

DATE: December 23, 1987

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TO: A. J. Davidson, D. H. Watkins

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FROM: I. D. PirieSUJET
SUBJECT: ACQUISITION PROPOSAL FOR CELEBRITY ENERGY'S STUMP LAKE PROPERTY

GENERAL

The Stump Lake property is located approximately 40 km south of Kamloops, B. C. on the old Merritt highway (Fig. 1). It consists of 55 reverted Crown Granted claims, 2 two-post claims and 5 MGS claims (64 units), all owned 100% by Celebrity Energy (subject to verification). These cover about 7 km of an auriferous quartz vein system which, in the past (1916-1944), has produced in the order of 78,000 tons with a recovered grade of 0.11 opt Au and 3.3 opt Ag with Cu, Pb and Zn credits.

10K 023

GEOLOGY

The area is underlain by Triassic age Nicola volcanics and sediments. These are cut by northerly and northeasterly trending structures which appear to control the emplacement of Tertiary volcanics just to the north. Auriferous quartz veins occur in north-north westerly trending tensional features presumably related to the main structures and dipping at between 40° and 80° to the east. Bleached alteration (sericite-pyrite) is reported to form a very thin selvage to the veins but may locally be up to 15 feet thick. Mineralization consists of pyrite, galena, sphalerite, tetrahedrite, chalcopyrite, bornite and scheelite.

DISCUSSION

This epithermal gold area, typical of many in southern B. C. has seen piecemeal exploration over an extended period of time but fragmentation of the property precluded a comprehensive approach. Since the property was put together by Celebrity in 1983 this has still not been attempted.

As an exploration bet it lies in an area highlighted by our Tertiary gold compilation and meets all our criteria in terms of accessibility and potential. The deal proposed by Celebrity allows us a year and \$300,000 of their money to assess it further.

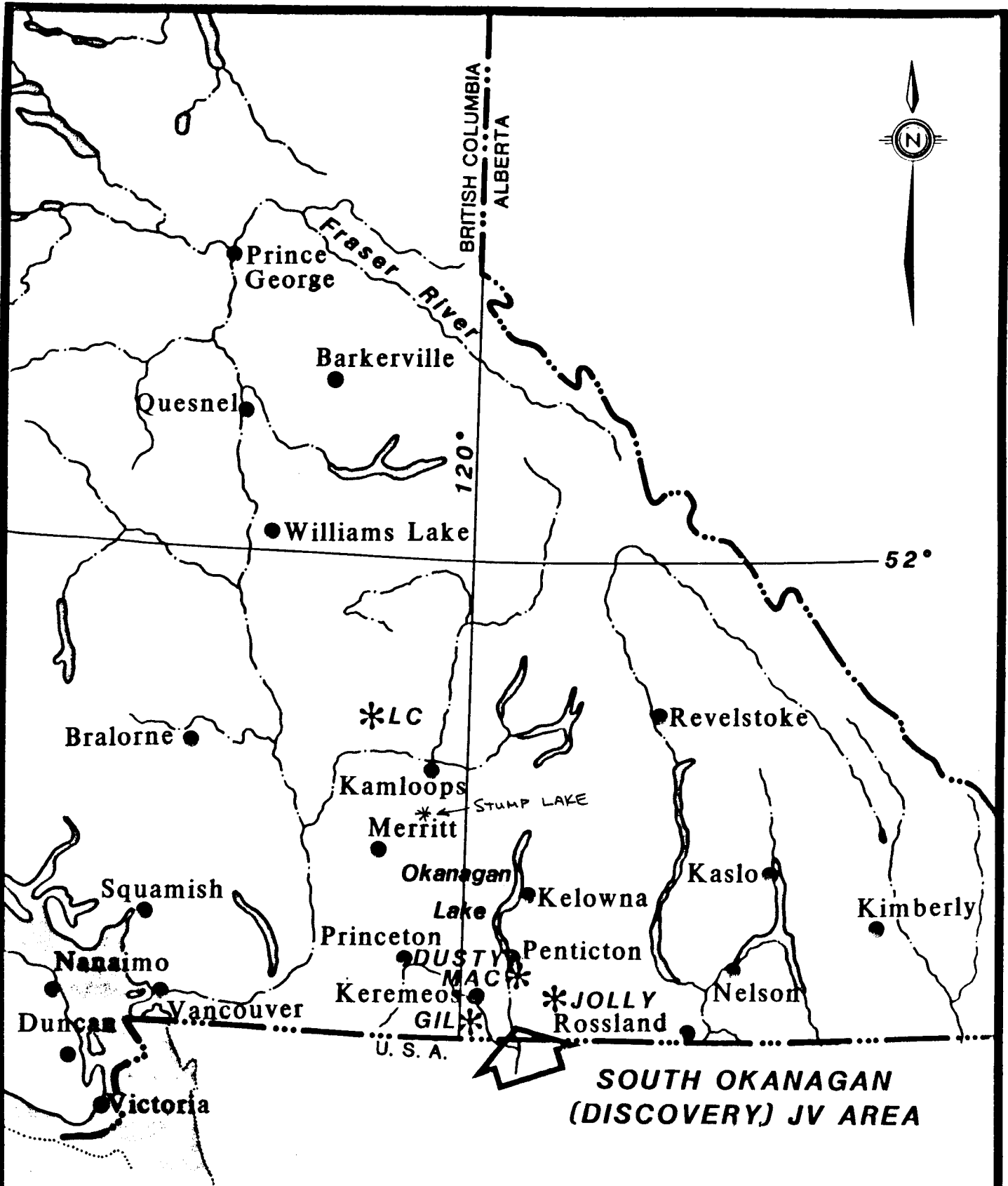
Our approach would be to compile the extensive amount of data available (there are at least half a dozen separate areas of underground workings), establish a grid and run mag, VLF and possibly IP in January and early February followed by the drilling of selected targets. This will fulfill the required \$150,000 expenditure by February 29th, 1988. Mapping, sampling and further drilling would then take place during the summer months putting us in a position to make a decision on committing our own funds to the property by late 1988.

We have here an opportunity to explore the potential of one of the better gold prospects in southern B. C., initially with absolutely no risk to Minnova. Its potential is such that I would not hesitate to recommend the property if brought to us by a prospector with a sensible deal in mind. Under the circumstances that have arisen I strongly recommend its acquisition.

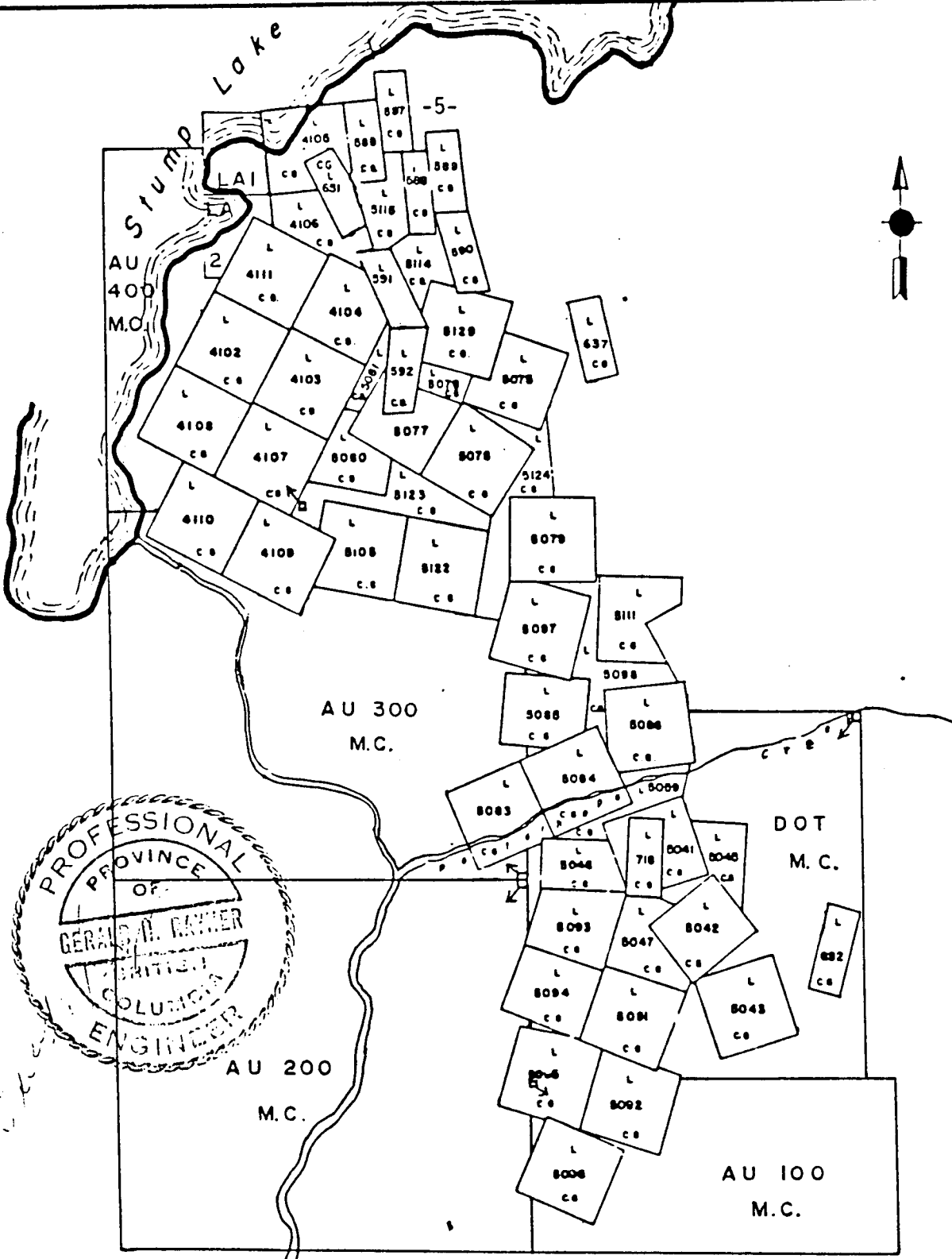


Ian D. Pirie,
Senior Exploration Geologist

attachment: Comprehensive report by G. Rayner (1983)



TERTIARY GOLD PROJECTS



SCALE
1:50 000



CLAIM MAP

STUMP LAKE CLAIMS

Fig. 2