

## GEOFINE EXPLORATION CONSULTANTS LTD.

**"ORE TARGETS AND EXPLORATION MANAGEMENT ALTERNATIVES"**

49 Normandale Rd.  
 Unionville, Ontario, Canada L3R 4J8  
 Tel: 905-477-7072 Fax: 905-946-0366  
 INTERNET: GEOFINE@INFORAMP.NET

GEOFINE MEMORANDUM/FACSIMILE TRANSMISSION COVER SHEET

**Date:** SEPT. 21, 1995 **Number of Pages:**

**TO:**

**NAME:** IAN MORRISON; BELLA BOGNAR  
**COMPANY:** INMET MINING CORPORATION  
**TELEPHONE:** 604-681-3771 416-361-6400  
**FAX:** 604-681-3360 416-361-3564

**FROM:**

**NAME:** DAVID MOLLOY  
**COMPANY:** GEOFINE EXPLORATION CONSULTANTS LTD.  
**TELEPHONE:** 905-477-7072  
**FAX:** 905-946-0366

**COMMENTS:**

Dear Sirs:

Re. Todd Property Submittal, Stewart Gold Camp, Northwestern British Columbia:

Please find attached some maps for your review that include Geofine and Noranda work.

Follow-up drilling is required to evaluate the alteration halos indicated by the results of the Noranda drilling and wide alteration haloes on the Fall Creek and Ice Creek Zones.

The North Zone has never been subject to detailed geophysical or geological evaluation and targets such as the B Zone offer immediate, priority follow-up targets. The B Zone has never been drilled or delineated by detailed surveys.

We can give you a detailed presentation in Stewart.

Sincerely,

GEOFINE EXPLORATION CONSULTANTS LTD.

*David E. Molloy*  
 David E. Molloy  
 President

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May 17, 1996

Ian R. Morrison  
Inmet Mining Corporation  
3rd Floor - 311 Water Street  
Vancouver, B.C.  
V6B 1B8

RECEIVED MAY 22 1996

Dear Ian:

Re: TODD PROPERTY SUBMITTAL, STEWART GOLD CAMP, BRITISH COLUMBIA:

Further to your letter of November 13, 1995, all our intentions with respect to the Todd Property were frustrated by weather conditions last fall.

Since we are about to initiate a 1996 marketing campaign, we would be pleased to re-submit the Property to Inmet. We will be in the Stewart Camp for the summer, and would be pleased to give you a detailed field review.

We are not sure how far your 1995 office evaluation went or what data base you have available. For your initial consideration, we have attached an overview, two compilation maps, and four longitudinal sections that were formulated this winter.

We believe the Todd Property has no lack of specific gold/copper targets, including immediate, priority follow-up drill targets. But since helicopter access is required (about 8 minutes north of the Stewart Highway or about 12 minutes from Stewart), we would recommend completing the prioritization of the numerous targets before follow-up drilling is focused on the apparent discovery objective: a substantial gold/copper deposit.

For your reference, our in-house strategy contemplates an initial budget of \$166,972 to carry out ground geophysical and geological surveys in order to evaluate additional drill targets and re-prioritize all drill targets. Also, in what could be a most rewarding exercise, reconnaissance geochemical and geological surveys are recommended on a number of prominent gossan zones that are emerging from waning glaciers and that have not been explored

historically. Under our proposed exploration scenario, drilling activities would be postponed until 1997; however, priority follow-up drill targets currently exist (e.g., on the Fall Creek East Zone) and other targets should be generated, that could be drilled in 1996.

British Columbia government geologists will be working in the Todd Creek valley in 1996 and they remain strong advocates of the gold potential of the area. There is also the possibility that the Noranda South Zone gold deposit (located within the southern boundaries of the Todd Property; and, currently totalling 207,000 t grading 5.48 g Au/t) could be included in the Property under an option agreement with the present owners.

The financial obligations to obtain a 100% interest in the Todd property are summarized below:

Year upon signing	Option Payments	Work Conditions
	\$ 10,000	
1	15,000	\$150,000
2	25,000	150,000
3	35,000	150,000
4	50,000	200,000
5	<u>50,000</u>	<u>200,000</u>
Total:	\$185,000	\$850,000

Inmet could earn a 100% interest in the Property by expending \$850,000 and making option payments of \$185,000 over 5 years. Upon exercise of the Option, Geofund would retain a 2% NSR subject to a \$2 M buyout (\$0.5 M/0.5% interest purchased).

Since our crews will be working in the Stewart Camp in 1996, Geofine could carry out the 1996 field program, if you so required. Minimal mobilization and demobilization charges would be involved and the exploration program would be optimized based on our 1994 experience on the claims.

We will be in Stewart on or about June 15, 1996. If you would like a field visit and/or additional information, please contact Janine Calder or myself at our Unionville office. We would request that the enclosed data base be returned if you have no interest in the Property.

Yours sincerely,  
Geofine Exploration Consultants Ltd.

David E. Molloy  
President

## SUMMARY OF THE EXPLORATION POTENTIAL,

### TODD CREEK PROPERTY:

The attributes of the Todd Property (Figure 1) that are amenable to a significant gold discovery are summarized below:

- \* A SUBSTANTIAL PROPERTY HOLDING comprising 430 claim units that cover 107.5 square kilometres (Figure 2, Table 1). The claims are in good standing to 1998.
- \* A FAVOURABLE GEOLOGICAL ENVIRONMENT with much of the property underlain by volcanic and pyroclastic rocks of the prospective Jurassic Age Hazelton Group that elsewhere in the Stewart Camp (Figure 3) hosts the Eskay Creek, Silback-Premier and Red Mountain gold deposits. Readily apparent quartz-chlorite-carbonate-sericite-pyrite alteration zones that generally have strongly anomalous gold geochemical signatures are deemed to have potential for hosting a substantial gold deposit.
- \* FAVOURABLE PARTICIPATION TERMS TO EARN A 100% INTEREST including an initial \$10,000 option payment and a first year expenditure requirement of \$150,000. Geofine will have crews in the area and minimal mobilization charges would apply to Geofine staff for 1996 field work. Based on Geofine's 1994 exploration experience on the property, expenditures would be optimized.
- \* AN EXTENSIVE, DETAILED EXPLORATION DATABASE derived from 5 year's of Noranda's activities in the area and Geofine's 1994, \$200,000 exploration program. The data base includes a 1994 Geonex Aerodat airborne EM, radiometric and gradiometer survey.
- \* IMMEDIATE, ADVANCED EXPLORATION TARGETS associated with a belt of structurally controlled gold/copper mineralization most often associated with parallel, sub-parallel and branching breccia zones and that has been traced over a strike length of about 5 km (Map 1). Noranda continues to hold a deposit totalling 207,000 t grading 5.48 g Au/t at the south end of the belt.

**A. FOLLOW-UP DRILL TARGETS:**  
**i. FALL CREEK EAST ZONE:**

The Fall Creek East Zone was tested with 6 historical diamond drill holes over a 210 m strike length and over a 160 m vertical distance (Maps 1, 2; Longitudinal Section 1):

HOLE NO.:	CROSS SECTION:	ELEVATION: (m)	ANALYTICAL RESULTS:		
			GOLD: (g/t)	COPPER: (ppm)	CORE LENGTH: (m)
88-45	20303	1170 incl.	0.43	410	48.70
			6.72	6800	1.45
88-46	20303	1165 incl.	0.52	580	52.25
			12.10	5800	1.25
88-47	20218	1238 incl. incl.	1.24	3890	31.50
			3.14	9696	11.00
			24.14	37900	1.00
88-48	20218	1228 incl. incl.	1.27	1187	27.85
			3.94	3100	7.90
			15.22	19700	1.00
90-56	20090	1292	0.45	630	6.40
90-56	20090	1325	0.15	2390	16.10

The Fall Creek East Zone is associated with an IP anomaly over 850 m long and open to the north and south. The higher grade gold zones are associated with brecciated, sulfidized zones of andesite with significant amounts of pyrite and chalcopyrite as veins and disseminations. The wide, anomalous polymetallic signatures are typical of those that halo orebodies in the Stewart camp. As per the penetration points shown on Longitudinal Section 1, additional step-back, deeper drilling is proposed to determine the potential for large tonnage oreshoots localized at the intersection of conjugate shears. The model is analogous to the structural controls and morphology at Barrick's Golden Patricia Mine in Northwestern Ontario where high grade gold mineralization occurs in plunging shoots located at the intersection of orthogonal structures. The Fall Creek East Zone is deemed to offer immediate potential for both narrow, high grade mineralization and for bulk tonnage deposits. For example, the four higher grade intersections in Holes 88-45, 46, 47 and 48 average 13.67 g Au/t and 1.6% Cu over a 1.18 m width. Such a target at the Golden Patricia Mine has an average width of about 1.2 m and produces about 80,000 ounces per year for Barrick Gold Corporation. As an indication of bulk tonnage targets, the two wider intersections in Holes 88-47 and 88-48 average 3.48 g Au/t and 0.69% Cu over an average width of 9.45 m.

**ii. FALL CREEK WEST ZONE:**

The Fall Creek West Zone was tested with 2 historical diamond drill holes over a 95 m strike length and over a 27 m vertical distance (Map 2, Longitudinal Section 2):

HOLE NO.:	CROSS:	ELEVATION:	ANALYTICAL RESULTS:			
	SECTION:		(m)	GOLD: (g/t)	COPPER: (ppm)	CORE LENGTH: (m)
90-55	19846	1368		0.42	low	103.00
			incl.	2.38		7.85
			incl.	10.30	values	1.50
90-58	19742	1342		0.22		22.10

The holes tested a 200 m long, IP anomaly that is postulated to be the southern extension of the 400 m long, Fall Creek West Zone IP anomaly. Hole 55-58 was terminated in anomalous gold values and based on a number of surface gold showings, the Fall Creek West Zone appears to continue to the south, at least 200 m beyond the limits of the IP survey. As shown on Longitudinal Section 2, up to six new holes are proposed to follow-up the anomalous gold results returned in Holes 90-55 and 90-58. Like the Fall Creek East Zone, the target is gold mineralization, in this case without apparent, strong copper association. Along strike to the south of the intersections, surface gold showings do have a strong copper association, indicative of polymetallic zoning that is common in the Camp.

**B. FOLLOW-UP EXPLORATION TARGETS:**

**i. NORTH A ZONE (Maps 1, 2; Longitudinal Sections 3,3A):**

The North A Zone was the main historical drill target on the Todd Property and the results that range up to 3.07 g Au/t and 0.64% Cu over 36.35 m, incl 14.47 g Au/t and 2.06% Cu over 5.95 m in Hole 88-22, are shown on Longitudinal Section 3. The historical drilling tested the North A Zone in some detail over a strike length of 150 m. One additional step out hole (Hole 90-49) was collared an additional 250 m to the south where IP surveying had outlined a chargeability anomaly. No IP surveying was carried out over the historical trenches on the main part of the North A Zone.

As shown on Longitudinal Section 3A, the step-out Hole 90-49 returned 0.61 g Au/t and 746 ppm Cu over a 17.9 m core length, including 3.37 g Au/t and 2744 ppm Cu over 2.85 m. In the area of the historical trenches, Hole 88-41, the deepest hole on Cross Section 10075, returned 1.23 g Au/t and 2685 ppm Cu

over 21.25 m, including 1.51 g Au/t and 3400 ppm Cu over 16.78 m. Cross Section 10000 E remains problematic since Hole 88-23 blanked under Hole 88-22 (3.07 g Au/t and 0.64% Cu over 36.35 m) and Hole 88-40, drilled from the opposite direction, appears to have hit a new auriferous zone (0.63 g Au/t and 1845 ppm Cu over 43.2 m, including 1.66 g Au/t and 676 ppm Cu over 8.9 m).

As noted above, the main part of the North A Zone has never been subjected to geophysical surveys. Geofine's 1994 program on Grid C (Map 2) that covers the North A and B Zones located a soil gold geochemical anomaly that transcends the North A Zone and suggests the presence of other gold targets. Prior to further drilling on the North A Zone, it is thus recommended that the C Grid be expanded and magnetometer and IP surveying be carried out to locate and prioritize drill targets. The surveys are extremely important in view of the excellent, apparent potential of the North B Zone that is described below.

**ii. NORTH B ZONE (Maps 1, 2):**

The North B Zone has been traced over a strike length of about 275 m. Geofine's initial sampling of a small part of the Zone suggests significant exploration potential: 28 rock samples have average gold, arsenic and copper contents of 1.78 g/t, 630 ppm, and 1.27%, respectively. Panel samples average up to 2.2 g Au/t, 1130 ppm arsenic and 2.28% copper over widths up to 6.5 m. Three samples of large, angular float boulders have average contents of 4.66 g Au/t and 2.8% copper. A stream sediment sample taken at the north limit of the Geofine sampling returned 94 ppb gold and 775 copper, indicating further potential to the north. As referenced above, detailed geological, geochemical and geophysical surveys carried out on an expanded Grid C in conjunction with surveys over the North A Zone, are proposed to evaluate the North B Zone's potential and to establish drill targets. Geophysical surveys have never been carried out on the North B Zone. Other parallel zones of mineralization are indicated in the immediate area of the North B Zone.

**iii. YELLOW BOWL ZONE (Map 1):**

The Yellow Bowl Zone is characterized by a prominent limonite-jarosite-alunite-pyrite gossan zone located northwest of the Noranda South Zone gold deposit. Reconnaissance rock samples generally have a strong arsenic-gold-copper correlation. Anomalous gold, arsenic and copper values have been obtained over fairly wide widths in chip samples: 512 ppb, 1150 ppm and 1510 ppm, respectively, over 4 m; and 209 ppb, 500 ppm and 3410 ppm, respectively, over 5 m. Gold and copper values returned in chip samples ranged up to 1.67 g Au/t and 9.8%

copper over 1 m. Most of the stream sediment samples collected have anomalous gold and copper contents, suggesting a large target area. No detailed historical exploration appears to have been carried out in the area and only initial, reconnaissance work has been completed by Geofine in 1994. Detailed follow-up sampling and geological surveys are recommended.

#### **iv. AMARILLO ZONE (Map 1):**

The Amarillo Zone is characterized by pervasive limonite and jarosite-alunite alteration and fractured and brecciated volcanic and pyroclastic rocks often cut by veins and stock workings of barite that frequently have significant amounts of galena and sphalerite. Most rock and stream sediment samples from the zone have very anomalous arsenic, lead and zinc contents. Such polymetallic signatures have been found in the vicinity of all gold mineralization discovered by Geofine in the Stewart Camp. The follow-up of specific polymetallic signatures that include anomalous gold values in stream sediment and rock samples is recommended on the Amarillo Zone.

#### **v. RECONNAISSANCE TARGETS:**

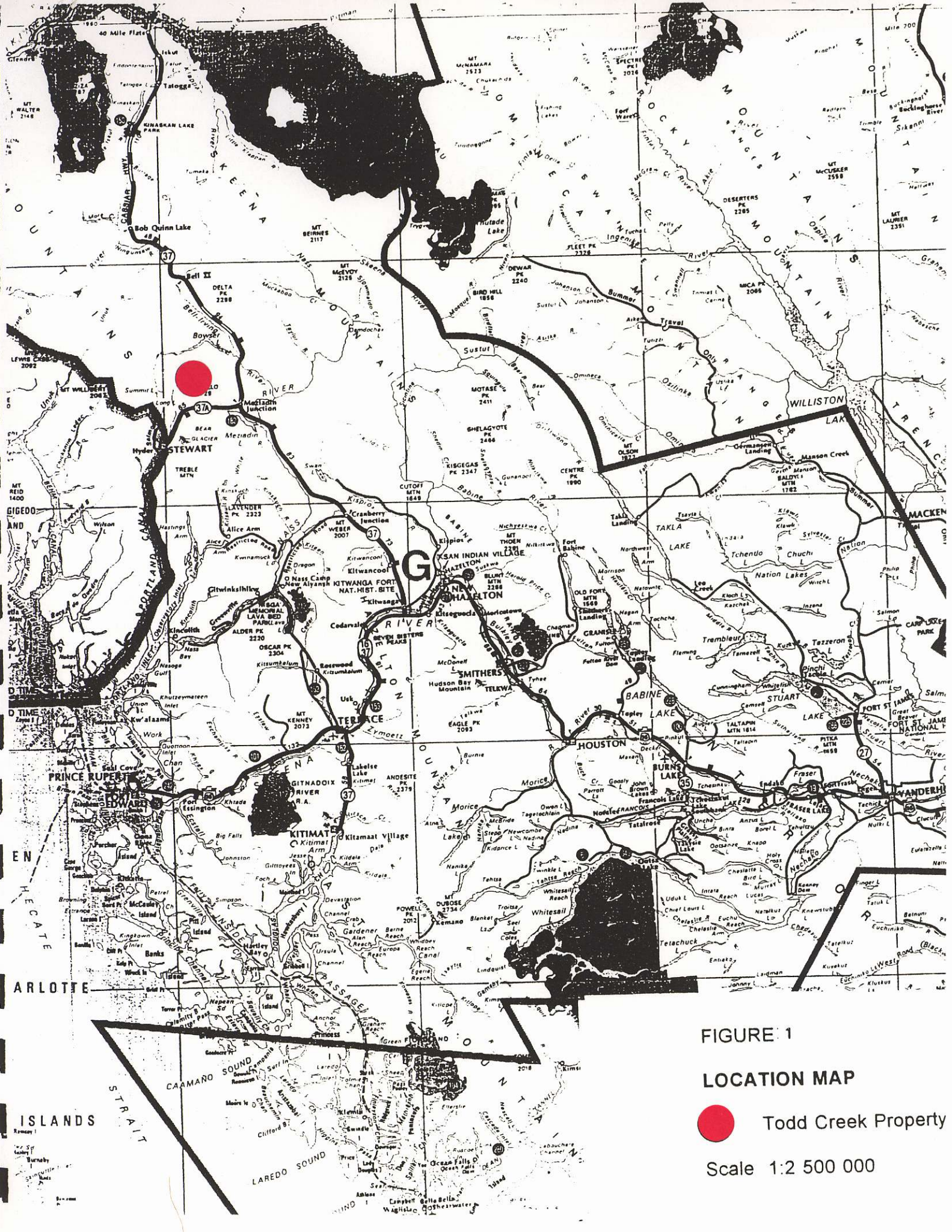
The 1994 Geonex Aerodat conventional EM, gradiometer and radiometric survey was successful in identifying apparent zones of potassic alteration which, in most areas, correspond to the auriferous gossan zones observed in the field. A number of weak EM anomalies offer interesting reconnaissance follow-up targets, particularly when they are associated with potassium channel anomalies and favourable structural features. A number of prominent gossan zones displaying favourable alteration attributes and emerging from under waning glaciers were staked during the 1994 field program. The gossans have yet to be subject to reconnaissance evaluation. Many of Geofine's most significant discoveries in the Stewart Camp (e.g., Red Mountain) have resulted from the initial field appraisals of such reconnaissance targets.


### **C. PROPOSED 1996 FIELD PROGRAM AND BUDGET:**

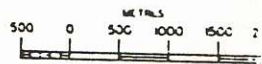
The recommended 1996 field program would focus on the location and prioritization of drill targets on an extended Grid C (Map 2). The 5 km grid would be restored and the grid lines would be extended 500 m to the east. Additional lines would be added to the north and south of the grid for a total of 10.5 km. Geological mapping would be carried out, and soil and rock sampling completed along with IP and magnetometer surveys. The surveys would cover the North A and B Zones and their postulated extensions and satellite zones, and the



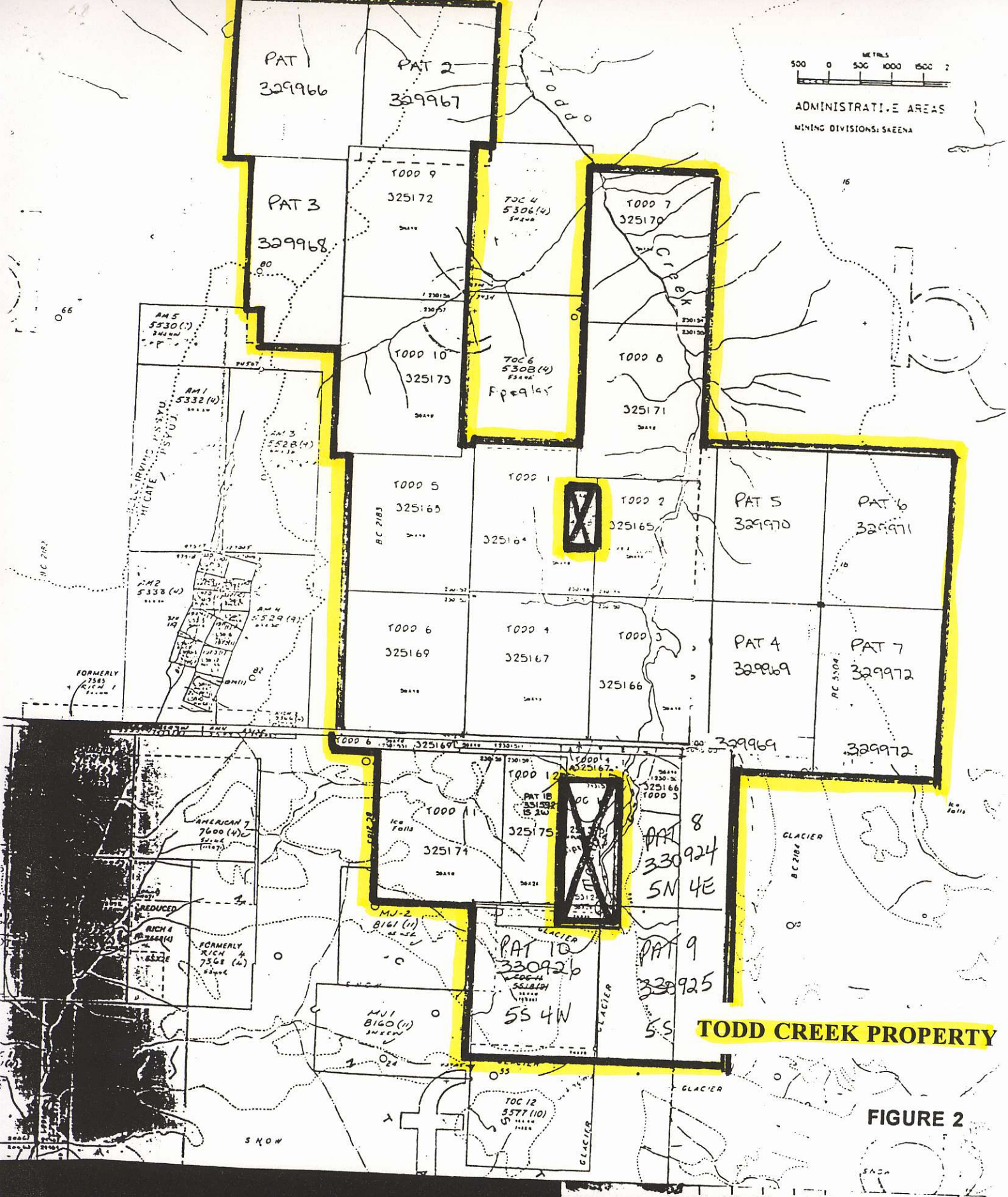




**FIGURE 1**  
**LOCATION MAP**  
 Todd Creek Property  
 Scale 1:2 500 000



ADMINISTRATIVE AREAS  
MINING DIVISIONS: SKENEA



**TODD CREEK PROPERTY**

FIGURE 2

August 3, 1995

TABLE 1

TODD CREEK PROPERTY  
LIST OF CLAIMS

NAME	TAG NO	RECORD	UNITS	STAKED	EXPIRY
TODD 1	230148	325164	20	April 17/94	April 17/98
TODD 2	230149	325165	20	April 17/94	April 17/98
TODD 3	230150	325166	20	April 17/94	April 17/98
TODD 4	230151	325167	20	April 17/94	April 17/98
TODD 5	230152	325168	20	April 17/94	April 17/98
TODD 6	230153	325169	20	April 17/94	April 17/98
TODD 7	230154	325170	20	April 17/94	April 17/98
TODD 8	230155	325171	20	April 17/94	April 17/98
TODD 9	230156	325172	20	April 17/94	April 17/98
TODD 10	230157	325173	20	April 17/94	April 17/98
TODD 11	230159	325174	15	April 17/94	April 17/98
TODD 12	230169	325175	15	April 17/94	April 17/98
PAT 1	219257	329966	20	Aug 17/94	Aug 17/98
PAT 2	219258	329967	20	Aug 17/94	Aug 17/98
PAT 3	219259	329968	18	Aug 17/94	Aug 17/98
PAT 4	219269	329969	20	Aug 17/94	Aug 17/98
PAT 5	229759	329970	20	Aug 17/94	Aug 17/98
PAT 6	228969	329971	20	Aug 17/94	Aug 17/98
PAT 7	228964	329972	20	Aug 17/94	Aug 17/98
PAT 8	232055	330924	20	Sept 26/94	Sept 26/98
PAT 9	232056	330925	20	Sept 26/94	Sept 26/98
PAT 10	232057	330926	20	Sept 26/94	Sept 26/98
PAT 18	225929	331592	2	Sept 28/94	Sept 26/98

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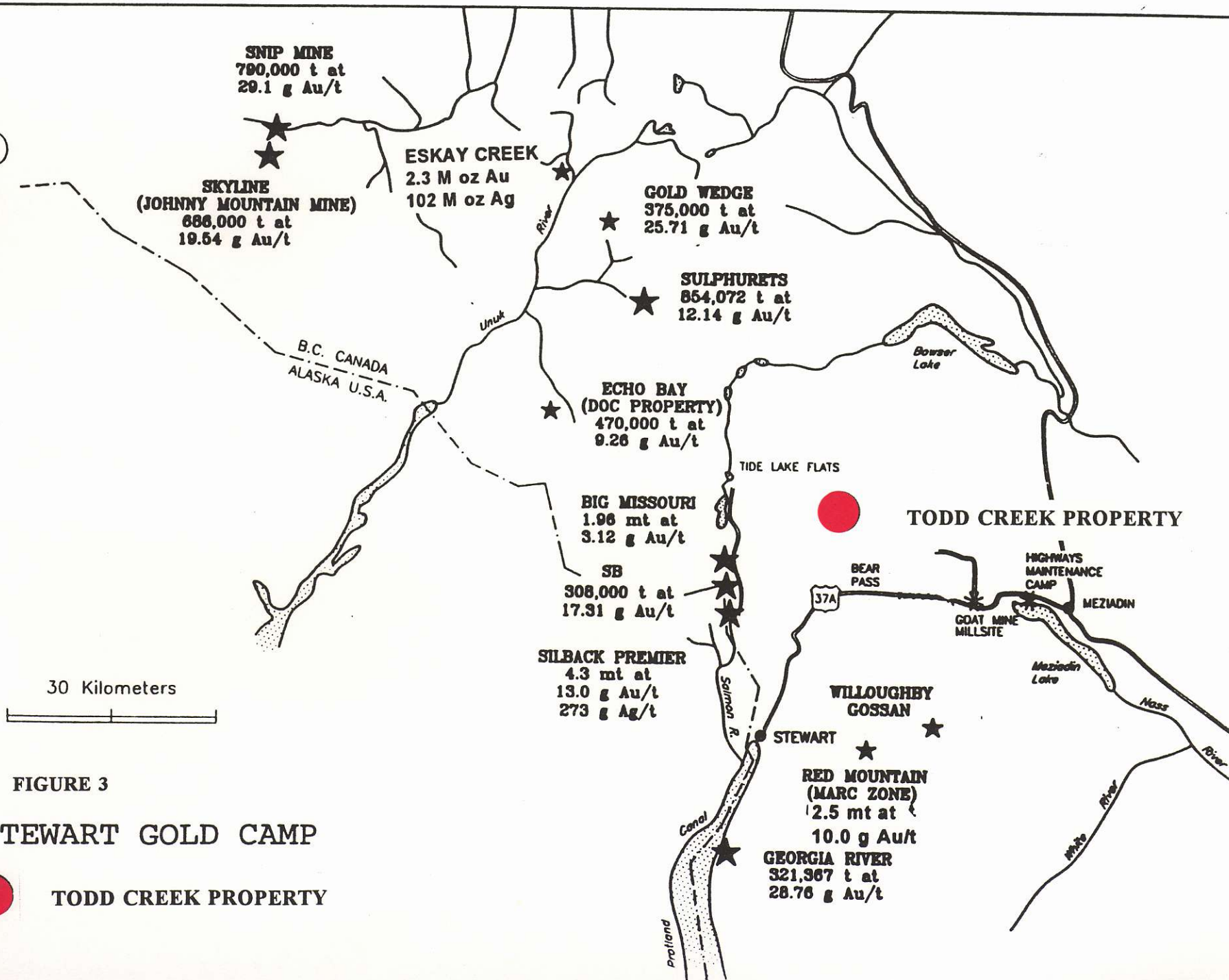


FIGURE 3

STEWART GOLD CAMP



TODD CREEK PROPERTY