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HYPower SYSTEMS INC.

January 27, 1989

Giant Yellowknife Mines Ltd.
P.O. Bag 3000
Yellowknife, N.W.T.
X1A 2M2

Attention: Mr. Kent Morten

Dear Sir:

Per our discussions, we are pleased to provide the following update on the above referenced project:

1) Site Visit

Unfortunately, Pall Corporation are finding this task difficult to co-ordinate within the short frame specified. In the meantime, we would suggest that you or your representative(s) contact the following companies by telephone, to review the past operating history of their Pall PSS blowback filters:

Reference Users - G.E. Fumed Silica Plant, New York
Contact: Jim Brong

- Firmenta (high temp) Herbicide
Contact: Jim Amodeo

The above references have been users of Pall products for many years.

Pall will continue to lobby for a site visit at the earliest convenient time for all parties involved. Please be assured that Pall is active in co-ordinating this event but are somewhat limited to the extent of the availability of the users of our products.

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2) Secrecy Agreement

We are informed that this document has been forwarded to you on January 30th, '89.

3) SLS Assisted Testing

After Pall's review of this very necessary step to optimizing the Pall recommendation for this unique application, we have been informed by Norm Cathcart that Dr. Tore is awaiting test data reports and process information necessary for a proper evaluation. SLS (Scientific Laboratory Services), is very keen to begin study of this application but must receive this information before an action schedule can be formalized.

We trust these interim proposals are satisfactory. If you have any questions, please call me.

Yours truly,

HYPOWER SYSTEMS

Barry McLeod
Manager,
Process Fluid Filtration

BM/jt
Encl: