

KERR ADDISON MINES LIMITED

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November 16, 1976

TO: W.M. Sirola
FROM: J.C. Lund
RE: VISIT TO R.A. GRANGER'S OFFICE IN WHITEHORSE, Y.T., TO DISCUSS
THE GEM CLAIMS

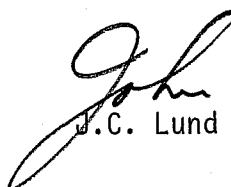
I discussed the GEM Claims with Ron Granger and selected, from his collection, samples that represent the major rock types. These samples are from 8 different sites within an area 11 claim lengths EW x 4 claim lengths NS.

The known thickness of the graphitic horizon is reported to be 400 ft. The graphitic schist has a general West N Westerly strike and dips to the North East. Rocks underlying the graphitic schist are green quartz sericite schists. The relation of the "tuffs" to the graphitic schists is uncertain as no contact relations are apparent. Granger suggested that they may be either faulted against the graphitic rocks or interbedded.

The only mineralization seen was in the volcanic sample where a few pyrite cubes occur with sphalerite and chalcopyrite. The cavities or boxworks described by Granger occur as he has stated. Whether or not these are entirely representative of former sulphides is yet to be determined. There is no question, however, that some sulphides were present.

Ron Granger has indicated that any participation by a major company must include provisions for compensation for both the prospector and the shareholders of Yukon Revenue. He has suggested that they would probably consider counter proposals which would meet these conditions.

In conclusion, the right rocks are present as well as minor sulphides and evidence of sulphides which coincide with significant anomolous zinc and copper. The environment is there and it remains to be determined whether or not a massive sulphide deposit occurs at the base of the graphitic horizon. This would best be determined by 3 exploratory drill holes 500 - 600 ft. long.


J.C. Lund

D.A. Lowrie

W.M. Sirota

COPY

GEM PROPERTY, ROSS RIVER AREA, Y.T.
105 G 13 & 14

November 26, 1976

This 85 claim block encompasses and surrounds the 6 Kay claims staked during our 1966 Pelly River project and subsequently allowed to lapse. We staked the Kay claims because of high lead-zinc geochemical anomalies found on a ridge underlain by graphitic phyllite.

In the Spring of 1967 we hired a Dr. B.W. Brown from the University of Southern Mississippi to do some soil sampling at Swim Lakes and, prior to that, to examine the Kay group and make recommendations thereon. Brown reported (copies attached) that he did not understand why we staked the ground in the first place and, secondly, that there was nothing there. On his astute advice, the claims were dropped and were then re-staked in 1976 by A. Carlos of Whitehorse. Carlos optioned the claims to Yukon Revenue Mines who proceeded to add 68 claims to Carlos's original 17.

Harry Fromme, President of Yukon Revenue, hired Jack Crowhurst to examine the property and, again, we enclose a copy of Crowhurst's report which may be summarised as follows:-

There exists on the property a leached capping 7000 ft. long and 400 ft. wide in graphitic phyllite. Geochemistry done prior to Crowhurst's examination outlined two zones, one 2000 ft. x 3000 ft. and the other 1000 ft. x 300 ft. in which copper, lead and zinc are anomalous. A number of hand-dug pits 6 ft. deep did not reach the bottom of the leached and oxidised zone. Crowhurst implies that the zone could be from 50 ft. to 70 ft. thick.

Ron Granger, a consultant from Whitehorse (and a Director of Yukon Revenue), mapped the property and he estimated that in the pits, the leached cavities amounted to 5 - 15% of the rock. Geologically the area appears somewhat similar to the Vangorda area but appears to have more in the way of volcanic rocks than most other properties we have worked on in the Anvil range.

Geochemistry done by our crews in 1966 indicated values along the ridge in the 500 - 1000 ppm part range and lead values in the 150 - 600 ppm range.

Harry Fromme is looking for someone who would purchase 100,000 shares of Yukon Revenue at 50¢ per share and roughly half of this money would be used for a preliminary drilling program by Yukon Revenue. He does not, however, feel that the purchaser should be entitled to first refusal on the claims. With this I disagree. I would be prepared, after examination, to offer Harry a deal consistent with their results of the examination but I am most reluctant to

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GEM PROPERTY, ROSS RIVER AREA, Y.T. (CONT'D)

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make anything but a conventional offer with, say, \$5,000 in cash on the signing of the deal and higher payments later. In his present frame of mind, Harry would find this unacceptable and therefore there is no point in discussing it further.

Two possibilities exist from an interpretive standpoint:

- (a) There is no primary mineralisation beneath the leached capping, and
- (b) There is a zone of massive sulphides somewhere beneath the leached capping.

An examination may or may not be conclusive in this regard, but there is no way that I could recommend the type of deal Harry is seeking.

W.M. Sirola

- Encl.:
- (a) Copy of report by J.J. Crowhurst, dated September 30, 1976
 - (b) Report on initial prospecting by Ron Granger, undated.
 - (c) Photostat of aerial photograph showing location of Kerr Addison Kay Group, Scale 1" = 2000 ft.
 - (d) Photostats from B.W. Brown's immortal memoranda, July 4th.

WMS/meb

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(FOR INTER-OFFICE USE ONLY)

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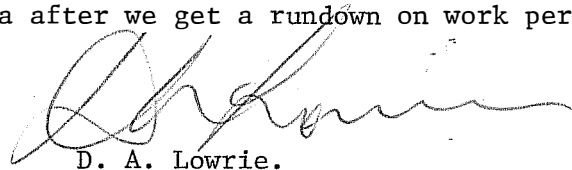
KERR ADDISON MINES LIMITED

To..... W. Sirola From..... D. A. Lowrie
GEM PROPERTY
Subject..... ROSS RIVER AREA, Y.T. Date..... November 30, 1976.

After reading your memo on this property dated November 26, 1976, I am in agreement that the rocks are similar to those of the Vangorda area. I can only relate to these on a paper basis; however, it may also be inferred from the reporting on the Gem Property that the leached zone is not very exciting as a prospect.

What about the surrounding area, outside the claim groups? How much work has been done in the general area? Some serious work was performed in the general area about 3 years ago. Do we have an up to date run down on the type of work performed and results since 1967?

I appreciate your concern, the area certainly seems to have a good potential from the lithologic point of view. I also agree that Harry Frommes' deal is not satisfactory. Perhaps, we should consider some "wildcat" staking in the area after we get a rundown on work performed.



D. A. Lowrie.

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