

NTS 92G/AW

KERR ADDISON MINES LIMITED

(FOR INTER-OFFICE USE ONLY)

826161

To R. A. Dujardin From Tor Bruland

Subject Ashlu River property, 92G/14W Date August 3, 1988

The main target on the property is the old Ashlu Mine which produced 15,000 tons of .43 oz/ton Au, .5 oz/ton Ag and .24%Cu between 1935 and 1939.

Since 1975 the old workings have been examined by several people who all get different ore reserves for the mine. The reserve varies between 8,500 tons of .25 oz/ton to 45,000 tons of .72 oz/ton. It is assumed by some to have a potential of 100,000 to 300,000 tons of .25 oz/ton, this is however considered to be very speculative and more of a geological reserve.

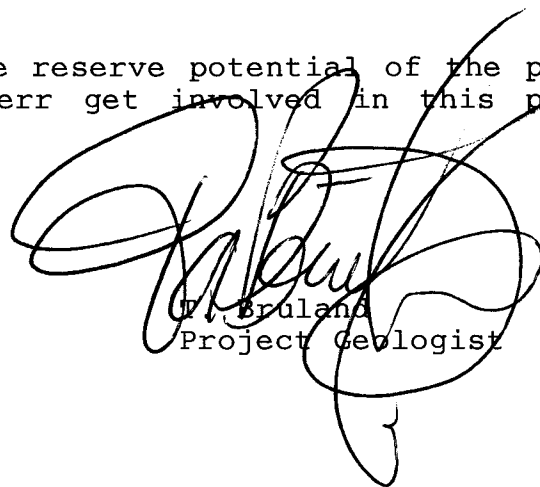
Drilling in 1978 failed to intersect ore grade in the down dip extension of the vein. There is, however, a slight possibility that these holes were drilled too far south intersecting the vein south of the shear which is found to cut off economic mineralization in the vein underground.

The gold mineralization is associated with sulphide mineralization in the form of pyrite and pyrrhotite. This mineralization was found to be very irregular and poddy with the majority of the vein being bull quartz with only traces of gold mineralization. Systematic underground sampling returned an average grade of about .25 oz/ton but with only 42% of the samples of economic grade.

It is believed that the potential for ore reserve of more than 20,000 tons of .25/ton is limited for the old mine.

There are two additional targets on the property; but neither of them has been found by drilling to have either strike or dip extension. The mineralization on one of these targets is also found to be very irregular.

Based on the limited ore reserve potential of the property it is not recommended that Kerr get involved in this property at the present time.



T. Bruland
Project Geologist

FILE



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March 31, 1987

D. A. Chapman
Tenquille Resources Ltd.
980 - 789 W. Pender Street
Vancouver, B. C.
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Dear Doug;

Thank you for the opportunity to review Tenquille's Ashlu Creek property on March 18. I enjoyed looking at the data and meeting with you.

Unfortunately we will not be able to make any offer to participate in the further exploration of your Ashlu Creek property while the property is still under litigation. The mechanism you proposed for CFC would not be suitable for us as we prefer to use flow through dollars going directly into the ground.

I would appreciate it however if we could arrange to visit the property sometime in late spring so that we might be ready when the litigation is resolved.

Thank you again for giving me the opportunity to review the project.

Best of luck in your endeavours.

Yours truly,

A. J. Davidson
Exploration Manager
Western Canada

AJD/ik