

# VITAL PACIFIC RESOURCES LTD.

67 Richmond Street West, Suite 500, Toronto, Ontario, M5H 1Z5.

VPS → KLI.

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## NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE is hereby given that the Annual and Special Meeting of Shareholders of Vital Pacific Resources Ltd. will be held at Suite 307, 67 Richmond Street West, Toronto, Ontario, M5H 1Z5 on

Wednesday the 22nd day of December, 1993  
at 11:00 o'clock in the morning to:

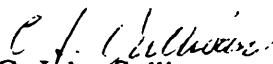
- (a) receive the Report of the Directors and the Financial Statements of the Corporation for the fiscal year ended June 30, 1993 and the Auditors' Report to the Shareholders;
- (b) elect Directors;
- (c) appoint Auditors and authorize the Board of Directors to fix their remuneration;
- (d) consider, and if thought fit, pass a resolution confirming and approving a grant of stock options to insiders of the Corporation; and
- (e) transact such other business as may properly come before the Meeting or any adjournment or adjournments thereof.

The Report of the Directors and the Financial Statements for the financial year ended June 30, 1993, together with the Auditors' Report thereon, form part of the Annual and Special Report of the Corporation, a copy of which accompanies this notice.

Shareholders registered on the books of the Corporation at the close of business on November 7, 1993 are entitled to notice of and to vote at the Meeting.

Dated at Toronto, Ontario, the 10th day of November, 1993.

By Order of the Board

  
C. John Sullivan  
President

If you are unable to attend the Meeting, please complete, date and sign the enclosed form of proxy and return it in the stamped, self-addressed envelope provided for that purpose within the time and to the location set out in the form of proxy accompanying this Notice.

The accompanying Information Circular provides additional information relating to the matters to be dealt with at the Meeting and is deemed to form part of this Notice.

# VITAL PACIFIC RESOURCES LTD.

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## PRESIDENT'S REPORT, 1993

### SUMMARY:

- 1) The Company is again active in mineral exploration.
- 2) Hemlo's investigation of the Kliyul property is giving encouraging results. Work is expected to continue in 1994.
- 3) Work on the Soup Claims in 1993, including air-surveys and geochemistry, shows that the major possibilities have not been investigated. High amounts of copper and gold have been found over 1 sq. kilometre. Good grade ore exists in bedrock. Testing is expected in 1994. The correlation between high copper-gold geochemistry, new outcrop samples and drill holes 1 and 2, and large positive magnetic zones is most impressive.
- 4) Mining and metallurgical costs look favourable.
- 5) The target is large-scale production of gold and copper.
- 6) Only substantial bedrock sampling by drilling, etc., can establish tonnage and grade, and all exploration is a calculated risk. However, existing evidence, derived from an expenditure exceeding \$1 million, indicates that the Soup-Kliyul is one of the few zones known at this time which might yield a really large production of gold and copper.

At the beginning of 1993, Davidson Tisdale Mines Ltd., the controlling shareholder and manager of Vital Pacific underwent a major re-organization and indicated that it no longer wished to engage in mineral exploration.

Because I wished to make an effort to do something for the shareholders of Vital, and also believed that our Kliyul and Soup properties in the Omineca District of British Columbia showed major promise for copper and gold production, I and some associates bought Tisdale's interest. I have since visited the properties and devoted the year to the compilation of data, further field studies, and discussion with interested third parties.

The Kliyul and Soup properties are about 2 km apart and are located about 200 km N.N.E. of Smithers. A mining access road passes within 12 km of the claims, and a rail connection could be made along the Asitka Valley to the P.G.E. Line, a distance of about 50 km.

The Omineca District is comparable geologically to that of New Guinea which contains great gold and copper deposits as Porgera, Grasberg, etc. a collision zone between great drifting sections of the earth's crust with major folding and faulting plus the intrusion of a particular type of igneous rock zone known as alkaline diorite or gabbro. These zones produce deposits with high gold to copper ratios as compared to "normal" porphyry copper ores and are different in other ways which may render them difficult to recognize.

### SOUP CLAIMS:

The Soup Claims are presently owned 50% by Vital and 50% by Athlone Resources Ltd. Vital has an option to acquire half of Athlone's interest, giving Vital 75%. Hemlo Gold Mines Inc. which has large land holdings in the district - including an option on 51% of Kliyul - has offered to spend up to \$1.5 million and to pay the owners \$150,000 to acquire a 51% interest in the Soup. This agreement is not yet formally concluded, but is expected to proceed along these lines.

As indicated in the accompanying summary map, highly anomalous gold-copper geochemistry is known to extend over an area of approximately 1 square km. and probably extends further. A helicopter-borne magnetic, resistivity and radiation survey carried out in 1993 has yielded very important results, showing that the highest geochemistry correlates with a magnetic ridge which in turn corresponds to the major dioritic intrusive along the crest of the mountain. Ore in this district is associated with magnetite. Previous investigation has been concentrated upon narrow magnetite skarns occurring topographically and stratigraphically below the major diorite. The skarns are underlain by a narrow diorite sill (see map).

A drill hole (2, map), inclined at 60 degrees, averaged 7 gms. gold and 0.2% copper over 40 meters. The gold is associated with magnetite-bearing quartz veins, stockworks and silicified zones in sheared and brecciated rock. The copper is disseminated throughout the drill core, mostly as carbonate, and may be leached. The last two 1 meter samples contained 4.8 and 2.5 gm gold/ton and 0.07% and 0.45% copper. No limit to the width has been established and the geochemistry suggests that payable widths may exist. Importantly, the drill hole lies on magnetic ridge (see map).

The air-survey also shows a well defined radiation low corresponding to the magnetic high along the crest of the mountain possibly indicating a magnetite-silica zone.

Apart from the drill hole, a number of high grade gold samples have been noted in bedrock along his zone. The rich Gasberg deposit in New Guinea occurs within diorite in a high silica-magnetite zone. Ore reserves (1991) were 360 million tons grading 1.57% copper, 1.97 gm/ton gold, 3.24 gm/ton silver.

Recent prospecting on the Soup found high grade gold-copper mineralization and much mineralized quartz float in and near the low radiation zone (7-8, map).

### Mining, Exploration:

The Soup property covers a mountain which rises from about 1,300 meters along Kliyul Creek to 2,000 to 2,200 meters along the crest. Much of the high geochemistry and known mineralization extends from about 1,800 m to the crest of the mountain, and beyond.

Work has been concentrated along the western slope which is steep-averaging perhaps 30degrees. This presents difficulties for exploration, which, at this time, requires helicopter support. Systematic drilling would be greatly facilitated by bulldozing roads and drilling platforms.

From a large scale mining point of view, the topography would be very favourable, providing low stripping ratios for open pits along the ridge line, with ore passes to conveyor tunnels

perhaps 700 meters below the initial pit floor.

### Metallurgy:

Preliminary tests and microscopic examination of ore samples from the KLI and Soup claims indicate good recoveries of copper and gold by flotation.

### KLIYUL:

This property is owned 55% by Vital and 45% by Kennecott Copper. On these claims, a good deal of the bedrock is covered by alluvium and glacial debris. The original discovery was made by Kennecott (under the supervision of the writer) by following geochemical indications of copper and gold up-stream to a cut-off. Ground magnetics outlined a sub-outcrop magnetite rich body near the cut-off, and subsequent drilling by Kennecott and Vital outlined about 2.4 million tons grading 0.06 oz/ton gold and 0.45% copper. Silver averaged 0.2 oz/ton.

In 1992, Hemlo Gold Mines Inc. optioned this property from Vital and Kennecott. Hemlo may earn a 51% interest by spending \$1 million over a four year period and paying the owners \$150,000.

In 1992-93, Hemlo extended the previously known mineralization laterally by drilling. Additionally, using more modern magnetometers and computer analysis, they indicated a strong probability that the body tested by Kennco-Vital near outcrop is much larger than previously investigated. One drill hole tends to support this but had to be abandoned before penetrating the main target. Further drilling is anticipated.

In 1993, Hemlo carried out a detailed low-level helicopter-borne magnetic, resistivity and radiation survey over the claims. The magnetics are very important because the discovery deposit (1, map) contains 20 to 30% magnetite. This deposit shows up as an obvious and large bullseye on the magnetic map, which also suggests continuation to the south-east for about 1.5 km (Zone 1, map). An additional magnetic bullseye with supporting gold-copper geochemistry occurs near the N.W. corner of the claim group (part of Zone 2, map). The gold-rich (Ginger) quartz vein occurs on this feature.

The high magnetite copper-gold deposits are not particularly conductive, whereas other highly pyritic bodies are recorded on the air-maps as major zones of low resistivity. On the KLI claims, an intensive body of this type extends from the N.W. corner of the claims to the southern boundary, a distance of 2.5 km (Zone 2, map). It attains widths of 300 to 500 meters.

In the N.W. corner of the claim group, this zone is partly exposed over a length of about 500 meters and consists of a limonite (iron oxide) gossan with pyrite, sericite, quartz and clay alteration. Anomalous copper and gold are associated with this exposure.

Further to the south-east, the zone is covered by drift but is indicated by an increasingly wide and intensive resistivity anomaly with coincident copper and some gold. In one place, coincident with a highly conductive part of the zone, the copper content of overlying soil is 700 to 800 ppm over a width of 400 meters.

Geological investigation by Hemlo shows that this zone lies along a north-west trending fault, parallel to major faulting and sulphide zones of the district.

This is known to be a deeply penetrating structure because it is intruded by a magnesium-rich talc rock enriched in chromium and nickel and is reflected in the magnetic map. Such deep source structures and intrusions are often associated with major metal deposits - and sometimes with platinum! The zone is large and certainly warrants testing. Platinum was recovered in creek gravels.

Clearly, this zone warrants testing beneath the oxidized zone. The discovery deposit is very low in copper at outcrop compared to the primary zone. Surface leaching of copper is common in this district.

Depth extension of No. 1 Zone discovery is very probable.

### ECONOMICS:

It is envisaged that the development of large-scale mining in this district would involve:

- 1) Building a local hydro-electric power supply.
- 2) Construction of a rail line of about 35 miles to the existing P.G.E. railway.
- 3) Shipping a copper-gold concentrate via Prince Rupert to smelters in Japan.

It is assumed for the present that mill recoveries would be 88% for copper and 70% for gold.

It is estimated that at a production of 50,000 tons per day of ore grading 0.5 copper and 1 gram gold per ton, the operating cost per ton for mining, milling, administration, concentrate transportation, smelting and refining would be \$8.45(Cdn).

At prices of \$1.00 (Can)/lb for copper and \$400 (Can) per ounce for gold, the net smelter payment per ton of ore would be \$18.80.

With a production rate of 17.5 million tons per year, this would represent an annual operating profit of \$175 million.

These estimates are necessarily very preliminary and are meant to illustrate the possibilities.

It is noted that the grades assume are considerably higher than those of existing "porphyry" copper-gold prospects in British Columbia - 0.25 to 0.3% copper, and 0.4 to 0.6 grams of gold. The Omineca ores are of a different type, with considerably higher gold: copper ratios. The drill hole at (2, map) averaged 7 gms gold and 0.2% copper - essentially, a gold ore. Expansion of this type of mineralization, which is a major objective, could lead to a smaller but highly profitable operation.

The trend of the gold price looks favourable and is now well above \$C 400 per ounce.

**OTHER PROPERTIES:**

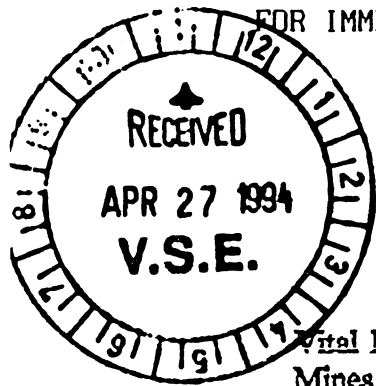
Vital holds other properties in British Columbia and Ontario. In the Abitibi Province of Ontario, claims held jointly with Hemlo cover an area with possibilities for the occurrence of a Timmins-type gold camp. There are many indications of gold both in overburden and in bedrock, but the area is difficult to prospect owing to extensive glacial overburden. The property is at present on hold.

*C. J. Sullivan*  
**C. John Sullivan,**  
**President.**

**November 11, 1993**

FOR IMMEDIATE ATTENTION:

Via ISDN : Wire Service

**VITAL PACIFIC RESOURCES LTD.****(PRESS RELEASE)**

Vital Pacific announces that a letter of intent has been signed between Hemlo Gold Mines Inc., Vital Pacific and Athlone Resources Ltd. under which Hemlo may acquire a 51% interest in the Soup claims. The property is located about 200 km NNE of Smithers, B.C., at Latitude 56°30'N, Longitude 126°08'W. There is road access to within 7 km of the property and a connection to B.C. Rail would involve about 50 km of construction.

To acquire their interest Hemlo must spend \$1.5 million over a four year period and make payments totalling \$150,000. Presently Vital and Athlone Resources have 75/25% interest respectively in the claims. Hemlo has expended about \$400,000 on the nearby Kliyul claims owned 45% by Kennecott Copper, 30% by Vital and 25% by Athlone. Planned expenditures on the Kliyul property in 1994 are \$210,000.

Prior investigation on the Soup claims has concentrated on skarn targets but large intrusive-hosted targets are also indicated. In 1993 Hemlo carried out geological inspection, geochemical reconnaissance and a helicopter-borne survey recording magnetics, conductivity and radiometrics..

Previous geochemical sampling over a strike length of about 700 meters on lines 100 meters apart showed the presence of about 1 gram of gold and 700 to 1000 parts per million copper over widths of 150 to 300 meters. The last sample line included 100 meters averaging 5 gms gold and 0.39% copper. These high results are coincident with a magnetic-potassic zone which extends over a large area.

A shallow drill hole in this area averaged 5.6 gms gold and 0.1% copper over 40 meters. The bottom sample contained 2.5 gm/ton gold and 0.45% copper. The copper is oxidized and surficial leaching and removal of copper is anticipated. Gold is prominently associated with quartz-magnetite veins and stockworks in sheared and brecciated diorite and basic volcanics. Veins may contain up to 3.0 ounces gold per ton. Fine grained disseminated mineralization is also present.

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Contact:

C. John Sullivan, President  
(416) 421-7360

April 27th, 1994

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THE VANCOUVER STOCK EXCHANGE HAS NEITHER APPROVED NOR  
DISAPPROVED THE MATERIAL CONTAINED HEREIN.

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30 km E of Sustut

Oct. 20/94

Bernie Kehlent

94 D/9E

Joh-Darb

Joh 6 (SE)

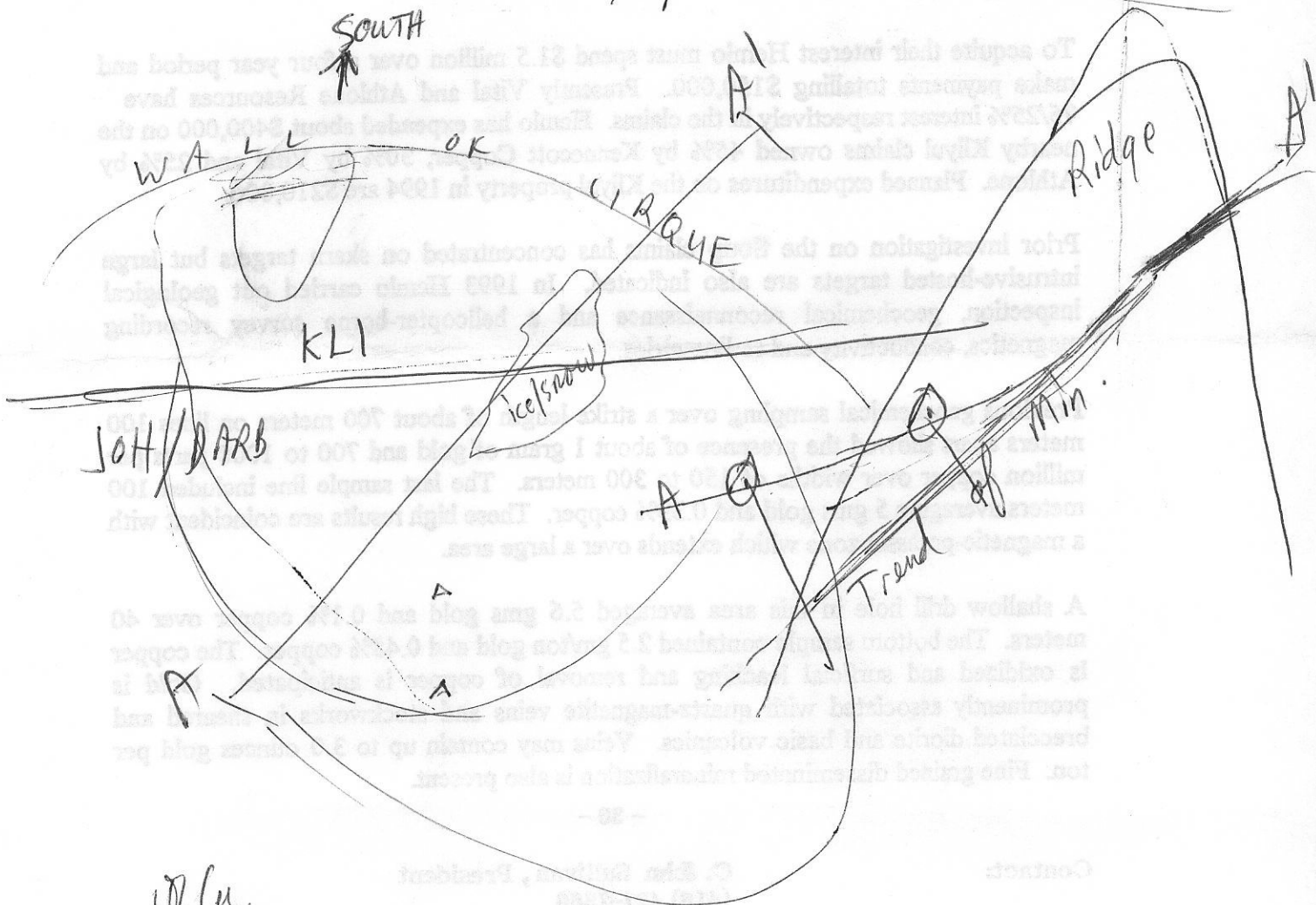
50 km x 5 km belt

Abe

Hi - Hemlo - 10 ddh

Gerry Bidwell

Sustut Thesis → Bernie Kehlent



300' @ 7% Cu  
 Lorraine

Tam  
 Misty