KERR ADDISON MINES LIMITED

(FOR INTER-OFFICE USE ONLY)

JUN - 5 1972

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To Mr. Glen Hogg From W.M. Sirola

Subject Rexspar Mines Limited Date June 2, 1972

We have reviewed all of the data you sent from Toronto, together with information and maps received from Denison Mines in Vancouver. In addition, Paul Pisani and I visited the Denison field office in Birch Island, B.C. and went over some of the critical drill core stored near their office.

We are not certain as to why some of the areas north of the fluorite zone show high resistivity values but this may be due to a combination of thin overburden and numerous quartzite layers. The high resistivity over the fluorite zone itself may result from the fact that the width of the outcrop shown on the geological map is approximately 800 ft and electrode grounding might have been very poor. Since most of the high resistivity to the north of the known mineralization occurs in the schist unit, we are unable to recommend drilling in this area. We realize, however, that you have formed a certain attachment to this phenomenon and we certainly think it should be your prerogative to plan one drill hole on a high resistivity zone. All of the geological evidence suggests that the area to the northeast of the known mineralization is favourable to some extent. Whether or not it is equally favourable remains to be seen. It is difficult to predict, for example, whether the seemingly necessary rock preparation has taken place in the northeast area, but, at any rate, we do have a combination of trachyte, molybdenum soil samples and IP anomalies and at least one northeast trending fault zone. Since the IP anomalies have been drilled to some extent and were found to be caused by heavy pyrite, it would appear sensible to investigate the high molybdenum areas which have not been drilled. We refer specifically to line 6 North and 9 North at 3900 East and 800 East where the molybdenum anomalies are surrounded by a 40 PPM contour.

I think 2 holes would be necessary

Jess.

There seems to have been some interest in the F zone west of the BD zone, and this was occasioned largely by the location of uranium bearing float in that area. Attempts to drill for the source were inneffectual because of extremely fractured trachyte and the potential remains largely unknown. There is a molybdenum high centered about 700 ft southeast of the F zone and perhaps this could be investigated by rotary drilling from the existing road.

Because none of the soil samples in the northeast zone was assayed for fluorite content, we think that this should be done on those lines underlain by trachyte. In addition, since Noranda has a sizable copper deposit at Harper Creek on the claims adjoining Rexspar on the southeast and since the copper on the Noranda ground occurs in the schist unit, it would seem prudent to assay all of the lines from 6 S to 150 S for copper-molybdenite. We would exclude those portions of the lines underlain by trachyte. Again, because the Noranda copper mineralization contains magnetite and because the pyrite mica zones are prone to contain magnetite, we would cover the schist area by ground magnetics.

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To..... *From*.....

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Cost Estimates

a) diamond drilling

four 400 ft drill hole (two on each molybdenum anomaly)
for a total of 16,000 ft @ $ 10.00 per ft = $ 16,000.00

b) geochemical and magnetometer survey

total cost including analyses, wages, vehicle rental,
accommodation and food = $ 5,380.00

TOTAL $ 21,380.00

By adding one 400 ft drill hole on a resistivity high be selected by Mr. Glen Hogg, the total cost would approximate $ 25,000.00.

We would, of course, prefer to defer drilling until our geochemical and magnetic data are available, but this could be a subject of negotiation.

W.M. Sirola

WMS/bw