

014802

R E P O R T

DUNCAN PROPERTY

KENO HILL AREA

MAYO MINING DISTRICT - YUKON TERRITORY

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

Vancouver, B.C.
November 13, 1962

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

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INTRODUCTION

As instructed by your respective Companies, the writer visited the Duncan property on Keno Hill, Yukon Territory, on November 6th, 1962, to observe the work which had been completed since the start of the project early in September and to recommend a continuing programme of exploration and preliminary development.

The project is now well organized, and credit is due both Mr. Gilroy and Mr. Ellis for expediting the work under reasonably adverse conditions.

SUMMARY OF PROGRESS AND COMMENTS

1. Access roads and site clearing for the camp and shop buildings were completed during the last week in September.

2. A sectionalized Stransteel building 130' x 22' was purchased in Atlin, B.C. and delivered to the property for a total price of \$5,600. All required hardware, including windows, doors, lighting fixtures, etc., were supplied with the building.

3. Three buildings were erected, of the following dimensions:
 - Bunkhouse - 22' x 43' (15 men)
 - Cookhouse - 22' x 30'
 - Garage and Shop - 22' x 43'

Construction has been well done and the facilities provided are quite adequate for the current programmes.

In addition, a 9' x 12' frame shelter has been provided near the adit entry for water heating equipment. It was conveniently located to provide gravity flow for underground drilling operations.

4. The open cut was advanced along the mineralized zone as exposed by previous bulldozer stripping, for a total

distance of 72.0 feet. The dimensions of the face of the cut were 6' x 10' high and ready for collaring the adit at the time of my visit.

5. Timber was on order to instal sets along the open cut, together with proper bracing and lagging to enclose the entry for protection from drifting snow.
6. Structural characteristics and mineralization along the zone as exposed by the open cut were typical of the conditions as previously observed and reported in September.

The zone width varied from 1.5' to 5.0' with stringers and bunches of galena and associated tetrahedrite occurring within quartz carbonate veining, paralleling the break between the altered greenstone - argillaceous schist contact.

Strike of the zone maintained an average $N40^{\circ}E$ direction with dips varying between 50° and 60° to the east.

7. The face of the cut was being sampled after each round with segregation of the zone into separated sections, as shown on the attached sample record. To date the average silver - lead ratio has continued in the favourable range of approximately 5:1; however, the high

assays received from sampling of the surface exposures have not been duplicated.

A weighted average of the 3 rounds, or roughly 15.0' in the solid section of the open cut, approximated 50.0 ozs. Ag and 10% Pb over widths of 1.5 to 2.0 feet.

8. The adit was in the process of being collared, with planning to advance it on two shifts once the timbering had been completed.
9. Higher grade material excavated from development advance was being sorted and stored in old drums. The carbonate vein material containing disseminated galena and tetrahedrite was also being stockpiled. Approximately 2-1/2 tons of high grade material had been sorted to date.
10. The equipment provided through lease rental agreement and that purchased from Johobo Mines Ltd. in Whitehorse was operating satisfactorily and was sufficient to handle the current adit drive. The spare 110 c.f.m. machine stored on the property was intended to be used to sink the prospect pit on the No. 1 zone.

11. The preliminary expense statement as attached to this report includes all invoicing submitted to date. The total amount of \$39,426.88 includes an estimated amount of \$9,900 for invoices outstanding. No accounting for the equipment purchased or rented under the Bobcik Agreement has been included.

GENERAL RECOMMENDATION

Following my examination, and after discussion with Mr. Ellis, it was decided that with the present camp as established, favourable results being obtained, and the tunnel now being collared, the present programme should be continued until December 15th; providing

- (a) The Management Committee would approve the required budget to conduct the work;

and

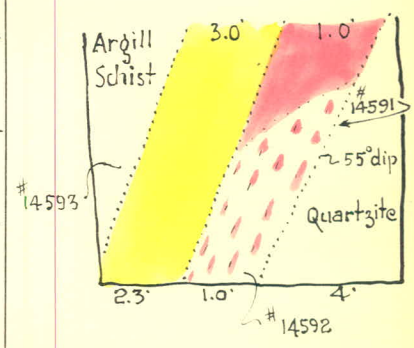
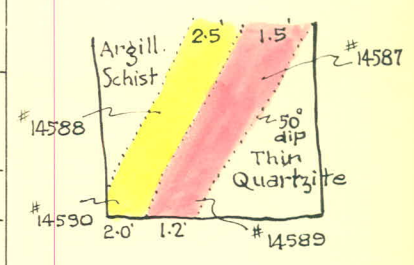
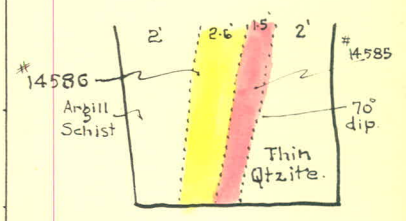
- (b) Favourable structural characteristics and mineralization continued to be exposed in the adit.

Instructions were given to curtail operations and prepare for a winter shut-down as of that date, unless weather conditions or other circumstances occurred to force a premature closure.

SAMPLE RECORD FROM DUNCAN OPEN CUT. 7.

November, 1, 2 & 3, 1962

SAMPLE NUMBER	FOOTAGE	WIDTH (FEET)	DESCRIPTION	ASSAYS		
				Ag. ozs/r	Pb. %	Zn. %
14585	0+60	1.5'	True vein section. Some Galena.	17.5	4.22	
14586	0+60	2.6'	Gouge Section. Silicified spots galena.	1.3	Tr.	
14587	0+65	1.5'	True vein. 6' above track - considerable lead.	49.1	15.5	
14588	0+65	2.5'	Gouge section Broken and rusty.	1.3	Tr.	
14589	0+65	1.2'	True vein at track elevation 30% Pb.-Spathic & carbonates.	55.5	19.54	
14590	0+65	2.0'	Gouge Section at Track.	1.5	0.4	
14591	0+69	1.0'	True vein @ 4' above track.	48.5	7.83	
14592	0+69	1.0'	True vein @ Track.	51.2	8.18	
14593	0+69	2.3'	Gouge @ 3' above Track.	1.7	Tr.	



PRELIMINARY COST STATEMENT TO DATEDUNCAN PROJECT

<u>Silver Titan Mines - billing to Oct. 15/62</u>	\$ 9,301.71	
S. Ellis - salary October 16-31	<u>400.00</u>	\$ 9,701.71

<u>Peso Silver Mines - billings to November 7/62</u>		5,480.78
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Direct Billing:

Payroll - October 15-31	\$ 2,363.86	
Hutton's Service - Mayo Garage	959.03	
Phillips Service - Prince George	24.99	
Dunlop Tire Service - Truck	32.24	
Equipment Storage - Prince George	75.00	
W. Ellis - expense account	248.39	
Trust account - expenses	740.07	
Truck rental - A. Racicot	680.59	
Reynolds, Anderson, McPherson	125.00	
Building - Atlin, B.C.	5,600.00	
General construction - tractor rental	<u>3,495.22</u>	14,344.39

Accounts Payable - Estimated:

Equipment - Johobo Mines	3,500.00	
Camp Supplies - Heagens Ltd.	800.00	
D-6 rental - Silver Titan Ltd.	2,160.00	
Jeep rental and service - Huttens	900.00	
Fuel oil purchases	540.00	
Gilroy - expense account	1,000.00	
Sundry	<u>1,000.00</u>	<u>9,900.00</u>

Total Expenses		<u>\$39,426.88</u>
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Note to Financial Statement:

No provision made for equipment rental or purchase under
Hobcik Agreement.

Outstanding - \$4,120.00

PROJECTED PROGRAMME

The continuing programme of exploration and development was planned as follows:

1. Place the adit drive on two shifts immediately and try to get at least 200' of advance before December 15th.
2. Instal a temporary frame shelter at the No. 1 cut and set up the required equipment to sink a prospect pit and explore for the possible extension of the high grade zone.

Crew requirements to conduct the above jobs would consist of:

- S. Ellis - superintendent
- 1 - Mechanic - cat driver
- 1 - General help - ore sorter
- 4 - Drift miners
- 2 - Pit miners
- 1 - Cook

Equipment on hand to be used on the programme was distributed as follows:

<u>Type</u>	<u>Ownership</u>
360 c.f.m. compressor	Rental purchase (Bobcik)
110 c.f.m. compressor	Silver Titan Ltd. (Alec Smith)
D-6 Tractor (part time)	Silver Titan Ltd. (Alec Smith)
International Truck	Bobcik Agreement
12.5 KVA lighting plant	Duncan project (Johobo)
Electric welder	Bobcik Agreement
12-B Mucking machine	Bobcik Agreement
Mine car	Duncan project (Johobo)
Electric grinder - bits & steel	Duncan project (Johobo)
3 G.D. jacklegs & drills	Rental purchase (Bobcik)
Misc. mine tools, hoses, etc.	Duncan project (Johobo)

In addition to the above, the camp was equipped with oil stoves, beds and miscellaneous camp equipment, some purchased new and the balance from Johobo Mines Ltd.

Approval was given during my visit to purchase the following:

50 c/s 40% Forcite powder
6,000' blasting fuse
1,000 #6 blasting caps
200 Hot wire lighters

300' 16 lb. rail
20 pair fish plates

200' 2" pipe
200' 1" pipe

Miscellaneous pipe fittings

Required timber (est. \$2,500)

1 oil stove for water heating

Extra work approved was temporary wiring in the buildings for lights and power. The materials for this job were on hand.

ESTIMATED BUDGET REQUIREMENTS

The financial requirements to provide for the above programme were estimated as follows:

Period: Nov. 1 - Dec. 15th

Supervision and Labour - 10 men (incl. W.C.B. & U.I.C. benefits)	\$12,000
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Supplies:

Cookhouse - (450 man-days @ \$5.00)	\$2,250	
Fuel - diesel and gas - 2500 gals	1,250	
Timber - portal and open cut	2,500	
Rail, pipe, fittings, etc.	400	
Explosives	1,500	
Steel and bits	300	
Miscellaneous supplies and parts	<u>800</u>	9,000

General Expenses:

Local transportation - rentals	500	
Tractor rental - 150 hrs. @ \$12	1,800	
Compressor and Drill rentals (per Agreement G. Philpott)	2,500	
Silver Titan Compressor - 110	400	
Travel expenses, fares, etc.	500	
Assay charges and freight	<u>250</u>	5,950

Brought forward \$ 5,950

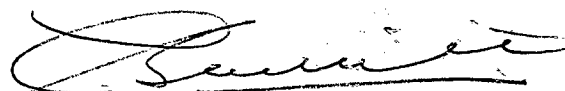
Administration:

Consulting Fees and Reports	650	
Accounting	200	
Misc. charges, telephone and telegraph, postage, etc.	<u>150</u>	<u>1,000</u>
Estimated Costs		\$27,950
Add for unforeseen contingencies		<u>2,050</u>
Total Estimate		<u><u>\$30,000</u></u>

GENERAL CONCLUSION

The encouraging results received to date from the open cut and adit, plus the possibilities of locating an extension of the high grade shown in No. 1 cut, fully justify the continuing work programme and expenditures as recommended above.

Vancouver, B.C.
November 13, 1962.



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

LEONARD G. WHITE
Consulting Mining Engineer

September 17, 1962

CERTIFICATE

I, Leonard G. White, with business and residential addresses in Vancouver, British Columbia, do hereby certify that:

1. I am a consulting mining engineer.
2. I am a graduate of Washington State University (B.A.Sc., Mining Engineering 1942) Certified as a Professional Engineer, Ontario, 1949; British Columbia, 1955.
3. I am a registered Professional Engineer in the Province of British Columbia.
4. From 1942 until present I have been engaged in mining and exploration in Canada and as an exploration manager for a number of companies including Trans-continental Resources, Granduc Mines, McKenzie Syndicate, Canada Tungsten and Highland Bell Mines.
5. I personally visited the property jointly held by Peso Silver Mines Ltd. and Silver Titan Mines Ltd. from September 8 to September 10, 1962.
6. I have not received, nor do I expect to receive, any interest directly or indirectly in the properties or securities of the above named companies.

Respectfully submitted,



Leonard G. White, B.A.Sc., P.Eng.

Vancouver, B.C.

September 17, 1962