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**N.C. CARTER, Ph.D., P.Eng.**

Consulting Geologist

1410 Wende Road  
Victoria, B.C. V8P 3T5  
(604) 477-0419

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Mr. Alvin W. Jackson  
Regional Geologist  
Cyprus Gold (Canada) Ltd.  
1810 - 1055 West Hastings Street  
Vancouver, B.C.  
V6E 2E9

Dear Alvin:

Re: Omineca Gold Prospects, B.C.

The following comments concerning gold mineralization in the Omineca area of north-central B.C. are provided as background for two property situations which may be available for participation.

General Setting

That part of the Omineca under consideration is shown on the attached diagram. Staked areas (as of about a year ago) are indicated on the diagram.

The geological framework of the area is dominated by the Pinchi Fault which separates late Paleozoic Cache Creek Group sediments, volcanics and ultrabasic intrusions on the west from late Triassic - early Jurassic volcanics, sediments and coeval and younger granitic rocks on the east.

The available data base is reasonably good - the area was mapped by the GSC in the late 1940's, with further refinements undertaken in various areas by both the GSC and the Provincial Ministry of Mines in recent years. A Government multielement water and stream sediment geochemical survey of the NTS 93N map-area was released in 1984. Considerable data is contained in assessment reports and other files maintained by the Provincial Government.

Previous Work

Several million dollars in gold has been recovered over the past 100 years from a number of placer creeks in the Omineca, principally in the Manson Creek - Germansen Landing area.

The Pinchi Lake mercury mine was discovered in 1937 as were a number of other mercury deposits and occurrences along the Pinchi Fault over the following several years.

Copper deposits in alkalic granitic rocks received considerable attention in the 1970's.

Current work in the region is being directed to lode and placer gold deposits.

### Mineral Deposits - General

Mercury deposits and occurrences are numerous along a 100 mile section of the Pinchi Fault. All known mercury mineralization, mainly in the form of cinnabar, is hosted by brecciated Cache Creek limestones and along the margins of altered serpentine intrusions. Stibnite is a common accessory mineral.

Porphyry copper ( and molybdenum) deposits and occurrences are numerous in alkalic and calc-alkalic granitic rocks of the Hogem Batholith east of the Pinchi Fault. Some of these, most notably Duckling Creek (Lorraine) have low gold contents.

Ultrabasic intrusions within the Cache Creek assemblage west of the Pinchi Fault locally contain lenses and disseminations of chromite.

### Gold Mineralization

Known lode gold deposits in the Omineca occur in two geological environments. The first are veins and replacements in late Paleozoic Cache Creek sediments and lesser volcanics marginal to the Pinchi Fault. The second style includes veins and shear zone replacements in late Triassic Takla Group volcanics and sediments marginal to alkalic granitic intrusions.

Examples of the first type include the Lustdust (Pioneer Metals) south of Omineca River and the Snowbird prospect (X-Cal Resources) at Stuart Lake. Deformed sediments, volcanics and ultrabasic intrusions feature abundant carbonatization and silicification and gold is associated with complex mineralogies including arsenic and antimony minerals. The incidence of mercury mineralization and similar lithologies is evocative of both the McLaughlin mine area in California and the North American Metals gold deposit northwest of Telegraph Creek.

The second type includes deposits hosted by propylitically altered volcanics and sediments marginal to alkalic (syenitic) intrusions of similar late Triassic age and which are often the cause of aeromagnetic highs throughout the area. Limited

information suggests this type is similar to deposits in the southern Quesnel Trough, the most significant of which is the Placer Dome QR deposit (2 million tons grading 0.20 oz/ton gold). Examples in the Omineca of this style of gold mineralization include Takla Rainbow at the head of Twin Creek (Imperial Metals) and marginal to the east flank of the Hogem Batholith. 24 of 38 diamond drill holes in 1987 intersected 0.25 - 0.30 oz/ton gold over widths of 10 feet or more. Average grades are in the order of 0.38 oz/ton and a possible reserve of 500,000 tons is indicated according to Zarko Nikic.

The second example is the TAS property of Noranda 30 miles north of Fort St. James. Gold mineralization here apparently occurs in a 10 metre wide shear/contact zone in Takla sediments adjacent to a syenitic plug which was explored in the past for copper mineralization. Unofficial reports refer to surface assays of up to 1.6 oz/ton gold and percussion drill results of 0.30 oz/ton over 27 feet. Diamond drilling of this prospect is scheduled for the near future.

#### Indata Property

This property, 5 miles northwest of the west end of Tchentlo Lake (see sketch) consists of 9 claims (135 units) owned by Eastfield Resources Ltd. (VSE - Glen Garratt, secretary and director). The property was acquired from Imperial Metals in 1986 and Imperial retains the right to back in for 30%.

The claims cover Cache Creek rocks immediately west of the Pinchi Fault and the property would be an example of the first style of gold mineralization previously described. The property was staked by Imperial Metals in 1984 following a regional stream sediment survey. An IP survey and 4 short drill holes were completed in 1985.

Eastfield identified a multielement soil anomaly featuring widespread arsenic, antimony, mercury and gold and silver values of up to 0.067 and 18.8 oz/ton respectively. This anomalous zone is marked downslope by a prominent kill zone. A partially coincident IP anomaly extends over a strike length of 2,000 feet.

1,000 feet of diamond drilling in 1987 (see attached press release) intersected a mineralized structure over 14 - 24 ft. widths and a strike length of 400 feet. The zone is reportedly open along strike and to depth. A 2 ft. core sample assayed 0.54 oz/ton gold and 10.5 oz/ton silver. Intersections ranged from 0.08 to 0.21 oz/ton gold equivalent over sample lengths of 6 to 16 feet. Based on the high grade assay reported, gold values would be approximately 70% of the gold equivalent values.

Eastfield may be interested in some sort of a deal on this prospect. The company recently negotiated a deal on the Beekeeper gold-copper property in the Quesnel Trough with Lornex. Like the Indata property, Beekeeper is also subject to a 30% back in by Imperial Metals.

I would suggest giving Garratt a call (681-7913) regarding the Indata property.

#### BIO Property

The BIO property, owned by Big Valley Resources Inc. (ASE) is adjacent to Noranda's TAS property 30 miles north of Fort St. James.

1987 work, including soil sampling and backhoe trenching, have reportedly yielded good results and the property is one of two in the area being worked by Big Valley with financing from First Exploration Fund.

The property is definitely available for a deal according to Lloyd Tattersall, president of Big Valley. One company has already expressed interest, but Tattersall has indicated he will make reports of 1987 work available to us as soon as they are complete.

Access is excellent even in winter months - I visited Big Valley's other property in mid December using a rental car.

I will get in touch with Tattersall regarding the status of the progress reports.