

1986 IN HOUSE EXPLORATION REPORT

ON

THE BLUECHIP PROPERTY

LAILAW, B.C.

NEW WESTMINSTER MINING DIVISION

LATITUDE 49° 18' 50"

LONGITUDE 121° 36' 40"

N.T.S.: 92 H 5

826759

Owner: Kerr Addison Mines Ltd.
Operator: Kerr Addison Mines Ltd.

Author: Tor Bruland, F.G.A.C.
February 1987
Vancouver, B.C.

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SUMMARY

A follow up to the 1985 exploration program was completed on the Bluechip property. While sampling of the adits in 1985 was directed toward an overall grade for the quartz diorite stock, this year it was concentrated on sampling individual quartz veins. Two methods were tried; one using a rock saw and another using an electric chipper to collect channel samples of the quartz veins.

A geochemical soil survey grid covering the quartz diorite stock was completed for a total of 5.375 km and 228 soil samples of B-horizon. Both the soil samples and the quartz vein channel samples were assayed for gold.

Significant Au values were only located in sulphide pods of up to 50 by 300mm in a flat lying quartz vein up to 450mm thick.

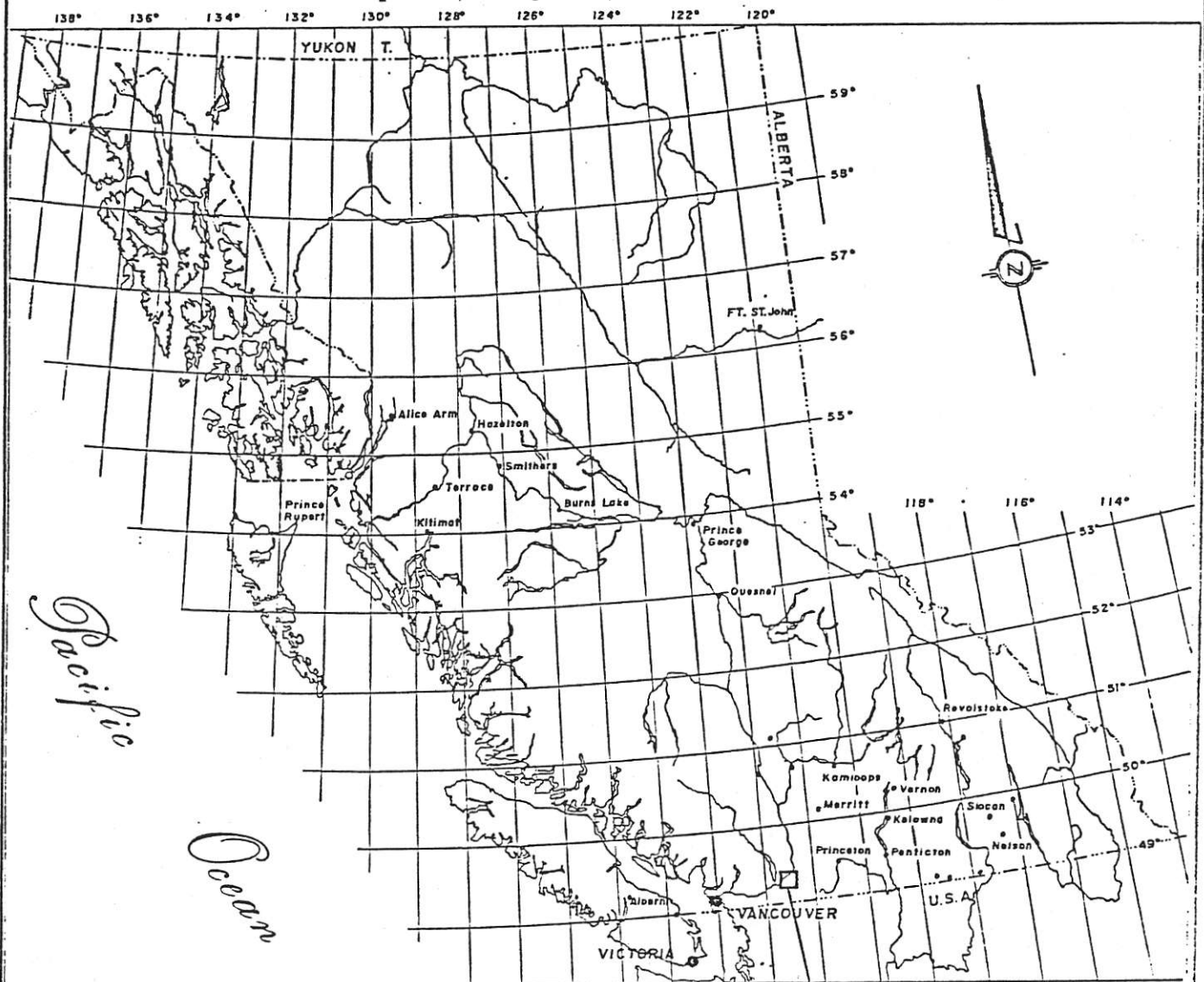
INTRODUCTION

The 1985 exploration on the property verified that the quartz diorite stock was barren while quartz pyrrhotite veins, carried up to 5.4 g/tonne Au. In M. McLaren's report from 1971 a quartz vein on the property is reported to run 1,112.2 g/tonne Au. Sampling of individual quartz veins would confirm the extent of this mineralization, as well as the continuity of mineralization in individual veins.

This sampling and a geochemical soil survey covering the quartz diorite stock would outline extent of mineralization both underground and on the surface.

LOCATION AND ACCESS

The Bluechip property is located about 1 km south of Laidlaw, B.C. (Figure 1), on the south side of the Fraser River and covers part of the northwest slope of the Skagit Range of the Cascade Mountains as well as part of Laidlaw (Figure 2). The property is easily accessible along gravel roads south from Laidlaw on the east side of Jones Creek (Wahleach Creek on NTS map) to Jones Lake (Wahleach Lake on NTS map) as well as several branches east towards Lorenzetta Creek.



BLUE CHIP

FIG. 1

0 25 50 100 200 miles

□ PROPERTY LOCATION

KERR ADDISON MINES LTD	
BLUE CHIP PROPERTY	
BRITISH COLUMBIA	
LOCATION MAP	
Scale - 1:1,000,000 approx	Date: Sept. - Oct., 1994
Drawn by - P.HAILLOT	Data: F.CHOW, G.W.

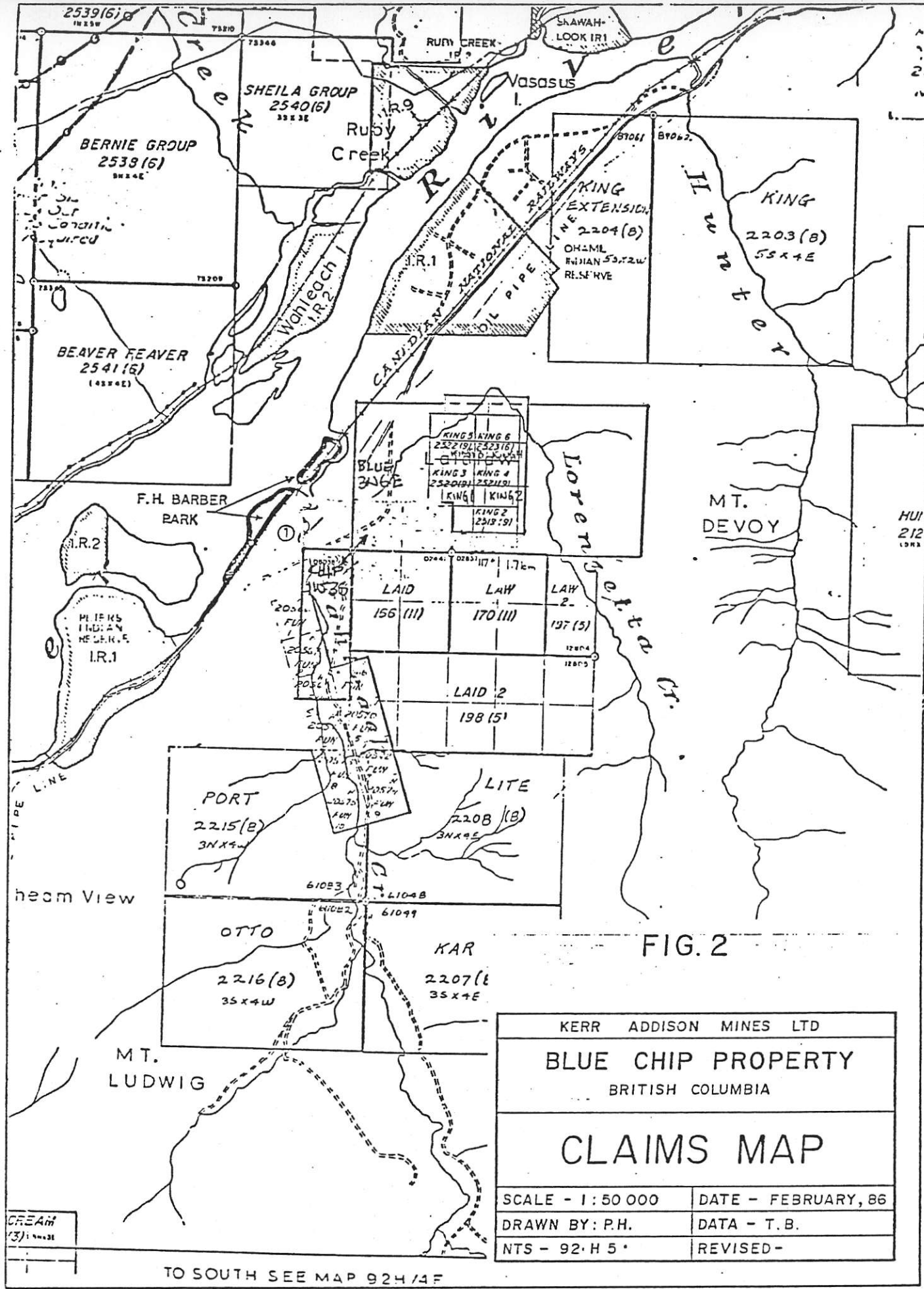


FIG. 2

KERR ADDISON MINES LTD	
BLUE CHIP PROPERTY	
BRITISH COLUMBIA	
CLAIMS MAP	
SCALE - 1 : 50 000	DATE - FEBRUARY, 86
DRAWN BY: P.H.	DATA - T.B.
NTS - 92-H 5'	REVISED -

TO SOUTH SEE MAP 92H/4F

PHYSIOGRAPHY

The Bluechip property is located in the Coast Mountain physiographic Province of British Columbia on the northwest slope of the Skagit Range with elevations between 10m and 900m. Slopes vary between 10° and 60° and are covered by glacial till and forest. The area has been previously logged and is locally covered by thick second growth of deciduous and coniferous trees up to 20cm in diameter as well as patches of "devils club" and thorn bushes. The mean average precipitation for the area ranges from 1500mm to 2500mm.

PROPERTY HISTORY

The property is known in the Min.Dep. File as the Bluechip 92 H/SW 17, and it has been worked by several companies between the mid 1950's and today. Very little is known of the results of this exploration except that high Au values have been found in isolated veins associated with pyrrhotite, pyrite, arsenopyrite, chalcopyrite and tellurides. Over the years 4 adits have been driven in the quartz diorite. Two adits (Creek Adit and Eastern Adit, Figure 5) were driven prior to 1970 and two adits (Central Adit and Western Adit, Figure 5), are post 1970. Two trial shipments of vein material totalling 3,280 lbs were sent to Tacoma in 1957 but no results are available.

Two claims were staked in June 1985 by Kerr Addison covering the quartz diorite stock and the old adits. Sampling of the quartz diorite and major quartz veins in the adit and in road cuts were completed after the staking of the claims, returning isolated high silver and gold values.

CLAIM STATUS

The Bluechip Group mineral claims consist of the following claims:

<u>Name</u>	<u>Record No.</u>	<u>Units</u>	<u>Hectares</u>	<u>Recording Date</u>	<u>Expiry Date</u>
BLUE	2676	18	450	July 10/85	July 10/87
CHIP	2675	3	75	July 10/85	July 10/87

for a total of 21 units and 525 hectares.

OBJECTIVE OF THE 1986 EXPLORATION

After locating the mineralization on the property in the quartz veins it was important to determine the vein frequency and the continuity of mineralization.

Mineralization in addition to the one located in the adits would be located by geochemical soil survey on a grid covering the quartz diorite stock. This will identify targets for follow up diamond drilling.

GEOLOGY

The property is located at the northern boundary of the Skagit Range in the Cascade Mountains. The Cascade Mountains are composed of an axial core of gneiss and granitic rocks flanked on the east and west by folded and faulted but little metamorphosed sedimentary and volcanic rocks. The contact between the axial core and the western belt is the Harrison Fault which juxtapose highly deformed metamorphosed rock to the east against little deformed strata to the west.

The Bluechip property located in the axial core, is underlain by the Chilliwack Group of basic volcanic rocks and pelites of Pennsylvanian and Permian age. The Chilliwack Group is highly deformed, having undergone at least two episodes of deformation. It was initially folded together with Mesozoic rocks, these folds are isoclinal and overturned to the northwest or recumbent. After folding, these rocks were thrust to the northwest on at least two major thrust faults. A penetrative axial plane cleavage was developed in all clastic rock during this deformation. These structures were refolded and faulted during a later minor deformation which produced conjugate or chevron folds. The Chilliwack Group rock is metamorphosed to lower greenschist facies while the textural alteration, mainly in clastic rocks, is due to early deformation of these facies.

The Chilliwack Group of rocks on the property, basically black argillite, has been penetrated by intrusive rocks of Tertiary age which are related to the Mount Barr Plutonic Complex. The Mount Barr Plutonic Complex was emplaced in the Middle Miocene (21-16 m.y.) and belongs to a well defined north trending belt of intrusions with related volcanic rocks lying along the Cascade Mountains. The Tertiary Cascade Plutons have been emplaced at relatively high levels in the crust.

The intrusive cutting the black argillite on the Bluechip property has been correlated with the Tertiary Mount Barr Plutonic Complex on the grounds that both are petrologically and structurally similar. The intrusive exposed on the property most probably represents an apophyse or cupola of the Mount Barr Plutonic Complex and it is a hornblende-biotite quartz diorite about 250m by 250m. (Figure 5).

MINERALIZATION

Disseminated sulphides, pyrrhotite and pyrite, have been located throughout the quartz diorite stock, varying between 1 and 5%, but locally up to 10%. The quartz veins emplaced in the quartz diorite are mainly thin 5 to 50mm and barren veins with an east-northeasterly strike and a low angle dip to the south. The veins frequently are found with pinch and swell textures from 10mm to 450mm. Locally a strong sericite alteration is found associated with the quartz veins for up to 600mm. Mineralization in the veins is minor, mostly less than 1% disseminated sulphides. In one major quartz vein with a maximum thickness of 450mm which decreases to less than 100mm within the first 10m east from the mouth of the adit, sulphide mineralization is found as pods of up to 50 by 300mm. Gold values are mainly restricted to the massive sulphide pods in the quartz veins. The sulphide mineralization in the quartz veins is dominated by pyrrhotite. Several pulses of sulphide deposition are associated with the quartz veins. The first being a pyrite-arsenopyrite assemblage and the second is a pyrrhotite-chalcopyrite assemblage, followed by a marcasite, telluride and native gold succession. The general sequence is that of a continuing process of mineralization which appears not to have been interrupted by significant lapses in deposition. The high grade gold values are sometimes associated with sulphides, this is attributed to late segregations of native gold in quartz, while erratic values are due to an early deposition of gold in arsenopyrite.

RESULTS

The channel sampling of the quartz veins indicate that the quartz diorite contains one main flatlying set of quartz veins with a minor amount of veinlets diverging from this set. The frequency of the veins decreases from the mouth of the adit, to almost absent at the end of the adits. The best exposure of the flatlying vein set is found in the Eastern Adit and the Creek Adit (Figures 3 and 4), where a quartz vein pinch and swell between 50mm and 300mm. Assay values of this vein varied between .07 g/tonne Au and 32.91 g/tonne Au. The highest values were located in sulphide rich parts of the vein with up to 50% pyrite and pyrrhotite. Most of the veins on the property is either barren or contain minor sulphide mineralization.

The geochemical soil survey was done on 50m lines and 25m station spacing over the quartz diorite stock for a total 5.375 km and 228 soil samples. All the samples were collected from B-horizon and assayed for Au. The result returned 9% of the sample of +10 ppb Au with a high of 55 ppb Au (Figure 5). A weak anomaly was outlined down slope from the Eastern and Creek Adit.

The channel sampling of the quartz veins was best accomplished with an electrical chipper, since the rock saw could not follow the uneven surface of the rock faces.

CONCLUSION AND RECOMMENDATION

This years work identified one major quartz vein set in the quartz diorite with a east west strike and a gentle (about 10°) dip south.

Gold mineralization is related to sulphide mineralization in the quartz veins which is generally low. The vein frequency is low and decreases south from the mouths of the adits. A quartz vein stockwork similar to the one located on the ABO property is not present.

The geochemical soil survey did not outline any additional area of mineralization. Gold mineralization of the quartz veins are spotty and there is no ore potential on the property. Assessment work will not be filed and the claims will be allowed to lapse on July 10, 1987.

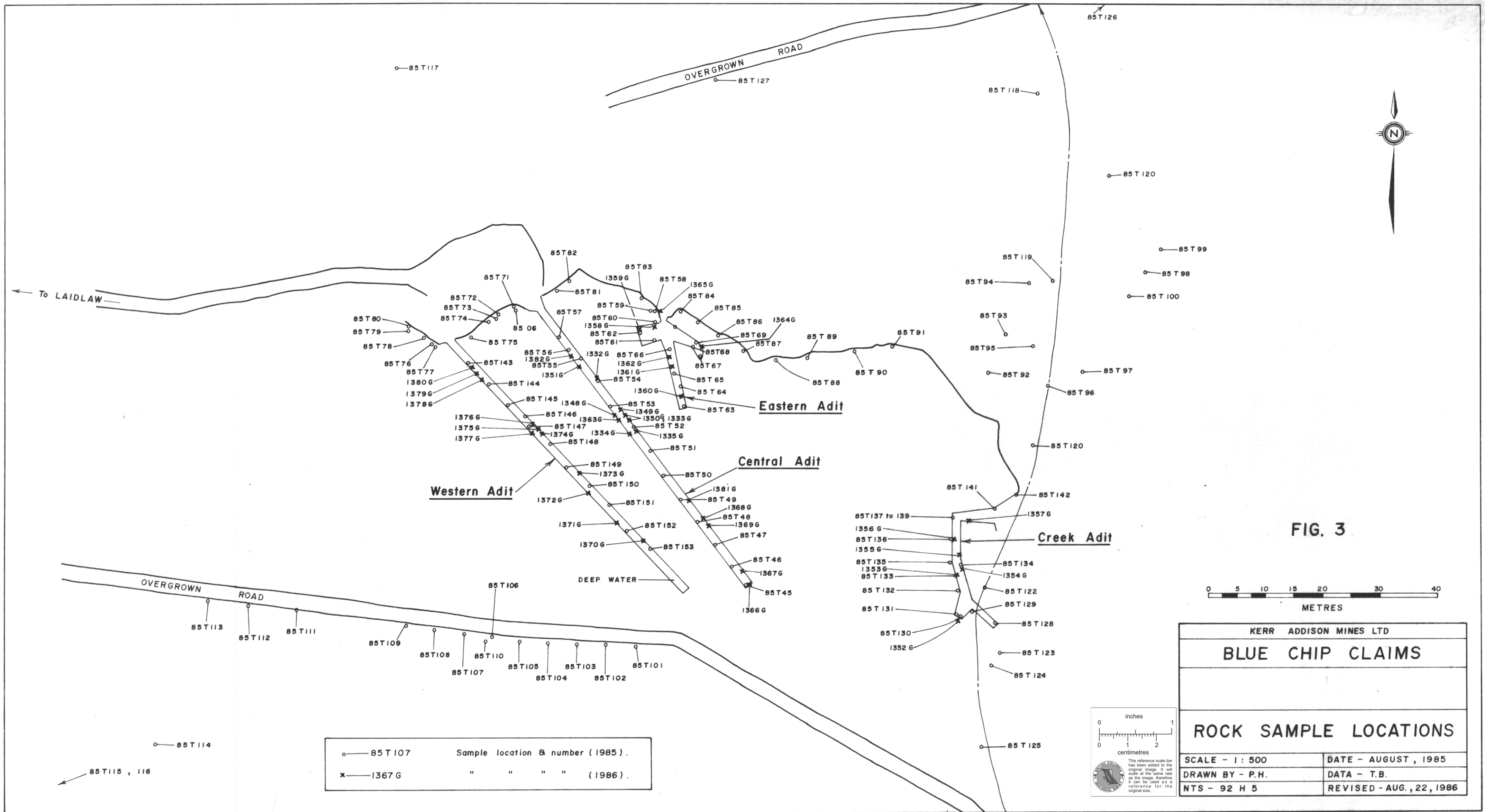
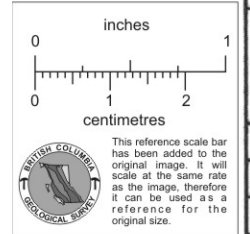
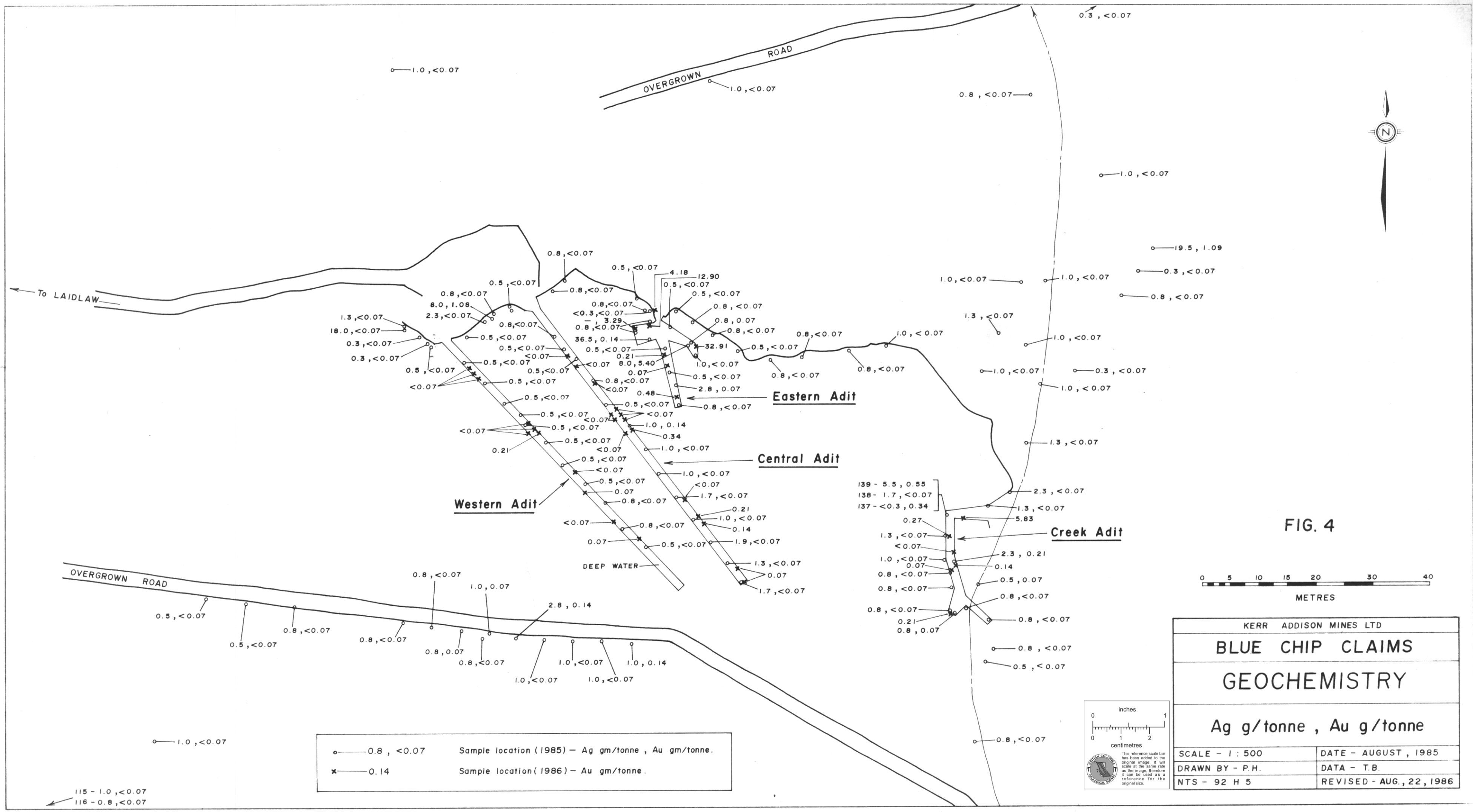


FIG. 3

○—85T107 Sample location & number (1985).
 ×—1367G " " " " (1986).

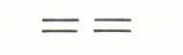
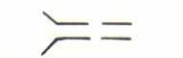
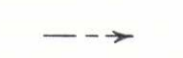
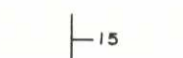



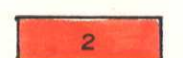
KERR ADDISON MINES LTD	
BLUE CHIP CLAIMS	
ROCK SAMPLE LOCATIONS	
SCALE - 1: 500	DATE - AUGUST, 1985
DRAWN BY - P.H.	DATA - T.B.
NTS - 92 H 5	REVISED - AUG., 22, 1986

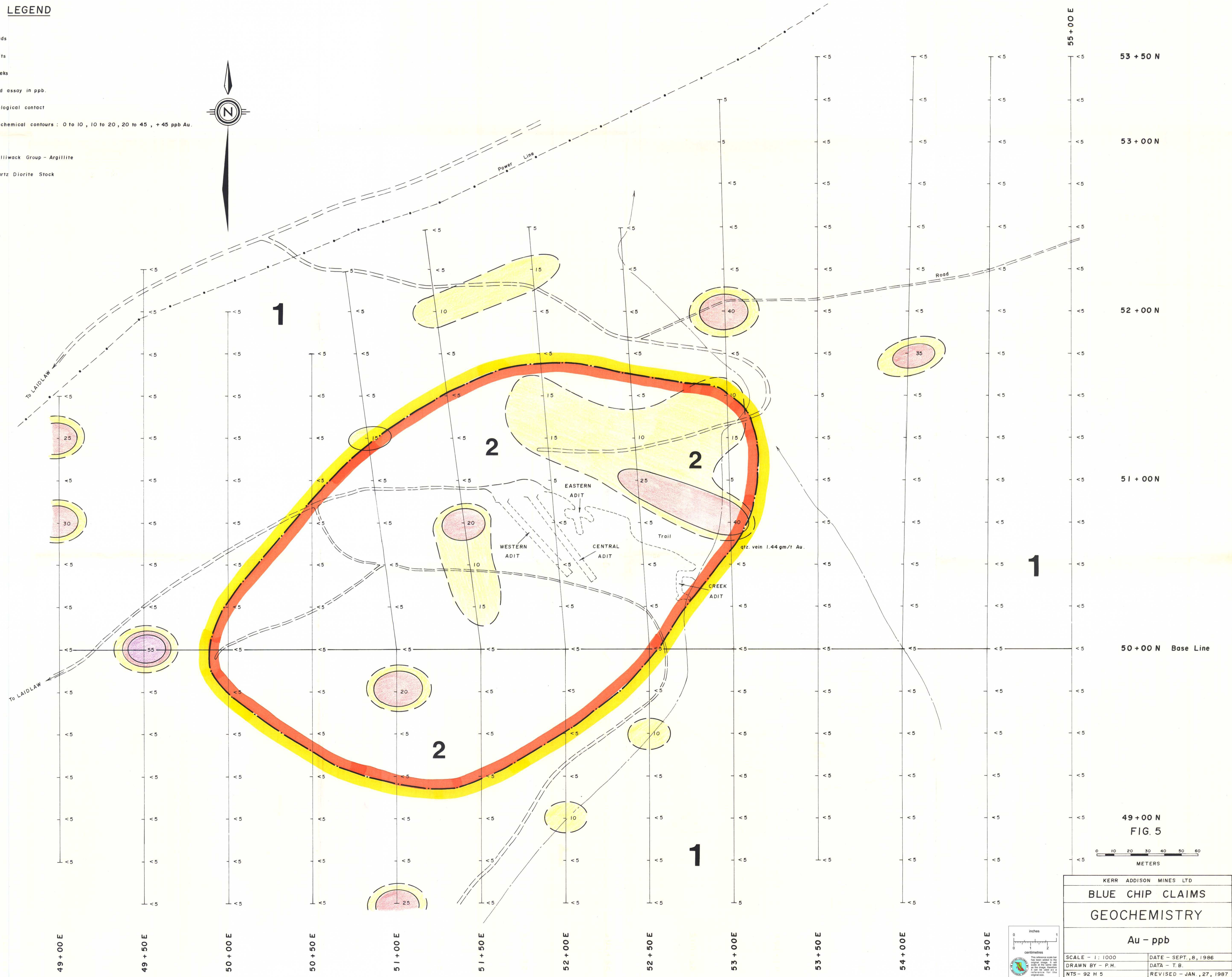




KERR ADDISON MINES LTD	
BLUE CHIP CLAIMS	
GEOCHEMISTRY	
Ag g/tonne, Au g/tonne	
SCALE - 1 : 500	DATE - AUGUST, 1985
DRAWN BY - P.H.	DATA - T.B.
NTS - 92 H 5	REVISED - AUG, 22, 1986

LEGEND

-  Roads
-  Adits
-  Creeks
-  Gold assay in ppb.
-  Geological contact
-  Geochemical contours : 0 to 10 , 10 to 20 , 20 to 45 , + 45 ppb Au.
-  Chilliwack Group - Argillite
-  Quartz Diorite Stock



KERR ADDISON MINES LTD	
BLUE CHIP CLAIMS	
GEOCHEMISTRY	
Au - ppb	
SCALE - 1 : 1000	DATE - SEPT., 8, 1986
DRAWN BY - P.H.	DATA - T.B.
NTS- 92 H 5	REVISED - JAN., 27, 1987