

Wm Carter

SOUP 830433

Vital Resources Limited

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October 28, 1982

Mr. John D. Harvie
President
Noranda Explorations Company
Suite 400
55 Yonge Street
Toronto, Ontario
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Dear John:

VITAL - NORANDA PROPERTIES

We are considering the possibility of carrying out some public financing for Vital this winter, and in view of the time required to prepare reports and deal with Securities Commissions, etc., it would be most helpful to have Noranda's information on the Kliyul and Houston properties as early as possible - especially sample data on Kliyul (SOUP CLAIMS). An indication of Noranda's intentions with regard to these properties would also be most important.

KLIYUL (SOUP)

Thanks to your very kind co-operation, I have Noranda's soil geochemical map dated September 14, 1982. I find these results most impressive. Line 36 + 50S (across strike) averaged 1000 ppm Cu and 600 ppb Au for 500 meters, of which 150 meters (topographically above the magnetite skarn) averaged 1640 ppm Cu and 1,100 ppb Au.

On Line 40 + 50S, samples averaged 2,000 ppm Cu and 1,500 ppb Au for 400 meters. On Soup 8 claim near the southern end of the property, samples averaged 2,000 ppm Cu and 2,000 ppb Au over 125 meters.

Although the sampling shows (as we knew) that the magnetite-skarn zones are enriched in copper and gold, it also indicates to me the strong likelihood that there are much wider mineralized zones. Previous work has shown that in this district, there is a close relationship between copper and gold, and the high and widespread copper values strongly suggest disseminated mineralization - with gold. Perhaps gold enrichment by gravity could be considered possible for the soils, but enrichment of oxidized copper (in soils) seems unlikely.

It is also noted that in the vicinity of lines 40S to 43S, the soils for about 100 meters downhill from the skarn zones are comparatively low-grade but that further downhill, soil samples for about 150 meters above the baseline average 1700 ppm Cu and 1400 ppb Au. This appears to me to correspond to comparatively non-magnetic gossan which I observed in this area. I believe this

gossan to be due, essentially, to the oxidation of sulphides. This lower zone may also be indicated on line 38 + 50S immediately west of the baseline where two samples each contained more than 3 gms./ton gold and averaged 1700 gms/ton copper.

This area has been subjected to unusual oxidation for this part of the world, and may have projected above the prevailing ice sheet. Also, on the KLI CLAIMS, we found evidence of surface leaching of both copper and gold.

It was noted, also, that hard, comparatively barren rock is inclined to survive in the widespread scree at the surface, while the softer limonite-bearing material may be observed more readily in pits, etc. The soils in the pits do not appear to have been transported.

In these circumstances, I am inclined to distrust surface appearances and to take very seriously the quite unusually high soil values. It is recalled that at \$C 600/oz a gram of gold is worth about \$20, while 1000 gms of copper may be worth a dollar or so. These soils are thus rich. Bougainville ore contains 0.67 gms/ton gold. I note also that, in the Dominican Republic, Rosario drilled all soil areas containing 0.5 gms, and found 50 million tons grading 3 gms/ton. Soils tend to reflect averages, whereas gold in rock may be in widely dispersed cracks, not easy to sample on a spot basis.

I await any other sampling, geological and geophysical information with great interest. Probably, some I.P. data would be of great value when combined with the sampling results. However, on present information, I suggest that a diamond drill test across about 400 meters of selected section would be well warranted. The target I have in mind is about half a billion tons, containing \$20 per ton in gold, silver and copper. With mining and concentration costs at about \$5 per ton, this could be a worthwhile target.

All good wishes in your new most important assignment.

Sincerely,

C.J. Sullivan
Vital Resources Ltd.

P.S.

I believe it important that Noranda discovered mineralized rock with high soil values extending for 250 meters uphill from the magnetite skarns on claim Soup 2. Rocks in this area were mapped by McTaggart and White (U.B.C.) as augite porphyry flows, with flow breccia. Is this perhaps a breccia pipe or diatreme characteristic of porphyry coppers. N.C. Carter also reported to us that on the southern claims there are "brecciated augite porphyries with shear zones containing rusty quartz and carbonate. Malachite staining is widespread."

On Claim 2 McTaggart and White also noted what they called "barren siliceous pyritic rock", presumably because they saw no copper staining (they were not thinking much about gold). Yet in this area Noranda records 1300 ppm Cu and 1000 ppb Au in soils over 250 meters (Line 36 + 50S). This is characteristic of the deceptive nature of the area, e.g. some of the oxidized copper appears to be present as the black oxide, neotocite.

With unemployment etc. likely to continue for some time, I believe that the B.C. Government would be very sympathetic to a major development in this area.

CJS:gnp

Dear Wren:
If we proceed to public financing, it would be on the basis of the Klugut Area (Vapor + W/L Claims), Houston River claims, and a third area where we have good info. If we plan to go ahead, I would put together data on all these areas + discuss it with you before asking you to write the qualifying report.
Re Joup I have not seen so much gold + copper in soils in many places. Presumably, this means something + I strongly suspect there is a steep at Klugut though not obvious. I would be glad of your reaction to the ideas noted here.

Regards,

John Calloway

I am trying to get Noranda's data as soon as possible.