

Craig Project,
Rob claims
104B/11E
104B005

019019

DL

MINISTRY OF ENERGY, MINES
and PETROLEUM RESOURCES
Rec'd JUL 6 1990
SMITHERS, B.C.

**SUPERINTENDENT OF BROKERS
AND
VANCOUVER STOCK EXCHANGE**
(Venture Company)
STATEMENT OF MATERIAL FACTS
EFFECTIVE DATE: JUNE 18, 1990
#39/90

PRESTON RESOURCE CORP.

(formerly Balcor Resources Corp.)

Suite 206-475 Howe Street, Vancouver, British Columbia, V6C 2B3 (604) 687-4144

NAME OF ISSUER, ADDRESS OF HEAD OFFICE AND TELEPHONE NUMBER

Suite 2200 - 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8

ADDRESS OF REGISTERED AND RECORDS OFFICES OF ISSUER

CENTRAL GUARANTY TRUST COMPANY

Second Floor - 800 West Pender Street, Vancouver, British Columbia, V6C 2V7

**NAME AND ADDRESS OF REGISTRAR & 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: 1,200,000 UNITS

The Offering may be increased by up to 180,000 Units (15% of the Offering) to meet oversubscriptions. See "Plan of Distribution".

Each Unit consists of One Common Share and Two Series "A" Share Purchase Warrants, two such Warrants entitling the holder thereof who exercises such Warrants to purchase one additional common share of the Issuer at any time up to the close of business within one year following the Offering Day at the Offering Price.

	Offering Price to Public (estimated)*	Commission	Estimated Net Proceeds to be Received by the Issuer
Per Unit:	\$0.50	\$0.0375	\$0.4625
Total: (1,200,000 Units)	\$600,000	\$45,000	\$555,000

* To be calculated in accordance with the Rules of the Vancouver Stock Exchange.

The Agents have agreed to purchase (the "Guarantee") any of the Units offered hereby which have not been sold at the conclusion of the Offering (see "Consideration to Agents"). Any Units acquired by the Agents under the Guarantee will be distributed under this Statement of Material Facts through the facilities of the Vancouver Stock Exchange at the market price at the time of sale.

AGENTS

**L.O.M. WESTERN
SECURITIES LTD.**

2200 - 609 Granville Street
Vancouver, British Columbia
V7Y 1H2

MCDERMID ST. LAWRENCE LIMITED

1000 - 601 West Hastings Street
Vancouver, British Columbia
V6B 5E2

**YORKTON CONTINENTAL SECURITIES
INC.**

10th Floor, 1055 Dunsmuir Street
Vancouver, British Columbia
V7X 1L4

WOLVERTON SECURITIES LTD.

1750 - 701 West Georgia Street
Vancouver, British Columbia
V7Y 1J5

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.

5459G

JUN 25/90

1. **PLAN OF DISTRIBUTION**

A. **The Offering**

The Issuer by its Agents hereby offers (the "Offering") through the facilities of the Vancouver Stock Exchange (the "Exchange"), 1,200,000 Units (the "Units"). The Offering will take place on a day (the "Offering Day"), determined by the Issuer and the Agents with the consent of the Exchange, which will not be more than one hundred and eighty (180) calendar days after the date this Statement of Material Facts is accepted for filing by the Exchange and the Superintendent of Brokers (the "Effective Date").

The offering price of the Units (the "Offering Price") will be determined by the Exchange in accordance with its rules and policies, at a premium over the average trading price (the "Average Trading Price") of the Issuer's common shares as traded on the Exchange and as determined by the Exchange, subject to the agreement of the Issuer and the Agents.

The Issuer, by an agreement (the "Agency Agreement") dated for reference June 6, 1990, appointed the following as its agents (the "Agents") to offer the Units:

<u>Name of Agent</u>	<u>Number of Units</u>
L.O.M. Western Securities Ltd.	700,000
McDermid St. Lawrence Limited	200,000
Yorkton Continental Securities Inc.	150,000
Wolverton Securities Ltd.	<u>150,000</u>
Total	<u>1,200,000</u>

The Issuer has granted to the Agents an option, (the "Greenshoe Option") expiring 60 days after the Offering Day, to distribute up to an additional 15% of the number of Units offered hereunder at the Offering Price to cover over allotments, if any. The number of Units subject to the Greenshoe Option will be determined immediately upon the completion of the Offering. The Issuer has the right to terminate the Greenshoe Option at any time before 12:00 noon on the day prior to the Offering Day. Alternatively, the Agents are entitled to cover such over-allotment by making purchases of the Issuer's shares and Series "A" Warrants in the open market.

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

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

The Issuer has agreed to notify the Agents of any further public equity financing that it may require or propose to obtain during the twelve month period following the Effective Date and the Agents shall have the right of first refusal to provide such financing.

**SUMMARY REPORT
ON
BALCOR RESOURCES CORP.'S
CRAIG PROJECT**

**ISKUT RIVER AREA, BRITISH COLUMBIA
LIARD MINING DIVISION**

Bernard Dewonck, F.G.A.C.

November 14, 1989

OREQUEST



SUMMARY

Balcor Resources Corp. has an option on the Craig Project, comprising the Rob 1, 2, 3 and 5 mineral claims. The claims are situated in the Iskut River area of northwestern British Columbia, within the Liard Mining Division. Access to the rugged area is by helicopter from gravel airstrips at Bronson Creek or Johnny Mountain a few kilometers to the east. These airstrips are serviced regularly from Smithers and Terrace, B.C. and from Wrangell, Alaska.

The Craig Project is situated in a very active exploration area where several companies are searching for precious metal deposits. At present, Skyline Gold Corporation's Johnny Mountain Mine has been in production since August, 1988 and Cominco Ltd./Prime Resources Corp.'s Snip deposit is in the advanced stages of development and feasibility studies.

Exploration on the Craig Project has to date identified an intrusive contact area with numerous multi-element anomalies in both rocks and soils. Polymetallic mineralization is associated primarily with silicified limestone, quartz veining and to a lesser extent with the limestone/andesite contact. Small shears and fractures produce isolated anomalies. Anomalous results from rock grab sampling in the headwaters of For Creek (Rob 2 claim), for gold, silver, copper, lead and zinc, returned values up to 0.197 oz/t, 108.76 oz/t, 13,870 ppm, >20,000 ppm and > 20,000 ppm respectively. Four samples analyzed for silver assayed > 20.00 oz/t. One isolated sample from the Rob 1 claim assayed 0.099 oz/t gold. Also identified is an area of multi-element anomalous soil samples in the south-southeast portion of the Rob 2 claim which is also associated with the intrusive contact zone.

It is recommended that further work should include detailed and systematic sampling of the showings in the headwaters of For Creek, with blasting and trenching if required. In addition, more detailed and systematic soil sampling, complemented by geophysical surveys, should be carried out to enhance the soil anomalies in the south-southeast corner of the Rob 2 claim, and the resulting target areas trenched. Prospecting along the entire intrusive contact zone should also continue taking into consideration other more scattered soil anomalies and gold silt anomalies along Kan Creek.

The above recommended program would constitute Phase II of the exploration and is estimated to cost \$125,000. Should this be successful in generating targets a Phase III drill program estimated at \$250,000 would be warranted.

TABLE of CONTENTS

Summary	
Introduction	1
Property Description	1
Claim Status	1
Location and Access	1
Physiography and Vegetation	2
History and Previous Work	2
Regional Geology	5
Property Geology	8
Geology	8
Mineralization and Alteration	9
Property Geochemistry	11
Conclusions and Recommendations	12
Certificate of Qualifications	
Bernard Dewonck, F.G.A.C.	
Bibliography	

LIST of FIGURES

Figure 1	Location Map	Following Page 1
Figure 2	Claim Map	Following Page 2
Figure 3	Regional Geology Map	Following Page 5
Figure 4	Property Geology and Anomalous Rock Geochemistry	Following Page 8
Figure 5	Anomalous Silt and Soil Samples	Following Page 11

LIST of TABLES

Table 1	Claim Information	Page 1
---------	-------------------	--------

LIST of APPENDICES

Appendix A	Rock Sample Descriptions
------------	--------------------------

INTRODUCTION

This report, prepared at the request of Balcor Resources Corp., summarizes results of exploration carried out to date on the Craig Project, and makes recommendations for additional work. Brief summaries of area history and regional geology are also included. The subject property lies in the Iskut River area of northwestern British Columbia (Figure 1).

PROPERTY DESCRIPTION

Claim Status

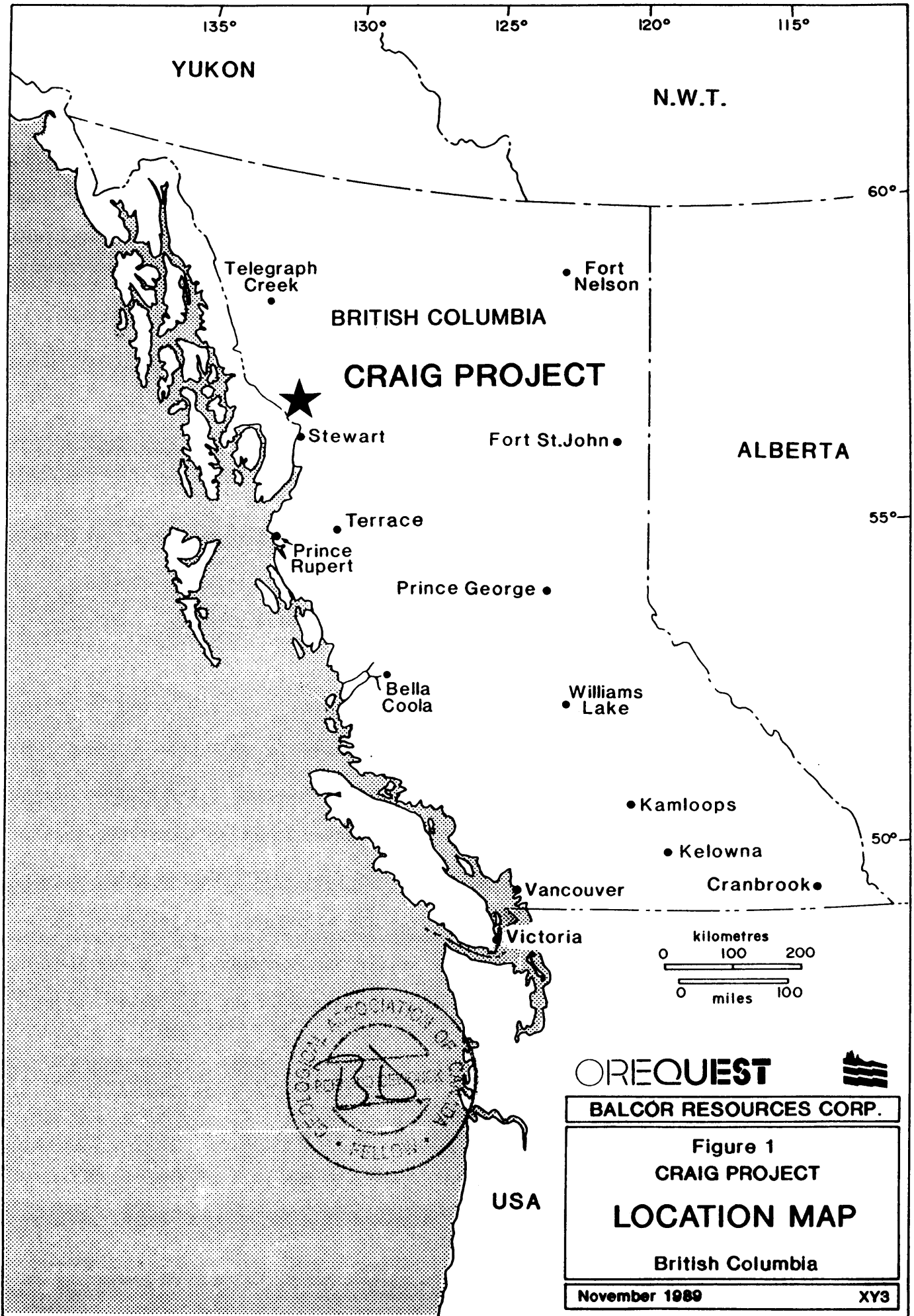
The Craig Project comprises four mineral claims totalling 80 units (Figure 2). The following table summarizes pertinent claim information.


**TABLE 1
CLAIM INFORMATION**

Claim Name	Record Number	Number of Units	Record Date	Expiry Date
Rob 1	3775	20	Dec. 5, 1986	Dec. 5, 1992
Rob 2	3776	20	Dec. 5, 1986	Dec. 5, 1992
Rob 3	3777	20	Dec. 5, 1986	Dec. 5, 1992
Rob 5	3779	20	Dec. 5, 1986	Dec. 5, 1992

Location and Access

The property is located on the eastern edge of the Coast Mountain Range approximately 110 kilometers northwest of Stewart, B.C. It lies 6 km west of the Cominco Ltd./Prime Resources Corp. Snip and the Skyline Gold Corp. Johnny Mountain precious metal deposits. The generally northerly flowing Craig River passes immediately east of the claim group on its course to the Iskut River. The centre of the property is located at 56°38'N Latitude and 131°11'W Longitude on mapsheet 104B/11.



OREQUEST 

BANCOR RESOURCES CORP.

Figure 1
CRAIG PROJECT
LOCATION MAP
 British Columbia

November 1989 XY3

Access to the area is by helicopter from the Bronson Creek gravel airstrip, located 8 km east of the claims at the confluence of the Iskut River and Bronson Creek. The airstrip is serviced by regular flights from Smithers, B.C. and Wrangell, Alaska. Regular flights from Terrace, B.C. service the airstrip at Johnny Mountain.

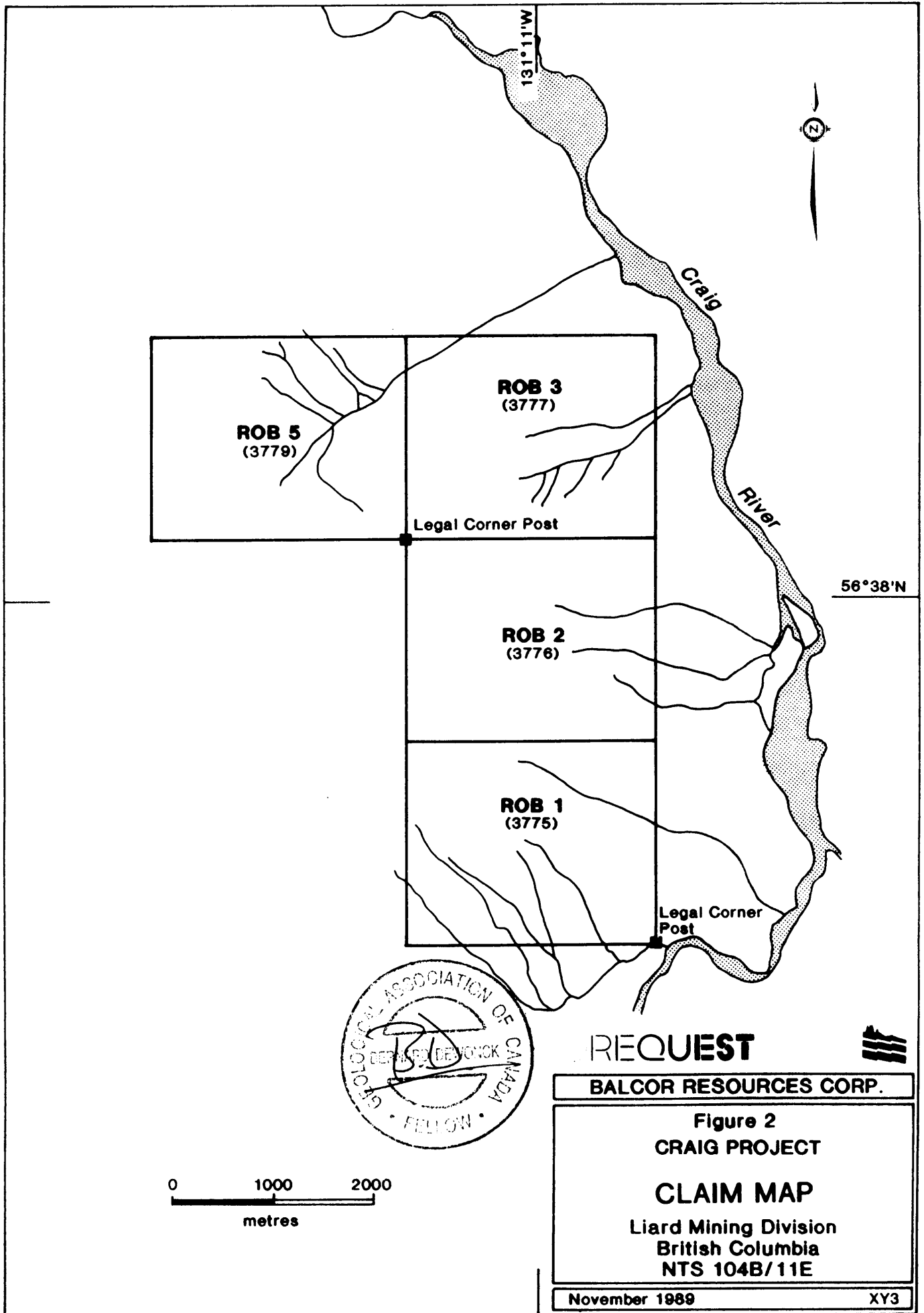
Physiography and Vegetation

Elevations on the property range from about 90 metres in the southeast corner to 1,680 metres on Seraphim Mountain. The lower elevations in the Craig River valley are covered with vegetation typical of the west coast rain forest. At higher elevations, permanent icefields are common, with very rugged terrain caused by steep slopes and creeks. Vegetation is limited to sparse alpine growth.

HISTORY AND PREVIOUS WORK

The first recorded work in the Iskut region was in 1907 when a group from Wrangell, Alaska, staked nine claims north of Johnny Mountain. Crown granted claims along Bronson Creek and on the north slope of Johnny Mountain were subsequently worked by the Iskut Mining Company. By 1920, a 30 foot adit revealed gold, silver, and galena mineralization in a number of veins and stringers. Activity carried on into the 1930's when interest in precious metals was concentrated in the Stewart area. Some sporadic placer operations were also located in the Unuk River Valley.

In 1954, Hudson's Bay Mining and Smelting found the Pick Axe showing and some high grade gold - silver - lead - zinc float on the upper slopes of Johnny Mountain. The claims were worked and allowed to lapse and are now part of the Skyline Gold Corporation holdings on Johnny Mountain, restaked in 1980.



131°11'W



ROB 5
(3779)

ROB 3
(3777)

Legal Corner Post

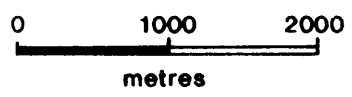
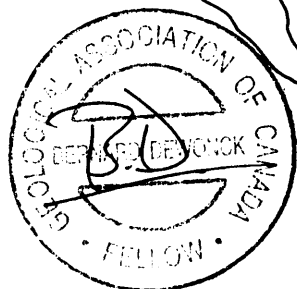
Craig
River

56°38'N

ROB 2
(3776)

ROB 1
(3775)

Legal Corner Post



REQUEST



BALCOR RESOURCES CORP.

Figure 2
CRAIG PROJECT

CLAIM MAP

Liard Mining Division
British Columbia
NTS 104B/11E

November 1989

XY3

Porphyry copper - molybdenum deposits were of interest in the 1960's when several major mining companies undertook reconnaissance exploration programs in the area. As a result, claims were staked on Johnny Mountain and Sulphurets Creek.

From 1965 to 1971, Silver Standard Mining and later Sumitomo worked the E & L prospect on Nickel Mountain at the headwaters of Snippaker Creek. Trenching, drilling, and 460 metres of underground development proved reserves of 3.2 million tons of 0.8% nickel and 0.6% copper (B.C.M.E.M.P.R. Minfile).

Massive sulphide float originating from the head of the Bronson Creek glacier resulted in Skyline staking the Inel property in 1969. Between 1981 and 1985, various exploration programs were conducted on both properties for high grade gold and polymetallic massive sulphide mineralization.

In 1986, drilling and underground work on the Stonehouse gold zone on Johnny Mountain confirmed the presence of high grade gold mineralization with silver and copper also present over mineable widths. The deposit was put into production in August, 1988 and reserves, in all categories, are estimated at 876,000 tons grading 0.55 oz/t gold, 1.00 oz/t silver with associated copper, zinc and lead (Northern Miner, August 21, 1989).

In 1965, Cominco discovered mineralization on the ground now held jointly by Cominco Ltd. and Prime Resources Corp. Prior to 1986 work consisted of mapping, sampling and trenching. In that year an extensive surface drill program was initiated leading to underground exploration and development of the Twin Zone in 1988 and 1989. A feasibility decision is anticipated in the near future on this

project, where reserves in all categories for the Twin Zone are reported as 1,032,000 tons grading 0.875 oz/t gold (Prime Resources Corp., 1989).

Several companies conducted exploration programs on claim holdings in the Iskut River area in 1988 and 1989, including Inel Resources Ltd. (Inel property, headwaters, Bronson Creek), Gulf International Minerals (McLymont claims, headwaters of McLymont Creek), Winslow Gold Corporation (Handel-Ravel claims immediately northeast of the Skyline deposit) and Meridor Resources (Iskut claims, 4 km northwest of Bronson Creek airstrip). Magenta Development Corp. discovered a showing in late 1988, known as the Phiz Vein, approximately 3 km north of the northern boundary of the Craig property. Pyrite-chalcopyrite-galena mineralization in a quartz vein has produced values as high as 2,567 oz/t gold and 2.54 oz/t silver across 9.8 feet and 0.494 oz/t gold and 1.30 oz/t silver across 23.0 feet. Subsequent drilling produced less spectacular but nonetheless significant results (0.019 oz/t gold over 22.6 feet to 0.426 oz/t over 2.6 feet) and detailed geochemical and geophysical surveys, as well as trenching, were carried out in 1989.

The most recently discovered gold mineralization occurs on the Calpine Resources Incorporated-Stikine Resources Ltd., Eskay Creek property 46 km east of the Craig Project, in the Upper Unuk River area. The current drilling program on the "21 Zone" has outlined a mineralized body over 1300 m long that is open along strike in both directions and at depth. Mineralization occurs at the contact between sulphide rich, silicified felsic breccias (Mt. Dilworth Formation) and argillaceous sediments which are in turn overlain by intermediate volcanics. The stratabound nature of the Eskay Creek deposit has been described as a volcanic epithermal type deposit with its mineral composition and host rock association

similar to the deposits in the Carlin district of Nevada (Northern Miner, August 28, 1989).

Drilling in the 21 Zone this season has returned spectacular results, including hole CA89-109 which assayed 0.875 oz/t gold over 682 feet. Earlier this season, after drilling approximately 69 holes, Stikine released an open pitable reserve figure of 3 million tons of 0.25 oz/t gold. To date over 140 holes have been drilled, including hole CA89-109, and drilling is expected to continue through the winter.

The claims comprising the Craig Project were the object of very limited stream sediment soil and rock geochemical sampling program in 1987. This work, conducted by Taiga Consultants Ltd. (Burson, 1987), produced several stream sediment gold anomalies within the Rob 1 and 5 claims. OreQuest Consultants Ltd. carried out a similar but more extensive program in 1988 for Balcor Resources Corp. (Dewonck and Raven, 1988). This report summarizes the results of these programs.

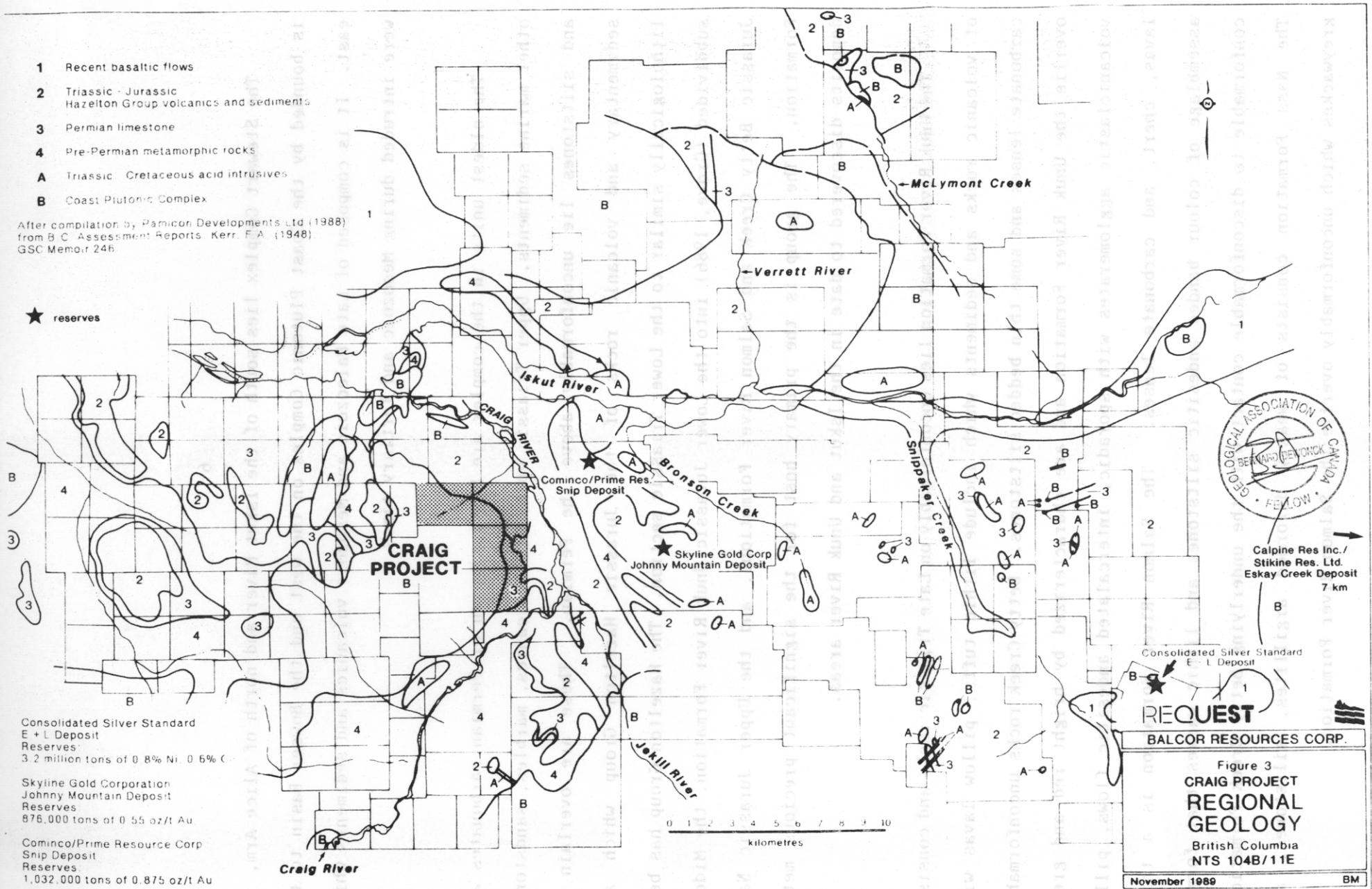
REGIONAL GEOLOGY

Regional geological mapping of the Iskut River area (Kerr, 1948, GSC Memoir 246, 9 - 1957 and GSC Map 1418 - 1979) has been expanded by Grove in two more recent detailed works which define this area as the Stewart Complex (Grove, 1971, 1986). A generalized compilation appears as Figure 3. Both federal and provincial governments are conducting regional mapping programs to update this work, however, the area immediate to the Craig Project has not yet been covered.

- 1 Recent basaltic flows
- 2 Triassic - Jurassic
Hazelton Group volcanics and sediments
- 3 Permian limestone
- 4 Pre-Permian metamorphic rocks
- A Triassic - Cretaceous acid intrusives
- B Coast Plutonic Complex

After compilation by Pamicon Developments Ltd (1988)
from B.C. Assessment Reports, Kerr, F.A. (1948)
GSC Memoir 246

★ reserves



Consolidated Silver Standard
E + L Deposit
Reserves
3.2 million tons of 0.8% Ni, 0.6% Cu

Skyline Gold Corporation
Johnny Mountain Deposit
Reserves
876,000 tons of 0.55 oz/t Au

Cominco/Prime Resource Corp
Snip Deposit
Reserves
1,032,000 tons of 0.875 oz/t Au



Calpine Res Inc./
Stikine Res. Ltd.
Eskay Creek Deposit
7 km

Consolidated Silver Standard
E + L Deposit

REQUEST

BALCOR RESOURCES CORP.

Figure 3
**CRAIG PROJECT
REGIONAL
GEOLOGY**
British Columbia
NTS 104B/11E

November 1989

BM

The Stewart Complex lies south of the Iskut River and north of Alice Arm. It is bounded by the Coast Plutonic Complex on the west and the Bowser Basin to the east. It is composed of Late Paleozoic and Mesozoic volcanics and sediments which were intruded during Mesozoic and Tertiary times.

The oldest units in the complex are Mississippian or Permian carbonates and other marine sediments. Upper Triassic epiclastic volcanics, marbles, sandstones and siltstones lie unconformably above the Permian. These are overlain by sedimentary and volcanic rocks of the Jurassic Hazelton Group which are lithologically similar to the Lower Triassic section. The Hazelton Group has been subdivided (Grove, 1986) into the Lower Jurassic Unuk River Formation, the Middle Jurassic Betty Creek and Salmon River Formations, and the Upper Jurassic Nass Formation. The group is the primary host for the significant precious metal deposits discovered to date in the Iskut and Unuk River areas.

The Unuk River Formation lies unconformably on Late Triassic rocks and consists of volcanic rocks and sediments which include lithic tuffs, pillow lavas with carbonate lenses and some thin bedded siltstones. Betty Creek rocks unconformably overlie the Unuk River Formation and are characterized by bright red and green volcanoclastic agglomerates with sporadic, intercalated andesitic flows, pillow lavas, chert, and carbonate lenses. The Salmon River Formation is a thick assemblage of colour banded andesitic siltstones and lithic wackes that form a conformable to disconformable contact with the underlying Betty Creek Formation. The Nass Formation consists of weakly deformed argillites, siltstones, and greywackes which unconformably overlie the Salmon River Formation.

These volcanic and sedimentary successions were intruded by the Coast Plutonic Complex during the Mesozoic and Tertiary periods. A wide variety of intrusive phases are present including granodiorite, quartz monzonite, and diorite. Small satellite plugs and dyke systems range in age from Late Triassic to Tertiary and may be important for localizing mineralization.

One result of the ongoing regional mapping mentioned previously is a still evolving nomenclature of rock formations and their age categories. Rocks described by Grove as the Salmon River Formation are now tentatively assigned to the Spatzizi Group (Middle Jurassic) and overlain by Ashman Formation sediments of the Bowser Group (also Middle Jurassic) (Alldrick, 1989). The term Nass Formation as used by Grove does not appear. In addition, the Betty Creek Formation is classed as Lower Jurassic and further subdivided, with the Mt. Dilworth Formation between Betty Creek and Salmon River rocks defined as a felsic volcanic sequence constituting the uppermost formation of the Hazelton Group. The Mt. Dilworth Formation is currently identified as the host of the Eskay Creek deposit. Again it is noted that this nomenclature is based on mapping by Alldrick and others which to date extends from Stewart to the Upper Unuk River area, and that the Craig Project area has not yet been included in this work.

Major structural features of the Stewart Complex include the western boundary contact with the Coast Intrusive Complex and the northern thrust fault along the Iskut River where Paleozoic strata has moved southward across Middle Jurassic and older units. Regional tectonic normal faults also border the complex to the south and east (Grove, 1986).

PROPERTY GEOLOGY

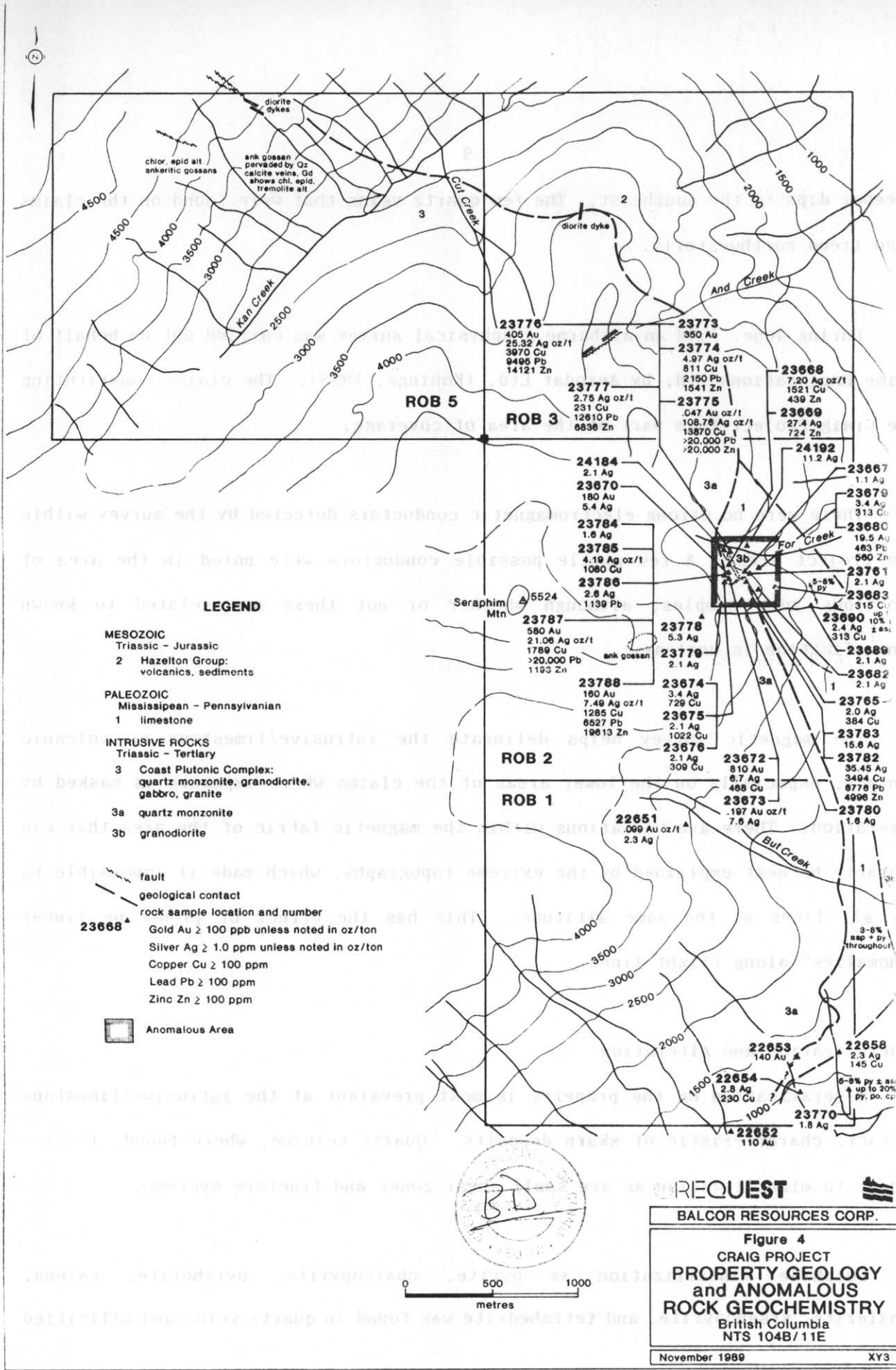
Geology

The Craig property is underlain predominantly by quartz monzonite and quartz diorite of the Coast Plutonic Complex (Figure 4). On the Rob 1 and 2 claims these intrusive rocks are bounded on the east by limestone and argillaceous limestone followed by andesitic volcanic rocks of the Hazelton Group. The lens of limestone pinches out, leaving just volcanic rocks east of the intrusive on the Rob 3 and 5 claims.

The intrusive rocks occupy about 80% of the claim area, the volcanics 15%, and the limestone 5%. The limestone lens trends north to northwesterly as do the volcanics which then swing to a more westerly trend at the north end of the property.

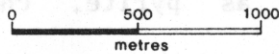
Quartz monzonite is the most common intrusive phase, with minor mafic phases. Exposures are equigranular, medium grained, relatively unaltered rocks except for minor chlorite and epidote veining with occasional minor iron staining. The limestone is mainly massive, milky white in colour and occasionally weakly bedded; the argillaceous variety displays bedding well, with mudstone beds up to 50 cm thick. The volcanics are typical massive, fine grained, medium green coloured andesites. Small, medium grained, dioritic feldspar porphyry dykes were seen on the Rob 3 and 5 claims at various orientations.

There were no major structures found on the property. Joints or fractures trend northwest, with moderate dips both northeast and southwest, and northeast with



LEGEND

- MESOZOIC**
 Triassic - Jurassic
 2 Hazelton Group: volcanics, sediments
- PALEOZOIC**
 Mississippian - Pennsylvanian
 1 limestone
- INTRUSIVE ROCKS**
 Triassic - Tertiary
 3 Coast Plutonic Complex: quartz monzonite, granodiorite, gabbro, granite
 3a quartz monzonite
 3b granodiorite
- fault
 geological contact
 rock sample location and number
- 23668** ▲ Gold Au ≥ 100 ppb unless noted in oz/ton
 Silver Ag ≥ 1.0 ppm unless noted in oz/ton
 Copper Cu ≥ 100 ppm
 Lead Pb ≥ 100 ppm
 Zinc Zn ≥ 100 ppm
- Anomalous Area



REQUEST

BALCOR RESOURCES CORP.

Figure 4
CRAIG PROJECT
PROPERTY GEOLOGY
and ANOMALOUS
ROCK GEOCHEMISTRY
 British Columbia
 NTS 104B/11E

November 1989 XY3

steeper dips to the southeast. The few quartz veins that were found on the claims also trend northwesterly.

During June, 1988 an airborne geophysical survey was carried out on behalf of Prime Explorations Ltd. by Aerodat Ltd. (Konings, 1988). The claims constituting the Craig Project form part of the area of coverage.

There were no strong electromagnetic conductors detected by the survey within the project area. A few subtle possible conductors were noted in the area of anomalous rock samples, although whether or not these are related to known mineralization is unclear.

The magnetic survey helps delineate the intrusive/limestone or volcanic contact, especially on the lower areas of the claims where exposure is masked by vegetation. There are variations within the magnetic fabric of the area that can probably be best explained by the extreme topography, which made it impossible to fly all lines at the same altitude. This has the effect of producing linear "anomalies" along flight lines.

Mineralization and Alteration

Mineralization on the property is most prevalent at the intrusive/limestone contact, characteristic of skarn deposits. Quartz veining, where found, is also a host to mineralization as are small shear zones and fracture systems.

Sulphide mineralization as pyrite, chalcopyrite, pyrrhotite, galena, sphalerite, arsenopyrite, and tetrahedrite was found in quartz veins and silicified

limestone near the intrusive contact. Some malachite and azurite staining is also present.

Alteration is minimal except near the contacts. Minor chlorite and epidote veinlets can be found in the intrusives. Silicification of the limestone is common at the contacts.

Rock sampling of various mineralized areas by OreQuest Consultants Ltd. returned anomalous values for gold, silver, copper, lead, and zinc (Figure 4). The best area can be found in the headwaters of For Creek, just below the icefield on Seraphim Mountain on the Rob 2 claim.

Gold anomalies from grab samples in this area include a high of 0.197 oz/t (sample #23673), an altered limestone with pyrite and magnetite, and 0.047 oz/t (sample #23775), a quartz vein in the wall of a shear zone in chert or silicified limestone. Six other samples returned values ranging from 160 to 810 ppb gold.

Silver anomalies from this area are more significant than the gold. A total of nine samples assayed greater than one oz/ton. The range is from 2.75 to 108.76 oz/ton, including four values over 20 oz/ton. The 108.76 oz/ton sample also assayed 0.047 oz/ton gold. The anomalous samples lie within an area some 300 m x 300 m and all are of silicified limestone or quartz veins.

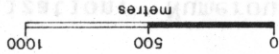
Copper, lead and zinc values from this area are also anomalous; copper ranges from 100 to 13,870 ppm while both lead and zinc range from 100 to > 20,000 ppm.

The rest of the project area is sparsely mineralized but does contain a few anomalous results. On the Rob 1 claim, near the northern claim boundary, sample #22651 returned 0.099 oz/ton gold from a 10 cm wide calcareous vein within the intrusive complex. Weak gold and silver values were also found on the southeast corner of the Rob 1 claim. Samples #22652 and 22653 assayed 110 and 140 ppb gold respectively while samples 22654, 22658 and 23770 returned silver values of 2.5, 2.3, and 1.8 ppm respectively.

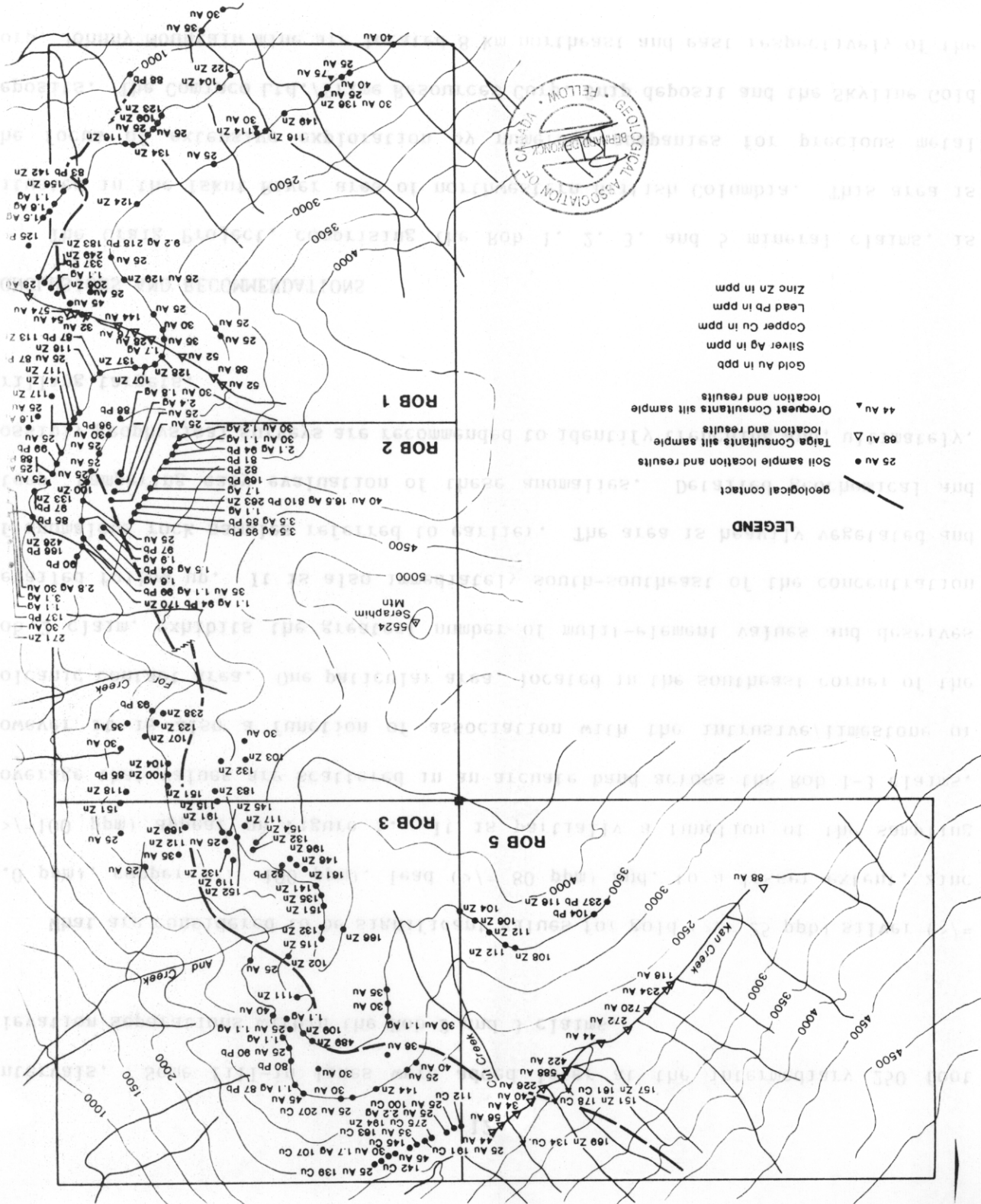
PROPERTY GEOCHEMISTRY

Stream sediment and soil samples were collected by OreQuest Consultants Ltd. in 1988 to complement the limited sampling completed by Taiga Consultants in 1987. Stream sediment sampling by Taiga was restricted to Kan and But Creeks and produced several gold anomalies whose values range from 40 to 728 ppb (Figure 5). No silver anomalies are evident and base metal values were not reported. Sampling by OreQuest concentrated on tributaries of Kan Creek and the upper portion of small tributaries of the Craig River in the southern portion of the Rob 1 claim. Only scattered, weak gold anomalies ranging from 30 to 75 ppb are evident and again no silver anomalies were produced. Three samples from tributaries northwest of Kan Creek produced anomalous copper and, to a lesser degree, zinc values (Figure 5).

Soil sampling by Taiga was very limited, producing only three isolated silver anomalies along a contour sample line between 2,500 and 3,000 feet elevation within the Rob 1 claim. No base metal values are reported. Contour soil sampling by OreQuest extends north from the southern boundary of the Rob 1 claim through the Rob 3 claim, with limited sampling on the Rob 5 claim. Traverses were conducted at 500 foot elevation separations initially and samples were collected at 50 metre



REQUEST



- LEGEND**
- 25 Au ● Soil sample location and results
 - 88 Au ▲ Targa Consultants silt sample location and results
 - 44 Au ▼ Orquest Consultants silt sample location and results
 - geological contact
 - Gold Au in ppb
 - Silver Ag in ppm
 - Copper Cu in ppm
 - Lead Pb in ppm
 - Zinc Zn in ppm



intervals. Some fill-in lines were added later at the intermediary 250 foot elevation separations within the Rob 2 and 3 claims.

What are considered to be significant values for gold (≥ 25 ppb) silver (≥ 1.0 ppm), copper (≥ 100 ppm), lead (≥ 80 ppm) and, to a lesser extent, zinc (≥ 100 ppm) appear on Figure 5. It is partially a function of the sampling coverage that values are scattered in an arcuate band across the Rob 1-3 claims, however it is also a function of association with the intrusive/limestone or volcanic contact area. One particular area, located in the southeast corner of the Rob 2 claim, exhibits the greatest number of multi-element values and deserves detailed follow up. It is also immediately south-southeast of the concentration of anomalous rock samples referred to earlier. The area is heavily vegetated and steep, hampering easy evaluation of these anomalies. Detailed geochemical and possibly geophysical surveys are recommended to identify trenching and, ultimately, drilling targets.

CONCLUSIONS AND RECOMMENDATIONS

The Craig Project, comprising the Rob 1, 2, 3, and 5 mineral claims, is situated in the Iskut River area of northwestern British Columbia. This area is the focus of extensive exploration by numerous companies for precious metal deposits. The Cominco Ltd./Prime Resources Corp. Snip deposit and the Skyline Gold Corp. Johnny Mountain mine are located 8 km northeast and east respectively of the property.

Exploration to date has identified an intrusive contact zone as the most promising locale for mineralization. Numerous rock samples anomalous in silver,

gold, copper, lead and/or zinc were collected over a 300 m x 300 m area located in the headwaters of For Creek, in the vicinity of an intrusive/limestone contact. Sulphide mineralization in the form of pyrite, chalcopyrite, galena, sphalerite, arsenopyrite and tetrahedrite occurs in quartz veins, small shear zones and fracture systems, and in silicified limestone. Also identified is an area of multi-element anomalous soils in the south-southeast portion of the Rob 2 claim and also in association with the intrusive contact zone. Scattered, elevated geochemical values in soils are evident throughout the arcuate contact zone and would be lower priority follow up targets.

Further work on the property should include detailed and systematic sampling of the showings in the headwaters of For Creek. This area is extremely rugged and will likely require the use of technical climbers to effect maximum coverage. In addition, more detailed and systematic soil sampling, complemented by geophysical surveys (VLF-EM and magnetometer) is required to enhance the soil anomalies recorded in the south-southeast corner of the Rob 2 claim. More specific targets defined by the above work in both areas could then be trenched.

In conjunction with the above, prospecting along the entire intrusive contact zone should be carried out. The scattered soil anomalies noted elsewhere on the property should be taken into consideration as prospecting is done, as should the gold silt anomalies recorded along Kan Creek. A budget of \$125,000 is proposed to carry out this program.

Should favourable targets be identified as a result of the Phase II work a diamond drilling program is recommended, at an estimated cost of \$250,000.

BUDGET ESTIMATE**Phase II**

Mob/Demob	\$ 9,620
Field Costs	33,600
Support Costs	12,920
Transportation	17,500
Equipment Rental	3,000
Analyses	16,500
Report	5,660
Contingency (10%)	9,900
Subtotal	<u>\$108,700</u>
Management (15%)	16,300
Total	<u>\$125,000</u>

Phase III

Diamond Drilling (1315 m @ \$150/m, all incl.)	\$197,250
Contingency (10%)	19,725
Subtotal	<u>\$216,975</u>
Management Fee (15%)	32,550
Total	<u>\$249,525</u>

say **\$250,000**

APPENDIX A
ROCK SAMPLE DESCRIPTIONS

APPENDIX A

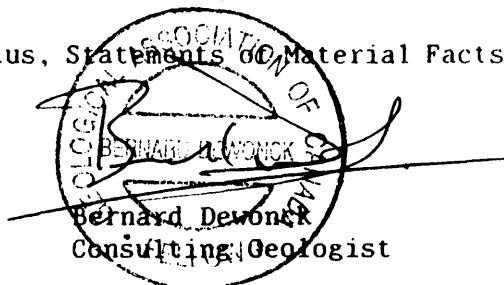
ROCK SAMPLE DESCRIPTIONS - GRAB SAMPLES

22651	Calcite, intrusive, 10% pyrite
22652	Shear, 5% pyrite, >1% arsenopyrite
22653	Fault, altered granite, 2% pyrite
22654	Intrusive, slightly magnetic, 10% pyrite
22658	Not available
23667	Andesite, 10-20% pyrite
23668	Quartz vein-galena? pyrite, speck of malachite
23669	Galena?, tetrahedrite, pyrite, quartz silicified area and carbonate
23670	Rusty and vuggy quartz vein, pyrite
23672	Quartz vein, semi massive pyrite
23673	Very altered, pyrite, magnetite, carbonate
23674	Diorite, alteration 20% pyrite
23675	Quartz vein, 20-30% pyrite
23676	Very rotten quartz with 30% pyrite
23679	Very fractured and altered, rusty
23680	Quartz-carbonate vein
23682	Pyrite in chert, very silicified limestone
23683	Silicified andesite, 10% pyrite
23689	Silicified zone, chert or andesite, pyrite
23690	Pyrite in shear zone, diorite
23761	Grey sericite-altered rhyolite, 5-8% finely disseminated pyrite
23765	Rusty felsic intrusive in argillites and green feldspar porphyry intrusive
23773	Grey limestone with minor pyrite
23774	Tiny bits of quartz in limestone with few specks of galena, tetrahedrite and malachite
23775	Quartz along wall of shear (in cherts), galena and tetrahedrite
23776	As above
23777	Galena and possibly sphalerite in cherts
23778	Pyritic cherts
23779	Quartz stringers 2 cm wide, diorite with specks of pyrite
23780	Cherty with very fine grey pyrite
23782	Malachite and galena occur in cherts near contact with diorite
23783	Pyritic cherts from gossan
23784	Quartz vein in cherts
23785	Galena as thin stringers and specks in cherts
23786	Calcite stringers 1-2 cm with minor galena
23787	Thin stringers and specks of galena in white chert
23788	Sheared cherts with quartz and galena
24184	Pyrite, highly altered, 10% 1/8" pyrite cubes-pod?
24192	Andesite, 10% fine grain pyrite

CERTIFICATE of QUALIFICATIONS

I, Bernard Dewonck, of 11931 Dunford Road, Richmond, British Columbia hereby certify:

1. I am a graduate of the University of British Columbia (1974) and hold a BSc. degree in geology.
2. I am an independent consulting geologist retained by OreQuest Consultants Ltd. of 306-595 Howe Street, Vancouver, British Columbia, for the purposes of preparing this report.
3. I have been employed in my profession by various mining companies since graduation.
4. I am a Fellow of the Geological Association of Canada.
5. I am a member of the Canadian Institute of Mining and Metallurgy.
6. This report is based on exploration work conducted OreQuest Consultants Ltd. and several visits to the property during the period of July-October 1988.
7. Neither OreQuest Consultants Ltd. nor myself have or expect to receive direct or indirect interest in the property or in the securities of Balcor Resources Corp.
8. I consent to and authorize the use of the attached report and my name in the Companies' Prospectus, Statements of Material Facts or other public document.



DATED at Vancouver, British Columbia, this 14th day of November, 1989.

BIBLIOGRAPHY

ALLDRICK, D.J.

1989: Volcanic Centres in the Stewart Complex, B.C.E.M.P.R. Paper 1989-1, p.223-240.

ALLDRICK, D.J., BRITTON, J.M.

1988: Geology and Mineral Deposits of the Sulphurets Are, BCMEMPR Open File Map 1988-4.

ALLDRICK, D.J., BRITTON, J.M., WEBSTER, I.C.L. and RUSSEL, C.W.P.

1989a: Geology and Mineral Deposits of the Unuk Area, B.C. Geol. Survey O.F. Map 1989-10.

ALLDRICK, D.J., DROWN, T.J., GROVE, E.W., KRUCHKOWSKI, E.R., & NICHOLS, R.F.

1989b: Iskut-Sulphurets Gold Northern Miner Magazine January p.46-49.

BRITTON, J.M., WEBSTER, I.C.L. & ALLDRICK, C.J.

1989: Unuk Map Area, B.C.M.E.M.P.R. Paper 1989-1, p.241-250.

BURSON, M.J.

1987: Geological and Geochemical Report on the Craig River Project for Dundee Resources Corp.

CALPINE RESOURCES INCORPORATED

1989: News Releases January 6, 1989; May 18, 1989; August 21, 1989.

DEWONCK, B., RAVEN, W.

1988: Report on the Rob 1, 2, 3 and 5 Mineral Claims, Phase I, Iskut River Area, British Columbia, for Balcor Resources Inc.

GEORGE CROSS NEWSLETTER (GCNL)

NO. 157, August 16, 1989.

GROVE, E.W.

1971: Geology and Mineral Deposits of the Stewart Area, B.C. British Columbia Dept. of Mines and Petroleum Resources Bulletin No. 58.

1986: Geology and Mineral Deposits of the Unuk River - Salmon River - Anyox Area, B.C. Ministry of Energy, Mines and Petroleum Resources Bulletin 63.

KONINGS, M.

1988: Report on a Combined Helicopter-Borne Magnetic, Electromagnetic and VLF Survey, Iskut River Area, British Columbia, for Prime Explorations Ltd.

NORTHERN MINER

1988: Calpine Results Verify Potential, Vol. 74, No. 41, p-1, December 19, 1988.

NORTHERN MINER

1988: Calpine Results Verify Potential, Vol. 74, No. 41, p-1, December 19, 1988.

1989: Iskut River Road Study in Progress, Vol. 74, No. 50, p-28, February 20, 1989.

1989: Johnny Mountain Turnaround, Vol. 75, No. 24, p-1, August 21, 1989.

1989: Calpine Hole Kick Starts VSE, Vol. 75, No. 25, p-1, August 28, 1989.

MAGENTA DEVELOPMENT CORP.

1988: Company News Release, November 16, 1988.

1989: Company News Release, January 19, 1989.

MINFILE, B.C. MINISTRY OF ENERGY, MINES AND PETROLEUM RESOURCES

PRIME RESOURCES CORPORATION

1989: Galore Creek - Iskut River - Eskay Creek Areas, The Prime Group of Companies (Claim Holding Map).

1989: News Release, November 6, 1989.

SOUTHER, J.G., BREW, D.A., OKULITCH, A.V.


1979: GSC Map 1418A, Iskut River.

**CERTIFICATE OF THE DIRECTORS
AND PROMOTERS OF THE ISSUER:**

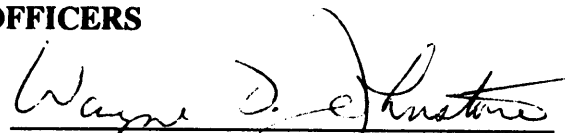
The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Statement of Material Facts as required by the Securities Act and its regulations.

DATED this 6th day of June, 1990.

EXECUTIVE OFFICERS

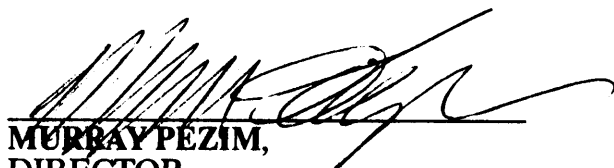


**PATRICK WESTON MCCLEERY,
PRESIDENT AND
CHIEF EXECUTIVE OFFICER**

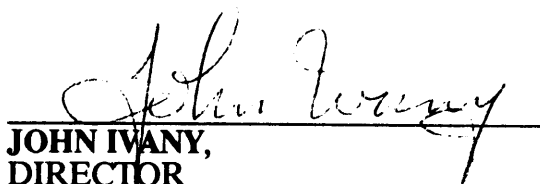


**WAYNE DAVID JOHNSTONE,
SECRETARY AND CHIEF
FINANCIAL OFFICER**

ON BEHALF OF THE BOARD OF DIRECTORS



**MURRAY PEZIM,
DIRECTOR**



**JOHN IVANY,
DIRECTOR**

PROMOTER



**PATRICK WESTON MCCLEERY,
PROMOTER**


CERTIFICATE OF THE AGENTS:

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 this 6th day of June, 1990.

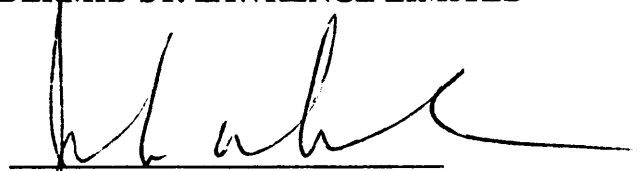
**L.O.M. WESTERN
SECURITIES LTD.**

Per: _____



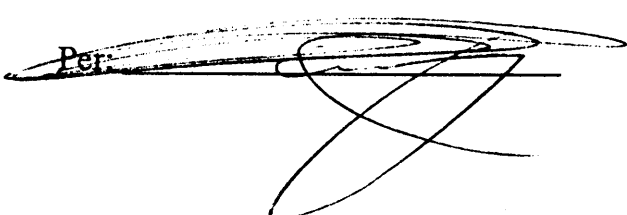
MCDERMID ST. LAWRENCE LIMITED

Per: _____



**YORKTON CONTINENTAL SECURITIES
INC.**

Per: _____



WOLVERTON SECURITIES LTD.

Per: _____



5459G