

116B

J. SPANDLER SUBMISSION - NORTH

HENDERSON CREEK, NR. DAWSON CITY, Y.T.

005701

APRIL 1985

SL Pls send as is to
Mr R. Dugan

MAY 03 1985

P.O. Box 554
Dawson City
Yukon, YOB 1G0
April 26, 1985

IDS
P.B.
J.K.C.
A.H.C.
P.S.C.
D.M.H.
D.M.H.
J.B.S.
FILE

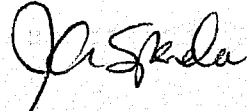
Dear Mr. Lowrie,

Please find enclosed a copy of a report regarding our leases on North Henderson Creek. The report was compiled for us by Queenstake Resources. Queenstake optioned the property from us in the spring of 1984, and have recently decided to discontinue their involvement in the property.

Should you require additional information, or wish to speak to me regarding the property my telephone number is 403-993-5153.

Thank you for your interest in our property.

Yours Sincerely,



Jim Spandier

NORTH HENDERSON CREEK

YUKON TERRITORY

**Report on 1984 Exploration Program
Conducted by
Queenstake Resources Ltd.**

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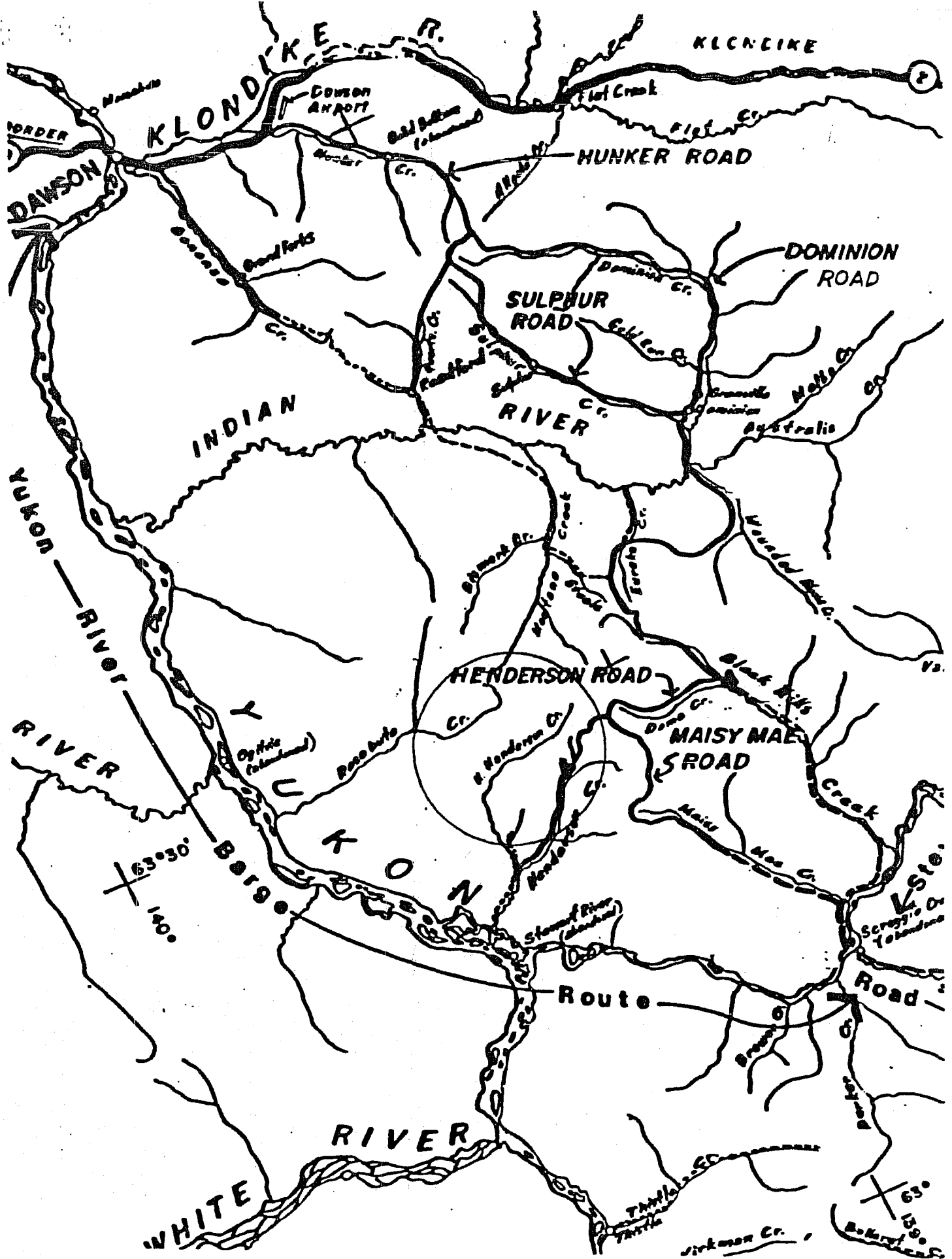


Figure 1

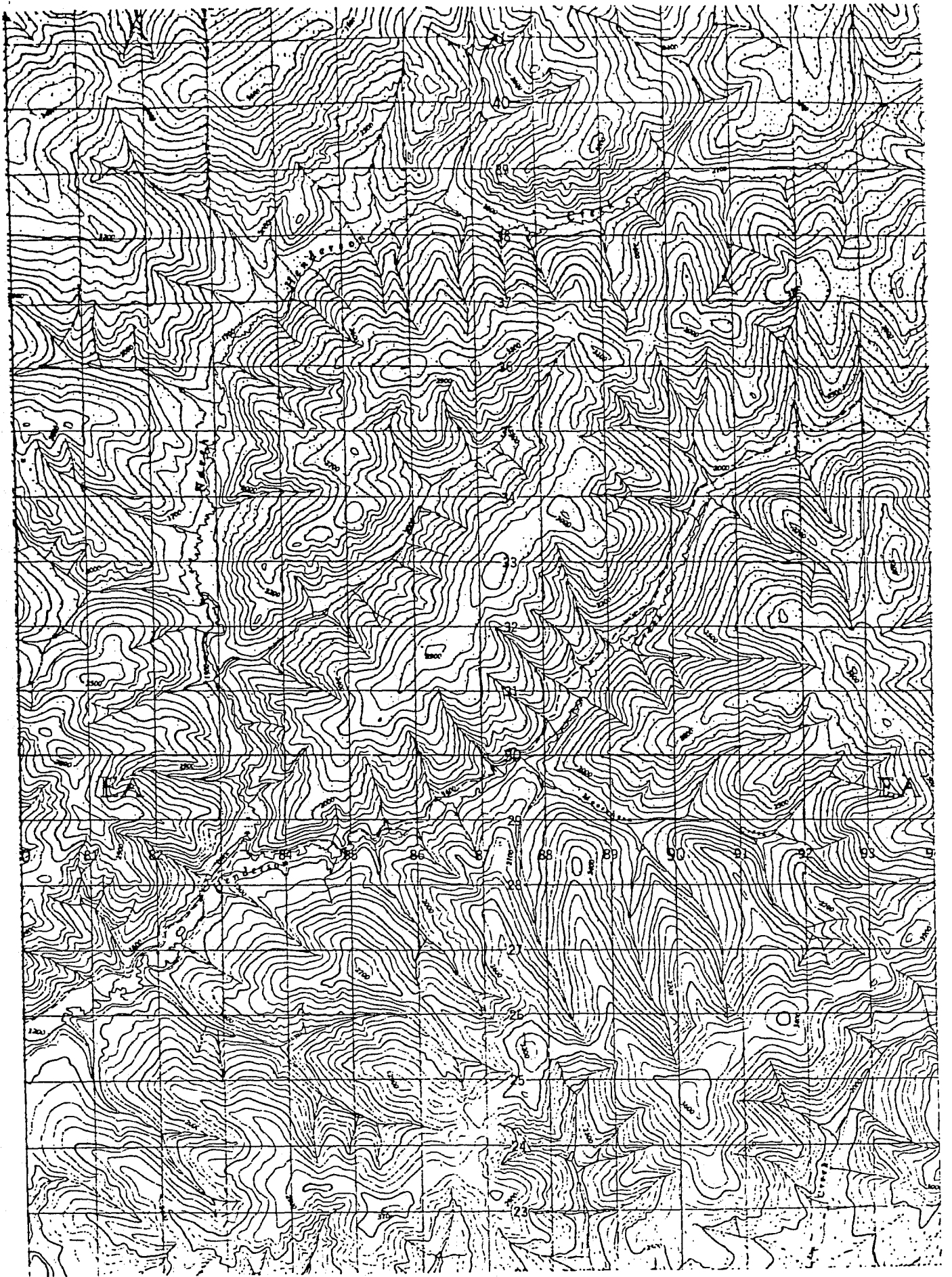


Figure 2

LOCATION AND ACCESS

North Henderson Creek is a right limit tributary of Henderson Creek, 44 miles south of Dawson City, Yukon. Access is by a gravel road from Granville, via Eureka and Black Hills Creeks, over Henderson Dome toward Rosebud Creek. There is no road access to North Henderson Creek, however, a tote road could be constructed down the ridge from Rosebud Creek paralleling Kemper Creek, a tributary to North Henderson. See Figures 1 & 2.

HISTORY

In the winter of 1898-1899 many stamperders stayed at a settlement at the mouth of Henderson Creek. Many claims were staked on Henderson Creek and its tributaries, however no evidence of work can be located on the upper 8 miles of North Henderson Creek. In 1981 and 1983, Mr. Spandier conducted a small drill program; with the results of this program being discussed in the exploration section of this report.

GEOLOGY

North Henderson's headwaters drain Carmack Group volcanics then runs through Yukon schist and gnessic granites. Bedrock exposed in the shafts is a blocky quartz biotite schist. Since the ultimate gold source in the area is not known, the bedrock geology alone is insufficient to determine whether a particular creek will have an economic placer deposit. It is significant however, that North Henderson Creek and Henderson Creek share a common drainage divide; Henderson Creek has produced in excess of 50,000 ounces of placer gold since dredging operations commenced in 1946.

PHYSIOGRAPHY

North Henderson Creek is fourteen miles long. The creek is consistantly 300 - 500 feet wide for most of its length narrowing down to less than 100 feet in its upper reaches. The valley floor is muskeg with stunted willow and black spruce vegetation, indicating permafrost. The creek has a good flow exceeding 4,000 i.g.p.m. even during the drier summer months and therefore a mine operation could function without recirulation.

PROPERTY

In 1983, Dianne Spandier staked a 5 mile prospecting lease, number PL 6668 with the number one post being located approximately 5 miles from the confluence with Henderson Creek. Adjacent and upstream of this prospecting lease, James Spandier staked a 3 mile prospecting lease, number PL 6645, in 1982. Prospecting leases 6668 and 6645 are currently in good standing until February 4, 1986 and December 14, 1985 respectively. See Figure 3.

1981 EXPLORATION (AREA A)

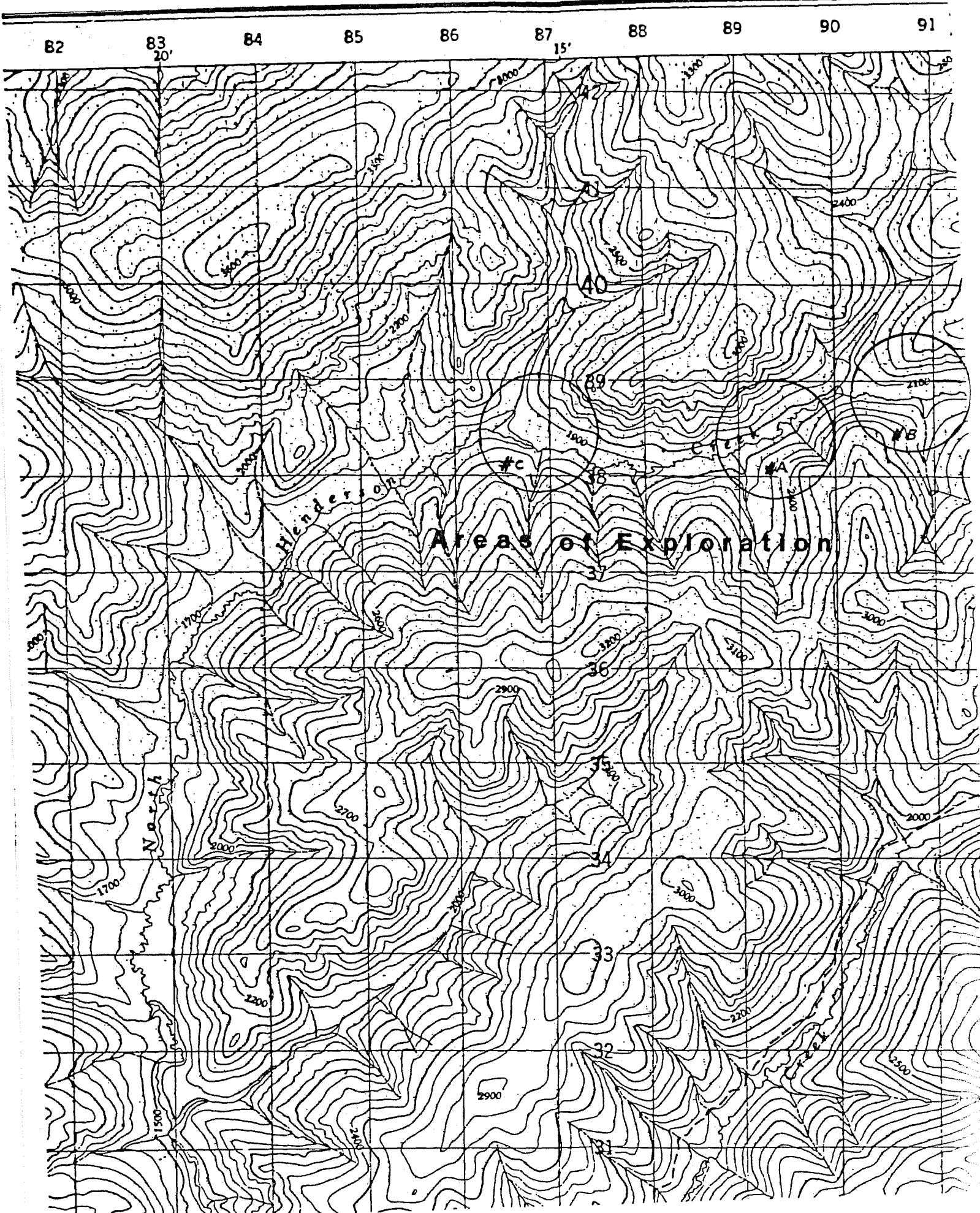
In December 1981, one drill line consisting of six drill holes was drilled across the valley approximately $\frac{1}{2}$ mile downstream from Kemper Creek. Drill holes were spaced at twenty-five feet intervals. See Figures 4 & 5. The drill used was a small percussion air rotary hammer drill with a $5\frac{1}{2}$ inch diameter bit. The results of the program are outlined below.

<u>Hole Number</u>	<u>Depth of Muck</u>	<u>Depth of Gravel</u>	<u>Volume of Sample</u>	<u>Fine Ounces per B.C.Y.</u>
81 - 1	15	4	.045	Tr
81 - 2	16	2	.037	Tr
81 - 3	16	4	.040	Tr
81 - 4	12	7	.067	.001
81 - 5	14	5	.043	.058
82 - 6	14	5	not sampled	-

1983 EXPLORATION (AREA B)

In October, 1983, eleven holes were drilled on two separate lines 100 feet apart. Drill holes were spaced at 30 feet intervals, except between holes 83-5 and 83-6 where the holes were spaced 80 feet apart. See Figure 5. The same drill was used for this program as in the 1981 drill program. Samples were collected at 6 inch intervals from the muck - gravel interface to 3 feet into bedrock. Each sample was panned down to a concentrate, amalgamated, the mercury digested with nitric acid, and the recoverable gold weighed. The results of the program are outlined below.

<u>Hole Number</u>	<u>Depth of Muck</u>	<u>Depth of Gravel</u>	<u>Volume of Sample</u>	<u>Fine Ounces per B.C.Y.</u>
H83-1	8	10	.067	.006
H83-2	7	8	.061	.003
H83-3	6	12	.079	.005
H83-4	9	7	-	-
H83-5	10	9	.055	.015
H83-6	13	5	-	-
H83-7	13	5	.037	.011
UM83-1	12	4	.043	.012
UM83-2	12	4	.043	.010
UM83-3	9	6	.061	.007
UM83-4	7	9	.073	.003



Areas of Exploration

Figure 4

1 Mile

1984 EXPLORATION (AREAS B & C)

Under the terms of the agreement between Dianne and James Spandier and Queenstake Resources Ltd., Queenstake conducted a preliminary shaft work program on the property between August 26 and September 25, 1984. The purpose of the program was to determine the downstream extension of the gold bearing channel defined in the previous years drill programs and to confirm the grades recovered.

Shafting, though considered primitive, is a more effective sampling tool than drilling because of the greater sample size. It is best used in shallow, permafrost ground condition. Steam is generated in a 15 gallon drum over a wood fire, and is fed through a $\frac{1}{2}$ inch diameter rubber hose to a 4 foot steel point. Thawed gravel is mucked out by hand.

Shaft line one, located two and a half miles downstream from Kemper Creek consists of 4 shafts, while shaft line two, which is coincident with the upper limit drill line, consists of 3 shafts. See Figure 6. A measured $\frac{1}{4}$ cubic yard sample of bedrock or gravel overlying bedrock was processed through a long-tom. The resulting concentrate, if indicating the presence of gold, was amalgamated, the mercury digested in dilute nitric acid, and the gold dried and weighed. A grade for the sample was calculated in raw ounces gold per cubic yard. The results are outlined below.

Hole Number	Depth of Muck	Depth of Gravel	Grade in raw oz/yd ³	
			Gravels Bedrock	Bedrock
HE 84-1	14	6	.002	.003
HE 84-2	13	6	.002	Tr
HE 84-3	13	6	Tr	.003
HE 84-4	16	6*	Tr	-
HE 84-5	8	4	Tr	Nil
HE 84-6	9	6	Tr	.004
HE 84-7	13	3*	.001	-

* did not reach bedrock

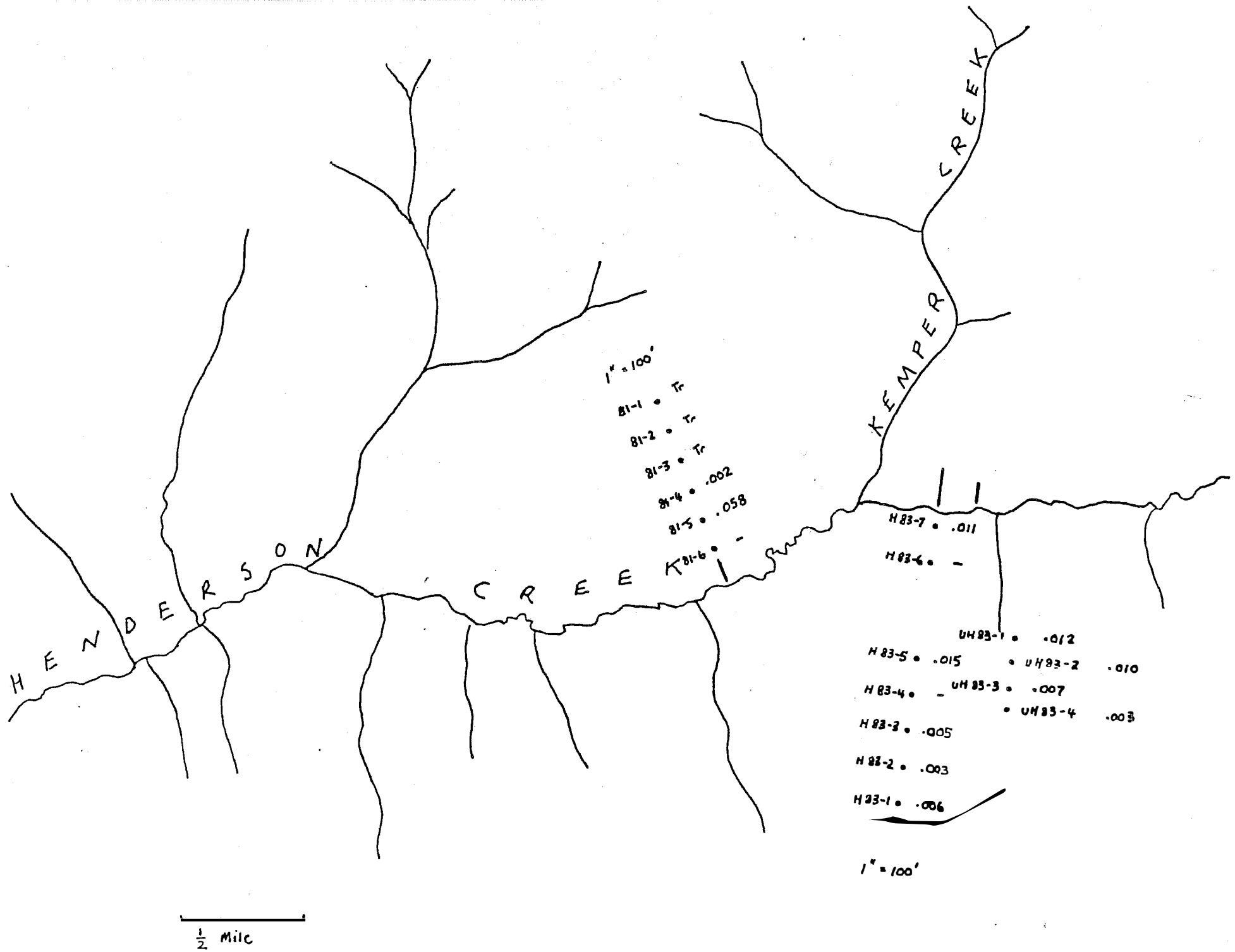


Figure 5

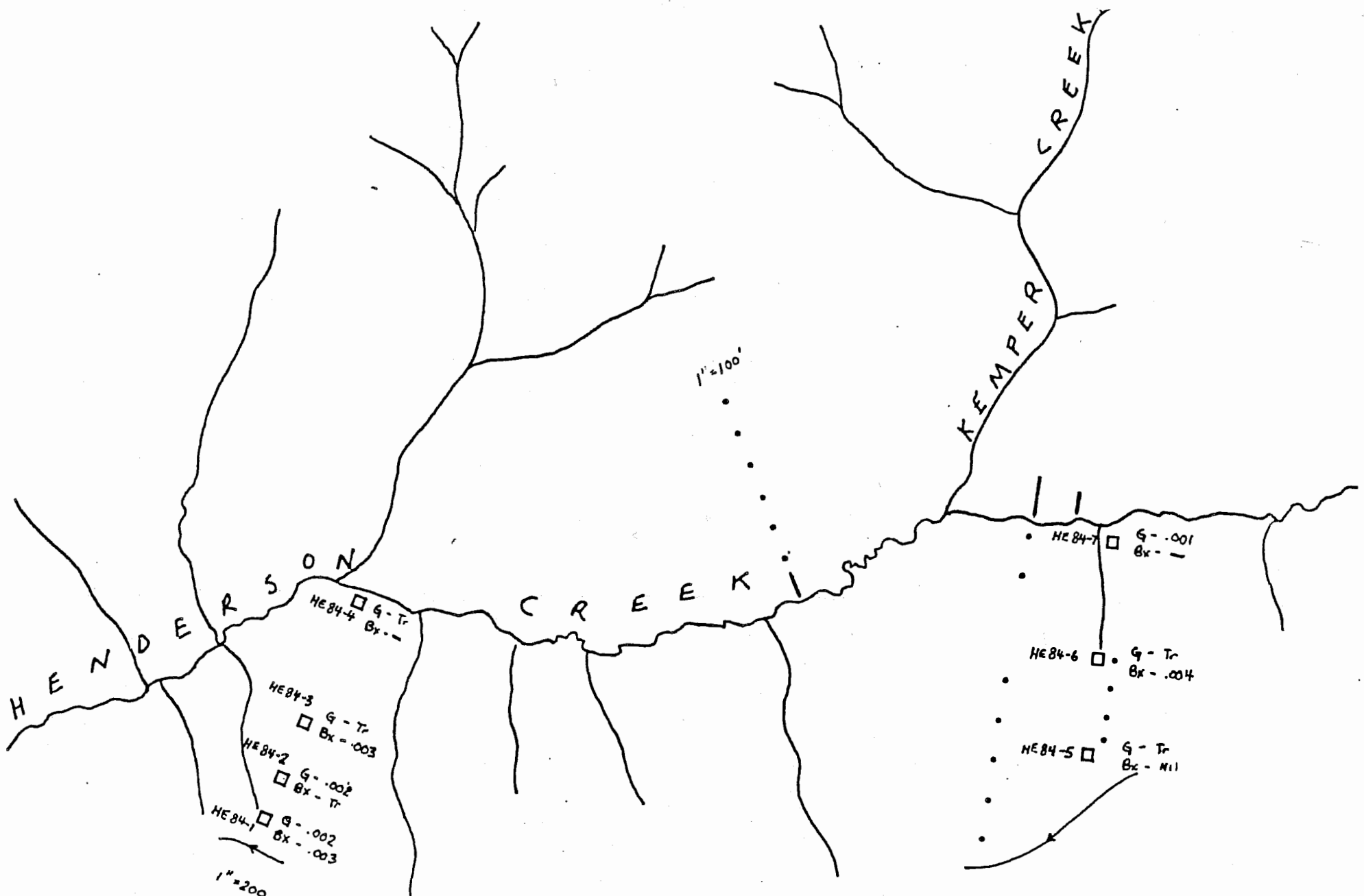
DISCUSSION OF RESULTS

The results of the shafting program were disappointing compared to the results of the drill program.

Two shafts, both located on the right limit of the creek, did not reach bedrock, therefore no indication of value can be determined in these areas. Shaft HE 84-7 corresponds to drill hole 83-7 where the indicated grade is .011 oz/b.c.y. However, shaft HE 84-6, which corresponds to drill hole UH 83-1 and where the indicated grade is .012 oz/b.c.u., there is no relationship in gold values. One problem Queenstake has found with the shafting method of prospecting is that bedrock can not always be cleaned off, especially with blocky bedrock as found on North Henderson Creek. Therefore, the reported grades could be understated due to gold in the bedrock crevices. In the drill program at least 3 feet of bedrock was drilled and recovered and perhaps this is where the gold is concentrated on this particular creek.

FUTURE EXPLORATION

To date exploration by drilling and shafting has determined that North Henderson Creek is gold bearing; however, the inconsistencies of gold values between these methods proves that data from small samples can be unreliable. The only exploration method remaining to be performed on the property is that of a bulk testing. Either a backhoe pit testing program or a Cat trenching program should be implemented prior to any future development. Processing samples larger than one cubic yard should provide reliable data and enough confidence to make a production decision.



Legend

• - Drill Hole

□ - Shaft

HE84-2 - Shaft Number

G - Gravel

Bx - Bedrock

.003 - Grade in raw ounces gold per cubic yard

Figure 6

KERR ADDISON MINES LIMITED
P. O. BOX 91
COMMERCE COURT WEST
TORONTO, ONTARIO
M5L 1G7

COPY

April 17, 1985

Mr. Jim Spandier
P. O. Box 554
Dawson City, Yukon
Y0B 1G0

Dear Mr. Spandier:

In reply to your letter of April 9, 1985, we would be interested to learn more about your placer leases.

Please send me your report.

Yours very truly

KERR ADDISON MINES LIMITED

D. A. Lowrie
Vice-President, Exploration

DAL:s1

SL
see reply

DL

APR 15 1985

P.O. Box 554
Dawson City
Yukon, YOB 1G0
April 9, 1985

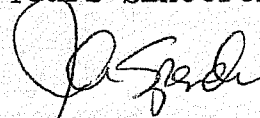
Dear Sirs,

I have read with interest your notice in a recent "Northern Miner" requesting property submissions.

In association with a partner I currently hold eight miles of adjoining placer gold prospecting leases on North Henderson Creek in the Dawson City area of the Yukon.

Should your company be interested in this type of property I would send you a small report outlining our exploration results to date.

Yours Sincerely,



Jim Spandier

Dear Mr Spandier

In reply to your letter of April 9 we would be interested to learn more about your placer leases Please send me your report

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DAL