

000791

TO J. Keily

FROM W. Krato

DEPT. ENGINEERING

DATE Feb 6 1972

RE Diamond drilling Program 1973

MESSAGE Attached is a comparison of quotes from ARCTIC & CARON drilling companies. It clearly indicates that Arctic is the ~~higher~~ ^{lower} bid. ARCTIC has done satisfactory work for us in previous programs.

We therefore recommend that Arctic be awarded the contract. We have compared the attached Arctic Contract with last years contract which was accepted by the company. They are identical except for an insurance

REPLY

clause which was deleted in error from ^{DATE} This years contract. This is being rectified & a corrected copy being sent. The attached is for your consideration & processing for approval so we may continue getting the program setup as early as possible.

ANVIL MINING CORPORATION LIMITED

MEMORANDUM

TO: W. Krats FROM: P. M. Pettigrew
 SUBJECT: CONTRACT FOR 1973 DIAMOND DRILLING DATE: February 6, 1973

We are in receipt of quotes from Arctic Diamond Drilling Limited and E. Caron Diamond Drilling Limited, both of Whitehorse. They were submitted in reply to a request for same by the writer in connection with the proposed 1973 development drilling programme.

In comparing the two quotes, it is immediately apparent that there is no real difference in the general conditions (including the field costs). However, while Caron quotes the hire of a vehicle to us at \$500 a month, Arctic supplies a 4 x 4 free of charge.

There is a significant difference in the footage rates (both overburden and coring) quoted. From past experience it seems that footage charges represent 70-80% of the total drilling costs (including camp and field costs).

To compare costs based on the quotes, the following table is included. Field and camp costs (which do not differ) are not shown. The hole is a 600' one encountering 50' of overburden.

	<u>Arctic</u>	<u>Caron</u>
50' Overburden	387.50	434.00
550' Coring	4,062.50	4,757.50
Vehicle (7 days approx.)	<u>-</u>	<u>116.67</u>
	\$ 4,450.00	\$ 5,308.17

Arctic is thus around 16% cheaper than Caron with respect to footage costs. This is likely to amount to an overall difference of 12% when field and camp costs are taken into account.

Finally, this assumes that Caron is equally experienced with the ground to be drilled. This is not the case and as a result productivity may suffer with a resulting increase in the proportion that field costs normally represent.

It is recommended that Arctic Diamond Drilling Ltd. be awarded the contract as early as possible so as to expedite anticipated early May commencement of drilling.

P.M. Pettigrew

P. M. Pettigrew
 Ore Control Geologist

BETWEEN:

ANVIL MINING CORPORATION LTD.
P. O. Box 1000,
Faro, Yukon Territory.

THE PARTY OF THE FIRST PART, hereinafter
referred to as the Company

AND:

ARCTIC DIAMOND DRILLING LTD.
184 Industrial Road,
Whitehorse, Yukon Territory.

THE PARTY OF THE SECOND PART, hereinafter
referred to as the Contractor.

WHEREAS the Company has requested the Contractor to carry out a minimum of five thousand feet (5,000') of drilling by triconing and coring and other services as hereinafter set forth on certain property situated in the Yukon Territory.

AND WHEREAS the Contractor has agreed to do the said drilling and to perform the other services requested upon the terms, conditions and provisions herein contained.

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the payment of the amounts herein stipulated and of the mutual covenants hereinafter contained, the parties hereto agree as follows:

1. The Company hereby employs the Contractor to drill on the said property as directed by the Company a minimum of five thousand lineal feet (5,000') of drilling consisting of holes having a maximum depth of one thousand feet (1,000') and such additional footage as may be required by the Company.

The Contractor hereby undertakes to carry out such drilling work under the terms and conditions hereinafter set forth and will supply forthwith one unitized surface drill outfit with portable mast suitable to the Company's specifications together with necessary associated equipment in first class working condition capable of completing holes of a size and depth to be specified by the Company and labour including crews capable of operating the drill equipment and all oils, greases, repair parts, diamond bits, shells and casings, and will commence the work within the time to be specified by the Company.

2. It is agreed that all holes shall be drilled as directed by the Company; and all drilling under this contract will be done in accordance with standard drilling practice with sludge gathered as required by the Company; and the Contractor will use the most modern equipment and will take every precaution to ensure the highest possible percentage of core recovery. The core from the holes shall be approximately 1 7/16" in diameter known as BQ wireline in the trade and shall be carefully placed in core boxes to be provided by the Company.

3. The driving of the pipe and casing and tri-
coning through overburden shall be done by the Contractor at the following
prices:

<u>From</u>	<u>To</u>	<u>BQ</u>
0 feet	150 feet	\$7.25 per foot
150 feet	250 feet	\$8.00 per foot
250 feet	Bedrock	Field Cost

It is understood that the lineal foot measurement of the hole or holes shall
be taken from the top of the casing pipe.

4. Rock drilling shall be considered to commence
after the casing has been drilled in solid rock and such rock drilling shall be
done by the Contractor at the drilling rates set out in the following table:

<u>From</u>	<u>To</u>	<u>BQ</u>
Bedrock	500 feet	\$7.25 per foot
500 feet	1000 feet	\$8.00 per foot
Reaming casing in bedrock		\$6.25 per foot

5. (a) Any reference to FIELD COST in this
agreement shall be interpreted as follows:

All labour provided by the Contractor will be at
the all inclusive rate of \$7.35 per man hour
worked except that in the case of delays under
paragraph 20, a maximum of eight hours per man
per day will be included during such delays.
All material and supplies consumed provided
by the Contractor will be at cost with no mark
up, or at prices as otherwise specified in this
contract.

(b) Where applicable, equipment rental to
be charged at \$5.50 per hour worked per machine.

6. In cases where overburden is encountered, it
is agreed that the Contractor will not be called upon to drill any holes at a
flatter angle than 50 degrees.

7. The Company will pay for all material, pipe,
casing and diamonds left in the casing or drilling of holes, or will pay the
cost of recovering such materials or pipe at the Company's option.

8. It is agreed that if a hole requires cementing,
wedging, mud or calcium chloride circulation to allow drilling to proceed, the
Company will pay the Contractor at Field Cost for such work.

9. The Contractor will be responsible for mobil-
izing his men, supplies, drill, camp and equipment between Whitehorse and the
property at no cost to the Company. Moving in and setting up drill on hole #1,
tearing down and moving out at the completion of the contract will also be the
Contractor's responsibility at no cost to the Company.

10. Fuel, gasoline, oils and propane for the Contractor's drill, truck, pumps, heaters and camp will be provided by the Company at no charge to the Contractor.

11. Transportation of the Contractor's men, supplies, and equipment to the property once drilling has commenced will be provided by the Contractor at no cost to the Company.

12. Radio communication, if required, will be provided by the Company at no cost to the Contractor, or provided by the Contractor and charged to the Company.

13. The Company will provide room and board for the Contractor's men at no cost to the Contractor.

14. The Contractor will supply sufficient pumps, hoses and related equipment to supply water to the drill sites from a source to 2,000 feet in distance, and 250 feet in elevation. Should water have to be hauled, the Company will provide suitable equipment and men to supply same at no cost to the Contractor. Should the Contractor be required to supply suitable vehicle equipped with water tanks to haul water, the charge will be \$50.00 per day plus driver if required.

15. Moving between drill sites will be charged to the Company at Field Cost after 40 man hours and 10 machine hours. The Company will supply a cat to assist with moving at no cost to the Contractor.

16. Core boxes will be supplied by the Company, or by the Contractor and charged to the Company at \$6.00 each.

17. Dip testing and surveying of holes will be done by the Contractor in co-operation with the Company's Engineer and charged to the Company at \$20.25 per test.

18. The Contractor will supply at no cost to the Company, one 4-wheel drive truck for his own use.

19. Delays caused by lack of suitable access to drill sites and camp will be charged to the Company at Field Costs.

20. All helicopter and fixed wing support, if required, will be provided by the Company at no cost to the Contractor, and will be under the control and direction of the Company's representative.

21. Travelling time between camp and drill sites in excess of one half hour per man per day will be chargeable to the Company at \$7.35 per man hour.

22. It is agreed that at the same time as the Company notifies the Contractor to cease drilling on a hole the Company will also inform the Contractor of the site of the new hole to be drilled. Should the Company fail to locate sites, or for any cause for which it is responsible for delay of the operation of the drill, the Company agrees to pay the Contractor at Field Cost for the period that the operation of the drill has been delayed by such failure.

23. The Company agrees to pay the Contractor amounts due under this contract, in Canadian Funds, twice monthly, for work done during the preceding half month, such payment to be made within fifteen days of receipt of invoice from the Contractor approved by the Company's engineer in charge covering work done during the preceding half month and settlement in full within fifteen days after the drilling is completed and satisfactory invoices approved as aforesaid are received.

24. It is agreed that the Contractor shall pipe and drill on the sites selected by the Company's representative and will deliver only to such person as the Company may designate all cores taken from the holes drilled.

25. The Contractor does not guarantee the direction of the hole beyond the collar.

26. The Contractor agrees to collect sludge to be put in boxes provided by the Company when requested to do so by the Company's representative, but it is understood that if the water does not return to the surface, the Contractor shall not be required to ream out and case or cement a hole in order to collect sludge.

27. In the event that cavities or loose and caving materials are encountered of a nature so as to prevent the successful completion of any hole, the Contractor under such conditions does not guarantee to drill to a predetermined depth and in the event that it shall be necessary in the opinion of the Company's representative and the Contractor's representative at the site to abandon a hole under such conditions, the Company agrees to pay the Contractor for such uncompleted holes at the rates hereinbefore specified for all footage completed.

28. In complying with the obligations of this agreement, the Contractor shall not be held responsible for strikes, fires, or any damage due to causes beyond its control.

29. The Contractor agrees that all labour costs due to breakdown of the Contractor's equipment shall be at its own cost and expense and for its own account.

30. The Contractor shall be responsible for all damage arising by reason of injuries (including death) sustained by any person or by reason of damage to property arising out of or in relation to work performed hereunder or equipment and vehicles used hereunder and will indemnify the Company against all claims arising by reason of such injuries and damage.

The Contractor shall conform to and be responsible for compliance with the provisions of the Workmen's Compensation Act and all other statutes, by-laws, orders or regulations in force from time to time in respect to or affecting in any manner the work to be performed hereunder and to give all notices required by the said statutes, by-laws or regulations.

Certificate of such insurance and proof of compliance with the provisions of the Workmen's Compensation Act shall be filed with the Company, should the Company request same, and shall be subject to

Insurance Paragraph

the Company's approval as to the adequacy of protection. Such insurance shall be maintained until the work is completed.

31. The Contractor will perform and execute all work and services required pursuant to this contract in a proper, careful and workmanlike manner. The Contractor shall comply with all mining and other laws, ordinances, rules and regulations relating to the work and to the preservation of the public health and safety.

32. The Contractor agrees that it will maintain strict security over all information developed during the performance of this contract, and will not divulge any such information directly or indirectly to any person except on the written authorization of the Company.

33. The Contractor agrees that the men employed by it in such drilling shall work continuously in the performance of the said drilling and in such manner that the greatest degree of efficiency may be obtained in the said drilling to the end that as little as possible core be lost. For such purpose the Contractor agrees that it shall employ modern drilling methods and equipment and the best crews obtainable by it.

Under the foregoing terms the Contractor cannot guarantee to drill any hole to any specified depth, but will put forth every reasonable effort to complete all holes to the required depths.

34. 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 employee of the Contractor who is objectionable or unsatisfactory to the Company, shall be removed from the work and replaced by any employee satisfactory to the Company at the expense of the Contractor.

35. Licenses: The Contractor shall pay all royalties and license fees and shall defend all suits and claims for infringement of any patented article, machine or process incorporated in the work by the Contractor and shall save the Company harmless from any loss on account thereof unless the Company shall have specified in writing the particular article, machine or process which is the subject matter of any claims for patent infringement.

36. It is understood and agreed that the Contractor is performing the work under this contract as an independent Contractor and not as the agent or servant of the Company.

37. This agreement may be altered only by written consent of both parties hereto. The Contractor shall not assign or sublet the whole or any part of this agreement without the written consent of the Company.

38. Time is of the essence of this agreement.

39. Any notice required by this agreement shall be given by registered mail to the Company and to the Contractor at their respective addresses as hereinbefore stated.

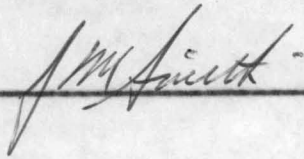
40. All agreements (whether oral or written) heretofore made or entered into between the parties herein with respect to the said property are superseded by this instrument.

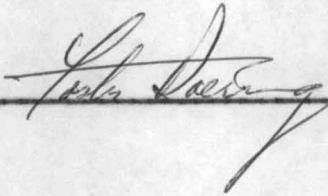
IN WITNESS WHEREOF THE Parties herein have executed this contract the day and year first above written.

SIGNED BY:

IN THE PRESENCE OF:

ARCTIC DIAMOND DRILLING LTD.





ANVIL MINING CORPORATION LTD.
