

106C 004979

Kinex Development Ltd. DIT

Blaine Fairchild Lake - Bonnet

Blaine River YI

March 1974

# KERR ADDISON MINES LIMITED

(FOR INTER-OFFICE USE ONLY)

MAR 4 1974

To G. M. Hogg From W. M. Sirola  
Subject MINEX DEVELOPMENT LTD. D.I.T. CLAIM GROUP  
FAIRCHILD LAKE AREA, Y.T. Date March 1, 1974  
Lat. 65° N; Long. 134° W

106 c

W.J.	<input checked="" type="checkbox"/>
E.M.H.	<input checked="" type="checkbox"/>
G.M.H.	<input checked="" type="checkbox"/>
M.D.R.	<input type="checkbox"/>
I.D.B.	<input type="checkbox"/>
R.D.S.	<input type="checkbox"/>
G.R.	<input type="checkbox"/>
T.W.B.	<input type="checkbox"/>

E.C.J.

Please find enclosed a report by Joe Sullivan which summarizes all of the available data on this property.

The D.I.T. group of 16 claims are held by D.I.T. Holdings Ltd. of Vancouver and the information was submitted by Don Tully also of Vancouver.

The property is located on the Bonnet Plume River about 90 air miles northeast of Elsa, Y. T.

Chalcopyrite and pyrite have been found on Slab Mountain at the contact between intrusive rocks which vary from felsite to gabbro with a complex of limestone, volcanic rocks and green schist. The mineralization covers an area of 3200 feet long, 500 feet wide and has a vertical extent of 1700 feet. The property has been mapped and crudely sampled by Bob Seraphim and a figure of 100 million tons averaging 0.37% Cu has been used in calculating the economics of the deposit. The actual block would have a total potential of 200 million tons of something less than 0.3%.

Sullivan has drawn a graph indicating that a copper price of 72¢ per pound would be required to break even and he suggests that the current copper price of about \$1.00 per pound would make the deposit economic. I disagree. We know from our Adanac experience and in fact we know from Anvil experience that a deposit on the Bonnet Plume River must be very high grade, not low grade. In consequence I am unable to recommend any work on this deposit by Kerr Addison Mines.

I will have to return the report to Don Tully and would appreciate having it returned at your convenience. Enclosed with the report is a summary by John Lund.

WMS/rb

Enclosures (2)

*I agree with W. Sirola's  
comment + recommendation.  
Report returned to W. Sirola  
Mar. 4/74.*

*W. M. Sirola*  
W. M. Sirola

*Agreed*  
*[Signature]*

# KERR ADDISON MINES LIMITED

(FOR INTER-OFFICE USE ONLY)

To W. M. Sirola From J. C. Lund  
Subject THE D.I.T. CLAIM GROUP OF MINEX DEVELOPMENT LTD.  
FAIRCHILD LAKE AREA, Y. T. Date January 15, 1974

## LOCATION

On Slab Mountain about 90 air miles northeasterly from Elsa, Y. T. Access is by float plane which can land on the Bonnet Plume River or by helicopter.

## CLAIMS AND OWNERSHIP

The D.I.T. Nos. 1-8 are held by D.I.T. Holdings Ltd. The D.I.T. Nos. 9-16 were recorded by D. Tully.

## GEOLOGY

Bedded rocks include green schist-phyllite, grey limestone, volcanic tuffs, breccias, andesitic in composition and argillite-sandstone-quartzite. These are intruded by diorite-gabbro and felsite porphyry masses.

## MINERALIZATION

Chalcopyrite and pyrite with minor copper carbonates occur within cherty and limey andesitic tuffs adjacent to the intrusive rocks. Mineralization is reported to cover an area 500 feet wide, 3200 feet long and has a vertical exposure of 1700 feet. This would give a potential block of 200,000,000 tons. Sullivan estimates a potential of 100,000,000 tons grading 0.37%. This grade is based on about 750 lineal feet of sampling along the northwest margin of the mineralized area. The greater part of the zone has not been sampled.

The mineralized zone sits near vertical in extremely rugged terrain. Ratio of waste to ore is estimated at 0.5:1 and it would appear that there would be no problem with waste disposal.

## COSTS

Using Adanac figures for a production rate of 20,000 tons per day plus 10% per year increase, Sullivan's estimate of \$4.75 for operating costs including smelting and transportation would be low. Power costs, labour turnover, high costs because of inhospitable climate would likely add \$2.00 to \$3.00 per ton to this figure putting total costs at say \$7.00 plus. Using this figure, a minimum grade of 0.45% Cu would be required at 80 cent copper to break even without allowance for capital payback. A considerably higher grade would be required to make a profitable operation at this location, possibly 0.8% to 1%.

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## SUMMARY AND CONCLUSIONS

1. A mineralized zone in cherty and limey andesitic tuffs 500 feet wide by 3200 feet long by at least 1700 feet deep occurs near diorite-gabbro and felsite porphyry intrusions.
2. Sampling across 750 lineal feet has indicated an average grade of 0.37%.
3. Estimated potential is 100,000,000 to 200,000,000 of a grade yet to be established. It is reasonable to expect between 0.3% and 0.5% Cu.
4. Main economic mineral is chalcopyrite.
5. Cost of operating at this location, including smelting and transport, would likely exceed \$7.00 per ton of ore milled.

In conclusion, the development of this prospect depends on: (a) increasing the ore grade, (b) higher copper prices and (c) improved government power sources. I cannot see that this deposit could become economic in the near future. Any consideration must be taken in terms of a long range development program.

JCL/rb

J. C. Lund