

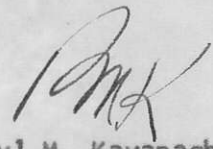
KERR ADDISON MINES LIMITED  
(FOR INTER-OFFICE USE ONLY)

Property Submission  
Riviera  
92L  
826848

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

To W. M. Sirola From P. M. Kavanagh  
Subject Riviera Mines Limited Date June 25th, 1968

This is to advise that I approve the negative recommendation  
in your memorandum of June 24th.  
Please advise the Riviera people accordingly and express  
a desire on our part to possibly review the situation later in the  
year.

  
Paul M. Kavanagh.

PMK:sw

JUN 25 1968

# KERR ADDISON MINES LIMITED

(FOR INTER-OFFICE USE ONLY)

To P. M. Kavanagh From W. M. Sirola  
Subject Riviera Mines Limited Date June 24, 1968

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

I devoted considerable time to this situation on the weekend and have concluded that we should not enter into any agreement with Riviera under the present terms as stipulated by spokesman Bill Patmore. These terms are:

- a) 50,000 shares at \$1.25 firm. After three months, an additional 50,000 shares firm at \$1.25.
- b) Riviera would have no objection to Kerr Addison's trading the purchased shares.
- c) All of the money put up by Kerr Addison could be used for work on the ground.

My reasons for not wishing to enter into an agreement at the present time are:

- 1) If the trend of the mineralization on the Utah ground is south-eastward from the drilling area through Red Island, then there are only four or five claims which could contain similar open-pitiable mineralization.
- 2) The aeromagnetic picture definitely deteriorates away from the Utah ground and suggests to me that the claims are not underlain by the favourable Bonanza formation.
- 3) There is a strong possibility of an east-west fault through Rupert Inlet which could effectively cut off the southeasterly trend of the Bonanza rocks and hence, the mineralization.
- 4) The willingness of the Riviera people to continue lowering their terms suggests that they themselves are not convinced of the potential of the property.

(continued - Page 2)

# KERR ADDISON MINES LIMITED

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To \_\_\_\_\_ From \_\_\_\_\_

Subject \_\_\_\_\_ Date \_\_\_\_\_

- 2 -

- 5) All of the work on the property would have to be farmed out to contractors and it would be difficult now to provide adequate supervision.

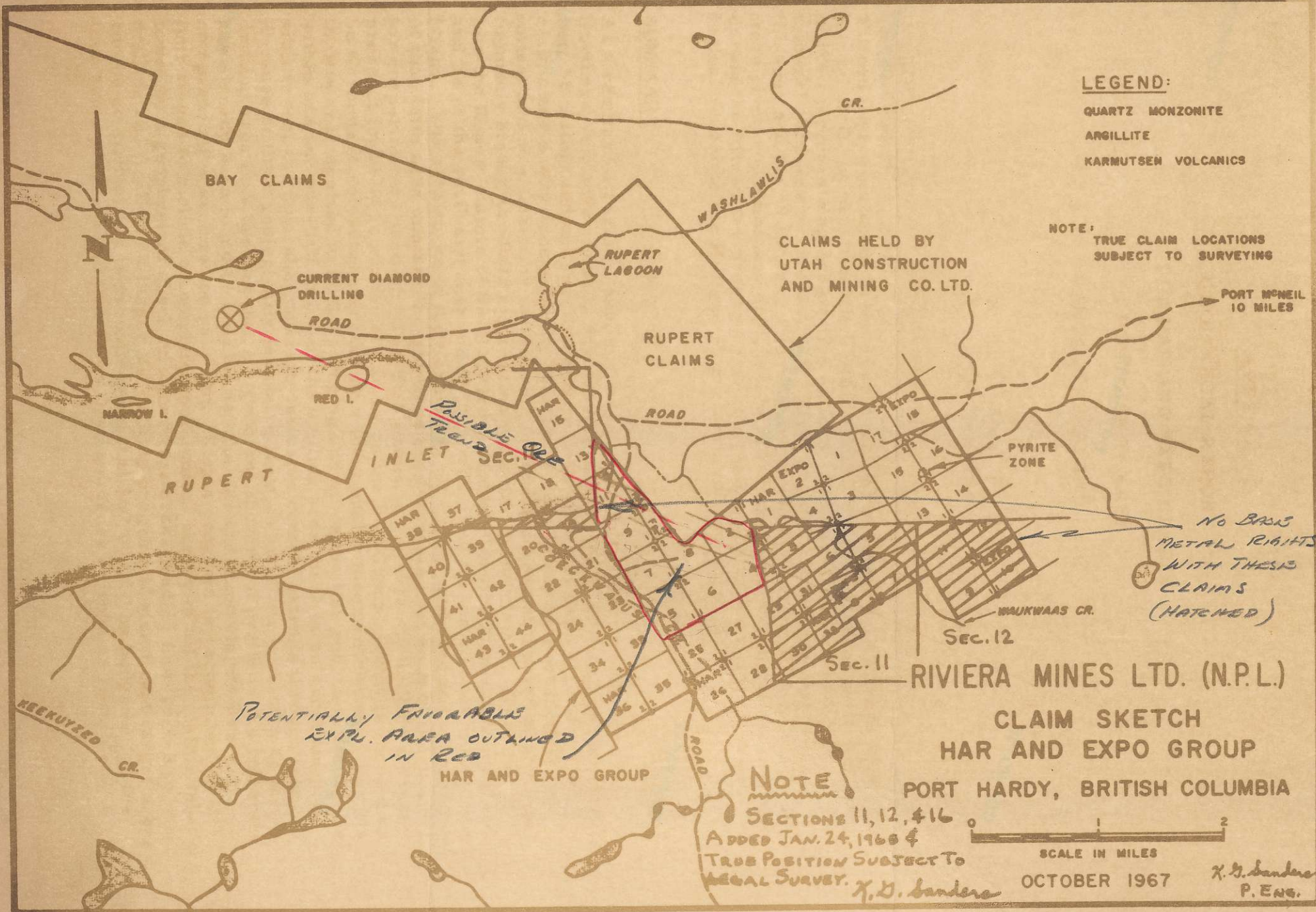
If we could option the Riviera property on our own terms, it would be worth gambling some I.P. work on the ground that is available on strike but it is very doubtful that the property could be optioned under these conditions. My recommendation is therefore that we advise Riviera that we intend to pass at least for the time being.



W. M. Sirola.

WMS/lk

Enl: Sketch Map of Riviera Claims, Scale 1" = 1 mile.



**LEGEND:**

- QUARTZ MONZONITE
- ARGILLITE
- KARMUTSEN VOLCANICS

NOTE: TRUE CLAIM LOCATIONS SUBJECT TO SURVEYING

CLAIMS HELD BY UTAH CONSTRUCTION AND MINING CO. LTD.

PORT McNEIL 10 MILES

NO BASIS METAL RIGHTS WITH THESE CLAIMS (HATCHED)

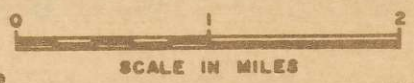
POTENTIALLY FAVORABLE EXPL. AREA OUTLINED IN RED  
HAR AND EXPO GROUP

RIVIERA MINES LTD. (N.P.L.)

CLAIM SKETCH  
HAR AND EXPO GROUP

PORT HARDY, BRITISH COLUMBIA

NOTE  
SECTIONS 11, 12, & 16  
ADDED JAN. 24, 1968 &  
TRUE POSITION SUBJECT TO  
LEGAL SURVEY. X.D. Sanders



OCTOBER 1967

X.D. Sanders  
P. ENG.

# KERR ADDISON MINES LIMITED

(FOR INTER-OFFICE USE ONLY)

JUN 18 1968

To P. M. Kavanagh From W. M. Sirola  
Subject Riviera Mines, Port Hardy Area, Date June 11/68  
Vancouver Island, B. C.

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

Dr. Patmore seems quite intent on making a deal with Kerr Addison Mines. Today he presented me with this letter of intent. It differs from his previous submissions in that Kerr Addison could now have five months time before having to commit for the second phase of the option. He has not however relented on the \$100,000 commitment except to say that he personally would provide \$20,000 leaving \$80,000 to be paid by Kerr Addison.

It is still my recommendation that we consider this option only if it can be done in two stages with each stage consisting of a \$50,000 expenditure and that stage one should be spread over six months. I think though, that I would be prepared to compromise on the five month period for stage one.

I notice in paragraph two they have been careful to stipulate that Kerr Addison could not market any shares for a period of six months which effectively means that there would be no hope of recovering any of the option money from the sale of shares if the program was nonproductive. This clause should be modified.

I felt that you should have a copy of Patmore's Letter of Intent largely because you may feel that because of the property's proximity to the Utah Construction orebody, the \$100,000 first commitment would not be unreasonable. My own feeling however, remains that the Riviera property is only a geological possibility which should be treated like any other exploration bet.

Please let me have your sentiments as quickly as possible so that we can dispose of the situation or initiate a program as the case may be.

I should mention that since all our crews are busy in the field, we would have to contract the geophysical work on the property to someone like Huntec or Seigel and it would be necessary to examine the titles of the claims and to do a preliminary geological examination as well.

W. M. Sirola.

WMS/lk

Encl. Copy of Letter of Intent.

June 11th., 1968,  
Vancouver, B. C..

LETTER OF INTENT.

BETWEEN:- KERR ADDISON MINES LTD.

AND:- RIVIERA MINES LTD., 890 West Pender St., Vancouver, B.C..

WHEREAS Riviera Mines has a group of mineral claims in the Port Hardy area of Vancouver Island, adjoining the Southerly end of the Rupert Group of mineral claims being drilled presently by Utah Construction Company's mining branch;

AND WHEREAS Kerr Addison Mines desires to explore and develop the said claims on a mutually agreeable basis;

THE PARTIES HERETO AGREE BETWEEN THEMSELVES to proceed forthwith to draw up and execute a full and legally binding Agreement between themselves which agreement it is intended by both Parties hereunto will contain amongst other clauses the following principal points:-

1. Kerr Addison agrees on behalf of itself and others to the inclusion of a firm commitment to purchase from the treasury of Riviera Mines 80,000 shares at the price of \$1.25 per share for a total of \$100,000.00.

2. Of the above 80,000 shares 64,000 are to be escrowed for a period of 6 months after which time they may be freely offered on the stock market for sale if Kerr Addison so desires.

3. Kerr Addison will be given full right and authority to spend this \$100,000.00 in any manner it sees right and fit in order to explore and develop the said mineral claims of Riviera Mines based upon normal engineering practices, Riviera Mines to have no say whatsoever as to what type of work or engineering may be done or as to which work should be done first.

4...Upon signing of the proposed agreement Kerr Addison will pay the above \$100,000.00 into the treasury of Riviera Mines whereupon it will receive options to purchase all remaining treasury shares of Riviera Mines together with an option to buy 200,000 escrowed vendor shares at an average price of \$2.50 per share over a period of 3 years at mutually agreeable dates and amounts fitted into the main option schedule.

5. Kerr Addison will have a minimum of 5 months between the date of signing of the proposed formal agreement and the first option payment which will be for a total of 100,000 shares of treasury stock at \$1.50 per share.

6. All other option payments will be set at mutually agreeable times and amounts to the effect that a total of between \$3,000,000.00 and \$3,500,000.00 will be required to be paid into the treasury of Riviera Mines over a period of approximately 3 years.

7. All option payments made for escrowed vendor stock are to be made to the present owners of the said vendor stock and will not become a part of the treasury monies of Riviera Mines.

Mr. Adam Derry, director of Riviera Mines, will personally guarantee that the said escrowed vendor stock will be made available, its purpose being to allow Kerr Addison to obtain control of the authorized stock of Riviera Mines.

8. Riviera Mines is to have the right at all times to have its appointed agent or engineer on the property, to observe all phases of work including drilling as it is in progress and to see and study the data and results of all types of work as it progresses or is obtained including the assays of core.

9. Riviera agrees that it will ~~publish~~ publish only statements of fact that have been verified by Kerr Addison and Kerr Addison agrees that such verification will not be delayed when it is clearly proper and factual.

10. The directors of Riviera Mines agree that at a later and fitting date the authorized capital stock of the Company may be increased to provide Kerr Addison with a minimum of 60% of the said stock.

11. Of the monies now in the treasury of Riviera Mines, approximately \$80,000.00, a minimum of \$20,000.00 must be used for performing assessment work on the other mineral claims of Riviera Mines. The balance may be spent by Kerr Addison on the Port Hardy area claims once it has been established that commercial ore exists on the said mineral claims.

12. Kerr Addison will have the right to appoint a director to the Board of Riviera Mines as soon as it so desires.

# KERR ADDISON MINES LIMITED

(FOR INTER-OFFICE USE ONLY)

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

To W. M. Sirola From P. M. Kavanagh  
Subject Riviera Mines Limited - Port Hardy Area, Date June 10th, 1968.  
Vancouver Island, (92-L-11).

With reference to your memorandum of June 6th on this subject I agree with your thinking that a \$50,000.00 work commitment during a 6 months period of time would be the best offer that we could be prepared to make. Even then we would have to be very well prepared in order to spend \$50,000.00 intelligently in that period of time. If you have not already done so you might make this tentative thinking of ours known to Patmore.

Paul M. Kavanagh.

PMK:sw



JUN 10 1968

# KERR ADDISON MINES LIMITED

(FOR INTER-OFFICE USE ONLY)

W.S.R.  
K.C.G. ✓  
J.H.S. ✓  
E.F.  
R.D.S.  
B.C.B.  
P.M.K. (circled)  
G.W.M.  
R.O.M.  
C.K.W.  
J.B.S.  
G.P.R.  
K.F.L.  
J.I.B.  
E.C.J.

To P. M. Kavanagh From W. M. Sirola  
Subject Riviera Mines Limited - Port Hardy Area, Date June 6, 1968.  
Vancouver Island, (92-L-11)

A Prospectus on this company was submitted by Dr. Patmore along with a geological map of the area. Dr. Patmore would not leave the geological map, presumably because he was shopping the various mining company offices, but he did leave the Prospectus.

The story propounded by Dr. Patmore was that he knew through a contact in the Utah Construction organization, that there are three drill holes on the mutal boundary between Riviera and Utah Construction, all of which contained copper mineralization. The contact examined the sludges from the holes and saw chalcopyrite therein.

It might be helpful to recall at this point that the Utah people have announced that their deposit contains some 80-million tons of 0.5% Cu. It is always difficult to check the validity of a story like this but through my friend Jim Scott and through Ed Rugg who is in charge of Utah's work, I have at least the impression that the three holes mentioned by Dr. Patmore were assessment drill holes which contained no copper mineralization. Dr. Patmore scoffs at the 80-million ton figure published by Utah and states that there are now 240-million tons heading right into the Riviera ground in the form of a partially overturned fold. This fold would be similar to a fish hook in cross section and there is a great thickness of ore in the bend of the hook. This then, was Dr. Patmore's selling pitch and he makes it sound rather convincing. In any case, herewith the other aspects involved:

Property Location:

Southeastern tip of Rupert Inlet, Port Hardy Area, northern Vancouver Island. Contiguous to Utah Construction claims on Utah's southeast boundary.

(continued - Page 2)

# KERR ADDISON MINES LIMITED

(FOR INTER-OFFICE USE ONLY)

To.....From.....

Subject.....Date.....

-2-

## Size of Property:

Fifty-nine claims held by location. Validity of title - Unknown.

## Geology:

Largely unknown because of heavy glacial cover. Mapping by Muller (G.S.C.) shows the property to be underlain by the favourable Bonanza Group of lavas but aeromagnetic work suggests that this is not so. The magnetic pattern more closely resembles patterns obtained over the Karmutsen lavas which underlie the Bonanza Group. There is however the possibility that the typical Bonanza pattern may be obscured by thick overburden.

Perhaps the most significant aspect of the aeromagnetics is that the 80-million ton orebody on the Utah ground occurs in a distinct magnetic high and no similar high occurs on the Riviera ground.

## Share Capital and Nature of Proposed Deal:

Riviera is a 3,000,000 share company of which 1,550,000 shares have been issued leaving a balance of 1,450,000 shares in the treasury. Patmore, on behalf of President Adam Derry, and David Chong, Secretary, stated that Riviera would grant an option on 100,000 shares at \$1.25 per share for a period of three months. They were further prepared to grant Kerr Addison the opportunity of optioning 55% of the total capitalization by purchase of shares at prices ranging from \$1.50 to \$3.25 per share. In order to obtain a 55% position in Riviera, Kerr Addison would have to purchase all of the remaining treasury stock (1,450,000 shares plus 200,000 shares of escrowed Vendors stock). The 55% position could only be increased if additional escrowed stock were made available or by ultimately increasing the capitalization of the company to 5,000,000 shares or more.

(continued - Page 3)

# KERR ADDISON MINES LIMITED

(FOR INTER-OFFICE USE ONLY)

To \_\_\_\_\_ From \_\_\_\_\_

Subject \_\_\_\_\_ Date \_\_\_\_\_

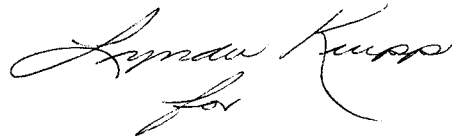
-3-

## Work Performed by Riviera:

A small amount of inconclusive I.P. survey was done by Seigel and Associates for Riviera and Riviera carried out a geochemical survey of the property. There were a few scattered copper anomalies (less than 100 ppm) but these all occurred along the highway and probably result from some form of contamination.

## Conclusions and Recommendations:

The Riviera property has merit by virtue of location. The three month period stipulated by the owners is much too brief for a proper appraisal in view of the heavy glacial cover. It would seem obvious that if the Utah Company had indeed encountered good mineralization on the Riviera boundary, they would have no hesitation in making a deal with Riviera. Patmore's answer to this bit of logic is that Utah will not make a stock type of deal. To me, this is not a satisfactory answer. I suggested to Dr. Patmore that we would consider this situation if we were granted six months in which to carry out \$50,000 worth of work. His answer was that the Riviera people might grant four months or possibly even five at the most, but a firm commitment for \$125,000 was a nonnegotiable requirement. Riviera would also insist on an immediate drilling program based on the information supplied by their informant. Under these circumstances, I do not recommend optioning this property, but I would consider it on the basis of six months time for a \$50,000 program. Geologically, it would be a gamble but conceivably, the \$50,000 could be recovered through an appreciation in the value of the optioned shares provided of course that it would be Kerr Addison policy to trade in the shares. One could be quite certain that the promoters of Riviera who deal through the brokerage firm of Royden Morris would make a market for these shares regardless of the outcome of exploration work on the property.



W. M. Sirola.

WMS/lk

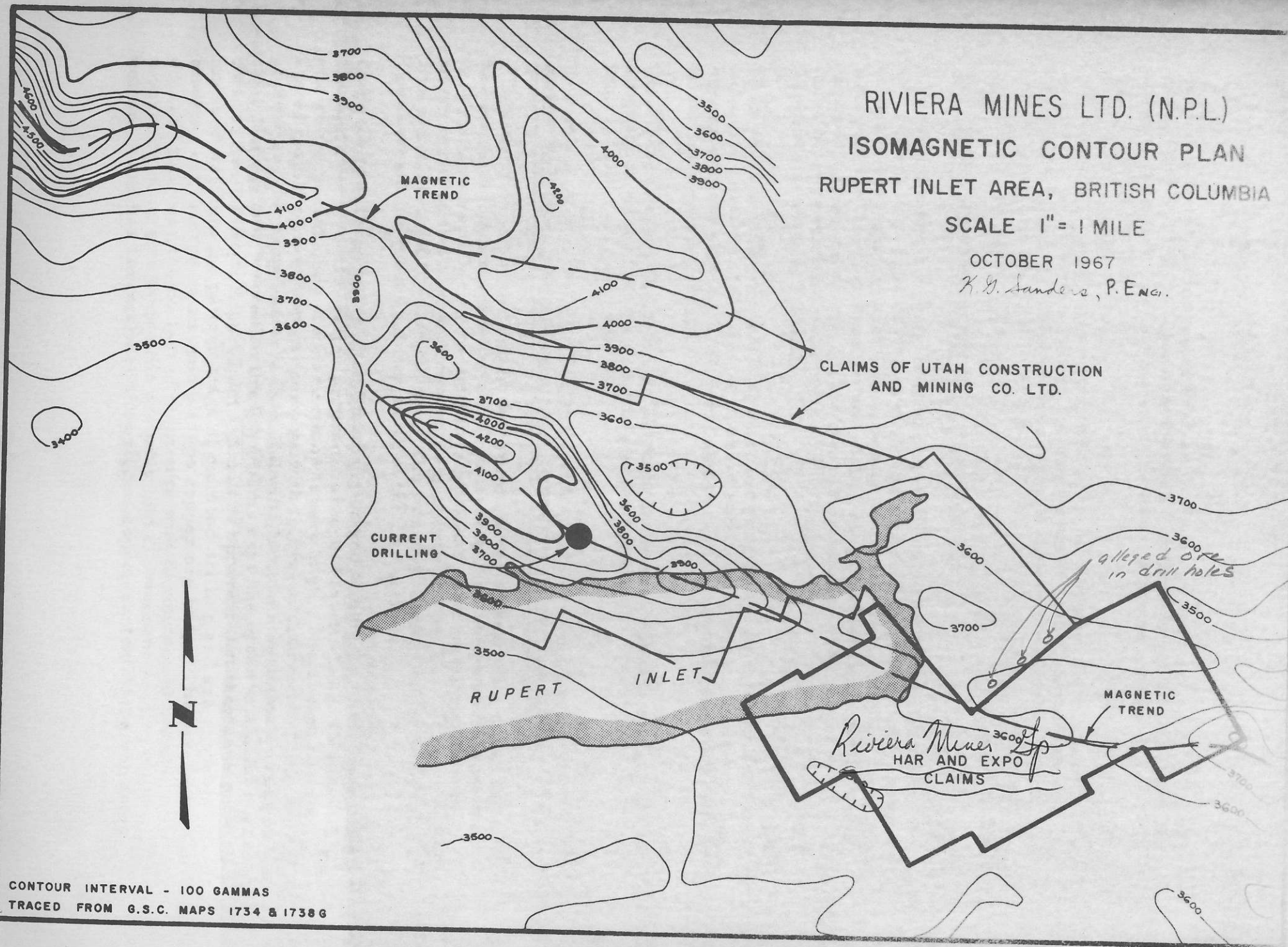
- Encl: 1) Claims Sketch, Scale 1" = 1 mile  
2) Isomagnetic Contour Plan, Scale 1" = 1 mile

RIVIERA MINES LTD. (N.P.L.)  
ISOMAGNETIC CONTOUR PLAN  
RUPERT INLET AREA, BRITISH COLUMBIA

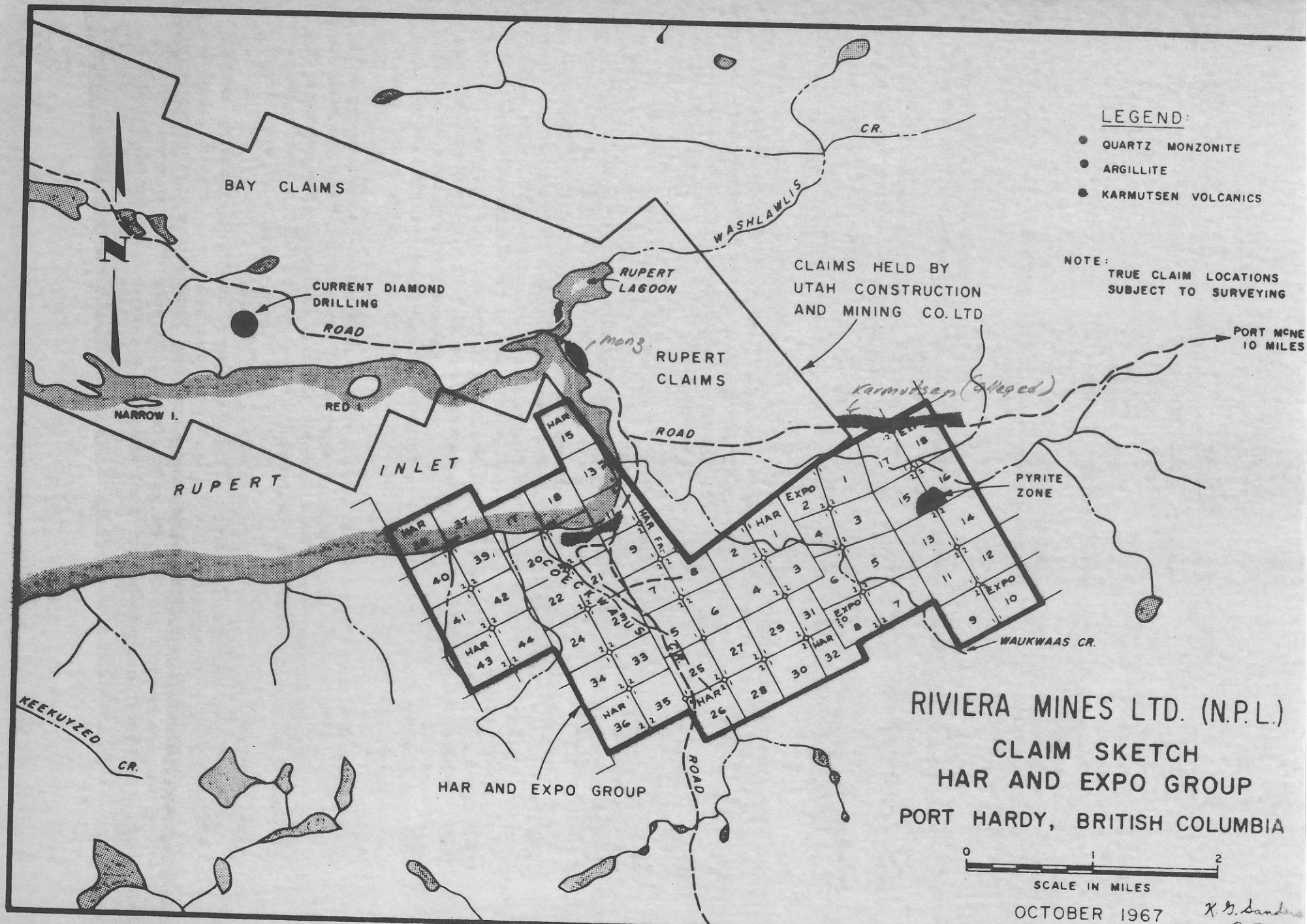
SCALE 1" = 1 MILE

OCTOBER 1967

*K. G. Sanders, P. Eng.*



CONTOUR INTERVAL - 100 GAMMAS  
TRACED FROM G.S.C. MAPS 1734 & 1738G



**LEGEND:**

- QUARTZ MONZONITE
- ARGILLITE
- KARMUTSEN VOLCANICS

NOTE: TRUE CLAIM LOCATIONS SUBJECT TO SURVEYING

**RIVIERA MINES LTD. (N.P.L.)**  
**CLAIM SKETCH**  
**HAR AND EXPO GROUP**  
**PORT HARDY, BRITISH COLUMBIA**



OCTOBER 1967

X.G. Sanders  
P. ENG.