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GRANITE MOUNTAIN OPTION AGREEMENT

On November 23rd, 1973 an option agreement was signed between Western Mines Ltd. and Granite Mountain Mines Ltd. This agreement is designed to finance to production Granite Mountain's 344-claim copper-molybdenite prospect near Powell River, B.C.

49° 124°

Under this agreement, Western can

earn a 30% interest in the property by expending a total of \$150,000 within 18 months. Of this sum, \$75,000 is a firm commitment. Diamond drilling is expected to resume in January 1974 under Western Mines management. Other clauses in the agreement entitle Western to earn a 50% interest in the property by expending an additional \$100,000 within a total period of 30 months from the date of the agreement.

In addition Western, by causing the

preparation of a feasibility report on or before January 1, 1983 can earn an extra 6% interest; and, by arranging the necessary financing to place the property into production, will earn a further 9%.

Thus, on reaching a stage of production, interest in the property will be: Western Mines Ltd. 65% — Granite Mountain Mines Ltd. 35%. However, of Granite's 35% interest, Sierra Empire Ltd. will hold 3½%, leaving Granite an undivided interest of 31½%. Sierra Empire's interest was acquired by virtue of previous participation.

The sum of approximately \$700,000 has been spent in exploration of this property by Granite Mountain and its predecessors. Some 70 diamond drill holes have been completed, of which 4 holes were drilled during 1973 for a total of 2,018 feet. The best intersection encountered during the 1973 programme averaged 0.51% copper and 0.03% molybdenite over a length of 105 feet.

William Meyer, P.Eng., Granite Mountain's consulting geologist, estimates geological reserves of 90 million tons averaging 0.32% copper and 0.02% molybdenite. However, he considers further exploration may well uncover considerably greater tonnages.

The prospect is located on tidewater and is a potential open-pit operation.