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*Western Mining Journal*  
*Dec 9, 1983*

**CONTINENTAL SILVER REPORTS ON WHITE  
HILLS MINE**



File: WhiteHills  
Molave Co. A3

Form 12

Securities Act

Date Accepted  
For Filing June 2/83

SUPERINTENDENT OF BROKERS  
AND  
VANCOUVER STOCK EXCHANGE

**STATEMENT OF MATERIAL FACTS**

134/83

VANCOUVER STOCK EXCHANGE - RESOURCE SECTION

Name of Section

CONTINENTAL SILVER CORP.

Name of Issuer

SUITE 1140 - 625 HOWE STREET  
VANCOUVER, BRITISH COLUMBIA  
CANADA, V6C 2T6

Address of Head Office of Issuer

SUITE 1140 - 625 HOWE STREET  
VANCOUVER, BRITISH COLUMBIA  
CANADA, V6C 2T6

Address of Registered Office of Issuer

SUITE 1140 - 625 HOWE STREET  
VANCOUVER, BRITISH COLUMBIA  
CANADA, V6C 2T6

Address of Records Office (Section 39 - Company Act)

GUARANTY TRUST COMPANY OF CANADA  
800 WEST PENDER STREET, VANCOUVER  
BRITISH COLUMBIA, CANADA, V6C 2V7

Name & address of Registrar & Transfer Agent  
for Issuer's shares in British Columbia.

RECEIVED

JUN 10 1983

S. W. U. S. EXPL. DIV.

(b) Due to the Chapter 11 Proceedings filed on October 20, 1982, by Slope Energy, Inc. (Slope), the Operator of the Oil/Gas Properties located in Texas, U.S.A., in which the Issuer's wholly-owned U.S. subsidiary Continental Silver Inc. (Continental), 1140 - 625 Howe Street, Vancouver, B. C., V6C 2T6, participated, certain of the creditors of Slope in addition to filing liens against the interest of Slope in the properties have also filed liens in the amount of \$79,160 (US) against the interest of Continental. The total amount of the liens filed against Slope alone is unknown to the Issuer.

The position of Continental and the Issuer is that they nor either of them are responsible or liable for any part of the liens on the grounds, among other things, that there is lack of any binding authority from Continental or the Issuer to the lien claimants to supply any of the alleged materials and/or perform any of the alleged services on their behalf or either of them.

Even if there was any liability, which has been denied, the alternative position of Continental and the Issuer is that Continental would only be liable for its proportionate share estimated at about \$25,000 (US) of the \$79,160 (US) worth of liens filed against its interest in the Texas Properties. Further, according to Slope the alleged value of the materials supplied and/or services performed is in many cases open to serious and valid dispute which if contested will result in certain of the claims being disallowed or decreased.

To date Continental nor the Issuer have any knowledge of any legal proceedings commenced by any of the lien claimants to enforce the said liens. If any legal proceedings are commenced against Continental the same will be contested and defended on all the grounds as counsel may advise and as may be considered necessary.

Reference is made to Item 11 for more particulars concerning the Texas Oil/Gas Properties and the Chapter 11 Proceedings filed by Slope.

10. PARTICULARS OF IMPORTANT PROPERTIES PRESENTLY OWNED, LEASED, HELD UNDER OPTION OR OPERATED BY THE ISSUER OR ANY SUBSIDIARY THEREOF OR PROPOSED TO BE OWNED, LEASED, HELD UNDER OPTION OR OPERATED BY THE ISSUER OR ANY SUBSIDIARY THEREOF

---

MINING PROPERTIES:

- (a) WHITE HILLS 8 PATENTED MINING CLAIMS - MOHAVE COUNTY, ARIZONA, U.S.A.

During the past year the Issuer has as recommended by earlier Engineering Reports, continued to carry out exploration and development work to this mining property comprised of 8 patented claims located in the Indian Secret Mining District, Mohave County, Arizona, U.S.A. In particular, development work continued to be carried out to the Hulda Mine, one of several old mines existing on these claims. These claims are sometimes

referred to as the Hulda Claims Group and are contiguous to the Issuer's 15 located Gotcha Claims Group described hereafter.

A combined Progress Report on the Hulda and the Gotcha Claims Groups prepared by D.P. Taylor, P. Eng., dated May 23, 1980, (Taylor Progress Report No. 1) is attached to this Statement of Material Facts and forms a part hereof.

With respect to the Hulda Claims Group, the Taylor Progress Report No. 1 confirms that at the time of inspection on April 11-12, 1980, the inclined shaft on the Hulda Mine had been rehabilitated and a new head-frame constructed. Drifting on the vein had been completed for about 300 feet and a new ventilation raise had been driven from the 45 foot level.

The Taylor Progress Report No. 1 goes on to state that it is now known that the shaft extends down to the 90 foot level. Induced polarization data indicates at least 50 further feet of unopened vein mineralization should exist on the 45 foot level. In the areas of the ventilation raise values ranged from 20 to 30 ounces of silver across 4 feet. Systematic sampling is yet to be conducted. Mineralization is evident underground for over 100 feet of drift and exists on the face. It is evident the workings should be extended westward and further investigated at depth. Provision for underground drilling from unmineralized headings should be made.

The Taylor Progress Report No. 1 concludes that development of the Hulda vein by drifting has been successful in locating further economically mineable and leachable silver ore; further development is indicated for this ore zone.

The Taylor Progress Report No. 1 goes on to recommend that the present drift should be completed for at least a further 50 feet and the ventilation shaft should be equipped with a head-frame and utilized as a haulage raise for the 45 foot level. Concurrent with this work, development should commence on the 90 foot level to explore the vein at that depth and determine if the ore shoot continues to depth. It is anticipated that at least 250 feet of lateral development will be needed to determine this. The total cost for this development work on the Hulda Vein was estimated at \$87,975 (US) or \$108,209 (CAN) at an exchange rate of \$1.23.

As is confirmed by an updated Progress Report prepared by D.P. Taylor, P. Eng., dated July 15, 1982, (Taylor Progress Report No. 2) which is also attached to this Statement of Material Facts and forms a part hereof, the majority of the development work recommended in the Taylor Progress Report No. 1 has been completed and further work is continuing to be carried out thereon.

The Taylor Progress Report No. 2 confirms that development work to date on the Hulda Mine has re-established the shaft and levels in the Mine. The head-frame and shaft are currently adequate to maintain development as it is progressing, but will need revamping for much greater production and/or work at greater depths or distances from working faces.

The Taylor Progress Report No. 2 goes on to state that the Goff stope has been mined to the 90 foot level and approximately 1800 tons of ore have been shipped to the Mill. At the time of inspection by D.P. Taylor on June 13-17, 1982, about 1000 tons of Hulda ore was stockpiled at the Mill, some of it partially processed.

To process the ore from its operations, the Issuer is using the Mill and Leaching Plant Facilities established by Arizona Silver Corporation on its White Hills Mining Properties located in the same vicinity. At this time there is insufficient data available from which to formulate a proper method whereupon the Issuer can compensate Arizona Silver Corporation for the use of these facilities. Once sufficient data has been compiled, a schedule of charges or other suitable method of compensation will be worked out which is acceptable to both parties. At that time a formal written agreement will be entered into for that purpose.

Arizona Silver Corporation, 1140 - 625 Howe Street, Vancouver, B. C., V6C 2T6, is a British Columbia Reporting Company whose shares are listed for trading on the Exchange. Charles Stuart Underhill hereinbefore mentioned, the President and a Director of the Issuer, is also the Secretary and a Director of Arizona Silver Corporation.

The Taylor Progress Report No. 2 continues on to state that the 45 foot level is at its limit now and about to break surface, due to a drop in topography. The 90 foot level is currently being driven westward below the 45 foot level and should enter undeveloped ground immediately. It is planned to further extend the 90 foot level to explore the mineral potential of the westward extension of the Hulda vein. The vein has been found on surface 100 feet in advance projection of the current underground headings. There is room for a further 150 to 200 feet of development on the 90 foot level prior to any further shaft development on the Hulda vein. Nothing is known at this time about the nature of mineralization in the Hulda vein at depths below the 90 foot level.

Ore produced from the mine to date has ranged in grade from 8 to 40 ounces of silver per ton with an average of 10-12 ounces per ton from the Goff stope which is very irregular in both geometrical shape and in silver grades. Gold has been noted in trace amounts and should be present in recoverable amounts at depth. Gold grades are extremely erratic but have been noted significantly high in small areas.

In conclusion, with respect to the Hulda Mine, the Taylor Progress Report No. 2 refers to the development prospect as follows:

It is known the Hulda vein continues west beneath the desert floor. The vein has had two ore shoots developed. The 90 foot level is well located in terms of depth to explore for further ore shoots. This level development should continue as far as is practicable with present hoist and shaft facilities. The nature of mineral distribution in the Hulda vein

dictates underground level development as economically viable grade material occurs in distinct ore shoots within the vein and values can only be properly determined by systematic underground sampling. When development has proceeded as far as practicable on the 90 foot level a decision will have to be made, dependent on the location of new mineralization found, as to whether the present shaft should be upgraded or a new shaft, closer to the working faces be sunk. Upon a decision regarding the shaft, plans should be made to deepen the mine below the 90 foot level, it is a fair assumption to expect the two ore shoots worked to date to continue to depth.

Since the Taylor Progress Report No. 2, an Addendum Report on the Hulda Mine has been prepared by D.P. Taylor, P. Eng., dated March 10, 1983, (Addendum Report) which is also attached to this Statement of Material Facts and forms a part hereof.

In the Addendum Report D.P. Taylor notes that since his last inspection of this property in June 1982, certain developments have occurred which significantly affect the exploration and development concepts which have been worked to date. These developments are as follows:

- (a) Firstly, during the low silver price period of mid 1982, underground work was halted on this property. On the surface extension of the Hulda vein, several trenches were dug using a bulldozer. These trenches have proven an extension to the south of the Hulda structure with some indications of mineralization (up to 9 oz./ton) in surface cuts;
- (b) Secondly, a new piece of equipment has been tested on this property which may change the entire exploration philosophy with respect thereto. United Nuclear Industries have developed an X-Ray Fluorescence (X.R.F.) scanner and probe programmed specifically for silver. On site testings of this equipment against the Issuer's fire-assay laboratory results are within 10% of each other. The X.R.F. has a down-hole capability (1 1/2" diameter with 250 feet of cable) and effectively assays every 60-90 seconds.

The Addendum Report comments that drilling has continually been a problem on the White Hills ground. Poor recoveries and dilution or contamination have made the drill hole a liability rather than an asset in terms of grade. An on the site X.R.F. assay on a percussion hole may solve most of these problems. Therefore, the Addendum Report sets out a drilling programme in conjunction with X.R.F. assaying on the Hulda extensions. Including the underground development on the 90 foot level this programme is estimated to cost the Issuer a total of \$90,000 (US) which converted to Canadian Dollars at an exchange rate of \$1.23 Canadian for every \$1 (US) comes to \$110,700 (CAN). Reference is made to the Addendum Report for a break down of the total costs.

With part of the proceeds to be derived from this Offering, it is the intention of the Issuer to carry out the development

prospect work suggested by the Taylor Progress Report No. 2 together with the implementation of the drilling programme and X.R.F. assaying set out in the Addendum Report.

By an Agreement dated May 13, 1977, Wilshire Developments Ltd. (Wilshire), 1140 - 625 Howe Street, Vancouver, B. C., V6C 2T6, did assign to the Issuer all of its rights, title and interests in an Option dated April 3, 1977, to purchase the White Hills 8 Patented Mining Claims sometimes collectively referred to as the Hulda Claims Group and individually named the Hulda, Review, Chief of the Hills, Putnam, Monster, Mountain Scenery, Bonita and Junction.

The full purchase price pursuant to the Option is \$500,000 (US) or \$615,000 (CAN) at an exchange rate of \$1.23, payable to the Optionor, Philip L. Malmin, Suite 202 - 3005 Main Street, Santa Monica, California, 90405. Including the May 1983 payment referred to hereafter, the sum of \$84,000 (US) has been paid pursuant to the Option which converted to Canadian Dollars at the exchange rate prevailing at the time of each payment comes to \$94,626 (CAN).

The payments under the Option are in good standing the last payment due of \$4,000 (US) or \$4,935 (CAN) having been made in May, 1983. The next payment of \$4,000 (US) or \$4,920 (CAN) at an exchange rate of \$1.23 is due in November, 1983. Thereafter not less than \$50,000 (US) or \$61,500 (CAN) at an exchange rate of \$1.23, a year is payable in cash or by royalty of 10% of the gross value of ore extracted, whichever is greater, until the purchase price shall have been paid in full.

As consideration for the Assignment of the Option from Wilshire, the Issuer paid Wilshire the sum of \$6,000 cash and, subject to the prior filing with and acceptance by the Exchange of Engineer's Reports describing the progress of work on this Mining Property, the Issuer has issued to Wilshire 300,000 common shares of the Issuer's capital stock.

The Optionor, Philip L. Malmin, is not and was not an insider or promoter of the Issuer or any subsidiary thereof, or an associate or affiliate of any insider or promoter of the Issuer or any subsidiary thereof.

100% of Wilshire Developments Ltd., a non-reporting British Columbia Company, is owned by Rudolf Martin, 101 - 222 East 15th Avenue, Vancouver, B. C., V5T 2P9, who is also the President and a Director of Arizona Silver Corporation hereinbefore mentioned.

Since the commencement of sales in August 1982, the Issuer has received from the sales of silver and gold produced from this Mining Property, proceeds to date in the total amount of \$79,110.

In addition as at December 31, 1982, the Issuer had an Inventory of silver and gold consisting of and valued as follows:

600 oz. of silver valued @ \$11.05 (US) per oz.	\$6,630 (US)
3 oz. of gold valued @ \$457 (US) per oz.	<u>1,371 (US)</u>
TOTAL DOLLAR INVENTORY OF SILVER & GOLD	<u>\$8,001 (US)</u>



The above (US) Dollar amount for each of the silver and gold making up the Inventory as at December 31, 1982, when converted to Canadian Dollars at an exchange rate of \$1.23 Canadian for every \$1 (US) comes to the amounts as follows:

Total (US) Dollar Inventory of silver as at December 31, 1982:

\$6,630 (US) x \$1.23 Canadian \$8,155 (CAN)

Total (US) Dollar Inventory of gold as at December 31, 1982:

\$1,371 (US) x \$1.23 Canadian 1,686 (CAN)

TOTAL DOLLAR INVENTORY OF SILVER & GOLD \$9,841 (CAN)

During the past year the Issuer spent \$113,731 on this Mining Property. While this Mining Property contains a certain amount of proven and probable ore on the basis stated in Item 2 hereof, the size and economic viability thereof is not at this time fully determined, and any proposed programmes with respect thereto are partially an exploratory search for ore.

(b) GOTCHA 1-15 CLAIMS GROUP - MOHAVE COUNTY,  
ARIZONA, U.S.A.

This Mining Property is comprised of 15 unpatented mineral claims which are contiguous to the Issuer's Hulda Claims Group described above, and which claims are sometimes referred to as the Gotcha Claims Group, located in the Indian Secret Mining District, Mohave County, Arizona, U.S.A.

With respect to the Gotcha Claims Group, the Taylor Progress Report No. 1 states that work on the Gotcha Claims has developed an Induced Polarization anomaly of interest 100 to 150 feet North of the Hulda Vein which appears to warrant further exploration.

The Taylor Progress Report No. 1 goes on to recommend further exploration work on the North Hulda Vein at total estimated costs of \$43,700 (US) - refer to the Taylor Progress Report No. 1 for break down of total costs - which converted at the exchange rate of \$1.23 Canadian for every \$1 (US) comes to \$53,751 (CAN).

The Taylor Progress Report No. 2 suggests as a development prospect that as finances permit a programme of drilling and drifting should be implemented to investigate the vein structure North of the Hulda Vein (the North Hulda Vein). This work should test the structure for ore shoots with the prospect of drifting to any economical mineralization located and utilizing the main vein workings for extracting any ore found.

With part of the proceeds to be derived from this Offering, it is the intention of the Issuer to carry out the further exploration work recommended by the Taylor Progress Report No. 1 and No. 2 with respect to the North Hulda Vein.

Further, as noted in the final paragraph of the Taylor Progress Report No. 2 under the heading EXPLORATION POTENTIAL, recent work on the remainder of the Issuer's ground has shown several geophysical features that warrant further investigation.

Apart from old workings that need further investigation some induced polarization anomalies of considerable size and intensity have been located beneath the flat desert floor.

The Issuer intends to make some plans to utilize some of the proceeds to be derived from this Offering to conduct the further investigation as suggested by the Taylor Progress Report No. 2.

By an Agreement dated March 10, 1978, expiring March 10, 1981, which Agreement was extended to March 10, 1984, by Schedule "A" thereto dated February 26, 1981, the Issuer obtained from Weasel Enterprises Ltd. (Weasel), 1140 - 625 Howe Street, Vancouver, B. C., V6C 2T6, an Option to Purchase a 100% interest in the Gotcha Claims Group.

As consideration for this Option the Issuer paid \$1,800 cash and agreed to issue up to 300,000 shares of its capital stock to Weasel.

The shares are to be issued in multiples of 25,000, 50,000, 75,000 and 150,000 at the various times from completion of the Phases of the Exploration Programmes and otherwise more particularly set out in the Agreement.

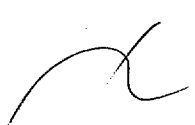
Each allotment and issue of shares shall be subject to the prior filing with and acceptance by the Exchange of an Engineer's Report as required by the Agreement.

At the date hereof only the first multiple of 25,000 shares has been issued to Weasel.

100% of Weasel Enterprises Ltd., a non-reporting British Columbia Company, is owned by Charles Stuart Underhill, who is also the President and a Director of the Issuer.

During the past year the Issuer has spent no monies on the Gotcha Claims Group.

However, the Issuer intends to carry out in the ensuing year the work set out in the Taylor Progress Report No. 1 and No. 2, which work will be funded from the proceeds of this Offering.



As at May 17, 1983, none of the Directors' or Employees' Incentive Stock Options have been exercised.

18. THE DATES OF AND PARTIES TO AND THE GENERAL NATURE OF EVERY MATERIAL CONTRACT ENTERED INTO BY THE ISSUER OR ANY SUBSIDIARY WITHIN THE PRECEDING TWO YEARS WHICH IS STILL IN EFFECT AND NOT PREVIOUSLY DISCLOSED HEREIN

There are no material contracts which have been entered into by the Issuer or any of its subsidiaries within the preceding two years which are still in effect and not disclosed herein.

A time and place at which all material contracts may be inspected during the primary distribution of the securities offered hereby and for 30 days after completion of primary distribution shall be at the records office of the Issuer being 1140 - 625 Howe Street Vancouver, B. C. V6C 2T6, upon reasonable notice and during normal business hours.

19. PARTICULARS OF ANY OTHER MATERIAL FACTS RELATING TO THE SECURITIES BEING OFFERED AND NOT DISCLOSED UNDER ANY OTHER ITEM

EUREKA MINING PROPERTY - MOHAVE COUNTY, ARIZONA, U.S.A.

By Letter Agreement dated December 6, 1982, Conar Resources Inc. (Conar), in consideration of \$5 paid by each of the Issuer and Arizona Silver Corporation (Arizona), hereinbefore mentioned, granted an option to each of the Issuer and Arizona to respectively acquire a 40% and a 60% undivided interest in the Eureka Mining Property subject to Conar reserving 10% of net operating profits as referred to hereafter.

Before this option can be exercised, the Issuer will seek the approval of the regulatory authorities upon providing them with requisite title documentation and an Engineering Report on this Property.

The option is exercisable, jointly and simultaneously by the Issuer and Arizona at any time up to and including December 6, 1983.

If the option is exercised the consideration payable by the Issuer and Arizona upon the exercise is the full repayment, based on their respective 40% and 60% interest, of all reasonable acquisition, exploration and development costs expended by Conar to the date the option is exercised.

All costs after the exercise of the option shall be shared and paid by the Issuer as to 40% and Arizona as to 60%.

The Issuer and Arizona shall each first be entitled to receive from net operating profits as are to be defined in Schedule "B" to the Letter Agreement, full recovery of the sum expended by each of them upon the exercise of the option. Thereafter, the net operating profits shall

be divided as follows:

10% shall be paid to Conar on a quarterly basis;

36% shall be paid to the Issuer, PROVIDED THAT, before the Issuer shall be entitled to receive and/or spend in any way howsoever its 36% share, Conar shall first be paid its full 10% unless Conar shall otherwise agree in writing;

54% shall be paid to Arizona, PROVIDED THAT, before Arizona shall be entitled to receive and/or spend in any way howsoever its 54% share, Conar shall first be paid its full 10% unless Conar shall otherwise agree in writing.

The Eureka Mining Property is comprised of 15 mineral claims situated in the Wallapai Mining District, Mohave County, Arizona, U.S.A., in the general vicinity of the Issuer's White Hills Mining Properties hereinbefore mentioned.

At the date hereof an inclined shaft, scheduled for completion soon, is being installed on the Property. It is anticipated that production from the Property will commence upon the completion of the inclined shaft.


Arrangements have been made for the delivery of the ore produced from the Property to the Asarco Incorporated smelter in El Paso, Texas, U.S.A.

A bulk sample of about 30 pounds ore from the Property submitted to Asarco for smelter testing and assaying indicated the presence of high grade silver of approximately 30 ounces per ton and silica values of approximately 70% per ton.

To date the option has not been exercised. The Issuer is waiting to receive the requisite title documentation and an Engineering Report before it can decide whether or not to exercise the option. Upon receipt of these documents, if a decision is made to exercise the option, the Issuer will seek the approval of the regulatory authorities before exercising the same.

Other than the \$5 consideration for the option, no monies have been spent by the Issuer on the Eureka Mining Property.

100% of Conar Resources Inc., 1140 - 625 Howe Street, Vancouver, B. C., V6C 2T6, a non-reporting company incorporated under the laws of the State of Nevada, United States of America, is owned by Rudolf Martin, 101 - 222 East 15th Avenue, Vancouver, B. C., V5T 2P9, who is also the President and a Director of Arizona.



No. 1

PROGRESS REPORT /

ON THE HULDA AND GOTCHA CLAIM GROUPS

OF CONTINENTAL SILVER CORP.

WHITE HILLS AREA

INDIAN SECRET MINING DISTRICT

MOHAVE COUNTY

ARIZONA, U. S. A.

BY

D. P. TAYLOR, P. ENG.

*Progress Report No. 1.*

VANCOUVER, B.C.

MAY, 1980

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## INTRODUCTION

The Hulda and Gotcha Claims Group, in the White Hills area of the Indian Secret Mining District in Mohave County, Arizona, U. S. A., were inspected by the writer on April 11-12, 1980 at the request of the Directors of Continental Silver Corp.

Underground workings were inspected and programs conducted thus far were reviewed. The writer was accompanied on this inspection by Corwin E. Coe, Mining Technician, who has supervised the Company's work on the property.

Recommendation for further underground development and surface exploration is made.

## LOCATION AND ACCESS

The property is located in the White Hills range, Mohave County, Arizona. The claims are 60 miles south of Las Vegas, Nevada and 60 miles north of Kingman, Arizona, the county seat. There is good road access to the entire property.

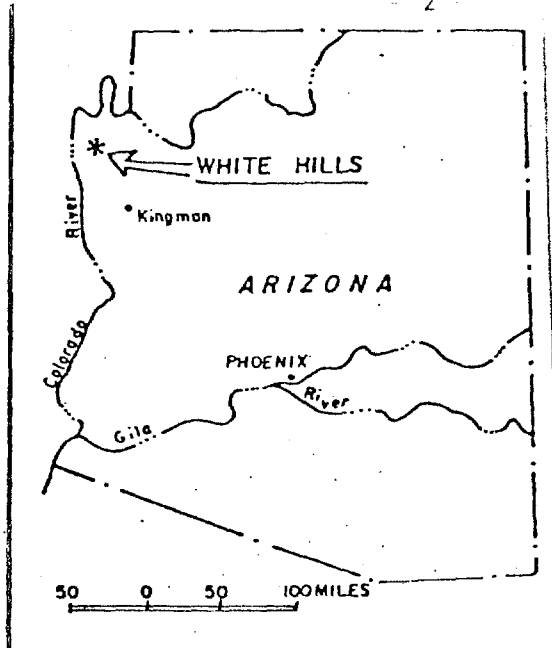
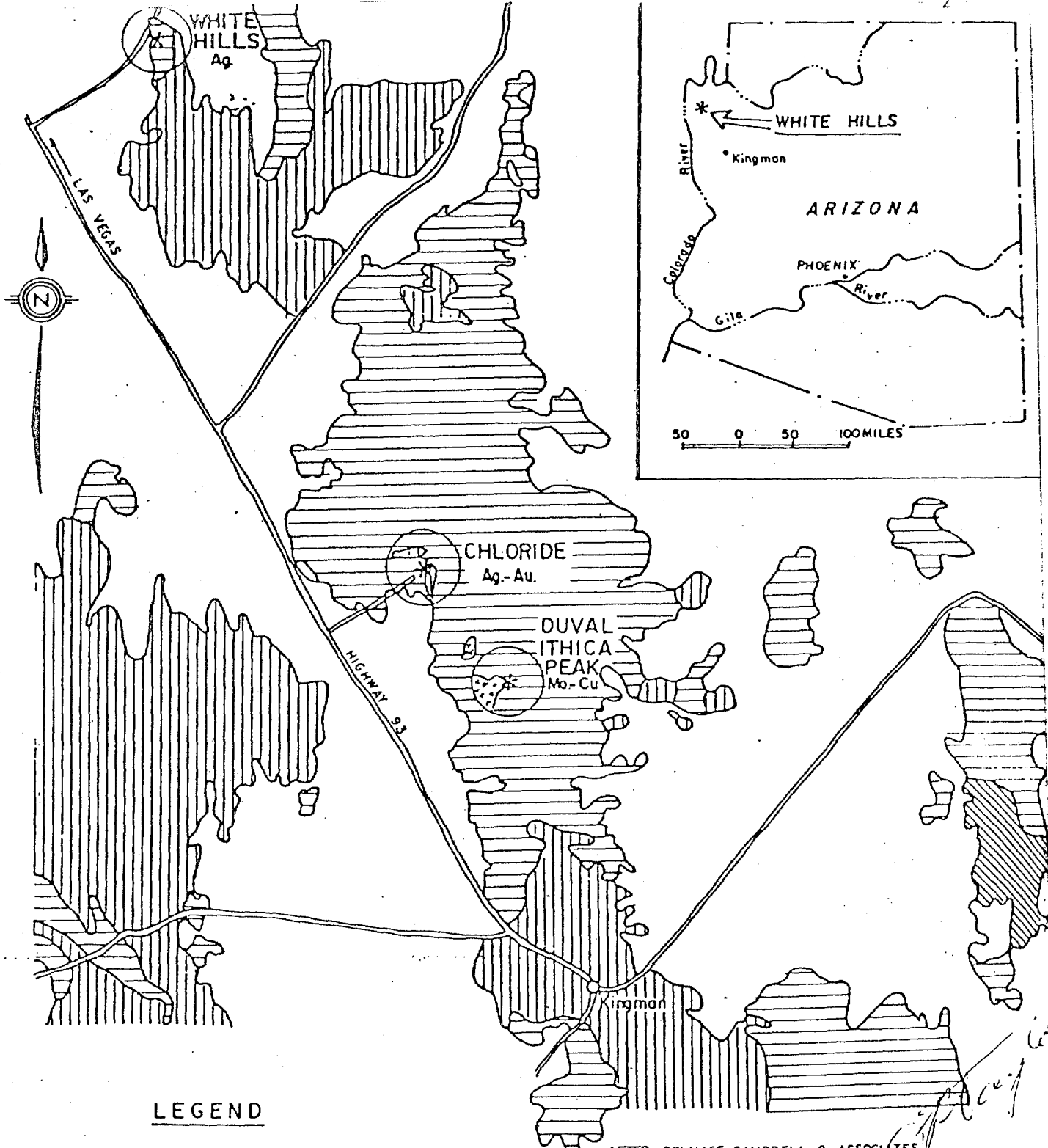
## TOPOGRAPHY AND CLIMATE

The property lies on the base of the White Hills at about 3000 feet A.S.L. Relief is low and the country is gently rolling down to the desert flats.


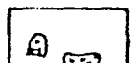


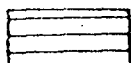
The climate is arid with summer temperatures of up to 120° F. Winter temperatures may drop to 20° F. The climate allows for year-round operation. Water is available from deep mine workings or wells about 450 feet of depth.

## PROPERTY

The property is comprised of eight optioned patented claims and 15 wholly-owned located claims. The patented claims - Review, Putnam, Hulda, Monster, and Chief of the Hill - are contiguous to the located Gotcha 1-15 claims. The



**LEGEND**

-  ALLUVIUM
-  GRANITE - TERTIARY
-  VOLCANICS - TERTIARY & CRETACEOUS
-  SCHIST - PRECAMBRIAN
-  GRANITE GNEISS - PRECAMBRIAN

AFTER DOLMAGE CAMPBELL & ASSOCIATES

CORVAL RESOURCES LTD.

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WHITE HILLS SILVER PROPERTY  
ARIZONA, U.S.A.

REGIONAL GEOLOGY

MILES 20      10      0      20      40 MILES



PROPERTY (continued)

Gotcha claims also enclose 4 patented claims not owned or under option by the Company.

Three patented claims - Mountain Scenery, Bonita, and Junction - are not contiguous and are located more or less a mile south of the main claim block.

Title search on the claims has been conducted by P. Robert Fanning, Attorney at Law, of Phoenix, Arizona, and title insurance has been secured with the First American Title Insurance Company of Arizona.

HISTORY

High grade silver mineralization was discovered in the White Hills mining camp in 1892. Direct shipments were made during this early period valued up to \$7,000 per ton in silver at present metal prices. Numerous other veins were discovered and by 1893 there was a ten stamp mill working on the property. Between 1892 and 1907 it is estimated that 8,000,000 ounces of silver were mined. Production ceased in 1907.

In the early 1930's the Hulda was leased by Floyd R. Brown. Approximately 732 tons of ore grading 80 to 104 oz. silver were shipped from the Hulda shaft area.

In 1968, the main key claims in the White Hills area silver camp were acquired by Consolidated Mineral Inc. A Vancouver based company, Buffalo Lake Mines Ltd., obtained an option on the property from Consolidated and proceeded with an extensive program of exploration and development work. The G.A.R. incline was rehabilitated and a batch-leach plant was built to treat the old mine dumps. The leach operation was not successful and Buffalo Lake terminated its option on the property. In 1977, the Hulda Group was acquired by Continental Silver Corp.

During the last 3 years exploration work on the Hulda claim as recommended by J.J. Oberbillig, P. Geol., through Phase III of his July 1978 report has



RTD

MILE

## HISTORY (continued)

been completed, and also Phases I and II of G. Gutrath, P. Eng., report of July 1978 have been completed on the Gotcha claims.

Additional development drifting and raising were in progress on the Hulda workings during the writer's visit.

## GEOLOGY

The area is underlain by a gneissic granite containing northwest to westerly striking fissure-vein zones. These zones vary in dip from 20° to 80° northerly. The Hulda vein dips 60° to 70° north.

Silver mineralization occurs as chlorides and oxides in veins of quartz, hematite, limonite, and manganous oxides. Veins in the area have been worked to 500 feet of depth in oxides. Only traces of sulphides have ever been noted on surface.

It has been noted that silver grades are localized in ore shoots and also that considerable surface leaching of both gold and silver is evident in the top 5 to 8 feet of the Hulda vein structure.

Telluride gold appears to exist in the area. Samples from depth show increases in gold and tellurium values; gold tellurides are known to be soluble and subject to downward transport.

Large amounts of pyrolusite are common with silver mineralization and make I.P. a useful tool in ore search.

## HULDA WORKINGS

The inclined shaft on the Hulda workings has been rehabilitated and a new head-frame constructed. Drifting on the vein had been completed for about 300 feet at the time of inspection, and a new ventilation raise has been driven from the 45 foot level.

### HULDA WORKINGS (continued)

It is now known that the shaft extends down to the 90 foot level.

Induced polarization data indicates at least 50 further feet of unopened vein mineralization should exist on the 45 foot level.

In the area of the ventilation raise values ranged from 20 to 30 ounces of silver across 4 feet. Systematic sampling is yet to be conducted. Mineralization is evident underground for over 100 feet of drift and exists in the face. Some difficulty was being experienced following the vein which tends to mare-tail and move from the hanging-wall to the footwall.

It is evident the workings should be extended westward and further investigated at depth. Provision for underground drilling from unmineralized headings should be made - such holes should be of at least 75 feet in length and be directed by a geologist familiar with the property. It should be noted that the work conducted on the Hulda vein completes the recommendations of Phases I through III of J.J. Oberbillig, P. Geolg. report of July 6, 1978. Overspending on Oberbillig's recommendation is entirely the result of extension of his program which recommended only 100 feet of drifting. The program has been most successful.

### GOTCHA CLAIMS

The only known area of economic interest immediately apparent on the Gotcha claims is a vein structure which appears to curve around the northern side of the Hulda claims. There is a definite possibility of there being more than one structure in this system which lies about 100 to 150 feet north of the Hulda claim.

Dips vary between 30 and 65 degrees to the north and the predominate strike is westerly. A surface sample taken by the writer from a quartz pegmatite vein gave 0.71 oz. per ton Ag and 0.001 oz. per ton Au. The material sampled was obviously leached. I.P. in the vein area is good and further

## GOTCHA CLAIMS (continued)

investigation is warranted. The vein is apparently an extension of a more developed feature on the Review patented claim. One noticeable feature of this system is a reduction of manganese staining in pits and trenches.

The work recommended by G. Gutrath, P. Eng. in his report on the Gotcha claims of January 1978 consisted of a two phase program which has been completed except for the fact that field experience in the area showed I.P. to be the correct geophysical tool to use in the area rather than the recommended EM-16.

## CONCLUSIONS AND RECOMMENDATIONS

Development of the Hulda vein by drifting has been successful in locating further economically mineable and leachable silver ore; further development is indicated for this ore zone.

The present drift should be completed for at least a further 50 feet and the ventilation shaft should be equipped with a head-frame and utilized as a haulage raise for the 45 foot level.

Concurrent with the above work, development should commence on the 90 foot level to explore the vein at that depth and determine if the ore shoot continues to depth. It is anticipated that at least 250 feet of lateral development will be needed to determine this.

Work on the Gotcha claims has developed an I.P. anomaly of interest 100 to 150 feet north of the Hulda patented claim which appears to warrant further exploration. Diamond drilling and percussion drilling in the White Hills Area has not given satisfactory returns and trenching is hampered by surface leaching. Reverse circulation drilling with a tricone bit is likely to be the most effective tool to test this structural system. Closer spaced lines and deeper reading I.P. should be used to define drill targets, despite the reduced amount of pyrolusite visible on surface, as an I.P. anomaly is indicated by preliminary work.

CONCLUSIONS AND RECOMMENDATIONS (continued)

Two different cost estimations for the property are needed - one to cover development work on the Hulda vein and another to allow for further exploration of the Gotcha claims. All estimates are in U.S. dollars.

Cost estimates for development work on the Hulda Vein are as follows:

Head-frame for Hulda ventilation shaft, including labour	(U.S.) \$14,000
Drifting - 50 feet on 45 foot level @ \$150/ft.	7,500
Drifting - 250 feet on 90 foot level @ \$150/ft.	37,500
Provision for 500 feet of underground explor- ation drilling @ \$15/ft.	7,500
Sampling and Assaying	5,000
Supervision and Report	<u>5,000</u>
	76,500
Overhead and Contingencies @ 15%	<u>11,475</u>
TOTAL	<u>\$87,975</u>

Cost estimates for further exploration work on the Gotcha Claims are:

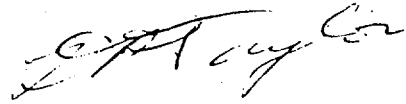
Induced Polarization Surveys at 3 levels - say 10 miles @ \$250/mile	(U.S.) \$ 2,500
Reverse Circulation Drilling 10 holes of 150 feet of depth at \$18/ft.	27,000
Geological Supervision and Sampling	5,000
Assays	2,500
Data Compilation and Report	<u>1,000</u>
	38,000
Overhead and Contingencies @ 15%	<u>5,700</u>
TOTAL	<u>\$43,700</u>

CONCLUSIONS AND RECOMMENDATIONS (continued)

Total cost of the recommended program is, therefore:

Hulda Vein	\$ 87,975
Gotcha Claims	<u>43,700</u>
TOTAL	<u>\$131,675 U.S.</u>

Respectfully submitted,



D. P. Taylor, P. Eng.

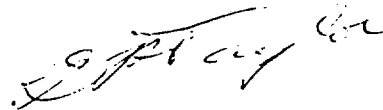
Vancouver, B. C.  
May 23, 1980

CERTIFICATION

I, David P. Taylor, residing at 1884 West Seventh Avenue, Vancouver, British Columbia, do hereby certify THAT:

1. I am an exploration geologist residing at the above address.
2. I am a registered member, in good standing, of the Association of Professional Engineers of the Province of British Columbia.
3. I am a graduate of the Royal School of Mines, London University, M. Sc. (Mineral Exploration), 1971.
4. I have practised as an exploration geologist for twelve years.
5. I have no interest, nor expect to receive any interest in Continental Silver Corp., or any of the properties of that Company.
6. I consent to the use of this report in any Prospectus or Statement of Material Facts by Continental Silver Corp.

DATED at Vancouver, British Columbia this 23rd day of May, 1980.



D. P. Taylor, P. Eng.

REFERENCES

Brown, Silas C., Geologist. "Test and Validation Drilling Program of the Hulda Claim Group, Mohave County, Arizona" dated July, 1977.

Gutrath, G., P. Eng. "Progress Report on the Hulda Claim Group, White Hills Area, Indian Secret Mining District, Mohave County, Arizona, U.S.A." dated January 11, 1978.

Gutrath, G., P. Eng. "Summary Report on the Gotcha 1 to 15 Claim Group, White Hills Area, Indian Secret Mining District, Mohave County, Arizona, U.S.A." dated January, 1978.

Oberbillig, John J., P. Geol. "Report on the Hulda Claim Group, Mohave County, Arizona, U.S.A." dated April 15, 1977.

Oberbillig, John J., P. Geol. "Progress Report on the Hulda Claim Group, White Hills Area, Indian Secret Mining District, Mohave County, Arizona, U.S.A." dated July 6, 1978.



PROGRESS REPORT  
ON THE WHITE HILLS MINING PROPERTY  
MOHAVE COUNTY, ARIZONA, U.S.A.

CONTINENTAL SILVER CORP.

BY

D. P. TAYLOR, P. ENG.

*Project Report No. 2*

VANCOUVER, B. C.

JULY 1982

To the DIRECTORS, CONTINENTAL SILVER CORP.

*No. 2*

PROGRESS REPORT on the WHITE HILLS MINING PROPERTY  
MOHAVE COUNTY, ARIZONA, U.S.A.

INTRODUCTION

The operations of Continental Silver Corp. at the White Hills, Arizona were inspected during the period June 13-17, 1982 by the writer. On the inspection mine personnel and Messrs. R. Martin and C. Coe were present.

A thorough inspection was made of the underground workings on the Hulda Claim and a review was made of the company's production records and of the extraction plant of Arizona Silver Corporation to which the Hulda Claim's production is shipped.

THE HULDA MINE

Development work to date on the Hulda Mine has re-established the shaft and levels in the mine. The Goff stope has been mined to the 90 foot level and approximately 1800 tons of ore have been shipped to the Mill. At the time of inspection about 1000 tons of Hulda ore was stockpiled at the Mill, some of it partially processed.

The 45 foot level is at its limit now and about to break surface, due to a drop in topography. The 90 foot level is currently being driven westward below the 45 foot level and should enter undeveloped ground immediately.

It is planned to further extend the 90 foot level to explore the mineral potential of the westward extension of the Hulda vein. The vein has been found on surface 100 feet in advance projection of the current underground headings. The surface exposure was found in a deep surface trench, the only trench in five attempts to reach bedrock, the other trenches being in detrital overburden.

Nothing is known at this time about the nature of mineralization in the Hulda vein at depths below the 90 foot level.

Ore produced from the mine to date has ranged in grade from 8 to 40 ozs. of silver per ton with an average of 10-12 ozs. per ton from the Goff stope.

The stope is very irregular in both geometrical shape and in silver grades.

Gold has been noted in trace amounts and should be present in recoverable amounts at depth. Gold grades are extremely erratic but have been noted significantly high in small areas.

A structure has been noted north of the Hulda vein in a drill hole. This is a parallel vein structure with, as yet, no confirmed economic mineralization, however it certainly warrants further investigation.

There is room for a further 150 to 200 feet of development on the 90 foot level prior to any further shaft development on the Hulda vein.

The head-frame and shaft are currently adequate to maintain development as it is progressing, but will need revamping for much greater production and/or work at greater depths or distances from working faces.

#### DEVELOPMENT PROSPECTS

It is known the Hulda vein continues west beneath the desert floor. The vein has had two ore shoots developed. The 90 foot level is well located in terms of depth to explore for further ore shoots. This level development should continue as far as is practicable with present hoist and shaft facilities. The nature of mineral distribution in the Hulda vein dictates underground level development as economically viable grade material occurs in distinct ore shoots within the vein and values can only be properly determined by systematic underground sampling.

When development has proceeded as far as practicable on the 90 foot level a decision will have to be made, dependent on the location of new mineralization found, as to whether the present shaft should be upgraded or a new shaft, closer to the working faces be sunk.

Upon a decision regarding the shaft plans should be made to deepen the mine below the 90 foot level, it is a fair assumption to expect the two ore shoots worked to date to continue to depth. The mechanics of this further development will be an engineering decision to be made after the next phase of development work on the 90 foot level is completed.

As finances permit (i.e. an increased silver price) a programme of drilling and drifting should be implemented to investigate the vein structure north of the Hulda vein (the North Hulda vein). This work should test the structure for

ore shoots with the prospect of drifting to any economical mineralization located and utilizing the main vein workings to extracting any ore found.

#### MILLING FACILITIES

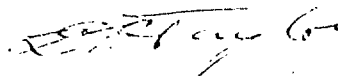
The mill of Arizona Silver Corporation handles the Hulda ore. The mill uses an agitated vat and a pond leach system employing cyanide to extract gold and silver from the ore. Depending on ore grades the mill works at between 75-95% efficiency, with efficiency increasing with ore grade. The Hulda produces the highest grades being mined in the White Hills at present.

Ore is crushed and sorted at the mill. Coarse material can be pond leached at 100 tons per day average, this being a 5 day process. Fine material is leached in agitated vats and the vats can handle 50 tons per 8 hour shift.

#### EXPLORATION POTENTIAL

Recent work on the remainder of Continental Silver's ground has shown several geophysical features that warrant further investigation. Apart from old workings on the hills that need further investigation some induced polarization anomalies of considerable size and intensity have been located beneath the flat desert floor. Further geophysical and physical drilling of these features is planned.

Respectfully Submitted,



D. P. Taylor, P.Eng.

Vancouver, B.C.

July 15, 1982

LETTER OF CONSENT

I, DAVID P. TAYLOR, residing at 1884 West Seventh Avenue, Vancouver, British Columbia, do hereby consent to the use of my Progress Report on the:

WHITE HILLS MINING PROPERTY  
MOHAVE COUNTY, ARIZONA, U.S.A.

dated July 15, 1982 in any Prospectus or Statement of Material Facts by Continental Silver Corp.

I have no interest, nor expect to receive any interest in Continental Silver Corp. or any of the properties of that Company.

DATED at Vancouver, British Columbia this 15th day of July, 1982.

*D.P. Taylor*

D.P. Taylor, P. Eng.

March 10, 1983

ADDENDUM REPORT ON THE HULDA MINE OF  
CONTINENTAL SILVER CORP., WHITE HILLS,  
MOHAVE COUNTY, ARIZONA, U.S.A.

TO THE BOARD OF DIRECTORS:

Since my last inspection of this property in June, 1982, certain developments have occurred which significantly affect the exploration and development concepts with which we have worked to date.

During the low silver price period of mid 1982 underground work was halted on this property. On the surface extension of the Hulda vein several trenches were dug using a bulldozer that happened to be available. These trenches have proven an extension to the south of the Hulda structure with some indications of mineralization (up to 9 oz./ton) in surface cuts.

A new piece of equipment has also been tested on the property which may change Continental Silver's entire exploration philosophy. United Nuclear Industries have developed an X-ray Fluorescence (X.R.F.) scanner and probe programmed specifically for silver. On site testings of this equipment against company fire-assay laboratory results are within 10% of each other.

It is my opinion that the Hulda should be development a further 30 feet underground on the 90 level. This work should determine whether ore indicated on surface reaches the 90 level. However, a major change in thinking is precipitated by the X.R.F. inasmuch as it has a down-hole capability (1 1/2" diameter with 250 feet of cable) and effectively assays every 60 - 90 seconds.

Drilling has continually been a problem on the White Hills ground. Poor recoveries and dilution or contamination has made the drill hole a liability rather than an asset in terms of grade. An in-situ X.R.F. assay on a percussion hole will solve most of these problems.

*Not if Ag value get plaster up the walls & hence "uniform" out values or spread hi-grade to uniform + overall*

During my visit of 23 - 24 January, 1983 to the property I investigated the costs of a drilling programme, in conjunction with X.R.F. assaying on the Hulda extensions. It would pay the company to acquire its own drill to be operated by current employees and rent at one week per month, the X.R.F. unit to determine down-hole grades.

Including the underground development on the 90 level this programme should cost Continental Silver Corp. approximately as follows:

Preliminary Underground Preparation	\$4,000	
Underground Development 30 feet @ \$250 /foot	7,500	
Purchase used Wagon Drill	15,000	
350 Compressor for drill	20,000	
Drilling 20 holes @ \$4/ft. x average 200'	16,000	
Provision for (Rental, Labour) X.R.F. testing	6,000	
Engineering and Supervision	6,000	
	<u>\$74,500</u>	U.S.
Overhead and Contingencies @ 15%	<u>11,175</u>	
	TOTAL	\$85,675 U.S.
	SAY	\$90,000 U.S.

Respectfully submitted



D.P. Taylor, P. Eng.

Vancouver, B.C.

10 March 1983

ore is said to have been found below it. The altered granite for a width of 100 feet or more bordering the deposit is also said to contain \$2 to \$4 a ton in gold.

The ore is of low grade, and is said to mill on the average from \$7 to \$8 a ton in gold, and to cyanide well. It contains also a little silver and a trace of copper, the latter occurring chiefly as malachite and not in sufficient amount to interfere with the cyanidation. The company is reported to have recently computed about 1,000,000 tons of ore in sight.

GOLD BELT MINE.

The Gold Belt mine is located on the southeast side of Banker Wash. at about 5,000 feet elevation. It is owned by Henry Paully. The country rock is an amphibolite schist, dipping about 30° W. At the western of the two principal openings the deposits are contained in a blanket vein of quartz 15 feet thick, inclining gently eastward, but thinning out in a distance of about 30 feet. The eastern opening shows two quartz blanket veins, each 2 to 6 feet in thickness, dipping gently westward and separated by a 4-foot dike of some volcanic rock that seems to be basalt, but is altered beyond identification.

The ore is said to be of two grades, the lower grade yielding from \$4 to \$7 in gold to the ton and the better grade from \$16 to \$20 to the ton and some as high as several hundred dollars a ton, that occurring in the porous or honeycombed quartz being the best. The deposit is reported to have produced a few hundred dollars' worth of ore.

SENATOR MINE.

The Senator mine is located some distance beyond the border of the Gold Basin district, about 7 miles northwest of the Eldorado and Golden Rule mines and about 7 miles south of Colorado River, on a low round hill at the southeast base of a prominent landmark known as "Senator Mountain." The mine was discovered late in the eighties by John Burnett, who in 1892 sold it for \$14,000 to Senator Page, of Los Angeles, who in turn sold it to a Colorado company. The company at once installed a 10-stamp mill on Colorado River, 2 miles below Salt Springs, operated the mine and mill for about six months, and then suspended. Later the property was acquired by or leased to the Salt Springs Mining Company, which operated it about a month in 1903 and shut down, the ore being of too low grade to pay for its haulage to the mill, 7 miles distant, and for bringing supplies from Hackberry and Kingman, 50 and 60 miles distant, respectively. The mine is reported to have been abandoned since then.

The mine was developed principally by open work, cuts, and adits. The deposits are said to be nearly flat lying and similar in character to those of the Cyclopic mine (p. 125), but they form a

larger body. The ore is said to be similarly low in grade, averaging about \$3 in gold to the ton. According to Comstock,<sup>a</sup> the deposits exhibit structural features resembling those of "brecciated fusion" and "cooling lamination" and in origin seem to be associated with igneous intrusion.

DEPOSITS AT SALT SPRINGS.

The Salt Springs mine is about 7 miles northeast of the Senator mine and several miles south of Colorado River, in the first canyon west of Hualpai Wash. It is owned by the Salt Springs Mining Company, which is said to include members of the Arizona-Minnesota Gold Mining Company. The country rock is granite. The gold ore is said to occur sporadically in quartz bodies, and its downward limit is usually indicated by copper-stained quartz.

Other properties in this district are the Smuggler-Union group, the Eureka mine, and the Lutley group.

WHITE HILLS DISTRICT.

GENERAL DESCRIPTION.

LOCATION AND HISTORY.

The White Hills district is located about 28 miles north of Chloride, in the western border of the White Hills, at about 3,000 feet elevation. It comprises an area about 2 miles in diameter and is a part of the Indian Secret mining district, so named because the knowledge of the presence of its mineral was for a long time withheld from the whites by the Indians.

The first discovery of mineral in the district by white men was made by Henry Shaffer in May, 1892, through the aid of an Indian known as Hualpai Jeff, who exhibited a piece of rich silver ore at Gold Basin and showed Shaffer its source, where the Indians procured the supply of red iron oxide with which they adorned their faces. The locality is at the site of the Hidden Treasure mine.

After making several locations, Shaffer reported the discovery at Gold Basin and was soon joined by John Burnett and John Sullivan, who also located what later proved to be some of the best mines. The trio began work and were soon shipping very rich ore, some averaging \$1,000 a ton. The camp soon became the largest in the region and reached its zenith in 1894, with a population of 1,200. Within a short time the camp was owned by one company, the White Hills Mining Company, of which the chief men were R. T. Root and D. H. Moffatt, of Denver. A 10-stamp mill was built early in 1904; in

<sup>a</sup> Comstock, Theodore B., Geology and vein phenomena of Arizona: Trans. Am. Inst. Min. Eng., vol. 30, 1900, pp. 1048-1049.



March 16, 1987

MOHAVE COUNTY GOLD "RESERVES" - RESOURCES

White Chief: 30,000T @ 0.3+?? UG Canyon City Mining: Bob & Judy  
Graham. 1983 decline. (Charlie Stoll)

Sun River Gold (VSE) now has United Western VN, Oro Fino vein plus  
other holdings in Vivian and Moss Mine Area. (Pete Drobeck,  
consultant 3/87).

Total Datman-Gold Road production 2.2 million oz. Au + .8 million  
oz. Ag.

Chloride District Golconda-Blackhawk Vn (polymetallic)

40,000T @ 0.07 opt Au, 4 opt Ag, 12% Zn, 0.5% Cu, 0.2% Pb: Drilled by  
Gamin-IXL Mines (Pete Drobeck, Geol): promoters--management still  
claim 200,000T.

White Hills District production +8 million oz. Ag 5000 oz. Au vn  
Arizona Silver Corp. (Corval Dev., US) - now Alanco?; vat + heap  
leach.

260,000T dumps } mostly promotional  
100,000T Tails } 3-4 opt Ag recoverable - 1977 report  
60,000T Backfill }

12/31/82 inventory 3,200 oz. Ag 16 oz. Au Dore

7/82 inventory 6500 oz. Ag (local .4 opt Au in 15 opt Ag UG vn).

A periodic report from your Mohave County Geologist.

FRK:mek

  
F. R. Koutz

cc: R.L. Brown/F.T. Graybeal

p. 12 GSA Comallean Abstract  
1991

JDS Gold Basin  
AZ

No 3897

rocks cur