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# KERR-ADDISON GOLD MINES LIMITED

(FOR INTER-OFFICE USE ONLY)

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<input type="checkbox"/>	P.M.K.	<input checked="" type="checkbox"/>
<input type="checkbox"/>	G.M.M.	<input type="checkbox"/>
<input type="checkbox"/>	E.C.C.	<input type="checkbox"/>
<input type="checkbox"/>	H.A.P.	<input type="checkbox"/>
<input type="checkbox"/>	R.D.S.	<input type="checkbox"/>
<input type="checkbox"/>	B.C.B.	<input type="checkbox"/>
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To..... W. M. Sirola..... From..... P. M. Kavanagh.....

Subject..... MacDonald Asbestos Property, Taseko Lake, B. C..... Date August 28, 1961.....

We have received your report on this property and surrounding ground dated August 18th, the memorandum of option agreement dated July 14th signed by yourself and MacDonald, and your memorandum of August 24th with attached "B" forms re. the claims staked in the company's name.

We do not want to take any further interest in the MacDonald property nor in the claims staked in the Company's name. The terms asked by MacDonald are ridiculous considering what little he provided and the amount and type of work undertaken by Kerr. Any further work on the Company's ground would be merely wildcatting. Please formally advise MacDonald that we are ceasing all interest in his property, and send me a copy of your formal notice to him for our files.

Although not wanting to labor this matter, I do want to use it as a means of improving the handling of a similar situation. My first notice of this matter was in a memorandum from you dated July 3rd in which you stated that Williamson had found fibre in the Taseko Lake area and that you would mail details to me within the next two days. In a memorandum dated July 4th you stated that approximately two weeks earlier you had made a verbal agreement with MacDonald in which we would prospect the ground, stake claims in his name if the ground proved interesting, and that we would have first refusal on the claims. In that memorandum you did not mention the 10%-of-the-total-company deal he wanted; it was during my phone call to you in the afternoon of July 6th, the day we received your July 4th memorandum, that you first told me of the 10% term. I consider that you should have made mention of it in your July 4th memorandum, but the overriding step you should have taken - and which I instruct you to take in the future - is to get approval from me or Mr. Row to enter into deals verbal or otherwise. You can tell a client that such and such are terms which you will submit to the Toronto office for approval, and you can do that by phone if urgency requires it, or by memorandum. In this instance I can see no reason why you could not have communicated with me or Clarence Wilton or Mr. Row by phone before making any verbal agreement with MacDonald. The other two main considerations involved are - as I have already mentioned to you by phone on July 6th - that Kerr-Addison personnel should not have to stake claims in independents' names, and that the terms asked by MacDonald for merely bringing you a story originating from some old prospector, were ridiculous.

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And the terms you listed in your July 26th memorandum as still being wanted by MacDonald were ridiculous. In that memorandum you stated that MacDonald came in the day before and that you discussed the terms of an option agreement. Toward the end of that memorandum you wrote "unless better evidence comes to light than we have found thus far, I would not recommend optioning the property." The next notice you submitted re. your dealings with MacDonald was in your August 18th memorandum to Ted Jacka in which you stated that the Company had a 3 month free option on these claims expiring on October 15th, 1961, and that the agreement had been signed by MacDonald but not yet by officers of Kerr-Addison. You didn't mention that you had signed it, a fact we only became aware of when at my request you submitted a copy of the memorandum of option agreement. Surely you must realize that it was a completed agreement when you signed it - and set the signing date as July 14th. You did not ask for, nor did you receive, any approval to sign that agreement.

As far as I am concerned this matter - once you have given MacDonald formal notice that our interest has ceased - will be over and done with. I think you will agree that henceforth you should handle such situations in a more proper manner.



Paul M. Kavanagh  
Chief Geologist - Exploration

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