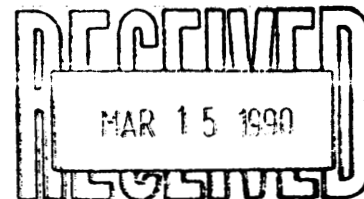


860003

CAZADOR EXPLORATIONS LIMITED
INTEROFFICE MEMORANDUM

RHP

Date: March 7, 1990
To: File
From: John Chapman
RE: HANSON LAKE PROJECT, EXPLORATION TARGETS



1) At 6014230N/366100E the copper/gold discovery in ~~trench T8912~~ in the Bysouth zone, has the appearance of a large silicified stock-work containing significant sulfide mineralization. Also, the nearby extensive geochemical (copper) and geophysical anomalies (IP and VLF-EM) suggest this discovery could become a +100,000,000 tonne porphyry copper deposit with important gold credits, extending over several kilometres northwest and southeast from the discovery. Mineralization in trench T8912 averaged 0.3% copper and 0.34 gpt gold over 74 meters, and mineralization continues at both ends of the trench. It is interesting to note that this mineralization is in quartz diorite, very near the older amphibolites, and near quartz porphyry/quartz feldspar porphyry - the youngest rocks to be found in the area of the discovery.

2) At 6013840N/368300E (Cyr zone) the gold/silver discovery in hole RC8921 and trench RC8921 has the potential to become a large tonnage discovery extending from the subject discovery northeast and uphill toward the main gold soil anomaly and a small magnetic high (over approximately 0.5 kilometres). hole RC8921 contained 0.72 gpt gold and 41.9 gpt silver over 10 meters, trench RC8921 averaged 1.54 gpt gold and 83.4 gpt silver over 12 meters, mineralization continues at one end of the trench.

3) The copper anomaly and IP anomaly to the west of hole 1972 DDH3 (Cyr zone) is very significant in size and intensity, the copper geochemical high is centred at 6013745N/368000E and measures 500 meters N/S, 1500 meters E/W. It is important to note that hole DDH3 (6013735N/368270E) contained an 80 foot section that averaged 0.1% copper, 6.2 gpt silver with abundant pyrite. Hole DDH3 may have been on the edge of a porphyry copper deposit. Care must be taken here in interpretation of geochemical and geophysical results to toward the south (downslope) as there may be "masking" by outwash glacial debris. Also note that reverse circulation hole RC8917 (6013735N/368600E) intersected two meters grading 0.62% copper and 80.0 gpt silver. There are outcroppings of young quartz feldspar porphyry at the east end of this copper rich area.

4) The large "hydromorphic" copper anomaly discovered in 1972 at the southwest end of Helene Lake may not be hydromorphic - and may be an extension of the mineralization described in (1) above.

5) There is a copper, gold, silver soil geochemical anomaly at the northeast end of Hanson Lake that warrants examination (1972 survey).

6) There are soil geochemical anomalies and mineralized outcrops (copper) at the southwest end of Hanson Lake (1972 survey).

7) At 6013730N/365185E (Bysouth zone) hole 1972 DDH2 intersected 30 feet containing 23 gpt silver and 0.23 gpt gold. In 1989, hole

RC8904 was drilled nearby at 6013700N/365190E yielding four meters grading 54.2 gpt silver, 0.18 gpt gold. Lead and zinc were highly anomalous in and near this silver intercept - and silver averaged 4.0 gpt throughout the 100 meter hole.

8) At 6013840N/368490E (Cyr zone) the 1972 hole DDH4 intersected 170 feet containing 0.14% zinc.

9) At 6013460N/362530E (Kimura zone) the 1972 hole DDH1 intersected 2 feet containing 0.10% Molybdenite.

10) There are significant copper soil geochemical anomalies (1971 survey) on the height of land north of Helene Lake.

11) There are some spotty but highgrade gold soil geochemical anomalies at the northeast and east end of the Hanson Lake Project area, from 1972 samples and 1989 analyses. An extension of the 1989 Cyr zone geochemical grid toward the northeast from 6014200N/369300E is warranted, to cover the 1972 highs (at 6014800N/370800E the soil sample yielded 6030 ppb gold).

12) There are significant coincident (1972) geochemical anomalies (copper, gold and silver) and geophysical anomalies (IP) at the southeast end of Hanson Lake near 6011200N/368500E.

13) The west copper anomaly in the Kimura zone is significant and requires more investigation - probably toward the north and west, see (21). Mapping of alteration would be useful in this zone.

14) Palladium was reported by Collin Campbell (1987) in a sample from amphibolites in a trench near Canyon Creek (Bysouth zone). Collin was unable to confirm palladium on check assay - this warrants more follow-up.

15) At 6014100N/368450E (Cyr zone) significant zinc was discovered in hole RC8911 (14 meters at 0.86% zinc, 0.18% lead, 4.0 gpt silver, 0.22 gpt gold) and hole RC8912 (10 meters at 1.07% zinc, 0.48% lead, 15.0 gpt silver, 0.34 gpt gold). To the east some 250 meters hole RC8913 (6014085N/368700) yielded 0.44% zinc and 1.8 gpt silver over 22 meters. A 1989 trench along the road between holes RC8912 and RC8913 yielded 1.1 gpt gold over 200 meters in the "C" soil horizon. It is the opinion of John Chapman that this "C" horizon may in fact be bedrock - which is an argillic alteration of young high-level quartz porphyry intrusives (it has a similar texture and colour as the mineralized, highly altered quartz porphyry at trench RC8921).

16) At 6013685N/368410E (Cyr zone) hole P25 (1972) averaged approximately 0.3% zinc throughout its 255 foot length in rock.

17) There are scattered high gold values in soils south of Hanson Lake (1972 sampling and 1989 analyses) centred near 6011200N/367000E.

18) At 6014245N/363975E (Kimura zone) hole P15 (1972) intersected 80 feet grading 9.0 gpt silver (at bottom of 300 foot hole). The hole log reports "intensely kaolinized leucocratic quartz monzonite, traces of pyrite, weakly sericitized". Copper is also anomalous in this last 80 feet, grading 0.05 percent.

19) At 6013805N/369145E (Cyr zone) hole P27 (1972) intersected 120 feet of rock grading approximately 0.35% zinc and 30 gpt silver. Hole RC8915 drilled in this same general location in 1989 returned high zinc and silver but not to the extent or intensity delivered by the 1972 drilling. However, most RC89 holes drilled at the Cyr zone in 1989 were highly anomalous in silver. The probability of discovering an economic deposit of silver in the Cyr zone is high.

20) At 6013670N/363630E (Kimura zone) hole P32 (1972) intersected 190 feet of rock grading approximately 0.28% zinc.

21) At the Kimura zone hole P8 (1972) and hole P11 (1972) located at 6014100N/363074E and 6014030N/363535E respectively returned highly anomalous metal values. P8 yielded 280 feet of rock grading approximately 0.09% copper, and one intersection of at least 10 feet yielded 0.12% copper, 1.4% zinc and 4.6 gpt silver. P11 yielded 110 feet at the bottom of the hole (300 feet deep) grading about 0.08% copper and 5.5 gpt silver. In this same general area hole RC8901 (6013995N/363525E) drilled in 1989 yielded very highly anomalous copper, zinc, silver over broad intervals (98 meters @ 2.7 gpt silver). These mineralized holes point to interesting potential to the northwest and/or at depth.

22) In reference to 15 above, hole RC8911 and hole RC8912, the samples were probably downgraded by the action of the hammer, in flowing water conditions, on friable sphalerite in a more competent quartz porphyry matrix. The cuttings flowing through the splitters, with a heavy flow of water, were black in colour; upon entering the woven nylon bag the black solution escaped through the bag leaving only a white colour sample with some small specs of sulphide. A core hole must be drilled into this discovery to determine the true tenor of the mineralization - I would not be surprised to see assays at least double or triple in the highgrade intercept.

John Chapman

Note: The 1989 central grid (Bysouth zone), all stations have 230 meters added to north as a correction. The 1988/89 east grid (Cyr zone), all stations have 35 meters added to north and 200 meters subtracted from east as corrections. The coordinates of hole RC8904 have been adjusted to relate to the known offset from hole DDH2 (1972).

Distribution:

Ben Ainsworth, Ainsworth-Jenkins Holdings Inc.

Mark Fields, Equity Reserve Corp.

Ed Kimura, Placer Dome Inc.

Barry Way, Cazador Explorations Limited