

PERCUSSION DRILLING REPORT

FOR

STORM MINERAL CLAIM

BY

PLACER DEVELOPMENT LIMITED

ENDAKO MINES DIVISION

OMINECA MINING DIVISION

ENDAKO, B.C.

(Latitude 50° N. Longitude 125° 17')

Percussion drilling, sampling, logging and
assaying undertaken during period 11 July 1980
to 20 July 1980.

A. J. Peters

August 1980

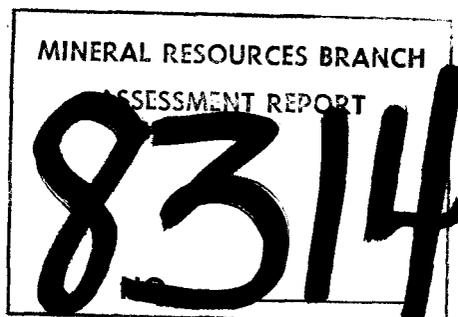


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- I. Percussion Drill Hole Location Map
1" = 1000' or 1:12,000 scale in pocket
- II. Percussion Drill Hole Logs SR 9 to SR 11 Inclusive
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INTRODUCTION

Three two inch diameter percussion holes totaling 950 feet (290 metres) were drilled during period from 11 July 1980 to 14 July 1980. Drilling, logging and assaying costs are being submitted for assessment work on Storm Mineral Claim (20 units).

MINERAL CLAIM

Storm Mineral Claim situates 16 kilometres west of Endako Village and thence 3.5 kilometres due south at the point where Sam Ross Creek crosses Highway 16.

Following is description of claim:

| <u>CLAIM</u> | <u>NO. OF UNITS</u> | <u>MONTH OF RECORD</u> | <u>RECORD NO.</u> | <u>OWNER</u> |
|--------------|---------------------|------------------------|-------------------|---|
| Storm | 20 | Sept. | 2037 | P. Buckley in trust for Placer Development Limited |

It should be noted that Mr. Buckley has no commercial interest in the Storm Claim.

PERCUSSION DRILL PROGRAM

A series of vertical two inch diameter percussion drill holes were drilled on Storm Mineral Claim. Sludge samples were collected in even ten foot (approx. 3 metres) intervals in bedrock. Samples were dried and assayed for percent MoS₂ content at Placer Development Limited, Endako Mines Division Laboratory. Assaying was completed by 20 July 1980.

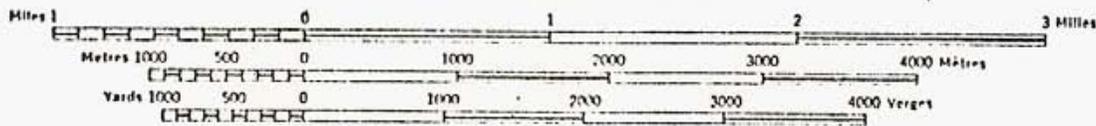
Percussion drilling was contracted to Merritt-Funk Brothers Drilling Company Limited. Drilling was conducted between July 11, 1980 and July 14, 1980.

| <u>HOLE NO.</u> | <u>LOCATION</u> | <u>INCL.</u> | <u>DEPTH</u> | <u>o/B DEPTH</u> | <u>DRILLING PERIOD</u> |
|-----------------|-----------------|------------------|--------------|------------------|------------------------|
| SR 9 | Storm | -90 ^o | 400' | 20' | July 11, 12/80 |
| SR 10 | Storm | -90 ^o | 150' | 150' | July 13/80 |
| SR 11 | Storm | -90 ^o | 400' | 120' | July 14, 14/80 |



ENDAKO - BRITISH COLUMBIA

SCALE 1:50,000 ÉCHELLE



CONTOUR INTERVAL 100 FEET
Elevations in Feet above Mean Sea Level
North American Datum 1927
Transverse Mercator Projection

MAGNETIC DECLINATION 27°01' EAST
AT CENTRE OF MAP 1961
Annual change (decreasing) 3.5'

ÉQUIDISTANCE DES COURBES: 100 PIEDS
Élévations en pieds au-dessus du niveau moyen de la mer
Réseau géodésique nord-américain unifié (1927)
Projection transverse de Mercator

DÉCLINAISON MAGNÉTIQUE AU CENTRE
DE LA FEUILLE EN 1961: 27°01' EST
Variation annuelle (décroissante) 3.5'

Building
School
Church
Mine or Qtz
Lighthouse
Power tran
River with
Stream, int
Lake inter
Marsh or S
Depression

Hole collars are located in field by hip chain and compass from known control points. Actual collars for completed holes are not surveyed.

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 10 foot sample and stored at Endako Mines Division for future reference.

Percussion hole SR 9 was collared in light grey Ootsa Lake Group porphyritic andesite. At 220' this hole passed into Francois Granite, a medium-grained orangy-pink to brick red granite with mineralogical composition as follows: 30% quartz, 45% orthoclase, 20% plagioclase and 5% biotite. SR 9 ended in this latter rock type at 400 feet.

Hole SR 10 was abandoned after drilling 150 feet of overburden.

Hole SR 11 from ledge at 120 feet to completion at 400 feet was drilled in Boer Diorite, a typically medium to dark grey coarse equigranular rock with composition of 60 - 70% light to dark grey plagioclase \pm 30% biotite and \pm 10% hornblende.

STATEMENT OF EXPENDITURES

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

PERSONNEL COSTS

| <u>PERSONNEL</u> | <u>PERIOD EMPLOYED</u> | <u>HOURS AND RATE</u> | <u>COSTS</u> |
|------------------|------------------------|-----------------------|--------------|
| A. J. Peters | July 11-20 | 21 hrs. @ 11.76 | \$246.96 |
| A. Brkic | July 11-20 | 8 hrs. @ 7.35 | \$ 58.80 |
| B. Rutherford | July 11-20 | 14 hrs. @ 7.35 | \$102.90 |

PERCUSSION DRILLING COSTS

| <u>FOOTAGE</u> | <u>COST PER FOOT</u> | |
|----------------|----------------------|------------|
| 950 Feet | \$4.05 | \$3,847.50 |

ASSAYING COSTS

| | |
|--|-------------------|
| 65 Samples @ \$6.50 for % MoS ₂ | 422.50 |
| Total Costs for 950 feet of drilling | <u>\$4,717.13</u> |

CONCLUSION

Three percussion holes totalling 950 feet were drilled at an average cost of \$4.96 per foot on the Storm Mineral Claim.

No economic type mineralization was encountered.

Submitted by:



A. J. Peters
Geological Technician
PLACER DEVELOPMENT LIMITED
Endako Mines Division

AJP/lgh

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 I I

Percussion Drill Hole Logs SR 9 - SR 11 Inclusive

GRID _____

CANEX PLACER LIMITED ENDAKO MINES DIVISION

HOLE No. SR 9SHEET No. 2 of 3

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 | 0947 | .001 | | | | | |
| | 180-190 | 8 | .002 | | | | | |
| | 190-200 | 9 | .002 | | | | | |
| | 200-210 | 0950 | .003 | | | | | |
| | 210-220 | 1 | .004 | | | | | |
| <i>Pinkish-buff med grained granitic rock. All samples to end of hole have minor pyrite and magnetite. According to surface mapping this rx. should be Francois Granite.</i> | 220-230 | 2 | .002 | | | | | |
| | 230-240 | 3 | .002 | | | | | |
| | 240-250 | 4 | .002 | | | | | |
| | 250-260 | 5 | .006 | | | | | |
| | 260-270 | 6 | .002 | | | | | |
| | 270-280 | 7 | .003 | | | | | |
| | 280-290 | 8 | .003 | | | | | |
| | 290-300 | 9 | .003 | | | | | |
| | 300-310 | 0960 | .005 | | | | | |
| | 310-320 | 1 | .004 | | | | | |
| | 320-330 | 2 | .002 | | | | | |
| | 330-340 | 3 | .003 | | | | | |

GRID _____

CANEX PLACER LIMITED ENDAKO MINES DIVISION

HOLE No. S R 11

SHEET No. 1 of 3

LOCATION Sara Ross / Honey Lake

BEARING _____

LATITUDE _____

LOGGED BY AJP

DATE COLLARED 13/07/80

LENGTH 400'

DEPARTURE _____

DATE 16/07/80

DATE COMPLETED 14/07/80

DIP -90°

ELEVATION _____

| ROCK TYPE AND ALTERATION | SAMPLE WIDTH | TAG NUMBER | % Mo | % Cu | % Zn | % Pb | % Ag | COMMENTS |
|--|--------------|------------|------|------|------|------|------|------------------------|
| | | | | | | | | |
| 0-120 feet Overburden | | | | | | | | |
| Cuttings appear greyish. Rx. Type Boer Diorite - Hornblende pyroxene diorite, also hornblende biotite diorite. | 120-130 | 0970 | .005 | | | | | Minor px, mag |
| | 130-140 | 1 | .005 | | | | | Extensive matrix (mag) |
| | 140-150 | 2 | .005 | | | | | minor px, mag, cal |
| | 150-160 | 3 | .005 | | | | | minor px, mag |
| | 160-170 | 4 | .004 | | | | | " |

GRID _____

CANEX PLACER LIMITED ENDAKO MINES DIVISION

HOLE No. SR 11
SHEET No. 2 of 3

LOCATION _____

BEARING _____

LATITUDE _____

LOGGED BY _____

DATE COLLARED _____

LENGTH _____

DEPARTURE _____

DATE _____

DATE COMPLETED _____

DIP _____

ELEVATION _____

| ROCK TYPE AND ALTERATION | SAMPLE WIDTH | TAG NUMBER | % Mo | % Cu | % Zn | % Pb | % Ag | COMMENTS |
|--------------------------|--------------|------------|------|------|------|------|------|----------------------------|
| | 170-180 | 0975 | .004 | | | | | Kspar noted |
| | 180-190 | 6 | .004 | | | | | Kspar, cal. py noted |
| | 190-200 | 7 | .004 | | | | | minor py, mag |
| | 200-210 | 8 | .004 | | | | | " |
| | 210-220 | 9 | .004 | | | | | " |
| | 220-230 | 0980 | .005 | | | | | minor py, mag, Kspar |
| | 230-240 | 1 | .005 | | | | | " no Kspar |
| | 240-250 | 2 | .005 | | | | | Kspar, py, mag, noted |
| | 250-260 | 3 | .004 | | | | | py, mag noted |
| | 260-270 | 4 | .002 | | | | | minor py, mag |
| | 270-280 | 5 | .002 | | | | | Traces, py mag cal |
| | 280-290 | 6 | .002 | | | | | minor py, mag |
| | 290-300 | 7 | .002 | | | | | includes Kspar zone |
| | 300-310 | 8 | .003 | | | | | minor py, mag |
| | 310-320 | 9 | .007 | | | | | Abundant Abundant Kspar |
| | 320-330 | 0990 | .007 | | | | | Kspar, py, mag noted |
| | 330-340 | 1 | .004 | | | | | minor Kspar, py, mag |

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 |
|---------------|-----------------|

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. V0J 1L0. 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 1LO

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:

[Signature]
Position
SEC. / TREAS.
[Signature]
Position
PRES.

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

[Signature]
DIRECTOR
[Signature]
SECRETARY

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 |
|---------------|-----------------|

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. V0J 1L0. 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.

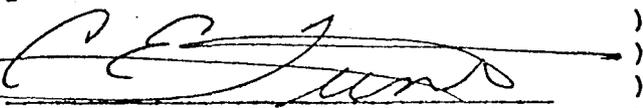
26. Any condoning, excusing or overlooking by the Owner of any breach, or non-performance by the Contractor at any time or times in respect to any covenant, term, condition, and proviso contained in this Agreement shall not operate as a waiver of the Owner's right in respect of any continuing or subsequent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

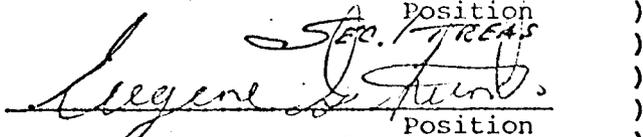
27. This Agreement may be altered only by written consent of both Parties hereto.

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.

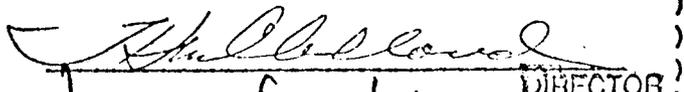
The Common Seal of Merritt-Funk Brothers' Drilling Company Limited, was hereunto affixed in the presence of:

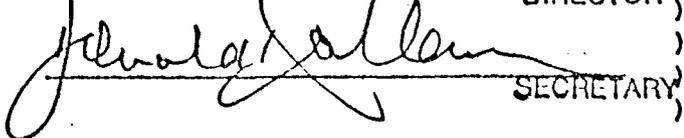


Position
SEC. / TREAS.


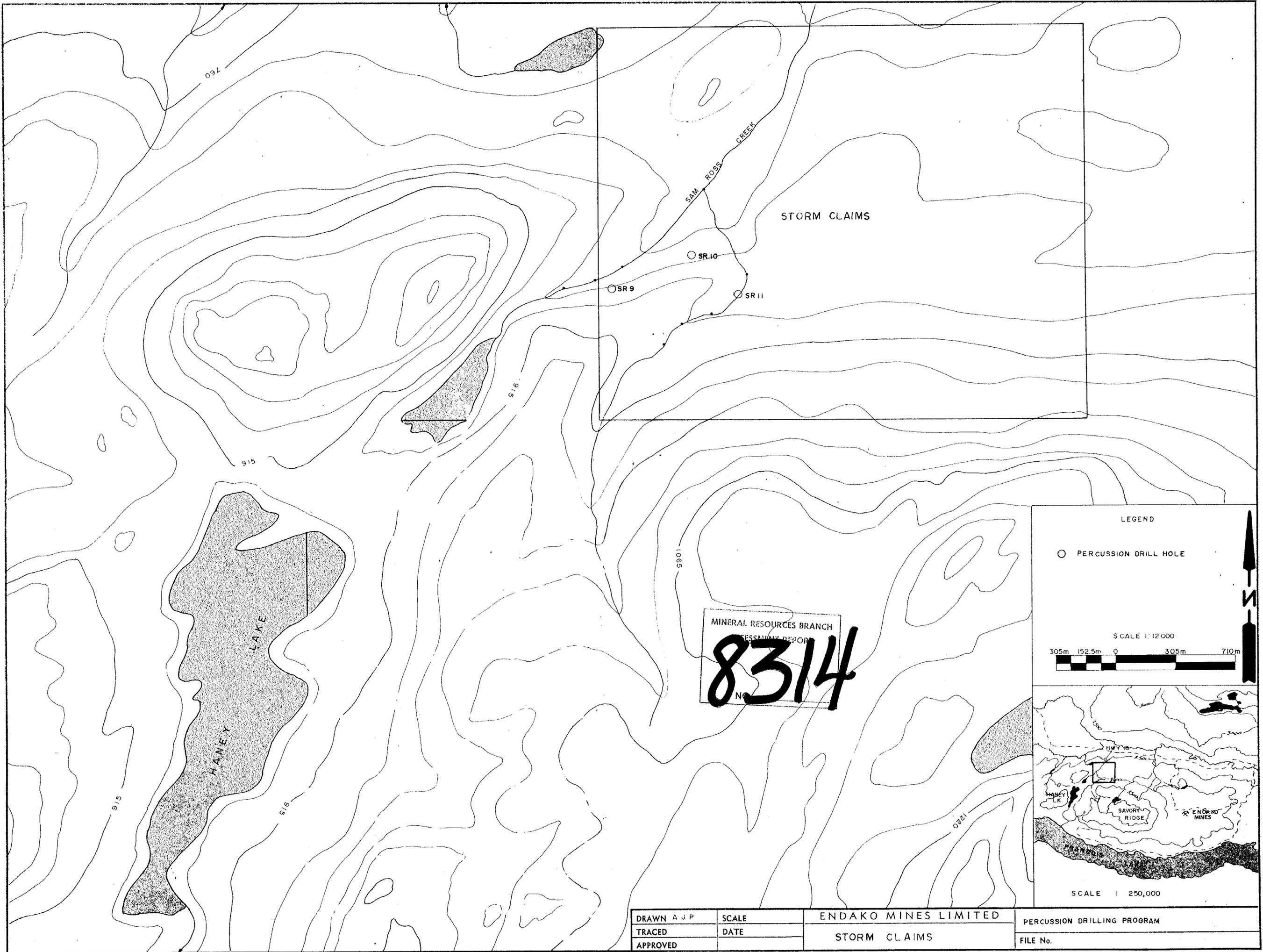
Position
PRES.

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



DIRECTOR


SECRETARY



MINERAL RESOURCES BRANCH
 DEPARTMENT OF ENERGY, MINES AND PETROLEUM
8314
 No.

LEGEND

○ PERCUSSION DRILL HOLE

SCALE 1:12 000

305m 152.5m 0 305m 710m

SCALE 1:250,000

| | | | |
|-----------|-------|----------------------|-----------------------------|
| DRAWN AJP | SCALE | ENDAKO MINES LIMITED | PERCUSSION DRILLING PROGRAM |
| TRACED | DATE | STORM CLAIMS | FILE No. |
| APPROVED | | | |