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Mr. Sam Craig
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Dear Sam:

Re: Kennedy River Gold Prospects

Pursuant to our conversation at Kennedy River a few days ago, I am submitting a proposal for further investigation of the potential of the properties.

There are three principal known zones of interest. The Bear - Black zones on the reverted Crown grants have been tested by about a dozen holes to depths of between 36 and 45 metres. Detailed surface sampling has returned grades on the Black vein of 0.402 oz/ton over a 0.72 metre width and a strike length of 23 metres and 0.311 oz/ton Au over a 1 metre width and a strike length of 27 metres on the Bear vein.

The Shack vein, on the boundary of the Captain Hook and Giant Bear claims, has a reported tonnage 37,000 tons grading between 0.560 and 0.7 oz/ton gold and over an average width of about 0.40 metre. This vein has been tested by 14 holes and my initial impression is that this tonnage estimate may be optimistic.

The Elite vein system on the Blaster claim has been tested by 14 holes to vertical depths of between 15 and 45 metres. Results of this drilling are not known but two exposed sections of vein have a reported combined average grade of 1.17 oz/ton gold over a 0.47 metre width.

From the foregoing, it is evident that there are some good surface gold values over fair widths in at least three zones. We definitely need to examine drilling results for these zones in detail to get some indication of grades at shallow depths and to determine tonnage potential.

As indicated previously, Hugh Anderson has half a room full of reports, rolled maps and miscellaneous files relating to work by International Coast Minerals and I would recommend that I spend the better part of a day going through this data, compiling a list of same and extracting one copy of everything I consider necessary to carry out a proper evaluation. I would then be prepared to transport the information to Tofino where we could spend a couple of days going through it to determine the next course of action.

