

105 L

WELCOME NORTH MINES' PROPERTY

SUBMISSION, EARL LAKE AREA, Y.T.

004970

DECEMBER 1981

KERR ADDISON MINES LIMITED

SUITE 703 - 1112 WEST PENDER STREET
VANCOUVER, B.C. V6E 2S1
PHONE 682-7401

JAN 5 1982

LDB
AHC
PSC
DMH
WJ
J.B.S.
FILE

December 29, 1981

Mr. John Brock,
President,
Welcome North Mines Ltd.,
#1027 - 470 Granville Street,
Vancouver, B.C. V6C 1V5

Dear John:

RE: LADY DI PROPERTY
STOKES LAKE 105K/13
YUKON TERRITORY

Thank you very much for equipping me with reports and maps on the Lady Di prospect.

On the basis that we think the mineralization differs from both the Anvil Range type deposits and the barite hosted deposits in the Selwyn Basin, we have elected not to pursue the matter of an option agreement any further.

We admire your enterprise and wish you continued success in your efforts.

Because reports cost money, we are returning Jim Crawford's preliminary effort with this letter.

Best regards.

Yours sincerely,


W.M. Sirola,
Regional Exploration Manager.

WMS/cm

c.c. Mr. D.A. Lowrie, ✓
Vice-President, Exploration,
Kerr Addison Mines Limited,
P.O. Box 91,
Commerce Court West,
Toronto, Ontario. M5L 1C7

JAN 4 1982

KERR ADDISON MINES LIMITED

(FOR INTER-OFFICE USE ONLY)

To D.A. Lowrie From W.M. Sirola

Subject LADY DI PROPERTY - EARN LAKE AREA Y.T. - 115 L 16 ¹⁰⁵ Date December 22, 1981

J.D.B.
A.L.C.
P.S.C.
D.M.H.
V.J.
J.B.S.
FILE

The Lady Di Property was located in the summer of 1981 by prospectors working for a Welcome North/Esperanza syndicate on the so called "Basin" project.

The deposit consists of a number of relatively thin (1 - 3 metres) of semi-massive sulphides occurring in Devono-Mississippian rocks.

Further exploration of these occurrences would be very high in cost due to the lack of roads in that area and even if some potentially minable tonnage were found, production from that area would not be in the foreseeable future.

Ken If we are to re-initiate work in the Yukon, I believe it should be somewhere closer to existing or proposed transportation routes and energy sources.

John Brock's terms for the Lady Di Property are not nearly as rough as the terms for the Tillicum Property but they still call for a \$150,000. down payment plus \$150,000. in a year for the currency of the option or until \$750,000. has been paid. Again John expects a \$4,000,000. expenditure for a 50% interest in the property.

I thought you should see this deal on paper before I advise John that we will not option the property under these terms.

Terms are too tough for a new exploration prospect of this type

Bill
W.M. Sirola,
Regional Exploration Manager.



WELCOME NORTH MINES LTD.

1027 - 470 Granville St., Vancouver, B.C. V6C 1V5 • Telephone (604) 687-1658

November 19, 1981

Mr. William M. Sirola
Kerr Addison Mines Limited
703 - 1112 West Pender Street
Vancouver, BC

Dear Bill:

Re: LADY DI PROPERTY

Enclosed herewith is a copy of our Preliminary Report for the LADY DI Property.

The principal terms of the Option Agreement we are seeking are:

1. Cash Down Payments

\$75,000 on signing of Letter of Agreement on or before December 31, 1981, and \$75,000 on signing of Final Agreement on or before March 31, 1982.

2. Cash Option Payments

In order to maintain the Option in good standing, commencing January 5, 1983, and annually thereafter, \$150,000 until a total of \$750,000 has been received on or before January 5, 1987.

3. Work Commitments

On or before August 12, 1982, the Optionee shall make sufficient exploration expenditures to maintain at least sixty mineral claims in good standing for a subsequent five year period. In any event, all work performed shall be filed to the maximum extent allowable.

.....2

Mr. William M. Sirola,
Kerr Addison Mines Limited

November 19, 1981

4. Earning of Interest

At which time, on or before December 31, 1987, the Optionee has made cash option payments totalling \$750,000, and has made exploration expenditures totalling \$4 million, the Optionee shall have earned a 50 percent interest in the Property.

5. Welcome/Esperanza Interest

At which time the Optionee has earned a 50 percent interest in the Property, Welcome/Esperanza shall have, within 180 days, the right to elect to either:

- a) contribute to ongoing expenditures on a 50/50 basis under the provisions of a Joint Venture Agreement

or

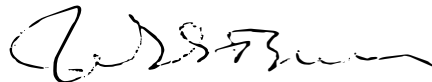
- b) waive its right to a 50 percent working interest and assume a 5 percent Net Smelter Return interest, which interest shall, commencing December 31, 1988, pay a minimum royalty of \$200,000 per year.

6. Operator

The Optionee would be Operator for work performed on the Property.

Yours truly,

WELCOME NORTH MINES LTD.



John S. Brock
President

JSB:ld
Enc.

E & B EXPLORATIONS

At your suggestion, I contacted Henry Ewanchuck regarding properties that they no longer wished to explore or couldn't afford to, as the case may be. Henry advised that they would compile a list within a week's time. Since then, I have had one telephone call from Len Saleken saying that there would be another week's delay. Since this was more than two weeks ago, I have not been holding my breath in anticipation.

YUKON TERRITORYTHE LADY DI PROPERTY - Stokes Lake Area 105/K 13

This property was staked in August, 1981 by prospectors working for a Welcome North/Esperanza joint venture known as the Basin project. The location is 55 km northwest of Faro on the Tay River map sheet.

Lenses of massive sulphides 1 - 3 metres thick and up to 250 metres in length occur in Devonian-Mississippian rocks at the contact of greenish silt stones and at massive Mississippian fossiliferous limestone.

Apart from grab samples or specimens, five chip samples were taken with widths averaging 1.6 - 2.5 metres. One of these ran 24.6% combined Pb plus Zn and 11.5 ozs. of Ag. The other four averaged 8% Zn, less than 1% Pb and 1.8 ozs. Ag.

A pronounced 200 gamma air-borne magnetic anomaly which covers 2/3's of the claim block is probably caused by heavy pyrrhotite.

John Brock is asking \$150,000. for the privilege of signing an option agreement and \$150,000. for every year the option agreement is in force. By the time payments totalling \$750,000. have been made and \$4,000,000. expended on the property, Kerr Addison Mines Limited will earn 50% in interest. At that time, Welcome North/Esperanza may contribute 50/50 or settle for a 5% N.S.R. or a minimum of \$200,000. per year.

These deposits, while interesting, do not display the baritic associations of other occurrences such as the Tom deposit at MacMillan Pass and the Cirque deposit in the Kechika Trough. That aspect together with remoteness from any land transportation, militate heavily against an expensive program of exploration.

UNITED STATESTURNER ALBRIGHT PROPERTY - O'Brien, Oregon

A delegation comprised of Dave Lowrie, Bill Woodard and the writer visited the office of John Alston, President of Baretta Mining Corporation in Calgary.

Brock may have to reset his sights