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REPORT ON THE

1967 DRILLING PROGRAMME

AT THE

SILVER KING MINE

FOR

NEW CRONIN BABINE MINES LIMITED

by

M. K. Lorimer, P.Eng.

November 8, 1967

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November 8, 1967

The President and Directors,
New Cronin Babine Mines Limited,
Vancouver, B. C.

Dear Sirs:

The following report describes the diamond drilling done at the Silver King Property in 1967 and summarizes the fiscal position of the property as a result of the increased tonnage of proven ore and the recent changes in metal prices.

SUMMARY:

The recent diamond drilling at the Silver King has proven an additional 19,300 tons of ore in the area of the open pit. This ore averages 9.2 ounces of silver per ton, 1.7 per cent copper and 0.7 per cent lead over a width of 5.6 feet. The average net smelter return value is $27.66 per ton after dilution.

A comparison of the positions prevailing in December, 1966, and October, 1967 as a result of the increased reserves and the changes in metal prices shows that the Net Smelter Return Value of the ore has increased from $1,696,000 to $2,440,000 and that the anticipated profit has increased from $101,000 to $486,000.

GENERAL:

A diamond drilling programme to prove the Silver King ore formerly classified as "probable" was started in September and completed in October, 1967.

GENERAL: (Continued)

Two drills were used. An x-ray drill owned and operated by N. Dootoff drilled 17 short holes for a total of 686 feet in the Bonanza area. T. Connors, using a standard drill, completed 9 holes for a total of 1,905 feet in the area immediately east of the large open pit.

RESULTS:

(a) Bonanza Area: The results in this area were disappointing. Only 3 of the holes made ore intersections and these were so widely scattered that they cannot be consolidated into calculable deposits. At best, there are a few hundred tons of commercial ore in this area.

(b) Open Pit: The holes in this area were laid out to intersect the main vein and a vein which branches out into the footwall. Six ore intersections were made. As a result of this drilling and previously-taken samples, 19,300 tons have been added to the proven ore reserves as shown in the following table.

Vein	Tons	Width	Silver oz/ton	Copper (%)	Lead (%)	Net Smelter Return Per Ton
Main	6,100	7.3	8.4	1.6	0.1	$24.76
Footwall	13,200	4.8	9.5	1.8	1.0	29.00
Totals & Averages	19,300	5.6	9.2	1.7	0.7	$27.66

The total net smelter return value of this additional ore is $534,000.

ORE RESERVES:

The metal prices used in the following discussion are those in effect in the last week of October, 1967. The price of silver is expected to continue to rise but the price of copper may weaken since the present high prices are partly due to labour troubles in various parts of the world.

The following table summarizes the ore reserve and profit position of the property for December 1966 and October, 1967. In calculating operational and capital costs, an increase of 5 per cent has been included for the October 1967 figures.

ORE RESERVES: (Continued)

	December 1966	October 1967	
Metal Prices: Silver	1.295	1.841	(U.S.)
Copper	0.498	0.489	(U.S.)
Lead	0.14	0.14	(Can.)
Net Smelter Return: Silver	0.99	1.60	(Can.)
Copper	0.39	0.35	(Can.)
Lead	0.06	0.06	(Can.)
Average Net Smelter Return Value of ore in place per ton	26.76	29.50	
Total proven tons	63,403	82,720	
Total Net Smelter Return value of ore in place	1,696,000	2,440,000	
Development production and Capital costs	1,595,000	1,984,000	
Anticipated profit	101,000	486,000	

CONCLUSIONS:

The ore located in 1967 represents an important addition to the established ore reserves.

The grade and the width of the ore are satisfactory and it is so located that development costs will not be high.

Yours very truly,

L. J. MANNING & ASSOCIATES LTD.

M. K. Lorimer, P. Eng.

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