

PRELIMINARY REPORT ON DAVIES PROPERTIES

Examined: June 21 - 23, 1957

Address: 20 miles Northwest of Germansen  
Landing.

Metals: Zn, Pb, Ag.

Introduction

Mr. Ernest Davies introduced himself to the writer at Fort St. James on May 31, 1957 and described his properties. He showed a letter written to him by John Lamb, exploration geologist for Britannia Mine, who highly recommended the prospects. This recommendation and the potential of the area suggested by reports in government publications justified this preliminary examination.

Library References

B. C. Minister of Mines Report, 1952 p.p. A98 to A109  
G. S. C. Memoir 252, Fort St. James Map Area, B. C.  
G. S. C. Memoir 274, Aiken Lake Map Area, B. C.

Property

The properties, owned equally by Mr. E. Davies of 3606 32nd Ave., Vernon, B. C. and his son, Gordon Davies, are considered by the partners as three separate groups for dealing purposes: the Gordon property, the Davies property and the Vernon-Biddy combined property. For convenience of reporting, all three will be considered together in this report.

All claims were recorded at the sub-mining recorders office at Fort St. James in the Omineca mining district. Additional claims staked by Northwest Exploration Ltd. have been allowed to lapse.

Claims and status are as follows:

<u>Biddy-Vernon</u>	Biddy Nos. 12 and 10 in good standing until Sept. 13, 1961 with work to be recorded Sept. 13, 1956. Vernon Nos. 1, 2, 3, 4 in good standing until June 8, 1961 and Vernon No. 5 until Sept. 8, 1960, with work to be recorded on June 8, 1957.
<u>Gordon</u>	Four claims in good standing until Aug. 4, 1962 with work to be recorded Aug. 4, 1957.
<u>Davies</u>	Molly, Dolly, Davies I, Eliz I, Davies II in good standing with exception of Davies II until July 15, 1962 with work to be recorded on July 15, 1957.

Location

The properties are located between  $55^{\circ}50'$  N and  $56^{\circ}15'$  N latitude and  $124^{\circ}45'$  and  $124^{\circ}55'$  longitude, in the Omineca mining division, B. C. The nearest railroad is the C.N.R. Jasper to Prince Rupert line at Vanderhoof B. C. From Vanderhoof a good to fair gravel road extends north 185 miles to Germansen Landing via Fort St. James but is usually closed during the winter north of the Pinchi Lake turn off approximately 56 miles from Vanderhoof. There is a store, cabins, hunting lodge and monthly postal service at Germansen Landing.

A gravel road, constructed by the B. C. Department of Mines, crosses the Omineca River at Germansen Landing and trends northwest to Uslika Lake following the Aiken Lake winter tractor road. The trail to the properties turns off near Mile Post 6 on this road, follows the east side of Nina Creek north to Nina Lake and then along the west side of Nina Lake. Trails to the Vernon and Bidy shows lead off from the north-end of Nina Lake (see attached map). A horse trail from the Bidy camp passes over a summit and follows down a large creek to the Osilinka River with trails leading from a camp on the Osilinka River to the Gordon and Davies showings.

Road construction from the Germansen-Uslika road to the Vernon showing would not be too difficult to the Vernon showing although sections along Nina Lake would pass through rock talus. From the Vernon to the Bidy showing the trail climbs steeply and road construction would be more difficult but feasible. From the Bidy to the Osilinka River the latter part of the trail follows narrow rock walled gullies and road construction would be very expensive. Since the Gordon and Davies showings are on steep north facing slopes south of Osilinka River road construction to these would not be simple. Davies reports that the Gordon and Davies showings could be most easily reached by constructing a 25 mile road from Mile 36 on the Germansen-Uslika road, following Wasi Creek past Wasi Lake to the Osilinka River and down the Osilinka.

By horseback the trip from the road to the Bidy camp takes five hours, and from the Bidy camp to the Davies camp takes seven and a half hours. On foot a rapid examination of the Gordon, Davies showings would take a total of eight hours.

The topography is mountainous but not precipitous. Some snowslide scars were seen but not where they would affect development. The Vernon showings are at approximately 4000' elevation, the Bidy approximately 4500' elevation and both the Gordon and Davies between 3400' and 4000' elevation.

The area is one of limited precipitation, with snowpack not expected to exceed four feet at the showings since at Germansen the snowpack is usually less than two feet. Prolonged periods of cold weather, reading 40° below zero occur in the winter. Nina Lake is reported to be frozen over by mid-November but not sufficiently to stand the weight of a plane.

Planes can land on the Omineca River at Germansen and on Nina Lake but no obvious landing spots are known on Osilinka River.

Sufficient timber is available on all the properties for mining purposes with some spruce up to 2' in diameter, suitable for sawlogs, occurring on the Osilinka slope only.

Abundant water is available from Nina Creek and small tributaries on the south and from tributaries of the Osilinka on the north. No obvious sources of water power were seen on the south slopes but the long creek flowing into Osilinka River could supply much hydro power providing the flow doesn't drop off too far in the cold winter months.

#### History

The Davies group was staked in 1946, the Gordon in 1950, the Vernon in 1951 and the Bidy probably in 1952 by Ernest and Gordon Davies who had begun prospecting the limestone belt in 1946.

The properties were optioned by Northwest Explorations Ltd., exploration division of Kennecott Copper, in 1951 and two seasons work was done before the option was dropped during the period of low zinc prices. Work done by Northwest Exploration Ltd. is described below.

In 1954 the property was examined by Consolidated Mining & Smelting Co. with the engineer recommending the property according to Davies but no action was taken.

In 1956, John Lamb, exploration geologist for Britannia, Howe Sound Co. examined the Kenco maps, examined the property and re-examined the maps with the result that a holding option was signed with the Davies partners in November 1956, only to be dropped in December 1956.

In May 1957 Gerry Knole, geologist for Utah Construction and formerly of Northwest Explorations, requested and obtained the maps of the properties from Mr. Ernest Davies (and still has them) but informed Davies that he could not expect much action this year.

Canex Aerial Exploration Ltd. was the first and only company so far this season to examine the properties.

Production - Nil.

### Development

There has been no underground development on the showings, nor has any diamond drilling been done although Northwest Explorations were reported to have been considering a drilling program.

Surface work consists of numerous hand dug trenches, some cuts drilled with a Warsop and blasted, and minor hydraulic stripping. Overburden in the area of the showings is generally light, from one to four feet deep, and is probably no deeper over most of the area. All trenches are believed to have been mapped and sampled with results plotted on the maps given Davies by Northwest Explorations.

Northwest Explorations undertook an extensive bio-geochemical survey in the area and Davies reports that Dr. H. V. Warren obtained "one of the highest anomalies obtained in Canada" from the vicinity of a creek above the Vernon showings. It is not known whether the results of this survey were supplied to Davies.

### Geology

The general geology of the area is described in G. S. C. Memoir 252, Fort St. James Map Area. A band of massive Permian Cache Creek limestone with minor argillite beds extends from a thin end of the Omineca River north to the Osilinka River, is in fault contact with the Precambrian wolverine complex to the east and partly in fault contact and partly depositional contact with Cache Creek volcanics to the west. Major structures are not obvious but some folding is suggested and most apparent dips are to the west.

Locally, fold structures appear to have little bearing on the deposits. The major control appears to be fault breccia zone with indefinite attitudes but probably trending north-south and dipping steeply. Without access to accurate maps it is impossible to state how many separate zones occur nor to predict their continuity, although there is a distinct possibility that some may be related.

The limestone host rock is a medium to fine grained black to light grey rock, usually giving off a fetid odour when freshly broken and according to Roots in G. S. C. Memoir 274 is probably a phosphatic limestone.

Brecciation of this limestone along fault zones produces fragments of varying sizes from dust to one foot in diameter. In the areas surrounding the showings all the host rock is dolomitic with no reaction to 10% HCl. The breccia is well cemented with calcite, dolomite and some barite and the zones as a whole should be very easy to diamond drill with good core recovery.

Valuable minerals are mainly light honey coloured sphalerite, coarsely crystalline galena and barite. Silver values are low and appear to favour the sphalerite as much, if not more than the galena. Pyrite is scarce, except in the Gordon showing where even there it is only a small percentage.

Most of the sphalerite replaces the breccia fragments but the galena and barite are most often in the cement although on the East Vernon some coarse galena occurs in dense fine grained grey dolomite.

Some lumps of sphalerite mineralization up to 10 lbs. weight of 15% - 20% Zn were seen and fist-sized lumps of galena occur on the West Vernon showing. However the overall showings are low grade at best and the highest estimate given to any zone of minable size would not be over 5% combined metals. The mineralization is mainly sphalerite with an overall average of at least a 4:1 ratio of zinc to lead.

### Ore

Again without access to accurate maps showing location of trenches and sampling results one cannot make an accurate estimate of the ore exposed. However a preliminary examination of the surface showings gives an impression of large potential and it is this large potential that provides the recommendation for the property. Despite the erratic low grade mineralization the number and size of the mineralized exposures together with suggested extensions beneath shallow overburden, are sufficient encouragement to justify further work. The Gordon Zone, which is perhaps the lowest grade, is mineralized over at least a fifty foot width and is undoubtedly continuous between the rock bench exposure and the limonite gossan four hundred feet away.

An optimistic impression of the belt as a whole would compare it in potential to the Salmo Lead-Zinc belt although the mineralization control is different. Another important consideration is the apparent absence of depth limitation on the area. Mineralized showings occur over at least 1000 feet of vertical extent and 1500 vertical feet of limestone is exposed between valley floors and ridge tops.

The maps drawn by Northwest Explorations Ltd. are now in the hands of Mr. G. Knole but may be obtained from him for study and would do much to provide an accurate impression of the potential.

### Equipment and Buildings

No equipment is on the property but usable tent frames for 14' x 16' tents are at the Vernon and Bidy Camps.

### Mining and Treatment Costs

If mining these low-grade zones is to be economic they would have to be proven to be large and therefore low-cost large scale mining would be possible. The potential suggested and desirable would provide a long life for write-off of plant, camp and other installations.

The relative absence of pyrite, coarseness of galena and softness of the host rock should permit low cost milling.

### Economic Considerations

A preliminary policy consideration with regard to this zinc prospect is whether Canadian Exploration Limited who are already in the zinc producing business wish to invest more capital in the zinc industry in preference to searching for diversification in minerals. This is a matter for directoral decision.

With the present decline in zinc prices, exploration for zinc properties is not attractive but the zinc belt under consideration must be considered as an area of the future and could be explored and developed for exploitation under more favourable conditions. Again a directors decision is necessary on whether or not the Company should explore and acquire a "sleeper" property.

Transportation is, and may be for sometime, a major consideration in this area. The cost of providing road access to the property would be relatively small compared to the cost of transporting materials in and a concentrate out of the area. At 10 cents per ton mile the cost of hauling concentrates to railhead at Vanderhoof would amount to 1.7 cents per pound of zinc in the concentrate and 1.25 cents per pound of lead. Freight rates from Vanderhoof to a smelter have not been investigated but may be 20% of the gross smelter value or 2.0 cents per lb. of zinc and 2.8 cents per lb. of lead. However as a "sleeper" property there is every likelihood that in the future a rail line will extend up the Rocky Mountain trench which will pass within sixty miles of the Vernon property and even closer to the Davies and Gordon. If the potential appears large enough a spur line could extend up the Osilinka River to serve the Omineca district.

Capital expenditure considerations are those involved in supplying adequate power and the necessary townsite facilities in the area.

### Option and Purchase Considerations

Mr. Ernest Davies holds power-of-attorney to deal on the properties. He quoted the deal offered him by Brittania in 1956, which

was \$200.00 per month for each partner for one year with a reasonable down payment at the end of the first year and then increasing yearly payments over a period of five years until the total purchase price had been paid.

As noted before the properties are considered as three groups any of which could be optioned separately. Full purchase price on each of the three groups is \$100,000.00. All the above terms are naturally subject to negotiation and Mr. Davies appears most cooperative as he realizes that the property is hard to move and will require considerable exploration expenditure.

Since the Vernon-Biddy property is most accessible an option could be taken on this property and a holding option obtained on the other properties to protect the Company's interests in the area and permit some evaluation to be made of the various deposits.

If an option is undertaken, the following terms are suggested by the writer:

\$300.00 per month for 12 months split between the two partners and a down payment of \$7000 at the end of the first year to provide the partners with approximately \$5000 apiece for the year or \$10,600 total.

\$12,000 at the end of the 2nd year.

\$17,400 at the end of the 3rd year.

\$30,000 at the end of the 4th year.

\$30,000 at the end of the 5th year for a total of \$100,000 on the Vernon Group.

At the same time a holding option should be obtained on the Gordon and the Davies properties with a nominal monthly payment of \$25.00 for each group split between the partners for the first year, then payments of \$50.00 per month for each group until the end of the second year, then increasing yearly payments for the next four years.

This proposed option is naturally open to discussion as it is felt that Mr. Davies will be agreeable to any reasonable proposal.

#### Suggested Exploration Program

Because it is very doubtful that sufficient conclusive exploration could be done on the properties in the remainder of the 1957 season, any program proposed must be laid out with continuing work in 1958 in mind.

Read access to the Vernon showing would undoubtedly pay off in ultimately reduced exploration transportation costs. A power wagon bulldozed trail for ten miles would cost less than \$5,000.00. In the meantime a mapping and sampling party could be flown to Nina Lake and serviced by three pack horses and packer. The cost of maintaining a three man party on this work, including packing and wages, would be \$2500.00 per month or \$5,000.00 for August through September.

A limited program of short X-ray diamond drill holes would help to give an accurate representation of the mineralization. With a two man self sufficient crew approximately 1000 feet of hole could be drilled in two months for an estimated cost of \$5.00 per foot or \$5,000.00 total.

Possibly a resistivity geophysical survey would do more to trace the extensions of the zones below surface than the biogeochemical survey performed by Northwest Explorations. A preliminary geophysical program might cost \$5,000.00

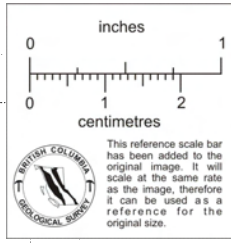
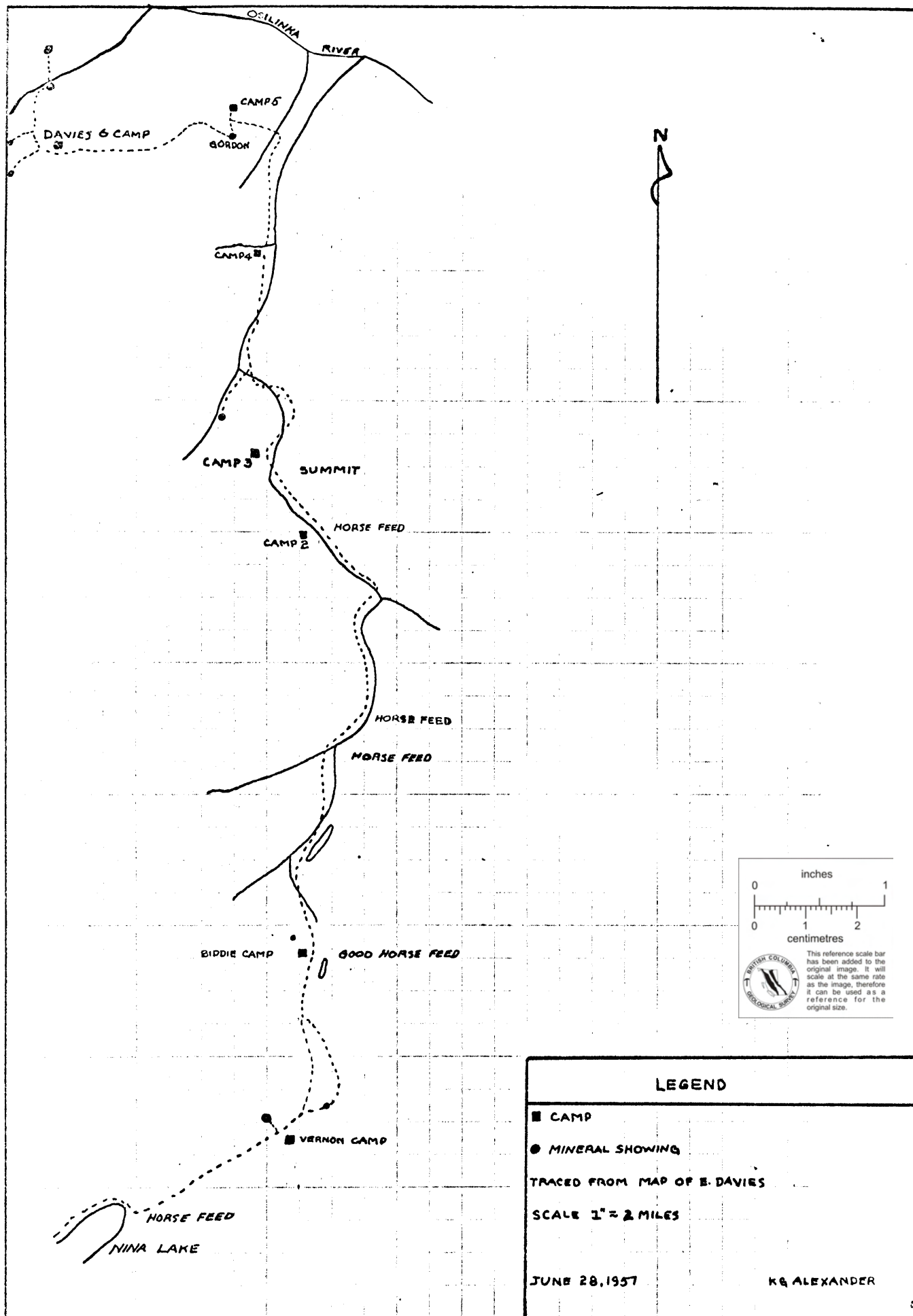
Therefore an initial program of \$20,000.00 worth of work could be undertaken in the remainder of the 1957 season. Naturally the above rough proposed program would have to be reviewed and ratified before being undertaken.

During 1958 the program would be expanded or reduced as results warranted, and proportionately for five months might cost \$50,000.00. However by the end of the second season sufficient information should be on hand to permit decision on the merits of the prospects.

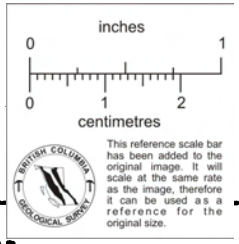
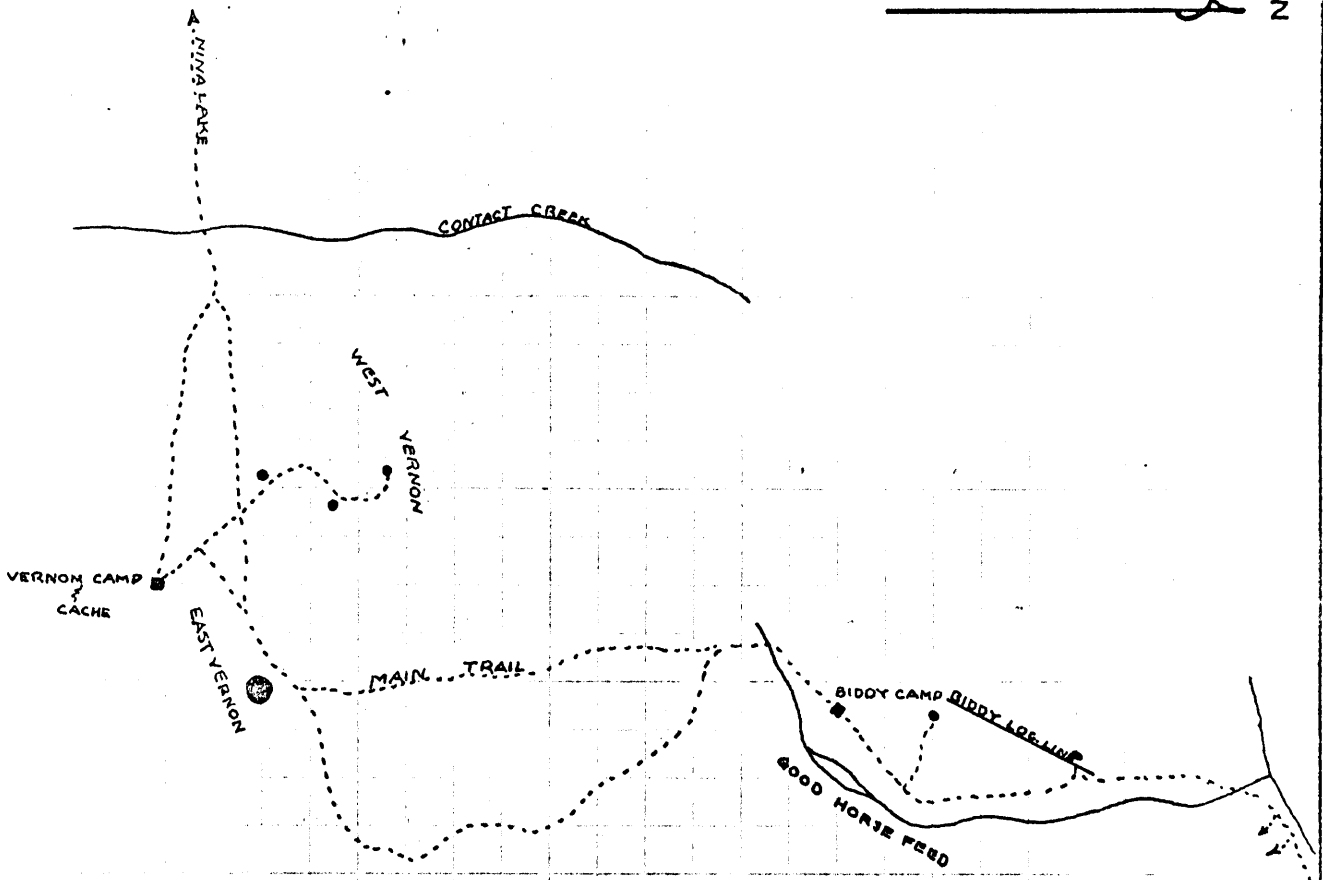
C. C. Rennie

Copies for: J. D. Little (Pending)  
C. C. Rennie  
File ✓





LEGEND	
■	CAMP
●	MINERAL SHOWING
TRACED FROM MAP OF E. DAVIES	
SCALE 1" = 2 MILES	
JUNE 28, 1957	
K & ALEXANDER	

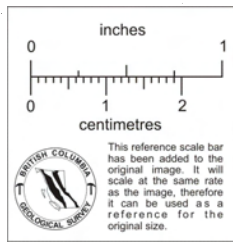
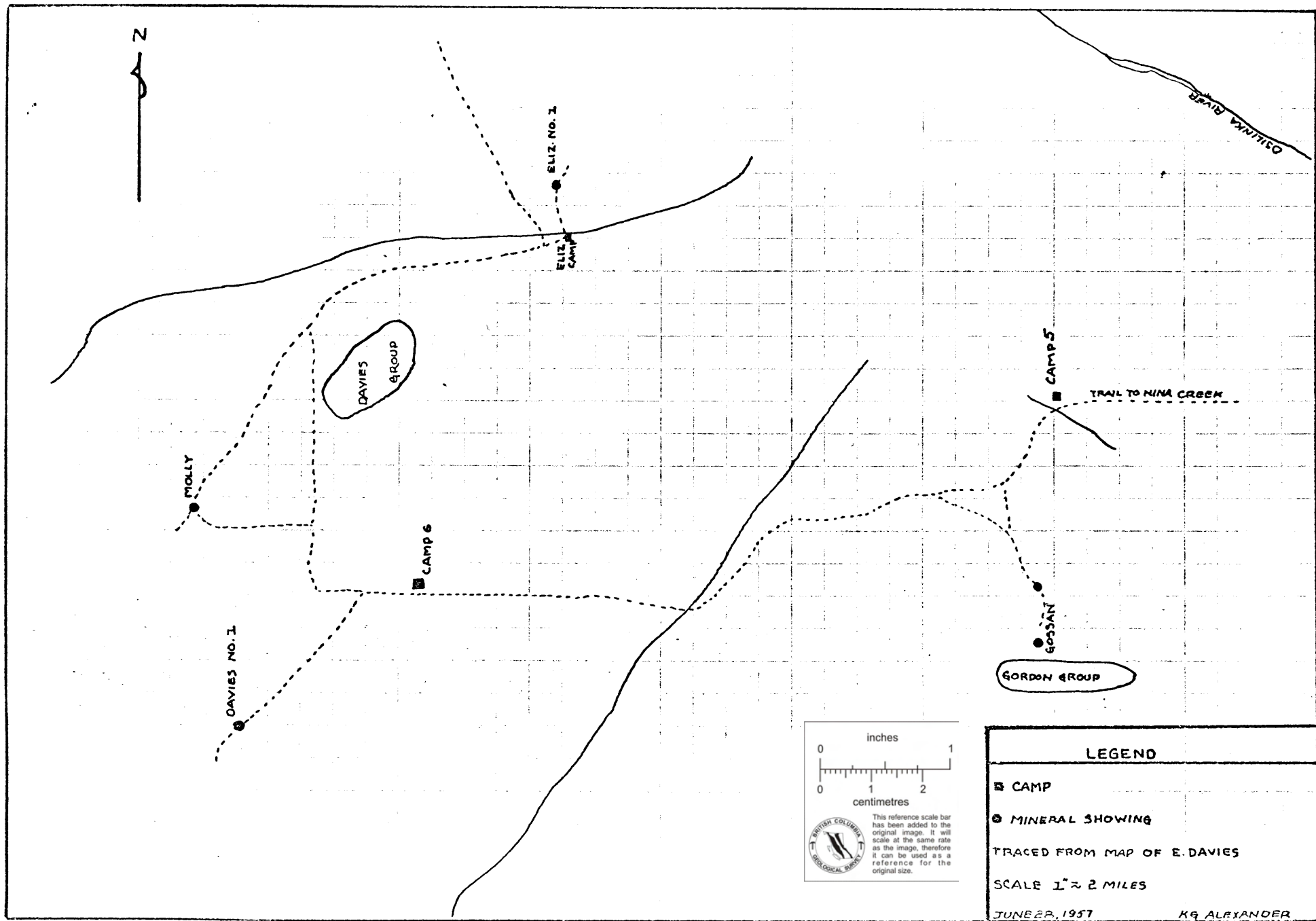


TRACED FROM E. DAVIES MAP  
 SCALE ≈ 2 MI. TO THE INCH.  
 JUNE 20, 1957  
 TRACED BY K. A. ALEXANDER



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**LEGEND**

- MINERAL SHOWING
- CAMP



**LEGEND**

 **CAMP**  
 **MINERAL SHOWING**

TRACED FROM MAP OF E. DAVIES

SCALE 1" = 2 MILES

JUNE 22, 1957 K.G. ALEXANDER

# CANEX AERIAL EXPLORATION LTD.

## PRELIMINARY REPORT ON DAVIES PROPERTIES

### SUMMARY & CONCLUSION

Four groups of claims held by Ernest and Gordon Davies, but considered as three properties for dealing purposes, are located on the principal zinc-lead showings in a belt of Cache Creek Permian limestone extending from the Omineca River to the Osilinka River in the Omineca mining division.

Erratic low-grade zinc-lead mineralization is controlled by brecciation in the limestone. The number, size and distribution of the showings suggests a large potential for the area and it is on this basis that the property is recommended, despite the low-grade character.

The purchase price on each of the three properties is \$100,000.00 with very reasonable option conditions obtainable and any property can be obtained independently from the others.

A rough estimated program of exploration to cover the 1957 and 1958 seasons would cost approximately \$20,000.00 in 1957 and possibly \$50,000 in 1958 depending on results obtained.

Problems inherent in the property are:

1. The values are mostly in zinc which is presently declining in value and which the Company is already producing.
2. Present transportation problems almost certainly relegate the property to the "sleeper" class which may not be desirable under Company policy.
3. Since there is no developed power or accommodation in the area a large capital expenditure for these facilities would be required in the event of production.

Despite these problems the apparent potential of these zinc-lead deposits warrants further exploration.

### RECOMMENDATION:

The writer would welcome a second opinion on the properties before any action is taken. The maps of the properties drawn by Northwest Explorations Ltd. are available and would be invaluable in giving the prospects a further appraisal.

If opinions are favourable following further study of the available information and a decision on whether a "sleeper" property is desirable, a two season program of exploration is recommended.

In the writer's opinion these properties will undoubtedly enter production in the future as they are now mainly dependent on the provision of adequate transportation which will inevitably be installed and could even be hastened by the proving of large tonnages of economic ore. Immediate further action is recommended.

Respectfully submitted,

C. C. Rennie  
Field Engineer

June 28, 1957

Copies for: J. D. Little (Pending)  
C. C. Rennie  
File

# CANEA. AERIAL EXPLORATION LTD.

DIVISION OF  
CANADIAN EXPLORATION LIMITED

## INTER - OFFICE MEMORANDUM

To J. D. Little

Date July 31, 1957

From C. C. Rennie

Location

Re Davies Properties, Omineca Mining Division

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### Kennco Explorations (Canada) Limited Maps


The maps of the area drawn by Kennco in 1952 and 1953 were obtained July 3, 1957 from Mt. Andrew Mining Company who had borrowed them from Davies for study. These maps were reviewed by the writer with J. A. Mitchell on July 29 and again independently on July 31. Since these maps are the property of Davies and since Bralorne Mines Ltd. are reported to be anxious to review them, I am returning them to Vancouver.

The maps show the general geology of the area on topographic maps prepared from an aerial survey, detailed geology of the various showings, and assay results obtained. A set of bio-geochemical maps show zinc anomalies outlining the various showings but these maps are of little immediate use in evaluating the deposit.

The general geological maps are partly interpretive since the zone of greatest interest along the western margin of the limestone horizon is generally masked by thin overburden and trees. There appears to be a localization of the dolomite and mineralization parallel to and a short distance from the limestone-dark argillite contact on the west or hanging wall side of the limestone horizon although the Gordon showing is closer to the footwall than the hanging wall of the thick limestone series. The cross sections on the general maps may be assumed to be essentially correct, at least as correct as present information allows, except that the localization of the dolomite and the mineralization must be regarded as interpretive only, as will be discussed later.

The detailed geological maps give all the bedding altitudes, rock types and some of the joint pattern but there is no evidence on the maps upon which to argue whether the brecciation is bedded or discordant, nor is there any indication of the relative intensity of brecciation in the mineralized and unmineralized areas.

The assay plans accurately indicate the location of samples on the various showings. On the basis of the high calibre of the Company and men who explored the property, these samples should be regarded as representative and accurate. There may be some question



regarding the true width of the mineralization sampled and this will be discussed later.

Weighted averages of the samples on the main sections of the various showings are as follows:

West Vernon Showing	1.42 oz. Silver	0.79% Lead	4.14% Zinc
East Vernon Showing	0.28 " "	Tr.	2.28% "
Molly-Dolly Showing (Davies Group)	0.86 " "	Tr.	3.65% "
Gordon Showing	0.12 " "	0.26% Lead	2.19% "
Biddy Showing	0.75 " "	0.70% "	5.86% "

In plan the samples averaged above cover the following areas:

West Vernon Showing	50' wide by 200' long
East Vernon showing	9' wide by 700' long
Molly-Dolly showing	200' wide by 400' long
Gordon showing	35' wide by 70' long
Biddy showing	3' wide by 100' long

The above dimensions are those of a rectangle surrounding the trenches sampled in each area, although the whole area is not necessarily uniformly represented by samples. It should be noted that although the Biddy Showing averages the highest in zinc the zone sampled is very narrow.

#### Potential of the Zones

After studying the same maps in December 1955 and January 1956, C. W. Ball suggested in his report of January 1956 that a possible potential of 20 million tons might be indicated in the whole area. Since the showings are all low grade the problem of potential is important, hence the following discussion.

#### Consultation with J. Scott

On the recommendation of J. Mitchell the writer talked with J. Scott, Field Manager of Northwest Explorations (Kennecott) who had personally spent a short time on the Davies property and who was responsible for the program undertaken. Mr. Scott was very cooperative in discussing the property generally and their reasons for dropping the option. In reply to questioning he stated it was not the low grade which troubled them but the potential. However, he noted that after they had worked on ten separate showings, some of which the writer did not see, they concluded that the low grade obtained in all showings was a representative sampling of the area and therefore it was not worth their time to search for high grade deposits.

The writer, in a report dated June 28th recommended work on the property because the potential appeared large. After a rapid examination, the writer concluded that all mineralization was controlled by more or less vertically dipping dynamic brecciation and that the mineralization originating from some underlying igneous source followed up these breccia zones to replace the breccia fragments. The intensity of brecciation was believed to vary and therefore the permeability and favourability of the zone would be reflected in the strength of mineralization. Since the mineralized surface exposures appeared large, the breccia zones were considered very strong, with good promise of possible length and depth.

The Kennco geologists have arrived at an entirely different conclusion regarding origin of mineralization, control of deposition and ultimate potential. They support a recent hypothesis of origin which suggests that all lead zinc deposits in limestone result from lead and zinc sulphides being deposited during the deposition of reefs in near shore conditions and some later metamorphism may have caused migration and reconcentration of the minerals.

The brecciation of the limestone is believed by Kennco to have been formed during or soon after deposition of the reefs and the cement was introduced by immediate later deposition. They consider the breccia to be a definitely bedded feature, lensing with the lensing of the reefs. They give the mineralized reefs a maximum thickness of ten feet, limited by the dip of accurately mapped barren beds on either side. Although the dolomite was not discussed with Mr. Scott it is presumed that they also consider the dolomite to be bedded and of primary depositional origin.

The proximity of most of the showings to the west dipping argillites on the hangingwall side of the main limestone is inferred by Kennco geologists to represent the formation of reefs at near shore conditions. Scott agrees that the dip potential of the ore bodies under this hypothesis would not necessarily be limited but notes that if reefs were not present down dip then mineralization would be absent. Scott was not questioned for an explanation of the Gordon deposit which is far removed from the argillite contact but the Gordon deposit certainly does not appear to the writer to fit this hypothesis.

Because they consider the mineralized breccia to be bedding controlled they consider the Molly-Dolly showing, the largest surface exposure, to be a 10' thick sheet on a dip slope and also consider the West Vernon showing to have similar small potential.

The ultimate conclusion the writer formed from discussing the property with Mr. Scott was that Kennco dropped the Davies property because (1) there appeared no possibility of finding a smaller high grade deposit and (2) mainly because the potential of the showings appeared



limited when, as Scott stated, they were looking for an ore body 40 feet wide and 1000 feet long.

### Discussion

Because Kennco spent two seasons on the property accumulating detailed information and the writer spent only three days, the writer finds it difficult to argue with their conclusions. Certainly if their information and maps had been available before the examination was made a more conclusive appraisal would have been possible. However, the writer's own observations do not agree with the Kennco conclusions and it does not seem reasonable to discount the potential on a debatable hypothesis of origin and control, especially when so little positive information is available on the vertical extent of the mineralized zones. In an illustrative drawing of structural sections, Kennco Plate No. 0-8, the Davies No. 1 cut on the Molly showing is shown to expose what they call footwall in one corner of the face only, which could easily be an unreplaced section of limestone. Similarly the section of Vernon No. 4 cut shows barren rock in the footwall which may or may not represent true footwall.

A showing discovered in 1955 by the Davies partners on Davies No. 1 claim after Kennco dropped their option is particularly interesting to the writer. It has been exposed on a side hill for perhaps 20' vertically and shows average grade mineralization in breccia. To the east of the showing barren limestone dips approximately 15° west while the brecciation appears to definitely stand more steeply, truncating the dip of the barren limestone. Similarly, the Gordon showing which has vertically appearing walls on a zone fifty feet wide whereas the bedding altitudes in the vicinity of the mineralization dip 15° to 25° to the west. This evidence casts some doubt on the Kennco conclusions.

### Recommendations

Definitely some effort to check or disprove the Kennco conclusions is worthwhile. The best method would be a limited program of short X-ray diamond drill holes on the West Vernon showing, which is the most accessible, the best average grade and one on which the Kennco conclusions could be readily tested. Half a dozen 100' X-ray drill holes drilled by a two man crew under the supervision of one geologist should not cost more than \$5,000.00 including air transportation of men, equipment and supplies.

Since the Davies will option any one of their three properties separately, an option could be obtained on the Vernon-Biddy group to test the potential of the West Vernon showing. The type of option suggested by the writer would be small monthly payments initially with

a guaranteed minimum total of \$1,000.00, say \$200.00 per month for the remaining five months in 1957. The Davies have asked \$100,000.00 purchase price for each of the three properties with easy initial payments but it is quite possible they would consider less especially in order to have some activity on their property. In negotiating it should be impressed upon them that Kennco have concluded that their property has limited potential and therefore any company attempting to prove differently should be given a better than average break.

It is recommended that:

1. Canex Aerial Exploration Ltd., or Centennial Mines Ltd., obtain an option on the Vernon-Biddy property belonging to Ernest and Gordon Davies with as reasonable terms as possible.
2. A limited programme of X-ray drilling be undertaken to check or disprove the Kennco hypothesis and to provide accurate sampling.
3. If the above recommendations cannot be accepted, then Ernest Davies should be notified immediately by wire over the radio telephone to Germanson Landing with a following letter that Canex is not interested at the present time. He has given us verbal first refusal on his property and if we do not want it he should be released to deal with others. He should be notified that his maps are available in the Vancouver office and obtainable on request, or notified that they have been returned to his home address.
4. For future reference it would be advisable to have copies made of all these maps, even to the expense of \$60.00 since they contain information that could be obtained in the field only by the expenditure of many thousands of dollars.

Respectfully submitted,

C. C. Rennie,  
Field Engineer.  
July 31, 1957

Copies for: J. A. Mitchell  
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