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PREMIER RESOURCES LTD.  
Supplementary Report  
THE McALLISTER MINE  
(Lat. 50° 05', Long. 117° 15')  
Slocan Mining Division  
B. C.

July 29, 1975

George L. Mill, P. Eng.

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PREMIER RESOURCES LTD.

SUPPLEMENTARY REPORT

THE McALLISTER MINE

SLOCAN MINING DIVISION

B. C.

(Original Report dated May 20/74)

July 29, 1975

George L. Mill, P. Eng.

## INTRODUCTION

This report, prepared at the request of officials of Premier Resources Ltd., 410 - 470 Granville Street, Vancouver, B. C., is supplementary to the report written by the undersigned under date of May 20, 1974 in which the implementation of a two-stage exploratory program on the McAllister Mine was recommended. Most of the work called for in the first stage of the recommended program has now been completed. The purpose of this supplementary program is to present a summary of the work accomplished to date, the information obtained therefrom and to advance recommendations relative to the implementation of the second stage based upon data now available.

## THE FIRST STAGE

### WORK DONE

- 1 - Reconditioning of the access road extending from the Kane Creek Road to No. 3 Level Portal.
- 2 - All underground workings from No. 2 Level down to and including No. 5 Level were mapped and check sampled.
- 3 - Access to No. 6 Level was gained from No. 5 Level through a raise for a quick survey of its condition. Because of the condition of the timber in this raise as well as the hazard of poor ventilation, it was considered advisable to postpone the mapping and sampling of both the No. 5 $\frac{1}{2}$  and No. 6 Levels

until the No. 6 Level portal was re-opened. Although old maps do not show production from the No. 6 Level, it was noted that substantial stoping operations had been carried out in at least two locations and that caving from a stope lying between the raise and the portal has blocked off the Level. There is a relatively heavy flow of water to a depth of about three feet and air conditions are such that the portal will definitely have to be reopened and the caving removed before any work can be done on both the  $5\frac{1}{2}$  and 6 Levels.

- 4 - Rehabilitation of No. 6 Level portal was started but, because of the caved stope, this work has been temporarily suspended pending the availability of a mucking machine.
- 5 - The surface dumps at the portals of both No. 2 and No. 3 Levels were sampled.

#### COMMENTS

The work done on this first stage was carried out under the supervision of the undersigned. The mapping and sampling phases were done under contract by W. G. Stevenson & Associates, Consulting Geologists, of Vancouver. Road repairs, provision of underground access routes and portal work was contracted to individuals. A detailed geological and sampling report signed by W. G. Stevenson, P. Eng., should accompany this supplementary report. From its content, as well as from information obtained in other phases of the program, the writer concludes

that the implementation of a second stage is fully warranted. This conclusion is based on the following features:

- 1 - In the upper workings, although the vein varies both as to width and silver content, there are numerous locations where selective stoping operations can be carried out on an economical basis. Also, with reference to the sampling and assay data tabulated on the Stevenson report, it should be noted that the sampling was confined to the vein proper and the reported silver content then calculated on the basis of a four foot stoping width. This calculated figure does not take into account silver values in samples cut in wall rock. In this regard attention is drawn to the following samples:

<u>Sample No.</u>	<u>Location</u>	<u>Width</u>	<u>oz/ton Silver (Vein)</u>	<u>oz/ton Silver (4' mining width)</u>
589	FW - #586	15"	4.88	1.52
0827	1400' SW #3 Portal (FW)	96"	1.01	1.01
0833	HW - #828	16"	1.02	0.34
0845	HW - #846	25"	2.40	1.25
0847	FW - #846	38"	1.62	1.28
0848	HW - #0849	18"	0.90	0.42
0850	FW - #0849	18"	1.32	0.50

- 2 - The indicated presence of other veins within the boundaries of the property. As an example, stoping operations carried out on No. 6 Level between its portal and the raise connecting it with No. 5 Level could not have been localized on the Main Vein. Also the vein outcropping 1400 feet southwest of No. 3 Level Portal warrants investigation.
- 3 - The potential of the property in close proximity to the quartzite - argillite contact and the fault zones. In this regard note the following:

Composite Sample #30852 - 12.20 oz/ton Silver  
" " #30858 - 111.14 oz/ton "

- 4 - The silver content of dump ore located at the portals of No. 2 and No. 3 Levels - Note:

Composite Sample #30851 - 8.48 oz/ton Silver  
" " #30854 - 10.38 oz/ton "

Note: Although Assay Certificate No. 30157 appearing in the Stevenson report shows that silver is the only metal of economic consequence contained in the ore, the writer is of the opinion that a trial shipment of dump ore to the smelter is justified. It is admittedly very difficult to obtain a truly representative sample of dump ores without adequate and costly sampling facilities. The shipment of the equivalent of two to three carloads of this ore to Trail, prior to winter conditions

setting in would facilitate greatly the establishment of a cut-off grade under current smelter schedules and permit the economic planning of future underground operations. On the basis of information presently available - and the conservative use of maximum and minimum figures as applicable - basic smelter charges, silica credits, smelter deductions, loading, unloading, trucking, and overhead charges, appear to indicate a cut-off grade of approximately 8 ounces per ton, at current unrefined silver prices, on the shipment of dump ores. This figure must, however, be regarded as an estimate as trucking quotations range from \$12 to \$15 per ton, available silica content figures from 70% to 80% and the contained silver assay values have been held to a reported minimum. Furthermore, it must be realized that the material contained in these dumps was classed as waste by the former producers - at the then prevailing silver prices - and that the present potential of the property lies along the relatively unexplored quartzite-argillite contact and in the possible existence of other vein structures carrying economic silver values. The Stevenson estimate of 2000 tons in the dumps is considered conservative.

RECOMMENDATIONS

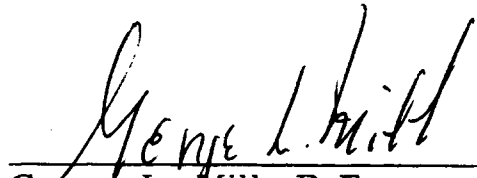
Taking all factors into consideration the writer recommends the implementation of the second stage of the exploratory program.

This recommended second stage calls for:

- 1 - The rehabilitation of No. 6 Level throughout its length. This working would eventually serve as the main haulage way.
- 2 - The provision of adequate access facilities in raises connecting all levels.
- 3 - The mapping and sampling of the 5½ and 6 Level horizons.
- 4 - The shipment of dump ore to Trail as soon as smelter facilities become available.

As shown on the attached cost estimate, the program as outlined above, calls for a capital outlay of \$15,000.00. This figure includes the rental, with purchase option, of a compressor, loader and mucking machine.

Respectfully submitted,

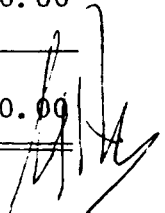
  
George L. Mill, P. Eng.

att.



COST ESTIMATES

Mobilization	\$ 750.00
Rehabilitation of No. 6 Level	5,000.00
Rehabilitation of Raises	1,750.00
Mapping & Sampling and Assaying - (5½ & 6 Level Horizons)	1,500.00
Equipment - Rental - Purchase - (Loader - Compressor - Mucking Machine)	2,000.00
Engineering and Administration	2,000.00
Contingencies	2,000.00
TOTAL	<u>\$ 15,000.00</u>



COST ESTIMATES

00.750.00	\$	Mobilization
00.000.00		Rehabilitation of No. 6 Level
00.1750.00		Rehabilitation of Raises
00.1500.00		Mapping & Sampling and Assaying (5 1/2 & 6 Level Horizons)
00.2000.00		Equipment - Rental - Purchase - (Loader - Compressor - Mucking Machine)
00.2000.00		Engineering and Administration
00.2000.00		Contingencies

PREMIER RESOURCES LTD.

FINANCIAL STATEMENTS

AS AT JANUARY 31, 1975

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