

MEMORANDUM

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TO Mr. H. Horn
Associate Deputy Minister
OPERATIONS BRANCH

FROM THE MINERAL DEVELOPMENT DIVISION
DEPARTMENT OF MINES
AND PETROLEUM RESOURCES

VICTORIA, B.C., May 1, 1975

WHEN REPLYING PLEASE REFER
TO FILE No.....

Re: FIRA - Cronin Mine

The Cronin Mine has operated intermittently since about 1917 and has produced approximately 25,000 tons of ore averaging the following:

gold	0.014 oz./ton
silver	10.21 oz./ton
lead	5.84%
zinc	6.41%
cadmium	1.54 lbs./ton

All the production has come from underground workings and a number of veins.

At present the untested potential of the property is the possibility of an open pit operation above the present mine. An exploration program was carried out this past summer (1974) and the trenching exposed some silver-lead-zinc bearing veins over an area of 2000 x 300 feet. A substantial drilling program is required to prove or disprove the potential of this operation. Hallmark Resources does not have the resources (management or capital) to perform this work.

The agreement calls for ownership at the outset to be 60% Hallmark and 40% Coca Metals (U.S. partnership). Hallmark is to contribute the Mt. Cronin claims while Coca is to put up \$175,000 in the first year, and in the second year either withdraw or invest \$325,000 to maintain the 40% interest. After the 3rd year Coca can increase its interest to 55% by a further investment of \$250,000. All this is exploration money only, and development dollars will be sought elsewhere. Hallmark has the right to the first \$750,000 of operating profits and retains its management autonomy.

REFERRED TO	DATE	INITIALS
DIRECTOR		
ASST. DIR.		
GENERAL MGR.		
PETROLEUM MGR.		
CHIEF TECH.		

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PROPERTY FILE

Mr. H. Horn
Associate Deputy Minister
Operations Branch


- 2 -

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From a mineral development standpoint I see no basic objection to the application. The following appear to be benefits.

1. Infusion of \$750,000 exploration over a 3 year period which should employ 6 to 10 geologists plus a field staff each year.
2. A potential development opportunity which is not yet financed and need not be foreign controlled.
3. Coca Metals apparently has a reputation for rejuvenating old properties and the potential infusion of technical expertise is there.
4. Without the joint venture the existing owners are not prepared (apparently) to finance future development.

The significant cost would be a 55% foreign ownership in the claims if Coca Metals pursues all its options. However that ownership does not necessarily carry forward to the eventual mine development.



J.S. Poyen
Director
Mineral Development Division

JSP:sgn