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Hartley Silver Mines Ltd.
2646 Cypress Street
Vancouver, B. C.
V6J 3N3

July 7, 1986

Attention Mr. Wesley Scott
President

Dear Sir:

As requested by yourself in our telephone conversation of July 2, here follows my proposal for exploration of the Otter Mountain Property, Skeena M.D., B.C., using geochemical methods.

PROPOSED PROGRAM
DESCRIPTION AND COST ESTIMATE

Control grid for soil sampling is shown on accompanying map, scale 1:10,000 (1 cm = 100 metres). Base line and tie line are oriented east-west, sample lines are oriented north-south and spaced at 100 metre intervals. Grid covers that portion of property between glaciers and timber line about 60% of area. The extreme northeast and southeast corners are not covered. Sample interval along lines is thirty-three and a third metres. Sample "C" horizon using a grub hoe and placing sample in numbered kraft paper bags. Base line, tie line and line zero should be established with a tripod mounted Brunton compass. Preferably all sample lines should be turned off with the Brunton compass or a sighting board and then continued by compass and topo-fil measure. Every 100 metre station should be marked with an identifying wood slat (approximately 370 stations). Soil samples should be sieved at -80 mesh, fine fraction digested employing multi-acid dissolution ($HF-HClO_4-HNO_3-HCl$) and analysed for silver, lead, zinc, copper, arsenic and antimony employing D.C. plasma-atomic emission spectroscopy. Approximately 5% of the samples submitted should be "checks". Statistical analyses of sample values can be done by analyst at minimum cost.

Since the ~~eastern~~ we 40% of the property is not covered by the soil survey, a traverse should be made within property boundary along eastern side of Bitter Creek sampling silts of all drainages. This is a long traverse and may be better made from end of Bitter Creek trail rather than from property cabin.

Phase I. Sampling

2 men, travel time, lay-over in Stewart, establishing grid and collecting samples 24 days @ $300 per day	$ 7,200
2 men, travel and lay-over expenses	1,400
2 men, camp and project supplies 20 days @ $70 per day	1,400
Helicopter charter, 4 trips	1,500
Sample preparation and analyses 1200 @ $11.00 each	13,200
Consultant engineer, field visit, interim report, fee and expenses	3,500

Phase II. Follow-Up

Samples may take one or two weeks to process. Consequently, it is assumed crew returns to Vancouver and plots results. Values for each element should be plotted individually on plastic overlays.

Plotting results, travel time, lay-overs in Stewart, additional sampling and trenching of anomalous areas	
2 men, 12 days @ $300 per day	3,600
2 men, camp and project supplies 8 days @ $70 per day	560
Helicopter charter, 2 trips	700
Analyses, 200 @ $11.00 each	2,200
Consultant engineer, assessing sample results for follow-up, final report, fee and expenses	2,000
Administration and office expenses 10% of the above charges	3,866
Total	**$42,526**
Allowing for Contingencies	**$45,000**

Respectfully submitted,

R. H. James, P.Eng.

Enclosures: 3 Maps, one with grid layout
Invoice