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K file?

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*Returned by
GM 8/4/88*

January 11, 1988

Mr. Richard C. Baxter
Aabbax International Financial Corp.
470 - 1040 West Georgia Street
Vancouver, B.C.
V6E 4H1

Dear Sir:

Re: Allies Drilling Project

The drilling was completed during the first three weeks of December. A total of 1,337 feet of NQ wireline drilling was completed in three holes. Unfortunately because of drilling problems, the original number 2 hole was lost and had to be redrilled. The originally planned number 3 hole could not be drilled then because of budget constraints. I am enclosing a plan showing the location of these drill holes as well as two copies of the drill logs.

In summary, the holes tested the "main showing" area for the source of the large number of mineralized boulders located there. No significant mineralization was encountered, thus eliminating the area immediately northwest of the "Discovery Shaft" as a possible source area.

I am enclosing my invoice which includes all costs other than the direct drilling costs. I am having a dispute with the drilling company over some of their costs, but hope to have the matter resolved shortly.

Yours truly,

DAWSON GEOLOGICAL CONSULTANTS LTD.

James M. Dawson
James M. Dawson, P.Eng.

/dk
Encl.

DIAMOND DRILL RECORD

PROPERTY: ALLIES

HOLE NO. 87-A-1

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Dip and Azimuth Test		
Corrected		
Footage	Angle	Azimuth

Core Size NO
 Angle of Hole -45°
 Claim
 Grid Loc
 Bearing 016°T

Total Depth 500'
 % Recovery 94.65
 Elev. Collar
 Latitude 0 + 90N
 Departure 0 + 99W

Logged by BD
 Date Started
 Date Finished
 Core Stored At Property

Depth	Core Lost	Description	Sample No.	Sample Width				
0-40'		Casing						
40-42'	0.6	Broken core fragments of picrite; weak serpentinization, chloritization.						
42-44'	1.0	Core fragments of competent picrite intermixed and grading into intensely clay altered, friable material - fault gouge? (pale greenish gray).						
44-64.0		Friable, clay altered zone continues, ranging in colour from pale greenish grey to greyish beige - gritty with small fragments of picrite, also includes large unaltered competent fragments.						
		Core Loss:						
	1.0	44-47						
	4.3	47-54						
	3.4	54-64.0						
		62.2-62.6 rust brown breccia fragments (?)						

PROPERTY: ALLIESHOLE NO. 87-A-1Page 2 of 4

Depth	Core Lost	Description	Sample No.	Sample Width				
		in a serpentized groundmass						
		all core to this point weakly magnetic.						
64.0-166.5		Conglomerate with overall rusty brown colour,						
		comprised of great size and compositional						
		assortment of fragments - includes feldspar						
		porphyry, maroon to greenish grey volcanics						
		fine grained sediments, picrite (?); hematite						
		stained fragments.						
		Some quartz throughout matrix, including						
		small clear crystals lining scattered open						
		spaces between fragments; also minor white						
		calcite infilling						
		Core generally quite competent except for						
		section 64.0-82.0 where it is very broken,						
		friable						
		Traces of pyrite as small grains; erratic						
		weak magnetism.						
		Core Loss:						
	2.3	64.0-73.0						
	4.7	73.0-79.0						
	1.75	79.0-82.0						
	.5	82.0-91.0						
	2.0	91.0-97.0						
	0	97.0-105.0						
	0	105.0-115.0						

PROPERTY: ALLIESHOLE NO. 87-A-1Page 3 of 4

Depth	Core Lost	Description	Sample No.	Sample Width				
	0	115.0-126.0						
	0	126.0-136.0						
	0	136.0-146.0						
	3.7	146.0-154.0 (?)						
	0	154.0-156.0						
	0	156.0-166.5						
166.5- 176.8	0	Dark grey volcanic with small feldspar phenos 1-2mm in diameter, rarely larger, also similar sized zeolite-filled (?) amygdules Calcite along tight fracture Weakly magnetic.						
176.8- 318.3	0	Similar to 64.0-166.5, competent rock throughout except for broken friable interval 287'-289'						
318.3- 351.0	0	Similar to 166.5-176.8, sparsely vesicular, greyish blue coating on some broken surfaces.						
351.0- 382.0		Brecciated (?) volcanic with generally dark dirty brown coloured matrix, includes several foreign rock fragments (dominated by feldspar						

DIAMOND DRILL RECORD

PROPERTY: ALLIES

HOLE NO. 87-A-2

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Dip and Azimuth Test

Footage	Corrected	
	Angle	Azimuth

Core Size NO
 Angle of Hole -45°
 Claim
 Grid Loc
 Bearing 035°T

Total Depth 336'
 % Recovery 89.02%
 Elev. Collar
 Latitude 0 + 58N
 Departure 0 + 75W

Logged by BD
 Date Started
 Date Finished
 Core Stored At

Depth	Core Lost	Description	Sample No.	Sample Width				
0-59.0	-	Casing						
59.0-								
73.0	9.2	Dark grey basalt with a faint maroon tinge; vesicular in part.						
73.0-								
80.0	5.7	Picrite: first part of interval is breccia fragments cemented together by clay; last 10" solid rock (core loss presumably in clay section).						
80.0-								
104.5	5.5	Brecciated picrite: intensely clay altered throughout variably friable.						
104.5-								
112.9	0	Maroon-coloured volcanic; brecciated and intensely clay-altered to 107.5.						

PROPERTY:

ALLIES

HOLE NO.

87-A-3

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Depth	Core Lost	Description	Sample No.	Sample Width				
326.0-								
327.0	0	Picrite as previous.						
327.0-								
339.0	0	Conglomerate as previous; includes several large pieces of greenstone.						
339.0-								
362.0	0	Picrite; brecciated; chloritized; extensive clay alteration; variably friable.						
362.0-								
367.3	0	Conglomerate as previous; includes 8 cm felsic fragment at 366.5'						
367.3-								
376.0	0	Brecciated picrite; chloritized; some clay alteration.						
376.0-								
386.0	0	Conglomerate as previous						
386.0-								
404.0	0	Picrite as previous.						
404.0-								
423.0	0	Conglomerate as previous; broken somewhat friable zone 420-421.5'						

