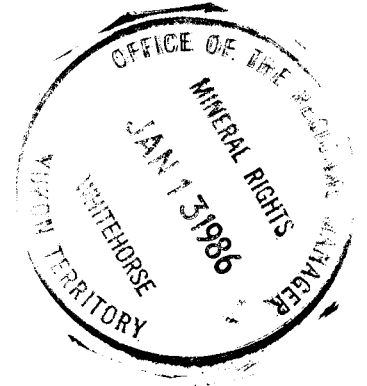


1985 PROGRAM REPORT  
On The  
VIC and VG CLAIMS



Whitehorse Mining Division  
Yukon Territory

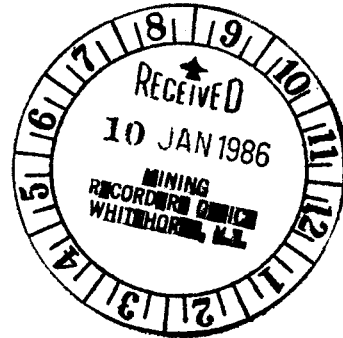
NTS 115-I-3

62°09'N 137°10'W

For: Kerr Addison Mines Limited  
703 - 1112 W. Pender Street  
Vancouver, B.C. V6E 2S1

Program:

23 August to 8 September, 1985.



By: C. Baldysells  
D. Arscott

December 5, 1985

091726

This report has been examined by  
the Geological Evaluation Unit  
under Section 53 (4) Yukon Quartz  
Mining Act and is allowed as  
representation work in the amount  
of \$ \_\_\_\_\_.

Regional Manager, Exploration and  
Geological Services for Commissioner  
of Yukon Territory.

## TABLE OF CONTENTS

	<u>Page</u>
SUMMARY	1
RECOMMENDATIONS	3
INTRODUCTION	5
LOCATION and ACCESS	5
LEGAL DESCRIPTION	6
HISTORY	7
GEOLOGY	9
1985 ASSESSMENT PRGORAM	11
GRID and SOIL GEOCHEMISTRY	12
ROCK GEOCHEMISTRY	13
STREAM SEDIMENT SAMPLING	14
STATEMENT OF COSTS	15
STATEMENT OF QUALIFICATIONS	16

## TABLE OF CONTENTS

### FIGURES

		<u>Following Page #</u>
Figure 1	Location Map	1
Figure 2	Claims Map	2
Figure 3	Location Map, Grid Outline and Rock Sampling	3
Figure 4	Soil Profiles	11
Figure 5	Sample Location and Geochemistry (1:5000 (Au))	In Pocket
Figure 6	Soil Geochemistry (Ag,As,Sb) 1:5000	In Pocket
Figure 7	North Zone - Trench Sampling 1:1250	In Pocket
Figure 8	Main Zone - Geology 1:2000	In Pocket
Figure 9	Main Zone - Sampling 1:2000	In Pocket
Figure 10	Compilation Map 1:5000	In Pocket

## VIC and VG CLAIMS

### SUMMARY

The detailed geochemical program on VIC and VG Claims was initiated in August 1985 following the signing of the option agreement with Gordon Dickson. Thirty-five man days were spent working in the main area of interest, including the War Zone and North Zone (See Figure 3).

The property is situated 10 km NNW of the Mt. Nansen Camp and 6 km NE of Esensee showings.

The main geological components on the property include old Jurassic intrusives (hornblende granite, syenite), younger subvolcanic stocks and dykes, and pyroclastic and porphyritic volcanics of Cretaceous age. Mineralization occurs in form of massive to drusy quartz veins and chalcedony stockwork breccia veins in felsic dykes and stocks, and in altered hornblende granite porphyry.

The grid soil geochemistry has outlined one major zone of anomalous gold in the south eastern portion of the grid.(War Zone). The gold values in soils in this area include 7 samples that have over 100 ppb Au, two of which have 520 and 620 ppb Au.

Of the 86 rock samples collected from the property 33 assayed 0.30 oz/t Au or better, and arithmetically averaged 1.05 oz/t. All of the best samples were composites of quartz vein float from different sections of the long trenches in the North Zone(See Figures 7, 8). The highest assay returned 3.35 oz/t Au. It is of interest that these values are much higher than those of the War Zone where most of previous work had been done (12 of the best samples averaged 0.26 oz/t).

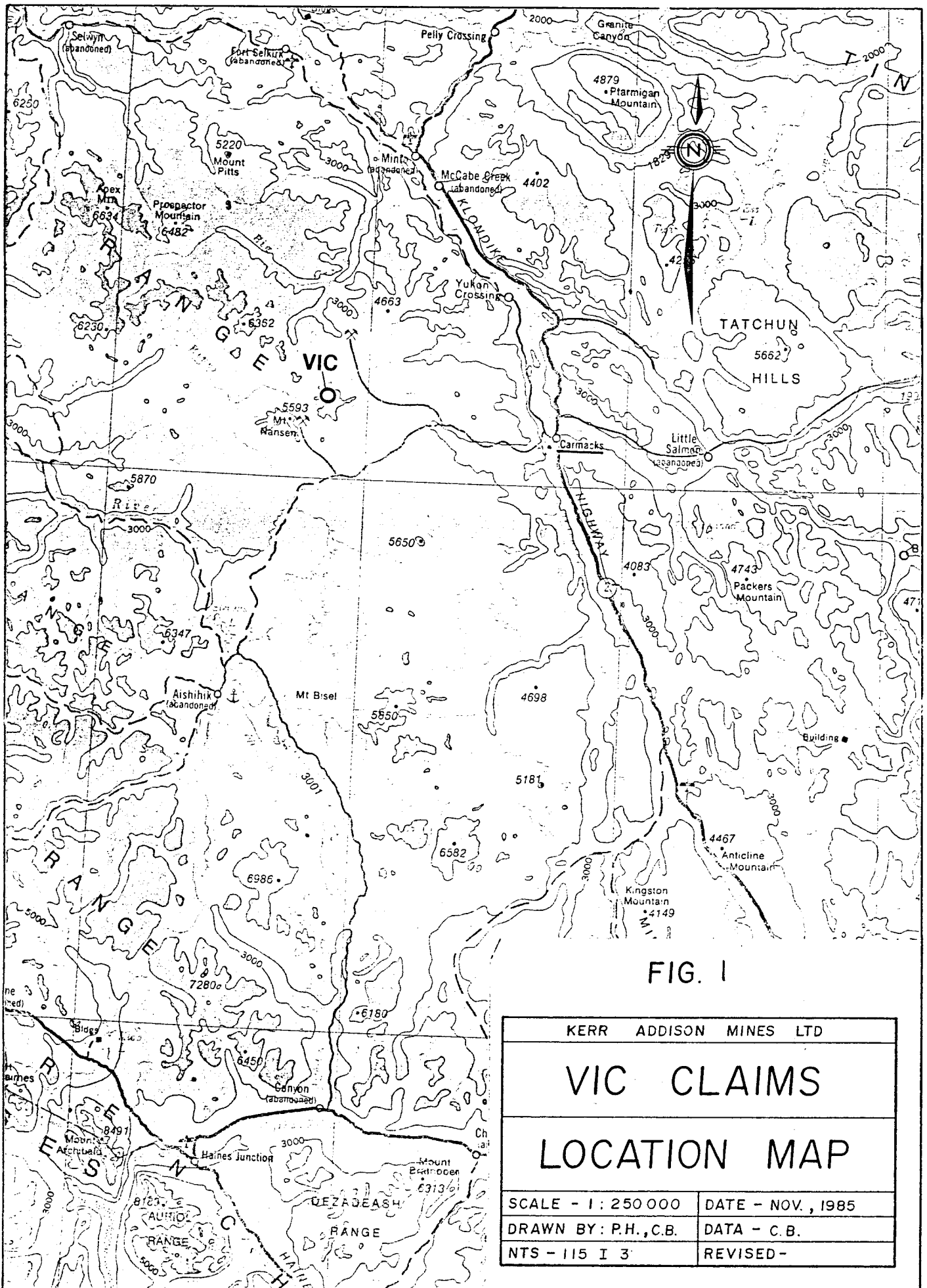


FIG. 1

KERR ADDISON MINES LTD	
VIC CLAIMS	
LOCATION MAP	
SCALE - 1 : 250 000	DATE - NOV. , 1985
DRAWN BY : P.H., C.B.	DATA - C.B.
NTS - 115 I 3	REVISED -

Of the thirty-six stream sediment samples four were anomalous yielding from 30 to 200 ppb Au. These samples confirm the presence of the strongly anomalous zone along the the North Zone trenches which was not shown however by soil sample results in that area.

The quartz float in the North Zone has diameters generally less than 40 cm, but it is somewhat brittle and easily fragmented, leaving considerable doubt as to the thicknesses present at its source or sources in bedrock.

The number and geometry of the sources remains unknown but an intuitive appraisal of the grouping and sizing of this float, along with reference to stream sediment results and soil type distribution, suggests the possibility of up to four separate sources. These may be veins in fault structures or possibly a stockwork system.

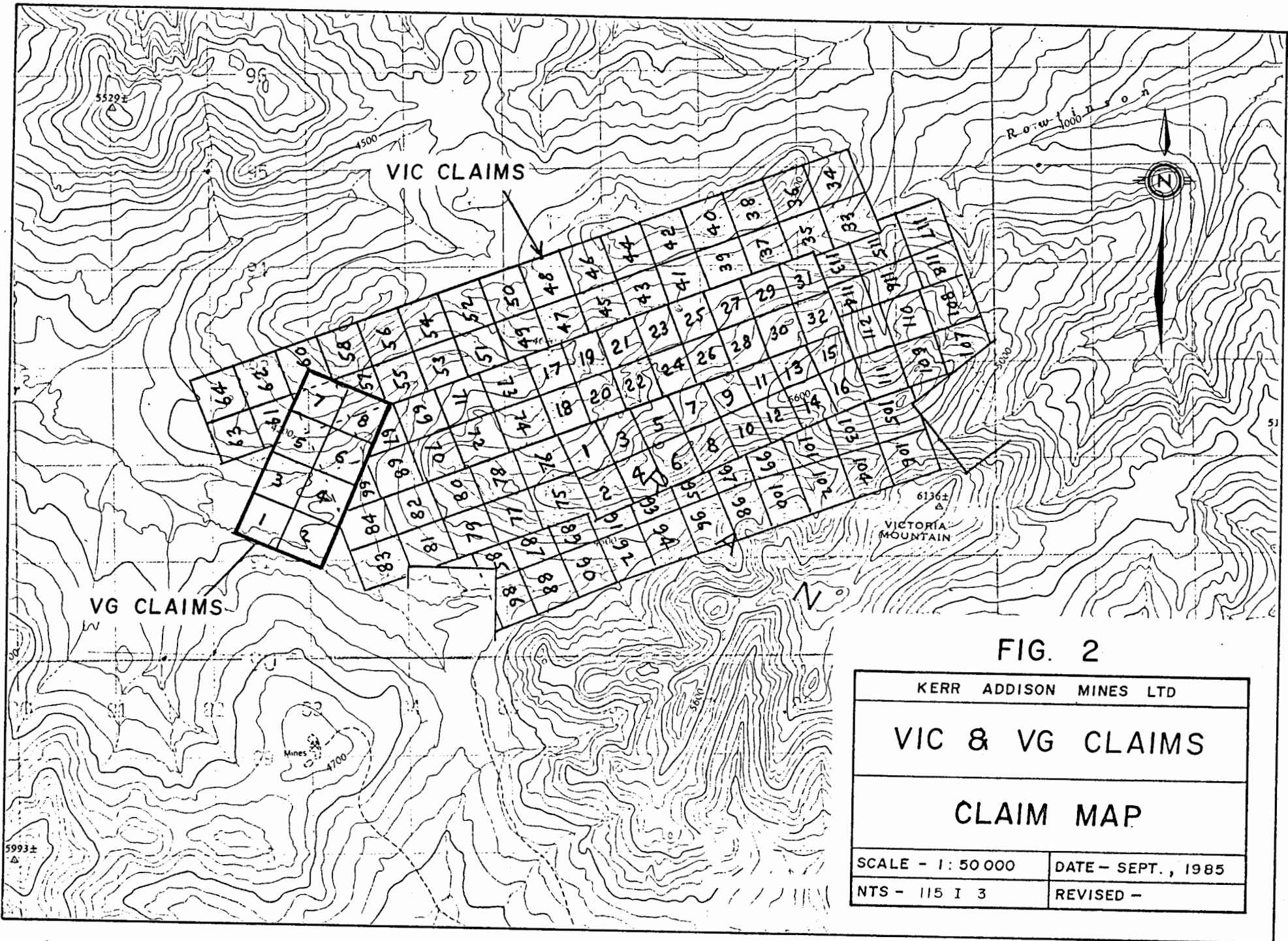


FIG. 2

KERR ADDISON MINES LTD	
VIC & VG CLAIMS	
CLAIM MAP	
SCALE - 1: 50 000	DATE - SEPT., 1985
NTS - 115 I 3	REVISED -

RECOMMENDATIONS.

Phase I

1. Mapping. About 15 person days may be necessary to complete 1:5000 scale mapping of the claims and immediately adjacent areas. An additional 10 necessary before and after bulldozer work, for detail mapping.  
\$6000.
2. Prospecting. Careful scrutiny of the creek drainages and old bulldozer trails may reveal further quartz float and aid mapping.  
\$3000.
3. Physical Work. Selected bulldozer work will be necessary to clean and/or extend some of the trenching as well as to provide assesement work on the oldest 4 claims.  
\$8000.
4. Extension of the present soil sampling or overburden-type drilling for basal soil sampling, (subject to orientation test).  
\$30,000.
5. Support costs for all the above (Helicopter, mobilization, office, etc.)  
\$8000.
6. Retention of option agreement  
Cash Payment \$30,000.

*D. Arscott*

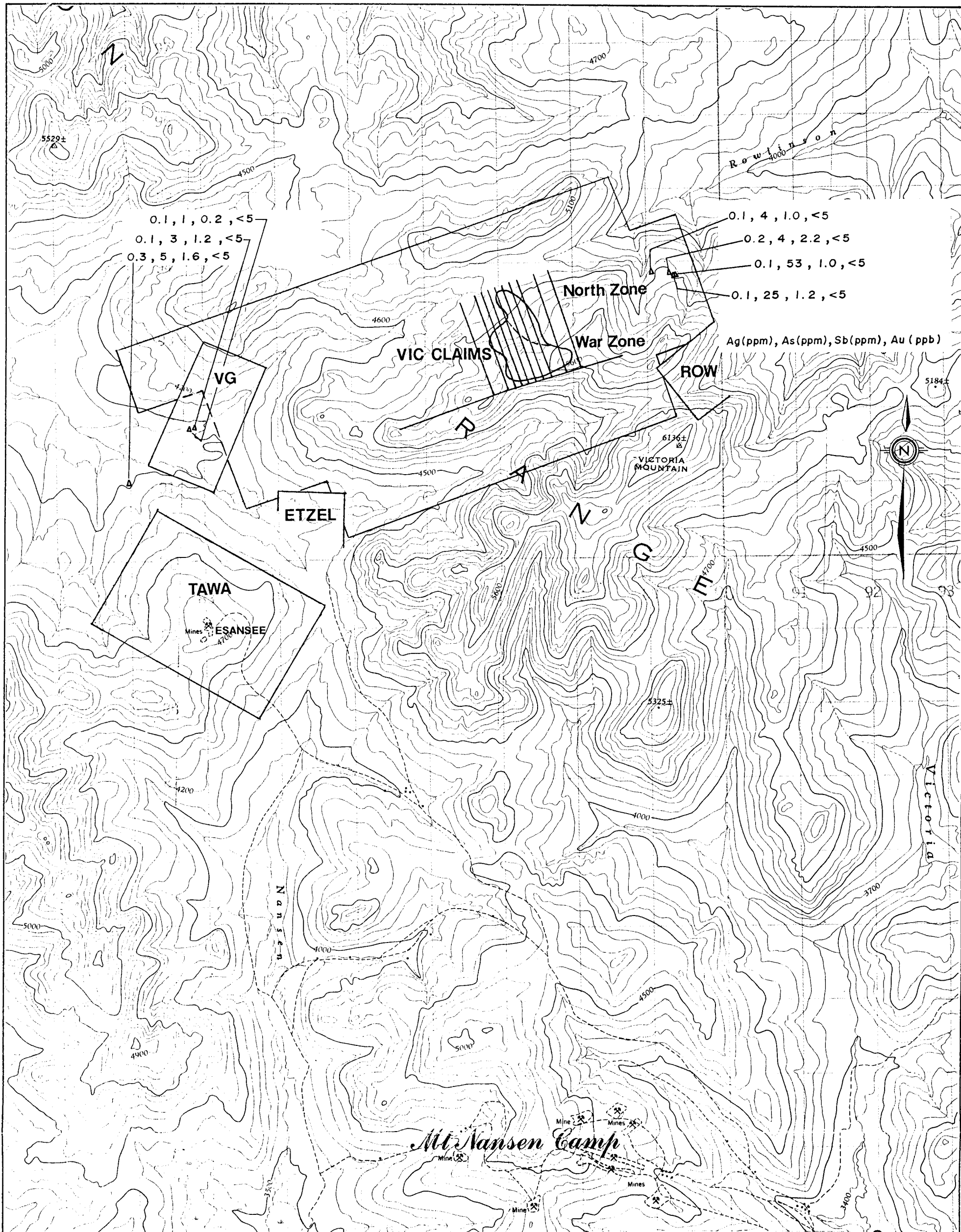


FIG. 3

KERR ADDISON MINES · LTD	
VIC & VG CLAIMS	
LOCATION MAP GRID OUTLINE & ROCK SAMPLING	
SCALE - 1:50 000	DATE - NOV. , 1985
DRAWN BY: P.H., C.B.	DATA - C.B.
NTS - 115 I 3	REVISED -

Phase II

Drilling. Virtually irrespective of the results of Phase I, drilling will be necessary. The most likely scenario will be a fence of relatively short diamond drill holes through the North Zone.\*

Allow 75,000.

Total Recommended 1986 Program

\$160,000.

\* An alternative here, in lieu of the diamond drilling and Item 4, is to consider a rotary drilling program, since the North Zone terrain is fairly negotiable to tracked vehicles.

## Introduction

In August 1985 a detailed exploration program was initiated on the VIC and VG Claims north of the Mt. Nansen Camp. The purpose of the program was to determine geochemical anomalies in soils and rocks of the newly acquired property.

The Mt. Nansen Camp has an extent of mineralization and alteration rivalling Freegold Mt. and Casino for first place in the Dawson Range. Kerr Addison Mines personnel has been evaluating the gold-silver potential of the region since 1983.

## Location and Access

The VIC and VG Claims (N.T.S. Map Sheet 115-I/3), are located 47 km east of Carmacks, 4 km NW of Mt. Nansen and 10 km NNW of the Mt. Nansen Camp. (See Figures 1 and 3). Latitude and longitude of the property centre are 62°09' and 137°11'. Access is via a 60 km gravel road to the ESANSEE property, which is located 7 km SW of the main area of interest on the VIC Claims. VG Claims are located at the south-western end of the VIC property, 1.5 km from ESANSEE showings (Figure 3). Four wheel drive access from ESANSEE Claims is possible depending on weather conditions.

During the 1985 program a helicopter was used for camp moves and transporting supplies from placer camps situated along the road 7 km SW of the property at head of Mt. Nansen Creek.

Legal Description

At the time of this program the VIC and VG Claim block consisted of 126 claims. The original claim group of 40 claims, VG 1 to 8 and VIC 1 to 32, has been expanded to 126 by the addition of the contiguous and surrounding VIC 33 to 118, recorded August 16, 1985 in Whitehorse Mining Division. (See Figure 2).

<u>Claims</u>	<u>Record Numbers</u>	<u>Record Dates</u>
VIC 1 - 6	YA 86308 - YA 86313	Dec.17,1984
VIC 7	Y 76007	July 17, 1972
VIC 8	YA 86314	Dec.17,1984
VIC 9	Y 76009	July 17, 1972
VIC 10 - 23	YA 86315 - YA 86328	Dec.17,1984
VIC 24	Y 76024	July 17,1972
VIC 25	YA 86329	Dec.17,1984
VIC 27 - 32	YA 86330 - YA 86335	Dec.17,1984
VG 1 - 8	YA 86404 - YA 86413	Dec.20,1984
VIC 33 - 118	not available	Aug.15,1985.

The original VIC and VG Claims were recorded in Whitehorse Mining Division by G.F. Dickson, P.O. Box 4940, Whitehorse, Y.T. These claims were transferred to Kerr Addison Mines Ltd. on September 9, 1985. At present the company is the registered owner of the whole 126 claim block.

The 1985 assessment work was undertaken by Kerr Addison Mines personnel under the option agreement with G.F. Dickson.

## History

### Mt. Nansen District

- 1900 to 1910 Placer Exploration
- 1917 Staking of first lode claim at headwaters of Discovery Creek by C.P. Mack.
- 1943 Discovery of Brown-McDade vein by Afe Brown and George McDade.
- 1945 to 1947 Underground work on Brown-McDade vein by Leitch Gold Mines Ltd.  
Trenching on Huestis vein by Huestis syndicate. (H. H. Huestis).
- 1958 Renewal of prospecting in area.
- 1962 Discovery of Webber vein by Godon Dickson.
- 1963 Formation by Gordon Dickson of Mt. Nansen Exploration Syndicate, financed by Newmont, Noranda, Rio Tinto, Kerr Addison, Conwest, and Faraday Uranium and Joseph Rankin.  
Surface work on Huestis and Webber by successor of syndicate (Mt. Nansen Mines Ltd.)
- 1964 to 1967 Control of Huestis and Webber properties taken by Peso Silver Mines Ltd. Surface and underground work.
- 1968 Brief production, mainly from Huestis vein. 18,000 tons milled, yielding 2484 oz. of Au, 76,534 oz. of Ag, 108,621 lb. of Pb. Official reasons given for termination of production were poor recovery (no cyanide circuit) and lower than forecast grades.
- 1969 Exploration of the porphyry Cu potential of the area immediately north of the veins by several groups including Mt. Nansen Mines Ltd., Cyprus Exploration Corporation and Cominco.

- 1976 Further brief production at the Huestis. 6429 tons milled yielding 1930 oz. Au, 45,000 oz. Ag, and approximately 128,000 lb each of Pb and Zn.
- 1981 Feasibility study on Webber, Huestis, Brown McDade and Cabin Creek veins by a party with an indirect interest in the claims, yielded total reserves of :  
Proven 39,200 oz. Au 1.10 m oz. Ag.  
Probable 70,500 oz. Au 1.38 m oz. Ag.
- 1985 Option of central Mt. Nansen Camp from B.Y.G. Natural Resources Inc. by Chevron Resources Ltd. Intensive drilling of the Brown McDade zone yielded a best intersection of 25.5 m with 0.247 oz/t. Au, 2.82 oz/t Ag.

#### VIC and VG Claims

The vicinity of these claims was first prospected by Gordon Dickson in 1946 and the main zone has been held intermittently by him since then. Trenching was carried out by Peso Silver Mines Ltd. in 1965, soil sampling by Associated Geological Services Ltd. (for Peso?) in 1968, and further trenching by Skyline Exploration Ltd. in the 1970's. There has been no drilling reported.

## Geology

The Mt. Nansen area has four main components: metamorphic basement complex, Triassic/Jurassic intrusions and Mt. Nansen volcanics (Mt. Nansen Group) with related Cretaceous sub-volcanics and intrusions.

The older intrusives have not been completely subdivided yet. However, hornblende rich syenite, granite, quartz monzonite and quartz diorite are the common rock types of this unit. On the VIC Claims they occur as irregular bodies of porphyritic granite (Hornblende ± K-feldspar phenocrysts).

The Mt. Nansen Group is a very mixed package of mainly felsic, pyroclastic and porphyritic volcanics. In the south western part of the VIC Claims they are present as dark greenish rhyolite? porphyry bodies and dykes with irregular patches of felsic? tuffs and breccias.

The subvolcanic porphyries and intrusives represent a multiphase event that is in a broad sense contemporaneous with Mt. Nansen volcanism. At the Mt. Nansen camp they occur as stock-like and dyke-like felsic porphyries located along the NW trending contact between basement rocks and granodiorite-granite batholith and intrusive stocks of granite, quartz monzonite and granodiorite. These rocks along with gneisses of the basement complex host veins of the Mt. Nansen camp. On the VIC and VG Claims quartz-feldspar porphyries as stocks and dykes were also mapped as well as an intrusive body of fine grained syenite (Cretaceous age).

High angle block faulting contemporaneous with porphyry intrusion characterizes the district. (Sawyer, 1976). Predominant orientations of the faults are 0°, 120°, 160° and 55° (Saager 1971). There is also substantial variations in the elevation of the basal volcanic contact. The implication is that

the Mt. Nansen vein deposits, the hydro-thermal hot spots and the associated subvolcanic intrusives lie along the edge of NWW trending dropped fault slice (Arscott, 1984).

On the east central part of the VIC Claim block the hydro-thermal quartz veins are hosted by older Jurassic? and younger Cretaceous intrusives cut by mostly felsic porphyries. Since detailed mapping has not been carried out, the factors controlling mineralization on the property are not clear. However it was determined that two major types of quartz veining occur based on host lithology and style of veining:

- 1) massive to rarely drusy quartz veins in altered hornblende granite porphyry.
- 2) massive to drusy quartz and chalcedony stockwork breccia veins in rhyolite and rhyolite porphyry dykes.

Alteration types enveloping the quartz veins are predominately argillic and sericitic with variable amounts of hematite, limonite and manganese oxides.

1985 Program

The 1985 work consisted of:

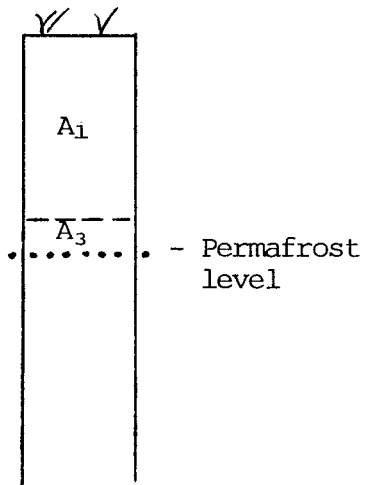
Phase 1. Mapping and sampling of War Zone Trenches,  
(1:2000 & 1:10,000, 5 person days, 21 to 23rd  
June).

Phase 2. 35 person days, as follows:

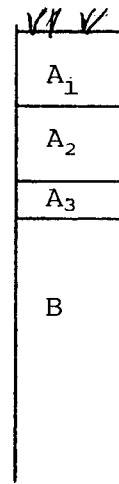
- (1) a 3.2 km base line was established across the property with 14 km of grid lines over the east central portion (See Figure 3).
- (2) 481 grid soil samples were collected, at 25 m spacings along lines 100 and 200 m apart, and analysed for Au, Ag, As, Sb (See Figures 5 and 6).
- (3) 59 grab composite rock samples were collected from long trenches in the North Zone (See Figure 7).
- (4) 27 grab float samples were taken from different parts of the property (See Figures 3 and 5).

Assessment work is not being claimed for Phase 1, since the earlier work was predominantly on claims more than 3 years old, and on which only physical work would have been applicable. Approximately 75% of the Phase 2 expenditures are applicable.

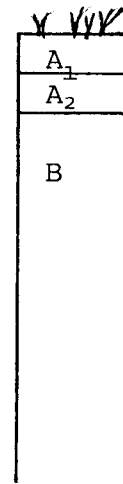
NE Portion  
of Grid  
(Long  
Trenches)



N Portion  
and SW  
Corner  
of Grid



S. And  
Central  
Portions  
of Grid



- A<sub>1</sub> black abundant moss, roots and other organic material

---

- A<sub>2</sub> fine sand(volcanic ash) grey to light brown, sometimes limonitic, often with roots.

---

- A<sub>3</sub> peat, brown to black, abundant coarse organic material often the upper limit of permafrost

---

- B light grey, grey, light to dark brown some times limonitic often with clay small rocks, talus fines and roots.

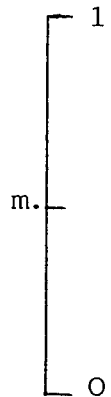


FIGURE 4.  
Soil Profiles  
VIC Claims  
August 85.

## Grid Soil Geochemistry

### Procedure

Soil or talus fine samples were collected at 25 m intervals on the grid at approximately 10 to 50 cm depth and are generally of B horizon. In many places sampling of the B horizon was not possible due to presence of permafrost and/or a thick A horizon. In these cases A horizon or the sandy volcanic ash? layer within the A horizon was sampled. (See Figure 4).

The samples were submitted to Chemex Labs Ltd. of North Vancouver where they were screened, or in some cases ground to 80 mesh and then analysed for Au using Atomic Absorption techniques with gold being Fire Assay preconcentrated. Forty percent of the samples were analysed for Ag, As and Sb using standard geochemical methods.

### Results

Of the 481 soil samples taken on the VIC Claims, 41 were considered anomalous in Au (>20 ppb). Of 183 samples analysed for Ag, As and Sb, 28 were anomalous in AS (>20 ppb) 47 were anomalous in Sb(>2 ppm) and all returned less than threshold values ( 3ppm) for Ag. There is no significant continuity in soil anomalies although one major zone can be outlined. The zone is coincident with anomalous rock samples collected during Phase 1 and Phase 2 of the program. Since the zone is located on extensively trenched ground some of the soil anomalies may be due to contamination. The area in question lies in the south eastern portion of the grid. The gold values in soils in this area include 7 samples that have over 100 ppb Au, two of which have 520 ppb and 620 ppb Au. However,

there is no geochemical response in soils along the long trenches where 33 rock samples assayed 0.30 oz/t Au or better. Possible the thick A horizon which is developed over most of the area around the trenches is to blame (NE portion of the grid). (See Figure 4).

## Rock Geochemistry

### Procedure

A total of 86 rock samples were taken from the property and analyzed for Au, Ag, As and Sb. Samples were sent to Chemex Labs Ltd. of North Vancouver for preparation and analysis using the same techniques as for the soil samples. Selected samples were re-analyzed using Fire Assay.

### Results

Of the 86 rock samples collected 60 proved anomalous in Au (>30 ppb) with 33 of these samples >10000 ppb. Only 8 samples were anomalous in Ag (>4 ppm), 5 anomalous in As (>50 ppm) and 9 were anomalous in Sb (>4 ppm). (See Figure

### Sample Location and Description

Fifty-nine samples were collected as composites from different sections of the long trenches in the North Zone (See Figure 7).

Forty-nine were the samples of quartz vein float averaging 0.780 oz/t. The remaining 10 samples from sheared and/or altered host rocks range from 35 to 290 ppb with one of 1.276 oz/t Au. The more sheared, limonitic and hematitic rocks proved anomalous in As (up to 260 ppb) and Sb (up to 30 ppb).

Thirty-three of the best samples from the long trenches assayed 0.3 oz/ton Au or better and arithmetically averaged 1.05 oz/t. All are quartz float samples except for one sample of the host rock.

Of the 27 float grab samples from different areas on VIC and VG Claims 4 were anomalous in Au. Two of them yielding 35 ppb and 150 ppb Au, were collected 1.4 km eastward from the grid and on the NE corner of the grid respectively. (See Figure 3 ). The remaining two samples were taken from the area around the long trenches were highly anomalous with 1950 ppb and 9600 ppb Au present.

#### Stream Sediment Sampling

##### Results

Thirty-four of the stream sediment samples were collected from small creeks in the northern portion of the grid and along Trench 30 (See Figure 6). Four of them were anomalous yielding 30 ppb, 70 ppb, 200 ppb and 465 ppb Au. These samples confirm the presence of the strongly anomalous zone along the long trenches which was not shown by soil sample results.

Two stream sediment samples were taken 500 m southward from the grid (See Figure 2). One sample proved anomalous in Sb (10.2 ppm).



QUALIFICATIONS

I, David Philip Arscott, am a Professional Engineer registered in British Columbia.

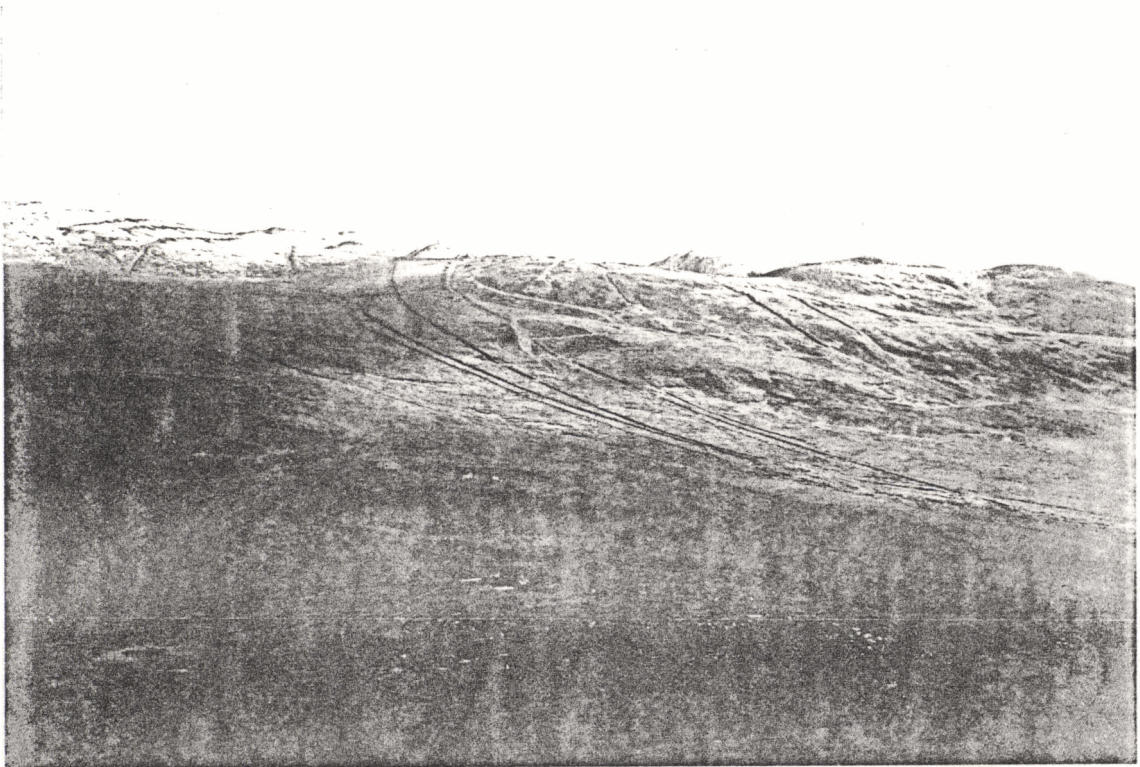
I have had 19 years experience in Mineral Exploration, mainly in the Canadian Cordillera. I directed and took part in the 1985 program on the VIC and VG Claims.

*David Arscott*

D. Arscott, P.Eng.



VIC, Y.T. (On ridge)



VIC, Y.T. (North & War Zones)

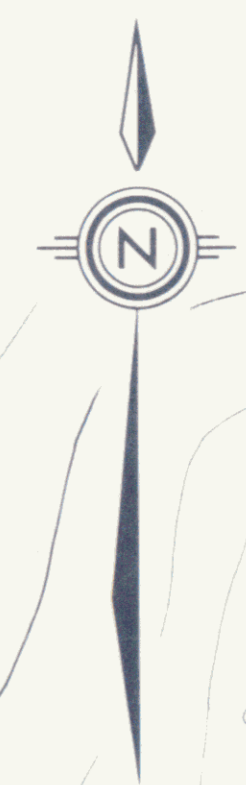


FIG 5 091726



KERR ADDISON MINES LTD  
 VIC CLAIMS  
**SAMPLE LOCATIONS  
 & GEOCHEMISTRY**  
 Au (ppb) - SOILS & ROCKS

SCALE - 1 : 5000      DATE - NOVEMBER, 1985  
 DRAWN BY - PH, C.B      DATA - C.B., L.L., J.P., L.G.  
 NTS - 113 I 3      REVISED -

Soil sample - ● 'B' horizon  
 ○ 'A' horizon  
 △ Float grab sample.  
 x Stream sample.

SEE COMPILATION MAP (FIG.10) FOR WAR ZONE TRENCHES.



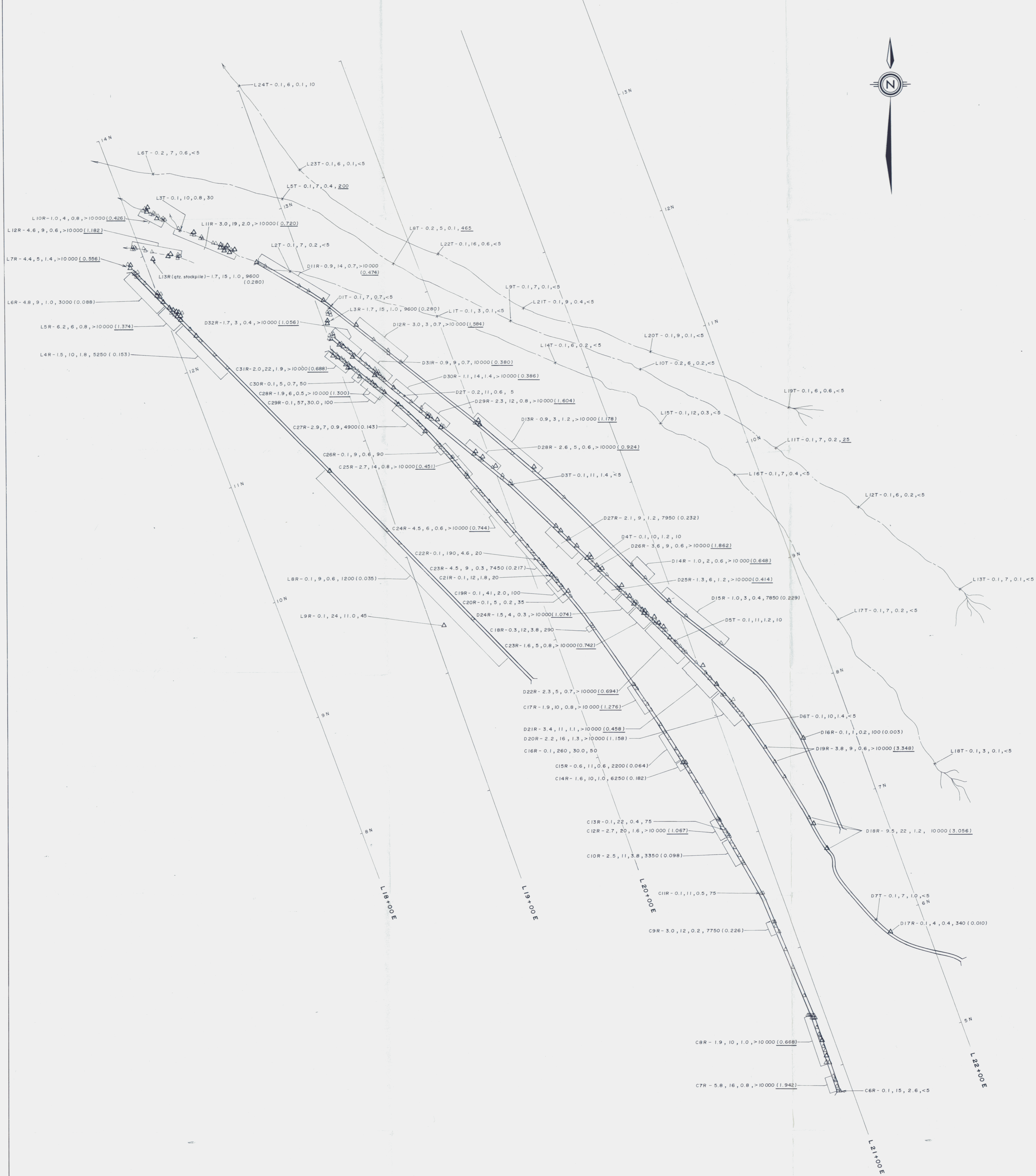


FIG. 7 091726



Ag (ppm), As (ppm), Sb (ppm), Au (ppb) ((Au - oz/t))  
△ Float >8 cm thick.  
△ Float <8 cm thick

KERR ADDISON MINES LTD	
VIC CLAIMS NORTH ZONE	
TRENCH SAMPLING	
SCALE - 1:1250	DATE - NOVEMBER, 1985
DRAWN BY - P.H.	DATA - D.A., C.B., L.L.
NTS - 115 I 3	REVISED -



**LEGEND**

- R Rhyolite
- A Andesite
- G , GDi Granite , Granodiorite.
- Di Diorite
- QM Quartz Monzonite
  
- p Porphyritic
- bx Breccia
- hb Hornblende
- cal Calcite
- dy Dyke
- △ Float
- a Altered

**FIG. 8 091726**



KERR ADDISON MINES LTD	
VIC M CLAIMS	
MAIN ZONE	
GEOLOGY	
SCALE - 1 : 2 000	DATE - JULY , 1985
DRAWN BY - P.HAILLOT	DATA - J.P. , L.G.
NTS - 115 I 3	REVISED -



### LEGEND

73 - 0.05 , 0.094 , 46 , 2.2  
Sample No. - Ag oz/T , Au oz/T , As ppm , Sb ppm .

- △ Float sample
- Oucrop "
- × Silt "

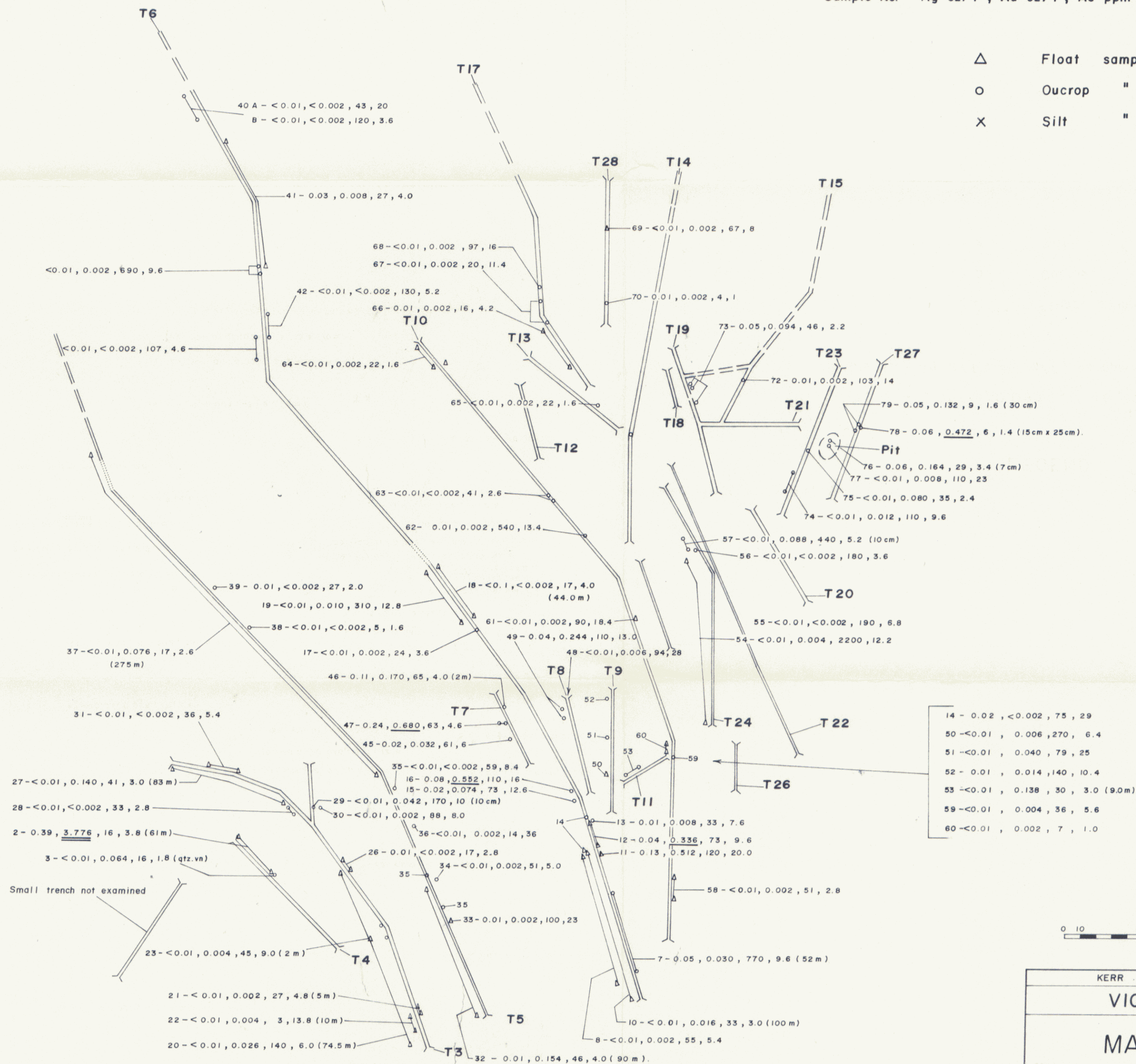
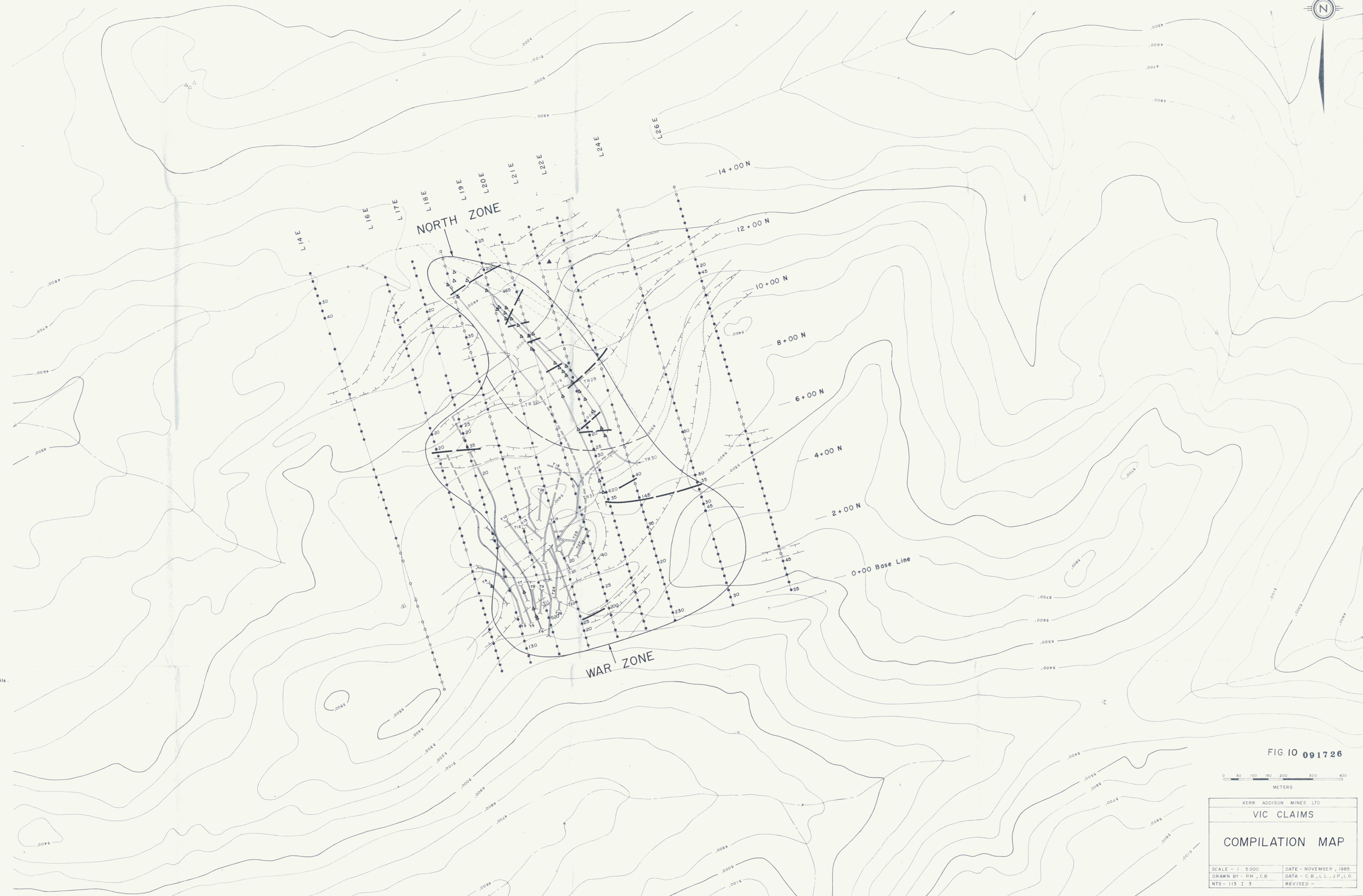


FIG. 9091728

KERR ADDISON MINES LTD	
VIC M CLAIMS	
MAIN ZONE	
GEOCHEMISTRY	
SCALE - 1:2000	DATE - JULY, 1985
DRAWN BY - P.HAILLOT	DATA - J.P., L.G.
NTS - 115 I 3	REVISED -



- 'B' horizon
- 'A' horizon
- △ Float grab sample. >0.3 oz/l.
- x Stream sample
- HH Extent of moderate to strong Limonite occurrences in soils.
- ||||| Extent of moderate to strong Clay occurrences in soils.
- ↓ 45 Au (ppb) in soils
- ⌋ Trench
- Speculative source area.

FIG 10 091726



KERR ADDISON MINES LTD	
VIC CLAIMS	
COMPILATION MAP	
SCALE - 1 : 5000	DATE - NOVEMBER, 1985
DRAWN BY - PH, C.B	DATA - C.B., L.L., J.P., L.G.
NTS - 113 I 3	REVISED -