

811053

B.C.


INTER-OFFICE CORRESPONDENCE

FROM: L.P. Warriner

CITY:

DATE: 8/21/52

To: Evan Just



 SUBJECT: Silver Queen Mine, B.C., Canada
 (Silver-Lead-Zinc)

Mr. Philip Kraft of Newmont Mining Corporation showed me today excerpts from a 1942 report by J.W. Titcomb, a Newmont field engineer, on subject property.

Some further trenching has been done in the intervening ten years but the two showings sampled by Titcomb are the same ones described in the 1952 reports of C.M. Campbell and A.D. Dickson. Apparently the J vein of the later reports corresponds to the B vein of Titcomb; the B and C showings of Campbell-Dickson are respectively the A Vein N.E. and A Vein S.W. of Titcomb. Apparently subsequent work has shown J Vein to be stronger and wider than at the time he sampled it.

His sampling was carefully done, three full cuts being taken on each face of the B and C showings, and four samples across J showing. They are summarized below:

		<u>Width</u>	<u>Oz.</u>		<u>%</u>	
			<u>Au.</u>	<u>Ag.</u>	<u>Pb.</u>	<u>Zn.</u>
<u>Face B</u>	Upper Cut	6.0'	.02	10.8	1.8	3.3
	Middle Cut	5.5'	.03	15.8	12.5	8.4
	Lower Cut	<u>5.6'</u>	<u>.01</u>	<u>15.3</u>	<u>2.5</u>	<u>3.5</u>
	Average	5.7'	.02	13.8	5.5	5.0
<u>Face C</u>	Upper Cut	"No good."				
	Lower Cut	"No good."				
	Middle Cut	1.4'	.01	8.7	9.1	2.1
<u>J Vein</u>	Average, 4 samples	0.8'	.03	25.4	3.6	4.5

Compare Face B samples, as follows:

	<u>No. Cuts</u>					
Titcomb	3	5.70'	.02	13.8	5.5	5.0
Dickson	1	5.67'	.05	38.05	3.0	6.83
Campbell	3	5.25'	.09	34.9	3.6	5.9

Titcomb's silver results are appreciably lower, but his metal content about 1% higher.

The J Vein samples show:

	<u>No. Cuts</u>	<u>Width</u>	<u>Oz.</u>		<u>Pb.</u>	<u>Zn.</u>
			<u>Au.</u>	<u>Ag.</u>		
Titcomb	4	0.8'	.03	25.4	3.6	4.5
Dickson	3	1.27'	.08	20.7	5.1	10.4
Campbell	4	2.0'	.16	38.5	6.7	8.1

Titcomb's results are much lower in all categories than an average of the Dickson-Campbell sampling. Furthermore, his geological mapping shows that the rhyolite tuffs and breccias are very discontinuous and that several of the showings are in the granite. His comment was that the property could make a small mine if the ore lenses could be demonstrated to have continuity, which he doubted. He questioned the value of drilling because of this fact and thought that the soft rock conditions might make coring difficult. The deal at the time was \$75,000. for an 80% interest, payable out of production.

COMMENT

1. Mr. Kraft remarked that the silver values were most appealing and in general tended to speak favorably of the area. He favored the concept of taking a position in a new area, with the thought that further prospecting might locate other veins close by and stimulate attention to the surrounding territory.

2. My own feeling is that we should send a man in to spend a week or ten days checking general geology to determine the extent of the rhyolites and to size up the possibility of prospecting, trenching by bulldozer, and drilling. One day could be devoted to check sampling and making careful drawings of the faces sampled to give an idea of the mineral distribution. In the summer, a minimum drilling campaign could be initiated - say 2000 feet - if our man liked the area.

3. The deal would have to be better than offered in 1942.

Lendall P. Warriner

Lendall P. Warriner

CC: C.H.E. Stewart

LPW/eb

Excerpt from Evan Just Semimonthly Report 8-19-52
Original in separate folder NY section-Exploration-SF

"Stewart has brought in a proposal in regard to the SILVER QUEEN property, 25 miles northeast of Lytton, B. C. From the reports, this property looks like a promising opportunity to develop a small lead-zinc mine with high silver values. A road would have to be built from the Fraser River at an estimated cost of \$300,000 in which, however, the provincial and Canadian Governments would participate to some extent. Probably the property would not support a mill exceeding 100 tons capacity. Details will be discussed with Legg and submitted to Los Angeles if we concur that the property is worth further attention. Lytton is about 100 airline miles northeast of Vancouver on the Fraser River. The prospect is above 5,000 feet altitude."

E.J. Semimonthly Report 9-10-52

We have washed out the Silver Queen prospect which looked very interesting for awhile. This is partly because the indication suggested a small although high-grade property, and partly because study of the report in Newmont's file indicated that the roof pendant in which the veins occur is of small dimensions.

CONFIDENTIAL.

MEMORANDUM

REC'D AUG 27 1952
Action Date

A C		
E J	1	
H K		
L W	1	8-28

A = Action C = Comment
I = Information

TO: Mr. Evan Just

FROM: C.H.E. Stewart

SUBJECT: Silver Queen Property, Kamloops Mining Division, B.C.

SUMMARY:

The main vein (traced for 45 feet) and the west vein (traced for 30 feet) outcrop some 2,400 feet apart.

There appears to be a belt of rhyolite which traverses the area and the veins occur in this rock type.

The area between the two vein outcrops is overburdened and unexplored.

Very limited prospecting has indicated the possible existence of three or four other veins within a 400 foot width.

There is thus an area with minimum dimensions of 500' by 2,500' which is potential ground and which warrants detailed prospecting.

Favourable Factors:

1. Good indicated metal content.
2. New area, not subjected to past prospecting. Has growth possibilities. We might be able to secure practical control of a new production area.

Unfavourable Factors:

1. Transportation problem. A production operation would require a heavy (up to \$300,000) expenditure to provide all-season road. It might be possible to obtain grants for 40% - 60% of the above cost.
2. Lack of definite information on structure, particularly with respect to depth expectancy factor.
3. Power situation. Operation would have to be a diesel-generator job with possible auxiliary hydro on a seasonal basis.

CONCLUSION:

Regardless of the problems involved, the property is rated as a good prospect, particularly in view of the apparent chance to get into and control a new area.

The situation offers growth possibilities.

RECOMMENDATION:

1. That a deal be negotiated on the property.
2. That the sum of \$40,000 be allotted to cover first stage investigation of the property. This to consist of:
 - (a) Preliminary check examination - Aug.-Sept., 1952.
 - (b) Reconnaissance geological study of the property and area - Aug - Sept., 1952.

Objective : To endeavour to obtain more definite data on geology and structure, particularly with respect to size and mode of occurrence of rhyolite mass, attitude and depth expectancy factor.

Estimated Cost - this phase : \$ 3,500.00

- (c) Diamond Drilling : 3,000 - 5,000 feet - June - Oct., 1953.

Estimated Cost - second phase : 36,500.00

Total : \$ 40,000.00

Second phase work dependent on favourable report and results from first phase investigation.

SUBMITTED BY: C.M. Campbell, Jr.,
Room 216,
602 West Hastings Street,
VANCOUVER, B.C.

DATA: Report by C.M. Campbell, Jr.

REMARKS: - GENERAL.

This property is owned by J.G. Campbell and Associates of Vancouver (no relation to C.M. Campbell).

The area is new with no previous production history and the showings are in the raw prospect stage with no development thereon.

Geology and structure appears favourable. There is a possibility that the rhyolite may be a roof pendant and, in such case, there arises a doubt as to depth persistence. Campbell thinks that the rhyolite mass occurs as a band in the granodiorite. If so, this would present more favourable conditions. Metal values are good.

The property has been examined by the following organizations:

1939: C.M. & S. - Too small and metal prices low.

1942: Newmont (J.W. Titcomb). This report might be on file in either the New York or Vancouver office of Newmont. (No record in Toronto).

Endeavour to obtain access thereto if available.

1948: Bralorne Mines, Ltd. (Low metal prices and outlook).

1950: Pioneer G.M. of B.C. Ltd. - No money available for development.

1952: Mining Corporation of Canada, Ltd. (June).

Report by A.D. Dickson.

DEAL TERMS:

Vendors to retain a 25% equity in company (750,000 shares in 3,000,000 set up).

Financing group to receive a 75% equity in company in return for financing to production.

Repayment to financing group of all expenditures out of first profits prior to any dividends.

Vendors to receive \$100,000, concurrent with repayment of all advances, on a pro rata basis.

A long term option at a reasonable price can probably be arranged on a portion (100,000 - 125,000 shares) of the Vendor shares. This would be subject to negotiation but C.M. Campbell Jr., indicated that this could be arranged.

ECONOMICS:

Through the courtesy of Mining Corporation, Ltd., I was given access to the report prepared by A.D. Dickson, one of their staff engineers.

This report was made under date of July 8th, 1952, as a result of an examination during the period June 20th - June 25th, 1952.

Cost figures and potential profits estimated by Dickson were checked. They appear to be reasonable and realistic.

Based on all available sampling data the main vein on East Creek and the West Creek vein show an average metal content as follows:

	<u>Gold</u> <u>Oz/ton</u>	<u>Silver</u> <u>Oz/ton</u>	<u>Lead</u> <u>%</u>	<u>Zinc</u> <u>%</u>
(a) Before Dilution	0.05	34.4	3.6	7.2
(b) Allowing 20% Dilution Factor	0.04	28.7	3.0	6.0

Width - Average : 40" - 48"

Using above grade figures, after allowing for dilution, the probable recoveries from milling and smelting were estimated on the following basis:

GOLD : 50% in Lead Concentrate.
25% in Zinc Concentrate.

SILVER : 65% in Lead Concentrate.
15% in Zinc Concentrate.

LEAD : 90% in Lead Concentrate
5% in Zinc Concentrate.

ZINC : 75% in Zinc Concentrate.
15% in Lead Concentrate.

<u>Ratio of Concentration:</u>	Zinc Conc.	11.1	:	1.0
	Lead Conc.	18.5	:	1.0
<u>Grade - Lead Concentrate:</u>	Lead	50.0%		1,000 lbs/ton
	Gold			0.37 oz/ton
	Silver			345.0 oz/ton
	Zinc	16.6%		333 lbs/ton
<u>Grade - Zinc Concentrate:</u>	Zinc	50.0%		1,000 lbs/ton
	Gold			0.11 oz/ton
	Silver			47.8 oz/ton
	Lead	1.6%		32 Lbs/ton

The property appears to offer a potential of developing sufficient tonnage to feed a milling unit in the 100 - 150 ton-day capacity range. Grade of mill feed would be fairly high, thus compensating, in some degree, for the small tonnage.

Based on daily milling rates of 100 and 150 tons per day and various metal prices, operating profits are calculated as shown in Table I.

TABLE I

METAL AND POSSIBLE PROFIT CALCULATIONS

<u>METAL PRICES:</u> (Can. Funds).	GOLD Per Ounce	\$ 34.00	\$ 34.00	\$ 34.00	\$ 34.00
	SILVER Per Ounce	0.82	0.75	0.70	0.65
	LEAD Per Lb.	0.16	0.14	0.12	0.10
	ZINC Per Lb.	0.14	0.14	0.12	0.10
<u>NET RETURN - F.O.B. MINE - PER TON MILLED:</u>					
	Lead Concentrate	19.97	17.67	15.54	13.44
	Zinc Concentrate	<u>7.28</u>	<u>7.02</u>	<u>5.35</u>	<u>3.69</u>
	Total Net Value	\$ 27.25	\$ 24.69	\$ 20.89	\$ 17.13
	Less: Representation, Umpires, Switching, etc.	<u>0.20</u>	<u>0.20</u>	<u>0.20</u>	<u>0.20</u>
		\$ 27.05	\$ 24.49	\$ 20.69	\$ 16.93
	Less: Estimated operating costs per ton milled:				
	(a) Basis - 100 tons/day	15.50	15.50	15.00	14.50
	(b) Basis - 150 tons/day	14.50	14.50	14.00	13.50
	<u>ESTIMATED OPERATING PROFIT:</u> Before Write Offs and Taxes.				
	(a) Per Ton Milled - 100 ton-day rate	11.55	8.99	5.69	2.43
	Per Annum - 36,000 tons	\$ 416,000	\$ 320,000	\$ 201,500	\$ 84,000
	(b) Per Ton Milled - 150 ton-day rate	12.55	9.99	6.69	3.43
	Per Annum - 54,000 tons.	\$ 677,000	\$ 540,000	\$ 361,500	\$ 185,000
	<u>YEARS REQUIRED TO RETURN CAPITAL OUTLAY:</u>				
	Case (a) 100 tons/day rate	3.97	5.13	8.1	19.1
	Case (b) 150 tons/day rate	2.98	3.61	5.4	10.6
	Tons Required - Case (a)	142,000	186,000	296,000	710,000
	Tons Required - Case (b)	155,000	197,500	297,000	585,000
<u>NOTES:</u>	(1) C.M. & S. current lead and zinc smelter schedules used in calculating net value/ton.				
	(2) Operating costs scaled down as shown to compensate, in part, for lower metal prices and larger (150) tonnage.				
	(3) At 14¢ lead and zinc it would be necessary to develop a <u>minimum</u> of 350,000 - 400,000 tons to make the operation attractive from a standpoint of a return on capital outlay.				

PRELIMINARY WORK:

It would be feasible (and cheapest) to carry out the preliminary exploration and development work by transporting personnel and equipment to the site via helicopter and servicing same by pack train. This would apply to the drilling stage and possibly to initial underground work.

POWER:

Lytton is not serviced by any public utility power.

There is one possible power development within five miles of the outcrops. This is a potential high head Pelton wheel site. There is no data available on flow volume or storage capacity. This situation would have to be checked by a proper survey. The chances are that this site would only be suitable for supplying a part of the required power on a seasonal basis.

It would thus be necessary to supply a permanent diesel-electric plant to carry the operation, with any available hydro power being used, when available, to cut power costs.

TRANSPORTATION:

1. Preliminary exploration to be carried out by helicopter and pack train service by trail. Minor improvements to trail would be required.

2. Secondary development would require construction of a 24-25 mile tractor road.

Estimated Cost - - - - - \$ 150,000.00.

3. A production operation would require that the above road be improved by grading and surfacing (gravel) to 12' width, with proper drainage ditches and bridges.

Estimated Cost of Road Improvements - - - - - \$ 150,000.00.

Total Estimated Cost - Completed Road - - - - - \$ 300,000.00.

It would be possible to obtain assistance on the road project, once an operation was assured, to at least 50% of the cost and possibly two-thirds thereof. This would be in the form of grants toward road construction from both the Federal and Provincial Governments.

GROWTH POSSIBILITIES - PROPERTY:

At least two veins are now known, outcropping some 2,400 feet apart.

Other mineralization and gossans have been found over a zone 300 feet in width. This indicates the possibility of parallel veins or lenses.

A production target would be to develop sufficient ore tonnage to feed a milling unit in the 100 - 150 ton capacity range.

Despite the fact that there is some indications that the rhyolite band might be a roof pendant, the chances of the ore shoots extending to moderate depths (800' - 1,200' range) are rated as good.

Topography would permit development, by adits, to give a maximum of 1,400 feet of backs.

ESTIMATED COST TO DRILL 5,000 FEET:

Basis : Move men and equipment in by Helicopter @ \$600.00 per ton or \$100.00 per round trip from Lytton.

Supplies to go in by pack train.

	<u>COST</u>	
	<u>TOTAL</u>	<u>PER FOOT</u>
Men - In and Out - 8 trips	\$ 800.00	
Equipment - In and out - 5 tons @ \$600/ton - 2 ways	6,000.00	
Fuel - In - 5.5 tons @ \$240.	1,320.00	
Supplies - 3.0 Tons @ \$240.	720.00	
Service Trips - 8 @ \$100.	800.00	
Sub-total	\$ 9,640.00	
Drilling Contract Price (\$4.00 per foot)	20,000.00	
Other charges - Engineering, etc.	5,000.00	
Cost - Fixing Trail	500.00	
Add: Contingencies	<u>1,860.00</u>	
Estimated Total Cost - 5,000 Feet say	\$ <u>37,000.00</u> \$ <u>37,500.00</u>	\$ <u>7.40</u> \$ <u>7.50</u>

ESTIMATED COST - TO PRODUCTION

	<u>100 tons/day Capacity</u>	<u>150 tons/day Capacity</u>
Road (12') completed	\$ 300,000.	\$ 300,000.
Milling Unit	400,000.	550,000.
Diesel Plant (750-900 H.P.)	200,000.	250,000.
Ancillary Buildings	200,000.	200,000.
Equipment - Special - Trucks, Bulldozers, etc.	100,000.	100,000.
Pre Production Development (including drilling)	<u>450,000.</u>	<u>550,000.</u>
	\$ <u>1,650,000.</u>	\$ <u>1,950,000.</u>
Per Ton-Day Capacity	\$ <u>16,500.</u>	\$ <u>13,000.</u>

TIME SCHEDULE:

It is doubtful if it would be feasible to get diamond drilling under way during the current season. This work should be done during the summer season and snow would come to the higher elevations in mid-October. This leaves insufficient time to complete the drilling in the 1952 season.

The following schedule is thus set up:

1952 - Examine property and complete deal.

Assemble data. If possible complete reconnaissance geological study to obtain more data on structure.

1953 - Jan - May : Complete data. Assemble equipment.

June-October : Diamond drilling, mapping, improve trail.

1954 - Jan - May : Planning, Assembling equipment.

June-July : (1) Fly in two small compressors and commence preliminary underground work.

(2) Build tractor road and take in mining plant. Build camps.

(3) Continue development.

1955 - (1) Continue underground development.

(2) Improve road to all season standards.

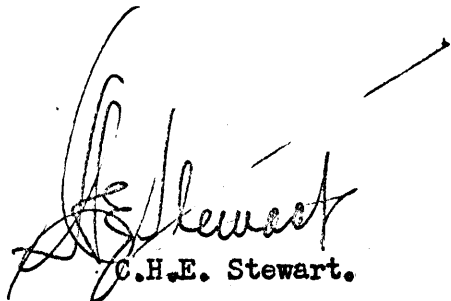
(3) Metallurgical tests - mill design.

1956 - (1) Equipment assembly (Jan, Feb, March).

(2) Mill construction (May - August).

(3) Commence production - Sept. 1/56.

TORONTO, Ontario, Canada.
AUGUST 18th, 1952.



C.H.E. Stewart.

APPENDIX I - Comparative Cost Data.
Mastodon Operation, B.C.

DATA RE MASTODON OPERATION, B.C.

(Supplied verbally by C.M. Campbell, Jr.)

OPERATION: 150 ton Lead-Zinc

High Zinc Low Lead (1% - 3%)

Combined Metal Content : 18% - 20%

EXPENDITURES TO COMPLETION : Total \$ 1,600,000.

(\$10,666 per ton/day capacity).

Includes Power Plant (Diesel-Electric) 1,000 H.P. : \$ 300,000.

Road - $4\frac{1}{2}$ miles - 1 mile solid rock work : \$ 100,000.

Incline - 2,500' from mill site to top of hill.

Plus - 9,000' train line from top of hill to mine portal.

MEMORANDUM

August 14, 1952

FROM: Evan Just

TO: Files

SUBJECT: Silver Queen Property, Kamloops Division, B. C.

LOCATION

The property is 25 miles N 80° W from Lytton, B. C., which is on the Fraser River, approximately 75 airline miles N.E. of Vancouver. The claims are in high country (5,500 to 6,000 feet) and are reached by proceeding up the Stein River from Lytton, 4 miles by road and 21 miles by pack trail. The showings are in steep gulches, tributary to the Stein River. Showings occur in 2 creeks, 2,800 feet apart, and in the light of present information suggest narrow veins and high values. The average, from very limited information, appears to be .1 gold, 31.4 silver, 4.1 lead and 5.7 zinc. Payable values are estimated to be \$43.39, operating costs, \$22.89, giving an operating profit of \$20.50. The widest vein exposure is 5 feet.

lfw

Evan Just

New York

8/14/52

C. H. E. Stewart

Silver Queen Prospect, Kamloops Division, B. C.

Pursuant to your request, I am returning this after reading. Because of the haste, I have only taken the barest notes.

The report appears to me to be competently and honestly written. The grade is, of course, interesting, but the indications as to vein widths suggest a small operation which would have to be definitely high-grade to be interesting. The amount of road work necessary is quite a problem. Also, it appears to me that considerable exploratory work is going to be necessary before the true nature and worth of this property is determined.

Nevertheless, on the assumption that the owners would be willing to make a reasonable deal, I agree that the property is worth further investigation. Presumably, we should pass this one to Legg if it appears that a deal can be made, but I will await your information from Mining Corp. and your further suggestions.

Kamloops, Ontario, Canada.
August 14th, 1952.

Evan Just

EJ:CV
ENC.

REC'D AUG 13 1952
Action Date

A C		
E J		
H K		
L W	1	8-18-52

Room 1730,
25 King St.W.,
Toronto, Ont.

August 12th, 1952

A = Action C = Comment
I = Information

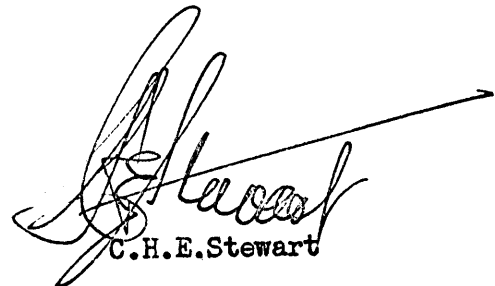
MEMORANDUM

TO: Mr. Evan Just
FROM: C.H.E. Stewart
SUBJECT: SILVER QUEEN, MAMLOOPS Mining Division, B.C.

Attached herewith you will find a report by C.M. Campbell Jr. on the above referenced property. The report is forwarded ~~ix~~ for perusal in the New York Office, and is returnable to this office for delivery to Mr. Campbell, as soon as possible. I am preparing a memorandum on the subject which will follow.

TORONTO, Ontario, Canada.
AUGUST 6th, 1952.

Enclosure.


C.H.E. Stewart

INTER-OFFICE CORRESPONDENCE

FROM C.H.E. Stewart

CITY TORONTO, Ont. Canada

DATE AUGUST 26th, 1952.

TO Mr. Evan Just

REC'D AUG 27 1952
Action Date

SUBJECT : SILVER QUEEN PROPERTY, KAMLOOPS AREA, B.C.

A C		
E J	1	
H K		
L W	1	8-27

Attached herewith please find the following data:

1. 2 copies of Memorandum - C.H.E. Stewart.
2. 1 copy of original Report ^{not to 1200} - C.M. Campbell, Jr.

A = Action C = Comment
I = Information

I spoke to Mr. J.A.H. Paterson, General Manager, Mining Corporation, regarding this property. He was kind enough to give me access to the Report on same by Mr. A.D. Dickson, one of their staff.

Mr. Paterson made the remark that they thought the property itself had considerable merit but that, after careful consideration, they had decided not to undertake the development thereof. His reasons for this decision were as follows:

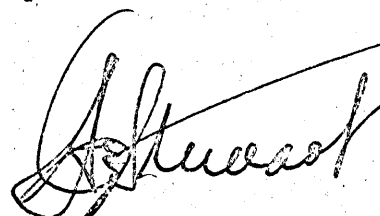
(a) The fact that they already had considerable money invested in Torbrit in northern British Columbia and they did not feel like taking on a second commitment until such time as their investment in Torbrit had been returned.

(b) The heavy expenditure that would be required for a permanent road to service the property.

(c) The general labour condition in British Columbia.

Regardless of the various adverse factors involved, I believe and would recommend that we at least arrange to have the property examined, with the idea that if we were favourably impressed with the values and the structure we would then be prepared to proceed with the diamond drilling phase of the job.

It will be in order to submit the Campbell Report to the Los Angeles office for study, but unless we decide to go ahead and examine the property, this Report is to be returned to Mr. Campbell as soon as possible.



C.H.E. Stewart.

INTER-OFFICE CORRESPONDENCE

FROM: L. P. Warriner

CITY:

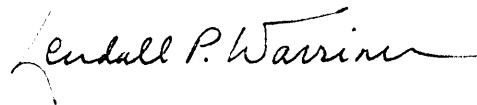
DATE: 9/8/52

TO: Evan Just

SUBJECT: Silver Queen Property, Kamloops Area, B. C.

REFERENCE: C. H. E. Stewart Memo, August 26, 1952

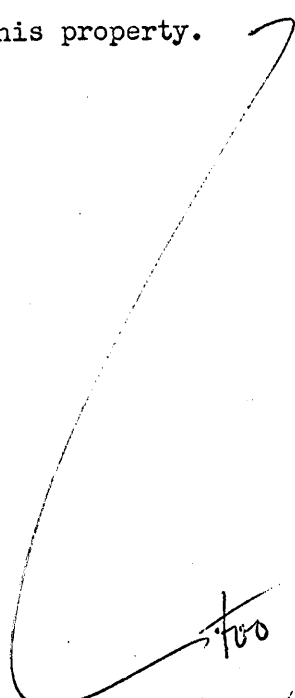
In a telephone conversation August 28, Stewart and I agreed that the information I was able to obtain from the report by Mr. J. W. Titcomb of Newmont, and as reported in my memo of August 21, was sufficient to wash up this property.



Lendall P. Warriner

Lendall P. Warriner

LPW:CV



too close to granite
(roof pendant too small)

218
Excerpt from Mr. Stewart's Summary Report-9-3-52

Silver Queen - Lytton Area, B.C.

This property carefully analyzed by both Toronto and New York offices. While it has considerable merit, it was decided to take no action on same, in view of some of the problems involved.

L. P. Warriner

New York

8/28/52

C. H. E. Stewart

Returned herewith is the C. M. Campbell, Jr. report on the Silver Queen Mine, in accordance with our telephone conversation this morning. Please note that a copy of the Mining Corporation report is attached thereto.

Lendall P. Warriner

LPW:CV
ENC.

Handwritten signature

REC'D AUG 27 1952
Action Date

A C		
F F	1	8-9
H K		
L W	1	8-77

August 26th, 1952.

A = Action C = Comment
I = Information

C

Mr. R.E. Legg,
850 West Hastings Street,
VANCOUVER, B.C.

Dear Mr. Legg:

Attached herewith you will find
a copy of my Memorandum on the Silver Queen
Property.

The proposal is being taken up
with New York and Los Angeles and you will be
kept advised regarding any developments.

Yours very truly,

Enc.1.

Consulting Mining Engineer.

Copy to: New York Office.

O

P

Y