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	P.M.K.	
	G.H.M.	
	E.O.C.	
	H.A.P.	
	R.D.S.	
	B.C.B.	
	D.W.P.	
	G.P.R.	
	E.L.D.	
	J.I.B.	
	E.C.J.	

KERR-ADDISON GOLD MINES LIMITED
 SUITE 1600-BANK OF NOVA SCOTIA BUILDING
 44 KING STREET WEST
 TORONTO 1, ONTARIO

821245

August 3, 1961.

MEMORANDUM:

To: Mr. W. S. Row

From: P. M. Kavanagh

McGowan Prospect, Owen Lake, B. C.

Attached is the most recent correspondence between Sirola and myself on this 20-claim prospect in the Houston area between Prince George and Prince Rupert.

Previous work supervised by Sirola for his former employer divulged narrow veins in a highly altered diorite stock; samples yielded high to low assays in gold, silver, lead, and copper. The previous work was confined to the northwesternmost five claims of the 20-claim group because of their proximity to previously tested Canex ground and because of limited funds. The 15 untested claims have virtually no outcrop, and because of this Sirola does not rule out the possibility that they may be underlain by the favorable altered diorite, although regional mapping has suggested that not very many of them are.

In recommending that we option this property, Sirola states that he no longer has much interest in the veins as such, but rather he would hope for a large shear zone containing a replacement silver deposit. He considers the property a good place for inexpensive prospecting, and estimates that Williamson and his assistant could cover it with E-M and self-potential on 400 foot spaced lines in two weeks' time. He estimates follow-up bulldozer trenching (if required) of the shallow overburden at \$200.00 per day for four or five days.

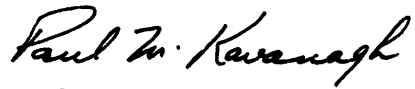
McGowan is asking for a \$350.00 down payment to cover his expenses on the property, and 350,000 shares in a 3 million share company. The property is all in good standing until July 15, 1962.

CONCLUSIONS AND RECOMMENDATIONS:

Because it is a silver prospect and can be inexpensively tested I recommend that we offer to deal with McGowan on the following terms:

1. A \$350.00 down payment.
2. 300,000 shares in a 3 million share company to be formed within 3 years of the signing date of the agreement.

PMK:ry



Paul M. Kavanagh
Chief Geologist - Exploration