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GCNL #143 25 July 1986

HALLMAC MINES LTD. (HLC-Alberta)

ROYAL OAK RESOURCES LTD. (ROL-Alberta)

SHARE CONSOLIDATION & OIL/GAS - The common shares of LANDS ACQUISITION ARE REPORTED Hallmac Mines Ltd. were recently consolidated on a 1-new for 3-old shares basis. The Hallmac name was changed to Royal Oak Resources Ltd.

George W. Oughtred, president, reports that, as at 1Jan86, Royal Oak, issued 1,000,000 convertible First Preferred shares in exchange for certain COMMERCIAL OIL AND GAS LTD. (CMO-Alberta,T) valued at \$2,110,000 discounted to present worth at 20%. Mr. Oughtred says "The net revenue from the properties was estimated at \$200,000 per annum." *Altoona 82F14E (82F14W15)*

Operations at the company's previously producing silver mine at Sandon, B.C., are suspended due to low prices for silver, lead and zinc. Royal Oak is debt free and is negotiating on several gold exploration plays in eastern Canada.

*N.M. INER  
28 July 1986*

The common shares of Hallmac Mines have been consolidated on a one-for-three basis, and the company name changed to Royal Oak Resources. The new company now trades on the Alberta Stock Exchange. <sup>82F14W015</sup> George Oughtred, president of Royal Oak, notes that operations at the previously-producing silver mine at Sandon, B.C., are suspended because of low silver, lead and zinc prices. He adds that the company is negotiating on several gold prospects in eastern Canada.

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## Hallmac high-grade silver project near Sandon, looks encouraging

By David Duval

VANCOUVER — Thirteen is proving to be a lucky number for W. M. Wheeler, Hallmac Mines president. That's how long he's spent prospecting in the Sandon area of B.C.

It all started late last year while preparing a diamond drill setup with a dozer. The machine's blade ripped out a chunk of vein material containing silver-lead mineralization. Assayed later, it ran 140 oz. silver and 79% lead. A minor amount of zinc was also present.

Comparisons could probably be made with the initial discovery of the Cobalt, Ont., silver camp around the turn of the century. A local blacksmith tossed a hammer at a fox . . . the net effect being the exposure of silver in a shattered piece of rock. Time has simply mechanized the technique.

While it's impossible that the famous diabase sill believed responsible for Cobalt's silver extends all the way to Sandon, Hallmac's discovery of high-grade silver mineralization probably matches anything seen in the Cobalt camp — at least in grade.

Dennis Gray, president of Saffor Minerals and a consultant for Hallmac, asserts that the only thing he's seen with any similarity at all occurred in the Cadillac area of northwestern Quebec and he states "I'm excited about the potential of the total area acquired by Hallmac."

Located on the southwest facing slope of Carpenter Creek one mile north of Sandon, Mr. Wheeler told The Northern Miner he'd been working the claims since 1977 and another group since 1969. "The reason little work was done there in the past was because all the ground was held privately. I've been up there 13 years accumulating ground," he said. Road access was also an important factor in recent successes.

Earlier exploration efforts revolved around the Altoona mine, a former producer where zinc-lead-silver mineralization occurred in lode systems. However, it wasn't until a search was made uphill from host rock in which these lodes normally occurred that real progress was made.

Prospecting and geochemical work outlined an anomalous area to which road access was gained in 1979. During construction of that road (which required some rock excavation by blasting) a large angular chunk of galena was discovered. Subsequently a large piece of galena in vein material was uncovered in 1980 by the dozer operator.

Well, things have been moving right along since. Two adits are now under way and a third is planned, possibly this year. The bottom adit

(#1) is now over 400 ft. inside the hillside and the top adit (#2) over 150 ft. About 59 ft. vertical separates the two workings. Mineralization was evident across the #2 adit's face throughout its length, although the vein has now split, according to Mr. Wheeler.

Mr. Gray reports the bottom adit picked up good vein material at the 300-ft. interval, and he concludes the material is the same breccia filled fault structure encountered above in the #2 adit. The mineralization occurs about 20 ft. above the drift's back, and stoping of the material has commenced.

Before a tonnage estimate can be calculated the structure will have to be developed on at least two sides and a raise has been started to do just that. At least three parallel structures are known to exist to the original, Mr. Gray admits. These will be drilled later in the underground program.

For professional reasons, Mr. Gray could not give an estimate of the prospect's potential (tonnage wise), however, we gather from sources that the gross value of what is known to exist already, amounts to about \$50 million.

Mr. Wheeler says the company has "an offer on the table for about \$2.5 million" to explore the property further, adding that several U.S. and Canadian interests have been up to see it.

The property has been paying its own way and four shipments of high grade ore made this year to the Trail smelter were worth \$300,000, he noted. Hallmac currently has a working capital of \$75,000 and \$150,000 in ore at Trail awaiting payment.

At the minesite they also have 600 tons of "low grade ore" averaging 40-80 oz. silver per ton. The mining operation, as is evident by the grade of ore being shipped, is essentially a hand-cobbing proposition, to reduce the amount of dilution in the material. Adits are driven 5 x 7 ft. for the same reason.

Mr. Wheeler reports negotiations are under way with a local mining company to process Hallmac's lower grade material. Dickenson Mines (TSE) is working the Silvana property near New Denver, formerly held by Carnegie Mining Corp. They have been known to custom mill ore from other properties in the area. Last year Silvana milled 31,110 tons producing 268,560 oz. silver, about two million lb. of lead and close to 1.9 million lb. zinc. Custom milling accounted for about 1,800 tons.

A priority for Hallmac will be the upgrading of its haulage road to handle 15-20 ton trucks. Hallmac is listed on the Alberta Stock Exchange.

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82F/14E

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6 JAN 1986

### Hallmac Mines plans stock consolidation

Management of Hallmac Mines will seek shareholder approval at a meeting Feb. 20 to consolidate shares on a 1-for-3 basis and change the company's name to **Royal Oak Resources**.

The company intends to acquire, through the issuance of preferred shares, producing oil and gas properties with a value of over \$2 million. Net revenue from the properties will be about \$200,000 per year.

The company is debt free. Its main asset is a silver mine at Sandon, B.C. Operations at the mine are suspended due to low silver, lead and zinc prices. The company is carrying a total mineral inventory for the mine of 246,000 oz. silver, 880 tons of lead and 213 tons of zinc which includes stockpiled ore and ore in place.

The company plans a common share issue in 1986 and intends to conduct an active mining exploration program in eastern and western Canada. Hallmac is listed on the Alberta Stock Exchange.

Altoona  
82F/14E (82FND015)

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Hallmac Mines development

## 82F/14 Calgary firm goes it alone on B.C. silver-lead project

CALGARY -- A junior Calgary-based resource company has its teeth into what several western Canadian mining people believe is the most promising current silver project in the region.

Hallmac Mines (ASE), which came up with a brand new silver-lead find in British Columbia's Sandon area early last fall, has made its first shipment of 45.5 tons of development ore to Cominco's Trail smelter.

The ore assays are impressive: the 45.5 tons averaged 127.2 oz. silver per ton, 72.7% lead per ton, 0.02 oz. gold per ton, plus copper, zinc, silica, iron and other minerals.

Hallmac president, William M. Wheeler, advises The Northern Miner that his company, which has already been approached by several major mining interests, expects to finance all of its planned 1981 development work at the Sandon area property from the proceeds of high-grade ore shipments to the Cominco smelter and from cash flow generated by an Alberta oil well.

(The company has already received an advance payment from Cominco of \$98,180 following the initial ore shipment and expects the balance of \$32,730 to be paid on completion of smelting some time this month. Hallmac is receiving cash flow of \$4,000 a month from its 25% interest in a producing oil well in Alberta's Turin field. A second oil well in the same area, and in which a 25% interest is also held, is scheduled to be on production in March.)

The Hallmac silver-lead property is located on the south-west facing slope of Carpenter Creek, one mile north of the town of Sandon and in an area considered to be the centre

of the Slocan mining camp.

Late in August, 1980, Hallmac discovered a previously unknown vein of high grade silver-lead mineralization during the preparation by bulldozer of additional diamond drill sites at the property (N.M., Sept. 18 '80).

By the time that work was suspended for the winter, the lode system had been stripped westerly for 177 ft. of strike length, within which distance it varies in width between 1.64 ft. and 7.87 ft.

Mr. Wheeler says that massive mineralization is continuous for a distance of 88.5 ft. westerly from the discovery, varying in width from 0.38 ft. to 1.38 ft.

The high-grade vein has been followed over 280 ft. in length.

Resumed development work -- starting on Apr. 15 -- will include additional surface work and the driving of an adit.

The high-grade mining operation will include drifting into the vein 100 ft. below the surface, as well as mining the vein at grade.

"We have ample funds to recommence high-grade production," says Mr. Wheeler.

The company, which went public last year, has spent about \$500,000 to date on exploration-development in the Sandon area.

In addition to the silver-lead property, Hallmac participated during the past year in the drilling of three Alberta test wells, which resulted in one oil well (65 bbl. per day), another indicated oil well, and a gas well which tested at 4.6 million cu. ft. per day.

Drilling of five commitment wells on 58,000 acres in Montana, and in which Hallmac has a 9.375% working interest, is scheduled to start next month.