

November 18, 1977

Mr. K.L. Daughtry,  
K.L. Daughtry & Associates,  
P.O. Box 795,  
VERNON. B.C.  
V1T 6M7.

Dear Ken:

Enclosed please find two file copies regarding assessment work that still needs to be done on the Vidler and Arkose and Channel properties. In accordance with the Agreement between Kerr Addison and Daughtry & Associates we were to declare two years' work on both properties.

In the case of the Channel, we are in fairly good shape in the sense that only the Channel mineral claim requires an additional year's work. The reasons and mechanics for resolving the situation are covered in the memorandum for that property.

In the case of Vidler and Arkose, all of the claims except Arkose are delinquent by one year and, again, the resolution of that problem is explained in the covering memorandum.

Please review the memoranda and let me know if you disagree or if you find some discord with the current Mining Act and we will attempt to find another solution or pay cash in lieu if necessary.

In accordance with today's telephone conversation, please give us an estimate of your charges for submitting this assessment work for budget purposes. Some of the work cannot be declared until the Spring of 1978 and we are reluctant to have this problem on our hands, particularly if we are to terminate the options on either one of the properties involved.

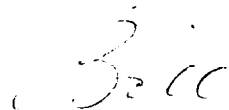
As you know, we have had partners in this venture and they are anxious to tidy up their book-keeping by the end of the year. It would therefore be a great service to us if we could encourage you to take this onerous task off our hands.

Enclosed with this letter are drill logs, radiometric graphs or tables of radiometric readings for those holes which were not presented in graphic form. There are also copies of all of the reports written by John Lund and copies of any analyses that we have on hand. Still to come would be the results of Professor Howard's work on determination of the gold content from gravels on the Channel deposit.

Regarding our discussion about the cause of radioactivity on the Vidler property, it would be greatly appreciated if we could determine once and for all the cause of the radioactivity. The samples that we sent to Ottawa which showed a high potassium and a negligible uranium/thorium content are not conclusive in the light of what you have told me of your results with your own spectrometer. Hopefully, by using our probe equipment, together with your large crystal, we can derive some percentages of each element which is sorely needed for any intelligent discussion of radioactive sources on the Vidler property. We know from Takeda's mapping that the rhyolitic tuff breccias are the most radioactive rocks on the property.

Many thanks for your co-operation and best of luck in your future efforts.

Yours sincerely,



W.M. Sirola, P. Eng.  
Regional Exploration Manager

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WMS:meb