

Pebble Project – Field Inspection Report

Inspection Date: October 17, 2007

Personnel: Kerwin Krause (DNR-DMLW) & Russell Kirkham (DNR-DMLW)

Exploration Project #: A076113

Inspection Type	Weather Conditions	Wildlife Observed
<input checked="" type="checkbox"/> Complete	<input checked="" type="checkbox"/> Temperature: About 30 degrees	<input type="checkbox"/> Bear: N/A
<input type="checkbox"/> Partial	<input type="checkbox"/> Wind: N/A	<input type="checkbox"/> Caribou: N/A
<input type="checkbox"/> Follow-up	<input checked="" type="checkbox"/> Precipitation/Type: Snow	<input type="checkbox"/> Moose: N/A
<input type="checkbox"/> Follow-up on Complaint	<input checked="" type="checkbox"/> Visibility: 1/3 mile	<input type="checkbox"/> Waterfowl: N/A
	<input checked="" type="checkbox"/> Sky Conditions: Snow Storm	<input type="checkbox"/> Fish: N/A
	<input checked="" type="checkbox"/> Ground Conditions: 6-18" of snow	<input type="checkbox"/> Other: N/A

Field Sites Investigated:

The first stop inspected (flyover only) was the fuel depot adjacent to Wiggly Lake (see attached map for location). The fuel tanks were empty and the depot was not being used due to thin ice on Wiggly Lake as early winter weather was setting in. The fuel depot is supplied with fuel from Illiamna using a Beaver airplane with floats in the summer and skis in the winter. Until the ice is thick enough in the fall to early winter period, fuel cannot be flown in by airplane. Picture 1 (see photo appendix at end) shows the depot area and lake ice area being groomed for landings.

The second site inspected was Hydro-Geology Drill Site HH07-0 located on the N. Fork of the Kuktuli River (see attached map for location). The contractors involved at this drill site were Foundex Explorations (drilling contractor) and SLR Consulting (hydro-geological contractor). The investigations planned for this drill site consisted of groundwater monitoring. Seven 160' deep holes were drilled consisting of a center pump test well and six surrounding monitoring wells. The water table at this site is 60' below ground. Two generators with compressors were present at this site as well as the air rotary drilling rig. Drill water encountered below the water table was being pumped into a small excavated sump where it was percolating below the ground surface. Secondary fuel containment was present for all containerized fuel in case of an accidental spill. Fuel spill clean up kits were present on site. Picture 2 (see photo appendix at end) depicts the drill site.

The third site inspected was DDH site 7386 (Drill Rig 5). Quest Drilling was the drilling contractor on this hole (see attached map for location). This drill site like the other DDH sites inspected on this trip are in the Pebble east zone. The planned drill depth for this hole is 6,900 feet. At the time of our visit the drill depth was 3,871 feet. Quest was using one of their newly manufactured deep drilling rigs (18,500 lbs) that can be moved in about 24 helicopter sling

loads. The drill water source for this hole was from large pond several hundred feet to the west. Secondary fuel containment was present for all containerized fuel in case of an accidental spill. Fuel spill clean up kits were present on site. Tundra platforms were in use around the drill site particularly in the areas where there was heavy foot traffic. The drill site was clean and orderly and trash was properly disposed of before it got covered with snow. Picture 3 and 4 (see photo appendix at end) are of the drill site, small discharge ditch and sump. Two 1,500 gallon recycle tanks were being actively used at this site (left of the drill), so very little drill water was being discharged from this hole. The small amount of drill water that was being discharged was beginning to freeze as it reached the sump, however minor overflow to the immediate surrounding down gradient area was occurring. This was not a problem because the discharge water was freezing as soon as the concentrated flows subside. Penetrol and Ez-Mud were the two drill additives being used on this hole.

The fourth site inspected was geo-technical rotary bore hole #076351. This site (see attached map for location) is shown in Picture 5 (see photo appendix at end). The drilling is being done by Foundex Exploration and the geo-technical testing being done by Knight Piesold. This bore hole is in one of the possible locations for a waste rock and tailings dam if the mine is ever built. Secondary fuel containment was present for all containerized fuel in case of an accidental spill, and fuel spill clean up kits were present on site.

The fifth site inspected was DDH site 7376 (Drill Rig 6). Quest Drilling was the drilling contractor on this hole (see attached map for location). This drill site like the other DDH sites inspected on this trip was in the Pebble East zone. The planned drill depth for this hole is 5,000 feet. At the time of our visit the drill depth was 2,035 feet. Quest was using one of their newly manufactured deep drilling rigs (18,500 lbs) that can be moved in about 24 helicopter sling loads. Tundra platforms were in use around the drill site particularly in the areas where there was heavy foot traffic. The drill site was clean and orderly and trash was properly disposed of before it got covered with snow. The drill water source for this hole was from small pond about 60 feet to the north. Secondary fuel containment was present for all containerized fuel in case of an accidental spill. Fuel spill clean up kits were present on site. Pictures 6 and 7 (see photo appendix at end) are of the small discharge ditch and sump and of the drill site. In these pictures, Rig 1 is shown in the background. The small amount of drill water that was being discharged was beginning to freeze as it reached the sump, however minor overflow to the immediate surrounding down gradient area was occurring. This was not a problem because the discharge water was freezing as soon as the concentrated flows subside. Penetrol and Ez-Mud were the two drill additives being used on this hole.

The sixth site inspected was DDH site 7387 (Drill Rig 1). Longyear was the drilling contractor on this hole (see attached map for location). This site like the others is in the Pebble East zone. The planned drill depth for this hole is 4,200 feet. At the time of our visit, the depth was 1,994 feet. Tundra platforms were in use around the drill site particularly in the areas where there was heavy foot traffic. The drill site was clean and orderly and trash was properly disposed of before it got covered with snow. The drill water source for this hole was from a small pond about 300 feet to the southwest. Secondary fuel containment was present for all containerized fuel in case of an accidental spill. Fuel spill clean up kits were present on site. Circulation of drill water using two tanks was occurring at this site due to the use Penetrol and Ez-Mud. Pictures of this

drill site are shown in pictures 8-10. Drill water that was discharging from the casing was being channelized in a small linear ditch that had been trenched about 400 feet to the north where it was percolating into the tundra beneath a covering of snow.

The seventh site inspected was DDH site 7388 (Drill Rig 2). Quest was the drilling contractor on this hole (see attached map for location). This drill site like the other DDH sites inspected on this trip was in the Pebble East zone. We failed to get a planned depth for this hole, however at the time of our visit the depth was 1,500 feet. The drill was shut down and the plan was to move it to site 8 below. Tundra platforms were in use around the drill site particularly in the areas where there was heavy foot traffic. This drill site was clean and orderly and secondary fuel containment was present for all containerized fuel in case of an accidental spill. Fuel spill clean up kits were present on site. The drill water source for this hole was from a small pond 100 feet away to the southwest. At the time of our visit the drillers were repairing the ‘drill chuck’ so they were temporarily shut down. There was a slight artesian flow of about 4 gallons/minute. Drill water discharge was flowing along a small short trench into a sump which was allowed to overflow into a small depression nearby and spill on to the surrounding tundra. Picture 11 depicts this drill site.

The eighth site inspected was supposedly the next drill site for Drill Rig 2 (see attached map for location). The only thing on site was the hydraulic platform and tundra pads. See Pictures 14 and 15.

The ninth site inspected was DDH site 7385 (Drill Rig 3). Quest was the drilling contractor on this hole (see attached map for location). This drill site like the other DDH sites inspected on this trip was in the Pebble East zone. The planned depth for this hole was 4,200 feet. At the time of our visit, the rods were stuck at 2,100 feet, so the drillers were cutting them off above this depth so they could drill through to the desired depth. As a result they were pulling rods when we there. Tundra platforms were in use around the drill site particularly in the areas where there was heavy foot traffic. This drill site was clean and orderly and secondary fuel containment was present for all containerized fuel in case of an accidental spill. Fuel spill clean up kits were present on site. Drill water discharge from this site was channeled to a sump behind the drill and then pumped through a hose to a basin area where it was released on the tundra. Pictures 16-18 are of this site.

The tenth site inspected was DDH site 4. Quest was the drilling contractor on this hole (see attached map for location). This drill site like the other DDH sites inspected on this trip was in the Pebble East zone. The planned depth for this hole was 4,500 feet. At the time of our visit, they were setting up and had not started drilling yet. Tundra platforms were in place around the drill site, and the site was clean and orderly and secondary fuel containment was present for all containerized fuel in case of an accidental spill. Fuel spill clean up kits were present on site. Pictures 19 and 20 depict this site.

Site Location Map

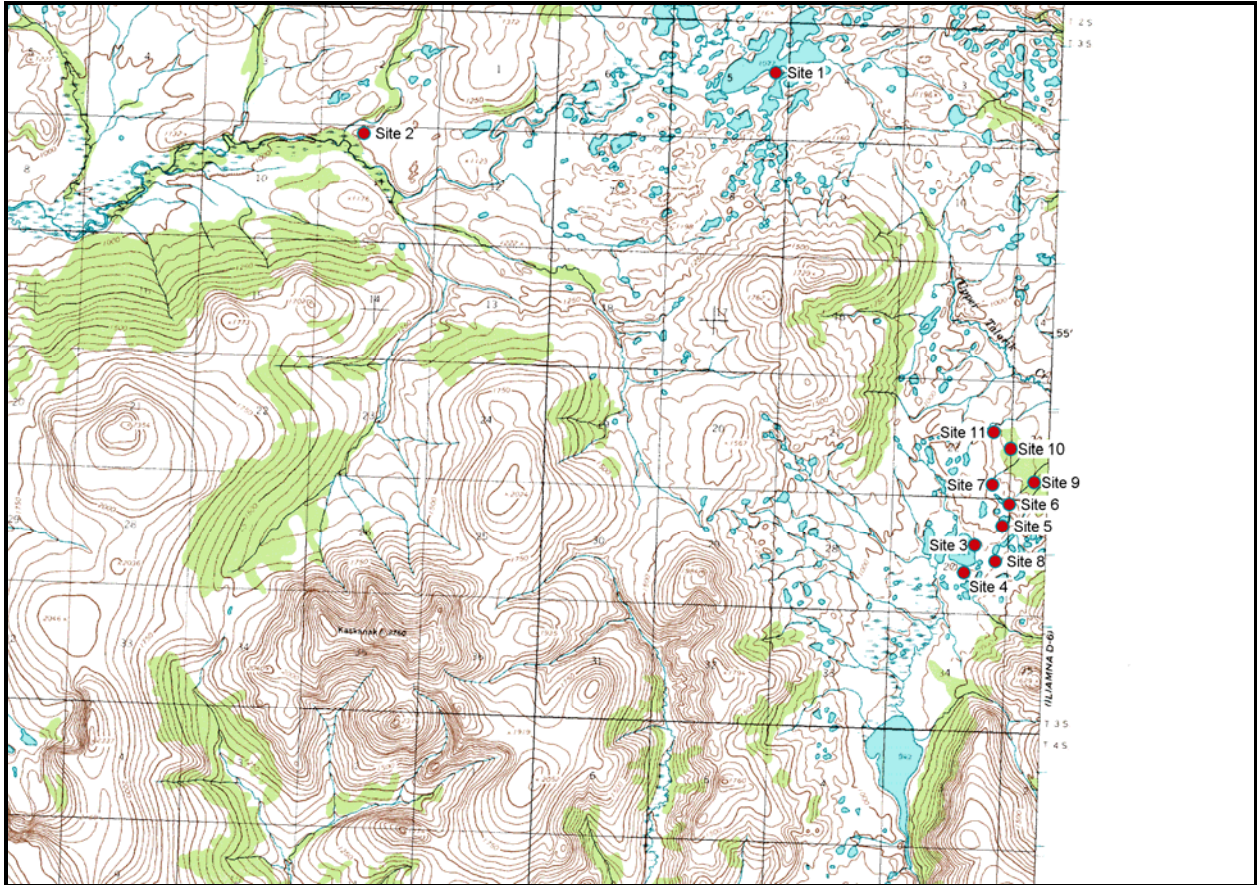


Photo Appendix

(Following Pages)



Picture 1 - Fuel Depot – Wiggly Lake



Picture 2 - Hydro-Geology Monitoring Drill Site HH07-0



Picture 3 - DDH 077368



Picture 4 - DDH 077368 Sump



Picture 5 - Rotary Bore Hole #076351



Picture 6 - DDH site 7376 (Drill Rig 6) Sump



Picture 7 - DDH site 7376 (Drill Rig 6)



Picture 8 – DDH 7387 (Drill Rig 3)



Picture 9 – DDH 7387



Picture 10 – DDH 7387



Picture 11 – DDH 7388 (Drill Rig 2)



Picture 12 (Next Site Drill Rig 2)



Picture 13 (Next Site of Drill Rig 2)



Picture 16 – DDH 7385 (Rig 3)



Picture 17 – DDH 7385 (Rig 3)



Picture 18 – DDH 7385 (Rig 3)



Picture 19 – DDH Site 4



Picture 20 – DDH Site 4