

J. R. Woodcock Consultants Ltd.

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December 20, 1972

Mr. J. J. Rankin
Jorex Limited
600 - 85 Richmond Street West
Toronto 1, Ontario

Dear Joe:

Re: Coranex - Peach Lake Property

I have briefly discussed the Peach Lake property with Mr. Jim Allen, Exploration Manager for Amax and he confirms that Amax would like to continue its program in 1973. In 1972 Amax exceeded its necessary budget expenditures by about \$9,000 and did not have time to complete the exploration. One factor in not completing the program was that some additional ground on the northwest boundary of our claim group was needed. This ground subsequently came open. It has been re-staked and it will be included in the area of influence of the Coranex property. The other factor is that the geologists have been reviewing the data and arriving at additional ideas and targets that could be tested.

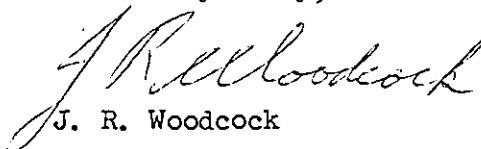
Mr. Allen would like to have the \$50,000 work commitment reduced to \$25,000 for 1973 so that Amax could put in some more percussion drill holes in these extra targets. As you have seen from the reports submitted, traces of copper are widespread but no ore grade intersections have been obtained. It might be very difficult to get someone else to work on the property and I recommend that we accept the offer to do another \$25,000 worth of work in 1973.

Amax, like most American copper companies, is having its exploration budget squeezed and so is considering joint-venturing some of its projects, probably with an oil company. Amax has a large block of claims south of Spout Lake which it acquired prior to optioning the Coranex ground. One good intersection of copper mineralization has been obtained on this ground. Jim Allen is considering the possibility of joint-venturing the work on the Amax ground and would like to include the Coranex ground.

I don't know how the agreement with Coranex deals with such a possibility. However I suggested to Jim Allen that I doubted if there would be much objection, provided the company was suitable to the Coranex Developers.

Please ask the Coranex Developers to consider the suggestions herein and let me know the consensus of opinion.

Yours very truly,


J. R. Woodcock

JRW:mb