

KENDAL

MINING AND EXPLORATION CO. LTD. (N.P.L.)

800797

January 2nd, 1973

Business & Exploration Offices
2101 Pear St., Terrace, B.C.
Phone 635-2119
or
Radiophone
Mail Address — P.O. Box 580

Mr. Merl Cloutier
424 Garden City Road,
Richmond, B.C.

Dear Mr. Cloutier, Re: MMM Mineral Claims - Sandspit, B.C.

Having examined the mining property known as the MMM group, South of Sandspit, on Moresby Island, BC, on behalf of 'Kendal Mining', I propose that we enter an agreement with you to purchase or option the said property .

Since you had established earlier, the mineral claims known as the MMM No.'s 1 to 12 inclusive and we had discussed the possibility of an option or purchase agreement, we have decided to pay your costs of locating additional Mineral Claims on the structure and around the MMM #'s 1-12 incl.

In all, costs of \$881.21 have been paid by 'Kendal' for locating Mineral Claims MMM #'s 13 to 18 incl. and MMM #'s 20 to 62 incl. In addition, today, we have advanced you \$600.00 on the eventual total cash payment of \$6,100.00 (leaving a balance of \$4,618.79)

We agree that additional Mineral Claims located ^{by you or by us in our respective} for 5 miles ^{with a radius} radius around the said MMM Mineral Claims, are to be included in the agreement.

We further agree to the following; (to be incorporated in an agreement which we will prepare between you and this Company)

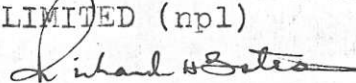
- 1) 'Kendal Mining' agrees to accept your conditions that 'Kendal' has the right to elect as follows:
 - a) that we issue to you, 50,000 free shares of 'Kendal' (which, with the full cash payment of \$6,100 as above mentioned would constitute outright purchase of the said MMM Mineral Claims) or;
 - b) that we issue to you, 50,000 free shares of 'Kendal', 6 months after the date of a formal agreement is signed between us, and in addition, 50,000 shares (free) at 12 months after the date of signing, and a further 50,000 free shares at 30 months after date of signing, which would constitute option of the said MMM Mineral Claims.
2. Should 'Kendal' elect to follow 'b)' above, completion of the issuance of 150,000 ^{plus the said \$6,100.00} shares as described above shall constitute full payment for outright purchase of the said Mineral Claims.

Merl Cloutier,
424 Garden City Road,
Richmond, E.C.
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- 2.(cont'd); should 'Kendal' choose to relinquish the said MMM Mineral claims, or fails to issue the said shares, the MMM Mineral Claims shall revert to you.
3. Should the Mineral Claims revert to you, 'Kendal' agrees to deliver to you all factual information concerning the said MMM Mineral Claims property gained through exploration on the property.
4. Should further negotiating be necessary to arrive at completion of a formal agreement on the property, we agree to do so in good faith.

Should you agree with the contents of this letter would you kindly sign the copy attached hereto and deliver to me .
We agree the terms set out herein should form the basis of a formal agreement as mentioned heretofore.
The terms of the agreement and this letter are subject to approval of the Directors of 'Kendal' and the regulatory bodies, and to their possible revision.

KENDAL MINING AND EXPLORATION COMPANY
LIMITED (npl)



Richard H. Bates president

I agree to the contents of this letter


Merl Cloutier

Costs of locating Mineral Claims MMM No.'s 13 to 18 incl. and
MMM No.'s 20 to 62 inclusive. (Moresby Island, BC)

Miscellaneous costs \$380.00

Truck rentals 79.96

Recording fees 245.00

Hotel and Supplies, meals etc. 177.25

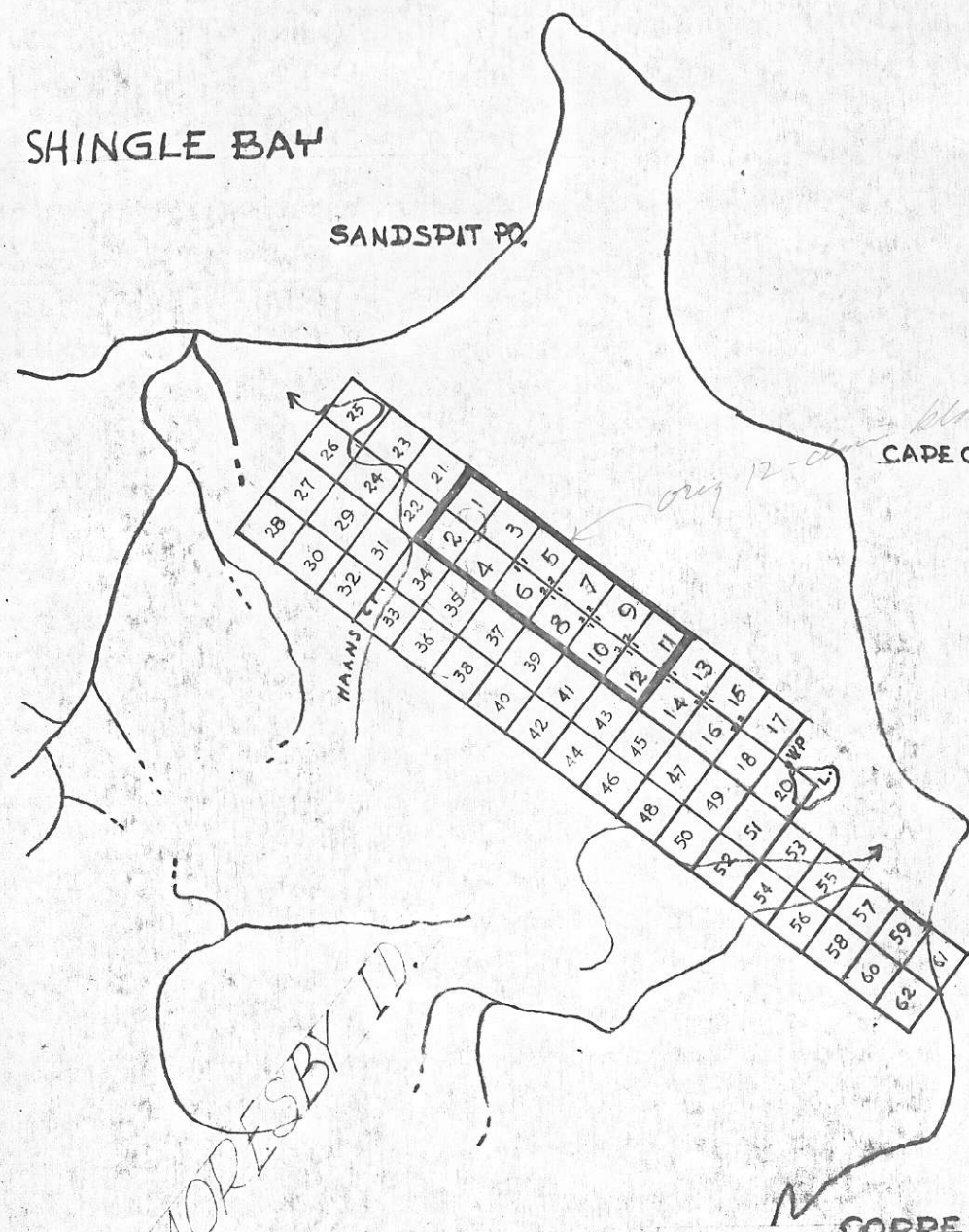
Total \$881.21

SHINGLE BAY

SANDSPIT Pt.

CAPE CHROUSTCHEFF

ASTRONOMIC



MORESBY ID.

COPPER BAY

CLAIM Map 16A
Co-ordinates 132°Lo/53° 15'La.

MMM #13-6L - MC.'S
SCALE 1 IN. = 1 MILE
M. GLOUTIER