

103P/13W
1030-P-58

Stewart, B. C.,

Sept: 3rd, 1925.,

The President & Directors,
Phoenix Silver Mines Ltd.,
Victoria, B. C.

Gentlemen,

In accordance with the instructions received through your Secretary, I have to report that a small crew have been at work on your property since July 28th, last, camp has been established near the N. W. corner of the Portland Canal Company's Mesquite claim this being the most suitable place from which to prospect the Olga & Little Pearl Claims. From my preliminary examination of your ground I found that the dense brush and heavy ever burden over the greater part of this portion of the property prevented any extensive trenching before some tangible vein condition was identified.

Since work started two veins have been located, No-1 outcrops on the East bank of Big Gulch Creek near the middle of the Olga claim. The strike and dip conform generally with the veins that occur in what has been termed the "Portland Canal Fissure". This vein is well mineralized - picked ore assayed

Gold-Trace	Silver 14,903 oz/t (?)
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sufficient to warrant some work to prove extent of mineralization. No-2 vein occurs on the "Go Between" fraction near the South to corner. This is a strong well defined quartz vein carrying small amount of iron sulphide. The physical conditions of the ground at this point will help considerably in the work of tracing this vein which may be outcropping at a lean point, and may prove to be of better value elsewhere.

From a study of the elementary report and plan of the Company's ground, together with my examination of the surface, I am lead to the opinion that the Canyon on Big Gulch Creek is the result of water and other erosion acting on the highly sheared and fractured formation the comprises the "Portland Canal Fissure" and that the west wall of the canyon will ultimately be found to be the hanging wall side of the fissure, this opinion is based partly on the fact that "Graphitic Slates" so prevalent on the hanging wall side of the Portland Canal Fissure, along its strike through the Glacier Creek, Dunwell and Victoria ground are to be found on the west side of the Creek. If the strike of the Richard 11, Melba and Lucky Boy veins continue as exists in the Tunnel, it will very probably be found that the point of convergence will occur about the head of the canyon.

A large amount of characteristic "Portland Canal Fissure" brecciated quartz vein float is to be found in the Creek bed in a condition that points to close proximity to its original position in the solid formation. For this reason it is my intention to intensively prospect in this particular locality with the view of definitely establishing the location of the "Fissure". This accomplished, the work of prospecting for veins included therein will be considerably lessened. Until some economic ore body, or the indication of probability of such is established on the surface, I do not consider that it would be wise to do any further work in the long ~~xxx~~ cross-cut Tunnel.

The Lucky Boy Vein is the only vein that occurs in the Company's ground, and drifting could only be carried southward about 300-ft before entering the Portland Canal Property. The vein is wide and sparsely mineralized. It would be necessary to cross-cut to each wall from drifts south to determine if any part of this vein carried economic values. The Richard and Melba Veins will need to be drifted on about 1,000-ft before reaching the Company's ground. I do not consider that this work would be justified until such time that ore of economic value is proved to exist on surface. Three thousand feet of depth of ore sheet is more than is usually found to exist. It is highly probable that when the Dunwell is reopened and work is started it will be necessary to increase the Dunwell power facilities. Mr. Elmendorf in his report points out the value of the upraise into Glacier Creek Canyon. I am in full accord with his views regarding the utilization of the raise and tunnel for power development purposes. Sufficient power can be developed to supply the whole Bear River district.

A full realization of the physical conditions pertaining to your ground, is convincing me that the cheapest and quickest method of proving the existence of any extensive ore body will be by means of the diamond drill. Once the Fissure Zone is located, it will be a simple matter to put holes into the Zone and find if valuable ore exists.

The close proximity to Stewart and low altitude would ensure drilling at a very moderate figure. This question should be seriously considered by your Board, - I strongly recommend this method of prospecting as I feel that much time and money could be spent on your property prospecting with pick and shovel and very little result obtained.

Respectfully xxx submitted,

(Signed) Alfred J. Gaul.

Professional Mining Engineer.