

INTRODUCTION

The property consists of 80 mineral claims on the eastern margin of the Coastal Mountains, 40 miles to the north-east of Stewart, B.C., The location of Granduc Mines Limited.

Access is from Stewart via the Stewart Cassiar road. At mile 33, a tote road goes to the mine-site, a distance of $7\frac{1}{2}$ miles. This road could be improved to handle trucks. Pacific Western Airlines have a dally service to Stewart from Prince Rupert, B.C. Freight is brought in from Vancouver to Stewart via Northland Shipping Limited twice weekly.

The mine lies near the crest of 5,000 foot Goat Ridge with glaciers on either side. Helicopters are the chief means of transportation.

VEIN SYSTEM

The veins are fracture fillings in slips or faults along which there has been multiple movements. The width of the vein varies from two feet to one inch and averages about 8 inches. The gangue minerals are carbonate and lesser amounts of quartz. The ore minerals are mainly galena, sphalerite, and pyrite. The two main veins are the "F" and "G". An enechelon structure is possible, having the "G" vein on top, the "F" vein in the middle and the "E" vein below. There is still quite a lot of work to be done before a proper evaluation of the ore potential can be made.

ORE ESTIMATES

The veins have been well exposed and sampled on surface, but the bottom of the ore has not been determined, nor has the continuity of the ore been established. Therefore, a large portion of the estimate can only be classed as "possible" ore.

The last estimate made by Gunnex showed 19,706 tons grading 0.11 ounces gold and 41.1 ounces silver per ton. The width was diluted to 36" to arrive at this figure. The actual tonnage and grade taken vein width only was 5166 tons grading 0.41 ounces gold and 153.0 ounces silver. Both figures give approximate ounces

as 2100 ounces gold and 800,000 ounces silver.

The ore reserves are broken down as follows:

	<u>Tons</u>	<u>Oz. Au.</u>	<u>Oz. Ag.</u>
Proven Ore	1,639	0.10	42.4
Probable Ore	11,267	6.10	39.7
Possible Ore	<u>6,800</u>	<u>0.13</u>	<u>43.1</u>
Total Ore	19,706	0.11	41.1

At the time of the above calculations, using \$1.40 per ounce for silver and adding possible recovery of lead, zinc and copper, a net value of ore of \$63.23 per ton was estimated.

With silver at \$1.90 per ounce this value would be increased to approximately \$75.00 per ton.

ECONOMIC ANALYSIS

	<u>75 t.p.d. concentrator</u>		<u>Direct Shipping Ore</u>	
	<u>Gold</u>	<u>Silver</u>	<u>Gold</u>	<u>Silver</u>
Grade	0.11	41.1	0.41	153.0
Mill Recovery	79%	92%		
Net Recovered per ton	0.087	37.8		
Production per year-tons	12,000		2,000	
Indicated Life	1.64 years		2.58 years	
Net Smelter returns Per ton	\$ 75.00		\$ 300.00	
Less Operating Costs	<u>45.00</u>		<u>225.00</u>	
Operating Profit	<u>\$ 30.00</u>		<u>\$ 75.00</u>	
Operating Profit per Year	\$ 360,000.		\$ 150,000.	
Total Operating Profit	590,400.		387,000.	
Pre-Production & Capital Costs	<u>800,000.</u>		<u>500,000.</u>	
Net Deficit	<u>\$ 209,600</u>		<u>\$ 113,000</u>	

WAG:bl
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