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MEMORANDUM

To: Dick Arndt

Date: 4 November 1996

From: Doug Brownlee

cc: Derek Condie

Subject: Recommendation for Drilling Contractor Grizzly SE drilling program

After reviewing the projected cost of the proposed 1350 metre drilling program based upon the Advanced Drilling Ltd. and E. Caron Diamond Drilling Ltd., I recommend that E. Caron Diamond Drilling Ltd. (Caron) be awarded the contract. While, Caron is approximately 4% higher in cost than Advanced, the drill that Advanced has on site is presently slated for use in the immediate future by the Environmental Department and then for the second phase of drilling at the Grum pit. Caron also has excellent recent experience in drilling deep overburden in the Swim Lakes area, immediately to the east of the Grizzly project. Therefore, in view of the potential conflicts in use of the drilling equipment and Caron's recent experience in overburden drilling in the area, it is recommended that Caron be awarded the contract.

Projected start of the program is Monday, November 25th. This start date could be advanced to November 18th if a qualified geologist can be located and if the drilling contractor can mobilize by the earlier date.

Attached:

Drill bid comparison spreadsheet

Other Costs:

Geologist per day	30	\$250.00	\$7,500.00	
Geotech per day	30	\$175.00	\$5,250.00	
Bach. room Geo	1	\$625.00	\$625.00	
Meals for Geo.	30	\$15.00	\$450.00	
Truck per month	1	\$1,000.00	\$1,000.00	
Room & Board	120	\$55.00	\$6,600.00	
Communications			\$200.00	
Assays	150	\$21.00	\$3,150.00	
Downhole EM			\$20,000.00	
Other Costs Total			\$44,775.00	
Grand Total				Cost per metre
	Advanced	\$187,044.63		\$138.55
	Caron	\$193,682.13		\$143.47

Notes: The footage totals do not directly add up to the subtotals due to the fact that Advanced and Caron have differing rates for differing footages.

The water truck costs for Advanced is for the truck only, the 2 drivers are added in the calculation

Geologist per day	30	\$250.00	\$7,500.00
Geotech per day	30	\$175.00	\$5,250.00
Truck per month	1	\$1,000.00	\$1,000.00
Room & Board	210	\$55.00	\$11,550.00
Communications			\$200.00
Assays	150	\$21.00	\$3,150.00
Other Costs Total			\$28,650.00
Grand Total			\$182,620.00