

R. W. PHENDLER, P. Eng., GEOLOGICAL CONSULTANT,
EXPLORATION AND MINING
7360 DECOURCY CRES., RICHMOND, B.C. V7C 4E9 (604) 271-2588

R E P O R T
on the
EMMA PROPERTY, ALBERNI AREA,
NANAIMO MINING DIVISION,
BRITISH COLUMBIA

for

Au RESOURCES LTD.

by

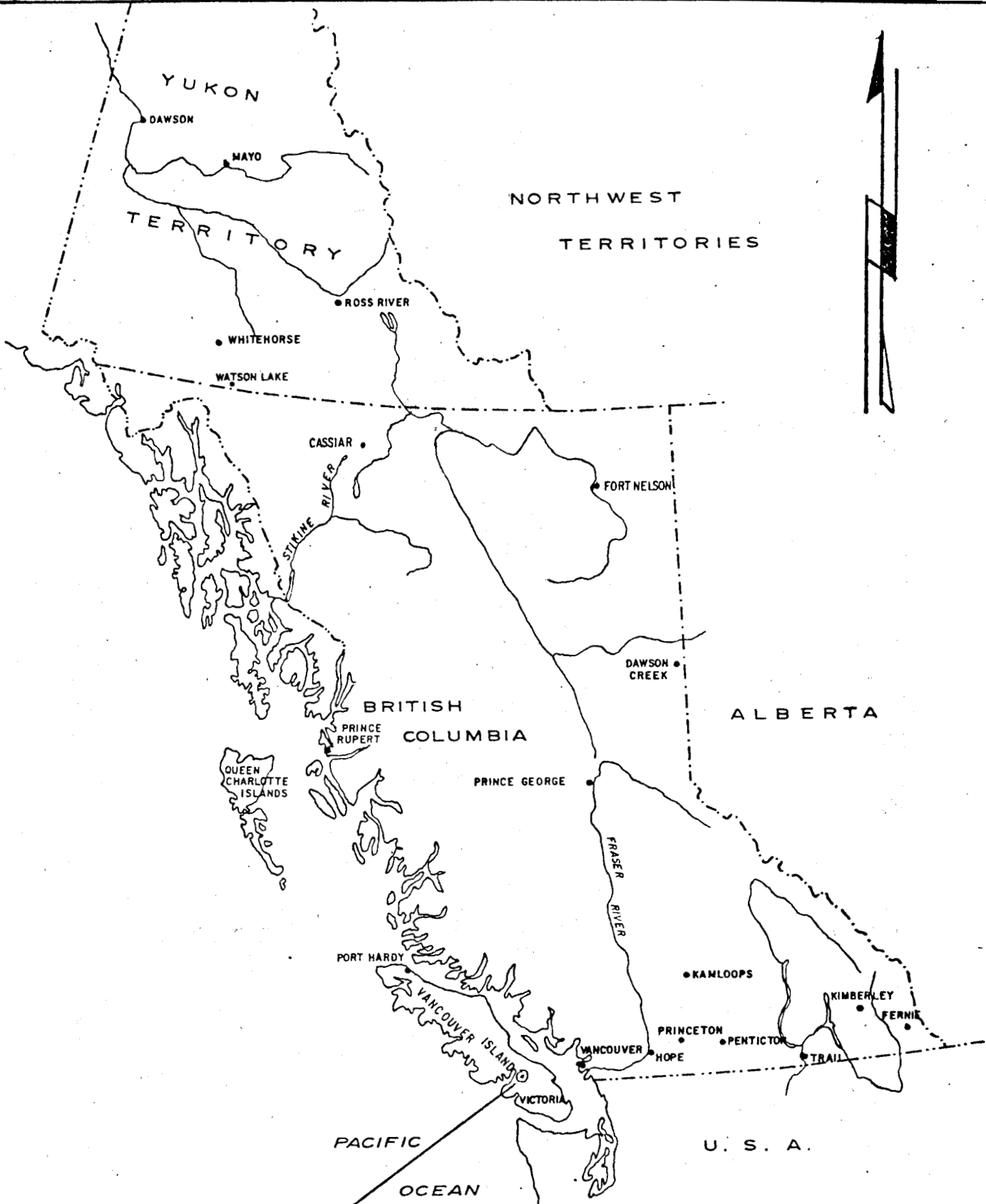
R.W. PHENDLER, P. Eng.

**GEOLOGICAL BRANCH
ASSESSMENT REPORT**

12,070

Vancouver, Canada

June 18, 1983



EMMA PROPERTY

1" = 250 MILES


LOCATION MAP	
VANCOUVER	BRITISH COLUMBIA
<u>AV RESOURCES LTD</u>	
<u>EMMA PROPERTY</u>	
SCALE 1:12,672,000	
0  200 Km	
NTS	DATE JUNE 1983
	FIG No. A

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PART "A"

SUMMARY AND CONCLUSIONS

Lying on the north extension of the China Creek mineral zone, the Emma property contains a number of quartz veins, one of which yields significant gold values. This narrow vein lies at the north-west end of a quartz rich zone that measures 1,500 meters by 500 meters and returned assays that ran 1.390 and 0.487 oz Au per ton across 0.5'. These samples were recently taken by the writer and assayed 2.01 and 1.20 oz Ag per ton. Many of the other veins contain associated molybdenum and anomalous gold values suggesting that the area mentioned above warrants exploration consisting of geochemical and geophysical surveys, prospecting, trenching and mapping.

The nearby China Creek gold bearing quartz veins are associated with a northerly trending stock of diorite and small feldspar porphyry plugs that probably follow a major fault that may continue north to the Emma property, where faulting of this nature and some alteration has been recognized. Geophysical work (electromagnetics and magnetometer) should locate structures of this nature and any hidden diorite or porphyry plugs.

RECOMMENDATIONS

It is recommended that:

Phase I

- 1) A grid be established over the 1,500 meter by 500 meter area.
- 2) The gridded area be geochemically surveyed.
- 3) A geophysical survey be conducted over the grid.
- 4) Trenching and stripping of the known veins be carried out.

- 5) Geological mapping be carried out.
- 6) Prospecting of the entire claim group be carried out.

Phase II - dependent upon favourable results from Phase I.

- 1) Diamond drilling be carried out.

COST ESTIMATE

Phase I


1) Establish grid - 15 km x \$300/km	\$4,500
2) Geochemical survey	4,500
3) Geophysical surveys	7,500
4) Geological mapping	7,000
5) Prospecting	10,000
6) Trenching, stripping	15,000
7) Engineering & Geology	7,000
8) Travel & Accommodation	7,000
9) Assaying	<u>2,700</u>
Total -	\$65,200
15% Contingencies -	<u>9,780</u>
Total - Phase I =	<u>\$74,980</u>

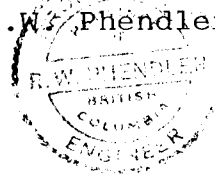
Phase II

1) Diamond drill - 3,000' @ \$22/foot	\$66,000
2) Mobilization & Demobilization	5,000
3) Engineering & Geology	8,000
4) Travel and Accommodation	5,000
5) Assays	<u>3,000</u>
	Total - \$87,000
	15% Contingencies - <u>13,050</u>
	Total - Phase II = <u><u>\$100,050</u></u>

The sum of \$75,000 should be made available at this time to carry out Phase I of the above program. If results are favourable, additional funds may be required to carry out Phase II.

Respectfully submitted,


R.W. Phendler, P. Eng.



PART "B"

INTRODUCTION

At the request of the Board of Directors of Au Resources Ltd. the writer examined the EMMA PROPERTY on May 18, 1983. He was accompanied and guided by Mr. Roger Elander, co-vendor of the property and Mr. Robert Tsuida of Au Resources Ltd.

During the examination the writer visited all showings on the property and took 14 chip samples. These were assayed at Acme Analytical Laboratories, Ltd., Vancouver, B.C.

LOCATION AND ACCESS

The Emma property is located at an elevation of 2,000 to 3,500 feet (600 - 1,000 meters) about 20 kilometers southeast of Alberni in central Vancouver Island.

The property is accessible by road from the Parksville - Alberni highway (No. 4) by the Cameron River logging road which leaves the highway 12 kilometers east of Alberni. This road is followed southeasterly for 20 kilometers to the Peak Main road, which is followed west & northwest to all showings (see figure 3). Good logging roads provide access to all parts of the claims.

The area has been logged off during the past 15 years and has been partially reforested. Topography is steep but not precipitous. Rainfall is moderate to heavy with ample water available locally for an exploration program.

Peak Lake is located in the central part of the claims and is accessible by road. (Peak Main).

In the northern part of the claims Kammat Lake is located. It is also accessible by road and lies in an area presently being logged.

No buildings exist on the property and it is advised that exploration crews travel from Alberni during the duration of an exploration program.

PROPERTY AND OWNERSHIP

The Emma property consists of the following claims:

<u>Name</u>	<u>Record No.</u>	<u>Record Date</u>	<u>Details</u>
Emma 1-4	855 -858	May 6, 1981	2 Post claim (1,500' x 1,500'
Emma 5-9	866 -870	May 19, "	" "
Emma 10-11	874 -875	May 26, "	" "
Emma 12-15	961 -964	July 14, "	" "
Emma	954	July 2, "	16 units (500m x 500m)

These claims are jointly owned by Messrs. R. Elander, K. Farrell and A. Farrell of Alberni and are presently under option to Au Resources Ltd.

HISTORY

Little is known of the early history of the Emma property but small scale placer mining was carried out nearby on China Creek as early as 1862. This creek was staked for hydraulic leases in the 1890's and total placer production is known to exceed \$40,000. The gold quartz veins in the area were found subsequent to the early placer operations.

Prospecting was active between 1892 and 1900 and by 1895 gold-quartz veins had been discovered on Mineral Creek seven kilometers northwest of the Emma property. In 1898 an 8-stamp mill was constructed on Mineral Creek to treat gold-bearing quartz veins from the property held by Vancouver Island Gold Mines Ltd., but only two clean-ups were made.

Little work was carried out in the area between 1900 and 1933 but it is believed that a short winze was sunk on a quartz vein on the Emma 1 claim around the turn of the century. In 1933 Vancouver Island Gold Mines Ltd. resumed exploration on the Mineral Creek deposits and in 1936 built a 35 ton per day concentrator which operated for a short time. Also, in 1936 the Havilah property four kilometers south of the Emma property was opened up and a small quantity of gold-bearing material was produced over the next three years. These two properties (Vancouver Island and Havilah) produced 1,565 tons averaging 0.36 oz Au and 0.89 oz Ag per ton. The Thistle property, located one mile west of the Havilah produced 6,867 tons of material averaging 0.39 oz Au, 0.24 oz Ag and 4.56% Cu between 1938 and 1942.

During 1941 active prospecting was carried out by Bralorne Gold Mines and by Pioneer Gold Mines of B.C. Ltd. on the Black Lion and Black Panther properties respectively. These are located one mile south of the Havilah property and all are situated within China Creek volcanics of the Sicker Group close to a quartz diorite intrusive plug.

Sporadic prospecting has been carried out in the area during the last few years as the China Creek region has long been considered to be a favourable area for the presence of gold bearing quartz veins.

In June, 1979 Westmin Resources Ltd. examined several showings in the area presently covered by the Emma claims. Subsequent to this work the present owners discovered significant amounts of gold in a narrow quartz vein and this led to an examination by Prism Re-

sources Ltd. on two occasions in 1982 (June 30 - July 2 and September 2). All examining engineers recognized the abundance of exposed quartz veining but no systematic geological mapping, geophysical, geochemical work or prospecting was carried out.

GEOLOGY AND MINERALIZATION

The area in which the Emma claims are located are underlain by massive intermediate to basic flow lavas and well banded tuffs of the Sicker Group of Paleozoic Age. These rocks have a general northeast strike and observed dips of the formation suggest tight folding along a northeast axis. The rocks are sheared and faulted with a major fault recognized as passing through Peak Lake trending northeasterly.

Major fracture trends on the Emma property are east west and northwesterly and many are quartz filled. Some contain heavy pyrite pods and a few contain significant amounts of gold.

The quartz veins on the Emma property occur over a length of 1,500 meters by 500 meters with the long dimension striking northwesterly. Much of the area is drift covered and the quartz veining has only been exposed in the numerous road cuts in the area. This area should be considered as potential for the discovery of many other quartz veins and exploration with this in mind should be considered.

Samples taken by the writer are as follows:

<u>Sample No.</u>	<u>Width</u>	<u>oz Au</u>	<u>oz Ag</u>	<u>other (%)</u>	<u>Location</u>
17220	0.3'	.001	-	.005 Mo	Emma 2 claim
17221	0.3'	.001	.01	-	"
17222	1.5'	.001	-	-	"
17223	1.0'	.001	-	-	"
17224	0.5'	.001	.01	.031 Mo	"
17225	1.0'	.006	-	.007 Mo	Emma 9 claim
17226	0.3'	.001	-	-	"
17227	1.0'	.001	-	-	Emma 1 winze
17228	0.3'	.001	-	-	Emma 5 claim
17229	1.0'	0.015	0.65	0.08 Cu	Emma 6 claim
17230	0.5'	0.487	1.20	-	Emma 10 claim
17231	0.5'	1.390	2.01	-	"
17232	0.5'	0.011	-	-	"
17233	2.0'	.001	-	-	"

The best values are associated with the "high grade" showing where G. Sivertz of Prism Resources took samples "across the full thickness of the vein (6") at one meter intervals along the 5 meter length. These averaged 3.09 oz Au and 4.26 oz Ag per ton." A grab sample (Sivertz) of heavily mineralized material (pyrite?) assayed 6.10 oz Au and 6.02 oz Ag per ton. Westmin engineers declined to sample this vein.

This structure is narrow and erratic but continues in both directions (north and south) under the overburden. The samples taken by the writer (17230 and 17231) average 0.939 oz Au and 1.605 oz Ag per ton across a width of 0.5 feet.

A nearby gently-dipping vein assayed 0.011 oz Au per ton suggesting that the area warrants additional work.

An understanding of the nearby China Creek area is essential to fully appreciate the possibilities present in the Emma property.

The gold bearing quartz veins of the China Creek area (Havilah, Thistle, Black Panther & Black Lion - See Figure 1) lie in a northerly-trending belt $1\frac{1}{2}$ miles wide that follows the general trend of a line of feldspar porphyry stocks and a diorite plug. The diorite is badly fractured with a granitic cementing matrix and the general area contains abundant quartz veining. It is believed that the same deep seated source gave rise to the intrusives and the gold bearing quartz veins.

Mineralized quartz veins have been found on both sides of the China Creek diorite with the west contact marked by a carbonatized shear zone. The diorite plug is about half a mile wide and four miles in length with a northerly trend and probably follows a strong fault that may project to the Emma claim area.

These north to northeast trending quartz diorite intrusives with which are related numerous copper-gold-silver occurrences are considered to be Tertiary in age and are related to skarn zones as well as vein type deposits. The China Creek intrusives are similar to a somewhat more widely recognized series of diorite plugs and stocks believed to be related to the copper deposits at Catface Mountain and Mount Washington. Many gold bearing quartz veins are within or close to this latter system of Tertiary intrusives.

COMMENT

The fault and the northeasterly trending fold axis recognized on the Emma claims may be the extension of the structural control in the China Creek area to the south. No commercial mining venture has developed in the China Creek area but appreciable tonnages of material in the 0.40 oz Au per ton range was produced.

The Emma property must be considered as a prospect with the possibility of new vein discoveries in drift covered areas. Good grade material exists in small amounts but the geological environment is considered to be favourable and warrants a modest exploration program.

Respectfully submitted,

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



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

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

- 1) THAT I am a registered member of the Association of Professional Engineers of British Columbia - No. 4421 - 1963.
- 2) THAT I am a graduate of McGill University, Montreal, with a Bachelor of Science degree in geology.
- 3) THAT I have practiced my profession continually as mine, exploration and consultant geologist for the past 29 years in all parts of Canada, the U.S.A., Mexico, Peru, Colombia and Chile.
- 4) THAT I have no interest directly or indirectly in the Emma claims nor do I own directly or indirectly, any shares of Au Resources Ltd., nor do I intend to.
- 5) THAT the information contained in this report was compiled as a result of my examination of the Emma claims on May 18, 1983 and a study of all available literature on the area.
- 6) THAT I hereby consent to the publication of my report entitled "Report on the Emma Property, Nanaimo Mining Division, B.C. ; dated June 18, 1983 in a prospectus or a statement of material facts.


R.W. PHENDLER, P. Eng.



BIBLIOGRAPHY

- 1) PHENDLER, R.W., P. Eng. - "Report on Exploration Possibilities in the Alberni - Bamfield - Port Renfrew Area, Vancouver Island" - April 30, 1970.
- 2) STEVENSON, J.S. - "Geology of, and Ore Deposits of the China Creek Area, Vancouver Island" - Report of the B.C. Minister of Mines, 1944.
- 3) CARSON, D.J. - "Metallogenic Study of Vancouver Island with Emphasis on the Relationship of Mineral Deposits to Plutonic Rocks" - May, 1968.
- 4) BENVENUTO, G. - "Property Examination of Emma claims, McLaughlin Ridge, Port Alberni Area, South Central Vancouver Island" - September, 1982.
- 5) MEADE, H. - "Property Examination - Annex Group" - June 13, 1979.
- 6) SIVERTZ, G. - "Property Examination - Emma Claims," November 8, 1981 for Prism Resources Ltd.

ACME ANALYTICAL LABORATORIES LTD.
852 E. HASTINGS, VANCOUVER B.C.
PH: 253-3158 TELEX: 04-53124

DATE RECEIVED MAY 19 1983

DATE REPORTS MAILED May 25/83

ASSAY CERTIFICATE

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

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

ROY PHENDLER FILE # 83-0591 P.O. # Alberni PAGE# 1

SAMPLE	MO %	CU %	AG OZ/TON	AU OZ/TON
17220	.005	-	-	.001
17221	-	-	.01	.001
17222	-	-	-	.001
17223	-	-	-	.001
17224	.031	-	.01	.001
17225	.007	-	-	.006
17226	-	-	-	.001
17227	-	-	-	.001
17228 ✓	-	-	-	.001
17229	-	.08	.65	.015
17230	-	-	1.20	.487
17231	-	-	2.01	1.390
17232	-	-	-	.011
17233	-	-	-	.001

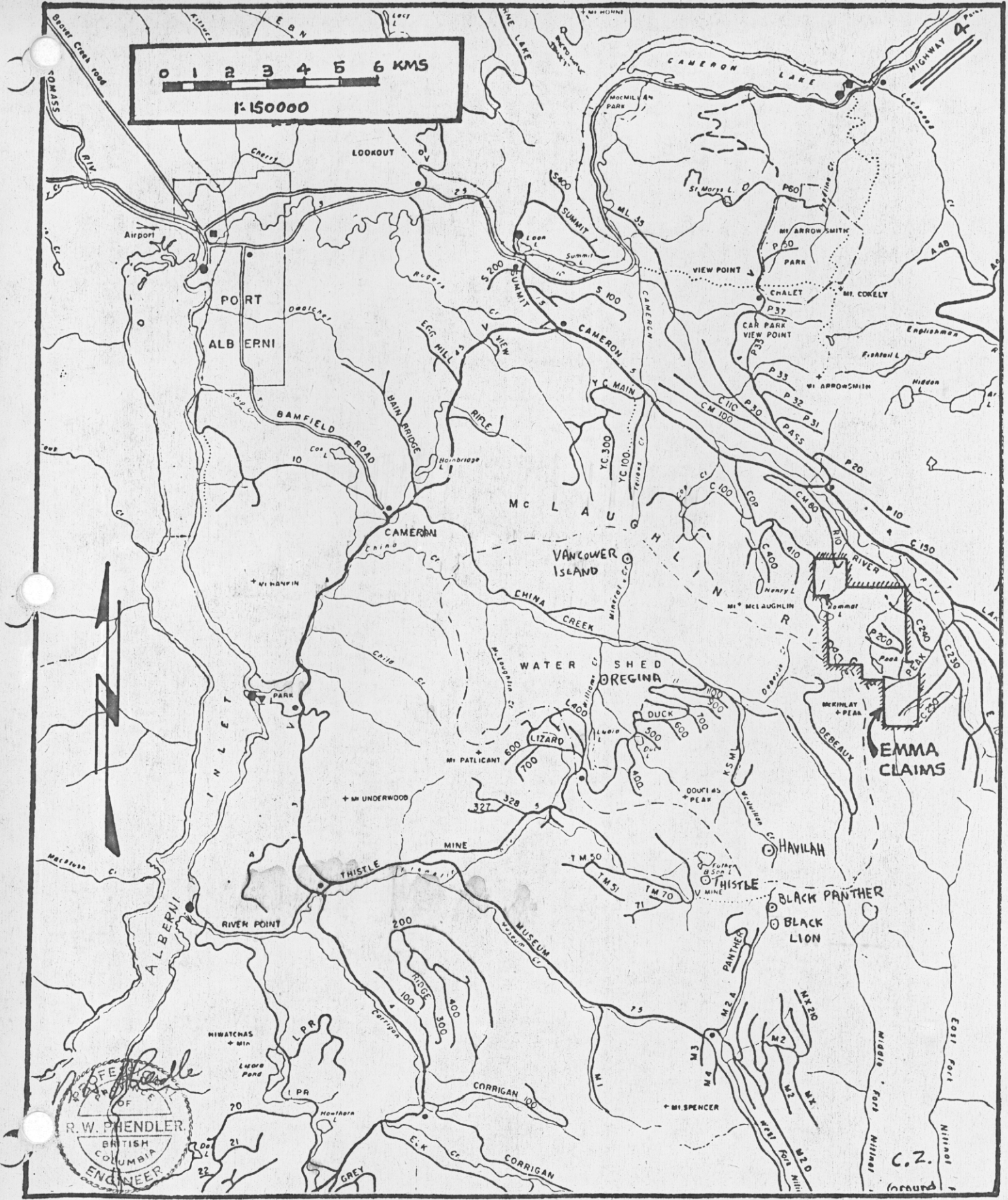
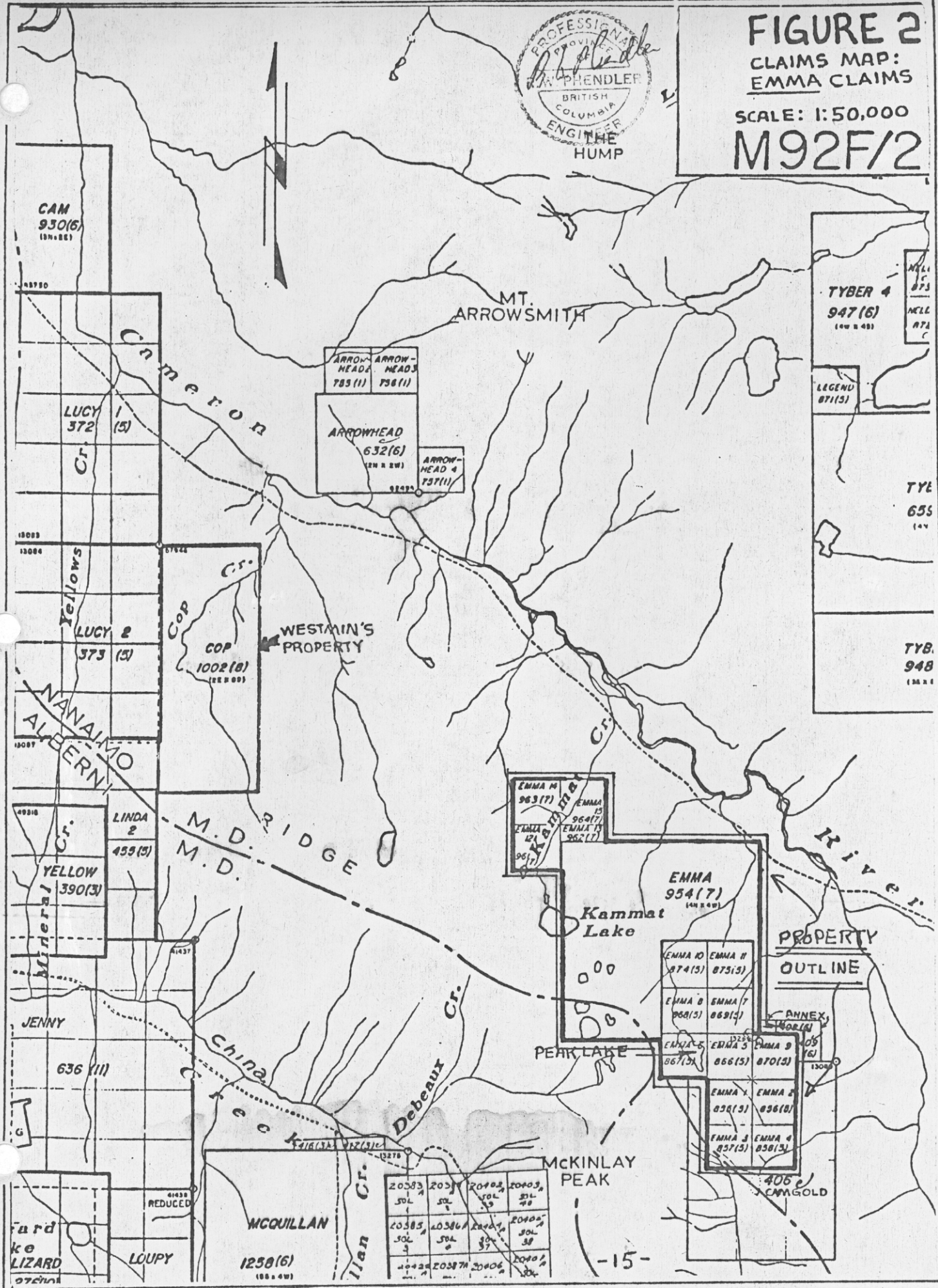


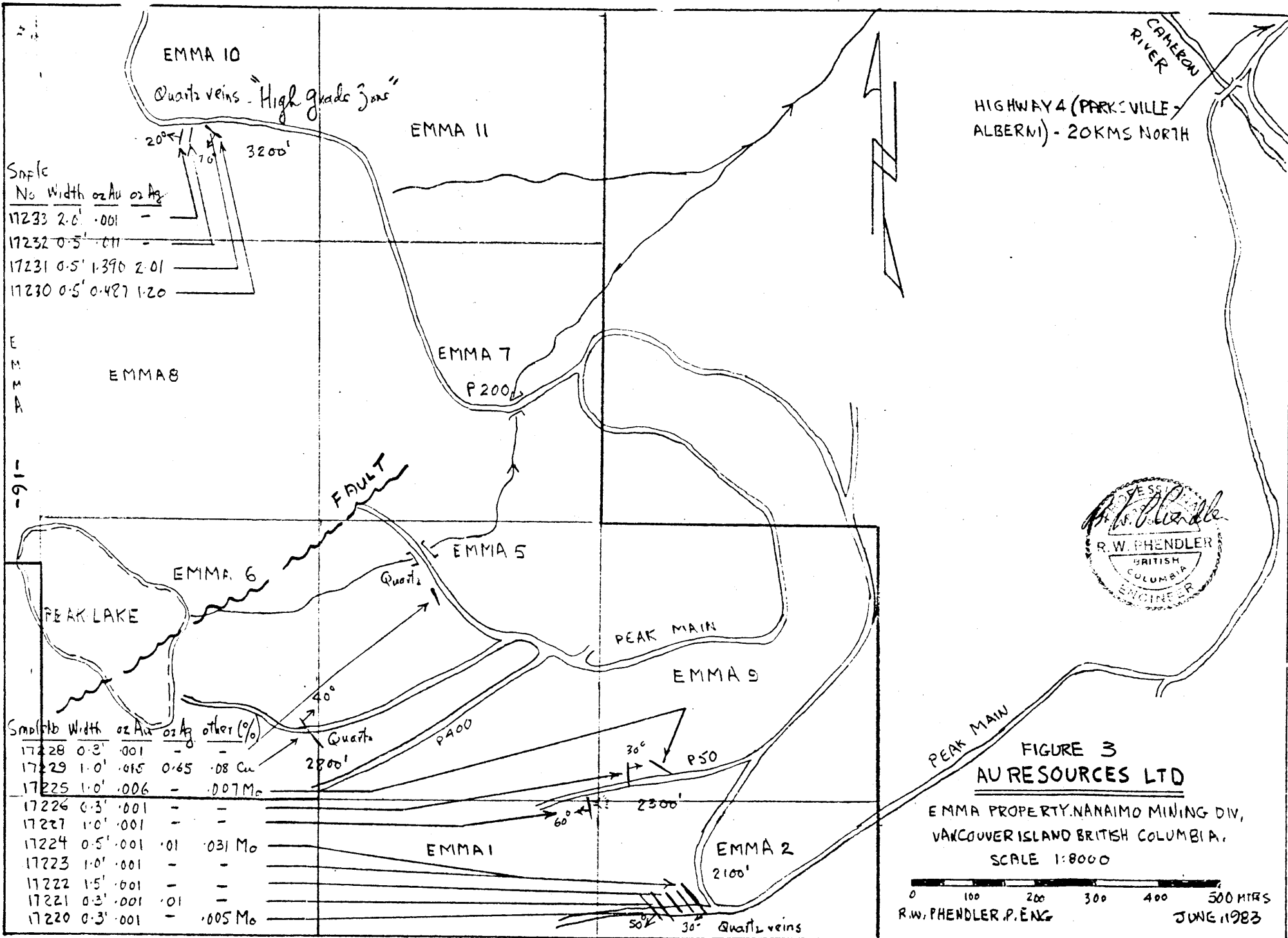
FIGURE 1: MacMillan-Bloedel logging road map of the Cameron Division, showing location of, and access to the Emma claims.



FIGURE 2
CLAIMS MAP:
EMMA CLAIMS
SCALE: 1:50,000
M92F/2



20583	20584	20585	20586	20587	20588
20589	20590	20591	20592	20593	20594
20595	20596	20597	20598	20599	20600



Sample No	Width	oz Au	oz Ag
17233	2.0'	.001	-
17232	0.5'	.011	-
17231	0.5'	1.390	2.01
17230	0.5'	0.487	1.20

Sample No	Width	oz Au	oz Ag	other (%)
17228	0.3'	.001	-	-
17229	1.0'	.015	0.65	.08 Cu
17225	1.0'	.006	-	.007 Mo
17226	0.3'	.001	-	-
17227	1.0'	.001	-	-
17224	0.5'	.001	.01	.031 Mo
17223	1.0'	.001	-	-
17222	1.5'	.001	-	-
17221	0.3'	.001	.01	-
17220	0.3'	.001	-	.005 Mo

HIGHWAY 4 (PARKVILLE ALBERNI) - 20KMS NORTH

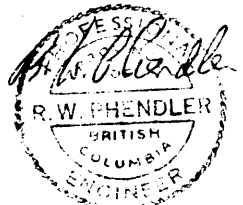


FIGURE 3
AU RESOURCES LTD

EMMA PROPERTY, NANAIMO MINING DIV,
VANCOUVER ISLAND BRITISH COLUMBIA.

SCALE 1:8000

0 100 200 300 400 500 METERS
R.W. PHENDLER, P. ENG

R. W. PHENDLER, P.Eng., GEOLOGICAL CONSULTANT,
EXPLORATION AND MINING
7360 DECOURCY CRES., RICHMOND, B.C. V7C 4E9 (604) 271-2588

January 23, 1984

Au Resources Ltd.
764 Shaw Avenue
Coquitlam, B.C.
V3K 2R8

Gentlemen:

Re: Emma Property, Nanaimo Mining Division, B.C.

Prior to my examination of the Emma property on May 18, 1983, the Emma 16, 17, 18 and 19 claims had been staked (on April 20, 1983), although I was not informed of this. Consequently, they were not included in my report dated June 18, 1983. At present the property, the Emma 1 - 19 (2 post claims) and the Emma claim (#954) of 16 units.

During May and June, 1983 exploration work was carried out on the property consisting of 800 meters of road construction, 105 meters of bulldozer trenching, sampling and assaying. This constitutes about half of Phase I of the program as recommended in my report of June 18, 1983.

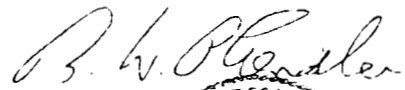
This work cost \$30,426 and was filed for necessary assessment work.

It is recommended that the remainder of Phase I of the exploration programme be completed, which includes the establishment of a survey grid, the conducting of a geochemical and a geophysical survey (VLF EM), geological mapping and prospecting.

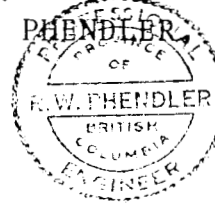
CERTIFICATION

I, ROY W. PHENDLER hereby certify that I am a registered member of the Association of Professional Engineers of the Province of British Columbia, that I am a graduate of McGill University of Montreal with a Bachelor of Science degree in geology,

that I have no interest in the Emma property, that I hold no shares of Au Resources Ltd. and I hereby grant permission for the publication of this letter report in a prospectus or a statement of material facts.



R.W. PHENDLER, P. Eng.



R. W. PHENDLER, P.Eng., GEOLOGICAL CONSULTANT,
EXPLORATION AND MINING
7360 DECOURCY CRES., RICHMOND, B.C. V7C 4E9 (604) 271-2588

June 21, 1983

Au Resources Ltd.
764 Shaw Avenue
Coquitlam, B.C.

Attention: Mr. M. Tsuida

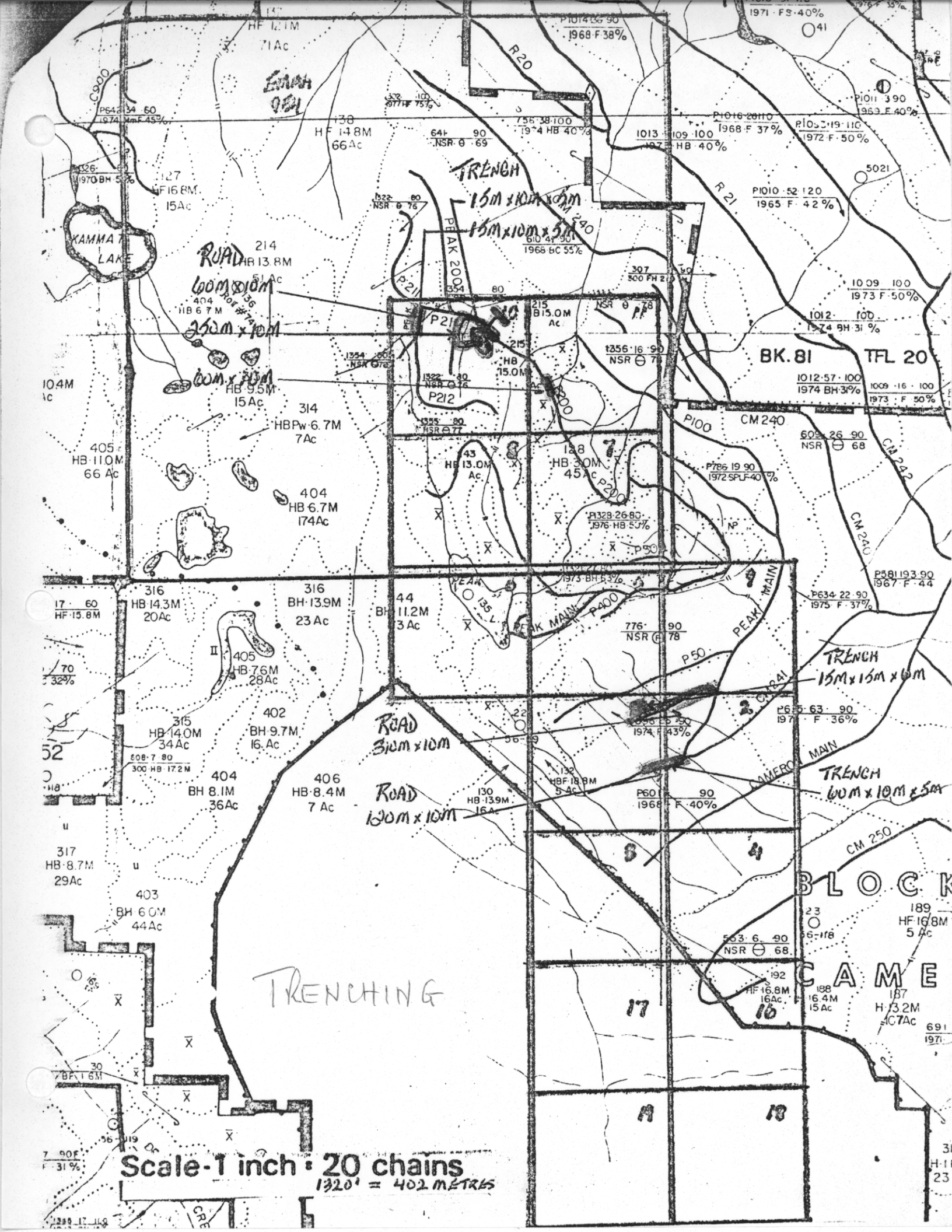
I N V O I C E No. 337

Re: Professional services of R.W. Phendler, P. Eng. for examination of Emma property, Nanaimo Mining Division, British Columbia and for preparation of qualifying report.

Field Time: May 18, 1983 \$350.00
Office Time: Equivalent 2½ days @ \$350/day 875.00

Recoverable Expenses

May 18, 1983 - Ferry Vancouver - Nanaimo -	\$16.95
" " " - Meals	12.50
" " " - Ferry - Nanaimo - Vancouver -	16.95
" " " - Private car - 210 km @ 15¢/km -	31.50
May 25, 1983 - Acme Analytical Labs - Assays -	157.50
June 21, 1983 - Type Report - 3 hrs. @ \$15/hr. =	45.00
" " " - Xerox Report	<u>12.00</u>
	<u>\$292.40</u>
TOTAL =	<u>\$1,517.40</u>



Scale - 1 inch = 20 chains
 1320' = 402 METRES

TRENCHING

TRENCH
 15M x 10M x 10M
 15M x 10M x 5M

TRENCH
 15M x 15M x 6M

TRENCH
 60M x 10M x 5M

BLOCK

CAME

BK. 81 TFL 20

3 4

17 16

A B

ROAD
 60M x 10M
 25M x 10M
 60M x 10M

ROAD
 30M x 10M

ROAD
 120M x 10M

KAMMA LAKE

EMAH
 051

PEAK
 135 L

PEAK
 MAIN

CAMERO
 MAIN

CM 240
 CM 242
 CM 240

CM 250

PEAK 2005
 P21
 P22

PEAK
 135 L

ROAD
 30M x 10M

ROAD
 120M x 10M

PI 00

P786

P65

P60

503

192

188

187

PI 010

1355

P786

P328

776

656

P60

503

192

188

187

187

PI 016

1013

PI 010

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PI 010

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PI 016

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A. PHYSICAL

(Trenches, open cuts, adits, pits, shafts, reclamation, and construction of roads and trails)

(Give details as required by section 13 of regulations.)

COST

ASSAYING 19 FOR Au, Ag, Cu, W, ZN	332.45
BULLDOZING AND TRENCHING WITH TD 25 B	14,023.62
WAGES MAY 17 - JUNE 30/83, 1 MAN 33 DAYS @ \$150/DAY	\$3,450
1 MAN 30 DAYS @ \$100/DAY	3,000
1 MAN 19 DAYS @ \$72/DAY	1,368
1 MAN 5 DAYS @ \$72/DAY	360
1 MAN 2 DAYS @ \$72/DAY	144
TRAVEL AND ACCOMMODATION	8,322.00
CONSTRUCTED 800 METERS OF ROAD AND 105 METERS OF TRENCHING AS PER ATTACHED MAPS.	7,748.14
TOTAL PHYSICAL	30,426.21