KERR ADDISON MINES LIMITED

(FOR INTER-OFFICE USE ONLY)

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

Subject Consolidated Rexspar Date May 30, 1972

As I mentioned last Friday on the telephone Bill, the McPhar I.P. report on the Rexspar property notes the fact that the fluorspar zone is outlined by high resistivity readings. A check showed that four additional definite high resistivity zones in the same range lie to the north of the fluorspar prospect along the road system, and two lesser zones occur - one further to the north and one to the east. The easternmost zone parallels Clay Creek and lies just to the east of it. Another high resistivity area occurs west of Foghorn Creek, but in an area geologically dissimilar to the main prospect area.

I checked with Dave Fountain of McPhar on the matter, and he offers no explanation. Also I might add that Denison did no follow-up on this aspect, and no drilling was done on any of these zones.

The peculiarities of the high resistivity areas can be listed as follows:

1. They are not co-incident with, but occur alongside I.P. anomalies. This is not surprising geophysically, but has significant implications if the idea of zoning of mineralized areas is considered. It also appears that each resistivity high is ringed by I.P. anomalies.

2. The range of the high resistivity is above 1500 ohm feet/2π, and for the most part in excess of 2000 units. This level is not too common in the area and occurs only in the Fluorspar prospect area and in the zones mentioned. There are, for instance, plenty of strong I.P. responses in the map area, but for the most part resistivity variations peripheral to these responses are not unusually high.

3. The trough-like configuration of the high resistivity response over the Fluorspar prospect is duplicated in the other high resistivity areas. This characteristic is well exhibited in the strong zones located on lines 18N to 27N. This suggests a rather flat configuration for the source.

Geologically the area in which these high resistivity responses are noted is for the most part underlain by quartz sericite schist. Schistosity dips at about 10° - 20° north, and of course the topography also slopes to the north towards the North Thompson River. Perhaps then, the schist cover over the trachyte is not very thick, and a high resistivity area lying within the trachyte could well be resolved by resistivity survey. Mapping suggests the presence of an anticlinal axis extending northward from the Fluorspar zone, although this may be largely a topographic effect. If it exists however, such a structure could well control fluorspar mineralization, and a series of lenses might extend northward along this axis.

Geochemically the areas in question are not particularly active, although some weak molybdenum anomalies do occur to the north of the north Fluorspar zone. Some bog manganese, limonite stain, and fluorspar-bearing float are present in the area.

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In the east section of the Rexspar property you noted that geochemical surveys were carried only to about 50E. The existing grid extends about another 5000 feet east (on 11 lines). This area should be covered geochemically, preferably for CaF_2 content, and would involve about 10 miles of sampling at 200 foot centers. I might note that in this area, although I.P. anomalies are present, no zones of high resistivity are apparent.

I feel that a test programme involving drilling of four high resistivity zones, geochemical coverage of the east property area, and some re-testing of old geochemical samples and possibly some core, would be fully justified. Cost estimates for this work would be as follows:

1.	Drilling - 4 400 foot holes @ $10.00/ft.	= $16,000
2.	Geochemical Sampling - 10 miles @ $100.00/mile	= 1,000
3.	Analysis of Soil Samples and Core	= 5,000
4.	Transportation, Accommodation, Supervision	= 3,000
	TOTAL	= $25,000

I agree that drill testing for repetition of the Fluorite zone as suggested by Arnott should be deferred as it is not likely that a substantial increase in tonnage would result.

Under the circumstances, we could effect a reasonable test of the property then for an expenditure of approximately $25,000.00. The proposal to Denison would consist of this guarantee, with provision for eventual expenditure of $500,000 for a 60% interest in the property.

I have forwarded to-day relevant data concerning the I.P. etc., via Air Freight. I would appreciate your comments as soon as possible since I would like to contact Noel O'Brien on Thursday, June 1, on the matter.

GMH:lfr

G. M. Hogg