

DATE: August 11, 1988
A
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SUBJECT: Jolly Option

JOLLY OPTION

REVISED PROGRAM AND BUDGET

The following work program is proposed for the Jolly Option.

GEOLOGY/GEOCHEM

detailed mapping of the Rock Creek valley with special emphasis on structure, alteration and mineralization

GEOPHYSICS

Mag + 2 station VLF to elucidate on structure and volcanic\ sediment contacts.

The geology and sampling is already well underway and is indicating that much of what was originally thought to be basalt is really foliated diorite. Altered shears, often associated with diorite-sediment contacts, show good gold potential.

The validity of doing Mag\VLF has been strengthened by the observation that overburden is not as thick as previously believed. Deep paleo-placer channels are of limited extent. With this in mind an IP may be considered depending upon the results of the Mag\VLF. This would be followed by drilling in 1989 prior to the August 1st option payment.

Budget for the 1988 work is as follows:

GEOLOGY/GEOCHEM

1 man month mapping + office	3500
1 man month (assistant)	2000
100 lithos/geochem/assays	2000
Field Expenses 50 days @ \$60	3000
Truck 30 days @ \$50	1500

GEOPHYSICS

Linecutting, MAG, VLF	
21 km @ \$450/km	9450
* IP 15 days @ \$1500	22500

PROPERTY MAINTENANCE	2000
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OPTION PAYMENT	10000
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1987 Discovery bill charged in 1988	4100
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TOTAL	<u> </u> \$60,050
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* IP contingent on results

An important point to keep in mind on this project is the August 1st expenditure deadline (extended to Sept 1st in 1988) and the escalating option payments (\$15,000 in 1989, \$20,000 in 1990, \$25,000 in 1991). This program is designed to give us drill targets early in 1989.