

MINNOVA

823455

MEMORANDUM

DATE: December 23rd, 1992
A TO: Klaus Konigsmann
COPIES A COPIES TO: Alex Davidson, Frank Balint
DE FROM: Ian Pirie, Dave Heberlein
SUBJECT: Brenda - Minnova JV. 1993 Budget Proposal

SUMMARY

The following is an update on the status of the Minnova - Brenda Joint Venture and a preliminary 1993 budget proposal. I stress **preliminary** because drilling has only been completed on the **Wildrose** property within the last few days and final results are not yet in. In addition, Minnova has not yet decided about it's own participation in 1993.

Expenditures by Brenda to the end of November total **\$2,998,079.19**. The \$3 million level, at which Brenda becomes fully vested, should be reached by the end of December.

Effectively only three projects covered by the JV are still active while another two claim blocks are still in good standing but recommendations to allow them to lapse have been previously approved. Of the active projects, we will be recommending that one - Lemare - be terminated while the other two are still under review.

BACKGROUND

The Minnova - Brenda JV is dated April 1st, 1989. It enabled Brenda to earn an interest in several properties owned by Minnova in the South Okanagan area of BC and to participate in others to be acquired by making exploration expenditures of \$3 million. As of the end of December, 1991, Brenda's expenditures totalled \$2,265,555.79. Details of the projects active to that date are given in Annual Reports for 1989, 1990 and 1991. Please let me

know if you would like additional copies of these.

EXPLORATION IN 1992

During 1992 active exploration has been carried out on four projects as per the 1992 budget proposal. Total expenditures, as detailed in Table 1, are \$732,523.40 bringing the total Brenda expenditure for the JV to \$2,998,079.19. Thus Brenda will be vested by the end of December.

A more detailed Annual Report on 1992 exploration will be available in January. However, the work done may be summarized as follows:-

PN 658 General

- monitoring and examination of potential acquisitions
- limited activity in 1992. No new projects acquired

PN 661 Rainbow - Tam O'Shanter

- gold project near Greenwood. Mva earning 60% interest from Dentonia and Kettle River. Earn-in will be completed by the end of 1992, but we have not yet made a declaration of vesting to optionors. Brenda's initial interest will be 29.4%.
- exploration summary and tentative 1993 budget proposal is appended. We are awaiting the results of just completed drilling on the adjacent **Wildrose** option before making a final recommendation. Budget proposed assumes that Dentonia and Kettle River will not participate.

PN 672 Wildrose

- Gold project adjacent to above. Mva earning a 70% interest by spending \$300,000 and making certain option

TABLE 1.

MINNOVA INC. / BFIENDA EXPLORATION JOINT VENTURE COSTS

NOVEMBER 1ST TO NOVEMBER 30, 1992

	PROJECT PN-658 (658)	PROJECT PN-681 (681)	PROJECT PN-670	PROJECT PN-672 (672)	PROJECT PN-676 (676)	NOV. 1992 TOTAL	Y.T.D. TO DATE
701 GEOLOGY	\$2,444.66	\$6,952.10	\$0.00	\$5,538.79	\$9,440.72	\$24,376.27	\$258,078.79
702 GEOPHYSICS	0.00	0.00	0.00	0.00	0.00	0.00	70,836.80
703 GEOCHEMISTRY	0.00	0.00	0.00	0.00	28.79	28.79	41,770.34
705 DIAMOND DRILLING	0.00	42,832.98	0.00	(10,600.00)	(2,090.83)	29,042.15	231,287.44
708 LINE CUTTING	0.00	0.00	0.00	0.00	0.00	0.00	4,181.50
710 PROPERTY ACQUISITION	0.00	0.00	0.00	0.00	0.00	0.00	1,479.24
730 OPTION PAYMENTS *	0.00	0.00	0.00	7,500.00	3,090.00	10,590.00	20,590.00
740 PROPERTY MAINTENANCE	0.00	0.00	0.00	0.00	0.00	0.00	3,480.00
715 HOTEL AND MEALS	0.00	408.44	0.00	0.00	368.03	776.47	24,531.01
SUB-TOTAL	2,444.66	49,993.52	0.00	2,438.79	8,934.71	64,811.68	656,245.09
ADMINISTRATION 12%	293.36	5,999.22	0.00	(507.35)	821.37	6,506.60	78,278.31
TOTAL	\$2,738.02	\$55,992.74	\$0.00	\$1,831.44	\$10,756.08	\$71,318.28	\$732,523.40

* NOTE: ADMIN STRATION FEE NOT CHARGED ON OPTION PAYMENT.

DEC.08/92
BRENDA1
KGS

payments. Optionor is Randsburg Gold. Approximately \$150,000 spent to date.

- current drill program was funded by the optionor and will not count towards earn-in. Data is, however, critical to any decision to continue with the option.
- summary and tentative budget proposal is included with PN 661 as appended. Because the zone of interest (the Deadwood Zone) crosses the boundary between the Rainbow and Wildrose properties it is impossible to look at them in isolation.

PN 676 Lemare

- option from Stow Resources located on Northern Vancouver Island. Incorporated in JV by special arrangement.
- exploration in 1992 was successful in defining the complex porphyry-style alteration patterns on the property. Unfortunately, it also eliminated the potential for a bulk minable deposit of any size. No further work is recommended and the option should be dropped.

PROPERTIES REMAINING IN THE BRENDA - MINNOVA JV

The following is a list of the properties subject to the April 1989 agreement that remain in good standing.

Property

Comment

Last Chance	Epithermal gold property near Kamloops. No further work recommended in 1991 but claims remain in good standing until dates in 1993 - 1995
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Richter	Gold project near Oliver. Recommendation to allow to lapse made June 1992 but some claims still in good standing
Rainbow - Tam	Active project. Poised to vest
Wildrose	Active project. Ongoing option
Lemare	Finishing up reports. Recommendation to terminate option pending

RAINBOW - TAM O'SHANTER (661) AND WILD ROSE (672)
1993 BUDGET PROPOSAL

BUDGET: \$150,000 (49% Brenda, 51% Minnova)

OBJECTIVES:

1. Complete the evaluation of the Deadwood Zone on the Tam and Wild Rose claims.
2. Drill test soil Au anomalies in the Mt. Attwood Gp. sediments in the footwall of the Wild Rose structure.

SUMMARY:

 Since the discovery of low grade, disseminated gold mineralization on the Tam, Buck and Wild Rose claims in 1991, work has concentrated on defining the extent, grade and structural controls of the mineralization.

 The Deadwood Zone as it is known, consists of three subparallel zones of gold mineralization. Gold bearing quartz veins characterize the western-most zone which is known as the Wild Rose vein. It lies within a steep, east dipping fault, the Wild Rose fault, that thrusts Knob Hill Gp. cherts and volcanoclastic sediments over younger Mt. Attwood Gp. conglomerates and siltstones. The fault contains discontinuous bodies of altered serpentinite.

 Veins are composed predominantly of quartz and carbonate with variable amounts of pyrite, chalcopyrite and arsenopyrite. Assays exceeding 1 g/t Au over widths of more than 2m occur in at least three drill holes (TM91-20a, 92-33 and 92-40) that intersect the vein. The structure has been traced northwest for over 800m from the Wild Rose workings which lie just south of the Tam claim boundary.

A broad halo of low grade Au mineralization (the 19 Zone) occurs in the hanging wall of the Wild Rose Fault. Mineralization is truly disseminated in nature, occurring in silicified and clay altered diorite that intrudes the Knob Hill cherts. Best intercepts of this zone to date include TM91-27 (820 ppb Au /77.5m) and TM92-37 (451 ppb Au /43.1m).

The third and easternmost zone is the Contact Zone which occurs along a splay of the Wild Rose fault. Mineralization occurs in the form of quartz stockworks containing as much as 40% pyrite and traces of chalcopyrite. The hosting fault contains bodies of altered serpentinite that host some of the better grade gold mineralization. The best intercept of the Contact Zone to date is in TM91-16 which ran 1.5 g/t Au /11.0m.

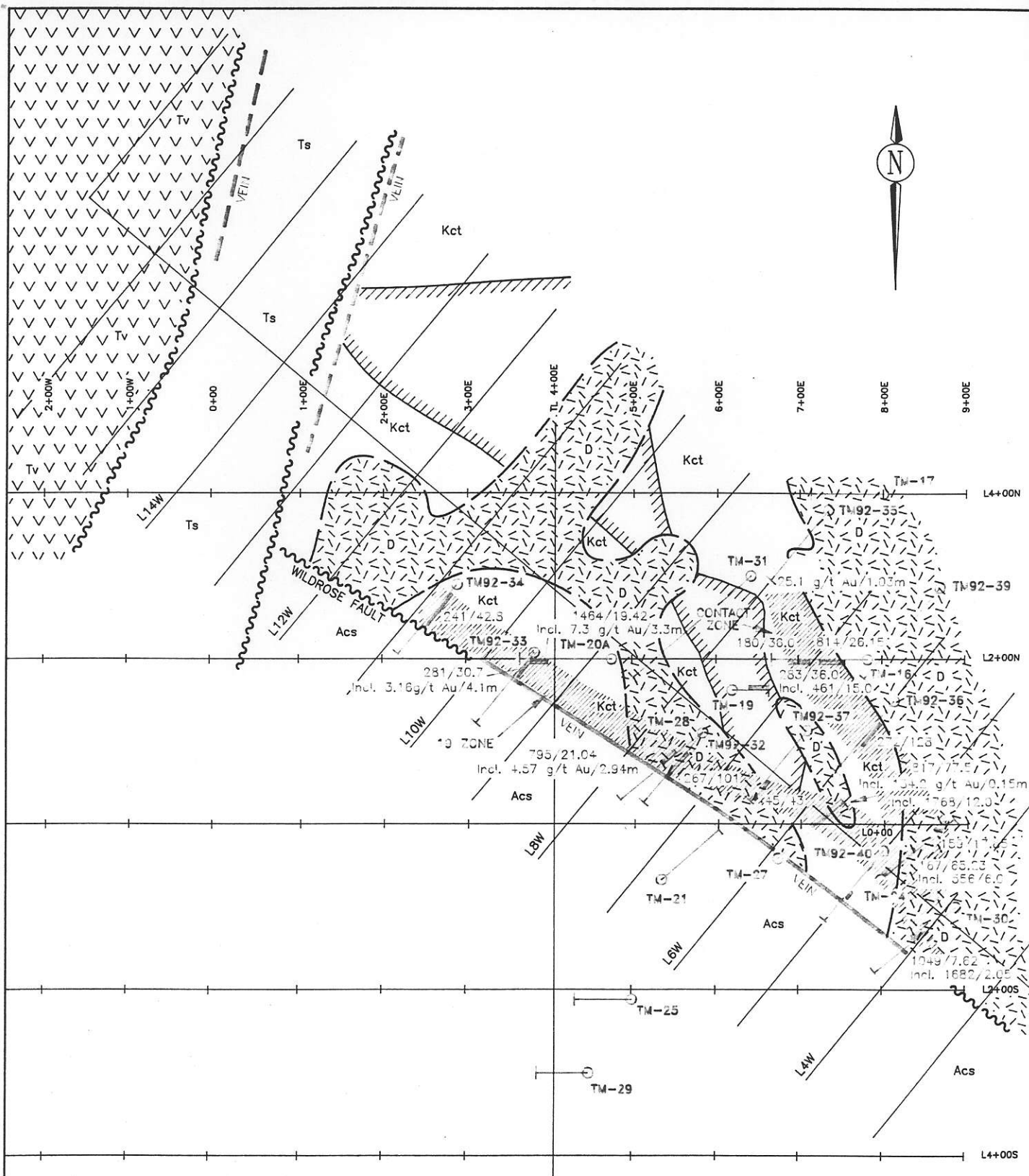
PROPOSED WORK:




Work in 1993 will continue to focus on the Deadwood Zone. Drilling on 100 m centres is recommended along the strike of the Wild Rose and Contact Zone faults. This will complete the evaluation of the Deadwood Zone.

Holes are also recommended to test targets in the footwall of the Wild Rose fault. Highly anomalous intervals were found in the footwall of the fault by several drill holes (TM91-20A, TM92-32, 33 and 38). The sediments are potentially a very good host for gold mineralization as they are brittle and more permeable than the hanging wall diorites. An IP survey of the Mt. Attwood Gp. within 300m of the Wild Rose fault is recommended to evaluate this area and to define drill targets.

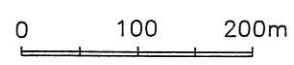
TENTATIVE SCHEDULE:

- | | | | |
|----|-----------------------------|---|-------------------|
| 1. | Fill-In Line Cutting | - | May |
| 2. | Soil Sampling and IP survey | - | June |
| 3. | Drilling | - | August, September |



-  TERTIARY MARRON FM.
- Ts** TERTIARY KETTLE RIVER FM.
- Acs** ATTWOOD GP.-CONGLOMERATE & SANDSTONE
- Kct** KNOB HILL GP.-CHERT, CHERTY TUFF
-  DIORITE
-  SILICIFICATION

Au ppm / metres



RAINBOW TAM O'SHANTER PROPERTY
 DEADWOOD ZONE
 COMPILATION MAP

DH/sg

DECEMBER 1992

PROJECT BUDGET FORECAST 1993

PROJECT NAME: **Tam O'Shanter
Wild Rose**

PROJECT NO. **661/672**

GEOLOGY

Mapping	Salaries	\$20,000		
	Travel Expenses	\$0		
	Contract Payments	\$0		
	Field Expenses	\$7,500		
	Other	\$0		
	Analyses	\$1,200	\$28,700	19%

GEOFYSICS

	Salaries	\$0		
	Travel Expenses	\$0		
IP 20km @ \$1350/km	Contract Payments	\$27,000		
	Field Expenses	\$0	\$27,000	18%

GEOCHEMISTRY

50 Litho's	Salaries	\$0		
500 Soils @ \$13.50	Travel Expenses	\$0		
200 Biogeochem	Contract Payments	\$0		
	Field Expenses	\$300		
	Analyses	\$6,750	\$7,050	5%

DRILLING

1200 @ \$65/m	Salaries	\$4,000		
	Travel Expenses	\$500		
	Contract Payments	\$67,200		
	Field Expenses	\$1,500		
	Analyses	\$5,000	\$78,200	52%

Line Cutting	\$0	0%
Trenching	\$0	0%
Hotels and Meals	\$7,050	5%
Option Payments	\$0	0%
Property Maintenance	\$2,000	1%
Property Acquisition	\$0	0%

TOTAL DIRECT EXPENDITURES \$150,000

MINNOVA (51%) \$76,500

BRENDA (49%) \$73,500