

KERR ADDISON MINES LIMITED

(FOR INTER-OFFICE USE ONLY)

925

826948

To. W. James From. G. M. Hogg

Subject. Bralorne Resources Ltd., Bralorne property, B.C. Date. December 26, 1973

I visited the Bralorne Offices in Vancouver on December 12th, and discussed the picture at the Bralorne mine with Chris Mitchell of Bralorne Resources, and Bill Bacon of Bacon & Crowhurst, Consultants. Bacon & Crowhurst incidentally, have done all consulting on the project for Messrs. Fitzpatrick and Croome, and are responsible for most of the ideas as to development of new reserves.

I was able to acquire a report dated December 7th, 1973, from Bralorne which present modified programme of exploration based on experience at the property thus far. It should be noted that in this report no provision is included for ore development nor mining. I emphasise this since in the original concept it was planned to mine on a minimal basis in order to defray at least a portion of exploration costs.

It has been found that a great deal of caving has taken place in the old drifts causing extreme difficulty in access. To date the Crown Shaft has been opened to about the 2,600 level, and drilling has been done in the vicinity of the Crown Shaft (3,000ft.) only. Expenses to date are in the order of \$1,000,000. Drilling results have been discouraging, but it must be remembered that Bralorne has not been able to drill any of the more critical locations as planned.

In general then, there have been many unanticipated problems encountered in the re-opening, and some of the more obvious doubts, such as estimated labour cost, have proven well founded.

One point that is worth mention is the obvious variance between the quoted reserves at the Bralorne when closed in 1970, and the suggested potential reserves by Bacon & Crowhurst. (Upper Mine as 240,000 tons @ 0.25 oz. Au. vs. 360,000 tons @ 0.378 oz. Au. for example). Bill Bacon is of the opinion that the ore veins can be mined cleanly with good backs. However, one would expect that if the caving characteristics encountered in the drifts were similar in stopes, that dilution would be a much more serious factor than anticipated. I feel that the old reserve figure is thus more factual, and grades actually lie in the 0.25 oz. Au./ton range.

Bill Bacon emphasised in our discussion that besides the potential for ore in the mine area, he felt the northwest extension, and more importantly, the area at depth to the east of the 77 vein system could be considered as exploration areas of very great potential. In fact, this possibility, not mentioned specifically in the feasibility study, forms a tertiary or long range goal after successful development of immediately available reserves and the development of the 77 and 51 vein extensions. I would agree that these possibilities are real, but suggest that (1) one would not expect any greater width and grade than previously encountered at the Bralorne, and (2) development and mining at great depths are in prospect.

KERR ADDISON MINES LIMITED

(FOR INTER-OFFICE USE ONLY)

Page 2

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

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

Insofar as our original assessment of the Bralorne situation has proven accurate with respect to expense and potential difficulties, there does not seem to be any reason to recommend participation positively at this time.


G. M. Hogg

GMH:cap

KERR ADDISON MINES LIMITED
P.O. BOX 91
COMMERCE COURT WEST
TORONTO, ONTARIO
M5L 1C7

COPY

✓W.J.
B.M.H.
G.M.H. ✓
M.D.R.
I.D.B.
R.D.S.
G.R.
T.W.B.
<hr/>
E.C.J.

December 27, 1973

Mr. C. Mitchell,
Bralorne Resources Limited,
1005 - 555 Burrard Street,
VANCOUVER 1, B. C.

Dear Chris,


Please find enclosed the copy of the most recent report prepared by Bacon and Crowhurst on the Bralorne operation. Thank you very much for lending this information to me.

I found our meeting with Bill Bacon and yourself in Vancouver a most interesting one, and Bill Sirola and myself were impressed with the programme and the concepts involved. As to progress to date the results at the Bralorne have been disappointing, but reactivation of old workings is generally a difficult procedure.

As Mr. James has already indicated to Mr. Fitzpatrick, Kerr Addison does not wish to participate in the Bralorne programme at this time. This decision reflects concern with availability of labour and mining costs chiefly.

Thanks again, and the best of luck in 1974.

Yours very truly,
KERR ADDISON MINES LIMITED


G. M. Hogg,
Vice-President-Exploration.

GMH:cap
Encls.