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Dr. James T. Fyles,

DEPUTY MINISTER

November 16th

72

A HISTORICAL SKETCH OF BETHLEHEM COPPER
CORPORATION LTD.

The area of what is now the Bethlehem Copper Mine (Figure 1) was first staked in 1899. Work then and into the early 1900's concentrated on the small high grade veins of the Snowstorm zone. The work finally led to shipments of just over 100 tons of high grade ore during 1915 and 1916. The first diamond drilling recorded took place in 1917. This was followed by further drilling on the Snowstorm zone and underground exploration of the Iona zone by the B. C. Department of Mines in 1919. The underground workings cut 280 feet of 0.64% copper but these grades were uneconomic at that time. Five more holes were drilled by Ventures Ltd. in 1942, then the prospect was idle until 1954 when 100 claims covering the Snowstorm-Iona-Jersey zones were staked by the Huestis-Reynolds-McLellan syndicate. In 1955, Bethlehem Copper was incorporated and the claims were transferred to the Company. That same year, trenching and bulk sampling by Bethlehem indicated substantial areas of low grade copper mineralization. As a result, Asarco became interested and optioned the property.

In the three years Asarco held the property they discovered and outlined the East Jersey and Jersey orebodies. To do this they conducted 68,000 feet of drilling at a cost of \$1.25 million. Apparently Asarco feasibility reports were unfavourable for they dropped their option in 1958.

Almost immediately Bethlehem undertook a programme of underground sampling and diamond drilling and surface percussion drilling to test the grade and continuity of the new deposits. From the data acquired, Wright Engineers and J.A.C. Ross, P. Eng. wrote a feasibility report on the property in 1961. The Sumitomo Companies of Japan subsequently agreed to lend Bethlehem \$5 million U.S. to bring the property into production. Sumitomo also agreed to buy concentrate from the mine for ten years.

The road from Ashcroft to Highland Valley was improved and paved by the Provincial Government in 1961.

Production from the Bethlehem Mine began from the East Jersey deposit on November 11th 1962 at 3300 tons per day. Gradually, production rate

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has been increased so it is now about 16,000 tons per day (Figure 2). In the pre-production stage, savings in capital outlay were made by using Ashcroft as a base and having contractors mine the orebodies. Production was entirely from the East Jersey deposit until February of 1965 when a major slide occurred in the pit. Production from February 1965 until 1971 was entirely from the Jersey deposit.

During 1968, Bethlehem phased out the mining contractors and began mining with diesel shovels, large front end loaders and 50 ton ore trucks. By 1969, 350 men were employed and the company owned 100 apartments and townhouses in Ashcroft to house their personnel.

The Huestis deposit was prepared for production and started up in 1971. At the present time, mine output of 16,000 tons per day is mainly from the Huestis pit but the Iona zone is being readied for production. Figure 3 presents a summary of the company's operations.

Exploration programmes have been conducted both on and off the property since 1967. At that time, the Iona zone was drill-outlined and some drilling was done on the White zone. In 1968, further work enabled ore reserves to be calculated for the Iona zone (10 million tons of .5% copper) and the Huestis deposit (25 million tons of .55% copper) was outlined. The Valley Copper deposit was discovered in 1970 and Bethlehem drilled the portion of the orebody which extends onto Bethlehem's ground (the Lake zone). The Lake zone contains 200 million tons of 0.5% copper. The Maggie deposit *, ten miles north of Cache Creek, was discovered and extensively drilled during 1970/1971. It contains at least 100 million tons of .5% copper. An induced potential anomaly in Highland Valley was drilled in the summer of 1971. By the time drilling was completed a year later, it had outlined the JA deposit * with 600 million tons of 0.45% copper. There can be no doubting that Bethlehem's exploration success record has been remarkably good!

W. J. McMILLAN
Geologist

WJMcm: bg

Att: Figures 1,2,3

- * These deposits have relatively thick overburden cover which will make their mining more expensive, at least in the early stages, than Bethlehem's presently mined deposits.

c.c. Dr. Stuart S. Holland

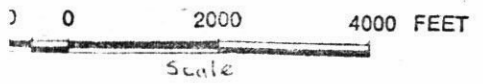
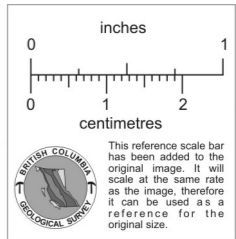
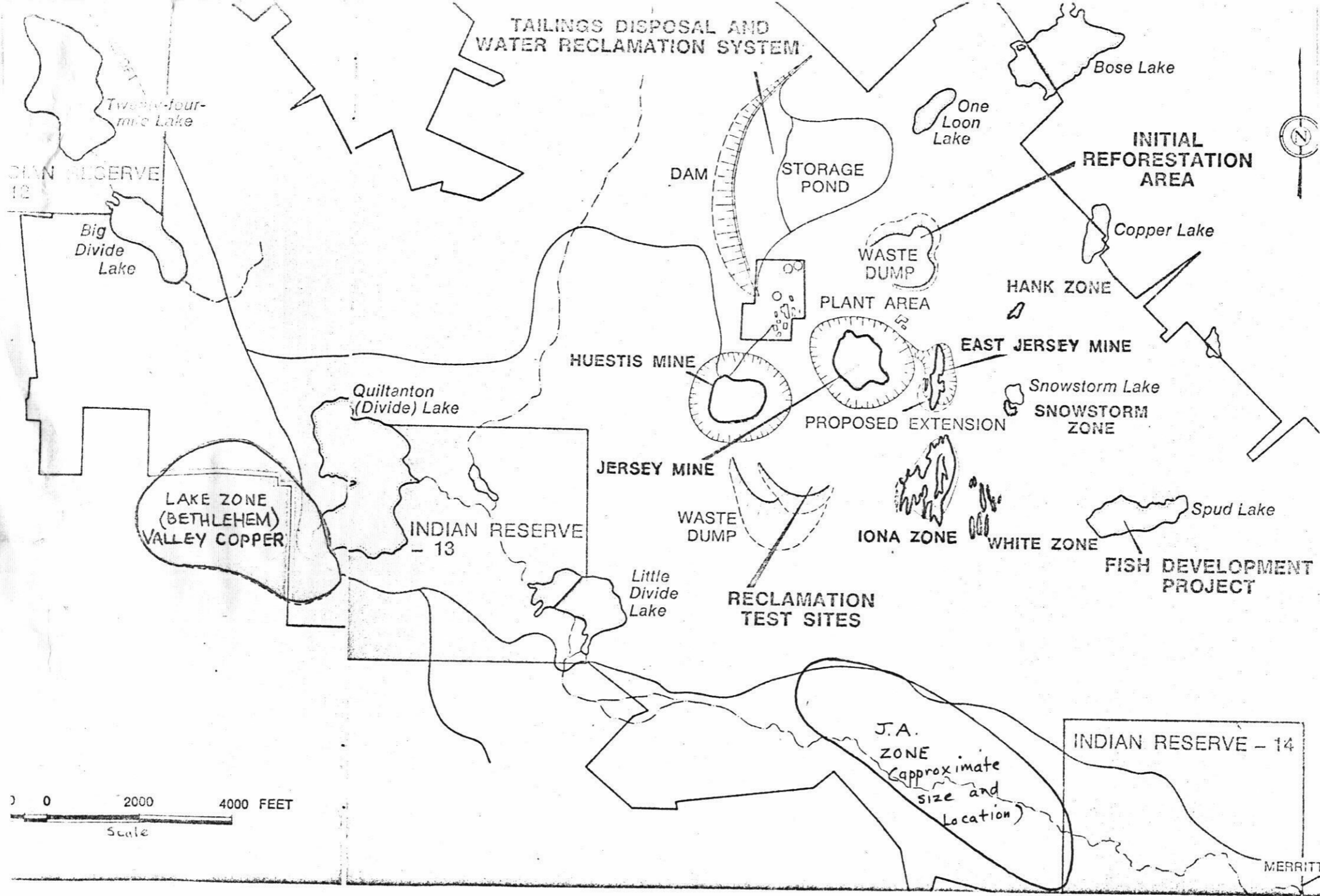


Figure 1. Setting of Bethlehem Copper Corp. Ltd. Deposits
Modified from 16th Annual Report

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MERRITT



WHEN REPLYING PLEASE REFER TO

FILE NO.....

DEPARTMENT OF MINES AND PETROLEUM RESOURCES
VICTORIA

AVERAGE TONS ORE
PROCESSED PER DAY
in thousands

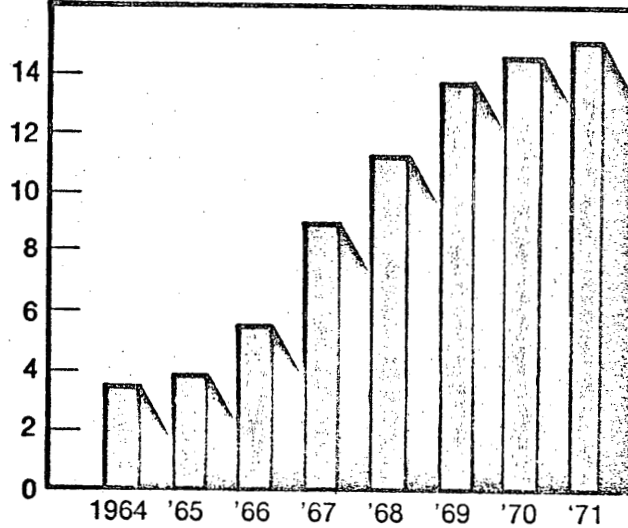
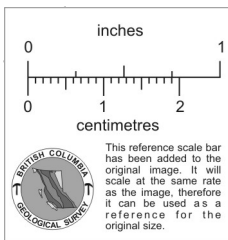


Figure 2: Production Figures
From 16th Annual Report

Figure 3:

SUMMARY OF OPERATIONS

| | YEARS ENDED | | | | | | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | February 29, 1964 | February 28, 1965 | February 28, 1966 | February 28, 1967 | February 29, 1968 | February 28, 1969 | February 28, 1970 | February 28, 1971 |
| Net operating income . . . | \$ 3,311,144 | \$ 3,571,857 | \$ 3,114,797 | \$ 6,933,628 | \$10,408,226 | \$13,981,796 | \$19,364,245 | \$12,853,752 |
| Investment income | 7,755 | 8,441 | 11,342 | 163,315 | 256,657 | 408,533 | 941,795 | 2,989,441 |
| | 3,318,899 | 3,580,298 | 3,126,139 | 7,096,943 | 10,664,883 | 14,390,329 | 20,306,040 | 15,843,193 |
| Depreciation | 237,115 | 312,773 | 317,568 | 483,204 | 841,605 | 1,094,468 | 1,202,409 | 1,354,326 |
| Exploration | — | — | — | 134,222 | 390,760 | 545,569 | 1,410,068 | 949,561 |
| Interest on funded debt . . | 259,220 | 135,226 | 30,851 | 240,273 | 229,777 | 20,967 | — | — |
| Bond discount and premium | — | — | 9,167 | 22,000 | 31,080 | 336,744 | — | — |
| Taxes on income, including deferred | — | — | — | * 820,569 | * 3,393,793 | * 5,011,576 | * 7,416,221 | 6,104,374 |
| | 496,335 | 447,999 | 357,586 | 1,700,268 | 4,887,015 | 7,009,324 | 10,028,698 | 8,408,261 |
| Net Income | \$ 2,822,564 | \$ 3,132,299 | \$ 2,768,553 | \$ 5,396,675 | \$ 5,777,868 | \$ 7,381,005 | \$10,277,342 | \$ 7,434,932 |
| Shares Issued | 4,270,500 | 5,201,000 | 5,211,500 | 5,222,000 | 5,261,250 | 5,346,343 | 6,360,293 | 6,367,793 |
| Income per share | 66¢ | 60¢ | 53¢ | * \$1.03 | * \$1.10 | * \$1.38 | * \$1.62 | \$1.17 |
| Dry tons milled | 1,265,988 | 1,444,696 | 2,007,883 | 3,279,073 | 4,136,167 | 5,080,664 | 5,337,961 | 5,461,535 |
| Average tons per calendar day | 3,459 | 3,958 | 5,501 | 8,984 | 11,301 | 13,920 | 14,625 | 14,963 |
| Average heads - % | 1.06 | .89 | .69 | .60 | .58 | .58 | .52 | .51 |
| Pounds of copper produced | 25,023,892 | 23,730,516 | 23,118,998 | 32,255,986 | 40,143,527 | 50,499,680 | 48,609,230 | 49,134,555 |
| Average price per lb. of copper—U.S. cents | 28.45 | 31.81 | 37.06 | 48.82 | 49.15 | 49.15 | 64.41 | 58.35 |

* Revised to reflect the recovery of prior years' taxes

DEPARTMENT OF MINES AND PETROLEUM RESOURCES

Date:

10/11

From:

To:

MCM.

INSTRUCTIONS

- | | |
|---|--|
| <input type="checkbox"/> For your approval. | <input type="checkbox"/> Prepare reply for my signature. |
| <input type="checkbox"/> For your information. | <input type="checkbox"/> Prepare draft of reply. |
| <input type="checkbox"/> For necessary action. | <input type="checkbox"/> Return to me. |
| <input type="checkbox"/> Send me copy of reply. | <input type="checkbox"/> Return to file. |
| <input type="checkbox"/> For your comments. | <input type="checkbox"/> For signature. |
| <input type="checkbox"/> Wish to discuss. | |

REMARKS:

high priorities

please put together a brief
story of the history of the Ballechin
operation for J.T.F.
a file of company annual reports
is in the Library

DEPARTMENT OF MINES AND PETROLEUM RESOURCES

Date: 9/11

From: JTF

To: 5514

INSTRUCTIONS

- | | |
|---|--|
| <input type="checkbox"/> For your approval. | <input type="checkbox"/> Prepare reply for my signature. |
| <input type="checkbox"/> For your information. | <input type="checkbox"/> Prepare draft of reply. |
| <input type="checkbox"/> For necessary action. | <input type="checkbox"/> Return to me. |
| <input type="checkbox"/> Send me copy of reply. | <input type="checkbox"/> Return to file. |
| <input type="checkbox"/> For your comments. | <input type="checkbox"/> For signature. |
| <input type="checkbox"/> Wish to discuss. | |

REMARKS:

~~From~~ Could I get
a brief summary of
The Bethlehem operation
(leg bill me or anyone)
as a basis for comments
on this letter
The company or DoF
Finance will look after
the taxes

Mr. Minisick - I
visited Pat Reynolds
in the Vancouver office
a week or ² ago