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February 10, 1986
3501 - 16th St.
Vernon, B.C. V1T 3X7

Kilo Gold Mines Ltd.
210 Burnes House
26 Bastion Square
Victoria, B.C. V8W 1H9

Dear Tom:

The following are some thoughts concerning additional programs on your mineral properties in the Slocan Mining Division:
Beaver Property

The primary concern here is the identification and interpretation of the newly discovered geochemical anomaly in the southwestern portion of the grid, re: the NORTH STAR ZONE. This would include a trenching program, geological mapping, and chip sampling. It is possible that a litho-geochemical survey might be necessary to assist in the identification of diamond drill targets depending upon the outcome of the trenching.

Probably the only trenching method available at this stage of the program is hand trenching as road and trail access is very limited with the topography being moderate to steep broken by cliffs and drainage patterns. Two or three people would be best for this program in order to simplify a camp situation.

In addition, more detailed geochemistry is required to better define the sparsely populated Northeastern Anomalous Zone.

Capello Property

This property will be the first one available for exploration in the spring. The Capello claims still require additional geochemistry on all the zones to better delineate and extend the anomalies. This is the case for the Turris Anomaly as well as the Capello and Wallace Zones.

Some hand trenching would be of benefit so as to obtain better exposures of the structures with subsequent chip sampling to ascertain size and grade.

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Skylark/Ranger Property

This property requires additional fill-in geochemistry to define and extend the anomalies. The vein on these claims has been traced for a considerable length, better exposure would allow for more extensive chip sampling with favourable grade information leading to a diamond drill program.

Kilo Property

Continuation of last years program involving opening up the adits to allow access for mapping and sampling. Favourable results would lead to a diamond drill program.

The Kilo claim group still requires more detailed geochemistry in some locations to better define anomalous zones outlined in the 1984 season.

All properties also require general prospecting.

Tom, I'm sure that you or Nick have formulated similar follow-up programs for the properties but this is a 'touching-base' letter as, hopefully, the spring is not too far away and it's advent won't catch us unprepared.

Also looking towards that time, I have already had a company contact me concerning exploration work this year. Ideally, I would like to have specific dates, times and programs blocked out so that I can organize my schedule to the benefit of all concerned. At least, as much as the vagaries of the weather will allow.

So Tom, I trust that the new season shall be a successful one. Looking forward to hearing from you.

Sincerely,



Roy D. Kregosky, BSc.

RK/fh