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For Internal Use

GIBRALTER MINES

Current Information

93 B

Gibraltar Mines Limited

Dec 1 1969

DEC - 4 1969

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93 B

December 1, 1969.

ch to previous

April 69

Date

I.H.S. ✓
P.M.K. ✓
R.D.S.
B.C.B.
C.D.B.
P.K.

In May 1967 Canex Aerial Explorations, a wholly owned subsidiary of Placer Development Limited and Duval Corp., a subsidiary of Pennzoil United Inc. entered an agreement with Gibraltar Mines to spend \$300,000 on exploration of its property by August 31, 1969. In addition they committed themselves to a second stage in which a further \$350,000 was to be spent by December 31, 1969. In order for Canex/Duval to maintain their rights beyond this time, this consortium must commit to spend \$400,000 by April 30, 1970 with an additional \$450,000 by August 31, 1970. Canex/Duval are entitled to receive 100,000 shares of Gibraltar on completion of expenditures at the end of each of these four work stages. In the event that the property is placed into production a third company will be incorporated and Canex/Duval will be entitled to acquire a 51% interest in the new company.

Canex/Duval have also entered into option agreements with Coast Silver Mines on the 13 claim Jan-Summit group and on 40 claims which are held by Gunn Mines Limited situated to the east of the Gibraltar property. Under each of these two agreements the Canex/Duval have the right to earn 70% interest.

To October 1, 1969 a total of 34,000 feet of diamond drilling on 400 foot centres had been carried out on the Gibraltar Mines' ground. Results of this drilling have indicated the following tonnage figures:-

- Gibraltar East Zone - 73,600,000 tons, grading 0.42% copper and 0.013% MOS2.
- Gibraltar West Zone - 1,900,000 tons, grading 0.49% copper.

Adjoining the Gibraltar property is a group of claims known as the Pollyanna group which Canex/Duval have the right to purchase on an equal basis. To October 1, 1969 a total of 29,000 feet of diamond drilling on 400 foot centres has indicated the following tonnages:-

- Pollyanna Zone - 61,000,000 tons, grading 0.36% copper and 0.02% MOS2.
- Gibraltar East Zone extension on the Pollyanna claims - 8,400,000 tons, grading 0.35% copper.

Diamond drilling on a fill-in basis is in progress in conjunction with further exploratory drilling on both properties.

In late October it was reported that a diamond drill hole located approximately 4,000 feet east of the Gibraltar east zone returned 257 feet of copper mineralization with an average grade of 0.405%. The significance of this hole indicates that a potential new zone of copper mineralization has been discovered. Subsequent drilling on this new zone called the Granite Lake Zone indicates that it extends on to the adjacent property of Gunn Mines.



DEC - 4 1969

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RSD Mines & Metals

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B.C. EDITION
69-37

December 1, 1969.

✓	I.H.S.
✓	P.M.K.
	R.D.S.
	B.C.B.
	I.D.B.
	H.H.
	P.K.
✓	

In this Issue:

GIBRALTER MINES LIMITED
 GUNN MINES LIMITED
 HIGHMONT MINING CORP. LTD.

*attach to previous
 of April 69
 & update*

GIBRALTER MINES LIMITED (\$3.70)

Current Information

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Recommendation

The Gibraltar property is definitely showing encouraging results particularly with the recent discovery of a new zone some 4,000 feet east of the main zone. This new zone, called the Granite Lake Zone, could add significantly to the overall potential reserves. However, considerably more drilling will have to be done. The drilling in this region will be speeded up once the small lake freezes and equipment can be moved on to the ice. Along with the diamond drilling, Canex have just recently started a rotary drill programme of large diameter bore holes to provide sufficient samples with which to conduct metallurgical tests.

It appears likely that Canex could have sufficient data available to make a feasibility decision by mid spring 1970. One feature of this prospect is the evidence of a shallow higher grade section which could speed up the repayment of debt if the property is committed to production. This prospect must be considered encouraging and we feel it makes an attractive speculation. Purchases are recommended by high risk accounts at current prices and on dips during market weaknesses. Technically the stock displays good support at the \$3.00 level.

Capitalization

Authorized capital - 5,000,000 shares. Issued capital 3,776,194 shares.

GUNN MINES LIMITED (\$0.73)

This is an interesting little speculation as the Company holds property immediately east of Gibraltar. Recent drilling has shown that the new Granite Lake Zone does in fact extend over onto the Gunn Mines property. Several holes drilled here show anywhere from 100-200 foot sections grading, 0.3-0.5% copper. This stock makes an interesting participation in the entire play and can be bought by speculative accounts.

HIGHMONT MINING CORP. LTD. (\$3.80)Current Information

Highmont is currently continuing exploration work on its copper property located to the east of Lornex, in the Highland Valley area of southern B.C. This fall Teck Corporation completed an agreement with Highmont whereby they are committed to a \$2,300,000 exploration programme over the next thirteen months which would include additional diamond drilling, underground bulk sampling and metallurgical test work. Teck Corporation will have the right to acquire 800,000 shares of Highmont as a result of the above expenditure. The programme is currently under the direction of Teck Corporation.

A recent report by consultants estimates that, as of October 15th, 1969, the geological reserves are 134,000,000 tons averaging 0.418% copper equivalent (this represents approximately 0.3% copper plus 0.055% moly sulphide). At present, underground work is being done in an attempt to evaluate earlier diamond drill results. Diamond drilling is continuing on the main zone in an effort to delineate the pit outline and detailed fill-in drilling is also being done. Another drill is doing work in the fringe area of the known zone of mineralization. It is to be noted that the above reserve estimates encompassed two separate zones with the main zone containing upwards of 100,000,000 tons.

69-37-3

Recent geological information gathered from work done on the southwest corner of the Highmont claim group indicates another zone of interest. Trenching has since revealed that in the area of the fault zone there is evidence of copper mineralization. The plan now is to move a drill onto this new showing and to start drilling within a day or two.

Recommendation

This particular property has been worked for several years and must be regarded as a prime prospect. Just recently some of the fill-in drilling has revealed slight improvement in grades. The stock has broken out of its technical pattern at the \$2.85 level. We therefore feel that high risk accounts could take on commitments on market weaknesses. The new zone in the southwest corner of the property appears quite interesting and any real results from this area could have further up side impact on the stock.

Capitalization

Authorized capital 5,000,000 shares. Issued capital 3,230,000 shares.

vm

J.H.S.
P.M.K.
R.D.S.
B.C.B.
I.D.R.
G.M.H.
P.K.

APR 21 1969

93B -

KERR ADDISON MINES LIMITED

(FOR INTER-OFFICE USE ONLY)

*attach to previous
of April 1966
update*

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

To P. M. Kavanagh From W. M. Sirola

Subject Gibraltar Mines Limited - Date April 17, 1969.
McLeese Lake, Cariboo District, B.C.

Since the Cominco people dropped their option on this property in 1967, the Gibraltar group have been drilling on their own by raising money through underwritings.

Our old "friend" Bill Patmore of Riviera fame accosted me on the street the other day to advise that he was again the sole purveyor of another winner and again, the terms were going to be "real rough". When asked to elaborate on the meaning of "real rough" he advised that any major company taking on Gibraltar would have to be prepared to do all further exploration and supposedly attendant feasibility studies to acquire a 51% position in the property. Any stock taken down thereafter would be at \$3.00 per share for the first block and progressively higher prices for additional shares.

George Cross's version of this deal is somewhat different and reads as follows:

1) Major company to loan Gibraltar \$250,000 cash for which the company gets; 1,400,000 treasury shares plus 1,000,000 shares made available through increased capitalization. In addition, major company must sign option for additional 300,000 presently issued escrowed shares at prices to be negotiated.

2) Finally, major company must agree to buy 300,000 shares from the market making a total of 3,100,000 shares which would be the equivalent of 50.5% of the total issued shares. George was given the figure of \$3 to \$4-million as the probable cost of acquiring the 3,100,000 shares and this means that the average price per share would range from 97¢ to \$1.30 per share. To improve on this position, the major company would then have to option further shares (as previously mentioned) at prices of \$3.00 or more.

(continued - Page 2)

KERR ADDISON MINES LIMITED

(FOR INTER-OFFICE USE ONLY)

To _____ From _____

Subject _____ Date _____

- 2 -

For this type of expenditure, the major company could expect to receive one mineralized zone containing 14-million tons of 0.52% Cu. The fly in the ointment here is that the strip ratio is 4:1.

The second zone 2500 feet to the northeast is currently being drilled and appears to have dimensions of 2500 feet by 1500 feet with a grade of 0.2 to 0.35% Cu plus .03 to .05% MoS₂. This mineralization is close to the surface and has a better strip ratio but I have no accurate figures on what this ratio actually is.

In view of the strip ratios and grades and the type of deal Dr. Patmore is talking about, it is difficult for me to advocate interest on the part of Kerr Addison Mines. My purpose in writing this memorandum is largely to give you a brief summation of what is happening in this particular situation.

*We should keep in touch
with developments*

Bill

W. M. Sirola.

*PK
Apr. 25/69*

WMS/lk

93 B

APR 27 1966

KERR-ADDISON GOLD MINES LIMITED

(FOR INTER-OFFICE USE ONLY)

attach to previous corresp.

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

To..... Mr. P. M. Kavanagh From..... W. M. Sirola

Subject..... Gibraltar Mines Limited - Highland Valley B.C. Date..... April 25, 1966

I agree that hole No. 14 on the above property looks impressive. I understand; however, that it is drilled between two previous holes 600 feet apart which are something less than impressive.

The Gibraltar people are pursuing the mineralization which occurred at the old Sunrise and Pollyana shear zone. They are working down hill toward the contact between foliated granodiorites and the Cache Creek series of sediments and volcanics. I believe the mineralization occurs in sediments in hole No. 14. The Gibraltar property is SE of a group known as the Try Group which we once planned to option from Merrican International and which was presented to us by Nicholas Bird. You may recall that there was some very impressive copper float on the Try property which may have come from the area occupied now by Gibraltar Mines.

The Gibraltar effort is obviously highly promotional (full-page ads in the local papers) but they seem to be making a serious effort to find a mine.

I will send you any new information which may develop.

W. M. Sirola

W. M. Sirola.

WMS/lk

93 B.

KERR ADDISON MINES LIMITED

(FOR INTER-OFFICE USE ONLY)

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

To..... W. M. Sirola From..... P. M. Kavanagh

Subject..... Gibraltar Mines Limited Date..... April 18th, 1966

The April 15th issue of the George Cross News Letter describes hole No.14 on Gibraltar's Williams Lake property as grading an average of 0.81% copper and 0.11 ozs. silver over a 140 foot section, with values in molybdenum yet to be received.

I am wondering whether you consider this property warrants our interest. I notice that Alfie Allen is the consulting engineer, which may make the data of dubious accuracy.

Paul M. Kavanagh
Chief Geologist - Exploration.

PMK:sw