



Telecommunications

Peso Silver

006053

106/P.

local time

DY T MA001 14=MAYO YT 12 108PMY=

=DR D M KAVANAUGH=

=CARE BONANZA HOTEL=

=DAWSON CITY YT=

=YOUR EXAMINATION WEL COME SUGGEST TOMORROW LEAVING

WHITEHORSE TOMORROW MYSELF BUT ANGUS MACDONALD ON

PROPERTY=DR A E AHO=

KERR-ADDISON GOLD MINES LIMITED

SUITE 1616-BANK OF NOVA SCOTIA BUILDING
44 KING STREET WEST
TORONTO 1, ONTARIO

106/D.

Chateau Mayo Hotel,
Mayo, Yukon,
Monday, Sept. 11, 1961

Dr. Aaro Aho,
Mayo, Yukon.

Dear Aaro: copy of handwritten letter
mailed to Dr. Aho.

Not being able to contact you personally, I phoned Mr. C.S. Walker, Vice-President of Peso Silver ^{this afternoon}, and gained his permission to make an examination of Peso's Secret Creek silver property.

Stu Barclay of Newmont told myself, Bill Serola, and Al Kulan this morning that he and Dick Murphy were going into the Peso property today. Barclay's prospecting partner has just (3.P.M) told us that Barclay did not expect to be back in Mayo until tomorrow which leads me to believe that he and Murphy will be remaining at the property tonight and not returning from it until sometime tomorrow. I have therefore ~~not~~ considered that it would not be ~~prudent~~ ^{proper} to go into the property ^{this afternoon}, and have decided to go over to Dawson ^{for a short visit} this afternoon, ^{instead}.

I would appreciate it very much if you would phone me collect in Dawson as soon as possible in order that I could arrange with you an examination of the property. I would be prepared to return immediately to Mayo. ~~At~~ I will be staying at the Bonanza Hotel in Dawson along with Bill Serola and Al Kulan who would accompany me on the examination.

I understand from Mr. Walker that Peso has not entered into any arrangement with any other Company as yet, and that ~~the~~ ~~are~~ the Peso principals are awaiting your recommendations before taking any ^{further} steps in that respect. I advised Mr. Walker that I would be in touch with them ^{again} early next week.

Aaro E. Aho, M. I., P. Eng.

CONSULTING GEOLOGICAL ENGINEER
YUKON 7-2962

4219 LIONS AVENUE
NORTH VANCOUVER, B.C.

Mayo, Y. T.
October 1, 1961.

Peso Silver Mines Limited,
202-633 Hornby Street,
Vancouver 1, B. C.

Progress Report on Peso Property

Dear Sirs:

Covering the period since my last report of September 2, this report will include work reported to you in person on September 18 and work done to date.

No. 1 shaft had reached the depth originally planned, at which hand work was becoming increasing difficult and possibly hazardous, so this work was discontinued. The large new No. 3 vein, a mile to the east, was stripped, mapped, and sampled, and a small prospect shaft was started on it. Further stripping was done on No. 1 vein and elsewhere, but most of the work has been concentrated on road improvement and moving buildings in.

No. 1 Vein

From No. 1 shaft assays showed some decrease in silver in the last 10 feet to an average of about 35 ounces per ton, as shown in the enclosed assay section, but one independent assay at the bottom of the shaft still showed 75.3 oz./ton across 3.8 feet. The decrease appears to be a local variation of the vein material caused by presence of grey oxides which in surface cuts also carry low silver values. There is no visible suggestion that the section of higher values is caused by secondary enrichment near the surface since the vein is still as oxidized and dry at the bottom of the shaft as it is at the surface, and the water table may be hundreds of feet deeper down. While silver values may be expected to hang up anywhere in the zone of oxidation above the water table, the variations in values cannot be predicted without deeper exploration, nor can depth of oxidation be estimated at present. Sections of similar or greater richness may therefore be encountered before primary vein material is reached.

Recent stripping on the southwest extension of No. 1 vein has extended the proven vein an additional 90 feet beyond cut #22, at which point it has widened to a true width of 15 feet or so. Assays of this width by Angus MacDonald gave the

Aaro E. Aho, Ph. D., P. Eng.

CONSULTING GEOLOGICAL ENGINEER

YUKON 7-2962

4219 LIONS AVENUE
NORTH VANCOUVER, B.C.

following results:

	Width	Description	Gold oz/ton	Silver oz/ton	Lead %
True	6'9"	Hanging wall vein and gouge	.01	6.0	3.5
True	4'8"	Yellow & brown oxides	.01	7.3	4.0
Horiz.	11'6"	Footwall	.01	12.4	4.2

The extremely porous nature and lead content of this wide section suggests that it is more leached than other parts of No. 1 vein and thus might be expected to show much better values at depth. Beyond this exposure some indications of continuity have been found in the deeper overburden to the southwest, expressed as rusty streaks in the overburden. Further stripping and mapping will be done here to determine continuity and structure.

Similarly, further deeper stripping and mapping will be done on the northeast extension of No. 1 vein, and on other incompletely exposed sections to give maximum data for projection down to underground workings.

No. 3 Vein (see plan)

No. 3 vein was stripped completely for a length of 120 feet, and additional bulldozer cuts traced the vein for a total length of 500 feet with additional possibilities of narrower extensions beyond this, as indicated by sparser float of vein material.

The widest section occurs where three smaller north-east-striking, northwest-dipping veins a few feet wide join a stronger northwest-striking vein which appears to dip about 38° NE. The widest section, striking E-W and dipping about 38° N, is about 300 feet in length and 15 to 20 feet in true width, with mineralization or alteration impregnated for an additional 20 feet or so into the footwall, giving an apparent width of about 50 feet of mineralization as originally judged from float.

The vein material appears to be more siliceous and friable, with more dark grey oxides than in No. 1 vein, and complete sampling showed only traces of gold and silver values averaging only 0.4 ounces per ton with a high of 4.6 ounces per ton. Selected jamesonite from one of the northeast-striking veins contained only 1.74 oz./ton silver. Jamesonite from No. 2 vein is reported to carry 12 oz./ton silver and specimens from placer in Dublin Gulch carry 7 oz./ton, so the main silver values in the district are not carried in jamesonite.

Due to the low silver values in the explored sections of No. 3 vein, work on the prospect shaft and the stripping in this locality has been discontinued. However, extensions may warrant future stripping for possible higher silver values.

Aaro E. Aho, Ph. D., P. Eng.

CONSULTING GEOLOGICAL ENGINEER
YUKON 7-2962

4219 LIONS AVENUE
NORTH VANCOUVER, B.C.

No. 4 Vein

No. 4 vein, previously described as a quartz-arsenopyrite vein 2500 feet northeast of No. 1 vein, gave 0.8 oz./ton silver from the arsenopyrite. This vein, about 10 to 15 feet wide, apparently striking east-west and dipping north, also contains grey oxides and minor yellow stain and thus may prove to have better values somewhere along strike. Both extensions, however, are masked by deeper overburden within a few hundred feet. A 1400-foot sidehill trench, recently stripped to test for possible extensions of No. 1 vein, showed only two faulted zones. No. 1 vein may extend into these faults or, more probably, it may connect with No. 4 vein.

Rex and Other Localities

Limited stripping on the Rex vein has shown narrower extensions locally, and some galena and sphalerite was encountered. More work will be done in this area.

Some wildcat stripping down the slope about 3000 feet west of the Rex but not on strike, has exposed a northwest-striking alteration or vein zone adjacent to a basaltic dike. It is not known if this zone carries any values.

A northwest-striking fault zone with some vein material was intersected at the two lower switchbacks on the road, but does not appear to warrant much further work.

Road, Camp, etc.

Weather to date has been mild with intermittent frost, rain, and snow, and the road has become wet and muddy, passable only for a 4-wheel drive. Most of the improvement work on the road has been completed with the exception of four small log bridges and several culverts for which hydraulic pipe will be used.

A cookhouse-storage building and a small office have been moved in and will serve for quarters until the rest of the camp is completed. The compressor house will be moved in as soon as possible to serve as a cat garage.

Stripping of the campsite, road to the portal, compressor house site, timber yard, and adit portal is largely completed and should be finished in the next day or two. It will be advisable to wait until the road freezes before equipment is hauled in.

Location of claim posts and line cutting has been slow and difficult due to snow and brush, but will be finished by Dave Ross in the next few days.

A placer discovery claim has been staked to protect water rights at a proposed millsite on Secret Creek.

Aaro E. Aho, M. I. P. Eng.

CONSULTING GEOLOGICAL ENGINEER
YUKON 7-2962

4219 LIONS AVENUE
NORTH VANCOUVER, B.C.

The next three weeks will be devoted largely to stripping and additional mapping of other areas of float and possible interesting localities, in preparing the road and camp, and in getting set up to start the crosscut into the vein. A crosscut slightly over 200 feet should intersect the wide new section of No. 1 vein at a depth of about 100 feet; about 300 feet of drifting would test this section of No. 1 vein; 150 feet more would be required to extend to a point 200 feet below No. 1 shaft; and 150 feet more would test the northeast section, if required.

Respectfully submitted,
Yours very truly,

Dr. A. E. Aho.

Aaro E. Aho, Ph. D., P. Eng.

CONSULTING GEOLOGICAL ENGINEER
YUKON 7-2962

4219 LIONS AVENUE
NORTH VANCOUVER, B.C.

October 5, 1961.

Peso Silver Mines Limited,
202-633 Hornby Street,
Vancouver 1, B. C.

Dear Sirs:

Supplementary Report on Rex Vein

Stripping in the last two days has succeeded in tracing well mineralized extensions of the Rex vein.

The vein strikes N75° E, dips 50° to 60° northerly, and appears to be well mineralized for a length of at least 850 feet, possibly 1000 feet, with strong but barren shear zones traced for a length of 1500 feet. Widths vary from narrow seams to several feet, with an average of the order of perhaps 3 feet.

Mineralization consists of siderite with abundant jamesonite in places (up to 2 feet massive), and small lenses of fresh massive galena up to 2 inches in width. This is the first occurrence of massive galena that has been found in the area.

This promising Rex vein is different from the other known veins on the Peso property and its possibilities must therefore be judged separately. No assays are yet available so it is too early to judge how much further work may be justified on the basis of silver values present.

Some further stripping will be done, and all results will be compiled when assay returns are available.

Respectfully submitted,
Yours very truly,

Dr. A. E. Aho.

REC'D OCT 18 1961

100/D
15 October 1961

Box 606
Whitehorse YT

A	
	W.S.R.
	K.C.G.
	P.M.K.
	C.K.W.
	G.H.M.
	R.D.S.
	B.C.B.
	D.W.P.
	E.L.D.
	J.B.
	E.C.J.
N	

Dear Paul:

Arrow Aho came through town yesterday and he gave me additional information on the Peso and The Rex mineral showings. Here are the results of the last samples Arrow has assayed in Whitehorse.

REX MINERAL CLAIMS - massive galena, siderite and Jamesonite, average width three ft over aprox. 900 ft. Total lack of arsenopyrite in this mineralization:

Sample No.	REX GROUP		
	au	Pb	
10756	.02		
57	.02		oxidized vien matter over 2.5 ft
58	tr		2 ft rusty material
59	tr	52.9	
60	.005		massive galena
61.005	.005		
62	tr	2.4	
63	tr	1.5	
64	.005		
65	.01	.9	
66	tr	3.0	
67	tr		
68	tr		

PESO SILVER No. 2 East

No numbers available	tr	.04
	tr	nil
	.02	1.66
	.02	18.1
	.005	.18
	.02	8.74

REX Group

No numbers available	tr	1.06
	.04	38.68
	tr	12.36
	.03	9.74
	.02	5.84
	.01	173.6
	.02	71.36
	.005	33.2
	.02	1.64
	.02	1.74
	tr	.10

According to Arrow the mineralization on the rex is not as heavily oxidized as the Peso.

106/0

The Canex people have suggested they do a bulk sample of the Peso some time this winter to check bulk results against the individual assay.

I just left Jim Hanna and he told me that they are dealing with CM&S on the Hanna Gold property. Jim told me that the CM&S have definitely offered a deal but Hanna Gold are not too happy with the stock distribution. The CM&S have offered to put \$ for \$ for the work the Hanna Gold have done to-date. This money would be for further work on the property. Peter Sevensma came back from Trail B.C. to try and finalize the deal: according to Jim.

Re the Peso Silver, Arrow will keep Kerr-Addison in the picture on any new developments. Glen Campbell has contracted to put in the adit and it is expected to be completed in about six weeks from now.

Enclosed is a claim map of the Rex and Peso stakings.

Regards

al

100/D.

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

October 20, 1961.

Mr. C. S. Walker, Vice-President,
Peso Silver Mines Limited,
202 - 633 Hornby Street,
Vancouver, B. C.

Dear Mr. Walker:

I was sorry not to have been able to reach you over the phone on September 19th before returning to Toronto, but I trust that your wife gave you my message.

While continuing our study of the Peso data during the afternoon of September 18th at which time we had our assay results at hand we became somewhat concerned about the indicated decrease of silver values in the lowest section of the shaft on Vein No. 1, and about the indicated rather limited extent of intriguing silver values in the surface exposures of the three principal veins. Influenced by these impressions I would have been inclined to deepen the shaft on Vein No. 1 as a relatively inexpensive immediate next step, and would have readily recommended that Kerr participate in the property with that work being the next stage in the property's development.

However, as I indicated to your wife, knowing that you and your associates had just made available another \$50,000 for further work, I felt sure that if you were to decide on the shaft deepening as the next stage, you would be quite capable and would undoubtedly prefer to do it without outside participation.

We have recently heard that you have given an adit-driving contact and that the adit is expected to be completed by the end of November. We would appreciate it very much if you would keep us informed of any new developments arising from the adit work or other development work on the property by either contacting me here or Bill Sirola in our Vancouver office in the United Kingdom Building.

C
O
P
Y

- 2 -

It was a pleasure to meet you and to enjoy your company at lunch in Vancouver. We also appreciate very much the hospitality which was afforded us by Aaro Aho and by your crew at the property during our examination.

Kindest regards,

Yours sincerely,

KERR-ADDISON GOLD MINES LIMITED



Paul M. Kavanagh
Chief Geologist - Exploration

PMK:ry

C

O

P

Y

Walkers

HIGH QUALITY

PAINTS

WALKER BROTHERS LIMITED

TELEPHONE: HEMLOCK 4-1374

VANCOUVER, BRITISH COLUMBIA

5684 BERESFORD STREET, BURNABY 1

REC'D OCT 30 1961

October 27th, 1961

Kerr-Addison Gold Mines Limited,
Bank of Nova Scotia Building,
44 King Street West,
Toronto 1, Ontario.

PESO SILVER

Dear Mr. Kavanaugh:

I wish to thank you for your letter of October 20th in respect to Peso.

Our prospects now, have improved considerably since your visit. Several more veins of a substantial nature have been uncovered, one of these being similar mineralization to that of United Keno Hill, carrying galena and jamesite with surface samples carrying assays of up to 184 oz.

In order to keep you better informed as to our progress I am asking our Managing Director, Mr. Stan Cropper, to forward our latest geological reports.

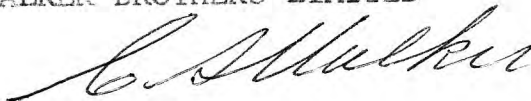
Bulk samples are presently being brought out for metallurgical and other tests, but in the meantime we are carrying on with our program.

We have raised an additional \$100000.00 to see us through with the winter portion of that program, and further funds will be made available for a continuance of surface exploration next spring.

It would appear that we are showing real signs of a major mining prospect, and which we feel may lead to active participation with a reputable mining company in the not too distant future.

Kindest regards,

Yours very truly,
WALKER BROTHERS LIMITED



C.S. Walker

P.S. Universal Sections & Mouldings,
100 Canadian Street,
Scarborough, Ontario.

PESO SILVER MINES LTD. (N.P.L.)

ADMINISTRATIVE OFFICES:

202-633 HORNBY STREET

VANCOUVER 1, B.C. - CANADA

TELEPHONE MUTUAL 1-1385

REC'D NOV 1 1961

REGISTERED OFFICE:

850 WEST HASTINGS STREET,

VANCOUVER 1, B.C., CANADA

October 30, 1961

Kerr-Addison Gold Mines Ltd.,
Bank of Nova Scotia Building,
44 King Street West,
Toronto 1, Ontario.

Attention - Mr. Kavanaugh

Dear Sir:-

Kindly be advised that one of our directors, Mr. C. S. Walker, has requested that we forward to you up-to-date information on our Peso silver property.

We are pleased, therefore, to enclose the latest reports from Dr. Aho and detailed maps of the present known veins.

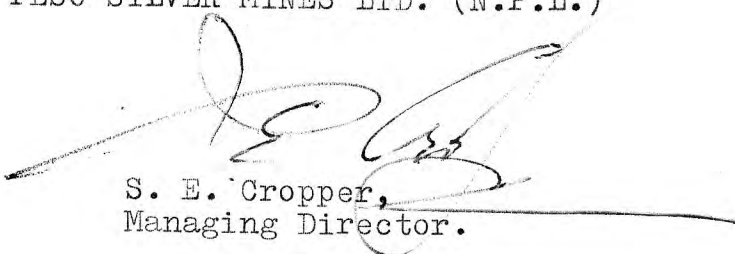
Further to these reports, information has come from our Resident Geologist, W. S. Read, that an additional new vein 5 to 8' wide has been discovered South of #2 vein.

I trust you will find these reports comprehensive and will be pleased to answer any further questions you may have.

Thanking you for your kind attention in this regard, I remain -

Yours very truly,

PESO SILVER MINES LTD. (N.P.L.)


S. E. Cropper,
Managing Director.

SEC/cg

Encls.

c.c. C. S. Walker

REC'D NOV 30 1961

6 Nov 1961

Box 606
Whitehorse YT

A		N
	W.S.R.	
	L.C.E.	
	F.M.P.	
	P.C.W.	
	S.R.R.	
	M.C.S.	
	B.C.S.	
	B.M.C.	
	G.P.S.	
	E.H.S.	
	M.S.	
	S.S.	

Dear Paul:

Left Whitehorse on the morning of the 11th and upon arriving in Mayo I found that John Strebchuck was down with a bad cold so we postponed our trip for a couple of days. While I was at the Peso property I went over to the Rex Claims but as there was three feet of snow it was impossible to do any proper sampling. I have taken some grab specimens and I am sending them on to you. Wayland Read is the resident geologist and gave me a map of the trenching and sampling that was done by Arro Aho. I have had a couple of prints made and am sending you the original. In comparing the Peso and Rex surface sampling the values on the Rex are by far more interesting. Roger Verity who is the Exploration Manager informs me that an underground program is outlined for the Rex this coming spring. A road from the Peso camp to the Rex ~~and~~ claims was completed last fall a distance of three miles. Trenching was done over a strike length of 950 ft and trenching with a bulldozer will continue in the spring.

The cross-cut was started on the Peso on the 20th of Nov but due to the lack of a mucking machine they are not advancing to rapidly. The rock is badly shattered but this might be due to a small fault that is close to the portal. It appears that it will be necessary to timber all the way. It was expected to cut the vein before Xmas but due to a late start it will be after the new year. The Peso people are not allowing any one to sample the intersected vein until Arro does. I have obtained permission to sample it immediately after Arro.

Additional veins have been found on the Peso property, one being above the first switch back. No work has been done on these therefore no information is available other than that they exist.

In the event that the Peso values improve underground it would be a good idea to stake the area to the south west. Victor Mukans, Alex Smith and John Strebchuck have a group of 32 ~~claims~~ claims adjoining the Peso to the South West. They are the Silver and Dallar claims (claim map enclosed) Float identical to that located on the Peso was found on these claims. It is likely that the same glacial conditions apply to these claims and according to Arro and Angus McDonald where ever mineralized float was located a vein was uncovered in the immediate area. These people have promised to give Kerr first refusal on this group. This ground is of interest only if the Peso proves up.

Re the 12 ft. galena showing, John Strebchuck was not able to locate thing as there is 3 feet of snow. After spending three days looking for it I decided to give it up until spring. The occurrence is at the head waters of Boulder Creek and May Creek at an elevation of 5000 ft.. Dr. Bostock in his McQuestion report 1948 (enclosed) states that galena float was found in this area (page 11). As John was not sure where his showing was it is better to wait until spring. With only 16 claims we stood a good chance of missing it. By staking claims it would disclose the location and in case we didn't have it covered John would lose his showing if others tied on.

Strebchuck is asking fifty thousand for this with 500.00 down and payments after each working season. It is an easy deal if the property stands up.

Regards

al.

KERR-ADDISON GOLD MINES LIMITED

(FOR INTER-OFFICE USE ONLY)

106-D
Attach to
previous
correspondence

A	N
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
W.S.P.	
K.E.G.	
P.M.K.	<input checked="" type="checkbox"/>
C.K.W.	
G.H.M.	
H.D.S.	
B.C.R.	
D.W.P.	
G.P.H.	
E.L.D.	
J.L.B.	
<u>E.C.J.</u>	

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

Subject.....Peso Silver Property, Mayo District, Yukon.....Date.....November 28, 1961

I wish that you would contact Mr. C. E. Walker by phone to advise him that when Aaro Aho visited me in my office yesterday I had an opportunity to come up to date on the work done on the Peso property since our visit to it. You can tell him that I (and I think yourself) continue to be very interested in the property, and that I have arranged with Aaro to contact me again in 11 or 12 days' time when he returns to Toronto from New York, at which time I am going to try and arrange for Mr. Row to have an opportunity to question Aaro directly re the property. In the meantime I hope to bring Mr. Row up to date on it.

Aaro is of the opinion that the Peso people would deal the property at any time - even when the adit drive is in progress. He thinks that they are in contact presently with some Japanese interests who appear to be not concerned about a possible high antimony content. When you contact Mr. Walker it would be well if you could determine what sort of deal Peso presently has in mind. Aaro thinks that they would like to have a continuing 30-40% interest and participation in the property's development. It would be well to find out the current corporate position of Peso; i.e. re its issued stock, its current cash position etc. etc., and to determine under just what arrangements Peso is thinking that a company such as ours could enter the picture.

Paul M. Kavanagh
Chief Geologist - Exploration

PMK:ry

Peso Silver 106/10

Paul - If "the other 10% goes to Peso" it remains in the Treasury and hence is available ~~to~~ as working capital? — assuming that Peso is the operating Company.

W.S.
P.M.K.

106/D

I would appreciate it very much if you would let me know what your reaction is to our proposed basis for a deal.

I very much enjoyed seeing you again in Vancouver.

Yours sincerely,

KERR-ADDISON GOLD MINES LIMITED

C.C. W.M. Sirola

PMK:ry



Paul M. Kavanagh
Chief Geologist - Exploration

C
O
P
Y

JAN 15 1962

Box 606,
Whitehorse, Y.T.,
January 11th, 1962.

76/D
attach to
previous
cov

A	N
W.S.R.	
K.C.B.	
P.M.A.	✓
C.K.W.	
G.H.M.	
R.D.S.	
B.C.P.	
D.W.P.	
G.P.R.	
E.L.L.	
H.B.	
L.C.T.	

Dr. Paul Kavanagh,
Suite 1600-44 King St. West, v
Toronto, Ontario.

Dear Paul:

I met Wayland Read, Resident Geologist for Peso Silver, in town to-day, and he advised me that they are in about 130 ft. and no vein yet. They have just commenced operations again after the holidays, and should intersect the vein at about 160 ft. I will keep close watch on this.

Regards.

Al

Al Kulan.

JAN 22 1962

attach to previous correspondence 106/70.
KERR-ADDISON GOLD MINES LIMITED

(FOR INTER-OFFICE USE ONLY)

A	N
W.S.R.	
K.C.G.	
P.M.A.	✓
C.K.V.	
G.H.M.	
P.B.S.	
D.W.P.	
G.F.D.	
E.L.D.	
J.H.E.	
<u>E.C.T.</u>	

To..... P. M. KAVANAGH From..... W. M. SIROLA

Subject..... PASO SILVER MINES Date..... January 19th 1962

I telephoned C. S. Walker this morning and will have lunch with him on Monday, January 22nd.

Mr. Walker sounded as though there might now be a framework round which a mutually acceptable situation could be pieced together. They anticipate reaching the No:-1 vein by January 25th.

W. M. SIROLA

WMS:cg

JAN 25 1962

Attach to previous correspondence
KERR-ADDISON GOLD MINES LIMITED

(FOR INTER-OFFICE USE ONLY)

106/D.

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

To..... P. M. KAVANAGH..... From..... W. M. SIROLA.....

Subject..... PESO SILVER MINES, YUKON TERRITORY..... Date..... January 24th, 1962.....

I have had several lengthy telephone conversations with Aaro Aho regarding the Peso operation. Yesterday I had lunch with C.S. Walker.

Peso recently acquired an option on the one hundred and twenty-six claim Barker group. They paid \$30,000.00 for this option. I do not know the total purchase price nor do I know their schedule of payments. Mr. Walker appears convinced as does Aho that the Barker claims have great possibilities in view of the placer gold which has been found thus far.

Peso has expended the sum of \$80,000.00 to date and by the end of February will have expended approximately \$30,000.00 more for a total of \$110,000.00. This will have opened up 150' to 200' of the No.1 vein.

They have drawn up a budget through September of 1962 which involves a total expenditure of \$219,000.00 and are seemingly prepared to increase this figure to \$325,000.00. This would involve, in addition to the underground work, sinking a 50 foot shaft on the Rex vein, stripping with two bulldozers which they have purchased, and carrying out geological mapping of both properties. It might also involve some form of geophysics. Seemingly it is their intention to do a very thorough job on both properties.

They do not take kindly to the idea of a major company participating to the tune of say \$75,000.00 and then pulling out because they feel that this would give both properties a black eye. At one stage this morning Aho was quite receptive to this type of expenditure but had to change his mind after talking to Walker. Walker's thinking seems to be that any participating company would have to be prepared to advance the difference between what Peso has spent to date and what they would ultimately like to spend, which would presumably be somewhere between \$250,000.00 and \$300,000.00. In other words, if Kerr were to come in at the end of February, they would then have to commit for a minimum of \$140,000.00. Obviously, it is difficult at this time for us to justify a commitment like this. Conceivably, however, it would be justified if the No.1 vein shows sufficient promise.

I can only suggest that we keep in very close touch with the situation and be prepared to negotiate very quickly if need be. In the meantime I have been assured by both Aho and Walker that they will give the matter every consideration to see if there is some other basis on which we might participate.

There will come a time, of course, when Walker will be reluctant to release any more Peso shares because he will then begin to lose control of the situation but that time will not be before the end of 1962 or perhaps later. If the underground work is promising it becomes a relatively simple matter to justify the type of participation they are seeking and I hope this, will come to pass.

William M. Sirola.

FEB 7 1962

KERR-ADDISON GOLD MINES LIMITED

(FOR INTER-OFFICE USE ONLY)

106/10

A		N
	W.S.R.	
	K.C.G.	
	P.M.A.	✓
	G.K.W.	
	G.H.H.	
	R.D.S.	
	G.N.R.	
	G.P.R.	
	E.L.D.	
	J.P.	
	E.C.	

To..... P. M. KAVANAGH From..... W. M. SIROLA

Subject..... PESO SILVER MINES, MAYO DISTRICT, YUKON. Date..... February 5th, 1962.

I talked with C. S. Walker again this morning regarding admission to the Peso project. Walker advised that Dr. Aho is on the property and has advised against permitting anyone into the adit until he has completed his own report. Apparently stringers of sulphides have been encountered, but the vein has not yet been reached. Walker also said that Aho advised him against dealing with anyone for the time being. This can be interpreted in various ways of course. One possibility is that the vein has dispersed into small stringers and they could not make a favourable deal at the present time. However, this is merely guess work on my part and means very little.

I have advised Al Kulan of the situation and will keep him posted as soon as I hear further from Walker, who, in turn, has promised to keep me posted.

R.L.
for William M. Sirola.

File with previous correspondence

KERR-ADDISON GOLD MINES LIMITED

(FOR INTER-OFFICE USE ONLY)

A		M
	W.S.R.	
	K.C.B.	
✓	P.M.A.	✓
	C.K.W.	✓
	C.H.H.	
	R.D.S.	
	B.C.R.	
	D.W.B.	
	G.P.R.	
	E.L.D.	
	H.B.	

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

Subject..... Peso Silver..... Date..... February 20, 1962.....

Ted: watch the dates because we have received other data more recently. I have sent thoughts you for filing.

Sirola phoned on February 16 that Peso have cut 19' of sulphides in their cross-cut. He saw some of the samples which are impressive and mineralized with jamesonite, arsenopyrite, pyrite and chalcopyrite, siderite, chalcocite and possibly tetrahedrite. Peso are reported to know the silver assays (this is unconfirmed) and that they are 40 to 50 ounces per ton. Assays are expected next Wednesday (February 21).

Mr. Row was given this information verbally and he did not think it necessary for me to phone you this information since Peso are already financed.

C. K. Wilton

C. K. Wilton
Senior Geologist - Exploration

CKW:ry

MADE IN CANADA

FEB 23 1962

file with previous correspondence 106/P.
KERR-ADDISON GOLD MINES LIMITED

(FOR INTER-OFFICE USE ONLY)

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

To.....P. M. KAVANAGH.....From.....W. M. SIROLA.....

Subject.....PESO SILVER MINES, MAYO DISTRICT, YUKON TERRITORY.....Date.....*Feb 21st* 1962.....

I talked at some length with Aaro Aho this morning regarding the intersection of No. 1 vein in the cross-cut. He was not quoting any assays at this time, but said that he would tell me in confidence that a 2' to 3' width on one side of the vein had economic values in silver. This particular section of the vein was essentially devoid of arseno pyrite and he felt that it would not be too difficult to concentrate. The remaining 16' to 17' of width in the vein presumably has low silver values and minor values in copper and lead. The situation is still quite intriguing as far as I am concerned, particularly because the presence of a heavy volume of sulphides at cross-cut depth would probably make it possible to delineate similar veins in this area geophysically. On the other side of the ledger, I suppose we could argue that there are no known silver deposits associated with jamesonite in any quantity in this country. As a matter of fact, I do not even know whether such silver as may be contained in the jamesonite is extractable therefrom.

As soon as I have further data, I will send it to you.

R.L.

pp. William M. Sirola.

FEB 29 1962

KERR-ADDISON GOLD MINES LIMITED

(FOR INTER-OFFICE USE ONLY)

A	M
W.S.R.	
K.C.A.	
P.M.A.	
C.K.W.	
R.D.S.	
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G.P.R.	
E.L.M.	
J.L.M.	
E.C.L.	

To.....P. M. KAVANAGH.....From.....W. M. SIROLA.....

Subject.....PEÑO SILVER MINES, YUKON TERRITORY.....Date.....February 27th, 1962.....

I have enclosed today's George Cross Newsletter which describes the Peso cross-cut intersection in some detail.

Aaro Aho advises me that the Peso people are still receptive to participation by major mining companies. Apparently, their concern over the type of deal proposed by Kerr-Addison was that they could visualize a situation developing where capital requirements reached a point at which they were unable to participate further, and their interest then might be reduced beyond a point they thought desirable. They would like to have a proposal presented to them which would spell out more definitively the ultimate position of Peso Silver at the completion of financing.

I did not discuss the situation with any of the Directors today, but the intimation given me by Aaro was that any major company participating at this time would have to commit for at least as many dollars as Peso had already spent in order to gain a majority position.

The property is obviously still a question mark and I have no particularly strong convictions about it personally. I have not heard the results of any metallurgical testing and do not know what percentage of the lead and silver would be recoverable. Possibly the drifting on the No. 1 vein could be completed for the sum of \$50,000.00, but the exploration of the Rex vein would probably prove to be costly because it is more difficult to get a satisfactory adit into the vein.

R.S.

for William M. Sirola.

Enc.

WMS:r1

P.A. Attach to
Peso
Carvep.

KERR-ADDISON GOLD MINES LIMITED

(FOR INTER-OFFICE USE ONLY)

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

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

Subject..... **Peso Silver Mines** Date..... **February 28, 1962**

Thank you for your memorandum of February 27th with the enclosed George Cross News Letter account which I am returning herewith.

The mineralization encountered in the adit intersection is substantially below ore-grade calibre for the Yukon. (United Keno's operating costs in the 1960 fiscal year on a 400 ton per day basis were in excess of \$35.00 per ton milled). An analysis of the assay data indicates that the central 11 odd feet of the vein zone is barren.

I presume that nothing of interest was encountered in the 300 feet of adit driven before the vein intersection.

I would hesitate, based on the evidence to date, to recommend our being willing to go firm for a \$150,000 expenditure, which is the amount Peso had spent to the middle of February.

PMK:ry
encl.

PMK.
Paul M. Kavanagh
Chief Geologist - Exploration

Attach to Preveil correspondence 106/TD
KERR-ADDISON GOLD MINES LIMITED

(FOR INTER-OFFICE USE ONLY)

APR 16 1962

To P. M. KAVANAGH From W. M. SIROLA

Subject PESO SILVER MINES, SECRET CREEK, YUKON. Date April 13th, 1962.

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

I have enclosed George Cross News Letter No. 72 which deals with Peso Silver on Page 3.

I talked to Aero Aho this morning about the property and he said that they had drifted 130' in a Northwesterly direction and 60' to the Southeast. There are no significant values other than those shown in the George Cross News Letter.

The shaft on the Rex vein is now 26' deep and at that depth shows 16" of vein material with considerable galena.

R.S.

pp. William M. Sirola.

Enc.
WMS:rl

1067D

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

March 23, 1962

C
O
P
Y

Mr. S. E. Cropper,
Managing Director,
Peso Silver Mines Ltd.,
202 - 633 Hornby Street,
Vancouver 1, B. C.

Dear Mr. Cropper:

Thank you very much for your letter of March 19th to which was attached a February 28th report on the Peso Silver crosscut. Although your letter stated that a metallurgical report of the surface oxide vein material was also attached, I do not think it was and I would appreciate receiving a copy of the report from you.

Yours sincerely,

KERR-ADDISON GOLD MINES LIMITED

Paul M. Kavanagh
Chief Geologist - Exploration

PMK:ry

KERR-ADDISON GOLD MINES LIMITED

(FOR INTER-OFFICE USE ONLY)

106/D.

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PMK.	✓	
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G.R.P.		
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H.P.		
C.P.		

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

Subject Forty Claim Located on Three Sides of Date May 22, 1962
Peso Silver Property, Yukon

With reference to your May 4th memorandum on these claims, and in line with my comment on your Buttle Lake and Eagle Asbestos submissions, what do you recommend concerning this 40 claim group property?

Paul M. Kavanagh
Chief Geologist - Exploration

PMK:ry

106/D

MAY 9 1962

KERR-ADDISON GOLD MINES LIMITED

(FOR INTER-OFFICE USE ONLY)

A		N
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J.C.S.		
P.M.K.		
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H.D.		
F.D.		

To..... P. M. KAVANAGH.....From..... W. M. SIROLA.....

Subject..... 40 CLAIMS LOCATED ON 3 SIDES OF PESO SILVER.....Date..... May 4th, 1962.....

These claims belong to Messrs. Strebchuck, Smith and Mukans, who are seeking \$10,000.00 in the first six months following a free examination. They are also seeking 300,000 of the vendor's shares in a new company. They would like to have a work commitment of \$4,000.00 under this Agreement.

There is a rusty outcrop on one of the claims which is said to assay 6.2 ozs. of silver to the ton. In other words, the values are about the same as those encountered over portions of the Peso veins on surface.



William M. Sirola.

WMS:rl

106/D

Peso

May 30, 1962

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

C
O
P
Y

Mr. S. E. Cropper,
Managing Director,
Peso Silver Mines Ltd.
202-633 Hornby Street,
Vancouver 1, B. C.

Dear Mr. Cropper:

Thank you for your letter of May 25th with attached data re your property in the Yukon.

In answer to your request for comments I would say that it appears that the indicated small 37.4 oz. silver zone is the only zone of any real interest found to date. The rest of the mineralization found in the underground workings is low grade for that part of the country. It is worthy of note that the above zone is contained within what Read has mapped as an oxidized vein zone.

We would appreciate your continuing to send us data on your property.

Yours sincerely,

KERR-ADDISON GOLD MINES LIMITED

PMK

Paul M. Kavanagh
Chief Geologist - Exploration

PMK:ey

cc/W.M.Sirola



Telecommunications

Peso

106-D

local time 1962 SEP 13 PM 8 53

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

VA071

V LLG157 14 NL=FD VANCOUVER BC 13#

P M KAVANAGH= WHITEHORSE INN

WHITEHORSE YT=

Re: ~~AAA~~ Peso Silver, Mayo, ~~W. H. H.~~

MACDONALD HAS CARTE BLANCHE FOR PESO VISIT STOP VERITY

WIRING READ TO THAT EFFECT=

WILLIAM SIROLA=:

*not
Fryby
9E TC*

=CARTE BLANCHE PESO VERITY. |||

COPY

November 19, 1962

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

Mr. C. S. Walker,
5684 Beresford Street,
Burnaby 1, British Columbia.

Dear Cecil:

Peso Silver, Mayo District,
Tukou

I want to thank you very much for the quart of Strypeese varnish remover which you sent me recently. It really works. Shortly before it arrived I had bought some BMC remover from Simpsons Ltd., and had found that although it didn't work too badly on poorly varnished wood, it had no effect whatsoever on well varnished wood. I was very happy to discover that the Strypeese handled well varnished surfaces easily.

Although I don't contemplate needing any more in the very near future, we do have a lot more varnish in our home which we do want to remove and I would appreciate it if you would let me know where I can purchase more Strypeese, wholesale if possible.

As yet our Toronto office - and, I think, our Vancouver office, has not received any results of any of Peso's Rex vein drilling, which we advised in September that we would appreciate receiving.

Kindest regards,

Yours sincerely,

PMK

Paul M. Kavanagh
Chief Geologist - Exploration

PMK:ry

OCT 2 1964

106/D

KERR-ADDISON GOLD MINES LIMITED

(FOR INTER-OFFICE USE ONLY)

To..... P.M. KAVANAGH. From..... W.M. SIROLA.

Subject..... PESO SILVER MINES, Y.T. Date..... October 1st, 1964.

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

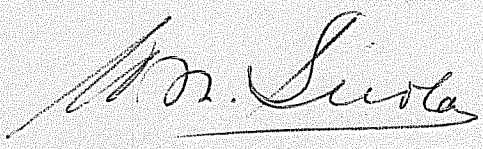
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*Do not change date
on card*

In reply to your question about the current increase in price of Peso shares, the only thing I have been able to learn is that an attempt is being made to work out financing through Forget et Freres in Montreal. I do not know how this alleged financing is progressing. In addition, there is, apparently, a favourable report on Brown-McDade by Bill Martin. I am trying to get the content of this report through George Cross, Jr.

On the Shanghai Group, they will, apparently, drift toward a three feet intersection of galena, encountered in one of their surface diamond drill holes.

The extent of the contribution of any or all of this information on the stock price is anyone's guess.



William M. Sirola.