

PROPERTY FILE

DL / LD

019375

Recd. July 10/89

~~REDACTED~~

SUPERINTENDENT OF BROKERS  
AND  
VANCOUVER STOCK EXCHANGE  
(Development Company)

Rob/Phiz 104B 165

STATEMENT OF MATERIAL FACTS #26/89  
EFFECTIVE DATE: JUNE 20TH 1989

CREST RESOURCES LTD.  
11th Floor, 808 West Hastings Street, Vancouver, B.C. V6C 2X6 Telephone: 687-7463  
NAME OF ISSUER, ADDRESS OF HEAD OFFICE AND TELEPHONE NUMBER

#100 - 200 Granville Street, Vancouver, B.C., V6C 1S4  
ADDRESS OF REGISTERED AND RECORDS OFFICES OF ISSUER

Central Guaranty Trust Company, 800 West Pender Street, Vancouver, B.C. 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.

O F F E R I N G : 1,450,000 UNITS

Each Unit consists of One Common Share and Two Series "A" 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 a price to be determined in accordance with the rules of the Vancouver Stock Exchange.

	Offering Price (Minimum) *	Commission	Estimated Net Pro- ceeds to be Received by the Issuer
Per Unit	\$0.40	\$0.03	\$0.37
Total	\$580,000	\$43,500	\$536,500

\* To be calculated in accordance with the Rules of the Vancouver Stock Exchange; \$0.40 is the minimum price per Unit allowed thereunder.

A D D I T I O N A L O F F E R I N G

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.

870010

A G E N T S

CANARIM INVESTMENT CORPORATION LTD.  
#2200, 609 Granville Street,  
Vancouver, B.C.  
V7Y 1G5

CONTINENTAL SECURITIES  
10th Floor, 1055 Dunsmuir Street,  
Vancouver, B.C.  
V7X 1L4

McDERMID ST. LAWRENCE LIMITED  
#1000, 601 West Hastings Street,  
Vancouver, B.C.  
V6B 5E2

GEORGIA PACIFIC SECURITIES CORPORATION  
16th Floor, Two Bentall Centre,  
Vancouver, B.C.  
V7X 1S6

AMERICAN LIFE

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.

4. Related party transactions

a. During the year, the Company:

- i. incurred professional fees of \$10,370 with a legal firm in which a director is a partner.
- ii. incurred management exploration fees of \$1,100 with a company related by way of directors in common.

- b. As at July 31, 1988 accounts payable include \$10,245 due to a legal firm in which a director is a partner and \$1,100 due to a company related by way of directors in common.

5. Change in accounting policy

During the year, the Company adopted the accounting policy of reporting non-operating income and administrative expenses in the statement of loss for the period. The policy adopted, which supersedes a policy of deferring such amounts, has been applied with retroactive effect and the comparative figures have been restated accordingly.

As a result of the policy change, resource properties have been reduced by \$109,473 and \$32,182 as at July 31, 1988 and July 31, 1987, respectively, and the deficit has been increased by \$110,581 and \$32,182 as at July 31, 1988 and July 31, 1987, respectively. Net loss has been increased by \$78,399 and \$32,182 for the years ended July 31, 1988 and July 31, 1987, respectively.

6. The comparative figures as at July 31, 1987 and for the year then ended are based on financial statements audited by the Company's previous auditor as they appeared before the change in accounting policy described in Note 5 above.

7. Subsequent events

Subsequent to July 31, 1988, the Company entered into an option agreement whereby the optionee can acquire an undivided 50% interest in the Rob claims by incurring:

- i. \$125,000 in exploration expenditures within 12 months of the date the option agreement receives regulatory approval and an aggregate of
- ii. \$250,000 in exploration expenditures within 24 months of the date the option agreement receives regulatory approval. Upon the optionee earning its 50% interest, the claims will be operated as a joint venture.

**INTERIM DRILLING REPORT  
ON THE  
ROB 13 AND 14 MINERAL CLAIMS  
PHIZ PROJECT**

**Located in the Iskut River Area  
Liard Mining Division  
NTS 104B/10W  
56°41' North Latitude  
130°11' West Longitude**

**- Prepared for -**

**CREST RESOURCES LTD./MAGENTA DEVELOPMENT CORP.**

**- Prepared by -**

**E.A. SCROGGINS, Geologist  
C.K. IKONA, P.Eng.**

**January, 1989**

## INTERIM DRILLING REPORT on the ROB 13 and 14 MINERAL CLAIMS

### TABLE OF CONTENTS

	<u>Page</u>
1.0 INTRODUCTION	1
2.0 LIST OF CLAIMS	1
3.0 LOCATION, ACCESS AND GEOGRAPHY	2
4.0 AREA HISTORY	3
5.0 REGIONAL GEOLOGY	7
6.0 PROPERTY GEOLOGY	9
7.0 MINERALIZATION	9
8.0 DRILLING	10
9.0 DISCUSSION	13
10.0 CONCLUSIONS	14
11.0 RECOMMENDATIONS	15

### LIST OF FIGURES

	<u>Following Page</u>
Figure 1 Property Location Map	1
Figure 2 Claim Map	1
Figure 3 Regional Mineral Occurrence Map	3
Figure 4 Regional Geology Map	7
Figure 5 Grid Location Map	9
Figure 6 Detailed Trench Assay Plan	9
Figure 7 Drill Hole Plan Map	10
Figure 8 Drill Section A-A' - M88-1	10
Figure 9 Drill Section B-B' - M88-6	10
Figure 10 Drill Section C-C' - M88-2, M88-3, M88-12	10
Figure 11 Drill Section D-D' - M88-4, M88-5, M88-7, M88-8, M88-9	pocket
Figure 12 Drill Section E-E' - M88-10, M88-11	11
Figure 13 Drill Section F-F' - M88-13	pocket
Figure 14 Drill Section G-G' - M88-14, M88-15	pocket

INTERIM DRILLING REPORT on the ROB 13 and 14 MINERAL CLAIMS

TABLE OF CONTENTS

**APPENDICES**

Appendix I	Bibliography
Appendix II	Assay Certificates
Appendix III	Drill Hole Logs
Appendix IV	Petrographic Analysis
Appendix V	Statement of Qualifications
Appendix VI	Engineer's Certificate

## 1.0 INTRODUCTION

During September and October of 1988 an exploration program was conducted on the Rob 13 and 14 claims of Crest Resources and Magenta Developments in the Iskut River area of B.C. These claims adjoin Delaware Resources and Cominco's Snip claims which contain published reserves of 2,446,000 tons of 0.648 oz/ton gold.

The program consisted of line cutting, soil sampling, geological mapping and prospecting and led to the discovery of an auriferous quartz-sulphide vein of possible important economic significance.

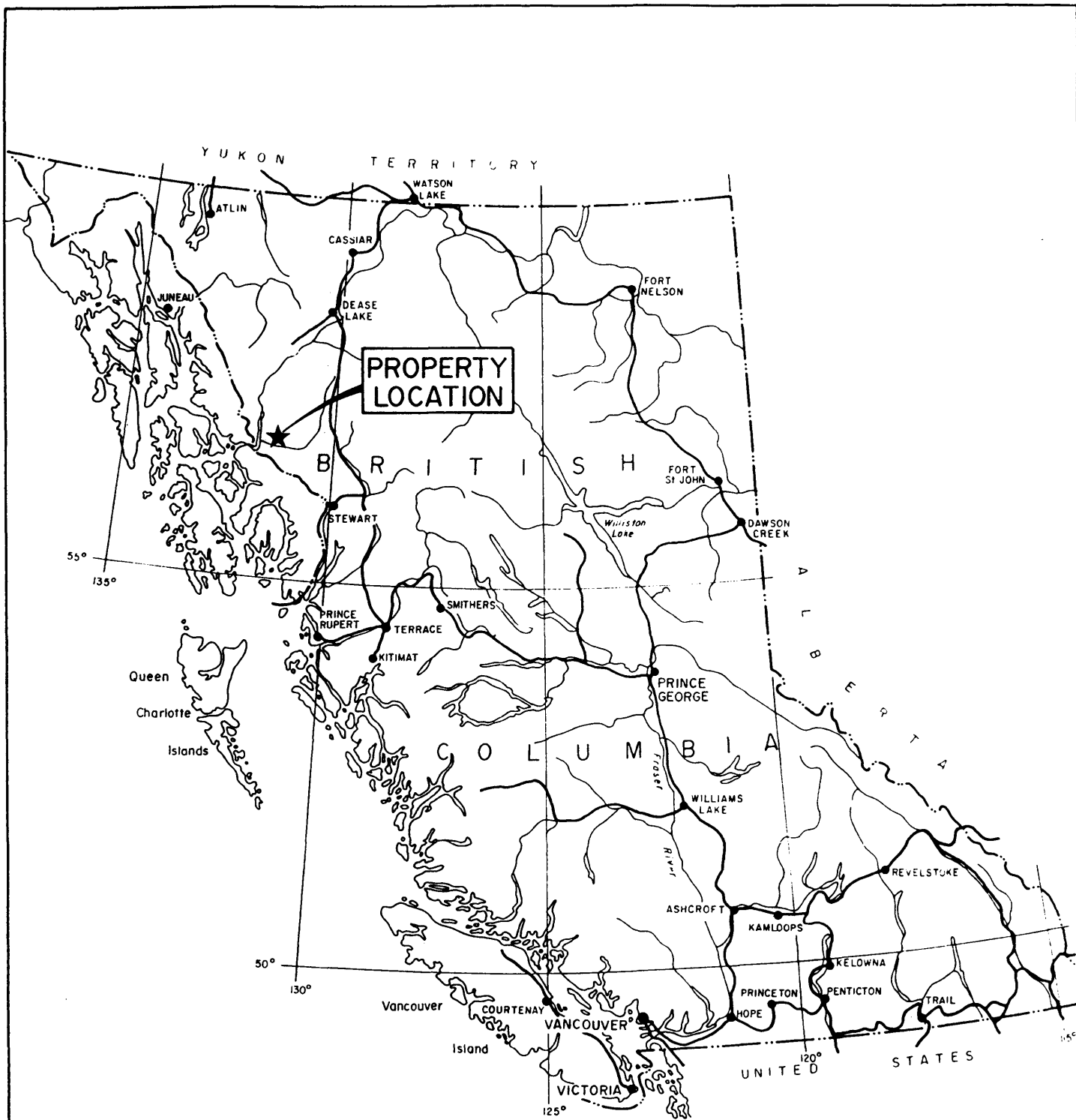
This report summarizes results from a preliminary 3,116 foot drill program conducted on this vein late in 1988 and recommends a further work program on the vein and property.

Complete results of the 1988 exploration activities on the property will be contained in a forthcoming report.

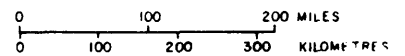
## 2.0 LIST OF CLAIMS

Records of the British Columbia Ministry of Energy, Mines and Petroleum Resources indicate that the following claims are owned by Crest Resources Ltd. and Magenta Development Corp. in a 50/50 joint venture agreement.

<u>Claim Name</u>	<u>Record Number</u>	<u>No. of Units</u>	<u>Record Date</u>	<u>Expiry Date</u>
Rob 13	3783	12	December 5, 1986	December 5, 1990
Rob 14	3784	15	December 5, 1986	December 5, 1990



**CREST RESOURCE LTD.  
MAGENTA DEVELOPMENT CORP.  
PHIZ PROJECT  
ROB 13 & 14 CLAIMS  
PROPERTY LOCATION MAP**

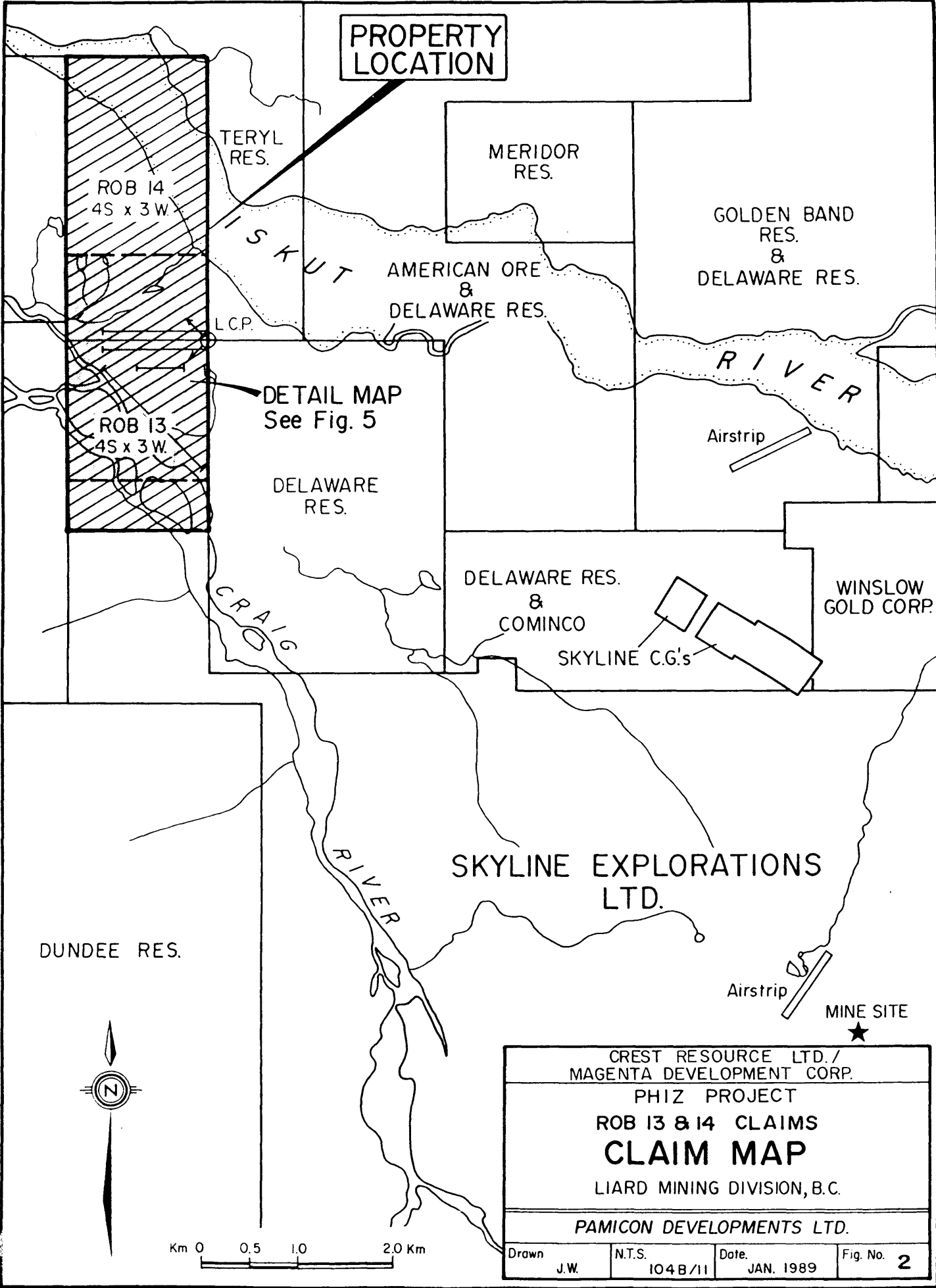


**PAMICON DEVELOPMENTS LTD.**

DRAWN J.W.	PROJECT	DATE JAN. 1989	FIG. I.
---------------	---------	-------------------	------------



PROPERTY  
LOCATION



DETAIL MAP  
See Fig. 5

DUNDEE RES.



Km 0 0.5 1.0 2.0 Km

CREST RESOURCE LTD. / MAGENTA DEVELOPMENT CORP.			
PHIZ PROJECT			
ROB 13 & 14 CLAIMS			
<b>CLAIM MAP</b>			
LIARD MINING DIVISION, B.C.			
PAMICON DEVELOPMENTS LTD.			
Drawn J.W.	N.T.S. 1048/11	Date. JAN. 1989	Fig. No. <b>2</b>

### 3.0 LOCATION, ACCESS AND GEOGRAPHY

The Rob 13 and Rob 14 mineral claims are located approximately 80 kilometres east of Wrangell, Alaska and 100 kilometres northwest of Stewart, British Columbia, on the eastern edge of the Coast Range Mountains (Figure 1). The Iskut River flows through the northeast corner of the Rob 14 claim while the Craig River passes through the southwest corner of the Rob 13 claim. Coordinates of the claims are 56°41' north latitude and 130°11' west longitude, and the property falls under the jurisdiction of the Liard Mining Division.

Access to the property is via helicopter from the Bronson Creek gravel airstrip located approximately six kilometres to the east. Daily scheduled flights to the strip from Smithers, Terrace and Wrangell, Alaska have been available during the field season using a variety of fixed wing aircraft.

The construction of a road 65 kilometres long has been proposed by C.K. Ikona of Pamicon Developments Ltd. on behalf of Skyline Explorations Ltd. The road would be situated on the south side of the Iskut Valley to connect the Stewart-Cassiar Highway with the Cominco/Delaware-Skyline gold mines at Bronson Creek.

Geographically, the area is typical of mountainous and glaciated terrain with elevations ranging from a few hundred metres above sea level in the river valley bottoms to in excess of 1500 metres at the ridge tops. Major drainages are U-shaped, whereas smaller side creeks tend to be steeply cut due to the intense erosional environment. Active glaciation is prevalent above the 1200 metre contour, with the tree line existing at 1000 metres. The upper reaches of the area are covered with alpine vegetation. The lower slopes are predominantly timbered with a variety of conifers with an undergrowth of devil's club, alder and berries. The claims may be worked between the months of late May and mid-October.

The Rob 13 and 14 claims are situated over part of the height of land between the Iskut and Craig Rivers, immediately south of the confluence of the Twin

River and the Iskut River. Along the Iskut, the claims elevations reach a maximum of above 215 metres above sea level. The lowest elevations along the Craig River are approximately 80 metres above sea level.

#### 4.0 AREA HISTORY

Figure 3 of this report presents a 1:500,000 scale area of northwestern B.C. from Stewart in the south to near Telegraph Creek in the north. This represents some 225 km. Within this area, which has been referred to as the Stikine Arch, mining activity goes back to the turn of the century. Due to the size of the region it historically has been referred to in more specific areas ranging from the Stewart area to Sulphurets, Iskut and Galore Creek. As can be noted in Figure 3, however, all of these individual camps appear to be related to the Stikine Arch as a whole. Recent discoveries appear to be filling in areas between these known mineralized camps. It is probable that the entire area be considered as one large mineralized province with attendant subareas. As the Rob 13 and 14 claims are located within the Iskut area a more detailed history is presented below.

The first recorded work done in the Iskut region occurred in 1907 when a prospecting party from Wrangell, Alaska staked nine claims north of Johnny Mountain. Iskut Mining Company subsequently worked crown granted claims along Bronson Creek and on the north slope of Johnny Mountain. Up to 1920, a 9 metre adit revealed a number of veins and stringers hosting galena and gold-silver mineralization.

In 1954, Hudsons Bay Mining & Smelting located the Pick Axe showing and high grade gold-silver-lead-zinc float on the open upper slopes of Johnny Mountain, which today is part of Skyline Explorations Ltd.'s Stonehouse Gold deposit. The claims were worked and subsequently allowed to lapse.

During the 1960s, several major mining companies conducted helicopter borne reconnaissance exploration programs in a search for porphyry-copper-molybdenum



● MINERAL OCCURRENCE  
 ● MAJOR MINERAL OCCURRENCE

0 10 20 Km

COMPILED BY S. TODORUK (1988)

**PROPERTY OWNER**

1. Vestain Resources Ltd./Silkha Premier Mines
2. Vestain Resources Ltd./Tosnigan Mining Explorations Ltd.
3. Noranda (Told Creek Project)
4. Seattle Gold Mine
5. Grandco
6. Echo Bay Mines/Magna Ventures/Silver Princess Resources (Doc Project)
7. Western Canadian Mining (Larr Project)
8. Calstar Resources Ltd.
9. Newhawk/Lacana/Grandco (Sulphurets Project)
10. Calpine/Consolidated Strikine Silver Ltd. (Eskay Creek Project)
11. Consolidated Silver Standard Mines Ltd. (E & L Deposit)
12. Inel Resources Ltd.
13. Skyline Explorations Ltd. (Stonehouse Gold Deposit)
14. Xestrel Resources Ltd.
15. Hector Resources Inc. (Golden Spray Vein)
16. Thanco Resources Corp.
17. Vinslow
18. Conaco/Delaware Resource Corp. (Soip Deposit)
19. Pezgold Resource Corp.
20. Herdior Resources Ltd.
21. Delaware Resource Corp./American Ore Ltd./Golden Band
22. Magenta Development Corp./Crest Resources Ltd.
23. Tucker Tape Resources Ltd. (King Vein)
24. Pezgold Resource Corp.
25. Consolidated Sea-Gold Corp.
26. Gulf International Minerals Ltd. (Northwest Zone)
27. Less Claims
28. Pezgold Resource Corp. (Cuba Zone)
29. Pezgold Resource Corp. (Len Zone)
30. Forrest Project
31. Pass Lake Resources Ltd. (Trek Project)
32. Galere Creek
33. Continental Gold Corp.
34. Bellis Resources Ltd./Sarakat Resources Ltd. (Jack Wilson Project)
35. Pass Lake Resources Ltd. (JD Project)
36. Lac Minerals (Bashin Peak Project)
37. Schaft Creek
38. Fepfirt

**MINERAL RESERVES AND/OR ELEMENTS**

- 5,900,000 tonnes 0.063 oz/ton Au, 2.3 oz/ton Ag
- 1,600,000 tonnes 0.110 oz/ton Au, 0.86 oz/ton Ag
- Au
- 10,830,000 tons 1.795 Cu
- 470,000 tons 0.27 oz/ton Au, 1.31 oz/ton Ag
- Cu, Au
- 291,916 tons 0.835 oz/ton Au, 2.44 oz/ton Ag
- 2,000,000 tons 0.462 oz/ton Au, 21.78 oz/ton Ag
- Au, Cu, Ag
- 1,200,000 tons 0.802 Ni, 0.402 Cu
- Au, Ag, Cu, Pb, Zn
- 1,100,000 tonnes 0.700 oz/ton Au, 1.0 oz/ton Ag, 12 Cu
- Au, Ag, Cu, Pb, Zn
- Au, Ag
- Au, Ag, Cu, Pb, Zn
- Au, Ag, Cu, Pb, Zn
- 1,700,000 tons 0.700 oz/ton Au
- Az, Au
- Au
- Au
- Au, Ag, Cu, Pb
- Au, Ag, Cu
- Au, Ag, Cu
- 125,000,000 tonnes 1.065 Cu, 0.397 g/t Au, 7.94 g/t Ag
- Au, Ag, Cu
- Au, Cu
- Au, Cu
- Au
- 910,000,000 tonnes 0.302 Cu, 0.0201 Ni, 0.113 g/t Au, 0.992 g/t Ag
- 200,000 tons 0.170 oz/ton Au

**CREST RESOURCE LTD./  
MAGENTA DEVELOPMENT CORP.**

**Regional Mineral  
Occurrence Map**

LIARD MINING DIVISION, B.C.

**PAMICON DEVELOPMENTS LTD.**

Geologist: L. Scroggins	NTS: 103, 104	Date: March 1989	FIGURE: 3
----------------------------	------------------	---------------------	--------------

deposits. Several claims were staked on Johnny Mountain and on Sulphurets Creek.

Between 1965 and 1971, Silver Standard Mines, and later Sumitomo, worked the E + L prospect on Nickel Mountain at the headwaters of Snippaker Creek. Work included trenching, drilling and 460 metres of underground development work. Reserves include 3.2 million tons of 0.80% nickel and 0.60% copper.

In 1969 Skyline staked the Inel property after discovering massive sulphide float originating from the head of the Bronson Creek glacier.

During 1972, Newmont Mining Corporation of Canada Limited carried out a field program west of Newmont Lake on the Dirk claim group. Skarn-type mineralization was the target of exploration. Work consisted of airborne and ground magnetic surveys, geological mapping and diamond drilling. One and one-half metres grading 0.220 ounces gold per ton and 15.2 metres of 1.5% copper was intersected on the Ken showing.

In 1980 Dupont Canada Explorations Ltd. staked the Warrior claims south of Newmont Lake on the basis of a regional stream sediment survey. In 1983, Skyline Explorations Ltd. and Placer Developments Ltd. optioned the Warrior claims from Dupont. Efforts were directed at sampling and extending several narrow quartz-pyrite-chalcopyrite veins with values ranging from 0.1 to 3.0 oz/ton gold. Geophysics and coincident geochemical values indicated a significant strike length to the mineralized structure. The Warrior claims were allowed to lapse in 1986, at which time, Gulf International Minerals Ltd. acquired the McLymont claims covering much the same area.

Assays of interest from recent Gulf drilling are listed below (Gulf International Minerals Ltd., Annual Report, 1987 and news releases):

<u>Drill Hole</u>	<u>Interval</u> (feet)	<u>Length</u> (feet)	<u>Copper</u> (%)	<u>Silver</u> (oz/ton)	<u>Gold</u> (oz/ton)
87-25	343.0-373.0	30.0	0.23	0.11	0.404
	409.3-412.0	2.7	0.55	0.35	0.250
	470.2-473.8	3.6	0.42	0.19	1.520
87-29	167.0-170.0	3.0	0.001	0.01	0.140
	205.0-241.5	36.5	0.97	39.73	1.605
88-28	213.9-229.0	15.1			0.810
	260.5-276.6	16.1			0.645
	354.0-363.2	9.2			0.319

(average grade = 149.0 feet of 0.207 oz/ton gold)

After restaking the Reg property in 1980, Skyline carried out trenching and drilling for veined high-grade gold and polymetallic massive sulphide mineralization on the Reg and Inel deposits between 1981 and 1985.

In 1986, drilling and 460 metres of underground cross-cutting and drifting on the Stonehouse Gold Zone confirmed the presence of high grade gold mineralization with additional values in silver and copper over mineable widths with good lateral and depth continuity. With production commencing in August, 1988 a total of 196,927 lbs. copper, 19,329 oz silver and 9,894 oz gold were produced up to the end of 1988. Remaining reserves reported to date in all categories are 686,000 tons grading 0.57 oz/ton gold.

On the Cominco/Delaware Snip claims immediately north of the Stonehouse Gold deposit, approximately 20,000 metres of diamond drilling has been carried out defining the Twin Zone gold deposit. Three thousand metres of underground

development work has also been completed as the project readies for production. As of January, 1989, reserves on the Twin Zone were reported as:

	<u>Au</u> (oz)	<u>Tons</u>
Total Inferred	0.648	2,446,000

During 1987, Inel Resources Ltd. commenced an underground drifting and diamond drilling program along the main cross-cut intent on intersecting the Discovery Zone which hosts gold-bearing polymetallic massive sulphide mineralization. Underground drilling on the centre section of workings has returned in U88-3 a grade of 0.769 oz/ton gold for 4.1 metres (September, 1988). As of November, 1988, 730 metres of underground development has been completed in the area of the Discovery zone.

Western Canadian Mining Corp. in 1987 drilled tested to Khyber Pass massive sulphide showing on their Gossan claims in the Iskut area while in 1988 drilling was carried out on their Kerr project copper-gold porphyry deposit in the Sulphurets camp to the southeast.

Tungco Resources Corporation has drill tested four main gold/copper quartz vein targets; the Bluff, No. 7, Swamp and Gold Bug Zones. The Bluff Zone has been delineated 70 metres along strike and 60 metres downdip with better intersections grading up to 0.243 oz/ton gold across 2.45 metres. The No. 7 Vein returned 1.12 metres of 0.651 oz/ton gold. Drill testing was also carried out near the western edge of the claims on the Boot Zone lead/zinc/copper/silver/gold prospect.

During 1988 Pezgold Resource Corp./International Prism Exploration drill tested the old Newmont Ken Zone magnetite/chalcopyrite/gold skarn zone north of Gulf International Minerals' Northwest Gold Zone. High grade silver-lead-zinc was also found on the eastern side of the property.

In late 1988, Calpine Resources Incorporated/Consolidated Stikine Silver announced several exciting drill holes on their Eskay Creek Project at Tom McKay Lake. Drill hole CA88-6 reported values of 0.730 oz/ton gold across 96.5 feet.

South of Calpine's Eskay Creek Project and in the Sulphurets Gold Camp several properties are quickly moving into production phases as listed below:

<u>Project</u>	<u>Mineral Reserves</u>
Newhawk/Granduc/Lacana Mine	2,000,000 of 0.462 oz/ton Au, 21.78 oz/ton Ag
Catear Resources Ltd. Mine	291,916 of 0.835 oz/ton Au, 2.44 oz/ton Ag
Echo Bay Mines/Magna/ Silver Princess Project	470,000 of 0.270 oz/ton Au, 1.31 oz/ton Ag

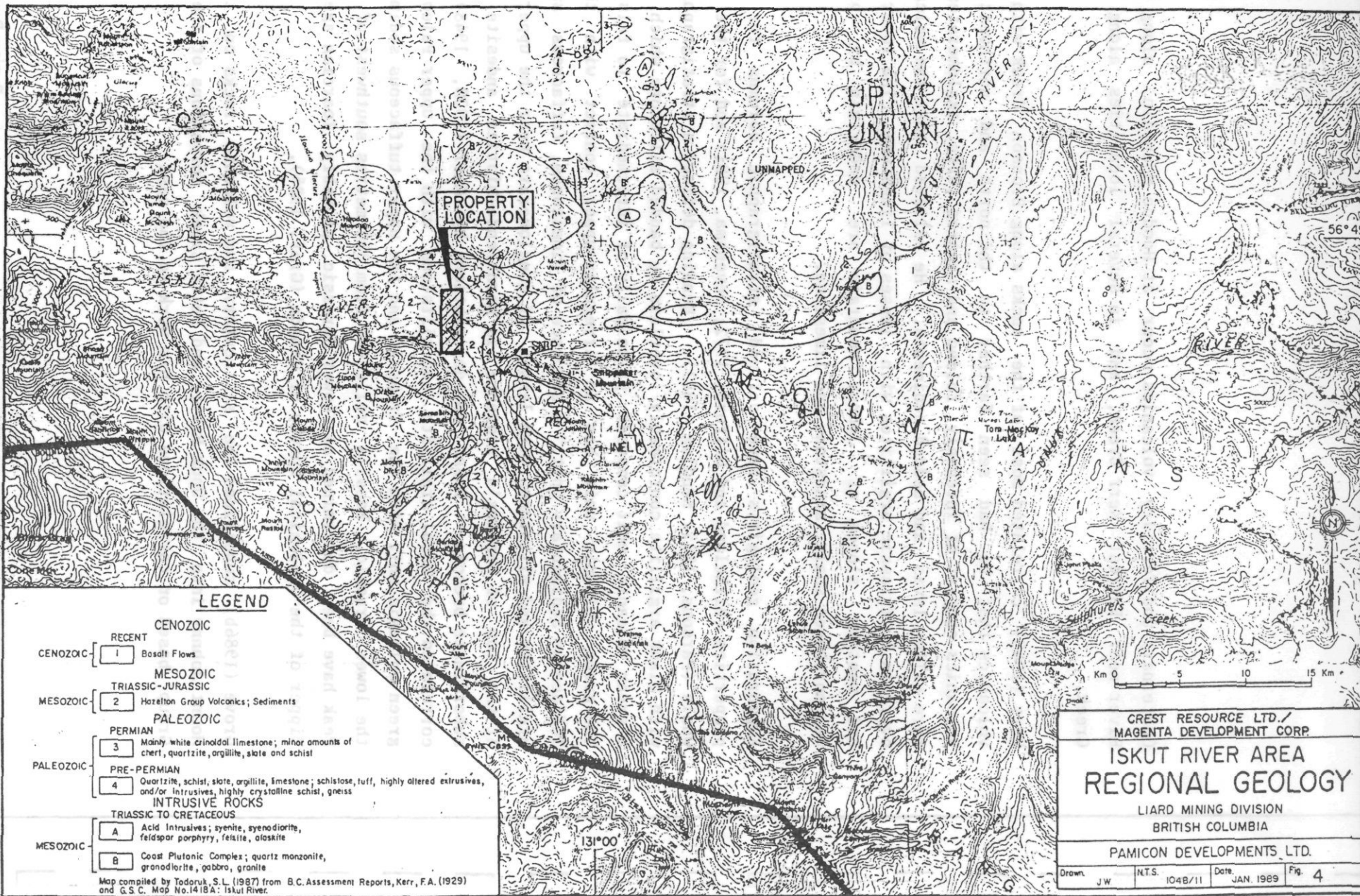
## 5.0 REGIONAL GEOLOGY

The following regional geological interpretation is taken from B.C. Geological Survey Branch publication, in press, Exploration in British Columbia 1987 by D.V. Lafebure and M.H. Gunning.

A northwest-trending belt of Permian to Lower Jurassic volcanic and sedimentary rocks and their metamorphic equivalents trends northward from Alice Arm to Telegraph Creek and forms part of Stikinia. It is bounded to the west by the Coast Complex and is overlapped to the east by the clastic sediments of the Bowser Basin.

The dominant lithologies in the Bronson Creek area are clastic sediments and volcanics with minor carbonate lenses which are intruded by a diverse suite of intrusive rocks, most commonly granitic and syenitic. The sedimentary rocks are sandstones (typically greywackes), siltstones, shales, argillites, conglomerates and minor limestones. Volcanic rocks vary in composition from mafic to felsic and display a wide variety of igneous, pyroclastic and volcanoclastic textures.





Quaternary and Tertiary volcanics occur at Hoodoo Mountain, along the Iskut River near Forrest Kerr Creek, and in several localities along Snippaker Creek.

Kerr (1948) correlated most of the rocks along Bronson Creek with Triassic volcanics that he had seen farther to the north and northwest. These volcanics consist of intensely folded and sheared tuffs, agglomerates, lavas, rare pillow lavas and bedded sediments. He believed that the volcanics are overlain by Triassic argillites with lenses of limestone. The lower northern and western slopes of Johnny Mountain are underlain by pre-Permian metamorphosed shale, sandstone and limestone.

Exploration geologists have defined stratigraphic columns for specific properties (Birkeland and Gifford, 1972; Sevensma, 1981) and for the area as a whole (Parsons, 1965; Bending, 1983). Bending defined a stratigraphic column with black argillite conformably overlain by banded siltstone which underlies a green volcanic unit composed principally of intermediate to felsic rocks. The green volcanic unit has an irregular upper contact with the "Upper Tuffaceous Sedimentary Unit," a sequence of limestones, tuffaceous sandstones, argillites and siltstones with lenses of conglomerate near the upper contact. At the top of Bending's sequence is hornblende-biotite andesite tuff and subordinate breccia. Based on descriptions by Kerr (1930, 1948), Bending correlated the basal argillite and siltstone with the upper Paleozoic, the green volcanic unit with the Triassic and the upper tuffaceous sediments with the lower Jurassic. Fossils collected from 350 metres southwest of Snippaker Peak have been determined as Lower Jurassic, probably Toarcian age, by H.W. Tipper of the Geological Survey of Canada (Graf, 1985).

Grove (1986b) subdivided the sedimentary and volcanic rocks on the top of Mount Johnny into the Unuk River and Betty Creek formations of the Hazelton Group, based on correlations with his work to the east.

## 6.0 PROPERTY GEOLOGY

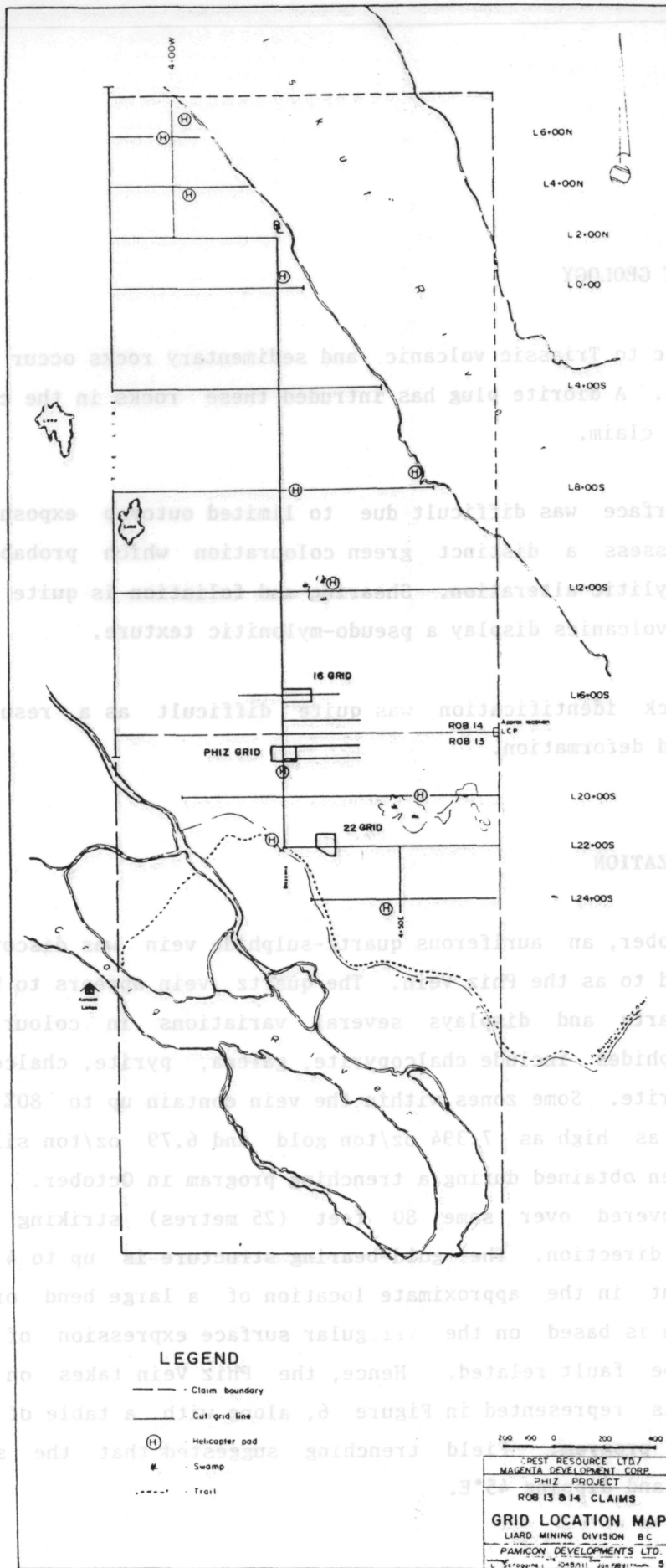
Lower Jurassic to Triassic volcanic and sedimentary rocks occur on the Rob 13 and 14 claims. A diorite plug has intruded these rocks in the central portion of the Rob 13 claim.

Mapping on surface was difficult due to limited outcrop exposures. Most of the rocks possess a distinct green colouration which probably represents regional propylitic alteration. Shearing and foliation is quite prominent and several meta-volcanics display a pseudo-mylonitic texture.

Generally, rock identification was quite difficult as a result of strong alteration and deformation.

## 7.0 MINERALIZATION

In early October, an auriferous quartz-sulphide vein was discovered, henceforth referred to as the Phiz Vein. The quartz vein appears to be composed of multiphase quartz and displays several variations in colour and mineral content. Sulphides include chalcopyrite, galena, pyrite, chalcocite (?) and malachite/azurite. Some zones within the vein contain up to 80% sulphides and assay results as high as 7.394 oz/ton gold and 6.79 oz/ton silver over 1.0 metre have been obtained during a trenching program in October. The Phiz Vein has been uncovered over some 80 feet (25 metres) striking in a north-northeasterly direction. The gold-bearing structure is up to 4 metres wide, and pinches out in the approximate location of a large bend or fold. This interpretation is based on the irregular surface expression of the vein and may in fact be fault related. Hence, the Phiz Vein takes on an hourglass shape. This is represented in Figure 6, along with a table of results from the trenching program. Field trenching suggested that the structure was striking 020° and dipping 45°E.



6.0 PROPERTY ENERGY

Lower Jurassic volcanic and sedimentary rocks occur on the Rob 13 and 14 claims. A granite plug has intruded these rocks in the central portion of the Rob 13 claim.

Mapping on surface was difficult due to limited outcrops. Most of the rocks pass a distinct green coloration which probably represents regional greenschist. Several meta-volcanics display a pseudo-mylonitic texture.

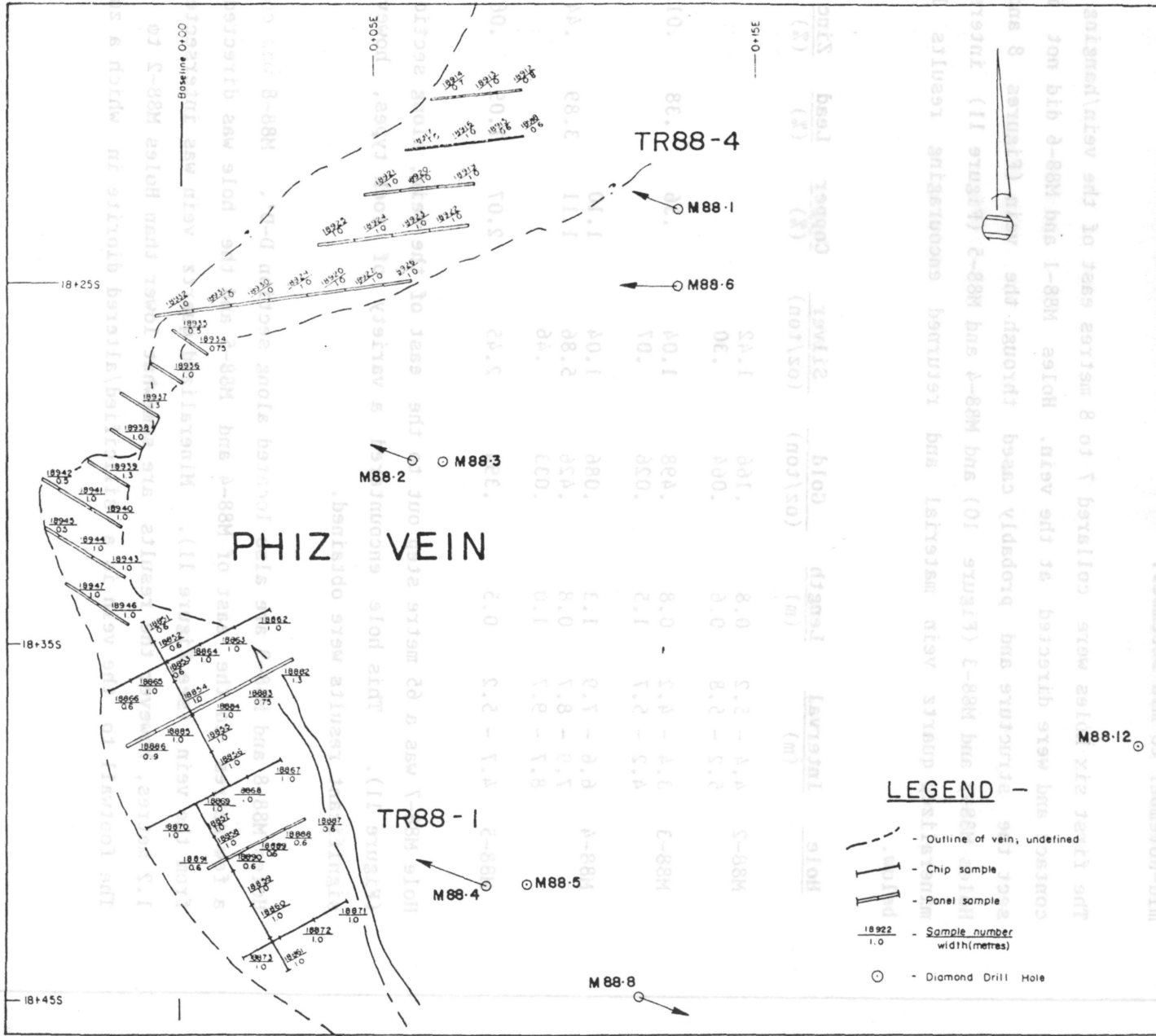
Generally, rock identification was quite difficult as a result of strong alteration and deformation.

7.0 MINERALIZATION

In early October, an auriferous quartz-sulphide vein was discovered, henceforth referred to as the Phiz vein. The Phiz vein is composed of multiphase quartz and displays severe variations in colour and mineral content. Sulphides in the Phiz vein include pyrite, chalcocite (?), and malachite/azurite. Some samples of the vein contain up to 80% sulphides and assay results as high as 7.94 g/ton gold and 6.79 g/ton silver over 1.0 metre have been obtained during a trenching program in October. The Phiz vein has been uncovered over a north-northeasterly direction, and pinches out in the approximate location of a large bend or fold. This interpretation is based on the angular surface expression of the vein and may in fact be fault related. Hence, the Phiz vein takes on an hourglass shape. This is represented in Figure 6, also a table of results from the trenching program in October.

**LEGEND**

- - - - - Claim boundary
- — — — — Cut grid line
- (H) Helicopter pad
- # Swamp
- - - - - Trail



Sample Number	Sample Interval (m)	Cu		Pb		Zn		Ag		Au	
		(ppm)	(%)	(ppm)	(%)	(ppm)	(%)	(ppm)	(oz/ton)	(ppm)	(oz/ton)
18851	0.6	3,183	.27	19,063	1.87	237	.83	1000	4.77	18,000	.385
18852	0.6	1,873	.13	8,318	.81	27	.91	12.1	1.56	18,000	.328
18853	0.4	2,339	.34	36,477	3.4	11,159	.15	1000	2.53	18,000	.53
18854	1.0	3,440	.39	8,937	.85	114	.81	57.7	1.60	7,500	.337
18855	1.0	5,516	.77	11,623	1.13	75	.93	29.2	1.87	18,000	.530
18856	1.0	10,863	1.13	18,265	1.95	67	.81	31.5	1.85	18,000	.407
18857	1.0	21,742	2.18	17,526	1.75	239	.83	1000	2.29	18,000	.540
18858	1.0	22,490	2.18	12,978	1.13	272	.83	95.3	2.74	18,000	.586
18859	1.0	17,833	1.73	5,337	.48	937	.87	83.5	3.35	18,000	.536
18860	1.0	17,852	1.74	5,355	.53	136	.83	1000	3.20	18,000	.537
18861	1.0	2,464	.24	8,271	.80	138	.83	1000	4.30	5,500	.133
18862	1.0	818	.05	450	.04	138	.83	3.5	1.18	250	.007
18863	1.0	643	.08	571	.06	138	.83	15.4	.66	430	.020
18864	1.0	4,112	.40	13,293	1.23	138	.83	1000	4.40	18,000	.530
18865	1.0	2,794	.21	9,713	.94	143	.83	47.9	1.38	18,000	.308
18866	0.6	553	.07	5,137	.48	91	.81	83.1	2.25	18,000	.448
18867	1.0	2,218	.12	2,472	.22	167	.82	76.1	2.09	2,500	.118
18868	1.0	2,290	.14	8,918	.86	221	.83	52.7	1.53	18,000	.319
18869	1.0	3,754	.43	28,597	2.82	4,293	.58	64.1	3.24	18,000	1.018
18870	1.0	19,755	2.00	31,597	4.82	2,083	.36	1000	11.85	18,000	.556
18871	1.0	9,327	1.82	3,489	.34	374	.83	88.2	1.83	7,800	.233
18872	1.0	848	.10	1,024	.10	268	.84	11.2	.29	795	.023
18873	1.0	22,777	2.26	3,250	.30	288	.84	81.2	2.24	18,000	.544
18882	1.3	254	.02	133	.02	109	.83	3.3	.81	66	—
18883	0.6	826	.10	643	.05	27	.81	17.2	.29	450	—
18884	1.0	18,482	1.85	15,747	1.55	421	.85	1000	3.43	7,400	.224
18885	1.0	2,893	.23	3,898	.38	55	.81	18.8	.38	3,800	.077
18886	0.9	1,474	.18	7,583	.86	93	.81	158.2	4.5	18,000	.578
18887	0.6	251	.03	219	.02	91	.81	1.5	.81	66	—
18888	0.4	238	.03	933	.06	119	.82	61.9	.28	85	—
18889	0.6	2,712	1.81	2,267	.24	979	.11	150	1.2	18,000	.222
18890	0.6	16,748	1.53	15,025	1.31	14,474	1.37	150	1.94	18,000	.611
18891	0.6	8,252	.89	2,686	.24	1,368	.12	68.3	.85	3,200	.042
18912	0.8	—	.85	—	.57	—	.85	—	.37	—	.043
18913	1.0	—	.25	—	3.22	—	.86	—	.79	—	.110
18914	0.7	—	.17	—	.62	—	.83	—	.27	—	.218
18915	0.6	—	1.11	—	3.64	—	.13	—	13.8	—	2.108
18916	1.0	—	.7	—	4.4	—	.25	—	3.54	—	3.892
18917	1.0	—	.86	—	.82	—	.26	—	1.68	—	.224
18918	0.4	—	.13	—	.28	—	.83	—	.57	—	.054
18919	1.0	—	.83	—	1.1	—	.81	—	.83	—	.274
18920	1.0	—	3.24	—	4.23	—	.83	—	.23	—	.038
18921	1.0	—	.86	—	.14	—	.81	—	.23	—	.038
18922	1.0	—	.27	—	.29	—	.82	—	1.27	—	.258
18923	1.0	—	.47	—	.23	—	.81	—	1.08	—	.243
18924	1.0	—	.47	—	.23	—	.81	—	1.08	—	.243
18925	1.0	—	.22	—	.62	—	.81	—	1.28	—	.288
18926	0.8	—	.89	—	1.87	—	.81	—	1.43	—	.87
18927	1.0	—	1.87	—	.86	—	.81	—	1.49	—	1.274
18928	1.0	—	.48	—	.47	—	.83	—	1.26	—	.288
18929	1.0	—	.28	—	.28	—	.81	—	1.1	—	.260
18930	1.0	—	.12	—	.06	—	.83	—	.58	—	.118
18931	1.0	—	.37	—	.13	—	.81	—	1.73	—	.344
18932	1.0	—	.13	—	.82	—	.81	—	.23	—	.052
18936	0.75	—	.86	—	.19	—	.85	—	.26	—	.072
18935	0.5	—	.85	—	.15	—	.82	—	.52	—	.054
18934	1.0	—	.48	—	.27	—	.81	—	1.31	—	.248
18937	1.2	—	.87	—	.06	—	.86	—	.18	—	.038
18938	1.0	—	.12	—	.08	—	.81	—	.83	—	.178
18939	1.2	—	.42	—	.11	—	4.81	—	1.26	—	.884
18940	1.0	—	.62	—	.23	—	4.81	—	1.33	—	.772
18941	1.0	—	.45	—	.17	—	4.81	—	.56	—	.500
18942	0.5	—	.12	—	.18	—	4.81	—	1.8	—	.400
18943	1.0	—	1.02	—	.27	—	4.81	—	1.98	—	.842
18944	1.0	—	.68	—	.49	—	.81	—	.94	—	.362
18945	0.5	—	.78	—	.38	—	.81	—	1.37	—	.648
18946	1.0	—	1.45	—	3.49	—	.72	—	2.47	—	.878
18947	1.0	—	.48	—	1.13	—	.98	—	1.48	—	.324

**LEGEND**

- - - Outline of vein, undefined
- ||| Chip sample
- ||| Panel sample
- 18922 / 1.0 Sample number width(metres)
- Diamond Drill Hole



**CREST RESOURCES LTD**  
**MAGENTA DEVELOPMENT CORP.**  
**PHIZ PROJECT**  
**DETAILED TRENCH ASSAY**  
**PLAN MAP**  
**TR88-1 & TR88-4**  
**PAMICON DEVELOPMENTS LTD.**  
Geologist: S. Scroggins NTS Date: Jan 1989 **FIGURE 6**

## 8.0 DRILLING

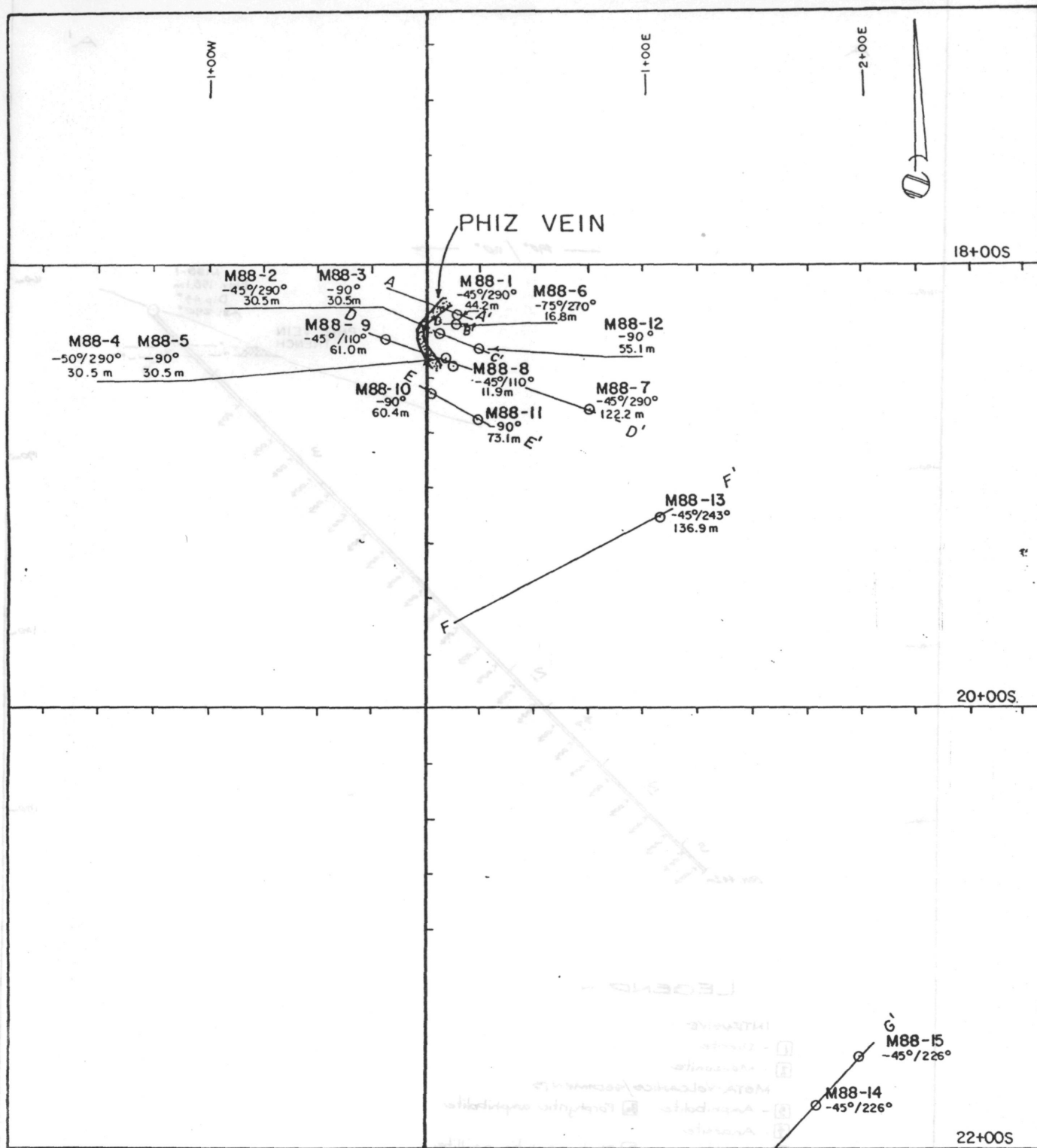
Upon completion of the surface trenching a short diamond drilling program commenced. Fifteen holes totalling 3,116 feet (950 metres) were drilled from mid-November to mid-December.

The first six holes were collared 7 to 8 metres east of the vein/hanging wall contact and were directed at the vein. Holes M88-1 and M88-6 did not intersect the structure and probably cased through the vein (Figures 8 and 9). Holes M88-2 and M88-3 (Figure 10) and M88-4 and M88-5 (Figure 11) intersected mineralized quartz vein material and returned encouraging results listed below.

<u>Hole</u>	<u>Interval</u> (m)	<u>Length</u> (m)	<u>Gold</u> (oz/ton)	<u>Silver</u> (oz/ton)	<u>Copper</u> (%)	<u>Lead</u> (%)	<u>Zinc</u> (%)
M88-2	4.4 - 5.2	0.8	.166	1.42			
	5.2 - 5.8	0.6	.064	.30			
M88-3	3.4 - 4.2	0.8	.498	1.04	.36	.38	.01
	4.2 - 5.7	1.5	.026	.07			
M88-4	6.6 - 7.9	1.3	.086	1.04	1.10		
	7.9 - 8.7	0.8	.426	5.86	1.11	3.89	.44
	8.7 - 9.7	1.0	.033	.46			
M88-5	4.7 - 5.2	0.5	.394	2.45	2.07	1.09	.06

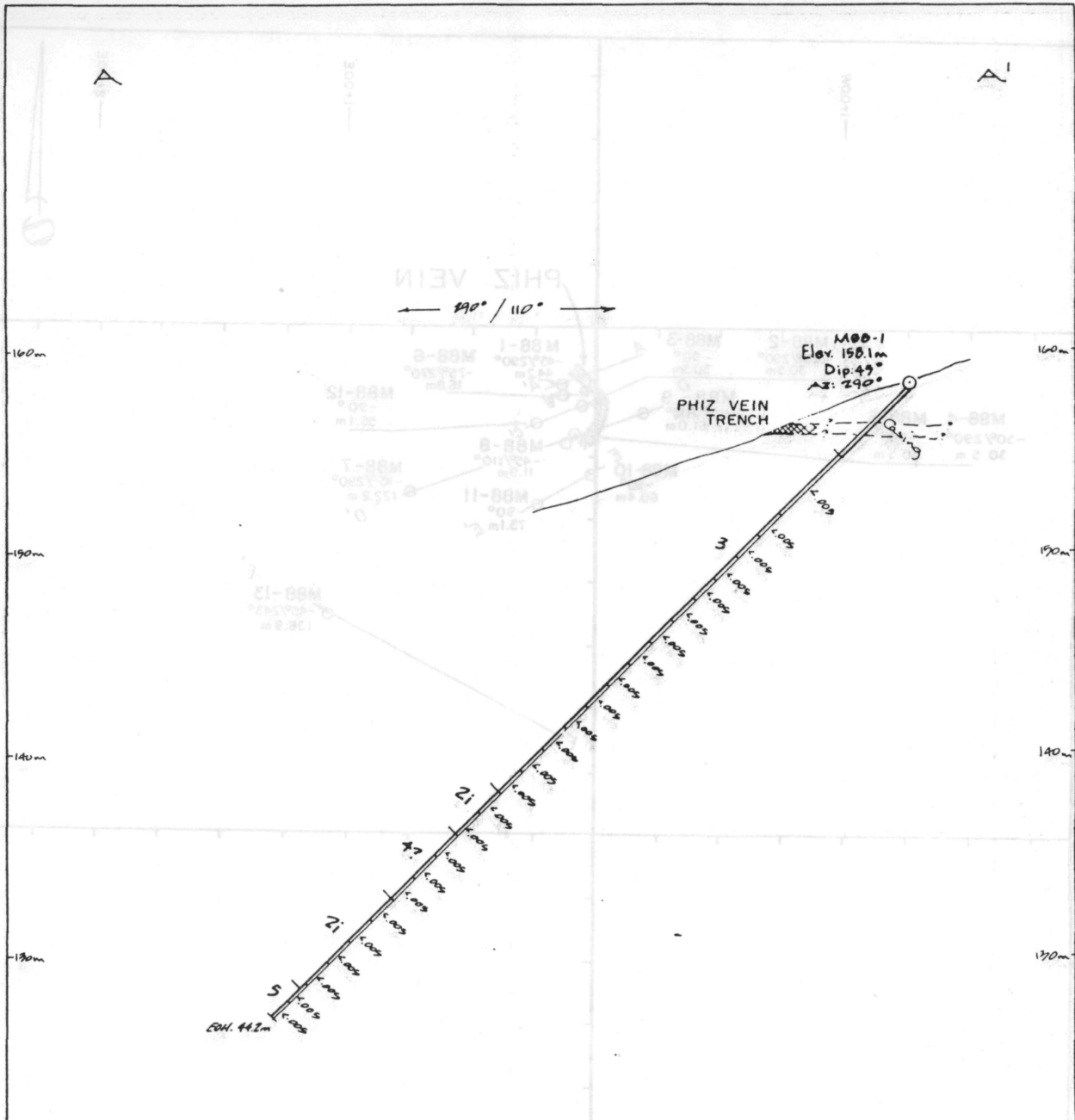
Hole M88-7 was a 65 metre step out to the east of the vein, along section D-D' (Figure 11). This hole encountered a variety of rock types, however no significant results were obtained.

Holes M88-8 and M88-9 are also located along section D-D'. M88-8 was collared a few metres to the east of M88-4 and M88-5 and the hole was directed away from the vein (see Figure 11). Mineralized quartz vein was intersected for 1.2 metres, however the results are somewhat lower than Holes M88-2 to M88-5. The footwall to the vein is a silicified/altered diorite in which a zone of



G / CREST RESOURCES LTD/ MAGENTA DEVELOPMENT CORP.			
PHIZ PROJECT			
ROB 13 & 14 CLAIMS			
DRILL HOLE PLAN MAP			
LIARD MINING DIVISION BC			
PAMICON DEVELOPMENTS LTD.			
Geologist: L. Scroggins	NTS: 104B/11	Date: Jan. 1989	FIGURE: 7

PAMICON DEVELOPMENTS LTD.  
 LIARD MINING DIVISION BC  
 SECTION A - A  
 ROB 13 & 14 CLAIMS  
 PHIZ PROJECT  
 MAGENTA DEVELOPMENT CORP.  
 CREST RESOURCES LTD.



LEGEND ~

- INTRUSIVE**
- 1 - Diorite
  - 2 - Monzonite
- META-VOLCANICS/SEDIMENTS**
- 3 - Amphibolite
  - 4 - Andesite
  - 5 - Argillite
  - 6 - Porphyritic amphibolite
  - 7 - Black-graphitic-argillite

**ALTERATION**

- i - ankerite veins abundant
- ii - argillic alteration
- iii - silicification
- iv - hornfels

ss - fault

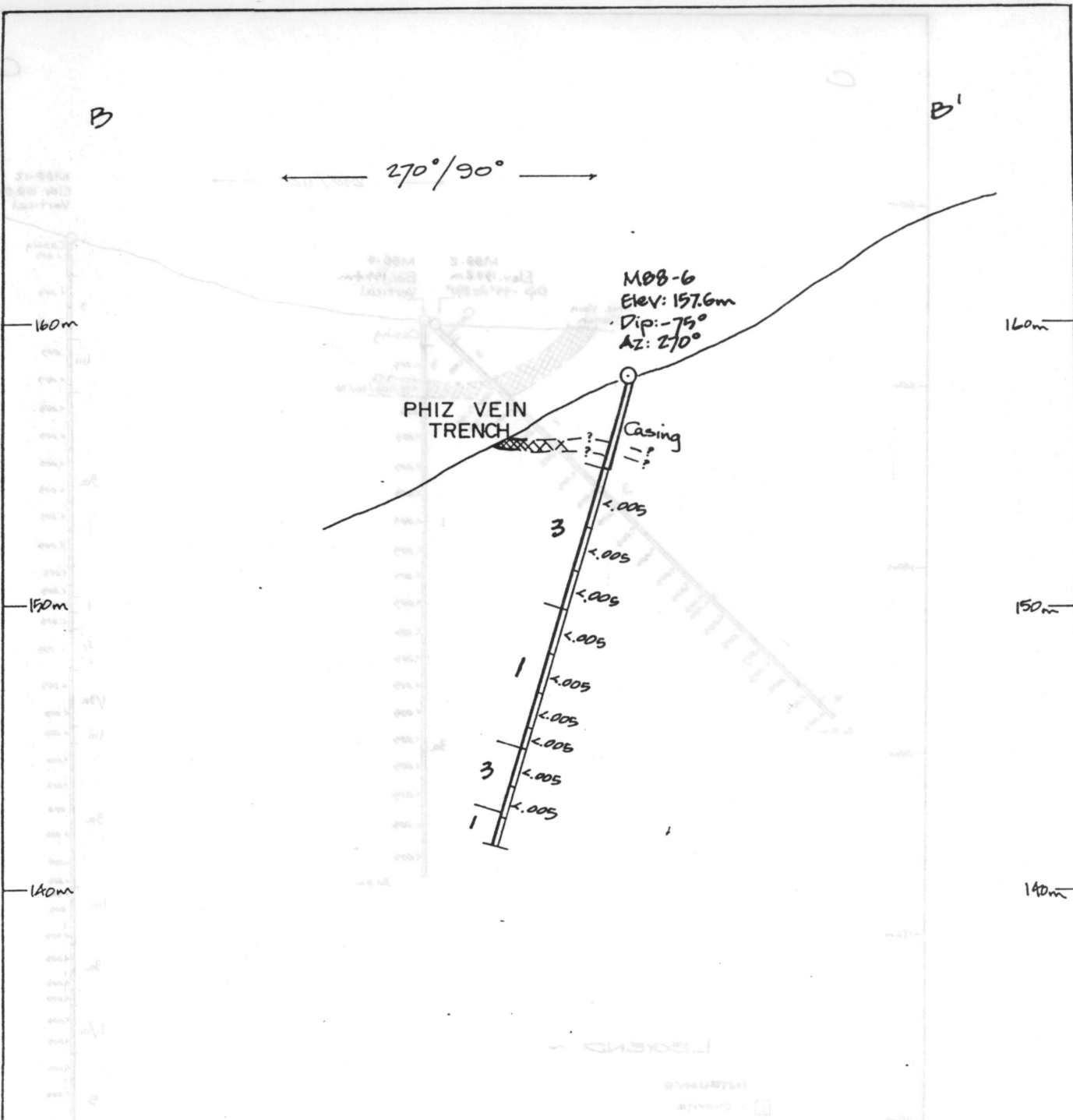
16/20/04/07%/0.20 - Sample interval, Au(oz/t)/Ag(oz/t)/Cu(%) / Pb(%) / Zn(%)

--- Quartz vein (inferred)



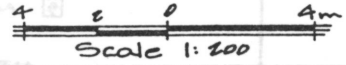
CREST RESOURCE LTD./ MAGENTA DEVELOPMENT CORP. PHIZ PROJECT		
ROB 13 & 14 CLAIMS SECTION A - A' M88 - 1 LIARD MINING DIVISION BC		
PAMICON DEVELOPMENTS LTD		
Geologist L. Scroggins	NIS 1048/11	Date Jan 1989
FIGURE 8		



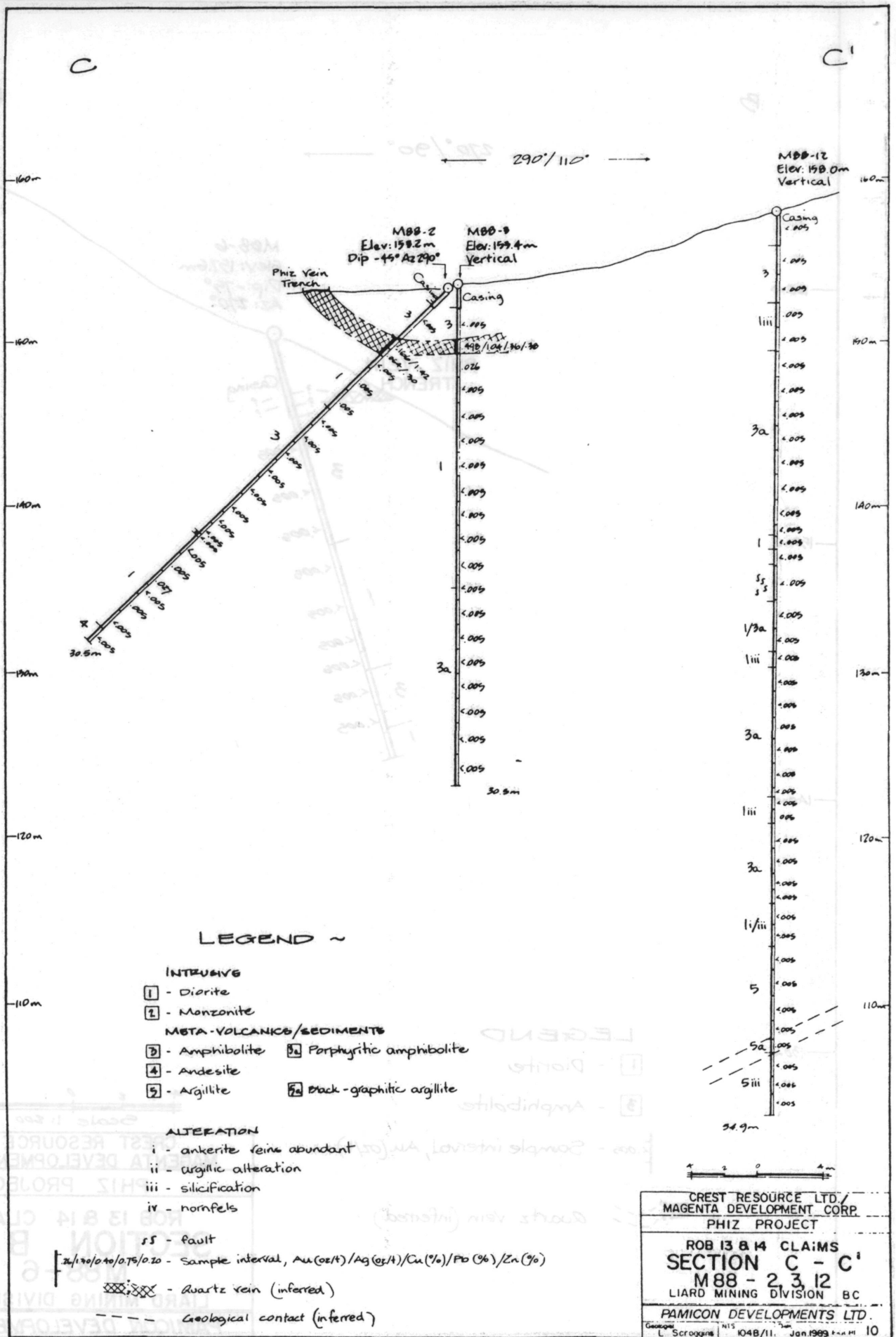


**LEGEND**

- 1 - Diorite
- 3 - Amphibolite
- 1.005 - Sample interval, Au(oz/t)
- Quartz vein (inferred)



CREST RESOURCE LTD./ MAGENTA DEVELOPMENT CORP.			
PHIZ PROJECT			
ROB 13 & 14 CLAIMS <b>SECTION B - B'</b> M88-6			
LIARD MINING DIVISION BC			
PAMICON DEVELOPMENTS LTD.			
Geologist: L. Scroggins	NTS: 1048/11	Date: Jan. 1989	FIGURE: 9.



massive sulphides was located, and contains higher gold/silver values than the quartz vein above. The following table represents these results.

<u>Hole</u>	<u>Interval</u> (m)	<u>Length</u> (m)	<u>Gold</u> (oz/ton)	<u>Silver</u> (oz/ton)	<u>Copper</u> (%)	<u>Lead</u> (%)	<u>Zinc</u> (%)
M88-8	4.6 - 5.2	0.6	.022	.26			
	5.2 - 5.8	0.6	.013	.15			
	5.8 - 6.5	0.7	.205	.57	.57	1.45	2.18
	6.7 - 7.3	0.8	.023	.28			

Overall, M88-8 contains a zone which is 2.7 metres long containing 0.068 oz/ton gold and 0.32 oz/ton silver.

M88-9 was collared along section D-D' and directed at the Phiz Vein from the west. There was no vein intersection in this hole however some zones of silicified diorite returned anomalous gold and silver values as listed below.

<u>Hole</u>	<u>Interval</u> (m)	<u>Length</u> (m)	<u>Gold</u> (oz/ton)	<u>Silver</u> (oz/ton)	<u>Copper</u> (%)	<u>Lead</u> (%)
M88-9	11.7 - 12.3	0.6	.049	.82	.12	.31
	22.5 - 24.0	1.5	.015	.13		
	24.0 - 25.5	1.5	.011	<.01		
	25.5 - 27.0	1.5	.022	.01		
	27.0 - 28.5	1.5	.031	.15		
	28.5 - 29.4	0.9	.016	.12		

M88-10 and M88-11, along section E-E', were drilled approximately 20 metres south of section D-D' (see Figure 7). Both holes were vertical and were drilled to test the vein to the south of the main Phiz Vein as defined by trenching. Neither of the holes intersected the vein, however M88-10 did return anomalous results. Elevated gold and silver values occurred within a zone of silicified diorite and are listed below.



<u>Hole</u>	<u>Interval</u> (m)	<u>Length</u> (m)	<u>Gold</u> (oz/ton)	<u>Silver</u> (oz/ton)	<u>Copper</u> (%)
M88-10	24.1 - 24.8	0.7	.011	.04	.04
	24.8 - 25.2	0.4	.032	.48	.24

M88-13 was set up to drill test a northwesterly projected gold-silver geochemical anomaly. The source of this anomaly is located within the '22' Grid (Figure 5), and is located approximately 285 metres to the south of the drill hole. An interesting intersection was encountered at 46.7 metres within altered diorite, where a 10 cm quartz-sulphide vein with pyrite and galena was observed. Further down the hole at 94.0 metres another quartz-sulphide vein/veinlet (1 cm wide) was seen. Results from these two intersections are listed below.

<u>Hole</u>	<u>Interval</u> (m)	<u>Length</u> (m)	<u>Gold</u> (oz/ton)	<u>Silver</u> (oz/ton)	<u>Copper</u> (%)	<u>Lead</u> (%)
M88-13	46.7 - 47.3	0.6	.138	3.95	.02	24
	93.1 - 94.6	1.5	.026	1.19		

Holes M88-14 and M88-15 are located 25 metres and 50 metres respectively northeast of a strong gold-silver soil geochemical anomaly (Figure 7). Both holes were set up to drill through the anomaly in a southwesterly direction.

M88-14 intersected a gold zone at 10.1 metres within the diorite.

<u>Hole</u>	<u>Interval</u> (m)	<u>Length</u> (m)	<u>Gold</u> (oz/ton)	<u>Silver</u> (oz/ton)
M88-14	10.1 - 11.6	1.5	.136	.05
	11.6 - 13.1	1.5	.027	.01

M88-15 did not produce any significant results.

Drilling has shown the host rocks and structure to be quite complex. Near the surface exposure, the vein is hosted in strongly sheared and foliated altered

meta-volcanics. Holes drilled within the vicinity of the vein were collared in a dark green, fine-grained, silicified and altered andesite. Petrographic analysis has labelled these rocks as amphibolite. A diorite plug exists in the area and has been intersected in most holes. The diorite is strongly altered and silicified. Petrographic studies of these diorites has suggested that due to the strong foliation and alteration of these rocks, it is likely that strong cataclastic deformation has taken place in this region. This style of metamorphism is caused by a local thrust event. The Iskut River, located 2.5 kilometres to the north, has been referred to as an east-west structural thrust fault by Grove (1986). This event could likely have caused the type of deformation seen at the Phiz Vein zone.

Altered volcanics, predominantly andesite, occur along with a package of banded and black graphitic argillites.

## 9.0 DISCUSSION

An auriferous quartz-sulphide vein was discovered on the Rob 13 and 14 claims in early October. Extensive hand blasting and trenching has traced the vein 80 feet (25 metres) along strike. This vein, the Phiz Vein, contains chalcocite, galena, pyrite, malachite/azurite. Assays as high as 7.394 oz/ton gold and 6.79 oz/ton silver have been obtained on surface.

A short diamond drill program was undertaken to test the gold-bearing structure at depth.

Holes M88-1 to 6 and M88-8 to 12 were all drilled within the vicinity of the surface showing in an attempt to define attitudes and structural controls. Vein mineralization was encountered in holes M88-2 to 5 and M88-8. Holes M88-1 and 6 which were drilled at the north end of the mineralized outcrop did not intersect the vein in core, however, quartz vein pebbles recovered in the casing indicated the vein was closer to surface than expected and may have been cased through.

Hole M88-7 was a 65 metre step out to the east of the vein. This hole did not intersect the vein and assays were generally quite low.

Holes M88-9 and M88-10 encountered zones of disseminated pyrite and galena with lesser chalcopyrite mineralization. Anomalous gold values have been obtained in these sections.

Holes M88-13 to 15 were drilled through a strong gold-silver geochemical anomaly located approximately 350 metres to the southeast of the Phiz Vein area. M88-13 was a broad step out on this geochemical target and encountered a narrow quartz-sulphide vein (10 cm wide) containing pyrite and galena. Assays are encouraging although the zone is quite narrow.

M88-14 and 15 were drilled at the geochemical zone. Hole M88-14 intersected a zone of modest mineralization containing anomalous gold values.

## 10.0 CONCLUSIONS

The Phiz Vein zone is an exciting new gold discovery in the emerging Iskut River gold camp. The extensive surface showing containing high gold values led to a diamond drilling program.

The gold-bearing structure appears to lie within a "cataclastic terrain" as the area has undergone strong deformation and alteration. A geological interpretation of this zone is yet to be demonstrated.

The vein structure has shown that it contains anomalous amounts of metal with gold and silver and minor base metals of economic interest. The definition of this zone at depth has yet to be determined.

Continued exploration is required to determine if the Phiz Vein zone will develop grades and tonnages sufficient to produce an ore body.

## 11.0 RECOMMENDATIONS

A two-phase program totalling \$500,000 has been recommended on Crest Resources Ltd./Magenta Development Corp.'s Phiz project. These programs have been outlined to obtain detailed geochemical and geophysical data to aid in the development of the Phiz vein and complete the surface work on the balance of the claim group.

### PHASE I

1. Linecutting on the grid should continue to provide 100 metre crosslines with stations every 25 metres, for a total of 30 line kilometres of grid.
2. Geochemical soil survey on all crosslines every 25 metres. Detail grids (12.5 metre spacings) should be flagged over any interesting soil anomalies or mineralized zones. Proper sampling techniques must be employed in this area due to thick overburden.
3. Geophysical work consisting of magnetometer and VLF-electromagnetic surveys should be conducted over the entire property. Data should be compiled and reviewed daily to allow for immediate additional work in areas of interest defined by these surveys.
4. Hand trenching and blasting at the '22' gold soil anomaly will be necessary to evaluate the possibility that a mineralized zone is located in this area. Hand trenching other possible geochemical soil anomalies will be decided in the field.
5. A professional faller will be required sporadically during both phases. Several trees fallen in the vicinity of the Phiz vein will also need to be bucked up and moved.

The total cost of this phase is \$183,779.



## PHASE II

1. A program of detailed trenching will be carried out around the Phiz vein using a heli-portable, simulated backhoe on articulating wheels assuming one is available at Bronson Creek. This machine (Menzi Mucker) is considered suitable for the type of terrain in which the Phiz vein lies.
2. A 3,000 foot (915 metre) diamond drill program is proposed to further test the gold-bearing structure revealed to date in order to evaluate the economic significance of the claims.

The total cost of this phase is \$315,681.

## PHASE I BUDGET

## Wages

Senior Geologist - 6 days @ \$400	\$ 2,400	
Field Geologist - 10 days @ \$300	3,000	
Prospector - 7 days @ \$265	1,855	
Samplers - 2 x 20 days @ \$225	9,000	
Trenchers - 2 x 10 days @ \$225	<u>4,500</u>	
		\$ 20,755
Project Supervision		12,525
Man Day Camp Cost - 180 days @ \$125		22,500
Helicopter - 1.5 hours/day x 20 days = 30 hours @ \$600		18,000
Fixed Wing		5,000
Linecutting - 20 km @ \$1,200/km		24,000
Geophysics (Mag and VLF over 45 km) - 20 days @ \$600		12,000
Freight		2,000
Equipment Rental and Expendible Supplies		5,000
Communication		2,500
Travel and Accommodation		5,000
Assays		
800 soils @ \$17.50	\$14,000	
100 rock @ \$20	<u>2,000</u>	
		<u>16,000</u>
		145,280
Contingency @ 10%		<u>14,528</u>
		159,808
Management Fee		<u>23,971</u>
Total Estimated Budget - Phase I		<u>\$183,779</u>

## PHASE II BUDGET

<b>Wages</b>		
Senior Geologist - 10 days @ \$400	\$ 4,000	
Field Geologist - 25 days @ \$300	7,500	
Samplers - 2 x 25 days @ \$225	11,250	
Fallers (pad cutter) - 7 days @ \$300	<u>2,100</u>	\$ 24,850
Project Supervision		19,200
Man Day Camp Cost - 280 days @ \$125		35,000
<b>Drilling</b>		
1,750 feet @ \$30	\$52,500	
Mob and demob	<u>5,000</u>	57,500
<b>Helicopter</b>		
2.5 hours/day x 30 days = 75 hours @ \$600		45,000
<b>Backhoe</b>		
Mob and demob from Bronson airstrip to property	\$10,000	
15 days @ \$1,000	<u>15,000</u>	25,000
<b>Fixed Wing</b>		
Supply flight	\$ 5,000	
Mob and demob drill	<u>5,000</u>	10,000
Freight		2,000
Equipment Rental		5,000
Supplies		1,000
Communication		3,000
Travel and Accommodation		5,000
<b>Assays</b>		
100 rock @ \$20	\$ 2,000	
600 core @ \$25	<u>15,000</u>	17,000
		249,550
Contingency @ 10%		<u>24,955</u>
		274,505
Management Fee		<u>41,176</u>
<b>Total Estimated Budget - Phase II</b>		<u>\$315,681</u>

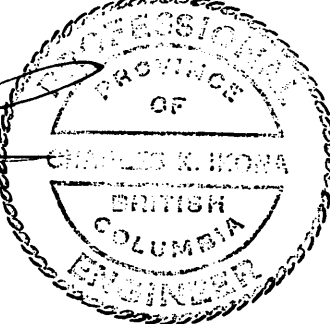
TOTAL RECOMMENDED BUDGET - PHASES I AND II

Estimated Budget - Phase I	\$183,779		
- Phase II	<u>315,681</u>		
Total Estimated Budget	<u>\$499,460</u>	say	<u>\$500,000</u>

Respectfully submitted,

Elizabeth A. Scroggins  
Elizabeth A. Scroggins, Geologist

Charles K. Ikona  
Charles K. Ikona, P.Eng.



**APPENDIX I**

**BIBLIOGRAPHY**

## BIBLIOGRAPHY

Caulfield, D.A. and C.K. Ikona (1987): Geological Report on the GIM Mineral Claim.

Caulfield, D.A. and C.K. Ikona (1987): Geological Report on the Josh, Josh 2-4 Mineral Claims.

Caulfield, D.A. and C.K. Ikona (1987): Geological Report on the Zeehan 8-14 Mineral Claims for Tanker Oil and Gas Ltd.

Costin, C.P. (1973): Assessment Report 4150, Dirk Claims, Newmont.

Delaware Resources Corp.: Progress Report, Snip Prospect, November 19, 1987.

Gulf International Minerals Ltd.: Annual Report, February 1988.

Grove, E.W. (1985): Geological Report and Work Proposal on the Skyline Explorations Ltd. Inel Property.

Grove, E.W. (1986): Geological Report, Exploration and Development Proposal on the Skyline Explorations Ltd. Reg Property.

Hughes, R.W.: News release dated January 11, 1989, Meridor Resources Ltd.

Kerr, F.A. (1949): Geological Survey Memoir 246, Lower Stikine and Western Iskut River Areas, British Columbia.

Korenic, J.A. and J.M. Kowalchuk (1982): Iskut River Area - Argonaut Project, Du Pont of Canada Explorations Ltd.

Kowalchuk, J. (1982): Assessment Report 10,418, Warrior Claims, Dupont Exploration.

Lafebure, D.V. and M.H. Gunning (1987): Exploration in British Columbia 1987, in press, B.C. Geological Survey Branch publication.

Poloni, J.R. (1987): Report on the Rob 15 and 16 Mineral Claims, Iskut River Area for Teryl Resources Corporation.

Skyline Explorations Ltd.: Annual Report 1987.

Sorbara, J. Paul (January 11, 1988): Geological Report on the Joy 1 & 2 Mineral Claims for Brenwest Mining Ltd.

Ticker Tape Resources Ltd.: News releases dated September 21, 1987 and October 13, 1987.

Todoruk, S.L. and C.K. Ikona (1987): Geological Report on the Stu 1 & 2 Mineral Claims.

Todoruk, S.L. and C.K. Ikona (1987): Geological Report on the Gab 11 & 12 Mineral Claims and Stu 8 & 9 Mineral Claims.

Todoruk, S.L. and C.K. Ikona (1987): 1987 Summary Report on the Sky 4 & 5 and Spray 1 & 2 Claims.

Todoruk, S.L. and C.K. Ikona (1987): Geological Report on the Stu 4 & 5 Mineral Claims.

Todoruk, S.L. and C.K. Ikona (1988): Geological Report on the Forrest 1-15 Mineral Claims.

Tungco Resources Corporation: News release dated December 1, 1987.

Western Canadian Mining Corp.: News release dated November 12, 1987.

**APPENDIX V**

**STATEMENT OF QUALIFICATIONS**

STATEMENT OF QUALIFICATIONS

I, ELIZABETH A. SCROGGINS, of 2141 Yukon Street, Vancouver, in the Province of British Columbia, DO HEREBY CERTIFY:

1. THAT I am a Geologist in the employment of Pamicon Developments Limited, with offices at Suite 711, 675 West Hastings Street, Vancouver, British Columbia.
2. THAT I am a graduate of the University of Western Ontario, Bachelor of Science Degree in Geology (Honours).
3. THAT my primary employment since 1986 has been in the field of mineral exploration.
4. THAT my experience has encompassed a wide range of geologic environments and has allowed considerable familiarization with prospecting, geophysical, geochemical and exploration drilling techniques.
5. THAT this report is based on data generated by myself, under the direction of Charles K. Ikona, Professional Engineer.
6. THAT I have no interest in the property described herein, nor in securities of any company associated with the property, nor do I expect to receive any such interest.
7. THAT I hereby grant permission to Crest Resources Ltd./Magenta Development Corp. for the use of this report in any prospectus or other documentation required by any regulatory authority.

DATED at Vancouver, B.C., this 26 day of January, 1989.

Elizabeth A. Scroggins

Elizabeth A. Scroggins, Geologist



**APPENDIX VI**

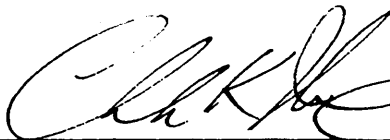
**ENGINEER'S CERTIFICATE**

ENGINEER'S CERTIFICATE

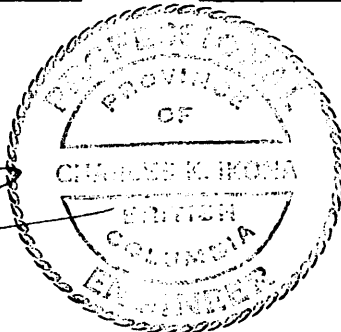
I, CHARLES K. IKONA, of 5 Cowley Court, Port Moody, in the Province of British Columbia, DO HEREBY CERTIFY:

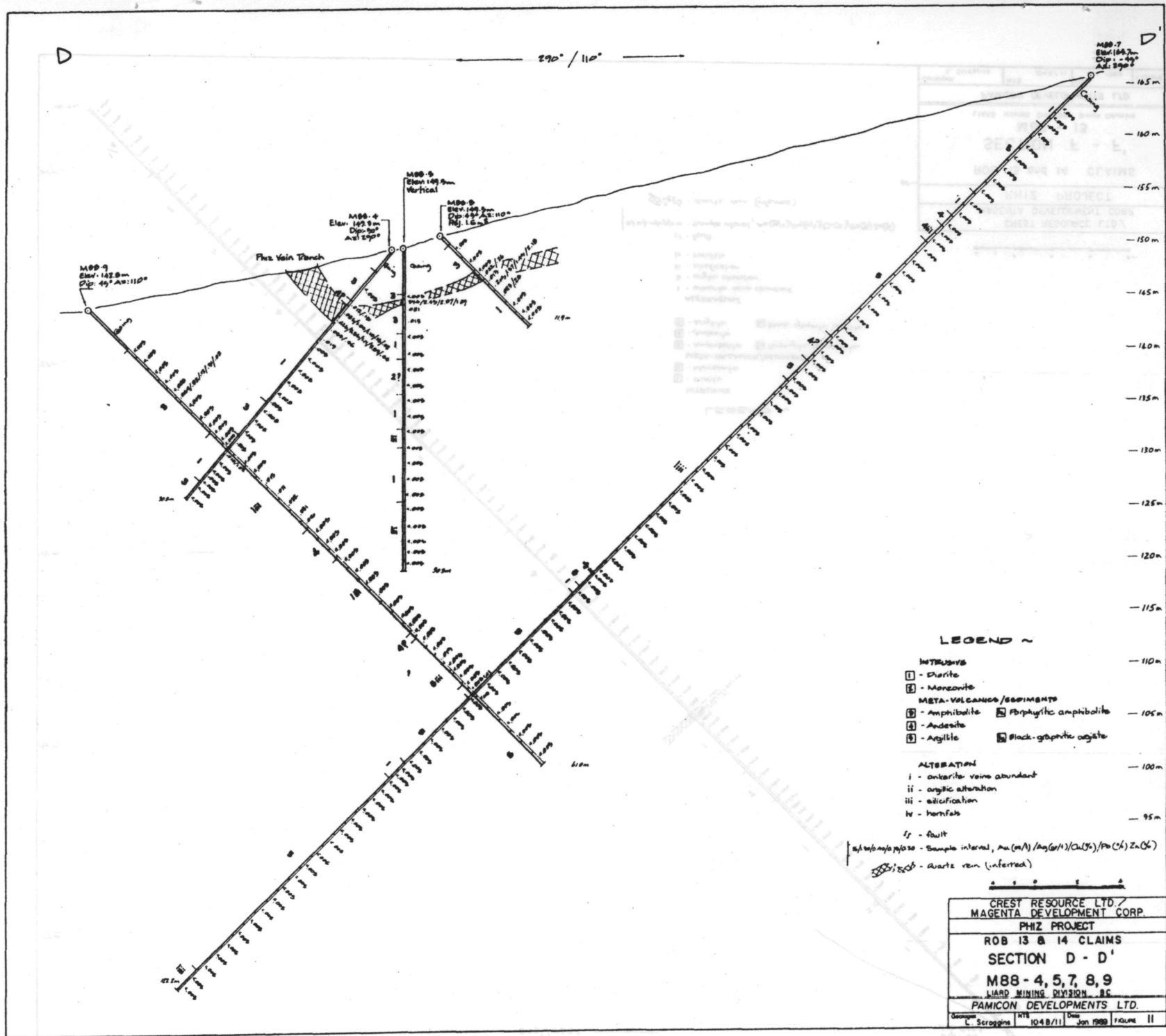
1. THAT I am a Consulting Mining Engineer with offices at Suite 711, 675 West Hastings Street, Vancouver, British Columbia.
2. THAT I am a graduate of the University of British Columbia with a degree in Mining Engineering.
3. THAT I am a member in good standing of the Association of Professional Engineers of the Province of British Columbia.
4. THAT this report is based on work conducted under my direction in 1988 and on extensive knowledge of the immediate area.
5. THAT I have no interest in the property described herein, nor in securities of any company associated with the property, nor do I expect to acquire any such interest.
6. THAT I consent to the use by Crest Resources Ltd./Magenta Development Corp. of this report in a Prospectus or Statement of Material Facts or any other such document as may be required by the Vancouver Stock Exchange or the Office of the Superintendent of Brokers.

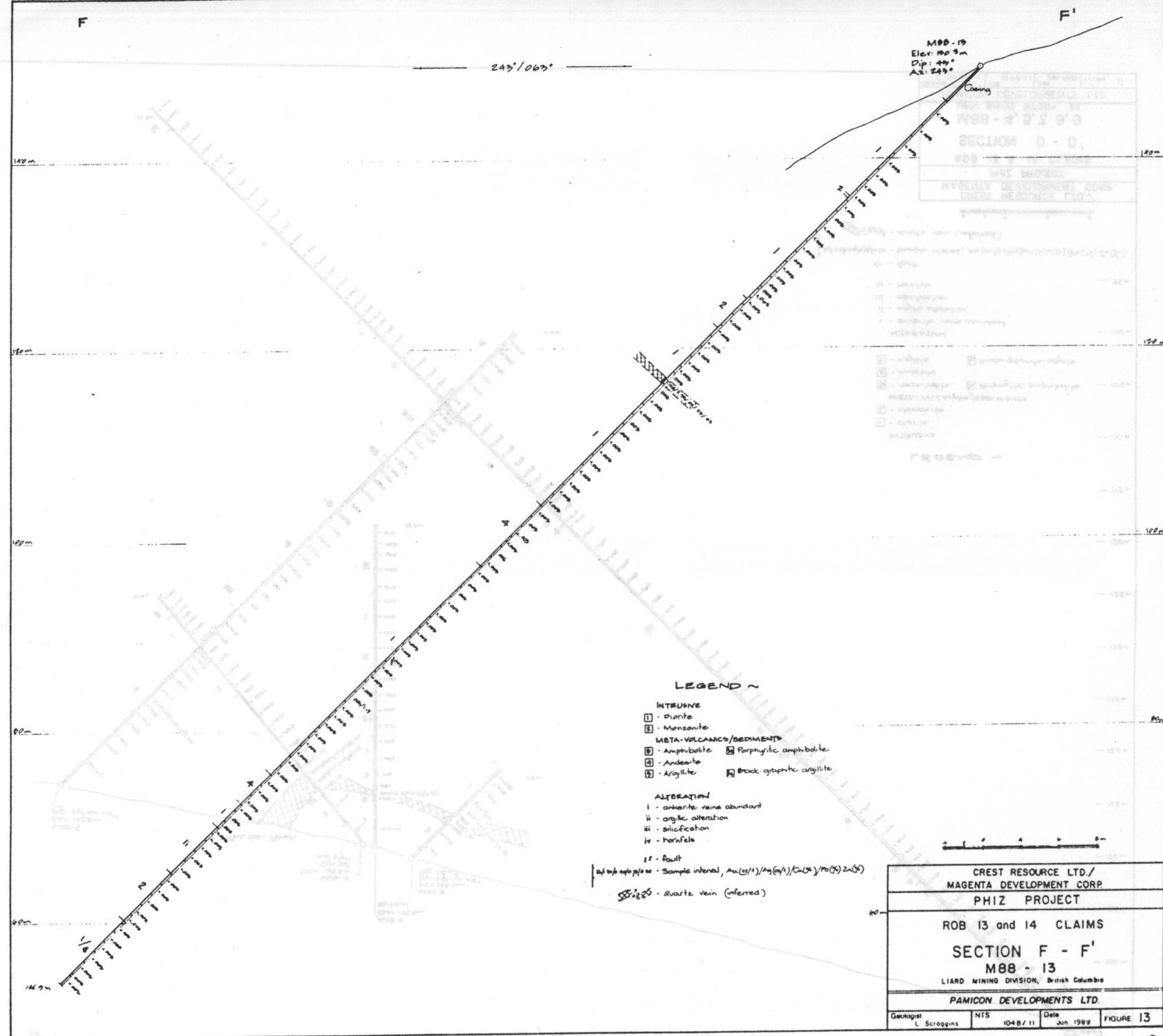
DATED at Vancouver, B.C., this 26<sup>d</sup> day of Jan, 1989.



Charles K. Ikona, P.Eng.

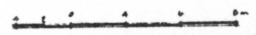




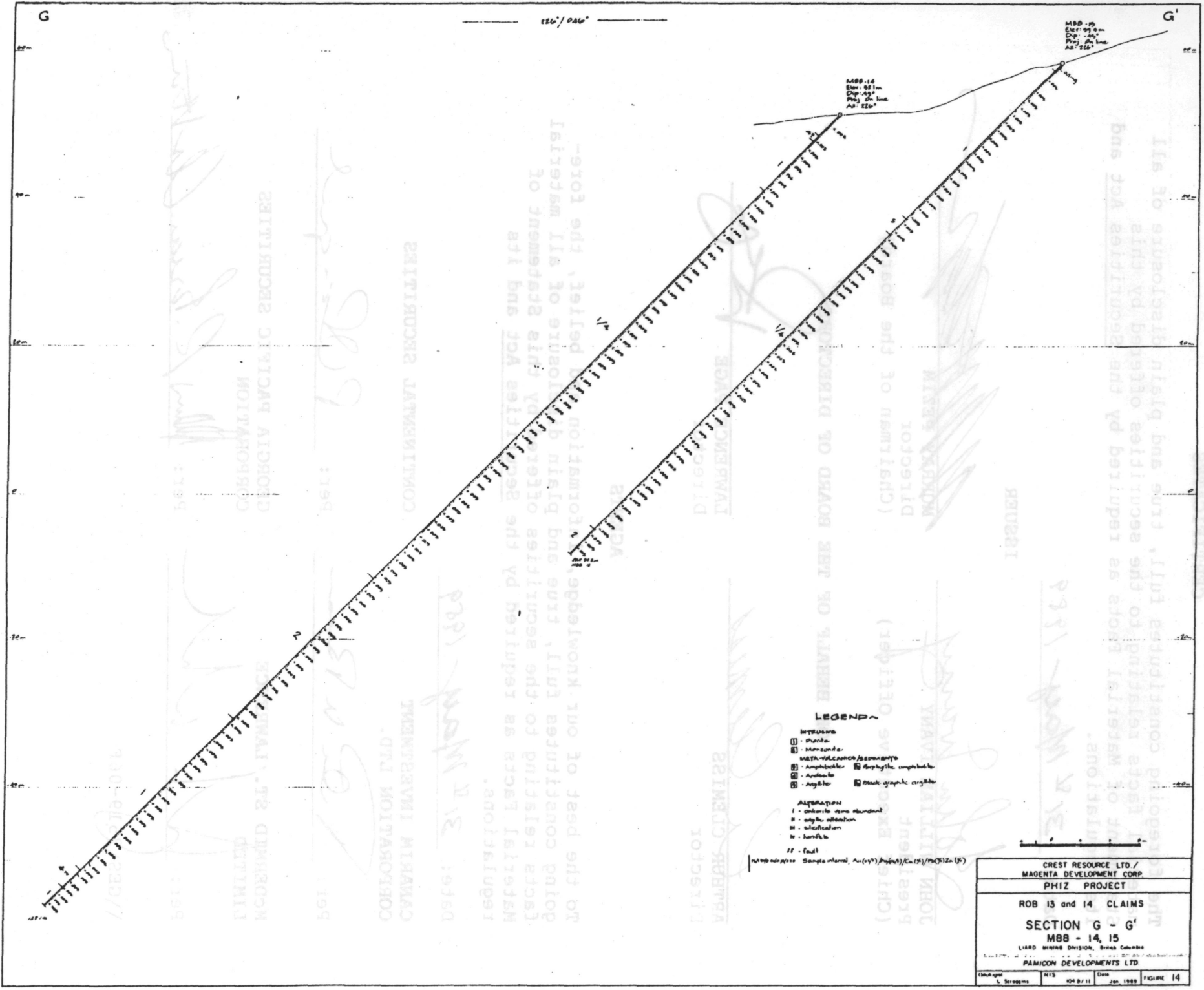


**LEGEND**

- INTRUSIVE**
- ① - Diorite
  - ② - Monzonite
- META-VOLCANICS/SEDIMENT**
- ③ - Amphibolite
  - ④ - Andesite
  - ⑤ - Argyllite
  - ⑥ - Porphyritic amphibolite
  - ⑦ - Black-cyanitic argillite
- ALTERATION**
- i - sericitic veins abundant
  - ii - argillic alteration
  - iii - silicification
  - iv - hornfels
- F - Fault**
- Sample interval, Au (g/t) / Ag (g/t) / Cu (g/t) / Pb (g/t) / Zn (g/t)
- quartz vein (inferred)



CREST RESOURCE LTD./ MAGENTA DEVELOPMENT CORP.			
PHIZ PROJECT			
ROB 13 and 14 CLAIMS			
SECTION F - F'			
M88 - 13			
LIARD MINING DIVISION, British Columbia			
PAMICON DEVELOPMENTS LTD.			
Geologist	NTS	Date	FIGURE
L. Scroggins	1048/11	Jun 1989	13



- LEGENDA**
- Intrusions**
- - Diabase
  - - Gabbro
  - ▨ - Amphibolite
  - ▩ - Andesite
  - ▧ - Angite
  - ▤ - Basaltic gneiss
  - ▥ - Amphibolite
  - ▦ - Basaltic gneiss
  - ▧ - Andesite
  - ▨ - Amphibolite
  - ▩ - Gabbro
  - - Diabase
- Alterations**
- 1 - Chlorite zone abundant
  - 2 - Epidote alteration
  - 3 - Sulfidation
  - 4 - Quartzite
- II - Fault**
- ▬ - Fault

CREST RESOURCE LTD /  
MAGENTA DEVELOPMENT CORP  
PHIZ PROJECT

ROB 13 and 14 CLAIMS

**SECTION G - G'**  
M88 - 14, 15

LEAD MINING DIVISION, BRAS COULMBE  
PAMICON DEVELOPMENTS LTD

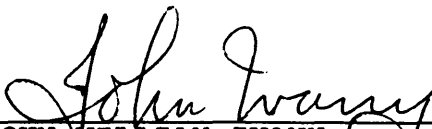
Scale: 1:50,000  
Date: Jan 1989  
FIGURE 14


**CERTIFICATES**

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: 31<sup>st</sup> May 1989

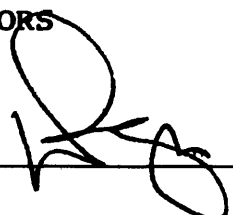
**ISSUER**

  
\_\_\_\_\_  
JOHN WILLIAM IVANY  
President  
(Chief Executive Officer)

  
\_\_\_\_\_  
MURRAY PEZIM  
Director  
(Chairman of the Board)

**ON BEHALF OF THE BOARD OF DIRECTORS**

  
\_\_\_\_\_  
ARTHUR CLEMIS  
Director

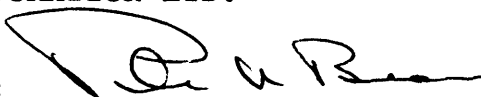
  
\_\_\_\_\_  
LAWRENCE PAGE  
Director

**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.

Date: 31<sup>st</sup> May 1989

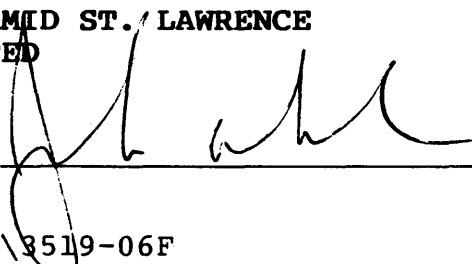
**CANARIM INVESTMENT CORPORATION LTD.**

Per:   
\_\_\_\_\_

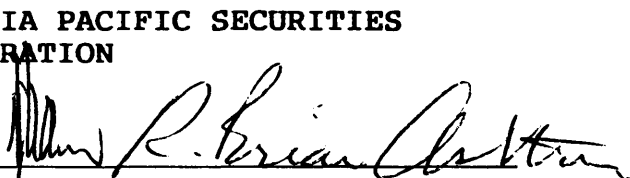
**CONTINENTAL SECURITIES**

Per:   
\_\_\_\_\_

**McDERMID ST. LAWRENCE LIMITED**

Per:   
\_\_\_\_\_

**GEORGIA PACIFIC SECURITIES CORPORATION**

Per:   
\_\_\_\_\_