

PESO SILVER MINES LIMITEDREPORT ON PROGRESS OFUNDERGROUND EXPLORATION PROGRAMApril 16, 1962

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I visited the Peso Silver Mines property on April 10 and 11 and found underground progress very rapid and efficient. Since work was started on March 17, about 200 feet of drifting and crosscuts had been completed on No. 1 vein and the Rex shaft, started on March 28, was down 26 feet.

To the southwest on No. 1 vein no further work has been done, since the planned footage has been completed and the depth from surface is progressively less in this direction. In the last crosscut the vein narrows to about 7-foot width of oxidized material, but there is no indication that the vein does not continue further or widen out again in this direction. Values obtained in this southwest portion of the vein are about 7.5 oz./ton silver, approximately equal to the average of the whole vein zone.

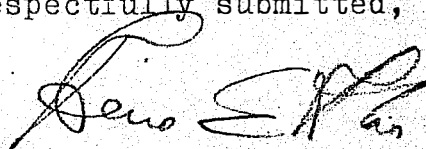
To the northeast in the direction of greater depth drifting is being continued along the footwall side of No. 1 vein, and on April 12 the face had been advanced to about 130 feet and crosscuts Nos. 2, 4, 6 and 8 had been driven.

The last good intersection reported in No. 2 crosscut is apparently wider than the reported width of 18 to 19 feet, because the hanging wall of the vein was not reached due to soft oxidized vein matter. The next, or No. 4 crosscut, intersected a width of about 30 feet of similar oxidized vein material which appears to be comparable in grade. No assays are yet available for this section or points beyond it.

Between No. 6 crosscut and the face the vein zone had narrowed down locally, apparently due to being sliced by a flatter 45° dipping fault, probably the north 60° east fault near line plug No. 6, and was again widening at the face where 6 to 8 feet of heavy, fresh, sulphide mineralization was seen on April 11. Faulting of this type would account for the narrow section on the surface and probably determine the shape and position of the wide section of vein ore shoots, which in such a case would probably plunge about 35° northerly along the vein zone. If these faults occur repeatedly as they appear to on the surface, widths of grades may be expected to be repeated in like manner.

The shaft on the Rex vein was collared in a section of siderite with some jamesonite and galena, which pinched out at a depth of about 12 feet due to a 50°-dipping fault similar to that on No. 1 vein. At a depth of 24.5 feet, seen on April 11, the other side of the faulted-off vein was beginning to show up and consisted of a lens of fresh galena with sphalerite and siderite 8 inches wide, which is reported to have widened to 16 inches in the next 2 feet of advance.

Respectfully submitted,



Dr. A.E. Aho,  
Consulting Geological  
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PESO SILVER MINES LTD.  
REPORT ON PROGRESS OF  
UNDERGROUND EXPLORATION PROGRAM

April 20, 1962

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Results to date on No. 1 vein are increasingly encouraging in view of continued or recurrent widths, good values, strength and continuity, and nature of the fresh sulfide mineralization. Continued intensive exploration underground or on surface is well justified.

In No. 1 vein, assays received from the 30-foot width of oxidized vein in the second crosscut to the northeast (No. 4 crosscut) showed a high grade section carrying .06 oz./ton gold, 61.7 oz./ton silver, 6.85% lead, and 4.14% antimony across 8 feet. This section of vein as a whole assayed .04 oz./ton gold and 35.6 oz./ton silver across 17 feet, or .03 oz./ton gold and 30.5 oz./ton silver across 21 feet. These are the best grades and widths encountered to date, the high grade section being comparable to the 8.5 feet of 62-ounces encountered in No. 1 shaft.

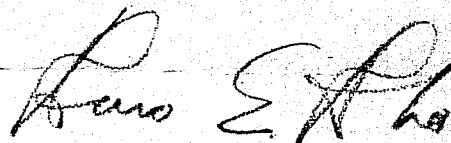
The drift on No. 1 vein has been driven about 202 feet to the northeast, with a total of six crosscuts completed in this direction. After the narrow faulted section noted in the last report was passed, the vein widened, is now about 12 to 15 feet wide near the face, and consists of fresh sulfides with some probable tetrahedrite reported at the face.

In the Rex shaft a section of oxidized galena and jamesonite at a depth of about 2 feet assayed 50.3 oz./ton silver, 12.95% lead, 2.17% zinc, and 5.34% antimony across 2.4 feet. Narrower sections of jamesonite below this assayed 7 to 10 oz./ton silver, then the vein was sliced off at 12 feet depth by a 50°-dipping fault. Below the faulted section the vein reappeared at a depth of 25 feet and consists of fresh galena with siderite, sphalerite and jamesonite. Grab samples from the first galena encountered assayed 70 oz./ton silver and 48% lead at 24.5 feet depth, and 103 oz/ton silver, 65% lead and 1% copper at 26 feet depth. Below this the vein is reported to have widened to 2.5 feet, well mineralized with galena.

These results on the Rex vein are also encouraging in the light of similarity to the United Keno Hill type of ore.

Further results and assays will be reported on the No. 1 and Rex veins as they become available.

Respectfully submitted,



Dr. A.E. Aho,  
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Engineer.