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Summary Report

on the

Stewart, B.C., Silver Properties

of

Pacific Cassiar Limited

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Introduction:

The Prosperity, Porter-Idaho mine site is located 4 miles southeast of Stewart, B.C. The mine workings occupy a vertical interval from 5,700 feet to 4,200 feet elevation on the eastern flank of Mt. Rainey. Closer to Stewart and 8,500 feet from this area lies the Silverado minesite.

In two successive programs in 1980 and 1981 Pacific Cassiar evaluated the potential of two small areas of accessable workings at the Porter-Idaho site. These programs have confirmed the potential of the properties and further demonstrated a probable reserve of 600,000 tons of 20 oz/ton silver in two shoots on small portions of two separate veins. Further exploration should be aimed at proving a reserve of 1,000,000 tons.

History:

Discovered in 1921, the silver veins on the Prosperity and Porter-Idaho claims were mined each summer with horses carrying ore to tidewater for shipping. About 650 tons were removed assaying 300 oz/ton silver until Premier Gold Mines Ltd. acquired the claims in 1928.

Under Premier management, an aerial tram was constructed to connect the mine with loading docks on the Portland Canal, and full-scale production averaging 55 tons per day commenced in November 1929. For the next 18 months, the mine was the third largest silver producer in British Columbia, shipping more than 100,000 ounces per month. Silver prices of .53¢ per ounce in 1929 rapidly declined to .28¢ per ounce in 1931 forcing mine closure in April of that year.

During its short life, nearly 2.3 million ounces of silver were extracted from 30,000 tons of ore giving an average value of 75 oz/ton. Contained with the ore were 3,000,000 lbs. of lead, an estimated equal amount of zinc, 56,000 lbs. of copper and 840 ounces of gold. No milling facilities were constructed as the ore was direct shipped to the smelter at Tacoma.

When Asarco sold its controlling interest in Premier Gold in the 1940's the properties were purchased by a third party who in turn sold a 100% interest in the claims in 1952 to Cassiar Consolidated, which company is the predecessor to Pacific Cassiar Limited.

In 1980, Pacific Cassiar commenced a program of re-evaluation, including rehabilitation of tunnels, sampling, mapping and structural interpretations to assess the potential and the economic parameters for production.

Geologic Setting:

To date, five sub parallel, steeply dipping veins have been the focus of attention. Of the five veins, all have contributed to shipped tonnages but are here listed in relative order of future potential as is currently surmised.

1. D
2. Prosperity
3. Angelo
4. Blind
5. Wake

The D vein has the greatest horizontal and vertical exposures although the Prosperity vein contributed 75% of past production. The remaining 3 veins are little explored.

The veins are stranded shear zones in Jurassic, andesitic volcaniclastic rocks of the Hazelton formation. The age of mineralization is not known although Cretaceous and Tertiary intermediate to acid stocks intrude in the Stewart area. While not yet completed, mapping suggests the veins are contained within a collapse complex reminiscent of the setting at Creede, Colorado and the major silver districts of Mexico.

Shear zone widths vary from 4 to 40 feet and in plan and cross section display an en echelon arrangement of internal highgrade lenses separated by stringers and disseminated mineralization of the same composition. The highgrade lenses carry from 50 to 300 oz/ton silver and the intervening material assays from a few ounces to 30 oz/ton. Records from 1930 show sections of the Prosperity vein in excess of 1,000 oz/ton silver.

An identified mineral suite includes galena, sphalerite, polybasite, tetrahedrite, freibergite and argentite with minor chalcopyrite and greenockite. Pyrite is a common but not abundant constituent.

RESERVES

In order for Premier to maintain a good grade shipping product from the Prosperity vein, it was essential to concentrate on developing only the highgrade lenses. Because these lenses are stranded, and may be cymoid and repetitive over the width of the zone, and because Premier conducted no advance exploration drilling, it is readily apparent that a 6 foot wide drift could not examine a 15 to 20 foot average width zone.

In 1930, an exploratory drift on a 20 foot wide outcrop of the D vein at 4,700 feet elevation, was driven to explore two highgrade lenses on the footwall and hangingwall. The drift stayed close to the footwall and random cross cuts were driven to the hangingwall. Only 4,500 tons of highgrade ore was removed prior to mine closure. This area presents the best visual examination of the characteristics of the veins and was the first area assessed by Pacific Cassiar in 1980.

The accompanying map showing mine workings and assay summaries is a compilation of narrow-width Premier assays with two sections showing the corresponding true zone width and assay after percussion drill testing by Pacific Cassiar. See Pocket

Current Probable:

After testing the D vein at the 4,700 foot level, a 600 foot long section averaged 16 oz/ton silver over a width of 23 feet. At 1,000 tons per verfical foot a projection of this horizon 200 feet above and below the level gives a probable indicated tonnage of 400,000 tons at 16 oz/ton. Old Premier raises driven on highgrade lenses to more than 350 feet above the level show good mineralization over the entire height.

It is of interest to note that the dump at the D portal contains 13,000 tons of material grading 12.5 oz/ton silver. When recombined with the 4,500 tons grading 76 oz/ton shipped from this level, the average grade of all 17,500 tons removed grades an impressive 28.8 oz/ton silver. Therefore, Pacific Cassiar's tested grade of 16 oz/ton may be much too low.

In 1981 access was gained to a 375 foot length on the lowest level of the Prosperity vein at 5,100 feet elevation. Similar testing

showed an average width of 15 feet in this section grading 31 oz/ton silver. At about 500 tons per vertical foot a projection of this horizon 200 feet above and below the level indicated 200,000 tons at 31 oz/ton. Confirmatory raises exist above the level here too. Therefore the combined total probable reserves in these two tested shoots is 600,000 tons at 20 oz/ton with about 5% combined lead-zinc. Gold is estimated at a moderate value of 0.005 to 0.01 oz/ton.

Possible - Prosperity Vein:

At present, access is not available to more than 90% of the Prosperity workings although assay and stope data are available for study. From this data it is apparent that nearly all stopes and raises have assay widths many times greater than the highgrade 2 to 3 foot widths necessary for the Premier operation. It is also apparent that Premier may have missed some of the best structures. Occasional assays to 12 feet of 250 oz/ton are shown in the records.

It is expected that continued rehabilitation and exploration will outline a number of shoots in these areas similar to that recently explored. In addition, the lowest Prosperity level is still 400 feet vertically higher than the tested D vein level.

Therefore considering a 1,200 foot explored length and a 750 foot explored vertical height plus a moderate depth extension and increased zone width, it is not unreasonable to assume a possible reserve of greater than 1,000,000 tons of good grade silver in this vein. Further strike and depth projections remain to be tested.

Possible - D Vein:

With the discovery of a previously unknown outcrop of the D vein in 1981 (15 feet of 23 oz/ton silver), the demonstrated length of this vein increased to at least 2,500 feet over a vertical exposure of 1,100 feet between elevations of 5,520 feet and 4,420 feet. Only a small portion of this has been evaluated.

Assuming mineralization extends only 200 feet below the lowest productive workings at 4,450 feet, there is a potential for about 2,500,000 tons within the known vein boundaries.

Possible - Other Veins:

The Blind vein structure appears narrower than any other vein but is not fully explored. Stoping in highgrade sections was incomplete at mine closure and perhaps 10,000 tons of better than 50 oz/ton silver remains in this area. Subsidiary splay veins were detected in 1981 but no follow up work has yet been performed.

Little attempt has been made to explore either the Angelo or Wake veins although small highgrade shipments have been made from both. Recently, mapping has confirmed a 1,300 foot length on the Angelo vein with widths to 27 feet, but most of this length is obscured by talus in recessively weathered draws.

Other veins perpendicular to those listed have been discovered and sampled in the past with some impressive results. In addition, other "Blind" veins may be discovered with more thorough exploration. One such vein in known to exist between the D and Blind veins that has no known surface expression.

Possible - Geologic:

Between the Prosperity, Porter-Idaho site and the Silverado mine lies 8,500 feet of glacier. Examination of the 4 Silverado veins confirms that these veins have the same attitude, the same mineralogy, the same morphology and equivalent host volcanics as the Porter-Idaho veins. It is probable that both areas are at opposite ends of the

same structures. Should further exploration prove this hypothesis correct, the length and depth of the system would provide tremendous productive potential. An access tunnel from Stewart to the Prosperity side would traverse this interval.

Economics:

A number of economic appraisals focussing on the cost of a 500 to 750 ton per day operation have assessed the impact of location, access, mining method, interest rates and mine infrastructure, to determine necessary grade and tonnage to proceed with complete feasibility studies. All dollar figures are Canadian.

An average estimate of $30 million for complete capital costs includes the construction of roads and transportation tunnel from Stewart to the Prosperity site plus mine development and fabrication of equipped milling facilities either on the Stewart side or underground near the minesite. Estimated mining costs of $90 per ton includes milling and administrative overhead assuming the cut and fill mining method is necessary. Preliminary metallurgical testing shows good recovery rates yielding a clean, highgrade concentrate.

The current probable reserve figure of 600,000 tons at 20 oz/ton silver and 5% combined lead-zinc has a gross metal value per ton of $295 at current prices of $13 per ounce silver and .35¢ per pound combined lead-zinc. Assuming an 85% recovery rate (less than tests propose) the recovered value per ton of $250 less $90 per ton mining and milling cost gives a net mine operating revenue of $160 per ton. At 500 tons per day or 175,000 tons per year, estimated handling, transportation and refining charges are $28 per ton, leaving a pre-tax operating revenue of $132 per ton or $23,000,000 per year over a mine life of 3½ years.

Project debt financing requires a minimum repayment schedule of 80% of yearly cash flow. Therefore at current interest rates, a bank loan of $30,000,000 could be retired in just under two years. Variations on financing methods or an increase in metal prices would reduce the payback period. Likewise, each additional increment of 500,000 tons to the reserve figure at comparable grade increases the mine life by about 3 years.

Proposed Program:

A three phase exploration and development program is suggested for the property in the following format.

Phase I: access to the entire top and bottom levels of the Prosperity vein to map and percussion drill drift walls to outline ore shoots. Estimated cost $250,000.

Phase II: diamond drill from surface and underground both the Prosperity and D veins. Drilling will assess obvious projections of indicated ore shoots and test sections below mine levels. Estimated cost of approximately 30,000 feet of drilling is $1,500,000.

Phase III: underground confirmatory raising and cross-cutting to classify indicated reserves to a proven reserve category. This work will form a part of the pre-production development necessary such as access raising and stope heading preparation. The cost of this program would be split between exploration and pre-production development and would depend upon the number of areas to be assessed after Phase II is completed.

These phased programs could be accomplished within two to three seasons as conditions dictate.

Respectfully Submitted

Michael Kenyon

J.M. Kenyon, M.Sc., P. Geol.

CERTIFICATE

I, John Michael Kenyon certify that:

1. I am a graduate of the University of Alberta with degrees in Geology. (B.Sc. 1974, M.Sc. 1978)

2. I am a Professional Geologist, registered with the Association of Professional Engineers, Geologists and Geophysicists of Alberta.

3. I am a member of the Canadian Institute of Mining and Metallurgy and a Fellow of the Geological Association of Canada.

4. I have been practising my profession for the past 5 years.

5. I have been responsible for much of the planning and execution of programs undertaken on the Stewart, B.C. silver properties of Pacific Cassiar Limited since 1980.

6. I am a geologist for and a director and officer of Pacific Cassiar Limited and thereby hold an interest in the properties and securities of Pacific Cassiar Limited.

J. Michael Kenyon
P. Geol.

Glacier

Glacier

Glacier