

812412

**THOMAS CONSOLIDATED MINES, INC.**640 PEYTON BUILDING  
SPOKANE 8, WASHINGTON

August 26, 1950

To the Shareholders:

With this letter is a report on the War Horse Mine which I am sure you will read with great interest. Your Company has taken over this property under a long term contract and is now under way on it. As you study the report, I am sure you will see the possibilities for a large mine. All the known facts are in its favor--there is ore to work on and it lies in the same general structure as the Sullivan Mine of the Consolidated Mining and Smelting Company, which is one of the tremendous mines of the world.

Work on the Thomas Group at Nine Mile has been suspended for the time being. The Company did a total of 3,136 feet of underground work there, of which 560 feet was a two compartment shaft. Additionally, 2,557 feet of diamond drilling was accomplished and 3,740 linear feet of surface trenching by bulldozer.

The decision to suspend the work on the Thomas Group was made reluctantly because for an extended period of time, as you have been written, many encouraging things were found by the work. Lead mineralization was encountered in various structures and all this seemed most encouraging but unfortunately, as these structures were prospected, no commercial ore bodies of lead were opened. While certain possibilities still exist for ore bodies on the Thomas Group, the War Horse offers a very much more sure and potentially profitable place to invest the shareholders' money.

Because of the intense loyalty of almost all of our shareholders to this Company, we have gone out of our way to investigate, sometimes at personal expense, mining properties that promised a real reward so that, if it became desirable to suspend the work on the Thomas Group, the Company's shareholders would not suffer a complete loss.

The desirability of forming a new company to carry on the work of the War Horse has been considered but to do so would probably mean sacrificing the paid in capital position and hence make such a new Company liable for a greater amount of taxation in the event of excess profits taxes. Likewise it would probably mean non-deductible income tax losses for a majority of the shareholders.

The Company's record to accomplish work is indisputable and I feel all of our shareholders will enter into the development of the War Horse with confidence in the Company's ability to perform. Of the many properties that have been considered and examined, the War Horse is by all odds the most attractive. I think the elements are present to make a big mine.

Our immediate program is the construction of a road to the property of approximately 5 miles in length and we expect to have this road under construction early in September. Our engineer is now on the ground laying this road out. As soon as the road is completed, the vein structure will be cut by bulldozing in several places between Hellroaring Creek and the lowest of the three tunnels. This work is of the utmost interest and importance since it may be possible to extend the ore zone much deeper on the hillside. You will understand this much better after reading the enclosed report.

Since the value of the War Horse ore was computed, lead has gone up one cent per pound. The metal markets now are extremely strong due to the Korean War and its implications. Unquestionably the present session of Congress will write legislation for the financial assistance of mining companies in their efforts to meet the tremendous demand for metal. In the words of the Engineering and Mining Journal, "It will probably be harder for a productive mine to avoid a Government loan than to get one, from here on."

Notice of assessment is enclosed to carry forward the work on the War Horse and to meet accounts from the Nine Mile Operation. Those of our shareholders who are so situated that they can promptly pay this assessment are asked to do so, so that the Company may expedite its work.

A word about Canadian Mining is probably in order. Mining is a big industry in the Canadian economy and because of its importance, the Federal Canadian Government has granted a very favorable tax structure to mines, exempting them from all income taxes for  $3\frac{1}{2}$  years after production is begun. Accelerated depletion rates are allowed on mine plants. Funds are granted in many instances to assist mining companies in the construction of access roads. In general, the mining climate in Canada is a good one.

I have tried to convey to you my enthusiasm for the War Horse property. If you do not share with me this enthusiasm after studying the enclosed report, I feel that the defect is mine and not the property's and I therefore would welcome the opportunity to correspond at greater length with any shareholder about any phase of this project which is not clear to him.

For the Directors,



David E. Watson  
Secretary-Treasurer

DEW:rs  
enc.

## WAR HORSE MINE

Reference is made to the generalized geological map extracted from a publication of the Canadian Geological Survey. The property lies southwest in the same general structure as the tremendous Sullivan Mine of the Consolidated Mining and Smelting Company.

The Sullivan mine is reputed to be the largest single lead-zinc ore body in the world. It is currently producing approximately 12,500 tons daily. You will note that the War Horse mine is in the same rock formation (Aldridge) as the Sullivan Mine. The North Star, which lies between the Sullivan and the War Horse, has had too a very substantial production of lead-zinc-silver ores.

### Development of the War Horse

The War Horse is developed by 3 tunnels, all of which are now open.

"The No. 1, at an elevation of 5,175 feet above sea-level, was driven south-easterly for about 70 feet in the hanging wall, when it was turned to the north-west and cut the vein in a few feet, exposing a 12 inch streak of finely crystalline lead, zinc and iron sulphide ore. A sample across this width gave the following returns: Gold 0.01 oz.; Silver 4.1 oz. to the ton; Lead 15.8 per cent; Zinc 8.5 per cent. This ore was followed for 30 feet.

"The No. 2 tunnel had been driven at a point 125 feet farther down the hill. For the first 70 feet it is in the foot-wall of the vein, which latter was encountered by a short crosscut. The vein filling here principally consists of sheared and iron stained quartzites, carrying small values in lead and zinc across a width of about 3 feet. A sample taken across 31 inches, which showed the most mineralization, assayed: Silver 2.4 oz. to the ton; Lead 5.8 per cent; Zinc 1.1 per cent. Past this the tunnel, after wandering around in the foot wall for about 50 feet, turns into the vein which is followed for a short distance. The ore exposed in the side of the drift is similar in character to that exposed in the No. 1 tunnel and in a short crosscut a width of 20 inches is exposed. A sample taken here gave the following returns: Gold 0.01 oz.; Silver 3 oz. to the ton; Lead 16.5 per cent; Zinc 8.1 per cent."

Extract from Minister of Mines - Annual Report 1926, Mining Operations for Gold, Coal, etc., in the Province of British Columbia, pp. A 243.



The third tunnel was driven after 1926 and the property was again examined in 1930 by the Inspector of Mines for the Province of British Columbia, a partial extract of whose report follows:

"This group, consisting of nine claims of which four are Crown granted, is situated on Hellroaring Creek, some 5 miles by trail from the wagon road at St. Mary Lake, the mine camp being about 2,000 feet in elevation above the lake. The property is largely owned by A. H. Mayland of Calgary, who has financed the work done in recent years. The workings are situated on the steep wooded hillside on the eastern side of the valley. According to Map 147a, accompanying Geological Survey of Canada, Memoir 76, the rocks of the area belong to the Aldridge formation.

"The ore, consisting of finely crystalline lead, zinc and iron sulphides, occurs in a wide zone of shearing, in quartzite and argillaceous rocks, which strikes south-easterly (into the hill) and dips from 50 degrees to 60 degrees to the south-west.

"The principal workings developing the shear-zone are three tunnels at approximate elevations (aneroid) of 5,410, 5,300 and 5,100 feet above sea level. The upper or No. 1 tunnel, about 160 feet long, is driven along the general direction of the lead from where the original discovery was made.

"At the portal a wide exposure of rusty-weathering, argillaceous quartzite contains narrow bands of silicified rock and quartz mineralized with lead and iron sulphides. The greater part of the tunnel lies on the hanging wall side of the lead, where no definite mineralization is in evidence, but towards the inner end a turn is made towards the foot-wall side exposing a 3 foot width of ore which assayed: Gold 0.02 oz. to the ton; Silver 1.40 oz. to the ton; Lead 10.8 per cent; Zinc 4.4 per cent.

"This showing, the full width of which is not yet exposed, is of a more definite character than the mineralization at the portal and gives promise of more continuity, the sulphides being uniformly distributed throughout a quartzite gangue. In this inner showing the mineralization apparently conforms with the bedding of the country-rock, which strikes about S. 50° E. and dips at 58° to the south-west. The face of this tunnel is estimated to be about 100 feet below the surface.

"The No. 2 tunnel, in a little over 300 feet, is also driven in a general south-easterly direction, but lies for the most part in the softer argillaceous rocks on the foot-wall side of the lead. From this tunnel three short crosscuts have been made to the

# WAR HORSE MINE BRITISH COLUMBIA

PORTAL  
Elev. 5106'

Fault

Shearing

Au	0.55 oz. (Gold)	\$ 19.25
Ag	3.2 oz. (Silver)	2.24
Pb	9.8 % (Lead)	27.03
Zn	6.8 % (Zinc)	19.50
		<hr/>
		\$ 68.02 per ton

No. 3

LOWER TUNNEL  
Scale ~ 1" = 100'

VEIN

Fault

PORTAL  
Elev. 5300'

Sheared argillaceous  
quartzite

Mineralized zone  
considerably wider. Tunnel  
has not completely crosscut  
the structure.

Shearing

Au	Trace (Gold)	\$ 0.00
Ag	0.7 oz. (Silver)	0.49
Pb	5.9 % (Lead)	16.87
Zn	3.2 % (Zinc)	10.40
		<hr/>
		\$ 27.76 per ton

Stub of crosscut has  
not cut completely through  
the vein.

No. 2

MIDDLE TUNNEL  
Scale ~ 1" = 50'

VEIN

60°

**NOTE:**

Values based on  
Canadian metal prices of:

- Gold @ \$35.00 per oz.
- Silver @ \$0.70 per oz.
- Lead @ 14.3¢ per pound
- Zinc @ 16.25¢ per pound

PORTAL  
Elev. 5404'

18" vein

Au	0.01 oz. (Gold)	\$ 0.35
Ag	2.2 oz. (Silver)	1.54
Pb	14.0 % (Lead)	40.04
Zn	9.0 % (Zinc)	29.25
		<hr/>
		\$ 71.18 per ton

Tunnel has not cut  
completely through vein

No. 1

UPPER TUNNEL  
Scale ~ 1" = 50'

VEIN

DIAGRAMATIC SKETCH OF INDIVIDUAL TUNNELS  
SHOWING VEIN AND SAMPLING LOCATIONS  
by W. N. Campbell

8/14/50

south-west, or hanging-wall side. The first two crosscuts cut widths of from 4 to 5 feet of quartz interbanded with country-rock, with which some disseminated sulphides and streaks of oxidized material are associated.

"The third crosscut, about 75 feet back from the face of the main tunnel, exposes a width of 6 feet of strong mineralization in which galena is uniformly distributed. The lower or No. 3 tunnel has been driven for a length of over 700 feet. At about 400 feet in from the portal a wide zone of scattered galena and pyrite mineralization, associated with quartzose phases of the country-rock, was encountered. Some crosscutting at this point shows the mineralized zone is from 20 to 25 feet wide. At about 700 feet in from the portal crosscuts have been driven on both sides of the main tunnel to further explore the extent and character of the mineralization. The crosscut to the northeast had been driven 70 feet and the crosscut to the southwest was in 50 feet when the property was visited in June.

"A careful examination of the lower level was difficult at that time owing to the very wet condition of these workings. Selected ore derived from the lower tunnel assayed: Gold 0.32 oz. to the ton; Silver 4.90 oz. to the ton; Lead 8 per cent; Zinc 4.8 per cent. The general impression gained was that the strongest and most uniform mineralization seen was that already referred to at or near the inner extremities of the two upper tunnels, which appear to be entering a favorable zone of deposition.

"Work done during the 1930 season included some 250 feet of tunneling on the lower level, a 2-drill Ingersoll-Rand gas-driven compressor being in use. Mining was discontinued in September."

Extract from Annual Report - Minister of Mines of the Prv. of B.C. 1930, pp A241-A242.

#### History of the Property

After preliminary prospecting of the property it was purchased by the late A. H. Mayland of Calgary, Alberta, sometime in the early 1920's. Mr. Mayland, a wealthy oil producer and refiner and meat packer, bore the costs of the exploration and development work himself. In his younger days he was a miner in Butte, Montana. After his death in 1947, Mr. Harold Bennett of Cranbrook, British Columbia, bought Mr. Mayland's interest from the Mayland estate and acquired full title to the four Crown granted claims. Mr. Bennett represented Mr. Mayland for a number of years as his agent on the property.

No work of an extensive nature has been done on the property since the above report was made for the Minister of Mines. According to the available information, Mr. Mayland intended to resume operation of this property and planned the construction of a mill as soon as the metal prices recovered from the world depression of the 30's and the price controls of the war years. His death, of course, in 1947 prevented the carrying out of his plans.

#### Value of the Ore

The assays shown on the plan map were taken by the Company's geological engineer and check reasonably with the results of the two Provincial Engineers previously quoted. Using the current Canadian metal prices, the gross value of the ore has been computed and set opposite the respective assays for illustrative purposes. No deductions have been made for dilutions in mining and metallurgical losses from these figures although such losses would be incurred.

#### Possibilities for a Large Mine

##### 1. Length of the Ore.

No limiting factors on the lateral length of the ore have been disclosed by the work so far. It seems reasonable to expect that the ore as disclosed will continue further into the hill since in the words of the Mine Inspector: "The general impression gained was that the strongest and most uniform mineralization seen was that already referred to at or near the inner extremities of the two upper tunnels, which appear to be entering a favorable zone of deposition."

##### 2. Width of the Ore.

The ore is widest on the lowest level. There are geological indications that the structure, as it goes down vertically, steepens and widens. Reference is made to the plan view of the 3 ore tunnels. This tunnel discloses a wide zone of mineralization at and near its rear limits, which zone is now more than 20 feet wide and apparently has not been completely cross cut.

##### 3. The Vertical Range of the Ore Zone.

The vertical range of the ore zone is unknown. No limiting factor on the vertical range has been revealed by the work so far. The lower tunnel is approximately 1200 feet above the base of the hill at Hellroaring Creek and the hillside is covered with overburden. Additional tunneling driven on the structure lower down on the hill could add materially to the vertical range of the ore and this addition to the vertical range of the ore could be done without shaft sinking -- an expensive process.



4. Favorable Rock Structure.

The Canadian Geological Survey identifies the wall rocks of the War Horse Mine as being those of the Aldridge formation. The ability of these rocks to produce large bodies of lead-zinc ore is clearly proven. These are the same rocks that enclose the Sullivan Mine of the Consolidated Mining and Smelting Company and the Sullivan Mine is reputed to have the largest single lead-zinc ore body in the world.

David E. Watson

Spokane, Washington  
24 August 1950