

CREST PROPERTY

Crest Exploration Limited (Chevron Resources Canada)

Neil Dustan, Team Lead, Business and Commercial,
Frontier Asset Development Group

Corporate headquarters

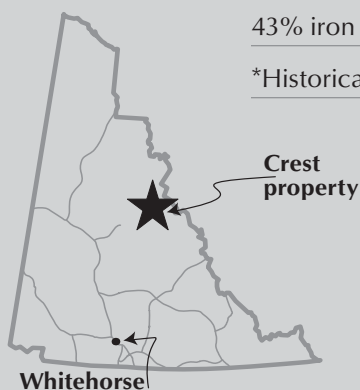
Chevron North America Exploration and Production
Canada Business Unit
500 Fifth Avenue S.W.
Calgary, Alberta T2P 0L7

Phone (403) 234-5283

Fax (403) 234-5947

PROJECT STATUS

Under review by Chevron



Location

350 km northeast of Elsa, Yukon

Ownership

Crest Exploration Ltd. (Chevron Resources Canada)

Commodities

Iron

Ore type

Oxide (hematite)

Mineral resource*

3.2 billion tonnes

43% iron

*Historical resource; not NI 43-101 compliant

HISTORY

Hematite float in the Snake River area was known for years before the source iron formation was discovered by California Standard CL in 1961. A total of 862 claims (an area of about 240 square km) were staked in Yukon and NWT in spring 1962 and transferred to a new subsidiary company, Crest Exploration Ltd., which drilled one hole and mapped in 1962, and drilled 19 holes and cut 45 channel samples in 1963. Between 1962 and 1965, Crest Exploration Ltd. conducted detailed geological mapping of the exposed sections of iron formation, systematic sampling and diamond drilling, beneficiating tests on bulk samples of the various stratigraphic units of iron formation, and extensive chemical and mineralogical investigations. There are currently 525 active claims in Yukon.

In April, 2002, Promithian Inc., the Na-Cho Nyak Dun Development Corporation, and the Yukon Department of Energy Mines and Resources commissioned an in-depth study on the development of the Crest iron deposit in tandem with Promithian's Wind River coalfield property (Bonnet Plume coal deposit), a 38-million-tonne coal deposit located 80 km southwest of the Crest iron deposit. The plan involves developing the Crest iron

deposit and the Wind River coalfield for the purpose of producing high-pressure natural gas line-pipe and other steel products.

PROJECT SUMMARY

The Snake River iron formation is located in a remote area of the Yukon, approximately 400 km east of the Dempster Highway and 350 km northeast of Elsa, Yukon. The thickest units of iron formation are located in the Iron Creek area at the headwaters of the Snake and Bonnet Plume rivers, and are exposed extensively in the Yukon-NWT border region over an area 50 km long and 13 km wide.

Geology

The Snake River iron formation lies near the base of the Late Proterozoic Rapitan Group in a section of conglomerate, mudstone, shale and sandstone 2000 m or more in thickness. The iron formation is relatively fresh and unaltered. Iron formation crops out in three structural blocks separated by northwest-trending faults. The Crest iron deposit lies in the westernmost fault block. The iron deposit consists of layers of unaltered hematite

and jasper oxide facies, with interspersed beds, lenses, and 1- to 5-cm-thick nodules of dolomite and ankeritic carbonate. The iron layers have a cumulative thickness of 85 to 105 m and are distributed through 120 m of stratigraphic section. The average composition of the Snake River iron formation varies from 40 to 50% Fe; 0.02 to 0.8% Mn, with an average of 0.25%; 0.2 to 0.7% P₂O₅; 0.02 to 0.08% S; 0.02 to 0.11% TiO₂ and varying amounts of SiO₂, Al₂O₃ and CaO in the order of 30%, 1.4% and 3%, respectively. The average iron content is 43%. The hematite and silica are believed to have been carried in solution by fumarolic waters and precipitated in grabens on the sea floor. Phosphorus is the main impurity, occurring as finely disseminated apatite.

Reserves

A feasibility study was done between 1963 and 1964. The Crest deposit is one of the largest iron deposits in North America. A resource of 3.2 billion tonnes of iron ore formation averaging 43% Fe, 26.6% SiO₂ and 0.34% P₂O₅ was estimated. The resource could be mined from open pits with a favourable stripping ratio of 1:1. An additional 3.6 billion tonnes of iron ore formation were estimated in the vicinity of the potential open pits. There are other, smaller deposits in the Rapitan belt of rocks. The total iron resource in the Snake River area was estimated at 18 billion tonnes.

Beneficiation studies showed that the fine-grained Snake River iron formation can be beneficiated by selective agglomeration methods. Material containing 54.6% Fe and 0.39% P₂O₅ was treated to provide concentrate containing 65.9% Fe, less than 0.02% P₂O₅ and 5.3% SiO₂, with 85 percent of the iron being recovered in the concentrate.