

MALABAR SILVER MINES LTD.

1326 - 510 West Hastings Street,
Vancouver, B.C.
V6B 1L8.

April 20, 1978.

Mr. A. Born,
Canada Tungsten Mining Corporation Ltd.,
535 Thurlow Street,
Vancouver, B.C.,

AND:

Mr. J. C. Stephen,
J. C. Stephen Exploration Ltd.,
1124 West 15th Street,
North Vancouver, B.C.,
V7P 1M9.

Dear Sirs:

RE: ZINC ANOMALY NEAR TOOTSEE LAKE, B.C.

The purpose of this Letter of Intent is to confirm our mutual understanding of a possible venture in an area bounded on the outside by latitudes $59^{\circ} 50'$ and $59^{\circ} 54'N$; longitudes $130^{\circ} 15'$ and $130^{\circ} 25'W$. This area is outlined in red on Schedule A which is attached to this letter.

You have collected silt samples in this area and they have shown anomalous concentrations of zinc. This data has been presented to us and we wish to analyze the samples for further elements at our expense. Depending on the results we may examine the area, with the intention of staking claims over discoveries of merit. In any event, the analysis will be made available to you.

We suggest an appropriate time to draw up a formal agreement would be on our staking of claims in the area. Until then, would you please accept the following understandings (which would be embodied in a formal agreement):

1. This project shall be called Zinc Anomaly and pertains only to approximately 25 square miles bounded on the outside by latitudes $59^{\circ} 50'$ and $59^{\circ} 54'N$; longitudes $130^{\circ} 15'$ and $130^{\circ} 25'W$; and outlined on attached Schedule A.
2. Any claims staked by Malabar during 1978 within this area shall be subject to this agreement at Malabar's expense.
3. Malabar will notify Canada Tungsten and J. C. Stephen Exploration by letter that claims have been staked within one month of staking.

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4. On completion of staking Malabar will finance the initial \$15,000 worth of exploration in the area.
5. Malabar will notify Canada Tungsten by letter when \$15,000 has been expended on the project by presenting an expense statement together with all relevant data collected.
6. Canada Tungsten will have the right for Sixty (60) days after being notified to participate in the claims as a joint venture partner or drop out completely and have no further rights or interests in the claims staked by Malabar.
7. J. C. Stephen Exploration Ltd. will retain a 5% net profits non-assessable interest from production from any claims staked by Malabar in the area.
8. Malabar has the right to purchase J. C. Stephen Exploration Ltd.'s 5% interest for \$100,000 at any time within 5 years of the recording date of any claims.
9. Efforts will be made to have J. C. Stephen Exploration Ltd. carry out exploration in the area, at competitive rates, for Malabar or a subsequent joint venture whenever practical.
10. Should Malabar wish to abandon any claims in the area J. C. Stephen Exploration Ltd. and Canada Tungsten will be notified and transferred at their expense if desired, first to Canada Tungsten and if they refuse then to J. C. Stephen Exploration Ltd.

If these understandings are acceptable to you would you please sign below and return three copies.

Yours very truly,

MALABAR SILVER MINES LTD.


R. A. DICKINSON.



Mr. A. Born,
Canada Tungsten Mining Corporation Limited



Mr. J. C. Stephen
J. C. Stephen Exploration Ltd.

59°54'

LEGEND

- 23 Cretaceous Cassiar Batholith
- 6 U. Devonian Sylvester Grp. sl, arg.
- 5 M. Devonian McDame Grp. ls. dl.
- f 68, -, 4, 320 Silt sample Cu, Mo, W, Zn ppm

MAP SHEET 104 0/16

ZONE OF ZINC GEOCHEM
>300 p.p.m. IN SILTS
AREA 'D'

4.65 MILES

130°25'

SCHEDULE A

RECONN PROJECT
ZINC ANOMALY JOINT VENTURE
1" - 1/2 mile March 1978

130°15'

5.85 MILES

59°50'

