

5967

ASSESSMENT REPORT

on

KIM CLAIMS

KIMBERLEY, B. C.

Longitude 49°40'

Latitude 115°51.5'

NTS 82G 12E

by

J. W. SIMPSON, M.Sc.

for

CHEVRON STANDARD LIMITED
Minerals Staff

Vancouver, B. C.
August 10, 1976

Department of
Mines and Petroleum Resources
ASSESSMENT REPORT

NO. 5967 MAP _____

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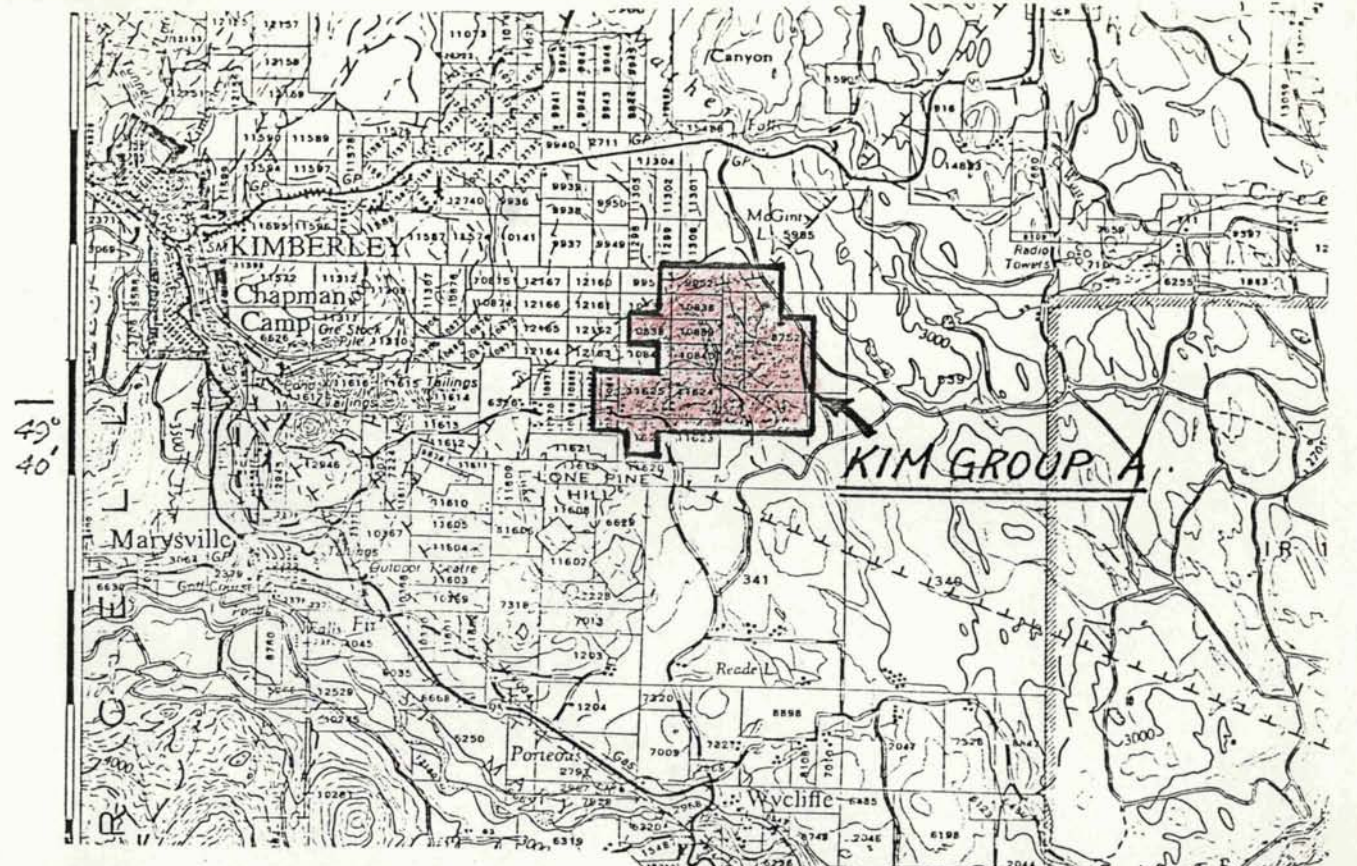
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06	0425	04	15781A	15810A	15811A	15832A	15833A	15854A	15855A	15876A
08	LUKE	LUKE	BINTY	BINTY	BINTY	BINTY	BINTY	BINTY	BINTY	BINTY
10	0404	04	15788A	15789A	15800A	15830A	15831A	15852A	15853A	15874A
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14	0404	04	15777A	15778A	15779A	15780A	15781A	15782A	15783A	15784A
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18	0404	04	15775A	15776A	15777A	15778A	15779A	15780A	15781A	15782A
20	LUKE	LUKE	BINTY	BINTY	BINTY	BINTY	BINTY	BINTY	BINTY	BINTY
22	0404	04	15773A	15774A	15775A	15776A	15777A	15778A	15779A	15780A
24	LUKE	LUKE	BINTY	BINTY	BINTY	BINTY	BINTY	BINTY	BINTY	BINTY
26	0404	04	15771A	15772A	15773A	15774A	15775A	15776A	15777A	15778A
28	LUKE	LUKE	BINTY	BINTY	BINTY	BINTY	BINTY	BINTY	BINTY	BINTY
30	0404	04	15769A	15770A	15771A	15772A	15773A	15774A	15775A	15776A
32	LUKE	LUKE	BINTY	BINTY	BINTY	BINTY	BINTY	BINTY	BINTY	BINTY
34	0404	04	15767A	15768A	15769A	15770A	15771A	15772A	15773A	15774A
36	LUKE	LUKE	BINTY	BINTY	BINTY	BINTY	BINTY	BINTY	BINTY	BINTY
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40	LUKE	LUKE	BINTY	BINTY	BINTY	BINTY	BINTY	BINTY	BINTY	BINTY
42	0404	04	15763A	15764A	15765A	15766A	15767A	15768A	15769A	15770A
44	LUKE	LUKE	BINTY	BINTY	BINTY	BINTY	BINTY	BINTY	BINTY	BINTY
46	0404	04	15761A	15762A	15763A	15764A	15765A	15766A	15767A	15768A
48	LUKE	LUKE	BINTY	BINTY	BINTY	BINTY	BINTY	BINTY	BINTY	BINTY
50	0404	04	15759A	15760A	15761A	15762A	15763A	15764A	15765A	15766A
52	LUKE	LUKE	BINTY	BINTY	BINTY	BINTY	BINTY	BINTY	BINTY	BINTY
54	0404	04	15757A	15758A	15759A	15760A	15761A	15762A	15763A	15764A
56	LUKE	LUKE	BINTY	BINTY	BINTY	BINTY	BINTY	BINTY	BINTY	BINTY
58	0404	04	15755A	15756A	15757A	15758A	15759A	15760A	15761A	15762A
60	LUKE	LUKE	BINTY	BINTY	BINTY	BINTY	BINTY	BINTY	BINTY	BINTY
62	0404	04	15753A	15754A	15755A	15756A	15757A	15758A	15759A	15760A
64	LUKE	LUKE	BINTY	BINTY	BINTY	BINTY	BINTY	BINTY	BINTY	BINTY
66	0404	04	15751A	15752A	15753A	15754A	15755A	15756A	15757A	15758A
68	LUKE	LUKE	BINTY	BINTY	BINTY	BINTY	BINTY	BINTY	BINTY	BINTY
70	0404	04	15749A	15750A	15751A	15752A	15753A	15754A	15755A	15756A
72	LUKE	LUKE	BINTY	BINTY	BINTY	BINTY	BINTY	BINTY	BINTY	BINTY
74	0404	04	15747A	15748A	15749A	15750A	15751A	15752A	15753A	15754A
76	LUKE	LUKE	BINTY	BINTY	BINTY	BINTY	BINTY	BINTY	BINTY	BINTY
78	0404	04	15745A	15746A	15747A	15748A	15749A	15750A	15751A	15752A
80	LUKE	LUKE	BINTY	BINTY	BINTY	BINTY	BINTY	BINTY	BINTY	BINTY
82	0404	04	15743A	15744A	15745A	15746A	15747A	15748A	15749A	15750A
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86	0404	04	15741A	15742A	15743A	15744A	15745A	15746A	15747A	15748A
88	LUKE	LUKE	BINTY	BINTY	BINTY	BINTY	BINTY	BINTY	BINTY	BINTY
90	0404	04	15739A	15740A	15741A	15742A	15743A	15744A	15745A	15746A
92	LUKE	LUKE	BINTY	BINTY	BINTY	BINTY	BINTY	BINTY	BINTY	BINTY
94	0404	04	15737A	15738A	15739A	15740A	15741A	15742A	15743A	15744A
96	LUKE	LUKE	BINTY	BINTY	BINTY	BINTY	BINTY	BINTY	BINTY	BINTY
98	0404	04	15735A	15736A	15737A	15738A	15739A	15740A	15741A	15742A
100	LUKE	LUKE	BINTY	BINTY	BINTY	BINTY	BINTY	BINTY	BINTY	BINTY



115° 51.5' // 45'
To Moyie To Yahk—38 miles
SCALE 1" = 2 mi

FIGURE 1
LOCATION MAP,
KIM GROUP CLAIMS

SCALE 1:50,000

#5967

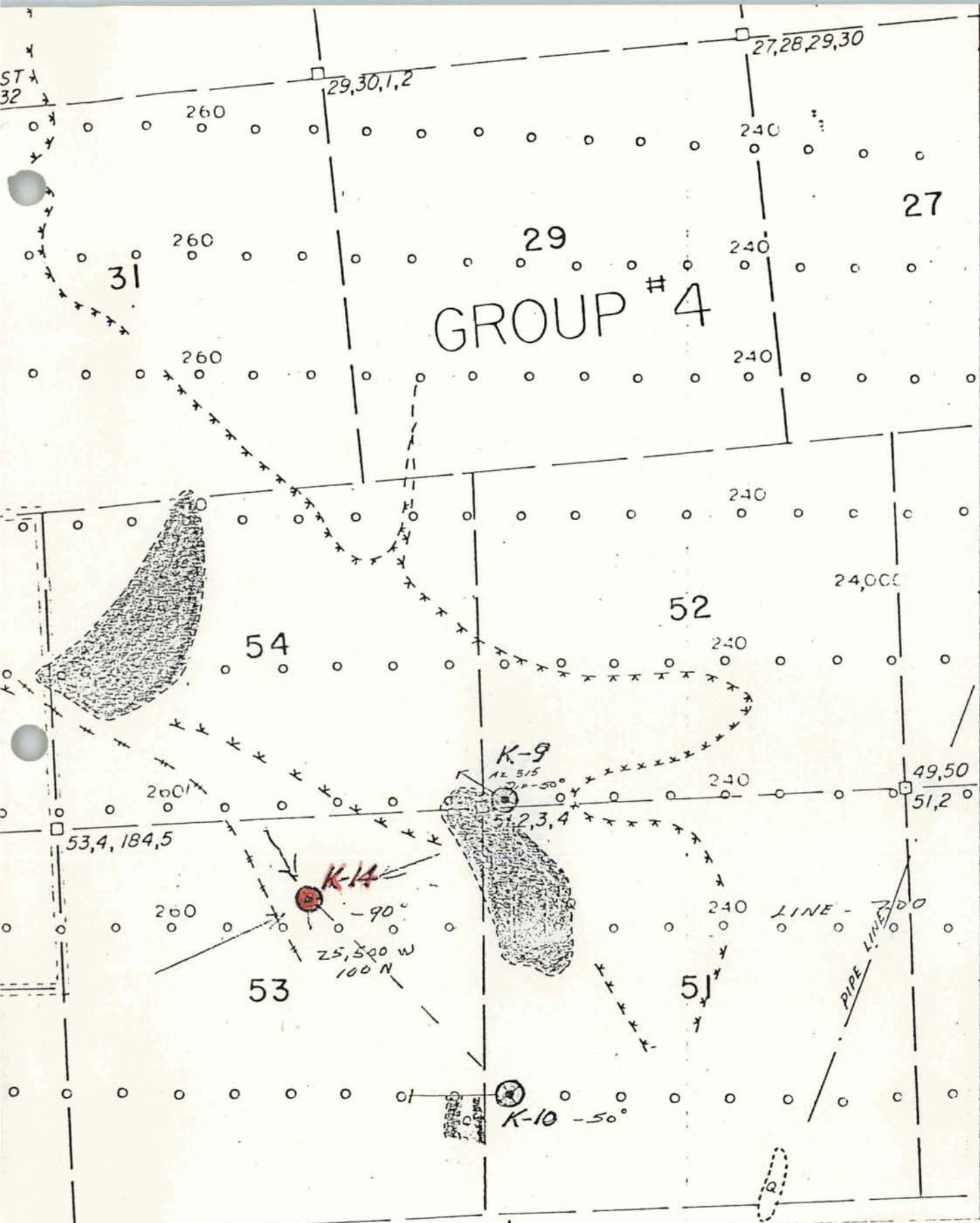


FIGURE 2

DDH K-14 LOCATION

SCALE 1" = 500'

#5967

K13

76

5.76

I Introduction

Hole K-14 which was drilled to a depth of 482' in 1975 was deepened in 1976. Cleaning and reaming of the hole was done from July 6 through July 8. On July 9 coring began and was completed on July 17, 1976. Two visits to the operation were made by the writer during the drilling to log and sample the core.

Only one intersection contained significant mineralization and this was sampled at 5' intervals taking approximately 6" of core at these points.

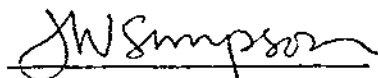
II Details of Hole

Dip of the hole is 90°.

BQ core was obtained with good recovery, from 482' - 1003'. The collar elevation is approximately 3800'.

III Core Storage

All of the core from this hole is presently stored by E. Frost, General Delivery, Cranbrook, B. C. at his home near Fort Steele, B.C.



J. W. SIMPSON

APPENDIX I
DIAMOND DRILL LOG
PROJECT C440

Property: Kim Claims
 Hole: DDH - K-14
 Date Started: July 12, 1976
 Date Completed: July 22, 1976
 Depth: 474' - 1003'
 Date Logged: July 22, 1976
 By: J. W. Simpson

<u>Interval</u>		<u>Description</u>	<u>Assays</u>
<u>From</u>	<u>To</u>		
474	500	Fine grained, light grey, massive quartzite, minor pyrite. Often fractures have calcite along them. This gives the appearance of fine almost hairline stringers at various angles through the quartzite. Minor kaolin 491 - 492½. Fault contact at 500' (From 496' - 500' 3' core lost).	
500	554	Very fine grained banded quartzite, dark bands up to 1" wide (usually much less) alternate with dirty white quartzite. Dark bands are presumably chlorite rich quartzite. Rare porphyroblasts of kaolin rich material approximately 3/16" in diameter and rounded. Core angle is about 42° thus the beds are dipping at 42°. Sulphides are very rare but are noted in some of the lighter bands. Apparently these grains were detrital. Banding becomes less distinct after approximately 515' and light grey quartzite predominates. Pyrite is remobilized in places and cuts the banding direction. Very fine white grains persist, similar in composition to larger porphyroblasts, and are often concentrated in dark bands. They may form 2 - 3% of some of these dark bands (eg. 510')	

Interval		Description	Assays
From	To		
		Extremely fine calcite stringers persist but become less abundant with depth. Banding is distinct in occasional short sections 1 - 2' but the bulk of the rock has obscure bedding direction and almost mottled appearance in places.	
554	565	Medium grey limy quartzite. Possibly 10 - 20% fine grained calcite in matrix as well as occasional fine fracture filling.	
565	567	Greenish beige clayey quartzite with minor quartz rich bands and veins.	
567	599½	Medium greenish grey dirty limestone. Approximately 35% chloritized mica (?) 10% altered fine F.P. grains; at least 50% calcite unusual looking rock. Carbonate content decreases and chlorite content vary considerably but the F.P. is relatively constant. Some calcite fracture fillings up to 2" wide cut the core at random angles. Minor pyrite, as disseminated grains, is present	
599½	615	Siliceous, occasionally foliated green rock similar in appearance to section above but very little carbonate probably 40 - 50% chlorite. 612½ trace of galena in quartz band, pyrite forms 2 - 3% of the rock and is still disseminated.	
615	620	As 567 - 599½.	
620	636	Siliceous greenish grey F.G. rock with waxy greenish beige bands. Also several quartz veins up to 1" wide coarse pyrite is occasionally associated with the quartz veins.	
636	683	As 567 - 599½ - after 645 white altered F.P. grains become more abundant, now form approximately 10 - 15 % of rock. Carbonate content occasionally decreases to 10 - 20% in matrix.	

Interval		Description	Assays
From	To		
		666 - 3/4" quartz vein and 2 large grains of chalcopyrite and minor pyrite.	
		671 - 683 - fault zone with approximately 2' core lost.	
683	699	Contact is actually in fault zone but it is not distinct - fragments may have dropped into this zone - rock is medium grained altered diorite with almost totally chloritized mafics and probably less than 5% quartz; minor quartz veining, occasional disseminated and quartz vein pyrite. Also occasional bright red hematite (S) 685'. Rare calcite stringers and some calcite in matrix of intrusive, magnetite forms 2 - 3% of rock and may be source of hematite (see sample). 696-699 - very siliceous section - light greenish color - minor pyrite.	
699	747	Coarse grained diorite with very rare veins of quartz and calcite and very poor fracturing, sample at 729'. Magnetite forms about 5% of the rock and is medium grained now. Mafics are almost pure chlorite (approx. 60% of rock). 740½ minor specularite.	
747	867	Medium grained diorite - now more equigranular. (S) 753' bulk composition probably similar to previous coarser grained unit. Magnetite still fairly abundant - quartz veining increases slightly but is still fairly weak; veins vary from hairline up to 1" wide; show no preferred orientations, fracturing is weak to moderate and alteration is restricted to chloritization and minor epidotization of mafics.	750-825 0.03% Cu
		Traces of chalcopyrite occur in quartz veins, sample at 824 1/2' by far the best chalcopyrite to date with intense (relatively) epidotization - similar veinlet @ 826' but less alteration and mineralization.	

Interval		Description	Assays
From	To		
		Traces of very fine chalcopyrite are also noted as disseminated grains in the core - grade is possibly in 0.05% Cu range. See assay sample 4" sections every 5' from 750' - 825'. Trend to coarsening grains again.	
867	908	Coarse grained altered diorite, large lath shaped chlorite crystals probably alteration of hornblende. Considerable magnetite possibly 3 - 5%, traces of epidote. 894 1/2' - 2" wide epidote rich alteration zone. Minor quartz veining sample at 901'. Throughout traces of pyrite and chalcopyrite (usually with epidote quartz veins).	
908	937	Gradational contact with fine grained altered diorite, probably phase of same intrusive. Composition looks identical to preceding unit. Somewhat more pervasive epidote but only 5 - 10% of rock.	
937	981	Still trace of pyrite and chalcopyrite, eg. 976'.	
981	1003	Fine grained diorite with whitish porphyroblasts (altered F.P.? rock is about 70% chlorite similar to preceding unit in composition. Speckled appearance is main distinctive feature, sample at 986'.	
1003	-	End of hole.	

APPENDIX (2)

STATEMENT OF COSTS

<u>Date</u>	<u>Employee or Contractor</u>	<u>Function</u>	
July 14	J. Simpson	Log core	100.00
July 18	J. Simpson	Log core	100.00
July 6 - 17	Elgin Exploration	drilling contractor	11,054.67
Aug. 10	J. Simpson	report and expenses	<u>200.00</u>
			<u>\$11,454.67</u>

J Simpson MSc

STATEMENT

Elgin Exploration Company Limited

3504A - 72 Avenue South East
 CALGARY, ALBERTA T2C 1J9
 Phone (403) 279-4469

By

Party No.

Job E76-3

From
 July 6

DATE July 28, 1976.

To
 July 22, 1976

TO

Chevron Standard Ltd.,
 #901, 355 Burrard Street,
 Vancouver, B.C.

Type
 Dia. Drilling
 Location
 Kimberley, B.C.

V6C - 2G8

Atten: Mr. E. Doolson
 Mr. J. Simpson

RECEIVED

AUG 4 1976

Received

DESCRIPTION

Statement Due

Deepen Hole #K18, With Longyear Model '38' Track Mounted Drill

July	Hours	Stby Hrs.	Core ft.		
6				Move Calgary to drillsite	
7				Move drill to hole and setup	\$600.00
7	8 hrs			Lay water line, drill anchor	
8	1 1/4 "			Ream to 482 feet	
9	2 1/2 "			Pull ream string, clean hole	
9	- "		48 ft.		
10	- "		52 "		
11	- "		49 "		
12	- "		55 "	8 hrs. , rods stuck in fault	
13	1 "	9 hrs.	5 "	Cement and standby	
14	- "	12 "	- "	Standby for cement	
15	8 "	- "	22 "	Drill cement 635-691	
16	- "	- "	72 "		
17	- "	- "	55 "		
18	- "	- "	26 "		
19	- "	- "	70 "		
20	- "	- "	67 "		
	33 1/2 "	21 "	521 "	Total depth 1003 feet	

Drilling

Demobilization, charged above
 Drill hours 33 1/2 @ \$40.00
 Standby hours @ 21 @ \$ 25.00
 Coring 521 ft. @ \$ 15.00

\$ 1340.00
 525.00
 7815.00

OK JWS

Material used.

1 10" B.Q. rod, used for anchor
 1 3 1/8 tri-cone # 5133
 5 50 lb. bags mud @ \$ 5.50
 2 Impreg. core bits, # M4Z1014, M4Z1019 @ \$ 195.00
 1 reaming shell
 8 Bags cement @ \$ 3.85

used in cement
 + drilled to 482'

25.00
 88.67
 27.50
 390.00
 212.70
 30.80

C440

11,054.67

TOTAL Due

\$11,054.67

Form No. 3

Service Charge of 1 1/2% per month (18% per annum) charged on past due accounts outstanding over 30 days from above statement date.

2/3

STATEMENT

Elgin Exploration Company Limited

3504A - 72 Avenue South East
 CALGARY, ALBERTA T2C 1J9
 Phone (403) 279-4469

By

Party No.
 Job E76-3
 Date July 22, 1976
 Location Kimberley, B.C.

DATE July 28, 1976.

TO

Chevron Standard Ltd.,
 #901, 355 Burrard Street,
 Vancouver, B.C.

V6C - 2G8

Atten: Mr. E. Dowson
 Mr. J. Simpson

RECEIVED
 AUG 1 1976
 OFFICE OF THE
 SUPERVISOR OF
 PUBLIC UTILITIES
 CALGARY, ALBERTA

DESCRIPTION

Deepen Hole #K18, With Longyear Model '38' Track Mounted Drill
Hours Stby Hrs. Core ft.

July	Hours	Stby	Hrs.	Core	ft.		
6						Move Calgary to drillsite	
7						Move drill to hole and setup	\$600.00
7	8					Lay water line, drill anchor	
8	14					Ream to 482 feet	
9	2 1/2					Pull ream string, clean hole	
9	-			48	ft.		
10	-			52	"		
11	-			49	"		
12	-			55	"	8 hrs. , rods stuck in fault	
13	1		9 hrs.	5	"	Cement and standby	
14	-		12 "	-	"	Standby for cement	
15	8		- "	22	"	Drill cement 635-691	
16	-		- "	72	"		
17	-		- "	55	"		
18	-		- "	26	"		
19	-		- "	70	"		
20	-		- "	67	"		
	32 1/2		21 "	521	"	Total depth 1003 feet	

Drilling

Demobilization, charged above
 Drill hours 33 1/2 @ \$40.00
 Standby hours @ 21 @ \$ 25.00
 Coring 521 ft. @ \$ 15.00

\$ 1340.00 ✓
 525.00 ✓
 7815.00 ✓

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 5 50 lb. bags mud @ \$ 5.50
 2 Impreg. core bits, # M4Z1014, M4Z1019 @ \$ 195.00
 1 reaming shell
 8 Bags cement @ \$ 3.85

used in cement
 + drilling to 482'

25.00 ✓
 88.67 ✓
 27.50 ✓
 390.00 ✓
 212.70 ✓
 30.80 ✓

C440

11,054.67 TOTAL Due

\$11,054.67 ✓

25

STATEMENT

Elgin Exploration Company Limited

3504A - 72 Avenue South East
 CALGARY, ALBERTA T2C 1J9
 Phone (403) 279-4469

By

DATE July 28, 1976.

TO

Chevron Standard Ltd.,
 #901, 355 Burrard Street,
 Vancouver, B.C.

V6C - 2G8

Atten: Mr. E. Dohson
 Mr. J. Simpson

RECEIVED
 AUG 6 1976
 CHEVRON STANDARD LTD.
 VANCOUVER, B.C.

DESCRIPTION

Deepen Hole #K18, With Longyear Model '38' Track Mounted Drill
Hours Stby Hrs. Core ft.

July	Hours	Stby Hrs.	Core ft.	Description	Amount
6				Move Calgary to drillsite	
7				Move drill to hole and setup	\$600.00
7	8 hrs			Lay water line, drill anchor	
8	14 "			Ream to 482 feet	
9	2 1/2 "			Pull ream string, clean hole	
9	- "		48 ft.		
10	- "		52 "		
11	- "		49 "		
12	- "		55 "	8 hrs. , rods stuck in fault	
13	1 "	9 hrs.	5 "	Cement and standby	
14	- "	12 "	- "	Standby for cement	
15	8 "	- "	22 "	Drill cement 635-691	
16	- "	- "	72 "		
17	- "	- "	55 "		
18	- "	- "	26 "		
19	- "	- "	70 "		
20	- "	- "	67 "		
	<u>33 1/2 "</u>	<u>21 "</u>	<u>521 "</u>	Total depth 1003 feet	

Drilling

Demobilization, charged above
 Drill hours 33 1/2 @ \$40.00
 Standby hours @ 21 @ \$ 25.00
 Coring 521 ft. @ \$ 15.00

\$ 1340.00 ✓
 525.00 ✓
 7815.00 ✓

OK JWS

Material used.

1 10" B.Q. rod, used for anchor
 1 3 1/8 tri-cone # 5133
 5 50 lb. bags mud @ \$ 5.50
 2 Impreg. core bits, # M4Z1014, M4Z1019 @ \$ 195.00
 1 reaming shell
 8 Bags cement @ \$ 3.85

25.00 ✓
 88.67 ✓
 27.50 ✓
 390.00 ✓
 212.70 ✓
 30.80 ✓

used in cement + drilling to 482'

C440

11,054.67 TOTAL Due

\$11,054.67 ✓

26

Service Charge of 1 1/2% per month (18% per annum) charged on past due accounts outstanding over 30 days from above statement date.

STATEMENT

Elgin Exploration Company Limited

3504A - 72 Avenue South East
 CALGARY, ALBERTA T2C 1J9
 Phone (403) 279-4469

By

Party No.
 Job E76-3
 Date July 22, 1976
 Location a. Drilling
 Kimberley, B.C.

DATE July 28, 1976.

TO

Chevron Standard Ltd.,
 #901, 355 Burrard Street,
 Vancouver, B.C.

V6C - 2G8

Atten: Mr. E. Dohson
 Mr. J. Simpson

RECEIVED
 AUG 1 1976
 THE ELGIN EXPLORATION COMPANY LIMITED
 3504A 72 AVENUE SOUTH EAST
 CALGARY ALBERTA T2C 1J9

DESCRIPTION

Deepen Hole #K18, With Longyear Model '38' Track Mounted Drill

Hours	Stby Hrs.	Core ft.		
July 6			Move Calgary to drillsite	
7			Move drill to hole and setup	\$600.00
7	8 hrs		Lay water line, drill anchor	
8	1 1/4 "		Ream to 482 feet	
9	2 1/2 "		Pull ream string, clean hole	
9	- "	48 ft.		
10	- "	52 "		
11	- "	49 "		
12	- "	55 "	8 hrs. , rods stuck in fault	
13	1 " 9 hrs.	5 "	Cement and standby	
14	- " 12 "	- "	Standby for cement	
15	8 " - "	22 "	Drill cement 635-691	
16	- " - "	72 "		
17	- " - "	55 "		
18	- " - "	26 "		
19	- " - "	70 "		
20	- " - "	67 "		
33 1/2 "	21 "	521 "	Total depth 1003 feet	

Drilling

Demobilization, charged above
 Drill hours 33 1/2 @ \$40.00 \$ 1340.00 ✓
 Standby hours @ 21 @ \$ 25.00 525.00 ✓
 Coring 521 ft. @ \$ 15.00 7815.00 ✓

Material used.

1 10" B.Q. rod, used for anchor 25.00 ✓
 1 3 1/8 tri-cone # 5133 88.67 ✓
 5 50 lb. bags mud @ \$ 5.50 27.50 ✓
 2 Impreg. core bits, # M4Z1014, M4Z1019 @ \$ 195.00 390.00 ✓
 1 reaming shell 212.70 ✓
 8 Bags cement @ \$ 3.85 30.80 ✓

C440

11,054.67 TOTAL Due

\$11,054.67 ✓

Form No. 3

Service Charge of 1 1/2% per month (18% per annum) charged on post due accounts outstanding over 30 days from above statement date.

28

ELGIN EXPLORATION COMPANY LIMITED

3504A-72 AVENUE S.E.
CALGARY, ALBERTA T2C 1V9

July 1st, 1976

Mr. Earl Dobson, Chief Geologist,
Chevron Standard Ltd., Mineral Division,
#901, 355 Burrard Street,
VANCOUVER, B.C. V6C 2G8

Attention: Mr. J. Simpson, Geo. and Mr. Carl Young

Dear Sir:

Further to our recent conversations with Mr. J. Simpson, this letter will be attached to and become part of our original Contract for the drilling in the Kimberley area dated August 27, 1975.

For the continuation of the drilling in the same hole in July, 1976 we will be using a Longyear "38" Model Drill mounted on a Bombardier instead of the Wesdrill as outlined in the original Contract. Also we understand the following changes are to apply to the 1976 drilling:

1. Mobilization at cost up to \$ 600.00
2. Set up, ream and clean out hole to 482 feet at day *Maximum* rate plus in hole costs *The hole to be drilled up to 400 feet - total depth*
3. Drilling Rate.....\$ 15.00 per foot *between 452 feet and total depth*
4. All other terms and conditions of original Contract *JVK* to apply for the continuation of this hole. *[Signature]*

Thank you for your consideration in this matter and we hope this meets with your approval.

Yours very truly,
ELGIN EXPLORATION COMPANY LIMITED

[Signature]
JOHN V. KINLEY
President & General Manager.

JVK:gt

APPROVED

[Signature]
WITNESS

[Signature]

THIS AGREEMENT made this day of 1975.

BETWEEN: CHEVRON STANDARD LTD.,
#901, 355 Burrard Street,
VANCOUVER, British Columbia
V6C 2G8

(hereinafter referred to as the "COMPANY")

AND ELGIN EXPLORATION COMPANY LIMITED
3504A - 72nd Avenue South East
CALGARY, ALBERTA T2C 1J9

(hereinafter referred to as the "CONTRACTOR")

WHEREAS the COMPANY hereby requests that the CONTRACTOR carry out certain surface diamond drilling and other services, on properties, in the Kimberley areas of British Columbia.

AND WHEREAS the CONTRACTOR hereby agrees to perform said diamond drilling and other services requested, under the terms and conditions hereinafter contained.

1. DESCRIPTION OF WORK

The Work is to consist of a series of drill holes, drilled at locations specified by the COMPANY. A total minimum footage of 500 feet shall be drilled but, total footage may be extended by mutual consent. Holes shall be drilled with BQ tools producing 1 7/16" diameter core. Maximum depth of any hole shall not exceed 500 feet. The CONTRACTOR will not be called upon to drill any hole at a flatter angle than -45 degrees unless mutually agreed upon. Measurement of all holes shall be taken from the top of the casing pipe. If holes of a greater depth than 500 feet are desired, such drilling shall be performed only upon such conditions and at such rates as may be agreed upon before commencement of such drilling.

2. COMMENCEMENT AND EXECUTION OF WORK

Work shall be commenced: As near as possible to the limits specified by the COMPANY, i.e., *by Sept 12, 1975. ED*

3. LABOUR EQUIPMENT MATERIALS AND SUPPLIES AND SERVICES

All labour equipment and material supplies and services necessary to the normal operation or maintenance of the drilling equipment shall be furnished by the CONTRACTOR.

4. SCHEDULE OF RATES

Subject to all of the other provisions hereof, the COMPANY agrees to

pay the CONTRACTOR for the work performed, services rendered and the materials equipment and supplies furnished by CONTRACTOR a sum as hereinafter prescribed.

(i) BQ Drilling

From bedrock to 500 feet at \$ 12.00 per foot.

(ii) Overburden Drilling

0 - 20 feet at \$ 12.00 per foot

For overburden greater than 20 feet in depth if costs are greater than \$ 12.00 per foot than the rate shall be \$ 40.00 per hour plus in hole costs.

(iii) TRANSPORTATION AND MOVES

It is agreed for the above mentioned drilling the moving of drill equipment supplies and personnel for the CONTRACTORS WAREHOUSE to the initial drill site, between drill site and return from the final drill site to the CONTRACTORS WAREHOUSE shall be for the CONTRACTORS account. Such costs shall include transportation, laying waterline up to 800 feet and setting up drill up to 8 hours after which day rate be paid.

(iv) FIELD COST

Field Cost rates will be as follows:

(a) Operating Field Costs

Two men and equipment \$ 40.00 per hour

(b) DELAYS

Delays occasioned by COMPANY representative or engineer will be for the COMPANY'S account at the rate of \$ 25.00 per hour.

Delays occasioned because of cementing, drilling out cement at \$ 40.00 per hour and setting time of cement shall be for the COMPANY'S account at \$ 25.00 per hour.

(c) MATERIALS

Additional material such as drilling mud, cement, or other additives required for the proper drilling and completion of the job shall be furnished by the CONTRACTOR at field cost to the COMPANY and shall be for the CONTRACTOR'S account.

(d) CORE BOXES

Core boxes and lids if required will be supplied by the CONTRACTOR at no cost to the COMPANY.

(v) EQUIPMENT

The CONTRACTOR will supply a Wesdrill Model 60 Diamond Drill mounted on a Nodwell FN-110 with a 4 x 4 service truck. The CONTRACTOR will also supply a 10' x 24' self-contained trailer to accommodate the drill crew.

(vi) ROOM AND BOARD

Room and board for CONTRACTOR'S personnel will be provided by the CONTRACTOR at no cost to the COMPANY. ~~The CONTRACTOR will provide board for COMPANY representatives at a rate of \$ 15.00 per day.~~ ^{22.}

5. ACCESS AND TIMBER RIGHTS

The COMPANY shall provide at no cost to the CONTRACTOR all rights of ingress and egress to all lands that may be required to enable the CONTRACTOR to carry out the specified work.

The CONTRACTOR shall be permitted to cut and fell any timber on the COMPANY'S property as may be required in the course of the work hereunder, and the COMPANY shall indemnify and save harmless the CONTRACTOR from any assessment for stumpage or other charges of every kind and nature whatsoever.

6. DRILLING

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 COMPANY representative relating to place and time of drilling.

The CONTRACTOR shall at all times enforce discipline and maintain good order among its employees and shall not retain on the job any person not skilled in the work assigned to him.

Any employees of the CONTRACTOR who are objectionable or unsatisfactory to the COMPANY shall be removed from the job and replaced by an employee satisfactory to the COMPANY.

The drilling shall be conducted so as to produce as high a percentage of core as the nature of the ground being drilled shall allow. All cores recovered shall be delivered to the COMPANY at the drill site, carefully marked.

7. CAVITIES

In the event that cavities or loose and caving materials or excessive water flows are encountered of a nature so 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 that it becomes necessary to abandon the hole, the COMPANY agrees to pay for such uncompleted holes at the rates herein specified for all footage completed. However, should the COMPANY request that further work be carried out in the hole beyond this point, then the CONTRACTOR shall continue work in the hole, but such continuing work shall be at Field Cost rates.

8. HOLE DIRECTION AND DEPTH

The CONTRACTOR does not guarantee the direction of the hole beyond the collar nor guarantee to drill any hole to any specified depth. The CONTRACTOR will however, expend every reasonable effort to complete all holes to the satisfaction of the COMPANY.

9. SECRECY

The CONTRACTOR will not give out any information regarding drill results or permit any access to drill core to any individual other than the COMPANY'S representative, except upon specific permission of responsible officials of the COMPANY.

10. LIENS

The CONTRACTOR shall be responsible for, and will pay promptly all costs and charges, incurred by itself for labour, machinery, tools and supplies used in completing the work hereunder so that no lien or other such charge relative to the CONTRACTOR, may be registered against the COMPANY or the property. The CONTRACTOR shall be responsible for the payment of all assessments for Workmen's Compensation, Holiday Pay, Canada Pension, Unemployment Insurance, Sales Tax, or other such applicable charges relative to its own labour and supplies purchased.

11. ECOLOGY AND SANITATION

During the course of the work, the CONTRACTOR shall keep the site of any drilling and camp areas free from accumulation of waste materials, 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 and shall bear all costs arising from any violation thereof.

12. PAYMENTS

The COMPANY shall pay CONTRACTOR for the services and/or material and equipment furnished by the CONTRACTOR at the rate stipulated in this agreement, within 30 days of invoicing. Invoices shall be submitted twice monthly.

13. INSURANCE

The CONTRACTOR shall save the COMPANY harmless from all claims and

demands arising directly or indirectly out of or in connection with the work, whether such claims or demands are made by members of the public or persons employed or engaged on or in connection with the work; and the CONTRACTOR shall compensate the COMPANY for any damage done to its buildings, machinery, and equipment arising out of or in connection with the work.

The CONTRACTOR shall provide, maintain, and pay for Comprehensive General Liability Insurance protecting himself, his subcontractor, and the COMPANY against damage arising from personal injury (including death) and from claims for property damage which may arise out of his operations under this contract. Such insurance shall;

- (i) Have a limit of liability of not less than \$ 1,000,000.00 inclusive for any one occurrence or such greater amount as may at the discretion of the COMPANY, be required.
- (ii) Cover all liability arising out of products, either the CONTRACTOR'S or supplied by him, completed operations, contingent employer's liability and liability assumed by the CONTRACTOR under this contract.

Evidence of insurance, in such form as may be required, shall be lodged with the COMPANY'S representative before the work is commenced.

The CONTRACTOR shall also provide, maintain and pay for automobile insurance on his own vehicles and non-owned automobile insurance protecting himself and the COMPANY against damages arising from personal injury (including death) and from claims for property damage arising out of their use on his operations under this contract. Such insurance shall have a limit of liability of not less than \$ 1,000,000.00 inclusive for any one occurrence or such greater amount as may, at the discretion of the COMPANY, be required.

14. FORCE MAJEURE

Neither COMPANY nor CONTRACTOR shall be liable to the other for any delays or damages or any failure to act due, occasioned, or caused by reason of Provincial laws of the rules, regulations or orders of any public body or official purporting to exercise authority or control respecting the operations covered hereby, including the use of tools and equipment, or due, occasioned, or caused by strikes, action of the elements, or causes beyond the control of the elements, or causes beyond the control of the parties affected hereby, and delays due to the above causes, or any of them shall not be deemed to be a breach of or failure to perform under this Agreement.

15. NOT ASSIGNABLE

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.

16. MAILING ADDRESSES

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

CHEVRON STANDARD LTD.
#901, 355 Burrard Street
VANCOUVER, British Columbia
V6C 2G8

or to the CONTRACTOR by registered letter addressed as follows:

ELGIN EXPLORATION COMPANY LIMITED
3504A - 72nd Avenue South East
CALGARY, ALBERTA
T2C 1J9

17. TIME IS OF THE ESSENCE

Time is expressly declared to be the essence of this Contract. If either party hereto defaults in the performance of this Contract of work commenced under work orders as provided for herein, the other party has the option to terminate this Contract and the work order involved.

IN WITNESS WHEREOF THE COMPANY AND THE CONTRACTOR set their hands this 29th day of August 1975.

Witness

Suzanne Dodson
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COMPANY - CHEVRON STANDARD LTD.

[Signature]

Witness

Suzanne Dodson

CONTRACTOR - ELGIN EXPLORATION COMPANY LIMITED

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APPENDIX 3

Statement of Qualifications: J. W. SIMPSON

- (1) Graduated from University of Toronto 1967,
Geology, B.Sc.;
- (2) Graduated from University of Toronto 1970,
Geology, M.Sc.;
- (3) Employed by Ducanex Resources, Regional
Geologist, 1970 - 1973;
- (4) Self-employed, consulting geologist,
1973 - 1974;
- (5) Employed by Chevron Standard Limited,
Minerals Staff, 1974 to present date.



J. W. SIMPSON, M.Sc.

Vancouver Office