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August 30, 1989

Russell C. Babcock, Jr.  
Kennecott  
1515 East 100 South  
P. O. Box 11248  
Salt Lake City, UT 84147

Dear Russell,

I had five days in the field when we were able to get quite a lot done and established initial focal target areas for more detailed investigations.

The detailed geology and soil sampling in these target areas are now underway and will be followed by ground geophysics.

The attached Budget Estimates I have discussed with Gordon as the airfreighting, twin otter and helicopter costs have been considerably higher than originally estimated. Weather, timing and some accidents to planes changed much of the original plan.

I will tentatively plan the drilling, but will call you next week in view of the increased freight/supply costs and the change in total budget estimates as a result.

Sincerely,

John Walker

JW:vc  
cc:Dr. Rodney Cox

Budget through September 15 and Program Status

1. Initial geology, sampling, reconnaissance is completed.
2. Four grids have been set up for more detailed geology, soil sampling and geophysics. Geology and soil sampling expected completion by Sept. 8. Geophysics completion by Sept. 15.
3. Drilling contracts are in progress and hope to commence drilling ~ Sept. 12 or 13. Drilling budgets are separate from the exploration phases through Sept. 15.

Notes:

1. The air freight charges, helicopter rates and equipment were considerably higher than the original price estimates for various reasons. Primarily we were put into a corner by some of the suppliers and air freight companies and the costs have increased considerably.
2. The project has proceeded almost ahead of schedule and we are at the point in the program where weather problems should not cause any serious delays.

1. Prefield Costs	~	\$ 40,000
2. Air freight/supplies	~	\$140,000
3. Field Costs	~	\$ 85,000
Total		\$275,000

Note: I had originally estimated 75,000 for (2) above using various other combinations of aircraft and companies.

4. Drilling - We have only one quote from Morisette Canada Inc. which is at approximately \$85 to \$100 per meter plus \$25,000 to set up a warehouse in Repulse Bay and \$25,000 to set up a second warehouse in Camp.