

811817

PROJECT PROPOSAL
ASHNOLA COPPER PROSPECT
PRINCETON AREA, BRITISH COLUMBIA

Submitted to: Mr. R. P. Blanc, Manager
Minerals Exploration Operations
Los Angeles, California

Prepared by: George B. Griswold
Manager - Minerals Exploration
Vancouver, B. C.

November 9th, 1971



Getty Mines, Limited | Suite 1904, 1177 West Hastings Street, Vancouver 1, B.C. • (604) 681-9501

PROJECT PROPOSAL
ASHNOLA COPPER PROSPECT
PRINCETON AREA, BRITISH COLUMBIA

Submitted to: Mr. R. P. Blanc, Manager
Mineral Exploration Operations
Los Angeles, California

Prepared by: George B. Griswold,
Manager - Minerals Exploration
Vancouver, B.C.

November 9th, 1971

TABLE OF CONTENTS

	<u>Page No.</u>
Summary & Recommendations	1
Introduction	1
Location and Land Position	1
Previous Exploration	2
Geology of the Deposit	2
General Aspects	2
Results of Previous Drilling	3
Results and Comments on the IP Surveys	3
Results of New Mapping & Geochemical Sampling	4
Proposed Exploration Program	5
Business Deal	6
Economics of a Discovery	7
Bethlehem Operating Data	7
Information Concerning Prism Resources	8

FIGURES

		<u>Page No.</u>
Figure 1.	Sketch showing Ashnola Claims and access roads.	1 a
Figure 2.	Ashnola River Property	2 a
Figure 3.	Regional Map Ashnola Area	(In Pocket)
Figure 4.	Geologic Map of the Ashnola Prospect	(In Pocket)
Figure 5.	Decision Tree	6 a

A P P E N D I C E S

Appendix A.	Memo from D. A. Nichols dated November 2, 1971 re Ashnola Prospect
Appendix B.	Prism Resources Limited Annual Report, June 1971

SUMMARY AND RECOMMENDATIONS

Geologic mapping and geochemical surveys on the Ashnola copper prospect have verified that there is reasonable chance that a porphyry copper exists under a group of claims belonging to Prism Resources Limited. It is believed that the deposit can be tested quickly and at low cost by a percussion drilling program. If that program is successful then more expensive diamond drilling is required, but the risks will have been reduced.

The 158 claim block owned by Prism Resources can be optioned under reasonable conditions. The agreement would call for a \$10,000 bonus for a 6-months option under which to complete the percussion drilling program. The option can be extended another year for an additional \$15,000 and for a second year for \$25,000. If a discovery is made and the prospect is placed into production Prism Resources will retain a 3% net smelter return royalty until cumulative payments reach \$20,000,000.

The purpose of this proposal is to recommend that Getty Mining Pacific, Limited option the property during 1971, but delay commencement of drilling until the spring of 1972.

INTRODUCTION

The Ashnola prospect was one of the first porphyry copper plays to come to the attention of the Vancouver office, and an earlier project proposal was submitted in June 1971, recommending the property for investigation. At that time SEREM (an exploration arm of the French Government) had expressed interest in joint venturing the exploration with us. SEREM suddenly backed out during the negotiations; this along with a lack of complete understanding of the geology of the deposit, resulted in postponement of a decision to option. Subsequently, sufficient new information has been obtained to reconfirm our early belief that Ashnola is a worthy prospect. For the sake of completeness, this report contains much of the contents of the original proposal plus the results of the new study.

LOCATION AND LAND POSITION

The Ashnola prospect is located on the north side of the Ashnola River in south central British Columbia and can be reached by car by travelling 30 miles south west of the town of Keremeos on a good gravel road. See Figure 1 for other location details. The claims are traversed by a maze of drill and logging roads and general access is minimal from the point of exploration.

Prism Resources has staked 158 claims which cover approximately 7500 acres of land, see Figure 2. To our knowledge there are no surrounding claim blocks so it is open for expansion on all sides. The staking more than covers the area of geologic interest which is centered on the Nola group.

The British Columbia government has declared its intention to create a park reserve on the lands south and east of the Ashnola River. Some of the claims would be affected by this, but the claims predate the declaration. The Ashnola River is a principal drainage of the area, and its waters are pure and clear. If production is achieved then allowance must be made to protect tailing ponds.

PREVIOUS EXPLORATION

The Ashnola area was first investigated in 1963 by Kennco Explorations. The general area was picked out as an exploration target during regional screening by Kennco by using stream sediment geochemistry. Two IP lines were run followed by some diamond drilling. This work was discouraging and Kennco dropped its claims. The area was "rediscovered" in 1966 by Prism Resources (then operating as the Meridian Syndicate), again using stream sediment sampling. Quintana Minerals optioned the property (during 1968 and 1969), did a modest amount of geology and geochemical rock sampling and then drilled in an off-setting area to Kennco's work. This work was better in the sense some copper-molybdenum sulphides were found, but the results again did not reveal an economic deposit.

Prism Resources, on its own account, then did considerable ground geophysics plus additional geochemical sampling during 1970. This work, if valid, sheds significant new light on the prospect, and additional work appears justified. The cost of Prism's program was in order of \$50,000.

GEOLOGY OF THE DEPOSIT

General Aspects

The best regional mapping available was done by Rice (1947). A copy of his map is attached as Figure 3. The prospect lies on the south flank of Placer Mountain in an area underlain by volcanics ranging from Triassic to Cretaceous in age. A large mass of granodiorite lies to the south that has been dated in the 200 m. y. range. This mapping is quite broad brush and does little to show the significant economic geology features.

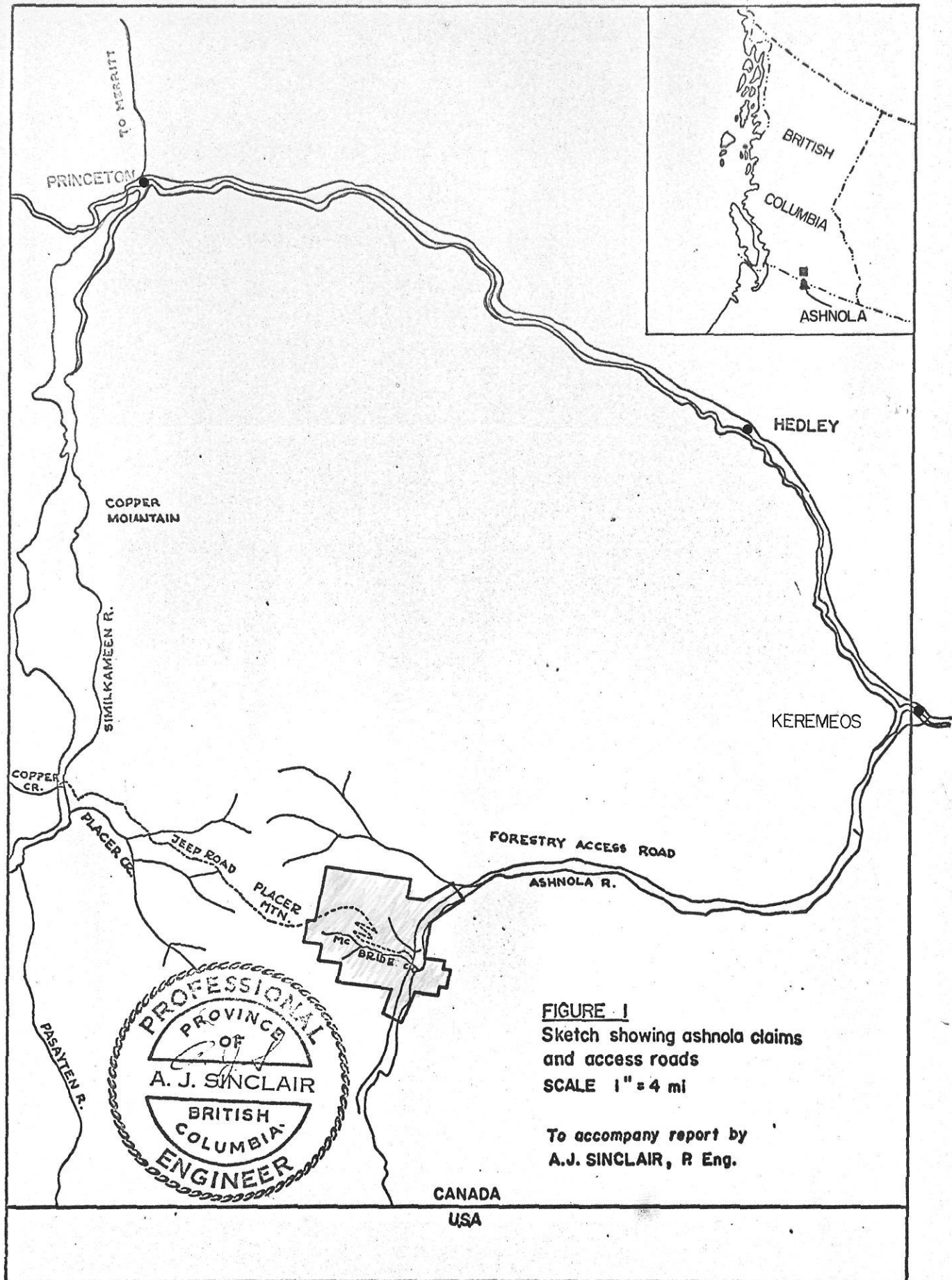
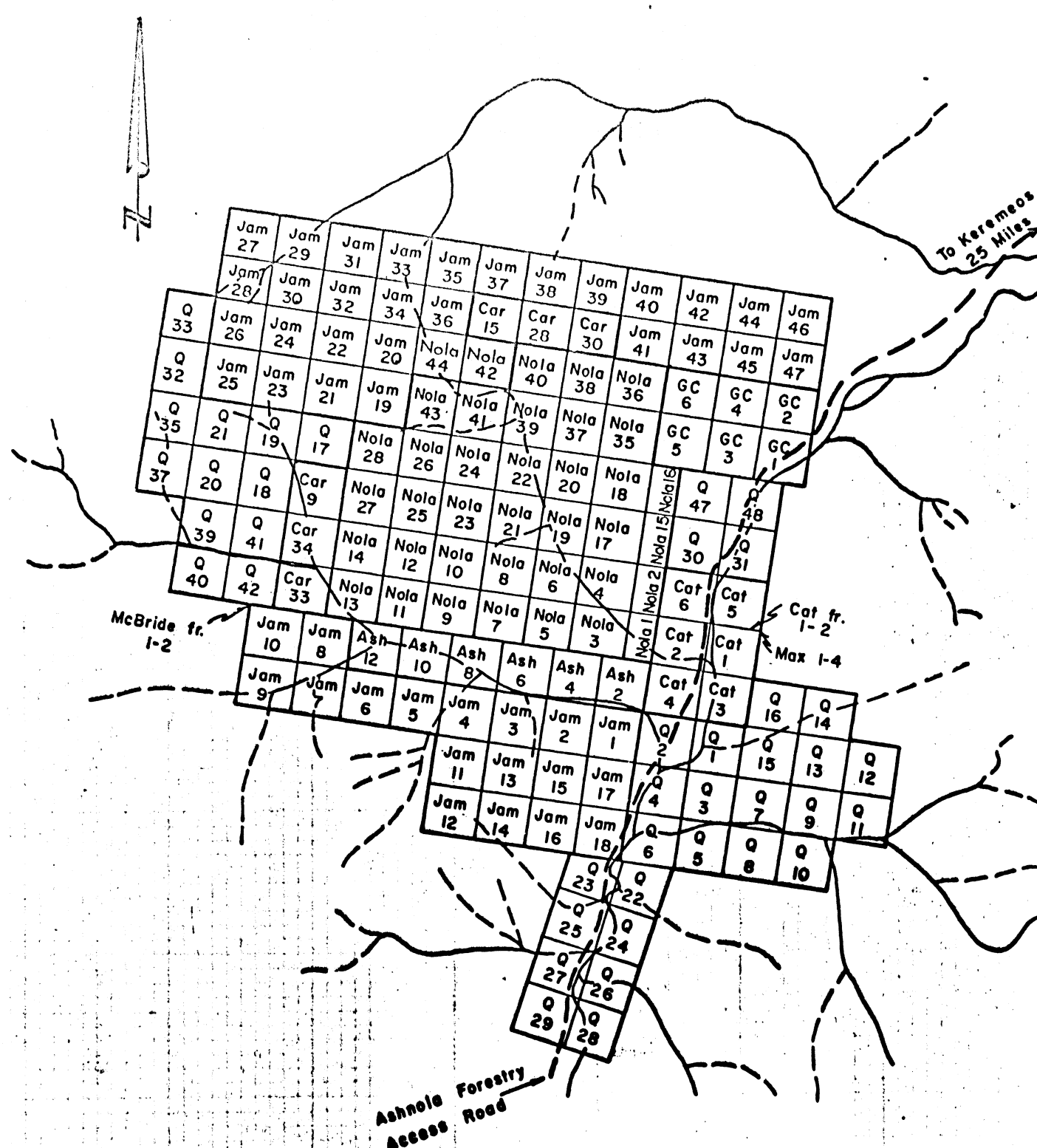


FIGURE 1
 Sketch showing ashnola claims
 and access roads
 SCALE 1" = 4 mi

To accompany report by
 A.J. SINCLAIR, R Eng.



PRISM RESOURCES LIMITED

ASHNOLA RIVER PROPERTY.



SCALE : FEET

DATED: OCT. 5, 1970.

FIG. 2

Figure 4, with accompanying overlays, presents the geology and exploration concepts as they are presently understood. Rhyolitic pyroclastics are the principle rock outcroppings, and it is felt that the south flank of Placer Mountain contains a pile of acid volcanics that were not recognized by Rice during his regional mapping. A small granite porphyry pluton has invaded the rhyolites. A wide alteration halo (consisting of silicification, sericitization and pyritization) surrounds this stock.

Results of Previous Drilling

Kennco drilled nine holes (marked DH 1 through 9 on Figure 4), and all but one were drilled northwest of the stock. Drill records indicate that only pyrite and trace amounts of copper sulphides were encountered. The Quintana holes (1A through 6A) were drilled in the vicinity of the stock. Holes 4A, 5A and 6A were all in altered rhyolite and contained only pyrite with spotty amounts of copper and molybdenum. Holes 1A and 2A were in the stock, and assays as high as 0.2% copper were observed for short intervals. Hole 3A was the best. The hole was entirely in altered rhyolite and averaged 0.1% copper throughout its length of 506 feet.

Results and Comments on the IP Surveys

Since the Quintana drilling, 35 line miles of induced polarization survey was run by Prism Resources. The results of that survey is presented as an overlay to Figure 4. The survey was done only to shallow depths, but it is significant in that a horseshoe shaped anomaly is present. Thus far all drilling has been done in the halo, and not in the core. If this indeed is the case, then it would appear that a good chance exists for ore discovery at Ashnola.

The most questionable factor is what reliance can be placed on the IP survey. Realizing this problem, an experienced consultant, C. L. Elliott of Tuscon, Arizona, was retained to evaluate the data. Elliott's conclusions are:

- a) The depth of the survey was insufficient to gain a true picture of the accurate anomaly.
- b) Additional work, actually an entirely new survey, is required to give a true understanding of the IP response. The Quintana drilling indicates that oxidation ranges from 150 to 300 feet deep, therefore the survey by Prism Resources was much too shallow to more than skim the top of sulphides.
- c) /...

- c) Sufficient correction may not have been made for severe terrain conditions.
- d) The response in the core zone is too low to be an acceptable target, but again oxidation may be the reason none was reported.
- e) A detailed survey may cost as much as \$20,000.

In conclusion, the Ashnola prospect has hydrothermal alteration that exists over a wide area. The drilling to date has not adequately tested the area, in particular the area north of drill hole 3A. In that there was good reason to doubt the validity of the IP survey it was decided to do additional geologic mapping, particularly in regards to the distribution of sulphides and hydrothermal alteration.

Results of New Mapping and Geochemical Sampling

Kennecott was approached concerning information of their exploration, and they generously supplied us with rather complete summaries. They completed a surface map and soil geochem grid over the main area plus a couple of line miles of induced polarization. Their geologic mapping led them to a concept of possible secondary enrichment in altered volcanics on the northwest side of the stock, and their drilling program gave that area an honest test. Oxidation did extend to a depth of 200 feet or so, but little copper was present.

The objective of the Quintana program was to test the small stock and the southern side of its contact. The company's consulting geologist had a concept that the stock was a zone of K-spar alteration and was the centre of mineralization. Holes 1 A through 6A tested this hypothesis.

In that we are now proposing a third generation of exploration it must take into account the previous work done and come up with a new concept. At an early point in our investigation we realized that soil cover and talus slides mask bedrock, and there would be little to be realized by doing reconnaissance mapping. Similarly, grid soil sampling did not appear warranted because both the Kennecott and Prism sample results were available to us. The two surveys are in close agreement, and even though the soils reveal some anomalies (see overlay entitled Prism Geochemical Survey) they do not indicate any large untested area. Note that the survey indicates that Kennecott actually drilled a geochem low.

Our mapping and sampling program was restricted to the bulldozer trails. These cuts provided the best exposures of bedrock and allowed better

interpretation of the hydrothermal alteration effects. The new mapping indicates that a pyrite halo does in fact exist, and that within that halo, a considerable area remains that has not been tested by drilling, particularly on the north and east sides of the stock outcroppings.

Hydrothermal effects are quite conspicuous away from the stock. Alteration was classified into four groups.

- Class 1 - No alteration
- Class 2 - Argillic alteration. Pyrite veining is widely spaced. Outline of pyroclasts are still observable.
- Class 3 - Silicification and sericitization mask most of the rock texture. Pyrite veining may vary from intense to moderate.
- Class 4 - Quartz veining as well as silicification and sericitization is present. Strongly pyritized in some areas but may range to less than one percent in others.

The alteration is zoned outward from the stock starting at the Class 4 type, grading outward into Class 3, then Class 2, before completely fading out. This alteration is attributable to hydrothermal fluids emanating from the stock. These effects, particularly of the Class 4 type seem to be asymmetric to the stock outcrop. They extend further north and east than to the west and south. This may indicate that the quartz monzonite stock is much larger than the present exposures indicate. This same reasoning is backed up by the fact that zones of known high pyrite enclose an area much more extensive than would be visualized as that emanating from the small stock. There appears, therefore, to be good reason to now accept the original IP data, and the central part of this zone does appear to be a worthwhile exploration target. The outline of the geologically favorable is shown by a green line on the geologic map. It measures about 4000 feet by 2000 feet, being elongated in a north-south direction.

PROPOSED EXPLORATION PROGRAM

The task is to test the concept that a relatively thin cap of altered volcanics conceals a stock of quartz monzonite that is much larger than exposed on the surface. Percussion drilling to moderate depths is an adequate means of testing this concept. Such drilling can reach depths 200 to 400 feet deep. Hopefully, this drilling will reach into the stock itself, but even if it does not it should be possible to detect increased alteration effects if we are

approaching the contact. Diamond drilling would naturally follow up any significant find.

Tentative locations for eleven percussion holes are shown as blue dots on Figure 4. They are spaced about 1000 feet apart and should adequately test the core zone. Precise locations of holes will be dictated by access roads. The direct costs of this program is estimated as follows:

Percussion drilling - 5000 ft. @ \$2.50/ft.	\$ 12,500
Mobilization, etc.	2,500
Assaying	1,000
Bulldozing	2,000
Vancouver Staff Expenses	<u>2,000</u>
	\$20,000

If the percussion work does make a significant find, then a minimum of 3000 feet of diamond drilling would be required. This work would cost in the neighborhood of \$50,000. Figure 5 is a decision tree for the proposed project.

BUSINESS DEAL

The 158 claim group can be optioned from Prism Resources under these conditions:

Date of Signing. \$10,000 bonus or advance royalty payment plus a firm commitment to complete 5000 feet of percussion if direct contractor costs are \$3.00 or less per foot. If the per foot cost is greater than \$3.00 then the 5000 feet commitment can be reduced in proportion to the increase.

July 1, 1972. \$15,000 bonus or advance royalty.

July 1, 1973. \$25,000 bonus or advance royalty.

Year 5 after Signing. \$100,000 advance royalty, or when production commences pay Prism 3% of Net Smelter Return. Royalty payments terminate when total receipts reach \$20 million. Additional information is included in Mr. Don A. Nichols' memorandum, dated November 2, 1971 and attached as Appendix A.

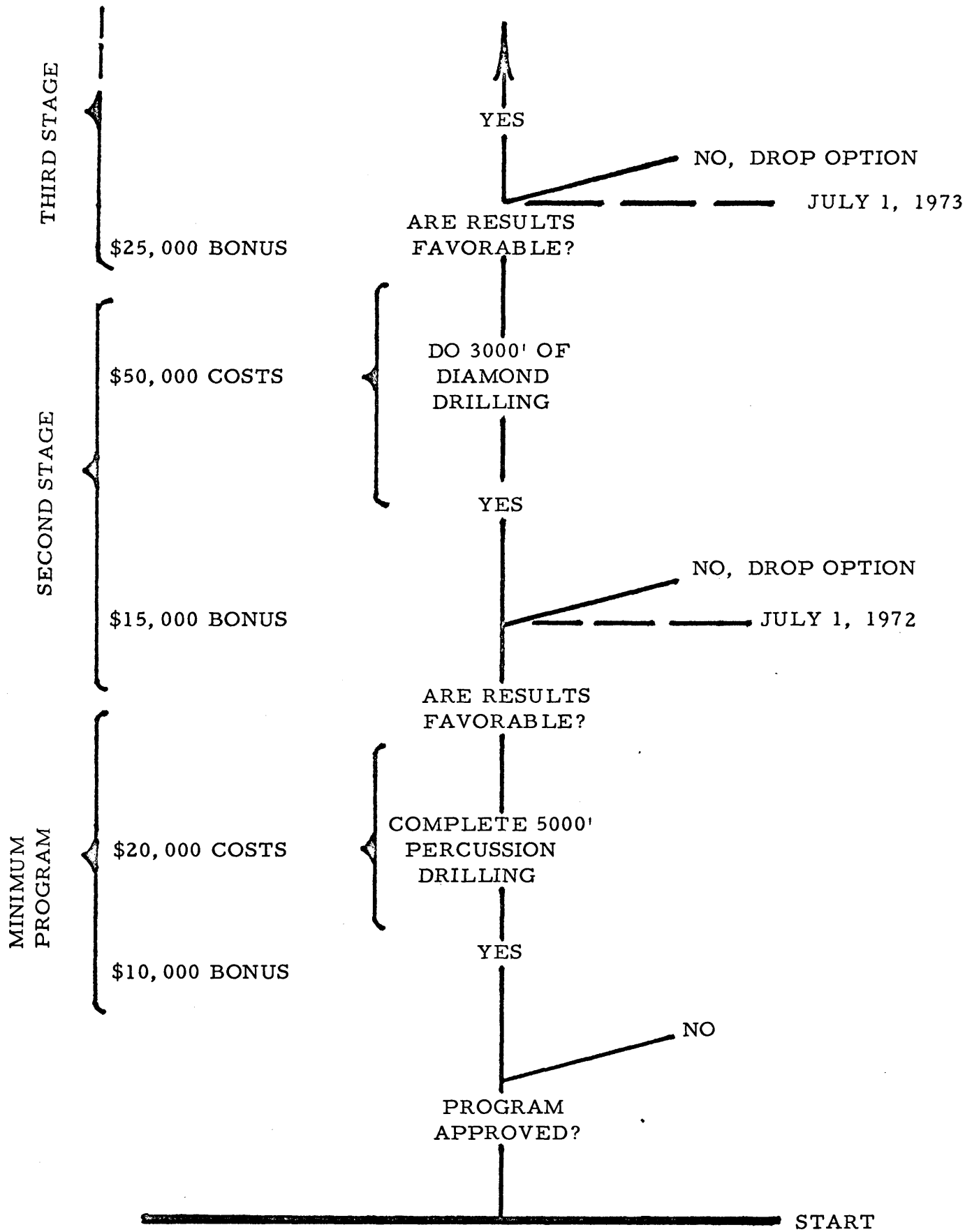


FIGURE 5. Decision Tree for Ashnola Prospect

ECONOMICS OF A DISCOVERY

For the last decade porphyry copper deposits have occupied a stage-centre position in mineral exploration of the Canadian cordillera. The Highland Valley district in central B. C. has had the most success with four deposits found within a radius of five miles and which together have reserves ranked in the order of 2 billion tons of ore. Other successes have been scored throughout the province: Island Copper on Vancouver Island, Similkameen south of Princeton, Gibraltar and Bell in the Smithers area, Brenda south west of Highland Valley, Maggie near Cache Creek, etc. While the time from initial discovery to production is lengthy (up to five years) these deposits can be immensely profitable and have lives measured in decades.

Porphyry copper deposits are relatively large targets when compared to occurrences of uranium, massive sulphides and the like. The central ore zone may have dimensions from 1000 feet to 5000 feet on a side. Intense alteration effects normally extend one to five diameters outward from the ore zone. To date, the best exploration tools for discovery are a combination of geology and geophysics to outline the potential ore zone. Drilling is, however, the only direct means of discovery. Commercial orebodies can be buried several thousand feet deep as for example the Kalamazoo deposit in Arizona, or it may take a persistent shallow drilling program to test a wide area of alteration as was needed at Maggie in B. C. Quite frequently, significant deposits have been found only by drilling through covered areas adjacent to where previous companies have had discouraging results by testing obvious outcroppings. The latter is particularly true in Canada where glacial drift and talus cover large parts of the deposits.

If a large porphyry copper is found, then it can be expected to produce cash flow and profits similar to that now being achieved at the Bethlehem mine and which are summarized below:

Bethlehem Operating Data, 1968

Ore Grade	0.58% Cu
Tons Milled	5,080,664
Recovery	85.7%
Copper Price, cents/lb.	49.15
Net Operating Profit	\$13,981,796
Depreciation	\$ 1,094,463
Taxes (estimate)	\$ 5,300,000
Income	\$ 7,588,333, or \$1.49 per ton

INFORMATION CONCERNING PRISM RESOURCES

The full name of the company is Prism Resources Limited. Its registered office is Suite 534, 789 West Pender Street, and its Head Office is Suite 805, 850 West Hastings Street, both in Vancouver, B.C. It is a small company which has about 1.2 million shares outstanding of 3 million authorized. The company's only real asset is the Ashnola Claim Group. Further details are included in their 1971 Annual Report, see Appendix B.

GBG/pmca
Vancouver, B.C.
November 9, 1971

APPENDIX A

Getty Mines, Limited

G.B.G.	(initials)
(initials)	
NOV 3 1971	
Utah FILE	
Ashnola - Prism Logals	

Salt Lake City, Utah
November 2, 1971

TO: DR. GEORGE GRISWOLD

FROM: DON A. NICHOLS

RE: VANCOUVER OFFICE
ASHNOLA PROSPECT
PRISM RESOURCES LIMITED

The following deal was negotiated with Joe Montgomery of Prism Resources Limited on 10/27/71, subject to Getty management's final approval and execution of an agreement by all parties.

This writer believes the terms of the deal as outlined below is in accord with the goals of our negotiation and are about as reasonable as can be expected on a geologic prospect which has the potential of Ashnola. Should, however, the terms and conditions of the deal as negotiated be stumbling blocks in either your recommending the prospect to management or obtaining management's approval, I will be pleased to go back at Prism in an attempt to attain our goals.

I. Parties

Seller -- PRISM RESOURCES LIMITED, a company
incorporated under the laws of the Province
of British Columbia, Canada

Address: Registered Address
Suite 534
789 West Pender Street
Vancouver, B.C., Canada

Notices To: Suite 805
850 West Hastings
Vancouver, B.C., Canada

Purchaser -- GETTY MINING PACIFIC, LIMITED

Premises:

(a) Ownership: Prism represents that it is the legal and beneficial owner of a 100% interest in those mineral claims situate near Princeton in the

Dr. George Griswold

November 2, 1971

Page 2

Osoyoos Mining District, British Columbia, sometimes known as the Ashnola Prospect. (See attached for use as Exhibit "A"). (George, please check this Exhibit "A". I believe a couple claims have been dropped and I also believe it would be well to have a plat of claims involved attached as Exhibit "A-1").

(b) Seller's Desires: Prism, subject to terms and conditions set forth below, will make 100% of interest available to purchaser.

(c) Maintenance Reassignment: Purchaser agrees that it will maintain the properties. However, in the event it does not wish to perform and meet the annual assessment requirements it will give Seller sixty (60) days notice prior to assessment date. Purchaser shall also not be liable to Seller for claims or leases lost because of inadvertence, mistake or oversight on the part of the purchaser.

II. Work Commitment and Advanced Royalty Payments

(a) On acceptance of agreement Purchaser must make an advanced royalty payment of \$10,000. (NOTE (1): All payments and amounts in Canadian dollars; NOTE (2): Tax should be requested to comment on the advisability of making this a bonus payment in lieu of an advanced royalty payment).

(i) On or before July 1, 1972, Purchaser shall make an advanced royalty payment to Prism of \$15,000

OR

(ii) Abandon the project. (In the event of abandonment Prism to be furnished copies of all technical data developed).

(b) In the event Purchaser should make the initial \$10,000 advanced royalty payment it shall at the same time firmly commit to a program to be completed prior to July 1, 1972, as set forth in (c) below. It is agreed that said work shall be applied to meet assessment work requirements. Purchaser should have the right to apply work to groups at its discretion in accord with B.C. law. Individual or groups of claims of its choice may be abandoned, provided it gives Prism sixty (60) days reassignment notice prior to assessment due date as set forth in I(c) above.

(c) It is agreed that the Seller and the Purchaser shall, prior to acceptance of the agreement, mutually agree in principle as to the extent and scope of the drilling program, which shall consist of 5,000 feet of percussion drilling. It is understood that if the all-in cost per foot does exceed \$3.00 (total \$15,000) the program may at Purchaser's discretion be reduced so as to comply with a \$15,000 drilling budget. (Such budget to include mobilization, de-mobilization and other cost applicable to a percussion drilling and evaluating project).

(d) On or before July 1, 1972, the Purchaser must either make an

advanced royalty payment to Prism of \$15,000 or abandon the project. In the event of total abandonment Prism shall be given copies of all technical data.

(e) On or before July 1, 1973, the Purchaser must either make an advanced royalty payment to Prism of \$25,000 or abandon the project.

(f) Prism shall have reasonable access to property and technical data. Purchaser shall not be required to make interpretative data available; liability shall be on Prism.

III. Subsequent Work Commitment

At a minimum Purchaser shall be required to perform annual assessment, however, shall retain the right to relinquish in accordance with II(b) above.

IV. Subsequent Payment(s)

(a) If the property is not in production on or before five (5) years from date of agreement, Purchaser shall make a payment to Prism of \$100,000 advanced royalty payment or shall relinquish all right, title and interest in the property.

(b) If the property is not in production, at the anniversary of each year thereafter Purchaser shall make an advanced royalty payment of \$25,000 each year or relinquish all right, title and interest (i.e., royalty owner's minimum annual royalty shall be \$25,000 per year subject to reduction only per terms of (c) below.)

(c) All advanced royalty payments shall be recoverable from 75% of royalty owner's first royalty income.

V. Prism's Beneficial Interest Royalty

Purchaser shall pay Seller royalties of Three Percent (3%) based on net smelter returns received by Purchaser on any metallic ore concentrates or precipitates shipped from the property, which shall be computed under the premise established as follows:

"Net Smelter Returns" as used herein means the total returns from the smelter or other reduction works, less all charges by the smelter or other reduction works, including, but not limited to, smelting or other reduction charges, refining charges, selling charges, railroad transportation and including government incentives to encourage exploration, development or production in the nature of premium metal prices, bonuses, subsidies or like payments.

Dr. George Griswold
November 2, 1971
Page 4

(D.A.N.'s note: If the definition set forth above is not sufficiently complete, let's chat about a properly worded royalty provision).

It shall be understood that Seller's royalty and all other interest in the property shall cease once Seller has been paid a total of Twenty Million Dollars of royalty as provided above. It is specifically agreed that Seller shall have no rights to tailings, waste areas, etc.

D.A.N.'s Conclusions

Deals are like some women in that they are temperamental and subject to change. Might I suggest if this is acceptable we get off the dime and get the wrapping paper on it.



DAN:jw

cc: R. P. Blanc
K. M. Reim
J. C. Sample, Jr.

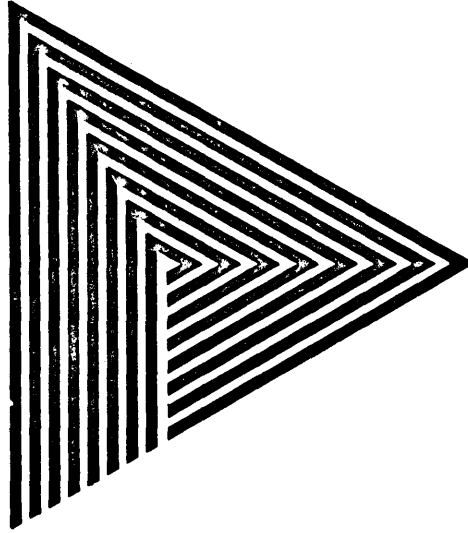
P.S. (Jack Sample) Please do not draft an agreement until we get final management approval -- we will advise.

---D.A.N.

PRISM-ASHNOLA CLAIM INFORMATION

No. of Claims	Name of Claim	Expiring Date	Expiring Date Unless Assessment Work Completed
2	Max No. 1 & 2	May 12	
2	Max No. 3 & 4	May 19	
6	Cat No. 1-6 (Cola Gp)	May 27	
2	Cat Fr. 1 & 2	June 2	
2	Ash 2 & 4 (Blue Gp)	June 2	
2	Ash 6 & 8 (Blue Gp)	June 2	
2	Ash 10 & 12 (Blue Gp)	June 2	
10	Nola 35-44 (Yellow Gp)	June 2	
5	Nola 1-5 (Cola Gp)	June 2	
4	Nola 6,8,10,12 (Yellow Gp)	June 2	
6	Nola 15-20 (Yellow Gp)	June 2	
1	Nola 23 (Yellow Gp)	June 2	
2	Nola 22 & 24 (Red Gp)	June 2	
4	Nola 25-28 (Red Gp)	June 2	
1	Nola Fr. #1 (Yellow Gp)	June 13	
1	Car #9 (Red Gp)	June 13	
1	Car #15 (Jam Gp)	June 13	
2	Car #28 & 30 (Jam Gp)	June 13	
2	Car #33 & 34 (Red Gp)	June 13	
1	Q #2 (Blue Gp)	July 26	
15	Q #1 & 3-16 (Blue Gp)	July 26	
3	Q #17,18,& 19 (Q Gp)	July 26	
1	Q #20 (Q Gp)	July 26	
1	Q #21 (Q Gp)	July 26	
8	Q #22-29 (Blue Gp)	July 26	
2	Q #30 & 31 (Yellow Gp)	July 26	
1	Q 32 (Q Gp)	July 26	
1	Q 33 (Jam Gp)	July 26	
7	Q 34-40 (Q Gp)	July 26	
1	Q #41 (Q Gp)	July 26	
1	Q #42 (Red Gp)	July 26	
4	Q #43-46 (Q Gp)	July 26	
2	Q #47-48 (Yellow Gp)	July 26	
1	Nola 21 (Yellow Gp)	June 2	
1	Jam #1 (Blue Gp)	July 26	
1	Jam #2 (Blue Gp)	July 26	
2	Jam #3 & 4 (Green Gp)	July 26	
1	Jam #5 (Green Gp)	July 26	
3	Jam #6,7 & 8 (Green Gp)	July 26	
8	Jam #9-16 (Green Gp)	July 26	
2	Jam #17 & 18 (Blue Gp)	July 26	
4	Nola 7, 9, 11, 13 (Blue Gp)	June 2	
1	Nola 14 (Red Gp)	June 2	
4	Jam #19-22 (Jam Gp)	July 26	
1	Jam #23 (Q Gp)	July 26	
1	Jam #24 (Jam Gp)	July 26	
1	Jam #25 (Q Gp)	July 26	
1	Jam #26 (Jam Gp)	July 26	
14	Jam #27-40 (Jam Gp)	July 26	
2	Jam #41 & 43 (Yellow Gp)	July 26	
5	Jam #42 & 44-47 (Jam Gp)	July 26	
6	GC No. 1-No. 6 (Yellow Gp)	July 26	
2	McBride #1 & 2 Fr. (Green Gp)	Nov. 12	

APPENDIX B



**prism
resources
limited**

FIRST ANNUAL REPORT

JUNE, 1971

PRISM RESOURCES LIMITED
4153 West 11th Avenue
Vancouver, British Columbia


NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

TAKE NOTICE that the Annual General Meeting of Prism Resources Limited (hereinafter called the "Company") will be held in the Patricia Room, Georgia Hotel, 801 West Georgia Street, Vancouver, British Columbia, on Friday, the 18th day of June 1971 at the hour of 10:00 o'clock in the forenoon for the purpose of receiving the Report of the directors, receiving the Financial Statements of the Company and the Auditors' Report thereon for the period ended April 30, 1971, fixing the number of directors for the ensuing year at four unless otherwise determined by the directors, electing directors, appointing Auditors and authorizing the directors to fix their remuneration, conferring a general authority to take or acquire by purchase or otherwise any shares in any other corporation (which authority shall expire at the next general meeting of shareholders of the Company unless it is continued by ordinary resolution passed thereat), and transacting such other business as may properly be brought before the meeting or any adjournment or adjournments thereof.

SHAREHOLDERS who are unable to attend the meeting in person are requested to date and sign the enclosed Form of Instrument of Proxy and to return it to the Secretary, c/o Guaranty Trust Company of Canada, 540 Burrard Street, Vancouver, British Columbia.

DATED at Vancouver, British Columbia, this 3rd day of June 1971.

By Order of the Board


Joseph H. Montgomery
President

PRISM RESOURCES LIMITED
4153 West 11th Avenue
Vancouver, British Columbia

INFORMATION CIRCULAR

as at June 3, 1971

This Information Circular accompanies Notice of Annual General Meeting of Shareholders of Prism Resources Limited called for Friday, the 18th day of June 1971, and is furnished in connection with a solicitation of proxies for use at that meeting.

REVOCABILITY OF PROXY

Any shareholder returning the enclosed form of proxy may revoke the same at any time insofar as it has not been exercised. In addition to revocation in any other manner permitted by law a proxy may be revoked by instrument in writing executed by the shareholder or by his attorney authorized in writing, or if the shareholder is a corporation under its corporate seal, or by any officer or attorney thereof duly authorized, and deposited either at the registered office of the Company, Suite 534, 789 West Pender Street, Vancouver, British Columbia, at any time up to and including the last business day preceding the day of the meeting, or adjournment thereof, at which the proxy is to be used or with the Chairman of such meeting on the day of the meeting, or adjournment thereof, and upon either of such deposits the proxy is revoked.

PERSONS MAKING THE SOLICITATION

THE ENCLOSED PROXY IS BEING SOLICITED BY MANAGEMENT.

Solicitations will be made by mail and possibly supplemented by telephone or other personal contact to be made without special compensation by regular officers and employees of the Company. The Company may reimburse shareholders'

nominees or agents for the cost incurred in obtaining from their principals authorization to execute forms of proxy. No solicitation will be made by specifically engaged employees or soliciting agents. The cost of solicitation will be borne by the Company.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The Company is authorized to issue 3,000,000 shares without nominal or par value with a maximum selling price of \$1.00 per share, of which 1,200,005 shares are issued and outstanding. Each share is entitled to one vote.

The only persons who beneficially own directly or indirectly shares carrying more than 10% of the outstanding voting rights of the Company are:

<u>Name and Address</u>	<u>Number of Shares</u>
Angus L.J. MacDonald 6264 Carnarvon Street Vancouver, B.C.	275,001
Joseph H. Montgomery 4153 West 11th Avenue Vancouver, B.C.	275,951
Donald R. Cochrane 4952-8A Avenue Delta, B.C.	200,001
Robert Wolfe R.R. 1 Halfmoon Bay, B.C.	200,951

The share transfer record of the Company will not be closed prior to the meeting, but only shareholders of record on June 11, 1971 will be entitled to vote at the meeting. Those shareholders desiring to be represented at the meeting by proxy must mail the form of proxy to or deposit same with the Secretary of the Company, c/o Guaranty Trust Company of Canada, 540 Burrard Street, Vancouver, British Columbia, at any time before the meeting.

ELECTION OF DIRECTORS

The directors of the Company are elected annually and hold office until the next annual general meeting of shareholders or until their successors are appointed. The enclosed proxy will be voted for the nominees herein listed, all of whom are presently members of the board of directors.

THE MANAGEMENT DOES NOT CONTEMPLATE THAT ANY OF THE NOMINEES WILL BE UNABLE TO SERVE AS A DIRECTOR. IN THE EVENT THAT PRIOR TO THE MEETING ANY VACANCIES OCCUR IN THE SLATE OF NOMINEES HEREIN LISTED, IT IS INTENDED THAT DISCRETIONARY AUTHORITY SHALL BE EXERCISED BY MANAGEMENT TO VOTE THE PROXY FOR THE ELECTION OF ANY OTHER PERSON OR PERSONS AS DIRECTORS.

The nominees for the office of director and other information concerning them as furnished by the individual nominees are as follows:

<u>Name</u>	<u>Present Office Held</u>	<u>Term Expires</u>	<u>Present Principal Occupation</u>	<u>Principal Occupation for last five years</u>	<u>Period for which Nominee has been directly or of the Company</u>	<u>Approx. No. of Shares beneficially owned as of June 3, 1971</u>
Joseph H. Montgomery	President and Director	1971 Annual Meeting	Self-employed Professional Engineer Geological	Professional Engineer Geological with Meridian Exploration Syndicate	Since 31 October 1969	275,951
Angus L.J. MacDonald	Secretary and Director	1971 Annual Meeting	Professional Engineer Geological for Orequest Syndicate	Professional Engineer Geological for Orequest Syndicate, Meridian Exploration Syndicate, & Kerr Addison Mines Ltd.	Since 31 October 1969	275,001
Donald R. Cochrane	Director	1971 Annual Meeting	Self-employed Professional Engineer Geological	Professional Engineer Geological with Geo-X Surveys Ltd., Meridian Exploration Syndicate & Noranda Explorations Ltd.	Since 31 October 1969	200,001
Robert Wolfe	Director	1971 Annual Meeting	Self-employed Professional Engineer Geological	Professional Engineer Geological with Meridian Exploration Syndicate, Orequest Syndicate & Kennco Explorations Ltd.	Since 31 October 1969	200,951

PRISM RESOURCES LIMITED

DIRECTORS' REPORT TO SHAREHOLDERS

The primary distribution of 250,000 shares of Prism Resources Limited, under prospectus dated April 20, 1970, is now completed as of January 30, 1971. The firm of McDermid, Miller & McDermid Limited have participated in the distribution of 94,000 shares to net the treasury \$21,150.00 and the balance of 156,000 shares was distributed by Prism Resources Limited to net \$39,000.00.

The company holds exclusive title to 166 mineral claims located on Ashnola River in Osoyoos Mining Division about 12 miles southeast of Copper Mountain, B.C. The program of exploration recommended for the Ashnola Property by Dr. A.J. Sinclair in his report dated December 27, 1969, has now been completed. The work done consists of 35 line-miles of Induced Polarization and Magnetometer surveys, 13,800 feet of roads and trenches, 1,300 geochemical samples taken and geological mapping. The data collected are presently being studied statistically by means of computer techniques.

REMUNERATION OF MANAGEMENT AND OTHERS

D.R. Cochrane, P. Eng., director of the Company, was paid the sum of \$15,282.50 in payment for geophysical surveys consisting of 35 line-miles of induced polarization and magnetic surveys.

No other remuneration was paid to directors and senior officers during the past year.


APPOINTMENT OF AUDITORS

It is intended to vote the proxy to appoint Messrs. Avis & Grauer, Chartered Accountants, of 1227 Richards Street, Vancouver, B.C., as Auditors of the Company and to authorize the directors to fix their remuneration. Avis & Grauer were first appointed Auditors of the Company on incorporation.

OTHER MATTERS TO BE ACTED UPON

THE MANAGEMENT KNOWS OF NO OTHER MATTERS TO COME BEFORE THE MEETING OF SHAREHOLDERS OTHER THAN REFERRED TO IN THE NOTICE OF MEETING. SHOULD ANY OTHER MATTERS PROPERLY COME BEFORE THE MEETING, THE SHARE REPRESENTED BY THE PROXY SOLICITED HEREBY WILL BE VOTED ON SUCH MATTERS IN ACCORD WITH THE BEST JUDGMENT OF THE PERSONS VOTING THE PROXY.

By Order of the Board


Joseph H. Montgomery,
President.

AVIS, GRAUER & CO.

CHARTERED ACCOUNTANTS

1227 RICHARDS STREET, VANCOUVER 2, B.C. • 684-2577

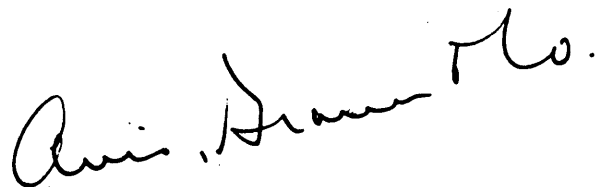
To the Shareholders,
Prism Resources Limited:

We have examined the balance sheets of Prism Resources Limited as at April 30 1971 and October 31 1970, and the related statements of source and application of funds for the periods then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

A significant part of the assets of the Company consists of mining properties and deferred expenses. Recovery of these costs is dependent upon the success of future exploration of the properties, together with the adequate future financing thereof.

In our opinion these financial statements present fairly the financial position of the Company as at April 30 1971 and October 31 1970, and the source and application of its funds for the periods then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding period.

Vancouver, B.C.
June 4 1971



Chartered Accountants.

The results of the past season's work have been very encouraging in that they have indicated the presence of a large "porphyry" type copper-molybdenum deposit. The Induced Polarization survey has indicated a pyrite halo (typical of such deposits) with a diameter of about two miles. Although widespread copper-molybdenum mineralization is present on the property, no ore-grade material has been discovered. The chances, however, of finding ore on the property are considered good and negotiations are presently underway with a major company to provide financing for a drilling program.

A new property (136 claims), located about 60 miles east of Copper Mountain, has been staked on behalf of the Company. A program of preliminary exploration is planned for this summer.

An application is being made for listing on the Vancouver Stock Exchange.



J.H. Montgomery,

President, Prism Resources Limited

PRISM RESOURCES LIMITED

BALANCE SHEET

AS AT APRIL 30 1971

ASSETS

CURRENT ASSETS:

Cash in bank	\$10,820.75	
Expense advance	501.00	
Amounts receivable from shareholders	<u>5.00</u>	\$11,326.75

MINING PROPERTIES, at cost (Note 1) 17,500.00

DEFERRED EXPENSES, per statement attached 58,780.08

ORGANIZATION EXPENSES 1,722.60

\$89,329.43

LIABILITIES

CURRENT LIABILITIES:

Accounts payable \$ 1,674.43

SHARE CAPITAL

AUTHORIZED:

3,000,000 shares without nominal
or par value

ISSUED:

1,200,005 shares (Notes 1 and 2) 87,655.00

\$89,329.43

SIGNED ON BEHALF OF THE BOARD:

J. H. Montgomery Director.

Vernon J. Donald Director.

PRISM RESOURCES LIMITED

NOTES TO BALANCE SHEET AT APRIL 30 1971

NOTE 1:

Mining properties consisting of 63 located mineral claims were acquired by the issue of 750,000 shares valued by the Directors at 1¢ per share and such shares are subject to such escrow restrictions as may be imposed by the Superintendent of Brokers for the Province of British Columbia or by any other securities regulatory body having jurisdiction in that regard.

Further mining properties consisting of 103 located mineral claims were acquired by the payment of \$10,000.

NOTE 2:

Share capital issued

Issued for properties as outlined in Note 1

<u>750,000</u> shares at 1¢	<u>\$ 7,500.00</u>
Issued for cash	
5 shares to subscribers at \$1.00 each	5.00
200,000 shares at 10¢ each.	20,000.00
94,000 shares at 22.5¢ each	21,150.00
<u>156,000</u> shares at 25¢ each	<u>39,000.00</u>
<u>450,005</u>	<u>80,155.00</u>
<u>1,200,005</u> shares	<u>\$87,655.00</u>

PRISM RESOURCES LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FROM NOVEMBER 1 1970 TO APRIL 30 1971

SOURCE OF FUNDS:

Share capital issue (Note 2)

\$22,400.00

APPLICATION OF FUNDS:

Deferred expenses

12,623.55

INCREASE IN WORKING CAPITAL:

9,776.45

SUMMARY OF CHANGES IN WORKING CAPITAL

	<u>April 30</u> <u>1971</u>	<u>October 31</u> <u>1970</u>	<u>Increase</u> <u>(Decrease)</u>
<u>CURRENT ASSETS:</u>	\$11,326.75	\$ 543.12	\$10,783.63
<u>CURRENT LIABILITIES:</u>	<u>1,674.43</u>	<u>667.25</u>	<u>1,007.18</u>
<u>WORKING CAPITAL:</u>	<u>\$ 9,652.32</u>	<u>\$ (124.13)</u>	<u>\$ 9,776.45</u>

PRISM RESOURCES LIMITED

STATEMENT OF DEFERRED EXPENSES

FOR THE PERIOD NOVEMBER 1 1970 TO APRIL 30 1971

FIELD EXPENSES:

Camp operation and field expenses	\$ 1,255.67	
Salaries and wages	5,260.00	
Employee benefits	292.55	
Geology and engineering supplies	201.06	
Samples and assaying	690.50	
Bank charges	1.00	
Geophysics	258.50	
Property expenses	2,501.00	
Consultant's fees and expenses	206.31	
Licenses and dues	116.40	
Transportation	492.24	
Insurance	(35.00)	
Telephone	28.36	\$11,268.59

ADMINISTRATIVE EXPENSES:

Share issue expenses	(96.75)	
Rent	225.00	
Accounting and audit	950.00	
Administration	276.71	1,354.96

12,623.55

Balance at November 1 1970

46,156.53

BALANCE AT APRIL 30 1971:

\$58,780.08

PRISM RESOURCES LIMITED

BALANCE SHEET

AS AT OCTOBER 31 1970

ASSETS

CURRENT ASSETS:

Cash in bank	\$	38.12	
Expense advance		500.00	
Amounts receivable from shareholders		<u>5.00</u>	\$ 543.12

MINING PROPERTIES, at cost (Note 1) 17,500.00

DEFERRED EXPENSES, per statement attached 46,156.53

ORGANIZATION EXPENSES: 1,722.60

\$65,922.25

LIABILITIES

CURRENT LIABILITIES:

Accounts payable \$ 667.25

SHARE CAPITAL

AUTHORIZED:

3,000,000 shares without nominal
or par value

ISSUED:

1,099,205 shares (Notes 1 and 2) \$63,555.00

SUBSCRIPTIONS RECEIVED FOR:

6,800 shares (Note 2) 1,700.00 65,255.00

\$65,922.25

PRISM RESOURCES LIMITED

NOTES TO BALANCE SHEET AT OCTOBER 31 1970

NOTE 1:

Mining properties consisting of 63 located mineral claims were acquired by the issue of 750,000 shares valued by the Directors at 1¢ per share and such shares are subject to such escrow restrictions as may be imposed by the Superintendent of Brokers for the Province of British Columbia or by any other securities regulatory body having jurisdiction in that regard.

Further mining properties consisting of 103 located mineral claims were acquired by the payment of \$10,000.

NOTE 2:

Share capital issued

Issued for properties as outlined in Note 1

750,000 shares at 1¢ \$ 7,500.00

Issued for cash

5 shares to subscribers at

\$1.00 each 5.00

200,000 shares at 10¢ each 20,000.00

50,000 shares at 22.5¢ each 11,250.00

99,200 shares at 25¢ each 24,800.00

349,205 56,055.00

1,099,205 shares \$63,555.00

Subscriptions received for shares

6,800 shares at 25¢ each \$ 1,700.00

PRISM RESOURCES LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED OCTOBER 31 1970

SOURCE OF FUNDS:

Share capital issue (Note 2)	\$56,055.00	
Subscriptions received (Note 2)	<u>1,700.00</u>	\$57,755.00

APPLICATION OF FUNDS:

Acquisition of mining properties (Note 1)	10,000.00	
Deferred expenses	46,156.53	
Organization expenses	<u>1,722.60</u>	<u>57,879.13</u>

DEFICIENCY IN WORKING CAPITAL:

\$ 124.13

DEFICIENCY IN WORKING CAPITAL AT OCTOBER 31 1970

Current assets	\$ 543.12
Current liabilities	<u>667.25</u>

Deficiency

\$ 124.13

PRISM RESOURCES LIMITED

STATEMENT OF DEFERRED EXPENSES

FOR THE YEAR ENDED OCTOBER 31 1970

FIELD EXPENSES:

Camp operation and field expenses	\$ 2,772.33	
Salaries and wages	7,241.00	
Employee benefits	449.64	
Line cutting	1,500.00	
Geology and engineering supplies	767.96	
Samples and assaying	3,863.27	
Bank charges	2.40	
Geophysics	13,782.50	
Bulldozer	6,010.00	
Property expenses	1,192.00	
Consultant's fees and expenses	1,921.25	
Licenses and dues	405.00	
Transportation	1,898.21	
Insurance	400.00	
Telephone	194.27	\$42,399.83

ADMINISTRATIVE EXPENSES

Share issue expenses	1,894.56	
Legal	1,462.14	
Accounting and audit	200.00	
Licenses	200.00	<u>3,756.70</u>

\$46,156.53