

5 October 1981

Box 4, Barkerville, B.C.

Sir:

I was very recently informed that your Company has interests in mineral resources other than petroleum. I am not certain if these interests involve 'hardrock' and/or placer developments, hence this letter.

My holdings consist of eight recorded and verified placer leases which form a contiguous group two and one quarter miles long and 5,000 feet in width. At the approximate centre of the surface group is an acreage of undersurface mineral rights under the same ownership thus offering exclusive unencumbered rights over a large area.

The entire group lies in the heart of the famous 'Barkerville Gold Belt', the mineral property being at the near centre of the richest known lode and placer deposits ever worked in the Cariboo. From this apex many workings extend northwest and southeast with gradually decreasing value proportionate to the distance from this apex. Presently, Mosquito Creek Mines Ltd., located approximately one and one-half miles northwest on the same gold belt, represents the only active lode producer in the region.

More recently, Wharf Resources Ltd. has been doing extensive work on the old Cariboo Gold Quartz property and plans are being made to mine by open pit, a surface outcropping showing assays of three to thirty ounces/ton in gold. A similar result of a Government assay done in 1887 showing 20.096 oz/ton gold,; 4.929 oz/ton silver indicating that this may be the same body of ore. The Cariboo Gold Quartz Company (1927-1967) did extensive underground work beneath the outcrop for many years and gained the reputation of being the 'Motherlode Mine' of the entire area. The old workings underground are some thirty-seven miles in extent, some of which broke to the surface while following several chutes of high grade ore. As such it has been said that the new company has experienced difficulties in locating suitable reserves. Re-purchase of private land rights sold by the company some years ago have not yet been successful nor have negotiations for acquisition of surface mineral rights been resolved. This includes, to small extent some of the writer's surface mineral holdings. No negotiations are further intended with the company and the writer feels that it would be impractical to parcel the present group which has equally high potential and strategic location, and would support sizable placer and/or undersurface operations for many years.

The southwestern limit of the old Quartz property was worked in the last years of operation of Cariboo Gold Quartz Mines and in fact supported operations with sizable new discoveries as predicted by an eminent geologist who studied the mine in the 1930's. In many discussions with miners who actually worked to the property line almost all have said 'We had to stop there because it didn't belong to us anymore.' This area forms the northern boundry of the writer's holdings from which over a hundred surface samples were gathered along outcrops and old surface workings giving credence to the miners statements.

Since the first discovery of gold on Lowhee and Stout's gulches in 1861 the two creeks were the largest contributors of placer gold in the area and though only the deep channels of both were worked, they supported the largest hydraulic operations

in the area until 1961, the last 'clean-up' being 2500oz taken from a relatively small area which was worked for approximately two or three weeks. Photographs of the operation's size and clean-up are on file. Owing to age and failing health the last operator suspended operations and the ground lay idle being worked by hand snipers whose efforts yielded one to seven ounces per day from crevices in the bedrock of the abandoned pit.

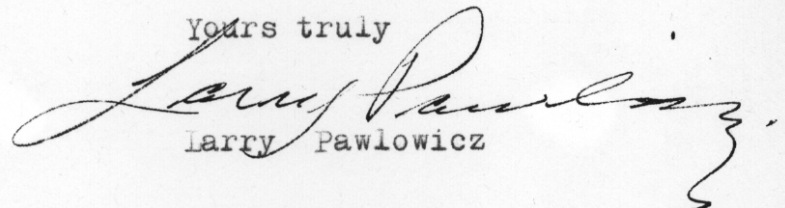
This writer has been concerned, almost exclusively, with the area since 1970 to the present time and evaluations are made from hand operations conducted annually in many places across the holdings as conditions permit the best duty of water for such operations.

Many of the earliest production records vanished forever with the Barkerville fire which destroyed the entire town in 1868. Records kept elsewhere still survive in archives and indicate yields of 3,037 from a shallow bench; 102 lbs/day from a shaft near the southwest corner of the present holdings. Lowhee creek many years after the richest surface and drift workings had been exhausted was hydraulic mined and thus the old workings were reworked producing 74,022ozs. Government officials compiling these reports state that, owing to royalty taxes then in effect these figures represent conservatively 30% of actual production.

Should the mentioned holdings be of interest to your company please reply at the earliest convenience. In spite of the late season, it may yet be possible to inspect the claims this year and thus allow sufficient planning period for the coming mining season.

Telephone Message: 994-3345

Yours truly


Larry Pawlowicz

MINING DIVISION: CARIBOO

