

005056

NTS

July 10/92

Kona Property - NTS 105 G/2.

location: 120 km S of Robert Campbell Highway; 120 km SE of Ross R., 160 km NW of Watson L.  
+ access - float plane / helicopter.

claims - Kona group - 68 claims - 1421 ha. - Watson L. M.D.

previous work - Fyre L. MS occurrence - discovered 1961 - Cassian Asbestos + Atlas.  
(see attached sheet).

- 1980 - Welcome North - camped at Frances L. on highway  
20 min. chopper.

geology - regional - part of Nisutlin Allochthon - Tempelman-Kluit.  
- Klondike schists.

- mineralization in chl schist. - mineralization at Kona 130 m  
below contact between chl schist + qtz. ser. schist.

mineralization: ① zone E - massive py - 100m x 45m x 7.5m thick  
average grade 1.01% Cu, 1.05% Zn, .72g/t Au.  
220,000 tons.

② zone I + showing M - Cu-rich Fe formation. - qtz - mt - chl.

recommend - work at zone E - these types of anomalies - too low grade.

**KONA PROPERTY**  
**TERMS OF AGREEMENT**

1. Cash Payments To Welcome North Resources Inc.

	<u>Amount</u>
On signing Letter of Intent	\$20,000
By December 31, 1992	\$20,000
By December 31, 1993	\$30,000
Annually thereafter until option exercised	\$40,000

2. Minimum Exploration Expenditure Requirement

In order to maintain its option the Participant will be required to incur the following minimum exploration expenditures by the due dates noted below. It is understood that the first year's minimum requirement of \$100,000 will be a firm commitment.

	<u>Cumulative Minimum Exploration Expenditures</u>
prior to December 31, 1992	\$ 100,000
Prior to December 31, 1993	\$ 500,000
Prior to December 31, 1994	\$1,500,000
Prior to December 31, 1995	\$2,500,000
Prior to December 31, 1996	\$4,000,000

3. Earning Of Interest By The Participant

Upon the Participant having made the cash payments to Welcome North in accordance with paragraph 1 above, and incurred exploration expenditures totalling \$4.0 million on the Property by the due dates, the Participant will have earned a 60 percent interest subject to Welcome North's rights to a 40 percent non-assessable interest carried to Production Notice and a contributing interest or Net Smelter Return Royalty, as the case may be.

4. Property Maintenance

The Participant will undertake to maintain the Property in good standing. In addition, all work conducted by the Participant on the Property will be filed as assessment work on the Property to the maximum extent permitted under the Mineral Act.

5. Right Of Welcome North On Production Notice

Upon Production Notice based on a Feasibility Study accompanied by a commitment of the Participant to proceed with its recommendations for production Welcome North will have the right to maintain its 40 percent interest in the Property by electing to contribute to 40 percent of production costs.

In the event Welcome North elects not to maintain a 40 percent interest in the Property as aforesaid, Welcome North shall thereupon be entitled to receive a 5 percent Net Smelter Return Royalty from production from the Property. The Participant will have a right of first refusal if Welcome North wishes to dispose of its NSR interest.

6. Termination

In the event of termination of the agreement prior to earning by the Participant, all claims will be returned to Welcome North in good standing for at least two years beyond the date of termination.

7. Operator

The Participant shall have the right to be Operator during the currency of the Agreement.

June 5, 1992



Alaska USA

# YUKON

Northwest

Territories

DAWSON

5

MAYO

Stewart

River

2

Pelly

FARO

ROSS RIVER

River

1

**KONA**

9

Francis

River

WHITEHORSE

8

WATSON LAKE

1

British Columbia



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## LOCATION MAP

SUMMARY OF EXPLORATION HISTORY

- 1960 - Fyre Lake massive sulphide showing discovered by Cassiar Asbestos exploration crew and staked as TOP Claims.
- 1960 - Cassiar dilled twenty-four packsack drill holes and  
1961 twelve AX diamond drill holes for a total of 805 m.
- 1966 - Atlas Explorations restaked showing as DUB Claims, conducted an extensive airborne and ground magnetometer and EM survey, plus a Cu/Zn/Pb sould grid, drilled six AX diamond drill holes for a total of 589 m. Best intersection was 12.2 m massive sulphides.
- 1967 - Atlas drilled three AX diamond drill holes in DUB #1 showing near Fyre Lake.
- 1976 - Amax restaked showing as Fyre Claims, undertook limited mapping.
- 1980 - Welcome North - Basin Project restaked showing as KONA Claims; property mapping and compilation of previous data.
- 1981 - Basin Project - geochemical soil grid over possible extensions at mineralized trend; revision of 1980 report (this report) for assessment purposes.