

Property Submission

826532

92 F

attach to previous corresp

JUN 11 1962

KERR-ADDISON GOLD MINES LIMITED

(FOR INTER-OFFICE USE ONLY)

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

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

Subject..... COPPER RIDGE PROPERTY, BUTTLE LAKE AREA,.....Date..... June 7th, 1962.....
 VANCOUVER ISLAND, B.C.

In reply to your memorandum of June 5th, I would advise that no company will be formed by Newmont on the Buttle Lake Mining Company property, and there are therefore no buy-back clauses. Incidentally, the Agreement may not yet be signed.

I would suspect that McGowan would obtain some form of stock option on Copper Ridge stock in return for his efforts, but I cannot of course produce any evidence to this effect.

RL

PP William M. Sirola.

WMS:rl

92F
attach to previous
corresp.

KERR-ADDISON GOLD MINES LIMITED

(FOR INTER-OFFICE USE ONLY)

A	N
W.S.R.	
K.C.B.	
PMK	✓
G.K.W.	
G.M.	
R.D.S.	
B.C.D.	
D.W.S.	
C.P.R.	
E.L.D.	
J.L.B.	
E.C.J.	

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

Subject..... Copper Ridge Property, Buttle Lake Area Date..... June 5, 1962

Vancouver Island, B.C.

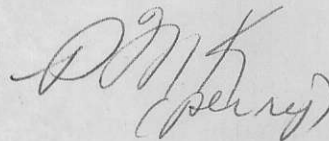
Thank you for your wire I received Friday evening, and for your memorandum of May 31st which I have just received. You will no doubt have received my wire of Saturday morning asking you to advise Copper Ridge that we do not accept their terms and instructing you to move the Wilson prospecting unit onto open ground.

Last Friday afternoon I introduced this situation to Mr. Row, and mentioned about Reese Powelson's comments on this type of deal which American companies frequently make. Realizing that the property isn't on strike with the known trends of the Western Mines zones, I told Mr. Row that I considered it a really stiff deal, but that I had asked you to determine what percentages of their interest in a new company Copper Ridge would be willing to commit back to us in one form or another. Mr. Row left me in no doubt that he also considered the terms to be very tough.

Your wire I received Friday evening stating that Copper Ridge were not willing to discuss final terms which would accommodate us, prompted me to decide to stop our interest, at least for the present. I would expect that our own prospecting unit in the area will come up with something even more attractive than the Copper Ridge ground now is.

I would be extremely interested to know whether McGowan would expect to be rewarded by both parties.

It would also be interesting to know what, if any, stock buy-back or option-back clauses there are in the Newmont agreement.



Paul M. Kavanagh
Chief Geologist - Exploration

PMK:bc

92 F

MAY 28 1962

KERR-ADDISON GOLD MINES LIMITED

(FOR INTER-OFFICE USE ONLY)

*Attach to
previous corr.*

A	N
W.S.R.	
K.C.B.	
P.M.K.	✓
C.K.V.	
G.H.M.	
R.D.S.	
B.C.P.	
D.W.P.	
E.P.R.	
E.L.D.	
H.S.	
(C.C.)	

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

Subject..... COPPER RIDGE MINES LTD., BUTTLE LAKE AREA, B.C. Date..... May 24th, 1962.....

I met with Mr. Isaac Shulman who is the legal light for Copper Ridge and he feels that the Directorate of that company would probably accept a 70/30 type of deal rather than the 60/40 they had been anticipating. Quite a number of 60/40 deals have been made in this Province, but I feel that these are only justified where there are definite mitigating circumstances. The A. S. & R. Company seems to have few qualms about making this type of arrangement, but they can better afford to do so because they own the Tacoma Smelter. The recent deal between Newmont Mining Corporation and Buttle Lake Mining Company is, according to Art Hall, a 60/40 arrangement and the justification here may be that Buttle Lake Mining could possibly make use of the Western Mines mill if and when amicable deposit is found, and if and when Western Mines has a mill. This would keep Newmont's capital expenditures at around the million dollar mark on a relatively small deposit. This type of capital expenditure could be returned quickly and the 60/40 division of profits is then tolerable.

It is my feeling that mining capital should receive at least a 15% profit on any operation it undertakes. In order to achieve such a margin of profit on, say, a one million ton deposit, the final division of profits should not be less than 70% to the company putting up the money. Consequently, if the Directors of Copper Ridge agree to a 70/30 type of deal without any exorbitant work commitments and with no cash involved, I would approve of this arrangement. I would not approve the 60/40 arrangement. I expect to hear today whether or not the Directors are agreeable to this arrangement.

The property is quite rugged and difficult to prospect, but I thought that since Wilson and Gautier are in that area it would be in our best interests to have them spend approximately two weeks on the ground to see if the property has any merit what so ever. I would not anticipate doing anything else on this property this summer other than to do what prospecting we can, along with the customary geochemical work.

I will wire or telephone you as soon as I receive a definite answer from Copper Ridge.



William M. Sirola.

MAY 22 1962

KERR-ADDISON GOLD MINES LIMITED

(FOR INTER-OFFICE USE ONLY)

92/F

See *Revised
Copper Index*

A		N
	W.S.R.	
	K.C.G.	
	F.M.A.	✓
	C.K.W.	
	G.H.M.	
	R.D.S.	
	C.C.P.	
	D.W.P.	
	G.P.R.	
	E.L.D.	
	J.P.	
	<u>E.O.J.</u>	

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

Subject..... COPPER RIDGE MINES LIMITED, BUTTLE LAKE AREA, B. C. Date..... May 18th, 1962

Following our telephone conversation of yesterday, I have decided that we should examine the property of Copper Ridge Mines before making any effort to thrash out one type of deal or the other.

Since Wilson and Gautier are in the area, I will have them prospect this ground for approximately one week to see if any further investigation is justified. Copper Ridge, in the meantime, have agreed not to enter into negotiations with other companies until we have completed our examination. They further agree that the 60/40 type of deal is too rough under the circumstances and that they would settle for something less difficult.

Since we are prospecting in this area anyway, we would perhaps be remiss not to investigate this group.

Wilson and Gautier are having trouble with some of the geochemical solutions and I plan to visit them early next week to try to get their problem sorted out.

RL

pp. William M. Sirola.

WMS:rl

KERR-ADDISON GOLD MINES LIMITED

(FOR INTER-OFFICE USE ONLY)

92/F.

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

To.....P. M. Kavanagh.....From.....C. K. Wilton.....

Subject.....~~Western Mines Area, B. C.~~.....Date.....May 14, 1962.....

Buttle Lake Area, Vancouver Island, B.C.

Sirola phoned to say that Newmont have optioned the Buttles Lake groups which are north and south of the Western Mines property. Terms of the option provide that Newmont will receive 60% of any profits and Buttles Lake 40%.

Sirola wants to advise that a claim group known as the Copper Ridge group to the southwest of the Western Mines property is available on the same terms, no cash down and 60% of profits to the optionee. This claim group is not traversed by the northerly striking shear which presumably crosses the groups optioned by Newmont.

put in
Copper Ridge
property
file please
Pnekt

C. K. Wilton
Senior Geologist - Exploration

CKW:ry

MAY 15 1962 KERR-ADDISON GOLD MINES LIMITED

(FOR INTER-OFFICE USE ONLY)

*Attach to Alexander files
correspondence*

92/F.

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

To P. M. KAVANAGH

From W. M. SIROLA

Subject BUTTLE LAKE AREA

Date May 14th, 1962.

Bill McGowan advised me Friday evening that Newmont Mining Corporation had optioned the property of Buttle Lake Mining Company which has claims on both the North and South ends of Western Mines Limited. To the best of his knowledge, the Newmont deal does not involve much cash but does involve a 60/40 division of profits, if and when....

The prime purpose of McGowan's call was to advise that there is another group of claims held by Copper Ridge Mining Company on the South West end of Western Mines' property. Copper Ridge has been newly re-organized on a basis of one new share for four old and there are only 700,000 shares of the newly capitalized company outstanding. Of these, 500,000 were issued for property and are pooled. McGowan advises that these claims would be available on a deal similar to that made by Newmont and Buttle Lake Mining Company. As far as I know, the claims have no merit other than that of location.

I feel that we should make it part of the Company's exploration policy to attempt to have first crack at any property which is seemingly on strike with any currently active property - such as Western Mines. In British Columbia this seems to require a willingness to make a 60/40 type deal without expecting the vendor or vendor company to participate in the financing. In many cases, a 60/40 type deal may not be at all innocuous since it may be possible to improve this ratio by having options on additional stock. It is possible that there is nothing on the Buttle Lake claims, but I do not feel that we can afford to view this or any similar situation in that light.

I have enclosed a sketch showing the disposition of the various groups in the area. Would you please advise if you have any interest in the Copper Ridge property.

We are, of course, represented in the area by Prospectors Wilson & Gautier whose base camp is located approximately 9 miles South East of the area of interest.

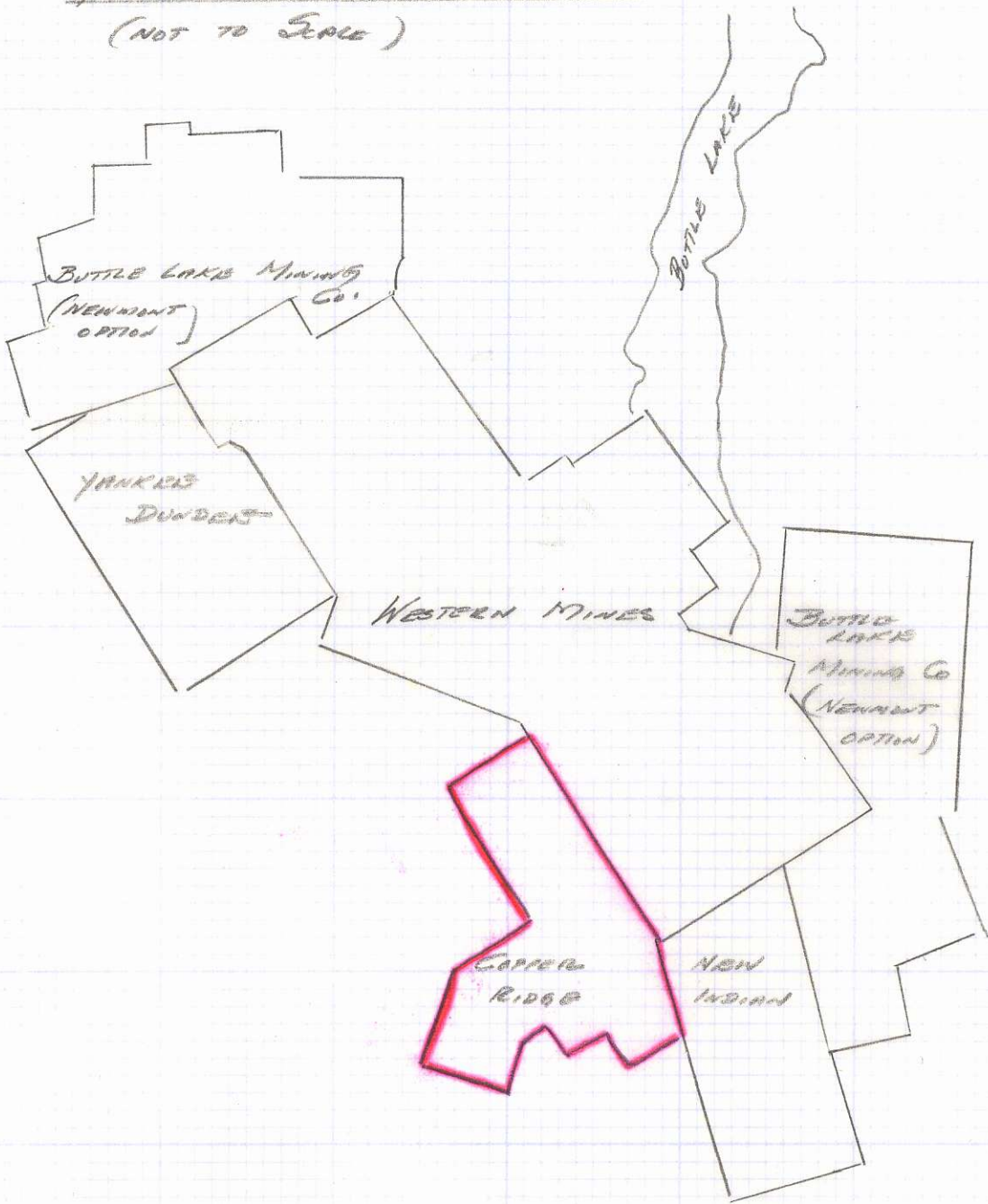
R.L.

William M. Sirola.

Talked about this by phone with Sirola week of 14 May. He said he could not recommend a 60-40 deal for the Copper Ridge ground unless not on strike.

Bottle Lake Area

(NOT TO SCALE)



JUN 4 1962

KERR-ADDISON GOLD MINES LIMITED

(FOR INTER-OFFICE USE ONLY)

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

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

Subject..... COPPER RIDGE PROPERTY, BUTTLE LAKE AREA,..... Date..... May 31st, 1962.....
VANCOUVER ISLAND.

After our telephone conversation of yesterday, I talked to Ike Shulman regarding the possibility of buying back some of the stock which would be issued to Copper Ridge if a new company were formed. He advised that he would have to discuss this with the various people involved, but said that in general he felt it would not be in the best interests of any listed company to water their position too much. In other words, he is obviously not very keen about reducing their 30% share in the new company. When I told him that we would like to have four field seasons in which to work on the property before forming the company, he said that they would only agree to this period of time if there were an annual work commitment. He stated that he would try to obtain a copy of the Buttle Lake - Newmont Agreement to see what work commitment they had and would modify this figure downward for the Copper Ridge Group.

In the case of McGowan, he would definitely expect to get his 5% interest from Kerr-Addison.

I do not anticipate that we can arrive at a very early decision on this property under the circumstances.

William M. Sirola.

MAY 30 1962

KERR-ADDISON GOLD MINES LIMITED

(FOR INTER-OFFICE USE ONLY)

A		N
	W.S.R.	
	K.C.G.	
	P.M.K.	✓
	C.K.W.	
	R.D.S.	
	B.C.P.	
	G.P.P.	
	E.L.D.	
	J.B.	
	ECJ	

To P. M. KAVANAGH From W. M. SIRDLA

Subject THE COPPER RIDGE GROUP, BUTTLE LAKE AREA, VANCOUVER ISLAND. Date May 28th, 1962.

The Copper Ridge Group consists of the following claims:

- The Severens 1-23 - Recorded February 6th, 1962.
- The Copper Ridge 1-6 - Recorded May 7th, 1962.

This situation was presented to us about two weeks' ago by Mr. W. S. McGowan. Patently, the idea is that if Copper Ridge can interest a major company in the exploration of this group, then such a move would enhance the promotional value of the ground. Basically, the group has no merit except that it is in the same rocks as the Western Mines mineralization and is contiguous to the Price zone which marks the Southern end of the Western Mines mineralization. I think that prospecting of this group of claims is justifiable since we already have two men in the area, and because there is rather plentiful exposure which makes the group adaptable to this type of effort. The question then arises as to whether or not the type of deal available from Copper Ridge justifies any effort on our part.

In essence, the deal available is that we would be granted a one-month free option in which to prospect the group. If we elected to go on after this period, it would be with the understanding that ultimate division of profits would be on a 70/30 basis. I would not be prepared to approve of any particular work commitment because the terrain is too rugged to be adaptable to any amount of geophysical work. There would not be cash payments of any kind to the vendors.

Possibly, the best way of determining the justification of a 70/30 deal is to take the case of a hypothetical deposit in that location and try to work out the result of such an arrangement.

Consider the following case:

Cont'd.....

KERR-ADDISON GOLD MINES LIMITED

(FOR INTER-OFFICE USE ONLY)

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

Subject..... THE COPPER RIDGE GROUP/..... - 2 -..... Date..... May 28th, 1962.....

<u>Tonnage:</u>	.	.	.	.	1,000,000
<u>Life of Mine:</u>	.	.	.	.	6 years @ 500 tons per day
<u>Plant Cost:</u>	.	.	.	.	\$2,000,000.00
<u>Grade:</u>	.	.	.	.	\$24.00
<u>Net Smelter Return:</u>	.	.	.	.	\$14.25
<u>Mining Width:</u>	.	.	.	.	10'

COSTS PER TON:

Mining	.	.	.	.	\$ 5.50
Milling	.	.	.	.	3.00
Amortization and Pre-production					2.00
Taxes					<u>.75</u>
					<u>\$11.25</u>

Net Profit\$ 3.00 per ton
TOTAL Net Profit\$ 3,000,000.00

Total Cash available to Kerr-Addison = \$2,100,000.00 or \$350,000.00 per year.

Return on Investment = $\frac{\$350,000.00}{\$2,000,000.00}$ = 17.5%

Cont'd.....

KERR-ADDISON GOLD MINES LIMITED

(FOR INTER-OFFICE USE ONLY)

To..... P. M. KAVANAGH..... From..... W. M. SIROLA.....
Subject..... THE COPPER RIDGE GROUP/..... - 3 -..... Date..... May 28th, 1962.....

From the foregoing estimates, the sum of \$900,000. would represent the net profit to Copper Ridge for the life of the mine. This is equivalent to 90¢ per ton of ore mined. If we think of the 90¢ as a royalty on the net smelter return, it represents a royalty of $\frac{.90}{\$14.25}$ or 6.35%.

Since a 10% royalty is not uncommon, I feel that this is a situation that we could live with.

I have not tried to finalize this deal with Copper Ridge until I get your reaction to this memorandum. We would want a period of at least 3 years in which to form a company if this were found desirable from a tax standpoint. Actually, it is quite possible to make a 70/30 division of profits without forming a separate company, provided that the assets of Copper Ridge are not transferred to Kerr-Addison in the first place.

Perhaps it would help your thinking if I were to contrast this situation with the recent deal between A. S. & R. and General Resources. Under the terms of this deal, A. S. & R. must spend \$110,000.00 in the first two-and-a-half years. The division of the net proceeds is to be on a 60/40 basis and A. S. & R. would not get back the first \$250,000.00 spent on the property. If the property is not placed in production by September 15th, 1964 it can only be held by the payment of \$100,000.00 annually, which is not repayable.

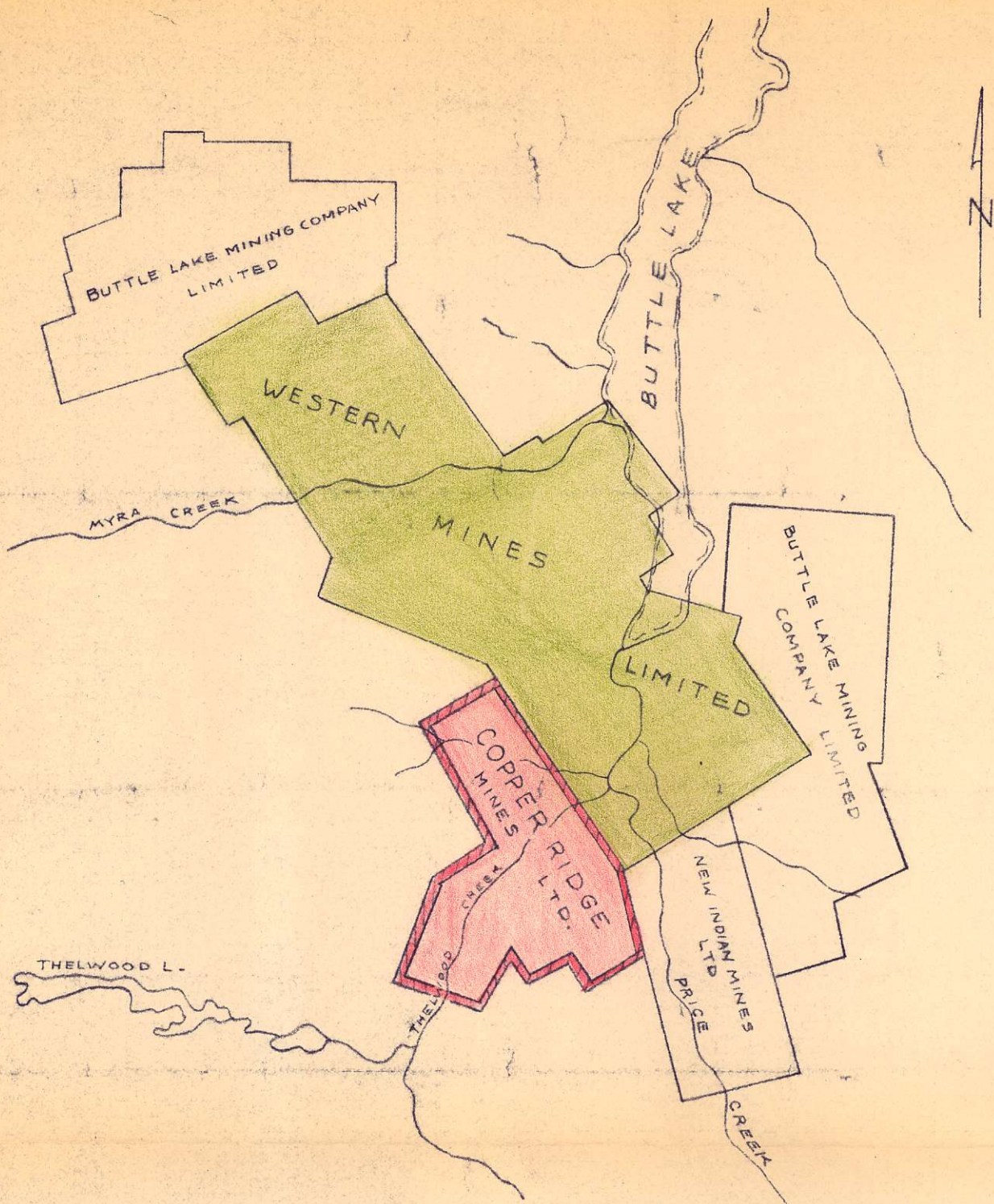
Again, the principal merit of the Wade Group (General Resources) is its proximity to Craigmont and the fact that it does have some kind of I.P. anomaly at a reported depth of 400'. The value of this anomaly is certainly anybody's guess.

In summary, I recommend the prospecting of this group because:

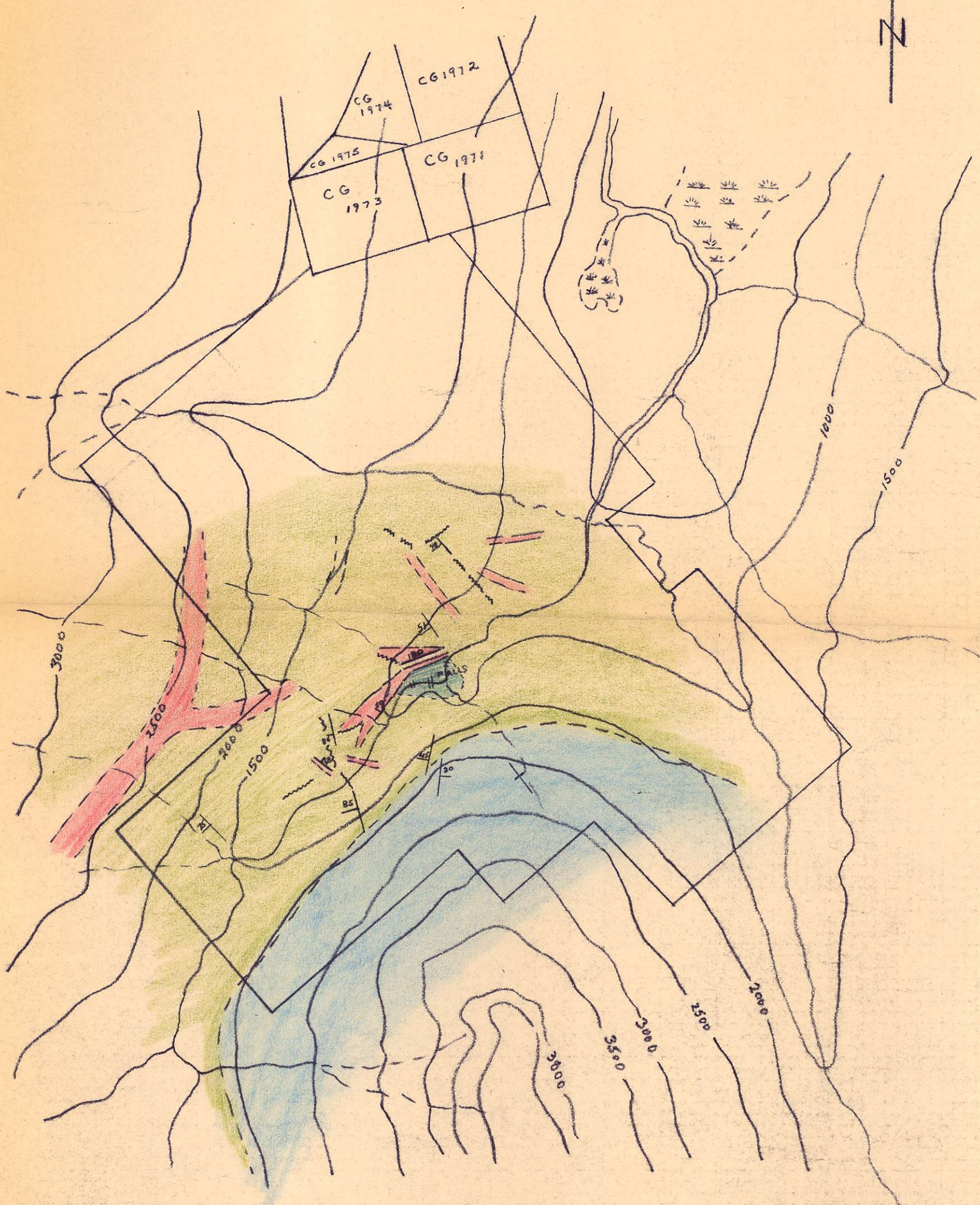
- (a) The claims are in favourable rocks;
- (b) We are already in the area;
- (c) I consider the deal feasible for the type of deposit likely to be found;
- (d) There are no cash commitments and no work commitments beyond the initial prospecting of the ground.

R.S.

PP. William M. Sirola.



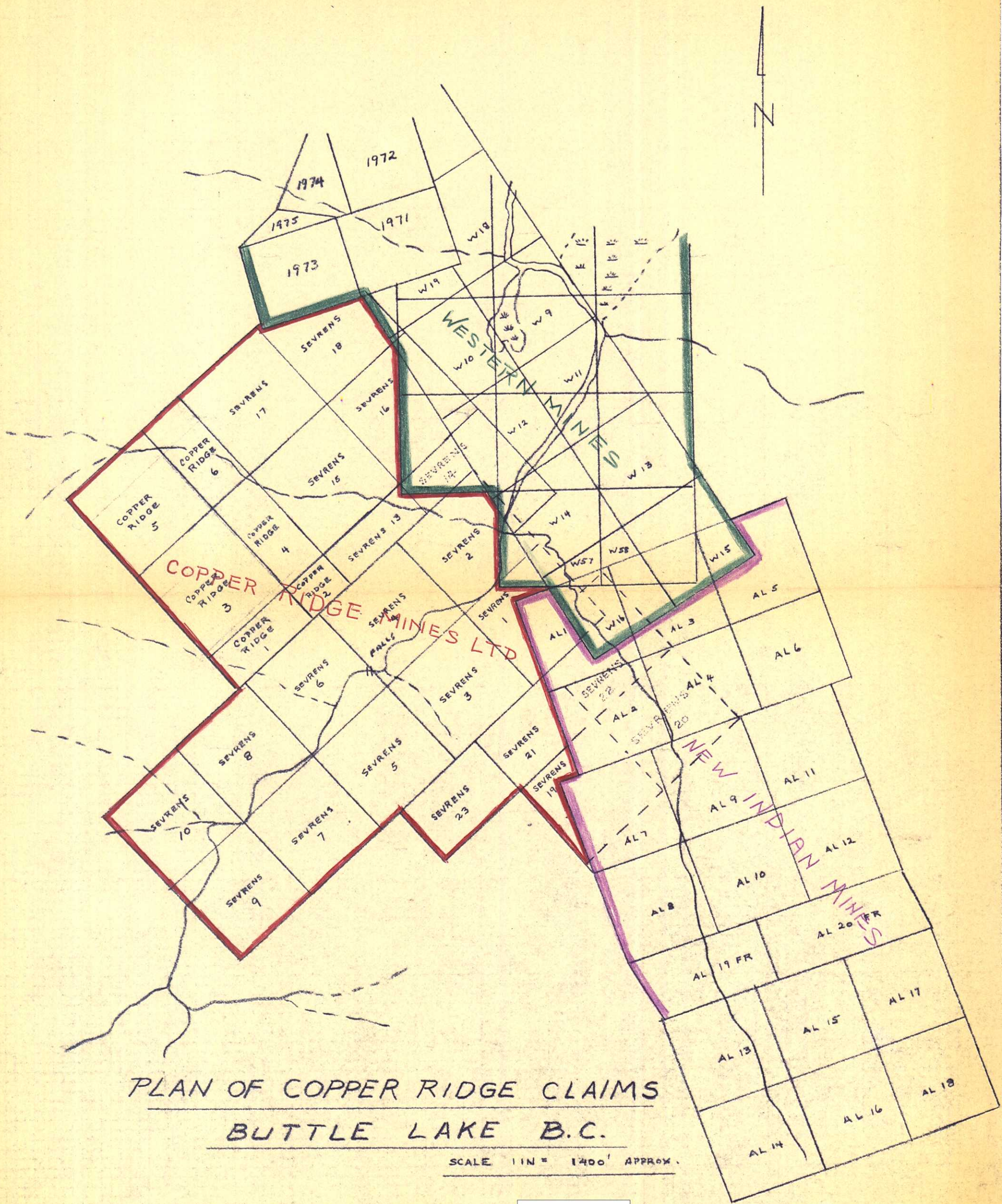
BUTTLE LAKE MINING AREA
VANCOUVER ISLAND, B.C.



- FELDSPAR PORPHYRY DYKES
- VOLCANICS
- PORPHYRITIC ANDESITE
- SEDIMENTS

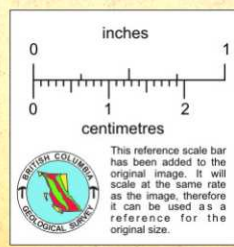
GEOLOGICAL MAP
OF
COPPER RIDGE GROUP
MINERAL - CLAIMS
BUTTE LAKE, BC.

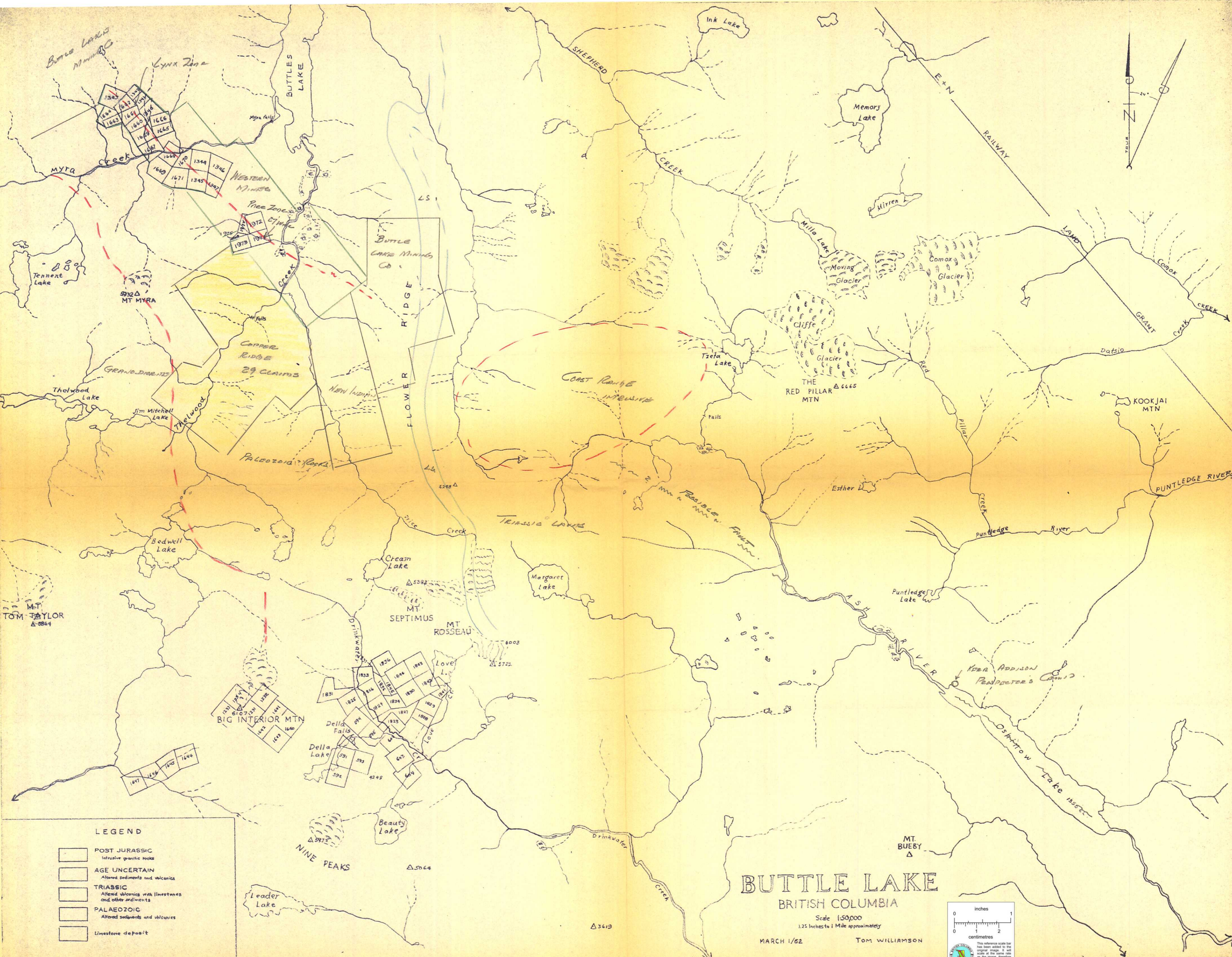
SCALE 1 IN = 1400 FT APPROX.



PLAN OF COPPER RIDGE CLAIMS
BUTTE LAKE B.C.

SCALE 1 IN = 1400' APPROX.





LEGEND

- POST JURASSIC
Intrusive granitic rocks
- AGE UNCERTAIN
Altered sediments and volcanics
- TRIASSIC
Altered volcanics with limestones and other sediments
- PALAEOZOIC
Altered sediments and volcanics
- Limestone deposit

BUTLE LAKE
BRITISH COLUMBIA

Scale 1:50,000
1.25 inches to 1 mile approximately

MARCH 1/62 TOM WILLIAMSON

