



CORPORATION FALCONBRIDGE COPPER

6415 - 64th Street
Delta, B.C., Canada V4K 4E2
Telephone (604) 946-5451

004996

FILE
ZX-Sentinel joint
Venture
NTS 105M/14

March 29, 1985

Mr. Ed Debicki
Canadian Nickel Co. Ltd.
Box 12134 Nelson Square
Suite 512, 808 Nelson Street
Vancouver, B. C.
V6Z 2H2

Dear Ed;

Thank you for your recent proposal to joint venture the Blende property with Corporation Falconbridge Copper. It looks like a truly exciting prospect but unfortunately we do not have the resources to pursue anything in this area at present. I will follow your work with interest and wish you the best of luck.

Sincerely,

D. H. Watkins
Exploration Manager
Western Canada

DHW/ik

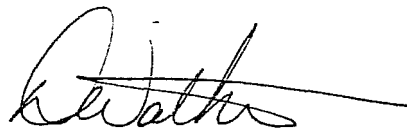
CORPORATION FALCONBRIDGE COPPER

FILE

MEMORANDUM

DATE: March 29, 1985
TO: Chris Cowan
COPIES TO: M. J. Knuckey
DE FROM: D. H. Watkins
SUJET SUBJECT: CANICO PROPOSAL TO JOINT VENTURE THE BLENDE AG-ZN-PB PROSPECT, YUKON

I pass on to you for your information the above noted proposal for a joint venture in the Yukon. The prospect appears to have good potential for large tonnage and for improved grades sub surface. However it does not fit into our scheme at present and I have declined further interest on behalf of CFC. Since it appears to be in your back yard (by Yukon standards) I thought you might have some interest.



D. H. Watkins

DHW/ik

MAR 26 1985

Canadian Nickel Company Limited

P.O. Box 12134, Nelson Square
Suite 512, 808 Nelson Street, Vancouver, B.C. V6Z 2H2 • (604) 669-2247

March 25, 1985

Mr. Dave Watkins
Exploration Manager
Falconbridge Copper
6415 - 64th Street
Delta, B.C.
V4K 4E2

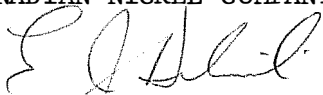
Dear Dave:

Re: Blende Ag-Zn-Pb Deposit, Yukon - Joint Venture Proposal

Please find enclosed a summary write-up covering the Blende Ag-Zn-Pb deposit, Yukon. Canico is seeking a partner to fund all or a portion of the proposed 1985 \$350,000 exploration program en route to earning a substantial interest in the venture.

We would welcome your review of the enclosed summary and will provide detailed information should you wish to pursue this opportunity.

Yours truly,
CANADIAN NICKEL COMPANY LIMITED



E.J. (Ed) Debicki
District Geologist
B.C. and Yukon

EJD:jb
Enclosure

JOINT VENTURE PROPOSAL
BLENDE PROJECT
MOUNT WILLIAMS, YUKON TERRITORY
N.T.S. 106-D-7

Canadian Nickel Company Limited
P.O. Box 12134, Nelson Square
Suite 512, 808 Nelson Street
Vancouver, B.C.
V6Z 2H2
(604) 669-2247

BLENDE PROJECT, YUKON TERRITORY

The Blende Ag-Zn-Pb deposit is located 65 kilometres northeast of the United Keno Hill Mines Limited Ag-Pb mining operation at Elsa, Yukon Territory. The property consists of 88 claims of which 15 are held under option from Archer, Cathro and Associates (1981) Limited. Access is by helicopter.

Helikian Gillespie Lake Group carbonates host east-west trending, steeply dipping breccia and fracture filled silver-zinc-lead mineralization within a kilometre wide graben structure. The most significant mineralized zone outlined to date is the No. 5 Zone estimated to contain approximately 10 million tonnes grading 2.02 oz/ton Ag, 4.32% Zn, 3.63% Pb (cut-off 5% Zn+Pb) over an exposed length of 800 metres, true thickness of 13.75 metres and inferred vertical range of 300 metres. The overall width of the mineralized zone varies from 26.1 metres to 47.3 metres. The highest grade interval sampled across the zone ran 7.17 oz/ton Ag, 3.79% Zn, 6.10% Pb over 13.0 metres. The zone is open to the southeast. Exploration to date has consisted of trenching and surface sampling. No drilling has been completed. Grab samples interpreted to represent a lower level of the No. 5 Zone ran up to 47.48 oz/ton Ag, 22.2% Zn, 62.0% Pb suggesting a possible increase in grade with depth. Highly anomalous germanium values have been detected which enhances the economic potential of the deposit. The Helikian age of the Blende Ag-Zn-Pb deposit is comparable to that of the Sullivan massive sulphide deposit in southern British Columbia and distinctly older than the majority of Paleozoic shale-hosted Pb-Zn-Ag deposits in the Yukon Territory such as Cyprus Anvil, Howards Pass, Tom and Jason.

Nine other zones, which have not been tested, occur on the property. Stream sediment geochemical results are highly anomalous over an unexplored 5 kilometre by 3 kilometre area. There is a high potential for locating additional mineralization.

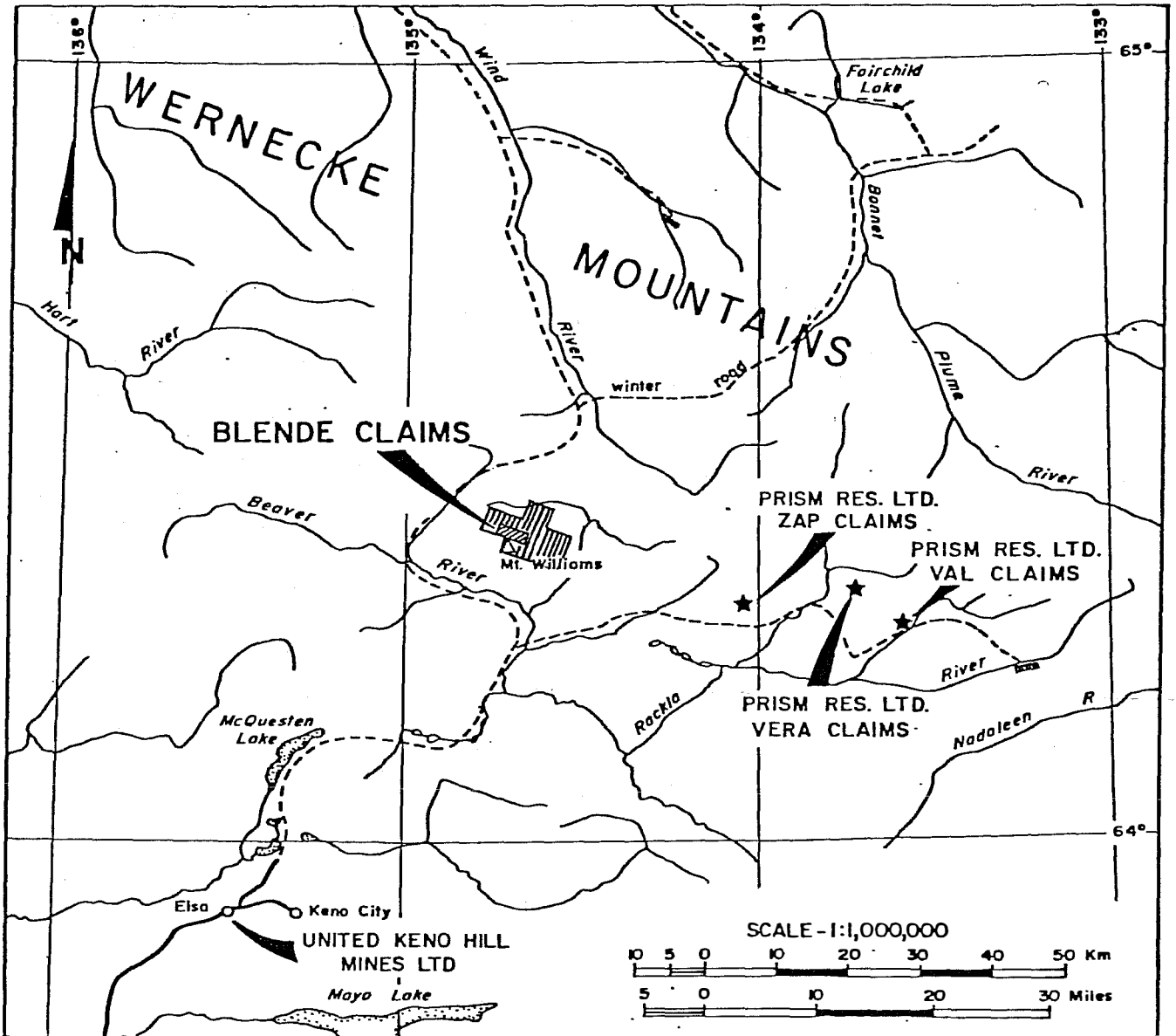
The Helikian age, the large number of showings, the accessory metal potential, the geometry of the deposit within the graben structural setting, the unexplored nature and the overall implications with respect to tonnage before drilling, make the target highly attractive. The deposit has not been encumbered with high exploration and development costs, debt load, etc. The Blende deposit could conceivably be in production prior to known and developed Ag-Zn-Pb deposits in the Yukon Territory. This development is possible if silver and base metal prices recover in a few years, i.e. just about the time the Blende property has been subjected to a thorough exploration evaluation.

Canadian Nickel Company Limited (Canico) has negotiated an agreement with Archer Cathro to enable Canico to earn a 60% interest in their property for cash payments totalling \$100,000 and a work commitment totalling \$1,000,000 over a four year period (1985-1988). The only commitment (1985) is to pay \$20,000 cash and perform \$200,000 work, including 2,000 feet of drilling. A subsequent option entitles Canico to earn the remaining 40% interest for additional cash payments totalling \$200,000 and a work commitment totalling \$1,000,000 over a second four year period (1989-1992). Should Canico earn its 100% interest, Archer Cathro would retain a 10% Net Profits Royalty. Pre-production royalty payments commence in 1995 at \$25,000 per year escalating \$5,000 per year to a maximum of \$500,000.

A 1985 exploration program totalling \$350,000 has been formulated. Canico will be the operator.

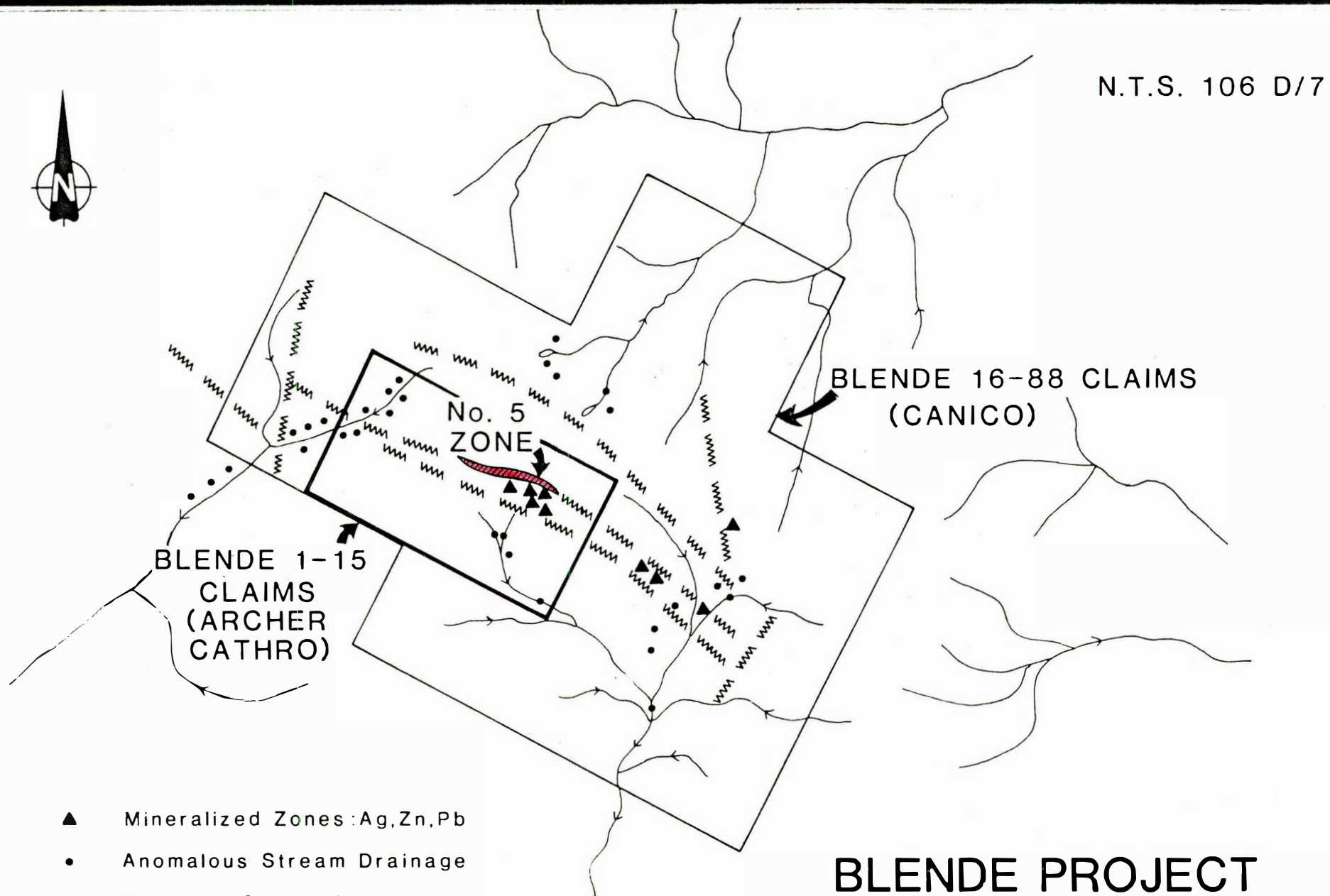
Canico is seeking a third party to fund a portion or all of the 1985 program en route to earning a substantial interest in the venture. If you are interested in this project, please contact our Vancouver office to discuss a possible joint venture. A detailed information report is available for review.

EJD:jb
Attachments



LOCATION MAP
BLENDE PROPERTY
MT. WILLIAMS, Y.T.

N.T.S. 106 D/7



BLLENDE 1-15
CLAIMS
(ARCHER
CATHRO)

No. 5
ZONE

BLLENDE 16-88 CLAIMS
(CANICO)

- ▲ Mineralized Zones: Ag, Zn, Pb
- Anomalous Stream Drainage
- Drainage Sampled
- ~~~~ Fault

BLLENDE PROJECT

MAYO MINING DISTRICT, YUKON

