TELEPHONE 685-1123
RESIDENCE: 987-6967

W. G. STEVENSON & ASSOCIATES LIMITED
CONSULTING GEOLOGISTS
209 STOCK EXCHANGE BUILDING
475 HOWE STREET
VANCOUVER 1, B.C.

White River Property,
Silver City Mines Ltd.
61° 47' North Latitude
140° 48' West Longitude

115-F-15

May 7, 1973.

Mr. C. C. Keyes, Vice-President,
Silver City Mines Ltd.,
580 Howe Street,
Vancouver 1, B.C.

Dear Sirs:

In response to your request I have made an appraisal of the mineral potential of the subject property, and the means of testing this potential.

My study has been confined to a review of Memoir 340 Kluane Lake and to reports by Wm. V. Smitheringale dated September 27, 1972, and February 7, 1973, his letter dated October 17, 1972, and a report by Seigel Associates Limited dated July 28, 1969, all having to do with the exploration program that has been accomplished over this property. I have not personally visited the property or studied other background material.

G.S.C. Map 1177A geology Kluane Lake which accompanies Memoir 340 shows the rocks within the claim block are volcanic flows and sedimentary argillites, sandstones conglomerates and limestones of Paleozoic age. The rocks exposed in the underground tunnel and by the drilling within the property are Rhyolitic Tuff and Amygdeloidal Basalt. The G.S.C. Map shows a westerly dipping thrust fault 1 mile east of the property which extends southeasterly from the Alaska Border for a distance in excess of 100 miles.

My study suggests that the geology and mineralization on this property is similar in many respects with the Afton property which is located in south-central British Columbia. Exploration on this property has demonstrated the difficulty of providing an effective means of testing this type of mineralization.

...continued page 2

Mr. C. C. Keyes, Vice-President,
Silver City Mines Ltd. May 7, 1973.

Prior to 1970 a diamond drilling program was initiated on the property of Silver City Mines Ltd. to test the higrade copper mineralization exposed on the surface. Eighteen diamond drill holes were put down. I have tabulated and attached a summary of the results of the 18 surface holes.

A tunnel collared at 2,900 foot elevation was positioned to test these mineralized intercepts at depth. This tunnel extended over a north-south distance of 750 feet. Significant mineralization was recognized in this tunnel, and I have attached a tabulation of assay data covering 4 sections of mineralization. Mineralization in the remaining parts of the tunnel was erratic and spotty.

During 1972 Silver City Mines Ltd. conducted a program of diamond drilling from the underground workings. This drilling was accomplished from 5 drill sites on this tunnel level. Core recovery from this drilling was poor and sludge recovery less than 50%. I have tabulated and attached a summary of the results of the 20 underground holes that were put down.

During the course of this exploration program an induced polarization and magnetic survey was completed over the property. Approximately 24 miles of cross lines were tested by the induced polarization survey. I have prepared and attached a summary of results of the induced polarization survey.

The most significant mineralization known on the property is exposed on the surface in the underground tunnel and in drill holes which extend to lower elevations at drill site number 1. This mineralization has been penetrated by the surface and underground diamond drill holes. Seven diamond drill holes, put down from the tunnel, outlined a mineral body 130 feet long, 100 feet wide and 220 feet deep which is bounded by faults and shears. Based on an arithmatic average the grade of mineralized intercept is 2.5% copper.

The drilling from site number 2 was designed to test irregular veinlets of native copper and some chalcocite in north-westerly trending shears that averaged 0.45% copper over a length of 78.5 feet in the underground tunnel. The core from underground holes 5 - 9 showed irregular narrow copper veinlets and some chalcocite. Core and sludge recovery was low.

...continued page 3

Mr. C. C. Keyes, Vice-President,
Silver City Mines Ltd. May 7, 1973.

The mineralization exposed in the tunnel at drill site number 3 assayed 2.68% Cu over 11.0 feet, 0.09% Cu over 35 feet then 0.44% Cu over 28.5 feet. The drill holes from this site crossed a wide zone of shearing and core and sludge recovery was poor.

The mineralization exposed in the tunnel at drill site number 4 averaged 0.74% copper over a length of 108.5 feet. The drilling from this site showed scattered grains of copper in the core with submarginal sludge values. One 5 foot section of core showed heavy native copper.

The drill holes from site number 5 were positioned to test the 68' intercept of 2.09% copper exposed in surface drill hole number 12. Due to badly broken ground only hole number 15, was completed. From 70 feet to the end of hole at 175 feet small amounts of chalcocite were observed in the broken core. However sludge samples collected from 70 - 110 feet , assayed 0.72% copper. Surface hole number 12 and underground number 15 indicate a block of ground 65 feet in diameter over a vertical extent of 50 feet with a grade of 2.09% copper. Surface drill hole 106 - 1 positioned 130 feet west penetrated disseminated chalcocite.

To provide a test of the copper mineralization that has been exposed by diamond drilling and in the underground tunnel and which coincides with an induced polarization chargeability anomaly, Dr. Smitheringale has proposed an exploration program that he estimates will cost $257,888. This would provide additional diamond drilling from the 2,900'level and the driving of a level at the 2,800' elevation to test the significant mineralization that was developed by the earlier drill program. I readily concur with the plans for this phase of the exploration program.

Based in part on the results of the phase of the program Dr. Smitheringale has proposed additional exploration that he estimates will cost $201,482. This would provide for the extension of the 2,900' level northerly a distance of 1,800' to test the induced polarization chargeability anomalies, and for diamond drilling on the 2,800' level.

...continued page 4.

Mr. C. C. Keyes, Vice-President,
Silver City Mines Ltd. May 7, 1973.

I readily concur that the chargeability anomaly extending northeast from and coinciding with known copper mineralization provides an attractive exploration objective, and the costs for this test seem reasonable. I would however like to provide a test of the other chargeability anomalies that have been outlined on the property, and this might best be accomplished by diamond drilling from the surface.

Yours very truly,

W.G. STEVENSON & ASSOCIATES LTD.

W.G. Stevenson, P.Eng.

WGS/vk
Enclosure
Summary Surface Drilling
Summary Mineralization Underground
Summary Underground Drilling
Summary Geophysical Report

Tabulation of diamond drilling from surface.

To accompany letter by W.G. Stevenson, P.Eng., for Silver City Mines Ltd., May 7 , 1973.

Diamond Drill Site South End (Number 1)

Eight diamond drill holes -

(1)	Easterly - 20° 89'			
	46 - 78	(32')	1.8% Cu
(2)	Easterly - 45° 135'			
	70 - 108	38'	4.6% Cu
	115 - 130	(15')	0.49% Cu
(4)	Westerly - 53° 317'			
	0 - 59½	Overburden	
	59½ - 60	(0.5')	1.18% Cu
	68½ - 71	(2.5')	1.35% Cu
	135 - 139	(4)	1.25% Cu
	155 - 157	(2)	0.43% Cu
	281 - 286	(4)	1.77% Cu
	286 - 301	(15)	0.14% Cu
(6)	Easterly - 40° 195'			
	145 - 157	(12')	2.6% Cu
	168 - 173	(5')	1.0% Cu
	191 - 195.5	4.5	1.14% Cu
(7)	Easterly - 20° 250'			
	178 - 184.5	(6.5')	0.90% Cu
(9)	Easterly - 35° 410'			
	NIL Copper			

(69-1) Northwesterly - 45° 165'

25 - 50	(25')	0.45% Cu
59 - 74	(15')	0.27% Cu
141 - 144	(3')	0.49% Cu

(69-2) Northwesterly - 80° 160'

35 - 55	(20')	0.22% Cu

Diamond Drill Site 230 Feet Northerly (Number 2)

One diamond drill hole -

(5) Easterly - 25° 280'

193 - 201	(8')	3.4% Cu

Diamond Drill Site 380 Feet Northerly (Number 3)

Six diamond drill holes -

(104-1) Northeasterly - 45° 119'

11 - 16	(5')	0.65% Cu
40 - 50	(10')	0.86% Cu
75 - 90	(15')	0.36% Cu

(104-2) Northeasterly - 85° 96'

19 - 24	(5')	1.71% Cu
33 - 38	(5')	0.42% Cu
73 - 78	(5')	4.30% Cu

(104-3) Northerly - 75° 96'

17 - 42	(25')	0.22% Cu
67 - 72	(5')	1.45% Cu
72 - 82	(10')	0.38% Cu

(11) Easterly

Not reported.

(104-4) Easterly - 45° 114'

15	- 37	(22')	0.80% Cu
77	- 80	(3')	1.10% Cu

(104-5) Easterly - 80° 263'

18	- 23	(5')	0.70% Cu
34	- 39	(5')	1.71% Cu
56	- 59	(3')	2.39% Cu
80	- 88	(8')	0.91% Cu

Diamond Drill Site 480 Feet Northerly (Number 4)

Two diamond drill holes -

(105-1) Easterly - 80° 249'

71	- 76	(5')	1.18% Cu

(105-2) Easterly - 45° 238'

NIL Copper

Diamond Drill Site 650 Feet Northerly (Number 5)

Two diamond drill holes -

(12) Easterly - 40° 265'

$154\frac{1}{2}$	- $163\frac{1}{2}$	(9')	0.6% Cu
$163\frac{1}{2}$	- 177	($13\frac{1}{2}$')	7.9% Cu
189	- 211	(22')	0.56% Cu
211	- $225\frac{1}{2}$	($14\frac{1}{2}$')	3.4% Cu

(106-1) Northerly - 55° 268'

165	- 170	(5')	2.5% Cu

Tabulation of Assay Data from underground sampling 2900 foot level. To accompany letter by W.G. Stevenson, P.Eng., for Silver City Mines Ltd., May 7, 1973.

South Drift South End (Number 1)			
	Stub drift	19'	1.5% Cu
	Main drift	41'	2.3% Cu
South Drift 230' Northerly (Number 2)			
	Drift	40.5'	0.67% Cu
	Drift	16.0'	Nil Copper
	Drift	22.0'	0.39% Cu
South Drift 380' Northerly (Number 3)			
	Drift	11.0'	2.68% Cu
	Drift	35.0'	0.09% Cu
	Drift	28.5'	0.44% Cu
North Drift 480' Northerly (Number 4)			
	Drift	19.5'	0.53% Cu
	Drift	41.0'	1.04% Cu
	Drift	48.0'	0.55% Cu

Tabulation of diamond drilling from 2900 foot level. To accompany letter by W.G. Stevenson, P.Eng., for Silver City Mines Ltd., May 7 , 1973.

Diamond Drill Site Number 1 South End

Seven diamond drill holes -

(1) Southerly - 45° 80'

Porphyritic Tuff ended in fault

Drilled below level where 41' channel sample averaged 2.3% copper.

Core 32.5 - 36 (3.5') heavy copper

Sludge 30 - 40 (10') 10.01% Cu

(2) Southeasterly - 45° 153'

Porphyritic Tuff

Drilled below stub drift where 19' channel sample averaged 1.5% copper

Core 0 - 115' (115') modest scattered copper

Sludge 30 - 100' (70') 0.29% Cu

(3) Southeasterly - 68° 144'

Porphyritic Tuff ended in fault

Drilled below hole number 2

Core negligible copper

Sludge 60 - 70 (10') 0.10% Cu

(3c) Southeasterly - 35° 105'

Porphyritic Tuff 0 - 36'

Amygdaloidal flow 36 - 105'

Core 11 1/2 - 18, 26, 33, 67 - 71', specks chalcocite

Sludge 10 - 20 (10') 0.81% Cu

30 - 40 (10') 0.37% Cu

70 - 90 (20') 0.38% Cu

(3a) South-southeasterly - 30° 136'

Porphyritic Tuff with sections of amygdaloidal flow 48½ - 62' and 74 - 121'.

Core 14 - 14½, 17 - 17½, 79, 83, 91½, 93 - 94 chunky copper

18½ - 21, 51, 53, 57½, 58½, 61, 61½, 75½, 78, 81½, 82, 90 - 91½, 101 scattered specks chalcocite.

Sludge 10 - 20 (10') 9.35% Cu

50 - 60 (10') 0.96% Cu

70 -120 (50') 2.80% Cu

(3b) Southeasterly - 35° 163'

Porphyritic Tuff 0 - 50' and 96 - 137' Amygdaloidal flows 50 - 96 and 137 to 163'

Core 23 - 29, 62½ - 64½, 88 - 89½ heavy copper

13 - 23, 47½ - 54, 79, 81½ 'scattered chalcocite

134½ - 136' scattered chalcocite

Sludge 10 - 100 (90') 4.3% Cu

(4) Northeasterly - 30° 121'

Porphyritic Tuff

Core 5½, 8, 9 - 9½, 11 - 13, 27, 29, 32, 33, 34, 42 - 43, 47½, 48½, 52, 55 - 56½, 59½ - 60½, 94, 97½, 101, 102, 105, 106½, 113½ 'scattered grains chalcocite.

Sludge 0 - 20 (20') 2.5% Cu

30 - 60 (30') 1.0% Cu

90 -120 (30') 0.2% Cu

Diamond Drill Site Number 2 Northerly 130 Feet

Six diamond drill holes -

(5) Northeasterly - 10° 152'

Porphyritic Tuff 0 - 25' Amygdaloidal Flows 25 - 152'

Core 4, 9, 12, 20, 23, 77½ - 83, 108, 129½, 147½, 148½'

sparce grains copper

Sludge 0 - 80 averages less than 0.1% Cu

(6) Northeasterly - 45° 144' Porphyritic Tuff

Core 22, 24½, 69½, 73½ - 74, 140½, 141', scattered grains chalcocite.

Sludge 10 - 20 (10') 0.27% Cu

70 - 80 (10') 0.49% Cu

(7) North-northeasterly - 10° 151'

Porphyritic Tuff

Core 11, 64, 133, 145 - 151', sparce grains copper

Sludge 130 - 140 (10') 0.19% Cu

(7a) North-northeasterly - 30° 153'

Porphyritic Tuff

Core 56, 57, 61, 62, 74½, 106½, 111½, 113, 114, 125, 130, 132, 145, 149', few scattered specks copper

Sludge 50 - 60 (10') 0.24% Cu

70 - 80 (10') 0.22% Cu

100 -140 (40') 0.10% Cu

(8) North-northwesterly - 10° 138'

Porphyritic Tuff

Core 35½, 88, 89, 92, 134½', sparce copper grains

Sludge 80 - 90 & 130 - 138', Less the 0.1% Cu

(9) North-northwesterly - 30° 180'

Porphyritic Tuff

Core 31½, 48, 73½, 90½, 116, 128½, 135', sparce grains and veinlets copper

Sludge 70 - 80 (10') 0.45% Cu

Diamond Drill Site Number 3 Northerly 410 Feet

Two diamond drill holes -

(12) Southerly - 30° 197'

Porphyritic Tuff

Core 13½, 16, 18, 21½, 33½ - 34, 41, 53, 89, 115 - 116, 117½', scattered grains copper.

Sludge 10 - 30 (20') 0.40% Cu

40 - 50 (10') 0.49% Cu

sludge 50 - 150' should be assayed

(13) Southwesterly - 35° 176'

Porphyritic Tuff 0 - 116½

Amygdaloidal flow 116½ - 176'

Core 9½, 97', scattered grains copper

Sludge 100 - 120 (20') Nil Copper

Diamond Drill Site Number 4 Northerly 510 Feet

Three diamond drill holes

(10) Southerly - 35° 135'

Porphyritic Tuff

Core 21, 49, 51½, 100 - 101½; specks copper

95, heavy copper.

Sludge 90 - 110 (20') 0.12% Cu

(16) Southerly - 50° 200'

Porphyritic Tuff 0 - 101

Amygdaloidal flow 101 - 200

Core 4, 5, 6 - 6½, 12½, 16½, 23½ - 26, 28½, 30, 31 - 34, 39, 41½, 42 - 44½, 46 - 47, 49½, 53½ - 54, 55 - 58, 69, 81½, 97, 125', scattered grains copper,

61½, 82, 105 - 110', heavy copper

Sludge 0 - 70 (70') 0.24% Cu

80 - 90 (10') 0.48% Cu

100 -110 (10') 0.67% Cu

(11) South-southwesterly - 35° 145'

Porphyritic Tuff

Core 6, 21, 23, 27½ - 28, 30, 38½, 40, 68½, 82, 102', sparce grains copper

Sludge 20 - 40 (20') 0.24% Cu

100 -110 (10') 0.15% Cu

Diamond Drill Site Number 5 Northerly 620 Feet

Two diamond drill holes -

(14) Northerly - 52° 66'

Porphyritic Tuff

Core 14 - 17; possibly some chalcocite

Sludge none collected.

(15) North-northeasterly - 55° 175'

Porphyritic Tuff 0 - 79' Amygdaloidal flow 79 - 175'

Core 85, 88 - 89, 94 - 101, 118 - 124, 141 - 144, 151, 158, 161-161½', specks copper.

Sludge 70 - 110 (40') 0.72% Cu

110 - 175 (65') 0.32% Cu

Summary of Report on Induced Polarization Survey White River Area, Yukon, by Jon G. Baird, Geophysist, July 28, 1969, and Review by Mr. Michael Lewis, Geophysist, Scintrex Surveys Ltd. to accompany letter by W.G. Stevenson, P.Eng., for Silver City Mines Ltd., May 7, 1973.

An interpretation of the induced polarization survey shows 10 anomalies with chargeability values in excess of 12 milliseconds. Nine of these anomalies show a northerly alignment roughly parallel with and possibly 1,000 feet east of the White River. These extend over a length in excess of 2 miles.

One of the plus 12 milliseconds anomalies parallel within the White River and 2,000 feet south of the northern extremity coincides with the location of copper mineralization exposed on the surface and in diamond drill holes. Based on the relation of this mineralization and the anomalies I have concluded that this mineralization has responded and provides the cause of this chargeability anomaly.

Underground drifting and both surface and underground diamond drilling have provided a test of only 750 feet, roughly 7% of the length of this northsouth anomaly.

The tenth anomaly in excess of 12 milliseconds has a circular form and is positioned $\frac{1}{2}$ mile east of the White River.

Eleven other anomalies roughly circular in outline but with chargeability values between 8 and 12 milliseconds have been outlined.

Based on my discussion with Mr. Lewis, Geophysist, Scintrex Surveys Ltd., on May 5, 1973, I have reached the following conclusions:

1. The chargeability anomalies represent 2% by volume of disseminated metallic minerals sulfides or equivalent oxides, graphite or alternation products.

2. It is unlikely that chlorite would cause this response, though argillite might provide a causitive effect.

3. The series of anomalies near the White River suggest narrow concentrations of sulfides within 150 feet of surface which trend northerly but which have been interupted by cross faults.

4. The resistivity survey suggests the zone represents a contact with low resistivity to west-high toward east. This type response tends to reduce possibility that graphite is the cause.

5. The magnetic survey does not show a coincident high chargeability and high magnetic response which suggest that magnetite has not caused the high IP anomaly.

6. The other chargeability anomalies which are more rounded warrant investigation.

7. Recommend visual examination of chargeability anomalies, possibly pack sack drill or geochemical sampling. Doubtful if other type geophysics would have any application.