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File 92 H

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

To..... P. M. KAV
 Subject..... CLIMAX CO
 PRINCETON

Climax Buffer Jones & Silver
Standard Jones Princeton Area

29th, 1963

April 29 1963

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*Bill Sirola has checked further
 into this situation. The people have
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 about later stages.*

P.M.K.

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argue that in the presence of a considerable amount of carbonate in the rocks the only secondary minerals would be malachite and azurite. In other words, descending copper will precipitate very readily in the oxidized zone provided sufficient carbonate is available. Chalcocite deposition takes place largely where there is no opportunity for the copper to hang up in the form of a carbonate.

Before getting off on a tangent I should explain that Silver Standard is seeking funds from a number of mining companies with which to carry out an I.P. Survey and whatever drilling, if any, may be indicated. They feel that \$50,000. should be made available for this work and they are prepared to sell 500,000 shares at 10¢ per share to raise the money. The maximum that they will sell to any one company is 50,000 shares. They have formed a 3,000,000 share Private Company and have taken 750,000 shares as their vendor interest. It is seemingly their intent to form a Public Company at such time as they think a potentially profitable situation may exist. I have tried to draw out of them whether or not any options would be available to the original subscribing companies, but they simply say they have not thought that far ahead.

The Regal Property was held for a considerable length of time by the Granby people who carried out Magnetic, Self-Potential and Geochemical Surveys. They also drilled one diamond drill hole. The results of this work were not encouraging and Granby subsequently dropped the ground.

By phone on May 2 I advised Sirola that we would have to receive more information from Silver Standard about future terms of the deal before we could take any more interest.

Cont'd.... of the deal

P.M.K. May 3/6.

REFERENCE MEMORANDIUM

DATE

June 26

19

63

THE ATTACHED PAPERS ARE REFERRED

TO

Mr. W. S. Row ✓

BY

PMK

PLEASE REPLY DIRECT

PLEASE HANDLE

PLEASE SEE ME RE THIS

YOUR COMMENTS

FOR YOUR INFORMATION

FOR APPROVAL

PLEASE RETAIN

PLEASE RETURN

Bill Sicola has checked further into this situation. The people have all their immediate financial requirements in hand & still are not willing to mention any ideas they may have ~~after~~ about later stages.

PMK

KERR-ADDISON GOLD MINES LIMITED

(FOR INTER-OFFICE USE ONLY)

To..... P. M. KAVANAGH..... From..... W. M. SIROLA.....

Subject..... CLIMAX COPPER MINES LTD.....Page 2..... Date..... April 29th, 1963.....

Because oxidation is rather widespread on the property the Silver Standard people feel that I.P. equipment will provide a new and better evaluation of the potential.

I agree that the property deserves additional work and would recommend it from a geological standpoint. I would not, however, be prepared to enter into this arrangement without having some idea of what happens in stage II to the original subscribers. In other words, the subscribing companies may have no advantages over the public in general at this stage.

If you are interested in this situation perhaps I could arrange to get a copy of the geological map such as it is. This map suggests the presence of widespread but low grade (less than 1%) mineralization.

per William M. Sirola.
RL.

WMS:rl

KERR-ADDISON GOLD MINES LIMITED

(FOR INTER-OFFICE USE ONLY)

MAY 1 1963

✓	W.S.R.	✓
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	G.P.R.	
	E.L.D.	
	J.I.B.	
	E.C.J.	
	D.V.B.	

To P. M. KAVANAGH

From W. M. SIROLA

Subject CLIMAX COPPER MINES LTD.,
PRINCETON AREA (92-H/B)

Date April 29th, 1963.

Approximately one week ago Bill Dunn telephoned to say that Silver Standard had acquired the old Regal Property from the Burr family in Princeton. The Regal Group was composed of 16 claims and Silver Standard have since added an additional 87 claims.

The nature of the deal between Silver Standard and the Burr family is enclosed in a separate letter to me from Alex Ritchie. The initial payments are reasonable but the final pay out is \$3 million.

Also enclosed is a brief summary by Silver Standard in which, in paragraph 3, they have taken an excerpt from a report by Victor Dolmage. I am not in complete agreement with Dolmage because he has taken the attitude that since considerable oxidation occurred prior to pleistocene time, he feels that secondary enrichment could be expected. If, by secondary enrichment, he means chalcocite, I would argue that in the presence of a considerable amount of carbonate in the rocks the only secondary minerals would be malachite and azurite. In other words, descending copper will precipitate very readily in the oxidized zone provided sufficient carbonate is available. Chalcocite deposition takes place largely where there is no opportunity for the copper to hang up in the form of a carbonate.

Before getting off on a tangent I should explain that Silver Standard is seeking funds from a number of mining companies with which to carry out an I.P. Survey and whatever drilling, if any, may be indicated. They feel that \$50,000. should be made available for this work and they are prepared to sell 500,000 shares at 10¢ per share to raise the money. The maximum that they willsell to any one company is 50,000 shares. They have formed a 3,000,000 share Private Company and have taken 750,000 shares as their vendor interest. It is seemingly their intent to form a Public Company at such time as they think a potentially profitable situation may exist. I have tried to draw out of them whether or not any options would be available to the original subscribing companies, but they simply say they have not thought that far ahead.

The Regal Property was held for a considerable length of time by the Granby people who carried out Magnetic, Self-Potential and Geochemical Surveys. They also drilled one diamond drill hole. The results of this work were not encouraging and Granby subsequently dropped the ground.

By phone on May 2 I advised Sirola that we would have to receive more information from Silver Standard about future terms of the deal before we could take any more interest.

Pruf. May 3/63.

24/4/63

SILVER STANDARD MINES LIMITED
(NON-PERSONAL LIABILITY)

April 23, 1963

Mr. Wm. Sirola,
Kerr-Addison Gold Mines Ltd.,
409 Granville Street
Vancouver, B. C.

Dear Bill:

Our agreement with the prospectors on the Princeton property calls for the following minimum payments:

1.	\$2,000.00 on or before July 1, 1963		
2.	\$100 per month - Aug. 1, 1963 - July 1, 1964	—	1,200
3.	\$200 " " " 1, 1964 - " 1, 1965		2,400
4.	\$300 " " " 1, 1965 - " 1, 1966		3,600
5.	\$400 " " " 1, 1966 - Dec. 1, 1966		2,400
6.	\$25,000.00 on or before December 31, 1966	—	25,000
7.	\$400 per month - Jan. 1, 1967 - July 1, 1967	—	2,400
8.	\$500 " " - Aug. 1, 1967 - July 1, 1968	—	6,000
9.	\$600 " " - " 1, 1968 - Dec. 1, 1968	—	3,600
10.	\$25,000.00 on or before Dec. 31, 1968	—	25,000
11.	\$600 per month - Jan. 1, 1969 - July 1, 1969	—	3,600
12.	\$700 " " - Aug. 1, 1969 - July 1, 1970	—	8,400
13.	\$800 " " - " 1, 1970 - Dec. 1, 1970	—	4,800
14.	\$62,500.00 on or before Dec. 31, 1970		62,500
15.	\$800 per month - Jan. 1, 1971 - July 1, 1971	—	4,800
16.	\$900 " " - Aug. 1, 1971 - July 1, 1972	—	10,800
17.	\$1000 " " - Aug. 1, 1972 - until total of		<u>165,700</u>
	\$3,000,000.00 has been paid.		
	2,834.3 m.a.		

After start of production, payments will be in the form of a royalty. Up to the time a total of \$1,000,000.00 has been paid, the royalty will be on a graduated scale, ranging from 1.0% of the net smelter return for 0.5% copper mill feed to a maximum of 5.0% for a mill feed of 4.0% copper. From the time that \$1,000,000.00 has been paid until the full \$3,000,000.00 has been paid, the percentage of the net smelter returns will be doubled, i.e. 2.0% for a mill feed of 0.5% copper and 10.0% for 4.0% copper.

3,000,000
165,700
2,834,300

Mr. Wm. Sirola - continued

A clause in the agreement gives Silver Standard the option to suspend operations and defer payments if, after \$5,000,000.00 has been spent on the property, in the opinion of Silver Standard it becomes unprofitable to continue.

I trust that this is the information you require. Should anything further occur to you I will be glad to answer your questions.

Very truly yours,

SILVER STANDARD MINES LIMITED



A. C. Ritchie

ACR:hm

Dolmage

CLIMAX COPPER MINES LTD. N.P.L.

Silver Standard has been successful in obtaining an option on sixteen mineral claims near Princeton, B. C. which cover a large area of important copper mineralization occurring in the Nicola volcanics. Subsequent staking by Silver Standard has rounded out the group to a total of 103 claims.

History of the showings can be traced as far back as 1905 and from that date to 1951 a very limited amount of work was accomplished by various operators. Recently, a group of Princeton prospectors acquired the ground and, by means of bulldozer trenching, have greatly enlarged the known mineralized area.

Dolmage

The large copper-bearing zone is unique in British Columbia in that the rocks have been completely altered and the results of oxidation are intense. In deposits of this type the accepted theory indicates that at the base of the oxidized zone there should be found an enriched zone and below this the primary sulphide ore. It has been established that oxidation took place prior to glaciation and probably over an extended period of time. For this reason depth of oxidation could be great and the amount of secondary enrichment substantial.

Copper occurs chiefly as azurite and malachite although chalcopyrite and occasional bornite have been noted. Silver Standard engineers have surveyed the showings by tape and compass and have sampled the bulldozer cuts. Two cuts, each 100 feet in length, were shown to be in material considered to be of ore grade at Bethlehem and Craigmont.

Dr. Victor Dolmage has examined the property for Silver Standard and has written what we consider a very favorable report. Dr. Dolmage recommends that an Induced Polarization Survey be employed to gain information regarding the depth and abundance of the metallic sulphides. He further recommends that provision be made for the drilling of two or three holes well into the sulphide zone, possibly to depths in excess of 1000 feet.

Tentative arrangements have been made to conduct an Induced Polarization Survey early in April and it is anticipated that a diamond drilling program will commence immediately after results of the survey have been reported.

Silver Standard considers that it has concluded what is an equitable deal for the property. The option agreement specifies a total purchase price of three million dollars to be paid chiefly from production. This seemingly high price

can be justified when it is considered that if an economic copper deposit exists it is almost without doubt an exceedingly large one. Also, payments up to the time of production are moderate and the royalty rate thereafter can be considered low.

In order to finance exploration, Silver Standard has caused to be incorporated a private company having a share capital of 3,000,000 shares. This will be converted to a public company when circumstances warrant. 750,000 of the treasury shares have been allotted to Silver Standard in consideration of the assignment of the Agreement, the transfer of the claims staked by it and the preliminary work accomplished to date. For the purpose of financing the geophysical survey and initial drilling, 500,000 treasury shares in blocks of 10,000 shares have been set aside at a price of 10¢ per share for associates of Silver Standard who wish to join it in the undertaking.

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