

**Coronation Mines Ltd.**

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20  
February 10, 1996

Dr. R.H. McMillan & Members of the Mesabi Syndicate  
6606 Mark Lane  
Victoria, B.C. V9E 2A1

Dear Ron,

**Re: Moffat Creek Property**

The following is a chronology of events regarding the captioned property over the past several months:

1. I conducted several days of field work on the claims during early September, 1995 with the aid of one assistant. The trips in and out each day required crossing about 4 km of Okanagan Reserve land, for which crossings permission was not obtained. This forest access road is considered to be a public road, according to Mr. Nick May of the Dept. of Highways in Victoria.
2. Loggers were using the road at the same time. The young man who seemed to be in charge of the contract loggers, said the work was being done for the Okanagan Band. Selective logging of partially diseased trees was being done on band lands and continuing to the west right across the Moffat Creek FF Claims. I don't think Lee Granberg is a member of the band, but at least some of the works were. I discussed with him preparing access trails and drill sites with their small crawler tractor, and he was anxious to do so. However this had to await approval of our Notice of Work for the drilling.
3. On October 30, I telephoned L. Granberg, reaching him at the OK Band office, to discuss establishing drill access trails and pads when the Work Permit was obtained. He advised I seek written permission from the Band to cross their land, so a written request was sent the same day both by facsimile and by mail. (EMPR contacts the Band with any Notice of Work in their area, so I had assumed that was adequate notice. In retrospect, I guess the Band never responded to EMPR.)
4. The Notice of Work was applied for in early October, and the permit was granted by EMPR approximately Nov. 10.
5. Having had no response to my Oct. 30 letter, I phoned Mr. Jack Bass, the Manager of the OK Band office near Vernon. He advised that the Band Council had denied permission to cross to conduct our proposed drilling program. He said their experience with mining in the area of their reserve led to water well contamination. (I was unaware of any mines near their reserve.)

6. Over the next two weeks, calls were made to several government departments to no avail, other than to learn that the Dept. of Highways considered the forest access road as public.
7. On December 14, I again called Mr. Bass to see if the Band might reconsider. As a result, I prepared the detailed Dec. 15 letter about our company, our excellent environmental record in Idaho, our employment of a native diamond drilling company of a three year period, and outlining the proposal to drill five holes of approximately 90 m each on the FF Claims. This letter, of which you have a copy, was sent by fax and mail, and he said it would be considered at the Dec. 19 Band Council meeting (which was not held).
8. On January 16, 1996, I called Mr. Bass to inquire about progress. He said the Council had met the night before. Their decision was to offer a special meeting of Council at which Coronation Mines Ltd. should present oral and written reports on (1) the nature of the work program, (2) the environmental impact of such a program, and (3) archeological aspects of the area to be drill tested and impacts thereon. He also advised that to convene such a special Council meeting, Coronation would have to pay the costs of \$1100 in advance to the Band. Mr. Bass also forwarded this advice to me via a short fax on Jan. 22 (of which you have a copy).
9. On February 8, I sent him a letter by facsimile advising that Coronation was unwilling to bear the costs of preparing the above reports, and of convening and attending the proposed special Council meeting, and with no assurance of a successful outcome. In any event, environmental and archeological reports probably could not be prepared with several feet of snow on the ground. As a result, Coronation was abandoning plans to conduct the drilling program on the Moffat Creek property.

Best regards,

*Lloyd Clark*  
Lloyd A. Clark

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February 20, 1996

Dr. R.H. McMillan & Members of the Mesabi Syndicate  
6606 Mark Lane  
Victoria, B.C. V0E 2A1

Dear Ron,


**Re: Moffat Creek Property**

To follow is a chronology of events pertaining to the Okanagan Band as requested. We hope this may be of some value in settling the future of the Moffat property. As stated, we may wish to explore it in the future, but Coronation is unwilling to assume any further financial obligations at this time.

Regarding preparation of assessment reports for the Mesabi Syndicate properties, we are proceeding on the understanding that we will prepare full reports of our work for Blair, Moffat and Oleen. You are now in possession of the Mesabi report. The key compilation diagram(s) for each property will be completed and forwarded to you in one to three weeks by Rick. As stated, I am currently writing the Blair report, and with some luck, I hope to have it completed before leaving for Japan March 9th. Unfortunately, the final reports for the other two projects will be delayed considerably, but will certainly be completed well before the filing deadlines. We will not prepare reports on the Barnes and Pen properties.

I have to leave early tomorrow for a week up north, and then to Victoria for four days in early March.

Best regards,

  
Lloyd A. Clark