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COPY

KERR ADDISON MINES LIMITED

(FOR INTER-OFFICE USE ONLY)

To D. A. Lowrie *From* R. A. Dujardin

Subject Pacific Eastern Property, B.C. *Date* April 23, 1984

Enclosed please find a proposal I have drafted for the Pacific Eastern Property. The terms are what I think are the "bottom line" for Normine, which is one of Mike Beley's companies. I would appreciate your suggestions on this and will do nothing further until I hear from you. At the moment all Beley knows is that I will put a proposal to him in writing, that we can't accept the high payments due to the Optionors and that we plan a long range basic program. Beyond that he does not know the amounts of payments and expenditures we have in mind. The first years' work will consist of geological mapping, detailed geochemical sampling, magnetometer and EM 16 Surveys all on a grid to be established - a base line 5 miles long, cross lines every 500 feet.

I also enclose Dave Arscott's final report on the subject which is additional to the one you already have in hand.

Regards,

R. A. Dujardin

DRAFT - FOR INTERNAL DISCUSSION

PURPOSES ONLY

Normine Resources Ltd.
510 - 475 Howe Street
Vancouver, B.C.
V6C 2B3

Dear Sirs:

Re: Pacific Eastern Mineral Property, Bralorne Area, British Columbia

1. We understand that Normine Resources Ltd ("Normine") has the exclusive option to purchase 86 crown granted mineral claims and fractions located immediately east of the dormant Bralorne-Pioneer Mine, such claims being collectively known as the Pacific Eastern Property ("the Property").

2. Normine acquired its option to purchase the Property pursuant to an agreement (the "Option Agreement") between it and B.R.H. Investments Ltd ("BRH") of 20269 Fraser Highway, Langley, B.C. and J.T.M. Enterprises Ltd ("JTM") of Floor 27-595 Burrard Street, Vancouver, B.C. dated __________,1983. JTM and BRH (the "Optionors") are the sole legal and beneficial owners of the Property.

3. Under the terms of the Option Agreement, Normine has the exclusive right to enter the Property and to conduct any and all mining activities thereon including the extraction of ore, providing that Normine is not in default in the making of certain annual payments specified in the Option Agreement. When all of such annual payments have been made, the total of which is $8,525,000 including the $15,000 paid on signing the Option Agreement, Normine will have purchased 100% of the Property from the Optionors. The annual schedule of twelve consecutive payments extends from April 30, 1984 through to April 30, 1995.

4. Kerr Addison Mines Limited ("Kerr") is desirous of negotiating an agreement with Normine whereby it could earn a controlling interest in the Property but is deterred by the onerous annual payments due under the Agreement. Kerr feels that while the Property has potential value due to its proximity to former producers, previous exploration efforts failed and the Property has remained dormant for a long time. Future success and real value for the Property will only come from long range, methodical programs the outcome of which is purely speculative at this time. Kerr's view is that the payment schedule should be considerably moderated so as to encourage the continuance of exploration without the overhang of heavy payments. Kerr further suggests that the Optioners' major returns should come after production commences.

5. The following basic terms would be acceptable to Kerr in an agreement with Normine concerning the future development of the Property:

(a) Under the agreement Kerr would have the right to earn a 60% interest in the Property and the right to manage and control all work programs conducted thereon.

(b) Until Kerr had spent $1,500,000 on the Property, it would bear all expenditures related thereto and Normine would not be required to contribute.

(c) When total expenditures with respect to the Property equalled $1,500,000, Normine would have to elect either to maintain a 40% participating interest or reduce its interest to a 15% carried net profits interest.

(d) Kerr would commit to expenditures of \$150,000 in 1984 and cumulative expenditures would have to be \$400,000 by December 31, 1985, \$750,000 by 1986, \$1,100,000 by December 31, 1987 and \$1,500,000 by December 31, 1988 to keep the agreement in good standing.

(e) Annual payments to the Optionors would be \$25,000 in each of 1985,1986 and 1987, \$35,000 in 1988 and \$50,000 thereafter until start of production.

(f) On production the Optionors would receive 5% of net proceeds until they had recouped \$5,000,000.

Please let us know if the above terms are acceptable and whether it is likely that the Optionors will agree to the proposed new conditions.

The above suggestions are not meant as an attempt to interfere in your affairs but are set out only to indicate Kerr's views. We respectfully solicit your further comments.

Yours very truly,

RAD/lk