

S. J. D. MCCLAY

MANAGING DIRECTOR  
NEW MUSKATEER GOLD MINES  
LTD (N.P.L.)

ILD MINES LTD. (N.P.L.)

VANCOUVER, B.C. V6C 2C7

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851 HOWE STREET • VANCOUVER, B.C. V6C 2C7

Department of Mines & Petroleum  
Resources,  
Victoria, B.C.

June 18th, 1974.

Attention: Mr. E.J. Bowles,  
Chief Gold Commissioner

Dear Sir:

In reply to your letter of May 23rd, 1974, addressed to Craig Mining Ltd., at Box 72, Tofino, B.C. "re the Muskateer-Buccaneer Mines, this is to advise you that by a series of agreements completed recently, the operations formerly conducted by Craig Mining Ltd. are now being carried out by New Muskateer Gold Mines Ltd.(NPL).

The following information is reported to you under Sections 72 and 64 - Mineral Act.

Summary of pre-production expenses of New Muskateer Gold Mines Ltd.(NPL)  
to April 30th, 1974.

Equipment Purchased	\$15,780.65
Equipment Payments	20,450.43
Supplies & Repairs	19,702.10
Wages & W.C.B.	17,996.46
Engineering	1,953.39
Legal & Audit	3,488.75
Administration, Insurance, etc.	1,982.69
<b>TOTAL:</b>	<b>\$81,354.47</b>

Summary of Pre-Production Work

A report by Fred J. Hemsworth was done on the Muskateer-Buccaneer property before work was started.

To date, approximately 2,000 feet of new road have been constructed. A float has been installed at Bedwell Inlet, a large steel decked scow has been purchased to be used as an ore dock and storage area. A trailer camp consisting of 12 man cookhouse, trailer bunkhouse and office trailer for the Superintendent has been set up at the campsite.

Tracks in the mine have been rebuilt and a diesel locomotive purchased. Extra mining and repair equipment has been acquired, such as a mobile electric welder, ore bin, etc. Drilling equipment, including compressor, has been renovated, timbering is going ahead and the underground is being made ready for production.

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Corporate Structure

New Muskateer Gold Mines Ltd. (NPL) was incorporated as Jarid Gold Mines Ltd. (NPL) on April 30th, 1973. On April 19th, 1974, the name of the company was changed to New Muskateer Gold Mines Ltd. (NPL). The registered office of the company is: 3rd Floor - 555 Howe St., Vancouver, B.C.

Methods of Terms of Financing (to April 30)

To date Directors have loaned \$15,000 to the company, approximately \$40,000 has been subscribed by a small group of shareholders and bank loans in the amount of \$20,000 have been arranged for a total of \$75,000.

As quickly as possible the company will be converted to a public company and an underwriting will be arranged. It is planned, at this time, to raise a minimum of \$60,000 on the first underwriting.

There are approximately 14 known veins on the Muskateer-Buccaneer ground. Four of these veins have been partially developed and contain ore reserves of approximately 6,000 tons of 2 oz. gold per ton, between the two sections.

The geology is grano-diorite and some veins are associated with lamprophyre dykes. The Muskateer is equipped with a 50 ton mill which needs rebuilding. It is not the present intention to use this mill, but to ship crude ore to the Tacoma Smelter. The veins are narrow, ranging from 2" to over 1.0' but averaging about 6". A system of raising and slotting the ore between the raises is proposed. We anticipate a cost of approximately \$150.00 per ton. A royalty of 10% of net smelter returns is payable to the owners (Craig Mining Co. Ltd.).

The properties were operated by Muskateer Mines Ltd. and Buccaneer Mines Ltd. from 1939 to 1941. The Muskateer property was operated by Bedwell River Mines Ltd. from 1958-59. No production figures have been found. There was also a shipment of approximately 40 tons of 2.5 oz. Au from the Buccaneer by Craig Mining Co. Ltd. in 1972. A shipment of 52.6 tons was sent to Tacoma from the Muskateer section in June this year but no returns have been received. The shipment was trucked 8 miles to the mouth of the Bedwell River, scowed to Tofino, trucked to Port Alberni and shipped by rail car to Tacoma. Total cost of shipping was approximately \$40.00 per ton using our own equipment (scow, trucks). No smelter or sales agreements have been signed at present.

Until the Buccaneer section is opened up, the normal crew will be ten men. There is no labour contract in effect or under negotiation. The crew lives in a trailer camp on the Muskateer section of the property. The camp consists of the following:

- Twelve man cook-house,
- Six man bunk-house.
- Mobile home office & Superintendent's quarters.

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- Two rehabilitated wooden buildings used as dry house and bunk-house.

Present plans call for regular smelter shipments of crude ore from underground. We ~~therefore~~ do not anticipate any environmental hazards.

All roads are in, with the exception of a short stretch on the Buccaneer section for access to the old workings.

Very little material will be dumped outside the portals. We expect to use old stopes underground for waste disposal.

Power is supplied by individually operated diesel engines.

The property is located in Strathcona Park. See Park Use Permit # 657.

Yours very truly,

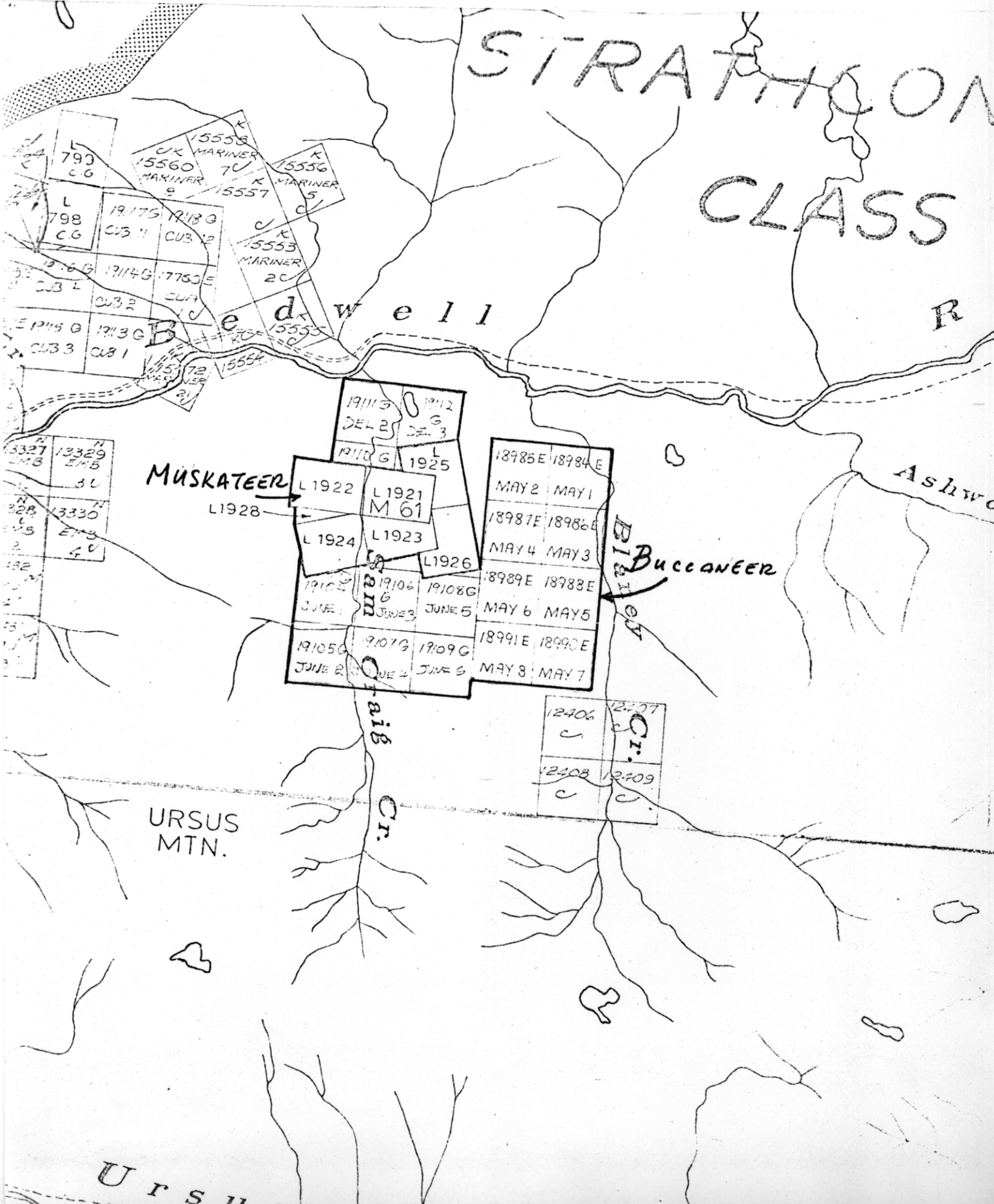
NEW MUSKATEER GOLD MINES LTD. (N.P.L.)

  
S.J.O. McClay,  
Managing Director

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# STRATHCON CLASS



MUSKATEER

Buccaneer

URSUS MTN.

URSUS

PRODUCTION RECORD

<u>PERIOD</u>	<u>TONS</u>	<u>GOLD OUNCES</u>	<u>SILVER OUNCES</u>	<u>COPPER POUNDS</u>	<u>ZINC POUNDS</u>	<u>LEAD POUNDS</u>
1898-1907	252,678	35,600	738,019	19,078,049		
1943-1944	34,893	2,617	71,531	921,175	4,270,903	418,716
1947	8,295	507	15,878	173,952	536,995	
1951-1952*	9,754	316	15,554	86,773	713,954	85,757
1964	167	12	294	5,814	10,548	

\* 2,629 LBS. OF CADMIUM RECOVERED.

COMPARATIVE METAL PRICES

<u>YEAR</u>	<u>COPPER U.S. CENTS/ POUND</u>	<u>COPPER L.M.E. POUNDS/ LONG TON</u>	<u>SILVER U.S. CENTS/ OUNCE</u>	<u>LEAD U.S. CENTS/ POUND</u>	<u>ZINC U.S. CENTS/ POUND</u>	<u>GOLD U.S. DOLLARS/ OUNCE</u>
1901	16.12	66.79	58.95	4.33	4.08	20.67
1902	11.63	52.46	52.16	4.07	4.84	"
1903	13.24	57.97	53.57	4.24	5.40	"
1904	12.82	58.59	57.22	4.31	4.93	"
1905	15.59	69.47	60.35	4.71	5.88	"
1906	19.28	87.28	66.79	5.66	6.20	"
1907	20.04	87.01	65.33	5.33	5.96	"
1908	13.21	59.90	52.86	4.20	4.73	"
1939	10.97	48.26	39.08	5.05	5.11	35.00
1940	11.30	62.00	34.77	5.18	6.34	"
1943	11.78	62.00	44.75	6.50	8.25	"
1944	11.78	62.00	44.75	6.50	8.25	"
1947	20.96	130.54	71.82	14.67	10.50	"
1951	24.20	233.00	89.37	17.50	18.00	"
1952	24.20	259.48	84.91	16.47	16.22	"
1966	36.09	408.89	129.30	15.00	15.00	"

CANADIAN PRICE

1966 Nov.	45.00	490.00	140.50	14.00	14.50	37.85
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THE U.S. AND LONDON PRICES WERE TAKEN FROM THE ENGINEERING AND MINING JOURNAL. THE 1966 CANADIAN PRICES WERE TAKEN FROM THE NORTHERN MINER.