

Property File
(EMR CORPFILE)

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Sherwood

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PIONEER GOLD MINES OF B. C. LIMITED

(Non-Personal Liability)

MANAGING DIRECTOR'S REPORT

April 30, 1941.

The President and Directors,
Pioneer Gold Mines of B. C. Limited,
605 Rogers Building, Vancouver, B. C.

Gentlemen:—

The following report on the Company's operation for the year ended March 31st, 1941, is respectfully submitted for your consideration.

It is gratifying to record a return to normal production for the year after an enforced idleness of five months at the end of the last fiscal period. Although tonnage was below average for the first quarter, operations for the balance of the year were on a very satisfactory basis, and at the year's end the value of bullion produced was slightly in excess of that for the year ended March 31st, 1939, the last year of full production.

Outside exploration is becoming an increasingly important part of the Company's activities, and some tangible results of the search for new properties are recorded.

Capital expenditures for the year were less than \$4,000.00.

MINE

Development. With attention directed to production in the early part of the year and having completed a large amount of exploration work in the past, development footage during the current year was very limited, amounting to only 4,368.8 feet of work, about equally divided between drifting and raising.

Of the 2,227.1 feet of drifting completed, 1,237.6 feet was on the main vein and essentially all of this was on the 27 and 28 levels off No. 4 shaft. This completed the development of known ore bodies in the main vein in the No. 4 shaft area, but additional crosscutting and diamond drilling is being laid out for this area during the coming year for general prospecting purposes.

While developing the main vein on 27 level, a branch vein, later correlated with the "J" vein, was discovered and followed for 244 feet. One ore shoot 84 feet long has been developed to date and possibilities of finding some further ore on this level would seem to be good. A section of the same vein is being explored on the 20 and 26 levels. The work on 26 level has not been completed but drifting on 20 level failed to disclose commercial ore shoots. The favorable section of the vein discovered on 27 level will be tested above and below that level as conditions warrant.

Towards the end of the year drifting was resumed on the "27" vein on 18 level and the ore shoot extended to over 200 feet. This vein had been developed previously on the 13, 16 and 17 levels and mined out between 16 and 17 levels. The length and grade of the ore is better on 18 level than on the levels above. Further development of the vein is now under way.

Ore Reserves. Estimated ore reserves as of March 31st, 1941, were 369,130 tons averaging 0.415 oz. gold per ton. Having mined 121,781 tons, the amount of ore developed during the year was 67,902 tons which is considered to be quite satisfactory. Nothing is included in this year's ore reserve figures as a result of recent discoveries on the "J" and "27" veins. Broken reserves were increased by 11,000 tons, to 63,969 tons. ✓

MILL

Following are statistics for mill operation for the year:

Tons hoisted	121,781
Tons waste sorted	16,037
Tons milled	105,875
Tons milled, daily average.....	290
Heads	0.5114 Oz. Gold per Ton
Tailings	0.0145 Oz. Gold per Ton
Recovery of gold.....	97.16 Per Cent.
Total gold produced.....	52,602.881 Oz.
Total silver produced.....	9,068.93 Oz.

OUTSIDE EXPLORATION

The search for outside properties was continued during the year in both the eastern and western mining sections of Canada, and work has been done on a few of the properties brought to our attention and examined by our engineers. Aside from maintaining a small staff of field engineers, the Company has continued to finance a certain amount of prospecting in the field. In the East, one prospecting party was financed entirely by the Company and the expense of a second party was shared with eastern associates. Some prospecting has also been done in the West. While no new mines have been discovered to date, results have been sufficiently encouraging to justify continuing our prospecting activities during the coming year.

Our engineers examined ninety-nine of the properties brought to the attention of the Company during the year ended March 31, 1941. Two of these properties, the P.D.Q. group and the Black Panther group, situated on Vancouver Island, have been retained and development work will be continued on them.

The Musketeer and Sherwood properties acquired prior to the current year are still under development, and further work on them is planned for this season.

Results obtained to date, on the four properties mentioned, are summarized below:—

Musketeer Mines Limited. The Musketeer property on the West Coast of Vancouver Island, financed jointly by Pioneer Gold Mines of B. C. Limited and eastern associates, has been under development for more than two years. Tonnage indicated by drifting on two veins on the 1,000 and 700 foot levels is about 30,000 tons with an indicated grade of approximately 0.40 oz. per ton over a mining width of 3 feet. This estimate does not include ore below the 700 foot or bottom level. Other veins, within reach of present underground workings, offer possibilities of increasing the reserves above the adit level, but no serious work has been done on these veins as yet. Consideration is being given to construction of a mill during the coming season.

Sherwood Group. On the Sherwood property in the Great Central Lake section of Vancouver Island, 1,827 feet of underground work was completed by the end of the calendar year and an additional 164 feet added by March 31st, 1941. Crosscutting accounts for 632 feet of this work, while drifting on the Nos. 1, 3 and 7 levels at elevations of 4,400 feet, 4,200 feet and 3,700 feet, respectively, makes up the balance.

The first 185 feet of drift on the No. 1 level, driven approximately 100 feet below the apex of the vein, averaged 1.26 oz. per ton (.97 oz. cut) over a width of 30 inches. The portal of No. 3 level is likewise in ore, the first 254 feet of drift on the vein running 1.36 oz. per ton (1.13 cut) over a width of 15 inches. To date, ore has not been found on 7 level, but further work will be necessary before possibilities of finding ore on this level has been exhausted.

P. D. Q. Group. The "P. D. Q." group, adjoining the Sherwood, was acquired by the Company during the year. Two parallel veins approximately 1,000 feet apart have been discovered and open-cut at intervals. One ore shoot has been found on each vein with additional lengths of interesting values. On No. 1 vein values of 1.09 oz. per ton over a width of 12 inches have been indicated for a length of 177 feet with 77 feet of this running 1.25 oz. over 11 inches. The 340 feet of vein opencut on the No. 2 vein averaged .83 oz. over 13 inches with a 90 foot section averaging 1.37 oz. over an average width of 16 inches.

Underground work is planned for the No. 2 vein this coming year, and further prospecting will be done for other veins.

Black Panther Group. An option was secured on the Black Panther property in January, 1941, and a contract let for hand work on the tunnel. At the time of taking over the property, a crosscut had been driven by the owners to intersect a high grade vein at a depth of about 60 feet below the outcrop. Although values were disappointing in the vein which had been the immediate objective of the crosscut, a wide shear zone to the footwall of this returned values of approximately a third of an ounce per ton over a width of fourteen feet. The shear zone, as exposed in the crosscut, is about 70 feet wide.

Since acquiring the property, this shear zone ore body has been drifted on for 130 feet. While the ore was not nearly as wide as in the crosscut, an average value of 0.40 oz. per ton over a width of 59 inches was obtained for the full length of the drift. It is believed the south end of this particular ore shoot has been reached, but a short extension to the north might be expected. The shear zone ore body converges with the "Main Vein," or the hangingwall of the shear zone, in going north. A search will be made for other similar ore shoots.

About 250 feet of tunnel has been driven along the "Main Vein" and a 60 foot length of ore developed, averaging 0.68 oz. gold per ton over a width of 57 inches. This ore shoot begins at about the intersection of the shear zone ore body and the main vein, and is tentatively correlated with the original higher grade surface discovery.

Although the surface is largely covered with overburden the main vein break has been picked up at intervals for about 4,000 feet north, and at 3,200 feet good values have been obtained from float. Important values have also been secured from the odd surface exposure of the other parallel veins outcropping 200 feet and 600 feet to the footwall of the main zone. The Black Panther deposits differ from anything with which we are familiar on the Island, so no predictions can be made as to the outcome of the present development campaign. It may be said, however, the property is quite interesting.

The efficient work and cordial co-operation of Mr. E. F. Emmons and his staff at the Pioneer Mine, of Mr. R. J. Spry, Consulting Metallurgist, and of engineers in charge of outside operations, is gratefully acknowledged.

Respectfully yours,

H. T. JAMES,

Managing Director.

Can a park and a mine coexist?

By R. S. Diotte

PICTURE A 30-storey apartment block underground on a mountain slope

That will give you an inkling, says Merna Tattersall, of what Casamiro Resources gold mine in the new Strathcona Park recreation area will be like.

There are seven doors already excavated into this building at different levels on the mountain. A helipad has been constructed on the slope; the mine, accessible only by air, is 40 km north of Port Alberni.

It can't be reached by road, because there is no road yet.

Tattersall is the president of Casamiro Resources, a junior mining company listed on the Alberta Stock Exchange. Autry Coombs manages the company's Strathcona properties.

"We've been busting our neck to be safe and to be good," Coombs said.

"I believe that we can run a 50-tonne-a-day mine in there without any detriment. I believe we can be an asset to the community and an asset to the area."

Casamiro has opened offices in Port Alberni, one of the first mining companies working an area now being intensely explored to move into a city dominated by the forest industry.

"It's really been an expensive proposition for us," Tattersall says. "We're probably going to spend \$2 million just to rehabilitate the mine."

Situated at the head of Drinkwater Creek, which empties the watershed into Great Central Lake, the mine has sparked controversy, despite the fact that Alberni is an area more concerned with jobs than park space.

Casamiro wants to mine gold; the company says there's 45,000 tonnes of ore proved and another 450,000 tonnes speculated. If the project gets off the ground inside two years, and there is still the matter of proving how much gold is there, the mine could create 30 jobs for at least three years.

The mine has a history.

Tattersall says she saw invoices of high-grade ore moved from the site in the 1950s. The invoices, though, have since been lost and there is no record of any ore being moved from the mine at that time.

But the area was mined, as evidenced by the extensive excavations. The site was discovered in 1938 by W. J. Sherwood and became known as the Sherwood mine.

In 1940-41 the property was operated by Pioneer Mines of B.C. The underground work appears to date from that time and was completed on three levels.

In 1942, Sherwood did move some ore to a smelter in Tacoma, Wash., records show.

The property went through several owners until in 1950 the site was incorporated as a privately held Crown grant, a special status of land within the portfolio of leases and holdings administered under mining legislation.

In 1946, a railway grade in to the site had been converted into a road by Cangold Mining and Exploration Co. Ltd., but Cangold's operations terminated shortly thereafter and the road is now overgrown.

The NDP government of Dave Barrett (1972-75) imposed a moratorium on mining in provincial parks. But the moratorium didn't extend to properties, like the Sherwood mine, held by Crown grant.

A subsequent court decision said, if the government wanted to stop Crown grant holdings from being mined in parks, Victoria was going to have to compensate the holders.

The court decision also said the government was going to have to let the holder of a Crown grant have access to



Casamiro Resources manager Autry Coombs (left) and mine supervisor Ed Skoda with a 1940s vintage drilling gun; left, the location of the Sherwood Gold Mine in Strathcona Park.



the property to prove its value, so proper compensation could be determined.

That had the double-edged impact of making a Crown grant potentially very expensive to expropriate, as well as opening the door to what the government was trying to prevent, further mineral exploration in the parks.

Tattersall says much of the documentation from the 1960s and '70s relating to the Sherwood properties was lost when title was purchased by Casamiro in 1984.

But the area is better known today.

The mine lies at the northern end of a geographically surveyed region known as the Sicker Volcanic Belt. This is a belt, believed to be 32 km wide, extending from the Cowichan Valley and Duncan north.

It is characterized by paleozoic volcanic and sedimentary rocks, known for

shallow but rich veins that lie close to the surface. Between \$10 million and \$15 million has been spent by mining interests over the past year in exploring claims.

Westmin Resources has committed investment to properties in the fabled China Creek area, the site of claim-staking rushes in the 1890s and again in the 1930s. Preliminary results there have led to more money being committed to proving up deposits of gold.

Near Kennedy Lake, on both sides of the Kennedy River, a junior firm, International Coast Minerals is working in partnership with Kerr Addison Mines on one property and on its own on another. Exploration for gold reserves on both sites is reported as promising.

To the south, 15 km west of Chemainus, a joint venture involving two junior companies has demonstrated significant deposits of copper and zinc, with gold and silver as secondary products.

However, none of these concerns has attracted the attention of Casamiro Resources, because none has the distinction of being located on property that was, until quite recently, part of the oldest park in the B.C. Parks holdings.

Casamiro is poised to add a lot of information on water levels, stream discharges, water quality, groundwater quantity and quality, vegetation and wildlife resources.

The company has already paid for and filed studies with the provincial ministries of Mines, and Environment and Parks. Including camp construction, Tattersall estimates the cash out-

lay has reached \$200,000 and the permits are now available to allow the company to begin exploration work.

The process of bringing a gold mine to life is a slow one, she says.

She estimates Casamiro would be doing well to have a working mine in place within four years.

There have been seven men working on site through the summer. That will climb to 12 men as the exploration begins and the company actually begins crushing rock.

A survey of excavations has been completed, giving Casamiro an idea of the extent of what has been done in the past.

The goal behind the recreation areas is to allow industrial and recreation use side by side. Once industry is finished, however, reclamation plans are put into effect and the area could be raised to class-A park status.

Project manager Coombs has been Casamiro's diplomat in the Alberni Valley, addressing meetings as varied as the chamber of commerce and the Friends of Strathcona Park.

He is a patient talker, given to wearing western pattern shirts and boots. He says the opposition to Casamiro's plans has been coming from the same dedicated handful, but he is convinced that Alberni wants the jobs, the investment and may even welcome finally having the south end of the park opened to recreation traffic if his company eventually builds a road into the site.

Time is on his side; Casamiro will get its chance to mine in Strathcona Park.

"And it Assayed \$347.90 in Gold to the Ton"

No wonder prospector Walter J. Sherwood said "This is it"

Since 1930 Sherwood had prospected in many parts of British Columbia; had found and seen many good gold outcrops but never before had he discovered anything like this.

In 1937 he went prospecting in the Drinkwater Valley area some 36 miles north-west of Port Alberni on Vancouver Island. The earliest claims in this district had been recorded in 1899 and hundreds of prospectors had since been through this region. A number of promising discoveries had been made in the area, but due to the rugged terrain and inaccessibility they were not quite good enough to attract big development money. Sherwood found several interesting gold outcrops in 1938, staked one group of claims, but it was not until the following year he discovered what is now known as the "Sherwood Vein."

It happened one morning in July, 1939. He had worked his way up through from the valley floor on the south side of a deep gorge and had finally reached a very high elevation. What he had not been able to see from the valley below was now visible across the gorge in a steep slide—a long orange streak showed straight as an arrow. It was a long way across and lots of prospectors might have thought it was too much trouble to investigate, but Sherwood figured differently. It took two days of tough travelling to get over and up the north side to a point where he could examine the rusty-looking outcrop and it was quite a tricky and risky job to get close enough to examine and sample the vein. But sample it he did, across 37 inches, and when he got his assay returns of 9.94 ounces to the ton, he was convinced that nine long years of intelligent prospecting was finally going to pay off.

Mining interests heard of his find—sent engineers in to examine the showing—made a deal on his claims and started development work. Results were more than good. It is reported that more than \$100,000.00 was expended in development work in 1940 and 1941. Three levels were driven into the mountain side and a sizeable tonnage of high grade ore was established. Many more veins were discovered carrying very good values, and the project began shaping up very big.



The year 1941 was tense. The War news was far from good. The Armed Forces and War industries needed all available man power, and gold mining development just had to wait. War conditions and substantial property payments forced the mining interests to withdraw.

However, a mining project of such unusual merit was not destined to remain dormant for long. With the end of War in sight there was soon a pressing need for the production of gold, and other mining interests could visualize tremendous ore possibilities in the Sherwood property. Blocked out and possible ore already developed was conservatively estimated at 27,830 tons averaging .65 ounces per ton with a gross value of \$633,000.00. Some estimates valued this ore, that could be mined and milled, closer to the million dollar figure. Many additional veins had been discovered and one mining engineer had described it as a "stock work of cross veins." Every qualified mining man who had examined the property had been impressed with the huge development possibilities.

Here could be one of the really BIG mines of British Columbia waiting to be opened up.

In 1944 a new mining group took over the Sherwood project and formed the

CANGOLD MINING AND EXPLORATION CO. LTD.

CANGOLD MINING AND EXPLORATION CO. LTD.

with substantial finances made available, in 1945 got its construction and development program under way.

Transportation for all mining projects is most essential.

To handle equipment and supplies by water from the east to the west end of Great Central Lake, a self-propelled landing barge was purchased from War Assets Corporation and placed in operation. Landing dock and sea plane float was also built.

A nine-mile truck road running north-west from the landing dock at west end of Great Central Lake to the Cangold mining camp was laid out.

Bulldozers and road making equipment were brought in—bridges built to cross streams—\$65,000.00 spent in labour and supplies and the nine-mile truck road was completed in 1946.

Timber of every required kind is readily available on the Cangold property.

A portable saw-mill, complete with edger and planer, has been constructed, 40,000 feet of lumber has already been cut of the estimated 400,000 feet of full camp requirements.

The camp-site has been surveyed and some buildings already constructed. Camp buildings, designed by North Coast Engineering Ltd., include warehouses, blacksmith shop, miner's dry, office, cookhouse and 15 dwellings and bunkhouses. The latter will be completely modern, including plumbing and electric lighting.

Ample sources of hydro-electric power development for large scale mining operations are readily available. Plant site has been surveyed and building designed. 350 KVA Hydro Electric plant with all necessary equipment has been purchased. The installation will be supervised by Electric Power Equipment Company Ltd.

The mill site has been surveyed and building also designed.

A flotation and amalgamation type mill of 50 ton daily capacity has been especially built for Cangold by the Denver Equipment Company Ltd. and is now ready for delivery. Provision has been made to increase mill capacity as required.

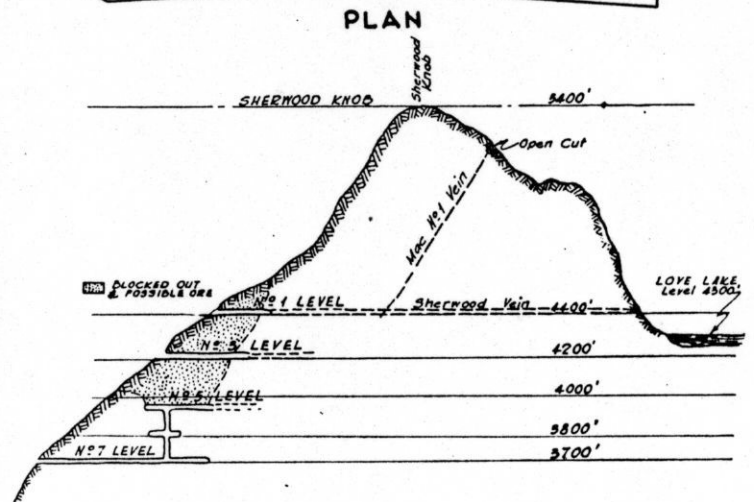
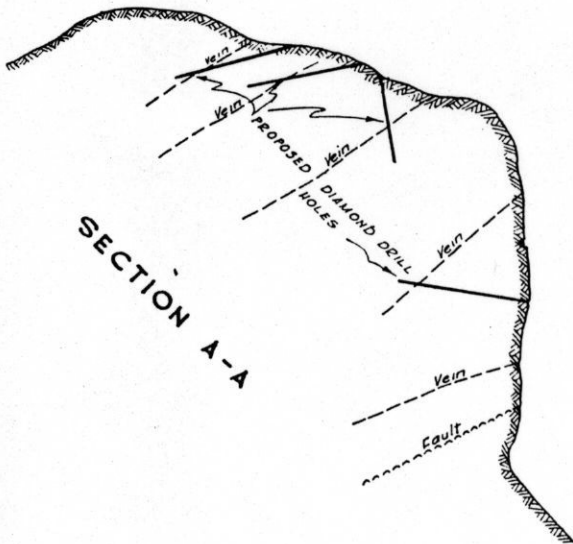
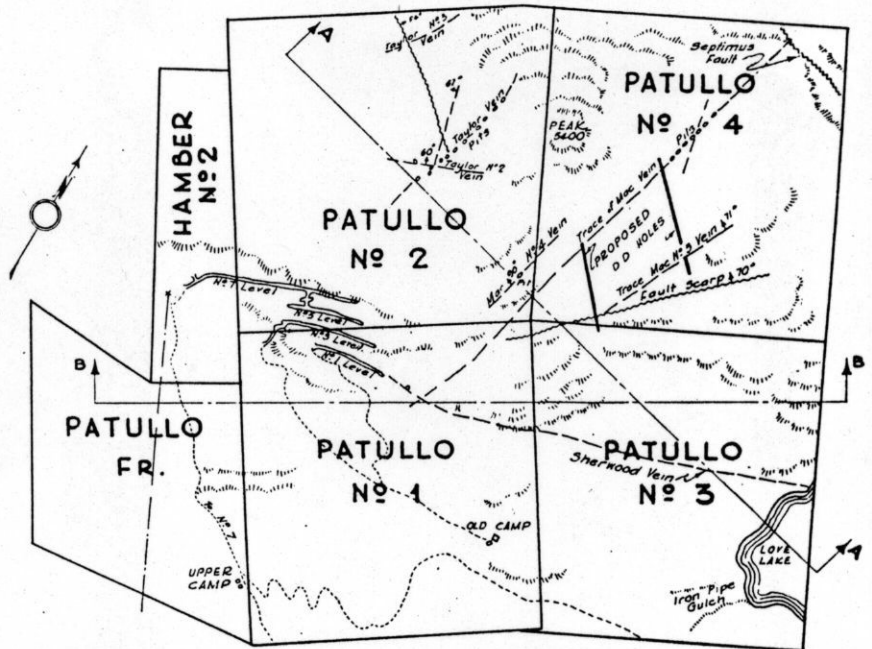
The 4000 foot tramline has been surveyed and engineered, also by North Coast Engineering Ltd.

Approximately \$83,000.00 worth of machinery and equipment, including hydro-electric plant, 4000-foot tramline, 600 cu. ft. compressor, hoists, drills and miscellaneous hardware and supplies have been purchased and paid for. Much of this equipment is now on the property.

An additional \$61,000.00 worth of necessary equipment and supplies are also on order and ready for delivery when required.



The property of Cangold Mining and Exploration Co. Ltd. comprises a total of 28 mineral claims in one group; 8 claims being owned outright by the Company and the balance on long term option. It is located in Drinkwater Valley in Strathcona Park, about 36 miles north-west of Port Alberni on Vancouver Island, British Columbia.



SECTION B-B

The above sketches may help you to visualize the huge ore development possibilities on Cangold. In the Plan at top are shown the numerous veins which have been discovered and partly explored on the surface. The length, width and assays on these are substantial.

Bear in mind that only about 2000 feet of development work underground has already proven a sizeable tonnage of high-grade ore.

Visualize the potential ore that can be developed above and below the 4000 foot elevation as present workings are extended further into this mountain.

To assist YOU to visualize the immense ore development possibilities of just four of the Cangold group of claims, plan of which is to the left, we quote from the March 5th, 1946, Report of Cangold's Consulting Engineer, Mr. B. W. W. McDougall, B.A., B.Sc.

"Some little attention was given to the study of the geological structure of that portion of the property on and in the immediate neighbourhood of the Sherwood Knob, and included in the Patullo Nos. 1, 2, 3 and 4 mineral claims."

"The Sherwood vein, on which all of the underground work effected on the property has been done, and which has been partly developed to a depth of more than 750 feet below the outcrop, is traceable on the surface for a distance of more than 1500 feet beyond the limits of the present workings, and it is believed that the possibilities for further ore shoots in this large undeveloped vein area are promising. Some 200 feet easterly from the face of the No. 1 level another and interesting (Mac) vein has been discovered. The surface trace of this vein can be followed for a distance of more than 2000 feet on the Patullo Nos. 1 and 4 claims, and it is believed that it persists to the Septimus fault, which is a regional feature of the area and which, for the most part, lies immediately beyond the north limits of the property. Gold assays up to a maximum amount of nearly one ounce to the ton have been returned from near-surface samples. Two other narrow vein fractures, more or less parallel to the first, have also been found and these, too, show gold-bearing mineralization though very little prospecting has yet been done on them. On the Patullo No. 2 claim 5 more vein fractures have been found and from one of these an assay of 1.5 ounces to the ton has been obtained."

"Due to the exposed positions of these several vein fractures oxidation has been severe, and this is also the case with the Sherwood vein outcrop. For this reason it is, for the most part, impractical to determine true average values by ordinary pitting and open cutting. The outcrops of the newly-found vein fractures are from 1000 to more than 1500 feet higher than the No. 7 drift adit on the Sherwood vein, and they can be explored to good advantage by extending this working. They are also well situated for exploration by diamond drilling from the surface or from extensions of any of the existing adits."

"The several discoveries made during the year just concluded thus provide exploration and development objectives of definite promise in territory which is within reasonable reach of the present underground workings and from which such ore bodies as may be found may be mined and milled by means as the same facilities now being planned for exploiting the ore body already developed in the Sherwood vein."



Informational Bulletin, Nov. 15th, 1947

Quite frankly we prepared this Informational Bulletin on Cangold Mining & Exploration Company Ltd., for the definite purpose of interesting YOU in the purchase of Cangold shares.

That's our business.

Finding "Venture Capital" for sound mining development.

We believe you'll make money buying Cangold at the present market price.

We believe you'll make a lot of money, and make it in the very near future.

We believe Cangold is one of the best "Venture Capital" investments of its kind in Canada today.

We believe all this because we **know** the Cangold situation very thoroughly.

When we became associated in the financing of Cangold in 1945, we checked the whole project from every conceivable angle.

Spent days on the property—discussed it with the Company engineer—with men working underground and on surface—examined the showings—checked Government Reports and the Consulting Engineer's Report—analyzed its real mine making possibilities in every possible way.

Then we helped place \$150,000.00 in the Company's Treasury for development purposes.

Most of the preliminary construction and engineering problems have been met—Cangold should develop into another B. C. producing mine in 1948.

And as diamond drilling and the much larger development programme gets under way, we can visualize Cangold enlarging into one of the really big gold mines of British Columbia.

To those people of vision with "Venture Capital" available, we say:

"The fortunes of Tomorrow are being built
on the 'Venture Capital' Investments of Today."

Buy Cangold shares at the market, in large or small amounts, according to your means. Put your money to work in Cangold and watch it grow.

Cangold shares are traded on the Unlisted Section of the Vancouver Stock Exchange—see your daily paper for quotations.

Buy through your own Bank, Broker, or direct from

ERNEST HENDERSON AND COMPANY

Investment Brokers

711 Credit Foncier Building, 850 West Hastings Street

VANCOUVER, B. C.

Telephone PAcific 1985

The information contained herein has been obtained from sources considered reliable but is not guaranteed by us.

A copy of the Prospectus of Cangold Mining & Exploration Co. Ltd. dated Sept. 17th, 1947, as filed with the Registrar of Companies may be obtained upon request.

CANGOLD MINING AND EXPLORATION CO. LTD.

(Non-Personal Liability)

Capital Authorized	3,000,000 shares N.P.V.
Issued for properties (held in escrow).....	600,000 " "
Issued for cash.....	1,133,051 " "
In Treasury	1,266,949 " "
(First Mortgage 5% Sinking Fund Debentures Due Oct. 1st, 1952) Authorized to be issued.....	\$160,000

President

MARK M. CONNELLY,
Fraser Lake, B. C.

Vice-President and Managing Director

HARVEY T. COWAN
Vancouver, B. C.

Secretary-Treasurer

CHARLES E. BRUDER
Vancouver, B. C.

Directors

Hon. FRANK H. PUTNAM, M.L.A.
Creston, B. C.

EDWARD L. ROBSON
Duncan, V. I., B. C.

ERNEST HENDERSON
Vancouver, B. C.

CHARLES H. WIGLEY
Yorkton, Sask.

JAMES T. TAYLOR
Vancouver, B. C.

Consulting Mining Engineer

B. W. W. McDOUGALL, B.A., B.Sc.
Vancouver, B. C.

Solicitors

REID, WALLBRIDGE, GIBSON & SUTTON
208 Yorkshire Bldg.
Vancouver, B. C.

Auditors

**RIDDELL, STEAD, GRAHAM &
HUTCHINSON**
626 West Pender St.,
Vancouver, B. C.

Registrar and Transfer Agents

PRUDENTIAL TRUST COMPANY LTD.
475 Howe Street
Vancouver, B. C.

Head Office

711-12 Credit Foncier Bldg.
Vancouver, B. C.

Mine Office

Strathcona Park
Vancouver Island, B.C.

92F 069
Sherwood

Prop. File
(EMR CORP) (C)

BASE METAL FINDS REPORTED IN B.C.

Prospecting Spreads Over Several Districts — Properties Being Optioned

Several new base-metal discoveries have been reported in British Columbia recently. Among the more important is that made by Walter J. Sherwood, who previously discovered the Sherwood gold mine now under development by Cangold Mining and Exploration, Ltd., on the Silver Prince group in the Great Central Lake area of Vancouver Island. Mr. Sherwood states that a vertical section of 60 ft. of the main vein with an average width of at least 20 inches assayed as follows:

Sample No.	Gold Oz.	Silver Oz.	Lead %	Zinc %
1	0.39	312	5.3	18.0
2	0.29	242	3.7	10.2
3	0.22	307	4.1	8.2

Mr. Sherwood reports the main vein to be in a wide shear zone in purple andesite with a limestone dike several feet from the hanging wall and a strong major fault paralleling the vein 300 ft. from the footwall. Work done during the past season was confined to trail building, tracing out the numerous cross-veins and sampling the main vein. Next season's plans call for open cutting known vein outcrops along the shear 2,000 ft. beyond present workings. The property is accessible by way of Great Central Lake and the road to the Cangold mine at the foot of Della Falls. It will be necessary to construct two miles of tractor road to the site.

Several Areas Active

Prospectors Lauritz Jorgenson of Vancouver and S. R. Ling of New Westminster have staked a group of claims on Mayo Mountain in the Skeena mining division, approximately 35 miles north of Terrace, B.C. Three veins have been traced, one for 150 ft., another for 300 ft., and the third, called the Main vein, for 1,200 ft. From the last, an average sample over 30 inches assayed 1.66 ozs. gold, 2.40 ozs. silver, and 4.50% lead; another over 36 inches assayed 0.92 oz. gold, 6.0 ozs. silver, and nil lead; and a third channel sample across the full 12 ft. showed 0.20 oz. gold with silver and lead not reported. Two pits to a depth of 12 and 14 ft. respectively have been sunk exposing similar widths and mineralization to the full depth.

A. M. Richmond, well-known British Columbia mining engineer, and associates have taken an option on the Teddy Glacier property on Sable Creek, 18 1/2 miles from Beaton in the Lardeau mining division. Considerable work has been done on the deposit resulting in an estimate of reserves of 20,000 tons grading 0.36 oz. gold, 5.7 ozs. silver, 11.9% lead, and 17.3% zinc. To date 1,600 ft. of development headings have been driven.

Samples of high-grade lead-zinc ore have been brought to the B.C. and Yukon Chamber of Mines from the Dutch group of eight claims on Storey Creek, four miles by trail from the south end of Nimpkish Lake in the Nanaimo mining division. One sample assayed 19.6% lead, 20.7% zinc and 2.4 ozs. silver per ton over a width of four feet. The main vein on the property is reported to average four feet in width over a length of 350 ft. as traced by open cuts. A vertical range of 125 ft. is also indicated by outcroppings on the mountainside. The vein is situated along a limestone contact with granodiorite rock.

John Stinson of Tulsequah, B.C., has reported one of the most sensational discoveries of all on an old property, formerly known as the Erickson-Ashby group, on Erickson Mountain, six miles by river and trail from Tulsequah Landing in the Skeena mining division. Mr.

CANGOLD IS NEGOTIATING NEW FINANCING DEAL

The annual meeting of shareholders of Cangold Mining and Exploration Co., Ltd., elected the following directors: Mark M. Connelly, Fraser Lake, B.C.; Hon. Frank H. Putnam, Victoria; Harvey T. Cowan, Ernest Henderson, Edward L. Robson and Thornton Taylor, all of Vancouver; and Peter Tjebbes, Grand Forks. At a directors' meeting which followed, Mr. Connelly was elected president, Mr. Putnam vice-president, Mr. Cowan managing director, and Charles E. Bruder secretary-treasurer.

The chairman, Mr. Connelly, outlined the progress of the company during the past year and its efforts to bring the Sherwood property on Vancouver Island into production. He explained that an option given eastern interests covering the authorized bond issue of \$160,000 in 5-year 5% bonds had not been exercised, but that the season was well advanced when it became known definitely the funds would not materialize from this source.

Ernest Henderson and Co., fiscal agents for Cangold, then contacted representatives of an important group of United States financiers. However, snow conditions prevented an examination of the property in April when the interested group's engineers sought to visit the mine. The examination was made in mid-July and Mr. Henderson stated, it was apparent the principals were satisfied as to the potential value of the property. The new group insisted that certain conditions in the original agreement with Walter Sherwood, vendor, must be modified before negotiations could continue. Messrs. Henderson and Cowan thereupon concluded successfully with the Sherwood interests negotiations for a reduction in the property payments until such time as the production stage is achieved.

Mr. Henderson told the meeting the new financing group was interested in the Cangold company not only as potential debenture holders but also as substantial shareholders. He expressed every confidence in his ability to work out the necessary financial arrangements.

The managing director told The Northern Miner that the mine had been maintained in good condition and that save, for a very short distance covered by slides last winter, the road was accessible to the property. This damage could be repaired in brief time by a bulldozer.

CANGOLD PROGRESS DELAYED BY UNSEASONAL SNOW

Cangold Mining and Exploration Co., Ltd., has purchased the tramline formerly in use at the Ymir Yankee Girl mine, Nelson district. It is of the Riblett type, 4,000 ft. long, and is fitted with automatic loading and unloading equipment. A small crew of men is now at work dismantling the line for shipment to the Vancouver Island property.

Unseasonable weather has retarded the ambitious program of Cangold. The Northern Miner is advised by C. Bruder, secretary-treasurer, as follows:

"Construction work at the Cangold property has been hindered due to the unusual snowfall during the past season. Recent reports from the mine

Aug. 1946

Prop. File
(EMR CORPFILE)

92F 069
Sherwood

**CANGOLD EXPECTS TO START
OPERATIONS IN JUNE** P-19

Cangold Mining and Exploration Co. with 28 claims on Vancouver Island, plans to commence operations in June. Last year approximately \$150,000 was spent on machinery, equipment, road building and preparing a mill site.

In previous operations the property was opened with three adits and a total of 2,700 ft. of underground workings. The company estimates indicated ore at 27,830 tons averaging 0.65 oz. gold per ton in the Sherwood vein. A 50-ton mill is planned.

To complete financing it is proposed to issue bonds. When totally financed the company will have received \$265,400 and 1,000,000 shares of the 3,000,000 authorized will have been issued.

During the summer of 1931 several new ore occurrences were discovered in the vicinity of the Sherwood vein and these are to be explored more fully.

Officers and directors, all from B.C. are: M. M. Connelly, president, Fraser Lake; R. B. Gayer, vice-president, Vancouver; C. E. Bruder, secretary-treasurer, Vancouver; Hon. Frank H. Putman, Victoria; E. L. Robson, Duncan; J. T. Taylor, R. T. S. Phillips, J. R. Reed, all of Vancouver, directors. Executive office is in Room 711, Credit Foncier Bldg., Vancouver.

CANGOLD DESIGNS MILL 4-24-31

(Special to The Northern Miner)

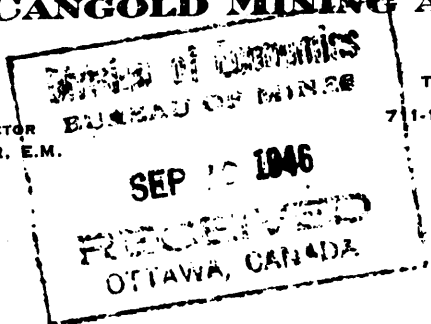
Vancouver, B.C. - Cangold Mining and Exploration Co. Ltd. has let a contract to North Coast Engineering, Ltd., to design mill, mining plant, aerial tram-line and general camp buildings for construction on the Sherwood property, Vancouver Island. The mill will be designed from results obtained by Harold M. Wright, consulting geologist, and the ore-testing division of the Denver Equipment Company after testing of large bulk samples of Cangold ore. Preliminary tests on coarse grind have indicated recovery of 93%. It is expected to improve extraction materially with the use of fine grind.

P.F. 92 F 069
Sherwood

(EMR CORPFILE)

CANGOLD MINING AND EXPLORATION CO., LTD.
(N.P.L.)

MANAGING DIRECTOR
ROBERT B. GAYER, E.M.



TELEPHONE PACIFIC 1510
711-12 CREDIT FONCIER BLDG.
VANCOUVER, B.C.

September 6, 1946.

Dear Sir or Madam:

Herewith please find enclosed a reprint of a news feature which appeared recently in the Vancouver Sun. We feel that this item will interest you.

The road mentioned has been cleared with the large D8 Caterpillar Bulldozer to the millsite, and should be ready for truck use by September 15th. Company trucks are now operating from Great Central Lake to our property boundary, a distance of nine miles.

Unforeseen construction difficulties brought about by unusually deep snows and a correspondingly late spring retarded the road prospect by more than a month. This, together with an earthquake on June 23rd, which caused considerable property damage, added some 30% to the length of time originally estimated for the road job.

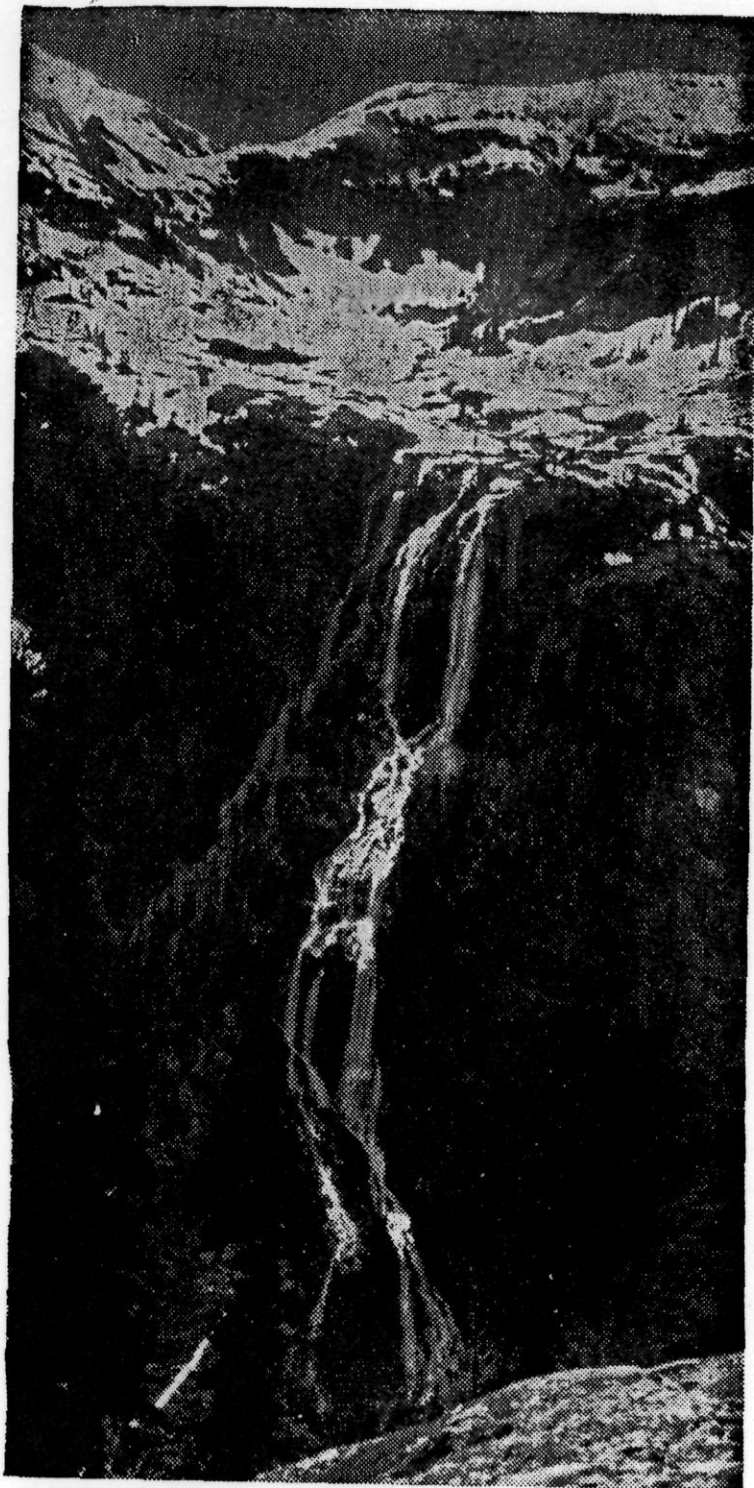
Despite these difficulties, a sawmill was taken through and set up on the property. Forty thousand feet of lumber has been sawn, and the first camp buildings erected. A total of 500,000 feet of timber is to be cut to complete the plant and camp. Due to the advanced season, shortage of certain vital construction materials, and a new government ruling which grants tax exemptions for a period of three years to new mines coming into production after Jan. 1st, 1947, the Directors are of the opinion that it is inadvisable to attempt to push through to production this fall. Consequently, at a recent meeting the directorate decided to curtail operations which cannot be carried out efficiently under existing labor conditions and material shortages.

Arrangements are being made to store mill, hydro power, and mine machinery for the winter months so that all this equipment will be available in the early spring for installation.

The question has been raised as to what effect the recent dollar parity has had on Cangold ore estimates. We are very happy to announce that while the 10% exchange lowered ore values by \$1.75 a ton, this has been more than offset by taking into account silver content of Cangold ore, which averages 2.01 ounces silver per ton, or a value of \$1.80. The silver content was not included in earlier estimates, so that by bringing it in at this time we can state that the gross value as set up in original estimates has not been affected by the loss of the U.S. Exchange.

Yours very truly,

Robert B. Gayer
Managing Director



MAJESTIC DELLA FALLS, towering 1580 feet above the wild interior of Vancouver Island, will soon be accessible to tourists. The picturesque waterfall, second highest in the world, is ten times higher than Niagara and four times as high as the famous Victoria Falls on the Zambesie River.

PIONEER GOLD MINES OF B.C. LTD

13th Annual Rpt

March 31, 1941

MILL

Following are statistics for mill operation for the year:

Tons hoisted	121,781
Tons waste sorted	16,037
Tons milled	105,875
Tons milled, daily average.....	290
Heads	0.5114 Oz. Gold per Ton
Tailings	0.0145 Oz. Gold per Ton
Recovery of gold.....	97.16 Per Cent.
Total gold produced.....	52,602.881 Oz.
Total silver produced.....	9,068.93 Oz.

OUTSIDE EXPLORATION

The search for outside properties was continued during the year in both the eastern and western mining sections of Canada, and work has been done on a few of the properties brought to our attention and examined by our engineers. Aside from maintaining a small staff of field engineers, the Company has continued to finance a certain amount of prospecting in the field. In the East, one prospecting party was financed entirely by the Company and the expense of a second party was shared with eastern associates. Some prospecting has also been done in the West. While no new mines have been discovered to date, results have been sufficiently encouraging to justify continuing our prospecting activities during the coming year.

Our engineers examined ninety-nine of the properties brought to the attention of the Company during the year ended March 31, 1941. Two of these properties, the P.D.Q. group and the Black Panther group, situated on Vancouver Island, have been retained and development work will be continued on them.

The Musketeer and Sherwood properties acquired prior to the current year are still under development, and further work on them is planned for this season.

Results obtained to date, on the four properties mentioned, are summarized below:—

Musketeer Mines Limited. The Musketeer property on the West Coast of Vancouver Island, financed jointly by Pioneer Gold Mines of B. C. Limited and eastern associates, has been under development for more than two years. Tonnage indicated by drifting on two veins on the 1,000 and 700 foot levels is about 30,000 tons with an indicated grade of approximately 0.40 oz. per ton over a mining width of 3 feet. This estimate does not include ore below the 700 foot or bottom level. Other veins, within reach of present underground workings, offer possibilities of increasing the reserves above the adit level, but no serious work has been done on these veins as yet. Consideration is being given to construction of a mill during the coming season.

Sherwood Group. On the Sherwood property in the Great Central Lake section of Vancouver Island, 1,827 feet of underground work was completed by the end of the calendar year and an additional 164 feet added by March 31st, 1941. Crosscutting accounts for 632 feet of this work, while drifting on the Nos. 1, 3 and 7 levels at elevations of 4,400 feet, 4,200 feet and 3,700 feet, respectively, makes up the balance.

The first 185 feet of drift on the No. 1 level, driven approximately 100 feet below the apex of the vein, averaged 1.26 oz. per ton (.97 oz. cut) over a width of 30 inches. The portal of No. 3 level is likewise in ore, the first 254 feet of drift on the vein running 1.36 oz. per ton (1.13 cut) over a width of 15 inches. To date, ore has not been found on 7 level, but further work will be necessary before possibilities of finding ore on this level has been exhausted.

P. D. Q. Group. The "P. D. Q." group, adjoining the Sherwood, was acquired by the Company during the year. Two parallel veins approximately 1,000 feet apart have been discovered and open-cut at intervals. One ore shoot has been found on each vein with additional lengths of interesting values. On No. 1 vein values of 1.09 oz. per ton over a width of 12 inches have been indicated for a length of 177 feet with 77 feet of this running 1.25 oz. over 11 inches. The 340 feet of vein open-cut on the No. 2 vein averaged .83 oz. over 13 inches with a 90 foot section averaging 1.37 oz. over an average width of 16 inches.

Underground work is planned for the No. 2 vein this coming year, and further prospecting will be done for other veins.

PROPERTY FILE

092F 080

092F 069

092F 020

Property File
CENR CORPFILE

92F 069
Sherwood

CANGOLD MINING AND EXPLORATION Co., LTD.
(N.P.L.)

MANAGING DIRECTOR
ROBERT B. GAYER, E.M.

TELEPHONE PACIFIC 1510
711-12 CREDIT FONCIER BLDG.
VANCOUVER, B.C.

March 1, 1946

To the Shareholders of
CANGOLD MINING AND EXPLORATION COMPANY LTD.

Division of Economics
BUREAU OF MINES

APR 26 1946

RECEIVED
OTTAWA, CANADA

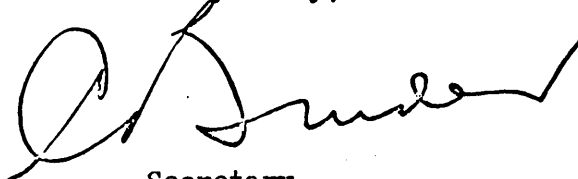
Dear Sirs:

Enclosed please find the Managing-Director's report to the President on your Company's activities to December 31, 1945. This report will be presented at the Annual Meeting, 7.30 P.M., March 16, 1946.

Since the beginning of the year Denver Equipment Company Ltd. has completed milling tests on Cangold ore with very favourable results. A recovery of 93.24% has been made, over 50% being recoverable as bullion at the mine, the balance contained in concentrates to be shipped to the smelter.

With regard to camp construction, a study of camp buildings has been carried out by our engineers and it has been decided that the Company erect individual dwellings to accommodate from four to six men each. These buildings, though fractionally higher per man in cost as compared with the customary 40 to 60 men bunkhouses, offer much more privacy and comfort, and should reduce the labour turnover experienced by many camps.

Yours very truly,



Secretary.

CBms
Enclosure

Rec'd 23/3/46

MANAGING-DIRECTOR'S REPORT

- - - - -

The President and Directors,
Cangold Mining and Exploration Co. Ltd.,
711 Credit Foncier Building,
Vancouver, B.C.

Gentlemen:

I take pleasure in submitting for your consideration the following report on the Company's operations for the fiscal year ended December 31, 1945.

The Company received, from the Securities Department, its certificate to commence business on March 7th, 1945. In the ensuing nine and three-quarter months an active program has been carried out in order that the Company's property, near the head of Drinkwater creek, Vancouver Island, may be brought into production at an early date.

I am now able to announce that sufficient work has been done to enable us to schedule production to start by the first day of September, 1946. During the following month the first bullion shipments will be made.

It is interesting to note that our project was the first new company to get under way following the cessation of hostilities, and that we anticipate being the first new producer to enter the gold mining production field in B.C. since wartime restrictions forced the closing of new gold mines in 1942.

ROADS & TRAILS:

In order to facilitate transportation during the summer program, the work of converting the 5½ miles of railway grade into a truck road was commenced as early as weather and labour conditions permitted. This job was completed in good time, and included the construction of one 100-foot bridge and the decking of six other bridges and a 140-foot pier at the lake terminal of the road. The 3½ miles of trail from the end of this truck road was re-opened, and one pack bridge constructed across Drinkwater creek. During this period the survey for the remaining 3½ miles of truck road was completed and the road site staked so that construction can commence early in 1946. The crews doing this work were based on a houseboat moored at the head of Great Central Lake. Upon completion of the road for truck use this camp was moved to the base camp in the Drinkwater valley. Due to a forest closure, two weeks were lost at this time, as the crews were prevented from entering the area. With the establishment of a permanent camp in the summer of 1946 this difficulty will be avoided.

MINE PLANT & TOWNSITE:

Four mine buildings on the property were repaired and put in use. These buildings will be the nucleus of the new camp to start in the spring. A 12 x 14 foot log cache was constructed and ample food supplies were stored so that early spring crews could commence clearing and logging operations without having to pack in supplies.

The new town site, together with the mill site, aerial tramline and hydro power site were surveyed and topographical maps prepared. These plans are being used in the planning and design of the various units required for the operation of the mine and mill.

UNDERGROUND:

2700 feet of drifts, raises and crosscuts were cleared of debris and surveyed, and ore exposures sampled. Representative bulk samples were obtained from the No. 1 and No. 3 levels for the purposes of mill testing. The average grade of these samples assayed .95 ounces of gold per ton over the sections sampled, and indicate that a substantial increase in values may be expected from this ore shoot.

SURFACE PROSPECTING:

Early in the year original plans called for a diamond drilling program to prove up ore extensions and check interconnections. Before these plans could be carried out, surface prospecting crews made a number of new vein discoveries adjacent to the existing workings. These were mapped with reference to geology and some stripping and test-pitting was carried out. The results from this work were very encouraging, and it was decided to postpone any further exploration, including diamond drilling, until the mine and mill could be put into operation, at which time an active program will be instituted and can be carried out at a fraction of the cost which would have resulted had the same work been undertaken during the 1945 season. It is anticipated that a minimum amount of diamond drilling should prove the existence of several more profitable ore shoots.

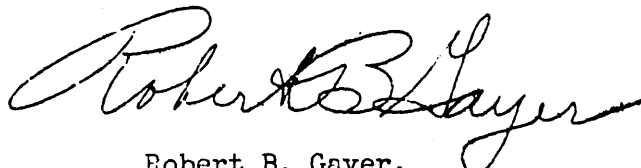
PLAN OF OPERATION FOR 1946:

A complete schedule of operations has been drawn up which calls for the erection of the entire mining and milling plant and the start of production by September 1st, 1946, with bullion shipments to start the following month. This plan includes the construction of $3\frac{1}{2}$ miles of truck road, installation of a small sawmill, and the logging and milling of some 300,000 board feet of lumber for the construction of plant buildings and camp. Surveys show that ample timber for this purpose will be obtained from the clearing of the town and mill sites. The design of the camp and office buildings, mill, power project and tramline are under way, and due to the early start, no particular difficulty is anticipated in obtaining materials and supplies.

GENERAL REMARKS:

In view of the successful field program and surveys carried out during the summer of 1945, I can say without reservation that your property is very fortunately endowed with almost ideal construction and operating features which, as the construction phase is completed and actual production starts, will permit of extremely good operating and construction costs. This, in addition to the excellent opportunities for finding and developing further ore extensions, predicts a very successful future for this property.

Respectfully submitted,



Robert B. Gayer,
Managing-Director.

CONSULTING ENGINEER'S REPORT
- - - - -

March 5th, 1946.

The President and Directors,
Cangold Mines Limited,
850 West Hastings Street,
Vancouver, B.C.;

Gentlemen:-

While, during the year 1945, operations at the Cangold property were chiefly concerned with making detailed surveys for hydro-electric power, mill, aerial tramway, mining plant and camp installations and with making official mineral claim surveys, some little attention was given to the study of the geological structure of that portion of the property on and in the immediate neighbourhood of the Sherwood Knob, and included in the Patullo Nos. 1, 2, 3 and 4 mineral claims. A reconnaissance was also made of the Black Bear No. 5, Louise, and other claims which are situated on the opposite side of Drinkwater valley from the Patullo claims.

The Sherwood vein, on which all the underground work effected on the property has been done, and which has been partly developed to a depth of more than 750 feet below the outcrop, is traceable on the surface for a distance of more than 1,500 feet beyond the limits of the present workings, and it is believed that the possibilities for further ore shoots in this large undeveloped vein area are promising. Some 200 feet easterly from the face of the No. 1 level another and intersecting vein has been discovered. The surface trace of this vein can be followed for a distance of more than 2,000 feet on the Patullo Nos. 1 and 4 claims, and it is believed that it persists to the Septimus fault, which is a regional feature of the area and which, for the most part, lies

immediately beyond the northerly limits of the property. Gold assays up to a maximum amount of nearly one ounce to the ton have been returned from near-surface samples. Two other narrow vein fractures, more or less parallel to the first, have also been found, and these, too, show gold-bearing mineralization though very little prospecting work has yet been done on them. On the Patullo No. 2 claim five more vein fractures have been found and from one of these an assay of 1.5 ounces to the ton in gold has been obtained.

Due to the exposed positions of these several vein fractures oxidation has been severe, and this is also the case with the Sherwood vein outcrop. For this reason it is, for the most part, impractical to determine true average values by ordinary pitting and open-cutting. The outcrops of the newly-found vein fractures are from about 1,000 to more than 1,500 feet higher than the No. 7 drift adit on the Sherwood vein, and they can be explored to good advantage by extending this working. They are also well situated for exploration by diamond drilling from the surface or from extensions of any of the existing adits.

The claims situated on the northerly side of the valley, being decidedly precipitous in places, are more difficult to explore, though vein occurrences can be developed at great depth by adits from the valley floor. Two or three narrow veins carrying attractive values in gold have been found and, in due course, this area will warrant aggressive exploration attention.

The several discoveries made during the year just concluded thus provide exploration and development objectives of definite promise in territory which is within reasonable reach of the present underground workings and from which such ore bodies as may be found may be mined and milled by means of the same facilities now being planned for exploiting the ore body already developed in the Sherwood vein.

Respectfully submitted,

"B.W.W. McDOUGALL"

Consulting Engineer.

CANGOLD MINING AND EXPLORATION Co., LTD.
(N.P.L.)

TELEPHONE PACIFIC 1510
711-12 CREDIT FONCIER BLDG.
VANCOUVER, B.C.

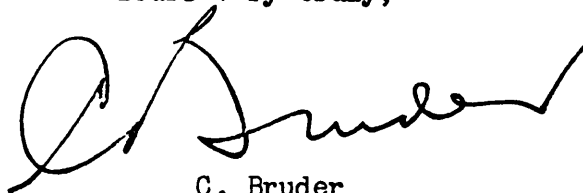
MANAGING DIRECTOR
ROBERT B. GAYER, E.M.

March 19, 1946

Dear Sir:

Enclosed please find a report covering Cangold's
First Annual General Meeting. This report is being released
to local newspapers and mining publications. We believe you
will find it of interest.

Yours very truly,

A handwritten signature in cursive script, appearing to read 'C. Bruder', written in black ink.

C. Bruder
Secretary

CBms
Enclosure

VANCOUVER, B.C. Mr. M.M. Connelly, President of Cangold Mining and Exploration Co. Ltd., addressing the shareholders at the Company's First Annual Meeting held in the auditorium of the Medical-Dental Building, 7.30 P.M., Saturday, March 16th, stated that arrangements have been completed to place ample funds in the Company Treasury to assure a complete installation of mill and mining plant on Cangold's Vancouver Island property during the summer of 1946. Mr. Connelly revealed that since January 1st, 1946, the sum of \$65,523.58 has been placed in the Company Treasury and a further \$53,000.00, in the form of a firm commitment to be paid by May 15th, 1946, has been secured. In addition to this the Balance Sheet showed that the Company had approximately \$20,000.00 on hand in Victory Bonds and bank deposits at the beginning of the year.

Mr. Connelly stated further that the Company has made very encouraging progress since its inception slightly over a year ago. Its personnel was made up of vigorous young men, anxious to get ahead. "This alone," he said, "barring unforeseen stumbling blocks, spells success for Cangold." He said also, "Mr. Gayer, the Managing Director, has worked hard to make our Company a going concern. It has been no easy task, and he is entitled to great credit."

Addressing the meeting later, Mr. Gayer mentioned the progress that had been made during the summer of 1945, and reported that in addition to surveying the claims for crown granting, and clearing the 2700 feet of underground working developing the Sherwood Shear, surface crews had discovered 12 new veins on the property, one of which was revealed by stripping and trenching to have width up to 22 inches, and from which values up to 1.5 oz. gold per ton were obtained.

The break of this vein was traceable for 1,500 feet and appeared to intersect the Sherwood Shear a short distance beyond the present underground workings.

In outlining plans for the coming year, Mr. Gayer indicated the building design and plant has been largely completed. Construction will get underway within a few weeks, and he anticipates having the plant in production by September. Lumber for buildings will be cut from excellent stands of timber on the property. Power will be produced on the property by a hydro development. Much of the plant and equipment is already on order and no difficulty is anticipated in securing delivery on dates required.

Mr. Walter Sherwood, staker of the property, was present at the meeting, and expressed the opinion that Cangold would develop a very successful mine.

The retiring Board of Directors was re-elected. This includes Mr. M.M. Connelly, President, Mr. R.B. Gayer, Vice President and Managing Director, Mr. C. Bruder, Secretary-Treasurer, and Messrs. F.H. Putnam, E.L. Robson, J.T. Taylor, and J.R. Reed, Directors.

C. Bruder, Secy-Treas. - PA 1510

March 19, 1946