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November 22, 1977

Mr. R. Vanderham,
Peyto Oils Ltd.,
335 Examiner Bldg.,
805 - 5th Street S.W.,
Calgary, Alta. T2P 1W3

Dear Rob:

Re: Vic Gold Prospect, Taseko Lakes District,
British Columbia: Exploration Proposal
to Peyto Oils Ltd. by Kershaw and Zuber

I have reviewed the readily available information on this prospect and have met with Carl Zuber of International Pyramid Mines Inc., Larry Kershaw of Guildford Mines and Ralph Westervelt, a consulting engineer who has worked on the prospect. Snow cover would prevent a useful field examination at this time of year.

The owners, as far as I could determine, are; International Pyramid Mines Inc., of 302 - 750 West Pender Street, Vancouver, B.C. (49½%) and Nemco Exploration Ltd. of Calgary (50½%). Larry Kershaw is a principal of Guildford Mines who have an option on the property from Pyramid and Nemco.

A written proposal outlining the details of the exploration programme and cost estimates was not presented; however, I gathered from my discussions with Mr. Zuber that \$350,000 was required to drive a tunnel, cut drilling stations and carry out a programme of exploratory diamond drilling from underground. An examination of the available plans and sections in Mr. Westervelt's office suggested to me that approximately 2,000 feet of underground workings (1,500 feet of tunnel + 500 feet of cross cuts) and 5,000 feet of diamond drilling would be required to begin testing the area of interest. In my opinion, it would be necessary to provide about \$450,000 to safely complete a programme of this kind.

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With respect to terms; I received the impression from Mr. Zuber that reasonable terms, including a direct interest in the property and management control to Peyto could be negotiated.

The prospect, which is described in the enclosed copy of Mr. Westervelt's report and my diagramatic notes, is located 45 miles northwest of Bralorne on a very steep, east-facing mountainside and is reached by driving 120 miles west and south on a gravel road from Williams Lake, B.C. Since Westervelt's report was written, some road work and drilling have been done but this has not materially affected the merits of the prospect. Mr. Zuber reports that the present owners have spent about \$250,000 on road work, surface sampling, mapping and a limited amount of drilling.

Sufficient surface sampling has been done between the 5,800 foot and 6,000 foot elevations to document the presence of very high gold values at three locations along the favourable, steeply inclined, fault structure. A fourth spectacular occurrence of gold on the same structure, at about the 7,800 foot elevation is reported by a previous owner, in 1939, but has not been confirmed by recent work. A short tunnel at 5,792 foot elevation and a lower one at 5,534 foot elevation failed to reach any significant amount of potential high grade ore.

It is rare these days to find gold-bearing outcrops such as those reported by Westervelt and others, where assays of several ounces per ton can be obtained, and on this basis alone the Vic prospect has considerable merit.

However, fiercely inhospitable surface conditions have prevented the confirmation of any important continuity to the high-grade material and for this reason it is not possible to project a reserve potential that would justify an exploration expenditure in the order of \$400,000.

If it were possible to collar the proposed tunnel at or above 5,800 feet near an outcrop of high-grade material and determine continuity by mining along the structure, then I would be prepared to recommend the proposal to you on a

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current, success contingent basis. However, the highest practical site at which the tunnel could be started appears to be at the 5,300 foot level, five hundred feet below the lowest high-grade exposure, and below one old tunnel 126 feet in length at 5,792 feet which failed to encounter any high-grade material. For this reason, I am not able to recommend this project to you.

Mr. Zuber appears to be an able and enthusiastic prospector and has indicated his intention to proceed with a work programme on the Vic property in any event and it would be worthwhile maintaining contact with him.

Yours very truly,

ALBERT F. REEVE LIMITED

AFR/vm
Encls.

Albert F. Reeve

cc: Mr. W. Wolodarsky