

006013

PESO SILVER MINES LTD.

MAYO DISTRICT

YUKON TERRITORY

Angus MacDonald

October 10th, 1962.

THE REX VEINOBSERVATIONS:

The mineralization occurs in a shear zone which has a strike length of at least 750'. Its strike is close to E-W and dips around 60° to the N.

The vein material consists for the most part of sheared wall rock and graphitic gouge, with several long, narrow lenses of massive jamesonite (?)

The vein is heavily oxidized, the altered material for the present largely a matter of conjecture.

Four samples were taken: #814, channel, across 4', heavy sulphides - 2.56 ozs. Ag/ton, 2.05% Pb; #815, channel, across 3.5', almost solid sulphide zone - 0.62 ozs. Ag/ton, 1.60% Pb; #816, picked across 2' - 12.36 ozs. Ag/ton, 12.35% Pb; #817, across 1', sulphide zone - 7.46 ozs. Ag/ton.

While four samples cannot give an accurate evaluation of an 800' vein, the results are significant. The unoxidized sulphides do not carry significant amounts of silver over minable widths.

The vein would average close to 8' - 10'. The values are erratically distributed between F.W. and H.W. The gougy, graphitic and sericitic nature of the bulk of the vein would make any appraisal, based on a "4.2' true width", unrealistic.

The Rex Vein (Cont'd.)

Drill core from #2 hole -72⁰ intersected the vein -75'. At least 5.5 of vein material was intersected. This consisted of about 50% jamesonite (?) and the gangue mainly of siderite. This hole should give a good assessment of values to be expected in the relatively fresh vein material.

THE #1 VEINOBSERVATIONS:

The #1 vein, rumoured to be "18' of solid sulphides", was found to be lenticular, averaging closer to half that width and carrying perhaps 10% combined pyrite, galena, sphalerite etc.

The two faces of the drift were channel sampled. The South face, sp. 818 across 2.1' gave 16.0 ozs. Ag; the North face across 9' true width gave 2.44 ozs. Ag, 1.3% Pb.

CONCLUSIONS

Both the #1 vein and the Rex vein are narrow and lenticular with erratic values. The highest assay in silver was 16.0 ozs/ton.

I feel that the near surface has been considerably enriched and that the silver content will diminish with depth.

Conclusions (Cont'd.)

As to the question of exploration on the rest of the Peso ground, 108 claims in all, I cannot recommend that any participation by Kerr-Addison be undertaken.

Angus MacDonald.