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December 8, 1976

Dome Exploration (Canada) Limited,
600 - 365 Bay Street,
Toronto, Ontario.

Attention: Mr. Wally Bruce

Dear Wally:

Re: Arrow Project

Following the meeting of November 24th with Dick Woodcock, and some further review of the report and data since that time, the following comments are submitted concerning the results to date and further exploration. These comments are offered in an attempt to be of some assistance, but also are guided by the somewhat limited scope of the Salsigne Exploration budget.

In our view, the Slide and Boyd, and possibly the Cherry properties and immediate areas surrounding these claims groups, are the priority targets for the 1977 season, and should take precedence over the general regional exploration program. We therefore feel that the overall budget should be established to include a conclusive program on the three claim group areas, which may reduce the proportion of the budget allocated to the regional work.

If it is possible, and compatible with the objectives of the other Developers, Salsigne would be content to consider a divided program and budget, between the above properties, and the regional work, with a view to concentrating the Salsigne contribution to the three specified areas. An area of influence of perhaps one mile around each claim group might be included in the specific projects.

The following comments regarding the project are offered:

Slide Property

The somewhat limited work to date on this group has produced results of definite interest, particularly the discovery of mineralized float material, and EM. indications. Our preliminary study leads us to these conclusions:

*Arrow -
Technical*

1. There is an excellent possibility of a mineralized horizon in the southern grid area, conforming to the general dip of approximately 25° to the N.E. The host rock is uncertain at this point.
2. The EM. survey has produced an anomalous situation in this area which has been interpreted as caused by such a sulphide zone of unknown thickness. While this is a reasonable interpretation, there remains some doubt. Several conductive sources could cause such an effect, such as a graphite-rich bed, or conductive clay. It is our feeling that flat conductors are more difficult to interpret due to these other common conditions. There is a possibility that a conductor in this area could be dipping S.W., at 30° - 60° , based on the profile on Line 13 + 50 S. This possibility is mentioned without consideration of the geological structures.
3. The lack of magnetic response may be attributed to the attitude and polarization of pyrrhotite, but an expanded magnetic survey should indicate the upper limit of the mineralization at bedrock surface, and this in itself would be very useful information.
4. The rather weak geochemical anomaly suggests a small source, but it is granted that soil conditions may not be ideal.
5. An expanded survey along strike to the north, and up the slope to the southwest is recommended, including EM., magnetometer, and geological work. Perhaps 1,000 meters in each direction would be sufficient. Further reconnaissance EM. could be carried on to the north, for several miles, guided by geology and geochemistry. ┌
6. Drilling of the best targets would follow the initial detailed work.

Boyd Property

1. The geochemical surveys on this property have outlined a substantial anomaly, which should be conclusively investigated.
2. The lack of EM. response can be attributed to scarcity of conductive sulphides, but lead to the conclusion that an I.P. survey may also be disappointing. *agreed*
3. With a natural reluctance to drill geochemical anomalies because of probable displacement, any prospecting by trenching or test pits would be useful. *agreed*
4. Further geochemical work and prospecting up the slopes and stream valleys. *agreed*
5. If short holes by Winkie drill can be put down through the till, we agree that this may be the best method to provide a conclusion.

Cherry Property

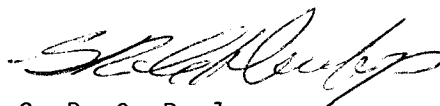
1. It is submitted that the very distinct copper and zinc anomalies may not have been fully explained.
2. The EM. survey has indicated a very pronounced conductor axis along the positive peaks of the profiles, and this is a classic indication of a steeply dipping conductor.
3. The negative "anomalies" referred to by Dick Woodcock are probably the normal part of the profiles flanking a steep conductor. There is also probably an influence from the conductive slates or overburden.
4. There are suggestions of parallel conductors nearer the base line. These may be due to steeply dipping graphite or sulphide zones.
5. The above EM.anomaly is in an attractive location with respect to the zinc and copper geochem. anomalies, and we note the more extensive distribution of the zinc values.
6. The EM. grid should be extended to the south and west, to delimit these anomalies, and upon further investigation in the field, consideration should be given to drilling the conductor.

In general we feel that there are some attractive target areas on these claim groups which merit further work, and until further work is done, it is difficult to estimate the cost of the project. It is our concern that the cost could become substantial, and without some control of the regional program, the overall budget could be considerably exceeded. We also feel that Dick Woodcock may, through natural enthusiasm, be placing excessive emphasis on reconnaissance EM. traverses, which can be very costly on a large program, and that the coverage may be less than anticipated in this rough country.

We are very pleased with the quality of the work to date, and the obvious dedication of Dick Woodcock to the project.

Yours very truly,

SALSIGNE EXPLORATION LIMITED



G. R. C. Dunlop
President

GRCD:rh