THE IMPORTANCE OF SILVER

July, 1961

A condition has developed in world usage of Silver where consumption has far outstripped mining production. This situation has grown to an alarming degree and shows a 670 million oz. production deficit in the last 9 years.

The following are statistics showing the inadequate supply during this last period and what it means in world silver consumption:-

STATISTICS — WORLD SILVER (less U.S.S.R.)

(Millions of Ounces)

Year	Production	Consumption	Production Deficit	Average Price New York ¢
1952	215	254	39	84.90
1953	221	259	38	85.19
1954	189	244	55	85.25
1955	198	245	47	89.09
1956	193	272	79	90.82
1957	198	296	98	90.82
1958	205	270	64	89.04
1959	184	299	115	91.20
1960	202	318	116	91.37

1960 Consumption is 25% greater than 1952— Production by Comparison has decreased 6%.

This is a production deficit average of 74.4 million ounces per year for 9 years. But, in the last 2 years a production deficit average of 114.9 million oz.'s per year.

At the present rate of Silver usage in the free world silver consumption will total 600 million ounces ANNUALLY within 10 years.

Currently about 75% of the world's production of Silver is obtained as a by-product from the mining of gold, lead, zinc and copper. Approximately 60% of the U. S. Silver Production comes from low grade lead and zinc mines. Silver production has been retarded in recent years due to the lower price of lead and zinc and the economic position of these minerals.

SILVER IN DEMAND

1960 Industrial Silver consumption in the U. S. was approximately 100 million ounces

ty-six million ounces were required for coinage. In subsequent years much greater quantities of Silver will be required for coinage and industrial use due to the rapidly increasing population and the population explosion is world wide.

The large imbalance in recent years between consumption and production was offset by the sale of "free" Silver by the U. S. Treasury and the melting of silver coins by various countries. These sources are rapidly disappearing. The U. S. Treasury's silver reserve was available for coinage and use by domestic users at the treasury's discretion, at not less than 91 cents an ounce. This reserve has almost disappeared having been depleted 90% since 1942. There is less than 10% of the original reserve on hand and other sources of supply will be insufficient.

If world production continues at 202 million ounces per year and consumption, which is now 319 million ounces, increases as it has in the last 2 years an actual Silver shortage will develop. Because this problem of potential shortage is now receiving world wide attention, many articles are appearing in financial and statistical publications.

INCREASING USES OF SILVER

Usage of Silver, for many years, was chiefly monetary and adornment of the home and human figure. These uses are still important but now Silver has found new acceptance and a hundred new uses. Thirty million ounces are used annually in the photographic industry in the U. S.; 25 million ounces for brazing; and 19 million ounces for electrical contacts. There is an increasing usage of silver in batteries, electronic equipment, Jet aircraft, guided missiles, television cameras and receivers, radios, torpedoes, atomic submarines and precision instruments. It is also used as a catalyst in chemical industries, water sterilization, dental alloys, mirror backing, disinfectant, ignition shields, plating for medical instruments and fine copper wires. Silver nitrate is used in hair dyes, indelible inks and many other uses. Continued technological advances and research will demand additional use of Silver in many phases of our economy.

THE SILVER STORY

It is interesting to recap some information on Silver obtained from various articles.

Early in 1930 a group of U. S. Representatives and Senators banded together and

re sufficiently strong to enact legislation whereby the Congress required the U. S. Treasury to purchase large amounts of silver from U. S. Mines and various foreign sources. The influential U. S. Congressional Silver Bloc blamed the world-wide depression on the drop in silver prices to 25 cents per ounce. As a result of this purchasing program, the silver-standard countries melted down their silver coins and sold them to the U. S. In fact, practically all countries demonetized silver and exchanged it for U. S. gold. By 1937 the U. S. silver stock was so large storage of this metal became a problem. Hence a depository at West Point was hurriedly constructed and completed in the spring of 1938. For more than seven months long convoys of trucks, weighted down with silver and carrying fifty-six Coast Guardsmen, travelled the 50 miles between New York and West Point and unloaded more than $1,500,000,000 silver (at the statutory price of $1.29 per ounce). This hoard continued to grow as the Silver Bloc forced the Treasury to continue to buy silver at advancing prices. In 1946, additional legislation was enacted whereby the Treasury was compelled to buy silver from domestic mines at 90.5 cents an ounce. However, the Treasury obtained discretionary powers to sell silver for domestic use at a minimim of 91 cents an ounce. This law is still in effect.

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The 1930's and 40's, saw many economists campaigning against the silver policy by explaining the unsoundness of buying the useless metal and storing it at West Point. This silver program, turned out to be a very profitable source of investment for the U. S. government. The Treasury bought the silver by issuing warehouse receipts (silver certificates). Each $1 silver certificate is evidence that 371.25 grains of silver are deposited with the Treasury and payable to the bearer on demand. Since 480 grains equal one ounce, silver is given a value of $1.2929 an ounce for monetary purposes. Consequently, when the Treasury buys silver at 90.5 cents an ounce, it makes a profit of 38.79 cents. When the Treasury buys silver at 90.5 cents per ounce, 70 percent becomes monetized and is used to back silver certificates while the remaining 30 percent becomes free silver which the Treasury uses to mint subsidiary coinage or sells to domestic users. Currently, the Treasury has approximately 1,750 million ounces of monetized silver which was acquired by issuing silver certificates and by this process it also acquired a huge gift in the form of free silver. On June 29, 1940, this hoard of free silver amounted to 1,284 million

ounces, while at the end of 1960 it had been statistically reduced to 123 million ounces with an additional potential 44 million ounces to be returned from lease-lend operations.

U.S. RESERVE ALMOST DEPLETED

The U. S. Treasury's free silver reserve is rapidly being depleted and consumers of silver have become deeply concerned over the threatened shortage. These actions are reflected by proposed legislation recently introduced to repeal the silver acts and replace silver certificates by Federal reserve notes. This would thereby make the monetary silver reserve available to the industrial users at 91 cents per ounce.

U. S. mining interests are very much opposed to this. They argue that the Treasury by selling silver at 91 cents, is subsidizing industrial users at the expense of the mining industry. Moreover, if the Treasury disposes the monetized silver which has been marked up to $1.29 per ounce, it would then take a loss of 38 cents per ounce. They also state that if the price of silver is increased, new mines would be opened which could stimulate economic activity and give work directly and indirectly to many additional workers. They also emphasize that there are now only 4 primary silver producers in the U. S. compared with 26 in the 1920's and the only way increased production can be obtained is by higher silver prices. They also insist that the monetary reserve be left intact so that it can be available for an emergency. During World War 2, most of the free silver reserve was used for the war effort. Now that this reserve has disappeared, the monetary reserve should not be disturbed. In fact, they assert "this silver is not the property of the Treasury to do with as it pleases, but is metal which the Treasury holds, as warehouseman or custodian against the silver certificates outstanding, and the actual title to this silver is in the hands of the millions of possessors of dollar bills throughout the country". If the Treasury decided to sell silver which it holds as custodian against silver certificates the action would likely be viewed with distrust by foreigners who have large short-term credit balances in the U. S., and it might result in these balances being converted into gold precipitating a gold crisis. In any event, whether or not a silver reserve is needed to back U. S. currency, it is reasonable to predict that the silver, which has been entered on the books of the Treasury at $1.29 per ounce, will not be sold at a loss.

As the U. S. Treasury reserve of free silver continues to decline, a see-saw battle between the industrial users and the silver mining interests can be safely predicted. It would appear that the Silver Bloc will win the battle because their program would stimulate economic activity and improve the employment situation without direct government subsidy.

SPECULATIVE INTEREST IN SILVER EXPECTED

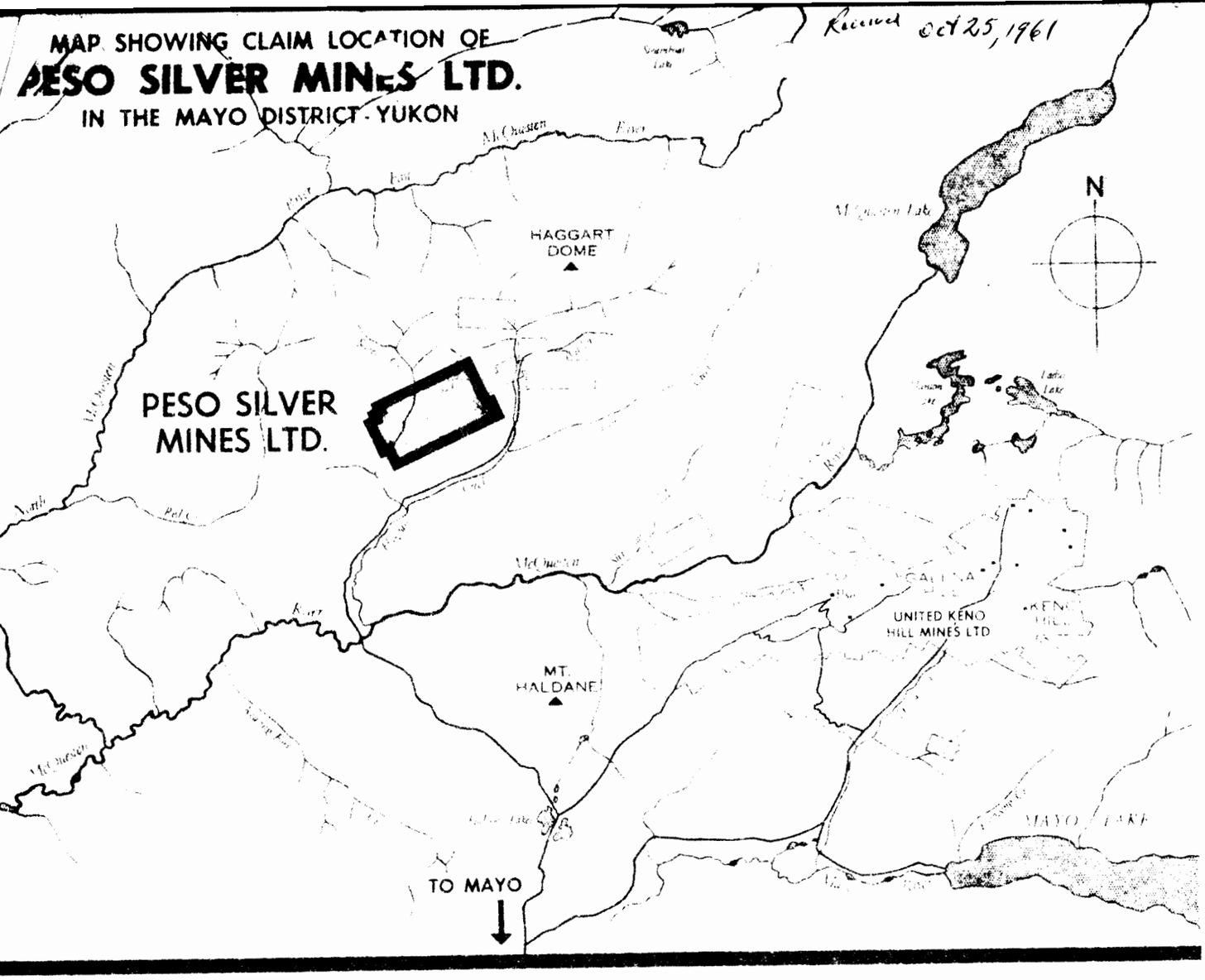
While the silver problem is being debated, U. S. silver consumers will likely increase their silver inventories while silver is still available from the U. S. Treasury at the current price of 91 cents per ounce. Obviously, intelligent consumers or holders have very little to lose and everything to gain by stocking up on the scarce silver. Such an inventory build-up would hasten the disappearance of the free silver reserve and would likely start a speculative interest in silver as a commodity and in silver stocks as well.

Another possibility of an increase in the price of silver appeared June 1961. The story broke that the U. S. Treasury had proposed to free silver from its pegged price of 90.5 cents U. S. The proposal was one of several put forth by the Whitehouse as a form of assistance to U. S. lead-zinc producers to help compensate President Kennedy's turndown of any subsidy or tariff for lead or zinc in the present session of congress.

The Chinese were substantial sellers in 1960. Crop failures have created a substantial demand for hard currencies to pay for imports, and silver is the only real commodity the Chinese have for sale. The latter part of May saw 16 million ounces sold to Britain, France and Germany. A guess at the remaining Chinese reserves has been put at 75-100 million ounces. Any amount of this offered at the present price would probably be bought up very quickly. The U. S. reserve is probably no more than 80 million ounces - and a run on this could develop.

It is generally agreed that Silver's pegged price is artificially low and it has been estimated that a price of $1.15 to $1.20 per oz. would stimulate considerable interest and encourage greater production. Canadian silver producers are closely following the rapidly changing silver production—consumption ratio. This stimulated interest is growing monthly and developments could bring a very quick change in silver prices, which would have immediate and far reaching effects.

MAP SHOWING CLAIM LOCATION OF PESO SILVER MINES LTD. IN THE MAYO DISTRICT - YUKON



In the past few months a very important discovery has been made on the Company's properties and this brochure is intended to acquaint an investor with the excellent future of the Company's holdings.

PESO
SILVER MINES LTD. (N.P.L.)

Received Oct 25/61

Introduction

The District of Mayo and other districts in the Yukon contain very large producers of Gold, Silver, Lead and Zinc and one of THE WORLD'S LARGEST PRODUCERS OF SILVER.

Over $72,300,000.00 in Silver has been produced from the Yukon in the last 7 years with the majority of the production coming from the Mayo District. The total mineral value produced from the Yukon is in excess of $603 million. $403 ?

REPORTS — MAYO AREA

D. D. Cairnes, Geological Survey of Canada, Summary Report, 1915, P. 381

"Not only is this one of the most important placer gold producing districts of the Yukon Territory, but valuable lode deposits have been recently discovered there from one of which shipments of high grade silver ore have been made."

P. 399 — Lode Deposits

"Lode deposits of various types are known to occur at a number of points throughout Mayo area. Most of the prospectors in the past, however, have been in search of placer deposits, very few quartz prospectors having as yet visited the district. In addition, throughout the greater part of the area, there is a heavy mantle of superficial deposits, which obscures the underlying bedrock in most places, and renders prospecting for lode deposits very difficult and uncertain. The discoveries that have been made were mainly due to accident, or to the deposits being exposed along some stream cutting. This area cannot thus be considered to have been more than very slightly prospected, and many other valuable mineral deposits may yet be found within it."

W. E. Cockfield, Geological Survey of Canada, Summary Report, 1918, P. 487—Conclusions

"This discovery of deposits of High Grade Ore on Keno Hill is of great importance as it shows beyond doubt that the Silver King vein is not an isolated occurrence. That other discoveries will be made from time to time seem highly probable. Nuggets of native silver are common in the placer gravels of the district."

PESO SILVER DISTRICT

It is evident that large mineral wealth exists and PESO SILVER MINES LTD. (N.P.L.) has located a NEW RICH SILVER BEARING AREA only 15 miles from the well-known United Keno Hill Mine. The Mayo area has an exceptional history for recurrent mineral discoveries.

SILVER as a commodity is gaining increasing attention throughout the world for the following reasons:—

- It is being used in a widening commercial and industrial range.
- The present use and consumption of Silver exceeds production by 100 million ozs. per year.
- The increasing use of Silver coinage and the continued depletion of the U.S. Government silver reserve.

PESO SILVER MINES LTD in 1961 staked 80 additional claims despite sub-zero winter weather when exploration and assays of one mineralized section showed HIGH VALUES AND WIDE VEINS. Subsequent examination showed a MASSIVE VEIN SYSTEM with excellent Silver mineralization and suggestion of large tonnage.

A shaft work program instituted in the early summer of 1961 on an 11 foot vein produced high assays and on one section of approximately 700 feet, an estimated tonnage of 100,000 tons with the vein open at both ends.

A subsequent exploration program consisting of Bulldozer trenches and short shafts will open up many of the vein systems and extend the known exposed veins.

DESCRIPTION OF PROPERTIES — Part I

The 12 Peso and 8 Rex ~~Groups of~~ claims were found to have silver values over a wide area. Peso Silver Mines Ltd. early in 1961 staked 80 additional claims and now holds 100 ~~claims~~ in an area 3½ miles by 2½ miles. The Consulting Engineer, Dr. A. E. Aho, who specializes in mining exploration in the Yukon states in his report December 1, 1960:—

Mineralization consists of three known veins, an eastern N 70°E vein which appears to be part of a pattern of similar veins occuring at least as far east as Haggart Creek, and two western N.E. veins which cut across the northwest striking schists on the west part of the property.

Geology — the rocks in the general area are mainly precambrian quartz mica schists, graphitic schist and chlorite schist, with minor quartzite, and limestone. Since the area is unglaciated, outcrops are rare, veins are deeply weathered and most of the bedrock is masked by a thin mantle of brown soil.

Veins — the ~~two~~ eastern veins show ~~two~~ good widths of 8 feet and 4 feet while the western veins have widths up to 11 feet. The property now has 25 bulldozer trenches with veins intersected in 19 of them. Several other mineral occurences have a bearing on possibilities around the Peso property. Several similar veins strike in this direction from Haggart Creek and two or three similar veins strike in this direction from Dublin Gulch. Similar float has been found on many of the creeks around the Peso and Rex claims.

There appears to be a swarm of such E-W to N-E veins which carry lead, antimony, arsenic mineralization AND LOCALLY INTERESTING SILVER VALUES. Other similar showings occur N-E of Dublin Gulch to Lime Creek, forming a 15 MILE LONG N 70°E SILVER, LEAD, ANTIMONY BELT — PARALLEL TO THE KENO-GALENA HILLS SILVER-LEAD BELT.

Additional Possibilities — Tin occurs abundantly in placer in Haggart Creek and Dublin Gulch and has been found in irregular veins in schists near Dublin Gulch and considerable tin occurs in placer sands below the Peso property. Thus the general area, also has reasonable tin possibilities.

Summary — Silver values were found to increase from a reported 25 oz/ton to 40 oz/ton at 8 feet suggesting that the values may increase with depth.

Two Western veins on the Peso property show mine widths of oxidized arsenical silver-bearing vein over an aggregate length of 600 to 800 feet or more suggesting a potential of the order of 100,000 tons with unexplored extensions both East and West.

The area is ideal for bulldozing and surface possibilities for discovery of extensions, and other silver rich veins are completely untested although indications of other such veins occur. The extensions of the veins and other nearby veins and possibilities should be explored by geological mapping, geophysics, geochemistry and especially bulldozer stripping and trenching which is very rapid in this area. This program could lead to ultimate development of a rich new Silver producing district.

Dr. A. E. Aho,
Consulting Geologist

DESCRIPTION OF PROPERTIES—Part II

The start of the initial summer program of shaft work on the vein structure under the supervision of Dr. A. E. Aho has confirmed the strength of the vein system and his July 27, 1961, report states:—

1961 Program — Exploration work on the Peso Silver-Lead-Antimony property was commenced on June 19, 1961. A crew with compressor and other supplies worked on the property and a shaft was sunk to a depth of 20 feet from the surface. The present work has shown encouraging results indicating that, as suspected, Silver values are indeed increasing with depth as the shaft in penetrating the leached vein and that HIGH SILVER VALUES are beginning to occur even though the vein is still intensely weathered.

Confirmed assays from this work are as follows:—

No.	Gold	Silver	Lead
3857	.04	74.0	2.29
3858	.04	60.7	0.84
3859	.06	34.3	4.74
3860	.04	28.2	0.74
3861	.08	79.3	3.19
3862	.04	53.9	0.82
5593	.20	72.3	6.04
3863	.30	91.0	4.30
3864	.20	169.4	11.91

The silver values have shown a distinct increase with depth as follows:—

Depth	Channel samples oz/ton silver	Grab samples from footwall streak
Surface	15	——
3 - 4′	25	——
7′	40	72.3
12 - 14′	50	91.0
19 - 20′	65	169.4

During the present work, unprospected float of similar vein material was noticed in several places to the east and on top of the main ridge where former stripping had exposed A WIDTH OF ABOUT 30 FEET OF VEIN MATTER.

Conclusions — Recent work on the Peso Silver-Lead-Antimony property has shown a distinct increase of silver values with depth, from average samples of **15 ozs. at surface** to **65 ozs. at 20 foot depth,** and from grab samples of **72 ozs. at 7 feet** to **169 ozs. at 20 foot depth.** An overall average of about 55 to 60 ounces per ton can be expected across the full vein width of 10 to 11 feet at the present depth.

Neither extensions of the vein nor other known or indicated veins on the property have been explored even by surface trenching, although several strong, wide vein structures occur in the area; so it is almost certain that other equally promising sections of vein will be discovered by surface bulldozer trenching, mapping geophysics and geochemistry.

This recent discovery of rich silver values in this new, unexplored district, with its strong, wide veins may well lead to a development of major importance.

Dr. A. E. Aho,
Consulting Geologist

DEVELOPMENT PLANS

Peso Silver Mines Ltd. with valuable mineral properties has mapped out an aggressive program of exploration and development leading to production from the Company's holdings in the Yukon.

An intensive field program of stripping, bulldozing, shaft work and Geological reports on these properties from the Consulting Engineer provide a substantial record of the massive strength of the vein systems and indicate a planned approach to development.

It is the intention of the Company to proceed toward full operation as quickly as possible. All aspects of a producing mine will be carefully considered and additional progress will be made known as work advances.

SUMMARY

Canada today is experiencing a great surge of mining enterprises. Many large contracts running into the tens of millions of dollars are being finalized. Foreign countries are buying an increasing amount of the great mineral wealth being discovered. The unmeasured extent of her mineral resources is providing a base for an improved economy that will ultimately affect all Canadians.

International authorities are becoming concerned over the increasing consumption of silver as production has fallen far behind the demand and additional Silver production will be necessary to satisfy the need.

Peso Silver Mines Ltd. have acquired large holdings of Silver mineralization and the potential growth and planned development make a very attractive picture for investors. There are very few large Silver developments and it is a wise investor who joins a company and takes advantage of an excellent investment opportunity.

The future of silver is very secure and the rapid advance of the Silver situation is now apparent.

SHARES ARE AVAILABLE AS SET OUT IN THE ENCLOSED APPLICATION.

PESO
SILVER MINES LTD. (NPL)

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DIRECTORS
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S. E. Cropper—Vancouver, B.C.
R. Verity—Vancouver, B.C.
P. L. Whittall—Vancouver, B.C.
W. G. Hodges—West Vancouver, B.C.
G. E. Lennox—Vancouver, B.C.

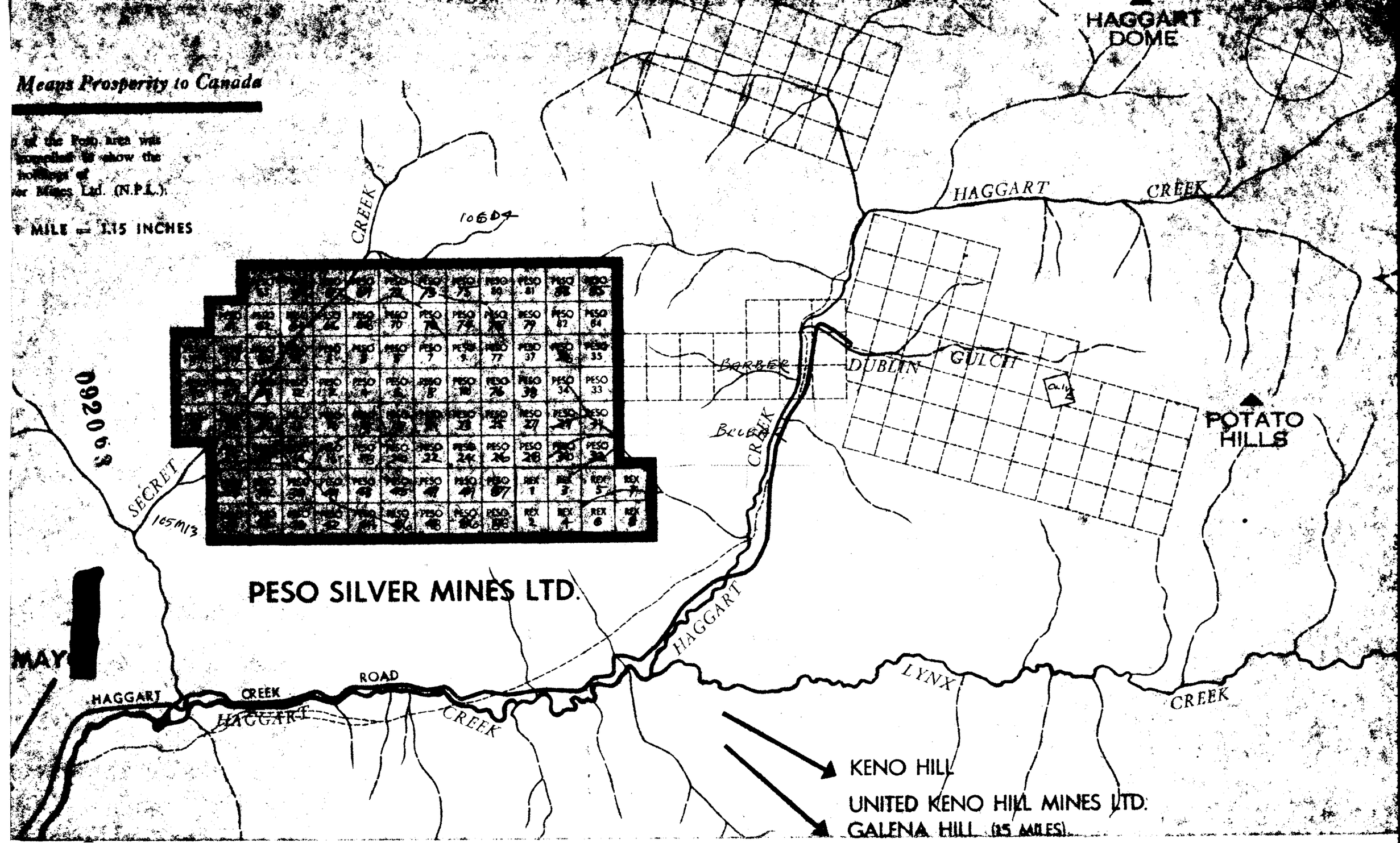
CONSULTING GEOLOGICAL ENGINEER
Dr. A. E. Aho—North Vancouver, B.C.

TRANSFER AGENT
National Trust Co. Ltd.—Vancouver, B.C.

AUDITORS
Reynolds, Anderson, McPherson & Co.—Vancouver, B.C.

SOLICITORS
Russell & Du Moulin—Vancouver, B.C.

CAPITALIZATION
5,000,000—$1.00 Par Value.


Means Prosperity to Canada
of the Peso area was
compiled to show the
holdings of
Mines Ltd. (N.P.L.).
MILE = 1.15 INCHES
HAGGART
DOME
HAGGART
CREEK
CREEK
10604
BARBER
DUBLIN
GULCH
BARBER
CREEK
POTATO
HILLS
SECRET
165M13
PESO SILVER MINES LTD.
HAGGART
ROAD
HAGGART
CREEK
HAGGART
CREEK
LYNX
CREEK
KENO HILL
UNITED KENO HILL MINES LTD.
GALENA HILL (15 MILES)

Leil Apr 12 13/62

PESO SILVER MINES LIMITED

REPORT ON PROGRESS OF

DRIFTING AND CROSSCUTTING ON NO. 1 VEIN

April 9, 1962

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The Peso Silver Mines property at Secret Creek, Yukon, is showing increasingly favourable results in underground exploration.

From the original crosscut on No. 1 vein a drift has been driven 60 feet to the southwest and 75 feet to the northeast along the footwall side of the 20-foot wide vein zone, and four crosscuts have been completed at 30-foot intervals from these drifts to test the vein across its full width.

Complete information is not yet available from the southwest section which appears to be narrowing, but to the northeast the vein is maintaining its 18 to 20-foot width in both crosscuts as far as explored. The first crosscut shows heavy mineralization while the second crosscut is reported to be similar but more oxidized.

Assays received from some of the drifting and from the first northeast crosscut show increased values to the northeast. Compared with the original crosscut which averaged 6.39 oz./ton silver and a gross metal content of $22 per ton across 21 feet, this crosscut averages 14.2 oz./ton silver and a gross metal content of $33 per ton across 18.5 feet. The high grade section containing 3.7 feet of 34.5 oz./ton silver in the original crosscut apparently continues to this next intersection and has widened to 7.5 feet (true width 6.5 feet) which assayed 35.8 oz./ton silver. A lesser width at 5 feet within this 7.5-foot section assayed 45.6 oz./ton silver and within this, a 1.5-foot section assayed 61.8 oz./ton. Total valuable metal content of the above sections is as follows:

True Width	Gold oz/ton	Silver oz/ton	Lead %	Zinc %	Copper %	Antimony %	Bismuth %
4.5	.04	42.6	10.5	.16	.14	7.25	.3
6.5	.033	35.8	9.3	.2	.13	6.1	.3
18.5	.01	14.2	2.97	.1	.42	1.92	.05

Results to date are confirming former expectations. In the first crosscut to the northeast overall silver content at the vein has doubled and valuable metal content has increased by one third, while width is maintained and width of the 35-ounce section has doubled.

Complete samples from the other crosscuts and from the first sampling of the Rex shaft have been received by the assayers and results are expected in a few days.

Drifting and crosscutting on No. 1 vein, and shaft sinking on the Rex vein are continuing.

Respectfully submitted,

Dr. A.E. Aho,
Consulting Geological
Engineer.

092063

[redacted]

Rec'd April 12 - 3/62
with maps &c.

PESO SILVER MINES LIMITED

Report On

No. 1 Crosscut into No. 1 Vein

February 28, 1962

* * * * *

In this report the Progress of Crosscut and Geology, including accompanying diagrams, are supplied by the resident geologist and mine manager, Wayland S. Read, while the remainder of the text is by Dr. A. E. Aho.

Progress of Crosscut

The crosscut to the No. 1 vein has been advanced 360.8 feet, the latter 268 feet at a bearing of S 73° E. Timber has been carried throughout with continual back lagging and infrequent rib lagging. The vein was encountered on Feb. 8 and crosscut between 302 feet and 326 feet from the portal.

Geology - (See Geological Plan and Assay Plan of Crosscut.)

Interbanded quartz-sericite schist and chlorite quartz schist are the predominant rock types. The quartz sericite schist appears to be derived from a feldspathic quartzite and varies from moderately schistose to near quartzite, in part due to the availability of feldspar. It is the most competent unit but tends to be blocky due to cross jointing.

The chlorite quartz schist appears to be derived from a shale. It is the least competent of the units and there is a wide variation in the quartz content. The schist may in part be slightly graphitic but graphite is not megascopically determinable.

Geological mapping indicates moderate folding has taken place with a plunge from east to east northeast of about 35°. The strike and dip of schistosity in general appears to parallel bedding planes. The dip varies from 20° to 55°.

Moderate faulting is encountered. The strike is northeast and the dip is from 33° to 52° to the northwest. Drag indicates normal faulting and left hand movement.

A fault 227 feet from the portal with three to four inches of gouge and crush has a movement in the order of tens of feet since it displaces one rock unit against another. It dips between 33° and 45° and projects to intersect the vein below surface. It contains arsenopyrite and yellow oxides and may therefore be pre-ore.

A fault of one foot to one and a half feet of gouge and crush is located at, and makes up the hanging wall of the vein zone, at the point of intersection. A slip on the hanging wall of the vein, when first encountered by the crosscut, dipped at approximately 70° to the west. The foot wall contact of the vein zone is moderately sharp and dips from 52° to 58° westerly. The dip of the vein from all available information appears to be in the order of 60° with local variation.

The immediate hanging wall of the vein zone is chloritic schist. Geological mapping indicates that more competent quartz sericite schist will be found on the hanging wall immediately to the west. Due to its greater competence, this may make a more favourable host rock for mineral deposition.

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Vein Zone - (See Geologic Plan and Section and Assay Plan)

The hanging wall rocks near the vein zone are characterized by increased fracturing and disturbance for about 20 to 30 feet as the vein zone is approached, with several mineralized fractures being found within 10 feet of the hanging wall. Grey graphitic schist or phyllite (Chlorite-Quartz Schist" in Read's reports) on the hanging wall is only slightly altered or silicified; the hanging wall of the vein zone itself is a fault zone of 1 to 1.5 feet of crushed rock and gouge.

The vein zone can be divided into a well mineralized hanging wall section 9 to 14 feet wide and a less well-mineralized foot wall section 7 to 10 feet wide with a horse of 1 to 4 feet of altered schist between them. From surface to crosscut the vein zone has an indicated dip of about 60°; its true width is thus 21 feet.

The hanging wall section from N.W. to S.E. consists of the following zones:-

- 2 to 4 feet of fine-grained quartz impregnated with arsenopyrite and pyrite with minor jamesonite.

- 0 to 3 feet (north wall) of siderite and quartz, vuggy in part, with scattered tetrahedrite, pyrite, jamesonite.

- 0 to 1 foot (south wall) of abundant Chalcopyrite with secondary chalcocite .

- 2 to 5 feet of massive pyrite with abundant jamesonite and associated chalcopyrite, mostly on the south wall.

- 3 to 5 feet of crumbly, black-coated pyrite, minor jamesonite.

The footwall section consists largely of silicified schist cut by abundant stringers, lenses and impregnations of pyrite and arsenopyrite with minor jamesonite. On the footwall of this section is a zone of 1 to 2 feet of massive fine-grained pyrite with jamesonite and up to 3 inches of associated siderite.

The mineralogic sequence or paragenesis in the vein appears to be divided into an early phase of arsenopyrite and pyrite followed by a later lower temperature phase consisting of fine-grained to colloform pyrite with jamesonite and associated chalcopyrite, and an open-space filling of siderite with tethahedrite. Arsenopyrite is separate from the silver minerals. The Rex vein appears to have been deposited entirely in the later stage with little or none of the early arsenopyrite and pyrite present.

Values - (See Assay Plan and enclosed Assay Summary)

Chip-channel sampling for gold and silver has been carried along the entire north wall of the crosscut. In the vein zone two channel samples were cut along each wall, one at waist height the other at about 6 foot height, and muck samples were also taken. Two bulk samples of about 3/4 ton each were taken from the south wall, one from the hanging wall section, the other from the foot wall section.

All channel and muck samples across the vein were assayed for gold, silver, lead, antimony, copper, zinc, arsenic and some in the better portion of the hanging wall section were assayed for bismuth, which was indicated by spectograph in a bulk sample of oxidized vein material from No. 1 shaft.

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Results of the channel and muck samples are shown on the accompanying assay plan and in the enclosed assay sheets.

On the north wall of the crosscut near the hanging wall side of the vein a zone of siderite with scattered tetrahedrite gave one channel assay of 51.6 oz./ton silver across 1.2 feet at waist height, and one of 42.2 oz./ton silver across 2.9 feet at 6 foot height. Selected specimens gave 184.5 oz./ton silver indicating about 1,000 oz./ton for pure tetrahedrite itself. Average of two channel samples across 3.7 feet of this north wall was 34.5 oz./ton silver, 5.1% lead, 3.1% antimony, 0.4% copper, 1.0% zinc and 1.6% arsenic. The south wall showed an average of 11.8 oz./ton silver, 4.0% lead, 2.43% antimony, 1.5% copper, 0.8% zinc, and 12.0% arsenic across 7.7 feet.

Across the entire width of 21 feet of vein zone, including schist and barren sections, the overall average is 6.39 oz./ton silver, 1.99% lead, 1.19% antimony, 0.98% copper, 0.68% zinc, and 5.21% arsenic.

Interpretation of Results

Silver Content - The silver occurs mainly in tetrahedrite associated with the open space siderite filling near the hanging wall, to a modest degree with the jamesonite - rich parts of the hanging wall section, and in lesser but variable amounts with jamesonite in the footwall section. Assuming that the silver occurs only with the lead-antimony minerals (chiefly jamesonite), the silver-lead ratio of 3.0 to 3.5 in the general hanging wall section suggests that a silver-lead-antimony concentrate could contain about 130 to 150 ounces per ton silver, with increasing silver content as the amount of tetrahedrite is increased. Arsenopyrite is entirely separate from the silver-lead-antimony minerals and therefore should present no problem in clean mill separation. Gold, present only in minor amounts, appears to be associated with the silver-rich sections. The presence of interesting amounts of copper suggests that if this metal occurs in consistent amounts, a copper concentrate might also be produced as a valuable by-product of a silver-lead-antimony concentrate. Concentration and metallurgy will be investigated in detail from bulk samples. A metallurgical report on recovery of silver by cyanidation of a bulk sample from the oxidized vein in No. 1 shaft will be completed soon by Mr. John W. Britton, Consulting Metallurgist.

Details of oxidized and unoxidized mineralization on the property are being investigated by Dirk Templeman-Kluit as a Geology 409 problem at the University of British Columbia.

The high silver values associated with tetrahedrite in siderite definitely enhance the possibilities in veins which contain siderite or signs of former siderite, particularly the Rex vein which appears to be largely siderite. Float of vein material "same as that on the Rex" is also reported from the slope a short distance below the powder-house switchback, only a few hundred feet north of No. 1 vein. This not only suggests another vein but possibilities of good values in tetrahedrite.

[redacted]

...4

Grades - Comparison of grades on surface with those underground is difficult as yet due to the limited sampling and normal variations that can be expected in any vein system. Surface grade above the crosscut is only about 10 ounces per ton with a silver-lead ratio of about 1.7/1, suggesting a vein that originally carried jamesonite without much tetrahedrite. On this basis the underground silver-lead ratio associated with jamesonite appears to have nearly doubled. Much higher surface silver-lead ratios occur to the northeast along the 120-foot section of 19 ounce grade, and occasional fragments of weathered siderite float and tendency of values to favour the brown oxides suggest that more of the vein in this direction had consisted of siderite with tetrahedrite before it was oxidized. The large pyrite content of the vein has produced intense oxidation resulting in virtually complete destruction of any sulfides or siderite, and leaching of silver values near the surface, in which process high grade tetrahedrite would be one of the first minerals to be leached. Thus from the comparison of silver-lead ratios, the grade of tetrahedrite encountered underground, the indications of former siderite with good values on the surface to the northeast, and the indications of near surface leaching in No. 1 shaft, better grade can be expected as drifting is continued, particularly to the northeast and perhaps also the southwest.

Widths - Comparison of widths on surface with those underground cannot be made yet due to the limited work and expectable variations. However, where the vein has consisted largely or entirely of sulfides or siderite, considerable shrinkage of the original true width will have occurred during oxidation, thus average widths underground can be expected to be larger than indicated on surface. The present width of 21 feet may correspond to the surface width of 15 to 17 feet on the southwest end of the vein if this section rakes to the northeast.

Continuity Southwest - Continuity of No. 1 vein to the southwest appears more likely than before for the following reasons:-

(a) The evidence for being faulted off on surface is not clear and there is little evidence of such conditions underground as yet.

(b) Water seepages west along the slope suggest a possible channelway.

(c) Local change in direction to S 80° W and narrowing, as in the section 100 feet southwest of No. 1 shaft, may have concealed the extension by swinging the vein down hill.

(d) A vein-fault zone as strong as this is likely to continue farther unless offset by later faulting.

The evidence is still not clear but this continuity can be easily checked next season.

Secondary Enrichment - The fresh appearance of most of the silver-rich minerals and other sulfides and the assays in the crosscut suggest that little or no secondary enrichment of silver has occurred at this level. Slight silver enrichment may have occurred in the lower grades where secondary chalcocite appears to have enriched the copper content, but on the other hand, there may even be slight leaching at this level since the water seepages to the west indicate that the water table is probably still about 100 feet below the level of the crosscut.

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Abundance of Sulfides - The abundance of sulfides is reminiscent of Ed Barker's description of a "300 - foot zone of pyrite" under placer tailings beside his cabin on Haggart Creek, of heavy pyrite-arsenopyrite-chalcopyrite impregnation 3/4 mile to the south, and of a 20 - foot wide vein-fault zone with minor jamesonite, sphalerite, chalcopyrite and galena across from the mouth of Dublin Gulch. This area may thus prove to contain larger sulfide zones than previously suspected from oxidized surface exposures, and even modest values in economic minerals could prove important.

Abundant sulfides will greatly facilitate geophysical work, particularly electromagnetic surveys which should prove very useful in tracing vein zones under deeper overburden, and in detecting the larger sulfide bodies under their oxidized outcrops.

Conclusions

In summary, recent work has shown gratifying results or confirmed previous indications as follows:-

1. The vein zone is much stronger than expected, 21 feet in true width, and is transverse to the structure of the schists.

2. Dip of the vein is steeper (60°) than expected and wall rocks are fairly competent, making the possibility of mining easier and cheaper than anticipated from surface inspection.

3. Most of the vein zone contains abundant massive fresh sulfides but is dry of any water, the water table apparently lying about 100 feet below this level.

4. Mineralogy consists of early arsenopyrite and pyrite followed by later massive pyrite, jamesonite and chalcopyrite, with siderite and argentiferous tetrahedrite forming an open-space filling.

5. The silver is contained mostly in tetrahedrite which itself would contain about 1000 oz. per ton, and also associated with the Jamesonite, both of which could be recovered by flotation to give a high grade silver-lead-antimony concentrate. However, jamesonite itself may also contain low silver values.

6. Arsenopyrite, being an earlier mineral with no silver content, could be separated during flotation and has not been observed in the Rex vein which appears to have received only the later phase of mineralization.

7. Interesting amounts of copper (.98% across 21 feet) could prove important as a by-product if present in consistent amounts.

8. Little or no secondary enrichment of silver is evident; copper is enriched to some extent; but whether silver is slightly enriched or slightly leached at this level is not yet known.

9. Grade of the fresh vein underground is higher than on surface, and because of the indicated nature of the vein on surface, better grade can be expected as drifting is continued, particularly to the northeast.

[redacted]

10. Where the vein consists largely or entirely of sulfides or siderite, fresh widths underground will be greater than widths on the surface which have shrunk due to the intense oxidation caused by abundant pyrite.

11. No. 1 vein may continue to the southwest.

12. The abundant sulfides and strength of vein indications in the area may indicate larger low grade possibilities.

13. Abundant sulfides will facilitate geophysical work which should be very useful in the area.

14. The high values in tetrahedrite associated with siderite point to the importance of available open space for deposition of high grade ore, and definitely enhance possibilities on the Rex vein or other vein sections where siderite is indicated.

Although certain conclusions can be drawn from the nature of the vein intersection, this single intersection cannot be considered representative of any average grade or width. It lies under a surface section that shows only 10 oz./ton silver across 4.5 feet and drifting can be expected to show varying width and probably sections of higher grade. Answers to many questions will unfold with continued drifting on No. 1 vein, prospect shaft sinking on the Rex vein, geophysical surveys, geologic mapping, trenching and other work.

Recommendations

1. Drifting should be carried on at least 200 feet to the northeast and 50 feet to the southwest in the foot wall section of No. 1 vein, with crosscuts being driven to test the full width at 30-foot intervals.

   This approach has the advantages of (a) avoiding costly drifting in the crumbly "running" ground in the hanging wall section which would require such close timbering that later examination would not be possible, (b) exploring full vein width and giving access to later examination, at 30 foot intervals with 24 foot pillars and (c) providing access for later mining in the event of production. If the vein narrows and becomes more solid drifting could continue within it.

2. Prospect shaft sinking should be carried out on the Rex vein concurrent with the above drifting in order to provide earlier evaluation of possibilities, and particularly to allow time for more extensive underground work during summer months.

Estimated total cost of these two phases of work, including additional equipment, is $60,000 and these phases should be completed by breakup in mid or late April. Results of this work should determine to a fair degree the mine-making possibilities of the property insofar as this type of mineralization is concerned.

Respectfully submitted,

Dr. A. E. Aho,
Consulting Geological
Engineer.

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[redacted]

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PESO #1 VEIN #1 CROSSCUT

North Wall #6 Ft. High Channel

Assay #	LP.7	+ To	Width	Oz. Au.	Oz. Ag.	% CU	%PB	% ZN	% SB	% AS	% BI	Description
10895	26.0	27.1	1.1'	0.02	27.1	0.60	2.81	0.54	1.60	3.09	0.07	Silic.Py.,Js.+tet.HW.
10896	27.1	28.6	1.5'	0.02	36.9	0.64	4.84	0.89	3.06	1.81	0.10	Sid.,qtz. Py.tet.Js.
10897	28.6	30.0	1.4'	0.02	47.8	0.30	6.21	0.89	4.06	1.68	0.02	Vuggy Sid + qtz. py. tet. Js.
10898	30.0	31.8	1.8'	0.02	7.0	2.74	3.38	0.59	2.28	15.32	0.51	Crumbly, sooty Py.Js.
10899	31.8	33.8	2.0'	TR	2.4	2.87	2.37	TR	1.39	9.05		Same, > ½ gouge
10900	33.8	35.8	2.0'	TR	0.3	0.20	0.36	0.25	0.17	0.35		Graphitic Schist
10901	35.8	40.2	4.4'	TR	1.0	0.20	0.75	0.05	0.33	0.18		Same with py. qtz, stringers.
10902	40.2	44.4	4.2'	TR	0.8	0.40	0.57	0.64	0.45	0.18		Alt sch, abund py.
10911	44.4	45.8	1.4'	TR	1.5	0.50	1.82	0.59	1.17	0.84		Massive fg py, js. cp.
10912	45.8	47.4	1.6'	TR	TR	0.25	0.25	0.45	0.06	0.22		Sch with qtz. py.
10913	47.4	49.4	2.0'	TR	2.8	1.07	1.59	0.74	1.06	4.77		py. qtz, fg py, js. si

[redacted]

PESO #1 VEIN #1 CROSSCUT

North Wall Waist Height Channel

Assay #	LP.7	+ To	Width	Oz. Au.	Oz. Ag.	% CU	% PB	% ZN	% SB	% AS	% BI	DESCRIPTION
10871	23.0	25.7	2.7'	TR	3.5	0.54	3.59	0.64	2.00	7.51	0.40	Silic. & brecc. H.W. with As.
10872	25.7	27.8	2.1'	TR	18.6	0.12	6.08	1.04	3.39	0.68	0.95	Silic. with Js. cp. te
10873	27.8	29.0	1.2'	TR	×51.6	0.58	4.29	1.83	2.95	1.59	0.09	Same with orange, gree oxides
10874	29.0	30.6	1.6'	TR	4.9	3.12	3.09	0.64	1.95	15.68	0.50	Crumbly blackcoated py. js.
10875	30.6	34.1	3.5'	0.04 ($1.40)	8.5	4.02	1.40	1.24	0.78	9.12	0.10	Same
10876	34.1	37.1	3.0'	0.01 ($0.35)	0.6	0.38	0.39	0.64	0.22	0.35		Alt. sch., sl. min.
10877	37.1	39.2	2.1'	TR	2.1	0.10	0.31	0.59	0.06	0.21		Silic sch. py. js.
10885	39.2	42.2	3.0'	TR	1.4	0.44	0.42	0.74	0.17	1.32		Same
10890	42.2	45.5	3.3'	TR	0.7	0.50	1.38	1.04	0.83	1.06		Same with qtz. js. py.
10892	45.5	47.0	1.5'	TR	0.2	0.75	1.14	1.09	0.61	2.56		Similar, some As.
10894	47.0	49.6	2.6'	TR	TR	0.35	2.83	0.49	1.45	1.68		fg. py. js. minor sid.

[redacted]

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PESO #1 VEIN #1 CROSSCUT

South Wall 6 Ft. High Channel

Assay #	LP.7	+ To	Width	Oz. Au.	Oz. Ag.	% CU	% PB	% ZN	% SB	% AS	% BI	DESCRIPTION
10903	26.2	30.5	4.3'	TR	1.0	0.98	1.33	0.59	0.89	3.89	0.06	H. W.
10904	30.5	32.3	1.8'	0.02 ($0.70)	5.1	3.90	2.47	0.64	1.89	2.34	0.12	cp rich lens
10905	32.3	33.6	1.3'	0.02 ($0.70)	10.3	1.22	7.75	1.09	4.11	0.88	1.50	cp, js.
10906	33.6	36.2	2.6'	0.02	19.1	2.74	4.32	0.79	2.06	14.66	0.14	crumbly sooty js. as. cp.
10907	36.2	37.5	1.3'	TR	0.2	0.22	0.23	0.49	TR	0.22		Alt sch.
10908	37.5	40.4	2.9'	TR	1.6	0.85	0.39	0.54	0.17	0.66		Min FW zone
10909	40.4	44.9	4.5'	TR	5.0	0.60	1.09	0.64	0.83	10.69		fg py. as. js
10910	44.9	49.0	4.1'	TR	0.5	0.35	0.34	0.54	0.11	3.44		F. W.
SELECTED SPECIMENS FROM H.W. ZONE												
10886				.02	184.5	.92	3.22	0.93	0.59	3.17		Coarse siderite wi tet. minor py, js.
10887				.02	13.0	.94	3.38	2.39	0.74	2.22		Coarse js & cp in fg py.
10888				.02	17.4	8.66	2.60	2.12	1.19	1.89		Chalcopyrite & Chalcocite
10889				.01	42.9	0.16	28.75	2.21	0.54	14.90		Yellow oxides near H.W.

PESO #1 VEIN #1 CROSSCUT

South Wall Waist Height Channel

Assay #	LP.7	+ To	Width	Oz. Au.	Os. Ag.	% CU	% PB	% ZN	% SB	% AS	% BI	Description
10878	22.9	26.8	3.9'	TR	2.1	0.78	1.82	0.74	1.06	6.13	0.13	Brecc. HW. As. py. js. cp.
10879	26.8	32.0	5.2'	0.04 (@1.40)	9.8	1.48	4.24	0.69	2.67	13.69	0.50	As. py. js. cp. cc
10880	32.0	34.0	2.0'	0.04 (@1.40)	22.0	TR	4.76	0.84	2.84	10.55	0.38	Crumbly py, js. cp
10881	34.0	36.6	2.6'	0.02 (@0.70)	5.8	TR	2.08	0.84	1.45	19.12	0.16	Crumbly sooty py. as?
10882	36.6	37.3	0.7'	TR	TR	0.14	0.42	0.54	0.56	0.55		Bleached schist
10883	37.3	39.8	2.5'	TR	7.6	2.18	1.61	0.79	0.95	4.77		1/5 gouge, rest py as. js.
10884	39.8	43.1	3.3'	TR	7.0	0.64	1.07	0.69	0.50	4.50		Silic, as. py, js
10891	43.1	45.3	2.2'	TR	1.4	.54	1.72	4.42	0.79	1.11		fg. py. js. cp. gouge
10893	45.3	46.7	1.4'	TR	0.8	.67	.65	7.24	0.74	0.56		cg. py. as. F.W.

13.19 / 7.2 — 1.07 / 7.2 — .73 / 7.2 — 2.72 / 7.2 — 12.8 / 7.2

11.22 / 9.8 — 0.79 / 9.8 — 4.38 / 7.2 — 3.77 / 9.8 — .76 / 9.8 — 2.38 / 9.8 — 14.48 / 9.8

6.91 / 23.8 — 0.86 / 23.8 — 2.38 / 23.8 — 0.75 / 23.8 — 1.48 / 23.8 — 8.95 / 23.8

092063

Box 960,
Whitehorse, Y.T.,
August 8, 1962.

Mr. Wayland Neal,
Peso Silver Mines Ltd.,
Mayo, Y.T.

Dear Wayland,

Thank you very much for your hospitality during my visit to Peso Silver.

The tour with Dirk was very interesting and I think that the day underground was most instructive.

To do lead isotope work a project has to be underway as the setting up of the equipment is very expensive. It is, consequently, doubtful if the dating could be done in the near future but will make fuller inquiries on this point.

Hope everything is going well.

Best regards,

C.I. Godwin,
Assist. Resident Geologist.

CIG:cc

092003

[redacted]

Box 969,
Whitehorse, Y.T.,
August 8, 1962.

Mr. Dirk Templeman-Kluit,
Peso Silver Mines, Ltd., (NPL),
Mayo, Y.T.

Dear Dirk,

I am sending you Tungsten Deposits of Canada (1.50), and Reprint 23 for Fred (free) and my thesis. I would like the thesis back fairly soon as sometime I must send a rebuttle to Dr. Gabrielse.

Lode Mining in the Yukon, McLean (1914), pp. 127 to 159, chapter 3, would be of use to you I think. It contains descriptions of a number of those small claims and workings on Olive, Bugle, etc, complete with assay data - but I haven't read it in detail. Unfortunately, we only have one copy and it is rather rare, but you are very welcome to look at it in the office.

Sorry, haven't located the Ref. for Dr. Thompson but may be in T.D. of Can.

Lew's field notes and manuscript are readily accessible at this office, but he warns that they are regional and may not be of too much use.

Just before I left Wayland Read was inquiring about Pb-isotopes dating on the Peso Property. As the equipment would likely have to be set up for the property it is doubtful if it is feasible unless they are currently doing some determinations. I was wondering, however, if you had any particular ideas on the possible usefulness of such data.

I still have your map - I hope you don't mind - if I may I should like to keep it awhile longer until I get a chance to look at it. If you need it in any way please just say so.

..../2

092063

[redacted]

August 3, 1962

I hope the work is coming along, and thank you for your time and help during my visit.

Best regards,

C.I. Godwin,
Assist. Resident Geologist.

CIG:cc
Encl.

130015

MINERALIZATION

* (A) Coarse placer gold, Haggart Creek 15 Pnp to Dublin Gulch $1/m, Dublin Gulch $½ m, much Tungsten & Tin in concentrates.

(B) Several gold-bearing arsenopyrite veins (only one indicated), values to $100/ton, widths to 4'. Reported; also scheelite prospects.

(C) Irregular tin-tourmaline vein in schist

(D) Limonite-cemented overburden with geochemical anomaly (zinc, etc.)

(E) Strong silver-lead-antimony vein with low values (2 oz Ag) exposed in one cut.

(F) 8' wide silver-lead-antimony vein, one exposure, low values.

(G) Large pyrite zone reported "300 feet wide", not sampled, covered with placer tailings.

(H) Strong area or zone of veins, shearing, & alteration exposed over 200 feet or more, impregnated with pyrite, arsenopyrite, minor chalcopyrite.

(I) "Silver-lead showing" reported by oldtimers in placer prospect pit. Jamesonite pebbles occur in placers here to Dublin Gulch, also up 15 Pnp.

(J) High grade gold in quartz reported as float in this general vicinity.

* (K) Rex Vein traced 1500 feet; 600-800' probably 3-4' wide, possibly 30 to 40 oz, grab sample galena 185 oz/ton Silver

(L) No 3 vein; width to 30 feet, impregnated walls and shearing up to about 100 feet, low surface values to maximum of 5 oz/ton Silver. Two sections exposed.

* (M) No 2 vein; traced 1600 feet, width to 10 feet, surface values to 10 oz/ton Silver, incompletely exposed. No 2 vein N; 15 feet arsenopyrite.

(N) No 4 vein; about 15 feet arsenopyrite & quartz, indications of silver, probably on strike.

* (O) No. 1 vein traced 750 feet; probably 600' average 4-5' width, perhaps 15-20 oz/ton Silver in surface assays; vein completely weathered and Silver values apparently increase with depth. Values to 173 oz Ag with average 83 oz x 6.5' width x 20' length in 40' shaft.

(P) Reported "indications of large vein"

(Q) Vein float reported in Talus.

(R) Gold and tin in placer

HAGGART DOME

POTATO HILLS

IRON RUST CREEK

HAGGART CREEK

HAG GROUP

BARKER ESTATE

BARKER EST. & ASSOC.

TIN HILL

TAYLOR'S

DUBLIN GULCH

BARKER ESTATE & ASSOCIATES

BARBER GULCH

BARKER'S GROUP

ROBA GROUP

CENTAVOS

PESETAS

PLATA

H. H. BUHR

G. DICKSON

JO GROUP

PS GROUP

FISHER GULCH

SILVER GROUP

SMITH & MUKANS, STREBCHUK

DOLLAR GROUP

PESO CAMP 1

PESO GROUP

PESO SILVER MINES

SECRET CREEK

REX GROUP

ROAD

LYNX CREEK

HAGGART CREEK

RAY GULCH

130015

092003

LEGEND

- VEIN
- SHEAR, MAY CONTAIN VEIN
- LINEAMENT, MAY BE SHEAR OR VEIN
- × REPORTED MINERAL LOCALITY

CLAIMS AND KNOWN MINERALIZATION
HAGGART CREEK
Y.T.

A.E. AHO — NOV. 10/61

SCALE 1 IN. = ½ MI.

FT. 1500 0 1500 3000 4500 6000 7500 9000 10,500 FT.

NATIONAL TOPOGRAPHIC SYSTEM 1:50,000 **CANADA** FIRST EDITION SHEET 106 D/4

Produced and printed by the SURVEYS AND MAPPING BRANCH, DEPARTMENT OF MINES AND TECHNICAL SURVEYS, 1958, from air photographs taken in 1949, 1951 and 1953.

No 1 64 00½′ N 135 58½′ E
3175 = 25½ miles
1.25
about 120′ of track ½ way l. to top Dublin Gulch

Rex 64° 00′ N 135 54′ E

DUBLIN GULCH
YUKON TERRITORY

REFERENCE

Roads:
loose surface, all weather ...... less than 2 lanes
loose surface, dry weather ......
winter; cart track ...... Winter road
trail or portage ......
Railway, single track ...... Station Stop
Bridges: road; railway ......
Boundary; provincial ......
Horizontal control point, with elevation 454
Church ...... Cemetery ......
School ...... Post Office ......
Building ...... Barn ......
Mine or Open cut ......
Small island, rock bare or awash ......

SCALE 1:50,000
1.25 inches to 1 mile approximately
1 0 1 2 3 Miles
1000 500 0 1000 2000 3000 4000 Metres
1000 500 0 1000 2000 3000 4000 Yards

CONTOUR INTERVAL 100 FEET
Elevations in Feet above Mean Sea Level
North American Datum 1927
Universal Transverse Mercator Projection

Copies may be obtained from the Map Distribution Office, Department of Mines and Technical Surveys, Ottawa, at 25 cents each.

REFERENCE

Streams:
intermittent or dry ......
indefinite ......
Lake intermittent; indefinite ......
Marsh or Swamp ......
Foreshore flats ...... Sand
Rocky reef ......
Contours:
elevation 250
depression ......
approximate ......
Cliff ......
Esker ......
Forest ......

MAGNETIC DECLINATION 34°08′ EAST AT CENTRE OF MAP 1958
Annual magnetic change 4′ westerly

INDEX TO ADJOINING SHEETS (136°30′ – 135°00′, 64°30′ – 63°45′)

116 A/8	106 D/5	106 D/6
116 A/1 NORTH McQUESTEN RIVER	106 D/4 DUBLIN GULCH	106 D/3 McQUESTEN LAKE

115 P/23 SPRAGUE CREEK	115 P/24 SEATTLE CREEK	105 M/19 MOUNT HALDANE	105 M/20 ELSA	105 M/21 KENO HILL

DUBLIN GULCH
106 D/4

130015

092063

NATIONAL TOPOGRAPHIC SYSTEM 1:50,000

CANADA

FIRST EDITION SHEET 106 D/4

Produced and printed by the SURVEYS AND MAPPING BRANCH, DEPARTMENT OF MINES AND TECHNICAL SURVEYS, 1958, from air photographs taken in 1949, 1951 and 1953.

NON CONFID

NOT TO BE QUOTED YET!

"Grey" qtzite

"Green" qtzite

Sills

Sample loc (surface)

Vein — mineralized

Bedding

foliation

Fault defined / inferred

Camp

Adit

DUBLIN GULCH

YUKON TERRITORY

REFERENCE

Roads:
loose surface, all weather ...... less than 2 lanes
loose surface, dry weather ....
winter; cart track .... Winter road
trail or portage ....
Railway, single track .... Station Stop
Bridges: road; railway ....
Boundary; provincial ....
Horizontal control point, with elevation 454
Church .... Cemetery ....
School .... Post Office ....
Building .... Barn ....
Mine or Open cut ....
Small island; rock bare or awash ....

SCALE 1:50,000

1.25 inches to 1 mile approximately

1 0 1 2 3 Miles

1000 500 0 1000 2000 3000 4000 Metres

1000 500 0 1000 2000 3000 4000 Yards

CONTOUR INTERVAL 100 FEET
Elevations in Feet above Mean Sea Level
North American Datum 1927
Universal Transverse Mercator Projection

Copies may be obtained from the Map Distribution Office, Department of Mines and Technical Surveys, Ottawa, at 25 cents each.

092063

REFERENCE

Streams:
intermittent or dry ....
indefinite ....
Lake intermittent; indefinite ....
Marsh or Swamp ....
Foreshore flats .... Sand
Rocky reef ....
Contours:
elevation 250
depression ....
approximate ....
Cliff ....
Esker ....
Forest ....

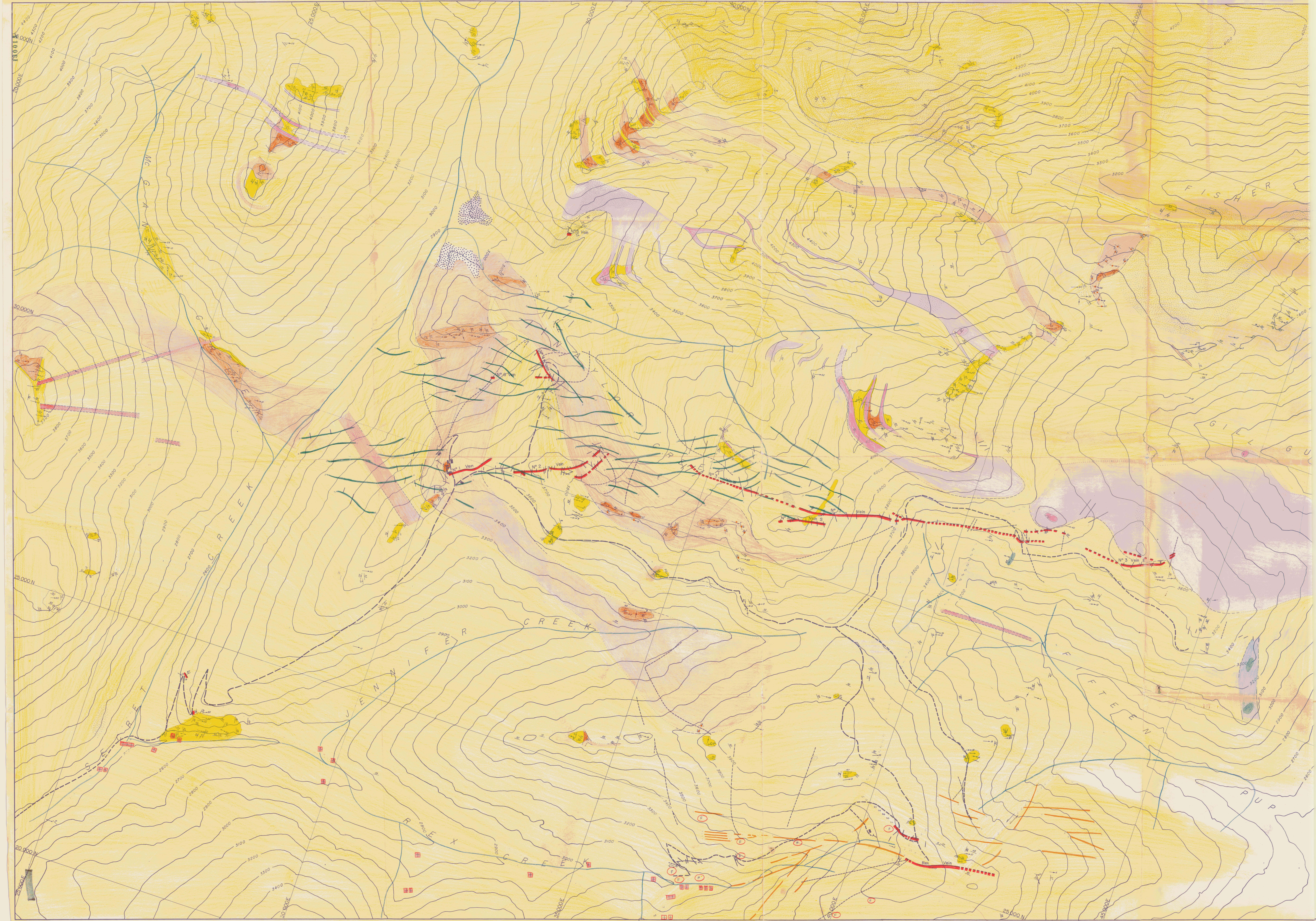
MAGNETIC DECLINATION 34°08′ EAST
AT CENTRE OF MAP 1958
Annual magnetic change 4′ westerly

136°30′ 64°30′		135°00′ 64°30′		
	116 A/8	106 D/5	106 D/6	
	116 A/1 NORTH McQUESTEN RIVER	106 D/4 DUBLIN GULCH	106 D/3 McQUESTEN LAKE	
115 P/23 SPRAGUE CREEK	115 P/24 SEATTLE CREEK	105 M/19 MOUNT HALDANE	105 M/20 ELSA	105 M/21 KENO HILL
63°45′ 136°40′				63°45′ 135°00′

INDEX TO ADJOINING SHEETS

DUBLIN GULCH
106 D/4

130015



— LEGEND —

- Primary sulphides
- Oxides of Pb, Sb, As
- Oxides of Fe
- Unconsolidated glacial and alluvial deposits
- Cemented gravel
- Porphyritic basalt
- Quartz and/or feldspar porphyry
- Biotite lamprophyre
- Biotite diorite to biotite granodiorite
- Greenstone
- Grey massive quartzite, commonly feldspathic, minor phyllites
- Limestone
- Micaceous quartzite, quartz mica shist and minor gritty quartzite
- Grey phyllite, minor quartz mica shist and micaceous quartzite
- Micaceous quartzite, quartz diopside and andalusite hornfels
- Diopside skarn
- Marble
- White vein quartz
- Silicification

Bedding (dip & strike) 20 hor: vert:	Fault breccia
Foliation 20	Float F
Jointing	Outcrop
Lineation 5	Shaft
Minor fold axis 5	Adit
Faults; defined, approx, assumed	Trenching
Contacts " " "	Stripping
Veins " " "	Roads
Contours 2600	Buildings

Scale feet: 0 500 1000 1500 2000 2500 3000

Magnetic declination 34°E (1963) Grid north is true at 30000E

Geology by: D J TEMPELMAN-KLUIT, 1962

ANOMALIES: Geophysical

Geochemical: (Mercury)

(Heavy Metals)

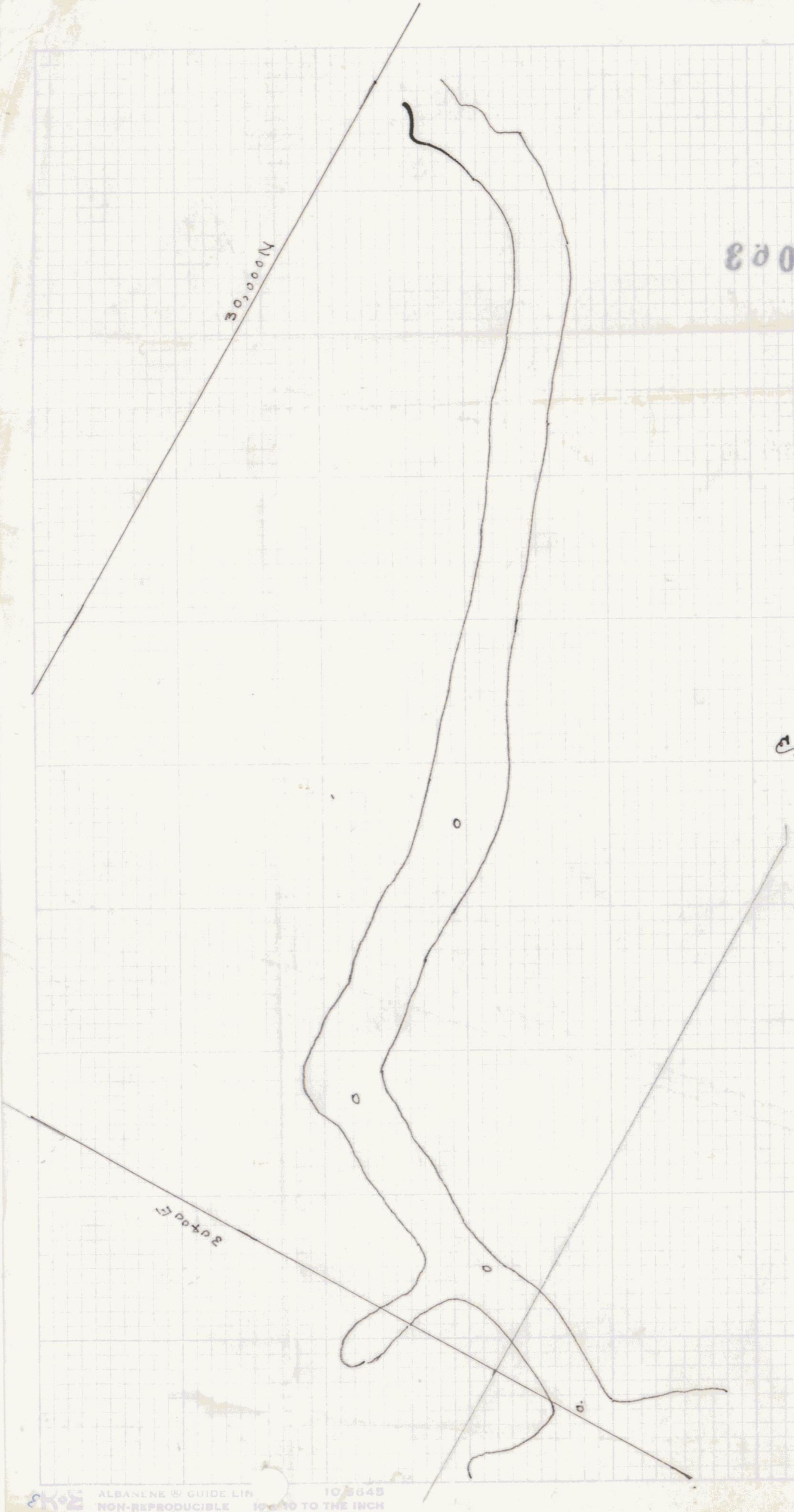
File
With Peso Rpt
106 D/4

PESO SILVER MINES LTD (NPL)
Mayo Yukon

REGIONAL GEOLOGY

Sept. 13, 1963	Drawn: B.E. Wilson		


LEGEND
STRIKE & DIP OF VEIN
FAULT OR SHEAR
VEIN
STRIKE & DIP OF FOLIATION IN SCHIST
TREND OF WRINKLE LINEATION
PESO #1 M.C.
PESO #2 M.C.
PESO #3 M.C.
PESO #4 M.C.
NO. 1 VEIN
NO. 2 VEIN
NO. 2 VEIN N.
15' ARSENOPYRITE W. WALL
SHALLOW STRIPPING
SWALE
SPUR
LOCATION LINE (APPROX)
CLAIM POSTS
OLD SHAFT (CAVED)
NEW 40' SHAFT
FOR DETAIL OF SHAFT SEE FIG 61-6
FOR DETAIL OF TRENCH SEE FIG 61-5
VEIN CONTINUES, NOT YET TRENCHED
PLAN OF
PESO NO. 1 & NO. 2 VEINS
PESO SILVER MINES
MAYO M.D., Y.T.
SCALE: 1 IN. = 100 FT
A. E. AHO OCT 18/61
FIGURE 61-2



Extension of workings - Peso
Traced Dec 14/62

SKETCH
PLAN SHOWING
SILVER-LEAD-ANTIMONY VEINS
PESO PROPERTY
SECRET CREEK
MAYO MINING DISTRICT, YUKON
SCALE 1 IN. = 100 FT.
A.E. AHO
OCT. 31, 1959
LEGEND
PROJECTION OF VEIN
VEIN SHOWING DIP
STRIKE AND DIP OF SCHISTOSITY
LINEATION IN SCHIST (FLAT)
SCHIST
BULLDOZER TRENCH
15 NUMBERED AS IN REPORT
℄ OF SPUR
LOCATION LINE (APPROX)
32' SHAFT
POSTS
TRENCHES
FLOAT
17° SLOPE
ABUNDANT FLOAT
ASTR.
MAG.
130015
Adit S65E
about 200'± below top shaft.
intersect 100' below surface.
Total about 270' to intersection
Closed down Dec 18th
in 92'
Crew 4 miners
Adit to intersect down dip
10-20°

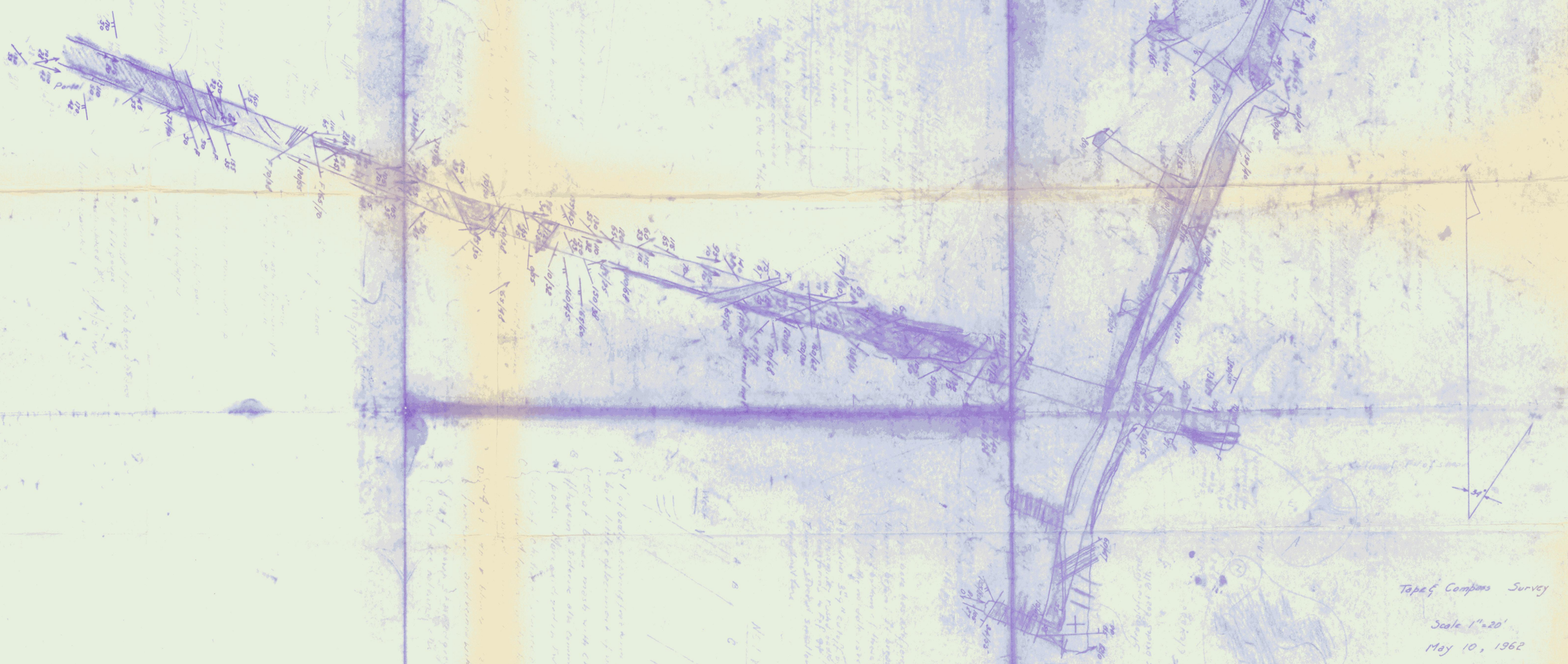
092063

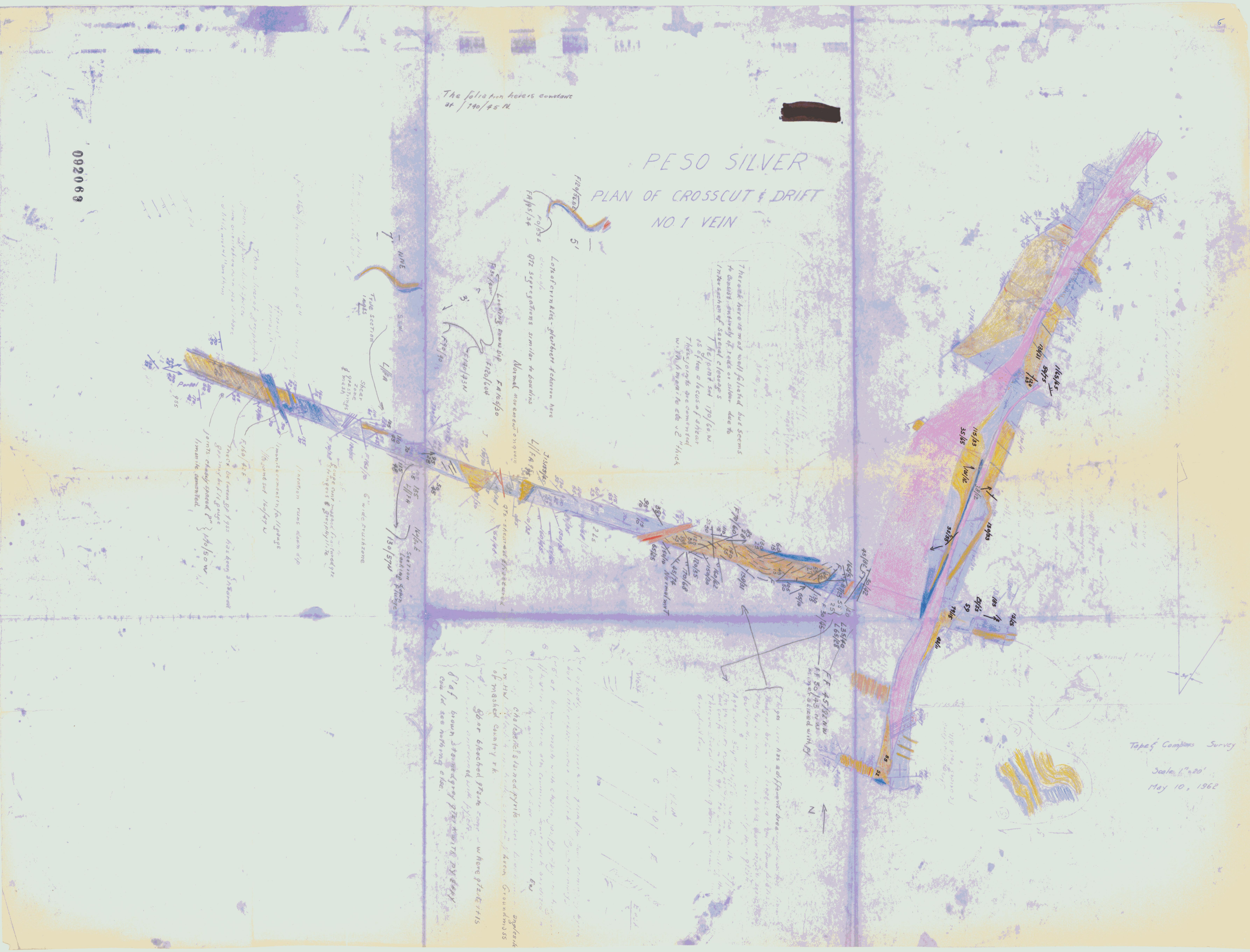
3001

PESO SILVER

PLAN OF CROSSCUT & DRIFT

NO. 1 VEIN





092068
The foliation here is constant at / 140/45 N.
PESO SILVER
PLAN OF CROSSCUT & DRIFT
NO 1 VEIN
Portal
Tape & Compass Survey
Scale 1" = 20'
May 10, 1962
N

VEIN LEGEND

Y	YELLOW "OXIDES"
B	BROWN, LIMONITIC
G	GREENISH
YG	YELLOW GREEN
Q	QUARTZ
AQ	ARSENICAL QUARTZ
W	LIGHT GREY (GOUGEY)
GS	GRAPHITIC SCHIST, GOUGEY

DETAILED PLAN OF

STRIPPING W. OF TR. #18

PESO #1 VEIN

PESO SILVER MINES
MAYO MD., Y.T.

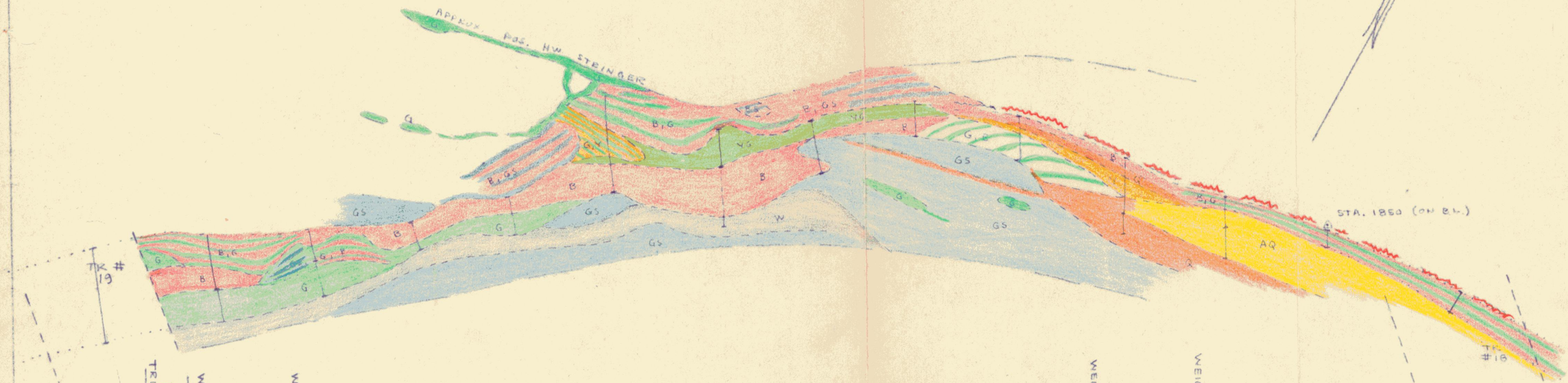
SCALE: 1 IN. = 10 FT.

FROM A MCD.
A.E. AHO

SEPT 11/61

NOTE:

↑ STA 2.8 S 60W OF 2000
ASSUMED 45° DIP FOR VEIN
TO CALCULATE AVE TRUE WIDTH



NO	APP. WIDTH	OZ/TON AU	OZ/TON AG	% PB	% SB
3351	2.0'	.01	5.34		
3352	5.0' FW	.02	8.92		
3353	8" HW	.06	20.72		
TRUE WEIGH. AVE	5.7	.03	10.2		
3354	2.0 FW	.02	16.38		
3355	5.3 HW	.02	13.50		
WEIGH. AVE	7.3	.02	14.3		
3356	4.5'	.03	25.80	4.4	
3357	3.3'	.01	15.78		
3358	5.5'	.04	3.46		
3359	9.5'	.01	42.38	8.16	
3360	10.6'	.005	12.00	2.3	
3361	3.4'	.02	57.3		
3362	3.0'	.005	19.10		
3363	3.5' FW	.01	9.10		
3364	1.5' HW	TR	1.60		OMIT IN AVE "A"
WEIGH. AVE	5.0	.005	7.2		
3365	3.5' FW	.005	21.84		
3366	5.5' HW	.005	2.44		OMIT IN AVE. "A"
WEIGH AVE	9.0	.005	10.0		
AVE "A"		5.2(3.7T)	.015	19.8	
AVE "B"		5.8(4.1T)	.015	18.6	
TRUE AVE	120' x 4.0'	.015	19.0	2.08	1.31
59-30	9.0'	.02	5.0		12.94% AS
59-31	2.5'	.01	1.24		

FIGURE G-5

30 000E
30 200E
30 400E
30 600E
30 800E
31 000E

30 200N
30 000N
29 800N
29 600N

DH

DP497
DP496
DP495
DP494
DP485
DP480
DP486
DP487
DP488
DP489
DP484
DP483
DP482
DP481

LEGEND

EXISTING — ASSUMED

DP485 — Survey Station
Location relog. plunge
Foliation relog. dip
Contact relog. dip
Vein / fore
Fault
Grey, coarse pebble showing foliation
Grey pebble gouge
White mica schist
Rusty mineralized quartzite
Oxides of Pb, Zn, Ag
Silicification

PESO SILVER MINES LTD (NPL)
Mayo Yukon

GEOLOGY PLAN – No. 1 VEIN [redacted]

1 inch = 20 feet | 1 NOV 1962 | BEN |

092053

130015

PESO SILVER MINES LTD. (N.P.L.)
MAYO M.D., YUKON TERRITORY
SCALE : 1 IN. = 20 FT.
SURVEY : W.S. READ
GEOLOGY : W.S. READ
FEBRUARY 1962

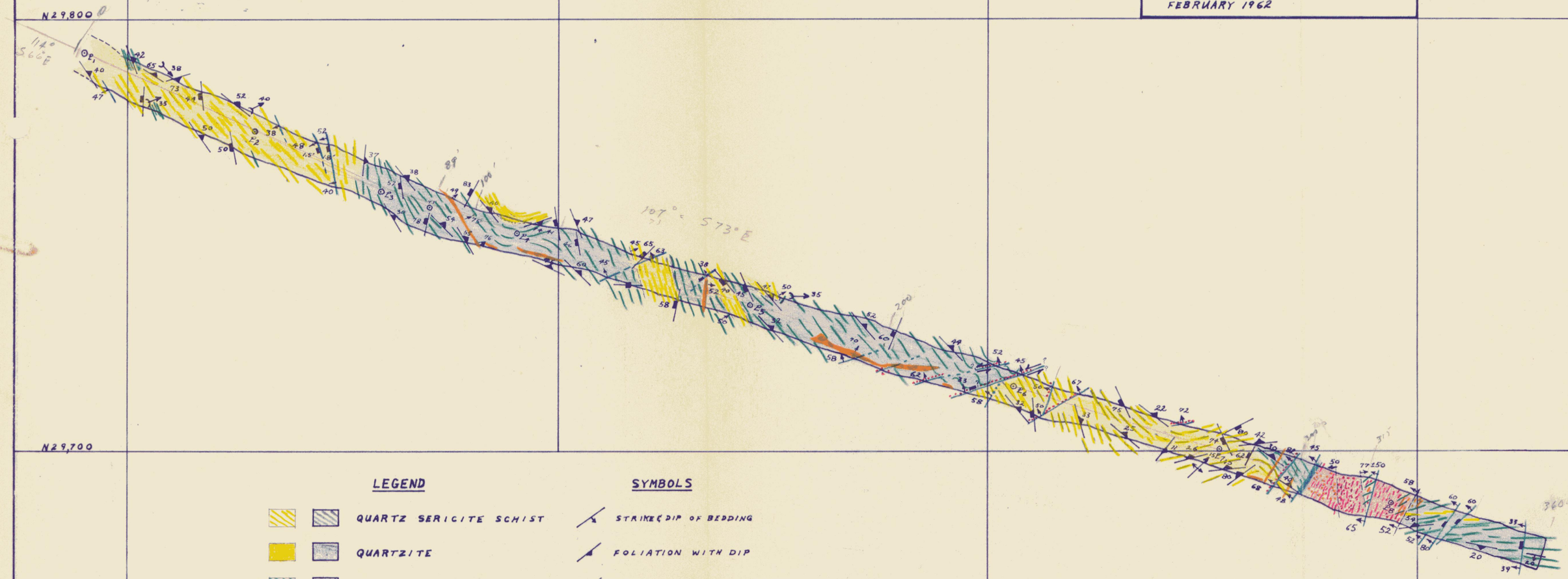
E30000

E30100

E30200

N29,800

N29,700



LEGEND

- QUARTZ SERICITE SCHIST
- QUARTZITE
- CHLORITE QUARTZ SCHIST
- WHITE VEIN QUARTZ
- SILICIFICATION
- PRIMARY SULPHIDE
- OXIDIZED VEIN ZONE

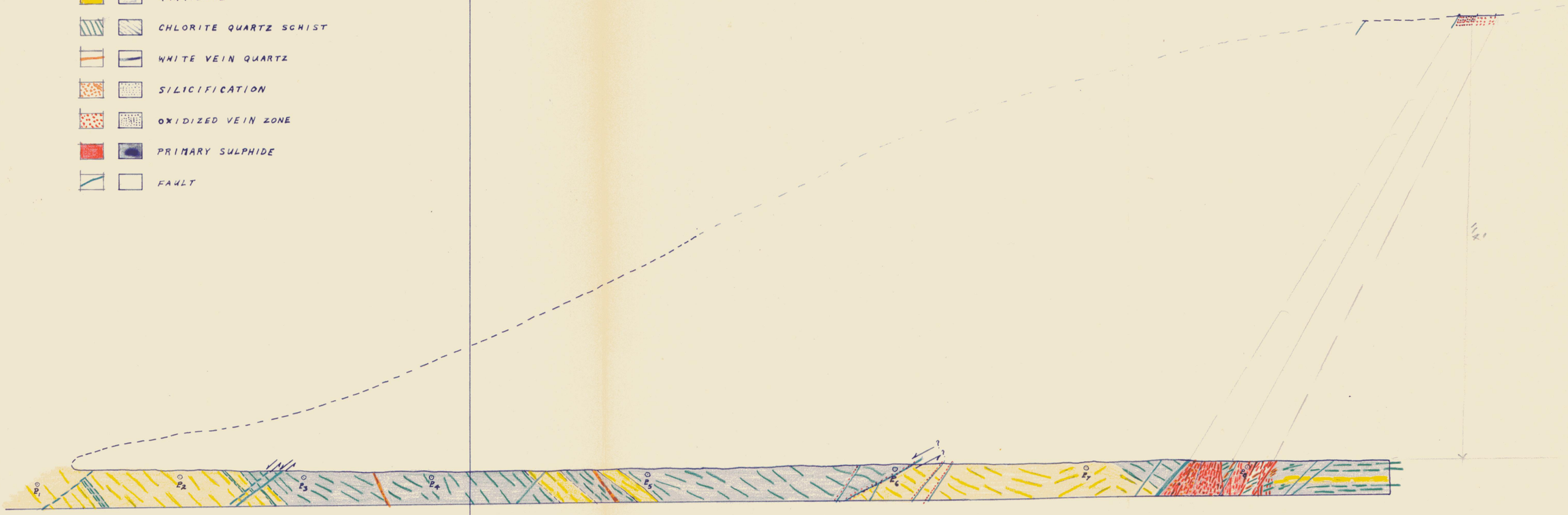
SYMBOLS

- STRIKE & DIP OF BEDDING
- FOLIATION WITH DIP
- JOINTING WITH DIP
- PLUNGE OF FOLD
- FAULT (BLUE) WITH DIP

LEGEND

- QUARTZ SERICITE SCHIST
- QUARTZITE
- CHLORITE QUARTZ SCHIST
- WHITE VEIN QUARTZ
- SILICIFICATION
- OXIDIZED VEIN ZONE
- PRIMARY SULPHIDE
- FAULT

E30,100



3680'

092003

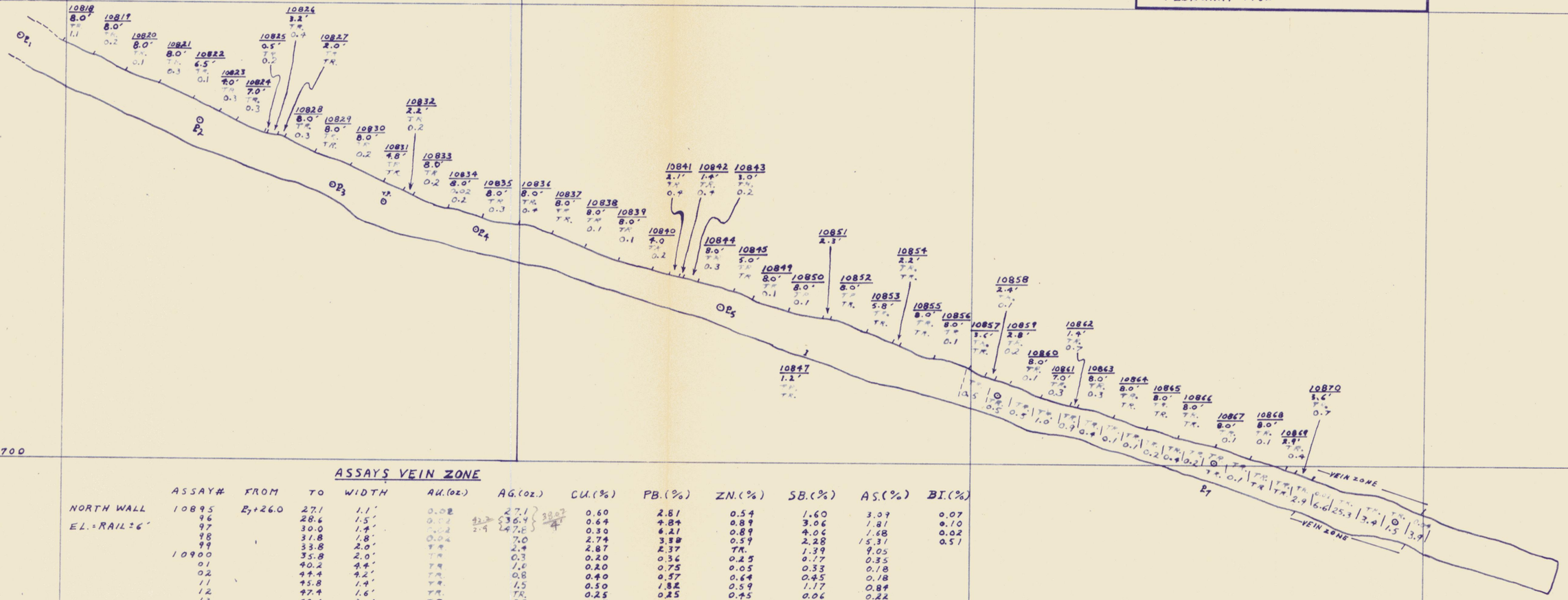
PESO SILVER MINES LTD. (N.P.L.)
MAYO M.D., YUKON TERRITORY
SECTION #1 CROSS CUT N 73°W
LOOKING NORTH
SCALE: 1 IN. = 20 FT.
SURVEY - W. S. READ
GEOLOGY - W. S. READ
FEBRUARY 1962

130015

PESO SILVER MINES LTD. (N.P.L.)
MAYO M.D., YUKON TERRITORY
ASSAY PLAN #1 CROSS CUT
SCALE: 1 IN. = 20 FT.
BY: W.S. READ
FEBRUARY 1962

E30,000 E30,100 E30,200

N29,800



N29,700

ASSAYS VEIN ZONE

	ASSAY#	FROM	TO	WIDTH	AU.(oz.)	AG.(oz.)	CU.(%)	PB.(%)	ZN.(%)	SB.(%)	AS.(%)	BI.(%)
NORTH WALL	10895	E_7+26.0	27.1	1.1'	0.08	27.1	0.60	2.81	0.54	1.60	3.09	0.07
EL. = RAIL ± 6'	96		28.6	1.5'	0.01	36.4 (32/2.9) 47.8 (38.07/4)	0.64	4.84	0.89	3.06	1.81	0.10
	97		30.0	1.4'	0.02		0.30	6.21	0.89	4.06	1.68	0.02
	98		31.8	1.8'	0.04	7.0	2.74	3.38	0.59	2.28	15.31	0.51
	99		33.8	2.0'	TR	2.4	2.87	2.37	TR.	1.39	9.05	
	10900		35.8	2.0'	TR	0.3	0.20	0.36	0.25	0.17	0.35	
	01		40.2	4.4'	TR	1.0	0.20	0.75	0.05	0.33	0.18	
	02		44.4	4.2'	TR	0.8	0.40	0.57	0.64	0.45	0.18	
	11		45.8	1.4'	TR.	1.5	0.50	1.82	0.59	1.17	0.84	
	12		47.4	1.6'	TR.	TR.	0.25	0.25	0.45	0.06	0.22	
	13		49.4	2.0'	TR	2.8	1.07	1.59	0.74	1.06	4.77	
NORTH WALL	10871	E_7+23.0	25.7	2.7'	TR.	3.5	0.54	3.59	0.64	2.00	7.51	0.40
EL. = RAIL ± 4'	72		27.8	2.1'	TR.	18.6 (51.6) (30.6/3.3)	0.12	6.08	1.04	3.39	0.68	0.15
	73		29.0	1.2'	TR.		0.58	4.29	1.83	2.95	1.59	0.09
	74		30.6	1.6'	TR.	4.9	3.12	3.09	0.64	1.85	15.68	0.50
	75		34.1	3.5'	0.04	8.5	4.02	1.40	1.24	0.78	9.12	0.10
	76		37.1	3.0'	0.01	0.6	0.38	0.39	0.64	0.22	0.35	
	77		39.2	2.1'	TR.	2.1	0.10	0.31	0.59	0.06	0.21	
	85		42.2	3.0'	TR.	1.4	0.44	0.42	0.74	0.17	1.32	
	90		45.5	3.3'	TR.	0.7	0.50	1.38	1.04	0.83	1.06	
	92		47.0	1.5'	TR.	0.2	0.75	1.14	1.09	0.61	2.56	
	94		49.6	2.6'	TR.	TR.	0.35	2.83	0.49	1.45	1.68	
SOUTH WALL	10903	E_7+26.2	30.5	4.3'	TR.	1.0	0.98	1.33	0.59	0.89	3.89	0.06
EL. = RAIL ± 6'	04		32.3	1.8'	0.02	5.1	3.90	2.47	0.64	1.89	2.34	0.12
	05		33.6	1.3'	0.02	10.3 (16.17/3.9)	1.22	7.75	1.09	4.11	0.88	1.50
	06		34.2	2.6'	0.02	14.13	2.74	4.32	0.79	2.06	14.66	0.14
	07		37.5	1.3'	TR.	0.2	0.22	0.23	0.49	TR.	0.22	
	08		40.4	2.9'	TR.	1.6	0.85	0.39	0.54	0.17	0.66	
	09		44.9	4.5'	TR.	5.0	0.60	1.09	0.64	0.83	10.69	
	10		49.0	4.1'	TR.	0.5	0.35	0.34	0.54	0.11	3.44	

092063

GM62-68II

GM62-69III

GM-62 68II

GM62 68III

GM-62 68III

GM62-68IV

GM62 69V

GM-62-70

GM-62 69

GM-62-69I

GM-62-69II

GM62 69III to VI

GM62 70I

GM-62-70I

34

LEGEND

- QUARTZ SERICITE SCHIST
- QUARTZITE
- CHLORITE QUARTZ SCHIST
- WHITE VEIN QUARTZ
- SILICIFICATION
- PRIMARY SULPHIDE
- OXIDIZED VEIN ZONE

SYMBOLS

- STRIKE & DIP OF BEDDING
- FOLIATION WITH DIP
- JOINTING WITH DIP
- PLUNGE OF FOLD
- FAULT (BLUE) WITH DIP

E303000.00

N29800.00

N29700.00

E302000.00

E303000.00

#12 X-CUT WEST

#12 X-CUT EAST

#10 X-CUT WEST

#8 X-CUT WEST

#6 X-CUT WEST

#6 X-CUT EAST

#4 X-CUT WEST

#2 X-CUT WEST

#1 X-CUT WEST

#3 X-CUT WEST

NO. 1 ADIT

P6

P7

Δ20 Δ18 Δ16 Δ14 Δ12 Δ10 Δ8 Δ6 Δ11 Δ13

PESO SILVER MINES LTD. (N.P.L.)
MAYO M.D., YUKON TERRITORY
SCALE: 1 IN. = 20 FT.
SURVEY: T.S.H. & W.S.R.
GEOLOGY: W.S. READ

092063 30015

30 000 E
30 200 E
30 400 E
30 600 E
30 800 E
31 000 E

30 200 N
30 000 N
29 800 N
29 600 N

N 25° W — N 65° E

092063

PESO SILVER MINES LTD (NPL)
Mayo Yukon

3350 LEVEL GEOLOGY - Nº 1 VEIN

1 inch = 20 feet | 14 Feb 1963 | Drawing No. 820 | Geology by C. A. Read

30,000 E
31,000 E
32,000 E
33,000 E
34,000 E
35,000 E
32,000 N
31,000 N
30,000 N
29,000 N

N° 4 VEIN

N° 3W VEIN

N° 1 VEIN

N° 2 VEIN

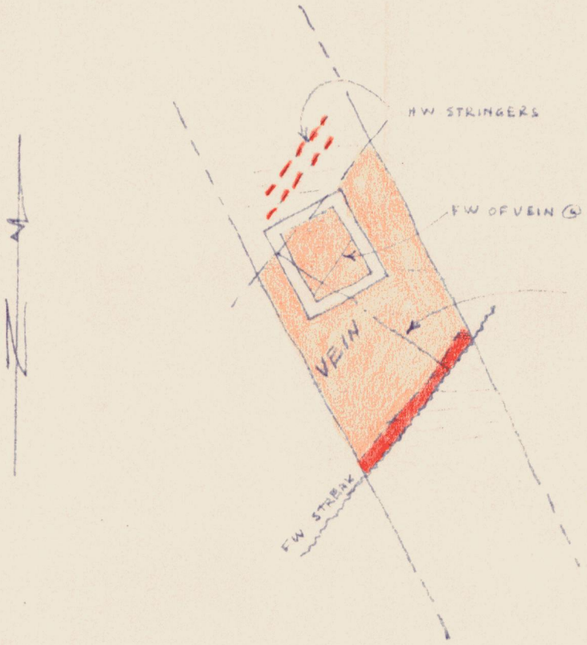
PESO SILVER MINES LTD (NPL)
Mayo Yukon

130015

SURFACE EXPLORATION K-13

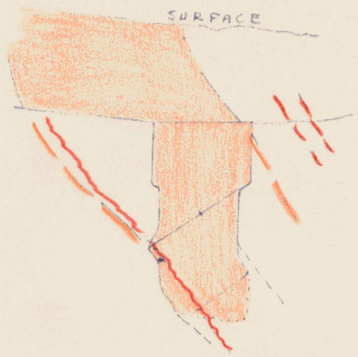
1 inch = 100 ft | 9 Jan 1963 | Blu

092063



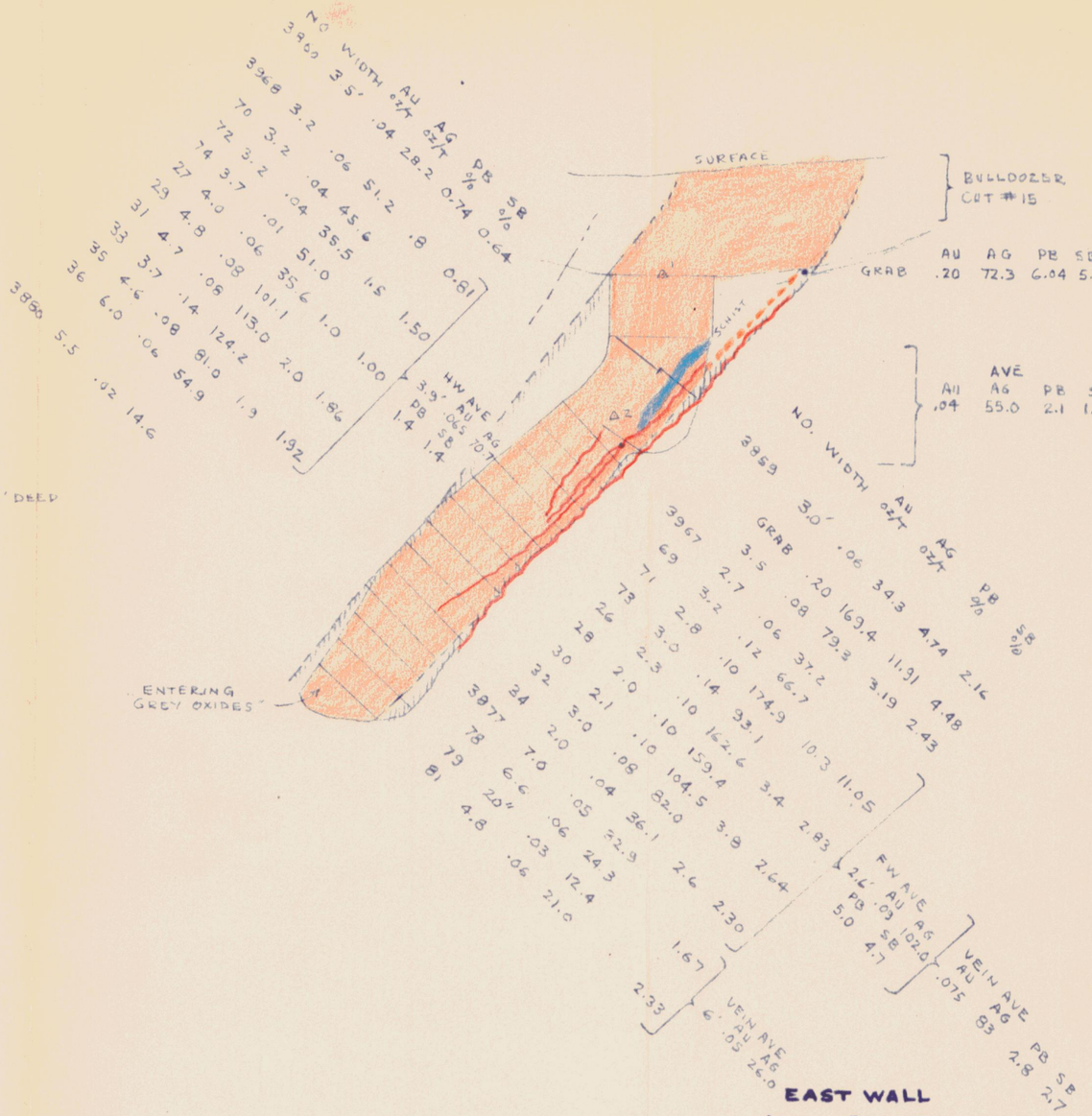
BULLDOZER CUT #15

PLAN SHOWING
POSITION OF #1 SHAFT
1 IN = 10 FT
SEPT. 15/61 A.E. AHO



WIDTH	AU oz/ton	AG oz/ton	LEAD %	ANTIMONY %
3.0	.04	60.7	0.84	1.60
4.0	.04	74.0	2.29	2.04
FW.GRAB	.30	91.0	4.30	3.59
4.5	.04	53.9	0.82	1.66

WEST WALL
TO JULY 20/61



EAST WALL
NO. 1 SHAFT
PESO SILVER MINES
1 IN. = 10 FT.
SEPT 15/61 A.E. AHO

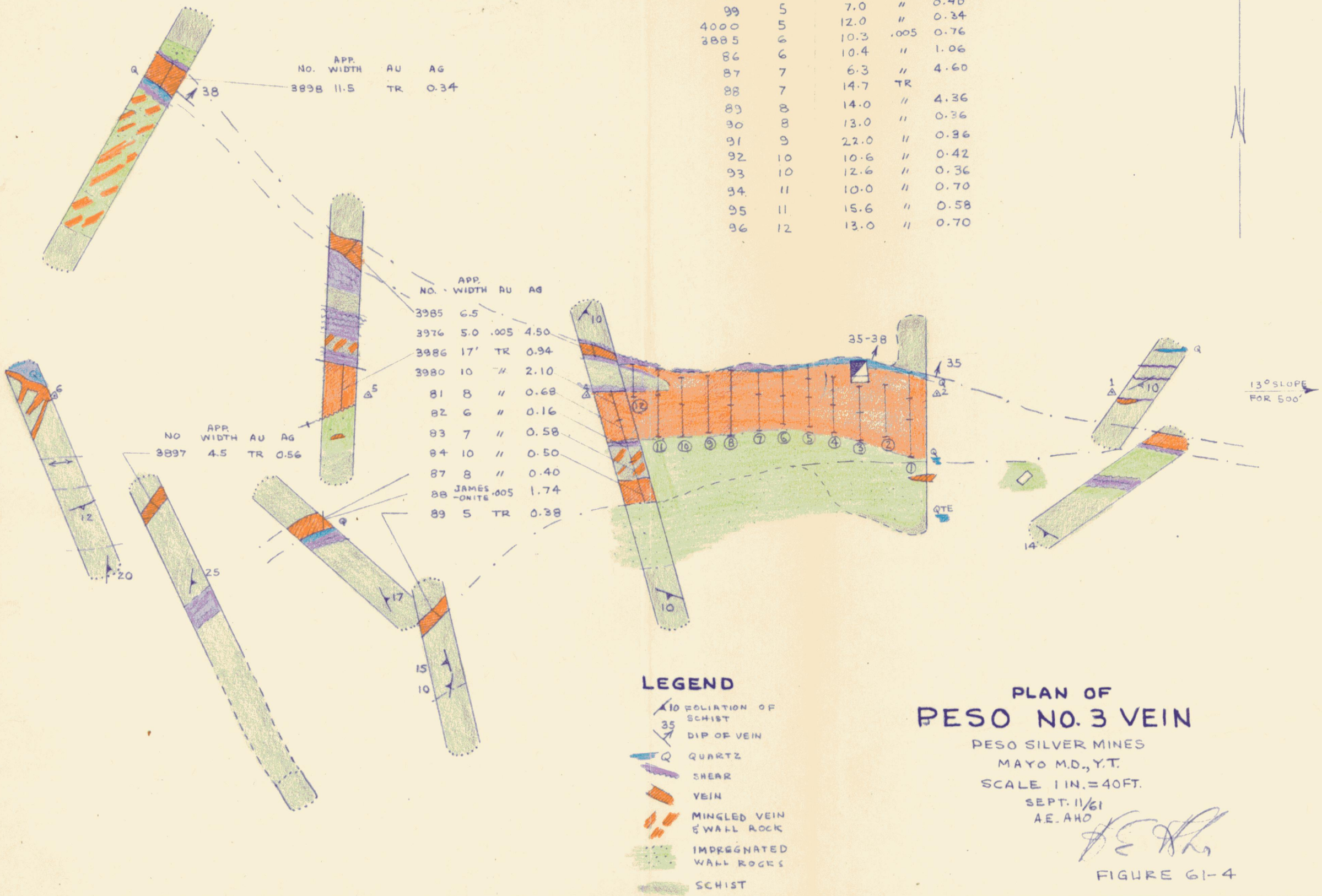
SHAFT AVE 8.5'X40' AU .06 AG 62.0 PB 2.5 SB 2.3

130015

092063

FIGURE 61-6

NO.	SEC. N→S	APP. WIDTH	AU	AG
3990	1	9.3	TR	0.70
91	1	8.4	"	0.30
92	1	14.8	"	0.64
93	2	19.7	.005	0.56
94	3	10.0	TR	1.26
95	3	10.4	"	0.60
96	4	11.0	"	0.30
97	4	11.0	"	0.40
98	5	6.0	"	0.26
99	5	7.0	"	0.40
4000	5	12.0	"	0.34
3885	6	10.3	.005	0.76
86	6	10.4	"	1.06
87	7	6.3	"	4.60
88	7	14.7	TR	
89	8	14.0	"	4.36
90	8	13.0	"	0.36
91	9	22.0	"	0.36
92	10	10.6	"	0.42
93	10	12.6	"	0.36
94	11	10.0	"	0.70
95	11	15.6	"	0.58
96	12	13.0	"	0.70



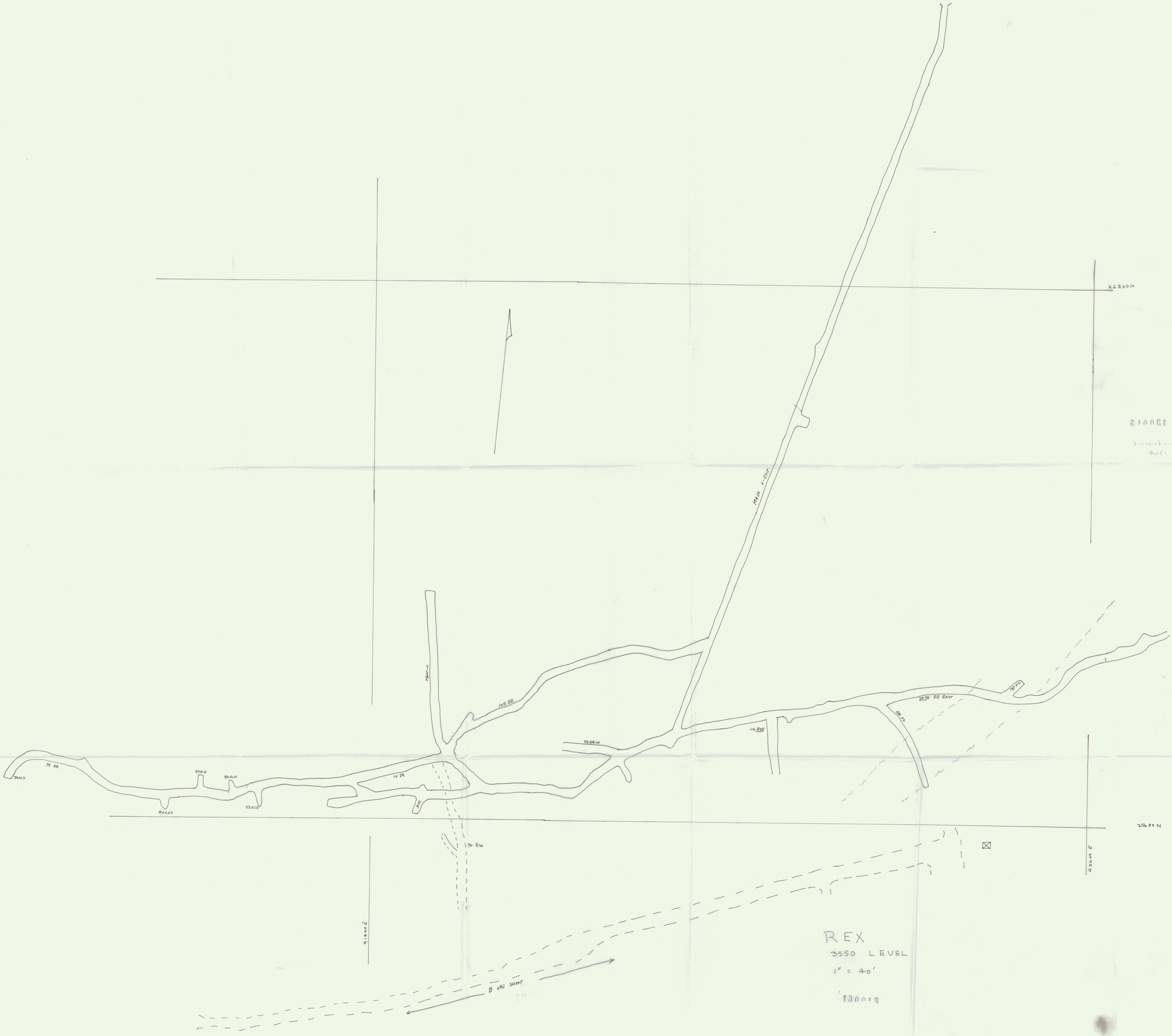
LEGEND

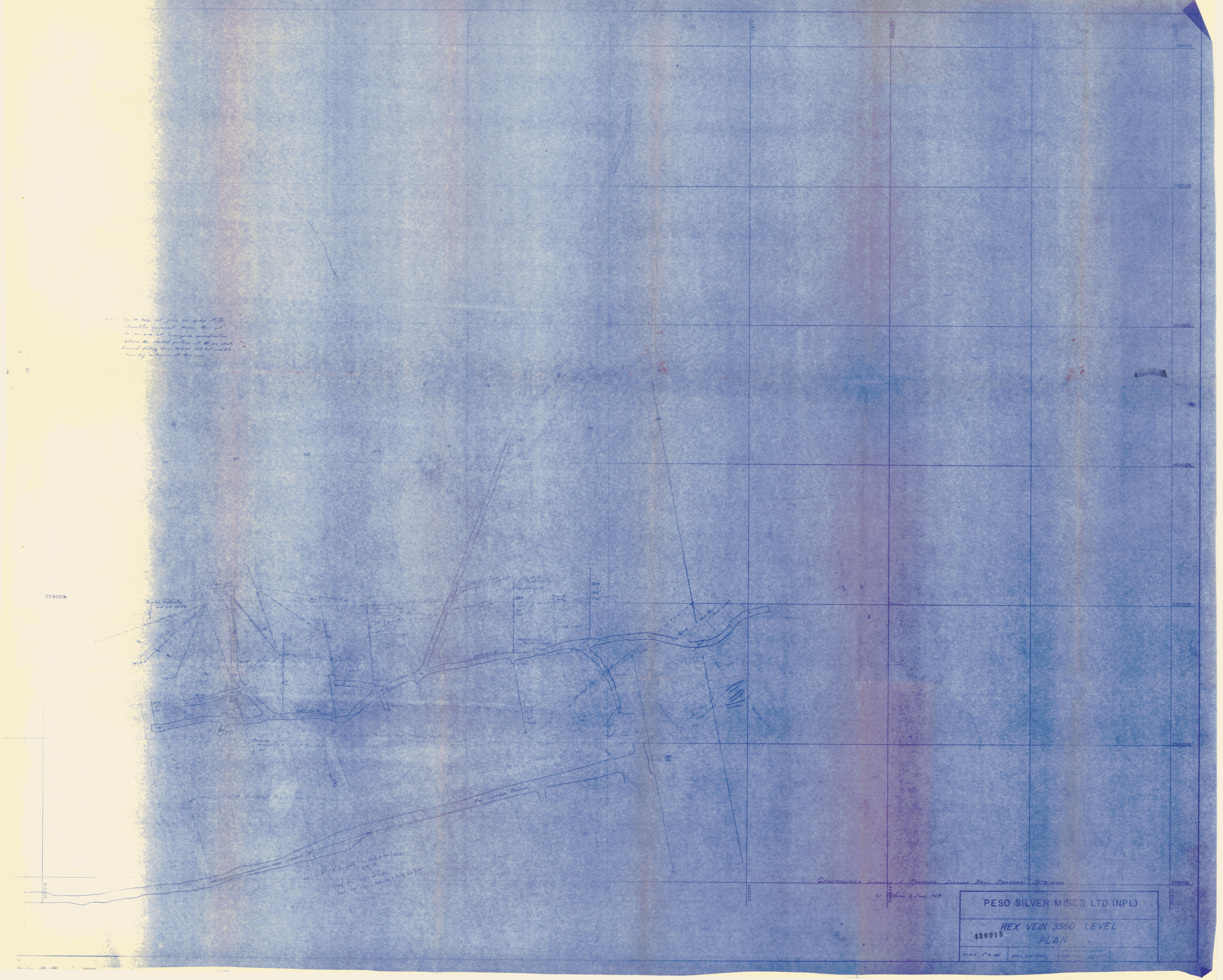
- 10 FOLIATION OF SCHIST
- 35 DIP OF VEIN
- Q QUARTZ
- SHEAR
- VEIN
- MINGLED VEIN & WALL ROCK
- IMPREGNATED WALL ROCKS
- SCHIST

PLAN OF PESO NO. 3 VEIN

PESO SILVER MINES
MAYO M.D., Y.T.
SCALE 1 IN. = 40 FT.
SEPT. 11/61
A.E. AHO

FIGURE 61-4


26200N
25600N
9400E
MAIN X-CUT
105 DR
78XC-N
75 DR
30XCS
47XCN
50XCN
4XCXS
53XCS
71XC
74 Rse
93 DR W
112 RSE
3550 DR EAST
124 XC
137 X-C
B ORE SHOOT
REX
3550 LEVEL
1" = 40'
130015


25800N
25400N
42800E
GENERALIZED GEOLOGY & PROPOSED DIAMOND DRILL PROGRAM - 3550 LEVEL
2 June, 1964
PESO SILVER MINES LTD (NPL)
REX VEIN 3550 LEVEL
PLAN
130015
SCALE 1" = 40'
APRIL 2nd 1964
SURVEYED BY
DRAWN BY


LEGEND
STRIKE & DIP OF VEIN
FAULT OR SHEAR
VEIN
STRIKE & DIP OF FOLIATION IN SCHIST
QTE QUARTZITE
WRINKLE LINEATION
PERMAFROST
SLOPE TO "15 PUP"
SLOPE TO SECRET CK.
N 73° E
BASE LINE
OLD STRIPPING NOT DOWN TO BEDROCK
OLD STRIPPING
WIDE GOUGE ZONE WITH WATER
APPROXIMATIONS OF POTENTIAL
BASED ON LIMITED PRESENT EXPOSURES.
SHOOT "A" POSSIBLE AVE: LENGTH 400'+, 3.5' WIDTH, SAY 29 OZ/TON SILVER, 2.3% LEAD.
SHOOT "B" POSSIBLY 200' TO 300' LENGTH, 2 - 3.5' WIDTH, AVE 30-40 OZ SILVER, 8% LEAD
ASSUMING: 3.5' AVE WIDTH & TOTAL LENGTH OF 700', TONNAGE POTENTIAL WOULD BE OF ORDER OF 250 TONS PER VERT. FOOT OF POSSIBLY 30OZ. ORE. BETTER GRADE MAY BE ENCOUNTERED IN PRIMARY UNLEACHED VEIN.
PLAN OF
REX VEIN
PESO SILVER MINES
MAYO M.D., Y.T.
SCALE: 1 IN. = 100 FT.
A.E. AHO OCT. 18/61
130015
092003
FIGURE 61-3