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October 13th, 1966

Mr. J. J. Rankin
Suite 904, 85 Richmond Street W
Toronto 1, Canada

Dear Joe:

Following are a few comments on some of the topics that the directors discussed at the Coranex meeting of October 3rd, 1966.

In regard to the presentation of future budgets, I had planned to break the budget into several parts and projects as follows:

1. "General Budget" -- to include permanent salaries, office and laboratory costs, and a small reconnaissance allowance

2. "Geochemical Reconnaissance Projects" -- The work in any chosen area would have a separate and specific budget

3. "Property Investigations" -- Each property under investigation, both in the preliminary stages and in the drilling programs, would have separate budgets.

In regard to setting up a separate engineering staff for work on the properties that we acquire, I have some fairly strong objections. Some of the reasons for these objections are as follows:

1. In future years we may not be as lucky in picking up attractive properties as we have in the past two seasons. In general, these geochemical reconnaissance programs in British Columbia do not average one good property per program per year. A separate engineering staff or an engineer with the sole purpose of working on properties that we acquire might have very little to do in some slack seasons. However, an extra geologist on our staff could work on properties or be trained to take charge of a geochemical reconnaissance program.

2. The objective of most good exploration field geologists is to find a mineral property and then to conduct the exploration work on this property until the ore zone is outlined. In other words, their objective is to make a mine and to receive recognition for this accomplishment, regardless of whether or not they have a monetary inter-

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est in it. It was very difficult last spring to find a geologist who would take charge of a geochemical exploration program and it is doubtful if we could retain the services of any geologist if we were to consistently take him off his project when it starts to get interesting.

3. Finding a large zone of alteration and mineralization typical of a porphyry copper or stockwork molybdenite deposit is only the first step in finding an ore body. These large interesting zones require the services of a competent field geologist to turn them into mines. It is not merely a matter of sending in an engineer to drill off tonnages of ore. As support for this opinion, I would like to briefly present the following case histories of exploration for stockwork molybdenite deposits:

(a) The Questa deposit in New Mexico is probably the second largest in the free world; but several million dollars were spent in underground exploration on the zone before an economic ore body was outlined. The underground work was done under the direction of a mine manager and the geological mapping and the sampling procedures left much to be desired. It took several years of exploration and a complete change in management before the company discovered that they had open-pit ore at the surface.

(b) At Urad, Colorado, molybdenite was produced from the higher grade sections of the deposit during the Second World War. Subsequently the deposit was explored by Amax and then Mr. Stewart Wallace, Chief Geologist of the Climax Mine Division, took on the task of resampling, remapping and reappraising the deposit. He is largely responsible for proving that an economic ore deposit is present (published at 10 million tons of 0.4% MoS_2). According to fairly reliable rumours, Mr. Stewart Wallace has subsequently discovered a large major ore body at a depth of 4000 feet. It takes a geologist with unusual ability and fortitude to find an ore body at such a depth.

(c) In British Columbia, Southwest Potash drilled the Glacier Creek property at Smithers for a couple of years and then dropped the property. They subsequently re-optioned the property and spent about three years investigating it with very deep drill holes before making a decision to go underground. Thus they must have spent about a million dollars on surface investigations before deciding to spend another million dollars on an adit for underground investigations.

(d) At Haven Lake, British Columbia, Phelps Dodge drilled a deposit for four or five years proving that they had a large marginal deposit of molybdenite. In 1966 they had a budget of about one million dollars for a program of bulk sampling and underground investigations.

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(e) At Berg Mountain, British Columbia, Kennco Explorations drilled a property for three successive seasons and pulled off the property in the middle of the 1966 field season. This may indicate that the large amounts of mineralized rock that they have located are not quite up to par as far as grade is concerned.

The above examples and numerous other case histories indicate that it takes a minimum of $300,000 to make or break one of these large mineralized zones. This is a very expensive part of the exploration program and a phase which can waste much money. I spent five years on molybdenite deposits before joining Coranex Limited; and I would like to direct any exploration program on any stockwork molybdenite deposit that we acquire.

Tentative plans for the 1967 season are to carry out exploration programs on our Peach Lake claims in the Cariboo, our Klazan claims near Big Creek in the Yukon, and the Cub Creek anomaly, Yukon Territory. In addition we would like to continue our geochemical reconnaissance in the Cariboo and carry on a program of follow-up work and expanded geochemical reconnaissance in the Big Creek area of the Yukon. Obviously we do not have sufficient staff to take care of all these projects. There are several alternatives or combinations of alternatives to the solution of this problem:

1. We can increase our permanent staff by one more geologist.

2. We can hire graduate students for the summer who are returning to school for post graduate work. These people are in great demand.

3. Two of the geologists who worked in the geological research centre of Kennecott Copper Corporation when I was in Salt Lake spent time studying the geology of porphyry copper deposits. These geologists are now teaching at universities and might be available for summer employment. However they would undoubtedly want to publish papers on the academic aspect of any project they worked on.

I hope to submit my proposals and budgets for the 1967 season in November. Possibly we could have a directors meeting and review them before the end of the year so that we would be in a position to start hiring the needed personnel in January. I would like to briefly discuss some of these projects and ideas with you before I write them up for the directors and so I am hoping that you will have a business trip to Vancouver some time this fall.

Yours very truly,

J. R. Woodcock

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