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801201

KAM-KOTIA - BURKAM JOINT VENTURE  
New Denver, B.C.

REPORT OF OPERATIONS - 1972

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My report covering operations at the Silmonac Mines property is submitted hereunder.

Milling & Production

Milling operations in the first half of 1972 were on a continuous basis, whereas in the second half operations were reduced to five days per week. The tonnage milled in the first half was equal to 17,432 tons and in the second half 9,998 tons for a yearly total of 27,430 tons. The silver content in mill heads was 1.5 ounces per ton less than in 1971, and the combined lead-zinc content was down by 0.5%. Underground operations supplied 26,380 tons of mill feed and 1,050 tons came from surface stockpile.

Custom milling amounted to an additional 462 tons in 1972.

No new equipment was purchased for milling operations.

a) Production Data:

Dry Tons Milled	27,430
Dry Tons/Calendar Day	75.15
Average Mill Heads	16.44 Oz.Ag
	5.81 % Pb
	6.62 % Zn

-Lead Concentrate:

Dry Tons	2,467
Average Grade	98.35 Oz.Ag
	60.94 % Pb
	8.63 % Zn

Lead lbs.	3,006,762
Zinc lbs.	425,779
Silver ozs.	242,637
Recoveries	94.33 % Pb
	11.71 % Zn
	53.81 % Ag

Pounds Lead Paid For	2,778,882
Pounds Zinc Paid For	405,080
Ounces Silver Paid For	230,080

-Zinc Concentrate:

Dry Tons	2,707.87
Average Grade	67.37 Oz.Ag
	81.52 % Zn
	0.045% Cd

Zinc lbs.	2,960,622
Cadmium lbs.	24,259
Silver ozs.	182,428
Recoveries	81.52 % Zn
	40.45 % Ag
	- Pb

Pounds Zinc Paid For	2,516,529
Pounds Cadmium Paid For	15,816
Ounces Silver Paid For	145,942

-Mill Recoveries:

94.33 % Pb
93.23 % Zn
94.26 % Ag

b) Milling Data:

Milling & Production (cont'd)

b) Milling Data:

	lbs./ton
Grinding Balls	2.689
Cresylic Acid	.056
Sodium Isopropyl Xanthate	.036
Sodium Ethyl Xanthate	.127
Zinc Sulphate	.100
Copper Sulphate	.940
Sodium Cyanide	.040
Lime	1.514
M.I.B.C.	.416
Aerofloat	.013

Mining Operations:

a) Production:

Ore deliveries from mining operations totalled 26,380 tons. Production from the various levels was as follows:

4625 Level (Development)	38 tons
4690 Level	15,333 tons
4720 Level	223 tons
4755 Level	6,796 tons
4815 Level	3,860 tons
4855 Level	130 tons

By mid-year the major ore block tonnages were reduced to the point where a monthly tonnage of approximately 3000 tons per month could not be maintained. A program of pillar recovery and salvage of ore remnants and small isolated ore blocks was initiated at a target rate of production of 2000 tons monthly. Production was suspended for a 2 week vacation period in August. The average monthly production was 1818 tons in the last half of 1972.

b) Development:

Level development in 1972 amounted to 2,985 feet of drifts and crosscuts and 89 feet of raising.

Development by levels was as follows:

4625 Level:	
East Lateral	407.0
West Lateral	305.0
No. 2 Crosscut	430.0
H.W. Lateral	113.0
4690 Level:	
West Lateral	505.0
No. 2 Crosscut	327.0
No. 3 Crosscut	128.0
4755 Level:	
East Lateral	5.0
4815 Level:	
West Lateral	265.0
Sub drifting	55.0
4855 Level:	
West Lateral	449.0

Mining Operations (cont'd)

b) Development:

Except for the 128.0 feet of advance in 4690 #3 X-Cut, all of the level development was for access for exploratory diamond drilling.

Stope preparation consisted of 294.0 feet of sub-drifting and 746 feet of stope raises and boxholes.

Excavation of diamond drill stations was equivalent to 113.0 feet of development advance.

Diamond Drilling

Exploration drilling totalled 15,214 feet and stope preparation drilling 294 feet for a total of 15,504 feet in 1972.

Exploratory drilling along the strike and/or up the dip of the productive areas had not add materially to the known ore blocks. A moderate tonnage was indicated and developed between the 4815 Level and the 4855 Level.

Because of the negative results in extending the known ore blocks the emphasis on exploratory drilling was directed to down the dip testing of the lode below the main (4625) Level and, further to the west on the 4690 Level in search of new productive areas.

Down the dip testing of the lode below the 4625 Level has given some encouraging results but to date has not established any definite ore blocks. However, a considerable amount of drilling remains to be done before any positive assessments can be made.

Exploratory drilling from the extension of the 4690 West Lateral gave negative results. However there is the probability that this work was too far in the footwall of the lode due to a change in the strike of the lode. Subsequent drilling from the 4690 #2 X-Cut indicates a more southerly trend of the lode and this possibility will be tested by further drilling from the #2 X-Cut.

Ore Reserves

Production in 1972 exceeded the January 1,1972 ore reserve by 2,340 tons, theoretically leaving a negative ore reserve as no new ore blocks have been established. As of January 1,1973 a probable ore tonnage of 4000 tons remains as ore remnants in stopes and stope pillars. Some additional tonnage may be available by investigating some of the better grade, but isolated, ore intersections in some of the diamond drill holes drilled from the 4625 East Lateral.

Operating Revenue

	<u>Total</u> \$	<u>Per Ton</u> <u>Milled</u> \$
Concentrate Sales -Net	1,115,207.83	40.658
Sundry Revenue	<u>15,818.26</u>	<u>0.577</u>
Total Revenue	1,131,026.09	41.235
Operating Expense	<u>921,427.64</u>	<u>33.593</u>
Operating Profit	209,598.45	7.642
Add:		
Employment Support Board Grant	4,287.00	0.156
Net Operating Profit	213,885.45	7.798

Operating Revenue (cont'd)

	<u>Total</u>	<u>Per Ton</u>
	\$	Milled
		\$
Less:		
Depreciation-Plant & Buildings	129,037.84)	11.223
Deferred Exploration & Development	178,788.89)	
Reduction in Value of Concentrate-(Net)	<u>46,723.28</u>	<u>1.703</u>
	354,550.01	12.926
Net Deficit	140,664.56	5.128

The average prices paid for metals produced in 1972 were: Silver \$1.65/oz., Lead 14.85¢/lb., Zinc 17.55¢/lb., Cadmium \$2.59/lb.

Repayment of capital to the Joint Venture partners in 1972 totalled \$40,000.00 leaving a balance of \$250,000 outstanding. Working capital before audit as of December 31st was \$320,807.08.

Personnel & Labour Force

Total Force was as follows:

	Dec. 31/71	Dec. 31/72	<i>26,880 tons</i> Dec 31/76
Staff	10	9	7
Mine	31	25	31
Mill	<u>12</u>	<u>10</u>	<u>7</u>
Total	53	44	45

Mr. R. Tapper, Mine Superintendent resigned as of June 30th. This position has not been refilled.

Mr. P. Dickson, Geologist resigned as of July 15th and this position has been filled by Mr. D. Redshaw.

There have been no confrontations with the Tunnel & Rockworkers Local #168. The current two year contract expires on October 25th of this year.

Acknowledgment

The efforts and contributions of the staff and the mine and mill personnel are gratefully acknowledged.

I also express my thanks to the Management Committee for their guidance and continued support in 1972.

Respectfully submitted,



Wm. Hogg,  
Manager