

KERR ADDISON MINES LIMITEDM E M O R A N D U M

TO: File

DATE: May 1, 1981

FROM: D. A. Lowrie

SUBJECT: Andaurex Resources - Thanksgiving Property, Revelstoke, B.C.  
L. H. Property, New Denver, B.C.

Proposed terms of an option agreement have been discussed with Paul Hammond, President of Andaurex. The basic negotiations cover the desire of Kerr Addison to earn a controlling interest in the property by progressing through staged options to take down Andaurex stock for work performed on the property or properties and then to earn a greater than 50% interest in the property(ies) by financing the project(s) to production.

A suggested schedule is as follows:

Kerr will take down shares of Andaurex over a three-year period as expenditures are made on property work and a feasibility study.

<u>Shares</u>	<u>Price</u>	<u>Expenditures</u>	
100,000	3.50	\$ 350,000 )	firm
100,000	4.00	400,000 )	
100,000	4.50	450,000	
100,000	5.00	500,000	
100,000	5.50	550,000	
100,000	6.00	600,000	
<u>100,000</u>	<u>6.50</u>	<u>650,000</u>	
<u>700,000</u>		<u>\$3,500,000</u>	

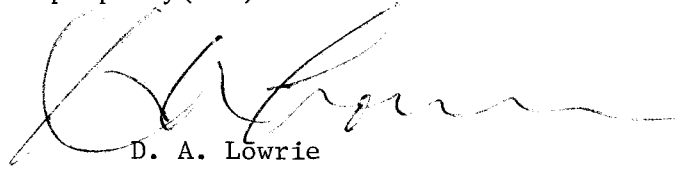
Additional blocks of 100,000 shares each may be taken down by Kerr if additional funds are required to complete feasibility reports. The additional blocks of shares will be priced as above in 50¢ increments for each 100,000 shares.

Kerr Addison will start work as soon as possible in 1981 and will proceed with a program of surveying, geological mapping, geochemical sampling, geophysical surveying and assaying and will proceed diligently to carry out these programs with the objective of defining an economic mineral deposit.

On receipt of a positive and favourable feasibility study(ies), Kerr and Andaurex may elect to proceed with development program(s) to be financed on a 60/40 Kerr/Andaurex basis.

If Andaurex elects not to contribute to the costs of the development

program(s), its interest will then be a 20% N.P.I. and Kerr's interest will be an 80% interest in the property(ies).



D. A. Lowrie

DAL/sw

# KERR ADDISON MINES LIMITED

(FOR INTER-OFFICE USE ONLY)

To..... W. M. Sirola ..... From..... D. A. Lowrie .....

Subject..... Andaurex Thanksgiving Property, near ..... Date..... May 1, 1981 .....  
Revelstoke, B.C.

We are enclosing a report on Andaurex Thanksgiving Property near Revelstoke, B.C., a claim map and the assay plan on the L.H. Mine in the Slocan District, British Columbia.

D. A. Lowrie

DAL/sw

Encls.

# KERR ADDISON MINES LIMITED

(FOR INTER-OFFICE USE ONLY)

Received  
May 1/81

To D.A. Lowrie From W.M. Sirola

Subject Thanksgiving Tungsten Property, Date April 29, 1981  
Revelstoke Mining Division (82M/1E)

Pursuant to today's telephone conversation I enclose photocopies which will show the position of the tungsten showings on the Thanksgiving claims currently under option to Andourex Resources. They also show the location of a highway which was in use until approximately one week ago when a heavy rainstorm caused a number of severe wash-outs. This is shown on the 4 mile topographic map as highway 23.

Photostat number 1 indicates that the claims are located 19 miles north of Revelstoke at the elevation of the new highway which according to the Department of Highways is an elevation of 1892 feet (say 1900 feet). This is somewhat surprising because the normal pool level upstream from the Revelstoke dam is given as 1879.44 feet and the flood stage is given as 1900 feet. Flood stage would therefore inundate the new highway and the showings west of the new highway. Only those showings above the new highway would be above flood water. The showings west of the highway would be approximately 100 feet below the normal pool level.

To summarize, the Department of Highways at Revelstoke advises that the old highway at La Forme Creek is at an elevation of 1800 feet and a new highway is 92 feet higher or 1892 feet (say 1900 feet). This elevation is also shown on the claim maps as flood level for the new dam and any claims staked below 1900 feet be accompanied by a signed release prior to recording. The sketch map provided by Mrs. Jenkins who found the deposits indicates that the west boundary of units 1 and 2 of the Thanksgiving claim is at the flood water mark and units 5 and 6 are below that mark. The sketch may not ofcourse be accurate and indeed one of the vendors (Bill Cameron) says there are now 48 units and the sketch shows only 28.

In my examination of this property, I found the most continuous outcrop of the tungsten zone (approximately 200 feet) to be to the east of the new highway and therefore slightly above high water level but the exposures west of the road which are discontinuous would be below the high water mark.

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# KERR ADDISON MINES LIMITED

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To D.A. Lowrie From W.M. Sirola  
Subject Thanksgiving Tungsten Property Date Apr. 29, 1981

PAGE 2.

Some of the elevations I had given you in the past appear to be incorrect when compared with those provided by the Department of Highways. However, it appears safe to say that at flood stage the water will be lapping at the edges of the new highway and hence the upper showings. The lower ones will be under water.

I enclose 4 photostats as follows:

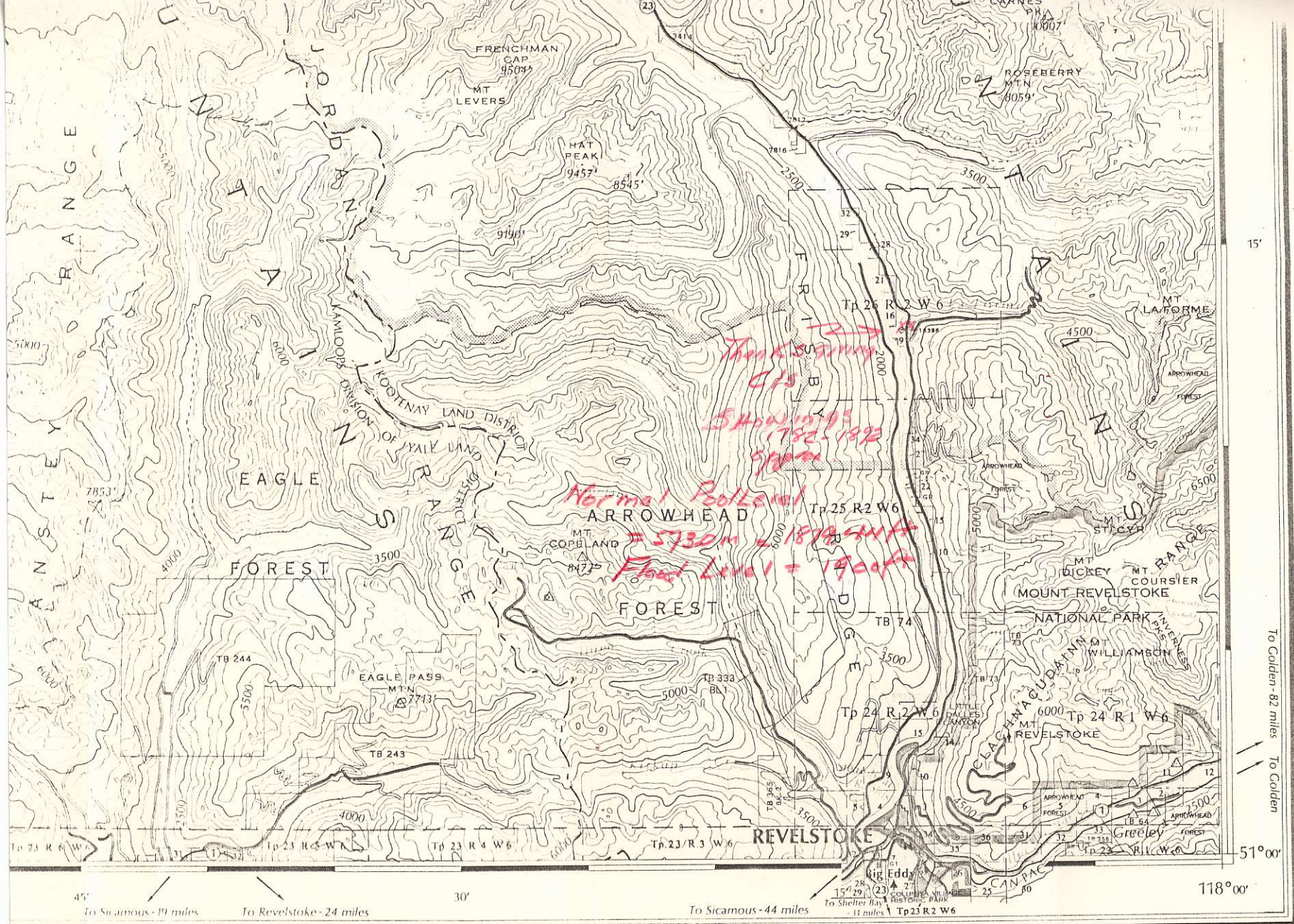
1. Four mile topographic map showing approximate location of Thanksgiving claims and an elevation of pool and flood levels in the Columbia River when the dam is completed in mid 1983.
2. Photostat 1:50,000 topographic map indicating position of old highway, showings and trace of new highway.
3. Photostat of 1:50,000 claim map showing location of highway 23, flood level and showings.
4. Crude pencil sketch on 1:50,000 claim map showing in red outline location of Thanksgiving claims surrounded by Noranda's Sal Claims. Some of our old CC Claims (now cancelled) are also shown.



W.M. Sirola,  
Regional Exploration Manager.

WMS/al: Encls.

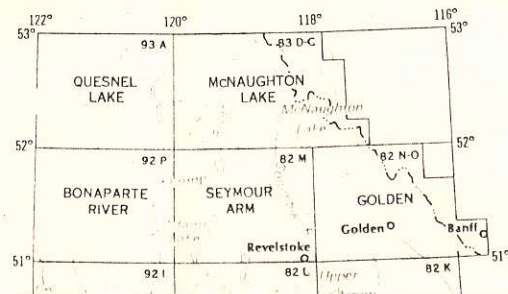




REFERENCE

Scale: 1" = 4 miles

Roads: Hard Surface		Divided, More than 2 Lanes	
Loose Surface, Main			
Loose Surface, Secondary		may be private, closed or unstable	
Rough			
Trail			
Highway Route Number			
Railway			
Power Line (Main)			
Lighthouse			
Survey Control Station (Main)		With Lighthouse	
Elevation in feet, shown every 500 feet			





2

Hydro Project Reserve

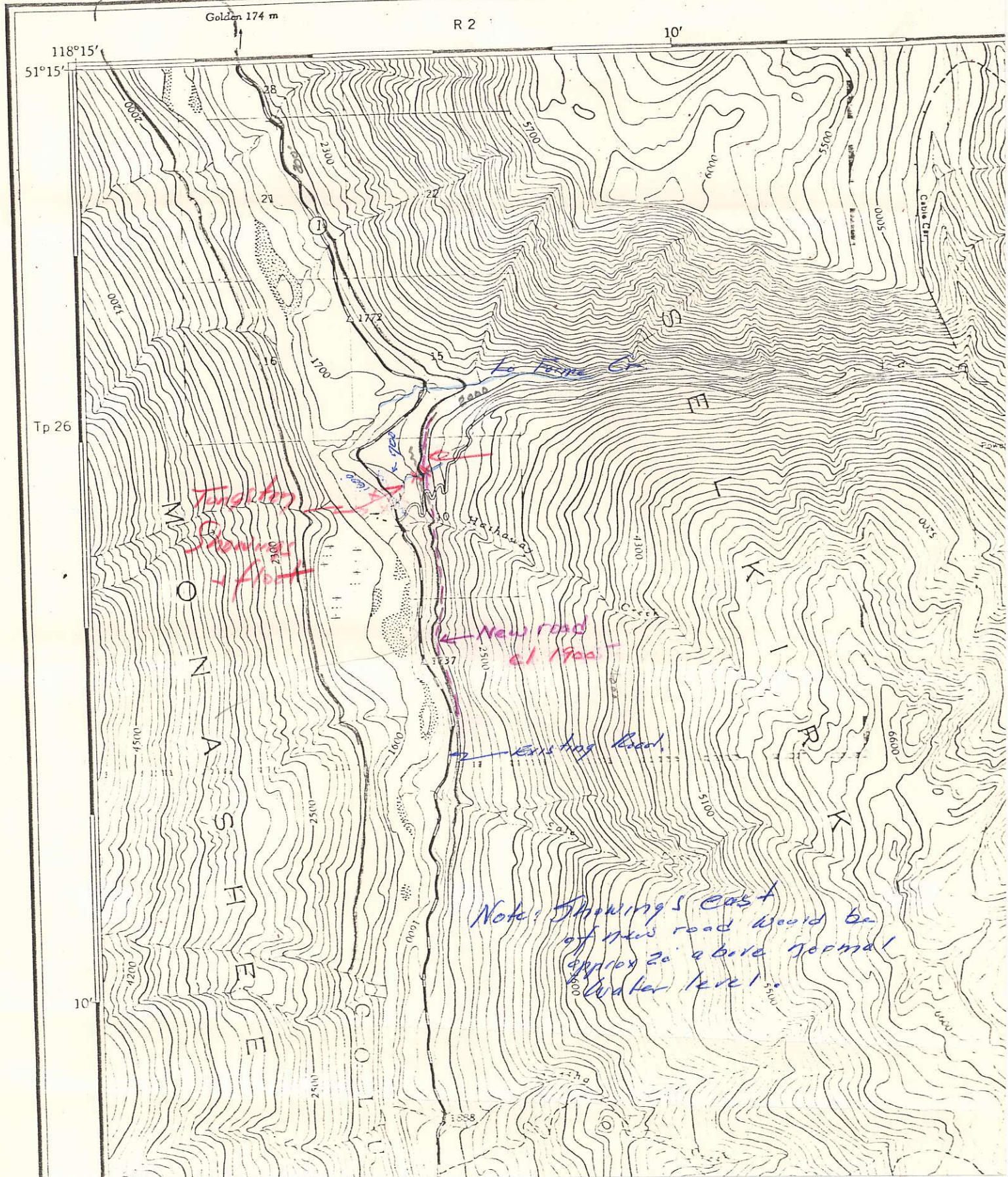
Scale 1:50,000

CANA

82 M/1 E

1900' Contour

1:50,000





3

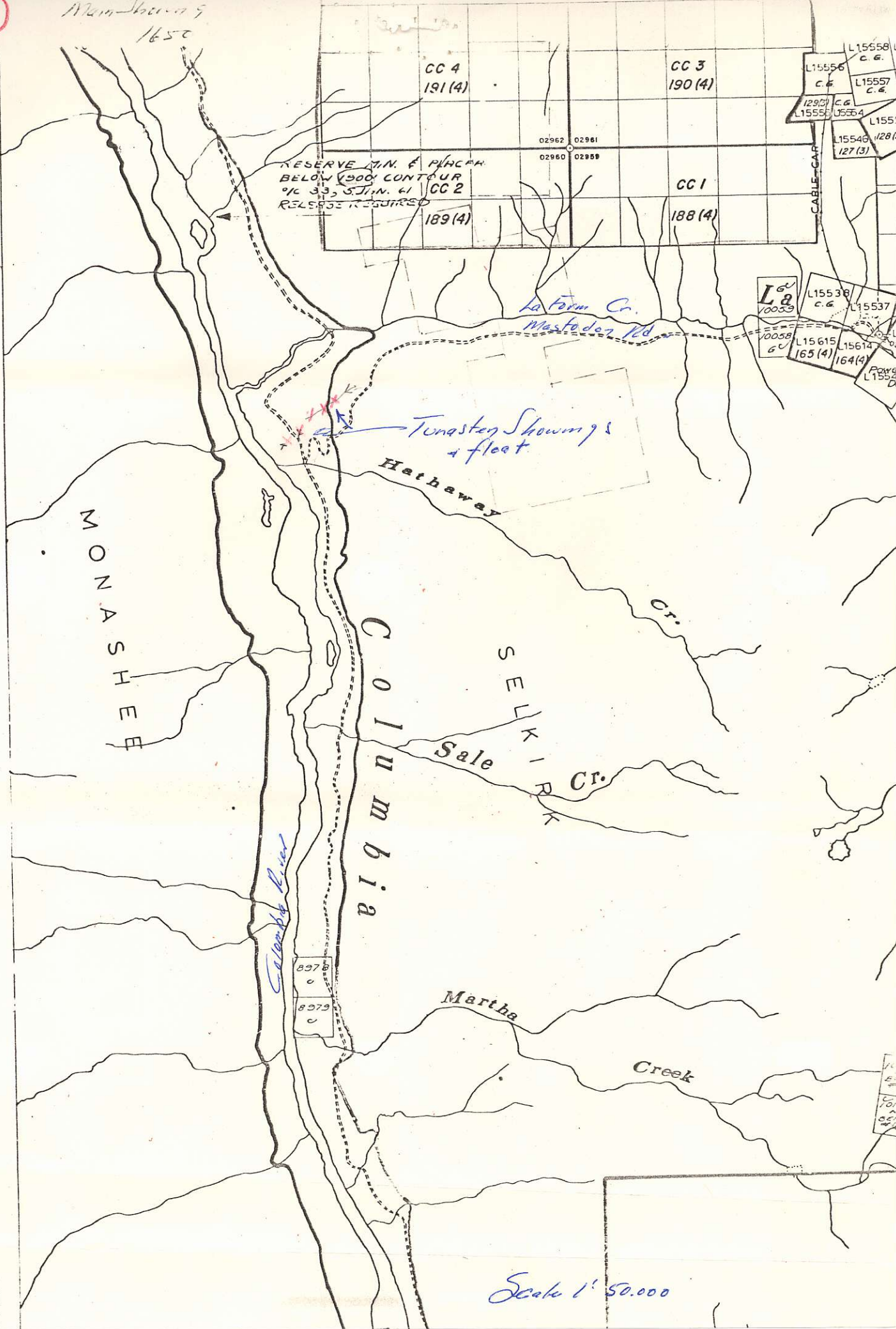
Main-1600-179  
1650

M 82 M/I I

5

4

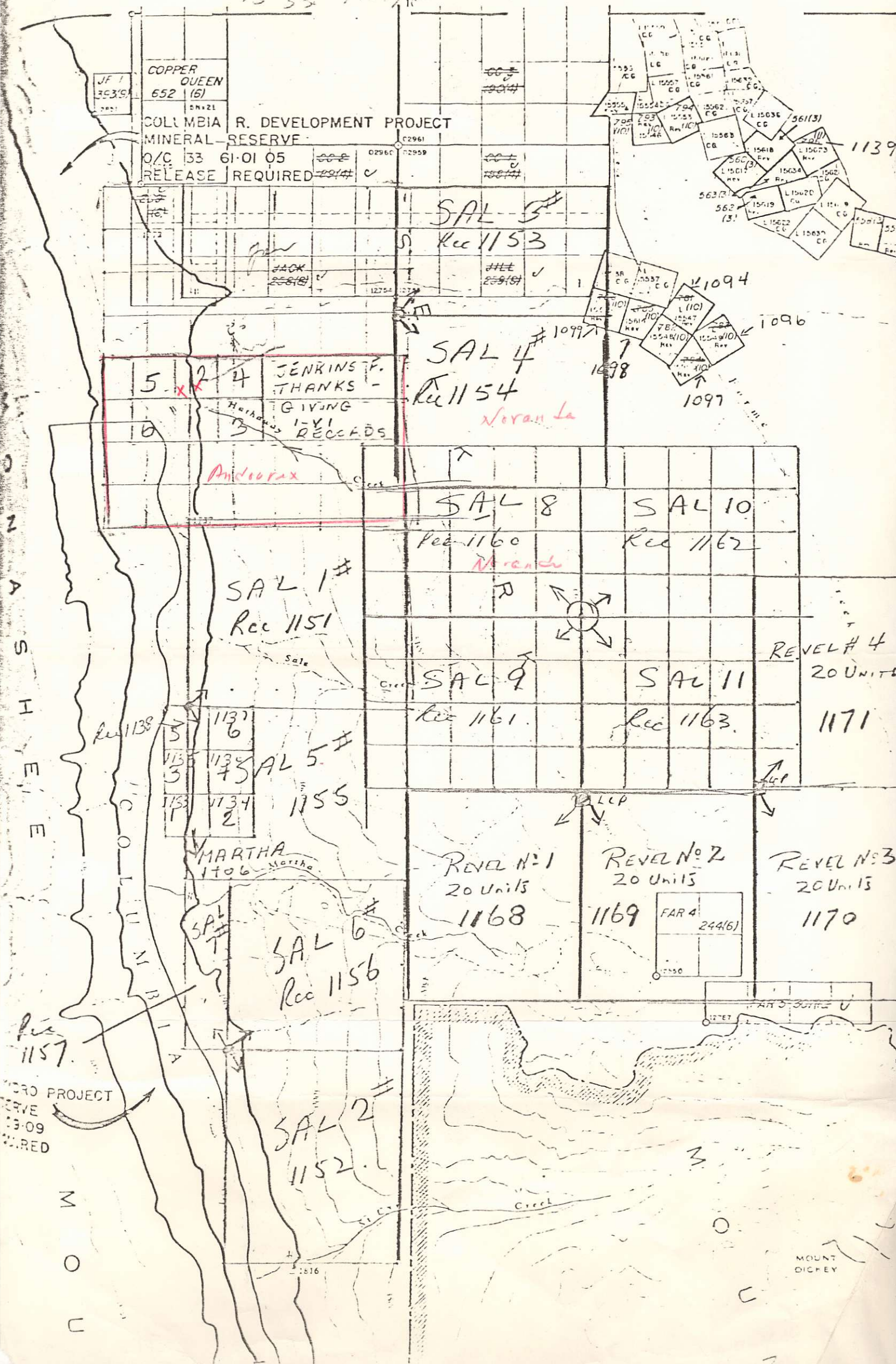
M/W





4

PAIS CT 7-10-12  
13 33 7/16 25



MINOR PROJECT  
SERVE  
13-09  
D. RED

M  
O  
U

MOUNT DICKEY

COPPER QUEEN  
652 (6)  
SN+21

COLUMBIA R. DEVELOPMENT PROJECT  
MINERAL RESERVE  
O/C 33 61-01 05  
RELEASE REQUIRED

SAL 3  
Rec 1153

SAL 4 #1099  
Rec 1154  
Nora La

JENKINS F.  
THANKS -  
GIVING  
1-VI  
RECORDS

Andorax

SAL 8  
Rec 1160  
Mara

SAL 10  
Rec 1162

SAL 1 #  
Rec 1151

SAL 9  
Rec 1161

SAL 11  
Rec 1163

REVEL # 4  
20 UNITS  
1171

SAL 5 #  
1155

REVEL # 1  
20 UNITS  
1168

REVEL # 2  
20 UNITS  
1169

REVEL # 3  
20 UNITS  
1170

MARTHA  
1706

SAL 6  
Rec 1156

FAR 4  
244(6)

SAL 2 #  
1152

Z