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KERR ADDISON MINES LIMITED

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To J. Carrington From W.M. Sirola

Subject GRUM JOINT VENTURE METALLURGICAL REPORT Date January 25, 1977
DATED DECEMBER 30, 1976

Without the benefit of Dave Carson's report, it is difficult for me to appreciate some of the statements made in this metallurgical report. I refer now to the following:-

- (1) Page 5, paragraph 2:
"The bulk of the ore deposit, samples 2 and 9 - 13, has sulphide contents ranging from medium to low".
- (2) Page 14, last paragraph:
"Samples 10 - 13 and 2 are estimated to make up 86% of the Grum deposit".
- (3) Page 8, paragraph 3:
"Fortunately B ores represent less than 10% of the total deposit".


The implications of statements 1 and 2 would appear to refute our findings of January 1975*, wherein we estimated that 50.97% of the estimated mineral reserve fell into the 10% plus Pb Zn category and, in my view, the 10% plus category has a high sulphide content, not medium to low sulphide content. At that time we used a specific gravity of 4 for our calculations and that specific gravity implies a sulphide content greater than 55%.

Regarding statement no. 3, I can only assume that of the samples collected by Dave Carson, 90% did not show the same characteristics as the early B type bulk samples.

In making these statements, I am not attempting to detract in any way from the valuable work being done by Messrs. Carson and Konigsmann, but I am introducing a note of caution based on my own observations.

As a purely practical matter, it would appear as though the quartz sulphides are to some extent amenable to treatment but the massive sulphides remain something of a problem. If that is indeed the case, then we are some distance away from a satisfactory solution to the metallurgical problem.

Many thanks for sending me the results of your work on tonnage factors and the sequence of bulk sampling.


W.M. Sirola

* Program for Continued Exploration and Confirmation of Ore Reserve Outlines

Encl.

WMS:meb

SUMMARY OF MINERAL RESERVES

62W - 82W

<u>Category</u>	<u>Tons</u>	<u>% Lead</u>	<u>% Zinc</u>	<u>Oz Silver</u>
+ 15%	5,717,119	6.25	11.78	2.94
12 - 15	2,173,600	5.65	7.79	2.48
10 - 12	2,885,375	3.78	7.10	1.68
8 - 10	2,710,851	3.50	5.15	1.55
6 - 8	4,333,375	2.70	4.15	1.26
4 - 6	3,320,483	2.22	2.72	1.07
Total Reserves from 3000' to Surface	<u>21,140,803</u>	<u>4.14</u>	<u>6.90</u>	<u>1.91</u>