

GCNL #208 29 OCT 1986

RODDY RESOURCES INC. (ROD-V) 92F201
RHYOLITE RESOURCES INC. (RHY-V)

RODDY SAYS JOINT - Roddy Resources Inc., in response VENTURE DOES EXIST the announcement by Rhyolite Resources Inc.'s announcement that negotiations for 50/50 joint venture on Texada Island, B.C., have stopped, (GCNL 206(86) p.3 refers) indicates that a joint venture exists and is in good standing. Roddy is reviewing its options under the agreement including enforcing its rights by litigation. Roddy has to date advanced \$165,000 to the joint venture. In reporting this, Roddy director Jack E. Lovelock says this in no way affects Roddy's major project, the Bighorn heap-leach gold property in Arizona which is scheduled to be in production by 30Nov86, and is expected to process 500,000 tons of ore and to produce 30,000 plus ounces of gold over the next 12 months.

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12 NOV 86 RODDY RESOURCES INC. (ROD-V,T) GCNL 217
BIGHORN OPEN PIT HEAP LEACH GOLD MINEINTEREST INCREASED TO 100% WITH NEW FUNDING

Roddy Resources has announced an agreement to pay \$2,000,000 U.S. now plus \$1,300,000 by Dec. 31, 1987 to earn a further 50% interest, to then own 100% interest, in the Bighorn open pit heap leach gold mine near Wickenburg, 90 miles northwest of Phoenix, Arizona. The joint venture partner J. Devins Resources Group Inc. has agreed to sell its interest. To fund the acquisition Roddy is negotiating a private placement of 900,000 shares at \$3.50 Can. each, \$3,150,000 to a European institution, with Lion Mining Corporation of London, U.K. as fiscal agent. Roddy now has 3,772,970 shares issued.

The Bighorn is scheduled to start production Nov. 30, 1986 and process 500,000 tons to produce 30,000 plus oz. gold in the succeeding 12 months. Ore reserves were reported in June 1986 at 1,200,000 tons grading 0.09 oz. gold/t. Laboratory tests showed a 75% gold recovery in 170 hours. Test pad leaching of half-inch material yielded 65% gold recovery in 10 days, with three-quarter inch material yielding 55% recovery in 10 days. Cyanide consumption is indicated to be less than one pound per ton. All necessary permits to full scale production have been received. The property contains four zones of significant epithermal-type gold mineralization, each up to 130 feet wide and having been traced over a length of 3,200 feet.

TEXADA ISLAND GOLD MINE LAWSUIT - Roddy Resources Inc. has initiated a lawsuit in the B.C. Supreme Court to cause RHYOLITE RESOURCES INC. (RHY-V) to perform its obligation under the joint venture agreement on Texada Island, B.C. On Oct. 28, 1986, Rhyolite reported that the joint venture with Roddy will not proceed. To Oct. 28, 1986 Roddy had advanced \$165,000 to the venture.

On July 31, 1986 Rhyolite announced an agreement whereby Roddy could earn up to a 50% interest in the 75/100 tons concentrator, planned to be increased to 200 tons per day in early 1987, and the mine on Texada Island by funding the plant completion, estimated at \$310,000. Rhyolite is operator. (See GCNL NO. 197, P. 2., Oct. 14, 1986 for detail).

In April 1986 Roddy entered an agreement to pay \$50,000 and fund a two phase \$600,000 work program to earn a 50% interest in the Lucky Jim property, also on Texada Island, owned at that time 100% by BUTLER MOUNTAIN MINERALS CORP. (BMM-V) Roddy is also to issue 150,000 treasury shares to Butler Mountain to complete that purchase.

On Oct. 23, Rhyolite received V.S.E. approval to buy 5 crown granted claims on Texada and at Yale, B.C. for \$7,500 and 35,000 Rhyolite shares.

On Nov. 5, 1986 Rhyolite reported acquiring an option on the Holly Crown grant and 20 adjoining claims all adjoining the Texada holdings. Very high grade samples, 70 to 90 oz. gold/ton have been taken from the Holly where prior wide-spread drilling indicated a horizontal mineralized limestone bed below a thin cap of volcanic rock which appears to have dimensions of at least 1000, by 1000 feet and 2 feet thick. Drill assay results from the mineralized zone averaged 0.376 oz. gold/t, not including an anomalous zone in altered volcanics below the limestone which in one drill hole returned 3.761 oz. gold/t over 1 foot. Rhyolite has scheduled a program of pattern drilling to systematically investigate this zone.