

PERCUSSION DRILLING REPORT
FOR
FRAN 103 GROUP OF MINERAL CLAIMS

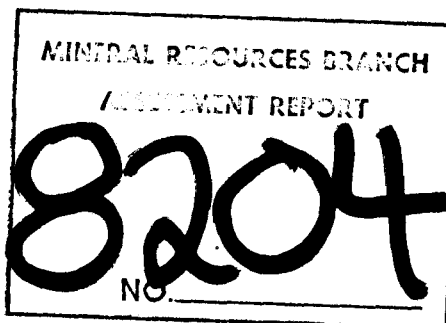
BY

PLACER DEVELOPMENT LIMITED
ENDAKO MINES DIVISION

OMINECA MINING DIVISION
ENDAKO, B.C.
(Latitude 54° N Longitude 125°)

Percussion drilling, sampling, logging and
assaying undertaken during period June 6, 1980
to June 26, 1980.

A.J. Peters



July 1980

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INTRODUCTION

Thirteen, two inch diameter percussion drill holes totalling 3640 feet (1100 metres) were drilled during period from 6 June, 1980 to 24 June, 1980. Drilling, logging and assaying costs are being submitted for assessment work on Fran 103 Group of Mineral Claims.

MINERAL CLAIM GROUP

Fran 103 Group of Mineral Claims is located about 8 kilometres southwest of Endako, B.C. in Omineca Mining Division. The property is geographically located in southeast quadrant of quadrilateral, Latitude 54° N and Longitude 125°.

The following claims comprise Fran 103 Group.

<u>CLAIM</u>	<u>NO. OF UNITS</u>	<u>MONTH OF RECORD</u>	<u>RECORD NO.</u>	<u>OWNER</u>
Al 4 Fr.		April	18955	Placer Development Ltd.
Casey 3	6 units	August	2097	Endako Mines Division
Casey 4	9 units	August	2098	"
Dolly 3 Fr.		November	46523	"
Dolly 4 Fr.		November	46524	"
Dolly 9 Fr.		December	57087	"
Fran 101	4 units	August	2094	"
Fran 102	2 units	August	2095	"
Fran 103	1 unit	August	2096	"
Mo 1		August	13175	"
Mo 4		August	13178	"

PERCUSSION DRILL PROGRAM

A series of vertical two inch diameter percussion drill holes were drilled on Mo 1, Mo 4, Al 4 Fr. and Fran 102 Mineral Claims. Sludge samples were collected in even ten foot (approx. 3 metres) interval in bedrock. Samples were dried and assayed for percent MoS₂ content at Placer Development Limited, Endako Mines Division Laboratory. Assaying was completed by 26 June 1980.

All drilling was conducted on previously constructed access.

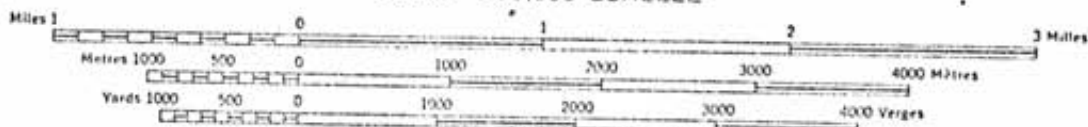
Percussion drilling was contracted to Merritt - Funk Brothers Drilling Company Limited. Drilling was conducted between June 6, 1980 and June 24, 1980.



ENDAKO

COAST DISTRICT RANGE 5
BRITISH COLUMBIA

SCALE 1:50,000 ÉCHELLE



Built
 Sh
 Chu
 Mine
 Light
 Power

Following is a list of percussion holes that are being submitted for assessment purposes on Fran 103 Group of Mineral Claims. An appended map on 1" = 1000 feet (1:12,000) scale shows spatial location of drill holes on mineral claims. Assay results are also appended.

<u>HOLE NO.</u>	<u>LOCATION</u>	<u>INCL.</u>	<u>DEPTH</u>	<u>O/B DEPTH</u>	<u>DRILLING PERIOD</u>
R 342	Mo 1	-90°	300'	30'	June 6 & 7
R 343	MO 1	-90°	300'	20'	June 7 & 8
R 344	Mo 1	-90°	300'	40'	June 8
R 345	Fran 102	-90°	300'	30'	June 9-12 inclusive
R 346	Mo 1	-90°	300'	30'	June 12 & 13
R 347	Mo 4	-90°	300'	30'	June 13
R 348	Mo 4	-90°	250'	60'	June 13 & 14
R 349	Mo 4	-90°	90'	30'	June 14
R 350	Mo 4	-90°	300'	20'	June 14 & 15
R 351	Al 4 Fr.	-90°	300'	30'	June 18 & 19
R 352	Mo 1	-90°	300'	20'	June 19
R 353	Mo 1	-90°	300'	30'	June 20-24 inclusive
R 354	Al 4 Fr.	-90°	300'	20'	June 24

Hole collars are located in field by hip chain and compass from known control points. Actual collars for completed holes are not surveyed, as a result, latitude and longitude as recorded on drill logs represent measurements taken from a detailed map of percussion drill hole locations. Similarly, collar elevations are estimated to nearest five feet from a contour map.

GEOLOGY AND LOGGING METHODS

At completion of sample drying all ten foot interval samples were visually examined for composition and mineral content. Rock type, composition, and mineral content for percussion holes are all noted on appended drill logs.

A representative sample was placed in a numbered Zip-Lock Bag for each ten foot sample and stored at Endako Mines Division for future reference.

Rock type is predominantly Endako Quartz Monzonite. Composition is quartz (30%) white to green tinged plagioclase (30%) and partially chloritized black biotite (5-10%).

Several holes encountered Casey Granite. Composition of this sugary textured rock is quartz (40%) pale pink k-feldspar (45%) white plagioclase (5-15%) and partially chloritized biotite (2-5%).

STATEMENT OF EXPENDITURES

The following expenditures were incurred by Placer Development Limited, Endako Mines Division.

PERSONNEL COSTS

<u>PERSONNEL</u>	<u>PERIOD EMPLOYED</u>	<u>HOURS AND RATE</u>	<u>COSTS</u>
A. Antkiewicz	June 6-22	52 hrs @ 7.35	382.20
R. Pearce	June 6-22	52 hrs @ 7.88	409.76
A.J. Peters	June 6-26	18 hrs @ 11.76	211.68

PERCUSSION DRILLING COSTS

<u>FOOTAGE</u>	<u>COST PER FOOT</u>	
3640 feet	\$4.05	\$14,742.00

ASSAYING COSTS

278 samples @ 6.50 for % MoS₂ \$1,807.00

VEHICLE COSTS PRORATED

6 days @ \$30.00 \$180.00

TOTAL COST FOR 3640 FEET OF DRILLING. \$17,732.64

CONCLUSION

Thirteen percussion holes totalling 3640 feet were drilled at an average cost of \$4.87 on the Fran 103 Group of Mineral Claims.

Submitted by,



AJP:df

A.J. Peters
Geological Technician
Placer Development Limited
Endako Mines Division

A P P E N D I X I

Percussion Drill Hole Location Map (in pocket)

Scale 1" = 1000' (1:12,000)

A P P E N D I X .II

Percussion Drill Hole Logs R 342 - R 354 inclusive.

GRID _____ CANEX PLACER LIMITED ENDAKO MINES DIVISION

HOLE No. R 342

SHEET No. 1 of 2

LOCATION WATER TOWER HILL

BEARING _____

LATITUDE 30,985

LOGGED BY RP

DATE COLLARED JUNE 6/80

LENGTH 300'

DEPARTURE 32,270

DATE JUNE 10/80

DATE COMPLETED JUNE 7/80

DIP -90°

ELEVATION 3400'

ROCK TYPE AND ALTERATION

SAMPLE WIDTH	TAG NUMBER	% MoS ₂	% Cu	% Zn	% Pb	% Ag	COMMENTS
30-40	6089	.013					
40-50	6090	.016					
50-60	1	.010					
60-70	2	.010					
70-80	3	.012					
80-90	4	.013					
90-100	6095	.010					
100-110	6	.008					
110-120	7	.008					
120-130	8	.007					
130-140	9	.006					
140-150	6100	.006					
150-160	-1	.010					
160-170	2	.008					

CASING 30'

WEAK TO MODERATELY ALTERED

QUARTZ MONZONITE

COMPOSITION

QTZ

K-SPAR

PLAG

- VERY MINOR PYRITE AND MAGNETITE

- LITTLE OR NO VISIBLE Mo MINERALIZATION

GRID _____

CANEX PLACER LIMITED ENDAKO MINES DIVISION

HOLE No. R 342
SHEET No. 2 of 2

LOCATION _____

BEARING _____

LATITUDE _____

LOGGED BY _____

DATE COLLARED _____

LENGTH _____

DEPARTURE _____

DATE _____

LATE COMPLETED _____

DIP _____

ELEVATION _____

ROCK TYPE AND ALTERATION

SAMPLE WIDTH	TAG NUMBER	% MoS ₂	% Cu	% Zn	% Pb	% Ag	COMMENTS
170-180	6103	.006					
180-190	4	.004					
190-200	5	.003					
200-210	6	.006					
210-220	7	.004					
220-230	8	.011					
230-240	9	.010					
240-250	6110	.009					
250-260	1	.009					
260-270	2	.006					
270-280	3	.007					
280-290	4	.009					
290-300	6115	.008					

E.O.H.

GRID _____

CANEX PLACER LIMITED ENDAKO MINES DIVISION

HOLE No. R 343
SHEET No. 1 of 2

LOCATION WATER TOWER HILL

BEARING _____

LATITUDE 31 040

LOGGED BY RP

DATE COLLARED JUNE 7/80

LENGTH 300'

DEPARTURE 32 740

DATE JUNE 10/80

LATE COMPLETED JUNE 8/80

DIP -90°

ELEVATION 3340'

ROCK TYPE AND ALTERATION	SAMPLE WIDTH	TAG NUMBER	% MoS ₂	% Cu	% Zn	% Pb	% Ag	COMMENTS	
CASING 20'									
WEAK TO MODERATELY ALTERED QUARTZ MONZONITE COMPOSITION QZ K-SPAR PLAG - VERY MINOR PYRITE AND MAGNETITE - LITTLE OR NO VISIBLE MO MINERALIZATION	20-30	6116							
	30-40	7							
	40-50	8							
	50-60	9							
	60-70	6120							
	70-80	1							
	80-90	2							
	90-100	3							
	- FINE GRAINED, REDDISH-PURPLE, POST MINERAL DIKE - NO VISIBLE PYRITE OR MO - VERY LITTLE MAGNETITE	100-110	4						
		110-120	6125						
120-130		6							
130-140		7							
QZ MONZONITE AS IN 20'-100'	140-150	8							
	150-160	9							
	160-170	6130							

GRID _____ CANEX PLACER LIMITED ENDAKO MINES DIVISION

HOLE No. R 344
SHEET No. 1 of 2

LOCATION: WATER TOWER HILL

BEARING _____

LATITUDE 31.470

LOGGED BY RP

DATE COLLARED JUNE 8/80

LENGTH 300'

DEPARTURE 33.320

DATE JUNE 10/80

DATE COMPLETED JUNE 8/80

DIP -90°

ELEVATION ~~3400~~ 3250'

ROCK TYPE AND ALTERATION	SAMPLE WIDTH	TAG NUMBER	% MoS ₂	% Cu	% Zn	% Pb	% Ag	COMMENTS
CASING 40'								
WEAK TO MODERATELY ALTERED QZ MONZONITE COMPOSITION QZ K-SPAR PLAG	40-50	6144	.070					MINOR Mo
	50-60	5	.007					
	60-70	6	.027					MINOR Mo
	70-80	7	.010					MINOR Mo
	80-90	8	.012					MINOR Mo
	90-100	9	.011					MINOR Mo
	100-110	6150	.010					MINOR Mo
	110-120	1	.009					MINOR Mo
	120-130							- SAMPLE MISSING
	130-140	2	.011					
	140-150	3	.006					
	150-160	4	.062					MINOR Mo
	160-170	6155	.043					NUMEROUS FLAKES + OF Mo

GRID _____

CANEX PLACER LIMITED ENDAKO MINES DIVISION

HOLE No. R344
SHEET No. 2 of 2

LOCATION _____

BEARING _____

LATITUDE _____

LOGGED BY _____

DATE COLLARED _____

LENGTH _____

DEPARTURE _____

DATE _____

DATE COMPLETED _____

DIP _____

ELEVATION _____

ROCK TYPE AND ALTERATION	SAMPLE WIDTH	TAG NUMBER	% MoS ₂	% Cu	% Zn	% Pb	% Ag	COMMENTS
	170-180	6156	.061					Mo + Qtz Mo
	180-190	7	.069					NUMEROUS Mo FLAKES
	190-200	8	.049					MINOR Mo
	200-210	9	.062					MINOR Mo + PYRITE
	210-220	6160	.040					MINOR Mo + PYRITE
	220-230	1	.041					MINOR Mo
	230-240	2	.049					MINOR Mo + Qtz Mo
	240-250	3	.009					
	250-260	4	.006					
	260-270	6165	.007					
	270-280	6	.005					
	280-290	7	.008					
	290-300	6168	.004					MINOR Mo + PYRITE

E.O.H.

GRID _____

CANEX PLACER LIMITED ENDAKO MINES DIVISION

HOLE No. R345SHEET No. 1 of 2LOCATION WATER TOWER HILL

BEARING _____

LATITUDE 30.910LOGGED BY RPDATE COLLARED JUNE 9/80LENGTH 300'DEPARTURE 34085DATE JUNE 16/80DATE COMPLETED JUNE 12/80DIP -90°ELEVATION 3230'

ROCK TYPE AND ALTERATION	SAMPLE WIDTH	TAG NUMBER	% MoS ₂	% Cu	% Zn	% Pb	% Ag	COMMENTS
CASING 30'								
WK. TO MODERATELY ALTERED QZ. MONZONITE COMPOSITION QZ PLAG K-SPAR - MINOR MAGNETITE IN MANY - SALT AND PEPPER APPEARANCE IN MANY	30-40	6169	.004					MUCH OVERBURDEN MAT'L
	40-50	70	.008					
	50-60	1	.005					
	60-70	2	.010					
	70-80	3	.008					
	80-90	4	.005					
	90-100	6175	.064					
	100-110	6	.019					TRACES MoS ₂
	110-120	7	.013					TRACES MoS ₂
	120-130	8	.009					
	130-140	9	.011					
	140-150	6180	.005					TRACES MoS ₂
	150-160	1	.020					TRACES MoS ₂
160-170	2	.008						

GRID _____

CANEX PLACER LIMITED ENDAKO MINES DIVISION

HOLE No. R 346

SHEET No. 1 of 2

LOCATION WATER TOWER HILL

BEARING _____

LATITUDE 31.140

LOGGED BY RP

DATE COLLARED JUNE 12/80

LENGTH 300'

DEPARTURE 33,760

DATE JUNE 16/80

DATE COMPLETED JUNE 13/80

DIP -90°

ELEVATION 3230'

ROCK TYPE AND ALTERATION	SAMPLE WIDTH	TAG NUMBER	% MoS ₂	% Cu	% Zn	% Pb	% Ag	COMMENTS
CASING 30'								
WK. TO MODERATELY ALTERED Qz. MONZONITE Qz. PLAG. K-SPAR - MINOR MAGNETITE IN MANY - SALT AND PEPPER APPEARANCE IN MANY	30-40	6196	.003					PINKER APPEARANCE
	40-50	7	.004					PINKER APPEARANCE
	50-60	8	.010					TRACES OF MoS ₂
	60-70	9	.010					
	70-80	6200	.007					
	80-90	1	.012					TRACES OF MOLY
	90-100	2	.007					
	100-110	3	.007					TRACES OF MoS ₂
	110-120	4	.007					
	120-130	6205	.005					
	130-140	6	.008					
	140-150	7	.008					
	150-160	8	.010					
160-170	9	.007					TRACES OF MoS ₂	

GRID _____ CANEX PLACER LIMITED ENDAKO MINES DIVISION

HOLE No. R 347

SHEET No. 1 of 2

LOCATION WATER TOWER HILL

BEARING _____

LATITUDE 30.745

LOGGED BY RP

DATE COLLARED JUNE 13/80

LENGTH 300'

DEPARTURE 32.515

DATE JUNE 16/80

DATE COMPLETED JUNE 13/80

DIP -90°

ELEVATION 3340'

ROCK TYPE AND ALTERATION	SAMPLE WIDTH	TAG NUMBER	% MoS ₂	% Cu	% Zn	% Pb	% Ag	COMMENTS
CASING 30'								
WK. TO MODERATELY ALTERED Q ₂ MONZONITE Q ₂ PLAG K-SPAR - MUCH DEBRIS IN UPPER ~50' OF HOLE	30-40 6223	6223	.013					
	40-50	6224	.015					
	50-60	6225	.011					MINOR Mo
	60-70	6226	.019					
	70-80	6227	.011					
	80-90	6228	.009					POST MIN'L DIKE
	90-100	6229	.004					POST MIN'L DIKE
	100-110	6230	.008					INT. ALT.
	110-120	6231	.007					
	120-130	2	.007					
	130-140	3	.008					INT. ALT.
	140-150	4	.013					
	150-160	6235	.011					
	160-170	6	.010					

GRID _____

CANEX PLACER LIMITED ENDAKO MINES DIVISION

HOLE No. R 348

LOCATION WATER TOWER HILL

BEARING _____

LATITUDE 30480

SHEET No. 1 of 2

DATE COLLARED JUNE 13/80

LENGTH 250'

DEPARTURE 32410

LOGGED BY RP

DATE COMPLETED JUNE 14/80

DIP -90°

ELEVATION 3300'

DATE JUNE 19/80

ROCK TYPE AND ALTERATION	SAMPLE WIDTH	TAG NUMBER	% MoS ₂	% Cu	% Zn	% Pb	% Ag	COMMENTS
CASING 60'								
WK. TO MODERATELY ALTERED Qz. MONZONITE COMPOSITION Qz. K-SPAR PLAG	60-70	6250						REDDISH
	70-80	1	.005					REDDISH
	80-90	2						
	90-100	3	.004					
	100-110	4	.010					SANDY TEXTURE
	110-120	6255	.011					SALT + PEPPER
	120-130	6	.009					DEBRIS
	130-140	7	.009					
	140-150	8	.011					SALT + PEPPER, CASE GR.
	150-160	9	.015					INTENSE ALT.
	160-170	6260	.016					INTENSE ALT.

GRID _____ CANEX PLACER LIMITED ENDAKO MINES DIVISION

HOLE No. R 350
SHEET No. 1 of 2

LOCATION WATER TOWER HILL

BEARING _____

LATITUDE 30.445

LOGGED BY RP

DATE COLLARED JUNE 14/80

LENGTH 300'

DEPARTURE 33390

DATE JUNE 19/80

DATE COMPLETED JUNE 15/80

DIP -90°

ELEVATION 3220'

ROCK TYPE AND ALTERATION	SAMPLE WIDTH	TAG NUMBER	% Mo	% Cu	% Zn	% Pb	% Ag	COMMENTS
CASING 20'								
WEAK TO MODERATELY ALTERED Qz. MONZONITE COMPOSITION Qz K-SPAR PLAG	20-30	6275	.011					DEBRIS
	30-40	6	.009					DEBRIS
	40-50	7	.011					MINOR PYRITE
	50-60	8	.009					
	60-70	9	.015					DEBRIS
	70-80	6280	.017					TRACES MOLY
	80-90	1	.014					TRACES MOLY INTENSE ALT.
	90-100	2	.015					DEBRIS
	100-110	3	.015					DEBRIS
	110-120	4	.012					
	120-130	6285	.017					
	130-140	6	.014					TRACES MOLY
	140-150	7	.018					INTENSE ALT.
150-160	8	.013					TRACES MOLY	
160-170	9	.013						

GRID _____

CANEX PLACER LIMITED ENDAKO MINES DIVISION

HOLE No. R 350

LOCATION _____

BEARING _____

LATITUDE _____

SHEET No. 2 of 2

DATE COLLARED _____

LENGTH _____

DEPARTURE _____

LOGGED BY _____

DATE COMPLETED _____

DIP _____

ELEVATION _____

DATE _____

ROCK TYPE AND ALTERATION	SAMPLE WIDTH	TAG NUMBER	% MoS ₂	% Cu	% Zn	% Pb	% Ag	COMMENTS
	170-180	6290	.011					MINOR Mo
	180-190	1	.011					
	190-200	2	.011					
	200-210	3	.012					
	210-220	4	.013					MINOR Mo
	220-230	6295	.015					INTENSE ALT.
	230-240	6	.015					
	240-250	7	.011					
	250-260	8	.014					TRACES MOLY
	260-270	9						
	270-280	6300	.011					
	280-290	1	.011					
	290-300	2	.011					

E.O.H.

GRID _____

CANEX PLACER LIMITED ENDAKO MINES DIVISION

HOLE No. R351SHEET No. 1 of 2LOCATION WATER TOWER HILL

BEARING _____

LATITUDE 30760LOGGED BY RPDATE COLLARED JUNE 18/90LENGTH 300'DEPARTURE 33040DATE JUNE 19/80DATE COMPLETED JUNE 19/80DIP -90°ELEVATION 3300'

ROCK TYPE AND ALTERATION	SAMPLE WIDTH	TAG NUMBER	% MoS ₂	% Cu	% Zn	% Pb	% Ag	COMMENTS
		6303						
CASING 30'								
WK. TO MODERATELY ALTERED Qz. MONZONITE	30-40	6303	.005					CRSE. GR.
COMPOSITION Qz K-SPAR PLAG	40-50	4	.006					
	50-60	6305	.005					
	60-70	6	.007					
	70-80	7	.008					CRSE. GR.
	80-90	8	.007					
	90-100	9	.006					
	100-110	6310	.007					
	110-120	1	.005					
	120-130	2	.008					
	130-140	3	.006					
	140-150	4	.006					
	150-160	6315	.006					
	160-170	6	.008					

GRID _____

CANEX PLACER LIMITED ENDAKO MINES DIVISION

HOLE No. R353SHEET No. 1 of 2LOCATION Water Tower Hill

BEARING _____

LATITUDE 31 075LOGGED BY AJPDATE COLLARED June 20, 1980LENGTH 300'DEPARTURE 33 205'DATE June 25, 1980DATE COMPLETED June 24, 1980DIP -90°ELEVATION 3260

ROCK TYPE AND ALTERATION	SAMPLE WIDTH	TAG NUMBER	% MoS ₂	% Cu	% Zn	% Pb	% Ag	COMMENTS
<i>Casing 30'</i>								
<i>Weakly Altered Endako Qtz Monzonite</i>	30-40	6337	.008					<i>Minor Mo Gr. grained</i>
	40-50	8	.004					<i>Minor Mo, Mag</i>
	50-60	9	.014					<i>Minor Mo, Mag</i>
	60-70	6340	.005					<i>Minor Mo, Mag</i>
	70-80	1	.005					<i>Minor Mo, Mag</i>
	80-90	2	.003					<i>Minor Mo, Mag</i>
	90-100	3	.006					<i>Minor Mo, Mag</i>
<i>Fresh fine grained Casey Alaskite No visible mineralization Very pinkish in color Dyke Rx.</i>	100-110	4	.006					<i>Minor, Mo, Mag</i>
	110-120	5	.004					
	120-130	6	.006					
	130-140	7	.028					
	140-150	8	.012					
	150-160	9	.009					
	160-170	6350	.014					

GRID _____

CANEX PLACER LIMITED ENDAKO MINES DIVISION

HOLE No. R354

LOCATION Water Tower Hill

BEARING _____

LATITUDE 30 800

SHEET No. 1 of 2

DATE COLLARED June 24, 1980

LENGTH 300'

DEPARTURE 33 650

LOGGED BY AJP

DATE COMPLETED June 24, 1980

DIP -90°

ELEVATION 3260

DATE June 24, 1980

ROCK TYPE AND ALTERATION	SAMPLE WIDTH	TAG NUMBER	% MoS ₂	% Cu	% Zn	% Pb	% Ag	COMMENTS
<i>Casing 20'</i> <i>Intensely weathered reddish brown</i> <i>Endako Qtz Monzonite</i>	20-30	6364	.010					
	30-40	5						<i>Minor Mo, Ag</i>
	40-50	6	.009					
	50-60	7	.004					
	60-70	8	.005					
<i>Wk. to Mod. Altered Endako</i> <i>Qtz Monzonite</i>	70-80	9	.003					
	80-90	6370	.004					
	90-100	1	.009					
	100-110	2	.006					<i>Minor Mo</i>
	110-120	3	.008					
	120-130	4						
	130-140	5	.010					
	140-150	6	.036					<i>Coarse grained</i>
150-160	7	.009						
160-170	8	.017						

A P P E N D I X I I I

Percussion Drill Contract

THIS AGREEMENT made the 28th day of April, 1980

BETWEEN:

Merritt-Funk Brothers Drilling Company Limited
having its office at Merritt in the Province of
British Columbia,

(hereinafter referred to as the "Contractor")

OF THE FIRST PART

AND

Placer Development Limited, Endako Mines Division,
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 the "Owner")

OF THE SECOND PART

WHEREAS:

- A. The Owner is the registered owner of the mineral claims on which the proposed percussion drill holes outlined in green on the maps annexed hereto as Schedule "A" will be located;
- B. The Owner is desirous of having performed certain percussion drilling on its mineral claims;
- C. The Contractor, in consideration of the payments hereinafter provided has agreed to carry out the said percussion 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 percussion drilling program as shown on the maps annexed hereto as Schedule "A" on the Owner'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. The Owner guarantees a minimum of ten thousand (10,000) feet of percussion drilling in a series of holes, of a minimum depth of two hundred (200) feet and a maximum depth of four hundred (400) feet. All measurements to be taken from top of casing.

Drilling is allocated in four separate projects:

<u>Project</u>	<u>Footage</u>
Garnet Lake	1,500
Fresh Water Tank	3,600
Sam Ross Creek	5,200
No. 1 and No. 2 Tailings Ponds	1,000

3. The Contractor guarantees to sink with standpipe and/or bore by percussion drill, the specified minimum footage, recovering sludge samples, and to supply forthwith one (1) drill outfit, along with necessary associated equipment, industrial bits and labour to commence the work on or about 26 May and complete the program by 30 June 1980.

Price:

<u>Schedule of Rates for Percussion Drilling</u>	<u>Price per Foot</u>
<u>Depth of Hole Range</u>	
0 to 400 Feet	\$4.05 per Foot

If holes of a greater depth than four hundred (400) 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, bit wear, 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 and placing casing shall be at the following rate:

0 to 100 Feet	\$4.05 per Foot
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In the event casing becomes stuck in a hole, the Contractor agrees to make all reasonable attempts for recovery.

Caves:

6. 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, the Owner agrees to pay for such uncompleted holes at the rates herein specified for all footage completed.

7. Wherever pipe, casing or other equipment is lost or is left in a hole on the instructions of the Owner's Engineer, the Owner agrees to pay the Contractor for such pipe, casing or other equipment at their depreciated value, f.o.b. drill site. The Owner 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.

Water Supply:

8. Water for drilling purposes shall be pumped by the Contractor up to a distance of three thousand (3,000) feet. Should it be necessary to pump water a greater distance than three thousand (3,000) feet, the Owner agrees to pay the additional cost of supplying water to the drill site.

Transportation and Moves:

9. a) It is agreed that the moving of drill and camp equipment, supplies and personnel, from the Contractor's yard to discharge location at Endako Mines and return from the discharge site to the Contractor's yard shall be for the Contractor's account.
- b) It is agreed that the moves between drill sites shall be for the Contractor's account.
- c) Moving shall be interpreted to include tearing down, dismantling machinery, moving, securing timber, transportation and setting up.
- d) The Owner agrees to provide suitable access roads and drill sites in advance of the drilling operation at no cost to the Contractor. Cat and low-bed truck assistance, if required, will be supplied by the Owner at no cost to the Contractor.
- e) Interim service trips in connection with the maintenance of drill camps and the drilling operation shall be for the Contractor's account.

Sludge:

10. The drilling shall be conducted so as to produce maximum sludge recovery with every reasonable precaution taken to prevent crushing, wearing or grinding of samples. All samples recovered by the Contractor shall be carefully marked and placed in receptacles to be furnished by the Owner, at the drill site. To ensure maximum sludge recovery, the Contractor will supply experienced operators. Owner will be responsible for the transportation of samples from the drill site.

Security:

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

Moly Grease:

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

Camps:

13. a) The Contractor agrees to provide board and lodging for its own men at no cost to the Owner.
b) The construction and dismantling of camp is for the Contractor's account.

Discipline:

14. 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 the Owner, shall be removed from the work and replaced by an employee satisfactory to the Owner.

Insurance:

15. The Contractor at his own expense and cost shall insure and keep insured during the term of this Contract with an insurer acceptable to and approved by the Owner the following liability insurances:

- a) Comprehensive General Liability Insurance which shall include all Operations, Contractor's Protective, Contractual Products and Completed Operations, and non-owned Automobile Liability, with bodily injury and/or death limit of not less than one (1) million dollars for each occurrence and a property damage limit of not less than one (1) million dollars per occurrence, and in the aggregate with respect to products and completed operations liability. The Owner shall be added as an additional name insured under this section. This policy shall also contain a clause reading as follows:

"Cross Liability": The insurance afforded under 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.

- b) Automobile (owned). The insurer's limit of liability shall not be less than the following: \$1,000,000 per bodily injury and/or death for each occurrence, and not less than \$1,000,000 per occurrence for property damage.
c) A certificate of insurance certifying that the Contractor has insurance as required under Section a) and b) shall be filed with the Owner upon acceptance of the contract terms.

- d) The Contractor and/or Sub-contractor shall also insure and keep insured while this Contract is in force with an Insurance Company or Companies acceptable to and approved by the Owner at the Contractor and/or Sub-contractor's own expense and cost, insurance on all equipment owned and/or hired and/or used by them in connection with the work. This insurance shall provide coverage on the basis customarily known as Inland Marine Named Perils coverage. The Owner shall be added as an additional named insured under this insurance. The policy shall also contain a waiver of subrogation against the Owner.
- e) The Contractor shall arrange that such insurance shall not be cancelled without sixty (60) days prior written notice to the Owner by the insurers.

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

Environment:

17. During the course of work, the Contractor shall at all times keep the Owner'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.

The Owner will be responsible for procuring and maintaining applicable permits for land water usage. Owner 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:

18. The Owner 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, subject to the provisions of Article 20 of Schedule B. Invoices shall be submitted twice monthly to Placer Development Limited, Endako Mines Division, Endako, B.C. VOJ 1LO. Interest at the rate of one percent (1%) per month shall be charged on overdue accounts.

Manner of
Performing Work:

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

Safety:

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

Equipment operated by the Contractor shall, at all times, yield the right-of-way to equipment operated by the Owner.

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

Engineer:

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

Notices:

22. 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 addresses as follows:

The Contractor: Merritt-Funk Brothers Drilling Company Limited
P.O. Box 2077
Merritt, B.C.
VOK 2B0

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

The Engineer: Mine Manager
Placer Development Limited
Endako, B.C.
VOJ 1L0

General:

23. 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.

24. 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.

25. 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 or the parties so require.

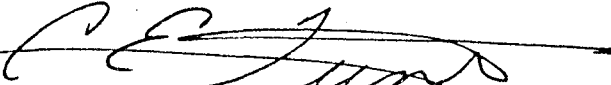
26. Any condoning, excusing or overlooking by the Owner of any breach, or non-performance by the Contractor at any time or times in respect to any covenant, term, condition, and proviso contained in this Agreement shall not operate as a waiver of the Owner's right in respect of any continuing or subsequent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

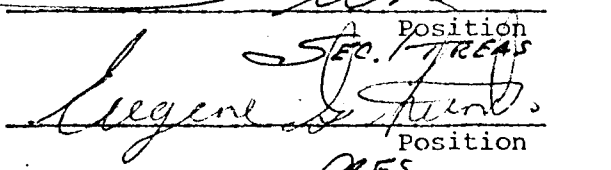
27. This Agreement may be altered only by written consent of both Parties hereto.

30. Time is of the essence in this Agreement.

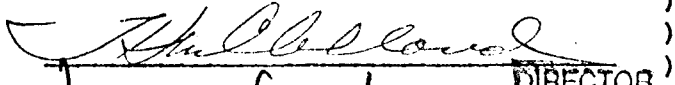
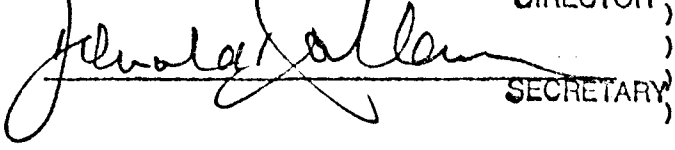
IN WITNESS WHEREOF the Parties hereto have caused these presents to be executed as of the day and year first above written.

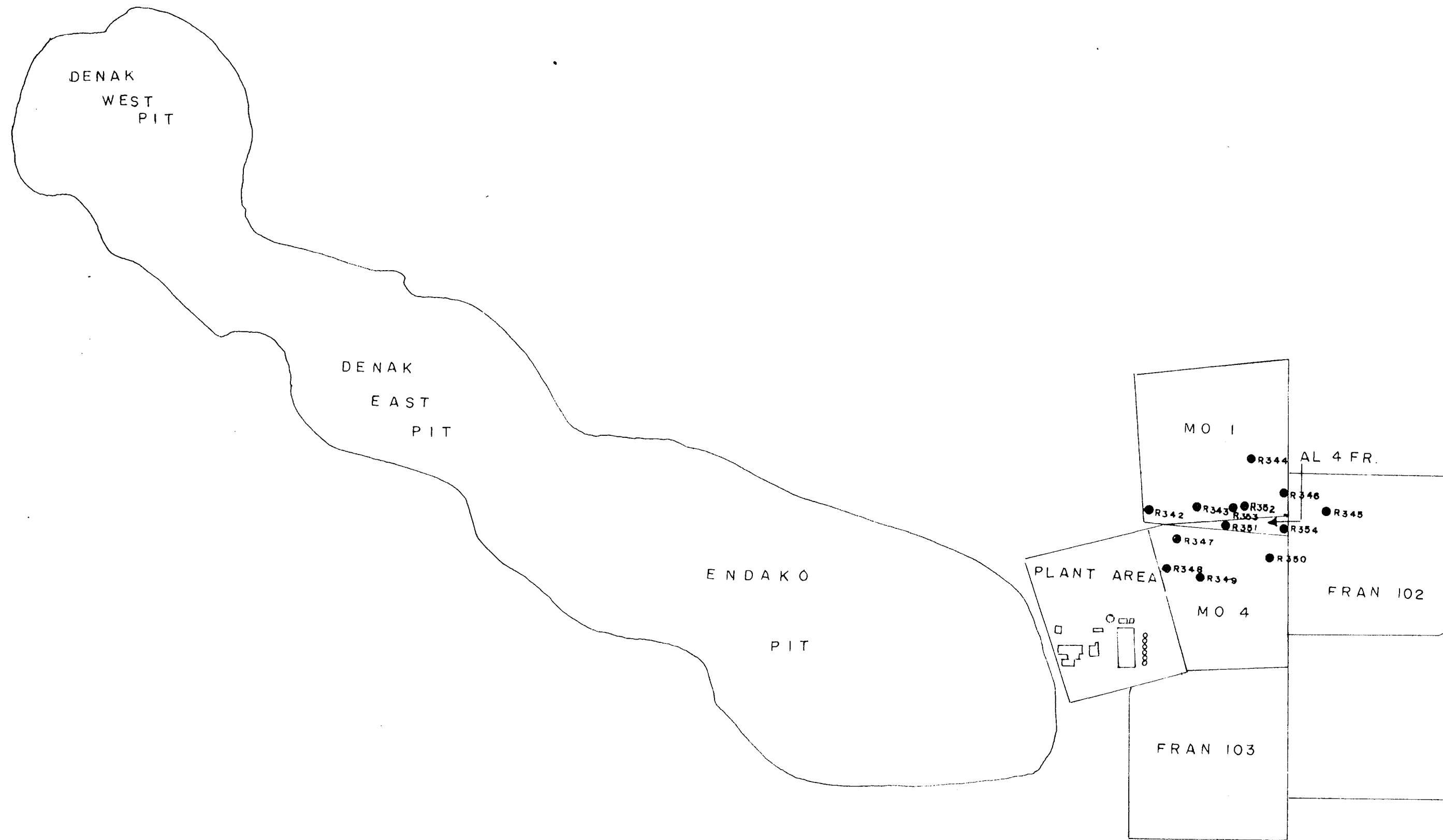
The Common Seal of Merritt-Funk Brothers' Drilling Company Limited, was hereunto affixed in the presence of:




Position
PRES.

The Common Seal of Placer Development Limited was hereunto affixed in the presence of:


DIRECTOR

SECRETARY



MINERAL RESOURCE BRANCH
 ASSESSMENT REPORT
8204
 NO. _____

DRAWN	SCALE 1:12,000	CANEX PLACER LIMITED	LOCATION MAP
TRACED	DATE JUNE 80	ENDAKO MINES DIVISION	
APPROVED		DRILL HOLES	FILE NO.