

Que. Mathegoni Minerals Ltd (1961)

formerly CANADIAN THORIUM CORPORATION, LTD.

In September, 1956, Canadian Thorium Corporation, Ltd. took over the uranium-thorium property of New Turbois Mines Limited in Hyman township. In 1955, New Turbois Mines Limited owned a group of 72 contiguous claims, comprising about 2,800 acres. These covered a strip across lots 1 - 12, concession V, and lots 4 - 6, concession VI, (before annulment of these subdivisions), in the northern part of Hyman township. The property lies about 4 miles north of Agnew Lake and is reached from it by a bush road over which a jeep can be driven. The claims were developed by surface work and about 36,000 feet of diamond-drilling.

The following report is based on records of New Turbois Mines Limited, especially a summary report by L.G. Phelan, company engineer, dated November 21, 1955. The writer has not visited the property.

GENERAL GEOLOGY

The general geology of the area is shown on Map 291A (Espanola sheet) of the Geological Survey of Canada. Fig. shows diagrammatically the geology in the vicinity of the radioactive deposits. Heavy overburden covers most of the bedrock in the vicinity of the No.2 and No.3 zones and accurate geological relationships are difficult to obtain. The radioactive minerals are found in quartz pebble conglomerate which is interbedded with sericitic quartzite and argillite; these are correlated with the Mississagi formation of Huronian age. The sedimentary rocks are bounded on the north by a

granitic complex which is believed to intrude them. Small masses of basic intrusives cut all other rocks.

The sedimentary rocks underlie most of the property. They strike northeast to east-west and have a very steep dip. It is thought that they are closely folded into a syncline, the axis of which bisects the argillitic member. In the embayment of sediments in the granite (No. 3 zone, Fig. 1) the sericitic quartzite is repeated by folding and possibly by faulting.

URANIUM-THORIUM DEPOSITS

These have been described in the above-mentioned summary report by L.O. Phelan as follows:

" Extensive uranium-thorium deposits have been found in the pebble conglomerate beds within the sericitic quartzite. The ore is very similar to that found in the Blind River area a few miles to the west. The pebble beds are composed principally of quartzite pebbles in a quartz-sericite matrix with varying amounts of pyrite and pyrrhotite. Uranothorite, monazite, and uraninite have been identified as at least some of the uranium- and thorium-bearing minerals.

In the #2 and 3 zones described below there is a main ore-bearing conglomerate horizon, continuous but of varying width and grade. This horizon is flanked by two or more parallel conglomerates which are lenticular in habit, reappearing at irregular intervals in more or less the same stratigraphic position. In both the main and flanking conglomerates the walls are indefinite, there is a central higher grade core which grades outward into barren and more

" or less pebble-free quartzite.

Fairly accurate indications of the uranium grade are available. Thorium assays have been obtained, but no grade calculations have yet been made. Combined grade calculations will be difficult until such time as a price can be placed on the thorium, because the uranium-thorium ratio is extremely variable and the high-uranium sections are not necessarily the high-thorium sections. It is quite possible to assay two adjoining and strongly radioactive sections of drill core and obtain from one an assay of 0.15% U_3O_8 with 0.05% ThO_2 , while the other assays 0.03 U_3O_8 with .5% ThO_2 .

As an overall arithmetic average of the uranium-rich sections, the thorium-uranium ratio is from 3:1 to 4:1. Grades and tonnages quoted below cover only the uranium-rich sections. If thorium-rich sections are to be included in ore calculations, then the tonnages can probably be increased by a factor of two or more.

Drilling to date indicates approximately 750,000 tons of uranium ore carrying 0.095% U_3O_8 , with a thorium content averaging about 0.3 to 0.35% ThO_2 . This is found in four zones described in detail below.

#2 Zone

This zone occurs in the coarse sericitic quartzite on the south limb of the main syncline. It has been traced by diamond drill for a length of over 3,150 feet; it is cut off to the west by a fault and appears to be lensing out eastward.

Scattered values are obtained in all conglomerate beds, but the only one consistent enough to be included in the

" following calculations is the central bed.

Two tiers of holes have been drilled, cutting the zone at 100- and 300-foot depths, and one hole has cut the zone at 500 feet. The overall average grade is 0.079% U_3O_8 over a 5-foot width. There are indicated 1,325 tons per vertical foot.

Within the 3,150-foot length there are four higher grade shoots separated by low grade zones. These shoots rake downward to the east at an average angle of $.35^\circ$. These shoots contain 900 tons per vertical foot with a grade of 0.09% U_3O_8 . The thorium content of the shoots is about 0.3% ThO_2 .

No appreciable change in character or grade was noted at depth. The nearest known granite is 800 feet to the north. There is good reason to expect that the values will persist down dip for an indefinite distance.

#3 Zone

The #3 zone is found on the north limb of the syncline, in the embayment and immediately south of the granite. There are three sections. The B and C sections are merely two parts of the same zone separated by a fault. The A section, north of B, is believed to be a repetition of the same bed, on the north limb of an anticlinal fold.

The structure in the rocks adjoining the granite is very complex and has not been completely worked out. Among other complications there is a more or less flat thrust fault which has displaced both greywacke and granite so that these

" cap a portion of the #3 zone. Only deep drilling detected much of the ore.

3A Section-

This section lies entirely within the granite embayment. It has a length of approximately 650 feet, is cut off to east and west, and presumably at depth by granite. It is known to extend to a depth of at least 400 feet in the centre of the section.

There are three parallel conglomerate beds, the central one carrying consistent values for the full length of the section, and the southerly bed consistent for a length of 300 feet. From limited drilling these aggregate 560 tons per vertical foot grading 0.106% U_3O_8 . Thorium content is estimated to be 0.4% ThO_2 .

3B Section-

This section is 1,200 feet long. It is cut off to the west by granite and to the east by a fault.

The eastern portion is capped by overthrust granite and greywacke.

Granite is quite shallow to the west (300 - 400') but has not been intersected at depth to the east. Values occur in two and sometimes three parallel conglomerate beds. There has been insufficient drilling to arrive at any ore estimates. Values are erratic, ranging from 0.096% U_3O_8 /39.0' through 0.35% U_3O_8 /2' to 0.05% U_3O_8 /7.0'. There is a similar variation in thorium values.

" 3C Section-

This section also is only partially outlined and is complicated by a granite overthrust and cross-faulting. It has been traced for a length of 1,000 feet and a depth of 400 feet. It is cut off to the west by faulting and may be open eastward. So far as is known it is not cut off at depth by granite.

Again there is insufficient information available to make tonnage calculations. Three parallel conglomerate beds carry values. Widths and grades are erratic; e.g. 0.097% U_3O_8 /26.0', 0.09%/2.7', 0.07%/13.0', 0.101%/7.3'.

#1 Zone

This zone occurs in quartzites south of the #2 zone and apparently is a distinct horizon. It is characterized by high but spotty copper values. Little work has been done on this zone. Uranium values appear to be erratic and low.

SUMMARY

To 400-foot depth, the #2 and 3A zones are estimated to contain 625,000 tons grading 0.095% U_3O_8 . Assuming a minimum amount from 3B and 3C zones, there is indicated some 750,000 tons. "

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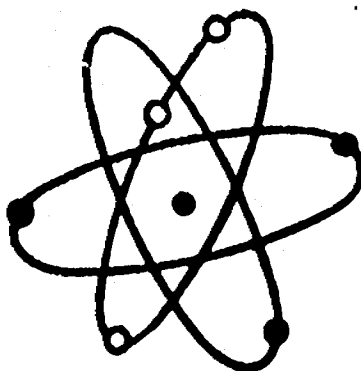


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QUEBEC MATTAGAMI MINERALS LIMITED



Interim Report to the Shareholders

October 19, 1967

QUEBEC MATTAGAMI MINERALS LIMITED

Suite 1705 - 80 Richmond St. West
TORONTO 1, CANADA

October 19, 1967

The Shareholders:

11 Earlier this year Kerr Addison Mines Limited announced its decision to bring the Agnew Lake uranium property owned 80% by Kerr Addison and 20% by Quebec Mattagami Minerals Limited into production with a target date of January 1st, 1971. Subsequently Agnew Lake Mines Limited was incorporated to which the property was transferred, Quebec Mattagami Minerals Limited receiving 150,000 and Kerr Addison Mines Limited 600,000 of the 750,000 vendor shares issued.

Detailed planning of the initial construction programme has been completed and every effort is being made to achieve production as soon as possible. The seven mile access road has already been constructed and is presently in use. In addition the hoists have been purchased, engineering of the power line completed, collaring of the shaft is presently underway, the foundation contractor is on the site, the drainage system is virtually completed and all plant and equipment necessary to continue the surface and shaft sinking programme through the winter months is either on the site or will be delivered shortly.

This interim report contains a summary of a technical and financial study of Agnew Lake Mines Limited commissioned by Quebec Mattagami Minerals Limited and a copy of the recent press release of Agnew Lake Mines Limited relating to the current drilling programme.

Your directors are very pleased with progress at the property within the past year and look forward confidently to the successful future of Agnew Lake Mines Limited and of your Company.

On behalf of the Board of Directors

J. L. C. JENNER
President

SUMMARY OF TECHNICAL AND FINANCIAL STUDY

AGNEW LAKE MINES LIMITED

prepared by

DAVID S. ROBERTSON & ASSOCIATES LIMITED
CONSULTING GEOLOGISTS & MINING ENGINEERS

TORONTO 1, CANADA

13 October, 1967

INTRODUCTION

At the request of the management of Quebec Mattagami Minerals Limited we undertook a detailed technical and financial study of Agnew Lake Mines Limited, which company is owned 80% by Kerr Addison Mines Limited and 20% by Québec Mattagami Minerals Limited. This report is a summary of this study. //

In the course of completing our research we had access not only to all technical data and cost estimates of the project managers, Kerr Addison Mines Limited, but also to the benefit of discussions with that company's executives and geologists. In addition, as consulting geologists on the project for the past three years, we are familiar with exploration and development work performed and proposed and with the geology of the property. The conclusions and opinions expressed in this report are our own based on the above information and from our own research and studies, particularly as to the probable price of uranium oxide during the 1970's. Our comments may be regarded as our best assessment of the matters discussed on the basis of data currently available and assumptions and forecasts which we believe reasonable. We have endeavoured, as requested, to be realistic.

SUMMARY

We estimate that the Agnew Lake Mine can be brought into production by early 1971 with a capacity of one million tons of ore per year for a capital cost of \$33,200,000. Operating costs at that time are estimated at \$7.50 per ton. Our analysis indicates repayment of capital costs within the first two and one-half years and a net profit of about \$60,000,000, after payment of all debt, in the first ten years of production. Our calculations are based on the estimated ore reserves within the twenty-six claims in Hyman Township, Ontario, acquired by Agnew Lake Mines Limited from Quebec Mattagami Minerals Limited and do not include any reserves on property owned exclusively by Kerr Addison Mines Limited.

ORE

Four feldspathic quartzite zones carrying radioactive conglomerate are known on the property and it is anticipated that additional zones will be found as drilling is carried out from underground at greater depth. The conglomerates carry economic values in uranium and high values in thorium and rare earths. In general the thorium and rare earth contents of the reefs are significantly higher than that in the reefs at Elliot Lake, where the ore zones are geologically similar but lie more or less horizontal as opposed to the very steeply dipping ore zones on the Agnew Lake Mines Limited property. The average Th/U ratio in the ore of Agnew Lake Mines Limited is greater than 2 while at Elliot Lake the ratios are normally about 1. Rare earth content may be as much as five times higher than in the Elliot Lake ores. //

RESERVES

Indicated ore reserves are sufficient (if proved as expected by detailed underground drilling) to provide mill feed at the rate of one million tons per year for at least ten years. These reserves have been calculated to a depth dictated by the deepest intersections in each zone. //

DRILL INDICATED TONNAGE

| | Average Grade U_3O_8 lbs./ton | Average True Width Ore (ft.) | Tons Ore | Pounds U_3O_8 |
|----------------|---------------------------------------|------------------------------------|-------------|--------------------|
| 1.8 lbs. plus | 2.25 | 8.7 | 3,365,000 | 7,560,000 |
| 1.25-1.5 lbs. | 1.41 | 12.0 | 2,411,000 | 3,409,000 |
| 1.00-1.25 lbs. | 1.08 | 7.8 | 4,656,000 | 5,053,000 |
| TOTAL | Σ 1.54 | 9.2 | 10,432,000 | 16,022,000 |

INFERRED TONNAGE

| | Grade (lbs.) | True Width (ft.) | Tons Ore | Pounds U_3O_8 |
|---|-----------------|---------------------|-----------|--------------------|
| Enclave Ore | 2 | 9 | 500,000 | 1,000,000 |
| 2 Zone below 800 ft. and above 2400 ft. | 1 | 5 | 1,000,000 | 1,000,000 |

On the basis of what is known about the conglomerates, the higher grade 3 and 5 zones, and possibly other known zones, will continue to greater depths than that to which they have been calculated for inclusion in drill indicated reserves. It is possible that the tonnage on the property may double should 3 zone continue as currently known and should 5 zone develop as expected. Furthermore each additional new commercial zone will add appreciably to the over all eventual reserves. With data currently available it is not possible to calculate what the character of the ultimate tonnage will be. Over all grade will improve as the heavy influence of the rather low grade 2 zone is reduced by the development of higher grade ore at depth in the better zones.

ECONOMICS

Our studies of the supply demand relationship in the uranium industry indicate that by 1971 the price of uranium will exceed \$9.00 per pound U.S. and may exceed \$10.00 per pound U.S. Comments by responsible authorities appear to agree with this and the price on the free U.S. market is now in excess of \$7.50 per pound U.S. for 1969 deliveries. During the 1970's the price of uranium is expected to rise beyond these levels. This price rise will be caused in part by an increasing awareness of an ultimate shortage of reserves at less than \$10.00 per pound. The more immediate cause, however, will be shortage of productive capacity to deliver at rates required by the growing market.

Uranium in the ores largely occurs in minerals that are soluble. Initial leach tests performed on drill core rejects suggests that uranium recovery from the ores will be in the range of 95 percent of the head grades.

The rare earths occur in the ores in the same way as thorium, part goes into solution in the leach and part does not. Further work is required to define how much yttrium can be recovered. Preliminary work suggests that a volume such as to yield a minimum of \$1.00 per ton milled may be recoverable.

OPERATING COSTS

Costs per ton of ore are expected to be less than those applicable at Elliot Lake for three reasons. First, the fact that the ore is much more steeply dipping than that in the Elliot Lake camp will facilitate mining and reduce costs. Mining methods have not been detailed nor will they be until the underground development proposed is completed. Second, milling has the advantage of all of the Elliot Lake experience to draw upon. There is, for example, time for planning so that there will not exist design errors and waste inherent in the crash programs of the 1950's in the construction of uranium mills. Third, it appears that the ore is less fractious to treat than the Elliot Lake ores.

1954 Model - Quick costs about 3 to 4" = \$6 U₃O₈ = \$7 per ton (approx.)

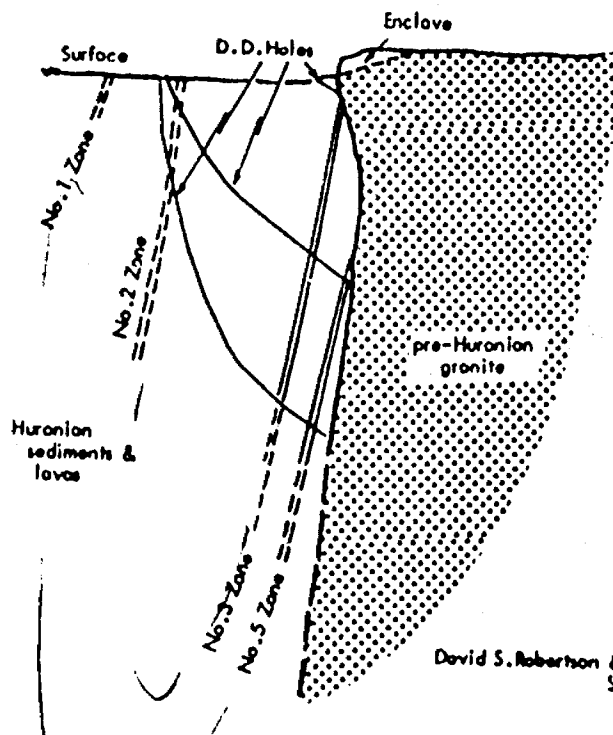
CASH FLOW CALCULATIONS

Cash flow and present worth calculations have been made using the latest data available. It has been assumed that the highest grade obtainable consistent with good mining practice will be processed in the tax free period.

Denison Mine: Reserves: 300 million lbs. U_3O_8
 Grade: 3 lbs per ton (approx)
 Tons Ore: 100 million tons
 Costs: $4\frac{1}{2}$ ¢/lb Profit being made at 4.9¢/lb paid by
 South $8\frac{1}{2}$ ¢ per ton.

North Fed Govt stockpile

SKETCH OF STRUCTURE



AGNEW LAKE MINES LIMITED

SUITE 1800, 44 KING STREET WEST
 TORONTO 1, ONTARIO
 TELEPHONE 262-7111

PRESS RELEASE

The following are results from the continuing drilling programme obtained since the Press Release dated September 11th, 1967:

Hole 67-4B was stopped at a vertical depth of 3100 feet after entering granite basement. The hole intersected Zone 5 at a vertical depth of 3050 feet and cut a 4.5 foot true width section of 1.2 lbs. U_3O_8 per ton. Based on the results of adjacent sampling, the previously reported 1.5 foot true width section of 3.6 lbs. U_3O_8 per ton in the upper part of Zone 3 can now be considered a 5 foot true width section of 2 lbs. U_3O_8 per ton.

Hole 67-7B, located 1,000 feet west of 67-4B, intersected the following two reef sections in Zone 3 at a vertical depth of approximately 2,600 feet: a 6 foot true width section of 2.3 lbs. U_3O_8 per ton separated by an almost barren 6.5 foot true width interval from a 3 foot true width section of 2.0 lbs. U_3O_8 per ton. The hole is being advanced to basement.

Hole 66-11A, located above Hole 67-4B, is being deepened to basement.

JHS:sw
 Oct. 16/67.

J. H. Stovel
 President.

CASH FLOW STATEMENT FOR

| | Preproduction Period 4 Years | Year 1 | Year 2 | Year 3 | Year 4 |
|--|------------------------------------|------------|------------|------------|-----------|
| Yearly tons milled | — | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| Grade (lbs./ton) | — | 2.23 | 2.23 | 2.23 | 1.6 |
| Recovery | — | 95% | 95% | 95% | 95% |
| Recovered Grade (lbs./ton) | — | 2.1 | 2.1 | 2.1 | 1.52 |
| Lbs. U ₃ O ₈ recovered | — | 2,100,000 | 2,100,000 | 2,100,000 | 1,520,000 |
| (the following figures represent dollar amounts) | | | | | |
| Price (Canadian/lb.) | — | 9.70 | 9.70 | 9.70 | 11.30 |
| Rare Earths value (ton) | — | 1.00 | 1.00 | 1.00 | 1.00 |
| U ₃ O ₈ value (ton) | — | 20.37 | 20.37 | 20.37 | 17.20 |
| Mineral Value (ton) | — | 21.37 | 21.37 | 21.37 | 18.20 |
| Costs (ton) | — | 7.73 | 7.73 | 7.73 | 8.31 |
| Operating Profit (ton) | — | 13.64 | 13.64 | 13.64 | 9.89 |
| Operating Profit | — | 13,640,000 | 13,640,000 | 13,640,000 | 9,890,000 |
| Preproduction Costs | 7,000,000 | — | — | — | — |
| Capital Costs | 22,000,000 | — | — | — | — |
| Working Capital | 1,200,000 | — | — | — | — |
| Taxable Income PMT | — | 7,370,000 | 7,370,000 | 7,370,000 | 3,620,000 |
| PM Tax Estimates | — | 784,000 | 784,000 | 784,000 | 348,000 |
| Debenture Interest 7% | 3,000,000 | 2,073,000 | 1,372,000 | 560,000 | — |
| W/O Capital Costs | — | — | — | — | 2,542,000 |
| W/O Preproduction | — | — | — | — | 7,000,000 |
| Depletion Allowance | — | — | — | — | — |
| Taxable Profit—Dom. | — | — | — | — | — |
| Dominion Tax | — | — | — | — | — |
| Cash Flow | — | 10,783,000 | 11,484,000 | 12,296,000 | 9,542,000 |
| Cum. Debt Position | 33,200,000 | 22,417,000 | 10,933,000 | — | — |
| Cash Available after Debt Retirement | — | — | — | 1,363,000 | 9,542,000 |
| Residual Plant Value | — | — | — | — | — |

AGNEW LAKE MINES LIMITED

| <u>Year 5</u> | <u>Year 6</u> | <u>Year 7</u> | <u>Year 8</u> | <u>Year 9</u> | <u>Year 10</u> | <u>Total</u> |
|---------------|---------------|---------------|---------------|---------------|-------------------------------------|--------------|
| 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | — |
| 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | — |
| 95% | 95% | 95% | 95% | 95% | 95% | — |
| 1.52 | 1.52 | 1.52 | 1.52 | 1.52 | 1.52 | — |
| 1,520,000 | 1,520,000 | 1,520,000 | 1,520,000 | 1,520,000 | 1,520,000 | — |
| 11.30 | 12.40 | 12.40 | 13.50 | 13.50 | 13.50 | — |
| 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | — |
| 17.20 | 18.90 | 18.90 | 20.60 | 20.60 | 20.60 | — |
| 18.20 | 19.90 | 19.90 | 21.60 | 21.60 | 21.60 | — |
| 8.31 | 8.81 | 8.81 | 9.50 | 9.50 | 9.50 | — |
| 9.89 | 11.09 | 11.09 | 12.10 | 12.10 | 12.10 | — |
| 390,000 | 11,090,000 | 11,090,000 | 12,100,000 | 12,100,000 | 12,100,000 | 119,180,000 |
| — | — | — | — | — | — | — |
| — | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 22,500,000 |
| — | — | — | — | — | — | 1,200,000 |
| 705,000 | 8,725,000 | 8,959,000 | 10,261,000 | 10,252,000 | 10,244,000 | — |
| 824,000 | 940,000 | 974,000 | 1,131,000 | 1,130,000 | 1,129,000 | 8,834,000 |
| — | — | — | — | — | — | 7,005,000 |
| 865,000 | 3,648,000 | 2,761,000 | 2,096,000 | 1,597,000 | 1,223,000 | — |
| — | — | — | — | — | — | — |
| 100,000 | 2,165,000 | 2,452,000 | 2,958,000 | 3,128,000 | 3,248,000 | — |
| 800,000 | 4,330,000 | 4,900,000 | 5,915,000 | 6,255,000 | 6,500,000 | — |
| 456,000 | 2,252,000 | 2,548,000 | 3,076,000 | 3,253,000 | 3,380,000 | 15,965,000 |
| 610,000 | 7,792,000 | 7,468,000 | 7,793,000 | 7,617,000 | 7,491,000 | — |
| — | — | — | — | — | — | — |
| 610,000 | 7,792,000 | 7,468,000 | 7,793,000 | 7,617,000 | 1,200,000 7,491,000 2,000,000 | 59,876,000 |
| — | — | — | — | — | — | 2,000,000 |

prepared by DAVID S. ROBERTSON & ASSOCIATES LIMITED

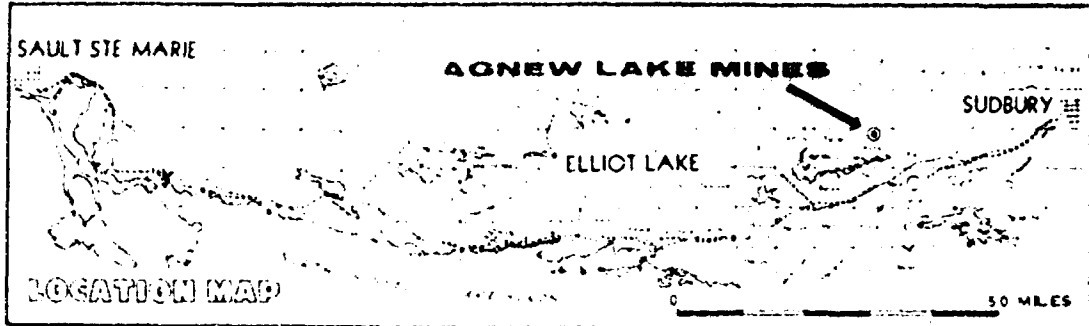
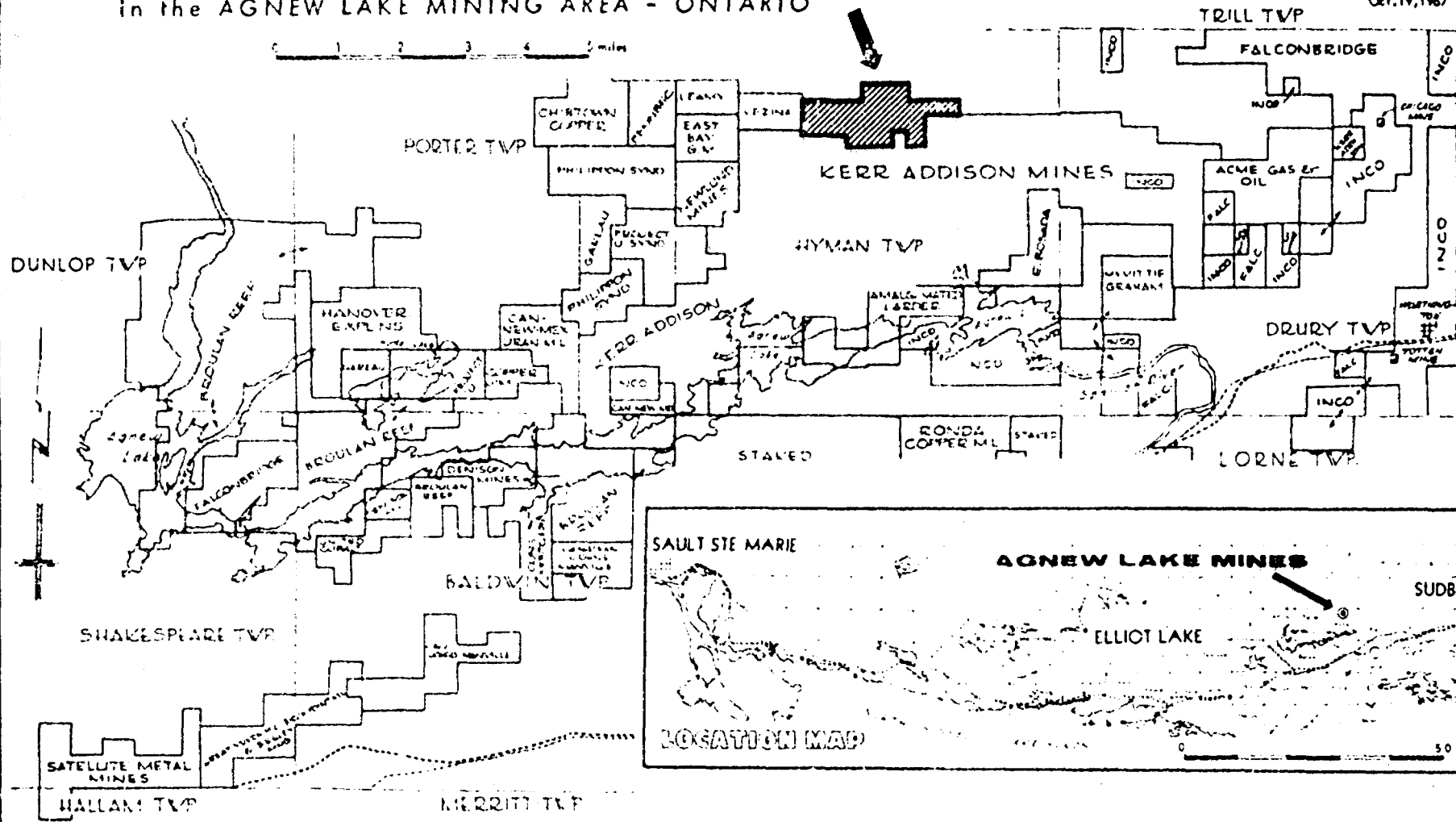
AGNEW LAKE MINES LIMITED

in the AGNEW LAKE MINING AREA - ONTARIO

ALL MAPS ARE DRAWN FROM INFORMATION BELIEVED TO BE
RELIABLE BUT THE COMPANY DOES NOT WARRANT THE ACCURACY
OF ANY INFORMATION HEREIN AND IT IS TO BE UNDERSTOOD
THAT THE COMPANY IS NOT RESPONSIBLE FOR ANY LOSS OR
INJURY RESULTING FROM THE USE OF THIS INFORMATION.

LANDS: 100,000 ACRES
OCT. 19, 1967

0 1 2 3 4 5 miles



OCT 26 1972

ONT. DEPT OF MINES
AND NORTHERN AFFAIRS

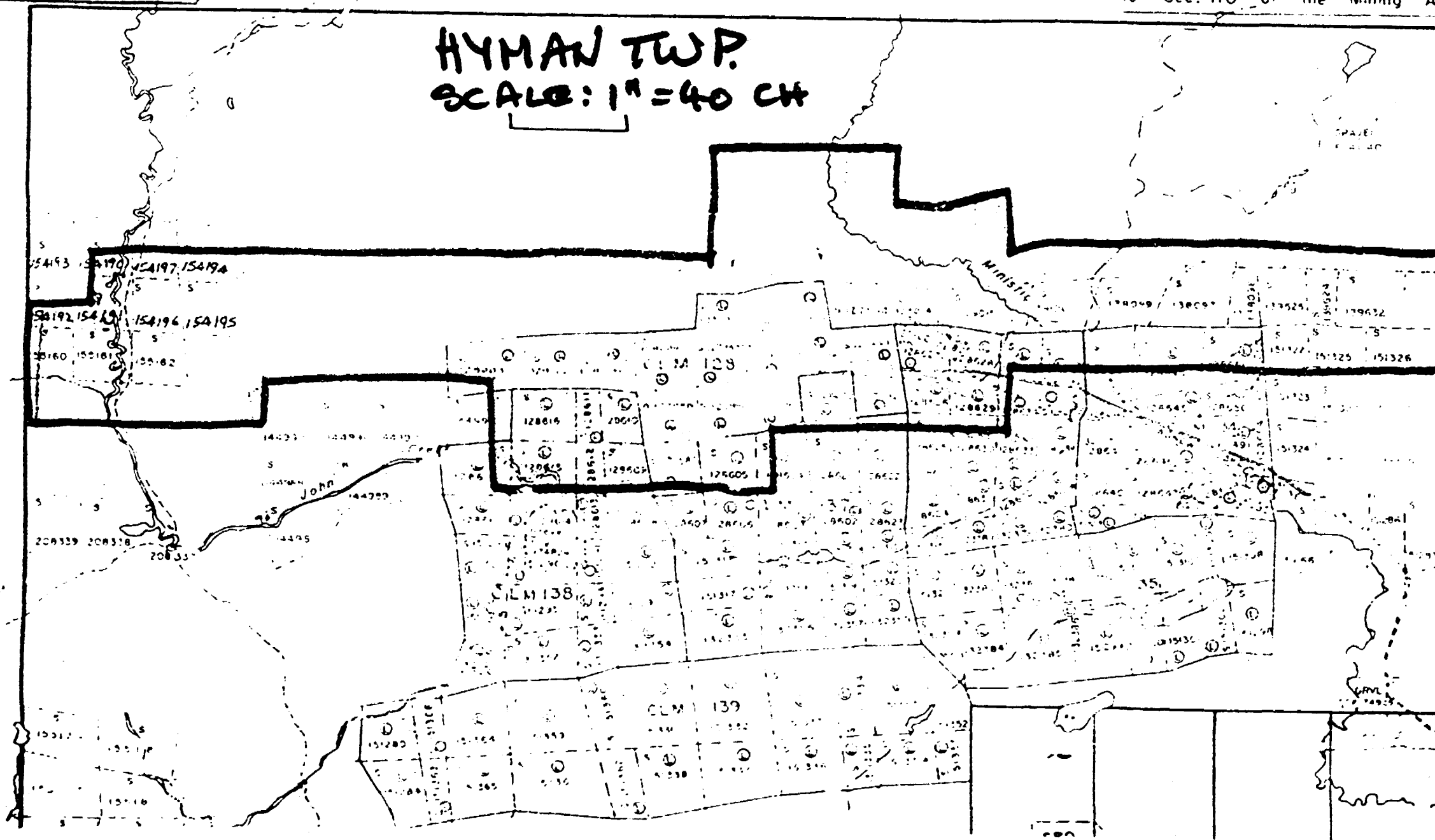
TOTTEN TWP. (M 1161)

Mining Act

All Lots 7-12 incl. Con. 1, Lots 1-12 incl.
Con. 2, and Lots 3 & 4 Con. 3 —
Claims Staked in the above Lots are Sub-
to Sec. 110 of the Mining Act, F. 17333.

HYMAN TWP.
SCALE: 1" = 40 CH

TOTTEN TWP. (M 1161)



DRURY TWP. (M-765)