

Copy to Mr Hainsworth

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INTER-OFFICE CORRESPONDENCE

TO L.P. STARCK
F. HOLLAND

DATE OCTOBER 7, 1982

FROM W.G. HAINSWORTH

COPIES TO

SUBJECT RE: MOSQUITO CREEK MINES LTD.
WELLS, B.C.

This memo relates pertinent points observed in the recent visit to the property. It is presented only as an agenda for further discussions.

- 1) The predictability of ore shoots is uncertain. Historically on the basis of CGQ and IMM operations, there is repetition along the contact zone.
- 2) Replacement Ore Reserves as of June 1982 and modified to October 5, 1982:
 Probable (Drift Indicated) = 6,632 tons @ 0.506
 Possible (Drill Indicated) = 3,193 tons @ 0.475

Study, Aug. Sept /82
Assessed = 4285
mined = 5973

Total = 9,825 tons @ 0.496

- 3) Since June 1982 2,399 tons have been taken out of the Replacement Probable Ore Reserves due to production or low grades (3A stope pillar).

- 4) In addition, Quartz Vein Reserves are placed at:

Probable - 2,195 tons @ 0.179
Possible - 2,816 tons @ 0.275

Total 5,011 tons @ 0.233

all at or below the Third Level.

- 5) Replacement Reserves between Second Level and Surface :

Probable - 3,145 tons @ 0.453
Possible - 1,687 tons @ 0.377

Total 4,832 tons @ 0.426

- 6) Levels are presently at a point just beyond or shortly reaching the outermost series of surface holes.

- 7) Of the 23 diamond drill holes and 37 percussion holes drilled in 1973 and the 25 diamond drill holes drilled in 1972 (total 85 holes) only 19 had assays of consequence.

14,836 @ .407

- 8) Presently mining from 5 stopes
1E, 2G, #2 Raise,
3-#1E quartz vein and 3I
- 9) Since January 1982, there has been a total of 23 operational points on the four levels. Some of these operational stopes consisted of one to three rounds before being abandoned.
- 10) Two company diamond drills, under supervision of the Contractor Fry, are on the property with only 1 machine presently operating on a 2 shift basis.
- 11) Diamond drilling has been cut back to 800 feet from 1,200 feet per month.
- 12) Average diamond drill recovery is 65%.
- 13) Underground drilling supplemented by extension steel (30' Av.) drilling in stopes and drifts.
- 14) An IP Survey by Cochrane in 1972 checked by four drill holes with negative results.
- 15) Soil and EM 16 surveys in 1982 resulted in 12 soil anomalies and 6 (?) EM 16 anomalies.
- 16) Present surface workings are on 3 soil anomalies of which 1 is coincident with EM 16:
 - 1) Coincident anomaly behind shaft with stock pile of 500 tons of 0.25 (estimate).
 - 2) Silver anomaly alongside road near shaft presently being opened.
 - 3) Silver-bismuth anomaly in limestone in old trench.
- 17) Underground sampling procedures are weak with stope sampling being at the discretion of the geologist.
- 18) Only other underground sampling is muck collection at shaft.
- 19) Assay lab handles only six or seven samples from the mine which number could include diamond drill core.
- 20) Lab normally handles 30 samples a day and can handle up to 40 without effecting priority ratings.
- 21) There is a recognizable sucession of alteration effects from the footwall of the limestone. Most replacement bodies lie in the footwall of the Baker limestone.
- 22) To identify reserves in advance of the first level moving towards the southeast (towards Island Mountain Mine) consideration should be given to close grid drilling (25 feet) of vertical (<100 feet) percussion holes along the contact zone.

Yours truly,


W.G. Fainsworth