

August 19, 1976

Bacon & Crowhurst Ltd.,  
Consulting Engineers,  
1620 - 1055 West Hastings Street,  
Vancouver, B.C., V6E 2E9.

Attention: Dr. W. R. Bacon.

Dear Bill:

Re: Delhi Pacific Mines Limited

Further to our conversation this morning, I am enclosing a copy of a letter just received from the Ontario Securities Commission, a copy of our proposed rights offering and a covering letter from our lawyers with respect to the Ontario Securities Commission letter.

My reaction to the O.S.C. comments are much the same as your own. However, given that these people generally have very little familiarity with our business, combined with their current desire to frustrate the financing of junior companies to the greatest extent possible, I am not particularly surprised and feel that their deficiencies can be readily satisfied.

The following are some of my suggestions as to the manner in which certain sections of the report could be rewritten to accommodate the O.S.C. Please feel free to re-structure my comments as you see fit.

1. Reference to negative results - the description of these soil and mag surveys covered in your addendum of August 4, 1976 should probably be inserted in the body of the report now, given their comments, and the last sentence in paragraph 4, page 1 of the introduction can be deleted. Your comment in the addendum with respect to the results of this work remaining classified for a year as far as I am aware only refer to the fact that the Department of Mines is required to keep the information confidential. The Company may, however, disclose and publish its results at any time at its own discretion and you certainly have the Company's authorization to make such disclosures as you see fit with respect to the preparation of your report. Under soil sampling, you have referred to copper values of 75 ppm as being anomalous based on results from the PAT Group. I do not recall seeing the geochem. results when we visited Noranda although I would concur with you that the 75 ppm number seems to be a reasonable selection of the threshold value. I would suggest deleting the sentence which refers to the fact that the geochem. survey was solely for the purpose of assessment work, in the second paragraph of your addendum, and would perhaps give the grid co-ordinates of the one anomalous sample. Your comments on the magnetometer survey seem sufficient. I think, however paragraph 3 of the addendum is the one the O.S.C. is taking exception to and would suggest leaving out comments of this nature. It seems to me the best conclusion one could reach with respect to the mag. and geochem.

surveys carried out to date, which it could be noted are of fairly broad spacing, i.e. 400' x 150' approximately, relative to the size of the target, are at best inconclusive.

2. We have already discussed the matter of the maps, and I suggest in your next edition that they be included in envelopes in the back of the report. Incidentally, you should sign, date and seal each copy of the maps provided you have no objection to doing so.

3. The O.S.C. seems to be particularly interested in the results and information with respect to Noranda's PAT Group given that our case for the acquisition of this property is basically that we are along strike and one would expect deposits of this type not to occur in isolation. I am astounded at their comments asking for conclusions and recommendations which are already clearly set out in your initial report, however, perhaps the key words are "based on work on the claim to date" and with the inclusion of the results of the geochem. and mag surveys in the body of the report, the conclusions can now be seen more clearly, relate to the content of the body of the report. It would not hurt to mention, perhaps, that any information we have with respect to Noranda's results are based on personal communications and the extent of the information provided to us was necessarily quite limited, given the competitive nature of our business and the early stage in the development of the deposit.

4. Based on my own experience with the O.S.C. in the past, I would respectfully suggest that perhaps the conclusions might be worded somewhat as follows:

- Conclusions*
- (a) In my experience bedded sulphide deposits of the type located on the Noranda PAT claims do not occur in isolation. Additional deposits are likely to be located at or near the same stratigraphic horizon in the Goldstream River area.
  - (b) Based on published geological maps and my personal examination of the claims, rocks similar or identical to those which host the Noranda deposit 1.5 miles west of the Ali Claim, also occur on the Company's claims.
  - (c) The magnetometer and soil sampling surveys carried out to date located two weakly anomalous areas, the full significance of which remains to be determined.
  - (d) Massive sulphides such as occur on Noranda's PAT claims can be expected to give rise to an electromagnetic or induced polarization anomaly.
  - (e) In my opinion, further exploration of the property is warranted.

Two of our own geologists spent about a week on the property early in August, for the purpose of mapping and carrying out an E.M.-16 survey. Although I have not seen the results of their work plotted, I am led to understand that they did in fact confirm our overall geological interpretation with the suggestion that folding may be more extensive than we envisaged. This could result in the favourable horizon being at somewhat greater depth on the Ali claim. The E.M.-16 survey was attempted


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initially, as it does not require two cable connected coils thus minimizing orientation and cable length errors due to the extremely rough topography. Unfortunately, however, due to the roughly east-west strike of the rocks in the area, it was not possible to use the station at Seattle and the station at Cuttler Main was used instead. This resulted in receiving a very weak signal and the best that can be said of the E.M.-16 is that again the results were inconclusive and we are now of the opinion that we should go straight to induced polarization. It does not seem to me that it is necessary for you to make any reference to this later examination, firstly because it was not yours, and secondly, the probability that the Noranda horizon crosses or is present at depth on the Ali claims still exist. It would seem, therefore, that your original recommendations are still valid. Incidentally, only one or two additional outcrops were located on the lower slopes and granite dykes appear in the metasediments about 1,200 metres south of the north boundary.

Please do not hesitate to call me if you require any further clarification of the O.S.C. request or you wish to discuss my comments further. Sorry to take you to this trouble.

Yours very truly,

CONWEST EXPLORATION COMPANY LIMITED



C. K. O'Connor,  
Vice-President,  
Exploration and Development.

cko:hac.



Ontario  
Securities  
Commission

416/965- 2877 .

555 Yonge Street  
Toronto, Ontario  
M4Y 1Y7

August 17th, 1976

Messrs. Davies, Ward & Beck,  
Barristers & Solicitors,  
P.O. Box 147,  
Commerce Court West,  
TORONTO, Ontario.  
M5L 1G8

Attention: Mr. Bruce T. McNeely

Re: Delhi Pacific Mines  
Limited

Dear Sir:

I am pleased to acknowledge receipt of material with respect to an offering pursuant to section 19(1)8(iii), by the subject company, which material was received August 11th, 1976. Objection is taken to the use of the proposed material and our deficiencies are as follows:

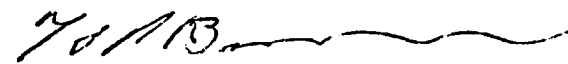
1. The material must contain results of the work performed to date and the negative results should be stated on a positive basis.
2. The report on the Ali claims should include a map drawn to scale of approximately one inch to 200 feet, showing topography, geology as known, locations of copper content and soil samples taken and magnetometer readings.
3. The report, based on work on the claim to date and information available from Noranda's exploration of the adjacent Pat Group (how the Noranda discovery was made, nature of the occurrence, etc) should contain the author's conclusions and his recommendations for further work.

4. The conclusions in the Delhi Report with respect to the Ali deposit appear to be irrelevant as set out in the offering circular. Reference to:

- (i) The Noranda results as stated in this conclusion are irrelevant;
- (ii) References to the possibility of a similar deposit are unsupported;
- (iii) References to gross value per ton are misleading.

It is suggested that the above three conclusions are promotional and have no place in a factual report or the material to be used in connection with the offering.

Yours very truly,  
ONTARIO SECURITIES COMMISSION

Per:   
T.O.P. BROWN, F.C.A.  
Deputy Director,  
Filings

TOPB/ml

DAVIES, WARD & BECK  
BARRISTERS & SOLICITORS

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COMMERCE COURT WEST  
TORONTO, ONTARIO  
M6L 1G8

August 18, 1976

DELIVERED

C.K. O'Connor, Esq.,  
Conwest Exploration  
Company Limited,  
85 Richmond Street West,  
Suite 1010,  
Toronto, Ontario.

Dear Mr. O'Connor:

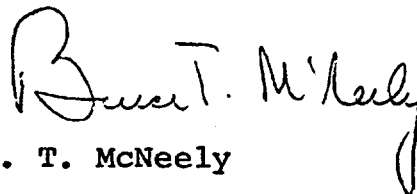
Delhi Pacific Mines Limited  
Proposed Rights Offering

I enclose a photocopy of a letter picked up today from the Ontario Securities Commission in respect of the above noted matter. Would you please make arrangements with the Bacon firm to amend its report as required by the Commission. Again, at least 10 copies will be required for filing purposes.

Tom has requested that I follow up with you with respect to the memorandum to be prepared by you setting out the most recent results relating to the ALI claim. Once I receive this, I will be in a position to amend the rights offering circular setting out such results and complying with paragraph 4 of Mr. Brown's letter. We note that the offending "conclusion" portion of the Bacon Report forms part of the information circular already mailed to shareholders of Delhi Pacific. As a result, little is lost if that

portion of the Report is removed from the draft rights offering circular. Finally, for your convenience, I enclose a photocopy of the draft rights offering circular as submitted to the Commission.

Yours very truly,

A handwritten signature in cursive script that reads "B. T. McNeely". The signature is written in dark ink and is positioned above the typed name.

B. T. McNeely

BTM:mb

Enc.

cc: J. C. Lamacraft, Esq.