

801531

February 2, 1973.

*Received Feb 6/73.*

Mr. W. Sharp, P. Eng.,  
171 W. Esplanade,  
North Vancouver, B. C.

Dear Bill:

Re: Carnegie Mining Corporation.

First let me say that I enjoyed our trip to New Denver and return with you last week.

The time we spent reviewing Carnegie was well spent, and, you certainly helped to increase my understanding of the possible exploration potential at Carnegie.

At our discussion, we arrived at certain conclusions in regard to further exploration on Carnegie, and, in general, there appears to be some potential in the Adams, Ivanhoe and Whistler lodes. These lodes have not been explored on Carnegie's property except for some limited surface mapping. This situation also applies to some extent to Silmonac. It is known that the Adams and Ivanhoe lodes were productive lodes along the interval between Silmonac and Ivanhoe.

Exploration of the above lode systems from underground openings on Silmonac and Carnegie would require major expenditures, and considerable time.

\* As agreed, I would appreciate your completing this assignment by summarizing your views and information and making any proposal for future exploration you feel should be considered.

I expect to be in B. C. the week of Feb. 19, and will probably go to New Denver sometime during the week. At this time, it is impossible to forecast the situations at the mine so I can't say whether we will want you to come to New Denver at this time or not. However, I know you are in touch with Bill Hogg and he will keep you informed.

Yours very truly,

KAM-KOTIA-BURKAM JOINT VENTURE,

*G. W. Walkey*  
G. W. Walkey.

GWW/rk

Rec'd Dec. 29, 1972



**Kam-Kotia** mines limited

25 ADELAIDE STREET WEST, SUITE 416, TORONTO 1, CANADA  
TELEPHONE 362-4581

December 27, 1972.

Mr. W. M. Sharp, P. Eng.,  
171 W. Esplanade,  
North Vancouver, B. C.

Dear Bill:

Re: Carnegie Mining Corp.

I know Bill Hogg has talked to you re. an office study on Carnegie Mines Property, east of Silmonac.

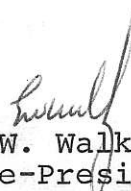
I am enclosing a copy of "Summary Report on Carnegie Geology" by S. J. Pedley, June 4, 1954. Please return this report to Bill Hogg after you have studied same.

I also attach copy of a letter to Bill Hogg relative to this matter which explains my thoughts on this topic.

I will write you further, on this matter, but, my prime purpose is to send you the above report at this time.

Yours very truly,

KAM-KOTIA MINES LIMITED,

  
G. W. Walkey,  
Vice-President and General Manager.

GWW/rk  
Encls.

To: Bill Hogg

December 27, 1972.

From: G. W. Walkey

Subject: Carnegie Corporation's potential.

1. I have again reviewed the reports written by S. J. Pedley in 1953 and 1954 covering the geology and exploration potential of the component sections of Carnegie. These reports include the following:

- 1) Geology of N. E. quarter of Carnegie
- 2) " on Ruth-Stewart working
- 3) " " Hope working
- 4) " " Silversmith and related mine area
- 5) " " Slocan Star mine
- 6) " " Richmond Eureka Mine
- 7) Summary report on geology and ore control for above properties, dated June 4, 1954.
- 8) Supplement to summary report of June 4, 1954, dated August, 1954.

2. During 1953 and 1954, Mr. Pedley was engaged in mapping the surface geology of Carnegie as well as mapping all the old mine workings that were accessible. The reports are based on the above mapping plus information from reports by C. E. Cairns, M. J. Hedley (Bulletin 29, (1952) B. C. Department of Mines), mine plans and section, paper by W. M. Sharp dated 1950, and information from Kelowna Exploration who mapped the area to the west (now Silmonac Mines).

It is recognized that, at the time Mr. Pedley was mapping and making the above reports, he was a relatively young and inexperienced geologist. However, he was a keen observer and quite willing to develop ideas and theories based on his observations and the reports of others, (mainly M. J. Hedley). His theories as to why ore bodies have developed on the lodes generally agree with the ideas held and developed as a result of our experience on Silmonac.

3. In my opinion, the most promising areas on Carnegie where an orebody might be found, based on Mr. Pedley's reports would be:

- 1) The Silversmith Mine. Mr. Pedley suggests that this orebody was down faulted by a tangential (N/S striking) fault at the west end of the working, with the west portion down thrust, perhaps as much as 1,000 ft., below the Ruth No. 5 level. I can't check as to whether this theory was ever tested. However, the target could be a substantial ore zone.

*Approved  
via Carnegie  
dtd on w.  
See ltr (JCB)  
of you  
structure  
conclusions*

2) The Whistler, Ivanhoe and Adams Lodes.

Mr. Pedley considers the Ivanhoe-Adams Lode system as a major lode, similar to the Main lode, while the Whistler lodes is a secondary lode. Both of these lode systems are considered excellent targets, and the Ivanhoe and Adams lodes have contained ore deposits. Mr. M. Hedley considered the Ivanhoe lode to be a very strong structure. In one report, Mr. Pedley suggests exploring the above lodes by extending Silversmith No. 10 x-cut to the south for a distance of close to 3,000 ft. and then diamond drilling, presumably by both up and down holes. He also suggests that where the Whistler and Ivanhoe lodes intersect the main lode, this should be a good target. I'm not clear on this point, as the dips of the lodes cannot be projected to depth.

*can only be verified by additional maps etc and for discussion w/ Stan.*

Mr. Pedley is not clear on the best location to explore, along the strike, but, generally, appears to favour the ridge west of Sandon Creek, i.e. between White Creek and Sandon Creek.

*we favour deep penetration of optimum field horizon made by Sandon or points @ +5500' horizon.*

Any such program as above would be a major exploration program and would be expensive as it would require extensive mine renovation plus the x-cutting and lateral drifting for diamond drill basins. Without more information than we have now, it would also be a very speculative program and I doubt if it could be justified.

There seems to be general agreement that the Adams-Ivanhoe lode is a major structure with considerable displacement. However, surface geology cannot be projected to depth. We also know that ore bodies occur where enough of the necessary conditions exists. It seems to me that the first stage in a program to evaluate the Adams, Ivanhoe Lode is to develop a low cost plan of trying to locate favourable conditions on the lode. Essentially, the problem is similar to our problem of trying to locate favourable <sup>near</sup> ~~access~~ <sub>areas</sub> on the Main Lode on Silmonac's property.

*yes  
yes via surface mapping above 5000 ft.*

In regard to the Silversmith and the theory of a major down throw to the west, I suspect Mr. Pedley may have changed his thinking in later years, but, the theory is worth some study.

*believe he discarded this theory*

I suggest that we discuss this matter with Bill Sharp. I don't know how familiar he is with Carnegie or whether he has information in his files. It might be an idea to have Sharp make an office study of the available information and give us his ideas, and, if possible, any specific recommendations.



Bill Hogg

- 3 -

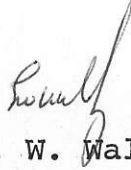
December 27, 1972.

This work would be for Carnegie's account, of course, and I would not want him to spend a lot of time on the study.

We can discuss this matter in more detail when I visit the mine in January. If you have any thoughts on the matter I would appreciate them before my next visit.

The price of silver continues to climb, slowly, but, I feel the price trend will continue upward. This will certainly lower the grade we require to mine to make a contribution to exploration.

GWW/rk

  
G. W. Walkey.

*1-2 days problem  
review, research to discuss  
= 1 week on  
compilation,  
detailed analysis  
map & report  
prep.*



**Kam-Kotia** mines limited

25 ADELAIDE STREET WEST, SUITE 416, TORONTO 1, CANADA  
TELEPHONE 362-4581

December 28, 1972.

*This letter 'crossed' mine of  
Jan 2/73 to Mr. Walkley.*

Mr. W. D. Sharp, P. Eng.,  
171 W. Esplanade,  
North Vancouver, B. C.

*Gen reserve of pass effort  
potential mil value 50% report*

Dear Bill:

Re: Carnegie Mining Corp. Ltd. *\$100,000*

I know that Bill Hogg has talked to you re. a study on the potential for ore on the Carnegie property, east of Silmonac Mines in the Sandon area.

Carnegie Mining Corp. owns most of the former producers on the Main Break at the east end of Silver Ridge and the record dates back to the late years of the last century. While the bulk of the production came from the Main Lode, substantial production was obtained from minor faults. The early operations were based on deposits found by surface prospecting, and, subsequent development led to other "buried" deposits being found, such as the Silversmith. The most recent deposit of any importance in the Silmonac deposit, and this is a buried deposit. This deposit will contain close to 100,000 tons of good grade silver, lead, zinc ore. You are well aware of how long it took to find this deposit, and the total cost to find and develop the deposit. At the moment, it is almost certain that the cost of exploration, development, and preproduction will not be recovered from the mining of this deposit. In my opinion, the finding and development of any additional buried deposits in the Slocan area will be both difficult and expensive. Despite the increased knowledge and skills that are available, the search for orebodies in the Slocan breaks is extremely difficult and risky. While the economic deposits that have been found are high grade, they have been small and the total value not great. This imposes a limit on the amount of risk money than can be, or should be, invested in exploration.

On that portion of the main lode that occurs on Silmonac, west of the Silmonac deposit that has been mined, and extending to the west boundary, the probability of finding new deposits must be rated excellent. However, the problems are as great as ever, and the economics at best are doubtful. As an example, should we invest \$100,000 to make \$50,000, and the answer is, of course, no.

From time to time over the past few years I have read and studied the reports written by Mr. Pedley concerning Carnegie. I have never met Mr. Pedley and can only judge him on the basis of his reports. I know that when he wrote the Carnegie reports in 1953 and 1954, he was young and relatively inexperienced. However, my impression is that he was a keen observer, imaginative, and made full use of all available information. He also spent a relatively long time working in the Slocan, and acquired a great deal of knowledge and information.

*Yes*

It seems to me that he was impressed with the potential of the Ivanhoe-Adams Lode system, possibly because it was a strong fault with major displacement, and, perhaps because Mr. Hedley stressed its potential. Perhaps it was the best of only fair prospects. In any event, as far as I can find out, this lode system on Carnegie has not been investigated and explored, and, I feel that further study, at least, is warranted. However, I can't see how a major underground program to explore this lode system, by extending openings to the south from existing Carnegie workings can be justified, unless the potential is upgraded.

*via a (Stage I) surf geol. geophys. investigation*

Mr. Pedley has several other recommendations for exploration on Carnegie which should also be at least considered.

My idea is that you will review, study and assess all the available information on Carnegie, as gathered by Mr. Pedley and would then give us your comments and observations. As Carnegie has limited funds, the scope of your study must, of course, be limited, and, tentatively should not involve more than a weeks work. If, in the course of your study, you feel the project requires more time, the above can be revised.

*general review, Prelim data gathering, discussion, map prep. involving Company, Kel. Carnegie + B.C.R. etc.*

Whether or not you make specific or general recommendations for further study, or exploration is a matter for your judgement. We would certainly consider seriously any recommendation you might make. You know my view that the potential target should be of a size and value adequate to support the risk and I realize the parameters we can apply to evaluate are limited.

*require a back-up map here.*

We don't want to walk away from potential and we value your judgement, even though we may disagree at times.

*my coal is should incl. a list of the favorable parameters present - per gen offer to date.*

This work will be for the account of Carnegie Mining Corporation Ltd. and your fee should be for Carnegie. Please send your statement to this office, my attention, for payment.

*Description of assignment*

*Instructions to Mining*

Mr. W. D. Sharp, P. Eng.

- 3 -

December 28, 1972.

Perhaps we can get together at New Denver in January for more discussion on this matter, as well as to review the results and future program, if any, for Kam-Kotia-Burkam on Silmonac. I'll let you know as soon as I can when I plan on visiting New Denver in January.

*This would provide opportunity to search mine map files for any maps that might relate to area.*

Yours very truly,

KAM-KOTIA MINES LIMITED,

G. W. Walkey,  
Vice-President and General Manager.

GWW/rk



WILLIAM M. SHARP, M.A.Sc., P.ENG.  
CONSULTING GEOLOGICAL ENGINEER  
171 W. ESPLANADE, NORTH VANCOUVER, B.C.

January 2, 1973

Mr. G. W. Walkey,  
Vice-President &  
General Manager,  
Kam-Kotia Mines Limited,  
25 Adelaide Street, West,  
Suite 416,  
Toronto 1, Ontario.

*Check w. G. Walkey if it would be ok.  
for me to check w. Stan Pedley re. distortion  
of maps compiled or other info. gained  
subsequent to his last reports in 1954. -- or  
would this be out of line in possible  
confidential aspects of the assay?*

Dear Mr. Walkey,

Re: Carnegie Mining Corporation

Thank you for the copy of "Summary Report on Geology, Carnegie Mines", by S. J. Pedley, June 4, 1954. With this, I now have Pedley's March-April and May 27, 1954 reports and his August, 1954 supplement to the June 4, 1954 report - recently received from Bill Hogg.

Pending your further advices on this matter, I have restricted my current study to a general review of Pedley's material - using our Kelowna Ex. maps and M.S. Hedley's report and maps as background references.

In general, Stan Pedley's 1954 ideas concerning Slocan Structures and or controls conform with those held by Kelowna exploration geologists and Dr. Hedley. However, I think, that on the basis of his subsequent experience at the Violamac Mine and on the Silmonac Project, Stan would now revise some of his estimates concerning displacements on tangential faults and his thoughts on lode and mineral relationships on opposite sides of these faults. As these factors relate mainly to exploration of segments of the main lode within the limits of the Carnegie workings, they would not appear to have any bearing on the legitimacy of the Whistler, Adams, and Ivanhoe lodes as exploration targets.

In his August, 1954 supplementary report, Stan Pedley notes that surface mapping had been completed on the Carnegie interval of the above (south) system of lodes. There is no such map with any of the reports received. I wonder if Carnegie has this on file and, if so, could a print be obtained? Similarly, is the geological mapping for that part of the 10-01 X - cut that was driven towards (south) the Adams-Ivanhoe lodes available? Data in B.C. Minister of Mines Reports (1955-58), indicates that about 1700 feet of the estimated total of 2700(?) feet had been driven before the project was abandoned.

I have compiled the enclosed plan showing property boundaries and inferred lode traces from the most recent information in my files. This preliminary sketch indicates that important intervals of the Adams-Ivanhoe lode system might situate in ground held by the "Yawkey Estate" and "Silmonac", as well as that interval within the "Carnegie Block". The claim blocks shown are derived

from the revised plan by S. J. Pedley, November, 1958. These should be checked via B.C. Department of Mines records and Carnegie's own records prior to undertaking an office evaluation of the southerly lode system within one or of all of the adjoining claim blocks.

All of the above might be termed 'preliminary considerations'. Pending further instructions or discussions, I feel that I should limit my comments to the extent made in this letter.

Yours very truly,

---

W.M. Sharp

WS/az