

George Cross News Letter SEP 22 1970

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NO. 192 (1970)
SEPTEMBER 18, 1970

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WESTERN CANADIAN INVESTMENTS

FALAISE LAKE MINES LTD.

PROPERTY FILE

82FSW121
ROSSLAND CAMP PROJECT NEAR
CONCLUSIVE STAGE IN PROGRAM

- An 8,000-foot underground diamond drilling program will start in the next week to ten days on the Rossland, B.C., gold-silver-copper property of Falaise Lake Mines Ltd. This drilling is the next step in an exploration program which started in 1968 on the property. The early phases of the exploration work included drill testing of the downward projections of formerly producing veins. This work met with sufficient encouragement to undertake the driving of a 4,170 foot long main haulage and drainage level at an elevation of 3,045 feet. This drainage level has been completed and the old workings, inaccessible since 1925, will now be explored, mapped, sampled and tested by the drilling program.

In the 35 years of production between 1890 and 1925, the mines yielded 6,000,000 tons with an average grade of 0.452 oz. gold, 0.57 oz. silver and 1.00% copper. At present prices this would be about \$18.00 for gold, over \$1.00 for silver and \$1.00 for copper, or a total of \$30.00 per ton.

The drilling several years ago by Falaise Lake Mines Ltd. tested portions of the upper levels of the mine and indicated 307,400 tons of 0.204 oz. gold, 0.61 oz. silver and 0.65% copper.

The newly completed drainage level opens some miles of workings between the 800 foot level and the 300 foot levels of the old mine.

In 1925 the mines were shutdown and allowed to flood because of declining metal prices and a change over by the major company to lead-zinc mining and smelting. Underground workings consisted of 86 miles of drifting and crosscuts on 15 or more levels. However 90% of the ore came from vein lengths of only about 2500 feet. Total expended by Falaise Lake Mines to 30Apr70, as required by the agreement of 14July67 amounted to \$478,803. Falaise has an option to acquire a 4% interest in 72 Crown granted claims which encompass the principal mines of the Rossland camp and has staked additional claims in the area.

In the year ended 28Feb70 the company received \$280,000 from sale of 10,000 shares and \$1,149 in interest, a total of \$281,149. Expenditures were \$317,569. The resulting decrease of \$36,420 left work.cap. at that date in a deficiency position of \$19,433 at which date 2,634,103 shares were outstanding.

By an agreement 12May70, Union Securities Ltd., underwrote 200,000 shares at 25¢ per share to net the company \$50,000. Subsequently the company sold 200,000 shares at 30¢ under an option due 31July70. There remain 200,000 shares under option at 45¢ per share due 29Oct70. This option is held 50% by Union Securities and 50% by Lenwood Investments Ltd.

Directors of Falaise Lake Mines are: Ray Wm. Hunstone, president, J.D. Wilson, secretary, E.R. Wood, and R. Gavin.

The current diamond drilling program which will be a series of relatively short holes will test not only a number of the old known veins but also a series of veins discovered in the driving the new haulage/drainage level. This new level intersected three previously unknown veins which were assayed and were worth, at the then current prices, \$14.00; \$16.00 and \$30.00 per ton.

HOME OIL COMPANY LIMITED

ADDITIONAL FUNDS SECURED - R.A. Brown, Jr., president of Home Oil Company Limited, has reported the sale of its entire 2% interest in the Trans Alaska Pipeline system to a number of the other owners. Home Oil received its cost price as the sale price.

In addition, Mr. Brown reported that the company had negotiated a \$10,000,000 six year production loan with its bankers. The loan is secured by certain oil producing properties and the proceeds have been used to reduce current bank indebtedness.

PECHINEY DEVELOPMENT LTD. AUMAS, FERGUSSON WILD LTD. CROWNEX INTERNATIONAL LTD.

\$500,000 PROVIDED FOR - Aumas, Fergusson Wild Ltd. and Pechiney Development Ltd. have reported PRODUCTION RESUMPTION completion of an agreement with Crownex International Ltd. for the purchase of a 50% interest in Dison Development Ltd. for \$500,000. Dison Development is the subsidiary of Crownex International which owns the rights to the Sunro Mine and milling facilities at Jordan River, 30 miles northwest of Victoria, B.C.

The \$500,000 purchase price of the 50% interest will be used toward the resumption of a mining-milling operation at the mine. After the initial \$500,000 has been expended, Pechiney, Aumas and Crownex will provide equally additional monies as required. Management and control will be in the hands of Pechiney Development Ltd., and it is the intention to bring the mine into production early in 1971.

Aumas, Fergusson Wild Ltd., of Vancouver, will be the company's exclusive marketing agent for all concentrates.

company is continuing exploration activities in northern Canada and expects an early detailed report from Cominco Ltd. on results of the past season's work on the property near Pathurst Inlet, N.W.T. under option Cominco.

Browster Lake Mines has agreed to sell a total of 208,333 shs. at 48¢ per share to five parties, pursuant to investment letters, and has acquired an option to earn a 70% interest in a lease held by Buffalo Lake Mines, Inc. on the White Hills mine in Arizona by spending \$68,000 there by 21Mar71 and making certain payments to the original lessee.

Bornite Ridge Mines Ltd. shares and Black Giant Mines Ltd. shares are no longer in primary distribution.

Neonex International Ltd. will pay a 2½¢ semi-annual dividend on 15Jan71, record date 15Dec70.

IMPERIAL METALS & POWER LTD.

NEW VANADIUM AND COAL - Vanadium might be extracted as a by-product of the lodestone iron pellet project for which Imperial Metals & Power Ltd. is seeking some \$38,000,000, says president Jas. Ball. A vanadium plant would increase the capital required by some \$7,000,000, but, he says, it might substantially increase the rate of return on investment. The crude lodestone ore contains about 3.5 pounds of vanadium pentoxide per ton, he notes, and this is up-graded in the magnetic iron concentrate to about 9¼ pounds per ton. At present market of \$1.98 per pound of 98% V2O5 and at the proposed initial annual production rate of 600,000 tons of iron concentrate, about \$9,000,000 worth of vanadium pentoxide might be extracted. Vanadium is being recovered at a Finnish iron pellet plant using a process similar to that proposed for lodestone. Imperial plans to have the Ontario Research Foundation determine optimum extraction procedures using a 2-ton bulk sample of iron concentrate.

Concerning Imperial's Tulameen and Merritt coal, Mr. Ball recently reported two markets opening up. A group representing the electric utilities of the northwestern U.S. has requested a quote on supply of coal for thermal power generation. Japanese interests have confirmed their readiness to buy substantial quantities of Imperial's coal for metallurgical use and have set a range of values FOB ship at Vancouver which indicates that strip mining and processing a portion of the Tulameen deposit near Princeton, B.C., would be profitable. Mr. Ball notes that underground mining of the Merritt coal for sale to Japan is still somewhat marginal, but a small change in transportation costs or selling price could make it profitable. For annual report review and rights offer detail, see GCNL 225, 5Nov70.

Dec 4, 1970

FALAISE LAKE MINES LTD.

PROPERTY FILE
82FSW12

HIGHGRADE VEIN OPENED - Falaise Lake Mines Ltd. has been advancing the main haulage level **IN MAIN HAULAGE LEVEL** at its Rossland, B.C., mine in recent weeks following the breakthrough of the new level into the old workings. Following the breakthrough which drained the old workings down to the No.8 level, the level has been advanced to further explore a number of veins located by diamond drilling. The main haulage recently opened a new face across nine feet which assayed 1.97 oz. gold and 0.24% copper. The present development work includes a flat raise between the No.8 and No.7 levels. It is expected that this raise will intersect the structure which carries the highgrade on that level. (See GCNL No.192, 18Sept70 for detail review of company exploration work)

SILVER MARK MINES LTD.

PERCUSSION DRILLING PROGRAM - Silver Mark Mines Ltd. through its wholly-owned subsidiary **UNDERWAY ON ARIZONA PROPERTY** acquired from C.R.Kerby of Las Vegas, Nevada, an option on a 60% interest in approximately 500 acres located 40 miles southwest of Tucson, Arizona. Under the agreement, Silver Mark is to pay a total of \$10,000 to the vendor by 9Aug71 and to carryout \$25,000 worth of work by 9Nov71 and a further \$50,000 by 9Nov72.

Previous work on the property has established a copper area, between 4,400 feet and 4,800 feet in elevation, a 400 foot interval, across an average width of 160 feet and over a lateral length of some 2,000 feet. The area of mineralization is confined between two parallel, extensive and wide quartz feldspar porphyry dykes. Extensive trenching has permitted samples being taken at intervals over the length. These samples vary widely in value. One sample across 10 feet graded 3.1 oz. silver, 1.19% copper. A grab sample graded 7.5 oz. silver and 1.24% copper with the highest sample reported to grade 10.5 oz. silver and 2.99% copper.

A road has been completed to the area of the mineralization and a percussion drilling program has been started. The program is to pattern drill the area of mineralization with holes to an average depth of 150 feet. It is expected that the machine will complete between one and one half and two holes per day. The 5,000 feet of drilling is expected to be completed before the end of the year. First chip samples have been sent for assay with results expected to be reported before 10Dec70.

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