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September 12, 1962

Peso Silver Mines Limited  
202 - 633 Hornby Street  
Vancouver, B. C.

- and -

Silver Titan Mines Limited  
1111 West Georgia Street  
Vancouver, B. C.

Gentlemen;

The following letter report is submitted to brief you on my examination of work in progress, preliminary results there from, and planning for continuing of a work programme on mineral claims known as the "Duncan Group" held under option by your Companies in the Keno Hill area, Mayo, Y. T. Observations were made during September 8th and 10th, 1962.

Initial Objectives of Programme:

- A. To prospect for a possible extension of the high silver bearing siderite zones located on the Lake No. 1 M.C. adjacent to the North boundary of the Ivan claim.
- B. To check for possible parallel zones or faulted offset sections of the same zone on the Duncan group by bulldoze trenching and stripping along indicated structural patterns.

Results of Work to Date:

1. The bulldozed trench approximately 50 feet South of the highgrade showings on the Lake No. 1 claim was deepened an additional 10 feet. Due to permafrost conditions curtailing further work the results obtained were unsatisfactory.

Hand prospecting along the walls of the cut disclosed pieces of siderite float and quartz-carbonate material which provided some evidence of a possible extension of the zone. No mineralization was identified associated with the float.

2. Deepening a former bulldozed cut and current stripping in an area about 600 feet Southwesterly of the No. 1 cut on the Ivan claim exposed a definite mineralized sheared fault lode striking N 40° E with near vertical dip cutting the flat lying phyllites.

The oxidized zone had been well exposed for a strike length of 80.0 feet. Width of shearing and foliation along the zone varied from 8.0' to 10.0'.

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September 12, 1962

Within the sheared zone quartz-carbonate veining with associated mineralization varied in width from 1.0' to 5.0'.

The mineralization consisted of stringers and pods of galena (PbS) up to 4" thick carrying disseminated patches of tetrahedrite and characteristic azurite-malachite staining. It occurred as fracture filling along a fairly continuous en echelon pattern of quartz and carbonate veining as exposed by shallow hand excavated benches along a 60 foot length of the oxidized zone.

The most recent stripping at the south end of the trench exposed the shear zone continuing into greenstone and quartzite formation with an apparent strengthening of the mineralization.

Narrow (0.1' thick) stringers of massive galena and associated tetrahedrite were observed radiating into the competent quartzite wallrock of the oxidized zone at the south or upper end of the stripped area.

Sampling Results:

The only sample returns received to date consisted of results from selected massive sulphide material which originated from the oxidized mineralized zone when first exposed.

The attached preliminary geological sketch plan of the zone contains results of the grab samples and locations relative to recent systematic chip sampling completed as the material was established in place.

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The following samples have been submitted for assay:

Sample No.	Location	Description	Width	Assays	
				% Pb	ozs Ag
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 gouge	5.0'		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'		45.2
(14608	N end & 30'SW	5.0' lower in trench	1.0'		351.4)
14603	N end & 30'SW	Stringer of 5' West wall Pbs in W wall	0.1'		532.6
14604	N end & 30'SW	Stringer of 10' West wall Pbs in W wall	0.1'		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'		196.9
(14591	Same location as 14606	Grab pieces taken from zone when first exposed	Grab		509)
14607	N end & 60'SW	Oxide & gouge	2.5'		407.4
(14570	Same location as 14607	Grab material taken from stripped zone	Grab		285)
(14569	N end & 70'SW	Heavy sulphide Grab	Grab		241)

Note: 1. A quartz vein sparsely mineralized with disseminated PbS at a location 90° SW of the North end of the trench returned 49.3 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.

3. No Pb assays available to date.

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Recommended Programme:

1. Use the bulldozer to continue cleaning off the remaining surface rubble in the stripped area and prepare dump room at 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 the 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 edit.
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 stock piling 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)	\$ 1 750.00	
Drillers, slushermen, general labour (4)	2 800.00	
Cook	<u>500.00</u>	
Total Labour	\$ 5 050.00	
Plus 12% fringe benefits, U.I.C., etc.	<u>600.00</u>	\$ 5 650.00

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September 12, 1962

carried forward

\$ 5 650.00

Equipment Rentals:

Tractor time - General Construction	3 000.00
Compressed air - 2-125 cfm	900.00
Slusher hoist & accessories - Peso Silver	500.00
Truck rentals - local garage	1 000.00

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	<u>60.00</u>	1 460.00

General expenses:

Administration	500.00	
Tel & tel	150.00	
Travelling	600.00	
Consulting fees	<u>800.00</u>	<u>2 050.00</u>

Estimated Costs

\$ 14 560.00

Contingencies @ 15%

2 190.00

Total Estimated Costs

\$ 16 750.00


General Recommendation & Conclusions:

In consideration of the very favorable 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.

The mutual cooperative relationships as established with Mr. Pke, Manager for U. K. H. M., during my visit should be maintained. Future satisfactory development of your property will be contingent on making an arrangement with them for permission to drive a low level adit.

It is also respectfully suggested to avoid misunderstandings as to policy of operation, a separate company should be set up to handle continuing exploration and development of the property.

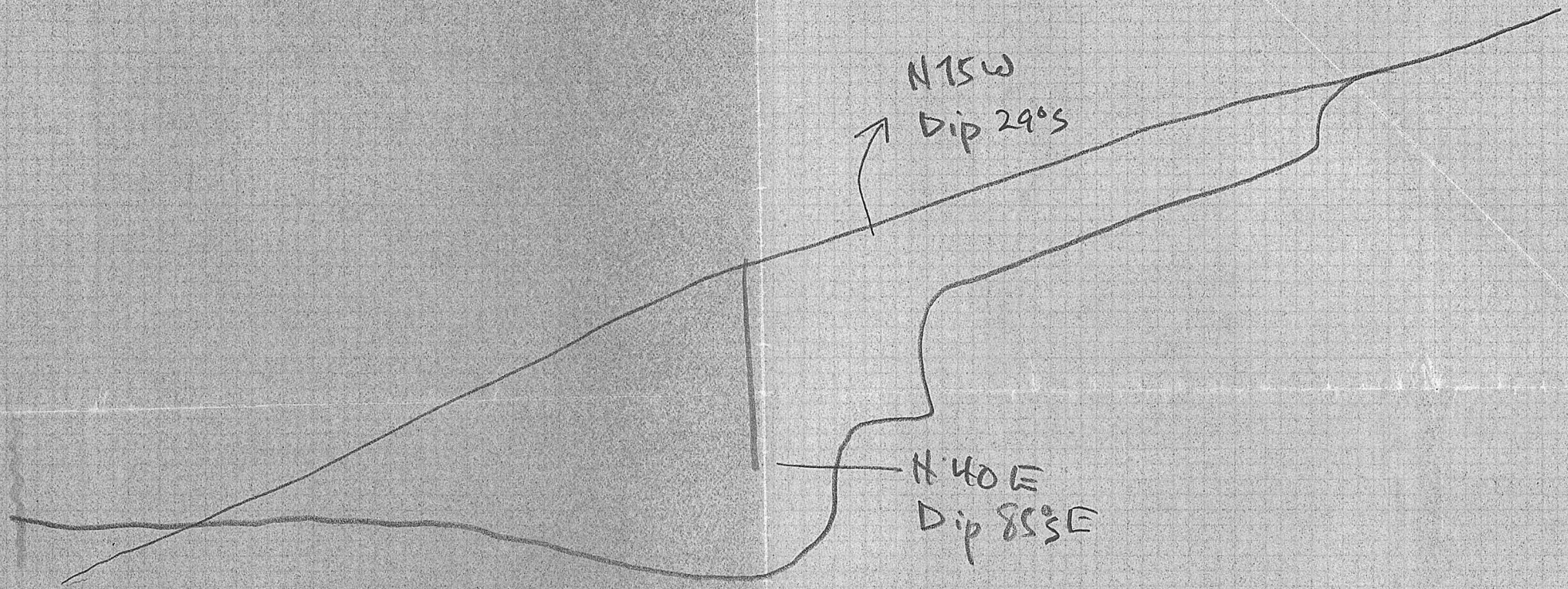
Yours very truly,

  
L. G. White, P. Eng.

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N 15 W  
Dip 29° S

N 40 E  
Dip 85° S E

1" = 5'



# Telecommunications

Tel No 683-3016 TIME 1131a

TO local time AEA BY Ld

CALLS LEFT 1962 OCT 31 AM 11 22

ATTEMPTS 51

FILE, WILL CALL, MAIL, DELIVER, DFX, TLY

VB097 V WHA021

(MA001) 48 DL=MAYO YT 31 945 AMY=

AARO E AHO=

PHONED

303-355 BARRARD ST=VANCOUVER BC=

HOLE SEVEN COMPLETED AT TWO HUNDRED FIFTY ONE FEET WATER  
SUPPLY STILL ADEQUATE STOP MOVING TO LINE EIGHTEEN TODAY  
STOP ELLIS HAS INSTRUCTIONS FROM PESO DIRECTOR VIA LEN  
WHITE TO PRACTICALLY CEASE OPERATIONS UNTIL THEY  
INVESTIGATE EXCESSIVE SPENDING STOP DO YOU CONCUR IN  
THIS PROGRAM STOP PLEASE ADVISE=

BOB=...

-operator LS (cont.)

COMPLETION OF  
 ↑ HOLE FIGHT MOST IMPORTANT ~~TO COMPLETE~~ <sup>DEPENDING CONDITIONS.</sup>  
 ON DUNCAN ↑ WHITE'S INSTRUCTIONS ONLY TO CURTAIL AM  
 INVESTIGATING PESO IMPLICATION WORK SHOULD  
 HAVE PRODUCED RESULTS ~~SEEING~~  
 BOTH PLACES BY NOW. WHITE TOMORROW

REGARDS

~~PESO~~ SEND ALL DRILL  
 RESULTS AND OTHER  
 DATA DOWN.

(710) 24 2000



NOVA 17 D. TEM PELMAN	NOVA 19 D. TEM PELMAN	NOVA 21 D. TEM PELMAN	NOVA 23 D. TEM PELMAN	'HOLE' 25 NORM MERVYN	NOVA 26 NORM MERVYN
18 D. T. E. M. PELMAN	20	22	24	27 NORM MERVYN	27 NORM MERVYN

location line due East

November 12, 1962

Mr. Sid Ellis  
c/o Silver Titan Mines Ltd.  
(Duncan Project)  
MAYO, Y. T.

Dear Sid:

I trust by now Bob Gilroy has relayed my message to you with regard to initiating the extra work in #1 cut.

You should provide for some temporary form of shelter at the site and proceed immediately with sinking a cut in the area designated as the extension of the highgrade zone located in the parallel cut on the Lake No. 1 M. C. We discussed this in fair detail during my recent visit.

At the meeting held Friday morning in the office of Reynolds, MacPherson, etc., the Management Committee approved our proposal to extend the present programme of exploration and development currently in progress plus the extra work in No. 1 cut until December 15th. All subject to weather conditions and structural conditions in the adit and the proposed open cut. It will be up to you to judge of when the work should be curtailed.

The work done to date was explained to the Committee and contentious matters clarified to satisfaction. They were pleased to hear of the results you were getting and expressed their approval of the tidy operation you have established.

Concern was raised when advice was given as to the number of men currently on the payroll. Explanation of the work yet to be completed such as glacier control on the access road and finishing work around the camp satisfied them for the time being. You should cut back to the absolute minimum to run the adit on two shifts, provide for the open cut work, and equipment operation and maintenance as soon as practical. Unless you have a setback in the weather necessitating extra help to maintain the road and camp your total crew by now should be about ten, including yourself and the cook.

I was pleased to note you were taking good samples on each face and mapping the detail as the work progressed. The method of sorting and storing the highgrade material appeared adequate for now.

On future reports will you please establish a proper form and forward copies to the respective offices of Peso Silver Mines Ltd. and Silver Titan Mines, plus one to Reynolds, MacPherson, etc. My copy you can continue to mail to my home address. The reports should be mailed regularly as weekly summaries of advance in the adit and open cut showing locations of all samples taken. This is standard Engineering practice with which you are familiar.

The extra explosives, rail, pipe and fittings have been ordered as we listed during my visit. The timber, I understand, is already on the property.

Regardless of differences of opinion which had arisen here concerning expenditures at the property during the preparation stage, it was a misunderstanding which has now been reconciled and the programme should proceed as a well organized project under your able direct supervision.

Yours very truly,



L. G. White

LGW:c