

BLACKDOME EXPLORATION LTD.904 - 675 WEST HASTINGS STREET, VANCOUVER, B. C. V6B 1N2
TELEPHONE 688-3584**RECEIVED**
AUG 1 0 1984
KERR ADDISON MINES LTD.
PER _____

August 7, 1984

PROGRESS REPORT

Underground exploration is continuing at the Company's gold-silver mine located 40 miles west of Clinton, B.C. in south central British Columbia.

Since the commencement of operations in early June, 780 feet of drifting, 180 feet of raising, 2,300 feet of diamond drilling and 350 feet of surface stripping have been completed. All of this work is concentrated on the south extension of the south mine workings on the No. 1 Vein, shown on the enclosed map and longitudinal section.

The No. 1 Vein is exposed continuously for more than 600 feet in the new drift on the 1960 m level. Included in this are three ore shoots with a total length of 366 feet and an average grade of 1.6 oz/ton gold and 3.6 oz/ton silver with an average true thickness of 5.8 feet. A raise has been advanced up dip from the 1,960 m level on section 12,115 m. Fifteen muck samples from the first 105 feet of this raise average 2.6 oz/ton gold and 5.8 oz/ton silver.

On surface new ore in the No. 1 Vein has been exposed by trenching for a strike length of 350 feet about 180 feet up dip at 55° from the zone recently indicated by drifting on the 1960 m level. Mapping, sampling and further trenching are in progress in this area.

Six surface diamond drill holes have been completed and four returned ore grade intersections in the south mine area. Two of these indicate possibilities for developing ore in the immediate vicinity of the present workings as follows:

Hole #146 intersected two zones on section 11,880 m approximately 165 feet below the 1960 m level. The first zone averaged 1.2 oz/ton gold and 1.2 oz/ton silver over a width of 14.2 feet. This was followed by 17.4 feet of indicated waste then 4.9 feet averaging 1.8 oz/ton gold and 2.7 oz/ton silver.

Hole #149 intersected the No. 2 Vein on section 12,100 m. The intersection is located 90 feet west of the No. 1 Vein at the 1960 m level. It averages 1.3 oz/ton gold and 4.9 oz/ton silver over a width of 7.2 feet.

Approximately 1,500 tons of development muck has been added to the high grade stockpile which now stands at 5,500 tons averaging 1.2 oz/ton gold equivalent.

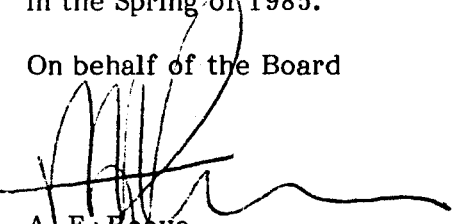
Reserves of high grade ore confirmed by drifting and raising in the south mine are expanding rapidly and new targets for underground work are now available. It appears that the south mine can be developed on at least three levels and that both the No. 1 and No. 2 Veins will make ore in this area.

The work programme planned for 1984 will be completed by the end of August within the budget of \$1,000,000.

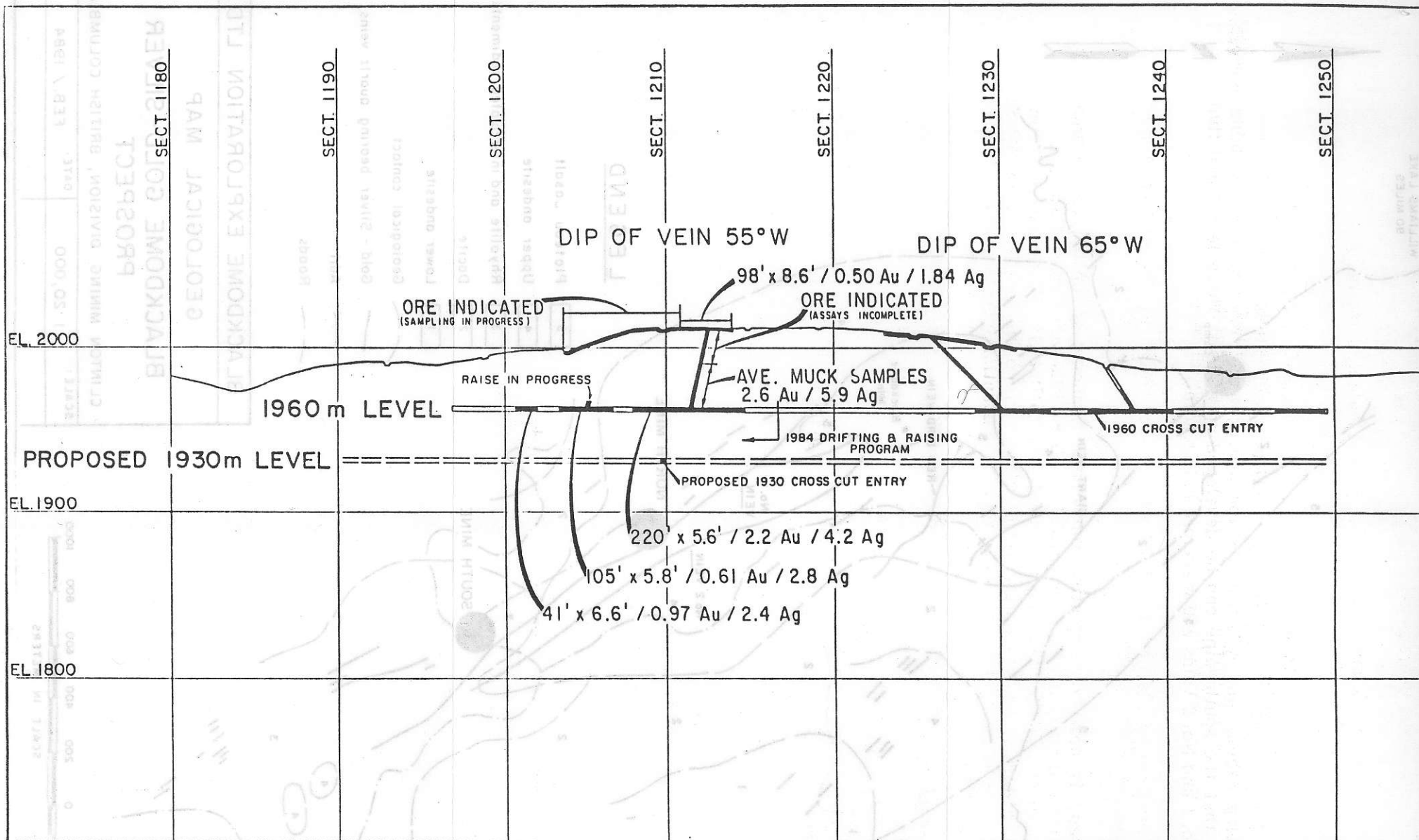
The Company is now contemplating immediate financing to enable continuance of exploration and development work until November. This would consist of;

- (1) a cross cut to the No. 2 Vein in the vicinity of DDH #149
- (2) establishing a new level (1,930m) below the recent discoveries of high grade in the 1,960 m drift and
- (3) upgrading the access road in anticipation of a substantial development programme in the Spring of 1985.

On behalf of the Board



A. F. Reeve
President



NOTE:



HIGHGRADE ORE INDICATED IN DRIFTS, RAISES & TRENCHES.

LENGTHS & TRUE WIDTHS REPORTED IN FEET.

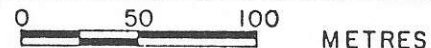
ASSAYS REPORTED IN OUNCES / SHORT TON GOLD & SILVER.

BLACKDOME EXPLORATION LTD.

SOUTH MINE WORKINGS

LONGITUDINAL SECTION DIAGRAM

No. 1 VEIN LOOKING WEST



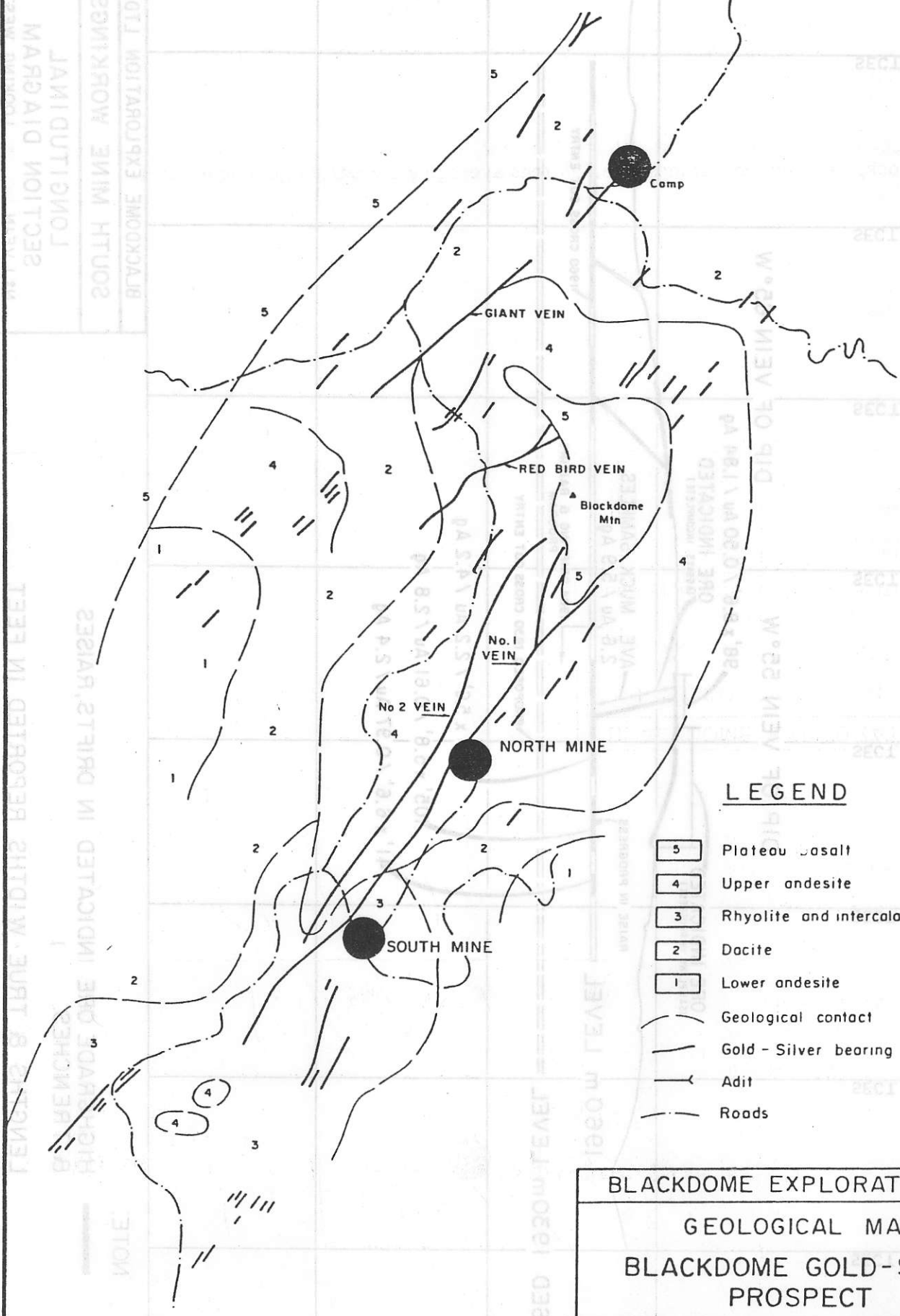
BY: B.R./r.w.r.

AUG. 1984

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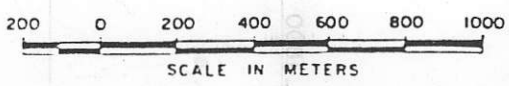
SECTION DIAGRAM
LONGITUDINAL
SOUTH WINE WORKINGS
BLACKDOME EXPLORATION LTD

WILLIAMS LAKE
90 MILES



LEGEND

- 5 Plateau basalt
- 4 Upper andesite
- 3 Rhyolite and intercalated sediments
- 2 Dacite
- 1 Lower andesite
- Geological contact
- Gold - Silver bearing quartz veins
- Adit
- Roads



BLACKDOME EXPLORATION LTD.	
GEOLOGICAL MAP	
BLACKDOME GOLD-SILVER PROSPECT	
GLINTON MINING DIVISION, BRITISH COLUMBIA	
SCALE: 1:20,000	DATE: FEB. / 1984