

673696

November 1, 1968

Sir Bernard Gore,
Wenner Gren Ltd.,
c/o #1208 Georgia Hotel,
Vancouver 1, B.C.

Re: DENAK CONTRACT, PARA. 4

Dear Sir:

According to the stipulations laid out in Paragraph 4 of the contract between your company and Endako Mines Ltd. for the Denak claims, if an orebody should be found and worked on prior to 1980 on the claims not excluded in Paragraph 4 a royalty of 7¢/lb. of contained molybdenum in that orebody will be paid to your company.

According to the calculations made by Dr. T. Erikson from the data obtained by the drilling of the 31 diamond drill holes on the NU and ELK claims an orebody has been indicated on these claims 11.4 million tons in size, grading 0.17% MoS₂. This orebody is on a western extension of the Endako ore structure which probably continues further to the west on to the DAT claims, which are covered in Paragraph 4. It is geologically possible for another orebody to occur along the Endako structure where it may project onto the unexplored DAT claims to the west. If such an orebody is found before 1980, and if it is approximately the same size and grade as the DAT orebody, it would produce the following revenue for your company, according to Paragraph 4:

11.4 million tons @ 0.17% MoS₂.

Contained MoS ₂ =	38,760,000 lbs.
Mo = 60% of 38.76 m. lb.	23,256,000 lbs.

1.4
30
456
322
3876

Revenue @ 7¢/lb. = \$1,627,920

The range of possibilities for such revenue from this property becomes evident when it is appreciated that if an orebody even half the size of the Endako orebody is found, and such a find is geologically possible, then a reserve of up to 100 million tons would apply and the resultant revenue would be as high as \$10 million.

(continued)-

- 2 -

The above revenue figure of course is just a guide to you for assessment of the possibilities open to your company.

Respectfully submitted,

Douglas D. Campbell, P.Eng., Ph.D.

DDC/jk