

93L/12

WM. H. MORRIS OPTION PROPOSAL -

TELKWA PASS CLAIM, SMITHERS AREA

OCTOBER 1982

KERR ADDISON MINES LIMITED

SUITE 703 - 1112 WEST PENDER STREET
VANCOUVER, B.C. V6E 2S1
PHONE 682-7401

FEB 12 1985

Diary

82-93L

Mr. D. A. Lowrie

DL
for
COPY

February 4, 1985

821275

Mr. William H. Morris,
P.O. Box 488,
Smithers, B.C.
VOJ 2N0

Dear Sir:

Re: PASS CLAIM, Telkwa, B.C. 93L-12E

Further to our numerous previous discussions we are writing this letter regarding the Pass property consisting of 48 units in 6 contiguous claims located in the Omineca Mining Division in the Telkwa Pass, B.C.

As regional representatives for Kerr Addison Mines Limited ("Kerr"), we are enthusiastic about the potential of the property and would like to acquire an option to purchase your claims.

However since we have spent two and one half years attempting to ascertain the type of option agreement you would find acceptable we are not prepared to again approach Kerr's management until you indicate in writing what terms you would find acceptable. The terms we are willing to recommend to Kerr's management are:

1. On the signing of a formal agreement, we would pay you the sum of \$5,000., for which you would grant us an option to purchase your claim (the "Purchase Option") for a sum equal to \$1,000,000., less the sum of any previous yearly option payments, exercisable at any time during the subsequent ten years or upon the start of commercial production from your claim, whichever is sooner.
2. To keep the Purchase Option in good standing, we would have to pay you an additional \$7,500. on the first anniversary of the initial payment and \$10,000. on each of the subsequent anniversaries until either the Purchase Option is terminated or exercised.

...2

W.H. Morris

February 4, 1985

3. So long as the Purchase Option is in good standing, we would have the exclusive right to enter upon your claim and carry out whatever work we deemed necessary in order to evaluate the mineral worth of the claim.
4. We would keep the claim in good standing by the filing of assessment work and if the Purchase Option is terminated, the claim would have sufficient assessment work applied to keep it in good standing for at least one year thereafter.
5. If the Purchase Option is terminated, we would transfer to you any and all claims owned by us within a one mile perimeter of the exterior boundary of your claim.
6. On the signing of the agreement, we would like you to transfer the claim to our name. This would be for administrative convenience only and we would be bound by an agreement to re-transfer the claim back to you immediately upon termination of the Purchase Option.

If the above suggestions are acceptable, please so signify by signing the enclosed copy of this letter where indicated and return to us upon which we will then seek the approval of Kerr's management. We respectfully request that you respond within the next three weeks so that we know where we stand, failing which we will consider the matter a dead issue.

Yours very truly,

R. A. Dujardin
Regional Exploration Manager

RAD/lk
c.c. - A.D. Clendenan

The suggested terms area acceptable:

William H. Morris

Date

OCT 22 1982

KERR ADDISON MINES LIMITED

(FOR INTER-OFFICE USE ONLY)

To D.A. Lowrie From R.A. Dujardin

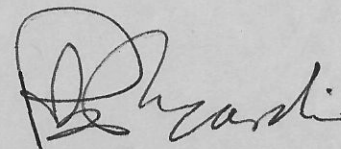
Subject REPORTS ON THE PASS AND LE CLAIMS, TELKWA, B.C. Date October 20, 1982

100
A
W.J.
D.W.
J.B.S.
FILE

Enclosed are reports by A. Clendenan on the above claims and a copy of a proposal sent to W.H. Morris, owner of the Pass Claim.

Field checks on the exact location of the Pass Claim revealed that the high grade "A" trench was open and we staked the ground with the knowledge of Bill Morris. The letter to Morris outlines the basic terms I discussed with you yesterday and we will now have to wait for his response. ✓

Checking of the LE claims revealed some intricacies which we have to resolve before doing anything further.



R.A. Dujardin

c.c. A.D. Clendenan

KERR ADDISON MINES LIMITED

SUITE 703 - 1112 WEST PENDER STREET
VANCOUVER, B.C. V6E 2S1
PHONE 682-7401

REGISTERED MAIL

October 20, 1982

Mr. William H. Morris,
P.O. Box 488,
Smithers, B.C.
VOJ 2N0

Dear Sir:

RE: PASS CLAIM, TELKWA, B.C. 93L - 12E

Further to our previous discussions, we are writing this letter regarding a certain mineral claim of four units known as the Pass Claim, Record Number 772, located in the Omineca Mining Division in Telkwa Pass, B.C.

We would like to acquire an option to purchase your claim and suggest the following points might form the basis of an agreement. If you agree with these suggestions we would then follow-up with a more formal agreement or letter-agreement for your consideration, based on the basic points raised here.

1. On the signing of a formal agreement, we would pay you the sum of \$2,500. for which you would grant us an option to purchase your claim (the "Purchase Option") for the sum of \$75,000., exercisable at any time during the subsequent ten years or upon the start of commercial production from your claim, whichever is sooner.
2. To keep the Purchase Option in good standing, we would have to pay you an additional \$5,000. on the first anniversary of the initial payment and \$7,500. on each of the subsequent anniversaries until either the Purchase Option is terminated or exercised.
3. So long as the Purchase Option is in good standing, we would have the exclusive right to enter upon your claim and carry out whatever work we deemed necessary in order to evaluate the mineral worth of the claim.
4. We would keep the claim in good standing by the filing of assessment work and if the Purchase Option is terminated, the claim would have sufficient assessment work applied to keep it in good standing for at least one year thereafter.

Cont'd.....

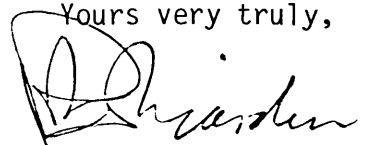
Mr. William H. Morris

October 20, 1982

5. If the Purchase Option is terminated, we would transfer to you any and all claims owned by us within a one mile perimeter of the exterior boundary of your claim, excluding any of our claims acquired from another party.
6. On the signing of the agreement, we would like you to transfer the claim to our name. This would be for administrative convenience only and we would be bound by an agreement to re-transfer the claim back to you immediately upon termination of the Purchase Option.

If the above suggestions are acceptable, please so signify by signing the enclosed copy of this letter where indicated and return to us. We respectfully request that you respond within the next three weeks so that we know where we stand, failing which we will consider the matter a dead issue.

Yours very truly,



R.A. Dujardin.

Encl.
RAD/ck

c.c. D.A. Lowrie ✓

A.D. Clendenan

The suggested terms are acceptable:

William H. Morris

PROPERTY ACQUISITION PROPOSAL

L-E claims Smithers Area, B.C. 93 L 11 E

INTRODUCTION, LOCATION

The L-E group of 6 two post claims was examined on 14 September '82 with W. Tompson who acted as guide. Four additional 2-post claims were staked in late September. The claims are located 15 1/2 km SSW (205°) of Telkwa, on the western side of the Hunter Basin at the head of Cabin (Cabinet) Creek (figure 1, 2). The claims are owned by Mr. Lloyd Gething of the Buckley Valley Colliery and Mr. Emerson Bernt of the Okanagan Valley. Lloyd Gething has full power of attorney to act on Mr. Bernt's behalf with respect to these claims.

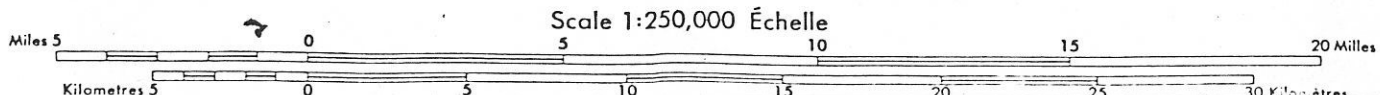
GEOLOGY, MINERALIZATION

The Colorado adit was unsafe to enter on the 14 of September but was surveyed by W. Tompson in early September (see figure 3). W. Tompson's map and brief geology report are in the Vancouver L-E file. The L-E claims cover the Colorado adit and possibly the Tribune, Hunter and maybe Western Group claims, all of 1912-1914 vintage. The 1914 BC MM report indicates that the mineralization on the Colorado is in 12-24 inch silica filled fissure striking N22E and dipping 75° NW and bounded by an acid phase of

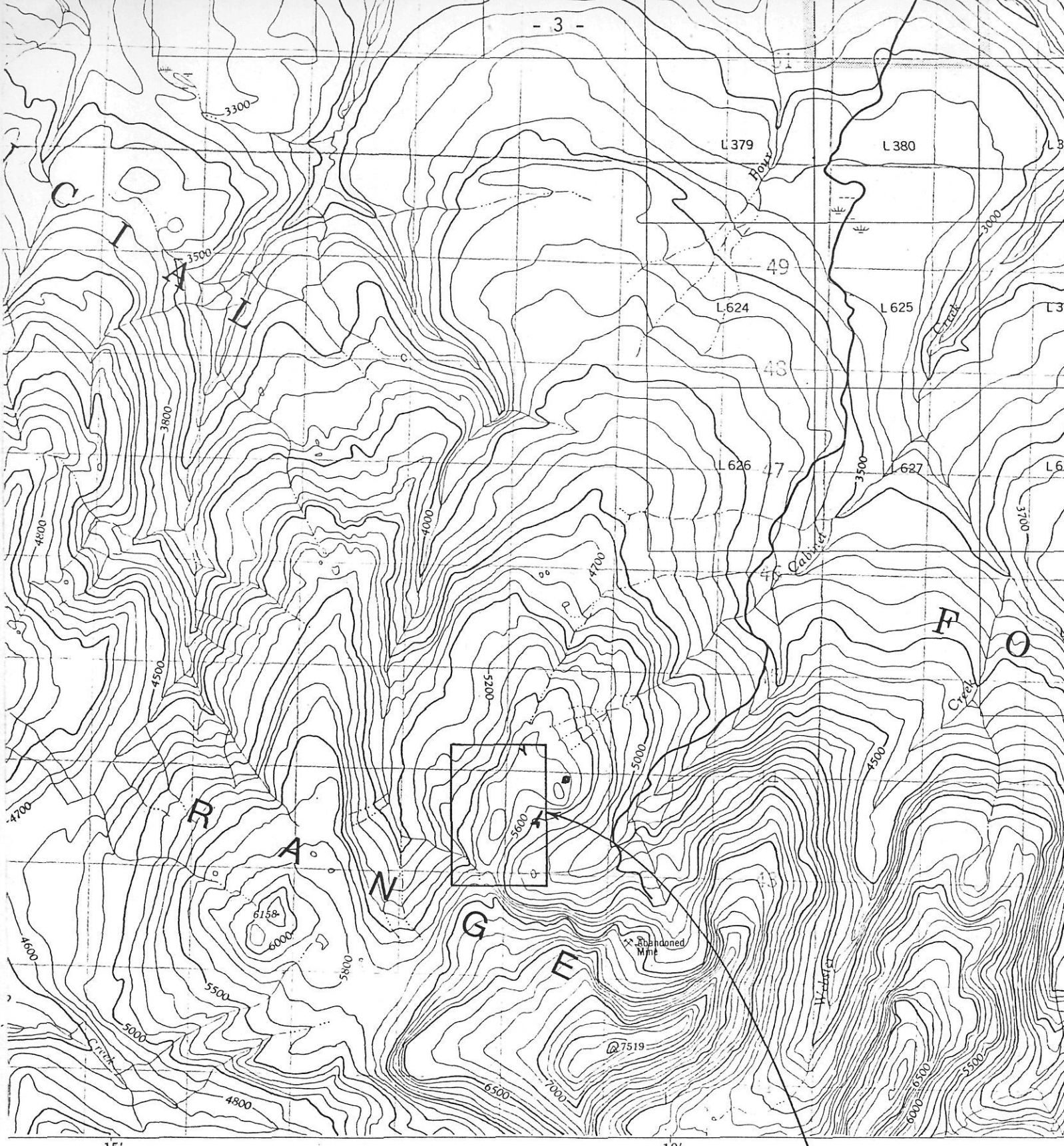


SMITHERS
BRITISH COLUMBIA

L - E CLAIMS
 (from claim map)
SMITHERS
 93 L
 EDITION 3
 Figure 1



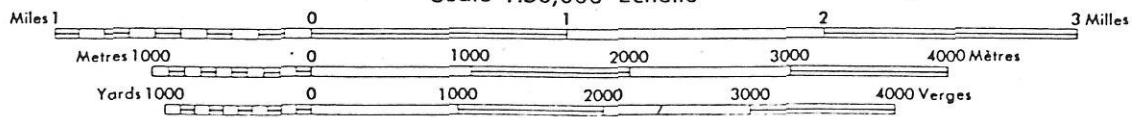
Scale 1:250,000 Échelle



TELKWA
 COAST LAND DISTRICT RANGE 5
 BRITISH COLUMBIA

L - E Claims (from claim map
 93 L 11 E
 figure 2

Scale 1:50,000 Échelle



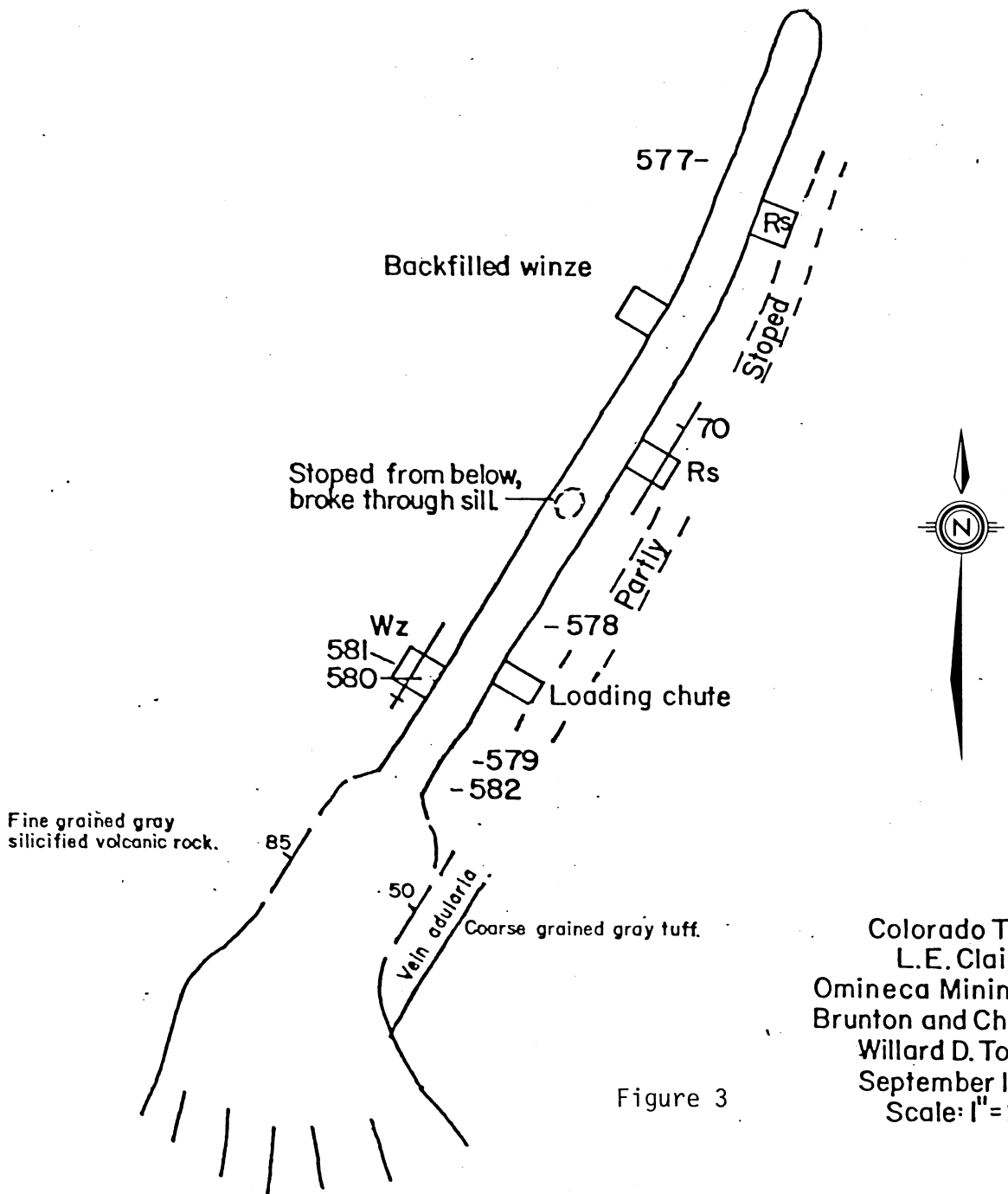


Figure 3

Colorado Tunnel
L.E. Claims
Omineca Mining Division
Brunton and Chain Survey
Willard D. Tompson
September 16, 1982
Scale: 1" = 20 ft.

a felsite dyke bounded by gouge. 1914 Analyses ran up to 298 oz/T Ag and 25% Cu with "run of vein" material from the dump returning 69 oz/T Ag, 6.5% Cu. Dump samples by Clendenan assayed 58 oz/T Ag and 13.90% Cu.

A 20 foot deep shaft was located 2,000 ft NE (045°) of the Colorado adit. The shaft is assumed to be the Tribune property of 1912-1914. A 12-14 inch quartz vein is reported with strikes varying from a N32W dip 70° SW to N70W dip vertical and BCDM analyses up to 29 and 24 oz/T Ag. A sample by Clendenan of malachite stained dump material ran 30.65 oz/T Ag, 2.32 % Cu.

The mineralized structure appears to be associated with adularia (5 feet exposed at the Colorado adit) and it appears possible that the Colorado and Tribune workings which returned very interesting silver values may be on the same structure. This area may represent a epithermal precious metal vent system.

OPTION ARRANGEMENTS

Mr. Lloyd Gething suggested an option agreement whereby all money spent the first year is put into work on the property and there would be no option payments to the vendors until the second year of the agreement.

RECOMMENDATIONS

I recommend that Kerr Addison Mines Ltd. carry out a claim survey using a Brunton and chain and if the ground position appears favourable, negotiate an option with the owners.


A.D. CLENDENAN

7 October 1982

A.D. Clendenan

DL
DMH
Feb

PROPERTY ACQUISITION PROPOSAL

PASS CLAIMS, TELKWA PASS, SMITHERS AREA, B.C.

INTRODUCTION

The Pass claims contain Au, Ag, Pb, Zn, in quartz vein sets in granite. They were brought to our attention by W. Tompson, of Smithers. Wilf Tompson, a consulting geologist had recently examined the claims as a favour to a friend, Bill Morris, who owns the property. Bill Morris acquired the property by staking in 1977 as a favour to a friend who had held the ground for years after acquiring it from Johnny Goodwill, who apparently was the first to stake the ground in 1903. Mr. Morris has paid cash in lieu for the past 6 years to maintain the 4 units, which are now in good standing 'till 13 September 1983.

LOCATION (see figures 1 and 2)

The Pass claims are located in the Telkwa Pass, at an elevation of 4500-5500 feet, south of Top Lake, 41.5 km S.W. (313°) of Smithers, B.C. Top Lake is accessible by 4x4 road along the gas pipeline/power transmission line from Telkwa. There are no roads or known trails from the road to the showings 1.2 km to the south and 1,700 feet higher in elevation. More convenient and expedient access is by helicopter from Smithers (22 minutes), landing right at the showings above tree line (see figure 4 (H)).

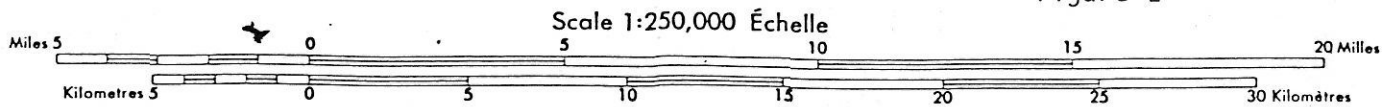


PASS CLAIMS

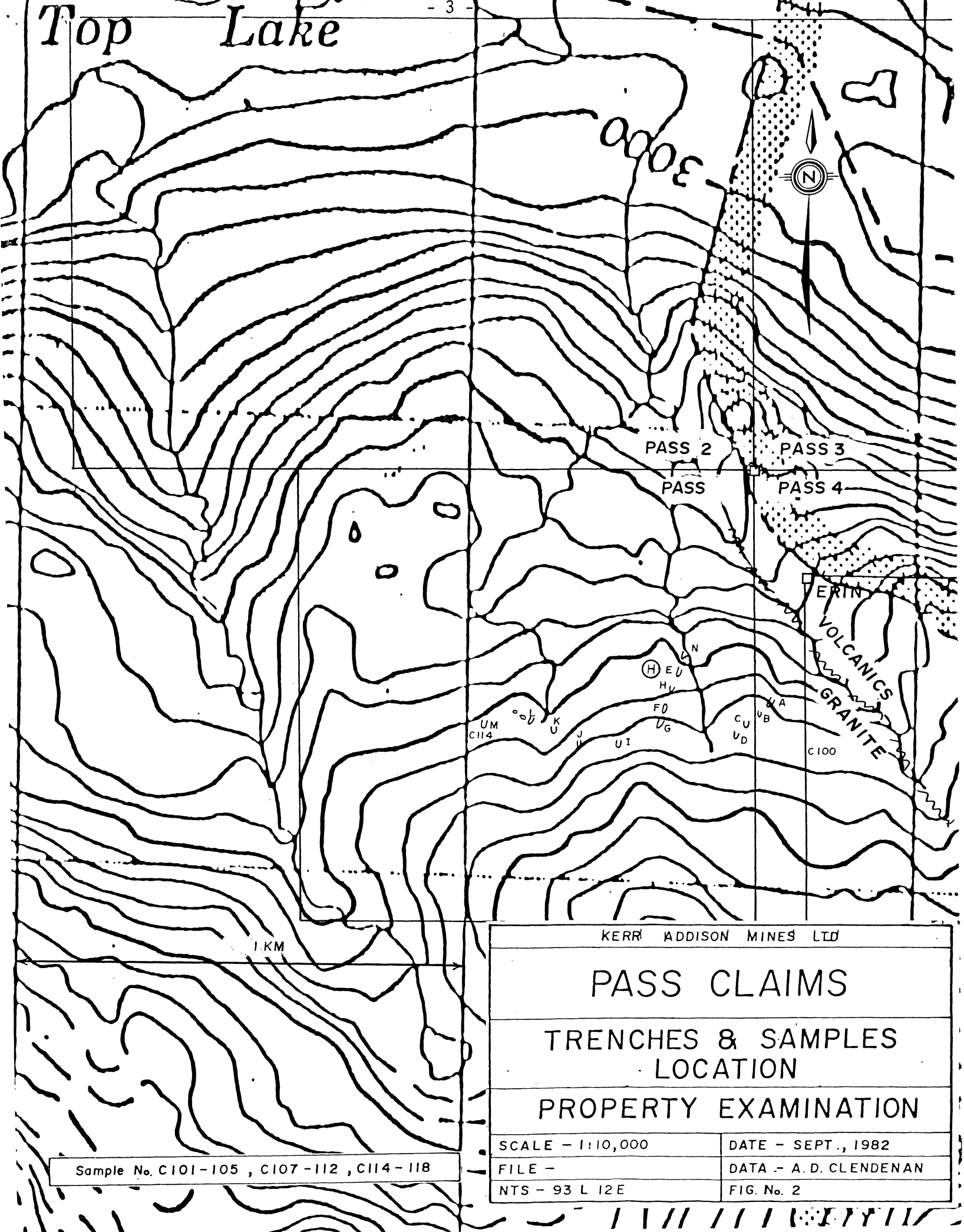
SMITHERS BRITISH COLUMBIA

SMITHERS
93 L
EDITION 3

figure 1



Top Lake



KERR ADDISON MINES LTD

PASS CLAIMS

TRENCHES & SAMPLES
LOCATION

PROPERTY EXAMINATION

SCALE - 1:10,000

DATE - SEPT., 1982

FILE -

DATA - A. D. CLENDENAN

NTS - 93 L 12E

FIG. No. 2

Sample No. C101-105 , C107-112 , C114-118

GENERAL GEOLOGY

The Telkwa Pass area is mapped as Upper Cretaceous and Early Tertiary granite. The granite has intruded Jurassic and (?) Middle Jurassic red, purple, grey and green andesitic to rhyolitic tuffs breccias and flows.

LOCAL GEOLOGY

The property appears to be a set or group of three or possibly more quartz veins up to 9 feet in true thickness that strike N, NE and E and dip W, SE and S respectively. The granite to granodiorite host is moderately to weakly propylitically altered near the veins on the eastern edge (or off the eastern edge) of the property and is very weakly propylitically altered at the western edge of the located quartz veining. The quartz veining appears to extend over an area 2,500 feet east-west by 1,000 feet north-south (see figure 3).

MINERALIZATION

Trench "A" (easternmost) returned assays up to 1.75 oz/T Au, 5.4 oz/T Ag and +23% Pb & Zn over 1 foot. The Kerr Addison weighted average of the exposed 9 foot true thickness of quartz in trench "A" is 0.420 oz/T Au, 1.3 oz/T Ag, 4.52% Pb & Zn. The

Trench "A" Pass Claims 93 L 12 E

Comparison of channel sample results.

Figure 4.

AT&T 1/10/82

Au oz/t wt'd	Ag oz/t wt'd	ft	Tompson/Morris Samples				true width			Clendenan/Kerr Addison Samples				
			Au oz/t	Ag oz/t	width ft	Sample #	width ft	Sample #	width ft	Au oz/t	Ag oz/t	ft	Au oz/t wt'd	Ag oz/t wt'd
			.136	.85	2.5	7930	0	C101	2.5	.062	.52			
							1							
							2							
			.274	1.08	1.0	7940	2.5	C102	1.0	.190	.90			
							3							
							3.5							
							4							
.752	2.39	6.0	.772	1.44	3.0	7950	5	C103	2.5	.460	1.24			
							6							
							6.5	C104	1.0	1.750	5.41			
			.962	4.48	2.0	7960	7							
							8	C105	2.0	.270	.50			
							8.5							
							9							
			<u>.571</u>	<u>1.94</u>	<u>8.5</u>				<u>9.0</u>	<u>.420</u>	<u>1.30</u>			

Bishop Mines sample
5 feet .274 oz/T Au ; 2.20 oz/T. Ag.

Morris/Tompson weighted average for an 8.5 true width in trench "A" is .571 oz/T Au, 1.94 oz/T Ag, and 5.76% Pb & Zn (see figures 2, 3 and 4).

The "A trench zone" 042/35/E may continue for 350 ft to the SW then be moved downhill and rotated to the area of trench "G" for a total strike length of 450 ft. Trench "E" returned assays of .241 oz/T Au, 2.54 oz/T Ag, and 13.46% Pb + Zn over the exposed 5 feet true width. The "E trench zone" 10/60/W is intermittantly exposed for 400 feet to the S, but values are low except in trench "G" which may be a faulted portion of the "A" trench zone. To the west of the "E trench zone" the +1,500 feet of faulted, east striking, south dipping quartz vein (veins) are very weakly mineralized in either Au, Ag, Pb or Zn.

Work on the Zap claim group during 1969 and 1970 by Associated Geological Services in the Top Lake area to the north is reported (D. Arscott) to have located shear zones with specular hematite and chalcopyrite in "M" creek, the eastern most creek on the property. All the 1969 and 1970 work was done below tree line so the reported showing must be downstream of the examined trenches which are above tree line at elevations of 4,500 to 4,900 ft. asl.

OPTION ARRANGEMENTS

Mr. Bill Morris is still awaiting Bishop Mines to make an offer on the property and will keep us informed. W.H. Tompson has advised Bill that he would be better advised to complete a deal with Kerr Addison. Mr. Morris has not previously optioned a property to a mining company and is therefore unsure of the type of arrangements normally considered. I believe he would like an initial cash payment of \$2,000 to \$5,000 and yearly payments.

RECOMMENDATIONS

Based on the grades and widths obtained by Tompson for Morris and confirmed by Clendenan for Kerr Addison, the possible strike extent, and the reasonably favourable location I feel Kerr Addison Mines Ltd. should option this property.

WORK PROPOSAL

1. Locate the Pass 1 Legal Corner Post and stake or abandon and restake to make certain the showings are adequately covered.
2. Survey with a brunton on a tripod and a nylon chain all the trenches and locations.
3. Prepare a geological map of the claims.

4. Clean out all the trenches along the strike(s) of the quartz veins to fully expose the quartz veins.
5. Carefully channel sample all the exposed quartz veins and adjacent wall rock.

This program is estimated to take 21 days with one geologist and 2 students and is estimated to cost \$20,000.

If the results of the trenching and mapping confirm the results to date, then a diamond drill program should be planned for either later in the 1983 field season or during 1984.

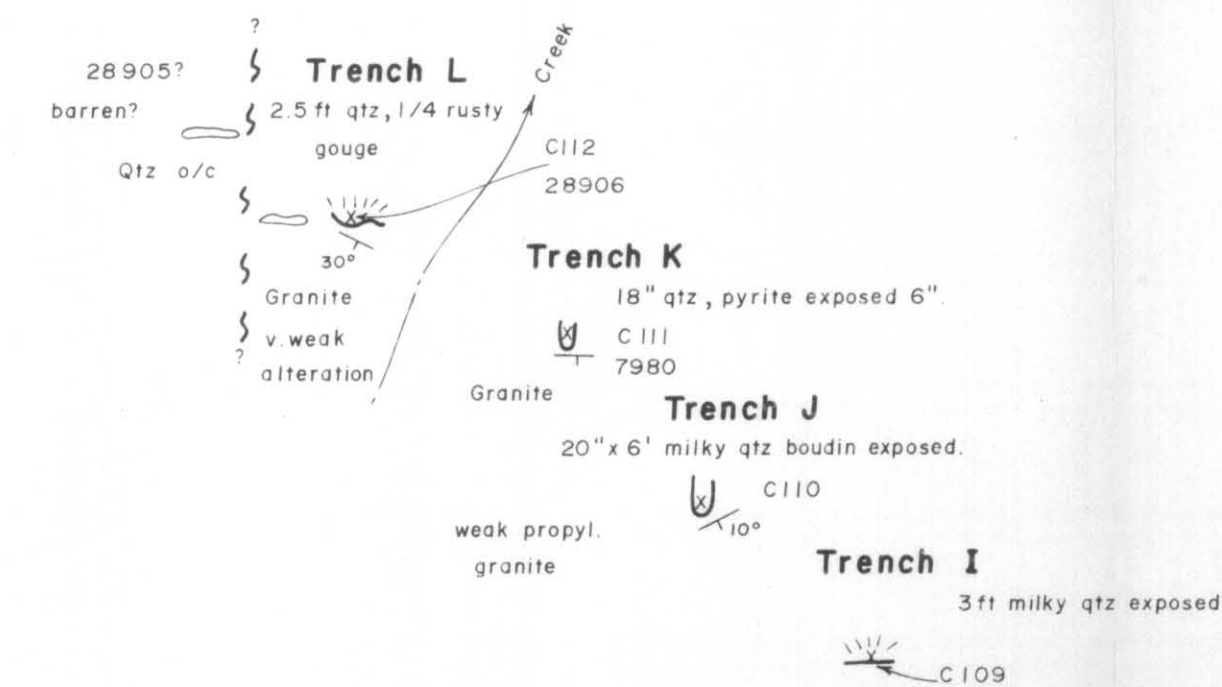
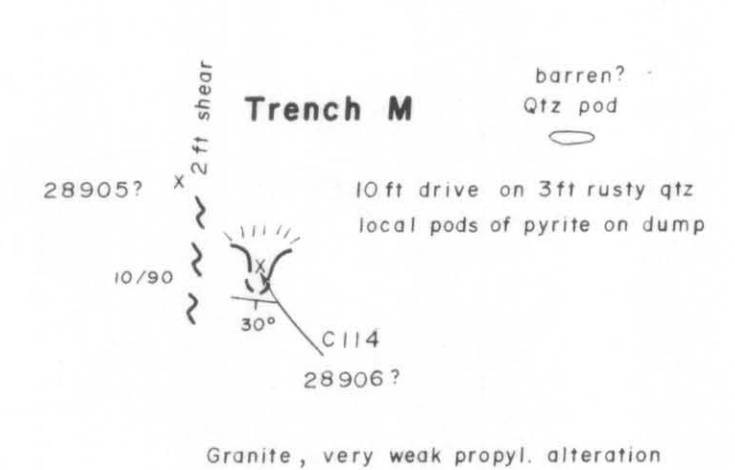
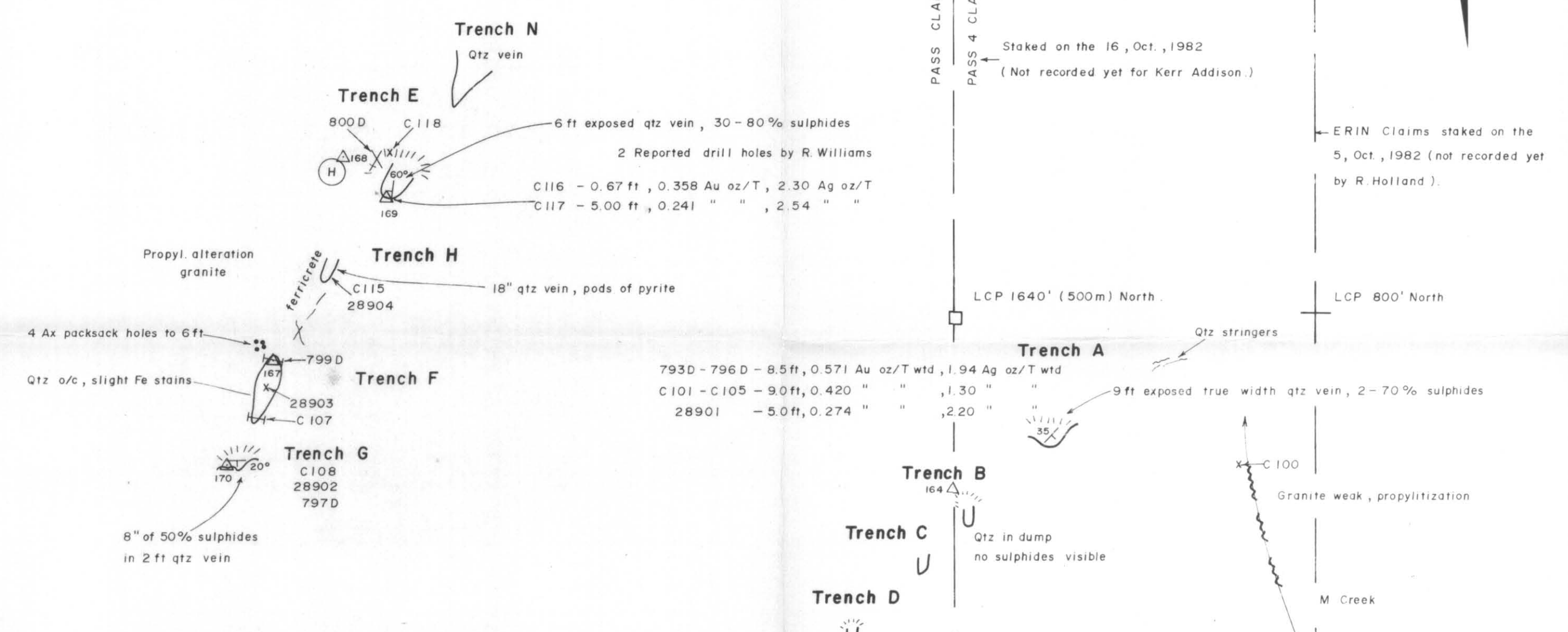

A.D. CLENDEAN

6 October 1982

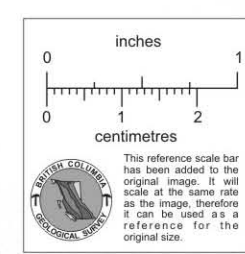
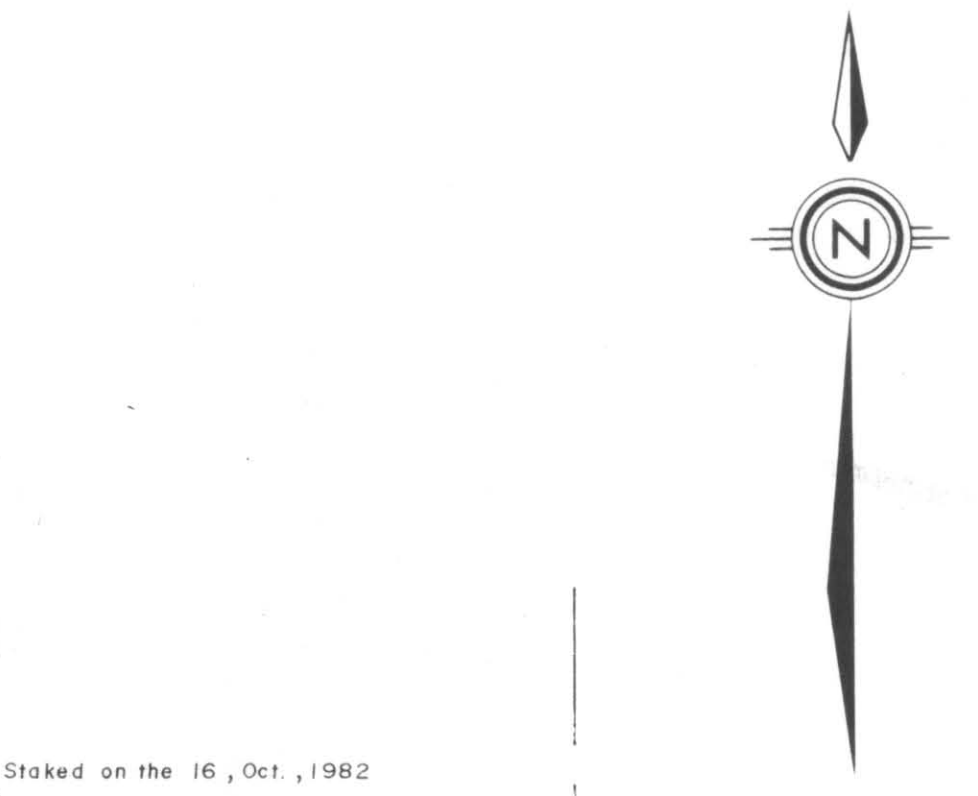
A.D. Clendenan

COMPARISON OF KERR ADDISON / MORRIS / BISHOP ANALYSES

TRENCH	SAMPLE No.	WIDTH (Feet)	Au oz/ST	Ag oz/ST	Pb %	Zn %	Cu %	Sb ppm	Hg ppm
A	C 101	2.5	0.062	0.52	0.33	0.22			
	793 D	2.5	0.136	0.85	0.66	0.38			2.5
	C 102	1.0	0.190	0.90	0.41	0.33			
	794 D	1.0	0.274	1.08	1.40	1.25			1.0
	C 103	2.5	0.460	1.24	2.45	2.45			
	795 D	3.0	0.772	1.44	4.65	2.97			3.2
	C 104	1.0	1.750	5.41	17.87	5.56			
	796 D	2.0	0.962	4.48	9.85	0.57			1.5
	C 105	2.0	0.270	0.50	0.74	0.14			
		793-96	8.5	0.571	1.94	4.32	1.44		
	C 101-05	9.0	0.420	1.30	2.97	1.55			
	28901	5.0	0.274	2.20	9.26	4.88	0.19		
F	C 107	15.0	0.005	0.01	0.03	0.0003			
	799 D	15.0	0.030	0.10	0.03	0.04			1.0
	28903	Grab	0.011	-	-	-	0.4		
G	C 108	2.0	0.260	1.86	5.45	10.75			
	797 D	1.5	0.444	1.75	5.37	5.98			5.8
	28902	0.5	0.140	2.38	6.28	13.50	0.8		
I	C 109	3.0 ll to strike	0.005	0.03	0.0063	0.0010			
J	C 110	20"	0.001	0.01	0.0003	0.0003			
K	C 111	2.0	0.057	0.24	0.0086	0.2400			
	798 D	Grab	0.080	0.24	0.09	0.35			1.0
L	C 112	2.5	0.004	0.02	0.0023	0.0058			
	28905 ?	Grab	0.232	0.56	0.03	2.78	0.82	0.001	
M	28906 ?	2.5	0.112	0.30	0.01	0.54	0.08	0.001	
	C 114	3.0	0.004	0.01	0.0004	0.0092			
H	C 115	2.0	0.077	0.06	0.0025	0.0071			
	28904	Grab	0.109	0.45	0.74	3.85	0.10		
E	C 116	8"	0.358	2.30	4.80	2.40			
	C 117	5.0	0.241	2.54	11.20	2.26			
	C 118	Grab	0.548	4.74	20.50	16.25			
	800 D	X Grab	0.772	3.19	8.83	7.29			5.8



NOTE - Trench locations, 1:10,000, 16/9/82, Fig. 2
 Bishop Mines trench sketch 1" = 100', Aug. 82, Fig. 5
 Bishop samples 28901 - 28906, Aug. 82
 Tompson/Morris samples 793 D - 800 D, Aug. 82
 Clendenan/Kerr Addison samples C 101-105, C 107-112, C 114-118, Sept. 82



KERR ADDISON MINES LTD	
PASS CLAIMS	
TRENCHES & SAMPLES LOCATION	
PROPERTY EXAMINATION	
SCALE - 1 inch = 100 feet	DATE - SEPT, 1982
FILE -	DATA - A. D. CLENDENAN
NTS - 93 L 12 E	FIG. No. 3