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June 1, 1976.

Power Reactor & Fuel Development Corporation - Japan,
c/o Nissho-Iwai Canada Ltd.,
1111 W. Hastings St.,
Vancouver, B.C.

Gentlemen:

We have been appointed as official Consulting Engineers for Tyee Lake Resources Ltd. who have acquired a substantial block of claim units in the Hydraulic Lake area near Kelowna, B.C. Mr. Hiro Ogata, President of Tyee Lake Resources, has requested that I write this letter to you with regard to the results of a preliminary claim location survey of the boundaries between Nissho-Iwai Canada Ltd's claims and Tyee Lake's claims in this area.

Where Tyee Lake stake claims adjacent to other claims previously established, their standard procedure is to carry out such a claim location survey prior to the commencement of any significant exploration work. This procedure has been established in order to avoid the possible acquisition of claims by any third party. Such third party acquisition always causes confusion and perhaps unnecessary delay of subsequent exploration work.

I am attaching a map prepared by Amex Exploration Services Ltd. and a memorandum from this survey company concerning the location of your claims and those of Tyee Lake Resources.

You will note that Mr. Ablett, President of Amex Exploration, points out that under British Columbia's old staking laws, open fractional ground very frequently resulted from such staking by two or more parties and, in fact, has been encountered by such large corporations as Lornex in the Highland Valley area.

I have been instructed by Mr. Ogata to suggest to you that a meeting be arranged between Tyee Lake and yourselves after you have had time to study the apparent problems involved.

We would like to compliment you on your persistent efforts during the past four or five years in southern British Columbia directed toward the discovery of

uranium deposits. It would appear that your crews have discovered significant uranium mineralization in the conglomerates and sandstones in the Hydraulic Lake and other areas. This, we believe, represents the first such discovery in British Columbia.

Tyee Lake feels that it would be of mutual benefit for both Nissho-Iwai and Tyee Lake Resources to enter into a joint exploration agreement involving fair and reasonable terms mutually satisfactory to both parties. Mr. Ogata would appreciate hearing from you in due course as to your thoughts about such an agreement.

We look forward to a mutually happy association.

Yours very truly,

BACON & CROWHURST LTD.

J.J. Crowhurst

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