

KERR ADDISON MINES LIMITED

(FOR INTER-OFFICE USE ONLY)

821952

W.S.R.
✓ K.C.G. ✓
J.H.S. ✓
E.F.
R.D.S.
B.C.B.
P.M.K. ✓
G.W.M.
R.O.M.
CKW.
J.B.S.
G.P.R.
K.F.L.
LLB.
(E.C.J.)

To..... W. M. Sirola ..... From..... P. M. Kavanagh .....

Subject..... Lodi Mines Placer Gold Properties, ..... Date..... January 24th, 1967.  
Quesnel Region, B.C.

Attached is a copy of a letter I have written to Mr. Burnett, Lodi Mines' president, in answer to his letter of January 11th, 1967, a copy of which is also enclosed.

Although I have not indicated it to Mr. Burnett I was made aware of his properties late in the fall of last year when Jerry Byrne of Rayrock asked my advice on them after he had received an identical letter from Mr. Burnett to the one written to me.

I am enclosing a copy of the letter I wrote to Jerry Byrne at that time in which I mentioned my reaction to the data which Mr. Burnett had forwarded to Rayrock prompted by a request for data which I suggested Rayrock make to Mr. Burnett.

If Mr. Burnett writes to me in May suggesting that his properties are still available I would be inclined to visit them, although I am afraid that I will conclude that they do not contain the right conditions to warrant our interest.

Paul M. Kavanagh  
Chief Geologist - Exploration.

PMK:sw

Property  
Submission

93 g/01

Lodi Mines & Rayrock

Placer deposit Ahkai Lake

Jan 24 1967

COPY

January 24th, 1967.

Mr. E. A. Burnett Sr.,  
President,  
Lodi Mines Ltd.,  
1263 West 40th Street,  
Vancouver 13, B.C.

W.S.R.  
K.C.G.  
J.H.S.  
E.F.  
R.D.S.  
B.C.B.  
P.M.K.  
G.W.M.  
R.O.M.  
C.K.W.  
J.B.S.  
G.P.R.  
K.F.L.  
J.I.B.  
E.C.J.

Dear Mr. Burnett:

Thank you for your letter of January 11th referring to your placer gold properties in the Ahbau Lake area.

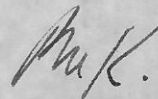
I am afraid that my exposure to placer gold exploration and mining while development engineer and later general manager of The Yukon Consolidated Gold Corporation Limited has left me prejudiced against the possibilities of finding good commercial placer gold deposits in glaciated country. As you probably know, the very productive Klondike region is unglaciated, whereas British Columbia is glaciated and the results of the glaciation have plagued placer operators in the Caribou for years.

However, if you still have your properties available this coming summer I would be interested in examining them. Perhaps you do have a set of conditions which could make your properties commercial on a large scale.

I would appreciate it if you would write to me sometime in May to let me know whether your properties are still available or not at that time. If they are I will arrange a visit to them for early summer.

Thank you for bringing your situation to our attention.

Yours sincerely,



Paul M. Kavanagh  
Chief Geologist - Exploration.

PMK:sw  
cc: W. M. Sirola.

LODI MINES LTD.

JAN 16 1967

Telephone: AM 3-3162

1263 West 40th Avenue,  
Vancouver 13, B.C.

January 11th, 1967.

Mr. P. M. Kavanagh,  
Kerr Addison Mines Ltd.,  
1600 - 44 King Street West,  
Toronto, Ontario

W.S.R.
K.C.G.
J.H.S.
E.F.
R.D.S.
B.C.B.
P.M.K. ✓
G.W.M.
R.O.M.
C.K.W.
J.B.S.
G.P.R.
K.F.L.
J.P.
E.C.L.

Dear Mr. Kavanagh:

Mr. Jimmy Mitchell, recently of Placer Development Ltd, and Mr. Bill Sirola from your office in Vancouver, advised me to write you the following letter.

Lodi Mines Ltd. is a private limited company owned wholly by myself and my son, Evan A. Burnett Sr. and Evan A. Burnett Jr..

Lodi Mines Ltd. property is comprised of three special placer leases ( 1 mile x 1 1/2 miles each) and three 80 acre placer leases. They cover Ahbau Valley between **the north end of Ahbau Lake** and the southern half of Lodi Lake; some four miles in length. There is an additional six to eight miles above us and three to four miles below us.

Access to the leases is relatively easy as a new well-graded highway leads easterly from the Cariboo Highway at Strathnaver through the leases. Strathnaver is a comfortable eight hour ride by car from Vancouver. It takes another 30 minutes to our leases. Strathnaver is also a Pacific Great Eastern railway stop.

The gravel on the whole of our area shows a high percentage of Galena, Pyrite, Hemalite and Quartz. The gravel content here is identical to that found in the Williams Creek - Barkerville area, although our gravel differs inasmuch as there is a minimum of \$.52 per cubic yard from the grass to bedrock with enrichments at different levels.

There is a small boulder content of approximately 200 pounds and not too frequent. There is no overburden to speak of and the timber is of commercial value. Therefore the land can be burned and cleared at no expense to the mining, which we are doing now.

Our property dips from north to south. At the south end of the property it is between 50 and 60 feet to bedrock. At the north end the depth is approximately 100 feet. The dip from north to south is approximately 3,150 feet to 2,950 feet in four miles. Bedrock depth is our estimate only after study of government reports, rock out-crops and old drill logs.

We have some engineering reports on trenching and sampling work. All the reports show good commercial values on the sampling, values ranging from \$.50 to \$1.52. The trenching was done by my son and myself with a D-7 Caterpillar. The gravel from the largest trench, approximately 1,000 cubic yards, was pushed through a steel sluice box and \$1,183.00 was recovered in gold.

Continued . . . . .

The only drilling done to date on our leases was in 1961. Unfortunately we hired an incompetent machine and crew. Nevertheless they did come up with values of \$.52.

Although our property is in the Cariboo, we do not have too much ground frost. Therefore there is an ample supply of water all year. We are certain a dredge, properly prepared, could work year round.

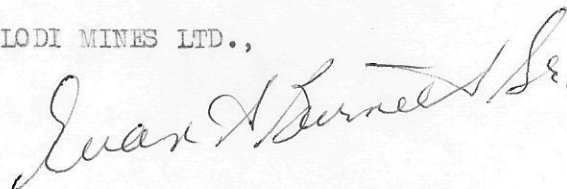
As far as power is concerned, the closest high tension lines are 21 miles away, but we have had a verbal agreement from the government, that if and when a dredge was to be put in, power would be supplied.

We believe that so far we have partially proved up approximately 200,000,000 cubic yards of gravel, and suspect that an additional 800,000,000 cubic yards of gravel may be added to this quite easily by staking more claims, which we would do once we have fully proven that which we already have.

In conclusion, we fully realize that this property needs more development work, particularly seismic work and drilling, before any dredging can be done, but we feel that the property will stack up to \$.50 per cubic yard or higher over all, and that it is definitely dredging ground that can be worked profitably and for many years. We hope that your company will be interested in looking at our property and if we can be of further assistance, please feel free to call on us.

Yours very truly,

LODI MINES LTD.,



Evan A. Burnett Sr.,  
President.

COPY

939  
attach to previous  
December 5th, 1966.

W.S.R.  
K.C.G.  
J.H.S.  
E.F.  
R.D.S.  
B.C.B. ✓  
P.M.K.  
G.W.M.  
R.O.M.  
C.K.W.  
J.B.S.  
G.P.R.  
K.F.L.  
E.C.J.

Mr. J. C. Byrne,  
Rayrock Mines Limited,  
Suite 1011,  
2200 Yonge Street,  
Toronto 7.

Lodi Mines Placer Gold Properties  
Quesnel Region, B.C.

Dear Jerry:

With reference to your letter of October 25th in which you enclosed the data I am returning herewith, and concerning which I have briefly mentioned to you that I am not favourably impressed, I just want to cite the following reasons for my negative impressions:

1) the property is in a glaciated area, and my overall experience is that that is bad; original good water-laid placer deposits get dispersed by glaciation which often leaves in its wake big boulders which dredges can't handle, and often "slum", a viscous clay which has given no end of trouble in the Barkerville camp and in the Beauceville area, Quebec. I don't think that <sup>there</sup> has ever been a successful gold dredging operation in a glaciated area.

2) the mentions of previous drilling and examinations make me think that more is known of the property than is being reported.

3) indications are that bedrock is excessively deep.

I'm inclined to think that you should keep your powder dry on this one.

Sorry for not being able to sign this letter before leaving on a trip.

Yours sincerely,

Paul M. Kavanagh  
Chief Geologist - Exploration.

PMK:sw

Enc.

OCT 26 1966

PETROLEUM DIVISION:  
RODNEY, ONTARIO  
TELEPHONE 785-0720  
AREA CODE 519

HEAD OFFICE:  
SUITE 1011  
2200 YONGE ST.  
TORONTO 7, ONTARIO

## RAYROCK MINES LIMITED

TELEPHONE 487-0334

Toronto, Ontario  
October 25, 1966

W.S.R.  
K.C.G.  
J.B.S.  
E.F.  
R.H.S.  
E.P.B.  
F.P.K.  
C.M.M.  
R.L.M.  
C.T.W.  
J.B.S.  
G.P.R.  
K.F.L.  
J.I.B.  
E.C.J.

Dr. P. M. Kavanagh  
Chief Geologist  
Kerr Addison Mines Limited  
Suite 1600  
44 King Street West  
Toronto, Ontario

Dear Paul:

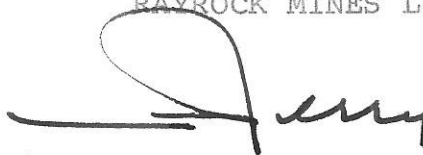
Re: Lodi Mines Limited

The enclosed is a result of the letter which you dictated and I signed to Mr. Burnett of Lodi Mines. The material was received here September 10th and got buried. The enclosed are all photocopies - we returned the originals to Mr. Burnett some time ago.

I would appreciate your perusing the material and giving me your opinion.

Yours sincerely,

RAYROCK MINES LIMITED



J. C. Byrne  
Managing Director

JCB:o's

Enclosures.

SEP 9 1966

W.S.R.  
K.C.G.  
J.H.S.  
E.F.  
R.D.S.  
B.C.B. ✓  
P.M.K. ✓  
G.W.M.  
R.O.M.  
C.K.W.  
J.B.S.  
G.P.R.  
K.F.L.  
J.B.  
E.C.J.

Toronto, Ontario  
September 8, 1966

Mr. E. A. Burnett, Sr.  
President  
Lodi Mines Limited  
1263 West 40th Avenue  
VANCOUVER 13, B.C.

Dear Mr. Burnett:

I wish to apologize for the delay in replying to your letter of July 26th reference your placer gold properties in the Ahbau Valley, B.C.

I would appreciate it very much if you could forward on loan the following data for me to study:

- C O P Y
1. A sketch map showing the location and boundaries of your properties.
  2. All of the detailed data which you have available concerning the old drilling you refer to at the very top of Page 2 of your letter of July 7th, and of the 1961 drilling you refer to in Para. 2 of Page 2.
  3. All of the detailed data you have available concerning the trenching and sampling you refer to in Para. 1 of Page 2.
  4. Any other information concerning the properties such as the size and quantity of the boulder content and depth to bed rock, etc., etc.

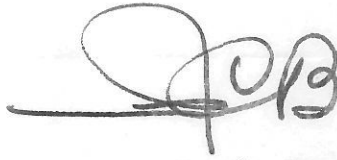
After reviewing the above data I would be able to advise you whether or not we would want to take further interest in your properties.

- 2 -

I appreciate very much your bringing your properties to our attention.

Yours sincerely,

DISCOVERY MINES LIMITED

A handwritten signature in black ink, appearing to be 'J.C. Byrne', written over a horizontal line.

J. C. Byrne  
President and Managing Director

PMK:o's

c.c. Dr. P. M. Kavanagh



PETROLEUM DIVISION:  
RODNEY, ONTARIO  
TELEPHONE 785-0720  
AREA CODE 519

HEAD OFFICE:  
SUITE 1011  
2200 YONGE ST.  
TORONTO 7, ONTARIO

*Rec'd. Aug 27/66*

**RAYROCK MINES LIMITED**

TELEPHONE 487-0334

Toronto, Ontario  
August 26, 1966

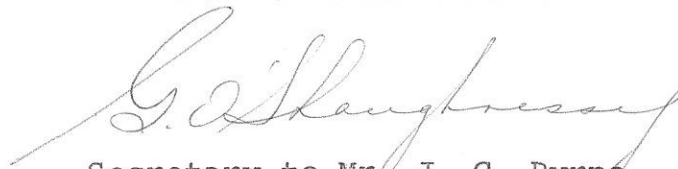
Dr. P. M. Kavanagh  
Chief Geologist, Exploration  
Kerr Addison Mines Limited  
Suite 1600  
44 King Street West  
Toronto, Ontario

Dear Dr. Kavanagh:

Attached is copy of a letter from  
Mr. E. A. Burnett of Lodi Mines Limited which  
Mr. Byrne was discussing with you by telephone  
today.

Yours very truly,

RAYROCK MINES LIMITED



Secretary to Mr. J. C. Byrne  
President and Managing Director

Enc. 1.

LODI MINES LTD.

Telephone AM 3-3162

1263 West 40th Ave.,  
Vancouver 13, B.C.  
Canada

July 7, 1966

Discovery Mines Ltd.,  
1011 - 2200 Yonge St.,  
Toronto, Ont.

Dear Sirs,-

We are writing you in hopes that your company may be interested in finishing the development of our property and putting it into production.

Lodi Mines Ltd. is a private company owned wholly by myself and my son, Evan A. Burnett Sr. and Evan A. Burnett Jr.

Lodi Mines Ltd. property is comprised of three special placer leases ( 1 mile x  $1\frac{1}{2}$  miles each) and three 80 acre placer leases. The cover Ahbau Valley between the north end of Ahbau Lake and the southern half of Lodi Lake; some four miles in length. There is an additional six to eight miles above us and three to four miles below us.

Access to the leases is relatively easy as a new well-graded highway leads easterly from the Caribou Highway at Strathnaver through the leases. Strathnaver is a comfortable eight hour ride by car from Vancouver. It takes another 30 minutes to our leases. Strathnaver is also a Pacific Great Eastern railway stop.

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The only drilling done to date on our leases was in 1961. Unfortunately we hired an incompetent machine and crew. Nevertheless they did come up with values of \$.52.

Although our property is in the Caribou we do not have too much ground frost and therefore there is an ample supply of water all year. We are certain a dredge properly prepared could work year round.

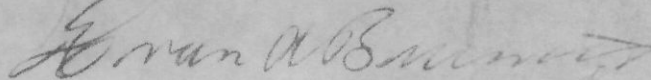
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In conclusion, we fully realize that this property needs more development work, particularly seismic work and drilling, before any dredging can be done, but we feel that the property will stack up to \$.50 per cubic yard or higher over all and that it is definitely dredging ground that can be worked profitably and for many years. We hope that your company will be interested in looking at our property and if we can be of further assistance please feel free to call on us.

Yours truly,

LODI MINES LTD.,



Evan A. Burnett Sr.,  
President.

form a compact material. Pyrite is moderately abundant, and in some veins forms massive bands with the other sulphides. The gold is mostly free and very finely divided, though beautiful specimens of very coarse gold have been found.

All the mines of Zeballos district were forced to close during the war. The principal properties, their periods of operation, and the production of each, are shown in the following table:

Name	Operated	Tons milled	Gold, ozs.
Privateer.....	1937-1943	136,997	141,582
Mount Zeballos.....	1939-1942	56,813	30,402
Spud Valley.....	1939-1942	103,985	53,519
Central Zeballos (Reno Gold Mines).....	1938-1941	28,589	13,363
White Star.....	1940-1942	1,008	4,376
Homeward.....	1941-1942	1,884	1,491

(7) CARIBOO DISTRICT

In Barkerville district, Cariboo mining division, the Cariboo Gold Quartz Mining Company began milling in January 1933, and the Island Mountain Mines Company in November 1934. In the period 1933 to 1941 production of the former increased annually, from 19,769 tons in 1933 to 129,256 tons in 1941; in all, 830,968 tons were treated to the end of 1944, with a gold recovery of 331,751 ounces. The output of Island Mountain, on the other hand, has been fairly uniform; up to the end of 1944, 397,275 tons were milled, recovering 177,001 ounces of gold, with minor amounts of silver. Both companies suffered severely during the war.

A third company, Cariboo Hudson Gold Mines, operated from November 1938 to July 1939 and recovered 4,013 ounces of gold from 13,492 tons of ore milled.

The orebodies of this district are mostly quartz veins in sedimentary rocks, with some replacement bodies. The sediments, supposedly Precambrian in age, have been named the Cariboo series. They strike northwest, with dips of about 45 degrees to the northeast. The series is made up of three formations, and all the veins occur in the lowest of these, the Richfield, which outcrops as a band between 1 and 2 miles wide. The Richfield formation has been subdivided into five members, and it is found that most of the veins, including all those yet known to be mineable, lie within the fourth or Rainbow member, and in the adjoining basal part of the uppermost Baker member. Practically all the veins are thus concentrated in a band ranging from 900 to 1,500 feet in horizontal width.

The beds of the Rainbow member are mainly argillites, argillaceous quartzites, and quartzites, with a few thin beds of limestone. Individual beds can be projected for very short distances, as they change rapidly in composition along both the strike and the dip. The change is always from more quartzitic on the southeast to more argillaceous on the northwest, suggesting that the source of the sediments was to the southeast.

The beds of the Rainbow member have been much fractured, apparently by relatively small stresses, and the fractures filled by quartz veins. Argillaceous quartzites, if not strongly sheared, contain the most fractures, but quartzite and argillite also fractured well.

Most of the veins strike approximately at right angles to the beds, have maximum widths of about 6 feet, and are steep or vertical. A peculiarity of the fractures, highly important in conducting the search for ore, is that a fracture rarely continues from one bed into another of dissimilar type. Thus a fracture,

strong in argillite, fades rapidly on entering a quartzite bed above or below; one strong in quartzite fades on entering argillite. This peculiarity caused much trouble in the early days of mining, because a vein found on one level was sought on the next on the projected dip of the vein, whereas, if it carried through, it would be found off to one side, on the projected dip of the bed in which it lay. On account of the peculiarities just described, most of the veins are less than 150 feet in horizontal length, though they may attain 200 feet. A smaller number of veins cut the strata at a smaller angle, striking from east to north 70 degrees east. These diagonal veins are much like the transverse type, but are generally longer, horizontally, because they cut the strata at an angle. The longest is about 300 feet. Mining has proved, however, that although individual veins do not extend far, the number of fractures is always about the same, so that the amount of ore to be expected is fairly constant. This is a feature of great importance in planning development.

The veins are of quartz, and those with good gold values contain much coarse pyrite, up to 50 per cent of the vein matter. The cubes of pyrite may be as much as 1 inch to the side. Some arsenopyrite, and a little sphalerite, galena, and lead-bismuth sulphide, are also present. The gold is free, and ranges in size from coarse nuggets to minute specks. Some beds, particularly limestones, are mineralized for a short distance from the vein, thus increasing the mineable widths.

A second type of ore has been formed by the replacement of a few thin limestone beds by sulphides. Replacement may be partial or complete. The replacing minerals are the same as those of the veins, i.e., mainly pyrite, with some arsenopyrite and minor amounts of chalcopyrite, sphalerite, galena, and gold. A little scheelite is also present. In contrast with the sulphide of the veins, the massive ore is very fine-grained, but it becomes much coarser where replacement has been incomplete. The largest body of this type is found in Island Mountain mine.<sup>1</sup> It is a bed about 300 feet long, ranging in thickness from a few inches to 9 feet.

#### (8) NORTH THOMPSON RIVER DISTRICT<sup>2</sup>

This district exhibits a single, but most unusual, type of gold occurrence. A sill-shaped, intrusive body a mile or more in width and some miles long strikes north. On the east side it consists of pyroxenite; on the west or upper side of a coarse sort of pegmatite, made up of large crystals of orthoclase and albite, with much micropegmatite. Though it seems likely that the variations in composition have been produced by differentiation of a single body of magma, this has not been definitely proved.

On the Windpass claim, 1½ miles east of Dunn Lake, the micropegmatite is cut by a quartz vein striking east and dipping 35 to 80 degrees north. The vein ranges in width from a few inches to 3 feet, averaging about 18 inches. The quartz has been much fractured, and contains minor amounts of pyrite, chalcopyrite, and gold, with grains of native bismuth and gold telluride.

Going east, the character of the vein is found to change gradually. It becomes less quartzose and less regular, passing finally into a series of disconnected lenses of magnetite carrying high values in gold.

This vein and a somewhat similar one on the Sweet Home claim to the south have been worked since 1934 by the Windpass Gold Mining Company. Production up to the end of 1939 was 33,026 ounces of gold from 81,206 tons of ore milled. Only 298 ounces of gold were produced in 1940, from an unstated tonnage of ore, and nothing since.

<sup>1</sup> Hanson, G.: Barkerville Gold Belt, Cariboo District, B.C.; Geol. Surv., Canada, Mem. 181 (1935).  
 Benedict, P. C.: Structure at Island Mountain Mine, Wells, B.C.; C.M.M. Bull. Dec. 1945, pp. 755-70.  
<sup>2</sup> Uglow, W. L.: Geology of the North Thompson Valley Area, B.C.; Geol. Surv., Canada, Sum. Rept. 1921, pt. A, pp. 72-100.

**MOSQUITO CREEK GOLD M'G CO L** — 586, 355 4th Ave SW, Box 6808, Calgary, Alta T2P 2E7. A. H. Jukes, pres; K. B. Blakey, v p; C. J. McFeely, R. E. Humphreys, dirs. B. S. Irwin, sec. Inc: 1971, BC chart. Cap: 6,000,000 shs, 50¢; iss 4,063,800 (1,874,500 escrowed). Tr Ag: Canada Permanent Tr Vancouver. 1973, auth cap incr from 3,000,000 shs. **Prop:** Gold-silver-lead pros, 29 cls, 2 leases, 998 ac, Barkerville-Wells area, Cariboo dist, BC, adj former Cariboo Gold Quartz M'g prod prop; 1971-72, surf explor, trenching, geochem & IP surveys, d d; 1973, 16,180 ft d d & 10,910 ft perc d; 1974, 3-compartment shaft sunk to 516 ft, 2,136 ft lateral dev, d d 6,606 ft; July 1977, mine re-opened, option to Peregrine Pete which can earn 15% working int by expend \$300,000 to Sept 1978 (funds placed in trust); 1978, drifting, crosscutting, d d to dev ore res. **Fin:** June 30, 1977, curr assets \$99,643; curr liabs \$37,500. **Sept 1977**, sold 600,000 shs with warrants for \$794,880.

**WESSEX REFINING** Acq'd Nov 1976 with 7 other cos to

for later.

**MOSQUITO CREEK GOLD MINING CO LTD (VSE)** — 1515, 3005th Ave SW, P.O. Box 6808, Calgary, Alta T2P 2E7. C. J. McFeely, pres; R. E. Humphreys, both Calgary; K. B. Blakey, Vancouver; R. R. Yarbou, Wells, BC, m mgr; dirs. B. C. Irwin, sec. Inc: 1971, BC chart. Cap: 6,000,000 shs, 50¢; iss 4,483,800. Tr Ag: Canada Trust, Vancouver. 1973, auth cap incr from 3,000,000 shs.

**Major Shareholders:** A. H. Jukes holds 450,000 shs (10%); C. J. McFeely holds 495,000 shs (11%).

**Property:** Gold-silver-lead prod, 50% int, 29 cls, 998 ac, & 2 leases, Barkerville-Wells area, Cariboo dist, BC, adj former Cariboo Gold Quartz M'g prod prop, some cls form part of Cariboo prod prop, incl Cariboo mine; 1971-72, surf explor, trenching, geochem & IP surveys, d d; 1973, 16,180 ft d d & 10,910 ft perc d; 1974, 3-compartment shaft sunk to 516 ft, 2,136 ft lateral dev, d d 6,606 ft; July 1977, mine reopened, drifting, crosscutting underground d d; to mid 1978, lateral dev to 1,859 ft & d d 5,313 ft, several tons mined from 4,100 ft level.

Jan 1979, optioned to Peregrine Petroleum L, which earned 50% int in prop by expend; 100 tpd completed Jan 1980 & prod Apr at 35 tpd, incr to 75 tpd; 1981, oper at full capacity, prod approx 1,000 oz gold per mo.

**Ore Reserves:** In old workings, reported 40,000 tons aver 0.70 oz gold per ton.

Has 25% int in Wessex Refinery, Richmond, BC.

Montreal, Quebec. Status unknown.

**MOSQUITO CREEK GOLD MINING CO LTD (VSE)** — 550, 255 5th Ave SW, Calgary, Alta T2P 3G6. C. J. McFeely, pres; R. A. Tourigny, v p; R. E. Humphreys, all Calgary; K. B. Blakey, Victoria; dirs. B. C. Irwin, sec. Inc: 1971, BC chart. Cap: 15,000,000 shs; iss 4,483,800. Tr Ag: Canada Trust, Vancouver. Auth cap incr Feb 1983, from 6,000,000 shs.

**Major Shareholder:** W. W. Siebens holds 536,000 shs (11.95%).

**Property:** (1) Gold-silver-lead prod, 50% int, 29 cls, 998 ac, & 2 leases, Barkerville-Wells area, Cariboo dist, BC, adj former Cariboo Gold Quartz M'g prod prop, some cls form part of Cariboo prod prop, incl Cariboo mine; 1971-72, surf explor, trenching, geochem & IP surveys, d d; 1973, 16,180 ft d d & 10,910 ft perc d; 1974, 3-compartment shaft sunk to 516 ft, 2,136 ft lateral dev, d d 6,606 ft; July 1977, mine reopened, drifting, crosscutting underground d d; to mid 1978, lateral dev to 1,859 ft & d d 5,313 ft, several tons mined from 4,100 ft level.

Jan 1979, optioned to Peregrine Petroleum L, which earned 50% int in prop by expend, 100 tpd completed Jan 1980 & prod Apr at 35 tpd, incr to 75 tpd; 1981, oper at full capacity, prod approx 1,000 oz gold per mo. To Dec 31, 1982, prod 55,000 tons ore aver 0.38 oz gold per ton; 1983, plans geol, geophys, geochem surveys, trenching, d d to incr res.

**Ore Reserves:** Jan 31, 1983, probable res 11,500 tons.  
(2) Has 25% int in Wessex Refinery, Richmond, BC.  
**Earnings:** In yr to Dec 31, 1982, inc from m'g \$1,902,532; net loss \$1,338,243.  
**Finances:** Dec 31, 1982, working cap def \$633,834. Mid-1983, offering of 1,000,000 shs with wts.

THE MOSQUITO CREEK GOLD MINING COMPANY LIMITED

**GOLD PRODUCTION & DEVELOPMENT - TARGETS ARE BEING ACHIEVED** - Targets set for production and development at the producing gold mine of The Mosquito Creek Gold Mining Company Limited at Wells, B.C., are being achieved, the major disappointment being the decline in the price of gold. In reporting this, president C.J.McFeely says over 1,500 tons of ore have been mined from the surface Kutney Pit (Trench 1) since 7Sep83 and he expects more than 1,000 tons to be mined before the access road becomes impassable. On September 15, the milling rate reached 100 tons per day and averaged, over 21 operating days in September, about 90 tons per day. Management is confident production will be maintained at 100 tons per day until March 1984 on present reserves and mining rates. At month end, broken ore reserves underground and on surface were 1,524 tons. Mining faces have been increased to 6; stope preparation is ahead of mining. Mined out stopes are being prepared for underground waste disposal. Ore grade was 0.25 oz. gold per ton due to the use of low grade quartz gold ore while readying stoping areas for production of replacement ore bodies required over the winter when surface mining virtually ceases.

At 394 feet, the highest monthly footage of underground development was achieved since production started in 1980. Underground work, including 1,535 feet of diamond drilling, resulted in discovery of several potential ore bodies, which development work will open up in coming months. On Level No.1 the NW advance has penetrated the fault revealing an unexpected ore zone, from which muck samples over the 8 by 8-foot drift ran 0.3 oz. of gold per ton. Drill cuttings from 26 of the 30 blasting holes in the present drift face ran ore grade. A 600-foot drive SE on Level No.2 has been started with the aim of intersecting underground the down-plunge of the Kutney Pit, a secondary objective being to test for underground extensions of other surface indications. To relieve the bottleneck caused by the shaft's lifting capacity, the decision is being made to drive Level No.2 or 3 out to a portal on Mosquito Creek. The No.3 Level drive would be positioned to intersect 2 indicated significant mineralized areas. A new adit will substantially improve operating efficiency over at least the next 5 years.

Concerning exploration, surface work is being closed down by deteriorating weather conditions. The Kutney Pit further extended SE than expected and what appears to be a new zone has been found NW of N Trench. The drive on Level No.2 is considered a more effective way of exploring the area. Ground NW of the shaft will be explored by drilling from Level No.1, which may result in an exploratory sub-level to test the up-plunge of the new NW fault ore zone.

THE MOSQUITO CREEK GOLD MINING COMPANY LIMITED

**MINING CURTAILED** - Cameron J.McFeely, president, reports that management of The Mosquito Creek Gold Mining Company Limited have decided to curtail mining operations at Wells, B.C., and to limit the winter operation to underground exploration. The current depressed gold price has meant that outstanding warrants will not be exercised to fund the company's previously announced plan of operation and the gold price plus the extra expense of winter operation at Wells have made the current mining operation unprofitable.

The primary aim of a reduced underground exploration and development program this winter will be to intersect the downward extension of the Kutney pit and associated orebodies.

Management hope mining will resume in the second quarter of 1984 when weather conditions will permit further surface exploitation of the Kutney pit and other surface orebodies. Full operations could resume in about one week in response to an improved gold price.

B.C. MINISTRY OF CONSUMER & CORPORATE AFFAIRS - SUMMARY OF RULINGS, ETC.

Creek Gold Mining Co. Ltd. in respect of principal and 41,250 shares in respect of interest to each of Candor Investments Ltd. and Cameron J.McFeely-also Issue of the debenture and issue upon conversion of 407,407 shares of Mosquito Creek respecting principal and 109,295 respecting interest to Peregrine Petroleum Ltd.; Sale of 380,780 shares of Cheyenne Petroleum

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NO.150(1983)  
AUGUST 5, 1983

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AUGUST 5, 1983

WESTERN CANADIAN INVESTMENTS

THE MOSQUITO CREEK GOLD MINING COMPANY LIMITED

**GOLD PRODUCTION REPORTED** - The Mosquito Creek Gold Mining Company president C.J. McFeeley has reported that at the producing gold mine at Wells B.C. mill production reached 80 tons per day grading 0.4 oz. gold/t. during July 1983. A gold/silver brick of 520 net ozs. was poured, with another brick being poured on August 3rd. Two more bricks are expected during August. Development has included; the 250 foot drive on level No.1 to surface was completed and the adit is now in use. Drill station crosscuts have been established; fan diamond drilling is expected in August to test potential ore shoots; underground diamond drilling is concentrating on developing productive zones at the north west faces of the levels; on level 3, chip sampling of the footwall stope 1 showed a strike of 76.5 feet, average width of 6.8 feet and an average grade of 0.86 ozs. of gold per ton; The Pumphouse ore zone west of the shaft on surface, has been mined for a strike length of 26.5 feet, with average width of 9.36 feet and an average grade of .44 ozs. of gold per ton. A diamond drill hole has intersected the zone 70 feet down plunge. Exploration has included: a geophysical survey over the mine and the adjoining optioned Wharf ground has been completed, showing numerous targets; old trenches are being mapped, cleaned out and sampled. A chip sample in one trench assayed over 1.0 oz. gold/t. over 10 feet; a diamond drill is testing the downward extension of 3 surface pods; and a programme is underway to extrapolate underground ore shoots to surface and surface exposures to depth.

GEORGE CROSS NEWS LETTER LTD. NO.178(1983)

PAGE TWO

SEPTEMBER 15, 1983

THE MOSQUITO CREEK GOLD MINING COMPANY LTD.

**NEW ORE ZONE FOUND AT - GOLD PRODUCER IN B.C.** Exploration and development work at the producing gold mine of the Mosquito Creek Gold Mining Company Ltd. at Wells in the Cariboo district of B.C. is progressing at an increasing rate, says president C.J. McFeeley. Extensive stripping along strike from Trench 1 has uncovered a substantial ore body, the "Kutney Pit", on Wharf Resources ground held under lease by Mosquito Creek near the Mosquito Wharf boundary. It appears to strike beyond Trench N and to date has indicated strike length of about 350 feet. So far, the zone has been defined over a 150-foot strike length by 7 diamond drill holes. This initial delineation indicates 3,700 tons grading 0.78 oz. of gold per ton. Two diamond drills are exploring the strike extension in both directions. Surface mining is underway and the ore body shows promise of being one of the largest found since production started in 1980. Trench N showings similar to the initial showing in Trench I, are regarded as a potential parallel zone.

Stripping in 5 more trenches uncovered showings in every way similar to those in Trench I. Deep trenches will be cut working from the southeasterly Trench J along a strike length of 2,800 feet to Trench R, near Mosquito Creek. It is planned to stockpile ore to ensure maximum production through the winter months.

Diamond drilling immediately NW of the shaft and pumphouse zone has not fully delineated extensions of the two surface exposures and one underground ore shoot. Mining continues on both surface and underground faces along the projected plunge.

A faulted extension of stope 3 I has been intersected with initial dimensions of 110x7x9 feet and a grade of 0.5 oz. of gold per ton.

All four levels NW of the mine are either approaching or crossing a major fault. Long hole drilling has been used to pick up the extension of the ore bodies across the fault. Levels 1 and 4 are being driven through the fault and drilling will then resume at the NW end of the mine. Meanwhile, one rig is drilling from cross-cuts in the recently driven adit section of Level 1 and the other from the SE end of Level 2. This ore zone is projected to outcrop near Trench Q.



THE MOSQUITO CREEK GOLD MINING COMPANY LIMITED (MQO-V)

NEW EXPLORATION FUND FOR - The Mosquito Creek Gold Mining Company Limited and Peregrine Petroleum Ltd. (PGR-V, Alberta) WELLS, B.C. GOLD MINE have announced that Mosquito Creek has entered into a joint venture agreement with Hudson Bay Mining and Smelting Co. Limited. Hudson Bay shall expend \$1,000,000 on the Mosquito Creek gold property at Wells, B.C. and will have the option of spending a further \$4,000,000 on the property. After \$5,000,000 has been expended on the property, Hudson Bay will earn a 50% interest in the gold mine.

In addition, Hudson Bay will have the option to acquire common shares of Mosquito Creek under the following conditions: after spending \$1,250,000, Hudson Bay may acquire 1,250,000 shares at 80¢ per share, prior to 1July85; after spending a total of \$2,500,000, Hudson Bay may acquire 750,000 shares at \$1.20 per share prior to 1July86; after spending a total of \$5,000,000, Hudson Bay may acquire an additional 1,500,000 shares at \$1.50 per share prior to 1Apr87. A further 2,000,000 shares at \$2 per share may be acquired by Hudson Bay prior to 1Jan88.

The objective of the joint venture is to develop ore reserves and expand the mine facilities to support a 150 ton/day operation. In order to effect the above transaction, Peregrine Petroleum Ltd. has undertaken to transfer its 50% interest in the property into Mosquito Creek for shares.

The above is subject to regulatory and shareholder approval.

**WHARF RESOURCES LTD (TSE:VSE)** — 5th Floor, 300, 5th Ave SW, Calgary T2P 3C4. P. R. Kutney, pres; W. J. Macintosh, treas; F. J. Birks, sec; all Calgary; M. Zink, D. A. Sloan, both Vancouver; D. E. Scholz, Helena, Montana, v p; dirs. T. Phillips, assist sec. Inc: 1973, BC chart. Cap: 15,000,000 shs; iss 7,137,982. Tr Ag: Guaranty Trust, Calgary. Formed by amalg with French Explor L (wholly owned subsid of Coseka Resources L); Wharf rec 1,001,251 shs, sh for sh. Coseka rec'd 4,100,000 shs. Prev, Oct 1972, name changed from Plateau Metals & Industries L, 1 new sh for 4 old shs.

**Major Shareholder:** Dec 31, 1981, Coseka Resources held 2,233,666 shs (31%).

**Property & Development:** (1) Gold-silver pros, 23 cls, 37.12% int, Landusky prop, Phillips cty, Montana. Prev explor & dev indic can prod 25,600,000 tons by open pit aver 0.075 oz gold & 3 oz silver per ton; Dec 1974, co began tunnel into 2 zones for underground d d & sampling; 1975, perc d for possible open pit oper; 1975-76, underground perc d to delineate ore res, test stoping, & test heap leaching with recovery approx 90% of gold & 40% of silver; 1977, optioned to Pegasus Explor L which did explor, 7,029 ft surf & underground perc d & 6,140 ft trenching & underground sampling; leach pad & extraction plant constructed; 1978, feasibility study.

In Apr 1979, began prod by heap leaching process, at planned 1,500,000 tons per yr. Co to rec 12.7% w i & 8.25% prod rlyty until expenses recovered by oper, thereafter 37.12%. In 1981, to mid Oct, prod 13,050 oz gold & 25,108 oz silver. Heap leaching opers suspended Nov 1980 to mid Apr 1981.

(2) Gold pros, 99 cls, Wells-Barkerville, BC, incl former gold prods, Cariboo Gold Quartz prop & Island Mtn Mines L

gold

prop; combined prod 1933-1967 totalled 2,927,246 tons to prod 1,253,683 oz gold aver 0.4 oz gold per ton. In 1980, began dev large tonnage in area of old workings; d d 6,288 in 3 different zones; 1981, d d 9,737 in Sanders zone to dev open pit res, also drilled on Isl Mtn zone, Pinkerton & Rainbow zones.

(3) Through wholly owned subsid, Taiga Gold Inc, holds gold-silver pros: (a) 50% int (Homestake Mining Co 50%), Bald Mountain pros, 399 cls, former prod; 1981, completed 1st phase of 80 d d holes, 16,000 ft, indic 4,700,000 to 7,000,000 tons; (b) 100% int, Annie Creek pros, 300 ac; both (a) & (b) in Black Hills, S Dakota; 1981, prep on-site pilot project to mine & heap leach. Indic res 7,435,000 tons aver 0.048 oz gold & 0.16 oz silver per ton.

(4) In 1981, participated for 10% w i in dev of 17,500 ac in Austin Chalk trend, Washington & Fayette cties, Tex; drilled 3 wells which being completed.

(5) Wholly owned subsid, Goldex Holdings Inc & Taiga Gold Inc.

(6) In 1981, acq all iss shs of Scholz International Mining Inc for 12,793 com shs of co for 1 com sh of Scholz, thereby iss 1,279,300 shs.

**Earnings:** In yr to July 31, 1981, net income \$584,182 or 9¢ per sh.

**Finances:** July 31, 1981, curr assets \$2,138,578; curr liabs \$536,144. Working cap \$1,602,434.

Oct 31, 1981, working cap \$1,348,351.

**WHARF RESOURCES LTD (TSE:VSE)**

EX.O.: 5th Floor, 300, 5th Ave SW, Calgary T2P 3C4. P. R. Kutney, pres; N. E. Tymchyshyn, treas; F. J. Birks, sec; R. E. Adams, all Calgary; M. H. Zink, D. A. Sloan, both Vancouver; D. E. Scholz, Helena, Montana, v p; dirs. INC: 1973, BC chart. CAP: 15,000,000 shs; iss 8,057,050. TR AG: Guaranty Trust, Calgary. Formed by amalg with French Explor L

(wholly owned subsid of Coseka Resources L); Wharf rec 1,001,251 shs, sh for sh, Coseka rec'd 4,100,000 shs.

**Major Shareholder:** Dec 31, 1982, Coseka Resources held 39.5%.

**Property & Development:** (1) Annie Creek, S Dakota, gold-silver pros, 100% int; gov't approval to mine & leach 100,000 tons per yr. Prod expected to yield 18,000 oz gold in 1983-1983, fully-diluted proven open pit res 5.25 million tons at gold concentration of 0.042% & silver concentration of 0.15 oz silver per ton; probable & possible 6.73 million tons aver 0.038 oz gold per ton.

Co involved in new process, whereby relatively low grade ore stacked on impermeable pad & spray-leached with weak cyanide solution.

(2) Full-scale gold-silver prod, Landusky, Montana. In 1982, prod 32,242 oz gold (13,400 oz in 1981) & 87,000 oz silver (26,000 oz). Oper Pegasus Gold L expected to recover costs in 1983 & co's net int in oper profits will incr from 18.4% to 37%.

(3) In Bald Mtn, S Dakota, co has 50% int with Homestake Mining Co: drill indic open pit res approx 9.9 million tons aver 0.041 oz gold per ton. No work in 1982 fiscal yr. Further work influenced by adj Annie Creek prod.

(4) Golden Messenger, Montana, 1981, drilling 7,940 ft on 32 drill sites, indic area in Golden Messenger Zone 1,200 ft by 800 ft & open on 2 sides; to 100 ft, 7.7 tons rock & 3.85 million tons ore, mineralized at est 0.04 oz gold per ton Little Dandy Zone has approx 2 million tons similiar material Plans 4,000 ft d d to delineate both zones, 1983.

**Earnings:** In yr to July 31, 1982, net loss \$1,406,496 incl extraord item \$1,406,496 write-down of oil & gas lease.

**Finances:** July 31, 1982, curr assets \$1,793,448; curr liabs \$1,288,037.

Trans-Provincial Highway, is 27 km by paved highway southeast of Tulameen. The Canadian Pacific Railway follows the Otter Valley immediately east of the property.)

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NO.127(1983)  
JULY 4, 1983

*George Cross News Letter*  
JULY 4 1983  
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"Reliable Reporting"  
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NO.127(1983)  
JULY 4, 1983

WESTERN CANADIAN INVESTMENTS

WHARF RESOURCES LTD.

NINE MONTHS ENDED 30 APRIL	1983	1982
Concentrate Sales	\$2,334,520	\$ 935,486
Cost of Concentrate Sold	1,359,298	870,871
Interest Income	44,571	58,113
Administrative Expense	16,767	36,946
Cash Flow	1,003,026	85,782
Pegasus Gold Ltd.Dividend	38,719	-
Deprec'n.Depl'n.Amortis'n.	45,000	50,257
Income Tax,Deferred	481,679	17,557
Net.Bef.Extra. Item	515,066	17,557
Extraordinary Item	39,270	-
Net Earnings	554,336	17,968
-Per Share	6½¢	1/5¢

GOLD PRODUCTION RISES

Production of the first dore bullion is expected in July from the open pit heap leach gold mine of Wharf Resources Ltd. at Annie Creek, South Dakota, says president P.R.Kutney in an interim report. At Landusky, Montana, the leach plant started full operation on 1May83 and by 31May the mining operation yielded 7,584 ounces of gold and 26,751 ounces of silver. By comparison, at the end of May, 1982, production was 3,164 ounces of gold and 10,113 ounces of silver. Mr. Kutney

says there seems little doubt that the budget production of 32,000 ounces of gold for 1983 will be exceeded. Total tonnage loaded on the pads to the end of May was 781,500 tons, representing 43% of the planned tonnage for 1983. In the same period in 1982, the total ore loaded was 753,300 tons. Based on expansion work carried out during 1982, the capacity of the plant now stands at 1,600 gallons of gold-bearing solution per minute, up from 1,000 gallons in 1982, and 600 gallons in 1981.

At Bald Mountain, South Dakota, a modest \$100,000 drilling program of about 20 holes will now start about mid-July to delineate some of the better ore intersections discovered in 1981.

At the Golden Messenger property in Montana, an approximate \$100,000 additional drilling program is to start in August.

In the Wells-Barkerville area of B.C., Wharf have granted the Mosquito Creek Gold Mining Company Limited the right to develop about 10% of Wharf's holdings in the area. Wharf will receive a net smelter return for ore mined from these claims and processed at the adjacent Mosquito Creek mill.

GEORGE CROSS NEWS LETTER LTD.NO.189(1983)

PAGE THREE

SEPTEMBER 29, 1983

COSEKA RESOURCES LIMITED

WHARF RESOURCES LTD.

CHIEF EXECUTIVE - Peter R. Kutney, president of Coseka Resources Limited, since the company's formation in 1972 until 1980 and currently their chairman and chief executive officer, has announced he will resign from those offices effective November 1 in order to become chairman and chief executive of Wharf Resources Ltd. of which company he has been president. Mr. Kutney says he will remain as a director of Coseka and as a special advisor to their board of directors.

On 16Aug83, Coseka sold their 27% control block of Wharf's outstanding common shares to Daly Gordon Securities. This block was later subdivided into 4 equal blocks and redistributed to 4 Canadian investors.

MEGALINE RESOURCES LTD.  
GEORGE CROSS NEWS LETTER LTD.NO.110(1983)

PAGE FOUR

JUNE 8, 1983

B.C. MINISTRY OF CONSUMER & CORPORATE AFFAIRS - SUMMARY OF RULINGS, ETC.

Issue of 523,238 shares of Wharf Resources Ltd. to Calvin Michelson by private placement. Issue

NO.30982)

JANUARY 6, 1982

NO.1(1982)

JANUARY 4, 1982

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WHARF RESOURCES LTD.

3MONTHS ENDED OCTOBER 31	1981	12^.	j	CONSIDERABLE RISE IN INCOME EXPECTED
Concentrate Sales				
Cost of Coneentr.Sold	498,684			Peter R. Kutney, president of Wharf
Mining Income				Resources Ltd., says he expects net
Other Income-Net	51.850	13,178	j	inoome from properties will imprenfe
Administrative Expeas@	_ <u>Lfi2</u>	" » "»ner	J	considerably from that of the first
Cash Flow				fiscal quarter (see table) as a result
Depreo* n.Depl * n.Amortiz * n	80,041	53	}	of inoraas? i efficiency in the overall
Deferred Income Tax	!P2t9 ?	rjprult!		operation. On exploration of mining
Net Bef.Extra Item	112,5^	t\w\	4-604	property, Wharf spent \$153,975 in Canada
-Per Share, Basic		83 223	' and	#312,106 in the U.S. Wholly owned
Extraordinary Item	1 3/50	wg-^rwl	j	Annie Creek property in South Batofeca
Net Income		1 1/RM	I r<ltth^,til6	largest expenditure -
-Per Share,Basic		6 386 Q o	« \$276»61*1 u«s* *o P^Pare	for a trial
Shares Issued, Basic		n'i'oxn	l	leach test and regulatory permits_k
Diluted	W?9,926	t 720 122	i	Wharf B^3nt a further #109,902 U..S* ca.
Working Capital	^ 8,351	t	*	their Austin Chalk gas venture in Texas..

!EW7c4S"wsnraHn53wi!  
 lu-Eney expects these properties should be earning inossn\*  
 sometime in 1982.

At the L&ndusky, Montana, geld property, cyanide spraying of leach pads ceased on 20Nev81, Following clean-up of the ^pregnant" pond, total production in 1981 is expected to be about 13,400 ounces of gold and 26,000 ounces of silver. Nearly 3 months of operating time wats l\*st due to a change in mining contractors. The 390,000 tons of the higher grade Gold Bug ore loaded on the pads in October and early November were only partly leached. Plans for 1982 call for operations to "resume in March and for mining and loading 695|000 tons front the Gold Bug.zone, and 1,1213,000 from the August zone. The results of drilling 42 exploratcry percussion holes are being assessed.

. At Wells-Barkeville, B.C., 9737 feet were drilled in 70 holes in 1981. At least 360,000 tons of drill-indicated reserves contain an average of 0,119 ounces of gold par ton (i.e., 42,8\*10 ounces;"of gold). A largerpotential "is implied. If sufficient recoverable gold can be identified in the 2,900,000 tons of tailings the feasibility of incorporating both ore from the Sanders zone and tailings from the dump will be studied.

Four gas wells have now been drilled on Wharf's property in Fayette and Washington counties,Texas. Three are testing and tho fourth is being completed.