

5297

Report on
Diamond Drilling, Percussion Drilling,
and Line-Cutting

RED-CHRIS Property

Ealue Lake Area, Liard Mining Division

Lat. 57° 45' N, Long. 129° 45' W.

Map 104H/12W

104H/12W

Claims: RED 4-32, SUS 51, 58 Fr, 65-68, 79, 81, 83
Owner: Silver Standard Mines Ltd., N.P.L.

Claims: CHRIS 1-24, MONEY 1-30, 32, 34, 36, 38, 40-59, 61, 63
Owner: Great Plains Development Co. of Canada

Claims: RAF 1-18, COUGAR 1-8 Frs.
Owner: Ecstall Mining Ltd.

Operator: Ecstall Mining Ltd.

Report by: J. R. Forsythe & G. R. Peatfield

December, 1974

| |
|---|
| Department of Mines and Petroleum Resources ASSESSMENT REPORT NO. 5297 MAP |
|---|

Vancouver, B.C.

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SUMMARY:

The report summarizes work completed on the RED-CHRIS property in the Ealue Lake area of northwestern British Columbia. A brief historical summary of previous work is also included.

A portion of the 1974 work was claimed for assessment work credit on applications dated August 6, August 26 and September 30, 1974.

Historical Introduction:

Although mineral showings have been known for many years in the area between Ealue and Kluea Lakes, the present phase of activity began in 1969, when Great Plains Development Co. of Canada Ltd. located the CHRIS and MONEY Claims. In that year, geological mapping and geochemical surveys were undertaken, and in the following season bulldozer trenching and two diamond drill holes totalling 1,015 feet were completed. A further eight diamond drill holes totalling 3,017 feet were put down in 1972.

The adjoining property to the east, comprising the RED and SUS claims, was located by Silver Standard Mines Ltd. in 1970, and in the following year that company completed geological, geochemical and geophysical surveys and excavated a total of 1500 linear feet of bulldozer trenches. Some encouragement was obtained, but the property lay idle during 1972.

Ecstall Mining Limited became interested in the RED property as a result of a submittal of the ground by Silver Standard for examination by Ecstall's parent company, then known as Texas Gulf, Inc. Early in 1973, agreement was reached with Silver Standard for Ecstall to explore the claims, and during that season, a programme of percussion drilling totalling 3,000 feet in 14 holes was completed. Prior to this work being undertaken, Texasgulf, Inc. applied for and was issued Reclamation Permit No. MX-21, to be valid for a period of three years.

Ecstall, encouraged by their work in 1973, undertook an aggressive exploration programme in 1974. Work included diamond and percussion drilling, geological, geochemical and geophysical surveys, line-cutting and a location line survey of the core claim area. As the programme was proceeding, agreement was reached with Great Plains to explore the CHRIS property, and subsequently some work was also done on this ground.

Some additional ground was acquired by Ecstall in 1974 by location of the RAF claims, and the COUGAR fractions were staked for Ecstall at the time the location line survey was completed. These fractions have not yet been included in the pre-existing groups.

Location, Access and Terrain:

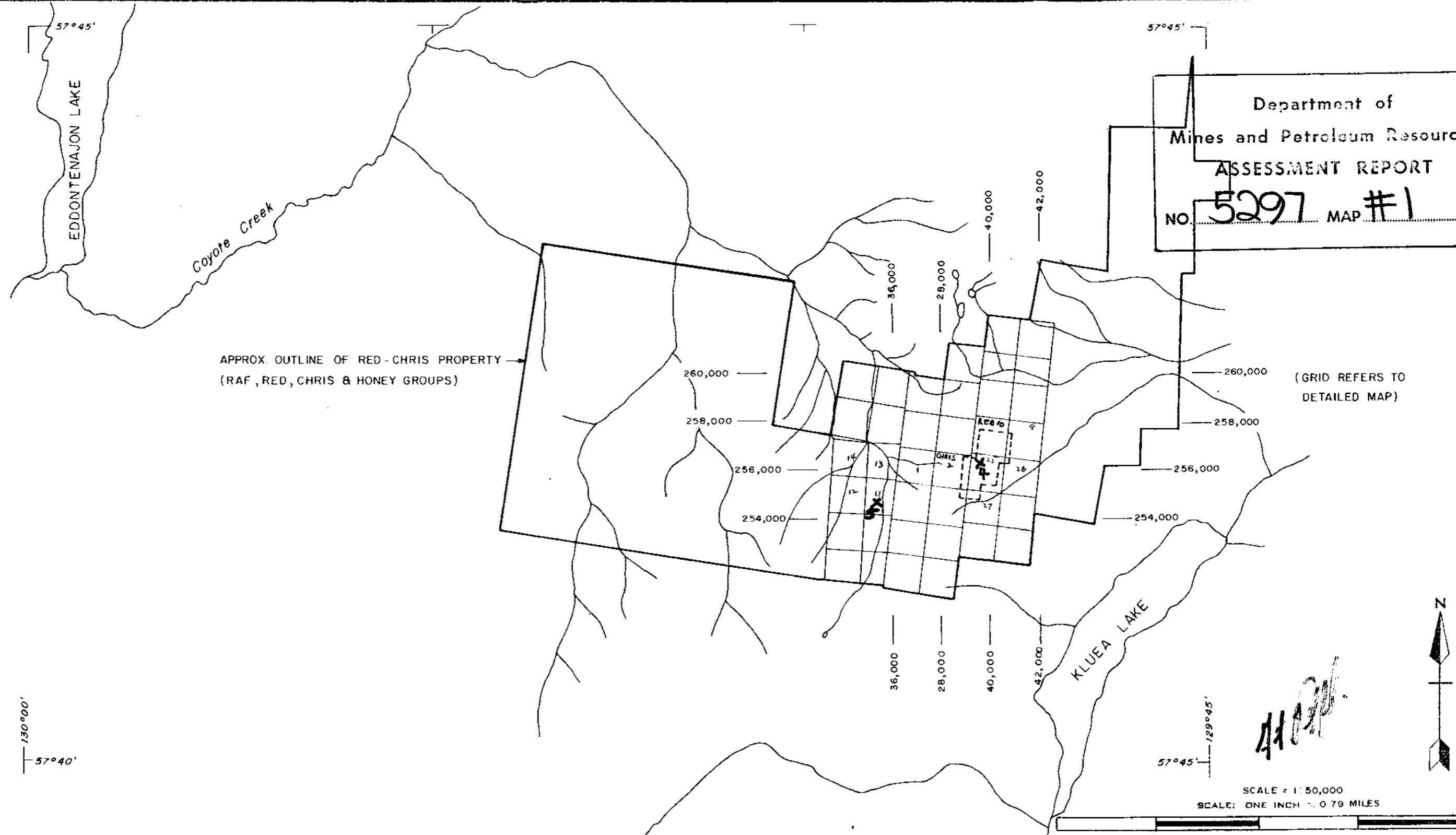
The RED-CHRIS property is located on the plateau northwest of Kluea Lake, some twelve miles south of Iskut Village (see Index Map). Access is by helicopter from Eddontenajon or via bulldozer trail proceeding southward from the B.C. Railway access road which follows Coyote Creek and the north side of Ealue Lake. This trail is, at present, suitable only for tracked vehicles.

The property covers a gently rolling upland surface, with elevations ranging from 4,000 to 5,000 feet. To the south, the ground dips steeply away to Kluea Lake. Several deeply incised, north flowing stream gullies cut the western portion of the property.

Claim Status:

The claims included in the property, and their registered owners, are shown on the title page of this report. These claims, excluding the COUGAR fractions, are formally grouped as shown on the Grouping sketch.


Department of
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 ASSESSMENT REPORT
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APPROX. OUTLINE OF RED-CHRIS PROPERTY
 (RAF, RED, CHRIS & HONEY GROUPS)

(GRID REFERS TO
 DETAILED MAP)

LEGEND

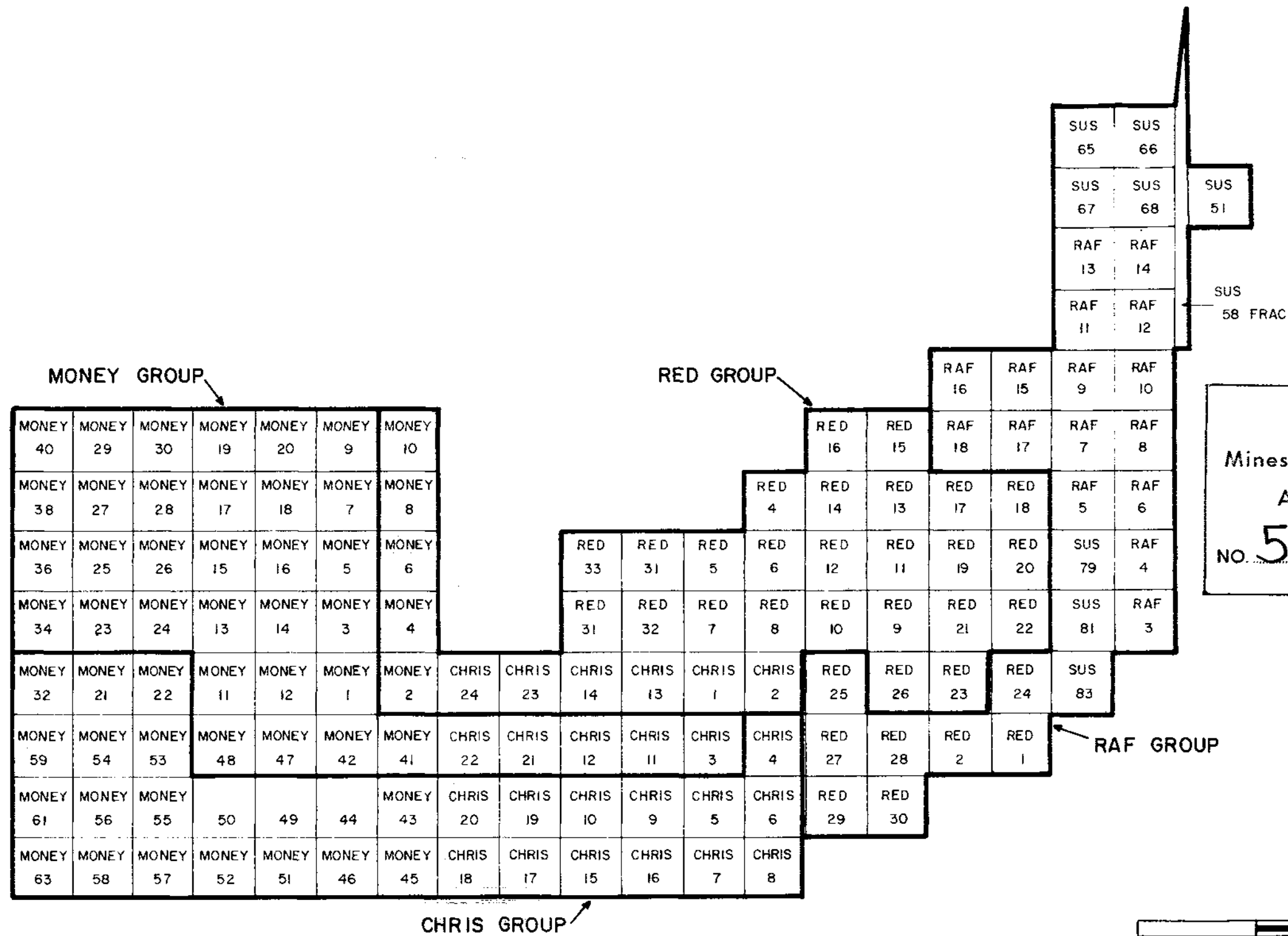
 OUTLINE OF DRILLING AREA

5297
 MAP 1

TEXAS GULF, INC.

INDEX MAP
 RED-CHRIS PROPERTY
 104 H / 12 W

| WORK BY | DRAWN BY | DATE |
|----------------|----------|----------------|
| J.R.F., G.R.P. | K.M.G. | NOVEMBER, 1974 |



Department of
Mines and Petroleum Resources
ASSESSMENT REPORT
NO. 5297 MAP #2



Handwritten signature

SCALE: ONE INCH = 3000 FEET



LEGEND

5297
map 2

| | | |
|----------------------|----------|----------------|
| TEXAS GULF, INC. | | |
| GROUPING SKETCH | | |
| RED - CHRIS PROPERTY | | |
| 104 H/12 W | | |
| WORK BY | DRAWN BY | DATE |
| G. R. P | K. M. G | DECEMBER, 1974 |

The bulk of the 1974 programme was confined to a central core of claims comprising CHRIS 1-16; RED 7-12, 17-30; SUS 79, 81, 83; RAF 3-6; and COUGAR 1-8 Frs. Work which is claimed for assessment work credit during 1974 was confined to a few claims, viz. CHRIS 1, 2, 4-6; RED 7, 8, 10, 25, 27. This work was, however, credited to other claims in their respective groups.

Essential Geology:

An elongate, pyritic quartz diorite stock of Tertiary age trends northeastward across the property. The stock intruded Mesozoic, probably Middle Jurassic, volcanic and volcano-clastic rocks to the north and shows a complex, partly intrusive, partly faulted contact relationship with Cretaceous Bowser Group clastic sedimentary rocks to the south.

The many phases of the quartz diorite stock are moderately to strongly altered, highly fractured, and locally show zones of well developed stockwork veining. The veins comprise quartz, quartz-pyrite, pyrite, and carbonate, and in places contain interesting amounts of chalcopyrite and traces of bornite.

Work Completed - 1974:

The programme undertaken by Ecstall during 1974 included many separate phases, as listed below:

Topographic Survey

A topographic survey of the central portion of the property, using air photographs for control, was completed by McElhanney Surveying & Engineering Ltd. The maps produced consisted of an "Orthophoto Map" at a scale of 1" = 1000' with a 100 foot contour interval, and a more detailed topographic map at a scale of 1" = 400' and a contour interval of 25'.

Location Line Survey

A location line survey was completed by McElhanney Surveying & Engineering Ltd., covering a central "core" of claims (see 1" = 400' plan). As a result of this survey,

eight fractions, the COUGAR 1-8 Frs, were located. Several drill holes and surface workings were accurately located at this time.

Grid Cutting

A total of 22 line-miles of baseline and grid lines, with a line spacing of 400 feet, were cut by Manex Mining Ltd. (see 1" = 400' plan). This grid was established for control of drilling and various surveys. A small portion of this work was claimed for assessment credit. Note that all co-ordinates listed in Appendices to this report refer to this grid, rather than to the McElhanney map grid.

Geological Mapping

Although outcrop is sparse over much of the property, a geological map on a scale of 1" = 400' was produced, based primarily on work by J. R. Forsythe.

Geochemical Survey

A minimal amount of soil sampling in selected areas was undertaken by Ecstall. A total of 115 samples was obtained from three line-miles of soil sampling. Deep, swampy overburden over much of the area of interest makes conventional geochemical sampling of dubious merit.

Geophysical Surveys

An induced polarization survey was completed, by Geoterrex Ltd. of Ottawa, over 20 line-miles of the grid. A pole-dipole array was used, with electrode spacing of 200 feet, and $n = 1$ & 2 .

Concurrently, Ecstall ran 22 line-miles of ground magnetometer surveys, and about 7 miles of RADEM survey.

Diamond Drilling

A total of 7,432 feet of diamond drilling, in 16 holes, was completed during the 1974 season. Drilling, by Arctic Diamond

Drilling Ltd. of Whitehorse, Y.T., was done using two Longyear 38 wireline machines recovering B.Q. core. For details regarding location, elevation, etc. for these holes refer to APPENDIX E, and to the 1" = 400' plan.

Core recovery was good to excellent. Copies of drill logs are included as APPENDIX D to this report. After logging, the core was split, and one half was sent for assay. The cost of assay has not been claimed for assessment credit, and the results are therefore not included. The remaining half of the split core is stored at the property.

All moves of drills, auxiliary equipment, fuel and core were done by helicopter, thus minimizing environmental damage.

Percussion Drilling

A total of 2,560 feet of percussion drilling, in 10 holes, was completed during 1974 by Can-Met Drilling Ltd. of Whitehorse, Y.T. A track-mounted, air driven percussion drill, which produced a 1 7/8" diameter hole, was employed. Having the machine track-mounted was instrumental in eliminating environmental damage.

A one-eighth split of the drill sludge was collected, in ten foot increments. This sludge was dewatered and shipped for assay. Results are not included since assay costs were not claimed for credit.

Details of location, elevation, depth and overburden for all percussion drilling, including 1973 and 1974 work, are given in APPENDIX F.


J. R. Forsythe


G. R. Peatfield

APPENDIX A

Detailed Cost Statement,
RED-CHRIS Property, 1974

Statement of Expenditures

Red Option 1974

The following expenditure summary has been derived from figures provided by the Texasgulf Inc. Accounting Department, daily time sheets, and represents disbursements charged to the project during the period 1st. January - 30th. November 1974.

| | |
|--|---------------------|
| Salaries & Fringe Benefits | \$ 29,015.00 |
| Camp Expense (supplies, hardware etc.) | 28,723.42 |
| Shipping & Storage | 3,594.71 |
| Travel expense | 3,029.53 |
| Office & Technical Supplies | 479.64 |
| Communications (Radio rental etc.) | 1,476.61 |
| Geological Contracting (petrography) | 377.75 |
| Geophysical Surveys | 7,163.00 |
| Geochemical Surveys & Analysis | 1,044.92 |
| Photogrammetry | 1,545.00 |
| Assaying | 6,366.68 |
| Automobile Operation | 3,772.22 |
| Fixed Wing Charter | 4,998.78 |
| Helicopter Operation (Charter & Lease) | 46,657.21 |
| Equipment Purchase & Maintainance | 7,001.00 |
| Surveying & Linecutting | 8,093.53 |
| Percussion & Diamond Drilling | 100,543.25 |
| Government Fees | 6,618.00 |
| | <u>\$260,500.25</u> |

Applications for Certificates of Work have been filed on this property recording expenditures of \$111,535.71, i.e. 42.8% of the total cost. Reasons for this short fall in costs claimed relative to total expenditures are summarized as follows:-

1. Inability to record more than ten years excess work.
2. Conflicts in timing of completion of various phases of the programme and record dates on various claims.
3. Confidentiality of assay data.

Personnel engaged on the project, to whom the above salaries and fringe benefits apply are listed below:-

| <u>Name</u> | <u>Capacity</u> | <u>Dates</u> | <u>Daily Rate of Compensation</u> |
|-----------------------------|----------------------|--|-----------------------------------|
| J.R. Forsythe, B.Sc. | Project Geologist | Jan. 1-May 17 (project planning etc. 37 days) May 20-Sept. 23 (field work 93 days) Sept.23-Nov. 30 (Data compilation, report etc. 29 days) | \$75 |
| G.R. Peatfield, B.A. Sc. | Geologist | June 16-Sept. 20 (field work:68 days) Sept.23-Nov.30 (Data compilation etc. 5 days) | \$85 |
| D.A. Donnelly | Field Assistant | May 6-Aug.31, 113 days | \$25 |
| E. Medley | Field Assistant | July 21-Sept.10 42 days | \$35 |
| L. McJannet | Field Assistant | Sept. 1-20, 20 days | \$25 |
| W.W. Gardiner | Field Assistant | May 23-Aug.29, 15 days | \$28 |
| M.F.J. Cooper | Field Assistant | May 23-Sept.6, 19 days | \$28 |
| P. McCloskey | Field Assistant | July 28-Aug.3, 7 days | \$25 |

| <u>Name</u> | <u>Capacity</u> | <u>Dates</u> | <u>Daily Rate of Compensation</u> |
|-------------------------|-----------------|-----------------------------|-----------------------------------|
| R. Geddes | Field Asst. | Sept. 5-22 18 days | \$32 |
| A. Edwards | Sampler | Aug. 9-31 22 days | \$20 |
| R. Edwards | Sampler | Aug. 11-31 18 days | \$20 |
| D. Newell | Sampler | Aug. 17-20 4 days | \$18 |
| K.A. Brand | Expiditor | May 23-Sept.29 55 days | \$38 |
| J.M. Newell, P. Eng. | District Mgr. | June 1-Aug.31 5 days | \$120 |
| L. Bell | Draftsman | July 29-Sept. 30 15 days | \$55 |

In addition to the above Texasgulf Inc. personnel, contractors were engaged on the property as follows:-

| | | |
|---------------------------------|---------|-------------------|
| Arctic Diamond Drilling Ltd. | 5-9 men | July 3 - Sept. 16 |
| Can-Met Drilling Ltd. | 2-4 men | Aug. 9 - Sept. 16 |
| Geoterrex Ltd. | 4 men | Aug. 13 - Sept. 1 |
| McElhanney Surveying & Eng.Ltd. | 2 men | Aug. 8 - Aug. 20 |
| Manex Mining Ltd. | 2-6 men | Aug. 6 - Aug. 27 |

J.M. Newell, P. Eng.



JMN:11

APPENDIX B

Diamond Drill Contract.

APPENDIX C

Percussion Drill Contract.

APPENDIX D

Diamond Drill Core Logs

THIS AGREEMENT DATED THIS 31 DAY OF May 1974

BETWEEN:

TEXASGULF INC.
701 - 1281 West Georgia Street,
Vancouver 5, B.C.

herein called the Company
OF THE FIRST PART

AND:

ARCTIC DIAMOND DRILLING LTD.,
184 Industrial Road,
Whitehorse, Y.T.
Y1A 2V1

herein called the Contractor
OF THE SECOND PART

WHEREAS the Company is the owner of or is otherwise well entitled to enter upon and explore groups of mining claims in the Eddontenajon area of British Columbia, and herein called the Claims.

NOW THEREFORE IT IS WITNESSED:

1. The Contractor will diamond drill or cause to be diamond drilled a minimum of three thousand (3,000) feet upon the claims at drill sites to be selected by the Company.
2. The Contractor will commence drilling on a date agreed to by the Contractor and the Company.
3. The work under this agreement will be continued by the Contractor working two twelve hour shifts, seven days per week until completed.
4. All holes shall be drilled with a 34/38 drill equipped with hydraulic head and mast producing BQ Wireline size core.
5. The dip of all holes will be 45° to 90°.
6. No hole shall exceed a length of one thousand (1,000) feet unless otherwise agreed upon by both parties.
7. Measurements of all holes shall be made from the top of the casing.
8. The Company will pay for all regular core drilling and the penetration of all overburden and reaming casing at the following rates:

Penetrating Overburden

The price per foot for drilling in overburden shall be \$8.95 per foot for the first fifty (50) feet. If the cost to the Contractor of penetrating the additional overburden is greater than \$8.95 per foot, the Company agrees to pay the Contractor at field cost for penetration of such additional overburden.

Core Drilling

| | BQ 0 - 3,000 feet | BQ 3000 - 4500 feet |
|------------------------|----------------------|------------------------|
| Bedrock to 500 feet | \$9.25 per foot | \$8.95 per foot |
| 500 feet to 1,000 feet | \$9.75 per foot | \$9.45 per foot |

Reaming Casing

The price per foot for reaming casing in bedrock shall be \$8.00 per foot from 0 to 50 feet in depth. If the cost to the Contractor of reaming casing deeper than 50 feet is greater than \$8.00 per foot, then the Company shall pay the Contractor at field cost for reaming casing below such depth.

9. The Company agrees to pay for the following operations on a field cost basis:

- (a) All cementing operations.
- (b) All wedging operations.
- (c) The removal of all inserted casing and associated material upon completion of drilling on said setup.
- (d) The Company agrees to pay for all casing left in holes at the Company's request at cost.
- (e) All costs arising from a mud and/or calcium chloride circulation operation.
- (f) The cost of reaming cave after the first 2 hours on each individual hole.

10. All field cost operations will be charged to the Company employing the following applications;

| | |
|-------------------|-------------------------|
| Labour | \$8.75 per man hour |
| Drill Rental | \$7.00 per machine hour |
| Material Consumed | Cost plus 10% |

11. In the event that cavities or loose and caving material is encountered of such a nature as to prevent the successful completion of any hole, the Contractor does not under such conditions, guarantee to drill to a predetermined depth, and in the event it becomes necessary to abandon the hole, the Company agrees to pay for such uncompleted holes, and the cost of all material unretracted from said holes, at the rates herein specified for all footage completed.

12. The Company will pay for moves at field cost and will provide a helicopter for moves at no cost to the Contractor.

13. The Contractor will mobilize and demobilize his men, drill and equipment to and from Eddontenajon and will charge the Company \$1,970.00 for same.

14. Travelling time between camp and drill sites in excess of one half hour per man per day will be chargeable to the Company at \$8.75 per man hour.

15. Moving in from Eddontenajon to the property and moving out to the same point at the completion of the contract will be chargeable to the Company at \$8.75 per man hour. No machine hours will be chargeable during moving in and setting up, and tearing down and moving out.

16. The Company will pay for all angle testing of holes at field cost.

17. Fuel for drills, pumps and heaters will be provided by the Company at no cost to the Contractor.

18. Room and board for the Contractor's crew will be provided by the Company at no cost to the Contractor. The Contractor will provide a cook at no cost to the Company.

19. The Contractor will supply water from a source not exceeding 2,000 feet in length and/or 200 feet in elevation. Delays caused by lack of water or freezing conditions will be charged to the Company at field cost.

20. It is agreed that the foreman's daily report will be signed by the Company's engineer and the Contractor's foreman. It is further agreed that the cost items on the foreman's report will be invoiced to and paid for by the Company.

21. Core boxes will be supplied by the Company, or supplied by the Contractor and charged to the Company at \$6.50 per box. If required, a coresplitter will be provided for the Company's use at \$60.00 per month.

22. The Contractor will be subjected to and operate under all applicable Federal and Provincial legislation regarding liability and Workmen's Compensation with respect to the Contractor's employees engaged in the work upon the claims.

23. Once drilling has commenced, the Contractor will be responsible for freight and transportation of Contractor's supplies between Whitehorse and Eddontenajon, provided regular transportation is available. Should chartered transportation be required between Dease Lake and Eddontenajon, the Company will pay for such cost plus delays and expenses incurred by the Contractor at cost only to the Contractor.

24. Upon completion of the work by the Contractor, the Contractor shall have the right to remove within a reasonable length of time all machinery, equipment and facilities of the Contractor placed upon the claims.

25. The Company will pay to the Contractor for all work contemplated by this agreement as the work progresses as follows: For all work done on and before the last day of each calendar month no later than the 15th day of the calendar month next following; interest at 1% per month will be charged on overdue account.

26. The Contractor shall not be liable for any loss or damage directly or indirectly suffered by the Company by reason of any delay or otherwise howsoever owing to strikes, accidents, Acts of God, action of the elements or any other cause beyond the control of the Contractor affecting the operations of the Contractor and in particular, but without affecting the foregoing by reason of the Contractor being unable to get or being delayed in the getting of bits and all diamond drilling supplies and materials.

27. During the course of the work, the Contractor shall, at all times, keep the site of any drilling and camp areas free from accumulation of waste material, rubbish or garbage and upon completion of the work, shall remove all tools, scaffolding, surplus materials, rubbish and garbage and leave the working and camp site in a clean condition. The Contractor shall observe and comply with all applicable Federal and Provincial laws, regulations and orders relating to prevention of forest fires and sanitation in the bush.

28. This agreement shall be binding upon and enure to the benefit of the parties hereto and their respective heirs and assigns.

29. The approximate start up date for drilling shall be June 15th, 1974.

SIGNED BY:

IN THE PRESENCE OF:

TEXASGULF INC.

Leo J. Miller

Swann and

ARCTIC DIAMOND DRILLING LTD.

Robert R. Deering

Texasgulf Inc.

P.O. Box 175

Suite 5000, Commerce Court, Toronto, Ontario M5L 1E7

(416) 869-1200

G. W. Mannard
Regional Manager of Exploration

Exploration Department

June 5, 1974

Arctic Diamond Drilling Ltd.,
184 Industrial Road,
Whitehorse, Yukon Territory.
Y1A 2V1

Re: Agreement dated the 31st day of
May, 1974 - Eddontenajon area

Gentlemen:

Please find enclosed herewith an executed copy of the above agreement providing for diamond drilling work on certain mining claims in the Eddontenajon area of British Columbia. This agreement is being returned to you subject to your agreeing to the following provisions:

- (1) Contractor shall be solely responsible for, and shall hold Texasgulf free and harmless from, and hereby indemnifies Texasgulf against, any and all claims, demands, causes of action, loss, costs, damage and expense, including reasonable attorney's fees arising out of or in connection with injuries to or death of any and all persons and damages to property, attributable to the negligence of Contractor, its agents and employees.
- (2) Contractor, at its own expense, shall procure, carry and maintain on all its operations under the above described agreement policies of insurance which will adequately cover the risks involved, including the indemnification clause set forth above.
- (3) Contractor shall do everything in its power to keep the drilling results secret.

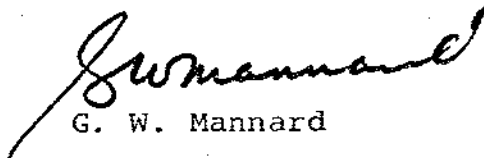
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Arctic Diamond Drilling Ltd.
Eddontenajon area Agreement

June 5, 1974

If the above conditions are acceptable to you, please sign the enclosed copy of this letter in the space provided and return it to us.

Very truly yours,


G. W. Mannard

Agreed this 10 day of
June, 1974

ARCTIC DIAMOND DRILLING LTD.

By 

**CAN-MET
DRILLING LTD.**

3181A 3rd avenue, whitehorse, yukon
phone: (403) 667-7040 telex 036-8-344

THIS AGREEMENT DATED THIS 24th DAY OF June 1974

BETWEEN:

Texasgulf Inc.
701 - 1281 west Georgia Street,
Vancouver 5, B. C.

herein called the Company
OF THE FIRST PART

AND:

CAN-MET DRILLING LTD.,
3181A 3rd Ave.,
whitehorse, Yukon

herein called the Contractor
OF THE SECOND PART

WHEREAS the Company is the owner of or is otherwise well entitled to enter upon and explore groups of mining claims in the Eddontenajon area of British Columbis, and herin called the Claims.

NOW THEREFORE IT IS WITNESSED:

1. The Contractor will percussion drill or cause to be percussion drilled a minimum of three thousand (3,000) feet upon the claims at drill sites to be selected by the Company.
2. The Contractor will commence drilling on a date agreed to by the Contractor and the Company.
3. The work under this agreement will be continued by the Contractor working one ten hour shift, seven days per week until completed.
4. All holes shall be drilled with an overburden drill 1-7/8" hole size.
5. No hole shall exceed a depth of 300 feet unless otherwise agreed upon by both parties.
6. Measurements of all holes shall be made from the top of the casing.
7. The Company will pay for all regular drilling and the penetration of all overburden and reaming casing at the following rates:

...../2

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- 3 -

Penetrating Overburden

The price per foot for drilling in overburden shall be 4.25 casing 4.25 drilling per foot for the first twenty (20) feet. If the cost to the Contractor of penetrating the additional overburden is greater than 4.25 casing, 4.25 drilling per foot, the Company agrees to pay the Contractor at field cost for penetration of such additional overburden.

Reaming Casing

The price per foot for reaming casing in bedrock shall be 4.25 per foot from 0 to 20 feet in depth. If the cost to the Contractor of reaming casing deeper than 20 feet is greater than 4.25 per foot, then the Company shall pay the Contractor at field cost for reaming casing below such depth.

8. The Company agrees to pay for the following operations on a field cost basis:

- (a) The removal of all inserted casing and associated material upon completion of drilling on said setup.
- (b) The Company agrees to pay for all casing left in holes at the Company's request at cost.
- (c) All costs arising from a mud and /or calcium chloride circulation operation.

9. All field cost operations will be charged to the Company employing the following applications:

| | |
|-------------------|--|
| Labour | \$ 9.47 per man hour |
| Drill Rental | \$12.50 per machine hour for a period not to exceed 10 consecutive hours |
| Material Consumed | Cost plus 10 |
| Standby time | \$1650.00 per week |

10. In the event that cavities or loose and caving material is encountered of such a nature as to prevent the successful completion of any hole, the Contractor does not under such conditions, guarantee to drill to a predetermined depth, and in the event it becomes necessary to abandon the hole, the Company agrees to pay for such uncompleted holes, and the cost of all material unretracted from said holes, at the rates herein specified for all footage completed.

CAN-MET
DRILLING LTD.

3181A 3rd avenue, whitehorse, yukon
phone: (403) 667-7040 telex 036-8-344

-3-

11. The Company will pay for moves at field cost.

12. The Contractor will mobilize and demobilize his men, drill and equipment to and from off load point and will charge the Company for same at \$1.50 per mile.

13. Travelling time between camp and drill sites in excess of one half hour per man per day will be chargeable to the company at \$9.47 per man hour.

14. Moving in from off load point to the property and moving out to the same point at the completion of the contract will be chargeable to the Company at field cost.

15. Fuel for drills, pumps and heaters will be provided by the Company at no cost to the Contractor.

16. Room and board for the Contractor's crew will be provided by the Company at no cost to the Contractor.

17. The Contractor will supply water from a source not exceeding 500 feet in length and/or 50 feet in elevation. Delays caused by lack of water or freezing conditions will be charged to the Company at field cost. To supply water over above distances at field cost to Company.

18. It is agreed that the foreman's daily report will be signed by the Company's engineer and the Contractor's foreman. It is further agreed that the most items on the foreman's report will be invoiced to and paid for by the Company.

19. Sample bags and/or containers will be supplied by the Company, or supplied by the Contractor and charged to the Company.

20. The Contractor will be subjected to and operate under all applicable Federal and Provincial legislation regarding liability and Workmen's Compensation with respect to the Contractor's employees engaged in the work upon the claims.

21. Once drilling has commenced, the Contractor will be responsible for freight and transportation of Contractor's supplies between Whitehorse and Eddontenajon, provided regular transportation is available. Should chartered transportation be required between dease Lake and Eddontenajon, the Company will pay for such cost plus delays and expenses incurred by the Contractor at cost only to the Contractor.

22. Upon Completion of the work by the Contractor, the Contractor shall have the right to remove within a reasonable length of time all machinery, equipment and facilities of the Contractor placed upon the claims.

...../4

**CAN-MET
DRILLING LTD.**

3181A 3rd avenue, whitehorse, yukon
phone: (403) 667-7040 telex 036-8-344

- 4 -

23. The Company will pay to the Contractor for all work contemplated by this agreement as the work progresses as follow: For all work done on and before the last day of each calendar month no later than the 30th day of the calendar month next following: interest at $1\frac{1}{2}\%$ per month will be charged on overdue account.

24. The Contractor shall not be liable for any loss or damage directly or indirectly suffered by the Company by reason of any delay or otherwise howsoever owing to strikes, accidents, Acts of God, action of the elements or any other cause beyond the control of the Contractor affecting the operations of the Contractor and in particular, but without affecting the foregoing by reason of the Contractor being unable to get or being delayed in the getting of bits and all drilling supplies and materials.

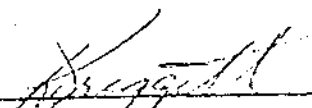
25. During the course of the work, the Contractor shall, at all times, keep the site of any drilling and camp areas free from accumulation of waste material, rubbish or garbage and upon completion of the work, shall remove all tools, scaffolding, surplus materials, rubbish and garbage and leave the working and camp site in a clean condition. The Contractor shall observe and comply with all applicable Federal and Provincial laws, regulations and orders relating to prevention of forest fires and sanitation in the bush.

26. This agreement shall be binding upon and enure to the benefit of the parties hereto and their respective heirs and assigns.


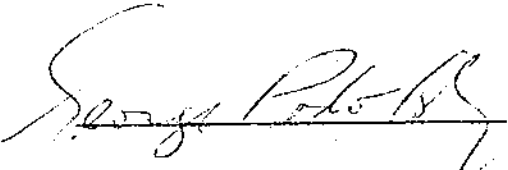
27. The approximate start up date for drilling shall be June 15th, 1974

Signed By:

Witnessed By:


CAN-MET DRILLING LTD.


TEXASGULF INC.

**CAN-MET
DRILLING LTD.**

MAY 21 1974

3181A 3rd avenue, whitehorse, yukon
phone: (403) 667-7040 telex 036-8-344

May 23, 1974

Dr. G. W. Mannard,
Texasgulf Inc.,
P. O. Box 175, Suite 5000,
Commerce Court,
Toronto, Ontario M5L 1E7

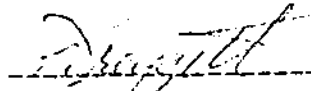
Re: Percussion Drilling Contract Eddontenajon Area

Dear Dr. Mannard:

With regard to the Contract between Texasgulf Inc. and Can-Met Drilling Ltd., we would like to amend this contract by including the following:

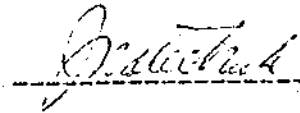
" The Contractor agrees to carry comprehensive liability insurance, written for an inclusive limit of not less than Five Hundred Thousand Dollars (\$500,00) to cover all operations of the Contractor herein. The Contractor specifically represents that, in performing his obligation under this contract, its status is that of an independent contractor and that its employees and employees of its sub-contractor are not employees of the Company for any purpose whatsoever."

Can-Met Drilling Ltd.,
3181A - 3rd. Avenue,
Whitehorse, Yukon

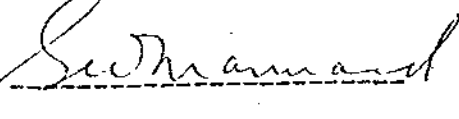


R. A. Wreggitt

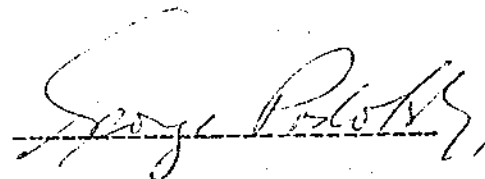
Witness



Texasgulf Inc.
701-1281 West Georgia Street,
Vancouver 5, B. C.



Witness





NOTE: CLAIM POST LOCATIONS ESTABLISHED BY SURVEYOR MCELHANNY ASSOCIATES, PROFESSIONAL LAND SURVEYORS - 1974

to accompany report by
 J.A. Forzycki & G.R. Postfield
 Diamond Drilling, Reclamation Drilling
 and Mine-Cutting
 RED-CHRIS PROPERTY
 10/18/17M

5297 Map B

Department of
 Mines and Petroleum Resources
 M.E. McElhanny & Associates
 NO. 5297 MAP #3

Texas Gulf Inc.

CLAIM MAP B
 DRILL HOLE LOCATIONS
 RED OPTION

SCALE 1" = 400' K.M.G. DEC. 1974