

KERR-ADDISON GOLD MINES LIMITED

SUITE 1600-BANK OF NOVA SCOTIA BUILDING
44 KING STREET WEST
TORONTO 1, ONTARIO

August 23, 1961.

MEMORANDUM:

To: Mr. W. S. Row

826456

From: P. M. Kavanagh

MacDonald Asbestos Project, Taseko Lake, B. C.

92/0

WBA

Attached is Sirola's report on a project he and his men undertook based on information supplied by Angus MacDonald of Vancouver. You will recall my mentioning to you, while we were returning to the office from lunch at the Board of Trade Building after our Wenatchee meeting in the Noranda board room, that Sirola had tentatively agreed to give MacDonald a 10% total interest in a situation which MacDonald had done nothing more than bring to our attention. Sirola had also agreed that his men would prospect the ground and would record in MacDonald's name any claims they staked. We both considered these terms ridiculous but before I could stop the business, Sirola's men had already gone to the area some 50 miles northwest of Bralorne, and had found a little asbestos.

I told Sirola to try and get MacDonald to accept 25% of the vendor's interest, which was still plenty for what little he had provided, but I did not want to lose all control until we knew more about the asbestos occurrence which had been found. MacDonald ended up wanting 250,000 shares in a 3,000,000 share company, a \$1,000 payment this October 15th, \$2,000 payments on each of April 15th, 1962 and October 15th, 1962, and \$5,000 payments on each of April 15th and October 15th of 1963 and on the same dates in 1964. Sirola signed a memorandum of option agreement with MacDonald on those terms. Sirola's men ended up staking and recording 18 claims in MacDonald's name and 10 claims in the Company's name.

Sirola's attached report indicates that only minor asbestos was observed, and none of it was of commercial grade. The ground magnetometer survey disclosed a large area probably underlain by serpentinized peridotite, but it would be simply wildcatting to test it further for an asbestos deposit.

I recommend no further work on the claim groups, and that we advise MacDonald that our interest in the claims staked in his name has ended.

I have instructed Sirola not to offer such terms in the future to an independent who merely brings notice of a mineral occurrence to his attention.

Paul M. Kavanagh

Paul M. Kavanagh
Chief Geologist - Exploration

PMK:ry

THE MACDONALD ASBESTOS PROJECT

TASEKO LAKE, BRITISH COLUMBIA

92-0

CLINTON MINING DIVISION

By

W. M. SIROLA

August 18th, 1961.

SUMMARY & CONCLUSIONS

- (1) This project was undertaken on the advice of Angus MacDonald of 2568 Trimble Street, Vancouver. MacDonald had been told by an Indian resident of Taseko Lake that asbestos fibre occurs beneath a large bluff approximately 4 miles North of Taseko Lake on the East side of the Taseko River.

- (2) Tom Williamson, assisted by Norman Elliott, went into the area on June 20th to check the story. They located two areas of serpentinized peridotite roughly two miles apart. Some hairline to $\frac{1}{4}$ " fibre was found in each, and Williamson covered both areas by staking 43 claims. 15 of these were dropped (not recorded) after further investigation. Of the remaining 28 claims, 18 are recorded in the name of Angus MacDonald and 10 in the name of Kerr-Addison. By agreement with MacDonald, Kerr-Addison absorbed the cost of all staking and has a three month option on the MacDonald claims. The option expires October 15th, 1961.

- (3) On the Lee No's 14 and 15 M.C.'s, serpentine occurs in the form of a sill 1500' - 1800' in length, with an average width of 100'. Minor amounts (less than 1%) of hairline to $\frac{1}{4}$ " fibre of good grade was found in three outcrops and in scattered float, but no fibre in commercial quantity was seen. No further investigation is recommended on this occurrence.

- (4) On the Lee No. 4 M.C. an 80' exposure of sheared serpentine was found in a dry creek bed. No fibre was found in this exposure, but a small outcrop (?) 40' to the South East contained less than 1% fibre of good grade up to $\frac{5}{16}$ " in length. No other serpentine outcrop was found, and it was decided to determine the size of the serpentine area by Magnetic Survey. A Sharpe A-3 (sputnick-type) Magnetometer was borrowed from Kennco Explorations for this work. The instrument, however, suffered from a combination of mechanical defects and from the effects of the hot, sunny days, and the ensuing results are not too reliable. By combining the magnetic results, such as they are, and the presence/

of serpentine float in parts of the area, it was deduced that the serpentine occurs as an amoeba-like mass centred on Lee No. 4 M.C. It has a possible length of as much as 3,000' and a width varying from 100' - 1200'. The interpretation, however, is complicated by the presence of Miocene lavas on the East of the serpentine area. Since overburden covers most of the claims it is difficult to know whether the susceptibility contrasts obtained in the magnetic work result from serpentine, volcanics or a combination of these two.

(5) The possibilities of the serpentinized zone located on Lee No. 4 M.C., described in (4), are difficult to assess because of extremely limited exposure. Since the overburden is shallow it would have been interesting to have stripped a number of locations to see if any more fibre occurs on the scene than has been seen to date. The only justification for this work would lie in the fact that:

- a) The serpentine mass is large enough to contain a commercial deposit;
- b) The fibre seen appeared to be of good grade;
- c) The serpentine exposures described in (3) were a light green variety in contrast to the darker green of non-productive serpentines.

There is a small bulldozer at Taseko Lake, but it is doubtful that any work could now be scheduled during the option period.

(6) Other than the small amount of bulldozer work suggested in (5) no other effort is advocated.

SCHEDULE OF ACCOMPANYING MAPS

- (1) Key Map
Scale: 1" = 39 miles.

 - (2) Location and Ownership Map
Scale: 1" = 1500'

 - (3) Geology of the North Group
Scale: 1" = 200'

 - (4) Geology of the South Group
Scale: 1" = 300'

 - (5) Magnetic Profiles
Scale: 1" = 300'
-

INTRODUCTION

An investigation of an area 5 miles North of Taseko Lake was begun on the strength of a statement made by Angus MacDonald of 2568 Trimble Street, Vancouver. MacDonald had been told by an elderly Indian who lives near Taseko Lake that goats had pawed fibre out of serpentine in an area below the bluff North of the North end of Taseko Lake. The presence of serpentine in the area was known to Prospectors who had staked some serpentine in the hope that it might contain nickel.

Tom Williamson, assisted by Norman Elliott, was sent into the area on June 20th and had no difficulty in locating two serpentine areas roughly two miles apart. They found some good grade fibre - up to 5/16" in width - and subsequently staked 43 claims. 15 of these were later dropped as investigation of the ground proceeded. Of the remaining 28 claims, 18 have been recorded in the name of MacDonald and 10 in the name of Kerr-Addison.

LOCATION & ACCESS

The property is reached by driving 70 miles South West from Williams Lake over a gravel road to Big Creek and thence, by travelling a rough jeep road a distance of 50 miles, to the North end of Taseko Lake. Easier access may be had by float 'plane from Williams Lake.

GEOLOGY of the NORTH GROUP (SHEET No. 3)

A light green variety of serpentine was found as outcrop in three separate locations on the Lee No's 15 and 16 M.C.'s. In addition to the outcrop, float was found sporadically along strike. This evidence suggests that the serpentine occurs as a triangular sliver striking N.70°W. and dipping 75° N.E. The serpentine has a maximum/

width of 200' - 300' at the South East end where it appears to terminate near the Northern boundary of Happy Day No. 4 M.C., and tapers to zero at a point 1800' to the North West. The serpentine is believed to be in the form of a sill which is overlain by impure limestones with inter-bedded tuffs and shales, and underlain by fissile limy shales. In one exposure on the Happy Day No. 4 M.C., and near its Northern boundary, the shales have been severely contorted by drag folding. Less than 1% asbestos fibre occurs in the outcrops and in some of the float, but nowhere in commercial quantity. A boulder of serpentinized peridotite was found in the South West corner of Lee No. 16 M.C. and suggests the possibility of other sills of serpentine North of the known occurrences.

Miocene lavas with prominent columnar jointing occur as bluffs on the Lee No's 14, 16, 27 and 28 M.C.'s.

GEOLOGY of the SOUTH GROUP
(SHEET No. 4)

The size of the serpentine mass on this group is inferred largely from magnetic work. There is one good exposure and 5 occurrences of serpentinized float. The one good exposure in the creek bed exhibits a width of 80' of highly sheared serpentine, containing only local slip fibre and some picrolite. The shearing strikes N.50°W. and dips 65° to the North East. There is a possible outcrop 40' South East of the creek bed which is about 2' in diameter and contains occasional stringers of up to 5/16" fibre of good grade. The serpentinized zone is believed, from the magnetic work, to have approximately a North-South direction, a very irregular outline and a possible length of up to 3,000' before it disappears under Miocene lavas. The width would vary from 100' up to a maximum of 1200' if the interpretation is correct.

Argillites and argillaceous limestone dipping 80' North East were found on the Lee No. 3 and Lee No. 5 M.C.'s.

Two occurrences of quartz-carbonate alteration were found in places near the North and South ends of the serpentine mass. The relationship, or significance, of these occurrences to the serpentine is unknown.

The serpentine area is flanked on the North and East, and to a lesser extent on the West, by Miocene lavas.

MAGNETIC SURVEY

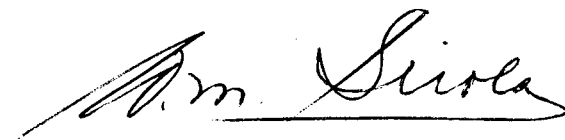
In the absence of a Kerr-Addison instrument, a Sharpe A-3 Magnetometer was borrowed from Kennco Explorations for the purpose of delineating the boundaries of the serpentinized area on the South Group of Claims. Ten traverses oriented North East and South West, spaced 200' - 400' apart, and having a total length of $3\frac{1}{2}$ miles were read at 100' intervals. Normally, the instrument readings would be converted to gammas by means of a calibration chart. However, in the case of this Survey, we have completed profiles in scale divisions instead of in gammas. This was done because mechanical defects made the reliability of the work open to question. Checks at Base Stations during the day indicated that the level of the readings could change by as many as twenty scale divisions within a few hours. In general, however, the serpentine areas gave readings of 40 - 60 scale divisions above normal.

On Line 1200' North there is a broad zone of higher magnetic intensity which may, in part, be underlain by serpentine despite the fact that the one outcrop found in this area was argillaceous limestone. Either this interpretation is reasonably correct, or a very considerable instrument error has taken place.

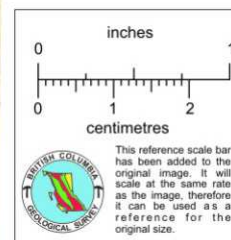
ECONOMIC GEOLOGY

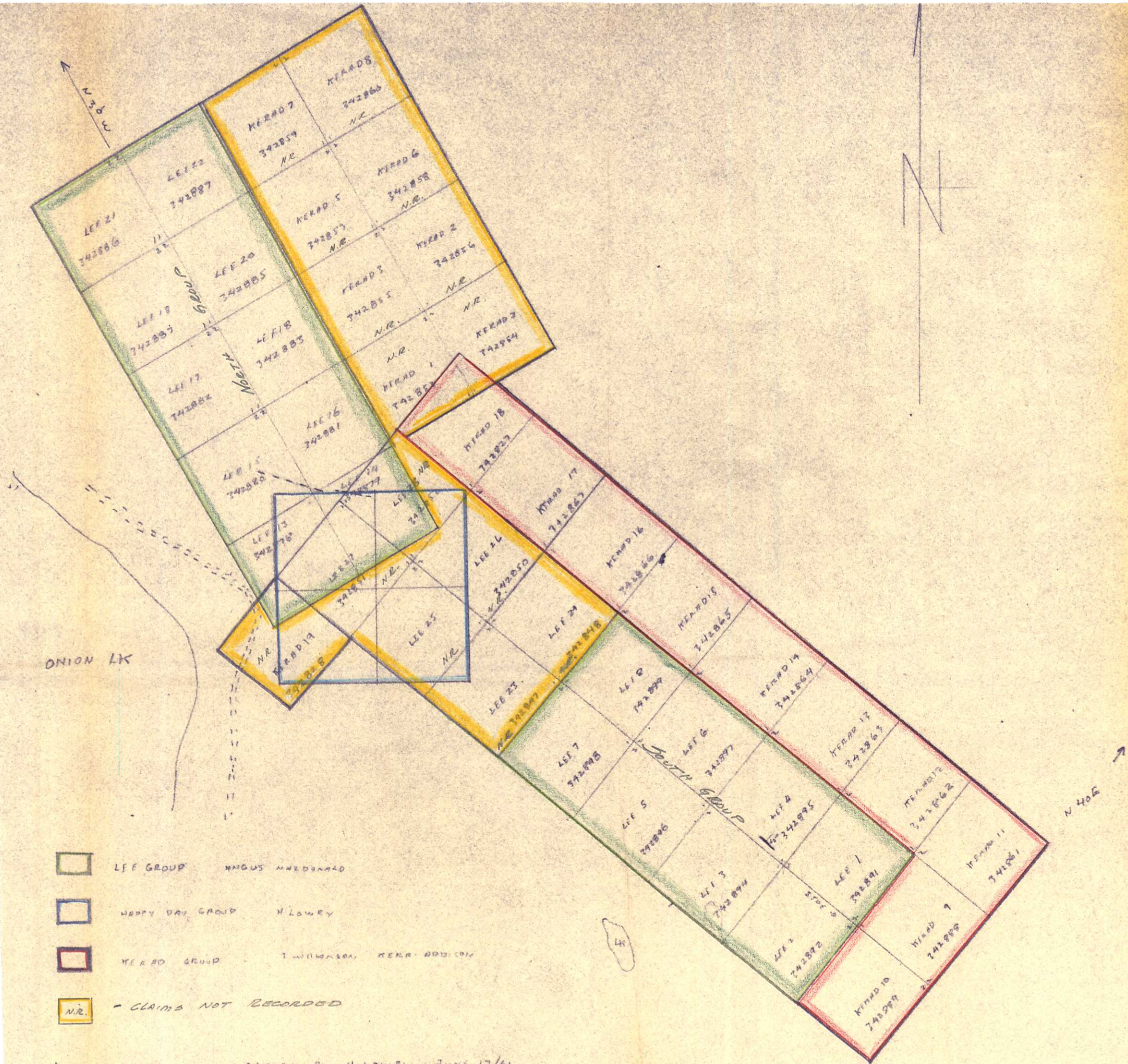
While the character of the fibre thus far is favourable, no occurrences of any economic significance have been located. The fibre content of the outcrops has been less than 1%, and only one stringer of 5/16" fibre was found.

The possibilities of the large serpentine mass on the South group cannot be determined without a limited amount of bulldozer stripping.



WILLIAM M. SIROLA.



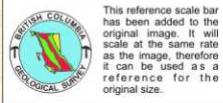
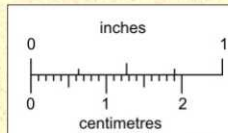


HAPPY DAY 1-4 STAKED BY H. LOWRY JUNE 17/61

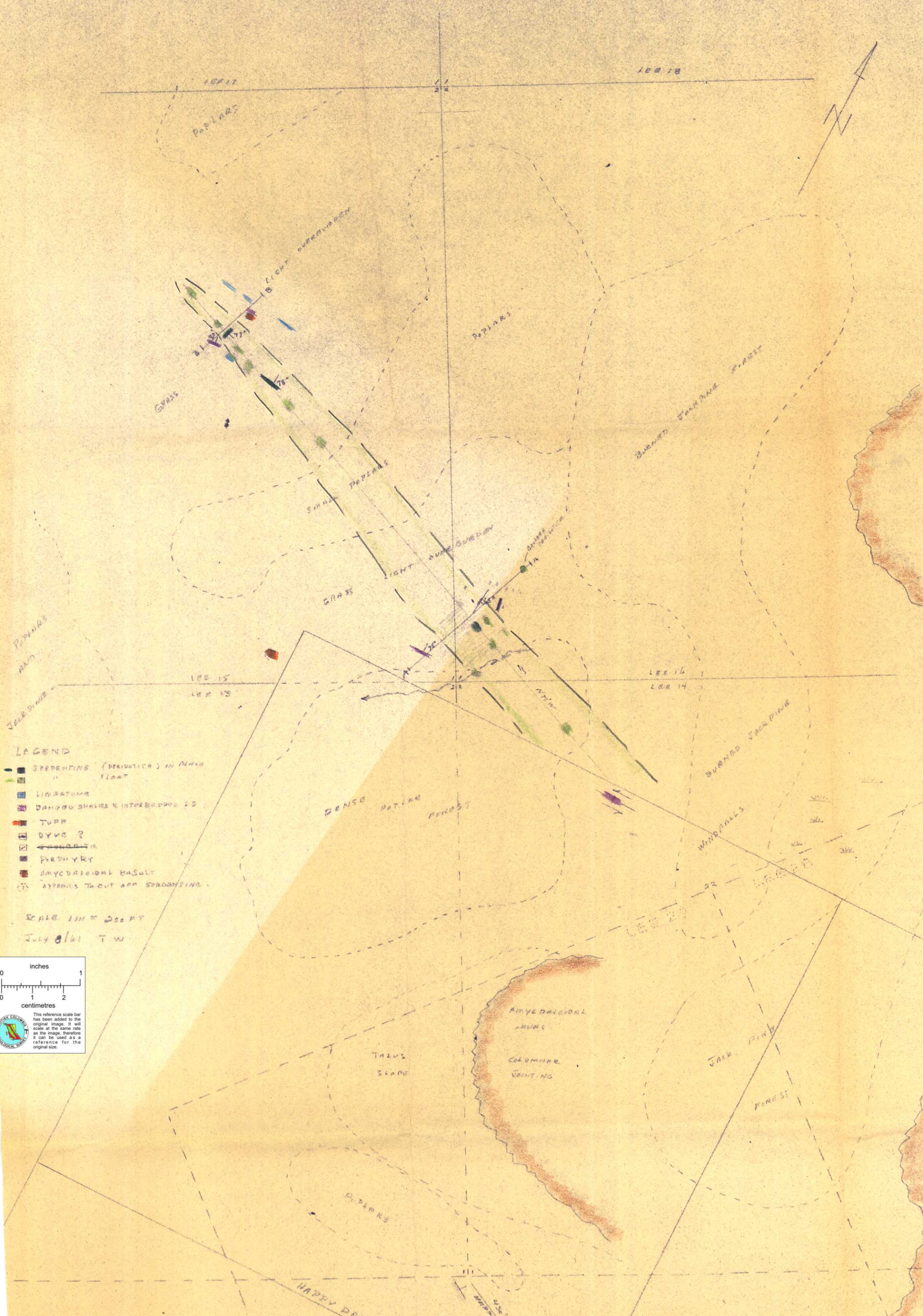
LEE 1-8 STAKED BY T. WILLIAMSON AGENT FOR ANGUS MACDONALD
 LEE 13-23 " " " " " "
 LEE 23-28 " " " (KERR ADDISON)

JUNE 26/61 - RECORDED JULY 12, 1961 - FREE OPTION TO OCT. 15/61
 JUNE 27/61 " " " " " "
 JUL 9/61 NOT RECORDED

KERRAD 1-8 STAKED BY T. WILLIAMSON JULY 4/61 - (KERR ADDISON) - NOT RECORDED
 KERRAD 9-18 " " " JULY 6/61 (KERR ADDISON) - RECORDED JULY 28, 1961
 KERRAD 19 " " " JULY 7/61 (KERR ADDISON) - NOT RECORDED

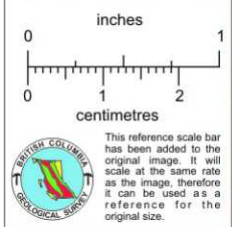


No. 2

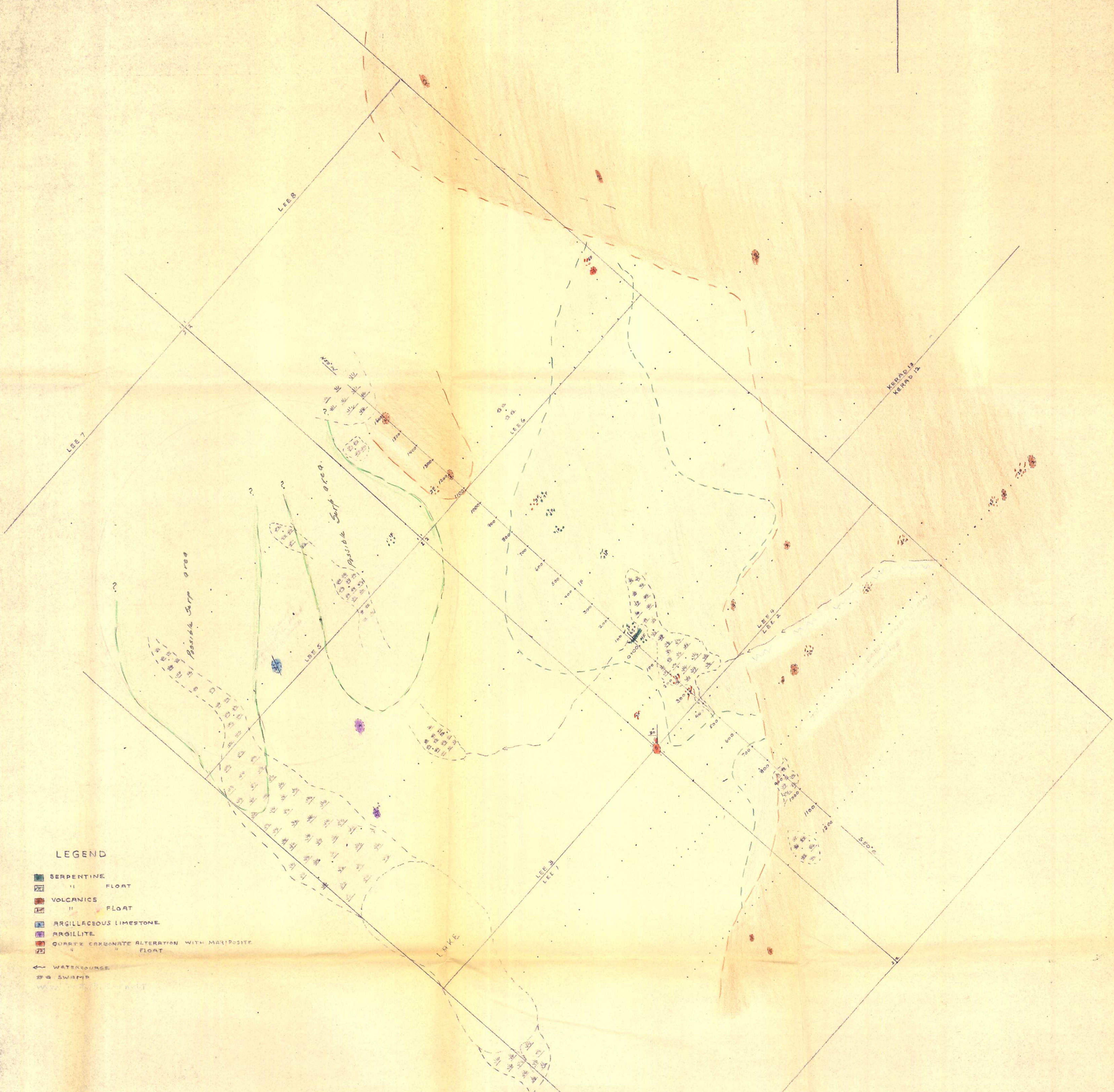
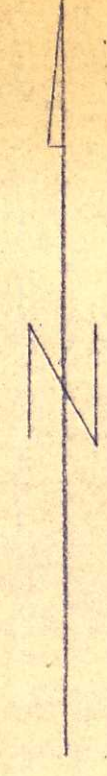


- LEGEND**
- SERPENTINE (RESIDUE) IN PLAIN
 - " " " " " " " " " " " " " " " "
 - LIMESTONE
 - DANGEROUS SHALES & INTERBEDDED LS
 - TUFF
 - DYKE ?
 - FRESHLY
 - AMYGDALOIDAL BASALT
 - APPEARS TO CUT ALL SERPENTINE

SCALE 1:100000 = 200 FT
 July 8/61 T.W.



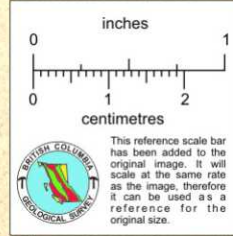
SOUTH GROUP



LEGEND

- SERPENTINE
- " FLOAT
- VOLCANICS
- " FLOAT
- ARGILLACEOUS LIMESTONE
- ARGILLITE
- QUARTZ CARBONATE ALTERATION WITH MARIPOSITE
- " FLOAT
- WATERCOURSE
- SWAMP

GEOLOGICAL MAP
 MACDONALD ASBESTOS PROSPECT
 TASEKO LAKE BC.
 SCALE 1 IN = 300 FT.
 JULY 31/61 BY T.J.W.



KE STANDARD @ CROSS SECTION
MADE TO THE MCH

KEFFEL & ESSER CO
MADE IN U.S.A.

KE STANDARD @ CROSS SECTION
MADE TO THE MCH



NORMAL BACKGROUND = 1940

- - - Possible Separating Boundaries
 ■ MIOCENE LAVAS

MAGNETIC PROFILES

MACDONALD ASBESTOS PROSPECT

TASEKO LAKE BC

INSTRUMENT SHARPE A-3

HORIZONTAL SCALE 1 IN = 300 FT

VERTICAL SCALE 1 IN = 100 S.D.

AUG 9/61 BY T. WILLIAMSON

