

ASSESSMENT REPORTS

MAP No. ^{-D-3} 105-M-13815 TYPE OF WORK: SUMMARY REPORT

| | | |
|--------------------|---|----------------|
| REPORT FILED UNDER | SILVER SPRINGS MINES LTD. | |
| DATE PERFORMED | Summer 1968 | DATE FILED : |
| LOCATION - LAT. | 63°51' | Mayo-Keno Area |
| LONG. | 135°50' | |
| CLAIM Nos. | (over) | |
| | | |
| | | |
| | | |
| WORK DONE BY | P.H. Sevensma Consultants Ltd. | |
| WORK DONE FOR | Silver Springs Mines Ltd. | |
| REMARKS | The purpose of this report is to summarize the detailed reports on each property. The properties are Mt. Haldane, Hanson Lake, Paddy and Ladie Claim Gps. | |
| | Silver is the primary mineralization. | |
| | Further work is recommended. | |

MT. HALDANE CLAIMS

| | | | |
|-----------|------------|--------------------|-----------------------|
| NORTH 1-7 | Y6359-65 | 15-22 | Y14958-65 |
| 8-16 | Y6539-47 | 23-30 | Y14982-89 |
| STAR 1-2 | 83556-57 | 31-32 | Y26895- 96 |
| 7-14 | Y14974-981 | 33-34 | Y26944-45 |
| | | 3 8 -42 | Y14970-73 |
| | | 44-48 | Y27228-32 |

HANSON LAKE

SILVER 1-4 83758-61
6-16 83762, Y14957-10
17-24 Y14990-97
SPRING 1-4 Y6575-78

PADDY

PADDY 1. 59313 2 & 3 83253 & 54
4 & 5 83721 & 22
CAROL 1-4&5 80239 - 42 & 80348
CAROL FRACTION 81152
JOE FR 1 & 2 84489 & 80453
TONI 1 & 2 Y31586-87

SILVER SPRING MINES LTD.

SUMMARY REPORT

Mayo-Keno Area Properties

105-M-13 & 14, 105-D-3

Mayo M.D., Y.T.

by

P.H. Sevensma, Ph.D., P. Eng.

December 18, 1968.

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Illustration

Fig. 1. Location map; 1" = 7½ miles

SILVER SPRING MINES LTD.
SUMMARY REPORT

Mayo - Keno Area Properties
105-M-13 & 14, 105-D-3
Mayo, M.D., Y.T.

1. INTRODUCTION

Silver Spring Mines Ltd. owns four properties in the Mayo area on which various exploration programs have been carried out during the 1968 field season, the firm of P.H. Sevensma Consultants Ltd. providing consulting and supervising services.

Detailed reports on each property have been prepared on the work performed and the results obtained, and these embody recommendations regarding the next stage of work on each property.

The purpose of the present report is to summarize the above reports, and to evaluate the next stage of development and the anticipated second stages within the framework of the overall exploration program of Silver Spring Mines Ltd.

2. PROPERTIES, LOCATION, ACCESS

The properties are commonly referred to as, 1. the Mount Haldane claims; 2. the Hanson Lake property; 3. the Paddy Group and 4. The Ladie claim.

The size and location of each group can be summarized as follows:

| <u>Claims</u> | <u>Claim Sheet</u> | <u>No. M.C.'s</u> | <u>Elevations</u> |
|-----------------------------|--------------------|-------------------|-------------------|
| <u>Mount Haldane Claims</u> | | | |
| North 1 - 16) | | | |
| Star 1 - 34) | 105-M-13 | 60 | 2,200' - 6,032' |
| and 39 - 48) | | | |

| <u>Claims</u> | <u>Claim Sheet</u> | <u>No. M.C.'s</u> | <u>Elevation</u> |
|---------------------------|--------------------|-------------------|------------------|
| <u>Hanson Lake Claims</u> | | | |
| Silver 1 - 24) | 1-5-D-3 | 36 | 2,300' - 4,500' |
| Spring 1 - 14) | | | |
| Spring Fr. 1 & 2) | | | |
| <u>Paddy Group</u> | | | |
| Paddy 1 - 5) | 105-M-14 | 15 | 2,300' - 3,500' |
| Carol 1 - 5) | | | |
| Carol Fraction) | | | |
| Joe Fr. 1 & 2) | | | |
| Toni 1 & 2) | | | |
| <u>Ladie Claim</u> | 105-M-14 | 1 | 5,000' - 5,600' |
| TOTAL | | <u>112 claims</u> | |

Of these groups, the Hanson Lake and Paddy Groups lie astride two of the major gravel-roads in the area, the Mount Haldane Group is accessible by a short tote-road and the Ladie lies 2,000' East of the end of a good road.

Of the four, the Mount Haldane Group is the only one to cover a rugged area; the other three properties can be easily traversed, especially the Paddy Group, where a number of tote-roads have been constructed.

Outside of the company-town of Elsa, the nearest settlement and service centre to Hanson Lake, the Paddy and the Ladie, is Keno City.

Thus, all holdings can easily be reached by car or truck. Servicing of camps is easy and on none of the properties would there be any unusual access or supply problems for mining purposes.

3. MOUNT HALDANE PROPERTY

This sixty claim group is underlain by the Central Quartzite, a sequence of thick bedded quartzites with minor schists, which in this

area strike about E-W with a South dip of from 10° - 30° .

A number of mineral showings and gossan zones are known on this property, where a program of trenching and soil sampling has been carried out by Silver Spring Mines Ltd. over the Southern half of the claims.

Attention was focussed on the area when officers of the Geological Survey of Canada discovered high-metal stream silt geochemical anomalies, especially on Fortune Creek, in the early nineteen sixties.

No work of consequence was carried out until the program conducted by Silver Spring Mines on its claims. Earlier, Mount Haldane Mines Ltd. had worked in the area to the West on the old Lockout Prospect, now held by Paramount Mines Ltd.

Silver Spring located by prospecting and geochemical means a number of strong gossan areas and soil anomalies with lead values in the 100 - 400 p.p.m. range and with zinc values in the 1,000 - 3,000 p.p.m. range. A large gossan area South of Fortune Creek revealed a number of high copper values in the 500 - 900 p.p.m. range. These values are not uncommon as a direct reflection of underlying greenstone in the Mayo area, but in this case require further investigation as some of the gossan has provided assays of 0.55% Cu. across a width of 50'.

Gossans exposed near the top of the mountain, and deeply weathered in an area located above the latest ice-cap level, have given encouraging values in lead (500 p.p.m.) and silver (21 p.p.m.) and also warrant further investigation.

High stream-silt anomalies on the North slope of Mount Haldane have not yet been investigated.

A total appropriation of \$20,000.00 has been recommended to further evaluate this property in two stages.

In case of rapid success in this program, it is estimated that core-drilling of from 1,000' - 2,000' would be required to assess initially one or two of the mineralized structures.

A contingent program of 1,500' of drilling at an overall cost, i.e. inclusive of mobilization, engineering, supervision, camp and overhead, of \$20.00 per foot, for a total of \$30,000.00 is visualized for this property.

The fact that this property is underlain by the Central Quartzites, in which formation ore-bearing structures in the district have so far been found to be the most persistent, justifies a relatively aggressive program.

4. HANSON LAKE PROPERTY

This property covers an area in the Lower Schists where both high lead and high zinc have sporadically been encountered, the first in silts with values up to 288 p.p.m. Pb., the latter mostly in spring waters issuing near the foot of the slopes.

The presence of arsenic anomalies was found to be related to quartz, feldspar intrusives. Previously reported high gold assays could not be duplicated in Silver Spring's Geochemical reconnaissance.

In view of the presence of an old-time cabin above the area explored by Silver Spring Mines, further exploration by geological mapping and soil-sampling is recommended, and a modest budget of \$3,000.00 is recommended for this work.

As the property is underlain by Lower Schists with greenstone sills, any ore-bodies in this area are expected to be small but high grade

and to be reflected by significant lead-silver geochemical anomalies.

The merit of this property is evidenced mainly by an extensive train of transported gossan showing evidence of the limonite-manganite oxidation products characteristic of veins in this area. A strong zinc halo with somewhat sporadic lead values enhances the possibility that the gossan was formed by pregnant solutions emanating from a nearby source. The probability of success in pursuing a target of this type is not high but any initial success would warrant an aggressive follow-up.

A contingent allowance of \$6,000.00 is recommended for this property.

5. LADIE CLAIM

This claim covers the extension of the Nabob vein fault and possibly of the more Northeasterly striking Fox vein fault.

Galena-occurrences on adjacent ground have all proven to be high in silver, assays generally lying in the 200 oz/t. Ag. and 60% Pb. range for the low-tonnage bodies.

Silver Spring Mines Ltd. confined its activities in 1968 on this ground to surveying and to a general assessment of the geological setting.

A program of geological and geochemical investigation totalling \$2,500.00 is recommended for 1969.

The presence of strong greenstone belts within the Lower Schist in the immediate area suggests favorable conditions for the presence of relatively small but high grade ore shoots, and favorable results in the initial modest program would likely justify a more extensive program of stripping and drilling, the cost of which is estimated at \$25,000.00.

6. PADDY GROUP

This Group covers the NE extension of at least one, and probably several, strong vein-faults in a belt of Lower Schists with Quartzite beds of as yet unknown extent and with significant greenstone bodies.

The property has a history of minor spasmodic work, including two short adits in Christal Creek canyon driven prior to 1920 and several trenches and short prospect tunnels driven by the previous owners over the past few years.

Drilling by Silver Titan several years ago, is said to have cut high-grade values but records were inadvertently lost.

Prospecting, bulldozer trenching and some soil sampling by Silver Spring Mines Ltd. has led to the location of high-grade mineralization in place along a major vein fault traced intermittently for about 1,200'. Bulldozer work adjacent to the old adits and the exposures of gossan and weathered vein material, returning remarkably high silver values in a few widely spaced soil samples, has proved several other excellent exploration targets.

Consistent high silver values related to Freibergite in massive galena in a vein up to 14" wide varied between 138.7 oz/t. Ag. in 62.5% Pb., and 325.2 oz/t. Ag. in 47.7% Pb. Cadmium assays have been running in the order of .1% Cd. for 10% Zn.

At the time of writing, a 15 lb. representative sample of this ore is undergoing a metallurgical test by a potential ore buying agency and several thousand pounds of ore have been prepared for additional testing if required.

Four soil samples were taken at intervals of up to about 1,000' in a suspected area of interest. The following values were obtained

in p.p.m.:

| | <u>Ag.</u> | <u>Pb.</u> | <u>Zn.</u> |
|-------|------------|------------|------------|
| 300 | 12 | 175 | 25 |
| 301 | 35 | 750 | 100 |
| 302 | 30 | 575 | 1,370 |
| 46028 | 15 | 30 | 150 |

These values, in view of the nearby background of less than 1 p.p.m. Ag., are of considerable interest.

As the sampling line crosses the general vein trend, these results suggest the presence of at least one, and possibly several other highly mineralized structures besides the 1,200' vein outlined so far.

As well, the property covers another 5,000' of potential strike length of the main discovery, the horizontal down dip (SE) distance covered by the claims varying from 1,000' to 2,000'.

This group, covering an area in the Lower Schists where the No. 9 Quartzite may still be present, is a most promising prospect and work on it should be given priority over that on any of the others of Silver Spring's properties.

A flexible program of stripping, mapping, trenching and drilling has been recommended at an estimated cost of \$120,000.00.

A second stage program, contingent upon success in the first stage, would likely include underground work as well as drilling. A rough preliminary estimate of the cost of this work is of the order of \$250,000.00, including a minimum of 1,000' of drifting, camp erection and underground drilling.

7. SUMMARY and RECOMMENDATIONS

Silver Spring Mines Ltd. holds a promising group of four properties in the Mayo - Keno area. Detailed reports by the writer and his staff have been prepared on each property embodying the results

of work conducted under supervision of F.H. Sevensma Consultants Ltd.

Vein structures and geochemical silver highs located on the Paddy Group show considerable promise and their detailed exploration is recommended, as this property has a definite economic potential even while located in the Lower Schists.

The Mount Haldane property is well located and exhibits a number of structures and features in the Central Quartzites associated with significant geochemical highs.

The Ladie claim straddles two probable silver bearing structures.

The Hanson Lake Group is of interest, but minor fieldwork has not given much encouragement so far.

The following firm and contingent budget is recommended for further work on these properties, listed in their presently estimated order of economic potential:

| | <u>Firm</u> | <u>Contingent</u> |
|---------------|---------------------|---------------------|
| Paddy | \$120,000.00 | \$250,000.00 |
| Mount Haldane | 20,000.00 | 30,000.00 |
| Ladie | 2,500.00 | 25,000.00 |
| Hanson Lake | <u>3,000.00</u> | <u>6,000.00</u> |
| Total | <u>\$145,500.00</u> | <u>\$311,000.00</u> |

A continuing flexible approach to the overall program must be stressed, with emphasis at all times on those features showing the maximum economic promise. The contingent allowance should only be put to work where this promise is greatest.

It is the writer's considered opinion that the minimum contingent allowance is the one of \$250,000.00 on the Paddy Group, as it is very likely that underground work will prove justified on this property.

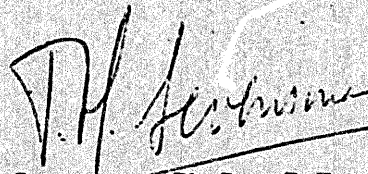
Respectfully submitted,


P.H. Sevensma, Ph.D., P.Eng.

CERTIFICATE

I, PETER H. SEVENSMA, of Vancouver, B.C. do hereby certify that:

1. I am a graduate of the University of Geneva, Switzerland, (Physics and Chemistry, 1937; Geology and Mineralogy, 1937) where I obtained my Ph.D. in Geological and Mineralogical Sciences in 1941.
2. I am a Consulting Engineer and a registered member in good standing of the Association of Professional Engineers of British Columbia and of the Association of Professional Engineers of Yukon Territory.
3. I have practiced my profession of mining and Exploration Geologist for 30 years.
4. I have personally examined several times during 1968, the properties of Silver Spring Mines Ltd. to wit the Paddy Group, the Mount Haldane claims and the Hanson Lake property, but the Ladie claim was examined only by members of my staff.
5. I have not received, nor do I expect to receive or acquire, directly or indirectly, any interest in any of the properties or securities of Silver Spring Mines Ltd.



P.H. Sevensma, Ph.D., P.Eng.

Vancouver, B.C.
December 18, 1968.