

UMEX INC.

Ozz Mineral 827046
Claim
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Telephone (416) 445-8832 Telex 06-966679

Kerr Addison Mine
Vancouver
Date: 12/17/86
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KERR ADDISON MINES LTD.

December 10, 1986

G. 6416

Mr. R. G. Potter
Kerr Addison Mines Ltd.
703 Fidelity Life Building
1112 West Pender Street
Vancouver, B.C.
V6E 2S1

Dear Bob:

Re: Information on the Ozz Mineral Claims

Further to our discussion on the 20th instant, I am sending you some data on the Ozz property. We have not prepared a comprehensive summary report, but I believe the maps will provide you with more useful information.

The two geological maps give an overview of the setting of the property. Rock sampling has confirmed the presence of high arsenic found in the soil surveys. Some spot gold values were found in a few locations, but there is very little outcrop to go on. There are areas of rather extensive clay alteration, where coincident arsenic anomalies are found in soil and rocks.

In 1985, UMEX drilled two short holes to test areas of alteration within volcanics and the diorite. In one of the holes weakly anomalous gold values were obtained within a 17 meter thick zone of faulting (shearing) and clay pyrite alteration within lapilli tuffs of the Bonanza Formation (DDH-Ozz-2).

The soil geochemical surveys have indicated a number of potentially interesting target areas that warrant testing by diamond drilling. It is difficult to define priority targets on the basis of geochemical/geophysical surveys, and thus we suggest that diamond drilling be used as an initial sampling tool.

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December 10, 1986

Re: Information on the Ozz Mineral Claims/cont'd...

Should you wish to visit the property when you will be working in the Kennedy Lake area, you are most welcome. I would try to arrange to go to the property with you if at all possible.

It was great to have seen you in Toronto, and I look forward to getting together again.

Regards,

Frederick Felder
Executive Vice President

FF/jag

- Encls: a) Summary - Ozz Mineral Claims
b) Two Geological Maps
c) Geology Map - Ozz Claim Area (East Side) 1980
d) Geology Map - Ozz Claim Area (West Side) 1982
e) Geochemical Compilation Map indicating Drill
Hole Locations with Soil Sampling Results - Arsenic

OZZ MINERAL CLAIMS

Vancouver Island , B.C. Canada

In 1980 UMEX carried out a precious metal program on selected areas of Vancouver Island. This program, which was a reconnaissance geological / geochemical program, resulted in the discovery of gold mineralization on Mount Ozzard, near Ucluelet, on the west coast of Vancouver Island.

UMEX's exploration for disseminated epithermal gold deposits on the Queen Charlotte Islands resulted in the developing of certain exploration models , which were applied to the work on Vancouver Island. Structural and chemical analogies occur in the Mount Ozzard area that make this area particularly attractive .

The claims are underlain by coarse grained diorites of upper Jurassic age (West Coast Diorites) and a thick sequence of tuffs and volcanic sandstones and agglomerates of the Bonanza group, also of Jurassic age. Anomalous concentrations of arsenic, gold and silver occur within altered agglomerates and tuffs. Areas of intense clay alteration coincide with anomalous arsenic values in soils. Along strike of the Mount Ozzard claims there occur mercury showings. The claim area occurs close to a major transcurrent fault structure that runs parallel to the coast.

On the property gold values up to 470 ppb , associated with high arsenic (0.12%) and 7.5 ppm Ag was found in clay altered volcanics. In 1985 two short drill holes were placed on areas of alteration in volcanics as well . One of the drill holes intersected a 16 meter wide zone of alteration within which a number of two to three meter intersepts contained anomalous Au, Ag and As.

A number of geochemical anomalies warrant testing by diamond drilling. Also, it is felt that deeper drilling may be warranted in the area of the above mentioned intersection of altered and sheared volcanics.

The Ozz group comprise 48 claim units covering a surface area of 1200 Ha (approx 3,000 acres):

<u>Claim Name</u>	<u>Record No</u>	<u>No. of Units</u>	<u>Expiry date</u>
Ozz	983	20	7, 1988
Ozz #2	1032	4	9, 1988
Ozz #3	1033	10	9, 1988
Ozz #4	1034	12	9, 1988
Ozzie	2617	2	6, 1989