

KERR ADDISON MINES LIMITED

M E M O R A N D U M

RAD

006606

TO: R. A. Dujardin
FROM: D. A. Lowrie
SUBJECT: "Golder Claims"
Owner-Prochem Limited
Contact John Schneider

Location: 3 miles south of the south boundary of the "VIC" claims (Dickson Claims) 30 miles west of Carmacks, Yukon Territory.

Area: 400 acres, about 14 claims and fractions.

General

Mr. John Schneider of Prochem said that Prochem acquired the claims from Gordon Dickson and by staking after some interest had been generated in the area by Chevron. Prochem's interest is primarily in eventual utilization of its process for extraction of metals by hydrometallurgical treatment of refractory ores. It was implied that Prochem had performed some bench testing for Chevron on the nearby Brown-McDade sulphide gold ore which contains arsenopyrite.

In 1985, Prochem hired a geologist, used Al Archer of Archer-Cathro on some basis, and proceeded to carry out an exploration program consisting of geochemical sampling, a VLF EM survey, and trenching. About 20% of the property was covered by the VLF and by the geochemical surveys.

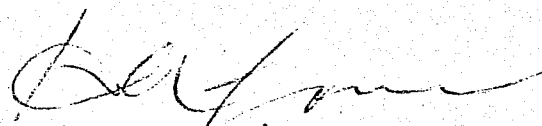
Two areas of anomalous Fraser filtered VLF results which were related to airphoto lineaments, were trenched. The trenches cut through 25 feet of frozen residual soil and rock to expose partially oxidized subcrop. The subcrop consists of a banded zone of carbonatized and sheared granodiorite or quartz diorite. This zone apparently lies between two intrusive bodies, is about 200 feet in width, has an almost vertical dip and consists of bands of hard and soft sheared and completely altered intrusive (according to Schneider). Assays from samples taken from the trenches are erratic but reach highs of 0.3 to 0.5 oz/ton gold. This zone lies in a photolinear which strikes a few degrees west of north (check this when data is available) and is several thousand feet in length. Several prominent structures can be seen striking eastwest and northeast in the area of the claims.

The zones exposed by trenching and the potential zones of the area are of sufficient size and geological interest, contain widespread anomalous gold values in the soils, a useful VLF response related to the shear zones, to make the claims an attractive exploration target area.

Prochem appears to be amenable to a joint spending, joint exploration venture, whereby Kerr could earn an interest (hopefully 51% or better) in the claims after expenditure of, say, \$400,000 over three years. Kerr would be the operator responsible to a management committee.

John Schneider will be out of the country for about two and a half weeks from the above date. During this time, further consideration will be given to propose terms of a letter agreement to be sent to Prochem.

It should be noted that Ray Dujardin and Dave Arscott believe that the claims cover good exploration targets.



D. A. Lowrie

cc: By hand to R. Dujardin

smh

Yukon Claims

John Scheuder

Proctor

Letter to claim on Yukon

Proctor spends \$70-80,000
in 1986

Ken's Program

Ken should spend on exploration
say \$300,000 over 3 years
to cover 500 claims

Proctor can spend 20-25,000
per year to suit tax
situation at the time

This means - ~~is~~ closely coordinated
planning and go management

Ken will operate and do actual
financing with time 10% work
on Yukon Claims

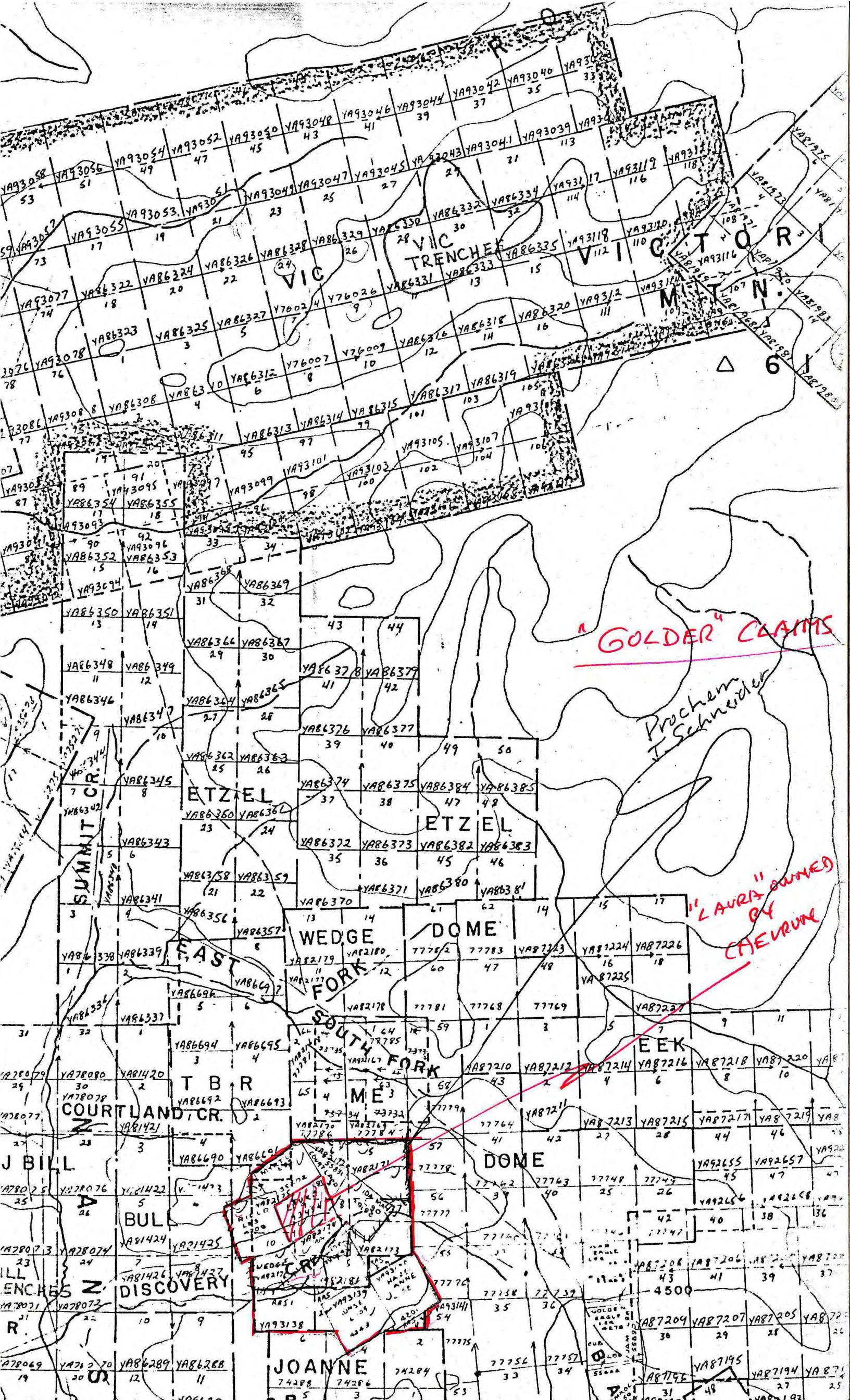
Program possible

Financing, support, non
government? diamond drilling

In phone conversation with
John Scheuder NOV 8,
I presented a letter showing
terms proposed

Take cc to Doug
cc to Wally

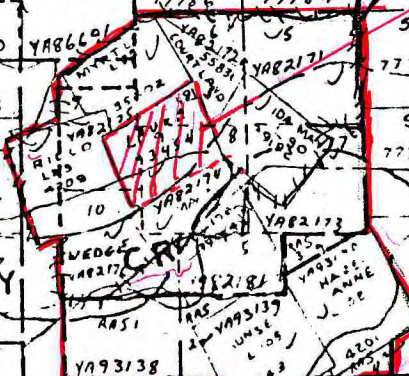
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"GOLDER" CLAIMS

Prochem
I. Schneider

"LAUREN OWNED
BY CHEVRON"



4500

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