



860427

PLACER DEVELOPMENT LIMITEDMEMORANDUM:

TO: L. Adie/R. Shklanka DATE: March 2nd, 1983

FROM: R.H. Pinsent FILE: 93A/11W, 12E

RE: **WOLVERINE LAKE PROPERTY**
(Ora, Jun, Cariboo Claims)

I attach a copy of a letter from Mr. S.L. Rich of S.L. Rich Real Estate Ltd. of Toronto to Mr. M.J. Sparrow of Sparrow Industries Ltd. of Nisku, Alberta. The letter concerns a group of 24 placer leases and 10 mineral claims (Ora 1-4, Jun 1-5 and Cariboo 3) in the Cariboo River area north of Likely, N.T.S. Area 93A/11W, 12E. The claims were brought to our attention by Mr. D.R. Getty of Edmonton.

Introduction:

The placer leases and mineral claims described in the attached letter are located in the vicinity of Wolverine Lake and along the Cariboo River, approximately 5 km due north of Likely. The placer leases (PL 6084-PL6093) cover (1) Wolverine Lake, (2) Spinks Creek which drains the lake into the Cariboo River to the south and (3) part of an unnamed ephemeral Creek which drains Wolverine Lake to the north. The mineral claims cover essentially the same area and, in addition, cover ground adjacent to the Cariboo River and Collinsby Creek to the east (see attachments).

There are no geological reports available on either the placer or the mineral claims and the following is strictly a regional evaluation.

Geology:

The hardrock mineral claims shown in Figure 1 (a detail from G.S.C. Map 3-1961; 1:250,000 scale by R.B. Campbell) straddle a northwest-southeast trending fault which separates Mesozoic volcanic and volcanoclastic strata (Units 11 and 16) from deformed and metamorphosed Paleozoic sedimentary strata (Unit 5 and 6) and gneissic plutonic igneous rocks (Unit 17e).

The rocks to the west of the fault on Ora 1-4 and June 4-5 appear to consist of a lower unit of pyroxene-bearing (alkalic) andesite flows, agglomerate, breccia, conglomerate, argillite and limestone; which presumably belongs to the upper Triassic-Lower Jurassic Takla Group, and an Upper unit of andesite tuff, agglomerate and flows; minor argillite, chert and conglomerate of probable Middle Jurassic to Cretaceous age.

The claims to the east of the fault (Cariboo 3, Jun 1-4 and parts of Jun 5, and Ora 1 and 4) are underlain by metamorphosed quartzite, pebble conglomerate, phyllite, slate, argillite and siltstone of the Cambrian or Later Cariboo Group. The Jun claims are located to the south and east of a large body of gneissose biotite granodiorite.

The fault, which contains bodies of serpentinite, is considered to be a major crustal structure. According to Monger and Price (1979) it was probably a transcurrent right-lateral slip fault during the Late Cretaceous and the Early Tertiary Period.

The placer leases lie along the axis of the fault, which presumably controls the location of Spinks Creek.

Mineralization:

There is no known mineralization on the Wolverine Lake Property but Figure 1 shows that there is a small Au, Pb prospect located on the north bank of the Cariboo River immediately to the southeast of the Legal Post for Jun 4. The Sunshine mineral showing consists of a large quartz vein (width 12' (3.66 m)) in meta-argillite. The vein strikes northwest-southeast, parallel to the main fault, and it presumably extends on to the Jun claim group. There is, apparently, "a considerable amount of galena near one wall" of the vein and an anomalous sample across a 4' (1.2 m) width of "shattered and oxidized" quartz is reported to have run 0.8 oz/ton Au. This value is not considered to be representative of the vein as a whole (B.C. Report of Minister of Mines; 1933, p. 136).

There is no record of placer gold production from Spinks Creek prior to 1950 (B.C.D.M. Bull: No. 28) and the extent of any subsequent activity on the Creek is unknown.

Geochemistry:

The National Geochemical Reconnaissance Survey carried out for the Quesnel Area (B.C. RGS-5-1980 (93A)) shows that there is a broad regional geochemical anomaly overlying the volcanic strata immediately to the southwest of the fault. Figure 1 shows that anomalous As values (>20 ppm) occur in silt samples collected to the south of the area of interest and anomalous Ag values (>0.4 ppm) occur in samples to the north. The property drainages do not appear to be particularly anomalous in any element.

Discussion:

Figure 1 shows that the Wolverine Property straddles a major structural break. The break appears to be part of a much wider crush zone which shows evidence of epithermal mineralization. This zone has some potential for the development of epigenetic Au deposits but there is nothing on record to indicate that the Wolverine Property is particularly favourable ground.

Recommendation :

I would not recommend outright purchase of the property on the basis of the available data. We should, however, be prepared to review any additional information as and when it becomes available.



R.H. Pinsent

RHP/cs

References:

Monger, J.W.H. and R.A. Price (1979) Geodynamic evolution of the Canadian Cordillera - progress and problems; Can. J. Earth Sci., Vo. 16, p. 770-791.

GENOZOIC

QUATERNARY

PLEISTOCENE AND RECENT

22 Glacial deposits and recent alluvium; till, gravel, sand, silt, and clay; few if any bedrock exposures

TERTIARY AND QUATERNARY

PLEISTOCENE AND EARLIER

21 Basaltic breccia and tuff; minor flows

TERTIARY

MIOCENE AND/OR LATER

20 Basaltic flows; minor tuff, conglomerate, and sandstone

PALEOCENE (?) TO MIOCENE (?)

19 Sandstone, shale, and tuff

PALEOCENE AND/OR EOCENE

18 Brown and buff rusty weathering dacite and rhyolite

JURASSIC AND/OR CRETACEOUS AND (?) EARLIER

17 17a, hornblende-biotite and biotite-quartz monzonite and granodiorite, minor hornblende-biotite syenite and monzonite; 17b, hornblende-biotite syenite and monzonite; 17c, hornblende diorite; 17d, muscovite granite and quartz monzonite including pegmatite; 17e, gneissose biotite granodiorite, altered and gneissose diorite, and augen granite (part of unit 17e may be Palaeozoic); 17f, trachyte porphyry (may be volcanic); 17g, green andesite and fine-grained diorite (may be volcanic)

JURASSIC (?) AND CRETACEOUS (?)

MIDDLE JURASSIC (?) TO CRETACEOUS (?)

16 Green andesitic tuff, agglomerate, and flows; minor argillite, chert, and conglomerate

JURASSIC

MIDDLE (?) AND/OR UPPER (?) JURASSIC

15 Dark green pyroxene-bearing andesitic agglomerate, breccia, and flows; minor tuff; may be equivalent to unit 14

14 Green pyroxene-bearing andesitic agglomerate, breccia, and flows; minor tuff, argillite, and limestone; may be equivalent to unit 15

LOWER JURASSIC (?)

13 Purplish brown, brown, and grey pebble and cobble conglomerate and sandstone; soft, friable, black and brown, carbonaceous shale, green shale; minor black limestone

LOWER JURASSIC

12 'Purple' volcanic rocks; purplish brown, dark grey, and rarely green pyroxene-bearing andesitic agglomerate, breccia, and flow; may contain analcite near contacts with units 10 and 11; minor limestone, argillite, and conglomerate

MESOZOIC

TRIASSIC AND/OR JURASSIC

UPPER TRIASSIC AND/OR LOWER JURASSIC

(may include MIDDLE JURASSIC)

11 Green pyroxene bearing andesitic flows, agglomerate, and breccia; conglomerate, argillite, and limestone

TRIASSIC

UPPER TRIASSIC

10 10a, green and purplish brown pebble and cobble conglomerate and sandstone; 10b, green andesitic volcanic rocks, andesitic feldspar porphyry, argillite, limestone, and pebble conglomerate

PERMIAN OR LATER

9 Serpentinite and ultramafic rocks

PERMIAN AND (?) EARLIER

CACHE CREEK GROUP

8 8a, dark and light grey, finely crystalline, massive limestone; 8b, chert, argillite, and greenstone; minor limestone

MISSISSIPPIAN (?)

SLIDE MOUNTAIN GROUP

7 Andesitic and basaltic volcanic rocks, chert, limestone, and conglomerate

CAMBRIAN AND (?) LATER

LOWER CAMBRIAN AND (?) LATER

CARIBOO GROUP (2-6)

6 SNOWSHOE FORMATION: grey, brown, and green sericitic quartzite and pebble conglomerate; grey, brown and green phyllite; quartz-biotite schist, locally garnetiferous; includes small exposures of unit 5

5 MIDAS FORMATION: black, quartzose phyllite, slate, argillite, and siltstone; northwest of Cariboo River includes unit 4 where that unit is thin and discontinuous

4 YANKS PEAK 'QUARTZITE': grey to white quartzite and grey, finely crystalline limestone

3 YANKEE BELLE FORMATION: brown and green quartzose phyllite and fine quartzite

LOWER CAMBRIAN

2 CUNNINGHAM LIMESTONE: grey, finely crystalline, massive limestone; locally creamy white marble; minor well-bedded limestone and argillite

PALAEOZOIC

PROTEROZOIC (?)

KAZA GROUP

1 Quartzite and phyllite; minor conglomerate

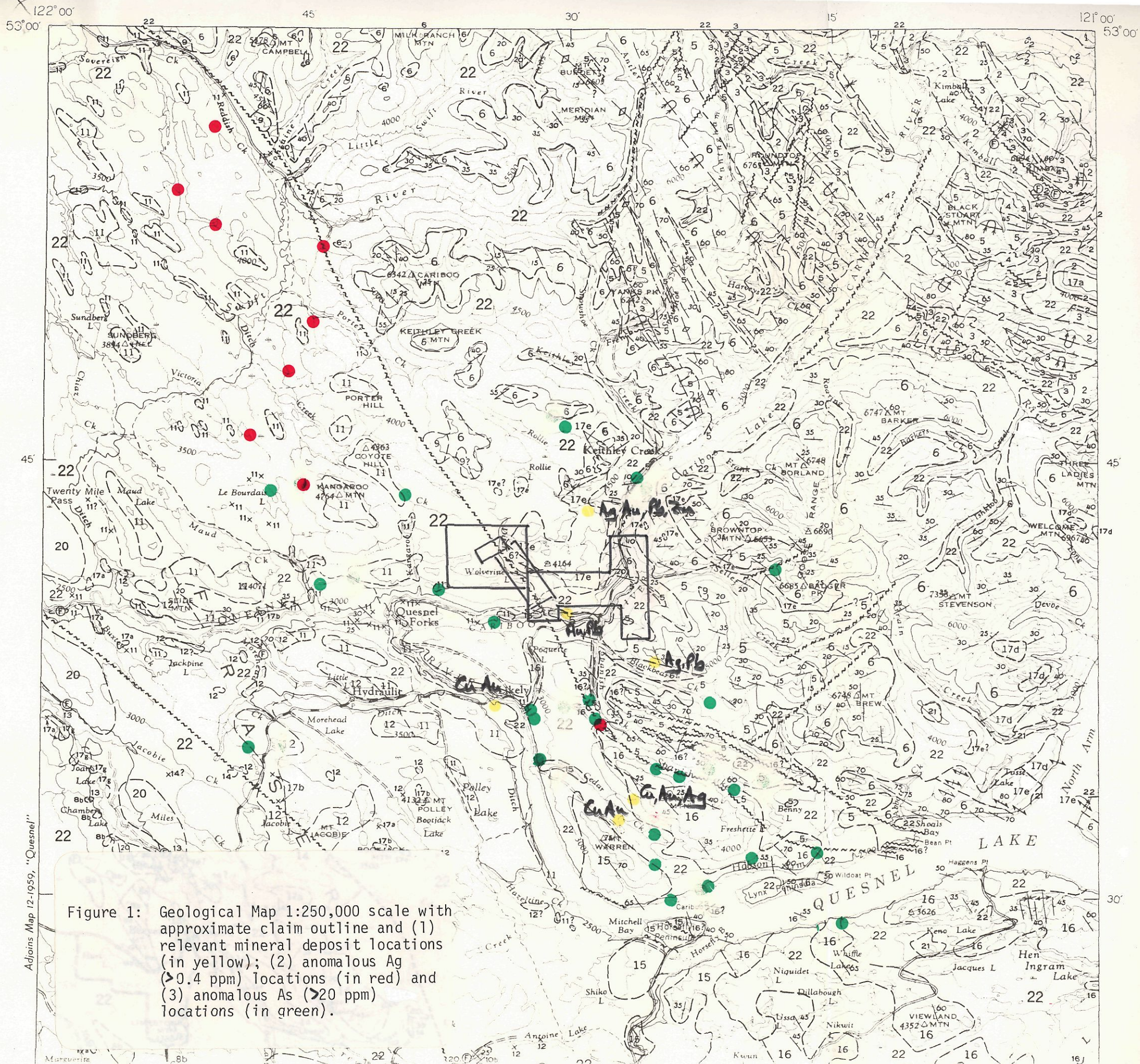


Figure 1: Geological Map 1:250,000 scale with approximate claim outline and (1) relevant mineral deposit locations (in yellow); (2) anomalous Ag (>0.4 ppm) locations (in red) and (3) anomalous As (>20 ppm) locations (in green).

DELIVERED FEB 11 1983



S. L. Rich Real Estate Limited

27 SANDRINGHAM DRIVE - TELEPHONE: 481-3732

TORONTO ONT. M5M 3G4

Prospector

February 10, 1983

Mr. Murrey J. Sparrow, Director,
Sparrow Industries Limited,
1101 5th Street, Box 100,
Misku, Alberta, T0C 2G0

Dear Murrey:

Persuant to our telephone conversation of February 9, 1983, following is the information required by Mr. Getty re the mining proposal.

PROPERTY

The group of placer leases, staked in February and April of 1981 comprises 24 (twenty-four) leases numbered PL6084 - PL6093, of the Cariboo Mining Division, in British Columbia.

The leases are depicted on lease map number P93A/12E issued by the B.C. Department of Mines and Petroleum Resources, Victoria, B.C. Twenty (20) of the leases form a rectangular block (4 leases by 5 leases) aligned in a NW-SE direction and are intersected at the top by the remaining 4 (four) leases, which also form a rectangle and are aligned in an E-W direction.

LOCATION AND ACCESS

The nearest town is Likely, B.C. which lies approximately 5 miles to the south of the leases.

Williams Lake, is the nearest city and is located southwest of Likely.

The leases are easily accessible by means of logging roads, of which there are many. Much of the property has already been logged off.

The LaBine group who were formally Eldorado Mines Ltd. have been purchasing all the claims surrounding the subject properties under the name of Carolin and Aquarius Resources. Probably Mr. Getty is familiar with this group and they are old time Placer and Hard Rock miners.

OUTRIGHT PURCHASE

The project at hand consists of 25 Placer Gold Claims in the Caribou Region of B.C., Canada. Below and surrounding the 25 claims are areas of hard rock mining with proven reserves.

The owner of said claims is renowned in the mining field. His expertise derives from 25 years in the mineral mining field.

The owner is asking \$1,250,000.00 for the entire parcel, and I feel that we can structure a deal under the following conditions:

... cont'd

- a. 25 Placer claims to be purchased outright for a cash sum of \$300,000.00 with a cheque in the amount of 10%, and the balance on closing of said deal.
- b. For the Hard Rock claims I would offer the owner \$500,000.00 under the following conditions:
 1. To give him stock in the Public Company(Nortek) for the full amount of \$500,000.00
 2. That he could turn his stock into cash only when you have mined the said Hard Rock claims, and a time of 3-5 years should be inserted to protect Nortek and its shareholders.

The writer has explained to the owner of the said claims that we are presenting the entire package to a Public Company. I would expect you to structure the deal as stated above. Keep in mind that we have two Japanese groups that want to be considered.

The following is a very conservative projection for your consideration. This Projection is based on four trommels being utilized with two men crews per unit, working approximately 14 hours per day for approximately 150 days, due to climate conditions in the region. The following is a formula to be considered:

NO. OF WORK DAYS	150
No. OF YARDS TO BE MINED	800
GROSS REVENUE PER YARD MINED	\$ 18.00 Canadian
TOTAL GROSS REVENUE PER DAY	\$ 14,400.00
COST PER YARD(EQUIPMENT/MANPOWER,ETC.)	\$ 6.00
NET REVENUE PER YARD	\$ 12.00
GROSS NET REVENUE PER DAY	\$ 9,600.00 per day
ANNUAL GROSS NET	\$1,440,000.00

PARTICIPANT SHARE AS JOINT VENTURER

$$\dots \$ 1,440,000.00 \div 50\% = \$ 720,000$$

RETURN ON INVESTMENT FIRST YEAR - 180 %

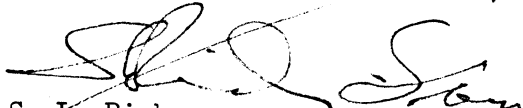
This Proposition is in consideration that the Company can only work on 3-4 claims at one time. Size of claims each is approximately 124 acres. As can surely be seen, the reserves are uncalculatable for the future. These figures do not include future Hard Rock mining on the same claims.

The above figures are calculated at \$300 US an ounce. With future claims of gold reaching the thousands, I hesitate to begin the future revenues due to their enormity.

In summation, we must have your indication prior to February 18, 1983.

Yours very truly,

S. L. Rich Real Estate Limited,



S. L. Rich

SLR/rb
encl. 2

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(4N4W)

OCT 2
4107(10)
(4N4E)

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P - PLACER

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18017

17331 17336

CAROLIN
MINES

ORA 3
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(4N4SW)

3029(11)
(4N4SE)

ORA 2
3027(11)
(4N4SW)

ORA 1
3026(11)
(4N4SE)

CAROLIN
MINES

Westenhiser Cr.

Wolverine

JUN 5
1793(7)
(4N4SW)

JUN-2
1790(7)
(4N4SW)

JUN 4
1792(7)
(4N4SE)

ROSE 1
3993(8)
(4S4W)

ROSE 2
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(4N4SE)

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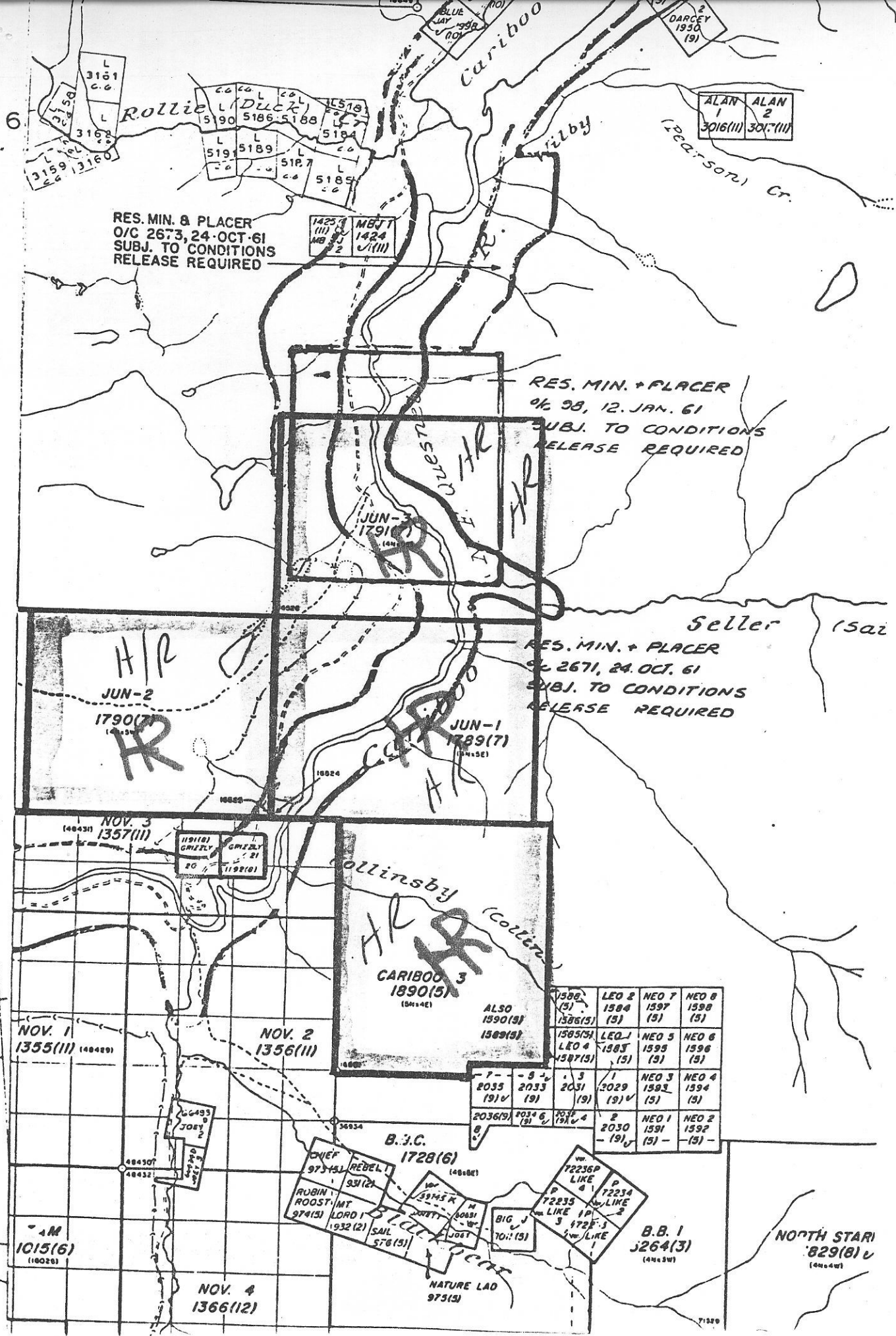
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RES. MIN. & PLACER
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O/C 267, 12-JAN. 61
SUBJ. TO CONDITIONS
RELEASE REQUIRED

RES. MIN. & PLACER
O/C 2671, 24-OCT. 61
SUBJ. TO CONDITIONS
RELEASE REQUIRED

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1585 (5)	LEO 4 1583 (5)	NEO 5 1595 (5)	NEO 6 1596 (5)
2035 (19)	2033 (19)	2031 (19)	2029 (19)
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		NEO 1 1591 (5)	NEO 2 1592 (5)

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ROBIN ROOST MT LORD 974(5) 932(2) SAIL 576(5)

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NORTH STAR 829(8)

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NOV. 2 1356(11)

NOV. 3 1357(11)

JUN-2 1790(7)

JUN-1 1789(7)

JUN-1 1791(7)

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Seller (5a2)

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REBEL 931(2)

ROBIN ROOST MT LORD 974(5) 932(2)

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NATURE LAD 973(5)

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