# GEOPHYSICAL, GEOCHEMICAL and DRILLING REPORT 

on the

## EXPO GROUP A

Owned by: UTAH MINES LTD. and HEINZ VEERMAN and WILLIAM G. BOTEL Located: 7 Kilometers northeast of Holberg, B.C.
and

## EXPO GROUPS B, C and D

Owned by: UTAH MINES LTD.
Located: 5 Kilometers north to 20 kilometers east of Holberg, B.C.

NANAIMD MINING DIVISION

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\begin{array}{cc}
500 \mathrm{~N} & 127^{\circ} \mathrm{W} \\
\text { NTS } & 92 \mathrm{~L} / 12
\end{array}
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H.R. Muntanion Project Geologist Utah Mines Ltd., Vancouver
K.E. Witherley

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October, 1982 GEOLOGICALEDDPRAACCH ASSESSMENTREPORT

Page
INTRODUCTION ..... 1
Location and Access ..... 2
Physiography ..... 2
History ..... 4
Claim Status ..... 6
Geological Setting ..... 6
FIELD WORK ..... 8
Induced Polarization Survey ..... 8
Soil Geochemistry ..... 8
Drilling ..... 9
INDUCED POLARIZATION SURVEY ..... 10
Field Procedures ..... 10
Discussion ..... 11
GEOCHEMICAL SURVEY ..... 15
Sampling Procedure ..... 15
Analytical Procedure ..... 15
Discussion of Results ..... 17
DIAMOND DRILLING ..... 19
CONCLUSIONS ..... 21
REFERENCES ..... 22
APPENDIX A Statement of Qualifications
APPENDIX B Statement of Costs and Invoices
APPENDIX C Diamond Drilling Contract
APPENDIX D Diamond Drilling Logs (in map pocket)

## LIST OF FIGURES

Figure 1 Index Map
Page ..... 3
Plate 1 Expo-Red Dog Claim Mapin pocket
Plate 2 Red Dog Line Construction, Induced Polarization Anomaly,Diamond Drill Hole Location Map
Plate 3 Location Map - Hushamu Line Construction and Induced Polarization Survey
Plates 4 \& 5 Location Map - Hushamu Line ..... "Construction, Induced PolarizationSurvey, Diamond Drill Hole
Location Map - Hushamu Line ..... $"$Construction and InducedPolarization Survey
Plate 7 I.P. Pseudosection Line 2042 E ..... "
Plate 8 I.P. Pseudosection Line 2047 E ..... "
Plate 9 I.P. Pseudosection Line 2052 E ..... "
Plate 10 I.P. Pseudosection Line 2057 E ..... $"$
Plate 11 I.P. Pseudosection Line 2062 E ..... "
Plate 12 I.P. Pseudosection Line 2067 E ..... "
Plate 13 I.P. Pseudosection Line 2072 E ..... "
Plate 14 I.P. Pseudosection Line 2077 E ..... "
Plate 15 I.P. Pseudosection Line 2082 E ..... "
Plate 16 I.P. Pseudosection Line 2087 E ..... "
Plate 17 I.P. Pseudosection Line 2092 E ..... "
Plate 18 I.P. Pseudosection Line 2330 E in pocketPlate 19I.P. Pseudosection Line 2440 N11
Plate 20 Soil and Rock Geochemistry:11Cu , Mo
Plate 21Soil and Rock Geochemistry:11$\mathrm{Au}, \mathrm{As}, \mathrm{Hg}$

## INIRODUCTION

Geophysical and geochemical surveys and diamond drilling were carried out from May 23 to August 25 on Expo Groups A, B, C and D. This activity was concentrated in the Red Dog claim and Hushamu Lake areas on the following claims: Red Dog No's 1 to 12, 14, Red Dog Fraction, T2 Fraction, Expo No's 1, 10 Fraction, 21, 41 Fraction, 51, 190, 192, 217, 221, 222, 237 to 239,241 to $243,245,260$ to 262 , 281, 282 and Don Fractions 2, 4, 6, (Plate 1).

The above Expo claims, owned by Utah Mines Ltd. and the Red Dog claims owned by Heinz Veerman and William G. Botel are part of a large west-northwest trending claim block occupying an area of approximately 24 by 11 km . The groups affected by this report consist of 309 units.

During the 1982 field season the following work was performed:
a) 16.9 line km . of induced polarization geophysics to complete the coverage in the Red Dog area over a porphyry copper target and to test for deep-seated disseminated sulphides within and adjacent to the Hushamu porphyry Cu-Mo deposit;
b) 3.6 line km . of geochemical sampling, including 131 soil and 20 rock chip samples, to test the potential for $\mathrm{Cu}, \mathrm{Mo}$ and Au in an area of strongly-quartz veined and silicified Bonanza fragnental volcanics;
c) 17.5 km . of linecutting
d) $1,145 \mathrm{~m}$. of diamond drilling in ten holes to test a Cu-Mo quartz-magnetite breccia zone on the Red Dog claims and to further define the Hushamu porphyry $\mathrm{Cu}-\mathrm{Mo}$ deposit
e) and the construction of a 16 by 30 ft . core storage facility.

All field work was performed or caused to be performed by Utah Mines Ltd. Personnel employed by the company to carry out and supervise the work were: geologists H. Muntanion, J.B. Richards; consulting geophysicist K. Witherley; warehouseman J. Howe; technician D. Stonecipher and assistants C. Robinson, B. Laird, A. McNutt and D. Barnett.

Accomodation for Utah personnel and the drill crew was found at the Trails End Motel in Holberg and meals were provided by Glenora's Kitchen. Statements of qualifications and costs, together with contractors' invoices, are included in this report in Appendices A and $B$, respectively.

## Location and Access

The area of interest is located north of Holberg Inlet about 24' to 34 km . west and southwest of Port Hardy on Vancouver Island (Figure 1). It extends from about 2 km . east of Wanokana Creek to about 8.5 km . north of the town of Holberg (Plate 1).

The work area is accessible by the Port Hardy-Holberg road and a network of logging roads constructed by Western Forest Products. Road NE 62 services the Red Dog claim vicinity and NE Main and a drill access road provides access to the Hushamu Lake area.

Daily flights originating from Vancouver service Port Hardy. A helicopter charter service is available at the Port Hardy airport.

## Physiography

Within the area of work elevations range fram about 240 m to 700m. The topography is rugged and slopes are generally steep and deeply incised with stream valleys. Both the Red Dog claim and the Hushamu areas lie within the Western Forest Products timber licences.


The Red Dog claim area is dominated by a northeast trending hill which rises 350 m above the Goodspeed River valley to the south.

North of the logging road NE 62 and west of the south-flowing tributary, which joins the Goodspeed River on the Red Dog 12 claim, the area has been logged off and is littered with slash. Secondary growth is heavy, particularly on the south facing slopes. Gulleys and several landslides have developed on some of the steeper slopes. A few small swamps occur in the river valley.

Within the Hushamu Lake valley area the bordering hills have a relief of almost 400 m . The valley is covered with mature stands of hemlock, spruce, cedar and balsam, becoming somewhat stunted 500 m above sea level.

At Holberg the average annual precipitation is about 400 cm . At sea level snow rarely remains for more than a few days at a time but depths increase rapidly with an increase in altitude. At elevations of 600 m the cummulative annual snowfall is about 240 cm . The period from mid June to early September is normally relatively dry. Mean daily temperatures range from a few degrees above zero centigrade in January to about 14 degrees centigrade in July.

History

The first report on the geology of Northern Vancouver Island was published by the Geological Survey of Canada in 1887. Since then, both the Geological Survey of Canada and the British Columbia Department of Mines have sponsored field parties in the region at various times. In 1962, the Department of Mines released data from an airborne magnetometer survey of Northern Vancouver Island which
generated an interest in a search for iron deposits. During 1963 and 1964 copper exploration programs consisting mainly of stream sediment sampling were conducted by numerous companies. No significant discoveries were made, however, and by 1965 very little interest was being shown in the region.

Utah's initial effort in the area was the staking of a few claims in the Wanokana River and Hep Creek areas in 1961 and 1962. Additional claims were staked in the latter area in 1965 and 1966, following ground surveys and limited drilling. In 1967 Utah staked the Expo claim block ( 661 claims) following the discovery of the Island Copper deposit. Internal to the Expo ground, the Red Dog claims were staked in the same year by Westcoast Mining Co.

Between 1967 and 1969 the claim block was covered with detailed soil sampling and geologically mapped on a scale of 1 inch to 1,000 feet. Between 1970 and 1973 areas of primary interest, totalling 70.4 sq.km., were mapped on a scale of 1 inch $=200$ feet and covered by magnetometer surveys on lines spaced 400 ft . ( 120 m ) to 500 ft . ( 150 m ) apart. The bulk of this area was also covered by induced polarization surveys. A small amount of EM and seismic geophysical work was also done.

Between 1966 and 1977 a total of 146 holes were diamond drilled, most of which tested Cu-Mo zones in the Hushamu and Hep Creek valley.

The Red Dog Cu-Mo claims were geologically mapped on a scale of 1 inch to 400 ft ., soil sampled and covered by magnetometer and EM surveys. From 1968 to 197024 holes were diamond drilled. From 1972 to 1977 the property was optioned by City Services Ltd., and remapped. An additional six holes were also drilled.

In 1980 a relatively small portion of the claim group was allowed to lapse. In the spring of 1982 Utah Mines Ltd. staked the Wanokana 1 to 3 and Pemberton 1 to 6 blocks in the Youghpan and Wanokana River areas and the Expo 900 claim adjoining the northwestern end of the block. Competitors also staked some claims in the former region.

## Claim Status

The Expo and Red Dog blocks of claims currently consist of 672 and 26 units, respectively. Apart from the Wanokana 1 to 3 and Pemberton 4 to 6 claim blocks which are valid until April 1983 and Expo 274, valid until October 1983, claim expiry dates range fram 1984 to 1997.

In May 1982, Utah Mines Ltd. entered into an option agreement with H. Veerman and W.G. Botel for the Red Dog claims.

## Geological Setting

The Expo/Red Dog claim block is underlain by volcanic and sedimentary rocks of the Vancouver Group, which consists of Karmutsen basic volcanic rocks of Triassic age overlain successively by Quatsino limestone, of Triassic age, Parson's Bay sediments of Upper Triassic age and Bonanza volcanics of Upper Triassic-Lower Jurassic age. The above rocks are intruded by several isolated stocks which are part of a belt of intrusive stocks extending from Rupert Inlet northwesterly to the mouth of the Stranby River. In proximity to the northwesterly trend of acid intrusive stocks are zones of silicified ( $\pm$ pyrophyllite) breccia bodies, apparently crosscutting Bonanza rocks.

Dominant fault and shear trends in Bonanza rocks are northwest and northeast, with subordiante east-west and north-south trends. Most major faults have a northwest trend.

Pyrite is the most widespread and abundant sulphide mineral. Sulphides, including chalcopyrite, occur as disseminations and in veinlets in the Bonanza volcanics. The sulphide content increases towards the silicified breccia volcanic contact. Copper porphyry occurences are known at Hushamu, Red Dog and Hep. At Hep a Cu zone of insignificant dimensions is localized in a fault zone. At Red Dog Cu-Mo mineralization has been found in a quartz-magnetite zone and in small erratic zones, grading up to $0.3 \% \mathrm{Cu}$, at the contacts of felsic dikes and andesite. The dimensions of the zones of mineralization at Red Dog are undetermined but appear to have a limited extent.

## FIELD WORK

The field work carried out by Utah Mines Ltd. on the Expo and Red Dog claim blocks consisted of induced polarization and geochemical surveys and diamond drilling. For control, Sky Hookers Logging Ltd. were employed to construct picket lines over the survey areas by compass and chain method, correcting for slope where necessary. Existing lines on the Expo claims were extended across the Red Dog claims. A total of 10.5 line kilometres were cut and pickets placed at 100 feet ( 30.5 m ) intervals along north-south lines $2042 \mathrm{E}, 2047 \mathrm{E}$, $2052 \mathrm{E}, 2072 \mathrm{E}, 2077 \mathrm{E}, 2082 \mathrm{E}, 2087 \mathrm{E}$ and 2092 E (Plate 2). A total of 5.5 km of line had been cut on these claims earlier in the year by Utah crews.

In the Hushamu area north-south line 2330 E was refurbished and picketed at 100 feet intervals from 2392 N to 2506 N ( 3.5 km ). An east-west line was constructed at 2440 N for 3.5 km from 2284 E to 2400 E and picketed at 100 feet intervals (Plates 3 to 6).

## Induced Polarization Survey

A total of 10.2 line $\mathrm{km}(33,400 \mathrm{ft})$ of I.P. survey were conducted by Pheonix Geophysics Ltd. between July 7 and 28 on Expo Claim No's: 10 Fraction, 21, 41 Fraction, 51, T2 Fraction and Red Dog claims 1 to 12, 14 and Red Dog Fraction in the Red Dog area and 6.7 km ( 22,000 ft ) on Expo claims No.'s 190, 192, 221, 222, 237, 239, 241 to 243, 245, 260 to 262, 281, 282 and Don Fractions 2, 4 and 6 in the Hushamu areas (Plates 2 to 6).

## Soil Geochemistry

Detailed soil sampling was conducted by Utah personnel within a $0.33 \mathrm{sq} . \mathrm{km}$. area on Expo claim No.'s 237, 239, 242, 245, 261 and Don

Fractions 4 and 6. Twenty rock chip samples were also collected within and peripheral to the grid. A total of 131 soil samples were taken at 100 feet intervals along lines with separations of 200 and 250 feet north and south, respectively, of east-west line 2440 N (Plates 19 and 20). Lines and stations were flagged using compass and hip chain. Existing lines which were still visible were used.

Drilling

From June 1 to July 1 diamond drilling was performed by D.W. Coates Enterprises Ltd. Six holes totalling 664.5 m ( 2180 feet) were drilled on Red Dog Hill on Expo claim No. 1 and Red Dog claim No.'s 5 and 7 (Plate 2). In addition four holes totalling 480.5 m ( 1577 feet) were drilled on Expo claim No.'s 217, 237 and 238 in the Hushamu Lake valley (Plates 4 and 5). Expo claim No. 237 a 16 by 30 feet core shack was constructed by Utah personnel (Plate 5).

All drill sites are accessible by road. On the Red Dog area $1,000 \mathrm{~m}$ of road work were required to re-open logging road NE 62 H and to upgrade a tractor road. A 120 m link was constructed to join logging road NE 62B (Plate 2). In the Hushamu area a 120 m corduroy-surfaced spur was constructed to drill site EC-136 (Plate 4). At site EC-137 and 137A the existing road was widened. The road work was contracted to Port Hardy Bulldozing Ltd. Professional falling, performed by Sky Hookers Logging Ltd., was required at two drill sites.

INDUCED POLARIZATION SURVEY

## Field Procedures

IP surveys were conducted over the porphyry $\mathrm{Cu}-\mathrm{Mo}$ targets in the Red Dog and Hushamu areas. At Red Dog a dipole - dipole array, with a dipole of 200 feet, acquiring separations of $n=1$ through $n=4$, was used along parallel lines. At Hushamu, where deeper penetration was desired, a dipole of 500 feet, acquiring separations of $n=1$ through $n=6$, was used along two lines perpendiculer to each other.

The surveys were performed using a Phoenix IPV-2 receiver and a Phoenix IPT-1 transmitter, powered by a $3 \mathrm{~h} . \mathrm{p}$. motor generator at Red Dog and an 8 h.p. unit at Hushamu. The IPV-2 is a phase measuring-type receiver, capable of measuring two potential dipoles' simultaneously. For a given transmitted waveform, in this case a 1 Hz squarewave, the IPV-2 measures the phase lag in milliradians of the received potential signal with respect to the transmitted signal. This phase lag is an expression of the earth's local chargeability and is comparable to chargeability units such as mili-seconds in the time domain or percent frequency effect in the frequency domain (potential measurements at more than one frequency are needed to determine a PFE response). In order to measure the phase lag to a fine precision, syncronized crystal clocks are used in both the IPV-f2 and the IPT-1. These clocks are checked at least twice a day to ensure that the drift between the two devices is within survey precision limits.

## Discussion

The IP survey over the Red Dog grid revealed three main anomalous zones, designated anomalies $A, B$, and $C$ shown on Plate 2. The pseudosections for the surveyed lines are designated Plates 7 to 17 for lines 2042E to 2092E inclusive.

Anomaly A: This anomaly appears as a narrow, dyke-like feature on lines 2042 E and 2047E. On L2042E, a coincident resistivity low, chargeability high is noted. While the resistivity source appears to be at depth, the chargeability source appears to extend to bedrock surface. On L2047E, the resistivity anomaly is essentially absent while the chargeability response is reduced in amplitude and appears to be deeper than on L2042E. This anomaly is considered to be open to the west. No outcrops occur in this area.

Anomaly B: This is the major anomaly located on the grid, extending from L2052E to L2087E. The anomaly ( $>50 \mathrm{mrad}$ ) is roughly circular in shape, centered at approximately $2064 \mathrm{E}, 2584 \mathrm{~N}$, with a radius of about 800 feet. The anomaly forks between L2067E and L2072E with the forks continuing eastward to L2077E. On all the lines over the anomaly, a fairly intense but narrow resistivity low ( $<150 \mathrm{ohm}$ ) is associated with a very broad area of anomalous chargeability. The most intense and coherent part of the chargeability anomaly is found on lines L2052E and L2057E. Moving eastward, the amplitude of the anomaly diminishes and the anomaly pattern breaks up into a number of discreet lows, not all of which show a coincident low in resistivity.

On the south end of L2057E the top of the chargeability anomaly between station 2575 N to 2579 N appears to be in the order of 125 feet below the surface. The corresponding high-over-low resistivity section suggests thicker glacial till may be the cause of this affect.

On L2072E the anomaly divides into two towards the east, with the southerly trending fork the more substantial of the two. On L2077E, the anomaly represented by the southern fork is considered open to the south, while the northern fork is largely a relatively shallow feature and thought to be depth restricted. By L2082E, almost all sign of the chargeability anomaly has disappeared, although the narrow resistivity low is still apparent under station 2578 N .

The anomally is underlain by Bonanza volcanics intruded by an east-west trending dike-like body of hyrothermally altered quartz-feldspar porphyry. To the west (2050 to 2062E) the dike is apparently capped by a quartz-magnetite breccia. Over the southern half of the anomaly exposure is sparse although there are indications of strong silicification and clay alteration. Sulphide contents are variable but generally in the $2-5 \%$ range.

## Anomaly C

This anomaly is located on the east end of the grid at the south end of L2087E and L2092E, an area covered by overburden. On L2087E, a deep seated (approximately 200 feet) chargeability source is interpreted under station 2581N.

An adjacent but shallower resistivity low is noted under station 2579 N . On L2092E, station 2581N, the depth of the anamaly is interpreted as being shallower, however, the adjacent resistivity low is absent and a very small low is noted directly over the chargeability anomaly. This anomaly is considered to be open to the east and to the south on L2087E.

The location of the two surveyed lines, L2330E and L2440N in the Hushamu area are shown on Plates 3 to 6. The pseudosection plots are submitted as Plates 18 and 19.

L2330E

The pseudosection shows a considerable level of anomalous activity in both the resistivity and chargeability parameters. While the resistivity anomalies are fairly discreet, particularly the lows ( 250 ohm ), the chargeability anomalies ( $>50 \mathrm{mrad}$ ) are quite spread out across the line. Three areas of intense resistivity low are indicated, one under station 2423 N , one under station 2450 N and the other under station 2464 N . The first two anomalies appear to be most intense at depth where no geological information is available while the anomaly under station 2464 N , within the Hushamu porphyry $\mathrm{Cu}-\mathrm{Mo}$ zone, looks to be relatively shallow. Although anomalous chargeability values are noted at various depths across almost the entire line, two of the most intense zones have a direct association with the resistivity lows under stations 2423 N and station 2450 N . A chargeability anomaly is also associated with a resistivity anomaly at station 2464 N , at the contact of a silicified-pyrophyllitized breccia with andesite, but is just south of the resistivity feature. A zone of resistivity high is situated in the central part of the line, underlain by the above breccia unit, and is associated with chargeability values of a moderately anomalous to non-anomalous level.

The pseudosection shows a considerable level of anomalous activity in both resistivity and chargeability. Three areas of resistivity low are identified: under stations 2313E, 2335E and 2355E. The anomalies under stations 2313E and 2355E appear to extend from surface to bedrock, while the anomaly under 2335 E appears to be at a moderate depth below surface. The area in the vicinity of 2313 E appears to be underlain by argillized andesite with 2-10\% disseminated pyrite. Stations 2335 and 2355E are within the breccia unit with about $5 \%$ pyrite being visible near the latter location which is at the contact zone with andesite.

The most intense zone of anomalous chargeability is between stations 2327 E to 2350 E , underlain by the breccia unit, with the response appearing to go from surface to depth. Unlike the previous line, the most intense chargeability anomalies do not show a close spatial relationship with the resistivity lows.

A small area was selected for geochemical study to test the potential for $\mathrm{Cu}, \mathrm{Mo}$ and Au in an area of strongly quartz veined and silicified breccia. For the soils, As and Hg results were also obtained to ascertain the practicability of these elements as pathfinders for Au in this envirorment. The grid is situated on the top and the southern slope of a hill south of the Hushamu valley. The hilltop is relatively flat to undulating and the slope has a grade of $15^{\circ}$ to $35^{\circ}$.

## Sampling Procedure

About 200 gm . of $B$ horizon sample material was collected with a mattock and put in water-resistant Kraft bags. Depths of 15 to $30^{\prime}$ cm . were required on the relatively flat terrain and 20 to 40 cm . on the slope to obtain this material. At a few locations the A horizon was not penetrated and no sample was taken. The soil, generally light brown in color, varies from clay to silt, is frequently grainy and rarely contaminated by organics.

Rock sample, collected in a plastic bag, was collected by chipping exposures with a rock hammer along lengths varying from about 4 to 10 m .

## Analytical Procedure

Samples were submitted to Chemex Labs in North Vancouver. The soil samples were dried at $80^{\circ} \mathrm{C}$ and sieved through an ASTM 80 mesh screen ( 0.18 mm ). About one-third of the samples were subjected to pulverization (to - 100 mesh) and homogenization in a ring grinder.

Rock samples were crushed and pulverized in a ring grinder to -100 mesh ( 0.15 mm ). The soils were analyzed by atomic absorption for Mo, As, Au most for Hg and some for Cu . Rock samples were analyzed for $\mathrm{Cu}, \mathrm{Mo}, \mathrm{Au}$ and some for As.

Molybdenum and copper were analyzed using a Techtron A.A. 5 atomic absorption unit resulting in detection limits of 1 ppm . One gm portions of sample are weighed into a calibrated test tube. The sample is digested using hot $70 \%$ $\mathrm{HClO}_{4}$ and concentrated $\mathrm{HNO}_{3}$. The sample volume is adjusted to 25 mls using demineralized water. Solutions are homogenized and allowed to settle before analysis.

For the determination of Au a 5 gm sample is ashed at $800^{\circ} \mathrm{C}$ for one hour, digested with aqua regia (twice to dryness) taken up in $25 \% \mathrm{HCl}^{-}$. The Au is then extracted as the bromide complex into MIBK and analyzed by atomic absorption, achieving a detection limit of 10 ppb .

Arsenic is determined using flameless atomic absorption to a detection limit of 1 ppm . A 1.0 gram sample is digested with a mixture of perchloric and nitric acid to strong fumes of perchloric acid. The digested solution is diluted to volume and mixed. An aliquot of the digest is acidified, reduced with K 1 and mixed. A portion of the reduced solution is converted to arsine with $\mathrm{NaBH}_{4}$ and the arsenic content determined using flameless atomic absorption.

Mercury is determined by digesting the sample with nitric acid plus a small amount of hydrochloric acid. Following digestion the resulting solution is transferred to a reaction flask connected to a closed system absorption cell. Stannous sulfate is rapidly added to reduce mercury to its elemental state. The mercury is then flushed out of the reaction vessel into the absorption cell where it is measured by cold vapour atomic absorption methods with a Jarrell Ash Multi-Versatility Spectrophotometer. The absorbance of samples is compared with the absorbance of freshly - prepared mercury standard solutions carried through the same procedure. The detection limit of this method is 5 ppb .

## Discussion of Results

Values of the soil and rock geochemical results are presented on Plates 20 and 21.

Soil results are generally of a relatively low order of magnitude and the few obviously anomalous values have a somewhat erratic distribution. Au results appear to be the most interesting ranging up to 150 ppb . Two areas on the southern hillside are considered to be anomalous. Values of 40 to 130 ppb . are scattered in the southwestern quadrant of the grid. This area is underlain by a strongly siliceous breccia unit and the contact zone with altered andesite. At the southeastern corner of the grid, within the altered andesite unit, an open-ended Au anomaly is represented by values of 80 and 150 ppb . The highest Au value recorded in a rock sample is 60 ppb, located just northwest of the grid.

A wedge-shaped low to moderate Mo anomaly, extending from 2434 to 2439 N on line 2328 E and pinching out to the east, is characterized by values in the 20 to 30 ppm range with peaks of 55 and 124 ppm . This area is underlain by strongly quartz-veined siliceous volcanic breccia. The anomaly is supported by four rock results in excess of 100 ppm . The two samples in the southeast corner with Au highs also yield Mo highs.

Copper results from the first dispatch of samples were low (mostly $\angle 50 \mathrm{ppm}$ ) and it was decided to discontinue Cu analyses. The highest results were recorded along line 2328 E between 2420 and 2435 N , ranging from 16 to 71 ppm Cu .

Arsenic values range up to 39 and 103 ppm. Values above 20 ppm may be anomalous for this area and are concentrated along line 2328 E between 2428 and 2438 N showing some coincidence with both Au and Mo highs. A few other scattered As highs occur.

Mercury values range from 20 to 100 ppb . Anomalous patterns are not developed and this element does not show an obvious correlation with the other metals.

A multi-element anomalous dispersion is manifested on line 2328E between 2428 to 2438 N . It occurs on a steep slope ( $25-40^{\circ}$ ) possibly resulting in downward transport of an anomalous source which may be much more restricted in size. The sample of 2328 E , 2435 N has enhanced levels in all metals analysed. The significance of these values should probably be reduced due to the presence of organics in the sample which tend to scavange most metals.

DIAMOND DRILLING

Drilling was restricted to: a) Red Dog Hill to test Cu-Mo porphyry mineralization hosted in a quartz-magnetite breccia unit b) the Hushamu Lake valley to further delimit the Hushamu porphyry Cu-Mo deposit

Drilling was performed by D.W. Coates Enterprises Ltd. using a skid-mounted Super " 38 " drill unit equipped to drill NQ core size. The drill was operated by two 2 -man crews each working a ten hour shift seven days per week. During the latter part of June the B.C. Forestry Department restricted hours of industrial operations due to a high fire hazard.

Below is a summary of the holes drilled. Locations are plotted on Plates 2 to 4.

| Hole <br> Number | Located <br> on Claim | Approx. <br> Elev. |  | Angle |  | Azimuth |
| :--- | :--- | :--- | :--- | :--- | :--- | :--- |

Drilling generally encountered moderate to good ground conditions, with average core recovery in the $90-95 \%$ range. Two holes, EC-132 and EC-137, were abandoned prior to target depth due to bad ground conditions and other subsequent problems.

Core was logged by a Utah geologist, then split in half. Half the core was sent for analyses to Chemex Labs Ltd. in North Vancouver via Pacific Coach Lines. The remainder was placed in storage in the core storage facility constructed on Expo claim №. 237.

Drilling data accpompanying the report consists of complete diamond drill logs for holes EC-131 to 138 in Appendix D. A copy of the drilling contract is given in Appendix C. The drill logs submitted in Appendix $D$ were done by H. Muntanion whose signature is given below to cover all log sheets.

H. Muntanion, B.Sc. Project Geologist

## CONCLUSIONS

The IP survey over the Red Dog area outlined three anomalous zones of chargeability. A large area of response is related to abnormal sulphide contents associated with an alteration zone. The strongest part of the anomaly is situated in the vicinity of current drill holes in which sulphide contents of 5 to $10 \%$ are common. The two remaining anomalies are small but open-ended and their source is unknown since geological data over these areas does not exist.

The IP survey at Hushamu generated what are considered to be moderate strength anomalous readings over a broad area. Vertical intensities do not vary a great deal.

The soil and rock geochemical survey outlined overlapping anomalous Au and Mo zones. The anomalous area appears to be related to strongly quartz-veined siliceous breccia.

Additional drilling appears to be warranted to further define the Red Dog and Hushamu Co-Mo porphyry zones. The IP data appears to be useful, particularly at Red Dog in locating future drill hole positions.

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## APPENDIX A

## STATEMENT OF QUALIFICATIONS

Field work for the report was done by H. Muntanion. K.E. Witherley was responsible for the geophysical section of this report. Qualifications are outlined below:
H. Muntanion, Project Geologist for Utah Mines Ltd, Vancouver, B.C.

Completed B.Sc. in 1970 at the University of Manitoba; employed by: Canadian Nickel Co. in the summers of 1969 and 1971 as a student and field geologist, respectively; Amax, Vancouver, B.C. during the summer of 1970 as a geological assistant in the Yukon; The Manitoba Mines Branch during the 1972 field season as a field geologist; Hudson Bay Oil and Gas Ltd., Toronto, Ontario during May to December, 1973 as a temporary geologist; Mindeco Ltd., Lusaka, Zambia from May 1974 to May 1977 as a geologist; Canadian International Development Agency, Ottawa, Ontario from August, 1977 to December, 1979 as geologist in Malaysia; Utah Mines Ltd. from April, 1980 to present under the supervision of A.J. Schmidt, P. Eng.
K. Witherly, Geophysicist for Utah Mines Ltd., Toronto, Ontario Completed B.Sc., (Geophysics) at the University of British Columbia in 1971; employed by Utah Mines Ltd., and Tri-Con Exploration Surveys during 1969 and 1970 summer field seasons respectively as a geophysicist's assistant; employed by Utah Mines Ltd. from 1971 to 1975 in Vancouver, fram 1975 to 1978 in Reno, Nevada and from 1978 to present in Toronto.

## APPENDIX B

STATEMENT OF COSTS AND INVOICES

## Linecutting

| 4.02 mi | $1,325.00 / \mathrm{mi}$ | $\$ 5,326.50$ |
| :--- | :--- | ---: |
| $2.56 \mathrm{mi} @$ | $1,100.00 / \mathrm{mi}$ | $2,816.00$ |
| 1.81 mi @ | $1,505.00 / \mathrm{mi}$ | $2,724.05$ |
| 104 hrs @ | $20.16 / \mathrm{hr}$ | $2,096.64$ |

## Salaries:

| J.R. Richards | Sr. Geologist | 1 | day @ $175.00 /$ day | 175.00 |
| :--- | :--- | ---: | ---: | ---: |
| H. R. Muntanion | Proj. Geologist | 6 days @ | $119.23 /$ day | 715.38 |
| C. Robinson | Assistant | 12 days @ | $48.05 /$ day | 576.60 |

Accomodation
19 man days @ 39.50/man day 750.50

Total $\$ 15,180.67$
Induced Polarization Survey
Survey Cost (Invoices 3179,3218 , 3223) $\$ 15,932.29$
Helicopter (Invoice 29845) 353.53
Salaries (preparatory, supervision):

| J.R. Richards | Sr. Geologist | 2 days @ 175.00/day | 350.00 |  |
| :--- | :--- | :--- | :--- | :--- |
| H.R. Muntanion | Proj. Geologist | 3 days @ $119.23 /$ day | 357.69 |  |
| C. Robinson | Assistant | 3 days @ | 48.05/day | 144.15 |

Accomodation:
8 man days @ 39.50/men day 316.00
Total \$17,453.66
Geochemical Survey
Analytical costs:
Soils (Determinations $131 \mathrm{Mo}, \mathrm{As}, \mathrm{Au} ; 93 \quad \$ 1,437.88$ $\mathrm{Hg} ; 38 \mathrm{Cu})$
Rocks (20 Cu, Mo, Au) 160.00
Salaries:
J.B. Richards Sr. Geologist 1 day 175.00
H.R. Muntanion Proj. Geologist 7 days @ 119.23/day 834.61
C. Robinson Assistant 9 days @ 48.05/day 432.45

Accomodation:
17 man days @ 39.50/men day
Total
\$3,711.44

Diamond Drilling
Drill Site Preparation: Read work (Invoice 8559 and 033-1350-2135) \$9,721.28
Falling 600.00

Diamond Drilling: (Invoices 2265, 2271, 2345) 110,554.21
Bulldozer Rental: (Invoice 8580) 6,474.75
Drill Mobilization: (Invoice 8571) 1,463.41
Assays:
Rental of skidder
471.50

Analyses $316 \mathrm{Cu}, 202 \mathrm{Mo}$ 5,451.61 $149 \mathrm{Ag}, 261 \mathrm{Au}$
Sample shipment
239.00

Salaries:

| J.B. Richards | Sr. Geologist | 8 days @ $\$ 175.00 /$ day | $1,400.00$ |
| :--- | :--- | ---: | :--- |
| H.R. Muntanion | Proj. Geologist | 52 days @ $119.23 /$ day | $6,199.96$ |
| C. Robinson | Assistant | 49 days @ $48.05 /$ day | $2,354.45$ |
| J. Howe | Warehouseman | 2 days @ $76.90 /$ day | 153.80 |

Accomodation: (including 4 -man drill crew)
231 man days @ 39.50 man day $9,124.50$

Total
\$154,208.47

## Core Storage Facility Construction

```
Materials: $5,096.73
```

Salaries:

| J. Howe | Warehouseman | 18 days @ $76.90 /$ day | $1,384.20$ |
| :--- | :--- | ---: | ---: |
| D. Stonecipher | Technician | 15 days @ $76.90 /$ day | $1,153.50$ |
| G. Robinson | Assistant | 7 days @ $48.05 /$ day | 336.35 |
| A. McNutt | Assistant | 4 days @ $55.19 /$ day | 220.76 |
| D. Barnett | Assistant | 4 days @ $48.05 /$ day | 192.20 |
| B. Laird | Assistant | 4 days @ $62.50 /$ day | 250.00 |

Accomodation
52 man days @ $39.50 /$ man/day $2,054.00$

## Miscellaneous Costs

Gasoline ..... $\$ 912.39$
Vehicle and Tire Repairs ..... 278.41
Vehicle Rental ..... 231.81
Airfares: 8 airfares @ 82.10 each ..... 656.80
Field Supplies ..... 450.58
Map Reproduction ..... 135.00
Telephone ..... 897.43
Report Preparation:
H.R. Muntanion Proj. Geologist 7 days @ 119.23/day 834.61
J.B. Richards Sr. Geologist 2 days @ $\$ 175.00 /$ day 350.00
K.E. Witherly Cons. Geophys. 3 days @ 250.00/day ..... 750.00
R. Gopal Draftsman 2 days @ 100.00/day ..... 200.00
V. del Valle Secretary 1 day @ 100.00/day ..... 100.00
Computor 8 hrs . @ 50.00/hr.
\$6,197.03

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## PHOENIX Geophysics Limited

200 YORKLAND BLVD., WILLOWDALE, ONTARIO, CANADA
INVOICE
TELEPHONE (416) 493.6350
Telex: 06-986856
Cable: PHEXCO TORONTO

DATE: July 21, 1982 INVOICE: 3179
Utah Mines LImited, Island Copper Mine, P.0. Box 370, Port Hardy, B.C. VON 2PO
Attention: Mr. Gordon Clarke
REFERENCE: Geophysical Survey - Contract PV-1207, IP and Resistivity Survey, Red Dog Property, Holberg, B.C.
CREW: J. Marsh, R. LaPlante, M. Sagmeister, B. Odland
PERIOD: July $7 / 82$ to July $10 / 82$

| $31 / 2$ | Operating days | $@ \$ 870.00$ |
| ---: | :--- | ---: |
| $1 / 2$ | Bad Weather day | $@ 585.00$ |

PHOENIX GEOPHYSICS LIMITED


## JUL 301982

UTAH M:NIES L.TO.
VANCOUVER. B.C

## PHOENIX Geophysics Limited

INVOICE

TELEPHONE (416) 493-6350
Yelex: 06.986856 Cable: PHEXCO TORONTO

DATE: August 6, 1982
INVOICE: 3218

Utah Mines Limited, Island Copper Mine, P.0. Box 370,

Port Hardy, B.C.
VON 2PO

## Attention: Mr. Gordon Clarke

REFERENCE: Geophysical Survey - Contract PV-1207 IP and Resistivity Survey, Red Dog Property, Holberg, B.C.

CREW: J. Marsh, R. LaPlante, M.Sagmeister, B. Odland
PERIOD: July 11, 1982 to July 17, 1982
4 Operating days
@ \$870.00/day
\$3,480.00
2 Bad Weather days
1 Day Off
@ \$585.00/day
1,170.00
N.C.
N.C.

Vehicle Rental
665.53

Fuel

\$5,477.74


Vancouver Office: 214-744 West Hastings Street, British Columbia V6C 1A6Telephone (604) 669-1070
Denver Office: 4891 Independence St. Suite \#270, Wheat Ridge, Colorado, 80033, U.S.A. Telephone (303) 425-9353

## PHOENIX Geophysics Limited

200 rURKI AND BI:O WIIIUWIDALE ONTARIO CANADA M2J IRS
IELEPHONE (416) 493.6350
Telex 06.986856
1NVOICE
Cable: PHEXCO TORONIO

DATE: August 6, 1982
INVOICE: 3223

Utah Mines Limited, Island Copper Mine, P.0. Box 370,

Port Hardy, B.C.
VON 2 PO
Attention: Mr. Gordon Clarke

REFERENCE: Geophysical Survey Contract PV-1207, IP \& Resistivity Expo Property, Holberg, B.C.

CREW: J. Marsh, R. LaPlante, M. Sagmeister, B. Odland
PERIOD: JUly 18, 1982 to JUly 28, 1982

51/2 Operating days
1 Baci Weather day
© $\$ 870.00 / \mathrm{day}$
@ $\$ 585.00 /$ day
\$4,785.00
585.00
${ }^{112}$ Standby days @ $\$ 585.00 /$ day
@ N.C.
877.50 N.C.

Vehicle
Fuel



Interest at $2 \%$ per month (24 per cent per annum) charged on overdue accounts.
This company complies with the CODE OF ETHICS of the Helicopter Association of America

## PORT HARDY BULLDOZING LTD.

Telephone 949-6548

May 31, 1982

Utah Mines Ltd.,
T Suite 1600-1050 W. Bender St.,
Vancouver, B.C., V6E 357

Attn: Harry Muntanion
To Build \& Grade Spur Roads For Drill

225 Excavator e $\$ 90.00$ per hour
33 hours $\$ 2970.00$

D6 Tractor e $\$ 75.00$ per hour
23年 hours
1762.50

Lowbed @ $\$ 66.25$ per hour
1812 hours
1225.63

966 Loader \& $\$ 75.00$ per hour
4 hours
300.00

Labourer e $\$ 26.00$ per hour
8 hours
208.00

Travel Time e $\$ 53.10$ per hour
19 hours
1008.90
500.00

Western Forest Products Limited

Holberg Forest Operation Holberg, B.C. VON $1 z 0$ (604) 288-3362

## Invoice No.

## 033-1350-2135UTM

May 10, 1982

Utah Mines Limited
Exploration Department
1600 - 1050 West Pender Street
Vancouver, B.C.

Re: Roadwork (using two graders each day)

April 28: $\quad 10$ hours
May 1: $\quad 17 \frac{1}{2}$ hours
271/2 hours @ $\$ 63.50 / \mathrm{hr}$
$\$ 1746.25$

TERMS: Payable Upon Receipt
Please Remit To:
Western Forest Products Limited
Holberg Forest Operation Holberg, B.C. VON 120


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\text { Box } 387
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Port Hardy bc vonzio
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\text { Pe Expo Project } \quad \text { Preparation FOR Drill Site K }
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Utah Mines Ltd. 1600-1050 hest Fender Street Vancouver, B.C. V6E 3S7


UTAH Milivéu ni. EXPLORATION DEPT.

INVOICE NO.: 2265 jOB No.: 474
DATE: June 22, 1982

DRILLING DETAIL
MOVING BETWEEN HOLES

WATER SUPPLY


- \$33,643. 75
$-\quad 1,665.00$
540.50
- 5,076.00
$-4,862.83$
$\ldots 7,785.10$
$-116.00$
$-903.25$
$-1,515.77$
$\$ 56,108.20$



## D.W. COATES

ENTERPRISES LTD.
DIAMOND DRILLING CONTRACTORS
INVOICE NO.: 2345
Utah Mines Ltd.
\# 1600 - 1050 West Bender Street
Vancouver, B.C.
V6E 3S7

Phone: (604) 273-0985 Telex No.: 04357618

JOB NO.: 474
DATE: Sept. 16, 1982

Credits as per Agreement Between J. Forsythe and B. Richards
PERIOD:

DRILLING WITH MUD
$(2,692.78)$

REAMING CASING AND HOLE STABILIZING
(342.33)

MATERIAL LEFT IN HOLES
(236.36)

WATER SUPPLY
(47.03)

MOBILIZATION
(232.00)

TRAVEL TIME •
(505.00)
$(\$ 4.055 .47)$

Inter-Office Credit
Nay beltane off 4076.75 on facile

PORT HARDY שULLDOZING LTD.
Box 166 Port Hardy, B.C. VON 2PO


Utah Mines Ltd.,
Suite 1600-1050 West Fender St.,
Vancouver, B.C.,
V6E 357


Rental of Case 850B Bulldozer
As per agreement dated June 1, 1982
For the period of June $1-30 / 82$
$\$ 3500.00$

Operating Hours @ $\$ 45.00$ per hour
Start $\quad-1502 \quad$ hours
Finish -1557.8 hours
2511.00

To move 850 B Case to N.E. 62
As per slip \# 6
To move machine back to Port Hardy

Lowbed @ $\$ 66.25$ per hour

```
June l - 3 hours
July 2 - - 4 hours
```

PORT HARDY ZULLDOZING LTD.
Box 166 Port Hardy, B.C. VON 2PO
Telephone 949-6548


Utah Mines Ltd., Suite 1600-l050 W.Pender St., Vancouver, B.C., V6E 3S7

To Move Drill and Cat From N.E. 62

Lowbed © $\$ 66.25$ per hour
June 20 - 8 hours $\$ 530.00$

Operators Overtime @ \$22.45 per hour
June 20 - 8 hours 179.60

Hi-Boy @ $\$ 66.25$ per hour
June 20-7 hours
463.75

Operators Overtime @ $\$ 22.45$ per hour
June 20-7 hours 157.15

52 feet of $3 / 4$ " cable 132.91

EXPO PROJECT JUL O51982
UTAH MiNES LTD.

UTAH MINES LTD
IN ACC. D. MORRIS
FO. $130 \times 165$ HOLBLERE BC


## Invoice

## kirkland and amos ltd.



To supply 264. only $\frac{1}{2 \prime \prime}$ ateel rods cut to size as per your. instructions, as per our quote 15 th .March,1982, 0.80.ct.all at,

SEAFORD BUILDING SUPPLIES LTD.
1422 MAIN STREET,
NORTH VANCOUVER, BC. V7J IC8 COMPLETE BUILDING SUPPLY CENTRE

$\qquad$
custom no
9748
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CUSTOMERS COPY invoice price charged. Sellers liability restricted to the replacement of the materials only.
CORE STORAGE

Compunction Call
DISTRIBUTION: (FOR INTERNAL USE ONLY)


IMPORTANT
LEASE INVOICE FOUR COPIES IMMEDIATELY GOODS ARE SHIPPED. (2) DO NOT SUBSTITUTE WITHOUT OUR CONSENT.

SEAFORD BUILDING SUPPLIES LTD.


CUSTOMERS COPY

No goods will be accepted for credit unless returned with our permission. Claims for shortage
on this delivery must be presented within 2 days. 10\% handling charge on all goods returned at invoice price charged. Sellers liability restricted to the replacement of the materials only.


CORE STOR ACE

DISTRIBUTION: (FOR INTERNAL USE ONLY)
FEDERAL SALES TAX

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IMPORTANT
". PLEASE invoice four copies immediately goods are shipped. dO NOT SUBSTITUTE WITHOUT OUR CONSENT.


## APPENDIX C

DIAMOND DRILLING CONTRACT

THIS AGREEMENT, entered into this 27 day of April_ 1982 by and between Utah Mines Ltd.

```
    , a
corporation, hereinafter referred to as "Owner" and
    D.W. Coates Enterprises Ltd.
hereinafter referred to as "Contractor",
                                    WITNESSETH:
    WHEREAS, Owner desires to have contractor carry out
a work program on certain lands controlled by Owner and
located in British Columbia, specifically the Expo Project
near Holberg, B.C.
```

; and
WHEREAS, Contractor is desirous of performing such work program for owner and is fully equipped and capable to perform such work;

NOW THEREFORE, in consideration of the covenants and conditions hereinafter set forth, Owner and Contractor mutually agree as follows:

1. WORK TO EE PERFORMED: Contractor agrees to perform fully and completely all work requested by owner to be done by Contractor on the above mentioned lands, such performance by Contractor to be in strict conformance with the terms and provisions of this agreement and specifically in conformance with those provisions set forth on Schedule I attached hereto and by this reference incorporated herein.

All work to be performed by Contractor hereunder shall be done at such times, such locations and in such manner as requested by Owner, subject, however, to the specific provisions set forth in Schedule I hereto.

It is understood that Owner may employ other contractors to perform work upon the subject property and Contractor shall conduct its operations so as to best cooperate with such other contractors, if so requested by Owner.
2. WORKMEN AND EQUIPMENT: Contractor agrees to furnish and maintain in first class operating condition the equipment, and supplies specified in Schedule I hereto, or necessary to perform the work as set forth in said Schedule I hereto, and all labor, including superintendence, and all other things whatsoever required or convenient to properly perform the work specified in this agreement and within the time herein required. Owner may require Contractor to discharge from the performance of this contract any employee deemed to be in any way objectionable by Owner. No equipment furnished by Contractor hereunder for use in the performance of this agreement shall, without the prior consent by Owner, be removed from the ; site of the work until such time as the performance of this contract shall be completed by Contractor.
3. COMMENCEMENT AND PROGRESS OF WORK: Unless otherwise specified in Schedule I herein, Contractor shall, within 7 days after being notified by Owner to start work, commence work in the field at such locations as Owner may designate and shall thereafter continue diligently in the performance of the work at such rate of progress and at such locations as may be required by Owner and shall fully complete said work to the satisfaction of Owner.
4. NO REPRESENTATIONS TO CONTRACTOR: It is understood that Contractor has satisfied itself as to the nature and location of the work, the character of the soil, rock, or other materials to be encountered, the character, kind and quantity of equipment needed for the prosecution of the work, and the conditions under which the work is to be performed and Owner has made no representations to Contractor concerning the conditions to be
encountered in the performance of the work. No verbal agreement or statement shall affect or modify any of the terms or provir: irns of this contxare and ro change, ameninent, or mocificrtion of the terms or conditions of this centract shall be valid unless reduced to writing and signed by Owner and Contractor.
5. LIENS AND CLAIMS: Contractor shall discharge at once all liens, claims, stop notices, or attachments which may be filed or levied in connection with the work done by Contractor under this agreement and shall pay all taxes levied upon Contractor, its employees, equipment, property, or operations and Contractor shall hold Owner, Owner's property, and the lands upon which the work called for in this contract is being performed harmless therefrom. Contractor shall pay promptly and in full the claims of all persons, firms, or corporations performing labor upon or-furnishing equipment, materials, supplies, or power used in the performance of or contributing to the work described in this agreement.

Upon completion of work under this agreement, Contractor, if required by Owner, shall deliver to the Owner a complete release of all claims for taxes, liens, claims, stop notices, or attachments arising out of this agreement or receipts in full in lieu thereof and if required in either case, an affidavit that, to contractor's knowledge, such releases or receipts include all labor and material for which a lien, claim, stop notice, or attachment could be filed.
6. LIABILITY FOR INJURIES AND PROPERTY DAMAGE: Contractor shall save harmless Owner, Owner's property, and the lands upon which the work called for in this agreement is being performed from all liability for injury to or death of persons and for damage to property in any way arising out of Contractor's performance under this agreement.
7. PATENT RIGHTS: Contractor shall save harmless Owner, Owner's property, and the lands upon which the work called for in this agreement is being performed from any claim, damage, or expense arising out of any action or proceeding for the infringement or alleged infringement of any patent arising out of Contractor's performance under this agreement.
8. PAYMENT: In consideration of the covenants of the Contractor herein set forth and the full and prompt performance of this agreement by Contractor, Owner agrees to pay to Contractor and Contractor agrees to receive and accept as full compensation for Contractor's performance of this agreement, and also for any loss or damage to Contractor arising out of this agreement or from action of the elements or from unforeseen difficulties or obstructions which may be encountered in the performance of the contract, and for all risks of every description to Contractor in connection with the work, those sums set forth in Schedule II attached hereto and by this reference incorporated herein.
9. TERM OF CONTRACT: Unless the provision of Schedule $I$ shall specify a different length of time during which Contractor shall be bound to perform under the terms of this agreement, Contractor shall be obligated to perform for Owner under the provisions of this contract upon the lands hereinabove described, all work requested by Owner to be performed by Contractor during a period of 6 months Erom and after the date of this agreement, provided, however, that Owner may, at any time after the completion of the minimum amount of work guaranteed to Contractor under the provisions set forth in Schedule $I$, terminate this agreement by giving notice of such termination to Contractor.
10. INSURANCE: Contractor shall obtain and carry during the period of this agreement at Contractor's sole cost the following insurance coverage:

```
Comprehensive Liability
Bodily Injury and Property Damage Liability
including Contractual Liability and
Completed Operations Each Occurrence $500,000.00
Aggregate $500,000.00
```

Automobile Liability (Including Owned and Non-owned automobiles) Bodily Injury and Property Damage Liability

Each Occurrence $\$ 500,000.00$

| Workers' Compensation |  |  |
| :--- | :--- | :--- |
| and Employer's Liability | Statutory <br> Each Accident | $\$ 100,000.00$ |

No work under this contract shall be started until certificates of insurance conforming with the above minimum requirements are obtained and submitted to the owner. Insurance companies must be satisfactory to Owner, and policies must provide that ten (10) days' written notice be given to Owner prior to cancellation or annulment.
11. COMPLIANCE WITH THE LAW: Contractor and its employees shall at all times observe and comply with all statutes, ordinances, and regulations of any nation, state, province, municipality or other governmental authority or agency having jurisdiction over the place where the work hereunder is being carried on.
12. PERMITS: Contractor shall obtain all permits and licenses necessary for the performance of this contract and shall give all necessary notices and pay all fees required by governmental agencies or by other authorities in connection with the performance of this contract.
13. SUPERINTENDENT: The Contractor shall have a competent superintendent, satisfactory to Owner, on the work at all times with authority to act for Contractor. The superintendent shall not be changed except with the consent of Owner unless the superintendent ceases to be in the employ of the Contractor.
14. CONTRACTOR NOT AGENT OF OWNER: In the execution of the work to be performed hereunder, Contractor shall operate as an independent contractor and not as an agent or employee of Owner. Contractor shall hold owner harmless from any liability which may arise by reason of any action or representation of contractor, its agents, or employees.
15. NOTICE AND PLACE OF PAYMENT: All notices to be given to Owner by Contractor hereunder shall be delivered to Owner's office at \#1600-1050 West Pender Street, Vancouver, B.C. V6E 357 - Any notice to be given by Owner to Contractor hereunder may be given by delivering such notice personally to Contractor's superintendent at the job site, or at Owner's option, such notice may be given by depositing said notice in any post office in an envelope, postage prepaid, and addressed to Contractor at 2560 A Simpson Road, Richmonde BuCe V6X 2P9

Such notice to Contractor shall be deemed to have been given either upon its delivery to Contractor's superintendent or by deposit in said post office as the case may be.
16. ASSIGNMENT: Contractor will not, without the previous written consent of Owner, assign this agreement nor subcontract any part or portion of work to be performed hereunder to any other party.
17. PROTECTION OF INFORMATION: NO information whatsoever regarding the conduct, records, or results of any work performed by Contractor under this agreement shall be given or discussed by Contractor or any of contractor's agents or employees in any manner to or with any party other than the Owner without the prior written consent of Owner.
18. SUCCESSORS: This agreement and each and every provision hereof shall insure to the benefit of and be binding upon the parties hereto and their successors and assigns.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the date hereinabove set forth.

OWNER


## CONTRACTOR



## SCHEDULE I

## WORK PROVISION

1. The Contractor will provide equipment, supplies and crews to operate one Langyear Super 38 drilling rig, equipped for tractor or heliocpter moves, two ten hour shifts per day, including, but not limited to all necessary drilling machinery, bits, associated tools, and oils, repair parts, casing, rods, corebarrels, equipment required for pumping water, personnel and all necessary labour and supervision. Contractor shall at the commencement of work hereunder, transport all such equipment, supplies and crews to a discharge point, as near as practical to the lands upon which the drilling programme is to begin.
2. Holes will be drilled NQ wireline. In all instances, reasonable care shall be exercised to obtain the recovery of as high a percentage of core as the formation being drilled will reasonably permit. All such core shall be properly identified in correct order and placed in core boxes provided by Contractor. Oontractor shall furnish a daily record sheet with holes drilled and footage noted. Said record is to be signed by the driller and will be used in computing payment for work done.
3. The location, depth and angle of each hole to be drilled by Contractor shall be specified by the Owner. Holes shall have a maximum depth of one thousand five hundred (1500) feet. The Owner guarantees four thousand (4000) feet of $N Q$ drilling under this agreement.
4. Should cavities or loose and caving materials, or other adverse conditions be enoountered, so that in the opinion of the Owner and Contractor, further drilling in a hole is not practical, the hole may be abandoned, and the Contractor shall be paid at the rates specified in Schedule II attached hereto for the footage actually drilled, provided however, that the Contractor shall
not be paid when said adverse canditions are direct result of negligence on the part of the Contractor. The contractor at the request of Owner, will replace any driller not achieving satisfactory core recovery.
5. The owner shall provide, at its own expense all rights of way that may be required to enable Contractor to move to and from, and to operate on the drill sites specified by the Owner. The Contractor shall be permitted to fall and cut such timber as may be required in the course of the work hereunder upon the property controlled by Owner, provided however, that the Contractor shall comply with all terms of Owner's pernits allowing such timber cutting. Owner shall save the Contractor harmless from any assessments for stumpage.
6. During the course of the work, the cantractor shall, at all times, keep the Owner's premises free fram accumulation of waste materials, rubbish and garbage, 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.
7. This agreement and any disputes arising hereunder shall be interpreted and determined in accordance with the laws of the Province of British Columbia.

## Squedute II

## PAMMENT SCHEDUTE

The Owner shall pay the Contractor, in Canadian funds, for work completed according to the following schedule:

1. Schedule of Rates - Coring: No

## Inclinations

$$
-45 \text { to }-90
$$

| From |  |  | T0 | Price/Foot |
| :---: | :---: | :---: | :---: | :---: |
| $0^{\prime}$ | - | $500^{\prime}$ | in depth | \$19.40 |
| $500^{\prime}$ | - | $1000^{\prime}$ | in depth | \$20.55 |
| $1000^{\prime}$ | - | $1500{ }^{\prime}$ | in depth | \$22.40 |
|  |  | e of | rates i | . 00 per |

diamond allowance for core bits, shells and casing shoes. Due to the potential for enocuntering extremely hard and broken quart-magnetite breccias, all diamonds consumed in excess of $\$ 3.00$ per foot shall be charged to the Owner. Diamond bits "burned" due to operator neglect shall not be included in the diamond cost. All other labour costs and other operating expenses shall be for the Contractor's account, except when reimbursed to Contractor by Owner as hereinafter provided.
2. Overburden: Triconing and Setting Casing:

| Fram | To | Price/Foot |  |
| :---: | :---: | :---: | :---: |
| $0^{\prime}$ | - | $50^{\prime}$ in depth | $\$ 19.50$ |
| $50^{\prime}$ | - | $100^{\prime}$ in depth | $\$ 20.50$ |
| $100^{\prime}$ plus | - |  | Field Cost |

It is understood that all holes are to be left cased unless the Owner specifically orders casing to be removed. The Contractor shall employ used HQ rod as casing when it is available and charge the Owner at its depreciated value.
3. Moving Between Holes - Setting Up - Tearing Down:

All time spent tearing down, moving the drill and equipment between sites, and setting up shall be charged to the

Owner , on a field cost basis for all labour, plus standby rates
 for the drill equipment.

The Owner shall supply a suitable tractor or helicopter as required to aid in moving between sites at no cost to the Contractor.

4. Water Supply:

The laying, maintaining and removing of the waterlines and supply pure shall be performed on a field cost basis.
5. Mobilization - Demobilization:

The contractor shall move his men, drill, equipment and supplies from his base to truck unload point and return from truck load point to his base for the lump sum of $\$ 7,500.00$.

The movement of men, drill, equipment and supplies from truck unload point to first hole site and retum from last hole site to truck load point, including unloading and loading, shall be performed on a field cost basis.

The Owner shall supply a suitable tractor or if necessary a helicopter to aid in mobbing and demobbing and for continuing supplies as the job progresses, at no cost to the Contractor.

## 6. Drill Sites:

The Owner shall prepare the access roads, and level suitable drill sites and pumping stations at mo cost to the Contractor.
7. Reaming Casing and Cementing:

If ever necessary to help prevent cave-ins and maintain circulation, reaming casing and cementing shall be performed on a field cost basis.
8. Mud and Additives:

The mud and additives required to help penetrate the overburden and/or aid in core recovery if ever necessary, shall be supplied at cost on job site, plus twelve percent.

Time spent mixing mud and/or stabilizing the hole if ever necessary shall be charged on a field cost basis.
9. Core Boxes:

The Schedule of rates includes the supply of NO core boxes complete with a lid for each.
10. Fuel:

The schedule of rates includes the fuel required for operation of the drill and equipment.
11. Board and Lodging:

The Company would supply free room and board to the Contractor's personnel in the Owners camp.
12. Tests:

If requested by the Owners the Contractor shall take
 acid tests at the rate of three feet drilled at the depth the test is taken. Other surveys shall be performed at the field cost rate.
13. Travelling Time:

The schedule includes the first one-half hour spend travelling from the lodging site to job site and rectum per man per shift. Should the time be greater than one-half hour per man per shift, the "over" would be charged on a field cost basis.

## 14. Operating Field Costs:

When functions as noted above are performed on a field cost basis, the following schedule shall apply:
Labour _m_ $\$ 23.50$ per man hour

38 Drill with Tower _m_ $\$ 23.00$ per hour

Mod Mixer (when applicable)-_ $\$ 1.50$ per hour
$4 \times 4$ Truck (when applicable)- $\$ 10.00$ per hour
Materials Consumed_An_-At cost on job site $+12 \%$

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15. Standioy Rate:

Waiting for instructions from the engineer, waiting for cement to set. or other delays beyond the Contractor's control:

Labour (max. 8 hrs/man/shift)-_\$20.00 per man hour
Drill \& Equipment (max. $8 \mathrm{hrs} / \mathrm{day}$ ) - $\$ 18.00$ per hour
16. Billing and Payment:

Contractor shall submit all invoices to the Owner at Utah Mines Limited. Payment shall be made to the Contractor in accordance with Paragraph 8 of this agreement form. The prices set forth in this Schedule II shall include all applicable taxes and insurance. Owner shall pay Contractor within thirty days from delivery of invoices.


## REED STENHOUSE

LIMITED
INTERNATIONAL INSURANCE BROKERS
P.O. BOX 10028. PACIFIC CENTRE, VANCOUVER, CANADA V7Y 1 E4

Yelaphone (604) 688.4442
Tslex 04.51381
To: .........Utah Mines Ltd.
Exploration Dept.
Suite 1600-1050 W. Pender St.
$\mathfrak{C e r t i f i t i a t e ~ o f ~} \mathfrak{Z n s u r a n c e}$ Vancouver, B. C. . V6E 3S7.

Dated:... April 28, 1982

## (U) Ifs is to (Lettify th)at insurance as described hereunder has been arranged on behalf of the Assured named

 herein and that such Insurance, at the date hercof, is in full force and effect.



























































































