

PROSPECTUS

Aug. 20, 1985.

062208

SUMMARY REPORT
ON THE
VAL-VERA PROPERTY
KATHLEEN LAKES AREA, YUKON TERRITORY
FOR
INTERNATIONAL PRISM EXPLORATION LTD.

February 15, 1985

George W. G. Sivertz
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SUMMARY

International Prism Exploration Limited owns a 57.50% interest in the Val-Vera property, located northeast of Mayo in the Kathleen Lakes area, Yukon. The property was discovered in 1978 and since then has received extensive exploration, including diamond drilling and underground work.

Fifteen silver-lead-zinc occurrences are known on the property, eight of which have been tested to some extent by diamond drilling. The largest of the occurrences, known as the Vera Main Zone, has been partially defined by surface diamond drilling (52,395 feet in 169 holes), underground drifting and crosscutting, and underground drilling.

A surface diamond drilling programme, consisting of deep drilling and step-out drilling along the projected strike of the zone, was conducted in 1984. This programme was successful in extending the zone to the west, and in providing indications of modest reserves at depth below the previously known limits of the zone. The newly discovered extension zone is still "open" to depth and along strike to the west.

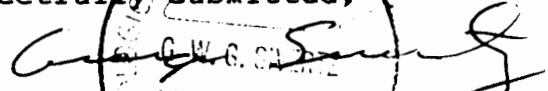
At the South Rusty Mountain showing, located 1.5 miles south of the Vera Main Zone, three short drill holes intersected a major vein-fault structure, but only low base metal and silver values were obtained. Further surface exploration appears necessary to clarify the controls on the high grade silver mineralization exposed in the trenches.

A programme of fill-in and step out drilling is recommended to test depth and strike extensions of the Vera Main Zone to the west. Bulldozer trenching is recommended for the South Rusty Mountain showing, and geological mapping, prospecting, and detailed soil sampling are recommended to test areas west and southwest of the Vera Main Zone and other prospective areas

southeast and south of Rusty Mountain. The programme is estimated to cost \$317,625.00.

February 15, 1985

Respectfully submitted,



George W.G. Sivertz, B.Sc., F.G.A.C.



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INTRODUCTION

The Prism Joint Venture (1977), comprising International Prism Exploration Ltd (57.50%), Asamera Inc (19.00%) and Chieftain Development Ltd (23.50%) owns the Val-Vera silver property, located in the Kathleen Lakes area, Y.T.. This report is prepared at the request of Mr. Jim Brady, President of International Prism Exploration Limited; it provides a summary of work done on the property to date, and includes recommendations for further work. The report is based on knowledge gained by the writer as an employee of and consultant to Prism Resources Ltd. from 1978 to date.

The property was discovered in 1978 by Prism Resources personnel and has since received extensive exploration and development work, including 1,908 feet of underground drifting and crosscutting, 1,788 feet of underground diamond drilling in 11 holes, and 52,395 feet of surface diamond drilling in 169 holes.

The bulk of this work has focussed on the Vera Main Zone, a vein-fault structure with a strike length in excess of 2,700 feet (825 meters). The Main Zone is open to the west and has potential for modest reserve increases at depth, below the -60 meter level.

A diamond drilling programme was carried out during June and July, 1984, to assess the Main Zone at the -150 meter level (550 to 1,050 feet below surface) and to test for "ore-grade" mineralization west of previously drilled limits.

The deep drilling was not successful in establishing "ore-grade" material at the -150 meter level between 5150E and 5650E, which is the center of the deposit. However, two holes, at 5450E (84-6) and at 5250E (84-8) returned silver values of

7.53 oz/ton over a true width of 6.65 feet, and 10.62 oz/ton over a true width of 2.68 feet, respectively. These results suggest some continuity of mineralization to the -150 meter level, and fill in drilling between the - 60 and -150 meter levels may define some higher grade reserves.

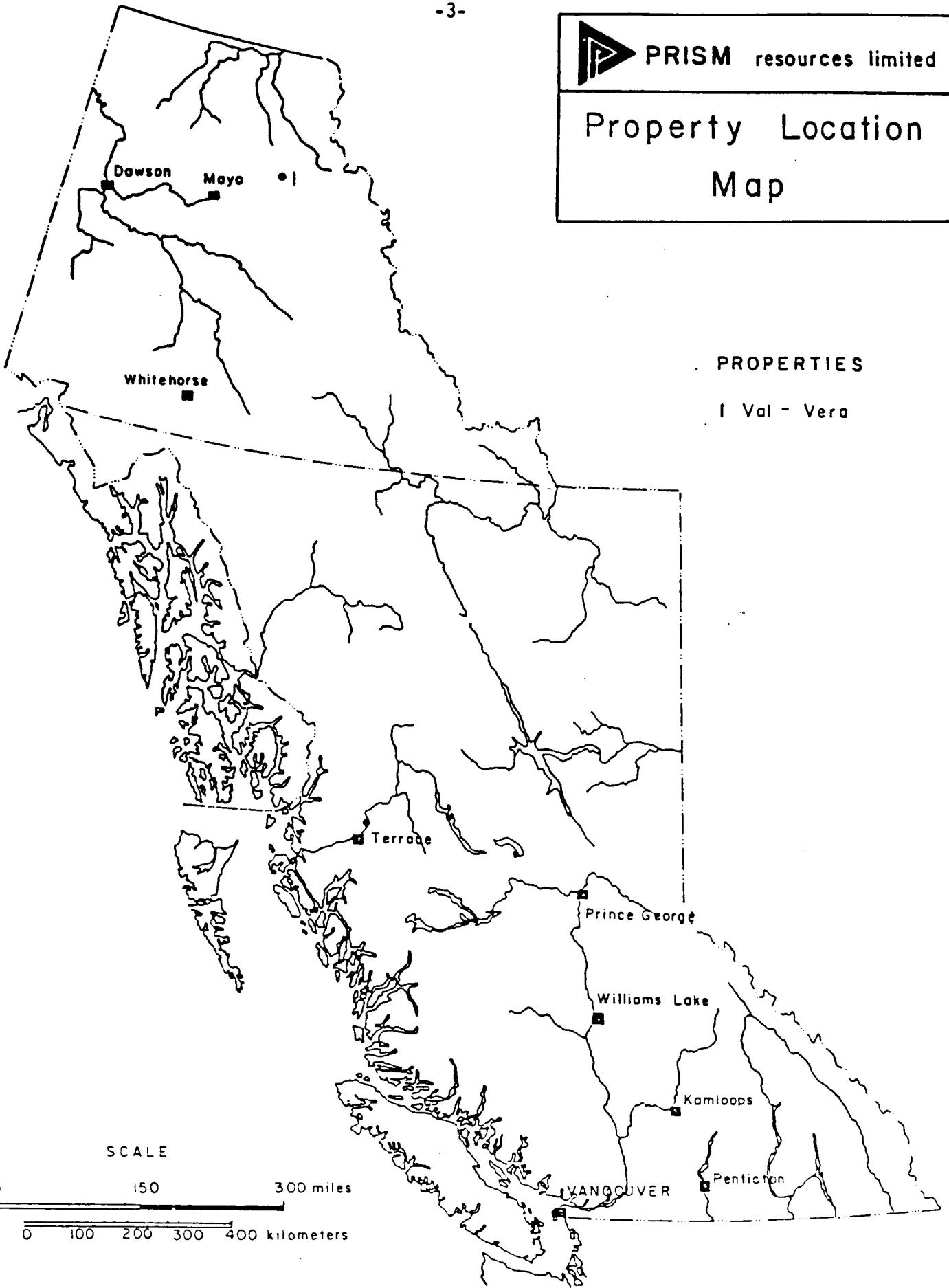
Drilling west of previously defined limits, beginning at 5120 E, was more successful. Holes 84-10 through 84-15 returned silver values in excess of 2.5 oz/ton over minimum mining widths (5 feet or 1.5 meters). The westernmost, deepest hole to cut the zone, 84-15, returned 15.86 oz/ton silver over a true width of 6.98 feet, as well as 42.03 oz/ton over 0.57 feet and 1.69 oz/ton over 10.9 feet.

At the present time, the drill is stored on the property; there are 35 drums of fuel stockpiled, and the camp is winterized.



PRISM resources limited

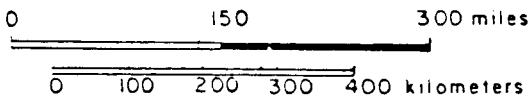
Property Location Map



PROPERTIES

I Val - Vera

SCALE

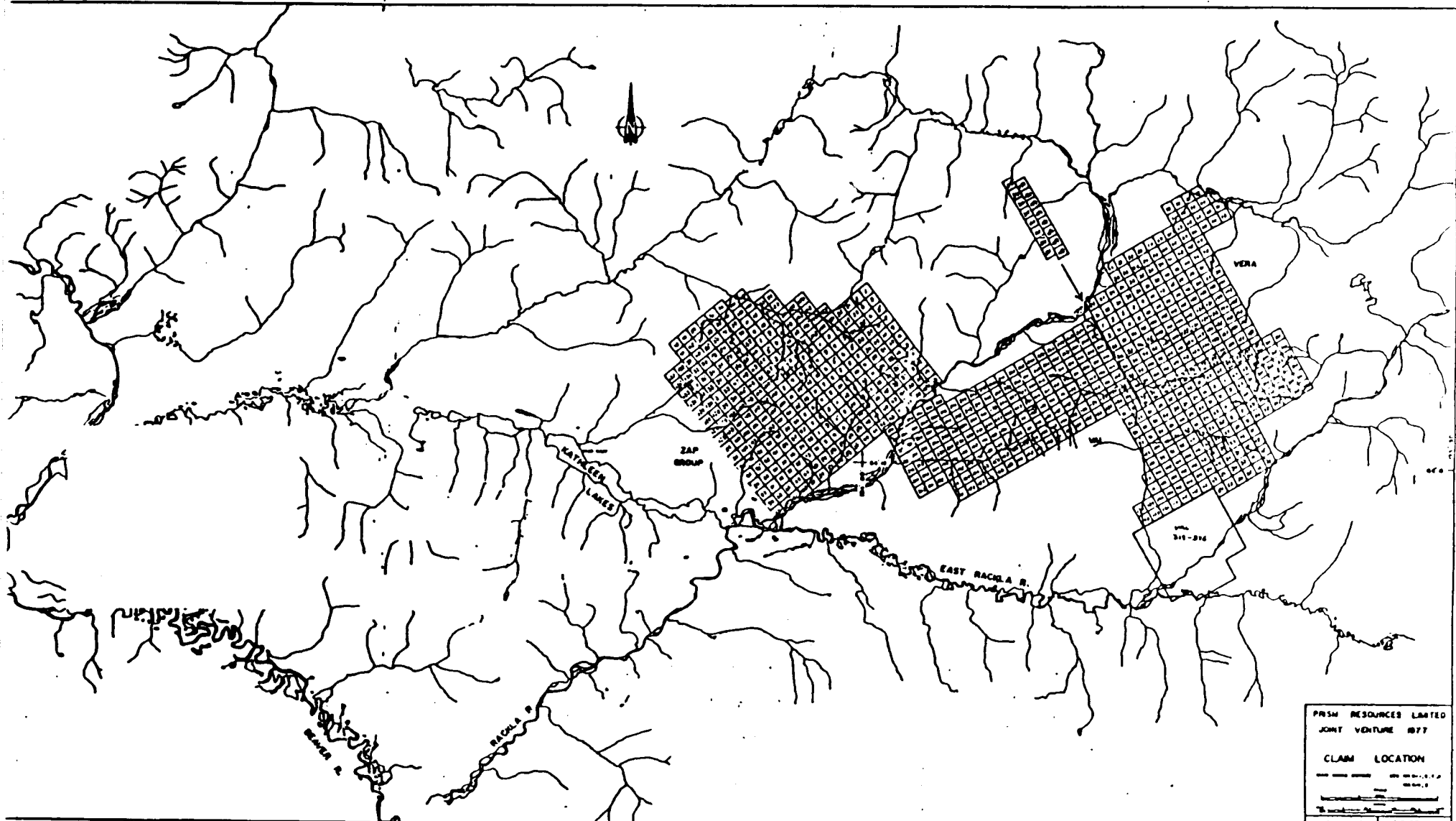


PROPERTY

A list of the Val and Vera claims and their record numbers follows:

Claim Name	Record No.	Expiry Dates
VAL 1-54	YA 30884- YA 30937	January 19, 1993 and January 19, 1994
VAL 55-189	YA 37128- YA 37262	January 19, 1986 to January 19, 1994
VAL 205-228	YA 37278- YA 37301	January 19, 1989 to January 19, 1994
VAL 247-270	YA 37320- YA 37343	January 19, 1989 to January 19, 1994
VAL 295-318	YA 37954- YA 37977	January 19, 1993 and January 19, 1994
VAL 319-356	YA 40125- YA 40152	December 26, 1985 to December 26, 1989
VAL 357-362	YA 40513- YA 40518	December 26, 1989
VAL 363-368	YA 40519- YA 40524	December 26, 1985
VAL 369-376	YA 40894- YA 40901	December 26, 1985
VERA 1-164	YA 37382- YA 37545	January 15, 1993

The writer personally staked certain of the Val claims and supervised the staking of the balance. The writer verified the location of certain of the key claim posts on the Vera during June and July, 1984; they are properly situated and in good condition. The property has not been legally surveyed.



PRISM RESOURCES LIMITED
 JOINT VENTURE 1977
 CLAIM LOCATION
 1:50,000
 1977
 SHEET 1-1

LOCATION, ACCESS, COMMUNICATIONS

The Val-Vera property is on Rusty Mountain, which lies about 80 air miles northeast of Mayo, Y.T.. Access is by helicopter from Mayo or by bulldozer in the winter. Supplies can be flown by fixed wing aircraft into Kathleen Lakes, about 12 miles east of the property, or to the Rackla River airstrip, 15 miles to the southeast, and ferried to Rusty Mountain by helicopter. Heavy equipment must be moved by cat train in the winter.

Communications from the Rusty Mountain trailer camp are via SSB radio. Radiotelephone is unreliable.

EXPLORATION AND MINING HISTORY

The area has a long and colorful mining history, beginning with placer exploration on the bars of the Stewart River in the late 1800's. Placer gold deposits were being worked on creeks draining the Keno Hill area by 1895, and a lode deposit was producing shipping-grade silver ore by 1915. The original important discovery on Keno Hill was made by Louis Beauvette in 1918, and the subsequent stampede resulted in the staking of hundreds of claims on Keno Hill, and active prospecting on surrounding hills. By 1922, over a thousand claims had been staked on Keno Hill, and several mining companies were shipping ore.

In 1946-1947, United Keno Hill Mines Ltd. was formed as a consolidation of the individual pre-war producers on Keno and Galena Hills. Milling commenced at this time and production has been nearly continuous since. Total production from the camp to date has been 5,602 tonnes of silver, 252,954 tonnes of lead, and 137,772 tonnes of zinc (Tempelman-Kluit, 1981).

The prospecting boom of the early 1920's resulted in

the discovery of a large number of silver-lead-zinc showings, most of which lie west, north, and northeast of Keno Hill. The more important of these, including the Stand-To Hill, Rambler Hill, Mount Cameron, Silver Hill, McKay Hill, Peso and Rex, and Grey Copper Hill showings, have been explored intermittently over the years; none has recorded significant production.

It does not appear that the early prospectors made any serious attempt to explore the Kathleen Lakes-Rackla River area. This was presumably due to the remoteness of the area and the resulting transportation and supply problems.

The first claims in this area were staked in 1954 by Gordon Dickson, following a discovery of silver-lead-zinc in a large gossan just north of Kathleen Lakes. This showing was explored in 1955 by Prospectors Airways Company, and has received intermittent work, including trenching and diamond drilling, since then.

The modern exploration boom which led to the discovery of the Val-Vera property began with the discovery, in early 1973, of spectacular zinc mineralization at Goz Creek, 35 miles northeast of the Val-Vera property on Rusty Mountain. This find precipitated a major staking and prospecting rush which by 1976 had led to discoveries of silver-lead-zinc in the Nadaleen Range, a few miles southeast of Rusty Mountain. Prism Resources Ltd. entered the area in late 1976, and had staked a large number of claims between the Rackla and Beaver Rivers by the end of 1977.

Regional-scale prospecting in June, 1978 led to the discovery of the Val showings in early July. A rapid evaluation of the Rusty Mountain area by silt geochemistry ensued, and the main Vera showings were found. The two discovery areas were consolidated by staking.

Development work on the Val-Vera property is summarized

below on a season-by-season basis:

1978: Soil geochemistry and geological mapping centered on the main showings. Ten diamond drill holes for a total length of 1,831 feet were drilled on the Val South Hill Zone.

1979: Trenching and diamond drilling, including 27 holes (5,517 feet) on the Vera Main and Scarp zones, and 39 holes (10,369 feet) on the Val property, on the Tetrahedrite, Big Red, Little Red, and North Kill Zones. Discovery of the Quartzite Zone.

1980: Diamond drilling; 42 holes on the Vera Main Zone and 9 holes on the Val South Hill Zone for a total of 17,520 feet. Initial metallurgical and mineralogical studies, by Bacon Donaldson and Associates of Vancouver, performed on drill core samples from the Vera Main Zone. Discovery of the Siltstone showing.

1981: Underground exploration, including 1,908 feet of drifting and crosscutting on the Vera Main Zone and 11 diamond drill holes (1,788 feet). Surface diamond drilling including 10 holes (3,777 feet) on the Vera and 16 holes (5,346 feet) on the Val Siltstone showing. Initiation of detailed metallurgical studies by Bacon Donaldson and Associates, performed on muck samples from the underground programme. Discovery of the South Rusty Mountain showings.

1982: Preliminary mapping, geochemical sampling, and trenching of the South Rusty Mountain showings. Demobilization of the underground mining equipment. Completion of the metallurgical studies.

REGIONAL GEOLOGY

Rocks in the Kathleen Lakes-Rackla River area trend northwest and range in age from Helikian to Triassic. The southern half of the area is underlain by Paleozoic clastic rocks, and the northern half by Helikian to Hadrynian carbonates and clastics, in places unconformably overlain by carbonates of Ordovician-Silurian age. The two halves are separated by a zone of south dipping thrust faults, collectively termed the Dawson Thrust. Along this thrust zone, clastics, carbonates, and volcanics are thrust over Ordovician-Devonian dolomite, black shale, and chert. To the north of the thrust zone, the Ordovician-Silurian package overlies Hadrynian rocks.

REGIONAL ECONOMIC GEOLOGY

The area hosts the well known United Keno Hill silver mines, as well as the Goz Creek zinc deposit owned by Barrier Reef Resources, the Craig lead-zinc-silver deposit discovered by McIntyre Mines, and the Val-Vera silver-lead zinc deposits on Rusty Mountain.

The Kathleen Lakes-Rackla River-Bonnet Plume area is essentially a carbonate-hosted lead-zinc district, featuring breccias and veins mineralized with galena, sphalerite, and pyrite, and their oxidation products. In terms of age and lithology of host rocks, mineralogy, and silver content, the Keno Hill deposits are unique, relative to the others.

The Val-Vera deposits on Rusty Mountain generally contain abundant silver in the form of tetrahedrite (freibergite) in association with galena. Several smaller showings are sphalerite-rich and contain only minor galena and tetrahedrite; these zinc-rich showings tend to contain relatively little silver.

PROPERTY GEOLOGY

The Val-Vera property is underlain by carbonate, sedimentary, volcanic, and intrusive rocks of Proterozoic to possibly Mesozoic age. Sedimentary rocks are of volcanic derivation to a large extent. The carbonates are dominantly argillaceous dolomite; the volcanics are andesitic to dacitic.

Structural continuity is disrupted regionally by numerous vertical faults with large horizontal and vertical displacements, as well as low angle faults and thrust faults. Within fault bounded blocks, the structure is relatively simple; the folding style consists of open, low amplitude folds. All the rocks are metamorphosed to greenschist facies.

The oldest rocks exposed lie on the northwest flank of Rusty Mountain, and host the Vera Main Zone. These rocks are considered by the writer to belong to the Wernecke Assemblage (Gillespie Lake Group?) of Proterozoic age.

To the north, east, and south lies a sequence of black to brown slate interbedded with green argillite, siltstone, cherty argillite, massive greenstone, and minor black shale, black limestone, and conglomerate. This unit is moderately south dipping and underlies most of Rusty Mountain. The greenstone units have been mapped in detail south and west of Rusty Mountain. In these areas, they display elongated elliptical sections and are generally conformable to the enclosing rocks, indicating a possible extrusive origin. Textures within individual greenstone units range from fine grained ("andesite") to coarse grained and equigranular ("diorite"). Trachytic textures ("amphibolite") are also present. The greenstone units contain abundant epidote, chlorite, and iron carbonate; disseminated sulfides occur in certain units.

The age of this unit is unknown. Blusson assigns it to the Hadrynian (Blusson, pers. comm., 1979) and Tempelman-Kluit assigns it to the Devonian-Mississippian on the basis of similarity to rocks in the Pelly Mountains and central Yukon (Tempelman-Kluit, 1981).

Lying to the south of the clastic-greenstone unit is a discrete sequence of quartzite, argillite, and laminated grey dolomite. This sequence overlies the clastic-greenstone unit; the contact appears to be either a low-angle, south-dipping fault, or an unconformity. Brecciation and deformation along the trace of the contact provide evidence for the former interpretation.

The quartzite-argillite-dolomite sequence trends northwest and dips steeply northeast. The basal dolomite is referred to as the "Val dolomite" since it hosts the majority of the mineralized occurrences on the Val claims. It is a distinctive, laminated dark-to-light grey unit containing bodies of sparry white dolomite near its upper contact.

Within the Vera Main Zone dolomite sequence are three main units. These are, from bottom to top, argillaceous orange to buff weathering, grey thin bedded dolomite; stromatolitic to massive grey to black dolomite; and interbedded olive-buff to grey thin bedded to laminated dolomite. The stromatolitic unit is considered to be an algal reef complex, consisting of en-echelon and stacked lens shaped reefs a few tens to a few hundreds of feet in length by 5 to 50 feet thick, developed within the interbedded olive-buff to grey unit.

Overlying the eastern section of the upper dolomite unit is a gunsteel-blue weathering, sooty black shale, which is of very limited thickness and lateral extent. It is considered by the writer to be a euxinic basin product; it contains anomalous

quantities of barium, lead, silver, and zinc as determined by rock geochemical testing in 1979 and 1980.

The Main Zone dolomite sequence strikes east to east-southeast on the east end of the Main Zone, with moderate northwesterly dips. As the sequence is traced westward along strike, the dips become more moderate and the strike swings northeasterly. At the west end of the Main Zone, the rocks strike north-northeast and dip moderately west. On the south side of the vein-fault, the lower argillaceous dolomite sequence appears to conform to the rocks on the north side, except in the immediate neighborhood of the fault, where considerable local folding is indicated by dip reversals and large changes in strike. Most of the disruption is noted on the south or foot wall side of the fault zone.

MINERAL DEPOSITS AND OCCURRENCES

A total of 15 silver-lead-zinc showings have been found to date on the Val-Vera property. Eight of these have been tested by diamond drilling to some extent. Most remain "open" at depth or along strike, but appear to be of relatively small size. Exploration efforts since 1979 have been primarily directed at the Vera Main Zone for this reason. Nonetheless, certain of the other showings, including the South Hill Zone and Big Red Zone on the Val property, and the South Rusty Mountain showing, warrant further exploration and drilling, in the writer's opinion.

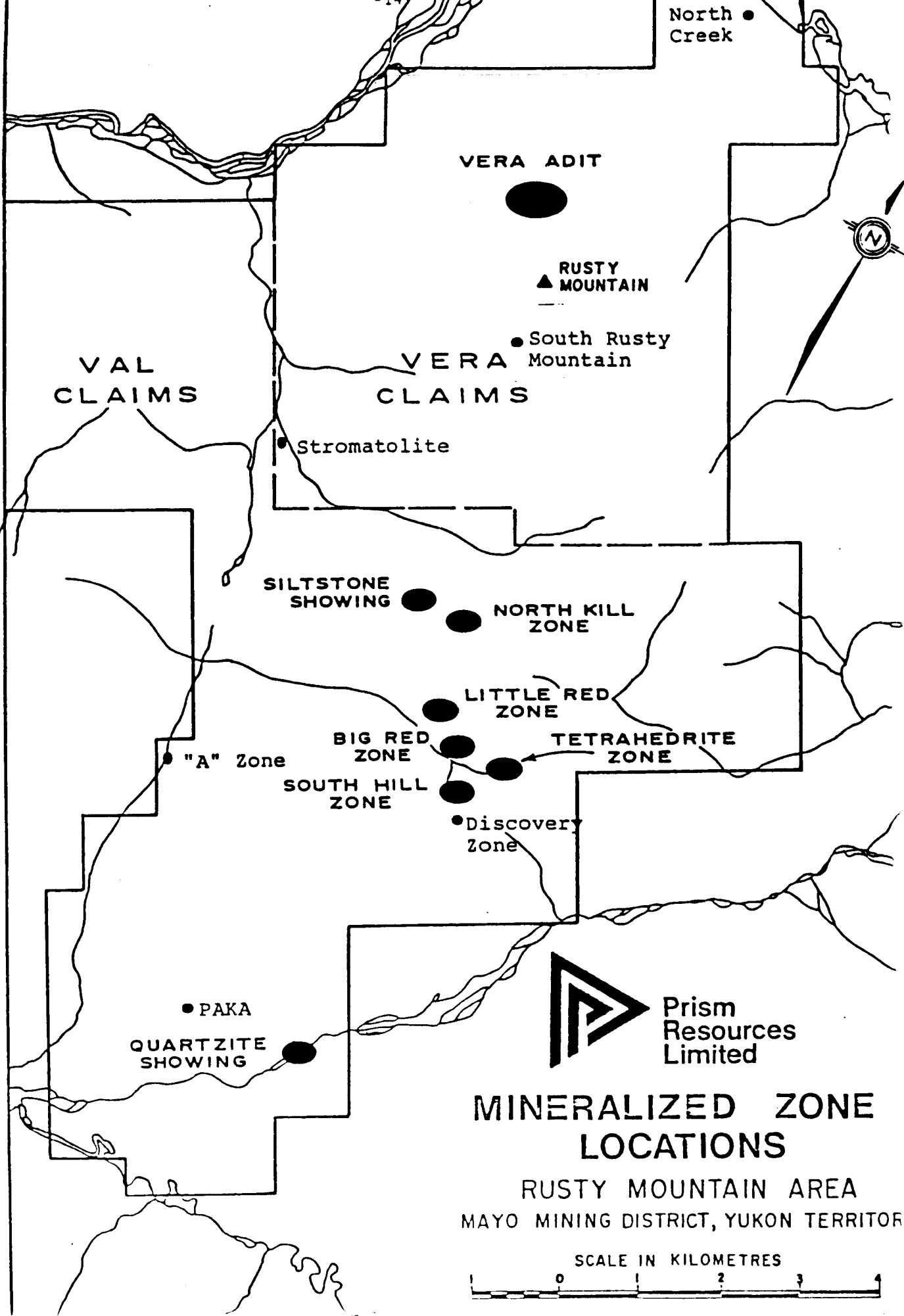
The Vera Main Zone has been tested by surface diamond drilling (over 29,000 feet in 87 holes), underground diamond drilling (1,788 feet in 11 holes) and 1,908 feet of underground drifting and crosscutting. The strike length of the structure is approximately 2,600 feet and it appears "open" along strike to the west.


The Main Zone is a vein-fault system with one to three main faults separated by barren to moderately altered wall rocks a few feet to a few tens of feet thick. The system strikes 070° to 080° and dips from 70° to 85° north; the average dip is between 75° and 80°. The best mineralization appears to occur in two shoots, referred to as the East and West Zones, which are separated by lower grade material.

Vein filling consists of dolomite, ankerite, siderite, quartz, limonite, manganese oxides, pyrite, sphalerite, galena, tetrahedrite, chalcopyrite, scorodite, smithsonite, and clay. Textures range from massive to disseminated sulfides in relatively fresh carbonate gangue to highly oxidized aggregates of limonite, wad, and clay with relict galena and smithsonite. Massive lenses of foliated galena are fairly common in the western part of the Main Zone, and occur in subsidiary fault zones in the foot and hanging walls. These lenses are narrow and discontinuous but contain substantial quantities of silver.

Through much of the Main Zone, a core zone of higher grade mineralization has been traced, which is often defined by foot wall and hanging wall faults 5 to 20 feet apart. The highly mineralized core is situated between the two faults and in some cases is split by "horses" of poorly mineralized rock. This occurs where only the hanging or foot walls of the two faults are well mineralized, leaving narrow sections of barren or low grade rock between.

The Main Zone is quite variable in total width; it tends to splay towards surface, particularly near the west end, where intervals of mineralized rock occur over true widths of 50 feet or more through the zone. At depth, the Main Zone coalesces into two well defined faults closely spaced.




Prism Resources Limited
MINERALIZED ZONE LOCATIONS
RUSTY MOUNTAIN AREA
MAYO MINING DISTRICT, YUKON TERRITORY
 SCALE IN KILOMETRES

METALLURGY AND MINERALOGY

Bacon Donaldson and Associates, Ltd., of Vancouver, B.C., carried out a programme of metallurgical and mineralogical studies on Vera Main Zone material in 1981 and 1982.

A bulk sample was collected during the 1981 underground exploration programme. The sample consisted of muck collected from each round taken from the East and West Zones. Approximately 170 pails of muck collectively weighing in excess of 10,000 lbs. were crushed, split, and blended to represent the East and West Zones. Composite samples, representing the deposit as a whole, were also made up.

The test programme consisted of twelve flotation tests on the West Zone composite sample, nineteen tests on the East Zone composite, and four tests on the East-West composite sample. Mineralogical studies, using conventional ore microscopy techniques and a scanning electron microscope (SEM) were also carried out to provide guidance to the metallurgical testwork.

The conclusions reached were as follows:

(A) Mineralogy

- (1) Lead occurs principally as galena. Minor oxidized lead is in the form of anglesite (lead sulfate).
- (2) Zinc occurs as sphalerite, and to a lesser extent as smithsonite. Most sphalerite is oxidized to a degree.
- (3) Silver is present in tetrahedrite and is not carried in galena or sphalerite. The silver content of tetrahedrite varies considerably.
- (4) Chalcopyrite, arsenopyrite, pyrite, and magnetite are present but not abundant.
- (5) Iron and iron-manganese oxides are common. Argentite is present in some of these oxide aggregates.

(B) Metallurgy

- (1) Sulfide and oxide flotation tests produced satisfactory recoveries of lead and silver.
- (2) Predicted continuous-operation recoveries for the West Zone are 89.6% for lead and 85.1% for silver; for the East Zone they are 76.6% for lead and 82.7% for silver.
- (3) Predicted continuous-operation recoveries for the East-West composite sample are 83.3% for lead and 78.7% for silver. These results are lower than expected and should improve with further experimentation.
- (4) Flotation of oxidized zinc minerals is not satisfactory. Since silver is not included in oxidized zinc minerals except as minor argentite, further investigation is not warranted.
- (5) Sample concentrate grades are as follows: Lead con: 55% lead, 5.25% zinc, 289 oz/ton silver, 7.27% iron, 1.34% copper, 2.57% arsenic. Zinc con: 47.9% zinc, 7.17% lead, 129 oz/ton silver, 7.1% iron, 0.43% copper, 1.03% arsenic.

The final report recommends further testwork to determine the relationship between silver recovery and concentrate grade, and to determine the best method of controlling iron sulfide release into the lead oxide flotation feed. Further recommendations include investigations into tailings losses of lead and silver, marketability of concentrates, zinc recovery from tailings, possible cyanidation of tailings, and the development of a feasibility study.

RESERVES

A number of independent reserves calculations have been made using drill and underground sampling data from the Vera Main Zone.

Mr. D.H. James, P.Eng., using data from 1979 and 1980 drill holes, calculated that the Main Zone contains a total of 693,330 tons of material grading 8.85 oz/ton silver, 1.91% lead, and 1.75% zinc, in the drill indicated category. A further 242,440 tons grading 9.26 oz/ton silver, 1.54% lead, and 2.28% zinc, were placed in the "possible" category.

These calculations were based on 44 drill hole intersections in the East and West Zones, to the -60m level. Intersections of less than 3 meters (9.84 feet) were expanded to 3 meters. No internal waste blocks were included, on the expectation that selective mining would not be conducted, due to considerable and apparently random variation of silver grades from hole to hole. Specific gravity was held to be 2.7 grams per cubic centimeter. The sectional area of influence of each hole was calculated from the hole intercepts (true widths) noted in the drill logs, and scaled distances halfway to the adjacent holes (James, 1980).

The parameters of these calculations were furnished to G.H. Giroux, P.Eng., of Montgomery Consultants Ltd., and Dr. A.J. Sinclair, Ph.D., P.Eng., for geostatistical treatment. Their report concludes that there is "a 95% certainty that the Vera deposit contains 398,000 tonnes (437,800 tons) of 212 gm/metric ton (6.18 oz/short ton) silver" (Giroux and Sinclair, 1980).

A later report by Dr. Sinclair concludes that "indicated global geological reserves of the East and West shoots are between 500,000 and 600,000 metric tonnes (550,000 and

660,000 tons) as determined by two independent methods of calculation. Estimates of average silver grade are 273 gm/tonne (7.96 oz/ton) and 293 gm/tonne (8.55 oz/ton) for geostatistical and manual section calculations respectively. A reduced tonnage appears minable at double the foregoing grade estimates" (Sinclair, 1982).

Mr. W.T. Irvine, in a draft letter to Dr. H.C. Morris, President of E&B Explorations Ltd., reports the average assays from underground sampling in the West Zone to be 14.3 oz/ton silver over an average true width of 3 meters (9.84 feet) and a strike length of 201 meters (659 feet). Results from the East Zone are 26.8 oz/ton over the same width and a strike length of 121 meters (397 feet). These results were calculated using assay and geological plans supplied by E&B Explorations Ltd. Assay intervals were expanded to 3 meters in cases where the assay widths were less than drift width. Mr. Irvine reports that comparison of underground average assays with the best 3 meter average assays from nearby drill holes (12 holes in all) indicate that the drill hole assays are 10% higher in the East Zone and 20% higher in the West Zone.

He further reports that the higher average width of 5.9 meters reported by Mr. D.H. James, P.Eng., obtained from drill hole data, is due to the inclusion of "quite low grade material" in drill hole intersections. Mr. Irvine concludes that a tonnage of "slightly over half" of that reported by James appears available at grades of 14.3 oz/ton silver (West Zone) and 26.8 oz/ton (East Zone) (Irvine, 1981).

A manual reserve calculation was made in 1982 by Mr. C.M. Lalonde, then Exploration Manager for Prism Resources Ltd.. Using the 1981 underground assay results in conjunction with the results from surface and underground drilling, Mr. Lalonde

$$353\ 400 \times \left(\frac{3.0}{2.7}\right) = 392\ 667\ t$$

-19-

concludes that a selective mining reserve containing 353,400 tonnes (388,740 tons) at 607 gm/tonne silver (17.7 oz/ton), 3.18% lead, and 3.47% zinc "is assumed to be present on the Vera Property". The average arithmetic average width in his calculations is 3.2 meters (10.5 feet) and the specific gravity is held to be 2.7 gm/cubic centimeter. Mr. Lalonde points out that the specific gravity of Vera "ore" averages 3.0, rather than 2.7, so his calculated tonnage is approximately 10% too low.

The writer, as a former employee of Prism Resources Ltd., is thoroughly familiar with these studies, since they were prepared in house (James, 1980; Lalonde, 1982) or delivered and discussed during his period of employment with the company. It is clear from the various calculations made that tonnage estimates will vary according to the width and grade parameters selected. The studies of James, Giroux, and Montgomery are dependent on surface drill hole data and are based on the assumption that selective mining would be impractical. Later studies, made with underground data available, incorporate the possibility of selective mining of higher grade material.

The question of reserves is not yet fully answerable in view of the present development of the deposit. The writer concludes that the drilling and sampling results to date are reliable and plentiful enough to permit approximate estimates, but final dependable calculations cannot be completed until thorough underground development has been carried out.

RESULTS OF THE 1984 DRILLING PROGRAMME

A total of 8,035 feet of drilling was carried out in 1984, in a total of 16 holes. Three of these were initial tests of the South Rusty Mountain showing, 7 were designed to test the Main Zone at the -150 meter level, and the remaining 6 tested

the Main Zone west of previous limits.

The South Rusty Mountain holes were drilled from a single setup on a natural site 24 meters (78.7 feet) south of a trench carrying high silver values. The first two holes were drilled at -45° and -74° directly under the trench, in hopes of intersecting mineralization of the type in outcrop. Both holes cut a series of faults and quartz veins carrying low values in silver, copper, lead, and zinc. The highest assay received is from hole 84-1, from 54 to 57.3 feet; this runs 9.71 oz/ton silver with 0.16% lead, 0.20% zinc, and 0.23% copper. Specks of galena, sphalerite, chalcopyrite, and tetrahedrite were noted at intervals in all three South Rusty Mountain holes.

The third hole was drilled at a 40° angle to the first two, to gain some information about the strike of the vein-fault system. This hole intersected very similar material with very low values in copper, silver, lead, and zinc.

The South Rusty Mountain zone is a complex vein fault system with multiple quartz-siderite veins. The strike is roughly northeast (055°) and the dip is 70° southeast. The system contains some very high grade tetrahedrite mineralization on surface and only low grade mineralization at depth and southwest of the surface exposure.

Drilling on the Main Zone commenced on section 5650E, near the eastern end of the vein-fault system. Hole 84-4 intersected a strong but barren fault zone at 843.5 feet, and another at 861 feet. Neither zone assays more than 0.06 oz/ton silver. The hole was stopped at 976 feet and was left cased until the end of the program.

Hole 84-5, on section 5550E, intersected a single fault at 672.5 feet. Some very fine grained sulfides, mainly pyrite, were noted at 679 to 680.25 feet. The combined silver grade from

TABLE 1: Results of 1984 Diamond Drilling - Vera Main Zone

SECTION	HOLE	DEPTH ft	TRUE WIDTH ft	ASSAYS		
				Pb%	Zn%	Ag oz
5650E	84-4	843.5 - 848	3.29	nil	0.03	0.05
5550E	84-5	671.5 - 687	12.85	0.17	0.07	0.23
5450E	84-6	635.75 - 645	6.65	6.00	1.27	7.53
5350E	84-7	657 - 674.5	13.60	0.08	0.12	0.22
5250E	84-8	583 - 587	2.68	4.27	0.49	10.62
5150E	84-9	518 - 528	7.99	0.03	0.03	0.13
5075E	84-10 HW	425 - 451.5	23.40	0.57	0.30	6.59
	84-10 FW	476 - 497.5	18.98	1.14	0.95	2.33
5075E	84-11	646 - 656	6.69	0.01	0.08	2.79
5075E	84-12 HW	143.5 - 150	5.74	0.02	0.07	6.86
	84-12 FW	168 - 168.5	0.50	25.07	1.25	18.69
5120E	84-13 HW	169.5 - 193	20.75	0.07	0.23	7.31
	84-13 FW	202 - 207	4.41	0.02	0.13	12.39
	also	112 - 122	8.19	0.52	1.30	3.26
5005E	84-14	310 - 323.25	11.59	2.35	2.93	3.81
5005E	84-15 HW	234.5 - 235.5	0.57	57.95	3.40	42.03
	84-15 MZ	282 - 289	6.98	1.50	0.46	15.86
	84-15 FW	356 - 375	10.90	0.65	0.17	1.69
4955E	84-16	308 - 311	2.46	0.12	0.12	1.00

671.5 to 687 feet is 0.23 oz/ton, with 0.17% lead and 0.07% zinc over a true width of 12.85 feet.

Hole 84-6, the most encouraging of the deep holes drilled under the previously tested section of the Main Zone, cut 9.5" of foliated, massive to disseminated galena with a hanging wall stringer zone containing small veinlets of galena and sphalerite. The massive intersection assays 81.84 oz/ton silver over 9.5" of core length, with 56.42% lead and 0.54% zinc. The hanging wall section assays 1.01% lead, 1.34% zinc, and 0.56 oz/ton silver over 8 feet of core length. The weighted average of the two assays is 6.0% lead, 1.27% zinc, and 7.53 oz/ton silver over a true width of 6.65 feet. This is not 'ore grade' but indicates the possibility of better mineralization updip.

Hole 84-7, on section 5350E, intersected a single fault at 663 feet. The zone itself and a 10.5 foot foot wall section containing very sparse disseminated galena and sphalerite assay 0.08% lead, 0.12% zinc, and 0.22 oz/ton silver over a true width of 13.6 feet.

Hole 84-8, on section 5250E, was more encouraging. Three faults were intersected, at 521.5 feet, 583.25 feet, and 587 feet. The hanging wall fault foot wall contains minor sphalerite and returned low values in zinc with very low lead and silver. Better results were obtained from the two closely spaced foot wall faults. The fault at 583.25 feet hosts a 1" thick galena stringer, which with its oxidized walls returned 8.3% lead, 0.35% zinc, and 8.48 oz/ton silver. The hanging wall of the fault at 587 feet contains disseminated galena, pyrite, and sphalerite. This returned 8.6% lead, 1.26% zinc, and 25.49 oz/ton silver over a core length of 1.5 feet. A low grade section of disseminated sphalerite and fracture filling galena and sphalerite lies in the foot wall of the fault; this returned

0.12% lead, 0.32% zinc, and 0.10 oz/ton silver. The weighted average assay of the best mineralization in 84-6 is 4.27% lead, 0.49% zinc, and 10.62 oz/ton silver, from 583 to 587 feet, a true width of 2.68 feet (based on an assumed 80° north dip of the fault zone).

The results of 84-9, drilled on section 5150E, are disappointing. A single poorly defined altered zone was intersected at 518 to 528 feet. This returned very low values.

Establishing a drill site for 84-10 posed some problems due to the rough ground west of the portal. A site was finally put in on section 5089E and an angle hole was drilled in an attempt to intersect section 5050E at the -150 meter level. This was unsuccessful due to lefthand curvature of the drill hole and the main fault zone was intersected on section 5075E at the -135 to -145 meter level.

Encouraging results were obtained from 84-10. The hanging wall fault was cut at 436 feet; both walls are mineralized. A 26.5 foot section of core, from 425 to 451.5 feet, assays a weighted average of 0.57% lead, 0.30% zinc, and 6.59 oz/ton silver. The foot wall fault zone was intersected at 473 feet. The foot wall of this fault is well mineralized with disseminated to massive pyrite and disseminated galena and sphalerite. The host rock is a peculiar cream yellow to white mix of dolomite, siderite, and quartz. The whole zone is very fresh; the pyrite and sphalerite crystals are completely without oxidation, despite the obvious porous nature of the zone.

The lack of typical Vera-type oxidation may be due to the depth of the intersections.

The peculiar foot wall zone assays a weighted average of 1.14% lead, 0.95% zinc, and 2.33 oz/ton silver from 476 feet to 497.5 feet, a calculated true width of 18.98 feet.

A deeper hole, 84-11, was drilled from the same site as 84-10 in an attempt to intersect the zone at the -225 meter level. This was successful, but the foot wall and hanging wall faults are of very low grade. A surprise was obtained from the upper 10 feet of a massive quartz vein intersected between 646 and 672 feet; the section from 646 to 656 feet, which contains only sparse pyrite, assayed 0.01% lead, 0.08% zinc, and 2.79 oz/ton silver. The remainder of the vein was not sampled but contains some pyrite, so further sampling may be worthwhile. Sampling of other pyritic quartz veins, common in hole 84-14, may also yield good results.

Holes 84-12 to 84-15 were drilled in an attempt to explore the Main Zone above the -150 meter level, west of the previously tested section of the Zone. All the holes intersected a complex vein-fault system with up to 5 faults over core lengths of 90 feet, similar to the shallower holes on sections 5250E to 5400E. Hole 84-16 encountered only a single unoxidized clay zone containing little pyrite and galena-sphalerite; this hole is interpreted to have been drilled west or south of an offsetting fault between sections 5000E and 4950E. There is evidence in the holes 84-14 and 84-15 that the fault has some displacement vertically upwards and to the north, since the intersection in 84-15 is 130 to 160 feet higher and 60 to 70 feet to the north of its expected position. Further drilling is required to clarify the structure in the 5000E - 4950E area.

Hole 84-12 was drilled to intersect the -60 meter level on section 5075E, updip from 84-10. It intersected a series of highly oxidized fault zones with low grade lead, zinc, and silver values, and a short section of hard, unoxidized, quartz-siderite with massive to disseminated pyrite. This zone was cut between 143.5 and 150 feet, and assays 0.02% lead, 0.07% zinc, and 6.86

oz/ton silver. It has some characteristics in common with the zones cut in holes 84-10 and 84-11, but little lead or zinc. A thin stringer of massive, foliated galena was also intersected at 168 to 168.5 feet; this assayed 25.07% lead, 1.25% zinc, and 18.69 oz/ton silver over a core length of 6".

The drill was moved east to section 5120E and hole 84-13 was drilled to intersect the -60 meter level. This hole intersected a series of highly oxidized fault zones from 112 to 207 feet. Results from these zones are much higher than from the corresponding zones in 84-12. Again, a fresh, hard, pyritized quartz-siderite-dolomite section was intersected and returned very high silver values from a very sparsely mineralized interval. Weighted average values from 84-13 include 0.52% lead, 1.30% zinc, and 3.26 oz/ton silver from 112 to 122 feet (true width of 8.19 feet); 0.07% lead, 0.23% zinc, and 7.31 oz/ton silver from 169.5 to 193 feet (true width of 20.75 feet); and 0.02% lead, 0.13% zinc, and 12.39 oz/ton silver from 202 to 207 feet (true width of 4.41 feet). Most of the material in these sections, except for the pyritized quartz-siderite zone, is very soft, friable, oxidized rock with relict galena and tetrahedrite.

New sites were built on sections 5000E and 4950E and holes 84-14 to 84-16 tested these sections. Hole 84-14 was drilled on 5000E to test the -125 meter level. Poor core recovery was obtained in the oxidized fault zone sections from 250 to 315 feet, but the characteristically hard, fresh quartz-siderite zone, intersected at 315 to 323.25 feet, was recovered intact. This section averaged 3.5% lead, 4.28% zinc, and 4.64 oz/ton silver over a true width of 6.76 feet.

A deeper hole, 84-15, was drilled from the same setup in an attempt to test the -175 meter level, but the hole intersected mineralization much higher in the section than

anticipated. A fault containing a 1 foot section of massive to disseminated galena was intersected between 234.5 and 235.5 feet. This returned 57.95% lead, 3.40% zinc, and 42.03 oz/ton silver over a true width of 0.57 feet. The hard, fresh quartz-dolomite-siderite zone was cut between 282 and 289 feet; this assayed 1.5% lead, 0.46% zinc, and 15.86 oz/ton silver. This is a particularly fresh zone with bright cubic pyrite and galena crystals and very little sphalerite.

Hole 84-16, drilled on section 4950E to intersect the -125 meter level, cut essentially unaltered, fresh grey dolomite all the way to 396 feet. A single clay gouge zone was cut at 310 feet; the hanging wall (north) side of this fault is very sparsely pyritized and contains traces of lead and zinc. This zone, including the fault, assayed 0.12% lead, 0.12% zinc, and 1.0 oz/ton silver.

The contrast between 84-16 and 84-14, both drilled through the same depth interval, is striking. The entire multi-fault zone is missing in 84-16; little if any oxidation was noted on fracture planes, and even these are rare.

Interesting features intersected in holes 84-14 and 84-16 are porphyritic to diabasic textured dykes varying from 3 to 20 feet in width. These show some skarn development on their walls, over distances of up to 3 feet. They contain plagioclase, hornblende, chlorite, and epidote in a cream-green groundmass or equigranular matrix. The hornblende phenocrysts in the porphyritic phases are almost completely altered to chlorite-epidote. The phenocrysts average 1/8 to 1/4" in section but exceed 1/2" in some sections.

One dyke outcrops on surface between sections 5125E and 5050E, southeast of the vein trace. The dyke strikes 132° and dips 80° northeast. It is intersected in 84-14; another narrow

porphyritic dyke is intersected near the bottom of 84-16. These dykes appear related to major quartz veins lying south of the Main Zone; the quartz veins appear to be crosscut by the silver-lead veins and thus predate the mineralization. The writer suspects the dykes are the same age as the quartz veins.

PRESENT STATUS OF PROPERTY

During the 1984 drill programme a number of other tasks were accomplished. The older drill core was re-examined and a number of sections were assayed for additional information. The core library at Rusty Mountain was made more secure by reinforcement of the timbers supporting the core racks. New metal tags were nailed to all the core boxes in the library, and certain boxes were replaced. The core racks were covered with woven fiberglass tarps which were roped down.

The trenches in the Main Zone were re-opened and channel sampled where good bedrock exposures were obtained. The Scarp Vein was retrenched and sampled.

All pre-1984 drill holes were re-marked with metal tags and collar plugs were replaced. The surveyed grid pegs, most of which have faded and many of which have been lost, were replaced by aluminum pipe with grid coordinates written on in felt pen and covered with plastic flagging to prevent weathering. The grid has been thus re-marked from 5000E to 5800E and from 5200N to 5450N and should be more or less permanent.

The adit was investigated; the air is good to 5425E and is very bad further east. This is a very dangerous condition so the door at the portal was reinforced and warning notices were posted.

As of February, 1985, the Longyear 38 drill is at the portal, together with 35 barrels of diesel fuel and core boxes

for 2,000 feet of BQ core.

CONCLUSIONS AND RECOMMENDATIONS

The drilling done from 5650E to 5150E at the -150 meter level has effectively closed the Main Zone at this depth. Fill in drilling between the -60 meter and -125 meter levels from 5650E to 5335E has a good chance of establishing modest additional reserves.

West of the previously drilled section of the Main Zone, a section roughly 525 feet (160 meters) in strike length by 600 to 700 feet vertically, from section 5140E to 4980E, shows some continuity between drill holes and contains some intersections of interesting grade. Based on 6 holes within this section, there is a possibility of establishing reserves in the 6 to 8 ounce silver range over widths of 10 or more feet. The weighted average of the single best sections of holes 84-10 to 84-15 is 6.48 oz/ton silver over a width of 13.3 feet. Actual true widths vary from 5.74 feet to 23.4 feet, and grades from 3.81 oz/ton silver to 15.86 oz/ton, showing the typical wide variation characteristic of the Vera vein-fault system.

It is recommended that further drilling be done to the north and west of section 4950E on the Main Zone, in an attempt to expand the section of potential reserves outlined to a limited extent by holes 84-10 to 84-15. Fill in drilling will not increase the overall apparent size of the Main Zone, but a limited number of fill in holes should be drilled between 4980E and 5140E, to provide additional information required to direct step out drilling west of 4950E, along projected strike.

The South Rusty Mountain showing is still attractive but it requires extensive trenching before more drilling is done. The showing is accessible by bulldozer but a road must be built

over difficult terrain before work can be done.

Prospecting, mapping, and soil sampling is warranted over terrain west and southwest of the Main Zone. This work will constitute the filling in and extending of areas that received reconnaissance level exploration in 1978. Additional areas southeast and south of Rusty Mountain contain known small mineral occurrences and favourable geology that have not been examined in detail; these areas should also be prospected, mapped, and soil sampled.

An estimate of the cost of the recommended program, which includes 5,000 feet of diamond drilling in ten or more holes, is provided in the following section.

COST ESTIMATE

(1) Direct Drilling Cost: 5,000 feet @ \$20/ft:	\$ 100,000.00
(2) Drill Supplies, Labour:	10,000.00
(3) Drill Fuel, 25 Bbl F.O.B. Mayo:	4,500.00
(4) Fixed Wing: Mob. Fuel & Supplies:	7,500.00
(5) Fixed Wing: Demob Drill	10,000.00
(6) Helicopter: Mob., Camp Flights: 30 hours:	16,500.00
(7) Helicopter: Demob. Drill: 20 hours:	11,000.00
(8) Camp Costs: Fuel, Groceries:	10,000.00
(9) Crew Labour: Cook, 50 days @ \$200	10,000.00
Geologists: 2 x 50 days @ \$300:	30,000.00
Prospector/Camp Manager @ \$200:	10,000.00
Sampler @ \$150:	7,500.00
Catskinner, 30 days @ \$200:	6,000.00
(10) Assays, 150 @ \$35, incl. shipping:	5,250.00
(11) Geochemical Analysis: 1000 @ \$8:	8,000.00
(12) Travel, Communications, Expediting:	15,000.00

FIELD COST TOTAL:	\$ 261,250.00

(13) Pre Season Camp Setup, Preparations:	5,000.00
(14) Project Report, Drafting:	7,500.00
(15) Assessment Report and Filing Fees:	15,000.00

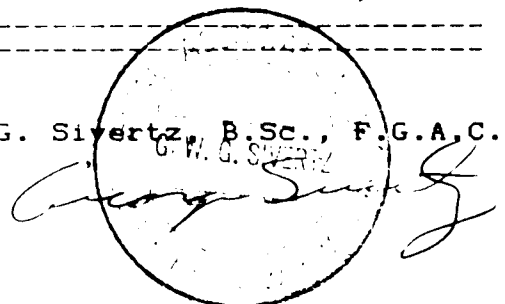
PRE AND POST SEASON COST TOTAL:	\$ 27,500.00

	COMBINED COST TOTAL: \$ 288,750.00
	CONTINGENCIES, 10% : \$ 28,875.00

	GRAND TOTAL: \$ 317,625.00

February 15, 1985:

George W.G. Sivertz, B.Sc., F.G.A.C.



CERTIFICATE

I, George William Gustav Sivertz, residing at 6100 Twintree Place, Richmond, British Columbia, do hereby certify that:

- (1) I am a geologist and have been practising my profession for 10 years.
- (2) I received a B.Sc. (Honors) degree in Geology from the University of British Columbia in 1976.
- (3) I am a Fellow of the Geological Association of Canada and a Member of the C.I.M.M..
- (4) I have no interest, beneficial or otherwise, in the properties or securities of International Prism Exploration Limited, nor do I expect to receive any such interest.
- (5) This report is based on a study of private and published maps and field experience as an employee of and consultant to Prism Resources Limited (now International Prism Exploration Limited) from 1978 to 1984.

Dated at Vancouver, B.C., this 15th day of February, 1985:

George W.G. Sivertz
George W.G. Sivertz, B.Sc., F.G.A.C.



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W. G. I. CONSULTANTS LTD.

CONSULTING GEOLOGISTS

580 - 625 Howe Street

Vancouver, British Columbia

August 22, 1985

Vancouver Stock Exchange
4th Flr. 609 Granville St.
VANCOUVER, B.C.

Attention: Geir Liland

W.G. Stevenson & Associates Ltd.
475 Howe Street
Vancouver, B.C.

Attention: W.G. Stevenson, P. Eng.

RE: International Prism Exploration Ltd.
Report of G.W.G. Sivertz, B.Sc., F.G.A.C. on
the Val-Vera Property, Kathleen Lakes Area, Yukon Territory

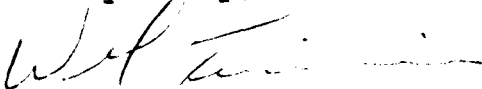
I act as consultant to International Prism Exploration Ltd. and have just returned from a week on the Company's property located near Kathleen Lakes, some 65 miles northeast of Mayo, Yukon Territory.

Since George G. W. Sivertz, B. Sc., F.G.A.C., the author of the summary report for International Prism Exploration Ltd., dated February 15, 1985 is unavailable for comment due to employment in a remote area of B.C., I feel that, having studied the Prism data, and having had prior discussions with Mr. Sivertz as well as personal information of the property, I am qualified to present the following opinion with regard to Mr. Stevenson's query regarding reserve estimates on the property.

Five highly qualified individuals have put forward reserves of various tonnages and grades using different parameters. This writer would tend to align himself with calculations carried out by Dr. A.J. Sinclair, Ph.D., P. Eng. of global geological reserves in the east and west shoots of between 500,000 and 600,000 metric tonnes is determined by two methods of calculation. Estimates of silver grade ore 7.96 oz./ton and 8.55 oz./ton for geostatistical and manual section calculations respectively.

I trust that this response will be satisfactory.

Yours very truly,



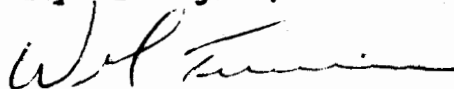
W.G. Timmins, P. Eng.

CERTIFICATE

I, WILLIAM G. TIMMINS maintaining offices at 580 - 625 Howe Street, Vancouver, B.C. do hereby certify that:

- 1. I am a geologist having been practising my profession since 1964.**
- 2. I am a graduate of the Provincial Institute of Mining, Haileybury, Ontario and have attended Michigan Technological University, Houghton, Michigan.**
- 3. I am a member of good standing of the Association of Professional Engineers of British Columbia and of the Association of Professional Engineers, Geologists and Geophysicists of Alberta.**
- 4. I have no interest direct or indirect in the property or securities of International Prism Exploration Ltd. nor do I expect to receive any such interest.**
- 5. This letter report is based on a study of published and private reports and field experience as a consultant to International Prism Exploration Ltd.**

Dated at Vancouver, B.C. this 22nd day of August, 1985.



W.G. Timmins, P. Eng., P. Geol.