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April 4th, 1973.

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LUC SYNDICATE  
PROGRESS REPORT  
FIRST QUARTER - 1973

Much of the first quarter of 1973 was devoted to program planning, research, drafting base maps, perusing assessment reports, discussions with B.C. Department of Mines geologists and attempting to make deals on several LUC-owned claim groups. Things of a more mundane nature included drawing up the budget, interviewing job applicants, hiring crew, negotiating a helicopter contract, selling helicopter time, replacing some equipment (notably radios) and having other equipment (notably vehicles) repaired.

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JBR

Because of uncertainties engendered by the new political situation in B.C., it is not easy to deal on properties. A deal of sorts has been made with Granby on the COL group, whereby Granby undertakes to record 3 years assessment work by January 31, 1974 on each of 25 COL claims selected by us; Granby thereby has an option until December 31, 1975 to purchase as many of the claims as they wish for \$1000 each, subject to a royalty of 3% of net smelter returns on mineral extracted and sold from the claims purchased. Granby pays taxes and fees during the course of the option which they may surrender on 30 days notice.

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Mr. J.C. Stephen has discussed the BURN-LIN-RODE groups with several companies but nothing of consequence has developed as yet. With regard to BURN, Mr. Redpath of Dome requested that the pertinent

data be forwarded to him in order that it could be reviewed by Dr. Roger Webber, a geochemical specialist. This was done on February 8th, 1973. Dome has also requested the privilege of examining BURN in June and August of this year with a view to making an appraisal of their own.

With regard to making a deal on BURN, it must be remembered that there are 12 sub-marginal drill holes in the property. Moreover, until just recently, the molybdenum picture has been anything but bright. Now, however, Endako is programming full production (production has been at 50% capacity for the past 14 months) for June 1st and Brenda is now able to sell its current production.

With regard to Amax' Lennac Lake property, all Parties were advised on February 14th, 1973 that the Syndicate has been accorded an opportunity to earn a 33% interest in a joint venture with Amax and Chevron Oil. The 1973 Lennac Lake program will cost LUC \$34,000 (which is not part of the appropriation for the yearly General Program). Mr. Stephen examined this property briefly last summer and described it as an interesting prospect in the Babine Lake context. A perusal of the Amax data confirms this and the only reason we are offered a piece of the action is because the copper content in very meagre outcrop is sub-marginal. The hope is that higher grade material will be disclosed in percussion drilling of the strong IP anomaly outlined in the vicinity of the exposed pyrite-chalcopyrite mineralization.

As noted very briefly above, we now have a political situation in B.C. that, to say the least, bears watching. The N.D.F.

Government has introduced Bill 44 "An Act to Amend the Mineral Act" in which the most contentious clause concerns a new entity, the "production lease". This must be obtained before a company can place a mine in production and the issuance of the lease is at the discretion of the Minister of Mines.

Reaction to Bill 44 has been critical but, nevertheless, most of the more stable, mature exploration companies are proceeding with "business as usual" in B.C., and are adopting a "wait and see" attitude. No royalty has yet been proclaimed on mineral products but this is anticipated later this year.

The following section on the 1973 General Program has been prepared by Mr. Stephen.



W.R. Bacon,  
Manager - LUC Syndicate

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GENERAL PROGRAM

An index map is attached to this report. It indicates the scope of the main 1973 prospecting program together with areas of interest to the north.

LUC base has been moved north as far as possible without losing the possibility of selling substantial helicopter time.

From this base, a 50 mile and a 70 mile radius of operation is indicated. Our experience indicates operation of a 3B-1 helicopter is economic within 50 miles but efficiency drops off rapidly and 70 miles is the practical limit for sustained programs. The availability of fuel and groceries at Takla Landing will be of considerable help in this regard.

Within the 70 mile radius an area outlined in green is represented as the "Primary Prospecting Area". This region is thought to be favourable for

- (1) Granisic type copper deposits in Tertiary biotite feldspar porphyry intrusives. (50-55 million year age).
- (2) Quartz biotite feldspar porphyry intrusives generally along the west margin of the "Primary" area of about 70-80 million year age and containing copper, e.g. Lennac Lake and French Peak. Farther to the west and northwest, the mineralization is predominantly molybdenum.
- (3) 'Stratabound' chalcocite-bornite-chalcopyrite deposits mainly associated with volcanics in the region north of Takla Lake, but west of Takla Fault and the Cache Creek age formations.

- (4) Vein type gold-silver mineralization, similar to the Topley Richfield, at the south extremity of the "Primary" area.

Reference to published geological maps will show that much of the proposed prospecting area is essentially unmapped. At present, an interpretation of aeromag maps and air photos is being conducted in an attempt to provide a framework for control of prospecting parties.

Detailed exploration of the ROJO, HOL and FORT claim groups will be undertaken.

Amoco has conducted a drilling program to the north of the ROJO group and it is known that Granisle type porphyry has been located although apparently mineralization is weak. A large number of claims were staked by Amoco, surrounding ROJO and consolidating several of their own claim groups.

Staking by Cities Service Minerals has surrounded the MOR group north of Old Fort Mountain. A program is proposed here to maintain our claims pending developments.

One prospecting party will conduct follow-up work on geochemically anomalous areas located during the 1972 program. This party will probably conduct some geophysical work in this connection.

Two prospecting parties are proposed to carry on general prospecting for Granisle type deposits. They will fill in some areas missed in the 1972 program and will extend the search, mainly to the north.

Programs to be conducted by Bethlehem Copper and Dynasty Explorations in the area 20 miles northeast of the north end of Babine Lake, together with the intense activity in the Sustut Lake area sparked by the Falconbridge discovery, point up the possible importance of stratabound deposits in that area. It is proposed to employ one prospecting team in the search for stratabound deposits commencing with follow-up of minor mineralization and geochemical indications located during the 1971 program, and only very briefly visited last season.

In arranging the program for 1973, hiring of a crew presented some difficulties. Six of our more senior people, with from two to five summers experience with N.B.C. and LUC Syndicates, went on to other endeavours. This, together with a stronger emphasis to be placed on geology this year in assessment of staked properties and stratabound showings, has led to a significant increase in the level of salaries. Our data indicates an average salary level of \$627/month for 1973 compared with \$560/month in 1972.

It is perhaps interesting to note that the cost of salaries and aircraft totalled 51.2% of the total budget in 1971 and 50.6% of the total budget in 1972. Tentative arrangements with other companies indicate we should be able to sell approximately 100 helicopter hours this season; this will assist in achieving a relatively low aircraft cost while maintaining high utility.

LUC SYNDICATE  
FINANCIAL REPORT  
FIRST QUARTER - 1973

GENERAL PROGRAM

<u>Account</u>	<u>Period</u> <u>Jan. 1 - Mar. 31</u>
Purchases - Food	\$59.83 Cr.
Purchases - Maps, Photos, Publications, etc.	715.47
Sub-Contracts (topographic mapping)	735.00
Unemployment Insurance	17.46
Pension Expense	22.50
Tools & Supplies	740.33
Blueprinting, Drafting & Supplies	124.74
Rent (warehouse)	185.00
Repairs - Equipment	81.01
Vehicle Operating Costs	229.65
Travel Expense	41.80
Salaries	4,200.00
Office Expense	1,500.00
Telephone, Postage, Express, Cartage	86.25
Insurance	590.00
Management Fee	4,500.00
Licenses & Dues	100.00
Misc. Expenses	<u>272.48</u>
TOTAL EXPENDITURES	\$14,081.86
PLUS BANK BALANCE - March 31, 1973	18,015.45
LESS BANK BALANCE - Dec. 31, 1972	<u>2,097.31</u>
TOTAL CONTRIBUTIONS 1973	\$30,000.00