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To FILE From W.M. Sirola

Subject RESULTS OF MEETING WITH K. DAUGHTRY ON WEDNESDAY, NOVEMBER 2, 1977 Date November 7, 1977

The purpose of this meeting was to review the amount of work required to complete the 1977 programme and to discuss parameters for a possible 1978 programme.

In the light of disappointing results from the 1977 programme, it was necessary to establish new and better guidelines for future work on secondary paleo-channel type deposits. We now feel that the model for better search in the Okanagan or in other areas which may contain similar deposits would be as follows:-

1. A radio-active granite.

2. Evidence of sediments (preferably Miocene and preferably poorly sorted). An example of poorly sorted sediments would be a conglomerate in which the spaces between the larger boulders or pebbles would be filled with smaller particles of sand or gravel.

3. A caprock of basalt or any other impervious material.

4. Proximity to water table.

5. Limited depth to basement, say 100 meters.

6. Under-lying fault zone.

While some of the above criteria are self-evident, the proximity to water table arises from known deposits such as Tyee and from the fact that a histogram of uranium content of groundwater indicates poor distribution at altitudes greater than 4,000 ft.

One of the persistent problems in drilling unconsolidated sediments arises from the fact that sediments are extremely difficult to core. While these drill holes can be probed radiometrically, nothing is then known about the character of the sediments, in other words, do the sediments contain pyrite, or carbonaceous material, or both, what is their true composition and are they well sorted or poorly sorted? If good percussion equipment could be obtained which would be capable of drilling to 150 meters or so, then more information could actually be obtained from the cuttings than is available from radio-metric measurement.

Daughtry would like to see additional work performed on both the Vidler and Arkose and Channel Properties. And, to some extent, we can sympathise with his thinking. It is not too hard to make a case for further work on the Vidler because of radio-activity in outcrop and one very high water sample. On the Channel Property, however, the thickness of the Miocene cover increases materially to the east of the completed drilling and this factor militates heavily against further work.

To..... *From*.....

Subject..... *Date*.....

During 1977, Daughtry & Associates carried out extensive local reconnaisance for Union Oil Company. From this reconnaisance, Union has selected three areas for further work. Daughtry maintains that he has three additional areas which are equally good and on which he has carried out reconnaisance mapping and radio-metrics of all access roads and contour flying with a scintillometer. He has also analysed 120 rock samples.

Daughtry & Associates have not yet decided as to whether to stake some of the favourable areas, or to make a deal with someone like Kerr Addison on some undetermined bases. He maintains that he would be prepared, in roughly 10 days time, to discuss the situation further with interested companies. Apparently his arrangement with Union Oil was that Daughtry & Associates would receive a 2½% royalty on any production.

Daughtry states that he is not interested in straight consulting as such, at least for the time being. In other words, he is seeking an interest of some kind regardless of where he and his Associates may work. He justifies his position by saying that he has special knowledge in this type of uranium deposition.

Should we become interested in Mr. Daughtry's proposals, it would be necessary to budget approximately $50,000 for property acquisition, geological mapping, radio-metric and water surveys. Subsequent follow-up by drilling on this property would cost in the order of $100,000.

W.M. Sirola

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D.A. Lowrie W.M. Sirola

SUBMISSION OF URANIUM PROPERTIES, VERNON AREA, B.C., BY KEN DOUGHTRY & ASSOCIATES
NTS 82L3E

January 7, 1977

I have mentioned over the telephone that we have had two property submissions by Ken Doughtry and we have to bring this matter to some kind of conclusion.

John Lund has examined both the Channel Claim Group and the Vidler Creek Prospect and we mutually feel that the Vidler Creek prospect is preferable to the Channel Claim Group.

Both properties have a miocene cover and both properties have the usual arkosic and conglomerates underneath the volcanic cap.

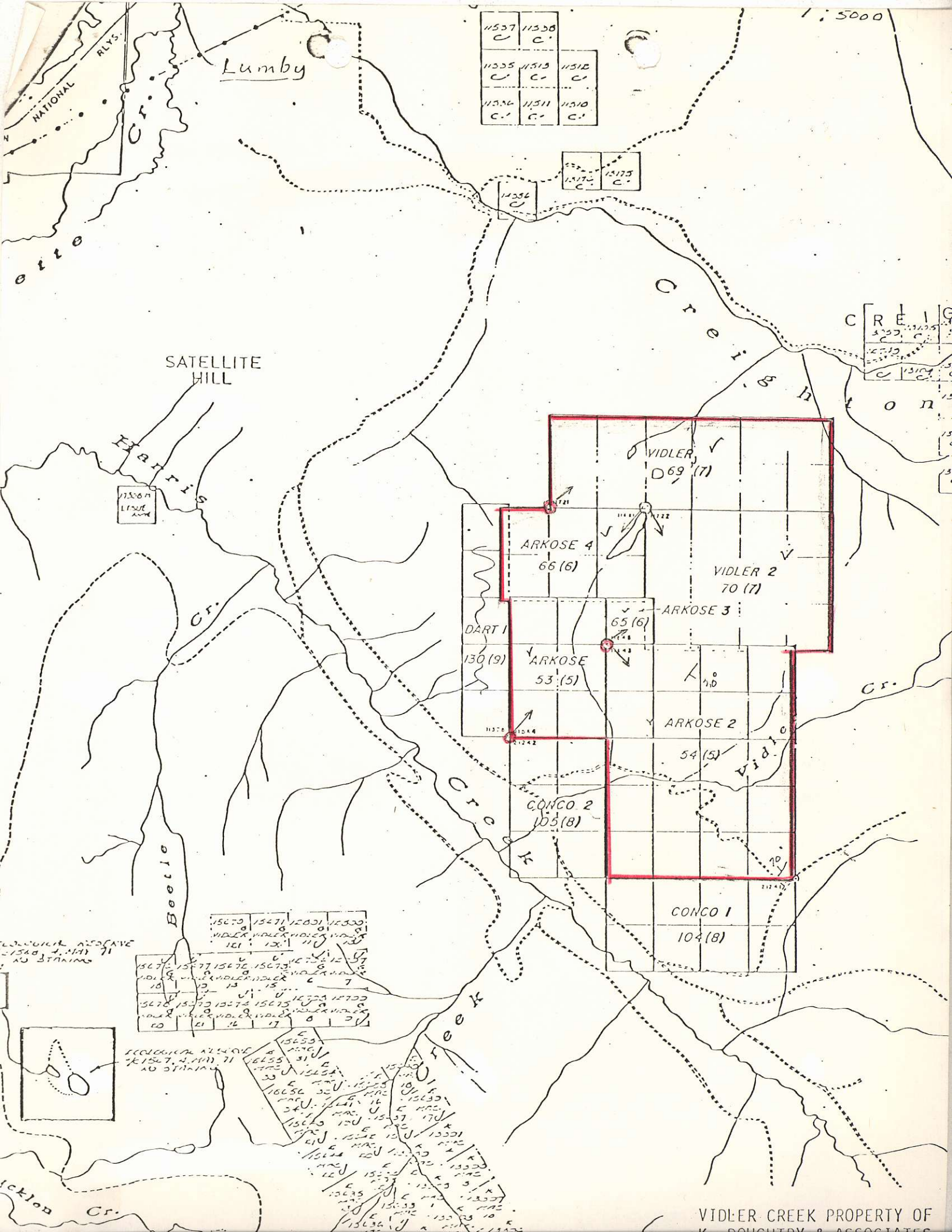
The Vidler Creek property was drilled by Silver Standard in 1967 because of radio-activity on the fringe of the basin, but the three holes did not reach the basement and, consequently, the lower sediments were probably not tested.

Both appear to be reasonable prospects, but I am reluctant to tackle either one unless we could modify the terms to something like $5000 on signing the option, $10,000 six months later and $20,000 six months thereafter. As you suggest, we could offer them a percentage of net profits rather than a royalty based on net smelter return. There does not appear to be any working commitment required and consequently one of these properties could be tested for a comparatively small sum if the results were negative.

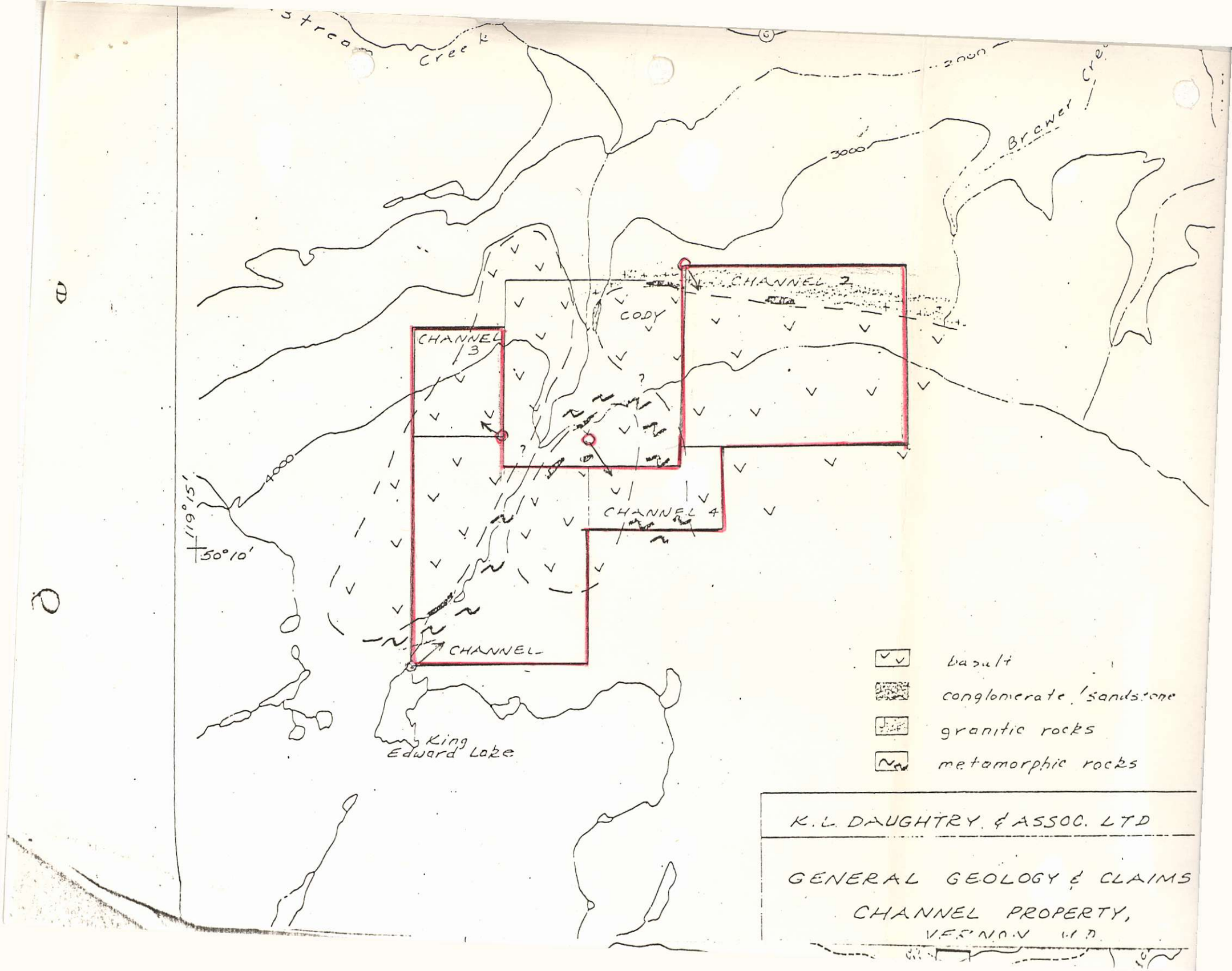
Should you have any further thoughts on this optioning of properties, would you please let me know. My own belief is that we should try one of these on for size within the sort of framework outlines in this memorandum.

W.M. Sirola

Encls: (1) Summary of Channel Claim Group data
(2) Summary of Vidler Creek uranium prospect.



VIDLER CREEK PROPERTY OF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CHANNEL 4
119°15'
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