

**SILEURIAN CHIEFTAIN MINING COMPANY LIMITED (N.P.L.)**

REGISTERED OFFICE: 2nd FLOOR, 846 W. HASTINGS ST., VANCOUVER 1, B.C.

L A T E   N E W S

November 20, 1968.

Some exciting news has been received since this brochure went to press in the form of assay results from our most recent diamond drill hole.

Hole Number 60 — located on our new anomaly to the west of the Sunshine Creek orebody — has returned thirty feet averaging 1.417 percent molybdenite! This makes five consecutive good holes on this new anomaly.

The extremely high grade mineralization, coupled with the fact this hole was drilled 100 feet towards the Sunshine Creek zone from the first hole in the new anomaly, indicates the presence of a considerable amount of high grade ore in this area and also adds considerably to the prospects of hooking up this new zone with the Sunshine Creek orebody.

The latest hole assayed .157 percent molybdenite from five to 15 feet, 2.660 percent from 15 feet to 25 feet and 1.434 percent from 25 to 35 feet.

Hole 60 was a 50-foot step-out from the previous hole which, in turn was drilled 50 feet out from the three initial holes in the new anomaly.

Along with our engineer, Dr. Allan P. Fawley, we are extremely optimistic with the results of our new anomaly.

Sileurian Chieftain Mining Co. Ltd. (N.P.L.)

Walter Eilers  
President.



## SILEURIAN CHIEFTAIN MINING COMPANY LIMITED (N.P.L.)

REGISTERED OFFICE: 10th FLOOR, 850 W. HASTINGS ST., VANCOUVER 1, B.C.

August 30, 1966

TO THE SHAREHOLDERS:

Individual hole by hole results from the diamond drilling program at your Company's Alice Arm molybdenum property have been forwarded to shareholders at intervals since the work started in the summer of 1965. The purpose of this report is to summarize the work that has been done and to review the work in progress at the present time.

The main mineralization on the property is found in two adjoining molybdenum-bearing granite stocks. The first of these is called the Roundy Creek stock. It is the smaller of the two and is also lower in elevation, being only about 400 feet above sea level. Diamond drilling with a large wireline drill has been underway on the property since late 1965, and is continuing in an effort to determine the overall size and grade of the structure. An X-ray drill is now being set up on the higher areas of this stock to complete the picture where it is not possible to put the wireline drill.

The second granite structure is called the Sunshine Creek stock. It is much larger and at an average elevation of about 1,100 feet. The drilling in this area so far has been confined to the centre portion of the stock. The drilling has been done with a small X-ray drill which has given us the advantage of portability in this rugged terrain. While this has allowed us to more easily test for high grade zones, it has meant that many holes have been stopped while still in good "moly" due to the depth limitation of the machine. When the X-ray program is completed, on the higher elevation of Roundy Creek, that drill will be added to the Sunshine Creek program.

Both of these stocks are similar to, and lie within the same geological environment as the B.C. Molybdenum Mine, two miles away, which Kennecott is now bringing into production at the rate of 6,000 tons per day. The stocks we are presently drilling form only a small part of our 40 claims.

Some of the results from the better holes are enclosed. While all holes drilled had a showing of molybdenum, many not mentioned were short, exploratory holes. Others gave less than .10% MoS<sub>2</sub>. Because of the fractured nature of the ground, the collection of sludge has been very difficult. When it has been collected, it has often been significantly higher than the core. For example, in hole S-16 where the core graded .127% MoS<sub>2</sub> the sludge ran .357% MoS<sub>2</sub>. This leads our engineer to believe that when mined, the ore will run higher than the core.

ROUNDY CREEK

HOLE NO.

No. 1	110 ft. to 372 ft. a length of 262 ft.	graded 0.238 % MoS2
No. 2	458 ft. to 538 ft. a length of 80 ft.	graded 0.128 % MoS2
No. 5	17 ft. to 294 ft. a length of 277 ft.	graded 0.127 % MoS2
No. 8	178 ft. to 368 ft. a length of 190 ft.	graded 0.149 % MoS2
No. 9	67 ft. to 247 ft. a length of 180 ft.	graded 0.155 % MoS2
	267 ft. to 417 ft. a length of 150 ft.	graded 0.117 % MoS2
No. 10	14 ft. to 164 ft. a length of 150 ft.	graded 0.145 % MoS2
No. 11	12 ft. to 111 ft. a length of 99 ft.	graded 0.128 % MoS2
	141 ft. to 151 ft. a length of 10 ft.	graded 0.213 % MoS2
	201 ft. to 231 ft. a length of 30 ft.	graded 0.132 % MoS2
	261 ft. to 281 ft. a length of 20 ft.	graded 0.133 % MoS2
No. 12	30 ft. to 295 ft. a length of 265 ft.	graded 0.137 % MoS2

SUNSHINE CREEK

No. S-1	33 ft. to 74 ft. a length of 41 ft.	graded 0.622 % MoS2
No. S-2	16 ft. to 23 ft. a length of 7 ft.	graded 0.436 % MoS2
No. S-3	20 ft. to 31 ft. a length of 11 ft.	graded 1.610 % MoS2
No. S-4	0 ft. to 8 ft. a length of 8 ft.	graded 5.07 % MoS2
No. S-5	2 ft. to 17 ft. a length of 15 ft.	graded 1.49 % MoS2
No. S-7	12 ft. to 22 ft. a length of 10 ft.	graded 7.044 % MoS2
No. S-13	113 ft. to 138 ft. a length of 25 ft.	graded 1.124 % MoS2
No. S-16	6 ft. to 56 ft. a length of 50 ft.	graded 0.127 % MoS2
No. S-17B	0 ft. to 165 ft. a length of 165 ft.	graded 1.575 % MoS2
No. S-18	139 ft. to 155 ft. a length of 16 ft.	graded 0.196 % MoS2
No. S-20	5 ft. to 21 ft. a length of 16 ft.	graded 0.143 % MoS2
	52 ft. to 89 ft. a length of 37 ft.	graded 0.223 % MoS2
No. S-22	16 ft. to 27 ft. a length of 11 ft.	graded 0.130 % MoS2
	149 ft. to 154 ft. a length of 5 ft.	graded 0.414 % MoS2
	156 ft. to 173 ft. a length of 17 ft.	graded 0.261 % MoS2
	186 ft. to 210 ft. a length of 24 ft.	graded 0.110 % MoS2

Our engineer informs us that the higher grade at Sunshine Creek will mix well economically with the modest grades at Roundy Creek.

It is interesting to note how close to the surface and therefore easy to mine, most of the high grade sections are. It is also interesting to realize that if you converted these holes to the equivalent of (.20 % MoS2, a paying mine), No. S-3 would go down 88 ft; No. S-4 down 200 ft; No. S-5 down 105 ft; No. S-7 down 350 ft; No. 13 down 130 ft and No. S-17B down 1,298 ft.

Drilling on the property will continue as late into the Fall and Winter as weather permits. We are very pleased with the results to date.

ON BEHALF OF YOUR BOARD OF DIRECTORS.

Walter Eilers, President

September 12, 1966.

The Directors,  
Sileurian Chieftain Mining Co. Ltd. (N.P.L.),  
10th Floor, 850 West Hastings Street,  
Vancouver 1, B. C.

Dear Sirs:

At the request of your President the writer has looked over the maps and sections showing the results of diamond drilling done to date on your Roundy and Sunshine Creek property in the Alice Arm area of British Columbia.

He found these results portrayed in an excellent manner and does not hesitate to say that he is confident that the work has been well and carefully planned by your consultant, Dr. Allan P. Fawley, and executed as efficiently as the difficulties imposed by the rugged topography, wet climate and restless labor will permit. Any suggestions or recommendations he may see fit to make are made with the thought in mind that they may have already been considered to some degree in one form or another. The drilling done to date has certainly been successful in producing some very encouraging results at both properties, and should be continued. There is plenty of room in the Sunshine Creek section of the property to find equally good or better mineralization. The following observations are made, therefore, with the hope that they may be of some assistance in planning future work.

It appears that very little more drilling will give sufficient information for the present on the Roundy Creek section. It is fairly obvious that the most that can be expected here is about eight million tons grading about 0.14% MoS<sub>2</sub>, but it seems reasonably certain that that tonnage and grade will be obtained. This estimate is based on the size of the stock and the rather consistent grade obtained, together with the limitations to open pit mining imposed by the steep slope of the surface. For this tonnage the grade indicated will show a small profit but not sufficient to retire the cost of a mining plant and concentrator. It is therefore necessary to find a substantial additional tonnage on the Sunshine section with sufficient high grade to provide an overall mill feed of about .20% MoS<sub>2</sub>.

Drilling on the Sunshine section to date has given much less consistent results than on the Roundy Creek section. This may be due in part to the small core and this will be discussed later. At this stage it is difficult to make realistic tonnage and grade calculations from the results obtained, but hole 17 and short sections of other holes have yielded remarkably high values which thoroughly justify further work on this section of the property. Several of these holes were in ore at the bottom and should be deepened.

It is not possible without complete figures to give an average grade for the Sunshine Creek section, but according to my rough calculations 6.7% of the drilling averages 1.73% MoS<sub>2</sub> which spread over the

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total drilling would add .115% to the average of the remainder. Hence if the average of the balance was only .085% the overall average would be 0.20%. It appears, therefore, that you have an excellent chance of obtaining sufficient tonnage of this grade to warrant putting the property into production.

The best approach is by soil sampling, and possibly some silt sampling in whatever streams cross the property. Inasmuch as MoS<sub>2</sub> is known to occur in the granite stock the sampling can be done on a grid with lines 200 feet apart and samples about 100 feet apart along the lines. This will entail about 100 samples and all should be sent to a laboratory for processing. All samples should be taken from holes about six inches square and six inches below the humus, none of which should be included in the sample. Notes covering the proper technique can be provided if necessary, but the importance of careful sampling is covered in a publication on the subject by H. E. Hawkes. Careful sampling at other properties has resulted in accurate outlines of areas of better grade mineralization and have greatly reduced the amount of drilling needed.

If the soil sampling indicates the need for further drilling consideration should be given to putting a wireline drill on the property sufficiently large to handle BX core. Certain other refinements should also be introduced to arrive at a more reliable grade estimate than is possible with the present small drill.

The larger drill is recommended because in low grade deposits care recovery becomes extremely important. This is because a variation of a few points in the grade can make or break a property. Good recovery enables one to better estimate the grade and this is difficult to get with the small drill.

Molybdenum, because of its flaky nature, tends to be plucked from the surface of the core and thus the sludge is enriched while the core is impoverished. The amount of MoS<sub>2</sub> in the core varies as the cube of the diameter whereas that on the surface varies as the square. Hence, the larger the diameter the less is the loss from plucking.

Again, because the smaller core tends to break more readily, particularly on fracture planes, and because the MoS<sub>2</sub> will often coat these planes, it tends to be rubbed off and is again lost into the sludge with greater losses in the smaller core.

From the above the importance of collecting the sludge is very evident, and this is where certain refinements should be introduced. Because of grease in the return water the MoS<sub>2</sub> will tend to float off, whereas the sands settle to the bottom of a sludge box. It is desirable that the return water with the sludge be passed through a sludge splitter so that only a small but known percentage of the sludge be recovered.

Ideally this sludge should be collected for each ten foot section of core. Each ten foot section of core corresponding to the same sludge section should be weighed before splitting and the sludge should also be weighed. Both should be assayed. The correct assay for that section can then be obtained by calculation. Generally it will be slightly higher than that obtained on the core alone. On marginal ore this slight improvement is vitally important. It can represent the margin of profit. The drilling company can obtain the necessary equipment for this purpose. The present drilling is adequate for locating ore but not for grade calculations. It is noted that what sludge has been recovered often assays much higher than the core.

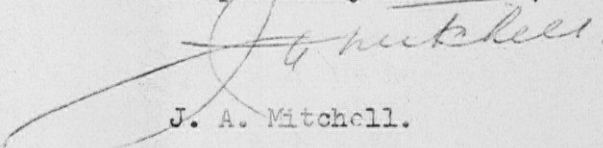
If much more drilling is to be done on the Sunshine Creek section a road to a centrally located camp, and possibly to drill sites, should be provided. The existing road to the lower camp is in need of repair and this should be extended if it is at all possible. Contours on the maps made available to the writer indicate that an extension is feasible, but this can only be determined by a study of aerial photographs followed preferably by a ground location.

In conclusion the writer would like to emphasize:

- (1) That the Roundy Creek section has a substantial tonnage of approximately eight million tons of material that would show a profit if the repayment of capital expenditures were not a factor.
- (2) That the Sunshine Creek section, on the basis of the results of hole 17 and sections of other holes gives promise of a much larger tonnage of substantially higher grade ore that could easily meet the cost of capital expenditures for mill and plant, show a profit and make the Roundy Creek section profitable to mine.
- (3) In the event sufficient ore is not found to warrant erection of a mill, there will be higher grade sections that can be mined and shipped to the nearest mill.

I would like to leave the thought with you, however, that the Sunshine Creek section is so much larger than the Roundy Creek section, perhaps ten times the total volume, that 150 feet of core assaying 1.575% MoS<sub>2</sub> with 74 feet of sludge assaying 2.260 MoS<sub>2</sub>, to check the core is something that no one should walk away from. If only 5% of the stock assayed this, whereas the rest averaged 0.14%, you would have an average grade of 0.21% and down to the level of Sunshine Creek you would have over 50 million tons of ore with a gross value in excess of \$200,000,000.00 at today's prices.

Respectfully submitted,

  
J. A. Mitchell.