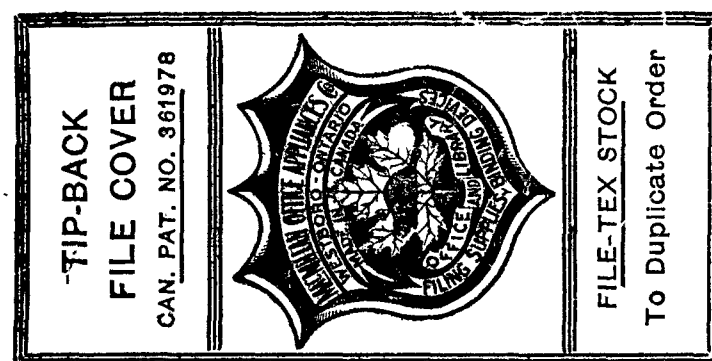


40-7-18(1)

1964-8-17



No. Sp. 3033

File No. 40 - 7 - 18 Vol. 1

FILE NO. 40-7-18 VOL. 1

C L O S E D V O L U M E

FROM: 1954

TO: Dec. 57

FOR SUBSEQUENT CORRESPONDENCE SEE VOLUME. 2.

Department of Northern Affairs and
National Resources

OF THE DEPUTY MINISTER

DATE

24/12/57

TO:

Mr Carter

FOR ACTION:

Mr Trachtenberg

FOR DIRECT REPLY:

- assume you will

FOR PREPARATION OF REPLY:

send to file - then

FOR COMMENT:

nothing for me to

FOR APPROVAL:

do on this at the

moment - MTR

TO NOTE AND FILE: ☐

AND RETURN: ☐

FOR DISCUSSION WITH UNDERSIGNED:

*I do not believe
that Mr Herbert had
the opportunity to see the
attached letter before
going on leave. Would
you please return it
to him?*

*S. Trachtenberg,
Economic Development*

000582 71

Department of Northern Affairs and National Resources

OFFICE THE DEPUTY MINISTER

TO: MR. HERBERT

DATE Dec. 20/57

FOR:

	PREPARATION OF REPLY		DISCUSSION WITH UNDERSIGNED
	ACTION		MAY WE DISCUSS AT YOUR CONVENIENCE
	COMMENT		DIRECT REPLY
	APPROVAL		DIRECT REPLY, COPY TO THIS OFFICE
	INFORMATION	XXX	NOTE AND FILE
	SIGNATURE		NOTE AND RETURN
	TRANSLATION		AS REQUESTED

To see, before your absence on
leave, and to pass to Mr. Carter
to note and file.



000583

NANR 22-14

OFFICE
KNIFE
W. T.

DEC 30 1957

40-7-18

HEAD OFFICE
SUITE 509
25 ADELAIDE STREET WEST
TORONTO 1, CANADA

RAYROCK MINES LIMITED

TELEPHONE EMPIRE 4-5588

Toronto, Ontario
December 17, 1957

DEC 19

Mr. R. G. Robertson
Deputy Minister
Northern Affairs and National Resources
OTTAWA, Ontario

Deputy Minister's Record
File No. 40-7-18
Indexed by J.R.

Dear Mr. Robertson:

All Weather Road - Marian Lake to Sherman Lake

We completed construction work on the above road during 1957 in the amount of \$24,599.76, and detailed statement covering these expenditures will be mailed direct to you by our Mine Office in the near future.

We were unable to complete construction of the road during 1957 due to the pressure of getting our mine into production both physically and financially. We did, however, complete all but a very short section of the subgrade, installed some culverts and did some gravelling. We were able to use the road for trucking other than very wet periods when we kept all traffic off the road. The following work is required to complete construction:

1. Installation of 25 culverts.
2. Completing a short section of subgrade.
3. Surfacing with gravel or mine waste rock, 3 miles.

The above mentioned 3 miles of surfacing with gravel will mean that a portion of the road will not be gravelled. Quoting from a construction report - "It was found that even on certain gravelled sections, the road would not stand up to traffic during wet weather and consequently we felt that completely gravelling the road was not the answer, nor would it necessarily permit use of the road in all types of weather."

Summarizing the Government's contribution toward construction of the all-weather road:

- 2 -

- 2 -

Dec. 17/57

Government Share for 1956		\$138,287.61
Holdback	\$ 13,828.76	
Govt. Share less holdback	124,458.85	
Government Share for 1957		12,299.88
Government Share to complete road in 1958		<u>6,412.51</u>
Total		<u>\$157,000.00</u>

We estimate the cost of completing road construction in 1958 at \$20,000.00 and additional funds in the amount of \$7,175.00 will be contributed 100 per cent by Rayrock.

We thank you sincerely for your cooperation and efforts on our behalf.

Yours very truly,

RAYROCK MINES LIMITED

JCB:o's

J. C. Byrne
President and Managing Director

Department of Northern Affairs and National Resources

OFFICE OF THE DEPUTY MINISTER

TO: MR. SIVERTZ

DATE Dec.20/57

FOR:

xxx	PREPARATION OF REPLY		DISCUSSION WITH UNDERSIGNED
	ACTION		MAY WE DISCUSS AT YOUR CONVENIENCE
xxx	COMMENT		DIRECT REPLY
	APPROVAL		DIRECT REPLY, COPY TO THIS OFFICE
	INFORMATION		NOTE AND FILE
	SIGNATURE		NOTE AND RETURN
	TRANSLATION		AS REQUESTED

A copy has been sent to Mr. Herbert
and Mr. Carter to note.

*B. F. Jan. 6/57
for reply.
[Signature]
MP*

Department of Northern Affairs and National Resources

OFFICE THE DEPUTY MINISTER

TO: MR. HERBERT

DATE Dec.20/57

FOR:

	PREPARATION OF REPLY		DISCUSSION WITH UNDERSIGNED
	ACTION		MAY WE DISCUSS AT YOUR CONVENIENCE
	COMMENT		DIRECT REPLY
	APPROVAL		DIRECT REPLY, COPY TO THIS OFFICE
	INFORMATION	xxx	NOTE AND FILE
	SIGNATURE		NOTE AND RETURN
	TRANSLATION		AS REQUESTED

To see, before your absence on
leave, and to pass to Mr. Carter
to note and file.

000587

NANR 22-14

MINE OFFICE
YELLOWKNIFE
N.W.T.

RAYROCK MINES LIMITED

TELEPHONE EMPIRE 4-5588

Toronto, Ontario
December 17, 1957

DEPUTY MINISTER

DEC 19 P.M.

Dept. of Northern Affairs
& National Resources.

Mr. R. G. Robertson
Deputy Minister
Northern Affairs and National Resources
OTTAWA, Ontario

Dear Mr. Robertson:

Reply d. Jan. 3/58

All Weather Road - Marian Lake to Sherman Lake

We completed construction work on the above road during 1957 in the amount of \$24,599.76, and detailed statement covering these expenditures will be mailed direct to you by our Mine Office in the near future.

We were unable to complete construction of the road during 1957 due to the pressure of getting our mine into production both physically and financially. We did, however, complete all but a very short section of the subgrade, installed some culverts and did some gravelling. We were able to use the road for trucking other than very wet periods when we kept all traffic off the road. The following work is required to complete construction:

1. Installation of 25 culverts.
2. Completing a short section of subgrade.
3. Surfacing with gravel or mine waste rock, 3 miles.

The above mentioned 3 miles of surfacing with gravel will mean that a portion of the road will not be gravelled. Quoting from a construction report - "It was found that even on certain gravelled sections, the road would not stand up to traffic during wet weather and consequently we felt that completely gravelling the road was not the answer, nor would it necessarily permit use of the road in all types of weather."

Summarizing the Government's contribution toward construction of the all-weather road:

- 2 -

- 2 -

Dec.17/57

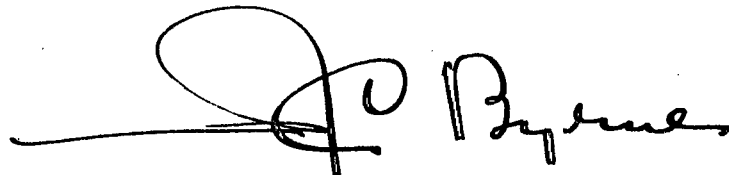
Government Share for 1956		\$138,287.61
Holdback	\$ 13,828.76	
Govt. Share less holdback	124,458.85	
Government Share for 1957		12,299.88
Government Share to complete road in 1958		<u>6,412.51</u>
Total		<u>\$157,000.00</u>

We estimate the cost of completing road construction in 1958 at \$20,000.00 and additional funds in the amount of \$7,175.00 will be contributed 100 per cent by Rayrock.

We thank you sincerely for your cooperation and efforts on our behalf.

Yours very truly,

RAYROCK MINES LIMITED



J. C. Byrne
President and Managing Director

JCB:o's

DEC 26 1957 Mr. Herbert

Go note & file

Deputy Minister's Records
File No. 40,718
Indexed by *ER*

RAYROCK MINES LIMITED
SUITE 509 - 25 ADELAIDE ST. W.
TORONTO 1, ONTARIO

Progress Report

OCTOBER 25th, 1957

RAYROCK MINES LIMITED

TO THE SHAREHOLDERS:

From the commencement of production in June the mill has performed exceptionally well. Recovery has averaged 94.8 per cent, and sulphuric acid consumption averaged 38.5 pounds per ton of ore treated. Ore occurrences have proven to be more complex in mining than originally anticipated, resulting in an extended tune-up period while stopes are prepared and a reserve of broken ore built up underground. For this reason 72 per cent of the mill feed to date has been from development stockpiles on surface averaging 4 pounds of uranium oxide per ton, and the balance from underground development and stope preparation averaging 6 pounds per ton. Surface stockpiles will be cleaned up by the end of October and sufficient stopes will be in operation at that time to provide 100 tons daily to the mill, grading 7 pounds uranium oxide per ton. Daily mill rate will be increased to 150 tons when mine reserves have been built up to assure a steady ore supply at the increased rate.

The ore occurrences show quite a variation of control requiring at least double the amount of stope development of the average vein deposit, in the form of raising and sublevelling. This situation will continue until sufficient experience is gained to devise mining methods applicable to at least three different ore making fracture systems. Four stopes are now in operation above the 225 and 125 foot levels. Grade of broken ore in stopes averages 7.4 pounds per ton. Four raises are being driven between the 375 and 225 foot levels with two stopes to be started here within the next month.

High grade ore has been indicated by diamond drilling on 50 foot centres between the 375, 500 and 625 foot levels. Indicated uncut grade is substantially higher than the uncut grade from drilling above the 375 foot level. Between the 375 and 500 foot levels ore has been intersected over a length of 500 feet in two parallel, well defined fracture systems. Indications are that the parallel fractures may be ore bearing over the full length. They average 5.5 feet wide and lie about 15 feet apart. Average uncut grade of diamond drill intersections for the 500 foot length is .70 per cent uranium oxide or 14 pounds per ton over average core lengths of 5.5 feet. Best intersections were 66 pounds uranium oxide per ton for a core length of 11 feet, 27.8 pounds for 4.5 feet, and 17.6 pounds for 9 feet. Between the 500 and 625 foot levels drilling has indicated a length of

200 feet, averaging .78 per cent, or 15.5 pounds uranium oxide per ton uncut grade over an average core length of 7.2 feet. Best intersections were 21.4 pounds per ton for a core length of 19 feet, and 23.8 pounds for a length of 17 feet.

From June to September inclusive the mill treated 11,840 tons or 97 tons daily, and production was valued at \$470,000.00. Production is increasing each month with \$165,000.00 anticipated for the current month. Beginning November, with all mill feed coming from underground, monthly production should average \$200,000.00 at a daily mill rate of 100 tons. Operating profit at this production rate would be \$70,000.00 per month. Despite heavy development charges, operating costs are very close to preproduction estimates.

Additional housing has been completed for both single status and married employees, and accommodation is now adequate for the work force of 135-140 men. A 400 ton sulphuric acid storage tank has been erected and an addition to the powerhouse completed to house further standby Diesel power units. A recreation club has been organized and a building, including curling rink, is being constructed with volunteer labour.

On behalf of the Board of Directors,

J. C. BYRNE,
President and Managing Director.

Toronto, Ontario,
October 25, 1957.



CANADA

DEPUTY MINISTER
OF
NORTHERN AFFAIRS AND NATIONAL RESOURCES

Ottawa, 21 May, 1957.

Raymond
J.C. Byrne, Esq.,
President,
Consolidated Discovery
~~Yellowknife Mines Ltd.~~
Suite 509,
25 Adelaide Street,
Toronto 1, Ontario.

Dear Mr. Byrne:

I wrote you under date of the 2nd of May, 1957, advising that the Treasury Board has agreed that this Department can include in its Supplementary Estimates an item of \$57,000 to cover the assistance to the air strips and access roads which you requested.

In ~~your~~ correspondence with the ~~Department~~ *Minister* your *brother* suggested that consideration be given to the possibility of arranging payments to you as construction progressed, without having to wait for payments based on progress claims. In writing to you on the 8th of March, 1957, the Minister stated that he had asked me to initiate discussions with officials of the Treasury Board as to whether it would not be possible to make such arrangements. I regret to say that the officials of the Treasury Board feel bound by the provisions of Section 36 of the Financial Administration Act which does not provide for accountable advances in connection with construction projects of this nature. It was pointed out to me that where agreements are entered into with the government for financial assistance, such as in this case, no difficulty should be experienced in borrowing the necessary money from the bank. It would seem, therefore, that the main burden which your company

- 2 -

would be required to carry is the amount of interest to be paid on such loans until progress claims can be processed and payments made. Possibly arrangements could be made whereby progress claims could be handled expeditiously so that there will be no undue delay in forwarding the federal contributions as work progresses.

I regret I cannot give you a more favourable reply to your suggestion in respect to the method of making contributions to these projects.

Yours sincerely,

R. G. Robertson,
Deputy Minister.

WGB/IH

Files: 352-1
351-1

Copy for the Deputy Minister's file.

Ottawa, 21 May, 1957.

J.C. Byrne, Esq.,
President,
Consolidated Discovery
Yellowknife Mines Ltd.,
Suite 509,
25 Adelaide Street,
Toronto 1, Ontario.

Dear Mr. Byrne:

I wrote you under date of the 2nd of May, 1957, advising that the Treasury Board has agreed that this Department can include in its Supplementary Estimates an item of \$57,000 to cover the assistance to the air strips and access roads which you requested.

In your correspondence with the Department you suggested that consideration be given to the possibility of arranging payments to you as construction progressed, without having to wait for payments based on progress claims. In writing to you on the 8th of March, 1957, the Minister stated that he had asked me to initiate discussions with officials of the Treasury Board as to whether it would not be possible to make such arrangements. I regret to say that the officials of the Treasury Board feel bound by the provisions of Section 36 of the Financial Administration Act which does not provide for accountable advances in connection with construction projects of this nature. It was pointed out to me that where agreements are entered into with the government for financial assistance, such as in this case, no difficulty should be experienced in borrowing the necessary money from the bank. It would seem, therefore, that the main burden which your company

..2

- 2 -

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I regret I cannot give you a more favourable reply to your suggestion in respect to the method of making contributions to these projects.

Yours sincerely,

R. G. Robertson,
Deputy Minister.

APPROVED

B. G. Smith

Director, Northern Administration and Lands

WGB/IH

Files: 352-1
351-1

Copy to be returned to Mr. Sivertz.

Ottawa, 21 May, 1957.

J.C. Byrne, Esq.,
President,
Consolidated Discovery
Yellowknife Mines Ltd.,
Suite 509,
25 Adelaide Street,
Toronto 1, Ontario.

Dear Mr. Byrne:

I wrote you under date of the 2nd of May, 1957, advising that the Treasury Board has agreed that this Department can include in its Supplementary Estimates an item of \$57,000 to cover the assistance to the air strips and access roads which you requested.

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- 2 -

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I regret I cannot give you a more favourable reply to your suggestion in respect to the method of making contributions to these projects.

Yours sincerely,

R. G. Robertson,
Deputy Minister.

Department of Northern Affairs and National Resources

OFFICE OF THE DEPUTY MINISTER

DATE 1.5

TO:

FOR ACTION:

FOR DIRECT REPLY:

FOR PREPARATION OF REPLY:

FOR COMMENT:

FOR APPROVAL:

TO NOTE AND FILE: ☒ AND RETURN: ☐

FOR DISCUSSION WITH UNDERSIGNED:

No further action by us
seems necessary.

Yes I agree
[Signature]

000599

Mr. R. B. Robertson,

Deputy Minister,

Northern Affairs & National Resources.

MAY 2 1957

Ottawa, April 29, 1957.

Mr. Norman W. Byrne,
Consulting Mining Engineer,
Yellowknife, N.W.T.

Dear Mr. Byrne:

I have your letter of April 15 including a copy of your letter of March 19 to the Honourable Jean Lesage.

Dealing first with the question you raise about keeping our base maps up-to-date, we find it quite impossible with present staff accommodations and facilities to fully satisfy on the one hand the increasing requirements for new maps for areas where none exist, and on the other hand keeping our existing maps at all scales fully up-to-date. We keep a careful watch on major revisions and attempt to schedule these revisions at the time of reprint. For radio and landing facilities we rely on authoritative information supplied to us by the Department of Transport. We are checking with them concerning the features mentioned in your letter. With a new building being erected to house our Surveys and Mapping Branch we hope to improve our present facilities concerning map revisions.

I regret that we cannot meet with your request for a single map combining the sheets which presently cover the Yellowknife mining district. With the present load of work it is not possible for us to contemplate off-series maps for special interests or communities.

We thank you for the information you have supplied. Such information sent in by local residents proves very useful at all times.

Yours sincerely,

Marc Boyer,
Deputy Minister.

000600

Deputy Minister's Record
File No. *40-7-58*
Indexed by *JR*

FAGC/HAB

File
HAB

APR 24 1957

April 23, 1957.

MEMORANDUM FOR MR. ROLSTON

FEDERAL CONTRIBUTIONS TO RAYROCK
MINES LIMITED IN CONNECTION WITH
SHERMAN LAKE TO MARIAN LAKE ROAD

-- Attached hereto are two copies (including the original)
of a letter of April 15th, addressed to the Deputy Minister,
from Norman W. Byrne, Consulting Mining Engineer, Consolidated
Northland Mines Limited. This letter is in reply to the
Deputy Minister's letter to Mr. J. C. Byrne, of April 9th, a
copy of which is also attached for your information. Also
-- attached is one set of road construction invoices setting out
-- the expenditures by Consolidated Northland Mines Limited on the
Marian Lake Road. *in file packet*

You will note from Mr. Norman W. Byrne's letter that the
Treasury Auditors of the Department of Finance will not be in
Yellowknife until May. Mr. Byrne has therefore sent the Deputy
Minister the attached material in the hope that it could be
reviewed by Treasury personnel in Ottawa in time for payment to
be made from 1956-57 funds. The Deputy Minister would be pleased
if you would look into the possibility of having this done. I would
appreciate your letting me know, as soon as possible, whether some-
thing can be done on the basis of the attached material to have
payments made from the 1956-57 appropriations.

NAFC
F.A.G. Carter,
Chief Administrative Officer.

c.c. Mr. Sivertz.

Department of Northern Affairs and
National Resources

OFFICE OF THE DEPUTY MINISTER

DATE

10/4

TO:

FOR ACTION:

FOR DIRECT REPLY:

FOR PREPARATION OF REPLY:

FOR COMMENT:

FOR APPROVAL:

TO NOTE AND FILE:



AND RETURN:



FOR DISCUSSION WITH UNDERSIGNED:

- D/O asked me to see
what could be done -
Mr Byrne has been advised
through Mr Herbert J.
Stops were taking. We
sent copy to Mr Smith
to ask him to expedite any
o/s claims on hand.

JRE

000602

c.c - Mr. Sivertz

File
note

APR 10 1957

April 19, 1957.

MEMORANDUM FOR MR. ROLSTON

FEDERAL CONTRIBUTIONS TO RAYROCK
MINES LIMITED IN CONNECTION WITH
SHERMAN LAKE TO MARIAN LAKE ROAD

Deputy Minister's Records
File No. 40-7-18
JAR

I am attaching hereto a copy of the Minister's submission to Council of March 26th, 1957, and a copy of Order in Council P.C. 1957-27/454 of April 4th. Also enclosed is a copy of the Deputy Minister's letter to Mr. Byrne of April 9th (two copies of each of the above are attached).

As I mentioned to you on the phone this afternoon, the Deputy Minister spoke to Mr. Byrne this morning and handed him the letter of April 9th. You will note that the main problem which now exists is one of attempting to complete as large a payment as possible from the available 1956-57 funds. Mr. Byrne told the Deputy Minister that his understanding was that the Treasury auditors would be visiting Rayrock Mines the week commencing April 15th. It would seem possible that if copies of the material I have attached hereto are placed in the hands of the auditors they could carry out their audit on the basis of the revised Order in Council. In particular, this would mean that the prior expenditures of \$16,600 by Consolidated Northland Mines Limited could be considered for contributions from 1956-57 funds.

You kindly agreed to send copies of the attachment to the Treasury auditors as quickly as possible, together with suitable instructions or suggestions as to the manner in which the audit might be carried out. You agreed to suggest that if the closing date for the 1956-57 books came near at hand the Treasury auditors should report to you their latest findings and hence the latest amounts that could be paid, by wire. It is naturally desirable, both from the point of view of the Department and the company, that the largest possible payment be made from 1956-57 funds. I might

-2-

mention that Mr. Byrne is arranging for every co-operation to be extended to the Treasury auditors by mine officers at both Rayrock and Consolidated.



F.A.G. Carter,
Chief Administrative Officer.

Department of Northern Affairs and National Resources

OFFICE OF THE DEPUTY MINISTER

DATE Apr. 17/57

TO: MR. HERBERT

FOR ACTION:

FOR DIRECT REPLY:

FOR PREPARATION OF REPLY:

FOR COMMENT:

FOR APPROVAL:

TO NOTE AND FILE: ☒ AND RETURN: ☐

XXX

FOR DISCUSSION WITH UNDERSIGNED:



000605



CANADA

NORTHERN ADMINISTRATION
AND LANDS BRANCH

DEPARTMENT
OF

NORTHERN AFFAIRS AND NATIONAL RESOURCES 17 A.M.

Ottawa, April 16, 1957

APR 23 1957

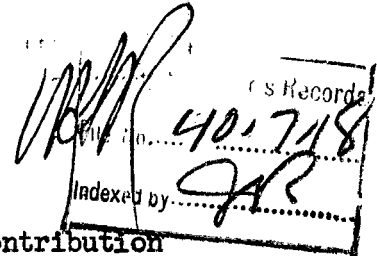
351-1
PLEASE QUOTE
FILE WGB/SJG

DEPUTY MINISTER

OFFICE OF THE DIRECTOR

MEMORANDUM FOR THE DEPUTY MINISTER

The Advancing of Funds for Federal Contribution
to Mining Roads in the Territories



In your memorandum of March 19, 1957, you requested that I initiate discussions with appropriate people in the Treasury Board to determine if it is possible for the Government to advance to mining companies a certain proportion of its share of the cost of road construction before actual construction is undertaken. I have not as yet had an opportunity to do this but in the meantime I have reviewed payments made in connection with two such projects to determine whether there has been any undue delay in processing claims in order to determine whether payment on a claim basis could be speeded up.

2. I attach, for your information, a schedule listing the payments for Rayrock Mines Limited and United Keno Hill Mines Limited of their claims for the Sherman Lake to Marian Lake, Northwest Territories and Elsa and Keno, respectively. This information shows that there has been no undue delay in payment of claims and that in fact interim payments have been made before the claims have actually been processed.

3. There is, however, a necessary time lag between actual work and the payment of claims which in most cases run into a number of months. It seems, therefore, quite clear to me that to over-come this problem it will be necessary to find some method of advancing funds on a time basis rather than a claim basis so that a portion of the contribution can be in the hands of the company as the work progresses.

4. I will discuss this matter with Treasury officials at the earliest possible opportunity and advise you further.

B.G. Sivertz
B.G. Sivertz,
Director.

000606

Northern Administration and Lands Branch

Schedule of Contributions towards Cost
of Certain Road Construction

<u>Amount of Claim</u>	<u>Date Claim Received</u>	<u>Date of Claim</u>	<u>Period Covered</u>	<u>Date Account Processed and Cheque Requested by Branch</u>	<u>Date Cheque Released by Treasury</u>
<u>Rayrock Mines Ltd: re All weather one-way</u> Truck road from Sherman Lake to Marian Lake, N.W.T. (Vote 311 - 1956-57)					
\$ 30,000.00	-	-	Interim Payment Claim 1,2,3	Sept. 7, 1956	9909 10/9/56
25,000.00	-	-	Interim Payment Claim 4	Oct. 12, 1956	11704 12/10/56
6,228.48	18/7/56 30/7/56 4/9/56	- 16/7/56 21/8/56	May June July	Nov. 1, 1956 (Balance \$6,228.48)	12792 2/11/56
27,047.81	15/10/56 27/11/56 25/1/57	19/9/56 18/10/56 18/12/56	August September October	5/12 (27,047.81)	16553 6/12/56
12,000.00	-	-	Interim payment Claim 6	Jan. 30/57	19365 1/2/57
<u>United Keno Hill Mines Ltd: re Road between</u> the Settlements of Elsa and Keno (Vote 318 - 1955-56, 1956-57)					
150,000.00	15/12/55 15/12/55 (Certificate #2 is payment of 30% hold back on #1) 15/12/56	28/11/55 28/11/55 31/3/56	to 31/10/55 - to 31/3/56	21/12/55 16/3/56 9/4/56	5/1/56 28/3/56 2/5/56
5,228.15	Adjustment of Prior Claims			12/6/56	22/6/56
69,771.85	20/11/56	31/10/56	to 30/9/56	10/12/56	14/12/56

Department of Northern Affairs and National Resources

OFFICE OF THE DEPUTY MINISTER

DATE Apr. 17/57

TO: W. HERRERT

FOR ACTION:

FOR DIRECT REPLY:

FOR PREPARATION OF REPLY:

FOR COMMENT:

FOR APPROVAL:

TO NOTE AND FILE: ☒ AND RETURN: ☐

XXX

FOR DISCUSSION WITH UNDERSIGNED:

R. H. Chretien

000608



CANADA

APR 19 1957

NORTHERN ADMINISTRATION
AND LANDS BRANCH

DEPARTMENT
OF
NORTHERN AFFAIRS AND NATIONAL RESOURCES

Ottawa, April 16, 1957

351-1
PLEASE QUOTE
FILE WGB/SJG

OFFICE OF THE DIRECTOR
Deputy Minister's Record
File No. 40-7-18
Indexed by [Signature]

MEMORANDUM FOR THE DEPUTY MINISTER

The Advancing of Funds for Federal Contribution
to Mining Roads in the Territories

In your memorandum of March 19, 1957, you requested that I initiate discussions with appropriate people in the Treasury Board to determine if it is possible for the Government to advance to mining companies a certain proportion of its share of the cost of road construction before actual construction is undertaken. I have not as yet had an opportunity to do this but in the meantime I have reviewed payments made in connection with two such projects to determine whether there has been any undue delay in processing claims in order to determine whether payment on a claim basis could be speeded up.

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4. I will discuss this matter with Treasury officials at the earliest possible opportunity and advise you further.

B.G. Sivert
B.G. Sivert,
Director.

000609

Northern Administration and Lands Branch

Schedule of Contributions towards Cost

of Certain Road Construction

<u>Amount of Claim</u>	<u>Date Claim Received</u>	<u>Date of Claim</u>	<u>Period Covered</u>	<u>Date Account Processed and Cheque Requested by Branch</u>	<u>Date Cheque Released by Treasury</u>
<u>Rayrock Mines Ltd: re All weather one-way Truck road from Sherman Lake to Marian Lake, N.W.T. (Vote 311 - 1956-57)</u>					
\$ 30,000.00	-	-	Interim Payment Claim 1,2,3	Sept. 7, 1956	9909 10/9/56
25,000.00	-	-	Interim Payment Claim 4	Oct. 12, 1956	11704 12/10/56
6,228.48	18/7/56 30/7/56 4/9/56	- 16/7/56 21/8/56	May June July	Nov. 1, 1956 (Balance \$6,228.48)	12792 2/11/56
27,047.81	15/10/56 27/11/56 25/1/57	19/9/56 18/10/56 18/12/56	August September October	5/12 (\$27,047.81)	18553 6/12/56
12,000.00	-	-	Interim payment Claim 6	Jan. 30/57	19365 1/2/57

United Keno Hill Mines Ltd: re Road between
the Settlements of Elsa and Keno (Vote
318 - 1955-56, 1956-57)

150,000.00	15/12/55 15/12/55 (Certificate #2 is payment of 30% hold back on #1) 15/12/56	28/11/55 28/11/55 31/3/56	to 31/10/56 - to 31/3/56	21/12/55 16/3/56 9/4/56	5/1/56 28/3/56 2/5/56
5,228.15	Adjustment of Prior Claims			12/6/56	22/6/56
69,771.85	20/11/56	31/10/56	to 30/9/56	10/12/56	14/12/56

MR. CUNNINGHAM: Replacing yours dated April 10th,
copy of which is attached hereto.

(To be handed to Mr. Byrne)
in Ottawa 9/4/57

[Handwritten signature]

Ottawa, April 9, 1957.

APR 9 1957

J. C. Byrne, Esq.,
President and Managing Director,
Rayrock Mines Limited,
Suite 509, 25 Adelaide St., West,
Toronto 1, Ontario.

40-7-18
[Handwritten initials]

Dear Mr. Byrne:

In your letter of March 21st you referred to our previous correspondence concerning federal contributions to the road that is being constructed from Sherman Lake to Marian Lake. You pointed out some of the difficulties that had been encountered in construction and you also referred to the misunderstanding that had arisen in connection with work undertaken by Consolidated Northland Mines Limited prior to the present agreement between your company and this department. I promised in my interim reply of March 27th to have departmental officers study the problem once again so that I would be able to have a full discussion with you when you came to Ottawa on April 10th.

While I did mention in previous letters that it would be contrary to past practice to consider contributions towards prior construction costs and towards expenditures incurred in excess of the amount stipulated in an agreement, the Minister felt that there were rather special circumstances in connection with the Sherman Lake to Marian Lake road.

The first point to be considered was, of course, that there had been a misunderstanding between your company and the department in connection with the prior expenditures made by the Consolidated Northland Mines Limited. Because of this misunderstanding and because these prior expenditures were made directly on a final route and the construction work carried out could be incorporated without loss in the final road, there seemed to be

- 2 -

good reason for us asking the Treasury Board to consider this as a special case.

The reasons in favour of federal contributions towards expenditures over and above the limit set out in the agreement are also somewhat unusual. Normally such limits are placed in agreements to ensure that the federal government does not become committed to a project for more than a certain amount, and if the original estimates of costs are poor, or if there is inefficiency in the construction work, the federal government is not called upon over and above its original commitments. In the case of the road being built by your company however, the original plan was for a 12 foot width and from practical necessity a 20 foot width had to be built. The cost figures which you have presented to us would indicate that construction has been carried out in a most efficient manner indeed and that the federal government in sharing half the cost of the road as it will now be completed would actually be making a better investment than the half share in the narrower road originally planned. For this reason we felt that there was justification in asking the Treasury Board to increase the overall limit in the agreement.

I am now very pleased to be able to inform you that the Treasury Board has considered the question and has accepted the Minister's recommendations. We now, therefore, have approval in principle to amend the agreement to provide for a total federal contribution of half the cost of the road up to a maximum of \$157,000. This, moreover, has been given on the understanding that the total federal contribution will include an amount of \$8,300, being half the cost of the work carried out by Consolidated Northland Mines Limited prior to the agreement.

We have funds available in the 1956-57 estimates up to a total of \$140,000 for contributions towards the road. If at all possible, your company should submit claims covering all work done up to March 31, 1957 as quickly as possible. Insofar as the expenditure of \$16,600 by Consolidated Northland Mines Limited is concerned it will be necessary for you to obtain some kind of vouchers or statement of expenditure so that we will have documentary evidence on which to pay the federal share of the cost. If these claims and evidence mentioned above can be submitted to us and cleared within the next week or ten days, it would still be possible for us to pay your company up to an amount of \$140,000 or half of the total expenditures made on the road prior to March 31, whichever is the lesser. If the required documents cannot be submitted and cleared within that period however, the 1956-57 funds will become unavailable.

- 3 -

We have no funds at the present time in the 1957-58 estimates from which a contribution could be made to cover the federal share that remains unpaid from 1956-57 funds. Towards the close of the coming summer it may be that funds will have become available and we could make final payment at that time. If this is not the case, we can at least include an item in the Supplementary Estimates for 1957-58 which will likely be placed before Parliament for consideration in September, and if Parliament approves, payment of the outstanding balance could then be made.

I trust that the arrangements I have outlined above will be satisfactory to you and to your company. I am sure you know how much the Minister appreciates the efforts that are being made by your company and by others in developing the Canadian north.

Yours sincerely,

A handwritten signature in dark ink, appearing to read 'R. G. Robertson', with a horizontal line drawn through the middle of the signature.

R. G. Robertson,
Deputy Minister.

Department of Northern Affairs and National Resources

OFFICE OF THE DEPUTY MINISTER

DATE

April 8

TO: 1. ~~DEPUTY MINISTER~~
2. ~~MR. CUNNINGHAM~~ (Langevin Block)
3. ~~MR. CARTER~~

FOR ACTION: *[Signature]*

FOR DIRECT REPLY:

FOR PREPARATION OF REPLY:

FOR COMMENT:

FOR APPROVAL:

TO NOTE AND FILE: ☒ AND RETURN: ☐

XX

FOR DISCUSSION WITH UNDERSIGNED:

000614

PRIVY COUNCIL



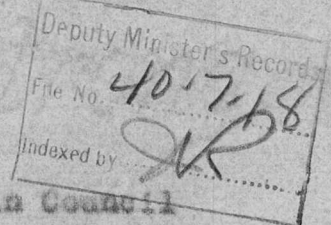
Certified to be a true copy of a Minute of a Meeting of the
Treasury Board, approved by His Excellency the Governor
General in Council, on the 4th April 1957.

2 copies Northern Admin. Branch
1 copy CTD
1 copy Mr. Nason

T.B. 515108

APR 10 1957

NORTHERN AFFAIRS AND NATIONAL RESOURCES



The Board recommends that Order in Council

P.C. 1956-28/558 of April 12, 1956, which authorized entry
into an agreement with Hayrock Mines Limited providing for
a Federal contribution of 50% of the cost incurred on or
after February 1, 1956, of constructing an all-weather road
from Sherman Lake to Marion Lake or \$140,000 whichever is
the lesser, be now amended as follows:

1. to provide for the acceptance of certain shareable costs totalling \$10,000 incurred before February 1, 1956, in connection with the construction of the aforementioned road,
2. to accept certain additional expenditures occasioned by the construction of the road to a width of twenty feet rather than the twelve feet originally contemplated, this change having been necessitated by the type and amount of traffic anticipated,
3. to increase the authorized level of Federal contribution from \$140,000 to \$157,000 to take account of the foregoing changes,

chargeable to the Parliamentary Appropriation "Northwest
Territories and Other Field Services - Operation and
Maintenance".

ES/LA

A handwritten signature in dark ink, appearing to read "R. B. Biquard".

Clerk of the Privy Council.

40-7-2
4171-3

40-7-18
R

J.E.H.

APR 2 1957

April 1, 1957.

MEMORANDUM FOR MR. CUNNINGHAM

TREASURY BOARD APPROVALS

The following recommendations concerning your Branch were considered and approved by the Treasury Board at a meeting on March 29, 1957:

Number

Authority to purchase from Imperial Oil, Ltd., Ottawa, 327,300 gals. of Esso heating oil at a cost not to exceed \$77,210.07, f.o.b. storage tanks, Fort McPherson, N.W.T.

T.B. 514793

Authority to amend the agreement of May 15, 1956, with Rayrock Mines Limited for the construction of the all-weather thirty-five mile road from Marian Lake to Sherman Lake.

T.B. 515108

Authority to enter into a contract with B.G. Lanton Construction Limited for the rental of equipment for the resurfacing of 60 miles of the Mackenzie Highway at a total cost of approx. \$87,000.

T.B. 514936

J.E.H.
Asst. Deputy Minister's Office.

c.c. Mr. G.H. Davidson

000616

copy in 37511

MINISTER
OF
NORTHERN AFFAIRS AND
NATIONAL RESOURCES



MINISTRE
DU
NORD CANADIEN ET DES
RESSOURCES NATIONALES

APR 2 1957

Ottawa,
March 29, 1957.

77
1648

MEMORANDUM FOR MR. ROBERTSON

File no. 40-7-18
Indexed by...

Please find attached the papers
you handed to me re our two submissions
to Treasury Board:

1. Point Pelee
2. Rayrock

Both orders have been passed by
Treasury Board this morning.

Jean Lesage.

Department of Northern Affairs and National Resources

OFFICE OF THE DEPUTY MINISTER

DATE

29 March 57

TO:

MR. CARTER

FOR ACTION:

XXX

FOR DIRECT REPLY:

APR 1 1957

FOR PREPARATION OF REPLY:

FOR COMMENT:

File No. 40-7-18

FOR APPROVAL:

Text

TO NOTE AND FILE: ☐

AND RETURN: ☐

FOR DISCUSSION WITH UNDERSIGNED:

Passed by T.B. this morning. Pls.
tell N. Admin and follow up.

Also pls. ask them to do a letter for
me to give to Mr. J.C. Byrne on April
10 telling him of this.

(Submission to Council of 26 March
re road to Rayrock Mines)

Letter to Mr. Byrne d. Apr. 9/57

B. J. S. April
replied

DEF

000618

MINE OFFICE
YELLOWKNIFE
N. W. T.

40-7-18

HEAD OFFICE
SUITE 509
25 ADELAIDE STREET WEST
TORONTO 1, CANADA

RAYROCK MINES LIMITED

TELEPHONE EMPIRE 4-5588

Deputy Minister's Records
File No. 40-7-18
757

DEPUTY MINISTER
APR 1 A.M.
Dept. of Northern Affairs National Resources.

Toronto, Ontario
March 29, 1957

APR 2 1957

Mr. R. G. Robertson
Deputy Minister
Northern Affairs and National Resources
OTTAWA, Ontario

Dear Mr. Robertson:

Mr. J. C. Byrne is in Yellowknife now and plans to return to Toronto about April 8th. I have forwarded to him a copy of your letter of the 27th March and have made tentative plane arrangements for April 10th.

I know Mr. Byrne will be very happy to have the appointment at 11:30 a.m. on April 10th and feel sure he will write me to this effect as soon as he receives my letter.

Yours very truly,

RAYROCK MINES LIMITED

G. O. Haughey
Secretary to Mr. J. C. Byrne
President and Managing Director

c.c. Mr. J. C. Byrne

B.F. April 9/57
To remind
created
J.P.

Department of Northern Affairs and National Resources

OFFICE OF THE DEPUTY MINISTER

DATE

29/III/57

TO:

M. Herbert

FOR ACTION:

FOR DIRECT REPLY:

FOR PREPARATION OF REPLY:

FOR COMMENT:

FOR APPROVAL:

TO NOTE AND FILE: ☒ AND RETURN: ☐

FOR DISCUSSION WITH UNDERSIGNED:

*How are we doing on
airstrips?*

[Signature]

000620

40-7-18
JRK

File
JRK

PERSONAL

Ottawa, 28 March, 1957.

Norman H. Byrne, Esq.,
Consulting Mining Engineer,
Yellowknife, N. W. T.

Dear Mr. Byrne,

Thank you for your letter of March 19th concerning government measures to assist mining development in the Northwest Territories.

With regard to the road to Rayrock, Mr. J.C. Byrne has arranged to see Mr. Robertson on April 10th. Before that time this whole question will be gone into again and I can assure you that if there is anything that can be done I will do my utmost to have it approved by my colleagues in the Government. I am assuming, of course, that you do appreciate that decisions on a matter of this kind cannot be mine alone. It is not enough for me to be convinced. I have to convince my fellow Ministers who have responsibilities and obligations of diverse kinds in other parts of the country.

In connection with air strips, I must warn you not to expect a decision at an early date. The Government has not, thus far, adopted any policy of providing assistance for the construction of air strips for the use of individual mines. It is not, therefore, simply a matter of getting approval for the three air strips with which you are concerned. It is a matter of convincing my colleagues that either these are utterly unique cases (which they are not) or, alternatively, that there

- 2 -

is a good basis for a policy either of general application throughout the two territories or of application in the mining areas of Canada as a whole. Obviously, the implications have to be examined fully. I can assure you, however, that the point you have made about prior construction and expenses will not be overlooked. I can see a good deal of validity in your argument.

Yours sincerely,

(nqd) Jean Lesage.

MAR 28 1957

c.c. DEPUTY MINISTER'S FILE

UPDU	JIN/dd
File No. 40-7-18	351-2-31
Indexed	

Ottawa, 27 March, 1957.

J.C. Byrne, Esq.,
President and Managing Director,
Rayrock Mines Limited,
Suite 509, 25 Adelaide St. West,
Toronto 1, Ontario.

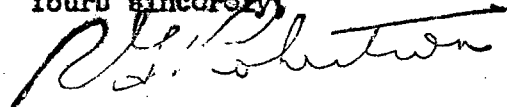
B.F. April 9/57
Toremand-
acted
JR

Dear Mr. Byrne:

I wish to acknowledge your letter of March 21st concerning the agreement between your firm and the federal government for the construction of a road from Sherman Lake to Marian Lake.

I have asked my officers to consider the points which you have raised in connection with the extension of our agreement and I expect that we will have sufficient information to discuss this matter with you when you visit Ottawa next month. The most convenient time for an interview would be 11:30 A.M. on April 10th and I have set aside this time pending your reply. Unfortunately I have other commitments for the balance of that date and if this time is not suitable kindly advise me so that a more suitable time can be arranged.

Yours sincerely,



R.G. Robertson,
Deputy Minister.

APPROVED

Director, Northern Administration and Lands Branch.

Department of Northern Affairs and National Resources

OFFICE OF THE DEPUTY MINISTER

DATE 1/4/57

TO:

File

FOR ACTION:

FOR DIRECT REPLY:

FOR PREPARATION OF REPLY:

FOR COMMENT:

FOR APPROVAL:

TO NOTE AND FILE: ☐ AND RETURN: ☐

FOR DISCUSSION WITH UNDERSIGNED:

Spoke to Niel. he is now preparing letter to Byrnes per O's request - O has spoken to F & G. Niel is conducting the branch - will chase claims & will see Montsion re payments.

JAC

000624

Department of Northern Affairs and National Resources

OFFICE THE DEPUTY MINISTER

DATE

29/III/57

TO:

FOR ACTION:

FOR DIRECT REPLY:

FOR PREPARATION OF REPLY:

FOR COMMENT:

FOR APPROVAL:

TO NOTE AND FILE: ☐ AND RETURN: ☐

FOR DISCUSSION WITH UNDERSIGNED:

Passed by T.R. this
morning. P.B. tell
N. Admin & follow up
Also p.b. ask them to
do a letter for me & give
to M. J. C. Byrne on April 10
telling him of this.

000625

1/5/57

Copy sent to Mr. Cunningham
apr. 1/5-9

File R/F
April 8
H.C.C.
noted
HR

See T.B. 515108
P.C. 1957-27/454

APR 2 1957

TO HIS EXCELLENCY

THE GOVERNOR GENERAL IN COUNCIL

March 26, 1967.
Deputy Minister's Records
File No. 40-7-18
Indexed by HR

The undersigned has the honour to report:

THAT under authority of Order in Council P.C. 1956-28/558 dated the 12th of April, 1956, the undersigned on behalf of Her Majesty entered into an agreement with Rayrock Mines Limited to contribute Fifty Per Cent (50%) of the cost incurred on or after the 1st of February, 1956, of the construction of a 35 mile all-weather road from Sherman Lake to Marian Lake, or One Hundred and Forty Thousand Dollars (\$140,000), whichever is the lesser;

THAT this Order in Council was passed following a submission to Council of the 8th of March, 1956, which set out the desirability of participation by Her Majesty in this project and that the Fifty Per Cent share, with a maximum contribution of One Hundred and Forty Thousand Dollars (\$140,000) was based on an estimated cost of Two Hundred and Eighty Thousand Dollars (\$280,000) for an all-weather road having a width of only twelve feet;

THAT the submission of the 8th of March was prepared following careful study of joint representations received in August, 1955, from Rayrock Mines Limited and Consolidated Northland Mines Limited; that between the date of the companies' submission and the preparation of the submission to Council of the 8th of March, the Consolidated Northland Mines Limited expended a total of some Sixteen Thousand, Six Hundred Dollars (\$16,600) on the first portion of the road which now runs from Marian Lake to Sherman Lake;

THAT in preparing the submission to Council of the 8th of March, 1956, a commencement date of February 1st, 1956, was set which meant that contributions could not be made by Her Majesty toward expenditures incurred on the road prior to that date; that the commencement date of February 1st was chosen as a result of a misunderstanding and that Rayrock Mines Limited, in signing the subsequent agreement, did not realize that prior expenditures were not subject to contribution; that the date of February 1st was chosen for administrative convenience and not with the intention of preventing contributions toward prior expenditures on the road, and that the choice of this date resulted in unfair treatment to the two companies which arranged their mutual financing of the whole road on the assumption that contributions on a Fifty Per Cent basis toward construction costs would be permitted;

THAT the prior expenditures by Consolidated Northland Mines Limited in the amount of Sixteen Thousand, Six Hundred Dollars (\$16,600) were of direct value in the completion of the road and that as it was determined that a Fifty Per Cent contribution by Her Majesty was reasonable, there is no reason to exclude this prior expenditure from a contribution; that Rayrock Mines Limited entered into its own arrangements

-2-

th Consolidated Northland Mines Limited and then proceeded during 1956 to carry out the completion of the thirty-five (35) miles of road; that in so doing it was found impractical to construct the road on the basis of a twelve foot width as this would have prevented the many trucks engaged on construction from passing each other; that the company has carried out construction of the road and has almost completed it on the basis of a twenty foot width; that the revised estimate of total cost, including prior expenditures of Sixteen Thousand, Six Hundred Dollars (\$16,600), is now Three Hundred and Fourteen Thousand Dollars (\$314,000), an increase of Thirty-four Thousand Dollars (\$34,000) over the original estimate for a twelve foot road of Two Hundred and Eighty Thousand Dollars (\$280,000);

THAT Rayrock Mines Limited has asked for a revision in the existing agreement so that Her Majesty could contribute Fifty Per Cent of the revised estimated cost which would mean a total contribution by Her Majesty of One Hundred and Fifty-seven Thousand Dollars (\$157,000) instead of One Hundred and Forty Thousand Dollars (\$140,000);

THAT the cost of constructing a twenty foot road as compared to a twelve foot road would normally entail a far greater increase in cost than the actual increase that is now anticipated; that if Her Majesty contributed One Hundred and Fifty-seven Thousand Dollars (\$157,000) toward the cost of the completed road, the contribution on the basis of the twenty foot road would result in a much more valuable investment in northern development by Her Majesty than the original approved contribution of One Hundred and Forty Thousand Dollars (\$140,000) toward the cost of a twelve foot road; that the possibility of making this more advantageous investment has resulted from a most efficient road building program during the past year by Rayrock Mines Limited; that in the circumstances it would seem the reasonable course for Her Majesty to share fifty per cent of the cost that is now anticipated.

The undersigned, therefore, has the honour to recommend that he be empowered to amend the agreement of the 15th May, 1956, with Rayrock Mines Limited for the construction of the all-weather thirty-five mile road from Marian Lake to Sherman Lake in order to permit:

1. Contributions on a Fifty Per cent basis to be made to Rayrock Mines Limited, acting for Consolidated Northland Mines Limited, for construction work carried out on the road at a value of Sixteen Thousand, Six Hundred Dollars (\$16,600) by Consolidated Northland Mines Limited between the 31st August, 1955, and the 1st February, 1956, on the presentation by Rayrock Mines Limited, of suitable evidence of expenditures made on the road by Consolidated Northland Mines Limited, this contribution to be made possible by changing the commencement date in the agreement from the 1st February, 1956, to the 31st August, 1955,

2. An increase in the limitation on the total contribution by Her Majesty from One Hundred and Forty Thousand Dollars (\$140,000) to One Hundred and Fifty-seven Thousand Dollars (\$157,000),

Funds in the amount of Eighty-three Hundred Dollars (\$8,300) to cover the contribution by Her Majesty to prior construction costs to be chargeable to the existing allotment (20) in the appropriation for 1956-57 for Northwest Territories and Other Field Services - Operation and Maintenance (Vote 310), and the balance of the Fifty Per Cent share of the total cost in an amount of up to Twenty Thousand, Two Hundred Dollars (\$20,200) to complete the total contribution on Fifty Per Cent basis of up to One Hundred and Fifty-Seven Thousand Dollars (\$157,000) to be chargeable, on presentation of evidence of expenditure by Rayrock Mines Limited, to funds to be made available from the appropriation for Northwest Territories and Other Field Services - Operation and Maintenance for 1957-58.

Respectfully submitted,

JEAN LESAGE

Minister of Northern Affairs
and National Resources.

MAR 28 1957



CANADA

DEPUTY MINISTER

MAR 27 A.M.

PLEASE QUOTE
351-2-31
FILE.....

JIN/da

NORTHERN ADMINISTRATION
AND LANDS BRANCH

DEPARTMENT
OF
NORTHERN AFFAIRS AND NATIONAL RESOURCES

OFFICE OF THE DIRECTOR

Ottawa, 26 March, 1957.

MEMORANDUM FOR THE DEPUTY MINISTER

RAYROCK ROAD

I have your memorandum of March 22nd, enclosing a copy of Mr. Byrne's letter of March 21st, and asking for comment.

2. Up to the present time, we have paid Rayrock Mines \$100,676 out of a total allotment in the Estimates for this year of \$140,000. This \$100,676 comprises the amounts payable (less holdbacks) by the department on the company's claims Nos. 1 to 5, together with an advance of \$12,000 on claim No. 6 which has not had its final audit. I may say that we have been advised by the company that claims Nos. 7 and 8 are being submitted. By using the figure of \$257,000, which the company has reported as being their total expenditure for the fiscal year 1956-57, it is calculated that claims 7 and 8 will total approximately \$27,635. If claims Nos. 6, 7 and 8 are approved in their full amount and if a final Treasury field audit can be carried out in time, additional payments totalling \$14,973 will be made to the company this fiscal year. In addition, the total holdback on claims 1 to 8 inclusive, in the amount of \$12,850, will be paid on completion of the road.

3. I have noted your remark about the Minister's willingness to try to pay more, if we have lapsing funds. From the foregoing, it appears that the total amounts payable under claims Nos. 1 to 8 will be less than \$140,000 and there will, therefore, be a relatively small lapsing balance. In order to pay this lapsing balance to the company out of 1956-57 funds, we would have to get Treasury Board authority to pay half the cost of that sum expended by the company and by Consolidated Northland in constructing the road prior to the date the agreement was signed. It would be a departure from accepted Treasury Board practice to do this, and I do not think we would be successful in an attempt to get Treasury Board to make an exception in this case.

...2

000628

- 2 -

4. Please note that in your letter to Mr. Byrne dated February 25th you said that you would seek additional funds in the supplementary estimates for 1957-58 to enable the federal contribution, covering work both this fiscal year and next, of a total of \$140,000. While I doubt we can succeed in getting authority to pay amounts spent before the contract was signed, I think there should be a reasonable chance of our getting the consent of Treasury Board to paying half of all the amounts spent since that date even though our contribution would thus exceed \$140,000. From the third last paragraph of his letter it can be seen that to do so would go a long way to meeting Mr. Byrne's complaint.



F.J.G. Cunningham,
Director.

NORTHERN AFFAIRS AND NATIONAL RESOURCES

OFFICE OF THE DEPUTY MINISTER

DATE Mar.27/57

TO: THE MINISTER

FOR APPROVAL:

XXX

FOR SIGNATURE:

XXX

TO NOTE AND RETURN:

FOR INFORMATION:

FOR DIRECTION:

Submission to Council re amendment
of Agreement with Rayrock Mines for
construction of all-weather 35 mile
road from Marian Lake to Sherman Lake.

Let for Friday

Department of Northern Affairs and National Resources

OFFICE OF THE DEPUTY MINISTER

DATE 27/3

TO: Mr Robertson

FOR ACTION:

FOR DIRECT REPLY:

FOR PREPARATION OF REPLY:

FOR COMMENT:

FOR APPROVAL:

TO NOTE AND FILE: ☐ AND RETURN: ☐

FOR DISCUSSION WITH UNDERSIGNED:

- cleared with Mr Cunningham
- read over phone to Mr Niel
- cleared as to general wording
of recom. clauses with
Mr Nason (he hadn't much
time & I'll have to carry the
can if it's wrong -

Hze

There are the 2 letters
still to be answered -

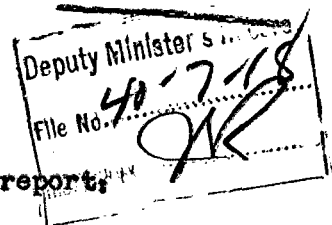
000631

MAR 28 1957

March 26, 1957.

TO HIS EXCELLENCY

THE GOVERNOR GENERAL IN COUNCIL



The undersigned has the honour to report:

THAT under authority of Order in Council P.C. 1956-28/558 dated the 12th of April, 1956, the undersigned on behalf of Her Majesty entered into an agreement with Rayrock Mines Limited to contribute Fifty Per Cent (50%) of the cost incurred on or after the 1st of February, 1956, of the construction of a 36 mile all-weather road from Sherman Lake to Marian Lake, or One Hundred and Forty Thousand Dollars (\$140,000), whichever is the lesser;

THAT this Order in Council was passed following a submission to Council of the 8th of March, 1956, which set out the desirability of participation by Her Majesty in this project and that the Fifty Per Cent share, with a maximum contribution of One Hundred and Forty Thousand Dollars (\$140,000) was based on an estimated cost of Two Hundred and Eighty Thousand Dollars (\$280,000) for an all-weather road having a width of only twelve feet;

THAT the submission of the 8th of March was prepared following careful study of joint representations received in August, 1955, from Rayrock Mines Limited and Consolidated Northland Mines Limited; that between the date of the companies' submission and the preparation of the submission to Council of the 8th of March, the Consolidated Northland Mines Limited expended a total of some Sixteen Thousand, Six Hundred Dollars (\$16,600) on the first portion of the road which now runs from Marian Lake to Sherman Lake;

THAT in preparing the submission to Council of the 8th of March, 1956, a commencement date of February 1st, 1956, was set which meant that contributions could not be made by Her Majesty toward expenditures incurred on the road prior to that date; that the commencement date of February 1st was chosen as a result of a misunderstanding and that Rayrock Mines Limited, in signing the subsequent agreement, did not realize that prior expenditures were not subject to contribution; that the date of February 1st was chosen for administrative convenience and not with the intention of preventing contributions toward prior expenditures on the road, and that the choice of this date resulted in unfair treatment to the two companies which arranged their mutual financing of the whole road on the assumption that contributions on a Fifty Per Cent basis toward construction costs would be permitted;

THAT the prior expenditures by Consolidated Northland Mines Limited in the amount of Sixteen Thousand, Six Hundred Dollars (\$16,600) were of direct value in the completion of the road and that as it was determined that a Fifty Per Cent contribution by Her Majesty was reasonable, there is no reason to exclude this prior expenditure from a contribution; that Rayrock Mines Limited entered into its own arrangements

-2-

with Consolidated Northland Mines Limited and then proceeded during 1956 to carry out the completion of the thirty-five (35) miles of road; that in so doing it was found impractical to construct the road on the basis of a twelve foot width as this would have prevented the many trucks engaged on construction from passing each other; that the company has carried out construction of the road and has almost completed it on the basis of a twenty foot width; that the revised estimate of total cost, including prior expenditures of Sixteen Thousand, Six Hundred Dollars (\$16,600), is now Three Hundred and Fourteen Thousand Dollars (\$314,000), an increase of Thirty-four Thousand Dollars (\$34,000) over the original estimate for a twelve foot road of Two Hundred and Eighty Thousand Dollars (\$280,000);

THAT Rayrock Mines Limited has asked for a revision in the existing agreement so that Her Majesty could contribute Fifty Per Cent of the revised estimated cost which would mean a total contribution by Her Majesty of One Hundred and Fifty-seven Thousand Dollars (\$157,000) instead of One Hundred and Forty Thousand Dollars (\$140,000);

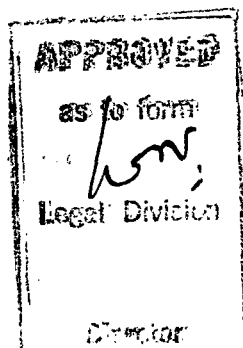
THAT the cost of constructing a twenty foot road as compared to a twelve foot road would normally entail a far greater increase in cost than the actual increase that is now anticipated; that if Her Majesty contributed One Hundred and Fifty-seven Thousand Dollars (\$157,000) toward the cost of the completed road, the contribution on the basis of the twenty foot road would result in a much more valuable investment in northern development by Her Majesty than the original approved contribution of One Hundred and Forty Thousand Dollars (\$140,000) toward the cost of a twelve foot road; that the possibility of making this more advantageous investment has resulted from a most efficient road building program during the past year by Rayrock Mines Limited; that in the circumstances it would seem the reasonable course for Her Majesty to share fifty per cent of the cost that is now anticipated.

The undersigned, therefore, has the honour to recommend that he be empowered to amend the agreement of the 15th May, 1956, with Rayrock Mines Limited for the construction of the all-weather thirty-five mile road from Marian Lake to Sherman Lake in order to permit;

1. Contributions on a Fifty Per cent basis to be made to Rayrock Mines Limited, acting for Consolidated Northland Mines Limited, for construction work carried out on the road at a value of Sixteen Thousand, Six Hundred Dollars (\$16,600) by Consolidated Northland Mines Limited between the 31st August, 1955, and the 1st February, 1956, on the presentation by Rayrock Mines Limited, of suitable evidence of expenditures made on the road by Consolidated Northland Mines Limited, this contribution to be made possible by changing the commencement date in the agreement from the 1st February, 1956, to the 31st August, 1955,

2. An increase in the limitation on the total contribution by Her Majesty from One Hundred and Forty Thousand Dollars (\$140,000) to One Hundred and Fifty-seven Thousand Dollars (\$157,000),

Funds in the amount of Eighty-three Hundred Dollars (\$8,300) to cover the contribution by Her Majesty to prior construction costs to be chargeable to the existing allotment (20) in the appropriation for 1956-57 for Northwest Territories and Other Field Services - Operation and Maintenance (Vote 310), and the balance of the Fifty Per Cent share of the total cost in an amount of up to Twenty Thousand, Two Hundred Dollars (\$20,200) to complete the total contribution on Fifty Per Cent basis of up to One Hundred and Fifty-Seven Thousand Dollars (\$157,000) to be chargeable, on presentation of evidence of expenditure by Rayrock Mines Limited, to funds to be made available from the appropriation for Northwest Territories and Other Field Services - Operation and Maintenance for 1957-58.



Respectfully submitted,

JEAN LESAGE

Minister of Northern Affairs
and National Resources.

000633

Department of Resources and Development

OFFICE OF THE DEPUTY MINISTER

DATE

25 March 57

TO: THE MINISTER

FOR APPROVAL:

XXX

FOR SIGNATURE:

XXX

TO NOTE AND RETURN:

FOR INFORMATION:

If you sign the letter
to Mr. Byrne, mine & more
Boyer can go.



000634

MAR 28 1957

RGR/MIM

RECEIVED
40-718
RGR

Ottawa, 25 March, 1957.

Marc Boyer, Esq.,
Deputy Minister of Mines and Technical Surveys,
Ottawa, Ontario.

Dear Mr. Boyer,

I am enclosing herewith a copy of a letter dated March 19th from Mr. Norman W. Byrne of Yellowknife to my Minister. Also enclosed is a copy of Mr. Lesage's reply.

Mr. Byrne's suggestion about the marking of the points he mentions seems to be well taken and you may wish to bring these to the attention of the persons in your department who are responsible for the maps involved.

The suggestion in Mr. Byrne's final paragraph about a sheet to cover the Yellowknife Mining District also seems a good one. This is, as you know, the area in the Northwest Territories in which there is the most concentrated activity and I am sure that a single map covering the area would be very much appreciated.

Yours sincerely,



R. G. Robertson.

Ottawa, 25 March, 1957.

Norman W. Byrne, Esq.,
Consulting Mining Engineer,
Yellowknife, N. W. T.

Dep't
File No. 40-7-18
Indexed by JRS

MAR 28 1957

28 1957

Dear Mr. Byrne,

I have your letter of March 19th concerning the mapping of the area in the immediate vicinity of Rayrock Mines and of the Yellowknife Mining District generally.

As I am sure you are aware, the issuance of maps of this kind comes within the jurisdiction of the Department of Mines and Technical Surveys. The points you have made seem however, to be very well taken and Mr. Robertson is passing them on to Mr. Boyer, the Deputy Minister of Mines and Technical Surveys with the request that they be given full consideration.

Yours sincerely,

JEAN LESAGE

Jean Lesage.

Department of Northern Affairs and National Resources

OFFICE OF THE DEPUTY MINISTER

DATE

Mar. 22/57

TO:

MR. CUNNINGHAM

FOR ACTION:

FOR DIRECT REPLY:

FOR PREPARATION OF REPLY:

XXX

FOR COMMENT:

XXX

FOR APPROVAL:

TO NOTE AND FILE: ☐ AND RETURN: ☐

FOR DISCUSSION WITH UNDERSIGNED:

In the last paragraph Mr. Byrne suggests meeting me in Ottawa on April 10. I could see him at 11:30 or 12:00 on the morning of April 10 - the afternoon would not be very convenient.

B.F. ~~Harvie~~ 5/57
for reply
(over)

000637

40-7-18

PHONE OFFICE
YELLOWKNIFE
N.W.T.

HEAD OFFICE
SUITE 509
25 ADELAIDE STREET WEST
TORONTO 1, CANADA

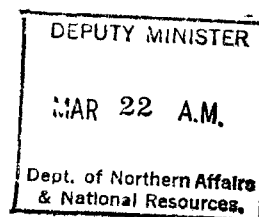
RAYROCK MINES LIMITED

TELEPHONE EMPIRE 4-5588

MAR 28 1957

Toronto, Ontario

March 21, 1957



Mr. R. G. Robertson
Deputy Minister
Dept. of Northern Affairs and National Resources
OTTAWA, Ontario

Reply d. April 9
Mar 27/57

B7
Mar 26
[Signature]

Dear Mr. Robertson:

Thank you for your letter of February 25th in reply to ours of the 8th ultimo. Certainly you have gone all out in commending the very excellent efforts of our boys in pushing a thirty-five mile road through virgin territory, quote "reasonable progress seems to have been made".

We pointed out to Mr. Cunningham, to your solicitor and others in the Department that we did not expect to complete construction of the road in one short season. Plans called for grading the thirty-five miles, constructing the bridge and gravelling at least a portion of the road. Grading allowed use of the road by trucks immediately after freeze up. It was pointed out to the writer that funds allocated by the Government for a construction project should be expended before the end of the next fiscal year, thus the wording in the contract. Nevertheless, it was also pointed out that extension of time was allowed for at the discretion of the Minister and the contract is so worded. This information is offered in view of your remark "It is unfortunate that the road was not completed in accordance with the schedule but consideration will have to be given to the extension of time in our agreement".

Regarding misunderstanding concerning the work undertaken by Consolidated Northland Mines Limited prior to the date of the agreement, the only limiting factor that we have been advised of is the date of the agreement. The date of the agreement ignores road construction underway as outlined in the combined brief presented by

- 2 -

Rayrock Mines and Consolidated Northland Mines dated August 31, 1956. You state that "payment of such contributions is not in accord with government policy of long standing". This policy was not in effect in the three previous modest government assistance payments to our organization, that is fifty per cent of the cost of winter road construction to Consolidated Discovery Yellowknife Mines to O'Connor Lake and to Rayrock Mines. The winter road to Rayrock was completed and in use one year before the Government Contract was drawn up.

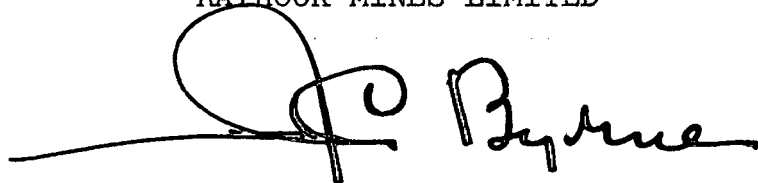
Apparently your Department will not consider a request for additional funds in excess of the original estimate to complete road construction because the road bed of necessity extends to a width of twenty feet. You are not prepared to take into consideration the unforeseeable problems that we had to contend with in building a road in the wilderness for our estimated modest sum of \$8,000 per mile. In these days of high costs, most construction jobs right on the railroad and with all facilities available are exceeding their estimated cost.

We note that you will seek additional funds in the supplementary estimates to cover the federal contribution up to the authorized amount of \$140,000. We thank you sincerely for your efforts on our behalf.

The writer is leaving for Yellowknife the first of next week and would appreciate an interview at your convenience in Ottawa about April 10th.

Yours sincerely,

RAYROCK MINES LIMITED

A large, stylized handwritten signature in black ink, appearing to read 'J. C. Byrne'.

J. C. Byrne
President and Managing Director

JCB:o's

c.c. Hon. Jean Lesage
N. W. Byrne
R. J. Kilgour

Department of Northern Affairs

and National Resources

MINISTER'S OFFICE

DATE

21 JUL 1957

TO:

Mr. Robertson

FOR ACTION.

FOR DIRECT REPLY.

FOR DRAFT REPLY.

FOR COMMENT.

TO NOTE AND FILE.

TO NOTE AND RETURN.

FOR DISCUSSION WITH MINISTER.

FOR INFORMATION.

TORONTO, ONT.
509-25 ADELAIDE STREET WEST
PHONE EMPIRE 6-4131

MAR 28 1957

EDMONTON, ALTA.
8105-106TH STREET
PHONE 34446

Norman W. Byrne, B.Sc.
Consulting Mining Engineer
YELLOWKNIFE, N.W.T.

Minister's Record
File No. 40-7-15
Indexed by. JH

March 19th, 1957



Hon. Jean Lesage,
Minister of Northern Affairs and National Resources,
OTTAWA, Ontario.

Dear Mr. Lesage:

From time to time we have supplied certain information to the Cartography Department of the Federal Government at Ottawa, but we note that the latest procurable copies of Topographical maps of this area show no change since 1948. We are referring to the 8 mile sheets used by all of the charter air services in the Northwest Territories.

You will recall that two small aircraft were lost for a period of three weeks, with four persons aboard, including a woman, in the late fall of 1956 about freezeup time. These planes were down only 30 miles from Rayrock Mines in the Marian River Area. They had pinpointed their location approximately on the maps in their possession, but since the location of the Rayrock mine was not printed on their map, or any government map for that matter, they did not know how close to civilization they were. They knew that they were 77 air miles from Fort Rae, which appeared to be the closest point from which they might obtain help, or which would have radio communication with Yellowknife and other points south. Since Rayrock did not appear on their maps, they did not know that they were within two days overland travel of a camp in which 160 men were located with many months supplies of food and daily communication by radio with Yellowknife and outside points. This is unfortunate and could have resulted in the death of these people. After a period of two weeks, when they had exhausted their food supplies, one of the fliers set out to walk overland to Fort Rae. Eventually, he arrived at Rayrock and the rescue, which is now well known, was effected through the efforts of this office.

Mr. Jean Lesage

- 2 -

March 19th, 1957

We would like to bring to your attention that the Rayrock Mine camp has been established since April, 1954 and a radio station has been maintained there ever since. It is a pity that this information is not contained on the aerial topographical maps used by the air companies in the Territories now. This map is known as the Rae Sheet, and covers the majority of the activity in the outlying mining areas around Yellowknife. This map sheet also covers the area in which Discovery Mine is located. Although there is a symbol at the proper location, there is no name to indicate that this is Discovery Mines, nor is the correct location of the winter road shown. It is possible to telephone from Discovery to Yellowknife at any time of the day or night, and we believe this information should be plainly marked on the topographical map. Also the name of the mine. We also believe that the all-weather road from Marian Lake north to the Rayrock Mine should be shown plainly on the topographical map.

It can also be shown that the map sheets adjoining the Rae Sheet are very much out of date. For instance on the Artillery Lake Sheet, Thompsons Landing, on the east arm of Great Slave, is shown to have a radio station. This point was abandoned in 1948 at which time the radio station was removed.

Again, on the map known as the Upper Back River Sheet, there is nothing to show the location of the Salmita and Bulldog (now Taurcanis) properties near which is located an emergency airstrip used many times during the DEW Line airlift. We believe that this airstrip should be marked plainly on the map sheet, and also that the Taurcanis Mine, formerly Bulldog, should also be included with the note that radio communication is available. It is our intention to extend and enlarge the emergency landing strip there to the minimum specifications required by the Department of Transport for the operation of Bristol aircraft within the next six months. At that time, a radio beam installation will be made at the airstrip and the mine, so that it will be possible to fly with instruments between Yellowknife and the Taurcanis property.

We would ask that you urge upon the Cartography Department, the importance of bringing these maps up to date immediately, in order to avoid any loss of life from downed aircraft, which could easily have happened last fall, as pointed out above. We might advise that topographical maps prepared for the use of aircraft operators in the United States are up-dated every six months.

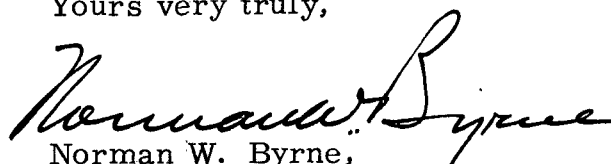
Mr. Jean Lesage

- 3 -

March 19th, 1957

While on the subject of maps, it occurred to us that you may be able to help in securing a sheet for use in the Territories which will give complete topographical coverage of the Yellowknife Mining District at 8 miles to the inch. In the past we have cut out and joined the following four sheets for our work here--Rae Sheet, Artillery Lake Sheet, Upper Back River Sheet and Camsell River Sheet. If a single map combining these sheets could be obtained, we feel it would be a very welcome contribution to those concerned with air transport and mining development in the north.

Yours very truly,


Norman W. Byrne,
Consulting Mining Engineer.

NWB/bb

Department of Northern Affairs

and National Resources

MINISTER'S OFFICE

DATE

22/11/57

TO:

Mr. Robertson

FOR ACTION.

FOR DIRECT REPLY.

FOR DRAFT REPLY.

FOR COMMENT.

TO NOTE AND FILE.

TO NOTE AND RETURN.

FOR DISCUSSION WITH MINISTER.

FOR INFORMATION.

Copying funds?
Amphibious - was working

000644

TORONTO, ONT.
509-25 ADELAIDE STREET WEST
PHONE EMPIRE 6-4131

EDMONTON, ALTA.
8105-106TH STREET
PHONE 34446



APR 3 1957
Norman W. Byrne, B.Sc.
Consulting Mining Engineer
YELLOWKNIFE, N.W.T.

40718
Indexed by...

March 19th, 1957

PERSONAL

Hon. Jean Lesage,
Minister of Northern Affairs and National Resources,
OTTAWA, Ontario.

Dear Mr. Lesage:

I wish to thank you for your letter of March 8th in reply to mine of February 25th, and to take this opportunity to discuss in further detail the circumstances surrounding certain of the matters which were covered in the above two letters.

I sincerely appreciate that the Federal Government must observe certain precautions in the spending of public money on projects which may, at times, appear not to qualify for government assistance. We are continually faced with the same problem in allotting company funds for exploration and development of mining projects which we must establish as worthwhile prior to the expending of funds. Therefore, I feel we are on common ground and we can appreciate the common problems. In my letter of February 25th, I stated that Rayrock Mines had spent their share of the funds agreed upon for the construction of an all-weather road from deep water navigation to the Rayrock Mines property, before we received any funds from the government. Our understanding of the proposition was this, that the government would match dollar for dollar, all expenditures made by Rayrock Mines for road construction and that as soon as Rayrock had submitted a Statement of Expenditures accompanied by supporting vouchers at the end of each month, the government would forward their share of the construction funds as soon as the expenditures had been inspected and the accounts audited. The first Statement of Expenditures was submitted to the government representative in Yellowknife on June 25th, the second on July 16th and the third on August 21st, and a fourth was in preparation on September 12th when the first monies were received from the Federal Government. Up to that time, it was necessary

Mr. Jean Lesage

- 2 -

March 19th, 1957

for Rayrock to expend approximately \$165,000.00 to satisfy the contractor. This was, of course, approximately \$25,000.00 over and above the Rayrock share of the construction monies according to the agreement. You will appreciate the difficulty which this tardiness on the part of the government caused Rayrock when every cent available for financing had been allotted many months in advance.

There seems to be some misunderstanding with respect to the contribution to construction which was made by Consolidated Northland Mines towards the completion of the road from deep water navigation to the Rayrock Mines property. You say it is your understanding that this extra sum was accounted for in part by construction which was undertaken before the company approached the government for financial assistance. This is not true. The facts concerning the part which Consolidated Northland Mines played in the development and construction of the all-weather road and which prompted the expenditure of funds by Northland, are listed in chronological order below:

- July 13th, 1955: Mr. John Parker, Yellowknife member of the Territorial Council, wrote Mr. Robertson regarding a road to the Marian River Mining Area.
- July 22nd, 1955: In the absence of Mr. Robertson, Mr. C. W. Jackson acknowledged Mr. Parker's letter.
- July 25th, 1955: Consolidated Northland made application to Mr. M. A. Hardie, M. P. for Mackenzie River, for assistance in road construction from deep water navigation to the Northland property, a distance of 9 miles at an estimated cost of \$38,000.00
- August 2nd, 1955: The writer made a further appeal to John Parker, for assistance in road construction.
- August 31st, 1955: A joint submission was made to Mr. Robertson by Consolidated Northland Mines and Rayrock Mines Limited, requesting a survey and study of the needs of the Marian River Mining Area, and to request assistance for the immediate needs of the mining companies.
- January 27th, 1956: Rayrock made a further appeal to Mr. Robertson for assistance in the all-weather road construction. This is the first appeal made in the name of Rayrock Mines alone and which did not mention Northland Mines as a joint partner in the enterprise.
- May 17th, 1956: Agreement signed between the Federal Government and Rayrock Mines Limited.

Mr. Jean Lesage

- 3 -

March 19th, 1957

It can hardly be said that Northland Mines undertook construction before the government was approached for financial assistance. However, it can be said that Consolidated Northland completed preliminary construction of a nine-mile road before the government got around to drawing an agreement for financial assistance for road construction in the Marian River area. The road which Northland scouted, cleared and partly graded was later finished by the Contractor for Rayrock Mines Limited, and forms part of the all-weather road from deep water navigation to the Rayrock Mines property.

In connection with the monies spent by Consolidated Northland Mines for road construction, I would like to herewith make the following additional observations:

1. At no time has the Department of Northern Affairs and National Resources through Mr. Robertson, or Mr. Cunningham, acknowledged the fact that the expenditures by Northland are legitimate expenditures in connection with road construction in the Marian River area.
2. The government has not acknowledged that the original application for assistance in road construction, dated August 31st, was a joint submission in the name of Consolidated Northland Mines and Rayrock Mines.
3. Mr. Robertson and Mr. Cunningham have stated on numerous occasions that it is quite impossible to obtain authority to pay for work outside the terms of the agreement which was entered into between the Federal Government and Rayrock Mines Limited (not Consolidated Northland as stated in your letter of March 18th), because "payment of such contributions are not in accord with government policy, which is of long standing". This is not true, because the Memorandum of Agreement required to qualify Rayrock for assistance in winter road construction was actually drawn up and signed one year after completion of the construction work. It is not possible then for a similar memorandum of agreement to be drawn up between the Federal Government and Consolidated Northland in order to qualify Northland for assistance in the all-weather road construction to Northland's Marian River area property.
4. The first application for assistance was made actually ten months

Mr. Jean Lesage

- 4 -

March 19th, 1957

in advance of the drawing of the agreement permitting the government to give assistance to the Mining Companies in the Marian River Area. Because time is the essence of every project in this part of the world, and because Consolidated Northland was facing huge property option payments, government uranium policy deadlines, the short summer transportation season and uncertain material deliveries, it would have been folly to await the pleasure of the government to sign an agreement which would make legitimate the action taken to construct the road.

5. Because the government required ten months to arrive at a decision to assist the mining companies in road construction, does not justify the exclusion of legitimate effort and money expended by Northland on the project prior to the signing of the agreement. If, in your interpretation, it does, then we may as well cease correspondence at once, because we are faced with the same situation in every mining exploration and development enterprise in the north. Take the case of Taurcanis. On February 25th, I appealed to you for assistance in construction of an airstrip. You replied that it would require time to initiate the project. I agree, as long as you do not outlaw any construction which we may find it necessary to do next June and July possibly before an agreement for assistance is signed. The agreement for assistance must include all expenditures in connection with the construction of the road, the airstrip or whatever development may be under consideration. This must be your policy otherwise the agreement is not serving the purpose for which it is meant.

We as operators in the north are continually faced with the problem of overcoming the time factor, and it is our feeling that we are being penalized unjustly for some minor technicality which we can never hope to overcome. If we are forced to start construction on some programme before an agreement for assistance is drawn, then some provision must be made to include prior construction expense--and it is only reasonable to expect this will be done. Perhaps I am overlooking some technicality, but I cannot believe that interpretation of the intention can be so misconstrued as to defeat the entire purpose. This is exactly what I meant when I said government help in the past has been "too little, and too late".

We wish to make formal application at once for assistance in the construction of an airstrip at Consolidated Discovery Yellowknife Mines' Giauque Lake property, at Rayrock Mines' Sherman Lake property, and at Taurcanis Mines' Matthews Lake property. Strips have been partially constructed at Discovery and Taurcanis. Planned improvements at these two locations will include access roads between airstrip and gravel

Mr. Jean Lesage

- 5 -

March 19th, 1957

pits, and between airstrip and mine proper, as well as filling, extending and top dressing the strips. Construction of an airstrip at Rayrock must begin from scratch.


You have indicated in your letter of March 8th that the matter of assistance to the mining companies in construction of airstrips is being reviewed and that you will let us know the outcome as soon as possible. For this we are grateful and we sincerely hope your decision is favourable. A few days ago we were advised that the application of Wardair Limited to operate a Bristol aircraft based at Yellowknife had been approved and we presume you may have had a hand in expediting favourable consideration of the application; if so we sincerely thank you again.

We will only be too glad to supply you with detailed information about the future prospects of the three mines which the airstrips will serve and the possibilities of the areas surrounding them.

May we hear from you soon as to the next step we should take in following up with a formal application for assistance.

Kindest personal regards.

Yours sincerely,


Norman W. Byrne,
Consulting Mining Engineer.

NWB/bb

MAR 1957

CMB/JS

40-2-3
Deputy Minister's Records
File No. 40-7-18
Indexed by JKR

B.F. April 19/57
for report re
initiated

Ottawa, March 12, 1957. JKR

MEMORANDUM FOR MR. CUNNINGHAM

Reply d. Apr. 16/57.

THE ADVANCING OF FUNDS FOR FEDERAL CONTRIBUTION
TO MINING ROADS IN THE TERRITORIES

I think you already have a copy of the letter which the Minister wrote to Mr. Norman Byrne on March 8. For convenience of reference, however, I attach another copy. You will notice in the second paragraph that the Minister discussed Mr. Byrne's criticism that a mining company has to put up all the money for a road in the first instance, and does not get any payment from the government until sometime after that portion of the road to which the payment relates has been completed. At the end of this paragraph the Minister states that he has asked me to initiate discussions with officials of the Treasury Board as to whether it would not be possible and reasonable, in Northern Canada, for the government to advance to the mining company a certain proportion of its share of the cost of the road before actual construction is undertaken. I would be grateful if you would have this matter looked into and would have discussions with the appropriate people in the Treasury Board. I would be interested in your views as to what might be a suitable proportion for the government to advance before construction starts.

R.G. Robertson
R.G. Robertson,
Deputy Minister.

Department of Northern Affairs and National Resources

OFFICE OF THE DEPUTY MINISTER

File

DATE

12/III/57

TO:

M. Markham
C.H.

FOR ACTION:

FOR DIRECT REPLY:

FOR PREPARATION OF REPLY:

FOR COMMENT:

FOR APPROVAL:

TO NOTE AND FILE: ☒ AND RETURN: ☐

FOR DISCUSSION WITH UNDERSIGNED:

*See the Minister's note.
We had not had any
thought of DOT doing the
building, so M. Markham's
reaction is just what
we want.*

[Signature]

000651

NORTHERN AFFAIRS AND NATIONAL RESOURCES

OFFICE OF THE DEPUTY MINISTER

DATE *Mar. 11/57*

TO: THE MINISTER

FOR APPROVAL:

XXX

FOR SIGNATURE:

XXX

TO NOTE AND RETURN:

FOR INFORMATION:

FOR DIRECTION:

Wrote letter to Mr. Mulder: objection to airstrips. But this could not be considered.

Mr. Herbert has prepared for your approval and signature this letter to Mr. Norman Byrne of Yellowknife, replying to his letter to you of Feb. 25 about government spending for power, roads and airstrips in mining areas.

I think this is a good letter, if you agree to mention of my taking up the points re roads & airstrips. They are not very risky!

*building the strips. Their fee-
frame is already too heavy.
The strips would have to be built
by the City's themselves*

Department of Northern Affairs and National Resources

OFFICE OF THE DEPUTY MINISTER

DATE

March 11/57

TO:

DEPUTY MINISTER

FOR ACTION:

FOR DIRECT REPLY:

FOR PREPARATION OF REPLY:

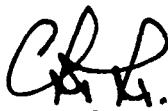
FOR COMMENT:

FOR APPROVAL:

TO NOTE AND FILE: ☐ AND RETURN: ☐

FOR DISCUSSION WITH UNDERSIGNED:

--- Attached is a reply to Mr. Norman Byrne for the Minister's signature. I discussed the matter with Mr. Cunningham before drafting the letter.



C.H. Herbert,
Chief, Economic Division.

000653

MAR 19 1957

GRH/JS

Copy for Mr. Cunningham

B.F. May 8/57

To be reviewed
noted

Ottawa, March 8, 1957.

Norman W. Byrne, Esq.,
Consulting Mining Engineer,
Yellowknife, N.W.T.

Dear Mr. Byrne:

Rayrock mine

Deputy Minister's Record
PERSONAL
File No. 40-17-18
Indexed by...

Thank you very much for your long and helpful letter of February 25. I can quite appreciate how some of the requirements which the federal government has felt are necessary safeguards on the spending of public money can seem pretty restrictive from the point of view of someone trying to develop a mine on the frontier! Speaking generally, any government which is in power in Ottawa has to establish pretty carefully the worthwhileness of any project before spending public funds on it. However, it may perhaps be the case that some of the practices which are a quite reasonable safeguard in ordinary conditions might reasonably be modified somewhat to meet the more rigorous circumstances of northern development.

Let me take up one or two specific matters in your letter. First of all you pointed out that in building the road from deep water navigation to Rayrock Mines you had spent all of your company's share of the construction before receiving any contribution from the government, and in fact had to make a temporary advance of an additional \$23,000. Unfortunately, it is one of the regulations of Treasury Board that, when the government agrees to contribute to the cost of building a mining road, no money shall be paid out until the construction which is covered by the particular payment has been completed and inspected, and until the bills and accounts have been audited. In general, I think this is a reasonable provision. As I am sure you will agree, the government would be in a very difficult position if it paid money to a company for a certain project and then the company was, for one reason or another, unable to complete the project. However, I fully understand that in northern development there are peculiar problems. Because of the high costs and greater length of time involved in bringing a property into production, a company may find it more difficult to finance development expenditures. Therefore I have asked Mr. Robertson to initiate discussions with officials of the Treasury Board as to whether it would not be possible and reasonable, in Northern Canada,

- 2 -

for the government to advance to the mining company a certain proportion of its share of the cost of the road before actual construction is undertaken. If we can arrange this it may help the situation somewhat.

In your letter you also said that Consolidated Northland Mines have spent more than \$16,000 for road construction which this Department has so far refused to acknowledge. As I understand it, this extra sum was accounted for in part by construction which was undertaken before your company approached the government for financial assistance, and which Mr. Cunningham indicated last April could not be included, and in part by the fact that the width of the road was increased beyond that described in your agreement with the government. As Mr. Robertson pointed out in his letter of February 25 to Mr. J.C. Byrne, it is quite impossible for us to obtain authority to pay for work outside the terms of the agreement which was entered into between the federal government and Consolidated Northland. I enclose a copy of Mr. Robertson's letter to Mr. J.C. Byrne.

Your next point was a request that the federal government should contribute one-half the cost of the construction of air strips which would permit the use of a Bristol aircraft at Taurcanis, Discovery, and Rayrock. I have asked Mr. Robertson to have this whole matter looked into, and I will let you know as soon as I can. It may, however, take some weeks to reach a decision, but I can assure you that your request will get as favourable consideration as possible.

There is one further point which I should mention. In your letter you said that it is necessary for your company to build this air strip before you can establish five or ten years reserves of ore. I fully appreciate that situation, and I fully understand that gold mines in Northern Canada usually cannot afford to block out considerable ore reserves, certainly in the early stages. The government is prepared to build transportation facilities in an area where there are promising mineral prospects without requiring that an actual mine with substantial ore reserve should be in production. On the other hand, the government has to satisfy itself that the region does in fact have considerable promise and that there is every likelihood of sufficient mineral production eventually occurring to justify the expenditures that have been made. Therefore, when and as we get into further discussions with your company on the matter of assistance to these air strips, you will understand why we shall have to ask you for as detailed information as you can give us about the future prospects of the mines which these air strips will serve.

- 3 -

In conclusion, let me ask you to write at any time in the future when there are matters concerning either government policy or government practice which you do not feel are being satisfactorily handled. You can be assured that we shall always look into these matters thoroughly and sympathetically.

With kindest regards,

Yours sincerely,

JEAN LESAGE

Jean Lesage.

Copy For Deputy Minister's File

FEB 27 1957

Deputy Minister's Records	File: 641/105-4-2
File No. 40-7-38	
Indexed by J.R.	

file

OTTAWA, 27th February, 1957.

Walter E. Clarke, Esq.,
Mine Manager,
Rayrock Mines, Limited,
Yellowknife, N.W.T.

Dear Mr. Clarke:

I have your letter of February 13,
concerning text books ordered for your school at
Rayrock, under departmental purchase order #38267.

I am very sorry to hear that, although
these books were ordered on the 13th of August last
year, they have not as yet reached you. I realize
the difficulty which this has created. It is
unfortunate that this matter has not been referred
to our attention before as this could have been
cleared for you without delay.

As far as it can be ascertained, the
books are being held at Waterways by the Northern
Transportation Company Limited, as they arrived
there after the close of navigation. This Company
is being asked to arrange to have the books tran-
ferred immediately from Waterways and shipped to
you by aircraft. As soon as we hear from Northern
Transportation Company Limited, the Director of
Northern Administration and Lands Branch will be
writing to you.

Yours sincerely,


R.G. Robertson,
Deputy Minister.

APPROVED


Director, Northern Administration and Lands Branch;

000657

Department of Northern Affairs and National Resources

OFFICE OF THE DEPUTY MINISTER

DATE

7/11/57

TO:

FOR ACTION:

FOR DIRECT REPLY:

FOR PREPARATION OF REPLY:

FOR COMMENT:

FOR APPROVAL:

TO NOTE AND FILE: ☐ AND RETURN: ☐

FOR DISCUSSION WITH UNDERSIGNED:

We spoke of this.
Copies A go to N. Admin.
Reur Mar 76

11 YK
Ch.

000658

TORONTO, ONT.

509-25 ADELAIDE STREET WEST
PHONE EMPIRE 6-4131

MAR 1 9 1957

Document disclosed under the Access to Information Act
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File No. 40-7-18
Indexed by: JFR

EDMONTON, ALTA.
8105-106TH STREET
PHONE 34446

Norman W. Byrne, B.Sc.
Consulting Mining Engineer
YELLOWKNIFE, N.W.T.



Rayrock Mines
February 25th, 1957.

PERSONAL

Hon. Jean Lesage,
Minister of Northern Affairs and National Resources,
OTTAWA, Ontario.

Dear Mr. Lesage:

On my return to Canada from South America, about the middle of this month, I found your letter of the sixth together with the article recently published in the magazine, Saturday Night.

In reply, I should like to acquaint you thoroughly with the situation which prompted my statement to Mr. Oancia, but I feel at the moment a precise reply is called for, and perhaps, at a later date, if you are interested, I can qualify my attitude with specific information.

May I say at this time that of my 45 years in this life, I have spent 21 years as a Mining Engineer in Canada's Northwest, north of the Sixtieth parallel, largely engaged in the exploration and development phase of mining. In that time, I have supervised the spending of some fifteen million dollars scientifically directed towards the search for mines and minerals, and I am happy to say that my efforts have been rewarded in the bringing in of three producing mines. You are probably acquainted with Consolidated Discovery Yellowknife Mines Limited, Canada's highest grade gold mine, Radiore Uranium Mines Limited, now under lease to and being mined by the Crown Company Eldorado Mining and Refining Limited, and of course you know Rayrock Mines Limited, scheduled to come into production in June, 1957.

Mr. J. Lesage

-2-

February 25th, 1957.

For all my years in the north I can say that never once did the Federal or Territorial government voluntarily step forward and offer aid, financially or otherwise, to me or my principals. In the past, we have asked for aid, yea pleaded; I have personally sat on endless committees meeting with Ministers of the realm visiting the north; I and my principals have in years past asked for aid in the construction of roads, power lines, airstrips, schools; we have asked for the intelligent distribution of G. S. C. parties, we have pleaded for the introduction of modern bush aircraft, we have suggested practical means for the improvement of Northern Affairs local services, we have recommended long overdue upgrading of Mining Regulations--but, alas, too little and too late has been the order of the day.

Are you aware sir that Consolidated Discovery Yellowknife Mines Limited, for whom I am acting as Consulting Engineer, is contributing \$280,000.00 annually to the Crown as Income Tax--over ten times as much as Giant Yellowknife Mines; Rayrock's contribution could be larger in a matter of three years hence. It is my firm belief that there could be many more contributors if the governments, Federal and Territorial, had a positive, straight-forward, speedy policy of voluntary aid to those mining companies qualified to engage in the exploration for and development of mines and minerals in the Northwest Territories.

Recently, we had the occasion to ask the government to assist with the construction of an all-weather road from deep water navigation to the Rayrock Mines property. We presented a brief jointly in the name of Consolidated Northland Mines and Rayrock Mines, wherein we estimated that 35 miles of road at \$8,000.00 per mile would provide a minimum surface permitting truck traffic to and from the mine. We were assured of sympathetic consideration, the government would match our expenditure dollar for dollar we were told. Let me say that we spent our share of the funds before we received a dollar from the government and we were forced to advance an additional \$23,000.00 towards costs, to avoid embarrassment, while awaiting funds from the government. I suggest that the policy and its administration in this case is wrong and causes a great hardship on the Mining Companies, the Contractors and their personnel, especially in a situation such as Rayrock's where every dime available is required in laying in a vast supply of materials to maintain the operation for one year, a problem

Mr. J. Lesage

- 3 -

February 25th, 1957

that mine operators in other parts of Canada are not required to face. And that is not all, Consolidated Northland Mines spent in excess of \$16,000.00 for road construction, which your department has so far refused to acknowledge. Mr. Lesage you have stated that your department has been sympathetic to our problems--would this then not be an excellent opportunity to demonstrate your interest by assisting to clean up legitimate expenses in connection with the Marian Lake-Rayrock road.

At the present time, we have plans to open up at once a potential gold mine in the Barren Lands, 150 miles northeast of the Town of Yellowknife. A considerable amount of money was spent in 1948 to 1950 in the exploration of the gold-bearing structures existing on that property. We propose to develop these ore structures underground in 1957 and 1958 by shafts, drifts and crosscuts and we have raised \$650,000.00 to conduct our work programme. We have examined this situation in detail for some time and although it is a gamble we think it is warranted. It requires no promotion because the funds are being provided on a firm basis by well-known mining companies. We will need help in this enterprise before we have 5, 10 or more years ore in sight. We are convinced that transport with large aircraft is the answer since air freight costs are now equal to ground transport costs where large tonnages are involved. We will require an airstrip where year round operation is possible. We have selected an aircraft requiring minimum landing characteristics, that is, strips of not more than 3,000 feet in length. Construction of such strips will involve expenditures of \$30,000.00 to \$50,000.00--can we count on assistance from you on a 50-50 basis for construction costs? If we can enlist your help and convince the Air Transport Board to grant a licence to a local air company to operate a Bristol freighter from Yellowknife to Taurcanis (our Barren Lands property), we will proceed with our overall plan to construct airstrips also at Discovery and at Rayrock, switch over to airfreighting entirely on a year-round basis and save our companies thousands of dollars annually. I enclose a memorandum of my assessment of the Bristol Freighter which I recently presented before the Air Transport Board in support of the application of Wardair Limited.

We recognize and appreciate the work your department is doing for the north in general, but we are concerned with a particular phase of Northern development which we maintain has been sadly neglected--the exploration for and development of mines and minerals.

Mr. J. Lesage

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February 25th, 1957.

At the present time the very life and existence of the Town of Yellowknife depends entirely upon gold mining. The unfavourable attitude of governments towards gold has made uneconomic the operation of hundreds of gold mines in Canada over the past ten years. The gradual elimination of Canada's gold mines could become a reality at Yellowknife. If the three producing gold mines in the Northwest Territories were to close because of the economic pinch, would not the Northern development you are directing and of which you are so proud look somewhat ridiculous. The future of the north lies not in the fur trade or fisheries where the present spending of tens of millions of dollars is being directed by the Federal government--e. g. a \$10,000,000.00 airport at Aklavik and millions on a road to Yellowknife. The gold mines of the Northwest Territories have existed for years through the medium of the waterways and will continue to use them for the bulk of freight in the future. What is needed to guarantee the economic future in the north is a sane policy towards mineral exploration that will attract private capital such as is being poured into Northern Quebec now. Spend a million and you will reap many in return.

Todate, your department has contributed, reluctantly (you yourself privately expressed concern) less than \$140,000.00 towards the bringing in of a new producing mine at Rayrock; private capital^{is} spending \$4,000,000.00 towards making the enterprise a success. May I ask where is the equality, or the sympathetic government concern in that? How much did the government contribute towards the bringing in of Canada's richest gold mine at Discovery; less than \$50,000.00--yet \$12,000,000.00 has been produced from that mine and a like amount remains in sight. That is why I say the government policy is the opposite to what it should be. Why does not the government spend the money on roads, powerlines, airstrips and other services and ask the mines to pay back a portion out of production. A property appraisal in advance by a qualified engineer, just such a method as private capital employs, could be applied by the government. Then and only then, will you and I continue to see new mines brought into being in the north. There are plenty of potential producers in sight now, which with some encouragement could become a guarantee towards the economic future of the Northwest Territories--and Taurcanis is one of these. We are asking now for your assistance.

This letter has become a lengthy discourse inspite of my desire to make it short and sweet. I would like to close with the

Mr. J. Lesage

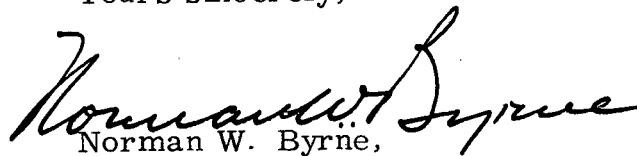
- 5 -

February 25th, 1957

statement that I have been a lifetime Liberal with some influence in the north, but I am weakening because of the long wait. This is the first time I have publicly criticized the government, and my opinions carried sufficient weight to be heard in Ottawa. In the past I have suffered in silence. I could continue this attitude if I knew that this appeal would bear fruit and serve to brighten the next 21 years of my life in the north.

With kindest regards.

Yours sincerely,

A handwritten signature in cursive script, reading "Norman W. Byrne".

Norman W. Byrne,
Consulting Mining Engineer.

NWB/bb
Enc.

COPY FOR HON. J. LESAGE

MEMO RE BRISTOL FREIGHTING

February 22nd, 1957

1. The Bristol Freighter is an easy-loading, shorthaul aircraft, requiring a minimum length of runway (3,000 feet) for takeoff, particularly suitable for overall deliveries to known mines in the area surrounding Yellowknife.
2. Quoted rates make air transport equal to ground transport in cost to mine operators, and is desirable over ground transport because of possible year-round, daily service.
 - \$2.00 per mile less than 1,000 tons annually
 - \$1.85 per mile for 1,000 to 1,500 tons annually
 - \$1.75 per mile for 1,500 tons or more annually
3. Approved minimum airstrips must be developed at the mines and financial assistance in construction up to 50% is expected from the Federal government possibly through the Department of Transport.
4. Savings to the mines by employing the Bristol aircraft can be envisioned in:
 - (a) Cargo insurance; 20 cents per \$100 dollar value as against 50 cents for tractor train.
 - (b) Reduction of inventories thus saving 4% or more, in interest on up to \$500,000.00.
 - (c) Reduction of loss, waste, damage and general mishandling which amounts to 10% to 20% annually.
 - (d) Insurance against loss of production by reducing time for resumption of operations after a major disaster, such as destruction of mill or power plant by fire. Present method of transport would delay deliveries and result in a time loss of 12 to 15 months for replacement.
 - (e) Delivery of Rayrock uranium precipitate direct to point of acceptance designated by Eldorado Mining and Refining with only one handling, namely Yellowknife airport.
 - (f) Annual savings could total \$12,000.00 to \$15,000.00 at Discovery alone; to Taurcanis probably much more.

- 2 -

5. Bristol freighting for overall deliveries can only be attractive to mining companies if aircraft is based at Yellowknife at all times and direct negotiation with top management is possible. There must be no opportunity to pass the buck once air freight schedules are developed.

Norman W. Sykes

Cons. Discovery Yellowknife Mines Limited,
Rayrock Mines Limited,
Taurcanis Mines Limited,
Consolidated Northland Mines Limited.

c.c. DEPUTY MINISTER'S FILE

JIN/dd

351-2-31

FEB 27 1957

Ottawa, 25 February, 1957.

J.C. Byrne, Esq.,
President,
Rayrock Mines Limited,
Suite 509, 25 Adelaide St. West,
Toronto 1, Ontario.

Reply d. March 21/57

Deputy Minister's Record	
File No.	40-7-18
Index, d.t.	<i>[Signature]</i>

Dear Mr. Byrne:

I wish to thank you for your letter of February 8th concerning the progress to date and the additional work required to complete the road from Sherman Lake to Marian Lake.

We have been following the progress of the work through our own field officers and, although you were hampered by a very wet season, reasonable progress seems to have been made. It is unfortunate that the road was not completed in accordance with the schedule but consideration will have to be given to the extension of time in our agreement. At the present time, the agreement states "that it (the road) will be completed on or before the 31st day of March or by such later date as the Minister in his discretion may designate". In view of the difficulties which you encountered during this season, I am prepared to ask that the completion date be extended to October 1st, 1957.

I regret that there has been some misunderstanding concerning the work undertaken by Consolidated Northland Mines prior to the date of the agreement. Payment of such contributions are not in accord with government policy which is of long standing. This thought was indicated to you by Mr. Cunningham in his letter of April 25th and we had assumed that you accepted this limitation when you executed the agreement on behalf of Rayrock Mines Limited. In addition, the road width was increased beyond that described in the agreement and this, in turn, has increased the total estimated cost for the road.

...2

-2-

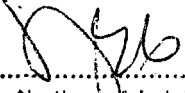
It would be utterly impossible for me to obtain authority to pay for work outside the terms of the agreement which was duly executed by your company and the federal government. The total payment authorized by the agreement amounts to one half the cost of construction or the sum of \$112,000.00, whichever is the lesser. As the full federal contribution will not be expended during the current fiscal year, I will seek additional funds in the supplementary estimates to cover the federal contribution up to the authorized amount. Using your figure of \$257,000.00 as the cost to date, the maximum amount payable by the federal government during the fiscal year 1957-58 would be \$11,500.00 and as soon as such funds are available we will make payment up to that amount on claims which you submit during that fiscal year.

Yours sincerely,



R.G. Robertson,
Deputy Minister.

APPROVED



Director, Northern Administration and Lands Branch.

Department of Northern Affairs and National Resources

OFFICE OF THE DEPUTY MINISTER

DATE

TO:

FOR ACTION:

FOR DIRECT REPLY:

FOR PREPARATION OF REPLY:

FOR COMMENT:

FOR APPROVAL:

TO NOTE AND FILE: ☐ AND RETURN: ☐

FOR DISCUSSION WITH UNDERSIGNED:

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Feb 19/87

FEB 19 1957

DEPUTY MINISTER
FEB 16 AM
Dept. of Northern Affairs
& National Resources

Annual Report

OCTOBER 31, 1956



RAY ROCK MINES LIMITED

Officers and Directors

OFFICERS

J. C. BYRNE	-	-	-	-	-	-	-	-	President
J. J. BYRNE	-	-	-	-	-	-	-	-	Vice-President
D. S. HAMILTON	-	-	-	-	-	-	-	-	Secretary and Treasurer

DIRECTORS

J. C. BYRNE	-	-	-	-	-	-	-	Toronto, Ont.
J. J. BYRNE	-	-	-	-	-	-	-	Toronto, Ont.
R. W. R. COWIE	-	-	-	-	-	-	-	Toronto, Ont.
D. S. HAMILTON	-	-	-	-	-	-	-	Toronto, Ont.
M. S. HUFFAKER	-	-	-	-	-	-	-	Detroit, Mich.

SOLICITORS

MUNGOVAN & MUNGOVAN	-	-	-	-	-	-	-	Toronto, Ont.
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AUDITORS

AMPLEFORD, BROADHEAD & CO.	-	-	-	-	-	-	-	Toronto, Ont.
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TRANSFER AGENTS AND REGISTRARS

CROWN TRUST COMPANY	-	-	-	-	-	-	-	Toronto, Ont.
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BANKERS

THE ROYAL BANK OF CANADA	-	-	-	-	-	-	-	Toronto, Ont.
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EXECUTIVE OFFICE

SUITE 509 - 25 ADELAIDE ST. WEST	-	-	-	-	-	-	-	Toronto, Ont.
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Directors' Report

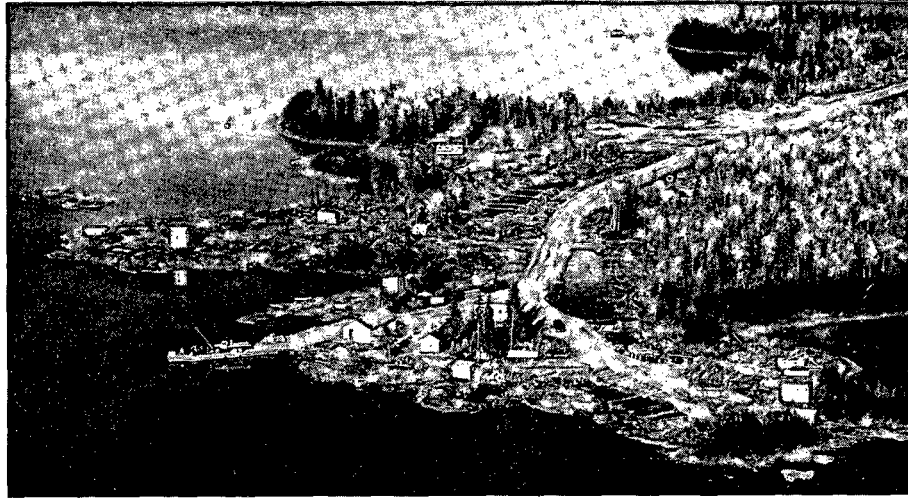
To the Shareholders:

Your Company has a premium price contract with the Dominion Government purchasing agent, Eldorado Mining and Refining Limited, for the sale of \$15,792,000 of Uranium concentrates. Contract calls for delivery before March 31st, 1962, and provides for negotiating an extension of the contract term and an increase in the quantity of uranium to be sold at mutually acceptable prices. Ore delivered from the Consolidated Northland property will be treated on a custom basis. Construction projects and mining operations are geared for tune-up of the acid leach plant in June, with production starting in July, 1957.

Shaft sinking to be completed in February will allow lateral development of the orebody to a depth of 625 feet. Currently ore reserves, calculated to a depth of 375 feet in the No. 6 Zone, amount to 111,200 tons or 296 tons per vertical foot. The ore structure is strong and wide open at depth and is also open to the northeast towards the Marian River Fault. Ore grade estimates by technical personnel of the Company and by independent consultants vary from 7.0 pounds to 8.6 pounds U_3O_8 per ton and include an allowance of 25 per cent for dilution in mining. Estimated profits are based on a grade of 7 pounds per ton.

Estimated operating profit for the first year of production is \$1,165,000. Calculations are based on milling 20,000 tons at 90 per cent recovery during the first six months, and 24,000 tons at 93 per cent recovery during the second six-month period. Estimated operating profit for the second year of production is \$1,750,000 or 40¢ per share, milling 52,000 tons at 94 per cent recovery.

Estimated cost to bring the property to the production stage by June, 1957, is \$3,400,000. This figure includes surface exploration, underground development, construction and installations on the camp, plant and town-



Southern end of all-weather road at navigation terminal
on Great Slave Lake.

sites, acid leach plant, construction of the 19-mile hydro power line and substations, warehouses and docks at Yellowknife and Marian Lake, and the Company's contribution towards building of the 35-mile all-weather road from navigation on Great Slave Lake to the property. Funds are on hand to complete all projects and to provide some \$300,000 of mine and mill supplies for production. A loan will be arranged for the purchase of additional supplies and for working capital. The Company has no bonds or debentures outstanding; all financing has been through sale of treasury stock.

Your Company holds some substantial share interests in other companies, acquired by prospecting activities and by purchase—please refer to "Schedule of Investments in Other Companies". Small interests are held in nine producing oil wells and in a large wildcat acreage with oil and gas possibilities, all located in Alberta.

Your Directors wish to express their appreciation of the loyal and able services and enthusiastic cooperation rendered by Management, Staff and Crew throughout the past year.

On behalf of the Board,

J. C. BYRNE,

President and Managing Director.

Toronto, Canada;
January 24, 1957.

Mine Manager's Report

The President and Directors,
Rayrock Mines Limited,
Suite 509, 25 Adelaide Street West,
Toronto, Ontario.

Gentlemen:

The Third Annual Report covering underground development and preparations for production at Rayrock Mines Limited for the year ending October 31, 1956, is herewith respectfully submitted for your consideration.

SUMMARY

Reserves of probable ore above the 375 foot level in the No. 6 Zone, allowing for a 25 per cent dilution factor, are calculated at 111,200 tons averaging 0.408 per cent U_3O_8 uncut, or 0.367 per cent cut grade. Calculations above the 225 foot level were largely based on drift and raise chip assays, while diamond drill core assays on sections 50 feet apart were used in calculations between the adit and first shaft level at 375 feet.

Preparations for shaft sinking, including an underground hoistroom, headframe and rope raise, were started in May, and by year end the shaft was 156 feet below the 225 (adit) level.

Delivery of 2,500 tons of construction materials and equipment by tractor train during the winter months, January to April, 1956, permitted an early start on the construction of mining plant and camp buildings. Construction has kept ahead of scheduled completion dates, with camp buildings being virtually completed, and the crusher house and concentrator building to be closed in by November 15th.

MINE DEVELOPMENT

During the year additional lateral development was completed on the 125 and 225 levels. To give more information, an inclined winze was sunk to 72 feet vertically below the 225 level and limited drifting north and south from the winze was carried out. This was followed by shaft preparation on the 225 foot level and shaft sinking was advanced to 156 feet below the 225 level, with cutting of the 375 level station just started.

On the 125 level a total length of 395 feet of ore was exposed along the No. 6 Zone, with the last 200 feet to the north representing ore not previously encountered. Crosscuts to the No. 1 and No. 7 Zones gave inconclusive results.



Mine Manager's Report continued

On the 225 level drifting was extended south to open up the No. 3 Zone over a length of 275 feet. The zone is strong, but radioactivity is confined to narrow widths.

An underground diamond drilling program detailing the No. 6 Ore Zone to the 375 foot level was completed at the year end.

	1956	1955	To Date
Shaft sinking and winze	234	-----	234 ft.
Shaft Stations, hoistroom, ore bin and deck	38,825	-----	38,825 cu. ft.
Drifts and crosscuts (including access drifts and slashing)	4,010	2,112	6,122 ft.
Raises (including headframe, rope and ventilation raises)	230	531	761 ft.
Diamond drilling—surface	-----	7,811	12,609 ft.
Diamond drilling—underground	7,535	1,108	8,643 ft.
Test-holing	1,190	-----	1,190 ft.

DEVELOPMENT EXPENDITURES

	1956	1955	To Date
Surface Exploration	\$ -----	\$ 70,209.00	\$ 70,209.00
Headframe, hoistroom, ore bin and deck	61,387.63	-----	61,387.63
Shaft Sinking	46,534.78	-----	46,534.78
Drifting, raising and winze	162,623.28	301,793.15	489,404.44
Diamond Drilling	24,988.01		
Totals	<u>\$295,533.70</u>	<u>\$372,002.15</u>	<u>\$667,535.85</u>

CONSTRUCTION

An accelerated construction program was started in early spring in an effort to close in all important buildings before severe winter weather set in. This was accomplished. Three bunkhouses to accommodate 100 men, staffhouse and cookery were completed during the summer. Residences for seven staff families were ready for occupancy by the year end. The former engineering office was altered to serve as commissary and school. The office and heated warehouse, cold warehouse, powerhouse, powder magazine and carpenter shop were completed early in the summer, followed by the machine shop, boiler house and mine dry. The crusher house and concentrator building, with adjoining conveyerways were within two weeks of completion.

CONSTRUCTION EXPENDITURES

Camp Buildings

Bunkhouses and Staffhouse	\$ 52,141.97	
Cookery	21,073.41	
Residences	49,822.87	
Commissary and School	3,704.78	\$126,743.03



Mine Manager's Report continued

Plant Buildings

Office and Warehouses	\$ 32,031.97	
Boiler House and Laundry	8,140.14	
Powerhouse	10,460.22	
Powder Magazine	3,046.58	
Carpenter Shop	4,868.40	
Machine Shop	19,007.70	
Mine Dry and First Aid	14,080.63	
Concentrator and Crusher House	110,047.41	
Mill Design and Engineering	70,696.91	\$272,379.96
		<u>\$399,122.99</u>

STRUCTURES

A total of 3,315 feet of outside pipe boxes and pipe lines in the camp and plant area were completed prior to freeze-up. Assessment of the water supply in Fault Lake indicated that Sherman Lake must be used for the main water supply. A pump house was constructed and work is progressing on the construction of the line from Sherman Lake to Fault Lake. The permanent power distribution system has been carried from the powerhouse to all buildings and to underground workings.

STRUCTURES EXPENDITURES

Outside pipe boxes and pipe lines	\$ 38,614.44	
Camp power lines	10,627.49	
Oil storage tanks	13,871.91	
Marian Lake Dock	7,292.52	\$ 70,406.36

EQUIPMENT

Maximum use is being made of equipment obtained from Negus and Boreal. This includes machine shop equipment, permanent compressors for underground air supply, standby Diesel power, steam boilers, jaw crusher, the grinding section and various wood stave tanks in the mill circuit, tractor, trucks and loader for camp use and freight hauling, numerous electric motors, switchgear and distribution panels and underground equipment. Major expenditures are for new equipment for the crusher house and concentrator.

EQUIPMENT EXPENDITURES

Camp Equipment

Bunkhouses and Staffhouse	\$ 10,610.89	
Cookery	6,282.82	
Residences	11,493.81	
School	592.02	
Fire Protection	2,616.21	\$ 31,595.75



Mine Manager's Report continued

Plant Equipment

Office and Warehouses	\$ 15,612.24	
Boiler House and Laundry	7,775.18	
Powerhouse	3,154.30	
Carpenter shop	3,177.11	
Machine shop	10,537.27	
Mine dry and first aid	879.76	
Concentrator and Crusher House	231,853.52	
Trucks and tractors	21,214.39	\$294,203.77

Mine Equipment

Power cables and signal system	\$ 2,203.26	
Rock drills	4,032.12	
Hoist, ropes, motor, controls	20,847.70	
Mine cars	2,946.18	
Mine cages, sinking equipment	6,111.63	\$ 36,140.89
		<u>\$361,940.41</u>

FREIGHT

Delivered by		
Tractor train	2,500	
Barge to Marian Lake	1,702	
Aircraft Yellowknife to Rayrock	260	
Marian Lake to Rayrock	182	
Truck Marian Lake to Rayrock	125	<u>4,769 tons</u>

PERSONNEL

Average number of employees, June to October, 100.

CONCLUSION

To the department heads and their staffs, I would like to express my sincere appreciation for the efficient and conscientious service they have rendered throughout the year.

I would also like to take this opportunity to express my gratitude and appreciation to the President, Directors, General Manager and Consulting Engineer for their assistance in guiding the operation of the mine.

Respectfully submitted,

WALTER E. CLARKE, P. Eng.,

Mine Manager.

Yellowknife, N.W.T., January 10, 1957.



Balanc

AS AT OCTO

ASSETS

CURRENT

Cash on Hand and in Banks	\$ 1,086,590.99	
Accounts Receivable	103,655.47	
Mine and Mill Supplies on Hand—cost, as certified by the Management	724,055.23	\$ 1,914,301.69
Investment in Other Companies and Syndicates, at cost less proceeds of disposals, as per schedule attached:		
Listed Stocks (market value \$186,300)	\$ 97,283.87	
Unlisted Stocks	16,434.97	113,718.84

MINING PROPERTIES—at cost

Mining Claims and Properties	\$ 562,460.68	
Deferred Development and Pre-Production Expenditures, as per schedule attached	1,362,967.51	
Building, Machinery and Equipment, including Construction in Progress	1,416,135.94	3,341,564.13

OIL PROPERTIES

Interest in Petroleum and Natural Gas Leases—cost	\$ 50,000.00	
Participation in Oil Wells, less receipts to date	19,232.29	69,232.29
Incorporation and Organization—cost		7,709.40
		<u>\$ 5,446,526.35</u>

NOTE 1: 100,000 shares of the Capital Stock of the Company are under option at \$2.00 per share payable by April 2, 1957.

NOTE 2: On December 22, 1955 a Writ was issued in the Supreme Court of Ontario by St. Michael Uranium Mines Limited, claiming 22,000 shares of Capital Stock of this Company. The Company has entered a defence to this claim.

Balance Sheet

October 31, 1956



LIABILITIES

CURRENT

Accounts Payable and Accrued Charges	\$ 388,935.91	
Wages Payable	32,825.44	\$ 421,761.35

CAPITAL STOCK

Authorized:

4,500,000 shares of \$1.00 Par Value each	\$ 4,500,000.00
-------------------------------------------------	-----------------

Issued and Fully Paid:

3,708,765 shares as at October 31, 1955	\$ 3,708,765.00
-----------------------------------------------	-----------------

650,000 shares since issued for cash (\$1,001,000.00), stated at Par	650,000.00
-------------------------------------------------------------------------------	------------

<u>4,358,765 shares</u>	<u>\$ 4,358,765.00</u>
-------------------------------	------------------------

Contributed Surplus	666,000.00	5,024,765.00
---------------------------	------------	--------------

Approved on behalf of the Board of Directors,

J. C. BYRNE, Director.

D. S. HAMILTON, Director.

\$ 5,446,526.35

AUDITORS' REPORT

We have examined the Balance Sheet of Rayrock Mines Limited as at October 31, 1956, and the Schedule of Deferred Development and Pre-Production Expenditure for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. We have not verified the titles to the Mining Properties and Oil interests and Participations.

Subject to the foregoing and to our Notes numbered 1 and 2, we report that, in our opinion, the above Balance Sheet and accompanying Schedule of Deferred Development and Pre-Production Expenditure present fairly the financial position of the Company as at October 31, 1956 and the results of its Operations for the year ended on that date.

Toronto, Canada.
February 4, 1957.

AMPLEFORD, BROADHEAD & CO.,
Chartered Accountants.



Schedule of Deferred Development and Pre-Production Expenditures

For the year ended October 31, 1956

Total as at November 1, 1955 \$ 803,381.10

Mine

Underground Development	\$219,800.58	
Shaft Preparation and Sinking	105,147.78	
Station Cutting	2,774.63	
Other Mine Expenses	230,805.03	\$558,528.02

Head Office

Bank Charges and Exchange	\$ 1,643.78
Legal and Audit	2,969.58
Licenses, Taxes and Filing Fees	1,100.00
Printing and Publicity	5,565.73
Salaries—Management and Consultants	19,299.08
Sundry Office Expenses	1,224.28
Telephone and Telegraph	2,554.59
Travelling	4,719.84
Transfer Agents' Fees and Expenses	4,923.11
	<u>\$ 43,999.99</u>

Less:

Dividends and Interest Received	42,941.60	1,058.39	559,586.41
---------------------------------------	-----------	----------	------------

Total as at October 31, 1956 \$ 1,362,967.51

Contributed Surplus Account

Balance at Credit, November 1, 1955	\$ 315,000.00
Add: Premium received on Shares issued for Cash during the year	351,000.00
Balance at Credit, October 31, 1956	<u>\$ 666,000.00</u>



Schedule of Investment in Other Companies and Syndicates

As at October 31, 1956

	Number of Shares or Units	Book Value	Market Value
Listed Stocks			
Consolidated Discovery Yellowknife Mines Limited	45,000	\$74,047.22	\$137,250.00
Consolidated Northland Mines Limited:			
Free	30,000	1.00	22,500.00
Escrowed	45,000	900.00	-----
New Athona Mines Limited	40,431	15,000.00	21,025.00
Ormsby Mines Limited:			
Escrowed	46,650	959.65	-----
Ponder Oils Limited	8,500	6,375.00	5,525.00
Radiore Uranium Mines Limited:			
Escrowed	129,600	1.00	-----
Totals as per Balance Sheet		<u>\$97,283.87</u>	<u>\$186,300.00</u>
Unlisted Stocks			
Brikon Exploration Limited	4,600	\$ 4,600.00	
Cameron Drilling Company Limited:			
Preferred	50)		
Common	250)	5,000.00	
Delahey Lake Nickel Limited:			
Escrowed	22,500	1,440.00	
General Hydrocarbons Limited	7,000	7,000.00	
Glenrock Gold Mines Limited	24,000	1,950.00	
O'Connor Lake Lead Syndicate	1,500	3,000.00	
Plateau Petroleums Limited	158,750	15,875.00	
Tarbell Mines Limited:			
Escrowed	50,000	24,250.00	
Yellowknife Publishers Limited:			
Preferred	8)		
Common	800)	800.00	
		<u>\$63,915.00</u>	
Deduct:			
Excess of Selling Price over Cost of Investments Sold		47,480.03	
Total as per Balance Sheet		<u>\$16,434.97</u>	

Consulting Engineer's Report

The President and Directors,
Rayrock Mines Limited,
Suite 509, 25 Adelaide Street West,
TORONTO, Ontario.

Gentlemen:

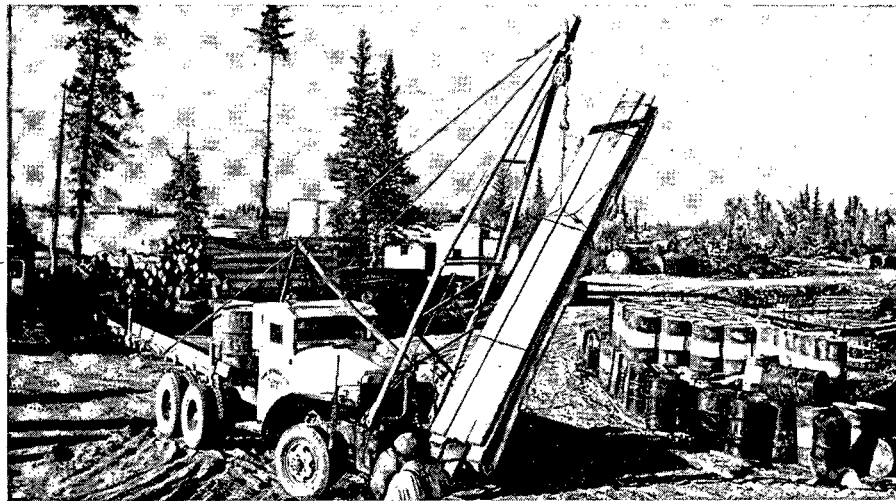
Following is our report on general developments at the Company's Marian River property for the year ending October 31, 1956.

GENERAL

Assurance of a contract for the sale of uranium to the government permitted the planning for production to proceed uninterrupted at the Company's Marian River property and at this writing mining plant and camp buildings have been completed, the leach plant has been closed in, and the installation of mill equipment is under way. Concurrently, a 35-mile all-weather road has been all but completed from the mine docksite at deep-water navigation, a hydro-power line from the government plant at Big Spruce Lake is under construction, underground excavation of shaft head facilities is completed, and shaft sinking is in progress to open three additional levels. It is expected that mine, mill and power line construction will be completed in May, 1957, to allow plant tune-up to start early in June.

UNDERGROUND DEVELOPMENT

During the early part of the year, underground development was speeded on three levels to outline as much ore as possible prior to March 31st, the deadline date set by the government for special price contracts. The sub-level above the main adit level opened 400 feet of mine average grade ore and the 100 feet, or more, of drifting on the winze level 75 feet below the adit, was in ore of similar grade. An inclined winze was sunk in the footwall of the No. 6 Zone to take a quick look at the ore characteristics at an intermediate point below the adit prior to sinking



Freight Storage Area on Great Slave Lake.

of the internal production shaft. At the present time, drifts on the adit level are being extended north to open the downward extension of the sub-level north ore, and routine diamond drilling on 50-foot sections is detailing the ore both above and below the adit level.

PILOT PLANT

A shipment of 22 tons of ore tested in a simulated plant run at Ottawa under average conditions showed excellent recoveries of 95 per cent of contained uranium, low consumption of mill chemicals and every indication of a smooth working operation for the modern treatment plant now under construction at the mine.

ORE RESERVES

Ore reserves reported at this time last year were augmented during the early part of 1956 by the opening up of a new block on the sub-level north of any previous known ore. Ore reserves above the 375 foot level are calculated at 111,200 tons grading 0.35 per cent to 0.40 per cent uranium oxide, or seven to eight pounds per ton.

Development of the new lower levels will be under way early in 1957 concurrent with stope preparation on the upper levels.

Respectfully submitted,

NORMAN W. BYRNE, P.Eng.,

Consulting Mining Engineer.

Yellowknife, N.W.T.,
December 14, 1956.

General Manager's Report

The President and Directors,
Rayrock Mines Limited,
Suite 509, 25 Adelaide Street West,
TORONTO, Ontario.

Gentlemen:

A report covering the operations of Rayrock Mines Limited during the year ending October 31st, 1956, is herewith respectfully submitted for your consideration.

SUMMARY

The past year has been an active one for your company. In 1955 it became obvious that a mill was warranted for Rayrock. The past year has been spent in planning, purchasing and erecting the buildings and equipment necessary and in pursuing the exploration of our ore body further. This work is now well under way and milling is scheduled to begin in June, 1957.

UNDERGROUND DEVELOPMENT

This part of our work was carried on continuously throughout the year. The ore-bearing zone was explored laterally both North and South on the 125, 225 and 300 foot levels. An exploratory winze was sunk from the 225 to the 300 foot level for the necessary information for contract arrangements. A headframe, ore bin and hoist room were excavated underground at the 225 foot (adit) level so that shaft sinking to the 625 foot horizon could begin. The shaft had been sunk 156 feet by the year end.

CAMP AND PLANT CONSTRUCTION

Construction started in March and has continued steadily since. Housing for one hundred single employees and seven families was erected. The necessary plant buildings for our operation were also completed except the mill and crushing plant. The interiors of these latter buildings were within fifteen days of completion by October 31st. Installation of machinery and equipment will begin as soon as interior construction is completed.



Recovering core from diamond drilling underground.

ROAD CONSTRUCTION

Early in the year an arrangement was made with the Federal Government for assistance in building a 35-mile road from your mine to the head of navigation at Marian Lake. Construction began on May 23rd and was completed for the season a few days after October 31st. By then the sub-grade had been finished for the entire distance and 22 miles had been gravelled. Trucking of construction supplies and equipment began on October 15th and has continued steadily since then.

POWER LINE CONSTRUCTION

Arrangements were made with contractors from Edmonton to construct a 19-mile power line to bring hydro-electric power from the N.W.T. Power Commission generating station at Big Spruce Lake to the mine. During the summer, the right-of-way was surveyed, pole sites were blasted and poles were cut, hauled to Marian Lake and treated for longevity. Power line erection will begin when sufficient ice is available for travel, probably in December. We anticipate the delivery of hydro-electric power to your property by April 1st, 1957.

CONCLUSION

It is with pleasure that I can acknowledge the efficient and conscientious service rendered by the Mine Manager and his staff throughout the year.

I would also like to express my appreciation to the President and the Consulting Engineer for their advice and instructions in carrying out the work.

Respectfully submitted,

R. J. KILGOUR, P. Eng.,

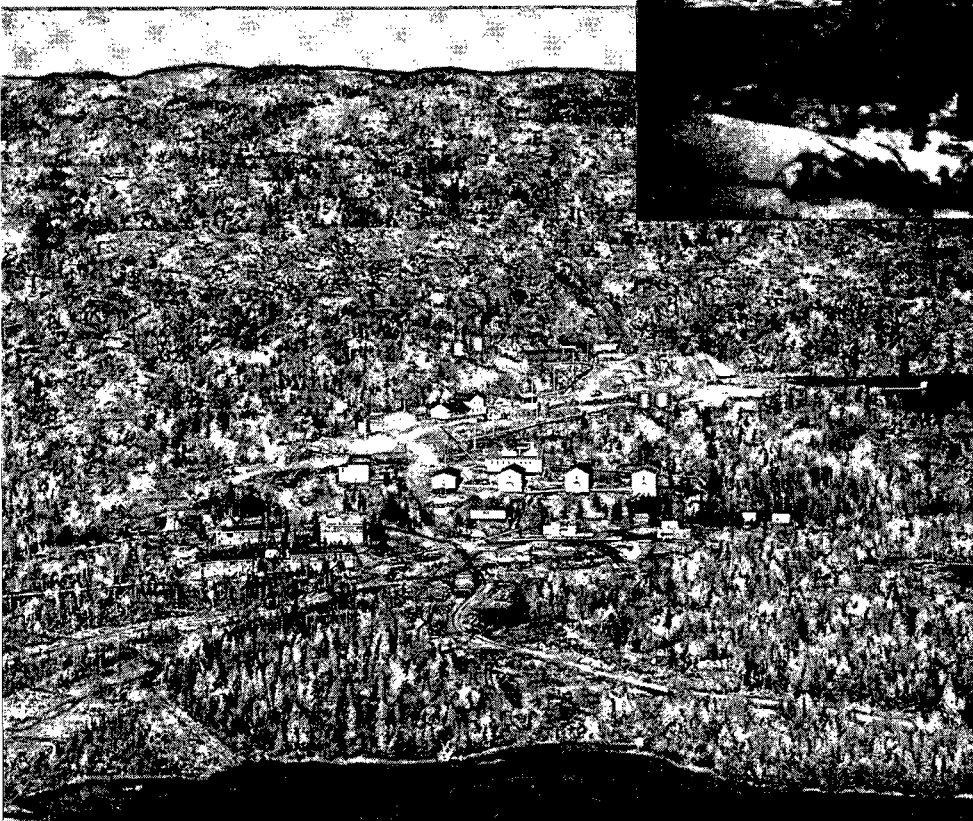
General Manager.

Yellowknife, N.W.T., December 16, 1956.

Installing mine
hoist in rock
excavated room
on adit level.

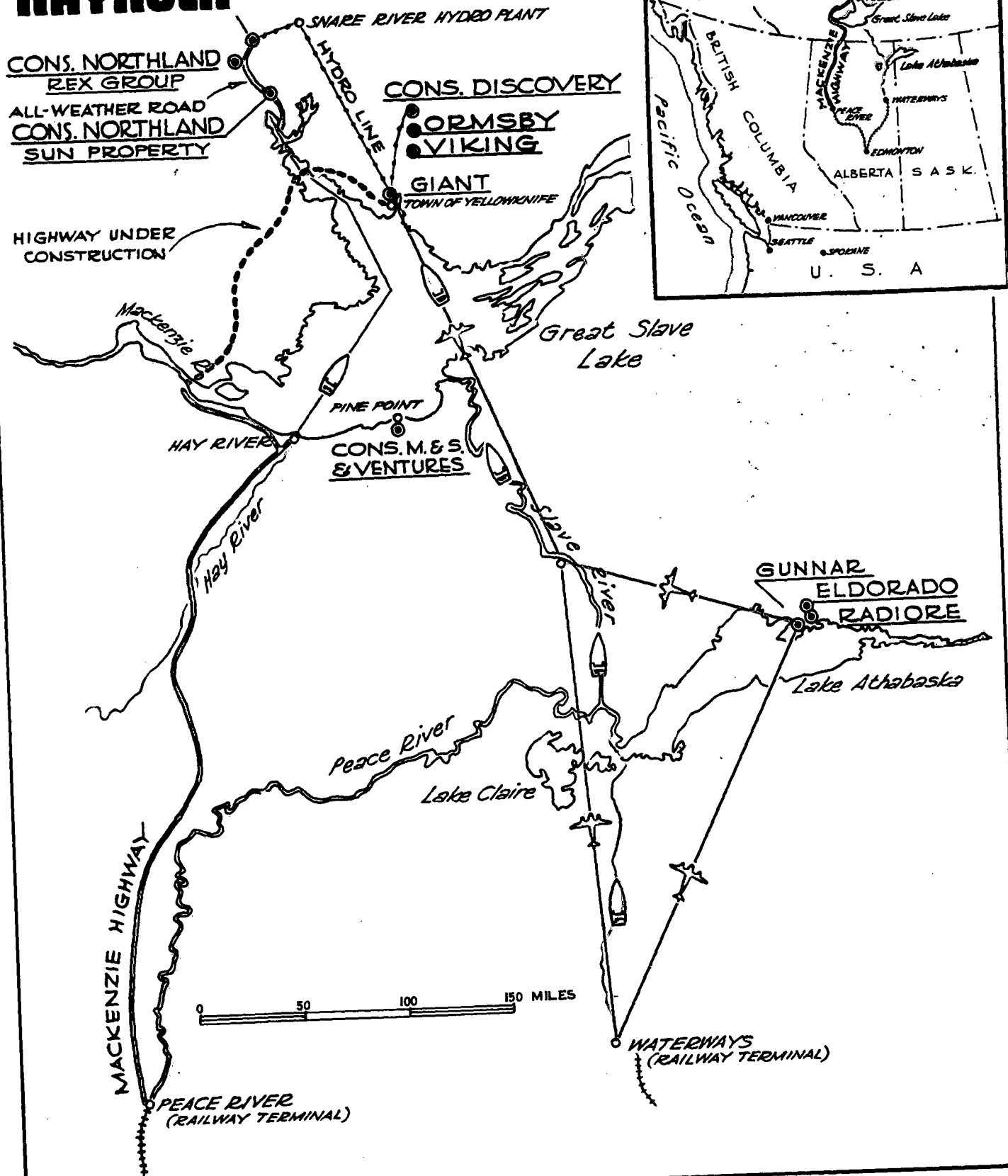


Uranium Concentrator Building



Aerial view of camp and
plant sites prior to
construction of concentrator
and crushing plants.

RAYROCK



Department of Northern Affairs and National Resources

OFFICE OF THE DEPUTY MINISTER

DATE Feb.18/57

TO: MR. CUNNINGHAM

FOR ACTION:

xxx

FOR DIRECT REPLY:

FOR PREPARATION OF REPLY:

xxx

FOR COMMENT:

xxx

FOR APPROVAL:

TO NOTE AND FILE: ☐ AND RETURN: ☐

FOR DISCUSSION WITH UNDERSIGNED:

Will you please look into this to see if there is anything that can be done? Will you please also prepare a reply for my signature?

- What is the matter with the Co-op Book Centre?"
B.F. March 4/56

for reply

[Handwritten signature]

000687

HEAD OFFICE:
509-25 ADELAIDE ST., W.
TORONTO, ONT.

MINE OFFICE:
YELLOWKNIFE, N.W.T.

RAYROCK MINES LIMITED

(NO PERSONAL LIABILITY)
YELLOWKNIFE, N.W.T.

DEPUTY MINISTER

FEB 18 A.M.

Dept. of Northern Affairs
& National Resources.

February 13, 1957

FEB 19 1957

Reply d. Feb. 25

Mr. R. G. Robertson,
Deputy Minister,
Dep't of Northern Affairs & National Resources,
OTTAWA, Ont.

Deputy Minister's Records.
File No. 40-758
Indexed by

Dear Mr. Robertson:

For the past three months, our School has been operating under some difficulties, at Rayrock, due to the lack of proper text books. The reason being that the shipment of text books, as ordered by the Dep't of Northern Affairs & National Resources through the Co-operative Book Centre of Canada, 146 Wellington Street West, Toronto, Ont., has never been received.

The original shipment of books were reported to have left Toronto in August of last year, but had not reached Rayrock when we were ready to open School about November 1st. Investigation into the whereabouts of the books drew a blank and on November 30th, the Co-operative Book Centre advised that a duplicate^{shipment} had been sent. In the interim, the Yellowknife School obliged us with the loan of a few necessary books to get started with. These have been partially supplemented by a few books sent in by Mr. W. E. Winter.

As the second shipment of books was not received by January 15, a wire was sent to the Co-operative Book Centre requesting advice on the disposition of the shipment. To date, no answer has been received to that wire. On February 5, a wire was sent to Mr. W. E. Winter informing him of the situation and requesting that he enlist the aid of the Department in expediting the shipment of the books. We have not yet received an answer to this wire.

You can well realize the difficulties our teacher is operating under and she is not able to give the children their proper training.

Your early attention and advice on this matter would be greatly appreciated.

Yours very truly,

RAYROCK MINES, LIMITED

Walter E. Clarke

Walter E. Clarke,
Mine Manager.

WEC:gh cc-J.C.Byrne
Mrs. J.E.Cartier

000688

Department of Northern Affairs

and National Resources

MINISTER'S OFFICE

DATE Feb. 11, 1957

TO:

Mr. Jackson

FOR ACTION.

FOR DIRECT REPLY.

FOR DRAFT REPLY.

FOR COMMENT.

TO NOTE AND FILE.

TO NOTE AND RETURN.

FOR DISCUSSION WITH MINISTER.

FOR INFORMATION.

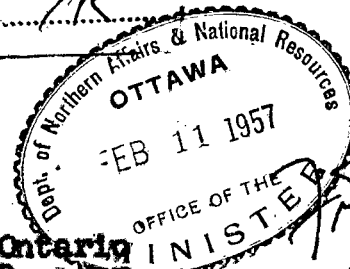
~~R. F.~~
~~18/II/57~~
~~*[Signature]*~~

TELEPHONE
EMPIRE 4-5588

Deputy Minister's Records
File No. 40-7-18
Indexed by

SUITE 509
25 ADELAIDE ST. W.
TORONTO 1, CANADA

MAR 15 1957



Toronto, Ontario
February 8, 1957

Reply dated Feb. 25/57
File 40-7-18

Mr. R. G. Robertson
Deputy Minister
Dept. of Northern Affairs and National Resources
OTTAWA, Ontario

Dear Mr. Robertson:

Truck Road - Marian Lake to Sherman Lake - 35 miles

Construction of the above mentioned road went exceptionally well during 1956. Following is a resumé of the All-weather road program to date:

35 miles - graded - complete
Approaches to and bridge over Emile River - complete
22 miles gravelled
70 per cent culverts placed

Estimated Cost \$280,000

Expended to date

Rayrock Mines	\$257,000
Cons. Northland Mines	16,600
Total	\$273,600

Estimated Cost to Complete 40,400 \$314,000

Excess Cost over Estimate \$ 34,000

Two factors contributed to the "Excess Cost over Estimate"

1. Original estimate called for a roadbed 12 feet wide for oneway truck traffic. The distance between gravel pits, however, demanded a roadbed 20 feet wide to allow for passing of dump trucks, otherwise truck

- 2 -

waiting time would have been an expensive cost item.

2. Exceptionally wet weather, almost continual from September 1st until cessation of operations in November.

Referring to the joint submission of August 31st, 1955, and subsequent correspondence by Rayrock Mines Limited and Consolidated Northland Mines Limited, we were under the impression that the All-Weather Road Agreement would be between the Department of Northern Affairs and National Resources and the two mining companies. It was agreed between the mining companies that Rayrock would contribute \$120,000 and Consolidated Northland \$20,000, to be matched by a contribution of \$140,000 through your Department.

The sum of \$16,600 expended by Consolidated Northland Mines was during the summer and fall of 1955 on a tractor road between Marian Lake and the Consolidated Northland property. This road later became the route for the first nine miles of the all-weather road from Marian Lake to Sherman Lake. Work completed by Northland included clearing right-of-way, levelling, stripping and corduroying, which was later incorporated into construction of the all-weather road.

Under date of April 25th, 1956, Mr. Cunningham pointed out that it is the usual practice in this type of agreement for the Federal Government to deal with one company only, in this case Rayrock Mines Limited. Mr. Cunningham also stated that, from the point of view of the Federal Government, including expenditures prior to February 1st, 1956, would be hard to justify. Since the expenditures made by Consolidated Northland are definitely a portion of the cost of constructing the all-weather road, it is our contention that these expenditures should have been matched from the Federal Government allocation of \$140,000. Mr. Homulos, acting as road inspector for the Federal Government for this project, pointed out that he must abide by the terms of the Contract, consequently we were not permitted to include the Northland expenditures in our statements of expense.

- 3 -

- 3 -

Current status of contributions to the all-weather road project are therefore as follows:

<u>Contribution by Mining Companies</u>	<u>Contribution by Federal Government</u>
	(reimburse Rayrock 50%)
Rayrock Mines Limited	\$257,000
\$128,500	
Consolidated Northland Mines Limited	<u>16,600</u>
	\$273,600
Less	<u>128,500</u>
TOTAL	<u>\$145,100</u>
	<u>\$128,500</u>

We would most sincerely appreciate consideration of the expenditures of \$16,600 made by Consolidated Northland Mines Limited on construction of the road Marian Lake to Sherman Lake. These expenditures were made in good faith and we feel should have been matched by the Government from their portion of the funds allotted to the project.

Maintenance of the road for at least the first two years will be costly and this maintenance work must be borne by Rayrock according to the terms of the Agreement. We therefore respectfully request that the Government consider allocation of an additional amount over and above the \$140,000, but not to exceed \$17,000, representing 50 per cent of the excess cost over the original estimate to complete construction of the all-weather road Marian Lake to Sherman Lake.

A reply at your earliest convenience would be appreciated.

Yours very truly,

RAYROCK MINES LIMITED

c.c. Hon. Jean Lesage
R. J. Kilgour
W. E. Clarke
N. W. Byrne
S. Homulos


J. C. Byrne
President and Managing Director

JCB:o's

000692

Department of Northern Affairs and National Resources

OFFICE OF THE DEPUTY MINISTER

DATE

February 12, 1957

TO:

MR. CUNNINGHAM

FOR ACTION:

FOR DIRECT REPLY:

FOR PREPARATION OF REPLY:

XX

FOR COMMENT:

XX

FOR APPROVAL:

TO NOTE AND FILE: ☐ AND RETURN: ☐

FOR DISCUSSION WITH UNDERSIGNED:

"C.W.J."

000693

2 copies sent to Mr Cunningham

MYNE OFFICE
YELLOWKNIFE
N.W.T.

HEAD OFFICE
SUITE 509
25 ADELAIDE STREET WEST
TORONTO 1, CANADA

FEB 12 1957

Deputy Minister
File No. 40-7-18
Indexed by

RAYROCK MINES LIMITED

TELEPHONE EMPIRE 4-5588

DEPUTY MINISTER
FEB 11 A.M.
Dept. of Northern Affairs
& National Resources.

Toronto, Ontario
February 8, 1957

Mr. R. G. Robertson
Deputy Minister
Dept. of Northern Affairs and National Resources
OTTAWA, Ontario

Reply d. Feb. 25 B.7. Feb. 28
reply d. Feb. 25 J.H.
Initiated
J.R.

Dear Mr. Robertson:

Truck Road - Marian Lake to Sherman Lake - 35 miles

Construction of the above mentioned road went exceptionally well during 1956. Following is a resumé of the All-weather road program to date:

35 miles - graded - complete
Approaches to and bridge over Emile River - complete
22 miles gravelled
70 per cent culverts placed

Estimated Cost \$280,000

Expended to date

Rayrock Mines	\$257,000
Cons. Northland Mines	<u>16,600</u>
Total	\$273,600

Estimated Cost to Complete 40,400 \$314,000

Excess Cost over Estimate \$ 34,000

Two factors contributed to the "Excess Cost over Estimate"

1. Original estimate called for a roadbed 12 feet wide for oneway truck traffic. The distance between gravel pits, however, demanded a roadbed 20 feet wide to allow for passing of dump trucks, otherwise truck

- 2 -

waiting time would have been an expensive cost item.

2. Exceptionally wet weather, almost continual from September 1st until cessation of operations in November.

Referring to the joint submission of August 31st, 1955, and subsequent correspondence by Rayrock Mines Limited and Consolidated Northland Mines Limited, we were under the impression that the All-Weather Road Agreement would be between the Department of Northern Affairs and National Resources and the two mining companies. It was agreed between the mining companies that Rayrock would contribute \$120,000 and Consolidated Northland \$20,000, to be matched by a contribution of \$140,000 through your Department.

The sum of \$16,600 expended by Consolidated Northland Mines was during the summer and fall of 1955 on a tractor road between Marian Lake and the Consolidated Northland property. This road later became the route for the first nine miles of the all-weather road from Marian Lake to Sherman Lake. Work completed by Northland included clearing right-of-way, levelling, stripping and corduroying, which was later incorporated into construction of the all-weather road.

Under date of April 25th, 1956, Mr. Cunningham pointed out that it is the usual practice in this type of agreement for the Federal Government to deal with one company only, in this case Rayrock Mines Limited. Mr. Cunningham also stated that, from the point of view of the Federal Government, including expenditures prior to February 1st, 1956, would be hard to justify. Since the expenditures made by Consolidated Northland are definitely a portion of the cost of constructing the all-weather road, it is our contention that these expenditures should have been matched from the Federal Government allocation of \$140,000. Mr. Homulos, acting as road inspector for the Federal Government for this project, pointed out that he must abide by the terms of the Contract, consequently we were not permitted to include the Northland expenditures in our statements of expense.

- 3 -

- 3 -

Current status of contributions to the all-weather road project are therefore as follows:

<u>Contribution by Mining Companies</u>	<u>Contribution by Federal Government</u>
	(reimburse Rayrock 50%)
Rayrock Mines Limited	\$257,000
Consolidated Northland Mines Limited	<u>16,600</u>
	\$273,600
Less	<u>128,500</u>
TOTAL	<u>\$128,500</u>

We would most sincerely appreciate consideration of the expenditures of \$16,600 made by Consolidated Northland Mines Limited on construction of the road Marian Lake to Sherman Lake. These expenditures were made in good faith and we feel should have been matched by the Government from their portion of the funds allotted to the project.

Maintenance of the road for at least the first two years will be costly and this maintenance work must be borne by Rayrock according to the terms of the Agreement. We therefore respectfully request that the Government consider allocation of an additional amount over and above the \$140,000, but not to exceed \$17,000, representing 50 per cent of the excess cost over the original estimate to complete construction of the all-weather road Marian Lake to Sherman Lake.

A reply at your earliest convenience would be appreciated.

Yours very truly,

RAYROCK MINES LIMITED

c.c. Hon. Jean Lesage
R. J. Kilgour
W. E. Clarke
N. W. Byrne
S. Homulos


J. C. Byrne
President and Managing Director

JCB:o's

NORTHERN AFFAIRS AND NATIONAL RESOURCES

OFFICE OF THE DEPUTY MINISTER

DATE

TO: THE MINISTER

FOR APPROVAL:

FOR SIGNATURE:

TO NOTE AND RETURN:

FOR INFORMATION:

FOR DIRECTION:



A handwritten signature, possibly 'G. J.', is written in the top right area of the large text box.

Please mark
the letter marked
"Personal"

A large, stylized handwritten signature or mark is written in the bottom right area of the large text box.

Department of Northern Affairs and National Resources

OFFICE OF THE DEPUTY MINISTER

DATE
February 5, 1957.

TO:

MR. JACKSON

FOR ACTION:

FOR DIRECT REPLY:

FOR PREPARATION OF REPLY:

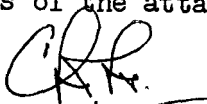
FOR COMMENT:

FOR APPROVAL:

TO NOTE AND FILE: ☐ AND RETURN: ☐

FOR DISCUSSION WITH UNDERSIGNED:

The Minister asked me
to do a letter to Mr. Norman Byrne,
- along the lines of the attached.



C.H. Herbert,
Chief, Economic Division.

000698

Copy Sent to
Mr Cunningham

CHM/JS

File
JH

PERSONAL

Ottawa, February 6, 1957.

Norman Byrne, Esq.,
Yellowknife,
N.W.T.

FEB - 7 1957

Deputy Minister's Records	
File No.	40-7-18
Handled by	JR

Dear Mr. Byrne:

I do not know whether you have yet seen the enclosed article, "Why Private Capital Avoids the North", which appeared in Saturday Night of January 19, 1957. On the second page you are quoted as stating that the government has done little or nothing to help the development of the north. If this quotation is correct I am a little puzzled at it and disappointed, too. I had thought that you appreciated that I personally, and this department in general, has been very sympathetic to the problems of Rayrock Mines Ltd., and that the government has given substantial assistance to your company in building roads.

You are further quoted in the article as stating that the government will only think of giving help after private enterprise has opened up the country. I do not think that this comment is accurate, because in many ways the government has made substantial contributions to opening the country up. One such contribution was the construction of the Mackenzie highway, and another important instance is our present programme for extending this road, by way of Fort Resolution and Fort Rae, to Yellowknife.

Finally, you are quoted as saying that the government seems to think that a mine must have 10 or 20 years supply of ore in sight before it does anything to help the industry. That, again, is not correct. Clearly it is the responsibility of the government, as the trustee of public funds, to try to assure itself that the mine will have a sufficiently long life to justify the expenditure - or alternatively, that other properties are likely

- 2 -

to come into production in the area. However, as you know from your own experience, there have been numerous occasions on which we have given assistance to a mine with established reserves of far less than 10 years.

I hardly think that I need to point out that I have no objection to anybody criticizing the government for not doing more than it is in the development of northern Canada. That is anybody's privilege. Furthermore, there are times when I myself wish that economic conditions made it possible for us to go faster. However, I do not think it helps our common cause for people to accuse the government of following policies which in fact it does not follow, and of failing to do things which in fact it has done.

With kindest regards,

Yours sincerely,

JEAN LESAGE

Jean Lesage.

c.c. Mr. Cunningham

Department of Northern Affairs and National Resources

OFFICE OF THE DEPUTY MINISTER

DATE Dec. 10/56

TO: ~~MR. JACKSON~~ to see and pass to

~~MR. HERBERT~~

FOR ACTION:

FOR DIRECT REPLY:

FOR PREPARATION OF REPLY:

FOR COMMENT:

FOR APPROVAL:

TO NOTE AND FILE: ☒ AND RETURN: ☐

XXX

FOR DISCUSSION WITH UNDERSIGNED:

000701

NORTHERN AFFAIRS AND NATIONAL RESOURCES

OFFICE OF THE DEPUTY MINISTER

DATE Dec.10/56

TO: THE MINISTER

FOR APPROVAL:

FOR SIGNATURE:

TO NOTE AND RETURN:

XXX

FOR INFORMATION:

XXX

FOR DIRECTION:

Mr. Cunningham has sent for our information this memo of Dec. 7 with the attached report from Mr. Homulos about the road from Marian Lake to Rayrock.

When you have seen it, I will pass it on to Mr. Jackson and Mr. Herbert before it is sent to file.



DEC 14 1956



CANADA

NORTHERN ADMINISTRATION
AND LANDS BRANCH

DEPARTMENT
OF
NORTHERN AFFAIRS AND NATIONAL RESOURCES

PLEASE QUOTE

FILE 351-2-31

40-7-18

OFFICE OF THE DIRECTOR

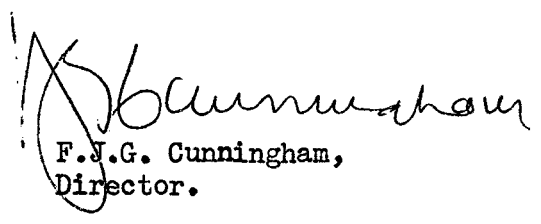
Ottawa, December 7th, 1956.

MEMORANDUM FOR THE DEPUTY MINISTER

ROAD FROM MARIAN LAKE TO RAYROCK

Deputy Minister's Record
File No. 40-7-18
Indexed by J.R.

-- As promised in my memorandum of the 28th of November, 1956,
(paragraph 8), please find attached, a copy of a recent progress
report and plan received from our Mr. Homulos, relative to work
completed this year on the above noted road.


F.J.G. Cunningham,
Director.

MARIAN LAKE - RAYROCK ROAD

Several inspection trips were made over this road during construction, the last trip being made on November 29th. At that time the road was in first class driving condition, however this was due to the fact that the road was frozen and bumps and holes filled in with packed snow. Driving time over this road from Rayrock to Marian Lake was about one hour in a jeep.

The entire right of way is cleared over an average width of about 150 feet, there are very few bad curves and no hills to speak of. The first twelve miles from Marian Lake dock site to about point "B" on the accompanying sketch is very well graded and is a first class road. This portion is surfaced with gravel. The next section from "B" to "C" is not up-graded as well nor are the shoulders sloped, however this portion is also surfaced with gravel and it is my impression that low spots will be under water during the break-up season. Culverts have been installed from the Marian Lake dock site to point "C". The next section from "C" to "D" is fairly well up graded with a few low spots here and there but no culverts have yet been cut in nor has this section been surfaced. The portion from "D" to "E" which is Rayrock Mines has merely been pushed through and requires building up. This portion is very low and will definitely be under water during break-up season. No culverts are yet installed in this portion.

The material used for building this road generally was a glacial silt and it is my impression when building with material of this kind, it is necessary to keep the sub grade well above the high water mark during the break up season and install sufficient culverts to keep the road well drained. Any sections of the road that are under water during break-up will delay the use of this road as this material becomes water soaked and takes a long time to drain or dry out.

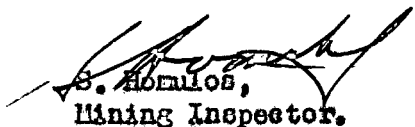
The main criticism I have to make at this time is that in construction all muskogs were stripped instead of leaving them as they were and piling aggregate on top of the muskog. This stripping of the muskog lowers the perma frost line and muskogs then become bogs.

- 2 -

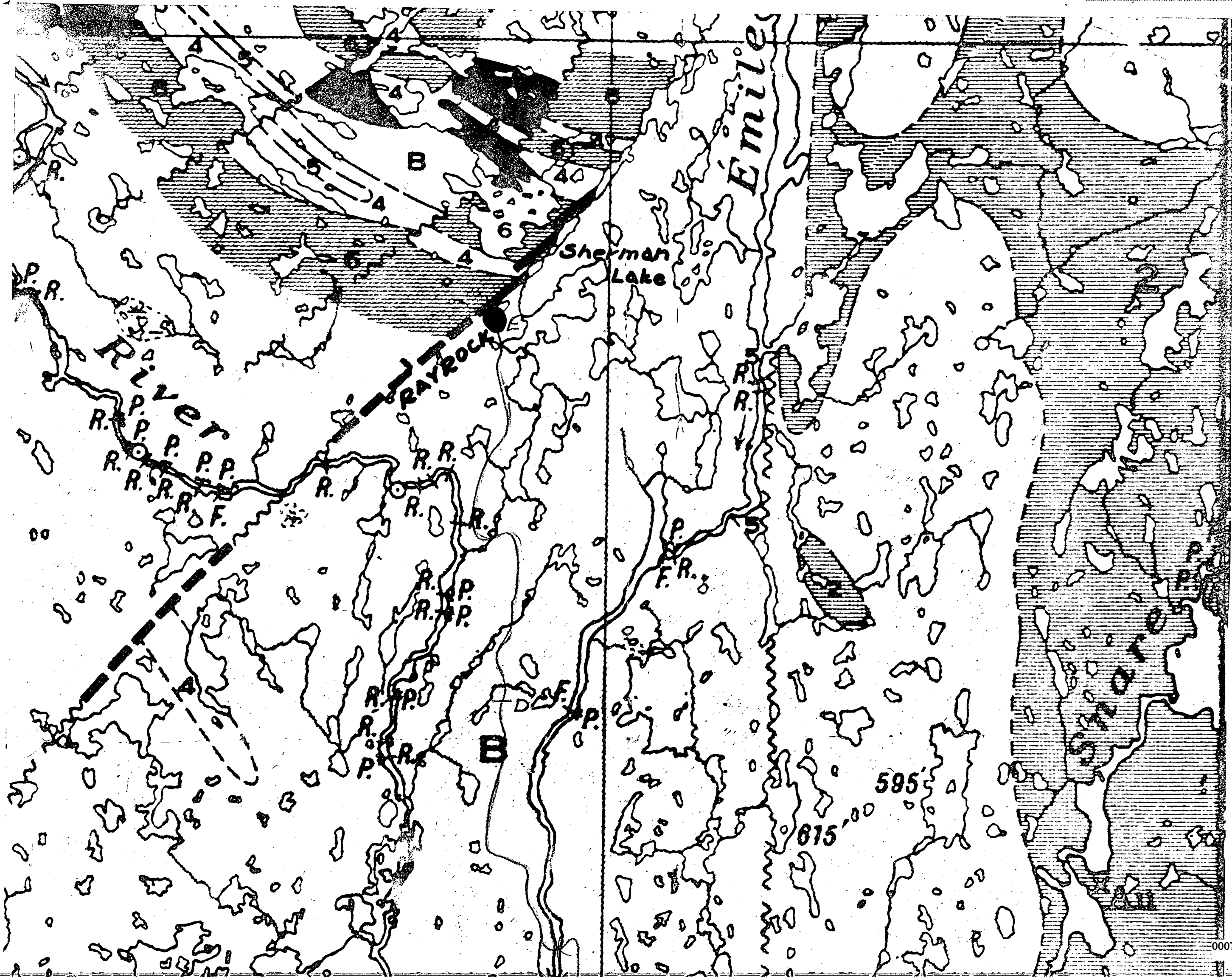
It is the intention of Rayrock to stock pile along the road, mine ruck which will be used to raise low portions in the road. My recommendations for next year would be:

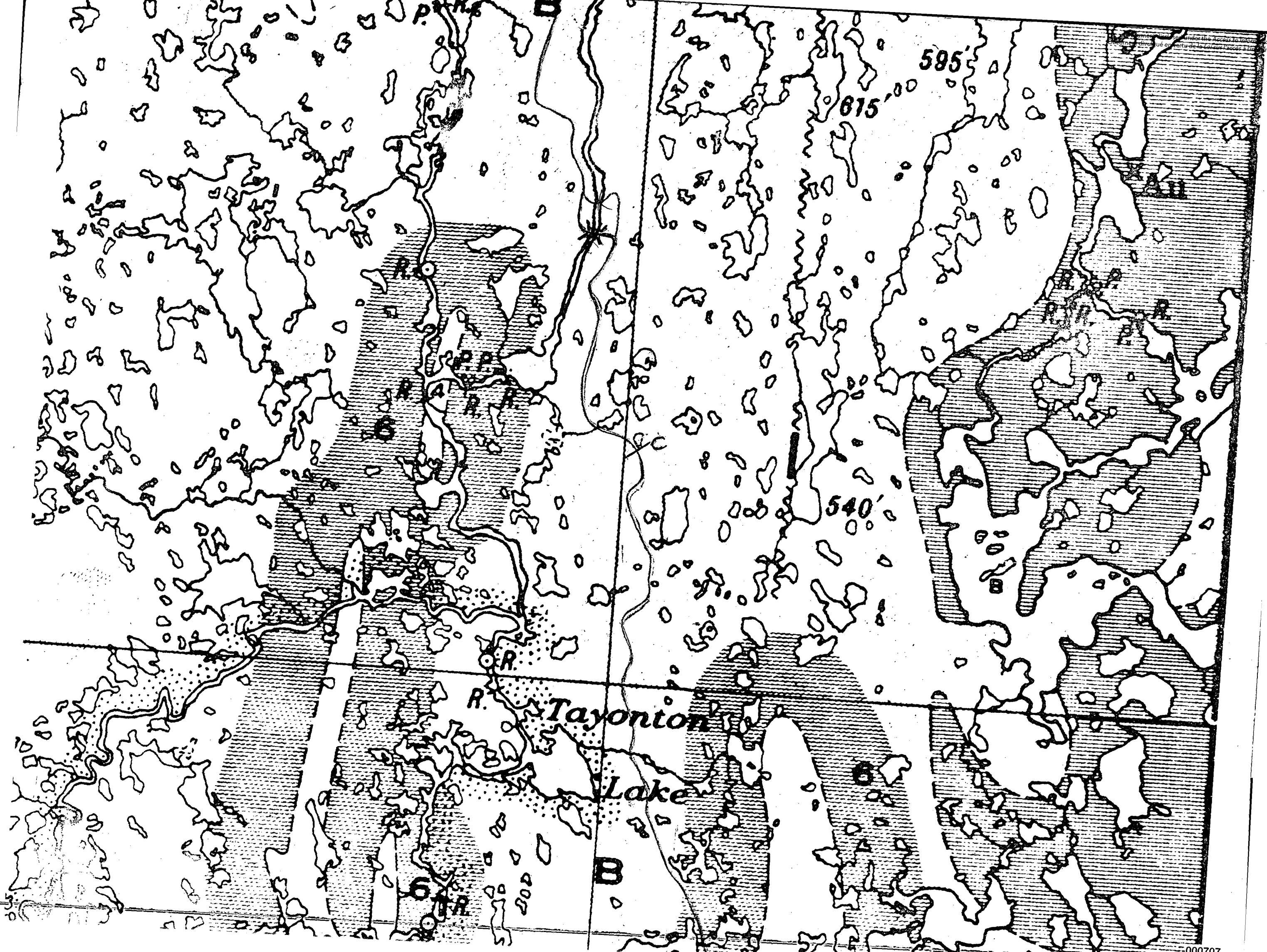
1. To cut in culverts in the portion from "C" to "E".
2. Up grade or raise all low spots in the road.
3. Surface the entire road with gravel.
4. Slope the shoulders from point "C" to point "E".

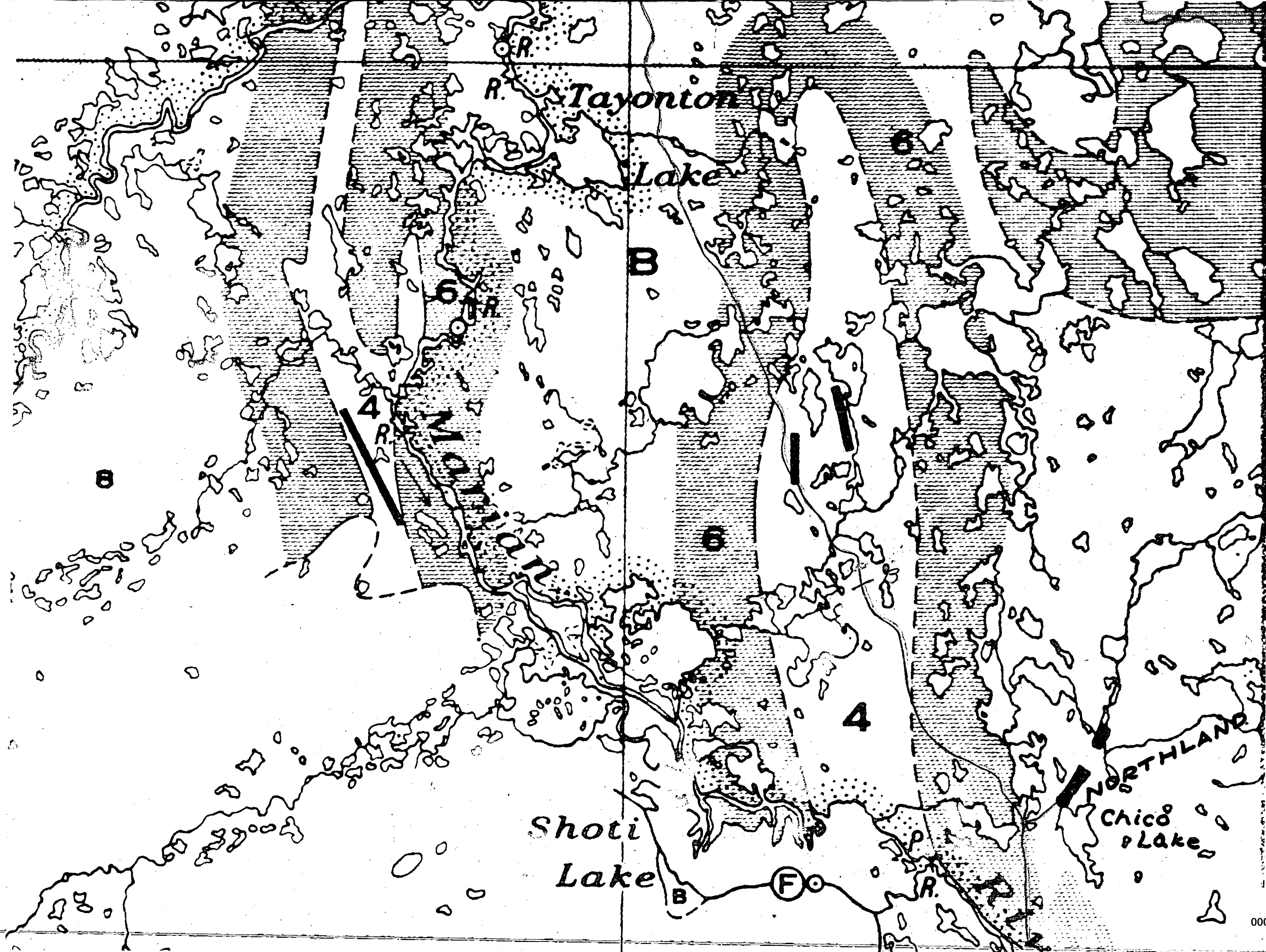
Until the low spots in the road have been raised, it is a waste of gravel to surface as gravel is very scarce in this area.

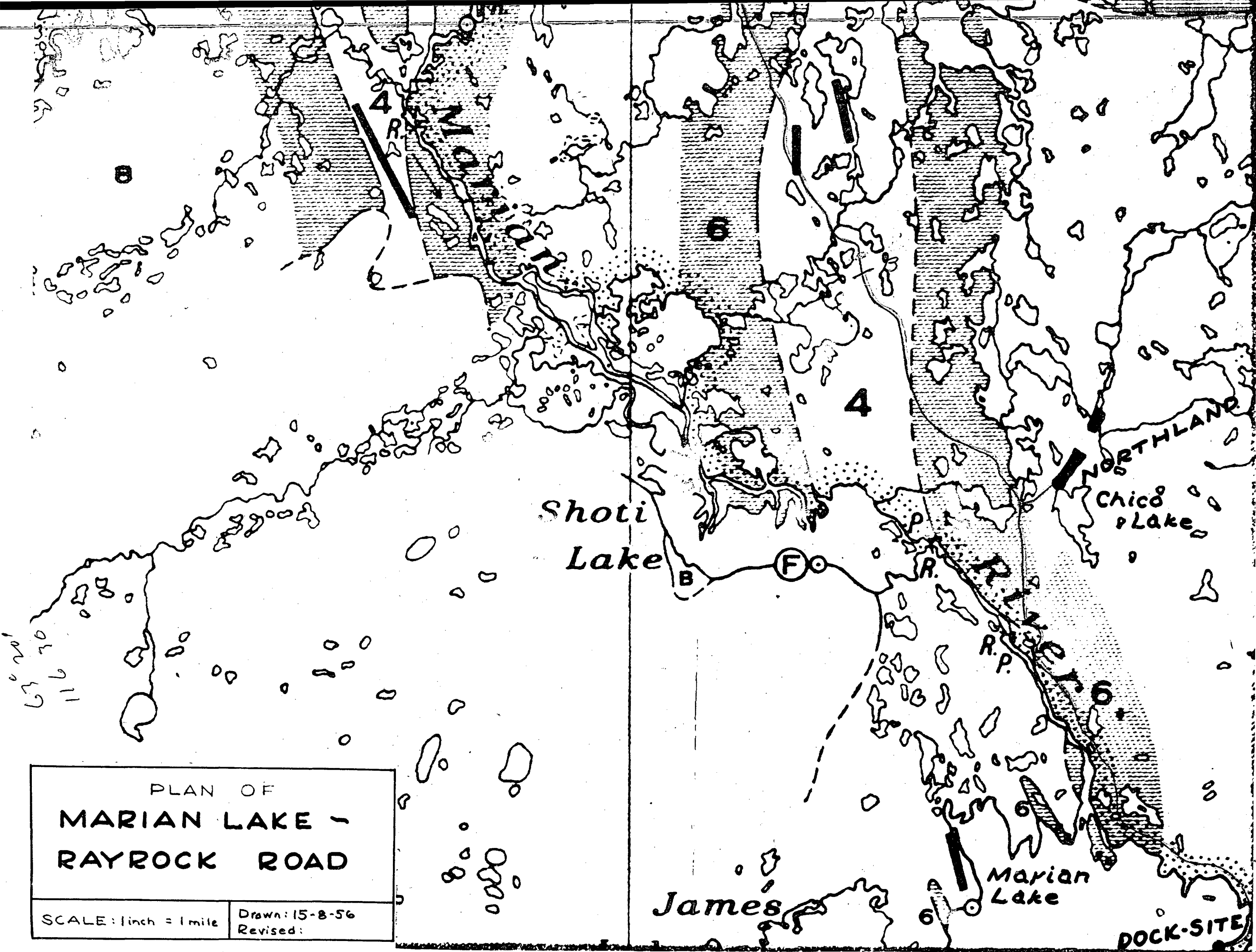

S. HORNSBY,
Mining Inspector.

Yellowknife, N.W.T.
December 3rd, 1956









PLAN OF
MARIAN LAKE -
RAYROCK ROAD

SCALE: 1 inch = 1 mile Drawn: 15-8-56
Revised:

351-2-31
Dec. 3/56

000710

NORTHERN AFFAIRS AND NATIONAL RESOURCES

OFFICE OF THE DEPUTY MINISTER

DATE Nov. 30/56

TO: THE MINISTER

FOR APPROVAL:

XXX

FOR SIGNATURE:

XXX

TO NOTE AND RETURN:

FOR INFORMATION:

FOR DIRECTION:

The Northern Administration Branch have sent this memo of Nov. 29 asking your approval of a contract which was entered into by Rayrock Mines with Mr. J. Magrum for construction of a Bailey bridge across the Emil River in connection with the building of a road from Marian Lake to Sherman Lake. The total expenditure for wages is \$1,051.10. The memorandum gives the details of the contract.

The book O.K.

WJR

*File
JH*

351/2-31
JGL/vh

Ottawa, November 29, 1956.

MA-MR

*40-7-18
JH*

MEMORANDUM FOR THE DEPUTY MINISTER

Agreement with Rayrock Mines Limited
re construction of a Road from Marian
Lake to Sherman Lake

Section 1 (D) of the above Agreement stipulates that before entering into any contract for the construction of a road the Company agrees to submit the contract to the Minister for approval.

2. The Rayrock Mines Limited entered into a verbal agreement with Mr. J. Magrum for the erection of a Bailey bridge across the Emil River. Apparently Mr. Magrum was asked to recruit three workers and supervise the project. These men were paid directly by the Company and for his services Mr. Magrum was paid, in addition to his wages, 10% profit on the gross wages for this work including his own. Actually Mr. Magrum's earnings were as follows:

Gross wages - 314 hours @ \$2.50 per hour	- \$785.00
10% of \$2,261. - the gross wages of men employed -	- \$266.10
Total	- \$1,051.10

3. As requested by the Supervisor of Audits, this sub-contract is being submitted for the approval of the Minister.

APPROVED

JEAN LESAGE

MINISTER

F.J.G. Cunningham,
Director.

DEC 1 1956

000712

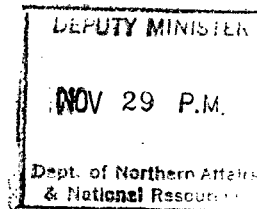


CANADA

NORTHERN ADMINISTRATION
AND LANDS BRANCH

DEPARTMENT
OF

NORTHERN AFFAIRS AND NATIONAL RESOURCES



PLEASE QUOTE

FILE.....

LGM/dd

OFFICE OF THE DIRECTOR

MEMORANDUM FOR THE DEPUTY MINISTER

Ottawa, 28 November, 1956.

File No. *40-178*

ROAD FROM MARIAN LAKE TO RAYROCK

You recently requested a memorandum outlining progress to date on the above noted project. In addition to the following, I am attaching for your information (1) a sketch plan on which has been indicated the location of the road, and (2) the most recent financial statement for the project.

2. The preliminary work on the project was started in May, 1956. At that time, the route for the road was established from aerial photographs used in conjunction with low level aerial reconnaissance. Clearing of the entire right-of-way from the dock area to Rayrock was completed by mid-June.

3. On June 22nd heavy construction work was started. By July 7th several pieces of heavy equipment were working on the road. The equipment consisted of four heavy tractors equipped with blades and two 13-cubic yards bottom dump scrapers. On June 24th five large dump trucks were added and on August 9th a motor grader was brought in on the job. The labour force at this time amounted to 33 men.

4. On August 10th I inspected the road and found that the road was graded for a distance of some 15 miles. The road in this area averaged a width of 20 feet and was passable to trucks. It was noted that gravel was very scarce along the entire route.

5. On August 27th our Mr. Homulos inspected the road and found that grading was completed to Mile 23 with gravel in place to Mile 20. At that time, Mr. Homulos considered that the road would be roughed in by the end of September and that the finishing work, such as installing additional culverts and raising the grade in low areas, would be completed prior to freeze-up.

..2

000713

-2-

6. On November 1st we were advised by Rayrock Mines Limited that the road was completed to Mile 24 and, with the exception of a mile and one half, the road had been completed graded to Rayrock. They also advised that the bridge over the Emil River (Mile 27) was completed.

7. The work remaining to be completed consists of gravelling approximately 14 miles of road and completing one and one half miles of final grading. It is the company's intention to finish the remaining work using mine waste from Rayrock which will be back hauled and stock-piled this winter for placing next summer.

See Dec. 7/56 8. On November 27th, Mr. Homulos was requested to carry out an inspection of the work completed to date. When this is received it will be forwarded for your information.

9. On the attached financial statement you will note that there is still a balance owing on Claim No. 4 and that Claim No. 5 is as yet unpaid. These have just been received in the Branch from the Supervisor of Audits at Winnipeg and are at present being processed for payment. There is a possibility that an additional claim will be presented this fiscal year, but we cannot be certain until we receive further word from Mr. Homulos.

10. It may be that this claim will not be any larger than previous claims and if this is the case we will have to revote funds in our supplementary estimates for next year. Our agreement with Rayrock Mines Limited specified one half the cost of the Road or \$140,000, whichever is the lesser. As the road is not completed and our contributions to date are well below \$140,000, it is likely that we will have to pay some claims next fiscal year.

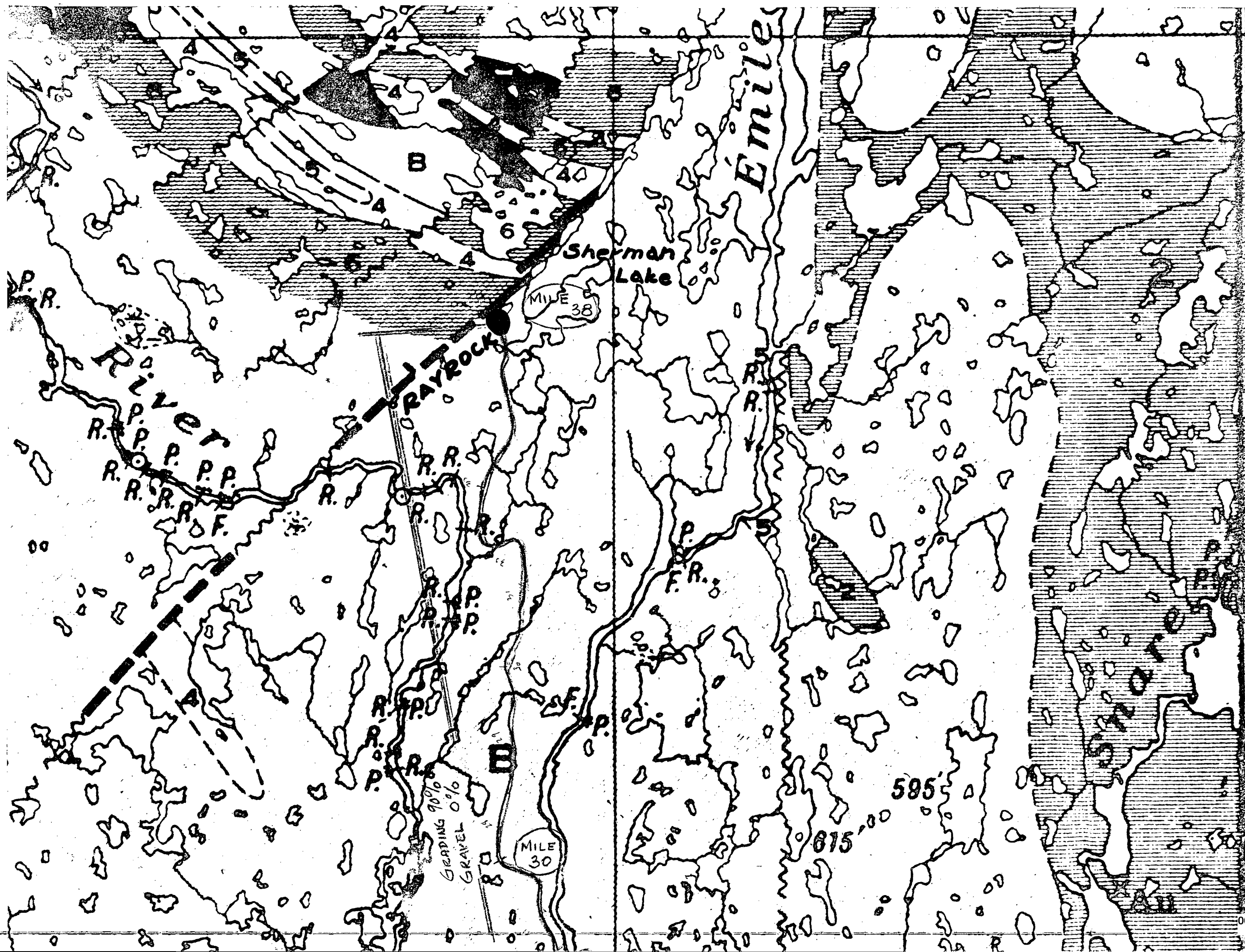


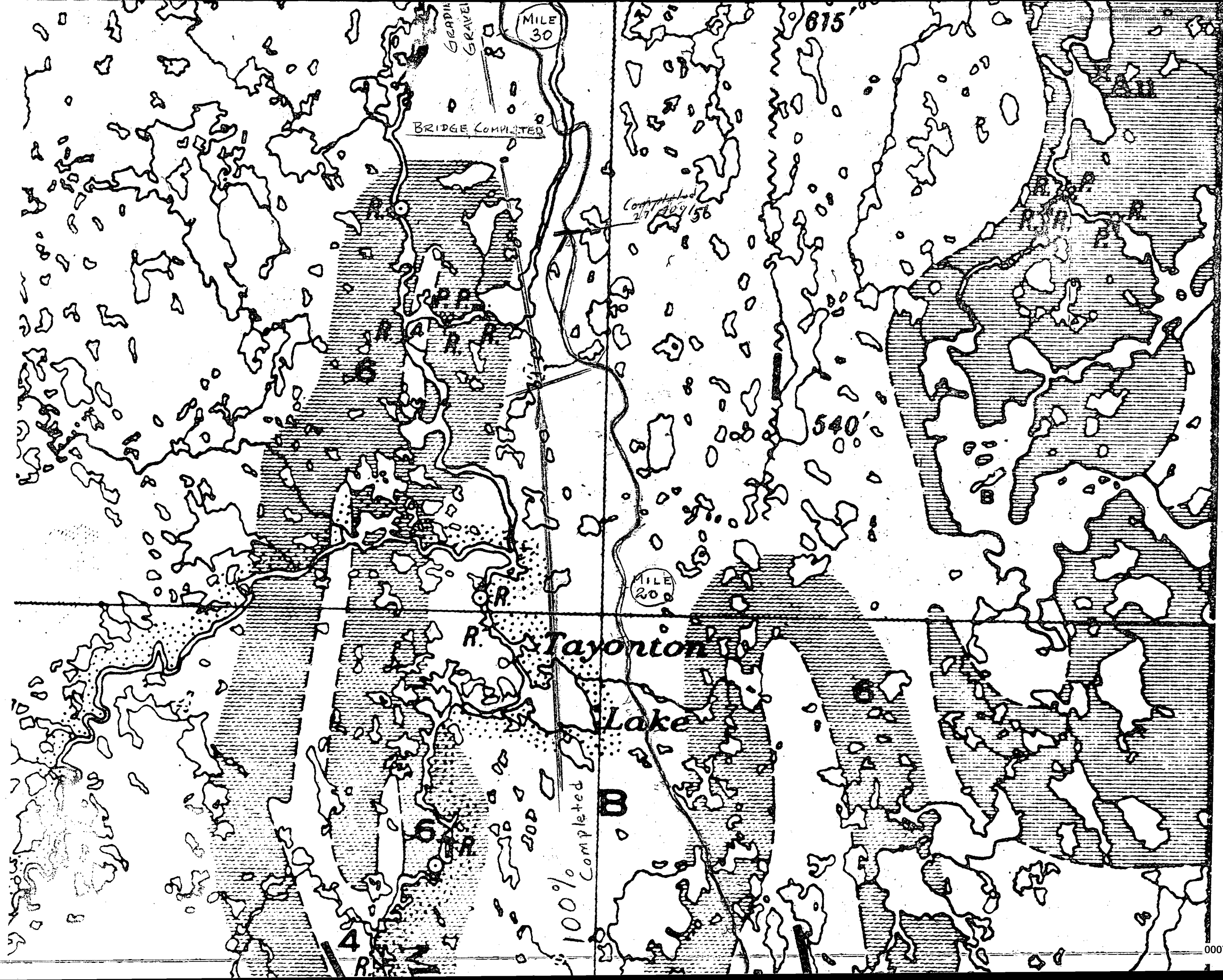
F.J.G. Cunningham,
Director.

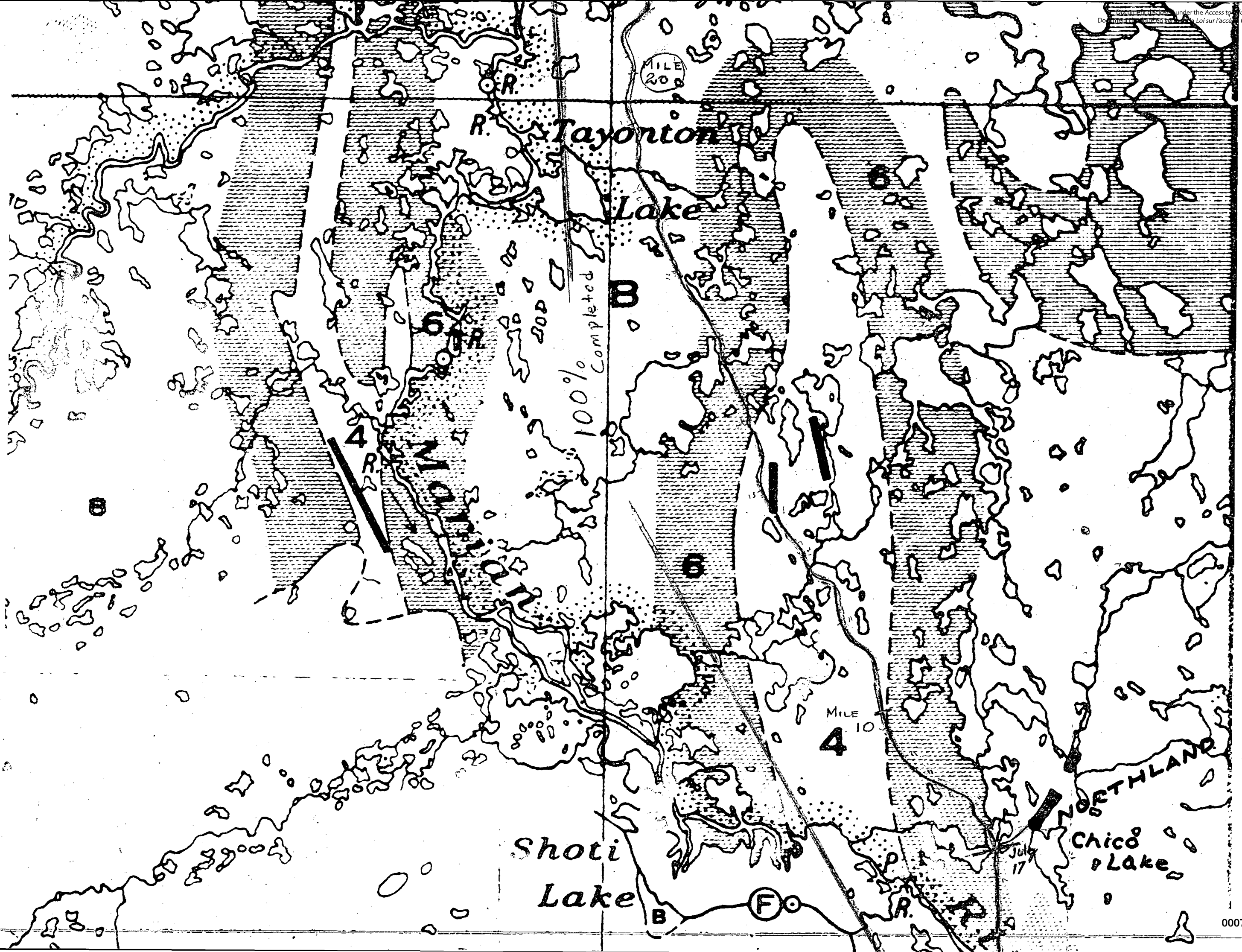
FINANCIAL STATEMENT
RAYROCK MINES LIMITED - MARIAN LAKE ROAD

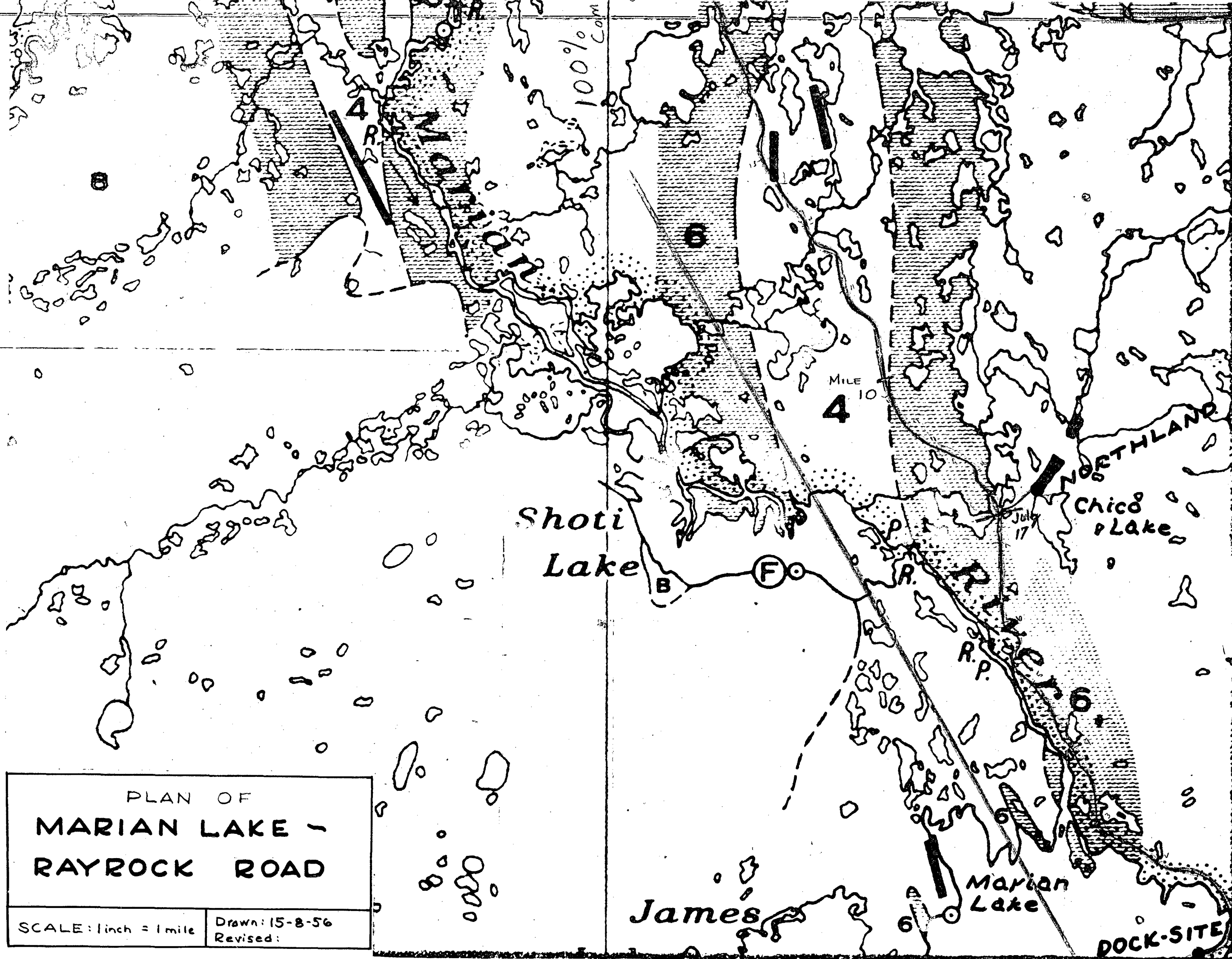
November 28, 1956

Statement of Expenditure	Gross Audited Amount	Non-Allowable Items (1) and Adjustments (2)	Net Amount	Payable by Department	Holdback	Payments	
No. 1	\$ 12,419.65	- \$275.00 (1)	\$ 12,144.65	\$ 6,072.32	\$ 607.23	\$ 5,465.09	
No. 2	\$ 21,691.40	-	\$ 21,691.40	\$10,845.70	\$1,084.57	\$ 9,761.13	
No. 3	\$ 47,560.59	-	\$ 47,560.59	\$23,780.29	\$2,378.03	\$21,402.26	
No. 4	\$ 67,130.16	+ \$150.00 (2)	\$ 67,280.16	\$33,640.08	\$3,364.01	\$30,276.07 - \$25,000.00 \$ 5,276.07	advance owing
No. 5	\$ 48,256.65	+ \$125.00 (2)	\$ 48,381.65	\$24,190.82	\$2,419.08	\$21,771.74	owing
TOTALS	\$197,058.45	-	\$197,058.45	\$98,529.21	\$9,852.92	\$88,676.29	









PLAN OF
MARIAN LAKE -
RAYROCK ROAD

SCALE: 1 inch = 1 mile

Drawn: 15-8-56
Revised:

351-8-31

Aug. 30, 1956

NORTHERN AFFAIRS AND NATIONAL RESOURCES

OFFICE OF THE DEPUTY MINISTER

DATE 29/11/56

TO: THE MINISTER

FOR APPROVAL:

FOR SIGNATURE:

TO NOTE AND RETURN:

FOR INFORMATION:

FOR DIRECTION:

I have kept a copy of 2 memos of which you have

You asked for reports on:

(a) the progress of Rayrock mine & production date;

(b) the road to the mine.

Herewith are 2 memos on the above.

MR



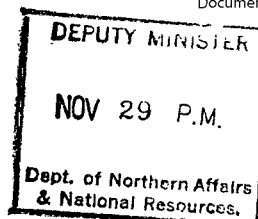
CANADA

DEPARTMENT

OF

NORTHERN AFFAIRS AND NATIONAL RESOURCES

Ottawa, 27 November, 1956.



PLEASE QUOTE

FILE.....

NORTHERN ADMINISTRATION
AND LANDS BRANCH

OFFICE OF THE DIRECTOR

MEMORANDUM FOR THE DEPUTY MINISTER:

Rayrock Mines Limited came into being when Supplementary Letters Patent dated the 18th of August, 1954, were issued to American Yellowknife Mines Limited incorporated the 5th of February, 1945, which -

- (a) changed the name of the company to Rayrock Mines Limited;
 - (b) decreased the authorized capital of the company from \$5,000,000 to \$1,403,708 by cancelling three issued shares with a par value of \$1.00 each registered on the Books of the Company in the name of Mary L. Emery and by cancelling pro rata 3,596,289 of the remaining issued shares with a par value of \$1.00 each; and
 - (c) increased the authorized capital of the company from \$1,403,708 to \$4,000,000 by creating an additional 2,596,292 shares with a par value of \$1.00 each, ranking on a parity with the existing shares of the company.
2. On the 29th of September, 1956, Supplementary Letters Patent dated the 16th of August, 1956, were issued to Rayrock Mines Limited which increased the authorized capital of the company from \$4,000,000 to \$4,500,000 by creating an additional 500,000 shares with a par value of \$1.00 each, ranking on a parity with the existing shares of the company.
3. According to the 1956 issue of the Canadian Mines Handbook, as of June 1956 the company had issued 3,708,765 shares of which none were pooled. However, we have no record of the disposition of the additional 500,000 shares authorized by the Supplementary Letters Patent dated the 16th of August, 1956. The financial standing of the company

- 2 -

as of the 31st of October, 1955, showed that it had \$1,977,485 in cash, investments with a market value of \$281,225 and liabilities totalling \$24,745.

4. The Northern Miner of the 19th of April, 1956, reported that lateral work on the sub-level 125 feet below the surface had developed a continuous ore length of 410 feet in the No. 6 zone grading 0.35% U_3O_8 across 10 feet. At that time the face was still in mineralization. At the same time on the adit level 225 feet below the surface, an ore length of 330 feet had been developed averaging 0.375% U_3O_8 over ten feet.

5. In the 5th of July issue of The Northern Miner, it is reported that Rayrock had acquired the former Negus mill to be used for crushing and grinding ores and that the company was constructing an acid leach plant. At that time it was reported that construction for the crushing plant and the leach plant was under way and that the company was ahead of schedule on the construction of plant and camp buildings.

6. On the 26th of July the Northern Miner reported that Rayrock Mines had received a Letter of Intent covering the sale of \$15,792,000 of uranium precipitated to Eldorado Mining and Refining, the Government purchasing agent, and that a formal contract for the stipulated amount would be signed in the near future. They also reported that the acid leach process would be used with an initial capacity of the plant to be 150 tons daily with provisions for an increase at modest expenditures to provide facilities for custom milling. The Northern Miner also stated that production is scheduled to commence in June 1957 at a rate of 100 tons per day which will be increased to 125 tons per day before the second year of operation.

7. We do not have any figures showing the ore reserves at the mine or the estimated life of the mine as this is confidential information between the Rayrock company and the Atomic Energy Control Board.

8. With regard to the management of the company, it is felt that it is in good hands. Mr. J. C. Byrne is President and Mr. J. J. Byrne is Vice-President with Mr. D. S. Hamilton as Secretary-Treasurer. These three people are also executives of Consolidated Discovery Yellowknife Mines Limited which has enjoyed excellent management throughout its

... 3

000723

- 3 -

early planning and development stages. The Byrne family have been closely associated with mining development in the Northwest Territories since the early days of the Great Bear Lake rush in 1932-33 and are considered reputable operators in mining circles.

9. The foregoing is the latest information that we have on the standing of Rayrock Mines Limited. We do not have the financial standing of the company at the present time, however, we do know that the contract between Rayrock and Eldorado Mining and Refining was not increased when several other contracts were increased late last summer.

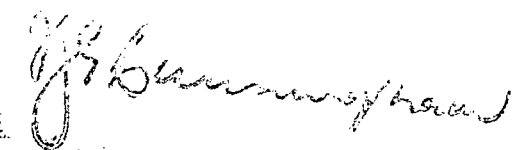
A handwritten signature in dark ink, appearing to read 'F.J.G. Cunningham', with a stylized, flowing script.

F.J.G. Cunningham,
Director.


Ottawa, 27th November, 1956

MEMORANDUM FOR MR. LECAPELAIN

The Deputy Minister has asked us to prepare as quickly as possible a memorandum for the Minister's use giving a concise but comprehensive report on Rayrock. This should indicate its capital authorized and issued, the amount which has been spent to date, the plant which it has, the cash which it has, the ore which has been proved up, both as to extent, grade and value, the particulars of its contract, when it will go into production, how sound its management is, and its prospects for long range life.


F.J.G. Cunningham,
Director.

CIRCULATION NOTE FOR FILE ROOM

 Date . 30.1.11.
Letter dated . . . 27. Nov.
To : Mr. M.
From : Mr. Cunningham
File No. 40-7-18
Re: Rayrock mine

Circulated to: — Minister
— Mr. Jackson
Mr. Cote
Mr. Phillips
Mr. Rowley
— Mr. Herbert
Mr. Odell
Mr. Nason
Mr. Carter
and file

Circulated by: Mr. M. 000726

CIRCULATION NOTE FOR FILE ROOM

Date 13/9

Letter dated 14 Aug.

To Mr. Robertson

From Mr. Cunningham

Deputy Minister's Records

File No. 40-7-18

Re:

Rayrock Road

Circulated to:

Minister

~~Mr. Jackson~~

Mr. Cote

Mr. Phillips

Mr. Rowley

Mr. Herbert

Mr. Odell

Mr. Nason

Mr. Carter

and file

000727

Circulated by: M. M.

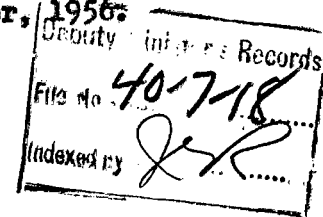
JVJ/jdm

Copy for the Deputy Minister's file.

630/105-4-2

*File
J/V*

Ottawa, 4 September, 1956:



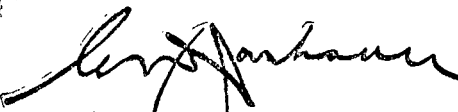
W. E. Clarke, Esq.,
Mine Manager,
Rayrock Mines Limited,
Yellowknife, N.W.T.

Dear Mr. Clarke:

In the absence of the Commissioner of the Northwest Territories, I am taking the liberty of replying to your letter of the 13th of August relative to the establishment of a Mine Day School at Rayrock Mines. As stated previously, we are very pleased that you have been able to get a school established at this point and that it will open on September 15th.

We are arranging to have the Superintendent of Schools visit you some time this fall to discuss further with you the details regarding financial assistance in the operation of your school. I am sure that some satisfactory arrangement can be arrived at, especially with reference to the employment of teachers and the payment of their salaries.

Yours sincerely,


C.W. Jackson,
Acting Deputy Minister.

APPROVED


Director, Northern Administration and Lands Branch.

000728

H

*File
JN*

M I S C E L L A N E O U S

CS/LM

HON. JEAN LESAGE

NORTHERN AFFAIRS AND
NATIONAL RESOURCES

505919

Received
August 28,
1956

218

Deputy Minister's Records	
File No	40-7-18
Indexed by	✓

AUTHORITY TO AMEND AGREEMENT

AGREEMENT: That entered into with Rayrock Mines Limited under Treasury Board Minute 498907 of April 6, 1956 to contribute to the cost of construction of a 35 mile all-weather road from Sherman Lake to Marian Lake. The cost to the Federal Government was limited to the lesser of 50% of the cost or \$140,000.

AMENDMENT: To include payment by Federal government of 50% of a performance bonus to the contractor and the construction Superintendent up to a maximum of \$5,000.

ADDITIONAL COST: Will not increase the maximum amount over the \$140,000 now payable by the Federal Government and may result in smaller contribution should non-payment of the bonus mean that work is carried over into next fiscal year.

DEPARTMENTAL EXPLANATION:

1. Although work is proceeding satisfactorily road may not be completed this year at present rate of progress.
2. Payment of bonus is conditional upon road being usable by trucks by December 1, 1956 and upon the contractor paying a substantial portion to his machine operators and other crew members.
3. Company intends to pay full cost of any bonus payment should Federal Government not participate.

NORTHERN AFFAIRS AND NATIONAL RESOURCES

OFFICE OF THE DEPUTY MINISTER

DATE

TO:

THE MINISTER

FOR APPROVAL:

FOR SIGNATURE:

TO NOTE AND RETURN:

FOR INFORMATION:

FOR DIRECTION:

✓

[Handwritten signature]
[Handwritten signature]

**Department of Northern Affairs and
National Resources**

OFFICE OF THE DEPUTY MINISTER

DATE
Sept. 5/56

TO: Mr. Jackson

FOR ACTION:

FOR DIRECT REPLY:

FOR PREPARATION OF REPLY:

FOR COMMENT:

FOR APPROVAL:

TO NOTE AND FILE: ☐ AND RETURN: ☐

FOR DISCUSSION WITH UNDERSIGNED:

This is interesting.



C. H. Herbert,
Chief, ~~Economic~~ Division.

000731

Aug 23/56

Deputy Minister in Charge
File No 4017-18
Indexed by JRS

Extract from THE NORTHERN MINER, August 23, 1956.

RAYROCK AHEAD OF SCHEDULE

"Excellent progress is being made", J. C. Byrne, president, wires from the property of Rayrock Mines. The company is well ahead of schedule in the program to bring the property into production by June next year.

The 3-compartment production shaft is being collared and installation of the hoist is nearing completion. The shaft will be sunk from the adit level to a depth of 480 ft. Construction of the 22-mile hydroelectric power line is on time, with power expected at the property next April.

.....

Minister
File No. 487-18
Indexed by *PR*

*File
P. & H.*

Ottawa, August 20, 1956.

PRECIS

Recommending that authority be granted to amend the agreement with Rayrock Mines Limited for the construction of a road from Sherman Lake to Marian Lake, to include the payment by Her Majesty of 50% of a performance bonus up to a maximum of \$5,000. This payment will not increase the total amount of \$140,000 now payable by Her Majesty.

T.B. 505919
P.C. 1956-16/1415
Sept. 20/56

JIN/dd

22 August, 1956.

TO HIS EXCELLENCY

THE GOVERNOR GENERAL IN COUNCIL

The undersigned has the honour to report:

THAT under authority of Order in Council P.C. 1956-28/558 dated the 12th of April, 1956, the undersigned on behalf of Her Majesty entered into an agreement with Rayrock Mines Limited to contribute Fifty Per Cent (50%) of the cost incurred on or after the 1st of February, 1956, of the construction of a 35 mile all-weather road from Sherman Lake to Marian Lake or One Hundred and Forty Thousand Dollars (\$140,000), whichever is the lesser;

THAT Rayrock Mines Limited, through their contractor J.M. Perkins of Yellowknife, N.W.T., have proceeded with this work in an efficient manner, however there is some doubt as to whether the road will be completed this year at the present rate of progress;

THAT Rayrock Mines Limited are particularly anxious to complete this road this year and wish to pay a performance bonus to the contractor and the construction superintendent up to a maximum total of Five Thousand Dollars (\$5,000) if the road is passable to trucks this Fall and have asked Her Majesty to pay Fifty Per Cent (50%) of such a bonus;

THAT it is the opinion of the undersigned that early completion of this road would be of great assistance to the development of this mine and other properties in the area and it would be desirable for Her Majesty to participate in the payment of this performance bonus;

THAT the Company have advised their contractor that this bonus will only be paid if the contractor pays a substantial portion to his machine operators and other members of the crew working on the road;

THAT the Company intends to pay the full cost of any bonus payment if Her Majesty refuses to participate;

THAT participation in the payment of this bonus will not increase the maximum amount payable under the terms of the agreement with Rayrock Mines Limited and could result in a smaller contribution by Her Majesty should non-payment of the bonus mean that the work is carried over into the next fiscal year.

The undersigned, therefore, has the honour to recommend that he be empowered to amend the agreement with Rayrock Mines Limited dated the 15th of May, 1956, for the construction of the all-weather road from Sherman Lake to Marian Lake in order to permit Rayrock Mines Limited to include the payment of a performance bonus up to a maximum of Five Thousand Dollars (\$5,000) as a part of the cost of the road, provided that the road is passable and usable by trucks by December 1st of this year and payment of Her Majesty's share of this amount will not increase the total amount payable by Her Majesty over the One Hundred and Forty Thousand (\$140,000) now payable by Her Majesty.

Respectfully submitted,

JEAN LESAGE

Minister of Northern Affairs
and National Resources.

APPROVED

as to form

Legal Division

Director

Sent to Council Aug. 28/56 000734

NORTHERN AFFAIRS AND NATIONAL RESOURCES

OFFICE OF THE DEPUTY MINISTER

DATE

21/8/56

TO: THE MINISTER

FOR APPROVAL:

FOR SIGNATURE:

TO NOTE AND RETURN:

FOR INFORMATION:

FOR DIRECTION:



CANADA

DEPARTMENT

OF

NORTHERN AFFAIRS AND NATIONAL RESOURCES

NORTHERN ADMINISTRATION
AND LANDS BRANCH

Deputy Minister's Record

File No.

40-7-18

FJGC:jo

PLEASE QUOTE

Indexed by

FILE.....

Fort Smith, N.W.T.
August 14, 1956MEMORANDUM FOR MR. R. G. ROBERTSON,
DEPUTY MINISTERRe: Rayrock Road

I inspected the Rayrock Road on August 10. The road starts at a small peninsula on the northern shore of Marian Lake, lying at approximately 116°, 16 minutes west longitude and 63°, 3 minutes north latitude. It runs within a half mile of the shore of Marian Lake in a northwesterly direction to a point about a mile east of Marian River, and then goes a little west of north about a mile east of the Marian River to a point approximately 116°, 20 minutes west and 63°, 10 minutes north, and thence goes almost straight north. The farthest north point of work on the day of our visit was approximately 116°, 20 minutes west longitude and 63°, 20 minutes north latitude. The peninsula at which the road starts is well cleared, and comprises about ten acres, and is used as a storage area. There is one fixed warehouse and a dock to accommodate both aircraft and barges, and a large storage space upon which there is stored lumber, oil, and miscellaneous items. It is used as a trans-shipment point for both Rayrock and Northland. On the day of our visit the main camp for the work crew was immediately adjacent to the peninsula with a subsidiary camp within a mile of the most northerly point of work. The main camp was about to move to the northern end of the present work.

We talked with Jack Perkins of Yellowknife, who is supplying the equipment and most of the men and is responsible to Rayrock for the execution of the job. He is not a contractor, but he is paid at an hourly rate for his equipment. We went over then the whole portion of the road upon which work has been done to date with him.

Mr. Perkins said that work had begun on the road about May 16 of this year. The first thing that he did was to select the route, working from aerial photographs, and supplementing the information got from them by low-level reconnaissance flying. The next thing which he did was to clear the route for the entire distance from the dock to Rayrock, which is approximately thirty-eight miles.

One June 22 he started construction work, having at that time four cats and a crew of twelve men. On July 7 he got two thirteen-yard scrapers

000736

These are powered by a caterpillar tractor, and when the scraper bucket is filled the bucket raises into the air (being carried on rubber tired wheels) and is then pulled by the cat to the place where its contents are to be used, where they are spread fairly evenly while the bucket is in motion. By using this device, material taken from the sides of a road allowance can be quickly built to grade. The scraper outfit is so heavy that considerable compaction results from the mere act of carrying loads to the end of work over a few hundred feet of the work just finished. The roadbed thus made is passable to trucks without further compaction or grading.

On July 24 Mr. Perkins got five trucks onto the job, and on August 2 he got three more trucks on the job. He got a grader in on August 9. At the time of our visit his total crew numbered thirty-three men.

At the time of our visit, fifteen miles of road had been graded and were passable to trucks. The grade is seldom less than twenty feet wide and is occasionally wider. No gravel had yet been placed on the grade. The grader had started work on levelling out inequalities in the road only on the day of our visit. Work is now progressing at the rate of one third of a mile a day. Long shifts are worked and Mr. Perkins expects to finish the job in sufficient time to make the road passable to trucks before the end of the current construction season.

Gravel is very scarce along the route of the road. It is quite obvious that the road will not be fully gravelled this year, and, consequently, it will not stand up as well to traffic as one would like during the period immediately after next Spring's thaw. For reasons which will be mentioned below I think, however, we must contemplate that, despite this, it will have to be used during this period.

On the whole, we formed the conclusion that a very efficient and economical job was being done and that good value was being got for the money.

On August 9 I visited Mr. Norman Byrne in Yellowknife. He told me that in order to meet its obligation to commence milling by June, 1957, it was necessary for Rayrock to make sure that they got a passable road to the mine before freeze-up. In order to do this, they must still get delivered to the mine very substantial quantities of machinery and other freight, which will necessitate trucking over the road to the fullest possible extent, regardless of season. This explains why Perkins is concentrating on getting some sort of a passable road built right to the mine, rather than on getting a finished road part of the way.

Just after we inspected the road, we met Mr. J. C. Byrne near the south end of the road. He said that he had not had any payments from the government on account of road construction costs, although the first progress report had been sent in to Ottawa two months ago. I promised him that I would have this looked into with a view to expediting any payments due. I am sending

000737

- 3 -

copy of this memorandum to Mr. Sivertz so that he may follow this up.

As my examination of the road left me somewhat apprehensive as to how well it would stand up under heavy traffic next year, I took the opportunity of reminding Mr. J. C. Byrne that, after completion, his company was responsible for maintaining the road in good condition. I said that, in my opinion, he should budget \$40,000. for maintenance next year, and ~~to~~ make sure that one grader was kept constantly on the road and that several trucks were used to add enough gravel to prevent deterioration. I said, further, that if he did this in 1957 I thought that \$20,000. a year might be sufficient to keep the road in good condition in subsequent years. He did not commit himself, nor did I ask him to, as to the extent of maintenance, but I think that at some time, in writing to him, it would be proper for you to indicate that we expect him to discharge his obligation for proper maintenance.

F. J. G. Cunningham

F. J. G. Cunningham
Director

Distributions:

Original and copy to Mr Robertson
c/o Ingraham Hotel
Yellowknife, W. C. A.
(Via Mr Brown)

1 Copy to Mr Robertson, Ketaeva

1 Copy to Acting Director, Attention: Mr J. J. Nicol.

1 Copy to Mr Cunningham.

Department of Northern Affairs and National Resources

OFFICE  THE DEPUTY MINISTER

DATE Aug. 17/56

TO: A/Director, Northern Admin.

FOR ACTION:

FOR DIRECT REPLY:

FOR PREPARATION OF REPLY:

XXX

FOR COMMENT:

FOR APPROVAL:

TO NOTE AND FILE: ☐ AND RETURN: ☐

FOR DISCUSSION WITH UNDERSIGNED:

B. F. ~~Sept 7, 1956~~
For reply - any comments
re discussion at Council?
cc: [illegible]
JR

000739

HEAD OFFICE:
509-25 ADELAIDE ST., W.
TORONTO, ONT.

2 cc sent to A/Director, Nor. Admin.
and note made re for NWT Council papers
Aug. 17/56

Document disclosed under the Access to Information Act
Document divulgué en vertu de la Loi sur l'accès à l'information

MINE OFFICE:
YELLOWKNIFE, N.W.T.

RAYROCK MINES LIMITED

(NO PERSONAL LIABILITY)
YELLOWKNIFE, N.W.T.

DEPUTY MINISTER

AUG 17 A.M.

Dept. of Northern Affairs
& National Resources.

August 13th, 1956 Deputy Minister's R. cords.

Mr. R.G. Robertson,
Commissioner of the Northwest
Territories,
Ottawa, Ontario

File No 40-7-18
Indexed by JSC

File
W.E.C.

Dear Mr. Robertson:-

Thank you for your letter of August 3rd. Your interest in our new school is very much appreciated, particularly in the matter of recommending our request for a grant to Council this month.

Mr. W.G. Devitt, Superintendent of Schools, has already written me and has indicated that the text books and working materials have already been arranged for delivery here prior to Sept. 4th. Such ready compliance to our request is also appreciated.

We feel that we are fortunate in having obtained the services of a well qualified teacher. We regret having been so late in requesting assistance from you, but until recently were not sure that our construction schedule would permit us to have housing ready by Sept. 1st. As it is we have every hope of opening School by Sept. 15th.

With regard to the Federal grant and the method of payment of teachers, we would welcome the opportunity of discussing this further, possibly when the Superintendent of Schools pays us a visit. As you can well realize our desire to have some control over the hiring of teachers is quite important as the teachers husband must be employed at the mine.

Again thank you for your co-operation in these matters.

Yours very truly,
RAYROCK MINES LTD.,

Walter E. Clarke

W.E.C:Hej

W.E. Clarke,
Mine Manager

COPY FOR THE COMMISSIONER OF THE N.W.T. File.

*See pg. 2 - recommendation to Counsel -
Grant to school at Rayrock.*

file

Aug. 3rd, 1956.

Mr. W.E. Clarke,
Mining Manager,
Rayrock Mines Limited,
Yellowknife, N.W.T.

PROPERTY	Director's Records
File No.	40-718
Indexed by	JR

Dear Mr. Clarke:

Mr. W.G. Devitt, the Superintendent of Schools at Fort Smith, has advised me that you are planning to open a school this fall at your newly established camp at Rayrock. I am pleased to hear that your Company is taking an active interest in the provision of educational facilities for children of camp personnel. We will be pleased to render assistance to you in the operation of this school in the same manner as we are doing for the mining schools at Discovery and at Port Radium. In both of these schools the company provides the school building and the equipment necessary for the operation of the school. This administration furnishes the necessary school supplies and in the case of the school at Port Radium, the teacher's salary and Northern Allowance is paid by the Federal Government with the mining company contributing one half of the salary costs.

In the case of Discovery Yellowknife School, at the present time a grant of \$150.00 a month is made to assist the mining company in the operation of the school. Provision has been made for replacing this grant by an arrangement similar to that of Port Radium whereby the teacher's salary and Northern Allowance is paid by the Federal Government with the mining company contributing one half of such costs. We prefer the arrangement whereby the teacher's salary is paid by this Department rather than a grant being paid for the operation of the school, since this makes it possible for a teacher to enjoy the benefits of being a Federal employee with such things as superannuation benefits, group hospital-medical, and other advantages accruing to them. I understand that the mining officials

...2

Mr. Clarke's reply of Aug. 13 indicates that textbooks are to be delivered by Sept. 4; that there is "every hope" that the school will open on Sept. 15; and that the services of a well qualified teacher have been obtained. They would welcome the opportunity of discussing the grant with the Superintendent of Schools when he visits there.

- 2 -

at Discovery would prefer to hire the teacher themselves. Under the above arrangement this would be possible since we would be quite prepared to employ any qualified teacher selected by your Company. I realise that due to shortage of accommodation you endeavour to employ a female teacher who is married to one of your employees. This arrangement would be quite satisfactory to us.

At the present time there are no funds in the Territorial appropriations to provide for a grant to your school but I will recommend to Council when it meets in August that funds be provided to pay such a grant to your Company during the balance of this fiscal year. On April 1st, 1957, we hope that arrangements can be made for the Department of Northern Affairs and National Resources to pay the salary of the teacher employed by you, since except for the schools in the municipal district of Yellowknife all teachers in full time schools in the Northwest Territories are employed by the Federal Government.

Do not hesitate to call upon any of our officials for any assistance which you may require. I understand that Mr. Jacobson has processed a requisition for the necessary school supplies to operate the school at Rayrock this fall.

Yours sincerely,

R.G. Robertson
R.G. Robertson,
Commissioner of the
Northwest Territories.

c.c. Mr. J.V. Jacobson
c.c. Rayrock Mines Limited,
509-25 Adelaide St. West,
Toronto, Ont.

APPROVED

Director, Northern Administration and Lands Branch.

COPY FOR THE COMMISSIONER OF THE N.W.T. File.

Copy also with papers for NWT Council meeting.

File.

Aug. 3rd, 1956.

Mr. W.E. Clarke,
Mining Manager,
Rayrock Mines Limited,
Yellowknife, N.W.T.

Deputy Minister's Records
File No. 48-7-18
Indexed by JGR

Dear Mr. Clarke:

Mr. W.G. Devitt, the Superintendent of Schools at Fort Smith, has advised me that you are planning to open a school this fall at your newly established camp at Rayrock. I am pleased to hear that your Company is taking an active interest in the provision of educational facilities for children of camp personnel. We will be pleased to render assistance to you in the operation of this school in the same manner as we are doing for the mining schools at Discovery and at Port Radium. In both of these schools the company provides the school building and the equipment necessary for the operation of the school. This administration furnishes the necessary school supplies and in the case of the school at Port Radium, the teacher's salary and Northern Allowance is paid by the Federal Government with the mining company contributing one half of the salary costs.

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- 2 -

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Do not hesitate to call upon any of our officials for any assistance which you may require. I understand that Mr. Jacobson has processed a requisition for the necessary school supplies to operate the school at Rayrock this fall.

Yours sincerely,



R.G. Robertson,
Commissioner of the
Northwest Territories.

c.c. Mr. J.V. Jacobson
c.c. Rayrock Mines Limited,
509-25 Adelaide St. West,
Toronto, Ont.

APPROVED

B. G. Smith
A
Director, Northern Administration and Lands Branch.

000744



CANADA
DEPARTMENT
OF
NORTHERN AFFAIRS AND NATIONAL RESOURCES

File
CRR

OTTAWA, July 30, 1956.

MEMORANDUM FOR MR. HERBERT *Economic*

RAYROCK MINES

Duty Minister's Records	
File No.	<i>40-7-18</i>
Indexed by	<i>JRK</i>

According to the Financial Post of July 28 Rayrock Mines have received a letter of intent from Eldorado Mining and Refining covering the purchase of \$15,792,000 worth of uranium. This is the smallest amount contracted by Eldorado so far.

P. A. Koller
P. A. Koller,
Economic Division.

Montreal Gazette

July 27, 1956

Deputy Minister's R. Cordt
File No. 4017-18
Indexed by JLS

File
Ch.

Rayrock Gets Letter of Intent For \$15.7 Mln.

Toronto. — (DJ) — Rayrock Mines Ltd. has received a letter of intent from Eldorado Mining and Refining Ltd. providing for the sale of its output of uranium precipitates in the amount of \$15,792,000, J. C. Byrne, president, announces.

Financing arrangements have been completed to bring the property into production in June, 1957. Rayrock will be the first uranium mining company in Canada to enter production free of debt, having been financed entirely through the sale of treasury stock, Mr. Byrne states.

Initial capacity of the acid leach plant will be 150 tons daily which can be increased at a modest expenditure to provide facilities for custom milling. Production will start at 100 tons a day to be moved up to 125 tons daily before the second year of operation.

Estimated annual operating profit at 125 tons is \$1,665,000 and net profit after write-offs is \$1,025,000 Mr. Byrne says. Depreciation and preproduction expenses will be written off by March 1962, at an annual figure of \$640,000.

It is estimated that an additional \$1,200,000 is required to bring the property to production. Financing has been completed with Dobieco Ltd. for the sale of 650,000 shares for \$1,001,000 and the granting of an option on 100,000 shares at \$2 a share. To carry out the financing, stockholders are being asked at special meeting August 7 to approve an increase in authorized capital to 4,500,000 shares by the creation of an additional 500,000 \$1 par shares.

351-2-31

JIN/dd

MR. CUNNINGHAM - for action.

Ottawa, 26 July, 1956.

MEMORANDUM FOR THE DEPUTY MINISTER

MA & NR

File No	40-7-18
Indexed by	JSR

CONSTRUCTION OF ROAD TO RAYROCK MINE

We have received an additional letter from Mr. Byrne, President and General Manager of Rayrock Mines Limited, which reads in part,

"In the wired reply received from our Manager of Mines, Mr. R.J. Kilgour, advising hourly rate for the grader, Mr. Kilgour also mentions that it is now imperative that our road foreman be supplied with a jeep for transportation as road construction is now spread over a several mile length.

Mr. Perkins, the road contractor, will supply a jeep for our foreman at an hourly rate of \$1.50. Mr. Kilgour advises that the jeep would be used a maximum of eight hours per day.

We are also informed that Mr. Perkins wishes to put a pick-up truck on the road for servicing, at a rate of \$1.50 per hour. We are not clear as to the exact function to be performed by this truck as we note there is provision in the contract for a 2-ton utility truck, at \$4.00 per hour. It could very well be that they require a lighter vehicle for faster servicing and for handling loads up to, say, one-half ton.

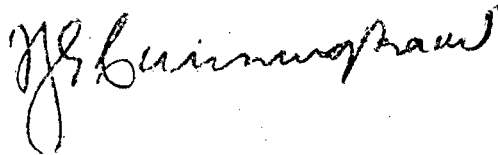
The jeep is definitely a necessity and in all probability, can be classed in this category. We, therefore, wish to obtain permission to include these two items of equipment at an hourly rate of \$1.50 each in the contract between Rayrock Mines Limited and J.M. Perkins."

..2

-2-

2. These rental rates will alter the agreement between Rayrock Mines Limited and J.H. Perkins of Yellowknife which was approved originally by the Minister. Presumably, any alteration to the contract must also receive the Minister's approval. We feel that the request of this Company is reasonable and the rates set out as rental rates for the vehicles are also reasonable.

3. The Minister's approval of these rates is, therefore, recommended.



F.J.G. Cunningham,
Director.

APPROVED

JEAN LESAGE

MINISTER

30 / 7 / 56

351-2-31

JIN/dd

Deputy Minister's Records
File No. 40-7-18
Indexed by: JER

Ottawa, 24 July, 1956.

MEMORANDUM FOR THE DEPUTY MINISTER

MA & NR

file
JH

We have received a letter from Mr. J.C. Byrne of Rayrock Mines Limited indicating that they wish to pay a bonus to the contractor on the construction of the road to Rayrock Mine - a performance bonus in an amount up to a maximum of \$5,000 if the road is passable to trucks this Fall.

2. It is their thought that the bonus would be paid to the contractor and the construction superintendent and the contractor would split his bonus with his machine operators. In other words, they expect that with such an incentive the crew would do more work without adding to its numbers. It is their thought that the bonus would not increase the maximum amount payable by the federal government and it is possible that an overall saving in contribution might be made.

3. I understand that Treasury Board has on occasion approved incentive awards where there is some justification. The most recent example is the agreement for the construction of the airport at East 3. Essentially, any speed-up in the construction of this road would benefit the Rayrock Mine. If the bonus payment is made and the road is passable this year the cost would be less than it would be if the work were carried over and completed next season. In the latter case, we would probably have to include a small amount in our Estimates next year if the road were not completed. This matter has been discussed with the Chief Treasury Officer and he is of the opinion that if the mine would benefit from the completion of the road this year, then surely the government will benefit by the advancement of the development of the mine and the earlier payment of substantial taxes, etc.

4. I am not convinced entirely that we should approach Council for permission to amend the agreement to permit the participation in

..2

-2-

this bonus as the benefits which will result to the federal government are somewhat nebulous. It is possible that an overall saving might be made in the cost of construction of this road if it is completed this year and certainly it would assist matters administratively if we did not have to include an item in next year's estimates for the completion of the road. However, before preparing a draft memorandum to the Governor in Council, I would like to have your opinion of this matter.

F.J.G. Cunningham

F.J.G. Cunningham,
Director.

MR. CUNNINGHAM -

The amount of the contract is substantial and would I think justify a bonus payment. Suggest you draft submission to Council.

25-7-56

"C.W.J."

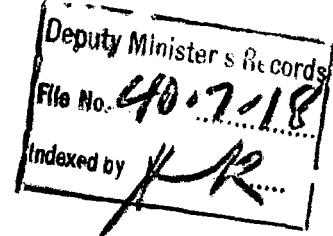
351-2-31

JIN/dd

File JN

Ottawa, 23 July, 1956.

MEMORANDUM FOR THE DEPUTY MINISTER



CONSTRUCTION OF ROAD TO
RAYROCK MINE

Adverting to my memorandum of July 17th and your minute of July 18th concerning the rental of a motor grader, the property of Rayrock Mines, to the contractor, I wish to advise that the hourly rate for the grader will be \$9.50. This rate is inclusive of operator, fuel, maintenance and overhead.

2. I might add that the rate seems reasonable and the Minister's approval is recommended.

F.J.G. Cunningham

F.J.G. Cunningham,
Director.

"bwj"

APPROVED

JEAN LESAGE

MINISTER

JUL 24 1956

000751

Deputy Minister's Records
File No. 40-7-18
Indexed by <i>[Signature]</i>

351-2-31

JIN/dd

Ottawa, 17 July, 1956.

MEMORANDUM FOR THE DEPUTY MINISTER

MA-MR

CONSTRUCTION OF ROAD TO RAYROCK MINE

We have received word from Rayrock Mines Limited that they have purchased a road grader for use in maintaining the above noted road when construction is completed.

2. Apparently the road contractor does not own a motor grader nor can he readily obtain one by rental. As a consequence, the mine proposes to rent the grader to the contractor engaged on the construction of the road. Under the terms of the agreement with Rayrock Mines Limited, Section 1(e) provides "that it will not rent any equipment owned by it to any contractor engaged on construction of the road without the prior approval of the Minister". A motor grader is very definitely required in the construction of a road of this type and we were somewhat surprised to learn that the contractor did not possess this equipment. As the mine will be using the motor grader to maintain the road after construction is completed, it would seem to be a practical solution to the problem. Furthermore, there would be a saving from the fact that the motor grader would not have to be shipped back after construction was completed.

3. For these reasons, we recommend that the Minister's approval be obtained for Rayrock Mines Limited to rent a motor grader to J.H. Perkins of Yellowknife, N.W.T.

Mr. Cunningham

At what rate would they rent it? We cannot simply agree without some stipulation as to rate. It seems to me there has either to be a firm rate proposed for approval or a maximum rate set.

APPROVED

[Signature]
MINISTER

18 July 56

[Signature]
F.J.G. Cunningham,
Director.

Department of Northern Affairs and National Resources

OFFICE OF THE DEPUTY MINISTER

DATE June 12/5

TO: MR. HERBERT

FOR ACTION:

FOR DIRECT REPLY:

FOR PREPARATION OF REPLY:

FOR COMMENT:

FOR APPROVAL:

TO NOTE AND FILE: ☒ AND RETURN: ☐

XXX

FOR DISCUSSION WITH UNDERSIGNED:

This is the copy of Mr. Cunningham's
reply of June 7 to Mr. J.C. Byrne
of Rayrock Mines about the Agreement
for road construction.



000753

4/25/78
40-7-18

DEPARTMENT OF NORTHERN AFFAIRS AND
NATIONAL RESOURCES
Northern Administration & Lands Branch

Date: 12-6-56
.....

TO:

Helen

For Action:

For Direct Reply:

For Preparation of Reply:

For Reply for Director's Signature:

For Comment:

For Approval:

To Note and File:

For Discussion with Undersigned:

For Signature:

For Information:

Re: Telephone Conversation:

As Requested:

*See query slip from
DM 22-5- asking
for this copy*

Gen

000754

pgr

DEPUTY MINISTER

JUN 12 A.M.

Dept. of Northern Affairs
& National Resources.

Duty Minister's Records

351-2-31
PBP/FF

File No.

40-718

Ottawa, June 7, 1956

Indexed by

North Atlantic Division

8 FILED

File No.

Refer To

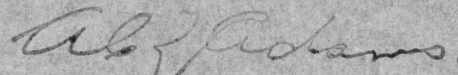
J.C. Byrne, Esq.,
President,
Rayrock Mines Limited,
Suite 509,
25 Adelaide Street West,
Toronto, Canada.

Dear Mr. Byrne:

Further to my telegram of June 1st in which I advised you that the Minister had approved the agreement between Rayrock Mines Limited and J.M. Perkins, I now enclose the copy of the agreement with the approval of Mr. Lesage endorsed thereon.

As regards the submission of accounts, these should be in the form of claims by Rayrock Mines Limited against the Department and should be supported by proper vouchers showing expenditures made. These accounts should be submitted by Rayrock to Mr. Hemulus at Yellowknife, N.W.T. who will certify and forward to Ottawa for payment. Cheques in payment will, unless otherwise requested, be forwarded from Ottawa to your head office in Toronto.

Yours sincerely,



F.J.C. Cunningham,
Director.

c.c. Chief Treasury Officer,
c.c. Deputy Minister. ✓



CANADA

DEPARTMENT

OF

RESOURCES AND DEVELOPMENT

NORTHERN AFFAIRS AND NATIONAL RESOURCES

ADMINISTRATION BRANCH

LEGAL DIVISION

Deputy Minister's Records

File No. *40-718*

Indexed by *JK*

Ottawa, 29 May, 1956

MEMORANDUM FOR THE ASSISTANT DEPUTY MINISTER

Rayrock Mines Limited Road Agreement

Paragraph 1 (d) of the agreement between
Her Majesty and Rayrock Mines Limited provides as
follows:

"The Company agrees

(d) that before entering into any contract for the
construction of the Road it will submit the
contract to the Minister for approval;"

The attached contract which has been sub-
mitted for approval has already been executed.

W. Nason
W. Nason
Legal Adviser.

Attch.

*Approved by
Minister and
returned to
Mr. Cunningham.*

Department of Northern Affairs and National Resources

OFFICE OF THE DEPUTY MINISTER

DATE May 22/56

TO: ~~MR. HERBERT~~

FOR ACTION:

FOR DIRECT REPLY:

FOR PREPARATION OF REPLY:

FOR COMMENT:

FOR APPROVAL:

TO NOTE AND FILE: ☒ AND RETURN: ☐

FOR DISCUSSION WITH UNDERSIGNED:

I am sending you herewith the copy sent to me by Mr. J.C. Byrne of his letter of May 18 to Mr. Cunningham in connection with the Agreement with Rayrock Mines for construction of the road from Sherman Lake to Marian Lake. I have asked Mr. Cunningham to send for my file a copy of his reply to Mr. Byrne.



000757

TELEPHONE
EMPIRE 4-5588

c.c. ✓ Mr. R. G. Robertson
Mr. R. J. Kilgour
Mr. C. T. Williams
Mr. N. W. Byrne

RGR

SUITE 509
25 ADELAIDE ST. W.
TORONTO 1, CANADA

DEPUTY MINISTER
MAY 22 A.M.
Dept. of Northern Affairs
& National Resources

40-7-18
JTC

File

Toronto, Ontario
May 18, 1956

MP
CRR

Mr. F. J. G. Cunningham
Director
Department of Northern Affairs
and National Resources
OTTAWA, Ontario

Dear Mr. Cunningham:

Enclosed herewith is one copy of agreement dated May 17th, 1956, between Rayrock Mines Limited and J. M. Perkins covering road construction from Sherman Lake to Marian Lake in the Northwest Territories. Several discussions were held prior to drawing the agreement and we feel that we have covered the subject adequately. The agreement is herewith presented for your consideration and approval. Mean-time Rayrock has authorized the Contractor to proceed with general reconnaissance employing up to three tractors, the object being to cover as much as possible the proposed route prior to the frost leaving the ground.

Referring to the agreement, you will note that we have increased the hourly rate for a tractor caterpillar D-6, equipped with bulldozer blade and overhead loader, from your suggested figure of \$7 00 per hour to \$10.50. Perkins has four new tractor caterpillars D-7, equipped with blade, and has just purchased a new tractor caterpillar D-6 complete with blade and overhead loader. The capital cost of the D-6 caterpillar with attachments vs. the capital cost of a new D-7 and blade indicates a rate of approximately \$10.80 per hour on a comparable depreciation basis. Perkins is purchasing two new cat 70 carryalls which could command a rate of \$6.00 per hour. We have settled for a rate of \$4.50.

You will note that Rayrock agrees to pay to the Contractor the sum of \$2.50 per man day worked based on the approved payroll of the Contractor. We feel that this is the simplest means of dealing with a rather complicated problem. It costs Rayrock \$5.00 per man day for board and accommodation. Perkins will charge his men \$2.50 per day which is the average prevailing board rate at Yellowknife. Perkins will supply cooks, cookoes, bull cooks, and absorb

- 2 -

cost of food and transportation of same from Yellowknife. Perkins will also absorb the full cost of overhead personnel including time-keepers.

The office of Norman W. Byrne, the Company's Consulting Engineer at Yellowknife, will handle accounting, purchasing of materials and expediting for the road project. You will note there is no ten per cent profit allowed for the purchase of consumable supplies used on road construction. Any costs or services incurred and supplied by Rayrock will be invoiced to the road job through Norman W. Byrne's office.

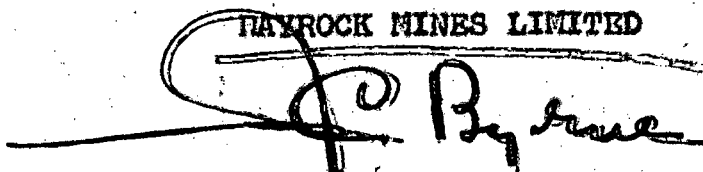
Rayrock will have a competent supervisor on the job at all times and will furnish necessary surveying personnel and equipment, will also keep a field record of hours worked by Perkins' equipment and applicable hourly labour.

Rayrock has requested the Contractor to furnish records of work done and monthly expenditures to the office of Norman W. Byrne. We presume that the procedure will be that said office will furnish Mr. Steve Homulus or the Mining Recorder at Yellowknife with a copy of expenditures made each month and, upon approval, the Government's portion will be paid to Rayrock from funds deposited at Yellowknife. Please advise if this is the procedure to be followed.

We would appreciate hearing from you at your very earliest convenience.

Yours very truly,

RAYROCK MINES LIMITED

A handwritten signature in dark ink, appearing to read "J. C. Byrne", is written over a horizontal line. The signature is stylized with a large initial "J" and a long, sweeping underline.

J. C. Byrne
President

JCB:o's
Enc.1.

Department of Northern Affairs and National Resources

OFFICE OF THE DEPUTY MINISTER

DATE May 16/50

TO: MR. GUNNINGHAM

FOR ACTION:

XXX

FOR DIRECT REPLY:

FOR PREPARATION OF REPLY:


FOR COMMENT:

FOR APPROVAL:

TO NOTE AND FILE: ☐ AND RETURN: ☐

FOR DISCUSSION WITH UNDERSIGNED:

The Agreement with Rayrock Mines Limited attached to your memo of May 9 has now been signed by the Minister and all three copies are returned to you herewith for distribution. The Agreement has not been dated but was returned signed by Mr. Lesage on May 15.



000760

NORTHERN AFFAIRS AND NATIONAL RESOURCES

OFFICE OF THE DEPUTY MINISTER

DATE 11/5/56

TO: THE MINISTER

FOR APPROVAL:

XXX

FOR SIGNATURE:

XXX

TO NOTE AND RETURN:

FOR INFORMATION:

FOR DIRECTION:

Attached for your approval and signature is the Agreement (in triplicate) with Rayrock Mines for construction of the all-weather road from Sherman Lake to Marian Lake. Your signature will have to be witnessed.

When the Agreement has been signed it will be returned to Mr. Cunningham for distribution.

A large, stylized handwritten signature in dark ink, likely belonging to a senior official, is written over the lower right portion of the document.



CANADA

NORTHERN ADMINISTRATION
AND LANDS BRANCH

DEPARTMENT
OF
NORTHERN AFFAIRS AND NATIONAL RESOURCES

Ottawa, May 9, 1956.

MEMORANDUM FOR THE DEPUTY MINISTER

RAYROCK MINES LIMITED AGREEMENT

PLEASE QUOTE
FILE 351/2-31
HBP/TF
OFFICE OF THE DIRECTOR
DEPUTY MINISTER
MAY 10 P.M.
Dept. of Northern Affairs
& National Resources
Deputy Minister's Records
File No 40-7-18
Indexed by J.R.

I now enclose draft agreement which has been duly executed by Rayrock Mines Limited.

The forwarding letter from Rayrock Mines Limited contains the following paragraph:

"With reference to the road work completed by Consolidated Northland Mines from Marian Lake to their property, this work was completed prior to February 1, 1956, and was specifically mentioned in our brief presented to the Deputy Minister and was also mentioned in various correspondence. We expect to use a good percentage of the road which will require straightening as it was located in a hurry to rush plant equipment to the Northland property. Northland and Rayrock had agreed to contribute towards road construction on a basis of \$20,000 and \$120,000 respectively as contributions by the mining companies."

You will remember that these points were previously raised by Mr. Byrne in his letter of March 20th which was passed to you with my memorandum of April 10th and which you returned with comments. Accordingly Mr. Byrne was informed that his wishes could not be acceded to in this instance. Since the Company has executed the agreement, I assume that they are willing to accept the limitations it contains.

Accordingly the attached agreement is submitted for execution by the Minister. Please return to me in due course for distribution.

Returned
May 16/56

F. J. G. Cunningham
F. J. G. Cunningham,
Director.

000762

Department of Northern Affairs and National Resources

OFFICE OF THE DEPUTY MINISTER

DATE 2/5/56

TO: MR. HERBERT

FOR ACTION:

FOR DIRECT REPLY:

FOR PREPARATION OF REPLY:

FOR COMMENT:

FOR APPROVAL:

TO NOTE AND FILE: ☒ AND RETURN: ☐

FOR DISCUSSION WITH UNDERSIGNED:

I am sending you herewith the copy sent to me by J.C. Byrne, President of Rayrock Mines, of his letter of May 1 to Mr. Cunningham in connection with the construction of the road from Sherman Lake to Marian Lake.

File

000763

Department of Northern Affairs and National Resources

OFFICE OF THE DEPUTY MINISTER

DATE 2/5/56

TO: MR. HERBERT

FOR ACTION:

FOR DIRECT REPLY:

FOR PREPARATION OF REPLY:

FOR COMMENT:

FOR APPROVAL:

TO NOTE AND FILE: ☒ AND RETURN: ☐

XXX

FOR DISCUSSION WITH UNDERSIGNED:

I am sending you herewith the copy sent to me by J.C. Byrne, President of Rayrock Mines, of his letter of May 1 to Mr. Cunningham in connection with the construction of the road from Sherman Lake to Marian Lake.

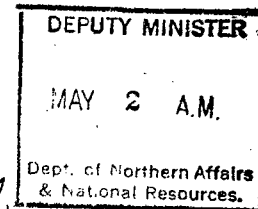


000764

TELEPHONE
EMPIRE 4-5588

c.c. R. G. Robertson
R. J. Kilgour
N. W. Byrne

SUITE 509
25 ADELAIDE ST. W.
TORONTO 1, CANADA

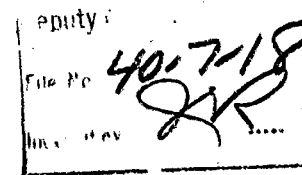


Privy Council

Toronto, Ontario
May 1, 1956

File
CRP

Mr. F. J. G. Cunningham
Director
Department of Northern Affairs
and National Resources
OTTAWA, Ontario



Dear Mr. Cunningham:

We thank you for your letter of April 24th with enclosed draft agreement in triplicate covering Government contribution not to exceed \$140,000 towards the cost of road construction, Sherman Lake to Marian Lake. We enclose herewith three copies of the agreement duly executed.

Referring to the Memorandum of Agreement, Page 2, item 1(b), we will use our best efforts in the construction of the road and hope to have it passable by late fall and completed in the summer of 1957. We do not plan to attempt highballing the job, which invariably means excessive cost. Since the road is vital to operations at Rayrock, we shall complete same as soon as possible using every means consistent with sound practice and efficiency.

Referring to Page 3, item 1(1). Under the agreement the Company is obligated to maintain the road at its own expense. We reserve the right to request a contribution towards construction and maintenance from other companies in the area that use the road.

Page 4, item 3(a), with reference to the general route of the road and its final location being subject to the approval of the Minister. We have commissioned Sparton Air Services Limited to prepare a photographic interpretation of the proposed road from Marian Lake to Sherman Lake. In this connection they are preparing annotated mosaics at approximately 1,000 ft. = 1 in. on which they are outlining suggested routes. Most of this work is completed with two alternative routes suggested. Our Engineering Staff pronounce the work as excellent.

With reference to the road work completed by Consolidated Northland Mines from Marian Lake to their

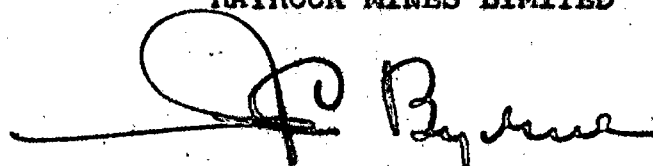
- 2 -

property, this work was completed prior to February 1, 1956, and was specifically mentioned in our brief presented to the Deputy Minister and was also mentioned in various correspondence. We expect to use a good percentage of the road which will require straightening as it was located in a hurry to rush plant equipment to the Northland property. Northland and Rayrock had agreed to contribute towards road construction on a basis of \$20,000 and \$120,000 respectively as contributions by the mining companies.

We acknowledge and thank you for rough draft of a form of subcontract and equipment rental rates. We plan to construct the road using equipment and labour on an hourly basis. The writer is proceeding to Yellowknife this weekend and will prepare a contract between Jack Perkins and Rayrock Mines, same to be submitted to you for approval.

Yours very truly,

RAYROCK MINES LIMITED

A handwritten signature in dark ink, appearing to read 'J. C. Byrne', with a large, stylized initial 'J' and a long horizontal stroke extending to the left.

J. C. Byrne
President

JCB:o's

Enc.3.

ty Minister's Record
407184
File No.



RAY ROCK MINES LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED OCTOBER 31, 1955

DEPUTY MINISTER

APR 27 AM

Dept. of Northern Affairs
& National Resources

000767

FRONT COVER

Photograph by George Hunter—September 1955

In the immediate foreground are tent camps occupied until late November. The white frame building is currently used as an accounting and engineering office. To the left are foundation timbers for the first permanent building, since completed. Bunkhouses, Cookhouse, Staff House and Recreation Hall will be constructed in the immediate area.

In the centre of the picture are temporary plant buildings, ore and waste bins. Portal of the adit is located immediately to the right of the largest building.

The adit was driven in a straight line for some 900 feet intersecting the Nos. 1 and 6 Zones, some 300 feet below surface. These zones on surface are located on the top of the hill in the background.

[illegible][illegible]

MUNGOVAN & MUNGOVAN - - - - - Toronto, Ont.

AMPLEFORD, BROADHEAD & CO. - - - - - Toronto, Ont.

CROWN TRUST COMPANY - - - - - Toronto, Ont.

THE ROYAL BANK OF CANADA - - - - - Toronto, Ont.

SUITE 509 - 25 ADELAIDE ST. WEST - - - - Toronto, Ont.

Directors' Report

To the Shareholders:

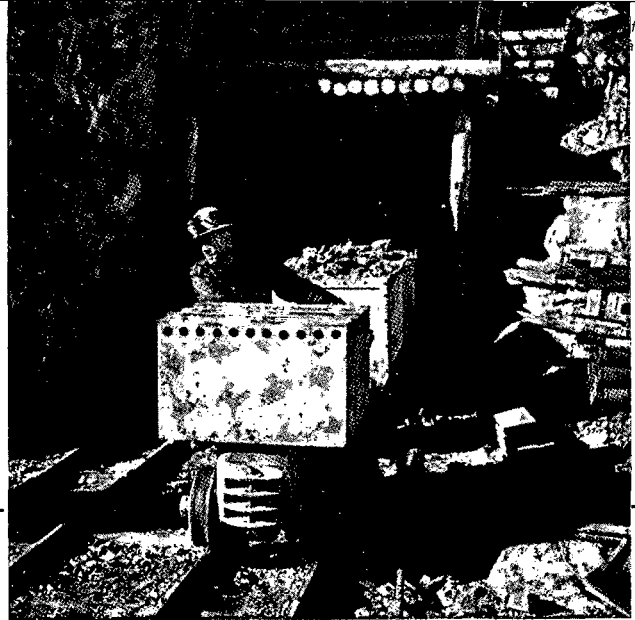
The past year saw completion of the surface diamond drilling programme, freighting of mining plant and supplies to the property, and confirmation of the drill-indicated results by underground development from the adit level. Please refer to the Consulting Engineer's Report for a complete review of work accomplished and results obtained during the fiscal year ending October 31, 1955. Since that date a second level located 100 feet above the main adit level has partially developed the No. 6 Zone orebody with equally good results. Pitchblende mineralization, generally in the form of rich pods and lenses, has been found to occur beyond the main fracture zone in the quartz stockwork. This means mining wider areas of a proportionately lower average grade.

Metallurgical test work on representative ore shipments from underground indicates that straight acid leaching is the most economical method of treatment for our ore. Preliminary discussions have taken place with the Dominion Government purchasing agent, Eldorado Mining and Refining Limited, and application for a premium price contract will be submitted for consideration early this year.

Current plans are to bring the mine into production by the Spring of 1957. This is an extremely tight schedule for a property located in the Yellowknife area. However, it can be done and plans are well underway towards this production objective. Large tonnages of equipment, supplies and building materials must be transported from Yellowknife and from Hay River this winter by tractor train. Production size mining plant and several items of mill equipment owned by the Company have been dismantled at Yellowknife ready for shipment. A 22 mile hydro electric power line and 35 mile access road must be built. Application has been made to the Dominion Government for fifty per cent of the cost of road construction.

Usual mining practice in high grade lenticular occurrences such as we have at Rayrock would mean another year of underground development including shaft sinking and the opening of at least one more level, before formulating production plans. Underground results to date, plus the strong structure in which the ore occurs, indicate a mining operation in the order of 125 tons daily. The mill is being designed to treat 150 tons daily. Estimated expenditures from October 31, 1955, to bring the property into production by straight acid leach, are \$2,530,000

Battery locomotive hauling
 ore cars from the adit.



or \$570,000 in excess of present cash assets. Additional funds required, plus sufficient for working capital and purchase of initial production supplies, could be secured through sale of remaining stock in the treasury and in part through a loan.

Your Company has other interests through substantial share holdings acquired by prospecting activities and share purchases—please refer to "Schedule of Shares in other Companies and Syndicates". Principal uranium share interests are represented by holdings in Radiore Uranium Mines and Consolidated Northland Mines. Eldorado Mining and Refining Limited are scheduled to have their expanded milling facilities available in January, 1957, to start treating a substantial daily tonnage from the Radiore Verna orebody, which occurs in part on the properties of both companies. Consolidated Northland Mines has completed shaft sinking to 300 feet and is now driving on two levels to explore drill-indicated orebodies. Principal gold holdings are represented by Consolidated Discovery Yellowknife Mines, a very high grade dividend paying operation, and by Tarbell Mines and Ormsby Mines, on which properties underground development has been recommended. Ormsby Mines is participating on a 50-50 basis with Goldcrest Mines in diamond drilling a copper-lead-zinc prospect in British Columbia. Tarbell Mines and New Athona Mines each hold options on 33 claim blocks adjoining, on which engineers have reported very favourably. New Athona Mines also holds over 400,000 shares of Radiore and has several other interesting participations. All of the above mentioned companies are well financed for the programmes in hand.

Small interests are held in ten producing oil wells and in a large wildcat acreage with oil and gas possibilities, all located in Alberta. Prospecting activities were confined to limited participation in two Syndicates prospecting in Ontario and in the Yukon Territory, and to the staking of 18 claims in Ontario tying onto an uranium find.

On behalf of the Board,

J. C. BYRNE,

President and General Manager.

Toronto, Ontario,
 January 9, 1956.

Consulting Engineer's Report

The President and Directors,
Rayrock Mines Limited,
Suite 509, 25 Adelaide Street West,
TORONTO, Ontario.

Gentlemen:

Since surface diamond drilling ceased at the Marian River property of Rayrock Mines Limited in late February, 1955, events of considerable importance have developed from initial underground work, enabling the Company to lay plans for early production. The handicap of limited plant capacity has slowed development beyond the adit level but with the coming of winter transport, diesel power will be increased threefold and mining on three levels will be pushed forward with the immediate objective of increased tonnage development.

The accelerated development will go forward concurrently with permanent plant and camp construction, the bringing of hydro power from the nearby Snare River Plant, improved road conditions, and the laying of mill foundations.

The combined short and long-hole surface drilling totalled some 16,000 feet and served to outline the No. 6 Zone orebodies over a length of 375 feet and to a vertical extent of 300 feet, from which it was estimated some 80,000 tons of ore grading \$70.00 per ton might be mined. In addition, the Nos. 1, 2 and 4 Zones showed promise of developing additional tonnages of equally good grade ore.

Following the movement of some 250 tons of equipment and major supplies to the property in March, an adit crosscut was collared on April 1st in the southeast side of a 300-foot high ridge paralleling and adjacent to the Marian River Fault. The adit was driven on a three-shift per day basis for 890 feet. From this heading a total of 930 feet of drifting and crosscutting, and 516 feet of raising, were carried out on two separate radioactive zones up to the end of October. Some underground diamond drilling was done to probe for extension of zones, and a sub-level is currently being established 100 feet above the adit level.

The principal geologic feature of the Rayrock area is the Marian River Fault with an associated giant quartz stockwork. These structures trend in a northeast-southwest direction and traverse the property for a distance of 9,000 feet. Locally the fault and stockwork pass through a series of granitized rocks in which subsidiary structures consisting of faults and shears, sometimes quartz-filled, have been developed by the regional movements. This "zone of influence" of the Marian River Fault is best developed on the northwest or footwall side, and extends across an area up to 1,000 feet wide. Pitchblende-bearing veins and breccia zones occur within these subsidiary structures on the Rayrock property. The No. 1 Zone consists of a north-westerly dipping fault along which occur lenses and short shoots of ore in a strongly brecciated granitic host. The No. 6 Zone occurs some 900 feet from the Marian River Fault, in a subsidiary quartz stockwork, which varies in width from four to 30 feet. In addition to these two major occurrences, 11 other showings were found and trenched.

The adit crosscut intersected the No. 1 Zone 725 feet from the portal, and 300 feet below surface. Conditions similar to surface were found to exist, with ore shoots occurring at points of flexure along the fault. A length of 25 feet has been exposed grading 0.64% uranium oxide over an average width of 4.7 feet in the shoot intersected by the crosscut. Limited drifting has revealed two more high grade but small lenses within 80 feet of the first.

The drifting completed to date on the adit level in No. 6 Zone has opened 270 feet of continuous ore. Because of the branching, lency nature of the pitchblende mineralization, much slashing is necessary to expose the full ore width as advance is made. Two raises driven in the zone has confirmed the lens-like distribution and richness of the ore. The ore in the No. 6 Zone varies in width from four to 30 feet and for



the full length of 270 feet development headings averaged 10.2 feet wide. These dimensions give an ore area of 2,754 square feet which is equivalent to 230 tons per foot of depth on the structure, which is dipping at 67 degrees to the 300 foot level. Car sampling over this area averages 0.325% uranium oxide.

Face sampling at regular intervals over the same length shows a higher average grade over narrower widths (0.625% uncut across 6.6 feet), and this method of assessment will allow more selective mining than that demonstrated by development drifting. Allowing a dilution factor of 25% for stoping operations, the No. 6 Zone can be expected to yield about 75,000 tons of ore grading 0.50% uncut to a depth of 100 feet vertically below the present adit level. It might be noted here that some of the best grade drill holes in the No. 6 Zone penetrated the structure below the adit level.

Combining the data obtained from car sampling, face chip samples and drift back sampling, it is confidently expected that the No. 6 Zone will mine out at a grade of 0.35% to 0.40% uranium oxide, or seven to eight pounds per ton.

Drifting has advanced 60 feet south of the last face in ore, and about 100 feet north of the ore on the stockwork. There is a strong suggestion that the main ore lens branches west in the north drift and slashing to follow the ore is underway. Two drill holes to the north at 40 and 70 feet confirm this theory. The quartz stockwork structure continues strongly to the southwest towards the No. 3 Zone, where important radioactivity occurs over considerable widths, some 600 feet away. Drifting out of this entire length will be pushed ahead early in 1956 when the present mine plant capacity is increased. It is expected that substantial tonnages of ore will be added when development of the entire quartz stockwork is completed. Development plans also include the opening up of the sub-level 100 feet above the adit level, sinking of a three-compartment production shaft to 300 feet below the adit level, with subsequent opening of two new levels in that direction. Shaft and bin facilities, hoistroom and shops will all be located underground.

A preliminary survey has been made of a hydro power line route from the government plant at Big Spruce Lake, some 22 miles east of the property. Poles and hardware can be moved in with the large tonnage of freight slated to be delivered to the Mine this winter by tractor train. A large inventory of mine supplies, building supplies, and plant equipment has been assembled in warehouses at Yellowknife and Marian Lake during the summer months. Additional mine plant and some mill equipment is being dismantled at Yellowknife now for shipment to the property by tractor train.

Preliminary tests have been completed at Ottawa on representative ore from the underground workings. Recoveries up to 80% have been obtained by sink-float methods followed by leaching of the sink concentrate plus the fines. The low capital and operating costs for such a plant are very attractive, plus the flexibility should increased capacity be desired later either to treat additional mine tonnage or custom ore. Straight acid leaching will give recoveries of about 92% with low acid consumption and this method of treatment is under consideration for the Rayrock ore.

The recent establishment of a warehousing depot by Consolidated North and Mines and Rayrock Mines at the north end of Marian Lake, which can be served by shipping on Great Slave Lake, will eventually serve as a terminal for distribution of supplies to the entire Marian River Area by all-weather road. Representations have been made both to the Territorial and Federal Governments for aid in developing docks, roads and airport facilities throughout the area.

Respectfully submitted,

NORMAN W. BYRNE,

Consulting Mining Engineer.

Yellowknife, N.W.T.,
November 10, 1955.

BALANCE

AS AT OCTOBER

ASSETS

Current

Cash on Hand and in Banks	\$ 1,977,485.95	
Accounts Receivable	7,403.50	
Mine Supplies on Hand—cost, as certified by the Management	168,000.00	\$ 2,152,889.45
Investment in Other Companies and Syndicates, at cost less proceeds of disposals, as per schedule attached:		
Listed Stocks (Market Value \$281,225)	\$144,291.50	
Unlisted Stocks	109,240.21	\$ 253,531.71
Loan to Other Company	25,750.00	279,281.71

Mining Properties

Properties Owned and under Option—cost	\$ 522,460.68	
Exploration and Development, as per schedule attached	803,381.10	
Buildings and Equipment—cost	230,619.73	1,556,461.51

Oil Properties

Interest in Petroleum and Natural Gas Leases—cost	\$ 50,000.00	
Participation in Oil Wells, less Receipts to date	1,120.29	51,120.29
Office Furniture and Fixtures—cost	\$ 1,798.40	
Incorporation and Organization	6,959.40	8,757.80
		<u>\$ 4,048,510.76</u>

NOTE 1: 200,000 shares of the Capital Stock of the Company are under option at various prices to realize a total of \$750,000.00, payable by May 28, 1956.

NOTE 2: Since the last Balance Sheet, October 31, 1954, 1,400,002 shares were issued for Cash in the amount of \$2,080,002.00.

NOTE 3: Subsequent to the date of this Balance Sheet a Writ was issued in the Supreme Court of Ontario by St. Michael Uranium Mines Limited, claiming 22,000 shares of Capital Stock of this Company. The Company has entered a defence to this claim.

BALANCE SHEET

October 31, 1955

LIABILITIES

Current

Accounts Payable and Accrued Charges \$ 24,745.76

Capital Stock

Authorized: 4,000,000 shares of \$1.00 Par Value each \$ 4,000,000.00

Issued and Fully Paid:

1,198,763 shares outstanding as provided by Supplementary Letters
Patent dated August 18, 1954 \$ 1,198,763.00

110,000 shares issued for Mining Properties since October 31, 1954
at Par 110,000.00

2,400,002 shares issued for Cash (\$2,720,002.00) since August 18, 1954
stated at Par (Note 2) 2,400,002.00

3,708,765 shares \$ 3,708,765.00

Contributed Surplus—arising from Premiums Received on Shares issued for
Cash, less Discounts including Discount of \$5,000.00 on 10,000 Shares
issued for Properties 315,000.00 4,023,765.00

Approved on behalf of the Board of Directors,

\$ 4,048,510.76

J. C. BYRNE, Director.

J. J. BYRNE, Director.

AUDITORS' REPORT

We have examined the Balance Sheet of Rayrock Mines Limited as at October 31, 1955, and the Schedule of Exploration and Development for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. We have not verified the titles to the Mining Properties and Oil Interests and Participations.

Subject to the foregoing and to our Notes numbered 1 to 3 inclusive, we report that, in our opinion, the above Balance Sheet and accompanying Schedule of Exploration and Development present fairly the financial position of the Company as at October 31, 1955 and the results of its operations for the year ended on that date.

Toronto, Canada,
January 6, 1956.

AMPLEFORD, BROADHEAD & CO.,
Chartered Accountants.

Schedule of Exploration and Development, Including Head Office and Administration

For the Year Ended October 31, 1955

Exploration and Development

Total as at November 1, 1954				\$393,363.44
Beta Group—Surface Exploration	\$ 85,008.95			
—Underground Development	201,186.08			
Sundry	9,537.34	295,732.37	\$689,095.81	

Head Office and Administration

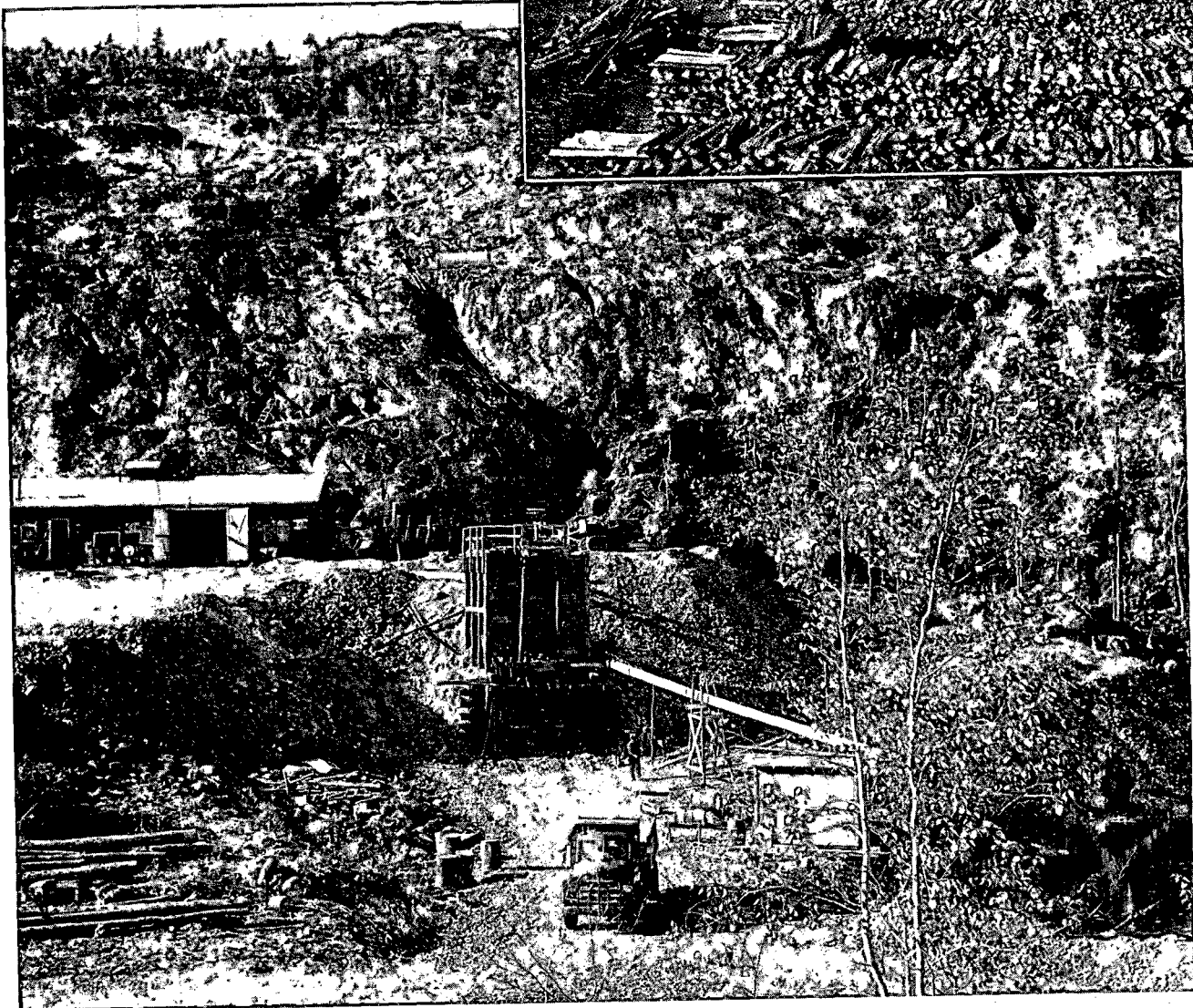
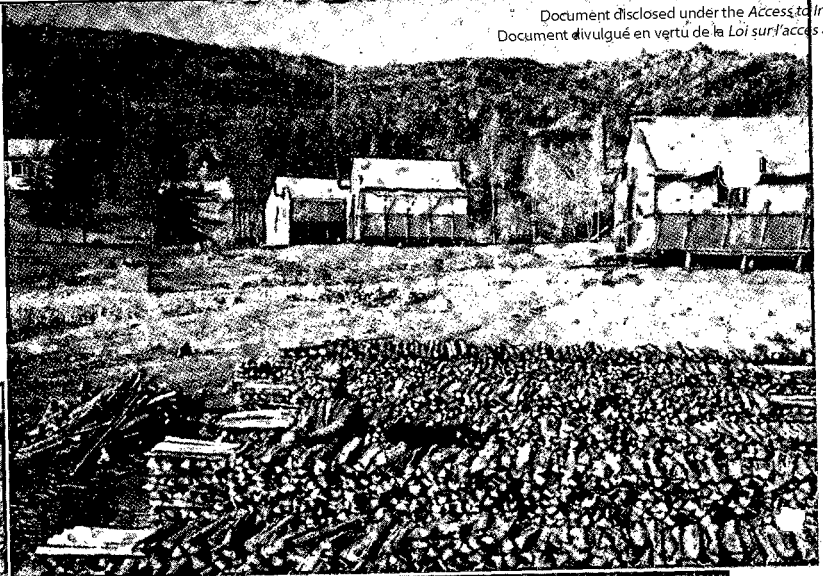
Total as at November 1, 1954				\$ 96,260.95
Interest and Bank Charges	\$ 1,356.35			
Legal and Audit	1,444.32			
Licenses, Taxes and Filing Fees	989.00			
Printing and Publicity	3,698.96			
Salaries	9,565.00			
Sundry Office Expense	2,850.36			
Telephone and Telegraph	1,691.17			
Travelling	1,166.07			
Transfer Agents' Fees and Expenses	1,973.11			
	\$ 24,734.34			
Less: Dividends Received	6,710.00	18,024.34	114,285.29	
Total as per Balance Sheet				<u>\$803,381.10</u>

Schedule of Shares in Other Companies and Syndicates

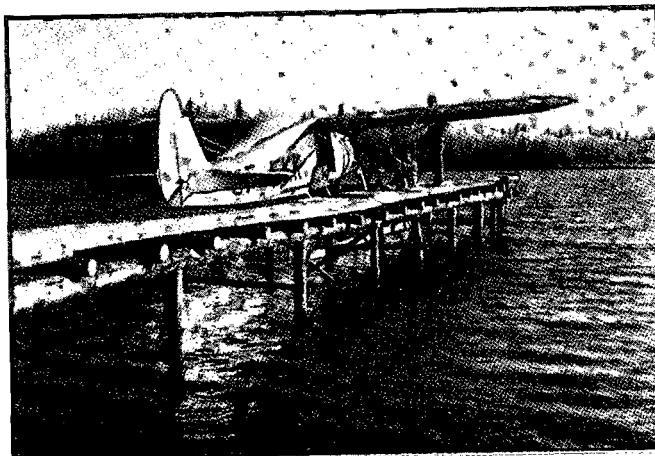
As At October 31, 1955

	Number of Shares or Units	Book Value	Market Value
Listed Stocks			
Consolidated Discovery Yellowknife Mines Limited	50,500	\$ 95,465.50	\$196,950.00
Consolidated Northland Mines Limited			
Free	55,000	26,550.00	57,200.00
Escrowed	45,000	900.00	-----
New Athona Mines Limited			
Free	27,306 }	15,000.00	19,850.00
Escrowed	13,125 }		
Ponder Oils Limited	8,500	6,375.00	7,225.00
Radiore Uranium Mines Limited			
Escrowed	129,600	1.00	-----
Totals as per Balance Sheet		<u>\$144,291.50</u>	<u>\$281,225.00</u>
Unlisted Stocks			
Cameron Drilling Company Limited			
Preferred	50)		
Common	250)	\$ 5,000.00	
General Hydrocarbons Limited	7,000	7,000.00	
Glenrock Gold Mines Limited	24,000	1,950.00	
Plateau Petroleums Limited	158,750	15,875.00	
O'Connor Lake Lead Syndicate	1,500	3,000.00	
Ormsby Mines Limited			
Free	10,183)		
Pooled	46,650)	9,234.97	
Tarbell Mines Limited			
Free	243,750	48,750.00	
Escrowed	257,500	51,500.00	
Yellowknife Publishers Limited			
Preferred	8)		
Common	800)	800.00	
Shunsby Gold Mines Limited	10,000	1,000.00	
Brikon Exploration Limited	2,000	2,000.00	
		<u>\$146,109.97</u>	
Deduct			
Excess of Selling Price over Cost of Investments Sold		36,869.76	
Total as per Balance Sheet		<u>\$109,240.21</u>	

Cookery wood supply and
temporary tent camp.



Mine service building, adit portal,
ore dumps and bin.



Rayrock aeroplane dock
about 1,000 feet
from mine camp site.

Department of Northern Affairs and National Resources

OFF OF THE DEPUTY MINISTER

DATE 20/4/56

TO: MR. CUNNINGHAM
(Attn.: Miss Moore)

FOR ACTION:

FOR DIRECT REPLY:

FOR PREPARATION OF REPLY:

FOR COMMENT:

FOR APPROVAL:

TO NOTE AND FILE: ☒ AND RETURN: ☐

XXX

FOR DISCUSSION WITH UNDERSIGNED:

Original letter of March 20
from Mr. Byrne to Mr. Cunningham
returned for your files. We have
kept a copy.

Helen McK.

000780

Department of Northern Affairs and
National Resources

OFFICE OF THE DEPUTY MINISTER

DATE

11/4/56

TO:

FOR ACTION:

FOR DIRECT REPLY:

FOR PREPARATION OF REPLY:

FOR COMMENT:

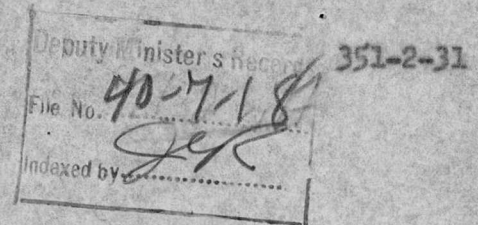
FOR APPROVAL:

TO NOTE AND FILE: ☐ AND RETURN: ☐

FOR DISCUSSION WITH UNDERSIGNED:

The Commission has
passed T.B. but not
Council. Mr. Humphrey
spoke to me about this. I
told him that both you
and the Minister would
be reluctant to change the
date.

000781



OTTAWA, April 10, 1956.

Memorandum for the Deputy Minister: *northern Admin.*

Rayrock Mines Limited.
All-Weather Road Agreement.

A Submission to Council dated March 8th, 1956, has been made to cover the federal contribution not to exceed \$140,000 toward construction of the all-weather road from Marian Lake to Sherman Lake. *approved by T.S. Mar. 28 but has not been three Council yet. Apr. 11 J.H.*

The Submission to Council specified the 1st of February 1956 as the date on or after which construction might take place and from which Government participation would also commence. This date was selected since it was the date of the letter to Mr. Byrne advising him that the Estimates had been tabled in the House, and it appeared that this would be a logical date to use as a commencement date. In order to avoid possible difficulty, Mr. P.B. Parker telephoned Mr. J.C. Byrne, President of the Rayrock Mines Limited, on March 7th to ascertain whether the commencement date of February 1st was satisfactory to him. Mr. Byrne stated at that time that they had hardly commenced construction and the commencement date of February 1st 1956 was entirely satisfactory.

Mr. Byrne has written under date of March 20th (original letter attached), advising us that 50 per cent of the cost will be split between his company and Consolidated Northland Mines Limited, and mentions in his letter that the latter company started construction last August and, up to the year end, had expended in excess of \$16,000. This letter might be taken as a simple statement of fact, but Mr. Parker advises that on either the 19th or 20th March Mr. Byrne called him and explained the division of costs between the two companies. He mentioned also that, although he had agreed to the date in the agreement for the commencement of work as February 1st, 1956, he had not realized the amount spent by Consolidated Northland Mines Limited, and to Mr. Parker expressed a desire (1) to have the agreement altered to include the two companies, and (2) to have the agreement changed so as to include the expenditures prior to February 1st. There is no such request in Mr. Byrne's letter, but taken in connection with his telephone conversation

..... (2)

000782

- 2 -

it can be assumed that such a request is intended.

As to the suggestion that Consolidated Northland Mines be joined in the agreement, it is recommended that we should deal only with one company and leave it to Rayrock to make any other commitments which they desire.

In regard to back dating the agreement, this would not of course change the total commitment under the agreement. It may be there are considerations which might make it desirable, from your point of view or the Minister's, that expenditures prior to February 1st might be included as part of the total of \$140,000 to which we are committed.

It might be noted that some correspondence was received in respect of a Consolidated Northland Mines road from Mr. M.A. Hardie last summer, copies of which were forwarded to yourself as Commissioner of the Northwest Territories on the 22nd August, 1955. A reply to Mr. Hardie was made by the Minister on August 23rd, 1955, advising that formal application should be made for assistance. As far as I am aware, no formal or informal application was made up until the present letter under consideration.

A.C.L. Adams.

Mr. Adams.

A.C.L. Adams, *Northern Admin.*
Assistant to Director.

I do not think we should change the date. With only \$16,000 at stake the two companies can work out an arrangement between themselves to absorb it. Going back prior to Feb. 1/56 would be hard to justify.

12 April 56

NORTHERN AFFAIRS AND NATIONAL RESOURCES

OFFICE OF THE DEPUTY MINISTER

DATE 27/3/56

TO: THE MINISTER

FOR APPROVAL:

XXX

FOR SIGNATURE:

XXX

TO NOTE AND RETURN:

FOR INFORMATION:

FOR DIRECTION:

Deputy Minister's Records
File 48.17-18
✓

Mr. Jackson has forwarded for your signature the attached Agreement (in triplicate) with Rayrock Mines Limited covering construction of the road from Marian Lake to Marian River. You will wish to see Mr. Sivertz' memo and Mr. Jackson's comment.

R. G. Peterson

Deputy Minister's Records
40-71187
File No.



RAY ROCK MINES LIMITED

Seen
[Signature]

ANNUAL REPORT

[Signatures]
C.R.R.
M. Herbert
M. Rowley
D. Miller
P.H.

FOR THE YEAR ENDED OCTOBER 31, 1955

FRONT COVER

Photograph by George Hunter—September 1955

In the immediate foreground are tent camps occupied until late November. The white frame building is currently used as an accounting and engineering office. To the left are foundation timbers for the first permanent building, since completed. Bunkhouses, Cookhouse, Staff House and Recreation Hall will be constructed in the immediate area.

In the centre of the picture are temporary plant buildings, ore and waste bins. Portal of the adit is located immediately to the right of the largest building.

The adit was driven in a straight line for some 900 feet intersecting the Nos. 1 and 6 Zones, some 300 feet below surface. These zones on surface are located on the top of the hill in the background.

Officers and Directors



OFFICERS

J. C. BYRNE	-	-	-	-	-	-	-	-	-	President
J. J. BYRNE	-	-	-	-	-	-	-	-	-	Vice-President
D. S. HAMILTON	-	-	-	-	-	-	-	-	-	Secretary and Treasurer

DIRECTORS

J. C. BYRNE	-	-	-	-	-	-	-	-	-	Toronto, Ont.
J. J. BYRNE	-	-	-	-	-	-	-	-	-	Toronto, Ont.
R. W. R. COWIE	-	-	-	-	-	-	-	-	-	Toronto, Ont.
D. S. HAMILTON	-	-	-	-	-	-	-	-	-	Toronto, Ont.
M. S. HUFFAKER	-	-	-	-	-	-	-	-	-	Detroit, Mich.

SOLICITORS

MUNGOVAN & MUNGOVAN	-	-	-	-	-	-	-	-	-	Toronto, Ont.
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AUDITORS

AMPLEFORD, BROADHEAD & CO.	-	-	-	-	-	-	-	-	-	Toronto, Ont.
----------------------------	---	---	---	---	---	---	---	---	---	---------------

TRANSFER AGENTS AND REGISTRARS

CROWN TRUST COMPANY	-	-	-	-	-	-	-	-	-	Toronto, Ont.
---------------------	---	---	---	---	---	---	---	---	---	---------------

BANKERS

THE ROYAL BANK OF CANADA	-	-	-	-	-	-	-	-	-	Toronto, Ont.
--------------------------	---	---	---	---	---	---	---	---	---	---------------

EXECUTIVE OFFICE

SUITE 509 - 25 ADELAIDE ST. WEST	-	-	-	-	-	-	-	-	-	Toronto, Ont.
----------------------------------	---	---	---	---	---	---	---	---	---	---------------

Directors' Report

To the Shareholders:

The past year saw completion of the surface diamond drilling programme, freighting of mining plant and supplies to the property, and confirmation of the drill-indicated results by underground development from the adit level. Please refer to the Consulting Engineer's Report for a complete review of work accomplished and results obtained during the fiscal year ending October 31, 1955. Since that date a second level located 100 feet above the main adit level has partially developed the No. 6 Zone orebody with equally good results. Pitchblende mineralization, generally in the form of rich pods and lenses, has been found to occur beyond the main fracture zone in the quartz stockwork. This means mining wider areas of a proportionately lower average grade.

Metallurgical test work on representative ore shipments from underground indicates that straight acid leaching is the most economical method of treatment for our ore. Preliminary discussions have taken place with the Dominion Government purchasing agent, Eldorado Mining and Refining Limited, and application for a premium price contract will be submitted for consideration early this year.

Current plans are to bring the mine into production by the Spring of 1957. This is, an extremely tight schedule for a property located in the Yellowknife area. However, it can be done and plans are well underway towards this production objective. Large tonnages of equipment, supplies and building materials must be transported from Yellowknife and from Hay River this winter by tractor train. Production size mining plant and several items of mill equipment owned by the Company have been dismantled at Yellowknife ready for shipment. A 22 mile hydro electric power line and 35 mile access road must be built. Application has been made to the Dominion Government for fifty per cent of the cost of road construction.

Usual mining practice in high grade lenticular occurrences such as we have at Rayrock would mean another year of underground development including shaft sinking and the opening of at least one more level, before formulating production plans. Underground results to date, plus the strong structure in which the ore occurs, indicate a mining operation in the order of 125 tons daily. The mill is being designed to treat 150 tons daily. Estimated expenditures from October 31, 1955, to bring the property into production by straight acid leach, are \$2,530,000

Battery locomotive hauling
ore cars from the adit.



or \$570,000 in excess of present cash assets. Additional funds required, plus sufficient for working capital and purchase of initial production supplies, could be secured through sale of remaining stock in the treasury and in part through a loan.

Your Company has other interests through substantial share holdings acquired by prospecting activities and share purchases—please refer to "Schedule of Shares in other Companies and Syndicates". Principal uranium share interests are represented by holdings in Radiore Uranium Mines and Consolidated Northland Mines. Eldorado Mining and Refining Limited are scheduled to have their expanded milling facilities available in January, 1957, to start treating a substantial daily tonnage from the Radiore Verna orebody, which occurs in part on the properties of both companies. Consolidated Northland Mines has completed shaft sinking to 300 feet and is now driving on two levels to explore drill-indicated orebodies. Principal gold holdings are represented by Consolidated Discovery Yellowknife Mines, a very high grade dividend paying operation, and by Tarbell Mines and Ormsby Mines, on which properties underground development has been recommended. Ormsby Mines is participating on a 50-50 basis with Goldcrest Mines in diamond drilling a copper-lead-zinc prospect in British Columbia. Tarbell Mines and New Athona Mines each hold options on 33 claim blocks adjoining, on which engineers have reported very favourably. New Athona Mines also holds over 400,000 shares of Radiore and has several other interesting participations. All of the above mentioned companies are well financed for the programmes in hand.

Small interests are held in ten producing oil wells and in a large wildcat acreage with oil and gas possibilities, all located in Alberta. Prospecting activities were confined to limited participation in two Syndicates prospecting in Ontario and in the Yukon Territory, and to the staking of 18 claims in Ontario tying onto an uranium find.

On behalf of the Board,

J. C. BYRNE,

President and General Manager.

Toronto, Ontario,
January 9, 1956.

Consulting Engineer's Report

The President and Directors,
Rayrock Mines Limited,
Suite 509, 25 Adelaide Street West,
TORONTO, Ontario.

Gentlemen:

Since surface diamond drilling ceased at the Marian River property of Rayrock Mines Limited in late February, 1955, events of considerable importance have developed from initial underground work, enabling the Company to lay plans for early production. The handicap of limited plant capacity has slowed development beyond the adit level but with the coming of winter transport, diesel power will be increased threefold and mining on three levels will be pushed forward with the immediate objective of increased tonnage development.

The accelerated development will go forward concurrently with permanent plant and camp construction, the bringing of hydro power from the nearby Snare River Plant, improved road conditions, and the laying of mill foundations.

The combined short and long-hole surface drilling totalled some 16,000 feet and served to outline the No. 6 Zone orebodies over a length of 375 feet and to a vertical extent of 300 feet, from which it was estimated some 80,000 tons of ore grading \$70.00 per ton might be mined. In addition, the Nos. 1, 2 and 4 Zones showed promise of developing additional tonnages of equally good grade ore.

Following the movement of some 250 tons of equipment and major supplies to the property in March, an adit crosscut was collared on April 1st in the southeast side of a 300-foot high ridge paralleling and adjacent to the Marian River Fault. The adit was driven on a three-shift per day basis for 890 feet. From this heading a total of 930 feet of drifting and crosscutting, and 516 feet of raising, were carried out on two separate radioactive zones up to the end of October. Some underground diamond drilling was done to probe for extension of zones, and a sub-level is currently being established 100 feet above the adit level.

The principal geologic feature of the Rayrock area is the Marian River Fault with an associated giant quartz stockwork. These structures trend in a northeast-southwest direction and traverse the property for a distance of 9,000 feet. Locally the fault and stockwork pass through a series of granitized rocks in which subsidiary structures consisting of faults and shears, sometimes quartz-filled, have been developed by the regional movements. This "zone of influence" of the Marian River Fault is best developed on the northwest or footwall side, and extends across an area up to 1,000 feet wide. Pitchblende-bearing veins and breccia zones occur within these subsidiary structures on the Rayrock property. The No. 1 Zone consists of a north-westerly dipping fault along which occur lenses and short shoots of ore in a strongly brecciated granitic host. The No. 6 Zone occurs some 900 feet from the Marian River Fault, in a subsidiary quartz stockwork, which varies in width from four to 30 feet. In addition to these two major occurrences, 11 other showings were found and trenched.

The adit crosscut intersected the No. 1 Zone 725 feet from the portal, and 300 feet below surface. Conditions similar to surface were found to exist, with ore shoots occurring at points of flexure along the fault. A length of 25 feet has been exposed grading 0.64% uranium oxide over an average width of 4.7 feet in the shoot intersected by the crosscut. Limited drifting has revealed two more high grade but small lenses within 80 feet of the first.

The drifting completed to date on the adit level in No. 6 Zone has opened 270 feet of continuous ore. Because of the branching, lency nature of the pitchblende mineralization, much slashing is necessary to expose the full ore width as advance is made. Two raises driven in the zone has confirmed the lens-like distribution and richness of the ore. The ore in the No. 6 Zone varies in width from four to 30 feet and for



the full length of 270 feet development headings averaged 10.2 feet wide. These dimensions give an ore area of 2,754 square feet which is equivalent to 230 tons per foot of depth on the structure, which is dipping at 67 degrees to the 300 foot level. Car sampling over this area averages 0.325% uranium oxide.

Face sampling at regular intervals over the same length shows a higher average grade over narrower widths (0.625% uncut across 6.6 feet), and this method of assessment will allow more selective mining than that demonstrated by development drifting. Allowing a dilution factor of 25% for stoping operations, the No. 6 Zone can be expected to yield about 75,000 tons of ore grading 0.50% uncut to a depth of 100 feet vertically below the present adit level. It might be noted here that some of the best grade drill holes in the No. 6 Zone penetrated the structure below the adit level.

Combining the data obtained from car sampling, face chip samples and drift back sampling, it is confidently expected that the No. 6 Zone will mine out at a grade of 0.35% to 0.40% uranium oxide, or seven to eight pounds per ton.

Drifting has advanced 60 feet south of the last face in ore, and about 100 feet north of the ore on the stockwork. There is a strong suggestion that the main ore lens branches west in the north drift and slashing to follow the ore is underway. Two drill holes to the north at 40 and 70 feet confirm this theory. The quartz stockwork structure continues strongly to the southwest towards the No. 3 Zone, where important radioactivity occurs over considerable widths, some 600 feet away. Drifting out of this entire length will be pushed ahead early in 1956 when the present mine plant capacity is increased. It is expected that substantial tonnages of ore will be added when development of the entire quartz stockwork is completed. Development plans also include the opening up of the sub-level 100 feet above the adit level, sinking of a three-compartment production shaft to 300 feet below the adit level, with subsequent opening of two new levels in that direction. Shaft and bin facilities, hoistroom and shops will all be located underground.

A preliminary survey has been made of a hydro power line route from the government plant at Big Spruce Lake, some 22 miles east of the property. Poles and hardware can be moved in with the large tonnage of freight slated to be delivered to the Mine this winter by tractor train. A large inventory of mine supplies, building supplies, and plant equipment has been assembled in warehouses at Yellowknife and Marian Lake during the summer months. Additional mine plant and some mill equipment is being dismantled at Yellowknife now for shipment to the property by tractor train.

Preliminary tests have been completed at Ottawa on representative ore from the underground workings. Recoveries up to 80% have been obtained by sink-float methods followed by leaching of the sink concentrate plus the fines. The low capital and operating costs for such a plant are very attractive, plus the flexibility should increased capacity be desired later either to treat additional mine tonnage or custom ore. Straight acid leaching will give recoveries of about 92% with low acid consumption and this method of treatment is under consideration for the Rayrock ore.

The recent establishment of a warehousing depot by Consolidated North and Mines and Rayrock Mines at the north end of Marian Lake, which can be served by shipping on Great Slave Lake, will eventually serve as a terminal for distribution of supplies to the entire Marian River Area by all-weather road. Representations have been made both to the Territorial and Federal Governments for aid in developing docks, roads and airport facilities throughout the area.

Respectfully submitted,

NORMAN W. BYRNE,

Consulting Mining Engineer.

Yellowknife, N.W.T.,
November 10, 1955.

BALANCE

AS AT OCTOBER 31, 1954

ASSETS

Current

Cash on Hand and in Banks	\$ 1,977,485.95	
Accounts Receivable	7,403.50	
Mine Supplies on Hand—cost, as certified by the Management	168,000.00	\$ 2,152,889.45
Investment in Other Companies and Syndicates, at cost less proceeds of disposals, as per schedule attached:		
Listed Stocks (Market Value \$281,225)	\$144,291.50	
Unlisted Stocks	109,240.21	\$ 253,531.71
Loan to Other Company	25,750.00	279,281.71

Mining Properties

Properties Owned and under Option—cost	\$ 522,460.68	
Exploration and Development, as per schedule attached	803,381.10	
Buildings and Equipment—cost	230,619.73	1,556,461.51

Oil Properties

Interest in Petroleum and Natural Gas Leases—cost	\$ 50,000.00	
Participation in Oil Wells, less Receipts to date	1,120.29	51,120.29

Office Furniture and Fixtures—cost	\$ 1,798.40	
Incorporation and Organization	6,959.40	8,757.80
		<u>\$ 4,048,510.76</u>

NOTE 1: 200,000 shares of the Capital Stock of the Company are under option at various prices to realize a total of \$750,000.00, payable by May 28, 1956.

NOTE 2: Since the last Balance Sheet, October 31, 1954, 1,400,002 shares were issued for Cash in the amount of \$2,080,002.00.

NOTE 3: Subsequent to the date of this Balance Sheet a Writ was issued in the Supreme Court of Ontario by St. Michael Uranium Mines Limited, claiming 22,000 shares of Capital Stock of this Company. The Company has entered a defence to this claim.

BALANCE SHEET

October 31, 1955

LIABILITIES

Current

Accounts Payable and Accrued Charges \$ 24,745.76

Capital Stock

Authorized: 4,000,000 shares of \$1.00 Par Value each \$ 4,000,000.00

Issued and Fully Paid:

1,198,763 shares outstanding as provided by Supplementary Letters
Patent dated August 18, 1954 \$ 1,198,763.00

110,000 shares issued for Mining Properties since October 31, 1954
at Par 110,000.00

2,400,002 shares issued for Cash (\$2,720,002.00) since August 18, 1954
stated at Par (Note 2) 2,400,002.00

3,708,765 shares \$ 3,708,765.00

Contributed Surplus—arising from Premiums Received on Shares issued for
Cash, less Discounts including Discount of \$5,000.00 on 10,000 Shares
issued for Properties 315,000.00 4,023,765.00

Approved on behalf of the Board of Directors,

J. C. BYRNE, Director.

J. J. BYRNE, Director.

\$ 4,048,510.76

AUDITORS' REPORT

We have examined the Balance Sheet of Rayrock Mines Limited as at October 31, 1955, and the Schedule of Exploration and Development for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. We have not verified the titles to the Mining Properties and Oil Interests and Participations.

Subject to the foregoing and to our Notes numbered 1 to 3 inclusive, we report that, in our opinion, the above Balance Sheet and accompanying Schedule of Exploration and Development present fairly the financial position of the Company as at October 31, 1955 and the results of its operations for the year ended on that date.

Toronto, Canada,
January 6, 1956.

AMPLEFORD, BROADHEAD & CO.,
Chartered Accountants.

Schedule of Exploration and Development, Including Head Office and Administration For the Year Ended October 31, 1955

Exploration and Development

Total as at November 1, 1954			\$393,363.44
Beta Group—Surface Exploration	\$ 85,008.95		
—Underground Development	201,186.08		
Sundry	9,537.34	295,732.37	\$689,095.81

Head Office and Administration

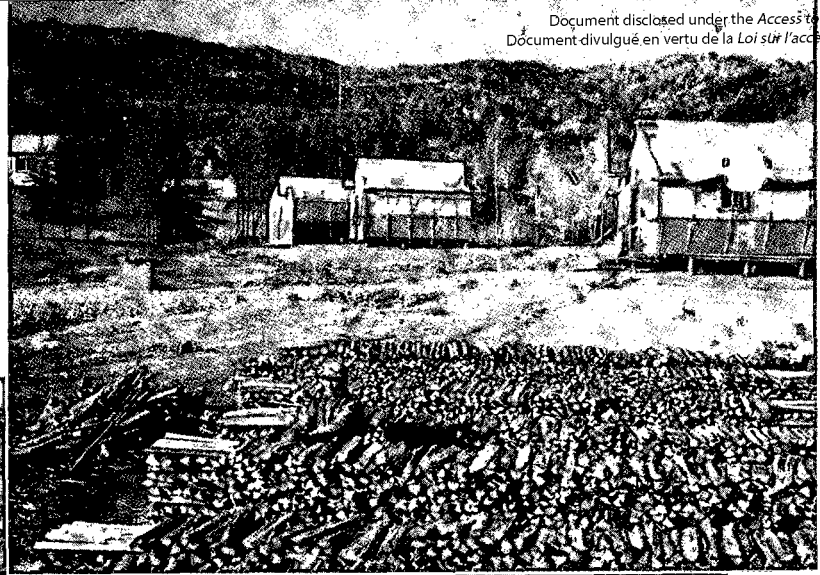
Total as at November 1, 1954			\$ 96,260.95
Interest and Bank Charges	\$ 1,356.35		
Legal and Audit	1,444.32		
Licenses, Taxes and Filing Fees	989.00		
Printing and Publicity	3,698.96		
Salaries	9,565.00		
Sundry Office Expense	2,850.36		
Telephone and Telegraph	1,691.17		
Travelling	1,166.07		
Transfer Agents' Fees and Expenses	1,973.11		
	\$ 24,734.34		
Less: Dividends Received	6,710.00	18,024.34	114,285.29
Total as per Balance Sheet			<u>\$803,381.10</u>

Schedule of Shares in Other Companies and Syndicates

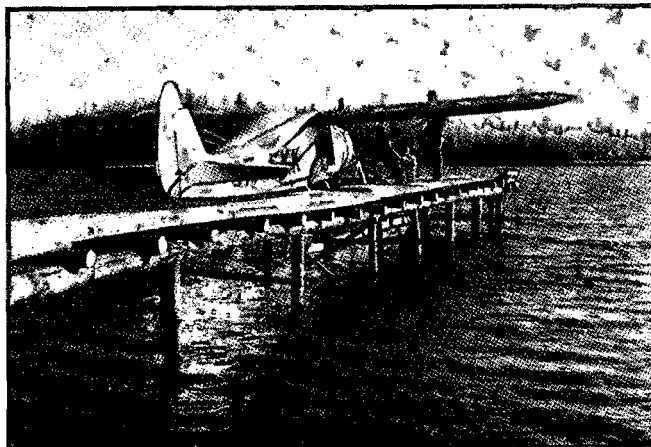
As At October 31, 1955

	Number of Shares or Units	Book Value	Market Value
Listed Stocks			
Consolidated Discovery Yellowknife Mines Limited	50,500	\$ 95,465.50	\$196,950.00
Consolidated Northland Mines Limited			
Free	55,000	26,550.00	57,200.00
Escrowed	45,000	900.00	-----
New Athona Mines Limited			
Free	27,306	15,000.00	19,850.00
Escrowed	13,125		
Ponder Oils Limited	8,500	6,375.00	7,225.00
Radiore Uranium Mines Limited			
Escrowed	129,600	1.00	-----
Totals as per Balance Sheet		<u>\$144,291.50</u>	<u>\$281,225.00</u>
Unlisted Stocks			
Cameron Drilling Company Limited			
Preferred	50)		
Common	250)	\$ 5,000.00	
General Hydrocarbons Limited	7,000	7,000.00	
Glenrock Gold Mines Limited	24,000	1,950.00	
Plateau Petroleums Limited	158,750	15,875.00	
O'Connor Lake Lead Syndicate	1,500	3,000.00	
Ormsby Mines Limited			
Free	10,183)		
Pooled	46,650)	9,234.97	
Tarbell Mines Limited			
Free	243,750	48,750.00	
Escrowed	257,500	51,500.00	
Yellowknife Publishers Limited			
Preferred	8)		
Common	800)	800.00	
Shunsby Gold Mines Limited	10,000	1,000.00	
Brikon Exploration Limited	2,000	2,000.00	
		<u>\$146,109.97</u>	
Deduct			
Excess of Selling Price over Cost of Investments Sold		36,869.76	
Total as per Balance Sheet		<u>\$109,240.21</u>	

Cookery wood supply and
temporary tent camp.



Mine service building, adit portal,
ore dumps and bin.



Rayrock aeroplane dock
about 1,000 feet
from mine camp site.

NORTHERN AFFAIRS AND NATIONAL RESOURCES

OFFICE OF THE DEPUTY MINISTER

DATE 27/3/56

TO: THE MINISTER

FOR APPROVAL:

XXX

FOR SIGNATURE:

XXX

TO NOTE AND RETURN:

FOR INFORMATION:

FOR DIRECTION:

Mr. Jackson has forwarded for your signature the attached Agreement (in triplicate) with Rayrock Mines Limited covering construction of the road from Marian Lake to Marian River. You will wish to see Mr. Sivertz' memo and Mr. Jackson's comment.

A large, stylized handwritten signature in black ink, likely belonging to a senior official, is written over the lower half of the page.

Department of Northern Affairs and National Resources

OFFICE OF THE DEPUTY MINISTER

DATE
27/3/56

TO:

D/M

FOR ACTION:

FOR DIRECT REPLY:

FOR PREPARATION OF REPLY:

FOR COMMENT:

FOR APPROVAL:

TO NOTE AND FILE: ☐ AND RETURN: ☐

FOR DISCUSSION WITH UNDERSIGNED:

*The clauses deleted are not
important - for Minister's
signature.*

[Signature]

PBP/CB

351-2-31

*File
JH*

Ottawa, March 23, 1936.

MEMORANDUM FOR MR. W. NASON

Deputy Minister's Records
File No. 40-7-18
Indexed by <i>JH</i>

RAYROCK MINES LIMITED,
TRUCK TRACTOR ROAD AGREEMENT

-- Enclosed are three copies of the agreement which have been executed by Rayrock Mines Limited. However, before executing the agreement the Company has deleted paragraphs 1(c), 1(d), and 1(r).

*Signed by
Minister and
returned*

2. As regards item 1(c), Mr. Byrne, the President of the Company, has given as the reason for deleting this paragraph that it would be a costly operation to survey the right-of-way. However, Mr. LeCapelain has confirmed that in fact there are no patented land in the area where the proposed road is located. This means that it is of no significance whether or not the paragraph is in the agreement.

3. As regards paragraphs 1(d) and 1(r), Mr. Byrne has given as his reason the fact that the work has long since been completed making it difficult or impossible for the Company to obtain prior approval of any sub-contract and to submit monthly progress estimates. These objections appear reasonable.

4. Since the deletions made by the Company do not seem to affect the substance of the agreement, it is recommended that it be executed on behalf of the Department in its amended state. If and when executed, will you please return to me for distribution.

LEGAL DIVISION

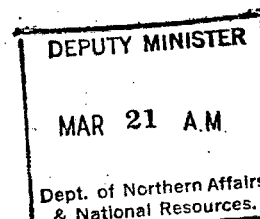
B.G. Siverts
B.G. Siverts,
Acting Director.

Encl.

TELEPHONE
EMPIRE 4-5588

SUITE 509
25 ADELAIDE ST. W.
TORONTO 1, CANADA

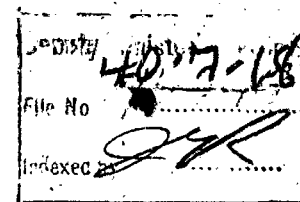
71-2-1A



Toronto, Ontario
March 20, 1956

McKenna
W. J. H.
W. J. H.

Mr. F. J. G. Cunningham
Director
Department of Northern Affairs &
National Resources
OTTAWA, Ontario



Dear Mr. Cunningham:

Re: Truck Road - Marian Lake to Sherman Lake

Fifty per cent of the cost, or \$140,000.00, towards the construction of the above mentioned road will be provided by two mining companies as follows:

Rayrock Mines Limited \$120,000
Consolidated Northland Mines \$ 20,000.

The latter company started road construction in August 1955 and, up to year end, expended in excess of \$16,000 on road work between Marian Lake and the Consolidated Northland property. The Company has been distributing waste rock this winter by dump truck to various stock piles along the road and we understand will complete their commitment of \$20,000 within the next couple of months.

Yours very truly,

RAYROCK MINES LIMITED

J. C. Byrne
J. C. Byrne
President

JCB:io's

c.c. R. G. Robertson, Esq.
→ Deputy Minister, Northern Affairs & National Resources

N. W. Byrne
J. J. Byrne
C. T. Williams

NORTHERN AFFAIRS AND NATIONAL RESOURCES

OFFICE OF THE DEPUTY MINISTER

DATE 13/3/56

TO: THE MINISTER

FOR APPROVAL:

XXX

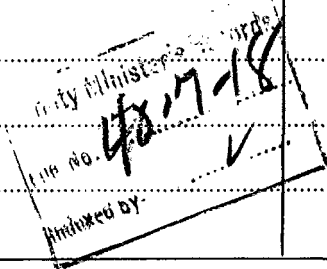
FOR SIGNATURE:

XXX

TO NOTE AND RETURN:

FOR INFORMATION:

FOR DIRECTION:



This submission to Council has been sent for your approval and signature. It requests authority for you, as Minister, to enter into an agreement with Rayrock Mines for a federal contribution not to exceed \$140,000 towards the cost of constructing an all-weather road from Sherman Lake to Marian Lake in the NWT.



CANADA

NORTHERN ADMINISTRATION
AND LANDS BRANCH

DEPARTMENT
OF
NORTHERN AFFAIRS AND NATIONAL RESOURCES

Ottawa, 9 March, 1956.

MEMORANDUM FOR MR. W. NASON
LEGAL ADVISER

RAYROCK MINES LIMITED
ALL-WEATHER ROAD AGREEMENT

OFFICE OF THE DIRECTOR

Deputy Minister's Records

File No. 40-7-18

Indexed by

DEPUTY MINISTER

MAR 13 P.M.

Dept. of Northern Affairs
& National Resources

Further to your memorandum of February 28th, the submission to Council with draft Agreement annexed has been revised as requested and is now enclosed in final form ready for signature, together with Precis.

B.G. Sivertz,
Acting Director.

NORTHERN AFFAIRS AND NATIONAL RESOURCES

OFFICE OF THE DEPUTY MINISTER

DATE 13/3/56

TO: THE MINISTER

FOR APPROVAL:

XXX

FOR SIGNATURE:

XXX

TO NOTE AND RETURN:

FOR INFORMATION:

FOR DIRECTION:

This submission to Council has been sent for your approval and signature. It requests authority for you, as Minister, to enter into an agreement with Rayrock Mines for a federal contribution not to exceed \$140,000 towards the cost of constructing an all-weather road from Sherman Lake to Marian Lake in the NWT.

This is in our estimate.



March 8, 1956.

✓
PRECIS

*File
JH*

Deputy Minister's Record	
File No	40-718
Indexed by	JH

Recommending that the Minister of Northern Affairs and National Resources be authorized to enter into an agreement with Rayrock Mines Limited for a federal contribution not to exceed \$140,000 to the cost of construction of an all-weather road from Sherman Lake to Marian Lake in the Northwest Territories.

000805

T.B. 498907

P.C. 1956-28/558

Apr. 12/56

PBP/dd

March 8th, 1956.

TO HIS EXCELLENCY

THE GOVERNOR GENERAL IN COUNCIL.

The undersigned has the honour to report:

THAT Rayrock Mines Limited and other mining companies are currently engaged in development of radio-active ores in the vicinity of Sherman Lake in the Marian River area of the Northwest Territories;

THAT by authority of Order in Council P.C. 1955-29/1342 of the 9th September, 1955, as amended by Order in Council P.C. 1956-31/157 of the 31st January, 1956, the undersigned entered into an agreement with Rayrock Mines Limited wherein Her Majesty agreed to pay Fifty per cent (50%) of the cost of construction of thirty miles of winter truck and tractor road from the head of navigation at Marian Lake to the Marian River area, or Six thousand dollars (\$6,000.00), whichever is the lesser;

THAT Rayrock Mines Limited has completed the winter truck and tractor road and it is being used for the hauling of freight;

THAT Rayrock Mines Limited has represented that it has the objective of bringing its property at Sherman Lake into production by the spring of 1957 and that in order to handle the movement of freight required for the construction of buildings, the installation of mining and milling machinery and the building of a twenty-two mile power line, it is necessary that the said winter truck and tractor road be brought up to the standard of an all-weather road capable of sustaining one-way traffic;

THAT necessary modification to the route will increase the length of the all-weather road to about thirty-five miles;

THAT the route of the all-weather road will pass through areas where other mining companies are carrying out important development programs;

THAT Rayrock Mines Limited has estimated construction cost of the required all-weather road at Eight thousand dollars (\$8,000.00) per mile, making a total cost of Two hundred and eighty thousand dollars (\$280,000.00);

THAT Rayrock Mines Limited has offered to carry out construction of the all-weather road provided Her Majesty will contribute Fifty per cent (50%) of the cost of constructing the said road, or One hundred and forty thousand dollars (\$140,000.00), whichever is the lesser;

THAT the offer of Rayrock Mines Limited has been investigated and is found to warrant participation by Her Majesty as being in the public interest.

..2

Sent to Council Mar 15/56

000806

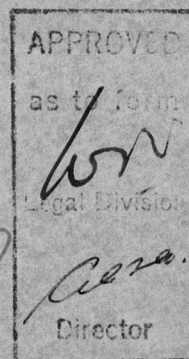
-2-

The undersigned, therefore, has the honour to recommend that he be authorized to enter into an agreement substantially in the form hereto annexed with Rayrock Mines Limited to contribute Fifty per cent (50%) of the cost incurred on or after the 1st day of February, 1956, of construction of a thirty-five mile all-weather road from Sherman Lake to Marian Lake, or One hundred and forty thousand dollars (\$140,000.00), whichever is the lesser, such contribution to be chargeable to Vote Number 310 of the Appropriation for 1956-57 of the Northern Administration and Lands Branch of the Department of Northern Affairs and National Resources for the Operation and Maintenance of the Northwest Territories and Other Field Services, upon the understanding that Rayrock Mines Limited will pay the cost of maintaining the said road until such time as in the opinion of the Minister the road ceases to be a road for the exploitation of the mineral resources adjacent to the road.

Respectfully submitted,

JEAN LESAGE

Minister of Northern Affairs
and National Resources.



MEMORANDUM OF AGREEMENT entered into this
, 1956,

day of

BETWEEN:

HER MAJESTY THE QUEEN (hereinafter called
"Her Majesty"), represented by the Honourable
the Minister of Northern Affairs and National
Resources (hereinafter called "the Minister")

OF THE FIRST PART

AND:

RAYROCK MINES LIMITED a body corporate having
its head office at the City of Toronto in the
Province of Ontario (hereinafter called "the
Company")

OF THE SECOND PART

WHEREAS the Company and other mining companies are currently
engaged in development of radio-active ores in the vicinity of Sherman
Lake in the Marian River area of the Northwest Territories;

WHEREAS the Company has represented to Her Majesty that it is
necessary to construct an all-weather road capable of sustaining one-way
truck traffic from Sherman Lake to Marian Lake;

WHEREAS the Company has requested that Her Majesty share the
cost of construction of the all-weather road which is to follow approxi-
mately the route of the existing winter road;

WHEREAS the Company has estimated the length of the all-weather
road at thirty-five (35) miles and the cost of construction at Eight
thousand Dollars (\$8,000.00) per mile, making a total estimated cost
of Two hundred and eighty thousand dollars (\$280,000.00);

WHEREAS the Company has agreed to be responsible for the
supervision and construction of the all-weather road if Her Majesty will
contribute an amount equal to Fifty per cent (50%) of the construction
costs or One hundred and forty thousand dollars (\$140,000.00), which-
ever is the lesser;

WHEREAS the offer of the Company has been investigated and is
found to warrant participation by Her Majesty as being in the public
interest; and

-2-

WHEREAS His Excellency the Governor in Council has by Order in Council P.C. of the authorized the Minister to execute this agreement for the purpose of sharing the said costs and the Company has authorized its proper officers to execute this agreement on behalf of the Company;

NOW, THIS AGREEMENT WITNESSETH that in consideration of the premises and the terms and conditions hereinafter set out:

1. The Company agrees

- ✓ (a) that it will at its expense, subject to payment by Her Majesty as hereinafter provided, construct an all-weather road capable of sustaining one-way truck traffic of approximately thirty-five miles in length from Sherman Lake to Marian Lake in the Mackenzie District in the Northwest Territories (hereinafter called "the Road") according to specifications satisfactory to the Minister;
- ✓ (b) that it will complete the Road on or before the 31st day of March, 1957, or by such later date as the Minister in his discretion may designate;
- ✓ (c) that where land required for the right-of-way for the Road is not owned by Her Majesty, it will arrange for and carry out all right-of-way surveys to acquire title to such right-of-way and transfer such title to Her Majesty;
- ✓ (d) that before entering into any contract for the construction of the Road it will submit the contract to the Minister for approval;
- (e) that it will not rent any equipment owned by it to any contractor engaged on construction of the Road without the prior approval of the Minister;
- ✓ (f) that it will maintain adequate records of all expenditures made pursuant to this agreement supported by proper documents and vouchers and will make any or all such records, documents and vouchers available to the Minister for examination upon request and will furnish any or all information required in relation thereto;

-3-

- (g) that where a construction contract is entered into with a contractor it shall be provided in such contract that the contractor will maintain adequate records of work done and expenditures made pursuant to such contract, supported by proper documents and vouchers and that such contractor will make any or all such records, documents and vouchers available to the Minister for examination upon request and will furnish any or all information required in relation thereto;
- ✓ (h) that it will indemnify and save harmless Her Majesty from and against any and all claims of whatsoever nature arising from or out of the said construction;
- ✓ (i) that it will at its own expense following completion of the Road carry out reasonable and adequate maintenance thereof until such time as in the opinion of the Minister it ceases to be a road for the exploitation of the mineral resources adjacent to the Road;
- ✓ (j) that it will not employ or permit a contractor to employ on the construction of the Road,
 - (i) any person who is not a resident of Canada; or
 - (ii) any person who is not a local resident unless insufficient qualified local residents are obtainable;
- ✓ (k) that it will not discriminate against or permit a contractor to discriminate against any person seeking employment on the construction of the Road because of such person's race, religious views or political affiliations;
- (l) that it will ensure that the living conditions of all persons employed on the construction of the Road are as good as may be provided in the circumstances;
- (m) that where necessary it will arrange for proper housing, dining, medical and mail facilities for persons employed on the construction of the Road;

-4-

(n) that it will use only goods and material of Canadian manufacture and production if available and of suitable quality and price;

✓ (o) that it will ensure that fair wages are paid to all persons employed on the construction of the Road;

✓ (p) that it will ensure that the hours of work observed in the construction of the Road are those prevailing for similar work undertaken in the district;

✓ (q) that it will not admit nor permit the admission of any member of the House of Commons or any member of the Council of the Northwest Territories to any share or benefit arising from the construction of the Road; and

✓ (r) that it will submit progress statements of accounts monthly to the Minister.

✓ 2. Subject to funds for such purpose being appropriated by Parliament, Her Majesty agrees in respect of the cost of construction of the Road incurred by the Company on and after the 1st day of February, 1956, which in the opinion of the Minister meets the requirements of this agreement,

(a) to pay upon receipt of progress statements of expenditure Forty-five per cent (45%) of the amounts expended by the Company as evidenced by such statement; and

(b) to pay in addition upon completion of the Road to the satisfaction of the Minister Five per cent (5%) of the amounts expended by the Company as evidenced by the progress statements submitted;

but the total of all payments by Her Majesty will not exceed a sum equal to Fifty per cent (50%) of the cost of construction or the sum of One hundred and forty thousand dollars (\$140,000.00), whichever sum is the lesser.

✓ 3. It is agreed

(a) that the general route of the Road and its final location will be subject to the approval of the Minister;

-5-

✓ (b) that the Company may enter into an agreement with a contractor for the construction of the Road or use day labour in the construction of the Road;

(c) that where the Road or any portion thereof is constructed by day labour the cost of such construction may include

✓ (i) the wages and salaries of employees actually engaged in the construction of the Road on the site;

✓ (ii) the cost of material incorporated in the Road including off the site costs of labour and transportation in respect of such material;

✓ (iii) the cost of consumable supplies and materials used for constructional operations;

✓ (iv) the cost of engineering charges and field supervision during construction;

✓ (v) the costs of operating construction equipment exclusive of repairs;

✓ (vi) the costs of depreciation of equipment owned by the Company at rates agreed upon by the Minister and the Company;

(vii) such other necessary expenditures incurred on the actual construction of the Road, but excluding costs incurred in the purchase of tools or construction equipment and general administrative costs off the site;

✓ (d) that the Minister may appoint a representative or representatives to inspect and report on the execution of the work to be performed in accordance with this agreement and the Company will afford such representative or representatives every facility for the purpose and will assist such representative or representatives in the execution of such inspection;

(e) that the Minister's decision with respect to items to be included as costs of construction is final and binding on both parties;

APPROVED
as to form
Legal Division
[Signature]
Director

c.c. for DEPUTY MINISTER'S FILE

FBP/dd

351-2-31

Ottawa, 20 February, 1956.

J.C. Byrne, Esq.,
President,
Rayrock Mines Limited,
Suite 509, 25 Adelaide Street West,
Toronto 1, Ontario.

Dear Mr. Byrne:

This refers to your letter of February 9th regarding the federal contribution to the cost of constructing a truck road from Sherman Lake to Marian Lake. I see no objection to your plans as outlined for laying out and constructing this road.

You are correct in assuming that the contract which you make with the construction firm should be submitted here for approval. There are various forms of contract which can be used, and one of the most satisfactory for our administrative purposes would provide for payment of the following:

- (a) an hourly rate for rental of equipment to include wages of the operator, maintenance of equipment, fuel and profit;
- (b) labour costs other than included in (a);
- (c) other necessary field costs; and
- (d) ten per cent of the total of (b) and (c) as profit.

The purpose in suggesting this form of contract is that it will facilitate field audit by Treasury.

As stated in previous correspondence, the agreement in this matter is being prepared and will be forwarded to you shortly.

Yours sincerely,

APPROVED

R.S. Robertson,
Deputy Minister.

Director, Northern Administration and Lands Branch.

**Department of Northern Affairs and
National Resources**

OFFICE OF THE DEPUTY MINISTER

DATE 10/2/56

TO:

MR. CUNNINGHAM

FOR ACTION:

FOR DIRECT REPLY:

FOR PREPARATION OF REPLY:

FOR COMMENT:

XXX

FOR APPROVAL:

TO NOTE AND FILE: ☒ AND RETURN: ☐

XXX

FOR DISCUSSION WITH UNDERSIGNED:

If you have any comments please
let me know.

R. H. Robertson

000815

DEPUTY MINISTER

FEB 10 A.M.

Dept. of Northern Affairs
& National Resources.

HEAD OFFICE
SUITE 509

25 ADELAIDE STREET WEST
TORONTO 1, CANADA

21-2/A

RAYROCK MINES LIMITED

TELEPHONE EMPIRE 4-5588

Toronto, Ontario,
February 9, 1956.

R. G. Robertson, Esq.,
Deputy Minister,
Northern Affairs and National Resources,
OTTAWA, Ontario.

Dear Mr. Robertson:

Deputy Minister's
File No. 40-7-18
Indexed by [signature]

We acknowledge with thanks receipt of your letter of February 1st advising that estimates of the various federal departments have now been tabled in the House and that the item of \$140,000 is provided as a contribution of 50% of the cost of constructing a truck road from Sherman Lake to Marian Lake. We note that you feel for planning purposes we can safely proceed on the assumption that the item of \$140,000 will be approved by Parliament in due course.

Regarding construction of the road, since little is yet known of the problems to be met in road construction in the Marian River Area, we do not feel we could obtain a firm contract. We therefore propose to appoint a qualified man to lay out the route for the road and supervise construction. We further propose to make arrangements with a contracting firm to do road construction on a day rate basis.

We would much prefer to have this work done by a local firm or group of individuals. We have in mind PM Freight and Construction Limited; this firm is controlled by a Mr. Jack Perkins who has done all of the winter freighting for both Consolidated Discovery and Rayrock, he has been in the country a long time and has a fair amount of experience in dirt moving, etc., having spent the past two seasons at Gunnar Mines building the airport and other projects. From experience we know of no one who would give us more value received for money expended. We have had preliminary discussions with Mr. Perkins reference road construction and plan to follow these up during the writer's trip to Yellowknife. Perkins has the necessary tractors, can secure trucks and will, of course, require additional equipment.

We understand that it will be necessary for us to submit to you for the approval of your Minister, the agreement


- 2 -

which we propose to enter into with the firm that will do the road construction. We also understand that there must be an agreement between your Minister and our Company setting out the conditions under which the grant will be made to our Company, and that one of the conditions will be that your Minister approve in advance contracts which we may make for actual performance of the work.

We note that now the estimates have been tabled, the Financial Administration Act permits your Minister to make application to the Treasury Board for approval of the agreement which he will enter into with our Company, that this will be done at once and that you hope to be able to send us the agreement for execution within a few weeks time.

Yours very truly,

RAYROCK MINES LIMITED

A handwritten signature in dark ink, appearing to read 'J. C. Byrne', is written over a horizontal line. The signature is stylized with a large, looped initial 'J' and a cursive 'Byrne'.

J. C. Byrne
President

JCB:mle

Department of Northern Affairs and National Resources

OFFICE OF THE DEPUTY MINISTER

DATE 9/2/56

TO: MR. HERBERT

FOR ACTION:

FOR DIRECT REPLY:

FOR PREPARATION OF REPLY:

FOR COMMENT:

FOR APPROVAL:

TO NOTE AND FILE: ☒ AND RETURN: ☐

XXX

FOR DISCUSSION WITH UNDERSIGNED:

Mr. J. C. Byrne of Rayrock Mines has sent the attached copy of their Annual Report for the year ended Oct. 31/55 and the accompanying memo to supplement the information in the Report.



000818

25 ADELAIDE STREET WEST
DEPUTY MINISTER
FEB 9 AM
Dept. of Northern Affairs
& National Resources.

RAYROCK MINES LIMITED

TELEPHONE EMPIRE 4-5588

Following is up to date information supplementing that appearing in
the Annual Report: *in file packet*

A second level established 100 feet above the main adit level, or 125 feet below surface, has developed to date an ore length of 200 feet in the No. 6 Zone averaging .60 per cent uranium oxide uncut by chip channel sampling, and .35 per cent by car sampling over an average width of 9.1 feet.

The adit level 225 feet below surface was previously reported to have developed a length of 270 feet averaging .50 per cent across 6.6 feet. Mining widths of 9 feet are now calculated for the adit level from drifting and slashing and widths may be further increased by a programme of test holing just underway. Face sampling at regular intervals averages .46 per cent uncut and car sampling averages .37 per cent over an average width of 9 feet. Initial assay results received from test holes drilled into the drift walls at plus 25 degrees show rich values in three holes as follows: 1.07 per cent across 10.5 feet, 1.63 per cent across 7.9 feet and .57 per cent across 2.6 feet.

Preparations are underway for a large scale underground programme including the sinking of a three-compartment production size shaft, excavation of a 72 foot headframe, 200 ton ore bin, hoist room and rope raises, all from the adit level. Large tonnages of freight are now moving into the property, including construction materials, permanent mining plant, and some mill equipment.

RAYROCK MINES LIMITED

J. C. Byrne

J. C. Byrne
President and General Manager

Toronto, Ontario,
February 6, 1956

FJGC:rl

COPY FOR THE DEPUTY MINISTER.

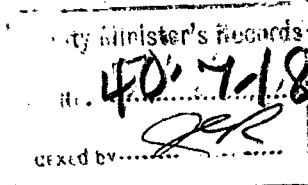
See Feb. 9/56

71-2-1A
B. F. March 1/56
To remind - pg. 2.
noted noted
JER JER

OTTAWA, 1 February, 1956.

J. C. Byrne, Esq.,
President,
Rayrock Mines Limited,
TORONTO, Ontario.

Dear Mr. Byrne:



I have your letter of January 27th, in which you ask for further information about the progress which is being made in connection with the proposed grant in aid of the construction of an all-weather road to your property.

As the estimates of the various federal departments have now been tabled in the House, I can tell you definitely that an item of \$140,000 is provided "as a contribution of 50% of the cost of constructing an all-weather one-way truck road from Sherman Lake to Marian Lake". While this money will not be formally appropriated until the estimates have been passed by the House, I believe that you can, for planning purposes, safely proceed on the assumption that it will be approved by Parliament in due course.

I note from your letter that, while you are in Yellowknife about the middle of February, you wish to make arrangements with a contractor to move equipment to the site of the work. I feel that I should call to your attention the fact that it will be necessary for you to submit to me, for the approval of my Minister, the agreement which you propose to enter into with this contractor. There will have to be an agreement between my Minister and your Company, in which will be set out the conditions under

..... (2)

- 2 -

which the grant will be made to your Company. One of the conditions will be a requirement that our Minister approve in advance contracts which you may make for the actual performance of the work.

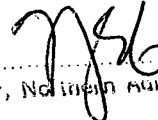
For your information, I can also say that although the money has not yet been voted by Parliament, the Financial Administration Act permits my Minister, now that the estimates have been tabled, to make application to Treasury Board for approval of the agreement which he will enter into with your Company. This will be done at once, and I hope to be able to send you the agreement for execution within a few weeks. Progress payments can be made to your Company on submission of the usual accounts as soon as interim supply has been voted, which will likely be about the 1st of April.

Yours sincerely,



R. G. Robertson,
Deputy Minister.

APPROVED



Director, Northern Administration and Lands Branch.

Department of Northern Affairs and National Resources

OFF OF THE DEPUTY MINISTER

DATE 30/1/56

TO: MR. CUNNINGHAM

FOR ACTION:

FOR DIRECT REPLY:

FOR PREPARATION OF REPLY:

XXX

FOR COMMENT:

XXX

FOR APPROVAL:

TO NOTE AND FILE: ☐ AND RETURN: ☐

FOR DISCUSSION WITH UNDERSIGNED:

The item is, of course, now in the Blue Book and is public. Is there anything we should say for Byrne's guidance about the handling of this?

B.F. Feb. 6/56

for reply - original

000822

MINE OFFICE
YELLOWKNIFE
N.W.T.

DEPUTY MINISTER

JAN 30 A.M.

HEAD OFFICE
SUITE 509
25 ADELAIDE STREET WEST
TORONTO 1, CANADA

RAYROCK MINES LIMITED

TELEPHONE EMPIRE 4-5588

Indexed by

DEPUTY MINISTER'S RECORDS

File No. 40-7-18

Indexed by

Toronto, Ontario
January 27, 1956.

R. G. Robertson, Esq.,
Deputy Minister,
Northern Affairs and National Resources,
OTTAWA, Ontario.

Dear Mr. Robertson: Re: All-weather Road to Rayrock

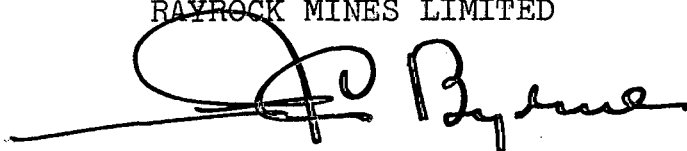
Further to our brief and correspondence reference application for fifty per cent assistance on the cost of a road to a maximum contribution of \$140,000, we were advised in strict confidence by Mr. Lesage, Minister, in December that the item would be included in the estimates submitted to Parliament at its session commencing in January. The writer is leaving for Yellowknife about February 10th and would sincerely appreciate, prior to my departure for Yellowknife, information as to the present status of our application.

Rayrock is currently engaged in an all-out programme with the objective of bringing the property into production by the Spring of 1957. We are moving large tonnages of freight into the property this winter and will be placing orders for deliveries of equipment and supplies to Marian Lake next summer. It is essential that we know as early as possible if the Government's contribution will be forthcoming. The writer plans while in Yellowknife this trip to make arrangements for a road contractor to move in equipment. We have very little time to lose, as you can appreciate. In some instances, equipment must come from outside and must be delivered by winter road to the area.

A reply at your earliest convenience would be greatly appreciated.

Yours very truly,

RAYROCK MINES LIMITED


J. C. Byrne
President

JCB:mle

Department of Resources and Development

OFFICE OF THE DEPUTY MINISTER

DATE 29/12/55

TO:

THE MINISTER / *on return*

FOR APPROVAL:

XXX

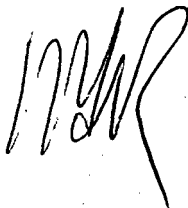
FOR SIGNATURE:

XXX

TO NOTE AND RETURN:

FOR INFORMATION:

I am sending herewith for approval and signature a submission to Council seeking authority to amend Order in Council P.C. 1955-29/1342 to authorize the amendment to the Agreement with Rayrock Mines to include expenditures made on road construction made since February 1, 1955.



000824

File
JH

Precis for the Clerk of the Privy Council

Requesting authority to amend Order-in-Council P.C.
1955-29/1342 to authorize the amendment to an Agreement with
Rayrock Mines Limited to include expenditures made on road
construction made since the 1st of February, 1955.

Deputy Minister's Records
File No. 40-7-18
Indexed by JH
000825

T.B. 495535
P.C. 1955-31/157
of Jan. 31/56

29 December, 1955.

TO HIS EXCELLENCY

THE GOVERNOR GENERAL IN COUNCIL:

The undersigned has the honour to report:

THAT Your Excellency did by Order-in-Council P.C. 1955-29/1342 dated the 9th of September, 1955, authorize the undersigned to enter into an Agreement with Rayrock Mines Limited whereby the federal government would contribute fifty per cent of the cost of construction of a winter truck and tractor road of approximately thirty miles from Marian Lake to an area in which mineral discoveries have been made, or the sum of six thousand dollars, whichever is the lesser;

THAT Rayrock Mines Limited commenced the construction of such road in February, 1955, and have reported expenditures of five thousand five hundred and sixty-one dollars and thirteen cents in respect of such construction; and

THAT it is justifiable for the federal government to share in the costs incurred by the Company on and after the 1st day of February, 1955;

The undersigned, therefore, has the honour to recommend that Order-in-Council P.C. 1955-29/1342, dated the 9th day of September, 1955, be amended to authorize the undersigned to enter into an agreement with Rayrock Mines Limited for the construction of the said road, such agreement to be substantially in the form attached to such order except that it will provide for a contribution by the federal government of fifty per cent of the cost of construction of the road incurred on and after the 1st day of February, 1955, or the sum of six thousand dollars, whichever is the lesser, the funds required therefor to be chargeable to Vote No. 315 of the Appropriation for 1955-56 of the Northern Administration and Lands Branch of the Department of Northern Affairs and National Resources for the operation and maintenance of the Northwest Territories, including Wood Buffalo Park and Eskimo affairs, and on the understanding that the cost of maintaining the road will be borne by the mining companies concerned.

Respectfully submitted,

JEAN LESAGE

Minister of Northern Affairs
and National Resources.

APPROVED

as to form

Legal Division

Director

[Handwritten signature]

Sent to Council Jan. 3



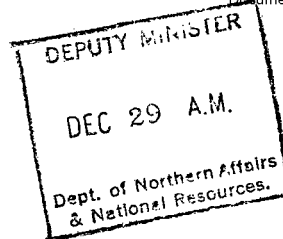
CANADA

DEPARTMENT

OF

NORTHERN AFFAIRS AND NATIONAL RESOURCES

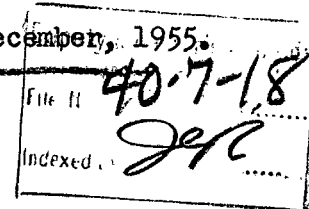
NORTHERN ADMINISTRATION
AND LANDS BRANCH



71-2-1A
PLEASE QUOTE
FILE 351-2-31
Office of the Director
gale

Ottawa, 28 December, 1955.

W.G. Brown
MEMORANDUM FOR MR. NASON



AGREEMENT WITH RAYROCK MINES LIMITED

I agree with the views expressed in your memorandum of the 21st of December that a new Submission to Council is not necessary but that merely an amendment to the Order-in-Council P.C. 1955-29/1342 will suffice.

2. As suggested, I have prepared the Submission in final form for the signature of the Minister and enclose the same herein.

W.G. Brown,
Chief - Territorial Division.

MINE OFFICE
YELLOWKNIFE
N.W.T.

HEAD OFFICE
SUITE 509
25 ADELAIDE STREET WEST
TORONTO 1, CANADA

*File
R.H.*

RAYROCK MINES LIMITED

TELEPHONE EMPIRE 4-5588

*M-Jackson
a/h
WHR*

Toronto, Ontario,
December 21, 1955.

Hon. Jean Lesage,
Minister,
Northern Affairs and National Resources,
OTTAWA, Ontario.

*40-7-18
JCB
Index*

Dear Mr. Lesage:

Thank you sincerely for your letter of December 13th.

Needless to say, we are very happy to hear the outcome of our Application as submitted by you to the Treasury Board. We will treat this information in strict confidence.

Yours very truly,

RAYROCK MINES LIMITED

J. C. Byrne

J. C. Byrne
President

JCB:mle



Department of Resources and Development

OFFICE OF THE DEPUTY MINISTER

DATE 14/12/55

TO: THE MINISTER

FOR APPROVAL:

XXX

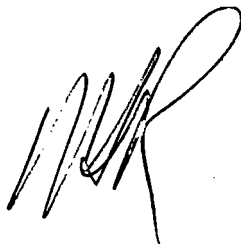
FOR SIGNATURE:

XXX

TO NOTE AND RETURN:

FOR INFORMATION:

I am sending you herewith for approval and signature a letter to Mr. J. C. Byrne of Rayrock Mines in reply to his letter to you of Dec. 6 about construction of a road in the Marian Lake area.

A large, stylized handwritten signature in dark ink, likely belonging to the Deputy Minister, is written over the lower half of the page.

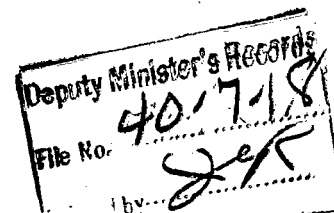
000829

COPY FOR THE MINISTER.

*File
QH*

Ottawa, 13 December, 1955.

J. C. Byrne, Esq.,
President, Rayrock Mines Limited,
Suite 507,
25 Adelaide Street West,
TORONTO 1, Ontario.



Dear Mr. Byrne:

I have your letter of the 6th December, 1955, as well as the letter forwarded to Mr. Robertson on the 29th November, 1955, regarding the construction of a 35-mile all-weather road for heavy duty trucks between Marian Lake and your property.

The maps and letter by Mr. Ward were a great help to me in support of your application for the Government to contribute 50 per cent of the cost of the road up to a maximum contribution of \$140,000. I am happy to be able to tell you, in strict confidence, that the item will be included in the estimates submitted to Parliament at its session commencing next month.

I am returning the maps under separate cover.

*mailed from
Mr. Christie's
office*

Yours sincerely,

JEAN LESAGE

Jean Lesage.

APPROVED

N.S.B.

Director, Northern Administration and Lands Branch,

Department of Northern Affairs and National Resources

OFFICE OF THE DEPUTY MINISTER

DATE 8/12/55

TO: Mr. K. J. Christie, Lands Division
Vimy Building.

FOR ACTION:

FOR DIRECT REPLY:

FOR PREPARATION OF REPLY:

FOR COMMENT:

FOR APPROVAL:

TO NOTE AND FILE: ☐ AND RETURN: ☐

FOR DISCUSSION WITH UNDERSIGNED:

The 2 sketches re Rayrock which you left in Mr. Robertson's office this morning for copying are being returned herewith. Unfortunately copies could not be made in our machine because of the size and thickness of the paper on which these sketches have been made.

File
H. McK.

000831

Department of *Industries and*
National Resources

OFFICE OF THE DEPUTY MINISTER

DATE 8/12

TO: *The Deputy Minister*

FOR ACTION:

FOR DIRECT REPLY:

FOR PREPARATION OF REPLY:

FOR COMMENT:

FOR APPROVAL:

TO NOTE AND FILE: ☐ AND RETURN: ☐

FOR DISCUSSION WITH UNDERSIGNED:

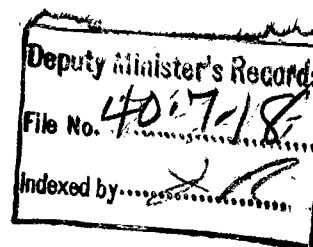
*You wished to have
this one*

MINE OFFICE
YELLOWKNIFE
N.W.T.

HEAD OFFICE
SUITE 509
25 ADELAIDE STREET WEST
TORONTO 1, CANADA

RAYROCK MINES LIMITED

TELEPHONE EMPLOYEES 2-3888



Toronto, Ontario,
December 6, 1955.

Hon. Jean LeSage,
Minister of Northern Affairs and
National Resources,
OTTAWA, Ontario.

Dear Mr. LeSage:

Referring to our request for a fifty per cent contribution by the Government in the amount of \$140,000 towards construction of a 35 mile all-weather road for heavy duty trucks between Marian Lake and our property, we submit herewith a review of mine development to date and future planning. We are also enclosing a letter report from J. L. Ward, Professional Engineer, which outlines ore reserves developed and indicated, plus potentialities at Rayrock and in the Marian River District.

We have expended some \$850,000 and will expend an additional \$2,200,000 to bring the property into production. The Company has \$2,250,000 on hand. A very substantial diamond drilling programme and underground development on two levels at 125' and 225' has established a highgrade uranium orebody in No. 6 Zone that can be mined at a profit. The orebody under development is wide open at depth, with some of our best drill holes below the bottom level. There are several known ore occurrences on the property, some of which have been diamond drilled and some have only been tapped as yet underground.

Underground development just got underway in April of this year and we have already outlined some 90,000 tons grading .40 per cent U3O8, valued at \$7,200,000 with uranium oxide at \$10.00 per pound. A production size plant is in Yellowknife awaiting delivery to the property by tractor train. We will at least double - probably triple - the amount of underground work next year including the sinking of a 3-compartment shaft to 600 feet. This work will include lateral development of other zones on the present levels, as well as development work at deeper horizons.

- 2 -

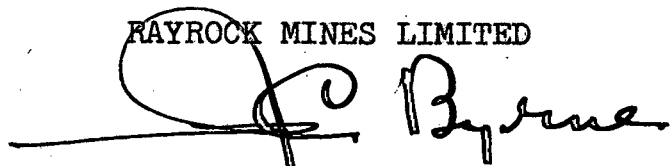
Our production objective is April 1957. This is a tight schedule which demands the provision of a truck road from Marian Lake to bring in construction materials and equipment for camp and plant buildings to cost \$380,000, a complete milling plant to cost \$1,350,000 and material for the construction of a 22 mile hydro-electric power line from Rayrock to the Government-owned plant at Big Spruce Lake. Freightng by tractor train this winter will include equipment and supplies, now at Yellowknife, to carry out the expanded mining programme outlined above, plus a start on the construction and installation programme.

Consolidated Northland Mines is also operating in the area and will be serviced by the first nine miles of this road which is already in use as an all-weather tractor road. This company has expended some \$650,000 to date in diamond drilling, shaft sinking and construction of plant and camp buildings. Shaft sinking to a depth of 300 feet is complete with driving underway at two levels. Provision can be made in the milling plant at Rayrock to treat ore from both properties. The Marian River Area has other known deposits with mine-making potentialities once roads and hydro power are made available.

We respectfully request your immediate and fullest co-operation in the matter of Government assistance to the extent of \$140,000 to cover fifty per cent of the estimated cost of road construction. The contractor must deliver road building equipment to the area this winter; therefore, we must be assured of financial assistance before February 1st.

Yours very truly,

RAYROCK MINES LIMITED



J. C. Byrne
President

Enc.
JCB:mle

cc: Mr. F. J. G. Cunningham
Mr. R. G. Robertson

P.S. We are forwarding under separate cover three Plans - AYKB-32, RRB-24, RRB-04 - which should be studied in conjunction with J. L. Ward's letter report.

JOHN L. WARD, P. ENG.
MINING ENGINEER

OFFICE:
SUITE 509
25 ADELAIDE WEST
TORONTO, ONTARIO
EMPIRE 6-4131

RESIDENCE:
R.R. NO. 1
TOWN LINE
OAKVILLE, ONTARIO
VICTOR 5-4750

December 6, 1955.

Mr. J. C. Bynne,
President,
Rayrock Mines Limited,
Suite 509 - 25 Adelaide St. West,
TORONTO, Ontario.

Dear Sir:

At your request I am presenting herewith information on ore reserves at the Marian River property of Rayrock Mines Limited. Certain conclusions affecting the duration of operations in the district have been drawn from a study of the situation.

Included here are three prints described as follows:

- (1) AYKB32 is a geological plan showing the main radioactive zones as they appear on surface. Traced on this sheet is an outline of the development workings on the adit level, 225 feet below the surface. As can be seen, development work has been confined to only two of the known zones, namely the No. 1 and the No. 6.
- (2) RRB24 is a plan of sampling of the adit level workings. A more recent plan is not available at this time but this should serve to give some idea of the high grade value of the ore and the widths over which it occurs.
- (3) RRBO4 is a vertical cross-section taken along the adit tunnel and shows the elevation of the workings with respect to the surface and the location of the ore zones.

The workings on the adit level have by now clearly outlined 2 years ore at a daily milling rate of 125 tons. As these workings advance more ore is being added along the No. 1 and No. 6 zones and additional ore can be expected from the other zones. This will eventually outline a sizeable block of ore between the surface and the adit level.

Surface diamond drilling has shown the ore to continue strongly to depth, and in fact the best intersections were cut below the adit level. When

Mr. J. C. Byrne

- 2 -

December 6, 1955

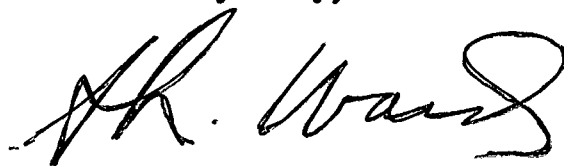
the necessary sinking plant arrives at the property, expected in February, 1956, a three compartment shaft will be started and sunk to an initial depth of 600 feet below surface. Three levels will be established and from these headings will be driven to develop the ore zones. This work should produce 5 years ore well before it is completed. Long term plans are to maintain development work sufficiently far ahead of production so as to maintain a reserve of 5 years ore.

The work of putting the mine into production and the work of mining the ore now outlined above the adit level and that indicated below the level would extend over a period of at least 5 years. An all weather road into the property is necessary to carry out this programme. In view of the foregoing it is my opinion that such a road now has a minimum assured life of six years. This life would be extended ofcourse, by developments at Rayrock and other mines in the district.

In developing their property at Chico Lake, Consolidated Northland Mines Limited has built and is effectively using a 9 mile all weather road from deep water at Marian Lake. Development work at the property included 15000 feet of diamond drilling which has indicated a number of good grade ore sections down to a maximum depth of 400 feet. A 300 foot shaft has been sunk on the richest of these sections and cross-cuts are advancing towards the ore on two levels. It is too early to make any production plans but there is a distinct possibility that ore from Northland would be hauled for treatment at Rayrock over the proposed road extension. In this way Northland, as well as other future producers in the district would serve not only to add to the expected life of such a road but would also increase the degree of use of the road.

I trust that this adequately covers the situation.

Yours very truly,



J. L. Ward, P. Eng.

JLW:hw

Department of Northern Affairs and National Resources

OFF OF THE DEPUTY MINISTER

DATE

7/XII/55-

TO:

~~Mr. Herbert~~

FOR ACTION:

FOR DIRECT REPLY:

FOR PREPARATION OF REPLY:

FOR COMMENT:

FOR APPROVAL:

TO NOTE AND FILE: ☐ AND RETURN: ☐

FOR DISCUSSION WITH UNDERSIGNED:

- for any use it
may be.

Pls. send this on to
N. Admin when you
have seen it.

See
over.

000837

Maps of Rayrock -
Sent on 6th N.
Admin. C.R.R.

Dec 7th 1912

Department of Resources and Development

MINISTER'S OFFICE

DATE

7/XII/55

TO: MAJ. GEN. ~~H. A. YOUNG~~
R. G. ROBERTSON

FOR ACTION.

FOR DIRECT REPLY.

FOR DRAFT REPLY.

FOR COMMENT.

TO NOTE AND FILE.

TO NOTE AND RETURN.

FOR DISCUSSION WITH MINISTER.

FOR INFORMATION.

*With the minister's
comments.*

gal

000839

**Department of Northern Affairs and
National Resources**

OFFICE OF THE DEPUTY MINISTER

DATE 1/12/55

TO: MR. CUNNINGHAM

FOR ACTION:

FOR DIRECT REPLY:

FOR PREPARATION OF REPLY:

XXX

FOR COMMENT:

XXX

FOR APPROVAL:

TO NOTE AND FILE: ☐ AND RETURN: ☐

FOR DISCUSSION WITH UNDERSIGNED:

Will you please prepare an
acknowledgement which I can send
to Mr. Byrne?

B.F. Dec 20/55
for note to Mr. Byrne
needed
J.R.
R.H. Robertson

000840

Department of Northern Affairs and National Resources

OFFICE OF THE DEPUTY MINISTER

DATE 1/12/55

TO: MR. JACKSON

FOR ACTION:

FOR DIRECT REPLY:

FOR PREPARATION OF REPLY:

FOR COMMENT:

FOR APPROVAL:

TO NOTE AND FILE: ☒ AND RETURN: ☐

XXX

FOR DISCUSSION WITH UNDERSIGNED:

The original of this letter has been sent to file. You may wish to pass this copy on to Mr. Carter for the papers on Estimates.

*Copies made
1/12/55
Q. 1/12/55
1/12/55*

[Signature]

000841

Department of Northern Affairs and National Resources

OFFICE OF THE DEPUTY MINISTER

DATE 1/12/55

TO:

MR. HERBERT

FOR ACTION:

FOR DIRECT REPLY:

FOR PREPARATION OF REPLY:

FOR COMMENT:

FOR APPROVAL:

TO NOTE AND FILE: ☐ AND RETURN: ☐

FOR DISCUSSION WITH UNDERSIGNED:

Mr. Byrne's letter of Nov. 29 replies to one of Nov. 18 which was prepared in Northern Admin. and asked questions relating to our Estimates and the Marian Lake road. You might like to see this copy of his reply for your information.



000842

712-1A
11-16
HEAD OFFICE
SUITE 608
25 ADELAIDE STREET WEST
TORONTO 1, CANADA
File
C.R.K.

RAYROCK MINES LIMITED

TELEPHONE EMPIRE 4 5588

Toronto, Ontario,
November 29, 1955.

R. G. Robertson, Esq.,
Deputy Minister,
Northern Affairs and National Resources,
OTTAWA, Ontario.

Dear Mr. Robertson:

We acknowledge with thanks receipt of yours of the 18th instant reference contribution of fifty per cent of the estimated cost of constructing an all-weather road for heavy duty trucks between Marian Lake and our property, a distance of approximately thirty-five miles.

Referring to the questions asked by Treasury Board and "their need for assurance of a high degree of probability that the road, when built, will be used". We have expended to date some \$850,000 in property acquisition, development work, supplies, equipment and buildings. In the opinion of our engineers and others, we have potentially a high grade mine. Underground development is still at an early stage; however, work from an adit level 225 feet below the surface outcrop has outlined about 250 tons per vertical foot averaging .40 per cent U3O8 per ton, indicating a mining operation in the order of 125 tons daily. Conclusions from metallurgical test work on a representative sample are that acid leaching is the only economical method of treatment for our ore. This fact, coupled with the announcement from Ottawa that March 31, 1956, is the deadline for premium price contracts, resulted in a very recent submission to Eldorado Mining and Refining Limited, of preliminary cost estimates to bring the property into production and preliminary operating cost estimates employing the acid leach.

Certainly we have neither developed nor indicated ore reserves approaching the five years' requirements, due in part to the fact that we are dependent upon winter transportation for heavy equipment and supplies, and because of the early stage of underground development work. We do, however, have sufficient finances to bring the property into production, estimated at \$3,000,000, and are prepared to gamble that we can develop sufficient ore for a profitable operation.

We have requested an early reply through Eldorado Mining and Refining as we must make decisions by the year end covering future work at the property to allow necessary planning and deliveries by tractor train. If we receive a favourable reply, then our production target would be March 31, 1957. We realize that this is a very tight schedule but it can be done barring unforeseen delays.

We must be assured of the financial assistance by the Government for road construction not later than February 1st to allow the road contractor time to get equipment into the area before breakup.

We might repeat that Consolidated Northland Mines are also operating in the area and would be serviced by the first eight miles of this road which is already in use as an all-weather tractor road. This Company has expended some \$650,000 to date and will complete shaft sinking to 300 feet in the next two weeks, with two levels established. If underground development confirms the drill-indicated results, then Consolidated Northland will also be formulating production plans.

Yours very truly,

RAYROCK MINES LIMITED

JCB:mle

(sgd.) J. C. Byrne
President and General Manager

KJC:en

40-7-18
JH

29591

28 November, 1955.

MEMORANDUM FOR MR. S. HOMULOS:

In accordance with Rule 55, Para. 3, of the Mining Safety Rules under the Mining Safety Ordinance of the Northwest Territories, permission is hereby granted for Rayrock Mines Limited to store up to 5,000 pounds of explosives in a storage magazine in their 104 South Drift, provided that an Expansion Chamber is excavated directly opposite the proposed storage magazine, as indicated on the attached sketch.

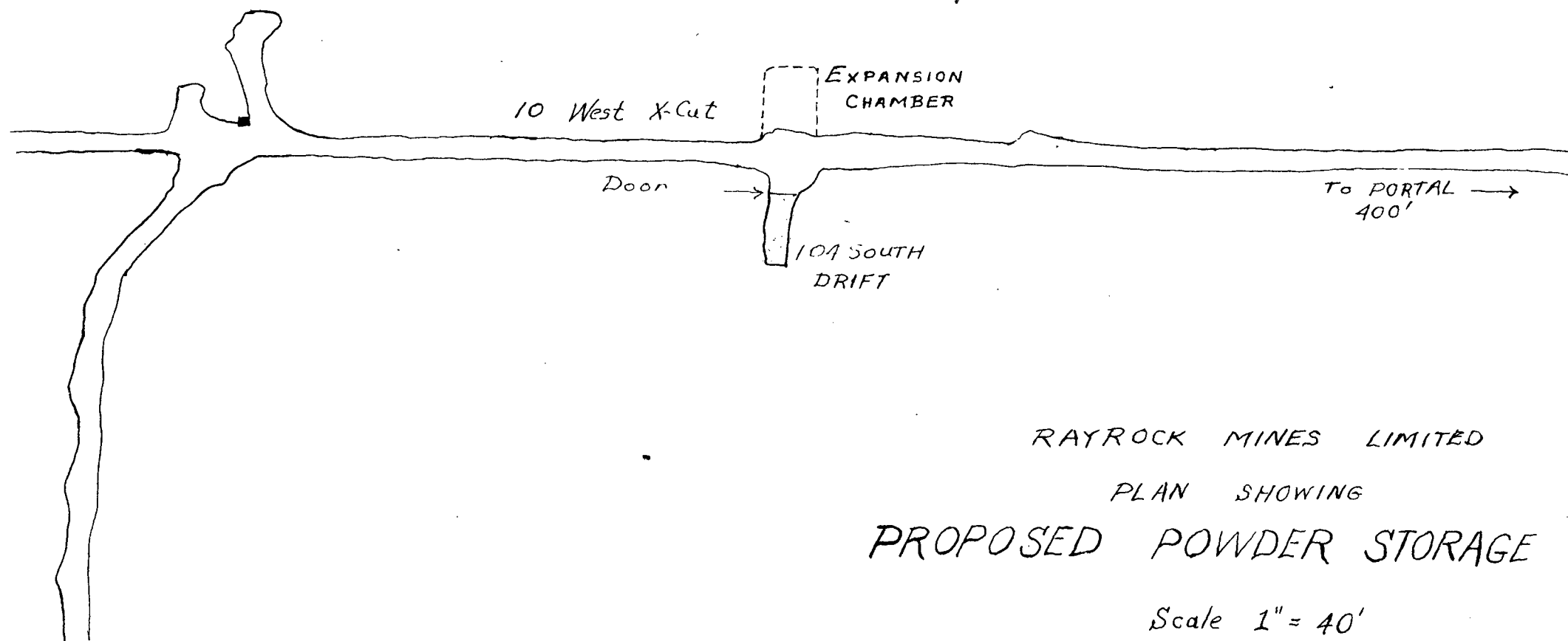
R. G. Robertson

R. G. Robertson,
Commissioner.

APPROVED

Alfred J. Adams

Director, Northern Administration and Lands Branch.





CANADA

DEPARTMENT

OF

NORTHERN AFFAIRS AND NATIONAL RESOURCES

NORTHERN ADMINISTRATION
AND LANDS BRANCH

DEPUTY MINISTER

NOV 24 P.M.

Dept. of Northern Affairs
& National Resources.

PLEASE QUOTE

FILE.....

OFFICE OF THE DIRECTOR

Ottawa, 24 November, 1955.

MEMORANDUM FOR THE DEPUTY MINISTER

RAYROCK

Dep't	1	Record
File	40-7-18	
Initialed by	JRK	

I attach two copies of a report on this mine by our Mining Inspector at Yellowknife. This will not be of much assistance in justifying the item of \$140,000 in next year's estimates for a grant to the Company of half the cost of constructing a road to their property, because on the basis of ore reserves, and the production rate estimated by Mr. Homulos, there are only about eighteen months production assured.

It will be interesting to compare the information which the Company gives us with the information which we have got from Mr. Homulos.

F.J.G. Cunningham
F.J.G. Cunningham,
Director.

CONFIDENTIAL

C
O
P
Y.

YELLOWKNIFE, N.W.T.
November 21, 1955.

MEMORANDUM FOR THE CHIEF, LANDS DIVISION

re Rayrock Mines Limited

Following a diamond drill programme where some 17,000 ft. of diamond drilling was completed during 1954 and early 1955, Rayrock Mines decided to go underground by means of an adit. A cross cut 850 ft. long was driven to intersect the No. 6 zone which was the most promising from diamond drill results. Drifting along this zone outlined ore for 320 ft. in length, with an average width of 6 ft. and having approximately 200 ft. of backs above the adit level. This ore has an average cut grade of 0.54% U308. At the present time Rayrock are driving a sub-drift 100 ft. above the adit level to further develop this ore body, and are also planning a sinking programme to further test the drill results by underground methods, this sinking to commence in the spring of 1956. They have in the No. 6 zone, an estimated tonnage to a depth of 300 ft. calculated from the underground development work and diamond drill intersections 100 ft. below the adit level of 52,000 tons of 0.54% grade, which calculated at the \$7.25 price, is \$78.30 per ton, or a gross value of some \$4,000,000.00.

Rayrock is presently negotiating with the Radio Active Division for a special price, and you may be able to obtain additional information from them.

This ore is readily available, and it appears to me that they will make every effort to go into production. Mill tests, run jointly by the Radio Active Division and Dilburn Engineering, showed that by using a Dutch Mill and taking off a jig concentrate to reduce the bulk to 25% then by doing a batch leach, showed that their recovery would be approximately 96%. As you recall, Rayrock had purchased the Negus plant which included the mill and mill equipment, and this equipment will be transported to the property this winter by cat-train. I understand also, that the Dutch mills have already been purchased so it appears that they are making every effort to be in production by March of 1957.

As to their financial ability, I have no way of checking this figure; however, it is reported that besides having a lot of the mill equipment, they have in their treasury some \$2,000,000.00. This figure you can probably check through the Ontario Security Commission. If this figure is correct, and in view of the fact that they have considerable mill equipment on hand from the Negus plant that can be used, such as the Grinding units, tanks, etc, it appears to me that they have sufficient money to bring the mine into production on a 100 to 150 tons per day basis, which I understand is their plan.

I had a discussion with Mr. Douglas Campbell, Chief Geologist for Eldorado, who made an inspection of the property this summer, and it was his impression that Rayrock was an interesting showing and had all the possibilities of becoming a small mine.

- 2 -

There are several other interesting properties in the area that are in various stages of preliminary development. Riverridge Mines Limited, adjoining Rayrock on the south have just completed a 6,000 ft. diamond drill programme, however at the moment the results of this drilling are not known. I will make every effort to obtain the results as soon as possible.

Starlight Mines, north of Rayrock, along the Marian River fault, made an interesting surface find this summer and it is anticipated that they will do a diamond drill programme on their property next spring or summer.

Consolidated Northland who completed a diamond drill programme on their property during the summer of 1955, are presently sinking a prospect shaft to a depth of 280 ft. with stations cut at the 125 and the 250 ft. levels, and expect to do a limited amount of underground development to check at these levels their diamond drill results. Results from this underground work should be available in approximately two to three months. I will keep you informed on the progress here, Rayrock, and other developments in this area from time to time.

S. Homulos,
Mining Inspector.



OFFICE OF THE COMMISSIONER
NORTHWEST TERRITORIES
CANADA

29591

DEPUTY MINISTER

NOV 25 P.M.

Dept. of Northern Affairs
& National Resources.

OTTAWA

24 November, 1955.

Deputy Min.

40-7-18

Jef

MEMORANDUM FOR THE COMMISSIONER OF THE N.W.T.:

I am enclosing a sketch of the adit at Rayrock Mines Limited showing a proposed Powder Storage Magazine underground.

2. In accordance with Rule 55, Para. 3, of the Mining Safety Rules under the Mining Safety Ordinance, the Commissioner must give written permission before allowing underground storage up to 5,000 pounds of explosives. The usual safety practice is to provide an Expansion Chamber directly opposite the underground magazine so that if the explosives are inadvertently detonated, the detonation waves will expend themselves by reflection into the Expansion Chamber thence back to the storage magazine instead of being conducted to the workings of the mine which might endanger life and limb.

3. It is recommended that this type of storage be permitted at Rayrock Mines Limited by the inclusion of an Expansion Chamber. I have prepared a memorandum to the Mining Inspector for your signature to that effect.


F. J. G. Cunningham,
Deputy Commissioner.

Document
Document divulgué en vertu de la
Loi sur l'accès à l'information

B.F. Dec. 18/55
for reply pg. 2
noted
JR

J.C. Byrne, Esq.,
President,
Rayrock Mines Limited,
Suite 509,
25 Adelaide Street, W.,
Toronto 1,
Ontario.

Ottawa, 18 November, 1955.

Dep't	40-718
File	
Index	JR

Dear Mr. Byrne:

The Department has an item in its draft Estimates for 1956-57 to cover a contribution of fifty per cent of the estimated cost of constructing an all-weather road capable of sustaining one-way truck traffic between Marian Lake and the Rayrock property in the Northwest Territories, a distance of approximately thirty-five miles.

Before the departmental estimates are approved by the Government for presentation to Parliament they are scrutinized very closely by Treasury Board. Before Treasury Board would approve an item such as this to cover the cost of constructing an all-weather road to a newly discovered mineral area, they need assurance of a high degree of probability that the road, when built, will be used. It is our task to provide the Minister with as much reliable and up-to-the-minute information as possible about the potential production in the area so that he can pass the information on to Treasury Board and his colleagues in the Cabinet.

Last August, when the possibility of obtaining Federal financial assistance for the construction of this all-weather road was discussed with Treasury Board, we were asked the following questions:

- (1) Whether this company will, in fact, go into production?
- (2) Whether the company has a contract for the sale of uranium?
- (3) What evidence there is that the road would be used?

We replied to these questions as well as we could at the time. Undoubtedly similar questions will be asked again when our draft Estimates are being considered. It would assist us greatly in presenting the case for Federal assistance in constructing this road if you could let us have the latest information concerning the grade and tonnage of ore reserves blocked out to date by Rayrock Mines Limited, and any relevant information which would enable us to answer satisfactorily questions similar to those mentioned above.

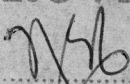
We would also be grateful if you could keep us up to date on such information as your exploratory program progresses, at least until our Estimates are approved by Parliament, in order to assist the Minister in presenting his submission for financial assistance in the construction of this road.

Yours sincerely,



R.G. Robertson,
Deputy Minister.

APPROVED



Director, Northern Administration and Lands Branch.

000852

71-2-18
c.c. DEPUTY MINISTER'S FILE

CVFW/dd

351-2-31

E351-2-31

File

Inc.

Ottawa, 8 November, 1955.

J.J. Byrne, Esq.,
President,
Consolidated Northland Mines Limited,
Suite 509, 25 Adelaide Street,
Toronto, Ontario.

Dear Mr. Byrne:

Thanks very much indeed for your letter of the 28th September with figures and information concerning the Rayrock Area and the proposed section of road to the property.

It is noted that Mr. N.W. Byrne estimated costs at \$8,000 per mile to construct a road passable for FWD heavy duty trucks, which would involve a total expenditure of about \$280,000. We have had some general discussions on the matter and have concluded that while there is no firm decision at the moment on overall road policy in the Territories, this proposed construction of thirty-five miles to the Rayrock property could become part of the general road system. With this in mind, the Minister has taken a favourable view of the project as a resource road and is prepared to consider an arrangement whereby federal assistance will be made available. We will use your estimate of \$8,000 per mile as a basis for computing the amount of the federal contribution for inclusion in the 1956-57 estimates and will advise you later if final approval is given.

Yours sincerely,

R.G. Robertson
R.G. Robertson,
Deputy Minister.

APPROVED

TSB
Director, Northern Administration and Lands Branch.

000853

Department of Northern Affairs and National Resources

OFFICE OF THE DEPUTY MINISTER

DATE

18/X/55 -

TO:

M. Herbert

FOR ACTION:

FOR DIRECT REPLY:

FOR PREPARATION OF REPLY:

FOR COMMENT:

FOR APPROVAL:

TO NOTE AND FILE: ☐ AND RETURN: ☐

FOR DISCUSSION WITH UNDERSIGNED:

This just reached me D-day. What do you think?

[Signature]

D.L. agreed that the brief need not be changed.

CJS 000854

Dec-19/55



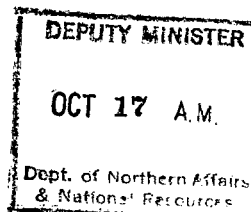
CANADA

DEPARTMENT

OF

NORTHERN AFFAIRS AND NATIONAL RESOURCES

NORTHERN ADMINISTRATION
AND LANDS BRANCH



PLEASE QUOTE

FILE.....

File
CRK

OTTAWA, 12 October, 1955.

Memorandum for the Deputy Minister

re Northwest Territories Development
Roads

40778
CRK

-- I attach copy of a letter from the Acting Deputy
Minister of Department of Mines and Technical Surveys to the
Chief of the Lands Division of this Branch dated 5th October,
-- 1955, copy of the statement referred to therein, and copy of
-- Mr. LeCapelain's memorandum to me dated the 11th October.

The material received from the Department of Mines and Technical Surveys is not encouraging in relation to that portion of the road lying between the Rayrock property and Sawmill Bay. However, the material would be adequate to support the construction of that portion of the road lying between the Mackenzie highway and Rayrock. The construction of this portion would take several years and would be justifiable in itself. By the time it is finished it would probably be easier to reach conclusions about continuing it further north.

I would suggest that the formation of a Submission to Cabinet on development road policy might now proceed.

You may feel that the attached material necessitates some amendment to the map which Mr. Herbert is preparing for the Gordon Commission Brief.

F.J.G. Cunningham

F.J.G. Cunningham,
Director.



CANADA

DEPUTY MINISTER
OF
MINES AND TECHNICAL SURVEYS

Northern Admin. & Lands Br.
Ottawa, Ont.

OCT 7 1955

File No.
Refer To

Ottawa, October 5, 1955.

Chubb

Mr. C.K. LeCapelain,
Chief, Lands Division,
Northern Administration and Lands Branch,
Department of Northern Affairs and
National Resources,
O t t a w a.



Dear Mr. LeCapelain,-

In reply to your letter of September 9, I am enclosing herewith a short statement on the mineral potentialities of the area extending from Fort Rae to Sawmill Bay on Great Bear Lake.

Apart from the known uranium-bearing belt, little is known regarding other mineral potentialities in the area. Moreover only the southern part of the area extending from the northern end of Marian Lake to the present properties of the Rayrock Mines can be said to have been seriously prospected. Little is known of the area to the north of these properties although the geological conditions would seem to indicate a possibility of similar deposits to that of Rayrock and Consolidated Northland being discovered. As pointed out however by the geologists, this area could be prospected in its initial stages by aircraft.

As the deposits under development are uranium and the area is considered geologically favourable to similar occurrences, it would appear that some consideration should be given to the life of the mines in the area.

On August 3, 1953, the Rt. Hon. C.D. Howe made a statement with respect to the Government's uranium purchasing policy. The salient points raised by Mr. Howe are as follows:-

"At the present time the published price schedule provides for sliding scale of prices, depending on grade, up to a maximum of \$6.00 per pound of uranium in an acceptable concentrate with a uranium content of not less than 10% by weight. In addition, the published price schedule provides for the payment of a development allowance of \$1.25 per pound during the first three years of production. The published price schedule is now guaranteed until March 31, 1962.

In the announcement of policy made on March 16, 1948, it was also stated that in special circumstances consideration

- 2 -

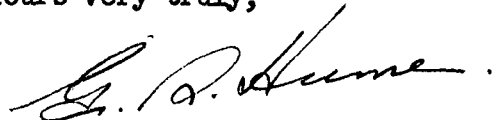
might be given to the payment of prices higher than those contained in the published price schedule. In November, 1953, it was announced by Eldorado that such special prices would be arrived at by negotiation in each case and would be related to cost.

I am now able to state that there is a limit on the amount of uranium which will be purchased under the special price arrangement. On the basis of our present information, Eldorado will not be able to negotiate special price contracts after March 31, 1956. Moreover, it is not expected that Eldorado will be able to negotiate contracts unless there is satisfactory evidence that production will commence not later than April 1, 1957. All contracts will require that deliveries must be completed by March 31, 1962."

It would appear from the foregoing statement that the future price of uranium will be uncertain. The grade of ore at Rayrock and Consolidated Northland properties is reported to be considerably higher than that of other uranium areas, viz. Ontario, consequently it is possible that if these mines are given comparable transportation facilities they would be able to continue production even should the price fall below the published price schedule now guaranteed until March 31, 1962. Therefore it would seem logical that some help be given the companies in improving their present transportation facilities.

It is doubtful, however, whether a road such as proposed by Mr. Byrne to tap the presently unknown area to the north would be justified at this time.

Yours very truly,



G. S. Hume,
Acting Deputy Minister.

MINERAL POTENTIALITIES BETWEEN FORT RAE AND GREAT BEAR LAKE, NORTHWEST TERRITORIES

This region which includes the Marian River, Hardisty Lake, and Hottah Lake areas has a combined length of approximately 225 miles. Two geologists of the Geological Survey of Canada, Dr. C.S. Lord and Dr. A.H. Lang have visited the region under review and the former has mapped more than 12,000 square miles between Fort Rae on Great Slave Lake and Echo Bay on Great Bear Lake. Several of the properties have also been examined by the resident geologist at Yellowknife.

The information contained in this brief has been furnished largely by the above mentioned geologists.

The general and structural geology in the vicinity of the property of Rayrock Mines Limited is exceptionally favourable for the occurrence of ore deposits. These geological data, plus the subsequent reliably reported favourable results of exploration by Rayrock Mines and Consolidated Northland Mines Limited, 25 air miles south of Rayrock, make it reasonable to expect that the area between Marian Lake and the Rayrock property will eventually be proven to contain a new mining camp. It seems likely that the Rayrock property will become productive and that its higher grade of ore will permit operation at the schedule of prices which is guaranteed until March 31st, 1962. This property would therefore likely be in the favourable position of not depending on special price contracts. It also seems likely that if a concentrator is built at the Rayrock property it would be able to treat custom ore shipped from other properties that might not warrant treatment plants of their own, and that their ores would be similar enough to that of Rayrock to permit treatment in the Rayrock plant.

The region between the Rayrock property and Sawmill Bay on Great Bear Lake contains numerous pitchblende occurrences and a few of other minerals. None of the uranium occurrences are known to have shown as favourable results as Rayrock. The property originally called Pitch 8-10 Group and now held by United Uranium Corp. Limited was explored by an adit and a shaft and a mill was erected, but the property was idle from late 1953 until exploration work was resumed under the direction of M. W. Byrne in the spring of 1955.

Hottah Lake Uraniums Limited has 36 claims on the northeast shore of Hottah Lake and in May of this year plans were being made for new financing and a work program.

It is the considered opinions of the geologists that the area requires prospecting and initial exploration of mineral occurrences rather than development of known deposits. This can be done fairly readily with aircraft services already established at Yellowknife.

Prepared by Mineral Resources Division,
From Information Furnished by The
Geological Survey.
Sept. 30/55.

WRMcC/bl

000858

NORTHERN ADMINISTRATION
AND LANDS BRANCH



CKLC/MJ
LANDS DIVISION

DEPARTMENT
OF
NORTHERN AFFAIRS AND NATIONAL RESOURCES

Ottawa, 11 October, 1955.

MEMORANDUM FOR THE DIRECTOR

ROADS IN THE MARIAN LAKE-GREAT BEAR LAKE AREA
NORTHWEST TERRITORIES

On the 9th of September, 1955, I wrote to Dr. G.S. Hume, Director General of Scientific Services, Department of Mines and Technical Surveys, asking for information "on the possible commercial mineral potentialities of the area extending from Fort Rae to Sawmill Bay on Great Bear Lake, Northwest Territories". Please find attached, -- his reply dated the 5th of October, 1955.

2. Mr. K.J. Christie has prepared a map showing:
- (1) The mineral claims outstanding in the area under consideration.
 - (2) The road from Marian Lake to the property of Consolidated Northland Mines Limited near Chico Lake and then on to the property of Rayrock Mines Limited.
 - (3) The location of the old winter road from the Mackenzie Highway to Mills Lake.
 - (4) The location of the proposed road from Mills Lake to Sawmill Bay, Great Bear Lake, to service the producing mines in the area. This road location was made after an extended inspection of the aerial photographs covering the area, and has been placed west of the contact zone between the Precambrian rock and the later sedimentary rocks, and where the cost of construction would appear to be the cheapest.

This map was shown to you and the Deputy Minister the other day when we were discussing 1956-57 Estimates. As we have not made up a copy of the map showing this varied information, I propose to keep it in the Lands Division and available to be sent ^{to you} wherever you decide.

C.K. LeCapelain

C.K. LeCapelain,
Chief, Lands Division.

Department of Northern Affairs and
National Resources

File

OFFICE OF THE DEPUTY MINISTER

DATE Oct. 3, 1964 *BBP*

TO: Deputy Minister *M. J. Herbert*

FOR ACTION:

FOR DIRECT REPLY:

FOR PREPARATION OF REPLY:

FOR COMMENT:

FOR APPROVAL:

TO NOTE AND FILE: ☐ AND RETURN: ☐

FOR DISCUSSION WITH UNDERSIGNED:

I was interested in the attached letter from Mr. J. J. Byrne about roads in the Marian River region. You will have seen my memorandum to you of today's date which discusses the future outlook for the price of, and demand for, uranium. I think it will be highly important for us to try and find out whether there are likely to be other metals discovered in the Marian River area which would provide an additional - or alternative - justification for roads in that region.

Laper.
WJH

C.H.H.
C. H. Herbert,
Chief, Economic Division.
000860

**Department of Northern Affairs and
National Resources**

OFFICE OF THE DEPUTY MINISTER

DATE 30/9/55

TO: MR. HERBERT

FOR ACTION:

FOR DIRECT REPLY:

FOR PREPARATION OF REPLY:

FOR COMMENT:

FOR APPROVAL:

TO NOTE AND FILE: ☒ AND RETURN: ☐

XXX

FOR DISCUSSION WITH UNDERSIGNED:

You will be interested in seeing the letter of September 28 from Mr. J. J. Byrne re roads in the Marian River area.

Mr. Cunningham, who dealt with the earlier correspondence, is preparing a reply.



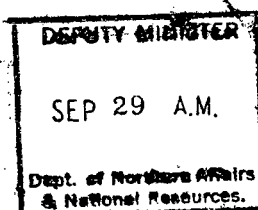
000861

Consolidated Northland Mines Limited

TELEPHONE EMPIRE 6-4131

MINE OFFICE:
P. O. Box 190
YELLOWKNIFE, N.W.T.

HEAD OFFICE:
SUITE 509
25 ADELAIDE WEST
TORONTO, CANADA



September 28, 1955

C. W. Jackson, Esq.
Acting Deputy Minister
Northern Affairs and National Resources
Ottawa
Canada

Dear Mr. Jackson:

I received your letter of the 16th instant in due time but delayed answering until I could get some definite figures from Mr. N. W. Byrne who is more familiar with conditions in the Marian River Area than anyone I know of, he having supervised all of the most important operations there to date.

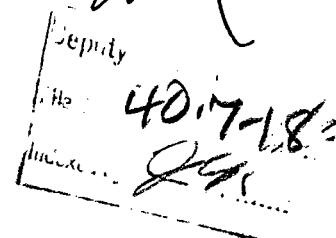
Mr. Byrne has already supervised the laying out of a rough road from the head of Marian Lake to the Consolidated Northland property. This road is passable only for tractors and Athey Waggon, and he figures it cost a total of \$38,643.68, or an average of \$4,830.00 per mile for the eight-mile stretch.

However, Mr. Byrne advises that in order to have a road passable for four-wheel drive, heavy-duty trucks, it would cost \$8,000.00 per mile, which would amount to approximately \$280,000.00 for the thirty-five-mile stretch to the Rayrock property.

Mr. Byrne estimates that for a road passable for two-wheel drive, medium-duty vehicles, it would cost \$10,500.00 per mile, or \$367,500.00.

For an all-weather, graded road, finished for general traffic, Mr. Byrne estimates it would cost \$15,000.00 per mile.

Mr. Byrne states that although the present road to the Consolidated Northland property is passable, the tractors can only make one round trip per day carrying ten tons, and actually, we could fly materials just as



Mr. C. W. Jackson - 2

September 28, 1955

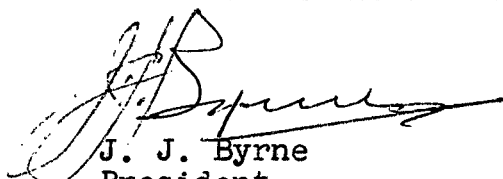
cheaply and as quickly by Otter plane for the short distance, were it not for the fact that some of the heavy equipment could not have been delivered to the property, such as mining plant, etc. Mr. Byrne therefore advises that a road passable for four-wheel drive, heavy-duty trucks at \$8,000.00 per mile, would be the cheapest road that we could build and which would be serviceable through to the Rayrock property, for the time being.

The writer has flown over the area several times and can say that the terrain for the most part is very hilly, with considerable low swampy land in between, but if a road passable for heavy-duty trucks could be built, this would serve our purpose for the time being, and would be of great service to other operators in the area.

These estimates, of course, are only approximate since, as you know, it would be necessary to travel the whole area on foot in order to arrive at a more accurate figure. However, I trust this information will be helpful to you.

Yours sincerely,

CONSOLIDATED NORTHLAND MINES LIMITED


J. J. Byrne
President

JJB:hmp

Department of Northern Affairs and National Resources

OFFICE OF THE DEPUTY MINISTER

DATE 30/9/55

TO: MR. CUNNINGHAM

FOR ACTION:

FOR DIRECT REPLY:

FOR PREPARATION OF REPLY:

FOR COMMENT:

FOR APPROVAL:

TO NOTE AND FILE: ☐ AND RETURN: ☐

FOR DISCUSSION WITH UNDERSIGNED:

~~NOTED~~
28
B.F. C. 19/55
for reply. noted

I assume you are considering
whether we should put an item in
our estimates.

R. G. Robertson

000864

**Department of Northern Affairs and
National Resources**

OFFICE OF THE DEPUTY MINISTER

DATE 30/9/55

TO: MR. HERBERT

FOR ACTION:

FOR DIRECT REPLY:

FOR PREPARATION OF REPLY:

FOR COMMENT:

FOR APPROVAL:

TO NOTE AND FILE: ☒ AND RETURN: ☐

XXX

FOR DISCUSSION WITH UNDERSIGNED:

You will be interested in seeing the letter of September 28 from Mr. J. J. Byrne re roads in the Marian River area.

Mr. Cunningham, who dealt with the earlier correspondence, is preparing a reply.

*B. J. 19 Oct noted
SER*

000865

Department of Northern Affairs and
National Resources

OFFICE OF THE DEPUTY MINISTER

DATE

30/9/55

TO:

D/M.

FOR ACTION:

FOR DIRECT REPLY:

FOR PREPARATION OF REPLY:

FOR COMMENT:

FOR APPROVAL:

TO NOTE AND FILE: ☐ AND RETURN: ☐

FOR DISCUSSION WITH UNDERSIGNED:

Mr. Cunningham was
preparing a report for
you and the President.
Perhaps you have seen
it already. You may
wish to include an item
on the estimates.

Not yet
received.

[Signature]
30/10/55

000866

RAYROCK MINES LIMITED

TELEPHONE EMPIRE 4-5588

DEPUTY MINISTER

SEP 30 A.M.

Dept. of Northern Affairs
& National Resources

Toronto, Ontario,
September 28, 1955.

C. W. Jackson, Esq.,
Acting Deputy Minister,
Northern Affairs and National Resources,
OTTAWA, Ontario.

Dear Mr. Jackson:

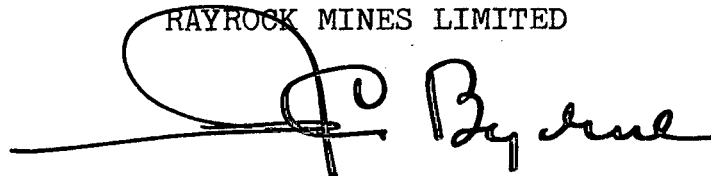
We acknowledge with thanks receipt of yours
of the 16th instant and note with interest that Officers
in the Department are now studying our Brief.

Mr. J. J. Byrne is writing you today and
will give you some preliminary cost figures supplied by
Norman W. Byrne, our Consulting Engineer.

*Letter received
earlier today
30/9/55*

Yours very truly,

RAYROCK MINES LIMITED



J. C. Byrne
President

JCB:mle

Copy sent to Mr. Cunningham

CRJ/JH

*File
2 Feb*

Ottawa, September 16, 1955.

J. C. Byrne, Esq.,
President,
Rayrock Mines Limited,
Suite 509, 25 Adelaide Street West,
Toronto, Ontario.

Dep't	40-7-18
File No	JCR
Indexed by	

Dear Mr. Byrne:

Mr. Robertson, who is still in the North, has forwarded to me the letter and Brief dated August 31, signed by you and Mr. J.J. Byrne, President of Consolidated Northland Mines Limited, requesting a survey and study of the needs of the Marian River mining district, particularly in respect to means of transportation.

The road you have in mind is a resource road and, as such, is a project which up to the present is a Federal responsibility. It was for this reason that the Brief was not referred to the Northwest Territories Council at its recent session at Fort Smith.

Officers in the department are carefully studying the Brief and I hope to have a report ready for the Deputy Minister on his return. If you have any information as to the approximate cost of constructing the thirty-five mile section of the road extending from Marian Lake to the mine at Marian River, it would be helpful if you would let us have it.

Yours sincerely,



C. W. Jackson,
Acting Deputy Minister.

Copy sent to Mr. Cunningham

CWJ/JH

Dep.	rs Record
File	40,718
Indexed by	SEK

File
7/18/55

Ottawa, September 16, 1955.

J. J. Byrne, Esq.,
President,
Consolidated Northland Mines Limited,
Suite 509, 25 Adelaide Street West,
Toronto, Ontario.

Dear Mr. Byrne:

Mr. Robertson, who is still in the North, has forwarded to me the letter and Brief dated August 31, signed by you and Mr. J.C. Byrne, President of Rayrock Mines Limited, requesting a survey and study of the needs of the Marian River mining district, particularly in respect to means of transportation.

The road you have in mind is a resource road and, as such, is a project which up to the present is a Federal responsibility. It was for this reason that the Brief was not referred to the Northwest Territories Council at its recent session at Fort Smith.

Officers in the department are carefully studying the Brief and I hope to have a report ready for the Deputy Minister on his return. If you have any information as to the approximate cost of constructing the thirty-five mile section of the road extending from Marian Lake to the mine at Marian River, it would be helpful if you would let us have it.

Yours sincerely,

C. W. Jackson
C. W. Jackson,
Acting Deputy Minister.

71.2-1A



CANADA

DEPUTY MINISTER

SEP 12 P.M.

Dept. of Northern Affairs
& National Resources.

RGR:SG

PLEASE QUOTE

FILE.....

NORTHERN ADMINISTRATION
AND LANDS BRANCHDEPARTMENT
OF

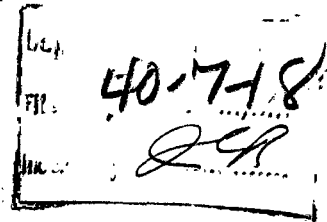
NORTHERN AFFAIRS AND NATIONAL RESOURCES

OFFICE OF THE DIRECTOR

2279

Fort Smith, N.W.T.,
September 8, 1955.

Mr. C.W. Jackson,
Acting Deputy Minister,
Dept. of Northern Affairs
& National Resources,
Langevin Block,
OTTAWA, Ontario.



Dear Clarence:

--

Attached are the original and one carbon of a letter, dated August 31st, from Messrs. J.J. Byrne and J.C. Byrne to me, and also the original letter and one copy of an enclosed map, also dated August 31st, from Norman W. Byrne. All of this material relates to the construction of development roads in the Marion Lake area. It should really have gone to the department in Ottawa rather than to me here.

As I shall not be getting back to Ottawa for some days yet, you might wish to have some attention given to this in the meantime, and to have acknowledgments sent to the writers. Perhaps you could explain to them that the letters were sent to Ottawa because the questions raised really relate to the federal field rather than the territorial.

Mr. Cunningham has copies of all these letters which he will be taking back for use in the branch. You may wish to get Mr. Herbert's comments at your end.

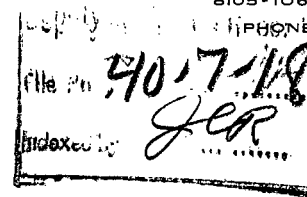
Yours sincerely,

R. G. Robertson,
Deputy Minister.

TORONTO, ONT.
509-25 ADELAIDE STREET WEST
PHONE EMPIRE 6-4131

EDMONTON, ALTA.
8105-106TH STREET
PHONE 34446

Norman W. Byrne, B.Sc.
Consulting Mining Engineer
YELLOWKNIFE, N.W.T.



August 31st, 1955

Mr. R. G. Robertson, Commissioner,
Northwest Territories Council,
FORT SMITH, N. W. T.

Dear Mr. Robertson:

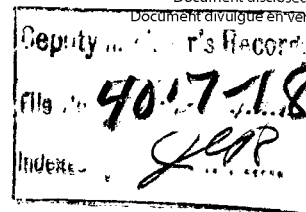
We are transmitting herewith two copies
of Yellowknife area map which we were requested to
forward to you by J. C. Byrne in a wire from Toronto
this morning.

Yours very truly,

A handwritten signature in cursive script that reads 'Norman W. Byrne'.

Norman W. Byrne,
Consulting Mining Engineer

NWB:mb
Encl.



Suite 509,
25 Adelaide Street West,
Toronto, Ontario,
August 31, 1955.

Mr. Gordon Robertson,
Deputy Minister, of
Northern Affairs and National Resources,
FORT SMITH, N.W.T.

Dear Mr. Robertson:

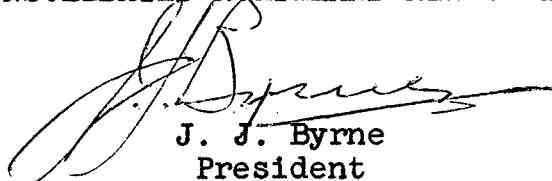
Attached herewith are two copies of a Brief which we respectfully submit for your immediate consideration. We are addressing same to Fort Smith so that you might receive it in time to make any necessary recommendations to the Northwest Territories Council Meeting currently in session there.

We are today wiring Mr. Norman W. Byrne, Consulting Engineer for the two Companies at Yellowknife, to forward by mail direct to you two copies of his map showing barge route to Marian Lake, existing road to Consolidated Northland and proposed road to Rayrock, with extension on to Saw Mill Bay. The map also shows existing and proposed power lines.

We would appreciate an acknowledgment at your earliest convenience.

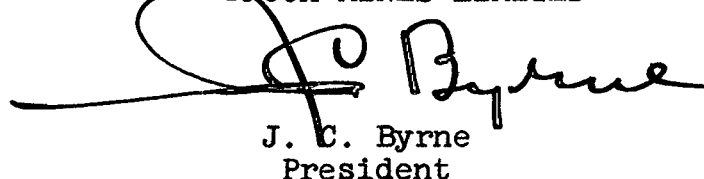
Yours very truly,

CONSOLIDATED NORTHLAND MINES LIMITED



J. J. Byrne
President

RAYROCK MINES LIMITED



J. C. Byrne
President

Enc.
JCB:mle

SUITE 509
25 ADELAIDE STREET WEST
TORONTO, ONTARIO.

August 31, 1955.

Mr. Gordon Robertson,
Deputy Minister of Northern Affairs and
National Resources,
Ottawa, Ontario.

Dear Sir:

This is a joint submission by Consolidated Northland Mines Ltd. and by Rayrock Mines Ltd. to the Department of Northern Affairs and National Resources to request a survey and study of the needs of the Marian River Mining District and to request assistance for some of the immediate needs of the mining companies concerned.

This submission is made jointly because the development and operations of the two companies are interdependent and will in time determine the development of the general area.

To place things in some sort of order, consideration is given to the mine-making potential of the area, the necessary services that realization of this potential would require, work underway now and being planned and specific requests.

THE MARIAN RIVER MINING DISTRICT

The Marian River Mining District, for the purpose of this submission, may be considered as a belt of country many miles wide extending north from Rae through Marian Lake and Marian River, then running from Hardisty to Hottah Lakes and to Sawmill Bay in the south shore of Great Bear Lake. Running with this belt is the

Mr. Gordon Robertson -- August 31, 1955

contact between the old precambrian rocks to the east and the younger rocks, largely covered with deep sand, to the west. This contact runs generally north and south as do the valleys and water courses in the older rock country. This then is the "grain" of the country, north and south travel is fairly easy and road building relatively simple in this direction.

In the past the area has been actively prospected in spots with some important discoveries, mainly of gold and silver. Present development is being concentrated on uranium. At Chico Lake on the south end of the belt Consolidated Northland is sinking a shaft to explore the many high-grade occurrences in a large quartz body. Twenty-five miles north Rayrock Mines are outlining a very high-grade ore body. Near both mines a number of other discoveries have been made and many properties are being actively worked. A further 110 miles north United Uranium have an underground programme underway on a similar high-grade deposit.

Other occurrences, too numerous to mention, are scattered along the belt. The belt may be extended to include the mine of Eldorado Mining and Refining Co. at Port Radium on Great Bear Lake. The ore at Eldorado is very similar in grade and character to other ore found in the Marian River belt. From Consolidated Northland at Chico Lake to the Eldorado Mine on Great Bear Lake extends the longest stretch of uranium bearing rocks in the world. It is also true that the pitchblende occurrences such as at Eldorado and Rayrock, as are described later, are among the richest in the world. By reason of their high-grade nature, these deposits can be

- 3 -

Mr. Gordon Robertson -- August 31, 1955

economically operated at the base price for uranium oxide whereas in other districts, such as Blind River and Bancroft, most of the mines require a subsidized price. Such being the case, it is possible to plan well ahead.

To realize the potential of the area, the mines will require every assistance, particularly with respect to all-weather roads and hydroelectric power. Roadmaking, as has been noted, should be comparatively easy in the area. The Snare River Hydro Power development is fortuitously located to serve the district and enough power can be developed to meet any foreseeable requirements. A centrally located mill to handle shipments from smaller mines may be practicable. As the area opens up, other aspects of development will require attention -- communication, churches, schools and hospitals must be provided, local authorities set and such things as a landing field considered. But of first importance is the provision of a road to help the mines get started.

THE MARIAN RIVER HIGHWAY

Ambitious as this title may sound, mining development in the area can very readily lead to the building of such a road. As will be described later, Northland and Rayrock have already built a dock and warehouse at the head of navigation on Marian Lake, and Northland has constructed 9 miles of summer road to the mine property on Chico Lake. Last winter Rayrock built and used a winter road extending from Marian Lake 35 road miles north to the mine at Marian River. Rayrock is now planning an all-weather road to replace this winter road for use during the 1956 season. Similar development

Mr. Gordon Robertson -- August 31, 1955

by the properties north of Rayrock would very soon develop into 130 miles of road, a good piece of the distance to Great Bear Lake. A map drawn by Norman W. Byrne, Consulting Engineer, of Yellowknife, accompanying this report, shows the possible route of such a highway linking Great Slave and Great Bear Lakes. As shown, the road would follow the Marian River for some 35 miles, then swing to the west to follow the sand plains northwards. At the south end of the route, with the dock facilities provided by Northland and Rayrock, the road links by barge with the Hay River terminus of the McKenzie highway and in winter by tractor train. In this way, a continuous route through to Bear Lake is readily feasible. Transport and travel in the area other than for mining purposes would be immeasurably advanced. Such a road must also have a definite defense value. Consideration of the far-reaching possibilities involved are beyond the scope of this brief; however, we do understand that preliminary consideration has been given to such a road to be classed probably as a resources road under the Dept. of Northern Affairs & Natural Resources.

Returning to the needs of the respective mines, it is strongly felt that any work now in progress or contemplated should be co-ordinated into planning for the district as a whole. When such roadwork undertaken by individual mines is incorporated into a resources road serving the whole area then, it is submitted that, the mine should be reimbursed for the full amount of its expenditures on that part so incorporated. It is requested that roads not so incorporated be classed as access roads and that the mines be

Mr. Gordon Robertson -- August 31, 1955

reimbursed to the extent of 50% of their cost. Before considering specific requests, pertinent information on the two companies concerned is herewith submitted.

CONSOLIDATED NORTHLAND MINES LTD.

At the company's property on Chico Lake a giant quartz stockwork appears on surface and along its boundaries over a length of 3600 feet strong radioactive mineralization is found. Diamond drilling substantiated this and it was decided to sink a vertical shaft to test one ore section that graded .41% U_3O_8 (\$59.45 at \$7.25 per lb.) over 4.4 ft. for a length of at least 250 ft. which would also serve as a base to explore along the giant stockwork. To move in the necessary mining plant and supplies the Company has built a dock at the head of Marian Lake and a 9-mile road to the mine site. While these facilities are in use now, certain improvements are to be carried out and when completed it is expected that the total cost to the company will be above \$25,000.

RAYROCK MINES LTD.

The Company's property is located on Marian River some 25 air miles north of Consolidated Northland's property. Here on high rising ground pitchblende is found in very rich concentration in fracture zones running parallel to the Marian River fault. After completing 16,000 ft. of diamond drilling, an underground programme was started. Plant equipment and supplies were hauled from Yellowknife on a winter road through the Marian River district. The road was built by the Company and it is expected that the Department of Northern Affairs and Natural Resources will share the cost. The ore zones are now being opened from an adit level some 300 ft.

- 6 -

Mr. Gordon Robertson -- August 31, 1955.

beneath the crest of the high ground. Underground work has now outlined a 325 foot length of ore grading between .50% (\$72.50 per ton) and .60% (\$87.00 per ton) across widths of from 6 to 7 ft. and at this writing the drift faces are still in ore. Further ore can be expected from this shoot as well as from the other zones but sufficient is already indicated to undertake preliminary plans for production. Other factors are also entering the picture - initial metallurgical tests indicate that Rayrock ore can be concentrated by simple mechanical methods. In addition, the Atomic Energy Control Board has announced the termination of subsidized prices. This adds up that Marian River ores such as Rayrock are dependent on the basic open price for uranium oxide - fortunately they are of such a grade and can probably be so economically concentrated as to be able to meet the price. The question remains as to what size of milling unit should be built but this must await further developments not only at Rayrock but at other properties who might be able to ship smaller amounts of ore for custom treatment. Present development should answer this question within six months but meanwhile plans for putting the mine into production are underway. Certain equipment and supplies that are not dependent upon any specific capacity are being ordered now. They will be shipped in over the existing road next winter. Final supplies should follow along during the summer in time for the construction season in 1956. Should they not arrive in time, an entire year may be lost and it is to avoid this that assistance in building an all-weather road is sought. It would be sufficient that such a road be made passable to

- 7 -

Mr. Gordon Robertson -- August 31, 1955.

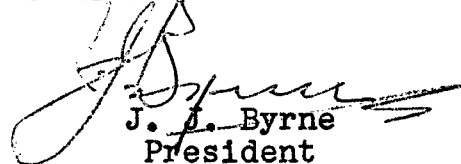
tractor train traffic next summer and Rayrock can undertake to do this. However, it would be a decided advantage to have the route reconnoitred this year so that construction can get underway as early as possible next year. Such a reconnaissance should include a study of any necessary improvement of navigation channels and docks necessary to facilitate barge traffic.

S U M M A R Y

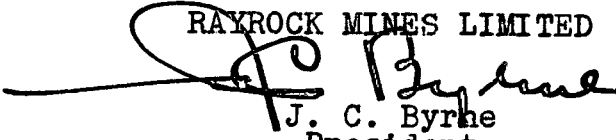
To sum up then, the individual needs of the companies are put forth in the form of specific requests.

- (1) It is requested that Consolidated Northland Mines presently be reimbursed to the amount of 50% of the cost of docks and roads at Marian Lake and that the Company be reimbursed for the remaining 50% for those parts of the road as may be incorporated into a resources route.
- (2) It is requested that Rayrock Mines Limited be similarly reimbursed for an all-weather road to be built to their property on the Marian River. It is also requested that an immediate reconnaissance be made of the propped route for such a road.

CONSOLIDATED NORTHLAND MINES LIMITED


J. J. Byrne
President

RAYROCK MINES LIMITED


J. C. Byrne
President

000879

HEAD OFFICE
Suite 509
25 Adelaide St., W.
Toronto 1, Canada

RAYROCK MINES LIMITED

TELEPHONE EMPIRE 4-5586

Deputy Minister's Records
File No. 4017-18
Indexed by: [Signature]

August 9, 1955.

Mr. F. J. G. Cunningham,
Director,
Department of Northern Affairs &
National Resources,
Ottawa, Ontario.

DEPUTY MINISTER
AUG 10 A.M.
Dept. of Northern Affairs
& National Resources.

Dear Mr. Cunningham:

Further to my letter of July 29th and to keep the records straight reference expenditures to date and anticipated on our Marian River property.

My letter of July 29th mentioned expenditure of \$200,000. up to the date of the letter. This does not take into account the cost of our mining plant, underground mechanical equipment, and heavy surface equipment such as tractor, truck, etc. We can, therefore, add a minimum of \$100,000.00 to cover cost and installation charges of the mining plant and heavy equipment. The figure of \$300,000.00 mentioned as an additional expenditure can be increased to at least \$500,000.00 to cover cost of additional equipment, camp and plant buildings. In other words, the \$300,000.00 figure mentioned in my letter of July 29th would cover only labour and supplies.

Yours very truly,

RAYROCK MINES LIMITED

J. C. Byrne
President

JCB:IM

CC: Mr. N. W. Byrne,
Consulting Mining Engineer,
Rayrock Mines Limited,
Yellowknife, N. W. T.

Mr. Robertson,
Commissioner,
Department of Northern Affairs & National Resources,
Ottawa, Ontario.

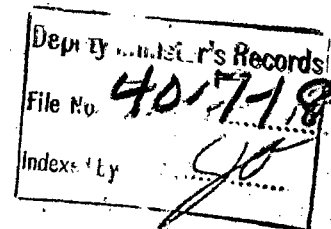
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copy sent A/Director, Northern Admin.

CHH/MIN

file

Ottawa, 5 August, 1955.

J. J. Deutsch, Esq.,
Secretary to the Treasury Board,
Ottawa, Ontario.



Dear Mr. Deutsch,

I have your letter of July 26th and fortunately I am in possession of the information which the Treasury Board requires. I will deal with the questions in the order in which you set them out in your letter concerning Rayrock Mines Limited.

- (1) Whether this Company will, in fact, go into production.

Mr. J. C. Byrne, the President of the Company, informed me in a letter dated July 29th that the Company hoped to go into production and that the underground programme now under way will answer the question. It will take another year and an expenditure of at least an additional \$300,000 to get adequate information. The Company has already expended \$200,000 on its present programme. The work completed to date on the Company's property comprises 16,000 feet of surface diamond drilling, and 17,000 feet of drifting, crosscutting and raising at 300 foot vertical depth. Plans are now going forward to erect a large set of mining buildings, to complete at least three times as much additional drifting, crosscutting and raising at the present adit horizon, to undertake shaft sinking, etc.

- (2) Whether the Company has a contract for the sale of uranium.

This can only be secured if the Company has blocked out an adequate supply of proven ore. That is the object of the present programme.

- 2 -

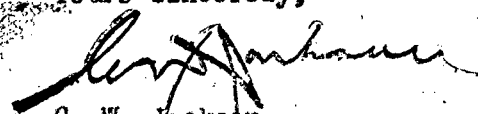
- (3) What evidence there is that the road will be used.

The evidence that the road will be used is provided by the development programme which the company has ahead of it and which, as indicated in the reply to question (1) above, involves an additional expenditure of at least \$300,000. It is to make this further exploration programme possible that the expenditure on the winter road is required. The road will be several miles in length but will cost only \$12,000 or less. The cost will, therefore, be in the order of \$1,000 a mile. A permanent road, which will be required if a producing mine is developed, is likely to cost something of the order of \$25,000 a mile.

I might point out that it has not been the policy of the Government in the past to refuse assistance for the development of a promising prospect merely because there was no positive assurance that a mine would come into production. ~~You will recall that~~ In 1952 the Government contributed \$25,000 as being half of the estimated cost of a road from the Mackenzie Highway to Pine Point, the purpose of this road being to permit the company to bring in the equipment necessary for underground exploration. No assurance was given that a mine would eventually be brought into production and, as you know, there are as yet no plans for production at Pine Point. Another case where the Federal Government has assisted in the construction of a road when production was not assured was the 50% contribution to the 8½ mile road up Keno Hill. Only the first two miles of this road were required to serve a mine which was coming into production and the remaining 6½ miles were to assist the further exploration of promising prospects. This policy of being prepared to give financial assistance to a promising prospect is in accordance with the report on the Northwest Territories by the Interdepartmental Committee on Territorial Financial Problems. This report describes resource roads as those being essential to the effective exploitation of some natural resource and recommends that the capital and maintenance costs of such roads should be borne by the federal government or divided between the federal government and any interested private company. The exploration of a promising prospect is certainly an essential step to the effective exploitation of any natural resource.

You will recall that during the last session of Parliament strong pleas were made, both in the House and in the Special Committee on Estimates, for a vigorous and adequate programme of road construction in the Mackenzie District of the Northwest Territories.

Yours sincerely,


C. W. Jackson,
Acting Deputy Minister.

000882

FF/MF-H

351-2-31

COPY FOR THE A/DEPUTY MINISTER

Draft Copy
attached
Ottawa, 5 August, 1955.

J.J. Deutsch, Esq.,
Secretary to the Treasury Board,
O t t a w a.

Dear Mr. Deutsch:

I have your letter of July 26th and fortunately I am in possession of the information which the Treasury Board requires. I will deal with the questions in the order in which you set them out in your letter concerning Rayrock Mines Limited.

- (1) Whether this Company will, in fact, go into production.

Mr. J.C. Byrne, the President of the Company, informed me in a letter dated July 29th that the Company hoped to go into production and that the underground programme now under way will answer the question. It will take another year and an expenditure of at least an additional \$300,000 to get adequate information. The Company has already expended \$200,000 on its present programme. The work completed to date on the Company's property comprises 16,000 feet of surface diamond drilling, and 17,000 feet of drifting, cross-cutting and raising at 300 foot vertical depth. ~~Some plant and camp buildings have been erected and a complete mining plant installed.~~

- (2) Whether the Company has a contract for the sale of uranium.

(OK)
This can only be secured if the Company has blocked out an adequate supply of proven ore. That is the object of the present programme.

- (3) What evidence there is that the road will be used.

~~The evidence that the road will be used is revealed in the programme which the company has carried out to date and which~~

-2-

programme will be continued over the next year. The next twelve months will reveal whether there is sufficient proven ore for a reasonably large mining operation and if that develops the Company will, no doubt, ask the government for assistance in the construction of a permanent road. The present request, of course, is for a winter road only for exploration purposes.

I think the term "development road" might well be used to describe the type of road which the Company intends to build and for which they ask financial assistance. The road will be several miles in length, but will only cost \$12,000 or less. The cost will, therefore, be in the order of \$1,000 a mile. A permanent road, which would be required if a producing mine is developed, would cost something of the order of \$25,000 a mile. From this you will see that the Company's present request for assistance is most reasonable.

You will recall the remarks that were made by a number of Members of Parliament during the last session of the House about the necessity for a vigorous and adequate programme of road construction in the Mackenzie District of the Northwest Territories.

Yours sincerely,

C. W. Jackson,
Acting Deputy Minister.

APPROVED

B. G. Sivert
A/ Director, Northern Administration and Lands Branch.

DEPUTY MINISTER
Dept. of Northern Affairs
& National Resources.

40-748
71

July 29, 1955.

[Handwritten signature and initials]
noted 90 8/1

Mr. F. J. G. Cunningham,
Director,
Department of Northern Affairs & National Resources,
Ottawa, Ontario.

Dear Mr. Cunningham:

This will confirm a telephone conversation with Mr. Ken Christie of the Lands Division. Mr. Christie mentioned that there were two questions which had come up in connection with a grant of 50% of the cost of constructing a rough winter road into the Rayrock property in the Marian River uranium area.

1. Will they go into production?

Replying to this question, certainly we hope to and the underground program now under way will answer the question. It will take us another year and the expenditure of at least another \$300,000.00 in addition to the \$200,000.00 that we have already expended. Summarizing, work completed to date at the Marian River property comprises 16,000 ft. of surface diamond drilling, 17,000 ft. of drifting, crosscutting and raising at 300 ft. vertical depth below surface, erection of some plant and camp buildings, and installation of a complete mining plant. Plans are now going forward to erect a large set of mine buildings, to complete at least three times as much additional drifting, crosscutting and raising at the present adit horizon, do shaft sinking, etc.

Attached herewith is a copy of a Progress Report just issued covering the work completed at the property, the Company's financial position, and so on.

2. Have they a contract?

This question is naturally dependent on No. 1. To secure a contract, the Company must block out a good supply of proven ore, all of which we expect to do within the next twelve months.

You can appreciate that the winter road constructed during the past winter was a very rough one, only sufficient to get the tractor trains through to the property. This winter road will require a great deal of improvement. Should our program in the next twelve months result in blocking out a sufficient proven ore, the Company will definitely be applying for a permanent road to be constructed from Marian Lake to the property. In this connection, Consolidated Northland Mines Limited are now building a rough summer road from the northwest corner of Marian Lake to their Chico Lake uranium property. This road will be nine miles

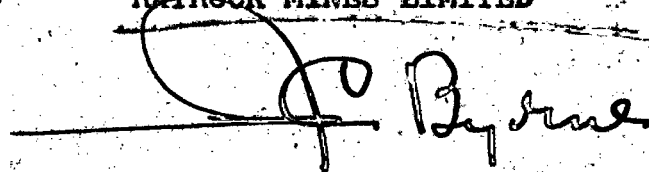
M F. J. G. Cunningham -- July 29, 1955.

in length. Undoubtedly you will be hearing from Consolidated Northland in this regard.

We might also say that Rayrock and Consolidated Northland jointly have completed construction of a dock site at Marian Lake and a warehouse. A much more substantial dock will be required if these properties go into production, so that we would be interested in assistance in the construction of dock, roads, and possibly an air strip. Should a suitable location be found for an air strip, we appreciate that we would work through the Department of Transport in this connection.

Yours very truly,

RAYROCK MINES LIMITED



J. C. Byrne
President

JCB:IM
Enc.

CC:

Mr. N. W. Byrne,
Consulting Engineer,
Rayrock Mines Limited,
Yellowknife, N. W. T.

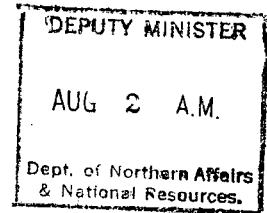
✓ Mr. Robertson,
Commissioner,
Department of Northern Affairs & National Resources,
Ottawa, Ontario.

MINE OFFICE
YELLOWKNIFE
N. W. T.

HEAD OFFICE
SUITE 509
25 ADELAIDE ST. W.
TORONTO 1, CANADA

RAYROCK MINES LIMITED

TELEPHONE EMPIRE 4-5588



Progress Report

TO THE SHAREHOLDERS:

Mining operations at the Marian River uranium property got underway April 1st. Underground work completed so far includes the driving of an adit crosscut for 890 feet, a ventilation raise 280 feet to surface, lateral development of a continuous length of 250 feet of high-grade uranium ore in the main number 6 zone with drifting continuing in ore, plus the intersection of high-grade ore in number 1 zone. This work is confirming both grade and widths indicated by surface diamond drilling; in fact, grade to date exceeds the drill-indicated figure.

Pitchblende mineralization was first intersected in zone 6 by the adit crosscut at a distance of 835 feet from the portal, 225 feet vertically below surface. For the following 33 feet, this crosscut exposed several rich lenses and veins of pitchblende. Drifting was then started both north and south on the strongest section which lies close to the footwall of the zone 6 quartz stockwork. To the south a continuous length of 167 feet of vein zone has been drifted with the present drift face in high-grade ore. To the north a continuous length of 83 feet has been opened, at which point, the vein swings sharply into the granite in the west drift wall. Extension has been picked up in a stub crosscut and drifting will continue. A surface drill hole 120 feet north obtained a similar intersection at the adit level on strike assaying .75 percent over a width of 6.5 feet.

Assay results have been received for a length of 224 feet in number 6 zone. Grade computed from channel sampling is .68 percent uranium oxide \$98.30 per ton uncut and .54 percent \$78.30 per ton cut over a width of 6.5 feet. These grade figures include a dilution factor of 30 percent applied due to the erratic but rich distribution of pitchblende. Lenses of intensely red altered ore, liberally laced with pitchblende, appear to terminate sharply and then blossom out again just as quickly and all are connected by strong fracturing. If the same continuity is established vertically as in lateral work to date, then grade figures for the section drifted can be considered minimum. Raises in ore are just getting underway with results very satisfactory. Crosscuts completed from the footwall drift have not shown a repetition of the ore width intersected in the adit crosscut. Company engineers, however, are of the opinion that this condition could be repeated both laterally and vertically.

The number 1 zone is a strong shear or fault zone in the hybrid granite dipping at 70 degrees towards the zone 6 quartz stockwork structure. Limited underground investigation reveals conditions similar to the surface occurrence, shoots of ore occurring at points of flexure or bending in a shear system. Where intersected 300 feet vertically below surface, a length of 25 feet has been exposed averaging .64 percent uranium oxide \$92.80 per ton over a width of 4.7 feet. Drifting is proceeding south and fifty feet beyond has intersected a second very rich section with first samples returning a grade of 2.51 percent over 3 feet.

Drifting will be continued along the numbers 6 and 1 zones for additional lengths up to 800 and 400 feet respectively. A number of raises are planned for both zones and eventually sections of driftback will be taken down in the course of detailed sampling. A program of short hole flat diamond drilling from underground is being laid out which will be followed by drilling to greater depths. Diamond drilling will be on a one-shift basis starting about October. It should be mentioned that the best grade intersections from surface drilling were cut below the adit level.

The Company is in a strong financial position. Cash on hand amounts to \$2,375,000. Listed Securities have a market value of \$686,700 against a book value of \$119,400. Unlisted holdings have a current market value of \$230,000 and a book value of \$111,000. Equipment and buildings owned by the Company are valued at \$125,000. Capitalization is 4,000,000 shares with 3,708,765 shares issued. There are 200,000 shares under option at \$3.50 and \$4.00 per share.

Following are the principal shareholdings of Rayrock Mines:

LISTED:	Mining Shares
Consolidated Discovery Yellowknife Mines Ltd.	45,000
Radiore Uranium Mines Ltd.	129,600
Consolidated Northland Mines Ltd.	95,000
New Athona Mines Ltd.	40,430
Ponder Oils Limited	8,500
UNLISTED:	
Tarbell Mines Ltd.	501,250
Ormsby Mines Ltd.	56,833
Plateau Petroleums Ltd.	158,750
Glenrock Gold Mines Ltd.	24,000
Brikon Exploration Ltd.	2,000
Cameron Drilling Ltd. Preferred	50
Common	250

Small interests are also held in ten producing oil wells located in Alberta. Annual net income from oil and dividends is approximately \$20,000.

J. C. BYRNE,

Toronto, Ontario,
July 27, 1955.

President and General Manager.

000887

Department of Northern Affairs and National Resources

OFFICE OF THE DEPUTY MINISTER

DATE

July 27, 1955.

TO:

MR. CUNNINGHAM

FOR ACTION:

FOR DIRECT REPLY:

FOR PREPARATION OF REPLY:

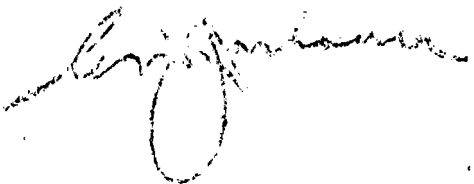
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FOR COMMENT:

FOR APPROVAL:

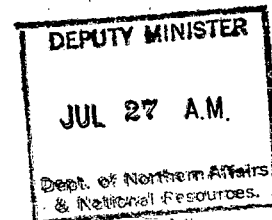
TO NOTE AND FILE: ☐ AND RETURN: ☐

FOR DISCUSSION WITH UNDERSIGNED:



000888

2 copies sent to Mr. Cunningham



T.B. 489238

OTTAWA, July 26, 1955

H. G. Robertson, Esquire,
Deputy Minister,
Department of Northern Affairs and
National Resources,
O t t a w a.

Dear Mr. Robertson:-

The Board have had under consideration your Minister's request for authority to enter into an agreement with Rayrock Mines Limited, under the terms of which the Crown would contribute fifty per cent of the cost, or \$6,000, whichever is the lesser, of constructing a winter truck and tractor road from Marian Lake to the general area north of Fort Rae in the Mackenzie District of the Northwest Territories where discovery of radio-active ores has been made.

The Board, before taking any decision in this case, wished to know (1) whether this Company will, in fact, go into production, (2) whether it has a contract for the sale of uranium, and (3) what evidence there is that the road will be used. I should appreciate receiving for the Board your comments.

Yours very truly,

D. Mulatto
Secretary.

Copy for Deputy Minister's file

FF/FH

File 351-2-31

*File
JH*

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File	4017-18
Index	

Ottawa, July 22, 1955.

Mr. John Parker,
Barrister and Solicitor,
P.O. Box 127,
Yellowknife, N.W.T.

Dear Mr. Parker:

Your letter of July 13 regarding a road to the Marian River mining area has been received and, in the absence of Mr. Robertson, I am replying.

We are watching developments in the Marian River area closely. Last year Rayrock Mines Limited, on behalf of itself and other mining companies interested in the area, requested some assistance from the Department for the construction of a winter road to facilitate the transportation of heavy equipment to the property so that under-ground exploration could be undertaken. At that time, of course, consideration was given as to the classification of the road and what responsibility rested with the Federal Government. It was decided that as the road could be classed entirely as a resources road, the responsibility for any financial contribution rested with the Government of Canada rather than the Territorial administration.

I may say that the proposed winter road has been completed and the mining company has submitted its accounts for payment in accordance with the terms of the agreement arrived at.

The very satisfactory results of the exploration work undertaken by Rayrock Mines will, no doubt, lead to consideration being given to improved transportation routes and, no doubt, we will receive a request shortly from the mining companies concerned. In fact, the member of Parliament for the Mackenzie District, has already spoken to the Minister on the matter.

It is fortunate, of course, that the Marian River area lies so close to the Snare River power plant. The experience of the Discovery Mine has been that the greater portion of the freight to a producing mine is petroleum products for heating and power purposes.

- 2 -

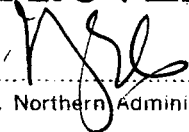
It is also rather fortunate that the Marian River area lies reasonably close to navigable water at Rao because, no doubt, the freight for any producing mine or mines in the area will come by that route and go overland from Rao to the mines. This would appear a more practical and economical route than shipment to Yellowknife and the transportation of freight overland from there to the Marian River area. However, a decision as to the route of any proposed road will remain until, firstly, a request for the road has been received from the mining companies concerned, and secondly, a proper engineering reconnaissance has been carried out by engineers of this Department. The results of the exploration programmes of the mining companies which are under way this year will, it is expected, be available later in the year and may at that time give us some indication of whether there will be one or more producing mines in that area.

Yours sincerely,



C. W. Jackson,
Acting Deputy Minister.

APPROVED



.....
Director, Northern Administration and Lands Branch.

Department of Northern Affairs and National Resources

OFFICE OF THE DEPUTY MINISTER

DATE
15 July 55

TO:

MR. CUNNINGHAM

FOR ACTION:

FOR DIRECT REPLY:

FOR PREPARATION OF REPLY:

XXX

FOR COMMENT:

FOR APPROVAL:

TO NOTE AND FILE: ☐ AND RETURN: ☐

FOR DISCUSSION WITH UNDERSIGNED:

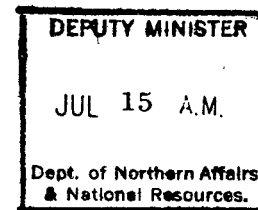
I mentioned this to the Minister this morning. He feels this a resource road and therefore a federal responsibility. If a request is received from the Company for a permanent road perhaps we could find funds to have the survey made ourselves this fall.

13.7.3 Aug.

000892

John Parker

Parker and Parker
Barristers and Solicitors

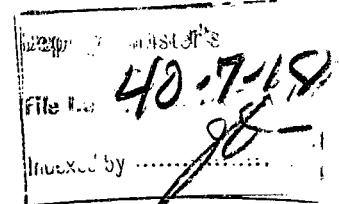


Member
Ontario Bar
Northwest Territories Bar
Yukon Bar

P.O. Box 127

Yellowknife,
Northwest Territories,
Canada

July 13, 1955.



Commissioner of the Northwest Territories,
OTTAWA, Ontario.

Dear Mr. Robertson:-

You will be aware that there is a great deal of activity in the Marian River area. It seem likely that some commercial production will result.

The cost of prospecting, development and production is greatly increased when transportation must be by air. A road from Yellowknife to the Marian River country would be very beneficial.

I do not think it is necessary for me to set out in detail all of the advantages that would result from the building of a road. Nor do I think I need enumerate the reasons why Yellowknife will continue to be the chief source of supplies and services for Marian River for many years to come.

It seems to me that the matter is essentially one of cost.

I spoke to John Anderson-Thomson this morning regarding a preliminary reconnaissance to determine a possible route for the road and also to ascertain the probable cost of building the road. He would be willing to undertake the job for approximately \$3,000 and believes that it could be done about November this year..

I do not know whether you know Anderson-Thomson but he is well known to many of your officials and would be an excellent man to undertake the job.

Do you think it would be possible to include an item of say \$3,000 in the supplementary estimates for the above purposes.

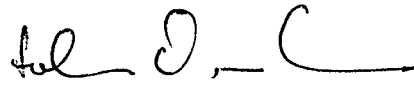
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- 2 -

Before there can be any intelligent discussion of the project we must know whether it is feasible and what the cost will probably be. There are I think good reasons why the Federal Government should pay the cost of building the road but it would be desirable to give the Federal authorities something definite to work with before raising that issue.

With best regards,

Yours sincerely,

A handwritten signature in dark ink, appearing to read 'John Parker', with a stylized flourish at the end.

John Parker

JP:gt

5446155

File
H

Deputy Minister's Records	
File	40-7-18
Indexed by	gc

PRECIS FOR THE CLERK OF THE PRIVY COUNCIL

Recommending that Her Majesty be authorized to enter into an agreement with Rayrock Mines Limited in regard to construction of a winter truck and tractor road in the Northwest Territories.

T.B. 489238
P.C. 1955-29/1342
of Sept. 9/55

6 July, 1955.

TO HIS EXCELLENCY

THE GOVERNOR GENERAL IN COUNCIL

The undersigned has the honour to report:

THAT there has been a discovery of radio active ores in the Marian River area north of Rae in the Mackenzie District of the Northwest Territories;

THAT there is a possible transportation route from Yellowknife to Marian Lake by following the surface of Great Slave Lake and connecting waterways;

THAT it has been found necessary to construct a winter truck and tractor road from Marian Lake to the general area where the mineral discoveries have been made in order to permit the transportation of mining equipment which will be used in exploration and development of the properties;

THAT the Rayrock Mines Limited have offered, on behalf of all other mining interests in the area, to construct such a road at a cost which is estimated at approximately \$12,000;

THAT the said winter truck and tractor road has definite resource development aspects as it would permit the development and exploration of radio active ores; and

THAT in these circumstances it would be justifiable for the federal government to bear one-half of the cost of constructing such a road;

The undersigned, therefore, has the honour to recommend that he be authorized to enter into an agreement with Rayrock Mines Limited substantially in the form hereto annexed to provide for a federal contribution of 50% of the cost of the road, or \$6,000,

Sent to Council July 14

- 2 -

whichever is the lesser, the funds required therefor to be chargeable to Vote Number 315 of the Appropriation for 1955-56 of the Northern Administration and Lands Branch of the Department of Northern Affairs and National Resources for the operation and maintenance of the Northwest Territories, including Wood Buffalo Park and Eskimo affairs, and on the understanding that the cost of maintaining the road would be borne by the mining companies concerned.

Respectfully submitted,

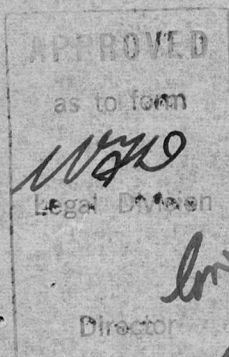
JEAN LESAGE

Minister of Northern Affairs and
National Resources.

Funds are available subject to
Treasury Board approval of
transfer between allotments.

Original Signed by
W. McCARTHY

.....
for Chief Treasury Officer.



MEMORANDUM OF AGREEMENT entered into this

day of , 1955,

BETWEEN:

HER MAJESTY THE QUEEN (hereinafter called
"Her Majesty"), represented by the Honourable
the Minister of Northern Affairs and National
Resources (hereinafter called "the Minister")

OF THE FIRST PART,

A N D :

RAYROCK MINES LIMITED a body corporate having
its head office at the City of Toronto in the
Province of Ontario (hereinafter called
"the Company")

OF THE SECOND PART.

WHEREAS in the summer season of the year 1954 new
discoveries of radio-active ores were made in an area lying along
the Marian River which is located north of the Settlement of
Fort Rae in the Mackenzie District in the Northwest Territories;

WHEREAS the Company has represented to Her Majesty
that for further development and operation of radio-active ores
in the said Marian River area it is necessary to construct a
winter truck-tractor road from Marian Lake to the mineral claims
which have been located at a distance of approximately thirty
miles;

WHEREAS the Company has represented that the construction
of such a road will also facilitate the various exploration programs
under way to provide access to mineral claims belonging to a number
of other companies and assist in the exploration and development of
the area;

- 3 -

the Road on or before March 31, 1956;

- (c) that where land required for the right-of-way for the Road is not owned by Her Majesty, it will arrange for and carry out all necessary right-of-way surveys to acquire title to such right-of-way and transfer such title to Her Majesty;
- (d) that before entering into any contract for the construction of the Road it will submit the contract to the Minister for approval;
- (e) that it will not rent any equipment owned by it to any contractor engaged on construction of the Road without the prior approval of the Minister;
- (f) that it will maintain adequate records of all expenditures made pursuant to this agreement supported by proper documents and vouchers and will make any or all such records, documents and vouchers available to the Minister for examination upon request and will furnish any or all information required in relation thereto;
- (g) that it will indemnify and save harmless Her Majesty from and against any and all claims of whatsoever nature arising from or out of the said construction;
- (h) that it will at its own expense following completion of the Road carry out reasonable and adequate maintenance thereof until such time as in the opinion of the Minister it ceases to be a road for the exploitation of the mineral resources adjacent to the Road;
- (i) that it will not enter into any contract for the construction of the Road with
 - (i) a corporation unless such corporation was established and operating in Canada prior to the first day of July, 1952; or
 - (ii) any person unless such person was resident

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- 4 -

in Canada prior to the first day of
July, 1952;

- (j) that it will not employ or permit a contractor to employ on the construction of the Road
 - (i) any person who is not a resident of Canada; or
 - (ii) any person who is not a local resident unless insufficient qualified local residents are unobtainable;
- (k) that it will not discriminate against or permit a contractor to discriminate against any person seeking employment on the construction of the Road because of such person's race, religious views or political affiliations;
- (l) that it will ensure that the living conditions of all persons employed on the construction of the Road are as good as may be provided in the circumstances;
- (m) that where necessary it will arrange for proper housing, dining, medical and mail facilities for persons employed on the construction of the Road;
- (n) that it will use only goods and material of Canadian manufacture and production if available and of suitable quality and price;
- (o) that it will ensure that fair wages are paid to all persons employed on the construction of the Road;
- (p) that it will ensure that the hours of work observed in the construction of the Road are those prevailing for similar work undertaken in the district;
- (q) that it will not admit nor permit the admission of any member of the House of Commons or any member of the Council of the Northwest Territories to any share or benefit arising from the construction of the Road; and

- 5 -

(r) that it will submit progress statements of accounts monthly to the Minister.

2. Subject to funds for such purpose being appropriated by Parliament, Her Majesty agrees in respect of that portion of the cost of construction which is made pursuant to this agreement,

(a) to pay upon receipt of progress statements of expenditure Forty-five per cent (45%) of the amounts expended by the Company as evidenced by such statement; and

(b) to pay in addition upon completion of the Road to the satisfaction of the Minister Five per cent (5%) of the amounts expended by the Company as evidenced by the progress statements submitted;

but the total of all payments by Her Majesty will not exceed a sum equal to Fifty per cent (50%) of the cost of construction or the sum of Six thousand dollars (\$6,000.00) whichever sum is the lesser.

3. It is agreed

(a) that the general route of the Road and its final location will be subject to the approval of the Minister;

(b) that the Company may enter into an agreement with a contractor for the construction of the Road or use day labour in the construction of the Road;

(c) that where the Road or any portion thereof is constructed by day labour the cost of such construction may include

(i) the wages and salaries of employees actually engaged in the construction of the Road on the site;

(ii) the cost of material incorporated in the Road including off the site costs of labour and transportation in respect of such material;

(iii) the cost of consumable supplies and materials

. 6

- 6 -

used for constructional operations;

- (iv) the cost of engineering charges and field supervision during construction;
 - (v) the costs of operating construction equipment exclusive of repairs;
 - (vi) the costs of depreciation of equipment owned by the Company at rates agreed upon by the Minister and the Company;
 - (vii) such other necessary expenditures incurred on the actual construction of the Road, but excluding costs incurred in the purchase of tools or construction equipment and general administrative costs off the site;
- (d) that where the Road or any part of the Road is constructed under contract with a third party, the cost of construction will be the contract price plus such expenditures as are with the approval of the Minister made in respect of day labour;
- (e) that the Minister may appoint a representative or representatives to inspect and report on the execution of the work to be performed in accordance with this agreement and the Company will afford such representative or representatives every facility for the purpose and will assist such representative or representatives in the execution of such inspection;
- (f) that the Minister's decision with respect to items to be included as costs of construction is final and binding on both parties;
- (g) that all payments of contributions by Canada under this agreement are hereby excepted from the operation

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- 7 -

of section 5 of the Fair Wages and Hours of
Labour Act.

IN WITNESS WHEREOF the Honourable Jean Lesage,
Minister of Northern Affairs and National Resources, has here-
unto set his hand and seal on behalf of Her Majesty, and
Rayrock Mines Limited has herewith affixed its corporate seal
attested by its proper officers on that behalf.

SIGNED on behalf of Canada by
the Honourable Jean Lesage,
Minister of Northern Affairs
and National Resources in
the presence of

Jean Lesage
Minister of Northern Affairs
and National Resources

RAYROCK MINES LIMITED

APPROVED

as to form

[Signature]
Legal Division

Director

File

H. Herbert



CANADA
DEPARTMENT

ECONOMIC DIVISION

OF
RESOURCES AND DEVELOPMENT

NORTHERN AFFAIRS AND NATIONAL RESOURCES

Mr. Jackson
Mr. Herbert
sa notepaper

ADMINISTRATION BRANCH

9 Mr. Fraser's memo

9 Jan. 13.

Ottawa, February 1, 1955

40-7-18 12/III/55
MR

MEMORANDUM FOR MR. JACKSON

WINTER ROAD FROM MARIAN LAKE TO PROPERTY OF RAYROCK MINES

You asked me for my comments on Mr. Fraser's memorandum of January 13 in which he recommends that we pay 50% of the estimated cost of \$12,000 for this road.

This company, having had satisfactory results from diamond drilling, has reached the stage where it wishes to proceed with underground exploration, and I understand that it has purchased mining machinery from the Negus Mine for that purpose. Officials of the Geological Survey have stated that further exploration in this region "is warranted on geological grounds and should be encouraged".

While it has generally been the policy of the government to confine its assistance to mining roads being built to a proven mine, there have been cases where assistance has been given to a road to a promising area to encourage prospecting and exploration, or where immediate development was not assured. One example of this is the \$2,500 (50% of the cost) which we are giving towards repair work on the Canol road to assist Prospectors Airways in their exploration in the Pelly River region. Another example is the road from Mackenzie Highway to Pine Point. General Young wrote to Mr. Diamond on November 2, 1951 saying "As you know, it is not the policy of the Department to give financial assistance where projects are in the exploratory stage. I gather from your letter that you consider sufficient information has now been obtained to warrant taking steps

I see this is approved
in memo 9 Jan 13
- no funds needed
55-16 - covered
DATE
000905

towards active production. To support our estimates, however, it will be necessary to have firm information on what the development program of your Company is going to be for the coming year". Mr. Diamond replied on November 6 outlining four projects which would be undertaken in 1952, all of them consisting of further exploration and none indicating a decision to bring the mine into production. General Young, however, recommended to the Minister that this could be regarded as satisfactory information on which the government could agree to a 50% contribution to the road. A further case in point is the 50% contribution which the government gave to the $8\frac{1}{2}$ mile road up Keno Hill, when only the first two miles was required to serve a mine which was coming into production and the remaining $6\frac{1}{2}$ were to assist the further exploration of promising prospects.


The report on the Northwest Territories by the Interdepartmental Committee on Territorial Financial Problems describes resource roads as those deemed essential to the effective exploitation of some natural resource and recommends that the capital and maintenance costs of such roads should be borne by the federal government or divided between the federal government and any interested private company.

In view of the fact that this road from Marian River to the Rayrock property comes within the recommendations of the Committee and assistance to it would be supported by precedent, and also in view of the fact that it is the policy of this Department to encourage the economic development of the north, I would recommend that we contribute 50% of the cost of construction of the road, up to a maximum of \$6,000 for the federal contribution.

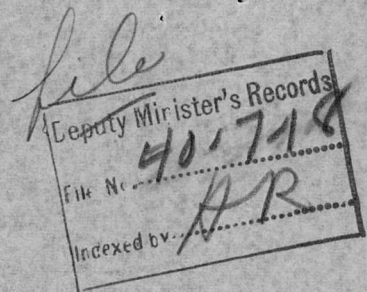
cc: Mr. Lamontagne
Mr. Fraser

PHILIPS

seen


C. H. Herbert,
Chief, ~~Economic Division.~~

CHH:JNH



Ottawa, January 25, 1955.

MEMORANDUM FOR MR. JACKSON

WINTER ROAD FROM MARIAN LAKE TO PROPERTY OF RAYROCK MINES

You asked me for my comments on Mr. Fraser's memorandum of January 13 in which he recommends that we pay 50% of the estimated cost of \$12,000 for this road.

This Company, having had satisfactory results from diamond drilling, has reached the stage where it wishes to proceed with underground exploration, and I understand that it has purchased mining machinery from the Negus Mine for that purpose. Officials of the Geological Survey have stated that further exploration in this region "is warranted on geological grounds and should be encouraged".

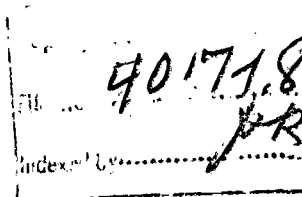
While it has generally been the policy of the government to confine its assistance to mining roads being built to a proven mine, there have been several cases where assistance has been given to a road to a promising area to encourage prospecting and exploration. One example of this is the \$2,500 (50% of the cost) which we are giving towards repair work on the Canol road to assist Prospectors Airways in their exploration in the Pelly River region; another is the \$100,000 (50% of the cost) which we contributed to the road up Keno Hill, the purpose of which was to serve promising rather than proven prospects. The report on the Northwest Territories by the Interdepartmental Committee on Territorial Financial Problems describes resource roads as those deemed essential to the effective exploitation of some natural resource and recommends that the capital and maintenance costs of such roads should be borne by the federal government or divided between the federal government and any interested private company.

In view of the fact that this road from Marian River to the Rayrock property comes within the recommendations of the Committee and also within the terms of established practice, and also in view of the fact that it is the policy of this Department to encourage the economic development of the north, I would recommend that we contribute 50% of the cost of construction of the road, up to a maximum of \$6,000 for the federal contribution.

C. H. HERBERT

C. H. Herbert,
Chief, Economic Division.

351-2-31



Ottawa, January 13, 1955.

MEMORANDUM FOR THE DEPUTY MINISTER

We have received a request from Mr. J.C. Byrne, President and General Manager of Rayrock Mines Limited, for financial assistance in the construction of a winter tractor trail to service their mining property on Maryleer Lake. The proposed trail will provide access to the mining property from Marian Lake and permit the delivery of mining equipment which is required for further development work.

The company has carried out an extensive diamond drilling programme which outlined from 70 to 80,000 tons of 0.5% uranium oxide. They have now reached a stage where they must proceed with an underground exploration programme for which heavy mining machinery and equipment will be required. In order to deliver the machinery a tractor trail must be located and constructed at an estimated cost of \$12,000. The company has asked for a 50% contribution towards the cost.

I have obtained favourable reports on the property from the Department of Mines and Technical Surveys and from our Mining Inspector at Yellowknife. Copies of these reports are attached.

In the past we have made 50% contributions to the cost of roads constructed to several mining properties in the Northwest Territories and the Yukon, including the winter roads from Yellowknife to Discovery and from Rocher River to O'Connor Lake. A new precedent was established recently when the Department agreed to pay 75% of the cost of the Elsa-Keno City road.

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- 2 -

In view of the promising nature of the Rayrock property and the extensive exploration and development work being carried out in the area, I recommend that we agree to make a 50% contribution towards the cost of this winter tractor road. If you agree, I will prepare the necessary request for 1954-55 supplementary estimates in the amount of \$6,000.

F.J.G. Cunningham
F.J.G. Cunningham,
Director.

APPROVED

DEPUTY MINISTER

MR. CUNNINGHAM

The Minister originally was of the view that this should be held up pending a re-examination of our road policy generally. However, as this may take some time yet, he has agreed that we should seek a supplementary estimate of \$6000 as recommended, but in the 1955-56 estimates, not 1954-55.

"R.G.R."

17/3/55

Document disclosed under the Access to Information Act
Document divulgué en vertu de la Loi sur l'accès à l'information

**Department of Northern Affairs and
National Resources**

OFFICE OF THE DEPUTY MINISTER

DATE

January 5, 1955.

TO: LR. CUN INGHAM

DATE OF CORRESPONDENCE: December 31, 1954.

FROM: Mr. A.R. Selby,
Suite 34,
25 Melinda Street,
Toronto, Ont.

File.

40-7-18

J.R.

SUBJECT: Protest against alleged application
by Rayrook Mines Limited for surface rights
on the claims UR 1 to 9, Grant Nos. 73840 to
73848 of Fleetwood Yellowknife Mines Limited.

ACTION: Kindly prepare a reply for the
Minister's signature, and provide your com-
ments, both to reach this office by January
12th.

C.W. Jackson

For-C.W. Jackson,
Assistant Deputy Minister.

**THE ATTACHED CORRESPONDENCE SHOULD BE
RETURNED WITH YOUR REPLY.**

000911

Department of Resources and Development

MINISTER'S OFFICE

DATE

TO: **C. W. JACKSON**

FOR ACTION.

FOR DIRECT REPLY.

FOR DRAFT REPLY.

FOR COMMENT.

TO NOTE AND FILE.

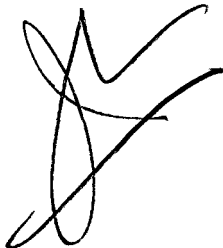
TO NOTE AND RETURN.

FOR DISCUSSION WITH MINISTER.

FOR INFORMATION.

XX

XX



000912

Department of Northern Affairs and National Resources

OFFICE OF THE DEPUTY MINISTER

DATE 15/12/54

TO: MR. CUNNINGHAM

FOR ACTION:

XXXX

FOR DIRECT REPLY:

FOR PREPARATION OF REPLY:

FOR COMMENT:

FOR APPROVAL:

TO NOTE AND FILE: ☐ AND RETURN: ☐

FOR DISCUSSION WITH UNDERSIGNED:

"Do we have a request on which a decision
is now necessary?"

B. J.
R. H. Chilton
H. J. Ian.
H. J. Ian.
H. J. Ian.
H. J. Ian.
000913
1

copy sent Mr. Cunningham 15/12/54



CANADA

DEPUTY MINISTER
OF

MINES AND TECHNICAL SURVEYS

DEPUTY MINISTER

DEC 15 A.M.

Dept. of Northern Affairs
& National Resources.

40-7-18
HR

Ottawa, December 14, 1954.

Dear Mr. Robertson:-

This will acknowledge your letter of December 3 in which you request geological information useful in assessing the value of a winter road to the property of Rayrock Mines, Ltd., Marian River Area, N.W.T.

The geology near the Rayrock property and along the route of the proposed road was mapped by Dr. C.S. Lord during 1938-39, and several radioactive mineral occurrences on or in the vicinity of Rayrock have since been inspected briefly by Dr. A.H. Lang and Dr. Lord. Unfortunately, neither officer has visited the area since the summer of 1953 and, as you are aware, most of the reported encouraging diamond drill intersections of radioactive material at Rayrock were made during 1954. We do not, therefore, have sufficient information to evaluate the reports of recent work at Rayrock, Northland, and other properties. We have, however, no reason to doubt the accuracy of any reports prepared by Mr. N.W. Byrne, consulting mining engineer for the Rayrock company.

The general geology near Rayrock (approx. lat. 63° 27', 116° 32') and along the proposed road is shown on Geological Survey Map 690A, and described in Memoir 325. A complex assemblage of Proterozoic sedimentary and volcanic formations have been invaded by a variety of granitic rocks and cut by a series of strong northeasterly and northerly trending faults. Some of these faults are occupied by quartz stockworks locally known as "giant quartz veins". Pitchblende has been reliably reported to occur at Rayrock and adjacent properties in irregular seams in altered granitic and other rock adjacent to these

R.G. Robertson, Esq.,
Deputy Minister,
Dept. of Northern Affairs & National Resources,
Ottawa, Ontario.

-2-

quartz stockworks and faults. The general geological environment has, therefore, various features in common with the Port Radium area of Great Bear Lake. Although the Rayrock area contains numerous reported radioactive mineral occurrences no property has advanced beyond the initial prospect stage and, although the area warrants further exploration, there is no assurance that this work will result in the discovery of mineable pitchblende orebodies. From past experience, however, we are satisfied that exploration done under the direction of Mr. N.W. Byrne, Rayrock's consultant, will be conducted on a sound engineering basis and will afford accurate well-presented records. It might be worth noting that Rayrock Mines, Consolidated Northland Mines, New Athona Mines, and Goldcrest Mines probably are interconnected through management and finances.

Dr. Lang and Dr. Lord agree that further exploration in the Marian River area by Rayrock or similarly well engineered companies is warranted on geological grounds and should be encouraged.

Yours very truly,

A handwritten signature in dark ink, appearing to read "Marc Boyer". The signature is fluid and cursive, with the first name "Marc" and last name "Boyer" clearly distinguishable.

Marc Boyer,
Deputy Minister.

File: 60

Yellowknife, N.W.T.
December 21st, 1954

MEMORANDUM FOR L.A.C.O. HUNT

Re: Winter Road Marian River Area

Due to mild weather making flying almost impossible, I have not been able to make a ground survey or even an aerial survey of the proposed road from Marian Lake to Sherman Lake. However, I have flown this area numerous times both during the summer and winter months and am quite familiar with the terrain. The southern part of the road consists mostly of muskeg with numerous small outcrops with quite heavy vegetation which would require considerable clearing. The approaches on to and off lakes in this section would be quite flat and would require very little work. From the Emile River north, the terrain is much more rugged and the selection of the road would be a little more difficult. Approaches on to and off lakes would be steeper and possibly in some cases require blasting.

The work this year would consist chiefly of selecting a road and clearing this to make it possible for taking in a mining plant to Rayrock and other properties that may have done sufficient exploratory work in the early part of the winter to warrant some underground development.

The following properties are active and will be serviced by such a road:

Rayrock Mines Limited: Rayrock have completed approximately 10,000 feet of diamond drilling and contemplate doing at least another 5,000 feet during the winter. By this drilling they have outlined 70 to 80,000 tons of Uranium ore running approximately .5% U3O8 and have reached a position where it is necessary to do underground exploratory work to check their diamond drill results. They have purchased a mining plant and plan on driving an adit into their No. 6 zone doing approximately 2,000 feet of underground exploratory work. If this exploratory work is favourable and the mine comes into production, then a better type of road would be required to transport the added tonnage.

Consolidated Northland Mines Limited: This company have taken over the new Giauque find and are presently doing a diamond drilling program on the property. They plan on doing between 5,000 and 15,000

- 2 -

feet of diamond drilling during the winter and if the results of this drilling are favourable and warrant further underground development, it is anticipated that a mining plant will be brought into the property during the latter part of the winter. The surface showing is most encouraging and it is expected that good diamond drilling intersections will be obtained.

Goldcrest Mines Limited: This company own the MIK group on Mickey Lake approximately midway between Marian Lake and Sherman Lake along the proposed route. A camp has been set up at Mickey Lake and diamond drilling is expected to be done off the ice during the latter part of the winter.

New Athona Mines Limited: This company are presently dickering for a group of claims in the Marian River area, however information as to what claims are to be taken over is not available at the present time. The writer has been assured that the deal will be finalized shortly and considerable diamond drilling done this winter.

Besides the camps discussed above, there are several groups of claims that have uranium showings on them and possibly will be diamond drilled this season.

The entire route of such a road would be approximately 32 to 35 miles and this year's work as I mentioned in para one would consist of only clearing and would be chiefly a tractor train road, however if results from underground developments and diamond drilling prove satisfactory it would be desirable another year to improve the road to a winter trucking road and considerable more work would be required. I feel that the estimate of \$12,000 is a fair estimate for this year's work and recommend in view of the amount of development work contemplated that the Federal Government pay 50% of the cost. Such a road would encourage other companies to go into the area and do preliminary mining development work.

Enclosed is a map of the Marian River area showing the proposed route and claims staked in the area.

Sgd. S. Homulos,
Mining Inspector.

SH/ct
Encl.
c.c. Chief, Lands Division, Ottawa.

351-1



Ottawa, 3 December, 1954.

Marc Boyer, Esq.,
Deputy Minister,
Department of Mines and Technical Surveys,
Ottawa.

Dear Mr. Boyer:

Mr. J. C. Byrne, President and General Manager, Bayrock Lines Limited, has asked that the Federal Government assist financially in the construction of a rough winter road to their uranium property located in the Marian River area, N.W.T. It would start from the Marian Lake and would have an approximate length of thirty miles. He reports that a diamond drilling programme was initiated on this property some months ago and will be continued. He further advises that there are other promising uranium prospects in the area to be served by the proposed winter road. These are:

1. Associated Lining Company
2. Consolidated Northland Mines
3. New Athona Mines
4. Goldcrest Mines.

It is necessary that we have as much information as possible on the mineral possibilities of the area through which this winter road would pass. It would be appreciated if you would forward any geological information which your Department may have on this area that would be of assistance to us in assessing the value of such a road.

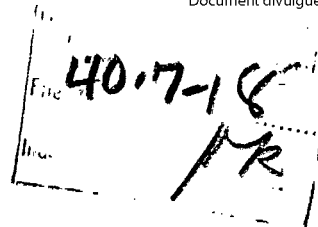
Yours sincerely,

R. G. Robertson,
Deputy Minister.

Approved
Fred Fraser
for Director

000918

C O P Y



Ottawa, 29 November, 1954.

J. C. Byrne, Esq.,
President and General Manager,
Rayrock Mines Limited,
Toronto, Ontario.

Dear Mr. Byrne:

I have your letter of November 22nd. We here in Ottawa have of course heard the good news about the Marian River area, and hope to hear that the preliminary results are confirmed by further drilling and development work.

There will be some delay in considering your request until we have reports from the Mining Inspector at Yellowknife, and from the Geological Branch of the Department of Mines and Technical Surveys. As soon as I have their reports to hand, consideration will be given to a contribution by this Department towards the cost of a road. I may say that our main estimates have been presented to Treasury Board, and are now under consideration there, so that it will be impossible to place any item in the main estimates in the event that a decision is made to grant the assistance which you request. However, at a later date there may be an opportunity to include an item in the supplementary estimates, which are generally considered by Treasury Board in the first weeks of the New Year.

Yours very truly,

F. J. G. Cunningham,
Director.

Copy.

RAYROCK MINES LIMITED.

Toronto, Ontario.
November 22, 1954.

F.J.G. Cunningham, Esq.,
Director,
Department of Northern Affairs and
National Resources,
Ottawa.

Dear Mr. Cunningham:

We herewith make application for assistance in the construction of a rough winter road to our uranium property located in the Marian River area, N.W.T. A diamond drilling programme initiated some months ago, and which will continue for some time yet, has given sufficient positive indications to warrant an underground programme. Our engineers have recommended the driving of an adit 850 feet in length, to provide backs of 200 to 300 feet, plus drifting, raising and diamond drilling from underground. We have a complete mining plant equipment and supplies available at Yellowknife, to be moved into the Marian River area by tractor train as soon as ice conditions permit.

Expenditures on the property to October 31st, including geological mapping, rock trenching, diamond drilling and sampling, approximate \$100,000. Additional expenditures for surface diamond drilling will be in the neighbourhood of \$40,000. The underground programme as outlined above will cost us about \$135,000.

If underground exploration and development confirms results indicated by diamond drilling, then prospects are good for a profitable uranium mining and milling operation.

There are other promising uranium prospects in the area to be served by the same winter road. Associated mining companies, Consolidated Northland Mines, New Athona Mines and Goldcrest Mines, will carry out diamond drilling programmes on at least two properties this winter. The winter road to the Rayrock property would start from Marian Lake and would be approximately thirty miles long. We would ultimately require a good winter road similar to the Consolidated Discovery Mine road at an estimated cost of \$30,000. We do not, however, plan to build such a road this winter.

000920

- 2 -

Estimated cost of a rough access road for tractor operation this winter, including cost of road reconnaissance, would be about \$12,000. We would appreciate a Government assistance in the amount of 50% of this estimate, or up to \$6,000. Should the underground programme be successful, we would then plan on constructing a good winter road the following year.

We realize that we are giving you very little advance notice, and appreciate that your 1955 estimates have already been prepared and the money voted by Parliament. Since the amount of assistance is not a substantial figure, it is our hope that you will be able to provide assistance from funds already voted for a similar purpose. We would respectfully request that your 1956 estimates include an additional \$9,000 as assistance for road improvements and conversion to a gppd winter road to the Rayrock property.

We would appreciate a reply at your earliest convenience.

Yours very truly,

J. C. BYRNE,
President and General Manager,
RAYROCK MINES LIMITED.

c.c. Mr. S. Homulos, Yellowknife,
Mr. N. W. Byrne, Yellowknife.