



### DEAR SHAREHOLDERS AND INVESTORS

Through hard work and dedication Lansdowne Oil & Minerals have found three large precious metal/copper zones on the 1,900 acre Lean-To claims in central British Columbia. We are convinced that we are no longer in a raw exploration stage, looking for an area to explore but are expanding known mineral areas and unexplored zones to evaluate the full potential of these claims.

Independent Engineering reports prepared by our consulting engineer states in part "massive sulphide breccia mineralization in three main host rock lithologies" which means massive mineralization within three large, varying structures. This report further states "perhaps the most important discovery during the 1985 drill program was the intersection of elevated gold values in the South Zone (85-10) with grades of .276 oz/ton" (85-10 also contained 3.50 oz. silver and 8.26% copper.)

Because of these results our 1986 drilling and exploration program will be increased dramatically to \$400,000. We now plan diamond and percussion drilling and major trenching in areas which our geology indicates a heavily mineralized formation. We also plan to expand the known zones and seek large mineral areas outside where our work indicates hidden metal zones. 1986 and beyond include the development of the Lean-To claims with possibly a feasibility study with a major mining company. In other positive corporate results outstanding debt has been reduced dramatically giving us a much stronger monetary base.

To help us operate more efficiently we have not hired expensive outside labour and have tried to get the lowest competitive bid with the highest expertise from outside general contracts. These results have led to a large positive exploration program and a large saving to us and a stronger balance sheet.

We have become commited to the Lean-To Project as the best method of developing a good resource base for Lansdowne Oil & Minerals. Now as we approach the 1986 drilling and exploration season, we feel the work has all been worth it. Our goal has been and now is to develop a large <u>gold-silvercopper</u> mine in central B.C. and with the knowledge that we now possess and experience we have gained from exploration we feel 1986 may produce strong results.

The Board of Directors is pleased with our sixyear history and have summarized our programs in this brochure. We welcome any comments or questions regarding the Company's Lean-To Project. Please feel free to contact us at the Head Office anytime.

Albert A. Hearn President Chief Executive Officer `

James G. Ager, B.Sc. Secretary Treasurer Chief Geologist







DISCOVERY ZONE

#### LEAN-TO PROJECT

TRENCHING AND DIAMOND DRILLING PROGRAM

#### SUMMARY OF MAJOR TARGET ZONES OUTLINED

## 1986 DEVELOPMENT WORK PRIORITIES

1. Discovery Zone (Explored Area)

Define ore tonnage,

Expand gold-silver-copper grades downward to 1,000 foot level.

2. Develop Unexplored Areas

### Strip and diamond drill:

- A. Gold, silver, copper soil anomalies,
  - 1. North Zone
  - 2. Central Area
  - 3. South Zone (silver, lead)
- B. Large I.P. Chargeability/Resistivity Anomaly.
- C. Massive southeast breccia structures, drill mineralization.
- D. Test major volcanic and fault systems for high grade gold-silver mineralization.

Initial work outlined large zones of anomalous metals in <u>gold-silver-copper-lead</u> and <u>zinc</u>. Shallow test drilling in the Discovery Zone has uncovered sections of both high grade and large low grade zones.

This area contains no mineralization visible on surface due to intense weathering and shallow to deep overburden cover.

By systematic geophysical, geological and geochemical work these zones are gradually being outlined. None of this local area has had any work done in the past and is a completely new discovery by Lansdowne Oil and Minerals Ltd. Original discovery drillings was done both vertically and on an inclined basis. It is now known that most of the structures are on the near vertical plane, so some original drilling paralleled structure.

Shallow fill-in drilling in 1985 has shown the continuation of these metal zones. The grades and intervals of some of the drilling include:

# Large lower grade intervals of:

DDH	Length	Silver	Copper
82-19	59 feet	1.24 oz.	1.59%
83-4	42.5 ft	1.61 oz.	2.28%
83-6	18 feet	1.28 oz.	1.52%
83-11	57 feet	1.23 oz.	1.58%

# High grade intervals include:

<u>DDH</u>	<u>Length</u>	<u>Gold</u>	<u>Silver</u>	<u>Copper</u>
85-10	3 feet	0.276 oz/ton	3.50 oz/ton	8.26%
85-9	1.5 ft	0.175 oz/ton	3.29 oz/ton	8.14%
85-8	5 feet	0.012 oz/ton	2.24 oz/ton	4.118
85-1	22 feet	0.011 oz/ton	1.49 oz/ton	2.28%



#### GEOPHYSICS

#### INDUCED POLARIZATION CHARGEABILITY

Measures the size and volume of metals in the rock.

#### SYSTEM

Huntec System - Mark IV Receiver

7.5 kilowatt transmitter - Deep Profile Penetration.

#### METHOD

To create a large volume of charged rock a very high voltage is induced between two electrodes, the more metals in the rock, the <u>larger</u> the flow of current and the longer the ground holds the charge.

Results are read by computer ammeter and recorded automatically. Penetration of the system read, an effective depth of 250 meters (800 feet).

#### RESULTS

Two areas of intense metalization occur on the property.

A northeast, southwest trend occurs paralleling the Whitesail mountain building system and suggesting a possible fault/rock change boundary. This main area contains large volumes of metals as indicated by chargeabilities over 60 milliseconds. Typical measurements in the surrounding rock were 20-30 milliseconds or less.

The main area of metal injection is approximately 1,600 feet wide, over 3,300 feet long (open to southwest) and to a depth of 800 feet (open).

The results are contoured on Map: Chargeability Anomaly.

From elevation levels, 1,000 meters 900 meters 800 meters and 700 meters

are taken to show a slice of rock at each depth and the corresponding amount of metals present.

These results vastly expand the area of outcrop available containing gold-silver-copper mineralization into a huge zone mainly obscured by overburden.

A second area, Zone B, occurs in conjunction with the low grade <u>gold-copper</u> zone to the southwest of volcanic center. It parallels the major northeast fault structure and outlines an increased metal concentration area that may be related to both these mineralizing systems.





# SOIL METAL ANOMALIES

# THEORY

Precious and base metals oxidize, weather and are absorbed into the surrounding soil. Samples of soil are collected individually over large areas in the field. High values of metal assayed in the soil indicate large potential ore zones hidden under the overburden.

## SYSTEM

Each individual sample is assayed by professional assayers with detection of the metals accurately taken to parts per million.

#### METHOD

A common survey grid is established and each station is sampled by a crew member on individual lines. These samples are numbered and then assayed. Each metal is recorded at that station on a map and the results isocontoured. High anomalous values are contoured between stations and show shadow outlines of the underlying and hidden metal zones. Work is then keyed to these areas to uncover and sample tonnage and grade of mineable metals.

# RESULTS

#### LEAN-TO GROUP

Soils were highly anomalous in precious metals, gold and silver and the base metals, copper, lead and zinc.

### SILVER

#### RESULTS

A 650 to 1,000 feet wide northeast-trending <u>central belt</u> occurs on the property. Values range up to 9.8 ppm Ag and samples shown above 1.0 ppm are considered anomalous. Drilling in this area has proven <u>silver</u> values in the underlying rock units with sections of 1.24 oz. <u>silver</u> over 59 feet and including higher grade zones. See map. Only a portion of this area has been developed.

A narrower and parallel <u>silver</u> anomaly 75 to 150 feet wide to the northwest extends 1,800 feet in length. This area has not been explored and is a priority target.

The south zone (2,600 feet to the south not shown due to large scale distance) also shows a large number of high <u>silver</u> values with a north and northeast trend. Further work will also be done on this zone to discover the silver grades.

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### INDUCED POLARIZATION RESISTIVITY

Measures the current resistance of rock units as induced between two electrodes; precious metal (gold-silver) fluid systems are found associated with kaolinite-clay alteration that produce broad bands of extremely low resistivity zones.

### SYSTEM

Huntec Mark IV Receiver

7.5 kilowatt transmitter - Deep Profile Penetration

#### METHOD

On the same system measuring as chargeability, the resistance between two terminals is tested and recorded.

Areas of similar resistivity are contoured as given in Resistivity Anomaly - I.P. Low Map.

# RESULTS

Two large areas of alteration occur that tend to overlap the high metal concentrations.

A northeast, southwest trend occurs with a sharp near vertical contact in the north and southeast dipping trend in the south.

Resistivities within this zone measured as low as 15 ohm-meters from typical measurements in the surrounding country rock of 200 to 300 ohm-meters.

The large area of alteration covers an area of 1,800 feet wide by 3,000 feet long (open) and to depth of 800 feet (open).

A second smaller area occurs to the northeast in a near circular zone. This area corresponds to what may be a volcanic center and high-grade gold concentration.

From elevation levels 1,000 meters 900 meters 800 meters and 700 meters

are plotted to show a section of rock at each depth and the corresponding alteration present.

The results, added to other information, detail and expand the targets available.



#### ROCK MAGNETICS MAGNETOMETER

Measures the local magnetic field intensity of the underlying rock.

#### SYSTEM

# GEM SYSTEM GSR-8 Magnetometer

#### METHOD

Readings are taken systematically in the field on a survey grid and recorded. Results are mapped and plotted with areas of equal intensity isocontoured.

#### RESULTS

A magnetic plan map is outlined on the next page.

The most distinctive feature is a near circular shaped zone of high readings in the south-central area. This high may correspond to a volcanic center or breccia pipe with increased precious metal concentration either included or peripheral to the system. This high also is defined with the I.P. resistivity and chargeability anomalies.

(Drill holes intended for this zone were lost in heavy overburden but will be accomplished with a larger drill rig.)

Rock units can often be traced through overburden cover by the contrasting and distinctive magnetic character of each unit. The andesite volcanic rocks tend to show higher magnetic character with altered quartz-feld-porphyry, the lowest character.

Intense alteration has also caused a destruction of local magnetite and creates low areas of magnetic field. Faults and altered zones and possible high grade metal zones can be indicated with this survey.

A northwest and northeast trending faults cut through the area and show distinctive alteration and loss of magnetic character.

Northeast contact in the north is outlined that overlaps with the I.P. resistivity trend outlining an end to alteration and the metal zone.

Comparing soil geochemistry with magnetics shows that gold, silver, copper, lead, zinc anomalies coincide with contact areas between high and low readings and within the low magnetic breccia zones.

An additional area exists at the base of the mountain to the south. This does not appear on the map. A large area of high-low magnetic signature coincides with an overlying silver-lead-zinc soil anomaly.

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# COPPER

<u>Copper</u> enrichment occurs over a very large area on the property. A northeast zone over 3,900 feet in length with northwest zones of 1,000 to 1,500 feet width occur. An additional northern zone occurs that parallels this trend.

Drilling results show the gold and silver values are often associated with copper metals.

A wide range of values are found in the rocks, ranging from 0.1% to 0.5% over large widths with up to 8.3% copper over narrower, high grade sections. These results show good underlying structures are indicated and work outward into the large undeveloped areas will also be successful.

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# GOLD

Gold values are sampled in parts per billion, ppb. Results above 20 ppb were considered anomalous.

Difficulty is encountered in detecting gold in soils because it is insoluable and does not migrate upward as other metals do. Therefore, under heavy overburden, no results may occur from which there are good values in gold.

A test section was assayed, and a very large area 1,600 feet x 1,900 feet was proven to be anomalous in gold.

Shallow drilling has sampled sections of .27 oz/ton over 3 feet with many larger, low grade intervals.

A program of deep drilling at depth and along strike will define the tonnage of these large near vertical structures.

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Lead values are shown on the map, with 45 ppm and above considered to be anomalous. Two major zones were discovered, the Central Zone and the Southern Zone (2,600 feet south, not shown).

The Central Zone shows a distinct northeast trend over 3,000 feet in length. This trend parallels the major I.P. Chargeability/Resistivity zone and a major fault structure direction. A few low grade <u>lead</u> values were found on surface but were difficult to sample due to weathering. Trenching of these high zones may uncover any high grade veins that may exist.

Not shown on the map, the Southern Zone is a large silver-lead-zinc anomaly measuring 2,300 feet long and 300 feet wide. No work has yet been done here, but is a major target for development.

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LEAD



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## SUMMARY

Drilling during 1985 indicates that massive sulphide breccia mineralization occurs in three main host rock lithologies: 1) andesite of the Hazelton Group such as in hole 85-3; 2) dacite porphyry such as encountered in the south zone; and 3) quartz feldspar porphyry (possibly Bulkley Intrusion as indicated by MacIntyre, 1985) as seen in 85-6 or 82-19. Gradations between these three rock types and intense alteration including silicification, kaolinization and sericitization are common in sulphide-bearing breccia zones.

Perhaps the most important discovery during the 1985 drill program was the intersection of elevated gold values in the south zone. DDH 85-10 returned 0.276 oz. gold per ton along with 8.26% copper and 3.5 oz. silver per ton across a 0.92 metre section. DDH 85-9 contained 0.175 oz. gold per ton across 0.46 metres. Gold, silver and copper ratios of assays obtained during the 1985 drilling suggest that minor gold occurs with copper throughout the drill area but in the south zone, particularly at DDH 85-9 and 85-10, an additional pulse of gold mineralization which did not contain appreciable copper or silver may have been introduced.

The main tool of future exploration at the Lean-To claims should be diamond drilling. However, importance should be placed upon geological mapping and systematic sampling of previous dozer trenches. Trenching can be resumed after previous excavations have been mapped and sampled and suitable targets have been determined. In conjunction with geological mapping, a transit survey (with elevations) which precisely locates and records previous drill sites and trenches with respect to surficial geologic features and existing grid survey lines is needed for control in subsequent reserve calculations.

Future drill targets include strike length extensions of each of the three zones. Special emphasis should be directed toward the eastern end of the south zone in the vicinity of DDH 85-10 where 0.276 oz. of gold per ton has been intersected.

Next phase includes a large scale Diamond Drilling and possibly percussion drilling to estimate reserves and explore outward to enlarge the known mineralized zones.

On Behalf of the Board of Directors.

Albert A. Hearn President Chief Executive Officer

James C. Ager, B.Sc. Secretary Treasurer Chief Geologist