

Property Submission - American metals - Copper Canyon

KERR-ADDISON GOLD MINES LIMITED

(FOR INTER-OFFICE USE ONLY)

104/B  
825671

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J.P.	
E.C.J.	

To..... W. M. Sirola..... From..... P. M. Kavanagh.....  
Subject..... American Metal's Copper Canyon Prospect, Stikine..... Date..... March 30, 1962.....  
River Area, B. C. (104B)

This refers to your memorandum of March 26 on this subject. You will recall my telling you while you were here that Tony Barker came up to me at the Convention and said that he had heard we were going into the Stikine area and that they would be willing to consider dealing out their ground to us. My intention was then - and still is - to take care of the McCann property investigation first and then to investigate the American Metal property if a satisfactory deal were made. These are your sentiments also.

Well I had lunch with Tony Barker today and the following are the main points of information I obtained.

- 1) DeLeen left the employ of American Metal when they stopped their work on the property in 1957. American Metal considers his views about the property optimistic. DeLeen joined Phelps-Dodge and is still with them.
- 2) Phelps-Dodge examined the property in 1958 or 1959 and declined any interest.
- 3) Japanese interests examined the property last summer and declined any interest.
- 4) During the past half year or so, there has been renewed interest in the property on the part of several companies - mainly because of Kennecott's apparent encouragement on its neighboring property.
- 5) Phelps-Dodge expressed renewed interest and at the moment has first crack at the possibility of making a deal. Newmont has expressed interest and is second in line. We may be third. American Metal is not going to have a bidding contest but rather is going to hear P-D out, then Newmont if there is no deal with P-D, and so on. American Metal at the moment hasn't any firm terms in mind, but is thinking in terms of an incoming company making a work commitment; another thought Barker has is that American Metal and an incoming party would both subscribe money, with one or the other company supervising the further work.

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Subject.....American Metal's Copper Canyon Prospect, Stikine.....Date.....March 30, 1962.....  
River Area, B. C. (1048)

Barker and his superior Jure will be together in Vancouver next week and will probably crystallize their thoughts. I left Barker with the thought that we have expressed definite interest, and he promised to get in touch with me upon his return from Vancouver. He gave me several reports on the property to read, which I have not yet done.

6) Barker admitted that American Metal's exploration programme on the property had been rather abruptly terminated by their New York office in mid-season 1957 without permitting the programme to be completed properly.



Paul M. Kavanagh  
Chief Geologist - Exploration

PMK:ry

MAR 28 1962

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

Subject..... COPPER CANYON PROSPECT, STIKINE RIVER AREA, 104-B..... Date..... March 26th, 1962.....

*34 claims*

I have reviewed a Report on the above project written by Mr. John DeLeen. The property, at the time the Report was written, belonged to the American Metal Company and DeLeen was in charge of the work.

Numerous occurrences of disseminated chalcopyrite occur in a syenitic stock  $2\frac{1}{2}$  miles long by  $\frac{1}{2}$  mile wide. The mineralization was found in July of 1956 by prospectors of the American Metal Company who, at that time, were doing a helicopter reconnaissance of the area.

In 1957 the American Metal Company drilled 7 diamond drill holes into the mineralized zones, but core recovery in all but one case was extremely poor and probably averaged less than 30%.

The most promising drill hole was drilled in the southwest corner of the property and cut 216' averaging 0.96% Cu, 0.38 ozs. Ag and 0.016 ozs. Au. 600' north of the drill hole is a mineralized outcrop with samples varying from .50% - 1.76% Cu. This outcrop may represent the northerly extension of the zone cut in the drill hole. A drill hole directed beneath the above mentioned outcrop was just beginning to get into ore grade mineralization when it was terminated. There exists, therefore, the possibility that there is ore grade mineralization over a width of 200' and a length of 700'. If the mineralization persists to a depth of 500' there would be approximately seven million tons in this zone. Insufficient work has been done to determine the continuity of the mineralization and the tonnage picture just presented is probably the most optimistic that could be given for this particular zone.

Since it is very difficult for you to realize what I am talking about without having maps to look at, I would suggest that you call Mr. Barker at the offices of Southwest Potash Corp., 25 Adelaide Street, who apparently has a copy of the Report, and who can probably tell you what type of deal Southwest Potash is seeking. All I have been able to learn here is that the Southwest Potash Corp. is looking for a work commitment, together with a retained interest. I could not get any more specific figures from the people here.

This situation intrigues me after my discussion with John Sullivan about the Kennecott property. Both are in syenitic stocks, but the Kennecott stock is by far the larger. Peripheries of the Kennecott stock are magnetically/

Cont'd.....



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Subject..... COPPER CANYON PROSPECT/..... Date..... March 26th, 1962.....

-2-

positive and, since abundant magnetite is mentioned in some of the drill logs of the Copper Canyon property, it is possible that the mineralized zones on the Copper Canyon ground are also traceable by magnetics.

DeLeen seems to have taken a very optimistic view of the potential of the project and appears to have disregarded entirely the fact that the sludge assays in most of the drill holes were very low. I can appreciate that since the core recovery was very poor, little quantitative data can be obtained therefrom, but the ground core should be represented in the sludge and I think we have to assume that where numerous sludge assays were obtained in any one drill hole, the average of these would be fairly representative of the copper content of the rock.

According to DeLeen, only one third of the property has been investigated and he feels that the property has a very large potential. The figure he quotes, and he stresses that he is only guessing, is 100 million tons of 1% Cu.

Since we are going to be in this area, I think that upon the completion of the McCann examination, we should examine the Copper Canyon property to determine if the zones are indeed traceable magnetically. We should do this only if you learn that some kind of reasonable arrangement could be made with Southwest Potash.

I have discussed this property with Jack Gower of Kennecott and Rod McCrae of Wenner-Gren. Gower feels that the property deserves more work, but it obviously does not have the potential of the ground upon which they are working. McCrae felt that the Copper Canyon prospect was higher grade than the Kennecott prospect, but that the tonnage would be smaller. He, too, agreed that the property deserved further work.

If Kennco manage to make a mine out of their property, this will automatically enhance the Copper Canyon picture.

Kindly advise me of your sentiments when you have had an opportunity to review this situation.

R.L.

for William M. Sirola.