

VEERMAN BOTEL LIMITED
CONSULTING ENGINEERS

LETTER OF INTENT, dated August 3, 1988

Whereas W.G. Botel and H. Veerman are the registered owners of the mining claims collectively known as the "Rancheria Property", consisting of the following claims Leol and 2, Flo 1-4, "L" Fraction and "F" Fraction in the Liard Mining Division of British Columbia, (OPTIONOR)

and

Whereas Will Kennedy wants to form a private company to do work on the claims and to ship ore from the claims, ~~therefor~~ (OPTIONEE)

the following terms are acceptable to both parties as the basis for an option agreement of the above mentioned claims :

1. The owners will be paid a total purchase price of \$500,000.- at the rate of \$25,000.- per year, beginning with the first payment at the time of the signing of the formal agreement.
2. The owners will receive 20 per cent of net profits of any operation on the claims or \$25,000.- as defined in (1), whichever is more.
3. Each year work to a value of at least \$50,000.- will be carried out on the claims.
4. All possible assessment work will be recorded, with a minimum of at least one year to be recorded for each year or part of year this agreement is in force.
5. Claims staked (but not acquired by purchase or option) within one mile of the perimeter of the Rancheria Claims by either party to this letter shall become part of the Agreement to be drawn up.
6. The royalty payable to C.C. Curlett of Edmonton shall be come the responsibility of the Optionee.
7. Optionee proposes to form a private company registered in B.C. as a vehicle to operate the property. H. Veerman and W.G. Botel will be directors of this new company until they voluntarily resign.

signed in Vancouver on August 3, 1988 , expiring on August 18, 1988

William S. Kennedy

William G. Botel

Heinz Veerman

Approved:
William S. Kennedy

William G. Botel

Heinz Veerman