

**RECO
SILVER**

MINES LTD (N.P.L.) 201-535 HOWE STREET, VANCOUVER 1, B.C. TELEPHONE 684-4206

January 24, 1973

PERSONAL

Cyprus Exploration Corporation Limited,
1101 - 510 West Hastings Street,
Vancouver 2, British Columbia.

Attention: Mr. J. Glenn Simpson, Ph.D., P. Eng.,
Regional Manager - Western Canada.

Dear Mr. Simpson:

Further to our discussion of today's date, and in addition to the Report by W. S. Ellis in summary and the Report by J. Lamb on the Chambers Vein which you now have to hand, the following may be of interest.

The initial 29 Crown Granted claims were acquired over four years ago and to date we have expended over \$300,000. on this development. It is one of the most promising silver, lead, zinc properties in Canada and was an early producer of excellent grade ores and had the highest value shipments of any silver mine in Western Canada.

No work had been done on this property for over 50 years prior to our acquisition for the reason that clear title could not be obtained, and of course it could not be dealt with under those circumstances. We are serious in having this property again in production. Our mapping is up to date including both surface and underground, as well as many reports and data available in Vancouver.

Our work during 1970 and 1971 brought to light several new facts. We have located additional veins and new mineralization as well as opening up several old adits that are proving interesting. Roads have been extended to some of the new areas.

In addition to the original Reco claims, nine Bluebird claims were acquired on our east flank and 21 Crown Granted Cody-Reco claims on our west flank, as well as some staked claims. This makes a total of 68 claims and fractions of which 47 are Crown Granted. In several instances ore zones cross the common boundaries and this, of course, was kept from the adjoining properties in the early days.

It is the first time in the history of this area that these old producing properties have come under one control. In addition we own the majority of town lots in the Village of Cody and as such control the mill buildings and millsite. This property is only eight miles from New Denver, and less than 95 miles from the Trail Smelter.

Cyprus Exploration Corporation Limited
Mr. J. Glenn Simpson

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Our present work has consisted of drifting on the Chambers Vein which is a very large zone and channel sampling by our engineers indicated values of \$127.00 per ton. The majority of veins in this area had an average width of four to six feet with structures showing up to 20 feet in width. However, in the old days all they mined was the high grade streaks and, of course, the rest of the vein which consisted of mill-feed was discarded. This millfeed today is economic and will, of course, increase the tonnages from these high grade producers approximately five times.

There are several very interesting features about our development which include a 4,000 foot main haulage tunnel which leads into the heart of these claims and gives us over 2,000 feet of backs. In addition, there is a three compartment 1,000 foot raise. This work was originally put in by the Honourable James Dunsmuir to open up the many veins systems. However, on his death shortly after completion of the tunnel, his widow declined to pursue the mining business.

For your additional information, we have a very clean company and are proud of our development. Our capitalization is 10,000,000 shares, \$1.00 par, of which 2,200,000 shares are outstanding and of this approximately 500,000 shares are Escrow. We have had to date a stock high of 68 cents. Our market is very clean and there is very little stock of any consequence floating. Our share distribution is excellent, covering both Canada and the United States, with over 400 Shareholders.

We have reached a plateau where we can now expand our development into a much larger effort. At the present time we would drift on several strong ore showings preparatory to blocking out ore. We have attained at this time the geological and technical data to make senior financing comprehensive.

Reco Silver is an excellent opportunity for major profit production-wise, and certainly in conjunction with a market movement. We are naturally interested in association with a company or persons who would acquire interest in this development. An association of reputable people could be tied into a program that would substantially increase their participation value.

Additional mapping and complete engineers' Reports are available at our office for your perusal. After absorbing our material, I am certain you will agree there is a considerable opportunity with this property and much fact and historical information.

Cyprus Exploration Corporation Limited
Attention Mr. J. Glenn Simpson

January 24, 1973

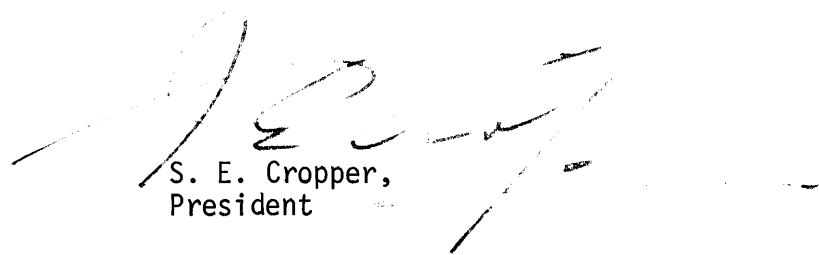
I trust the above is of interest and will be pleased to answer any further questions you may have in regard to our development. We could arrange a meeting of our engineers at your convenience.

Thanking you for your interest and with kind personal regards,

Yours very truly,

RECO SILVER MINES LTD. (N.P.L.),

S.E. Cropper
hms



S. E. Cropper,
President

Enclosures:

Brochure and Information Sheet

January 26, 1973

Mr. S. E. Cropper,
Reco Silver Mines Ltd. (N. P. L.),
201 - 535 Howe Street,
VANCOUVER 1, B. C.

JGS
29/1/73

Dear Sir:

We have reviewed the data on the Reco prospect and while there is nothing wrong with the thinking in the reports or proposals, Cyprus feel the overall potential is too small to warrant a costly underground program. The odds may be comparatively good of coming up with an early find, but it would still be relatively easy to spend a great deal of money quickly, without the anticipated return or any assurance of continued success to establish a sound production schedule. For a small company to locate and extract a few thousand tons of high-grade would be a success, but not necessarily for Cyprus Mines Corporation.

I certainly enjoyed talking with you and this together with the data supplied has given me a good introduction to the Slocan Camp. I enclose the originals of the reports loaned to us and thank you for giving Cyprus the opportunity to review your activities. Although Company policy prevents us taking this particular proposal any further, we hope that you will give us the same opportunity to review other properties of interest you may hold or develop in the future.

Yours very truly,

CYPRUS EXPLORATION CORPORATION, LTD.

J. G. Simpson
Regional Manager - Western Canada

JGS:JF
Enc.