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REPORT

on the

WESTERN EXPLORATION COMPANY LIMITED

Mammoth, Monarch and Hecla Workings, Silverton, B. C.

- by -

HENRY L. HILL & ASSOCIATES

Vancouver, B. C.  
December 1st, 1956

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572 Howe Street  
Vancouver 1, B.C.

December 1st, 1956

REPORT

on the

WESTERN EXPLORATION COMPANY LIMITED,

Mammoth, Monarch and Hecla Workings

Silverton, B.C.

During August, 1956 Mr. L. P. Starck and the writer made a cursory examination of the Western Exploration Company's Hecla, Monarch and Mammoth workings. A study was made of all available maps, etc. Mr. A. Ham, General Manager and Mr. C. Starr, Consulting Engineer kindly supplied valuable information on the operation.

GENERAL:

Western Exploration is a producing silver, lead and zinc mine located at Silverton, B. C. on the heart of the famous Slocan mining area.

At the time of our examination the mill was treating about two thousand tons of ore a month on a custom basis, and about five hundred tons of development ore a month from the Mammoth and Hecla ore zones.

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ORE RESERVES:

Proven and indicated ore reserves are estimated at 34,500 tons. The net smelter return value of this ore is estimated at \$25.00 per ton, or a total of \$862,500.

Additional ore should be found by further development on the Mammoth and Hecla-Monarch zones. No estimate has been made of reserves below the No. 9 Level of the Mammoth ore zone.

OPERATING COSTS:

On the basis of a production rate of 2,500 tons per month costs are estimated at \$15.00 per ton. This figure includes an allowance for administration, insurance, etc. Sufficient "write offs" are available to eliminate mine taxation on operating profits.

There is the possibility that lower costs could be obtained after the mine and mill have been in continuous operation for some time.

PROFIT:

The operating profit on the 34,500 tons of proven and indicated ore reserves is therefore estimated at \$345,000 or \$10.00 per ton.

This profit should be realized at the rate of \$25,000 per month after the necessary pre-production work, as outlined below, has been completed.

CAPITAL EXPENDITURES:

To bring the mine into full production will require about four months and involve the following expenditures:-

1. Completion of the Hecla-Monarch raise and subsequent drifting and stope development work ..... \$ 20,000.

.....continued.....

**CAPITAL EXPENDITURES (continued):**

2.	Underground equipment - machines, slushers, electric lamps, 9-Level charging station, etc.....	\$ 15,000.
3.	Surface equipment - jitney, cat repairs, compressor .....	15,000.
4.	Contingencies.....	5,000.
	Total.....	<u>\$ 60,000.</u>

**SUMMARY:**

By rigidly following a carefully planned pre-production programme it is our opinion that Western Exploration, within four months would show a profit of \$25,000 per month.

Within a year consideration could be given to the payment of a dividend.

In view of the past production record and amount of geologically favourable untested ground new ore should be continuously found, thus assuring a profitable operation for many years to come.

Respectfully submitted,

HENRY L. HILL & ASSOCIATES,

Per:

Henry L. Hill.

HLH/b  
Vancouver, B. C.  
December 1st, 1956