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NICKEL MOUNTAIN MINES LTD. (N.P.L.)

1967 PROGRESS REPORT  
and  
COST ESTIMATES  
of an  
UNDERGROUND EXPLORATION PROGRAM

Harry B. Gilleland

Mines Manager

January 16, 1968

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**ATTACHMENTS:**

**APPENDIX A**

**COST ESTIMATES**

**MAPS**

**In Pocket:**      (1) Plan of Proposed Tunnel  
                      (2) Cross-Section

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SILVER STANDARD MINES LIMITED

(NON-PERSONAL LIABILITY)

808-602 WEST HASTINGS STREET

VANCOUVER 2, B.C.

January 16, 1968

Mr. R.W. Wilson, President  
Silver Standard Mines Ltd. (N.P.L.)  
808-602 West Hastings Street  
VANCOUVER 2, B.C.

SUBJECT:        Nickel Mountain Mines (E & L Project)

Dear Sir:

This report is submitted to outline the progress made during the 1967 season and to up-date cost estimates of the tunnel and underground diamond drill program.

A report, written by our consulting geologist, Wm. M. Sharp, P. Eng., in November 1966, describes the location, geology, geophysical survey and diamond drilling completed to that date.

Under normal conditions, the next stage of exploration would be further surface drilling. In this case, due to difficulties encountered in drilling at this high altitude caused by rugged terrain, adverse weather and lack of drill water, management recommended a program of underground exploration. It was recommended that a tunnel be driven near the base of the cliffs below the outcrops, at approximately the 5000 foot elevation. This tunnel would provide a suitable site for testing an extensive block of the ultra-basic formations, in which the ore zones occur, with relatively short drill holes.

A new company, Nickel Mountain Mines, Limited (NPL), was incorporated on February 16, 1967. The forty mineral claims held in the area were transferred to this company and 1,299,900 shares were issued to those holding an interest in the property in accordance with the equity held. Shares have been issued as follows:-

Silver Standard Mines	901,098 shares	-	69.3%
McIntyre Porcupine Mines	194,232 shares	-	14.9%
Kerr Addison Mines	110,940 shares	-	8.5%
Wilson Mining Corporation	56,130 shares	-	4.3%
Wm. Dunn	18,750 shares	-	1.5%
R. Wesemann	18,750 shares	-	1.5%

Early in the year, it was decided that it would be advantageous to carry out the first stage of the underground exploration

over a two year period, rather than in one year as at first planned. To complete the program in one year would require an early start in the spring and possibly working late in the fall when weather conditions could cause delays and added costs. In addition, it became apparent that transportation facilities in Northern British Columbia, especially the completion of the Cassiar-Stewart Highway, were not proceeding as quickly as had been forecast. It was decided that the 1967 program would include improvement to the airstrip, construction of a tote road from the airstrip to a portal site, and a survey of the mineral claims. Silver Standard Mines agreed to loan Nickel Mountain Mines up to \$75,000 to carry out this work.

#### 1967 PROGRESS REPORT:

The short runway at the E & L airstrip on Snippaker Creek (elevation 1750 feet) presented a problem in getting in the initial equipment. An Otter aircraft, having a load capacity of approximately 2500 lbs., was used to transport a D-4 tractor to the property. This tractor was rented from Grant Stewart Construction Company, Cassiar, B.C. It was trucked to a point on the Cassiar to Stewart Highway 20 miles south of the Stikine River Crossing, dismantled into components weighing not more than 2500 lbs. and flown to the E & L airstrip during April, before the snow was off the runway. Work on the airstrip and road commenced in June, at which time the snow was gone at lower elevations. The tote road, approximately five miles in length, to a point below the nickel-copper outcrops at approximately 5000 foot elevation, was completed in September.

During August, Underhill & Underhill, B.C. Land Surveyors, surveyed the mineral claims and established several permanent survey stations which may be used in surveying future operations.

From a reconnaissance of the steep terrain below the outcrop area, two possible sites for collaring a tunnel were chosen and surveys run to these locations. The site recommended is at 5350 ft. elevation, which is approximately 300 feet higher than originally planned. At this higher elevation, the length of the required tunnel is 1400 feet vs. 2000 feet for the lower tunnel. In addition, the higher tunnel provides a better site for testing the extension of the ore shoots by diamond drilling. A plan and section of the tunnel, in relation to the surface outcrops and inferred extensions, accompanies this report.

Details of the 1967 costs are shown on page 3.

1967 EXPENDITURES

February 16, 1967 to December 31, 1967

Capital Expenditures -

Incorporation	\$ 1,736.80	\$
Equipment	<u>1,631.99</u>	3,368.79

General and Administrative -

Administration, financing & Legal	5,080.44	
Interest	<u>1,963.95</u>	7,044.39

Mineral Claims -

Assessment & Recording Fees	668.00	
Claim Survey	<u>3,720.04</u>	4,388.04

Road & Airstrip -

(a) Administrative & Head Office	3,000.00	
(b) Engineering & Supervision	6,323.15	
(c) Transportation - charter aircraft	7,861.30	
- personnel	1,605.09	
(d) Equipment Rental - D-4 tractor	21,285.00	
- Compressor, welder, etc.	2,146.40	
(e) Supplies	1,755.02	
(f) Labour	11,277.75	
(g) Cookhouse & Accommodation	<u>3,522.25</u>	<u>58,775.96</u>
		\$ <u>73,577.18</u>

NOTE: The Department of Mines and Petroleum Resources has approved a road grant amounting to \$15,000.



Fairchild-Heller 9/16/47 (tentative)

\* 225/wr. --- 1000 #

\* 225 for - 80 mi x 1/2 T = 40 T-mi say 5.00 per ton-mile

Beaver --- 1000 \* @ 1.00 for 1/2 T-mi = 2.00 per ton-mile

other --- --- --- 1.50 --- ---

C-47 --- --- --- 1.00 --- ---

February 16, 1947 to December 31, 1947

1947 EXPENDITURES

General Expenditures

Incorporation  
Licenses

General and Administrative

Administration, Printing & Legal  
Interest

Mineral Claims

Assessment & Recording Fees  
Claim Survey

Road & Airways

- (a) Administrative & Head Office
- (b) Engineering & Supervision
- (c) Transportation - Charter aircraft - personnel
- (d) Equipment Rental - D-8 tractor - Compressor, welder, etc.
- (e) Supplies
- (f) Labour
- (g) Cookhouse & Accommodation

1,000.00  
4,217.12  
7,681.30  
1,602.02  
21,287.00  
2,145.40  
1,752.02  
11,277.22  
3,222.22

\$ 1,138.00  
1,621.32  
2,759.32

2,080.44  
4,291.92  
6,372.36

655.00  
1,120.04  
1,775.04

1,000.00  
4,217.12  
7,681.30  
1,602.02  
21,287.00  
2,145.40  
1,752.02  
11,277.22  
3,222.22  
58,777.18  
8,72,321.18



NOTE: The Department of Mines and Petroleum Resources has approved a road grant amounting to \$15,000.



**PROPOSED PROGRAM - 1968:**

Cost estimates of the proposed program, including 1400 feet of tunnel and 6000 feet of diamond drilling, have been revised. Total cost is estimated to be \$301,400. Details are given in Appendix A.

These estimates include freighting supplies and equipment from Stewart to the Snippaker airstrip with a Bristol Freighter. It should be mentioned that this aircraft is considerably larger than any that has been used on the strip to date. If it is found that the airstrip is not suitable for the Bristol, freighting costs, using a smaller plane, would be increased. The estimated cost, using an Otter aircraft, is \$13,000 compared to \$8,600 using the Bristol. In addition, it would be necessary to tear down several pieces of the heavier equipment and re-assemble at the property.

*Base Otter  
@ 2.00/mi  
@ 25007  
= 1.60 tons/mi*

*Bristol, C-47 etc. @  
1.00/ton/mile*

**ECONOMIC CONSIDERATIONS:**

Until much more is learned about the deposit, estimates of profit potential cannot be forecast with an assurance of accuracy. However, if the proposed exploration is successful in finding that the ore shoots extend to depth, the possibilities of developing a tonnage in the 10 million-ton range are considered to be good. Assuming that an ore reserve of that size can be developed, and that normal mining and milling can be achieved, an operating profit in the order of \$4.00 to \$5.00 per ton is indicated.

I believe that the exploration of the Nickel Mountain Mines property is an attractive venture.

Respectfully submitted,

H.B. Gilleland  
Mines Manager

HSG:dn

APPENDIX ACOST ESTIMATES1400 feet of Tunnel and 6000 feet of Diamond Drilling:1. Airstrip Extension -

8 days with D-4	@ \$ 200.00/dy.	\$ 1,600.00
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Road to Portal Site -

Snow removal & road repairs, freighting equipment from airstrip - 25 days	@ 300.00/dy.	7,500.00
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2. Equipment -

2 only 4 w.d. trucks		9,000.00
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3. Camp Construction -

6 tents with frames & plywood	@ 300.00/ea.	1,800.00
3 plywood buildings	@ 500.00/ea.	1,500.00
Heating, lights, etc.		3,000.00
30 man days	@ 50.00/dy.	1,500.00

4. Labour -

Cook	- 4 1/2 mns.	@ 750.00/mo.	3,400.00
Engineer	- 6 mns.	@ 1,000.00/mo.	6,000.00
Labourers	- 5 mns. x 3	@ 700.00/mo.	10,000.00
Foreman	- 4 mns.	@ 900.00/mo.	3,600.00
Miners	- 4 mns. x 6	@ 1,500.00/mo.	36,000.00
D. Drillers	- 1 mo. x 12	@ 1,000.00/mo.	12,000.00

Mobilization & demobilization		<u>2,000.00</u>
		<u>73,500.00</u>

Plus: 20% W.C., U.I., etc.		<u>14,700.00</u>	88,200.00
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5. Board Loss -

2200 man days	@ 8.00/dy.	<u>17,600.00</u>
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Forward	\$ 131,700.00
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Appendix A - cont'd:-

Forward - \$ 131,700.00

6. Equipment Rentals -

D-4 tractor	@ \$3,000.00/mo.		
Compressor	@ 1,800.00/mo.		
Mucking machine	@ 500.00/mo.		
Scout-cretes	@ 450.00/mo.		
Fan	@ 80.00/mo.		
50 kw lighth plant	@ 430.00/mo.		
Radio	@ 70.00/mo.		
Welding outfits	@ 150.00/mo.		
Pumps	@ 200.00/mo.		
5 months	@ \$6,280.00/mo.		33,400.00

7. Supplies -

Pipe & couplings		5,000.00	
Steel (3 1/2 ft.)		4,200.00	
Repair parts (say)		4,000.00	
Explosives (6 ft.)		8,400.00	
Diesel fuel - 350 gal/dy.		10,000.00	
Gas & lube		1,200.00	32,800.00

8. Transportation -

*Stewart - airstrip = 70 mi, straight line  
allow - 80 flight miles*

Equip. & supplies - Stewart to airstrip using Bristol Freighter - 33 flights	@ 200.00/fl.	6,600.00	} * 8600
Ferrying charge		2,000.00	
Otter aircraft - supplies & personnel - 25 flights	@ 110.00/fl.	2,800.00	
Personnel - Vanc. - Stewart, 40 men -	@ 140.00/man	5,600.00	
Freight to Stewart (boat) 40 tons -	@ 30.00/ton	1,200.00	
Accommodation in Stewart		700.00	
Expediting in Stewart		1,000.00	
Returning rented equipment to Vancouver by Bristol Freighter to Stewart - 6 flights	@ 200.00/fl.	1,200.00	
Ferrying charges		2,000.00	
Freight to Vancouver - 30 tons (plus handling charge)@	30.00/ton	1,000.00	24,100.00

Forward 222,000.00

Appendix A - cont'd:-

		Forward	\$ 222,000.00
9.	<u>Diamond Drilling</u> - (Indy'd.)		
	Equipment rentals, bits, etc.		
	6000 ft. - @ 5.00/ft.		30,000.00
10.	<u>Head Office</u> -		
	Administration, purchasing & accounting - 6 mns.	@ 2,000.00/mo.	12,000.00
	Supervision & Engineering - - 6 mns.	@ 1,500.00/mo.	9,000.00
	Miscellaneous	<u>1,000.00</u>	<u>22,000.00</u>
			274,000.00
	Contingencies - 10%		<u>27,400.00</u>
			<u>\$ 301,400.00</u>