

# KERR-ADDISON GOLD MINES LIMITED

(FOR INTER-OFFICE USE ONLY)

105/D

NEW FILE

A	W.C.R.
	H.C.G.
	P.M.
	C.K.W.
	G.H.P.
	R.S.
	B.C.R.
	D.W.
	G.P.
	E.L.D.
	J.L.B.
	<u>E.C.I.</u>

005271

To P. M. Kavanagh

From C. K. Wilton

Subject Whitehorse Copper Belt, Yukon Territory (105 D)

Date October 5, 1961

Two reports by A. C. Skerl, dated March 1956 and February 1957, as well as a report dated November 1956 by P. R. Wilson and a report dated August 1, 1961 by H. Priske, and accompanying maps, may be summarized as follows.

The Whitehorse copper belt is at least 18 miles in length along a granite <sup>time</sup> ~~granite~~ contact which is the locus for over twenty distinct copper deposits with a little gold, silver and in some cases magnetite. This type of deposit is unpredictable and the mineralization varies from Nil to 25% or more in copper.

Work on the belt started in 1899 and has been carried on intermittently ever since. Some production came from the camp during the first world war. Production is tabulated by Skerl and totals 163,613 tons of which 140,000 tons came from the Pueblo mine.

*Financial Director*  
*What grade?*  
*W.S.K.*  
*Apparently not quite pmk.*

The Valerie deposit had some lenses of ore from which 40 tons of 18% copper were shipped. Work by Noranda to the north found 4 magnetic anomalies. An attempt was made by Noranda to drill under one of the anomalies but the hole was lost in overburden. Skerl recommends drilling the anomalies.

At the Big Chief deposit 3 trenches average 1% copper across 30' for 100' of length and 200' to the south, 2 trenches average 0.90% copper across 62' for 100' of length. One trench in between averages 0.40% copper. No drilling was done.

The Middle Chief deposit averages 1.47% copper across 56' in one trench. Hole C-4 50' to the north averages 0.25% copper across 78' and hole C-3 150' south averages 0.4% copper across 60'.

The Little Chief deposit in 3 trenches averages in copper 2.3% across 77', 0.65% across 105' and 1.2% across 25'. Hole C-1 under the best trench averages 0.6% copper across 135'. Hole C-2, about 200' north averaged about 0.52% copper across 102'. Skerl notes that the mineralization in the surface showings is erratic but recommends more drilling by holes 50' apart to sample the deposit thoroughly.

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105/D

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

Subject..... Whitehorse Copper Belt, Yukon Territory (105 D) ..... Date..... October 5, 1961 .....

- 2 -

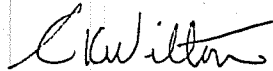
The Arctic Chief Best Chance deposit was drilled by 12 holes on sections 50' apart with 2 holes on most sections. The holes indicate an average grade of 0.75% copper over a maximum width of about 180' for a length of 150 feet. Another 100' of length was drilled but averaged only 0.25% copper.

Wilson estimated three possible ore shoots over a length of about 100 feet which total 34,000 tons of 1.8% copper down to 120 feet. Skerl considered that an open pit to a depth of 80 feet might produce 70,000 tons of 1.6% copper out of 230,000 tons excavated by a controlled blasting and shovelling operation.

Numerous other showings or deposits produced a few thousand tons of 5 to 10% copper and Skerl recommended work on some.

Skerl estimates that if 2,000,000 tons with an average grade of 1% copper were developed net profit would be \$1.00 per ton assuming copper at 34¢ per pound. A grade of 0.8% copper would reduce this net profit to zero.

The reports suggest that further work on the copper belt would probably develop only small tonnages of high grade copper ore or large tonnages of sub-marginal ore. Further work at this time is therefore not attractive and is not recommended.



C. K. Wilton  
Senior Geologist - Exploration

CKW:ry

# KERR-ADDISON GOLD MINES LIMITED

(FOR INTER-OFFICE USE ONLY)

To..... W. M. Sirola..... From..... C. K. Wilton.....

Subject..... Aeromagnetic Anomalies Near Whitehorse, Yukon Territory (105D)..... Date..... January 31, 1963.....

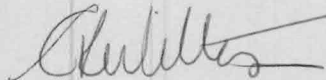
A Toronto prospector, Mr. J. McCall, associated with Mr. Glen Wilton, a Toronto lawyer with mining associations (not related to me) has submitted the four claim groups, totalling 170 claims, shown on the attached sketch. These anomalies which have relief of a few hundred gammas are associated with intrusive-sediments contacts and are near and in part on strike with the Whitehorse copper belt. I realize that you are probably familiar with the Whitehorse copper belt but in any case you will find enclosed a copy of a memo about it which I wrote some time ago after studying the data.

Mr. McCall is in no great hurry and will wait for our decision until Kavanagh's return to this office (about February 12th). However it would be useful if by that time we had from you a memo with your recommendations as to whether or not Kerr should be interested in these groups. If you think they are of some interest please indicate what type of deal you think should be acceptable.

I have not yet asked Mr. McCall his terms for a deal but will inquire about them tomorrow.

Along with the aeromagnetic maps Mr. McCall submitted a report by Dr. J. P. Sijpkens on the claim groups. The report contains a map showing that the anomalies are in part covered by alluvium and that only intrusive rocks outcrop on the claim groups. Dr. Sijpkens suggests geological mapping, magnetic surveys and drilling. He gives the following list of maps pertaining to the area.

Aeromagnetic maps	1341G, 1413G	
Geological Maps	52-30-A, 1093-A	44-14
Topographic Maps	105--D/10, 105--D/11	
Claim Maps	105-D-10, 105-D-11	



C. K. Wilton  
Senior Geologist - Exploration

CKW:ry

cc: A. Kulan  
P. M. Kavanagh

C. K. WILTON

W. M. SIROLA

AEROMAGNETIC ANOMALIES NEAR WHITEHORSE

February 28th, 1963.

C  
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Y

We managed to finalize our thinking on the above subject this afternoon and I return herewith your sketch showing the four anomaly locations. I have lettered these "A", "B", "C" and "D".

We believe that "A" and "B" are topographic highs in granodiorite, "C" is probably caused by basalt and "D" is probably caused by a somewhat more basic phase of the hornblende diorite.

None of the known copper deposits exhibited a magnetic high anywhere near the magnitude of the anomalies in question.

It is my opinion that if we wanted ground in that area, we could go and stake better ground than that represented by the groups already staked. Consequently, I cannot recommend any further effort on these claim groups.

William M. Sirola.

Encl.  
WMS:rl

# KERR-ADDISON GOLD MINES LIMITED

(FOR INTER-OFFICE USE ONLY)

To W. M. Sirola

From C. K. Wilton

Subject Aeromagnetic Anomalies near Whitehorse

Date February 26, 1963.

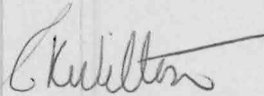
On his return from Chile Paul showed little interest in the claim groups near Whitehorse.

However, McCall and Glen Wilton have phoned recently to ask whether we are interested and have been told that we had not yet heard from you or Al Kulan.

I inquired about the terms for a deal. They claim to have spent \$10,000. to acquire the claims and would like to get \$10,000. down but they realize this is unrealistic. They would want \$17,000. worth of work done in the first year. This amount has been arrived at by calculating the cost of the amount of work required to do the first year's assessment work by doing a magnetometer survey over the 170 claims with a line spacing of 750'. After the first year they would want a payment of \$10,000. (their cost of acquiring the claims) and if the claims were retained under option they would want a royalty deal, rather than shares, which would provide for an annual advance of money which would be deducted from royalty payments made after production was reached.

For your convenience I enclose a copy of my original memo. May we have your comments?

Yours sincerely,



C. K. Wilton,  
Senior Geologist - Exploration.

CKW:dt

Encl.

c.c. A. Kulan

P. M. Kavanagh

Bill - you may want to hear from Kulan before commenting. On his copy I am asking him to comment on this independently <sup>to us</sup> if he does not hear from you about it.



# KERR-ADDISON GOLD MINES LIMITED

(FOR INTER-OFFICE USE ONLY)

105 D  
Kavanagh files  
105.D

To.....M. M. Cirola.....From.....C. K. Wilton

Subject.....Aeromagnetic Anomalies Near Whitehorse, Yukon Territory (105D).....Date.....January 31, 1963

A Toronto prospector, Mr. J. McCall, associated with Mr. Glen Wilton, a Toronto lawyer with mining associations (not related to me) has submitted the four claim groups, totalling 170 claims, shown on the attached sketch. These anomalies which have relief of a few hundred gammas are associated with intrusive sediments contacts and are near and in part on strike with the Whitehorse copper belt. I realize that you are probably familiar with the Whitehorse copper belt but in any case you will find enclosed a copy of a memo about it which I wrote some time ago after studying the data.

Mr. McCall is in no great hurry and will wait for our decision until Kavanagh's return to this office (about February 12th). However it would be useful if by that time we had from you a memo with your recommendations as to whether or not Kerr should be interested in these groups. If you think they are of some interest please indicate what type of deal you think should be acceptable.

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C. K. Wilton  
Senior Geologist - Exploration

CKW:ry

cc: A. Kulan  
P. H. Kavanagh



# KERR-ADDISON GOLD MINES LIMITED

(FOR INTER-OFFICE USE ONLY)

105/D

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

Subject..... Whitehorse Copper Belt, Yukon Territory (105 D) ..... Date..... October 5, 1961 .....

- 2 -

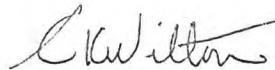
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C. K. Wilton  
Senior Geologist - Exploration

CKW:ry

P. M. KAVANAGH

W. M. SIROLA

MAYO SILVER MINES PROPERTIES,  
HAGGART-LYNX CREEK AREA, MAYO DISTRICT,  
YUKON TERRITORY.

April 5th, 1963.

C  
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Y

Roger Verity of the Peso organization brought L. G. White's report to this office about one week ago. Peso would like to have Kerr-Addison participate with them in the continued exploration of these claims.

While I do not doubt that these are worthwhile properties, I feel that we are sufficiently involved in the Yukon for the coming season to obviate any additional programs.

Would you please return the report when you have finished with it.

William M. Sirola.

Encl.  
WMS:rl

P.M. KAVANAGH

W.M. SIROLA

NEW IMPERIAL MINES - WHITEHORSE COPPER BELT, Y.T.

October 22nd, 1963.

C  
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During my last visit to Whitehorse I talked to Aubrey Simmons about this property but his advice is that we should contact the President of the company who is a Mr. Arnold Pitt, who, presumably, resides in Toronto. Simmons had told us that Pitt was due on the property the day after we left for Vangorda, but, apparently, he had cancelled his plans. I suggest that you contact Pitt to see whether or not he is interested in making a deal on the property at the present time. I am curious about the large, super-imposed magnetic-S.P. anomaly.

William M. Sirola.

WMS/iw.

# KERR-ADDISON GOLD MINES LIMITED

(FOR INTER-OFFICE USE ONLY)

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

Subject..... New Imperial Mines, Whitehorse Area, Yukon (105-D) ..... Date..... October 28, 1963. ....


Prompted by your memorandum of October 22nd and by our telephone conversation on this subject last Friday, I phoned Arnold Pitt this morning requesting permission to make a complete examination of their property and data.

He wasn't about to give such permission and would only say that he would tell the directors this Wednesday about our interest. He indicated that they would have their data in better shape in a couple of weeks' time and that after that he might give me a ring.

They have recently moved the main office of the outfit from Vancouver to Toronto.

He talked rather promotionally. I rather gained the impression that they have not materially improved the picture beyond where Noranda left it. However, if they let us take a good close look, it will be worth our while to do so even for general information purposes.

PMK:jm



Paul M. Kavanagh,  
Chief Geologist - Exploration

P.M. KAVANAGH

W.M. SIROLA

NEW IMPERIAL MINES - WHITEHORSE COPPER BELT, Y.T.

November 29th, 1963.

C  
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I talked to Gus Skerl yesterday afternoon and again this morning to see whether he could show me the New Imperial data. He professes to be very busy and cannot show me this information before his return from Whitehorse, which will be on December 10th, or thereabouts. I suggested to him that he might have a report which I could peruse in his absence but his reply is, "not really". I cannot help but form the impression that he is not ready to disclose very much until such time as he has definite advice from Mr. Pitt. I suggest that you contact Mr. Simpson and tell him that, as yet, we are not receiving much cooperation at this end. It is, of course, understandable that Dr. Skerl would require formal notice from New Imperial before divulging the data.

William M. Sirola.

WMS/iw.

Encl:

KERR-ADDISON GOLD MINES LIMITED

(FOR INTER-OFFICE USE ONLY)

RECEIVED  
DEC - 4 1963

1/2

KERR-ADDISON GOLD MINES LTD.

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

Subject.....New Imperial Mines - Whitehorse Copper Belt, Y.T.....Date.....Dec. 2/63.....

With reference to your memorandum of November 29th on this subject, we really have no right to expect Skerl to accommodate us until such time as he would have received definite instructions from Mr. Pitt. Such instructions should have been received by Skerl no later than today or tomorrow and I would suggest that when you receive this memorandum of mine you again get in touch with Skerl. If he still does not appear very accommodating then I wish you would let me know and I will immediately advise Mr. Simpson.



Paul M. Kavanagh  
Chief Geologist - Exploration

PMK:dh

COPY

P.M. KAVANAGH

W.M. SIROLA

NEW IMPERIAL MINES - WHITEHORSE COPPER BELT, Y.T.  
 (105 - D)

December 4th, 1963.

I had a two hour session with Dr. Skerl on Monday, December 2nd, regarding the above property.

Basically, the New Imperial programme of work has consisted of magnetic and self-potential surveys, followed by diamond drilling on 50' centres. No new mineralized zones have been found and the purpose of the drilling has been to determine more closely the tonnage grade of previously known mineralized zones. One exception to this was the drilling of the superimposed magnetic/self-potential anomaly on the Sue Group. This turned out to be a tertiary basalt, and work was discontinued.

Skerl estimates potential to date to be 1,255,000 tons of ore, averaging 1 : 1.25% Cu and 22% Fe. He breaks this down, in rather crude form, as follows :

<u>Deposit</u>	<u>Tonnage</u>	<u>Grade</u>	
		<u>Cu</u>	<u>Fe</u>
Best Chance :	300,000	1%	20%
Big Chief :	150,000	1:1.25%	25% ?
Middle Chief:	105,000	1:1.25%	25% ?
Little Chief:	300,000	1.25%	25%
Arctic Chief:	400,000	1.3%	25%
Total . . . . .	<u>1,255,000</u>	tons averaging 1:1.25% Cu and 20:25% Fe.	

The above are all contact/metamorphic zones varying in length from 600' ; 1,000', and in width from 25' ; 100'. They are all shallow deposits (usually less than 150'), but at the Little Chief, one drill hole was in ore at a vertical depth of 300'. Ore values fall off markedly, suggesting that the mineralization, as it now exists, may represent only the roots of the original mineralized structures.

These are narrow deposits, to be mined by the open pit method, but Skerl has calculated that two yards of waste will have to be removed for each three tons of ore. I did not see the sections corroborating this strip ratio, but Skerl has sufficient experience, from his consulting work on Texeda Mines, to be reasonably accurate in these estimates. He makes it plain that the profit in this situation

COPY

contd/..

- 2 -

must come from the iron content of the ore. This, in turn, means that an extremely favorable freight rate from McRae to Skagway is a prerequisite.

Skerl's economics, based on a 1,000 ton per day operation, plus 86% recovery of the total copper content, are as follows :

Gross value of the ore	:	Cu - \$6.00	
		Fe - 3.00	
		Au & Ag - 1.00	
		Total . . . . .	10.00
			\$ 10.00 per ton
Operating Costs	:	\$ 4.00	
Railway to Skagway	:	1.00	
Amortization	:	2.00	
		Total . . . . .	7.00
			- 7.00 per ton
Profit per ton of ore	:		\$ 3.00

My version of the economics, based on the same recovery, is as follows :

Value of the ore at the wharf at Skagway:		Cu - \$4.80 (Based on 24¢ net smelter)	
		Fe - 3.00 (22 units @ 15¢ per unit )	
		Au & Ag - 0.90	
		Total . . . . .	8.70
			\$ 8.70 per ton
<u>Operating Costs</u>			
Mining ore and waste	:	\$1.50	
Milling	:	1.50	
Road haulage	:	0.40	
Rail haul to Skagway	:	1.00	
Overhead	:	0.50	
Amortization (including interest)	:	2.50	(Based on capital cost of \$2,500,000.)
		Total . . . . .	7.40
			- \$ 7.40 per ton
Profit per ton of ore	:		\$ 1.30

contd/.. - 3 -

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- 3 -

The \$1.00 per ton rail haul cost is based on the supposition that the White Pass and Yukon Railway will haul concentrates from McRae to Skagway, a distance of 100 miles, for \$3.00 per ton, or 3¢ per ton mile. Skerl states that the White Pass people have been talking such a figure recently and that they are considering the installation of permanent loading facilities at Skagway.

The picture can be summarized by saying that a small profit might be made if :

- (a) The Japanese pay premium prices for the magnetite content of the ore.
- (b) The rail haul rate is 3¢ per ton mile.
- (c) Storage and loading facilities at Skagway are provided by the Railway.

On the other side of the ledger it should be said that Skerl has some optimism for other nearby mineralized areas such as, the Keewenaw which he considers to resemble the East Jersey zone at Bethlehem Copper. At present, the evidence for this is somewhat fragmentary.

I would question the wisdom of Kerr Addison getting into this situation on the grounds that there are many uncertain but vital cost factors involved in a limited tonnage type of deposit. As you know, my original interest sprang, not from the potential of the contact/metamorphic deposits, but from the possibility that a disseminated type of mineralization may have been encountered. Since this does not appear to be the case, I do not, for the present at least, advocate major financing by Kerr Addison.

I enclose a photostat showing the location of the various properties mentioned in this report.

William M. Sirola.

WMS/iw.

Encl: Photostat map of Whitehorse Copper Belt.

12  
COPY

December 11, 1963

RECEIVED  
DEC 13 1963

KERR ADDISON GOLD MINES LTD.

Mr. Arnold Pitt, President,  
New Imperial Mines Limited,  
5 Hill Garden,  
Toronto, Ontario.

Dear Mr. Pitt:

I want to advise you that our Vancouver exploration representative, William Sirola, spent several hours on December 2nd with Dr. Skerl reviewing data on your Whitehorse area property, and that after subsequent consideration we have decided not to pursue any further interest in your property at present.

We appreciate very much the opportunity you gave us to review your data.

Yours sincerely,



Paul M. Kavanagh  
Chief Geologist - Exploration

PMK:dh

cc W. M. Sirola ✓

1/20  
COPY

January 20, 1964.

RECEIVED  
JAN 21 1964

KERR ADDISON GOLD MINES LTD.

Per \_\_\_\_\_

Mr. Arnold Pitt, President,  
New Imperial Mines Limited,  
5 Hill Garden,  
Toronto, Ontario.

Dear Mr. Pitt:

Dr. Skerl visited me in my office last week and advised that New Imperial was considering dealing off the northern and southern thirds of its large property in the Whitehorse area, Yukon. Dr. Skerl was of the opinion that the southern sector would include the following mineralized locations: the Copper Cliff, Keeweenaw, Black and Brown Cub, the two Cowley Park localities, and the Railway deposit. He thought that the north sector would include the Reservoir Lake deposit and others to the north of it.

With these considerations in mind, we would appreciate it very much if you could arrange for us to have a careful look at all the data you have on those two sectors of your property. I would suggest that the best way for this to be accomplished would be for Dr. Skerl to arrange to get together once again with our Bill Sirola in Vancouver in a week or so after Bill will have returned to Vancouver from Nanaimo hospital where he is presently recovering from a car accident. It might be that such a review on our part would prompt us to sustain an interest in those areas.

I would also appreciate it if you would advise me of the terms under which you would be prepared to deal on one or the other or both of those sectors.

Kindest regards,

Yours sincerely,

*Paul M. Kavanagh*

*per W. M.*

Paul M. Kavanagh  
Chief Geologist - Exploration

PMK:dh

cc Dr. A.C. Skerl  
W. M. Sirola ✓

P.S. My not being able to sign this letter is caused by my leaving on a short holiday.

COPY

P.M. KAVANAGH

W.M. SIROLA.

NEW IMPERIAL MINES - WHITEHORSE COPPER BELT, Y.T.  
( 105 - D )

April 13th, 1964.

I have just had a long telephone discussion with Gus Skerl, and it has been most revealing. In my memorandum of December 4th, I mentioned that there were many uncertain cost factors. Not the least of these was the railroad rate to Skagway which had been quoted at 3¢ per ton mile. This meant that the cost of shipping one ton of concentrate would be \$3.00. The actual figures given to New Imperial Mines, by the Yukon and White Pass Railway, have been \$5.75 per ton for iron concentrates, and \$8.70 per ton for copper concentrates. Further, it would be necessary for New Imperial to build docking facilities at Skagway, and this would cost some \$500,000.

Another factor which will increase cost considerably is the fact that the most recent testing suggests that a very fine grind will be required to produce an acceptable iron concentrate. The ore will have to be ground to minus 95% - 325 mesh, in order to produce an iron concentrate containing .07% copper. The Japanese are willing to accept this fine concentrate for pelletizing in Japan, but are, as yet, unwilling to pay any premium for this concentrate. In other words, it will cost New Imperial more, but they will still only receive whatever figure was quoted for a coarser concentrate.

Skerl now figures that there are, approximately, 1 Million tons in the Little Chief, and that the total proven ore reserve now stands at 1.75 Million tons containing 1.22% Cu. and 15-20% Fe.

Another matter of concern appears to be that of power rates. Apparently, the power must be purchased through the Yukon Electric Company, at something like 3.5¢ per k.w.

It would appear that Brodie Hicks is bringing technical counsel to the Board of New Imperial, but, thus far, not a shekel for the treasury.

William M. Sirola.

WMS/iw.

COPY

P.M. KAVANAGH,

W.M. SIROLA.

NEW IMPERIAL MINES - ANNUAL MEETING.

April 28th, 1965.

105 D

N'lose Copper Belt

I understand that the annual meeting of New Imperial Mines will be held in Toronto on Friday, April 30th.

I would be curious to know whether or not any replacement type, or disseminated copper mineralization, had been encountered, and perhaps if someone in the Kerr organization owned one share, or had a proxy for one share, he could go to the meeting and ask this question of Gus Skerl, or Arnold Pitt for that matter. They may not, of course, supply the right answer, but it would be interesting to hear what they would say.

I appreciate that if such mineralization has been encountered, and it appears to be there in some quantity, the Japanese agreement will be consummated later in the year. None the less, if someone in your office has the time to go, it might be worthwhile to hear what has developed in the past six months, and also what headway, if any, has been made in negotiations with the Yukon and White Pass Railway.

William M. Sirola.

WMS/iw.

# KERR ADDISON MINES LIMITED

(FOR INTER-OFFICE USE ONLY)

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

Subject..... New Imperial Mines..... Date..... April 30th, 1965.....

Prompted by your memorandum of April 28th I attended the New Imperial meeting and have just returned from it.

I declined to ask any questions during the meeting but afterwards I asked my friend Dr. Gillanders about the White Pass matter. It is his impression that the Wright Engineering firm's feasibility study based on only copper concentrates being shipped does not consider the White Pass quoted rates any serious obstacle to successful production at a 2,000 ton per day rate. Dr. Gillanders is however shortly going to have lunch with Frank Brown, the White Pass president, to tell him some of the "facts of life" in mining development in the hope of getting some improvement in the White Pass quotes.

At the meeting they mentioned a new hole which they have drilled in a new part of the Little Chief area which has a 270 foot section assaying somewhat over 2%. The section starts at 200 feet vertically below the surface and is in a 60° dipping hole. After the meeting Skerl indicated that he thinks the hole is down the long axis of an inclined body.

I got the impression from the meeting that although New Imperial and Sumitomo will be having meetings during the year, New Imperial won't press Sumitomo for any further major commitments at least until the end of this year. Sumitomo have a geologist and mining engineer working on the property.

RECEIVED  
MAY 12 1965

KERR ADDISON GOLD MINES LTD.

Per.....

*Paul M. Kavanagh*

Paul M. Kavanagh  
Chief Geologist - Exploration.

PMK:sw

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

RECEIVED  
OCT 1 1965

KERR ADDISON GOLD MINES LTD.

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

Subject..... New Imperial..... Date..... September 30th., 1965.....

I had my talk with E. Lambert, a New Imperial director, on Tuesday morning. It turns out that the current status of New Imperial is very involved and not very appetizing from our point of view.

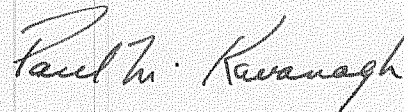
Sumitomo is still in the picture and can be at least until the end of the year, although, on the face of it, it appears that the New Imperial board would like to make a deal quickly with a major Canadian company and shunt Sumitomo aside. It is very questionable whether they have any legal right to do this before the end of the year.

The only stock remaining in the treasury is 150,000 shares under option to Arnold Pitt, the president, at an average of \$1.65 a share up to October 31st. Lambert suggested that Kerr quickly offer to buy that stock from Pitt at about \$3.00 per share, thereby gaining a position in New Imperial - if you can imagine.

I told Mr. Lambert - and Mr. Stovel concurs - that we would not even want to look at the data until after the year end, and then only if Sumitomo were out and if it appeared that a reasonable deal letting Kerr in were possible.

Please keep all of this quite confidential.

You will have noticed their recent ore and grade figures on page 2 of the September 28th George Cross News Letter.



Paul M. Kavanagh  
Chief Geologist - Exploration.

PMK:sw

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VANCOUVER 1, B.C.

1050  
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Mr. P. M. Kavanagh

W. M. Sirola

New Imperial Mines, Whitehorse, Y.T.

January 30, 1967.

After discussing the Brenda situation with me, George Cross said that we might be interested in the fact that New Imperial needs money to finance additional drilling.

One would think that this money might be forthcoming from the Japanese but perhaps this is something you could check with Snell in Toronto. Since the Japanese now have control of this operation, I would think that if outside money were invited the drill holes would still be laid out by the Japanese.

Kerr Addison Mines may have no interest in a small minority position in Imperial, but you might wish to kick the subject around in Toronto.

W. M. Sirola.

WMS/lk

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VANCOUVER 1. B.C.

Mr. P. M. Kavanagh

COPY  
W. M. Sirola

New Imperial Mines, Whitehorse, Y.T.

February 1, 1967.

I telephoned Gus Skerl yesterday regarding the matter of additional financing required for further drilling at New Imperial and he said he was rapidly being divorced from the entire picture. He did suggest that I contact Bert Maxey who is a general factotum in the New Imperial office here.

Mr. Maxey and Ross Kenway who happened to be in the office at the time advised me that at the moment, New Imperial was not seeking additional money but that at some future date, they would require from three million to four million dollars for drilling, underground development and, to a lesser degree, plant expansion.

I understand that Mr. Pitt, the New Imperial president, will be in Vancouver on February 14th and I could probably meet with him and Kenway at that time if you so desire.

W. M. Sirola.

WMS/1k

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FEB 7 1967  
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To..... W. M. Sirola ..... From..... P. M. Kavanagh .....  
Subject..... New Imperial Mines, Whitehorse Area, ..... Date..... February 6th, 1967.  
Yukon (105-D). .....

This is prompted by your memoranda of January 30th and February 1st.

We think it would be a good idea for you to indicate our general interest to Mr. Pitt when he will be in Vancouver on February 14th. We however feel that the present market price of New Imperial is inflated and therefore that it might not be possible in the near future to make a realistic arrangement involving taking stock down, if that were the type of arrangement they would have in mind.



Paul M. Kavanagh  
Chief Geologist - Exploration.

PMK:sw