

Peso carves up Yukon bushland

Huge northern holdings pressed toward production

FR report by R. C. Jones

The rapidly accelerating global clamor for silver, now reaching critical proportions, has within recent months swung the twin-beamed searchlight of international industry and finance full-glare on the Yukon Territory, where a remarkable mineralogical project seems destined to become one of the world's major silver sources.

Specific point of focus of this interest is the central sector of the Yukon, where Peso Silver Mines Ltd. is proceeding to carve a new mining empire out of the wilderness.

Largest exploration group ever to move into the Yukon, Peso Silver Mines is an unusually aggressive enterprise backed by substantial Canadian and international resources, whose overall corporate structure embraces 11 companies linked by a common determination to bring into production a mining complex whose properties stretch over 150 miles of the Mayo and Carmacks areas.

Rich area

The Mayo district, of course, already is established as a rich mining area, having yielded placer gold and silver, lead, zinc, cadmium and antimony valued at \$275 million at today's prices.

Ultimate potential of its lode deposits is conservatively estimated at more than a billion dollars.

United Keno Hill Mines, Canada's foremost silver producer, is centred in the Mayo district. Other companies also are exploring several sections of new potential there. Discovery and development of new mines is a certainty, for the area now appears to be one of the largest silver bearing zones of the world.

However, it is Peso's burgeoning program of exploration and development on its wide-spread properties in the Mayo district, and particularly in the Carmacks district some 80 miles to the south, that is attracting most of the new international interest.

Peso's properties in the Carmacks area are more extensively developed than those in the Mayo district and Mt. Nansen Mines, of which Peso holds a 60 percent interest, is the No. 1 target for production. It is located 30 miles west of Carmacks and the silver and gold reserves on its 269 mineral claims, together with undeveloped potential of the known ore structures, have warranted installation of a 250-500-ton-per-day mill.

\$44 grade

Three major vein systems are being developed in the Mt. Nansen area, the Webber, Huestis and the Brown-McDade. To date, development has reasonably proven 70,000 tons of ore in the Webber and Huestis, grading about \$44 a ton gross in silver and gold.

Potential of these two deposits appears to be in the millions of tons.

At the Brown-McDade Mine, of which Peso owns 50 percent, about 200,000 tons of ore are proven and indicated, at an average grade of \$30-\$35 per ton, with a potential that appears comparable to the Webber and Huestis.

In a report this month to the company, consulting geological engineer Douglas D. Campbell summarized development to date in the Mt. Nansen district.

"Mt. Nansen Mines Ltd. is presently being developed by two adit levels on two vein zones which have a total of about 2,000 feet of drifting to date. The Brown-McDade mine is developed by 1,200 feet of drift on one level. Surface stripping and drilling have been extensive on all properties.

Proving up ore

"It is evident that if development in the Mt. Nansen district continues to prove ore at the present rate, and there is no geological reason to believe it won't, then by the end of 1965 about 400,000 to 500,000 tons of ore grading about \$35-\$40 per ton (gross) will be proven on the Webber, the Huestis and the Brown-McDade.

"Such a reserve, together with the undeveloped good potential of the known ore structures along strike and at depth, would justify installation of a 250-500-ton-per-day mill.

"At 500 tons per day, at \$15 net per ton, the operating profit for such an operation at Mt. Nansen would be \$2.7 million per year," he stated.

During the past year in his capacity as consulting geologist for the Peso operations in the Yukon, Campbell examined all the properties in both Mt. Nansen and Mayo districts.

More holdings

In the latter district, Peso Silver Mines owns the Peso Rex Mine, Rio Plata Mine and the Duncan Ladue Mine. It also owns 60 percent of the Shanghai and Mt. Haldane properties, situated between Rex and United Keno Hill, and has the right to earn a 60 percent interest in Silver Titan Mines Ltd. properties, consisting of 243 claims.

Peso also holds 625 other mineral claims in the Mayo district, most of which have good geological potential for exploration, according to Campbell.

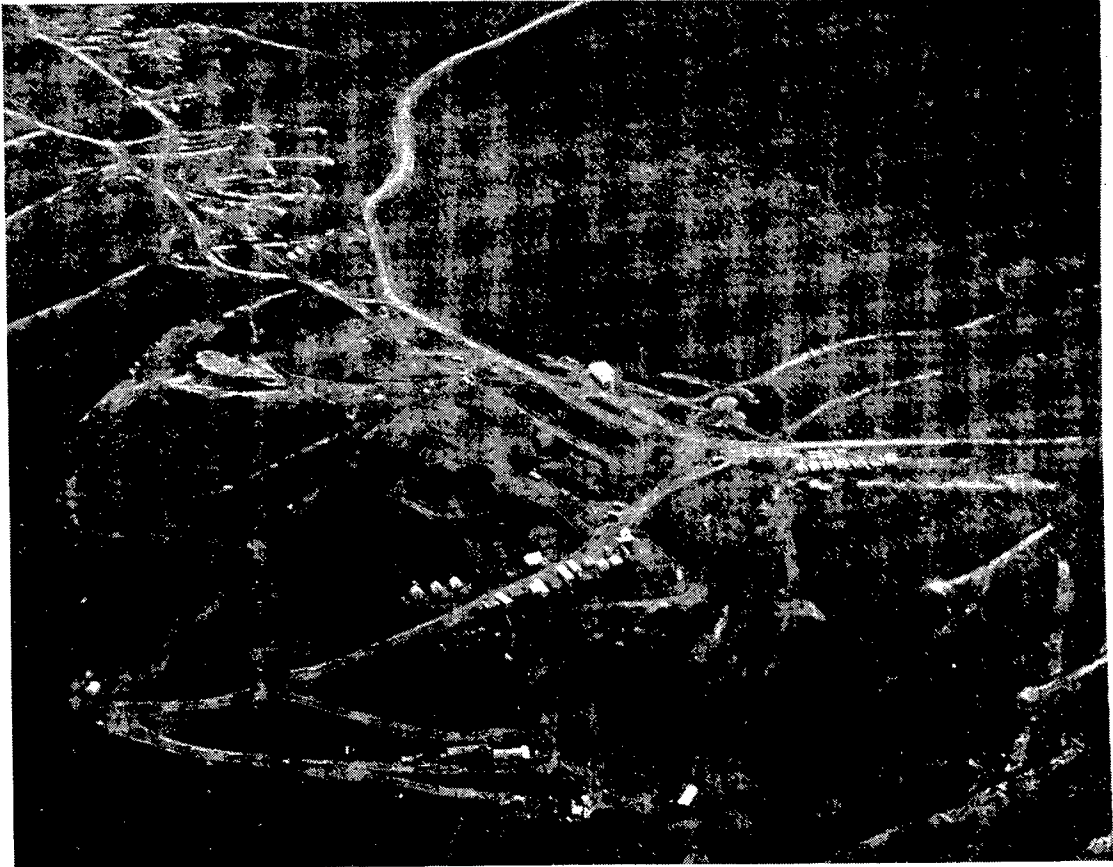
The Rex Mine, 20 miles northwest of Mayo, has been developed on one level at two locations by several thousand feet of underground drifting, diamond drilling and three raises.

It has a proven and indicated reserve of about 60,000 tons of silver-lead ore grading 20-35 oz. silver and 5-7 percent lead per ton, according to Campbell's report. The potential of the deposit above the existing level appears to be about 200,000 tons while the potential below remains unexplored. The ore occurs as vein material in wide, complex shear zones. The ore minerals are galena, freibergite, sphalerite and jamesonite.

Rio Plata

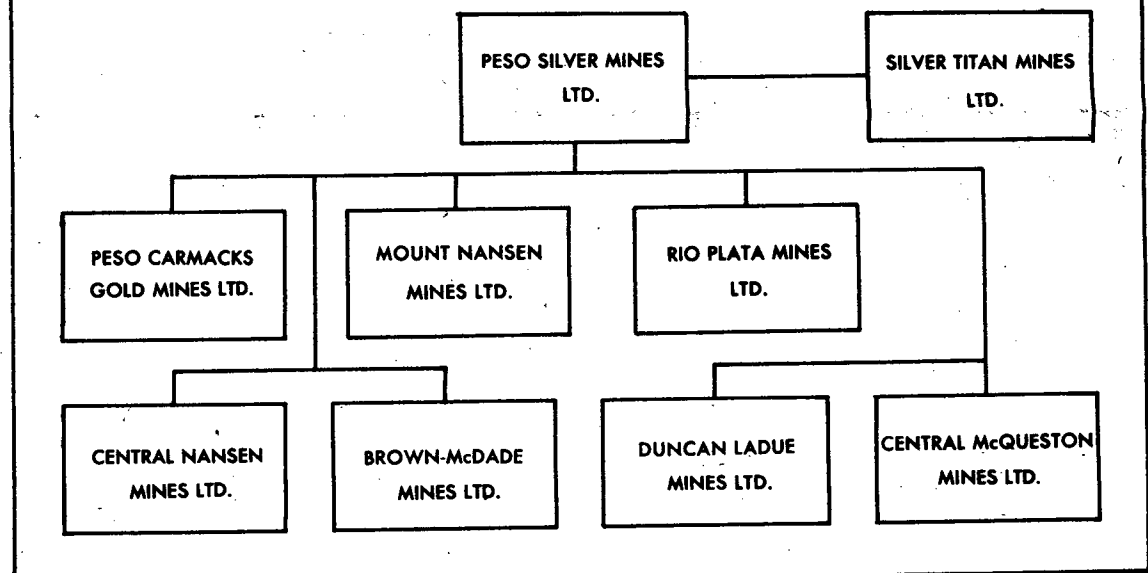
The Rio Plata, 10 miles further northwest, has been developed on two levels by about 1,000 feet of drifting as well as a few hundred feet of diamond drilling.

It has developed and indicated at least three ore shoots on two vein structures for a total proven and indicated reserve of about



A huge swath in the Yukon wilderness is being cut by Peso Silver Mines Ltd. as they develop the largest area ever attempted in the Territory. Peso's various properties stretch over 150 miles of the Mayo and Carmacks areas. Shown above is the large camp set-up and some of the extensive stripping which has been done by the company. A large corporate structure totalling 11 companies is carving a new mining empire out of virgin wilderness.

Peso Silver Mines corporate structure



50,000 tons grading about 30 oz. silver per ton, plus appreciable percentages of lead and zinc. The veins are about three feet wide and are of the United Keno Hill type, the principal ore minerals being galena, sphalerite and freibergite. The potential of the property could well be 100,000 tons, but this has not been explored.

Duncan Ladue

Duncan Ladue has had surface stripping and underground work. The ore is identical to United Keno Hill in type and occurrence. Analysis of the property is not yet complete, therefore the ore reserves are not known, but at least 10,000 tons of high-grade silver ore seems assured.

Both Rio Plata and Duncan Ladue are adjacent to United Keno, and are reached by all-weather roads.

Shanghai property

The 20-claim Shanghai property has been explored by about 1,500 feet of drift and 2,000 feet of diamond drilling.

Mt. Haldane 30-claims have 700 feet of drifts on three levels.

Both the Shanghai and the Mt. Haldane ore is of the United Keno

Hill type, high silver values in galena and freibergite in mineralized vein and shear zones. Development is still at a very early stage in both mines, but indications to date are that both show excellent potential to become good producers, states Campbell.

Continued exploration

"There is enough ore proven and indicated on the Peso properties in the Mayo area, together with encouraging geological indications on all properties, to warrant the continued exploration and development of the properties with the objective of building up sufficient reserves to justify a common custom mill in the area," Campbell concluded in his report.

"The average net profit from the grades of ores from all properties would be approximately \$20-\$25 per ton. At 250 tons per day, the operating profit would be about \$2 million per year."

Dynamic president

Fountain-head for all Peso operations is Charter Oil, whose president, Paul O. Berliz of Calgary, moved his company into control in 1963, after Food

Machinery and Chemical discontinued its exploration of the Peso properties because of large financial commitments in other divisions of its business.

With the dynamic Berliz as chairman of the Peso board, the present over-all Yukon complex took shape and moved rapidly toward fulfillment of its objective. Within the two years since then, Peso expanded its claims in the area from 230 to 2,000 and spent nearly four million dollars on exploration and development above and below ground.

Short silver supply

Then, the one thing that all mine developers hope for happened. Silver started to move noticeably into short world supply. The price began climbing on the world market, placing Peso in an enviable investment position.

"We were aware of the impending crisis in the silver market," says Berliz, "and we anticipated a major price breakthrough this year."

As a consequence, Peso's astute executive team, which includes president C. S. Walker,

(Cont'd. on page 16)

Mining firms mentioned in this week's issue

Amalgamated Resources Ltd.
Anglo American Molybdenite Mining Corp.
Bewco Explorations Ltd.
Buchanan Mines Ltd.
Cariboo Hudson Gold Mines Ltd.
Cassiar Asbestos Corp. Ltd.
Chataway Exploration Co. Ltd.
Cheskirk Mines Ltd.
Chimo Gold Mines Ltd.
Continental Consolidated Mines
Crown Silver Development Ltd.
Giant Metallics Mines Ltd.
Granduc Mines Ltd.
Gunnar Mining Ltd.
International Mine Services Ltd.
Jaye Explorations Ltd.
Jericho Mines Ltd.
Lake Shore Mines Ltd.
Lornex Mining Ltd.

McIntyre Porcupine Mines
Magnum Consolidated Mining Co.
Marshall Creek Copper Co. Ltd.
Midrim Mining Co.
National Exploration Ltd.
New Far North Exploration Ltd.
New Hoscoe Mines Ltd.
Northern Coal Mines Ltd.
Northwest Ventures Ltd.
San Doh Mines Ltd.
Sileurian Chieftain Mining Co.
Stump Mines Ltd.
Tache Lake Mines
Texmont Mines Ltd.
Torwest Resources (1962) Ltd.
Tundra Gold Mines Ltd.
Utica Mines Ltd.
Vananda Explorations Ltd.
Victoria Algoma Minerals
Vimy Explorations Ltd.
Wesfrob Mines Ltd.

Magnum explores Stewart claims

Magnum Consolidated Mining Co. is currently carrying out geological mapping and diamond drilling on a six-claim group on Glacier Cree in the Stewart area.

A number of mineral showings occur on the optioned property, shareholders have been told, the best known of which is located along a creek bed which is underlain by strong faulting.

Magnum reports the main fault is 150 feet long and seven feet wide. Two adits, each 75 feet long and 50 feet apart vertically, explore the vein in a northerly direction.

In the upper adit, says Magnum, one assay of a body of solid sulphide assayed 31.6 ounces silver, 15 percent lead and 8.3 percent antimony.

Vananda plans drill program

Diamond drilling is expected to start in two weeks on Vananda Exploration Ltd.'s newly-optioned Thistle mine, 20 miles from Port Alberni, says Vananda president T.E. Blossom.

(Option terms are mentioned in FR's "options exercised, dividends declared" column elsewhere in this week's issue.)

Blossom says a crew is now on the 11-claim copper-gold property on the Franklin River.

Engineer Fred Hemsforth has recommended spending \$50,000 for geological mapping, geophysical surveys and diamond drilling on the "very promising property."

Hemsforth believes no diamond drilling or geophysical work has been done on the ground.

The mineralization consists of a chalcopyrite, pyrite replacement in altered limestone and he says there has been considerable faulting and the structural geology is "complex."

After the surveys are finished, Hemsforth considers 5,000 feet of preliminary diamond drilling should be done to test ore potential.

Peso Silver Mines . . .

(Cont'd. from page 15)

executive vice-president Avery Stone and secretary-treasurer D. M. Clark, turned the heat on, accelerating the company's property acquisitions and its multi-million dollar exploration and development program. The land holdings were increased from 19 to 150 square miles, or about 100,000 acres, making Peso the largest holder of silver and gold prospects in the Yukon.

Now a princess

And the world shortage that has turned silver from a 70-cent-an-ounce Cinderella into a fairly certain \$2,00 (and perhaps even \$2,50)-an-ounce princess, continues to accelerate at such an alarming pace that international money-managers are advising their clients to raise their shares in silver and gold shares to at least 30 percent of their total investments.

Last year, free world production of silver was 210.5 million ounces compared with a consumption of 419.2 million.

Silver used for industrial and art purposes exceeded total production by 37 million ounces. Eastman Kodak alone is using

10 percent of the world production.

Coinage needs

Coinage needs of Canadian and foreign countries were 60.9 million ounces last year, and the U.S. mint used 111.3 million ounces. Thus, the free world is using about twice as much silver as it produces.

Due to the mounting global production deficiency, the silver stock of the U.S. Treasury, presumed to be the largest in the world, last year shrank to 1.4 billion ounces from 2.106 billion in 1958.

Another dramatic change in the international gold-silver trends resulting from the Viet Nam situation, and confirmation of Communist China's switch from English pounds to gold.

On the threshold

And as far as Peso Mines, now on the threshold of production, is concerned, all this adds up to a successful and imminent climax to the story of a bold and imaginative venture, truly a saga of modern mining.

C-I-M Consultants Limited

Construction - Mining - Industry

"SPECIALIZING IN ROCK MECHANICS"

Bank of Nova Scotia Bldg.

Seymour & Hastings Vancouver 2, B.C.

Phone 681-9821

Telex 04-50153



PACIFIC DIAMOND DRILLING COMPANY LTD.

Dam and Foundation Testing



Mine and Exploration Drilling

Phone MU 1-2632, 854 Dunsmuir St., Vanc. 1, B.C.

Daily metal prices

U.S. METAL PRICES

For Week Aug. 13 to Aug. 19

Supplied by Merrill, Lynch, Pierce, Fenner & Smith Inc.

	Fri.	Mon.	Tue.	Wed.	Thur.
Steel scrap, 1 hvy. melt. Chgo. ton	35.00	35.00	35.00	35.00	35.00
Copper Conn. Valley, lb.	.36	.36	.36	.36	.36
Copper scrap, No. 2 wire, NY, lb.	—	—	—	—	—
Lead, NY, lb.	.16	.16	.16	.16	.16
Tin, NY Lb.	1.89 3/4	1.92	1.87 1/2	1.90 1/2	1.85 3/4
Aluminum, Ingot, NY, Lb.	.24 1/2	.24 1/2	.24 1/2	.24 1/2	.24 1/2
Quicksilver, NY, 76-lb. Flask	605.00	605.00	605.00	600.00	615.00
Silver (H&H) NY, oz.	1.293	1.293	1.293	1.293	1.293

a-asked b-bid n-normal

LONDON METAL EXCHANGE

(Bid Prices)

For Week Aug. 13 to Aug. 19

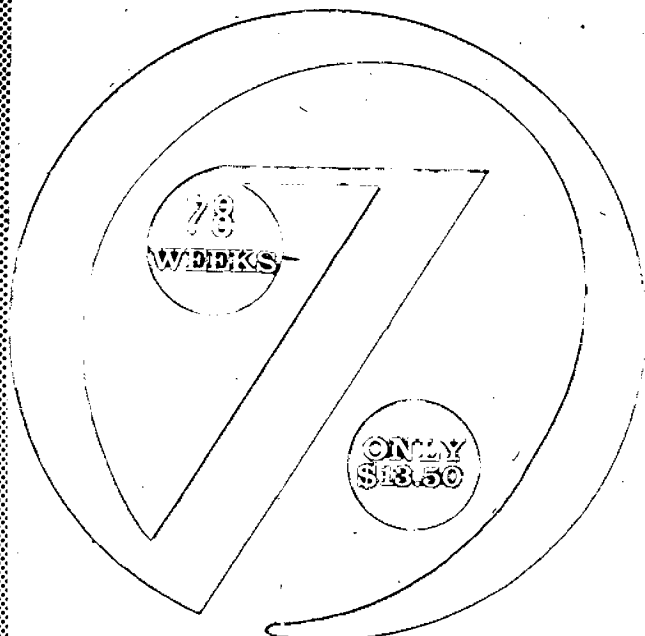
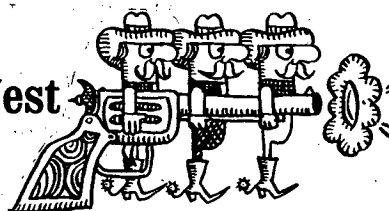
Supplied by Doherty Roadhouse & McCuaig Bros.

	Fri.	Mon.	Tue.	Wed.	Thur.
Copper, wire bars (spot)	433	440	440	443	444
Lead	98 3/4	97 1/2	98 3/4	98 3/4	99 1/4
Zinc	110	110	110	110 1/4	110 3/4
Tin	1510	1510	1480	1505	1510
Silver	1.29 8/10	1.29 7/10	1.29 8/10	1.29 7/10	1.29 8/10

the FINANCIAL RECORD

The Right Way to get Mining News from Western Canada

we're from the West where the action is



Less than 18c a copy

The FINANCIAL RECORD

583 Howe Street
Vancouver 1, B.C.
Phone 682-4561

Please enter my subscription as follows:

- 78 Weeks for \$13.50 Payment Enclosed
 52 Weeks For \$10.00 Bill Me Later

NAME

ADDRESS

CITY

STATE/PROV.

B.C. Subscribers Add 5% Tax

• Air Mail extra according to location.