

T E L E X

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March 17, 1975.

Mr. J.H. Halley,
Vice-President,
Reeves-MacDonald Mines Ltd.,
Bunker Hill Co.,
P.O. Box 29,
KELLOGG, IDAHO, U.S.

We would be prepared to recommend the following two proposals to the Minister, the Honourable L. T. Nimsick:

I.

1. The Government will pay Reeves-MacDonald \$100,000.
2. The Government will pay Reeves and Hecla the royalties or Mineral Land Tax, as per current legislation.
3. Reeves and Hecla will deed their properties to the Government.
4. Bunker Hill will come up with a contract that pays for 62 per cent of the gross metal value in concentrates.
5. The Government will take over and operate the mine and mill with current staff and equipment.

II.

OR

Provided that Hecla put up property, Reeves-MacDonald put up plant, and Bunker Hill provide a genuine preferential smelting contract:- a three-pronged proposal as follows:

1. The Government, Hecla, and Reeves-MacDonald each put up \$250,000 for the development of 240K and Red Bird (above 800 level);
2. The Government approves new-mine status to any mining from the Red Bird ore deposit for royalty calculations; and
3. The Government defers royalty payments for periods of one year each until the investment of \$750,000 has been repaid out of net profits.

In consideration of its investment, the Government would

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have an ownership of 33 1/3 per cent in the developed ore zones, which ownership may be expressed as a percentage of ownership in other ore bodies yet to be developed, and subsequent allocation of funds for exploration and development from earnings shall be expressed.

J. E. McMynn,
Deputy Minister,
Dept. of Mines & Petroleum
Resources,
VICTORIA, B. C.