

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

105 D

005272

<input checked="" type="checkbox"/>	J.H.S.
<input checked="" type="checkbox"/>	P.M.K.
<input type="checkbox"/>	G.M.H.
<input type="checkbox"/>	R.D.S.
<input type="checkbox"/>	B.C.B.
<input type="checkbox"/>	J.D.B.
<input checked="" type="checkbox"/>	M.D.R.
<input type="checkbox"/>	J.H.F.
<input type="checkbox"/>	E.C.J.

To..... P. M. Kavanagh..... From..... G. M. Hogg.....
Subject..... Venus Mines Ltd., Carcross Area, Yukon Territory..... Date..... May 10, 1971.....

I was in touch with Will Barbour of Noranda concerning the Venus Mines property in the Carcross area of the Yukon. The property, presently in operation, is heavily in debt and having operating difficulties. It seems that the Chase-Manhattan Bank of New York has advanced most of the 3 million dollar reported investment in the property, and it is through them that the matter was brought to our attention.

The ore deposit is a vein type of good horizontal extent (5,000 feet). It dips at a flat angle (20° to 30°), and averages about 3 feet in thickness. Mine grade is estimated at 11.5 oz. Ag, 0.39 oz. Au, 2.58% Pb, 1.67% Zn, 0.09% Cd, and a total reserve of 200,000 tons. Net smelter return on this ore has been about \$18.83/ton as opposed to an original estimated net smelter return of \$35.93/ton.

Difficulties have been experienced in maintaining grade and keeping the labour force up to necessary strength particularly. However, the real trouble lies in gross over-estimation of ore value, and depressed metal prices. There is little hope that the operation can be improved to the point where these latter factors can be overcome.

I checked with Bill Sirola as to the exploration potential of the general area. Bearing in mind that possibilities for copper replacement zones are present in the vicinity of the Dolly Varden silver deposits, the same situation might apply here. However, Bill was not enthusiastic on this point.

The possibility of Kerr Addison taking a position in this situation is thus not recommended, and W. J. Barbour has been advised of this decision.

I completely endorse this negative recommendation.
G. M. Hogg
PMK
May 10/71

GMH:lfr

cc: W. M. Sirola

Note: Venus Mines Ltd. (N.P.L.) located at 890 West Pender St., Vancouver, B.C. - Mr. J. M. O'Brien, President

Original feasibility report prepared in November, 1968, by A. J. MacDonald of MacDonald Consultants Ltd. - Acres Western Ltd.

I agree!
J. M. O'Brien