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GOLD-SILVER EXPLORATION OUTLOOK 1985

Shakwak Exploration Company Limited's team of Directors, Management and Staff have strong technical mining backgrounds including extensive northern mine operating and mineral exploration experience. The Company initiates and develops prospects through its own team as well as those brought to them by other parties. Exploration emphasis continues to be towards gold and silver based on strong fundamentals and the use of modern technology. To spread the risk it offers industry partners participation on its prospects while retaining meaningful positions to the development stage. Shakwak is making a significant contribution to exploration in Southern Yukon and is in the forefront, particularly in the early stages of discovery and evaluation. Expanding its potential of discovery the Company controls over 21,000 acres of prime precious metal prospects and exposure to additional exploration targets in the Yukon. Exploration and development of Shakwak's primary properties have the potential for discovery of several mines, to date only a small portion of its significant prospects have been tested and a large part yet remains to be explored. Aggressive exploration and development programs in areas of high profile such as the Wheaton River Gold-Silver discovery area are promising, this is one of the most spectacular discoveries in Western Canada for some time. In this area, Shakwak has to be considered a major force as it holds five separate, dominant prospect properties covering some 12,500 plus strategically located acres of significant geological targets for gold and silver.

Development of the Wheaton River (Mt. Skukum) district Gold-Silver discovery, 30 miles southwest of Whitehorse, suggests the beginning of a major Gold-Silver camp. At this early stage current results and assays yet to be released, indicate one of the richest mineable source of hard rock Gold in Canada at a still undetermined tonnage. Overviewed, this area is one of the most interesting, accessible, easily worked and untested Gold-Silver regions in Canada. It is attractive to mining companies for its high grade Gold-Silver and potential development of several mines in the area. There is extensive infrastructure, close to needed services and qualified, experienced mining people in Whitehorse. The region is served by an all-weather road, a major highway, year round ocean port and consideration is being given to the installation of a power line which would represent a major cost savings to operators in the area.

To date, the exploration emphasis has been towards high grade Gold and Silver deposits, often with spectacular assays. As announced last year, these minerals are generally found in silicified zones or quartz calcite-veins with only minor sulphides. Gold is generally not visible but rather homogenous throughout the quartz-calcite veins. Primary host rock for Gold-Silver mineralization is andesite flow unit intruded by tertiary rhyolite porphyry dyke swarms and stocks. Mineralization tends to occur consistently throughout competent rock structures which appear amenable to cost efficient underground development and ore extraction. The ore should be simple to mill because of its high carbonate content.

Erickson Gold Mines Limited has announced at this early date the potential for a long life at Mount Skukum is excellent, with only a miniscule portion of its 50 square miles of favourable geology explored. Detailed engineering, plant design and mine planning are well underway. Metallurgical testing has indicated excellent Gold recovery, utilizing a relatively simple, environmentally sound ore beneficiation process. The Company expects to be operating by year end.

Tally-Ho Exploration Ltd. (VSE — THL) recognized the potential of the Wheaton River area and took a major land position which now totals 449 mineral claims. The properties extend along a 20 mile ring fracture system peripheral to the Mt. Skukum and Bennett Lake volcanic calderas. Subsidiary vents and hydrothermal systems have altered favourable rhyolite and limestone host rocks on the properties, depositing Gold-Silver mineralization in a variety of sulphide poor and sulphide rich veins as native Gold, Gold tellurides, argentite and tetrahedrite. Spectacular assays already reported are being followed up by further intensive exploration this year.

SHAKWAK PROPERTIES

The Charleston Group of claims cover approximately 1,000 strategically located acres (21 contiguous claims). Favourable geology and preliminary results have been encouraging as the property appears to have good ore-making potential with structures similar to the Mount Skukum discovery. Exploration is along strike and potential of deposits are indicated by extensive, strong structures of rhyolite porphyry dykes with Gold values. Exploration dating from 1906-1922 include two adits plus trenching for a length exceeding 2,000 feet, with widths varying from 12 inches to 12 feet, averaging 0.35 oz./ton Gold (Au) and 8.5 oz./ton Silver (Ag). Underground adit rehabilitation is planned, followed by sampling to gain knowledge of known high grade structures and sampling of other veins that may not have been properly tested because of low sulphide content. A new zone (designated C1-B) was discovered in 1984, 200 feet vertically above the older workings. Channel samples assayed 2.52, 0.52 and 0.42 oz./ton Gold and 29.5, 19.6 and 3.56 oz./ton Silver. The main "C" zone now exceeds 2,000 feet in length, continues to be open to further extension with vein widths of approximately 3 to 4 feet (up to 20 feet in places) averaging 0.3 oz./ton Gold and 8.5 oz./ton Silver. In addition grab samples of Skukum Series Rhyolite Porphyry assayed 0.11 oz./ton Gold over 12 feet wide, with less than 1% visible sulphides, an unexpected favourable result in view of the lack of veining and low sulphide content of the rock. Reviewing aerial photos of Mount Skukum's known vein structures, strong comparable targets of the Charleston Group are being prospected, to be followed by further bulldozer trenching to develop additional drill targets.

The Bear Group of claims cover approximately 4,150 acres (80 contiguous claims). These claims warrant a separate, detailed research paper unto themselves because of the Gold Geochem anomalies, favourable Skukum volcanic rocks, quartz-calcite veining and intense alteration of Rhyolite Porphyry units. In addition the Vesuvius Hill project on the property has been designated the highest priority as a significant Gold prospect having similar, favourable geology to the major discovery at Mount Skukum. Once again, correlation of ground work with aerial photos is being used, followed up by additional prospecting. Numerous prospecting targets are indicated on this key property held by Shakwak, representing a good potential for discovery of other important Gold prospects. Good road access and the proposed location of the Skukum Power Line which is to cross the property adds to the importance of these claims and their development.

The Dickson Hill Group covers approximately 2,000 acres (39 contiguous claims). Within this group is a volcanic centre, tertiary Rhyolite Porphyry dykes with intense alterations and silicification. The presence of strong Gold Geochem anomalies and the existence of numerous surface veins highlight this property. A geochemical/geophysical anomaly was tested by diamond drilling, resulting in a high grade intersection assaying 1.35 oz./ton Gold over 4.5 feet in width. Further drilling is programmed to test along strike and for depth — an exciting target, adding to the potential of this property. Surface exploration this season includes further trenching on other mineralized structures to prioritize targets for diamond drilling. Mineralized epithermal stockwork zones suggest the possibility of open-pit potential. Overall this property is an exciting area for field crews to be conducting exploration having already discovered a high grade zone so early in the exploration and development of this property.

The Charlie Group of claims covering approximately 825 acres (16 claims) is important because of favourable Rhyolitic Geology, having the characteristics of another epithermal Gold deposit. Host rocks are the Mount Skukum series of extensive tertiary Rhyolite Porphyry dyke systems, intensely altered with clay minerals and chalcedonic quartz. The proposed Skukum Power Line will run through the property.

The Nyac Group of claims — Montana Mountain — cover approximately 4,500 acres (87 contiguous claims). The property is being explored for Gold-Silver values, covers a volcanic centre and is underlain by a favourable host andesite unit. The prospect covers extensions of the vein ring-dyke systems which hosts the famous Gold-Silver deposit of the Venus Mine, where significant diamond drilling continues.

Earlier this year Shakwak announced its Joint Venture on the important CMC property, where the operator expects to establish a significant high grade Silver deposit. The discovery zone at this date averages 113.1 ounces of Silver per ton across 4.6 feet over a length of 345 feet, recent results indicate mine potential. Consideration and study of an adit is proposed.

Recently Shakwak announced that it hopes to develop its own high grade camp — Silver Creek. The prospect in the Watson Lake mining district of Southern Yukon covers 205 plus contiguous claims at this date. The 10,500 acre property contains high grade Silver mineralization, including one zone with assays exceeding 110 ounces of Silver per ton and 2.5% Lead. The significance of this new discovery is its similarity of geological environment to the CMC discovery and the major discovery at Midway by Regional Resources.

SUMMARY

Shakwak Exploration (SHA) is recommended as a buy because it has taken the high risk/reward approach that can precipitate new Gold-Silver discoveries based on excellent technical merit, numerous prospect discoveries with development potential. A significant announcement from any one of its high profile Gold-Silver prospects in Wheaton River, its Silver Creek camp, places the Company in a highly leveraged position for capital gains.