

SUPERINTENDENT OF BROKERS
AND
VANCOUVER STOCK EXCHANGE

004082

STATEMENT OF MATERIAL FACTS (#10/88)

EFFECTIVE DATE: FEBRUARY 11, 1988

BLACK LABEL RESOURCES INC.
606-837 West Hastings Street,
Vancouver, B.C., V6C 1B6 PH: (604) 681-1064

NAME OF ISSUER, ADDRESS OF HEAD OFFICE AND TELEPHONE NUMBER

880 - 885 West Georgia Street, Vancouver, B.C., V6C 3H1

ADDRESS OF REGISTERED AND RECORDS OFFICES OF ISSUER

The Canada Trust Company
1055 Dunsmuir Street, Vancouver, B.C., V7X 1P3

NAME AND ADDRESS OF REGISTRAR AND TRANSFER AGENT FOR ISSUER'S SECURITIES
IN BRITISH COLUMBIA

The securities offered hereunder are speculative in nature. Information concerning the risks involved may be obtained by reference to this document; further clarification, if required, may be sought from a broker.

OFFERING: 500,000 Common Shares

| | Estimated Price to Public(1) | Estimated Commission | Estimated Net Proceeds to be received by the Issuer(2) |
|-----------|---------------------------------|-------------------------|---|
| Per Share | \$0.50 | \$0.0375 | \$0.4625 |
| Total | \$250,000.00 | \$18,750.00 | \$231,250.00 |

(1) To be calculated in accordance with the Rules of the Vancouver Exchange.

(2) Before deduction of the costs of this issue estimated to be \$7,500

ADDITIONAL OFFERING: 250,000 Common Shares

The Agent will receive Agent's Warrants entitling them to purchase a total of 250,000 shares in return for guaranteeing the sale of the Shares of the Issuer hereby. This Statement of Material Facts qualifies the issuance of the Agent's Warrants, the issuance of shares acquired on exercise of the Agent's Warrants and the sale at the market price at the time of sale of any shares acquired by the Agent pursuant to their guarantee. The Agent may sell any shares acquired on the exercise of the Agent's Warrants without further qualification. The Agent will receive the proceeds of the sale of such shares and none of these proceeds shall accrue to the Issuer. See "Plan of Distribution" for further information concerning the sale of the shares.

AGENT:

CONTINENTAL CARLISLE DOUGLAS
1000, 1055 Dunsmuir Street
Vancouver, B.C.

Neither the Superintendent of Brokers nor the Vancouver Stock Exchange has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence.

PROPERTY FILE

G. A.

82KALW 116-05

1. PLAN OF DISTRIBUTION

The Issuer by its Agent hereby offers (the "Offering") to the public through the facilities of the Vancouver Stock Exchange (the "Exchange"), Five Hundred Thousand (500,000) shares (the "Shares"). The Shares will be sold at a fixed price to be determined in accordance with the rules and policies of the Exchange but not less than \$0.50 per share, and if such price is not acceptable to the Issuer or the Agent, neither party shall be bound to complete the Offering.

The Offering will be made on a day (the "Offering Day") within the period of thirty (30) business days following the Effective Date of this Statement (the "Effective Date" being the date of acceptance of this Statement by the Exchange and the Superintendent as noted on the cover page of this Statement) at the fixed price.

The purchaser of any Shares will be required to pay regular commission rates as specified in the rules and by-laws of the Exchange.

Appointment of Agents

The Issuer by an agreement (the "Agency Agreement") dated January 19, 1988, appointed Continental Carlisle Douglas its agent (the "Agent") to offer the Shares to the public.

The Issuer will pay the Agent a commission of 7 1/2% of the selling price of the Shares sold.

The Issuer has granted the Agent a right of first refusal with respect to any future equity financing it may require during the twelve (12) month period following the Effective Date.

The obligations of the Agent under the Agency Agreement may be terminated prior to the opening of the market on the Offering Day, at the Agent's discretion, on the basis of its assessment of the state of the financial markets and may also be terminated upon the occurrence of certain stated events.

The directors, officers and other insiders of the Issuer may purchase shares from this Offering.

The Agent reserves the right to offer selling group participation in the normal course of the brokerage business to selling groups of other licensed broker-dealers, brokers and investment dealers, who may or may not be offered part of the commissions or bonuses derived from this Offering.

There are no payments in cash, securities or other consideration being made, or to be made, to a promoter, finder or any other person or company in connection with the Offering.

The Agent does not beneficially own, either directly or indirectly, any shares of the Issuer.

The Agent has agreed to purchase from the Offering any shares not sold at the conclusion of the Offering. In consideration therefor, the Agent has been granted non-transferable share purchase warrants ("Agent's Warrants") entitling it to purchase up to Two Hundred Fifty Thousand (250,000) Shares of the Issuer at a price which is determined in accordance with the rules and policies of the Exchange, at any time up to the close of business one (1) year following the conclusion of the Offering. The Agent's Warrants will contain, among other things, anti-dilution provisions and provisions for appropriate adjustment of the class, number and price of shares issuable pursuant to any exercise thereof upon the occurrence of certain events including any subdivision, consolidation or re-classification of the Shares of the payment of stock dividends.

Additional Offering

This Statement of Material Facts qualifies the issuance of the Agent's Warrants, the issuance of any shares upon exercise of the Agent's Warrants and also qualifies for sale to the public through the facilities of the Exchange at the market price for the shares at the time of the sale, for a period of one year following the conclusion of the Offering, any shares acquired upon the exercise of the Agent's Warrants. The Agent may sell any shares acquired on the exercise of the Agent's Warrants without further qualification. The Agent will receive the proceeds from the sale of such shares and none of these proceeds shall accrue to the Issuer.

2. HOW THE NET PROCEEDS OF THE ISSUER ARE TO BE SPENT

The estimated net proceeds to be derived by the Issuer from the sale of the securities being offered hereby is \$231,250.00.

The principal purposes for which the net proceeds are to be spent, together with working capital on hand as at November 30, 1987 in the approximate amount of \$3,000.00, for a total available proceeds of \$234,250.00 are, in order of priority, as follows:

- | | |
|---|-------------|
| (a) Estimated cost of this issue, including legal, audit and printing costs (approx.) | \$ 7,500.00 |
| (b) To pay outstanding trade accounts | \$32,711.00 |

| | | |
|-----|---|---------------------|
| (c) | to pay wages payable (1) | \$ 3,950.00 |
| (d) | To pay current portion of Chattel Mortgage (1),(2) | \$ 3,156.00 |
| (d) | To pay advance received from Continental Carlisle Douglas. including interest (1) | \$31,500.00 |
| (e) | To pay the option payment due to the optionor of the Golden Crown Group (1) | \$11,500.00 |
| (f) | to carry out the work program on the Golden Crown Group as recommended by Christopher J. Sampson, P.Eng., Consulting Geologist, in his report dated July 22, 1987 | \$65,000.00 |
| (g) | Reserve for administrative expenses and general working capital | <u>\$78,933.00</u> |
| | TOTAL: | <u>\$234,250.00</u> |

(1) as at October 31, 1987. Refer to audited Financial Statements attached hereto.

(2) refer to Item 9(4)(a), "Other Material Contracts" herein.

There are no provisions or arrangements for holding any part of the net proceeds received from the sale of the securities in trust or subject to the fulfillment of any conditions.

3. MATERIAL NATURAL RESOURCE PROPERTIES

(1) Summary of Material Mining Properties

Group I Properties for which regulatory approval has been obtained under this Statement of Material Facts.

Group II Presently held properties which are currently producing or being explored, or upon which exploration is planned within the next year.

Group III Other presently held properties upon which the Issuer's acquisition and exploration costs to date exceed \$100,000.

| Group | Property Name | Issuer's Acquisition (i) and Exploration (ii) Costs to Date (in \$) | Shares Issued to Date | Planned Expenditure from Funds Available upon Completion of the Offering |
|-------|--------------------|---|-----------------------------------|--|
| I | None | | | |
| II | Golden Crown Group | (i) \$ 70,875 (ii) \$ 163,605 | 687,500 Escrow 50,000 Free (1) | \$65,000 |
| III | None | | | |

(1) Issued to the Vendor of the Golden Crown 1-4 claims at a deemed price of \$0.15 per share in lieu of making a property payment.

GROUP I PROPERTIES FOR WHICH REGULATORY APPROVAL HAS BEEN OBTAINED UNDER THIS STATEMENT OF MATERIAL FACTS.

The Issuer does not hold any properties for which regulatory approval is being sought under this Statement of Material Facts.

GROUP II PRESENTLY HELD PROPERTIES WHICH ARE CURRENTLY PRODUCING OR BEING EXPLORED, OR UPON WHICH EXPLORATION IS PLANNED WITHIN THE NEXT YEAR.

GOLDEN CROWN GROUP COMPRISING THE GOLDEN CROWN #1-#4 CLAIMS, ARALLU AND ARALLU #1 CLAIMS, AND BLACK LABEL MINERAL CLAIMS, REVELSTOKE MINING DIVISION, BRITISH COLUMBIA

(i) Interest Owned or Acquired

A. The Golden Crown #1-4 Claims

Pursuant to an option agreement (the "Option Agreement"), dated April 21, 1981, between Alan Marlow ("Marlow"), of Nakusp, British Columbia, and Victor Eaton ("Eaton"), a director and secretary of the Issuer, Eaton acquired all right, title and interest to and in the Golden Crown #1-4 Claims, located in the Revelstoke Mining Division, British Columbia. Pursuant to an Assignment Agreement, dated August 31, 1981, Eaton assigned to the Issuer all right, title and interest in and to the Golden Crown #1-4 Claims. Certain terms and conditions of the aforesaid Option Agreement and Assignment Agreement were amended by an

agreements dated May 16, 1984, September 20, 1984, April 15, 1985, and September 1, 1987 respectively.

B. The Black Label Claim and the Arallu and Arallu #1 Claims

The Issuer caused the Black Label Claim and the Arallu and Arallu #1 Claims, all located in the Revelstoke Mining Division, B.C., to be staked during 1982.

During the past three years, no insider or promoter of the Issuer has held any interest in the Black Label Claim, the Arallu and Arallu #1 Claims.

The Golden Crown #1-4, Black Label Claim, Arallu and Arallu #1 claims are contiguous claims.

(ii) Material Exploration and Development to Date

During 1983 and 1984 the Issuer expended approximately \$87,000 to complete Phases I and II of an exploration program recommended by Laurence Sookochoff ("Sookochoff"), P. Eng., Consulting Engineer of Vancouver, B.C., in his report dated August 9, 1982, pertaining to the Golden Crown Claims. The exploration program included a geochemical survey, trenching, sampling and 395 feet of diamond drilling. Mr. T.R. Stokes, under the direction of Sookochoff, prepared a Drilling and Geological Report during October, 1983 for assessment purposes, a copy of which is attached hereto, which report summarizes the location and access, physiography and vegetation, claim detail, history of previous work and a description of regional and local geology pertaining to the Golden Crown Group.

The Issuer continued to explore the Golden Crown Group and engaged Sookochoff to undertake an exploration program in 1984 and 1985.

The Issuer engaged Christopher J. Sampson, ("Sampson") P.Eng., Consulting Geologist of Vancouver, B.C. during 1986 and 1987 to continue with the exploration programs recommended by Sookochoff.

In a progress report, dated July 22, 1987, a copy of which is attached hereto, Mr. Sampson summarizes the various programs of exploration work completed since October 1983 and recommends additional work as follows:

"Summary of Work Programs Since October 1983

In his letter of 28 August 1985, L. Sookochoff recommends a program of trenching, drilling and blasting to follow-up results of geophysical and geochemical surveys done by Geotronics in 1983 and the program of diamond drilling, localized mapping and sampling reported on by Stokes, 1983. No work was in fact carried out subsequent to Sookochoff's 28 August 1985 letter.

The writer, therefore, visited the Golden Crown property on September 10, 1986 and examined the showings exposed in trenches excavated along the vein, and various mineralized grab samples. A program of further exploration was recommended as follows:

1. Using a small portable compressor and jackleg drill, the various narrow sections on the access road were to be widened.
2. Using a D6C bulldozer, remaining overburden should be removed from the Golden Crown vein.
3. A program of washing of the surface of the exposed vein should be done to further expose mineralization.
4. Using a percussion drill, or gasoline plugger, a series of small pits should be blasted to expose areas of galena, pyrite mineralization in the vein system.
5. Seven short diamond holes should be drilled to explore the mineralization of the vein.

The writer again visited the property September 23, 1986, and reported on the progress of the work program outlined above, as follows:

1. The trenching program with D6C caterpillar bulldozer went very well and exposed the vein over a strike length of 125 metres (400 feet). Due to local relief and access, the excavation was principally on the hanging wall side of the vein.
2. The exposed hanging wall was extensively examined, but very little mineralization other than brecciated quartz with a limonite matrix and some yellow brown ochres related to shearing was seen.
3. Grab samples were taken from various points along the exposed hanging wall. These ran as high as 71.46 oz/ton Ag, 0.127 oz/ton Au, 4.17 oz/ton Ag, 0.095 oz/ton Au and 3.85 oz/ton Ag and 0.021 oz/ton Au. Based on the findings from the September 1986 work program, two recommendations were made as follows:
 - a. Using a gasoline plugger, drill and blast a series of pits along the footwall of the vein, particularly around the adits. This should expose new galena showings with silver values.
 - b. Using a winkie or equivalent light drill, a series of short 100 ft. holes should be drilled in the vicinity of the adits or any showings located by the pitting program. These drill holes would be collared along the

existing trench right on the hanging wall of the vein and drilled through the vein to the footwall phyllite.

Recommendations:

1. Using a D6 Bulldozer and portable gasoline plugger, widen and improve the access road to the Golden Crown (1 week).
2. Using a gasoline plugger, drill and blast small pits to expose areas of galena-pyrite mineralization in the footwall of the Golden Crown vein. Samples to be sent for assay.
3. Drill 20 short (100 ft.) BQ diamond holes to explore the mineralized sections of the vein (2 weeks). These to be concentrated around the adit areas.

Estimated Costs

| | |
|--|------------------|
| 1. Blasting, etc., drill rental | \$1,000 |
| Fuel, powder, etc. | \$ 500 |
| Wages: 6 days at \$500 | \$3,000 |
| Accomodation | <u>\$1,000</u> |
| Total | <u>\$5,500</u> |
| 2. Bulldozing: 10 days at \$700/day | \$7,000 |
| Mob & Demob | <u>\$1,000</u> |
| Total | <u>\$8,000</u> |
| 3. Drilling: 2000 ft. at \$20/ft | \$40,000 |
| Assays: 200 x \$20 ea. (Prep. Au, Ag, etc.) | \$ 4,000 |
| Supervision: report preparation, accomodation, etc. | <u>\$ 7,500</u> |
| GRAND TOTAL: ALL PROPOSALS | <u>\$65,000"</u> |

The Issuer is raising funds to complete Sampson's recommended work program from the proceeds of the offering. Refer to item 2, "How the Net Proceeds of the Offering are to be Spent".

(iii) Cash Payments and Share and Work Commitments

A. The Golden Crown #1-4 Claims

To acquire the Golden Crown #1-4 Claims, the Issuer agreed to pay cash in the aggregate amount of \$55,000 to Marlow, of which \$13,500 has been paid, including \$7,500 by the allotment and issuance of 50,000 shares in the capital stock of the Issuer at a deemed price of \$0.15 per share. The balance of \$41,500 is payable as follows:

- (a) \$11,500 to be paid from this Offering; and
- (b) a further \$15,000 on or before each of April 15, 1988 and April 15, 1989.

In consideration of the Assignment Agreement, the Issuer allotted and issued to Eaton a total of 650,000 escrow shares.

The Golden Crown #1-4 Claims (record nos. 712-715) are in good standing through September 19, 1988.

B. The Black Label Claim and the Arallu and Arallu #1 Claims

The Issuer paid \$4,400 for staking costs with respect to the above claims and allotted and issued to two individuals a total of 37,500 escrow shares. These shares have been transferred and are now held by Eaton.

The Arallu and Arallu #1 Claims (record nos. 1973 and 1974) are recorded as being in good standing through August 17, 1988. The Black Label Claim (record no. 1971) is recorded as being in good standing through August 2, 1988.

(iv) Reserves

The Golden Crown #1-4, Black Label and Arallu and Arallu #1 Claims are without a known body of commercial ore and the recommended exploration program is an exploratory search for ore.

GROUP III OTHER PRESENTLY HELD PROPERTIES UPON WHICH THE ISSUER'S ACQUISITION AND EXPLORATION COSTS TO DATE EXCEED \$100,000.

The Issuer does not hold any properties, other than as disclosed under Group II, upon which the acquisition and exploration costs to date exceed \$100,000.

4. PARTICULARS OF NON-RESOURCE ASSETS

The issuer is not engaged nor does it propose to engage, in whole or in part, in a business other than for the exploration and development of natural resources.

5. CORPORATE INFORMATION

(1) The Issuer was incorporated on November 7, 1980 under the laws of the Province of British Columbia by Memorandum and Articles.

(2) The authorized capital of the Issuer consists of 10,000,000 shares without par value of which 2,732,048 shares have been issued as fully paid and non-assessable.

The share capital structure of the Issuer consists of one class of shares only. All shares issued by the Issuer rank equally in all respects. There are no conversion rights, special

liquidation rights, pre-emptory rights, or subscription rights attached to the shares of the Issuer.

6. DIRECTORS, OFFICERS, PROMOTERS AND PERSONS HOLDING MORE THAN 10% OF THE ISSUED EQUITY SHARES

(1) Directors, Officers and Promoters of the Issuer

| <u>Full Name, Residential or Postal Address, and Position with Issuer</u> | <u>Principal Occupation in the Previous Five (5) Years</u> | <u>No. of Equity Shares of Issuer Beneficially Owned as at Dec. 31, 1987</u> |
|---|---|--|
| MERTON ERNEST GREIF* 804 North Bay Drive North Bend, Oregon President & Director | Financial adviser, Westco Investments (Bend, Oregon) 1981 to present; formerly Manager, Western Bank 1972 to 1981; director of the Issuer, March 1985 to present | 1,136,300 free-trading |
| VICTOR HARRY EATON* 2927 Eddystone Crescent North Vancouver, B.C. Director | Full time employee and director of the Issuer, Dec. 1980 to present; Secretary of the Issuer, June 14/84 to February 20/87 | 68,148 free-trading 687,500 escrow |
| LAURENCE SOOKOCHOFF* 4463 West 1st Avenue Vancouver, B.C. Director | Self-employed Consulting Engineer 1980 to present; director of the Issuer, April 1985 to present; presently director of four other reporting companies listed on the Vancouver Stock Exchange | 12,000 free-trading |
| ROBERT ROSS, JR. HC83, Box 2120 Coquille, Oregon Secretary | Dairy Farmer; Secretary of the Issuer since February 20, 1987 | 36,200 free-trading |

* Member of the audit committee.

(2) Directors of Other Reporting Companies

(a) Within the past three years, certain directors, officers or promoters of the Issuer are or have been a director, officer or promoter of other reporting companies, as set forth below:

| <u>Name</u> | <u>No. of Companies</u> |
|---------------------|-------------------------|
| Merton E. Greif | Nil |
| Laurence Sookochoff | Eleven |
| Victor H. Eaton | Nil |

A list of the names of these British Columbia reporting companies is available for inspection at the registered and records office of the Issuer during the times specified in Item 9(5) hereof.

(b) During the period that the above-noted individuals were directors, officers and/or promoters of such companies, none of such companies has been struck off the Register of Companies by the British Columbia Registrar of Companies, or other similar authority, nor were the securities of any of these companies the subject of a cease trade or suspension order for a period of more than thirty (30) consecutive days.

(3) Remuneration of Directors

(a) Within the past year, Eaton has received direct remuneration in the amount of \$1,700 per month with respect to management services rendered pursuant to the terms of an Employment Agreement, dated July 1, 1984 through October 31, 1986. Eaton has received the sum of \$2,000 per month since November 1, 1986.

(b) Within the past year none of the directors, officers and promoters of the Issuer has received anything of value, either directly or indirectly, from the Issuer which has not been disclosed elsewhere in this Statement of Material Facts.

(4) Persons Owning More Than 10% of the Issued Equity Shares of the Issuer

To the knowledge of the signatories hereto, the following persons own beneficially, directly or indirectly, more than 10% of the equity shares of the Issuer:

| <u>Full Name and Residential of Postal Address</u> | <u>No. of Equity Shares Beneficially Owned at Oct. 31, 1987</u> | <u>Percentage of Outstanding Equity Shares</u> |
|--|---|--|
| Merton Ernest Greif 804 North Bay Drive North Bend, Oregon | 1,136,300 free-trading | 41.59% |

Victor Harry Eaton
2927 Eddystone Crescent
North Vancouver, B.C.

68,148 free-trading
687,500 escrow

27.696%

7. OPTIONS TO PURCHASE SECURITIES OF THE ISSUER

(1) Insiders and Promoters

By agreements, dated February 24, 1986, the Issuer granted to certain directors of the Issuer, incentive stock options to purchase an aggregate of 97,500 shares in the capital stock of the Issuer at a price of \$0.25 exercisable at any time between February 24, 1986 and February 23, 1991, as follows:

| <u>Name of Director</u> | <u>No. of Shares</u> |
|-------------------------|----------------------|
| Merton E. Greif | 73,000 |
| Laurence Sookochoff | <u>24,500</u> |
| Total: | <u>97,500</u> |

As at the date hereof, the aforesaid options have not been exercised.

(2) Employees

By an agreement, dated February 24, 1986, the Issuer granted to Victor H. Eaton, an incentive stock option to purchase up to 97,500 shares in the capital stock of the Issuer at a price of \$0.25 exercisable at any time between February 24, 1986 and February 23, 1991.

By an agreement dated February 25, 1987, the Issuer granted to Robert Ross Jr. an incentive stock option to purchase up to 39,100 shares in the capital stock of the Issuer at a price of \$0.65 per share, exercisable at any time between February 25, 1987 and February 25, 1992.

As at the date hereof, the aforesaid options have not been exercised.

8. SECURITIES OF THE ISSUER HELD IN ESCROW, POOL OR SUBJECT TO HOLD RESTRICTIONS

(1) Escrow Shares

As of the date hereof 687,500 shares are held in escrow by the Issuer's Registrar and Transfer Agent, The Canada Trust Company, 1055 Dunsmuir Street, Vancouver, B.C., subject to the direction or determination of the Vancouver Stock Exchange.

The escrow restrictions provide that the shares may not be traded in, dealt with in any manner whatsoever, or released, nor may the Issuer, its transfer agent or escrow holder make any transfer or record any tradings of the shares without the prior consent of the Vancouver Stock Exchange.

In the event that the Issuer loses or alienates the Property or asset for which it issued all or part of the escrow shares the Issuer or any shareholder thereof shall have the express obligation to declare such event or circumstance and the particulars thereof to the Vancouver Stock Exchange who may, at its discretion, make such order or direction for the cancellation of all or any portion of the shares as it may deem advisable. The fact that the Property or asset has been lost or alienated shall not, in itself, be cause for cancellation of all or part of the shares.

The complete text of the Escrow Agreement is available for inspection at the registered and records office of the Issuer during the times specified in Item 9(5) herein.

(2) Pooled Shares

There are no shares of the Issuer held in pool.

(3) Other Securities

There are no other securities of the Issuer which are subject to an unexpired hold period originally imposed by the Superintendent of Brokers for British Columbia.

9. PARTICULARS OF ANY OTHER MATERIAL FACTS

(1) Legal Proceedings

To the knowledge of the signatories hereto, there are no legal proceedings, either actual or pending, to which the Issuer is or is likely to be a party or of which any of its Property is or is likely to be the subject.

(2) Properties for which Regulatory Approval is not Sought

The Issuer has signed a letter of intent to acquire 50% of the issued and outstanding shares of the M & M Buchanan Gold Mining and Milling Company ("M & M"), a private California company based in Oakland, California. The major asset of M & M is the Buchanan Mine, a former producing property comprising 2 patented and 8 unpatented mineral claims situated in Tuolumne County, California. The property was in production from the late 1800's through 1985.

The Issuer has agreed to pay \$300,000 not later than December 31, 1987 to acquire 50% of the issued and outstanding

shares of M & M, subject to regulatory authorities approval. The Issuer has received a verbal extension of this deadline and is currently renegotiating the terms of acquisition. The Company has engaged Christopher J. Sampson, P. Eng., Consulting Geologist, to prepare a qualifying report on the Buchanan Mine Property.

(3) Liabilities

The liabilities of the Issuer, including bonds, debentures, notes and other debt obligations, have not significantly increased or altered subsequent to the date of the financial statements included in and made a part of this Statement of Material Facts.

(4) Other Material Contracts

The Issuer owns a 1982 Ford half-ton pickup truck which is secured by a chattel mortgage dated May 9, 1986. The principal outstanding as at October 31, 1987 was \$8,630. Refer to Note 5 of the Interim Financial Statements to October 31, 1987 attached hereto.

There are no other material contracts which are not previously disclosed herein.

(5) Inspection of Documents

The following documents of the Issuer, as referred to in this Statement of Material Facts, may be inspected during normal business hours at the registered and records office of the Issuer located at 800 - 885 West Georgia Street, Vancouver, B.C. while primary distribution of the securities offered hereunder is in progress and for a period of thirty (30) days after completion of such primary distribution:

- (a) all contracts referred to in this Statement of Material Facts;
- (b) all technical reports summarized or referred to in Item 3 of this Statement of Material Facts; and
- (c) a list of the names of the reporting companies referred to in Item 6(2)(a) of this Statement of Material Facts.

10. STATUTORY RIGHTS OF RESCISSION

The British Columbia Securities Act provides purchasers with the right to rescind a contract for the purchase of securities where the Statement of Material Facts and any existing amendments thereto either contain a misrepresentation or are not delivered to the purchaser before delivery of the written confirmation of sale. For further information concerning these rights, and the time limits within which they must be exercised, refer to Sections 66, 114 and 118 of the Securities Act or consult a lawyer.

BLACK LABEL RESOURCES INC.

FINANCIAL STATEMENTS

OCTOBER 31, 1987

1052 Richards Street
Vancouver, B. C.
Canada
V6B 4Y6

Lilly, Johannesson, McWilliams, Pallone
Chartered Accountants

Telephone (604) 685-1351
Fax (604) 683-4398

AUDITORS' REPORT

The Shareholders,
Black Label Resources Inc.

We have examined the balance sheet of Black Label Resources Inc. as at October 31, 1987 and the statements of deferred exploration and administrative expenses, and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company as at October 31, 1987 and the results of its operations for the period then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Lilly Johannesson McWilliams Pallone

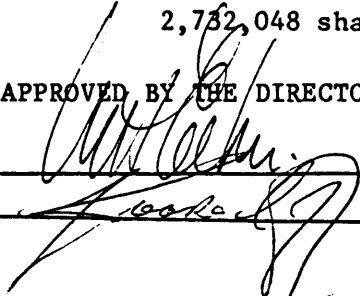
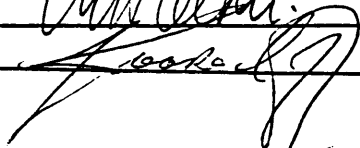
Vancouver, B. C.
December 1, 1987

Chartered Accountants

BLACK LABEL RESOURCES INC.

BALANCE SHEET

OCTOBER 31, 1987

| | | <u>1987</u> | <u>1986</u> |
|--|--|------------------|------------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash | | \$ 4,162 | \$ 65,853 |
| Marketable securities, at cost and market | | - | 1,385 |
| Accounts receivable | | - | 4,412 |
| Prepaid expense | | - | 743 |
| Deferred interest | | <u>2,216</u> | <u>3,046</u> |
| | | 6,378 | 75,439 |
| FIXED ASSETS, at cost | | 11,682 | 10,547 |
| DEFERRED EXPLORATION AND ADMINISTRATIVE EXPENSES, at cost (Note 1) | | 470,939 | 355,225 |
| INTERESTS IN MINERAL PROPERTIES, at cost (Note 2) | | 65,875 | 65,875 |
| INVESTMENT - Deposit on shares (Note 3) | | 7,240 | - |
| INCORPORATION EXPENSE, at cost | | <u>675</u> | <u>675</u> |
| | | <u>\$562,789</u> | <u>\$507,761</u> |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Accounts payable | | \$ 32,177 | \$ 4,320 |
| Loan payable | | 26,200 | - |
| Option payments payable, current portion | | 26,500 | 26,500 |
| Wages payable | | 3,950 | - |
| Current portion chattel mortgage | | <u>3,156</u> | <u>3,156</u> |
| | | 91,983 | 33,976 |
| OPTION PAYMENTS PAYABLE (Note 4) | | 15,000 | 15,000 |
| CHATTEL MORTGAGE PAYABLE (Note 5) | | <u>5,651</u> | <u>8,630</u> |
| | | <u>112,634</u> | <u>57,606</u> |
| SHAREHOLDERS' EQUITY | | | |
| SHARE CAPITAL (Note 6) | | | |
| Authorized | | | |
| 10,000,000 shares without par value | | | |
| Issued | | | |
| 2,752,048 shares | | <u>450,155</u> | <u>450,155</u> |
| APPROVED BY THE DIRECTORS | | <u>\$562,789</u> | <u>\$507,761</u> |
|  Director | | | |
|  Director | | | |

See accompanying notes.

BLACK LABEL RESOURCES INC.
 STATEMENT OF DEFERRED EXPLORATION AND ADMINISTRATIVE EXPENSES
 YEAR ENDED OCTOBER 31, 1987

| | <u>1987</u> | <u>1986</u> |
|---|-------------------------|-------------------------|
| EXPLORATION EXPENSES | | |
| Assays | \$ 286 | \$ 717 |
| Engineering | 6,428 | 18,692 |
| Property examination | 766 | 4,893 |
| Property exploration and road work | <u>1,112</u> | <u>17,811</u> |
| | <u>8,592</u> | <u>42,113</u> |
| ADMINISTRATIVE EXPENSES | | |
| Automotive | 4,235 | 3,972 |
| Business promotion | 2,089 | 1,561 |
| Donations | 470 | 1,000 |
| Dues and subscriptions | 767 | - |
| Filing fees | 1,890 | 5,510 |
| Interest and bank charges | 4,321 | 370 |
| Licences and other | 50 | 428 |
| Office and printing | 4,321 | 2,537 |
| Professional fees | 47,079 | 36,209 |
| Rent | 3,900 | 3,560 |
| Telephone | 4,033 | 5,226 |
| Transfer agent fees | 2,374 | 1,210 |
| Travel | 7,267 | 9,071 |
| Wages and consulting fees | <u>24,000</u> | <u>22,000</u> |
| | <u>107,122</u> | <u>92,654</u> |
| TOTAL EXPLORATION AND ADMINISTRATIVE EXPENSES | 115,714 | 134,767 |
| Deferred exploration and administrative expenses, beginning | <u>355,225</u> | <u>220,458</u> |
| DEFERRED EXPLORATION AND ADMINISTRATIVE EXPENSES, ENDING | <u><u>\$470,939</u></u> | <u><u>\$355,225</u></u> |

See accompanying notes.

BLACK LABEL RESOURCES INC.
STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED OCTOBER 31, 1987

| | <u>1987</u> | <u>1986</u> |
|---|------------------------|-------------------------|
| OPERATING ACTIVITIES | | |
| Advances from directors | \$ - | \$ (4,772) |
| Cash provided by changes in non-cash working capital items | <u>41,209</u> | <u>(22,838)</u> |
| | <u>41,209</u> | <u>(27,610)</u> |
| FINANCING ACTIVITIES | | |
| Proceeds (reduction) in chattel mortgage | (2,979) | 11,786 |
| Issuance of share capital | - | 177,265 |
| Reduction of deferred interest | (831) | - |
| Proceeds loan | <u>25,000</u> | <u>-</u> |
| | <u>21,190</u> | <u>189,051</u> |
| INVESTING ACTIVITIES | | |
| Deposit on share purchase | (7,241) | - |
| Acquisition of equipment | (1,135) | (10,547) |
| Deferred exploration and administrative expenses | (115,714) | (134,767) |
| Property payment - option | <u>-</u> | <u>(7,500)</u> |
| | <u>(124,090)</u> | <u>(152,814)</u> |
| INCREASE (DECREASE) IN CASH | (61,691) | 8,627 |
| Cash, beginning | <u>65,853</u> | <u>57,226</u> |
| CASH, ENDING | <u>\$ 4,162</u> | <u>\$ 65,853</u> |

See accompanying notes.

BLACK LABEL RESOURCES INC.
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 1987

1. ACCOUNTING POLICIES

The company is engaged in the acquisition, exploration and development of natural resource properties and has established a policy of deferring costs relating to exploration projects until such time as the projects are put into commercial production, sold, or abandoned. Resource properties and deferred expenses are recorded at cost and are not intended to reflect present or future worth.

2. INTERESTS IN MINERAL PROPERTIES

| | <u>1987</u> | <u>1986</u> |
|---|-------------------|-------------------|
| The company owns a registered or beneficial interest in the following mineral claims: | | |
| Revelstoke Mining Division, B.C. | | |
| a) Golden Crown Claims #1 - 4 | \$61,500 | \$61,500 |
| The company has an option to purchase the claims for the following consideration: | | |
| Cash | \$11,000 | |
| 650,000 shares at \$.01 per share | 6,500 | |
| Cost of option | <u>49,000</u> | |
| | <u>\$66,500</u> | |
| b) Arallu and Black Label Claims | 4,375 | 4,375 |
| The company acquired the claims for the following consideration: | | |
| Cash | \$ 4,000 | |
| 37,500 shares at \$.01 per share | <u>375</u> | |
| | <u>\$ 4,375</u> | |
| | <u> </u> | <u> </u> |
| | <u>\$65,875</u> | <u>\$65,875</u> |

3. INVESTMENT

A non-refundable deposit of \$7,240 has been paid to acquire 50% of the shares of M & M Buchanan Gold Mining and Milling Company, a private California company for \$300,000 (U.S. Funds) not later than December 31, 1987.

BLACK LABEL RESOURCES INC.
 NOTES TO FINANCIAL STATEMENTS
 OCTOBER 31, 1987

4. OPTION PAYMENTS PAYABLE

Per an option agreement to purchase the Golden Crown Claims in the Revelstoke Mining Division of British Columbia (see Note 2(a)), there remains payable, the following:

| | |
|--|------------------|
| i) \$11,500 payable from proceeds of share offering (Note 12); | \$ 11,500 |
| ii) \$15,000 payment on or before April 15, 1988; | 15,000 |
| iii) \$15,000 payment on or before April 15, 1989; | <u>15,000</u> |
| | <u>\$ 41,500</u> |

5. CHATTEL MORTGAGE PAYABLE

| | <u>1987</u> | <u>1986</u> |
|---|-----------------|-----------------|
| Balance payable at \$268 per month, due May 23, 1990 | \$ 8,630 | \$ 11,786 |
| Current portion | <u>3,156</u> | <u>3,156</u> |
| | <u>\$ 5,474</u> | <u>\$ 8,630</u> |

6. SHARE CAPITAL

Authorized:
 10,000,000 shares without par value
 Issued:

| | <u>Shares</u> | <u>Amount</u> |
|-------------------|------------------|-------------------|
| For cash | 2,044,548 | \$ 443,280 |
| For mining claims | <u>687,500</u> | <u>6,875</u> |
| | <u>2,732,048</u> | <u>\$ 450,155</u> |

7. ESCROW SHARES

687,500 shares are held in escrow by Canada Trust Company under the direction and control of the Vancouver Stock Exchange.

BLACK LABEL RESOURCES INC.
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 1987

8. REMUNERATION TO DIRECTORS AND SENIOR OFFICERS

A director was paid \$24,000 for management services for the year ended October 31, 1987. (1986 - \$22,000)

9. STOCK OPTIONS

The company has granted directors' stock options for 97,500 shares and employee stock option to purchase (a) 97,500 shares exercisable at a price of \$0.25 per share up to and including February 23, 1991 and (b) 39,100 shares exercisable at \$.065 per share up to an including February 25, 1992.

10. FIXED ASSETS

It is the company's policy to depreciate its fixed assets (automotive) on a production basis. The company had not commenced production as at October 31, 1987.

11. LOAN PAYABLE

\$25,000 loan payable, repayable at prime plus 2% per annum plus a bonus of \$5,000, due from proceeds of underwriting (Note 12).

12. SUBSEQUENT EVENT

The company has contracted to sell 400,000 common shares at \$.50 per share to provide estimated net proceeds of \$185,000 subject to the receipt of a Statement of Material Facts by the British Columbia Securities Commission. The agents have been granted warrants to purchase 200,000 shares at the price of \$.58 per share for one year from the date of listing on the Vancouver Stock Exchange.

REPORT ON

GOLDEN CROWN PROPERTY

SLOCAN MINING DIVISION

Latitude: 50°34'N

Longitude: 117°20'W

N.T.S.: 82-K-11

FOR

BLACK LABEL RESOURCES INC.

606-837 West Hastings Street
Vancouver, B.C. V6C 1B6

by

Vancouver, B.C.
22 July 1987

Chris J. Sampson, P.Eng.
Consulting Geologist

SAMPSON ENGINEERING INC.

2696 West 11th Avenue
Vancouver, B.C. V6K 2L5

INTRODUCTION

This report summarizes the various programs of work done to date on the Golden Crown property of Black Label Resources Inc. which is situated on the north-eastern side of Trout Lake, 80 kms south-east of Revelstoke and 10 kms south-east of the village of Trout Lake.

The history of previous work and summary of work programs on the property together with descriptions of regional geology, local geology and mineralization are fully described in a report entitled «Drilling and Geological Report on the Golden Crown Prospect (within the Black Label Claim Block)», by T.R. Stokes (under the direction of L. Sookochoff), October 1983.

Reference is also made to a subsequent summary report by Sookochoff, 28 August 1985 in which a program of trenching and drilling was recommended, and various subsequent summary reports by myself following visits and inspections of the property, September 15 and 1 October 1986, and 24 April 1987.

SUMMARY OF WORK PROGRAMS SINCE OCTOBER 1983

In his letter of 28 August 1985, L. Sookochoff recommends a program of trenching, drilling and blasting to follow-up results of geophysical and geochemical surveys done by Geotronics in 1983 and the program of diamond drilling, localized mapping and sampling reported on by Stokes, 1983. No work was in fact carried out subsequent to Sookochoff's 28 August 1985 letter.

The writer, therefore, visited the Golden Crown property 10 September 1986 and examined the showings exposed in trenches excavated along the vein, and various mineralized grab samples. A program of further exploration was recommended as follows:

1. Using a small portable compressor and jackleg drill, narrow sections on the access road were to be widened.
2. Using a D6C bulldozer, remaining overburden to be removed from the Golden Crown vein.
3. A program of washing of the surface of the exposed vein to be done to further expose mineralization.
4. Using a percussion drill, or gasoline plugger, a series of small pits to be blasted to expose areas of galena, pyrite mineralization in the vein system.
5. Seven short diamond holes to be drilled to explore mineralization in the vein.

The writer again visited the property 23 September 1986, and reported on the progress of the work program outlined above, as follows:

1. The trenching program with D6C caterpillar bulldozer went very well and exposed the vein over a strike length of 125 metres (400 feet). Due to local relief and access, the excavation was principally on the hanging wall side of the vein.
2. The exposed hanging wall was extensively examined, but very little mineralization other than brecciated quartz with a limonite matrix and some yellow brown ochres related to shearing was seen.
3. Grab samples were taken from various points along the exposed hanging wall. These ran as high as 71.46 oz/ton Ag, 0.127 oz/ton Au, 4.17 oz/ton Au, 0.095 oz/ton Au and 3.85 oz/ton Ag and 0.021 oz/ton Au. Based on the findings from the September 1986 work program, two recommendations were made, as follows:

- a. Using a gasoline plugger, drill and blast a series of pits along the footwall of the vein, particularly around the adits. This should expose new galena showings with silver values.
- b. Using a winkie or equivalent light drill, a series of short 100 ft. holes should be drilled in the vicinity of the adits or any showings located by the pitting program. These drill holes would be collared along the existing trench right on the hanging wall of the vein and drilled through the vein to be footwall phyllite.

(No work has in fact been done since September 1986.)

24 April 1987, the writer again summarized proposals for the Golden Crown property in a letter to Mr. Victor H. Eaton, the President of Black Label Resources Inc. The proposals and estimated cost contained in this letter are revised and summarised as follows:

A. RECOMMENDATIONS:

1. Using a D6 bulldozer and portable gasoline plugger, widen and improve the access road to the Golden Crown (1 week).
2. Using a gasoline plugger, drill and blast small pits to expose areas of galena-pyrite mineralization in the footwall of the Golden Crown vein. Samples to be sent for assay.
3. Drill 20 short (100 ft.) BQ diamond holes to explore the mineralized sections of the vein (2 weeks). These to be concentrated around the adit areas.

B. ESTIMATED COSTS:

1. Road Improvement:

| | |
|-------------------------------------|--------------|
| Blasting, etc., drill rental | 10,000 |
| Fuel, powder, etc. | 3,000 |
| Wages: 12 days @ \$500 | 6,000 |
| Accommodation, Truck Rental, Travel | 3,000 |
| Bulldozing: 14 days @ \$1000/day | 14,000 |
| Mob and Demob | <u>2,000</u> |

\$38,000

2. Pitting Showings:

| | |
|-------------------------------------|--------------|
| Gasoline Plugger Rental (plus fuel) | 2,000 |
| Wages: 10 days @ \$500/day | 5,000 |
| Assays: 200 @ \$20 each | 4,000 |
| Field Supervision, Report Prep. | <u>4,000</u> |

\$15,000

3. Drilling: 2000 ft. @ \$20/ft.

| | |
|---|-----------------|
| Assays: 200 @ \$20 each (Prep. Au, Ag, etc.) | 40,000 4,000 |
| Supervision: report preparation, accommodation, etc. | <u>8,000</u> |

\$52,000

GRAND TOTAL: ALL PROGRAMS

\$105,000

Vancouver, B.C.
22 July 1987

Chris J. Sampson, P.Eng.
Consulting Geologist

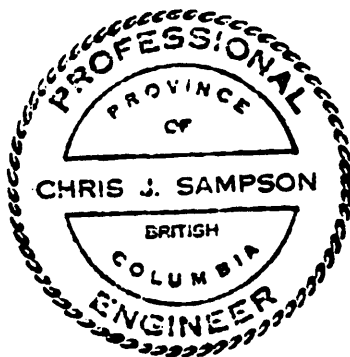
SAMPSON ENGINEERING INC.

2696 West 11th Avenue
Vancouver, B.C. V6K 2L6

CERTIFICATE

I, Christopher J. Sampson, of 2696 West 11th Avenue, Vancouver, B.C., V6K 2L6, hereby certify that:

1. I am a graduate (1966) of the Royal School of Mines, London University, England with a Bachelor of Science degree (Honours) in Economic Geology.
2. I have practised my profession of mining exploration for the past 21 years in Canada, Europe, United States and Central America. For the past 11 years I have been based in British Columbia.
3. I am a consulting geologist. I am a registered member in good standing of the Association of Professional Engineers of British Columbia
4. I have written three previous summary reports on the Golden Crown property.
5. The present report is based on knowledge gained from visits to the property on 10, 23 September 1986 and study of published and unpublished reports.
6. I have not received, nor do I expect to receive, any interest, direct or indirect, in the properties or securities of Black Label Resources Inc., or in those of its associated companies.
7. Black Label Resources and its affiliates are hereby authorized to use this report in, or in conjunction with, any prospectus or statement of material facts.
8. I have no interest in any other property or company holding property within 10 kilometres of the Golden Crown claims.



Vancouver, B.C.
22 July 1987

Chris J. Sampson

Christopher J. Sampson, P.Eng.
Consulting Geologist

BLACK LABEL RESOURCES INC.

**DRILLING AND GEOLOGICAL
REPORT ON THE GOLDEN
CROWN PROSPECT (WITHIN
THE BLACK LABEL CLAIM BLOCK)**

SLOCAN MINING DIVISION

N.T.S. MAP 82K/11

117° 20'W, 50° 34'N

**BY T.R. STOKES (UNDER THE
DIRECTION OF L. SOOKOCHOFF, P.ENG.)**

OCTOBER 1983

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SUMMARY

A 400' drill program with associated geological mapping and geochemical sampling was completed on the Golden Crown Prospect (situated on the Black Label Claims). The aim of the program was to locate the source of high grade auriferous galena found on an adit dump.

Four holes were drilled but no mineralized intersections were located. No further drilling is recommended until further cut work, geological mapping and rock geochemistry is completed in the vicinity of adits A and B. In order for good drilling targets to be set up, favourable gold and silver values should first be obtained in outcrop.

INTRODUCTION

A 400' drill program with associated geological mapping and geochemical sampling was carried out on the Golden Crown Prospect at the request of Black Label Resources.

The purpose of the program was to locate the origin of auriferous galena material found on the old adit dump. This material gave average values of 0.7 oz/ton Au and 43 oz/ton Ag. No material of this type is found in outcrop.

LOCATION AND ACCESS

The claim block is situated on the north-eastern side of Trout Lake, 95 km north of Kaslo and 80 km south-east of Revelstoke (Fig. 3). The Golden Crown Prospect lies within the Black Label claim block and is located on the middle fork of Stobart Creek which drains in a south-westerly direction into Trout Lake (Fig. 2). The prospect is at an elevation of 1900 M and is on the south-west slope of a spur from the Silver Cup Mountains.

The geographical coordinates of the property are 117° 20'W longitude and 50°34' N latitude.

Access to the property is possible by four-wheel drive vehicles only (preferably with a short wheel base). A logging road winds in a north-easterly direction off Highway 31 (10 km south of the town of Trout Lake), for 5 km and then leads into a steep 2 km switch-back cat road (almost a jig-back). The property is a 1-1 1/4 hour drive from the town of Trout Lake.



BLACK LABEL RESOURCES INC.

Figure 1

| | |
|---|--------|
| GOLDEN CROWN PROPERTY SLOCAN MINING DIVISION, B.C. | |
| LOCATION MAP | |
| KILOMETRES 0 100 200 300 | |
| SCALE : 1 : 8,000,000 | DATE : |

PHYSIOGRAPHY AND VEGETATION

The property is situated within the Selkirk Mountain Range on a spur of the Silvercup Mountains. The slopes are relatively steep and rugged and in some places steep bluffs occur. The Golden Crown Prospect consists of a steep sided 30-40 M quartz cliff dipping in south-easterly direction. This then fattens out into a heavily overburdened phyllite area. Directly below the cliff, the depth of the overburden is 20-30 M, this decreases away from the cliff to an average of 5-15 M. (Fig. 5)

The property is covered by coniferous timber up to an elevation of 2100 M. Parts of the property are logged off at lower elevations with considerable dead fall in places.

CLAIM DETAIL

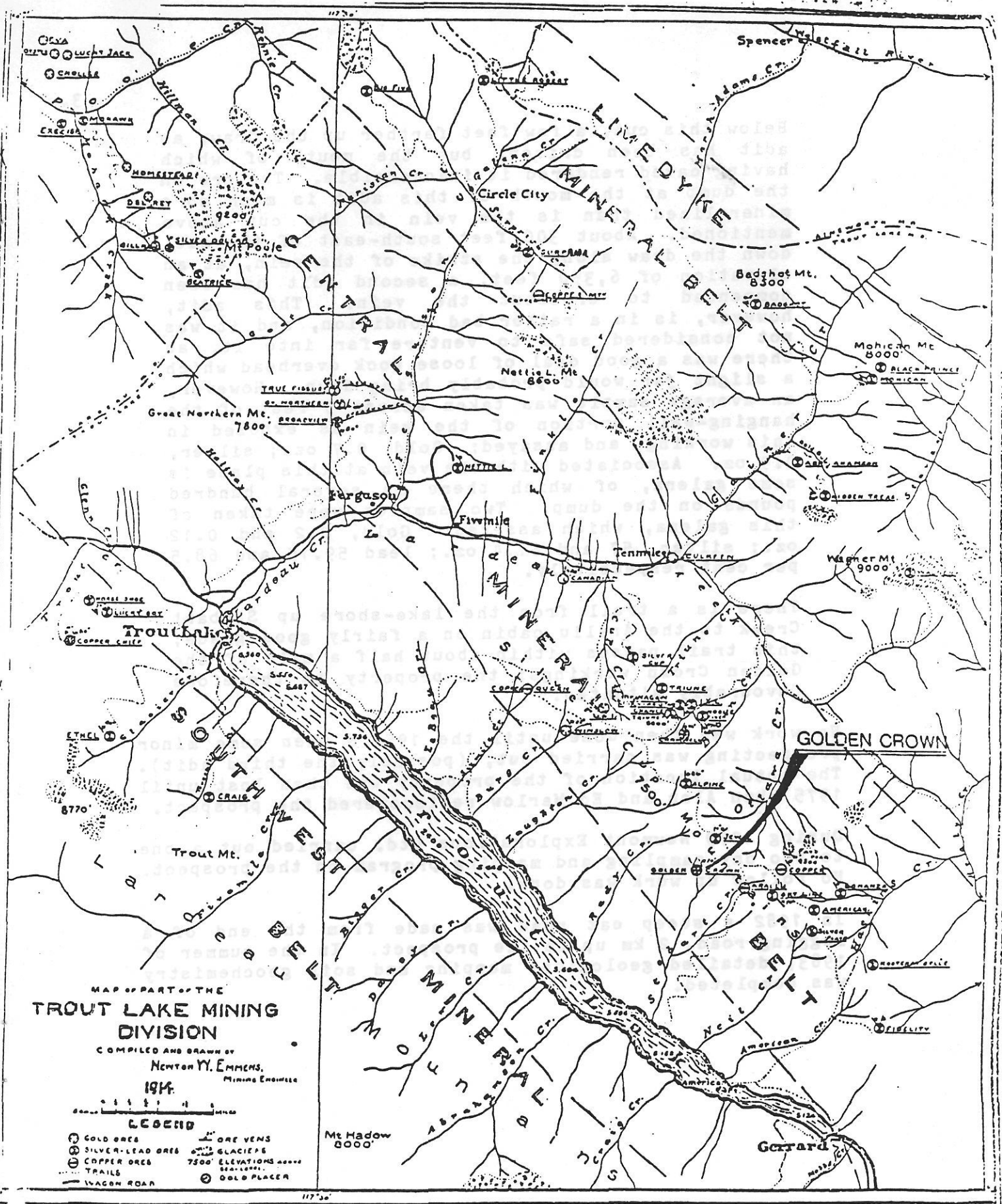
The property consists of four contiguous located claims. Particulars are as follows:

| <u>Claim Name</u> | <u>Record No.</u> | <u>Expiry Date</u> |
|-------------------|-------------------|--------------------|
| Golden Crown 1-4 | 712-715 | September 1984 |

HISTORY OF PREVIOUS WORK

The prospect was first discovered in the early 1900's and was explored by surface cuts and two or three short adits. A report concerning this prospect occurred in the 1914 B.C. Annual Mines Report Section K and is as follows:

"This property is situated on the Middle fork of Stobart Creek, on the south-west slope of a spur from the Silver Cup Mountains on the north-east side of Trout lake, at an elevation of 6,000 to 6,500 feet. The vein consists of a highly crystalline quartz, having a strike of N. 25 W. and a dip of 70 degrees to the north-east cutting the enclosing carbonaceous phyllites at a low angle in both strike and dip. The vein-outcrop forms one side of a draw formed by the erosion of the softer phyllite hanging-wall rock. The vein is well defined and stands out prominently like a stone wall. It has been prospected to a small extent by means of surface cuts across it and two short adits. The upper cut, at an elevation of 6,500 feet, shows the vein to have a width of 18 feet, and to consist of highly crystalline quartz, sparingly mineralized with iron pyrites. An average sample taken across 12 feet on the foot-wall side of the vein in this cut assayed; Gold, a trace; silver, 0.5 oz. A sample taken across 15 feet from the hanging-wall side assayed: Gold 0.25 oz.; silver 0.15oz.



MAP OF PART OF THE
**TROUT LAKE MINING
 DIVISION**
 COMPILED AND DRAWN BY
 NEWTON Y. EMMENS,
 MINING ENGINEER
 1914.

- LEGEND
- GOLD ORES
 - SILVER-LEAD ORES
 - COPPER ORES
 - TRAILS
 - WAGON ROAD
 - ORE VEINS
 - GLACIERS
 - 7500' ELEVATIONS
 - GOLD PLACER

GOLDEN CROWN PROPERTY

LOCATION MAP

Figure 2

Below this cut, a few feet farther up the draw, an adit has been driven, but the mouth of which having caved rendered it inaccessible. The ore on the dump at the mouth of this adit is much more mineralized than is the vein in the cut above mentioned. About 300 feet south-east of the cut, down the draw along the strike of the vein, at an elevation of 6,350 feet, a second adit has been commenced to crosscut the vein. This adit, however, is in a rather bad condition, and it was not considered safe to venture far into it, as there was a good deal of loose rock overhead which a slight jar would probably bring down. However, an average sample was taken across 5 feet of the hanging-wall portion of the vein as exposed in this working, and assayed; Gold, 0.7 oz.; silver, 0.9 oz. Associated with the vein at this place is some galena, of which there is several hundred pounds on the dump. Two samples were taken of this galena, which assayed: Gold, 0.2 and 0.12 oz.; silver, 57 and 61.4 oz.; lead 59.15 and 68.5 per cent respectively.

There is a trail from the lake-shore up Stobart Creek to the Arallu cabin on a fairly good grade; this trail passes within about half a mile of the Golden Crown workings; the property is therefore favourably situated."

No work was then done until the 1950's when some minor prospecting was carried out, (possibly the third adit). The actual location of the property was then lost until 1975 when Alan and Ed Marlow rediscovered the prospect.

During 1979 Newmont Explorations Ltd. carried out a one to two day sampling and mapping program on the prospect. No follow up work was done.

In 1982 a steep cat road was made from the end of a logging road, 2 km up to the prospect. In the summer of 1983, detailed geological mapping and soil geochemistry was completed.

DRILLING PROGRAM

A total of 395 feet (of BQ size) was drilled by the use of a Boyles 25 drill. Of this 395 feet, approximately 120 feet was drilled in overburden. Details of the four holes drilled are as follows:

| | | | |
|-----------|----------------------------------|------|--------------|
| G.C. 83-1 | Location from 0+70 NBL | Dir. | Dist. |
| | Hole azimuth - 307° Dip - 45° NW | 21° | 20.2 M |
| | Depth - 73' | | |
| ----- | | | |
| | | Dir. | Dist. |
| G.C. 83-2 | Location from 0+00 NBL | 0° | 10.5 |
| | Hole azimuth - 292 Dip 48° NW | | Depth - 106' |
| ----- | | | |
| | | Dir. | Dist. |
| G.C. 83-3 | Location from 0+00 NBL | 84° | 12.3 M |
| | Hole azimuth - 295° Dip - 45° NW | | Depth - 156' |
| ----- | | | |
| | | Dir. | Dist. |
| G.C. 83-4 | Location from 0+40 NBL | 150° | 14.3 M |
| | Hole azimuth - 238° Dip - 45° SW | | Depth - 60' |
| ----- | | | |

These are plotted on Map 1 and 2. Water for drilling was obtained at the end of the cat track, 500 M to the east. The supply was reasonably plentiful but not quite sufficient for continual drilling (longer than 6-8 hours). More water is available about 400 M to the east of this source. The main problem which occurred during this program was the deep overburden.

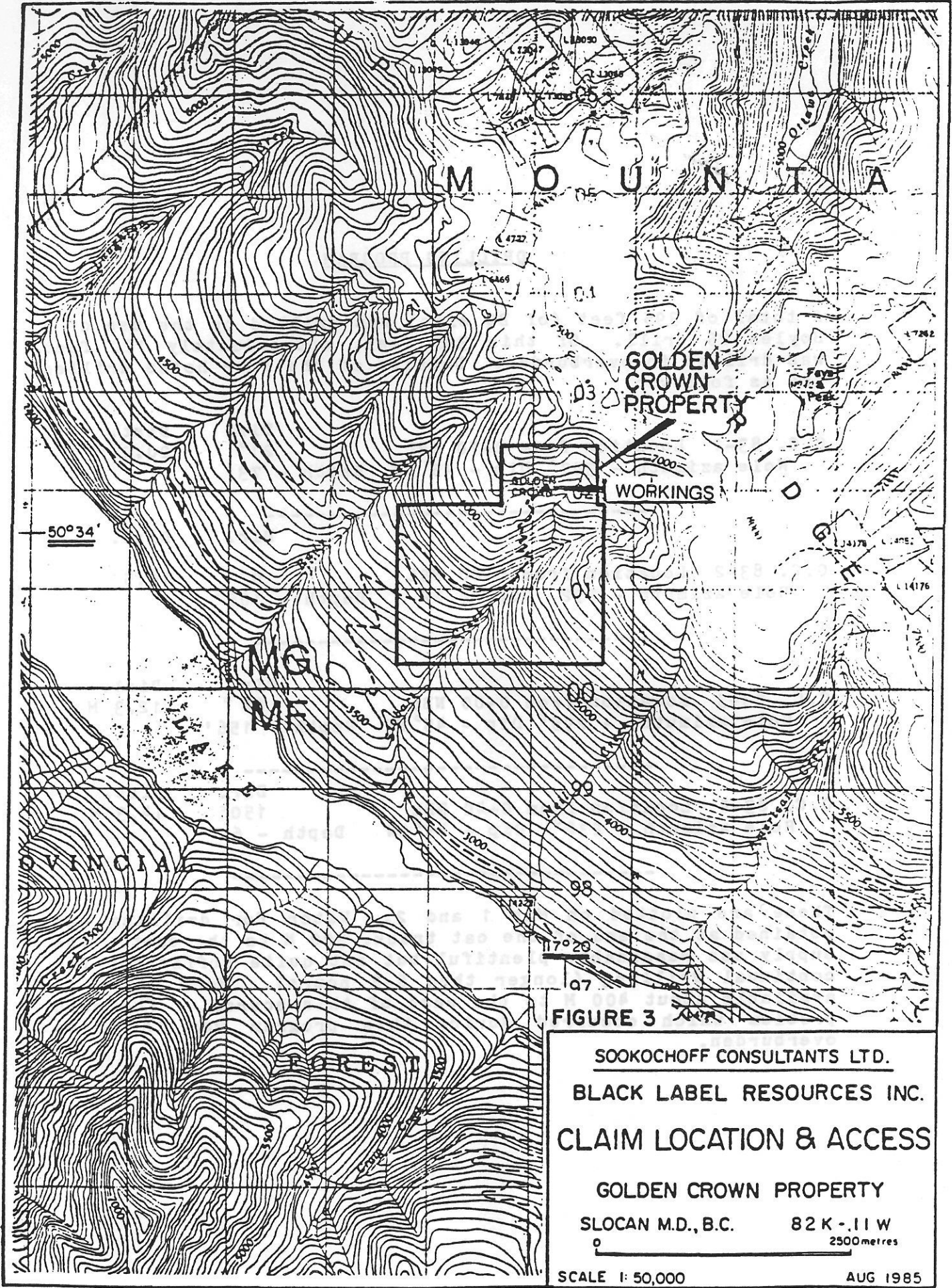


FIGURE 3

SOOKOCHOFF CONSULTANTS LTD.
 BLACK LABEL RESOURCES INC.
CLAIM LOCATION & ACCESS
 GOLDEN CROWN PROPERTY
 SLOCAN M.D., B.C. 82 K - 11 W
 0 2500 metres
 SCALE 1:50,000 AUG 1985

GEOLOGY

REGIONAL GEOLOGY

The Trout Lake area consists of late Precambrian meta-sediments, known as the Windermere Group. This group can be divided into three series; the Lardeau Series, the Bradshot Formation and the Hamil series. The Golden Crown is situated within the Lardeau series which consists of schist, phyllite, quartzite, skarn and limestone. (Bancroft, Walker 2 Gunning 1929).

No intrusives occur close to the Golden Crown but granitic stocks of late Triassic age occur to the west of Trout Lake.

LOCAL GEOLOGY

The Golden Crown Prospect and surrounding area was geologically mapped at a scale of 1:1000 by the author (Map 1). Control was obtained by the use of a previous mapping grid and the cat roads. A more detailed geological map was made around the main area of interest (adits A and B), at a scale of 1:200. Control for this was obtained by the use of the grid. The purpose of this map was to gain a tighter control on the drill holes employed and to determine more accurately the sub-surface geology (Map 2).

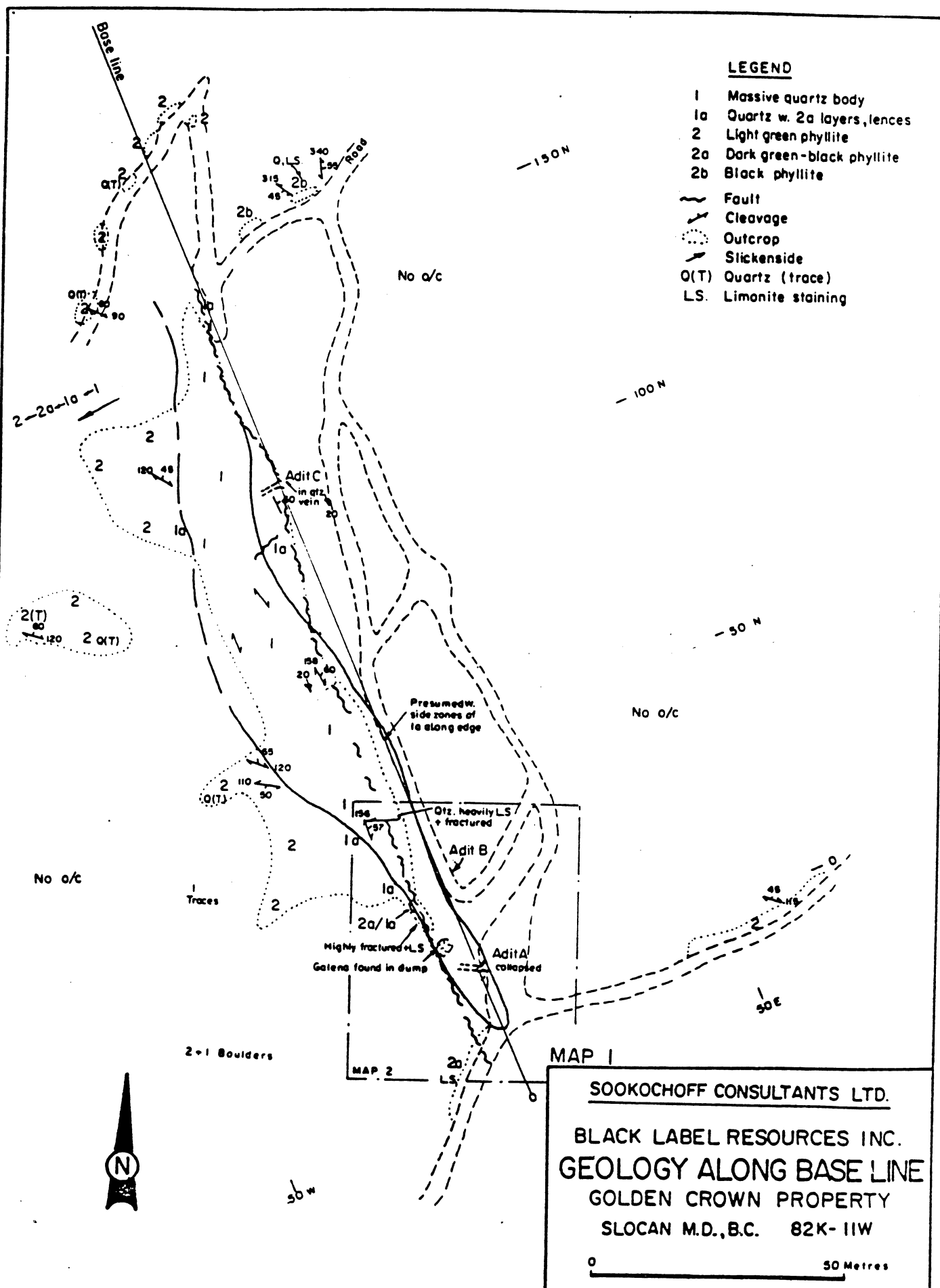
Two major geological units were encountered in the area and are described as follows:

1. A white massive quartz unit, slightly limonite stained with coarse crystals. In most places especially close to the fault zone. The quartz has been fractured and infilled with secondary quartz (a much more translucent variety, see drill hole 83-2 at 20'). A sub-division of this unit is 1a. This consists of massive quartz (1) with fragments and lenses of 2a. Usually it is heavily limonite stained and occurs along the major fault zones in areas of high stress. (Map 1).

The phyllitic lower Broadview-Formation (?) is divisible into three sub-units (this being possible by its variation in colour (compositional variation possibly) and the amount of quartz present (position relative to quartz body). The sub-units are as follows:

2. A light green, fine grained and well foiliated phyllite. In places it is seen to be highly contorted with resultant minor folds and has associated minor quartz traces. The unit occurs mainly to the south of the area mapped.
- 2a This is a dark green to black, fine grained, finely foliated phyllite and usually occurs close to the major fault zone (the black colouration could be due to graphite occurring in the shear zone). Quartz veining is found throughout this unit from traces up to 20-30% of the rock. Two types of quartz occur as both lenses and blebs, the more abundant is a crosscutting massive to vuggy variety. The other less common is a finely folded massive variety parallel to the phyllite foiliation (hole No. G.C. 83-2 at 35-80'). The former suggests a more secondary epigenetic origin, while the latter suggests a more syngenetic origin.
- 2b This unit is a light to dark grey, fine grained, finely foiliated phyllite with minor quartz traces and occurs mainly in the east of the area mapped.

The massive quartz unit 1 extends in a N.N.W. direction and can be traced for 180 M along strike. The dip of the body appears to be in an easterly direction. The visible face of this unit, along the cliff is heavily striated with slickensides which have a N.N.E. trend, a 50° - 70° dip and an average plunge of 20° south. This defines the major fault zone. Branching off from this major fault zone are two 1-3 M wide shears (Fig. 4). These trend in a more N.W. direction and dip in an easterly direction. At Adit B the N.W. trending shear branch appears to go behind the massive quartz body, therefore suggesting that the quartz body has shear zones on both sides. Further evidence for this is in drill holes G.C. 83-2 and G.C. 83-3 where a fault occurs on the western side of the quartz body. Also from these drill holes it appears that the quartz body thins out (to almost a layer), and that the fault attitude decreases (Fig. 4).



LEGEND

- 1 Massive quartz body
- 1a Quartz w. 2a layers, lences
- 2 Light green phyllite
- 2a Dark green-black phyllite
- 2b Black phyllite
- ~ Fault
- - - Cleavage
- ⊙ Outcrop
- ⚡ Stickenside
- Q(T) Quartz (trace)
- LS. Limonite staining

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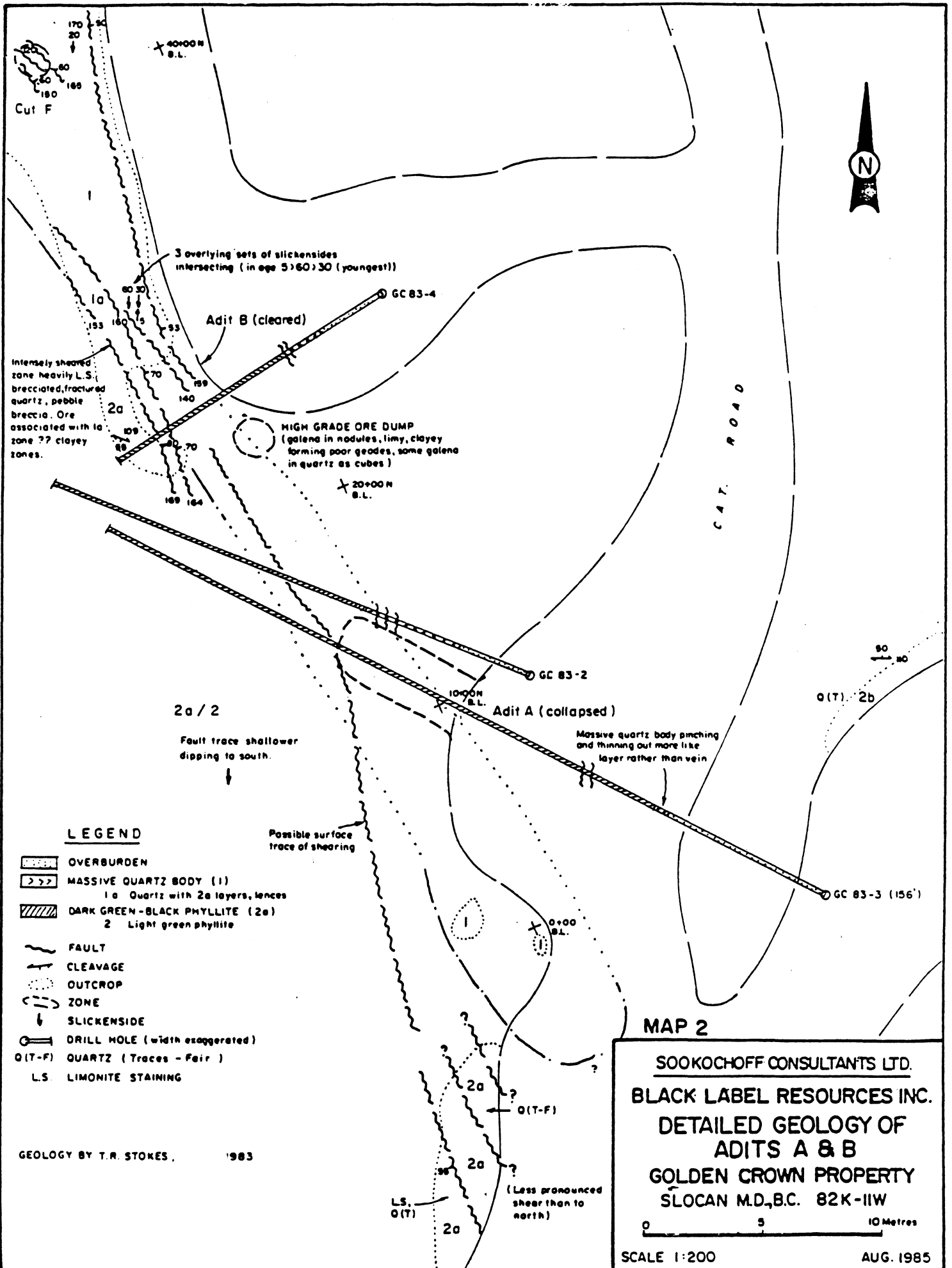
BLACK LABEL RESOURCES INC.
GEOLOGY ALONG BASE LINE
GOLDEN CROWN PROPERTY
SLOCAN M.D., B.C. 82K-11W



SCALE 1:1000

AUG. 1985

Geology by T.R. Stokes, 1983



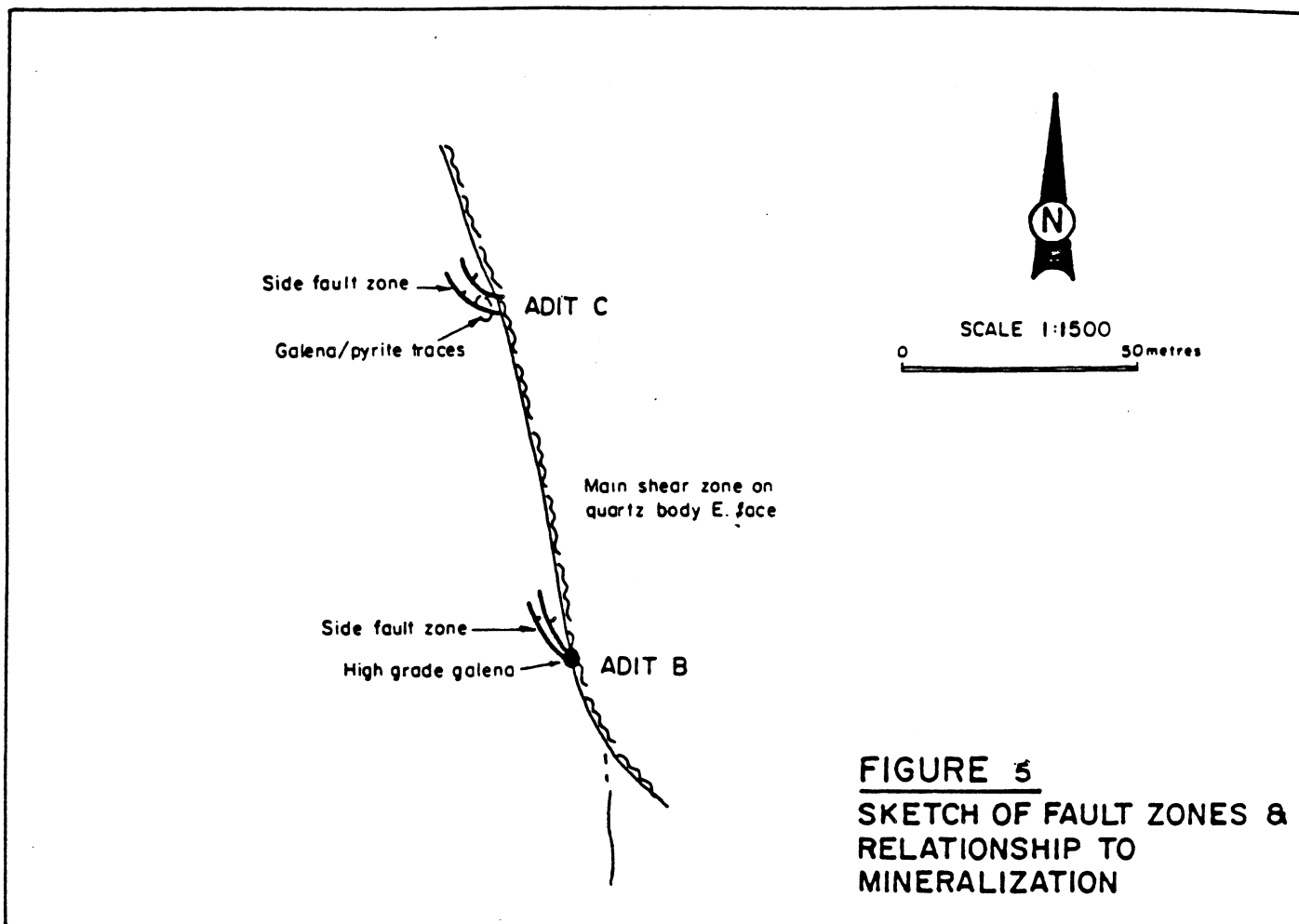
An important point to consider is the further extension of the quartz body either to the south or the north. To the south of the main quartz body (approximately 50 M south of Adit A) is a 10 X 5 M massive quartz outcrop sample location G. 08). The association of this with the main quartz body is not clear (due to overburden) ie. whether it is joined to the major body (with associated faulting) or if it is a separate body all together.

Cut F is the last visible occurrence to the north of the quartz body (with its associated shearing). 20-30 M further N.W. of this a graphitic zone occurs with minor quartz float.

The exact continuity and direction of the main fault is not clear either to the north or south due to overburden. The topography (i.e. gullies) suggest possible extension, but not necessarily associated with the quartz/phyllite contact.

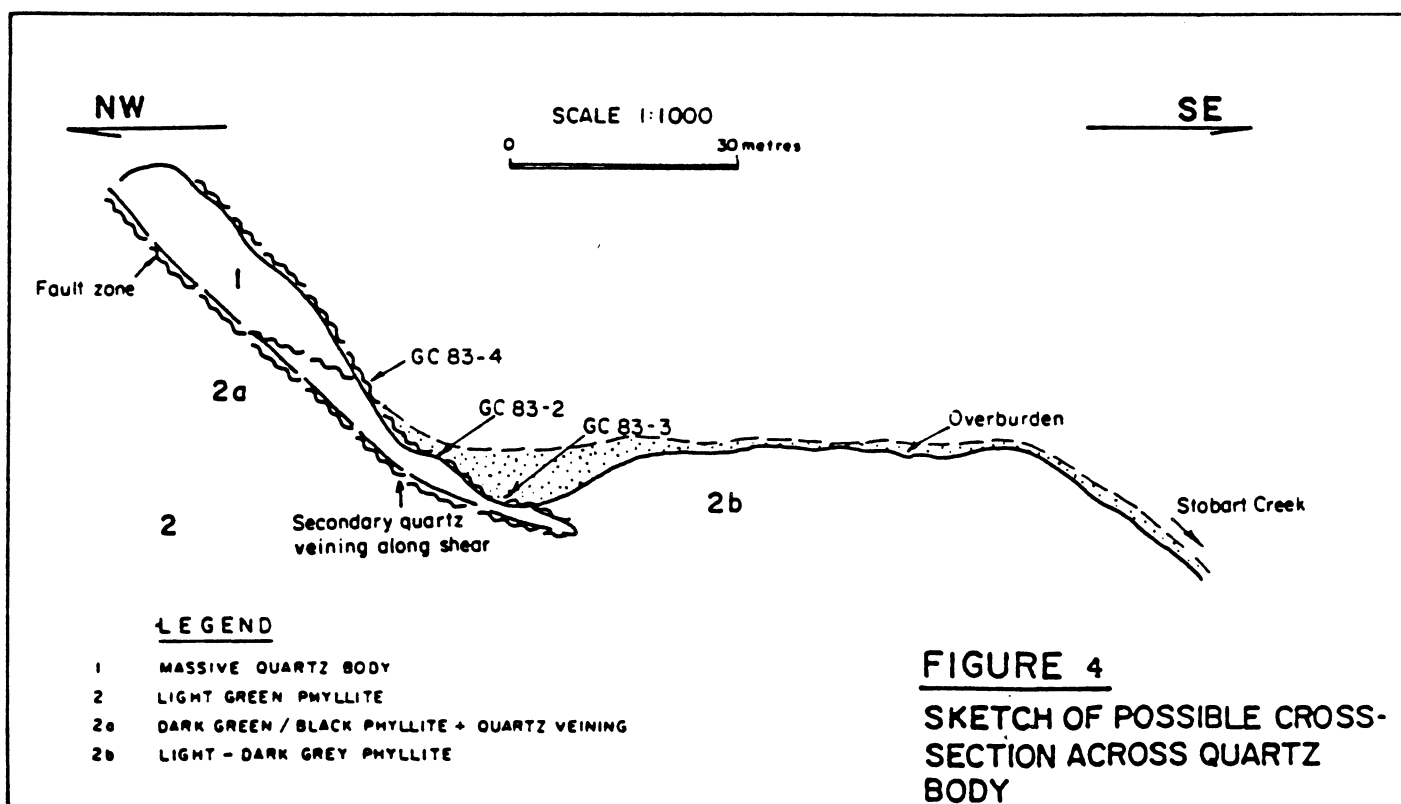
From the geological mapping to date, it appears the phyllite unit (2, 2a, 2b) and massive quartz unit were deposited sygenetically as a muddy sediment and a siliceous chert respectively (the latter being possibly either exhalative or a siliceous ooze). The evidence for this being the lack of contact alteration between the units and the conformity in places of the quartz bleb/veins to the phyllite foiliation. Low-medium grade metamorphism and minor folding followed the syngenetic deposition of these units.

After this a period of high localised stress occurred within the area resulting in shearing along the unit contacts. (Due to the variation in competence between the units ie. phyllite very competent, quartz body very incompetent). Evidence for this being the quartz brecciation (G.C. 83-2). Evidence for this being the quartz brecciation, the quartz pebble breccias at adit B and the quartz with graphite/heryllite layers. Following this or contemporaneously hydrothermal fluids seeped along the shear planes depositing secondary quartz veins and sulphides. It is then possible further shearing occurred smearing the sulphides along the fault plane causing a pocket like appearance of the high grade material.



Geology by T.R. STOKES,

1983



MINERALIZATION

Visible mineralization other than limonite staining was only found in two areas. One being the dump material found close to adit B (now opened up). This consisted of galena nodules (with small vug type formations) associated with limy clay (presumably fault material). Other galena from the dump occurs as coarse crystals in a massive quartz. The dump material reported values of 0.6 oz/ton au, 50% Pb and 40 oz/ton Ag (sample G 07). This material was not found in outcrop, but presumably came from the nearby fault zone.

Other mineralization occurs in Cut D above Adit C, this consists of two small zones of quartz with 1-2% visible galena and traces of pyrite. One zone is 1 X 1 1/2 M in size and occurs in a vuggy quartz vein along a fault zone. The other occurs 10-20 M to the south of the first and is 1 X 1 M in size.

No visible mineralized intersections were found in any of the four drill holes except for limonite staining and minor pyrite traces.

GEOCHEMISTRY

Twelve detail rock chip samples (G-1- G12) were taken over Adits B and C, Cuts D, E and F, the quartz outcrop to the far south and from the cut underneath the silver soil anomaly to the south. In all cases chips were taken every 20-30 cm and care was taken to insure that fines were also collected.

Fourteen core rock chip samples (Appendix II) were taken from the four drill holes. Most of the samples were taken from the faults, where mineralization was expected to occur. Also samples were taken from the end of the drill holes, in order to discover any mineralization traces which might occur at depth.

Twenty-one soil samples were taken over the known silver anomaly in order to delineate it more accurately (Fig. 6).

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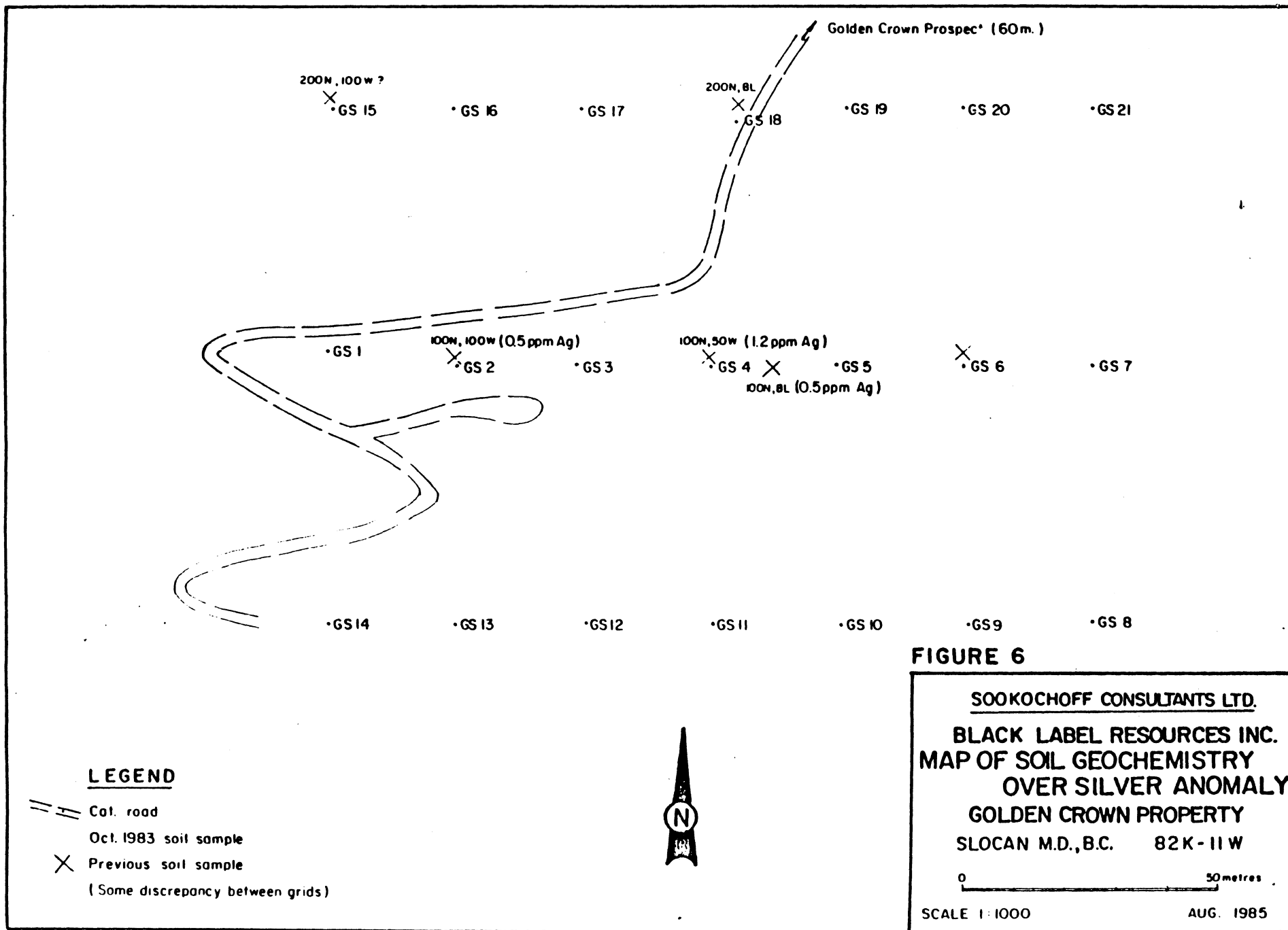
GEOCHEMICAL ASSAY CERTIFICATE

A .500 GM SAMPLE IS DIGESTED WITH 3 ML OF 3:1:3 HCL TO HNO3 TO H2O AT 90 DEG.C. FOR 1 HOUR.
THE SAMPLE IS DILUTED TO 10 MLS WITH WATER. ELEMENTS ANALYSED BY AA : PB, ZN, AG.
SAMPLE TYPE : P1 ROCK P2 SOIL
AU* - 10 GM, IGNITED, HOT AQUA REGIA LEACH MIBK EXTRACTION, AA ANALYSIS.

ASSAYER D. Toye DEAN TOYE, CERTIFIED B.C. ASSAYER

L. SOOKOCHOFF PROJECT # GOLDEN CROWN FILE # 83-2740A PAGE# 1

| SAMPLE | PB PPM | ZN PPM | AG PPM | AU* PPB |
|-------------|-----------|-----------|-----------|------------|
| G-1 | 1200 | 860 | 2.3 | 45 |
| G-2 | 710 | 900 | 3.5 | 1450 |
| G-3 | 4600 | 520 | 12.0 | 1100 |
| G-5 | 92 | 162 | .4 | 5 |
| G-6 | 33 | 60 | .3 | 5 |
| G-8 | 106 | 370 | .2 | 5 |
| G-9 | 1300 | 640 | 5.2 | 250 |
| G-10 | 950 | 2300 | 6.6 | 120 |
| G-11 | 2000 | 260 | 8.8 | 195 |
| G-12 | 385 | 510 | 1.0 | 115 |
| GC-83-1-1 | 56 | 330 | .4 | 5 |
| GC-83-2-1 | 60 | 78 | .1 | 5 |
| GC-83-2-2 | 1100 | 600 | 1.6 | 295 |
| GC-83-2-3 | 600 | 630 | 1.9 | 5 |
| GC-83-2-4 | 36 | 82 | .1 | 5 |
| GC-83-3-1 ✓ | 170 | 116 | 1.0 | 15 |
| GC-83-3-2 ✓ | 110 | 1100 | .8 | 5 |
| GC-83-3-3 ✓ | 39 | 270 | .4 | 5 |
| GC-83-3-4 ✓ | 19 | 490 | .1 | 5 |
| GC-83-3-5 ✓ | 20 | 102 | .1 | 5 |
| GC-83-4-1 ✓ | 178 | 186 | .4 | 5 |
| GC-83-4-2 ✓ | 180 | 770 | .6 | 5 |
| GC-83-4-3 ✓ | 62 | 760 | .4 | 5 |
| GC-83-4-4 ✓ | 18 | 275 | .1 | 5 |



| SAMPLE | PB PPM | ZN PPM | AG PPM | AU* PPB |
|--------|-----------|-----------|-----------|------------|
| G-4 | 48 | 148 | .2 | 5 |
| GS-1 | 27 | 124 | .7 | 5 |
| GS-2 | 25 | 135 | .5 | 5 |
| GS-3 | 58 | 96 | .1 | 5 |
| GS-4 | 39 | 150 | .4 | 125 |
| GS-5 | 27 | 114 | .3 | 5 |
| GS-6 | 22 | 106 | .2 | 5 |
| GS-7 | 18 | 138 | .2 | 5 |
| GS-8 | 25 | 116 | .3 | 5 |
| GS-9 | 21 | 88 | .1 | 5 |
| GS-10 | 23 | 96 | .1 | 5 |
| GS-11 | 42 | 86 | .2 | 5 |
| GS-12 | 46 | 162 | .5 | 5 |
| GS-13 | 38 | 96 | .3 | 5 |
| GS-14 | 34 | 84 | .9 | 5 |
| GS-15 | 31 | 136 | .5 | 5 |
| GS-16 | 26 | 110 | .4 | 5 |
| GS-17 | 32 | 108 | .4 | 5 |
| GS-18 | 25 | 90 | .5 | 5 |
| GS-19 | 29 | 92 | .2 | 5 |
| GS-20 | 24 | 114 | .2 | 5 |
| GS-21 | 26 | 84 | .1 | 5 |

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ASSAY CERTIFICATE

SAMPLE TYPE : ROCK - CRUSHED AND PRULVERIZED TO -100 MESH.

ASSAYER Dean Toye DEAN TOYE, CERTIFIED B.C. ASSAYER

| SAMPLE | PB % | AG OZ/TON | AU OZ/TON |
|--------|---------|--------------|--------------|
| G-7 | 37.80 | 30.20 | .468 |

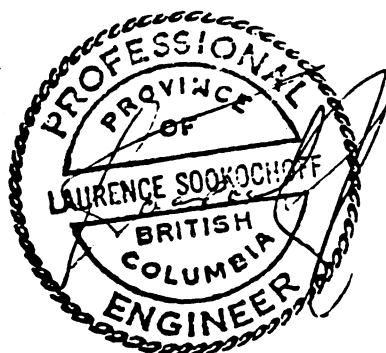
CONCLUSIONS

1. Four diamond drill holes were drilled in all with a total of 395'. No visible sulphide mineralization was intersected (not including limonite staining and pyrite traces). This does not mean that no mineralization is present (any fine gold or silver if present will be found in the core samples which have been sent for analysis). It was expected that if any gold or silver is present it would be associated with galena, of which none was found.
2. Drill holes 83-2, 83-3 and 83-4 all intersected shear zones which occur close to the quartz/phyllite contacts.
3. From the drilling it is suspected that the high grade auriferous galena was only a small pod. This is not conclusive as no high grade sulphides have been found in outcrop and the true setting of the material is not known.
4. From the geology it appears that the quartz body does not extend further than the outcrop visible to date 200-250 M. The fault/shearing zone appears to wane at both its north and south extensions, but it is not conclusive as outcrop is lacking in these areas.
5. It should be also kept in mind with a more optimistic view that the auriferous galena (from the dump) was in fact a fault smear, other blebs could be found along the fault. This depends if shearing occurred after mineralization. If this is so, further sulphides could be found to the south (direction of main slikenides 20° plunge to the south).

RECOMMENDATIONS

1. No further drilling is recommended until some further evidence of mineralization is found by removal of overburden and rock chip geochemistry.
2. It is suggested that two cat roads/cuttings (at two different levels) be located over Adits A and B (trending in a N.S. direction), and that Adit A be cleaned out (similar to Adit B). These cuttings should be made down to outcrop and then carefully mapped and sampled. The whole operation should not take longer than 3-4 days.
3. East-west trenches by downhole drilling and blasting could be employed on the quartz body next to Adit B (and next to Adit A when cleaned out). The purpose of this would be to remove the quartz face and reveal the possibly mineralized fault behind. This trenching could continue northwards along the quartz body if favourable results are obtained. Rock chip geochemistry and detailed mapping should be carried simultaneously.
4. Further removal of overburden, rock geochemistry and mapping of the silver anomaly to the south if soil geochemical results are favorable.

T. R. Stokes B.Sc., M.Sc.



REFERENCES

B.C. Annual Mines Report 1914 Section k p. 309

Bankcroft, Walker and Gunning, 1929 G.S.C. Memoir Map
No. 235 A Lardeau Area

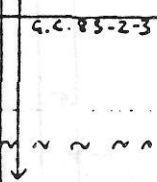
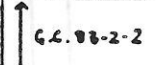
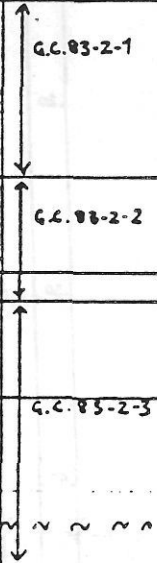
APPENDIX I

DRILL CORE LOGS

| DEPTH (FEET) | INTERVAL (FEET) | RECOVER (%) | UNIT | ROCK DESCRIPTION | MINERALIZATION | GEOCHEM/ASSAY |
|---|-----------------|-------------|---------------------------------|---|---|---------------------|
| <p>HOLE G.C. 83-1 LOCATION ST. 077 N.B.L. D/R. 21° O/GT. 20-2M.</p> <p>92. 307° @ 45° PLUNGE NW DEPTH 73'</p> | | | | | | |
| 10 | | | | <p>OVERBURDEN BOULDER FRAGMENTS OF MASSIVE QUARTZ, MILKY WHITE IN COLOUR, AND DARK GREY PHYLLITE, FINELY FOLIATED AND MICACEOUS (26). CONSIDERABLE BANDING AND MINOR FOLDS ALONG WITH QUARTZ BLEBS / VEINS PARALLEL TO CLASTIC PLANES</p> | <p>MINOR LIMONITE STAINING.</p> | |
| 20 | | | | | | |
| 6 | 59' | 53' (82) | <p>OVER BURDEN</p> | | | |
| 47 | | | | | | |
| 50 | | | | | | |
| 50 | 13' | 7' (53) | <p>OVER BURDEN / MASSIVE QZ</p> | <p>MASSIVE QUARTZ WITH FRAGMENTS / LENSES OF 26. FRACTURING WITHIN QUARTZ + MINOR VUGS. SECONDARY INFILLING?</p> | <p>LIMONITE STAINING WITH QUARTZ + PYRITE TRACES</p> | <p>G.C. 83-1-1.</p> |
| | | | | <p>? ~ ~ ~ ~ ~</p> | <p>(POSSIBLE FAULT ZONE DIFFICULT TO DISTINGUISH)</p> | |

| DEPTH (FEET) | INTERVAL (FEET) | RECOVERY (FEET) | UNIT | ROCK DESCRIPTION | MINERALIZATION | GEOCHEM / ASSAY |
|--|-----------------|-----------------|-----------------------|---|---|-----------------|
| <p>HOLE G.C. 93-2 LOCATION: SN. 0400N44 D12. 0° D15. 10-549 RZ. 292° 01P 48° N DEATH 100°</p> | | | | | | |
| 0 | 14' | 3' | OVERBURDEN | QUARTZ AND PHYLLITE FRAGMENTS. QUARTZ APPEARS Waxy WITH DARK BROWN OXIDATION. PHYLLITE IS FOLIATED AND BANDED | | |
| 20 | 8 1/2' | 8 1/2' | MASSIVE QUARTZ | MASSIVE MILK WHITE QZ. 3-4 FRACTURES/FT. FRACTURES INFILLED WITH 1/4" VEINS OF CLEAR QZ. + LIMONITE MATERIAL. DEFINITE EVIDENCE OF SECONDARY FRACTURING AFTER MAIN QZ. BODY EMPLACEMENT. OCCASIONAL MINOR VUGS AND 2" FRAGMENTS 2 1/4". INCREASE IN FRACTURING, VUGS AND FRAGMENTS TOWARDS FAULT ZONE. | LIMONITE STAINING | G.C. 93-2-1 |
| 30 | 5 1/2' | 2 1/2' | POORLY DEFINED QUARTZ | HEAVILY FRACTURED - BECCILIATED WHITE QUARTZ. FRACTURES INFILLED WITH DARK BROWN FERROUS OXIDISED MATRIX. | INTENSE LIMONITE STAINING | G.C. 93-2-2 |
| 30 | 1 1/2' | 1 1/2' | | MASSIVE WHITE QZ. FRACTURED SIMILAR TO UNIT | 14'-23 1/2' | |
| 35 | 5' | 3' | Za | DARK GREEN / GREY PHYLLITE HEAVILY CONTACTED + MINOR FOLDING (CLEAVAGE CREVILLATIONS) QZ VEINS / BLENDS // AND SOB // TO CLEAVAGE 4-6/FT DECREASING FROM SHEAR | LIMONITE STAINING / FERROUS OXIDATION PERVASIVE BUT DECREASING AWAY FROM FAULT. 80% L.S. NEXT TO FAULT. | G.C. 93-2-3 |
| 40 | | | | <p>RICH RICH</p> <p>DARK GREEN / GREY PHYLLITE LESS FRACTURED THAN ABOVE DECREASING AWAY FROM FAULT</p> <p>QUARTZ VEINING DECREASING AWAY FROM FAULT. 2 TYPES OF QUARTZ:</p> <ol style="list-style-type: none"> 1) PARALLEL TO PHYLLITE CLEAVAGE LAYERS / LENSES, CONTACTED AND FOLDED. 2) X-CUTTING QZ VEINS, Waxy EPIGENETIC. | LIMONITE STAINING MOSTLY ALONG QZ. VEINS. | |
| 60 | 48' | 45' | Za 1/2 | (PHYLLITE SLIGHTLY CHANGING COLOUR FROM GREY - GREEN AWAY FROM FAULT) | | |
| 80 | | | | | | |
| 90 | 28' | 25' | Za 2/2 | <p>(POORLY DEFINED BOUNDARY BETWEEN DIVISIONS, ONLY POSSIBLE BY DECREASE IN QZ. VEINING AND FRACTURING)</p> <p>AS UNIT ABOVE EXCEPT LESS QZ. VEINING AND FRACTURING.</p> | | |

SHEARING ZONE



| DEPTH (FEET) | INTERNAL (FEET) | RECOVERY (FEET) | UNIT | ROCK DESCRIPTION | MINERALIZATION | GEOCHEM/ ASSAY |
|--------------|-----------------|-----------------|------------|--|--|----------------|
| | | | | HOLE G.C. 83-3 LOCATION STN 0400N DIR 04° DIST. 12-8M DIRECTION 245° DIP 46° N.W. DEPTH 156' | | |
| 0 | | | | | | |
| 15 | | | | | | |
| 31 | 19 | | OVERBURDEN | | | |
| 60 | | | | | | |
| 3' | 2' | (64%) | 1 | MASSIVE WHITE QUARTZ, HEAVILY FRACTURED, MINOR VUGS + QZ PEBBLE BRECCIA. DIFFICULT TO DISTINGUISH FROM OVERBURDEN (FRAGMENT OF 2 IN 1) | LIMONITE STAINING <i>(POSSIBLE SHEAR)</i> | G.C. 83-3-1 |
| 40 | 12' | 9' | 2a | DARK GREEN-BLACK PHYLLITE, FINE GRAINED, FINELY FOLIATED HEAVILY FRACTURED + PERVASIVE QZ VEINING X-CUTTING FOLIATION 10-20% OF ROCK FRACTURING 7201 FT | <i>(POSSIBLE SHEAR)</i> LIMONITE STAINING MAINLY ALONG QUARTZ | G.C. 83-3-2 |
| 50 | | | | DEFINITE CLAY ZONE | | |
| 13' | 10' | (80%) | 2a | (AS ZONE ABOVE) | (AS ZONE ABOVE) | |
| | | | | (UNDEFINED DIVISION) | | |
| 70 | | | | | | G.C. 83-3-3 |
| 92' | 85' | (40-40%) | 2a | SAME AS 2a ABOVE BUT LESS FRACTURING AWAY FROM FAULT + ONLY 5-10% QZ. DECREASING IN QZ WITH DEPTH. TWO TYPES OF QZ VEINING (6-1") i.) X CUTTING YOLLY + HEAVY LIMONITE STAINING ii.) MILKY QZ. // TO CLEAVAGE + FOLIOLED WITH CONTRASTIONS | LIMONITE STAINING AROUND QZ VEINS. | G.C. 83-3-4 |
| 80 | | | | | | |

| DEPTH (FEET) | INTERVAL (FEET) | RECOVERY (FEET/%) | UNIT | ROCK DESCRIPTION | MINERALIZATION | GEOCHEM/ASSAY |
|--------------|-----------------|-------------------|------|------------------|----------------|---------------|
| 8 | | | | | | |
| 8 | | | | | | |
| 10 | | | | (AS ABOVE) | (AS ABOVE) | |
| 12 | 92 | 88 100 | 2p | | | |
| 13 | | | | | | |
| 15 | | | | | | |
| 16 | | | | | | |
| 16 | | | | | | |

↑
C.C. 83-3-5
↓

D

C

| DEPTH (FEET) | INTERVAL (FEET) | RECOVERY (FEET/IN) | UNIT | ROCK DESCRIPTION | MINERALIZATION | GEOCHEM/ASSAY |
|--------------|-----------------|--------------------|------------|--|------------------------------|---------------|
| | | | | HOLE G.C. 83-4 LOCATION STN 0+10N BL AZ. 238° DIP 45° SW DIR. 150 DIST. 14.3M DEPTH 60' | | |
| 10 | 15' | (92) | OVERBURDEN | MINOR PHYLLITE AND MASSIVE QUARTZ FRAGMENTS. | | |
| 20 | 2' | 1' f | | QUARTZ BRECCIA + CLAY MATERIAL (POSSIBLY COMPOSED WITH OVERBURDEN) | HEAVY LIMONITE STAIN | G.C. 83-4-1 |
| 30 | 10' | 5' 1 | | MASSIVE WHITE QUARTZ, WELL FRACTURED WITH MINOR Z ₂ FRAGMENTS | LIMONITE STAINING. | |
| | | | | MINOR QZ BRECCIATION CLOSE TO FAULT. | | |
| 30 | 2' | 0.5' f | | FINE QUARTZ PEBBLES IN CLAY MATRIX | | G.C. 83-4-2 |
| 40 | 13' | (80-90) 2a | | EXTREMELY FRACTURED BLACK-GREEN PHYLLITE WITH 10-20% QZ VEINING/BLEBS. GRAPHITE TRAILS | PERVASSIVE LIMONITE STAINING | G.C. 83-4-3 |
| | | | | 2 TYPES OF QUARTZ, CROSSCUTTING VEINS OF WOLLY QZ AND MORE MASSIVE QZ. // TO FOLIATION. POSSIBLE EVIDENCE OF Z ₂ FLOWING AROUND Z ₂ FRAGMENT SUGGESTING MOBILIZATION BY FAULT. | (POSSIBLE FAULT) (SHEAR) | |
| 50 | 19' | (80-90) 2a 1/2 | | LIGHT GREEN PHYLLITE WITH 5-10% QUARTZ VEINING. | MINOR LIMONITE STAINING. | G.C. 83-4-1 |

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A .500 GM SAMPLE IS DIGESTED WITH 3 ML OF 3:1:3 HCL TO HNO3 TO H2O AT 90 DEG.C. FOR 1 HOUR.
THE SAMPLE IS DILUTED TO 10 MLS WITH WATER. ELEMENTS ANALYSED BY AA : PB, ZN, AG.
SAMPLE TYPE : P1 ROCK P2 SOIL
AU* - 10 GM, IGNITED, HOT AQUA REGIA LEACH MIBK EXTRACTION, AA ANALYSIS.

ASSAYER D. J. J. DEAN TOYE, CERTIFIED B.C. ASSAYER

L. SOOKOCHOFF PROJECT # GOLDEN CROWN FILE # 83-2740A PAGE# 1

| SAMPLE | PB PPM | ZN PPM | AG PPM | AU* PPB |
|-------------|-----------|-----------|-----------|------------|
| G-1 | 1200 | 860 | 2.3 | 45 |
| G-2 | 710 | 900 | 3.5 | 1450 |
| G-3 | 4600 | 520 | 12.0 | 1100 |
| G-5 | 92 | 162 | .4 | 5 |
| G-6 | 33 | 60 | .3 | 5 |
| G-8 | 106 | 370 | .2 | 5 |
| G-9 | 1300 | 640 | 5.2 | 250 |
| G-10 | 950 | 2300 | 6.6 | 120 |
| G-11 | 2000 | 260 | 8.8 | 195 |
| G-12 | 385 | 510 | 1.0 | 115 |
| GC-83-1-1 | 56 | 330 | .4 | 5 |
| GC-83-2-1 | 60 | 78 | .1 | 5 |
| GC-83-2-2 | 1100 | 600 | 1.6 | 295 |
| GC-83-2-3 | 600 | 630 | 1.9 | 5 |
| GC-83-2-4 | 36 | 82 | .1 | 5 |
| GC-83-3-1 ✓ | 170 | 116 | 1.0 | 15 |
| GC-83-3-2 ✓ | 110 | 1100 | .8 | 5 |
| GC-83-3-3 ✓ | 39 | 270 | .4 | 5 |
| GC-83-3-4 ✓ | 19 | 490 | .1 | 5 |
| GC-83-3-5 ✓ | 20 | 102 | .1 | 5 |
| GC-83-4-1 ✓ | 178 | 186 | .4 | 5 |
| GC-83-4-2 ✓ | 180 | 770 | .6 | 5 |
| GC-83-4-3 ✓ | 62 | 760 | .4 | 5 |
| GC-83-4-4 ✓ | 18 | 275 | .1 | 5 |

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Project BLACK LABEL Shift DAY Date SEP 26-83

| Drill | | Hole Angle | | Hole No. | | | Core Size | | | |
|-------|----|------------|----------|---|------|----|-----------|------------------------------------|-----------|------|
| From | To | Feet | Ft. Core | Formation Drilled Rpt "Reaming" Here | From | To | Size | Bits, Shells, Casing Shoes Type | Ser. Nos. | Feet |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
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| | | | | | | | | | | |

| | Hours | | Supplies Used, Damaged, Worn Out, Left in Hole | Hrs. Worked |
|-------------------------------|-------|--------|---|-------------|
| | Co. | Client | | |
| Drilling | | | Report all items used up or replaced on your shift. Drill mud, cement, core, bbl parts, casing, tools. | |
| Reaming | | | | |
| Casing | | | | |
| Cementing/ Grouting Cement | | | | |
| Hole Testing (specify) | | | | |
| Tearing Down/Setting Up | | | | |
| Moving | | 6 | | |
| Water Delay (specify) | | | | |
| Repairs (specify) | | | | |
| Tractor/Truck Time | | | Driller <u>P. McDONALD</u> | 6 |
| Standby Time | | | | |
| Miscellaneous (specify) | | | Helper | |
| TOTAL HOURS | | 6 | | |

REMARKS (Note all problems encountered in hole.
If bits, shells or casing shoes damaged or burned, give reason.)

Moving Drill from unloading Point to Site

FOREMAN: P. McDonald ENGINEER: T. R. Kelly

P. McDonald Drilling Ltd.

1204, 9500 Erickson Dr.
Burnaby, B.C. V3J 1M8
Phone 939-0707

Project BLACK LABEL Shift DAY Date SEP 27-83
Drill _____ Hole Angle _____ Hole No. _____ Core Size _____

| From | To | Feet | Ft. Core | Formation Drilled Rpt "Reaming" Here | Casing | | | Bits, Shells, Casing Shoes | | | |
|------|----|------|----------|---|--------|----|------|----------------------------|-----------|------|--|
| | | | | | From | To | Size | Type | Ser. Nos. | Feet | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |

| | Hours | | Supplies Used, Damaged, Worn Out, Left in Hole | Hrs. Worked |
|-------------------------|-------|-----------|---|-------------|
| | Co. | Client | | |
| Drilling | | | Report all items used up or replaced on your shift. Drill mud, cement, core, bbl parts, casing, tools. | |
| Reaming | | | | |
| Casing | | | | |
| Setting Cement | | | | |
| Hole Reaming (specify) | | | | |
| Tearing Down/Setting Up | | | | |
| Moving | | 5-5 | | |
| Water Delay (specify) | | | | |
| Repairs (specify) | | | | |
| Truck Break Time | | | Driller <u>P. McDONALD</u> | <u>10</u> |
| Standby Time | | 5-5 | <u>J. McMULLIN</u> | <u>10</u> |
| Miscellaneous (specify) | | | Helper | |
| TOTAL HOURS | | 20 | | |

REMARKS (Note all problems encountered in hole. If bits, shells or casing shoes damaged or burned, give reason.)
Finish moving drill to site
5 Hr. standby waiting for truck to arrive
from Tracy.

FOREMAN: P. McDonald ENGINEER: J. McMillin

P. McDonald Drilling Ltd.

1204, 9500 Erickson Dr.
Burnaby, B.C. V3J 1M8
Phone 939-0707

Project BLACK LABEL Shift Day Date SEP. 28-83
Drill _____ Hole Angle 45° Hole No. 1 Core Size BC

| From | To | Feet | Ft. Core | Formation Drilled Rpt "Reaming" Here | Casing | | | Bits, Shells, Casing Shoes | | |
|------|----|------|----------|---|--------|----|------|----------------------------|-----------|------|
| | | | | | From | To | Size | Type | Ser. Nos. | Feet |
| | | | | | 0 | 20 | 130, | | | 20 |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |

| | Hours | | Supplies Used, Damaged, Worn Out, Left in Hole |
|---------------------------------------|-------|--------|---|
| | Co. | Client | |
| Drilling | | | Report all items used up or replaced on your shift. Drill mud, cement, core, bbl parts, casing, tools. |
| Reaming | | | |
| Casing | 7 | | |
| cementing/ filling Cement | | | |
| Hole Testing (specify) | | | |
| Tearing Down/Setting Up | | | |
| Moving | | | |
| Water Delay (specify) | | 6 | Setting water line & pump |
| Repairs (specify) | | | Hrs. Worked |
| Tractor/Truck Time | | | Driller <u>P. McDONALD</u> 12 |
| Standby Time | | | |
| Miscellaneous <u>TRAVEL</u> (specify) | | 4 | Helper <u>J. H. MULLIN</u> 12 |
| TOTAL HOURS | | 10 | |

REMARKS (Note all problems encountered in hole.
If bits, shells or casing shoes damaged or burned, give reason.)

FOREMAN: J. McDonald ENGINEER: T. H. Mullin

P. McDonald Drilling Ltd.

1204, 9500 Erickson Dr.
Burnaby, B.C. V3J 1M8
Phone 939-0707

Project BLACK LABEL Shift DAY Date SEP 29-83
Drill _____ Hole Angle _____ Hole No. _____ Core Size _____

| From | To | Feet | Ft. Core | Formation Drilled Rpt "Reaming" Here | Casing | | | Bits, Shells, Casing Shoes | | |
|------|----|------|----------|---|--------|----|------|----------------------------|-----------|------|
| | | | | | From | To | Size | Type | Ser. Nos. | Feet |
| | | | | | 20 | 50 | BW | | | 30 |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |

| | Hours | | Supplies Used, Damaged, Worn Out, Left in Hole | Hrs. Worked |
|---|-------|--------|---|----------------------------|
| | Co. | Client | | |
| Drilling | | | Report all items used up or replaced on your shift. Drill mud, cement, core, bbl parts, casing, tools. | |
| Reaming | | | | |
| Casing | 10 | | | |
| Grouting/ Filling Cement | | | | |
| Hole Testing (specify) | | | | |
| Tearing Down/Setting Up | | | | |
| Moving | | | | |
| Water Delay (specify) | | | | |
| Repairs (specify) | | | | |
| Tractor/Truck Time | | | | Driller <u>P. McDONALD</u> |
| Standby Time | | | | |
| Miscellaneous ^{TRAVEL} (specify) | 4 | 4 | Helper <u>J. McMULLIN</u> | 12 |
| TOTAL HOURS | 10 | 4 | | |

REMARKS (Note all problems encountered in hole.
If bits, shells or casing shoes damaged or burned, give reason.)

Shoe damaged Reaming through
Balder 1 Bit damaged drilling through
Balder and sand

FOREMAN: P. McDonald ENGINEER: M. Stet

P. McDonald Drilling Ltd.

1204, 9500 Erickson Dr.
Burnaby, B.C. V3J 1M8
Phone 939-0707

Project BLACK LABEL Shift DAY Date SEP 30-83
Drill _____ Hole Angle 45° Hole No. 1 Core Size _____

| From | To | Feet | Ft. Core | Formation Drilled Rpt "Reaming" Here | Casing | | | Bits, Shells, Casing Shoes | | |
|------|----|------|----------|---|--------|----|------|----------------------------|-----------|------|
| | | | | | From | To | Size | Type | Ser. Nos. | Feet |
| | | | | | 50 | 60 | 13W | | | 10 |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |

| | Hours | | Supplies Used, Damaged, Worn Out, Left in Hole | Hrs. Worked |
|--|-----------|----------|---|-------------|
| | Co. | Client | | |
| Drilling | | | Report all items used up or replaced on your shift. Drill mud, cement, core, bbl parts, casing, tools. | |
| Reaming | | | | |
| Casing | 10 | | | |
| Setting Cement | | | | |
| Hole Testing (specify) | | | | |
| Tearing Down/Setting Up | | | | |
| Moving | | | | |
| Water Delay (specify) | | | | |
| Repairs (specify) | | | | |
| Tractor/Truck Time | | | Driller <u>P. McDONALD</u> | 12 |
| Standby Time | | | | |
| Miscellaneous (specify) <u>TRAVELL</u> | | 4 | Helper <u>J. McMULLIN</u> | 12 |
| TOTAL HOURS | <u>10</u> | <u>4</u> | | |

REMARKS (Note all problems encountered in hole.
If bits, shells or casing shoes damaged or burned, give reason.)
Drilling ahead of casing & reaming
casing through sand & boulders

FOREMAN: P. McDONALD ENGINEER: TRAVELL

P. McDonald Drilling Ltd.

1204, 9500 Erickson Dr.
Burnaby, B.C. V3J 1M8
Phone 939-0707

Project BLACK LABEL Shift DAY Date Oct. 1-83

Drill _____ Hole Angle 45° Hole No. 1 Core Size _____

| From | To | Feet | Ft. Core | Formation Drilled Rpt "Reaming" Here | Casing | | | Bits, Shells, Casing Shoes | | |
|------|----|------|----------|---|--------|----|------|----------------------------|-----------|------|
| | | | | | From | To | Size | Type | Ser. Nos. | Feet |
| | | | | | 60 | 73 | BW | | | 13 |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |

| | Hours | | Supplies Used, Damaged, Worn Out, Left in Hole | Hrs. Worked |
|--|-----------|----------|---|-------------|
| | Co. | Client | | |
| Drilling | | | Report all items used up or replaced on your shift. Drill mud, cement, core, bbl parts, casing, tools. | |
| Reaming | | | | |
| Casing | 10 | | | |
| cementing filling Cement | | | | |
| Hole Testing (specify) | | | | |
| Tearing Down/Setting Up | | | | |
| Moving | | | | |
| Water Delay (specify) | | | | |
| Repairs (specify) | | | | |
| Tractor/Block Time | | | Driller <u>P. McDONALD</u> | 12 |
| Standby time | | | | |
| Miscellaneous (specify) <u>TRAVELL</u> | | 4 | Helper <u>J. McMULLIN</u> | 12 |
| TOTAL HOURS | 10 | 4 | | |

REMARKS (Note all problems encountered in hole. If bits, shells or casing shoes damaged or burned, give reason.)

Drilling & Reaming casing through sand & Boulders stopped Hole at 73 ft.

FOREMAN: P. McDonald ENGINEER: TRAVELL

P. McDonald Drilling Ltd.

1204, 9500 Erickson Dr.
Burnaby, B.C. V3J 1M8
Phone 939-0707

Project BLALAK LABEL Shift DAY Date Oct. 2-83

Drill _____ Hole Angle 45° Hole No. 2 Core Size BC

| From | To | Feet | Ft. Core | Formation Drilled | Casing | | | Bits, Shells, Casing Shoes | | |
|-----------|-----------|-----------|-----------|--------------------|----------|-----------|-----------|----------------------------|-----------|-----------|
| | | | | Rpt "Reaming" Here | From | To | Size | Type | Ser. Nos. | Feet |
| <u>14</u> | <u>25</u> | <u>16</u> | <u>16</u> | | <u>0</u> | <u>14</u> | <u>BW</u> | | | <u>14</u> |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |

| | Hours | | Supplies Used, Damaged, Worn Out, Left in Hole |
|--|-----------|----------|---|
| | Co. | Client | |
| Drilling | <u>1</u> | | Report all items used up or replaced on your shift. Drill mud, cement, core, bbl parts, casing, tools. |
| Reaming | | | |
| Casing | <u>4</u> | | |
| Grouting/ Filling Cement | | | |
| Hole Testing (specify) | | | |
| Tearing Down/Setting Up | <u>2</u> | | |
| Moving | <u>3</u> | | |
| Water Delay (specify) | | | |
| Repairs (specify) | | | |
| Tractor/Truck Time | | | Driller <u>P. McDONALD</u> |
| Standby Time | | | |
| Miscellaneous (specify) <u>TIRYELL</u> | | <u>4</u> | Helper <u>J. McMULLIN</u> |
| TOTAL HOURS | <u>10</u> | <u>4</u> | |

REMARKS (Note all problems encountered in hole. If bits, shells or casing shoes damaged or burned, give reason.)

Hole 1 Casing stuck in Hole Brake Casing
20 ft. left in Hole & one shell

FOREMAN: P. McDONALD ENGINEER: D. G. L.

P. McDonald Drilling Ltd.

1204, 9500 Erickson Dr.
Burnaby, B.C. V3J 1M8
Phone 939-0707

Project BLACK LABEL Shift DAY Date OCT. 6. 83

Drill _____ Hole Angle 45° Hole No. 3 Core Size BC

| To | Feet | Ft. Core | Formation Drilled Rpt "Reaming" Here | Casing | | | Bits, Shells, Casing Shoes | | |
|------------|-----------|-----------|---|-----------|-----------|-----------|----------------------------|-----------|------|
| | | | | From | To | Size | Type | Ser. Nos. | Feet |
| <u>106</u> | <u>72</u> | <u>71</u> | | <u>20</u> | <u>34</u> | <u>BC</u> | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |

| | Hours | | Supplies Used; Damaged, Worn Out, Left in Hole | Hrs. Worked |
|--------------------------------------|----------|----------|---|-------------|
| | Co. | Client | | |
| Drilling | <u>5</u> | | Report all items used up or replaced on your shift. Drill mud, cement, core, bbl parts, casing, tools. | |
| Drilling | | | | |
| Drilling | <u>2</u> | | | |
| Drilling / Drilling Cement | | | | |
| Testing (specify) | | | | |
| Drilling Down/Setting Up | | | | |
| Drilling | | | | |
| Driller Delay (specify) | | <u>2</u> | | |
| Driller (specify) | | | | |
| Driller/Truck Time | | | Driller <u>P. McDONALD</u> | <u>12</u> |
| Driller by Time | | | | |
| Driller TRAVELL Driller (specify) | | <u>4</u> | Helper <u>J. McMULLIN</u> | <u>12</u> |
| TOTAL HOURS | | <u>6</u> | | |

MARKS (Note all problems encountered in hole.
If bits, shells or casing shoes damaged or burned, give reason.)

2 hr. waiting for footer

MAN: [Signature] ENGINEER: TRF

P. McDonald Drilling Ltd.

1204, 9500 Erickson Dr.
Burnaby, B.C. V3J 1M8
Phone 939-0707

Project BLACK LABEL Shift DAY Date Oct 7-83

Drill _____ Hole Angle 45° Hole No. 3 Core Size BQ

| From | To | Feet | Ft. Core | Formation Drilled Rpt "Reaming" Here | Casing | | | Bits, Shells, Casing Shoes | | |
|-----------------------|----|------|----------|---|--------|----|------|----------------------------|-----------|------|
| | | | | | From | To | Size | Type | Ser. Nos. | Feet |
| 106 156 | | 50 | 50 | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |

| | Hours | | Supplies Used, Damaged, Worn Out, Left in Hole | Hrs. Worked |
|--|-------|--------|---|-------------|
| | Co. | Client | | |
| Drilling | 5 | | Report all items used up or replaced on your shift. Drill mud, cement, core, bbl parts, casing, tools. | |
| Reaming | | | | |
| Casing | | | | |
| cementing / setting Cement | | | | |
| Hole Testing (specify) | | | | |
| Tearing Down/Setting Up | | | | |
| Moving | | | | |
| Water Delay (specify) | | 2 | | |
| Repairs (specify) | | | | |
| Tractor/Truck Time | | | Driller <u>P. McDONALD</u> | 12 |
| Standby Time | | 3 | | |
| Miscellaneous <u>TRAVEL</u> (specify) | | 4 | Helper <u>J. McMULLIN</u> | 12 |
| TOTAL HOURS | | 9 | | |

REMARKS (Note all problems encountered in hole.
If bits, shells or casing shoes damaged or burned, give reason.)

3 hr waiting for instructions 1 hr water delay

FOREMAN: P. McDonald ENGINEER: T. R. H. H. H.

P. McDonald Drilling Ltd.

1204, 9500 Erickson Dr.
Burnaby, B.C. V3J 1M8
Phone 939-0707

Project BLACK LABEL Shift DAY Date Oct. 9-83

Drill _____ Hole Angle 45° Hole No. 4 Core Size 13Q

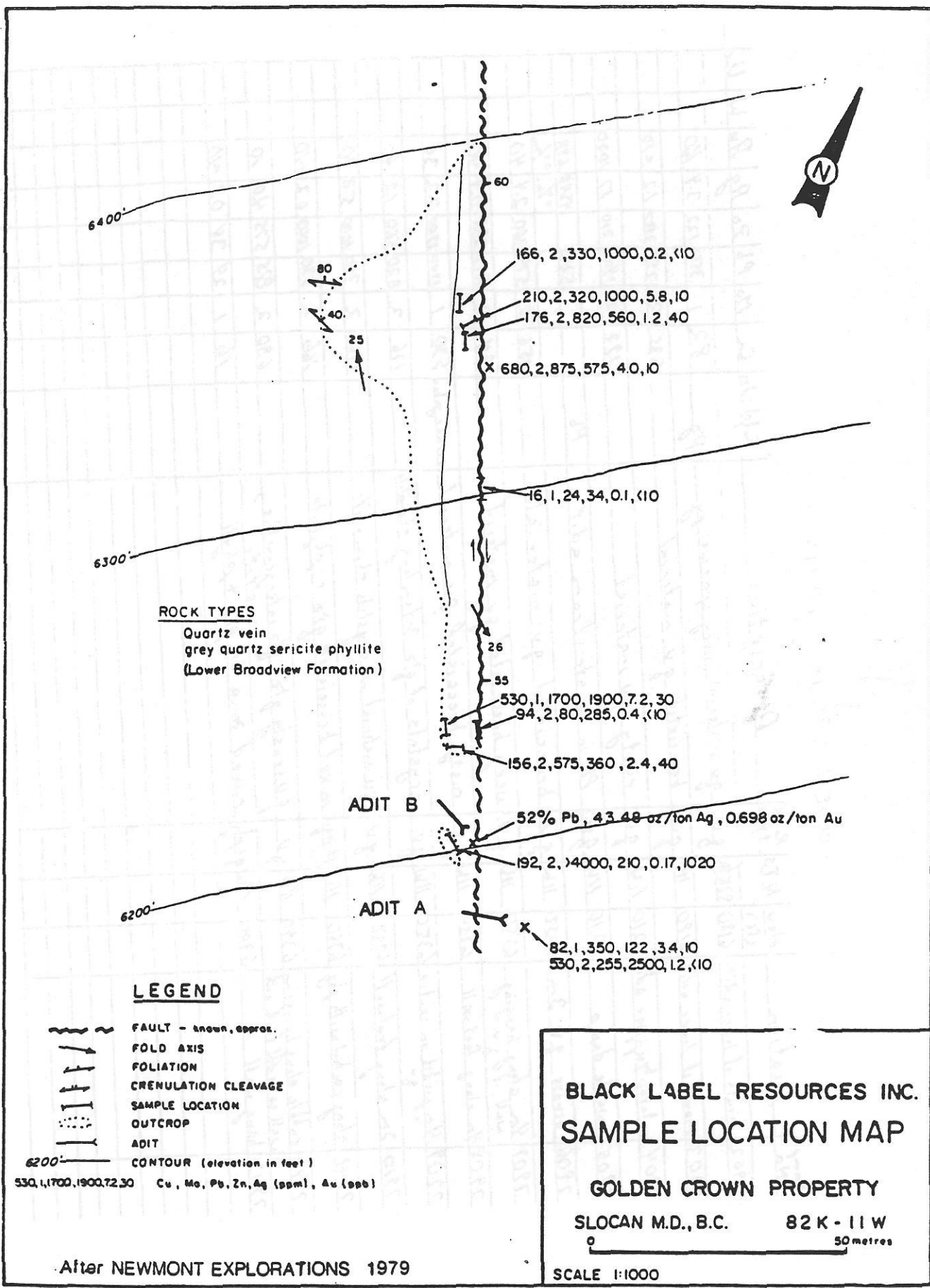
| From | To | Feet | Ft. Core | Formation Drilled | | Casing | | | Bits, Shells, Casing Shoes | | |
|------|----|------|----------|--------------------|--|--------|----|------|----------------------------|-----------|------|
| | | | | Rpt "Reaming" Here | | From | To | Size | Type | Ser. Nos. | Feet |
| 30 | 60 | 30 | 30 | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |

| | Hours | | Supplies Used, Damaged, Worn Out, Left in Hole |
|---------------------------------------|-------|--------|---|
| | Co. | Client | |
| Drilling | 2 | | Report all items used up or replaced on your shift. Drill mud, cement, core, bbl parts, casing, tools. |
| Reaming | | | |
| Casing | | | |
| Cementing (Fill) Cement | | | |
| Core Testing (specify) | | | |
| Hoisting Down/Setting Up | | | |
| Hoisting | | 5 | |
| Water Delay (specify) | | | |
| Repairs (specify) | | | |
| Operator/Truck Time | | | Driller <u>P. McDONALD</u> |
| Standby Time | | | |
| Miscellaneous (Specify) <u>TRAVEL</u> | | 4 | Helper <u>J. McMULLIN</u> |
| TOTAL HOURS | | | |

REMARKS (Note all problems encountered in hole.
If bits, shells or casing shoes damaged or burned, give reason.)

End of Job Stopped Hole at 60 ft.
moved drill down to loading point

FOREMAN: P. McDonald ENGINEER: R. G. G.



6400'

6300'

6200'

80
40
25

60

166, 2, 330, 1000, 0.2, <10

210, 2, 320, 1000, 5.8, 10

176, 2, 820, 560, 1.2, 40

X 680, 2, 875, 575, 4.0, 10

16, 1, 24, 34, 0.1, <10

26

35

530, 1, 1700, 1900, 7.2, 30

94, 2, 80, 285, 0.4, <10

156, 2, 575, 360, 2.4, 40

ADIT B

52% Pb, 43.48 oz/ton Ag, 0.698 oz/ton Au

192, 2, 14000, 210, 0.17, 1020

ADIT A

X 82, 1, 350, 122, 3.4, 10
 530, 2, 255, 2500, 1.2, <10

GOLDEN CROWN CLAIMS

| Sample No | location | elev (ft) | NTS | Rock type | Description | Sulphides | in | Mo | Pb | Zn | Ag | Au | W | U |
|-----------|---|-----------|-------|-----------|--|-----------|-----|----|------|------|------|------|---|---|
| 7902 | mouth of lower adit | 6180 | 82K1W | gv | gv material, very sparse py | py | 82 | 1 | 350 | 122 | 3.4 | 160 | | |
| 7903 | mouth of lower adit | 6180 | 11W | gv | breciated gv material | | 530 | 2 | 250 | 280 | 1.2 | <10 | | |
| 7904 | outcrop by upper adit | 6210 | 11W | gv | rusty gv material | | 192 | 2 | 400 | 210 | 17 | 1020 | | |
| 7905 | waste dump | 6210 | 11W | gv | Pb in waste from adit | Pb | | | 52% | | 1348 | 678 | | |
| | | | | | | | | | | | % | % | | |
| 7906 | across g.v. 3m | 6250 | 11W | gv | breciated gv material | | 156 | 2 | 575 | 360 | 2.4 | 40 | | |
| 7907 | 4m along hanging wall of g.v. | 6250 | 11W | gv | very breciated gv material | | 94 | 2 | 80 | 285 | 0.4 | <10 | | |
| 7908 | 4m along footwall | 6250 | 11W | gv | rusty breciated gv material | minerals | 530 | 1 | 1100 | 1900 | 7.2 | 30 | | |
| 7909 | 4m width in centre of g.v. | 6250 | 11W | gv | crystals of gtz 3-4cm long + hematite | | 176 | 3 | 820 | 560 | 1.2 | 40 | | |
| 7910 | 3m along footwall | 6250 | 11W | gv | gv material w/ crystals + hematite | | 210 | 2 | 720 | 1000 | 5.8 | 10 | | |
| 7911 | along contact with phy | 6360 | 11W | phygv | mixed breciated gtz + phyllite | | 166 | 2 | 330 | 1000 | 0.2 | <10 | | |
| 7912 | rabble along hanging wall covered from adit | 6340 | 11W | gv | gv rusty gtz, gtz intergrowths, hematite | | 680 | 2 | 895 | 575 | 4.0 | 10 | | |
| 7913 | hang wall | 6300 | 11W | gphy | mixed zone of gtz + phyll | | 16 | 1 | 24 | 34 | 0.1 | <10 | | |



GOLDEN CROWN
CHEMEX LABS LTD.

212 BROOKSBANK AVE
NORTH VANCOUVER, B.C.
CANADA V7J 2C1
TELEPHONE 604-221-
AREA CODE 604
TELEX: 043-52597

ANALYTICAL CHEMISTS • GEOCHEMISTS • REGISTERED ASSAYERS

CERTIFICATE OF ANALYSIS

CERTIFICATE NO. 51076

Client: Newmont Explorations of Canada Ltd.
Ste.1400 - 750 W. Fender St.
Vancouver, B. C.
V6C 1K3

INVOICE NO. 33660

RECEIVED Oct.12/79

ANALYSED Nov.1/79

ATTN: ROCKS

| SAMPLE NO | PPM Cu | PPM Mo | PPM Pb | PPM Zn | PPM Ag | PPB Au |
|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| 7902 | 82 | 1 | 350 | 122 | 3.4 | 160 |
| 7903 | 530 | 2 | 255 | 2500 | 1.2 | < 10 |
| 7904 | 192 | 2 | > 4000 | 210 | 17 | 1020 |
| 7906 | 156 | 2 | 575 | 360 | 2.4 | 40 |
| 7907 | 94 | 2 | 80 | 285 | 0.4 | < 10 |
| 7908 | 530 | 1 | 1700 | 1900 | 7.2 | 30 |
| 7909 | 176 | 2 | 820 | 560 | 1.2 | 40 |
| 7910 | 210 | 2 | 320 | 1000 | 5.8 | 10 |
| 7911 | 166 | 2 | 330 | 1000 | 0.2 | < 10 |
| 7912 | 680 | 2 | 875 | 575 | 4.0 | 10 |
| 7913 | 16 | 1 | 24 | 34 | 0.1 | < 10 |

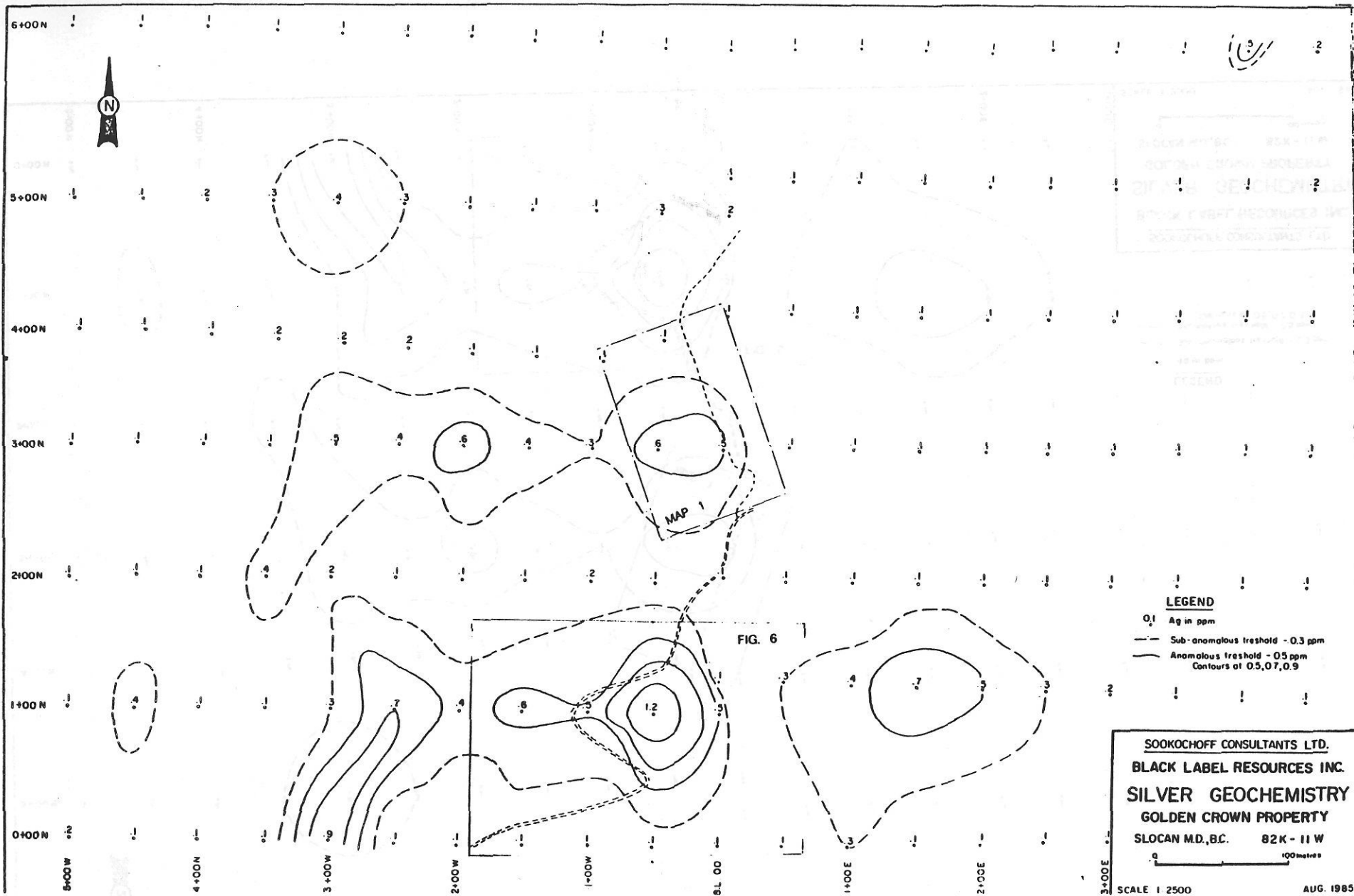
GOLDEN CROWN

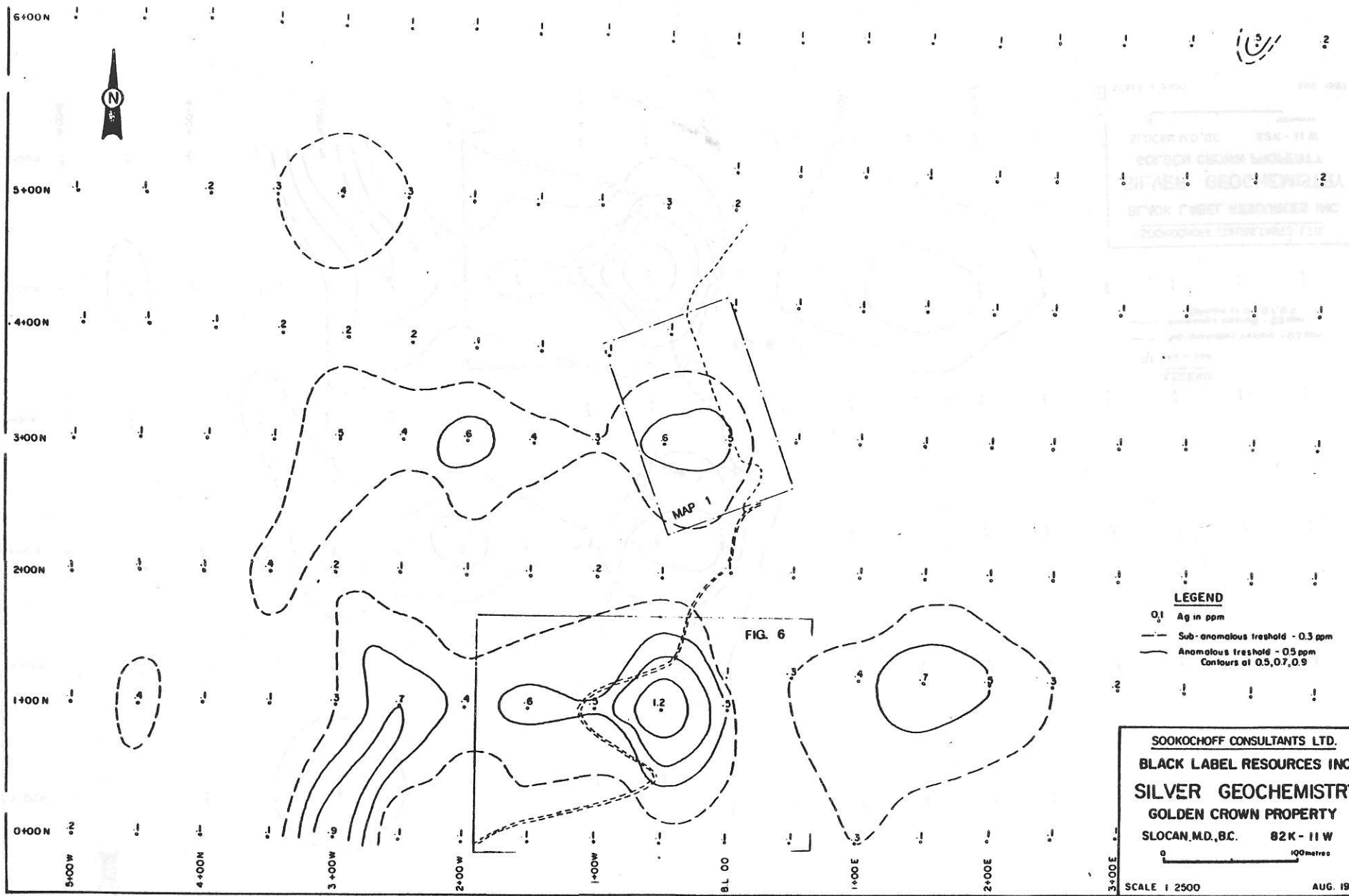


MEMBER
CANADIAN TESTING
ASSOCIATION

CERTIFIED BY

Harold Biddle

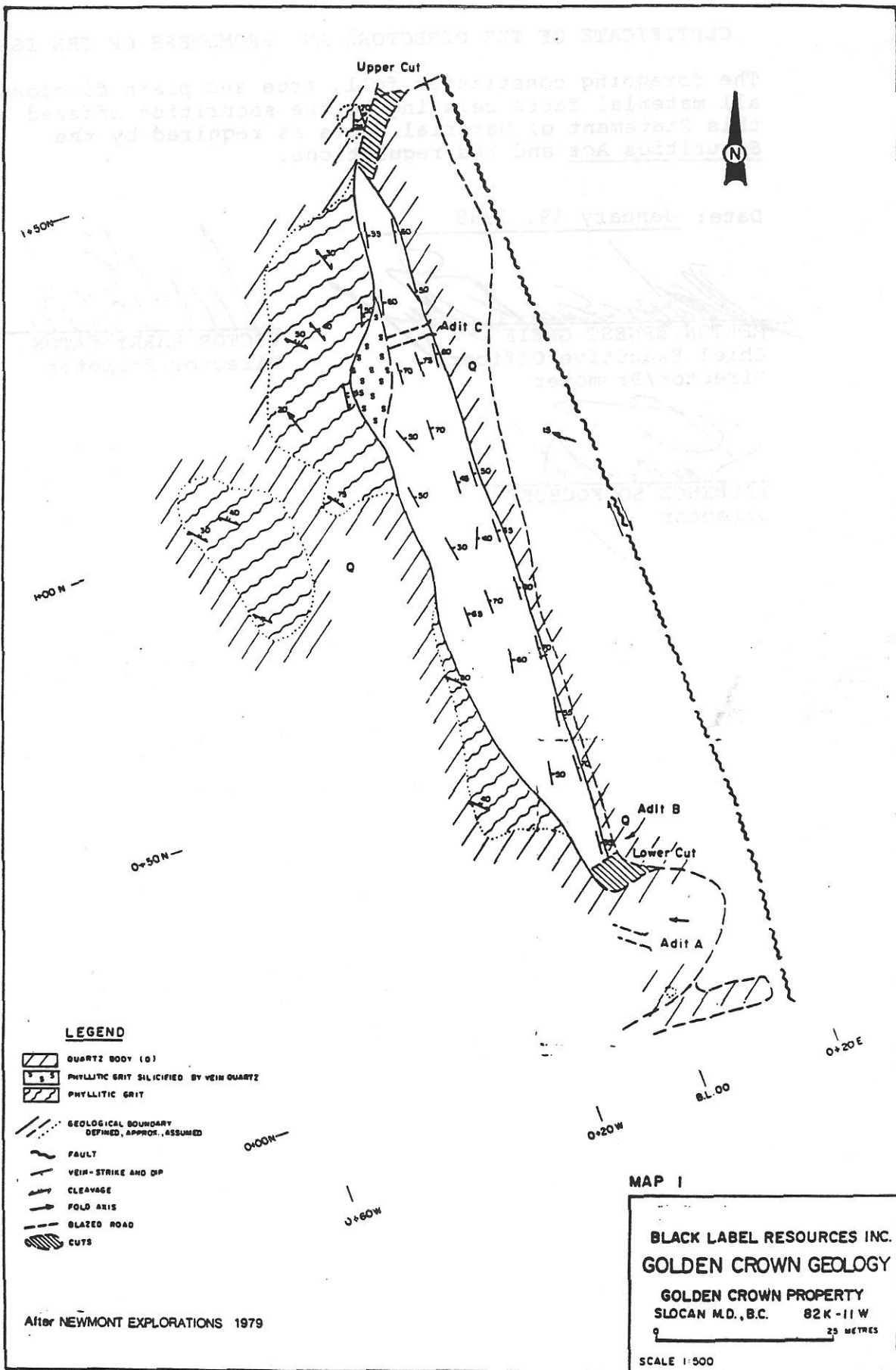














PROJECT NO. 82K-11W
 BLACK LABEL RESOURCES INC.
 SILVER GEOCHEMISTRY
 GOLDEN GROVE PROPERTY
 SLOCAN, M.D., B.C.

LEGEND
 0.1 Ag in ppm
 --- Sub-anomalous threshold - 0.3 ppm
 — Anomalous threshold - 0.05 ppm
 Contours of 0.5, 0.7, 0.9

SOOKOCHOFF CONSULTANTS LTD.
 BLACK LABEL RESOURCES INC.
SILVER GEOCHEMISTRY
 GOLDEN GROVE PROPERTY
 SLOCAN, M.D., B.C. 82K-11W
 0 100 metres
 SCALE 1:2500 AUG. 1986



LEGEND

-  QUARTZ BODY (Q)
-  PHYLLITIC GRIT SILICIFIED BY VEIN QUARTZ
-  PHYLLITIC GRIT
-  GEOLOGICAL BOUNDARY DEFINED, APPROX., ASSUMED
-  FAULT
-  VEIN - STRIKE AND DIP
-  CLEAVAGE
-  FOLD AXIS
-  BLAZED ROAD
-  CUTS

After NEWMONT EXPLORATIONS 1979

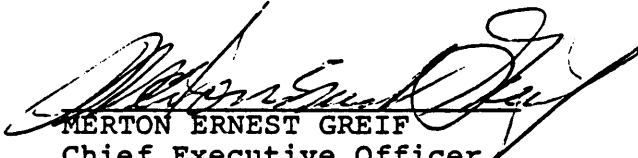
MAP 1

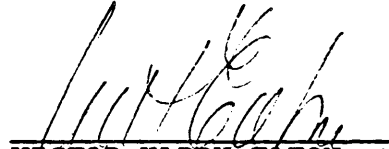
BLACK LABEL RESOURCES INC.
GOLDEN CROWN GEOLOGY
 GOLDEN CROWN PROPERTY
 SLOCAN M.D., B.C. 82K-11W
 0 25 METRES
 SCALE 1:500


CERTIFICATE OF THE DIRECTORS AND PROMOTERS OF THE ISSUER:

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Statement of Material Facts as required by the Securities Act and its regulations.

Date: January 19, 1988


MERTON ERNEST GREIF
Chief Executive Officer
Director/Promoter


VICTOR HARRY EATON
Director/Promoter


LAURENCE SOOKOCHOFF
Director

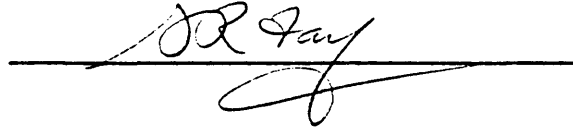
CERTIFICATE OF THE AGENT

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Statement of Material Facts as required by the Securities Act and its regulations.

Dated: January 19, 1988

CONTINENTAL CARLISLE DOUGLAS

Per:

A handwritten signature in cursive script, appearing to read "J.R. Fay", is written over a solid horizontal line.