

May 17th, 1960.

92K

820752

Extract from Rod Macrae's Letter

Lilly Group - Stone McCallum - Ruby Lake, Seachelt Pen:

I resampled both the iron and the pyrrhotite showings on this exposure last week and I'm satisfied there is no body of magnetite of economic interest. The magnetite is too low grade because of interbanding of volcanics within the exposure. The pyrrhotite sample orig secured assayed ) .50 Cu 0.20 Ni. I re-checked this area and the mineralization is narrow and not of interest.

Stone Magnetite deposit:

Enclosed is an assay certificate of a sample of the 2 ft. shear zone in volcanics at the west end of the Lilly Claims, some 1500 ft. west of the magnetite zone. Neither the iron nor the pyrrhotite exposures which tested copper and nickel are interesting.

File 92 K

Stone's Lilly Claims

Seachelt Peninsula Bc

May 17 1960

92K

PHONE: MUTUAL 5-5821

File #180529/

CERTIFICATE OF ASSAY

J. R. WILLIAMS & SON LTD.

PROVINCIAL ASSAYERS AND CHEMISTS

Office and Laboratory:

580 Nelson Street, Vancouver 2, B. C.

I **Hereby Certify** that the following are the results of assays made by me upon samples of ORE herein described and received from Messrs. Propsectors Airways April 6th 1960

MARKED	GOLD		SILVER		Iron		Sulphur		GROSS TOTAL VALUE (2000 lbs.) Per Ton
	Ounces Per Ton	Value Per Ton	Ounces Per Ton	Value Per Ton	Per Cent.	Value Per Ton	Per Cent.	Value Per Ton	
		\$		\$		\$		\$	
									Phosphorous %
855 BC					24.70		0.08		0.01
Lillyl--6 claim group, Seacheldt Peninsula, located claims, held in name Abbert Stone REMARKS: Chip sample across 48 feet of magnetite exposure. Sample includes a 3 ft section of volcanics, occurring as a dyke ? at 10.0 ft from the west end of the exposure. Direction of sampling: west to east on a 100 deg az R.M.									

Gold calculated at \$.....per ounce.

Silver calculated at.....cents per ounce.

Calculated at.....cents per lb.

Calculated at.....cents per lb.

Calculated at.....cents per lb.

NOTE—Pulps of Samples retained 2 months from date of Receipt.  
Rejects 1 week unless otherwise instructed.

*J. Moore*

Provincial Assayer.

92K

# J. R. WILLIAMS & SON LTD.

PROVINCIAL ASSAYERS AND CHEMISTS

Office and Laboratory:

580 Nelson Street, Vancouver 2, B. C.

**I Hereby Certify** that the following are the results of assays made by me upon samples of ORE  
 herein described and received from Messrs. Prospector's Airways \_\_\_\_\_ April 26th \_\_\_\_\_ 1960

MARKED	GOLD		SILVER		Copper		Nickel		GROSS TOTAL VALUE (2000 lbs.) Per Ton
	Ounces Per Ton	Value Per Ton	Ounces Per Ton	Value Per Ton	Per Cent.	Value Per Ton	Per Cent.	Value Per Ton	
#865		\$		\$	0.50	\$	0.20	\$	\$
Remarks: Grab sample from Pyrrhotite exposure at Ruby Lake end of Lilly Claims. Pyrrhotite is coarse grained, stained with iron oxide shows minor Chalcopyrite, magnetite. Width of exposure is less than 2 ft.									



Gold calculated at \$.....per ounce.  
 Silver calculated at.....cents per ounce.

Calculated at.....cents per lb.  
 Calculated at.....cents per lb.  
 Calculated at.....cents per lb.

NOTE—Pulps of Samples retained 2 months from date of Receipt.  
 Rejects 1 week unless otherwise instructed.

*J. R. Williams*  
 \_\_\_\_\_ Provincial Assayer.



# INTER-OFFICE CORRESPONDENCE

FROM Mr. E.O. Chisholm

DATE 18 April 1960

TO Mr. R.M. Macrae

SUBJECT Stone Iron Showings

### Reply

(TO BE COMPLETED IN DUPLICATE)

Dear Rod:

The chip sample of the Stone property indicates low grade material. How does this compare with other similar magnetite deposits that are in production out there?

EOC-dp

E.O. Chisholm

The chip sample of the Stone property indicates low grade material. How does this compare with other similar magnetite deposits that are in production out there?

The chip sample of the Stone property indicates low grade material. How does this compare with other similar magnetite deposits that are in production out there?

The chip sample of the Stone property indicates low grade material. How does this compare with other similar magnetite deposits that are in production out there?

Dear Rod:

(TO BE COMPLETED IN DUPLICATE)  
MESSAGE



FROM Mr. E.O. Chisholm

DATE 18 April 1960

TO Mr. R.M. Macrae

SUBJECT Stone Iron Showings

# INTER-OFFICE CORRESPONDENCE

92K

PROPERTY INFORMATION FORM

April 6th, 1960

Date.....

Name of Property Lilly 1-6 incl Group

Presented by (with address) Finley McCallum, Vancouver B.C. Date Feb 1960  
Correspondence EOC refers

Location Seacheldt Peninsula at Ruby Lake , 123-59; 49-44 650 ft ASL

Access via B.C. 101, via 1/2 mile logging trail from road.

Claims Lilly 1-6 incl, Record Nos 7095-98 and 7550-51 incl

Ownership Albert Stone, 2137 Yukon St Vancouver B.C.

A	W.S.R.
	G.A.C.
	G.H.M.
	E.O.C.
	H.A.P.
	R.D.S.
	B.C.B.
	E.L.D.
	J.I.B.
	E.C.J.

Summary of Outstanding Features Fine grained cohesive magnetite replacing vertically dipping volcanic bed, exposed over width of 48 ft on vertical face and intermittently over a 50 ft x 100 ft area. Replacement is partial in some sections and on vertical face there is a flow or tuff inside contacts width 3 ft unreplaced. Estimate possible 40% conc of natural Fe.

Opinions, Suggestions or Recommendations of Present Holder drill

Option Terms \$ 100,000 total cash, option terms to be determined.

Information is Based on Examination April 5th, 1960

Nature of Deposit Replacement of part of an altered basic volcanic body locally named the Ruby Lake body.

Mineralization Magnetite, minor carbonates of copper. minor pyrite in unreplaced volcanics.

Widths and Values Width between 50 and 70 feet. length not determined but exposed over 1200 ft intermittently.

Strike and Dip <sup>CONTRACT</sup> Strike between 60 & 90 degrees az, probably 65 degs; dip steeply vertical south.

Country Rock an intermediate to basic volcanic, altered to amphibole, chlorite and epidote.

Present Known Extent and Possible Extensions 100 ft exposed, possible extension to 1200 ft. there is a strong possibility indicated by dip needle survey that the two exposures, 1200 ft apart, are not connected, or that replacement of the volcanics is banded and en echelon. If continuity can be established over a width 60 ft there is 500,000 tons between top exposure and lake level in this deposit.

Limiting Features grade of Fe content, (subject to assay returns.)

Workings, Kind, Amount, Location and/or Diamond Drilling

One main pit exposed for length 75 feet across 48 ft of mineral zone, 4 subsidiary pits 2 to 6 ft exposing mineralization.

Lengths and Frequency of Exposures two main exposures at 1200 ft interval.

Known Commercial Sections Not known

Known Non-Commercial Sections Not known

Number, Dimensions and Grade of Ore Shoots Indicated one only possible, open-pit section, having dimensions 60 x 1200 ft in plan, height 350 ft at one end, nil at other. If there is an orebody east of this section it is capped by volcanics.

Possibilities of Developing Ore Stripping with bulldozer or drilling with light drill would be required before ore possibilities could be determined.

Past Production, If Any Nil

Dividends, If Any N/A

Other Significant Features in History of Property Recent geol report covering this area indicates the Ruby Lake volcanic body may be a roof pendent in coast range garnitics. Owner ~~states~~ (but was unable to locate) a copper showing exists within one claim length of magnetite miner deposit.

Previous Examinations Nil

Reports, Plans or Other Sources of Information Jervis Inlet Report - W.R. Pacon B.C. Dept of Mines.

Reasons for Property Lying Idle requires development

Relation to or Comparison with Other Properties in the District This deposit is typical of the west coast small magnetite deposits. It is similar except possibly in grade to other small deposits.

New Development (Since Last Examination) N/A.

Other Remarks Property can be secured for no-down-payment deal and full season to develop before payment of first option payment. Assuming grade and quantity indications suggest a 50% Fe content and 1,000,000 tons, economics of development are good and considerably better than the average coast magnetite deposit. Power is available and existing roads and deep sea harbour location are available.

Examining Engineer  
Roderick Macrae

Date of Examination  
April 6th, 1960

# INTER-OFFICE CORRESPONDENCE

A	N
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
W.S.R.	
G.A.C.	
G.M.M.	
E.O.C.	<input checked="" type="checkbox"/>
H.A.P.	
R.D.S.	
B.C.B.	
E.L.D.	
J.I.B.	
E.C.J.	

FROM R. Macrae

DATE April 6th, 1960

TO E. O. Chisholm

SUBJECT

### Reply

(TO BE COMPLETED IN DUPLICATE)

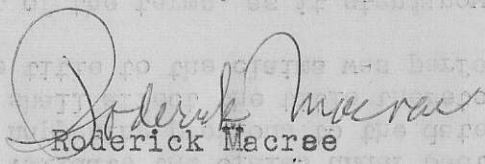
Dear Ted:

I examined the Lilly Claims and sampled the magnetite. Stone could not locate the copper showing although he located the 'porphyry' which is supposed to be it's host rock.

The magnetite is a one exposure deal with a second some 1200 ft distant. I ran two lines of dip needle readings, one directly across the outcrop and a second 100 ft west of the showing toward the lake outcrop. Took one sample across 48 feet of the best of the showing.

Regarding the terms of option: we can secure any terms of payment of the \$100,000 we want. In addition Finley McCallum's interest is a part of the vendor's 100,000 dollars. He agreed he could not have both a share in their payment and a commission from P.A..

Attached is a sketch of the showing, the dip-needle readings and plottings. Assay result to follow.



Roderick Macrae

Encl:



# INTER-OFFICE CORRESPONDENCE

FROM Mr. E.O. Chisholm

DATE 31 March 1960

TO Mr. R.M. Macrae

SUBJECT STONE PROPERTY  
JERVIS INLET - B.C.

## MESSAGE

(TO BE COMPLETED IN TRIPLICATE)

Dear Rod:

I note in your letter that the Lilly 1-4 claims title may be invalid. These are the original claim groups recorded on 20/8/57. You also stated later, on page 2, that Stone has maintained his original four claim group since August 1957 by filing assessment work annually. Does not the acceptance of this work by the B.C. Department of Mines validate the claims under Section 80, which states in part "no irregularity happening previous to the date of the record of the last certificate of work shall affect the title thereto and it shall be assumed that up to that date the title to the claims was perfect."


Please get a clear cut statement of the terms, as it stands now I understand Stone and his partners want the following:

- Nothing down before examination.
- A firm commitment of \$10,000 worth of exploration in the first year.
- A Payment of \$2,000. after one month of drilling has been completed.
- A total of \$100,000. cash outright for the property over a two year period.

You mention that McCallum expects to receive a commission from me for bringing the deposit to our attention. He did not mention this to me in his original letter and I assumed he was acting for the vendors, as taxwise this is a better situation for him. This point should be cleared with him, as well as the detailed terms of the option.

Enclosed is McCallum's last letter to me. He thinks the iron act will be repealed eventually.

I will not have the samples assayed for titanium until I hear further from you. Perhaps McCallum or Stone has an assay sheet from the Swedish people he refers to.

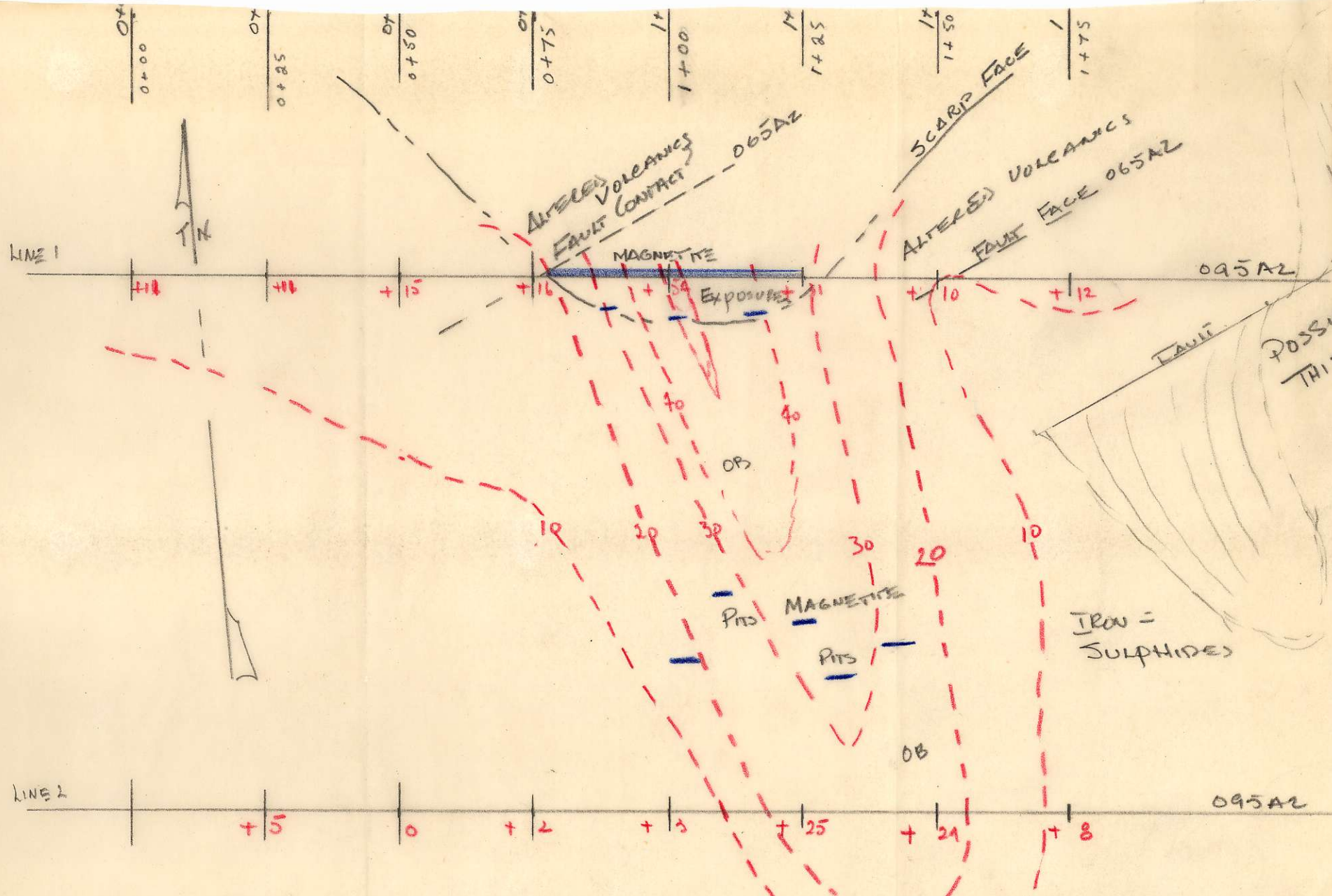
  
E.O. Chisholm

EOC-dp  
Encl.

### INSTRUCTIONS FOR USE OF THIS FORM

Form to be completed in triplicate by originator. Two copies — No. 1 and No. 2 — to be forwarded to addressee. Copy No. 3 to be retained in originator's file until reply received. Addressee to complete reply in duplicate on reverse side of sheets 1 and 2 and return No. 1 to originator. In following this procedure both parties have the complete message and reply on one sheet of paper.

92K



NOTE READINGS SHOWN IN DEGREES

SKETCH  
 OF  
 Dip NEEDLE July  
 July 2 + 6  
 SCALE 1 INCH = 25 FT  
 APR 60

OB

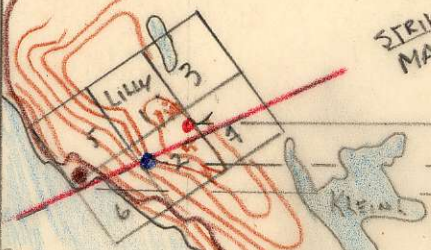
124-00

49-45

3 MILES  
N TO EDWARDS COVE

North  
hole

065 Az.  
STRIKE OF A CONTACT  
MAGNETITE SUBLING



REPORTED LOCN OF CHALCOPIRITE SHOWING  
MAGNETITE SHOWING  
MASSIVE PYRROTHITE

SCALE  
1.25" = 1 MILE

Ruby  
hole  
EL 75 ASL

SKETCH

SHOWING

LOCN HILLY 1-6 MCS

VANCOUVER MD

To Hancock

apr 160

92 K.

# INTER-OFFICE CORRESPONDENCE

FROM Rod Macrae  
TO E. O. Chisholm

DATE April 1st, 1960  
SUBJECT Section 80 -B.C. Mineral Act

A	N
	<input checked="" type="checkbox"/>
	<input type="checkbox"/>
	<input type="checkbox"/>
	<input type="checkbox"/>
	<input type="checkbox"/>
	<input type="checkbox"/>
	<input type="checkbox"/>
	<input type="checkbox"/>
	<input type="checkbox"/>
	<input type="checkbox"/>
	<input type="checkbox"/>
	<input type="checkbox"/>
	<input type="checkbox"/>

### MESSAGE

(TO BE COMPLETED IN TRIPLICATE)

Dear Ted:

I checked your reading of Section 80 with Egdell, Recorder, Vancouver, for B.C. Dept of Mines. I recall you mentioned this clause over a year ago in connection with the Andrews-Johnson claims at Mile 397.

Here is Egdell's interpretation of Section 80:

If a party files assessment work on a claim, any other person including officers of the Department have one year from the date of recording the certificate of work to contest the statement that the work was actually done. If the certificate is not contested within that year, it cannot be declared invalid after that date.

Prior date of location still determines the ownership of a mineral claim, and of course the validity of title. Egdell says the practice of Mining Recorders is to mark a claim record "Contra Src 14 (1), (c)," in cases where the sketch submitted by the staker of a claim indicates that he has apparently overstaked part or all of a previously staked mineral claim. It is obvious that the recorder, working from sketches submitted by stakers cannot be sure the second recording overlaps an earlier recording of a claim. Only a survey could determine that.

In the case of the Stone ground, a block of 14 claims, 7 long, 2 wide were staked, having record no. 7073-7085, and the Lilly 1-4 are indicated on the map as lying somewhere in about the centre of this group. Stone tells McCallum, according to ~~McCallum~~ Finley, that his claims do not overlap the 14 claim group. \* According to Finley, "there is nothing to worry on that score."

I returned last night from examining the Bromley silver prospect, adjoining the Horn Silver Mine at Keremeos. I made a thorough check of the structure of both properties and except that the strikes are 90 degrees apart, the vein attitude and faulting is similar. Took seven good samples, and will file a report as soon as Willems assays same.

11  
202/3/3

I'll try and clear up the terms of the iron deal on Seacheldt Peninsula as soon as I can get McCallum in here, but as you he can get everyone pretty confused, when he starts to talk about his deals. If I can get Stone and McCallum together, here, I can probably iron out the terms and Finleys interest.

#### INSTRUCTIONS FOR USE OF THIS FORM

Form to be completed in triplicate by originator. Two copies - No. 1 and No. 2 - to be forwarded to addressee. Copy No. 3 to be retained in originator's file until reply received. Addressee to complete reply in duplicate on reverse side of sheets 1 and 2 and return No. 1 to originator. In following this procedure both parties have the complete message and reply on one sheet of paper.

# INTER-OFFICE CORRESPONDENCE

92K

FROM.....

DATE.....


TO.....

SUBJECT.....

## MESSAGE

(TO BE COMPLETED IN TRIPLICATE)

Stone's associate, or partner, referred to in F.Mac' letter is one Hughie Creelman, and if he gets in here, on the conversation, to straighten out the terms, I'll be a candidate for the nut-house. Last year, I had the two of them, plus an Italian who spoke broken english, in here to describe an asbestos showing. Believe me, after that conversation, I wasn't sure, just who was ~~XXXXX~~. 'craisy'



Roderick Macrae

(TO BE COMPLETED IN TRIPLICATE)

gcb/p

### INSTRUCTIONS FOR USE OF THIS FORM

Form to be completed in triplicate by originator. Two copies — No. 1 and No. 2 — to be forwarded to addressee. Copy No. 3 to be retained in originator's file until reply received. Addressee to complete reply in duplicate on reverse side of sheets 1 and 2 and return No. 1 to originator. In following this procedure both parties have the complete message and reply on one sheet of paper.

92K

# INTER-OFFICE CORRESPONDENCE

FROM Mr. E.O. Chisholm

DATE 31 March 1960

TO Mr. R.M. Macrae

SUBJECT STONE PROPERTY  
SCARVIS INLET BC

✓	W.S.P.	✓
	G.A.C.	
	G.H.M.	
✓	E.O.C.	✓
	H.A.P.	
	R.D.S.	
	B.C.B.	
	E.L.D.	
	J.I.B.	
✓	E.C.J.	

### MESSAGE

(TO BE COMPLETED IN TRIPLICATE)

Dear Rod:

I note in your letter that the Lilly 1-4 claims title may be invalid. These are the original claim groups recorded on 20/8/57. You also stated later, on page 2, that Stone has maintained his original four claim group since August 1957 by filing assessment work annually. Does not the acceptance of this work by the B.C. Department of Mines validate the claims under Section 80, which states in part "no irregularity happening previous to the date of the record of the last certificate of work shall affect the title thereto and it shall be assumed that up to that date the title to the claims was perfect."

Please get a clear cut statement of the terms, as it stands now I understand Stone and his partners want the following:

- Nothing down before examination.
- A firm commitment of \$10,000 worth of exploration in the first year.
- A Payment of \$2,000. after one month of drilling has been completed.
- A total of \$100,000. cash outright for the property over a two year period.

You mention that McCallum expects to receive a commission from me for bringing the deposit to our attention. He did not mention this to me in his original letter and I assumed he was acting for the vendors, as taxwise this is a better situation for him. This point should be cleared with him, as well as the detailed terms of the option.

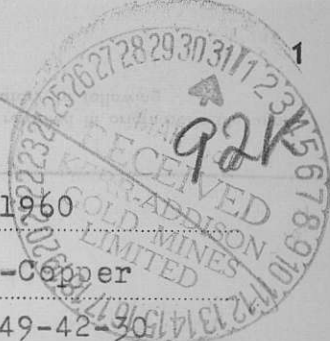
Enclosed is McCallum's last letter to me. He thinks the iron act will be repealed eventually.

I will not have the samples assayed for titanium until I hear further from you. Perhaps McCallum or Stone has an assay sheet from the Swedish people he refers to.

EOC-dp  
Encl.

E.O. Chisholm

# INTER-OFFICE CORRESPONDENCE



FROM R. Macrae  
TO E. O. Chisholm

DATE March 28th, 1960  
SUBJECT A. Stone Iron-Copper deposit  
Locn: 125-57-30; 49-42-26

**Reply**

(TO BE COMPLETED IN DUPLICATE)

Dear Ted:

Finley McCallum has been dropping in every few days since about two weeks ago. Each time he has more information concerning the iron and copper property about which he wrote you.

He is dealing with Albert Stone, who is a claim staker- I almost said claim jumper whom I have known for some few years. It is quite possible Stone knows an iron deposit when he sees it. He certainly does not know his base metal minerals.

However, here are the basic facts on the deposit Finley has been concerned with Stone.

*discussing*

Property: Six claims held by location the Lilly 1-6 incl.

Title information:

Name	Tag No.	Rec No	Rec Date	Exp Date	Owner	Remarks
Lilly #1	219741	7095	20/8/57	20/8/60	A. Stone	Overstaking of 7035-
2	42	96	"	"	1159 Robson Vancouver	7042 in contravention
3	43	97	"	"	"	Sec 14/1/c, Min. Act
4	219744	7098	"	"	"	"
5	45	7550	11/8/58	11/8/60	"	
6	46	7551	"	"	"	

Note: The first four claims were recorded as being overstaked other claims. These other claims have now expired but the title of the Lilly 1-4 may be invalid.

Location : Between Ruby Lake and Waugh Lake on Seacheldt Peninsula.. Claims straddle the highway between Gibson Landing and Powell River.

Geology: Area mapped by W.R. Bacon, 1957 (Bill 39- B.C. Dept of Mines "Geol of Lower "ervis Inlet" ) His map shows the surface is underlain by Coast Range Intrusives in the area of the claims with a half mile belt of volcanics, basalts, andesites and minor sediments striking N.W on the west bdry of the claim area.

**Non-Factual - DATA**

**NEAR**

Deposit : Further questioning by McCallum of Stone has been done and the latter insists there is fifty feet of material similar to that sample shipped to Toronto.

# INTER-OFFICE CORRESPONDENCE

FROM Mr. E.O. Chisholm

DATE 24 March 1960

TO Mr. R.M. Macrae

SUBJECT \_\_\_\_\_

## MESSAGE

(TO BE COMPLETED IN TRIPLICATE)

Dear Rod:

Enclosed find copy of letter to Findley McCallum. Will you please dig into this further. If there is a large iron deposit in this location, it could be very interesting.

E.O. Chisholm

EOC-dp

Encl.

(TO BE COMPLETED IN TRIPLICATE)

4867

### INSTRUCTIONS FOR USE OF THIS FORM

Form to be completed in triplicate by originator. Two copies — No. 1 and No. 2 — to be forwarded to addressee. Copy No. 3 to be retained in originator's file until reply received. Addressee to complete reply in duplicate on reverse side of sheets 1 and 2 and return No. 1 to originator. In following this procedure both parties have the complete message and reply on one sheet of paper.



92K

# INTER-OFFICE CORRESPONDENCE

FROM.....

DATE.....

TO.....

SUBJECT.....

## MESSAGE

(TO BE COMPLETED IN TRIPLICATE)

Page 2

He states there is a low grade band of the same width on one side of the main mass. Stone states he has traced the zone or 'shearing' as he calls the mineralized area for about 1200 feet.

Extensive staking has been done in this area in the past. A check of the claim map in the area shows that a block of 60 claims, all lapsed, adjoin the Lilly Group. Stone has maintained his original four claim group since Aug 1957 by filing assessment work annually. He has had one or more groups of partners in on the financing side of his claims and although the records do not show it, a share in the eventual profits in the claims is held by Hugh Creelman, a retired mine foreman.

### Opinion:

The claims warrant a preliminary field examination and arrangements are now made to make an examination with Stone and McCallum later this week.

Bacon's report- copy of which will be fwded with report- indicates cover by timber growth is extensive at the elevation of the claims, rock outcrops are not extensive.

### Option terms.

McCallum states the owners have agreed to a deal similar to the one outlined in your letter March 24th, without the royalty payment originally demanded. In lieu of this Stone wants a 2000 dollar payment after one month of drill-testing has been completed.

Some clarification of the terms of the later payments will have to be made, if an option agreement is drawn up; Stone is talking a two year period to complete the balance of option payments.

Finley McCallum expects to receive a commission from P.A. for bringing the deposit to your attention.

### General information:

Apart from Bulletin No 39, the reconnaissance geol. report covering the area, there is no record of ~~of~~ an original discoverer, prior to the recent staking in 1957. Bacon's report makes no mention of either iron or copper finds in the area of the claims. The nearest mineral prospect is the Cambrian Chieftain, three miles south of the Stone claims. Record of production, 1949-52 from the Cambrian was 682 tons of ore shipped to ASARCO, Tacoma. Gross content was 15 ozs Au, 2592 ozs Ag; 97,604 lbs Cu

*Roderick Macrae*  
Roderick Macrae

### INSTRUCTIONS FOR USE OF THIS FORM

Form to be completed in triplicate by originator. Two copies - No. 1 and No. 2 - to be forwarded to addressee. Copy No. 3 to be retained in originator's file until reply received. Addressee to complete reply in duplicate on reverse side of sheets 1 and 2 and return No. 1 to originator. In following this procedure both parties have the complete message and reply on one sheet of paper.

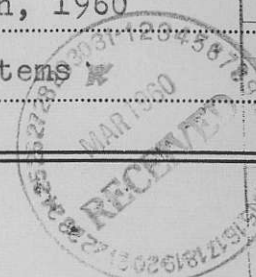
# INTER-OFFICE CORRESPONDENCE

92K

1	A	N
<input checked="" type="checkbox"/>	W.S.R.	
<input checked="" type="checkbox"/>	G.A.C.	
<input checked="" type="checkbox"/>	G.H.	
<input checked="" type="checkbox"/>	H.A.P.	
<input checked="" type="checkbox"/>	R.D.S.	
<input checked="" type="checkbox"/>	R.C.B.	
<input checked="" type="checkbox"/>	E.L.D.	
<input checked="" type="checkbox"/>	J.I.B.	
<input checked="" type="checkbox"/>	(E.C.)	

FROM Rod Macrae  
 TO E.O. Chisholm

DATE March 28th, 1960  
 SUBJECT Three items



### MESSAGE

(TO BE COMPLETED IN TRIPLICATE)

Dear Ted:

The following for your information:

#### Iron Ore Act B.C.:

This act states that 50% of any Fe deposit found in B.C. outside previously c.g claims is owned and reserved to the Crown; Act further states that a royalty shall be paid (one half of it can be expended on exploration for iron) on all iron exported from B.C.

Silver Standard recently made an arrangement with the Minister of Mines as follows:

the reservation on 50% of the deposit to the crown *is CANCELLED* on the first 1.5 million tons developed and mined. For the Crown's portion of the orebody, it will be assumed there is a further 1.5 million tons available- which is highly unlikely.

Silver Standard agrees to pay a royalty of 1 cent per unit of iron- if a 50% Fe content ore is shipped, this would be 50 cents per ton- for each ton shipped. This agreement is binding irrespective of the results of a court case now being contested by some of the four exporters of iron ores. In actual application, this royalty will be 25 cents per ton (assuming a 50% Fe content shipped) because development costs, including drilling, can be charged against this royalty.

In Summary, then, the province has found the reservation of half an iron orebody to the Crown, is not practical; the government is still determined to charge a 25 cent royalty, plus the usual other taxes on ores of iron exported.

The estimated tonnage to be exported this year from all four shipping mines is 700,000 tons; there appears to be a ready market in Japan at \$ 9.50 per ton.

#### Grandmc:

\$4.5 millions have been spent on development of this copper deposit (130- 56 S.E.) Harold Norman, Newmont, remapped the deposit last year and further work will be done this year (Newmont & Granby jointly finance present development) Cannon volunteered the information that fully half of the past work has been wasted because the of a wrong geological concept of the setting of the ore zones. As I recall the reports, some 30 million tons of 1.9% Cu was indicated by underground development and drilling.

Link ~~XXXXX~~ claims- Gordon Lake N.W.T. Would you try and contact Claude Watt, and request results of Argonaut Yellowknife drilling on this property in 1944-45?

INSTRUCTIONS FOR USE OF THIS FORM

Rodrick Macrae

Form to be completed in triplicate by originator. Two copies—No. 1 and No. 2—to be forwarded to addressee. Copy No. 3 to be retained in originator's file until reply received. Addressee to complete reply in duplicate on reverse side of sheets 1 and 2 and return No. 1 to originator. In following this procedure both parties have the complete message and reply on one sheet of paper.

# INTER-OFFICE CORRESPONDENCE

FROM **Mr. E.O. Chisholm** DATE **31 March 1960**  
 TO **Mr. R.M. Macrae** SUBJECT

**Reply**

(TO BE COMPLETED IN DUPLICATE)

Dear Rod:

Enclosed find copy of letter on the iron, recently received from Finley McCallum. He also has brought to my attention the B.C. iron act, but thinks it may eventually be thrown out.

You have the information on hand, and possibly know the principals McCallum refers to, i.e. Albert Stone. What is your opinion? I will not waste any analysis on the samples until I hear from you. Perhaps Stone has the results of the "Swedish people's" analysis.

You requested in your letter that I should get in touch with Claude Watt. Do you know where I can reach him? I don't know the man.

Argonaut surrendered its charter in 1956.

EOC-dp  
Encl.

E.O. Chisholm

THE FOLLOWING INFORMATION:

(TO BE COMPLETED IN DUPLICATE)

MESSAGE

TO **E.O. CHISHOLM**

FROM **ROD MACRAE**

SUBJECT **IRON TREATY**

DATE **MARCH 31 1960**

# INTER-OFFICE CORRESPONDENCE

3651 W 15<sup>th</sup>.

92K

Vancouver B.C.

March 1960

Mr E. O. Chisholm

Chief Geologist

Prospectors Airways Co Ltd

Suite 1616-44 Kings St. W.

Toronto 1. Ont.

Dear Ted.

Just received your letter of the 24<sup>th</sup> and note what you say about the copper assay and you are waiting for the analysis on the iron.

Since writing you last I had another talk with Albert Stone and his associate and since then he has been out of town, but will be seeing him today, and I expect they will agree to take the cash deal over 3 years without any royalty.

I am enclosing you a copy of the mining regulation covering the iron deposits and you will notice that this Social Credit Government out here is crazy, but should you take up the deposits property and want to develop it. There will be new regulations on the iron as there looks like an election this year and Scott Government will be gone and forgotten.

I have been in to see Mr Murray two or three times and as soon as I can get these parties to agree on the offer made them, then I think Ross and I will go and take a look at the property as it

will only take a day to make the trip by car and the Ferry boat, and I think it would be better to have a look at this copper and see what it looks like, and in case the iron regulation is too tough to undertake development ~~of~~ then if the copper might be worth while investigating, by drilling

Ted in regards to the other iron deposit and which is located on the Vancouver Island and half a mile of the tide water and which has 20 old titled claims and the present government has nothing to say in regards to the iron deposits on old titled properties as they brought in this new regulation in the past five years, and as soon as I can get the owners to accept the offer, Ron and I will take a trip and look it over.

The very best wishes to yourself and everybody at home.

Yours Sincerely  
Mac & family.

P.S. I see you had snow just lately in Toronto, but all of our spring flowers are blooming here now and our japonica has been out for the last 2 weeks

92K  
COPY

A		N
✓	W.S.R.	✓
	G.A.C.	
	G.H.M.	
✓	E.O.C.	✓
	H.A.P.	
	R.D.S.	
	B.C.B.	
	E.L.D.	
	J.I.B.	
✓	(E.C.J.)	

24 March 1960

Mr. Finley McCallum  
3651 West 15th Street  
Vancouver 8, B.C.

Dear Finley:

In reviewing the Albert Stone property information, I have the following ~~for~~ you. The property is located 2 miles off Tidewater and 60 miles north of Vancouver. There is a large iron deposit on the claims, and a copper vein.

Copper Vein:

Width 10-12 feet in 50 foot shear. Grade  $1\frac{1}{2}$  to  $2\frac{1}{2}$  percent; length unknown. Location within  $1/2$  mile of iron deposit.

Iron Deposit:

Width 50 feet of good magnetite plus additional 50 feet of banded formation. Length traced for 1,500 feet. Grade: Swedish firm reports quality is good and wish to make an examination in June. There is said to be another large deposit of iron 2 miles from Tidewater, on a separate location, that is being investigated by the same prospector, but is owned by someone else.

Terms:

Stone and his associates are asking for the first iron deposit a total of \$100,000.00, plus a 20¢ per ton royalty on production. We are to go firm for \$10,000.00 worth of exploration in the first year. It is understood you have told them we might be interested in the cash offer, but would then want them to drop the royalty.

The only thing I can add to the information at present is the fact that I have assayed the copper sample you submitted and it ran: Cu. 0.71%; Au. 0.02 oz/ton; Ag. 0.72 oz/ton, which is lower than your friends indicate. The iron samples look to be pure magnetite and I plan to assay for titanium as a check.

PROSPECTORS AIRWAYS COMPANY, LIMITED

SUITE 1616, 44 KING STREET WEST

TORONTO 1, ONTARIO

Mr. Finley McCallum  
Vancouver 8, B.C.

24 March 1960

92K  
COPY

- 2 -

At this stage I would say the property looks interesting, although I agree with you the royalty is too high. I note you are talking to them shortly.

Is there any published information on the deposit in the Government reports. I will ask Rod Macrae to look you up and see what else can be dug up. An examination could be arranged as soon as possible, if the vendors agree.

I am sending a copy of this letter to Rod Macrae today.

Kindest personal regards.

Yours very truly



E.O. Chisholm  
Chief Geologist

EOG-dp

A	N
	W.S.R.
	G.A.C.
	C.H.M.
	E.O.C.
	H.A.P.
	R.D.S.
	B.C.B.
	E.L.D.
	J.I.B.
	E.C.J.

3651 W 15<sup>th</sup>

92K

Vancouver, B.C.

March 21<sup>st</sup> 1960

Mr E. O. Erikholm

Chief Geologist

Prospectors Airways Ltd

Suite 1616, 44 King St. West

Toronto 1, Ont.

Dear Ted.

Since receiving your letter of the 17<sup>th</sup> I had a talk to the prospector Albert Stone and his associate as to what they had in mind in the way of a deal if the result of your assay was satisfactory, and their first offer they made was \$10000. and 20 cents a ton royalty giving one year to spend \$10000 or more in exploring the property and two years more time to pay the cash, however I have told them that their royalty was too much and that if you took the property up you wouldn't want to be forced to pay royalties as there might not be a market for the iron for several years to come and I have said you might consider the cash offer without the royalty, but I would have you to decide on the matter.

This prospector is quite experienced after 50 years of prospecting and one of his friends here has sent a sample to the Swedish iron company and they seem to like the iron quality and its location near the tide water and expect to have their Engineer in June to



come and take a look at it, so this is the picture  
 Ted, however I am having another talk with him tomorrow  
 as the prospector wanted to have a final talk with his  
 Sweed friend who sent the sample to Seveden.

This same prospector as I said knows of a much larger  
 deposit than his own deposit and which has 20 titled  
 claims which has the timber rights and was staked  
 for a base metal some 30 years ago, and he is now  
 trying to find out from the heirs and owners what they  
 would take for the timber rights on the property as he  
 prospected this property for them years ago when he saw  
 this large deposit of iron, but they were only interested  
 at that time in gold, silver & lead and at that time they  
 were developing a small silver lead and zinc vein  
 which he thinks might be interesting to develop now  
 as the values are quite high in silver & lead. This property  
 is within a couple of miles of the tide water with a natural  
 harbour sight in all winds,

Well Ted we are having real spring out here now and  
 it was about 70 above yesterday and all our spring  
 flowers are well away, and the rain is getting finished.

I will write again as soon as I have the final talk  
 with the parties on the iron.

With the very best to Beth & yourself & the family

Sincerely

Fin McCallum.

# X-RAY ASSAY LABORATORIES LIMITED

92K

28 EGLINTON AVENUE WEST, TORONTO, ONTARIO MAYFAIR 8907

## ASSAY CERTIFICATE



To Prospectors Airways Co. Ltd.,

44 King St. W. Suite 1616,

TORONTO, Ontario.

Received March 18/60

Report No. 9482

A		N
	W.S.R.	
	G.A.C.	
	G.H.M.	
	E.O.C.	
	H.A.P.	
	R.D.S.	
	B.C.B.	
	E.L.D.	
	J.I.B.	
	E.C.I.	

Sample No.	% Cu	Au oz/ton	Ag oz/ton			
EOC-1	0.71	0.02	0.72			

NOTE:

- Less Than
- N. D. - Not Detected
- Lower Limit of Detection

Date March 21/60

Certified By *E.P. Bucher*

92K  
COPY

A		N
✓	W.S.R.	✓
	G.A.C.	
	G.H.M.	
✓	E.O.C.	✓
	H.A.P.	
	R.D.S.	
	B.C.B.	
	E.L.D.	
	J.I.B.	
✓	E.C.I.	

11 March 1960

Mr. Finley McCallum  
3651 West 15th Street  
Vancouver 8, B.C.

Dear Fin:

Sorry to hear you are not satisfied with the Little Long  
Lac negotiations. Perhaps they will see it your way in the Spring.

Your magnetite iron deposit sounds very interesting to  
me Fin. I have not received the samples yet and will write again  
when they arrive. From your description, it is worth looking over  
very carefully. Japan seems to be a favourable market for iron ore,  
and I think this end will expand out your way. There seems to be  
a big demand here also. Several deals have been made recently in  
Ontario and Quebec on concentrating iron ore properties.

Kindest personal regards to you and your nice family.

Yours very truly

EOC-dp  
Encl.

E.O. Chisholm  
Chief Geologist

P.S. I am enclosing two recent papers I have given, that may be of  
interest to you.

The Prospectors Association convention was very well attended  
again, despite the lazy market performance this past year.

3651 W 15<sup>th</sup>  
Vancouver 8 B.C.  
March 8<sup>th</sup> 60

92K

Mr E. O. Ekisholm  
Chief Geologist  
Prospectors Airways  
Toronto 1. Ont.

Dear Ted.

Received your letter sometime ago and glad to hear that the Rattlers and scorpions didnt get you and the sun was good and warm, but I see your crew was getting a little weary on the long drive home but thats natural with the present generation.

Now Ted re McFinley we have not got any farther with Long Lac in getting a settlement for the \$6,000 which they claim is owing them, but they want me to come down in early spring and when McAllen is there and try and get this liability liquidated so I hope I will be able to have something definite in the spring so let us hope we get the air cleared away so we can get down to a new deal.

You remember me telling you last fall about a large deposit of magnetite iron within two miles of the tide water and around 60 miles up the coast from Vancouver, and the deposit seems to be quite large and can be traced for about 1500 ft in

in length and this sample I am sending you is taken from the surface and over some 50 ft or more in width and seems to be about the best part of the vein or deposit, but the prospector says there is another 50 ft or more of banded formation so it would seem that this is quite a body of iron, however the prospector is a very reliable fellow and I think your company might do well to get into the iron mining on the B.C. coast and near the tide water because Japan + U.S. is going to be a big market for iron in the very near future.

This same prospector tells me he knows where there is a much larger deposit than this one of his, but it's owned by some estate and has some 20 titled claims and are holding it for the timber and a small silver lode vein which he says is about 2 or 3 ft wide, and the prospector was prospecting for them some 35 or 40 years ago and at that time he found this large iron deposit, but at that time iron was not worth talking about and he was prospecting for gold silver and lead only, this property is also 2 miles off the tide water and we are going to find out what the owners have in mind for the timber as we are not stating we are interested in the minerals until we find out what they would take for the timber.

92K

By the way Ted you will notice in the bag of iron samples there is a piece showing copper and the prospector claims that this vein is within half a mile of the iron vein and also in his claims and he says it should run around  $1\frac{1}{2}$  to  $2\frac{1}{2}$  per cent copper over 10 or 15 ft but the whole width of the vein seems to be around 40-50 ft wide, so you can see Ted this could be an interesting deposit for copper with the iron.

Since last fall the party here sent a sample of the iron to Sweeden and they seem to be sending a party over in June to look into it and they said it's a very good grade with very little sulphur and silica & phosphorus. so let me know what you think about the iron business out here, Ted and after you get it assayed and I can tie the property up on a very reasonable deal so your company could have lots of time to drill before making any cash payments

With the very best to Betty & the children  
and yours truly

Sincerely

J. McCallum.