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**PURE SILVER  
MINES LIMITED**

**092074**

# PURE SILVER MINES LIMITED

## OFFICERS AND DIRECTORS

ALLAN J. ANDERSON, P.ENG., *President and Director*. Since retirement in 1963 as President of Giant Yellowknife Mines Limited and United Keno Hills Mines Limited, and as an officer and director of other companies in the Falconbridge Group, has done independent consulting. Is consulting engineer to Western Mines Limited.

WILLIAM S. EPLETT, B.A., *Vice-President and Director*. Since call to the Bar of Ontario in 1960, was engaged as an executive with Eplett Ice Cream Limited and Eplett Dairies Limited, New Liskeard, Ontario prior to 1966.

ERNEST L. SAMUEL, *Treasurer and Director*. President of Samuel, Son & Co. Limited and Samuel Steel Strapping Limited, Cooksville, Ontario.

WILLIAM H. GROSS, B.A. SC., M.A., PH.D., *Director*. Professor of Economic Geology at the University of Toronto, and is engaged in independent mining consultant work.

D. EWART G. VASEY, *Director*. Chairman of the Board of Dominion Catering Company Limited, Toronto.

THOMAS F. C. COLE, B.A., Q.C., *Secretary*. Engaged in private practice of law with Roberts, Archibald, Seagram and Cole, Toronto.

## PROPERTY AND HISTORY

Pure Silver Mines Ltd. has acquired a gold-silver property in the Yukon, located about 10 miles north of Mile 757 on the Alaska Highway and connected to the highway by a 16 mile tote road. It is about 180 miles from the rail terminus at Whitehorse which connects with Skagway, Alaska and a deep water port. Snow accumulation averages less than 6 feet annually and therefore the property can be worked the year round.

The property consists of 19 claims covering an area of about 950 acres. There is a complete mining plant on the property, an engineering office, housing and other facilities for about 15 men.



The total value of plant and equipment is estimated, by independent appraisal, to be over \$100,000.

Located on the west flank of the Cassiar Mountains, eight veins are exposed to the north-east slope of the ridge, the crest of which rises some 6,000 feet above sea level. The Engineer's report notes that these topographic features will work to the advantage of the company in the event of a mining operation, since the ore can be extracted by gravity to a main haulage level driven from the floor of the valley into the mountain about 1,300 ft. below the crest.

W. McKinnon, a prospector, one of those from whom Pure Silver Mines purchased the property, first discovered it in 1944. Since then several programs of exploration have been carried out. In 1945 Hudson Bay Mining & Smelting carried out diamond drilling but only two of eight holes extended far enough into the mountain to reach the ore zone. Another company did some surface work in 1962 on the talus-covered western slope and picked up vein material in some of their trenches which suggests that the veins could be much longer than is indicated by exposure on the north face.

In 1965, Macassa Gold Mines drove a 675 ft. adit (tunnel) into the mountain about 800 ft. below the crest of the ridge and drilled six holes from the end of it. The holes cut veins 5, 6 and 7 but failed to go far enough to test veins 1, 2, 3, 4, and 8.

In 1966, a private company (Nilset Explorations Limited) was formed to finance the driving of a crosscut from the adit to explore the No. 6 vein. The results of this work are described in the Engineer's report, part of which is included in this booklet.

Nilset Mines was converted to the present public company, Pure Silver Mines in November 1966 and the company is now engaged in carrying out the recommendations of the Consulting Engineers, A. C. A. Howe & Associates, Toronto.

*View of Mountain showing road to adit*



## ENGINEER'S REPORT

A. C. A. Howe, P.Eng. reports that the property shows eight sub-parallel quartz-carbonate veins containing gold, silver, lead and zinc with minor amounts of cadmium and bismuth. The veins are exposed on a steep mountain face and approximately 2,000 ft. of vein are exposed in veins 4, 5, 6 and 8. The other four veins are covered, largely by talus.

In 1966, to test one of these veins, a crosscut was driven towards the No. 6 vein (see map) about 800 ft. below the crest of the vein outcrops. The No. 6 vein was cut by this crosscut and drifted on for 86 ft. It was well defined and well mineralized over the length of the drift. The walls are solid eliminating any mining dilution problems.

## ASSAY RESULTS

The east end of the drift gave averages of 18.3 ozs. silver, 0.183 ozs. gold, 3.29% zinc and 2.4% lead per ton over an average width of 2.9 ft. for a length of 40 ft. The gross value of this ore is worth upwards of \$45 per ton at present metal prices. At the west end, the face assays gave 15.5 ozs. silver, .06 oz. gold, 1.4% lead and 1.5% zinc per ton.



*Portal of Adit*

## TONNAGE POTENTIAL

In a further report to the Company, Howe estimates a tonnage potential of some 650,000 tons for the eight known veins. An average grade cannot, however, be estimated at this stage of development.

The immediate objective of the recommended exploration and drilling program is to prove up at least 250,000 tons, which would be a 5-year ore supply for a 200-ton daily capacity mill. The property could be put into operation (including exploration and development) for about \$1.5 million with a payback of the total investment in two and a half years.

## RECOMMENDED PROGRAM

The Howe report recommended that some 1,400 ft. of drifting be carried out along veins 4, 6 and 7 for exploration and development. In addition, further exploration of these and nearby sub-parallel veins by 7,000 ft. of diamond drilling. A program of bulk sampling for metallurgical testing is also recommended. Total cost of this program is estimated at \$150,000.

## APPRAISAL

The Pure Silver Mines property is a silver-gold prospect of unusual merit in that work carried out to date indicates that one or more veins extends to a depth of 800 ft. from the crest down to the 5,100 foot adit level. Also, diamond drilling has shown that some of these veins extend well below the adit level so that eventually mining may be done from a proposed adit put in from the floor of the valley at an elevation of 4,600 ft. (1,300 ft. below the mountain crest).

Pure Silver Mines Limited is currently working to prove up sufficient tonnage for a profitable mining operation.



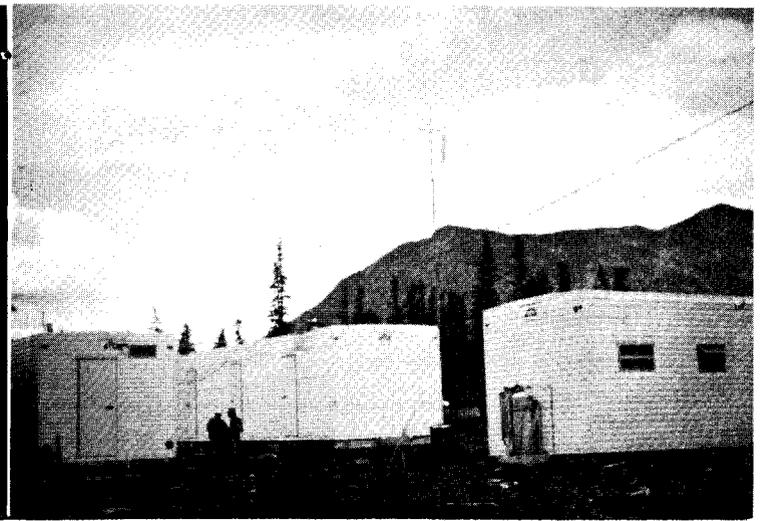
*Compressor House*

Underwritten Shares of Pure Silver Mines Limited are qualified for sale as to 320,000 Shares by the Ontario Securities Commission and as to 80,000 Shares by the B.C. Securities Commission.

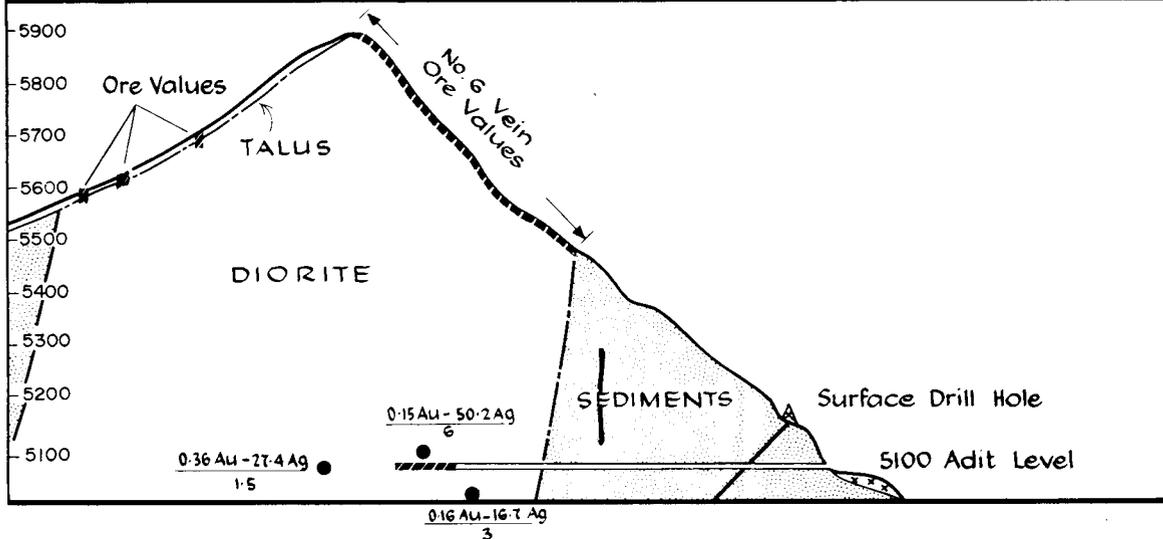
*Dining room in Cookery camp*



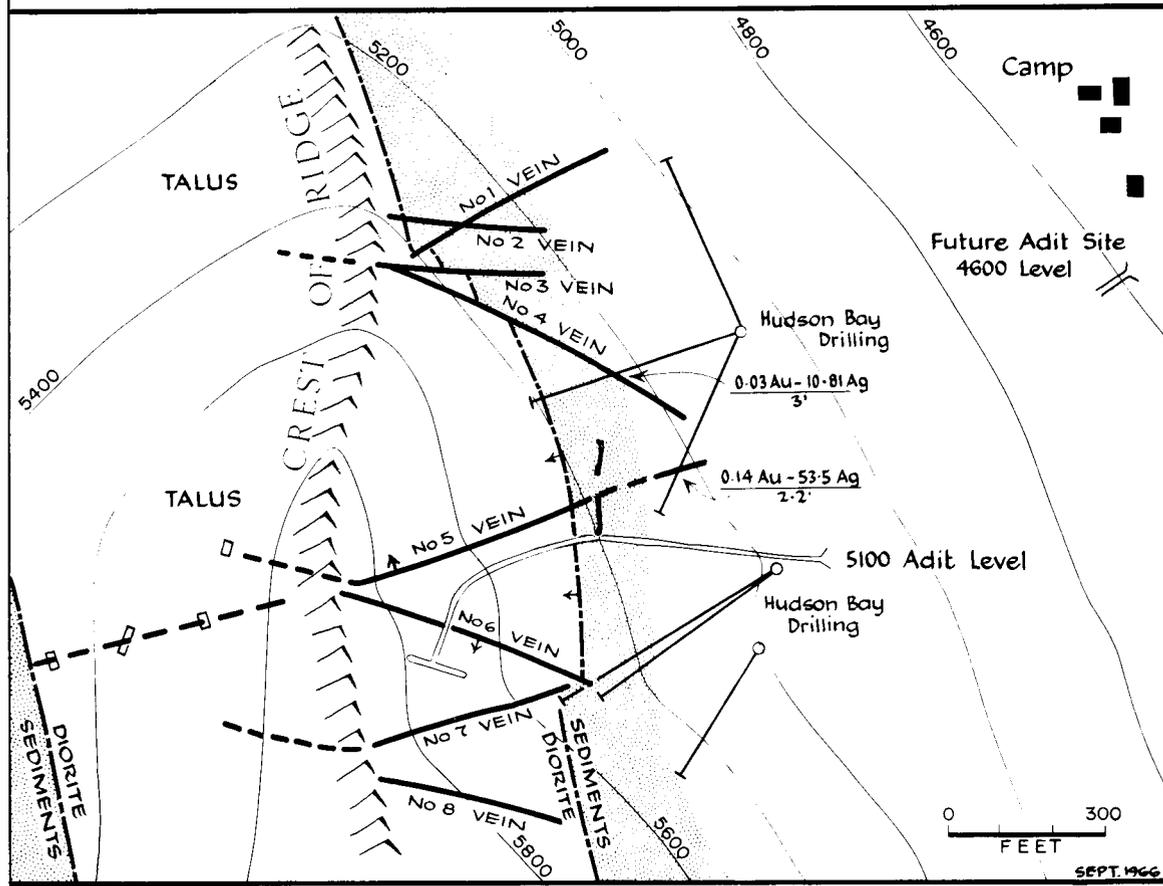
*3 Trailer Sleeping Accommodation*



## VERTICAL PROJECTION NO. 6 VEIN



## SKETCH SHOWING MAIN VEINS

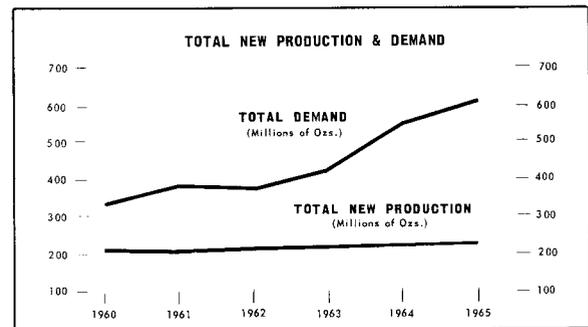


## OUTLOOK FOR SILVER

Recently, the metal silver has generated considerable interest and speculation about its future throughout the world. Increasingly, consumption outpaces supply and U.S. Treasury silver stocks are rapidly being depleted. Few authorities on the subject of silver doubt an eventual price rise, the only question asked — when will the U.S. Treasury free the price, allowing it to assume a natural level according to the principles of supply and demand?

Consider these *free world* facts:

1. There is probably no other commodity in as short supply as silver.
2. Silver as a metal has no substitutes. Regardless of the price per ounce, experts claim demand will be constant.
3. 1966 production was 231 million ounces while consumption was 410 million ounces. The demand-supply gap is being made up from “other supplies” particularly old coinage being melted.
4. The U.S. Treasury (who presently satisfies the demand - supply deficit) owned 2 billion ounces in 1960 and at year-end 1966, their inventory was down to 590 million ounces, — a drop of 210 million ounces in 1966!
5. Of the 590 million ounces remaining (let's disregard 437 million ounces theoretically required to back coinage) the U.S. Treasury has loaned 65 million ounces to the Atomic Energy Commission (believed to be contaminated and therefore unusable) and must also maintain a “strategic stock pile” of 165 million ounces — that leaves 360 million ounces available — 300 million ounces is considered the “critical level”.



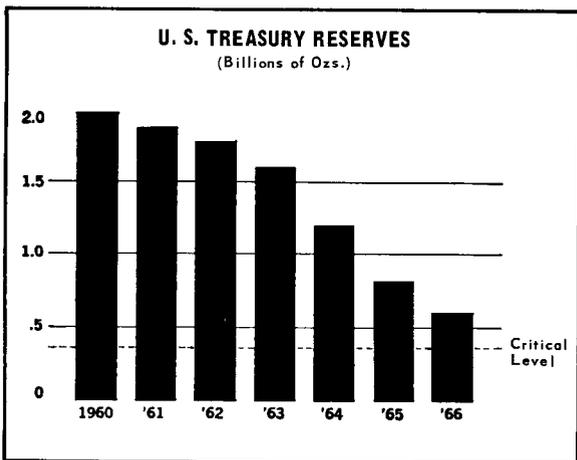
6. The U.S. Treasury on balance is currently losing silver at the rate of 10 million ounces a week — or an annual rate of 520 million ounces!
7. Industrial usage for Non-Communist World for 1966 was at the rate of 365 million ounces — a 3% increase over 1965, while in the first quarter of 1966 U.S. domestic production dropped to an annual rate of 32 million ounces down from 38 million ounces. U.S. industrial usage in 1966 was about 150 million ounces — a 10% increase over 1965.
8. There has been a great rise in the inelastic demand (that is demand regardless of price) for silver which is being consumed and used up beyond recovery.

While it is theoretically possible for the U.S. Treasury to maintain a \$1.293/oz. ceiling on silver through 1968 by selling stocks at that price, with substantially increased industrial consumption, higher military requirements plus limited coinage usage, Treasury stocks should attain a more than depleted basis shortly after 1968.

Once the source of supply is depleted, the price of the metal is expected to move up sharply. The timing of the price rise will naturally depend on both the U.S. Government's decision to free the price and the rate at which demonetized coins

return to Treasury silver stocks. Some silver experts feel the price will climb to \$2.50 - \$3.00/oz. in this period while others (including Handy & Harmon) predict a more conservative increase to \$1.50-\$1.75/oz.

Of course, any increase in the price of silver during the next few years will significantly enhance the earnings potential of Pure Silver Mines should it prove-up sufficient tonnage and grade to warrant the construction of a mill.



## PURE SILVER MINES LIMITED

**Capitalization:** Authorized: 5,000,000 shares  
N.P.V

Issued: 1,400,000 shares, fully paid.

**Underwriting:** 400,000 shares at 25¢ per share dated December 15, 1966, to net the company treasury \$100,000. There are no options outstanding.

**Underwriters:** In Ontario, J. L. Goad & Co. Limited, Toronto, as to 320,000 shares; in British Columbia, McDermid, Miller & McDermid Limited, Vancouver, as to 80,000 shares.

**Escrowed:** A total of 1,400,000 shares deposited with the Montreal Trust, Toronto, made up of 750,000 shares for vendors and 650,000 shares for cash. Of this escrowed stock, 140,000 has been allowed free from escrow but are deposited with the Montreal Trust Co. to be held for a period of three months after final acceptance of the prospectus by the Ontario and British Columbia Securities Commissions, unless released earlier on advice of the underwriters.

# PURE SILVER MINES LIMITED

## HEAD OFFICE OF COMPANY:

Pure Silver Mines Limited,  
Suite 711, 320 Bay St.,  
Toronto 1, Canada

## COUNSEL:

Roberts, Archibald, Seagram & Cole, Toronto

## TRANSFER AGENT:

Montreal Trust Co., Toronto, Vancouver

## AUDITORS:

Thorne, Gunn, Helliwell and Christenson, Toronto

## CONSULTING ENGINEERS:

A. C. A. Howe & Associates Limited, Toronto

## BANK:

Canadian Imperial Bank of Commerce, Toronto

400,000 Shares of Pure Silver Mines have been  
underwritten on behalf of clients by:

J. L. GOAD & CO. LIMITED, TORONTO  
McDERMID, MILLER & McDERMID  
LIMITED, VANCOUVER

For more complete information, send for a  
prospectus to:

J. L. Goad & Co.  
7 King St. E., Toronto 1, Ontario

or

McDermid, Miller & McDermid,  
675 W. Hastings St., Vancouver, B.C.