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103/06

EXPLORATION AND DEVELOPMENT PROGRAMME
OF QUEEN CHARLOTTE ISLANDS.

Present Status

Silver Standard Mines Limited owns or has option agreements on a total of 30 claims in the Harriet Harbour area. We are also in the process of acquiring claims on three other magnetite and one copper showing on Moresby Island. These locations, as well as other known magnetite locations, are shown on the accompanying map of the Queen Charlotte Islands.

The deposits and their economic significance are discussed in Mr. R. E. Legg's report of March 6th, 1959.

Proposed Programme

Silver Standard proposes to explore and develop Moresby Island in the following manner:

1. Carry out a ground magnetometer survey of the Jessie (Lot 1861) mineral claim.
2. Diamond drill the Jessie, Dingo, and Magnet magnetite occurrences to place their estimated potential in a proven category.
3. Carry out an areal magnetometer survey over some of the favourable areas of Moresby Island.
4. Follow up this areal survey with ground surveys and, where warranted, packsack diamond drilling.
5. Prospect in the areas favourable for iron or copper mineralization.

Estimated Costs

The costs of this programme and property payments required up to January 1st, 1960, are as follows:

Silver Standard Expenditures to March 15, 1959	\$20,000.00
Exploration Programme	30,000.00
Diamond Drilling Programme	40,000.00
Property Payments	<u>22,000.00</u>
Total -	\$112,000.00

Total payments to purchase all properties amount to \$281,000.00, of which \$111,000.00 is payable over a period of three years, and \$170,000.00 is payable as a royalty on iron produced.

Methods of Financing

Two alternatives are suggested here - either one being agreeable to Silver Standard Mines Ltd.

No. 1 Alternative

Silver Standard would retain a 25% equity for doing the underlying exploration; for their knowledge of the area, and for initiating the programme. The remaining 75% could be divided in various ways and we are suggesting the following:

<u>Company</u>	<u>% Interest</u>	<u>Cost</u>
Silver Standard	62½	\$56,000.00
X	<u>37½</u>	<u>56,000.00</u>
Total -	100	<u>\$112,000.00</u>

It will be realized that "X" could represent a number of interests and that their percentage could be up to 50%.

No. 2 Alternative

A public company be formed and Silver Standard would obtain vendor's stock for the claims held. Silver Standard would also underwrite a portion of the shares issued for cash. The remainder could be underwritten by brokers, other mining companies, or individuals. Only \$112,000.00 would need to be raised by the initial underwriting.

Further financing would be dependent upon the results of the exploration and development programme.