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KERR ADDISON MINES LIMITED

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To R. A. Dujardin From D. Arscott

Subject Pacific Eastern Claims, Bralorne Camp Date March 16, 1984

A review of the Bralorne camp at Bridge River in B.C., prompted by a property submission for the adjacent Pacific Eastern claims, has revealed a good to excellent potential for the latter ground.

This potential is based on:

1. The presence of an almost identical lithologic-tectonic setting on the Pacific Eastern claims relative to the Bralorne- a setting remarkably similar to certain other major gold producing areas such as the Mother Lode system in the Sierra Nevada.
2. The probability of success in future exploration there because of:
 - a) The application of modern exploration techniques on the Pacific Eastern ground. None have been used, and several are directly applicable
 - b) The high ore to waste ratio in the known mines, their frequency of occurrence, and their depth extent (6000 feet in the case of Bralorne itself)
 - c) The availability of new theoretical information reflecting on the mode of emplacement of these deposits. Current work by several academics is sufficiently practical that it may well shed light on mechanisms of ore emplacement, host structure, and metal zoning.

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The Pacific Eastern claims cover a 4 mile strike length of the favourable belt. Fairly substantial underground work (including some 4000 of drifting and cross cutting) has been carried out at west end of the claims and this is at first sight discouraging. However the following points are pertinent:

- a) The underground work intersected one sub-economic ore chute with average grade along one drift of 0.58 oz/ton Au over a 1 foot width and 96 foot length.
- b) A number of quartz veins are present for which assays are not available
- c) The price of gold is now substantially higher than when this work was done
- d) Only 12% of the favourable belt within the claims has been explored with this intensity.

Exploration costs will be initially high, but much data is already available. I believe the quality of the target type (Bralorne-King, 5.5 million tons at 0.51 oz per ton), and the very reasonable chance of intersecting a similar deposit on the Pacific Eastern claims, more than justify Kerr's participation.

A more detailed analysis follows.

Respectfully,

David Arscott, P.Eng.
15 Mar 84.