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REPORT

DUNCAN PROPERTY

KENO HILL AREA

MAYO MINING DISTRICT – YUKON TERRITORY

Submitted to: Peso Silver Mines Ltd.
and
Silver Titan Mines Ltd.

Vancouver, B. C.
September 17, 1962

L. G. White, P. Eng.
Consulting Mining Engineer

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INTRODUCTION

The Duncan property situated on the North slope of Keno Hill, Mayo area, Yukon Territory, was examined during September 8th and 10th, 1962.

Purpose of the examination was to assess the results of work in progress and recommend a continuing exploratory programme for presentation to Directors of your respective Companies.

Field supervision of the work was being directed by Mr. R. Gilroy, ably assisted by Mr. John McAndrews, Resident Geologist for Silver Titan Mines Ltd. The co-operation and assistance offered by them during my examination was gratefully acknowledged.

SUMMARY AND CONCLUSIONS

Previous work on the Lake No. 1 mineral claim adjoining the Ivan claim of the "Duncan Group" exposed pods and stringers of galena and tetrahedrite mineralization containing high silver values within siderite veining striking N. 30° E across a bulldozer trench adjacent to the common boundary of the two claims.

The programme of bulldozer stripping and trenching initiated to locate a possible extension of the mineralized zone onto the Ivan claim was unsuccessful to date. Permafrost conditions in the parallel bulldozer cut on the Ivan claim delayed the work.

However, deepening a former cut and stripping in an area a distance of approximately 600 feet Southwest of the above workings exposed a definite mineralized sheared fault lode striking N. 40° E with near vertical dip cutting flat lying phyllite host rocks.

A zone of oxidation within the shear zone containing bunches and stringers of massive galena mineralization up to 4" wide was well exposed for a strike length of 80.0 feet. The width of shearing and foliation along the zone varied from 8.0 to 10.0 feet. The width of oxidation and associated mineralization in quartz carbonate veining averaged from 1.0 to 5.0 feet.

The massive galena mineralization contained dissemin-

ated patches of tetrahedrite and characteristic azurite-malachite staining. It occurred as fracture filling along a fairly continuous en echelon pattern for an exposed 60 foot length of oxidized zone.

The most recent stripping at the South end of the trench exposed continuation of the sheared zone into competent greenstone-quartzite formations with an apparent strengthening of mineralization.

Stringers of galena and associated tetrahedrite up to 0.1 foot thick were also noted radiating into the quartzite wallrock of the oxidized zone.

As indicated on the attached geological and sampling plan, preliminary grab and chip sampling of the oxide material and massive sulphides returned values ranging from 0.6 ounces up to 509.0 ounces of silver per ton. The silver-lead ratio appeared favourable in a range of 5:1.

Selected pieces of fresh sulphide taken at random along the trench as deepening progressed ran 998.0 ounces of silver per ton.

The favourable tenor of mineralization and structural characteristics of the zone with respect to the projected trace of the Friendship-Sadie-Ledue vein fault system from adjoining claims added to the significance of the new discovery.

RECOMMENDATIONS

Recommendations were made and implemented in the field to finish cleaning the remaining debris from the general area of the new find, then proceed immedately with open cutting along the strike of the zone. The open cut was to be continued as an exploratory adit when rock conditions permitted collaring a tunnel.

Care should be exercised to sort the high grade mineralized material and stockpile for future shipment.

It was estimated that expenditures in the amount of $16,750 would be required to prepare the site and successfully open cut the zone for roughly 90 feet during the ensuing month.

LOCATION AND ACCESSIBILITY (See Key Location Plan)

The Duncan Group of mineral claims are strategically located adjacent to extensive holdings held by United Keno Hill Mines Ltd., and other individuals on the North slope of Keno Hill, Mayo area, Yukon Territory.

Access presents no problems with trails and roads criss-crossing the general Keno Hill area to most of the former producing properties.

The main access road to the North side of Keno Hill crosses the property about two miles distant from Keno City.

PROPERTY AND OWNERSHIP

The property consists of Five (5) surveyed mineral claims; namely, Ivan, Bell-York, Ada, Yukon and Bob.

The claims are held in the name of Dr. Duncan from whom Peso Silver Mines Ltd. and Silver Titan Mines Ltd. jointly hold a firm option to purchase.

PREVIOUS WORK

The particular area of Keno Hill where the Duncan claims are located has been explored and developed since the original discovery was made by L. Beauvette in 1919.

The Sadie-Friendship-Ledue vein system adjacent to

the present Duncan property was discovered during 1921 and supplied the major part of silver production from the area during the 20's.

The Treadwell Yukon Company under direction of Livingston Wernecke exploited the Friendship-Sadie-Ledue system by installation of a mining and milling plant in 1922.

Canex Aerial Exploration Ltd. conducted an exploration programme on the Duncan ground during 1959-60. Their work included a resistivity survey by Geophysical Engineering and Surveys followed by bulldozer trenching and a short exploratory adit to test indicated targets from geophysical work.

Dr. Aro Aho reviewed their work and it was from his interpretation and geological concepts that trenching was done across section lines A, B, C, and D, shown on the attached plan.

Results from the Canex work were inconclusive due chiefly to permafrost conditions curtailing effective bulldozer work.

CURRENT DEVELOPMENT

Deepening of a previous cut in the vicinity of section line "D", as recommended by Dr. Aho, resulted in the exposure of a definite sheared zone containing quartz carbonate veining with massive stringers of galena and associated tetrahedrite carrying high silver values.

The mineralized zone has a general strike of N. 40° E. or the same regional trend as the projected trace of the Friendship-Sadie-Ledue vein system.

Trenching on the downhill or North end of the zone exposed the oxidized shear cutting flat dipping phyllites. As work progressed along strike in a Southwesterly direction, the mineralized zone continued into competant greenstone-quartzite formation.

MINERALIZATION

The mineralization as exposed to date consists of pods and stringers of galena distributed along an oxidized section of the sheared zone for a length of 80.0 feet. Width of mineralized material varies from 1.0 to 5.0 feet.

Considerable tetrahedrite, azurite, and malachite are associated with the galena.

PRELIMINARY SAMPLING RESULTS

Results from sampling compiled to date are tabulated below:

Sample No.	Location	Description	Width	Assays % Pb	Assays Ozs Ag/T
14574	N end trench Boundary Ivan & Lake M.C.	Oxidized fault Material	2.0'	-	0.6
14575	N end & 10' SW	3.0' Oxide material 2.0' fault guage	5.0'	0.2	12.5
14601	N end & 20' SW	Oxide material	3.0'	-	19.2
14602	N end & 30' SW	Massive steel galena plus tetrahedrite	1.0'	69.8	452.0
14608	N end & 30' SW	5.0' lower in trench	1.0'	78.0	351.4
14603	N end & 30' SW 5' West wall	Stringer of Pbs in W wall	0.1'	75.0	532.6
14604	N end & 30' SW 10' West wall	Stringer of Pbs in W wall	0.1'	33.1	100.0
14605	N end & 40' SW	Oxide material	1.5'	-	20.8
14606	N end & 50' SW	Massive steel galena some tetra.	2.5'	35.8	196.9
14591	Same location as 14606	Grab pieces taken from zone when first exposed	Grab	-	509.0
14607	N end & 60' SW	Oxide & guage	4.0'	-	407.4
14570	Same location as 14607	Grab material taken from stripped zone	Grab	67.5	284.6
14569	N end & 70' SW	Heavy Sulphide Grab	Grab	nil	240.5

Note: 1. A quartz vein sparsely mineralized with disseminated Pbs at a location 90' SW of the North end of the trench returned 40.3 ozs Ag across 1-1.5' width.

2. Selected pieces of massive Pbs carrying visible tetrahedrite and azurite-malachite staining - Sample No. 14573 - ran 998.0 ounces Ag. and 63.7% Pb.

3. Pb assays available to date show a favourable Ag-Pb ratio ranging about 5:1.

RECOMMENDED PROGRAMME

1. Use the bulldozer to continue cleaning off the remaining surface rubble in the stripped area and prepare dump roomaat the North end of the trench.

2. Rent a portable compressor, rock drills and accessories and a slusher hoist to commence an open cut trench along strike of the mineralized zone.

3. Dependant on results obtained and how quickly a solid rock face is developed, continue the open cut as a small exploratory adit.

4. Attempt to deepen No. 1 cut with the bulldozer and locate the extension of the siderite zones from the Lake No. 1 claim onto Duncan ground.

ESTIMATED TIME AND COSTS

To initiate the above programme and successfully open cut a length of roughly 90 feet will involve approximately a month's work.

The work should be conducted on a careful basis with extra time required for sacking and stockpiling the higher grade mineralized material as it is exposed.

The supervisory personnel and crew presently handling the work are quite competent to conduct the above programme. Additional crew members can be obtained locally.

A preliminary cost estimate to cover the above work is submitted below:

Cost Estimate

To finalize bulldozing work and establish an open cut along the zone for approximately 90 feet.

Time: 1 month

Labour Costs:

Supervision and Geological	(2)	$1750.00	
Drillers, slushermen, general labour	(4)	2800.00	
Cook		500.00	
Total Labour		$5050.00	
Plus 12% Fringe Benefits, U.I.C., etc.		600.00	$5650.00

Carried forward		$ 5650.00
Equipment Rentals		
Tractor time - General Construction		3000.00
Compressed air - 2-125 cfm		900.00
Slusher hoist & accessories - Peso Silver		500.00
Truck rentals - local garage		1000.00
Supplies Costs		
Fuel Oil & Gasoline	$ 450.00	
Powder, caps & fuse	350.00	
Steel, bits, etc.	100.00	
Camp supplies (C. H. Loss)	500.00	
Camp wood	60.00	1460.00
General Expenses		
Administration	500.00	
Tel & Tel	150.00	
Travelling	600.00	
Consulting fees	800.00	2050.00
Estimated Costs		$ 14560.00
Contingencies @ 15%		2190.00
Total Estimated Costs		$ 16750.00

GENERAL RECOMMENDATION & CONCLUSIONS

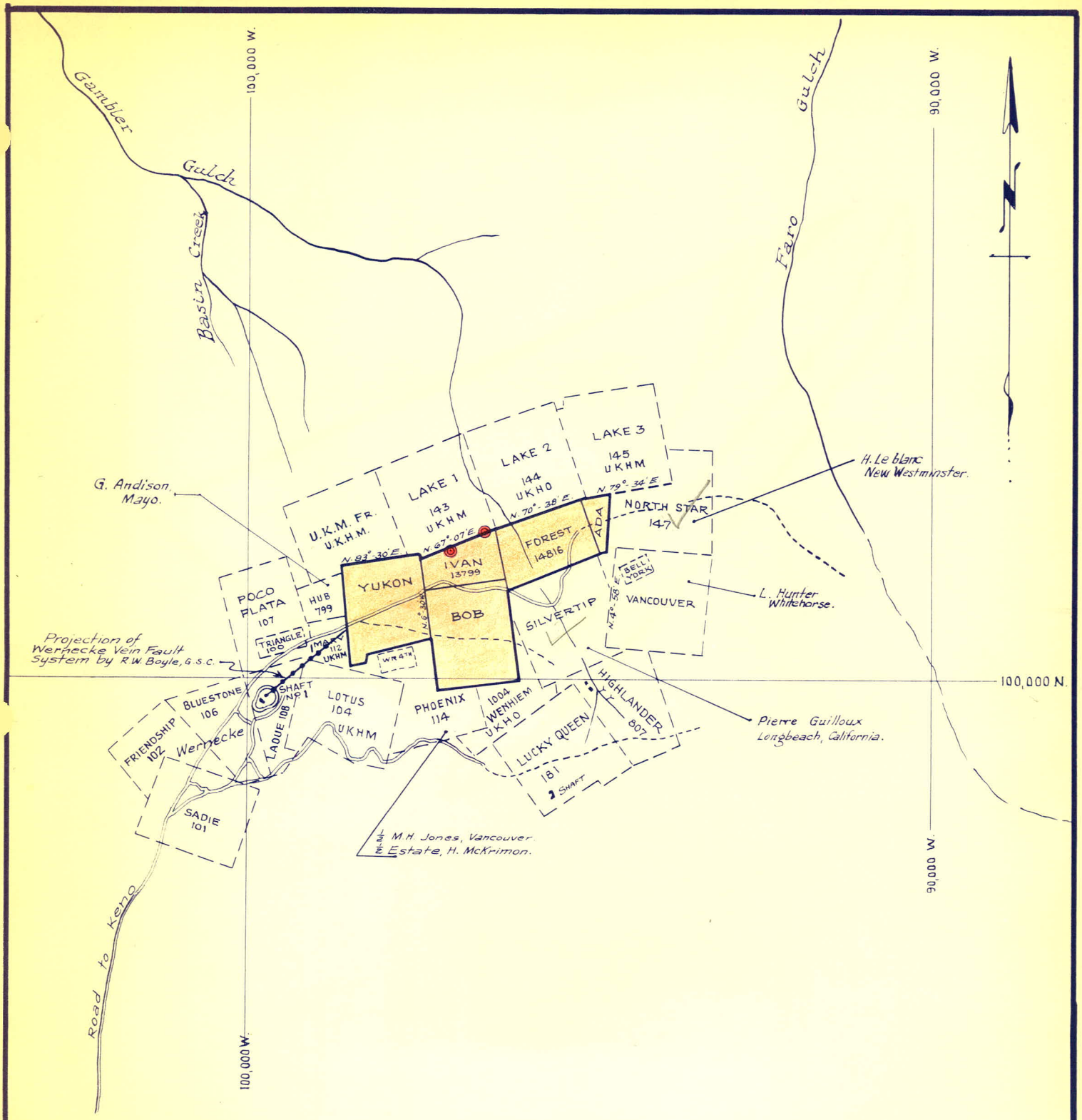
In consideration of the very favourable results obtained to date by the preliminary stripping conducted on the well mineralized zone, it is strongly recommended that the above programme be expedited without delay.

L. G. White, P. Eng.
Consulting Mining
Engineer

Vancouver, B. C.
September 17, 1962.

APPENDIX

1. Location Map – Duncan Group
2. New Showing on Ivan M. C.
   Geological and Sampling Results
3. General Surface Plan – Duncan Property



Mineral Showing
- siderite
- galena.
- malachite.
- azurite.
- chalcopyrite.
- sphalerite.
- tetrahedrite.
- ruby silver.

Duncan Group

LOCATION MAP DUNCAN GROUP

FROM

U K H M LTD.

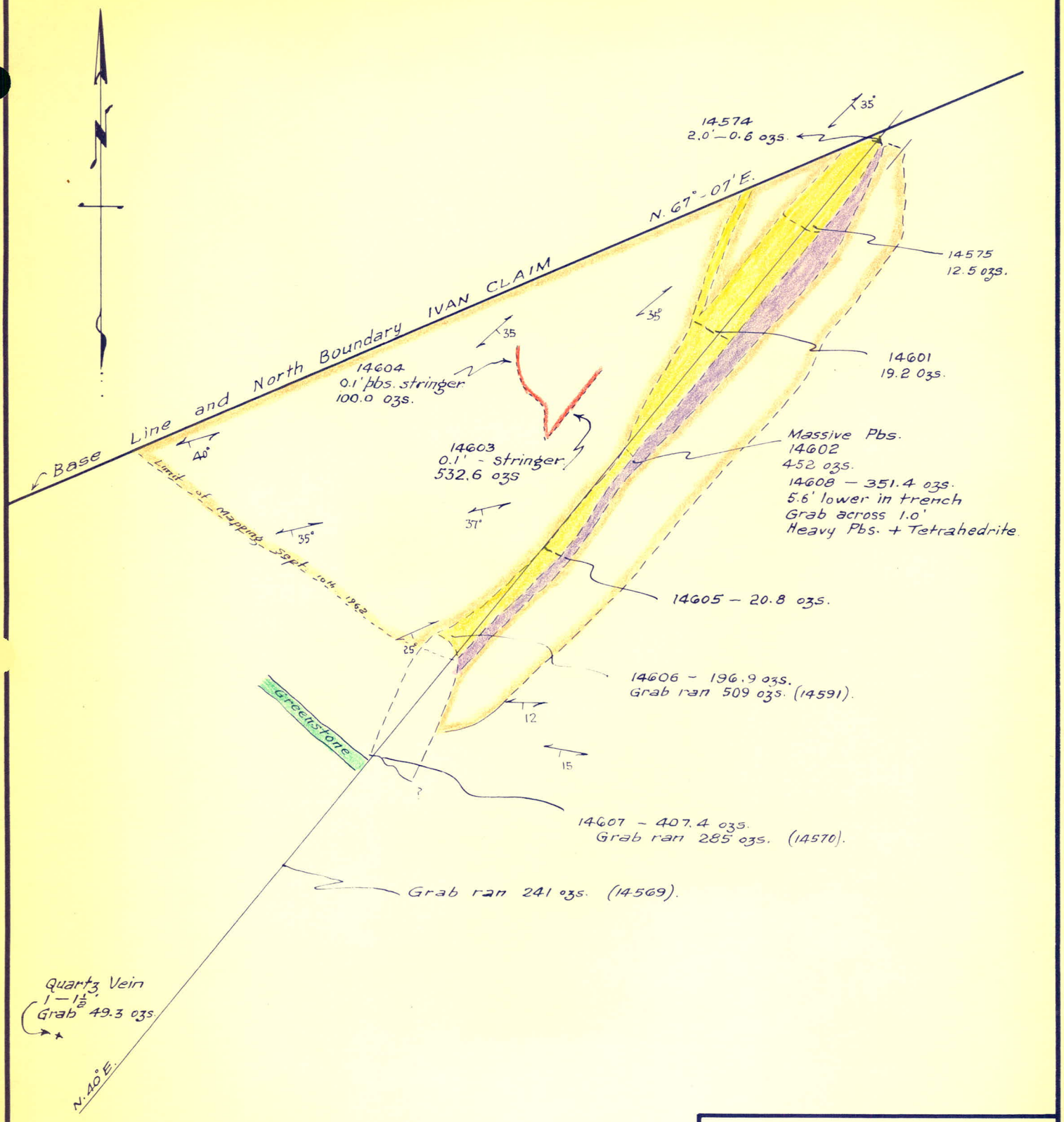
Scale: 1 inch = 2000 feet.

March, 1960. Dwg., J.McA., No 157.

To accompany report by:

L. G. White, P. Eng.
Consulting Mining Engineer.

L.E.



LEGEND

Phyllite.

O - oxidized zone.

G - Gouge zone.

NEW SHOWING ON IVAN CLAIM DUNCAN GROUP Keno Hill Area

Scale: 1 inch = 10 feet.

September 10th. 1962. D'w'g. J. McA.

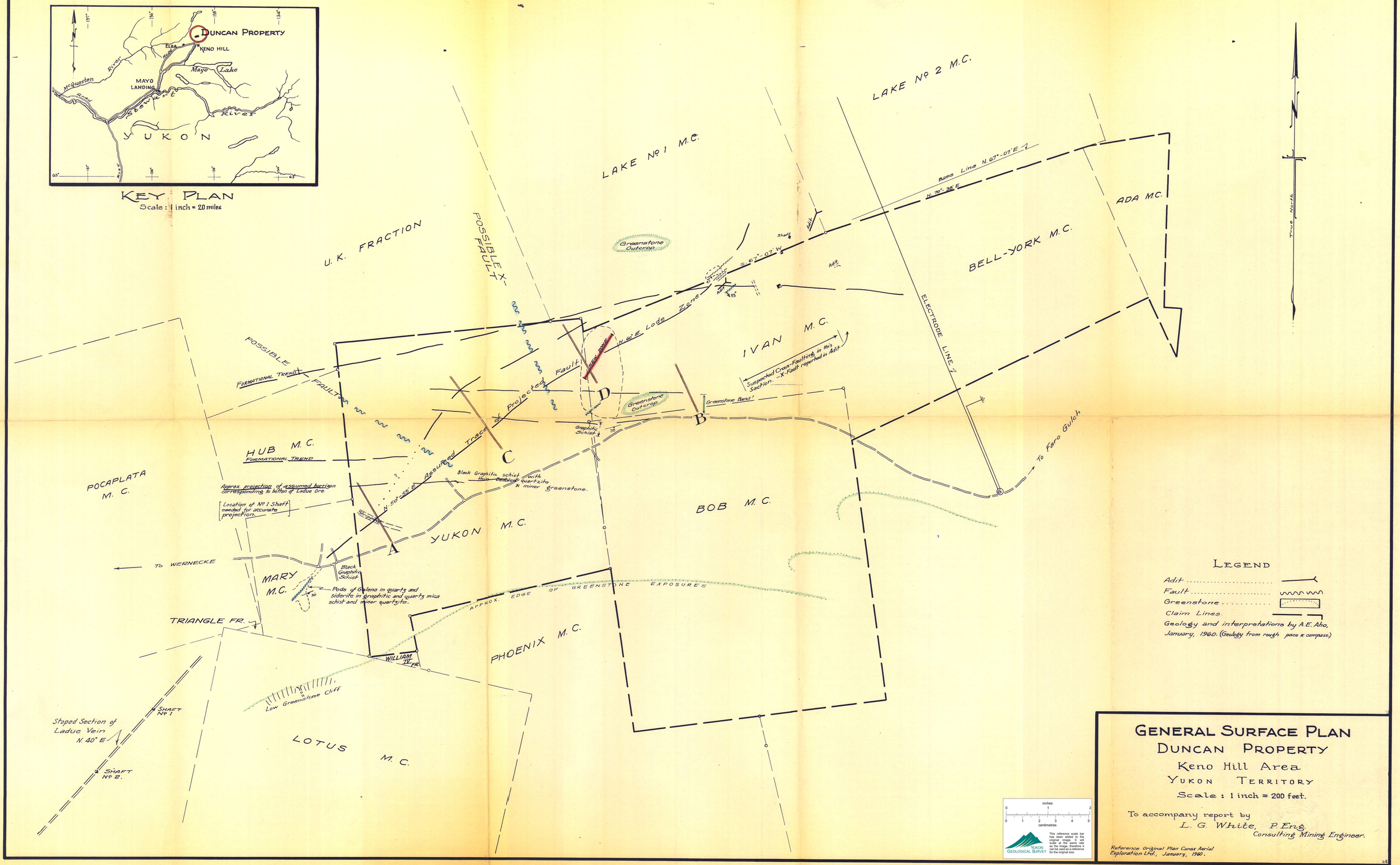
To accompany report by:

L. G. White, P. Eng.

Consulting Mining Engineer.

L.E.
S-62

KEY PLAN
Scale : 1 inch = 20 miles



LEGEND

Adit .....
Fault .....
Greenstone .....
Claim Lines
Geology and interpretations by A.E. Aho, January, 1960. (Geology from rough pace & compass)

GENERAL SURFACE PLAN
DUNCAN PROPERTY
Keno Hill Area
YUKON TERRITORY
Scale : 1 inch = 200 feet.

To accompany report by
L. G. White, P. Eng.
Consulting Mining Engineer.

Reference Original Plan Canex Aerial Exploration Ltd., January, 1960.

inches
centimetres
YUKON GEOLOGICAL SURVEY
This reference scale bar has been added to the original image. It will scale at the same rate as the image, therefore it can be used as a reference for the original size.