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Swakum mtn. Property

MEMORANDUM:

21 January 1959

TO: Mr. W.S. Row ✓
Mr. E.O. Chisholm

re: Torwest Resources
Swakum Mountain Property

WSR

On January 16th, Mr. Robert Falkins submitted Torwest Resources, Swakum Mountain Property, for our consideration.

This property, on the east rim of the Highland Valley, lies 6 miles due north of Nicola, B.C., and is accessible by motor road from that town. It also is located 4 miles due east of Guichon Creek and 10 miles north-east of the Craigmont ore body. During World War II some tungsten was mined from these claims. Several showings of massive copper-bearing sulphides are exposed on the group. These sulphides consist primarily of pyrite, chalcopyrite and pyrrhotite. During the summer of 1958 four trenches were bulldozed on the west flank of the ridge, which trends in a south-westerly direction to Swakum Mountain. All four of these trenches exposed massive copper bearing sulphides and samples taken from them averaged 0.75% Copper to 2.5% Copper. Dr. Bell, of Noranda, has examined the trenches and states that he failed to obtain a conductor over this zone when he tested it with the Crone Wedge Type electromagnetic instrument.

At the north end of the ridge leading to Swakum Mountain is an old test pit from which 26 tons, averaging 4.6% Copper, were shipped. Sherwin Kelly is currently conducting a spontaneous polarization survey over the group. The control line for the first stage of his survey is run from the test pit in a direction South 30° West. In the course of this initial stage of the survey, Kelly has obtained, along this ridge which leads to Swakum Mountain, an anomaly which appears to be of considerable significance. This anomaly consists of three distinct sections which have a combined length of 2,000 feet. Mr. Falkins received a phone call from Vancouver, stating that

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a trench, 30 feet in width, bulldozed through the high point of this anomaly had exposed massive sulphides. No assays have been received on the sulphides to date, but some results are expected within a week's time. The anomaly lies along a greenstone-limestone contact. Mr. Kelly now plans to run a similar survey over the zone on which the four trenches were previously bulldozed, along the north-west flank of this same ridge, and approximately 1,000 feet north-west of his present anomaly.

Jim Scott, Consulting Engineer of Vancouver, is in charge of the work on this 178-Claim group and has a crew of approximately 20 men under his direction.

Mr. Falkins states that the price paid for the group was \$30,000.00 cash and 300,000 shares of Torwest stock. He also states that \$50,000.00 has been spent to date on these claims. The Torwest directors consider that an additional \$50,000.00 is required to diamond drill the present anomaly and to complete the S.P. survey on the remainder of the group. In order to do this, Mr. Falkins would like our company to underwrite 100,000 shares of Torwest stock at the best price permitted by the Superintendent of Brokers in B.C. Since this stock is currently selling at 70 to 75 cents, the price would possibly be in the neighborhood of 55¢ and would put an additional \$55,000.00 into the treasury. Mr. Falkins states that of the five million shares of Torwest capitalization, approximately 1,300,000 are issued. Moreover, 810,000 shares of vendors stock are completely tied up. As indicated above, Wm. Taylor, the vendor of the Swakum Mountain property, holds 300,000 of these vendors shares. An additional 350,000 shares are held by Bert Nesbitt, Robert Falkins and Falkins' partner, all of Vancouver, B.C. Of the above 650,000 shares of vendors stock, Mr. Falkins believes that 300,000 shares could be optioned by our company at a reasonable price, which he will disclose to us after consulting his partners on the matter. In addition, we would be granted options on the remaining stock up to eventual control of the Torwest company. Mr. Falkins

would like Mr. Scott, who formerly directed west coast exploration for Kennco, to remain in charge of the work on the property, with consultation from and assistance by our field representative.

Rod Macrae was contacted with regard to an examination of this property. He had already been approached by Mr. Scott and he plans to meet Scott on the 20th or 21st of January at the property to make this examination. Macrae states that several consulting engineers from Vancouver have worked on this property from time to time, and that Mr. Scott, whom he considers to be an extremely competent engineer, was the first to express enthusiasm for it. Rod is dubious that Torwest has spent \$50,000.00 on their work here to date. He also states that Torwest resources have financial commitments on oil leases in Lake Erie, and in Alberta and that it would be difficult to assure the entire \$50,000.00 going towards work on the Swakum Mountain property.



HAP-da

H.A. Pearson