

April 5th, 1973.

M E M O

To: Martin Connell

From: W.R. Bacon

Re: Cassiar Consolidated Mines Ltd.

Gerry Grant asked me to convey to you my thoughts on this company and its property. It is a 5,000,000 share company listed on the Vancouver Stock Exchange. Shares are currently quoted at \$.05 B - \$.065 A. The president is a very old man, W.R. Wheeler and he is supported by a highly energetic, intelligent medical doctor, Dr. W. Hick of Prince Rupert.

The company property, consisting of a large number of Crown-granted claims, is on the steep mountainside immediately east of Stewart at the head of Portland Canal. Included in the property are the Prosperity and Porter Idaho mines on the east side of the mountain (Mt. Rainey) and the Silverado on the west side, overlooking Stewart.

The most recent geological reports on the properties are in Bulletin No. 58, Geology and Mineral Deposits of the Stewart Area, B.C. by E.W. Grove, 1971 - B.C. Dept. of Mines and Petroleum Resources - as follows:

1. Prosperity and Porter Idaho, pp. 148-150.
2. Silverado, pp. 163-165.

There is a probable reserve of 100,000 tons grading 20 oz. silver in the Prosperity-Porter Idaho section of the property - mainly in the "D" vein. This, insofar as I am aware, constitutes the largest known reserve of straight silver ore in the Province of B.C. There is a chance that this property, carefully managed, could be made into a successful 150-200 T. per day producer but there are problems inherent in the location of the known ore on the upper levels of Mount Rainey:

1. Access

The known ore is on the southeast or backside of Mount Rainey and access to it during the brief (1928-30) period of operation was provided by a steep, 5 mile tramline from the mouth of the Marmot River up Kate Ryan Creek to the property. This tramline is no longer in existence.

I do not know whether a road can be built up Kate Ryan Creek but this would definitely have to be investigated because roads can now be built (with modern equipment) that were completely impossible forty years ago. If a road can be built up Kate Ryan Creek, a major problem is solved.

From time to time, consideration has been given to a long access-exploration tunnel from the Silverado workings on the west side of Mount Rainey to penetrate the interior of the mountain, terminating just below the known ore on the Prosperity-Porter Idaho side of the mountain. This could only be justified, however, on the basis that a potential of 500,000 tons had already been established by extensive work on the Prosperity-Porter Idaho section.

The long tunnel, 7000'-10,000', if it could ever be justified economically, would involve a short, steep tramline from the mouth of the Bear River to the Silverado because frequent snowslides preclude the building of a road here.

2. Milling

In the good old days, the mill would be built near the known ore, on the backside of Mount Rainey, and the tailings would wash down into the headwaters of Kate Ryan Creek. This would probably be frowned upon today and it would probably be necessary to transport the raw ore to some ecologically permissible site in the Marmot River valley.

With regard to mining, some of the ground would require timbering. Mining costs would be of the order of \$30-\$35 per ton - a horseback guess.

This short sketch is merely to give you an idea of some of the more significant features concerning Cassiar Consolidated. I should think the property could be acquired for a bargain basement figure but careful consideration would have to be given to the problems I mentioned, plus a new one - Bill 64. Among other things this new bill, the Mineral Land Tax Act, intends to tax Crown-granted mineral claims at a rate of 25 mills on the assessed value, which will be set by the Provincial Assessor. (This is a move to repatriate as much Crown-granted land as possible.)

If you wished, I could write a lengthy report on this property but presumed that, at this stage, you only wanted the main facts as quickly as possible.

W.R. Bacon

WRB/ic
Encl.

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April 10, 1973.

Mr. W. R. Bacon,
Bacon & Crowhurst Ltd.,
1720 - 1055 West Hastings Street,
Vancouver 1, B.C.

Dear Bill:

Re: Cassiar Consolidated Mines Ltd.

Thanks for your memo of April 5, 1973 giving me a brief rundown on the above situation and its property located near Stewart, British Columbia.

I think, unless you feel quite confident that the probable reserves indication of 100,000 tons could be trebled at least, that this situation warrants no further effort.

Unless I hear from you that this is strongly possible, then I will assume the matter closed.

Thanks again.

Regards.

Yours sincerely,

CONWEST EXPLORATION COMPANY LIMITED,

Martin P. Connell,
Executive Vice-President.

MPC/CP