82E.

KERR ADDISON MINES LIMITED

(FOR INTER-OFFICE USE ONLY)

823398

To W.M. Sirola **From** J.W. Murton

Subject PAYDAY PROPERTY - Owned by Ken Daughtry 82F-16W½ **Date** February 15th, 1979.

I have gone over the data that Ken gave us last week while we were in Vernon, and have the following comments:

1. I believe you are absolutely correct in relating the ground magnetic anomaly to sulfide mineralization containing magnetite. Without being able to see or test the "diorite dykes" logged by Daughtry in diamond drill hole #74-1 and #74-2, I am unable to rate their magnetic potential. From a cross section plot of the drill holes, the diorite dykes do appear to be erratic in distribution and probably are not the cause of the magnetic anomaly.

2. The ground EM work that was done showed up several weak anomalies which may reflect mineralization, but also may reflect heavy faults in the area. There are many fault zones mapped in the tunnel and the diamond drill holes have up to 10% pyrite which has been noted in sporadic sections.

3. The intense faulting has disrupted future DDH intersections provided they could be located. The intense faulting may account for the poor correlation between ground magnetics and the mineralization on surface. There is however, a weak EM anomaly that appears to parallel the surface mineralization.

4. The two diamond drill holes have adequately tested at depth the larger potential of the magnetic anomaly and it must be concluded that the anomaly reflects near surface mineralization. I suggest that mineralization is more closely related to faulting, quartz veining, and hydrothermal alteration. The fact that 10 to 15% magnetite occurs throughout both samples examined in thin sections, would seem to bear this out.

5. I believe this property does not have the potential for a "massive sulfide" deposit, and we should not pursue an option with Ken Daughtry.

J.W. Murton, P. Eng.

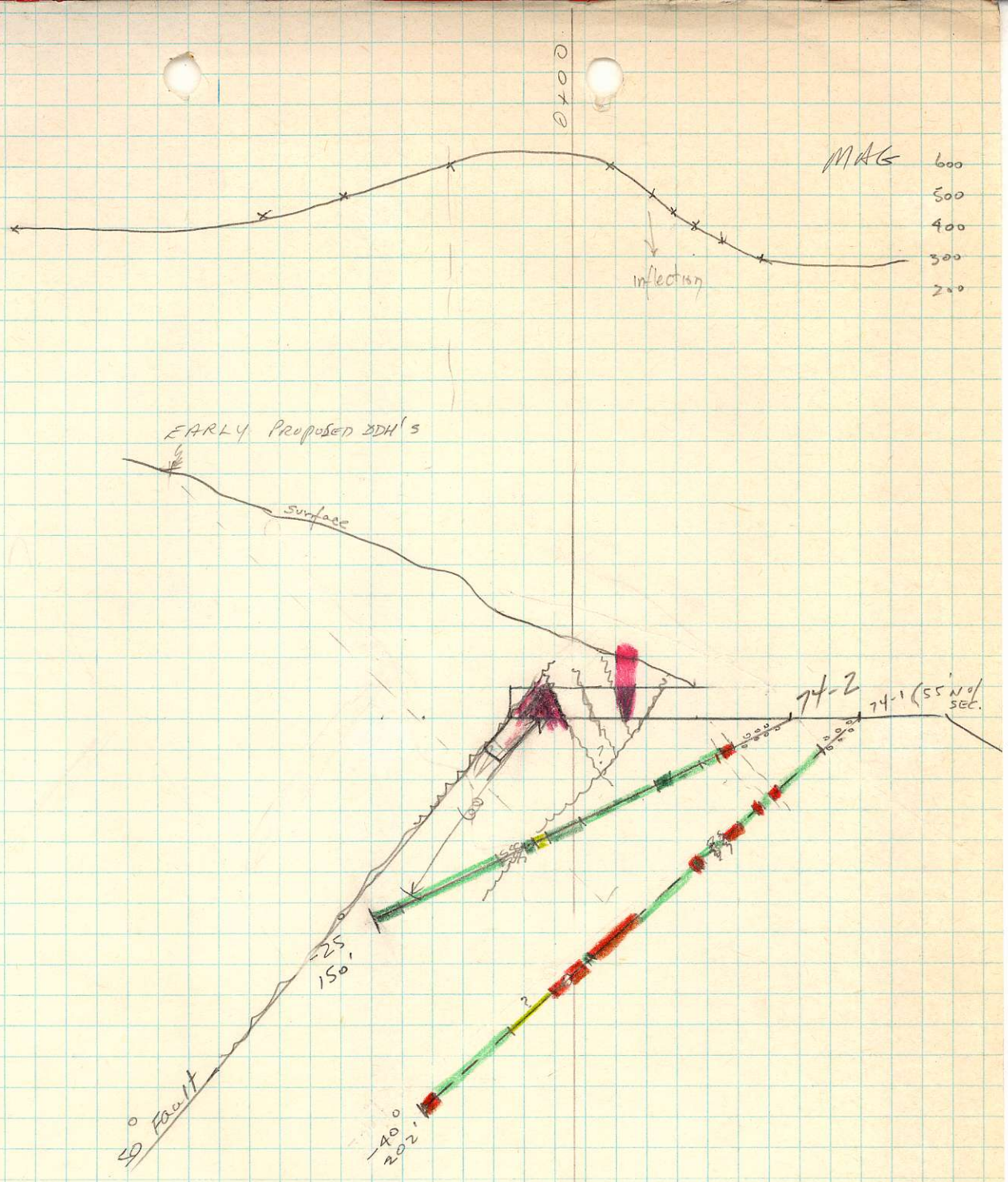
From the desk of:
Bill Sirola

Feb. 21/79

It would be interesting to know if this deposit can be traced northward using ~~Ba~~ magnetics.

Will ask Ken if examining option (1 wk) would be granted.

Merit of property is 17 Silver Content 5oz+ in massive sulphides.



PAYDAY
SECTION THRU
ADIT
LOOKING N.
1" = 50'

DIORITE DYKES
TUFFACEOUS ANDESITE-ALTERED
RHYOLITIC LIKE ROCKS

~~WS 7#3~~
Pay Day File
82 E E½

Pay Way.

① Magnetic anomalies (in part) could be due to skarns caused by ~~intrusion~~ intrusion related to magnetite bearing dykes.

② Chief channel deposit is in silver values (3-15 oz) but silver minerals not detected in petrographic work.

③ If magnetic & E.M. + possibly geochem anomalies could be found to persist to the N.W. property could become ore.

SPECIMEN NO: 96387

Mineralogy and Mode:

40% Gangue:

20% Carbonate: <0.1 - 0.5mm., 0.1mm., anhedral, interstitial to sulfides and oxides, x-ray determination indicates the carbonate is mainly siderite. Minor calcite is also present.

5% Chalcedony and Quartz: <0.1 - 0.3mm., 0.1mm., anhedral spherulitic aggregates of chalcedony and less commonly larger individual quartz grains, interstitial.

15% Magnetite: <0.1 - 0.2mm., 0.1mm., brownish-grey in polish section, unusual sheaf-like habit resembling biotite foils (replacement?), concentrated in one band.

60% Sulfides:

35% Chalcopyrite: <0.1 - 5mm., 0.3mm., anhedral, yellow.

24% Pyrite: <0.1 - 3mm., subhedral to euhedral, yellowish-white, variable habit in different bands, ranges from fine-grained aggregates to euhedral crystals up to 3mm. in diameter.

1% Sphalerite: <0.1mm., anhedral, grey, small grains enclosed within chalcopyrite.

Remarks:

Banded copper ore with associated carbonate (siderite) - quartz - magnetite gangue. Mineral percentages vary considerably among bands. X-ray diffraction traces verify the presence of quartz, chalcopyrite, pyrite, siderite, and sphalerite. Galena was also detected in an area not represented in either the polish or thin section. Chalcopyrite associated with magnetite bands is a deeper yellow colour than in chalcopyrite - pyrite rich bands. This may reflect different copper content in the chalcopyrite.

SPECIMEN NO: 96388

Mineralogy and Mode:

65% Gangue:

35% Quartz: <0.1 - 1mm., 0.2mm., anhedral to euhedral, variable grain size and texture, small amounts of fine-grained chalcedony associated with carbonate.

20% Carbonate: <0.1 - 0.5mm., <0.1mm., anhedral, colourless to yellow-brown, poorly developed colloform structure, x-ray determination indicates the carbonate is siderite. Carbonate in thin cross-cutting veinlets is probably calcite.

10% Magnetite: <0.1 - 1mm., <0.1mm., anhedral, disseminated grains closely associated with fine-grained carbonate.

35% Sulfides:

22% Sphalerite: <0.1 - 2mm., 0.5mm., anhedral, grey in polish section, translucent brown in thin section.

3% Galena: <0.1 - 0.5mm., <0.1mm., subhedral to anhedral, white in polish section, (triangular pits along cleavage), closely associated with sphalerite, commonly occurs as small grains on the margins of sphalerite.

7% Pyrite: <0.1 - 0.5mm., <0.1mm., euhedral to anhedral, yellowish-white, concentrated in irregular veinlets.

3% Chalcopyrite: <0.1 - 1mm., <0.1mm., anhedral, associated with pyrite, occurs in centre of pyrite-rich veinlets and in one late cross-cutting veinlet.

Remarks:

Weakly banded zinc-copper-lead ore with associated carbonate (siderite), quartz, and magnetite gangue. Mineral percentages are highly variable. X-ray diffraction traces verify the presence of quartz, sphalerite, galena, and siderite. The mineralogy is identical to specimen 96387 although the proportions and textures differ considerably. The nature of the original host rock can not be ascertained in either specimen.

that while high grade native silver does occur in the Waterloo vein, its inconsistency and the overall low grade do not point to commercial grade ore nor to a mineable tonnage.

Zinc mineralization is more consistent and extensive but the low price of zinc does not permit consideration of development for this metal either alone or in conjunction with the silver.

Payday area - Our knowledge of this mineral occurrence has not increased since 1968 and this showing remains as a potential ore body. However it is thought to be very small and is unlikely to be economic unless developed with other and preferably larger ore bodies. No such ore bodies are known at this time.

Lightning Peak area - Further sampling on the vein may show a better grade of lead/silver mineralization than indicated by the very limited sampling undertaken during 1969. However the vein is narrow and appears to be no larger than 700 feet. Its tonnage potential is poor.

RECOMMENDATIONS

The exploration program undertaken on the Lightning Peak properties during 1969 was concentrated almost entirely on the Waterloo vein as this was thought to have the best potential both in terms of grade and tonnage. Very rich values were discovered in the vein and the vein was shown to be more extensive than formerly thought but the overall picture is not of an economic ore body.

Consequently recommendations for further work on the area would have no viable justification. The whole of the Lightning Peak roof pendant is an interesting area with many mineral showings but extensive exploration of the whole area carried out during two seasons has failed to come up with anything new and has shown the deposit with the best potential to be uneconomic so it must be recommended that no further work be undertaken by the company.

Respectfully submitted:

J. McMullin

J. McMullin, B.Sc.,
Geologist.

Co-Ords: 0+55N, 0+94E

Azimuth: 245°

Dip: -40°

Elevation:

Length: 202

Section:

Purpose:

K. L. DAUGHTRY & ASSOCIATES LTD.

Diamond Drill Record

Drill Type & Size: BBS-1 BX

Dip Tests:

Hole No. 74-1

Property: PAY DAY

Location: Lightning Peak area

Date Started: Oct. 6, 1974

Date Completed: Oct. 12, 1974

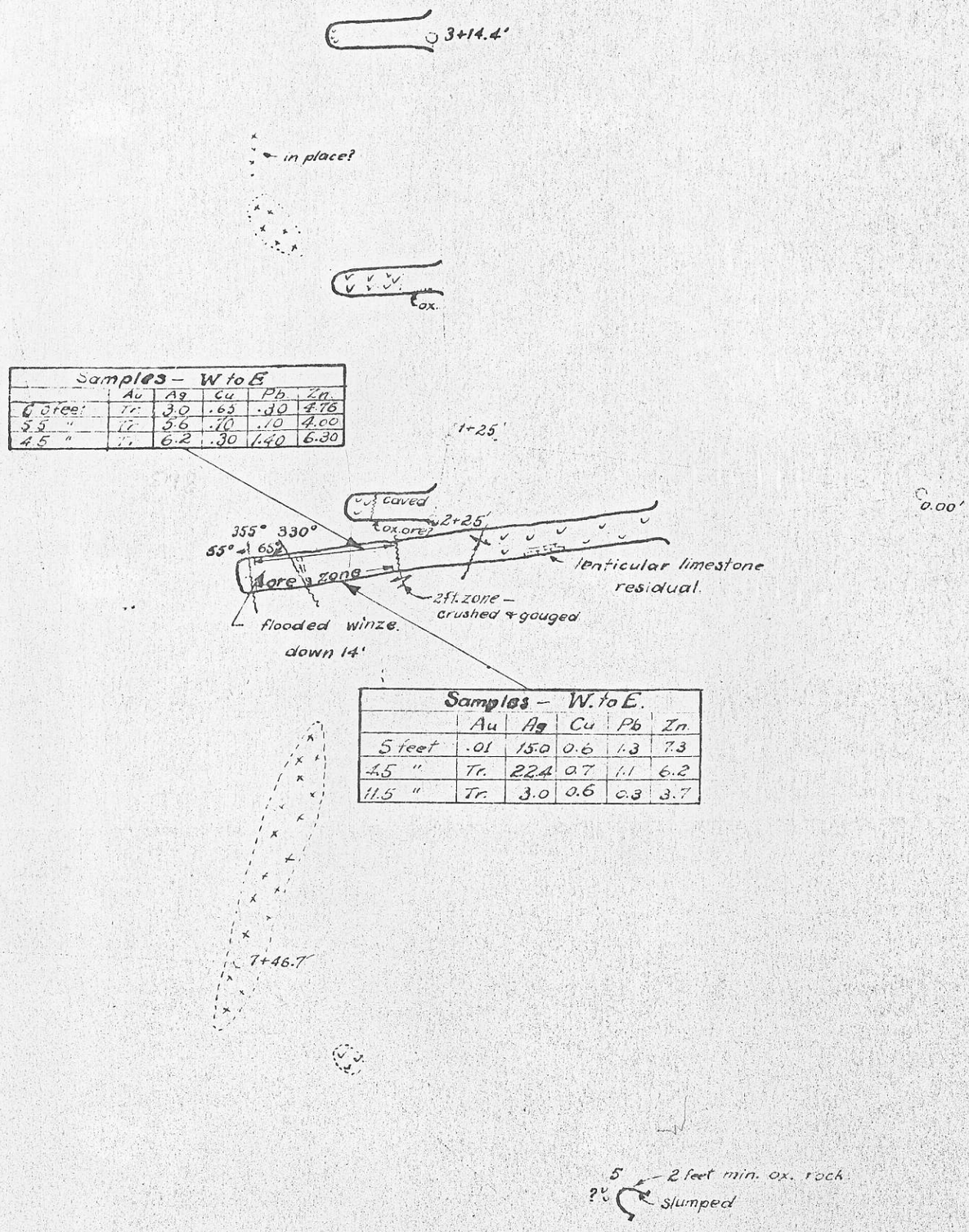
Logged By: K.L. Daughtry

Date Logged: June 13, 1975

Footage From	Footage to	Description	Sample No	Footage from	Footage to	Length
0	16	Casing in overburden & broken rock				
16	25	Light grey to greenish grey intensely fractured and altered tuffaceous rock. Abundant carbonate stringers & veinlets. Broken core - ground core ~ 70% recovery				
25	35	Broken & ground core, gouge. Rock as above but more highly altered & fractured.				
35	38	Dioritic dyke - as in DDH 74-2				
38	42.5	Greenish gy fg altered tuff.				
42.5	45	Dioritic dyke				
45	52.5	Greenish grey fg altered tuff.				
52.5	58	Dioritic dyke				
58	60	Fault zone? gouge. Qtz vein, carbonate				
60	62	Altered volc. as above.				
62	64	Fault zone - gouge				

Footage from	to	Description	Sample No.	Footage from	to	Length
64	69	Med-gy fg tuff - more competent than above	-			
		fewer fractures & carbonate veinlets				
69	70.5	Dioritic dyke				
70.5	71.5	Altered volc.				
71.5	72	Dioritic dyke				
72	97.5	Pale-gy to med. greenish-gy fractured and				
		altered tuffaceious rock. Numerous carbonate				
		veinlets at random attitudes up to ¼"				
		85-97.5 Pyrite diss & in blebs to 10%				
		Avge - 2%				
97.5	117	Dioritic dyke				
117	119	Broken core & gougy - altered & fractured				
119	122	Grey volc. breccia - rounded frags to 1/8"				
122	140	Dioritic dyke				
140	158.5	Dk grey to brownish-gy "birds-eye" flow				
		breccia or flow rock - rounded frags to 1/8".				
		149-150.5 Light grey band.				
158.5	190.5	Light greenish-gy to med. greenishgy altered				
		rock as before. Occasional patches of pinkish				
		& greenish alteration similar to DDH 74-2				
		apparent .. Rock is altered, fractured & has				
		scattered diss. & blebs pyrite.				
190.5	200	Dioritic dyke				
200	202	Altered volc. as above				
202	EOH					

Core stored with K.L. Daughtry, R.R.4, Vernon, B.C.



Samples — W to E					
	Au	Ag	Cu	Pb	Zn
6 feet	Tr.	3.0	.65	.30	4.76
5.5 "	"	5.6	.70	.10	4.00
4.5 "	"	6.2	.30	1.40	6.30

Samples — W. to E.					
	Au	Ag	Cu	Pb	Zn
5 feet	.01	15.0	0.6	1.3	7.3
4.5 "	Tr.	22.4	0.7	1.1	6.2
11.5 "	Tr.	3.0	0.6	0.3	3.7

Co-Ords: 0+21N, 0+71E

Azimuth: 270°

Dip: -25°

Elevation:

Length: 151

Section:

Purpose:

K. L. DAUGHTRY & ASSOCIATES LTD.

Diamond Drill Record

Drill Type & Size: BBS-1 BX

Dip Tests:

Hole No. 74-2

Property: PAY DAY

Location: West of head of east fork of Rampalo Creek

Date Started: Oct. 13/74

Date Completed: Oct. 15/74

Logged By: K.L. Daughtry

Date Logged: June 12, 1975

Footage From	Footage to	Description	Sample No.	Footage from	Footage to	Length
0	20(?)	Casing in overburden and broken rock				
20(?)	24.5?	Diorite dyke - Grey mg to cg weathered diorite composed predominantly of plagioclase and chloritized amphibole. Decomposed - broken and ground core.				
24.5?	32.5	Grey, greenish-grey and reddish grey fine-grained intensely altered volcanic rock. Numerous white carbonate veinlets, hairline to 1/8". Rock has shattered appearance and fractures healed by carbonate. In places rock approaches breccia due to intense fracturing. Pyrite common as fg crystals up to 5% of rock. Average is 1%. 26-26.5 - Diorite Dyke.				
32.5	48.5	Med. to dark greenish grey, with varying frequency of reddish, pinkish or buff patches and blotches of alteration, intensely altered, fractured and mineralized with pyrite and pyrrhotite. Carbonate veinlets more numerous and wider, up to ½". Pyrite diss. and in blebs to ¼" long. Avge 32.5-42 1%, 42-48.5 10%, Diss. Pyrrhotite (5%) from 45-48, and 0.5% chalcopyrite. Dominant fracture attitudes 45°, 15°, 70-80° c.a.				

Co-Ords: 0+21N, 0+71E

Azimuth: 270°

Dip: -25°

Elevation:

Length: 151

Section:

Purpose:

K. L. DAUGHTRY & ASSOCIATES LTD.

Diamond Drill Record

Hole No. 74-2

Property: PAY DAY

Drill Type & Size: BBS-1 BX

Dip Tests:

Location: West of head of east fork of Rampalo Creek

Date Started: Oct. 13/74

Date Completed: Oct. 15/74

Logged By: K.L. Daughtry

Date Logged: June 12, 1975

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24.5?	32.5	Grey, greenish-grey and reddish grey fine-grained intensely altered volcanic rock. Numerous white carbonate veinlets, hairline to 1/8". Rock has shattered appearance and fractures healed by carbonate. In places rock approaches breccia due to intense fracturing. Pyrite common as fg crystals up to 5% of rock. Average is 1%. 26-26.5 - Diorite Dyke.				
32.5	48.5	Med. to dark greenish grey, with varying frequency of reddish, pinkish or buff patches and blotches of alteration, intensely altered, fractured and mineralized with pyrite and pyrrhotite. Carbonate veinlets more numerous and wider, up to ½". Pyrite diss. and in blebs to ¼" long. Avge 32.5-42 1%, 42-48.5 10%, Diss. Pyrrhotite (5%) from 45-48, and 0.5% chalcopyrite. Dominant fracture attitudes 45°, 15°, 70-80° c.a.				

Footage from	Footage to	Description	Sample No.	Footage from	Footage to	Length						
		42-48.5 Dk grey to black rock and alteration										
		patches. Coarser grained than above -										
		tuffaceous appearance. Foliation apparent										
		~ 45° c.a. Much heavier sulphide content										
		than preceding. py 10%, po 5%, cp 0.5%										
48.5	76	Pale greenish-grey intensely shattered and										
		altered fg. volcanic rock. Alteration as										
		before but less intense. Carbonate veining as										
		before. Quartz veins: @ 51.5 5", and 53.5-55										
		Pyrite in blebs to ½" long and as diss										
		grains ~ 1%. 52-53.5 dark grey tuffaceous										
		band and foliation @ 50° c.a.										
		64-66 layer of light/dark irregular lensey bands										
		@ 50° c.a.										
76	89	Pale grey to med. grey fg-mg tuffaceous rock										
		(limy tuff?) Less fracturing than above, less										
		altered. Coarser-grained bands distinctly										
		calcareous. Rock more competent than above,										
		fewer carbonate veinlets, pyrite < 0.5%.										
		Pronounced layering @ 81' 50° c.a. Brecciated										
		quartz veins @ 88 (3") and 89 (3").										
89	94	Rhyolitic rock or quartz-feldspar vein -										
		brecciated and healed. White to buff-white,										
		highly siliceous with frags. of above rock										
		and hairline veinlets and blebs of fg. py.										
94	97.5	Med. to dark greenish-grey to black, intensely										
		altered and shattered rock. Numerous carbonate										
		veinlets. Pyrite diss & blebs, 1 to 5%.										
		Occasional patches of pink-green alteration.										
97.5	106	Fault zone? Ground and broken core and gouge.										
		Light greenish grey rock with numerous										
		carbonate veinlets. Rock bleached almost										
		white in places.										

Footage from	Footage to	Description	Sample No.	Footage from	Footage to	Length
106	141	Generally pale to med. greenish grey competent altered tuffaceous rock. Variable intensity of carbonate veining with pink-green alteration.				
		106-110 Numerous carbonate veinlets, alteration apparent as bleaching. Rock is pale greenish to med. greenish gy. Foliation prominent @ 40° c.a.				
		110-124 Green/pink alteration present throughout this section in patches up to 1' long. Also pale greenish bleaching as above. Diss and veinlet py 5-10%. Foliation masked by alt'n.				
		124-135 Similar to 106-110				
		135-141 Rock gradually changes down hole from pale olive-green to med. greenish grey altered tuffaceous rock. 135-136 siliceous breccia @ 40° c.a. - pyrite about 10% . Tr. cp.				
141	151	Med. to dark greenish grey highly competent and relatively unfractured and unaltered andesitic tuff or tuffaceous flows.				
		141-142 Brecciated qtz-fspar veins 2-3" @ 40-50° c.a. Rock varies from fg to cg with larger frags of fspar & mafics. Pyrite avge $\leq$ <1% except in altered areas. Bedding contact @ 149' 70° c.a.				
151		EOH				
		Pink-green altn. looks like pink fspar & chlorite. Most foliation may be due to shearing.				
		Core stored with K.L. Daughtry, R.R.4, Vernon, B. C.				

COPPER
PAY DAY Area
Soil Sampling (Hirschorn)
○ 24-33 ppm
⊗ 34-45
● > 45

PEAK 150
PEAK 175
PEAK 176
PEAK 147
PEAK 148
PEAK 173
PEAK 174
PEAK 146
PEAK 171
PEAK 172
PEAK 143
PEAK 144
PEAK 169
PEAK 170
PEAK 142
PEAK 167
PEAK 168
PEAK 140
PEAK 165
PEAK 166

Granitics
Metaseds

PAY DAY CABIN

10+00N
20+00N
10+00S
20+00S
30+00S

inches
centimetres

PayDay