

Box 129,
Silverton, B. C.,
VOG 2B0,
January 26, 1981.

Fds

Personal & Confidential

Mr. W. P. Hammond,
President,
Andaurex Resources Inc.
Suite 200, 931 Yonge Street,
Toronto, Ontario,
M4W 2H7.

Dear Paul:

Re: Discussions with Riocanex regarding their thoughts
and plans for their Alwin Creek Property near
Silverton, B. C.

While on our last trip to Vancouver I had lunch with Dave Petersen of Riocanex, Senior Geologist, on January 15th. During this meeting I was apprised of the following information regarding the Alwin Creek Property operated jointly by Riocanex and British Petroleum and which adjoins our L. H. Gold Prospect southeast of Silverton, B. C. The area just east is about a claim south of our boundary.

1. They have jointly approved their budget for this project and are returning in the Spring of 1981 for further drilling and geological investigations on their Rockland Option and surrounding ground at Alwin Creek.

2. They believe that there are three stages of intrusive activity indicated:

First:	With a MoS ₂ stockwork system
Second:	Cut off the first stage to a varying extent
Third:	Provided Au mineralization

3. They think that their Cu-Mo potential may be limited because of subsequent intrusions but this limitation may not effect us to the same degree on our ground to the northeast. We may still have a Mo potential as well as gold.

4. The Au mineralization appears to be associated or contained in a breccia dyke system possibly associated with or related to clusters of breccia pipes occurring along a NE-SW trending structure within the known roof pendant. They estimate the known breccia dyke on their property to be approximately 30 to 40 meters in width, at least 300 meters long, vertical or nearly so, and open to the NE and to the SW. (Drill hole intercepts of 40 to 50 meters in angle holes indicate a true width of 30 to 40 meters). Gold values are in the 5 gram/tonne or approx. 0.15 oz./t range, from a composite of 29 samples.

5. The fragments within the breccia dyke range from about 1mm in size to 5mm and some fragments are seen to be composed of older granite containing traces of stockwork Mo mineralization.
6. The opinion was expressed that breccia pipes occur in clusters and that they have at least one on their ground and that others extend on our ground to the NE.
7. Riocanex (with B.P.) will continue a major exploration program in 1981.
8. Geological mapping, rock geochemistry and angle (-45°) surface diamond drilling appears to be the most suitable exploration approach. Grid rock sampling for geochemical analyses is preferable where possible and hole spacing in the range 50 meters or less may be necessary.
9. Rock samples should be analysed geochemically for Cu, Mo, Au, As, Sb, Woz, F and Hg.
10. Silicification generally appears approximately 20' before Au mineralization commences and may indicate proximity to mineralization.
11. Depth of mineralized breccia dykes is probably dependent on depth of the roof pendant and is probably irregular.
12. Dave Petersen is currently on vacation in South Africa and has received permission to visit a mine there (Messina) which they believe could be similar geologically to their Alwin Creek prospect.

It was expressed that this area is the most interesting and significant Au prospects in the west.

Best regards.

Sincerely,

J. M. Anderson.