

5819

KENNECO EXPLORATION, (WESTERN) LIMITED

REPORT ON DIAMOND DRILLING

ANDREW NO. 1 CLAIM GROUP

Ootsa Lake Area,  
Omineca M.D., British Columbia

Located 10 km west of Andrew Bay, B. C.

53°50'N

126°45'W

By

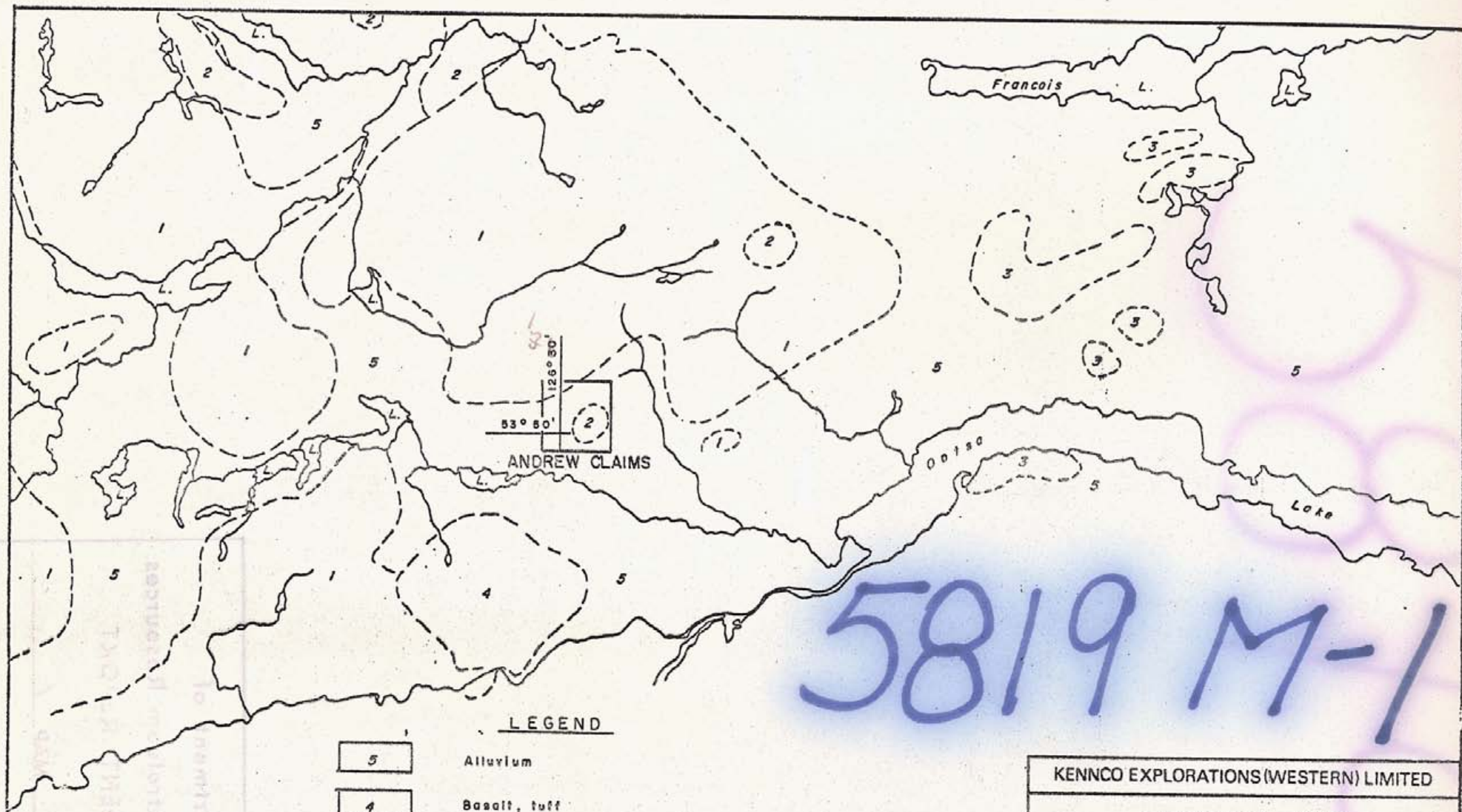
Stephen C. Gower, B.Sc.

March 15, 1976

Department of  
Mines and Petroleum Resources  
ASSESSMENT REPORT

NO. 5819 MAP





5819 M-1

LEGEND

- 5 Alluvium
- 4 Basalt, tuff
- 3 Rhyolite, dacite, andesite, basalt
- 2 Granodiorite, quartz diorite, diorite, granite
- 1 Breccia, tuff, andesite, dacite, rhyolite, basalt, argillite, graywacke, chert, conglomerate, limestone

KENNCO EXPLORATIONS (WESTERN) LIMITED			
LOCATION MAP			
ANDREW CLAIMS			
OMINECA M.D., B. C.			
DATA BY: S.C.G.	N.T.S. 93 E - E	PL. NO.:	1
DRAWN BY:	DATE: Mar. 76	SCALE:	1:253,440
TRACED BY:	DATE:		
REVISIONS:		FILE NO.:	

ANDREW NO. 1 CLAIM GROUP

REPORT ON DIAMOND DRILLING

INTRODUCTION

From October 27 to November 6, 1975 a program consisting of 967 feet (322 meters) of BQ wireline diamond drilling in one hole was completed on the Andrew No. 1 Claim Group located 6 miles west of Andrew Bay on Ootsa Lake. The drilling was done on behalf of Kennco Explorations (Western) Limited by D. W. Coates Enterprises Ltd., under the supervision of S. C. Gower, Geologist.

The hole was drilled to test an area of moderate I.P. response underlain by rocks of the Hazelton Series adjacent to a porphyry stock.

Included in this report is a detailed cost statement covering the drill program. All costs were paid by Kennco Explorations (Western) Limited.

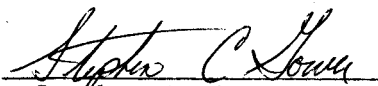
The core diameter is BQ wireline 1 5/16 inches. The core was collected in wooden core boxes, logged, split and sampled. The remaining core is stored in a core rack located in the Kennco warehouse at 207 Pemberton Avenue, North Vancouver, B.C.

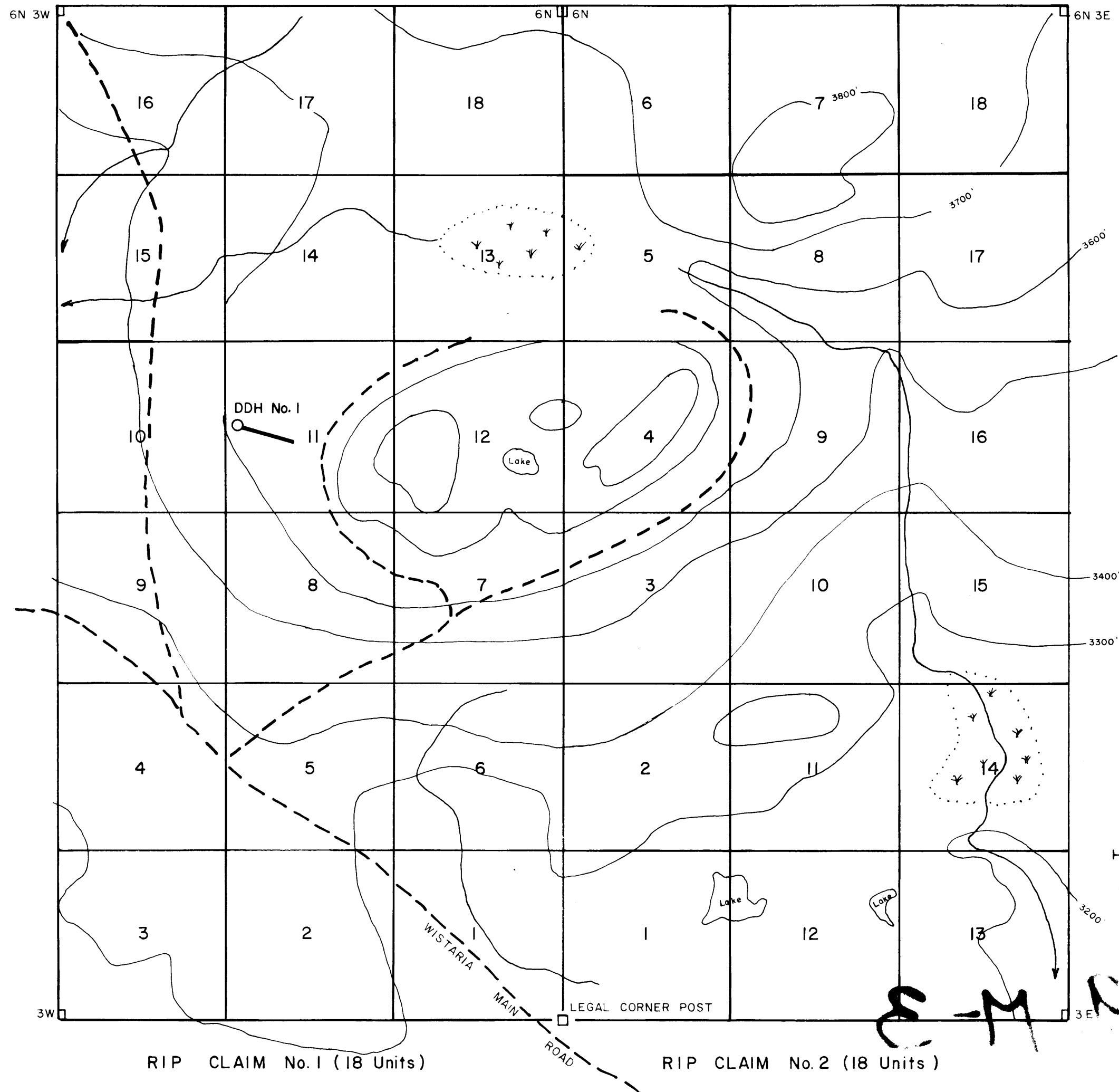
The azimuth, inclination and elevation of the drill hole is indicated on the logs.

The claims are wholly owned by Kennco Explorations, (Western) Limited. Claim grouping and distribution of costs are given on the copies of Notice to Group and Affidavit on Application to Record Work included in the appendices of this report.

Vancouver, B. C.

March 15, 1976

  
Stephen C. Gower



**Department of  
 Mines and Petroleum Resources**  
**ASSESSMENT REPORT**  
 NO. 5819 MAP 2

1 KILOMETER

KENNCO EXPLORATIONS (WESTERN) LIMITED			
ANDREW PROSPECT LOCATION MAP			
for RIP CLAIMS and DRILL SITE MINES, B.C.			
DATA BY: S C G	N.T.S. 93E 15	PL. NO.: 2	
DRAWN BY:	DATE:	SCALE: 1:12,500	
TRACED BY: HRG	DATE: 3-76		
REVISIONS:		FILE NO.:	

RIP CLAIM No. 1 (18 Units)

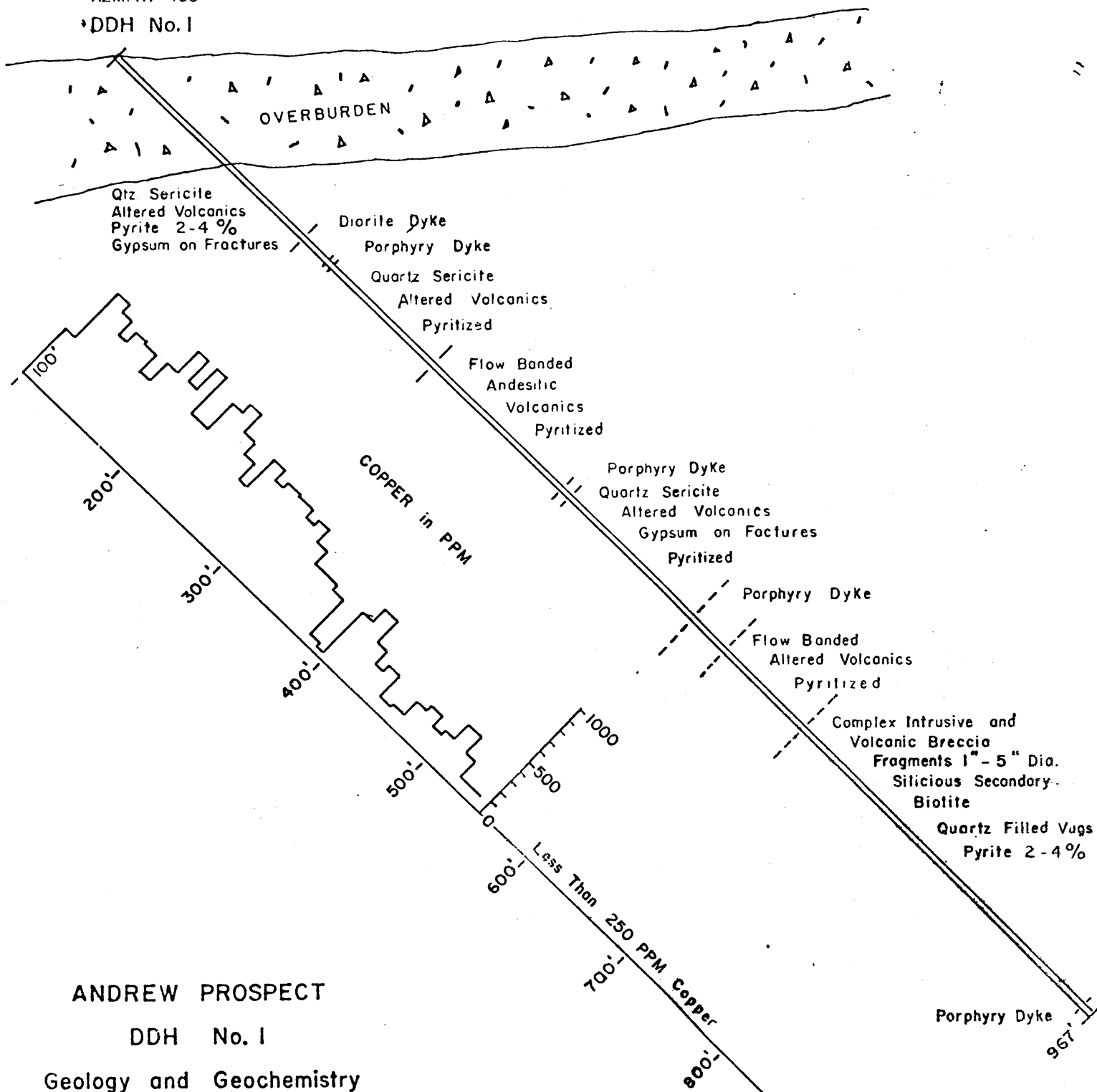
RIP CLAIM No. 2 (18 Units)

E-M-N

Intrusive Outcrop 400' East  $\rightarrow$   $\Delta$

DIP - 45°  
AZMITH - 105°

DDH No. 1



ANDREW PROSPECT

DDH No. 1

Geology and Geochemistry

1" = 100'

Pl. 3

5819 M-3

STATEMENT OF COSTS

Diamond Drilling October 27 - November 6, 1975

Salaries:

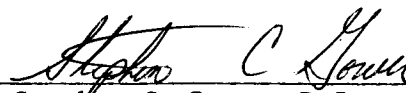
S.C. Gower	Supervisor & Core Logger	5 days @ \$62/day	\$ 310.00
D.P. Dorval	Core Splitter & Laborer	11 days @ \$35.50/day	390.50
H.R. Goddard	Core Splitter	6 days @ \$61/day	366.00
G. Davies	Core Splitter & Sampler	5 days @ \$52/day	260.00
M. De Jong	Cook	11 days @ \$39.50/day	434.50
			<u>\$ 1,761.00</u>

Expenses:

Vehicles: Costs for Company trucks & transportation costs to the jobsite from Vancouver and Return	\$ 1,200.00
Support Costs: 38 mandays @ \$11/day	418.00
Report Preparation	100.00
Drill Costs	15,644.73
Drill Roads & Drill Sites, Field Costs	2,522.63
Analysis: 86 samples @ \$5/sample	<u>430.00</u>
	\$22,075.36

KENNCO EXPLORATIONS, (WESTERN) LIMITED

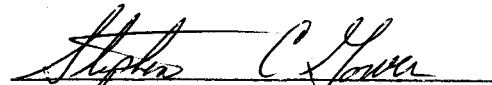
DATED: March 15, 1976

  
\_\_\_\_\_  
Stephen C. Gower, B.Sc.  
Geologist

CERTIFICATION

I, Stephen C. Gower, of the Municipality of Coquitlam, Province of British Columbia, do certify that

1. I am a geologist residing at 987 Gatensbury Street, Coquitlam, British Columbia.
2. I am a graduate of the University of British Columbia with a Bachelor of Science degree in geology.
3. I have practised my profession for six years while in the employ of Kennco Explorations, (Western) Limited.

  
Stephen C. Gower, B.Sc.



APPENDIX I: Copies of Diamond Drilling Contract  
and Invoices from D. W. Coates  
Enterprises Ltd.

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# D.W. COATES ENTERPRISES LTD.

256A SIMPSON ROAD  
RICHMOND, B.C.  
V6X 2P9

INVOICE NO.: 947  
JOB NO.: 262  
DATE: Nov 10/75

Kennco Explorations (Western) Limited  
730 - 505 Burrard Street  
Vancouver, B. C. V7X 1M4

Ootsa Lake Drilling

PERIOD: October 28 - 31, 1975

Drilling Detail

Transportation

Drilling with Mud

Travelling Time

\$4332.90 /  
1250.40 /  
278.08 /  
99.00  

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\$5960.38 /  

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MATERIAL RECEIVED	✓	DATE Nov. 13/75
PRICES, EXTENSIONS & TOTALS CHECKED	✓	
DATE SENT TO		
CHARGE		
APPROVED	<i>R. A. [Signature]</i>	
APPROVED		

Drilling Detail

<u>Hole#</u>	<u>Size</u>	<u>From</u>	<u>To</u>	<u>Footage</u>	<u>Rate</u>	<u>Amount</u>
1	BQ	0	50	50	\$12.70	\$635.00
1	BQ	50	100	50	14.50	725.00
1	BQ	100	106	6	17.50	105.00
1	BQ	106	347	241	11.90	2867.90
				<u>347</u>		<u>4332.90</u>

Transportation

(a) Lump Sum:

Mobilization      50% x \$1400.00      \$700.00

(b) Labour & Equipment

<u>Date</u>	<u>Memo</u>	<u>ManHrs.</u>
Oct 29D	Move to first hole site	20
Oct 30	Move & setup on Hole #1	23
		<u>43</u>

Labour: 43 hours @ \$12.80/hr.      \$550.40 /      \$1250.40

Drilling with Mud

(a) Labour & Equipment

<u>Date</u>	<u>Hole#</u>	<u>Memo</u>	<u>ManHrs.</u>	<u>Mud Mixer</u>
Oct 30D	1	Mix Mud	1	1
Oct 30N	1	" "	6	3
Oct 31D	1	" "	2	2
			<u>9</u>	<u>6</u>
		Labour: 9 hours @ \$12.80	\$115.20 /	
		Mud Mixer: 6 hours @ .60	3.60 /	\$118.80 /
			<u>3.60</u>	

(b) Materials

9 Bags Quik Gel @ \$4.60	\$41.40 /		
9 Bags Quik Trol @ 6.35	57.15 /		
	<u>98.55</u> /		
Plus Freight 470# @ \$8.50/cwt	39.95 /		
	<u>\$138.50</u> /		
Plus 15%	20.78 /	\$159.28	<u>\$278.08</u>

Total Drilling with mud

Travelling Time

Labour & Equipment

<u>Date</u>	<u>Memo</u>	<u>ManHrs.</u>	<u>Truck</u>
Oct 30D	Travel to & from drill	2	2
Oct 30N	" " " "	1	1
Oct 31D	" " " "	1	1
Oct 31D	" " " "	1	1
		<u>5</u>	<u>5</u>

Travelling Time

Labour & Equipment Cont'd

Labour: 5 hours @ \$12.80/hr.	\$64.00	
4 x 4 Trk: 5 hours @ 7.00/hr.	<u>35.00</u>	<u>\$99.00</u>

# D.W. COATES ENTERPRISES LTD.

256A SIMPSON ROAD  
RICHMOND, B.C.  
V6X 2P9

JOB NO.: 262  
DATE: Nov 12, 1975

Kennco Explorations (Western) Limited  
730 - 505 Burrard St.  
Vancouver, B. C. V7X 1M4

Ootsa Lake Drilling

RIOD: November 1 - 6, 1975

Drilling Detail  
Acid Tests  
Transportation  
Travelling Time  
Core Boxes

\$7681.55 /  
72.70 /  
981.60 /  
498.30 /  
226.20 /  
\$9460.35 /

MATERIAL RECEIVED	✓	DATE <i>Nov. 14/75</i>
PRICES, EXTENSIONS & TOTALS CHECKED	✓	
DATE SENT TO		
CHARGE		
APPROVED	<i>R. H. [Signature]</i>	
APPROVED		

Drilling Detail

<u>Hole #</u>	<u>Size</u>	<u>From</u>	<u>To</u>	<u>Footage</u>	<u>Rate</u>	<u>Amount</u>
1	BQ	347	500	153	\$11.90	\$1820.70 /
1	BQ	500	967	467	12.55	5860.85 /
				<u>620'</u>		<u>\$7681.55 /</u>

Acid Tests

Hole # 1	Test @ 106' @ (2 x \$11.90)	\$23.80 /	
Hole # 1	Test @ 500' @ (2 x 11.90)	23.80 /	
Hole # 1	Test @ 700' @ (2 x 12.55)	<u>25.10 /</u>	<u>\$ 72.70 /</u>

Transportation

(a) Lump Sum

Demobilization            50% x \$1400.00        \$700.00

(b) Labour & Equipment

<u>Date</u>	<u>Memo</u>	<u>ManHrs.</u>	
Nov 5	Teardown & move to road	<u>22</u>	
	Labour: 22 hours @ \$12.80/hr.		<u>\$281.60 /</u> <u>\$981.60 /</u>

Travelling Time

Labour & Equipment

<u>Date</u>	<u>Memo</u>	<u>ManHrs.</u>	<u>Truck</u>
Nov 1D	Travel to & from drill	1	1
Nov 1N	Travel to & from drill	1	1
Nov 2D	Travel to & from drill	1	1
Nov 2N	Travel to & from drill	11	3
Nov 3D	Travel to & from drill	5	2
Nov 3N	Travel to & from drill	3	2
Nov 4D	Travel to & from drill	3	1
Nov 4N	Travel to & from drill	2	1
Nov 5D	Travel to & from drill	4	2½
		<u>31</u>	<u>14½</u>

Labour: 31 hours @ \$12.80      \$396.80 ✓  
4 x 4 Tk: 14½ hours @ 7.00      101.50 ✓      \$498.30 ✓

Core Boxes

39 BQ Core Boxes @ \$4.30/box      \$167.70 ✓  
39 BQ Core Boxes Lids @ \$1.50/lid      58.50 ✓      \$226.20 ✓



# D.W. COATES ENTERPRISES LTD.

256A SIMPSON ROAD  
RICHMOND, B.C.  
V6X 2P9

INVOICE NO.: 952  
JOB NO.: 262  
DATE: Dec. 8/75

Kennco Explorations (Western) Ltd.  
730 - 505 Burrard St.  
Vancouver, B. C.  
V7X 1M4

Ootsa Lake Drilling

PERIOD: November 1 - 6, 1975

Transportation

\$ 224.00

\$ 224.00

MATERIAL RECEIVED	✓	DATE	Dec. 10/75
PRICES, EXTENSIONS & TOTALS CHECKED	✓		
DATE SENT TO			
CHARGE			W/140228.
APPROVED			A. P. [Signature]
APPROVED			[Signature]

DEC 1 1975

Transportation

Labour & Equipment

<u>Date</u>	<u>Memo</u>	<u>ManHrs.</u>	
Nov 6	Shovel snow & load trucks	17½	
	Labour: 17½ hours @ \$12.80/hr.		<u>\$224.00</u>

NOV 10 1945  
SEATTLE  
WA

DEC 1 1945

THIS AGREEMENT made as of the 26th day of September, 1975:

BETWEEN:

KENNCO EXPLORATIONS, (WESTERN) LIMITED  
730 - 505 Burrard Street  
Vancouver, B. C. V7X 1M4

(hereinafter referred to as "The Company")

AND:

D. W. COATES ENTERPRISES LTD.  
256 A Simpson Road  
Richmond, B. C. V6X 2P9

(hereinafter referred to as "The Contractor")

WHEREAS the Company has requested the Contractor to complete a minimum of 800 feet of diamond drilling and other services as herein set forth, on the property of the Company in the Houston area in the Province of British Columbia, known as the Ootsa Property;

AND WHEREAS the Contractor has agreed to do the said minimum diamond drilling and to perform the other services requested upon the terms, conditions and provisos herein contained;

NOW THEREFORE this Agreement Witnesseth that in consideration of the payment of the amounts herein stipulated and of the mutual covenants hereinafter contained, the parties hereto agree as follows:-

SCHEDULE OF RATES - CORING

THAT the Company hereby employs the Contractor to diamond drill on the said property a series of bore holes using a BQ core barrel producing a core of approximately 1 5/16 inches. The Company agrees to pay the Contractor on a

footage basis for the said diamond drilling according to the following schedule of rates:

<u>From</u>		<u>To</u>	<u>Price/Foot</u>
0	-	500' in depth	\$11.90
500'	-	800' in depth	\$12.55

It is understood that measurement of all bore holes shall be from the top of the casing or stand pipe as the case may be.

OVERBURDEN

THAT the Company agrees to pay for drilling in overburden with casing or stand pipe for the first 150 feet in any hole according to the following schedule of rates:

<u>From</u>		<u>To</u>	<u>Price/Foot</u>
0	-	50' in depth	\$12.70
50'	-	100' in depth	\$14.50
100'	-	150' in depth	\$17.50
150'	Plus		Field Cost

The Company further agrees that in the event that casing or stand pipe on any hole exceeds 150 feet, then costs for casing or stand piping on that hole shall be charged on an operating field cost basis from 150-foot depth to bedrock.

Whenever pipe or casing is lost through no fault of Contractor or left in a hole on the instructions of the Company's engineer, the Company agrees to pay for said casing or pipe at Contractor's cost F.O.B. mobilization point plus fifteen percent.

The Company agrees to pay the Contractor for the cost of the diamond set shoe or bit in addition to the casing, at Contractor's cost plus ten percent, where pipe or casing are left in the ground.

The Company further agrees that should the casing or stand pipe exceed 150 feet in any hole, the Contractor would be reimbursed at the rate of \$.80 per foot beyond 150 feet of casing employed down the hole to cover wear and tear on the casing.

MOVING BETWEEN HOLES - SETTING UP - TEARING DOWN

THAT the Contractor agrees that the above schedule of rates includes for each drill move the first 20 man hours employed tearing down, moving between holes and setting up the drill at no cost to the Company. Hours employed moving greater than 20 man hours will be charged on an operating field cost basis.

The Contractor agrees to place a tractor on the job to facilitate moving between drill sites.

ACID TESTS

THAT the Contractor agrees to take acid tests at the depths as instructed by the Company's engineer. Such tests will be charged at the rate of two feet of drilling at the depth at which the tests were taken.

TRANSPORTATION

THAT the Contractor agrees to move his men, equipment and supplies from his base to truck unload point and return from load point to base for the lump sum of \$1400.00.

The movement of men, equipment and supplies from truck unload point to first drill site and from last hole to load point will be charged on an operating field cost basis.

WATER SUPPLY

THAT the Company agrees that the above schedule of rates is deemed to include laying, maintaining and removing waterlines up to a distance of 1200 feet and/or a vertical lift of 150 feet.

Should the distance be greater than 1200 feet and/or the lift greater than 150 feet, then the laying, maintaining and removing of the waterlines will be charged on a pro-rata basis; the above distances to the Contractor's account and the "over" to the Company's account on an operating field cost basis.

Fuel used to heat the water, if ever necessary, would be charged at cost on job site.

DRILLING WITH MUD

THAT if it is mutually agreed that mud is required to penetrate the overburden and/or aid in core recovery while core drilling, such mud employed will be charged on a Contractor's cost at job site basis plus fifteen percent.

Time employed mixing mud and stabilizing the drill hole would be charged on an operating field cost basis.

CEMENTING

THAT if it is mutually agreed that cementing of the bore hole is required to stop cave-ins or maintain water return, then the Company agrees to pay the Contractor for cementing on an operating field cost basis.

Waiting for cement to set would be charged on a non-operating field cost basis.

TRAVELLING TIME

THAT the Company agrees that should the time required to walk or ride from the camp to the drill site and return per shift be greater than one-half hour, then all travelling time over the 1/2 hour would be charged on an operating field cost basis. Should the Contractor's truck be required for transport from the camp to the drill site and return, then all truck operating time would be charged at the rate listed under operating field costs.

REAMING AND CASING

THAT the Company agrees that all reaming and casing that is necessary to stop cave-ins or maintain the return flow of water shall be completed at the Company's request and that the cost of performing such reaming and placing of such casing as may be required would be charged on an operating field cost basis.

Casing would be charged at the rate of \$.80 per reamed foot.

DIRECTIONAL AND CONTROLLED DRILLING

THAT it is mutually agreed that directional drilling to change the direction of a bore hole and controlled drilling to maintain the angle of a bore hole shall not be part of this agreement.

SECURITY

THAT the Contractor will not give out, or in any way divulge, any information regarding drill results or allow access to core to any person other than to the Company's representative.

BOARD AND LODGING

THAT the Company agrees to supply suitable board and lodging for the drill crew at no cost to the Contractor.

PERFORMANCE OF WORK

The Contractor shall perform the work contemplated hereby in good and workmanlike manner in accordance with the orders and directions of the representative of the Company and, without limitation, conduct the drilling so as to produce maximum core recovery with every reasonable precaution taken to prevent crushing, wearing or grinding of core. All cores recovered by the Contractor shall be carefully marked, placed in core boxes and delivered to the Company at the drillsite.

CORE BOXES

THAT the Company agrees to pay the Contractor \$4.30 per box and \$1.50 per lid, supplied by the Contractor at the request of the Company.

CORE SPLITTER

THAT the Contractor agrees to supply a core splitter if requested, at the rate of \$25.00 per month.

DRILLING SITES

THAT the Contractor agrees to case and drill on the sites and at angles and azimuths selected by the Company representative and to follow the instructions of the said representative relating to place and time of drilling.



SUSPENSION OF DRILLING

THAT if the drilling contemplated hereunder is suspended temporarily for technical and engineering reasons at the direction of the representative of the Company, then the time involved during such suspension shall be charged to the Company on a non-operating field cost basis.

FIELD COSTS

THAT the Company agrees that subject to the clause entitled "DELAY CAUSED BY CONTRACTOR" the following rates shall apply when certain work as defined in this contract is performed on a field cost basis. "Field Cost" is defined as all direct labour, including supervision, and all related costs, drill and support equipment per hour, and cost of pipe or casing lost, diamond loss, and materials and supplies consumed in this work.

Operating Field Costs:

Labour .....	\$12.80 per man hour
Drill with tower-.....	\$ 9.40 per hour
Pump .....	\$ .80 per hour
Coil Stove (when applicable) .....	\$ .60 per hour
Mud Mixer (when applicable) .....	\$ .60 per hour
Pickup Truck (when applicable) .....	\$ 6.00 per hour
4 x 4 Truck (when applicable) .....	\$ 7.00 per hour
Tractor .....	\$14.50 per hour
Materials Consumed .....	\$Inv. cost to Contractor at job site plus fifteen percent.

Note: No charge is made for drill or pumps when mobilizing or demobilizing, moving between holes, and laying waterline.

Non-Operating Field Costs: (Maximum 8 hours per day)

Labour .....	\$11.80 per man hour
Drill, pumps, and all other equipment as one unit .....	\$ 5.00 per hour
Tractor .....	\$ 4.00 per hour

TAXES

Except for sales taxes on material paid for by the Company as part of Field Costs, all taxes which Contractor may be required to pay or collect are for Contractor's account and shall be deemed to be included in the price stipulated, whether or not they are required to be separately stated.

PAYMENTS

THAT the Company agrees to make payments at the rates hereinbefore specified in accordance with the terms hereinafter set out, that is: For all work done hereunder between the first and 15th day and the 16th and last day of the month, payment shall be due and payable fifteen days after the date on which the invoice is received by the Company. All accounts more than thirty days overdue shall upon written notice that the account is overdue, bear interest at the rate of one percent per month calculated from the date of receipt of written notice to that effect by the Company. These payments shall be made as the work progresses in conformity with the Contractor's semi-monthly invoices, which shall be supported by Daily Drill Records, vouchers, or other evidence satisfactory to the Company. The Company will have the right to inspect the books of the Contractor only to the extent necessary to verify costs.

CAVED OR BROKEN GROUND

THAT in the event that cavities or loose and caving materials are encountered of a nature such as to prevent the successful completion of any hole, the

Contractor does not, under such conditions, guarantee to drill a pre-determined depth and in the event that it becomes necessary to abandon the hole, the Company agrees to pay for such incompletd hole at the rates herein specified for all footage completed.

#### ENVIRONMENT

THAT during the course of the work, the Contractor shall at all times keep the Company's property free from accumulation of waste material and rubbish and upon completion of the work shall remove all tools, scaffolding and surplus material and leave the property in a clean condition. The Contractor shall observe and comply with all applicable Federal and Provincial laws, regulations, and orders including, without limitation, those relating to prevention of forest fires and sanitation in the bush.

#### INSURANCE

THAT the Contractor, during the entire term of this agreement, will obtain and continue in force, at its own expense, all insurance specified below. The Contractor will not commence work nor allow any sub-contractor to commence work until all insurance to be obtained by Contractor has been approved and accepted by the Comptroller of Kennco Explorations, (Western) Limited.

The insurance to be obtained and continued in force by the Contractor is the following:

- (a) Workmen's Compensation Insurance.
- (b) Comprehensive Automobile Liability Insurance, with Bodily Injury Limits of \$100,000.00 each person and \$300,000.00 each accident and Property damage with a Limit of \$25,000.00 each accident.

- (c) Comprehensive General Liability Insurance with limits of at least \$500,000 bodily injury, including death, and \$500,000/property damage.

Any exclusion of the insurance pertaining to (1) damage to underground property, (2) collapse of structures, or (3) damage resulting from explosion or blasting, shall be deleted. Certificates of insurance which shall be furnished to the Comptroller shall include the following statements:

- (aa) At least ten (10) days prior to the effective date of any material change or cancellation written notice thereof will be sent by registered mail to the Comptroller, Kennecott Canada Limited, P.O. Box 20, Toronto-Dominion Centre, Toronto, Ontario, M6K 1A1.
- (bb) The Contractual Liability insurance coverage covers the liability of the insured assumed under the indemnity and insurance provisions of this agreement.
- (cc) The Comprehensive General liability insurance coverage covers (1) damage to underground property, (2) collapse of structures, (3) damage resulting from explosion or blasting, and (4) liability for sickness or injury, including death, to any employee not compensable under the Workmen's Compensation Act of British Columbia.

#### RIGHT OF CANCELLATION

THAT the Contractor reserves the right to cancel this agreement should its fulfillment be rendered impossible by:

- (a) War, invasion, insurrection, riot, the order or regulations of any civil or military authority, or by strikes, lockout, or labour disputes, whether in or in the neighbourhood of the Contractor's plant or of that of any supplier of materials necessary for the completion of the contract.
- (b) The inability to obtain essential materials and supplies due to priority restriction.
- (c) The inability to secure labour due to restrictions or causes beyond the Contractor's control, and the Contractor shall not be liable for any loss or damage directly or indirectly suffered by the Company by reason of exercise of such right of cancellation.

THAT the Company will have the right at any time to terminate this agreement upon giving written notice to the Contractor PROVIDED that if such termination is effective before completion of the said minimum drilling the Company shall reimburse the Contractor for substantiated actual costs incurred by the Contractor directly as a result of cancellation, excluding consequential damages and loss of profits. Termination shall be effective (i) immediately upon receipt of notice, or (ii) upon such later date as may be specified in the notice.

DELAY CAUSED BY THE CONTRACTOR

THAT if delay in the drilling is caused by the Contractor, either as a result of a breakdown in its equipment or otherwise, no charge shall be made to the Company for the time required to repair such equipment or otherwise remedy the situation to permit continuance of the work contemplated by this agreement.

GENERAL

THAT the Contractor agrees to indemnify and save harmless the Company against any and all loss and expense, including attorney's fees and other legal expenses by reason of liability imposed or claimed to be imposed by law upon the Company for damage because of bodily injuries, including death at any time resulting therefrom, or on account of damage to property, sustained by any person or persons arising out of or in consequence of the performance of the work contemplated by this agreement or the use by the Contractor or any sub-contractor of any equipment which may be furnished or loaned to the Contractor or any sub-contractor by the Company, whether or not such bodily injuries, death, or damage to property arise or are claimed to have arisen in whole or in part out of the negligence or any

other grounds of legal liability, including violation of any duty imposed by a statute, or ordinance or regulations, on the part of the Contractor, or sub-contractors, the Company, the employees or agents of any of them, or any other person or organization.

THAT it is mutually agreed that this agreement shall be binding upon and enure to the benefit of the parties hereto, their respective successors and permitted assigns, but shall not be assignable by either party without the consent in writing of the other party first had and obtained.

THAT it is further agreed that this agreement and any dispute arising hereunder shall be interpreted and determined in accordance with the laws of the Province of British Columbia.

NOTWITHSTANDING anything to the contrary herein contained, the relationship of the Contractor, its servants and agents, with the Company shall be that of an independent contractor and not of master and servants.

THAT any notice required to be given hereunder shall be properly given if mailed by registered letter addressed to the Company as follows:

Kennco Explorations, (Western) Limited  
Suite 730 - One Bentall Centre,  
505 Burrard Street,  
Vancouver, B. C. V7X 1M4

or to the Contractor by registered letter addressed as follows:

D. W. Coates Enterprises Ltd.,  
256 A Simpson Road,  
Richmond, B. C. V6X 2P9

IN WITNESS WHEREOF these presents have been executed by the parties hereto  
the day and year first above written:

SIGNED, SEALED AND DELIVERED

in the presence of:

-----

-----

-----

-----

KENNCO EXPLORATIONS, (WESTERN) LIMITED

*R. H. Stone* } VICE-PRESIDENT  
-----

*J. Hancock* ASSISTANT SECRETARY  
-----

D. W. COATES ENTERPRISES LTD.

*D. W. Coates*  
-----

*R. J. King*  
-----

TO:

Kennco Explorations (Western) Ltd.  
730-505 Burrard St.  
Vancouver, B. C.

DEBIT NOTE No. 751-338  
DATE November 30, 1975

INVOICE No.  
PURCHASE ORDER No.

WE HAVE DEBITED YOUR ACCOUNT AS SHOWN:

Equipment Rental

D-7 Cat # 50-56

25 Operating Hours @ 40.50/Hour  
2 " " @ 48.50/Hour  
5 Standby Hours @ 20.25/Hour

\$ 1,012.50  
97.00  
101.25

668 Skidder # 25-64

30.5 Operating Hours @ 27.75/Hour  
4.0 Standby Hours @ 14.00/Hour

846.38  
56.00

Falling

2 Days Falling & Equipment @ 111.00/Day

222.00

Supervisor

1 7/8 Days Supervisor @ 100.00/Day

187.50

\$ 2,522.63

MATERIAL RECEIVED	<i>[Signature]</i>	DATE	<i>Dec 15/75</i>
PRICES, EXTENSIONS & TOTALS CHECKED			
DATE SENT TO			
CHARGE	<i>v/11/97228</i>		
APPROVED	<i>[Signature]</i>		
APPROVED	<i>[Signature]</i>		

DEBITS		CREDITS	
CODE	AMOUNT	CODE	AMOUNT
1-480-900	2522.63	798-206-498	1210.75
		798-134-498	902.38
		770-800-498	222.00
		771-800-498	187.50



APPENDIX II: Assay Results

KENNCO EXPLORATIONS, (WESTERN) LIMITED

1405 PEMBERTON AVENUE  
NORTH VANCOUVER, B.C. V7P 2R8

Andrew Bay Drilling

Date November 1975

'A'

To		GEOCHEMICAL LAB REPORT						Code	
S Sample No.	1	2	3	4	5			From	To
	Mo ppm	Cu ppm	Zn ppm	Pb ppm	Ag ppm				
47225	35	430	43	60	1.0			105	116
26	33	850	38	8	.8			116	126
27	18	790	48	6	1.0			126	136
28	12	640	38	5	.8			136	145
29	72	770	27	5	.8			147	157
47230	43	750	33	4	.8			157	167
31	54	550	21	4	.6			167	177
32	100	750	49	3	.4			177	187
33	90	900	36	4	1.2			187	196
34	36	750	37	5	1.2			197	206
35	47	950	42	9	1.1			206	213.5
36	39	550	38	4	1.2			213.5	217
37	53	530	21	3	.8			217	227
38	42	840	40	8	.8			227	237
39	120	940	57	6	1.2			237	247
47240	24	730	41	5	1.0			247	257
41	20	660	35	4	.8			257	267
42	23	490	34	5	1.0			267	277
43	52	750	29	9	.5			277	287
44	55	640	33	11	.5			287	297
45	115	725	38	10	.5			297	307
46	6	720	37	6	.6			307	317
47	60	610	39	8	.6			317	327

EXTRACTION \_\_\_\_\_ REMARKS \_\_\_\_\_

METHOD \_\_\_\_\_

FRACTION USED \_\_\_\_\_

WEIGHT USED \_\_\_\_\_ ANALYST A. K. Goddard

KENNCO EXPLORATIONS, (WESTERN) LIMITED

1405 PEMBERTON AVENUE  
NORTH VANCOUVER, B.C. V7P 2R8

Andrew Bay. Drilling

November 1975

'B'

Date \_\_\_\_\_

To		GEOCHEMICAL LAB REPORT						Code	
S Sample No.	1	2	3	4	5			From	To
	Mo ppm	Cu ppm	Zn ppm	Pb ppm	Ag ppm				
47248	24	670	42	5	1.0			327	337
49	40	540	42	4	.9			337	347
50	40	460	35	9	1.0			347	357
51	17	460	34	5	1.2			357	367
52	40	420	40	9	1.0			367	377
53	4	60	63	16	.6			377	387
54	6	35	77	9	.7			387	397
55	17	450	49	11	.9			397	407
56	4	540	54	12	1.0			407	417
57	14	310	41	10	.4			417	427
58	13	230	33	5	.5			427	437
59	8	290	40	7	1.0			437	447
47260	6	100	31	5	.4			447	457
61	11	140	37	5	.7			457	467
62	34	250	40	3	.6			467	477
63	7	290	53	4	.4			477	487
64	23	200	52	2	.6			487	497
65	13	250	46	3	.3			497	507
66	5	385	46	5	.6			507	517
67	8	230	43	5	.6			517	527
68	10	180	24	2	.8			527	537
69	6	40	26	2	.6			537	547
47270	13	45	27	8	.5			547	557

EXTRACTION \_\_\_\_\_ REMARKS \_\_\_\_\_

METHOD \_\_\_\_\_

FRACTION USED \_\_\_\_\_

WEIGHT USED \_\_\_\_\_ ANALYST A. R. Goddard

KENNCO EXPLORATIONS, (WESTERN) LIMITED

1405 PEMBERTON AVENUE  
NORTH VANCOUVER, B.C. V7P 2R8

Andrew Bay Drilling

'C'

Date November 1975

To		GEOCHEMICAL LAB REPORT						Code	
S Sample No.	1	2	3	4	5			From	To
	Mo ppm	Cu ppm	Zn ppm	Pb ppm	Ag ppm				
47271	9	70	22	6	.4			557	567
72 72	15	80	19	8	.5			567	572
73	11	90	23	7	.4			594	607
74	7	90	22	5	.4			607	617
75	6	120	19	8	.9			617	627
76	5	150	16	3	.4			627	637
77	4	130	17	2	.3			637	647
78	2	100	27	1	.6			647	657
79	2	220	28	2	.2			657	667
47280	3	170	28	3	.4			667	677
81	6	140	22	5	.7			677	687
82	5	70	16	2	.4			687	697
83	3	130	30	2	.4			697	707
84	5	140	32	2	.8			707	717
85	5	195	32	11	.8			717	727
86	16	115	25	5	.4			727	737
87	4	115	30	2	.2			737	747
88	1	150	33	10	.8			747	757
89	1	125	30	5	.2			757	767
47290	1	160	34	2	.5			767	775.5
91	4	170	37	5	.3			775.5	777
92	2	165	28	5	.5			777	787

EXTRACTION \_\_\_\_\_ REMARKS \_\_\_\_\_

METHOD \_\_\_\_\_

FRACTION USED \_\_\_\_\_

WEIGHT USED \_\_\_\_\_ ANALYST A R Goddard

KENNCO EXPLORATIONS, (WESTERN) LIMITED

1405 PEMBERTON AVENUE  
NORTH VANCOUVER, B.C. V7P 2R8

Andrew Bay Drilling  
'D'

Date November 1975

To		GEOCHEMICAL LAB REPORT						Code	
S Sample No.	1	2	3	4	5			From	To
	Mo ppm	Cu ppm	Zn ppm	Pb ppm	Ag ppm				
47293	7	160	26	7	.8			787	797
94	6	170	33	8	.7			797	807
95	9	200	32	5	.9			807	817
96	6	170	31	9	.9			817	827
97	8	150	30	2	.7			827	837
98	9	180	38	5	1.1			837	847
99	6	150	40	6	.5			847	854
47300	5	150	31	5	.8			857	867
01	6	195	29	9	.8			867	877
02	4	240	35	5	.3			877	887
03	6	50	16	5	.6			887	897
04	14	160	33	3	.7			897	907
05	8	220	30	5	1.1			907	917
06	7	280	27	5	1.0			917	927
07	8	170	31	5	.8			927	937
08	8	140	28	2	.6			937	947
09	5	130	29	3	.8			947	957
47310	8	120	26	2	.8			957	962

EXTRACTION \_\_\_\_\_ REMARKS \_\_\_\_\_

METHOD \_\_\_\_\_

FRACTION USED \_\_\_\_\_

WEIGHT USED \_\_\_\_\_ ANALYST H.R. Goddard

APPENDIX III: Drill Logs

# DIAMOND DRILL RECORD

PROPERTY ANDREW PROSPECT SHEET NO. 1 OF 6 HOLE NO. 1  
 DRILLED BY: D. W. COATES STARTED: OCT 30/75 COMPLETED: \_\_\_\_\_ LOGGED BY: S. C. GUNN  
 LOCATION: GRID LINES 16N 8E BEARING: 105° DIP: 45°  
 ELEVATION: 3500' FINAL DEPTH: 967'

DEPTH	CORE RECOVERED	% REC.	INTERSECTION ANGLE	DESCRIPTION
0-105	—	—		OVERBURDEN
105-115.9	✓	75	45°	QUARTZ-SERICITE ALTERED ANDESITIC VOLCANIC. PORPHYRITIC IN PHASES. PYRITE & GYPSUM ON FRACTURES. VEINLETS OF QUARTZ <sup>CHALCITE</sup> UP TO 1/4" WIDE. PYRITE 1-2%
116-126.9	✓	85		FINER GRAINED THAN 105-115.9 PYRITE 2-3% DISS. & AS FRACTURE FILLINGS. OTHERWISE SIMILAR.
126-135.9	✓	75		MORE INTENSE SILICIFICATION THAN 105-125.9. LESS SERICITE ALTERATION. ROCK HAS BEEN EXTENSIVELY FRACTURED & REVEALED WITH QUARTZ, FELDSPAR & PYRITE. ≈ 2-3%
136-144.9	✓	90		AS ABOVE 105-135.9 IN ROCK TYPE ALTERATION BECOMING INCREASINGLY SERICITIC.
145-146.9	✓	95		FELDSPAR PORPHYRY DYKE OR SILL. 2" CHILL MARGIN 1% PYRITE FRESH.
147-156.9	✓	85		QUARTZ SERICITE ALTERED ANDESITIC VOLCANIC. EXTENSIVELY FRACTURED & REVEALED BY QUARTZ-FELDSPAR-PYRITE VEINLETS. OCCASIONAL POD OF PYRITE ≈ 3" WIDE.
<del>157-167.9</del>				
157-166.9	✓	90		AS 147-156.9. FAULT 6" WIDE AT 164. NUMEROUS CROSS CUTTING SEAMS OF PYRITE.
160-172.9	✓	95		PYRITE. ≈ 2-3% WELL FRACTURED & REVEALED AS ABOVE.
173-174.9	✓	95		FELDSPAR PORPHYRY DYKE OR SILL, SIMILAR TO 145-146.9
175-179.9	✓	95		QUARTZ SERICITE ALTERED ANDESITIC VOLCANIC. CHALCITE ON FRACTURES. PYRITE-QUARTZ FELDSPAR FRACTURE FILLINGS. PYRITE 2-3%
180-196.9	✓	90		AS 175-179.9. HIGHLY FRACTURED & REVEALED. CROSS CUTTING QUARTZ VEINLETS
197-198.9	✓	95		MARGIN OF QUARTZ DIORITE DYKE. VEINED WITH PYRITE & QUARTZ.
199-213.5	✓	95		HIGHLY FRACTURED & REVEALED QUARTZ DIORITE. MINOR H <sub>2</sub> O IN QUARTZ VEINLETS

*S. C. Gunn*

AT 2040.

# DIAMOND DRILL RECORD

PROPERTY ANDREW PROSPECT SHEET NO. 2 OF 6 HOLE NO. 1  
 DRILLED BY: D.W. COATES STARTED: OCT 30/75 COMPLETED: NOV 5/75 LOGGED BY: S.C.G.  
 LOCATION: 16N 8E BEARING: 105° DIP: 45°  
 ELEVATION: 3500' FINAL DEPTH: 967

DEPTH	CORE RECOVERED	% REC.	INTERSECTION ANGLE	DESCRIPTION
213.6-217	✓	95		RELATIVELY FRESH FELDSPAR PORPHYRY DYKE. CHILL MARGIN AT 213.6. PYRITE ≈ 1-2%
217.1-225.9	✓	95		QUARTZ SERICITE ALTERED ANDESITIC VOLCANIC, SIMILAR TO 105-176.9 HIGHLY FRACTURED AND REVEALED WITH QUARTZ-SERICITE, & PYRITE. CROSSCUTTING CHLORITE & GYPSUM VEINLETS.
226-236.9	✓			AS 217.1-225.9 PROGRESSING TO QUARTZ DIORITE DYKE AT 237. (HYBRID PHASE) EXTENSIVELY FRACTURED & REVEALED WITH QUARTZ-FELDSPAR & PYRITE. NUMEROUS CROSSCUTTING PYRITE VEINLETS. PYRITE CONTENT ≈ 3%. MINOR MoS <sub>2</sub> IN QUARTZ VEINLETS.
237-247	✓	90		QUARTZ DIORITE DYKE. QUARTZ-SERICITE, PYRITE ALTERATION. QUARTZ FELDSPAR ENVELOPES. MINOR MoS <sub>2</sub> IN QUARTZ VEINLETS.
247.1-258	✓	95		AS ABOVE. FELDSPAR PORPHYRY DYKE CROSSCUTTING AT 254'
258.1-260	-	90		FELDSPAR PORPHYRY DYKE.
260.1-267	✓	95		QUARTZ DIORITE DYKE
267.1-277	-	95		MODERATELY ALTERED ANDESITIC VOLCANIC. (QUARTZ-SERICITE) PYRITE 2-3%. <del>277.1-285</del> DISS. & AS FRACTURE FILLINGS.
277.1-285	✓	95		QUARTZ-SERICITE ALTERATION INCREASING IN INTENSITY TO 285'. MINOR MoS <sub>2</sub> ON QUARTZ VEINLETS.
285.1-297	✓	95		AS ABOVE 277.1-285

*S.C.G.*



# DIAMOND DRILL RECORD

PROPERTY ANDREW PROSPECT SHEET NO. 3 OF 6 HOLE NO. 1  
 DRILLED BY: DW COATES STARTED: OCT 30/75 COMPLETED: NOV 5 75 LOGGED BY: \_\_\_\_\_  
 LOCATION: 16N BE BEARING: 105° DIP: 45°  
 ELEVATION: 3500' FINAL DEPTH: 967'

DEPTH	CORE RECOVERED	% REC.	INTERSECTION ANGLE	DESCRIPTION
297.1-307	✓	95		QUARTZ-SERICITE ALTERED ANDESITE. INTENSELY ALTERED & PYRITIC. MINOR $MoS_2$ IN QUARTZ VEINLETS.
307.1-317	✓	65		QUARTZ-SERICITE ALTERATION DIMINISHING. ORIGINAL TEXTURE MORE EVIDENT. PYRITE ≈ 2%
317.1-327	✓	90		FLOW BANDED ANDESITE. GREENISH. CHLORITE ALONG FRACTURES. CROSSCUTTING PYRITE FILLED FRACTURES.
327.1-337	✓	90		AS ABOVE PYRITE ≈ 2-4%
337.1-347	✓	97		PYRITIC ANDESITIC VOLCANIC. FLOW BANDING AT RIGHT ANGLES TO CORE INTERSECTION ANGLE. 2-4% PYRITE.
<del>347.1-357</del>	<del>✓</del>	<del>98</del>		
347.1-357	✓	98		MODERATELY QUARTZ-SERICITE ALTERED ANDESITE. GYPSUM ON FRACTURES.
357.1-367	✓	95		AS 347.1-357. GRAPHITE SLIPS ON FRACTURES.
367.1-377	✓	96		AS 357.1-367
377.1-387	✓	90		FAULT ZONE GRAPHITE & SERICITE SLIPS, PORPHYRY DYKE ≈ 2" WIDE, INCLUDED.
387.1-397	✓	85		AS 377.1-387. (FAULT ZONE)
397.1-407	✓	80		AT 400.5' THE FAULT ZONE GRADERS INTO SHEARED & ALTERED ANDESITE WHICH BECOMES MORE MASSIVE BY 403'. CROSSCUTTING QUARTZ-FELDSPAR ENVELOPES MINERALIZED BY PYRITE. MINOR AMOUNTS OF $MoS_2$ & CPY ALONG Qtz FILLED FRACTURES.
417.1-427	✓	88		SHEAR ZONE. 417'-419' GRADING INTO SILICIFIED <sup>HYDRO</sup> ANDESITE. GRAPHITE ALONG FRACTURES.

S. C. Loomis

# DIAMOND DRILL RECORD

PROPERTY ANDREW PROSPECT SHEET NO. 4 OF 6 HOLE NO. 1  
 DRILLED BY: D.W. COATES STARTED: OCT. 30/75 COMPLETED: NOV 5/75 LOGGED BY: S.C.G.  
 LOCATION: 16N 8E BEARING: 105° DIP: 45°  
 ELEVATION: 3500' FINAL DEPTH: 967'

DEPTH	CORE RECOVERED	% REC.	INTERSECTION ANGLE	DESCRIPTION
427.1-437	-	80		HIGHLY SHEARED SILICIFIED ANDESITE. PYRITE ON FRACTURES. GYPSUM & SERICITE ALONG SHEARS. RELICT FLOW BANDING EVIDENT IN ANDESITIC FRAGMENTS. GRAPHITE SLIPS. 2-3% PYRITE.
437.1-447	✓	90		AS 427.1-437. PODS OF MAGNETITE & PYRITE AT 446'
447.1-457	-	96		ANDESITIC VOLCANICS CONTAINING FRAGMENTS OF BASALT. FELDSPAR PORPHYRY DYKE AT 452'
457.1-467	✓	99		AS 447.1-457, FELDSPAR PORPHYRY DYKE AT 465'
467.1-477	-	97		SILICIFIED PYRITIC ANDESITE. GYPSUM ON FRACTURES. GRAPHITE ON SHEARS.
477.1-487	-	96		AS 467.1-477, VEINLETS OF QUARTZ & PYRITE.
487.1-497	✓	97		AS 467.1-477, VERY FAINT RELICTS OF FLOW BANDING.
497.1-507	✓	95	45° @ 500'	SILICIFIED PYRITIC ANDESITE FAINT FLOW BANDING.
507.1-517	✓	96		AS 497.1-507
517.1-527	✓	97		AS 497.1-507, BUT INCREASING SERITIZATION. OF FELDSPAR PHENOCRYSTS
527.1-537	✓	97		AS 517.1-527
537'-572'	✓	96		QUARTZ-SERICITE ALTERED ANDESITE CUT BY 1-2' PORPHYRITIC DYKES.
<del>524-544'</del>	✓	<del>95</del>		2-4% PYRITE ASS' & IN VEINLETS. GYPSUM ALONG FRACTURES. MINOR SHEARING.
572.1-594	-	100		FELDSPAR PORPHYRY DYKE 8" CHILL MARGIN AT 572'
594.1-667	✓	98		ANDESITIC VOLCANIC, BRITTLE, WELL FRACTURED AND MINERALIZED WITH PYRITE, CHLORITE, AND GYPSUM. RELICT FLOW BANDING. PYRITE 2-3% <span style="float: right;">ALONG FRACTURES</span>

S.C.G.

# DIAMOND DRILL RECORD

PROPERTY: ANDREW PROSPECT SHEET NO. 5 OF 6 HOLE NO. 1  
 DRILLED BY: D.W. COATES STARTED: OCT 30/75 COMPLETED: NOV 5/75 LOGGED BY: S.C.G.  
 LOCATION: 16N 8E BEARING: 105° DIP: 45°  
 ELEVATION: 3500' FINAL DEPTH: 967'

DEPTH	CORE RECOVERED	% REC.	INTERSECTION ANGLE	DESCRIPTION
667.1-697	✓	99		COMPLEX BRECCIA, CONSISTING OF INTRUSIVE & VOLCANIC FRAGMENTS IN A MATRIX OF QUARTZ AND FELDSPAR. CROSSCUTTING ENVELOPES OF QUARTZ AND FELDSPAR MINERALIZED WITH PYRITE. GYPSUM ON FRACTURES. FRAGMENT SIZE UP TO 5" IN DIAMETER. PYRITE SEAMS UP TO 1/4" THICK. CLOTS OF SECONDARY BIOTITE.
697.1-717	✓	95	45° @ 70'	AS 667.1-697. PYRITE SEAMS MORE ABUNDANT. INTRUSIVE FRAGMENTS EVERY 2' (APPROX)
717.1-727	✓	95		AS ABOVE (671.1-717) NUMEROUS CROSSCUTTING QUARTZ VEINLETS AND QUARTZ BRECCIA INFILLINGS. MOST BRECCIA FRAGMENTS INTRUSIVE. PYRITE 2-4% LAUMONTITE, GYPSUM & QUARTZ ON FRACTURES.
727.1-747	✓	95		COMPLEX BRECCIA. ALTERATION ENVELOPES AROUND FRACTURES. CLUMPS OF SECONDARY BIOTITE. PYRITE SEAMS ≈ 1/4" THICK.
747.1-837	✓	95		BRECCIA FRAGMENTS PARTIALLY ASSIMILATED INTO GROUNDMASS. NUMEROUS CROSSCUTTING GYPSUM AND PYRITE VEINS. CLUMPS OF SECONDARY BIOTITE. VOLCANIC FRAGMENTS OFTEN ROUNDED.
837.1-853.5	✓	95		AS 747.1-837. BRECCIA FRAGMENTS MORE POORLY SORTED. PYRITE ≈ 3%.
853.5-857	✓	95		FINE GRAINED DYKES
857.1-880'	✓	96		COMPLEX BRECCIA CUT BY QUARTZ-FELDSPAR-PYRITE VEINLETS. GYPSUM ON FRACTURE

*S.C.G.*

