

CYPRUS MINES CORPORATION
523 WEST SIXTH STREET
LOS ANGELES, CALIFORNIA, 90014
TELEPHONE 629-5771

→ JCS → GT → file
Nanika Lake
93L Prop. Sub.
811851

October 12, 1971

Mr. Henry Kersting
Silver Cup Mines, Ltd.
1631 Kalanika Place
Honolulu, Hawaii 96821

Dear Mr. Kersting:

Your recent letter to Mr. H. T. Mudd regarding mining claims in the Smithers, British Columbia area has been referred to our Canadian exploration group for reply. We are in the process of reviewing the data you furnished and are also checking our files for further information on the Smithers region.

Since we also have an office in Vancouver, might it be possible to contact your Vancouver staff in the event we need further field information? This would shorten our lines of communication somewhat and facilitate our preparation of an early reply to your inquiry. If you have no objection, we would appreciate having the name of your Vancouver representative.

Very truly yours,

W. O. Irish

WOI:gj

BCC: C. A. Mark
J. B. P. Sawyer ✓

[Handwritten signature]
10/13/71

Garbage

RECEIVED
OCT 14 1971
156176

I suggest one or more of our Vancouver staff be sent to Hawaii. This would also shorten our lines of communication & fulfill a much needed requirement.
Glen

October 7, 1971

C. A. Mark

Ref. 1382-CVL

J.B.P. Sawyer

SILVER CUP MINES LTD. - NANIKA LAKE PROPERTY

This is further to my memo Ref. 1372-CVL of October 4th, 1971.

We have now been able to check further on the present status of the Nanika Lake property of Silver Cup Mines Ltd. which was the subject of Mr. Henry Kersting's undated letter to Mr. Mudd. It is apparent that Quintana Minerals carried out some further drilling, apparently following up on the recommendations contained in Herb Shear's report of April 1968, and drilled at least three further holes in 1969. Subsequent to this, Quintana abandoned the property and we understand that at the present time this prospect is under option to Aston Resources of Vancouver. It is, therefore, not available to us, nor have we been given access to any more recent reports or factual information on the property itself.

It seems fairly apparent from this that Mr. Kersting is somewhat out of touch with the current activities of his Company, and no further action on our part is called for.

JBPS/jel

October 4, 1971

C. A. Mark

Ref. 1372-CVL

J.B.P. Sawyer

CLV-336 FROM W.O. IRISH - SILVER CUP MINES LTD.
NANIKA LAKE PROPERTY

This is in response to Owen Irish's memo of September 22nd concerning a submittal from Mr. Henry Kersting of Silver Cup Mines Ltd. to Mr. Mudd.

My first reaction to this submittal is to question the intent of anyone who would submit from Hawaii a two and one half year old report on a Canadian prospect. I can find no indication either in Kersting's letter or the report as to the extent to which Herb Shear's recommendations for further drilling were followed, but information from local people in the Smithers area indicate that Quintana did a considerable amount of drilling. So far I have been unable to check this out directly with the Quintana people, but will do so as soon as they are available.

This general area is an interesting one, we have looked at a couple of prospects there this summer and, in fact, Gregg Jilson is going out this week to look at another submittal just south of the Nanika Lake prospect. At the same time he is going to attempt to get in to this particular prospect and will report on his findings. If, in fact, Quintana did no further work after 1968, it could be that this is worth some consideration. I will follow up on it further and advise you in due course as to our findings.

JBPS/jel

September 22, 1971

CLV-336

TO: J. B. P. Sawyer
FROM: W. O. Irish
SUBJECT: Submittal near Smithers, B. C., by Silver Cup Mines Ltd.

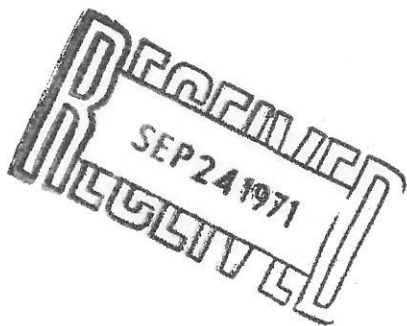
Attached for your review and comments are various items of material sent to Mr. Mudd by Henry Kersting of Silver Cup.

As soon as possible, would you please give us your reaction to this submittal and your recommendations for follow-up action, if any is required.


W. O. Irish

WOI/sc

enclosure



SILVER CUP MINES, LTD.

U.S. OFFICE

SUITE 1
~~1856 KALANIUKA AVENUE~~
HONOLULU, HAWAII 96815
PHONE (808) 955-1178

1631 Kalaniuka Place
Honolulu, Hawaii 96821

CANADIAN OFFICE

SUITE 534
789 W. PENDER STREET
VANCOUVER 1, B.C.
PHONE (604) 682-6535

Mr. H.T. Mudd
Chairman of the Board of Directors
Cyprus Mines Inc.
523 W. 6th st.
Los Angeles, California

TO CAM		REPLY	✓
RETURN TO		COMMENT	
SEP 24 1971			
1		5	
3		7	
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Dear Mr. Mudd:

I recently read a research report on Cyprus Mines prepared by "Findings & Forecasts" in New York, of which I am enclosing an abbreviated copy for your convenience. While I felt at that time that I should contact you with respect to copper properties this corporation controls I was encouraged to do so by Mr. Becket, a former Member of your Board of Directors who was here in Honolulu this week for a brief visit.

This corporation controls various mining claims in the Smithers, British Columbia (Canada) region which are summarily described by enclosed Geologist's report. As you will find, the Geologist came to the conclusion that the copper deposits might amount to as much as 50 million tons and are deemed to be of commercial grade.

To develop these properties would take greater resources than this corporation has. Since your copper reserves on the Island of Cyprus seem to be nearing the depletion level our deposits in British Columbia might be of interest to you. I might mention here that the Kennecott Copper Co. has set up a large scale mining and milling operation near Smithers, B.C. .

If the above should be of interest to you I will appreciate hearing from you at your convenience.

Sincerely yours

Silver Cup Mines Ltd.

Henry Kersting
Hkg. jo.



August 5, 1971

CYPRUS MINES CORP.

Per Share Data

Recent Price:	39	Earnings Per Share 1970:	\$3.01
Traded:	NYSE	Est. Earns. Per Sh. 1971:	\$3.10
1971 Price Range:	42 3/4-31 3/4	Est. Earns. Per Sh. 1972:	\$3.30
Dividend Per Share:	\$1.00	Price x 1970 Earns. Per Sh.:	12.9
Yield:	2.6%	Price x 1971 Est. E.P.Sh.:	12.6
1966-71 Price Range:	42 3/4-13 1/4	Price x 1972 Est. E.P.Sh.:	11.8

Capitalization as of 12/31/70

	<u>Amount</u>	<u>% of Total</u>
Long Term Debt:	\$ 39,834,000	<u>17.3%</u>
Stockholders' Equity:		
Common stock (4 par value) - authorized, 14,000,000 shares; outstanding, 9,088,200 shares	39,164,000	
Retained Earnings	170,219,000	
Less stock in treasury, at cost	(18,688,000)	
Total Stockholders' Equity:	<u>\$190,695,000</u>	<u>82.7%</u>
Total Capitalization:	<u>\$230,529,000</u>	<u>100.0%</u>

Summary

Cyprus Mines has put together an outstanding and exceptional record of growth for any company in its industry. In spite of the fact that copper operations (accounting for 35% of gross income) were depressed because of lower average copper prices, Cyprus Mines managed to show a net gain in revenues and income for the latest six month period. Equally impressive is the fact that Cyprus' other

August 5, 1971

Operations

Cyprus Island Division

Cyprus Mines operates three mines and a mill on the Island of Cyprus. Copper and sulfur products (copper precipitates, 70% copper; copper concentrates, 20% copper; flotation pyrites, 48% sulfur; and cupreous pyrites, 0.9% copper and 46% sulfur) are mined in open pits under leases from the government of the Republic of Cyprus. The reserves, however, are almost completely exhausted, and the company expects to cease these operations within the next year or two. In 1969, a \$3 million pressure leach plant was constructed to recover copper from mill tailings which had been accumulating since the mines were first opened. There is a sufficient supply of mill tailings inventories to keep the pressure leach plant in operation at least through 1976, producing a copper-bearing solution which is then processed in the mill to make copper precipitates.

Since 1961, when Cyprus sold 37,806,000 pounds of copper precipitates and concentrates, production has decreased to 28,593,000 pounds in 1970. The pressure leach plant produced about 7 million of those pounds in 1970.

Bruce Mine Division

This is a small, underground mine operated under a patented mining claim on U.S. Government land in Arizona. The mine produces high grade copper-zinc ore. The company recently obtained approval to deepen the mine from 950-2,150 feet to 2,300-2,450 feet below the surface. Here too, reserves are low, having an estimated 7 to 8 years' worth of operations left. The ore is processed at an adjacent mill. About 75% of the refined copper is used by another of the company's divisions - Rome Cable - with the remaining copper and zinc sold to American Smelting and Refining.

United Sierra Division

Through this division, Cyprus Mines is a leading producer of non-metallic industrial minerals, such as talc (about 55% of this division's sales), Kaolin (35%), and ball clay (10%). These products are used by the paper, rubber, plastic and ceramic industries. Most of this division's operations are carried out in the United States, although there is a mill in Belgium. About 20% of this division's sales are made throughout Europe as well as in other overseas markets.

1968 PROGRESS REPORT

ON

NANIKA LAKE PROJECT

Omineca Mining District B.C.

FOR

QUINTANA MINERALS CORPORATION

April, 1969.

H. H. SHEAR, P.Eng.



QUINTANA MINERALS CORPORATION
 NANIKA LAKE PROJECT
 LOCATION MAP

SUMMARY:

The Nanika Lake Property is primarily a copper prospect. The mineralization contains minor amounts of molybdenum, gold and silver. No significant work was done on the property until 1968, when Quintana Minerals Corporation completed a fourteen hole diamond drilling program, along with other related work.

The drill program has inferred a relatively tabular zone up to 500 feet in thickness for over 3,200 feet of strike length, and dipping from 20° to 40° west into a steep sidehill. The zone strikes approximately N 30 E. Assaying of mineralized intersections has suggested the presence of several tens of millions of tons of material grading in the order of 0.4 to .5% Cu. with minor Mo, Au, and Ag. values.

In the writer's opinion the property warrants additional work and a further exploration program consisting of twelve drill holes (9,000'), estimated to cost \$ 204,000.00 has been recommended.

Preliminary results have not delineated the mineralization down dip or to the north and north-east, or to the south. The mineral zone has been traced on surface 3,000 feet southwest of the southern most drilling. Large undrilled areas exist within the drilled area. No primary exploration has been completed outside of the immediate area of interest. Consequently there is a good opportunity to improve indicated tonnage and grade and to locate extensions of the existing ore bodies as well as possibly locating additional large ore bodies. I strongly recommend that Quintana continue their aggressive exploration of this area.

CONCLUSIONS AND RECOMMENDATIONS:

1. The Nanika Lake Property is a new copper prospect. No meaningful work was performed on the property until 1968.

2. The property is located in west central British Columbia. Ample water and inferior timber are available on the property. Access is by air.

3. The mineralization lies within a large fault zone forming the boundary between the Coast Range Intrusives and Hazelton rocks. Mineralization is almost entirely in the Hazelton rocks.

4. Diamond drilling has indicated a zone over five hundred feet wide and over 3,200 feet long, dipping shallowly into the sidehill.

5. The preliminary results indicate the presence of several tens of millions of tons of 0.4 to 0.5% Cu, with substantial amounts of lower grade material, containing minor Mo, Au and Ag values.

6. The total size of the mineralized zone indicated by results to date suggests a tonnage of at least 50 million tons and it is likely that two to three times this tonnage exists down dip and I feel larger tonnages can be expected if extensions north and south can be located. To date no drilling has been done to the north or south or to the west away from the existing drilling.

7. It will be required to upgrade this zone in order to make it an attractive large scale mining prospect. In my opinion, the possibilities are good for accomplishing this.

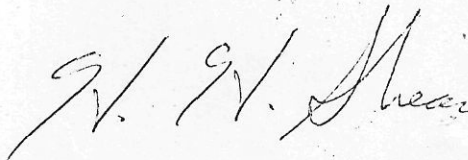
8. Hole # 4 intersected a 160' section of .75% Cu, at depth and this suggests the possibility of better grades occurring down dip on the zone.

9. The zone is still open to the north in spite of the fact that hole # 13 was low grade and thin. Structural implications and holes # 7 and 8 indicate that the zone has pinched or been faulted off south of section B.B'. (hole # 12).

10. A two phase drilling program is recommended as described under Recommended Program for 1969. With the first phase of twelve holes (9,000'), together with present data, it is hoped that a decision as to the property's actual potential can be made. The estimated cost of phase I is \$204,000.00

11. Phase II, as outlined, consists essentially of grid pattern drilling the present known zone on 200' centres. Phase II consists of twenty-one holes (10,500') but if mineralization is found to be very consistent this number can be reduced. The cost of phase II will be variable depending upon results of exploratory holes on the fringe of present work, but will cost an estimated \$300,000.00.

Respectfully submitted,



H.H. Shear, P. Eng.