103B/12
825958

KERR ADDISON MINES LIMITED

(FOR INTER-OFFICE USE ONLY)

I.C.B.
A.H.C.
P.S.C.
D.M.H.
W.J.
~~D.F.F.~~
J.B.S.
FILE

To D. A. Lowrie **From** C. K. Wilton

Subject April Property, Lyell Island, Queen Charlotte Islands, B.C. **Date** July 27, 1982

Dujardin's memo states that a surface showing assaying 10,000 ppb gold (0.29 ozs./ton) was surface sampled, mapped, and drilled in 1980 and 1981 by 4,025 metres for a total expenditure of $750,000. The area is sufficiently remote and without infrastructure that costs of exploration are high ($42/ft. for drilling).

The surface showing and sample results are not described in Dujardin's memo. It would seem to be separate from the drilled zone.

The drilling was done along a length of about 650 metres. The attached map shows the location, values and depth relative to sea level of the values in 4 holes. Note that hole 80-5 has values of 0.50 ozs. Au/ton across 19.7' and hole 81-17 has values of 0.33 ozs. Au/ton across 19.7'. Holes 81-7 and 81-8 have low values from 0.08 to 0.13 across lengths of 9.8 to 39.4'. These values seem to be in a gently dipping auriferous zone in pyritic rhyolite fragmentals of which the structure is not clear although the general strike is apparently NNW and the dip varies from 60E at the NNW end to 30E further south.

Holes 80-4 and 81-17 are about 29 m. (96') apart. The obvious next step in evaluation of the occurrence would be to drill a vertical hole between holes 80-4 and 81-17 and others about 50' NNW, WSW and ENE from hole 80-5. It seems Placer were not sufficiently impressed by the potential to carry out more work or are short of funds.

My impression is that the tonnage potential is low and the average grade likely would be low to medium.

This prospect is therefore judged to be unattractive at this time. Further interest is not recommended.

C. K. Wilton

CKW/sm

Attachments

at this time!

LINE 8
LINE 10
LINE 12
LINE 14
LINE 16
LINE 18
N
81-14(-60°)
81-15(-60°)
EL. 98.70m
80-1(-60°)
81-13(90°)
EL. 68.5m
81-11
(-60°)
81-10(-75°)
81-12(-90°)
EL. 106.25m
81-9(-60°)
81-18(-57°)
80-2(-60°), EL. 92.47m
80-3(-80°)
81-8(-90°)
EL. 114.00m
2.87/3
2.97/3
4.32/3
+6m.
-10m.
-19m.
+10m.
3.44/9
81-7(-75°)
81-6(-60°)
80-4(-60°)
EL. 86.63m
80-5(-90°)
17.07/6
+3m.
81-17(-58°)
+2m.
11.2/6 (Vertical Proj.)
Upper edge of Gold Zone.
miss in DDH 4
3(a)?
STEEP
300m. to Hole 81-16
STAINED

inches
0 1
0 1 2
centimetres
This reference scale bar has been added to the original image. It will scale at the same rate as the image, therefore it can be used as a reference for the original size.

LEGEND
2.87/3 g/Tonne
← location of intersection
+10m ← 10m. above sea level

0 20 40 60
Metres

APRIL PROPERTY
Queen Charlotte Is.
D.D. Holes & values in g/Tonne
NTS 103 B 12
NOV/81

PROPERTY ACQUISITION PROPOSAL

APRIL PROPERTY, LYELL ISLAND, QUEEN CHARLOTTE ISLANDS, B.C.

INTRODUCTION

Publicity given the Specogna gold deposit since its acquisition by Consolidated Cinola Mines in 1978, has inspired renewed interest in the gold potential of the Queen Charlotte Islands. Particular interest was paid but not confined to the Masset Formation volcanics and the Skonun Formation sediments of Paleocene-Eocene and Mio-Pliocene age respectively and to major structures in this environment.

Regional silt sampling was the most common primary exploration tool used and large areas were covered this way by JMT Services Corp. on behalf of various clients. Follow-up of a gold-arsenic silt anomaly in 1979 on Lyell Island resulted in the discovery of a showing assaying 10,000 ppb gold (0.29 ozs/ton) which was staked by JMT for Placer Development as the April Claims. Surface sampling and mapping followed by diamond drilling was the program completed in 1980 and more drilling was done in 1981 bringing the total to date to 4,025 metres, all within the original discovery zone.

In June 1982, R.A. Dujardin and A. Clendenan spent a week in the Queen Charlotte Islands with Gordon Richards, a partner of JMT and an ex-employee of Quintana Minerals, previous optionee of the Specogna property. Various claims held by JMT and Ventures West were examined and visits paid to Specogna and Lyell Island. A lot of the work done on the latter was contracted out by Placer to JMT who supervised all of the 1980 drilling program.

Hearing of our interest in the area, Placer has now approached us with a joint venture proposal with respect to the Lyell Island property.

LOCATION (See Map A)

The 630 claim units involved cover a large area of Lyell Island, some 60 kms south of Sandspit, on the east coast of Moresby Island. The main showing lies in the northwest corner of the island, adjacent to Richardson Passage. Access is via boat, float plane or helicopter. There are no roads in the vicinity of the showing but some parts of the property are crossed by logging roads emanating from operations on the southeast segment of the island.

GENERAL GEOLOGY

The oldest rocks on the property are Triassic Karmutsen greenstones overlain by Kunga Formation limestones and argillites. Tertiary rhyolite to dacitic volcanics of the Masset Formation overlie the latter and form the host of the main showing. A major strand of the Rennell-Lousconne fault system crosses the property from southeast to northwest passing within 100 metres of the main showing.

Cont'd.....

LOCAL GEOLOGY

The main showing occurs in a zone of rusty weathering, pyritic rhyolitic fragmentals varying from fine grained tuffs to lapilli tuffs in grain size. This zone has definitely been traced for 300 metres from NNW (at Richardson Passage) to SSE before cross faulting and overburden obscures the picture - evidence from huge boulders of float suggests a continuation of 300 metres SE beyond the fault. The fragmental zone averages 30 to 40 metres in thickness and has brecciated hanging wall and footwall zones separating the acid fragmentals from andesitic tuffs and flows and some rhyo-dacitic flows.

Brecciation is also common within the zone as is silicification, in the form of quartz microveining and silica flooding neither of which show any consistent relationship to gold enrichment. Pyritization is ubiquitous but variable from massive veining to minor dissemination but also shows no correlation with gold content. The rhyolitic fragmental zone dips 60^{0} ENE into the hillside at the NNW end and apparently flattens to 30^{0}, 300 metres along strike to the SSE where it apparently thickens to 100 metres.

GOLD MINERALIZATION

Gold has been identified under the microscope, either intergrown with or partially related to pyrite. It is fine grained (1 to 15 microns) and is geochemically associated with arsenic, mercury, antimony, silver and thallium etc., together providing a definite geochemical signature for discrete gold enriched zones otherwise lacking in discernible geological controls.

Very preliminary cyanide leach tests on a high-grade sample gave gold recoveries exceeding 90% indicating a "non-refractory" type of mineralization.

DIAMOND DRILLING RESULTS (See Map B)

Placer drilled 18 inclined and vertical holes from 8 set ups, totalling 4,030 metres. Half of this program was done in 1981 at a unit overall cost of $124./metre.

Intersections of 1 gr./tonne (.03 ozs/ton) over at least 3 metres were obtained in 11 of the 18 holes drilled.

The first hole drilled (80-1) intersected:

7.09 g/tonne over 6 metres (0.21 ozs/ton over 19.7')

or

5.20 g/tonne over 9 metres (0.15 ozs/ton over 29.5')

Unfortunately this and many other gold intersections did not apparently represent continuous mineralized zones and could not be traced to adjacent holes.

Cont'd.....

Drill holes 80-5, 81-7, 81-8 and 81-17 however, at the southeast end of the main drilling area, appear to have intersected a continuous gold zone striking NW-SE and dipping 30° to the NE. It is open northwards and downdip but seems to have been cut off to the SE by 80-4. The relevant intersections are:

HOLE		METRIC SYSTEM		IMPERIAL SYSTEM	
		g/tonne	metres	ozs/ton	feet
80-5		17.07	6	0.50	19.7
	or:	11.75	9	0.34	29.5
81-7		3.44	9	0.10	29.5
	or:	2.93	12	0.09	39.4
81-8		2.87	3	0.08	9.8
	and	2.97	3	0.09	9.8
	and	4.32	3	0.13	9.8
81-17		11.20	6	0.33	19.7

Average = 0.23 ozs/ton/16.4 feet (5metres)

80-5 and 81-17 have adjacent intersections 27 metres apart and appear to represent a higher grade sub-zone, but caution is strongly advised against reading too much into the results of just 4 holes. This is still a raw prospect which offers a better than average chance of blossoming into a viable gold deposit but it would be highly premature to calculate or predict average grade and tonnages at this point.

ADDITIONAL TARGETS

Reconnaissance mapping and sampling outside of the main zone have defined at least two other areas geochemically anomalous in gold and arsenic. Further work is required to firm these into drill targets.

PLACER'S PROPOSAL

1. Placer's deemed expenditures on the property to date are $750,000.

2. Kerr Addison can earn 50% of Placer's interest by incurring expenditures of $750,000. over an agreed upon period of years. Commitment for 1982 would be $30,000. after which Kerr Addison would have to commit to a $150,000. drilling program in 1983 to maintain the agreement. Expenditure schedule after 1983 is open to negotiation.

Cont'd.....

3. The $30,000. 1982 commitment includes a $10,000. payment to JMT Services due December 31, 1982. JMT have a 10% net profits interest in the property reduced to 3% during the payback period.

4. Until Kerr Addison earns its interest, Placer will perform the work done on the property under our direction.

RECOMMENDATIONS

1. Negotiate suitable terms with Placer along the above lines but aim for a 51% equity position and affirm Kerr Addison desire to assume complete management and control in the event it acquires such a majority position. Placer should be required to substantiate its claimed "deemed expenditures".

2. The 1982 budget should be larger than that required by Placer to achieve the following:

   a) Relogging and interpretation of the core from holes 80-5, 81-7, 81-8, 81-17 in an attempt to determine mineralization controls.

   b) Multi-element analysis of several holes, including the above, to closely define the geochemical signature of the mineralized zone.

   c) Detailed mapping and sampling in the 80-5 etc., area and the faulted extension of the pyritic acid fragmental zone to the southeast.

   d) Detailed investigation of other anomalous zones to determine whether they are worthy drilling targets.

   e) Choose drill hole sites for 1983. The estimated budget for a 1½ month program is:

Cont'd.....

Senior Geologist (detailed mapping, logging etc.)		$9,000.00
Geologist (sampling, reconnaissance, etc.)		5,625.00
Two Assistants		6,750.00
Cook		4,500.00
Food		3,375.00
Airlines		1,080.00
Charter Aircraft - fixed wing		840.00
- helicopter		5,000.00
Assaying - rocks		3,500.00
- soils		800.00
Drafting		1,500.00
Report preparation etc.		4,000.00
	Sub-total	$45,970.00
Payment to JMT		10,000.00
	TOTAL	$55,970.00
	Say	$56,000.00

3. The 1983 plan and budget would depend on the outcome of the above program but it would be well to anticipate drilling at least 4 or 5 holes averaging 200 metres in depth at an overall cost of $140.00/metre.

R.A. Dujardin

10,000E 10,100E 10,200E 10,300E 10,400E 10,500E 10,600E

10,100N 10,000N 9,900N 9,800N 9,700N 9,600N 9,500N 9,400N

CAMP AREA

LINE 8 LINE 10 LINE 12 LINE 14 LINE 16 LINE 18

81-14(-60°)

81-15(-60°) EL. 98.70m

80-1(-60°)

81-13(90°) EL. 68.5m

81-11 (-60°)

81-12(-90°) EL. 106.25m

81-10(-75°)

81-9(-60°)

81-18(-57°)

80-2(-60°), EL. 92.47m

80-3(-80°)

81-8(-90°) EL. 114.00m

81-7(-75°)

81-6(-60°)

80-4(-60°) EL. 86.63m

80-5(-90°)

81-17(-58°)

11.2 / 6 (Vertical Proj.)

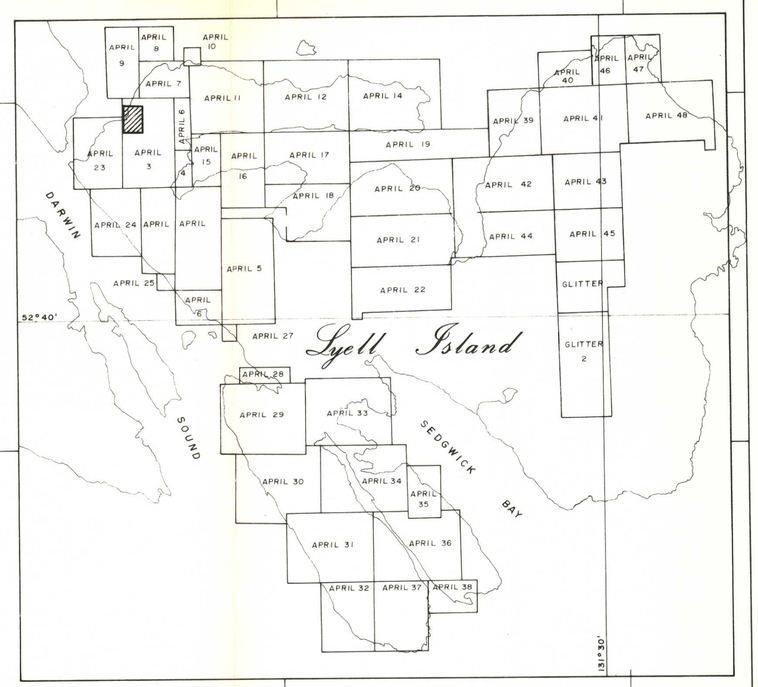
Upper edge of Gold Zone.

mine in DDH 4

STEEP

81-16(-60°) EL. 266.3m

Boundaries based on abundant float



LEGEND

VOLCANICS

1	RHYOLITE	- UNDIVIDED
1a		- FLOW
1b		- DIKE
1c		- PORPHYRY
1d		- TUFF
1e		- LAPILLI
1f		- FRAGMENTAL
1g		- AGGLOMERATE
2	DACITE	- AS ABOVE
3	ANDESITE	- " "
4	BASALT	- " "
5	TUFF BRECCIA	

INTRUSIVES

6	GRANITE , GRANODIORITE
7	DIORITE , QUARTZ DIORITE
8	GABBRO

RHYOLITE - PYRITIC, IRON STAINED

NOTE :

Intersection in ppm Au / metres

Intersection in inclined holes are projected vertically to horizontal plane.

inches 0 1 2 / 0 1 2 3 4 5 centimetres

This reference scale bar has been added to the original image. It will scale at the same rate as the image, therefore it can be used as a reference for the original size.

BRITISH COLUMBIA GEOLOGICAL SURVEY

0 10 20 40 60 METRES

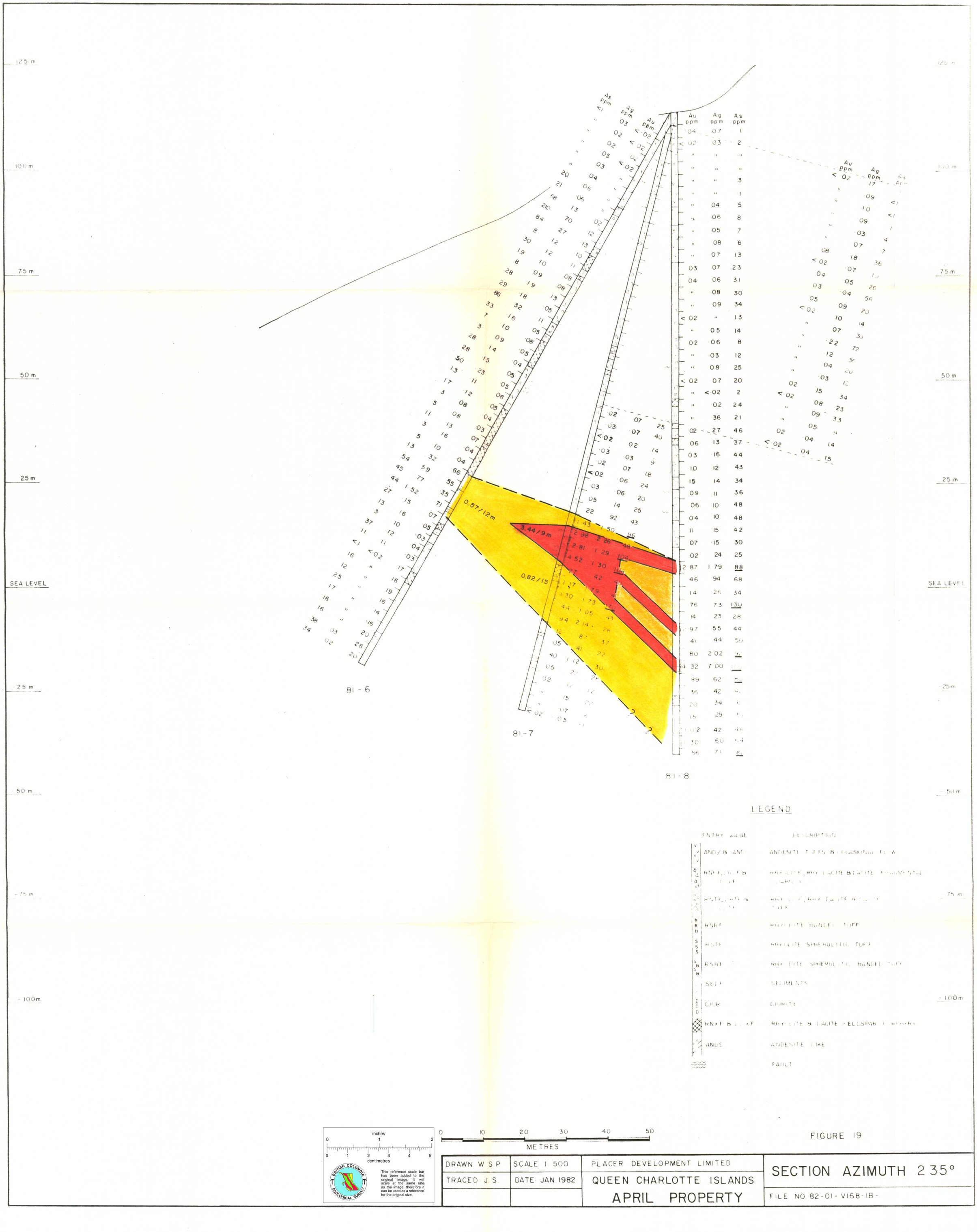
PLACER DEVELOPMENT LTD

APRIL PROPERTY

QUEEN CHARLOTTE ISLANDS

GEOLOGY AND DDH LOCATION MAP

SCALE - 1:1000	DATE - NOVEMBER, 1981
TRACED BY - J.C.	DRAWN BY - W.S.P
NTS - 103 B 12	MAP No.



inches 0 1 2

centimetres 0 1 2 3 4 5

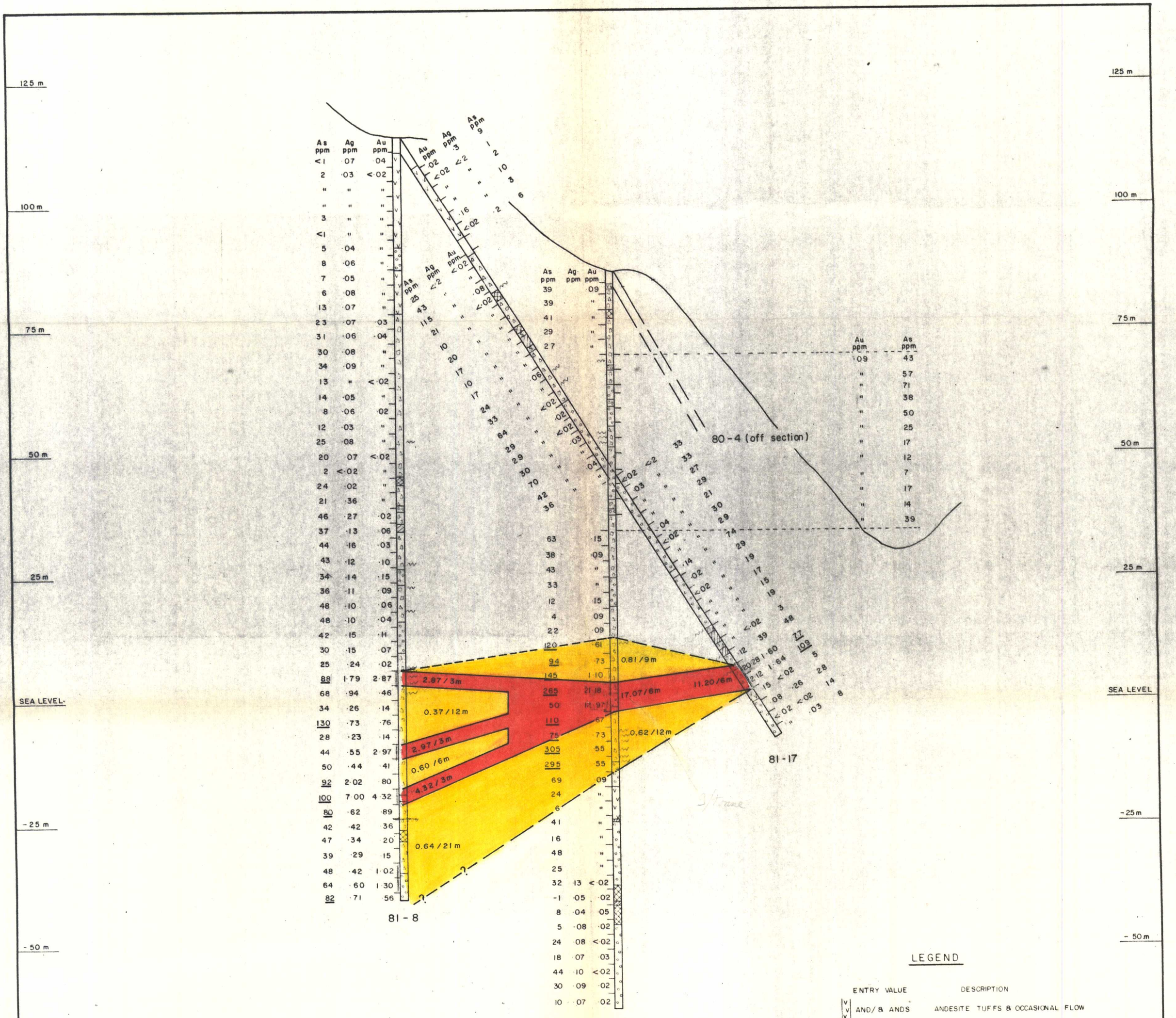
This reference scale bar has been added to the original image. It will scale at the same rate as the image, therefore it can be used as a reference for the original size.

0 10 20 30 40 50

METRES

FIGURE 19

DRAWN W.S.P.	SCALE 1:500	PLACER DEVELOPMENT LIMITED	SECTION AZIMUTH 235°
TRACED J.S.	DATE JAN 1982	QUEEN CHARLOTTE ISLANDS	
		APRIL PROPERTY	FILE NO. 82-01-V168-1B-


125 m
100 m
75 m
50 m
25 m
SEA LEVEL
- 25 m
- 50 m
- 75 m
- 100m
As ppm | Ag ppm | Au ppm
81 - 8
81 - 17
80 - 4 (off section)
Au ppm | As ppm
80 - 5
(10m West of section)
2.87 / 3m
0.37 / 12m
2.97 / 3m
0.60 / 6m
4.32 / 3m
0.64 / 21m
0.81 / 9m
17.07 / 6m
11.20 / 6m
0.62 / 12m
LEGEND
ENTRY VALUE
DESCRIPTION
AND/ & ANDS
ANDESITE TUFFS & OCCASIONAL FLOW
RNFF, DRLF & D/LF
RHYOLITE, RHYODACITE & DACITE FRAGMENTAL- - LAPILLI
RNTF, DRTF & D/TF
RHYOLITE, RHYODACITE & DACITE TUFFS
RNBF
RHYOLITE BANDED TUFF
RSTF
RHYOLITE SPHERULITIC TUFF
RSBF
RHYOLITE SPHERULITIC BANDED TUFF
SEDF
SEDIMENTS
DIOR
DIORITE
RNXF & D/XF
RHYOLITE & DACITE FELDSPAR PORPHYRY
ANDS
ANDESITE DIKE
FAULT
inches
centimetres
This reference scale bar has been added to the original image. It will scale at the same rate as the image, therefore it can be used as a reference for the original size.
METRES
FIGURE 20
DRAWN: W. S. P.
SCALE 1:500
PLACER DEVELOPMENT LIMITED
TRACED: J. S.
DATE: JAN. 1982.
QUEEN CHARLOTTE ISLANDS
APRIL PROPERTY
SECTION AZIMUTH 175°
FILE NO. 82-01-V168-IB-

125 m
100 m
75 m
50 m
25 m
SEA LEVEL
-25 m
-50 m
-75 m
-100m

As ppm	Ag ppm	Au ppm
39		.09
39		"
41		"
29		"
27		"
43		"
57		"
71		"
38		"
50		"
25		"
17		"
12		"
7		"
17		"
14		"
39		"
63		.15
38		.09
43		"
33		"
12		.15
4		.09
22		.09
120		.61
94		.73
145		1.10
265		21.18
50		12.97
110		.67
75		.73
305		.55
295		.55
69		.09
24		"
6		"
41		"
16		"
48		"
25		"
32	13	<.02
-1	.05	.02
8	.04	.05
5	.08	.02
24	.08	<.02
18	.07	.03
44	.10	<.02
30	.09	.02
10	.07	.02

0.81 / 9m
17.07 / 6m
0.63 / 12m

80- 5

As ppm	Au ppm
63	.09
15	"
41	"
22	"
20	"
50	"
7	"
23	"
19	"
16	"
19	"
7	"
9	"
16	"
23	"
17	"
17	"
30	"
73	"
39	"
25	"
88	"
88	"
94	"
59	"
59	"
30	"
16	"
36	"
15	"
9	"
11	"
20	"
20	"
79	"
35	"
15	"
22	"
5	"
5	"
4	"
5	"
3	"
3	"
4	"
3	"
5	"
15	"
5	"
53	"
22	"
36	"
38	"
36	"
23	"
35	"
36	"
41	"
22	"
55	"
29	"
45	"
53	"
16	"

80 - 4

LEGEND

ENTRY VALUE	DESCRIPTION
AND/ & ANDS	ANDESITE TUFFS & OCCASIONAL FLOW
RNFF, DRLF & D/LF	RHYOLITE, RHYODACITE & DACITE FRAGMENTAL- - LAPILLI
RNTF, DRTF & D/TF	RHYOLITE, RHYODACITE & DACITE TUFFS
RNBF	RHYOLITE BANDED TUFF
RST F	RHYOLITE SPHERULITIC TUFF
RSBF	RHYOLITE SPHERULITIC BANDED TUFF
SEDF	SEDIMENTS
DiOR	DIORITE
RNXF & D/XF	RHYOLITE & DACITE FELDSPAR PORPHYRY
ANDS	ANDESITE DIKE
	FAULT

inches 0 1 2
0 1 2 3 4 5 centimetres

This reference scale bar has been added to the original image. It will scale at the same rate as the image, therefore it can be used as a reference for the original size.

0 10 20 30 40 50
METRES

FIGURE 21

DRAWN: W.S.P.	SCALE 1:500	PLACER DEVELOPMENT LIMITED	SECTION AZIMUTH 148°
TRACED: J.S.	DATE: JAN. 1982.	QUEEN CHARLOTTE ISLANDS APRIL PROPERTY	FILE NO. 82-01-V168-18-