

Tues Feb 25/69

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

February 17, 1969.

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Cyprus Exploration Corporation, Ltd.,
510 West Hastings Street,
Vancouver 2, British Columbia.

Attention: D. W. Tully

Dear Mr. Tully:

I wish to bring to your attention a Silver property development which I control in the Slocan District of British Columbia. This property was acquired three years ago and we have expended over \$200,000 to date. 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 average value shipments of any Silver mine in British Columbia.

No work had been done on this property for nearly fifty years prior to our acquisition for the reason that clear title could not be obtained on the property and of course it could not be dealt with under those circumstances. We are serious in having this property again in production. We have complete up to date mapping both surface and underground as well as other reports that would be available in Vancouver to your engineers. Our work during 1968 brought to light several new facts. We have located additional veins and new mineralization as well as opening up several old adits that have proven very interesting. We have also extended roads to some of the new areas. You will be interested to know that we have now acquired the 9 Bluebird Claims on our East flank and the 21 Crown Granted Cody-Reco Claims on our West flank. 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 property in the early days. It is the first time in the history of this area that these three old producers have come under one control.

Our engineers feel that we could be in production within \$300,000. - \$400,000. and possibly well before this figure is reached. We have arrived at the plateau where we could drift on known mineralizations and are quite prepared to arrange an interesting participation. Your company could of course obtain a return on their investment from production on a satisfactory basis. With the mineralization, values and situations in sight, this would be a minimal risk. The Carnegie Mill (150 tons per day) is available under contract, only 2-1/2 miles from the property and an ideal milling situation could be arranged.

Cyprus Exploration Corporation, Ltd.
Vancouver 2, British Columbia.

February 17, 1969.

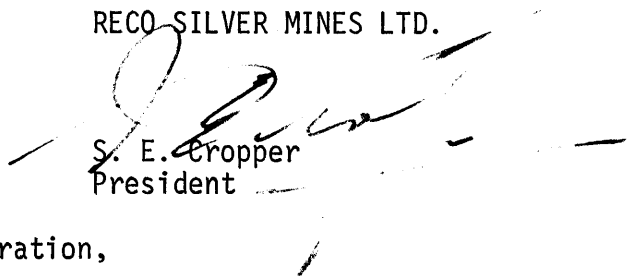
Attention: D. W. Tully

The enclosed data will give you a comprehensive picture of our development to date and after your perusal I would appreciate your valued comments.

I look forward to your reply and thank you for your interest.

Yours very truly,

RECO SILVER MINES LTD.

A large, stylized handwritten signature in black ink, appearing to read 'S. E. Cropper', is written over the typed name and title.

S. E. Cropper
President

SEC:bf
Encls.

c.c. President, Cyprus Mines Corporation,
523 West Sixth Street,
Los Angeles, California 90014



INFORMATION ON RECO SILVER DEVELOPMENT

FORMER PRODUCTION

- 1,298,810 ounces Silver - produced on Reco's property
- 7,387,000 pounds Lead - produced on Reco's property
- Approx. 7,000,000 pounds Zinc - produced on Reco's property

For its tonnage Reco was the highest grade shipper from the Slocan and an early profitable operation Initial dividends amounted to \$332,492.

NEW WORK COMPLETED

- A full topographical survey -
- Surface and underground surveying -
- 3,000 feet of baseline have been cut and over 15,000 feet of crosslines and several miles of transit surveys have been completed on a mining grid -
- Soil sampling in new areas on extension of known veins on surveyed grids -
- 8 mine adits have been re-opened - Nos. 2,3,4 and 16 of No. 1 Mine Nos. 11 and 15 of No. 2 Mine, No. 8 of the Reco Goodenough Mine, and 4785 foot level of the Chambers Vein. This work was done for examination, sampling and preparatory for underground development.
- Mineralization located in old workings -
- A fault of major proportions has been located and new mineralization discovered -
- All accessible mine workings and the surface of the Reco Silver holdings have been geologically mapped -
- Over one mile of road was improved and over 7600 feet of new roads have been constructed -
- A considerable amount of surface stripping by bulldozer has been done, particularly in the area north west of the No. 2 Mine. A vein structure believed to be an extension of the Deadman Vein, was disclosed in this area -
- Co-ordination of new acquisitions - Cody-Reco and Bluebird Claim Groups with Reco Silver holdings -
- Drifting on Chambers Vein for a distance of 254 feet.
- Drilling on surface ahead of the Chambers drift face in strong mineralization indicated a vein width of over 20 feet -
- Trenching, sampling and bulldozing on new discovered Purcell Vein -

1972 WORK PROGRAMMED

- Extension of present road to new mineralized zones -
- Stripping and trenching on known mineralization -
- Extended Geophysical and Geochemical Surveys on indicated new veins and on extension of old producing veins -
- Diamond drilling on new ore zones -
- Drifting on New Mineralization -

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

S. E. Cropper,
President

RECO

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

February 3, 1969

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

Dear Mr. Cropper:

Converting old production figures on the Surprise, # 2 Reco and # 3 Reco, to present day methods of mining and current prices of \$2.20 Silver, 14 cents Lead and 14 cents Zinc, give the following operating profit per ton of ore.

Surprise -

Production was 50,000 tons of mill feed with a metal content of 38 ounces Silver, 13% Lead and 8% Zinc. At present Canadian metal prices the operating profit per ton would be about \$90.00 after deducting about \$25.00 per ton for mining and milling, and in addition freight from mill to smelter and smelter charges. Recovery of metals in the concentrator is estimated to be 90%.

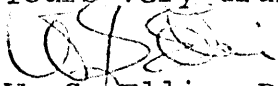
2 Reco -

Production from a 12" pay streak was 3,928 tons with an average grade of 100 ounces Silver and 45% Lead. Present day stoping would be 4' wide with a grade of 2,502 Silver per ton and 11.25% Lead. This ore body would have produced some 15,700 tons of mill feed. At present metal prices the net operating profit would be about \$65.00 per ton which is the gross less mining, milling, freight and smelter treatment.

3 Reco -

Production from a 7" pay streak was 3,866 tons with a grade of 226 ounces Silver per ton and 42% Lead. Present day stoping would have yielded 27,062 tons of 32 ounces Silver and 6% Lead. The net operating profit as above in the # 2 mine would be about \$75.00 per ton.

Yours very truly,


W. S. Ellis, P. Eng.

WSE/ac

