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CORONADO COPPER AND ZINC COMPANY  
209 Tabor Building  
Wallace Idaho

January 17, 1957

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ANCD.	BY
RETURNED TO	<i>BWS</i>
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APPROVED	
SUPERVISOR	
DATE	

Mr. Blair W. Stewart, Vice President  
Coronado Copper and Zinc Company  
1206 Pacific Mutual Building  
Los Angeles 14, California

*W*  
*Mr. Stewart*  
*BWS*

Dear Blair:

In yesterday's mail, we received a letter from A. J. McClellan, president of Trojan Consolidated Mines, Ltd., in which he enclosed a copy of a report by Henry L. Hill and Associates, dated January 9, 1957. Receipt of this information was a follow-up of your telephone call to me pertaining to this matter.

I have studied the report and accompanying maps and report the following observations.

Conclusions:

The copper occurrences, thus far explored on the Trojan Consolidated property, are too small, erratic, and low grade to be of economic interest under present circumstances.

General Comments:

The Hill report data indicates that the principal copper bearing structure on the Trojan ground is a breccia zone approximately 1500 ft. long by 800 ft. wide.

Within this brecciated area, two zones of somewhat concentrated copper mineralization have been found. These mineralized zones and their possible extensions have been explored by a total of 40 diamond drill holes ranging in depth from 216 to 1219 ft.

The drill holes are arranged and directed in a somewhat helter-skelter fashion, and interpretation of the drilling results appears to be somewhat arbitrary. For example, in the West or Main ore zone, drill hole No. 25 is described as having been drilled due West at -45° from a position near the east edge of the west ore zone; the hole was 216 ft. deep and encountered no ore mineralization. In this position, hole No. 25 passes through the same section cut by drill hole No. 26 which was collared about 75 ft. to the west, drilled vertically, and passed through 1.02% Cu mineralization from hole depth 8 ft. to 128 ft. The negative evidence from hole No. 25 was discounted, in the report, in estimating ore potential.

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In the East ore zone, the plan map shows drill hole No. 23 to be collared about 150 ft. east of the ore zone; it is described as having been drilled N. 86°46' W. at -44°57' to a depth of 1219 ft. and intersected 0.81% Cu mineralization from depth 191 to 335. This position of mineral disclosure would be about as expected according to the plan map, however, the accompanying E-W section interpreting the results changes the outcrop position of the ore zone to the east of the collar of hole No. 23.

No explanations are given for these interpretations. Only sludge assays are given for the diamond drill results. The report states that core recovery was very low in the mineralized areas. The reliability of sludge samples in a brecciated ore occurrence is questionable.

It appears that the diamond drill exploration has covered over half of the brecciated area and was unquestionably directed toward the zones considered to have the best potential. Of the 25,000 ft. of drilling reported to have been done, only 60 ft. of hole exceeded 2% copper (2.23%), and only 987 ft. of hole assayed 1% or better copper. Approximately 2680 ft. of hole assayed 0.4 to 0.9% Cu.

It is suggested that the work thus far done has not disclosed a commercial ore occurrence and that not too much promise would be held for the remainder of the brecciated area.

Very truly yours,



S. K. Garrett

CORONADO COPPER AND ZINC COMPANY  
 209 Tabor Building  
 Wallace Idaho

February 4, 1957

RECD. FEB 6 1957		
ANSO.		BY
RETURN TO		
FOR REPLY		COMMENT
INTI	PKW	SSW
ARTI	JLB	LCA
HSAI	GDD	LQC
RLI	BWS	PRA
WSV	KKW	HCB
CWSI	SAS	EW
PJM	JHS	WFJ

Mr. Blair W. Stewart, Vice President  
 Coronado Copper and Zinc Company  
 1206 Pacific Mutual Building  
 Los Angeles 14, California

Dear Blair:

In accordance with your instructions, I visited the exploration operations of Trojan Consolidated Mines, Ltd., near Ashcroft, British Columbia, on February 1 and 2. The following data will supplement my report to you, dated January 17, pertaining to these operations.

As of the present time, a total of 43 diamond drill holes have been completed and have covered an area approximately 2200 feet long by 1500 feet wide over a breccia structure, indicated in the H. J. Hill report to be some 1500 feet long by 800 feet wide. One additional hole is now to be drilled, directed to the east, beneath the volcanics, near the southeastern end of the breccia structure; this has been designated, strictly, a wildcat hole to probe beneath the volcanics. None of the drilling done since the Hill report has indicated potential ore mineralization, although some intercepts have indicated erratic copper mineralization ranging in assay from .2 to 1.5 per cent copper over widths varying from 5 to 50 feet.

The Hill report indicated that core from the drill holes had not been split for assay; he presented only sludge assays, which we considered to be higher than representative of mineral content. Upon visiting the property, I found that all mineralized core had been split and, where copper mineralization in excess of .2 per cent had been indicated by sludge assays, the split core for these zones had been assayed. With very few exceptions, the core assays materially underran the sludge assays; for example, the holes, which were indicated in the Hill report to have some of the better ore intercepts, such as:

<u>Hole Number</u>	<u>Intercept</u>	<u>Core Assay</u>	<u>Sludge Assay</u>
11	115 - 130 ft.	0.95 % cu.	2.38 % cu.
	130 - 135 ft.	0.55 % cu.	6.45 % cu.
	135 - 140 ft.	2.75 % cu.	3.75 % cu.
	140 - 145 ft.	4.55 % cu.	4.55 % cu.
	145 - 150 ft.	0.30 % cu.	0.75 % cu.
	150 - 155 ft.	1.10 % cu.	1.05 % cu.
	155 - 160 ft.	0.25 % cu.	0.65 % cu.

Mr. Blair W. Stewart

February 4, 1957

This pattern of discrepancy was typical of the rest of the holes. The Trojan engineers have correlated the sludge and core assays using the Longyear method, which has resulted in something like a 10 per cent reduction in the sludge assays. Many people feel that the Longyear method of correlation is not always the most acceptable, since it tends to throw added weight to the sludge assay. In any event, the Longyear correlation method would reduce all of the assays shown on the Hill report by, at least, 10 per cent.

I inspected the core of all the better hole ore intercepts. My observations were, as follows:

In Hole #26, from depths 8 to 128 feet, Hill gave an average sludge assay of 1.02 per cent copper. By observation of the split core for this section, the intercept from 50 to 85 feet constituted fair to good, large volume, production ore; the remainder was very sparsely and sporadically mineralized.

In Hole #30, the Hill report indicated the intercept from 115 to 288 feet to average 1.11 per cent copper. The split core indicated the mineable mineralization to lie between 150 and 177 feet.

In Hole #31, the Hill report indicated the intercept from 184 to 369 feet averaging 1.44 per cent copper. By observation, the split core from 230 to 270 feet would have been large volume, mineable mineralization.

Core recovery was low, and it is quite likely that the more extensively mineralized intercepts indicated by sludge assays is a result of the ore minerals from the lean portions being ground away and recovered in the sludge and, thus, not showing in the core remaining for those segments.

The results of the exploration efforts, to date, would indicate that, near the western limits of the breccia structure, there is a zone approximating 15,000 square feet in area that, by correlated assay, would go about 1.1 per cent copper. This zone is indicated by intercepts in drill holes #11, #20, #26, #30, and #31.

A two-compartment, exploration shaft has been collared a short distance from this zone. At the present time, the headframe and bins are being constructed. It is the management's plan to sink to a sufficient depth to permit exploration and bulk sampling of this zone at the 200 level.

The remainder of the drill holes over the large area covered have sporadically mineralized intercepts, which are not correlatable and are too erratic and low grade to suggest ore potential.

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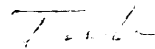
Mr. Blair W. Stewart

February 4, 1957

As of the present time, the breccia structure has been quite thoroughly explored by drilling to the depths reached by the surface holes. Geochemical and magnetometer geophysical surveys have been made over a portion of the property but, apparently, localized to the vicinity of the breccia structure. No anomalies beyond the breccia structure were picked up.

The holdings of Trojan are quite extensive and mostly covered with soil and alluvial debris. There are no criteria upon which to base the merits of the ground they hold removed from the breccia structure. That portion of the property covering the breccia structure does not hold promise for exploitable tonnages of copper mineralization under existing circumstances.

Very truly yours,



S. K. Garrett



VOPY TO MR. BLAIR STEWART

January 14, 1957

Mr. S.K. Garrett,  
209 Labor Bldg.,  
Wallace, Idaho, U.S.A.

Dear Mr. Garrett:-

At the request of Mr. Blair Stewart, I am enclosing a copy of report prepared by Henry L. Hill of Vancouver concerning Trojan Consolidated Mines Ltd. located near Ashcroft, B.C. in the Highland Valley area of British Columbia.

At the time of my meeting with Mr. Stewart last week, it was considered probable that you would be requested to examine conditions at the mine.

As a possible guidance, I would point out that the best method of reaching Ashcroft, B.C. at this time of year is by Canadian Pacific Railway's deluxe "Dominion" leaving Vancouver at 8:15 P.M., arriving at Ashcroft at approx. 2 A.M. However, the hotel is directly across the street from the station and you can be in bed quickly. Mac Hunt, our Mine Manager, will be in Ashcroft at the same hotel, and will drive you to the mine as soon as you are ready in the morning. It is about 28 miles, or 1½ hours drive. Coming back the train leaves Ashcroft about midnight, arriving in Vancouver about 8 A.M.

At the moment I believe I will have to be out of Vancouver at the time of your arrival. However, if you will telephone our office - Tatlow 8049 and ask for Mr. Wood, he will provide any assistance. If you should arrive after office hours, Mr. Wood's home phone is Willow 6409. The phone number at the mine is Ashcroft, B.C. with exchange "Highland Valley 1Y".

I believe that you will find the records, drill cores, etc. in good shape for easy examination, allowing you to do an efficient job in a couple of days.

Hope you enjoy your trip and get as enthused about the potentials of Trojan as I am.

Yours sincerely,

AJM/na

  
A.J. McClellan

February 6, 1957

Mr. A. J. McClellan  
Trojan Consolidated Mines, Ltd.  
303 Williams Building  
413 Granville Street  
Vancouver 2, B.C.

Dear Mr. McClellan:

In accordance with our conversation of January 30, our Mr. S. K. Garrett visited the Trojan properties on February 1 and 2. I have just received the supplement to his original report to me on his study of Mr. Hill's report.

While by and large we have nothing to quarrel with Mr. Hill about, there does appear to be quite a difference of interpretation, particularly in regard to assays, et cetera. I believe Mr. Hill stated in his report that the core from the drill holes had not been split for assay and he consequently presented only sludge assays which, at the time of the analysis of his report, appeared to be higher than the represented mineral content. When visiting the property, Mr. Garrett found that all the mineralized cores had been split and where mineralization exceeded .2% copper, as indicated by sludge assays, the cores were split from these zones and assayed. With but few exceptions, the core assays materially underrun the sludges. Mr. Garrett made several detailed computations and tabulations to bring out this point. The pattern of this discrepancy prevailed throughout all the drill holes.

We understand the Longyear method was used to correlate the assays of the sludge and core, resulting in a 10% reduction in the sludge assays. This correlation method would reduce all assays shown in the Hill report at least 10%. Mr. Garrett inspected the cores in all the better ore intercepts and made a number of other observations that bear out this understanding.

The results of exploration efforts to date would seem to indicate that near the western limits of the breccia structure there is a zone approximately 15,000 feet square that by correlated assay would go 1.1% copper. The remainder of the drill holes have indicated only sporadic mineralized intercepts which are not correlatable and are too erratic and low grade to suggest ore potential.

We feel that the breccia structure has, at the present time, been thoroughly explored by drilling to the depths reached by



the surface holes. Mr. Garrett checked into the geochemical and magnetometer surveys which have been made on a portion of the property and found no anomalies beyond the breccia structure.

We recognize the holdings of Trojan are extensive and mostly soil covered. However there are no criteria upon which to base the merits of the ground removed from the breccia structure. We feel that the portion of the property covering the breccia structure does not hold promise for suitable exploitable tonnages of copper mineralization under existing circumstances.

In view of our findings, we have no choice but to pass up the opportunity you have given us to join with you in furthering this venture. We regret exceedingly that our decision had to be as it is, but we do hope that you will keep us in mind in the future for any worthwhile projects that may come to your attention. You may be assured that anything you do submit to us will be promptly considered. I want to take this opportunity to thank you personally, and the members of your staff, for the courtesies to Mr. Garrett, and for the courtesies to Mr. Lieber and myself while you were in Los Angeles.

Yours very truly,

Blair W. Stewart

BWS/w

cc- Mr. A. A. Newfield

INTER-OFFICE CORRESPONDENCE

FROM David A. Duff CITY Toronto  
 TO Evan Just  
 SUBJECT TROJAN EXPLORATION, HIGHLAND VALLEY

DATE April 17, 1957

REC'D APR 22 1957  
 Add'l Date

A C		
E J	/	
H K		
L W	A	4 22

As you know, the above named company has been exploring a copper property in the Highland Valley of B.C. for some time with apparently some interesting results. This property adjoins Bethel Copper property. The latter property is under active exploration and development by A.S. & R. It is recently reported that A.S. & R. have taken over the properties of Lodge Uranium, Beaverlodge, etc., which properties surround that of Trojan Exploration.

Some time ago it was reported that Cyprus Exploration Corporation was interested in the Trojan property and that personnel from the Los Angeles office were making an investigation of its possibilities. It is also understood that Anaconda Copper has been and is still interested in Trojan.

Yesterday we were advised that Trojan, with their shaft down to 100 feet, was hanging on the ropes and might be at the point where they would accept any reasonable offer to provide finances for maintenance of the operation. My thought is that if Cyprus is still interested in the prospect, now may be the logical time to step in with a proposal.

The writer of course has no direct knowledge of Cyprus Exploration action or interest and merely volunteers the above information for what it may be worth.

*by telephone to BWS. He sent SKG to study it.*

*David*

DAD:lw

David A. Duff

cc: Blair W. Stewart

INTER-OFFICE CORRESPONDENCE

AUG 5 1957

Action Date

FROM David A. Duff  
 TO Evan Just  
 SUBJECT TROJAN EXPLORATION, HIGHLAND VALLEY AREA, B.C.

CITY Toronto

A C	DATE	1 August 1957
E J	1	8-5
H K		
B.C.	1	8-10

A = Action C = Comment  
 I = Information

You will remember our conversation of 22 July with reference to the above property. In the Northern Mines of today's date on page 23 you will find confirmation of my information of that time. In another item contained in the same issue of the Northern Miner on page 17 you will find additional data re recent cross-cutting. The property could be shaping up to be a medium tonnage satisfactory grade copper producer. As you know, only a very minor part of the favourable geology has been investigated and a multiple ore plug situation may exist in the whole complex breccia zone.

In the past week or so my information suggested discussions between Newconex, the Canadian arm of Consolidated Goldfields and Trojan regarding a deal. These discussions broke off a few days ago due to the deal required by Trojan being too steep for Newconex. Yesterday I learned that a deal was pending with Newkirk Mining Corporation and this morning in conversation with one of the Newkirk lawyers I find the deal is all set up ready for signing.

This deal is said to be based on Newkirk and Gar Simpson (probably Eric Craddock) taking over all existing stock options ranging from 50¢ to \$1.50 per share. If exercised this would eventually give Newkirk 50%, Simpson or Craddock 25% and Trojan 25% of the outstanding stock.

Should this agreement be completed Newkirk Mining will, of course, carry out the underground exploration and control the company through their own and the Simpson stock position. Although this eliminates any possibility of entry into the Trojan picture by Cyprus for the time being, it might be wise to keep our eyes on the area in view of the three active developments, i.e. A.S. & R, Phelps-Dodge and now Newkirk.

In addition to the holding of other smaller companies becoming important, successful development by Newkirk would eventually require major financing for production.

*see in date order 1-9-57*

A copy of Henry Hills initial report is enclosed for your files. I anticipate being able to obtain subsequent reports as they are issued. I have always been intrigued with the potential of this Trojan property - however it may cost considerable to explore the entire favourable acreage.

DAD:MH

Encl.

C.C. P.W.A.

