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December 10, 1976

Mr. James F. Allan,  
Exploration Manager,  
Minerals Department,  
Union Oil Company of Canada Limited,  
335 - 8th Avenue, S.W.,  
Calgary, Alberta T2P 2K6.

Re: Arrow Joint Venture - Proposed  
1977 Exploration Programme

Dear Jim:

Dick Cunningham-Dunlop and I got together for an hour or so on December 8th. I told him that I had spoken to you on the evening of December 7th. The purpose of our getting together was to attempt to suggest a compromise programme which would be satisfactory to Union, Salsigne and Dome and would also have Dick Woodcock's support.

Dick and I thought that after you had received this letter that the three of us could talk together on a conference call to discuss the proposal contained in this letter. Summing up, we are suggesting a programme that would involve the following:

1)	Slide Group	\$ 30,000
2)	Boyd Group	20,000
3)	Cherry Group	5,000
4)	Reconnaissance	<u>100,000</u>
	Total -	\$155,000

Should we adopt a programme like this, the total Syndicate expenditure for 1977 would be approximately \$155,000, of which Dome's share would be approximately \$73,000 and each of Salsigne and Union would make contributions of approximately \$41,000. Details of our discussions follow:

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### SLIDE GROUP

We both feel that about 1000 feet of drilling will be necessary on the Slide Group. As a result of some studies carried out by Dick Cunningham-Dunlop, it would appear logical to do a bit more detailed work in order that the drilling we carry out is done in the best place.

We suggest that some additional E.M. and Mag should be done on the existing north and south grids. Particularly on the south grid, we feel that further E.M. should probably be carried out for approximately 3000 feet up-hill from the base-line. We also suggest some additional geology to clarify the geologic picture on both the north and south groups. We feel that determining the dip of the possible sulphide zone is particularly important.

Even if we find no further conductors, we feel that perhaps two 300-foot holes should be drilled on the south conductor near the float and perhaps one hole across the strongest conducting section on the north conductor.

### BOYD

We do not disagree greatly with discussions we have previously had on the Boyd Group. I feel that it would be very worthwhile for Dick Woodcock to extend stream geochemical work on the Carbonate-King Creek and also on Copper Creek. Further, I believe that we should ask Dick to work up-hill above the axis of the geochemical anomaly in an attempt to determine whether or not it could be a transported anomaly.

Woodcock has suggested an I.P. survey over the geochem anomaly. Dick Cunningham-Dunlop and I feel that even if we do not get an I.P. response here, this should not discourage us and that we should then consider either trenching or Winkie drilling the geochemical (or geophysical) target. We suggest that of the proposed \$20,000 on this programme, perhaps \$10,000 should be set aside for possible drilling.

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### CHERRY GROUP

Dick Woodcock did not seem particularly enthusiastic about the Cherry Group, presumably because of the proximity of black conductive shales to the E.M. anomaly and soil sampling highs. Dick Cunningham-Dunlop has pointed out that on the geophysical survey here, the positive peaks are the actual anomalies but geophysical results suggest "build-ups" down-hill from the E.M. anomalies already found, i.e. there may be another anomaly system just down-hill from the present grid.

It is possible that outcrops will rule out further interest on the main anomaly axis. However, we feel that Dick's proposed investigation should involve enough further work to clearly indicate whether or not a drilling programme might be warranted at a later date.

We are suggesting that perhaps \$5,000 should be spent on the Cherry Group.

### RECONNAISSANCE PROGRAMME

In previous correspondence, Dick Woodcock had suggested a reconnaissance programme amounting to about \$165,000, involving the use of fairly extensive geophysical traversing. As I understand it, both you and Dick Cunningham-Dunlop would prefer to reduce the amount of reconnaissance work.

Tentatively, we are suggesting that if we were to cut the reconnaissance programme to a more manageable figure, say \$100,000, we could carry out a fairly worthwhile programme.

This might involve being somewhat more selective in picking out smaller areas of prime interest. We suggest that in such areas the reconnaissance work should be guided by geology and geochemistry. When we find geochemical anomalies we should probably detail them by geophysics. In effect, we are proposing reducing the geophysics to a secondary role. Otherwise we feel that we will end up with dozens of unexplained E.M. anomalies.

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I think perhaps both you and Salsigne would like to see a reconnaissance programme in which the anomalies, as they are found, would be detailed in such a way that, at the end of the prospecting season, we would know which ones are of definite ongoing interest.

When you have read this, I suggest that you and Dick Dunlop and I have a conference 'phone call in order to see if we can compromise on a programme such as the one suggested above. When we have succeeded in reaching a satisfactory compromise, I suggest that we then discuss our compromise proposals with Dick Woodcock.

With kindest personal regards,

Yours sincerely,

DOME EXPLORATION (CANADA) LIMITED

GSWB/db

G.S.W. Bruce  
Vice-President