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AUG 13 1975

Authorized by phone
August 14/75

MEMORANDUM

To: Kerr-AEX Management Committee

Re: Recommended Additional Drilling on Swim Claims
by A.E. Aho - August 11, 1975

(Please refer to mag, turam, gravity and geochem maps and other data)

Gentlemen:

Drilling of three holes to date on the Swim claims was emphasized on strategically situated gravity features well supported by other data without yielding any favourable results, the gravity features probably being caused by bedrock highs as well as differing rock units. The fourth hole, based on gravity, nearby massive pyrite-pyrrhotite float and bleached rocks and magnetic and electromagnetic anomalies may encounter massive sulfides but geochemistry suggests that they may be capped by bedrock or simply contain little zinc and lead. This hole will complete the minimum 3,000 feet of drilling authorized for the Swim claims.

It is strongly recommended that an attractive new priority target based mainly on magnetics and Turam northwest along strike from the Swim deposit be drilled and that an additional minimum of 1,500 feet of drilling be approved for this purpose.

Contingent upon additional gravity presently being done on anomaly "A" a further 1,000 feet may be warranted. Other targets are contingent on further study at a later phase of work.

(A) FIRST PRIORITY TARGET (Viktor Anomaly) 90W on baseline and 112W 11S or 4S

Magnetics

The recently completed magnetic survey has defined a 300-gamma magnetic high on the boundary of the excluded claims around line 88W on the baseline with a

corresponding 200-gamma magnetic low to the northwest, suggesting a tabular NNW-plunging or dipping magnetic zone in the order of 1,500 - 2,000 feet wide and 3,000 - 4,000 feet long, of which most of the magnetic high lies on excluded claims. The Swim deposit, on strike, is magnetic and the above anomaly is of the magnitude and intensity that might be expected from a sulphide deposit.

From 74W to 120W (4,800') repeated magnetic highs and lows are suggestive of further continuity or magnetic horizons repeated by folding or faulting.

A possible vein zone, trace of a rock unit, or fault parallel to survey lines 92W and 96W is suggested by magnetics and by a line of lead geochemistry crossing the entire claim group, but Turam continues southeast to line 86.

Turam

The entire area of magnetic anomalies shows much conductivity suggestive of a considerable graphitic section which dies out into the hillside around line 86 and its trace swings southwest, suggestive of an easterly dip like the Swim deposit.

Turam response in the central part of the magnetic area to 112W is apparently less either because the loop was laid through here, because of greater overburden depth, or perhaps because of sulfides or a "bleached" envelope less conductive than graphite.

Gravity

The Bouguer map shows nothing of interest except a small high with steepest gradient around 112W 10S, on the south flank of a magnetic and Turam high and on strike of Turam response on line 108.

The residual map shows only a very slight "ridge" between the Swim deposit and the above small high, all toward the south flank of the main magnetic anomalies. This could conceivably represent the near-surface trend of the Swim mineralization .

Since the Swim Lake area in general has great variations in thickness of overburden, making gravity largely ineffective, gravity might well be masked by overburden "dumped" in the magnetic anomaly area by confluence of glaciation down Swim Lakes and Blind Creek. Moreover, the target may be too deep to give much gravity indication.

Geochemistry

Except for some high lead and zinc around the main magnetic high, the area appears to be masked by overburden or rock and much of the geochemistry could be attributable to the Swim deposit above.

At the proposed drill hole location (90W B.L.) a northwesterly district plunge of 10 - 15° would project the top of the Swim deposit to 0 - 300 feet depth and the lower limb to 300 - 700 feet depth, if not affected by faulting.

It is strongly recommended that this Viktor anomaly area be tested by diamond drilling:

- 90W on baseline to say 1,000 feet for mineralization and geology. If successful consider hole or holes to NW and also for Kerr to consider holes to SE.

- 112W, 11S or 4S to at least 500 feet to test gravity or magnetic anomaly depending on results of above hole.

(B) SECOND PRIORITY TARGETS

Gravity Anomaly "A" 96W 41N

This is part of a large gravity high, with a local coincident Turam conductor, slight associated (50 gamma) magnetics, numerous nearby outcrops of grey phyllite, and some associated lead geochemistry. This could be a bedrock high but has a steep gravity drop-off to the northeast in an area of continued rock outcrops. If confirmed for drilling by gravity fill-in presently under way, a 1,000-foot hole is recommended for testing and for geology.

54W 20N

This is a coincident slight magnetic high (40 gammas), Turam conductor, faint gravity nose on residual map (nothing much on Bouguer) and associated zinc and lead geochemical anomaly in the valley bottom. It may also be associated with a probable E-W fault (dispacing Swim deposit on NW?) sub-parallel to the Blind Creek fault (see mag map). This may warrant drilling at a later stage.

116W 45S

This is a gravity high with nearby magnetic high and some geochem at the NW corner of the claims. This should be studied in the field as a possible target depending on current and proposed drilling.

(C) THIRD PRIORITY TARGETS

6W 45N to 18W 32N

This is a magnetic high (100 gammas) with faint continuation into a magnetic low area around DDH A40, associated Turam conductor, slight nearby lead geochem, minor gravity high but mostly gravity lows probably due to overburden depth. This might reflect one of the "Blind Creek"system of faults (cutting off Swim deposit to SE?), or it may be a possible drill target at some later stage.

4E 15N

This is a magnetic anomaly with faint Turam gravity low, in the vicinity of 1973 DDH A-1, which was lost in overburden. This may reflect Swim Lake type mineralization at depth; judgement to be dependent on further drilling at Swim Lake by Cyprus Anvil.

CONCLUSION

The Viktor anomaly appears to be an outstanding target for a possible sizeable orebody, with other targets presently being of lesser priority.

The geology can be expected to be complex.

RECOMMENDATIONS

It is strongly recommended that a minimum additional 1,500 feet of drilling be approved to test the Viktor target area (as outlined in the text) immediately after termination of the fourth 1975 drill hole regardless of its results.

A further 1,000 feet of contingent drilling may be justified later this season on gravity anomaly A.

Respectfully Submitted,

Yours very truly,

Dr. Aaro E. Aho

AEA:jdw

c.c. Mr. M.D. Rowswell
Mr. I.D. Bayer
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August 14, 1975

Dr. A. E. Aho
President
AEX Syndicate
8th Floor
900 West Hastings Street
VANCOUVER, B.C.

Dear Aro:

Please be advised that we have reviewed your memorandum of August 11 recommending an additional 1,000 feet of diamond drilling and a contingent additional 500 feet of diamond drilling, and that we are in favour of and agreement with proceeding on this according to your direction.

Yours very truly,

KERR ADDISON MINES LIMITED

M. D. Rowswell
Executive Vice-President

MDR:js