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Minnova Inc.
Mining Innovation
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311 Water Street
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02 March 1988

Dusty Mac Mines Ltd.
P.O. Box 100
100 - 601 Cordova Street
Vancouver, BC
V6B 1G1

ATTENTION: G.H. Laycraft

Dear Mr. Laycraft:

RE: Dusty Mac Property, Okanagan Falls, B.C.
Annual Report to December 31, 1987

Only a small amount of exploration was conducted on the property by Minnova in 1987 due to the timing of the Option agreement. This involved the establishment of a 26 km picketed grid and the running of 21 km of pole-dipole IP.

The grid established duplicates the old Esso grid as closely as possible to facilitate the use of old data. IP results are still being analyzed but appear to show both the main mineralized trend and at least one subparallel trend to the southeast ('A' zone).

Up to December 31, 1987 Minnova had spent approximately \$29,315.52 on exploration on the property. A Certified Statement of Expenditures will be sent from our Toronto accounting department around July of each year to confirm that the commitments of the agreement have been fulfilled.

An integrated program of geology, geochemistry, drilling and possibly additional geophysics is being planned and will commence in late April. We are looking forward to a successful 1988 program and will keep you informed of any significant developments.

Feel free to call me if you have any queries.

Yours truly,



Ian D. Pirie
Senior Exploration Geologist
British Columbia

IDP/kgf