

Santos Silver  
formerly Horn Silver 82/E

# KERR-ADDISON GOLD MINES LIMITED

(FOR INTER-OFFICE USE ONLY)

823277

A	N
	W.S.R.
	P.M.K. ✓
	G.H.M.
	E.C.C.
	H.A.P.
	R.D.S.
	B.C.B.
	D.W.P.
	G.P.R.
	E.L.D.
	J.L.B.
	E.C.J.

To.....W. M. Sirola.....From.....P. M. Kavanagh.....

Subject.....Horn Silver Mine, Keremeos Area, B.C. (82E).....Date.....January 30, 1961.....

Attached is a copy of a memorandum Wilton has written on this property, prompted by Mr. Row's suggestion that only sludge assays could be considered reliable in such ground. As you will note the additional information which Wilton has obtained has not changed his first recommendation concerning the property.

Paul M. Kavanagh  
Chief Geologist - Exploration

PMK:ry

# KERR-ADDISON GOLD MINES LIMITED

(FOR INTER-OFFICE USE ONLY)

82/E

A		N
	W.S.R.	<input checked="" type="checkbox"/>
	P.M.K.	<input checked="" type="checkbox"/>
	G.H.M.	<input type="checkbox"/>
	E.O.C.	<input type="checkbox"/>
	<b>CKW</b>	<input checked="" type="checkbox"/>
	R.D.S.	<input type="checkbox"/>
	B.C.B.	<input type="checkbox"/>
	D.V.P.	<input type="checkbox"/>
	G.P.R.	<input type="checkbox"/>
	E.L.D.	<input type="checkbox"/>
	J.I.B.	<input type="checkbox"/>
	E.C.J.	<input type="checkbox"/>

To.....P. M. Kavanagh.....From.....C. K. Wilton.....

Subject.....Horn Silver Mine, Keremeos Area, B. C. (82E).....Date.....January 25, 1961.....

I phoned Mr. Herb Parliment, P. Eng., who supervised most of the recent drilling, to ask about sludge assays. From his files he kindly supplied the following information:

<u>Hole No.</u>	<u>Sludge footage</u>	<u>Ozs. Silver per ton</u>	<u>Ozs. Gold per ton</u>	<u>Remarks</u>
14	2'	13.04	0.02	No core recovered
11	5'	25.30	0.04	A few pieces of core only recovered; no assays
12	5.5'	1.22 2.22 (check assay)	0.01 0.24 (check assay)	None recovered
24	5' 5'	1.74 1.66		
15		1.44		

Holes 14 and 11 are the only sludge assays of importance. All others are similar in amount to those in holes 12, 24 and 15. Mr. Parliment said that usually the core samples and sludge samples checked out well.

This checks with my impression from previous study of the records that the sludge samples did not generally suggest high silver values in those cases in which little or no core was recovered.

My recommendation that no further interest be shown in this property remains unchanged.

*C. K. Wilton*

C. K. Wilton  
Senior Geologist - Exploration

CKW:ry

REFERENCE MEMORANDUM

DATE Jan. 23 1961

THE ATTACHED PAPERS ARE REFERRED

TO Mr. W. S. Row

BY Pmk.

- |                       |                          |               |                                     |
|-----------------------|--------------------------|---------------|-------------------------------------|
| PLEASE REPLY DIRECT   | <input type="checkbox"/> | PLEASE HANDLE | <input type="checkbox"/>            |
| PLEASE SEE ME RE THIS | <input type="checkbox"/> | YOUR COMMENTS | <input type="checkbox"/>            |
| FOR YOUR INFORMATION  | <input type="checkbox"/> | FOR APPROVAL  | <input checked="" type="checkbox"/> |
| PLEASE RETAIN         | <input type="checkbox"/> | PLEASE RETURN | <input checked="" type="checkbox"/> |

Attached are data on an old silver property in B.C. Both Wilton & Lida don't consider it very encouraging & I agree.

(over) Pmk.

Paul - I wonder if sludge  
 samples were taken + assayed.  
 I would fear that ~~the~~ <sup>the</sup> ~~core~~ <sup>in</sup> ~~rein~~  
 material would core very poorly  
 & that only  sludge <sup>assays</sup>  might  
 give ~~the~~ indication of the  
 real values.

WSK

BA

LO

THE ATTACHED PAPERS ARE RELEASED

DATE

10

REFERENCE NUMBER

REC'D JAN 23 1961

KERR-ADDISON GOLD MINES LIMITED

(FOR INTER-OFFICE USE ONLY)

92/E

To.....DR. PAUL KAVANAGH.....From.....WILLIAM SIROLA.....

Subject.....HORN SILVER MINE KEREMEOS AREA B.C.....Date.....JANUARY 19, 1961.....

I have perused Clarence Wilton's memorandum on this property and feel that the grades and widths encountered do not constitute a minable situation. It may be possible to find extentions by geophysical methods but I cannot confirm this without additional information. Unfortunately, Mr. McDougall died last year.

Will keep it in mind.

Regards

# KERR-ADDISON GOLD MINES LIMITED

(FOR INTER-OFFICE USE ONLY)

82E

A		N
	W.S.R.	
✓	P.M.K.	
	G.H.M.	
	E.O.C.	
	H.A.P.	
	R.D.S.	
	B.C.B.	
	D.W.P.	
	G.P.R.	
	E.L.D.	
	J.I.B.	
	E.C.I.	

To..... P. M. Kavanagh..... From..... C. K. Wilton.....

Subject Horn Silver Mine, Keremeos Area, Similkameen District Date January 13, 1961  
British Columbia, 82E

This property was submitted by Mr. S. Taylor, secretary-treasurer of Canada Radium Corporation Limited, which owns the property. Plans and reports on the mine were submitted by and discussed with Mr. Herb Parliment, P. Eng., who supervised some of the most recent work on the property in 1958-59.

The property is situated 4 miles north of the Canada - U. S. boundary and 225 miles east of Vancouver, B. C. It consists of 9 claims of which 2 are crown grants. Assessment work is due October 8, 1961.

The occurrence has been known for about 60 years. From 1915 to 1921 the gently dipping vein was worked under lease. In 1915, 115 tons of ore carrying 0.20 ounces gold per ton and 67 ounces silver per ton were shipped. Up to 1927, 75 shipments were made which totalled about 5500 tons. During the period 1927 to 1957, 500 tons more were shipped making a total of approximately 6000 tons with a value of about \$329,500 or about \$55 per ton. The area stoped measures approximately 500 feet by 100 feet which would produce about 6000 tons of ore if the vein averaged about 1¼' in width. After 1957 work carried on, mainly under Mr. H. Parliment as resident engineer and Mr. B. W. W. MacDougall as consulting engineer, consisted of limited underground work and diamond drilling which was done to test the continuation of the vein up the dip and to the east from the area stoped in previous operations.

The geology is an E-W striking quartz vein which dips 0 to 30 degrees south in a massive hornblende syenite. The vein is from a few inches to 6' in width and is sparsely mineralized with pyrite, galena, sphalerite and minor grey copper. The vein pinches, swells, splits into strands which recombine, and is soft and crumbly in places due to its shallow depth of 150 to 175 feet below surface which has permitted some oxidation of the sulphides. In other places the vein is hard banded quartz. The vein is displaced by many closely spaced, steeply dipping faults.

In 1958 - 1959 about 38 diamond drill holes from 30 to 350 feet in length but probably averaging about 50 to 75' in length were drilled to intersect the vein. Results are summarized as follows:

*A copy of this memo was sent on Jan. 17<sup>th</sup> /61  
to Bill Seida for his comments.*

CKW

# KERR-ADDISON GOLD MINES LIMITED

(FOR INTER-OFFICE USE ONLY)

82/E

To.....P. M. Kavanagh.....From.....C. K. Wilton.....

Subject...Horn Silver Mines, Keremeos Area, Similkameen District...Date.....January 13, 1961.....  
British Columbia, 82E

- 2 -

Total no. of intersections assayed	45
Total no. of intersections of quartz	27
Total no. of intersections above 25 ounces silver per ton and between 0.03 to 0.07 ounces gold per ton across 2' to 8' in 3 holes	4
Total no. of intersections between 10 and 25 ounces silver per ton and 0.02 to 0.08 ounces gold per ton across 2'	3
Total no. of intersections between 5 and 10 ounces silver per ton and below 0.08 ounces gold per ton across 6' to 8'	2

*Sludge samples?*

Mr. McDougall, in his report of August 11, 1959, states that "25 diamond drill holes have been drilled ..... Almost all the holes encountered one or more veins above the main adit level. I do not consider it essential that D. D. holes must intersect high silver values to indicate proven ore occurrences. Quite often ore material in the veins is ground up and there is core loss at the vital intersections. Often, too, holes punch through the veins at low grade or barren spots. Judging from the behaviour of the veins, in respect to ore-value-constancy, in the older sections of the workings, it has been and is my opinion that the intersection and recovery of vein material in diamond drill core, with even low metal content, is quite sufficient to warrant follow-up drift or crosscut workings..... The original purpose of the drilling, as discussed in 1958 between Mr. Campbell and me, was not to rely on assays to determine whether or not the vein was in ore at intersections..... If our interpretation of the D. D. results is correct in theory, and I think it is, the recently concluded D. D. program has been successful in establishing the existence of orebodies in previously-virgin and unexplored vein areas." In conclusion of his report Mr. McDougall said: "In my opinion the property warrants the expenditure of substantial capital in its further exploration and development..... At the outset, however, the mining problem is properly to be considered as one of exploration."

82/71

# KERR-ADDISON GOLD MINES LIMITED

(FOR INTER-OFFICE USE ONLY)

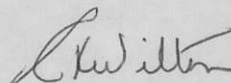
To.....P. M. Kavanagh.....From.....C. K. Wilton.....

Subject.....Horn Silver Mine, Keremeos Area, Similkameen District.....Date.....January 13, 1961.....  
British Columbia, 82E

- 3 -

Mr. McDougall notes that one of the engineers who worked on the property, Mr. D. W. Sullivan, "insists on drill hole intersections being in commercial ore values to properly constitute reserves." Mr. McDougall's knowledge of the Horn Silver Mine dates from 1927 in which year he directed certain exploratory operations on the property. Also he is familiar with most of the mines and prospects in that section of the province.

It is recommended that no further interest be taken in this property because the recent work is considered to be not encouraging.



C. K. Wilton  
Senior Geologist - Exploration

CKW:ry



Jan 9/852/E

A		N
	W.S.R.	
✓	P.M.K.	✓
	G.H.M.	
	E.O.C.	
	H.A.P.	
	R.D.S.	
	B.C.B.	
	D.W.P.	
	G.P.R.	
	E.L.D.	
	J.I.B.	
	E.C.J.	

CKW ✓

January 13, 1961.

C  
O  
P  
Y

REGISTERED

Mr. H. Parliment,  
2531 Danforth Ave.,  
Toronto, Ontario.

Dear Herb:

Re Horn Silver Mines Limited

As mentioned on the phone, I returned some of the Horn Silver data to Mr. Taylor, Canada Radium Corporation secretary, and he destroyed your receipt for it.

Enclosed is the remainder of the data which you brought in and discussed with me.

Thank you again.

Yours sincerely,

KERR-ADDISON GOLD MINES LIMITED

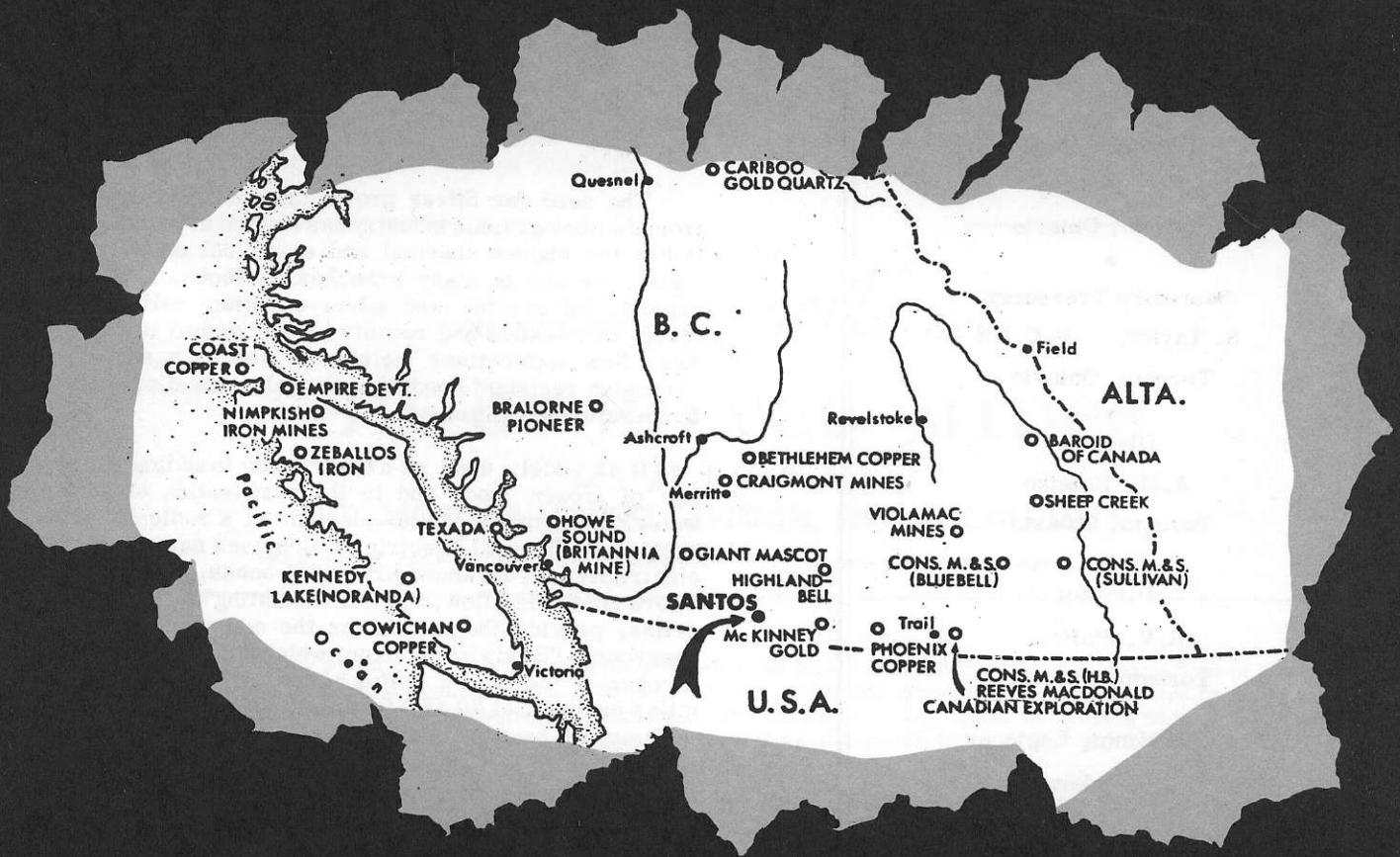
CKW:ry  
Enc.

C. K. Wilton  
Senior Geologist - Exploration

● INFORMATION BROCHURE ●

# SANTOS SILVER MINES LIMITED

IN THE OSOYOOS MINING DIVISION, BRITISH COLUMBIA



HEAD OFFICE ● 85 RICHMOND STREET WEST ● TORONTO 1, ONTARIO, CANADA

THIS BROCHURE IS NOT TO BE CONSTRUED AS A SOLICITATION FOR THE PURCHASE  
OF SHARES OF SANTOS SILVER MINES LIMITED.

**SANTOS SILVER MINES  
LIMITED**

**85 RICHMOND STREET WEST  
TORONTO 1, ONTARIO, CANADA**

**SILVER**

**NOW "SPACE AGE" METAL**

Authorized Capital 5,000,000  
shares N. P. V.  
Issued 905,410  
Remaining in Treasury 4,094,590

**OFFICERS and DIRECTORS**

**President**

W. L. Hodgson  
Toronto, Ontario

**Vice President**

J. F. Mackay  
Toronto, Ontario

**Secretary Treasurer**

S. Taylor F.C.I.S.  
Toronto, Ontario

**Director**

A. M. Kotelko  
Toronto, Ontario

**Director**

R. V. Stafford  
Toronto, Ontario

**Resident Mining Engineer**

C. J. Cryderman

**Consulting Geologist**

J. D. McCannell  
Toronto, Ontario

**Auditors**

V. D. Harbinson & Co.  
Chartered Accountants  
Toronto, Ontario

**Registrar & Transfer Agents**  
Guaranty Trust Company of Canada  
366 Bay Street  
Toronto, Ontario

Silver, first discovered by the Egyptians in 4000 B. C. was prized as the equal of gold for centuries by kings, emperors and artisans for its lustre and beauty. Used traditionally and exclusively for 2500 years, from the days of Ancient Greece for ornaments, jewelry and coinage, it is today not only shot up into Space, but is one of the most sought after of metals, finding ever increasing uses in many industries and scientific achievement.

It is in fact the only metal for which world demand is greatly in excess of supply. Present mine production capacity falls far short of bridging the gap, nor does it appear likely that any great new sources of Silver will be found in the early future. These conditions, coupled with the recent action of the U.S. Senate Administration Silver Bill, is undoubtedly responsible for its sharp rise in price and one that could well drive it to still higher levels. It seems certain that a high price level stability may be expected to continue in effect for a long time to come.

The need for Silver grows increasingly urgent, Demand from the photographic industry has trebled in recent years. Since it has the highest thermal and electrical conductivity of any metal, its use in many branches of electronics is increasing rapidly. Silver-zinc and silver-cadmium cells, used extensively in missiles and rockets have launched it into The Space Age. New applications include its use as a shock proof and corrosion resistant bonding material in missiles and other high temperature conditions.

It is widely used as a bactericide in adding to the storage life of frozen foods and in the purification of contaminated water. It is the essential element in a radical new fuel cell, created by General Electric, which uses natural gas to create electricity. An advanced brazing process, using a silver alloy where controlled flow, thermal insulating and self fluxing properties, provide the means for the construction of the unique honeycomb "Sandwiches" from which the stainless steel XB 70 Bomber is built, is a major advance. The plane will fly 2000 miles per hour at 70,000 feet.

One could go on and cite many more instances of new uses for silver but the above should suffice to indicate that industrial consumption of silver must continue to grow and that the metal is statistically in the strongest position of all those produced from Mother Earth.

Silver has changed, in the last ten years, from a predominant monetary to a predominant industrial metal with American consumption alone running slightly over 100 million ounces a year - roughly three times what American mines can produce.

Statistics are always interesting and useful. They tell a story which investors can use to advantage. It is therefore a pertinent subject for study.

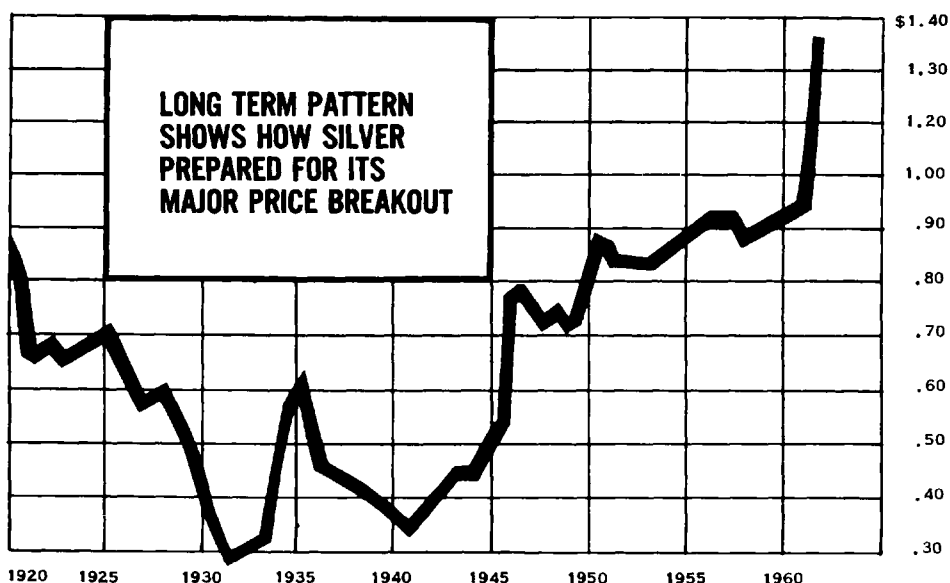
During the ten year period 1951-1960, a total of 2,020.8 million troy ounces of silver was produced and 2,665.7 million were consumed. Of the 644.9 deficiency, 472 million ounces was made up from the U.S. Treasury and the remaining 173

million ounces came from sales of demonitized silver and the treasuries of other nations.

During the same period U. S. silver production totalled 367.1 million ounces, while consumption was 1,392.6 million ounces. With Free World consumption increasing at a compound annual rate of 5% and production only half that rate U. S. treasury stocks of free silver dwindled to below 40 million ounces in November 1961 and sales were suspended.

The lid was off and silver, as the chart shows, has enjoyed an uninterrupted upward price spiral to \$1.37 an ounce (Canadian Funds) where, at time of writing, it is selling freely.

The most conservative figure we have seen for this year's expected deficit is 120,000,000 ounces. Uncle Sam may be able to hold the price to current levels for



a while, but unless new major sources of supply are found, there is bound to be a continuing upward price pressure.

EXCERPTS FROM *Report* ON

# SANTOS SILVER MINES

L I M I T E D

THE OSOYOOS MINING DIVISION, BRITISH COLUMBIA

SEE MINE MAP WORKINGS OVERLEAF · BY C. J. CRYDERMAN M. E.

## FOREWORD

For purposes of brevity and in an endeavour to avoid confusion the highly technical geological descriptions of the rocks have herein been deleted from the lengthy original report. The fact that rich silver and appreciable gold values are present is more important to shareholders than complicated geological terminology; such information only being of interest to geologists and mining engineers. The company however will gladly send the complete report as it appears in the prospectus on request. The pertinent facts appear below.

## LOCATION, ACCESS AND POWER

The Santos Silver Mines Property, is located on the west facing slope of Richter Mountain on the east side of the Similkameen Valley, about 12 miles from the town of Keremeos B. C. Keremeos is serviced by the Great Northern Railway, hard surface highways from Washington State, and the southern link of the Trans Canada Highway. A tractor road extends 3/4 of a mile from the highway to the workings. Good transportation facilities therefore exist for shipping ore and bringing in materials and equipment.

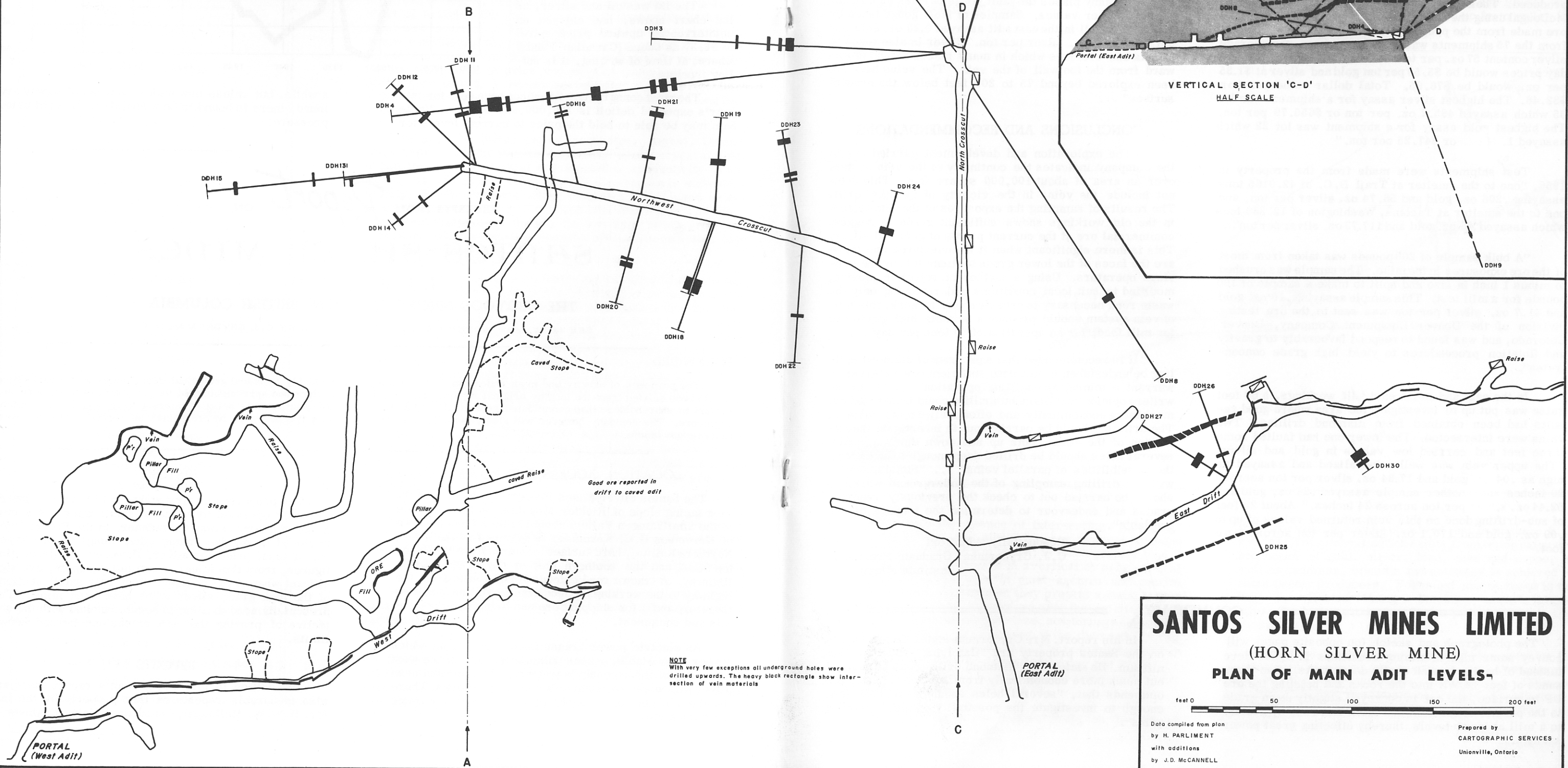
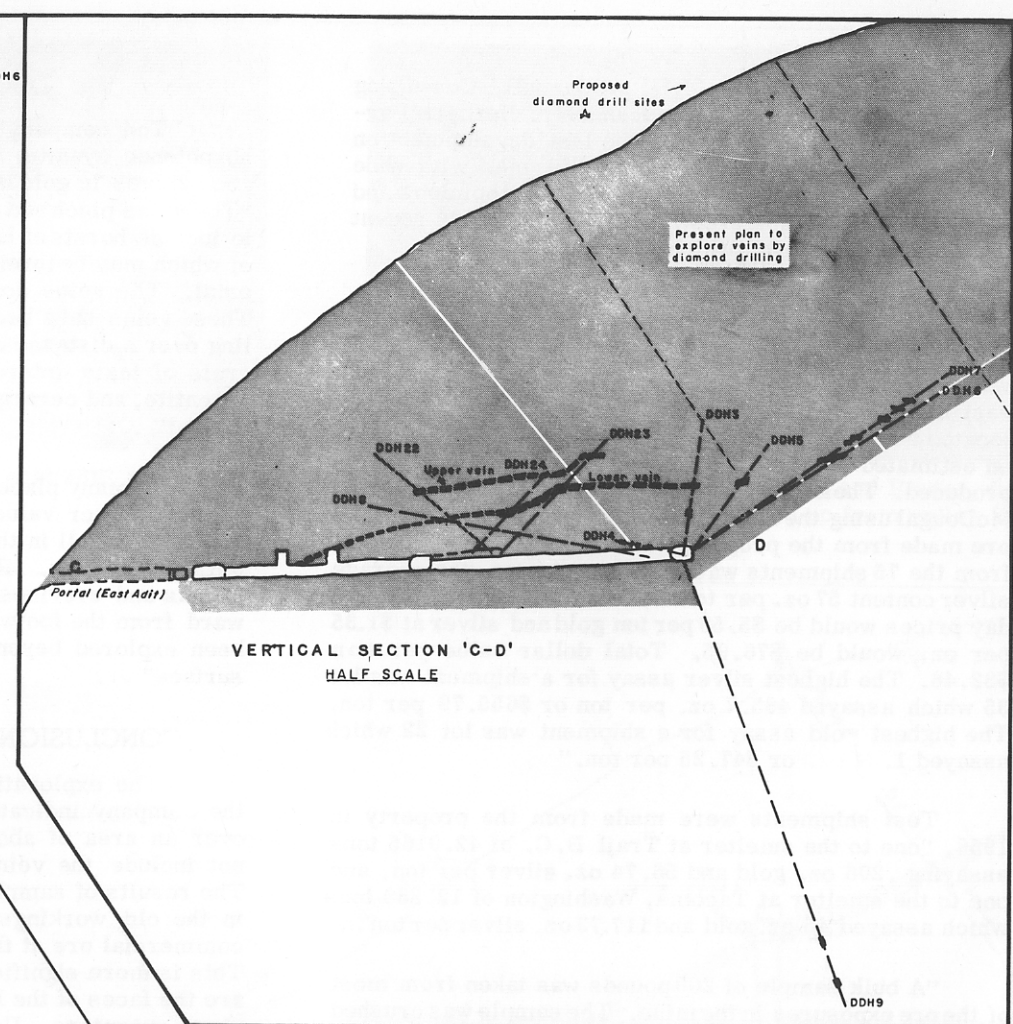
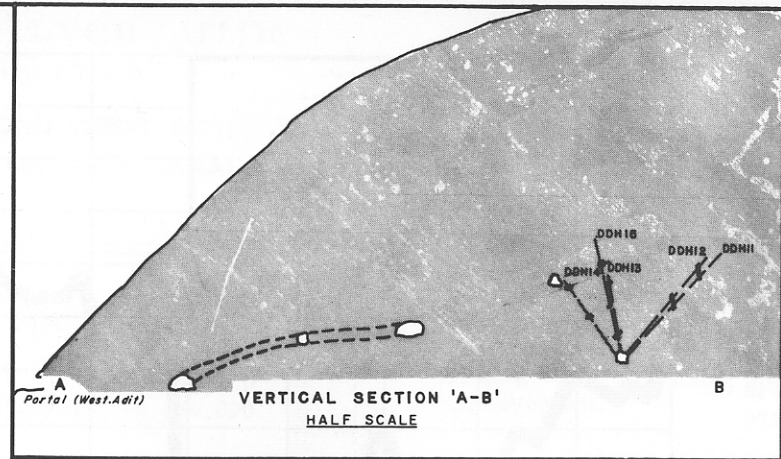
An electric power transmission line, from which power is available, passes within a few feet of the west boundary of the company's property. The Similkameen River will supply abundant water for all purposes. There is also an adequate supply of large trees for mine timbering etc.

## HISTORY

The property was first staked in 1901 and was intermittently operated by various small interests sometimes in a very antiquated manner. In the Fall of 1959, it closed down, due among other things to an 87¢ per oz. or less, price for silver. However the production figures, from this mine, shown in the report, are significant when it is considered that only small sections of the high grade silver veins have been mined. The present diamond drilling is being launched with the objective of proving the vein extensions beyond known limits.

## REPORTS

In addition to Mr. Cryderman's report there are also favourable reports on this property by the late Mr. B. W. W. McDougal, Consulting Mining Engineer of



**NOTE**  
With very few exceptions all underground holes were drilled upwards. The heavy black rectangle show intersection of vein materials

**SANTOS SILVER MINES LIMITED**  
(HORN SILVER MINE)  
**PLAN OF MAIN ADIT LEVELS**

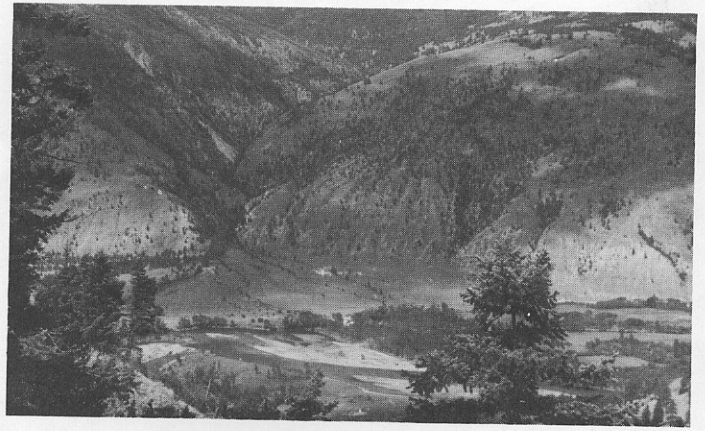
feet 0 50 100 150 200

Data compiled from plan  
by H. PARLIMENT  
with additions  
by J. D. McCANNELL

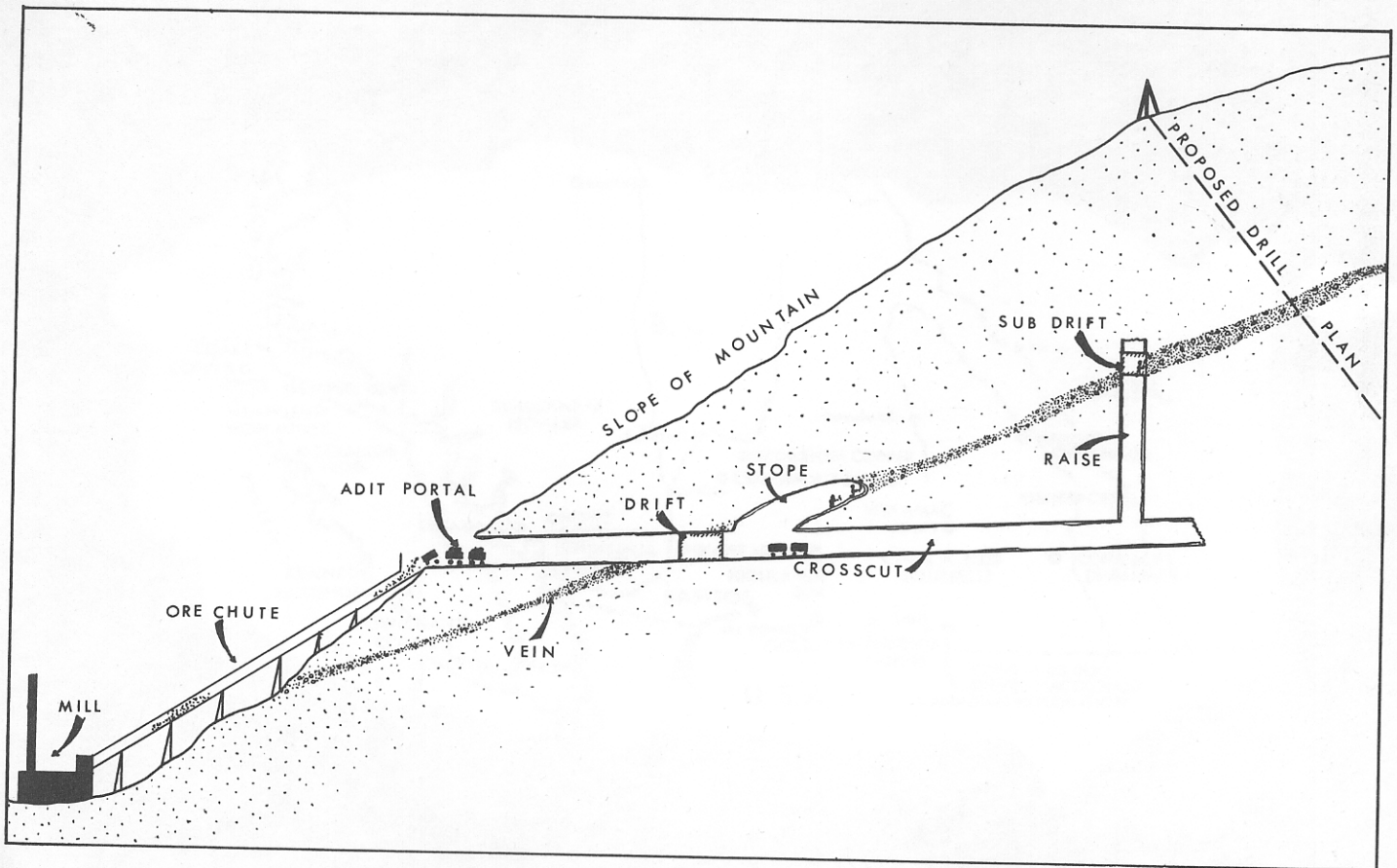
Prepared by  
CARTOGRAPHIC SERVICES  
Unionville, Ontario



This photograph shows portal of east adit, marked by arrow; also section of road.



Panoramic view of Similkameen Valley and River. Adits are located about 1/3 of the distance up from valley floor.



Obviously the chance of intersecting "flat lying" veins (in a horizontal plane) by near vertical diamond drilling operations from above, is much greater than if the veins themselves were in a vertical or near vertical position as is the case in most eastern and central mining camps. Not only do they present a much larger target but because it is known that the existing veins are comparatively near surface, new tonnage estimates should be quickly forthcoming if the diamond drilling picks up anticipated extensions. The possibility of intersecting other parallel veins both above and below the existing ones is most intriguing and could present far reaching important potentialities.

By referring to the location map, on the face of

this brochure, it may be observed that in southern B. C. a wide belt of mineralization exists from which extensive production of gold, silver, lead, zinc and copper as well as cadmium, bismuth and antimony is achieved by some twenty producers. Foremost among these is the huge Consolidated Mining & Smelting, world's largest silver-lead-zinc producer. Santos property lies in this general area.

The management is in process of implementing the recommendations as set forth in Mr. Cryderman's report, funds for which have been provided. Diamond drilling and other results will be forwarded to all shareholders whose certificates are registered in their own names.

# SANTOS SILVER MINES LIMITED

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AMENDING STATEMENT No. 3 to the Prospectus dated April 30, 1963, as previously amended by Statements Nos. 1 and 2 thereto, respectively dated June 19, 1963 and September 12, 1963.

## AMENDMENTS TO:

(a) PARAGRAPH 13:

The unexercised options on shares in the Company's capital, previously held by Barrett, Goodfellow & Co., for certain of their clients, all pursuant to the agreement between the Company and Barrett, dated March 27, 1963, have now been assigned by Barrett to Hevenor & Company, a registered security dealer, 11 Jordan Street, Toronto (hereinafter called "Hevenor"). The Company now recognizes Hevenor as the holder of such options, for and on behalf of the same principals previously named. Reference is made to the Prospectus, as amended by Amending Statements Nos. 1 and 2 thereto, for full particulars of the numbers of shares so held under option, the exercise dates and the option prices governing same, and the names and addresses and controlling shareholders of the clients on whose behalf Hevenor now holds the options. Hevenor is acting only as an agent for its said clients, who are the principals, and Hevenor has no interest in the options nor in the agreement, save as to its brokerage commissions payable by its said clients. Reference is made to the statements in the Prospectus concerning the possible methods of distribution of shares taken down by Hevenor, and any of such methods may continue to be used by Hevenor, in place and stead of Barrett.

DATED this 30th day of October, 1963.

WE, the undersigned Directors, hereby certify that the foregoing together with the Prospectus dated April 30, 1963, and Amending Statements Nos. 1 and 2 dated June 19, 1963 and September 12, 1963, respectively constitute full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required under Section 38 of The Securities Act (Ontario) and there is no further material information applicable other than under the Financial Statement or Reports where required.

## DIRECTORS

W. L. HODGSON

J. R. REED

S. TAYLOR

R. V. STAFFORD

A. M. KOTELKO

AND WE, the undersigned Underwriter-Optionee, hereby certify that to the best of our knowledge, information and belief, the foregoing together with the Prospectus dated April 30, 1963 and Amending Statements Nos. 1 and 2 dated June 19, 1963 and September 12, 1963, respectively, constitute full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required under Section 38 of The Securities Act (Ontario) and there is no further material information applicable other than under the Financial Statement or Reports where required. In respect of matters which are not within our knowledge, we have relied upon the accuracy and adequacy of the foregoing.

## UNDERWRITER-OPTIONEE:

HEVENOR & CO.

Per: M. A. MOYSEY

# SANTOS SILVER MINES LIMITED

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## DIRECTORS

W. L. HODGSON

J. R. REED

R. V. STAFFORD

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S. TAYLOR

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## UNDERWRITER-OPTIONEE:

HEVENOR & CO.

Per: M. A. MOYSEY



# SANTOS SILVER MINES LIMITED

## PROSPECTUS

1. SANTOS SILVER MINES LIMITED (hereinafter called the "Company") was incorporated under The Corporations Act (1953) by letters patent dated August 23, 1954, under the name Canada Radium Corporation Limited. By supplementary letters patent dated April 30, 1963, the name of the Company has been changed to its present name. The Company has its head office at Suite 1024, 85 Richmond Street West, Toronto, Ontario.

2. (a) The following sets out the names in full, present occupations and home addresses in full of the Officers and Directors of the Company:

<i>President and Director</i> .....	WILLIAM LEONARD HODGSON, Accountant, 34 Pine Crescent, Toronto 13, Ontario.
<i>Vice-President and Director</i> .....	JOHN FRANKLIN MACKAY, Real Estate Property Manager, 19 Tranby Avenue, Toronto, Ontario.
<i>Secretary-Treasurer and Director</i> .....	SAM TAYLOR, F.C.I.S., Chartered Secretary, 2 Strathallan Blvd., Toronto, Ontario.
<i>Director</i> .....	GEORGE WALTERS WHITCOMBE, Manager, 47 Bold Street, Hamilton, Ontario.
<i>Director</i> .....	HAROLD D'ARCY BAKER, Life Underwriter, 49 Glen Elm Avenue, Toronto, Ontario.

(b) There is no person, firm or corporation who or which may be regarded as the Promoter of the Company.

3. V. D. HARBINSON & CO., Chartered Accountants, 80 Richmond Street West, Toronto, Ontario, are the Auditors for the Company.

4. GUARANTY TRUST COMPANY OF CANADA, 366 Bay Street, Toronto, Ontario, is the Transfer Agent and Registrar of the Company.

5. The authorized capital of the Company by its letters patent was 5,000,000 shares without par value. By supplementary letters patent dated April 25, 1955, such capital was increased to 7,500,000 shares without par value. By further supplementary letters patent dated March 28, 1957, 2,439,611 issued shares were cancelled pro rata and an additional 2,439,611 shares without par value, ranking on a parity with the then existing 5,060,389 shares were created so as to increase the authorized capital to 7,500,000 shares without par value.

Of the aforesaid 7,500,000 shares, 5,054,100 shares were allotted and issued, all as fully paid. By supplementary letters patent dated April 30, 1963, 4,548,690 issued shares were cancelled pro rata leaving 505,410 shares in the hands of shareholders, on the basis of 1 "new" share for every 10 "old" shares. The authorized capital was increased to 5,000,000 shares without par value by the creation of an additional 2,048,690 shares ranking equally with such issued 505,410 shares and the 2,445,900 unissued shares.

Thus, at the date hereof, there are 505,410 shares in the Company's capital as now constituted outstanding, all of which are fully paid and non-assessable shares.

6. There are no bonds or debentures authorized or outstanding nor is it presently proposed to issue any such securities.

7. The 2,824,611 shares originally issued for properties, as set out in Paragraph 10 hereof, were placed in escrow with Guaranty Trust Company of Canada, Toronto, Ontario, subject to release pro rata only on the written consent of the Ontario Securities Commission and the directors of the Company, and to any dealings within the escrow only on the written consent of the said Commission. Of the said shares, 2,439,611 registered in the name of the vendor referred to in paragraph 10 (a), were cancelled by supplementary letters patent dated March 28, 1957, pursuant to the agreement referred to in the said paragraph 10 (a)

hereof, to which reference is hereby made. The remainder being 385,000 shares (and equivalent to 38,500 shares as now constituted) have been released, and there are now no shares held in escrow.

8. From the date of incorporation, to the date of this Prospectus, the Company has sold for cash a total of 4,669,100 shares (and equivalent to 466,910 shares as now constituted), for a total cash contribution received by the Company of \$769,184.50.

The following are the particulars of the said shares:—

5 shares at \$1.00 (original incorporators) .....	\$ 5.00
350,000 shares at 7½ cents per share .....	26,250.00
4,000 shares at 8 cents per share .....	320.00
1,288,095 shares at 10 cents per share .....	128,809.50
600,000 shares at 12½ cents per share .....	75,000.00
587,000 shares at 15 cents per share .....	88,050.00
290,000 shares at 17½ cents per share .....	50,750.00
200,000 shares at 20 cents per share .....	40,000.00
700,000 shares at 25 cents per share .....	175,000.00
450,000 shares at approximately 27.7 cents per share ..	125,000.00
200,000 shares at 30 cents per share .....	60,000.00

A total of \$51,000.00 was paid by the Company in 1954 and 1955 as a finder's fee of 10%, on the proceeds of certain of the above shares sold for cash, to Frank Austin, 87 Latimer Avenue, Toronto, and William Howden Thorburn, 28 Madison Avenue, Toronto, as principals. No other commissions have been paid by the Company or are payable on the sale of the above shares.

9. No securities, other than the shares mentioned above, have been created or issued by the Company.

10. (a) The original mining properties of the Company consisted of certain mineral rights and mineral lands acquired by the Company from Canada Radium Mines Limited by agreement dated August 27, 1954. By that agreement the Company acquired all the undertaking, properties and assets of Canada Radium Mines Limited in return for the allotment and issue to Canada Radium Mines Limited of 2,499,611 fully paid and non-assessable shares of the capital stock of the Company being equal to the number of shares of stock of Canada Radium Mines Limited then issued and outstanding. These shares were placed in escrow with Guaranty Trust Company of Canada, Toronto, Ontario, on the terms and conditions set out in paragraph 7 hereof. As further consideration for the aforesaid assets, the Company paid the debts of Canada Radium Mines Limited outstanding as at December 31, 1953, in the total amount of \$25,000.00. By supplementary letters patent dated July 20, 1955, the name of Canada Radium Mines Limited was changed to Belcroft Radium Mines Limited, with head office at 50 King Street West, Toronto, Ontario.

By agreement dated February 1, 1957, with Belcroft Radium Mines Limited ("Belcroft"), it was provided that the Company would retransfer to Belcroft the said assets, originally acquired from it as they then existed, and Belcroft would consent to the cancellation of 2,439,611 shares of the Company then registered in its name, being the residue of the vendor consideration originally paid by the Company to it as above outlined, 60,000 shares of the original 2,499,611 shares above referred to having been disposed of by Belcroft and not being available for cancellation. Supplementary letters patent granted to the Company on March 28, 1957, authorized the cancellation of the said 2,439,611 shares. The said assets were then reconveyed to Belcroft. Therefore, all and any mineral lands and mineral rights originally acquired by the Company under the agreement of August 27, 1954, were retransferred to Belcroft and are no longer the property of the Company. The Company entered into this agreement to reconvey these properties to Belcroft, upon the recommendation of its consulting engineers that the extensive exploration of the properties had failed to disclose a potentially commercial mining property worthy of maintenance in good standing, and for the further reason that cancellation of the said 2,439,611 shares would materially improve the treasury share position of the Company and would increase shareholders' equity in issued shares.

The mineral lands and mineral rights so acquired originally from Belcroft, for the aforesaid vendor shares of the Company consisted of certain mining properties in the Township of Cardiff in the Provisional County of Haliburton, comprising a total of approximately 7 lots, and including certain buildings, machinery and equipment acquired therewith. The Company spent a total sum of \$253,624.75 in exploration and development of these properties, during the period of their ownership by the Company. The buildings, machinery and equipment located on these properties were reconveyed to Belcroft, as the same were, in the opinion of the Company's Directors and its consulting engineers, suited only to those properties and not

# CANADA RADIUM CORPORATION LIMITED

## *Balance Sheet as at December 31, 1962*

### ASSETS

#### CURRENT:

Cash in banks .....		\$ 2,358.78
Advances to affiliated mining companies .....		711.05

#### INVESTMENT IN SHARES OF MINING COMPANIES:

At nominal value .....	\$ 4.00	
At market value .....	1,500.00	1,504.00

#### FIXED:

Interest in mining properties, for cash .....	\$ 8,000.00	
Mining properties — for cash .....	\$84,959.17	
— for 325,000 shares .....	20,250.00	105,209.17
Machinery and equipment, at cost .....	3,632.20	116,841.37
Deferred development and other expenditures (Exhibit 2) .....		203,813.22
Organization and recapitalization costs .....		7,775.00
		<u>\$333,003.42</u>

### LIABILITIES

#### CURRENT:

Accounts payable .....	\$ 8,143.41
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### SHAREHOLDERS' EQUITY

#### CAPITAL STOCK:

##### Authorized:

7,500,000 shares, no par value

##### Issued and fully paid:

	Shares	
For cash .....	4,669,100	\$769,184.51
For mining properties .....	325,000	20,250.00
For certain assets since abandoned .....	60,000	18,275.34
	<u>5,054,100</u>	<u>\$807,709.85</u>

Deficit (Exhibit 3) .....	482,849.84	324,860.01
		<u>\$333,003.42</u>

See accompanying notes to financial statements.

Approved on behalf of the Board:

“W. L. HODGSON”, Director.

“S. TAYLOR”, Director.

### AUDITORS' REPORT

To the Shareholders of  
Canada Radium Corporation Limited.

We have examined the balance sheet of Canada Radium Corporation Limited as at December 31, 1962, and the statements of deferred development and other expenditures and deficit for the period from incorporation August 23, 1954 to December 31, 1962. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying balance sheet, with the notes thereto, and statements of deferred development and other expenditures and deficit present fairly the financial position of the company as at December 31, 1962, and the results of its operations for the period from incorporation August 23, 1954 to December 31, 1962.

In our opinion, the accompanying pro forma balance sheet also presents fairly the financial position of the company at the same date after giving effect to the changes set forth in the heading thereof.

Toronto, Ontario,  
March 28, 1963.

V. D. HARBINSON & CO.,  
Chartered Accountants.

# CANADA RADIUM CORPORATION LIMITED

## STATEMENT OF DEFERRED DEVELOPMENT AND OTHER EXPENDITURES FOR THE PERIOD FROM INCORPORATION, AUGUST 23, 1954 TO DECEMBER 31, 1962

	Period from August 23, 1954 to December 31, 1960 (Note)	For the two years ended December 31, 1962	Total
<b>DEVELOPMENT EXPENSES:</b>			
Muliette property, Ontario			
Consultants' fees and expenses .....	\$ 2,425.05		\$ 2,425.05
Diamond drilling .....	16,983.09		16,983.09
Miscellaneous .....	1,090.75	\$ 19.80	1,110.55
Levack property, Ontario			
Surveys .....	2,516.27		2,516.27
Diamond drilling .....	10,620.70		10,620.70
Miscellaneous .....	1,298.42	66.00	1,364.42
Horn Silver, B.C. property			
Consultants' fees and expenses .....	7,221.24		7,221.24
Road construction .....	2,598.46		2,598.46
Supervision .....	17,407.26		17,407.26
Equipment rentals .....	10,712.64	246.61	10,959.25
Wages .....	24,115.71		24,115.71
Miscellaneous .....	2,509.74	1,670.29	4,180.03
Diamond drilling .....	12,439.09		12,439.09
Assays .....	1,447.42	4.95	1,452.37
Supplies .....	10,917.20		10,917.20
Travel and transportation .....	3,199.48		3,199.48
Workmen's compensation .....	3,316.37		3,316.37
Assessment work .....	850.00	1,475.39	2,325.39
Mattagami Lake Area property, Quebec			
Consultants' fees and expenses .....	4,447.66		4,447.66
Surveys .....	5,200.00		5,200.00
Recording fees and licenses .....	900.00		900.00
Diamond drilling .....	10,397.17		10,397.17
	<u>\$152,613.72</u>		<u>\$156,096.76</u>
Less: Revenue from ore shipments .....	2,800.41		2,800.41
	<u>\$149,813.31</u>	<u>\$ 3,483.04</u>	<u>\$153,296.35</u>
<b>ADMINISTRATIVE AND GENERAL EXPENSES:</b>			
Share issue .....	\$ 13,034.57	\$ 3,563.90	\$ 16,598.47
Shareholders' information .....	16,901.91		16,901.91
Shareholders' meeting .....	1,458.77	737.76	2,196.53
Legal and audit .....	10,871.48	620.88	11,492.36
Head office services .....	11,850.00	3,150.00	15,000.00
Secretarial .....	1,050.00		1,050.00
Fees and taxes .....	1,677.34	155.00	1,832.34
Printing and stationery .....	324.78	26.64	351.42
Bank charges .....	227.37		227.37
Directors' fees .....	3,525.00	250.00	3,775.00
Telephone and telegraph .....	608.20	7.10	615.30
Head office rent .....	1,975.00		1,975.00
Public relations .....	2,500.00		2,500.00
	<u>\$ 66,004.42</u>		<u>\$ 74,515.70</u>
Less: Interest earned .....	3,054.00		3,054.00
	<u>\$ 62,950.42</u>	<u>\$ 8,511.28</u>	<u>\$ 71,461.70</u>
	<u>\$212,763.73</u>	<u>\$11,994.32</u>	<u>\$224,758.05</u>
Deduct development expenses on abandoned properties (Mattagami Lake Area) written off to deficit .....			20,944.83
			<u>\$203,813.22</u>

NOTE: Date of last audited statement.

of sufficient independent value to be retained by the Company (where moveable) and used on any other property.

(b) The Company formerly held but does not now hold several mining properties in Ontario and in Quebec. These were as follows:

(i) 20 claims in Daniel Township, Province of Quebec, which were purchased in October, 1957, from DeVille Copper Mines Limited, 85 Richmond Street West, Toronto, for \$2,500.00 and were later allowed to lapse. The Company spent \$20,944.83 on this property in development prior to abandonment, which sum has been written off;

(ii) a 50% interest in 15 claims in the Township of Levy, Quebec, purchased in October, 1955, by the Company and certain partners from T. B. Horkins, Q.C., Temple Building, Toronto, for \$25,000.00. Pursuant to the vending agreement, these claims were sold in May, 1956, to Canamiska Copper Mines Limited ("Canamiska") by the Company and its said partners, the Company receiving 225,000 shares of Canamiska, of which 90% were escrowed. The said T. B. Horkins received 300,000 vendors shares of Canamiska. While these claims were held by the Company and its partners, the Company spent \$9,314.55 as its share of cost of exploration and development work, of which \$1,000.00 has been repaid in cash, the remainder being settled by the issue of treasury shares of Canamiska at 10¢ per share.

(iii) a 50% interest in 75 claims in the Townships of Privat, Aiguebelle and Destor, Province of Quebec, purchased in October, 1955, by the Company and its then partners for \$50,000.00 from Beattie-Duquesne Mines Limited, 320 Bay Street, Toronto. The Company and its partners sold such claims to Canalynda Copper Mines Limited in July, 1956, the Company receiving 250,000 vendors shares of Canalynda Copper Mines Limited, of which 90% were escrowed. While these claims were held by the Company and its partners, the Company spent \$26,569.42 as its share of the cost of exploration and development work.

(iv) The Company purchased in May, 1959, from Michael K. Duggan of St. Therese, Quebec, for \$400.00, 4 unpatented claims immediately adjacent to the holdings of the Company in Daniel Township, Quebec, referred to above. These claims were later allowed to lapse.

(v) In May 1959, the Company purchased from Michael K. Duggan aforesaid, for \$5,200.00, 18 claims in Desmazures Township, Quebec. These claims were later allowed to lapse.

(vi) The Company acquired from Robert Gilniour and William MacInnes, 8 King Street East, Toronto, in October, 1958, at a cost of \$200.00, a Petroleum and Natural Gas Permit in the James Bay lowlands of Ontario. The Permit was not protected past its first year and was allowed to lapse.

(c) The Company holds present interests in mining properties as follows:

(i) Lot 11, Concession 12, in the Township of Cardiff, County of Haliburton, Ontario, acquired August 2, 1955, from Laurence Jefferson, Prospector of Brampton, Ontario, for \$15,000.00 and 25,000 escrowed shares (and equivalent to 2,500 shares as now constituted) in the capital of this Company (since released). The Company has spent \$20,518.69 in exploration and development work on this property. The property is registered in the Registry Office for the said County of Haliburton as Number 2403 for the Township of Cardiff. It is not proposed to do any further work on this property. The Company will pay all taxes required to hold the property in good standing.

(ii) The Company has held a 25% interest in 12 claims in Levack and Cartier Townships, Sudbury Mining Division, Ontario, acquired in March, 1955, from Laurence Jefferson aforesaid, by the Company and certain partners. The Company paid \$8,000.00 as its share of the purchase price and in addition spent \$14,501.39 in exploration and development work. The property will not be protected and will be allowed to lapse on its present expiry date of May 7, 1963.

(iii) The Company holds under the laws of British Columbia, nine mineral claims located in the Osoyoos Mining Division of that Province and being two Crown granted mineral claims known as Horn Silver L 1928 and Silver Bell L 2393 (as registered in the Office of Land Titles at Kamloops) and seven unpatented mineral claims known as Silver Bell 1, 2, 3, 4, 5, 7 and 8 (recorded in the Office of the Mining Recorder at Penticton as Tag Number 6960N to 6966N inclusive). The claims are all recorded or registered, as the case may be, in the name of the Company. The Company is registered as an extra-provincial company under the laws of British Columbia.

This property was acquired by the Company from Peter Howard Campbell, 41 Davies Crescent, Toronto, who assigned to the Company his rights under an agreement dated October 7, 1957, granted to him by Gordon Frederick Ramsey, Ulrich Tishhouser and Howard Graham, (the

"Prospectors") all of Keremeos, British Columbia. The agreement between the Company and Mr. Campbell was dated December 4, 1957. Under his agreement with the Prospectors Campbell paid them \$3,000.00 and secured an option to buy the claims for a further \$60,000.00 and 100,000 shares in the capital of any company which might acquire the claims. The Company paid Mr. Campbell \$4,000.00 for the assignment of his option rights and an additional \$6,000.00 to exercise the rights, and allotted and issued 300,000 fully paid shares, whereof 100,000 shares were issued to the Prospectors and 200,000 issued to Campbell. Of such 300,000 shares, 90 per cent were escrowed. The Company exercised the option in full on October 7, 1960, by which date it had thus paid a total of \$70,000.00 and issued the said 300,000 shares. The 270,000 escrowed shares were later released from escrow. The aforesaid 300,000 shares are equivalent to 30,000 shares as presently constituted. The property which is commonly known as the Horn Silver Mine, has been protected by the Company, and is the Company's main asset. The Company has carried out considerable work on the property at an approximate cost of \$100,000.00, and particulars of such work are set out in the accompanying Report of C. J. Cryderman referred to below.

Save and except the persons named in this Prospectus, the signatories hereto know of no persons who received a greater than 5 per cent interest in the consideration paid by the Company in the acquisition of its mining properties, past or present.

11. No shares have been issued nor are to be issued, nor has any cash or other consideration been paid nor is the same to be paid to any promoter for promotional services.

12. As disclosed in paragraph 10 of this Prospectus, the Company presently holds interests in three mining properties, namely, the Horn Silver Mine near Keremeos, British Columbia; a property held under deed, and consisting of one lot in Cardiff Township, Haliburton area, Ontario, and a 25% interest in 12 unpatented claims in Cartier and Levack Townships, Sudbury Mining Division, Ontario.

The Company will allow the Cartier-Levack claims to lapse on May 7, 1963 and no work will be done. The property in Cardiff Township will be protected but no work will be done.

The efforts of the Company will be directed towards further exploration at its British Columbia silver prospect. The Report of C. J. Cryderman dated February 26, 1963, and covering such property is reproduced as a part of this Prospectus and reference is made to such Report. The Report sets out the location of the property and its accessibility, the general and local geology and topography, the history of the property, both under previous holders and under the Company since re-opening in the spring of 1958, the development of and production from the property prior to the Company's acquisition, and a statement of work done since 1958 by the Company. The Report also contains recommendations for further exploratory work as therein described.

No plant or equipment is located on the Cartier-Levack claims, or on the Cardiff Township property. There are workings at the British Columbia property as outlined in the said Report. There are miscellaneous small pieces of equipment owned by the Company at the Horn Silver Mine, having a book value of \$3,600.00 and a present value of \$500.00.

13. The Company has entered into a financing agreement dated March 27, 1963, with Barrett, Goodfellow & Co., registered security dealers, 330 Bay Street, Toronto ("Barrett") whereunder the Company will be provided on the closing date of such agreement with \$40,000.00 for its immediate purposes.

The said agreement provides that on the closing date Barrett will purchase 400,000 shares of the Company (as reconstituted) at 10 cents per share. Barrett is also committed to purchase an additional 100,000 of such reconstituted shares at 12½ cents per share within 60 days of such effective date.

In consideration of the said total commitment of \$52,500.00 made by Barrett, and provided that it has been duly met, Barrett holds options from the Company on a total of 500,000 reconstituted shares of the Company, being 100,000 shares at 12½ cents per share exercisable within 6 months of the effective date; 200,000 shares at 15 cents per share exercisable within 9 months of the effective date and 200,000 shares at 17½ cents per share exercisable within 12 months of the effective date. Such options may be exercised at any time, from time to time, and in whole or in part provided that the options are in good standing. The agreement contains a provision that if Barrett fails to purchase the whole or any part of the options when due, the option rights do not automatically terminate unless and until the Company has given Barrett notice of default and Barrett has failed to cure the default within 15 days. Failing the curing of such default, the agreement will terminate after such 15 days. In the event of a default and the subsequent termination of Barrett's option rights, or in the event of any variation or amendment of the terms of the agreement, the Company is required to file at its expense an amendment to this Prospectus if shares are in primary distribution and Barrett requires such filing.

The Company has agreed with Barrett that all money received under the agreement (save only that spent on ordinary operations and to pay existing liabilities) will be spent on exploration of the silver

prospect near Keremeos, British Columbia, unless otherwise agreed to by Barrett.

The closing date of the agreement is defined as being within two days of the happening of the last in point of time of the following conditions:

(a) the issue of supplementary letters patent to reconstitute the Company's capital and change its name, as above set out (which supplementary letters patent have been issued);

(b) the confirmation of the agreement by the shareholders of the Company (which confirmation has been given);

(c) the acceptance for filing of this Prospectus under Section 38 of The Securities Act (Ontario).

Barrett has entered into the agreement partly on its own behalf as principal and partly on behalf of certain clients, who will pay Barrett the usual brokerage commission at Toronto Stock Exchange rates for acting as their agent with respect to shares taken down and purchased for their accounts. The clients on whose behalf Barrett has so acted are Amko Investments Limited ("Amko") 366 Bay Street, Toronto and Dingman Creek Oil and Gas Company Limited ("Dingman") Suite 202, 170 Bay Street, Toronto.

The respective percentages of interest in the agreement are Barrett — 50%; Amko — 25%; Dingman — 25%.

The persons owning a greater than 5 per cent interest in Barrett and in its said clients respectively are as follows: Barrett — Richard Pelly Barrett, 16 Rosemary Lane, Toronto; Rene A. Goodfellow, 42 Glen Elm Avenue, Toronto; Amko — Alfred Kotelko, 24 Tyndall Avenue, Toronto; Dingman — Albert Weiss, 52 Cluny Drive, Toronto.

Shares purchased under the aforesaid agreement may be distributed to the public by Barrett, or through the medium of other registered security dealers acting either as principals or as agents, on such commission arrangements as may be made between Barrett and its said clients and such other dealers. Provided that same shall be in accord with commission rates permissible under Toronto Stock Exchange practice or if separately arranged, shall not exceed a mark-up of one cent per share where sold to a principal (whether a registered security dealer or otherwise) and in the case of a commission shall not exceed 25 per cent plus an allowance (not to exceed an additional 15 per cent) towards selling expenses. There are no sub-underwritings or sub-options extant or proposed.

14. The proceeds to the Company from the aforementioned sale of the 400,000 shares underwritten at 10 cents and the 100,000 shares underwritten at 12½ cents, will be used by the Company to pay existing liabilities, to pay ordinary expenses and thereafter in exploration of its silver prospect at Keremeos, British Columbia in keeping with the recommendations of its consultants. It is estimated that \$40,000.00 will be expended in the first phase of the recommended program. Reference is made to the Report of C. J. Cryderman dated February 26, 1963, which accompanies and forms a part of this Prospectus.

15. No indebtedness (other than those for legal, audit and printing services in connection with this Prospectus, and estimated not to exceed \$1,500.00) is to be created or assumed, other than the ordinary operating expenses of the Company, which is not shown in the balance sheet of the Company reported on by V. D. Harbinson & Co., the Company's auditors, as at December 31, 1962, which balance sheet accompanies and forms a part of this Prospectus.

16. The particulars as regards the business in which each Director and Officer has been engaged for the past three years are as follows:—

WILLIAM LEONARD HODGSON.....	(President and Director) Accountant with the National Trust Company Limited, Toronto, Ontario.
GEORGE WALTERS WHITCOMBE.....	(Director) Division Manager, United Accumulative Fund, 1 Duke Street, Hamilton, Ontario.
SAM TAYLOR, F.C.I.S.....	(Secretary-Treasurer and Director) Chartered Secretary, Self-employed, in the City of Toronto, Ontario.
HAROLD D'ARCY BAKER.....	(Director) Life Underwriter with Confederation Life Association, Toronto.
JOHN FRANKLIN MACKEY.....	(Vice-President and Director) Property Manager, Real Estate Department of National Trust Company Limited, Toronto, Ontario.

18. During the last two fiscal years the Directors of the Company were paid directors' fees in the total sum of \$250.00 being at the rate of \$25.00 plus expenses of each meeting attended by them, and the Secretary-Treasurer was paid a total of \$3,150.00 for secretarial, accounting and head office services rendered to the Company.

19. No dividends have been paid to date.

20. At the present time there is no person, firm or corporation nor any known combination of persons, firms or corporations which by reason of beneficial ownership of shares of the Company is in a position to elect or cause to be elected a majority of the Directors of the Company.

21. The Company owns 408,000 shares of Canamiska Copper Mines Limited (of which 202,500 shares are escrowed), acquired at a total cost of \$30,800.00, and having no present market value. The Company owns 350,000 shares of Canalynda Copper Mines Limited (of which 225,000 shares are escrowed), aquired at a total cost of \$35,000.00 and having no present market value. There are no material facts with relation to the securities of the Company requiring disclosure under The Securities Act (Ontario) other than those above set forth. The signatories hereto are not aware of any present or proposed arrangement whereby any vendor shares of the Company will be sold or given to any person or persons as a bonus or otherwise. Vendor shares released from escrow, and treasury shares previously purchased for cash may be offered and sold hereunder, and the proceeds of such sales will not be paid to the Company.

Dated this 30th day of April, 1963.

WE, the undersigned Directors hereby certify that the foregoing constitutes full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required under Section 38 of The Securities Act (Ontario) and there is no further material information applicable other than under the Financial Statement or Reports where required.

DIRECTORS:

W. L. HODGSON

S. TAYLOR

G. W. WHITCOMBE

H. D. BAKER

J. F. MacKAY

AND WE, the undersigned Underwriter-Optionee, hereby certify that to the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required under Section 38 of The Securities Act (Ontario) and there is no further material information applicable other than under the Financial Statement or Reports where required. In respect of matters which are not within our knowledge, we have relied upon the accuracy and adequacy of the foregoing.

UNDERWRITER-OPTIONEE:

BARRETT, GOODFELLOW & Co.

Per: R. A. GOODFELLOW



REPORT ON THE  
**CANADA RADIUM CORPORATION LIMITED**  
(HORN SILVER MINE)  
OSOYOOS MINING DIVISION — BRITISH COLUMBIA

### SUMMARY

The Canada Radium Corporation property is located on the west facing slope of Richter Mountain on the east side of the Similkameen valley 12 to 13 miles southward down the valley from the town of Keremeos, in the Osoyoos Mining Division of British Columbia.

The property was originally staked in 1901 and has been worked intermittently by leaser-type operation since the early years of the First World War, the ore being mined through adits.

The property consists of nine mineral claims, seven of which are location claims and two Crown grant claims, comprising approximately 350 acres.

A system of flat to gently dipping quartz veins carrying gold and silver values of commercial interest occur on the property which has produced an estimated 895 oz. gold and an estimated 342,500 oz. of silver.

This property has sufficient merit to warrant further investigation. Through diamond drilling and re-sampling underground, an attempt will be made to establish enough ore of sufficient grade to justify a mining and milling operation.

### INTRODUCTION

This report describes the workings and property of Canada Radium Corporation Limited formerly known as the Horn Silver Mine in the Similkameen District of British Columbia. The information contained in this report was not obtained from personal examination of the property, but from formal reports written by Mr. B. W. W. McDougal, B.A., B.Sc., P.Eng., Consulting Mining Engineer of Vancouver, B.C., Mr. J. D. McCannell, Consulting Geologist, Toronto, Ontario, the correspondence and progress reports of Mr. Herbert Parliament, M.E., P.Eng., who supervised the last development work carried out on the property. The writer also had a joint discussion of the property with Mr. McCannell and Mr. Parliament. It was felt that so little could be added to the picture by a visit to the property that it would not justify the added expense of doing so.

### PROPERTY

The property consists of seven location claims designated Silver Bell Nos. 1, 2, 3, 4, 5, 7 and 8 and two Crown granted claims, designated Horn Silver No. L 1928 and Silver Bell No. L 2393 for a total of nine claims comprising approximately 350 acres.

### LOCATION AND ACCESS

The nine claim group is located on the west facing slope of Richter mountain, on the east side of the Similkameen valley about 12 miles south of the town of Keremeos and less than four miles north of the Canada-United States boundary line.

The Similkameen Valley is serviced by the Great Northern Railway running north from points in the State of Washington to Keremeos and by hard surface highways. The southern link of the Trans-Canada Highway passes through Keremeos. A black top highway leading southerly down the Similkameen Valley passes several hundred feet west of the west boundary of the property. A tractor road extends from the highway to the workings on the mountain side, a distance of about 3,000 feet. The distance from the Canada Radium property to Vancouver is approximately 238 miles; to Penticton 45 miles.

### TOPOGRAPHY

The terrain is mountainous with elevations at the bottom of the Similkameen Valley of 1,200 feet and isolated mountain peaks with elevations up to 6,000 feet above sea level. Richter mountain in the immediate vicinity of the property rises from the valley floor to an elevation of 4,760 feet above sea level.

The property is located on the western slope of the mountain and extends downward to the margin of the valley. The mine workings are located at an elevation of 2,622 feet above sea level and a vertical distance of 1,422 feet above the valley floor. The mine workings commence on the nose of a salient about 100 feet above the confluence of two gulches that cut the face of the mountain. The slopes vary from gentle, at the margins of the valley, to almost precipitous in places. These gulches are dry watercourses except during the spring run-off. The climate is mild and dry, annual precipitation seldom exceeds six to eight inches.

## SERVICES

Good transportation facilities exist for shipping of ore, or concentrates and the bringing in of equipment and material.

The forest growth on the property is park-like with little undergrowth, the trees scattered, but might provide sufficient timber for the initial phases of a mining operation. There is an adequate supply of mine timber available in the general area.

Dependable electric power is available. An electric power transmission line runs southerly down the Similkameen valley and passes a few feet from the western boundary of the Canada Radium Property.

The Similkameen river will supply abundant water for all purposes. A flow of water in the east adit of the workings will supply sufficient water for diamond drilling and limited development work.

## HISTORY

The first claim of the Horn Silver group was staked in 1901 and it has been stated that the first ore shipped from the region was from the Horn Silver mine. These original operations were serviced by horse drawn transport over rough roads. In 1907 a branch line of the Great Northern Railway was completed to Princeton, giving rail service to the Similkameen valley and points south. The property was worked energetically through the years 1915-1921. Intermittent leaser-type operations were carried on between 1922 and 1927. Some salvage work appears to have been done during the period 1927 to 1957. The mine was reopened by Canada Radium Corporation in the early spring of 1958 and a program of exploration was carried out. This work was suspended in the fall of 1959.

## GENERAL GEOLOGY

The rocks underlying the general area range from Palaeozoic to upper Cenozoic. East of the Similkameen valley Carboniferous quartzite, schist and greenstone. To the west of the valley Triassic greenstone, basalt flows, sills and bosses, some diorite, chert and tuff. The whole is intruded by numerous bodies of Upper Mesozoic or Jurassic age. The intrusive rocks consist of granite, granodiorite, diorite, syenite, hornblendite and pyroxenite. The floor of the Similkameen valley is overlain by a recent alluvium and glacial drift. The syenite and granodiorite in the vicinity of the Canada Radium Corporation ground exhibit a concentrically zoned structure centered about four miles south of the property. The outer zone of the syenite is half a mile wide and rich in dark minerals, mainly pyroxene. Inward from this a second zone composed of medium grained, dark, and more feldspathic alkali syenite forms the main part of what is known as the Kruger syenite and extends from the Similkameen river to the International boundary. Inward from this a third zone, about 1,000 feet wide, follows the contact between the Kruger syenite and the granodiorite. This zone is coarser grained and more feldspathic than the rocks of the other two zones. This zone is also continuous from the Similkameen valley to the International boundary. The granodiorite adjacent to it and for over a mile from it contains syenitic phases. The quartz veins carrying gold and silver on the Canada Radium Corporation property occur in the Kruger syenite.

## LOCAL GEOLOGY

The Canada Radium Corporation claims are underlain entirely by hornblend syenite. Flat lying quartz veins carrying good values in gold and silver occur in the syenite. The veins strike approximately east-west and dip from 0° to 30° southerly over most of the explored portion. In the northwest one of the veins dip from 0° to 25° northerly. The veins pinch and swell and in places split into strands to include horsts of host rock up to five or six feet, some of which may be threaded in part by stringers of vein material. The veins come together after short distances. These veins have been traced by adit and diamond drilling over a distance of 900 feet in length. The average width of the vein would probably be between 1.5 feet and 2 feet. In places the vein is soft and crumbly while other sections are hard, banded quartz. In most cases the vein is frozen to both walls. The veins are mineralized rather sparsely with pyrite, galena, sphalerite, and minor grey copper. The minerals of main interest in the vein are native silver, argentite and cerargente along with an appreciable gold content. The gangue minerals are mainly quartz

with minor carbonates. The host rock along with the included vein has been displaced by many faults. In many places the fault gouge carries significant gold and silver values. Samples of fault gouge taken by J. D. McCannell in the east adit assayed 0.23 oz. gold per ton and 31.97 oz. silver per ton. Silver is also found in cracks and crevices which in many places extend downward from the foot wall of the vein. The veins have not been explored beyond 75 to 200 feet below the present surface, therefore weathering is rather severe.

## DEVELOPMENT AND PRODUCTION

The silver-gold occurrence on the Canada Radium Corporation property was partially developed by two adits referred to as the east and west adits. The portals of the two adits are located about 625 feet apart in a northwest-southeast direction. From these portals a labyrinth of drifts, cross cuts, sub drifts, raises, stopes and gophers was created by the leaser-type operations carried out up to 1957.

From these operations an estimated 342,500 oz. of silver, and 895 oz. of gold was produced. These figures were compiled by Mr. B. W. W. McDougall using the details from 75 separate shipments of ore made from the property. The average gold content from the 75 shipments was 0.158 oz. per ton, the average silver content 57 oz. per ton. The dollar value at present day prices would be \$5.53 per ton gold and silver at \$1.35 per oz. would be \$76.95. Total dollar value per ton — \$82.48. The highest silver assay for a shipment was lot 35 which assayed 485.7 oz. per ton or \$655.79 per ton. The highest gold assay for a shipment was lot 22 which assayed 1.34 oz. or \$47.25 per ton. Much of this ore was probably hand sorted before shipping.

Canada Radium Corporation made several shipments of high grade from the property in the months of September and October 1958; one to the smelter at Trail, B.C. of 42,0165 tons assaying .206 oz. gold and 56.74 oz. silver per ton, and one to the smelter at Tacoma, Washington of 12,389 tons which assayed .45 oz. gold and 117.73 oz. silver per ton.

During 1958 and 1959 Canada Radium Corporation reopened and carried out a rehabilitation, development, and exploration program. A tractor trail was bulldozed from the margin of the valley to the workings. This trail is steep and crooked but negotiable by jeep or tractor unless ice covered. Unsafe workings were re-timbered, track was re-layed, air and water lines installed where required for the purposes of the exploration and development planned. A transit survey was made from the highway to and including the main adit level of the workings. A tape and compass survey was made of the sub-levels, raises, stopes, etc. that were accessible. Much of the old workings was mapped and sampled.

A diamond drill program was started in July 1958 and nine holes were drilled in the east and northeast workings. The results of this drilling indicated the continuity of the veins to a distance of about 550 feet to the northeast of the east portal. This drilling was discontinued after drilling 1,721 feet. Following this a cross cut was driven northwesterly for a distance of 325 feet. From the end of this cross cut a raise was put up some 60 feet to investigate the area where good results had been obtained from the drilling. Two veins were intersected in the raise some 25 feet apart. The lower vein where it intersected was faulted some three feet, was from 2.0 feet to 3.0 feet wide and carried low values in gold and silver. The upper vein was well mineralized and assayed as high as .04 oz. gold and 17.84 oz. silver per ton across 20 inches and another sample assayed .24 oz. gold and 52.44 oz. silver per ton across 24 inches. About 25 feet of sub-drifting done on this vein and values up to .09 oz. gold and 170.1 oz. silver per ton across one foot was obtained. A second raise, put up from a point some 30 feet west of the first in the northwest cross cut broke into the old workings from the west adit. Caving between this point and the west portal prevents entry through that opening.

A series of inclined, up holes, were drilled at 50 foot intervals from the northwest cross cut both north and south, and a number of holes was fanned out from the end of the cross cut. The intersections in these holes indicate the continuity of the vein system along the north side of the old workings from the northeast cross cut to a point 140 feet northwest of the west end of the cross cut. The area east of the northeast cross cut and north of the east drift has not been explored by diamond drilling but some old workings above the level have explored the vein for about 100 feet east of the cross cut. Good values were obtained from sections of the vein exposed here.

A bulk sample of 200 pounds was taken from most of the ore exposures in the mine. The sample was crushed to minus 1 inch in size and split to make a sample of 100 pounds for a mill test. This sample assaying .10 oz. gold and 41.7 oz. silver per ton was sent to the ore testing division of the Denver Equipment Company, Denver, Colorado, and was found to respond favourably to gravity and flotation procedures to yield high grade concentrates.

The exploration and development work carried out by Canada Radium Corporation Limited was under the supervision of Mr. Herbert Parliament, an efficient and reliable mining engineer of broad experience.

Although estimates of ore reserves have been made from time to time, these do not represent proven ore and were based in some respects on speculation. It is therefore essential that further exploration work be carried out before definite ore reserves can be calculated.

## CONCLUSION AND RECOMMENDATIONS

The exploration and development carried out by Canada Radium Corporation Limited, indicates the continuity of the vein system over an area of about 100,000 square feet. This does not include the veins in the vicinity of the east drift.

The results of sampling of the exposures of the vein system in the old workings shows sufficient grade to suggest commercial ore at the current prices of gold and silver. This is more significant when it is considered that these are the faces of the lower grade sections left by previous operators. Using a method of selective stoping, modified to suit local conditions, and removing only the waste rock necessary to provide space to work, this type of vein system should produce a suitably high grade ore for mill feed for an operation of 50 tons per day. It should be possible to upgrade mill feed by installation of a sorting belt.

It is recommended that a program of diamond drilling be undertaken to establish sufficient ore reserves to warrant a mining and milling operation. Five thousand feet of drilling would be required. It is the writer's opinion that diamond drilling could be carried out much more economically and effectively from surface.

The drilling should be carried out to investigate the extension of the vein both up dip and down dip from previous operations, also several holes should be drilled deep enough to investigate the possibilities of parallel veins. The drilling should be carried out with "A" diameter equipment, or with "B" equipment if necessary to obtain the best core recovery possible.

Simultaneously with the drilling, sampling of the underground working should be carried out to check the previously reported grades and endeavour to determine the tonnage of ore available.

Forty thousand dollars should be made available for this which will be sufficient to cover the cost of diamond drilling, sampling, assaying, equipment and supervision.

Respectfully submitted,

C. J. CRYDERMAN,  
Graduate Provincial Institute Mining.

February 26th, 1963,  
Toronto, Ontario.

## DECLARATION

I, C. J. CRYDERMAN, of the City of Peterborough, in the Province of Ontario, hereby declare:—

1. I am a graduate of the Provincial Institute of Mining at Haileybury, Ontario. Date of graduation — 1947.
2. I have been employed in responsible positions in all phases of mining from prospecting through development to production for a period of over thirty years.
3. The information contained in the accompanying report is based on general knowledge of the area from previous employment in southern British Columbia; from reports on the property prepared by Mr. B. W. W. McDougall, B.A., B.Sc., Consulting Mining Engineer, Vancouver, B.C., Mr. J. D. McCannell, Consulting Geologist, Toronto, Ontario; the personal files of Mr. J. D. McCannell, and the Company files; also joint discussions with Mr. J. D. McCannell and Mr. Herbert Parliament under whose direction and supervision the most recent exploration and development work was carried out; the Geological Survey of Canada map No. 341A and marginal notes.
4. That I have no direct or indirect interest, whatsoever, in the mineral claims or shares of Canada Radium Corporation Limited. I do not expect to receive any interest either direct or indirect in the property or shares of Canada Radium Corporation Limited in the future.

Dated at Toronto, Ontario, this 26th day of February, 1963.

C. J. CRYDERMAN.

# CANADA RADIUM CORPORATION LIMITED

## *Statement of Deficit*

AS AT DECEMBER 31, 1962

Write-off of development expenses incurred on abandoned properties .....	\$274,738.33
Loss on disposal of capital assets (note) .....	43,275.34
Write-off of finder's fee .....	51,000.00
Write-down of advance and investments in mining companies .....	105,536.17
Mining properties written off .....	8,300.00
	<u>\$482,849.84</u>

NOTE: Loss resulting from agreement with Belcroft Radium Mines Limited in February 1957, section 10 (a) of the prospectus.

## *Notes to Financial Statements*

AS AT DECEMBER 31, 1962

- The company proposes to request the approval of its shareholders for an application for supplementary letters patent:
  - To change the name of the company to Santos Silver Mines Limited.
  - To re-organize its capital by the pro rata cancellation of 4,548,690 issued existing shares, leaving 505,410 shares in the hands of the present shareholders (the consolidated shares) and by the increase of the capital of the company to 5,000,000 consolidated shares without par value by the creation of 2,048,690 consolidated shares to rank equally with the then issued 505,410 consolidated shares and the 2,445,900 unissued existing shares in the capital of the company.
- An underwriting agreement dated March 27, 1963 has been entered into for 400,000 consolidated shares of the company at \$.10 per share, payable on the closing date and 100,000 consolidated shares of the company at \$.125 per share, payable within 90 days thereof. The closing date being when all the following conditions are fulfilled, namely:
  - The issue of supplementary letters patent to the company as set out in note 1.
  - Confirmation of the underwriting and option agreement by the shareholders of the company at the annual and general meeting of shareholders.
  - The acceptance for filing by the Ontario Securities Commission of a prospectus.
  - The provision to the underwriter of an opinion by counsel to the effect that the company has taken all the necessary corporate steps to effect all of the foregoing, and that the shares to be purchased by the underwriter have been legally created and are available for legal allotment and issue and public distribution.

In consideration of the aforesaid underwriting agreements, there is an option outstanding to sell 500,000 consolidated shares at prices of \$.125, \$.15 and \$.175 per share, within 6, 9 and 12 months after the closing date.

# SANTOS SILVER MINES LIMITED

## *Pro Forma Balance Sheet*

AS AT DECEMBER 31, 1962

The pro forma balance sheet gives effect to the following:

- (a) Change of name of the company from Canada Radium Corporation Limited to Santos Silver Mines Limited.
- (b) Re-organizing the capital by the pro rata cancellation of 4,548,690 issued existing shares, leaving 505,410 shares in the hands of the present shareholders (the consolidated shares) and by the increase of the capital without par value by the creation of 2,048,690 consolidated shares to rank equally with the then issued 505,410 consolidated shares and the 2,445,900 unissued existing shares in the capital of the company.
- (c) The write-off of the cost (\$8,000.00) of the 25% interest in the claims in Levack and Cartier Townships, Sudbury Mining Division.

### ASSETS

#### CURRENT:

Cash in banks .....		\$ 2,358.78
Advances to affiliated mining companies .....		711.05

#### INVESTMENT IN SHARES OF MINING COMPANIES:

At nominal value .....	\$ 4.00	
At market value .....	1,500.00	1,504.00

#### FIXED:

Mining properties — for cash .....	\$84,959.17	
— for 32,500 shares (note) .....	2,025.00	\$ 86,984.17
Machinery and equipment, at cost .....	3,632.20	90,616.37
Deferred development and other expenditures .....		203,813.22
Organization and recapitalization costs .....		7,775.00
		<u>\$306,778.42</u>

### LIABILITIES

#### CURRENT:

Accounts payable .....	\$ 8,143.41
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### SHAREHOLDERS' EQUITY

#### CAPITAL STOCK:

##### AUTHORIZED:

5,000,000 shares, no par value

##### ISSUED AND FULLY PAID: (note)

	Shares	
For cash .....	466,910	\$ 76,918.45
For mining properties .....	32,500	2,025.00
For certain assets since abandoned .....	6,000	1,827.53
	<u>505,410</u>	<u>\$ 80,770.98</u>

Contributed surplus .....	708,713.87	
	<u>\$789,484.85</u>	
Deficit .....	490,849.84	298,635.01
		<u>\$306,778.42</u>

NOTE: The issued shares were reduced by nine-tenths of their stated value, namely \$726,938.87, of which \$708,713.87 was credited to contributed surplus and \$18,225.00 to the cost of mining properties acquired for shares.

Approved on behalf of the Board:

"W. L. HODGSON", Director.

"S. TAYLOR", Director.