

M E M O R A N D U M  
by W. J. Rundle

KETZA RIVER CLAIMS, YUKON TERRITORY

Presented by Richard R. Kirwan

December 1958

On December 23, 1958, Mr. Richard R. Kirwan was introduced to P. W. Allen by R. M. Belliveau. Kirwan is mechanical superintendent at the Cassiar Asbestos Corporation, Cassiar, British Columbia.

He holds an option on 44 lead-silver claims totaling approximately 1700 acres in the Ketz River area of the Yukon Territory near latitude  $61^{\circ}-30'$ , longitude  $132^{\circ}-15'$ . This is about 175 airline miles northeast of Skagway, Alaska and 120 airline miles northeast of Whitehorse, Y. T. They are reached by road from Whitehorse as follows: 85 miles southeast toward Edmonton along the Alcan Highway to the junction with the Canol Highway, then 50 miles north along the Canol Highway, then about 40 miles northeast across country to the claims. A bulldozer has traversed this latter section but it is not passable to cars. These distances were scaled from a map and are only approximate.

Kirwan and associates have spent approximately \$15,600 on the claims, including \$12,000 to the owners. An additional \$24,000 payment to complete the purchase is due by December 31, 1959. Kirwan owns a 50% interest and has the power of attorney for an additional 25% held by Erick Erickson, and reports that Henry H. Regehr (who holds the remaining 25%) will go along with any deal he makes.

The claims are legally staked and recorded on Dominion land which provides a 21-year renewable lease with a small royalty or rental that Kirwan was not able to specify. Annual assessment work is required to hold the claims prior to development and production.

A phone conversation with David A. Duff in Toronto revealed that CMC had prospectors in the same area in 1954 and 1955 and that after a significant amount of work had been done on a group of CMC staked claims along Seagull Creek, Evan Just decided that the results did not warrant further work. A check of the file in 1206 located progress report from Evan Just to Henry T. Mudd dated July 29, 1955 which contained one page devoted to the work being done at that time.

However, Kirwan, when questioned about activity in the area since the staking in 1954, advised that Conwest had had an option on his claims before he entered the picture and had done surface work such as short adits and test pits, but had confined their efforts to the Key 3 claim. Since

that time Kirwan's group has done additional work on other claims which he considers to be very promising.

The original CMC work on Seagull Creek was located plus or minus 20 miles west of the Kirwan claims and would not be indicative of the merits of them. Kirwan stated that Dr. Smitheringale, who is in charge of exploration for Conwest, had visited these claims in the summer of 1958 and on the strength of the new showings had asked for a new option in the name of Conwest. He told Kirwan that the new showings are more promising than the original showings at United Keno Hill Mines. This property, which is about 200 miles northwest of the Kirwan claims, is a silver-lead producer which has been in production since 1948 and presently is milling about 400 tons per day. Present reserves, plus past production, will total over 1.5 million tons. This has been a profitable operation in an area at least as remote as that where the Kirwan claims are located.

Because of the remote location, the cost of developing and operating a mine will be high. Therefore, any concentrate shipped will have to be high in silver. Kirwan states that the objective will be to selectively mine only the lead ores which have a ratio of something like three ounces of silver for each 1% lead. In concentrating, it is assumed that the upgrading of the lead will also upgrade the silver. Thus, a 65% lead concentrate should contain something like  $65 \times 3 = 195$  ounces of silver per ton. Only adequate tests can verify this.

Concentrates would travel by truck, rail and water to the smelter at Trail, B. C. Kirwan estimates transportation at \$54 per ton, handling \$5 and treatment \$15. With his experience in shipping asbestos from Cassiar to Vancouver over essentially the same distance and type of road, etc., he should be well qualified to evaluate the transportation problem.

Kirwan is interested in selling his option to a company who will explore the property and develop the mine if an orebody exists. The deal that he offers is as follows:

- 1) He will hold an option for us at no cost until such time as we have had a two weeks period for field examination in the Spring after the snow is gone (about May 15).
- 2) If we exercise our option, we pay him \$15,600 for the right to drill and explore on the property. At that time he will assign his option to us in an escrow agreement. We will have

until the end of 1959 to decide whether or not to pick up Kirwan's option. If we do, we pay the required \$24,000 and then own the lease to the claims, except that Kirwan and his associates will retain an interest in the property. This interest depends on how the property is financed. If CMC provides all the requirements and develops it as a wholly owned division, he would receive an additional \$15,000 plus a royalty on production. But if a company is formed and shares sold for financing, he is to receive 300,000 shares of a 3,000,000 share company.

December 26, 1958