KERR ADDISON MINES LIMITED
405 - 1112 WEST PENDER STREET
VANCOUVER 1, B.C.

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PROPOSED NAHANNI JOINT VENTURE (1973)

Introduction:

Kerr Addison is planning a primary exploration project in the McMillan Pass area located 215 miles north-west of Watson Lake on the Yukon-North West Territories border. The programme will consist of geochemical sampling, prospecting and some geological mapping performed by six men headed by a geologist and possibly an assistant geologist. The programme would begin about June 1st and terminate at the end of August. The estimated cost would be in the $95,000 to $100,000 range.

The purpose of the project would be to locate strata-bound lead-zinc deposits in Lower Paleozoic rocks on the south-east flank of the Selwyn Basin. Because of known important tungsten deposits in the area, our samples would also be checked for tungsten content.

Project Area:

The project is designed to explore the east flank of the Selwyn Basin and would cover the south-west corner of the Sekwi sheet (105-P) and the north-east corner of the Nahanni sheet (105-I). These areas would total approximately 1,500 square miles. The attached portion of a geological map indicates these areas in relation to known mineral occurences.

Exploration Concept:

The areas were chosen because of known occurrences of lead-zinc mineralization in the Selwyn Basin. In the Vangorda area lead-zinc-silver deposits occur in metamorphosed Lower Cambrian rocks. At the headwaters of the Pelly River, the new Canex find is in Devonian-Ordovician rocks and the Hudson Bay "Tom" deposit near McMillan Pass is also in Devonian-Ordovician sediments. Thus far no important lead-zinc deposits have been found in Devono-Mississippian rocks, but reef structures have been mapped in the Sekwi sheet and these structures certainly deserve investigation. The role of Cretaceous plutons with respect to lead-zinc deposits is relatively unknown in these areas but they have given rise to important tungsten mineralization as at the Amax deposit near McMillan Pass and the Cantung deposit 90 miles to the south-east.

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In summary, the Selwyn Basin is host to the strata-bound massive sulphide deposits of the Vangorda area, to the Canex lead-zinc deposits near the headwaters of the Pelly River and the Hudson Bay (Tom) lead-zinc-silver deposit near McMillan Pass, and to the Amax tungsten deposit in the same vicinity. In addition there exists the possibility of Mississippi Valley type lead-zinc deposits in the reef structures in the Devono-Mississippian carbonate rocks.

The areas chosen have not to the best of our knowledge been subjected to intensive exploration in the past. Our intention would be to concentrate on stream silt sampling, prospecting and reconnaissance geology.

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February 9, 1973

Mr. N. W. Reynolds, Mining Exploration Mgr.,
Great Plains Development Company,
736 - 8th Avenue S.W.,
Calgary, Alberta,
T2P 1H4.

Dear Mr. Reynolds:

Glen Hogg advised me by telephone yesterday that Great Plains might be interested in joint venturing with us in the McMillan Pass Area of the Yukon-North West Territories border.

We contemplate a three month, helicopter-supported programme consisting of three - two man crews headed by a geologist and possibly an assistant geologist. The estimated cost of the programme would be $95,000 and we would manage the operation on a basis of 51% interest to Kerr Addison and 49% to Great Plains. Costs of the programme would be divided equally.

The area selected is on the east flank of the Selwyn Basin and offers good potential for Pb-Zn, Pb-Zn-Ag and WO_3. Examples of these are the Hudson Bay "Tom" deposit containing 8,000,000 tons of 8.40% Zn, 8.1% Pb, 2.75 oz Ag plus a large tonnage of 4-5% Zn; the Amax tungsten deposit containing 30,000,000 tons of 0.9% WO_3 and the recent Canex strata-bound Zn-Pb find which appears to be high-grade and could be very large.

We feel that we have developed a certain facility in this form of basic exploration and would be very pleased to have you join us in this effort.

Enclosed are summaries of the technical and cost aspects of this proposed venture.

Yours very truly,

WMS/ah

W. M. Sirola

cc: Mr. G. M. Hogg