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REPORT ON

SURF POINT AND EDYE PASS MINES.

PORCHER ISLAND, B.C.

PROPERTY FILE

BY,

ALEXANDER SMITH.

1943.

Vancouver, B.C.  
501 Pacific Building,  
744 W. Hastings St.

103J2E(002)

501 Pacific Building,  
Vancouver, B.C.  
June 2, 1943.

Mr Thayer Lindsley,  
President,  
Ventures Limited,  
2810 - 25 King Street West,  
Toronto, Ontario.

Dear Mr Lindsley:

As per our conversation in Toronto, I am enclosing what information I have to hand on the Surf Point and Edge Pass Mines, Porcher Island, B.C. This includes the following:

1. Report by N.E. Nelson, July 29, 1935.
2. Report on Edge Pass deposits by Victor Dolmage, December 15, 1936.
3. Prospectus on bond issue containing report by T.M. Waterland, November 9, 1938.
4. Directors' Report, J.D. Galloway, June 1938.
5. Text of paper by writer given at Geological Society of America meeting, "An Ore Deposit controlled by Primary Igneous Structures".
6. Thesis by writer: "Control of ore by primary igneous structures". Porcher Island, B.C. 1941.

The property is a good geological bet. There is every indication that the Surf Point ore bodies will continue to depth. It would require an expenditure of only about \$15,000 to test this by continuing the Edge Pass low level adit in under the Surf Point workings and by diamond drilling. If the deposits do continue down with equal tonnage and tenor, there would be indicated above the low level tunnel a net operating profit of the order of \$600,000 from a gross production of \$1,800,000 in gold.

The property is equipped with a modern 60 ton flotation mill built at the portal of the low level tunnel in 1938. I have not seen this new mill, but understand that all necessary milling and mining equipment is still on the property with the exception of the electric trammer and the mucking machine.

34)  $\frac{53,000}{1,800,000}$  ← 100,000 to 2.50


170  
33,000  
3,200,000  
830  
70-39 am

A short resume of the history of the property may be of interest. The original staking of both the Edge Pass and Surf Point deposits was by Frank T. Patterson, a local prospector. About 1929 the Surf Point property was purchased by Mr Woodworth, at that time associated with Noah Timmins, who put up the money for development work and building one mile of railway into the property. After Woodworth had spent over \$200,000 accomplishing what should have been done for less than \$100,000, N.A. Timmins Corporation, dissatisfied with Woodworth, took over the operation of the property and assigned a quarter interest to him. The Timmins Corporation or their assignees, were to have all their expenditures returned to them out of operating profits before Woodworth was to receive his quarter of any actual profits. At present I believe Timmins' assignees have about \$25,000 yet to come before they have to share with Woodworth. In 1932, Timmins Corporation erected a 25 ton mill on the property. They regarded the operation as a salvage proposition to get back a portion of their investment, and expected that the mill would only run for about a year. Timmins' engineers thought that the veins filled tension cracks near the roof of the intrusive and as such would only have a vertical range of 100 - 200 feet. They did a little diamond drilling to test the deposits at 50 feet below the tunnel level, and interpreted the results to indicate that the veins were becoming poorer with depth. Certainly some of them were, but others were improving (see Waterland's report).

Timmins continued the operation until January 1937 by which time they had made an operating profit of about \$230,000. At this time they sold their interest to the Howard Mining Company for \$50,000, this amount being about the balance of their investment in the property. Howard continued the operation until the mill burned down in June 1938, making an additional operating profit of about \$25,000.

During the six year period of operation, 1932-38, all production came from above the Surf Point Level, with an average of less than 100 feet of backs. During this period, mill heads dropped from about 0.70 ounces at the start to 0.46 ounces in 1938. Timmins were, in 1936, hand sorting out about 15% of their broken muck as waste. In that year they made an operating profit of about \$50,000. The level was considered to be nearly worked out but the Howard Company was hampered by lack of capital from sinking to obtain better ore. We were forced to continue working the old level in an effort to build up an operating profit and broken ore reserve sufficient to meet the cost of sinking the shaft. In 1937 and the first half of 1938, heads were maintained at about 0.46 ounces by sorting out as waste 65% of the tonnage mined. This sorting was done at a cost of about 25 cents per ton mined. The total operating cost per ton mined as per Directors' report was \$5.40 per ton; the cost per ton

milled was of course about double.

At the time the mill burned down and operations closed at Surf Point, the shaft had been sunk to a depth of about 60 feet below the level. At about the same time, the control of Reward Company passed into the hands of C.P. Riel. In the spring of 1935 the Reward Company had purchased the Edge Pass group from Patterson. These claims adjoined Surf Point Mine on the north. Timmins had previously had an option thereon but relinquished it when three or four drill holes led them to believe that the veins did not persist to even 100 feet depth. About 3600 feet of underground development work was done by the Reward Company; this showed that the Edge Pass deposits were too small to be operated as an independent unit. The work developed above the adit level about 20,000 tons of 0.216 ounce ore, which could be sorted to yield 10,000 tons of \$15.00 ore. This work tested the veins at depths of 90 to 250 feet below the surface outcrops and for that range there was no change in average width or tenor of the veins. 

After the Surf Point mill burned down, the new management of the Reward Company built a 60-75 ton mill at the beach at the portal of the Edge Pass adit. They continued the adit to the Surf Point-Edge Pass boundary, but stopped near the boundary, possibly because they were trying to obtain Woodworth's quarter interest in Surf Point before continuing development of the Surf Point deposits.

To finance the 60 ton mill and provide operating capital, they floated a \$100,000 bond issue. Against the advice of previous operators, they tried to operate on Edge Pass ore only and went into bankruptcy within a year.

The present owners are then:

1. The bond-holders, (bonds largely held by the machinery company who provided the machinery for the mill). They hold a 75% interest in Surf Point and 100% interest in Edge Pass Mine and Mill.
2. Mr Woodworth of Vancouver, who owns a 25% interest in the Surf Point claims.

Mr Benjamin Meen while in Vancouver in 1948 (?) tried to option these properties for Ventures. He was dealing with the machinery company but was unable to get any independent information as to the worth of the property. Mr Woodworth had been approached by both Timmins and Reward officials but would not sell his 25% interest for a reasonable figure. At that time he had an income from other mining operations, but as these properties are no longer operating he may now be more reasonable

PORCHER ISLAND GOLD MINES LTD.

Tax and Net Earnings Calculation on an Estimated Annual Production Figure

Basic Data Used:

Grade of ore -----0.62 oz. Au./ton.  
 Mining cost-Incl. Over-head ----- \$35.00 per ton shipped  
 Shipping & Smelting Cost ----- 15.00 " " "  
 Smelter deductions (a) 0.02 Oz/ton (b) 7.5% of balance  
 Estimated capital investment -----\$370,000.00

\*  
 8000 @ .70 oz./ton  
 Au @ \$155/oz  
 5,077  
 787,000  
 64,000 - (\$8.00)  
 723,000  
 36,150  
 686,850  
 440,000 (@ \$33/T)  
 246,850  
 111,000  
 135,850  
 44,830  
 91,020  
 30,947

	10,000 tons Au=\$140/oz	15,000 tons Au=\$140/oz	15,000 tons Au=\$150/oz	20,000 tons Au=\$150/oz
Ounces of gold paid for -----	5,550 oz	8,325 oz	8,325 oz	11,000 oz
Gross Smelter return -----	\$777,000	\$1,165,500	\$1,248,750	\$1,650,000
Less Ship. & Smelt. Cost (\$15/Ton)	150,000	225,000	225,000	300,000
Deduct the 5% B.C. Royalty -----	627,000	940,500	1,023,750	1,350,000
Deduct Mining Cost (\$35 /Ton)	31,350	47,025	51,188	67,500
Deduct Depreciation (30% of \$370,000)	595,650	893,475	972,562	1,285,500
Deduct Depletion (33% of above)	350,000	525,000	525,000	700,000
Federal tax =34% Of above-66-----	245,650	368,475	447,562	582,500
	111,000	111,000	111,000	111,000
	134,650	257,475	336,562	471,500
	44,434	84,867	111,065	157,000
	90,216	172,508	225,497	314,500
	\$30,673	58,652	76,669	103,500

The B.C. Super-Royalty Tax

Gross Smelter returns -----	\$ 777,000	\$1,165,500	\$1,248,750	\$1,650,000
Deduct Ship & Treat. Cost	150,000	225,000	225,000	300,000
5% B.C. Royalty	31,350	47,025	51,188	67,500
Federal tax -----	30,673	58,652	76,669	103,500
Sub-totals --	212,023	330,667	352,857	471,000
Deduct \$99.00/oz Allowance	\$557,977	\$834,823	\$895,893	\$1,179,000
Tax payable @50% of above --	549,450	824,175	824,175	1,089,000
	8,527	10,648	71,718	90,000
	\$4,262	\$5,324	\$35,859	\$45,000

Net Earnings -After Taxes

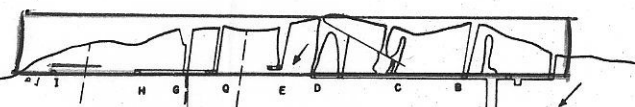
Gross Smelter Returns -----	\$777,000	\$1,165,500	\$1,248,750	\$1,650,000
Less Total Costs	566,287	861,001	914,216	1,216,000
Net Earnings -----	\$ 210,713	\$ 304,499	\$334,534	\$434,000

787,000  
 4,000  
 6,150  
 0,947  
 131,097  
 655,903  
 302,483  
 163,280  
 76,640  
 787,000  
 647,937  
 139,263

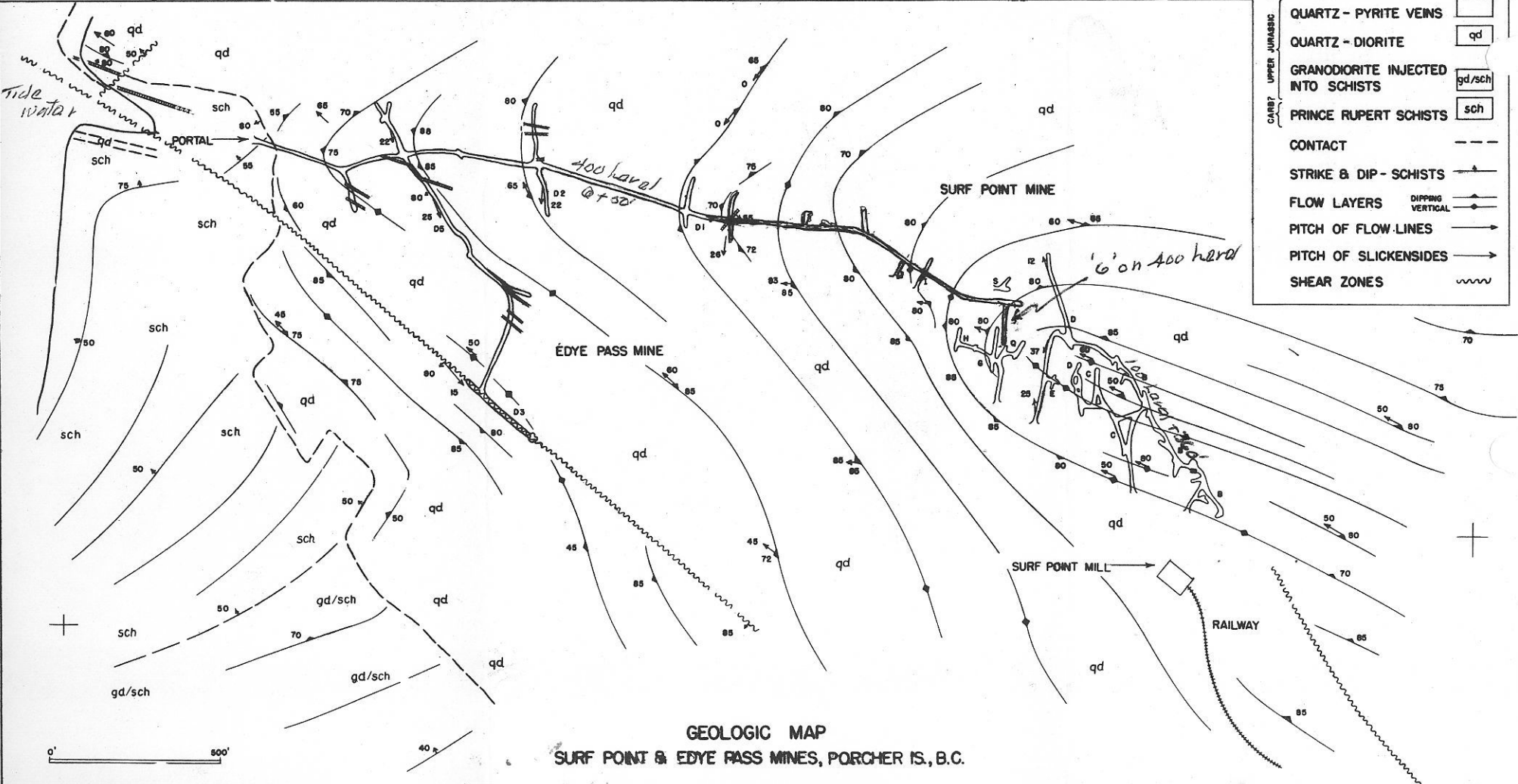
PROPERTY FILE

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Note: 20,333 oz. of Gold was mined from this block - worth approx. \$4,000,000 at \$200 Gold.



LEGEND		
CAREY UPPER JURASSIC TERTIARY?	BASALT DIKES	
	QUARTZ - PYRITE VEINS	
	QUARTZ - DIORITE	
	GRANODIORITE INJECTED INTO SCHISTS	
	PRINCE RUPERT SCHISTS	
CONTACT		
STRIKE & DIP - SCHISTS		
FLOW LAYERS		
PITCH OF FLOW LINES		
PITCH OF SLICKENSIDES		
SHEAR ZONES		



GEOLOGIC MAP  
SURF POINT & EDYE PASS MINES, PORCHER IS., B.C.

PROPERTY FILE  
103J002(2E)