

REDI-NOTE

DATE Dec. 16 RECEIVED

To Jerry Lewis

DEC 19 1958

SUBJECT Formosa Resources, S.W. Oregon

MINERAL RESOURCES

I talked with Formosa Resources at the NWMA Meeting, and they gave me a copy of this new release, and indicated that they are close to a production decision with backing by Japanese financing. They are still interested in McElroy's Area, once they complete resource analysis this winter, and would be looking for additional reserves to support an operation.

SIGNED Ed Field

REDIFORM® 4S462  
POLY PAK (50 SETS) 4P462

NO REPLY NECESSARY

REPLY REQUESTED - USE REVERSE SIDE



**FORMOSA**  
RESOURCES  
CORPORATION

400 - 355 Burrard Street  
Vancouver, B.C., Canada  
V6C 2G8  
(604) 682-3300  
Fax: (604) 681-1073

NEWS RELEASE

FOR IMMEDIATE RELEASE

Date: November 28, 1988

SECURITIES & EXCHANGE

COMMISSION REGISTRATION NO. 82-1367

FORMOSA RESOURCES CORPORATION

Dr. Kuang I. Lu, President of Formosa Resources Corporation, is pleased to release the results of current exploration at its Formosa/Silver Butte project in Douglas County, Oregon. The exploration work to date has outlined five sulphide bodies in the main zone area with approximately 460,000 tons reserve grading 0.043 oz/Ton gold, 1.380 oz/Ton silver, 3.40% copper, 2.83% zinc.

Further assay results of ore intersections from three more holes are pending, which it is anticipated will increase the ore reserve.

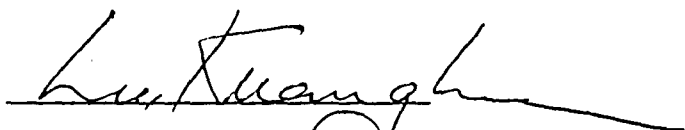
Three drilling machines are actively working on this property, and one of the drills will pursue new geophysical targets located by current VLF-Mag survey results which coincide with previous geochemical anomalies.

The company has decided to take further steps to do a preliminary evaluation on the property consisting of environmental and metallurgical studies.

-2-

Excellent potential for additional ore occurs both down-dip and along-strike from existing zones and testing continues.

-30-



Dr. Kuang I. Lu, President

Refer:  
Dr. Kuang I. Lu  
Formosa Resources Corporation  
400 - 355 Burrard Street  
Vancouver, B.C. V6C 2G8  
Phone: (604) 682-3300

THE VANCOUVER STOCK EXCHANGE HAS NOT REVIEWED AND DOES NOT ACCEPT  
RESPONSIBILITY FOR THE ADEQUACY OR ACCURACY OF THE CONTENTS HEREIN.





**FORMOSA**  
RESOURCES  
CORPORATION

400 - 355 Burrard Street  
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Fax: (604) 681-1073

REPORT TO OUR SHAREHOLDERS

November 28, 1988

Dear Shareholders:

On behalf of the Board of Directors of Formosa Resources Corporation, I am pleased to present:

- 1) Audited Financial Statements for the year ending July 31st, 1988.
- 2) Notice of Annual General Meeting
- 3) Information Circular
- 4) Proxy

You are encouraged to exercise your proxy.

Over the past twelve months, your Company has been very active and successful in acquiring an interest in several exciting ventures.

**FINANCIAL**

A flow-through private placement was obtained through NIM and Company, Limited Partnership - 1988, in November, 1987. To enhance exploration on four Canadian joint venture projects, \$1,000,000 Cdn. (\$3.5214 Cdn./share) was made available to Formosa.

In October, 1988 Vancouver Stock Exchange approval was obtained for the private placement of 550,000 units in the capital stock of your company (each unit is comprised of 1 common share and 1 non-transferrable share purchase warrant). Sixteen parties participated in this transaction resulting in \$2,200,000 Cdn. in funds being available to augment our exploration programs in Canada and the United States.

March 10, 1947

Mr. Norman Hermens  
129 Kellogg Avenue  
Kellogg, Idaho

Dear Mr. Hermens:

This will acknowledge receipt of your letter dated March 6 concerned with the Silver Peak property.

If I hear of anybody who is looking for a copper property, I should be glad to refer them to you. It may be that the exploration department of the Bunker Hill and Sullivan Mining Company would be interested and you might wish to get in touch with that department at Kellogg or Wallace, Idaho. I am not sure just where this Department has its headquarters. Another company which might be interested is the Howe Sound Mining Company, Holden, Washington.

Yours very truly,

Director

FNL: jr

RECEIVED  
MAR 8 1947

STATE DEPT OF GEOLOGY  
& MINERAL INDS.

129 Kellogg Ave.  
Kellogg, Idaho  
March 6, 1947

Mr. F. W. Libbey  
Department of Geology & Mineral Industry  
702 Woodlark Building  
Portland 5, Oregon

Dear Mr. Libbey,

Last November I obtained some information from you regarding their Silver Peak property near Biddle Oregon and wish to thank you for the material received.

This property is for sale and I am wondering if you would be in a position to aid or recommend some procedure for disposing of the property, or suggest some group whom we might interest in purchasing the mine.

The original owners of the mine are all deceased and the present administrators of their estates are either occupied with

November 14, 1946

Mr. Norman Hermens  
129 Kellogg Avenue  
Kellogg, Idaho

Dear Mr. Hermens:

This will acknowledge receipt of your letter dated November 11 referring to the Silver Butte Mining and Milling Company on Silver Butte Mt. near Riddle, Oregon.

I believe that this property is known as the Silver Peak group in our records, consisting of two adjoining properties known as the Silver Peak Mine and the Umpqua Consolidated Mine. These properties are in secs. 23 and 26, T. 31 S., R. 6 W., about 9½ miles south of Riddle. The ore deposit is in so-called Dothan schist which, near the mine, has been thoroughly altered to quartz-sericite schist. In many places near the orebodies these country rocks contain disseminated sulphides including both chalcopyrite and pyrite. Greenstones associated with the Dothan sediments are also completely altered near the mine.

The orebodies consist of (a) massive sulphides in tabular bodies or veins from 3 to 15 feet wide and averaging about 8 feet in those deposits so far developed; and (b) mineralized schist containing disseminated sulphides in the footwall up to possibly 100 feet wide. These bodies strike northeasterly and dip from 45° to 70° to the southeast. The minerals include pyrite, chalcopyrite, sphalerite, with lesser amounts of bornite, galena, tennantite, chalcocite, and covellite. Gangue in the veins consists of quartz and barite. In the massive sulphide ore the minerals are very fine grained. Two samples of massive sulphide taken by the U. S. Geological Survey gave assay returns as follows:

<u>Assay</u>	<u>Silver (oz.)</u>	<u>Gold (oz.)</u>	<u>Copper (%)</u>	<u>Zinc (%)</u>
5.5'	.59	.09	4.05	5.5
7.0'	4.58	.03	5.13	7.5

In the zone of disseminated sulphides one sample gave results as follows:

9.0'	.30	.01	.90	.9
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This one sample may or may not be representative.

129 Kellogg  
Kellogg, Idaho  
Nov. 11, 1946

RECEIVED  
NOV 10 1946  
STATE DEPT OF GEOLOGY  
& MINERAL INDS.

Mr. F. W. Libbey  
Dept. of Geology & Mineral Industries  
700 Woodlark Bldg.  
Portland, Oregon  
Dear Mr. Libbey,

Silver Peak

I am acquainted in a general sort of way with the Silver Butte mine of the Silver Butte Mining and Milling Co., on Silver Butte Mt., Biddle, Oregon

I wonder if the department is able to give me information regarding the geology and size of the copper ore body on which this property is located?

The present owners are not acquainted with the mineral industry and would appreciate any recommendations that you might give in disposing of the property.

Sincerely yours  
Norman Hermens



7102

COPY

Seattle, Washington  
December 6, 1928

Mr. H. A. Guess  
120 Broadway  
New York City

Silver Peak Mining and Milling Co, Riddle, Oregon

Dear Sir:

A complete sampling of this property has revealed a few conditions not noted at the time of my first visit in August.

The ore body has been cross-cut at one place only with two drifts north and south on the best of the ore for a length of 100 ft. The maximum width is seventy feet, the detail value of which is reflected by samples 1 to 9, inclusive.

Sample No. 1 is practically barren massive pyrite on the foot-wall of the deposit. No. 2 is the next four-foot section and is composed of barren pyritized schist. These have been omitted from the estimates, although further prospecting might show the fifteen foot section represented by samples 1 and 2 to contain values at some other place along the lode. I do not believe the values or absence of values will be continuous, although the lode is fairly continuous.

The deposit is a replacement type in greenstone schist, containing lenses of massive pyrite, pyrrhotite, and chalcopyrite irregularly distributed through a pyritized shear zone of forty to seventy feet wide and traceable on the surface by exposures indicating a possible length of a thousand feet. Insufficient work has been done to determine the size, frequency, or recurrence of the massive sulphide lenses.

The sixty foot section from sample 2 to the hanging wall, sample 9, and the samples from the 2 drifts and stope average Gold .05 oz., Silver 1.64 oz., Copper 3.33%. This average includes samples 4, 5, and 6, 28 feet of pyritized schist in the center, that assays Gold, .01 oz., Silver 0.22oz., Copper 0.36% and might represent as much as 47% by volume of the entire ore body. The present development, however, is insufficient to warrant any such statement.

Excluding samples 4, 5, and 6, the average is Gold .06 oz., Silver 1.91 oz., Copper 3.91%. The higher cost of selective mining and the chance of missing better values elsewhere along this zone does not justify excluding this area in a preliminary estimate if the property is to be considered as straight milling operation. On this basis, the present development has defined an area sixty feet wide by one hundred feet long, 47% of which averages Au. .01 oz., Ag 0.22 oz., Cu 0.63% and 53% Au 0.06 oz., Ag 1.91 oz., Cu 3.91%. This would develop six hundred tons per foot of depth of an average grade of Au .036 oz., Ag 1.12 oz., Cu 2.26%.

The property is good prospect, and the type of the deposit and amount of mineralization indicate that possibly quite a tonnage grade of ore might be developed. On the other hand, if the property considered purely as a source of crude sulphide ore for Tacoma, selenium mining will produce a grade of ore containing Au .08 oz., Ag 2.54 oz. Cu 5.09%, Fe 28.1%, S 34.06%, Insoluble 24.2%. This can be benefited sorting to average 6.6% copper, as per the shipping records. About 11 tons per foot of depth can be expected within the limits of the present development. If the cross-section of the ore now exposed in the tunnel extends to the surface, and indications are favorable that it does, this block of ground alone will take care of Tacoma's minimum requirements for this class of ore for a year, or possibly two years.

The development now shows a hanging wall massive sulphide body 12' x 50' and a footwall massive sulphide body 4.67' x 60' at a depth of three hundred feet. This ore will average eight cubic feet per ton, and the two present bodies should produce on the above dimensions 30,000 tons of ore between the tunnel level and the surface. If this ore is mined during the development of the property, the outcome will be about as follows:

30,000 tons @ Au .08 oz., Ag 2.54 oz., Cu 5.09%			
Copper @ 15¢ and silver @ 56¢			
Pay for copper 5.09% - 101.80# @ 15¢	-	-	\$15.27
Less 20# @ 15¢ - \$3.00			
81.8# @ 2-3/4¢ - \$2.25	-	-	5.25
Pay for copper	-	-	\$10.02
95% of gold @ 20.00	-	-	1.52
95% of silver @ 56¢	-	-	1.42
Pay for Au., Ag., and Cu	-	-	\$12.96
Less smelter treatment \$2.50			
R. R. Freight 4.50			
Truck haul 2.50			
Mining 3.00			\$12.50
Operating profit			\$ .46 per ton

This grade of ore raised to 6.6% Cu, as per shipping record, would

return:			
Copper 6.6%	132# @ 15¢	-	\$19.80
Less 20# @ 15¢	\$3.00	-	
112# @ 2-3/4¢	3.08	-	6.08
Pay for Cu		-	\$13.72
Pay for Au and Ag		-	3.72
			\$17.44
For Au, Ag, and Cu,			
Less costs \$12.50			
Sorting .50			\$13.00
Operating profit			\$ 4.44

22,000 tons less 25% account of insufficient development - 16,500 tons - \$67,260 on 16% copper this calculated operating profit would be \$95,000.

It is to be emphasized that the above figures are not intended to be a reliable forecast of the ore in the block of ground under consideration but as a possible outcome to compare with the investment.

For a moderate scale operation, I believe the property will develop sufficient tonnage to justify a fairly good capacity sized mill, or it can be considered as a shipper of crude sulphide ore for Tacoma. However, all that can at this time be said is that it has these possibilities and warrants a good sized systematic development.

At least five hundred or six hundred feet of drifting and a few raises with intermediate levels should be run. The type of the deposit calls for frequent exploratory cross-cuts.

The deposit is traversed by many slips that have a tendency to terminate ore; on the other side of the slip, there is sometimes ore and sometimes only pyritized schist. I believe the ore will not be continuous for any great length, but there will be a recurrence of bodies along a fairly continuous zone for a thousand feet. A few scattered surface exposures indicate this.

The present equipment on the property is of little value, as it has already served its purpose. A new camp and equipment will have to be provided sufficient to do, say, 1,200 feet of drifts and cross-cuts @ \$25.00 per foot, or \$30,000, and seven hundred feet of raises @ \$30.00 per foot, or \$21,000. To this must be added cost of camp, road, and equipment, divided as follows: \$5,000. for road work, \$4,000. on camp and improvement of bunkers and sorting facilities, \$2,500 for drills and steel; \$8,000. for compressor and engine, and \$500. for small tools. Also, \$10,000 required by owners for account of their indebtedness, or a total initial investment will be \$55,000 with a possibility of spending \$80,000 distributed over about one year.

During this time probably 16,000 tons of crude ore would be shipped and would net an equal amount to the investment. In addition, the property has an excellent speculative possibility.

If the proposed development, on the present level, is satisfactory, some diamond drilling should be done preparatory to driving a deeper tunnel from the opposite or east side of the mountain. A tunnel approximately 1,800 ft. long will gain 1,000 feet depth (no measurement of this was made, however), as the vein dips towards the portal of the proposed tunnel. This tunnel will be about four miles from the railroad and rail connection can be made at this point.

The following is a complete list of samples taken and estimates used in this report:

Wallace, Idaho

November 10, 1947

MEMORANDUM FOR MR. KEITH WHITING:

OREGON, DOUGLAS COUNTY  
RIDDLES DISTRICT  
SILVER PEAK & UMPQUA  
CONSOLIDATED MINES

We have received answers to our inquiries from Dr. P. T. Meaney, representing the Umpqua Consolidated Mining Company and the Oregon Exploration Company, owners of part of the property that comprises the Silver Peak and Umpqua Mine.

Dr. Meaney has not mentioned terms but has stated that he is willing to enter into an exploration agreement, allowing free examination and no payments for a reasonable exploration period. I have not tried to pin him down more closely.

The other owner, represented by Mr. George Hermans, is the Silver Peak Mining Company. Mr. Hermans states that they value their property at \$75,000 and will allow a reasonable time for examination and exploration before any payments come due.

I have advised Dr. Meaney and will advise Mr. Hermans that we will discuss the matter further with them during the winter and, if agreement is reached, will undertake an examination next season when the snows have gone from the mine.

MWC:mb

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MANNING W. COX

COPY

AMERICAN SMELTING & REFINING CO.  
WALLACE, IDAHO

February 9, 1948

Mr. Kenyon Richard  
American Smelting & Refining Co.  
405 Montgomery Street  
San Francisco 4, California

Dear Ken:

I am enclosing memoranda covering the conversations I had with the Silver Peak people and Dr. Meaney.

As you know, they granted me a verbal option to hold the property for 60 days and I promised to tell them as soon as possible if we intended to do anything further. If you think it advisable, I will notify them that we are not interested, or if you prefer to submit it to Mr. Landwehr first I wish you would do so in time to get a reply before the first of April.

You left a 50 foot tape in the car and I am sending it to you under separate cover.

Very truly yours,

MWC:MB

MANNING W. COX

Encls:2

Wallace, Idaho

February 9, 1948

MEMORANDUM FOR MR. KENYON RICHARD:

OREGON, DOUGLAS CO.  
RIDDLE DISTRICT  
OREGON EXPLORATION CO.

This is a report of my conversation with Dr. P. T. Meaney on January 25, 1948.

Dr. Meaney holds in his own name the claims to the north and south of the Silver Peak Mining & Milling Company property, and Dr. Meaney as trustee for the Oregon Exploration Company controls the other adjoining claims, the list of which I gave you in Roseburg. There is a total of 17 unpatented claims on which no assessment work has been done this year.

He was not favorably impressed by Landwehr's proposal because he would like to see a little cash in hand. If we would undertake the assessment work he would allow us two free years for exploration, but would like minimum royalties or minimum monthly payments thereafter. I was unable to obtain any idea of the total price wanted, but I think \$50,000 would be the maximum demanded. Inasmuch as this property has been idle for 20 years and Meaney would like to be relieved of the responsibility of doing assessment work, I think we could pretty much hold to our own terms, especially since the Silver Peak people will go along.

MWC:MB

---

MANNING W. COX

Wallace, Idaho

February 9, 1948

MEMORANDUM FOR MR. KENYON RICHARD:

OREGON, DOUGLAS CO.  
RIDDLE DISTRICT  
SILVER PEAK MINING &  
MILLING COMPANY

The Silver Peak Mining & Milling Company is owned in equal fifths by Mr. John Bernard, Mr. George Hermans, Mrs. Elizabeth Reeves, Mrs. Maude Wiley and Mr. Herman Lotz.

The company has failed to pay its taxes for six years and their property, which consists of the north half of the northwest quarter of Section 26 and the southwest quarter of the northwest quarter of Section 26, will be sold for taxes on September 1, 1948. It will require \$560 to pay up the back taxes.

I talked with Hermans, Bernard and Mrs. Reeves concerning the proposition outlined by Mr. Landwehr and found them willing to go along on that type of deal. The only consideration which must be changed is that American Smelting & Refining Company advance sufficient money to pay up the taxes. This can be taken out as advance royalties or as part of the money which we would guarantee to spend upon the property. Mr. Landwehr suggested an option price of \$50,000, which they are unwilling to consider. \$75,000 is the minimum price which they will accept under a ten year option.

The affairs of this company are handled by Mr. Hermans and Mr. Paul Patterson who is attorney for Mrs. Reeves. Mr. Patterson is a shrewd businessman but has no faith in mines and would like to see his clients get out of the mining business.

As a little further background, each of these one-fifth owners represents from 4 to 10 people who are the heirs of the original owners. Mrs. Reeves is paralyzed and indigent. She is supported by the State of Oregon. I believe that Mrs. Reeves' interest could be bought for a few thousand dollars cash. The other owners are ranchers and dairymen in northern Oregon.

MWC:MB

MANNING W. COX

H. G. W.

APR 17 1944

April 15, 1944

*File in Douglas Co*

Mr. Frank W. Holzheimer  
1821 Smith Tower  
Seattle, Washington

MAMMOTH LODE PROPERTY  
JACKSON CO., OREGON

Dear Sir:

When in Sacramento, California early in February, I could not contact Mr. Treasher, who made the U. S. Bureau of Mines report on the subject property. I saw him at Sacramento recently however and from my conversation with him it is apparent that the mineralization in the Mammoth Lode consists of discontinuous and relatively small lenses of copper sulphide ore in a shear zone in schist.

We have previously examined a number of properties of this type in that general area and have not found any of them of sufficient tonnage probabilities to interest us though a smaller operator might make a go of some of them. From the comprehensive report of the U. S. Bureau of Mines I have decided we would not be interested in undertaking further development of the Mammoth Lode but we appreciate your bringing it to our attention and wish you success with it.

I have copied the U. S. Bureau of Mines report and attach it for your convenience, in case you do not have a copy of it.

Yours very truly

J. FRED JOHNSON

JFJ:ES  
cc :HAGuess  
HGWashburn



January 19, 1977

Mr. Irv Kiff  
418 Saluda Avenue  
Columbia, South Carolina 29205

Dear Irv:

I'm sorry to have procrastinated so long in getting these rocks to you for petrographic study and hope you will still have time for it before you get real busy again. After you have carefully examined a thin section of each specimen, I would like you to prepare a brief synopsis of its mineralogy, petrology, and alteration features, if any. If you think it would be helpful to include photomicrographs to illustrate your remarks, please feel free to spend the additional time required to make them.

The suite of three specimens labeled A, B, and C was collected in southwest Oregon from a locally mineralized outcrop of the Late Jurassic-age Rogue Formation. The Rogue includes a great thickness of volcanics comprising "light gray to greenish gray lenses of porphyritic andesite and dacite flow rock, tuff, and flow breccia" (Ramp, 1972). According to Wells and Walker (1953), the type section along the Rogue River "consists of intimately intermixed fine- to coarse-grained tuffs, agglomerates, flow breccias, and flows and their metamorphic equivalents". As an aid to your study, I am enclosing complete copies of the descriptive material from both of the above quoted sources. Also enclosed is a copy of my field map of the outcrop from which the specimens were obtained. Rock A, in outcrop, is very hard and could be intrusive into the rest of the section, although I didn't observe any crosscutting relationships or chilled margins. Rock B, whatever it is, is not mineralized and separates several intervals of Rock C which is both schistose and moderately to well mineralized. The specimen marked "Beaver Springs Mine" is from the same area and, in gross appearance, is similar to Rock C; in fact, it may be from about the same stratigraphic horizon. It, too, is well mineralized, and contains both chalcopyrite and sphalerite (watch for internal reflections in the opaques).

The sample marked "Gold Note intrusive" is a hard, tough, greenish gray rock that I have been calling andesite. It is in contact with carbonaceous(?) shale and/or slate and both the intrusive and overlying sediments are mineralized. In addition, massive pyrrhotite with subordinate chalcopyrite is present locally (along the contact between the two.) *not true. Cp-pyrr along slate-greenstone contact.*

July 20, 1976

Edwards W. Berands, President  
Silver Peak Copper Company  
Route 2, Box 128  
Forest Grove, Oregon 97116

Dear Mr. Berands:

Our records indicate you are the President of Silver Peak Copper Co. The Oregon Department of Geology and Mineral Industries would like to investigate the Silver Peak property along with several others in the State as part of a study of the potential copper and zinc resources in Oregon.

We would appreciate your permission to examine the property and publish data we may obtain on the property. This information would of course, be available to you prior to publication. A letter concerning this matter should be sent to:

Donald A. Hull  
Oregon Department of Geology and Mineral Industries  
2033 First Street  
Baker, Oregon 97814

Confidential file information is also held by the U. S. Bureau of Mines and we would appreciate your permission to obtain this data. Could you write to:

Mr. Richard Appling, Chief  
Western Field Operation Center  
U. S. Bureau of Mines  
E. 315 Montgomery Avenue  
Spokane, Washington 99207

asking him to release this material to us. We will be happy to make copies for you if you so desire.

Thanks very much for your help.

Robert E. Derkey  
Geologist

RED:rep  
cc: USBUMines

*cc Dave Lindsey*



## **DUNWOODY & COMPANY**

Internationally  
DUNWOODY ROBSON McGLADREY & PULLEN  
Chartered Accountants  
P.O. Box 49272, Four Bentall Centre,  
1055 Dunsmuir Street, Suite 1800, Vancouver, B.C.,  
Canada V7X 1C5  
Telephone: (604) 688-5421 Telex: 04-55488

### AUDITORS' REPORT

TO THE SHAREHOLDERS  
RAND VENTURES INC.

We have examined the balance sheet of Rand Ventures Inc. as at 31 July 1985 and statements of deferred exploration, development and other expenditures and changes in financial position for the fourteen month period from the date of incorporation, 4 May 1984 to 31 July 1985. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Company as at 31 July 1985 and the results of its operations and the changes in its financial position for the fourteen month period then ended in accordance with generally accepted accounting principles.

Vancouver, British Columbia  
30 October 1985

*Dunwoody & Company*  
CHARTERED ACCOUNTANTS



## DUNWOODY & COMPANY

Internationally  
DUNWOODY ROBSON McGLADREY & PULLEN  
Chartered Accountants  
P.O. Box 49272, Four Bentall Centre,  
1055 Dunsmuir Street, Suite 1800, Vancouver, B.C.,  
Canada V7X 1C5  
Telephone: (604) 688-5421 Telex: 04-55488

### COMMENTS ON UNAUDITED INTERIM FINANCIAL STATEMENTS

TO THE DIRECTORS  
RAND VENTURES INC.

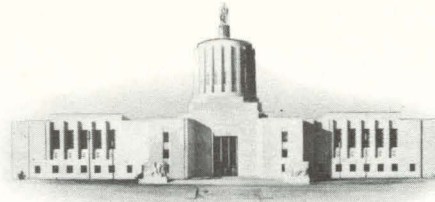
We have prepared the accompanying unaudited interim financial statements comprising balance sheet, statements of deferred exploration, development and other expenditures, and changes in financial position for the period ended 31 December 1985 from the records of Rand Ventures Inc. and from other information supplied to us by the Company and have reviewed such interim financial information. Our review, which was made in accordance with standards established for such reviews, consisted primarily of enquiry, comparison and discussion.

We have not performed an audit and consequently do not express an opinion on these interim financial statements. The most recent audited financial statements issued to shareholders on which we have expressed an opinion were for the fiscal period ended 31 July 1985.

Vancouver, British Columbia  
11 February 1986

*Dunwoody & Company*  
CHARTERED ACCOUNTANTS

GOVERNING BOARD  
MASON L. BINGHAM, CHAIRMAN, PORTLAND  
LES R. CHILD, GRANTS PASS  
NADIE STRAYER, BAKER



FIELD OFFICES:  
2033 FIRST STREET  
BAKER  
239 SOUTHEAST "H" STREET  
GRANTS PASS

STATE OF OREGON  
DEPARTMENT OF GEOLOGY AND MINERAL INDUSTRIES

1069 STATE OFFICE BUILDING  
PORTLAND 1

July 23, 1958

Dr. George S. Koch  
c/o State Assay Laboratory  
Grants Pass, Oregon

Dear George:

This is in reply to your letter of July 22 regarding the name and address of the man who has the Silver Peak mine maps.

The name is Mr. Phillip Meaney and his address is Board of Trade Building, Portland, Oregon. His phone number is CApital 8-9301.

I will be looking forward to receiving a report on southwestern Oregon similar to the one on eastern Oregon.

Regards.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Hollis M. Dole".

Hollis M. Dole  
Director

HMD:jr

COPY

Seattle Washington  
December 6, 1928

Mr. H. A. Guess  
120 Broadway  
New York City

Silver Peak Mining and Milling Co., Riddle, Oregon

Dear Sir:

A complete sampling of this property has revealed a few conditions not noted at the time of my first visit in August.

The ore body has been cross-cut at one place only with two drifts north and south on the best of the ore for a length of 100 ft. The maximum width is seventy feet, the detail value of which is reflected by samples 1 to 9, inclusive.

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The deposit is a replacement type in greenstone schist, containing lenses of massive pyrite, pyrrhotite, and chalcopyrite irregularly distributed through a pyritized shear zone of forty to seventy feet wide and traceable on the surface by exposures indicating a possible length of a thousand feet. Insufficient work has been done to determine the size, frequency, or recurrence of the massive sulphide lenses.

The sixty foot section from sample 2 to the hanging wall, sample 9, and the samples from the 2 drifts and stope average Gold .05 oz., Silver 1.64 oz., Copper 3.33%. This average includes samples 4, 5, and 6, 28 feet of pyritized schist in the center, that assays Gold, .01 oz., Silver 0.22 oz., Copper 0.36% and might represent as much as 47% by volume of the entire ore body. The present development, however, is insufficient to warrant any such statement.

Excluding samples 4, 5, and 6, the average is Gold .06 oz., Silver 1.91 oz., Copper 3.91%. The higher cost of selective mining and the chance of missing better values elsewhere along this zone does not justify excluding this area in a preliminary estimate if the property is to be considered as straight milling operation. On this basis, the present development has defined an area sixty feet wide by one hundred feet long, 47% of which averages Au. .01 oz., Ag 0.22 oz., Cu 0.63% and 53% Au 0.06 oz., Ag 1.91 oz., Cu 3.91%. This would develop six hundred tons per foot of depth of an average grade of Au .036 oz., Ag 1.12 oz., Cu 2.26%.

The property is good prospect, and the type of the deposit and amount of mineralization indicate that possibly quite a tonnage and grade of ore might be developed. On the other hand, if the property is considered purely as a source of crude sulphide ore for Tacoma, mining will produce a grade of ore containing Au .08 oz., Ag 2.54 oz., Cu 5.09%, Fe 28.1%, S 34.06%, Insoluble 24.2%. This can be benefited by sorting to average 6.6% copper, as per the shipping records. About 11 tons per foot of depth can be expected within the limits of the present development. If the cross-section of the ore now exposed in the tunnel extends to the surface, and indications are favorable that it does, this block of ground alone will take care of Tacoma's minimum requirements for this class of ore for a year, or possibly two years,

The development now shows a hanging wall massive sulphide body 12' x 50' and a footwall massive sulphide body 4.67' x 60' at a depth of three hundred feet. This ore will average eight cubic feet per ton, and the two present bodies should produce on the above dimensions 30,000 tons of ore between the tunnel level and the surface. If this ore is mined during the development of the property, the outcome will be about as follows:

30,000 tons @ Au. .08 oz., Ag 2.54 oz., Cu 5.09%			
Copper @ 15¢ and silver @ 56¢			
Pay for copper 5.09% - 101.80# @ 15¢	-	-	\$15.27
Less 20# @ 15¢ - \$3.00			
81.8# @ 2-3/4¢ - \$2.25	-	-	5.25
Pay for copper	-	-	<u>\$10.02</u>
95% of gold @ 20.00	-	-	1.52
95% of silver @ 56¢	-	-	1.42
Pay for Au., Ag., and Cu-	-	-	<u>\$12.96</u>
Less smelter treatment	\$2.50		
R. R. Freight	4.50		
Truck haul	2.50		
Mining	<u>3.00</u>		\$12.50
Operating profit			<u>\$ .46 per ton</u>

This grade of ore raised to 6.6% Cu, as per shipping record, would return:

Copper 6.6%	132# @ 15¢	-	-	\$19.80
Less 20# @ 15¢	\$3.00			
112# @ 2-3/4	3.08	-	-	6.08
Pay for Cu				<u>\$13.72</u>
Pay for Au and Ag				3.72
				<u>\$17.44</u>

For Au, Ag, and Cu,				
Less costs	\$12.50			
Sorting	.50			\$13.00
Operating profit				<u>\$ 4.44</u>

22,000 tons less 25% account of insufficient development - 16,500 tons - \$67,260 on 16¢ copper this calculated operating profit would be \$95,000.

It is to be emphasized that the above figures are <sup>not</sup> ~~jet~~ intended to be a reliable forecast of the ore in the block of ground under consideration but as a possible outcome to compare with the investment.

For a moderate scale operation, I believe the property will develop sufficient tonnage to justify a fairly good capacity sized mill, or it can be considered as a shipper of crude sulphide ore for Tacoma. However, all that can at this time be said is that it has these possibilities and warrants a good sized systematic development.

At least five hundred or six hundred feet of drifting and a few raises with intermediate levels should be run. The type of the deposit calls for frequent exploratory cross-cuts.

The deposit is traversed by many slips that have a tendency to terminate ore; on the other side of the slip, there is sometimes ore and sometimes only pyritized schist. I believe the ore will not be continuous for any great length, but there will be a recurrence of bodies along a fairly continuous zone for a thousand feet. A few scattered surface exposures indicate this.

The present equipment on the property is of little value, as it has already served its purpose. A new camp and equipment will have to be provided sufficient to do, say, 1,200 feet of drifts and cross-cuts @ \$25.00 per foot, or \$30,000, and seven hundred feet of raises @ \$30.00 per foot, or \$21,000. To this must be added cost of camp, road, and equipment, divided as follows: \$5,000 for road work, \$4,000 on camp and improvement of bunkers and sorting facilities, \$2,500 for drills and steel; \$8,000 for compressor and engine, and \$500 for small tools. Also, \$10,000 required by owners for account of their indebtedness, or a total initial investment will be \$55,000 with a possibility of spending \$80,000 distributed over about one year.

During this time probably 16,000 tons of crude ore could be shipped and would not. an equal amount to the investment. In addition, the property has an excellent speculative possibility.

If the proposed development, on the present level, is satisfactory, some diamond drilling should be done preparatory to driving a deeper tunnel from the opposite or east side of the mountain. A tunnel approximately 1,800 ft. long will gain 1,000 feet depth (no measurement of this was made, however), as the vein dips towards the portal of the proposed tunnel. This tunnel will be about four miles from the railroad and rail connection can be made at this point.

The following is a complete list of samples taken and estimates used in this report:



Sample No.	Width Ft.	Au oz.	Ag oz.	Cu %	Character	Location
1	11	Tr	.22	.38	Pyrite	F.W. Main X-C
2	4	.01	.26	.52	Schist	" "
3	9	.01	.40	3.77	Pyrite	" "
4	13	.01	.28	.06	Schist	" "
5	10	.01	.15	.43	Quartz	" "
6	5	.015	.21	1.00	Fe & Qtz.	" "
7	7	.05	.69	1.87	"	" "
8	8	.09	1.59	2.43	Pyrite	" "
9	8	1.02	1.92	3.45	"	H.W. "
10	5	.01	.16	.07	Schist	So. Face No. 2 Drift
11	6	.02	.63	1.42	Pyrite	So. Face No. 2 Drift
12	5	.015	.94	1.94	"	" "
13	3	.01	.43	1.33	"	" "
14	5	.01	.90	1.49	"	" "
15	3	.02	.71	1.38	"	" "
16	8	.03	.71	1.22	"	" "
17	8	.01	.69	1.65	"	" "
18	5	.02	.29	.12	Schist	W. Half No. 2 Drift
19	3	.02	1.34	2.56	Pyrite	E "
20	6	.03	1.00	2.58	"	" "
21	6	.02	1.18	2.93	"	" "
22	6	.02	1.74	3.23	"	" "
23	5	.04	1.55	4.51	"	" "
24	1.5	.09	8.02	21.26	"	Face No. 1 Drift
25	1.8	.251	16.39	14.04	"	" "
26	3	.04	13.80	13.48	"	" "
27	4	.01	2.19	5.28	"	Stope
28	4	.025	.64	4.51	"	"
29	5.5	.02	.69	4.92	"	"
30	5.5	.01	.69	2.39	"	"
31	3	.02	.74	3.86	"	"
32	3	.02	.47	2.39	"	"
33	3.5	.02	9.94	14.14	"	"
34	3	.16	7.63	10.86	"	"
35	4	.03	2.45	8.68	"	"

Samples included in estimate, shipping crude sulphide

<u>No.</u>	<u>Width Ft.</u>	<u>Au</u>	<u>Ag</u>	<u>Cu</u>	<u>Location</u>
19	3	.06	4.02	7.68	H.W. ore body
20	6	.18	6.00	15.48	"
21	6	.12	7.08	17.58	"
22	6	.12	10.44	18.78	"
23	5	.20	7.75	22.55	"
8	8	.72	12.72	19.44	"
9	8	.16	15.36	27.60	"
24	1.5	.135	12.03	31.89	F.W. ore body
25	1.5	3.765	24.58	21.06	"
26	3	.12	41.40	40.44	"
3	9	.09	3.60	33.93	"
27	4	.04	8.76	21.12	"
28	4	.10	2.56	18.04	"
29	5.5	.11	3.80	27.06	"
30	5.5	.05	3.80	13.14	"
31	3	.06	2.22	11.58	"
32	3	.06	1.41	6.87	"
33	3.5	.560	34.79	49.59	"
34	3	.63	22.89	32.58	"
35	4	.12	9.80	34.72	"

The average of both ore bodies: .08 oz. Au.; 2.54 oz. Ag; 5.09% Cu.

Ore shipments as per Tacoma smelter returns

<u>Date</u>	<u>Amt. Dry Tons</u>	<u>Au</u>	<u>Ag</u>	<u>Cu</u>
Aug. Nov. Incl. 1928	880	0.04 oz.	2.51 oz.	6.60% per ton

Ore shipped from North end of property, ground contested by adjoining claim.

<u>Date</u>	<u>Amt. Dry Tons</u>	<u>Au</u>	<u>Ag</u>	<u>Cu</u>
July - Nov. 1926	290	.16 oz.	10 oz.	8% average ton

This better grade probably due to closer sorting. It is undoubtedly from same vein, and 400-500 feet north of section that produced ore shipped August to November of this year.

Litigation: The property of the Silver Peak Mining and Milling Company consists of the NW $\frac{1}{4}$  of Sec. 26, T. 31 S., R 6 W. This is patented timber land, not covered by any mineral location. The Silver Peak lode strikes northeasterly across this patented timber land. The present workings of the Silver Peak Mining and Milling Company, measured along the strike of the lode, are 450' Southeast of the East-West line between Sec. 23 and Sec. 26. The lode dips southeast about 65° to 70°. The lode, after it passes into Sec. 23, apexes and is covered by lode locations. It will, therefore, be seen that the portion of the vein or veins that apex in the south half of the Southwest  $\frac{1}{4}$  of Sec. 23 passes into the North  $\frac{1}{2}$  of the NW $\frac{1}{4}$  of Sec. 26 on this dip; also that the law of "extra-lateral rights" grants the right to follow the vein on its dip limited in strike or length by the vertical projection of the end lines of the claims.

I have secured the accompanying photostat from the claim owners (Oregon Exploration Co.), who are trying to establish their rights under the patented timber land (Silver Peak Mining & Milling Co.). This map has been used in the law-suit. It will be noted that Silver Peak Lode No. 2 is so located that the area within the projection of its end lines includes the ore body or vein developed by Silver Peak Mining & Milling Co.; also, the area within the projection of the end lines of Silver Peak Lode No. 1 includes the ore body developed and mined by Oregon Exploration Co. in the NE $\frac{1}{4}$  of the NW $\frac{1}{2}$  of Sec. 26 (the patented timber land owned by the Silver Peak Mining and Milling Company).

In the County Court at Roseburg, Oregon, the Silver Peak Mining & Milling Co. was awarded the case; i.e., that vertical projection of an end line of the patented timber land holds; and it was held that the Oregon Exploration Co. had no extra-lateral rights in this case.

On November 14th, the case was heard at the State Supreme Court, Salem, Ore., no decision has been given and none is expected before the first of the year. If the Oregon Exploration Co. lose, they are prepared to carry the case to the Supreme Court of the U.S. On the other hand, should they get a favorable decision, the property of the Silver Peak Mining & Milling Co. has little value as a mining property.

No extra-lateral rights were patented timber lands will mean an embarrassing condition of mining claims in the forest areas of Ore. & Wash.

Right now neither company can deliver clear title. The Silver Peak Mining & Milling Co. are willing to do business with us, but the Oregon Exploration Co. wishes to wait the outcome of the case.

I am in close touch with both parties concerned and will be given first opportunity to consider a deal.

Very truly yours,

L. A. Levansaler



## STATE OF OREGON

## INTEROFFICE MEMO

TO: FILES

DATE: September 29, 1992

FROM: FRANK HLADKY

SUBJECT: TOUR OF SILVER PEAK

On September 17, 1992, I attended a tour of Formosa's underground workings and surface facilities at Silver Peak. In attendance were Tom Wiley and Kathleen Murphy (DOGAMI), David Hambree (Formosa, Chief Geologist), Pat Garretson (Formosa), Randy Koski (USGS), Bob Derkey (Washington DNR), and Gaylord Cleveland (Cominco).

The purpose of this tour was to review the surface facilities, underground workings, and geology of the project. The tour lasted all day.

Of particular interest was the presence of Bob Derkey, an expert on Kuroko-style massive sulfide deposits, who had not been to the site since he did his PhD on Silver Butte over ten years ago. At that time, it was thought that Silver Butte might contain 60,000 tons of ore.

The value of last year's production of copper and zinc concentrates, including gold and silver, was nearly \$1.1 million. Reserves stand at nearly a 461,000 tons grading 3.02 percent copper, 3.42 percent zinc, 0.045 ounces per ton (opt) gold, and 1.26 opt silver. Mill and mine capacity is about 400 tons/day presently, with current production about half that. Both mill and mine were active. Concentrates were being trucked off site.

Tailings are currently being pumped into mined-out workings. Mining then proceeds on top of the tailings. A 10 percent addition of cement for the fine tailings seems sufficient to sustain heavy equipment. In addition, rebar- and wire-reinforced cemented tailings in certain areas will allow mining to proceed beneath some backfilled areas. Mining proceeds to meet mill demand for ore type and grade and does not necessarily proceed in a single direction or level.

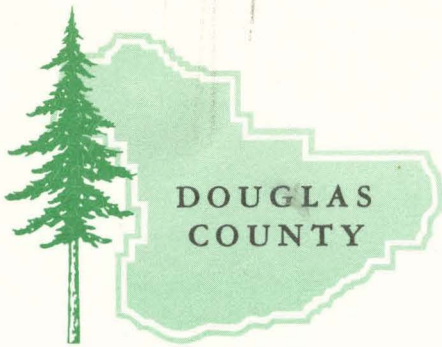
About 20 percent of the surface of the water/tailings impoundment was covered with fine tailings. I did not ascertain how full the impoundment is with tailings. These tailings are pumped back into mined-out underground workings. The impoundment also acts as the mill's main water reservoir. The mill requires 200 gallons per minute (gpm). Although the operation recycles water from the mine, about 30 percent is lost to underground fractures during the backfilling of tailings. An on-site well produces 5 gpm. The remaining loss is made up by trucking water up the hill.

A newly installed tailings thickener next to the mill will reduce the amount of water being pumped with the tailings by 50 percent or better. This is supposed to increase the efficiency of backfilling, reduce water loss, and decrease water haulage costs.

Although there is abundant water at many levels of the mine, some of the upper workings were flooded to knee deep, there was no surface mine drainage observed. Drains, sumps, and pumps were observed capturing and recycling all water at or near the surface.

Surface disturbances remain confined to those areas identified by 1990 photos.

A note of thanks here, to David Hembree, a gracious host whose answers to questions concerning Silver Peak reflect a high level of integrity and professionalism.



LAND DEPARTMENT

COURTHOUSE . . . ROSEBURG, OREGON 97470 TELEPHONE 503/672-3311

October 28, 1976

Department of Geology & Mineral Industries  
State of Oregon  
521 N.E. "E" Street, Field Office  
Grants Pass, Oregon 97526

Attention: Len Ramp, Geologist in charge

Dear Len:

Am enclosing Chevron data on Silver Butte, Douglas County.

The letter to Board of County Commissioners is also attached, which you note, requires confidence from general public dispersal. The Board, upon my recommendation, has granted Chevron a one year extension of their license.

After you have looked through this data, please return.

With best regards.

Sincerely, *Bob*

Robert E. Kischel  
Real Property Supervisor

REK:fg



## STATE OF OREGON

## INTEROFFICE MEMO

TO: FILES

DATE: APRIL 10, 1990

FROM: FRANK R. HLADKY

SUBJECT: SILVER PEAK MINE, FORMOSA EXPLORATION, FORMOSA RESOURCES CORPORATION.

### Introduction

On April 4, 1990, Tom Wiley and Frank Hladky of the Grants Pass DOGAMI office visited the Riddle, Oregon office of Formosa Exploration, a wholly-owned subsidiary of the Canadian firm Formosa Resources Corporation. We were introduced to project manager Will Beach, and then mine geologist Chris Sebert conducted us on a tour of Formosa's Silver Peak project, including inspection of core and a tour of the underground workings at Silver Butte. Attached is a cross section sheet and an eleven-page handout provided by Formosa including two geologic maps, unit descriptions, and structure descriptions.

### Location

The Silver Peak Mine is located on Silver Butte in secs. 23 and 26, T. 31 S., R. 6 W., 6 miles south of Riddle, in the Canyonville 15-minute quadrangle, Douglas County, Oregon.

### Current Status

Formosa is conducting diamond-core drilling, underground channel and rock chip sampling, reaming out old drifts, and conducting bulk sampling along exploration drifts. The project is awaiting final approval and permitting from DOGAMI regarding a proposed tailing pond at the mine site.

### History

Ore was first discovered in 1910 by Robert Thomason. Exploration and mining activities were carried out in the 1920's by Silver Peak Copper Co. (a.k.a. Silver Peak Mining and Milling Co.) and Oregon Exploration Co. (a.k.a. Umpqua Consolidated Mining Co.). These two companies contended over segments of the area in the late 1920's. Silver Peak Copper Co. produced 3256 tons of ore between 1926-1930 (inclusive) and Umpqua Consolidated 38 tons during 1930. About 3300 tons of ore was shipped in 1936-37. Ramp (1972) reports total production from Silver Peak at 6620 short tons of ore for the years 1926, 1928-31, 1936-37 which yielded 735,600 pounds of copper, 21,980 ounces of silver, and 490 ounces of gold. DOGAMI's files indicate sporadic activity until the late 1970's when the property was explored by

Chevron. Subsequent to Chevron dropping the property, Formosa picked up Silver Peak in the mid-1980's (Sebert, 4-4-1990, mine tour).

## Regional Geology

Silver Butte is located in the northern Klamath Mountains within the Western Jurassic belt.

## Local Geology

Rocks at the Silver Peak mine consist of sequences of metamorphosed basaltic to dacitic tuffs and flows, diabase, and serpentinite partially altered to talc.

Silver Butte is bounded to the northwest by the Coast Range "thrust" and to the southeast by the Silver Butte "thrust" which are both more or less northeast-trending structures. The Coast Range "thrust" is a major bounding structure for it separates metamorphosed volcanoclastic rocks of the Silver Butte area (Western Jurassic terrane) from less metamorphosed Dothan sedimentary rocks (Yolla Bolly terrane) to the west.

The strike of the rock units at Silver Butte parallels the trend of the Coast Range and Silver Butte faults. Bedding dips about 60-70 degrees SE, but varies locally from 25-85 degrees SE to a few steep westerly dips along shear zones. Formosa's geological report indicates the east-dipping units are upright with tops to the east.

Foliation is present in many of the units and is generally parallel to bedding. There is often a lineation visible on the foliation surfaces that plunges 20-30 degrees to the SE. These rocks have been described as LS-tectonites which ideally form through "plane strain simple shear" which results in elongation (causing a lineation) in one direction compensated by flattening (causing foliation) at right angles to elongation. This type of deformation is characteristic of ductile shearing. In contrast, Derkey (1982) argues that the observed foliation is due to simple compaction of subaqueous pyroclastic flows under the weight of later flows, and the observed elongation is either due to the pyroclastic rocks having been deposited and compacted on a slope or else reflects an alignment during flowage prior to deposition. We did observe what appeared to be a slump fold within tuff, this being small-scale, having a restricted lateral occurrence within a bed, having an axis at an oblique angle to the pervasive foliation and structures within the mine, and being rootless. Previous geologic work indicates that original sedimentary structures remain, but our observations indicate these, although present, to be often poorly preserved and commonly overprinted by structural and metamorphic textures. It was



noted by us as well as company geologists that compaction foliation should be local and small scale and is, in fact, pervasive and large scale, and associated with large structures bounding serpentinite and pyroclastic units. We also noted many structures parallel to the Coast Range fault displaying near horizontal slickensides and vertical tension gashes, the latter being filled with quartz and/or calcite. These structures were evident near several ore horizons and occasionally cut them. Horizontal slickensides and vertical tension gashes and the development of talc and other phyllosilicate minerals on or subparallel to near-vertical structures and local attenuation along strike of units indicates strike slip movement. The orientation of probable P-shears to through-going NE-trending structures within the mine indicates probable right-lateral shear.

### Ore Bodies

The Silver Peak mine is considered a Kuroko-type volcanogenic massive sulfide. The ore bodies consist of several series or lenses of massive sulfide, frequently sheared sub-parallel to strike, interlayered with metamorphosed tuff and diabase and commonly in structural contact with serpentinite on the hanging wall. It was the general opinion of company geologists that structure within the mine causes numerous complexities, especially with respect to exploration.

### Reserves

Chris Sebert reported to us reserves of 420,000 tons grading 2% Zn and 4% Cu and an unspecified but minor tonnage of Au locally grading 0.3 opt.

8400 tons Zn  
16800 tons Cu

### Equipment

A tour of mining and production equipment was not explicitly provided, however, we observed in Formosa's warehouse several hand-held, "winke" drills for small-diameter, diamond-core exploration; at the mine site: a portable mill for processing test ore; an underground loader with one-yard bucket which moved several tons of material from exploratory drifts during our geological tour; several caches of explosives; a track-mounted, small-diameter, surface drill rig, probably percussion-type; several portable, rubberized sumps; numerous high-velocity ventilation fans; and various 4WD vehicles.

### Plans

Formosa is conducting ongoing exploration and testing principally by driving exploratory drifts for the purpose of ore definition. Most old workings have been rehabilitated and several extended. New ventilation raises have been

driven. Work is commencing on an on-site tailings pond, from which tailings will be recycled back into abandoned mine workings. Drilling is planned immediately southwest of Silver Butte along the inferred southern extension of known ore horizons. Production is awaiting final permitting approval by the DOGAMI Mined Land Reclamation office concerning the environmental integrity of the proposed tailings pond and recycling plan.

#### References

- Derkey, R. E., 1982, Geology of the Silver Peak Mine, Douglas County, Oregon [PhD. dissertation]: University of Idaho, Moscow, Idaho, 188 p.
- Ramp, Len, 1972, Geology and mineral resources of Douglas County, Oregon: Oregon Department of Geology and Mineral Industries, Bulletin 75, 106 p.

Nov. 19, 1986

LEN RAMP, GEOLOGIST  
GRANTS PASS FIELD OFFICE  
OREGON DEPARTMENT of GEOLOGY

Dear Mr. Ramp,

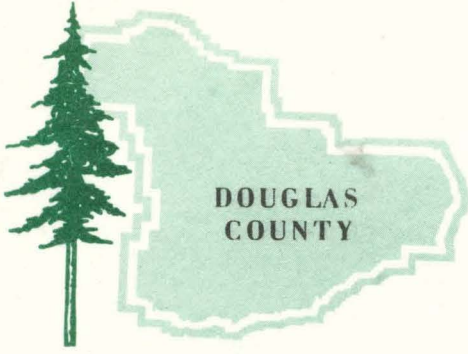
The specimen of 1/4 cut core from our massive sulfide project at Silver Peak, Douglas County, Oregon, in the JR volcanics of the Pogue Formation assayed as follows:

2.14 % Cu  
1.6 % Zn  
.001 OPT Au  
.31 OPT Ag  
3.96 % Ba  
21.31 % Fe

The rock is called "Quartz-Serite-Pyrite foliated tuff"

Best Regards -  
Arden Chernack  
of Rand Ventures Inc.  
Vancouver, B.C.  
Canada

from Dec. 3, 1986:  
FORMOSA RESOURCES CORP.  
580 - 355 BURNARD ST.  
VANCOUVER B.C.



## LAND DEPARTMENT

COURTHOUSE — ROSEBURG, OREGON 97470 — TELEPHONE (503) 672-3311

August 6, 1981

Len Ramp  
Dept. of Geology and  
Mineral Industries  
P.O. Box 417  
Grants Pass, OR 97526

Dear Len:

Under separate cover I am returning certain Chevron data maps. Enclosed please find Mise-A-La-Masse survey which we recently found in our files.

The idea of your office being a central depository sounds good to me. Will forward all other pertinent data to you in the future as it becomes available.

Hope we can get together some cold rainy day when field work is stopped, to talk about a few things.

Sincerely,

Bob Kischel  
Director

REK:bk  
Enclosure

# COPY

October 19, 1965

Mr. Ed S. Peer  
P.O. Box 228  
Burbank, California

Dear Mr. Peer:

We have an Ore-Bin article on the Silver Peak area and related mineralization that I am enclosing.

The best source data on the mine is in Shenon's 1933 report published by the U. S. Geological Survey as Circular 2, entitled "Copper deposits in the Squaw Creek and Silver Peak districts and at the Alameda Mine Southwestern Oregon with notes on the Pennel & Farmer and Banfield prospects." Circular 2 has been out of print for some time. I took the liberty of having copies made (2 each) of the pages covering the Silver Peak. We are keeping one set in our file - your share of the \$5.00 charge is \$2.50 for the enclosed copies. One set would have cost me \$3.00.

The U.S.G.S. made a further study of the Silver Peak and other mines reporting the Pacific Northwest zinc reserves in 1941. I can't find the source but quote the significant data from a typed carbon copy of the report in our file.

"Estimates: A block of massive ore 8 feet wide, 300 feet long and 200 feet high (entirely above the lower tunnel level) gives, on a basis of 8 cubic feet of massive sulfide ore to the ton, 60,000 tons which at 6% should yield 3600 tons of metallic zinc. The entire length of the zone could give over 100,000 tons; and if another 100 feet of depth below the lower level were taken, the total tonnage should be over 200,000 tons of ore to yield 12,000 tons of metallic zinc. The type of ore suggests that ore bodies may continue to depths of many hundreds of feet, so the amount of "possible" ore may be as much as 500,000 tons."

On your second question regarding a study of the Applegate area I am wondering if you are referring to our geochemical sampling program. Analysis of the samples taken this summer should be completed by next

E. S. Peer  
10/19/65

COPY

- 2 -

summer. This information is available as soon as completed or at any stage of completion prior to publication by requesting copies from R. G. Ewen, geochemist, at our head office 1069 State Office Building, Portland, Oregon. There is a nominal charge for making individual copies of the results. It would probably be a good idea to send your request by early spring and specify the area you are interested in. A copy of the topographic map covering the area on which they can plot the sample locations would probably facilitate matters further.

Sincerely,

LR:amj  
encl.

Len Hamp  
Resident Geologist





IN REPLY REFER TO:  
OR-100-87-05N  
3809

# United States Department of the Interior

BUREAU OF LAND MANAGEMENT

ROSEBURG DISTRICT OFFICE  
777 NW Garden Valley Boulevard  
Roseburg, Oregon 97470

*mine file*

*Silver Peak*  
*Douglas Co*  
*Riddle Dist*  
JUN 11 1987

Mr. Len Ramp  
Oregon Dept. of Geology and  
Mineral Industries  
312 S.E. "H" Street  
Grants Pass, OR 97526

Dear Mr. Ramp:

Enclosed is a copy of a report about the Silver Butte exploration project by Formosa Resources Corporation for your information. The company did not provide us with pages 62-68 as they dealt with the project budget. Also not included are Plates 1-10 which I have but could not reproduce because of their size. If you still would like a copy of the plates please contact me so that we can make some sort of arrangement to reproduce them. My telephone number is 672-4491.

Sincerely yours,

*John F. Kalvels*

John F. Kalvels  
District Mining Engineer

1 Enclosure: Summary Report

*yes would like the Plate can copy them here call! called 10-3-87*



R. H. SERAPHIM ENGINEERING LIMITED  
GEOLOGICAL ENGINEERING

316 - 470 GRANVILLE STREET  
VANCOUVER, B.C. V6C 1V5

MEMORANDUM

TO: Formosa Resources Corp.

DATE: March 31, 1987

RE: Ore Reserve Calculation - Silver Peak Project

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The writer has checked the general method of calculation of the reserves, without checking all of the arithmetic in detail. The data provided includes detailed assays from each sample and the grade of each mineralized block. This grade is reported to be calculated using "the weighted average grade of all assays pertaining to that block and the average true thickness of all sample intervals". This method of calculation is normal and accepted, assuming more or less even distribution of sampling. The overall grade of the combined blocks is then calculated using weighted averages, and this also is an accepted and normal procedure.

The method of calculating tonnages, multiplying length by true width by depth of block with a factor to allow for the slope, is also normal and accepted procedure.


Definition of the resultant reserves is, in my opinion, best allocated to several categories:

- (A) "drift and or raise indicated" if the pertinent block contains assay data from sample taken in drifts or raises, without drill holes;
- (B) "drift or raise plus drill indicated" if the block contains assay data from drill core sampling as well as that from drifts and or raises;

- (C) "drill indicated" if the block contains assay data from drill core sampling without additional support from drift or raise sampling.

The cutting of high assay results is debatable, particularly when massive sulfides are involved. A procedure such as cutting all assay results of more than twice the average down to twice the average, and then recalculating to determine a new weighted average may be unduly conservative. However, fundamental data for the basis of calculation should be reported, together with data which permits a revision by the reviewer if desired.

The result is full and true disclosure, which might not always fit with methods advocated or utilized by some examining regulatory authorities.

  
R.H. Seraphim, Ph.D., P.Eng.  
March 31, 1987