

011753

# Northair mines Ltd. (n.p.l.)

333-885 dunsmuir st., vancouver, b.c. V6C 1N5  
telephone: 687-7545

August 8, 1977

Dr. J.T. Fyles,  
Deputy Minister,  
Ministry of Mines  
& Petroleum Resources,  
Parliament Bldgs.,  
Victoria, B.C.

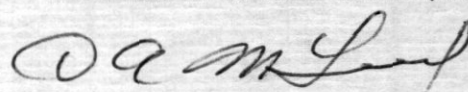
Dear Dr. Fyles:

Some time ago I discussed with you the conditions imposed by the Dept. of Lands and Forests regarding the necessity to have our powerline surveyed by a B.C.L.S. As this line was constructed two years ago and follows the access road from Highway 99 to the mine site, we feel it is ridiculous to have Northair go to the expense of this unnecessary survey.

I enclose a copy of a letter from the Land Management dated August 19, 1975. All the conditions in this letter have been met except the performance of the legal survey.

Any help you can offer in this regard would be sincerely appreciated.

Yours very truly,  
NORTHAIR MINES LTD. (N.P.L.)



D.A. McLeod  
President

DAM/gs  
Enc.

DEPUTY MINISTER OF MINES & PETROLEUM RESOURCES			
REC'D AUG 10 '77 1727 F			
REFERRED	TO	DATE	INITIAL
ACCTS			
A. D. M.			
A. D. P.			
M. R.			
E. & P.			
A. D.			
FILE			

August 12th 1977

Mr. D. A. McLeod,  
President,  
Northair Mines Ltd.,  
333 - 885 Dunsmuir Street,  
VANCOUVER, B.C.  
V6C 1N5

Dear Mr. McLeod:

I have investigated with the Lands Service the matter of the survey of the power line to the Northair mine and find that all applications for right-of-way require a legal survey by a B.C.L.S. In the interests of getting the line built and in avoiding a duplication of surveys, it is common practice to wait until the line has been built to have it surveyed. This seems to be the best way to handle the matter inasmuch as it is essential to have an accurate plot of the location of the line for reference when further applications for land alienations are made.

Therefore, it is necessary for you to have the survey run as requested in the form letter from the Land Management Branch dated August 19th 1975, even though the power line was constructed a couple of years ago.

Yours sincerely,

JAMES T. FYLES  
Deputy Minister

JTF:bg

c.c. E.R.M.



COMMUNICATIONS SHOULD BE ADDRESSED TO  
DIRECTOR OF LAND MANAGEMENT  
PARLIAMENT BUILDINGS  
VICTORIA, B.C.

ATTENTION: R. Brunning  
FILE No.: 0331913



LAND MANAGEMENT BRANCH  
DEPARTMENT OF LANDS, FORESTS, AND WATER RESOURCES  
VICTORIA, B.C.  
V8V 1X5

August 19, 1975

Northair Mines Ltd. (N.P.L.)  
333 - 885 Dunsmuir Street  
Vancouver, B. C. V6C 1N5

Attention: Mr. D. A. McLeod, President

Dear Sirs:

Reference is made to your Company's application for a power line right-of-way within Lot 6013 and unsurveyed Crown land, Group 1, New Westminster District, in the vicinity of Callaghan Creek.

Please be advised that it will be necessary for you to have the proposed right-of-way surveyed by a British Columbia Land Surveyor of your Company's choice and at your Company's expense, under instructions to be obtained from the Surveyor-General.

Please be advised that the approval to survey and construct this line is granted subject to the following conditions:

1. The right-of-way is located within presently disturbed areas as much as possible (i.e. follows the existing logging road).
2. When clearing near the creek crossing, only danger trees should be cut. All shrubs and riparian vegetation should be left undisturbed to ensure the continued productivity of the creek and prevent erosion creating siltation in the creek. The creek bed should not be disturbed. Clearing in such areas should be done by hand only.
3. Where the right-of-way deviates from the existing road, access to that area should be from the existing road only. Your development plan indicated that you intended to construct a tote road parallel to the centre line to provide access for machinery. As the slope in the upper section

...2

which deviates from the road varies from 25 - 30% and the surficial soil is moraine and till, serious erosion potential would be created. There would appear to be a good chance that erosion may form an unnatural watercourse down the tote road which would cause serious siltation in the creek.

4. When clearing in these areas, a minimum of machine clearing should be used. Stumps and shrubs should be left and the disturbed slopes should be vegetated.
5. That this right-of-way will be granted subject to the prior rights of Timber Licences 8097P, 8098P, 8100P, 8101P, 8086P, and 8087P.
6. That all timber shall be cut and decked at suitable landings for removal by Pacific Logging Co. Ltd. Slash disposal shall be in accordance with Section 116 of the Forest Act.
7. Where the right-of-way does not follow the road; clearing within the Timber Licences shall be at a distance of 100 feet on the uphill side from the centre line of the right-of-way and 30 feet on the downhill side in order not to impede future logging operations of the Timber Licensee.
8. Where the power line crosses road switchbacks, minimum clearance shall be 35 feet to avoid danger to loaded logging trucks. Poles shall be set back far enough that bank sloughing or road maintenance will not affect pole stability.

I trust this construction will be carried out in a fashion which demonstrates an awareness of the surrounding environment and that particular attention will be paid to maintaining the integrity of the natural landscape features.

Yours truly,



R. H. GOODCHILD  
for Director of Land Management

RB:pb



# MEMORANDUM

TO Hon. James R. Chabot  
MINISTER

FROM THE

## DEPARTMENT OF MINES AND PETROLEUM RESOURCES

VICTORIA, B.C., June 9, 1977

WHEN REPLYING PLEASE REFER  
TO FILE No.

RE: EXPLORATION AND DEVELOPMENT OF THE  
NORTHAIR MINE

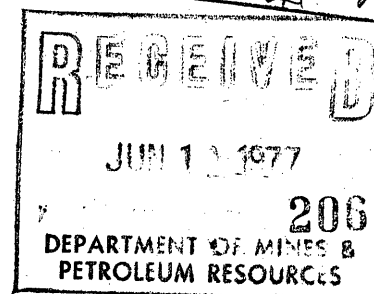
On the instruction of Dr. J.T. Fyles I have compiled some notes on the exploration and development of the Northair Mine for your information.

Also enclosed for your use are some notes and comments on the above mentioned.

EWG:gad  
CC: J.T. Fyles  
Encls: (2)

*E.W. Grove*  
E.W. Grove

DEPUTY MINISTER OF MINES & PETROLEUM RESOURCES			
REC'D		JUN 9 '77 1327	
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ACCTS			
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M. R.			
E. & P.			
A. D.			
FILE 44 Northair			



MEMORANDUM FROM Mineral Resources Branch

TO Mr. A. L. Peel,  
Acting DEPUTY MINISTER

THE DEPARTMENT OF  
**MINES AND PETROLEUM RESOURCES**  
PARLIAMENT BUILDINGS, VICTORIA, BRITISH COLUMBIA V8V 1X4

File: 871

DATE Nov. 5th 1975

Re: SECONDARY FINANCING FOR NORTHAIR  
MINES LTD.

The attached is evidence of the unending administrative problems associated with the issuing of Production Leases under Sections 59 and 64 and the granting of approval for production under Section 72 of the Mineral Act. I expect that this problem will be thoroughly reviewed by the recently announced task force studying the discretionary powers of the Minister.

In the Northair case the Minister's letter of September 9th was essential to the financing of the mining operation. Once the Minister has agreed to the sort of assurances contained in it he will have difficulty in refusing those assurances to others. As this grows we face a major administrative problem of notifying the affected persons of pending requirements for keeping their leases in good standing. There is no requirement in the Mineral Act administered by this Department to do this; it has not been policy to do so, and we are not set up for it.

For these reasons and that stated by Hart Horn in his memo of October 31st I hesitate to recommend that the Minister provide such a letter for the secondary financing of Northair, but now the process is established it may be difficult to refuse.

*Brenda Wood*  
JAMES T. FYLES

JTF:bg

Att: L.I. 1515 and attached correspondence

DEPUTY MINISTER OF MINES  
& PETROLEUM RESOURCES

1564  
REC'D 1576 '75

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A. D. P.			
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E. & P.			
A. D.			

MEMORANDUM FROM HART HORN  
TO Mr. A. L. Peel,  
DEPUTY MINISTER.

THE DEPARTMENT OF  
MINES AND PETROLEUM RESOURCES  
PARLIAMENT BUILDINGS, VICTORIA, BRITISH COLUMBIA V8V 1X4



DATE October 31, 1975

RE: SECONDARY FINANCING NORTHAIR MINES LTD.

Concerning the attached memorandum by the Department Solicitor, it should be recognized that the Minister's signature to a letter on September 9th was necessary for Northair to obtain primary financing from the Royal Bank. Despite the final clause in the closing paragraph, it has the tendency to place the Bank ahead of the Crown in the event that the company should default in its future obligations to the Bank. Although no clear legal opinion has been given to this effect, I would expect that the Crown could even suffer in terms of royalty collections.

I am not aware of Northair ever having raised the subject of their secondary financing in like fashion, nor am I aware of any indications by the previous Minister to Northair to this effect. I would be most hesitant to recommend the Minister's signature to such a letter for purposes of secondary or tertiary financing.

  
Hart Horn,  
Associate Deputy Minister.

HH/ph

Enclosure.

DEPUTY MINISTER OF MINES  
& PETROLEUM RESOURCES

REC'D 10/6 '75

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A. D. P.			
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E. & P.			
A. D.			

FILE

DEPARTMENT OF MINES AND PETROLEUM RESOURCES

From:

To:


Date:

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:

May I have your  
views please





**MEMORANDUM** FROM DEPARTMENTAL  
SOLICITOR

TO Mr. A. L. Peel  
Acting Deputy Minister  
Dept. of Mines & Petroleum Resources

**THE DEPARTMENT OF  
MINES AND PETROLEUM RESOURCES**  
PARLIAMENT BUILDINGS, VICTORIA, BRITISH COLUMBIA V8V 1X4

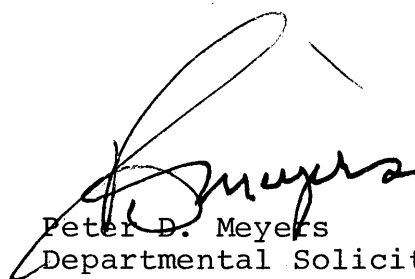


DATE: Oct. 24, 1975  
File: 2.13

Re: Northair Mines Ltd.

A few months ago Northair Mines Ltd. arranged certain financing through the Royal Bank of Canada involving the issue of a Debenture securing their Production Lease. Attached hereto is a letter signed by the former Minister regarding this financing and, in particular, issuance of the aforesaid Debenture.

I have just received a further request contained in a letter dated October 9th, 1975, from Northair Mines Ltd. advising of their intention to arrange for secondary financing. A copy of this letter is attached and is self-explanatory. Would you be good enough to advise the writer with respect to your decision in this matter at your earliest convenience in order that this decision may be forwarded to Northair Mines Ltd.

  
Peter D. Meyers  
Departmental Solicitor

PDM/slb

Attachments.

DEPT. OF MINES AND PETROLEUM RESOURCES OPERATIONS BRANCH		
Rec'd OCT 29 1975		

749

DEPUTY MINISTER OF MINES & PETROLEUM RESOURCES			
1515			
REC'D OCT 27 '75			
REFERRED	TO	DATE	INITIAL
DECTS			
A. D. M.			
A. D. P.			
M. R.			
E. & P.			
A. D.			
FILE			

# Northair

## mines ltd. (n.p.l.)

333-885 dunsmuir st., vancouver, b.c. V6C 1N5  
telephone: 687-7545

October 9, 1975.

The Department of the Attorney-General,  
Parliament Buildings,  
Victoria, B. C.

Attention: Mr. Peter D. Meyers

Dear Sirs:

Re: Secondary Financing

I confirm my telephone conversation with you of instant date regarding a secondary financing that the Company is attempting to arrange. It is proposed that the Company will borrow \$500,000 to \$600,000 from approximately ten investors.

It is proposed that the loan will be secured by a fixed and floating serial debenture, ranking in a secondary position to the debenture made by the Company in favour of The Royal Bank of Canada.

Representatives of the proposed lenders have perused the security documentation of The Royal Bank of Canada.

The secondary lenders have indicated their desire to obtain, in support of their security documentation, a letter from the Minister of Mines & Petroleum Resources, in form substantially the same as the letter dated September 9, 1975 and given by the Minister to The Royal Bank of Canada. Naturally, appropriate changes would have to be made to the letter to provide for the different parties and the different amount.

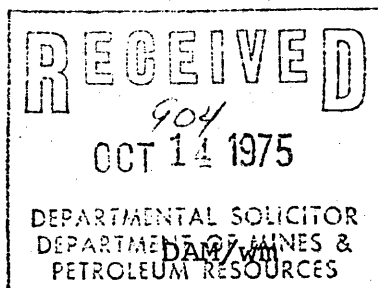
It would be appreciated if you could advise the writer at your earliest convenience in this regard.

Yours very truly,

NORTHAIR MINES LTD. (n.p.l.)

Per:

Donald A. McLeod.





VICTORIA  
V8V 1X4

September 9, 1975

2.13

Vice President & General Manager's  
Department,  
The Royal Bank of Canada,  
1055 West Georgia Street,  
Vancouver, B.C.  
V6E 3P3.

Attention: Mr. G. B. Langley,  
Vice President & General Manager.

Dear Sirs:

Re: The Royal Bank of Canada ("Bank") -  
Northair Mines Ltd. (N.P.L.) ("Northair")

I write to confirm my position as a Minister of the Crown with respect to the debenture security created and issued by Northair in favour of the Bank on the 9th day of September, 1975, securing the sum of \$4,735,000 (Canadian Funds) (hereinafter called the "Debenture"). A copy of the Debenture, which was registered in the offices of the Registrar of Companies on the 9th day of September, 1975, is attached hereto as Schedule "A".

I am aware that the Debenture charges by way of a fixed charge, inter alia, certain machinery, equipment, and personal property, owned by Northair and the interest of Northair in the Production Lease issued on January 17, 1975, under my signature as Minister of Mines and Petroleum Resources (hereinafter called the "Production Lease"). The Debenture also charges by way of a floating charge all other assets of Northair. I am also aware that if there is an event of default the Bank has the right to appoint a Receiver-Manager pursuant to the terms of the Debenture, who may apply for my consent to an assignment, sublease or transfer of the Production Lease. If such an application were to be made to me, it is unlikely that I would withhold my consent if the proposed assignee, sublessee or transferee was acceptable to me.

I will arrange to provide the following notices in writing to the Bank of:

270

- (a) not less than 30 days' notice of forfeiture of the Production Lease for non-payment of rent, or
- (b) not less than 60 days' notice of any suspension of the Production Lease, or
- (c) not less than 90 days' notice of any cancellation of the Production Lease,

and give reasons for such proposed suspension or cancellation.

I confirm that a copy of this letter and Schedule "A" thereto will be attached to the Department of Mines and Petroleum Resources' copy of the Production Lease.

The foregoing statements are made subject to the provisions of the Mineral Act and any other Act of the Legislature which may be applicable and the provisions of any amendments made thereto from time to time or the provisions of any regulations which may from time to time be made under the authority thereof, and without prejudice to present and future rights of the Crown and my duties as a Minister of the Crown.

Yours truly,

Leo T. Nimsick,  
MINISTER.



MEMORANDUM FROM Dr. J. T. Fyles

TO Mr. Hart Horn  
Associate Deputy Minister  
Operations

THE DEPARTMENT OF  
**MINES AND PETROLEUM RESOURCES**  
PARLIAMENT BUILDINGS, VICTORIA, BRITISH COLUMBIA V8V 1X4



DATE October 3, 1975

For your information I am attaching a copy of a memorandum dated September 16, 1975, from Peter Meyers, Departmental Solicitor, to the Chief Gold Commissioner, a copy of a letter dated September 9, 1975, from the Honourable the Minister, to the Royal Bank of Canada, and a copy of the debenture referred to.

This material is being forwarded for your information in the event any notations are required on your records if in the course of events, suspension or cancellation of the Production Lease is initiated by the Operations Branch.

*James T. Fyles*  
James T. Fyles  
Associate Deputy Minister

RR:bmh  
Enc.

ASSOCIATE DEPUTY MINISTER OPERATIONS BRANCH			
REC'D		- 656	
OCT 10 '75			
REFERRED	TO	DATE	INITIAL
D. M.			
MIN. DEV.			
MIN. REV.			
ADMIN. S.			
ACCTS			
EDITOR			
FILE			

MEMORANDUM FROM Mr. Peter D. Meyers  
DEPARTMENTAL SOLICITOR  
TO Mr. T. Bowles  
Chief Gold Commissioner

**M**  
THE DEPARTMENT OF  
MINES AND PETROLEUM RESOURCES  
PARLIAMENT BUILDINGS, VICTORIA, BRITISH COLUMBIA V8V 1X4

DATE Sept. 16/75  
File: 2.13

Re: Letter dated September 9, 1975 executed by the Minister of Mines and Petroleum Resources, directed to the Vice President & General Manager's Department of the Royal Bank of Canada in Vancouver, B.C., to which is attached a Debenture granted by Northair Mines Ltd. (N.P.L.) in the amount of \$4,735,000, dated September 9, 1975

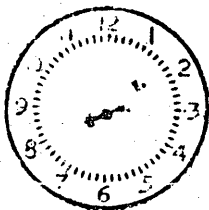
Enclosed with this memorandum please find the above referenced letter and Debenture. Please note that the Minister has undertaken in the said letter to attach a letter and Schedule "A" thereto to the Department of Mines and Petroleum Resources' copy of the Production Lease issued on January 17, 1975 to Northair Mines Ltd. A copy of this Lease is attached as Schedule "A" to the Debenture. Please ensure that this letter with the Debenture attached is attached to the aforesaid Production Lease forthwith.

In addition to the above, I should like to draw your attention to the notices that the Minister has agreed to provide the Royal Bank of Canada in writing at its office at 1055 West Georgia Street, Vancouver, B.C. These notices are as follows:

- a) not less than 30 days' notice of forfeiture of the Production Lease for non-payment of rent, or
- b) not less than 60 days' notice of any suspension of the Production Lease, or
- c) not less than 90 days' notice of any cancellation of the Production Lease,

and give reasons for such proposed suspension or cancellation.

SEP 16 '75 PM



PDM/slb  
Enclosure

*P. D. Meyers*  
Peter D. Meyers  
Departmental Solicitor

DEPT. OF MINES  
AND PETROLEUM RESOURCES

THE GOVERNMENT OF THE PROVINCE OF BRITISH COLUMBIA

10382



VICTORIA

V8V 1X4

September 9, 1975

Vice President & General Manager's  
Department,  
The Royal Bank of Canada,  
1055 West Georgia Street,  
Vancouver, B.C.  
V6E 3P3.

Attention: Mr. G. B. Langley,  
Vice President & General Manager.

Dear Sirs:

Re: The Royal Bank of Canada ("Bank") -  
Northair Mines Ltd. (N.P.L.) ("Northair")

I write to confirm my position as a Minister of the Crown with respect to the debenture security created and issued by Northair in favour of the Bank on the 9th day of September, 1975, securing the sum of \$4,735,000 (Canadian Funds) (hereinafter called the "Debenture"). A copy of the Debenture, which was registered in the offices of the Registrar of Companies on the 9th day of September, 1975, is attached hereto as Schedule "A".

I am aware that the Debenture charges by way of a fixed charge, inter alia, certain machinery, equipment, and personal property, owned by Northair and the interest of Northair in the Production Lease issued on January 17, 1975, under my signature as Minister of Mines and Petroleum Resources (hereinafter called the "Production Lease"). The Debenture also charges by way of a floating charge all other assets of Northair. I am also aware that if there is an event of default the Bank has the right to appoint a Receiver-Manager pursuant to the terms of the Debenture, who may apply for my consent to an assignment, sublease or transfer of the Production Lease. If such an application were to be made to me, it is unlikely that I would withhold my consent if the proposed assignee, sublessee or transferee was acceptable to me.

I will arrange to provide the following notices in writing to the Bank of:

278

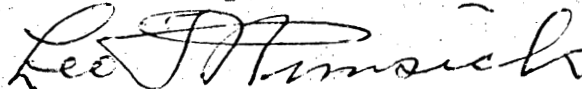
- (a) not less than 30 days' notice of forfeiture of the Production Lease for non-payment of rent, or
- (b) not less than 60 days' notice of any suspension of the Production Lease, or
- (c) not less than 90 days' notice of any cancellation of the Production Lease,

and give reasons for such proposed suspension or cancellation.

I confirm that a copy of this letter and Schedule "A" thereto will be attached to the Department of Mines and Petroleum Resources' copy of the Production Lease.

The foregoing statements are made subject to the provisions of the Mineral Act and any other Act of the Legislature which may be applicable and the provisions of any amendments made thereto from time to time or the provisions of any regulations which may from time to time be made under the authority thereof, and without prejudice to present and future rights of the Crown and my duties as a Minister of the Crown.

Yours truly,

A handwritten signature in dark ink, appearing to read "Leo T. Nimsick", written in a cursive style.

Leo T. Nimsick,  
MINISTER.



This is Schedule "A" attached to a letter dated September 9, 1975 addressed to Vice President General Manager's Department, The Royal Bank of Canada. I hereby certify that this DEBENTURE signed by the Minister of Mines and Technical Surveys was registered under the Companies Act on the 9th day of September 1975.

DEBENTURE

DEPUTY REGISTRAR OF COMPANIES  
for the Province of British Columbia

RECEIVED

SEP 9 1975

702464-C 11570.02  
Mining Recorder's Office  
VANCOUVER, B. C.

NORTHAIR MINES LTD. (N.P.L.)

(Incorporation No. 71,082)

FMC#136603  
December 19, 1974

1. NORTHAIR MINES LTD. (N.P.L.), a British Columbia Company having its registered and records offices at 680 - 890 West Pender Street, Vancouver, British Columbia (hereinafter called the "Company") will ON DEMAND pay to THE ROYAL BANK OF CANADA (hereinafter called the "Bank") on presentation of this Debenture the sum of FOUR MILLION SEVEN HUNDRED THIRTY FIVE THOUSAND (\$4,735,000.00) DOLLARS in lawful money of Canada.

FMC#142614  
July 28, 1975

2. The Company during the currency of this Debenture will pay interest on the amount of principal remaining unpaid from time to time as follows:

- (a) as to \$4,335,000.00 being a portion of the said principal sum designated as the "Term Loan", interest shall be paid at the prime commercial rate of interest of the Bank plus two and one-half per centum (2½%) per annum;
- (b) as to \$400,000.00 being a portion of the said principal sum designated as the "Standby Loan", interest shall be paid at the prime commercial rate of interest of the Bank plus two and one-half per centum (2½%) per annum;

calculated monthly on the amount or amounts advanced under this Debenture, or so much thereof as remains from time to time unpaid, both before and after default. Interest shall be paid on the 20th day of each and every month. The Bank reserves the right to appropriate all payments made by the Company whether on account of principal or interest or both,

in such manner as the Bank shall determine. "The prime commercial rate of interest of the Bank" shall be the rate of interest designated by the Bank as such from time to time and charged by the Bank throughout Canada.

3. The principal monies and interest payable hereunder and hereby secured shall be payable at the branch of the Bank referred to in paragraph 8 hereof.

4. As security for the payment of the amount of principal and interest from time to time owing to the Bank and all advances and re-advances from time to time and for the performance of the obligations and the covenants of the Company herein contained the Company HEREBY GRANTS, MORTGAGES AND CHARGES by way of a fixed and specific mortgage and charge to and in favour of the bank:

- (i) all right, title and interest of the Company in and to the Production Lease and any renewals thereof, a copy of which is attached as Schedule "A" hereto, including any greater right, title and interest therein or any part thereof which the Company may acquire and hold during the currency of this Debenture dated January 17, 1975;
- (ii) subject to a prior mortgage in favour of Michael P. Warshawski and Albert H. Manifold charging the Mineral Claims as noted in Schedule "B" hereto said mortgage being registered in the Mining Recorder's Office, Vancouver, British Columbia, under number 3729, all right, title and interest of the Company in and to the mineral claims described in Schedule "B" attached hereto, including any greater right, title and interest therein or any part thereof which the Company may acquire and hold during the currency of this Debenture after the date hereof, including without limiting the generality of the foregoing, any production lease or leases which may be issued by the Department of Mines and Petroleum Resources, with respect thereto;
- (iii) all right, title and interest of the Company in and to the motor-vehicles, plant, machinery, equipment and other tangible personal property of the Company, described in Schedule "C" attached hereto, including any greater right, title and interest therein or any part thereof which the Company may acquire and hold during the currency of this Debenture after the date hereof.

The Company also charges to and in favour of the Bank as and by way of a floating charge all of its property, assets, effects and undertaking, including, without limiting the generality of the foregoing, its business, goodwill, uncalled capital, chattels, book accounts, rents, revenue, inventory, incomes, monies, credits, policies, notes and generally all its assets both present and future of whatsoever kind and wheresoever situate. The Company shall not save as hereinafter provided grant any mortgage of or create any charge, lien or encumbrance on the property for the time being subject to the charge hereby granted ranking in priority to or pari passu with this Debenture. It is hereby declared that until the security of this Debenture shall become enforceable and the Bank shall determine to enforce the same, the creation and the existence of the floating charge shall in no way hinder or prevent the Company from:

(a) borrowing from its bankers upon the security of its book debts, inventory, contracts or other agreements or mercantile documents or any other property of the Company such sum or sums of money as may from time to time be necessary in the ordinary course of its business and for the purpose of carrying on or extending the same;

(b) pledging, assigning or giving security on its assets to its bankers under the "Bank Act";

(c) assuming or granting any obligation, mortgage, or charge on any property acquired after the date hereof, to secure the whole or any part of the purchase price to be paid for such property.

The Company shall not, without the written consent of the Bank, sell or dispose of the property subject to the floating charge otherwise than in the ordinary course of its business. This floating charge shall not hinder or prevent the Company from paying dividends out of profits.

5. The last day of any term created by any lease or agreement therefor is hereby excepted out of the charge created by this Debenture but the Company shall stand possessed of the

reversion thereby remaining in the Company upon trust for the Bank to assign and dispose thereof as the Bank shall by notice in writing direct.

6. This Debenture is issued subject to and with the benefit of the Conditions attached hereto, each and all of which form part of this Debenture.

7. Any notice to the Company in connection with this Debenture shall be well and sufficiently given if sent by prepaid registered mail or delivered to the Company addressed as follows:

NORTHAIR MINES LTD. (N.P.L.)  
680 - 890 West Pender Street  
Vancouver, British Columbia

Any such notice shall be deemed to have been given if delivered, when delivered, and if mailed, on the next business day following that on which it was mailed.

8. Any notice to the Bank in connection with this Debenture shall be well and sufficiently given if sent by prepaid registered mail or delivered to the Bank addressed as follows:

THE ROYAL BANK OF CANADA  
Main Branch, Royal Centre  
1025 West Georgia Street  
Vancouver, British Columbia  
V6E 3N9

Any such notice shall be deemed to have been given if delivered, when delivered, and if mailed, on the next business

day following that on which it was mailed.

IN WITNESS WHEREOF this Debenture has been executed on  
the 9th day of September, 1975.

The Corporate Seal of )  
NORTHAIR MINES LTD. (N.P.L.) )  
was hereunto affixed in the )  
presence of: )

D. A. McLeod )  
DONALD A. McLEOD, )  
Director and President )

John E. Millette )  
JOHN E. MILLETTE, )  
Director )

CERTIFIED A TRUE COPY

this 9th day of Sept., 1975

Robert G. Macdonald  
Solicitor for Northair Mines Ltd. (N.P.L.)

X-Reg 16-05-01

THE GOVERNMENT OF  
THE PROVINCE OF BRITISH COLUMBIA

## DEPARTMENT OF MINES AND PETROLEUM RESOURCES

## MINERAL ACT

## PRODUCTION LEASE

Map reference 92 J/3E (M) Mining Division Vancouver

Date issued January 17th, 1975 Annual rental \$ 780.00

Acreage 389.90

Lessee(s) NORTHAIR MINES LTD. (NPL)

Address 333-885 Dunsmuir St., Vancouver, B. C.

Lot No.	Rec. No.	Acreage	Description of Location
6013 Group 1	17626.	389.90	North East of Squamish
	17629		New Westminster Land District
	17631		
	17914		
	17915		
	17916		
	18751		
	18752		
	18753		
	21132		
	25053		
	25080		

The lessor, in accordance with and subject to the provisions of the *Mineral Act*, hereby demises unto the lessee, for a term of 10 years from the date first above written, all Crown minerals available under the terms of the *Mineral Act* in the mining property herein described for the purposes of marketing and sale.

The lessee shall save harmless and keep the lessor indemnified against all actions, claims, and demands that may be brought or made against the lessor by reason of anything done by the lessee, his servants, workmen, or agents in the exercise or purported exercise of the rights, powers, and privileges hereby granted.

The lessee hereby covenants and agrees at all times to perform, observe, and comply with the provisions of the *Mineral Act*; and amendments made thereto from time to time, and the provisions of any regulations which may from time to time be made under authority thereof, and all such amendments or regulations as are from time to time made shall be deemed to be incorporated into these presents and shall bind the lessee in the same manner and to the same extent as if the same as made, or amended, were set out herein as covenants on the part of the lessee.

Jm L

PROVISOS

SCHEDULE "A"

1. Any portion of Lot 6013 Group 1, New Westminster District, lying within Surveyed Timber Licence No. 8087 is subject to the rights of the holder thereof.
2. Subject to plan of operations submitted under Section 64 of the Mineral Act as contained in "Feasibility Study of Mining and Processing Ores from the Warman Vein System for Northair Mines Ltd. (NPL)" by L. J. Manning and Associates Ltd. dated October 16th, 1974.

IN WITNESS WHEREOF, the lessor and lessee have hereunto set their hands and seals the day and year first above written.

M. P. Dickson Witness

Witness

Witness

NORTH AIR MINES LTD (N.P.L.)

Lessee

D. G. M. Leach Pres.

Lessee

John E. Millie  
Minister of Mines and Petroleum Resources, Lessor

Leo J. Fimsich



SCHEDULE "B"

<u>MINING DISTRICT</u>	<u>CLAIM NAME</u>	<u>RECORD NOS.</u>	<u>EXPIRY DATE</u>
Vancouver	Warman 2-3	17627-17628	Sept. 24, 1983
Vancouver	Warman 5	17630	Sept. 24, 1983
Vancouver	Warman 10-13	18426-18429	June 24, 1984
Vancouver	Warman 17-18	19096-19097	Sept. 23, 1983
Vancouver	CAT 1-2	19422-19423	Feb. 4, 1990
Vancouver	CAT 3-10	19424-19431	Feb. 4, 1984
Vancouver	CAT 19-32	19432-19445	Feb. 4, 1984
Vancouver	CAT 35-37	19370-19372	Jan 28, 1984
Vancouver	Bert #4	21135	Sept. 7, 1984
Vancouver	Bert FR #6	25079	Oct. 5, 1984
Vancouver	Bert FR #7	25067	Sept. 24, 1984
Vancouver	Bert FR #9	25081	Oct. 5, 1994
Vancouver	FASS 207 FR	22700	July 3, 1984
Vancouver	CAT 382	25146	Oct. 26, 1984
Vancouver	DOG 67T-70T	22872-22875	Aug. 8, 1984
Vancouver	DOG 1-12	20240-20251	July 11, 1984
Vancouver	DOG 13-14	20277-20278	July 17, 1984
Vancouver	DOG 15-16	20226-20227	July 11, 1984
Vancouver	DOG 17	20228	July 11, 1994
Vancouver	DOG 18	20229	July 11, 1984
Vancouver	DOG 19	20230	July 11, 1994
Vancouver	DOG 20-28	20231-20239	July 11, 1984
Vancouver	DOG 29-30	20408-20409	July 21, 1984
Vancouver	DOG 31-36	20472-20477	Aug. 4, 1984
Vancouver	DOG 37-50	20478-20491	Aug. 4, 1984
Vancouver	DOG 52-55	20492-20495	Aug. 4, 1984
Vancouver	DOG 63-66	20500-20503	Aug. 4, 1984
Vancouver	DOG 59-62	25522-25525	Feb. 11, 1980
Vancouver	PIN 1-3 FR	26228-26230	July 25, 1975
Vancouver	CAP 5-6	26566-26567	Jan. 14, 1976

All of the above mineral claims except the BERT, FASS, PIN, CAP, CAT 382, DOG 67T - 70T and DOG 59 - 62 inclusive are subject to a prior mortgage registered in the Mining Recorder's Office, Vancouver, British Columbia, under number 3729.

SCHEDULE "C"

<u>DESCRIPTION</u>	<u>SERIAL NUMBER</u>
1 only 1965 D8 Model Caterpillar Tractor, complete with canopy angle dozer, and winch	46A10046
1 only 1969 Model D6C Caterpillar Tractor, complete with canopy angle dozer and winch	10K2861
1 only 1971 Model H65C Hough 2½ yard rubber tired loader	SH65C-7149
1 Caterpillar Model 330 100 KW Power Plant	87B3517
1 Jaw Crusher 20" x 36"	87B3517
1 Cone Crusher 36"	87B3517
1 1920 Traynor 7' X 10' Ball Mill	
1 Filter Unit Assembly with Motor	9-124967-2
PUMP HOUSE - Pump & Controls Pirelli Power Cable to Mill 6000' 6" Pipe Line to Mill 5000'	
1 only Model ST-2T Wagner LHD Scooptram	5049895
1 only Jarcoscoop LHD Model 130A 52 HP Deutz Diesel F4L 812 Eng. 2½T Bucket, Hydrostatic Drive Tires, 10 x 20	1029
1 912B LHD Eimco	912-0235
2 ER-6 1100 CFM Copco Compressors complete with 200 KVA Electric Motor & Switchgear	Al53068 Mtr. # A494139-6-01 Al63020 Mtr. # A494139-6-02
2 only Sullivan Compressors, Sulliscrew, Model 750	1700 & 1701
1 Holman 600 CFM Compressor	2276
1 only 1970 Engineered Home, 20 man Sleeping Complex	1459
1 - 15 man Sleeping Complex	
1 only 1970 Model 311, Caterpillar 37 ½ KVA electric set	51B3899

CONDITIONS REFERRED TO IN THE WITHIN DEBENTURE

1. This Debenture is issued in accordance with the resolution of the Directors of the Company and all other matters and things have been done and performed so as to authorize and make the execution, creation and issue of this Debenture legal and valid and in accordance with the requirements of the laws relating to the Company and all other statutes and laws in that behalf.

2. This Debenture

- (a) shall be and shall remain valid security for any and all subsequent advances or re-advances by the Bank to the Company to the same extent as if made at the time of issue of this Debenture;
- (b) when redeemed by the Company shall be cancelled and shall not be re-issued but any partial payment made on the Debenture by the Company to the Bank shall be deemed not to be a cancellation pro tanto;
- (c) shall not be deemed to have been redeemed by reason only of the account of the Company with the Bank having ceased to be in debit.

3. The Company shall at all times during the currency of the Debenture:

- (a) insure and keep insured against fire to its full insurable value the property hereby charged and in addition shall insure against all risks usually insured against by persons carrying on a business similar to that of the Company;
- (b) maintain and keep in proper order, repair and condition the properties charged.

4. The principal, interest and other monies hereby secured shall become immediately payable and the security hereby constituted shall become enforceable in each and every of the following events:

- (a) if the Company makes default in the observance or performance of something hereby required to be done or some covenant or condition hereby required to be observed or performed, including the covenants contained in paragraphs 1 and 2 of the within Debenture;
- (b) if an order is made or a resolution passed for the winding-up of the Company or if a petition is filed for the winding-up of the Company;
- (c) if the Company becomes insolvent or makes a voluntary assignment or proposal or bulk sale of its assets or if a bankruptcy petition is filed or presented against the Company;
- (d) if any execution, sequestration, extent or any other process of any court becomes enforceable against the Company or if a distress or analogous process is levied upon the property of the Company or any part thereof;
- (e) if the Company shall permit any sum which has been admitted as due by it or is not disputed to be due by it and which forms or is capable of being made a charge upon any of the property subject to the charge created by this Debenture to remain unpaid for thirty (30) days after proceedings have been taken to enforce the same as such prior charge;

- (f) if the Company ceases or threatens to cease to carry on its business or commits or threatens to commit any act of bankruptcy;
- (g) if the Company makes default in payment of any indebtedness or liability to the Bank, whether secured hereby or not, when due;
- (h) if the Company without the prior consent in writing of the Bank, authorizes the purchase by the Company of any of its shares;
- (i) if a member of the Company:
  - (1) commences an action against the Company; or,
  - (2) gives a notice of dissent to the Company, in accordance with the provisions of the Companies Act S.B.C. 1973, Chapter 18;
- (j) if the Company carries on any business that it is restricted from carrying on by its Memorandum;
- (k) if the Company uses any of the funds advanced under this Debenture for any purpose other than as declared to and agreed upon by the Bank;
- (l) if the Statutory Declaration of the Secretary or other officer or director of the Company delivered with this Debenture contains any mis-statement.

5. The security of this Debenture shall become enforceable if the principal monies thereby secured shall not be paid when the same become due and payable in accordance with the provisions of this Debenture.

6. At any time after the principal monies secured by this Debenture shall have become payable and remain unpaid the Bank may appoint by writing a Receiver-Manager of the property hereby charged and may from time to time remove any Receiver-Manager so appointed and appoint another in his stead.

7. A Receiver-Manager so appointed shall be an officer of the Company and shall have power:

- (a) to take possession of and get in the property hereby charged;
- (b) to carry on or concur in carrying on the business of the Company;
- (c) to sell and concur in selling any of the property hereby charged;
- (d) to make any arrangement or compromise which the Receiver-Manager shall think expedient;
- (e) to borrow money for the purposes of carrying on the business of the Company or for the maintenance of the property and assets of the Company or any part or parts thereof, in such sum as will, in the opinion of the Receiver be sufficient for obtaining upon the security of such property and assets the amounts from time to time required and in so doing the Receiver may issue certificates (herein called "Receiver's Certificates") and such certificates may be payable either to order or to bearer and may be payable at such time or times as the Receiver may think expedient and shall bear interest as shall be stated therein and the amounts from time to time payable by virtue of such Receiver's

Certificates shall form a charge upon the property and assets of the Company in priority to the charge of this Debenture. The rights and powers conferred by this paragraph are in supplement of and not in substitution for any rights the Bank may from time to time have as the holder of this Debenture. The term "Receiver" as used in this paragraph includes a Receiver-Manager.

The net profits of carrying on the said business and the net proceeds of the sale shall be applied by the Receiver-Manager subject to the claims of all secured and unsecured creditors (if any) ranking in priority to this Debenture:

FIRSTLY: In payment of all costs, charges and expenses of and incidental to the appointment of the Receiver-Manager and the exercise by him of all or any of the power aforesaid including the reasonable remuneration of the Receiver-Manager and all outgoings properly payable by him;

SECONDLY: In or toward payment to the Bank of all principal monies due in respect of this Debenture;

THIRDLY: In or toward payment to the Bank of all arrears of interest remaining unpaid on this Debenture;

FOURTHLY: Any surplus shall be paid to the Company.

The Bank shall be under no liability to the Receiver-Manager for his remuneration, costs, charges or expenses or otherwise.

8. To enable the Receiver-Manager to exercise the power granted to him by subparagraph (c) of paragraph 7 of these Conditions, the Company hereby appoints the Receiver-Manager to be its attorney to carry out any sale of any of the property charged hereby by conveying in the name of and on behalf of the Company and under his own seal and any deed or other instrument signed by him under his seal pursuant hereto shall have the same effect as if it were under the common seal of the Company.

9. The Company may at any time or times pay the whole or any part of the principal monies secured by this Debenture upon payment of accrued interest to date of payment.

10. The expression "the Bank" as used herein shall include the Bank's assigns whether immediate or derivative and any appointment or removal under paragraph 6 hereof may be made by writing, signed or sealed by any such assigns and the expression "the Company" used in this Debenture shall include the successors and assigns of the Company.

11. The security hereby created is a continuing security and shall cover and secure the payment of all and every indebtedness both present and future and interest thereon and all and every liability, present or future, direct or indirect, absolute or contingent, of the Company to the Bank and is in addition to and not in substitution for any other security or securities which the Bank now or from time to time may hold or take from the Company.

12. The Company shall from time to time at the request of the Bank create in favour of the Bank a specific charge or charges upon any property or properties acquired by it subsequent to the date of this Debenture.

13. The Company shall assume and pay all legal and other fees and disbursements relating to the creation of this Debenture and its registration in all proper offices of record.


14. The Company agrees that neither the preparation, nor the execution nor the registration of this Debenture shall bind the Bank to advance the monies hereby secured nor shall the advance of a part of the monies secured hereby bind the Bank to advance any unadvanced portion thereof but nevertheless the charge created by this Debenture shall take effect forthwith upon its execution by the Company.

15. The Bank may waive any breach by the Company of any of the provisions of this Debenture or any default by the Company in the observance or performance of any covenant or condition required to be observed or performed by the Company under the terms of this Debenture; provided always that no act or omission of the Bank in the premises shall extend to or be taken in any manner whatsoever to affect any subsequent breach or default or the rights resulting therefrom.

ACKNOWLEDGMENT OF OFFICER OF A CORPORATION

I HEREBY CERTIFY that, on the 9th day of September, 1975 at the City of Vancouver, in the Province of British Columbia, DONALD A. McLEOD, who is personally known to me, appeared before me and acknowledged to me that he is the President of NORTHAIR MINES LTD. (N.P.L.) and that he is the person who subscribed his name to the annexed instrument as the President of the said Company and affixed the seal of the said Company to the said Instrument, that he was first duly authorized to subscribe his name as aforesaid, and affix the said seal to the said Instrument, and that such corporation is legally entitled to hold and dispose of land in the Province of British Columbia.

IN TESTIMONY WHEREOF I have hereunto set my Hand at the City of Vancouver, in the Province of British Columbia this 9th day of September, 1975.

  
A Commissioner for Taking Affidavits  
for British Columbia  
B. C.N. DRY  
P.O. BOX 11130 ROYAL CENTRE  
1055 WEST GEORGIA STREET  
VANCOUVER, B.C. V6E 3R3  
BARRISTER & SOLICITOR

# SUCHE INVESTMENTS LIMITED

604 MANULIFE HOUSE  
603 - 7TH AVENUE S.W.  
CALGARY, ALBERTA, CANADA  
T2P 2T5

ANTHONY SUCHE

June 5, 1975

Mr. Hart Horn  
Associate Deputy Minister  
Department of Mines &  
Petroleum Resources  
Parliament buildings  
Victoria, B.C.

Dear Hart:

Many thanks for your help and patience in connection with the Northair meetings we have been having.

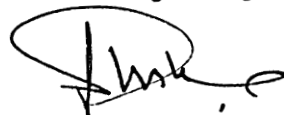
I spoke at great length with Stuart Horn of Anglo American Corporation of Canada yesterday and he fully and satisfactorily explained his reasons for not being able to talk with you and also the reasons why they cannot invest in Northair until the pollution control permit comes through. The reason concerns their internal set up and has nothing to do with doubts about the ultimate issuance of a permit. They are still willing to invest in Northair and preparatory work is being done to enable the financing to be concluded immediately upon receipt of the necessary permit.

Northair's concern is, as you know, in completing much outside work before next winter and they are at the point where each day counts. Pending receipt of the permit and concluding the institutional financing Northair is taking steps to raise some interim money through a private placement.

I have enclosed copies of letters sent today to Mr. Nimsick and to Mr. Fred Hodgson of the P.C.B..

If there is anything I can do to help the process will you please contact me. In any event I look forward to seeing you again soon.

Yours very truly,



Anthony Suche

/car

REFERRED TO		ACTIONED BY (403) 265-2370	
		DATE	INITIAL
		CABLE ADDRESS "SUCHINV" CALGARY	
DIRECTOR		JUN 9 '75	
ASST. DIRECTOR			
MINERAL ACCT.			
PETROLEUM ACCT.			
CHIEF TITLES			



# SUCHE INVESTMENTS LIMITED

604 MANULIFE HOUSE  
603 - 7TH AVENUE S.W.  
CALGARY, ALBERTA, CANADA  
T2P 2T5

ANTHONY SUCHE

TELEPHONE  
(403) 263-2370

CABLE ADDRESS  
"SUCHINV" CALGARY

June 5, 1975

The Honorable Leo Nimsick  
Minister of Mines and Petroleum  
Resources  
Parliament buildings  
Victoria, B.C.

Dear Sir:

Thank you very much for seeing John Evans and myself on such short notice last Friday in connection with Northair Mines Ltd. and it's financing. We also had a few minutes with Mr. Hart Horn and in fact saw him again on Monday.

Hudsons Bay Mining & Smelting are happy to participate in the Northair financing along with the Royal Bank and will proceed as soon as the necessary pollution control permits are issued. I visited the pollution control branch on Monday (Mr. Hodgson) and he assures me that the Northair application is top priority. It seems that the permit could be expected by August 1, 1975 at the latest.

I believe that Hudsons Bay Mining & Smelting's involvement in a new B.C. mine would be well received by all concerned and any help your department can offer in speeding up the pollution permit would be very much appreciated.

Thank you for your time.

Yours very truly,



Anthony Suche

/car

# SUCHE INVESTMENTS LIMITED

604 MANULIFE HOUSE  
603 - 7TH AVENUE S.W.  
CALGARY, ALBERTA, CANADA  
T2P 2T5

ANTHONY SUCHE

TELEPHONE  
(403) 265-2370  
CABLE ADDRESS  
"SUCHINV" CALGARY

June 5, 1975

Mr. Fred Hodgson  
Department of Lands Forests  
and Water Resources  
Pollution control Branch  
1088 - 4th St.  
Victoria, B.C.

Dear Fred:

Thank you for seeing me on Monday and enlightening me concerning the permit for Northair Mines. As you know the financing for Northair can be concluded immediately upon receipt of the permit.

Because of the amount of work to be done before the next winter snows every day counts and it is appreciated that the P.C.B. is processing the Northair application as expeditiously as possible.

Thanks again for your time.

Yours very truly,



Anthony Suche

/car

# MEMORANDUM

TO.....The Hon. Leo T. Nimsick..

.....Minister.....

FROM THE

DEPARTMENT OF MINES  
AND PETROLEUM RESOURCES

VICTORIA, B.C., May 27....., 1975...

WHEN REPLYING PLEASE REFER

TO FILE NO.....144.....


Subject: ROYAL BANK OF CANADA AND NORTHAIR MINES LTD.  
CONCERNING A CERTAIN DEBENTURE TO BE GRANTED  
BY NORTHAIR MINES LTD. TO THE ROYAL BANK OF  
CANADA

You will recall that Mr. Dryvynsyde, solicitor for the Royal Bank, after several discussions concerning certain statements and acknowledgements that he wanted you to make concerning the Debenture which the Bank was considering accepting from Northair, presented a draft of a letter to be executed by you (a copy of which is attached hereto as Exhibit Number 1), and that you were advised by Mr. G. H. Cross and myself that you should not write such a letter for the following reasons:

- a) It had the effect of subrogating the rights of the Crown to the rights of the Bank with respect to the Production Lease.
- b) It also had the effect of restricting the Minister's unfettered discretion granted under Section 66 of the Mineral Act.
- c) It provided for a recognition by the Minister that the Debenture charges by way of a fixed charge the Production Lease for which there is no express authority under the Mineral Act.

In addition to the above, this letter would have established a precedence which the Minister would be bound to follow in the future. Furthermore, the notices that the Minister agreed to provide the Bank in this letter when magnified in terms of what might follow in the future reflected an administrative burden which could prove to be quite onerous.

When your decision was conveyed to Northair, its President, Mr. D. A. McLeod, came to Victoria to discuss the matter further with you and Mr. Horn. As a result of that



discussion, Mr. McLeod and Mr. Yates, Northair's solicitor, arrived in Victoria a few days later for the express purpose of joining with Mr. Hart Horn and the writer to draft a substitute letter which would be suitable to both you and the Bank. As a result of this meeting, a letter was drafted, dated May 5, 1975, (a copy of which is attached hereto as Exhibit Number 2), which was approved by you.

Mr. McLeod and Mr. Yates returned to Vancouver with a copy of this letter to discuss its contents with Mr. Dryvynsyde. According to a message conveyed to the writer a few days later, by Mr. Horn, Mr. Dryvynsyde's reaction to the content of this letter was that it was quite innocuous and quite unsatisfactory for the Bank's purposes.

As a result of further discussions between Mr. Yates and Mr. Horn and Mr. Yates and Mr. Dryvynsyde, Mr. Dryvynsyde prepared two draft letters numbers one and two (attached hereto as Exhibits 3A and 3B respectively) to be written by you and addressed to the Bank. Mr. Yates met with Mr. Horn and the writer on May 9, 1975 to discuss the contents of these letters and as a result of that discussion, I revised Exhibits 3A and 3B and advised Mr. Yates in Vancouver by telephone of those changes on May 13 which changes were incorporated for convenience only in a draft attached hereto as Exhibit 4. As far as Exhibit 3A is concerned I was not in accord with the suggested rewording and in conveying it to Mr. Yates I told him so and reserved the right to change it.

On May 14, Mr. Yates called Mr. Horn to advise him that he had consulted with Mr. Dryvynsyde concerning the changes proposed by the writer in Exhibit 3B and that the Bank was unable to accept certain of these changes and further that he was coming to Victoria to discuss the changes with Mr. Horn and the writer. As a result of that discussion certain changes were made in Exhibits 3A and 4 which resulted in the two draft letters attached hereto as Exhibits 5A and 5B.

I believe it is evident from the various redrafts that I have made that the writer has attempted to avoid the subrogation referred to above as well as other problems by making all statements made by you subject to the provisions of the Mineral Act and all other applicable acts and without prejudice to present and future rights of the Crown. I have also attempted to avoid the use of such terminology as "acknowledge", "recognize" or "consent to" because of the connotation the use

of such words may convey legally by substituting therefor such words as "aware" and "purport". I have not always succeeded in this respect as some of those words do appear in Exhibit Number 2 but were later corrected in Exhibit Number 4.

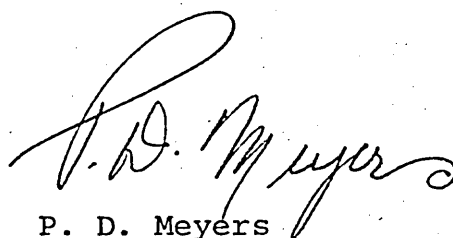
The Bank objected most strenuously to the use of the words "purport" and "purportedly" in the second paragraph of Exhibit Number 4 stating that the letter was unacceptable in that form and for the first time Mr. Dryvynsyde admitted through Mr. Yates that the Bank had to have the Minister's recognition that the Debenture charges by way of a fixed charge the interest of Northair in the Production Lease. Mr. Yates states that the reason for the Bank's insistence on this recognition is that it considers the interest conveyed to the Bank by the Debenture to be in the nature of an interest similar to that conveyed by way of sublease but not the same. However, in my opinion, the Bank's chief reason for insisting upon such recognition is to provide it with the priority vis-a-vis the Production Lease at least in so far as third parties are concerned. ?

The abandonment of the words "purport" and "purportedly" will provide the Bank with the protection it desires.

If you sign a letter in the form set out in Exhibit 5B I do not think there can be any question of the fact that you will have recognized officially that the Debenture charges the Production Lease by way of a fixed charge and in so doing you will also have recognized the Bank's interest to that extent. Furthermore you will be required to recognize the Bank's priority with respect to the interest of Northair in the Production Lease in so far as any other party is concerned other than the Crown.

You should also keep in mind the fact that by signing this letter you will be establishing a precedence in regard to the recognition of similar charges against other production leases. I should also mention your undertaking to provide the notices referred to in the third paragraph of Exhibit 5B. This could result in serious administrative problems and I am most concerned about the requirement to give notices of "any suspension or cancellation of the Production Lease". You will no doubt recall that in Exhibit Number 1 the obligation was confined to "notice of my intention to cancel or suspend". In one of the

earlier drafts I attempted to revert to this wording but it was removed and the present wording reinstated on the objection from the Bank.

A handwritten signature in cursive script, appearing to read "P. D. Meyers".

P. D. Meyers  
Departmental Solicitor

PDM/slh

Attachments

Vice-President & General Manager's  
Department,  
The Royal Bank of Canada,  
1055 West Georgia Street,  
Vancouver, B.C.  
V6E 3P3

Attention: Mr. G.B. Langley,  
Vice-President & General Manager.

Dear Sirs:

Re: The Royal Bank of Canada ("Bank") -  
Northair Mines Ltd. (N.P.L.) ("Northair")

I write to confirm my advice to your solicitors, Messrs. Bull, Housser & Tupper, with respect to the debenture security created and issued by Northair in favour of the Bank in the sum of \$5,000,000 (Canadian Funds) (the "Debenture").

It is my understanding that the Debenture charges by way of a fixed charge certain machinery and equipment owned by Northair and the Production Lease issued January 17, 1975 (the "Production Lease") under my signature as Minister of Mines and Petroleum Resources, the Lessor.

I have informed your solicitors that as a Minister of the Crown I cannot and will not at this time enter into any agreement or make any commitment which will affect my right to exercise the discretionary powers vested in me or any future Minister of Mines and Petroleum Resources pursuant to the provisions of the Mineral Act of the Province of British Columbia.

However, as I appreciate your concern with respect to the nature of this loan transaction and the security therefor, I can advise you that subject to the foregoing:

- 60
- (1) I will give the Bank ~~120~~ <sup>60</sup> days' notice in writing (except for forfeiture of the Production Lease for non-payment of rental in which case notice shall be 30 days) of my intention to cancel or suspend the Production Lease and the reasons for such cancellation or suspension;

- (2) I will not unreasonably withhold my consent to a sale, assignment, transfer, sub-lease or other disposition of the Production Lease by a Receiver-Manager appointed under the Debenture;
- (3) I will not unreasonably withhold my consent to the removal of any mining plant, machinery, equipment, or other personal property charged under the Debenture.



May 5, 1975.

I have been requested by Mr. D. A. McLeod, President of Northair Mines Ltd. (N.P.L.) ("Northair") to confirm my position as Minister of the Crown with respect to the debenture to be provided by Northair.

More specifically, I am prepared to acknowledge the debenture created and issued by Northair in favour of the Royal Bank of Canada securing the principal sum of \$5,000,000 and constituting both fixed and floating charges over all assets of Northair.

I also recognize that in the event of default pursuant to the terms of such debenture there may be an application for my consent to an assignment or transfer of the Production Lease.

Further, I will arrange to provide the following notices in writing to the Royal Bank of Canada:

- a) not less than 30 days' notice of forfeiture of the Production Lease for non-payment of rent, or
- b) not less than 60 days' notice of any suspension of the Production Lease, or
- c) not less than 90 days' notice of any cancellation of the Production Lease.

and give reasons for such proposed suspension or cancellation.

It is to be understood that the foregoing is subject to the provisions of the Mineral Act and any other Act of the Legislature which may be applicable and the provisions of any amendments made thereto from time to time or the provisions of any regulations which may from time to time be made under the authority thereof and is made without prejudice to present and future rights of the Crown.

DRAFT LETTER NUMBER 1 FROM THE DEPARTMENT OF MINES AND PETROLEUM  
RESOURCES

Dear Sirs:

Re: The Royal Bank of Canada ("Bank") -  
Northair Mines Ltd. (N.P.L.) ("Northair")

I enclose a copy of a letter which I will complete, sign and deliver to you at or immediately following the closing of the financing of Northair in the sum of \$5,000,000 (Canadian Funds) by the Bank.

Yours truly,

DRAFT LETTER NUMBER 2 FROM THE DEPARTMENT OF MINES AND PETROLEUM  
RESOURCES

Dear Sirs:

Re: The Royal Bank of Canada ("Bank") -  
Northair Mines Ltd. (N.P.L.) ("Northair")

I write to confirm my position as a Minister of the Crown with respect to the debenture security created and issued by Northair in favour of the Bank on the       day of       , 1975, securing the sum of \$5,000,000 (Canadian Funds) (hereinafter called the "Debenture"). A copy of the Debenture which was registered in the offices of the Registrar of Companies on the       day of       , 1975, is attached hereto as Schedule "A".

I acknowledge that the Debenture charges by way of a fixed charge, inter alia, certain machinery, equipment, and personal property, owned by Northair and the Production Lease issued on January 17, 1975, under my signature as Minister of Mines and Petroleum Resources (hereinafter called the "Production Lease"). The Debenture also charges by way of a floating charge all other assets of Northair. I recognize that if there is an event of default the Bank has the right to appoint a Receiver-Manager pursuant to the terms of the Debenture, who may apply for my consent to an assignment, sublease or transfer of the Production Lease. If such an application were to be made to me, it is unlikely that I would withhold my consent if the proposed assignee, sublessee or transferee was acceptable to me.

I will arrange to provide the following notices in writing to the Bank of:

- (a) not less than 30 days' notice of forfeiture of the Production Lease for non-payment of rent, or
- (b) not less than 60 days' notice of any suspension of the Production Lease, or

(c) not less than 90 days' notice of any cancellation of the Production Lease,

and give reasons for such proposed suspension or cancellation.

It is to be understood that the foregoing is subject to the provisions of the Mineral Act and any other Act of the Legislature which may be applicable and the provisions of any amendments made thereto from time to time or the provisions of any regulations which may from time to time be made under the authority thereof, and is made without prejudice to present and future rights of the Crown.

I confirm that a copy of this letter and Schedule "A" thereto will be attached to the Department of Mines and Petroleum Resources' copy of the Production Lease.

Yours truly,

Draft May 10<sup>th</sup>, 1975 re Northair

Dear Sirs:

Re: The Royal Bank of Canada ("Bank") -  
Northair Mines Ltd. (N.P.L.) ("Northair")

I write to confirm my position as a Minister of the Crown with respect to the debenture security created and issued by Northair in favour of the Bank on the       day of       , 1975, securing the sum of \$5,000,000 (Canadian Funds) (hereinafter called the "Debenture"). A copy of the Debenture which was registered in the offices of the Registrar of Companies on the       day of       , 1975, is attached hereto as Schedule "A".

I am aware that the Debenture purports to charge by way of a fixed charge, inter alia, certain machinery, equipment, and personal property, owned by Northair and the interest of Northair in the Production Lease issued on January 17, 1975, under my signature as Minister of Mines and Petroleum Resources (hereinafter called the "Production Lease"). The Debenture also purports to charge by way of a floating charge all other assets of Northair. I am also aware that if there is an event of default the Bank has the right purportedly to appoint a Receiver-Manager pursuant to the terms of the Debenture, who may apply for my consent to an assignment, sublease or transfer of the Production Lease. If such an application were to be made to me, it is unlikely that I would withhold my consent if the proposed assignee, sublessee or transferee was acceptable to me.

I will arrange to provide the Bank with 60 days' notice in writing (except for forfeiture of the Production Lease for non-payment in which case notice shall be 30 days') of my intention to cancel or suspend the Production Lease and the reasons for such cancellation or suspension.

I confirm that a copy of this letter and Schedule "A"

thereto will be attached to the Department of Mines and Petroleum Resources' copy of the Production Lease.

The foregoing statements are made subject to the provisions of the Mineral Act and any other Act of the Legislature which may be applicable and the provisions of any amendments made thereto from time to time or the provisions of any regulations which may from time to time be made under the authority thereof, and without prejudice to present and future rights of the Crown and my duties as Minister of the Crown.

Yours truly,

3 Draft #1

Dear Sirs:

I enclose the copy of a letter which I am prepared to complete, sign, and present to you following the closing of the financing of Northair in the sum of \$5,000,000 (Canadian Funds) by the Bank, subject to my approval of the terms and conditions of the financing as far as they may affect the interests of the Crown.

Yours sincerely,

DRAFT LETTER NUMBER 2 FROM THE DEPARTMENT OF MINES AND  
PETROLEUM RESOURCES

Dear Sirs:

Re: The Royal Bank of Canada ("Bank") -  
Northair Mines Ltd. (N.P.L.) ("Northair")

I write to confirm my position as a Minister of the Crown with respect to the debenture security created and issued by Northair in favour of the Bank on the       day of       , 1975, securing the sum of \$5,000,000 (Canadian Funds) (hereinafter called the "Debenture"). A copy of the Debenture, which was registered in the offices of the Registrar of Companies on the       day of       , 1975, is attached hereto as Schedule "A".

I am aware that the Debenture charges by way of a fixed charge, inter alia, certain machinery, equipment, and personal property, owned by Northair and the interest of Northair in the Production Lease issued on January 17, 1975, under my signature as Minister of Mines and Petroleum Resources (hereinafter called the "Production Lease"). The Debenture also charges by way of a floating charge all other assets of Northair. I am also aware that if there is an event of default the Bank has the right to appoint a Receiver-Manager pursuant to the terms of the Debenture, who may apply for my consent to an assignment, sublease or transfer of the Production Lease. If such an application were to be made to me, it is unlikely that I would withhold my consent if the proposed assignee, sublessee or transferee was acceptable to me.

I will arrange to provide the following notices in writing to the Bank of:

- (a) not less than 30 days' notice of forfeiture of the Production Lease for non-payment of rent, or
- (b) not less than 60 days' notice of any suspension of the Production Lease, or



(c) not less than 90 days' notice of any cancellation of the Production Lease,

and give reasons for such proposed suspension or cancellation.

I confirm that a copy of this letter and Schedule "A" thereto will be attached to the Department of Mines and Petroleum Resources' copy of the Production Lease.

The foregoing statements are made subject to the provisions of the Mineral Act and any other Act of the Legislature which may be applicable and the provisions of any amendments made thereto from time to time or the provisions of any regulations which may from time to time be made under the authority thereof, and without prejudice to present and future rights of the Crown and my duties as a Minister of the Crown.

Yours truly,

Dear Sir

Northair mines

I enclose the copy of a letter which I am prepared to ~~sign~~<sup>complete</sup> and present to you following the 'closing' of the financing of Northair in the sum of \$5,000,000 (Canadian Funds) by the Bank subject to my approval of the terms and conditions of the financing as far as they may affect the interests of the Crown.

Yours sincerely,

3. Draft # 2

DRAFT LETTER NUMBER 2 FROM THE DEPARTMENT OF MINES AND  
PETROLEUM RESOURCES

Dear Sirs:

Re: The Royal Bank of Canada ("Bank") -  
Northair Mines Ltd. (N.P.L.) ("Northair")

I write to confirm my position as a Minister of the Crown with respect to the debenture security created and issued by Northair in favour of the Bank on the day of 1975, securing the sum of \$5,000,000 (Canadian Funds) (hereinafter called the "Debenture"). A copy of the Debenture, which was registered in the offices of the Registrar of Companies on the day of , 1975, is attached hereto as Schedule "A".

I am aware that the Debenture ~~purports to charges~~ by way of a fixed charge, inter alia, certain machinery, equipment, and personal property, owned by Northair and the interest of Northair in the Production Lease issued on January 17, 1975, under my signature as Minister of Mines and Petroleum Resources (hereinafter called the "Production Lease"). The Debenture also ~~purports to charges~~ by way of a floating charge all other assets of Northair. I am also aware that if there is an event of default the Bank has the right ~~purportedly~~ to appoint a Receiver-Manager pursuant to the terms of the Debenture, who may apply for my consent to an assignment, sublease or transfer of the Production Lease. If such an application were to be made to me, it is unlikely that I would withhold my consent if the proposed assignee, sublessee or transferee was acceptable to me.

I will arrange to provide the following notices in writing to the Bank of:

- (a) not less than 30 days' notice of forfeiture of the Production Lease for non-payment of rent, or
- (b) not less than 60 days' notice of any suspension of the Production Lease, or

(c) not less than 90 days' notice of any cancellation of the Production Lease,

and give reasons for such proposed suspension or cancellation.

I confirm that a copy of this letter and Schedule "A" thereto will be attached to the Department of Mines and Petroleum Resources' copy of the Production Lease.

The foregoing statements are made subject to the provisions of the Mineral Act and any other Act of the Legislature which may be applicable and the provisions of any amendments made thereto from time to time or the provisions of any regulations which may from time to time be made under the authority thereof, and without prejudice to present and future rights of the Crown and my duties as a Minister of the Crown.

Yours truly,

# BOUGHTON & COMPANY

BARRISTERS & SOLICITORS

LESLIE R. PETERSON, Q.C., LL.D.  
DONALD R. DUNFEE  
JAMES E. BOUGHTON, Q.C.  
RALPH R. WOLLEN  
WILLIAM B. McALLISTER  
GORDON V. ANDERSON  
ALFRED C. SCHULTZ  
ROBERT B. McDONALD

F. KAY S. COLLINS  
M. EDWARD MORTIMER  
DANIEL GOLDSMITH  
R. KEITH YARDLEY  
SCOTT B. STEWART  
COLIN K. CAMPBELL

REFERRED TO		ACTIONED BY	
		DATE	INITIAL
DIRECTOR		MAY 21 '75	
ASST. DIRECTOR			
MINERAL ACCT.			
PETROLEUM ACCT.			
CHIEF TITLES			

CABLE ADDRESS "ATTEST"  
TELEPHONE (604) 683-6631

SIXTH FLOOR  
890 WEST PENDER ST.  
VANCOUVER, B. C.  
V6C 1K4

REPLY ATTENTION OF  
FILE NO.

R. Keith Yardley  
15340

Attorney General's Department  
Parliament Buildings  
Victoria, B.C.

May 23rd, 1975

Attention: Mr. Peter D. Meyers

Dear Sirs:

Re: The Royal Bank of Canada ("Bank")  
and Northair Mines Ltd. (N.P.L.)  
("Northair")

I confirm the draft letters which were prepared in your office are acceptable to the Bank and I enclose photocopies of the draft letters which have been approved by the Bank and initialled.

It would be greatly appreciated if the first letter from the Minister could be prepared and delivered, with the draft second letter attached, to the Bank as indicated.

Since the mails are uncertain, it would be preferable that the letter be delivered and I am instructing my agent, Pamela Murray of Clay & Company, 837 Burdett Avenue, Victoria, B.C., to pick up the letter from your offices when it is ready and make arrangements for its delivery to the Bank in Vancouver. It would be greatly appreciated if you could advise Miss Murray at 386-2261 when the letter is ready and she can then make the necessary arrangements.

.....2

C  
O  
P  
Y

Attorney General's Department  
Mr. Peter D. Meyers

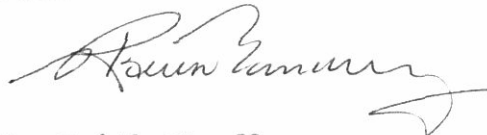
May 23rd, 1975

I trust that this matter can be dealt with as soon as possible and if I can be of any assistance, please do not hesitate to call me, or, if I am not available, my partner, Gordon Anderson.

Yours very truly,

BOUGHTON & COMPANY

Per:

A handwritten signature in cursive script, appearing to read "R. Keith Yardley", with a long horizontal flourish extending to the right.

R. Keith Yardley

RKY/mm

Encl.

cc: ✓ Department of Mines and  
Petroleum Resources  
Attention: Mr. Hart Horne

DRAFT LETTER NO. 1

FROM THE DEPARTMENT OF MINES AND  
PETROLEUM RESOURCES

*Handwritten signature/initials*

Vice President & General Manager's  
Department,  
The Royal Bank of Canada,  
1055 West Georgia Street,  
Vancouver, B.C.  
V6E 3P3

Attention: Mr. G.B. Langley,  
Vice President & General Manager.

Dear Sirs:

Re: The Royal Bank of Canada ("Bank") -  
Northair Mines Ltd. (N.P.L.) ("Northair")

I enclose a copy of a letter which I am prepared to complete, sign and present to you following the closing of the financing of Northair in the sum of \$5,000,000 (Canadian Funds) by the Bank, subject to my approval of the terms and conditions of the financing as far as they may affect the interests of the Crown.

Yours truly,

DRAFT LETTER NO. 1

FROM THE DEPARTMENT OF MINES AND  
PETROLEUM RESOURCES

23/1

Vice President & General Manager's  
Department,  
The Royal Bank of Canada,  
1055 West Georgia Street,  
Vancouver, B.C.  
V6E 3P3

Attention: Mr. G.B. Langley,  
Vice President & General Manager.

Dear Sirs:

Re: The Royal Bank of Canada ("Bank") -  
Northair Mines Ltd. (N.P.L.) ("Northair")

I write to confirm my position as a Minister of the Crown with respect to the debenture security created and issued by Northair in favour of the Bank on the       day of       , 1975, securing the sum of \$5,000,000 (Canadian Funds) (hereinafter called the "Debenture"). A copy of the Debenture, which was registered in the offices of the Registrar of Companies on the       day of       , 1975, is attached hereto as Schedule "A".

I am aware that the Debenture charges by way of a fixed charge, inter alia, certain machinery, equipment, and personal property, owned by Northair and the interest of Northair in the Production Lease issued on January 17, 1975, under my signature as Minister of Mines and Petroleum Resources (hereinafter called the "Production Lease"). The Debenture also charges by way of a floating charge all other assets of Northair. I am also aware that if there is an event of default the Bank has the right to appoint a Receiver-Manager pursuant to the terms of the Debenture, who may apply for my consent to an assignment, sublease or transfer of the Production Lease. If such an application were to be made to me, it is unlikely that I would withhold my consent if the proposed assignee, sublessee or transferee was acceptable to me.

I will arrange to provide the following notices in writing to the Bank of:



- (a) not less than 30 days' notice of forfeiture of the Production Lease for non-payment of rent, or
- (b) not less than 60 days' notice of any suspension of the Production Lease, or
- (c) not less than 90 days' notice of any cancellation of the Production Lease,

and give reasons for such proposed suspension or cancellation.

I confirm that a copy of this letter and Schedule "A" thereto will be attached to the Department of Mines and Petroleum Resources' copy of the Production Lease.

The foregoing statements are made subject to the provisions of the Mineral Act and any other Act of the Legislature which may be applicable and the provisions of any amendments made thereto from time to time or the provisions of any regulations which may from time to time be made under the authority thereof, and without prejudice to present and future rights of the Crown and my duties as a Minister of the Crown.

Yours truly,

SIGNED BY MINISTER.

---

# DEPARTMENT OF MINES AND PETROLEUM RESOURCES

Date: *May 26/75*

From: *Mr. Meyers*  
To: *Mr. Horn*

## INSTRUCTIONS

- |   |  |
|---|--|
| <input type="checkbox"/> For your approval.               | <input type="checkbox"/> Prepare reply for my signature. |
| <input checked="" 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.                  |

REMARKS:		ACTIONED BY	
		DATE	INITIAL
REFERRED TO		<i>MAY 21 75</i>	
DIRECTOR			
ASST. DIRECTOR			
MINERAL ACCT.			
PETROLEUM ACCT.			
CHIEF TITLES			

BOUGHTON & COMPANY

BARRISTERS & SOLICITORS

LESLIE R. PETERSON, Q.C., LL.D.  
DONALD R. DUNFEE  
JAMES E. BOUGHTON, Q.C.  
RALPH R. WOLLEN  
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GORDON V. ANDERSON  
SCOTT B. STEWART  
COLIN K. CAMPBELL  
F. KAY S. COLLINS  
M. EDWARD MORTIMER  
DANIEL GOLDSMITH  
R. KEITH YARDLEY  
LAURENCE B. ASSALY  
ALFRED C. SCHULTZ  
ROBERT B. McDONALD

CABLE ADDRESS "ATTEST"  
TELEPHONE (604) 683-6631

SIXTH FLOOR  
890 WEST PENDER ST.  
VANCOUVER, B. C.  
V6C 1K4

REPLY ATTENTION OF R. Keith Yardley  
FILE NO. 15340

May 23rd, 1975

Attorney General's Department  
Parliament Buildings  
Victoria, B.C.

Attention: Mr. Peter D. Meyers

Dear Sirs:

Re: The Royal Bank of Canada ("Bank")  
and Northair Mines Ltd. (N.P.L.)  
("Northair")

I confirm the draft letters which were prepared in your office are acceptable to the Bank and I enclose photocopies of the draft letters which have been approved by the Bank and initialled.

It would be greatly appreciated if the first letter from the Minister could be prepared and delivered, with the draft second letter attached, to the Bank as indicated.

Since the mails are uncertain, it would be preferable that the letter be delivered and I am instructing my agent, Pamela Murray of Clay & Company, 837 Burdett Avenue, Victoria, B.C., to pick up the letter from your offices when it is ready and make arrangements for its delivery to the Bank in Vancouver. It would be greatly appreciated if you could advise Miss Murray at 386-2261 when the letter is ready and she can then make the necessary arrangements.

.....2

Attorney General's Department  
Mr. Peter D. Meyers

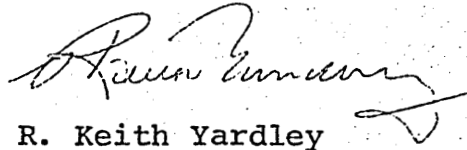
May 23rd, 1975

I trust that this matter can be dealt with as soon as possible and if I can be of any assistance, please do not hesitate to call me, or, if I am not available, my partner, Gordon Anderson.

Yours very truly,

BOUGHTON & COMPANY

Per:

  
R. Keith Yardley

RKY/mm

Encl.

cc: Department of Mines and  
Petroleum Resources  
Attention: Mr. Hart Horne

DRAFT LETTER NO.

FROM THE DEPARTMENT OF MINES AND  
PETROLEUM RESOURCES

*Handwritten signature/initials*

Vice President & General Manager's  
Department,  
The Royal Bank of Canada,  
1055 West Georgia Street,  
Vancouver, B.C.  
V6E 3P3

Attention: Mr. G.B. Langley,  
Vice President & General Manager.

Dear Sirs:

Re: The Royal Bank of Canada ("Bank") -  
Northair Mines Ltd. (N.P.L.) ("Northair")

I enclose a copy of a letter which I am prepared to complete, sign and present to you following the closing of the financing of Northair in the sum of \$5,000,000 (Canadian Funds) by the Bank, subject to my approval of the terms and conditions of the financing as far as they may affect the interests of the Crown.

Yours truly,

DRAFT LETTER NO. 2

FROM THE DEPARTMENT OF MINES AND  
PETROLEUM RESOURCES

Vice President & General Manager's  
Department,  
The Royal Bank of Canada,  
1055 West Georgia Street,  
Vancouver, B.C.  
V6E 3P3

Attention: Mr. G.B. Langley,  
Vice President & General Manager.

Dear Sirs:

Re: The Royal Bank of Canada ("Bank") -  
Northair Mines Ltd. (N.P.L.) ("Northair")

I write to confirm my position as a Minister of the Crown with respect to the debenture security created and issued by Northair in favour of the Bank on the       day of       , 1975, securing the sum of \$5,000,000 (Canadian Funds) (hereinafter called the "Debenture"). A copy of the Debenture, which was registered in the offices of the Registrar of Companies on the       day of       , 1975, is attached hereto as Schedule "A".

I am aware that the Debenture charges by way of a fixed charge, inter alia, certain machinery, equipment, and personal property, owned by Northair and the interest of Northair in the Production Lease issued on January 17, 1975, under my signature as Minister of Mines and Petroleum Resources (hereinafter called the "Production Lease"). The Debenture also charges by way of a floating charge all other assets of Northair. I am also aware that if there is an event of default the Bank has the right to appoint a Receiver-Manager pursuant to the terms of the Debenture, who may apply for my consent to an assignment, sublease or transfer of the Production Lease. If such an application were to be made to me, it is unlikely that I would withhold my consent if the proposed assignee, sublessee or transferee was acceptable to me.

I will arrange to provide the following notices in writing to the Bank of:

- (a) not less than 30 days' notice of forfeiture of the Production Lease for non-payment of rent, or
- (b) not less than 60 days' notice of any suspension of the Production Lease, or
- (c) not less than 90 days' notice of any cancellation of the Production Lease,

and give reasons for such proposed suspension or cancellation.

I confirm that a copy of this letter and Schedule "A" thereto will be attached to the Department of Mines and Petroleum Resources' copy of the Production Lease.

The foregoing statements are made subject to the provisions of the Mineral Act and any other Act of the Legislature which may be applicable and the provisions of any amendments made thereto from time to time or the provisions of any regulations which may from time to time be made under the authority thereof, and without prejudice to present and future rights of the Crown and my duties as a Minister of the Crown.

Yours truly,

SIGNED BY MINISTER.

---

DRAFT LETTER FROM  
THE DEPARTMENT OF MINES AND PETROLEUM RESOURCES

Vice-President & General Manager's  
Department,  
The Royal Bank of Canada,  
1055 West Georgia Street,  
Vancouver, B.C.  
V6E 3P3

Attention: Mr. G.B. Langley,  
Vice-President & General Manager.

Dear Sirs:

Re: The Royal Bank of Canada ("Bank") -  
Northair Mines Ltd. (N.P.L.) ("Northair")

I write to confirm my advice to your solicitors, Messrs. Bull, Housser & Tupper, with respect to the debenture security created and issued by Northair in favour of the Bank in the sum of \$5,000,000 (Canadian Funds) (the "Debenture").

It is my understanding that the Debenture charges by way of a fixed charge certain machinery and equipment owned by Northair and the Production Lease issued January 17, 1975 (the "Production Lease") under my signature as Minister of Mines and Petroleum Resources, the Lessor.

I have informed your solicitors that as a Minister of the Crown I cannot and will not at this time enter into any agreement or make any commitment which will affect my right to exercise the discretionary powers vested in me or any future Minister of Mines and Petroleum Resources pursuant to the provisions of the Mineral Act of the Province of British Columbia.

However, as I appreciate your concern with respect to the nature of this loan transaction and the security therefor, I can advise you that subject to the foregoing:

- (1) I will give the Bank 120 days' notice in writing (except for forfeiture of the Production Lease for non-payment of rental in which case notice shall be 30 days) of my intention to cancel or suspend the Production Lease and the reasons for such cancellation or suspension;



- (2) I will not unreasonably withhold my consent to a sale, assignment, transfer, sub-lease or other disposition of the Production Lease by a Receiver-Manager appointed under the Debenture;
- (3) I will not unreasonably withhold my consent to the removal of any mining plant, machinery, equipment, or other personal property charged under the Debenture.

*Hart Horn*

May 5, 1975.

I have been requested by Mr. D. A. McLeod, President of Northair Mines Ltd. (N.P.L.) ("Northair") to confirm my position as Minister of the Crown with respect to the debenture to be provided by Northair.

More specifically, I am prepared to acknowledge the debenture created and issued by Northair in favour of the Royal Bank of Canada securing the principal sum of \$5,000,000 and constituting both fixed and floating charges over all assets of Northair.

I also recognize that in the event of default pursuant to the terms of such debenture there may be an application for my consent to an assignment or transfer of the Production Lease.

Further, I will arrange to provide the following notices in writing to the Royal Bank of Canada:

- a) not less than 30 days' notice of forfeiture of the Production Lease for non-payment of rent, or
- b) not less than 60 days' notice of any suspension of the Production Lease, or
- c) not less than 90 days' notice of any cancellation of the Production Lease.

and give reasons for such proposed suspension or cancellation.

It is to be understood that the foregoing is subject to the provisions of the Mineral Act and any other Act of the Legislature which may be applicable and the provisions of any amendments made thereto from time to time or the provisions of any regulations which may from time to time be made under the authority thereof and is made without prejudice to present and future rights of the Crown.

*A copy of this letter together with a copy of the said debenture, will be attached to the Department's copy of the Production Lease issued to Northair.*

DRAFT LETTER NUMBER 2 FROM THE DEPARTMENT OF MINES AND PETROLEUM  
RESOURCES

Dear Sirs:

Re: The Royal Bank of Canada ("Bank") -  
Northair Mines Ltd. (N.P.L.) ("Northair")

I write to confirm my position as a Minister of the Crown with respect to the debenture security created and issued by Northair in favour of the Bank on the       day of       , 1975, securing the sum of \$5,000,000 (Canadian Funds) (hereinafter called the "Debenture"). A copy of the Debenture which was registered in the offices of the Registrar of Companies on the       day of       , 1975, is attached hereto as Schedule "A".

I acknowledge that the Debenture charges by way of a fixed charge, inter alia, certain machinery, equipment, <sup>the interest</sup> and personal property, owned by Northair and the Production <sup>of Northair</sup> Lease issued on January 17, 1975, under my signature as Minister of Mines and Petroleum Resources (hereinafter called the "Production Lease"). The Debenture also charges by way of a floating charge all other assets of Northair. I recognize that if there is an event of default the Bank has the right to appoint a Receiver-Manager pursuant to the terms of the Debenture, who may apply for my consent to an assignment, sublease or transfer of the Production Lease. If such an application were to be made to me, it is unlikely that I would withhold my consent if the proposed assignee, sublessee or transferee was acceptable to me.

I will arrange to provide the following notices in writing to the Bank of:

- (a) not less than 30 days' notice of forfeiture of the Production Lease for non-payment of rent, or
- (b) not less than 60 days' notice of any suspension of the Production Lease, or

(c) not less than 90 days' notice of any cancellation of the Production Lease,

and give reasons for such proposed suspension or cancellation.

It is to be understood that the foregoing is subject to the provisions of the Mineral Act and any other Act of the Legislature which may be applicable and the provisions of any amendments made thereto from time to time or the provisions of any regulations which may from time to time be made under the authority thereof, and is made without prejudice to present and future rights of the Crown, *and my duties as a Minister of the Crown.*

I confirm that a copy of this letter and Schedule "A" thereto will be attached to the Department of Mines and Petroleum Resources' copy of the Production Lease.

Yours truly,

DRAFT LETTER NUMBER 1 FROM THE DEPARTMENT OF MINES AND PETROLEUM  
RESOURCES

Dear Sirs:

Re: The Royal Bank of Canada ("Bank") -  
Northair Mines Ltd. (N.P.L.) ("Northair")

I enclose a copy of a letter which I will complete, sign and deliver to you at or immediately following the closing of the financing of Northair in the sum of \$5,000,000 (Canadian Funds) by the Bank, *subject to my approval of the terms and provisions of the debenture as far as they affect the interests of the Crown.* Yours truly, *may 10*

Draft May 12th, 1975 re Northair

Dear Sirs:

Re: The Royal Bank of Canada ("Bank") -  
Northair Mines Ltd. (N.P.L.) ("Northair")

I write to confirm my position as a Minister of the Crown with respect to the debenture security created and issued by Northair in favour of the Bank on the      day of      , 1975, securing the sum of \$5,000,000 (Canadian Funds) (hereinafter called the "Debenture"). A copy of the Debenture which was registered in the offices of the Registrar of Companies on the      day of      , 1975, is attached hereto as Schedule "A".

I am aware that the Debenture purports to charge by way of a fixed charge, inter alia, certain machinery, equipment, and personal property, owned by Northair and the interest of Northair in the Production Lease issued on January 17, 1975, under my signature as Minister of Mines and Petroleum Resources (hereinafter called the "Production Lease"). The Debenture also purports to charge by way of a floating charge all other assets of Northair. I am also aware that if there is an event of default the Bank has the right purportedly to appoint a Receiver-Manager pursuant to the terms of the Debenture, who may apply for my consent to an assignment, sublease or transfer of the Production Lease. If such an application were to be made to me, it is unlikely that I would withhold my consent if the proposed assignee, sublessee or transferee was acceptable to me.

I will arrange to provide the Bank with 60 days' notice in writing (except for forfeiture of the Production Lease for non-payment in which case notice shall be 30 days') of my intention to cancel or suspend the Production Lease and the reasons for such cancellation or suspension.

I confirm that a copy of this letter and Schedule "A"

thereto will be attached to the Department of Mines and Petroleum Resources' copy of the Production Lease.

The foregoing statements are made subject to the provisions of the Mineral Act and any other Act of the Legislature which may be applicable and the provisions of any amendments made thereto from time to time or the provisions of any regulations which may from time to time be made under the authority thereof, and without prejudice to present and future rights of the Crown and my duties as Minister of the Crown.

Yours truly,

DEPARTMENT OF MINES AND PETROLEUM RESOURCES

Date:

May 26/75

From:

Mr. Meyers

To:

Mr. McMyrm

INSTRUCTIONS

- |   |  |
|---|--|
| <input type="checkbox"/> For your approval.               | <input type="checkbox"/> Prepare reply for my signature. |
| <input checked="" 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:



# BOUGHTON & COMPANY

BARRISTERS & SOLICITORS

LESLIE R. PETERSON, Q.C., LL.D.  
DONALD R. DUNFEE  
JAMES E. BOUGHTON, Q.C.  
RALPH R. WOLLEN  
WILLIAM B. McALLISTER  
GORDON V. ANDERSON  
SCOTT B. STEWART  
COLIN K. CAMPBELL

F. KAY S. COLLINS  
M. EDWARD MORTIMER  
DANIEL GOLDSMITH  
R. KEITH YARDLEY  
LAURENCE B. ASSALY  
ALFRED C. SCHULTZ  
ROBERT B. McDONALD

CABLE ADDRESS "ATTEST"  
TELEPHONE (604) 683-6631

DEPUTY MINISTER OF MINES  
& PETROLEUM RESOURCES

SIXTH FLOOR  
890 WEST PENDER ST.  
VANCOUVER, B. C.  
V6C 1K4

REC'D MAY 27 '75

REPLY ATTENTION OF R. Keith Yardley  
FILE NO. 15340

Attorney General's Department  
Parliament Buildings  
Victoria, B.C.

Attention: Mr. Peter D. Meyers

Dear Sirs:

REFERRED	TO	DATE	INITIAL
ACCTS		May 23rd, 1975	
A. D. M.			
A. D. P.			
M. R.			
E. & P.			
A. D.			
FILE <i>mining properties</i>			

Re: The Royal Bank of Canada ("Bank")  
and Northair Mines Ltd. (N.P.L.)  
("Northair")

I confirm the draft letters which were prepared in your office are acceptable to the Bank and I enclose photocopies of the draft letters which have been approved by the Bank and initialled.

It would be greatly appreciated if the first letter from the Minister could be prepared and delivered, with the draft second letter attached, to the Bank as indicated.

Since the mails are uncertain, it would be preferable that the letter be delivered and I am instructing my agent, Pamela Murray of Clay & Company, 837 Burdett Avenue, Victoria, B.C., to pick up the letter from your offices when it is ready and make arrangements for its delivery to the Bank in Vancouver. It would be greatly appreciated if you could advise Miss Murray at 386-2261 when the letter is ready and she can then make the necessary arrangements.

.....2

Attorney General's Department  
Mr. Peter D. Meyers

May 23rd, 1975

I trust that this matter can be dealt with as soon as possible and if I can be of any assistance, please do not hesitate to call me, or, if I am not available, my partner, Gordon Anderson.

Yours very truly,

BOUGHTON & COMPANY

Per:

R. Keith Yardley

RKY/mm

Encl.

cc: Department of Mines and  
Petroleum Resources  
Attention: Mr. Hart Horne

FROM THE DEPARTMENT OF MINES AND  
PETROLEUM RESOURCES

*per L.*

Vice President & General Manager's  
Department,  
The Royal Bank of Canada,  
1055 West Georgia Street,  
Vancouver, B.C.  
V6E 3P3

Attention: Mr. G.B. Langley,  
Vice President & General Manager.

Dear Sirs:

Re: The Royal Bank of Canada ("Bank") -  
Northair Mines Ltd. (N.P.L.) ("Northair")

I enclose a copy of a letter which I am prepared to complete, sign and present to you following the closing of the financing of Northair in the sum of \$5,000,000 (Canadian Funds) by the Bank, subject to my approval of the terms and conditions of the financing as far as they may affect the interests of the Crown.

Yours truly,

FROM THE DEPARTMENT OF MINES AND  
PETROLEUM RESOURCES

Vice President & General Manager's  
Department,  
The Royal Bank of Canada,  
1055 West Georgia Street,  
Vancouver, B.C.  
V6E 3P3

Attention: Mr. G.B. Langley,  
Vice President & General Manager.

Dear Sirs:

Re: The Royal Bank of Canada ("Bank") -  
Northair Mines Ltd. (N.P.L.) ("Northair")

I write to confirm my position as a Minister of the Crown with respect to the debenture security created and issued by Northair in favour of the Bank on the day of , 1975, securing the sum of \$5,000,000 (Canadian Funds) (hereinafter called the "Debenture"). A copy of the Debenture, which was registered in the offices of the Registrar of Companies on the day of , 1975, is attached hereto as Schedule "A".

I am aware that the Debenture charges by way of a fixed charge, inter alia, certain machinery, equipment, and personal property, owned by Northair and the interest of Northair in the Production Lease issued on January 17, 1975, under my signature as Minister of Mines and Petroleum Resources (hereinafter called the "Production Lease"). The Debenture also charges by way of a floating charge all other assets of Northair. I am also aware that if there is an event of default the Bank has the right to appoint a Receiver-Manager pursuant to the terms of the Debenture, who may apply for my consent to an assignment, sublease or transfer of the Production Lease. If such an application were to be made to me, it is unlikely that I would withhold my consent if the proposed assignee, sublessee or transferee was acceptable to me.

I will arrange to provide the following notices in writing to the Bank of:

- (a) not less than 30 days' notice of forfeiture of the Production Lease for non-payment of rent, or
- (b) not less than 60 days' notice of any suspension of the Production Lease, or
- (c) not less than 90 days' notice of any cancellation of the Production Lease,

and give reasons for such proposed suspension or cancellation.

I confirm that a copy of this letter and Schedule "A" thereto will be attached to the Department of Mines and Petroleum Resources' copy of the Production Lease.

The foregoing statements are made subject to the provisions of the Mineral Act and any other Act of the Legislature which may be applicable and the provisions of any amendments made thereto from time to time or the provisions of any regulations which may from time to time be made under the authority thereof, and without prejudice to present and future rights of the Crown and my duties as a Minister of the Crown.

Yours truly,

SIGNED BY MINISTER.

# MEMORANDUM


TO Mr. H. Horn  
Associate Deputy Minister  
OPERATIONS BRANCH

FROM THE MINERAL DEVELOPMENT DIVISION  
 DEPARTMENT OF MINES  
 AND PETROLEUM RESOURCES  
 VICTORIA, B.C., May 8, 1975

WHEN REPLYING PLEASE REFER  
 TO FILE NO. ....

Re: Northair Mines Ltd. - Callaghan Crk.  
Alice Lake Mines Ltd. - Marble Rv.

Attached are copies of the overview proposed for Alice Lake and Northair Mines by Mr. J. Clancy of this Division. The Northair Mines proposal you are quite familiar with and requires very little additional comment. The Alice Lake proposal on the other hand may as indicated by Mr. Clancy have a problem with regard to surface drainage (note last paragraph page 2 his letter). I would suggest that Pollution Control be advised by our Reclamation Inspector of this potential hazard and any potential problems be cleared up before we create a monster.

  
 J.S. Poyen  
 Director

MINERAL DEVELOPMENT DIVISION

JSP:sgn  
 Attachments

cc: Mr. J. MacDonald

REFERRED TO		APPROVED BY	
		DATE	INITIAL
DIRECTOR		MAY 9 '75	
ASST. DIRECTOR			
MINERAL ADJ.			
PETROLEUM ADJ.			
CHIEF TITLES			

*See original -  
 "Departmental Concept"*

# MEMORANDUM

TO..... J.S. Poyen.....  
Director.....  
Economics & Planning Division.....

FROM THE John Clancy

## DEPARTMENT OF MINES AND PETROLEUM RESOURCES

VICTORIA, B.C., .....April 4....., 19...75..

WHEN REPLYING PLEASE REFER  
TO FILE NO.....

Re: Northair Mines Ltd.  
Callaghan Creek Mine

This project is a venture to extract gold and silver as principal metals and lead, zinc and copper as supplementary minerals from a location on the B.C. mainland. The property is 70 air miles north of Vancouver and 30 miles north of the town of Squamish, the proposed mill and campsite is an additional six miles distant and will be accessible by an all-weather road currently under construction.

The project comprises an underground mine with a planned extraction rate of 200-300 tons per day and a mill of similar capacity. The company initially plans to mine two zones in which gold and silver account for 84% of the expected value of minerals. A third zone in which lead and zinc comprise about 72% of the expected value of minerals may be mined after depletion of the first two zones. Gold and silver from the mine will be smelted at the Royal Canadian Mint at Ottawa, the lead concentrate to the American Smelting and Refining Company plant at East Helena, Montana, and the zinc concentrate to Cominco at Trail, B.C.

The mine is expected to produce 304,000 tons from the Manifold and Warman Zones and production is expected to fall between rates of 200 TPD and 300 TPD. The life of the mine is currently planned at between 5-1/2 years and 4 years depending on which production rate is used. Present stockpiles of 15,792 tons of ore are expected to be increased by 288,494 tons throughout the mine's life.

The economic feasibility of the mine as given in Appendix VIII of the feasibility study is as follows:

	Production At	
	300 Tons/Day	200 Tons/Day
Net smelter return	\$26,822,219	\$26,822,219
Less preproduction and op. costs	13,164,950	14,839,034
Loan interest	468,544	589,977
B.C. taxes and royalty	3,746,735	3,536,928
Federal taxes	2,276,923	1,797,635
Profit to Northair	7,165,067	6,058,641
Rate of Return	97.6%	64.0%

The economic feasibility has been recalculated by Mr. J. Rohwedder of this Division on the basis of rate of return on total investment, rather than Northair's return on investment made after October 1, 1974. The rate of return resulting from the overall investment declines to 40%; this still leaves the project economically viable.

Payments to the Government of British Columbia resulting from the project over a 4 year life period are as follows:

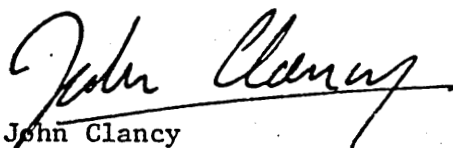
	<u>\$000</u>
Royalty payments	1,540
Mining tax	2,535
Sales tax on equipment and material	319
Provincial share of employees' income tax payments	402
	<hr/>
TOTAL	\$4,796

The above figures represent direct payments to the provincial government, other indirect returns will flow as the labor force spends its earnings. The project has a planned labor force of 121 persons, 88 being on hourly payroll, 25 on staff and 8 on contract as cookhouse personnel. The work force will be mainly at the mine site with 116 workers there and 5 in the Vancouver office. Current plans are to house approximately 80 people at the mine site camp and to commute the remaining 36 workers from Britannia Beach, where housing is available for married personnel. No information is available on whether the labor force includes ex-employees of the Noranda operation at Britannia Beach, but it is likely that such is the case. In any event the increased employment opportunities in the general area should result in a greater utilization of the existing social amenities.

The project is accessible from Highway 99 by 9 miles of road, the distance to be reduced to 6 miles by the construction of an all-weather road. Due to the distance from the main highway and the fact that mountainous terrain lies between the site and the highway, visual pollution from the mine site is minimal. Run-off from the area will be into Callaghan Creek which ultimately joins the Chekamus River south of Alpha Lake, this lake being the extreme south-west corner of the Whistler Mountain area. No pollution problems have been anticipated with the operation, and the



reclamation report received appears to be satisfactory. Thus it is expected that Northair's mining operation will have little or no effect on the recreational utilization of the area other than by the use of skiing facilities by members of the labor force.



John Clancy  
Research Officer  
Economics & Planning

JC:sgn

PAUL L. WESTERFIELD  
ATTORNEY AT LAW  
FOURTH AND WALNUT BUILDING  
36 EAST FOURTH STREET  
CINCINNATI, OHIO 45202

PAUL L. WESTERFIELD

April 11, 1975

TELEPHONE  
241-6829

Mr. J. E. McMynn,  
Deputy Minister  
Department of Mines & Petroleum Resources  
Parliament Buildings  
Victoria, British Columbia  
Canada

Re: Northair Mines

Dear John:

This morning I received your letter of April 9, with the enclosed Feasibility Study for Northair Mines Ltd.

According to your suggestion, I have attempted to call Mr. Don McLeod, but I have been unable to obtain any answer at the telephone number which is included in your letter. Therefore, I think that I must ask you to obtain some information from Mr. McLeod and furnish it to me as soon as possible.

I have made contact with a pool of venture capital, largely centered at Memphis, Tennessee, which very possibly might be interested in considering some arrangement relative to this project. I am to forward this Feasibility Report to them at once.

They will need substantially greater information than is contained in this report, relative to the cash flow needs of the company. One problem is that our present understanding is simply that the company needs approximately \$5,000,000. The Feasibility Report indicates a need more in the neighborhood of \$3,800,000 spread over a period of 3 to 4 years. Some schedule of the needs, at least roughly detailed, should be furnished at once.

The report, further, indicates that there may be some difficulty relative to obtaining senior administrative and production personnel. This is of the greatest possible importance, and we should be furnished with the names and backgrounds of those persons who may presently be committed to the administration and operation of this project.

DEPUTY MINISTER OF MINES  
& PETROLEUM RESOURCES

REC'D APR 11 '75  
4819

REFERRED	TO	DATE	INITIALS
DEPT. M.			
D. M.			
D. P.			
R.			
& P.			
A. D.			

FILE

*Forwarded to Don McLeod 15/4/75  
11:40 A.M.*

Mr. J. E. McMynn

Page #2

April 11, 1975

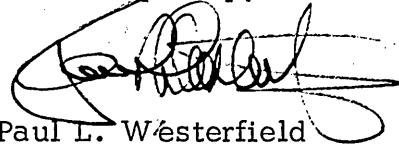
The last question is equally important. In return for the money, if it is furnished, what general arrangement does the company have in mind for the re-payment of the funds advanced and for any share in the equity of the company. Of course this question cannot be answered in a few words, but the people with whom I am in contact probably would not be interested solely in a loan to be repaid with interest. They would expect a substantial share in the ownership of the company on some relatively favorable terms.

I will be happy to hear from you, or better yet from Mr. McLeod on behalf of the company, with as much information as can presently be furnished relative to these three basic questions.

Meanwhile, I am submitting the Feasibility Report to the Financial Manager of the capital pool to which I referred, with the further suggestion that the answers to these three questions, at least, will be forthcoming very shortly. This is putting the cart before the horse, to some extent, but in the interest of an early decision as to its general attractiveness or lack thereof. We can then develop the other answers and decide whether or not to enter into a negotiation with this company.

Thank you for submitting this matter to me. With best personal regards,

Yours very truly,

A handwritten signature in dark ink, appearing to read "Paul L. Westerfield", with a large, sweeping flourish extending from the end of the signature.

Paul L. Westerfield

PLW:jr

April 9, 1975

Mr. Paul Westerfield, Jr.,  
1306 - 4th Street,  
Walnut Building,  
Cincinnati, Ohio 45202.  
U.S.A.

Dear Paul:

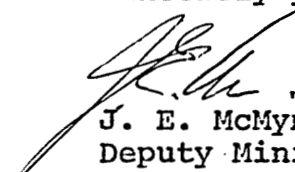
Further to our telephone conversation of this morning, I enclose a copy of the Northair Feasibility Study. I think it will answer most of your questions but should you have further interest, I suggest you get in direct touch with Don McLeod, President (Phone: 687-7545 Vancouver).

I believe they need in the order of \$5 million and if construction is to commence this year, they will need some of it at least within a month.

As mentioned to you on the telephone, there appears to be a conspiracy amongst the B.C. mining industry to put all capital on strike as a means of forcing change in current legislation. Personally, I do not believe that the legislation warrants the hysteria evidenced by the mining industry, for example, one of the "reasons" for this hysteria has been the incremental royalty, which on a new mine for gold will not even come into effect until after \$150 per ounce. Another "reason" has been the requirement to submit a report as enclosed. I note that the grade of ore averages only 0.55 ounces gold per ton but plus 4.43 ounces silver per ton, so you will have to charge my report to you of 1 ounce per ton to miner's optimism.

If you have any further questions I can help you with, please feel free to call.

Best regards,  
Sincerely yours,



J. E. McMynn,  
Deputy Minister.

JEM:ps/encl.

cc: Don McLeod, President  
Northair Mines Ltd.



# THE ROYAL BANK OF CANADA

MAIN BRANCH  
ROYAL CENTRE, VANCOUVER, B.C.

April 7, 1975

*file under Northair*

Northair Mines Ltd. (N.P.L.)  
333 - 885 Dunsmuir Street  
Vancouver, B.C. V6C 1N5

Dear Sirs:

This will confirm amendments to our letter of offer to finance dated March 6, 1975, particulars of which were advised to you on April 4, 1975, by way of a photocopy:

1) Page 3, Section 8(d) to be amended as follows:

8(d) Registered first charge under a debenture charging the Production Lease issued on January 17, 1975 under the signature of the Minister of Mines and Petroleum Resources as Lessor, wherein the Bank or a Receiver-Manager appointed under the said debenture shall have the right, without restriction or any requirement, to obtain the consent of the said Minister, to sell, assign, transfer, sub-let or otherwise deal with the said Production Lease, which Production Lease shall not be cancelled, suspended or otherwise impaired by the said Minister until the Bank has been paid in full for all principal, interest and other charges secured under the said debenture.

*except for non-compliance with the Mineral Act and the Regulations made thereunder*

2) Paragraph 8(d) above to become 8(d)(i).

3) Insert the following as 8(d)(ii).

8(d)(ii) If the Production Lease is sold, assigned, transferred, sublet or otherwise dealt with by the Bank or a Receiver-Manager, a purchaser, assignee, transferee or lessee thereof shall have the same rights and privileges as the Bank or a Receiver-Manager under the Bank's Debenture, which rights and privileges shall include, without limiting the generality of the foregoing, the power to sell, assign, transfer, sublet or otherwise deal with the said Production Lease, which Production Lease shall not be cancelled, suspended or otherwise impaired by the said Minister,

*except for non-compliance with the Mineral Act and the Regulations made thereunder.*

April 7, 1975

Page 2

4) Add the following condition precedent as Paragraph 11(i) on Page 4:

11(i) The Mineral Act of the Province of British Columbia shall be amended to the satisfaction of the Bank's legal counsel to provide for the security and results on realization thereof referred to in Paragraphs 8(d)(i) and 8(d)(ii) hereof.

5) The expiry date of our letter dated March 6, 1975 is extended to April 15, 1975.

Yours truly,



J.J. Albinet  
Assistant Manager

# MEMORANDUM

TO The Hon. L.T. Nimsick.....

Minister.....

Buildings.....

FROM THE

MINERAL REVENUE DIVISION  
DEPARTMENT OF MINES  
AND PETROLEUM RESOURCES

VICTORIA, B.C., March 7....., 1975.....

WHEN REPLYING PLEASE REFER

TO FILE No.....

The enclosed letter for your signature  
was prepared on the basis of the letter to Northair Mines.

~~Hart Horn~~ Director  
MINERAL REVENUE DIVISION

cc: Mr. J.E. McMynn ✓  
Deputy Minister

DEPUTY MINISTER OF MINES  
& PETROLEUM RESOURCES

REC'D MAR 7 '75  
296

REFERRED	TO	DATE	INITIAL
ECCTS			
A. D. M.			
A. D. P.			
M. R.			
E. & P.			
A. D.			

FILE

March 7, 1975

Northair Mines Ltd. (N.P.L.)  
333 - 885 Dunsmuir Street  
Vancouver, B.C.

Attention: Mr. D.A. MacLeod,  
President

Dear Sir:

Pursuant to your discussion with Dr. Fyles and Mr. Horn yesterday, this is to inform you that I would approve item 8 (d) in the letter from the Royal Bank of Canada of March 6th, addressed to you, provided that this item is reworded as follows:

- "8. (d) Registered first charge on production lease, with said lease to be in form and content satisfactory to the Bank, assignable and transferable to the Bank, or an agent of the Bank approved by the Minister of Mines and Petroleum Resources of the Province of British Columbia, and for a term of not less than the estimated life of the mine as stated in the consultant's feasibility report dated October 16, 1974, and not more than the remainder of the term of the lease, or the satisfaction of the loan, whichever occurs first."

Trusting that this will solve your difficulties with the bank, I remain,

Yours most sincerely,

Leo T. Nimsick  
MINISTER

cc: Mr. J.E. McMyrn  
Mr. H. Horn





# THE ROYAL BANK OF CANADA

MAIN BRANCH  
ROYAL CENTRE, VANCOUVER, B.C.

March 6, 1975

Northair Mines Ltd. (N.P.L.)  
333 - 885 Dunsmuir Street  
Vancouver, B.C.

Dear Sirs:

The Royal Bank of Canada (Bank) is prepared to make advances to Northair Mines Ltd. (N.P.L.) (Company) for the purpose of bringing into production the company ore body designated as the Brandywine Mine, subject to the terms and conditions outlined below. The Bank reserves the right to withdraw its support and demand payment of any loans outstanding should there be, in the opinion of the Bank, an adverse change in the affairs of the company.

1. Amount

(a) \$4,335,000 Loans, Demand, to include development costs to date of \$600,000 partially represented by advances outstanding, \$2,130,000 for major construction contracts, \$1,005,000 for pre-production costs and \$600,000 as working capital for the first four months of production.

(b) \$ 400,000 Loans, standby, as contingency for possible overruns.

2. Currency  
Canadian funds.

3. Drawdown

To be drawn over a period of 13 months commencing approximately March 24, 1975 with final draw planned for by February 28, 1976.

Loans of \$2,130,000 representing major construction under contract to be advanced by way of progress draws subject to engineering reports on work in progress and estimated costs to completion. The designation of the engineering firm who will prepare the reports is subject to the Bank's approval.

Loans of \$1,005,000 and \$600,000 to be advanced subject to progress reports from the company, in a format acceptable to the Bank, stating costs to date and estimated total pre-production costs to completion.

4. Terms

Repayment of total advances under Segment (1) to commence on March 31, 1976, on the basis of total smelter receipts for the month, less reasonable operating costs, Bank interest, royalties and taxes with minimum loan reductions to be provided as follows:

March 31, 1976	\$ 31,000	Sept. 30, 1976	\$ 422,000
April 30	237,000	Oct. 31	471,000
May 31	346,000	Nov. 30	550,000
June 30	465,000	Dec. 31	684,000
July 31	644,000	Jan. 31, 1977	182,000
Aug. 31	303,000		<u>\$4,335,000</u>

5. Standby Fee

$\frac{1}{2}\%$  per annum from date of acceptance, payable monthly.

6. Rate of Interest

$2\frac{1}{2}\%$  over the Royal Bank of Canada Prime lending rate, payable monthly.

7. Stock Option

An option in the Bank's favour from Northair Mines Ltd. (N.P.L.), superseding the stock option agreement dated June 29, 1974, as follows: In consideration for the Bank's agreement to lend funds to Northair Mines Ltd. (N.P.L.), Northair Mines Ltd. (N.P.L.) agree to grant the Bank an irrevocable option to purchase free and clear of all liens, charges and encumbrances an amount not to exceed 250,000 shares in the capital of Northair Mines Ltd. (N.P.L.) at and for a price of \$1.75 per share. The option is exercisable as to all or any part of the shares at any time and from time to time, up to but not after December 31, 1977. This option may be exercised by the Bank upon giving to Northair Mines Ltd. (N.P.L.) written notice on or before December 31, 1977, which notice shall specify therein the number of shares in respect of which such notice is being exercised. If the authorized or issued capital of Northair Mines Ltd. (N.P.L.) is changed in any way, including the issuance of new shares or a subdivision of shares and the value of our option rights are thereby adversely affected, the number of shares which we may acquire pursuant to this option shall be adjusted so we have rights of equal value. The option shall be in a form approved by our Solicitors.

8. Security

(a) General Assignment of Book Debts, registered.

(b) General Assignment under Section 88 of the Bank Act covering mined ore and ore concentrates.

(c) Registered Fixed and Floating Charge Debenture in the amount of \$5,000,000 incorporating a fixed charge on the mill, buildings, and major items of equipment, having a valuation in excess of \$25,000.

- (d) Registered first charge on production lease, with said lease to be in form and content satisfactory to the Bank, assignable and transferable without restriction, and of a term of not less than the estimated life of the mine as stated in the consultant's feasibility report dated October 16, 1974.
- (e) Assignment of smelter receipts under selling contract, acknowledged.
- (f) Fire insurance on the mill, buildings and equipment to be in place.

9. Overrun contingency

The company shall raise additional capital of \$400,000 from issue of unsecured or subordinated convertible debentures or otherwise suitable to the Bank, as a contingency for overruns which shall be injected from the outset. In the event overruns should exceed the contingency reserve of \$800,000 i.e. the amount of \$400,000 to be raised by the company together with an equal amount set up by the Bank under Section 1(b) of this letter, the company shall provide for any such excesses from the sale of additional shares.

10. Covenants

- (a) The company shall not become guarantor or endorser of any obligation other than in the normal course of business.
- (b) The company shall not pay dividends without the prior written approval of the Bank.
- (c) The company shall not increase capitalization presently authorized at 6,000,000 shares without the prior written approval of the Bank.
- (d) The company shall not make capital expenditures in excess of projected expenditures; contained in a feasibility study prepared by L.J. Manning & Associates Ltd. dated October 16, 1974, plus \$50,000 annually without the prior written approval of the Bank.
- (e) The company shall not acquire shares and/or equity participation in any other companies or undertake development/capital expenditures in other projects without the prior written approval of the Bank.

11. Conditions precedent

- (a) The company will satisfy the Bank that competent management is obtained and maintained during the term of the loan.
- (b) The company will provide the Bank with evidence of a contract with Cominco Ltd. covering smelting of ore and sale of resulting metals.
- (c) The company will provide evidence of permits and licenses required for commencement of production, including reclamation and pollution control permits.

- (d) The company will provide evidence of satisfactory metallurgy reports from Lakeview Research and the Bank will retain the right to request additional tests should it be considered necessary.
- (e) The company will provide the Bank with cost and scheduling, in detail sufficient to the Bank, to confirm the total planned construction costs estimated at \$1,900,000 by Gildon Construction and included in the production feasibility report dated October 16, 1974. The relative construction contract shall be in form and content satisfactory to the Bank.
- (f) The company will provide the Bank with confirmed cost schedules of the B.C. Hydro power source estimated at \$230,000 together with a favourable engineering report under preparation by Mickey Thomas & Associates Ltd.
- (g) The company will adopt an operating cost control system similarly designed to that provided in the basic study as recommended in Schedule VI-2 in the Manning feasibility report dated October 16, 1974.
- (h) The company will provide evidence of refusal to finance by Teck Corp. Ltd. in accordance with their right of first refusal on any financing arranged by the company.

## 12. Loan Agreement

Before advances exceed \$700,000, the company will execute a loan agreement in form and content satisfactory to the Bank and its legal counsel, incorporating the within terms and conditions together with any other conditions considered appropriate by the Banks legal counsel.

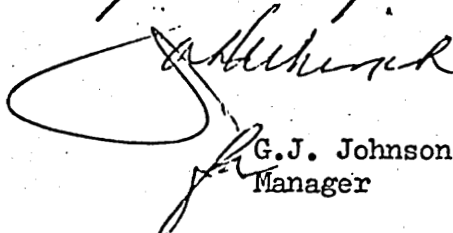
All collateral security, legal documents, agreements etc. will be in a form and content satisfactory to the legal counsel of the Bank.

Reasonable legal and attendant costs relative to the preparation of supporting documentation are to be paid by the company.

Please indicate your acceptance of this commitment by signing and returning the duplicate letter by not later than the 24th day of March, 1975.

Yours truly,

*Copy to be replaced by original on March 7/75*

  
G.J. Johnson  
Manager



DEPARTMENT OF MINES AND PETROLEUM RESOURCES  
VICTORIA

November 5, 1974

Northair Mines Ltd. (n.p.l.)  
333 - 885 Dunsmuir Street  
Vancouver 1, B. C.

Attention: Mr. D.A. McLeod, President

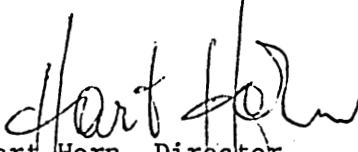
Dear Sir:

Re: Mineral Royalties Act

In reply to your letter of October 18th,  
this is to advise that the normal rate of royalty will be  
applicable to the test shipments of development ore.

For the purposes of classification as a new  
mine, the date of commercial production will be established  
as the date you commence production under the production permit  
issued under the Mineral Act.

Yours sincerely,

  
Hart Horn, Director  
MINERAL REVENUE DIVISION



# *Northair* mines Ltd. (n.p.l.)

333 - 885 dunsmuir st., vancouver 1, b.c.  
telephone: 687-7545

October 18, 1974

William W.M. Ross  
Assistant Director  
Mineral Revenue Division  
Dept. of Mines & Petroleum Resources  
Victoria, B.C.

Dear Mr. Ross;

Further to our telephone conversation of today's date, we would like to make the following representations to the department regarding the shipping of crude ore to a smelter on a limited basis.

Northair is a small B.C. based and controlled company developing a new gold, silver discovery on the west slope of Mount Sproatt above Callaghan Creek about 7 miles N.W. of Alta Lake, B.C. To date approximately 1.4 million dollars has been expended on the property in exploration and development.

A feasibility study has recently been completed and is presently being printed. This study indicates that it will be economic to proceed to production under present conditions.

On May 1st, 1974, the company successfully negotiated interim financing with the Royal Bank of Canada for \$700,000. at prime rate + 1%, or 12½%. At the same time the bank indicated it would be interested in providing senior or production financing of about 4 million dollars depending on the economic viability of the feasibility study. It is expected to take up to several weeks before the bank can analyze the report and provide us with their decision.

In the meantime we had intended to ship highgrade crude ore to a smelter on a limited basis to provide the company with enough funds to survive financially, pending the banks decision. Two test shipments have been made, 1 carload to Cominco at Trail, B.C. and 1 carload to Asarco at Tacoma, Washington. The carload to the Trail smelter has been tied up in the strike since last July and subsequently no results have been forthcoming. The results from the carload to the Tacoma smelter have been received and Asarco has advised us they will accept 1,000 tons this year.

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Page 2

October 18, 1974

In discussing these matters with our accountant, Mr. R.C. Smith, C.A. he is concerned that under Order in Council 3085, Section 1, the shipping of crude ore at this time may activate our start up date as a new mine and jeopardize our actual start up date of the plant, which is planned for November 1st, 1975. This of course would mean lost revenue to the company and may jeopardize our position to obtain the required senior financing from the bank or other sources as the case may be.

We had also planned to ship another 1,000 tons in the summer of 1975 to augment our financial position and to protect the company against inflation and possible overrun on the capital costs. We would, of course, pay the basic royalty of 5% and also the incremental Royalty on whatever basis the department considers appropriate under the circumstances.

Due to the foregoing, before Northair could consider the shipping of highgrade crude ore it is imperative that the department provide us with a favourable ruling that the date of commercial production would not be established until the concentrating plant is operational, on a continuing basis.

As our operation is located within a severe snow belt which makes it difficult to haul after November 1st, we would appreciate a reply to our request at your earliest possible convenience.

Yours very truly,

Northair Mines Ltd. (N.P.L.)

D.A. McLeod  
President

DAM/rf

# *Northair* mines Ltd. (n.p.l.)

333 - 885 dunsmuir st., Vancouver 1, b.c.

telephone: 687-7545

July 8, 1974

## News Release & Report to Shareholders

Final decision has been made to take your highgrade gold-silver mine into production at 300 tons per day. The decision was made at a recent directors meeting following presentation and evaluation of five key factors. These included new ore reserve calculations, results of metallurgical test work, securing of a concentrator plant purchase agreement, offer of a term bank loan for senior production financing and announcement from the B.C. Minister of Mines of royalty rates which make the project possible.

Ore reserves at the mine located 30 miles north of Squamish and 70 miles north of Vancouver, B.C., as calculated by the consulting firm of L.J. Manning & Associates give the following results after allowing for approximately 20% dilution on the Warman Vein and 15% in the Manifold Vein. Each of these veins is open to extension in two directions, that is, to depth as well as to either the east or west.

	<u>Warman Vein</u>	<u>Manifold Vein</u>	<u>Discovery Vein</u>
Tons of Ore	250,500	87,400	121,800
Width of Vein Average	9.3 ft.	5.9 ft.	17.4 ft.
Gold Oz. per ton	.71	.27	.10
Silver Oz. per ton	.85	14.3	1.18
Copper	.23%	.07%	.55%
Lead	1.42%	.28%	5.43%
Zinc	2.35%	.57%	6.58%

In giving these reserves the consultant stated that they are in three classes: drift indicated reserves, possible drift indicated reserves and drill indicated reserves. It is also important that each of these veins is open in at least one direction east or west and all are open to depth, where there are good depth continuation indications. In addition there are numerous other target areas on the property where prospecting, geological mapping and geophysical survey work have isolated areas where detailed follow up work will have a high potential for the development of additional reserves.

Test work on the metallurgy of the ores from the three veins has been carried out by Bacon, Donaldson & Associates Ltd. of Vancouver, which conclude that with a grind of 60% minus 200 mesh the metal recoveries should be 95% or better for the lead-zinc and copper and should be between 90% and 95% for the gold and silver. These are generally high recoveries and considered most encouraging.

...../2



(2)

A letter of intent has been concluded for the purchase of a concentrating plant, together with complete assay lab, stand-by power plant, air compressor machinery and considerable underground mining equipment. The plant and mine is located on Mt. Copeland, 20 miles northwest of Revelstoke, B.C. and was discovered, erected and operated by King Resources. When erected in 1970 the plant was the most modern and was of the highest possible quality. The plant has a rated capacity of 250 tons per day which with the installation of a larger ball mill and increased number of flotation cells will have a rated capacity of 340 tons per day. Present plans call for operating on a 300 ton per calendar day basis to process 109,000 tons of ore annually.

Final cash flow, capital projection have not been completed, but present indications are that costs to production should be in the \$3,000,000 to \$3,500,000 range, with 100 men employed on production which is scheduled to start in the fall of 1975.

Production financing has been agreed to with The Royal Bank of Canada in the form of a term production loan, subject to first mortgage terms, <sup>AND FAVORABLE</sup> feasibility figures, ~~\_\_\_\_\_~~

~~\_\_\_\_\_~~ Pending completion of the documentation on the term loan the bank has provided the company a \$500,000 line of credit, which together with the funds on hand will be sufficient to conclude the mill purchase and proceed with property development.

Current property work includes: driving of five raises and sub drifts on the Warman Vein, this will be followed by the driving of raises and sub drifts on the Manifold Vein; construction of 2½ miles of new mine access road to reduce the distance to the highway from the mine by some three miles; clearing and site preparation for each of the concentrating plant and final mine operating plant; erection of tailings pond and collaring of the 3,300 foot elevation production level.

Mine work in recent months has included; drifting, raising and diamond drilling to define and extend earlier ore projections. This has been highly successful and resulted in the decision to take the property to production as quickly as reasonable.

Property developments results are flowing in on a continuing basis and will be forwarded to shareholders as conditions warrant.

On behalf of the board of directors,

*D. A. McLeod*

D.A. McLeod  
President

Meeting July 5, 1974

Department of Mines and Petroleum Resources

Re: Northair Mines Ltd.

Present:

John McMynn

Jake McDonald

Bill Ross

E.J. Bowles

Jack Merritt

B.J. Jawanda

Klaus Ohlmann

Dave Thompson

J. Slokes

Fred Hodgson

Don McLeod

Bert Humpheries

Deputy Minister of Mines and Petroleum Resources

Mines - Reclamation

Mines - Mineral Revenue

Mines - Chief Gold Commissioner

Mines - Inspection

Municipal Affairs

Lands, Forests and Water Resources - Lands

Lands, Forests and Water Resources - Lands

Lands, Forests and Water Resources - Forests

Pollution Control Board

Northair Mines Ltd.

Northair Mines Ltd.

South Air

July 5/74

→

B.I. Jahnanda Municipal  
Sike Mc Donald Reclamation  
W. Ross Revenue  
Klaus Ohlmann Lands  
Dave Thompson Lands.  
J. Merrett Mining  
J. Stokes, Forests  
E.S. Bowles, Titles - Prod<sup>h</sup>  
Don McLeod:  
Bert Humphrey  
Fred Hodgson Pollution

100,000 t p.yr. — 5 yrs.

105 employees

Trailer court. ? Whistler

Prod<sup>h</sup> — fall '75 — 60 on constr.  
— 40 on mine dev'ts

\$75/ton

L.J. Manning & Ass.