

S2FSW106 GOLDEN (-OT)
QUEEN

PROPERTY FILE

003106

Continental McKinney Gold Mines Ltd.

Progress Report

GOLDEN QUEEN CLAIM GROUP

Rossland, B.C. S2FSW106-107

Sept. 28, 1967 137

Douglas D. Campbell

Vancouver, Canada

82FSW106-07

GOLDEN QUEEN

DOLMAGE, CAMPBELL & ASSOCIATES
CONSULTING GEOLOGISTS
808 BANK OF CANADA BUILDING
VANCOUVER 1, B.C.

Continental McKinney Gold Mines Ltd.

Progress Report

GOLDEN QUEEN CLAIM GROUP

Rosland, B. C.

Sept. 28, 1967.

Douglas D. Campbell

Consultant

Vancouver, Canada.

DOLMAGE, CAMPBELL & ASSOCIATES
CONSULTING GEOLOGISTS
808 BANK OF CANADA BUILDING
VANCOUVER 1, B.C.

September 28, 1967.

CERTIFICATE

I, Douglas D. Campbell, with business and residential addresses in Vancouver, British Columbia, do hereby certify that:

1. I am a consulting geological engineer.
2. I am a graduate of the University of British Columbia, (B.A.Sc., Geological Engineering, 1946), and of the California Institute of Technology, (Ph.D., Economic Geology and Geophysics, 1955).
3. I am a registered Professional Engineer of the Province of British Columbia.
4. From 1946 until 1957 I was engaged in mining and mining exploration in Canada and the United States as geologist for a number of companies. I was chief geologist for Eldorado Mining and Refining Co. Ltd., when I retired in 1957 to begin private practice as a consulting geologist.
5. I personally have examined and assessed all available data, government reports, private reports and plans concerning the property of Continental McKinney Gold Mines Ltd. located on Red Mountain, Rossland, B.C. In addition I visited the property in January, 1967, during an examination of the adjoining Cascade Molybdenum Mines Ltd.
6. I have not received, nor do I expect to receive, any interest directly or indirectly in the properties or securities of Continental McKinney Gold Mines Ltd. or any associated companies.

Respectfully submitted,



Douglas D. Campbell, P.Eng., Ph.D.

VANCOUVER, CANADA.

TABLE OF CONTENTS

	Page
CERTIFICATE	
INTRODUCTION	1
SUMMARY AND RECOMMENDATIONS	3
GEOLOGICAL SETTING	4
Ore Occurrences	4
ORE RESERVES	6
Novelty M.C.	6
Golden Queen M.C.	7
St. Elmo M.C.	7
CONCLUSIONS	8

INTRODUCTION

PROPERTY: The property of Continental McKinney Gold Mines Ltd. lies on the south slope of Red Mountain 2000-4000 feet north of the western outskirts of the city of Rossland, B.C. It is comprised of seven contiguous but irregularly shaped, undersized crown granted claims and fractions. The two southernmost claims, the Novelty and the Gertrude, lie adjacent to and east of the Giant M.C. of Cascade Molybdenum Mines Ltd. The two middle claims, the Golden Queen and the Surprise, lie adjacent to and east of the Coxey M.C. of Red Mountain Mines Ltd. The St. Elmo M.C. lies along the north side of the Golden Queen, and the Con. St. Elmo and Cliff claims extend down the mountain to the east.

Immediately west of the Golden Queen claim group, on the Coxey claim, is the open pit and mill of Red Mountain Mines Ltd., presently being operated at a rate of 400 tons per day of molybdenite ore. The main ore zone of Red Mountain Mines extends eastward on the Coxey claim to within 325 feet of the Golden Queen Group outside line. South of the Golden Queen Group, adjacent to the Novelty claim, is the Giant claim of Cascade Molybdenum Mines Ltd. on which a major molybdenum orebody has recently been delimited by diamond drilling.

HISTORY: In 1965 Continental McKinney Gold Mines Ltd. geologically mapped and soil sampled their entire claim group and drilled 51 diamond drill holes, each about 100 feet in length, on the three westernmost claims, distributed as follows:

82F/SW-106	Golden Queen M.C.	-	25	drill holes
-134	St. Elmo M.C.	-	23	" "
-107	Novelty M.C.	-	3	" "

On the basis of the results of this drilling the property was optioned by Scurry Rainbow Oil Ltd. in February, 1967. This company has since expended a total of \$126,823.51 on 21,145 feet of diamond drilling distributed as follows:

Golden Queen M.C.	-	46 holes,	9889 ft.
St. Elmo M.C.	-	24 holes,	5108 ft.
Novelty M.C.	-	<u>24 holes,</u>	<u>6448 ft.</u>
Total	-	<u>94 holes,</u>	<u>21445 ft.</u>

Final survey and assay results of this latter (1967) drill program are as yet incomplete therefore an exact calculation of the ore delineated by the drilling is not feasible at this time; however, it is possible to make general estimates of the results that are available from the drilling. This progress report presents these estimates; final calculations will be completed as the assay and survey results become available.

SUMMARY AND RECOMMENDATIONS

In 1967 a total of 94 diamond drill holes were drilled on the Golden Queen, the St. Elmo and the Novelty mineral claims of the Red Mountain property of Continental McKinney Gold Mines Ltd. These holes totalled 21,445 feet and cost \$126,823.51 to drill and sample, etc. The cores have all been sampled and assayed but all of the holes have not yet been accurately surveyed for elevation, therefore a general estimate of the indicated ore is possible at this time, but not an exact calculation.

The results of the 1967 drilling indicates the following surface ore available from open pit mining in five separate orebodies:

810,450 tons @ 0.39% MoS₂

It is estimated that this ore can be profitably mined and treated.

Feasibility calculations will be made as soon as the survey data is made available, at which time the cash flow can be determined exactly.

Respectfully submitted,



Douglas D. Campbell, P.Eng., Ph.D.

GEOLOGICAL SETTING

The Golden Queen Group molybdenite ore occurrences are located only 1000-3000 feet north-northeast of the (Cascade) Giant Orebody on formational strike and are in essentially the same geological environment as the Giant orebody. The country rocks are black, fine bedded argillites and slates of the Mount Roberts Formation (Carboniferous) which have been extensively silicified and converted to fine crystalline silica-diopside-epidote-garnet-calcite skarn in the vicinity of the orebodies.

INTRUSIVES: As at the Giant, the skarn and argillites are traversed by north-east-trending pulaskite (granodioritic) dikes and northwest-trending lamprophyre dikes. In addition irregular patches of dioritization (granitization) occur throughout the country rocks.

ROSSLAND VOLCANICS: Just 600 feet east of the western boundary of the Golden Queen Group of claims lies the north-trending, westward-dipping contact of the Rossland Group comprised of Jurassic volcanic rocks. These rocks underlie the Cons. St. Elmo, the Cliff and the Surprise claims, as well as much of the St. Elmo and Gertrude claims. These volcanic rocks are largely comprised of relatively massive andesitic flows and fragmentals ranging in colour from grey-green to purple. They have not been susceptible to replacement by skarn minerals as have the sedimentary rocks to the west. There are no known molybdenite ore occurrences within the Rossland volcanics although molybdenite does occur as a minor mineral within the gold-silver-copper-quartz veins. (It was the early reports of these occurrences that drew attention to prospecting for molybdenite on Red Mountain.)

ORE OCCURRENCES

The molybdenite on the Continental McKinney claims occurs as disseminations and minute fracture fillings within coarse and aphanitic, locally "brecciated" skarn in lensey flat-lying layers. In both the St. Elmo and the Golden Queen orebodies, the molybdenite mineralization decreases sharply to sub-ore grades at the fringes and bottoms of the orebodies where the skarn becomes more dense, aphanitic and siliceous. The skarn and the flat molybdenite ore zones cut across the west-dipping bedding of the host argillite, suggesting that the ore and the skarn zones were controlled by structures other than the original bedding.

The orebodies indicated by the diamond drilling are located on the McKinney claims in three principal areas: the Novelty M.C., the Golden Queen M.C. and the St. Elmo M.C., all along the western side of the property.

ORE RESERVES

On the basis of the results of the original 1965 drilling the writer made the following estimates of the ore reserve on the Continental McKinney property and recorded them in his Summary Report on the Golden Queen Claim Group, dated Feb. 1, 1967.

"On the Novelty claim three drill holes indicate a possible extension of the Giant orebody."

"On the Golden Queen claim a surface orebody of approximately 63,420 tons is indicated by six drill holes and appears to grade 0.25% MoS₂ (\$8./t.) Four deep holes indicate deeper (100-200 ft.) lower grade ore slightly to the west. This is designated as the C-Orebody and may contain upwards of 260,000 tons of about \$5./t. ore."

"On the St. Elmo claim ten holes indicate a surface orebody of about 73,000 tons @ 0.33% MoS₂ (\$10.55/t.)."

"All of the indicated orebodies are open."

The writer made the following recommendations in the same report:

"The writer recommends a total of approximately 13,000 feet of drilling, in 66 vertical holes, on the Golden Queen, the St. Elmo and the Novelty claims to delimit the tonnage and grade of the indicated and possible ore on those claims."

Subsequently, Scurry Rainbow Oil Ltd. has completed 21,145 feet of drilling, in 94 holes, with the following results as estimated from the assays and logs now available, which includes about 80 percent of the total data:

NOVELTY M.C. - All but three of the holes drilled on the Novelty M.C. in 1967 intersected ore grade molybdenite. Until drill hole elevations are available it is not possible to calculate exact tonnages; however, the widths

of assayed intersections indicate with considerable assurance the following orebodies:

Surface	-	390,000 tons @ 0.44% MoS ₂
100 ft. Depth	-	34,000 " " 0.28 " "
150 ft. Depth	-	<u>20,650 " " 0.35% MoS₂</u>
<u>Total</u>	-	<u>444,650 tons</u>

GOLDEN QUEEN M.C. - The 1967 drilling on the Golden Queen M.C. confirmed and expanded the earlier estimates of ore on that claim. Subject to the same technical qualifications as described above for the Novelty M.C. the indicated orebodies on the Golden Queen M.C. are:

Surface -(East)	-	140,000 tons @ 0.20% MoS ₂
-(West)	-	<u>120,000 " " 0.41 " "</u>
		<u>260,000 tons @ 0.297% MoS₂</u>
60 ft. Depth (South)		24,000 tons @ 0.47% MoS ₂
100 " " (North)		<u>10,000 tons @ 0.20% MoS₂</u>
<u>Total</u>		<u>294,000 tons</u>

In addition, an extensive body of relatively low grade material has been intersected at a depth of about 200 feet. This may or may not prove to be ore.

ST. ELMO M.C. - Seven holes on the St. Elmo M.C. have intersected and delimited a relatively large surface orebody and six other holes have intersected a smaller orebody 40 feet below surface. These two orebodies are:

Surface	-	131,000 tons @ 0.37% MoS ₂
40 ft. Depth	-	<u>29,450 " " 0.60 " "</u>
<u>Total</u>	-	<u>160,450 tons</u>

CONCLUSIONS

The 1967 diamond drilling on the Red Mountain property of Continental McKinney Gold Mines Ltd. has indicated with reasonable assurance the following surface or near-surface ore in five separate orebodies:

810,450 tons @ 0.39% MoS₂.

In addition, 88,000 tons of possible ore of various grades is indicated at depths below open pit exploitation.

It is reasonably assured that the surface ore can be mined and treated profitably.

A calculation of the feasibility and cash flow of such an operation will be made as soon as full survey details of the drill holes become available.

Respectfully submitted,



Douglas D. Campbell, P.Eng., Ph.D.

Vancouver, Canada.