

FILE



CORPORATION FALCONBRIDGE COPPER

6415 - 64th Street
Delta, B.C., Canada V4K 4E2
Telephone (604) 946-5451

822813

July 15, 1985

G. R. Peatfield
MineQuest Exploration Assoc. Ltd.
311 Water Street
Vancouver, B. C.
V6B 1B8

Dear Giles:

Thank you for your letter of June 18 proposing our involvement in the True Blue prospect near Kaslo. Although the area is of interest to us and the prospect appears to be our "style" and needs more work, we are unable to take on any additional commitments this year.

I look forward to getting together with you later this year when the hectic summer schedule slows down. I am interested in seeing the samples you have, both from the True Blue prospect and from the Upper Karmutsen volcanics from Vancouver Island that you mentioned in your letter. I believe that a number of skarn occurrences are superimposed on potential volcanogenic districts in other parts of B. C. and have been intrigued by possibilities in the Karmutsen. I look forward to seeing you then.

Sincerely,

D. H. Watkins
Exploration Manager
Western Canada

DHW/ik

JUN 20 1985

MineQuest
Exploration Associates Ltd.

June 18, 1985

311 Water Street
Vancouver, B.C.
V6B 1B8
(604) 669-2251

Mr. David Watkins
Corporation Falconbridge Copper
6415-64th Street
Delta, B.C.
V4K 4E2

ASTD
For your review
or comment
DW

Dear Dave:

→ DW
I don't like the rocks,
PM's are loose, terms
are silly. Other than that
its OK.
Thanks no thanks

Since we seem to have a bit of trouble being in the same place at the same time, I thought I should send you a brief summary of the available data on the True Blue prospect at Kaslo. The proposed terms are, as I am sure you realize, negotiable. If you would like to see more, including some rocks, please give me a call next time you plan to be downtown.

We are acting as agents on another polymetallic prospect, this one on northern Vancouver Island, where copper and zinc mineralization occur in uppermost Karmutsen volcanics just below Quatsino limestone. These showings have classically been regarded as "skarns", but I have my doubts. We have some old maps and reports, and a few pieces of rock and mineralization which you might like to have a look at. I look forward to hearing from you.

Yours truly,

MINEQUEST
EXPLORATION ASSOCIATES LTD.

G. R. Peatfield

G.R. Peatfield

GRP/sp
Encls.

file = NTS 82F15
True Blue (MS)

July 21, 1986

311 Water Street
Vancouver, B.C.
V6B 1B8
(604) 669-2251

Mr. D.A. Watkins
Corporation Falconbridge Copper
6415 - 64th Street
Delta, B.C.
V4K 4E2

Dear Dave:

Some time ago, I promised to show you my ideas on the possible correlations of the middle and upper Paleozoic strata in the Kaslo and Adams Plateau areas, and of some of the massive sulphide occurrences in the respective areas. The attached diagram sums up these thoughts, showing that there is a strong similarity of tectono-stratigraphic relationships, and suggesting that, within the uncertainties inherent in this sort of study, the Rea Gold deposits and the True Blue and Cooper Creek Showings lie close to the same stratigraphic horizon.

As I stressed to Alex when I showed him the True Blue data, we believe that the Kaslo belt could well represent either an interrupted continuation of the Rea Gold belt, or a new massive sulphide province. In either case, the Kaslo area has not been thoroughly explored with massive sulphides in mind.

We are very keen to do some work this season, on the True Blue property and on the belt in general, in a preliminary fashion at least. The first stage of the program would involve a detailed examination of the True Blue property, with a small amount of regional work. As you can see from the data I gave to Alex, the True Blue is a very good-sized property, with perhaps six to eight kilometres of favourable stratigraphy, much of it unexplored.

We would very much like to see Falconbridge Copper involved in this program. If you can see any way that this might be possible, please let me know your thoughts. In any event, I would be interested in your technical reaction to the correlation hypothesis.

Yours truly,

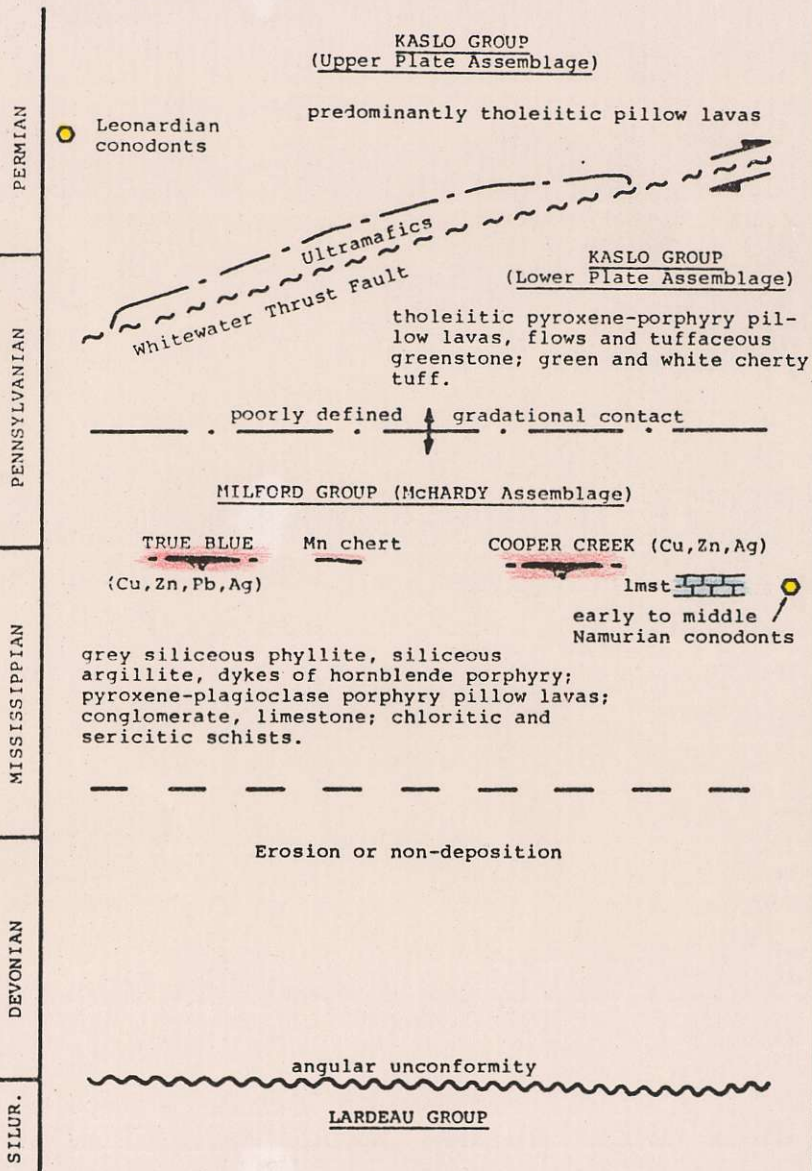
MINEQUEST
EXPLORATION ASSOCIATES LTD.

A handwritten signature in black ink, appearing to read 'G.R. Peatfield', with a stylized flourish extending to the right.

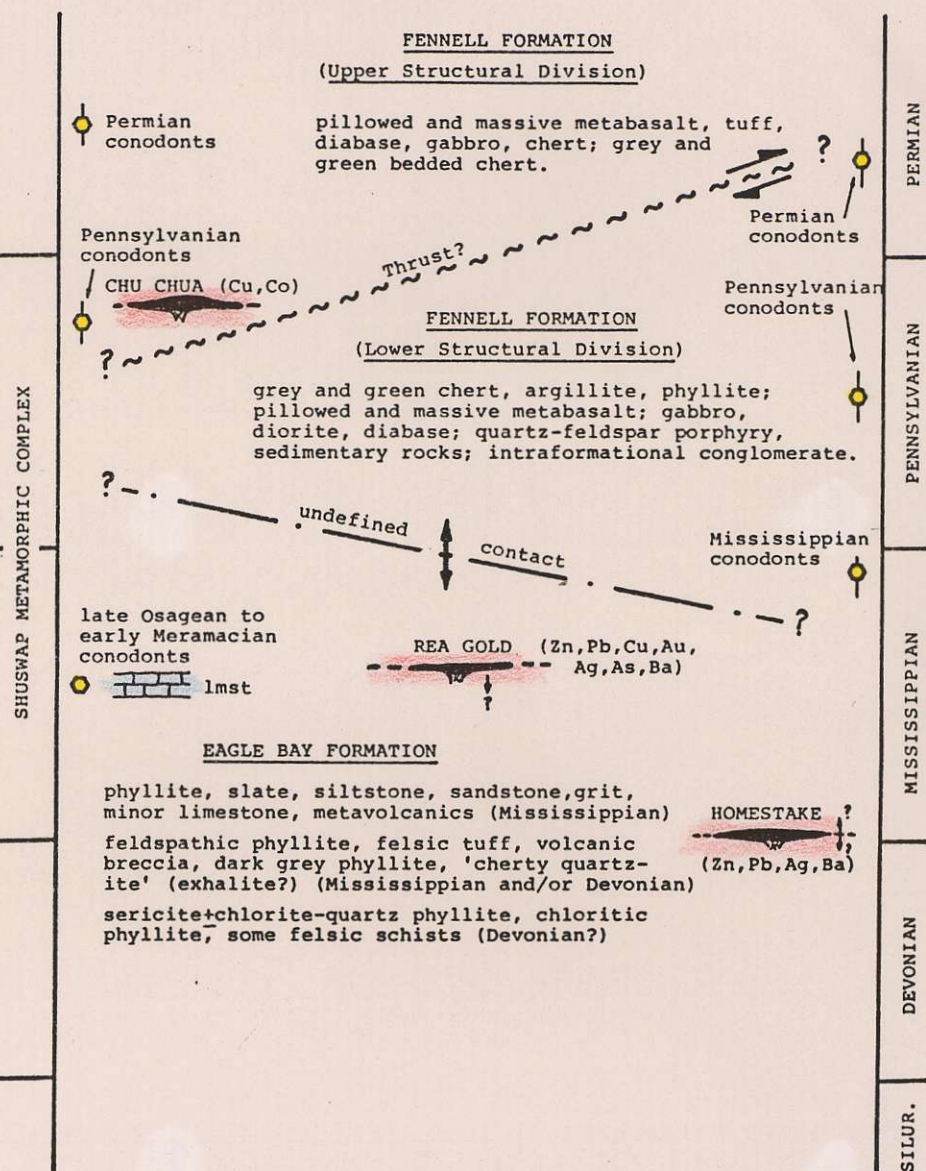
G.R. Peatfield

GRP/sp
Encls.

KASLO AREA



ADAMS PLATEAU AREA



Giles R. Peatfield, Ph.D., P. Eng.

311 Water Street
Vancouver, B.C.
V6B 1B8

(604) 669-2251
Res. 980-9727

E PROPERTY - KASLO

Location:

The True Blue polymetallic massive sulphide prospect is located on True Blue Mountain, 5km southwest of the village of Kaslo, in the Slocan Mining Division. This is a favourable location, close to infrastructure in a region with a long-established and continuing mining tradition.

Target:

The target is a volcanogenic polymetallic massive sulphide lens or group of lenses in upper Paleozoic volcanic and sedimentary strata, most likely part of the Milford Group. Massive copper-zinc sulphide mineralization is known to occur on the property, and minor production has been recorded. There has been some modern exploration but it was by no means exhaustive.

Introduction:

MineQuest Exploration Associates Ltd. have been retained by the owners of the True Blue prospect to approach mining companies which might be interested in taking an option on the property and funding a comprehensive exploration program to explore the claims for massive sulphide mineralization. On the basis of examination of reports of previous exploration, we feel that the property has considerable merit and that, given encouragement in the early stage work, this program might require several seasons to complete. We intend initially to approach companies with an established record of exploration for and exploitation of such deposits. The following geological descriptions are based on examination of published and unpublished reports, discussions with the property owners and a one-day visit to the property by G.R. Peatfield during the summer of 1985.

.../2

TRUE BLUE PROPERTY - KASLO

Location:

The True Blue polymetallic massive sulphide prospect is located on True Blue Mountain, 5km southwest of the village of Kaslo, in the Slocan Mining Division. This is a favourable location, close to infrastructure in a region with a long-established and continuing mining tradition.

Target:

The target is a volcanogenic polymetallic massive sulphide lens or group of lenses in upper Paleozoic volcanic and sedimentary strata, most likely part of the Milford Group. Massive copper-zinc sulphide mineralization is known to occur on the property, and minor production has been recorded. There has been some modern exploration but it was by no means exhaustive.

Introduction:

MineQuest Exploration Associates Ltd. have been retained by the owners of the True Blue prospect to approach mining companies which might be interested in taking an option on the property and funding a comprehensive exploration program to explore the claims for massive sulphide mineralization. On the basis of examination of reports of previous exploration, we feel that the property has considerable merit and that, given encouragement in the early stage work, this program might require several seasons to complete. We intend initially to approach companies with an established record of exploration for and exploitation of such deposits. The following geological descriptions are based on examination of published and unpublished reports, discussions with the property owners and a one-day visit to the property by G.R. Peatfield during the summer of 1985.

.../2

Property:

True - 776 (7) - 15 units
Blue - 777 (7) - 20 units
Copper Queen - 645 (6) - Reverted Crown Grant
True Blue - 646 (6) - Reverted Crown Grant
Kas 2 - 3003 (9) - 4 Units
Lo 5 - 3050 (9) - 20 Units
Kas 6 - 3051 (9) - 15 Units

Owners:

Otto Janout - 50%
Otakar Janout - 50%

310-1509 Martin Street
White Rock, British Columbia
V4B 3W8

Exclusive Agent:

MineQuest Exploration Associates Ltd.
201-311 Water Street
Vancouver, B.C.
V6B 1B8
(604) 669-2251

Deal:

A standard exploration option involving a series of cash payments and work commitments over 4 years, followed by an exercise price and a royalty interest (with recoupable advance and minimum annual royalties) payable 80% to the vendor and 20% to MineQuest as agent. MineQuest would manage programs up to the time of exercise of the option. Details of the agreement terms are available for discussion with interested parties.

.../3

Regional Setting:

The True Blue property is underlain by a complex sequence of Paleozoic and Mesozoic strata. The polymetallic showings occur in rocks which appear to be correlative with either the Milford Group (Miss. - Penn.) or Kaslo Group (Penn. - Perm.), based on recent mapping to the northwest by D.W. Klepacki of the GSC. Polymetallic massive sulphide showings have been explored in rocks mapped as Milford Group near Cooper Mountain, some 35km to the north. Both the Milford and Kaslo Groups contain a mixed sediment/tholeiitic volcanic assemblage, with the Kaslo Group apparently having a larger proportion of volcanic material.

Property Geology:

The geology of the property is not well known, but appears to consist of a succession of presumed Milford strata lying above Lardeau schists and gneisses. Rock types include mafic volcanics, chloritic schists, calcareous schists, interbedded mafic tuff, argillite and cherty argillite, and lesser amounts of siliceous schist perhaps derived from acid tuffs. These last rocks are spatially associated with the mineralization.

Lying above this succession, probably in thrust fault contact, is a succession of ultramafics, interbedded mafic volcanics and volcanic conglomerates, and limey sediments thought to represent the upper Kaslo and Slocan Groups.

Mineralized material examined to date includes fine-grained banded massive sulphides, dominantly pyrite and chalcopyrite with subordinate sphalerite. There is also some crenulated felsic schist containing thin veinlets or stringers of chalcopyrite.

Historical Production:

Material mined and shipped during the period 1898-1902 was obviously well picked, but gives some idea of the type of metal ratios one can expect. According to the B.C. Minister of Mines, 96 tonnes of material shipped returned:

.../4

Cu - 8.9%
Zn - not recovered
Ag - 58.6 g/tonne
Au - 1.3 g/tonne

Previous Exploration:

In the period 1898 to 1902, several hundred feet of underground work were completed and some small ore shipments, totalling about 96 tonnes, were made to a smelter.

Otto Janout acquired the two reverted Crown Grants (the True Blue and Copper Queen) in June 1978 and located two claims, the True (15 units) and Blue (20 units) in July 1978.

Esso Minerals Canada examined the property in the summer of 1979, when they cut a grid over the area of the two Crown Grants, did some geological mapping, and completed a magnetometer and a MaxMin II (horizontal configuration) electromagnetic survey. No strong conductors were detected, but a very weak out of phase anomaly occurs immediately downslope from the showing. Because of the very steep topography the central portion of the grid, between the two Crown Grants, was not surveyed. The apparent extension of the favourable stratigraphy to the northwest was not gridded, mapped or surveyed geophysically.

Esso took some material from the showings for assay, and report that "a chip sample of the best mineralization, taken from several small lenses, assayed:"

Cu - 6.75%
Zn - 2.76%
Pb - 0.12%
Ag - 37.7 g/tonne
Au - 0.9 g/tonne

.../5

Saskatchewan Mining Development Corp. (SMDC) optioned the property in 1982 and completed a Dighem II airborne electromagnetic/resistivity/magnetometer survey over a large area which included the claims. Several weak responses were detected, and three small grids were laid out in the extreme northwest and southeast corners of the claim block. Surveys on these grids included geology, soil geochemistry (Cu, Zn, Pb, As, Ag, Au), magnetometer and "shpotback" EM. No obvious mineralization or geochemical anomalies were outlined and the option was relinquished. SMDC staked several claims adjacent and nearby, some of which have since been transferred to the Janouts to avoid paying them an advance royalty.

Representatives of several major companies have examined the property briefly over the years, but the above described work represents the only options which have been taken.

Positive Features:

- 1) Attractive grade banded massive sulphide mineralization occurs on the property.
- 2) Veinlet or stringer chalcopyrite mineralization occurs in sericitic schist.
- 3) The regional stratigraphy contains tholeiitic volcanics and large synvolcanic dioritic intrusive bodies.
- 4) Mapping to date on the property has been of a reconnaissance nature; no detailed structural mapping has been undertaken.
- 5) There is about 1500m of untested ground, thought to contain the favourable stratigraphy, lying to the northwest of the showing. Somewhere between 6 and 8km of favourable stratigraphy lie on the expanded property.
- 6) The property is "close to schools and churches", and the topographic setting means mining would be by adit rather than shaft.

.../6

Negative Features:

- 1) Two major companies have held and dropped options on the property.
- 2) There are no obvious EM conductors where surveys have been completed.
- 3) The very steep terrain will make initial exploration difficult.
- 4) The mineralization has a relatively low silver tenor on the basis of sketchy data available.

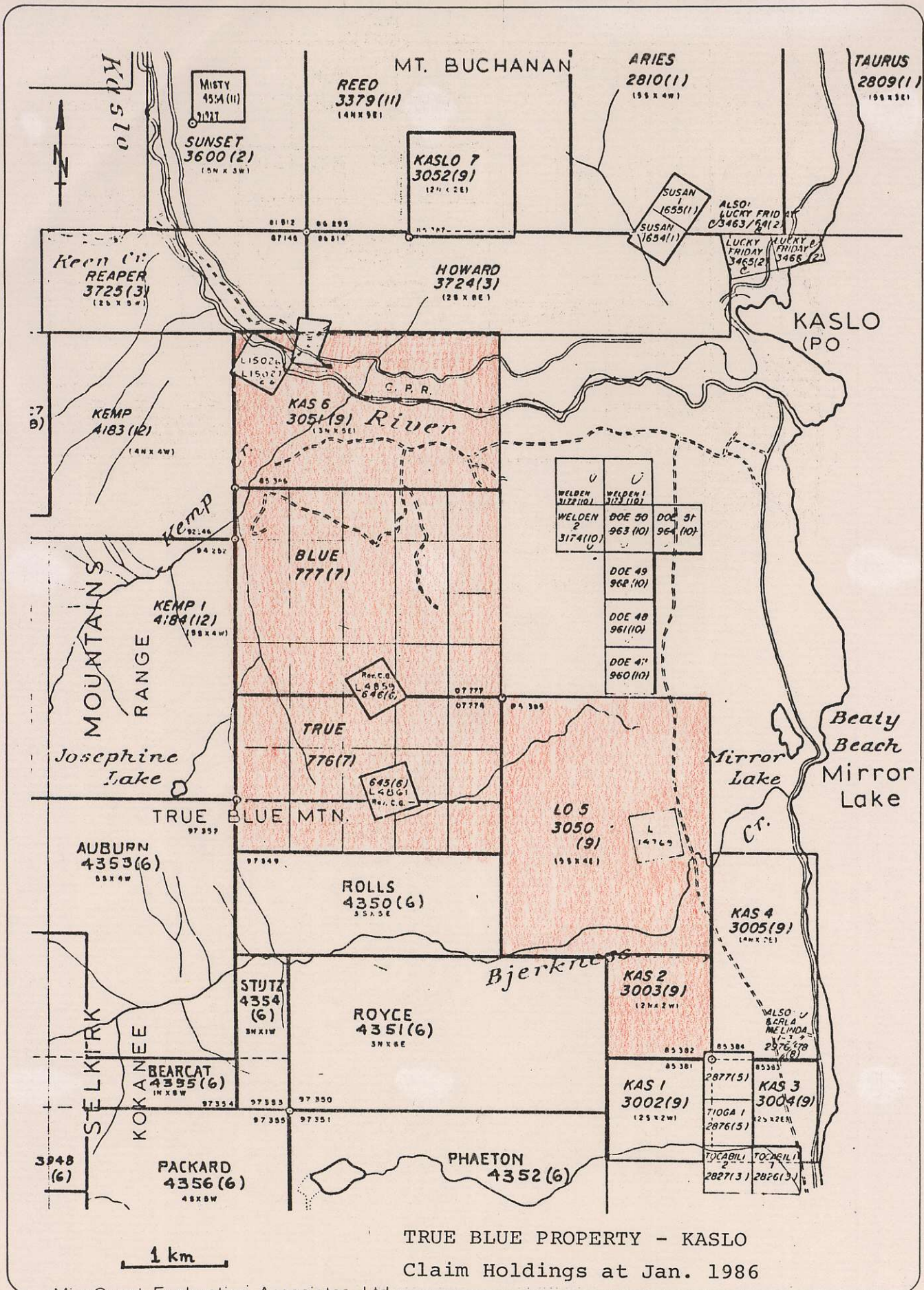
Proposed Program:

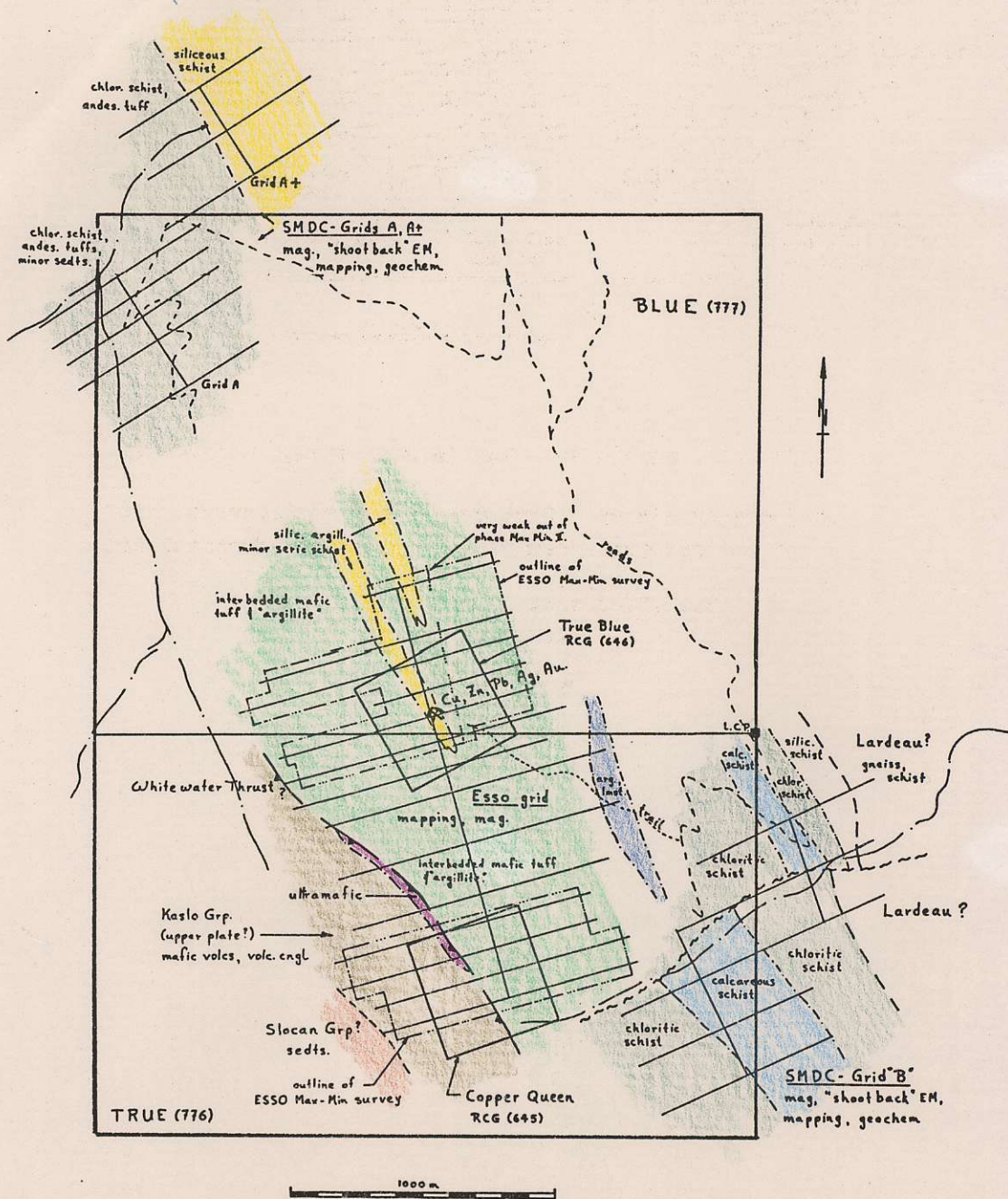
- 1) Detailed mapping and sampling in the showing area.
- 2) Detailed prospecting, geochemistry, and mapping of the strike extension of the favourable stratigraphy as defined in (1).
- 3) Geophysical surveys (EM) if considered appropriate following stages (1) and (2).
- 4) Diamond drilling of targets defined by stages (1) to (3).

G.R. Peatfield, PhD, P.Eng.

January, 1986

Ref: RR110





EXPLORATION COMPILATION SKETCH - TRUE BLUE PROPERTY

Data derived from reports by ESSO Minerals Canada Ltd.
and Saskatchewan Mining Development Corporation.

G.R. Peatfield, P.Eng.
May, 1985