STEPHEN EXPLORATIONS LTD.

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February 12, 1987

Mr. Balbir Johal
1013 - 837 West Hastings
Vancouver, B.C.
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Dear Mr. Johal:

We had previously prepared a draft option agreement, modelled on the KALUM agreement, which was delivered to Robert Paterson during discussion of a possible option of some Vancouver Island claims. A second copy should have been delivered to you or I may have simply mentioned it on the phone.

Paterson has suggested changes for your consideration which I enclose. Negotiation on these points can follow when we can arrange a meeting and particularly after we get some assays.

If the reported assays are accurate the proposed target will be, two properties in the Great Central Lake area. My intention would be to spend $40 - 45,000 on the main property and $15 - 20,000 on the other.

The main property has good road access and several mineral showings in volcanic rocks. The showings are primarily copper with the occurrences being of three separate types. Some silver is reported and values up to 0.16 oz gold are reported by Falconbridge. Two short adits had been driven on the main zone but these are essentially caved and are more like pits. The mineralization occurs over widths in excess of ten feet but may be irregular. The upper, or hanging wall, portion appears to have more silica over about 5 feet and it is that zone I hope will carry significant gold.

There is a choice of other properties but I would presently suggest a small one which has only water or helicopter access. Antimony bearing veins are reported and silver values are probably present. The showings provide some contrast to the usual copper mineralization in volcanics and give more hope of precious metals values. In addition the government documented information for that area is useful for preparation of the preliminary engineering report.

Yours very truly,

J.C. Stephen Explorations Ltd.

J.C. Stephen

JCS/ms