KERR-ADDISON GOLD MINES LIMITED

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To W. M. Sirola *From* P. M. Kavanagh

Subject McCann Property, Stikine River Area, B. C. *Date* February 27, 1962

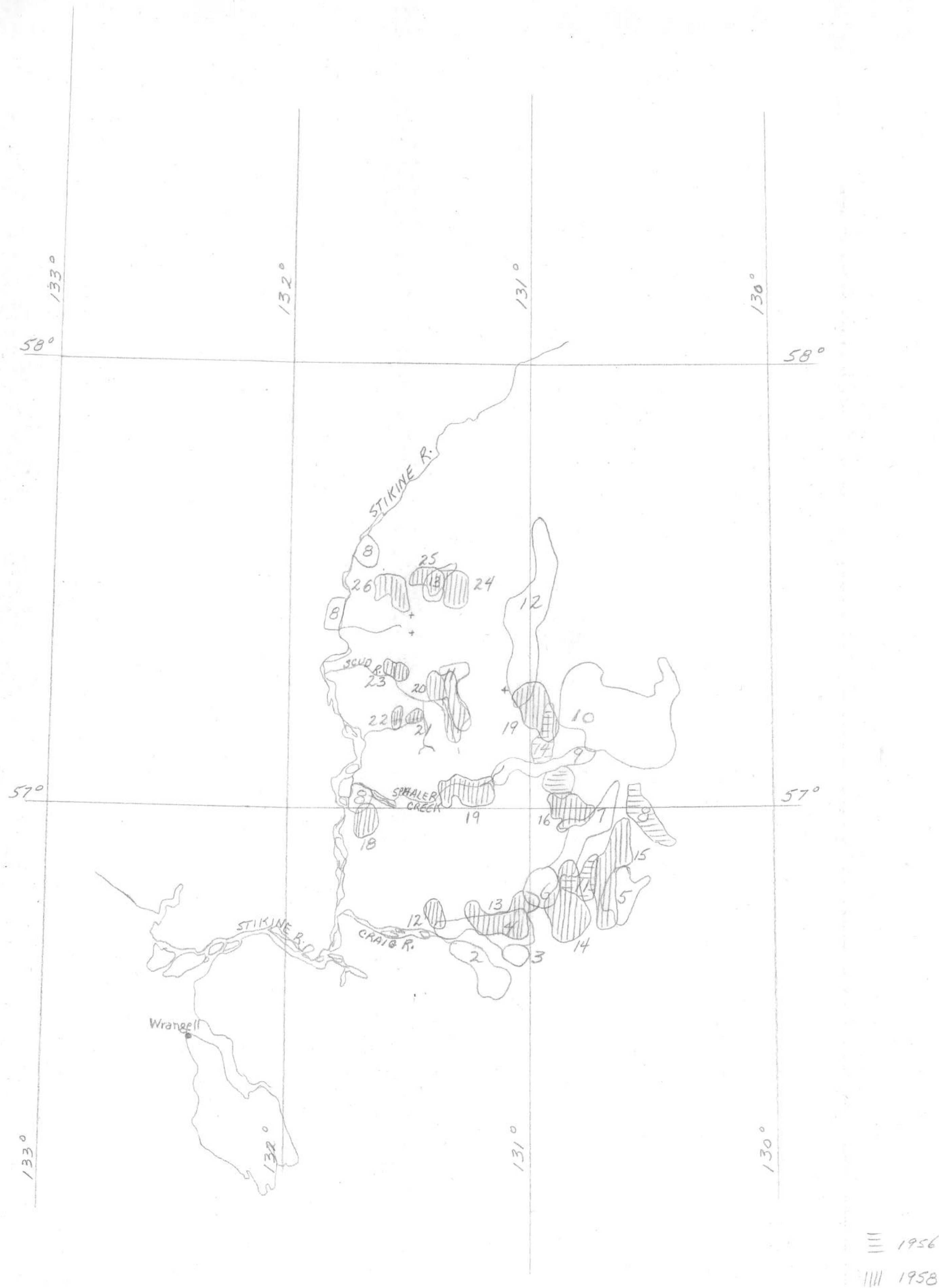
Attached are 2 sets of copies of pages from Bill Dunns' 1957 report to the BIK Syndicate which Silver Standard managed and in which Anglo-Huronian participated. The pertinent pages refer to a copper deposit which the Syndicate found and tested in an area northeast of McCann's property. The Syndicate never had prospectors on the ground now held by McCann probably because it was always staked during the several-year life of the Syndicate.

I am sending this solely for your general information. Kennecott has made an intensive study of the deposit apparently.

PMK

Paul M. Kavanagh
Chief Geologist - Exploration

PMK:ry


133°
132°
131°
130°
58°
58°
57°
57°
STIKINE R.
SCUD R.
SPHALER CREEK
CRAIG R.
STIKINE R.
Wrangell
133°
132°
131°
130°
1956
1958

A considerable number of small intrusions exist in the area and almost all had some mineralization associated with them. Many showings of chalcopyrite and a few of galena were found but none had sufficient size to warrant further work. Six claims were located but not recorded. The area can be considered completed.

11. Location - Scud River Glacier and area to the South.

A few days were spent prospecting the area of the Scud River Glacier and a limestone belt a few miles South. Chalcopyrite float was found in every morraine of the Scud Glacier and one small showing in place near a glacier to the East of the Scud. The general area deserves further prospecting, but only lends itself to working with a helicopter.

12. Location - Schaft Creek. found in 1956, staked in Jan., 1957, and further prospected in 1957.

A party was placed in here early in April to follow up the previous years work and to prospect the claims located in January 1957. They found copper mineralization in places over a length of five miles and a width of one mile. These showings are of four types, but all are in, or parallel to a granodiorite body trending in a North North East direction. The four types of occurrences are:

(A) Chalcopyrite along the fractures in the granodiorite.

(B) Chalcopyrite in some of the felsite dykes in the volcanics to the East of the main contact.

(C) Small veins and stringers of solid chalcopyrite and bornite in the volcanics close to the contact with the intrusive.

(D) Disseminated chalcopyrite in the volcanic rocks in a roughly circular area of one thousand feet radius, about fifteen hundred feet East of the contact with the granodiorite.

During the summer an area from the headwaters of Schaft and Hickman Creeks to the junction with Mess Creek, and over a width of four to five miles was thoroughly prospected. With the exception of one small chalcopyrite showing near Start Lake, no new occurrences of any importance were found.

The mineralization in the granodiorite and in the felsite dykes was not sufficient to warrant any work.

Eight claims were located on the veins of bornite and chalcopyrite, but were not recorded. Trenching showed them to average less than two feet wide and their length was never greater than forty feet, before they were cut off by East West faults.

Fifty six claims were located on the disseminated showing of chalcopyrite in the volcanics, and a program of trenching, sampling and geological mapping was carried out. From the first it was obvious that the tonnage possibilities were large -- in the neighborhood of fifty million tons.

The first assay results gave hopes of better than .5% Cu., but the final figure from all the samples taken in more than 3000 feet of trenching gave only .26% Cu. The possibilities of leaching this deposit in place are discussed in the recommendations.

Assessment work for ten years has been recorded on the four key claims.

The asbestos showing on Mt. Hickman was checked by a ground party and later on by means of the helicopter. The float found the previous year had come from a relatively minor shear zone, and had no economic importance.

13. Location - Yehiniko Lake.

One party spent a few days prospecting the area of

(c) SCHAFT CREEK COPPER DEPOSIT

The large size of the copper deposit in the volcanics on Schaft Creek, along with the physical characteristics of the deposit, led to a line of thought that it might be possible to leach this deposit in place, economically, even though the grade is only .26%.

1. SIZE

The actual area sampled would give 45,000 tons per vertical foot. The indicated mineralized area (circular and 1000 feet in radius) gives 250,000 tons per vertical foot. On the surface there is an elevation differential of 500 feet on the showing, and there is no reason to not expect the deposit to go down for 1000 feet.

On the sampled zone this gives an indicated tonnage of 45,000,000. On the total mineralized area the indicated tonnage to a depth of 1000 feet is in the order of 250,000,000 tons.

2. PHYSICAL CHARACTERISTICS

The host rock is an altered, highly fractured volcanic. The fracturing is so intense that it was relatively easy to dig the trenches, with a pick and shovel, one to two feet into the bedrock in order to take samples. It was not ascertained to what depth this fracturing persisted.

The copper mineralization was chalcopyrite, well disseminated in the deposit. The assay plan shows the western half to be slightly higher grade than the eastern half. However, as only one sample in 189 went over 1.0% copper the differentiation is not important. Au. and Ag. values are negligible, being less than .005 oz./ton and 0.1 oz./ton respectively.

Schaft Creek valley is 3000 feet elevation and the

centre of the deposit 1000 feet higher at 4000 feet elevation. A large glacier fed stream comes down from the higher peaks 1200 feet east of the top of the mineralized zone.

3. PLANS

Rejects from the samples have been saved and some leaching tests will be carried out this winter. Other data, such as amount of iron used, grade of concentrates produced, and volume of water required in a leaching operation will be gathered to give an idea of the economics of such an operation.