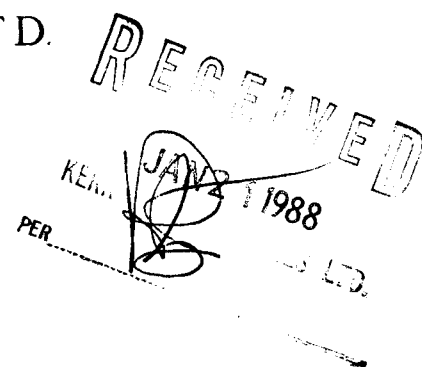


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SURF INLET MINES LTD.

January 15, 1988



Kerr Addison Mines Ltd.
703 - 1112 West Pender Street
Vancouver, British Columbia
V6E 2S1

Attention: Mr. R. Dujardin,
Regional Exploration Manager

Dear Mr. Dujardin:

Surf Inlet Mines Ltd., a junior mining company listed on the Vancouver Stock Exchange, presently owns and is currently exploring Surf and Pugsley Mines located on Princess Royal Island, northwestern British Columbia. Surf Mine operated during the early part of this century and produced over 850,000 tons grading 0.4 oz/ton and the adjoining Pugsley Mine produced over 150,000 tons at the same grade. Based on the historical data and recent work the Company considers the properties to have excellent potential for expanding ore reserves in both Surf and Pugsley Mines.

We at Surf Inlet Mines Ltd. invite your participation in a joint venture development and operation of both Surf and Pugsley Mines.

We look forward to hearing from you in the very near future.

Yours truly,

SURF INLET MINES LTD

A handwritten signature in cursive script that reads 'J.G.B. Michell'.

John G.B. Michell, P.Eng.
General Manager - Mining

JM/ss

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