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Chesbar Resources Inc.  
States Exploration Ltd.  
Kerr Addison Mines Ltd.  
Exploration Proposal

DIC and VIC Claim Groups  
DICKSON OPTION  
1988 Field Proposal

Whitehorse Mining Division

NTS 115 I/3

April 1988

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Chief Geologist

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## 1.0) INTRODUCTION

This proposal is concerned with the "VIC" and "DIC" claims located in the Dawson Mountain Range, 47 km west of Carmacks, Yukon Territory. The property has been under option to Chesbar Resources Inc. from Kerr Addison Mines Ltd. since 1987. In 1985 Kerr Addison optioned the property from G. Dickson of Whitehorse, Yukon Territory. Subsequent to the Kerr Addison and Chesbar Resources agreement, Chesbar has optioned 50% of its 50% interest in the property (i.e. 25%) to States Explorations Ltd. of Toronto, Ontario in late 1987. The consent for this latter option is pending at the writing of this proposal.

Based on the field work completed from 1985 to 1987, it has become quite clear that the potential for an economic gold deposit on the property is good. Work carried out to date includes prospecting, trenching, geological mapping, geophysics, geochemistry and diamond drilling. The results from this work has outlined two main areas of gold mineralization. These zones are: the North Zone and the South (or War Zone) on the "VIC" claim group, where the majority of work has been concentrated thus far. Gold mineralization is believed to occur in east-west striking veins which appear to dip south. The veins are hosted in foliated porphyritic intermediate to felsic intrusive and volcanic rocks. Although results from diamond drilling within these two zones have been encouraging, it is felt that the widths and grades from drilling do not compare with the high grade float that has been found in trenching. Ultimately it is hoped that the source of the high grade float obtained from the trenches can be determined during the 1988 field season.

The proposed program for the 1988 field season will concentrate on both the "DIC" and "VIC" claims, with a greater concentration on the "VIC" claims.

## 2.0 PROPERTY, LOCATION AND ACCESS

The property is located 47km west of Carmacks, Yukon Territory (Figure 1). Situated within the Dawson Mountain Range, the property is on the northern periphery of the Mount Nansen Gold Camp. The most advanced project in the area is the Mount Nansen Mine. A past producer with a 180 t/day mill facility in place, this property is currently under option to Chevron Minerals Ltd. Gold mineralization at Mount Nansen is associated with quartz veins in altered quartz-feldspar porphyry dykes and associated breccia zones. Accessory mineralogy includes pyrite and arsenopyrite with minor galena, chalcopyrite, sphalerite and sulphosalts. Current proven and probable reserves are 77,891 tonnes grading 15 g/t Au and 312 g/t Ag in the Huestis vein and 53, 140 tonnes grading 11.7 g/t Au and 661 g/t Ag in the Weber vein (Carlson 1987).

Access to the Mount Nansen mine is possible via a summer road roughly 75km from Carmacks on the Dawson highway. From the Mount Nansen mine, a road some 15km in length leads to the property boundary. Once at the property a cat-trail 5km in length traverses Iron Creek eastward to the North and South (or War) zones.

The claim group is found on the N.T.S. map sheet 115 I/3 from 62° 08' to 62° 10' north latitude and from 137° 06' to 137° 17' west longitude. U.T.M. coordinates are approximately 6893000m N to 6896000m N and 381000m E to 390000m E.

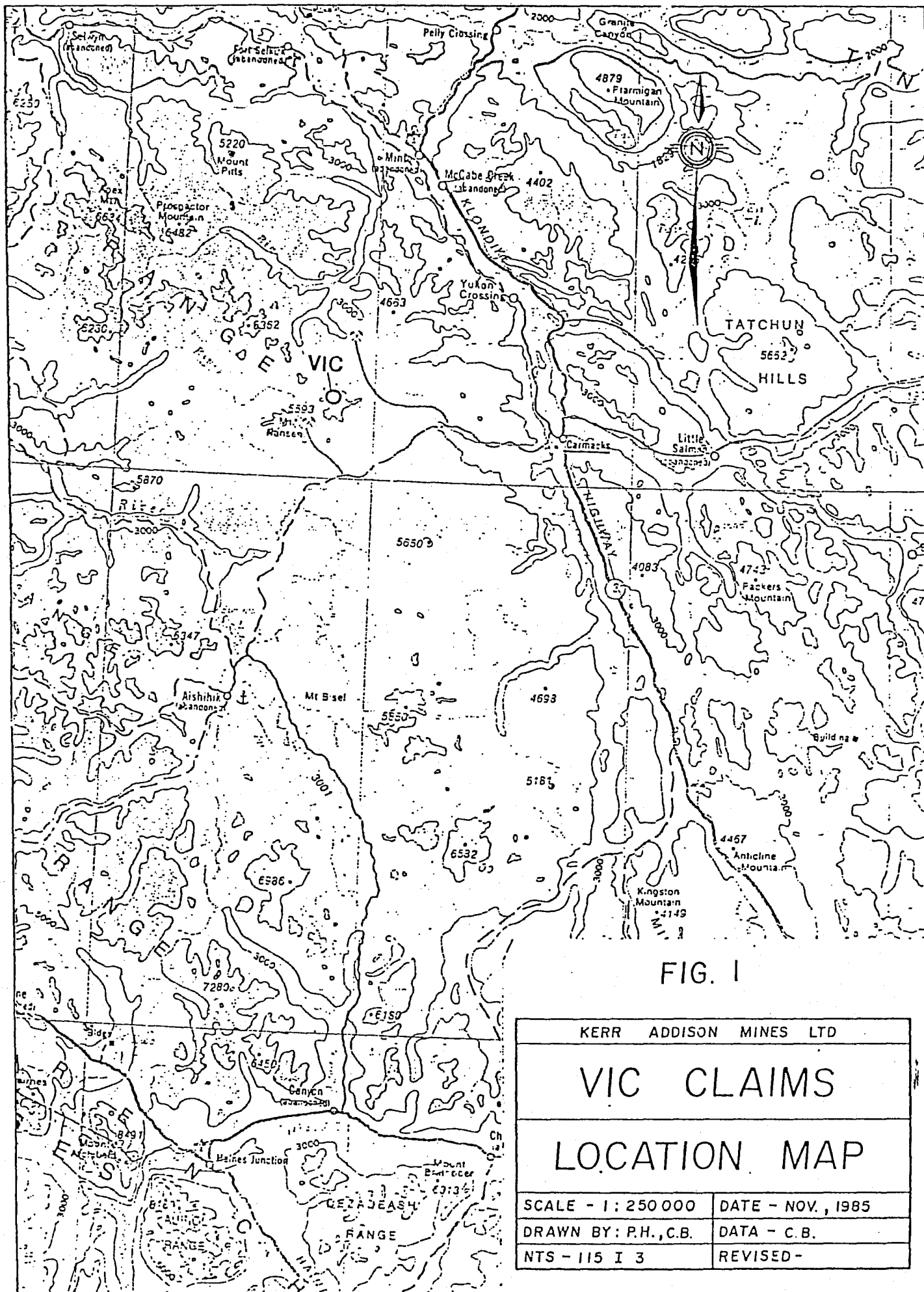


FIG. 1

KERR ADDISON MINES LTD	
VIC CLAIMS	
LOCATION MAP	
SCALE - 1 : 250 000	DATE - NOV , 1985
DRAWN BY: P.H.,C.B.	DATA - C.B.
NTS - 115 I 3	REVISED-

### 3.0 CLAIM GROUP

#### 3.1 "VIC" Claim Group

The "VIC" claim group (Figure 2) consists of 126 contiguous claims with assessment work to date as follows:

#### CLAIM LIST

The VIC claim group consists of the following 126 claims;

<u>Claim</u>	<u>Claim #</u>	<u>Recorded</u>	<u>Expiry</u>
VIC 1 - 6	YA 86308 - YA 86313	Dec 17/84	Dec 17/91
VIC - 7	Y 76007	Jul 17/72	Jul 17/91
VIC - 8	YA 86314	Dec 17/84	Dec 17/91
VIC - 9	Y 76009	Jul 17/72	Jul 17/91
VIC 10 - 23	YA 96316 - YA 86328	Dec 17/84	Dec 17/91
VIC - 24	Y 76024	Jul 17/72	Jul 17/91
VIC - 25	YA 86329	Dec 17/84	Dec 17/91
VIC - 26	Y 79026	Jul 17/72	Jul 17/91
VIC 27 - 32	YA 86330 - YA 86335	Dec 17/84	Dec 17/91
VIC 33 - 58	YA 93037 - YA 93062	Aug 15/85	Aug 15/91
VIC 60 - 118	YA 86404 - YA 86413	Aug 15/85	Aug 15/91
VG 1 - 8	YA 86404 - YA 86413	Dec 20/84	Dec 20/91

#### 3.2 "DIC" Claim Group

The "DIC" claim group consists of 51 contiguous claims and is located on the north-eastern side of Mount Nansen. The claims on the "DIC" property are numbered "DIC" 1 Fr to "DIC" 51 (inclusive) and all claims each require \$100 worth of work by September 11, 1988.

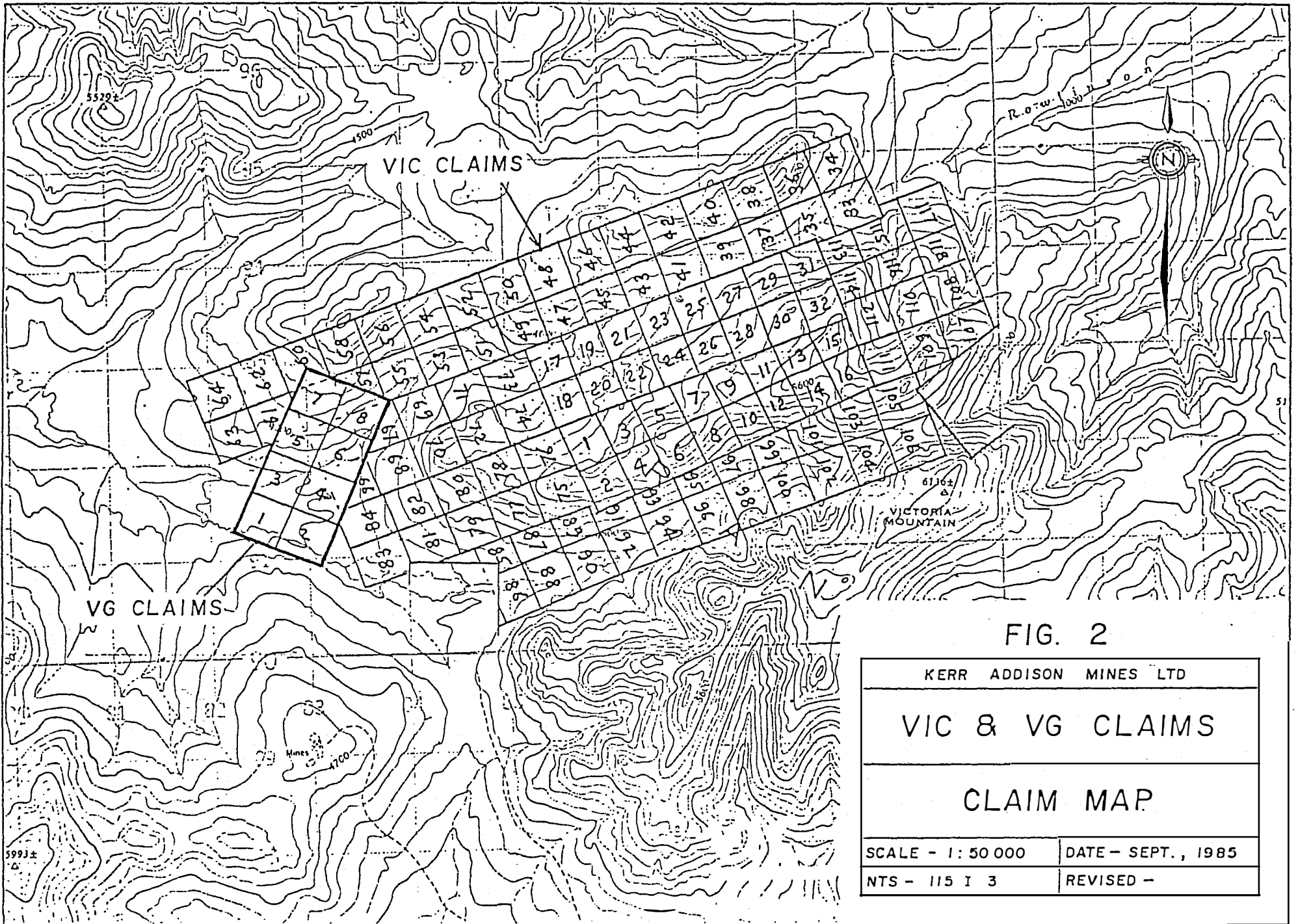


FIG. 2

KERR ADDISON MINES LTD

VIC & VG CLAIMS

CLAIM MAP

SCALE - 1:50 000

DATE - SEPT., 1985

NTS - 115 I 3

REVISED -

#### 4.0 PROPERTY HISTORY

The earliest exploration in the area, around the turn of the century, concentrated on placer gold deposits in many of the local creeks. The "VIC" and "DIC" properties were staked in 1948 by G. Dickson and K. Springer based on the discovery of high grade quartz float in the headwaters of Iron Creek. The following work was conducted chronologically after that discovery:

- 1958 - Asbestos Corporation - completed an 8 hole diamond drill program which totalled 122 meters.
- 1965 - Peso Silver Ltd - program consisted of trenching.
- 1968 - Associated Geological Services Ltd. - a program of soil sampling was undertaken.
- 1974 - Skyline Exploration Ltd. and Dynasty Exploration Ltd.- a program of trenching, bulk sampling was performed.
- 1985 - Kerr Addison Mines Ltd. - Picketting of lines, prospecting, mapping plus preliminary soil and rock sampling was carried out.
- 1986 - Kerr Addison Mines Ltd. - follow-up geological mapping, soil geochemistry, geophysical surveys including VLF-EM, magnetometer and self-potential, trenching plus 19 diamond drill holes for a total of roughly 1594 meters.
- 1987 - Chesbar Resources Inc. - completed a diamond drill program of 12 drill holes for 1291 meters plus rock sampling in the "north" zone trenching on the "DIC" property.

## 5.0 PROPOSED PROGRAM

### 5.1 "DIC" Property

The previous work on the "DIC" claim group has been limited. To date, local prospecting, geological mapping, geophysics, and geochemistry have been completed. It is suggested that the 1988 field season concentrate on a grass roots program that will be primarily concerned with building on the present data base. Once this basic information is compiled, a more advanced stage program may be undertaken next year, if it is warranted.

For the 1988 field season it is proposed that the program of trenching that was initiated in 1987 be continued in 1988. Within a permafrost environment it is difficult for most machinery to penetrate any great depth in overburden. Based on this scenario it is suggested that some follow-up of last year's trenching should occur before continuing with the program. It would probably be best to wait until early or mid-August before proceeding with this program.

In addition to trenching it is proposed that sampling of heavy metal concentrates in stream be undertaken. This program would concentrate on stream sediments within the four creeks that drain Mount Nansen. These creeks appear to crosscut local lithologies close to right angles which is important for sampling. At pre-determined intervals down the length of the creek from top to bottom heavy metal concentrates could be panned out of the stream sediment. It is important when sampling to understand the relationship between the soil depth and profile plus the material being panned. Within the Dawson Mountain range and more specifically the "DIC" property, gold grains from the till in this non-glaciated environment can be analyzed with the scanning electron microscope to aid in determination of the genesis and the relative amount of transportation. Angularity of specific gold grains may be used to determine the relative amount of

movement for these grains. This is a useful exploration tool used in other non-glaciated semi arid environments. If this technique is shown to get positive results, it could then be applied to the "VIC" claim group. Finally, lithochemical sampling within trenches and streams should be taken at a reconnaissance level to outline potential target areas for follow up detailed exploration.

## 5.2 "VIC" Property

To date on the "VIC" property at least 3 gold-bearing structures have been recognized. Although information related to the structural orientation of these zones is not understood as yet, it is felt that additional drilling should result in a better understanding of potential plunges and rakes to these zones and ultimately a determination of economic potential. Since there is very limited outcrop on the property, it is quite difficult to discern geologically which controls are most important for gold mineralization. Presently, the type of mineralization that is being observed in trench samples and in drill core is best described as an epigenetic hydrothermal deposit with a strong association between gold and limonitic alteration in late fractured quartz veins. This late limonitic alteration of quartz veins is presumed to be an oxidation process with a near surface host. The primary controls for this deposition are not understood as yet.

To assist in the geological and geochemical controls for gold deposition on the property, a drill program is proposed. Initially this diamond drill program would concentrate on the east and west strike extension of the Number 1 zone where results in diamond drilling have been extremely encouraging. The Number 1 zone lies between the North and South (or War) zones on the "VIC" property. Moreover, there appears to be relatively good continuity along strike within this structural zone, specifically

between holes 86-19, 87-02, 87-01 and 87-05. Although information is limited, more drill data will result in determination not only of the economic potential of this zone but should determine if the high grade float found in trenches is from this particular zone.

Further diamond drilling is also suggested within the South (or War) zone area. Drill holes 86-13, 86-09 and 87-04 have shown that there is good continuity along strike for at least 25m. It also appears, based on the limited amount of information, that the zone may be plunging to the west. If the geometry of this structure is plunging to the west, then drill hole 86-15 should be extended. Based on this extension further fill-in drilling should be performed to accurately define the orientation of this vein structure.

Additional diamond drilling should also be performed within the vicinity of the Dickson discovery vein. Two diamond drill holes were drilled in this area in 1987. Drill hole 87-09 and 87-10 intersected anomalous values and a similar structure to the high grade showing on surface (up to 92 grams gold/tonne). Initially some detailed mapping should be done on surface to determine the structural controls on this vein. With this information possibly one or two drill holes could test a new interpretation for potential ore shoots.

Finally, the objective of the 1987 diamond drill program was twofold. First, to follow up on previously drilled holes by Kerr Addison in 1985 and second, to try and identify the source of high grade float within the trenches. The objective for the 1987 program remains the objective for 1988, therefore additional down-slope drilling will be undertaken for stratigraphic determination and exploration. A number of drill holes are planned as fill-in from last year's program and will be determined as the program justifies them.

6.0

PROPOSED COST FOR 1988

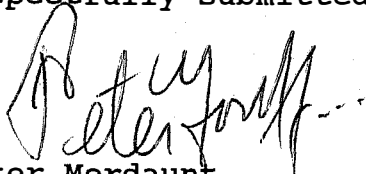
		"VIC"	"DIC"	TOTAL
1)	Diamond Drilling (4,000 feet) \$30/foot	120,000		120,000
2)	Road Up-grade	5,000		5,000
3)	Dozer/Backhoe Trenching	5,000	10,000	15,000
4)	Assaying	7,500	2,500	10,000
5)	Personnel	8,000	4,000	12,000
6)	Transportation	4,000	1,000	5,000
7)	Communication	2,500	500	3,000
8)	Contingencies 15%	22,800	2,700	25,500
9)	Option payments	<u>20,000</u>	<u>          </u>	<u>20,000</u>
10)	<b>TOTALS</b>	<b>194,800</b>	<b>20,700</b>	<b>\$215,500</b>

7.0

SUMMARY

The primary objective of the 1988 exploration program is first to follow-up on diamond drill holes with significant results from previous programs on the "VIC" claim group. This should provide information which will result in the determination of vein geometry plus discern the potential genesis of vein material observed in trenches. Secondly, outside targets will be drilled on the "VIC" property to determine potential hosts for trench float. Thirdly, heavy metal concentrates will be taken from creek sediments on the "DIC" property and finally follow-up trenching on both the "VIC" and "DIC" claims will be undertaken.

Respectfully submitted

A handwritten signature in black ink, appearing to read "Peter Mordaunt", is written over the typed name below.

Peter Mordaunt  
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Chesbar Resources