

KERR ADDISON MINES LIMITED

(FOR INTER-OFFICE USE ONLY)

I.D.B.
P.B.
J.K.C.
A.H.C.
P.S.C.
D.M.H.
D.A.L.
J.B.S.

005018
116B/8

To..... D. M. Hendrick

From..... C. K. Wilton

Subject..... AJ-JA property of Cody Hawk Resources,
Dawson Mining District, Yukon Territory

Date..... July 28, 1983

FILE

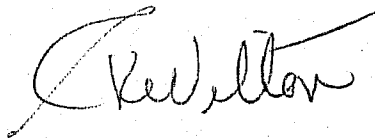
Access is 60 miles by road and 9 miles from the road by helicopter from Dawson City.

This gold discovery was made in 1966 by Conwest. Mapping, trenching, surface sampling, limited geophysics and geochemistry has been done. Drilling totalled 659' in four holes in 1966 and 545' in 3 holes in 1975. In 1980 Riocanex did limited EM over the showings during an examination. The north zone assayed from .11/0.5' to 3.50 ozs. Au/ton/4.3'. Two holes gave poor results.

The south zone has been drilled as shown on the section attached which is of some interest. Hole ACH-2 drilled 100' to the west was lost in overburden. Hole CEX-3 drilled under ACH-2 cut minor mineralization with low values. (See attached plan of the south zone.) For other details including Hodge's recommendations see the report.

Apparently Cody Hawk Resources want us to take a private placement of 100,000 shares of stock. I assume they would want to try to extend the south zone on strike. Noranda has been approached. Conwest would receive 100,000 shares plus cash.

I suggest your further consideration and can discuss it if you wish.



C. K. Wilton

CKW/sm
Attachments



arseno float boulders

2

23583

23580

23582

23589

23592

23581

BRAIDED CHANNEL

2

N 24° E

quartzite

ACH-3
no massive zone
best assay 0.01

8+64W

900W

FROM 9

84' @ N

Trench 1 - 50' long x 4' deep x 3' wide
 - samples 23576 to 23578 are vein samples
 - samples 23590 and 23591 are waste samples

Trench 2 - 28' long x 3' wide x 4' deep
 - after trenching what had appeared to be a vein it turned out to be float.

boulders of FeAsS from trench

quartzite

SOUTH ZONE

1" = 50'

23578

23590

23577

23591

23576

70°

ACH-2

lost in overburden at 56'

CEX-1

CEX-2

ACH-1

70°

CEX-3

TO

DMH

FROM

CKW

DATE

July 28 19 83

PLEASE REPLY DIRECT

PLEASE HANDLE

PLEASE SEE ME

YOUR COMMENTS

FOR YOUR INFORMATION

FOR APPROVAL

PLEASE RETAIN

PLEASE RETURN

one of 3 holes cut 0.31 ozs.
a/ftm across 9.4' on a property
in the NWT which can be purchased
for cash and Cody Hawk shares.

They propose to prospect along
strike.

I do not feel that this property
should be recommended for the
deal (terms unknown) proposed.

CKW

L. H. H.

CODY HAWK RESOURCES INC.

SUMMARY REPORT AJ-JA GROUP

42 UNPATENTED QUARTZ CLAIMS
DAWSON MINING DISTRICT, YUKON TERRITORY
NTS 116 B8

Agreement to Purchase

Outright purchase from Conwest Exploration Company Ltd., for cash (paid) and shares. 25,000 treasury shares to be issued on transfer of claims, an additional 75,000 shares to be issued as decreed by the B.C. Securities Commission for an arms length deal by a private corporation seeking a listing on the Vancouver Stock Exchange, under the currently proposed revisions. Conwest retains a 2% net smelter return as defined under the agreement.

Location

40 miles north east of Dawson, Yukon Territory, 9 miles east of the Dempster Highway, Antimony Mountain area.

History of Exploration

This gold-silver prospect was located by Arthur John in 1966, who with his partner Ole Haug, both Conwest prospectors, were part of a regional, helicopter-supported prospecting program directed by the writer. The outcrops were located by tracing arsenopyrite float upstream.

Following the discovery of the gold bearing arsenopyrite veins in place several hundred claims were staked by Conwest. Hand trenching, chip sampling and resampling after drilling and blasting down as far as possible into bedrock were completed. Following this work a light BBS I diamond drill using AX Standard was employed to sample the showing. As the deployment of the drill due to prior commitments, limitation of equipment, and the lateness of the season decreed, only limited sampling of the showing was accomplished. Only bedrock setups were practicable. Nevertheless some significant intersections were obtained in spite of poor core recovery and limited water returns for sludge sampling (in spite of constant cementing). This work, while not duplicating the spectacular surface values in unweathered fresh arsenopyrite showed that the best gold values were obtained where core recovery and or water return were best. No obvious correlation was observed in gold silver ratios either by surface sampling or in the shallow diamond drill sampling.

Conwest, using their own equipment, attempted to extend the limited exposed surface strike expressions by geophysics. Neither the sharpe SE 200 vertical loop gear nor the Sheridan-Kelk Magniphase horizontal loop gear employed by experienced operators (the former by the writer and the latter by Marc Brunelle) were successful in obtaining significant geophysical data across the massive sulphide showings.

As the location of the showings was on a pup (tributary) of O'Brien Creek, which drains into the Klondike River, it was originally puzzling why the Klondikers had not discovered this showing. However, none of Conwest's experienced prospectors on the regional project, ever was able to pan colours after roasting samples known to run up to 8 oz. Au/ton.

Apart from examinations by a succession of Conwest geologists, often guided by the writer, no further work was carried out by Conwest after 1966. The primary reason for this was the apparent remoteness of the site, low gold prices, limited budgets and priority of other Conwest projects which at the time were much more economically attractive.

With an increase in the gold price to \$175.00 per ounce by 1974, Harry Hodge, then chief geologist for Conwest recommended a diamond drill program. This work was never carried out.

In 1975 a decision was made by Conwest to farm out the property as the assessment credits were running out. On instructions from C.K. O'Conner, then exploration manager, the writer contacted numerous western-based exploration companies including Teck Corporation, but most felt the deal offered was too tough. Finally, the writer approached Mr. Ron Philp, principal of Acheron Mines Ltd., (later Pan Acheron Mines Ltd.) who agreed to Conwest's proposal.

In the summer of 1975, a program of resampling, geological mapping, orientation geochemical surveys and limited diamond drilling (two holes) was carried out by Agillis Engineering (Mr. Philp's own consulting firm) under the direction of Mr. F. Holcapek., P. Eng. Essentially, much of this work duplicated that of Conwest, but served to confirm the results of 1966. On completion of this program, Mr. Holcapek recommended follow up diamond drilling. However, apparently due to financing problems, Acheron was unable to fully comply with the Conwest Agreement and the claims reverted to Conwest. The orientation geochemical survey demonstrated fairly conclusively that the two elements chosen, arsenic and zinc, are not useful pathfinders for these deposits.

In the course of a property examination by Rio canex in 1980, six short lines of vertical-loop, fixed transmitter em were run over the supposed axis of the vein system. Equipment used was an Apex Maxmin II electromagnetic unit. Frequencies employed were 3555 Hz and 888 Hz. The survey confirmed the conductivity of the northern of the two main vein systems and based on results, the main northern vein appears to have a strike length of 150 meters. A tentative conductor, previously unknown, was indicated 60 meters to the south.

In the course of an earlier examination by R. Hindson of Teck Corporation, he ran one line of self potential across both zones. Results suggest that the vein systems respond to this method. Equipment used is not known.

Geology

The massive arsenopyrite gold bearing veins are located in siliceous sediments mapped by the Geological Survey of Canada as Proterozoic.

They occur within approximatley one quarter mile of the contact of a large syenite stock as mapped by the G.S.C. The age of the syenite is said to be Cretaceous. It has a positive aeromagnetic expression. The exact location of the contact in the area of the veins is obscured by talus and morainal material.

Conclusions

It is not the purpose of this report to make detailed recommendations or to comment on economic geology. This is being done by an independent consulting geologist. Archer and Cathro in their Yukon mineral inventory state that the average grade in drilling to date is 1.9 metres of 1.04 oz/Au (35.65 g/t). Surface sampling by Conwest and others have shown values of up to 8.7 oz. Au across 4 feet. The origin and structural control of mineralization is poorly understood. As well, no polished section work on the gold bearing arsenopyrite has yet been done. The erratic gold silver ratios raise unanswered questions.

Any further diamond drilling will require heavy equipment capable of NQ or HQ and penetration of up to 50 feet of bouldery talus and or moraine both for investigation along strike and for core recovery in the mineralized sections.

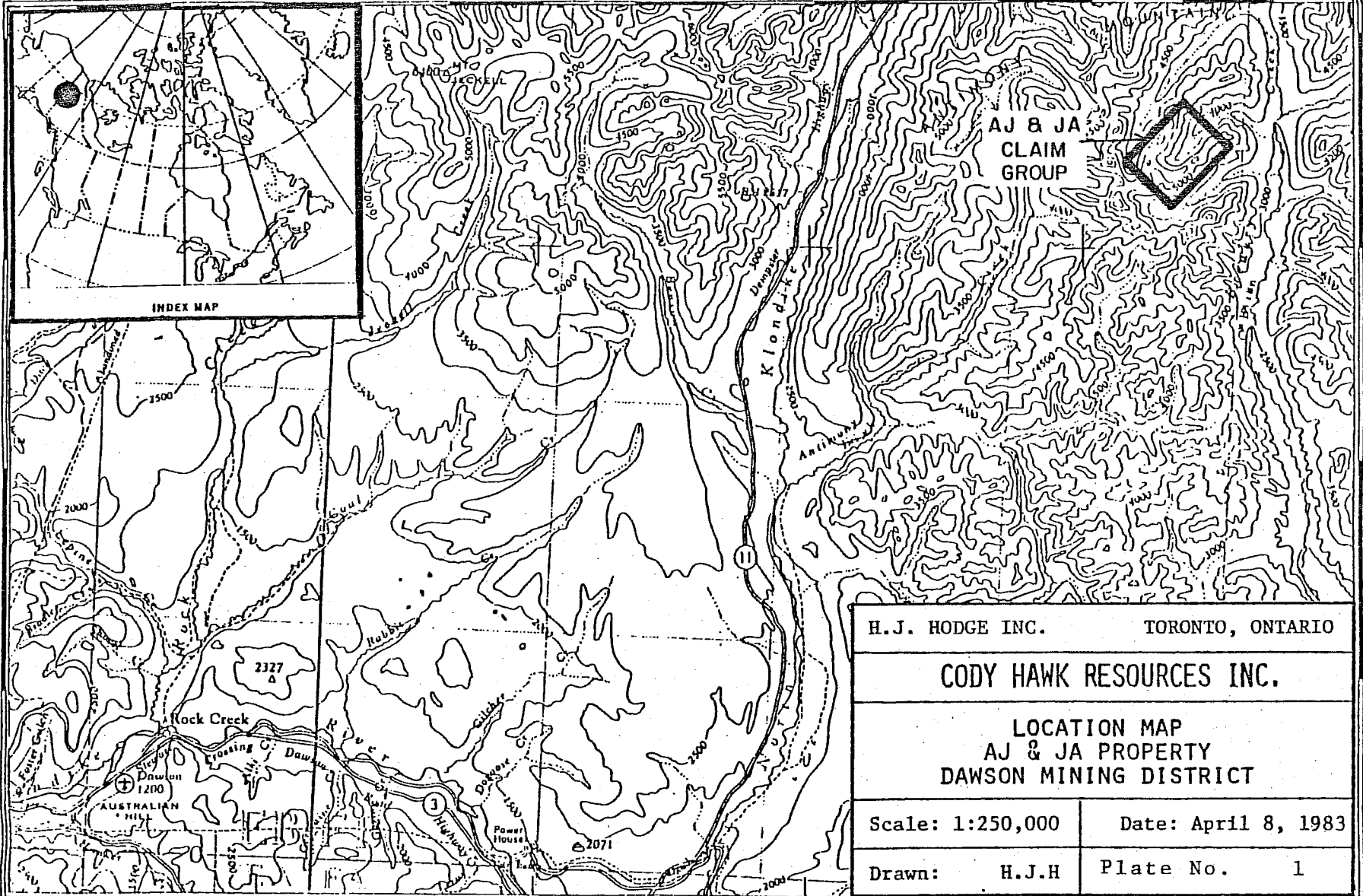
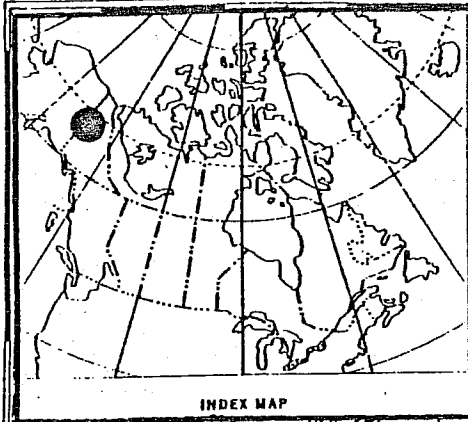
High helicopter costs for diamond drill mobilization and support suggest that road access be considered. Climatic conditions in the area this winter suggest that little can be accomplished before June first.

G.W. Grant
Exploration Geologist

Toronto, Ontario.
March 23, 1983.

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H.J. HODGE INC.		TORONTO, ONTARIO	
CODY HAWK RESOURCES INC.			
LOCATION MAP AJ & JA PROPERTY DAWSON MINING DISTRICT			
Scale: 1:250,000		Date: April 8, 1983	
Drawn:	H.J.H	Plate No.	1

139°00'

45'

30'

15'

138°00'

Whitchose 325 m

15'

64°00'

-11-

CODY HAWK RESOURCES INC.
153 Winchester St.
Toronto, Ontario
M4X 1B5

Progress Report - AJ-JA Claims, Yukon Territory, 116-B-8
Dawson Mining Division

INTRODUCTION

The AJ-JA claims cover high grade gold veins discovered by Conwest Exploration Co. Ltd. in 1966 during a regional exploration program. Limited drilling by Conwest in 1966, using a light drill and similarly by Acheron Mines Ltd. in 1975 under option from Conwest, totalled 1204 feet using AX standard. Core recoveries were very poor but results indicated good gold values persist to depths of at least 75 feet below surface (deepest hole drilled). Limited geophysics by Riocanex in 1980 showed at least one zone is detectable by vertical loop EM and indicates it has a minimum strike length of 600 feet.

Cody Hawk entered into an agreement with Conwest to purchase the property outright for cash (paid) and stock in Cody Hawk (to be issued).

Mr. H.J. Hodge, P.Eng., of Toronto, has completed an independent consultant's report recommending a Stage I program consisting of geophysics, additional geological mapping, metallurgical testing and geochemistry, plus 6000 feet of diamond drilling to test the known showings and any new geophysical or geochemical targets. To obtain core recoveries HQ or NQ is required. Mr Hodge estimates the cost of the first stage to be \$351,600. The writer recently visited the property to assess local conditions, examine the best road access and take representative samples of gold-bearing vein material for metallurgical testing.

1 - LOCAL CONDITIONS

The writer and three assistants carried out the intended initial work on June 18, 1983. At that time all snow had melted on the property at elevations below 5000 feet ASL. Snow cover is less than 30% on south-facing slopes and 60% on north-facing slopes, up to the summits at about 6000 feet ASL. Weather conditions were excellent during the period spent on the property, from 8:30 A.M. to 7:00 P.M..

2 - METALLURGICAL SAMPLING

The writer, assisted by A.H. Groat, M. Groat and J. Groat, removed by hand about 111 cubic yards of frozen sloughed material

and fractured, weathered rock to obtain fresh vein material for metallurgical testing. Approximately 400 pounds of vein material was obtained, 100 pounds from each of three veins in the south zone and one vein in the north zone. It was notable that the gold-rich sulphides weather rapidly and much of the fresh sulphides have suffered considerable oxidation since the writer's last visit to the property in 1974.

The 100 pound samples were quartered on the site and 25 pounds from each vein were shipped to Lakefield Research to await instructions. Bailey McCrae, P.Eng., consulting metallurgist, will advise on tests to be run.

A large fresh hand-specimen was taken for a polished section analysis.

3 - ASSESSMENT WORK

Physical work carried out is sufficient to qualify for two years' assessment work on the six AJ claims (due July 15 and 16, 1983) and forms were sent to the Mining Recorder in Dawson City for filing. The remaining 36 JA claims are due on September 21, 1983. Several draughting errors on Claim Sheet 116-B-3 were noted and pointed out to Mr. Blake Baxter, Chief Mining Recorder for the Yukon.

4 - GEOLOGY AND GEOCHEMISTRY

The writer was given, by Mr. Jim Morin, Regional Geologist for Indian Affairs and Northern Development (IAND), some new publications published by them, parts of which are quite pertinent to the AJ-JA gold deposits. Of particular interest is a study on Yukon gold deposits by Morin, during which he visited and sampled the AJ showings. He feels that there should be little or no diminution with depth of the high gold values on surface on the AJ. In his study he states, "vein mineralogy is arsenopyrite-quartz-pyrite-tourmaline. High Au, As, B, Hg, Sb, Te and low Mn, Pb, Tl, Cd, Zn, Cu, Ag characterize the vein".

Studies of the alteration of intruded sediments west of the Antimony Mountain intrusive were done for Anaconda on the Thor Group situated west of the AJ-JA claims. Dirk Templeman-Kluit, then Regional Geologist for IAND, mapped the Thor Group and part of the Antimony Mountain intrusive as part of his investigation of activity in the area.

The Geological Survey of Canada has done a regional geochemical survey of the area and their experience will be useful for more detailed work on the AJ-JA claims.

5 - GEOPHYSICS

1000 feet of base line was chained and picketed to control cross lines for the geophysical surveys recommended by Mr. Hodge. Short cross lines were run to tie in previous work to the new grid.

During the course of a limited electromagnetic survey by Riocanex in 1980 a previously unknown conductor was located some 200 feet north of the north zone. It is Mr. Hodge's conclusion that in all probability this conductor is caused by a sulphide/shear zone similar to the north and south zones. The writer examined this area and assuming a strike similar to the north and south zones it was ascertained that no outcrop exists in the creek along the projected strike. Overburden coverage is estimated to be 25 to 50 feet.

6 - ACCESS

At present access to the AJ-JA claims is by helicopter. Flying time from Dawson City to the property, utilizing TNTA's Hughes 500 D, is about 20 minutes, assuming a ceiling of 6000 feet ASL.

Following a previous study of the best available topographic maps (1:50,000), A.H. Groat and the writer reconnoitred by helicopter what is the most practicable road access to the property. (See attached plan).

In summary, without walking the route, Mr. Groat from his considerable experience in tote trail and road construction in the Yukon and northern British Columbia concluded as follows, with which the writer concurs:

- 1) Summer tote trail construction is probably unfeasible at any reasonable cost due to several short but difficult stretches,
- 2) Winter road construction, normally done in November after the ground is frozen but before heavy snowfall, could be possible but several short narrow valleys could glacier,
- 3) A permanent all-weather road, justifiable only after an economic deposit is indicated, could be constructed. Government assistance is available.

However the route does provide an excellent route for helicopter transportation of the diamond drill from the Dempster Highway. The highest pass between Robert Service Creek and the valley of Brewery Creek (formerly named O'Brien Creek) is broad and less than 4500 feet ASL. Flying distance is only about 15 miles using this route.

7 - DIAMOND DRILLING CONSIDERATIONS

Sufficient sound planks and sills remain on the property from previous drilling to preclude the necessity of flying these in, which will be a considerable saving in transportation costs. Some usable 2x4's still remain on the property for drill camp construction.

From the writer's experience in 1966, water supply at the proposed drill sites, given normal freeze-up conditions, cannot be considered reliable after mid-September. This period could be extended by building a coffer dam above the site to store water and/or pumping or hauling water from lower down the valley. In a normal Yukon winter the latter can become extremely costly.

8- PROPOSED EXPLORATION

Mr. Hodge has recommended about five miles of geophysical work, plus geological mapping and prospecting. It is proposed by the undersigned that as soon as feasible this work be undertaken. To minimize support costs, all this work should be done at one time, using leased or rented equipment. It is proposed that an Apex Max-Min fixed transmitter vertical loop should be used and an experienced EM operator be retained for the job. A local helper would be hired to operate the transmitter. VLF EM and self-potential will also be tried.

A.H. Groat would act as camp manager and co-ordinator. He would provide camp outfit and communications with his own licenced SSB radio which has telephone frequency and mining company frequency installed.

If available, Arthur John the original discoverer, would carry out the recommended prospecting.

The writer would carry out the magnetometer survey with leased total field magnetometer and base station as well as the orientation geochemical survey recommended by Mr. Hodge, plus overall supervision.

Required geological mapping of the showing area tied in to the new grid, as well as the rest of the property, would be done by one of the partners of Archer, Catthro and Associates of Whitehorse, Y.T. who has previously studied the local syenite intrusives and associated mineral deposits. He would provide an independent consultant's report on the overall program.

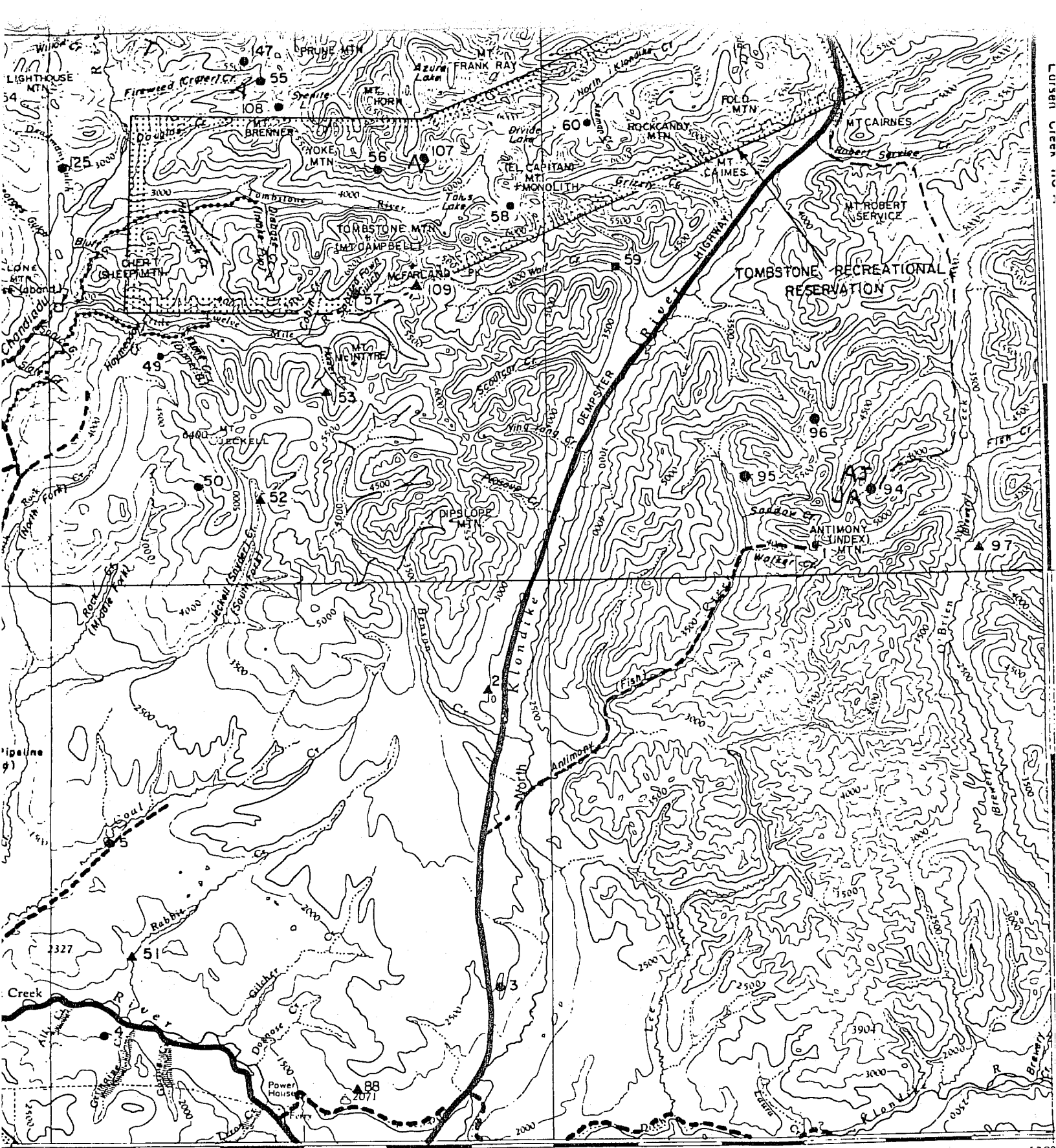
It is estimated from the writer's experience that this program, given normal summer weather conditions in this area should be completed in approximately two weeks. A budget is being prepared.

Respectfully submitted,

G.W. Grant,
Exploration Geologist

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139°00' 45' 30' 15' 138°

ED HUNKER CR. RESERVE #10-30 Whitehorse 325 m

AJ-JA PROPOSED ROAD ACCESS
 CODY HAWK RESOURCES INC,
 G.W.G
 JUNE '83
 FROM ARCHER & CATTRO PLAN

ACCURACY OF LOCATION

Within 1/2 mile ●

1/2 to 2 miles ▲

Less than 2 miles ■

Luisen Green