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W.M. BATH INVESTMENTS LTD.  
#1425 - 355 Burrard Street  
Vancouver, B.C.  
V6C 2G8

(604) 681-6467

January, 1977

Kerr Addison Mines Ltd.  
Box 91, Commerce Court West  
TORONTO, ONTARIO  
M5L 1C7

Attention: Mr. David A. Lowrie  
Vice-President, Exploration

Dear Sirs:

Re: Trout Lake Uranium Prospect

During 1976, the Bath 1976 Uranium Partnership's consultants, Cordilleran Engineering Limited, staked a uranium prospect near Trout Lake in northwestern British Columbia. Cordilleran's geologists consider it to be a secondary uranium prospect in gravels located in a graben within the Surprise Lake batholith.

Several companies have expressed interest in knowing more about the geology of this prospect and about the kind of terms the partnership would consider if it were to option out the property.

Representatives of interested companies are asked to contact the writer after January 24th and before February 6th if they wish to review the geological report.

Mr. Mike Hamilton, the author of the report will be in Vancouver until January 28th and until then will be available to answer any questions.

The partnership is interested in discussing the further exploration and development of this property with any company which is prepared to mount a significant exploration property, e.g. a cumulative expenditure of \$2,000,000 by January, 1983 and is prepared to make cash payments to the partnership in the form of an initial downpayment, thereafter yearly advances (recoverable from net profit interest), and if the property is not in production by 1986 then yearly non-recoverable rental payments until production. There would be no production commitment deadline, however the optionee would not acquire title to the property until production commenced.

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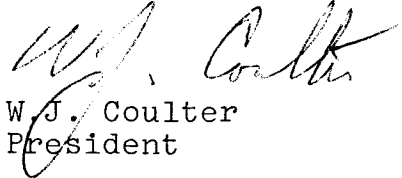
At production the optionee would acquire title to the property and the partnership would retain a 25% net profit interest.

The partnership can appreciate the complications that non-qualifying Canadian ownership companies might face with respect to uranium property development in Canada, and is prepared to discuss alternative terms provided potential benefits equal to or better than those mentioned above are indicated.

Thank you for your interest and your prompt consideration of this letter's contents.

Yours very truly,

W.M. BATH INVESTMENTS LTD.

A handwritten signature in cursive script, appearing to read "W.J. Coulter".

per: W.J. Coulter  
President

WJC:bdvp