

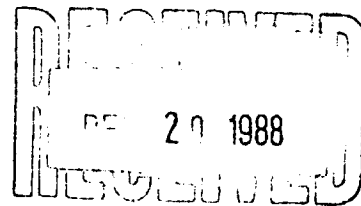
PASS LAKE RESOURCES LTD.

861334

December 19, 1988

Equity Silver Mines Limited  
Suite 13 - 1155 Melville St.,  
Vancouver, B.C. V6E 4C4

Attention: R. T. Heard  
General Manager - Exploration



Dear Terry;

Re: Pass Lake Resources Ltd. - Galore Creek Camp

Following our brief chat on the street last week about the exploration activity in the Galore Creek camp and the suggestion that we get together on your return from your travels, I have written to suggest a few topics of possible mutual interest as an agenda for a meeting.

I would like to introduce Jan Christoffersen to you. Jan is a geological engineer with 20 years in mining exploration, mostly with Amax, and is the president of Pass Lake Resources. He has directed Pass Lake to focus all of its property acquisition and exploration efforts in the Galore Creek area, based on his conviction that Galore Creek has the potential to rival the Iskut and Sulphurets gold camps.

Pass Lake has acquired, initially by option and purchase and latterly by staking, approximately 700 units in the camp (see map) located principally to cover upper triassic volcanics which are spatially related to alkalic intrusions.

The first property acquired, the TREK 1-6 claims, was optioned in mid-1988 to Lorica Resources. Equity Engineering carried out a program of geophysics (VLF-EM and magnetometer), rock and soil geochemistry (586 samples) and geological mapping on the TREK claims in 1988, resulting in the discovery of five new mineralized zones, including the Gully Zone which appears to be a volcanogenic massive sulphide deposit. The Gully Zone is exposed over 60 metres, and geophysics and soil geochemistry indicate a possible strike length of 800 metres. Two channel samples cut across the exposed zone at the end of the season assayed 5.3% Cu, 0.26 opt Au and 0.42 opt Ag over 3.6 metres and 4.1% Cu, 0.1 opt Au and 0.36 opt Ag over 2.0 metres. A program to further define, then drill, the Gully Zone is planned.

We are now offering option/ joint venture exploration interests on our other Galore Creek properties, per the joint venture proposal outline attached, and Jan and I would be more than pleased to review Pass Lake's property holdings with you at your convenience.

Pass Lake will continue to employ Equity Engineering (Henry Awmack/ Dave Caulfield) to carry out our Galore Creek programs. Equity is also acting for several other parties in the Galore Creek camp. They have done an excellent job to date, and we feel that in a rugged and remote area such as this, joint mobilizing/ expediting and joint use of drills, helicopters, camp facilities and other resources can be cost effective. Darrel Johnson at Lacana and Ed Yarrow at Mingold were interested in a Galore Creek group discussion to determine where joint activities might produce cost savings. Would this be of interest to Equity Silver/ Homestake?

Last, we would like to tell you more about Pass Lake, not only as a potential personal investment, but also as a possible Equity Silver acquisition if the Pass Lake's exploration results prove fruitful. At this time, the Company has net current assets of \$140,000, mostly cash, and expects that 1988 third party expenditures on its Galore Creek properties will be at least \$500,000. Pass Lake shares are presently trading at 22 cents for a market cap. of \$880,000 (4 mm shares issued).

When you are back in the office, please give me a call, and Jan Christoffersen and I will drop by for a visit to discuss these and any other topics of mutual interest.

Regards,



Don Sharp

DDS/PL-HEARD  
File: Equity Silver