

SEREM LTD.

505 - 850 WEST HASTINGS ST.

VANCOUVER, B.C.

V6C 1E1

673982

1040/16

Serem

TELEPHONE: 688-2321

March 21, 1979

MAR 29 1979

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

Dear Mr. Stephen:

We would be interested in pursuing the silt geochemical anomalies you have located east of the Cassiar Batholith in northern B. C.

The following outlines the terms and conditions which I feel that Serem Ltd. could adopt in the event mineral claims were staked by us within the designated area as described below.

A. PROPOSED AREA

The proposed area as defined in Schedule "A" by J. C. Stephen Explorations Ltd. and described as those lands bounded between $59^{\circ} 50'$ to $59^{\circ} 54'$ north latitude and $130^{\circ} 15'$ to $130^{\circ} 25'$ west longitude are hereafter described as the designated area.

B. CLAIMS

All claims falling within the designated area whether staked by S.E.R.E.M. or J. C. Stephen Explorations Ltd. shall be recorded 100% in the name of S.E.R.E.M. Ltd. Any claims staked by third parties in the interest of the principal parties will fall under the same condition.

C. TERMS AND CONDITIONS

(1) S.E.R.E.M.

- (i) Subsequent to the staking of mineral claims in the designated area, S.E.R.E.M. will agree to spend a minimum of \$100.00 per claim per year for the first three years, and thereafter a minimum of \$200.00 per claim per year until December 31, 1989 or until production commences on the property, whichever comes first. The work expenditures outlined above may be accumulative in any one year and used as credit against subsequent future yearly commitments.

C. TERMS AND CONDITIONS (continued)

- (2) Upon the commencement of production from the property, J.C. Stephen Explorations Ltd. will be entitled to a 5% Net Profit carried interest after repayment of S.E.R.E.M. capitalization.
- (3) However, prior to production S.E.R.E.M. by its choice may elect to buy J.C. Stephen's 5% Net Profit carried interest for \$1,000,000.
- (4) After December 31, 1989 and providing the property is not in production, S.E.R.E.M. Ltd. may elect to:
 - (i) Pay J.C. Stephen Explorations Ltd. \$5,000 per year and keep the claims in maintenance, or,
 - (ii) Transfer all right and title to the claims to J.C. Stephen Explorations Ltd. with the assessment work on the claims in good standing one year in advance of notice to drop the claims and shall provide that the claims are free and clear of any liens or charges.
- (5) S.E.R.E.M. Ltd. has the right at any time to abandon the claims pursuant to 4 (ii).
- (6) J.C. Stephen Explorations Ltd. and their representatives have the right to enter the property at any time to examine workings, core, and review data, for which they may request copies of reports.
- (7) Subject to the commitments undertaken by S.E.R.E.M. Ltd. as outlined above in this letter agreement, the obligations of S.E.R.E.M. to prospect, stake, and develop mineral claims in the designated area shall cease and this agreement shall terminate if:
 - (i) Within the first field season commencing in 1979 S.E.R.E.M. has not staked any mineral claims, or

*Original April 22/79
J.C.S. March 26/79*

*Original March 22/79
J.C.S. March 26/79*

Mr. J. C. Stephen

March 21, 1979

C. TERMS AND CONDITIONS (continued)

- (7) (ii) The principal parties mutually agree.
In either case no restrictions of access
or interest shall be placed on either
party for the following year.
- (8) S.E.R.E.M. Ltd. may have the right to assign, sell,
or dispose of any of its rights to any mining
claims held within the designated area to a third
party so long as the underlying rights of
J.C. Stephen Explorations Ltd. are carried.

If the foregoing meets with your understanding of our
contemplated agreement, we would request that you indicate
your approval by signing in the space provided, whereupon
we shall proceed with plans to follow-up your geochemical
results this field season 1979.

Sincerely,

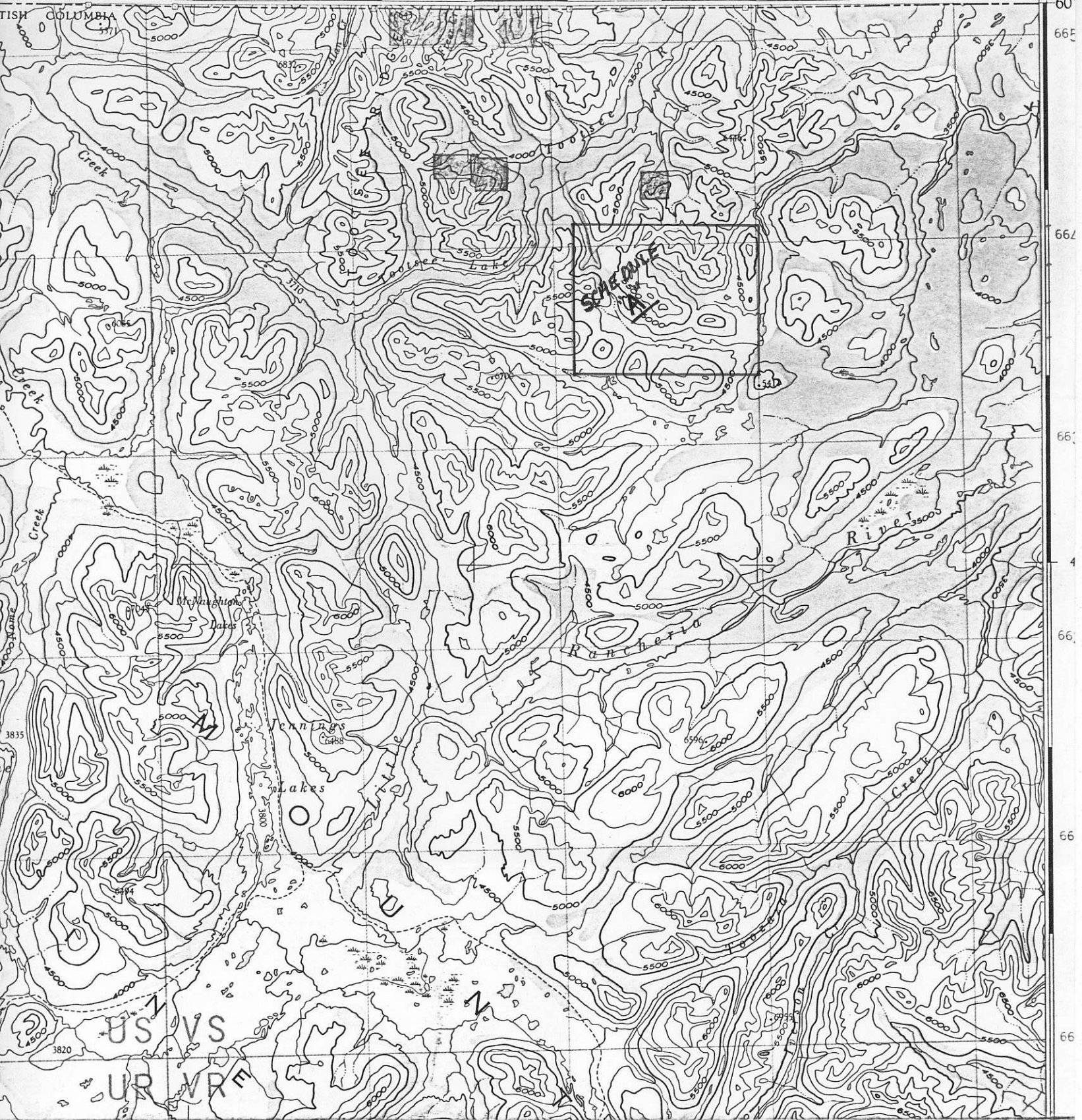
S.E.R.E.M. Ltd.

Peter Tegart

P. F. Tegart
Western Manager
Exploration

TERMS AND CONDITIONS
ACKNOWLEDGED AND AGREED TO:

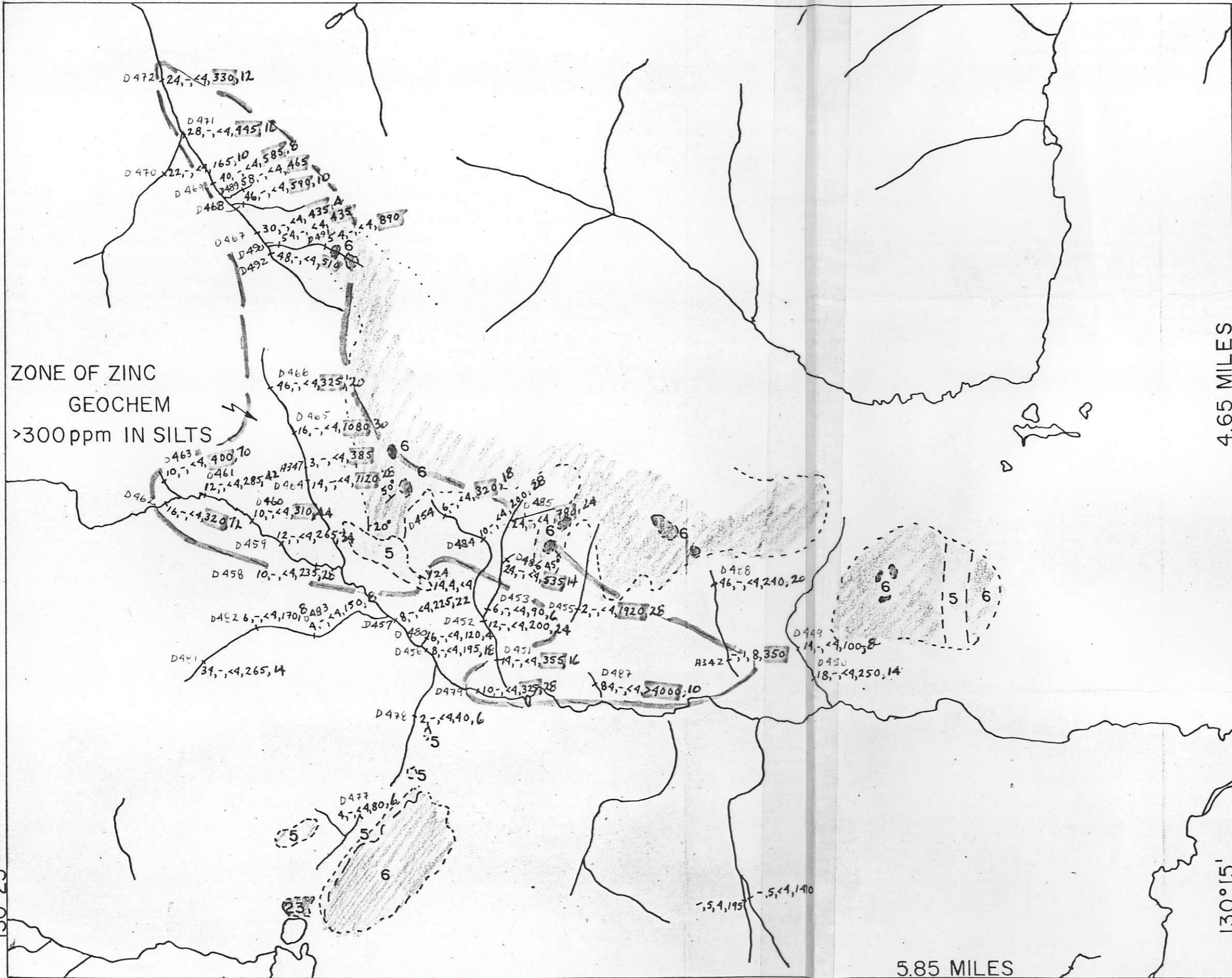

J.C. STEPHEN EXPLORATIONS LTD.



JENNING RIVER
104-0

59°54'

SCHEDULE A



4.65 MILES

- GRANITE
- LIMESTONE
- PHYLLITE, QTZITE

SYMBOLS

GEOCHEM RESULTS: Cu, Mo, W, Zn, Pb

JC STEPHEN EXPLORATIONS LTD.
 ZINC ANOMALY PROJECT
 104 '0'/16
 SCALE 1:31,680 MAY 1978

130°25'

5.85 MILES

59°50'

130°15'