

DIAMOND DRILLING REPORT

for

EndEx Mineral Claims

by

PLACER DEVELOPMENT LIMITED

Endako Mines Division

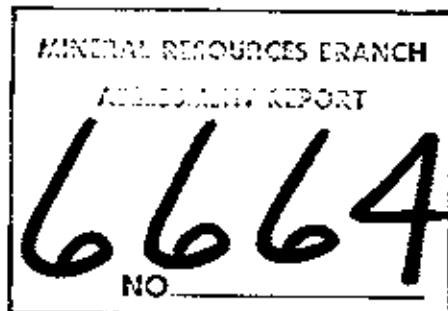
ENDAKO, B.C.

NTS 93 K/3E

OMINECA MINING DIVISION

Latitude 54° 15'N, Longitude 125° 05'

E. T. KIMURA



1 MARCH 1978

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1. INTRODUCTION

Four inclined BQ wireline diamond drill holes totalling 225 meters were drilled during the period 21 June to 30 June 1977. Drilling costs are being submitted for assessment work on the EndEx 1 and 2 Groups of Mineral Claims.

2. PROPERTY DEFINITION

2.1 Mineral Claims

The following mineral claims are grouped under two Grouping Notices.

<u>GROUP</u>	<u>MINERAL CLAIM (UNITS)</u>	<u>RECORD NUMBER</u>
EndEx 1	EndEx 1 (4)	550
	EndEx 5 (14)	612
	6 (2)	613
	7 (12)	614
	8 (6)	625
	9 (2)	626
EndEx 2	EndEx 2 (15)	551
	3 (6)	610
	4 (7)	611

2.2 Location

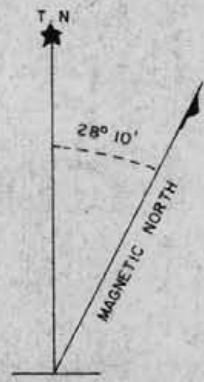
The EndEx 1 and 2 Groups of Mineral Claims are located about ten miles due north of Endako Village in the Omineca Mining Division. The property is on the south shore of Hanson Lake. This location is in the southeast quadrant of quadrilateral, Latitude 54° N and Longitude 125°-

2.3 History

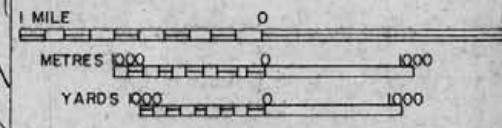
The EndEx 1 and 2 Mineral Claims were recorded on 8 March 1977. The remaining EndEx 3 to 9 Mineral Claims were located and recorded in mid-June 1977.

Previous exploratory field work over this area has included soil geochemical sampling and geological mapping. An induced polarization survey was conducted over the easterly end of the property. Most of the above field work was completed during 1972 and 1973.

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SCALE 1:50000



INDEX MAP FOR
 ENDEX 1 & 2 GROUPS
 OF MINERAL CLAIMS
 DRILLING REPORT
 NTS SHEET 93K3
 OMINECA MINING DIVISION

FIGURE 1

Skinner 8/3/78

2.4 Owner and Operator

The mineral claims for this property are registered under Placer Development Limited, Endako Mines Division. All field work was co-ordinated by this firm's staff.

2.5 General Economic Assessment

Subeconomic molybdenum and copper mineralization was intersected in short inclined diamond drill holes.

3. DIAMOND DRILLING PROGRAM

3.1 Contractors

Shepherd Enterprises Ltd. was awarded the contract for diamond drilling. I & I Sawmills conducted field work on drill site preparation. Alpine Helicopters Ltd. provided air support for transportation of field crews and equipment.

3.2 Drilling Project

Two short inclined BQ wireline drill holes totalling 409 feet were drilled on EndEx 2 Mineral Claim to explore a molybdenum soil geochemical anomaly. An additional two inclined holes totalling 329 feet were drilled on the EndEx 1 Mineral Claim to explore a coincident molybdenum-copper soil geochemical and induced polarization anomaly.

Preparatory field work for the drill program commenced on 3 June 1977. I & I Sawmill was engaged to prepare drill sites, pumping locations and access trails. Actual diamond drilling with a BBSI rig commenced 8 June 1977. The expenses for drilling the last four of six drill holes are being submitted for assessment work. The entire program was conducted with helicopter-support. This included daily transportation of drill crews from Burns Lake, B. C., air lifting equipment to and from the property, and moving the drill rig from site to site.

3.3 Core-Logging, Sampling and Assaying

Drill core was geologically logged on 1" = 10' graphic log by E. T. Kimura and P. Buckley. Mineralized sections of drill holes were sampled in ten-foot intervals for assaying. All samples were assayed for MoS₂ content at Endako Mines' Assay Laboratory. Drill core is stored at Endako Mines.

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4. GEOLOGICAL INTERPRETATION

The EndEx mineral claims are centered over a semi-circular-shaped quartz monzonite stock that measures about two miles in length along Hanson Lake. This rock unit intrudes and is bounded by Glenannon quartz monzonite of Topley Intrusions to the south and west, and by metamorphic rocks of the Cache Creek Group to the east. The quartz monzonite from the stock is typically light to medium grey, and is frequently porphyritic with 1/2 to 3/4 inch euhedral whitish pink K-feldspar phenocrysts in a medium to fine-grained matrix.

The quartz monzonite stock in the central part of the mineral claim group is locally mineralized with molybdenite and minor pyrite and calcopyrite in quartz veins or as thin fracture fillings. Veins are normally less than 1/4 inch thick and sparsely-distributed in the form of a poorly developed stockwork. Locally, host rock is weakly chloritized, kaolinized and sericitized. Narrow fine-grained granite and basalt dykes intrude quartz monzonite.

Thin quartz-molybdenite veins and fracture-fillings with minor pyrite and chalcopyrite occur in a poorly-developed stockwork in quartz diorite gneiss at the east end of the mineral claim group. The gneissic rock which is part of a metamorphic aureole on Cache Creek-Topley contact is essentially unaltered.

Several fault zones were intersected in drill holes, but no attitudes can be inferred.

5. STATEMENT OF EXPENDITURES

The following expenditures were incurred by Placer Development Limited, Endako Mines Division for four diamond drill holes, numbered H7, H8, H9 and H10.

<u>Expenditure Items</u>		<u>Cost</u>
A. <u>Personnel Costs</u>		
<u>Personnel</u>	<u>Period Employed</u>	<u>Hours/Rate</u>
C. Hurrell	June 22 & 23, 1977	11 Hrs @ \$6.00 \$ 66.00
A.J. Peters	June 16 - 30, 1977	182 Hrs @ \$8.25 1,501.50
R.J. Stewart	June 22 & 23, 1977	11 Hrs @ \$6.00 66.00
P. Buckley	August 22 & 23, 1977	6 Hrs @ \$10.00 60.00
E. T. Kimura	August 10 - 17, 1977	6 Hrs @ \$15.00 90.00
		\$ 1,783.50
Office overhead @ 20% on personnel wages		\$ 356.70

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B. Diamond Drilling Costs

Shepherd Enterprises Ltd. invoice nos. 4136C and 4146C.

a) Drilling charges - holes H7 to H10 incl. 738 feet @ \$ 13.00/ft.	\$ 9,594.00	
b) Field costs for moving, reaming, casing 104 hours @ \$ 42.00/hr.	4,368.00	
c) Travel and waiting time 43 hours @ \$ 16.50/hr.	709.50	
d) Material consumed Two BW shoes	189.70	
e) Mobilization and demobilization 29 hours @ \$ 16.50/hr.	478.50	
	<u>15,339.70</u>	\$ 15,339.70

C. Helicopters Costs

Alpine Helicopter Ltd. invoice nos. K 5783, K 5811, K 5815
and K 5822.

<u>FLIGHT NO</u>	<u>DATE</u>	<u>HRS @ \$315</u>	<u>FUEL @ \$1.08/GAL</u>		
1837 K	June 17	1.2	27	407.16	
1838 K	" 18	2.3	65	794.70	
1841 K	" 19	1.5	36	511.38	
1844 K	" 20	2.1	48	713.34	
1845 K	" 21	2.1	48	713.34	
1848 K	" 22	1.6	38	542.88	
1849 K	" 23	5.7	140	2,021.58	
1851 K	" 24	5.1	121	1,737.18	
1853 K	" 25	1.4	10	451.80	
1854 K	" 26	2.3	55	783.90	
1856 K	" 27	2.9	70	986.10	
1857 K	" 28	.7	17	238.86	
171 K	" 28	2.2	53	750.24	
173 K	" 30	5.0	120	1,704.60	
				<u>12,357.06</u>	\$ 12,357.06

D. Assaying Costs

25 Samples for % MoS ₂ @ \$ 6.00/assay	\$ 150.00
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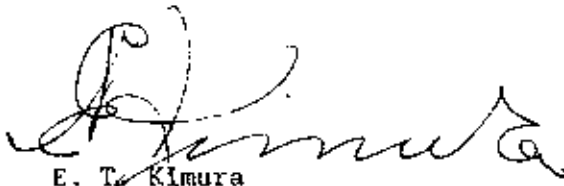
E. Miscellaneous Costs

Coreboxes: 75 BQ boxes @ \$3.20	\$ 240.00	
Drilling supplies, camp supplies	400.00	\$ 640.00
	<hr/>	<hr/>
<u>TOTAL DRILLING COSTS FOR H7 to H10 INCL.</u>		<u>\$30,626.96</u>

6. CONCLUSION

Subeconomic molybdenum mineralization was encountered in four short diamond drill holes on EndEx 1 and 2 Groups of Mineral Claims.

Submitted by:



E. T. Kimura
Chief Engineer
Placer Development Limited
Endako Mines Division

ETK:ec

APPENDIX II a

STATEMENT OF QUALIFICATIONS

I, Paul Buckley, of Placer Development Limited, Endako Mines Division, Endako, B.C., do hereby certify that:

1. I am a Geological Engineer and a member of Association of Professional Engineers of British Columbia.
2. I am a graduate of University of British Columbia with a B. A. Sc. in Geological Engineering in 1973.
3. From 1973 until the present I have been engaged in open pit operations and exploration geology in British Columbia.
4. I personally supervised and participated in the field work and have examined and logged the diamond drill core from this drilling program.


Paul Buckley, P. Eng.

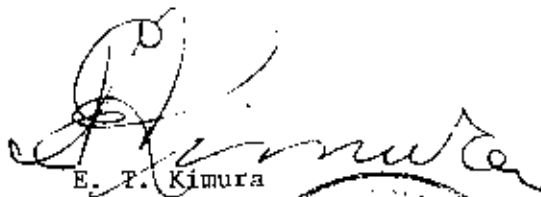
PB/jdb

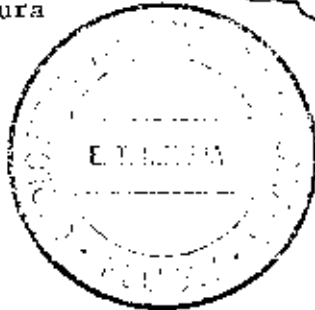
APPENDIX 11 b

STATEMENT OF QUALIFICATION

I, E. T. Kimura of Placer Development Limited, Endako Mines Division, Endako, B. C. do hereby certify that:

- (1) I am a geologist.
- (2) I am a graduate of the University of British Columbia with a B.A. degree in Geology and Physics in 1955.
- (3) From 1954 until the present I have been engaged in mining geology, both in underground and open pit operations, and in exploration geology in British Columbia, Saskatchewan and the Yukon Territory.
- (4) I personally supervised and participated in the field work and have examined and logged the diamond drill core from this drilling program.


E. T. Kimura



SECTION _____ ENDAKO MINES

LOCATION Hanson Lake BEARING 90° az. LATITUDE _____ CORE SIZE BOW LOGGED BY EK P.A.
 DATE COLLECTED 27 June 77 LENGTH 124 DEPARTURE _____ SCALE OF LOG 1" = 10' DATE Aug 10, 17, 27, Aug 23
 DATE COMPLETED 29 June 77 DIP -45° ELEVATION _____ REMARKS _____

DZ	ROCK TYPES		ALTERATION		GRAPHIC LOG	MINERALIZATION		STRUCTURES		ROCK QUALITIES					RECOVERY		ASSAY RESULTS				
	Plog	K-Spot	Matrix	Texture		Rock Name/ Appearance	Width of Vein	Mineralization/ Faulting (type)	Envelope (type)	Remarks	Fractures	Slickenside	R Q D	Porosity	Specific Gravity	Weight in grams		Sample Number		% Mo ₂	
																Core	Sludge	Core	Sludge	Core	Sludge
076 H1 (1)	40-60 % wt. hbl	nil	30% hbl partly chl. minor chl bio	gr. form gneissic struct Coarse grained	(0-16) csg in overburden 16 Qtz Diorite Complex Homogeneously gneissic Very few structures	(16-20) three narrow ch recovered as 1/2 % angular chips Gneissosity	in QDC.		No surface oxid. or weathering evident in core (16-33%) highly broken core, approx 8-10 ore rec. considerably gr. Core in chips.	Fractures to core Frequency					0%	18	< 20%	Tr			
						35 40+5	4-1/2 x 1/8 mag. + pinkish aplite	dyke							0%		< 30%	Tr			
			locally 6-7% hbl contact		1-1/2' dk gr to ggn vfg and aplite dyke 1/2" chilled silvage + flow banding on fw contact.	80+30+10 65 65+20 30+40+25 50+25+2+45	1/2 x 1/2 + 1/8 1/4 x 1/2 1/4 x 1/4 1/4 x 1/8 1/8 x 3/4	qtz (Mo specks) x 3 } in ataxite dyke qtz py qtz bld specks (Mo) + qtz (ep py) qtz (Mo specks) x 3 qtz (Mo sp. specks) x 4	Gneissosity @ 60°					36%	35	~80%	.02	1820	.04		
					4" chl and pyzied zone 1' chl and pyzied zone	50 30+70 10+60 70+10+30 10+40 20 40+60	1/2 1/4 x 1/2 1/2 x 2 1/2 x 1/4 1/2 x 1/4 1/2 x 1/2	qtz chl qtz (mo) + chl (mo) + chl Chl x 2 Qtz (mo) + chl + Chl Qtz (mo) + chl + Chl Qtz (mo) + chl + Chl Qtz + chl	Gneissosity @ 50-60°					60%	45	~100%	.01	1821	.01		
					1/2' fine gr dk gr flow banding Contact on 1st level Pyzied and QDC 52' - 53' DK Grn And 4'	50 x 2 30 x 2 60 60 30	1/2 x 1/2 1/2 x 1/2 1/2 1/2 1/2	Qtz (mo specks) x 2 Qtz (mo specks) x 2 Qtz (mo) Qtz chl Qtz (mo specks)						50%	55	~95%	.01				
					B' pyzied zone with chl 1' ggn chl zone - 1st level and 2nd site Pyzied and QDC	40+90 30+60+2 30 0 2+20 40 30+60	1/2 x 1/2 1/2 x 1/2 + 1/8 1/2 1/2 1/2 x 1/2	Qtz (mo specks) + chl Bld mo + chl x 2 Qtz (mo specks) Py Py + Cal chl Qtz (mo specks) Qtz (mo) + chl + Qtz						52%	65	~95%	.02	1822	.04		

DTZ	ROCK TYPES				ALTERATION	GRAPHIC LOG	MINERALIZATION		STRUCTURES	ROCK QUALITIES					RECOVERY		ASSAY RESULTS							
	Flag	R-Spar.	Met/c.	Texture			L To Core A to B	Width of vein		Mineralization/ Footing (type)	Envelope (Type)	Remarks	Fractures		Slickensides L To Core A to B	R O D	Fracture Blocks	Specific Gravity	Weight in Grams		Sample Number		% Mo S ₂	
													L to core	Frequency					Core	Sludge	Core	Sludge	Core	Sludge
					1 1/2" Platy Bio K sp Porphyry dyke Hornblende matrix minor Chl Banded Dkqm And	80 20+60 20	1/2 1 1/2 x 1/2 1/16	Qtz Qtz + Qtz (mos) + Qtz Qtz (mos)	Ksp x 2	75 Minor Ep.								1823		.01				
				2" pyrite bed and chl. A.H. in	80 45+2+20	1/32 x 2 1/16 x 2 + 1/32	Qtz py + Cal Cal py x 2 + Qtz	NKSP on Qtz							50%	85%		.06						
					90 20+2 20+80 30+10 30+3 40+3+30 30+0	1/8 x 2 1/4 x 3/8 1/8 x 1/4 1/8 x 1/4 1/16 x 4 1/2 x 1/8	Qtz x 2 Qtz mo + Qtz (mos) Cal + Qtz (mos) Cal x 3 Cal (cell) x 4 Qtz (cell) + Qtz								64%	85%		.04						
				4" clay dyke c. xenolith minor FeO chert border.	90 100 60-40 60+2+70 30+2+40+2 20+2+60 30+60 60+20+2	1/8 1/8 x 2 1/8 x 2 x 3/2 1/16 x 4 1/8 x 2 + 3/8 1/8 x 1/2 1/32 x 1/16	Qtz (mos) Qtz (mos) x 2 Cal x 2 + Qtz Cal x 4 Cal x 2 + Qtz (mos specks) Qtz + Cal. Qtz x 3							25%	85%		TR				.02			
	Chl	biot		2 1/2" Pink Aplite at 18" Ksp zone (see remarks)	100 0 20+2	1/4 1/4	Qtz Epidote Fault x 2		R-spar zone Groups and bands of 1/2" pink-mauve K-spar throughout section.													.02		
					110 10+30 30	1/16 x 2 1/8	Qtz (mos) x 2 Quartz										90%		.02					
				4" clay dyke (gran-diorite) Minor chl show banding	110 30+2 30+40 60 10+2 60+2+0	1/16 x 2 1/8 x 2 1/16 3/4 x 2 1/16 x 2 + 1/2	Major Tracr Qtz (mos) + Qtz (mos specks) Qtz (mos) Qtz py (mos specks) Qtz mo + Qtz								20%	95%		.02				.03		
				Less chl and py in Q.D.C. in P.O.	120 184 10+2 40 30	1/8 1/2 1/16	Flt. Cal + Qtz py. Qtz (cell) (mos) Qtz (mos)								40%	95%		TR						

ROCK TYPES		ALTERATION		GRAPHIC LOG	MINERALIZATION		STRUCTURES		ROCK QUALITIES					RECOVERY		ASSAY RESULTS							
Pct	K-Spar	Mafic	Texture		Replacement	Rock Name/ Appearance	L To Core Axis	Width of Vein	Mineralization / Feat type	Envelope (type)	Remarks	Features		Slickenside L To Core Axis	R O D	Porosity %	Specific Gravity	Weight in Grams		Sample Number		% MoS ₂	
												to core	frequency					Core	Sludge	Estimated	Grade	Core	Sludge
					Chloritized F.G. Hanson QM (69-74) Same as (31-44)	30	1/8	chl						5%	74				1811		.01		
					Fine Grained Brown Granite Dyke	75 79	1/8 1/8 + 1/4 subff	bar qtz qtz (Mo) blk qtz chl blk qtz (Mo) (py)											.02				
					6 Fine Grained Subperph. Hanson QM Fresh & quite blocky Same as (46-65)	60 30 0-5 20+50	1/4 1/8 1/8 + 1/8	qtz chl qtz chl qtz chl bar qtz + cal.						5%	94				Tr				
					Odd large 1/8 euhedral pink K-sp phen in fine gr. matrix.	40+95 40+80 25+30 50+2 35+25 5	1/2 x 2 1/2 x 2 1/8 + 1/8 1/2 x 2 1/2 x 2 1/2	qtz chl x 2 qtz chl x 2 cal fr + cal qtz chl qtz chl x 2 qtz chl x 2 qtz	1/8 + 1/4 GS					24%	94				Tr				
					(106-113) Bio all chloritized otherwise rock still fresh.	15 25 80+2 15+20 5	1/8 1/8 1/8 x 2 1/8 + 1/8 1/2	cal chl cal qtz + chl cal fr + qtz (Mo specks) cal chl						6%	102 104				1812		.02		
					113 Chloritized F.G. Hanson QM Odd large 3/4 euhedral feld phen still visible.	45 20+25 15+20+60	1/8 1/8 x 2 1/8 + 1/8 + 1/8 + 1/8	cal chl + chl (py) cal + qtz cal Ksp Mo. + bar qtz		Minor gr. core 114				0%	114				1813		.02		
					122 Fine Grained Hanson QM Porphyritic texture with 1/4 1/2 pink K-sp phen in fine-grained matrix.	25 55+25+75 75+70+65 35+60 30 100-5 80+50+2+30 40	1/8 1/2 x 1/2 + 1/8 1/8 x 2 1/8 + 1/8 1/8 x 2 1/8 + 1/8 + 1/8 + 1/8 1/2	chl py bar qtz + cal chl + qtz (Mo specks) subff chl qtz (Ksp) = 2 chl (py) + bar qtz bar qtz Ksp + bar qtz x 2 + cal cal. chl		thin Ksp on top				21%	124				.01	1814		.01	
					127 Chloritized F.G. Hanson QM Ksp + chl FG Hanson QM heated with chl.	10 10+2 10+80+2+25 5+50+75	1/8 subff 1/8 + 1/8 1/8 + 1/8 + 1/8 + 1/8 1/8 + 1/8 + 1/8 + 1/8	chl (cal) (py) chl chl x 2 bar qtz (Ksp) + chl x 2 chl (cal) x 2 + chl							20%	134			Tr				
					137	5-10 20+2	1/8 1/8 + 1/8	qtz (chl) cal cal (qtz) = 2											Tr				

SECTION ENDAKO MINES

ALTERATION	GRAPHIC LOG	MINERALIZATION & STRUCTURES	ROCK QUALITIES					RECOVERY		ASSAY RESULTS		
			Fractures 7 To core	Frequency	Slickenside 7 To Core Axis	R O D	Porosity Block	Specific Gravity	Weight in Grams		Sample Number	
									Core	Sludge	Core	Sludge
		% MoS ₂	% MoS ₂	Core	Sludge							
		6" Ksp on wall + 18" on floor	27%	144				Tr				
		6" Ksp on wall + 18" on floor	17%	152				1815		.01		
		6" Ksp on wall + 18" on floor	8%	144				Tr				
		6" Ksp on wall + 18" on floor	25%	174				Tr				
		6" Ksp on wall + 18" on floor	18%	184				Tr				
		6" Ksp on wall + 18" on floor	20%	194				Tr				
		6" Ksp on wall + 18" on floor	50%	204				Tr				

SECTION _____

ENDAKO MINES

HOLE No. H 7
SHEET No. 1 of 4DIP 20 June 77
DIP 20 June 77BEARING 180° az.
LENGTH 205'
DIP -45°LATITUDE _____
DEPARTURE _____
ELEVATION _____CORE SIZE BQW
SCALE OF LOG 1" = 10'
REMARKS _____LOGGED BY E.K.
DATE Aug. 12, 1977

Types	Alteration	Graphic Log	Mineralization	Structures	Rock Qualities				Recovery		Assay Results								
					Fractures	Slicability	R O D	Fracture Blocks	Specific Gravity	Weight in grams	Sample Number	% MoS ₂							
Matrix	Texture	Hardness	Rock Name/ Appearance	L To Core Axis	Width of Vein	Mineralization/ Faulting (type)	Envelope (type)	Remarks	L To Core	Frequency	Slicability L To Core Axis	R O D	Fracture Blocks	Specific Gravity	Core %	Sludge %	Core %	Sludge %	Combined
			(0-9) csg in overburden					Oxidation in bedrock confined to rusty fract. planes only. By comparative oxidation on DDH H 8 from same set-up was much more developed. Oxid on fr. (8-4).											
	6		Fresh Porph. Hanson QM Many fold planes are cream pink rather than dull pink		25	hl	chl pyroclastic coating	(11-17) Ground core 6 core rec. (17-19) Gr. core: no core				0%	17				Tr		
			Kool of Feld quite intersc.		20 20 10 20 25 20+60+20 20+2+E	hl hl hl hl hl hl	chl chl Sub/sol + chl (cal) + chl chl cal + ber + chl cal with 1" K-sp chl + 2 + end. fault	1/2 QS with 1/2 - 3/4" K-sp rim				25%	27				Tr		
					40-45	hl + 1/2	Cal + 2	(34-37) No core: tube not locked				0%	37				Tr		
			(45-49) Plug showing distinct galvalur but still hard.		40 50 55	hl hl + 1/2 hl + 1/2 + hl hl	chl chl + chl cal chl + qtz (py) + chl chl					16%	41 43 46 47				Tr		
					15 10 25 5	hl hl hl	ber + chl chl chl chl					8%	51 55				Tr		

APPENDIX IV

DIAMOND DRILL CONTRACT

between

SHEPHERD ENTERPRISES LTD.

and

CANEX PLACER LIMITED

Endako Mines Division

Corporate title of Canex Placer Limited,
Endako Mines Division was changed to
PLACER DEVELOPMENT LIMITED, Endako Mines
Division on 1 January 1978.

APPENDIX 1V

THIS AGREEMENT made the 27th day of May , 1977.

BETWEEN: SHEPHERD ENTERPRISES LTD., of 1215 West 7th Avenue, in the City of Vancouver, in the Province of British Columbia,

(hereinafter referred to as the "Contractor")

OF THE FIRST PART

AND: CANEX PLACER LIMITED, a body corporate duly incorporated under the laws of the Province of British Columbia, and having its registered office at 700 Burrard Building, 1030 West Georgia Street, in the City of Vancouver, in the Province of British Columbia,

(hereinafter referred to as "Canex")

OF THE SECOND PART

WHEREAS:

- A. Canex is the owner of the mineral claims on which the proposed diamond drill holes outlined in red on the map annexed hereto as Schedule "A" will be located;
- B. The Contractor, in consideration of the payments hereinafter provided has agreed to carry out the said diamond drilling.

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the premises and the mutual covenants herein contained, the Parties hereto covenant and agree as follows:

1. The Contractor agrees to find and supply all labour, materials, transportation, machinery, equipment and workmanship necessary to carry out a diamond drilling program as shown on the map annexed hereto as Schedule "A" on Canex's mineral claims and in accordance with the terms of this Agreement and the General Conditions hereto annexed as Schedule "B", at the prices herein specified.

Guaranteed Footage:

2. Canex guarantees a minimum of one thousand two hundred (1,200) feet of diamond drilling in a series of holes, of a minimum depth of two hundred (200) feet and a maximum depth of three hundred (300) feet. All measurements to be taken from top of casing.

Core Size:

3. The Contractor guarantees to sink with standpipe and/or bore by diamond drill, the specified minimum footage, recovering BQ wireline core, approximately one and seven-sixteenths (1-7/16) inches in diameter, and to supply forthwith

one (1) drill outfit along with necessary associated equipment, industrial diamonds and labour to commence the work within time limits specified by Canex.

<u>Price</u>	<u>Schedule of Rates For Diamond Drilling</u> <u>Depth of Hole Range</u>	<u>Price Per Foot</u> <u>BQ Wireline</u>
	0 to 300 feet	\$13.00 per foot

If holes of a greater depth than three hundred (300) 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.

4. The Contractor agrees that all its labour, diamond wear and loss and all other operating expenses, except as hereinafter provided, shall be at its own cost and expense and for its own account.

Penetration
of Overburden:

5. Wherever overburden or broken rock is encountered on a set-up, it is agreed that the Contractor's charge for penetrating such overburden or broken rock shall be at thirteen dollars (\$13.00) per foot.

If the cost of penetrating the overburden or broken rock is greater than thirteen dollars (\$13.00) per foot, Canex agrees to pay the Contractor at the Hourly Rate, plus ten percent (10%) on consumables.

The cost for setting and pulling casing shall be at the Hourly Rate.

Hourly Rate:

6. It is agreed that Hourly Rates shall be interpreted here and hereinafter to mean the labour of a two-man crew, including supervision plus machine and equipment rental, at the rate of forty-two dollars (\$42.00) per hour; pipe and casing lost or left in holes; diamond loss and setting charges; materials and supplies consumed in the work at delivered cost plus ten percent (10%).

In the event extra labour over and above the regular two-man crew and supervision are required, the Contractor agrees to supply such additional labour at the rate of sixteen dollars and fifty cents (\$16.50) per man per hour.

Caves:

7. In the event that cavities or loose and caving materials are encountered of 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 that it becomes necessary to abandon the hole, Canex agrees to pay for such uncompleted holes at the rates herein specified for all footage completed. If required to continue on such holes on specific orders and approval from Canex's Resident Engineer or Representative, then Contractor shall have the option to revert to drilling at the Hourly Rate, plus all required materials, supplies and equipment at delivered cost plus ten percent (10%).

In the event it becomes necessary to resort to soluble oil, cementing, reaming, casing or mud circulation in bedrock or overburden, Canex agrees to reimburse the Contractor at the Hourly Rate, plus ten percent (10%) on consumables for the soluble oil, cementing, reaming, casing or mud circulation operations.

8. Wherever pipe, casing or other equipment is lost or is left in a hole on the instructions of Canex's Engineer, Canex agrees to pay the Contractor for such pipe, casing or other equipment at their depreciated value, f.o.b. drill site. Canex agrees to pay the Contractor the cost of diamond set casing shoe bits in addition to the cost of any casing left in the hole. Canex further agrees to pay the Contractor the cost of recovery or attempted recovery of materials from holes at the Hourly Rate.

Tests:

9. The Contractor, when instructed so to do, shall take any clinometer dip tests desired by Canex. The contractor's charge for such tests shall be at the Hourly Rate.

Water:

10. The Contractor shall supply pumps and one thousand (1,000) feet of waterline. The installation and maintenance cost of pumps and waterlines shall be at the Hourly Rate.

Transportation
and Moves:

11. a). Mobilization and demobilization of equipment and personnel from Contractor's warehouse in Kamloops to off-loading site at Endako Village shall be charged to Canex at a lump sum of three thousand four hundred dollars (\$3,400.00).
- b). It is agreed that costs for moving onto first site and off the final site, and moves between drill sites will be charged to Canex at sixteen dollars and fifty cents (\$16.50) per man hour.
- c). Moving shall be interpreted to include tearing down, dismantling machinery, moving, securing timber, transportation, and setting up.
- d). All helicopter costs for moving drilling equipment and personnel are for Canex's account.

e). Canex agrees to provide suitable drill sites in advance of the drilling operation at no cost to the Contractor.

f). Interim service trips from Endako Village or Burns Lake in connection with the maintenance of drill equipment and the drilling operation shall be for the Contractor's account.

Waiting Time
For Orders:

12. It is understood and agreed that time lost waiting for orders from Canex's Resident Engineer or Representative shall be charged to Canex at the Hourly Rate.

It is also understood that stand-by time for any cause beyond Contractor's control, including helicopter delays, shall be charged to Canex at the Hourly Rate.

Travel Time:

13. The Contractor will provide transportation for its personnel to and from the helicopter base at Burns Lake. Canex agrees to reimburse the Contractor for all helicopter travel time from Burns Lake to drill site and return at the rate of sixteen dollars and fifty cents (\$16.50) per man hour.

Core:

14. The drilling shall be conducted 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 and placed in receptacles to be furnished by Canex, at the drill site. To ensure maximum core recovery, the Contractor will supply experienced wireline operators. Canex will be responsible for the transportation of core from the drill site.

Sludge:

15. The Contractor, whenever instructed, agrees to take sludge samples every ten feet (10') of hole depth. All sludge samples shall be placed by the Contractor's operators in containers provided by Canex and carefully marked. Canex will be responsible for the transportation of sludge samples from the drill site.

Security:

16. The Contractor will not give out any information regarding drill results or permit access to any drill core to any person other than Canex's accredited Representatives, except upon specific permission of responsible officials of Canex.

Moly Grease:

17. The Contractor will not use molybdenum-base grease on rods or on any parts of the drill where contamination of sludge and core may occur.

Camps:

18. The Contractor agrees to provide board and lodging for its own men at no cost to Canex.

Discipline:

19. The Contractor shall, at all times, enforce strict discipline and maintain good order among its employees, and shall not retain on the work any unfit person or anyone not skilled in the work assigned to him.

Any employees of the Contractor who are objectionable or unsatisfactory to Canex, shall be removed from the work and replaced by an employee satisfactory to Canex.

Insurance:

20. The Contractor shall insure and keep insured during the term of this contract with an insurer acceptable to and approved by Canex, at the Contractor's own expense and cost, the following liability insurances:

i) Comprehensive general liability insurance on an occurrence basis, and including but not limited to, operations, Contractor's protective, contractual, products and completed operations and non-owned automobile. Canex shall be added as an additional insured under this item and the following clause shall be made part of this agreement:
"Cross Liability - the insurance afforded by this policy shall apply to any action brought against any of the insureds by any other insured in the same manner as though separate policies were issued to each."

j) Automobile - owned.
The insurers limit of liability in respect to the above mentioned insurances shall not be less than one million dollars (\$1,000,000.00) inclusive for bodily injury and/or property damage each occurrence, and one million dollars (\$1,000,000.00) aggregate for products and completed operations.

21. The Contractor shall be responsible for and will pay promptly all dues and assessments payable under any Workmen's Compensation Act or other similar Act, whether Provincial or Federal, in respect of its employees.

Environment:

22. During the course of the work, the Contractor shall at all times keep Canex's premises free from accumulation of waste material or rubbish and upon completion of the work, shall remove all tools, scaffoldings, surplus materials and rubbish, and leave the premises 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.

Canex will be responsible for procuring and maintaining applicable permits for land and water usage. Canex will hold Contractor harmless for any liability claims which may arise from normal activity related to this Agreement, including pollution of ground water or surrounding land from discharge of drill water and wastes save if Contractor's employees act in an irresponsible manner.

Payment
for Work:

23. Canex agrees to pay the Contractor, in Canadian funds, the above prices. Payment shall be made within thirty (30) days of the date of the account rendered. Invoices shall be submitted twice monthly to Canex Placer Limited, Endako Mines Division, Endako, B.C. V0J 1L0. Interest at the rate of one percent (1%) per month shall be charged on overdue accounts. Notwithstanding the foregoing, payment is subject to the provision of Article 20 of Schedule "B".

Manner of
Performing
Work:

24. The Contractor shall perform his work in such a manner as to not interfere with or hold up the normal operations of Canex.

Safety:

25. The Contractor will abide by all provisions of The Mines Regulation Act that pertain to safety and such other matters relevant to this Agreement.

The Contractor's equipment shall meet all Workmen's Compensation Board and Department of Mines regulations.

Engineer:

26. Canex's Engineer or Representative referred to herein and in the General Conditions of the contract shall be the Mine Manager of Canex Placer Limited, Endako Mines Division or such other person as he may nominate in writing as his representative.

Notices:

27. All communications in writing between the Parties shall be deemed to have been received by the addressee if delivered to the individual or to a member of the firm or to an officer of the corporation for whom they are intended, or sent by post or telegram addressed as follows:

The Contractor: Shepherd Enterprises Ltd.
 1215 West 7th Avenue
 Vancouver, B.C.
 V6H 1B7

Canex: The Secretary
 Canex Placer Limited,
 Endako Mines Division,
 700 Burrard Building,
 1030 West Georgia Street,
 Vancouver, B.C.
 V6E 3A8

The Engineer: Mine Manager,
 Canex Placer Limited,
 Endako Mines Division,
 Endako, B.C.
 V0J 1L0

General:

38. Whenever in this Agreement it is stipulated that anything shall be done or be performed by either of the Parties hereto, it shall be assumed that such Party does hereby enter into a covenant with the other Party to do or perform the same.

29. All grants, covenants, privileges and liabilities contained in this Agreement shall be read and held as made by and with and granted to and imposed upon the respective Parties hereto and their respective successors and assigns, in the same manner as if the words "Successors" and "Assigns" had been inscribed in all proper and necessary places, and in the event of more than one person being the Contractor, the said grants, covenants, provisos and liabilities, shall be construed and held to be several as well as joint.

30. Whenever the singular or masculine is used throughout this Agreement, the same shall be construed as meaning the plural or feminine or body corporate, as the context of the Parties so require.

31. Any condoning, excusing or overlooking by Canex of any breach, or non-performance by the Contractor at any time or times in respect to any covenant, term, condition, and proviso contained in this Agreement shall not operate as a waiver of Canex's right in respect of any continuing or subsequent default, breach or non-performance.

32. This Agreement may be altered only by written consent of both Parties hereto.

33. Time is of the essence in this Agreement.

IN WITNESS WHEREOF the Parties hereto have caused these presents to be executed as of the day and year first above written.

SHEPHERD ENTERPRISES LTD.)

Per:)

[Handwritten Signature])

CANEX PLACER LIMITED)

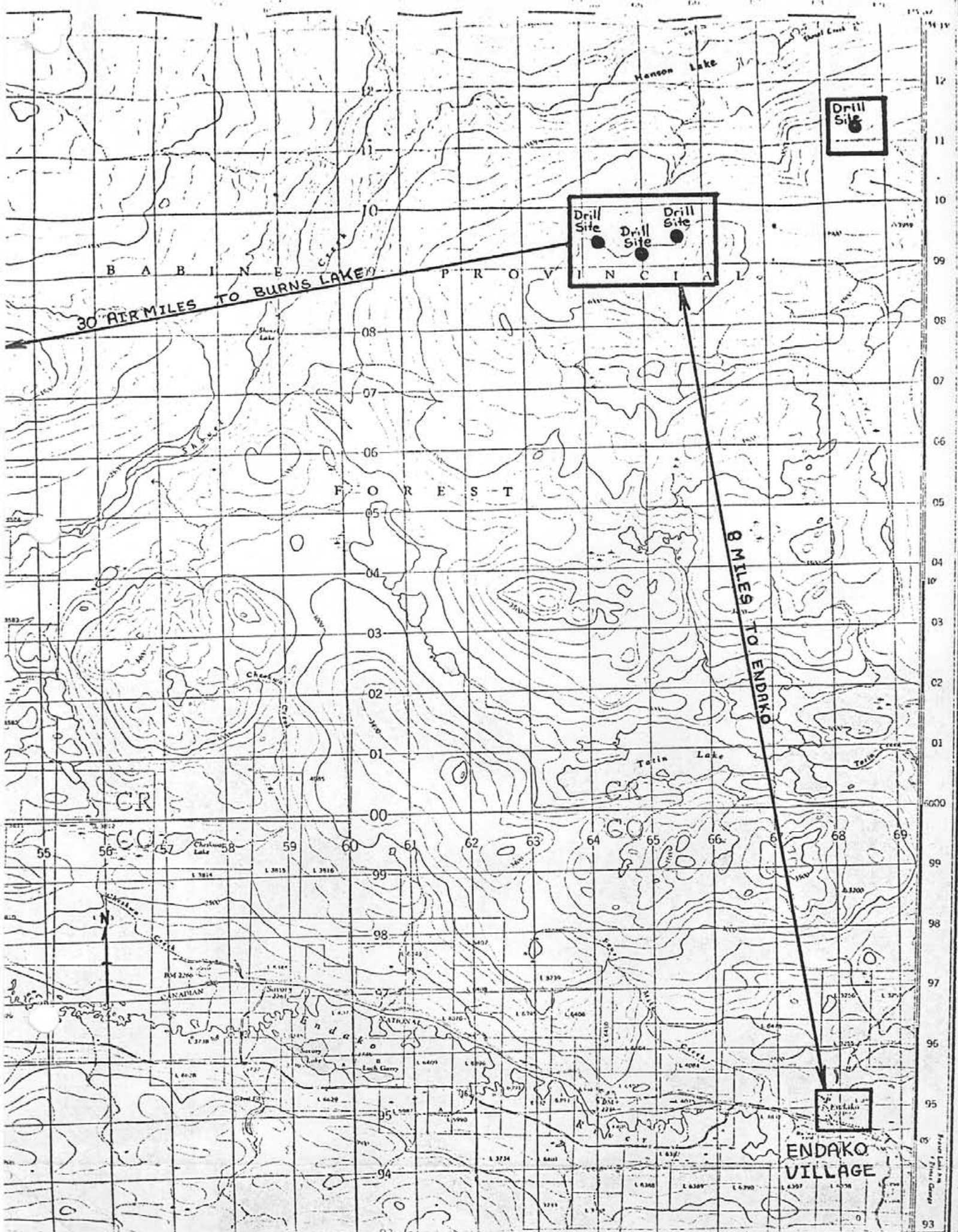
Per:)

[Handwritten Signature])

DIRECTOR)

[Handwritten Signature])

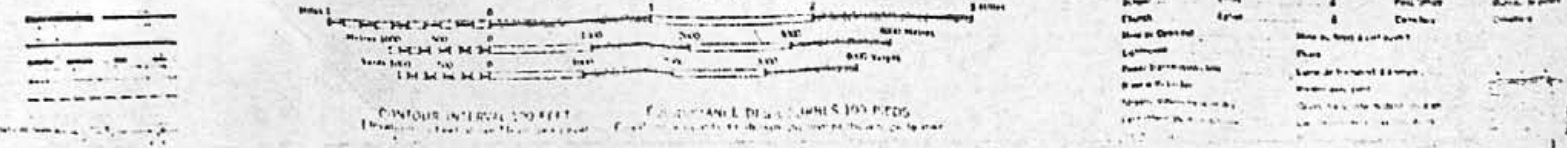
ASST. SECRETARY)

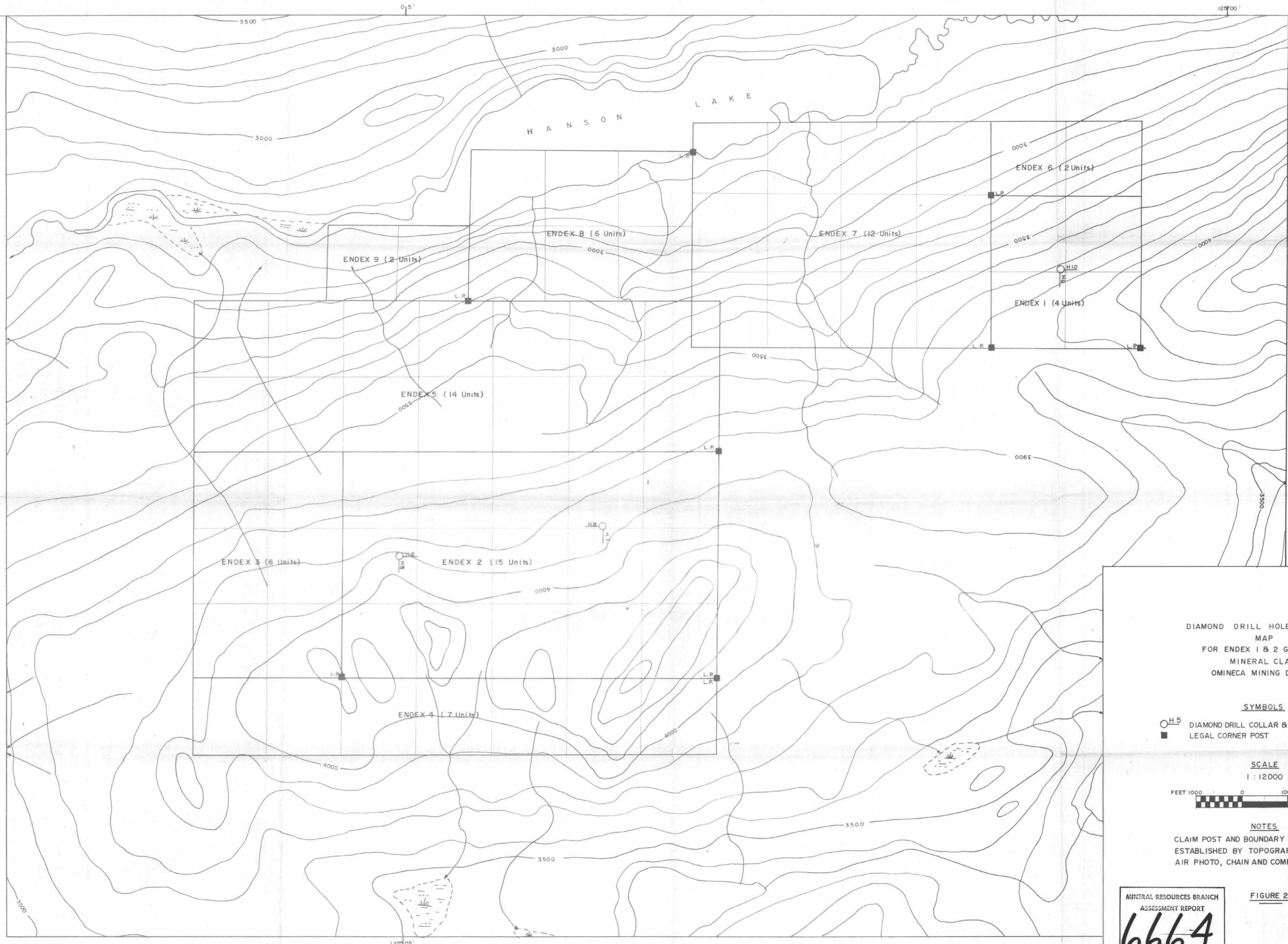


CANEX PLACER LIMITED
ENDAKO MINES DIVISION
DIAMOND DRILLING HANSON LAKE

Schedule A to Agreement between Shephard Ent. LTD
 and Canex Placer Limited, Endako Mines Division.
 FILE No. Dated this 27th day of May 1977

SCALE 1:50,000 ECHILLE





DIAMOND DRILL HOLE LOCATION
MAP
FOR ENDEX 1 & 2 GROUPS OF
MINERAL CLAIMS
OMINECA MINING DISTRICT

SYMBOLS

- H5 DIAMOND DRILL COLLAR & HOLE NO.
- LEGAL CORNER POST

SCALE

1 : 12000



NOTES

CLAIM POST AND BOUNDARY LOCATIONS
ESTABLISHED BY TOPOGRAPHIC MAP,
AIR PHOTO, CHAIN AND COMPASS.

MINERAL RESOURCES BRANCH
ASSESSMENT REPORT
6664
NO.

FIGURE 2

[Signature]
8/3/78