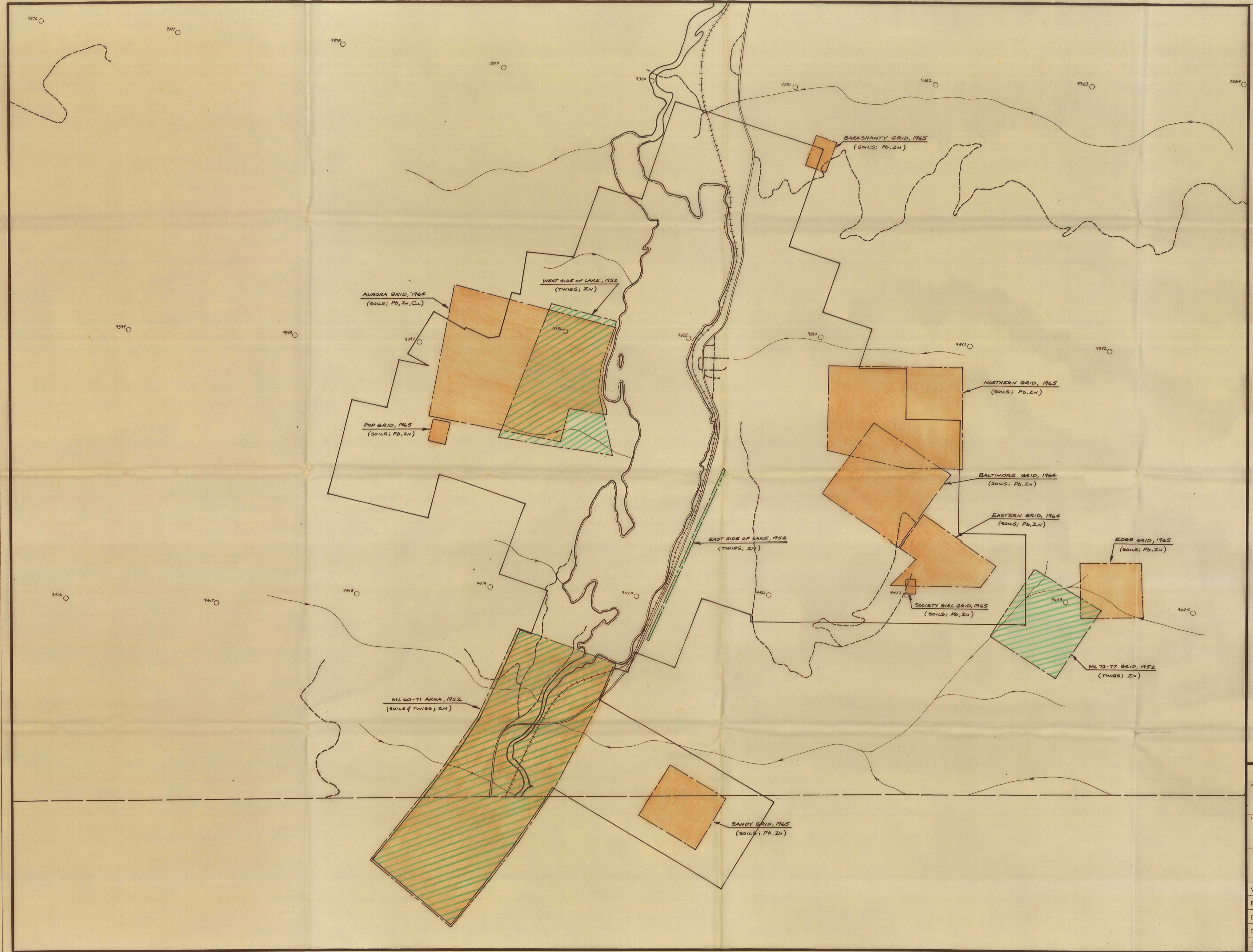
FIGURE 1

Saint Eugene Mining Area  
Crowns Creek & Farrel Creeks

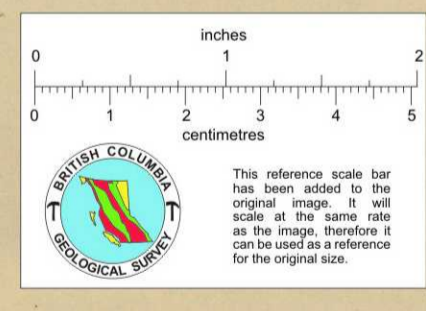
- Held by Comco
- Held by St. Eugene Mining Co.
- Held by Federal Strip Ledge Mine SE 1/4 Rev. 1974

Surface rights



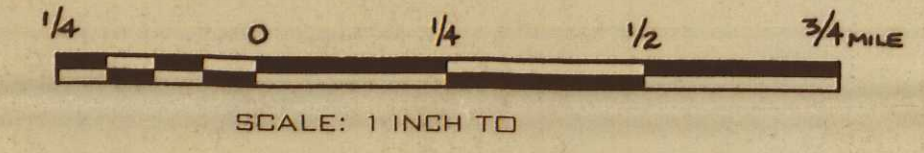
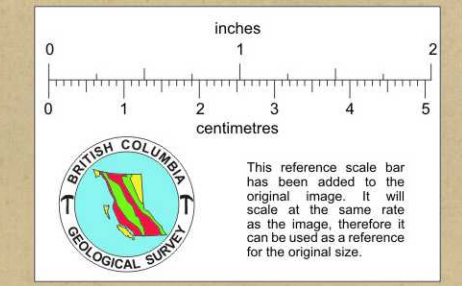
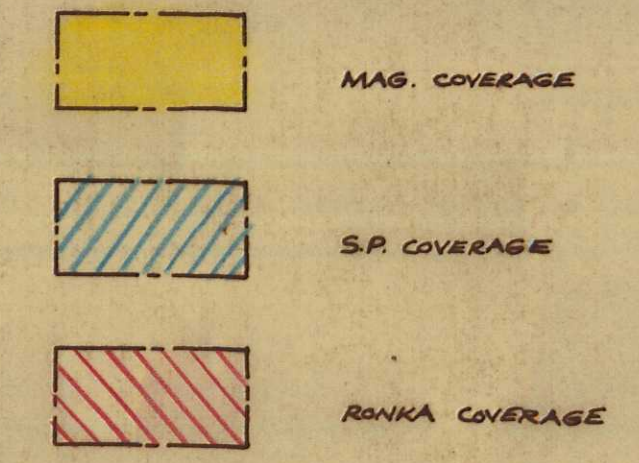
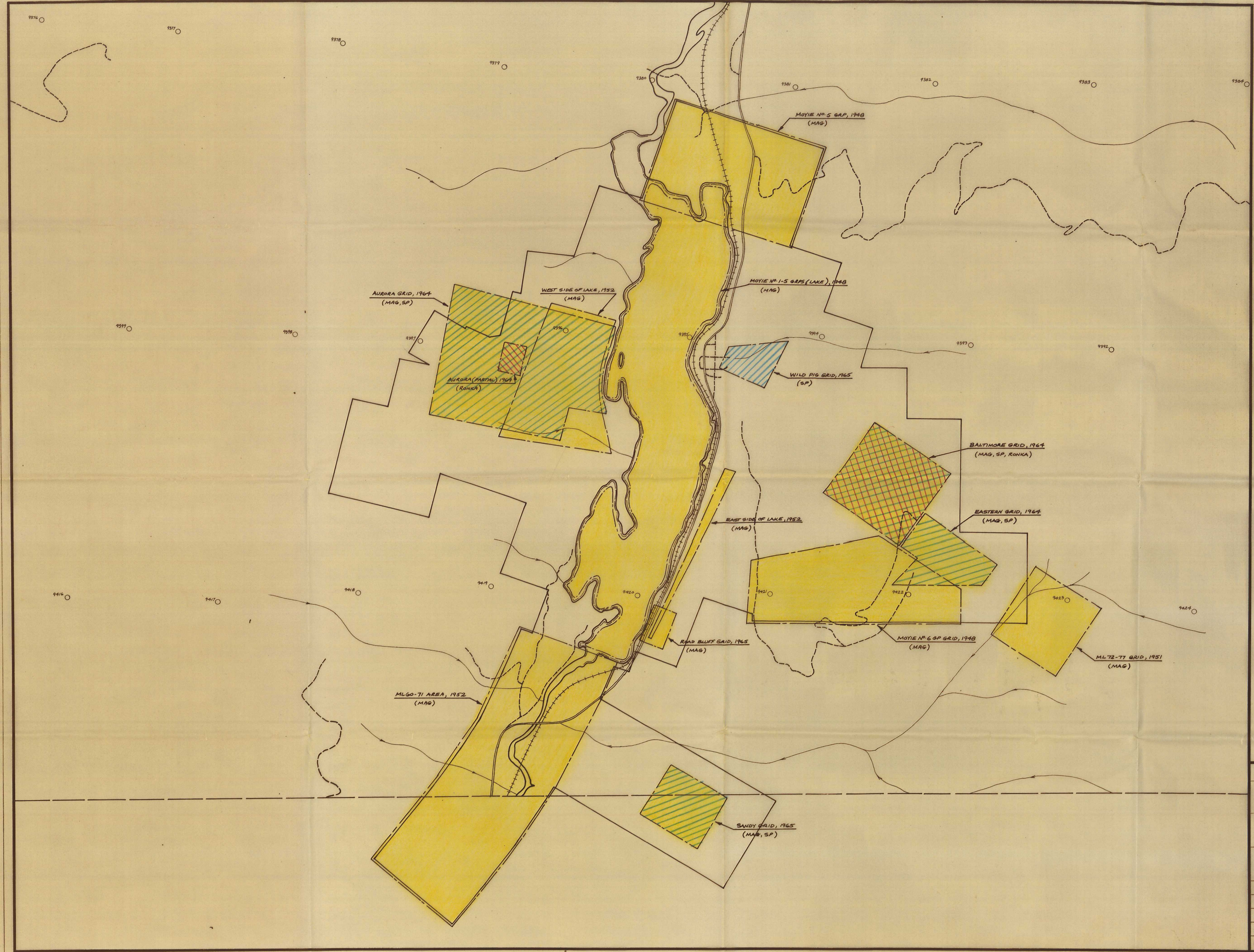


NOT SHOWN:  
(1) SOME WIDELY SPACED STREAM PANNINGS, 1949  
(2) RECC. STREAM SAMPLING SOUTH TO U.S. BORDER, 1965



SCALE: 1 INCH TO 1/4 0 1/4 1/2 3/4 MILE

FALCONBRIDGE NICKEL MINES LIMITED		
PROPERTY: ST. EUGENE MINING		
LOCATION: MOYIE B.C.		
TYPE OF MAP: Index for Geochemical Surveys		
WORKING PLACE:		
BASED ON:		
DATE OF WORK:	MAP REF. NO.:	FIG. NO.:
DRAWN BY: B.C. Sumner		
DATE: April 78	N.T.S. NO.:	82-G-5



FALCONBRIDGE NICKEL MINES LIMITED		
PROPERTY:		
ST. EUGENE MINING		
LOCATION:		
MOYIE B.C.		
TYPE OF MAP:		
Index for Geophysical Surveys		
WORKING PLACE:		
BASED ON:		
DATE OF WORK:	MAP REF. NO.:	FIG. NO.:
DRAWN BY: <i>BD. Arminius</i>		
DATE: <i>April 78</i>	N.T.S. NO.: 82-G-5	