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 Agip Canada Ltd.

AUG 10 1984

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Calgary, August 7, 1984
EBS/sj Ref. No. 1959/84

Kerr Addison Mines Ltd.
P.O. Box 91 Commerce Court West
Toronto, Ontario
M5L 1C7

Attention: D.A. Lowrie

*Yukon
Agip Properties*

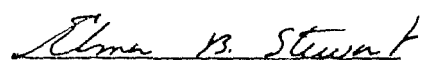
Dear Sir:

Re: Yukon Farmout Properties

AGIP Canada Ltd. is seeking a partner to farm in on our land holdings in the Yukon Territory. We are prepared to consider, on a first-come first-served basis, offers on individual claim groups within the package.

A technical summary and location map of the properties offered for farmout is attached. General terms of the farmout are outlined for each claim group. If you are interested in any of the properties, please contact me. A property visit can be arranged at your request.

Yours truly,


Elmer B. Stewart
Chief Geologist

Encl.

PROPERTY : DALL
NUMBER OF CLAIMS: 112 (22.98 km²)

105 0/3

TECHNICAL SUMMARY

The claims are underlain by a series of folded and faulted Devonian to Triassic sediments which are intruded and hornfelsed by a small Cretaceous stock and related dykes.

Three types of mineralization have been located; thin quartz-arsenopyrite-filled veins occur within the intrusion, weak sphalerite mineralization occur with thin (30 cm) siliceous skarn and stratiform shale-hosted barite. Two pods of barite occurs within carbonaceous shale and associated limestone approximately 800 meters apart. One showing is 7-10 meters thick and is exposed in outcrops and talus for 30 meters. The second showing is approximately 30 meters thick and can be traced for 100 meters along strike. Thin barite veins extend upward into the overlying chert pebble conglomerate in the vicinity of the second showing.

Soil geochemistry in the vicinity of the two showings returned a maximum of 3280 ppm Zn, 118 ppm Pb and 12.0 ppm Ag. Grab samples from various parts of the property returned up to 2.8% Zn and low Pb values. Anomalous concentrations of gold up to 780 ppb have been defined in soils on the north side of the intrusion.

The limited work completed to date has defined an environment similar to that which host shale-hosted stratiform Pb-Zn-Ag-Ba deposits.

PROPOSED TERMS

- a) 50% interest is available.
- b) Two to three year work proposal.
- c) Minimum commitment - 1984 _____
Option - 1985 _____
Option - 1986 _____
- d) A ___ percent NPI if AGIP does not participate beyond initial work proposal.
- e) "Back-in Clause" exercisable by AGIP when Farmee has expended up to three times the original proposal by payment of 50% of costs over and above the original proposal.

PROPERTY : MENDOCINA
NUMBER OF CLAIMS: 19 (3.67 km²)

105F/S

TECHNICAL SUMMARY

The claims are underlain by chloritized quartz-sericite schists, meta argillite and graphitic pelites. Eleven narrow bands or lenses of massive sulphide occur in outcrop within the claims. The bands are stratiform and hosted in graphite-bearing metasedimentary rocks and quartz sericite schists.

A VLF-EM survey has defined several good conductors. A magnetic survey outlined several zones of high magnetic susceptibility. The results of the VLF-EM and magnetic survey show a moderate to poor correlation.

The sulphide bands and lenses comprise approximately 60% pyrrhotite, 10-15% calcite, 20% quartz with minor chalcopyrite, sphalerite, galena, pyrite and siderite. Maximum assay results from grab samples are 3.13% Pb, 2.4% Zn, 0.15% Cu and 2.63 oz/t Ag.

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Option - 1985 _____
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PROPERTY : BRICK/NEVE
NUMBER OF CLAIMS: 75 (15.68 km²) 1050/6.

TECHNICAL SUMMARY

Several field seasons of exploration has identified geological and geochemical features which are typical of large tonnage disseminated gold deposits in the western United States.

Extensive areas of anomalous gold, mercury, silver, arsenic and antimony in soils have been defined. The property is underlain by hornfelsed Devonian-Mississippian shales.

The northern area (J.O. Zone) is approximately 400 meters long and 350 meters wide and centered on clay altered Cretaceous porphyry sills and dykes which locally carry veinlets of quartz, stibnite and realgar. Maximum gold values exceed 5000 ppb in soil (fractured carbonaceous shales), 1.44 g/tonne in grab samples and 2.30 g/tonne in trench samples. This area is bounded on the east by a north-south fault exhibiting strong clay alteration and locally high gold and silver soil geochemistry (to 4000 ppb gold and 36 ppm silver).

The southern area (Canol Zone) is 1000 meters long and 50 meters wide and parallel to a sequence of microfractured carbonaceous shales and silty limestones underlain by an EM conductor. Soil values reach 1300 ppb gold; rock samples contain up to 1.06 g/tonne gold.

Results are interpreted to indicate epithermal mineralization exposed at a relatively high level (anomalous mercury and other pathfinder elements). This interpretation is supported by fluid inclusion temperatures of 200°C in vein quartz.

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Option - 1985 _____
Option - 1986 _____
- d) A _____ percent NPI if AGIP does not participate beyond initial work proposal.
- e) "Back-in Clause" exercisable by AGIP when Farmee has expended up to three times the original proposal by payment of 50% of costs over and above the original proposal.

Location Map
YUKON FARMOUT PROPERTIES

YUKON

Scale: 1:5 million	NTS: 105 - 115	Date: June, 1984
Author: R. R.	Drawn by:	Figure:



Red Mtn

Taseko Fish Lk.

Royal Oak - Grant yellow knife

Golden Bear Mine

