

PROSPECTING

R E P O R T

on the

Au PROPERTY,

TOFINO AREA, ALBERNI MINING DIV.,

VANCOUVER ISLAND, BRITISH COLUMBIA.

for

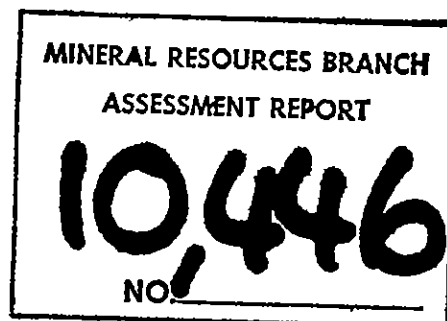
Au RESOURCES LTD.

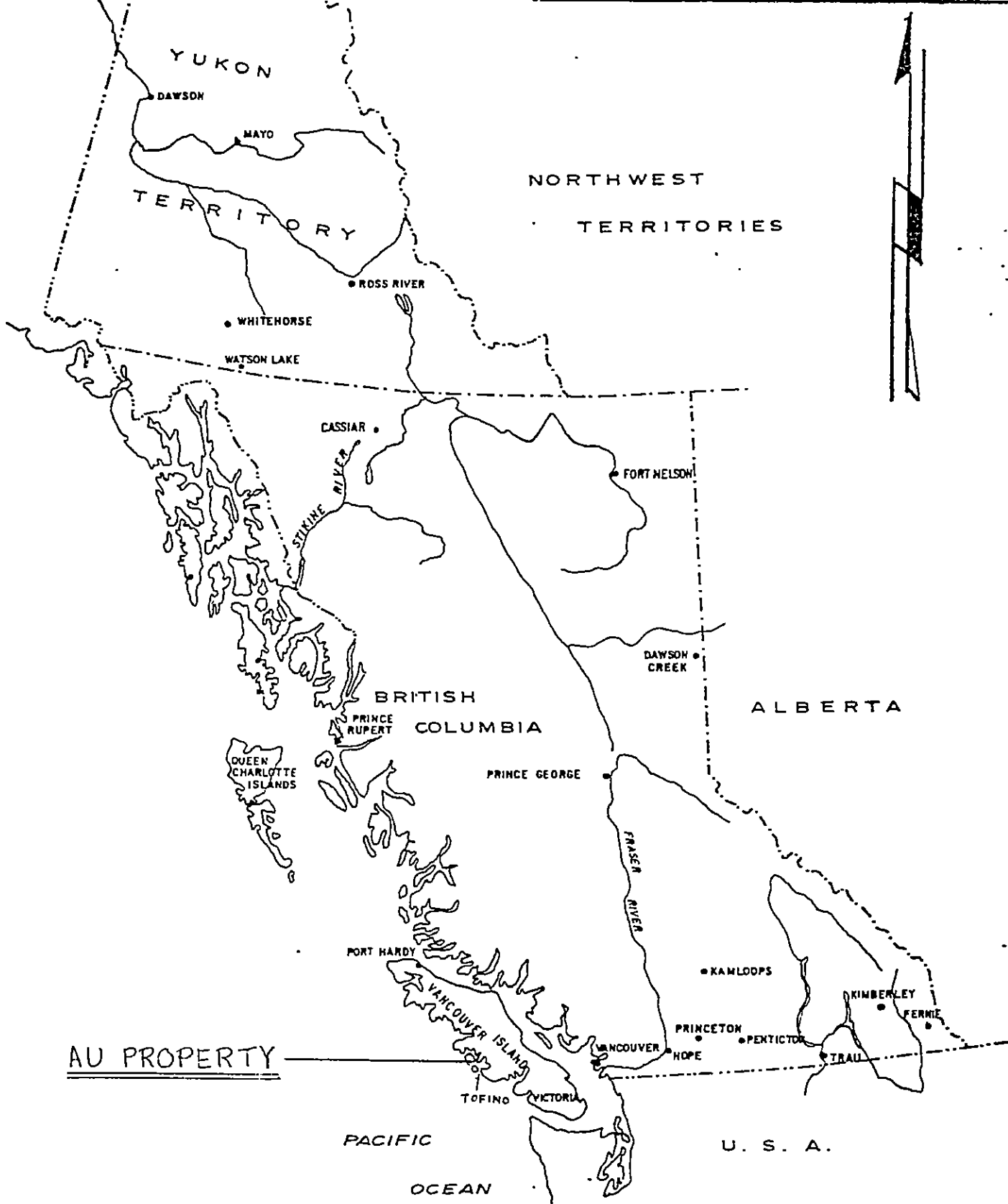
by

R.W. PHENDLER, P. Eng.

Vancouver, Canada

August 20, 1981





LOCATION MAP	
VANCOUVER	BRITISH COLUMBIA
AU RESOURCES LTD	
AU PROPERTY, ALBERNI MINING DIV.	
SCALE 1:12,672,000	
NTS.	DATE AUG., 1981 FIG. No. 1

1" = 200 MILES

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ILLUSTRATIONS

Fig. 1 - Location Map	1" = 200 Miles
Fig. 2 - Property Map	1 : 10,000

PART "A"

SUMMARY AND CONCLUSIONS

Lying on the west coast of Vancouver Island where a number of gold-bearing quartz veins have been discovered, the Au property consists of a number of gold and silver bearing structures that warrant additional attention. These generally northerly-trending zones appear to be related to the major fault that is believed to lie within Matilda Inlet and up which mineralizing solutions may have been transported.

Two distinct types of mineralization exist on the Au claims. The steeply-dipping, narrow quartz veins are generally quite narrow but at least three distinct veins were observed in the #2 zone that suggests that a number of them may be present within a wider zone that could possibly be exploited together. Gold values are impressive with grades of 3.850 oz, 0.650 oz and 3.160 oz being returned across widths of 0.3'.

The gently-dipping pyritic zones are somewhat more difficult to exploit and generally less continuous but also contain appreciable gold and silver values. They can be tested rather readily by the use of short vertical drill holes and this should be undertaken.

RECOMMENDATIONS

It is recommended that:

- 1) A grid be established at 100 meter intervals.
- 2) A geochemical survey for gold and silver be carried out over the claims.
- 3) Trenching be carried out on the #2 Zone veins by drilling and blasting.
- 4) A program of trenching, possibly by backhoe be carried out on the #1 and the #3 zones.
- 5) Short hole diamond drilling be carried out.

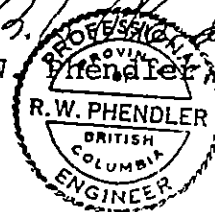
COST ESTIMATE

1) Establishment of grid -12 km x \$200/km	\$2,400
2) Geochemical survey -240 samples @ \$5/sample	1,200
3) Assays for Au and Ag 240 x \$4.00	960
4) Trenching - drill & blast	3,000
5) Trenching, mechanical	10,000
6) Diamond drilling -300 mtrs. @ \$100/mtr.	30,000
7) Mobilization	5,000
8) Engineering & Geology	5,000
9) Travel and Accommodation	<u>5,000</u>
	Total - \$62,560
	15% Contingencies - <u>9,384</u>
	Grand Total \$71,944

The sum of \$72,000 should be made available to carry out the above program.

Respectfully submitted,

R.W. Phendler P. Eng.



PART "B"

INTRODUCTION

At the request of Mr. M. Tsuida of Au Resources Ltd., the writer examined the Au property on July 29, 1981. He was guided by Mr. B. Tsuida and Mr. L. Hansen of Vancouver and Ahousat respectively. During the examination all showings were visited and eleven chip samples were taken. These were assayed by Acme Analytical Laboratories, Vancouver.

LOCATION AND ACCESS

The Au property is located about 110 kilometers west of Alberni and 25 kilometers northwest of Tofino on the west coast of Vancouver Island in British Columbia. It is located on the west side of McNeil Peninsula on Flores Island about three kilometers north of Ahousat on Matilda Inlet.

Access from Tofino, which can be reached by car from Port Alberni by taking Highway 4 to its west end is by boat for about 30 minutes. Ahousat is the nearest village where a few people reside, among them, Mr. L. Hansen, co-vendor of the property.

The property rises from sea level to about 120 meters and contains ample timber and water for exploration purposes.

PROPERTY AND OWNERSHIP

The Au property is jointly held by L. Hansen, M. Tsuida and B. Tsuida (private agreement) and is composed of the 6 unit Au claim. It was originally staked by S. Hansen on June 14, 1977 (2 units) and transferred to L. Hansen on December 29, 1978.

On June 8, 1981 the original claim was abandoned and the

present 6 unit claim (record no. 1250) was located on June 10, 1981 by L. Hansen. It was recorded in June, 1981.

The claim is being acquired by Au Resources Ltd.

HISTORY

The area was originally prospected in 1902 by Mr. James Beck who discovered occurrences of chalcopyrite and magnetite. The property was known as the Ormand prospect and has received considerable attention, essentially on the west side of Matilda Inlet. Mr. L. Hansen has held the property since 1954. It was known as the Lemay property at that time.

In 1967 the property consisted of 34 mineral claims and was held by Van West Minerals Ltd. A considerable amount of work was carried out including trenching, diamond drilling and geophysical work. At this time it was recognized that McNeil peninsula contained gold bearing structures and a small amount of hand trenching was carried out. A small diamond drilling program was carried out but results are not available. Most of the work was carried out on the west side of Matilda Inlet.

GEOLOGY AND MINERALIZATION

The area in which the Au property is located is underlain by gneissic volcanics and metadiorite of Jurassic Age. Minor bands of limestone and chert are also present interbedded with the volcanics, the former altered to skarns with occurrences of chalcopyrite and magnetite.

Mineralization in the Au claims consists of mineralized quartz veins and gently dipping pyritic zones within volcanic rocks.

With the limited amount of trenching, no single mineral zone has been exposed over more than a few feet of strike length. However, the grades returned are impressive.

Samples taken by the writer are as follows:

<u>Sample No.</u>	<u>Width</u>	<u>oz Ag</u>	<u>oz Au</u>	<u>Location</u>
1751	1.5'	0.01	0.001	#1 Zone, quartz vein
1752	grab	0.01	0.001	" "
1753	0.5	8.60	0.098	#1 Zone, flat lying pyrite zone
1754	2.0'	0.08	0.006	#3 Zone, flat lying quartz band
1755	1.5'	0.09	0.149	#3 Zone, flat pyrite zone
1756	1.0'	0.03	0.012	#3 Zone, pyrite, malachite
1757	0.3'	0.01	0.003	#3 Zone, quartz vein
1758	0.3'	2.82	3.850	#2 Zone, quartz vein
1759	0.3'	0.89	0.650	" "
1760	0.3'	0.13	0.144	" "
1761	0.3'	2.01	3.160	" "

COMMENT

The numerous showings on the Au property have apparently received little serious work. Diamond drilling has been carried out in the past on at least the #1 and the #2 Zones but records are not available.

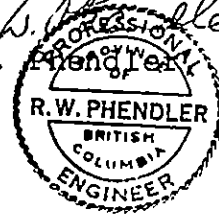
The location of the gold bearing quartz veins in the #2 Zone preclude the use of mechanical equipment. The steep slopes near sea level are awkward and the veins could be extended by trenching, etc.

A small bulldozer or backhoe may be useful on the #3 and the #1 Zones and short vertical drill holes to investigate the gently dipping pyritic zones should be drilled. Some of this type of exploration may have been carried out in the past but records are obscure.

The gold values are impressive and the veins should be traced along strike. Additional work is warranted.

Respectfully submitted,

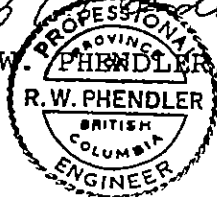
R. W. Phendler
R.W. Phendler P. Eng.



C E R T I F I C A T I O N

I, R.W. PHENDLER, of 7360 Decourcy Crescent, in the Municipality of Richmond, in the Province of British Columbia, hereby certify as follows:

- 1) THAT I am a registered member of the Association of Professional Engineers of British Columbia - No. 4421 - 1963.
- 2) THAT I am a graduate of McGill University, Montreal, with a Bachelor of Science degree in geology.
- 3) THAT I have practiced my profession continually as mine, exploration and consultant geologist for the past 28 years in all parts of Canada, the U.S.A., Mexico, Peru, Colombia and Chile.
- 4) THAT I have no interest directly or indirectly in the Au claims nor do I own directly or indirectly any shares of Au Resources Ltd., nor do I expect to.
- 5) THAT the information contained in this report was compiled as a result of my examination of the Au claims on July 29, 1981.
- 6) THAT I hereby consent to the publication of my report entitled "Report on the Au property, Alberni Mining Division, British Columbia", dated August 20, 1981 in a prospectus or a statement of material facts.

R.W. Phendler
R.W. PHENDLER, P. Eng.
A circular seal for a Professional Engineer in British Columbia. The outer ring contains the text "PROFESSIONAL ENGINEER" at the top and "BRITISH COLUMBIA" at the bottom. The inner circle contains the name "R.W. PHENDLER" and "P. Eng." to its right.



To: Mr. Roy Phendler,
7360 Decourcy Cres.,
Richmond, B. C. V7C 4E9

ACME ANALYTICAL LABORATORIES LTD.
Assaying & Trace Analysis
852 E. Hastings St., Vancouver, B.C. V6A 1R6
Telephone: 253-3158

File No. 81-0948

Type of Samples Rocks

Disposition _____

ASSAY CERTIFICATE

Ahouset Project

No.	Sample	Au oz/ton	Ag oz/ton					No.
1	001751	.001	.01					1
2	001752	.001	.01					2
3	001753	.098	8.60					3
4	001754	.006	.08					4
5	001755	.149	.09					5
6	001756	.012	.03					6
7	001757	.003	.01					7
8	001758	3.850	2.82					8
9	001759	.650	.89					9
10	001760	.144	.13					10
11	001761	3.160	2.01					11
12								12
13								13
14								14
15								15
16								16
17								17
18								18
19								19
20								20

All reports are the confidential property of clients.

DATE SAMPLES RECEIVED Aug. 5, 1981

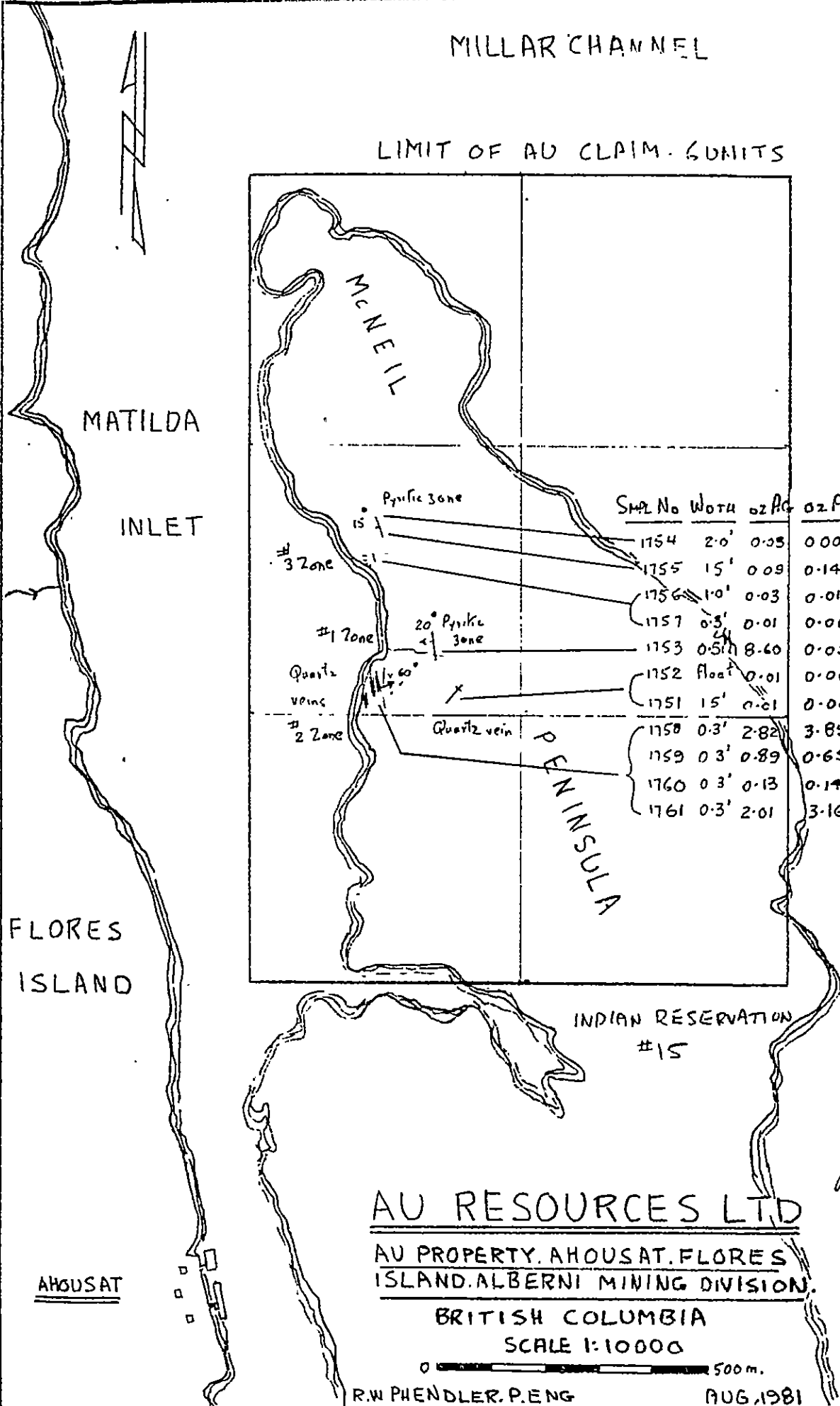
DATE REPORTS MAILED Aug. 13, 1981

ASSAYER

D. Toye
DEAN TOYE, B.Sc.
CHIEF CHEMIST
CERTIFIED B.C. ASSAYER

MILLAR CHANNEL

LIMIT OF AU CLAIM. 6 UNITS



SMP. No	Width	oz Ag	oz Au	Notes
1754	2.0'	0.05	0.006	vuggy qtz
1755	15'	0.09	0.149	pyrite zone
1756	1.0'	0.03	0.012	pyrite malachite
1757	0.3'	0.01	0.003	quartz vein
1753	0.5'	8.60	0.098	pyrite bedded
1752	float	0.01	0.001	quartz
1751	15'	0.01	0.001	quartz vein
1758	0.3'	2.82	3.850	" "
1759	0.3'	0.89	0.650	" "
1760	0.3'	0.13	0.144	" "
1761	0.3'	2.01	3.160	" "

AU RESOURCES LTD

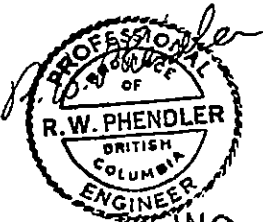
AU PROPERTY. AHOUSAT. FLORES ISLAND. ALBERNI MINING DIVISION.

BRITISH COLUMBIA
SCALE 1:10000

0 500m.

R.W. PHENDLER, P. ENG

AUG. 1981



TOFINO
25 KMS.

Fig. 2

Cost Statement

Wages June 16-22/81, 7 days, 2 men @ \$100/d	1400.00
July 21-31/81, 11 days, 1 man @ 100/d	1100.00
Food and accom.	427.04
Transportation, car, ferry, and water taxi.	394.53
Assays	198.40
Explosives	517.15
Geological (prospecting) report.	1728.45
	<hr/>
	5765.57

T.K.

Constructed 1170 metres of trail and 32 metres of trenching.