

013025

FIRST PROSPECTUS



SILVER CITY MINES LTD.

(NON-PERSONAL LIABILITY)



SILVER CITY MINES LTD.

(N.P.L.)

FIRST PROSPECTUS

NO SECURITIES COMMISSION OR SIMILAR AUTHORITY IN CANADA HAS IN ANY WAY PASSED UPON THE MERITS OF THE SECURITIES OFFERED HEREUNDER AND ANY REPRESENTATION TO THE CONTRARY IS AN OFFENCE.

A PURCHASE OF THE SHARES OFFERED BY THIS PROSPECTUS MUST BE CONSIDERED A SPECULATION.

OFFICERS :

JAMES A. HANNA
PRESIDENT
THOMAS WILLIAM CONNELL
SECRETARY

DIRECTORS :

JAMES A. HANNA
JERRY ROSS BUZZELLE
THOMAS WILLIAM CONNELL
JOHN W. DRENKA
CYRIL CLYDE KEYES
LAWRENCE PATNODE

REGISTERED OFFICE :

SUITE 1322, 510 W. HASTINGS,
VANCOUVER, B.C.

ADMINISTRATIVE OFFICE :

SUITE 411, 470 GRANVILLE,
VANCOUVER, B.C.

AUDITORS :

COLLINS & COLLINS,
VANCOUVER, B.C.

SOLICITORS :

HOGAN, WEBBER & WOODLIFFE,
VANCOUVER, B.C.

REGISTRAR AND
TRANSFER AGENTS :

CROWN TRUST COMPANY,
VANCOUVER, B.C.

CAPITALIZATION :

\$5,000,000 DIVIDED INTO
5,000,000 SHARES WITH A
NOMINAL OR PAR VALUE
OF \$1.00 EACH.



SILVER CITY MINES LTD.

(N.P.L.)

FIRST PROSPECTUS

- (a) The full name of the Company is Silver City Mines Ltd. (N.P.L.) whose registered office in the Province of British Columbia is Suite 1322 - 510 West Hastings Street, in the City of Vancouver, Province of British Columbia and whose Head Office is situate in the Casca Building, Whitehorse, Yukon Territory.
- (b) The Company was incorporated under the "Companies Act" of the Province of British Columbia by Certificate of Incorporation dated the 11th day of June A.D., 1964.
- (c) The Company was incorporated as a Private Company on the 11th day of June A.D., 1964, and was converted to a Public Company by Certificate dated the 9th day of September, A.D., 1966.
- (d) The Officers and Directors are as follows:

James A. Hanna, President - Director
Whitehorse, Y.T.
Businessman

Jerry Ross Buzzelle, Vice-President - Director
406 - 1450 West Georgia Street
Vancouver, B.C.
Architect

Thomas William Connell, Secretary - Director
6107 Buchanan Street
Burnaby, B.C.
Businessman

John W. Drenka, Treasurer - Director
Squamish, B.C.
Logging Operator

Cyril Clyde Keyes - Director
397 Rabbitt Lane
West Vancouver, B.C.
Businessman

Lawrence Patnode, Director
Whitehorse, Y.T.
Businessman

The Promoters are as follows:

James A. Hanna
Cyril Clyde Keyes
John W. Drenka
Lawrence Patnode

- (e) The Auditor of the Company is:

Collins & Collins
1030 West Georgia Street
Vancouver, B.C.

- (f) The Registrar and Transfer Agent of the Company is:

Crown Trust Company
455 Howe Street
Vancouver, B.C.

- (g) The capital of the Company is Five Million (\$5,000,000.00) Dollars divided into Five Million (5,000,000) shares of a par value of One (\$1.00) Dollar each out of which One Million, Four Hundred and Ninety-one Thousand, Seven Hundred and Thirty-nine (1,491,739) are issued and paid up.



(h) The Company has no bonds or debentures outstanding and does not propose to issue any.

(i) Certificates representing One Million, Four Hundred and Ninety-one Thousand, Seven Hundred and Thirty-nine (1,491,739) shares of the Company are held in Escrow by the Crown Trust Company subject to the release and can be dealt with only with the consent of the Securities Commission of the Province of British Columbia. Seven Hundred and Fifty Thousand (750,000) of such Escrowed shares were issued for properties and may have to be returned to the Company for surrender by way of gift at the request of the Superintendent of Brokers in the event of the properties transferred to the Company for such allotment becoming lost to the Company by lapse, abandonment or otherwise.

(j) Shares sold for cash to date:

- (i) (a) Two Hundred Thousand Five (200,005) at Ten (10¢) Cents.
- (b) Four Hundred and Twenty-two Thousand, Seven Hundred and Thirty-four (422,734) at Fifteen (15¢) Cents.
- (c) One Hundred Thousand (100,000) at Eighteen and 61/100 (18.61¢) Cents.
- (d) Nineteen Thousand (19,000) at Twenty-five (25¢) Cents.
- (ii) Total cash received for sale of shares is One Hundred and Six Thousand, Seven Hundred and Seventy Dollars and 60/100 (\$106,770.60) Cents.
- (iii) No commission was paid or allowed on the sale of the above shares.
- (iv) Total discount allowed on the above shares amounts to Six Hundred and Thirty-four Thousand, Nine Hundred and Sixty-eight Dollars and 40/100 (\$634,968.40) Cents.

(k) There has been no security other than shares sold by the Company.

(l) There are no shares issued or to be issued or cash paid or to be paid to any Promoter as such except the following:

Pursuant to an Option Agreement in writing dated the 19th day of August A.D., 1964 between Silver City Mines Ltd. (N.P.L.) of the First Part and Werner Kaufmann, Lawrence Patnode, Henry Regehr, James A. Hanna and Cyril C. Keyes of the Second Part, the said Optionees acquired the rights to purchase the mineral claims set out in (m) (i) (a) hereof by the assumption of the payment to John Risco, Prospector, of Dawson City, British Columbia of the sum of Twenty-one Thousand, Six Hundred and Ten (\$21,610.00) Dollars. This Option has been assigned to the Company by the Optionees in consideration of the allotment of the following shares to the following persons:

Werner Kaufmann	200,000
Lawrence Patnode	200,000
Henry Regehr	50,000
James A. Hanna	200,000
Cyril C. Keyes	100,000

As of the date of this Prospectus there remains no money owing under the said Option Agreement which has been fully paid and satisfied.

(m) (i) (a) The Company is the holder of the following Mineral Claims acquired pursuant to the provisions of the Quartz Mining Act of the Yukon Territory pursuant to the rights acquired in the aforementioned Option Agreement and also acquired by staking. These Claims are as follows:

<u>Claim Name</u>	<u>Grant Number</u>
Silver King	78604
Silver Dollar	78605
Apex 1 and 2	78606 and 78607
Apex 4	78609
Argentum	78610
Eureka	57764
Silver City 1 - 4 inc.	79191 - 79194 inc.
Silver Star 1 - 3 inc.	79195 - 79197 inc.
Star 1 - 4 inc.	79198 - 79201 inc.

<u>Claim Name</u>	<u>Grant Number</u>
Gin 1 - 8 inc.	79202 - 79209 inc.
Gin 9 - 14 inc.	79218 - 79223 inc.
Rum No. 1	79217
Rum No. 2	79216
Rum No. 3	79215
Rum No. 4	79214
Rum No. 5	79213
Rum No. 6	79212
Rum No. 7	79211
Rum No. 8	79210
Rum No. 9	79224
Rum No. 10	79225
Star 5 - 8 inc.	79226 - 79229 inc.
Key 1 and 2	76322 and 76539
Ice 1 - 48 inc.	87322 - 87369 inc.

The preceding group will hereinafter be referred to as the "Silver City" Group.

(b) The Company is the owner of One Hundred and Forty-four (144) contiguous and granted mineral claims located on and adjacent to the White River near the Alaska-Yukon boundary and Fifteen (15) air miles Southwest of the Alaska Highway at Milepost 1170. These Claims are described as follows:

<u>Claim Name</u>	<u>Grant Number</u>
Marc 1 - 32 inc.	Y4991 - Y5022 inc.
Marc 33 and 34	Y5304 and Y5305
Marc 35 - 56 inc.	Y5023 - Y5044 inc.
Marc 58 - 144 inc.	Y5216 - Y5303 inc.

This group of Claims will hereinafter be referred to as the "Marc" Group.

The Marc Group of Mineral Claims was acquired for the cost of staking.

(c) The Company is the owner of the following Group of Sixty-four (64) contiguous and granted Mineral Claims located in the Anvil-Vangorda area situate approximately Thirty (30) miles Northwest of Ross River in the Yukon Territory. These Claims are more particularly known as:

<u>Claim Name</u>	<u>Grant Number</u>
Casca 1 - 64 inc.	Y910 - Y973 inc.

This Group will hereinafter be referred to as the "Casca" Group.

The Casca Group of Mineral Claims was acquired for the cost of staking.

(ii) The rights to purchase the original claims around which the Silver City Group has been developed were acquired from Werner Kaufmann, Lawrence Patnode, Henry Regehr, James A. Hanna and Cyril C. Keyes by virtue of the assignment by them to the Company of all their rights in and to an Option Agreement in writing with John Risco, which Assignment in writing bears date the 19th day of August A.D., 1964.

The consideration paid and to be paid by the Company is the allotment of Seven Hundred and Fifty Thousand (750,000) shares of the Company to the following persons:

Werner Kaufmann
Lawrence Patnode
Henry Regehr
James A. Hanna
Cyril C. Keyes



(iii) No person or Company to the knowledge of the Company is to receive an interest in the consideration received by the Vendors in an amount greater than One-twentieth (1/20) thereof except:

Thomas W. Connell
Bernard Potter

(iv) For access to the Company's properties as set out herein, reference may be had to the Engineering Report of Ace R. Parker, P. Eng., dated the 18th day of May A.D., 1966 and filed with the Superintendent of Brokers, a copy whereof is attached forming part of this Prospectus.

(v) The only mining property of the Company on which surface or underground development work has been carried out is the Silver City Group and this work consists of the following:

The lower adit was rehabilitated and fifty feet of drift put in, approximately Four Hundred feet higher a new adit was started and One Hundred and Ninety feet of drift was put in. There have been accomplished approximately Two Hundred and Twenty lineal feet of diamond drilling.

The Company owns the following underground exploration equipment:

- 1 - VEW Slusher
- 1 - Double-drum Gardner Denver Double-drum Slusher Hoist
- 1 - 500-CFM Ingersol Rand Compressor
- 1 - 250 HP Centrifical Pump
- 2 - Copco Drilling Machines
- 300 Feet of airlines
- 1 - Boyle Brothers JVS-AX Diamond Drill

There has been no underground development work completed on the Marc Group or the Casca Group.

(vi) Approximately Two Hundred Thousand (200,000) yards of overburden have been removed by ground sluicing and caterpillar and one (1) mile of access road installed. The Company owns the following surface equipment.

- 1 - 18 foot out-board motor boat complete with Mercury out-board motor
- 1 - 10-man camp at Silver City property consisting of bunk-house, kitchen and 1 tent frame

There has been no surface development work completed on the Casca or Marc Groups.

(vii) For a history of the property reference may be had to the Engineering Report of Ace R. Parker, P. Eng., dated the 18th day of May A.D., 1966 filed with the Superintendent of Brokers, a copy whereof is hereunto attached forming part of this Prospectus.

(viii) All of the work set out in relation to the Silver City Group in paragraph (m) (v) and (vi) has been carried out by the present management.

(n) The Company is offering by this Prospectus Three Hundred Thousand (300,000) shares at Fifty (50¢) Cents per share payable in cash upon application and subject to the payment or allowance of a commission not to exceed Ten (10¢) Cents per share. The amount of commission is Twenty (20%) percent and the amount of discount is Fifty (50¢) Cents per share.

There have been no options given or to be given and there have been no underwriting agreements entered into or presently contemplated by the Company with respect to any of its securities.

(o) The Company intends to follow the recommendation set out in the Report of Ace R. Parker, P. Eng., dated the 18th day of May A.D., 1966 and filed with the Superintendent of Brokers, a copy whereof accompanies this Prospectus. In these recommendations Mr. Parker estimates a budget of One Hundred and Fifteen Thousand (\$115,000.00)

Dollars, which will be needed to complete the recommended work set out in the Report in relation to the Three (3) Company properties. The general breakdown of this work by properties is as follows:

(i) Marc Group:

This work, if carried out during 1966, is estimated to cost -

\$ 83,000.00

Detailed as follows:

Geochemical Survey (reconnaissance)	1,500.00
Geologic Mapping	2,900.00
Line-Cutting	6,000.00
Geophysical Survey (Induced Polarization)	25,000.00
Exploration Drilling (AX cor)	18,600.00
General Assaying	1,500.00
Subsistence (Camp)	6,000.00
General Administration, Fees and Wages	12,500.00
Transportation	4,000.00
Sub-Total	<u>\$ 78,000.00</u>

Contingencies 5,000.00

Total Estimated Cost \$ 83,000.00

(ii) Silver City Group:

Geologic mapping, geochemical survey and minor trenching should be carried out during 1966 and is estimated to cost -

\$ 25,000.00

Detailed as follows:

Geologic Mapping	3,000.00
Geochemical Survey	3,000.00
Trenching and General Assaying	3,000.00
Diamond Drilling	10,000.00
Subsistence and Transportation	4,000.00
Sub-Total	<u>\$ 23,000.00</u>

Contingencies 2,000.00

Total Estimated Cost \$ 25,000.00

(iii) Casca Group:

This work, if carried out during 1966, is estimated to cost -

\$ 7,000.00

Detailed as follows:

Combined Magnetic - Electromagnetic Survey (helicopter-borne) - complete survey firm bidded on a contract basis	3,500.00
Geologic Mapping and Geochemistry	2,000.00
Transportation and Subsistence	1,000.00
Sub-Total	<u>\$ 6,500.00</u>

Contingencies 500.00

Total Estimated Cost \$ 7,000.00

No part of the proceeds shall be used to invest, underwrite, or trade in securities other than those that qualify as investments in which Trust Funds may be invested under the laws of the jurisdiction in which the securities offered by this Prospectus may lawfully be sold.

Should the registrant propose to use the proceeds to acquire non-trustee type securities after the initial distribution of the



securities offered by this Prospectus, approval by the shareholders must be obtained and disclosure made to the regulatory securities bodies having jurisdiction over the sale of the securities offered by this Prospectus.

- (p) The Company has been incorporated for more than one year.
- (q) There is no substantial indebtedness incurred or assumed that has not been shown on the balance sheet filed herein dated the 30th day of April A.D., 1966 and filed with the Superintendent of Brokers, a copy whereof is attached forming part of this Prospectus.
- (r) The principal business in which each Director of the Company has been engaged during the immediate preceding three years is as follows:

<u>James A. Hanna</u>	Practising Optometrist Whitehorse, Yukon Territory
<u>Jerry Ross Buzzelle</u>	Practising Architect Vancouver, B.C.
<u>Thomas William Connell</u>	Secretary of Hanna Gold Mines Ltd., Burnaby, B.C.
<u>John W. Drenka</u>	Logging Operator Squamish, B.C.
<u>Cyril C. Keyes</u>	President and Managing Director of Pacific Diamond Drilling Ltd. Vancouver, B.C.
<u>Lawrence Patnode</u>	Forestry Division, Department of Northern Affairs Whitehorse, Yukon Territory

- (s) The only interest direct or indirect of any Director in any of the property at any time acquired by the Company is that set out in paragraph (l) and (m) (ii) hereof.
- (t) The aggregate remuneration paid to the Directors during the fiscal year last ended amounts to: NIL, and to the Officers during the fiscal year last ended: NIL.
- (u) It is estimated that there will be paid as aggregate remuneration during the current fiscal year to the Directors: NIL, and to the Officers: NIL.
- (v) James A. Hanna, Jerry Ross Buzzelle, Thomas William Connell, John A. Drenka, Cyril Clyde Keyes, and Lawrence Patnode, by virtue of beneficial ownership of securities of the Company, could, in combination, elect or cause to be elected a majority of the Directors of the Company.
- (w) There have been no dividends paid within five (5) years preceding the date of this Prospectus.
- (x) There is no other material fact not declared under any other provision of this Act.
- (y) The foregoing constitutes full, true, and plain disclosure of all material facts in respect of the offering of the securities referred to above, as required by the "Securities Act" of the Province of British Columbia, and there is no further material information applicable other than in the Financial Statements or Reports where required.

DATED at Vancouver, British Columbia this 20th day of September A.D., 1966.

"C. C. KEYES"
Director
"L. PATNODE"
Director

"J. A. HANNA"
President
"J. B. BUZZELLE"
Vice-President
"T. W. CONNELL"
Secretary
"J. W. DRENKA"
Treasurer



SILVER CITY MINES LTD. (N.P.L.)

- as at April 30, 1966

BALANCE SHEET

ASSETS

Cash in Bank			\$ 7,035.76
Cash Held in Trust by Agent			8,990.00
Mineral Claims (Note)			106,986.93
Fixed Assets - at cost:			
Office equipment		\$ 136.40	
Mining equipment		14,202.58	
Camp equipment		<u>1,114.53</u>	15,453.51
Deferred Expenditures - per statement			49,608.61
Incorporation Costs			1,894.95
<u>NOTE:</u>	750,000 shares of the company were issued at a deemed price of 10¢ each for certain mineral claims and option rights to mineral claims.		
	The company exercised the option rights to the mineral claims by payment of \$21,610.00.		
	The company has also staked certain other mineral claims.		
			<u>\$189,969.76</u>

LIABILITIES

Accounts Payable			\$ 6,444.39
------------------	--	--	-------------

SHAREHOLDERS' EQUITY

Share Capital:

Authorized -

5,000,000 shares, par value \$1.00 each			<u>\$5,000,000.00</u>
---	--	--	-----------------------

Issued -

	<u>Par Value</u>	<u>Discount</u>	
750,000 shares for mineral claims and option rights	\$ 750,000.00	\$ 675,000.00	75,000.00
741,739 shares for cash	741,739.00	634,968.40	<u>106,770.60</u>
1,491,739	<u>\$1,491,739.00</u>	<u>\$1,309,968.40</u>	181,770.60

Donated Surplus

<u>1,754.77</u>	183,525.37
-----------------	------------

\$189,969.76

Approved on behalf of the Board:

"J. B. BUZZELLE"
Director

"T. W. CONNELL"
Director



SILVER CITY MINES LTD. (N.P.L.) - from inception (May 20, 1964)
to April 30, 1966.

STATEMENT OF DEFERRED EXPENDITURES

Development and Exploration:

Wages	\$12,722.11	
Camp operation and expenses	3,918.61	
Equipment maintenance	3,581.40	
Stripping	3,278.43	
Travel and transportation	2,302.62	
Gas and oil	2,134.02	
Expediting	1,821.95	
Assessor and geologist fees	1,670.00	
Pipes and materials	1,082.92	
Road building	850.40	
Workmen's compensation	691.29	
Equipment rental	672.49	
Power and explosives	522.80	
Small tools and hardware	443.15	
Freight and express	335.80	
Sundry	321.63	
Equipment storage costs	193.65	
Licenses and permits	148.93	
Insurance	122.50	
Unemployment insurance	115.70	
Medical insurance	59.10	\$36,989.50

Administrative:

Travel and transportation	5,420.16	
Salaries	2,413.50	
Legal and professional fees	1,311.22	
Telephone and telegraph	1,252.94	
Office rent	880.00	
Interest and bank charges	451.14	
Maps and photos	359.20	
Postage and office supplies	354.58	
Sundry	176.37	12,619.11
		<u>\$49,608.61</u>

COLLINS & COLLINS
CHARTERED ACCOUNTANTS
1315 BURRARD BUILDING
1030 WEST GEORGIA STREET
VANCOUVER 5, B.C.

AUDITORS' REPORT

To the Directors,
Silver City Mines Ltd. (N.P.L.).

We have examined the balance sheet of Silver City Mines Ltd. (N.P.L.) as at April 30, 1966 and the statement of deferred expenditures for the period from inception (May 20, 1964) to April 30, 1966. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying balance sheet and statement of deferred expenditures present fairly the financial position of the company as at April 30, 1966 and its operations for the period from inception (May 20, 1964) to April 30, 1966, in accordance with generally accepted accounting principles.

"COLLINS & COLLINS"

Chartered Accountants.

June 10, 1966
Vancouver, B.C.



PARKER AND ASSOCIATES
 Mineral Industry Consultants and Contractors
 201 Casca Building
 P.O. Box 719
 Whitehorse, Yukon

ENGINEER'S REPORT
 on
 SILVER CITY MINES LTD. (N.P.L.)

MARC GROUP - WHITE RIVER AREA - YUKON

Property Location and Access

The Marc Group consists of one hundred and forty-four contiguous and granted mineral claims located on and adjacent to the White River near the Alaska-Yukon Boundary (61°47'N, 140°45'W) and fifteen air miles south-west of the Alaska Highway at mile post 1170.

Float equipped aircraft, helicopter or tract vehicle currently provide access to the property.

History

Indians reported the existence of placer copper in the upper White River District to agents of Hudson's Bay Company as early as 1850 and in 1891 Dr. C.W. Hayes of the United States Geological Survey, Lieutenant Schwatka and a prospector named Mark Russell confirmed the presence of copper when they traversed into the headwaters of the White River from Fort Selkirk on the Yukon River.

Later in 1905 copper was discovered by Solomon Albert, J.R. Slaggard and M.C. Harris in the walls of the upper canyon of the White River, one and a half miles above Canyon City. Three copper grants were staked on the discovery.

Topography - Timber - Water

Claims of the Marc Group cover generally an area of low upland hills which are mantled with varying amounts of overburden and studded with typical Yukon black spruce to form part of the Nutzotin Mountains.

The White River and Boulder Creek have cut deep canyons across one end of the claim group. It was in these canyons that copper mineralization was first found.

Geology

The Marc Group covers an area composed geologically of Palaeozoic and Mesozoic volcanic rocks consisting of andisites, basalts, diabases, and related pyroclastics.

These Volcanics have been faulted and fractured and contain embayments of Carboniferous limestones.

Most of the bedrock geology on the property is obscured by surficial deposits consisting of silts, muck, volcanic ash and boulder clays, some being of glacial origin.

The volcanic rocks are the chief carriers of copper which occurs as disseminated sulfides, primarily chalcocite and its oxidation product - native copper.

Although the area is somewhat noted for its native copper, the largest economic potential lies in the sulfide content of the volcanics and the possibility of replacement deposits of chalcocite in limestones in areas of significant faulting similar to the geologic environment of the Kennecott mine located near the headwaters of the White River in Alaska.

Recommendations

A systematic surface exploration program consisting of geologic mapping, a geochemical survey, a ground geophysical survey employing induced polarization methods, trenching and minor diamond drilling is recommended as the first stage of work on the property.

This work, if carried out during 1966, is estimated to cost \$83,000. and is detailed as follows:

Geochemical Survey (Reconnaissance)	\$ 1,500.00
Geologic Mapping	2,900.00
Line-Cutting	6,000.00
Geophysical Survey (Induced Polarization)	25,000.00

c/f \$35,400.00

INTRODUCTION

Silver City Mines Ltd. (N.P.L.) owns three hundred and four (304) granted mineral claims located in three prominent Yukon Mining Areas as follows:

MARC Group - White River area - Yukon,
 SILVER CITY Group - Dawson City area - Yukon,
 CASCA Group - Anvil-Vangorda area - Yukon.

Relative to the current and projectable demand for copper, silver, lead and zinc, in conjunction with favourable geologic conditions, all areas warrant detailed exploration to establish their economic potential.

SUMMARY AND CONCLUSIONS

The recently located one hundred and forty-four (144) claim MARC Group copper property in the White River area presents an excellent exploration target in an area where little or no scientific exploration has been done to date. An induced polarization survey is recommended during 1966 in conjunction with a geochemical survey, geologic mapping and minor exploration drilling to outline possible zones of chalcocite and other copper sulfides that may exist in old volcanics and limestones that have been known for many years to contain copper mineralization.

The Silver City Group has a long and erratic history with many problems stemming from both financial disagreements and geologic complications. Much of the history of the property was lost until recently when old government records revealed the true history of the property.

Geologic evidence indicates that the Silver City Group may contain silver-lead mineralization of economic importance. Greenstones and their quartz-carbonate relatives in contact with limestones, schists, and quartzites form an extremely favourable atmosphere for the formation of silver-lead and gold-bearing ore deposits.

Veins in the area are known to contain high-grade silver mineralization but the extent of the mineralization has never been known due to the concealing effect of large slides and overburden covering much of the area known to contain mineralized float. Previous assays range as high as 800 ounces of silver per ton with a 10 to 1 silver to lead ratio.

A systematic surface exploration program employing a variety of methods is recommended for the property to properly assess its economic potential and provide sufficient information to guide an underground exploration and development program if justified. Geologic mapping and geochemical sampling is recommended during 1966.

The Company's sixty-four (64) claim CASCA Group in the Anvil-Vangorda area is situated in a favourable geologic environment adjacent to the Tintina Fault zone and poses a good exploration target. Geologic mapping and an airborne magnetic and electromagnetic survey is recommended during 1966 to outline possible anomalous areas in a district of known mineralization.

The total expenditure on exploration during 1966 is estimated to be \$115,000.



Exploration Drilling (AX core)	b/f	\$35,400.00
General Assaying		18,600.00
Subsistence (Camp)		1,500.00
General Administration, Fees and Wages		6,000.00
Transportation		12,500.00
		4,000.00
	Sub-Total	\$78,000.00
Contingencies		5,000.00
	Total Estimated Cost	\$83,000.00

SILVER CITY GROUP - DAWSON CITY AREA - YUKON

Property Location and Access

The Silver City Group consists of a group of 96 contiguous and granted mineral claims located on the North side of the Yukon River approximately twenty-six miles downstream from Dawson City (64°19'N, 139°50'W).

Currently the Yukon River links the property with Dawson City, Yukon. The property may be reached by power boat, helicopter, or by float-equipped aircraft from Dawson City.

The Yukon River is navigable by barge approximately five months each year.

The property is also situated nine miles east and across the Yukon River from the road leading to the Clinton Creek Mine from Dawson City.

Dawson City is served by an all-weather road and by scheduled aircraft.

History

An Argonaut, Mr. J.J. O'Neil, discovered the original Silver City showing in May 1902 on the bank of the Yukon River and consisting of a dislocated vein mineralized with silver, lead and zinc and contained in a large slide composed of brecciated and crumpled schists.

Mr. O'Neil and partners of Dawson City, motivated by high silver values and the possibility of finding a mineable silver deposit, performed extensive drifting and cross cutting on the property between 1902 and 1906 in an attempt to delineate the "float vein" and assess the potential of the property.

Five hundred and sixty-two feet of drifts and cross-cuts had been driven by June 1905 in search of the bedrock source of the Float Vein but with little success due to the lack of geologic control of work.

Although assays from drifts on dislocated segments of the vein ran as high as 800 ounces of silver per ton with a ten to one silver to lead ratio, the project was discontinued due to both financial and geological complications.

The property stood essentially idle until the 1920's when Mr. P. Rost shipped 5 tons of hand-sorted silver-lead ore to the Tacoma, Washington smelter from the out-crop of the Float Vein. It is reported that all underground entries were inaccessible at that time due to caving.

Mr. Rost and partners received approximately \$400 for the shipment (\$0.35 per ounce of Silver) but evidently the high cost of transportation prohibited additional shipments.

Mr. John Risco of Dawson City had become interested in the property through the years and collared an adit 425 feet above the river in 1929. Mr. Risco's adit penetrated 85 feet of overburden and passed through 52 feet of disseminated mineralization before striking a vein located 130 feet from the portal. This vein contained banded steel galena and a three foot channel sample cut across the vein assayed 603 ounces of silver per ton.

Mr. Risco became in disagreement with his financial backer while the adit was still in ore. He subsequently discontinued underground work and

left the property, not to return until 1958.

Later Mr. Risco relocated the property and during 1961 attempted to re-open his 1929 adit but could not find where the original adit entered bedrock after rehabilitating the portal section of the entry and thus failed to find his original discovery.

Mr. Risco is quite elderly and further work could not be undertaken.

It appears that the portal section of his original adit, while being driven through slide material, subsided approximately 30 feet down slope during his absence from the property between 1929 and 1961.

Late in 1962 a group of people, containing one of the present directors of the company, optioned the property and using hand methods extended Mr. Risco's 1961 adit to 276 feet and drove two cross-cuts.

Two significant faults were encountered which contained minor amounts of silver, lead and zinc mineralization.

During June 1964 Silver City Mines Ltd. (N.P.L.) was incorporated and extensive hydraulic stripping was performed in an attempt to uncover Mr. Risco's original discovery but the program could not be completed due to financial complications.

During the 1965 field season a field camp was established on the property and stripping operations continued in search of Mr. Risco's 1929 adit. Mining equipment, including a bulldozer and compressor, were moved to the property by barge from Dawson City. Subsequently a tote road was built from the Yukon River, approximately one-half mile, to link the camp with a new adit site situated near Mr. Risco's 1961 adit.

This third adit site was prepared and a new exploration adit was driven 185 feet into the mountain near Mr. Risco's 1961 adit. Two diamond drill holes were drilled from this adit but no significant mineralization was encountered. Mineralized float located in the adit and 100 feet from its portal was sampled and assayed 72.4 ounces of silver per ton.

The operation ceased when freeze-up conditions encroached on the country during October 1965.

Topography - Timber - Water

The Silver City Group of claims covers an area of low rounded mountains three thousand feet in elevation and cut by canyons of the Yukon and Fifteen Mile rivers, thus creating rugged topography immediately along these rivers.

Adequate timber for mining purposes exists along both the Yukon and Fifteen Mile rivers which may be considered as ample sources of any water that may be needed for mining purposes.

Geology and Mineralization

Essentially the rocks of the Silver City area are metamorphosed Precambrian sediments of the Yukon Group. Included in this group are biotite, chlorite, quartz, sericite and talc schists; limestones, graywackes, quartzites and siltstones.

These rocks have been anticlinally folded parallel to the general trend of the Yukon River.

The Silver City showing occurs on the northern limb of a westward plunging anticline which dips 30° to the west and plunges approximately 25° to the north.

Faulting and shearing has occurred in the area, both before and after mineralization occurred. It is reasonable to assume that movements related to the Tintina Fault are responsible for the faulting and crumpling of the rocks.

A beige-brown and green speckled quartz-carbonate rock, believed to have been formed through the alteration of basic or ultra-basic rocks, is host for most of the mineralization on the property.



The main silver bearing vein known on the property and heretofore known as the Float Vein is a quartz-carbonate vein implaced in schists near a greenstone body and later dislocated by faulting to subsequently become part of a large slide. Previous owners of the property report assays ranging from trace amounts to 800 ounces of silver per ton and averaging well over 100 ounces per ton with a 10 to 1 silver to lead ratio.

Recommendations

A systematic surface exploration program consisting of geologic mapping, a geochemical survey, an induced polarization geophysical survey, trenching and minor diamond drilling is recommended for the property to properly assess its economic potential and provide sufficient information to guide an underground exploration and development program, if justified.

Geologic mapping, a geochemical survey and minor trenching should be carried out during 1966 and is estimated to cost \$25,000. as detailed hereunder:

Geologic Mapping		\$ 3,000.00
Geochemical Survey		3,000.00
Trenching and General Assaying		3,000.00
Diamond Drilling		10,000.00
Subsistence and Transportation		4,000.00
	Sub-Total	\$23,000.00
Contingencies		2,000.00
	Total Estimated Cost	\$25,000.00

CASCA GROUP - ANVIL-VANGORDA AREA - YUKON

Property Location and Access

The Casca Group consists of sixty-four (64) contiguous and granted mineral claims located in the Anvil-Vangorda area, five miles southeast of the confluence of Vangorda Creek and the Pelly River (62°08'N, 133°20'W) and immediately adjacent to the Doe and Doll groups of mineral claims. The Ross River-Watson Lake road, which currently provides access into the area, is situated approximately thirty miles southeast of the property.

History

The Casca Group was staked during February 1966 to cover favourable geology in the Anvil-Vangorda area. No exploration has been done on the property to date.

Topography - Timber - Water

The Casca claims cover primarily the north facing slopes of low rounded hills vegetated with typical scrubby-appearing Yukon spruce. Numerous small streams dissect the area covered by the claims.

Geology

Palaeozoic sedimentary rocks, including limestones and schists underlie the claims of the Casca Group. Small stocks of mesozoic granitic rocks also occur in the immediate area.

This environment, in conjunction with the property's close proximity to the Tintina Fault zone in an area of known mineralization, presents a promising exploration target.

Recommendations

Geological mapping and a geochemical survey on a reconnaissance basis, in conjunction with an airborne geophysical survey employing both magnetic and electromagnetic methods, is recommended as the initial phase of work on the property.

This work, if carried out during 1966, is estimated to cost \$7,000. and is detailed hereunder:

Combined Magnetic - Electromagnetic Survey (helicopter-borne) - complete survey firm bidded on a contract basis	\$3,500.00
Geologic Mapping and Geochemistry	2,000.00
Transportation and Subsistence	1,000.00
Sub-Total	\$6,500.00
Contingencies	500.00
Total Estimated Cost	\$7,000.00

Respectfully submitted,

"ACE R. PARKER",
Ace R. Parker, P. Eng.

Dated at Whitehorse, Yukon,
May 18th, 1966.

CERTIFICATE

I, ACE R. PARKER, of the City of Whitehorse, in the Yukon Territory, do hereby certify that, -

1. I am a Consulting Engineer practicing under the name and style of PARKER & ASSOCIATES, with residence at Casca Building, Third Avenue and Elliott Street, Whitehorse, Yukon.
2. I am a Bachelor of Science in Mining Engineering from the College of Earth Science and Mineral Industry, University of Alaska, College, Alaska - 1962. I hold a Diploma in Mineralogy from the Mineral Science Institute, Chicago, Illinois - 1959.
3. I am a member in good standing of the Association of Professional Engineers of Yukon and the Association of Professional Engineers of Alberta. I have applied for a non-resident licence to practice Professional Engineering in British Columbia.
4. I have formally practiced my profession for the past four years after working in the mineral industry since 1953.
5. I have no direct or indirect interest, nor do I expect to receive any in the property of Silver City Mines Ltd. (N.P.L.) described in the accompanying report, or in any securities relating to the said property.
6. This Certificate is part of the attached Engineer's Report on Silver City Mines Ltd. (N.P.L.) dated May 18th, 1966.
7. The report is based on a comprehensive personal study of maps, reports and documents relating to the property described herein, including reports of the Geological Survey of Canada, and in conjunction with a personal examination of the property by myself.

"ACE R. PARKER",
Ace R. Parker, P. Eng.

Whitehorse, Yukon,
May 18th, 1966.