

March 21, 1967

860089

NOTES: On the Terrace, B.C. Property of
 Cree Lake Mining Ltd.

Offering

On March 2nd, 1967, Messrs. K.P. Bottoms and A.A.W. Kryczka, both of Resources Management Limited, Guinness House, Calgary (telephone 264-3222) came in to see J. B. Redpath about the Terrace, B.C. property of Cree Lake Mining Ltd.

The property consists of 92 claims including the Gabe group, the Lady Luck group, the Mayner's Fortune and Lucky Fortune groups. The property is approximately 7 miles south of Terrace, B.C. It is adjacent to the junction of the Lakelse River and the C.N.R. It is located on N.T.S. Map #103 I 7.

History

A prospector, Mr. Ken Mayner, of Terrace, B.C. interested Gabriel Heday in the property during 1965 and 1966. At the time Heday was running a Syndicate for Union Carbide, Bralorne-Pioneer, United States Smelting & Refining and Columbia Cellulose. This Syndicate, during the winter of 1965-66 carried out certain work over the property. Snow was on the ground while this was being carried on, and one of the steps in the Syndicate's programme was the execution of a magnetometer survey over a selected portion of the claims. This survey was carried out using a Sharpe Fluxgate MF1 magnetometer operated by Heday. Most of this work was carried out on claims Lady Luck 1 to 4. When the snow went in the spring of 1966, Mayner and/or Heday took a grubstake representative (J.E. Rockingham of Union Carbide) to look at one small showing which had been found. Bottoms claims that the Syndicate offered Mayner \$110,000 cash out right for the property and Mayner is said to have turned it down. My information is somewhat different and to the effect that the property was turned down by the Syndicate strictly on the basis of geology. At any rate, the Syndicate withdrew from the property, although it is possible they may have some tie-on claims; this I did not confirm. I gather about this time Bottoms and Kryczka came along and suggested to Mayner that the properties be put into Cree Lake Mining Ltd. and a deal along these lines was made. This involved certain cash payments to Mayner as well as a vendor interest and "5% interest in all the net proceeds". It is my understanding that a recent underwriting has been obtained from H.H. Hemsworth, Vancouver (Murray Pezim) of 250,000 shares at 40¢ per share. For further details there is attached hereto a 1967 Prospectus of Cree Lake Mining Ltd.

.....continued

Previous Work

(1) On behalf of the Syndicate, Gabriel Heday carried out a magnetometer survey of an area of approximately 6000 feet long in a north-south direction and approximately 3000 feet wide in an east-west direction. As well as this mineralization, a small showing was found and trenched adjacent to one of the magnetic anomalies.

(2) In the first instance geochem is said to have been done in the vicinity of certain magnetic closures found as a result of the survey carried out by Heday. As well as this, it is said that a baseline was run along the granite-greenstone contact and that soil samples were taken in the general vicinity of this grid.

I gather more or less as a result of the foregoing work, another area of mineralization was found. This is approximately 1300 feet from the mineralization previously mentioned and the mineralization in this second area, coincides more or less with a geochemical anomaly which has associated nearby minor magnetics. On this zone four trenches were put down in the form of the letter E lying on its back. Three of these trenches were parallel and encompassed a strike length of something like 40 feet and they were all approximately 100 feet long. The fourth trench is at right angles to the preceding three. What would appear to be interesting values in copper, lead, zinc and molybdenite, are said to have been found in these trenches.

I gather from Bottoms that Cree Lake Mining has spent \$60,000 on this property. For this they have got virtually nothing as far as organized exploration is concerned. Perhaps the most effective work that has been done (as I gather it) is the prospecting Ken Mayner has done. The photo mosaic work is virtually useless, the geochemical results are not plotted up and the work that has been done has been done very sloppily on a very small portion of the property.

Deal

Bottoms and Kryczka are somewhat indefinite as to the type of deal they want. They do mention that they are not interested in immediate cash but are interested in seeing a commitment of maybe \$100,000 worth of work done on the property during the first year of an option agreement. They would probably be happy as far as Cree Lake Mining is concerned, to receive vendor shares in a new company to be

.....continued

formed. However, their agreement with the prospector reads as follows: ".....in further consideration of the transfer to Kenad of the mineral claims by the vendor, the said vendor shall be entitled to receive a five percent (5%) interest in all of the net proceeds which may be earned by Cree Lake Mining Ltd. (N.P.L.) in whatever manner and from whatever source, provided only that the said net proceeds must be earned from work done on or from the sale of the mineral claims." Bottoms mentioned that the prospector considers this to mean a 5% royalty on net smelter returns but he feels that he can re-negotiate this to make it palatable to us.

Summary Notes

The possible potential of the property has not been tested by the work that has been done to date. Most of the recent work has been carried out on approximately four mining claims and the quality of the work that has been done looks fairly questionable. Although there do not appear to be any more coinciding magnetic and geochemical anomalies we are not sufficiently assured that the geochemical work was done intelligently to make this a decisive factor. Even so, the geochemical anomalous area on which trenches A, B, C and D were put down seems to trend about north 60 east and is approximately 500 feet long and plus or minus 100 feet wide. The highest geochemical anomaly is approximately 300 feet from the trenches. Probably this untested geochemically anomalous portion should be further stripped.

As well as the foregoing some general appraisal would have to be made of the entire 92 claims to make sure that the work is being carried out in the best portion of the property.

Notes on Possible Examination

(1) At some time in the proceedings the validity of the claims, their assessment work due dates, and their boundaries would have to be checked.

(2) If an examination were undertaken it should concentrate on three things:

(a) an overall consideration of the property;

(b) an examination of geochemical anomalies and magnetic closures and showings on the long rolled map of squared paper of which we will be receiving copy;

.....continued

March 21, 1967

(c) an examination of all showings geochemical anomalies and magnetic closures anywhere on the property;

(d) an examination of any new discoveries made by the prospector;

(e) we would have to be prepared to take soil samples and possibly stream sediment samples.

Conclusions

(1) Without overwhelming enthusiasm, I would recommend an examination.

(2) Prior to such an examination we must plot up on one map all previous results.

(3) \$100,000 Work commitment in a year is far too high.

(4) Five percent interest in all net proceeds is pretty tough.

(5) Would a Syndicate approach to this property be of any interest?

(6) How would we handle the manpower aspect particularly when there are 92 claims and only four of them appear to have been explored and there is likely to be quite an onerous work commitment.

Action Required

I have asked the Cree Lake people to forward to me all documents which would assist in an examination. When I have looked over these, I will confirm to them that we will make an examination. They will arrange to contact me a week or so in advance of said examination so that I might proceed out to the property and be shown it by Ken Mayner.

I have also asked them to indicate a little more clearly the type of deal that they would expect.

GSWB/im
attach.

G. S. W. Bruce