

KERR ADDISON MINES LIMITED

(FOR INTER-OFFICE USE ONLY)

823792

To..... W. M. Sirola From..... G. M. Hogg

Subject..... Consolidated Rexspar, Birch Island Property, B.C. Date..... July 10, 1973

J.H.S.
P.M.K.
G.M.H.
R.D.S.
B.C.B.
J.P.B.
M.D.R.
J.H.F.

E.C.J.

It appears that we shall be able to make a deal on the Consolidated Rexspar Birch Island property in the Kamloops area, B.C. I have submitted the attached memorandum of agreement to Rexspar today, and hopefully the proposal will be accepted. In essence we shall have to spend \$20,000 by January 31, 1974, but will have had to expend \$75,000 in order to proceed to Stage II.

As you are aware, the exploration project is a long shot, but we agree here that there are leads worth a \$25,000 investment when one considers the possibility of acquiring control of a property so well situated and with considerable potential.

The items requiring testing and/or investigation are as follows:

- I Three areas of high resistivity surrounded by areas of higher chargeability. This donut configuration is geophysically (I.P.) equivalent to the picture over the Rexspar fluorspar zone, and though geological evidence does not support the thesis that fluorspar concentrations exist in these areas, it is by no means proven. Drilling only is required.
- II Two areas of molybdenum geochemical concentration exist to the west of the Rexspar fluorspar zone in an area geologically considered to be underlain by trachyte. Since molybdenite accompanies fluorspar mineralization it would seem prudent to test these areas. Drilling only is required.
- III There appears to be some reason to believe that the F Zone (uranium zone) lying west of the fluorspar zone has not been well tested, and some uranium-bearing float of good grade has been located in the vicinity. D. Robertson, in his report on the uranium potential of the property suggests the source of the better mineralized material may be to the west of the F Zone. Some limited ground checking in the vicinity will be in order, but basically one hole drilled at a shallow angle west of the F Zone should effect a satisfactory test.
- IV D. Robertson notes that rare earths may be present in the Rexspar mineralized zones, and that no testing has been done. It would be a simple matter to collect a suite of grab samples from all mineralized zones and run tests for rare earths content.
- V It has been suggested that in an environment such as existing at the Rexspar property that gold may occur in association with the uranium in particular. This possibility can easily be tested in the same manner as for the rare earths.

Assuming that we close the agreement I would suggest starting as close to August 1st as possible on the following programme:

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Drilling:

Hole #1	Line 42N, 8+00W,	Vertical	250' depth
Hole #2	Line 27N, 6+00E,	Vertical	250' depth
Hole #3	Line 24N, 12+00W,	Vertical	300' depth
Hole #4	Line 9N, 9+00E,	Vertical	300' depth
Hole #5	Line 9N, 39+00E,	Vertical	300' depth
Hole #6	Line 18S, 27+00W,	-45°, Az. 90°	500' depth

Total 6 holes for 1,900 feet.

Sampling:

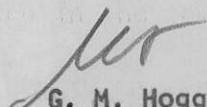
- Grab samples from all mineralized zones (Fluorspar, A, B, BD, F) to be tested for rare earth content.
- Grab samples from all mineralized zones - especially uranium-pyrite concentrations to be tested for gold content.

Costs:

Since Rexspar drilled on the property in 1972 we can expect access to be good. Only hole #5 appears to be out of reach of an existing road or dozer trail. Hopefully we will be able to get a BQ-Wireline rig for about \$10.00/foot all inclusive. Sampling and assay costs should be nominal.

Drilling (1900' @ \$10/ft.)	\$19,000
Sampling Cost	1,000
Assaying Cost	1,000
Supervision, Research	<u>2,000</u>
Total	<u>\$23,000</u>

GMH:lfr
Encls.


G. M. Hogg