

Memorandum

Vancouver, B. C.
1986-11-27

Recommendation for acquisition of the
Wayside property, Bralorne gold camp,
southern British Columbia

EARL D. DODSON:

INTRODUCTION

The Bralorne gold camp was an important gold-producing camp in British Columbia, the two principal mines (Bralorne and Pioneer) producing in excess of 4 million ounces Au from quartz veins which yielded ore grading an average 0.52 oz. Au/ton. Both deposits consist of systems of quartz veins hosted by structurally-competent greenstone (Pioneer greenstone) and diorite (Bralorne intrusions) and extended to great depths (the Bralorne veins were mined to a depth of 6,000 feet and were still averaging greater than 0.5 oz/ton). The veins fill tension fractures which splay from two major parallel-trending faults - the Fergusson and Cadwallader faults. The two most important criteria for ore formation, therefore, appear to be proximity to a major structure and a competent host rock. These deposits have an identical geologic setting, morphology, and ore and alteration mineralogy to many Archean gold deposits and are considered to be of mesothermal type.

During the summer of 1986, we examined all properties covering the north and south extensions of the ore-hosting Cadwallader fault (Figure 1). Our approach has been similar to that employed in the Archean - that is, paying particular attention to the Cadwallader "system" of faults as a primary control, yet recognizing that two particular lithologies (mentioned above) host all of the ore at the two past-producing deposits. The Wayside property was selected as the prime property for acquisition for the reasons listed below.

The property

The Wayside property encompasses two separate bodies of Bralorne diorite as well as an area underlain by the Pioneer greenstone, both potential host rocks for Bralorne-type veins. A north-trending offset segment of the Cadwallader system of faults passes through the property and is spatially related to an occurrence of known gold mineralization.

The Wayside vein gold occurrence is a very small past producer (\pm 5,000 oz. Au produced). A quartz vein, very similar in appearance to the Bralorne and Pioneer veins (ribbon-banded with free gold), occupies a "shear zone" which is hosted by a body of Bralorne intrusive (diorite). This vein (\pm 1 meter wide) has been extensively explored/exploited to shallow (\pm 500 feet below lake level) depths in the past and nine exploration and production levels have exploited it (mainly during the 1930's). Two other auriferous vein occurrences are known on the property but values from limited surface drilling are known to be erratic and the veins discontinuous, although exploration has not been thorough.

Previous exploration attempts have focused on the main "Wayside" vein. In addition to the nine exploration/production levels, some underground drilling has been carried out. Unfortunately, many of the records have been lost through the years. Very little exploration has been carried out at depths below the lowermost underground workings even though a drill hole, which penetrated the vein 30 meters below these workings returned a value of 2.63 oz/ton Au across 2 meters. Given the irregular distribution of ore shoots within the Bralorne and Pioneer vein systems (Figure 3), this is a significant intersection requiring follow-up drilling.

There has never been a thorough exploration program on the surface which has considered the potential of the property as a whole (a geological map of the entire property has never been produced). Rather, numerous "junior" companies have more recently drilled a small massive-sulphide target elsewhere on the property, or have drilled previously-known auriferous parts of the veins.

Given, however, that the general geology of the property is similar to the Bralorne-Pioneer properties, including an occurrence of similar-type mineralization, a more detailed investigation of the property is warranted.

The property is traversed by the main Lillooet-Goldbridge gravel highway, providing excellent access and infrastructure.


Exploration Approach

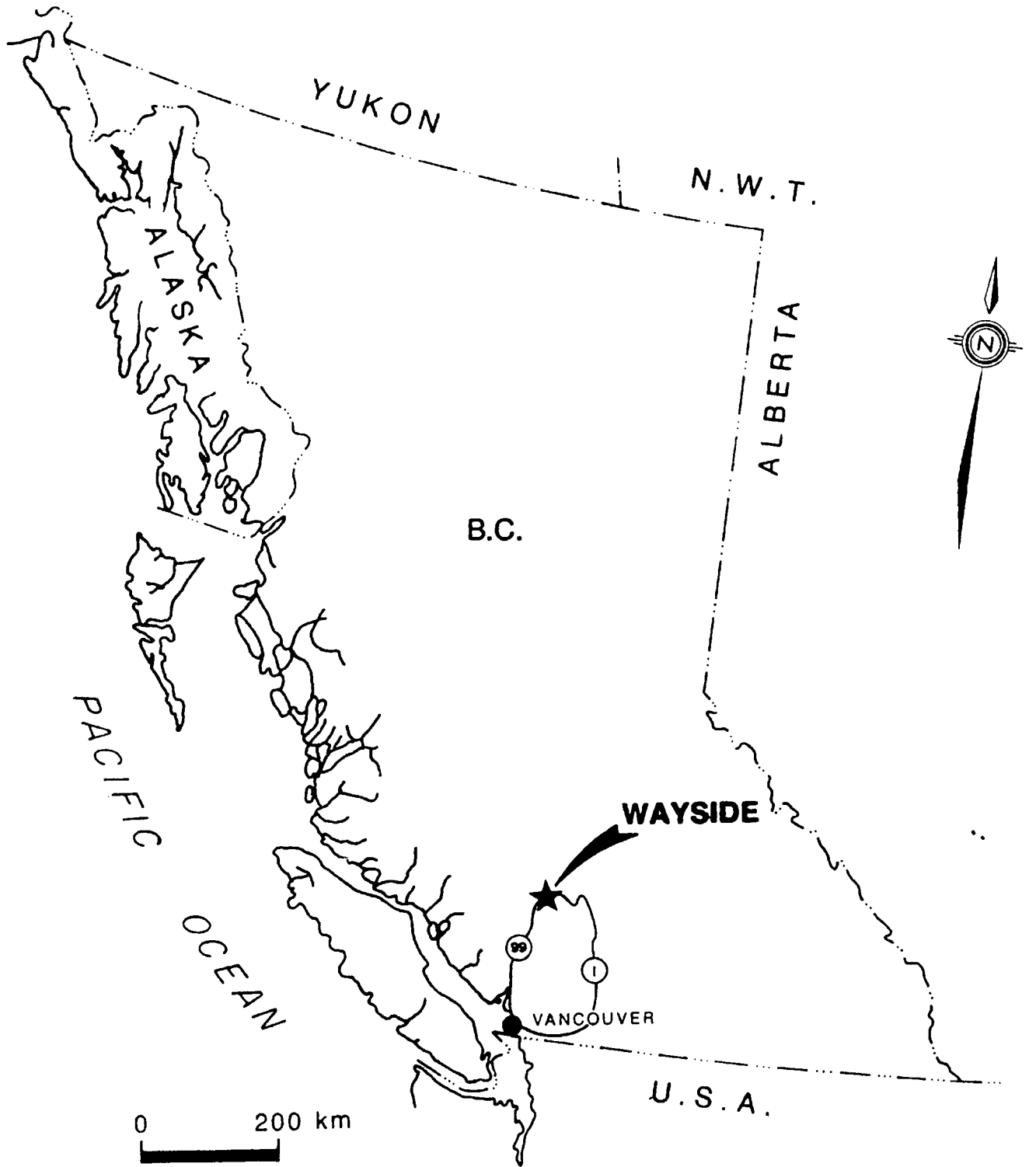
The potential of this property lies in its geologic setting, location, and presence of a known Au occurrence similar in appearance to the banded Bralorne veins. To merely explore for extensions to depth of the known mineralization might not, alone, justify this option, given the erratic and discontinuous nature of the known gold mineralization at this structural level. Rather, our approach should be to evaluate the potential of the entire property for hosting additional veins, with an initial programme of surface geology, geochemistry and applicable geophysics. An understanding of the structural control of known mineralization will be essential before committing to drilling. Targets will be stripped and, if warranted, drill tested. In conjunction, possible extensions to known mineralization will be drill tested but only after the property structure is more thoroughly understood, keeping in mind that mesothermal deposits, such as Bralorne, can extend to great depths, and that the ore shoots can have an irregular distribution. This latter fact, illustrated on Figure 3, permits potential structurality beneath the known workings. Detailed mapping of the underground workings will be essential to understanding structural controls.

Prior to field work, a compilation of available old work will be carried out.

Summary

The Wayside property is the most geologically favorable acquisition opportunity presently available along the gold deposit-controlling Cadwallader system of structures. Our target model is the Bralorne deposit, B.C.'s largest past-producer. The property warrants a field season of thorough surface geological and geochemical prospecting, followed by testing of new targets and for potential extensions of known mineralization.


L. A. Dick



WAYSIDE PROPERTY LOCATION

FIG. 1

BRALORNE GOLD CAMP, B.C.

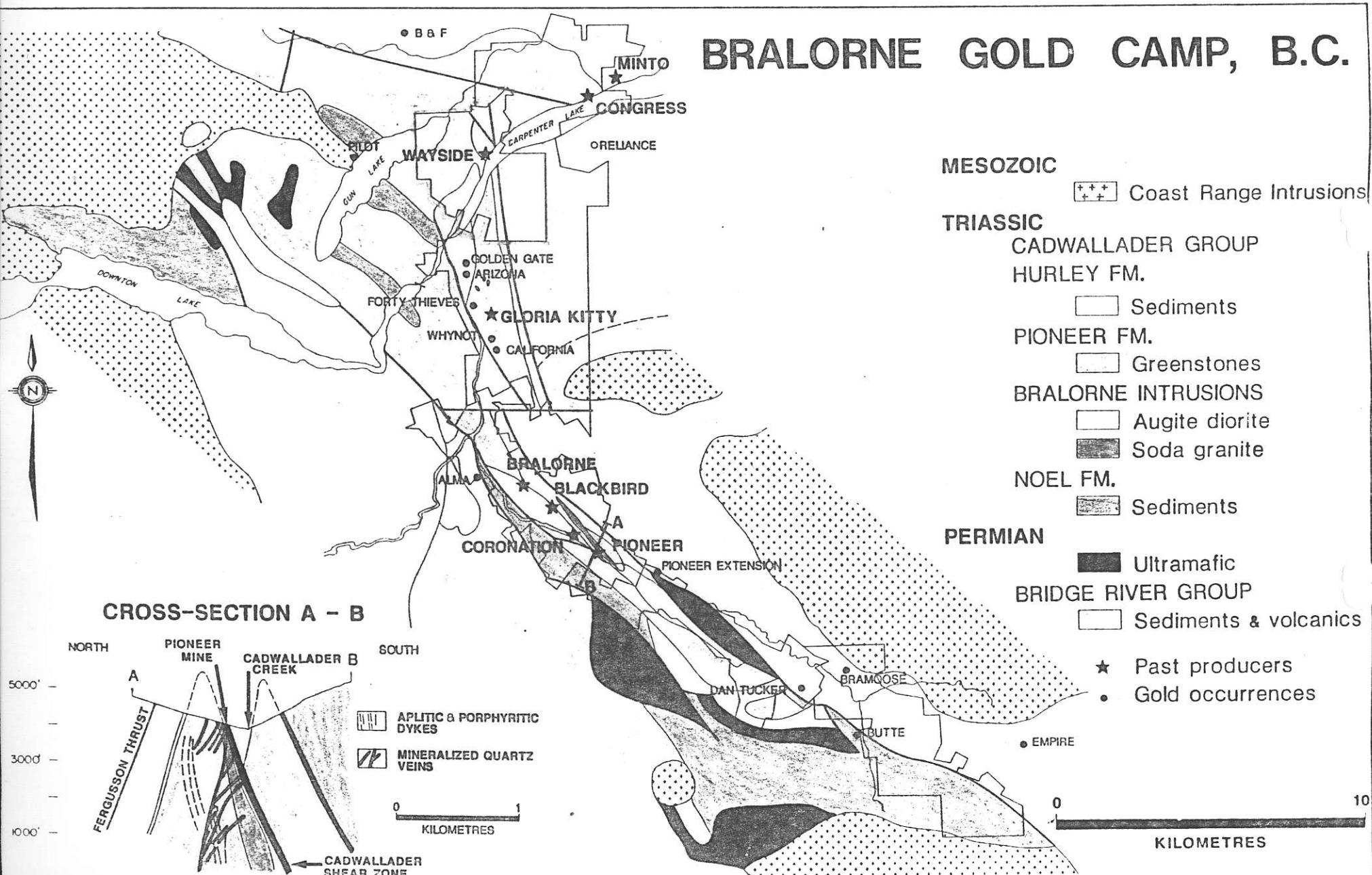
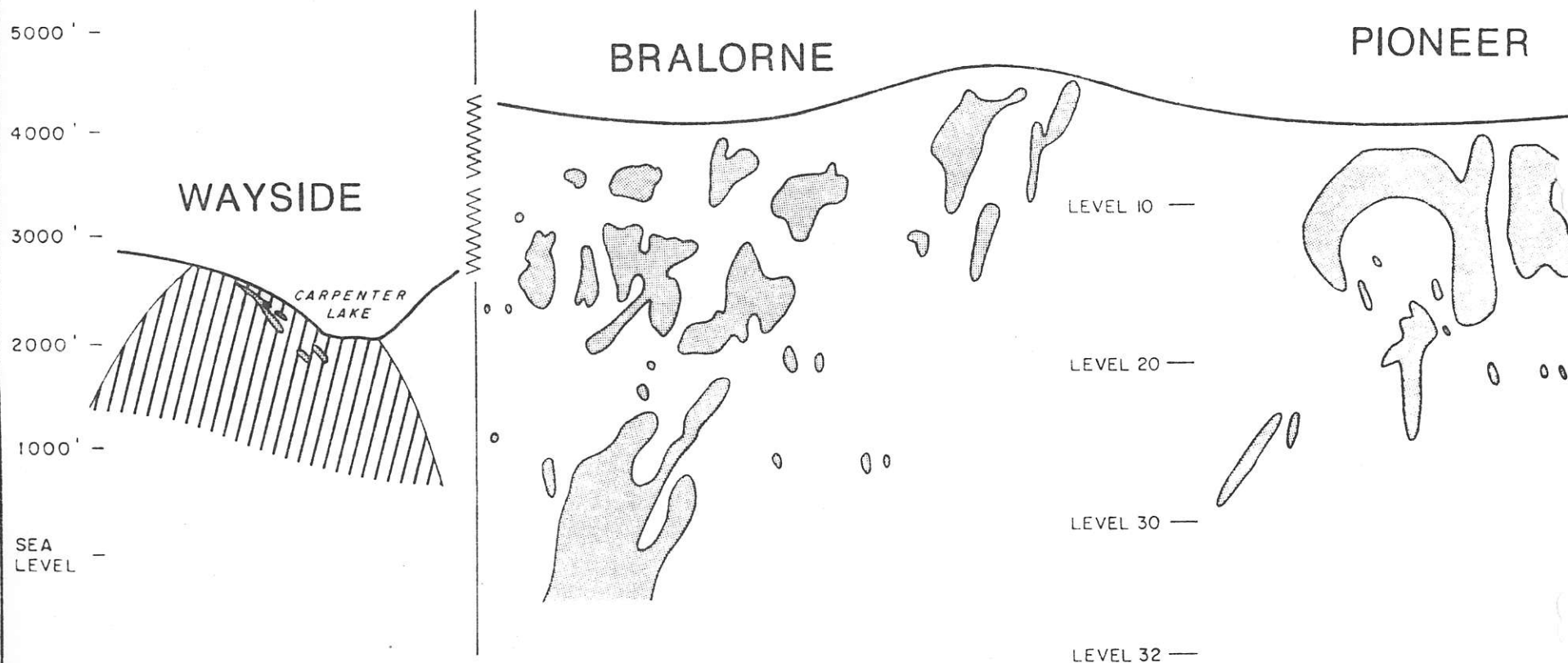


FIG. 2

NW

SE

BRALORNE GOLD CAMP COMPARATIVE LONGITUDINAL SECTION LOOKING NORTHEAST



ORE SHOOTS (AURIFEROUS VEINS)



WAYSIDE FAVORABLE HOST
BRALORNE INTRUSIVE
(UNEXPLORED POTENTIAL)



FIG. 3

(BRALORNE LONGITUDINAL SECTION FROM JAMES AND WEEKS, 1961)

Memorandum

Vancouver, B. C.
1986-11-28

Re: Wayside Option

Memo #41/86-51

J. D. MANCUSO:

As I mentioned on the phone on November 26, we are seeking your concurrence on proceeding to option the Wayside property in the Bridge River Gold Camp, B.C.

Attached is a description and justification prepared by Larry Dick. The terms of the deal follow:

	<u>Payments</u>		<u>Work Expenditures</u>
On signing	\$ 70,000.	1st year	\$ 200,000.
1st Anniversary	80,000.	2nd year	300,000.
2nd "	50,000.	3rd year	400,000.
3rd "	50,000.	4th year	500,000.
4th "	<u>50,000.</u>	5th year	<u>600,000.</u>
Total	<u>\$300,000.</u>		<u>\$ 2,000,000.</u>

The above earns Chevron a 51% interest. After Chevron has earned, the other party would fund on a pro-rata basis.

If either party fails to fund on going programs, they will be diluted on a straight-line basis. At 10% the working interest converts to a 12% NPI.

As usual in our deals there is an annual backaway. I would expect to be on the property 2 years to reach a decision point. If we are there longer, it will be because we have real encouragement.

The other 'party' is actually two Vancouver-based junior companies, Carpenter Lake Resources and Amazon Petroleum Corporation.

Please advise on Monday, if possible, if you concur or contact me (or Larry Dick) if you have questions.

J. Mancuso
for EARL D. DODSON

EDD:am
Attach.