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Cyprus Anvil Mining Corporation

Post Office Box 1000
Faro, Yukon Territory
Y0B 1K0
Telephone 403) 994-2600

Telex 036-8-208

March 25, 1976

Mr. Foster Doering
E. Caron Diamond Drilling Limited
7 Roundel Road
Whitehorse, Yukon Territory
Y1A 3H3

Dear Mr. Doering:

Enclosed are two signed copies of the contract for diamond drilling at the minesite this summer. Please sign and return one copy to me.

As per our telephone conversation this morning, starting date will be April 19, 1976. D. Hanson will be in touch with you immediately after his return from holidays on April 13 to set up accommodations, etc.

We look forward again to working with you on this project.

Sincerely,



J. C. Devitt
Chief Mining Engineer

JCD/mm

Enc.

CYPRUS ANVIL

Diamond Drill

*
CANMS VCR

ANVIL PUR FARO

ATTN MR C D MACDONALD

WITH REFERENCE TO YOUR TENDER OF FEB 17/76 FOR DIAMOND CORE DRILLING
IN THE VICINITY OF OUR MINE NEAR FARO, THE PROJECT HAS BEEN AWARDED
TO E CARON DIAMOND DRILLING. MANY THANKS FOR THE SUBMISSION OF
YOUR TENDER FOR THIS PROJECTM.

J C DEVITT
CHIEF MINING ENGINEER

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CANMS VCR

ANVIL PUR FARO

V

To

D. MARR

Date

MARCH 9, 1976

From

J.C. DEVITT

Subject

1976 DIAMOND DRILLING CONTRACT

I propose to award the drilling contract to E. Caron Diamond Drilling Ltd., as recommended in the attached, prior to the end of this week. Please contact me at your earliest convenience if there are any concerns or questions.

1976 DIAMOND DRILLING CONTRACT

A total of \$443,000 is included in the 1976 budget to cover this drilling. Actual cost, estimated from Caron's quotation, will be, for 38 holes and 27,000 feet of drilling:

FOOTAGE COSTS

Caron's quotation	\$ 11.51/ft
fuel, core boxes	0.78/ft
contingency	<u>1.23/ft</u>
	\$ 13.52/ft

PROGRAM COSTS

27,000 feet @ \$ 13.52/ft	=	\$ 365,040.00
Core storage, miscellaneous	=	<u>12,400.00</u>
		\$ 377,440.00

About 30 of the holes will be drilled within the future pit limits in the zone 3 portion of the orebody. The rest will go in the area below the lower waste dumps to confirm the absence of economic mineralization under future dumpsites. Details of the program are available in a memo from myself to P. Taggart of September 19, 1975, entitled 1976 Diamond Drilling Program, with copies to J. Olk and R. Marshall. A copy is available in my office for your perusal.



J.C. Devitt
Chief Mining Engineer

JCD/cat

cc: A.von Kursell
P. Taggart
D. Hanson

To

J. C. Devitt

Date

March 5, 1976

From

D. J. Hanson

Subject 1976 DIAMOND DRILLING CONTRACT

We are now in receipt of three tenders for our proposed 1976 development and dumpsite drilling programme as outlined in my memo to you dated September 13, 1975 (alternative 2). The present memo outlines the salient differences in the three bids and compares the total footage cost for an average hole.

The contractors, Arctic Diamond Drilling Ltd. of Whitehorse, E. Caron Diamond Drilling Ltd., also of Whitehorse, and Cameron McCutcheon Drilling Ltd. of Vancouver, were asked to bid on 25,000 feet minimum of BQ wireline drilling to be completed by August 31, 1976. Footage prices were to include using mud from the collar of each hole. Contractors were asked to submit proposals for camp facilities with the understanding that Cyprus Anvil could choose to provide room and board in the Faro bunkhouses at no cost to the contractor, if proven to be less expensive.

Arctic Diamond Drilling Ltd. submitted the following turn-key footage rates:

Footage:

0-1000 feet () \$13.75 per foot

1000-2000 feet \$14.50 per foot

Field Cost for Standby, and for more than 2 Dip Tests per Hole:

Labour \$14.50 per man hour

Drill \$ 9.00 per machine hour

These rates include all drilling and camp costs (\$1.00 per foot) exclusive of fuel and core boxes.

E. Caron Diamond Drilling Ltd. submitted the following rates:

Footage:

0-500 feet \$ 9.95 per foot

500-1000 feet \$10.70 per foot

1000-1500 feet \$11.70 per foot

1500-2000 feet \$13.70 per foot

Reaming Casing in Bedrock:

0-50 feet \$ 8.95 per foot

Field Costs for Drilling Cave, Washing Sand, all Dip Testing, and Standby (labour only):

Labour \$11.30 per man hour

Drill \$ 7.50 per machine hour

These rates include all drilling costs exclusive of camp, fuel and core boxes. Caron did not submit a camp proposal, preferring instead to use our bunkhouses and BanCorp.

Cameron McCutcheon Drilling Ltd. submitted the following rates:

Casing of Overburden:

0-100 feet \$12.00 per foot

Footage:

0-1000 feet \$11.70 per foot

1000-1500 feet \$13.50 per foot

1500-2000 feet \$15.20 per foot

Field Costs for Reaming Casing in Bedrock, Dip Testing and Standby:

Labour \$14.50 per man hour

Drill (operating) \$11.00 per machine hour

Drill (non-operating) \$ 9.00 per machine hour

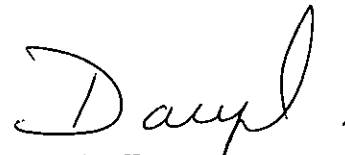
These rates include all drilling and camp costs (\$0.70 per foot) excluding fuel and core boxes.

The attached appendices compare the estimated cost, excluding fuel, core boxes and contingency, to drill a 700 foot hole encountering 50 feet of overburden, assuming that all casing is left in the hole, that mud is used from the collar, that casing is reamed 15 feet into bedrock, and that dip tests are taken every 50 feet.

<u>Summary and Recommendations:</u>	<u>Cost/Foot</u>
E. Caron Diamond Drilling Ltd.	\$11.51
Cameron McCutcheon Drilling Ltd.	\$12.26
Arctic Diamond Drilling Ltd.	\$13.89

It is recommended that E. Caron Diamond Drilling Ltd. be awarded this contract on the basis of a \$0.75 per foot cost saving and on the strength of their past performances.

Time is of the essence in letting this contract to expedite an early April start for the programme.



D. Hanson
Mine Geologist

DH/mm

Attach.

APPENDIX I

ARCTIC DIAMOND DRILLING LTD.

Drill Move	No Cost
Drilling and Casing Overburden	
50 feet @ \$13.75	\$ 687.50
Coring in Bedrock	
650 feet @ \$13.75	\$ 8,937.50
Reaming Casing in Bedrock	No Cost
Using Mud	No Cost
Camp	No Cost
Testing	
5 man hours @ \$14.50	\$ 72.50
2 1/2 machine hours @ \$9.00	\$ 22.50
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Total Cost	\$ 9,720.00
Cost/Foot	\$ 13.89

APPENDIX II

E. CARON DIAMOND DRILLING LTD.

Drill Move	No Cost
Drilling and Casing Overburden	
50 feet @ \$9.95	\$ 497.50
Coring in Bedrock	
450 feet @ \$9.95	\$ 4,477.50
200 feet @ \$10.70	\$ 2,140.00
Reaming Casing	
15 feet @ \$8.95	\$ 134.25
Using Mud	No Cost
Camp*	
700 feet @ \$1.00	\$ 700.00
Testing	
7 man hours @ \$11.30	\$ 79.10
3 1/2 machine hours @ \$7.50	\$ 26.25
	\$ 8,054.60
Total Cost	\$ 8,054.60
Cost/Foot	\$ 11.51

* Cyprus Anvil provides room and board at BanCorp.
Cost estimated at 80 feet per day.

APPENDIX III

CAMERON McCUTCHEON DRILLING LTD.

Drill Move	No Cost
Drilling and Casing Overburden	
50 feet @ \$12.00	\$ 600.00
Coring in Bedrock	
650 feet @ \$11.70	\$ 7,605.00
Reaming Casing in Bedrock	
12 man hours @ \$14.50	\$ 174.00
6 machine hours @ \$11.00	\$ 66.00
Using Mud	No Cost
Camp	No Cost
Testing	
7 man hours @ \$14.50	\$ 101.50
3 1/2 machine hours @ \$11.00	\$ 38.50
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Total Cost	\$ 8,585.00
Cost/Foot	\$ 12.26