

April/68

H.R. # Applied to 1977 -

400-slab plan & section by Walter accompanies this to be forwarded by Jack Black.

SILMONAC MINES LIMITED

NEW DENVER, B.C.

801199

2-3-4
on 3
minerals
must have
proven
on 50R

THE PROPERTY OF SILMONAC MINES LIMITED, CONSISTING OF 62 CROWN GRANTED CLAIMS AND FRACTIONAL CLAIMS PLUS 3 CLAIMS HELD UNDER LEASE FROM THE CROWN, IS LOCATED IN THE SLOCAN MINING DIVISION, BRITISH COLUMBIA AND IS SOME 100 MILES BY IMPROVED AND PAVED ROAD FROM THE TRAIL SMELTER. THE SLOCAN DIVISION HAS BEEN AN INTERMITTENT BUT IMPORTANT SOURCE OF SILVER, LEAD, ZINC AND OTHER MINOR BUT IMPORTANT METALS SINCE 1892. THE ORE BODIES ALONG THE 'MAIN LODE' IN THE SANDON AND SILVERTON AREAS OF THE DIVISION HAVE ACCOUNTED FOR THE MAJOR PART OF PRODUCTION.

1

THESE ORE BODIES, WITH THE THEN INEFFICIENT MILLING PRACTICE, HAVE PRODUCED RECOVERED METALS WHICH, AT GROSS CURRENT CANADIAN METAL PRICES, WOULD HAVE A VALUE IN EXCESS OF \$80.

2

MILLION. AG @ \$2.40; Pb @ 10.7¢; ZN @ 11.48¢

3

PRODUCTION FROM ORE BODIES ALONG THE MAIN LODE WAS FROM A ONE AND ONE HALF MILE STRIKE LENGTH AT THE SANDON END AND FROM A TWO MILE STRIKE LENGTH ON THE SILVERTON END.

SILMONAC MINES LIMITED HOLDS THE INTERVENING TWO AND ONE HALF MILES OF STRIKE LENGTH BETWEEN THE TWO PRODUCTIVE AREAS. TWO OTHER LODES WITH PAST PRODUCTION FROM ADJOINING CLAIM GROUPS CROSS IT'S PROPERTY.

SILMONAC MINES LIMITED, A PRIVATE COMPANY INCORPORATED UNDER THE LAWS OF BRITISH COLUMBIA, HAS A CAPITALIZATION OF 2.5 MILLION DOLLARS. OF THE 5,000,000 SHARES, 2,965,000 HAVE BEEN ISSUED AS FOLLOWS:

| | |
|-------------------------------|---------|
| KAM-KOTIA MINES LIMITED | 666,881 |
| MONETA PORCUPINE MINES LTD | 666,881 |
| SILVER STANDARD MINES LIMITED | 666,880 |
| BURDEN INVESTMENTS INC. | 314,351 |
| PUBLIC | 650,007 |

HISTORY

FROM LATE 1962 TO DATE THE SILMONAC SYNDICATE AND IT'S SUCCESSOR, SILMONAC MINES LIMITED HAVE EXPENDED \$500,000.00 ON EXPLORATION OF THE CLAIM GROUP

SILMONAC MINES LIMITED

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History

IN 1967, DIAMOND DRILLING FROM THE WEST FACE OF THE 3996 LEVEL INTERSECTED MINERALIZATION TO THE SOUTH OF AND SOME 600 FEET VERTICALLY ABOVE THE DRIVE HORIZON. DUE TO DEVIATION OF THE THREE HOLES COMPLETED FURTHER DRILLING FROM UNDERGROUND WAS TERMINATED IN FAVOR OF A SURFACE DRILLING PROGRAM. ALL 5 HOLES DRILLED FROM SURFACE INTERSECTED MINERALIZATION, THREE CUTTING ORE GRADE MATERIAL ACROSS MINEABLE WIDTHS WITH THE LOWERMOST HOLE (SS-3) HAVING AN INTERSECTION WITH TWO ZONES OF MINEABLE ORE. SURFACE HOLES SS-2, SS-3 AND SS-4 INDICATE AN AREA IN THE PLANE OF THE LODGE SOME 200 x 500 FEET OF MINEABLE ORE GRADE MATERIAL STILL WIDE OPEN ON DIP AND WITH EX*

CELLENT POSSIBILITIES FOR EXTENSION ALONG STRIKE. *and mineralization into the presently indicated foot and hanging wall of the zone. Write mine considerably greater extent of mineral than presently indicated by recent drilling.*

UNDER AGREEMENT WITH CARNEGIE MINING CORPORATION LTD. SILMONAC HAS ACCESS RIGHTS THROUGH CERTAIN OF CARNEGIE WORKINGS AND ALSO HAS AN AGREEMENT WHEREBY ITS ORES MAY BE MILLED AT THE MODERN 130-140 TON PER DAY DIFFERENTIAL FLOTATION PLANT OF CARNEGIE, LOCATED TWO MILES BY ROAD FROM EITHER PORTAL SITE.

SILMONAC IS AT PRESENT WITHOUT FUNDS TO UNDERTAKE FURTHER EXPLORATION AND THE DEVELOPMENT OF IT'S DRILL INDICATED ORE ZONE AND IS PREPARED TO CONSIDER PROPOSALS WHEREBY THE PROPERTY MAY BE BROUGHT TO THE PRODUCTION STAGE EITHER THROUGH THE ISSUE OF TREASURY SHARES FOR FUNDS EXPENDED OR BY NEW INTERESTS FORMING AN OPERATING COMPANY WITH THE RETURN OF THAT COMPANY'S PRE-PRODUCTION EXPENSES FROM FIRST PRODUCTION. UPON RETURN OF PRE-PRODUCTION EXPENSES FURTHER PRODUCTION PROFIT WOULD BE PROPORTIONED ON THE BASIS OF 51% TO THE OPERATING COMPANY AND 49% TO SILMONAC.

PROPOSED EXPLORATION AND DEVELOPMENT CAN BE CONSIDERED IN TWO STAGES WITH EITHER HAVING PRIORITY.

STAGE I. ADVANCE THE 3996 WEST FACE TO THE SOUTH SOME 800 FEET AND DRILL FOR THE DOWN DIP-RAKE CONTINUATION OF THE DRILL INDICATED ORE ZONE. (SEE SECTION)

ESTIMATED COST

\$75,000.00

*was Rec. →
Estimate Cost*

SILMONAC MINES LIMITED

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STAGE 2 COMPLETE PORTAL AND PLANT SITE, ESTABLISH MINIMUM PLANT AT 4620 FT ELEVATION. CROSS CUT 3000 FT TO LODE ZONE, 300 FT. DRIFTING ALONG LODE

ESTIMATED COST STAGE 2 \$238,000.00

1968 Press

SHOULD STAGE 2 BE THE PRIOR PROGRAM THE ORE ZONE COULD BE DEVELOPED AND PRODUCTION ESTABLISHED, ALTERNATELY, IF STAGE I IS THE PRIOR PROGRAM THE POTENTIAL OF THE ORE ZONE CAN BE MORE QUICKLY ESTABLISHED AND IN THE EVENT THAT ORE EXTENDS DOWN DIP FROM THE 4620 LEVEL 800 FT. OF CROSS CUT COULD BE USED AS PART OF THE DRIVE TO THE LODE ON THE 3996 LEVEL.

ORE GRADE CALCULATIONS

| Intersections Hole | Length | True Width | Assays | | | Mining Width | Assays | | |
|-----------------------|--------|------------|--------|-----|------|--------------|--------|------|------|
| | | | Ag | Pb% | Zn% | | Ag | Pb% | Zn% |
| SS-2 | 2.2' | 1.7' | 33.1 | 4.9 | 6.0 | 4.0' | 14.07 | 2.08 | 2.55 |
| SS-3 | 7.8 | 5.1 | 17.0 | 2.4 | 11.0 | 5.1 | 17.0 | 2.4 | 11.0 |
| SS-4 | 7.7 | 4.5 | 8.9 | 2.3 | 5.0 | 4.5 | 8.9 | 2.3 | 5.0 |
| WEIGHTED GRADE OF ORE | | | ACROSS | | | 4.5' | 13.6 | 2.27 | 6.53 |

TONNAGE CALCULATIONS

ASSUMING THAT THE ORE INDICATED IN HOLES SS-2, SS-3 AND SS-4 IS A CONTINUOUS SHEET EXTENDING 200 FEET ALONG STRIKE AND 500 FEET ON DIP WITH A MINING WIDTH OF 4.5 FEET THE RESULTING

TONNAGE $\frac{200 \times 500 \times 4.5}{11} = 40,900$ TONS

VALUE SILVER @ \$2.49 oz; Lead @ 10.7¢, ZINC @ 11.48¢ \$53.71

gross value per ton

| | | |
|---|-------------------|--------------|
| 40,900 TONS @ \$53.71 | \$2,196,929.00 | |
| NET SMELTER AFTER ALLOWANCE FOR FREIGHT, TREATMENT, MILL LOSS | 1,597,453.00 | 39.05 |
| LESS ROYALTY | <u>155,829.00</u> | <u>3.81</u> |
| NET VALUE | 1,441,624.00 | 35.24 |
| ESTIMATED MINING AND MILLING COSTS | <u>869,125.00</u> | <u>21.25</u> |
| PROFIT BEFORE PRE-PROD. EXPENSE | 572,499.00 | 13.99 |
| RETURN OF PRE-PROD EXPENSE | <u>238,000.00</u> | |
| NET PROFIT | \$334,499.00 | |

Operating Statement

upil allow for exploration

SILMONAC MINES LIMITED

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*Gen Adonys muller
See main lode*

THE SLOCAN STAR AND SILVERSMITH ORE BODIES ALONG THE MAIN LODE ON THE ADJOINING CARNEGIE CLAIM GROUP WERE PRODUCTIVE FOR SOME DISTANCE DOWN DIP FROM THE SILMONAC 3996 DRIVE HORIZON. SMALL BUT HIGH GRADE ORE LENSES WERE EXPOSED BY SILMONAC IN DRIFTING SOME 2000 FEET EAST OF THE PRESENT MINERALIZED ZONE. THEREFORE, IT APPEARS LOGICAL TO INFER THAT THE PRESENT SILMONAC ORE ZONE COULD EXTEND DOWN DIP TO THE 3996 HORIZON OR FOR A DIP LENGTH OF SOME 2000 FEET. *Crude ore zone*

THE HIGHLY SILICIFIED, ALTERED AND LIMEY ROCKS IN WHICH THE ORE GRADE MINERALIZATION IS FOUND EXTEND FOR A DISTANCE OF 3000 FEET TO THE EAST AND AN UNKNOWN DISTANCE TO THE WEST OF THE PRESENT MINERALIZED AREA MAKING THIS ENTIRE AREA FAVORABLE FOR EXTENDING THE PRESENT ORE ZONE OR THE FINDING OF ADDITIONAL ONES.

*Summary
of lode
open to
making
specific
rice*

THE VENTURE INTO SILMONAC CAN BE CONSIDERED WITH A GOOD DEGREE OF ASSURANCE : WITH THE POSSIBILITY THAT THE REWARD GAINED WOULD BE MANY TIMES THE INITIAL EXPENDITURE. THAT IS THE FACTOR FOR CONSIDERATION.

NEW DENVER, B.C.

APRIL 1968

J.C. BLACK