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REPORT

ON

THE ASHNOLA PROPERTY OF PRISM RESOURCES LIMITED

OSOYOOS MINING DIVISION

49°07' N. 120°20' W.

by

G.H. RAYNER P. ENG. J.H. MONTGOMERT P. ENG

April 12, 1977

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1.1 INTRODUCTION

This report is prepared for Prism Resources Limited of Vancouver, B.C. on the ASH-NOLA-CAT Claims located on Ashnola River about 45 kilometers (28 miles) southwest of Keromeos, British Columbia. The claims cover a large, low-grade copper/molybdenum deposit of the "porphyry copper" type.

The report is based on a personal knowledge of the property gained during several past visits to the property and from a study of recent engineering reports.

Recommendations have been made by J.S. Christie, Ph.D. and A.J. Sinclair, Ph.D., P.Eng. for considerable additional exploration on the Ashnola Copper-Molybdenum Prospect. Christie (1977) has recommended geological mapping, rock geochemistry, petrographic studies and, if warranted, deep diamond drilling. Sinclair has also recommended deep drilling of the deposit.

In this report, recommendations are made for carrying out a rock geochemical survey preliminary to diamond drilling.

1.2 SUMMARY AND CONCLUSIONS

Prism Resources Limited of Vancouver, B.C. holds title to the ASH, NOLA and CAT claims located in the Osoyoos Mining Division about 40 kilometers southeast of Princeton, B.C.

Previous work has delineated a large, low-grade porphyry copper/molybdenum system. No economic ore has yet been discovered but two different conceptual models by Sinclair (1975) and Christie (1977) suggest potential for economic mineralization at depth.

In order to determine which of the models is most applicable and to aid in drill-site selection, a detailed rock geochemical survey is recommended.

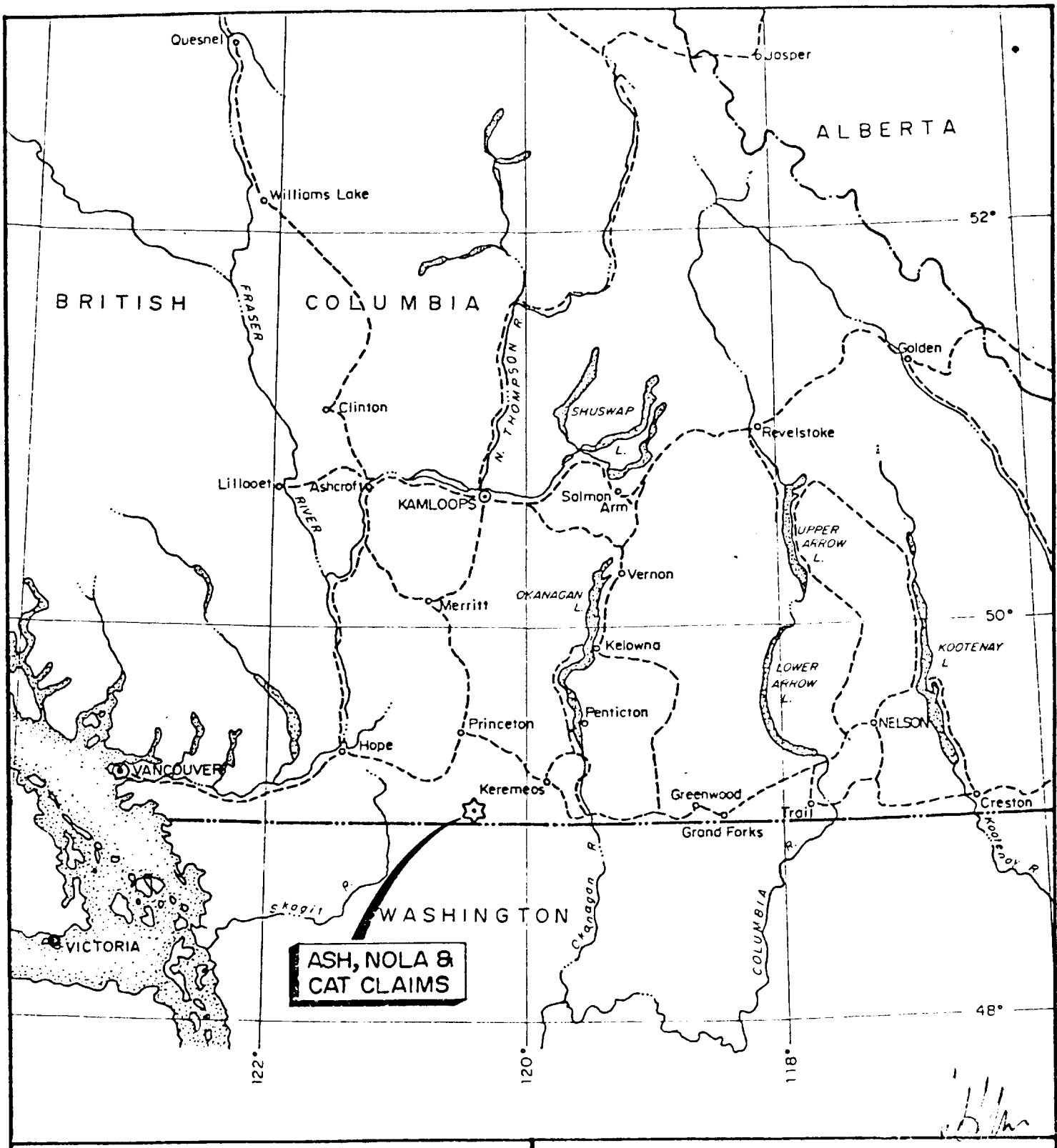
Costs of the survey are estimated at $15,000.00 About one month will be required to complete the study.

1.3 LOCATION AND ACCESS

The claims are located on the west side of Ashnola River on the east flank of Placer Mountain at elevations between 1160 meters (3800 feet) and 2010 meters (6600 feet). See figure 11. Placer Mountain is located on the southern end of the Cascade Mountain system in the Hozameen Range. The N.T.S. Map Reference is 92H/1W - Ashnola; Latitude - 49° 08'N; Longitude - 120° 20'W.

Access to the property is by Ashnola Forest Road which intersects highway 3 at a point about 8.0 kilometers (5 miles) west of Keromeos, B.C. a distance of 50 kilometers (31 miles). A network of FWD truck roads built by Prism Resources Limited provides access to many parts of the property.

The claim area has a topographic relief of 850 meters (2800 feet) and is well timbered with pine.



LOCATION MAP Figure 11

0 25 50 100 miles

1" = 50 mi

0 5 10 15 kilometres

DRAWN B.A.C., Apr./77 REVISED

Prism Resources Ltd.

ASH, NOLA, and CAT CLAIMS

Osoyoos M.D. Ashnola River Area
British Columbia, Canada. 92H/1W.

G.H. Rayner, P.Eng.
J.H. Montgomery, Ph.D., P.Eng.

APRIL 12, 1977

1.4 CLAIM INFORMATION

The claims are located on the east side of Placer Mountain in Osoyoos Mining Division of British Columbia about 40 kilometers (25 miles) southeast of Princeton, B.C. See figure 12. The ASH-NOLA-CAT claim groups consist of 37 full sized mineral claims and 1 fractional mineral claim All are owned by Prism Resources Limited of 214-850 West Hastings Str., Vancouver, B.C. Claim information is listed in Table IV:

Table IV

Claim	Record No	Rent Exp. Date	Work Exp. Date
MAX 1-MAX 2 (2)	14731-14732	May 12/77	May 12/77
CAT 5-CAT 6 (2)	15107-15108	May 27/77	May 27/77
NOLA 1 Fr. (1)	15495	June 13/77	June 13/77
NOLA 1-NOLA 2 (2)	15751-15752	June 2/77	June 2/77
NOLA 3-NOLA 8 (6)	15753-15758	June 2/77	June 2/82
NOLA 9-NOLA 10 (2)	15759-15760	June 2/77	June 2/77
NOLA 15 (1)	15765	June 2/77	June 2/77
NOLA 17-NOLA 24 (8)	15767-15774	June 2/77	June 2/77
JAM 1 (1)	22774	July 26/77	July 26/81
JAM 2 (1)	22775	July 26/77	July 26/82
JAM 15-JAM 18 (4)	22788-22791	July 26/77	July 26/82
Q 2 (1)	22828	July 26/77	July 26/77

Claim	Record No	Rent Exp. Date	Work Exp.
Q 4 (1)	22830	July 26/77	July 26/77
Q 22-Q 25 (4)	22848-22851	July 26/77	July 26/81
ASH 2 (1)	15360	June 2/78	June 2/82
ASH 4 (1)	15362	June 2/78	June 2/82
38 claims total			

Claim information was obtained from officers of the company and from British Columbia claims maps. Most of the posts and location lines have been observed by one of the writers (Montgomery) and have been staked according to regulations.

1.5 PREVIOUS WORK

Considerable exploration work has been done on the Ashnola Cu/Mo Prospect since its discovery in 1959 by Kennco Explorations Limited, and independently, by Prism Resources Limited in 1966 by regional geochemistry. A very brief summary of previous work is given here and a bibliography of all pertinent publications and reports is appended.

The property, to date, has had about $300,000.00 spent on it. The work done has consisted of geological mapping, soil geochemistry, rock geochemistry, biogeochemistry, magnetometer surveys, induced polarization surveys and forty drill holes (both core and percussion).

The result of previous work has been to outline a large, low-grade porphyry copper/molybdenum deposit. No economic ore has yet been discovered but recent conceptual models by Sinclair (1975) and Christie (1977) suggest potential for economic mineralization at depth. These concepts will be discussed later.

1.6 GEOLOGY

The regional geology of the area has been mapped by H.M.A. Rice (1960) - "Geology and Mineral Deposits of the Princeton Map Area, British Columbia," G.S.C. Memoir 243. He mapped the area as Lower Cretaceous Kingsvale Group andesite and basalt porphyry and volcanic breccia unconformably overlain in part by Tertiary Princeton Group andesite and basalt. See figure 13.

The local geology of the Ashnola Copper/Molybdenum Prospect is shown in Figure 14.

The area is underlain by a succession of porphyritic rhyolites, a fragmental rhyolite unit which may be a diatreme (Ney 1970, and Christie 1977). The former rocks are intruded by a small quartz monzonite boss with associated quartz-feldspar porphyry and rhyolite porphyry and the fragmental rocks are intruded by latite dykes.

Alteration is typical of porphyry copper systems with a phyllic zone of quartz veining, silicification, sericitization and pyritization, an argillic zone and a small potassic zone (biotite and K-feldspar) centered on the quartz monzonite intrusion.

Mineralization consists of pyrite, chalcopyrite, molybdenite in fractures in rhyolite and disseminated in the quartz monzonite. Secondary minerals include chalcocite, cuprite and native copper.

There are at least two possible interpretations of the system. Montgomery, Cochrane and Sinclair (1975) have

suggested a resemblance to a high level part of Lowell's porphyry model. This interpretation was based mainly on the distribution of alteration zones about the small quartz-monzonite plug. The size of the alteration zone in relation to the plug suggested a much larger quartz monzonite intrusion at depth. In addition, disseminated chalcopyrite/molybdenite mineralization in the quartz monzonite appeared to be related to the chalcopyrite/molybdenite fracture-fillings in the surrounding rhyolites.

A second interpretation is given by Christie (1977). He interprets the deposit as a deep part of a porphyry system based on a 2 : 1 pyrite : chalcopyrite ratio in quartz-sericite rocks. He also states that the deposit compares closely with the Henderson porphyry molydenum deposit where chalcopyrite-bearing and magnetite-bearing shells occur well above the molybdenum orebodies. Christie also noted several mineralized clasts in the fragmental rhyolite carrying chalcopyrite and molybdenite of higher grade than any mineralization observed on surface.

1.7 RECOMMENDATIONS:

The Ashnola Copper/Molybdenum Prospect presents an exploration target for either (a) a porphyry copper deposit based on interpretation as a high level part of a Lowell porphyry model or (b), a porphyry molybdenum deposit based on a Henderson type model. The testing of either hypothesis will require deep drilling.

In order to determine which of the models is most applicable and thus select appropriate drill sites, a detailed rock geochemical survey is recommended. Such a survey should include a trace element distribution study. The study can be made three-dimensional by utilizing previous drill core and chip samples. Some trenching might be useful in Cat Creek in an effort to expose more of the fragmental rhyolite.

Following this study and interpretation, drill sites should be selected.

1.8 COST ESTIMATE:

1.	Trenching: 50 hrs @ $50/hr	$2500.00
2.	Rock Geochemistry:	
	(a) Sampling - 2 wks	$2500.00
	(b) Analysis - 400 samples @ $14/sample	$5600.00
3.	Transportation:	
	(a) FWD Truck Rental	$315.00
	(b) Gasoline and oil etc.	$200.00
4.	Accomodation:	
	(a) Camp Equipment	$100.00
	(b) Food	$450.00
5.	Engineering and Supervision:	
	(includes report preparation)	$1600.00
	sub-total	$13,265.00
6.	Contingencies:	$1735.00
	total	$15,000.00

Respectfully submitted

J.H. Montgomery, Ph.D., P.Eng.

G.H. Rayner, P.Eng.

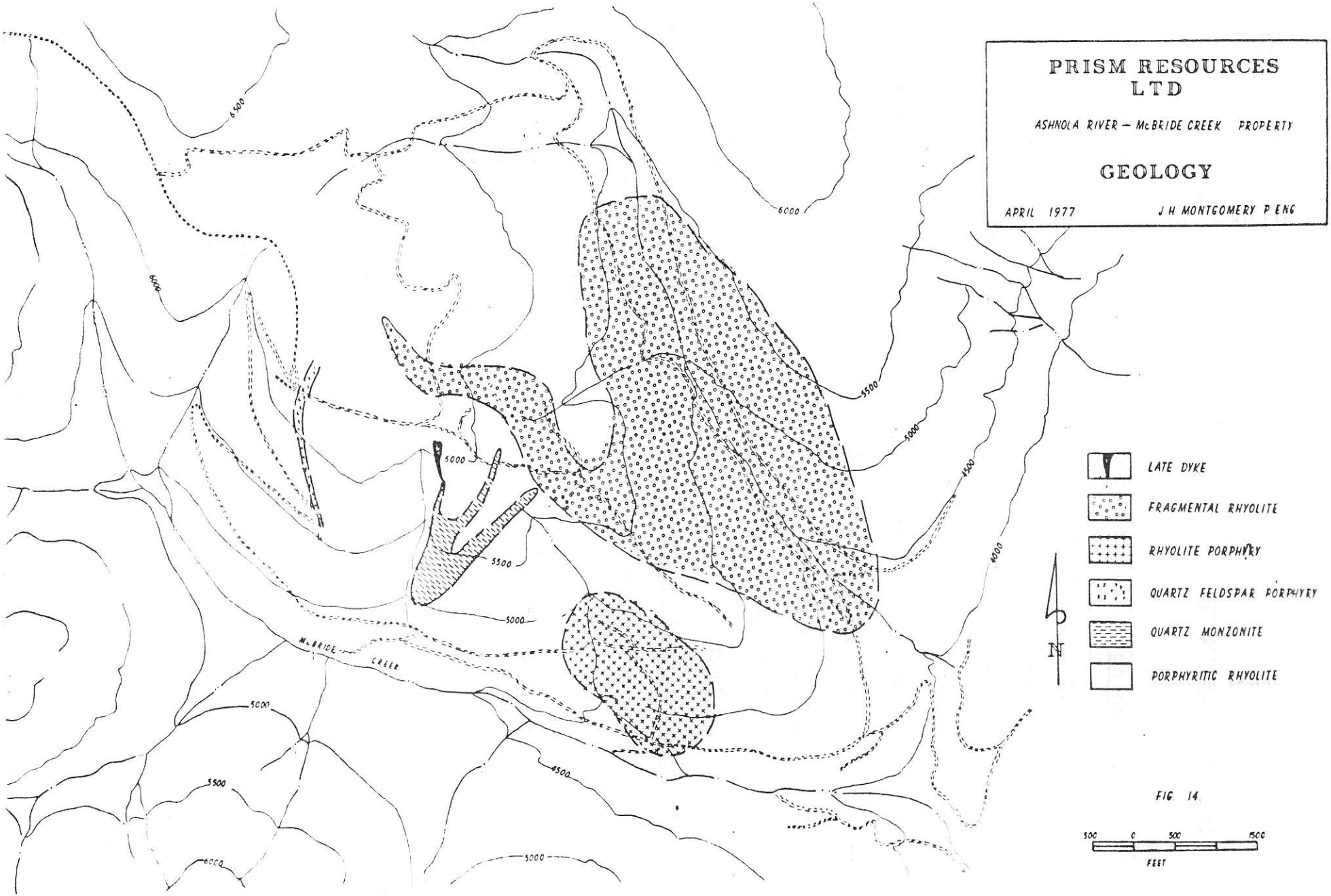

PRISM RESOURCES
LTD
ASHNOLA RIVER – McBRIDE CREEK PROPERTY
GEOLOGY
APRIL 1977
J H MONTGOMERY P ENG
LATE DYKE
FRAGMENTAL RHYOLITE
RHYOLITE PORPHYRY
QUARTZ FELDSPAR PORPHYRY
QUARTZ MONZONITE
PORPHYRITIC RHYOLITE
N
6500
6000
5500
5000
4500
McBRIDE CREEK
500 0 500 1500
FEET

FIG. 14.

ITEM 5 - THE FULL NAME, HOME ADDRESS, AND CHIEF OCCUPATION, THE NUMBER OF SHARES OF THE COMPANY BENEFICIALLY OWNED, DIRECTLY OR INDIRECTLY, BY EACH SENIOR OFFICER AND DIRECTOR OF THE COMPANY AND, IF EMPLOYED DURING THE PAST FIVE YEARS, THE NAME OF EACH EMPLOYER

Name and Address	Chief Occupation	Number of Shares of the Company Beneficially Owned
Angus L. J. MacDonald, 6264 Carnarvon Street, Vancouver, B.C.	Professional Engineer Geological; Prism Resources Limited 1975 to present; Orequest Exploration Syndicate 1969 to 1974.	617,501
Robin T. Forshaw, 1510 Tatlow Avenue, North Vancouver, B.C.	Equipment Salesman; Prism Resources Limited May 1977; Self-exployed August 1976 to April 1977; Atlas Copco Canada Ltd. August 1973 to August 1976; Orequest Exploration Syndicate 1969 to 1973.	2,000
Donald R. Cochrane, 979 - 264th Street, Aldergrove, B.C.	Professional Engineer; Self-employed.	75,001
John Jewitt, 727 Pearl Street, Denver, Colorado.	Professional Engineer; Industrial Mineral Ventures Inc. Golden, Colorado, March 1977; Zapata Corporation, Houston, Texas, 1975 to 1976; Granby Mining Company Ltd. 1967 to 1975.	10,000
Kenneth N. Golden, 815 West 46th Avenue, Vancouver, B.C.	Executive; Avenue Developers Ltd. September 1976 to present; Triple A Coffee Services 1974 to 1976; Bache & Company 1962 to 1974	2,000

ITEM 4 - PROCEEDS DERIVED FROM THE SALE OF THE SHARES OFFERED HEREUNDER

Although it is not possible to determine the actual net proceeds from the offering of shares pursuant to this Statement of Material Facts, in the event, all of the 200,000 shares are sold at the minimum price of 40¢ per share, the proceeds would be $80,000.00 less commissions of $6,000.00 for a net amount of $74,000.00. The principal purposes for which the estimated net proceeds from the sale of the securities offered by this Statement of Material Facts are to be spent, and in the order of priority, are as follows:

(1)	To pay current liabilities	$ 8,500.00
(2)	To carry out the program of exploration on the Ashnola property as recommended by J. H. Montgomery P. Eng. and G. H. Rayner, P. Eng. in their report dated April 12, 1977	15,000.00
(3)	To carry out the program of exploration on the China Creek property as recommended by J. H. Montgomery P. Eng. and G. H. Rayner P. Eng. in their report dated April 12, 1977	7,000.00
(4)	To carry out the program of exploration on the Star Group property as recommended by J. H. Montgomery P. Eng. and G. H. Rayner, P. Eng. in their report dated April 12, 1977	13,000.00
(5)	General corporate purposes	30,500.00
		$74,000.00