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KERR ADDISON GOLD MINES LTD.

MOUNT NANSEN MINES LIMITED
SUMMARY TO DATE OF 1964 SEASON'S WORK

The prime objective at the start of the 1964 season was to follow up, strip and sample the eastern extension of the Webber vein and offshoots and some of the parallel veins in the Webber vicinity if possible. The same approach was used later in the season on the Huestis vein system. A skid mounted percussion dry drill was tried out to test the veins down to a vertical depth of about 100 feet. In this type of drilling cuttings are collected dry and assayed. The method proved quite successful in permafrost and has shown that high grade ore persists downward to the depth drilled.

WEBBER VEIN SYSTEM

Surface sample assays are not all in yet from the Webber vein but sufficient are available to indicate that 20 to 25% of the total length of the Webber vein sampled will make profitable ore. A highly attractive and profitable operation is possible if parallel veins and branches not yet tested yield comparable ore to the main Webber vein.

Assays available to date from surface sampling and dry drilling indicate that ore shoots in the Webber vein and its branches vary in grade from marginal ore to substantial ore lengths grading about 1/2 ounce in gold and 50 ounces in silver (gross value about \$70.00 per ton) in a length of over 2000 feet of vein sampled. In my opinion the underground results will probably about confirm the surface results and the overall grade of ore will lie somewhere between a gross value of \$35.00 and \$70.00 per ton. Even if underground work now contemplated shows the ore runs only 1/4 ounce in gold and 20 ounces in silver (gross value \$35.00 per ton) it would probably still make a profitable operation assuming sufficient ore is blocked out to feed a 200 ton per day treatment plant. Metallurgical tests are currently being made on the ore, until these tests are further advanced it is not possible to estimate treatment costs closely but the overall operating cost of mining and milling may be around \$30.00 per ton.

The grade of ore will only be determined to reasonably close limits by underground development. Bonanza pockets and rich lenses of ore, in

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excess of \$70.00 per ton gross value, can be expected in this type of ore occurrence and are known to be present in the Webber vein system. These rich lenses it is expected will add materially to total precious metal recovery and may make this a highly profitable venture, they will however probably prove unpredictable in both extent and richness. Accurate pre-estimation of ore reserves and potential profit will always in this type of deposit, on account of erratic mineral concentration, prove extremely difficult if not impossible. Many of these enrichments will probably only be found in the process of mining marginal or low grade ore, in some cases very low grade and marginal ore will be mined simply in the hope of striking enrichments which cannot be located otherwise.

Due to the problem of overburden disposal, further surface work on the Webber vein system would be impractical and costly. It is necessary and fully justified by results of the past season's work to carry on exploration by underground development, which was approved and decided upon recently at a Mount Nansen directors' meeting.

A suitable and convenient location for the adit portal has already been cleared and prepared. The adit will start on the northwest end of the Webber and advance along this vein southeasterly. Crosscuts will be run into the footwall and hangingwall to pick up and test parallel veins which are indicated at surface and which carry promising mineralization.

HUESTIS VEIN SYSTEM

The sampling of the veins of this vein system is not nearly as complete as in the Webber vein vicinity. The sampling of the veins done in the past and during this season, also the dry drilling done, indicate gold and silver values analogous to those obtained in the Webber vein system. The average width of vein in the Webber system appears to be between 4 and 5 feet, in the Huestis area the veins appear to average about half this width, therefore the tonnage of ore in the Huestis vein system will probably be only half that in the Webber unless more veins are found in the former.