

NO. 189 (1999)
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DOUBLESTAR RESOURCES LTD.

[DRS-V] 3,931,841 SHS.

FALCONBRIDGE LTD.

[FL-T] 176,970,900 SHS.

FALCONBRIDGE PROJECTS - Alan Savage, president, reports
BEING ACQUIRED IN BC Doublestar Resources Ltd., by a

letter of intent 30Sept99, has agreed to acquire substantially all of Falconbridge's mineral property interest in British Columbia. Terms provide for acquisition of interests in up to 13 mineral properties. Consideration is \$500,000 payable over 20 months and 1,500,000 Class A shares of Doublestar. Falconbridge will also receive warrants enabling it to acquire 500,000 shares at \$1.00, \$1.25 and \$1.50 per share. A total of 150,000 Doublestar shares may also be issued in connection with the relinquishment of certain minority interests. Several of the properties are subject to rights of first refusal. There is a 90-day due diligence period during which these interests will be resolved and the final inventory of properties established.

The 13 property interests constitute significant mineral resources. The properties that contain the greatest of these resources are undoubtedly Sustut and Catface. Sustut has an open pit resource with little overburden of 21,074,745 tonnes grading 1.11% copper. At increased stripping ratios, mineral inventory rises to 43,544,964 tonnes grading 0.81% copper. These drill-inferred numbers are based on 17,000 metres of diamond drilling. The Sustut mining lease is located off the resource road to the Kemess copper, gold mine in central BC. Infill drilling is required to bring the resource to a mining reserve. Doublestar is confident this deposit can be brought forward toward a commercial feasibility study.

Catface is a 123,000,000 tonne copper deposit located 13 km northwest of Tofino, on the west coast of Vancouver Island. The deposit grades 0.46% copper and 0.014% MoS₂. Increases in grade and tonnage would be required in order to contemplate a feasibility study. Geophysical anomalies suggest the presence of additional mineralization and represent attractive drill targets. Acquisition will be by way of purchase of 97.4% of the shares of Catface Copper Mines Ltd. Falconbridge may back in to 50.1% of both Sustut and Catface at the time of a production decision by paying 150% of Doublestar's exploration expenses or, alternatively, revert to a 9% net proceeds of production royalty.

The acquisition includes substantial zinc, lead deposit interests. Ruddock Creek (Doublestar will acquire 58.91%, COMINCO LTD. [CLT-T,M] retains 41.09%) hosts 1,500,000 tonnes of 8.4% zinc and 1.6% lead in its E zone. There are nine mineralized zones. The property is located 96 km north of Revelstoke, eastern BC.

The Robb Lake Joint Venture (Doublestar will acquire 75%) has a mineral inventory of 7,100,000 tonnes of 4.7% zinc and 1.5%

lead. The claim group offers good potential for discovery of additional bodies of similar material. Robb Lake is 200 km northwest of Fort St. John, northeast BC.

Doublestar will acquire reversionary rights to the Scotia project 42 km southeast of Prince Rupert, northwest BC. Presently, the property is under option. Should the option expire, the Scotia property will be included in the transaction as to 100%. The drill-inferred resource is 224,000 tonnes grading 12.2% zinc, 1.2% lead and 23 grams silver/tonne.

The Chemainus project (Doublestar will acquire 100%) is due west of that city on Vancouver Island. Several drill intercepts include true widths of 3.5 metres of significant grades such as 2.3% copper, 0.49% lead, 3.66% zinc, 73.4 grams silver/tonne and 1.9 grams gold/tonne. However, drilling has been wide spaced and a deposit with continuity of grade and tonnage has not been established.

The Churchill and Hill deposits near Zeballos on the west coast of Vancouver Island (Doublestar will acquire Falconbridge's option agreement with Canadian Mono Resources Ltd.), host some 6,000,000 tonnes of 30% to 40% iron as magnetite, much of it open pitable. Presently, magnetite, crushed and ground to the order to BC coal mines, has a value of around \$100 per tonne, delivered. There is a gold component to some of the mineralization indicated by a two-metre intersection of 310 grams gold/tonne.

In addition to the above interests, the company will acquire a 70% interest in the Baldwin/McVican Crown grants, 12 km east of Squamish, southwest BC, which have a drill indicated resource of 132,000 tonnes grading 2% copper; and a 51% interest in the Bet 1-3 and 5 claims (Cominco 49%) located 20 km northeast of Barriere, eastern BC; and a 38% interest in the Sphaler Creek claims located about 300 km northwest of Terrace, northwest BC where copper showings have been investigated on and off since 1963; and a 100% interest in the Swift claims located 10 km south-southwest of Salmo, eastern BC, where gold values are associated with silicified zones within broader areas of carbonatization.

Doublestar's immediate plans are to obtain engineering reports on the acquired properties for regulatory purposes, for its own information and for the purposes of financing toward future exploration programs. These programs will be targeted toward those properties which are determined to hold the greatest and most immediate economic potential. (SEE GCNL NO.25, 5Feb99, P.2 FOR FANDORA PROJECT INFORMATION)