

JAN 5 1982

KERR ADDISON MINES LIMITED

SUITE 703 - 1112 WEST PENDER STREET
VANCOUVER, B.C. V6E 2S1
PHONE 682-7401

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821K

LDB.
A.H.C.
P.S.C.
D.M.H.
W.J.
M.P.E.
J.B.S.
FILE

December 29, 1981

Mr. John Brock,
President,
Welcome North Mines Ltd.,
#1027 - 470 Granville Street,
Vancouver, B.C. V6C 1V5

Dear John:


RE: TILLICUM PROPERTY
BURTON, B.C.

On the assumption that the terms of your December 8th, 1981 letter are to be considered immutable, we must with the greatest of regret, consider ourselves removed from the fray.

We fully understand that your expenditures on the Tillicum Property have been fairly hefty and that your treasuries need to be replenished from time to time.

Under the circumstances, we can only wish you the very best of luck with this rather exciting prospect.

Yours sincerely,


W.M. Sirola,
Regional Exploration Manager.

WMS/cm

c.c. Mr. D.A. Lowrie, ✓
Vice-President, Exploration,
Kerr Addison Mines Limited,
P.O. Box 91,
Commerce Court West,
Toronto, Ontario. M5L 1C7

JAN 4 1982

KERR ADDISON MINES LIMITED

(FOR INTER-OFFICE USE ONLY)

To D.A. Lowrie *From* W.M. Sirola
Subject WELCOME NORTH MINES LTD. - TILlicUM PROPERTY
7 Miles East of Burton, B.C. - 82 K *Date* December 22, 1981

IDD
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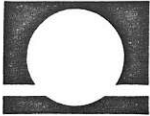
Before writing John Brock regarding our sentiments about this property, I thought you might be interested in reading his account of the type of deal he is looking for.

We did review Brock's terms in the November Monthly Report and it seems little point in repeating them again.

Under Brock's terms, he could easily mine out small pockets of high-grade while Kerr was in the process of trying to find some respectable tonnage which might only serve to provide John Brock with ingredients of a small producer but one which would not necessarily be adequate for Kerr's purposes. In any case, I don't like the idea of having to expend \$5,000,000. before any interest is acquired.

This property contains small, high grade (+20oz/ton Au) erratic, discontinuous silicified zones

W.M. Sirola,
Regional Exploration Manager.



WELCOME NORTH MINES LTD.

1027 - 470 Granville St., Vancouver, B.C. V6C 1V5 • Telephone (604) 687-1658

RECEIVED

DEC 11 1981

KERR ADDISON MINES LTD.

December 8, 1981

PER

Mr. W.H. Sirola
Kerr Addison Mines Limited
703 - 1112 West Pender Street
Vancouver, BC
V6E 2S1

Dear Bill:

Re: TILICUM PROPERTY

With respect to our recent conversations concerning your possible participation in further exploration and development of the TILICUM GOLD Property, we would be pleased to have you consider the following principal terms:

1. Kerr Addison would subscribe to a private placement of shares in the capital of Esperanza Explorations Ltd. and Welcome North Mines Ltd. in the following amounts in order to obtain the right to earn a 50 percent interest in the Property:

Esperanza Explorations Ltd.	150,000 shares at \$1.50/share
Welcome North Mines Ltd.	150,000 shares at \$1.50/share

2. Kerr Addison will earn a 50 percent interest in the Property by incurring exploration and development expenditures totaling \$5 million on or before December 31, 1985.
3. Upon earning a 50 percent interest in the Property, Kerr Addison will have a 60-day option to earn an additional 5 percent interest in the Property by purchasing shares as follows:

Esperanza Explorations Ltd.	150,000 shares at \$5.00/share
Welcome North Mines Ltd.	150,000 shares at \$5.00/share

4. Welcome/Esperanza's interest shall be carried and non-assessable until Kerr Addison makes a Production Commitment accompanied by a guarantee to complete the project.

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Mr. W.H. Sirola
Kerr Addison Mines Limited

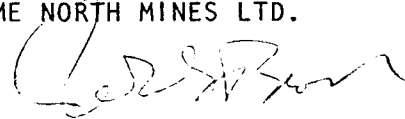
December 8, 1981

5. If Kerr Addison has earned an interest, but does not dilligently proceed with further work towards a Production Commitment, Welcome/Esperanza may at any time purchase their interest in the Property for \$2.5 million.
6. Until the time Kerr Addison has earned a 50 percent interest in the Property, Welcome/Esperanza will maintain the underlying 'Gustafson' option agreement and shall have the right to mine on a limited basis and sell up to 1,000 tons per year of mineral product from the Property.

We look forward to your early response as a number of other potential participants have expressed an interest in the TILLICUM Property.

Yours truly,

WELCOME NORTH MINES LTD.



John S. Brock
President

JSB:ld

If we consider the fact that exploration of the nearly 1,600 metres of the #1 vein has only yielded an ore reserve of 118,000 tons, the probability of developing an adequate ore reserve from the remaining targets which have been tested to some degree by past operators, does not loom very large. We will, however, complete a more detailed report before reaching a final conclusion.

CAR CLAIM - Quesnel Area 93A/3 East

Additional soil sampling by Fred Chow and Dieter Lowry did not enhance the Cu, Mo, and Au anomalies located earlier by Harold Jones. If the claim has any merit other than contact-type magnetite, such merit may be difficult to determine.

WELCOME NORTH/ESPERANZA TILLICUM PROPERTY 82 K

This property which we visited last summer is located 8 miles east of Burton B.C. Some rather spectacular high grade Au mineralization was mined from a small showing called the Money Pit and two bulk samples from this pit totalling 48 tons assayed 2.44 ozs. of Au and 1.83 ozs. of Ag per ton. Since then, an 8 km access road has connected the property with Burton. John Brock is seeking sufficient funds to complete 3,000 metres of diamond drilling plus underground work below the Money Pit. The deal he has proposed to Kerr Addison is as follows:

- 1) Take down 150,000 shares each of Welcome North/Esperanza at \$1.50 per share to net their treasuries \$245,000.
- 2) Spend \$5,000,000. on or before December 31st, 1985 to earn a 50% interest in the property.
- 3) Having earned 50%, Kerr Addison Mines Limited would have an option to buy 150M shares of each company at \$5.00 per share to obtain another 5% interest. The \$1,500,000. paid for these shares would go into the respective treasuries of Welcome North/Esperanza.
- 4) If Kerr Addison Mines Limited did not diligently pursue work on the property after a 50% position had been earned, Welcome North/Esperanza could purchase Kerr's interest for \$2.5 Million.
- 5) Until Kerr Addison Mines Limited has earned 50%, Welcome North/Esperanza would have the right to "high grade" 1,000 tons per year from the property.

Nonsense

Regardless of some very high grade pods of mineralization, continuity of minable grades has not been indicated and Welcome North/Esperanza could possibly mine out any other high grade pods that might be found while Kerr was in the process of drilling the property. Option of the Tillicum property on these terms is hard to advocate.