

Mt. Margaret Plan of Operations Application to USFS

To: Ron Freeman

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Hi Ron and happy New Year, enclosed is a drill application for the Mt. Margaret property for the 2011 season.

Enclosed is an application for a plan of operations for the Mt. Margaret property by Ascot USA Inc – which is a Washington state corporation that is owned by Ascot Resources Ltd. , a Canadian public exploration company. The drill program is on MS708 covering portions of sections 8 & 17 of Township 10 North, Range 6 East, Willamette Meridian, Skamania County, Washington.

The 2011 drill program is designed to improve drill density to allow a (NI 43-101) resource to be calculated in the area of MS708. The 2011 program mainly reuses trails re-established in the 2010 program with a few side trails to be reactivated, but specific sites will need refining in conjunction with the USFS, as sites were not determined prior to the 2011 snow season. It is felt we can have a more streamlined program from Ascot's and the USFS experience during the 2010 program and our familiarity with the area and experiences from 2010.

Ascot is presently investigating having one of their fly rig drills converted to a track mounted drill rig which would be equipped with hydraulic jacks. This would reduce the size requirements for drill pads from 2010. At the very least even if a skid rig is used it will have a reduced size as the 2010 drill was excessively large and heavy making it difficult to position on pads. Holes have been located on the accompanying maps and specific locations have been located and are available on a UTM Nad 83 zone 10 basis but these locations are only general for a few reasons. This includes a flexibility to move holes due to unsuitable topography or landforms, or water issues. Having said that both Ascot and the USFS are very familiar with the area and hole adjustments should be minimal "say 50 feet from locations" and can be finalized by both groups on the ground when weather permits. It is anticipated that the 2nd phase of drilling to be for 30 holes from 12 pads for approximately 40,000 feet of drilling. Surface disturbance is minimized by swinging drill holes and doing directional infill drilling from select pad sites. Assuming

drilling can commence in May 2011 with little disruptions the program and reclamation should be completed by the end of October 2011.

Proposed Drill Pad and Drill Hole Locations

Pad #	Hole #	UTM Nad 83 Zone 10-E	UTM Nad 83 Zone 10-N
Pad 01	PDH-01&02	570,250E	5,133,570N
Pad 02	PDH-03&04	570,410E	5,133,600N
Pad 03	PDH-05&06	570,060E	5,133,660N
Pad 04	PDH-07&08&09	570,185E	5,133,575N
Pad 05	PDH-10&11&12	570,310E	5,133,580N
Pad 06	PDH-13&14&15	570,400E	5,133,715N
Pad 07	PDH-16&17	570,175E	5,133,815N
Pad 08	PDH-18&19&20	570,280E	5,133,810N
Pad 09	PDH-21&22&23&24	569,980E	5,133,975N
Pad 10	PDH-25&26	570,135E	5,133,955N
Pad 11	PDH-27&28	570,200E	5,133,960N
Pad 12	PDH-29&30	570,275E	5,134,010N

1/Drill , Drill Pads and Sumps:

In 2011 either a skid mounted or track mounted hydraulic diamond drill rig will be utilized, most likely one of Ascots own drill rigs. The diamond drill fits within the drill shack 14x8 feet and consists of several pieces including a diesel generator, engine and various pumps tools etc. all components locked onto a steel base and all engine and fuel components have oil and fuel containment systems. Spill kits for fuel and petroleum products are at the drill site as is first aid kits, fire-fighting equipment and satellite phones for communications. The mast on the new hydraulic rigs is generally from 12-16 feet long. The noise level is similar to say a small bulldozer or skidder with a distinctive higher pitch from drill rods turning. This can be heard on a calm day for several 100 meters but is variable with forest cover. In a drill ear protection is

required but the drill shack muffles the noise nearby. The drill is operational 24 hours a day seven days a week including holidays, but if Ascot uses their own crews there maybe flexibility on things such as holiday breaks. Drilling is with NQ diamond drill rods, outside diameter is 2.75 inches, and casing usually uses HQ diameter rods with a diameter of 3.5 inches.

The actual drill pad is a level pad of pumice and dirt and will require a 16X16 feet square to a maximum of 20X20 feet square. Leveling if equipped with hydraulic rams will be reduced.

After trying a few variations in 2010 it was found a sump for collecting drill cuttings, drill water, and drill mud was the most effective procedure. A sump point for collecting drill water which averages 4-6 feet wide and 2-4 feet deep worked quite well. The Mount Margaret sites are generally unconsolidated soils with a large component of pumice and ash which is very permeable. The main purpose of sumps is to induce water into the overburden and minimize surface runoff and erosion. With thick sections of permeable soil/ash drill water was found to return directly into the ground water table. Ironically drill muds are largely bentonites of a similar composition to the pumice/ash mix existing at the sites. Drill muds are generally used as little as possible and consist of bentonites and environmentally safe polymers (specifications can be supplied if desired).

The spoils are a mix of drill muds and rock cuttings that are generally very fine material that is normally filtered back into the water table via. the sump. The amount of material as residue in a sump is normally between 2-10 gallons of mud and cutting, and putting enviro mat to line sumps allows removal and offsite disposal of most of this material. The sump is then reclaimed as part of the pad reclamation by backfilling of cast material once the sump has dried. Pads are reclaimed by providing an uneven surface as close to original slopes as is practical and stable. Any topsoil and vegetation is then returned from separate piles as remediation on the top to promote regen and wildlife habitat.

This plan proposes 12 drill pads for an affected area of approximately 0.05 ha's.

2/Mode of transportation to access each drill site.

A local logging contractor will be used to reactivate the old logging/drill trails and will supply a mid size excavator and the small "Kubota" size brushing excavator. The 2010 experience showed the small brushing excavator was effective for small jobs as well as brushing and limbing and can build sumps and pads with less impact than a large excavator. A large excavator is required for drill moves if a skid rig is utilized, while a track mounted rig would be self sufficient for moves. Drillers require 4x4 pickups for shift change and equipment, fuel resupply.

3/Anticipated ground disturbance associated with pad and trail construction.

A vast majority (85%) of the 2011 trail network was re-established and then deactivated during the 2010 program and would again be reactivated for the 2011 program. In total trail construction will involve reactivating a total of 1.60 miles, 1.35 miles reactivated from the 2010 program and 0.25 miles from old drill/logging trails not previously reactivated. Old logging trails and drill

trails have not grown in as much as was expected so trails were reactivated to close to original condition with sloughed material removed to the outside as cast material, and saved for reclamation. Trees growing on the road are removed and saved for reclamation while trees on road edges are only limbed to avoid job hazards. In a few locations that had any true topsoil, the topsoil was scraped off and stockpiled as it creates a hazard with heavy rainfall. Trails with any grade had waterbars established to prevent erosion and these will be maintained and enhanced upon reclamation. Areas with seasonal drainage had temporary culverts established with silt screens downstream. These are removed and the original drainage slope re-established on reclamation. Hazard trees were noted in the area and if deemed dangerous by the company and USFS would be removed on a selective basis.

4/ Drilling Operations and Hole Abandonment

Again the schedule for drilling is on a 24 hour seven day a week basis but if Ascot utilizes their own drill rigs some flexibility on scheduling ie. Holiday weekends maybe available. Under most cases upon completion of a hole the casing is pulled and a small wooden collar post is put in the collar to mark the hole and the hole is allowed to naturally cave. If the hole on completion continues to make water, a capping will be required. In most cases the downhole plugs worked for sealing holes but one incident in 2010 with excessive water will require future holes producing high volumes of water to be cemented and capped on hole completion. The other option utilized on hole MM-10-10 is to install a pressure release valve on a fixed cap but this is up to the USFS's discretion.

5. Water Needs

Water is used from either Duval hole 06 or MM-10-10 and in many cases can supply drilling by gravity feed or if pumping is required by a small diesel pump placed at the collar and pressure hose supplies the drill in this case by generally 1000-2500 feet of water line. Pumps are equipped with enviro mats and spill protection kits and fuels, oils etc. have fuel and material containment systems. Water consumption averages between 2-20 gpm during the drilling process. Water is generally consumed down hole at a rate of ~5 gpm and there are few easy ways to recirculate water as in ground containment systems are required increasing site disturbance and particulate materials cause heavy wear on drill rods making it possible but very difficult. Peak water consumption for a few hours can reach 20gpm which is a peak value and may not be obtainable with pumps selected. The diesel pump is built into a self contained fuel containment system and fuel, and oil spill kits are attached. If existing drill holes do not supply adequate water, water will be trucked by contractors in by water truck from water purchased from the Randle water system but this is considered a contingency.

6/Reclamation

Pads and trails are reclaimed by providing an uneven surface as close to original slopes as is practical and stable. Cast piles are pulled back from the outside and spread irregularly over the surface with natural contours. If there are steeper grades water bars conforming to drainage patterns are built. Temporary culverts are removed and natural drainage slopes are re-established with forest cover placed as natural silt barriers. Any topsoil and vegetation removed is then

returned from separate piles as remediation on the top to promote regen and wildlife habitat. Bucking up of felled trees and stumps are then laid on the reclaimed trail. Reseeding with a proscribed forestry mix is possible but was not requested in 2010.

7/ Employee Accommodations and Security

Housing of employees and contractors will be in a local community likely Randle or Morton. To run a typical program like this will require 1 drill foreman 2-4 drillers, 2-4 drill helpers, 2-3 Geologists and 2-3 core technicians and possibly 2 local trail and pad contractors and one security person. Some work is specialized but we typically try to hire local people for staffing crews as much as possible and rent local core facilities, motels etc. To ensure security a local security person will stay on site at the staging/storage site utilized in 2010. Between security to prevent theft and vandalism of equipment at the job site , security is also needed to control public access to the job site for safety reasons. Appropriate signage is planned for job site and the gate area which is also utilized to control public access to the job site.

8-Other

Air Quality is not much of an issue as all machinery has air filtration systems and no burning is anticipated. Dust abatement has not been an issue but would be addressed if situations arose. Fish and wildlife habitat, is not noticeably impacted with this scale of operation but can be addressed if USFS has concerns. The only hazardous substances are petroleum products such as lubricants, fuels used on machinery and containment systems are in place with removal of garbage on a shift by shift basis.

If you have any questions or concerns please do not hesitate to contact myself or Rick Kasum or Bob Evans included in this list:

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