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6th July 1976

TO: M. D. ROWSWELL
FROM: W. M. SIROLA
CC: J. K. CARRINGTON - D. A. LOWRIE
SUBJECT: GRUM JOINT VENTURE - CROSS SECTIONS AND MINERAL RESERVE
CALCULATION SHEETS FOR SECTIONS 72W AND 74W

Enclosed are Fred Chow's mineral reserve calculation sheets and cross sections 72W and 74W.

In the case of section 72W, the enclosed cross section shows, in colour, only that small portion of the reserve which had to be revised as a consequence of drilling holes 76-U84 and 76-U86. Apart from that change, the previously submitted coloured cross section is accurate. The attached calculation sheet has also been revised and should be substituted for the sheet you received previously.

Fred's calculations indicate that the category 8-10% combined PbZn is negligible on both sections and the mining process for these two sections would be concerned only with 10%+ grades and ultimately with 6-10% grades. This picture will undoubtedly change for subsequent sections north west of 74W since surface drilling indicates more medium grade material in that direction.

Fred's calculation procedure has been to subdivide the reserve into 8 categories, starting from less than 2% combined to greater than 15% combined, using a minimum thickness of 3 metres. The very low grade calculations are intended as a dilution guide in the mining process.

In the absence of meaningful tonnages of 8-10% on these two cross sections, the reserves may be summarised as follows:

<u>Section 72W</u>		<u>Pb %</u>	<u>Zn %</u>	<u>Ag gr/MT</u>
10% +	20,983 MT/metre averaging	5.3	8.6	81.0
6-10%	8,923 MT/metre averaging	2.93	4.15	44.29
<u>Section 74W</u>				
10% +	28,275 MT/metre averaging	5.15	8.37	80.81
6-10%	6,598 MT/metre averaging	2.93	4.24	42.03

If we extend each section 30 metres along plunge on either side, we then have the following:

Section 72W

10% +	1,258,990 MT
6-10%	535,380 MT

Section 74W

10% +	1,696,500 MT
6-10%	395,880 MT

It is perhaps worth mentioning that should it become feasible to mine the 6-10% material at some future time, most of the tonnage in that category is sufficiently separated from higher grades that the removal of the latter would not constitute a problem in the removal of the former (lower grade category).

The calculation of tonnage and grade in the very detailed 2% increments is a time consuming and painstaking process. Fortunately Fred Chow is well adapted to this type of effort.


W. M. Sirola

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