

008525

APR 20 1978

KERR ADDISON MINES LIMITED

(FOR INTER-OFFICE USE ONLY)

I.D.B.
A.H.C.
P.S.G.
W.J.
D.A.L.
S.P.
M.D.R.
J.B.S.**To** D.A. Lowrie**From** W.M. Sirola**Subject** BLACK 1 - 36 MINERAL CLAIMS (FORMERLY KERR
ADDISON DAVIE GROUP, 1966) - FINLAYSON LAKE,
SHEET 105G**Date** April 17, 1978

FILE

These claims are located on Tom Lake, over a block of claims which Kerr Addison staked in 1966 as the Davie Group. We staked these claims as part of what was then known as the Pelly River project. You may recall that last year we were presented with samples from the Gem claims, held by Yukon Revenue and these claims were staked originally by Kerr Addison as the Kay Group as part of the Pelly River project.

During the Pelly River project, we conducted airborne magnetic, ground magnetic, ground electro-magnetic and geochemical surveys on the then Davie group (now called the Black Group) and we finished all of those surveys off with a gravity survey of the otherwise geophysically anomalous ground. The gravity survey did not, in my opinion, indicate anything anomalous and we dropped the ground.

Clyde Smith, our project manager, who was a great enthusiast for the Davie Group (named after his son), joined Spartan Explorations in 1967 and that company drilled one hole to a depth of 254 ft. on the coincident geophysical anomalies. This hole did not encounter any sulphides and the property was dropped.

The claims were later picked up by Carlos and Harris and optioned to Marge Exploration of Vancouver in 1977. They drilled one hole to a depth of 281 ft. and the last 60 ft. of this drill hole encountered bleached sericite phyllite after penetrating 40 ft. of graphitic phyllite. In our experience, bleached sericite phyllite occurs only in the vicinity of sulphide mineralization and hence it would appear that this drill hole stopped just short of the target.

In such geological mapping as we did during the Pelly River project, we found this area contained lithologically similar and tectonically similar rocks to those encountered in the productive parts of the Anvil Range. In other words, the typical sericitic and graphitic phyllites indicated the same deformations (D1 and D2) and while these rocks are now considered to be allochthonous by Tempelmann-Kluit, I think it is very much of a fad these days to explain unresolved geological problems by saying that the rocks have been shifted some unknown distance and so cataclized that the litho-stratigraphic sequence is completely lost.

The presence of mineralization in this area, located approximately 40 miles south-east of Ross River, is indicated by the leached and weakly mineralized graphite phyllites on the Gem property (our former Kay Group), by the geochemical anomalies we detected in 1966 and by the float found by Carlos and Harris on the Shale claims located 6 miles east of the former Davie Group.

KERR ADDISON MINES LIMITED

(FOR INTER-OFFICE USE ONLY)

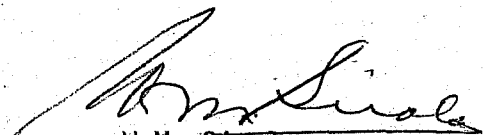
To _____ From _____

Subject _____ Date _____

- 2 -

The most prominent foliation in this area, as in the Anvil Range, is flat to gently dipping. This foliation would be axial planar to any mineralization subject to the same deformation and hence the mineralization would probably occur as open, nearly isoclinal, sigmoidal folds. I suspect that such a mineralized fold underlies the bleached phyllite of the Black (Davie) Group and that it occurs at a vertical depth of perhaps 300 ft. or more, depending on whether the bleached phyllite is above or to one side of the deposit. Such a deposit would have its long axis oriented north-west. Since there is no gravity anomaly at this location, one must suppose that the mineralization is not heavy in sulphides (less than 30%) or that it is too deep to be detected by gravity (≥ 300 ft.) or some combination of these two factors.

I recommend that we option and drill the Black Group if we can make a reasonable deal with Carlos and Harris. I would imagine the cost of the option to be \$5,000 and that drilling one 1,000 ft. hole would cost \$25,000. These are, of course, very minimal estimates and perhaps one drill hole would not be adequate. I have enclosed all of the pertinent geophysical and geochemical data and hope that this will provide you with an adequate basis for reaching a decision. All of the deposits in which we have found sulphides in the Anvil Range have contained bleached phyllite envelopes, but we have not found it in drill holes remote from mineralized zones.


W.M. Sirola

- Encls.:
- (1) Davie Group ground magnetic map, scale 1" = 400 ft.
 - (2) Claim map showing location of Black Group and position of Kerr Addison air and ground magnetics. Also float location on Shale Group. 1" = $\frac{1}{2}$ mile.
 - (3) Government aero magnetics showing location of mineralized float and location of magnetic anomaly of Black Group. 1" = 1 mile.
 - (4) Geochemical map showing distribution of zn/cu/pb in vicinity of Tom Lake. Also location of drill holes.
 - (5) Composite Plan. Scale 1" = 400 ft.