KERR ADDISON MINES LIMITED
SUITE 703 - 1112 WEST PENDER STREET
VANCOUVER, B.C. V6E 2S1
PHONE 682-7401

826237

May 22, 1986
File # 92F 14E

Mr. Carl G. Verley
Proquest Resource Corporation
422 - 470 Granville Street
Vancouver, B.C.
V6C 1V5

Dear Mr. Verley:

Re: Lupus 1, 3-6 Claims

Further to our telephone conversation this morning, please find enclosed the copy (10 of 12) of the Lupus Report which you submitted to Ray Dujardin on May 16, 1986.

As I mentioned on the phone, we have previously reviewed properties which overlap and/or adjoin your claims, and I do not feel your information enhances the value of the ground sufficiently to warrant further work by Kerr Addison at this time.

Thank you for bringing this property to our attention and if you have any other properties which you feel would be of interest to Kerr Addision, please do not hesitate to contact us.

Best Regards.

Sincerely,

A. D. Clendenan
Project Geologist

ADC/mt
Encl.

PROPERTY NAME LUPUS
UPDATES May 16/86
ACTIVE FILE Y/N Y
CLAIM NAMES LUPUS 1, 3, 4, 5, 6

LOCATION ~~VANCOUVER ISLAND~~ MOUNT WASHINGTON
NEAREST TOWN COURTENAY (16 kms NW of)
ACCESS ROAD
PROVINCE/COUNTY B.C
STATE
N.T.S 92F/14E
TOWNSHIP
RANGE
LATITUDE N
LONGITUDE W
COMMODITY Au
OWNERSHIP PROQUEST RESOURCE CORPORATION
422-470 GRANVILLE STREET
VANCOUVER, B.C V6C 1V5
CONTACT PERSON CARL VERLEY
TELEPHONE (604) 689 1966
ADDRESS as above

INITIATOR RD
DATE INIT. MAY 16/86
SUBMITTAL Y/N Y
SOLICITATION Y/N N
DATA STUDIED Y/N Y ABC 20 May 86
EXAM PLANNED Y/N
FIELD EXAM DATE
BY
DRILLED Y/N Y

FINAL RECOMMD. Y/N/M
REPLIED OWNER Y/N Carl Verley
WHEN/HOW Phone by ABC
DATA RETURNABLE Y/N Y
RETURNED WHEN 20/5/86
FILE LOC. Cab/Dr/Or? Central NTS
NAME FILE LUPUS 92F 14E
MONTHLY REPORTS May ABC/RAD

OTHER REFS. 1. REPORT BY VERLEY AND KEYSER, APRIL 1986 FOR PROQUEST.

KEY QUESTIONS (1) ANY SIMILARITY TO ABO ENVIRONMENT? Not really.
Is the showing on the Wolf or Lupus Claim? Abe

REMARKS
Told Verley we had looked at data of Peto's 1 1.5 years ago.
We (I) didn't feel Peto had a property worth visiting and I don't think Verley does either. ABC

GEOLOGY GENTLY NE DIPPING UPPER TRIASSIC KARMUTSEN BASIC VOLCANICS OVERLAIN BY UPPER CRETACEOUS NANAIMO GROUP SANDSTONE AND SILTSTONE AND INTRUDED BY TERTIARY QUARTZ DIORITE AND RELATED DACITE PORPHYRIES.

MINERALOGY ARSENOPYRITE VEIN 9CMS WITH QUARTZ, AND WITH PYRITE, SPHALERITE

MODEL AURIFEROUS ARSENOPYRITE VEINS

OTHER DATA HOMESTAKE HAD OPTION IN 1985 — Au 1-46 PPB IN SOILS/ROCKS, AS 1-1016, AG 0.1-1.1. VEIN RUNS 2.4 OZS/TON AU, ENVELOPE 94CMS 0.18 OZS/TON AU.

LEGAL CLAIM OVERLAPS IN PART ADJOINING WOLF CLAIM OWNED BY UNKNOWN PARTY. ALSO OVERLAPS CAPAC LEASE WHICH COVERS ONLY BASE METALS.

Wolf Claim held by + Submitted to Kerr in 84 or 85 by Peter Peto. Peto's maps (he never visited his property) showed Peto had what Verley calls the Lake showing ABC

KERR ADDISON MINES LIMITED

MEMO

VANCOUVER OFFICE

DATE 5/16/86

TO: A.C

FROM: R.D

SUBJECT: LUPUS

Please assess the attached — is it worth follow-up (if NOT please return data to Varley & let him know)

20/5/86

Neatly done report but vein/sample thickness summaries are misleading. I feel.

AC

Copy 10 of 12.

KERR ADDISON CORP

SELECTED PAGES.

GEOLOGICAL AND GEOCHEMICAL REPORT
on the
LUPUS 1, 3, 4, 5 and 6 CLAIMS

NANAIMO MINING DIVISION, B.C.
NTS 92F/14E
(49°46'N, 125°10'W)

for

PROQUEST RESOURCE CORPORATION
422 - 470 Granville Street
Vancouver, B.C. V6C 1V5
(604) 689-1966

by

CARL G. VERLEY, B.Sc., Geologist
Amerlin Exploration Services Ltd.
422 - 470 Granville Street
Vancouver, B.C. V6C 1V5
(604) 689-1966

&

HARMEN J. KEYSER, B.Sc., Geologist
Aurum Geological Consultants Inc.
1614 - 675 West Hastings Street
Vancouver, B.C. V6B 4W3
(604) 683-9656

April 1986

SUMMARY AND CONCLUSIONS

The Lupus 1, 3, 4, 5, 6 mineral claims, held by Proquest Resource Corporation, consist of 72 units located in the Nanaimo Mining Division (NTS 92F/14E). The property is situated 15.7 kilometres northwest of Courtenay and is accessible by road.

The property is underlain by a sequence of Upper Triassic Karmutsen basic volcanics which are unconformably overlain by Upper Cretaceous sandstones and siltstones of the Nanaimo group. This succession is intruded by Tertiary dacite porphyries.

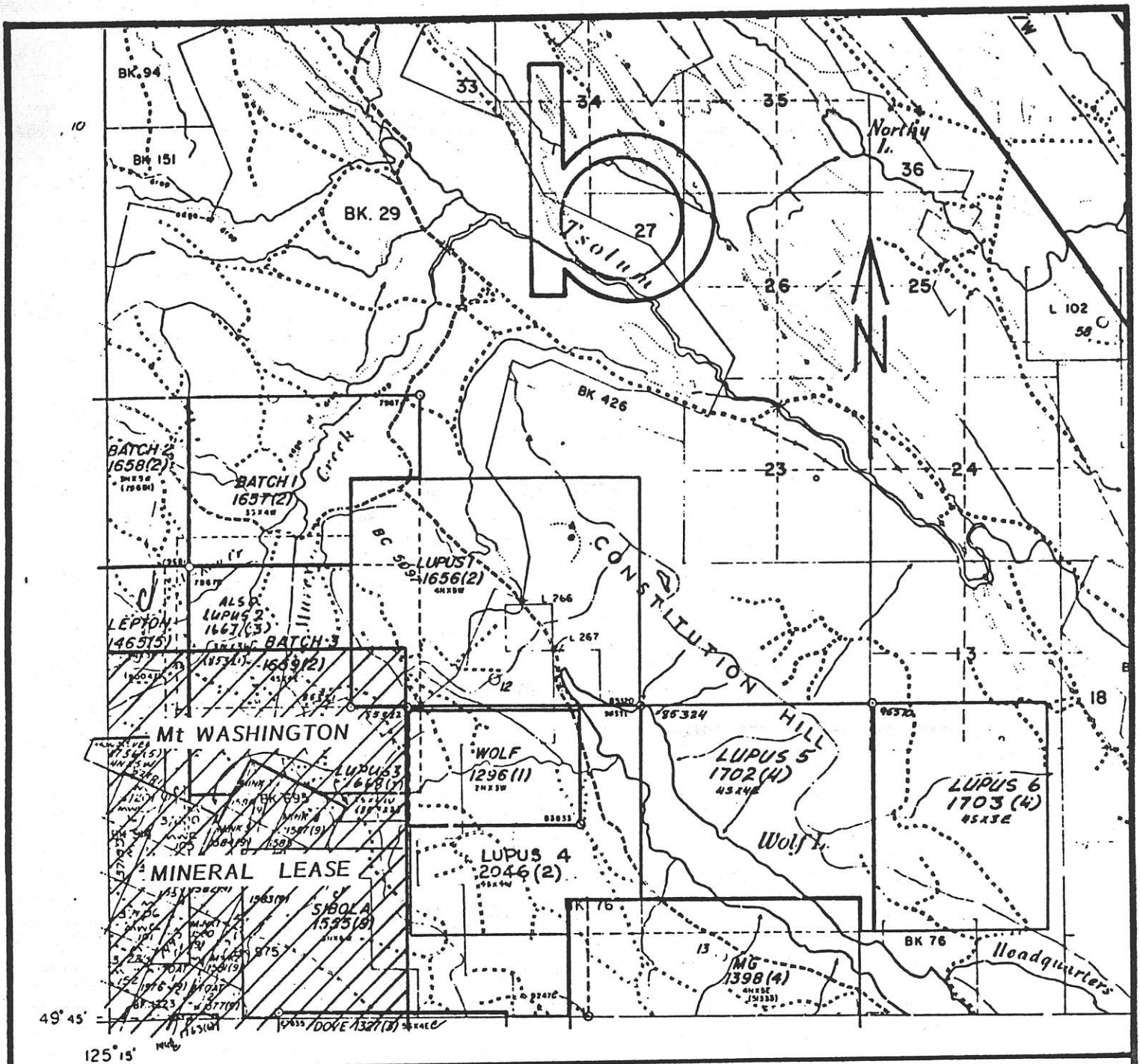
During the 1985 field season, Homestake Mineral Development Company conducted a limited exploration program on the claims before deciding that the "prospect does not contain sufficient potential for large tonnages to warrant further investigation at this time." However, it is believed that Homestake did not address the high grade small tonnage potential, nor adequately test the bulk mineable possibilities of the property.

Gold-bearing veins on the claims are new discoveries in the district. They are hosted by Upper Triassic volcanics and Upper Cretaceous sediments. The age of the mineralization is, therefore, believed to be Early Tertiary. Chip samples across the sulphide-rich core of one vein system assay up to 2.303 oz/ton Au, 4.234 oz/ton Ag, 9.48% Zn, 7.21% As, 1.151% Pb and 0.72% Cu.

Gold and arsenic are closely related in mineralized zones on the property. Anomalous arsenic in streams therefore suggests that further targets exist on the property and warrant follow-up work.

The age, tenor of gold and regional setting of the mineralized zones combined with subtle, reconnaissance geochemical signatures in soils, strongly suggests that there is a high probability for locating potentially economic gold-bearing veins on the claims.

An exploration program is recommended to further evaluate the claims. The total estimated cost of the proposed exploration work is $280,000.



CLAIM LOCATION MAP

Lupus Mineral Claims

Proquest Resource Corporation

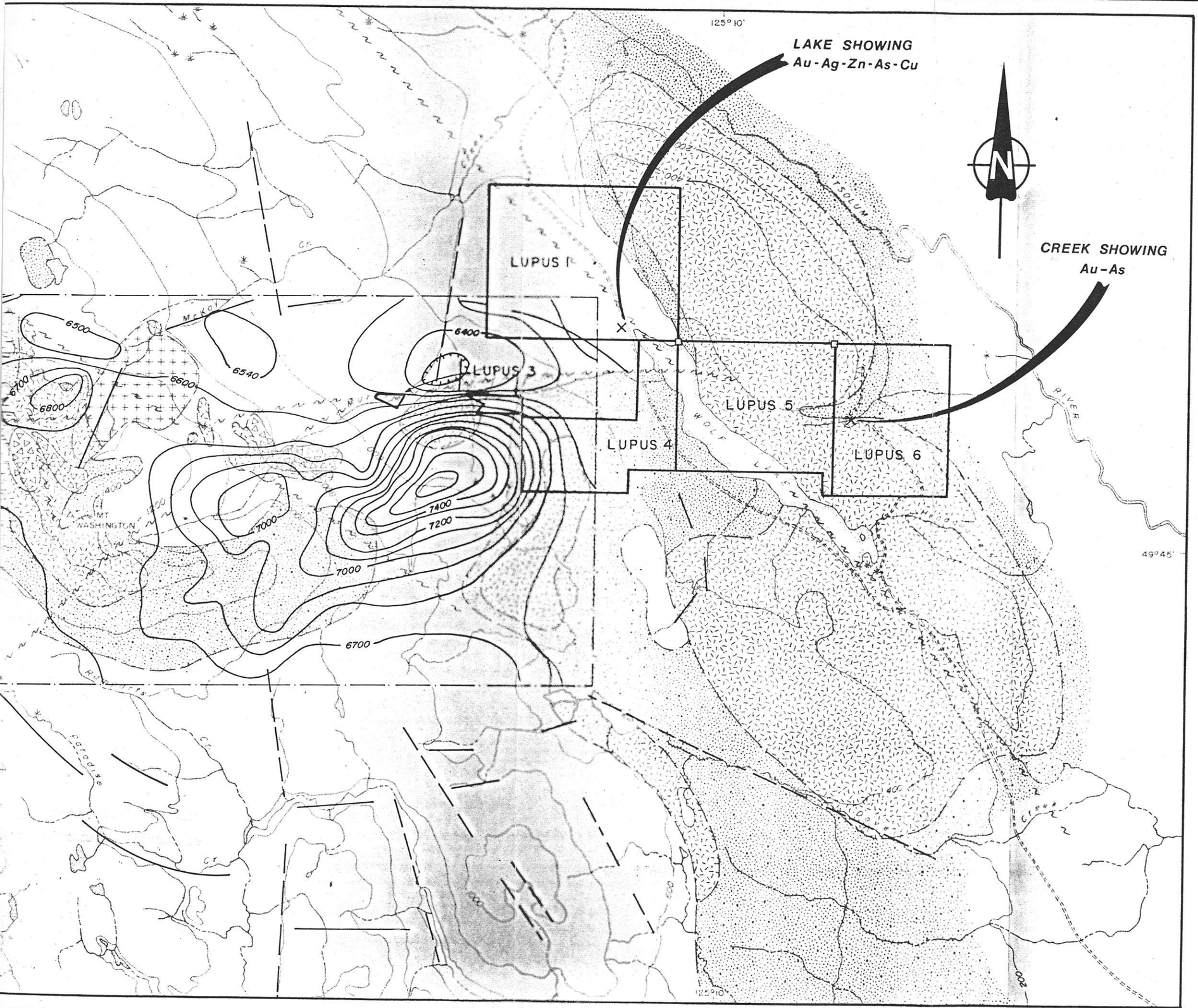
Nanaimo Mining Division, B.C.

NTS 92F/14E

Scale 1:50,000

500 0 500 1500 2500m

Figure 2.



LEGEND

OLIGOCENE

- Tb MOUNT WASHINGTON INTRUSIVES: breccias
- Tqd quartz diorite
- Td dacite porphyry

UPPER CRETACEOUS

- Kn NANAIMO GROUP: sandstone and shale

UPPER TRIASSIC

- uTR KARMUTSEN GROUP: basics volcanics

- × gold-bearing mineralization - LUPUS CLAIMS
- lithologic contacts
- faults
- airphoto lineaments
  - concentric fractures
  - radial fractures
- aeromagnetic response
  - 7200 contours in 50,000's of gammas, contour interval: 100
- limit of aeromagetic data
- claim boundaries (approximate)

Geology from D.J. Carson, G.S.C. Paper 72-44
Aeromagetic data from B.C.D.M. assessment report no. 1691
Topographic contour interval: 200 m.

REGIONAL SETTING
LUPUS CLAIMS

MT. WASHINGTON AREA NTS 92F/11E,14E

SCALE 1:50,000

FIGURE

GEOCHEMISTRY

Limited soil, silt and rock sampling was conducted on the claims by the writers on behalf of Proquest in 1984.

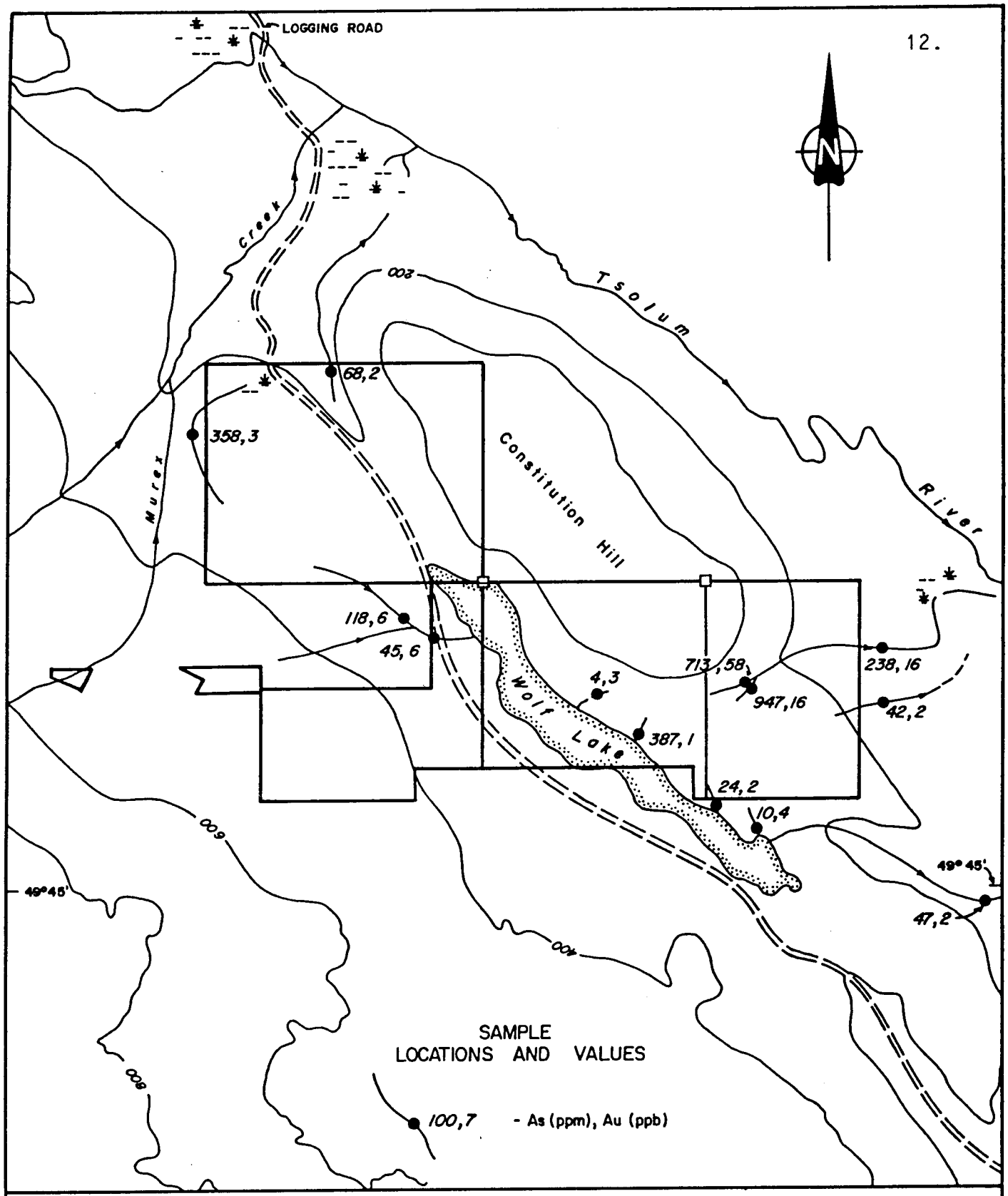
Stream silt sampling (Figure 4) indicates the known mineralization in the Creek Showing has a distinct geochemical signature. Two drainages on the Lupus 1 claim are anomalous in arsenic (358 and 118 ppm). A small seep draining the gossan on the east side of Wolf Lake is also anomalous in arsenic (387 ppm).

Results of soil sampling in the Creek Showing area (Plate 2) and to the west exhibit a distinctly anomalous geochemical signature in Au, As, Ag, Zn and Cu that is associated with the showing. A subtle increase in arsenic along the line to the west suggests the presence of bedrock mineralization in this area as well.

Homestake Mineral Development Company, during the tenure of their option on the property, collected 113 soil, 42 rock and 2 silt samples. Soils were collected in the Creek Showing area. Gold values range from 1 to 46 ppb, arsenic from 2 to 1016 ppm and silver from 0.1 to 1.1 ppm. The results are similar to those obtained by Proquest. High values appear to reflect mineralization close to or at the Creek showing.

Rock sampling by Homestake essentially confirmed values obtained by Proquest at this showing. Gold values range from 1 to 890 ppb, arsenic from 2 to 8620 ppm and silver from 0.1 to 7.0 ppm.

The results of the sampling clearly outline known mineralization. It is the writers' opinion that the intensity and extent of anomalous values reflects a mineralized source that is poorly exposed.



STREAM SEDIMENT GEOCHEMISTRY

Arsenic and Gold in Silts

LUPUS MINERAL CLAIMS
Nanaimo Mining Division, B.C.
NTS 92F/14E
SCALE 1:50,000

FIGURE 4

MINERALIZATION

To date, two areas of gold mineralization have been located on the Lupus claims. Each showing is associated with arsenopyrite. Streams anomalous in arsenic that drain the property could yield further showings following a program of detailed prospecting.

The **Lake Showing**, situated by the north end of Wolf Lake on the Lupus 1 claim, is a new discovery. Gold, silver, zinc, arsenic and copper mineralization was exposed in 1983 by Crown Forest Industries Ltd. during the course of quarrying roadbed material.

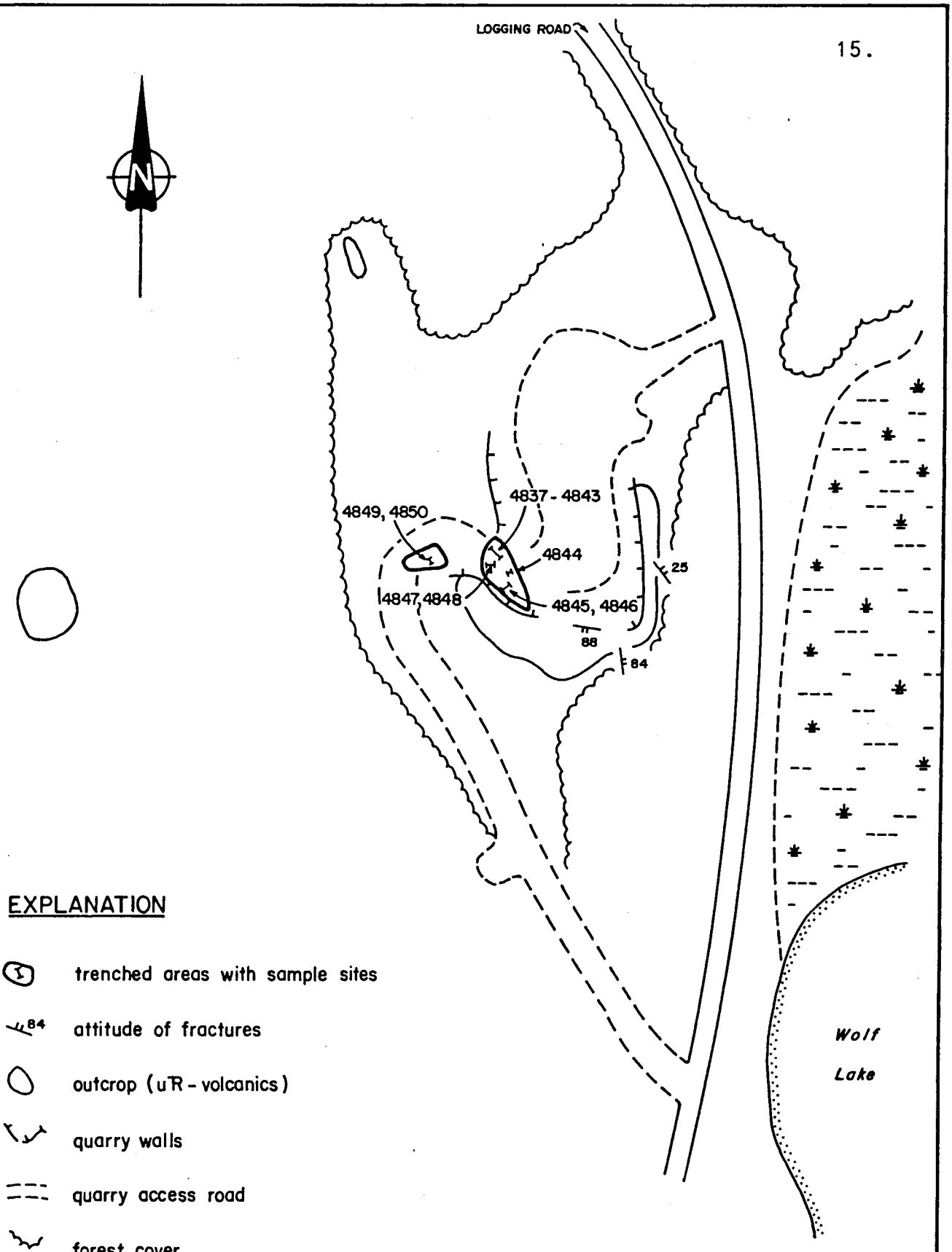
Trenching was conducted on behalf of Homestake Mineral Development Company by Amerlin in October 1985. Approximately 130 cubic metres of material were stripped away to expose a relatively open antiformal vein surface across a strike length of 16 metres. The structure plunges 30^{o} toward 080^{o} and is associated with a parallel joint set which forms a crude sheeting in the quarry walls.

The vein itself consists of a narrow (to 9 cm) sulphide-rich core that is overlain by a narrow clayey zone (14 cm) typically with broken sulphide-quartz material. These zones are enveloped in a dark grey to black alteration zone (to 20 cm) which grades out into a bleached pale grey to creamy coloured envelope (to 430 cm) which, in turn, grades into unaltered dark green Karmutsen volcanics. The dark alteration envelope may contain carbon, chlorite or secondary biotite. The bleached alteration envelope is presumably a clay altered or carbonatized zone. Sulphide-rich vein material consists of coarse pyrite and black to dark bluish sphalerite, fine-grained arsenopyrite and rare galena. A crude layering of

sulphide minerals in discernable. Vugs lined with quartz and sulphide crystals, some encrusted with dolomite, are relatively common. Altered wall rock fragments are not uncommon in the vein. Thin (to 3 cm) quartz-sulphide (FeS_2-ZnS-FeAsS) stringers extend into the alteration zones and are typically oriented parallel to the main vein. Locally the dark alteration envelope above the vein is brecciated such that angular fragments are either supporting themselves or are locally supported by a matrix of coarse quartz and sulphides.

A total of 14 samples were taken across vein and associated rock (Figure 5). The results of this sampling, with sample descriptions, are appended.

Samples 4845 and 4846 are continuous chip samples taken across the alteration envelope above the vein. The samples average 0.175 oz/ton Au, 0.747 oz/ton Ag, 2.86% Zn, 1.26% As over the 94 cm interval. Samples 4847, 4848 are taken across altered material above the vein. These samples average 0.056 oz/ton Au, 0.211 oz/ton Ag, 1.08% Zn, 0.58% As over the 69 cm interval. Sample 4849, taken from the pit excavated above the main trench, assayed 0.318 oz/ton Au, 0.406 oz/ton Ag, 1% Zn and 1.23% As over 43 cm across the weathered upward extension of the vein. A grab sample of mineralized vein material from this pit (4850) assayed 2.442 oz/ton Au, 12.422 oz/ton Ag, 4.45% Zn, 7.38% As and 0.54% Cu. Sample series 4837 to 4843 (Figure 8) are continuous chips taken across true thicknesses of vein and alteration envelope types. A tabulation of weighted averages of assay data across this zone follows.



EXPLANATION

- trenched areas with sample sites
- 84 attitude of fractures
- outcrop (uTR - volcanics)
- quarry walls
- quarry access road
- forest cover

LAKE SHOWING - PLAN

SCALE 1:1,000

10m 0 10 20 30 40 50m

FIGURE 5

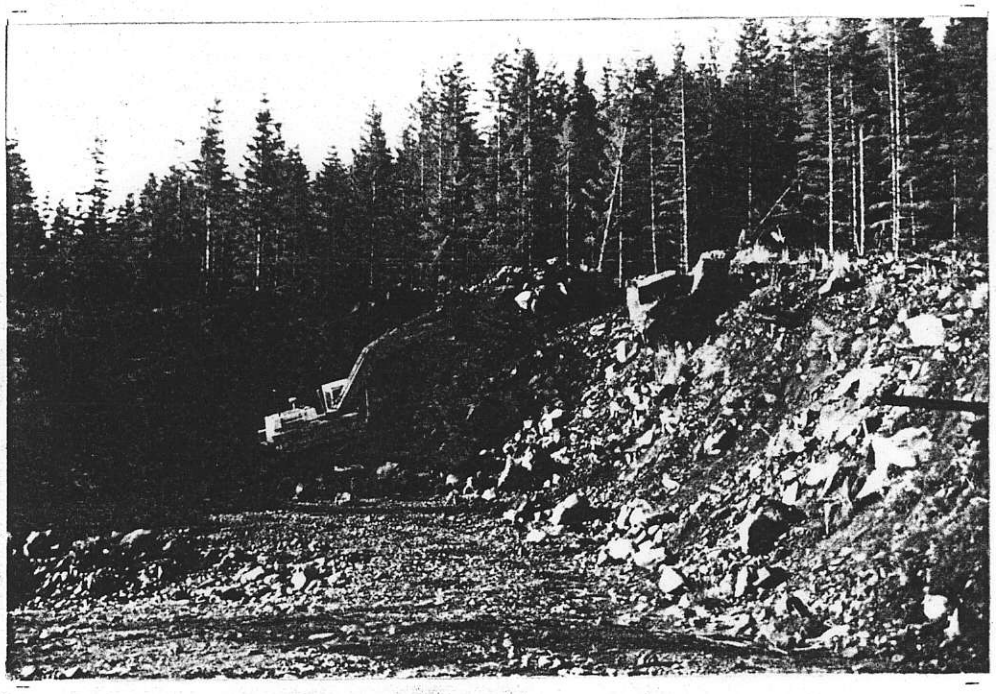


Figure 6. Trenching, Lake Showing.

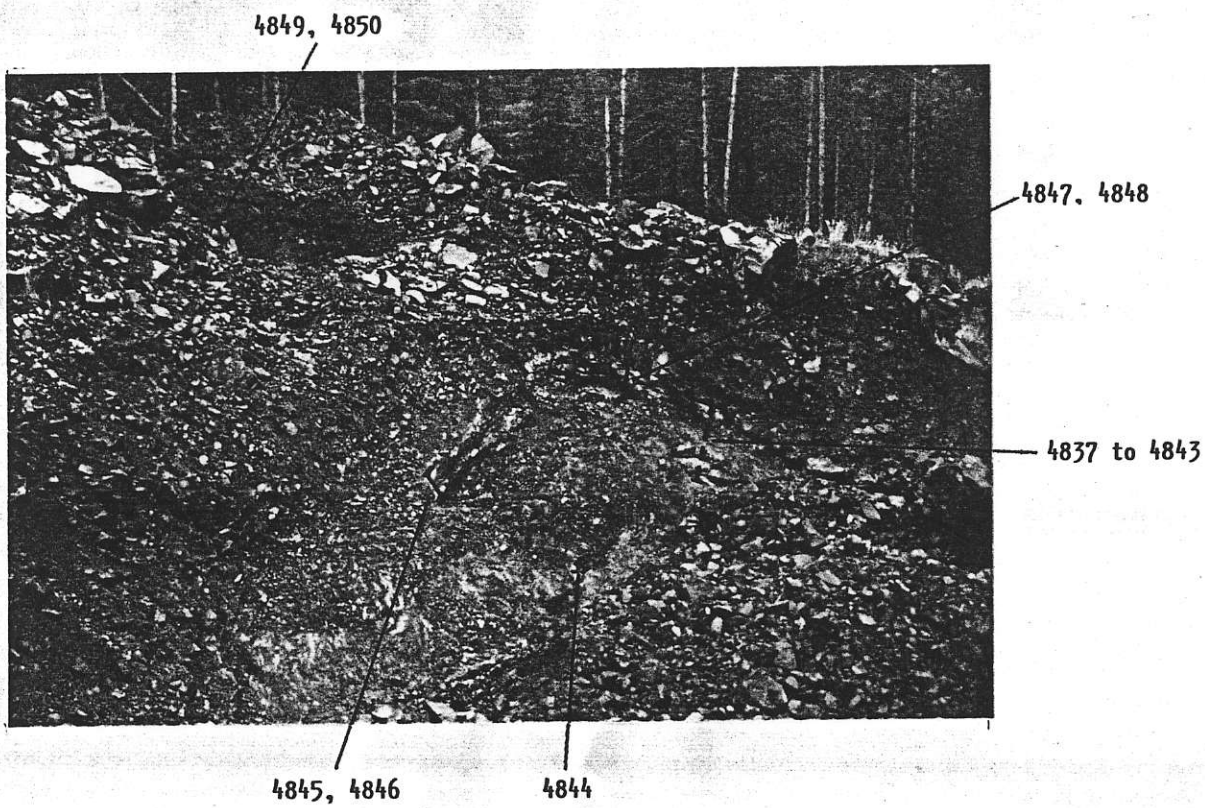


Figure 7. Sample sites.

	Au ppb	Ag ppm	Zn ppm	Pb ppm	As ppm	Cu ppm	Sample width (cm)
4843:	7	0.3	84	10	17	99	36
4842:	Au oz/t	Ag oz/t	Zn %	Pb %	As %	Cu %	
	0.001	0.044	.02	.01	.01	.01	20
4841:	0.003	0.102	.08	.01	.14	.01	19
4840:	0.181	0.957	.84	.05	3.05	.27	14
4837:	1.71	5.52	9.36	.43	5.67	.77	9
4838:	0.003	0.087	.12	.01	.07	.02	14
4839:	0.001	0.073	.05	.01	.01	.03	40

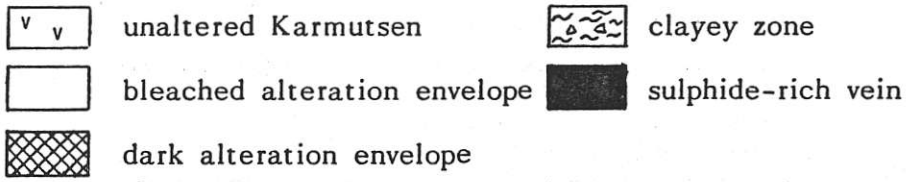


Figure 8. Sample Series 4837 to 4843.

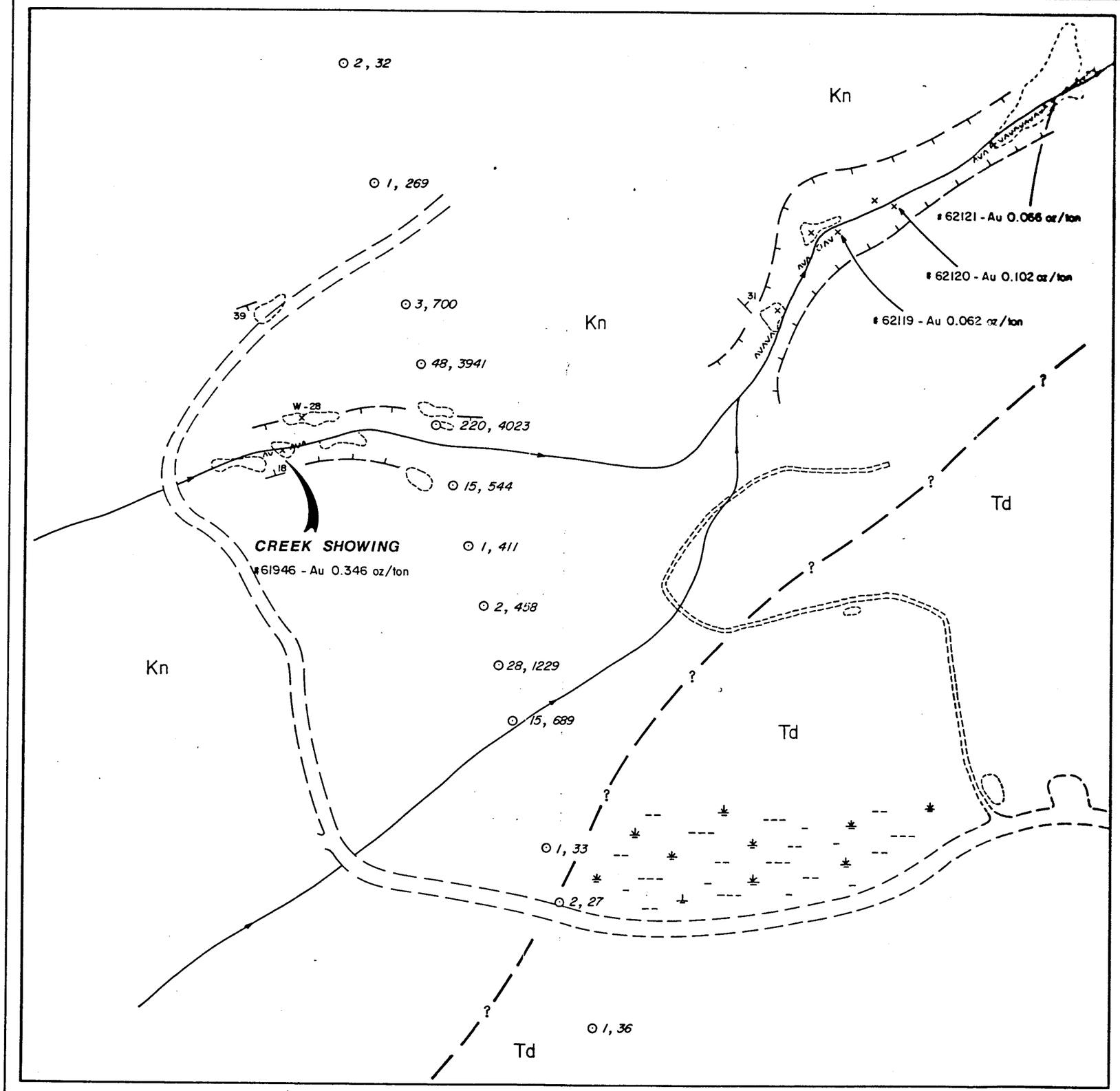
Table 2

WEIGHTED AVERAGES, SAMPLE SERIES 4837 TO 4842

Samples	Width (cm)	Au oz/ton	Ag oz/ton	Zn %	Pb %	As %	Cu %
4837) 4840)	23	0.779	2.743	4.17	0.20	4.08	0.47
Or: 4837) 4838) 4840) 4841)	56	0.333	1.164	1.77	0.09	1.74	0.20
Or: 4837) 4838) 4839) 4840) 4841) 4842)	116	0.156	2.604	0.88	0.04	0.84	0.11

The nature of the alteration, habit and type of mineralization at the Lake Showing suggests that it has the potential of being an exceptional, high-grade vein structure. Further work is strongly recommended to test this zone.

The **Creek Showing** located on the Lupus 6 claim at the south end of Constitution Hill was apparently previously staked, but there are no written records of mineralization being found in this area. Mineralization extends along a poorly exposed zone for approximately 200 metres (Figure 9) and occurs in narrow breccia veins (up to 10 cm wide) and on fracture and shear surfaces.



LEGEND

OLIGOCENE

Td — MT. WASHINGTON INTRUSIVES
dacite porphyry

UPPER CRETACEOUS

Kn — NANAIMO GROUP
sandstone and shale

outcrop distribution

shear zones / faults

attitude of bedding

mineralization

swamp

logging road, skidder road

inferred lithologic contact

soil sample location with values;
⊙ 30,647 Au (ppb), Ag (ppm)
Refer to PLATE I for further values.

GEOLOGICAL - GEOCHEMICAL PLAN
CREEK SHOWING AREA
LUPUS 6 CLAIM

SCALE 1:1,000

10m 0 10 20 30 40 50m

FIGURE 9

Breccia vein material consists of siltstone and sandstone fragments in a matrix of fine to medium-grained pyrite and arsenopyrite, clay, realgar(?) and coarse white calcite. Some breccia-types contain black sphalerite as do veins at the eastern edge of the Creek Showing area. Selected grab samples of mineralized vein material assayed: Au, 0.346 oz/t; Ag, 0.01 oz/t; As, 29,494 ppm. The mineralized veins exposed in the creek are somewhat irregular in attitude, but trend approximately east-northeasterly and have steep northerly dips. Alteration of wallrock is variable and locally intense producing a bleached, fractured rock that is anomalous in Au (325 ppb) and As (1841 ppm). Following the vein trend to the west there is very little exposure until a distinct orange soil gossan is reached on the edge of Wolf Lake. Exposures of altered and shattered dacite containing disseminated pyrrhotite occur adjacent to the gossan.

Further mineralization was noted during the course of prospecting on the Lupus 1 and 3. Narrow (to 4 cm wide) quartz veins occur in the Karmutsen volcanics. Locations of samples of sulphide-bearing volcanic rock are plotted on Plate 1. The Karmutsen in this area appears to be intensely altered (silicified?) and contains actinolite, pyrite, pyrrhotite and chalcopyrite on fracture surfaces and as disseminations. The occurrence of actinolite and pyrrhotite in the volcanics suggests a high temperature origin for this alteration assemblage. The rocks sampled appear to be low in gold. This may be a result of the high temperature alteration they have been subjected to. If this is the case, then perhaps potential for locating low-grade, large tonnage gold mineralization occurs at the transition from this high temperature zone to a low-temperature propylitic alteration assemblage.

Homestake Mineral Development Company, during the course of their work on the claims, located a showing on the Lupus 1. However, there is no description of this occurrence in their report. A presumably selected grab sample (4852) from it is reported to have assayed 0.17 oz/ton Au and 1.595 oz/ton Ag.

ASSAY AND ANALYTICAL DATA

ROCK SAMPLE DESCRIPTIONS

Sample	Description	Reference
LAKE SHOWING		
W-24	Grab sample of bleached, carbonate altered vein wall rock	Figure 5
W-25	Grab sample of dark (carbonaceous?) altered vein wall rock	"
W-26	Grab sample of unaltered Karmutsen	"
V1-1-4-		
4837	Continuous chip across 9 cm true width of sulphide-rich (FeS_2-ZnS-FeAsS) vein.	"
4838	Continuous chip across 14 cm true width of dark alteration envelope.	"
4839	Continuous chip across 40 cm true width of bleached alteration envelope.	"
4840	Chips across 14 cm wide broken clayey zone with sulphide bearing vein material.	"
4841	Continuous chip across 19 cm true width of dark alteration envelope.	"
4842	Continuous chip across 20 cm true width of bleached, sheeted alteration envelope - contains numerous carbonate stringers.	"
4843	Continuous chip over 36 cm of relatively unaltered Karmutsen volcanic rock.	"
4844	Continuous chip over 11 cm true thickness of sulphide-rich vein	"
4845	Continuous chip across 47 cm true width of bleached alteration envelope - contains 5 stringers (SiO_2-FeS_2-ZnS-FeAsS) from 1 to 4 cm thick as well as thin stringers and fractures coated wity pyrite 'paint'	"
4846	Continuous chip over 47 cm true width bleached alteration zone with patches of dark grey altered material associated with (SiO_2-FeS_2-ZnS-FeAsS) veinlets. This sample is contiguous with 4845 and lies immediately below it	"
4847	Continuous chip over 40 cm of dark alteration envelope with numerous mineralized stringers.	"
4848	Continuous chip over 29 cm contiguous with and immediately above sample 4847, bleached alteration envelope with pyrite stringers.	"
4849	Continuous chip across 43 cm true width of dark alteration envelope and 6 cm wide sulphide-rich vein from pit above area where vein surface was stripped.	"

Sample	Description	Reference
LAKE SHOWING		
4850	Grab sample of chips of sulphide-rich vein matter from pit above area where vein surface was stripped.	"
CREEK SHOWING		
61944	Chip sample over 30 cm in rusty fractured zone in bleached sandstone in creek same location as 61946	Figure 6
61945	Panel sample over 1 sq. m of Creek Showing, same location as 61946	"
61946	Grab sample of arsenopyrite-pyrite bearing vein rubble (float)	"
62119	Grab sample of mineralized breccia float	"
62120	" " " " " "	"
62121	Grab sample of mineralized vein - in place	"
W-16	Chips of altered rusty sandstone	"
W-17	Chips of pyrite-arsenopyrite-carbonate vein	"
W-28	Chips of bleached, shattered and pyritic sandstone(?)	"
W-30	Chips of altered and leached sandstone	"
W-31	Chips of pyritic intrusive by gossan	Plate 1
RS-2	Recce soil sample, same location as W-31	"
LUPUS 3, SW LUPUS 1		
W-15	Grab sample of pyritic quartz vein rubble from old trench beside logging road	"
W-18	Chips of pyritic quartz veins (1-2 cm wide, 1/m)	"
W-19	Chips of pyritic quartz stringers and pyritic wall rock	"
W-20	As W-19	"
W-29	Chips of altered (siliceous?) volcanic rock, contains pyrrhotite and chalcopyrite	"
L-1	As W-29	"
L-2	Chips off large pyritic quartz vein float boulder	"
SOILS AND SILTS		
WS - 5, 6, 9, 10, 17 -	Silts from creeks draining	Figure 4
WS - 20, 21, 22	Lupus claims	"
WS - 32, 33, 34, 35, 36		"

PROQUEST RESOURCE CORPORATION
422 - 470 Granville Street, Vancouver, B.C. V6C 1V5 (604)689-1966

May 15, 1986.

Mr. R. Dujardin
Kerr Addison Mines Limited
703 - 1112 West Pender St.
Vancouver, B.C. V6E 2S1

Dear Sir:

Attached is a copy of the report on our Vancouver Island property that I mentioned I would deliver to you.

Title to the claims is held by Proquest, a private B.C. company. I am the sole shareholder in Proquest.

If you would like to discuss the possibility of becoming involved in the development of this groud please contact me at your earliest convenience.

It would be appreciated if you would return the report to the address on the letterhead after your inspection of this material.

Yours truly,

Carl G. Verley.

Carl G. Verley

CGV/cv
attmt 10/12